Press release

Paris, November 3, 2016

KEY FIGURES FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016

(UNAUDITED IFRS FIGURES)

CONTINUED STRONG RESULTS GROWTH DUE TO COST SAVINGS AND DESPITE AN UNFAVORABLE EXCHANGE RATE IMPACT AND A SLIGHT DECLINE IN REVENUE

- **REVENUE: €17,708 MILLION, -1.2%[1]**
    - **EXCLUDING THE IMPACT OF CONSTRUCTION AND ENERGY PRICES, REVENUE INCREASED 1.6%[1]**
- **EBITDA: INCREASE OF 5.1%[1] TO €2,206 MILLION, DRIVEN BY COST SAVINGS**
- **CURRENT EBIT: €979 MILLION, UP 7.3%[1]**
- **CURRENT NET INCOME – GROUP SHARE: GROWTH OF 8.8%[1] TO €421 MILLION, AND UP 21.5%[1] EXCLUDING CAPITAL GAINS**
- **MORE THAN €175 MILLION IN COST SAVINGS ACHIEVED DURING THE FIRST NINE MONTHS**

Antoine Frérot, Veolia's Chairman and CEO indicated*: "Given a persistently difficult environment, with a sluggish economy and weak inflation, revenue was slightly below our expectations in the third quarter, but commercial development was strong, providing confidence for the coming quarters. In terms of results, Veolia achieved another strong quarter, trending similar to the first half of 2016. EBITDA for the nine months continued to grow more than 5% excluding currency effects, and current net income - group share increased by double digits excluding capital gains. In total, for the third consecutive year, 2016 results should be very satisfactory, primarily due to the continued steady pace of cost reductions, even ahead of our annual objective. The 2017 fiscal year should fully benefit from numerous developments completed this year, all while maintaining cost reduction efforts at a similar pace to 2016.*

---

[1] At constant exchange rates
At current consolidation scope and exchange rates, revenue declined 3.2%, EBITDA grew 2.7%, current EBIT increased 4.0% and current net income – group share grew 2.9%.

- **Revenue for the nine months ended September 30, 2016 declined 3.2% (-1.2% at constant exchange rates) to €17,708 million compared with €18,288 million for the prior year period.**

The unfavorable movement in exchange rates penalized revenue growth by -1.9% in the first nine months (-€354 million). Lower energy prices, primarily in the first half of 2016, weighed on revenue to the tune of -€114 million (-0.6% of revenue growth), and lower construction activity hit revenue by -€396 million (-2.2%).

At constant exchange rates and excluding the impact of lower construction revenue and energy prices, revenue increased 1.6% due to solid commercial performance and an overall positive impact, though limited, of price indexation.

- In France, revenue for the nine months was largely stable (-0.6%). Water revenue was negatively impacted by lower volumes (-1.7%) and weak price indexation (+0.2%), but posted a slight progression due to the benefit of new contracts (primarily Lille). Waste revenue declined by 1.6%, as in the first half, given stable volumes (+0.1%), and the impact of the fall of scrap metal prices. However, the contract renewal rate was very good and commercial development was strong, including the award of the Troyes waste to energy plant contract.
- Revenue in the Europe excluding France segment was also largely stable (-0.4%) at constant exchange rates for the nine months, following -0.3% in the first half. Revenue in Germany increased due to strong performance in Waste. United Kingdom revenue declined 1.7% at constant exchange rates, but excluding construction revenue (which was down by -€53 million due to the end of construction of the Leeds plant) was up by 1.4%. Central and Eastern Europe revenue posted a decline for the nine months due to lower electricity volumes and prices in the Czech Republic and Lithuania, partially offset by higher invoiced water volumes (+1.5%).
- The Rest of the World segment continued to improve, posting 1.9% growth at constant exchange rates for the nine months, with Q3 revenue up 6.3% (after Q1 down 2.4% and Q2 up 1.9%). At constant exchange rates, revenue in the United States declined 3.5% for the nine months ended September 30, 2016, after a -9.4% decline in the first half due to lower energy prices and volumes, and the fall in industrial services revenue. Revenue growth improved in the third quarter, due to the integration of the sulfuric acid regeneration business. Asia revenue increased 3.4%, with accelerated growth in China in the third quarter (+17.6% at constant exchange rates), which benefited from the Sinopec contract. Latin America grew 10.9% and Africa Middle East grew 8.9%. Revenue in Australia declined by 4.2%, penalized by lower industrial services activity.
- Global Businesses revenue decreased 5.2% at constant exchange rates. Hazardous waste activity continued to grow (+2.7%), while the progressive downsizing of construction activities in Veolia Water Technologies and SADE continues.

