

Paris, 14 May 2024

## KEY FIGURES AT 31 MARCH 2024

(NON AUDITED IFRS DATA)

### VERY STRONG START OF THE YEAR ENABLES TO FULLY CONFIRM OUR 2024 FULL YEAR OBJECTIVES

- **Solid underlying revenue growth** and strong commercial momentum in both our activities identified as **boosters in our Greenup Strategic plan** (Water Technologies, Hazardous Waste, Bioenergies and Energy Efficiency) and in our **strongholds** businesses.
- **Confirmation of the strength of our value-creation model**, with EBITDA up sharply by +5.7% organic, driven by business growth, operational efficiency and synergies ahead of annual target

### **Revenue** of €11 556 M with solid growth of +3.9%<sup>(1)</sup> excluding energy prices

- Strong growth in Water and in Waste
- Energy stable excluding the impact of energy prices
- Overall, and after taking into account the effect of lower energy prices, revenue was down slightly by 1.7%<sup>(1)</sup>, with no impact on results.

### **EBITDA** of €1 624 M, a strong organic growth of +5.7 %<sup>(1)</sup>, within the guidance range of +5 % to +6 %<sup>(1)</sup> :

- € 88 M in efficiency gains, in line with our annual target of €350 M
- €42 M in synergies, ahead of annual target

### **Current EBIT** sharply up by +11.1%<sup>(1)</sup>, to €843 M

### **Objectives 2024** fully confirmed

**Estelle Brachlianoff, CEO of the Group**, commented : “ We started 2024 with strong demand for our services, which translated into substantial revenue growth of 3.9%. This demand was particularly strong in our booster businesses, notably water technologies, where sales grew by 15% with orders up by 50%. Our core strongholds water and waste businesses also recorded solid organic growth.

We have continued to demonstrate our technological leadership and innovative approach to providing our customers with the water service of the future, notably through the renewal of the flagship contract with Syndicat des Eaux de l'Île-de-France, worth a total of €4 billion, and to finding solutions that now enable us to be ready to combat emerging pollutants, such as PFAS, in drinking water in the United States and France.

(1) At constant scope and forex

*This commercial momentum, combined with strict financial discipline, has enabled us to increase our EBITDA by 5.7% and our current EBIT by 11.1%. These are very good results, in line with the strategic priorities of the GreenUP plan, enabling us to fully confirm our objectives for the full year.”*

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## Detailed Key Figures at 31 March 2024

- The Group's consolidated sales amounted to 11,556 million euros at March 31, 2024, compared with 12,007 million euros at March 31, 2023. They varied by -1.7% on a like-for-like basis, and by +3.9% excluding the impact of energy prices, which mainly affected Europe excluding France.

## Revenue evolution by effect breaks down as follows

- **The currency effect** was a negative €228 million (-1.9%), mainly reflecting fluctuations in Argentinean, Chilean, Czech and Australian currencies, partly offset by an improvement in Polish and British currencies<sup>1</sup>.
- **The perimeter effect** of -17 million euros (-0.1%) mainly includes the impact of the disposal of SADE on February 29, 2024, partially offset by the acquisition of Hofmann (Germany) in the first quarter of 2024, and by the entry into the perimeter of Lydec (Morocco) on January 25, 2023.
- **The impact of commodities** (corresponding to changes in energy and recyclate prices) amounted to -702 million euros (-5.8%), due to lower energy prices (-679 million euros), mainly in Central and Eastern Europe, and lower recyclate prices (-24 million euros), mainly for plastics.
- **The climate effect** amounted to -46 million euros (-0.4%), mainly in Central and Eastern Europe, where energy sales were impacted by a milder winter than in 2023.
- **Intrinsic growth** is driven by positive commercial and price effects. The Commerce / Volumes / Works effect amounted to +188 million euros (+1.6%), driven by a good commercial momentum, healthy water volumes, the increase in works carried out, as well as strong growth in Water Technologies activities. Favorable price effects amounted to +355 million euros (+3.0%), mainly due to tariff indexations and price increases of +4.6% in waste and +3.6% in water.

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## Revenue at 31 March 2024 progressed across all operating segments compared with 31 March 2023

Compared with March 31, 2023, sales at March 31, 2024 varied by -1.7% on a like-for-like basis. Sales rose sharply in the Water Technologies segment, grew steadily in the Rest of the World segment, and grew moderately in France and Special Waste Europe, whereas they fell in the Europe excluding France segment due to lower energy prices than in 2023.

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<sup>1</sup> Main currency impacts: Argentine peso (-159 million euros), Chilean peso (-40 million euros), Czech koruna (-33 million euros) and Australian dollar (-26 million euros), offset by Polish zloty (+84 million euros) and British pound (+23 million euros).

