



2016 First Half Results

August 1, 2016



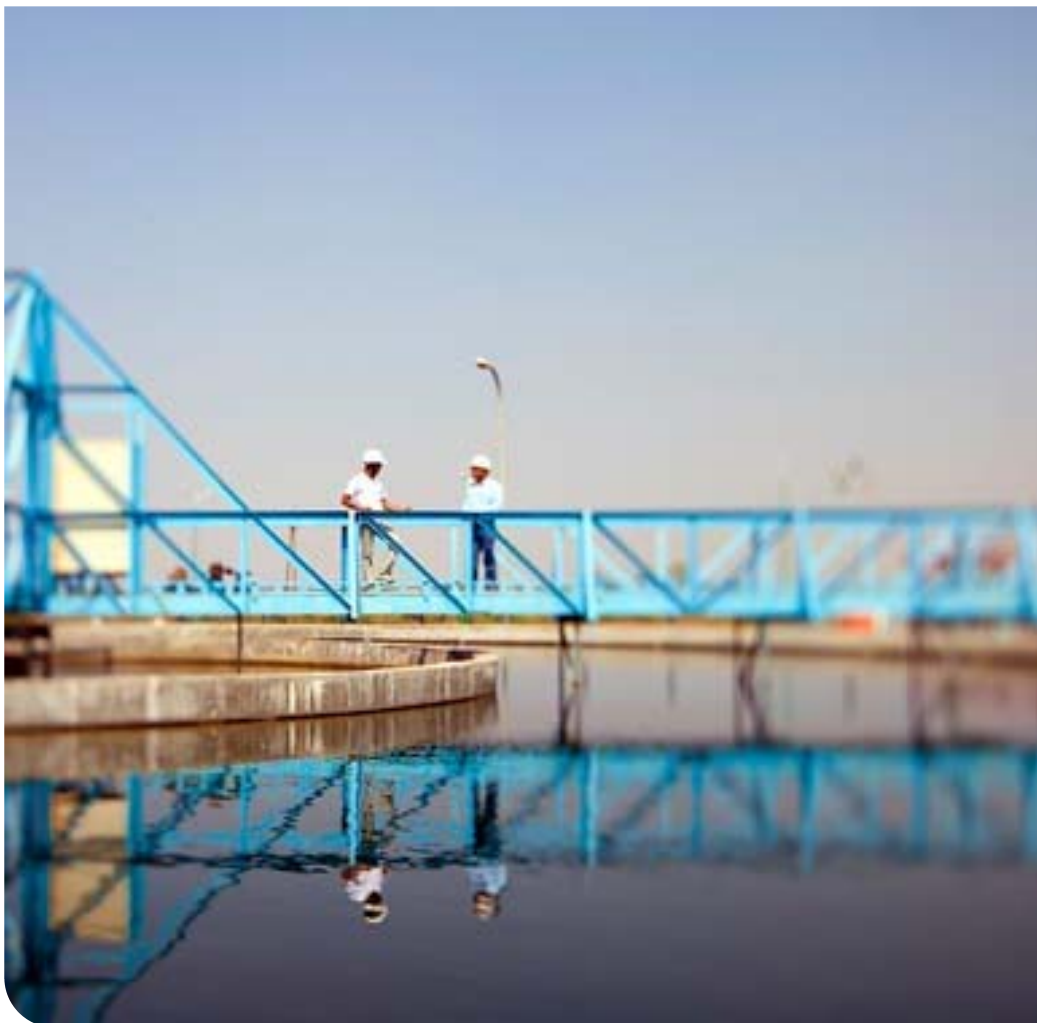
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Unaudited key figures

2016 first half results



Highlights

Antoine Frérot, CEO

Continued strong results growth

- **More favorable revenue dynamics in Q2**
- **Continued results growth:**
 - *In the first half of 2016, EBITDA +5.6% at constant FX, current EBIT +8.2% at constant FX and current net income +15.7% excluding capital gains*
- **Cost cutting ahead of plan:** €121M in savings achieved in the first half
- **Acceleration of development, in our traditional markets, as well as growth markets**
 - **MUNICIPAL:** Prague district heating network, landfill in Sao Paulo...
 - **INDUSTRIAL:**
 - ✓ OIL & GAS (CHINA): Management for 25 years of the entire water cycle at Sinopec's petrochemical complex
 - ✓ HAZARDOUS WASTE: Treatment of low level radioactive waste (Kurion)
 - ✓ CIRCULAR ECONOMY: Sulfuric acid regeneration division of Chemours in the USA
- **Transdev: draft agreement** with the Caisse des Dépôts for €550M for the equity and €10M of dividends
- **2016 objectives fully confirmed**

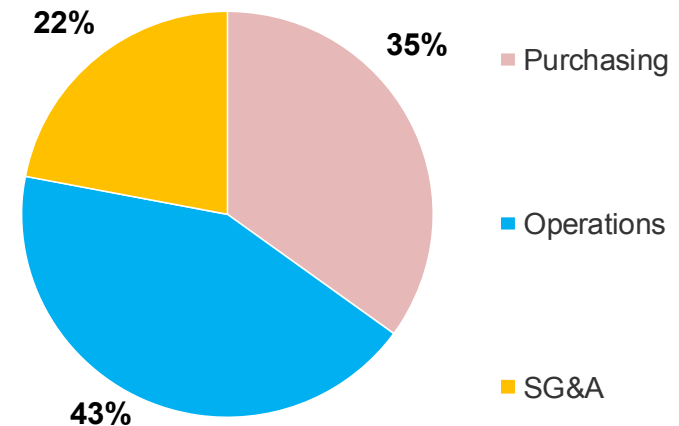
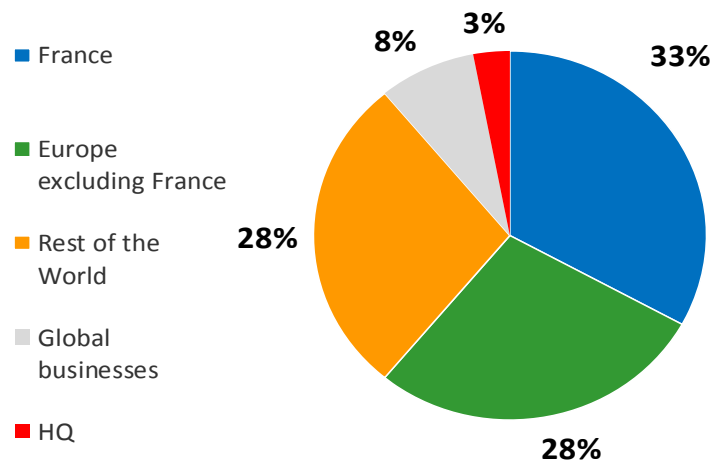
Strong growth in first half results, in line with annual objectives

- Revenue declined 1% at constant exchange rates to €11,956M, (+0.1% in Q2 vs. -2.1% in Q1) and +1.5% at constant exchange rates excluding the impact of construction revenue and energy prices
 - *Revenue excluding construction and energy prices: +1.9% in Q2 after +1.2% in Q1 at constant exchange rates*
- EBITDA up 5.6% at constant exchange rates to €1,580M (+6.9% in Q2 after +4.4% in Q1)
- Current EBIT up 8.2% at constant exchange rates to €750M (+11.0% in Q2 after +5.9% in Q1)
- Current net income group share of €342M (+10.1% at constant FX vs. 1H2015), and €301M excluding net financial capital gains (+15.7% vs. 1H2015)
- Net financial debt of €8,678M vs. €9,223M in June 2015 (down €199M before favorable FX impact)

Robust cost savings: more than €120M achieved as of June 30, 2016

€121M in gross savings in 1H2016

Impact on EBITDA	1H2016	2016 target	2016-2018 cumulative objective
Gross savings	121	200	600



Acceleration of development and continued asset arbitrage

o Acceleration of development

o *Municipal*

- o **Prague Left Bank** district heating network (€71M investment): **Revenue: ~ €50M/year**
- o Pedreira landfill in **Brazil** (€65M investment) - Revenue: ~ **€30M/year**
- o **Renewal of key contracts:**
 - o Milwaukee (wastewater treatment, \$500M over 10 years)
 - o Renewal of 4 incineration contracts in France for a total backlog of €425M

