VEOLIA

2014 Annual Results

February 26, 2015

Disclaimer

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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.

Unaudited key figures

Summary

- A transformed Group, on its way to profitable and sustainable growth
- 2014 results exceeded objectives
- New Financial Indicators
- Medium Term Outlook
- Appendices

A transformed Group, on its way to profitable and sustainable growth

Successful transformation

&

Reestablished growth momentum

Antoine Frérot, CEO

2014 results exceeded annual objectives (1/2)

Progression of all financial indicators

- **Good revenue momentum, with 4.9% growth at constant FX to €23,880M (+1.6% at constant scope & FX)**
  - Water and Waste activities: up 5.6% at constant FX and +3.3% at constant scope & FX
  - Pro forma(1) revenue: +2.4% at constant FX

- **Adjusted operating cash flow of €2,164M, up 17.3% at constant FX**
  - Water and Waste activities: up 13.2% at constant FX
  - Pro forma(1) adjusted operating cash flow: +8.4% at constant FX
  - ✓ *Strong momentum in the United Kingdom (Waste), Germany (cost reductions) and the United States (Energy, new Water contracts, hazardous waste)*
  - ✓ *Double digit growth in Asia and the Middle East (new industrial contracts)*
  - ✓ *Resilience in France excluding restructuring charges*
  - ✓ *Negative impact of weather in Energy*

- **Adjusted operating income increased at constant FX 23.2% to €1,108M versus €901M in 2013**

(1) Excluding Dalkia France & including 100% of Dalkia International for 12 months

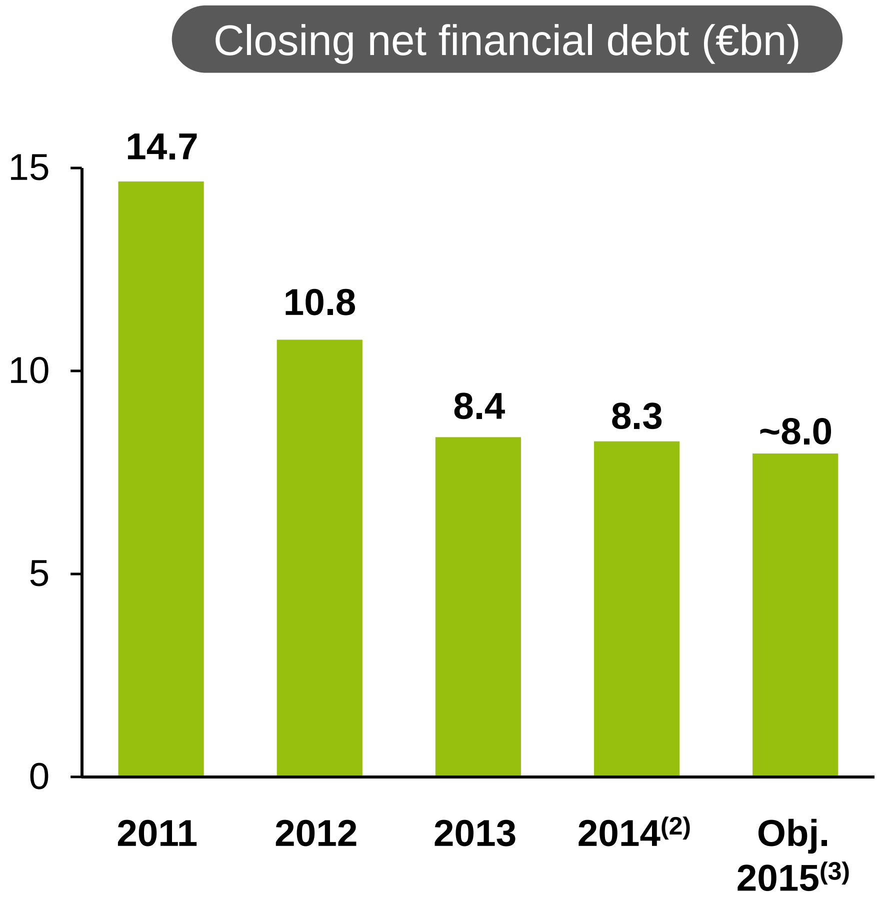
2014 results exceeded annual objectives (2/2)

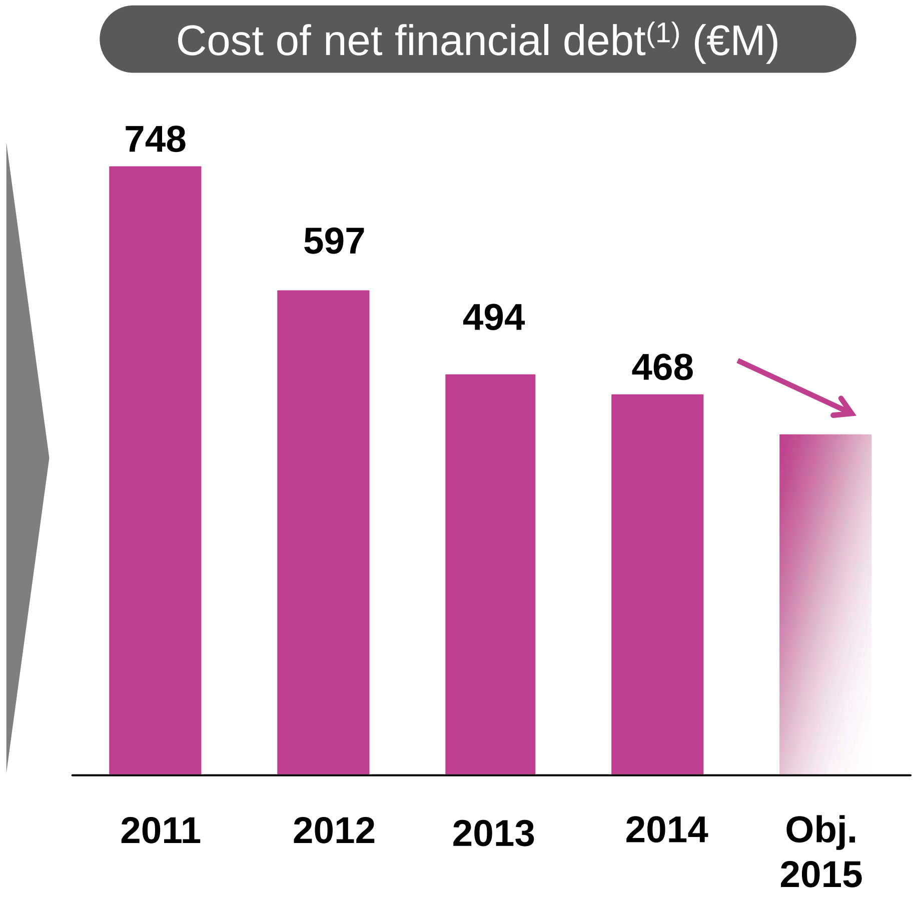
Progression of all financial indicators

- **Adjusted net income increased 79% to €326M versus €182M[(1)] in 2013**
- **Net income of €246M versus loss of €153M in 2013**
- **Net Free Cash Flow[(2)] more than tripled to €330M**
- **Further reduction in net financial debt from €8,444M to €8,311M**
  - Negative currency impact: -€390M
  - Despite the reconsolidation of debt from Moroccan businesses that were not sold (-€268M) and the delay of the Israel operations divestiture to 2015
  - Continued working capital improvement
  - Repayment of intercompany loans from Transdev of €156M

(1) 2013 adjusted net income re-presented for the reclassification of Morocco operations into continuing operations.
(2) 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 adjusted operating cash flow and principal payments on operating financial assets, dividends received from joint ventures, operating cash flow from financing activities, and changes in working capital for operations, less net industrial investments, cash financial expense and cash taxes paid. It excludes the hybrid issuance in euros and pound sterling of €1,454M (including coupons paid) in January 2013.

Significant reduction in net financial debt and financing costs

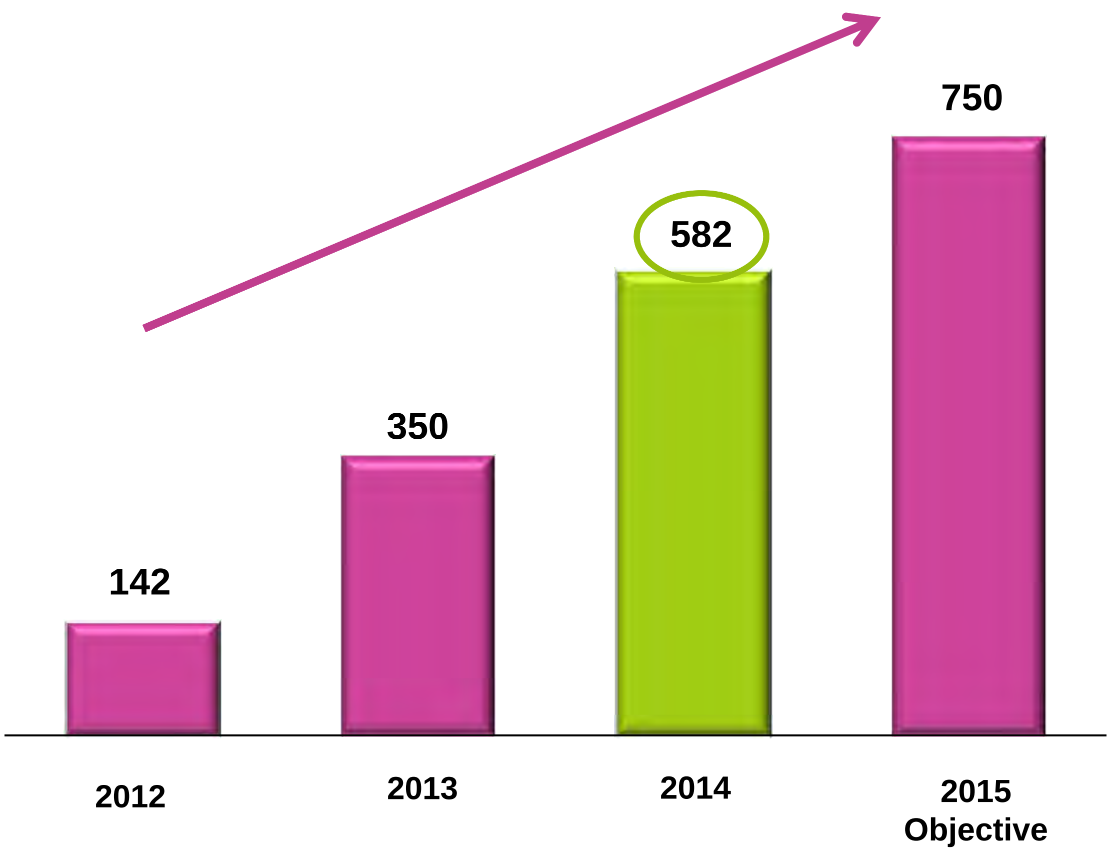




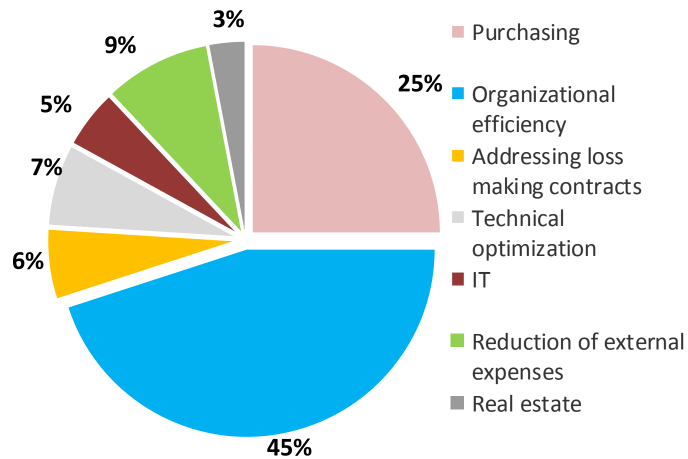
(1) Adjusted cost of net financial debt: financial expense excluding the cost of bond buybacks and discontinued operations
(2 Including the a negative currency impact of €390M
(3) At December 31, 2014 exchange rates

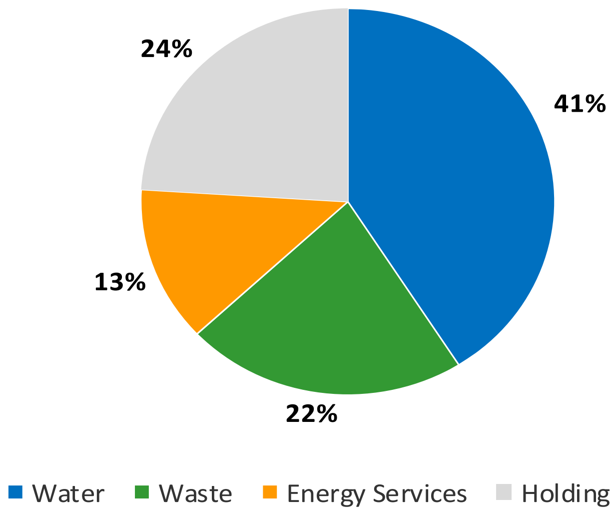
Cost savings on track with timeline and objectives

Gross cumulative savings vs. 2011 in €M

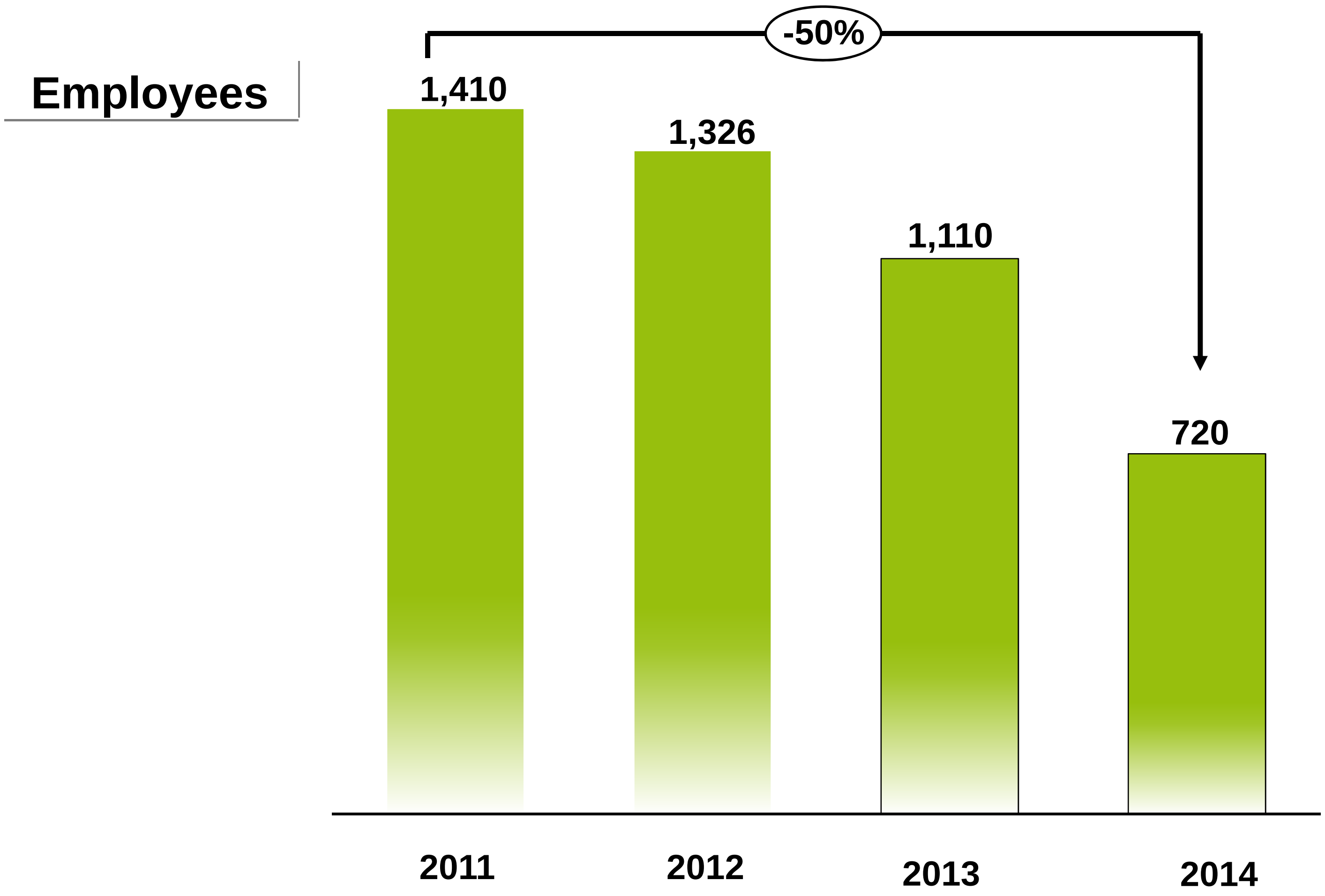


2014 Gross savings: €232M





One Veolia headquarters: significant savings



- **Lower headquarters cost structure**
  - €57M in savings between 2012 and 2014