- **Continued commercial development momentum since the beginning of 2016**
  - Building on the strong business development performance achieved during the first half of 2016, the Group has been awarded several significant contracts during the third quarter.
  - In the municipal sector, Veolia has notably been awarded the PFI waste contract in Hertfordshire in the United Kingdom (30-year contract with expected cumulative revenue of £1 billion), the waste collection and recycling contract for the London borough of Camden (expected cumulative revenue of £338 million over 8 years) and the construction and operation of a waste-to-energy plant in the Troyes region of France (expected cumulative revenue of €240 million over 25 years).

- In the industrial sector, the significant water treatment contract award in China for Yanshan Petrochemicals, a subsidiary of SINOPEC, for 25 years and expected cumulative revenue of €3.3 billion was finalized and commenced in August.

- **EBITDA increased 2.7% (+5.1% at constant exchange rates) to €2,206 million.**
  - Exchange rate movements negatively impacted EBITDA by 2.4% (-€52 million) with in particular -€22 million related to the U.K. pound sterling.
  - At constant exchange rates, the sustained growth in EBITDA was mainly due to cost savings continuing at a rate superior to the €200 million annual objective, with more than €175 million in savings achieved in the first nine months of 2016. Operational efficiency contributed 44% of savings, purchasing contributed 35% and lower SG&A expense contributed 21% of savings. For the full year 2016, cost savings are expected to be in the range of €220 million to €240 million.

Current EBIT increased 4.0% (+7.3% at constant exchange rates) to €979 million.

- Current EBIT was negatively impacted by unfavorable exchange rate movements of -€31 million, including -€14 million related to the U.K. pound sterling.
- Excluding exchange rate impacts, current EBIT growth was mainly driven by the increase in EBITDA. Depreciation and amortization and principal payments on operating financial assets in total increased to €1,165 million for the nine months ended September 30, 2016 (compared with €1,133 million in the prior year period). The contribution of the share of net income of joint ventures and associates was stable at €82 million.

- **Current net income – Group share increased 2.9% (+8.8% at constant exchange rates) to €421 million for the nine months ended September 30, 2016, compared with €410 million for the first nine months of 2015.**
  - Current net income was negatively impacted by exchange rate movements in the amount of -€24 million.
  - It benefited from a €29 million reduction in financial costs.
  - Current net income includes €33 million of net capital gains in the first nine months of 2016 versus €71 million in the first nine months of 2015.
  - Excluding capital gains, current net income – Group share was up strongly to €388 million for the nine months ended September 30, 2016 (+21.5% at constant exchange rates).

- **Net financial debt declined to €8,883 million at September 30, 2016 compared with €8,977 million at September 30, 2015.**
  - Net financial debt declined €94 million compared to the prior year.
  - It benefited from a favorable exchange rate impact of €284 million vs. September 30, 2015 and includes the impact of -€410 million in net financial investments.
  - The leverage ratio is 2.9x.

****

- **2016-2018 Objectives**

  Based on the results recorded during the first nine months of 2016, the Group's outlook is as follows:

  - **2016 Objectives***
    - Revenue now expected to be overall stable
    - EBITDA growth
    - Net free cash flow before divestments and acquisitions of at least €650 million
    - Current net income of at least €600 million

  - **2016-2018 Outlook***
    - The Group expects a progressive increase in revenue growth to achieve average annual revenue growth between 2% and 3% based on the current economic environment
    - Average annual EBITDA growth of around 5% per year
    - More than €600 million in cost savings over the period
    - Current net income greater than €800 million in 2018
    - Net free cash flow of €1 billion in 2018