Revenue in **France and Special Waste Europe** amounted to 2 318 million euros and showed organic growth of **+2.7%** compared to 31 March 2023 :

- **Water France** sales of 711 million euros were up +4.4%, mainly due to the positive effect of tariff indexations of +4.6% and volumes up +0.5%.
- Sales for the **Waste France** business totaled 733 million euros, up +3.4% due to the positive effect of tariff indexations and price increases, and despite still low volumes.
- Sales in the **Europe special waste business** totaled 556 million euros, up +2.6%, impacted mainly by price increases, which offset the effect of lower oil prices. First-quarter volumes were broadly resilient compared with 2023.

Revenue in **Europe excluding France** reached 5 147 million euros at 31 March 2024, an organic variation of -10.8 %, due to lower energy prices than in 2023. Excluding the effect of energy prices, revenue rose by +1.0%.

- In **Central and Eastern Europe**, sales totaled 3,244 million euros, down -16.2%, heavily impacted by lower energy prices, and to a lesser extent by an unfavorable climate effect (-40 million euros) due to a milder winter than last year.
- In **Northern Europe**, revenues of 1,020 million euros rose by +2.8%. This increase was mainly due to sales in the United Kingdom, up +5.6% on a like-for-like basis, mainly in the waste business, which benefited from price increases and higher volumes processed, particularly in incineration, thanks to very good availability of our facilities.
- In **Iberia**, sales totaled 613 million euros, down slightly by -0.6%. It was negatively impacted by lower energy prices, offset by tariff increases and an increase in work on water activities.
- **Italy** generated revenues of 270 million euros, down -7.1%, mainly due to lower energy prices, with no impact on margins due to the parallel fall in energy purchase costs.

Revenue in **Rest of the World** reached 2 932 million euros, an organic growth of +6.2 %, up in all geographies, excluding Asia :

- Sales in **Latin America** totaled 473 million euros, up +24.0%, driven in particular by good waste volumes, notably in Brazil and Colombia, the effect of tariff revisions on water activities in Chile, and the impact of price increases in Argentina (offset by the devaluation of the Argentine peso).
- In **Africa-Middle East**, sales totaled 385 million euros, up +4.1%, driven mainly by growth in energy services in the Middle East, as well as increased activity in Morocco.
- In **North America**, revenues came to 784 million euros, up +3.8%. The Hazardous Waste business showed good momentum, with rising prices and volumes. The Water business benefited from rate increases, as well as 3% higher volumes in the "regulated water" business.
- Sales in **Asia** totaled €638 million, down -3.8%, mainly due to lower activity at hazardous waste treatment plants in China and India. These effects were partially offset by strong sales momentum in energy efficiency in Hong Kong (+10.0%), energy in China and water in Japan (+4.7%).
- In the **Pacific** region, sales of 494 million euros were up +8.5%, mainly due to the effect of tariff revisions and higher volumes of waste processed, as well as strong momentum in industrial maintenance.

The **Water Technologies** business generated sales of 1,156 million euros, up +15.3%, driven by growth at WTS in the Engineering Systems and Chemical Solutions businesses, as well as by growth at VWT in its Services and Technologies activities. Order intake in the Water Technologies business<sup>2</sup> at March 31, 2024 totaled 1,025 million euros, up sharply on March 31, 2023 (785 million euros), an increase of 31%.

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<sup>2</sup> For Projects and Products. Total order intake of €1,757 million, up 50% on March 31, 2023 (€1,188 million).

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**By business, at constant scope and exchange rates, the evolution of revenue is as follows:**

- Sales in the **Water** division rose by +6.5% to €4,343 million, driven by an increase in Water operations (+3.8%) and growth in Technology and Construction (+12.7%);
  - **Water Operations** revenue rose by +3.8% to €3,021 million, with tariff increases in all regions, a good level of construction activity, and buoyant volumes mainly in Central and Eastern Europe (+4.2%), the United States (+3%) and Morocco (+2.4%). Volumes were stable in France and Spain.
  - **Technology and Construction** sales rose by 12.7% to €1,322 million, driven mainly by Water Technologies.
- Sales for the **Waste** business rose by +5.5% on a like-for-like basis to €3,746 million. Sales benefited from favorable price revisions (+4.6%), offsetting the impact of lower recycled materials prices (-0.7% on sales), mainly in Northern Europe. The commerce/volume/work effect was positive (+1.2%), marked by rising volumes, particularly in the UK and Australia, and an increase in hazardous waste business outside Asia.
- Revenue of **Energy** activities totaled €3,468 million, down -16.5% due to lower energy prices. The climate effect, which was unfavorable in the first quarter of 2024, had a -1.0% impact on sales due to a milder winter. Energy Services revenues were boosted by strong commercial momentum in Europe (Italy, Belgium), the Middle East and Hong Kong.