One Veolia per country: simplification and synergies

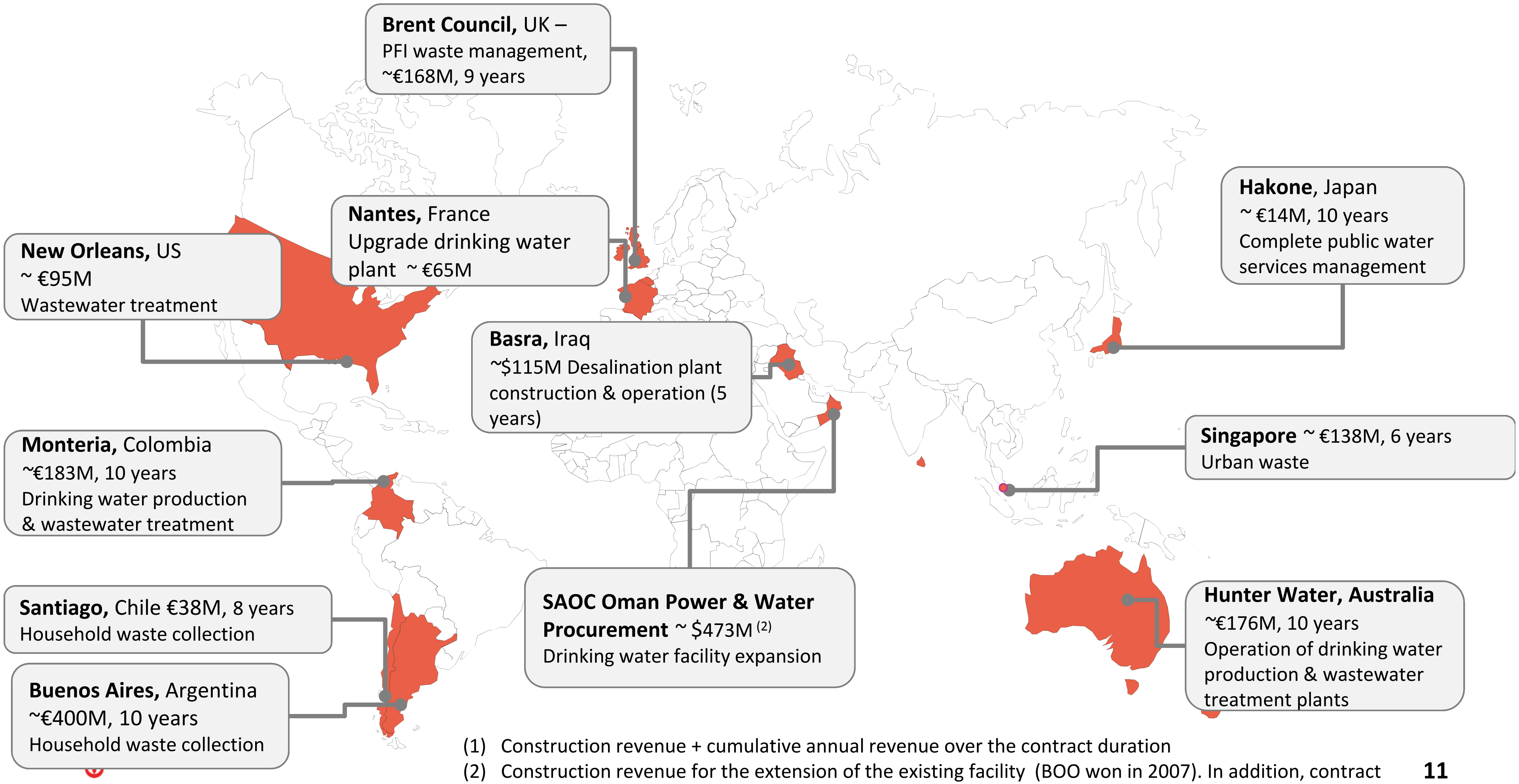
- **Clear Headquarters links ↔ Country by function**
  - “mirrored” organization

- **More uniform personnel management**

- **Commercial synergies**
  - One Veolia representative per country
  - Country management incentivized to develop other service lines
    - Ultimately, a single operating line
    - The “established” local business will aid the “developing” business offering
  - Dedicated key account managers in place
  - Development of multi-service offerings

More than €9bn(1) in new contracts won or renewed in 2014 (1/2)

Half of contracts won or renewed were in the Group's traditional markets…

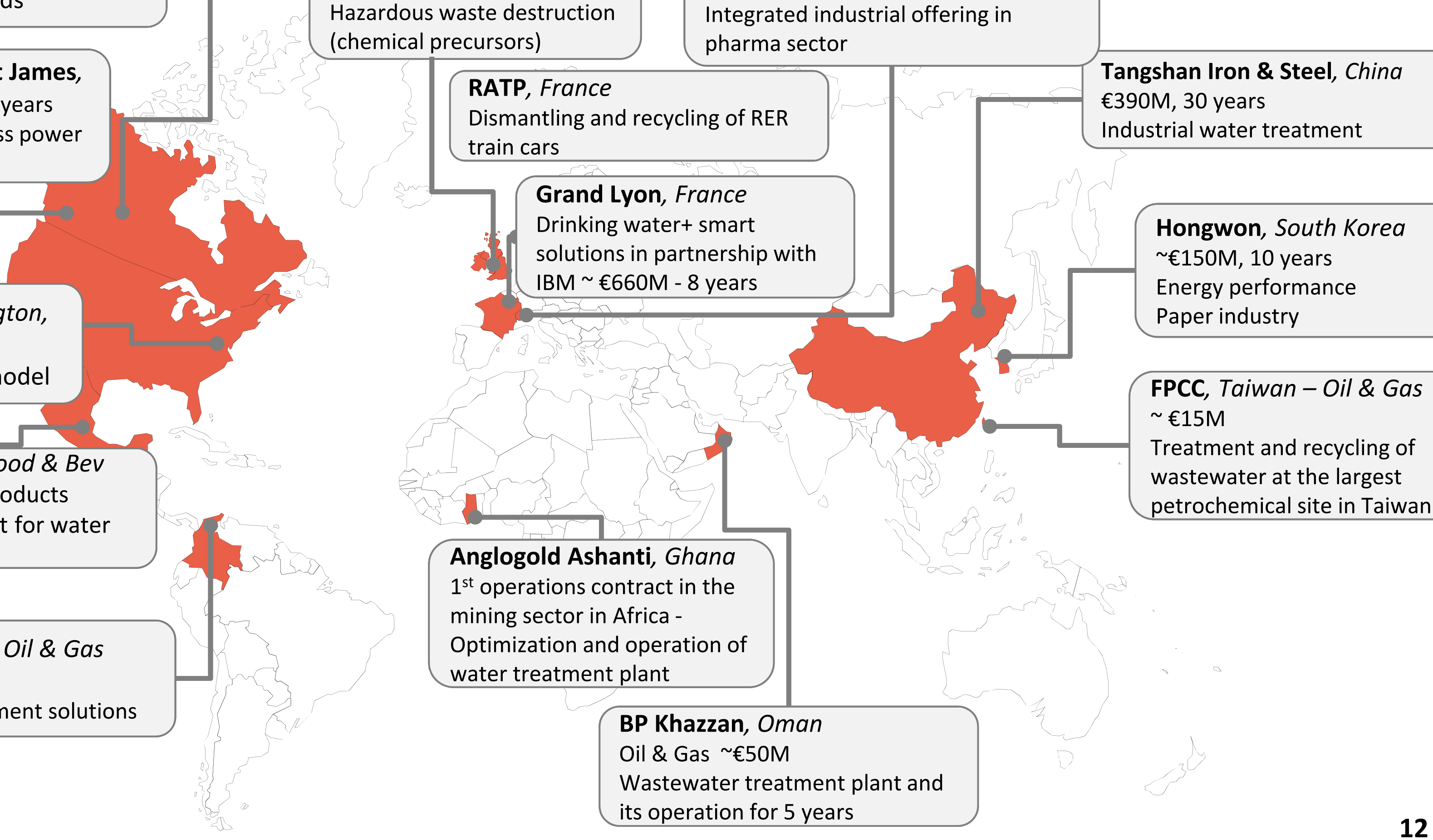


(1) Construction revenue + cumulative annual revenue over the contract duration

(2) Construction revenue for the extension of the existing facility (BOO won in 2007). In addition, contract extended for 6 years.

More than €9bn[(1)] in new contracts won or renewed in 2014 (2/2)

… and the other half in strategic growth markets: oil & gas, circular economy, hazardous pollution, dismantling, innovative solutions for cities



Shell Carmon Creek, Recycled water production for steam injection – Oil sands

Merritt & Fort Saint James, *Canada* ~€1.1bn, 30 years
Operation of 2 biomass power plants

DC Water, *Washington, USA* $12M
Innovative urban model

Nestlé, *Mexico – Food & Bev*
1st industrial milk products facility self-sufficient for water (October 2014)

EcoPetrol America, *Oil & Gas Colombia ~ €56M*
Complex water treatment solutions

Syrian chemicals, *United Kingdom*
Hazardous waste destruction (chemical precursors)

RATP, *France*
Dismantling and recycling of RER train cars

Grand Lyon, *France*
Drinking water+ smart solutions in partnership with IBM ~ €660M - 8 years

Novartis, *Basel, Switzerland*
Circular Economy, ~ €925M, 10 years
Integrated industrial offering in pharma sector

Tangshan Iron & Steel, *China*
€390M, 30 years
Industrial water treatment

Hongwon, *South Korea*
~€150M, 10 years
Energy performance
Paper industry

FPCC, *Taiwan – Oil & Gas*
~ €15M
Treatment and recycling of wastewater at the largest petrochemical site in Taiwan

Anglogold Ashanti, *Ghana*
1st operations contract in the mining sector in Africa - Optimization and operation of water treatment plant

BP Khazzan, *Oman*
Oil & Gas ~€50M
Wastewater treatment plant and its operation for 5 years

(1) Construction revenue + cumulative annual revenue over the contract duration

2015 Guidance

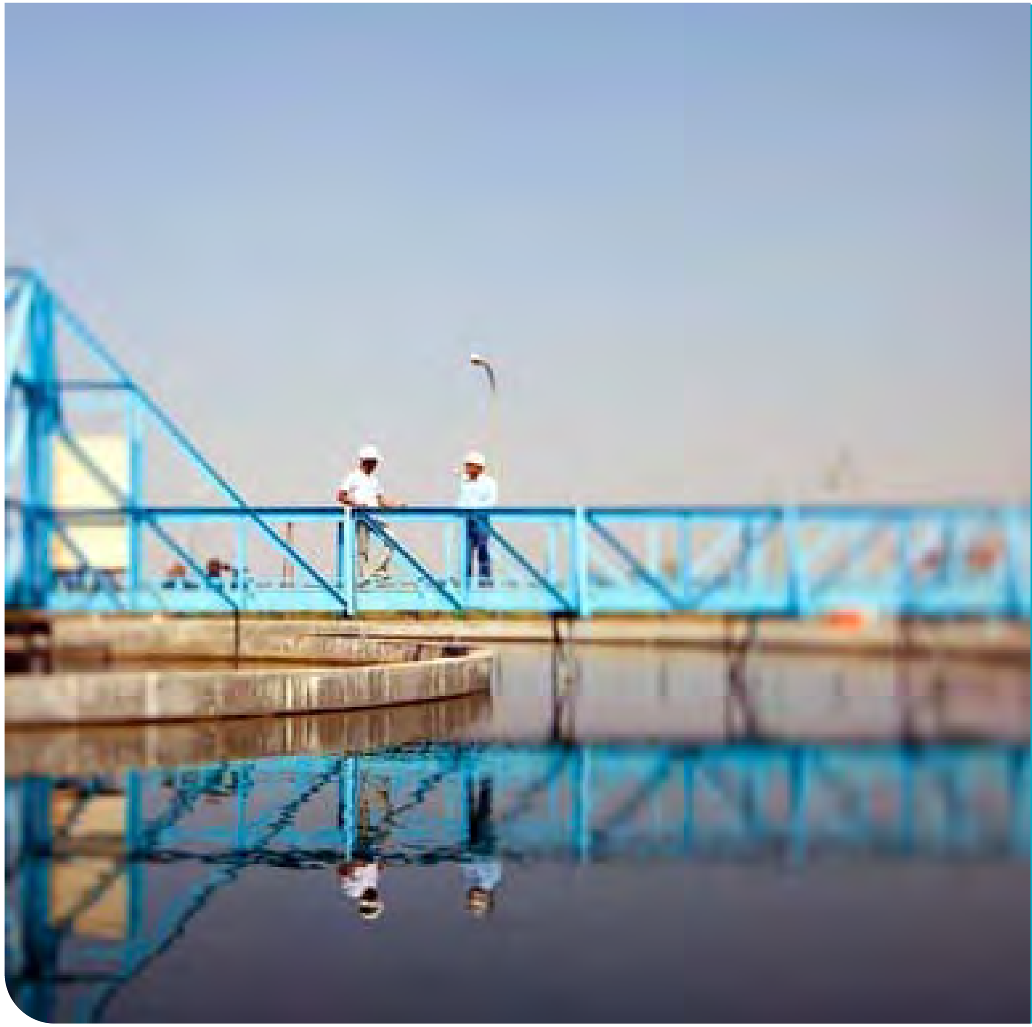
Utmost confidence for the year

- **Revenue growth**
- **EBITDA and Current Operating Income growth**
  - Continued strong operational performance
  - Cost savings benefit: continued execution of the €750M cost savings plan
- **Continued capex discipline**
- **2015 objective confirmed: the dividend and hybrid coupon payment to be covered by Current Net Income and paid by Free Cash Flow excluding net financial divestments**
- **Net financial debt management**

Dividend Policy

- **Dividend paid in 2015 for the 2014 fiscal year of €0.70 per share to be paid in cash**

- **Dividend paid in 2016**
  At a minimum, equal to that paid in 2015



Annual results ending December 31, 2014

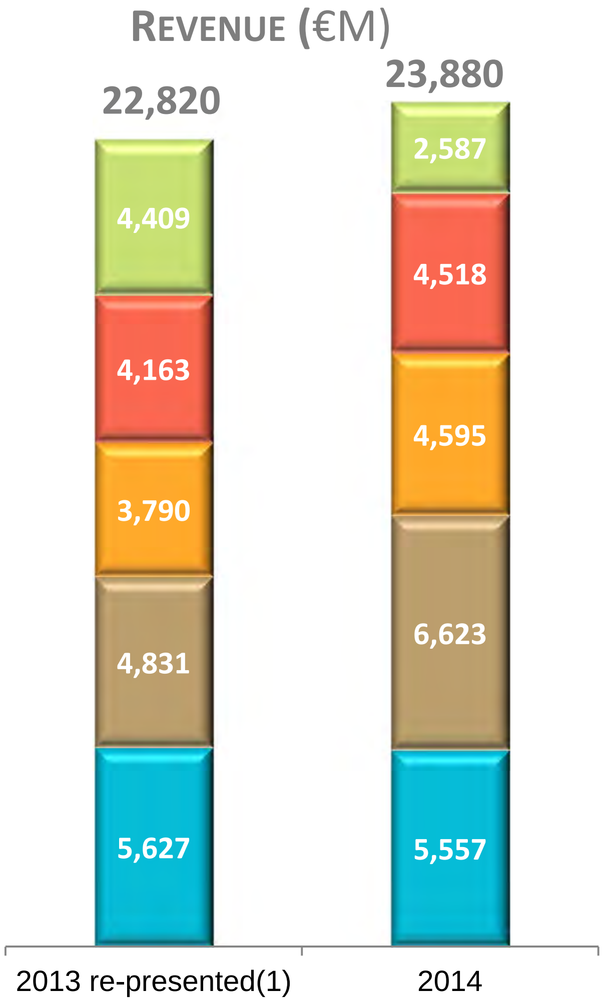
Philippe Capron, CFO

2014 results exceeded annual objectives

In €M	2013 re-presented (1)	2014 (2)	Δ constant FX
Revenue (3)	22,820	23,880	+4.9%
o/w Water and Waste revenue (3)	*19,340*	*20,370*	*+5.6%*
Pro forma revenue (excl. DKF, incl. full year DKI)	23,953	24,408	+2.4%
Adjusted operating cash flow	1,848	2,164	+17.3%
o/w Water & Waste Adj. Op. Cash Flow	*1,667*	*1,885*	*+13.2%*
Pro forma Adj. Op. Cash Flow (excl. DKF, incl. full year DKI)	2,138	2,308	+8.4%
Adjusted operating income (4)	901	1,108	+23.2%
Adjusted net income – Group share	182	326	
Published net income – Group share	-153	246	
Gross industrial capex (5)	1,469	1,555	
Pro forma gross industrial capex	1,459	1,567	
Net Free Cash Flow (6)	87	330	
Net financial debt	8,444	8,311	

(1) 2013 re-presented for IFRS 5 (the representation associated with IFRS 5 only applies to the income statement: see Appendix 2)
(2) The review of results by auditors is still in progress
(3) +1.6% at constant scope & FX for total revenue, and +3.3% at constant scope & FX for combined Water and Waste revenue
(4) Including the share of adjusted net income of joint ventures and associates of entities viewed as core Company activities (excluding Transdev, which Is not viewed as a core Company activity)
(5) Including Dalkia France: €70M (H1 2014) versus €250M in 2013 and 6 months DKI in 2014 (€214M)
(6) 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 adjusted operating cash flow and principal payments on operating financial assets, dividends received from joint ventures, operating cash flow from financing activities, and changes in working capital for operations, less net industrial investments, cash financial expense and cash taxes paid. It excludes the hybrid issuance in euros and pound sterling of €1,454M (including coupons paid) in January 2013.

