

2023 ANNUAL RESULTS

- **Record 2023 results**, above guidance
- 2023 demonstrates Veolia's ability to grow its results thanks to its unique **positioning and strict operational discipline**
- **Efficiency and synergies** objectives exceeded
- **Decrease in net financial debt and leverage of 2.7 x**, only 2 years after Suez acquisition
- **Great confidence for 2024** : another year of strong results growth expected

Very strong organic **Revenue** growth of +9 %⁽¹⁾ to €45 351m, and +4.4 %⁽¹⁾ excluding energy price impact

- Solid growth in our 3 businesses
- Favorable impact of tariff indexations and of our strict pricing policy

Strong **EBITDA** organic growth of +7.8 %⁽¹⁾ to €6 543m, above the guidance range of +5 % to +7 %:

- €389 m of efficiency gains above the annual objective of €350m
- €168 m of synergies, above annual target, and €315m cumulated

Current EBIT of €3 346m², strong organic growth of +13.7 %⁽¹⁾

Current net income of €1 335m⁽²⁾, up +14.9%⁽³⁾, above our target of €1.3 bn

ROCE back to pre-covid and pre-suez levels, at 8.3% after tax

The increase in **Free cash flow** to €1,143 m enables a reduction in net financial debt to €17,903 m, with a leverage of 2.74 x

Proposal to increase the **Dividend** to €1.25 per share

Ambitious 2024 guidance:

- Solid organic revenue growth ⁽¹⁾ ⁽⁴⁾
- Organic growth⁽¹⁾ of EBITDA between +5% and +6%
- Current net income group share above €1.5 bn⁽²⁾
- Leverage ratio maintained below 3x⁽²⁾

¹ at constant scope and forex

² Excluding Suez *purchase price allocation* .

³ At current exchange rates

⁴ Excluding energy prices

Estelle Brachlianoff, CEO of the Group, commented : *“The year 2023 will have been another record year for Veolia, exceeding our targets, with sales of 45 billion euros, EBITDA up 7.8% and current net income up 14.9% to 1,335 million euros, double that of 2018. These excellent results are the fruit of our unique positioning in the buoyant ecological transformation market, as well as of our ongoing efforts to maintain strict operational control.*

Demand for our services has never been so high, with, for example, a full and fast-growing order book for our Water technologies business, at €5.3 billion, a sign that water scarcity and quality have become one of the primary consequences of climate change for cities and industries alike.

We have also continued to focus on efficiency, achieving savings of €389 million, in addition to the benefits of the Suez acquisition in the form of €168 million in cost synergies, which exceeded our targets.

2023 is the 7th consecutive year of earnings growth. During this period, Veolia, the world leader in ecological transformation, will have absorbed a series of major economic, health, geopolitical and energy shocks. This uninterrupted growth demonstrates not only our resilience and capacity to adapt, but also the relevance of our positioning in the buoyant market of ecological transformation, and our unique geographic footprint with almost 40% of sales outside Europe.

We look forward to 2024 with great confidence, perfectly poised for another year of strong earnings growth, and in particular a target of current net income above €1.5 billion.”

Detailed results at 31 December 2023

Revenue for 2023 is €45,351 million, up 9% at constant exchange rates, and +4.4% excluding energy prices.

The evolution of revenue by effect is as follows:

- **The exchange rate effect was -€1 187 million (-2.8%)** and mainly reflects the change in the Argentinian, Australian, US, UK and Chinese currencies, partially offset by an improvement in the Polish and Czech currencies.
- **Scope effect was -€217 million (-0.5%)** and mainly reflects the disposal of Suez's waste business in the United Kingdom in November 2022, offset by the full-year consolidation of Suez assets and the first-time consolidation of Lydec (Morocco).
- **The Commerce / Volumes / Works effect was +€774 million (+1.8%)** thanks to strong sales momentum, as well as growth in construction and in the Water Technologies business.
- **The climate effect was -€232 million (-0.5%).** The Energy business in Central and Eastern Europe was impacted by a milder winter than in 2022, as well as unfavorable weather conditions in France, Spain and the United States, which impacted water consumption over the summer months.
- **The impact of energy and recyclate prices amounted to +1,579 million euros (+3.7%),** driven by the increase in heat and electricity tariffs (+€1,978 million) mainly in Central and eastern Europe. This increase was partially offset by a fall in recyclate prices, which affected all recycled materials and mainly Northern Europe, France and Germany.