o *Industrial*

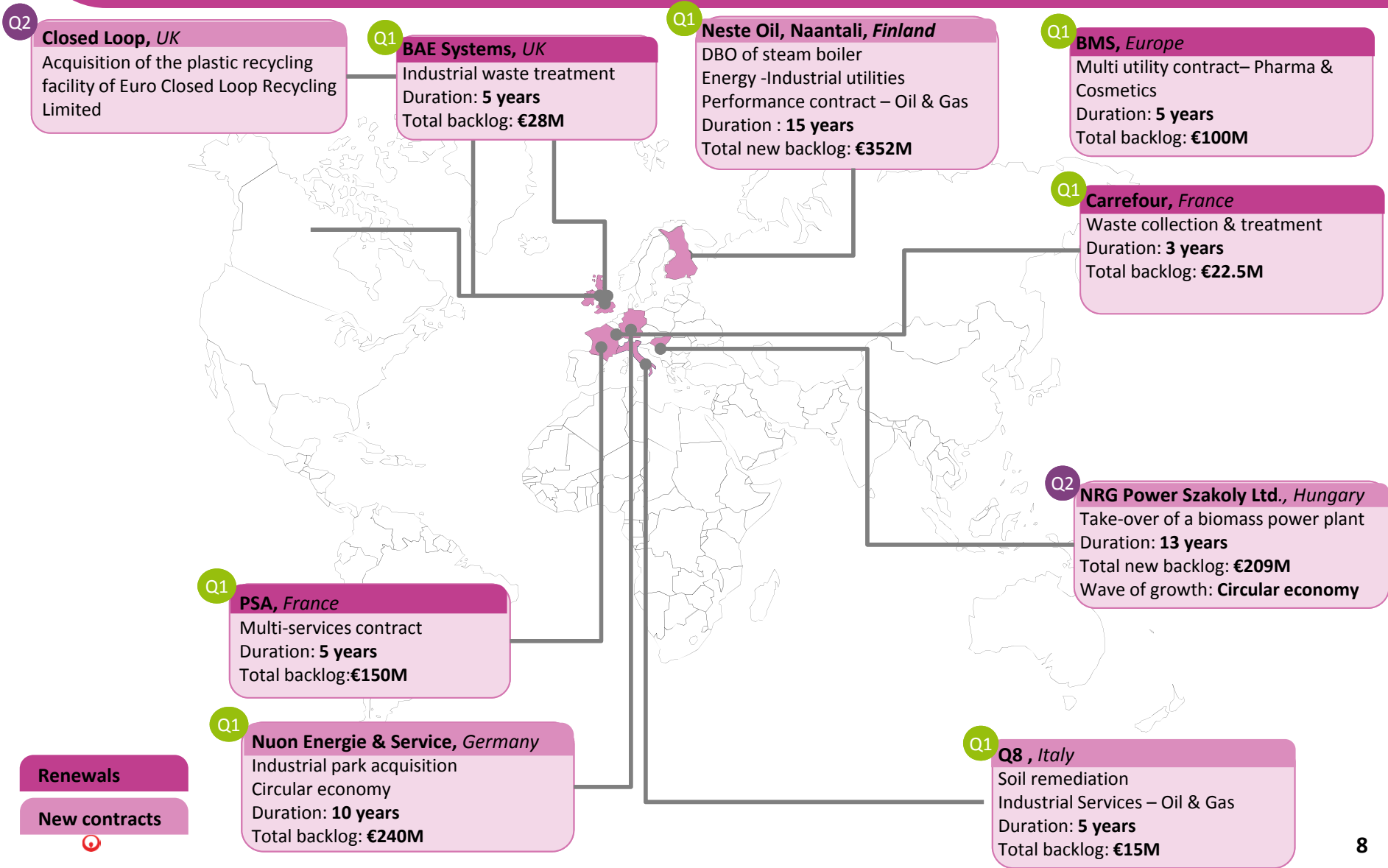
- o **Hazardous Waste** (treatment of low level radioactive waste): acquisition of **Kurion** for \$350M
- o **Circular Economy** (sulfuric acid regeneration): acquisition in July of **Chemours' sulfuric acid division**, (USA) for \$325M
- o **Sinopec: water treatment contract for Yangshan Petrochemical**
 - o *Management of 6 water treatment facilities*
 - o *Cooling process water, demineralization*
 - o *Incremental cumulative revenue of €3.3 billion over 25 years*

o Continuation of asset arbitrage

- o *Transdev divestment: draft agreement with the Caisse de Dépôts*
- o *Signature of agreement to sell Bartin Recycling to Derichebourg*
- o *End the divestment process for the SADE business*

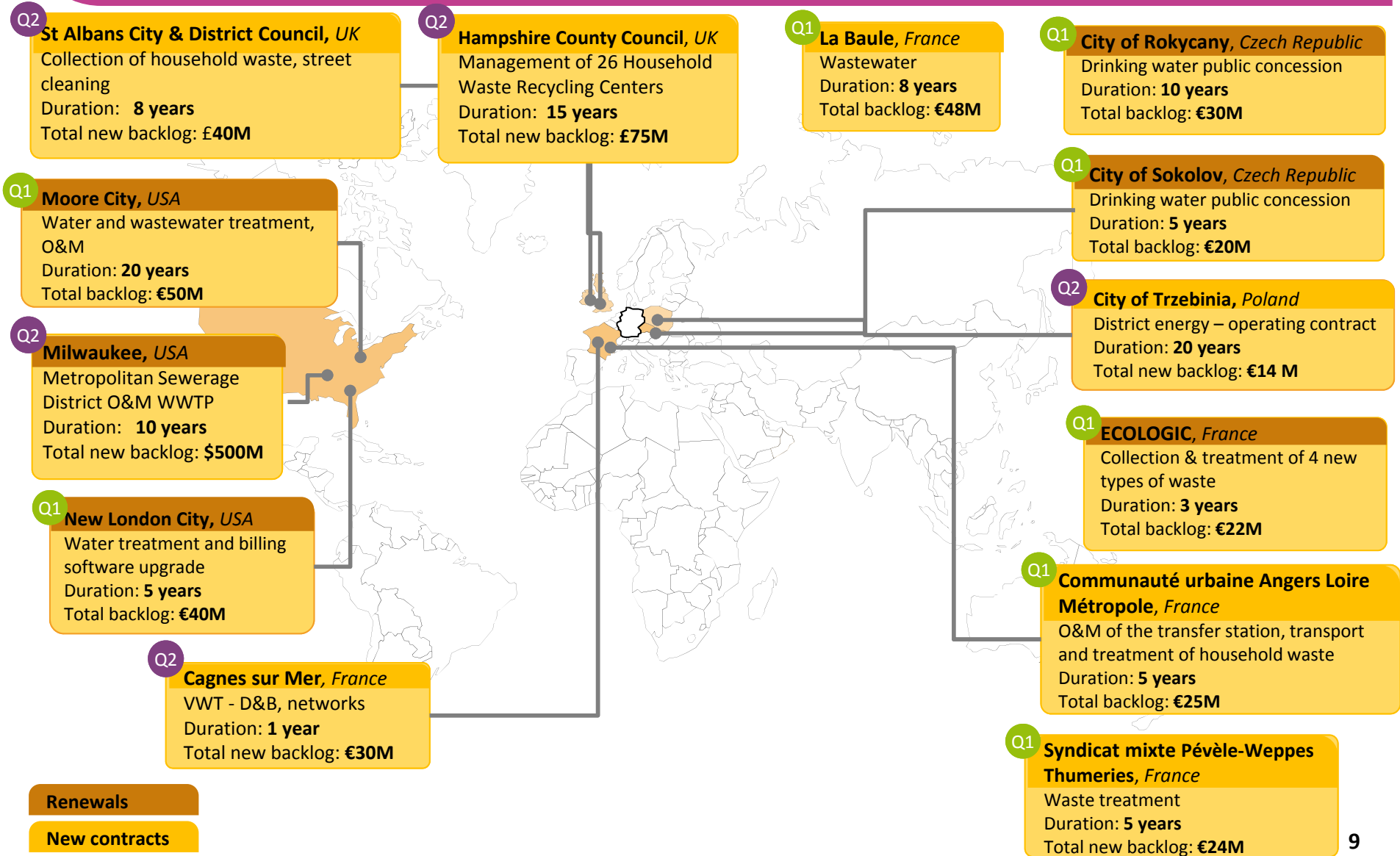
Main commercial successes to date

Industrial market



Main commercial successes to date

Municipal Market



Transdev divestment: significant capital gain expected

- **Reminder: full repayment of loans already achieved**
 - *€345M repaid in March 2016*
- **Draft agreement with the Caisse des Dépôts**
 - *Valuation of our 50% at €550 million for the shares + €10M of dividends, for a value on our books of €466M at June 30, 2016*
 - *Divestment of 20% of Transdev to the Caisse des Dépôts in 2016 for €220M*
 - *Option to sell the remaining 30% portion exercisable in two years under the same pricing conditions as the initial transaction*
 - *Capital gain to be recorded on a pro rata basis in 2016, in non current results*
 - *Sharing of any excess capital gain in case of divestment of Veolia's remaining 30% stake to a third party within the two year period*
 - *The remaining 30% still consolidated via equity method (non current)*

Confirmation of 2016 objectives and 2018 targets

- The Group's transformation efforts and the implementation of the renewed strategy allows Veolia to benefit from a new virtuous financial equation and set ambitious 3-year financial targets.
- Gradually increasing revenue growth supported by the acceleration of FCF generation, expected to be primarily allocated to development

	2016 Objectives	2018 Targets
Revenue	Growth	> €27bn
EBITDA	Growth	~ €3.5bn

Current net income group share	> €600M	> €800M
Net Free Cash Flow ¹	> €650M	~ €1bn

From 2016-2018, we expect to be able to provide around 10% annual dividend growth to our shareholders, while reducing our payout ratio

¹ Before dividends, assuming capex of €1.6bn - €1.7bn per year and constant net debt

2016 first half results



Results for the period ended June 30, 2016

Philippe Capron, CFO

Strong growth in first half results

<i>In €M</i>	1H2015	1H2016	Var. y-y	Δ at constant FX
Revenue	12,318	11,956	-2.9%	-1.0%
EBITDA	1,531	1,580	+3.2%	+5.6%
<i>EBITDA margin</i>	12.4%	13.2%	+80bps	-
Current EBIT ⁽¹⁾	712	750	+5.3%	+8.2%
Current Net Income Group Share ⁽²⁾	321	342	+6.4%	+10.1%
Current Net Income Group Share excluding capital gains ⁽²⁾	260	301	+15.7%	
Net Income Group Share ⁽²⁾	353	251	-28.7%	
Gross Industrial Capex	565	553		
Net FCF ⁽³⁾	-76	-105		
Net financial debt	9,223	8,678		

Summary of FX impacts (vs. 1H2015)	%	€M
Revenue	-1.9%	-237
EBITDA	-2.3%	-36
Current EBIT	-2.9%	-21
Current net income	-3.7%	-12
Net debt vs. Dec.2015	3.7%	+298
Net debt vs. June 2015	3.8%	+346

- (1) Including the share of current net income of joint ventures and associates of entities viewed as core Company activities
- (2) Including impact of IFRIC 21 of -€25M versus -€27M in the first half of 2015
- (3) Net FCF before net financial divestments and after payment of financial expense and taxes corresponds to free cash flow from continuing operations, and is calculated by: the sum of EBITDA, dividends received, operating cash flow from financing activities, and changes in working capital for operations, less net industrial investments, current cash financial expense, cash taxes paid, renewal expenses and cash restructuring charges .