  **at constant exchange rates*

****

Veolia group is the global leader in optimized resource management. With over 174,000 employees worldwide, the Group designs and provides water, waste and energy management solutions that contribute to the sustainable development of communities and industries. Through its three complementary business activities, Veolia helps to develop access to resources, preserve available resources, and to replenish them. In 2015, the group Veolia supplied 100 million people with drinking water and 63 million people with wastewater service, produced 63 million megawatt hours of energy and converted 42.9 million metric tons of waste into new materials and energy. Veolia Environnement (listed on Paris Euronext: VIE) recorded consolidated revenue of €25.0 billion in 2015. www.veolia.com

Important disclaimer
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 divesture 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 Autorités 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.

Contacts

Group Media Relations
Laurent Obadia
Sandrine Guendoul
Tel : + 33 (0)1 85 57 42 16
sandrine.guendoul@veolia.com

Analyst & Investor Relations
Ronald Wasylec - Ariane de Lamaze
Tel.: + 33 (0)1 85 57 84 76 / 84 80
Terri Anne Powers (United States)
Tel.: + 1 630 218 1627

QUARTERLY FINANCIAL INFORMATION FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016

A] KEY FIGURES

Group results break down as follows:

(in € million)	Nine months ended September 30, 2015	**Nine months ended September 30, 2016**	Δ	Δ at constant exchange rates
Revenue	18,288	17,708	-3.2%	-1.2%
EBITDA	2,148	2,206	+2.7%	+5.1%
EBITDA margin	*11.7%*	*12.5%*		
Current EBIT (1)	942	979	+4.0%	+7.3%
Current net income – Group share	410	421	+2.9%	+8.8%
Current net income – Group share, excluding capital gains and losses on financial disposals net of tax	339	388	+14.5%	+21.5%
Industrial investments	877	902		
Net free cash-flow (2)	(12)	3		
Net Financial debt	8,977	8,883		

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

(2) Net free cash flow corresponds to free cash flow from continuing operations, and is equal to the sum of EBITDA, dividends received, operating cash flow from financing activities, and changes in operating working capital requirements, less net industrial investments, current cash financial expense, cash taxes paid, restructuring charges and renewal expenses.

The main foreign exchange impacts were as follows:

Foreign exchange impacts *as of Sept 30, 2016 vs Sept 30, 2015*	*%*	*in € million*
Revenue	*-1.9%*	*(354)*
EBITDA	*-2.4%*	*(52)*
Current EBIT	*-3.3%*	*(31)*
Current net income	*-5.9%*	*(24)*
Net financial debt (vs. December 2015)	*-4.3%*	*(354)*
Net financial debt (vs. September 2015)	*-3.2%*	*(284)*

B] INCOME STATEMENT

1. Revenue

Group consolidated revenue for the nine months ended September 30, 2016 was €17,707.6 million, compared with €18,287.6 million for the same period in 2015, down -1.2% at constant exchange rates. Excluding Construction revenue and the impact of lower energy prices, revenue increased +1.6% at constant exchange rates.

Revenue fell -1.7% at constant exchange rates in the third quarter, following a decrease of -2.1% in the first quarter and an increase of +0.1% in the second quarter at constant exchange rates. Excluding Construction revenue and the impact of lower energy prices, third quarter revenue improved +1.6% at constant exchange rates (versus +1.2% in the first quarter and +1.9% in the second quarter).

The decrease in revenue between 2015 and 2016 breaks down by main impact as follows:

The foreign exchange impact on revenue was -€353.7 million (-1.9% of revenue) and mainly reflects fluctuations in the pound sterling (-€167.3 million), the Argentine peso (-€69.1 million), the Japanese yen (+€31.1 million), the Polish zloty (-€29.4 million), the Australian dollar (-€20.6 million), the Mexican peso (-€20.2 million), and the Chinese renminbi (-€19.4 million).

The decrease in Construction revenue (-€396 million, representing -2.2% of Group revenue) essentially concerns Veolia Water Technologies and SADE (for -€314 million), as well as the completion of construction work on the Leeds and Shropshire PFI incinerators in the United Kingdom (-€53 million).

