



Key figures for the period ending March 31, 2016

Conference call May 4, 2016

Philippe Capron, CFO



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Unaudited key figures

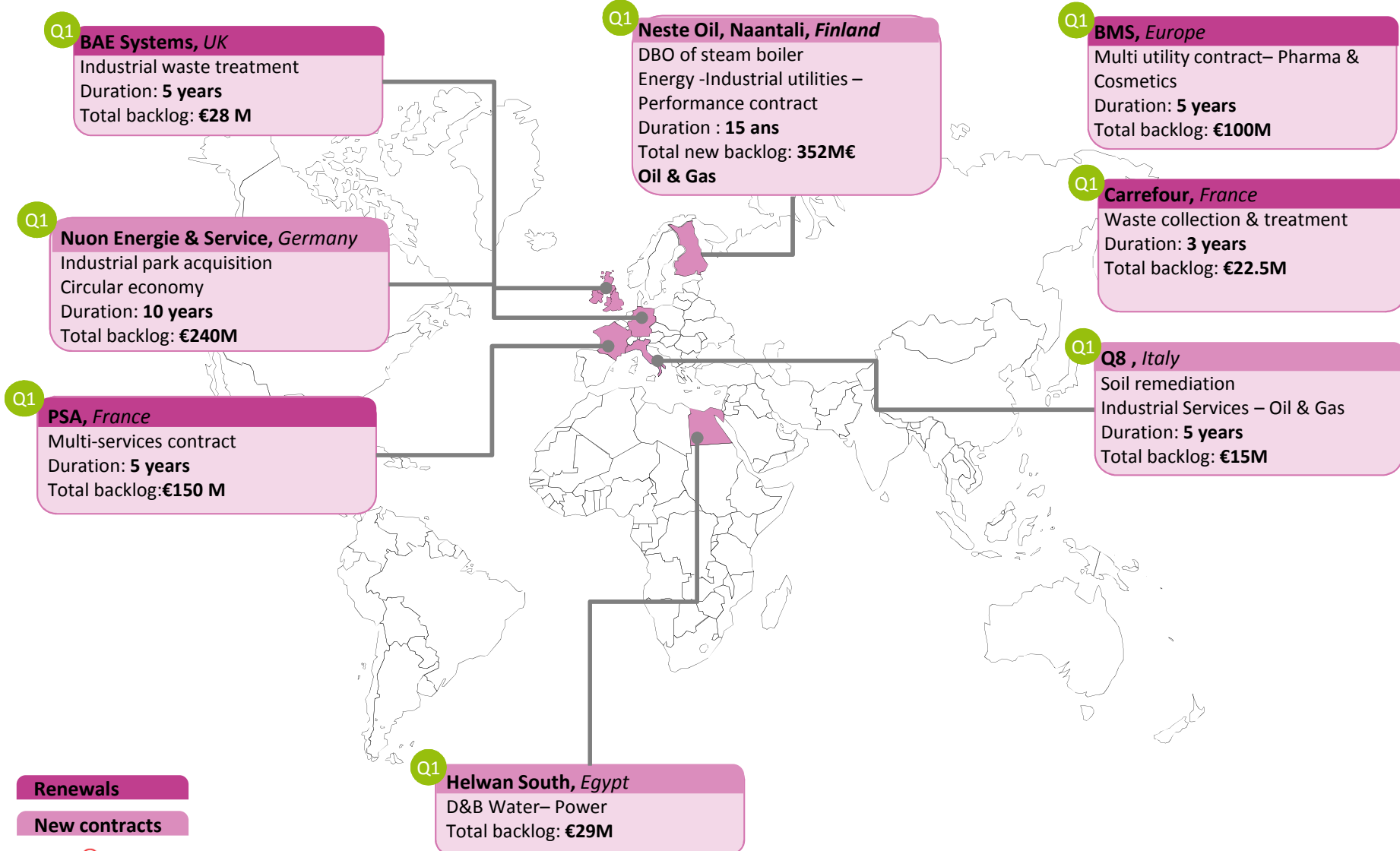


1Q2016 Highlights

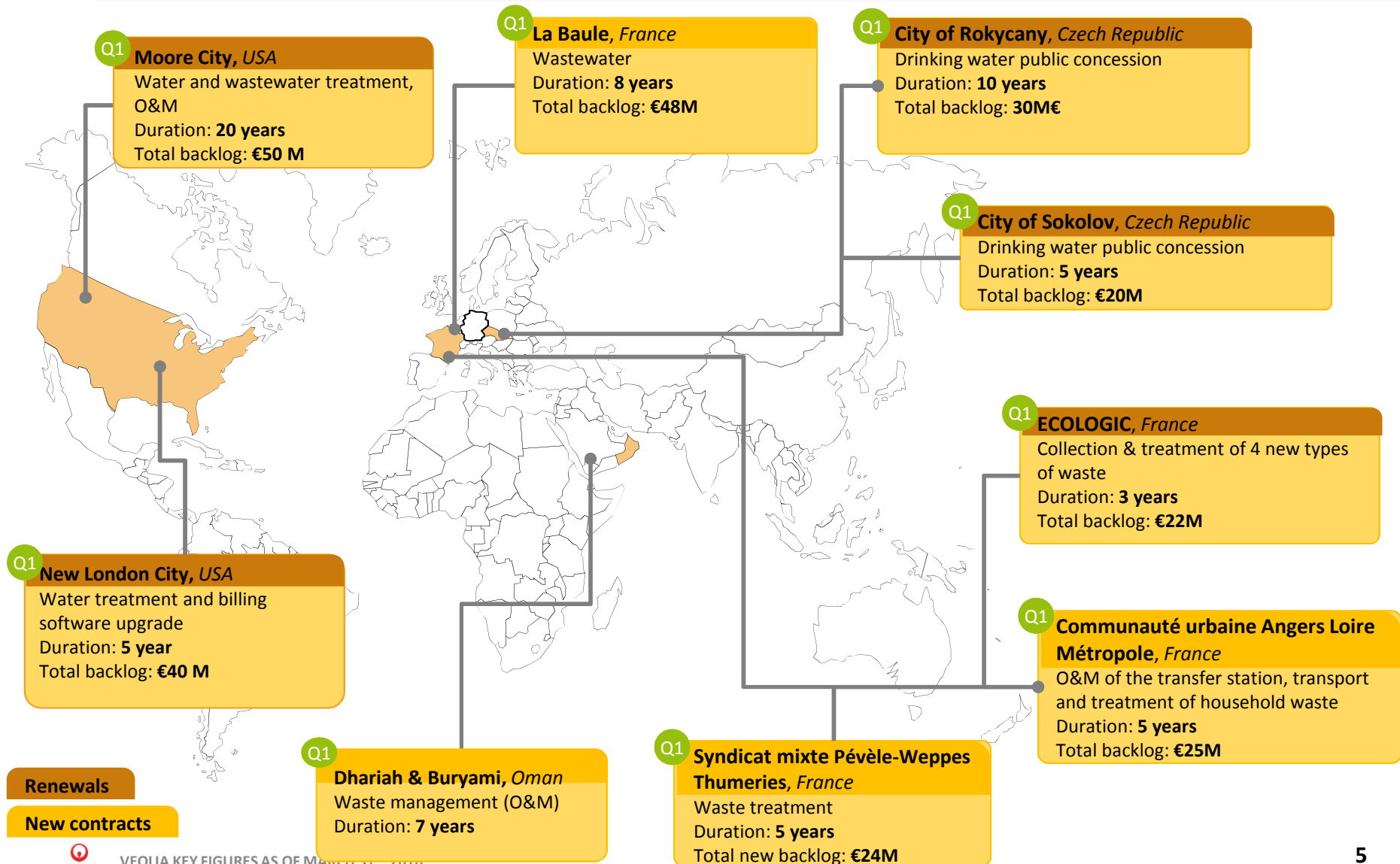
- Revenue up +1.6% at constant scope & FX excluding construction and energy prices
- Solid Q1 results, with EBITDA up 5.0% at constant scope and exchange rates, showing the impact of continued cost cutting
- Current net income Group share of €173M
 - *An increase of 16% vs. March 2015 of €147M excluding capital gains*
- Asset arbitrage
 - *Closing of the Kurion acquisition*
 - *Full repayment of Transdev intercompany loan*
 - *Ongoing discussions with Caisse des Dépôts regarding Transdev equity*
 - *Asset divestiture in progress : Sade*
- Annual guidance confirmed



1Q2016 Main contract wins Industrial Market



1Q2016 Main contract wins Municipal Market



Solid 1Q2016 results (1/2)

- **Revenue of €6,089M, down 3.4% (-1.7% at constant scope & FX)**
 - *Excluding construction and energy prices, revenue is up +1.6% at constant scope & FX*
- **EBITDA of €840M, up 3.0% (+5.0% at constant scope & FX)**
 - *EBITDA margin up 90 bp yoy*
 - *Cost cutting: €58M of gains achieved in Q1 => FY target of €200M confirmed*
- **Current EBIT of €413M, up 4.2% (+7.5% at constant scope and FX)**
- **Current net income group share of €173M**
 - *An increase of 16% vs. March 2015 of €147M excluding capital gains*
- **Net FCF of -€343M due to seasonal WCR increase**
- **Net financial debt of €8,265M, down €705M vs. March 2015 (-€24M excluding FX)**
 - *Kurion acquisition (€330M) offset by Transdev loan repayment (€345M)*