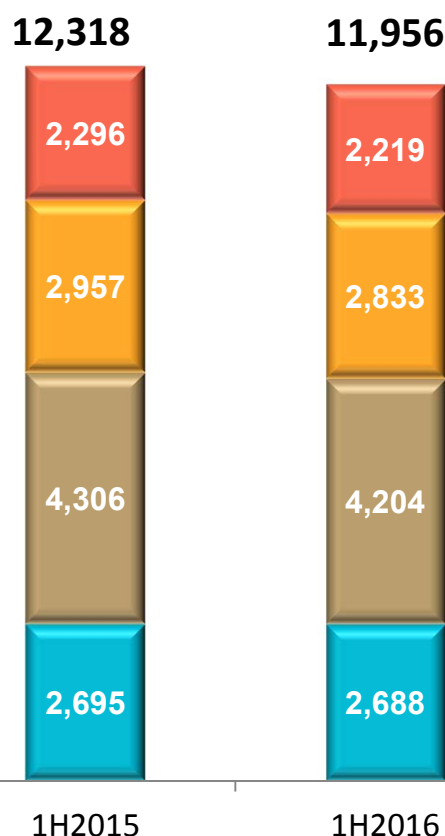
Revenue: improved trend in Q2

	1st quarter	2 nd quarter
	<i>Δ at constant FX</i>	<i>Δ at constant FX</i>
France	+0.2%	-0.7%
Europe excluding France	-0.9%	+0.3%
Rest of the World	-2.4%	+1.9%
Global businesses	-2.9%	-0.9%
TOTAL	-2.1%	+0.1%
Total excluding construction and energy prices	+1.2%	+1.9%

- More favorable dynamics in Q2 in all zones, with the exception of France
- Excluding construction revenue and energy prices, revenue growth at constant FX was +1.2% in Q1 and +1.9% in Q2

Revenue: up 1.5% at constant FX excluding construction and energy prices to €11,956M

REVENUE IN €M



Improved trend in Q2: trend moving to growth of +0.1% at constant FX (versus -2.1% in Q1) and +1.9% excluding construction and energy prices (versus +1.2% in Q1)

□ **Slight decline in France revenue**

✓ **Water:** Stabilized revenue due in particular to the Lille contract, with -1% volumes and weak price indexation (+0.2%)

✓ **Waste:** Revenue down 1.6%, good volume trends (particularly incineration and landfill) offset by the decline in municipal collection and lower scrap metal prices (-20% vs. 1H2015)

□ **Europe excl. France: Revenue -0.3% at constant FX, +0.3% in Q2 after -0.9% in Q1.**

✓ **UK revenue of €1,057M:** -3.2% at constant FX, stable excluding construction (Leeds complete)

✓ **Germany: Revenue of €846M,** +2.8% at constant FX despite the negative impact of lower energy prices in Q1, due to good waste volumes

✓ **Central & Eastern Europe: Revenue of €1,458 M,** -1.0% at constant FX: negative impact of lower energy prices in Q1, partially offset by more favorable weather (impact +1%), start-up of biomass cogeneration in Hungary and good water volumes (+1.6%) in the Czech Republic

□ **Rest of the World: Stable revenue with good progression in Q2, +1.9% at constant FX after -2.4% in Q1**

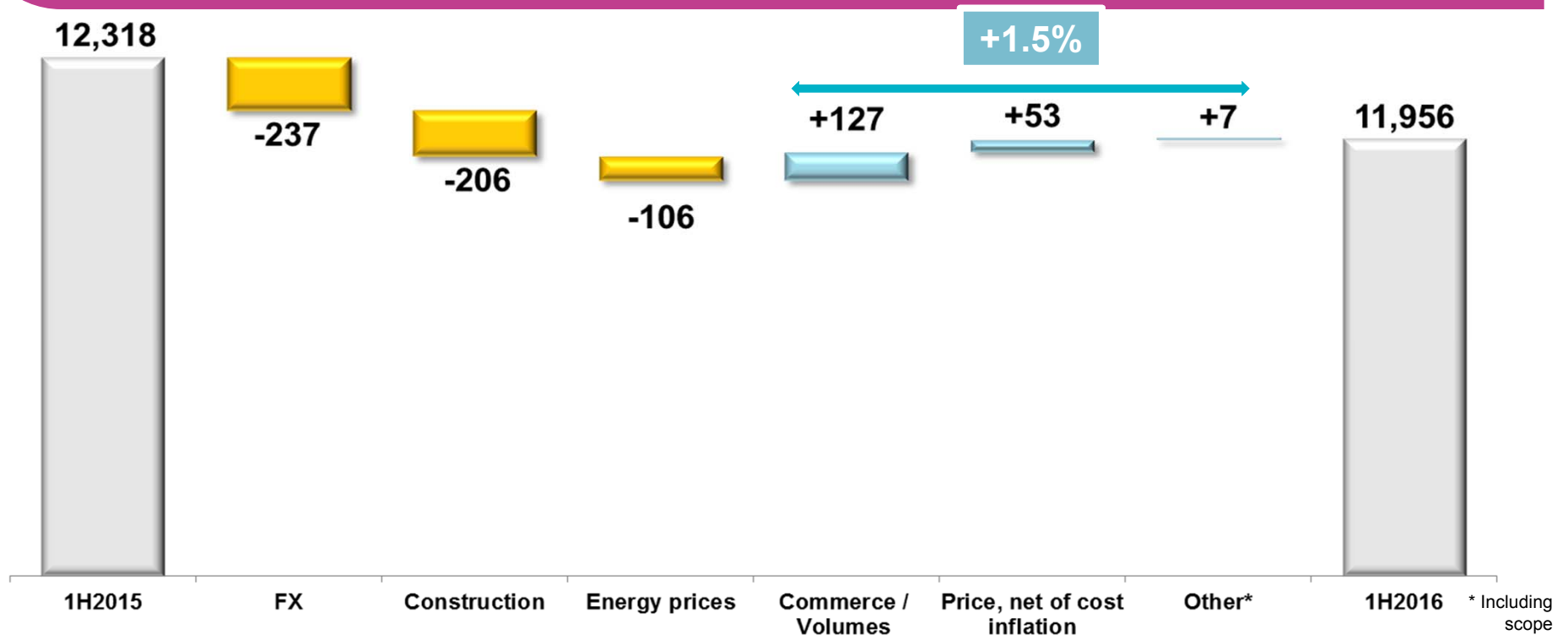
✓ **North America: Revenue of €868M,** -9.4% at constant FX (-3.6% excluding impact of energy prices) penalized by lower energy prices, negative weather impact and lower industrial services activity, despite a slight improvement in industrial services in Q2 and implementation of improvement measures.

✓ Strong progression in **Latin America** (+8.5% at constant FX), **Africa Middle East** (+9.1% at constant FX) and continued growth in **Asia** (+2.9% at constant FX) – **Australia** (-3.2% at constant FX) penalized by decline in industrial services activity

□ **Global businesses: Revenue down 1.9% at constant FX:** strong growth in hazardous waste (+4.2% at constant FX) but *progressive downsizing* of VWT business

Variations vs. 1H2015	Δ	Δ at constant FX	Δ at constant FX Excl. construction & energy prices
France	-0.2%	-0.2%	-0.1%
Europe excluding France	-2.4%	-0.3%	+1.8%
Rest of the World	-4.2%	-0.3%	+1.7%
Global businesses	-3.4%	-1.9%	+5.1%
Total	-2.9%	-1.0%	+1.5%

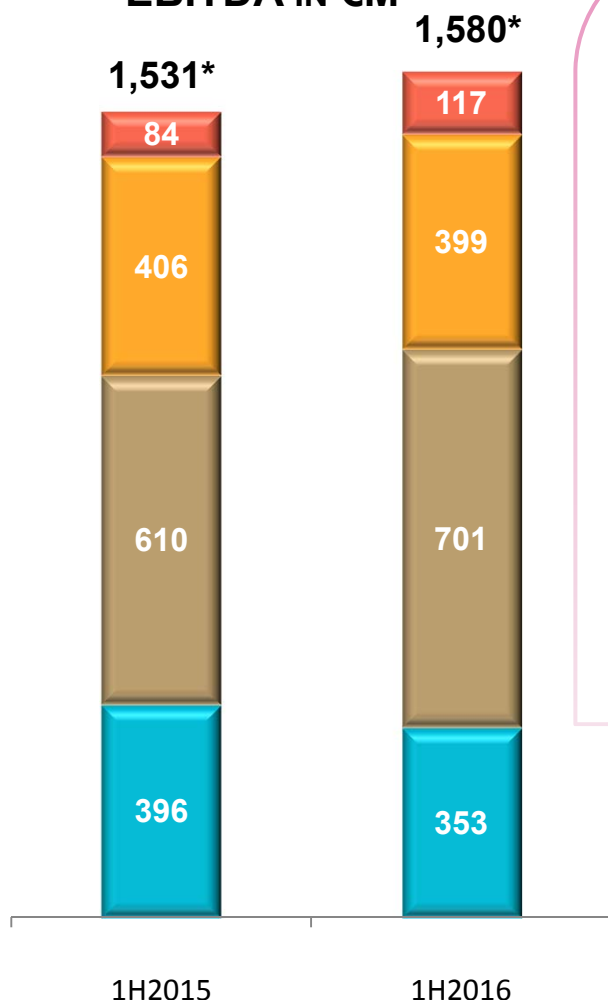
Revenue: up 1.5% at constant FX excluding construction and energy prices



