



PRESS RELEASE

Jakarta, 23rd September 2015

SUKA RAME (7 MW) CONCESSION IN INDONESIA: STEEP INCREASE IN PPA TARIFF AND START OF CONSTRUCTION ACTIVITIES

Velcan is pleased to announce that it is beginning pre-construction activities for its 7 MW Suka Rame hydroelectric project in Indonesia. This comes a few days after it received the final building permits for the plant.

Suka Rame is located on the Semangka River, on Sumatera Island, Lampung province, in Lampung Barat Regency. The closest town is Liwa (10 km), capital of the Lampung Barat Regency. Project GPS coordinates are: S 5°01'54"/ E 104°11'57".

The construction activities will start with the building of a secure staging area and the access road towards the water intake and the powerhouse. The secure staging area will minimize both the disruption of the project on the local roads and its environmental impact. Although the area is remote and sparsely populated, Velcan endeavors to carry out all the works in good conditions and adequately manage any waste generated by the construction site. Velcan will also look to provide job opportunities for local inhabitants and contribute to the economic dynamism of the region.

Velcan has been developing Suka Rame since 2011 and acquired the necessary land in 2013. The development was slowed since then, until the price of electricity offered was enough to provide a satisfying Return On Equity (ROE). The Government of Indonesia has recently increased significantly the tariff for plants with a capacity smaller than 10 MW. In the case of Suka Rame, and as per Minister of Energy and Mineral Resources (ESDM) Regulation No. 19 of 2015 dated 29 June 2015 electricity will be sold to PT-PLN, the National Utility at a price of 13.2 USD cents per KW/H for eight years and at 8.25 USD cents per KW/H for 12 years. Furthermore, PT-PLN will bear the exchange rate risk.

Construction of the hydropower plant is scheduled to take two years. Commercial operations are therefore expected to begin in early 2018. The standard US Dollar-linked PPA with PT-PLN will be signed as soon as possible after the promulgation of the aforementioned Regulation. It will have a duration of 20 years. Under Velcan's forecasts, Suka Rame will

generate EBITDA of approximately USD 4m per annum for eight years and USD 2.5m for twelve years thereafter.

A ground-breaking ceremony is scheduled in the coming month with national and local dignitaries as well as community leaders and citizens.

Jean-Luc Rivoire and Antoine Decitre, co-CEOs of the Group declared: *“The launch of the construction of the Suka Rame Hydro power project is a major milestone for Velcan. It validates a consistent policy of not starting construction until adequate ROE is obtained for the Group and hence its shareholders.*

Velcan’s Indonesian projects are set to benefit from the growth of the national economy and the planned improvement of the physical infrastructure. Velcan Energy is proud to contribute to the modernization of a country with such potential.

We would like to thank national and local authorities, the many organizations, former and present Velcan Energy team members, engineering companies, local population representatives and individuals who have been involved in this process so far. We look forward to continued cooperation during the construction phase and thereafter, during the phase of commercial operations.”

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About Velcan:

Velcan develops and operates hydro power concessions in emerging markets with untapped potential. Hydro power can be an important contributor to the economic development of these countries. The Company's strategy is to become a market leader in hydro power concessions up to 200 MW. It is currently targeting India, Brazil, Laos and Indonesia for its investments.

As of July 2015, Velcan:

- Has built and operates its first hydroelectric concession in Brazil (15 MW),
- Owns rights related to hydroelectric concessions projects amounting to 896 MW in India, Brazil Indonesia and Laos,
- Owns two pre-concessions in the Lao PDR for a total of 93 MW,
- Develops actively, jointly with a subsidiary of PLN and a local partner, a 59 MW hydroelectric project in Indonesia.

Velcan has offices in Luxemburg, Singapore, New Delhi, Vientiane, Jakarta and Saõ Paulo and maintains personnel on its concession sites.

Velcan is listed on the Paris Stock Market (Euronext Alternext/Ticker ALVEL/ISIN FR0010245803).

Velcan never performed any Public Offer as understood under Directive 2003/71/CE of the European Parliament and Council.

Disclaimer

This press release contains prospective information about the potential of the projects in progress and/or of the projects of which the development has begun. This information constitutes objectives attached to projects and shall not be construed as direct or indirect net income forecast of the concerned year. Reader's attention is also drawn on the fact that the performance of these objectives depends on future circumstances and that it could be affected and/or delayed by risks, known or unknown, uncertainties, and various factors of any nature, notably related to economic, commercial or regulatory conjuncture, which occurrence could be likely to have a negative impact on future activity and performances of the Group.

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