Group revenue was affected by the decline in energy prices (-0.6%) in the first semester, primarily in the United States.

The positive business momentum (Commerce/Volumes impact) of +€110 million was due to:

- an increase in volumes, in line with the good performance of the Waste activity in the United Kingdom and in Germany, good performance in China, in Africa and the Middle-East and hazardous waste overall. These positive effects were partially offset by a decrease in Water volumes in France, lower volumes of electricity sold in Germany and the Czech Republic, and reduced industrial services activity in North America and Australia;
- good business momentum with contract wins in Waste in France, Germany and the United Kingdom, the integration of a water cycle optimization contract at a Chinese petrochemical complex (Sinopec), and the commissioning of new assets (particularly the Leeds incinerator in the United Kingdom and the hazardous waste incinerator in Changsha in China);
- an overall negative weather impact (-€12 million): favorable in Central Europe, but more than offset by a negative impact in the United States.

Favorable price / tariff effects were the result of tariff indexation that remains favorable although moderate and higher waste prices in Argentina (due to inflation), despite the decrease in recyclate prices (-€5 million).

"Other" changes include changes in consolidation scope (+€121 million), and in particular the integration of the assets of Chemours' Sulfur Products division in July 2016 and transactions performed in 2015 (notably the acquisition of Altergis in the Energy sector in France and an entity in the Netherlands). Other changes also include negative one-off items with limited impact on EBITDA.

1.1 Revenue by segment

Revenue (in € million)	Nine months ended September 30, 2015	**Nine months ended September 30, 2016**	Δ 2016/2015	Δ at constant exchange rates	Δ at constant exchange rates, excl. impact of Construction activities and energy prices
France	4,090.2	4,065.5	-0.6%	-0.6%	-0.5%
Europe excluding France	6,180.1	5,969.7	-3.4%	-0.4%	+1.6%
Rest of the World	4,387.5	4,346.8	-0.9%	+1.9%	+3.3%
Global Businesses	3,535.8	3,304.5	-6.5%	-5.2%	+3.7% *
Other	94.2	21.1	-	-	-
Group	18,287.6	**17,707.6**	**-3.2%**	**-1.2%**	**+1.6%**

(*)Global businesses include Hazardous waste activities, and Solutions and Technologies activities in Water (sensitive to Construction works fluctuations)

The decrease in 2016 third quarter revenue is marked by the ongoing downsizing of the Design & Build activities and international growth:

Δ at constant exchange rates	Q1 2016	Q2 2016	Q3 2016
France	+0.2%	-0.7%	-1.3%
Europe excluding France	-0.9%	+0.3%	-0.6%
Rest of the World	-2.4%	+1.9%	+6.3%
Global Businesses	-2.9%	-0.9%	-11.4%
Group	**-2.1%**	**+0.1%**	**-1.7%**
Total Group excluding the impact of Construction activities and energy prices	**+1.2%**	**+1.9%**	**+1.6%**

FRANCE

Revenue in France for the nine months ended September 30, 2016 was €4,065.5 million, down slightly by -0.6% year-on-year. Excluding the impact of Construction activities and energy prices, revenue was also down slightly by -0.5% at constant exchange rates.

- Water business revenue improved slightly by +0.3% compared with the first nine months of 2015. The positive commercial impact of new contracts (particularly the Ileo contract in Lille) was mitigated by unfavorable contractual renegotiations (renewal of the Greater Lyon contract and transfer of the Montpellier contract to the municipality), reduced Construction activity, weak tariff indexation of +0.2%, and a -1.7% decrease in volumes sold.
- Consistent with the first half 2016 performance, Waste revenue slipped -1.6% in the first nine months of the year. Despite the satisfactory level of incineration activities and landfill volumes and positive commercial impacts (particularly in the sorting and recovery of industrial waste and incineration), revenue was impacted by a drop in municipal and commercial collection volumes and a decrease in recyclate prices and volumes (plastics and ferrous and non-ferrous scrap metal). The commercial portfolio nonetheless expanded significantly in the third quarter of 2016, with a high contract renewal rate and contact wins (Troyes incinerator, Cergy waste collection contact, etc.).