Strong revenue momentum: stability in France, robust growth in other geographies



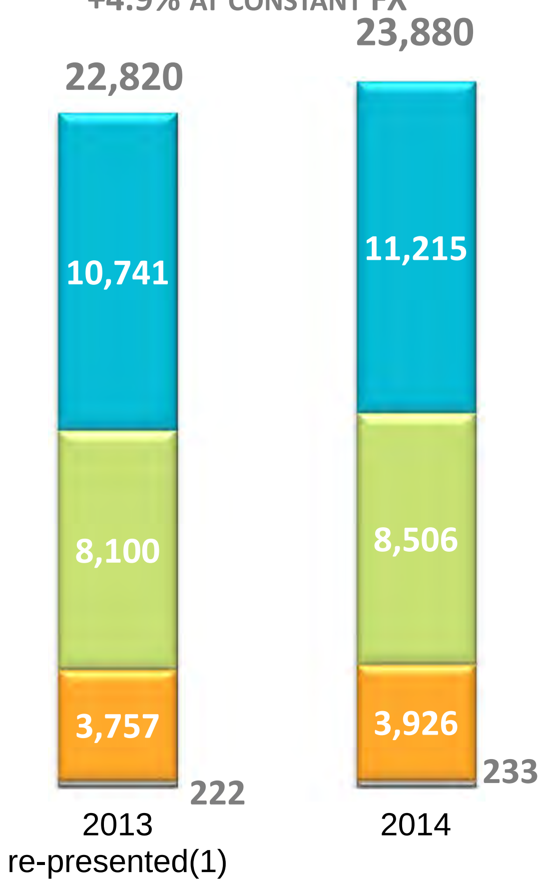
(1) See Appendix 2
(2) The « Other » segment mainly includes Dalkia France until July 2014

- **Resilience in France**
  - ✓ *Water:* Slight decline (-2.3%) given unfavorable contract evolution; good volume trend (-0.7% vs. -1.5%), but lower price indexation (+1.2% vs. +2.2%)
  - ✓ *Waste*: Stable revenue (volumes +0.4%, prices +0.7%). Lower volumes landfilled, but better mix.
- **Good growth in rest of Europe excluding Germany:** (weather impact negatively impacted Braunschweig)
- **Strong growth at constant scope & FX in all zones in the Rest of the World:** United States (+5.8%), Asia (+6.6%), Pacific (+6.1%), Africa Middle East (+9.3%)
- **Robust growth in Global businesses:** (+9.7% at constant scope & FX) driven by the start up of large VWT projects

	Δ	Δ Constant FX	Δ Constant scope & FX
France	-1.3%	-1.3%	-1.4%
Europe, excl. France	+37.1%	+35.9%	-0.2%
Rest of the World	+21.3%	+23.8%	+6.7%
Global businesses	+8.5%	+9.3%	+9.7%
Other (2)	-41.3%	-41.5%	-4.5%
Total	**+4.6%**	**+4.9%**	**+1.6%**
Total Water & Waste	**+5.3%**	**+5.6%**	**+3.3%**
Total Pro forma	**+1.9%**	**+2.4%**	**+1.0%**

Strong revenue momentum: Combined Water and Waste growth of 5.6% at constant currency

REVENUE (€M)
+4.9% AT CONSTANT FX

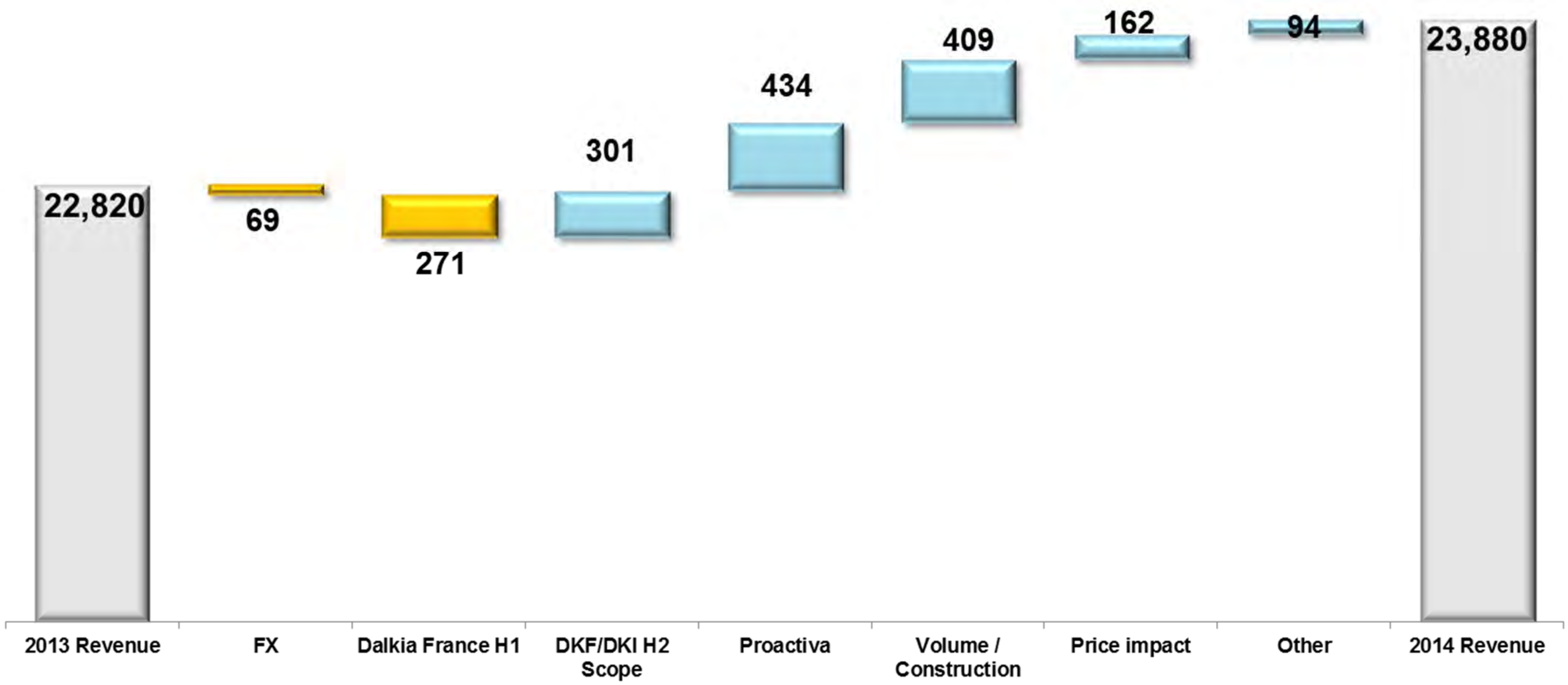


(1) See Appendix 2

- **Water**: **+3.8% at constant scope & FX**
  - ✓ Stability of Operations activities in Europe: in France stable volumes & lower price indexation; in Central & Eastern Europe, price increases offset lower volumes. Revenue decline in Germany (weather impact at BVAG)
  - ✓ Net growth in Industrial Water in Asia-Pacific
  - ✓ Good growth in Africa Middle East (Gabon, Morocco)
  - ✓ Strong rebound in Technologies & Networks (Sade, VWT)
- **Waste: +2.0% at constant scope & FX**:
  - ✓ Stability in France (volumes +0.4%, price +0.7%), volumes remain lower in Germany and rebound in the United Kingdom (PFI)
  - ✓ Growth in Asia and Australia
- **Energy: -5.4% at constant scope & FX**
  - ✓ Decline in Dalkia France revenue in H1 (weather and gas cogeneration contracts), growth in TNAI ops
  - ✓ Contribution of Dalkia International in H2

	Δ	Δ Constant FX	Δ Constant scope & FX
Water	+4.4%	+5.3%	+3.8%
o/w Operations	+2.0%	+2.8%	+0.4%
o/w Technologies & Networks	+9.7%	+10.8%	+11.4%
Waste	+5.0%	+4.6%	+2.0%
Energy	+4.5%	+4.5%	-5.4%
Total	**+4.6%**	**+4.9%**	**+1.6%**
Total Water & Waste	**+5.3%**	**+5.6%**	**+3.3%**
Total Pro forma	**+1.9%**	**+2.4%**	**+1.0%**

Revenue growth driven by new contracts

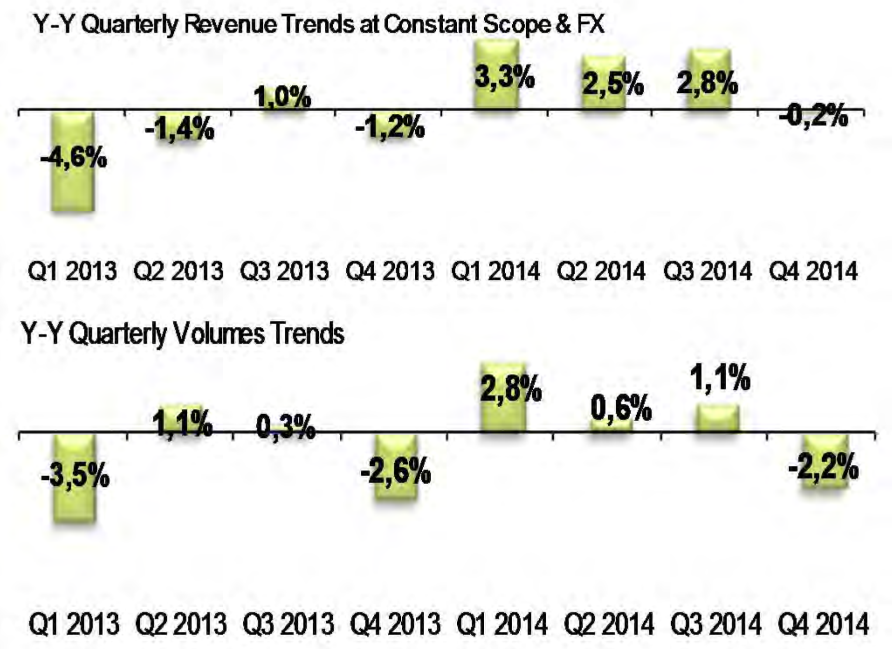


- Good commercial momentum outside France, mainly due to new industrial contracts in Asia and Australia and the start-up of waste assets in the UK
- Significant growth in Construction activity (VWT and Sade)
- Favorable price impacts despite the decline in recycled metal prices
- Dalkia France: weather impact and end of gas cogeneration contracts

A year of growth in Waste

Revenue up 2.0% at constant scope & FX

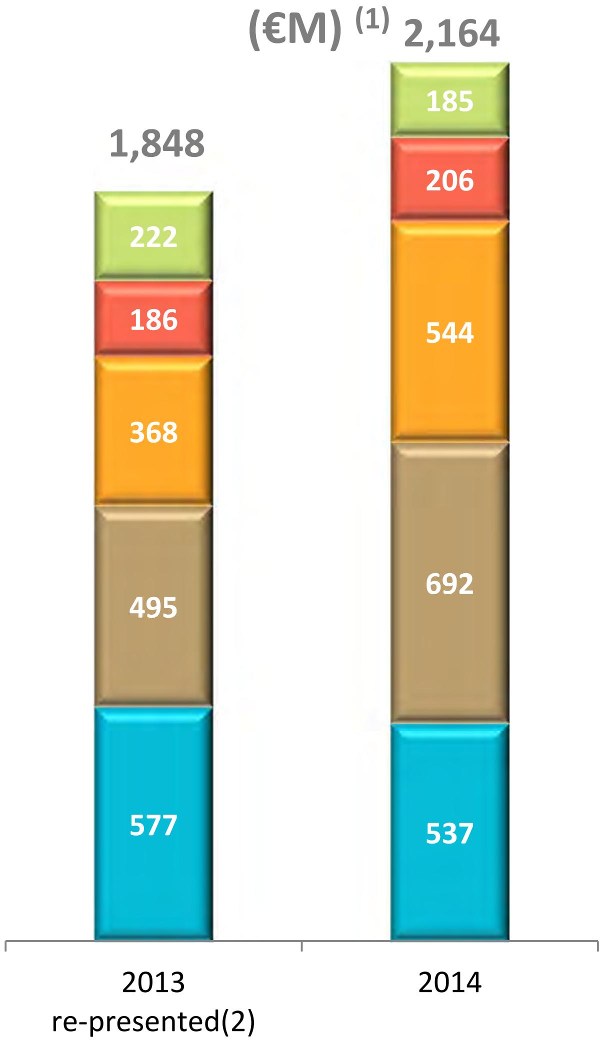
	2014
Prices and volumes of recycled materials	-0.6%
Volumes / activity levels	+0.6%
Service price increases	+0.9%
Other (including construction revenue)	+1.1%
Currency effect	+0.4%
Scope	+2.6%



- Raw materials prices: paper prices stabilized, but continued decline of prices and volumes of scrap metal
- France : Stable revenue, improvement in adjusted operating cash flow mainly due to cost reductions, in an economic environment that remains difficult; weak price increases and impact of lower volumes and prices of scrap metal.
- United Kingdom: Revenue +6% due to the ramp and growth of PFI contracts (start-up of Staffordshire, 93% incinerator plant availability, 18% increase in incinerated volumes), and other commercial successes
- Germany: Revenue decline of 6%: volumes remain down, but strong improvement in adjusted operating cash flow given restructuring efforts
- Hazardous waste: Sustained growth

Adjusted operating cash flow up 17.3% at constant currency: very strong growth outside of France

ADJUSTED OPERATING CASH FLOW (€M) [1]



At constant FX, adjusted operating cash flow grew 17.3%:

- **France: Stable, excluding restructuring charges**
- **Robust growth in Europe excl. France**: mainly UK & Germany Waste
- **Strong momentum in the Rest of the World, mainly** in Asia/Pacific, United States and Middle East
- **Robust growth in Global Businesses**: particularly VWT
- **Scope effects of +€188M**
  - Dalkia International integration (difference DKF/DKI H2): +€118M
  - Proactiva : +€68M (including currency impact)

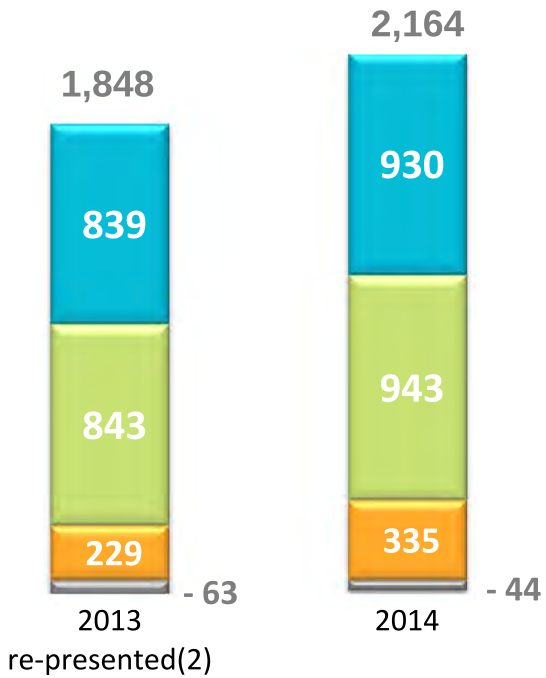
	Δ	Δ Constant FX
France	-6.9%	-6.9%
Europe excl. France	+39.6%	+38.3%
Rest of the World	+47.8%	+49.6%
Global Businesses	+11.1%	+12.0%
Other [3]	-16.2%	-16.2%
Total	**+17.1%**	**+17.3%**
Total Water & Waste	**+13.1%**	**+13.2%**
Total Pro forma	**+8.0%**	**+8.4%**

(1) GAAP scope: in 2014, Dalkia France fully consolidated in the first half and Dalkia International equity-accounted. Then for the second half, excluding Dalkia France , and Dalkia International fully consolidated at 100%.
(2) See Appendix 2
(3) The “Other” segment mainly includes Dalkia France until July 2014

Adjusted operating cash flow up 17.3% at constant currency: significant improvement in Water and Waste performance

- **Water: +11.7% at constant FX:** stability in France excluding restructuring charges (benefit of cost reductions) and very good momentum outside of France, particularly in the United States, Asia Pacific and the Middle East (impact of new industrial contracts)
- **Waste: +11.3% at constant FX** Stable volumes in Europe, but operational improvement in France and Germany, and strong growth in the UK (PFIs) and in Asia
- **Energy +46.6% at constant FX:** Expected decline in Dalkia France ops (end of gas cogeneration contracts) – Negative weather impact in France, but favorable impact in the US, and scope impact related to Dalkia International integration