- **FX:** mainly UK pound sterling, Argentine peso and Australian dollar
- **Construction:** impact of -1,7% including -1.3% at VWT & Sade and -0.3% given completion of the PFI construction program in the UK (-€34M)
- **Energy prices:** impact of -0,9% mainly in the US, and to a lesser extent in Central Europe and Germany
- **Favorable commercial dynamics (+€127M)**
 - **Volumes:** good performance at SARP/SARPI, and energy activity in Asia, in Latin America (water and waste), waste in the UK, Germany (waste and energy) and in Africa Middle East, offset by the decline in water volumes in France (-€8M impact), and reduced industrial services activity in North America and Australia
 - **Commerce:** Contract wins in Waste (Germany, UK) & **commissioning of new assets:** Leeds PFI, Changsha incinerator in China...
 - **Weather:** negligible effect, favorable in Central Europe, but negative in the United States.
- **Price effects:** Indexation remains favorable, but more moderate: French Water +0.2%; Municipal water in the US, and in Argentina – Limited impact of raw material prices (-€9M)

Strong EBITDA growth: +5.6% at constant FX

EBITDA IN €M



* Including Other: €35M in 1H2015 and €10M in 1H2016

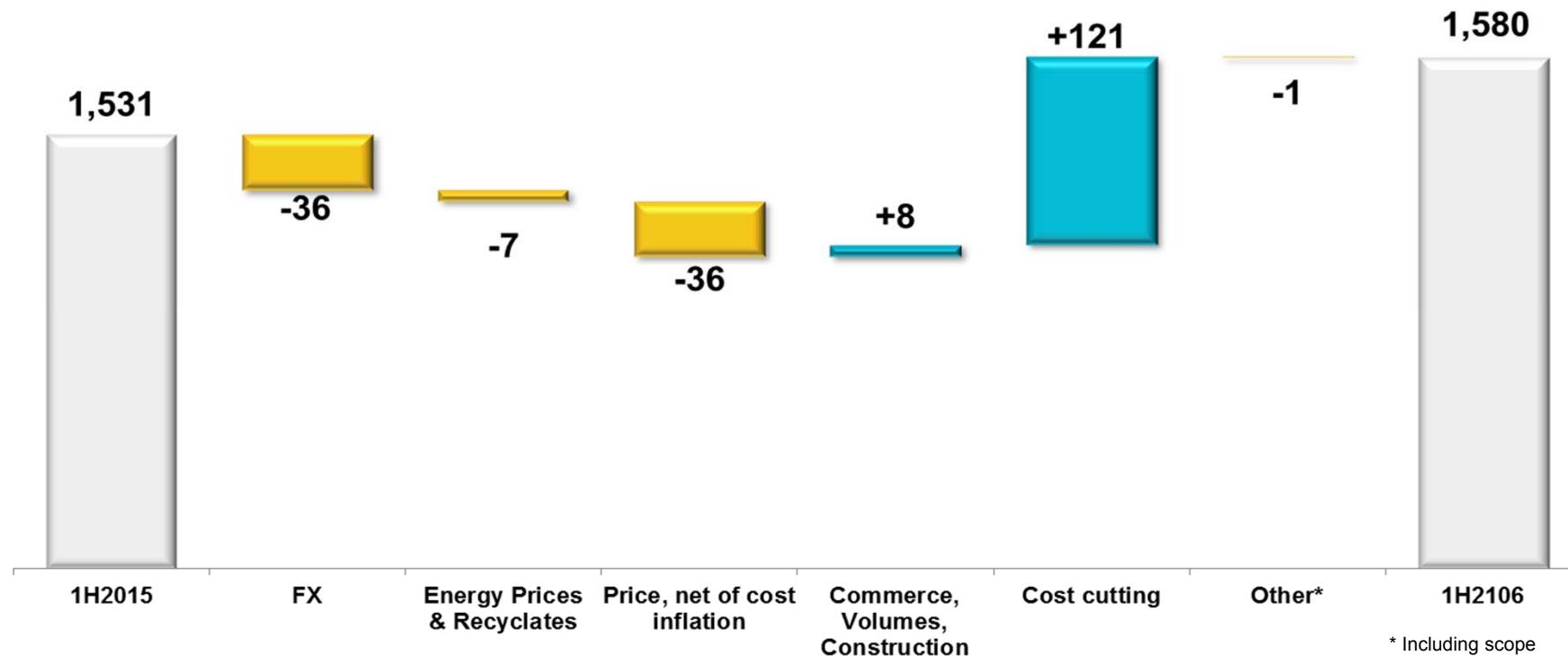
Significant benefit from cost savings: +€121M

Foreign exchange impact -€36M

- **Decline in France**
 - ✓ **Water:** Net EBITDA decline despite cost reduction benefits; volumes down 1%, price pinching related to weak price indexation (+0.2%), impact of contract renegotiations (-€16M in 1H2016) and impact of Brottes Law (-€12M)
 - ✓ **Waste:** EBITDA down: absence of favorable non recurring elements from the prior year and impact of decline in scrap metal prices
- **Strong growth in the rest of Europe**
 - ✓ Central & Eastern Europe: significant cost reductions, favorable weather benefit
 - ✓ UK: strong PFI performance
 - ✓ Germany: good waste volumes & improved efficiency
- **Continued growth in Rest of the World:** the weak performance in the US was compensated mainly by the strong progression in China: higher volumes, commissioning of the Changsha incinerator (hazardous waste) and cost savings
- **Global businesses:**
 - ✓ VWT benefitted from cost reduction measures initiated in 2015
 - ✓ Good first half results in hazardous waste

Variations vs. 1H2015	Δ	Δ at constant FX
France	-10.7%	-10.7%
Europe excluding France	+14.9%	+17.4%
Rest of the World	-1.7%	+3.2%
Global businesses	+38.2%	+38.6%
Total	+3.2%	+5.6%

Strong EBITDA growth driven by operational efficiency



- **Energy prices:** the decline in heat and electricity prices was offset by the reduction in the purchase price of fuel used to produce heat and electricity– Impact of raw material prices: -€5M
- **Price effect, net of cost inflation** negative, mainly in France
- **Effect Commerce/Volumes/Construction positive in EBITDA:** commissioning of new assets, good hazardous waste performance, favorable water volumes in Central & Eastern Europe and good activity in Latin America, compensated by the lower water volumes in France (due to weather), the ongoing negative impact of renegotiations in French Water (-€16M) and the decline in industrial services activity in the US and in Australia
- **Strong positive impact from cost reductions and efficiencies**

Current EBIT: +8.2% at constant FX

In €M	1H2015	1H2016	Δ vs. 1H2015	Δ vs. at constant FX
EBITDA	1,531	1,580	+3.2%	+5.6%
Renewal expenses	-141	-136		
Depreciation & Amortization (including reimbursement of OFAs ⁽¹⁾)	-769	-785		
Provisions, fair value adjustment & other ⁽²⁾	+38	+47		
Share of current net income of joint ventures and associates ⁽³⁾	+53	+43		
Current EBIT	712	750	+5.3%	+8.2%

(1) -€104M in 1H2016 versus -€82M in 1H 2015

(2) Including industrial capital gains of €18M in 1H2016 versus €10M in 1H2015

(3) Excluding capital gains on financial divestments – Good momentum in Chinese JVs, but negative impact from various diverse changes in scope

Current net income group share increased 15.7%

In €M	1H2015	1H2016	Δ
Current EBIT⁽¹⁾	712	750	5.3%
Cost of net financial debt	-231	-209	
Other financial income and expense	-16	-28	
Capital gains on financial divestments	+63	+41	
Income tax expense	-125	-137	
Non-controlling interests	-82	-75	
Current net income group share ⁽²⁾	321	342	+6.4%
Current net income group share ⁽²⁾ Excluding net financial capital gains ⁽³⁾	260	301	+15.7%

(1) Including the share of current net income of joint ventures and associates of entities viewed as core Company activities

(2) Including impact of IFRIC 21 of -€25M versus -€27M in the first half of 2015

(3) Including associated taxes

- **Cost of net financial debt down €22M** including a positive foreign exchange impact of €6M, and due to bond reimbursement and active debt management
- ✓ *Decline in average financing rate of 25 bps, from 5.22% to 4.97%*
- **Net capital gains on financial divestments of €41M** include capital gains on the revaluation of assets as part of changes in control of certain entities; in 1H2015, capital gains of €63M included the capital gain on the sale of Israel activities
- **Current tax rate of 29%**

Non current items include €95M in new restructuring charges

	1H2015	1H2016
Current net income group share	321	342
<i>Non current items, net of taxes</i>		
<i>Of which:</i> Non current impairments	-	-8
Restructuring charges	+8	-95
Net income from discontinued operations	-	-
Share of net income of other equity accounted entities (Transdev)	+26	+22
Other	-2	-10
Net income group share	353	251

- Restructuring charges include around €60M relative to a new French Water restructuring plan and €40M for other geographies: VWT, United States...