- **Price effects were very favorable, at +€1,749 million**, mainly due to price indexation mechanisms and increases in the price of the Group's services of +5.2% on average in Waste and +4.4% in Water.

Revenue at 31 December 2023 progressed across all operating segments compared to 31 December 2022:

Revenue in **France and Special waste Europe** amounted to 9 726 million euros, and showed organic growth of **+1.4%** compared to 31 December 2022 :

- **Water France** revenue increased by +1.0% to 3 006 million euros, mainly due to tariff indexations of +6.2 %, which offset the re-municipalization of the Lyon water contract, and lower volumes by -2,8 % due to unfavorable weather.
- The **French waste business** grew by +0.7% to 2 909 million euros : lower recycle prices and lower volumes were offset by higher service prices and electricity revenue. Excluding the price of recyclates, sales rose by 5.4%.
- The **Hazardous waste business in Europe** reached 2 125 million euros, slightly down by -0.8% impacted mainly by the fall in the price of recycled oils, but offset by increased pricing in the hazardous waste treatment and sanitation businesses
- **SADE** revenue grew by +5.2 %, thanks to strong commercial momentum in France.

Revenue in **Europe excluding France** reached **€19,000 million** at 31 December 2023, with organic growth of **+11.6%**.

- In **Central and Eastern Europe**, revenue rose by +19.1% to 11 360 million euros. The region's business was particularly buoyant, driven by rising electricity prices and tariff revisions obtained for heating (Poland, Hungary, Czech Republic, Slovakia and Germany), despite an unfavorable weather effect (-159 million euros).
- In **Northern Europe**, revenue of **€4,043 million** increased by 5.2%. This increase was mainly due to revenue in the United Kingdom, up +5.5% on a like-for-like basis, notably thanks to rate indexation and the favorable effect of electricity prices on incineration, as well as good business development in waste collection.
- In **Iberia**, revenue of 2 603 million euros increased by +6.6 %, mostly due to Water in Spain, driven by good construction activity, tariff increases, partially offset by lower volumes (-0.8 % vs. 2022), due to unfavorable weather.
- **In Italy**, revenue of 994 million euros decreased by -12.5 %, mainly due to lower energy prices, with no impact on margins due to the parallel fall in energy purchase costs.

Revenue in **Rest of the World** reached **€11,907 million**, up **10.0%** at constant scope and forex, with solid growth in all geographies:

- Revenue reached 1 832 million euros in **Latin America**, up +30.3%, driven mostly by hyperinflation in Argentina, as well as by Water in Chile thanks to tariff increases.
- In **Africa-Middle East**, business grew by +10.0%, to 2 213 million euros , driven mainly by new waste contracts (Istanbul, Turkey), the start-up of new water facilities (Jeddah, Saudi Arabia), growth in energy services in the Middle East, and the progress of water contracts in Morocco, benefiting from slightly higher volumes.

- In **North America**, sales came to 3,347 million euros, up +5.8%. The hazardous waste business had a very good year, with revenue up 6.4% thanks to higher volumes and increased rates. The Water business benefited from tariff increases, which more than offset a 1.7% drop in volumes in the "regulated water" business, impacted by unfavorable weather conditions (with no impact on margins).
- Sales in **Asia** amounted to 2,540 million euros, up +4.6%, driven mainly by Hong Kong (+16.1%), Taiwan (+11.9%) and Japan (+4.8%). China stabilizes
- In the **Pacific** region, sales of €1,975 million were up +6.4%, mainly due to the effect of tariff revisions and commercial gains in the waste business (in particular the city of Goldcoast), as well as a good commercial performance in industrial maintenance.

The **Water Technologies** business generated sales of 4,707 million euros, up +12.1%, driven by growth at WTS in the Engineering Systems and Chemical Solutions businesses, as well as by growth at VWT in its Services and Technologies businesses. Order intake for the Water Technologies business at December 31, 2023 (for projects and products, excluding services) amounts to 3,490 million euros, up sharply on December 31, 2022 (2,662 million euros), an increase of 31.1%.