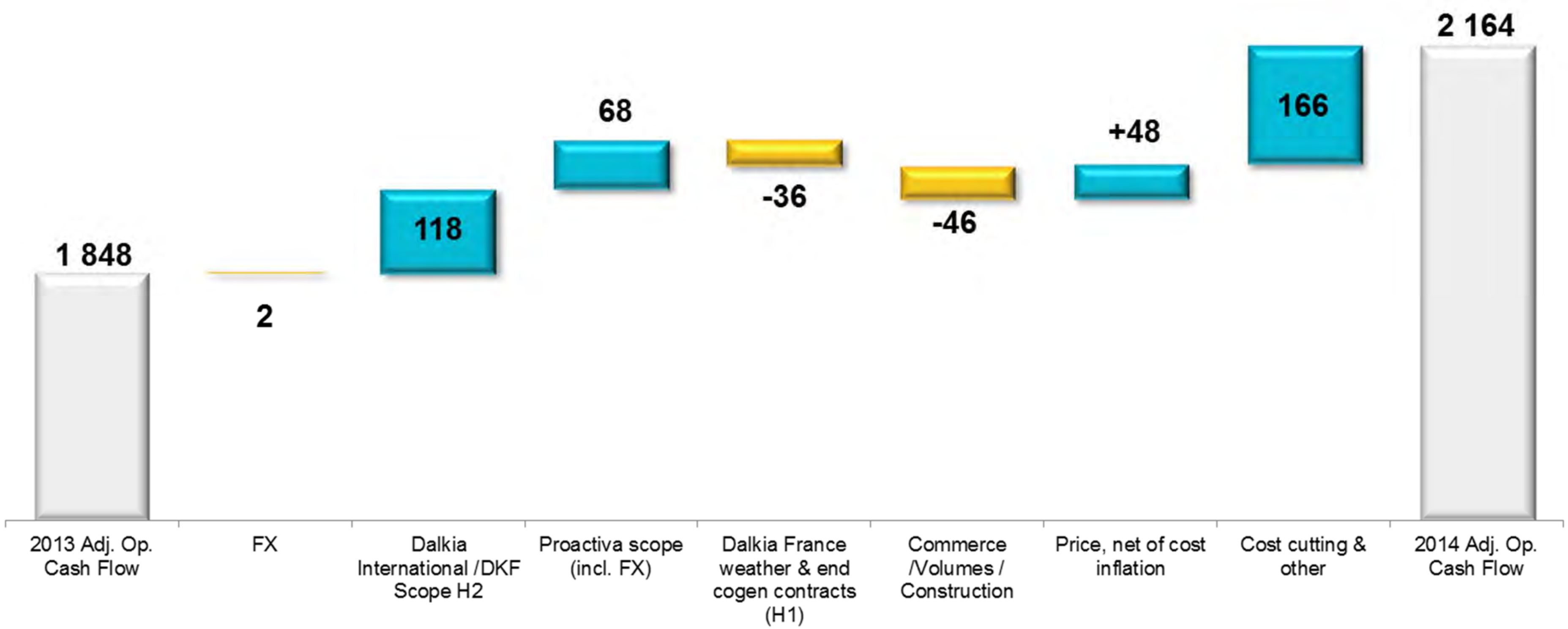
ADJUSTED OPERATING CASH FLOW €M (1)



Adjusted operating cash flow	Δ	Δ Constant FX
Water	+10.9%	+11.7%
Waste	+11.8%	+11.3%
Energy	+46.6%	+46.6%
Total	**+17.1%**	**+17.3%**
Total Water & Waste	**+13.1%**	**+13.2%**
Total Pro forma	**+8.0%**	**+8.4%**

(1) GAAP scope: in 2014, Dalkia France fully consolidated in the first half and Dalkia International equity-accounted. Then for the second half, excluding Dalkia France , and Dalkia International fully consolidated at 100%.
(2) See Appendix 2

Adjusted operating cash flow up 17.3% at constant currency: clear benefit of cost reductions



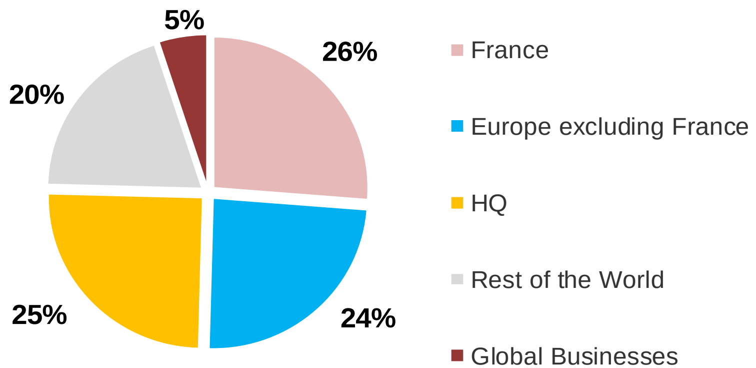
- Continued commercial erosion in French Water (-€48M impact), partially offset by the start-up of new Waste assets (+€23M) and construction activity.
- Positive price impact, net of cost inflation due to continuous efficiency efforts
- Strong benefit from cost reductions, including the cash costs of the HQ voluntary departure plan (-€24M) and a portion of the costs of the French Water restructuring plan in progress (~-€40M)

Cost savings: continued execution of the plan: €582M cumulative savings (€518M net) generated by the end of 2014

- **In 2014: €232M in gross savings** [1]
  - ✓ €64M in implementation costs
  - ✓ €168M in net savings

Impact on Operating Income before IFRS 10 & 11 (€M)	**H1 2012**	**H2 2012**	**H1 2013**	**H2 2013**	**H1 2014**	**H2 2014**	**Cumulative end 2014**	**Cumulative 2015-end Objective**
Gross savings	59	83	110	98	104	128	**582**	**750**

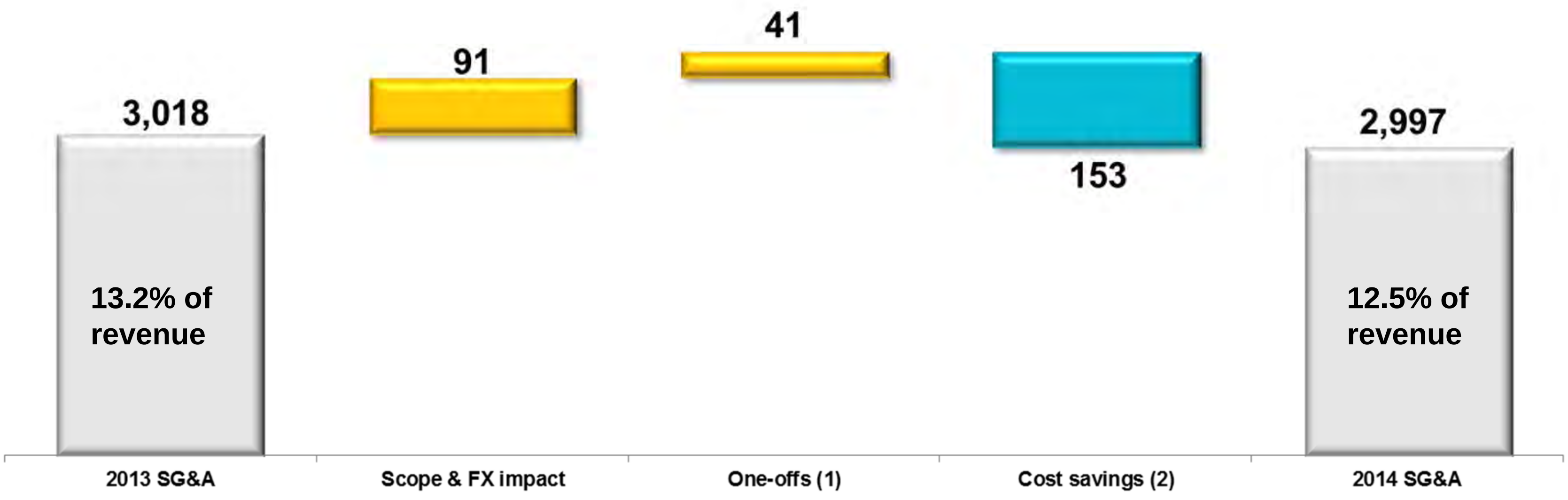
Breakdown of 2014 Gross Savings



[1] Pro forma 2014 gross savings (excluding Dalkia France & including 100% of Dalkia International for 12 months) of €224M

Reduction in SG&A

- Selling, general and administrative costs (SG&A) declined from €3,018M in 2013 to €2,997M in 2014.
  - ✓ **At constant currency, accounting method and scope, and excluding one-time matters, SG&A declined nearly 5%.**



(1) Including variation of one-time impacts related to pension plans (particularly management) for -€31M
(2) Net of implementation costs and including inflation of personnel costs of +€32M

Strong growth in adjusted operating income

- Adjusted operating income up 23.2% at constant FX to €1,108M versus €901M in 2013
  - Depreciation & amortization: impact of Dalkia International and Proactiva amortization (including PPA)
  - Charges to provisions and other: positive difference despite the pension provision reversal in 2013, related to restatement of restructuring charges, significantly larger in 2014
  - Share of adjusted net income of JVs excluding capital gains declined due to Dalkia International (negative weather impact in H1 and move to full consolidation in H2) and the divestment of Marius Pedersen

In €M	2013 re-presented(1)	2014	Δ	Δ constant FX
Adjusted operating cash flow	**1,848**	**2,164**	**+17.1%**	**+17.3%**
Depreciation & Amortization	-1,187	-1,247		
Net capital gains (2)	123	47		
Provisions, fair value adjustments and other (3)(4)	-14	50		
Share of adjusted net income of joint ventures and associates (excluding capital gains on divestments	131	94		
Adjusted operating income (5)	**901**	**1,108**	**+23.0%**	**+23.2%**

(1) See Appendix 2
(2) In 2014 including -€6M for fully consolidated entities and +€53M in JVs (including Marius Pedersen +€49M)
(3) Including restructuring charges not included in adjusted operating income (€58M in 2013 and €79M in 2014)
(4) Including 2013/2014 variation of one-time items related to pension provisions(-€31M)
(5) Including share of adjusted net income of joint ventures and associates

Lower cost of borrowing…

- **<u>Reduction in net financing costs[1] by more than €60M</u>** excluding scope effects (the consolidation impact of Proactiva debt at the end of 2013 , reconsolidation of Moroccan debt end of 2014 and consolidation of Dalkia International in July 2014)
  - ✓ Financing rate at "comparable scope" down 24bps, due to the impact of bond buybacks and debt amortization

In €M	2013 re-presented		2014	Δ (€M)	Rate
Adjusted cost of net financial debt	**-521.4**		**-481.6**	**+39.7**	
Cost of net financial debt re-presented to calculate borrowing rate [1]	**-494.1**	**5.11%**	**-468.2**	**+25.9**	**5.31%**
Impact consolidation of Proactiva and Morocco debt					*-0.14%*
Impact of Dalkia transaction					*-0.30%*
Cost of net financial debt excluding these scope effects	**-494.1**	**5.11%**	**-431.1**	**+63.0**	**4.87%**

(1) Re-presented to calculate the borrowing rate by excluding the change in derivative fair value adjustments and financial costs of discontinued operations and excluding costs of bond buybacks (treated as a non-recurring item). Not re-presented for reintegration of Morocco debt in 2013.

…But adjusted net financial expense penalized by the reduction in income from loans to joint ventures

- Reduction in adjusted cost of net financial debt offset by lower "other financial income and expense" (including the interest from Dalkia International intercompany loans "eliminated by consolidation" since the change in accounting to full consolidation of DKI in July 2014)

In €M	2013 re-presented	2014
Adjusted cost of net financial debt	**-521.4**	**-481.6**
Adjusted other financial income and expense	**+52.1**	**-13.2**
Of which: income from financial assets(1)	*+118.8*	*+62.8(2)*
Of which: unwinding of discount on provisions (non cash)	*-41.7*	*-45.3*
Of which: other	*-25.0*	*-30.7*
Adjusted net financial expense	**-469.3**	**-494.8**

(1) Recorded in cash flow from financing activities
(2) Including the reduction of the interest paid on Dalkia International inter-company loans for -€53M following the Dalkia transaction (change in consolidation method on July 25, 2014)

Reduction in adjusted tax rate

- **Reduction in the Group's adjusted tax rate, excluding certain non-recurring items, to 31.7% at December 31, 2014 versus re-presented 43%(1) at December 31, 2013**
  - ✓ Improvement in the France fiscal tax group: lower financial expense and implementation of new management fee policy

In €M	Income before tax	Tax expense
Actual	**417**	**-167**
Cost of bond buybacks	+62	-
Impact of Dalkia transaction	-4	+5
Restructuring	+30	-2
Other	+15	-
Adjusted	**520**	**-164**

(1) Taking into account the reconsolidation of Morocco operations into continuing operations and vs. 40.7% previously published for the year ended December 31, 2013.

Significant increase in adjusted net income

In €M	2013 re-presented[1]	2014	Δ
Adjusted operating income [2]	**900.8**	**1,108.4**	**+23.0%**
Net financial costs [3]	-469.3	-494.8	
Income tax expense	-133.0	-164.6	
Non-controlling interests	-116.5	-122.9	
Adjusted net income – Group share	**182.0**	**326.1**	**+79.2%**

(1) See Appendix 2
(2) Including share of adjusted net income of joint ventures and associates viewed as core company activities
(3) Including other financial income and expense

Reduced impact of non-recurring items

	2013 re-presented [1]	2014
Adjusted net income – Group share	**182,0**	**326,1**
Non-recurring items		
Of which: Goodwill impairments	-183.9	-11.6
Restructuring charges	-133.4	-26.6
Bond buybacks	-73.1	-62.3
Others	55.0	20.5 [2]
Published net income – Group share	**-153.4**	**246.1**

(1) See Appendix 2

(2) Including:

i. The capital gain of €494.7M related to unwinding the Dalkia joint venture and by -299M in goodwill impairments in Energy Services in Central Europe and non-current asset impairments of -€180M , mainly in Central and Eastern Europe and China

ii. Share of net income of Transdev: +€11.5M, versus - €51.5M in 2013

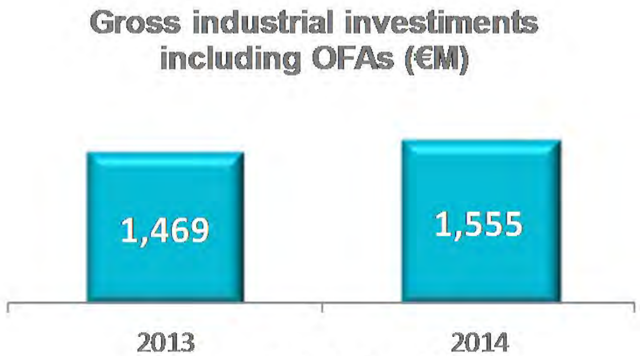
iii. Net income from discontinued operations of - €21.9M (essentially Citelum in H1), versus + €27M in 2013 (including the capital gain on the divestment of Berlin Water)

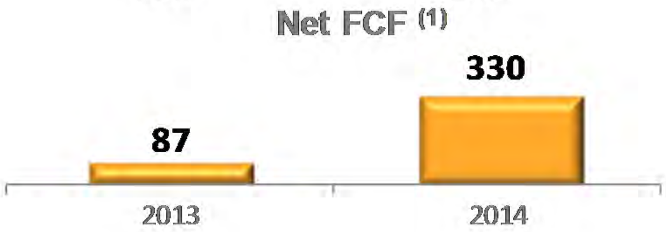
Net FCF(1) of €330M, on the trajectory of the company's 2015 objective

- **Continued capex discipline**:
  - ✓ Gross industrial investments of €1,555M , stable excluding changes in scope
  - ✓ Pro forma capex of €1,567M versus €1,459M in 2013

- **Net FCF(1) of +€330M**
  - ✓ Significant improvement compared to 2013, due to the increase in adjusted operating cash flow, capex discipline, improvement in working capital and reduced financial expense

- **Net financial debt of €8.3 billion**
  - ✓ Down compared to re-presented 2013-end despite the negative currency impact of €390M

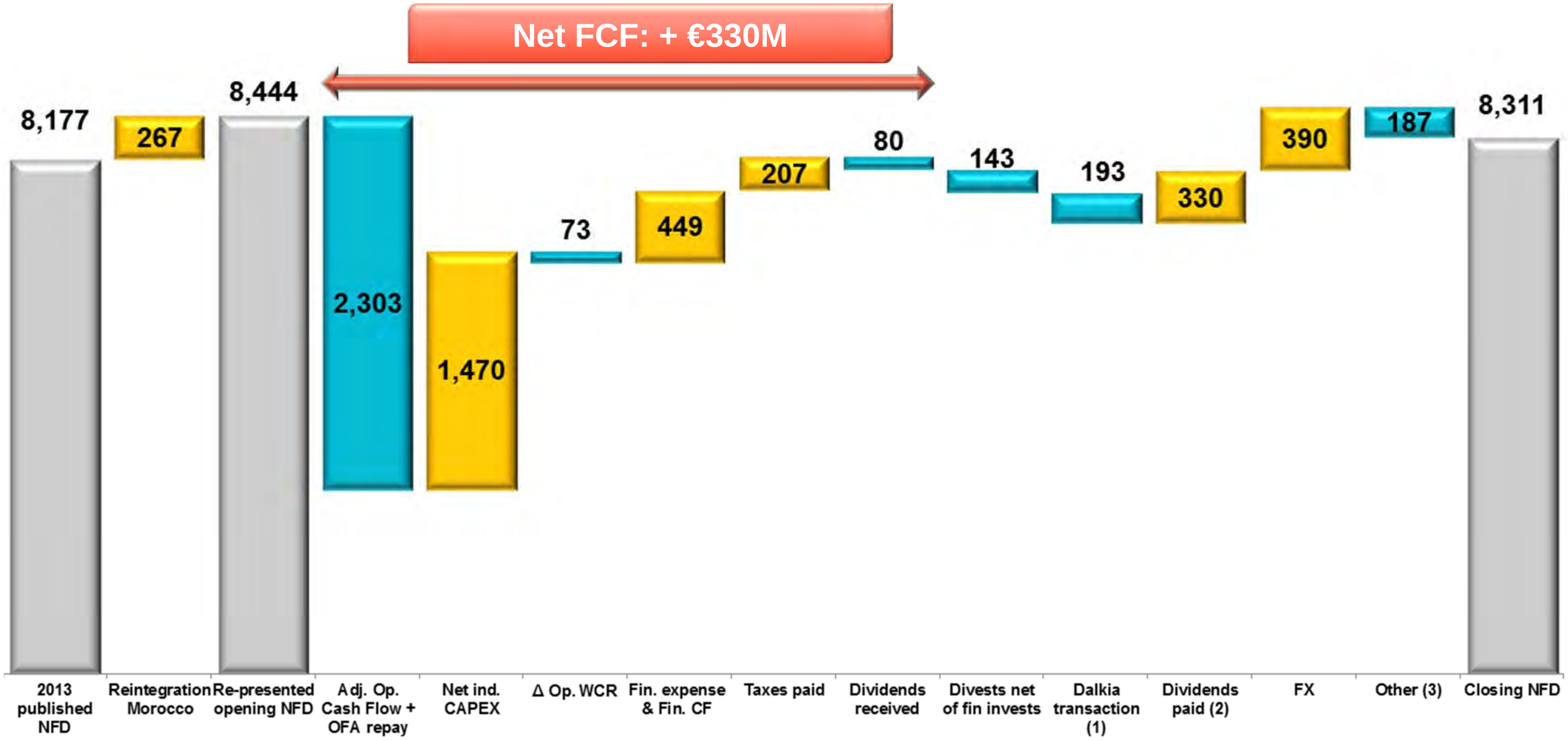




(1) Net FCF before net financial divestments and after payment of financial expense and taxes corresponds to free cash flow from continuing operations, and is calculated by: the sum of adjusted operating cash flow and principal payments on operating financial assets, dividends received from joint ventures, operating cash flow from financing activities, and changes in working capital for operations, less net industrial investments, cash financial expense and cash taxes paid. Excluding the hybrid issuance in euros and pound sterling of €1,454M (including coupons paid) in January 2013.