Net debt down by €199M vs. June 2015 excluding FX

Continued capex discipline:

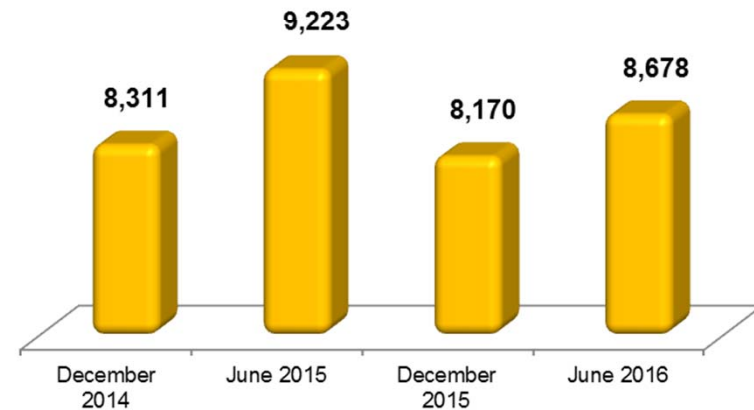
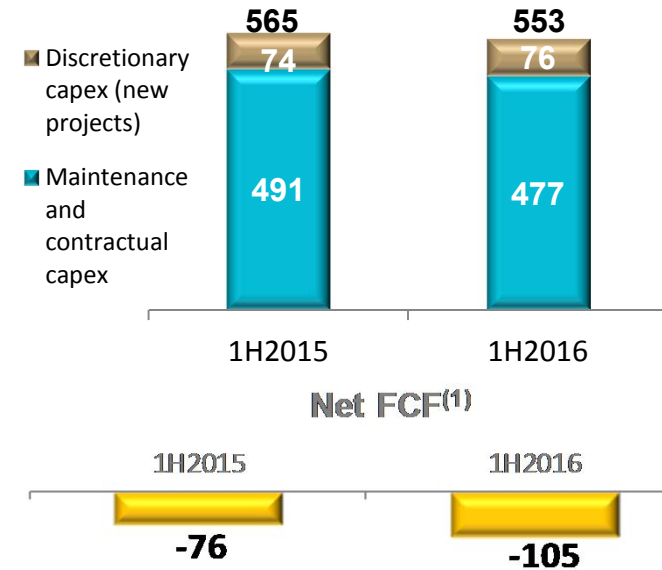
- ✓ At constant FX, gross industrial investments were stable (+0.4%)

Net FCF⁽¹⁾ of -€105M

- ✓ Excluding seasonal variation in WCR (-€686M), FCF before dividends amounted to €581M in 1H2016, versus €552M in 1H2015

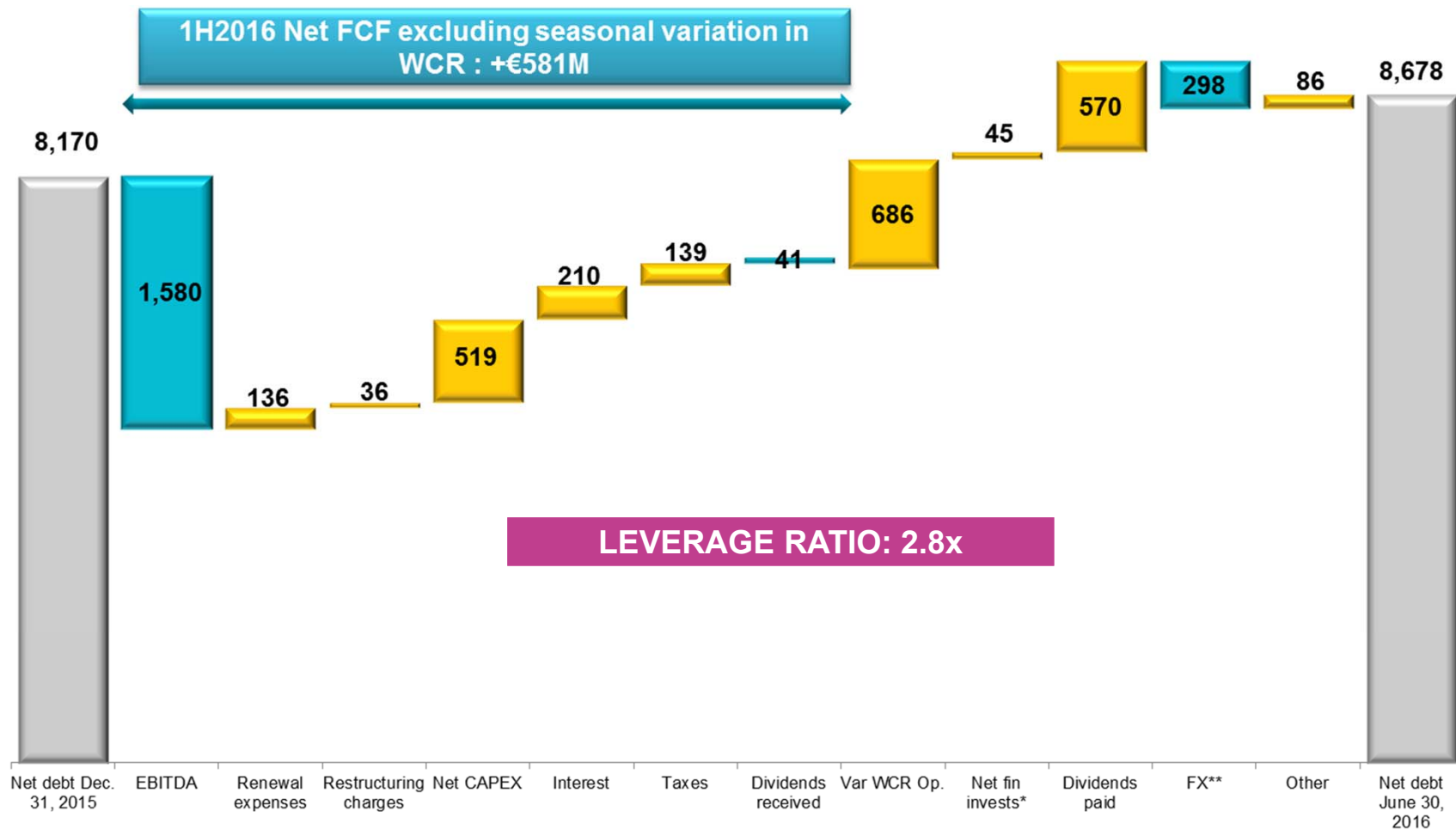
Net financial debt of €8,678M

- ✓ Down by €199M excluding favorable exchange rate effect of +€346M vs. June 2015
- ✓ Compared to December 2015, WCR seasonality of -€686M and impact of net financial investments
- ✓ **Leverage ratio of 2.8x at June 30, 2016 vs. 3.2x at June 30, 2015**



(1) Net FCF before net financial divestments and after payment of financial expense and taxes corresponds to free cash flow from continuing operations, and is calculated by: the sum of EBITDA, dividends received, operating cash flow from financing activities, and changes in working capital for operations, less net industrial investments, current cash financial expense, cash taxes paid, renewal expenses and cash restructuring charges .

Net FCF in the first half of 2016 excluding seasonal variation of WCR: +€581M



Confirmation of 2016 objectives and 2018 targets

- The Group's transformation efforts and the implementation of the renewed strategy allows Veolia to benefit from a new virtuous financial equation and set ambitious 3-year financial targets.
- Gradually increasing revenue growth supported by the acceleration of FCF generation, expected to be primarily allocated to development

	2016 Objectives	2018 Targets
Revenue	Growth	> €27bn
EBITDA	Growth	~ €3.5bn

Current net income group share	> €600M	> €800M
Net Free Cash Flow ¹	> €650M	~ €1bn

From 2016-2018, we expect to be able to provide around 10% annual dividend growth to our shareholders, while reducing our payout ratio

¹ Before dividends, assuming capex of €1.6bn - €1.7bn per year and constant net debt

Appendices

Appendix 1: Currency movements

<u>Main currencies</u>			
1 € = xxx foreign currency	1H2015	1H2016	Δ 1H2016 vs. 1H2015
US dollar US			
Average rate	1.117	1.116	0.1%
Closing rate	1.119	1.110	0.8%
UK pound sterling			
Average rate	0.733	0.778	-6.2%
Closing rate	0.711	0.827	-16.2%
Australian dollar			
Average rate	1.428	1.522	-6.6%
Closing rate	1.455	1.493	-2.6%
Chines renminbi yuan			
Average rate	6.946	7.302	-5.1%
Closing rate	6.937	7.383	-6.4%
Czech crown			
Average rate	27.506	27.040	1.7%
Closing rate	27.253	27.131	0.4%

The **average rate** applies to the income statement and the cash flow statement
The **closing rate** applies to the balance sheet