EUROPE EXCLUDING FRANCE

Revenue in the Europe excluding France segment for the first nine months ended September 30, 2016 amounted to €5,969.7 million, down slightly by -0.4% at constant exchange rates year-on-year. Revenue has therefore remained practically stable throughout the year: after decreasing -0.9% in the first quarter and increasing +0.3% in the second quarter, revenue slipped -0.6% at constant exchange rates in the third quarter.

Excluding the impact of Construction activities and energy prices, revenue increased +1.6% at constant exchange rates.

This overall increase breaks down as follows:

- Central Europe: revenue fell -1.6% at constant exchange rates for the nine months ended September 30, 2016, with a third quarter Y-Y decrease reflecting a slump in electricity volumes and tariffs in the Czech Republic and Lithuania. These third quarter negative effects, together with the decrease in Construction activities in the Water division in the Czech Republic and the first-half fall in energy prices, were partially offset by an increase in tariffs and volumes in the Water business in the Czech Republic, the startup of two cogeneration facilities in Hungary (Debrecen and Nyiregyhaza), and a favorable weather effect in Lithuania and Poland.
- United Kingdom and Ireland: revenue fell -1.8% at constant exchange rates for the nine months ended September 30, 2016, but recovered in the third quarter posting growth of +1.5% at constant exchange rates (versus -2.3% in the first quarter and -4.3% in the second quarter). Despite the decrease in Construction activity, revenue benefited from the development of commercial collection activities (particularly the Sainsbury contract), new municipal contracts in the Waste business (St Albans, Southend-on-Sea, Hampshire), an increase in recyclate volumes and prices (paper, metal), and the commissioning of the Leeds incinerator in December 2015.

- Northern Europe: revenue momentum was confirmed, increasing +6.2% at constant exchange rates thanks to strong growth in Waste activities and the integration of new contracts (particularly Veolia Industriepark in Germany).
- Italy: Energy business revenue fell -11.6%, due to the restructuring of the commercial portfolio, a decrease in energy prices and an unfavorable weather effect.

REST OF THE WORLD

Revenue in the Rest of the World segment for the nine months ended September 30, 2016 was €4,346.8 million, up +1.9% at constant exchange rates year-on-year. After a slump of -2.4% at constant exchange rates in the first quarter, followed by an upturn of +1.9% in the second quarter, revenue grew +6.3% in the third quarter.

Excluding the impact of Construction activities and energy prices, Rest of the World segment revenue increased +3.3% at constant exchange rates.

Rest of the World revenue progression reflects solid growth across the region, with the exception of Australia:

- In Latin America (+10.9% at constant exchange rates), growth accelerated yet again in the third quarter in Argentina, Brazil and Mexico. In Argentina, increased volumes under the Buenos Aires contract was partially offset by the scheduled end of the Avellaneda contract in January 2016. Revenue growth in Mexico was fueled by an increase in water volumes invoiced, while Brazil benefited from the positive impact of the acquisition of the Pedreira landfill site and a new contract win in the Water business. Nearly all countries in the Latin America region were impacted by tariff increases due to inflation.
- Asia revenue growth (+3.4% at constant exchange rates) resulted from an increase in revenue across most of the region. In China, revenue growth accelerated in the third quarter (+17.6% at constant exchange rates) benefiting from the integration of a new water cycle optimization contract at a petrochemical complex (Sinopec) and increased volumes sold in the Energy business (Harbin and Jiamusi heating networks and industrial contracts) and despite the fall in energy prices (heating and electricity). Japan reported revenue growth of +6.4% at constant exchange rates for the nine months ended September 30, 2016, reflecting the development of the customer service activity (launch of the Tokyo contract in April 2015) and O&M activity.
- In Africa and the Middle East, revenue growth was steady throughout the period and across all countries in the region (+8.9% at constant exchange rates) and mainly due to 8% growth in electricity sales in Gabon, business development in the Water activity and an increase in Energy volumes in the Middle East, as well as an increase in Construction activity.