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**Strong EBITDA growth, to €1 624 M vs. €1 574 M at 31 March 2023, an organic growth of +5.7 % at constant scope and forex.**

The **currency impact** on EBITDA came to -58 million euros (-3.7%). This mainly reflects the depreciation of the Argentinean, Chilean and Czech currencies, partially offset by a rise in the Polish currency<sup>3</sup>.

**The scope of consolidation** effect of +19 million euros (+1.2%) mainly includes the impact of the acquisition of Hofmann (Germany) in the first quarter of 2024, and the inclusion of Lydec (Morocco) in the scope of consolidation on January 25, 2023, partially offset by the disposal of SADE on February 29, 2024.

**External factors** negatively impact EBITDA :

- Changes in **commodity prices** (energy and recycled materials) had a net unfavorable impact on EBITDA of -28 million euros (-1.8%), mainly due to lower energy prices net of lower energy purchasing costs (-19 million euros), and lower recycled materials prices (-9 million euros), mainly in Northern Europe.
- The **climate impact** was -19 million euros (-1.2%), mainly in Central and Eastern Europe, affected by a milder winter than in 2023.

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<sup>3</sup> Main currency impacts: Argentine peso (-29 million euros), Chilean peso (-20 million euros), Czech koruna (-10 million euros), offset by Polish zloty (+12 million euros).

**Organic growth** was driven by favorable Commerce/Volume/Work effects, and by efficiency gains generated by the Group, of which it retained 43% in Q1.

- The **Commerce / Volumes / Work** effect was favorable, at +57 million euros (+3.6%), and resulted from its positive effect on sales.
- The **net efficiency gains**, net of gains shared with customers, contract renegotiations and time-lag effects on the passing-on of costs generated an additional 38 million euros (+2.4%) in EBITDA in Q1, 2024. This represents a retention rate of 43% of the €88M gains generated by the Group under the efficiency plan.

The gains generated by the **efficiency plan** contributed 88 million euros in the first quarter of 2024, in line with the target of 350 million euros for 2024. The plan focuses primarily on operating efficiency (69%) and purchasing (18%), and concerns all geographies: France and Special Waste Europe (23%), Europe excluding France (40%), Rest of the World (32%), and Water Technologies (5%).

**Synergies** generated by the integration of Suez amounted to 42 million euros. Together with synergies already achieved in 2022 and 2023, they amounted to 357 million euros, ahead of the cumulated target of 400 million euros by the end of 2024, thanks in particular to economies of scale in purchasing.

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## **Strong Current EBIT growth to €843 M, an organic growth of +11.1% at constant scope and forex.**

The increase in Current EBIT compared with March 31, 2023 on a like-for-like basis amounted to +88 million euros (+11.1%), and was mainly due to:

- strong growth in EBITDA (+89 million euros on a like-for-like basis) ;
- a rise in depreciation and amortization<sup>4</sup>, including the repayment of operating financial assets, mainly related to Central and Eastern Europe (notably Uzbekistan) offset by the positive impact of provisions and capital gains on industrial disposals;
- a decrease in the share of net income from joint ventures of -6 million euros at constant scope and exchange rates, due to a non recurring item in Q1, 2023.

The currency effect on current EBIT was negative by -42 million euros, mainly reflecting the change in the Argentine (-23 million euros) and Chilean (-17 million euros) currencies.

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<sup>4</sup> Excluding Suez PPA

## Evolution of net free cash flow net Financial Debt

**Net free cash flow** before financial investments and dividends stood at -673 million euros at March 31, 2024, down -191 million euros on March 31, 2023 (-482 million euros).

The change in net free cash flow compared with March 31, 2023 is explained by:

- EBITDA growth driven by organic revenue growth and efficiency gains, as well as synergies ;
- Net capital expenditure of -915 million euros compared with -894 million euros at March 31, 2023. This increase is due to a €16 million rise in gross capital expenditure, mainly as a result of decarbonization projects underway in Central and Eastern Europe.
- The change in operating working capital, which deteriorated by -149 million euros compared with March 31, 2023, impacted in particular by unfavorable timing effects and higher disbursements than in the first quarter of 2023 in respect of water royalties paid to local authorities and purchases of CO2 quotas.
- The change in financial expenses of -60 million euros compared with March 31, 2023, which stems mainly from a non-recurring income in Q1 2023 and the change in the balance of variable financial expenses and interest income on cash balances.