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

Water revenue rose by 7,5% to €18 409 M

- **Water Operations** rose by +5.9% to €12,627 million, with price increases across all geographies, strong sales growth in Africa-Middle East, and a good level of construction activity, despite volumes impacted by unfavorable weather conditions in France, Spain and the United States.
- **Water Technology and Construction** rose by +10.8% to €5,782 million, driven mainly by the Water Technologies businesses

Waste sales rose by +3.4% on a like-for-like basis to €14,683 million, and by +5.9% excluding changes in recycle prices. It benefited from favorable price revisions (+5.2%), which offset the impact of lower recycled materials prices (-2.5% on sales) in France, Germany and Northern Europe. The commerce/volume/work effect was positive (+0.1%), with resilient volumes, with a decline in Europe (notably in France and Germany) offset by the rest of the world, and good commercial activity in Australia and the United Kingdom.

Energy sales rose by +19.9%. Strong sales growth was driven by positive price effects (+18.5%), mainly in Central and Eastern Europe. The unfavorable climate effect on sales for 2023 amounted to -1.5%.

Strong EBITDA growth, to €6,543 M vs. €6,196 M at 31 December 2022, up +7.8 % at constant scope and exchange rates.

- The **impact of exchange rates** on EBITDA amounted to -133 million euros (-2.2%). This mainly reflects a depreciation of the Argentinean, American, Australian, Chinese and British currencies, partially offset by a rise in the Polish and Czech currencies.
- **Scope** effect was almost neutral, at -4 million euros.
- **Commerce/Volumes/Works impact was favorable by** +117 million euros.

- **Weather** impact was -83 million euros
- **Energy and recycled materials prices** had a net favorable impact on EBITDA of +160 million euros, mainly due to higher energy selling prices net of higher purchasing costs, which offset the unfavorable impact of recycled materials prices (-88 million euros) in France, Northern Europe and Germany.
- **Efficiency net of gains** shared with customers, contract renegotiations and cost pass-through lag effects came to 122 million euros. The efficiency plan contributed 389 million euros by 2023, above the annual target of 350 million euros.
- **Synergies** from the integration of Suez amounted to 168 million euros in 2023, ahead of target.

Compared with 31 December 2022, 2023 EBITDA evolution by segment was as follows:

- **France and Special Waste Europe** achieved an EBITDA of €1,338 million, down -5.2% compared with December 31, 2022, due to lower recyclate prices, an unfavorable weather effect on water volumes, partly offset by operating efficiency action plans.
- **EBITDA for Europe excluding France** totaled €2,599 million. It posted an organic growth of +13.7% compared with December 31, 2022, driven by high energy prices and gains in flexibility and support services in energy in Central and Eastern Europe, and by tariff increases in water.
- **The Rest of the World** EBITDA reached 1,925 million euros, an organic growth of 7.1% compared with December 31, 2022, driven by North America, Africa Middle East and the Pacific.
- The **Water Technologies** division generated an EBITDA of 534 million euros, with an organic growth of +17.0% compared with December 31, 2022, driven by its Engineering Systems, Chemical Solutions and Services & Technologies businesses.

The main changes in EBITDA by business at constant scope and exchange rates can be analyzed as follows

- EBITDA for the **Water** division totaled 3,122 million euros. It is up +5.4% at constant scope and exchange rates compared with December 31, 2022, driven mainly by the Water Technologies business. In Water Operations, EBITDA benefited from the efficiency gains and synergies generated in 2023, which more than offset the impact of weather conditions on volumes.
- EBITDA for the **Waste** business reached 1,924 million euros, up +1.0% at constant scope and exchange rates compared with December 31, 2022, excluding changes in recyclate prices, benefiting from efficiency gains and synergies generated over 2023.
- EBITDA for the **Energy** business reached 1,497 million euros, a very strong growth of 35.3% at constant scope and exchange rates compared with December 31, 2022, benefiting from higher energy prices and improved energy efficiency at cogeneration facilities.

Strong current EBIT growth of +13.7 % at constant scope and forex to € 3 346 M.

Currency movements weighed by -€72m on current EBIT.