The solid growth in the Rest of the World segment was penalized by a fall in revenue in Australia (-4.2% at constant exchange rates). In the Waste business, the increase in collection activities only partially offset the slump in industrial services. Energy revenue fell, while the good performance of municipal contracts in the Water business was mitigated by the absence of non-recurring construction work in 2015.

Revenue also fell in North America (-3.5% at constant exchange rates), due to a drop in energy prices, a fall in heating volumes sold (due to a very mild winter), a downturn in industrial services and the end of a number of municipal and industrial Water contracts. North America revenue was however positively impacted by an increase in Water and Hazardous Waste prices and the integration of the assets of Chemours' Sulfur Products division, reporting a marked increase in the third quarter of +9.2% at constant exchange rates (versus -14.9% in the first quarter and -3.4% in the second quarter).

GLOBAL BUSINESSES

The Global Businesses segment reported revenue of €3,304.5 million for the nine months ended September 30, 2016, down -5.2% at constant exchange rates year-on-year. After a decline of -2.9% at constant exchange rates in the first quarter and of -0.9% in the second quarter, revenue slumped -11.4% at constant exchange rates in the third quarter.

Excluding the impact of Construction activities and energy prices, revenue increased +3.7% at constant exchange rates.
The variation in revenue was mainly due to:

- solid growth in Hazardous waste activities (+2.7% at constant exchange rates), tied particularly to treatment and recovery activities (launch of the Paris subway line 14 worksite), landfill activities, an increase in industrial clean-up services and industrial maintenance performance;
- a decrease in Construction activities at SADE: weak international activity following the postponement of projects and the downturn in construction in France was slightly offset by a solid Telecom performance;
- the progressive downsizing of Veolia Water Technologies activities following the completion of major projects (Oman Sur, Sadara and Az Zour North), and the decrease in Solutions activities.

1.2. Revenue by business

Revenue (in € million)					
	Nine months ended September 30, 2015	**Nine months ended September 30, 2016**	Δ 2016/2015	Δ at constant exchange rates	Δ at constant exchange rates, excl. impact of Construction activities and energy prices
Water	8,345	8,078	-3.2%	-2.6%	+1.5%
Waste	6,449	6,266	-2.8%	+0.9%	+1.7%
Energy	3,494	3,364	-3.7%	-1.9%	+1.3%
Group	**18,288**	**17,708**	**-3.2%**	**-1.2%**	**+1.6%**

WATER

Water revenue for the nine months ended September 30, 2016 declined -2.6% at constant exchange rates year-on-year and increased +1.5% at constant exchange rates excluding the decrease in Construction activity, reflecting:

- stable Operations activities. In France, the positive commercial impact of new contract wins (Lille) offset the 1.7% decline in volumes and weak price indexation (+0.2%), while Central Europe benefited from good volumes;
- the progressive downsizing of the Veolia Water Technologies business.

WASTE

Waste revenue increased +0.9% at constant exchange rates compared with the first nine months of 2015 and increased +1.7% at constant exchange rates excluding the decrease in Construction activity, reflecting overall a positive volume impact of +0.8% and a price impact of +0.9%, and more specifically:

- a good performance in the United Kingdom, excluding Construction activities (+3.7% at constant exchange rates);
- commercial development in France;
- good growth in hazardous waste (+2.7% at constant exchange rates);
- these positive effects were moderated by a weak performance in Industrial Services in the United States and Australia.

ENERGY

Energy revenue for the nine months ended September 30, 2016 declined -1.9% at constant exchange rates year-on-year and increased +1.3% at constant exchange rates excluding the decrease in energy prices. This decline can be explained by:

- an overall weather impact that was somewhat unfavorable (the weather impact was positive in Poland and Lithuania, but negative in the United States);
- the positive impact of the startup of biomass cogeneration facilities in Hungary;
- an increase in volumes in Asia.

2. Other income statement items

2.1 EBITDA

Group consolidated EBITDA increased 5.1% year-on-year at constant exchange rates to €2,206.4 million for the nine months ended September 30, 2016. The EBITDA margin increased from 11.7% for the nine months ended September 30, 2015 to 12.5% for the same period ended September 30, 2016.