Net financial debt reduction of more than €500M excluding currency impacts

NET FINANCIAL DEBT EXCLUDING CURRENCY MOVEMENTS OF €7.9BN, DOWN €0.5BN



(1) Total impact of +€348M debt reduction; including €155M taken into account as of 12/31/2013 (Dalkia France external debt moved to liabilities held for sale)
(2) Including -€200M paid to shareholders, -€61M paid to minorities and -€69M paid to hybrid debt holders
(3) Including reimbursement from Transdev: +€156M

Transdev / SNCM update

- No new financing accorded to SNCM by Transdev or Veolia in 2014
- On November 28, 2014, SNCM was placed under receivership by the Commercial Court for 6 months
- Ongoing review of bids to purchase SNCM by judicial courts in conjunction with Brussels authorities
- Transdev proposal to finance the SNCM restructuring plan (“Plan de sauvegarde de l’emploi” in French) as part of a comprehensive settlement
- Any residual financial risk for Veolia has been integrated in the accounts

Asset arbitrage

- Continued asset divestments
  - €418M divested in 2014[1]
    - ✓ Including Marius Pedersen for €240M
  - Divestments in process (enterprise value)
    - ✓ Poland waste (closed January 2015)
    - ✓ Veolia Israel
    - ✓ SADE
- Acquisitions / minority buybacks
  - Bought the 9.5% stake owned by IFC in Veolia Voda (Water, Czech Republic) for €91M
  - Acquisition of 51% of the Kendall cogeneration plant in the Boston region in the U.S. for €19M (with the option to move up to 100% on the same basis)
  - Acquisition of the Tarragona incinerator , the only specialized incineration facility in Spain for €24M

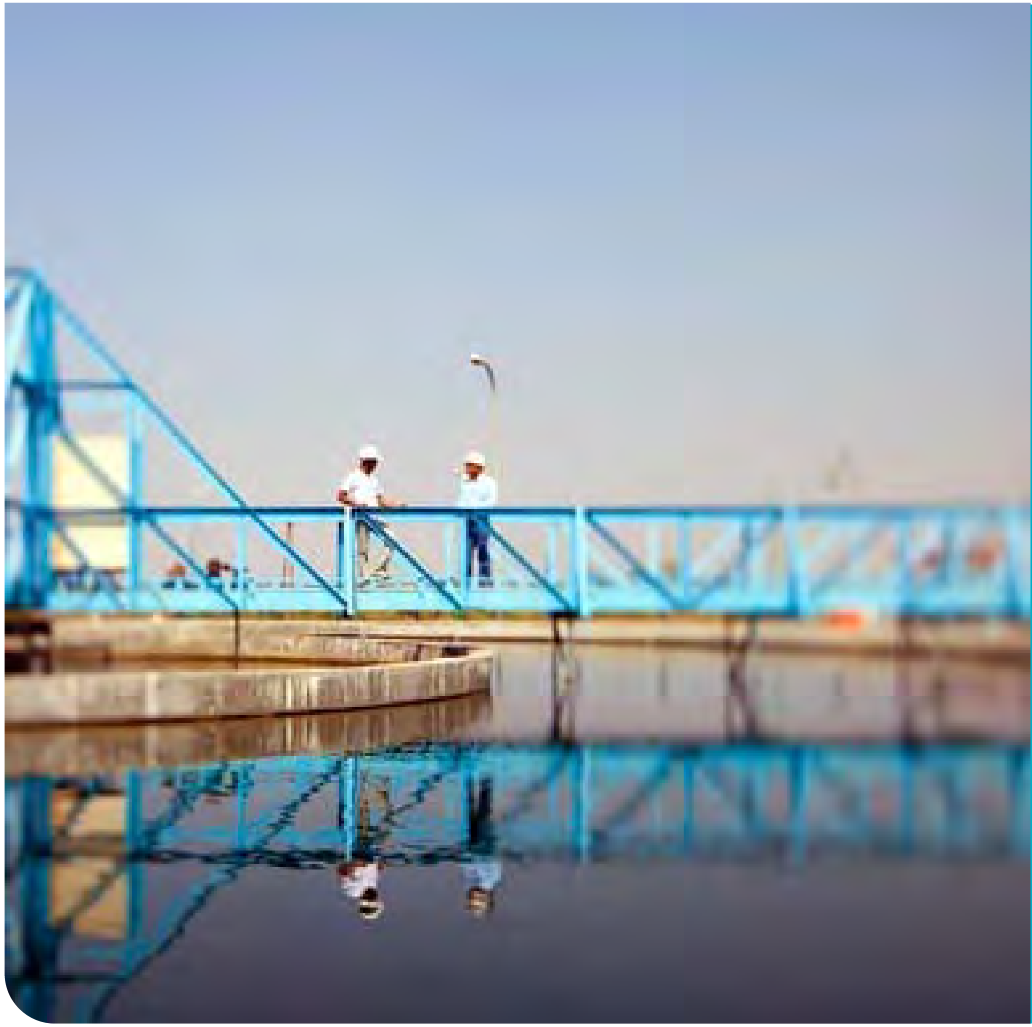
(1) Excluding the Dalkia transaction

2015 Guidance

Utmost confidence for the year

- **Revenue growth**
- **EBITDA and Current Operating Income growth**
  - Continued strong operational performance
  - Cost savings benefit: continued execution of the €750M cost savings plan
- **Continued capex discipline**
- **2015 objective confirmed: the dividend and hybrid coupon payment to be covered by Current Net Income and paid by Free Cash Flow excluding net financial divestments**
- **Net financial debt management**

New financial indicators



New Financial Indicators

Philippe Capron, CFO

New financial indicators

- The Group has decided to implement new financial indicators beginning with the 2015 fiscal year.

- A two-fold **objective**:
  - ✓ Improved legibility of the Group's operational performance
  - ✓ Improved comparability with other companies in the sector

- The following new financial indicators will be utilized:
  - ✓ **EBITDA**,
  - ✓ **Current Operating Income (COI)**, and
  - ✓ **Current Net Income**.

- **Utilization of these new financial indicators has no impact on the Group's Free Cash Flow, Net Financial Debt, published Net Income or gross industrial investments.**

- **Application beginning 1Q 2015, including quarterly publication of Current Net Income**

New financial indicators (2/2)

- The new financial indicators are presented on the basis of the Group's 2014 pro forma perimeter, i.e. assuming the divestment of Dalkia France and the full consolidation of Dalkia International occurred on January 1, 2014

In €M	Published 2014 GAAP	2014 Pro forma	New Indicators	2014 Pro forma
Revenue	**23,880**	**24,408**	**Revenue**	**24,408**
Adjusted operating cash flow	**2,164**	**2,308**	**EBITDA**	**2,763**
Adjusted operating income	**1,108**	**1,106**	**Current operating income (COI)**	**1,074**
Adjusted net income – Group share	**326**	**304**	**Current net Income – Group Share**	**314**

New indicators: EBITDA vs. Adjusted operating cash flow

- **The new indicator replacing adjusted operating cash flow will be EBITDA, which excludes:**
  - **Restructuring charges**
  - **Renewal expenses**

  And will include principal payments on Operating Financial Assets (OFAs)
- Like the previously utilized adjusted operating cash flow, EBITDA will continue:
  - To exclude the share of net income of equity-accounted entities
  - To take into account variations in working capital item provisions
  - To include payments associated with defined benefit plans and expenses related to supplementary defined benefit plans.

In €M	Pro forma* 2014
Adjusted operating cash flow	**2,308**
Exclusion Renewal expenses Restructuring charges	 **+263** **+79**
Inclusion Principal payments on OFAs	 **+113**
EBITDA	**2,763**

*Excluding Dalkia France, including DKI fully consolidated at 100% and including Morocco Water

New indicators: Current operating income vs. adjusted operating income

- **The new indicator replacing adjusted operating income will be Current Operating Income (COI), which excludes:**
  - Capital gains on financial divestments, which will now be classified as an element in net financial costs and no longer in operating income,
  - Write downs and impairments of fixed assets,
  - Impacts related to IFRS 2 “Share-based payments.”
- **Like the previously utilized adjusted operating income, it will continue to exclude:**
  - Goodwill impairments of fully controlled and equity-accounted entities,
  - Restructuring charges

in €M	Pro forma* 2014
Adjusted operating income	**1,106**
Exclusion • Capital gains on financial divestments • Impairments of tangible and intangible assets and OFAs (including provisions for contract losses) • IFRS 2 impacts	 **-42** **+9** **+1**
COI	**1,074**

*Excluding Dalkia France, including DKI fully consolidated at 100% and including Morocco Water

New indicators: Current Net Income vs. Adjusted Net Income

2014 Pro forma* OLD

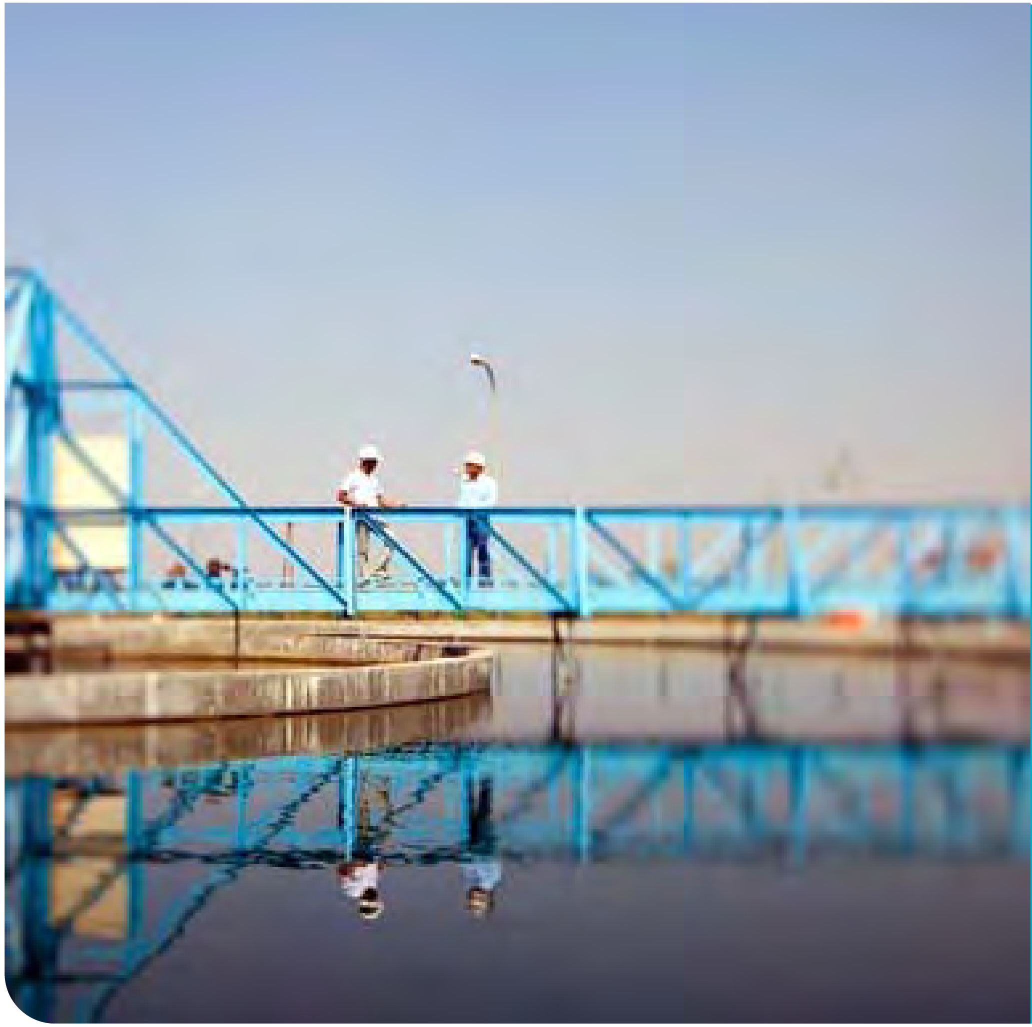
In €M	
Adjusted operating income	**1,106**
• Net financial costs	-495
• Other financial income and expense	-51
• Income tax expense	-156
• Share of net income JVs & associates "non-core"	0
• Net income from discontinued operations	0
• Non-controlling interests	-100
Adjusted net income – Group share	**304**

2014 Pro forma* NEW

In €M	
Current operating income	**1,074**
• Net financial costs	-495
• Other financial income and expense	-9
• Income tax expense	-156
• Share of net income JVs & associates "non-core"	0
• Net income from discontinued operations	0
• Non-controlling interests	-100
Current net income – Group share	**314**

*Excluding Dalkia France, including DKI fully consolidated at 100% and including Morocco Water

Medium Term Outlook



Medium Term Outlook

Antoine Frérot, CEO

2015 Objectives

- **In 2015 the Group will be focused on:**
  - Completion of the 2012-2015 Transformation Plan
  - Construction of a new strategic plan for 2016-2018 which will have two facets:

    → *Further efficiency improvement*
    - *Performance of industrial assets and optimization of associated costs*
    - *Purchasing*

    → *Further develop the means to continue profitable growth*

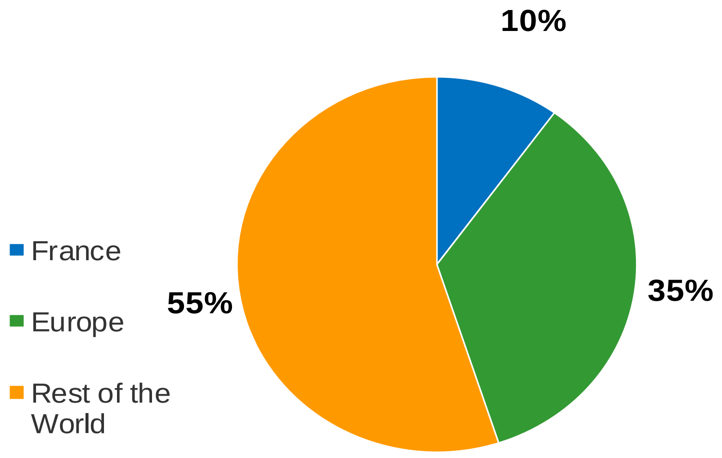
    2016-2018 objectives (assuming today's economic environment):

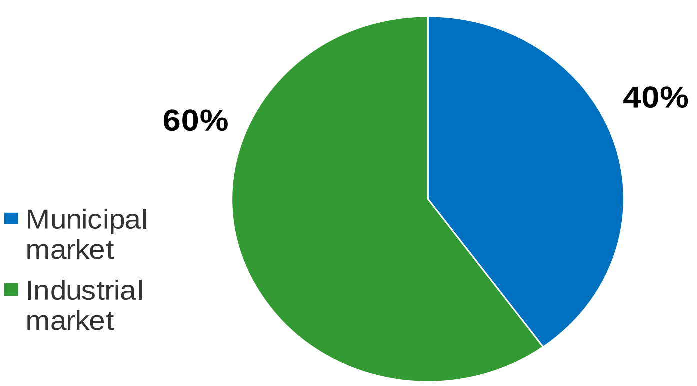
    - *+3% revenue growth per year & +5% EBITDA growth per year*
    - *Maintain net financial debt around €8 billion*

- **Investor Day after summer of 2015 to detail the new strategic plan**

Veolia's market dynamics

- **Numerous profitable development opportunities:**





- **To be prioritized according to:**
  - *The Group's strategic priorities*
  - *Each project's level of risk*
  - *Expected profitability (IRR, ROCE at year 3, Payback)*

The Municipal market

- **The Municipal market: 3 segments**
  - *Operation with significant investment "Concession"*
  - *Operation without material investment, or "pure operation" (classic model or performance contract)*
  - *"Engineering/Construction" without investment*

- **Differentiated policy by segment**
  - *"Engineering/Construction" without investment*
    - *The "crème de la crème" financed by the Group*
    - *Other attractive opportunities structured via the Assetco / Opco model*
  - *For contracts with no capex: selection criteria based on EBITDA level*

- **Geographic breakdown of new municipal projects:**
  - *France: 10%*
  - *Europe: 50 % (including 25% in Central & Eastern Europe)*
  - *Rest of the World: 40%*