Appendix 2: Quarterly revenue by segment

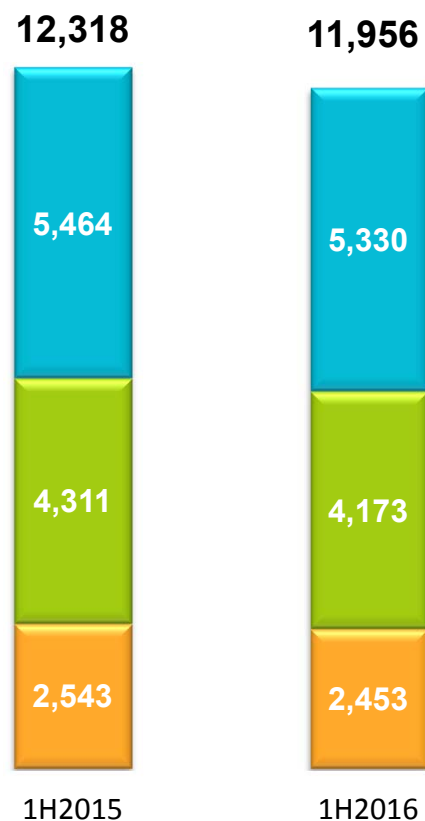
In €M	1 st quarter				2 nd quarter				First half			
	2015	2016	Δ const FX	Δ const FX & scope	2015	2016	Δ const FX	Δ const FX & scope	2015	2016	Δ const FX	Δ const FX & scope
France	1,320	1,323	+0.2%	-0.5%	1,375	1,365	-0.7%	-1.2%	2,695	2,688	-0.2%	-0.9%
Europe excl. France	2,312	2,265	-0.9%	-0.7%	1,994	1,938	+0.3%	-1.1%	4,306	4,204	-0.3%	-0.9%
Reste of the World	1,510	1,426	-2.4%	-2.5%	1,447	1,407	+1.9%	+1.9%	2,957	2,833	-0.3%	-0.3%
Global businesses	1,112	1,068	-2.9%	-4.3%	1,184	1,151	-0.9%	-3.6%	2,296	2,219	-1.9%	-3.9%
Other	51	7	-86.8%	+2.2%	13	6	-55.2%	-29.3%	64	12	-80.2%	-4.5%
Group	6,305	6,089	-2.1%	-1.7%	6,013	5,867	+0.1%	-0.9%	12,318	11,956	-1.0%	-1.3%

Appendix 3: Quarterly revenue by business

In €M	1 st quarter				2 nd quarter				First half			
	2015	2016	Δ Const FX	Δ const FX & scope	2015	2016	Δ const FX	Δ const FX & scope	2015	2016	Δ const FX	Δ const FX & scope
Water	2,706	2,634	-2.2%	-2.2%	2,758	2,696	-1.0%	-0.2%	5,464	5,330	-1.6%	-1.2%
Waste	2,077	2,012	-0.5%	+1.2%	2,234	2,161	+0.7%	-0.8%	4,311	4,173	+0.2%	+0.2%
Energy	1,522	1,443	-4.0%	-4.7%	1,021	1,010	+1.8%	-3.2%	2,543	2,453	-1.7%	-4.1%
Group	6,305	6,089	-2.1%	-1.7%	6,013	5,867	+0.1%	-0.9%	12,318	11,956	-1.0%	-1.3%

Appendix 4: Revenue by business

REVENUE IN €M



Revenue up 1.5% excluding construction & energy prices to €11,956M

- **Water: +1.6% at constant FX excluding construction and energy prices**
 - ✓ *Stability in Operations activities:*
 - France: Stabilized revenue due mainly do the Lille contract; volumes down 1% and weak price indexation (+0.2%)
 - Good volumes in Central and Eastern Europe
 - ✓ *Works: Progressive downsizing of VWT business*
- **Waste: +1.0% at constant FX excluding construction revenue**
 - ✓ Volumes +1.3% and service prices +0.9%
 - ✓ Good resilience in France and in the UK excluding construction
 - ✓ Weak performance in industrial Services in USA and Australia
 - ✓ Good growth in hazardous waste (+4.2% at constant exchange rate)
- **Energy: +2.2% at constant FX excluding the decline in energy prices (compensated at margin level)**
 - ✓ Weather effect slightly negative (positive in Poland and Lithuania, negative in US)
 - ✓ Contribution of biomass cogeneration sites in Hungary
 - ✓ Good volumes in Asia and Africa Middle East

	Variations vs. 1H2015	Δ	Δ constant FX	Δ at constant FX Excl. construction & energy prices
Water		-2.4%	-1.6%	+1.6%
Waste		-3.2%	+0.2%	+1.0%
Energy		-3.6%	-1.7%	+2.2%
Total		-2.9%	-1.0%	+1.5%

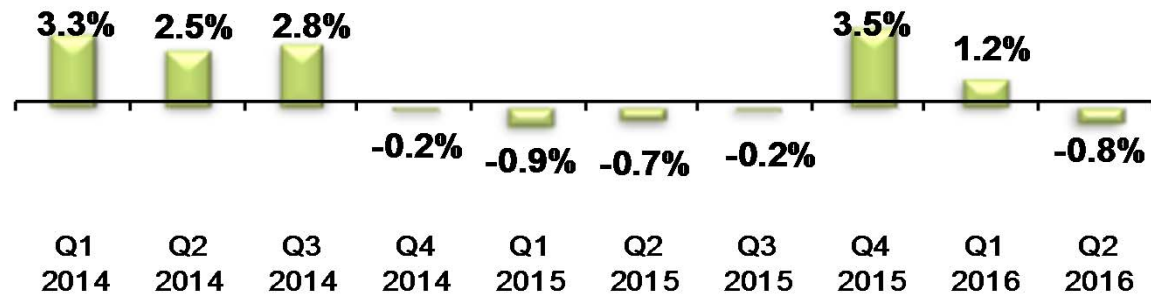
Appendix 5: Good resilience in Waste, 1% revenue growth at constant FX (excluding construction revenue)

	1H2016
Raw materials volumes and prices	-0.2%
Volumes / activity levels	+1.3%
Service price increases	+0.9%
Other (including construction revenue)	-1.8%
Currency effect	-3.3%
Scope	+0.0%

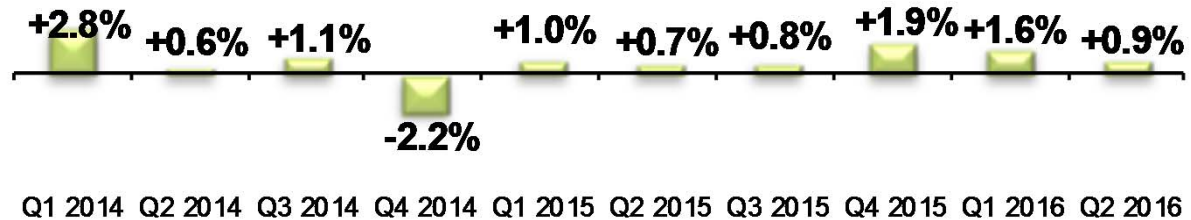
- **France: Revenue of €1,246M** (-1.6%): Despite good momentum in incineration activities and landfill volumes, as well as positive commercial effects (in particular in sorting and recovery of industrial waste), revenue was impacted by lower municipal collection volumes, as well as the decline in volumes and prices of recycled raw materials (plastics, ferrous and non-ferrous scrap metals)
- **United Kingdom: Revenue of €931M**, down 1.3% at constant FX, but *up 2.1% excluding construction revenue* (end of construction of Leeds and Shropshire incinerators)
 - Continued commercial wins, impact of start up of Leeds and good momentum in treated volumes
- **Germany: Revenue of €452M** up 3.8% at constant FX due to higher paper volumes and prices
- **United States: Revenue of €391M**, down 2.3% at constant FX, given slowdown in industrial service activity, particularly in Q1
- **Australia: Revenue of €353M**, down 3.9% at constant FX, due to reduced industrial service activity