This increase in EBITDA was mainly due to operating efficiency, with cost savings greater than €175 million.

The increase in EBITDA between September 2015 and September 2016 breaks down by impact as follows:

The foreign exchange impact on EBITDA was -€52.2 million and mainly reflects fluctuations in the pound sterling (-€22.2 million), South American currencies (-€13.2 million, primarily the Argentine peso) and the Polish zloty (-€6.5 million).

The consolidation scope impact (+€19.3 million) is mainly due to the integration of the assets of Chemours' Sulfur Products division in July 2016.

The impact of energy prices & recyclates (-€14 million): the decline in heat and electricity prices was offset by the reduction in the purchase price of fuel used to produce heat and electricity. The impact of raw material prices is negative (-€4 million).

Prices, net of cost inflation, had a negative impact, notably in France.

Commerce / Volume / Construction impacts were favorable: the commissioning of new assets, good hazardous waste performance, favorable water volumes in Central & Eastern Europe and good activity in Asia were offset by lower water volumes in France (-€17 million), the ongoing negative impact of renegotiations in French Water (-€25 million), and the decline in industrial services activity in the United States and Australia.

Cost-savings plans contributed more than €175 million to the increase in EBITDA, mainly as a result of operational efficiency (44%) and purchasing (35%).

"Other" changes mainly include the impairment of receivables in the Water business in France pursuant to the Brottes Law, and unfavorable impact of the absence of one-off items in 2015 in the Waste business in France.

By segment:

- The EBITDA trend improved in the third quarter in France compared to previous quarters, boosted by cost-cutting plans.
  - In the Water business, the decline in EBITDA slowed in the third quarter. Cost savings only partially offset weak tariff indexation (+0.2%), the negative effect of contractual negotiations (-€25 million), the decrease in volumes (-€17 million, -1.7%), and the impairment of receivables pursuant to the Brottes law;
  - in the Waste business, EBITDA improved slightly in the third quarter, after a second quarter penalized by a non-recurring item that favorably impacted Bartin in 2015. The EBITDA in the Waste business was also impacted by the fall in the price and volume of scrap metal.
- Strong growth in EBITDA in Europe excluding France, and particularly:
  - in Central Europe, thanks to cost savings efforts and a favorable weather impact (+€4 million);
  - in the United Kingdom, thanks to the excellent overall performance tied to cost-cutting efforts and the impact of PFI contracts;
  - in Waste in Germany, as a result of contract wins and the positive impact of recyclate prices (increase in the price of paper);
  - in Belgium, as a result of the successful conclusion of a claim.
- Acceleration of growth in the Rest of the World:
  - third quarter return to growth in the United States, despite difficult Energy market conditions due to a negative weather impact and a decrease in energy prices (gas), primarily in the first half of 2016. These unfavorable impacts were largely offset by cost-cutting plans implemented in the Industrial Services and Municipal & Commercial activities, as well as the integration of the assets of Chemours' Sulfur Products division;
  - strong growth in Asia, in line with the increase in Energy volumes, the commissioning of the Changsha incinerator, the integration of a water cycle optimization contact at a Chinese petrochemical complex (Sinopec) and cost savings.
- In the Global Businesses segment, Veolia Water Technologies reported strong growth in EBITDA, thanks to cost reduction and optimization measures, while the Hazardous Waste business reported a solid performance.

2.2 CURRENT EBIT

For the first nine months of 2016, Group consolidated Current EBIT increased +7.3% year-on-year at constant exchange rates to €978.7 million.

This increase in Current EBIT was mainly due to:

- an improvement in Group EBITDA, particularly in Europe excluding France, in Asia and the Global Businesses segment;
- a +2.3% increase in the depreciation and amortization expense at constant exchange rates, reflecting changes in consolidation scope in France, the United Kingdom and the United States;
- an unfavorable change in net reversals of operating provisions, mainly reflecting reversals of provisions for "Olivet" contractual risks recorded in the Water business in France in 2015;
- an increase in capital gains on disposals of industrial assets, particularly in Asia in 2016;
- a slight increase in the contribution of equity-accounted entities, particularly the strong momentum of the Chinese concessions.