**Net financial debt** stood at 18,997 million euros at March 31, 2024, compared with 17,903 million euros at December 31, 2023. Compared with December 31, 2023, the change in net financial debt is mainly due to the following:

- Net free cash flow for the quarter of -673 million euros impacted in particular by the seasonality of Working Capital Requirement down in the first quarter (-978 million euros).
- Net financial investments of -129 million euros following the acquisition of Groupe Hofmann GmbH and the disposal of subsidiary SADE.
- Repayment of hybrid debt including coupons for -209 million euros.

Net financial debt is also impacted by a favorable foreign exchange and fair value variation effect of 81 million euros at March 31, 2024.



## 2024 Guidance fully confirmed

In view of the excellent results achieved in Q1 2024, guidance 2024 is fully confirmed:

- Solid organic growth of revenue<sup>(1) (2)</sup>
- Efficiency gains above €350m complemented by additional synergies for a cumulated amount of more than €400m end 2024, in line with the €500m cumulated objective
- Organic growth<sup>(1)</sup> of EBITDA between +5% and +6%
- Current net income Group share above €1.5 bn<sup>(3)</sup>
- Leverage ratio expected below 3x<sup>(3)</sup>
- Dividend growth in line with Current EPS growth
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(1) at constant scope and forex / (2) excluding energy prices / (3) excluding Suez PPA

## GreenUp 2024-2027 targets fully confirmed

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| <ul style="list-style-type: none"><li>• Solid organic revenue growth<sup>5</sup></li><li>• €350M savings per year</li><li>• Over €8bn of EBITDA in 2027</li><li>• ~ 10% annual growth<sup>6</sup> in current net income over 2023-2027</li><li>• Leverage ratio ≤ 3x</li><li>• Dividend growth in line with current EPS</li></ul> | <ul style="list-style-type: none"><li>• €4 bn of growth investments, of which €2 bn are prioritized on 3 growth boosters</li><li>• Decarbonization: <b>18m tons of CO2 erased in 2027</b> (scope 4) &amp; emission reduction trajectory compatible with 1.5°C warming (scope 1&amp;2)</li><li>• Regeneration: <b>1.5 bn m3 of fresh water saved in 2027</b></li><li>• Depollution: <b>10m tons of hazardous waste and pollutants treated in 2027</b></li></ul> |
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## Agenda

- 17 October : **Deep dive Water Technologies and Innovation**

<sup>5</sup> Excluding energy prices

<sup>6</sup> At constant exchange rates

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## ABOUT VEOLIA

Veolia group aims to become the benchmark company for ecological transformation. Present on five continents with nearly 213,000 employees, the Group designs and deploys useful, practical solutions for the management of water, waste and energy that are contributing to a radical turnaround of the current situation. Through its three complementary activities, Veolia helps to develop access to resources, to preserve available resources and to renew them. In 2023, the Veolia group provided 113 million inhabitants with drinking water and 103 million with sanitation, produced 42 million megawatt hours of energy and recovered 63 million tonnes of waste. Veolia Environnement (Paris Euronext: VIE) achieved consolidated revenue of 45.3 billion euros in 2023. [www.veolia.com](http://www.veolia.com)

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### IMPORTANT DISCLAIMER

As the changes in the health crisis are difficult to estimate, we draw your attention to the "forward-looking statements" that may appear in this press release and relating to the consequences of this crisis which may affect the future performance of the Company.

Veolia Environnement is a corporation listed on the Euronext Paris. This press release contains "forward-looking statements" within the meaning of the provisions of the U.S. Private Securities Litigation Reform Act of 1995. Such forward-looking statements are not guarantees of future performance. Actual results may differ materially from the forward-looking statements as a result of a number of risks and uncertainties, many of which are outside our control, including but not limited to: the risk of suffering reduced profits or losses as a result of intense competition, the risk that changes in energy prices and taxes may reduce Veolia Environnement's profits, the risk that governmental authorities could terminate or modify some of Veolia Environnement's contracts, the risk that acquisitions may not provide the benefits that Veolia Environnement hopes to achieve, the risks related to customary provisions of divestiture transactions, the risk that Veolia Environnement's compliance with environmental laws may become more costly in the future, the risk that currency exchange rate fluctuations may negatively affect Veolia Environnement's financial results and the price of its shares, the risk that Veolia Environnement may incur environmental liability in connection with its past, present and future operations, as well as the other risks described in the documents Veolia Environnement has filed with the Autorité des Marchés Financiers (French securities regulator). Veolia Environnement does not undertake, nor does it have, any obligation to provide updates or to revise any forward-looking statements. Investors and security holders may obtain from Veolia Environnement a free copy of documents it filed ([www.veolia.com](http://www.veolia.com)) with the Autorités des marchés financiers.

This document contains "non-GAAP financial measures". These "non-GAAP financial measures" might be defined differently from similar financial measures made public by other groups and should not replace GAAP financial measures prepared pursuant to IFRS standards.

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