The Industrial market
Selected opportunities

	TRENDS	GEOGRAPHIES	Market 2020 (€bn)	Veolia in 2014 (Rev., €bn)	Ambition 2020 (Rev., €bn)
 **Oil & Gas**	• **Upstream**: growing needs in water to improve yields and non conventional extraction • **Downstream**: regulatory and operational requirements to treat hazardous waste	North America, Middle East, Latin America (Brazil, Ecuador, Mexico), Asia, Australia	20	1.6	~3.5
 **Mining**	• 2nd largest water consumer in the industrial sector • 70% of new mining projects in water stressed regions	Africa, Latin America, Australia, Asia	14	1.1	~1.6
 **Food & Beverage**	• Rapid population growth, particularly in water stressed regions, • Consumer pressure (corporate responsibility)	Europe, North America, Australia, Latin America, Asia	10	0.8	~1.2
 **Dismantling**	•Decommissioning of oil platforms, train cars, ships, end of life of nuclear reactors, relocation of refineries • Industrial cycle change in mature countries	Europe, North America, Asia	5	0.1	~0.4
 **Circular Economy**	• Regulatory and political pressure • Shifts towards "rental" usage rather than ownership • Resource scarcity and price volatility	Europe, North America, Australia, Asia	30	2.5	~3.8
 **Difficult pollutants**	• Regulatory, political and population pressure	Europe, North America, Asia, Australia	20	0.8	~1.4

Geographic breakdown of new industrial projects:

France 10% Europe 25% Rest of the World 65%

Organic growth opportunities in Veolia's markets: overview

- **Municipal market**
  → ~5 new significant projects per year
  → ~ €200M investment per year
- **Industrial market**
  → ~10 new significant projects per year
  → ~ €200M investment per year
- **Another roughly 40 projects per year with little capex**

Expected return

- Group IRR ≥ WACC + 4%
- ROCE ≥ WACC by end of year 3
- Pay-back < 7 years

Expected EBITDA margin ≥ 10%

- **Acquisitions limited to expanding our range of expertise or supporting asset optimization**
- **Organic profitable growth expected:**

2016-2018 objectives (assuming today's economic environment):

- *+3% revenue growth per year & +5% EBITDA growth per year*
- *Maintain net financial debt around €8 billion*

2015 Guidance

Utmost confidence for the year

- **Revenue growth**
- **EBITDA and Current Operating Income growth**
  - Continued strong operational performance
  - Cost savings benefit: continued execution of the €750M cost savings plan
- **Continued capex discipline**
- **2015 objective confirmed: the dividend and hybrid coupon payment to be covered by Current Net Income and paid by Free Cash Flow excluding net financial divestments**
- **Net financial debt management**

Appendices

Summary

Appendix 1: Currency movements

Main currencies

€1 = xxx of foreign currency

	2014	2013	Δ 2014 vs. 2013
US Dollar US			
Average rate	1.329	1.328	0.0%
Closing rate	1.214	1.379	-12.0%
UK pound sterling			
Average rate	0.806	0.849	-5.1%
Closing rate	0.779	0.834	-6.6%
Australian dollar			
Average rate	1.472	1.377	+6.9%
Closing rate	1.483	1.542	-3.8%
Czech crown			
Average rate	27.536	25.986	+6.0%
Closing rate	27.735	27.427	+1.1%

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

Appendix 2: Main 2013 re-presented figures(4)

In € M	December 31, 2013 Published	IFRS5 Adjustment(1)	December 31, 2013 Re-presented
Revenue	22,314.8	+504.9	22,819.7
Adjusted operating cash flow	1,796.3	+51.3	1,847.6
Operating income	490.5	-21.2	469.3
Operating income after share of net income of equity-accounted entities (2)	669.2	-21.2	648.0
Adjusted operating income (3)	921.9	-21.1	900.8
Net income – Group share	-135.3	-18.1	-153.4
Adjusted net income – Group share	223.2	-41.2	182.0
Gross investments	1,738.0	-	1,738.0
Net Financial Debt	8,176.7	+267.7	8,444.4
Loans granted to joint ventures	2,725.0	-	2,725.0
Adjusted Net Financial Debt	5,451.7	+267.7	5,719.4

(1) Reclassification of Morocco in continuing operations
(2) Including the re-presented share of net income of joint ventures and associates as of December 31, 2013
(3) Including the re-presented share of adjusted net income of joint ventures and associates as of December 31, 2013
(4) Non audited figures

Appendix 3: Quarterly revenue by segment

In €M	1st quarter			2nd quarter			1st half		
	2013 Re-presented(1)	2014	Δ constant scope & FX	2013 Re-presented(1)	2014	Δ constant scope & FX	2013 Re-presented(1)	2014	Δ constant scope & FX
France	1,366	1,370	+0.3%	1,416	1,395	-1.5%	2,782	2,765	-0.6%
Europe excl. France	1,171	1,218	+4.3%	1.195	1,209	+0.6%	2,366	2,427	+2.4%
Rest of the World	941	1,106	+11.2%	943	1,056	+5.0%	1,884	2,162	+8.0%
Global Businesses	986	956	-0.7%	1,014	1,146	+16.0%	2,000	2,102	+7.8%
Dalkia	1,179	934	-20.5%	645	618	-3.8%	1,823	1,552	-14.6%
Other	229	227	-1.8%	227	247	-1.4%	457	474	-1.6%
Group	**5,872**	**5,811**	**-1.6%**	**5,440**	**5,671**	**+3.1%**	**11,312**	**11,482**	**+0.7%**
Group PRO FORMA	**6,203**	**6,151**	**-**	**5 750**	**5 863**	**+2.2%**	**11,953**	**12,015**	**+1.0%**

En M€	3rd quarter			4th quarter			Full year		
	2013 Re-presented(1)	2014	Δ constant scope & FX	2013 Re-presented(1)	2014	Δ constant scope & FX	2013 Re-presented(1)	2014	Δ constant scope & FX
France	1,431	1,400	-2.1%	1,414	1,392	-2.4%	5,627	5,557	-1.4%
Europe excl. France	1,164	1,819	-0.9%	1,301	2,377	-4.2%	4,831	6,623	-0.2%
Rest of the World	912	1,134	+2.8%	993	1,299	+7.6%	3,790	4,595	+6.7%
Global Businesses	1,011	1,119	+10.9%	1,152	1,297	+12.2%	4,162	4,518	+9.7%
Dalkia	461	0	-1.0%	1,195	0	-	3,479	1,552	-7.8%
Other	237	286	+23.9%	236	274	+10.7%	931	1,035	+8.0%
Group	**5,216**	**5,758**	**+2.8%**	**6,291**	**6,639**	**+2.4%**	**22,820**	**23,880**	**+1.6%**
Group PRO FORMA	**5,554**	**5,754**	**+1.3%**	**6,446**	**6,639**	**+0.6%**	**23,953**	**24,408**	**+1.0%**

(1) See Appendix 2

Appendix 3: Quarterly revenue by business

In €M	1st quarter			2nd quarter			1st half		
	2013 Re-presented(1)	2014	Δ constant scope & FX	2013 Re-presented(1)	2014	Δ constant scope & FX	2013 Re-presented(1)	2014	Δ constant scope & FX
Water	2,609	2,614	+1.2%	2,630	2,750	+5.2%	5,239	5,364	+3.2%
Waste	1,932	2,024	+3.3%	2,052	2,151	+2.5%	3,985	4,175	+2.8%
Energy	1,268	1,116	-14.2%	705	718	-2.8%	1,972	1,834	-10.1%
Other	63	57	-10.7%	53	52	+0.1%	116	109	-5.8%
Group	5,872	5,811	-1.6%	5,440	5,671	+3.1%	11,312	11,482	+0.7%

In €M	3rd quarter			4th quarter			Full year		
	2013 Re-presented(1)	2014	Δ constant scope & FX	2013 Re-presented(1)	2014	Δ constant scope & FX	2013 Re-presented(1)	2014	Δ constant scope & FX
Water	2,622	2,776	+3.6%	2,880	3,075	+5.2%	10,741	11,215	+3.8%
Waste	2,021	2,161	+2.8%	2,094	2,170	-0.2%	8,100	8,506	+2.0%
Energy	520	761	-1.1%	1,264	1,331	+0.1%	3,756	3,926	-5.4%
Other	53	60	+3.1%	53	63	+9.6%	223	233	0.0%
Group	5,216	5,758	+2.8%	6,291	6,639	+2.4%	22,820	23,880	+1.6%

(1) See Appendix 2

Appendix 4: Strategic growth markets
Oil and Gas Industry

Favorable market trends

Upstream

- **Growth and increasing extraction complexity**
  - Development in isolated regions
  - Growth in water-intensive extraction techniques (non conventional and EOR*) in water stressed regions
- **Growing public and regulatory pressure** regarding environmental impacts

Downstream

- **Increase in refining capacity** (Africa, Middle East, Latin America), momentum of oil & gas activity (US)
- **Need for optimization / operational excellence** and **growing regulations** in mature countries

Veolia offerings adapted to client needs

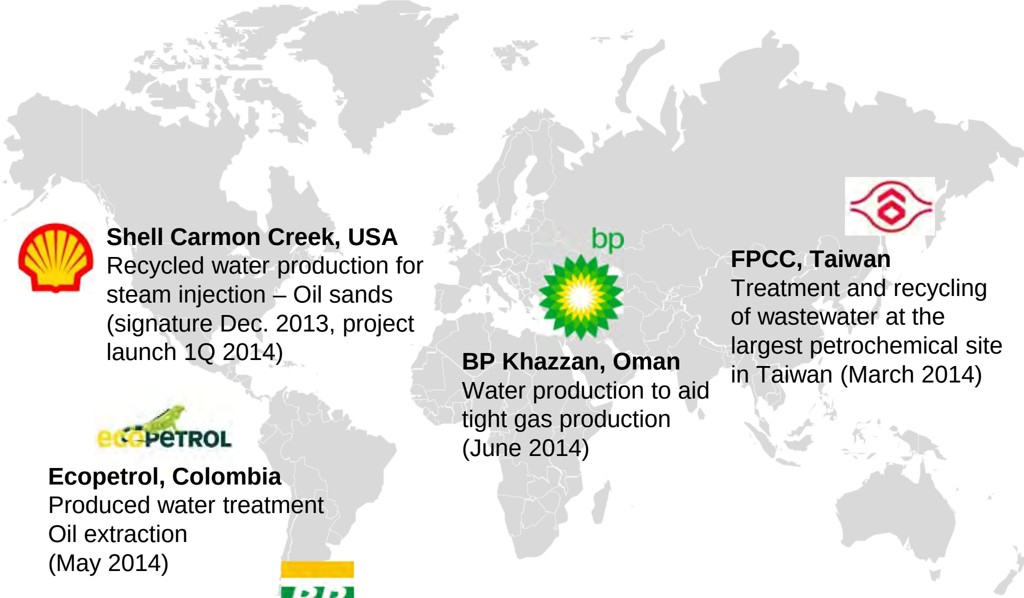
- **Maximization of the client's asset availability**
- **Circular Economy:** maximize material and water recovery, mobile solutions
- **License to operate**
- **Reduction of costs and risks**

Differentiated position

- **Unequaled portfolio of technologies in the industry:**
  - **Upstream**- treatment of injection water (de-sulfation, reverse osmosis), of produced water (evaporation/concentration-HPD, ROSS ceramic membranes for EOR*; OPUS-pretreatment and separation)
  - **Downstream**- effluent treatment (Biosep, Actiflo, Multiflo,etc.), ZLD** (evaporation/concentration, recycled water and sludge, etc.), cooling water, robotic tank cleaning systems, etc.
- **Operational expertise**, key element of reliability and differentiation
- **Global network**

Veolia reinforces its leading position

- **Quality partnerships signed throughout the entire value chain and in all geographies**



Shell Carmon Creek, USA
Recycled water production for steam injection – Oil sands (signature Dec. 2013, project launch 1Q 2014)

BP Khazzan, Oman
Water production to aid tight gas production (June 2014)

FPCC, Taiwan
Treatment and recycling of wastewater at the largest petrochemical site in Taiwan (March 2014)

Ecopetrol, Colombia
Produced water treatment
Oil extraction
(May 2014)

Refap Refinery
Treatment of oily sludge (contract signed in 2013, operations began 2014)

*EOR = Enhanced Oil Recovery (stimulating production of conventional oil wells, mainly at end of life) ** ZLD = Zero Liquid Discharge

Appendix 4: Strategic growth markets
Metal and Mining Industry

Favorable market trends

- **Mining, a large industrial sector, is very dependent on the availability and quality of water resources**
- **Development of new mines in water stressed regions** (ex: Chile, Australia)
- **Margin pressure** due to lower commodities prices and growing extraction costs
- **Growing public and regulatory pressure** regarding environmental impacts; mining companies focused on compliance requirements
- **Short-term value creation requirement**

Veolia offerings adapted to client needs

- **Improvement of operational performance**: water supply, water and energy consumption optimization, high quality services
- **Yield maximization** (ex: recovery of precious metals in tailing ponds)
- **Solutions for neighboring communities**
- **Optimization of investment costs**
- **Risk reduction** (ex: soil contamination)

Differentiated position

- **Wide range of technologies**
  - Desalination, production processes (evaporation-concentration-crystallization), treatment of water from tailing ponds, metals recovery and recycling, treatment and reutilization of extracted water, effluent treatment, (cyanide, heavy metals), ZLD* technologies, etc.
- **Integrated Water/Energy/Waste offerings; Equipment & Service**
- **Global network**
- **Experience with industrial and municipal clients**

Expansion in new geographies: Africa

Tangshan Iron & Steel, China
Industrial water treatment
(October 2014)

ANGLOGOLD ASHANTI

AngloGold Ashanti, Ghana
1st operations contract in the mining sector in Africa
Optimization and operation of water treatment plant
(December 2014)

* ZLD = Zero Liquid Discharge

Appendix 4: Strategic growth markets
Food & Beverage Industry

Favorable market trends

- **Largest industry** in the world (13% of global industrial revenue), with a **footprint in all geographies**
- One of the only industrial markets that **grows every year**
- **Growing needs relative to:**
  - Product quality and safety
  - Reputation & **“green image”**
  - Economic and operational performance
  - **Rapid access to market** in emerging countries

Veolia offerings adapted to client needs

- **Improvement of operational performance,** mainly via **resource optimization**
- Improved yields and **creation of new revenue resources** (ex: Waste to Energy)
- **Construction and operation of facilities** in emerging countries

Differentiated position

- **Portfolio of technologies** (anaerobic digestion: Biothane, codigestion: Biomet, beverage water treatment: PurBev of Berkefeld, compact high performance processing of process water and effluents: Anox Kaldnes MBBR*, Actiflo,…etc.) **and full services**
- Veolia’s unique capability to propose **a comprehensive offer (waster + waste+ energy)**

Diversify, innovate and share created value

Findus, Sweden
Sharing value creation generated by optimized resource management (Water, Waste, Energy) associated with an operations and maintenance contract (May 2013)

Hershey Chocolate’s world, China
Industrial water management
(3Q 2014)

Danone, St-Just Chaleyssin
Sharing value creation generated by optimized resource management (Water, Waste, Energy), associated with an operation and maintenance contract for a wastewater treatment plant
(December 2014)

Nestlé, México
In an area of significant water stress, 1st industrial milk products facility self-sufficient for water. Water is produced from milk by reverse osmosis and other process water recycling technologies
(October 2014)

*MBBR : Moving Bed Bio Reactor

Appendix 4: Strategic growth markets
Circular Economy

Favorable market trends

- **Considerable potential for value creation expected from a more circular economy: only ¼ of wasted produced worldwide is recovered or recycled**
- **Growing worldwide needs, favored by incentive regulation,** particularly in mature countries
  - Alternatives to landfilling waste
  - **Scarcity** of certain raw materials and **efficiency**
  - Reputation & Sustainable Development
  - **Local employment** & regional attractiveness

Veolia offerings adapted to client needs

- **Resource management** to support modes of **production and lower consumption**
  - **Local resource loops** / integrated offerings for industrial clients and eco- parks
  - **Functional economy** (ex: solvent rental)
  - **Reduced consumption** of resources (energy efficiency, citizen awareness)
  - Recycling – materials and fuel

Differentiated position

- **Portfolio of technologies** (automatic sequential waste sorting, precious metal recovery, recycling of electronic cards, food grade plastics recycling, solvent recovery, anaerobic digestion, ZLD* technologies in water…) **and integrated services** (reverse logistics, tracking, sorting, treatment, recovery)
- Veolia's expertise in numerous industries (oil & gas, mining, food & beverage,…) and in the municipal market
- Veolia's unique capability to propose **a customized comprehensive offer (waster + waste+ energy)**

Success stories

Merritt, Canada
Biomass plant Utilization of 307,000 tonnes of biomass per year, 40MW electric production capacity
(July 2014)

Eco Mobilier, France
Collection and recycling of furniture waste
(2Q 2014)

Renault, France
Recycling of electric vehicle batteries (December 2014)

Hongwon, South Korea
Energy performance
Paper industry
(3Q 2014)

Tsugaru – Takeei, Japan
Energy performance
Biomass
(December 2014)

Castorama, France
Production of a wood and plastic composite made of recycled materials that can be used industrially
(October 2014)

Novartis, Europe
Implementation of **innovative processes for energy efficiency and treatment of hazardous waste**: Operating the largest European solvent distillation recycling center for production and energy mix optimization (February 2014)

* ZLD = Zero Liquid Discharge

Appendix 4: Strategic growth markets
Dismantling

Favorable market trends

- **Increase in the number of industrial facilities and equipment becoming obsolete**, and risking **contamination** (asbestos, oil, chemicals, etc.) once no longer in service
  - → **Mobil equipment**:
    - Aircraft (Europe/USA markets growing),
    - Ships
    - Oil platforms (ex: Northern Europe)
    - Trains (asbestos)
  - → **Industrial facilities**
    - Power plants (coal, nuclear)
    - Other industrial sites (refineries…)