The increase in recurring EBIT on a like-for-like basis (€420m) breaks down as follows :

- Strong EBITDA growth (+485 M€ at constant scope and exchange rates).
- Depreciation and amortization (including repayments of operating financial assets) up 60 million euros at constant scope and exchange rates
- Lower industrial capital gains net of asset impairments (44 million euros in 2023 vs. 68 million euros in 2022) due to lower industrial capital gains,
- Stable share of current net income of JV and associates at 123 million euros, but up +21 million euros at constant scope and exchange rates

Current net income group share reached €1 335 million at 31 December 2023, vs. € 1 162 million at 31 December 2022 (+14.9%)

- **Financial result was -966 million euros** at 31 December 2023 vs. -1 023 million euros at 31 December 2022.
 - It includes the **cost of net financial debt**, down by 81 million euros to -626 million euros at December 31, 2023, compared with -707 million euros a year earlier.
 - **Other financial income and expenses** (including capital gains and losses on financial disposals) amounted to -350 M€, compared with -386 M€ at December 31, 2022. This change is due in particular to the reduction in the fair value of the debt of the Aguas Andinas subsidiary in Chile (indexed to inflation).
- **Taxes totaled -€599 million**, reflecting the rise in pre-tax income from ordinary activities. The current tax rate was 26.5%.
- **Minority interests amounted to -€446 million**, compared with -€363 million at December 31, 2022.

Net income group share was €937 million vs. €716 million at 31 December 2022 (+31%)

Decrease in net Financial debt to €17 903 M at 31 December 2023. Free cash flow of €1 143 M.

Net financial debt stood at €17,903 million (excluding PPA), compared with €18,138 million at December 31, 2022. Compared with December 31, 2022, the change in net financial debt is mainly due to the increase in free cash flow to €1,143 million, up €111 million.

Proposal of a dividend increase to €1.25 per share.

The Board of Directors will propose to the Annual General Meeting of April 25, 2024 the payment of a dividend of [€1.25] per share in respect of the 2023 financial year, payable in cash. The ex-dividend date will be May 8. Dividends for 2023 will be paid from May 10, 2024.

Impact 2023 strategic plan objectives achieved

In March 2020, as part of its Impact 2023 strategic plan, the Group established a series of financial and extra-financial objectives for 2023. These objectives have been largely achieved, including:

- Employee engagement rate of 89%, on target to exceed 80%, with 7.5% of Group capital held by employees, who are now our largest shareholder
- 15.4 million tonnes of CO2 avoided
- Net income before non-recurring items in 2023 of €1,335 million (against a target of €1 billion), a doubling since 2018
- 400 million m3 of water saved by improving water network efficiency, to 76% by 2023.

Objectives 2024

In view of the very strong 2023 results and the good start to the year, we can look forward to 2024 with confidence, and announce ambitious targets.

- Solid organic growth of revenue^{(1) (2)}
- Efficiency gains above €350m complemented by additional synergies for a cumulated amount of more than €400m end-2024, in line with the €500m cumulated objective
- Organic growth of EBITDA between +5 % and +6 %⁽¹⁾
- Current net income group share above €1.5bn⁽³⁾
- *Leverage ratio* expected below 3x⁽³⁾
- Dividend growth in line with current EPS growth

(1) At constant scope and forex

(2) Excluding energy prices

(3) Excluding Suez PPA

Agenda

18 April 2024: Deep dive USA (New York)
Fall 2024: Deep dive Water Technology and Innovation

ABOUT VEOLIA

Veolia Group aims to become the benchmark company for ecological transformation. Present on five continents with nearly 213,000 employees, the Group designs and deploys useful, practical solutions for the management of water, waste and energy that are contributing to a radical turnaround of the current situation. Through its three complementary activities, Veolia helps to develop access to resources, to preserve available resources and to renew them.

In 2023, the Veolia group provided 113 million inhabitants with drinking water and 103 million with sanitation, produced 42 million megawatt hours of energy and treated 63 million tonnes of waste. Veolia Environnement (Paris Euronext: VIE) achieved consolidated revenue of 45 351 million euros in 2023. www.veolia.com

IMPORTANT DISCLAIMER

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

Veolia Environnement is a corporation listed on the Euronext Paris. This press release contains “forward-looking statements” within the meaning of the provisions of the U.S. Private Securities Litigation Reform Act of 1995. Such

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

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

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