Appendix 6: Quarterly waste revenue

Quarterly revenue growth at constant scope & FX

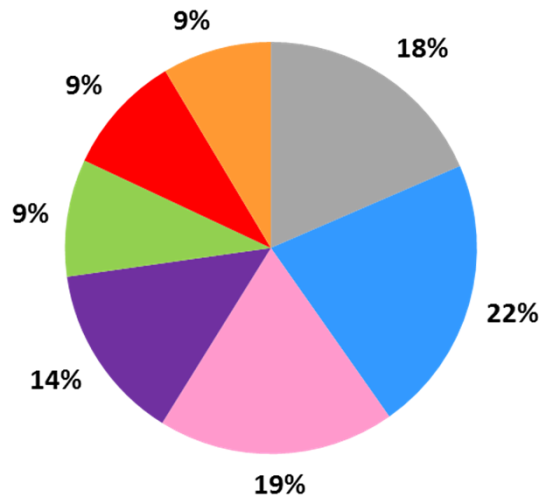


Y-Y Quarterly Volume Trends

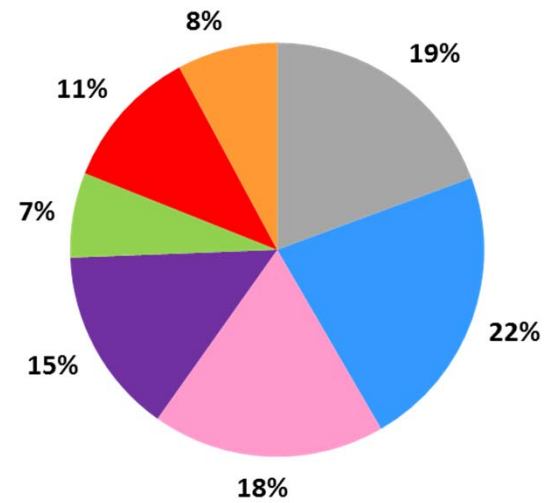


Appendix 7: Waste- breakdown of revenue by activity

1st Half 2015



1st Half 2016



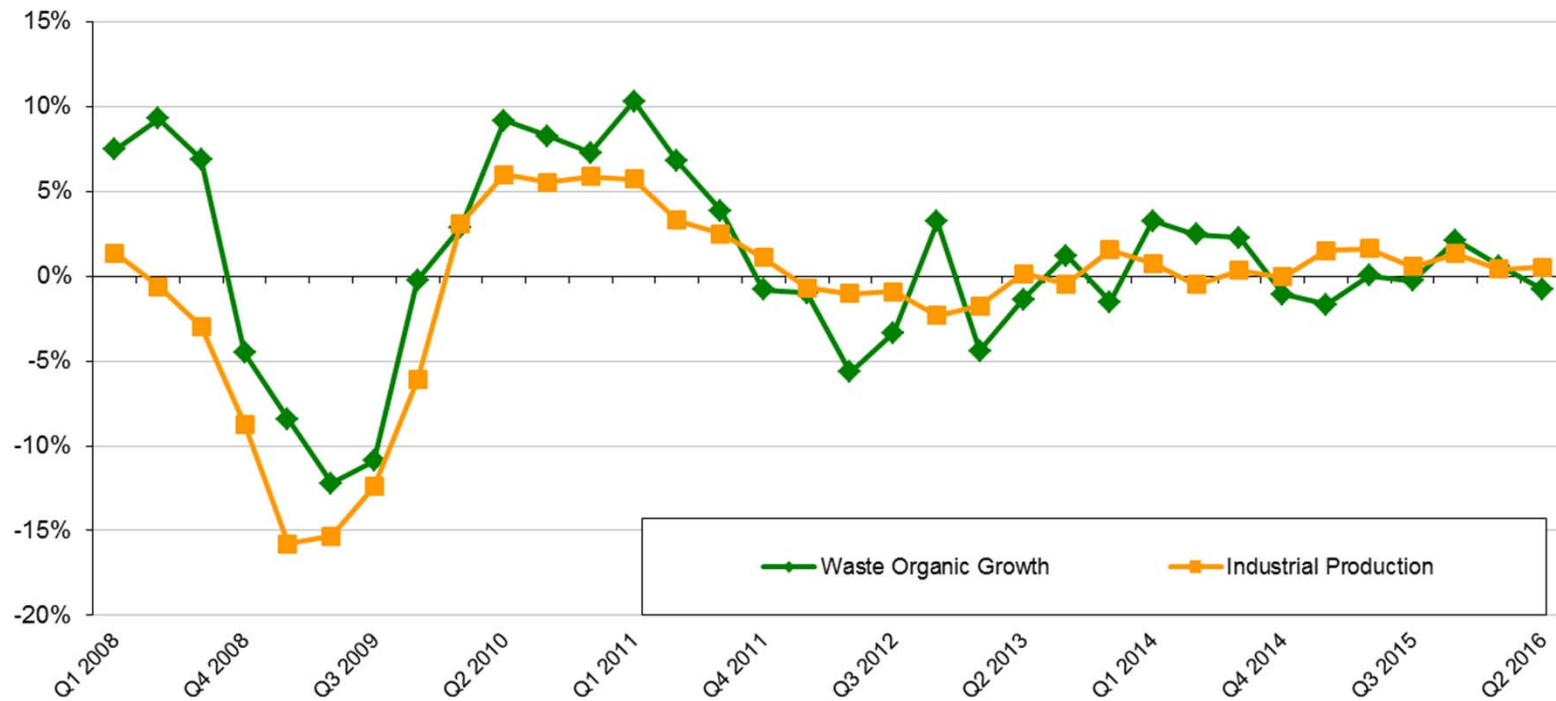
- Urban cleaning and collection
- Hazardous industrial waste collection and services
- Hazardous waste treatment
- Landfilling of non-hazardous and inert waste

- Non-hazardous industrial waste collection and services
- Sorting & recycling
- Waste to energy from non-hazardous waste

Appendix 8: Waste – Revenue vs. Industrial Production

Industrial Production and Waste Organic Growth

Quarterly Y-Y Growth Rate (%)

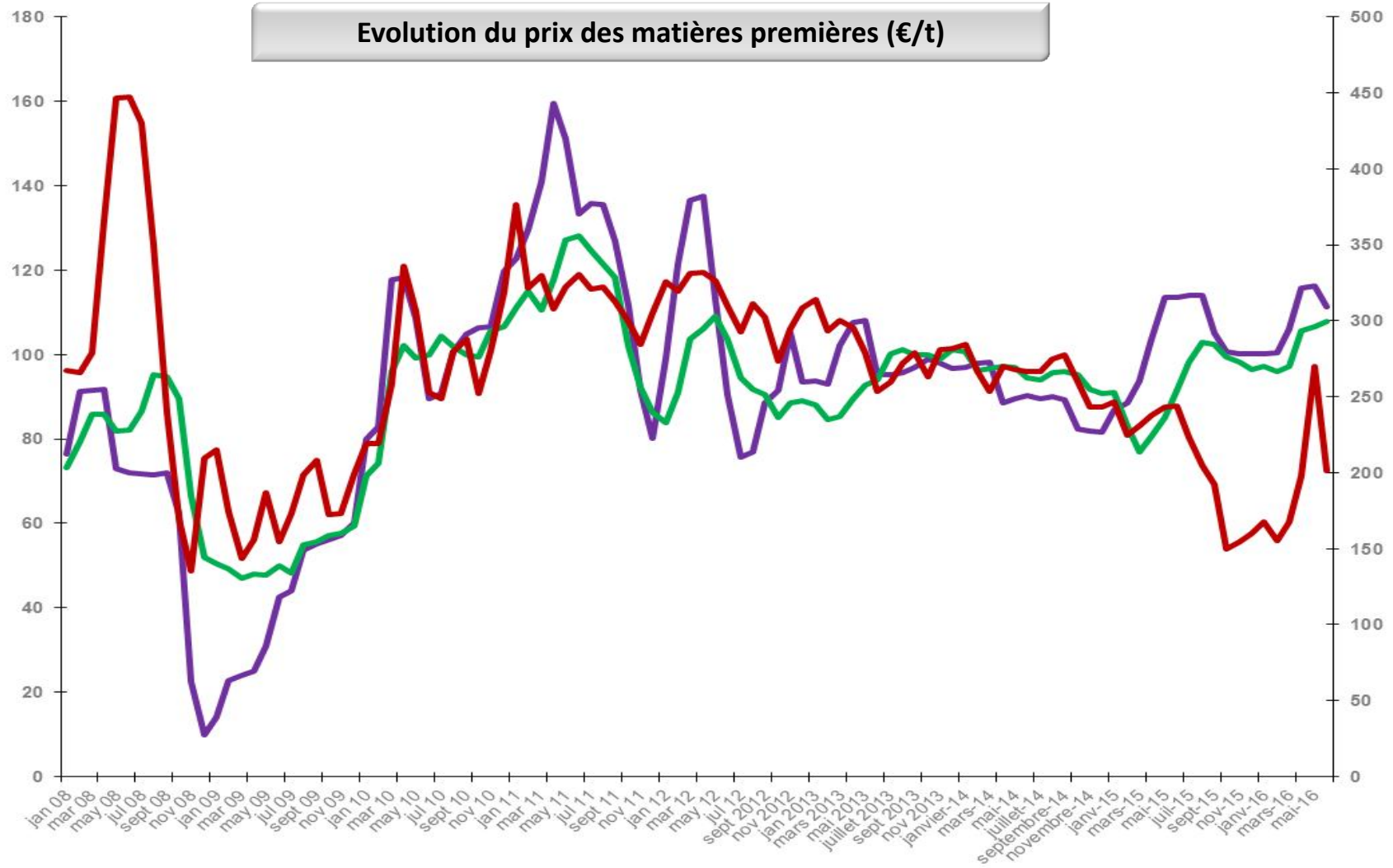


Weighted average industrial production indices for 4 key countries including SARP & SARPI : France, UK (excluding PFI), Germany, North America (excluding US Solid Waste from 2012)

Sources : Until May 2016: OECD

June 2016: Same index as May for France, Germany and the UK, Federal Reserve for the United States

Appendix 9: Waste – Evolution of raw materials prices (paper, cardboard, scrap metals)



Appendix 10: EBITDA par segment

In €M	1st Half				
	2015	2016	Δ	Δ constant FX	Δ const FX & scope
France	396	353	-10.7%	-10.7%	-11.8%
Europe excluding France	610	701	+14.9%	+17.4%	+16.9%
Rest of the World	406	399	-1.7%	+3.2%	+3.3%
Global businesses	84	117	+38.2%	+38.6%	+38.6%
Other	35	10	-71.5%	-71.5%	-58.9%
Group	1,531	1,580	+3.2%	+5.6%	+5.4%

Appendix 11: Gross investments by segment

<i>In €M</i>	Maintenance	Growth		TOTAL Industrial Investments	Financial investments including changes in scope ⁽¹⁾
		New OFA	Industrial		
France	66	0	76	142	
Europe excluding France	112	21	67	200	
Rest of the World	69	19	76	164	
Global businesses	27	4	7	38	
Other	9	0	0	9	
Total 2016	283	44	226	553	439⁽²⁾
Industrial divestments				(34)	
TOTAL 2016 net industrial investments				519	
Total 2015	297	50	218	565	
Industrial divestments				(44)	
TOTAL 2015 net industrial investments				521	

(1) Including partial acquisitions between shareholders with no change in control

(2) Including Kurion €295M, Prague heating network €58M, Pedreira landfill in Brazil €65M (including incoming cash and net of expenses)