Veolia offerings adapted to client needs

- **Waste treatment – including hazardous waste**
- **Recycling to allow maximum asset valuation (through recycling and recovery)**
- Minimization of **safety and environmental** risks

Differentiated position

- **Recognized experience and advanced technologies** in soil remediation (GRS-Valtech), characterization, management, waste treatment and recycling and management of hazardous pollutants (radioactive, asbestos...)
- **Presence throughout the entire value chain** – to total downstream control**: traceability and accountability** for waste

Promising contracts

Marine Nationale, France
Dismantling of the former Jeanne d'Arc and Colbert ships

Submarine dismantling
(July 2014)

YME, Norway
Oil platform dismantling
(July 2014)

RATP, France
Dismantling and recycling of RER A train cars
(May 2014)

Appendix 4: Strategic growth markets
Treatment of Hazardous Pollutants

Favorable market trends

- **Favorably changing regulations:**
  - In industrialized countries, stricter regulation and increasing requirements related to treatment levels; promotion of recycling and high value added treatment
  - In emerging countries , enforcement of hazardous waste laws
- **Increase in hazardous wasted volumes being generated related to growth in the chemical, oil & gas and pharmaceutical sectors, etc.**

Veolia offerings adapted to client needs

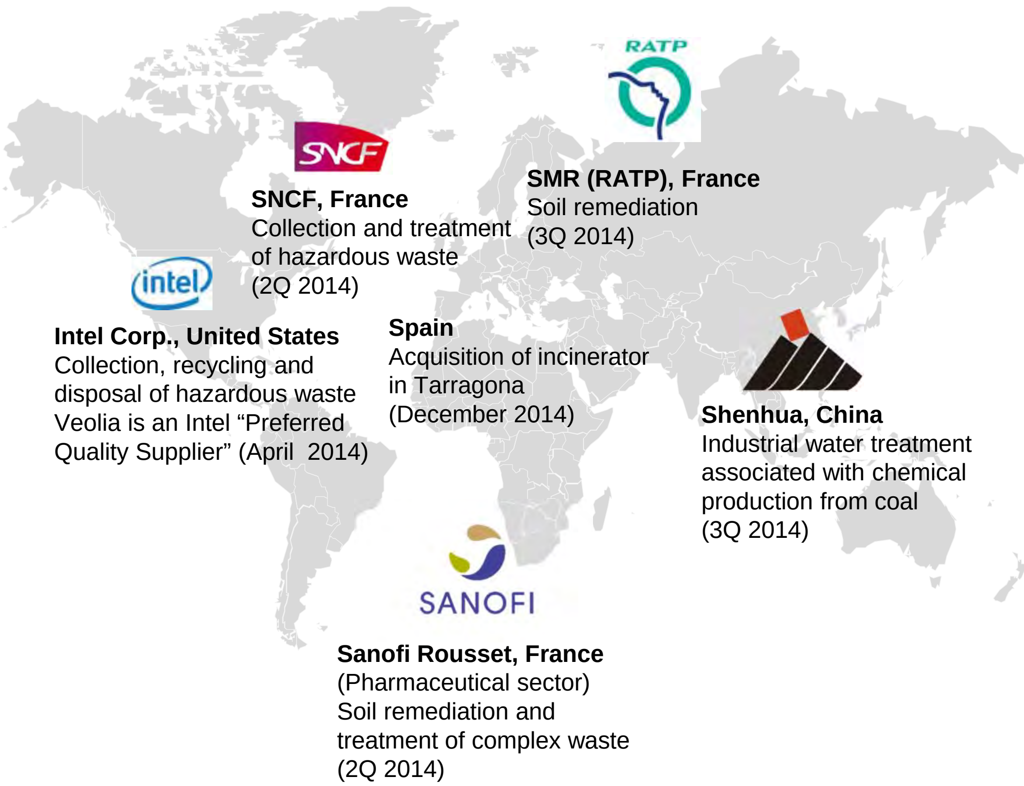
Minimization of risks and costs via:

- A comprehensive range of offerings for hazardous waste management: characterization, transport, treatment, energy recovery, materials recovery
- Customized or in situ solutions and models for industrial materials efficiency
- Maximization of the client's asset availability

Differentiated position

- **Leadership position** in Europe and the USA
- **End-to-end geographic network** allowing a complete range of offerings on the scale of the continent
- **High tech treatment solutions** for liquid and solid waste: incineration, pharmaceutical sector solvent recovery, catalyst recycling, used oil recycling in lubricants, cryogenic separation of metals, contaminated water treatment, soil remediation, etc.
- **The Group's global presence** facilitates the deployment of the best offers in all geographies

Contracts that generate significant added value



Appendix 5: Municipal – Traditional models

A market that continues to grow

- Ever increasing needs for **access to clean water** and sanitation services or the modernization of infrastructure and services, mainly in Central & Eastern Europe, North America, Latin America, Africa…
- A **regulatory environment** that fosters the development of district heating networks and waste treatment and recycling solutions
- Needs oriented toward the research of **technically reliable solutions** and maximum **service quality** and **operational efficiency**

Veolia offerings adapted to client needs

- Infrastructure design& build capabilities Water/ Waste/ Energy
- Service contracts with different engagement levels and associated remuneration: operation and maintenance, "affermage", concession
- Integrated Construction and Operation offerings (BOT, DBO)

Differentiated position

- **Large portfolio of technologies** (treatment of all types of water and waste, recycling, re-use, materials and energy recovery, supervision of installations, etc.), **and know how**
- Ability to development innovative technical solutions and services in Water, Waste and Energy
- **Contractual financial and engineering** capability
- **Integration in core regions** with strong, sustainable operating units
- **Global network** for sharing best practices

A resilient portfolio that continues to grow

Telford & Wrekin COUNCIL

Contract with the Telford & Wrekin Council in the UK
Waste management services contract- 24 year duration
(October 2013)

Community Agglomeration of Montpellier, France
Renewal of wastewater treatment and collection contracts
(3Q 2014)

Kanagawa Prefecture, Japan
Contract for comprehensive water management for the city, the first contract of this type for water service in Japan
(January 2014)

New Orleans, United States
Wastewater treatment contract renewal
(4Q 2014)

Az Zour, Kuwait
Construction of desalination facility in partnership with Hyundai Heavy Industries
(January 2014)

Las Condes, Chile
Contract renewal for household solid waste collection
(March 2014)

Hunter Water Australia
Drinking water distribution and services contract
(July 2014)

Appendix 5: Municipal – Innovative solutions for cities

A changing market

- **In a number of geographies, the needs of cities are moving toward:**
  - Financing needs to maintain, renew or improve infrastructure
  - Control cost / price of services
  - Local employment maintenance or growth and development of local expertise
  - Access to differentiated innovation
  - Access to skills and expertise
- **From these new requirements are emerging new cooperation models with cities, suggesting opportunities for Veolia**

Veolia offerings adapted to client needs

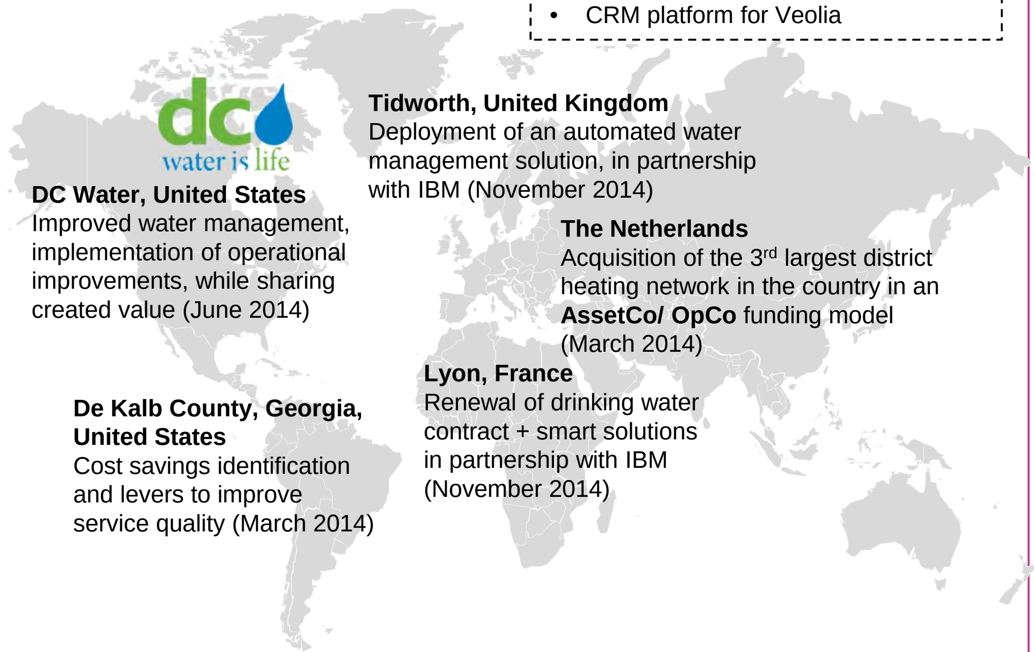
- **AssetCo/OpCo funding arrangements:** majority of financing assured (typically 80%) by a partner with leverage (AssetCo), operation by Veolia (OpCo)
- **Performance contracts** with shared value – example “Peer Performance Solutions” in the USA (New York, Pittsburgh, Washington DC…)
- **Strong value-added offerings** (technical or operational) for a portion of the client’s value chain (client service, smart grids, smart meters…)

Differentiated position

- Ability to combine our **operations expertise in Water, Waste and Energy** (worldwide references), with engineering and consulting
- Ability to **attract partners and investors** for capital intensive projects

Veolia is at the forefront

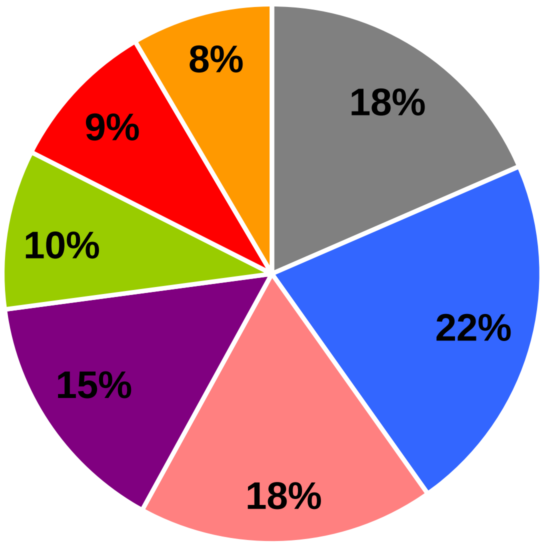
Energy Savings Centers
- In support of energy performance contracts (Brussels, Stockholm, Dubai, Madrid, Dublin…)
- CRM platform for Veolia



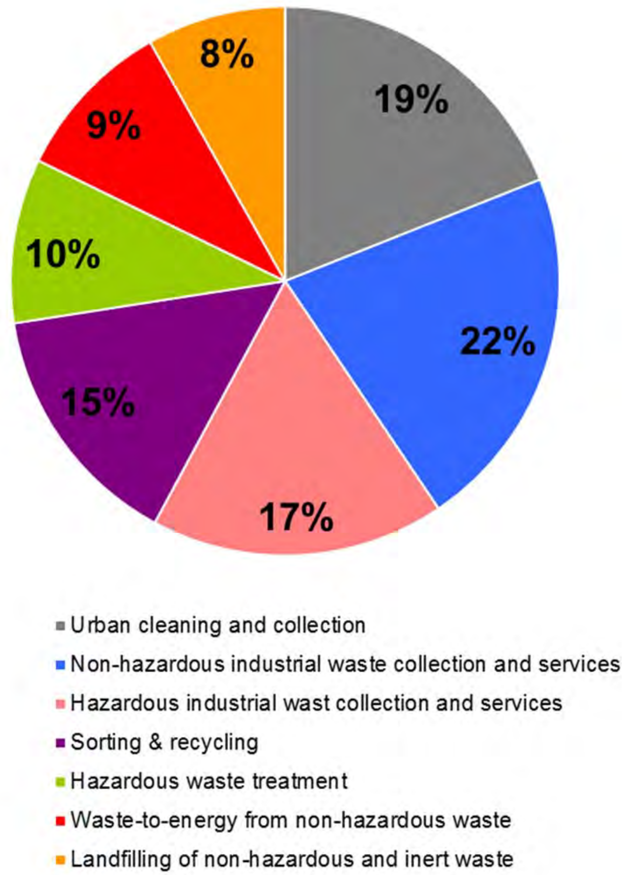
IBM-Veolia Partnerships
- “Smarter Water” Solution to drive the best utilization of Big Data around a supervision platform ensuring the integration and optimization of analysis of all data related to water management
- Objective: to contribute to improved efficiency of water management in cities, reduced waste, and greater cost controls