The foreign exchange impact on Current EBIT was -€31.4 million and mainly reflects fluctuations in the pound sterling (-€13.6 million), South American currencies (-€6.6 million, including the Argentine peso), and the Chinese renminbi (-€5.3 million).

The reconciling items between EBITDA and Current EBIT as of September 30, 2015 and September 30, 2016 are as follows:

(in € million)	Nine months ended September 30, 2015	**Nine months ended September 30, 2016**
EBITDA	**2,148.0**	**2,206.4**
Renewal expenses	(206.4)	(202.5)
Net depreciation and amortization (1)	(1,133.5)	(1,165.0)
Share of current net income of joint ventures and associates	80.8	81.7
Provisions, fair value adjustments & other (2):	52.6	58.2
- Current impairment of property, plant and equipment, intangible assets and operating financial assets	(4.0)	1.9
- Gains or losses on industrial divestitures	9.4	20.1
- Net charges to operating provisions, fair value adjustments and other	47.2	36.2
EBIT Courant	**941.5**	**978.8**

(1) *Including principal payments on operating financial assets (OFA) of -€140 million as of September 30, 2016, versus -€111 million as of September 30, 2015.*
(2) *Including gains and losses on industrial divestitures*

2.3 Current net income

Current net income attributable to owners of the Company increased 8.8% at constant exchange rates to €421.4 million for the nine months ended September 30, 2016, from 409.7 million for the same period in 2015.
Excluding capital gains and losses on financial divestitures net of tax, current net income attributable to owners of the Company rose 21.5% at constant exchange rates to €388.5 million, from €339.4 million for the nine months ended September 30, 2015.

C] FINANCING

(in € millions)	Nine months ended September 30, 2015	**Nine months ended September 30, 2016**
EBITDA	**2,148.0**	**2,206.4**
Net industrial investments	(808.2)	(851.3)
Change in operating WCR	(659.5)	(653.4)
Dividends received from equity-accounted entities and joint ventures	71.4	68.2
Renewal expenses	(206.5)	(202.5)
Restructuring charges	(64.5)	(69.4)
Financial items (current cash financial expense, and operating cash flow from financing activities)	(310.6)	(318.4)
Taxes paid	(181.9)	(176.7)
Net free cash flow before dividend payment, financial investments and financial divestitures	**(11.6)**	**2.9**
Net financial debt at the beginning of the period	(8,311.1)	(8,169.7)
Net financial debt at the end of the period	**(8,977.1)**	**(8,882.8)**

Net free cash flow amounted to €3 million for the nine months ended September 30, 2016, versus -€12 million for the nine months ended September 30, 2015.

The change in net free cash flow year-on-year mainly reflects the improvement in EBITDA, and the increase in net industrial investments, mainly reflecting an increase in investment related to prior changes in scope in the Water business in France and in the United States.

The variation of other items of the Net free cash flow from September 30, 2015 and September 30, 2016 does not warrant any particular comments.

Overall, net financial debt amounted to €8,883 million, compared with €8,977 million as of September 30, 2015.
In addition to the change in net free cash flow, net financial debt was favorably impacted by exchange rate fluctuations in the amount of €354 million in the first nine months of the year (€284 million compared to September 30, 2015). Net financial debt was also impacted by:

- an increase in financial investments to -€813 million for the nine months ended September 30, 2016 (including the net financial debt of entities acquired and acquisition costs) and mainly including the acquisition of Kurion in the United States (-€298 million), Chemours' Sulfur Products division (-€290 million), the Pedreira landfill site in Brazil (-€71 million) and the Prague Left Bank district heating network (-€58 million). Financial investments (-€173 million) for the nine months ended September 30, 2015 mainly concerned the purchase of minority stakes in the Water business in Central Europe;

- repayment of the Transdev Group intercompany loan in March 2016 in the amount of €345 million;

- a decrease in financial divestitures to €58 million for the nine months ended September 30, 2016, with the absence of any individually significant amounts. For the nine months ended September 30, 2015, financial divestitures included the sale of Group activities in Israel.