Appendix 12: Statement of cash flows

In €M	1H2015	1H2016
EBITDA⁽¹⁾	1,531	1,580
Net industrial investments	-521	-519
Variation WCR	-628	-686
Dividends received ⁽²⁾	+54	+41
Renewal expenses	-141	-136
Restructuring charges	-52	-36
Operating Free Cash Flow	243	244
Taxes paid	-120	-139
Interest paid	-199	-210
Net Free Cash Flow before dividends, acquisitions and financial divestments	-76	-105
Dividends paid ⁽³⁾	-558	-570
Financial investments	-144	-439
Financial divestments	+313	+48
Other	+34	+263 ⁽⁴⁾
Cash generation	-431	-803
Impact of exchange rates	-492	+298
Other	+11	-3
<i>Variation of net financial debt</i>	<i>-912</i>	<i>-508</i>
Opening net financial debt	8,311	8,170
Closing net financial debt	9,223	8,678

(1) Including principal payments on operating financial assets

(2) Including dividends received: Asia €20M

(3) Dividends paid to shareholders (-€401M), non-controlling interests (-€100M) and to hybrid holders (-€69M) in 1H2016

(4) Including reimbursement of Transdev intercompany loan for €345M

Appendix 13: Cost of net financial debt (1/2)

- **Cost of net financial debt down by €22M** due to bond repayment and active debt management
- **Reduction in average financing rate of 25bps, from 5.22% to 4.97%**

In €M	1H2015	Rate	1H2016	Rate
Cost of net financial debt (current)	-230.8		-209.2	
Re-presented cost of net financial debt⁽¹⁾	-233.7	5,22%	-208.0	4.97%

(1) Re-presented for finance costs of discontinued operations.

Appendix 13: Cost of net financial debt (2/2)

In €M	1H2016	1H2015
Closing net financial debt ⁽¹⁾	8,678	9,223
Average net financial debt ⁽²⁾	8,367	8,953
Average gross debt ⁽³⁾	11,686	11,482
Gross cost of borrowing	3.70%	4.27%
Average cash balance	3,636	2,862
Rate	0.67%	1.02%
<i>Average cash balance net of commercial paper</i>	862	1,385

RATING

- Moody's : P-2/ Baa1 stable outlook
- Standard & Poor's : A-2 / BBB stable outlook

LEVERAGE RATIO: 2.8x

(1) Net financial debt represents gross financial debt (non current and current financial debt, bank overdrafts), net of cash and cash equivalents, liquid assets and assets related to financing and including the revaluation of debt hedging derivatives. Liquid assets are financial assets consisting of funds or securities with initial maturity of more than three months, easily convertible into cash, and managed as part of a liquidity objective, while maintaining a low risk capital.

(2) Average net financial debt represents the average of monthly net financial debt figures over the period

(3) Excluding bank overdrafts

Appendix 14: Debt management (1/2)

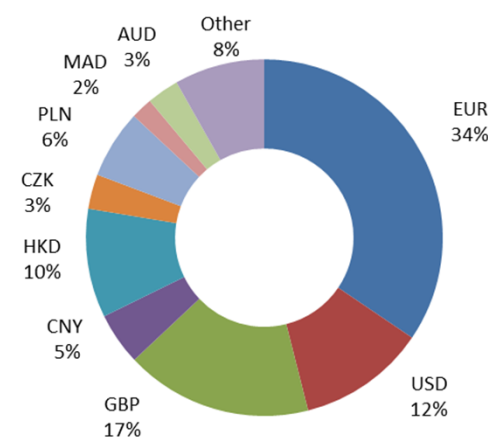
- Issuance in March 2016 of an OCEANE for a nominal amount of €700 million, maturing in 2021 and representing a conversion price of €29.99/share, i.e. a conversion premium of 47.5% compared to the reference share price, and a 65% conversion premium including dividends. The maximum potential dilution would be 4.14% in 2021. Veolia will not pay a coupon and raised €720 million corresponding to an annual gross yield to maturity of -0.54%
- February 2016: Arrival at maturity of the euro-denominated bond for a nominal amount of €382 million
- Group liquidity: €7.6 billion, including €4.0 billion in undrawn confirmed credit lines (without disruptive covenants)
- Group net liquidity: €2.5 billion
- Average maturity of net financial debt: 8.9 years at June 30, 2016 versus 8.8 years at the end of 2015

Net financial debt after hedges at June 30, 2016

Fixed rate: 93%

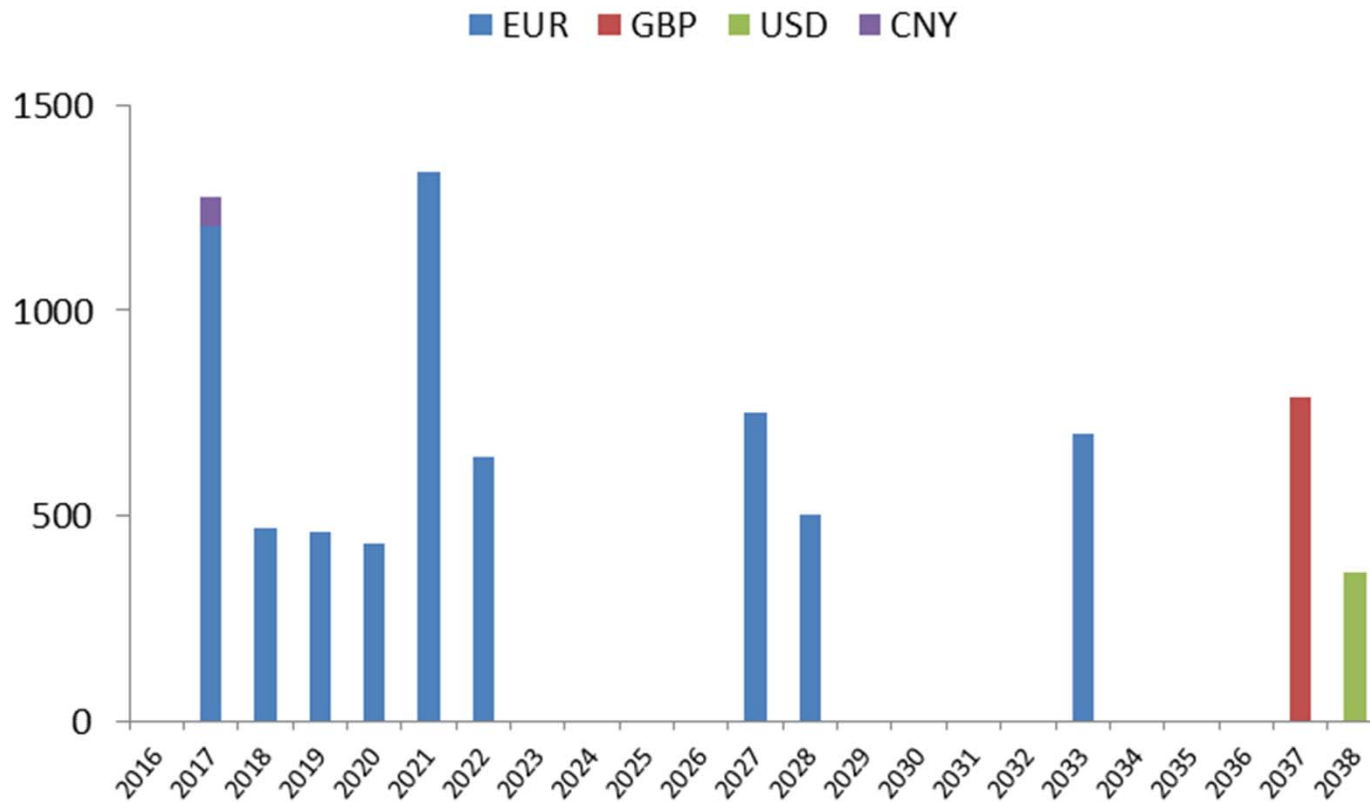
Variable rate: 7%

Currency breakdown of gross debt (after hedges) at June 30, 2016



Appendix 14: Debt management (2/2)

Veolia Bond Maturity Schedule



Appendix 15: Net liquidity

<i>In €M</i>	December 2015	June 2016
Veolia		
Syndicated credit lines	3,000.0	3,000.0
Bilateral credit lines	925.0	925.0
Lines of credit	49.3	35.0
Cash and cash equivalents	3,297.6	2,893.4
Total Veolia	7,271.9	6,853.4
Subsidiaries		
Cash and cash equivalents	878.7	786.8
Total Subsidiaries	878.7	786.8
Total Group liquidity	8,150.6	7,640.2
Current liabilities and bank overdrafts	4,318.7	5,154.7
Total Group net liquidity	3,831.9	2,485.5

Appendix 16: Consolidated statement of financial situation

<i>In €M</i>	December 31, 2015	June 30, 2016
Intangible assets	8,334	8,470
Property, Plant & Equipment	6,820	6,742
Other non-current assets	4,642	4,036
Operating financial assets (<i>current and non-current</i>)	1,897	1,756
Cash and cash equivalents	4,176	3,680
Other current assets	10,019	10,335
Total Assets	35,888	35,019
Capital (<i>including non-controlling interests</i>)	9,503	9,051
Financial debt (<i>current and non-current</i>)	12,543	12,622
Other non-current liabilities	3,185	3,184
Other current liabilities	10,657	10,162
Total Liabilities and Shareholders Equity	35,888	35,019

Appendix 17: IFRIC 21 impacts for the first half of 2016

IFRIC 21 impacts In €M	1H2016
EBITDA	-27
Current net income	-25

IFRIC 21 impacts In €M	1H2015
EBITDA	-29
Current net income	-27

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