Appendix 6: Waste – Breakdown of revenue by activity

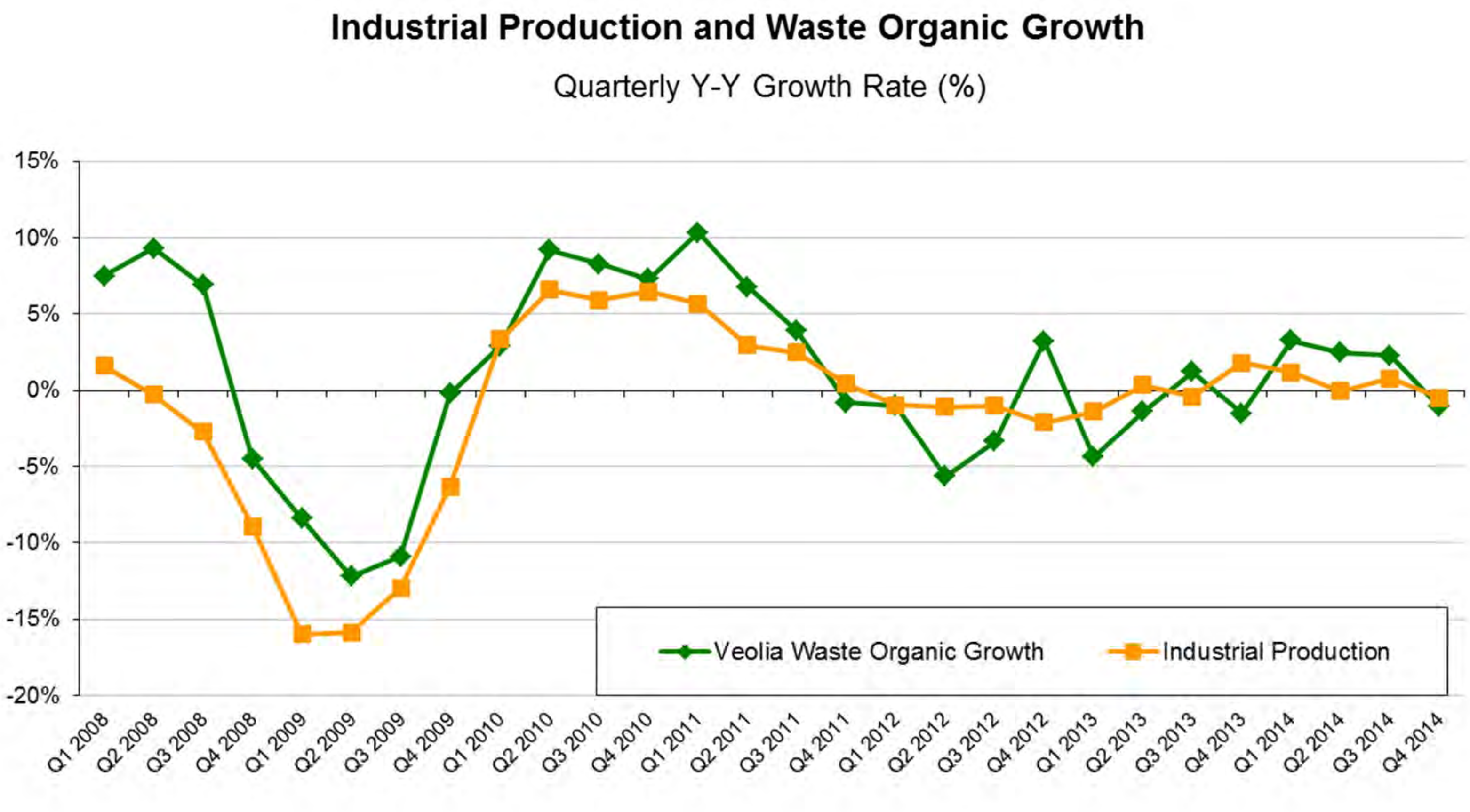
2013



2014



Appendix 7: Waste – Revenue vs. Industrial production

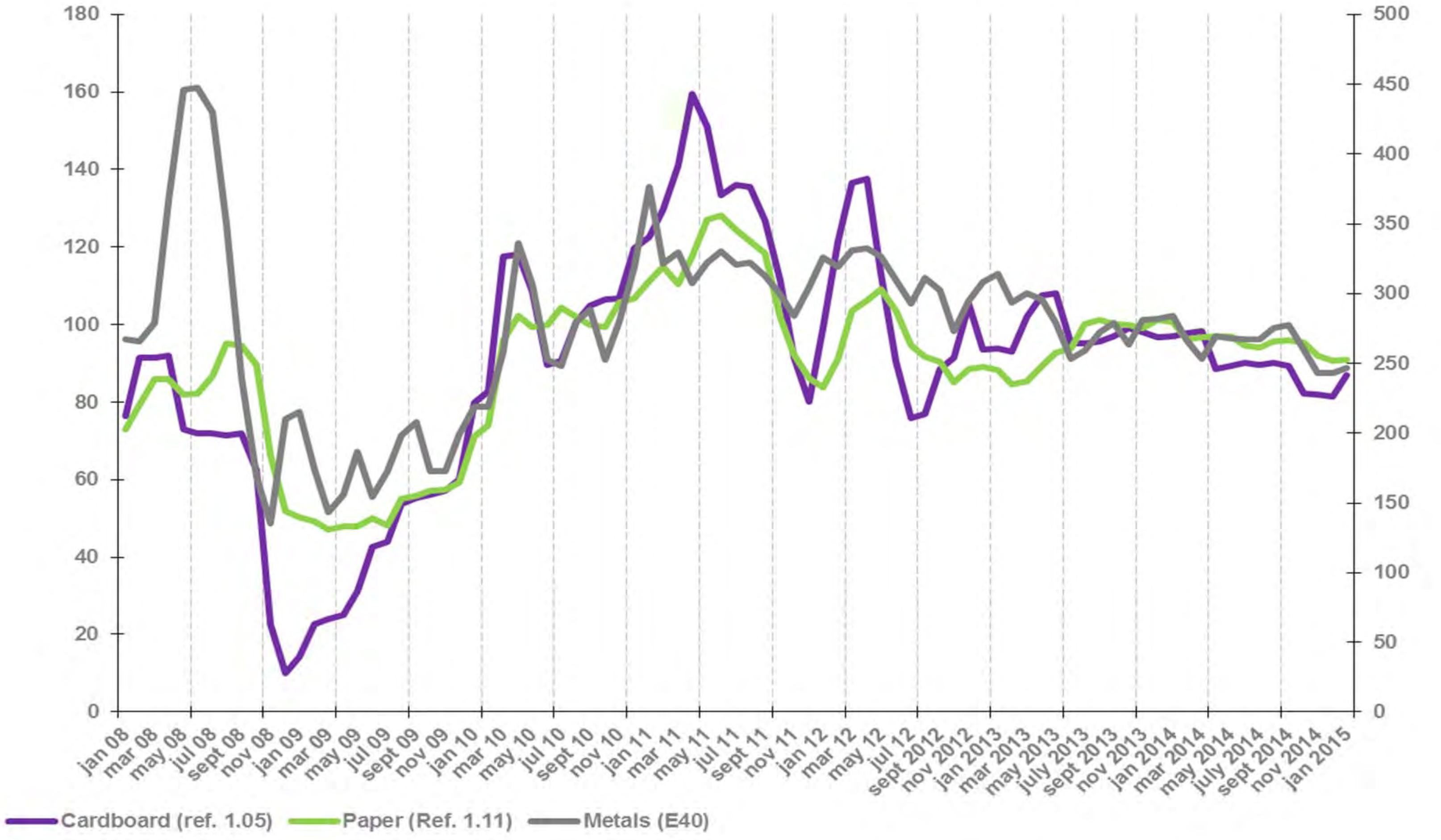


Weighted average industrial production indices for 4 key countries including SARP/SARPI: France, U.K. (excl. PFIs), Germany, and North America (excl. US Solid Waste from 2012)

Sources : until November 2014 : OCDE
December 2014 Eurostat for Germany, OECD for the US, INSEE for France, and Office for National Statistics for the UK

Appendix 8: Waste – Evolution of raw materials prices (paper, cardboard, scrap metals)

Evolution of raw materials prices (€/t)



Appendix 9: GAAP Capex by business

Total GAAP Investments by business

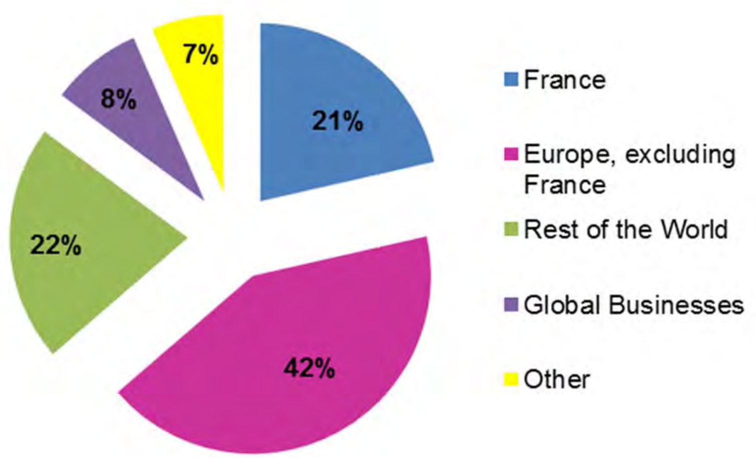
In M€	Maintenance	Growth		Total Industrial Investments
		New Operating Financial Assets	Industrial	
Water	151	73	236	460
Waste	316	50	280	646
Energy Services	155	42	162	359
Other *	48		42	90
Total 2014	670	165	720	**1,555**
Total 2013	555	224	690	1,469

- * including Proactiva

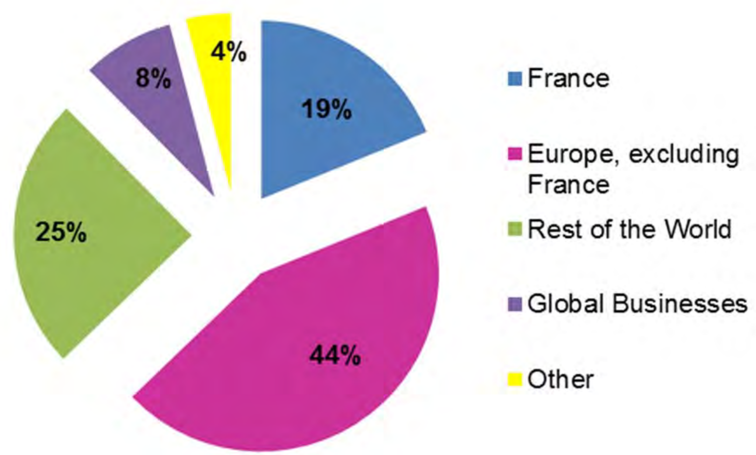
Appendix 10: Pro forma industrial investments

Pro forma Industrial Investments by Segment

2013 Pro forma Gross Industrial Investments: €1,459M



2014 Pro Forma Gross Industrial Investments: €1,567M



Increase in pro forma industrial investments due to the impact of the integration of Proactiva for +€59M and increase in UK PFI investments of +€65M.

Appendix 11: Statement of cash flows

In €M	2013	2014
Adjusted operating cash flow [1]	1,848	**2,172**
Principal payments on operating financial assets [2]	160	131
Total cash generation	**2,008**	**2,303**
Gross industrial investments including new Operating Financial Assets [2]	(1,411)	(1,533)
Industrial divestments	120	63
Variation of working capital[2]	14	73
Dividends received from joint ventures and associates [3]	115	80
Operating free cash flow before acquisitions and financial divestments	**846**	**986**
Interest expense	(645)	(497)
Cash flow from financing activities	88	48
Taxes paid	(202)	(207)
Free Cash Flow before acquisitions and financial divestments	**87**	**330**
Financial investments and financial divestments	864	143
Dalkia transaction	-	348
Variation in receivables and other financial assets	(45)	136
Dividends paid [4]	(208)	(330)
Other [5]	1,469	(19)
Cash generation	**2,167**	**608**
Impact of exchange rates	206	(390)
Other	5	(85)
Change in net financial debt	*2,378*	*133*
Opening net financial debt	**10,822**	**8,444**
Closing net financial debt	**8,444**	**8,311**
Loans granted to joint ventures	(2,725)	(619)
Adjusted net financial debt	**5,719**	**7,692**

(1) Excluding the Dalkia transaction
(2) Excluding discontinued operations
(3) Including China €25M, UK €16M

(4) Dividends paid to shareholders (€200M) and to minorities (€61M) and to hybrid debt holders (€69M).
(5) In 2013, issuance of perpetual hybrid debt of €1,454M

Appendix 12: Progressive improvement in ROCE

- **Net income from operations** = Adjusted operating income + Share of net income from JVs and associates – Adjusted income tax expense – Revenue from operating financial assets + Income tax expense allocated to operating financial assets

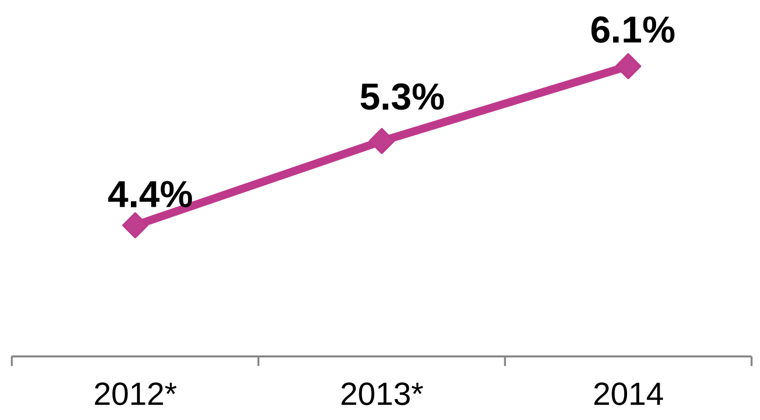
- **Capital employed** = Intangible assets and property, plant and equipment, net + Goodwill, net of impairments + Investments in JVs and associates + Operating and non-operating working capital requirements, net + Net derivative instruments - Provisions + Capital employed from assets and liabilities held for sale, excluding discontinued operations

- **Average capital employed during the year**: average of the opening and closing capital employed

⇨ **Capital employed consists of capital "earning" a return:** equity capital, minority interests, net financial debt less operating financial assets

$$\text{ROCE} = \frac{\textbf{Net income from operations}}{\textbf{Average capital employed during the year}}$$

Post-Tax ROCE



* Published figures

Appendix 13: Debt management (1/2)

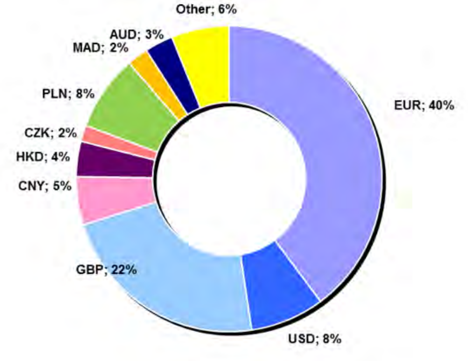
- Arrival at term on April 24, 2014 of the 2014 euro-denominated bond with nominal value of €575M
- Partial buyback end of November 2014 of €225M of euro-denominated bonds due 2016, 2017 and 2019
- Full buyback in December 2014 of the 2018 dollar-denominated bond with nominal value of $408M
- Group liquidity: €7.3 billion, including €4.1 billion in undrawn confirmed credit lines (without disruptive covenants)
- Group net liquidity: €4.1 billion
- Average maturity of net financial debt: 9.0 years at the end of 2014 versus 9.9 years at the end of 2013 and gross debt maturity: 6.7 years at the end of 2014 versus 6.7 years at the end of 2013

Net financial debt after hedges at December 31, 2014

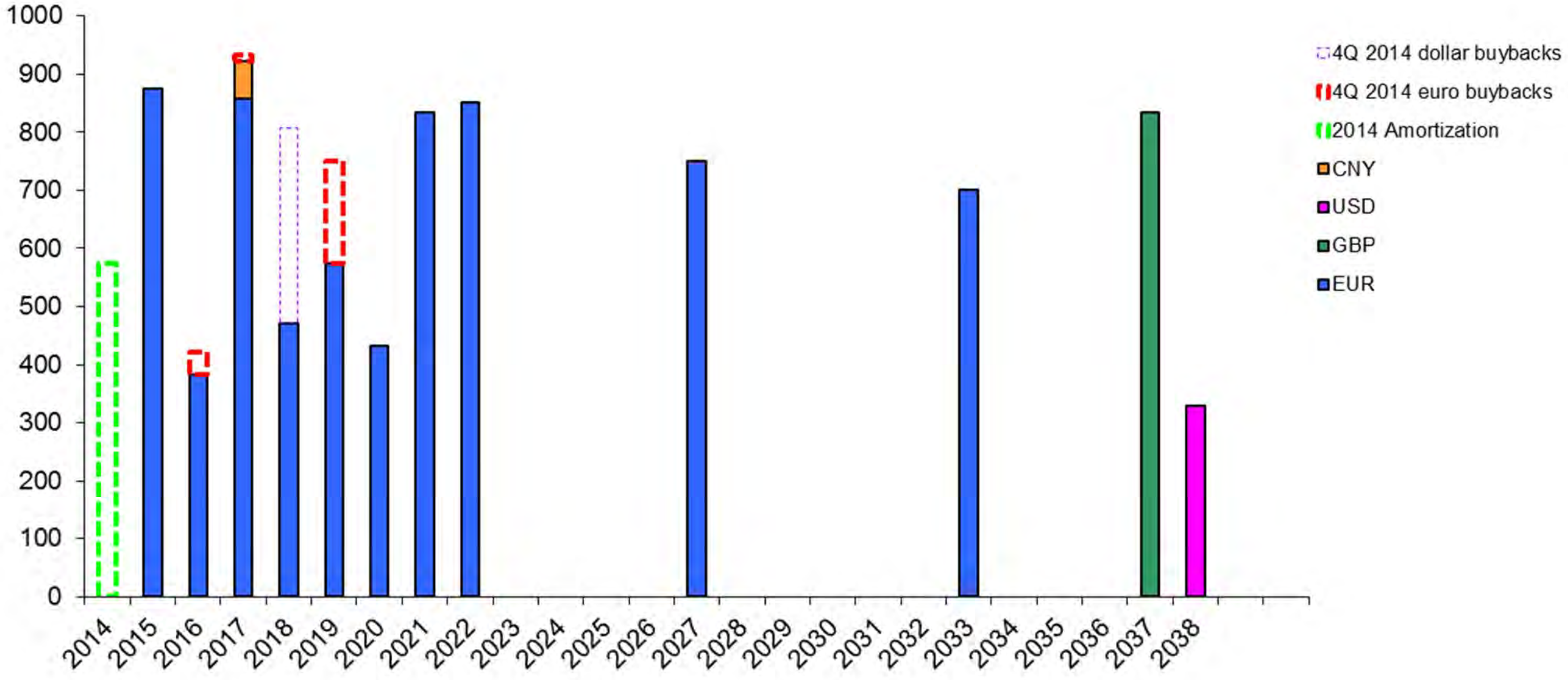
Fixed rate: 84%

Variable rate: 16 %

Currency breakdown of gross debt (after hedges) at December 31, 2014



Appendix 13: Debt management (2/2)



Appendix 14: Net liquidity

In €M	Year-ended December 31, 2013 Re-presented	Year-ended December 31, 2014
Veolia		
Syndicated loans	3,000.0	2,962.5
Bilateral credit lines	975.0	975.0
Letters of credit	350.2	190.7
Cash and cash equivalents	3,670.4	2,302.0
Total Veolia	7,995.6	6,430.2
Subsidiaries		
Cash and cash equivalents	612.0	846.6
Total Subsidiaries	612.0	846.6
Total Group liquidity	8,607.6	7,276.8
Current liabilities and bank overdrafts	3,171.6	3,219.5
Total net group liquidity	5,436.0	4,057.3

Appendix 15: Variation in gross debt and net debt

- **Reduction in cash position by more than €1 billion versus end of 2013**

In €M	2013	2014
Closing net financial debt (1)	**8,444**	**8,311**
Average net financial debt (2) (4)	9,677	8,818
Closing gross financial debt	**12,726**	**11,460**
Average gross debt (3) (4)	13,736	11,937
Gross cost of borrowing	***3.77%***	***4.11%***
Closing cash balance	**4,282**	**3,149**
Average cash balance (4)	4,235	3,418
Rate	0.68%	0.94%

RATING

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

(1) Net financial debt represents gross financial debt (non-current borrowings, current borrowings and bank overdrafts and other cash position items), net of cash and cash equivalents and excluding fair value adjustments of derivatives hedging debt
(2) Average net financial debt is the average of monthly net debt during the period
(3) Excluding bank overdrafts
(4) The 2013 average outstanding figures and rates are not re-presented for the reconsolidation of Morocco debt.

Appendix 16: Consolidated statement of financial position

In €M	2013 Re-presented	2014
Intangible assets	6,711.5	8,240.0
Property Plant & Equipment	4,171.5	6,637.5
Other non-current assets	6,965.5	4,658.7
Operating financial assets *(current and non-current)*	1,796.0	2,009.7
Cash and cash equivalents	4,282.4	3,148.6
Other current assets	12,280.6	10,030.0
Total Assets	**36,207.5**	**34,724.5**
Equity *(including minorities)*	9,659.5	9,459.1
Financial debt *(current and non-current)*	12,901.1	11,544.0
Other non-current liabilities	2,657.3	3,206.6
Other current liabilities	10,989.6	10,514.8
Total Liabilities	**36,207.5**	**34,724.5**

Appendix 17: New indicators: Reconciliation EBITDA / COI

2014 OLD

In €M	Pro forma* 2014
Adjusted operating cash flow	**2,308**
• Depreciation & amortization	-1,370
• Provisions, fair value adjustments & other	+55
• Financial and industrial capital gains	+44
• Share of net income of JVs & associates	+69
Adjusted operating income	**1,106**

2014 NEW

In €M	Pro forma* 2014
EBITDA	**2,763**
• Depreciation & amortization	-1,370
• Provisions, fair value adjustments & other [(1)]	-12
• Share of net income of JVs & associates	+69
• Renewal expenses	-263
• Principal payments on OFAs	-113
COI	**1,074**

[(1)] Including capital gains on industrial divestments

*Excluding Dalkia France, including DKI fully consolidated at 100% and including Morocco Water

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