Solid 1Q2016 results (2/2)

<i>In €M</i>	Q1 2015	Q1 2016	Var. yoy	Δ constant FX and scope
Revenue	6,305	6,089	-3.4%	-1.7%
EBITDA	816	840	+3.0%	+5.0%
<i>EBITDA margin</i>	<i>12.9%</i>	<i>13.8%</i>	<i>+90bp</i>	
Current EBIT ⁽¹⁾	397	413	+4.2%	+7.5%
Current Net Income Group share	212	173	-18.4%	
Current Net Income Group share excluding capital gains	147	170	+16.0%	
Gross industrial Capex	267	246		
Net FCF ⁽²⁾	-317	-343		
Net financial debt	8,970	8,265		

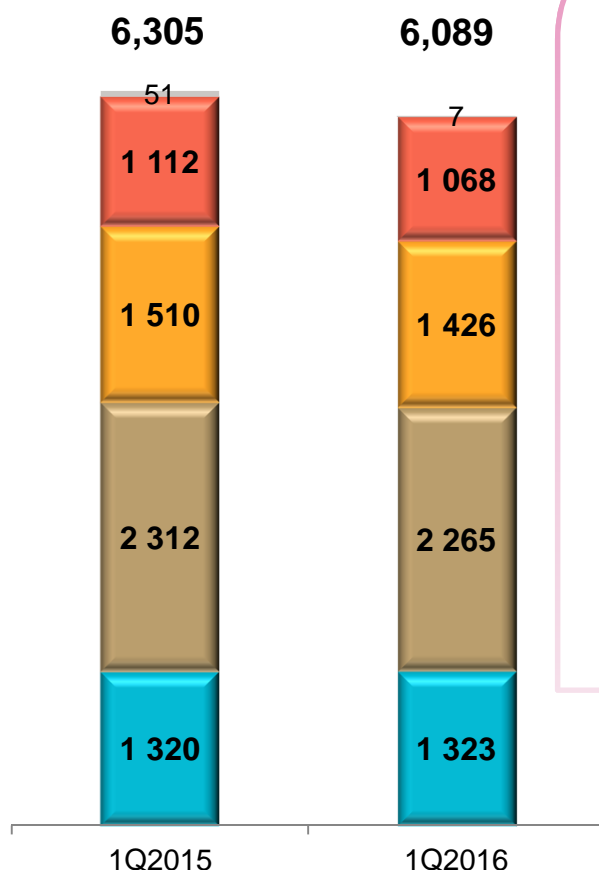
Summary of FX impacts (vs. Q1 2015)	%	€M
Revenue	-1.3%	-84
EBITDA	-1.4%	-11
Current EBIT	-1.7%	-7
Net debt vs. Dec.2015	3.1%	252
Net debt vs. March 2015	4.2%	381

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

(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 EBITDA, dividends received from joint ventures, operating cash flow from financing activities, and changes in working capital for operations, less net industrial investments, current cash financial expense, cash taxes paid, renewal expenses and cash restructuring charges .

Revenue up 1.6% at constant scope and FX, excluding the impact of lower energy prices and construction

REVENUE IN €M



• Stable revenue in France

- ✓ **Water:** Stable Revenue, with flat volumes, prices up 0.2%. Commercial impact compensated by the Lille contract
- ✓ **Waste:** Revenue slightly down (-1.0%) : satisfactory incineration and landfill volumes offset lower scrap metal volumes and prices

• Europe ex France: Revenue slightly down

UK revenue -2.2% at constant scope & FX, due to decline in landfill volumes partly offset by the start up of the Leeds incinerator. **Germany flat** : better activity in Waste but lower energy prices. **Central & Eastern Europe stable**: good volumes in water - Energy : favorable weather impact offset by lower electricity volumes and lower energy prices

- **Rest of the World: Good performance excluding the US**, which was affected by lower energy prices, mild weather and challenging industrial services – At constant scope & FX, Asia up 2.6%, Latin America up +5.4% and Africa Middle East up +8.5%

• Global businesses: Strong Hazardous waste and progressive downsizing of the construction activities

- ✓ **Hazardous waste** : revenue up 5.7% at constant scope and FX
- ✓ **VWT** : lower revenue (-6.4% at constant scope and FX): Sadara and Az Zour North projects nearing completion

	Variations vs. 1Q2015	Δ	Δ at constant scope & FX	Δ at constant scope & FX Excl. energy prices & construction
France		+0.2%	-0.5%	-0.2%
Europe excl. France		-2.0%	-0.7%	+1.2%
Rest of the World		-5.5%	-2.5%	+1.5%
Global businesses		-4.0%	-4.3%	+4.8%
Total		-3.4%	-1.7%	+1.6%



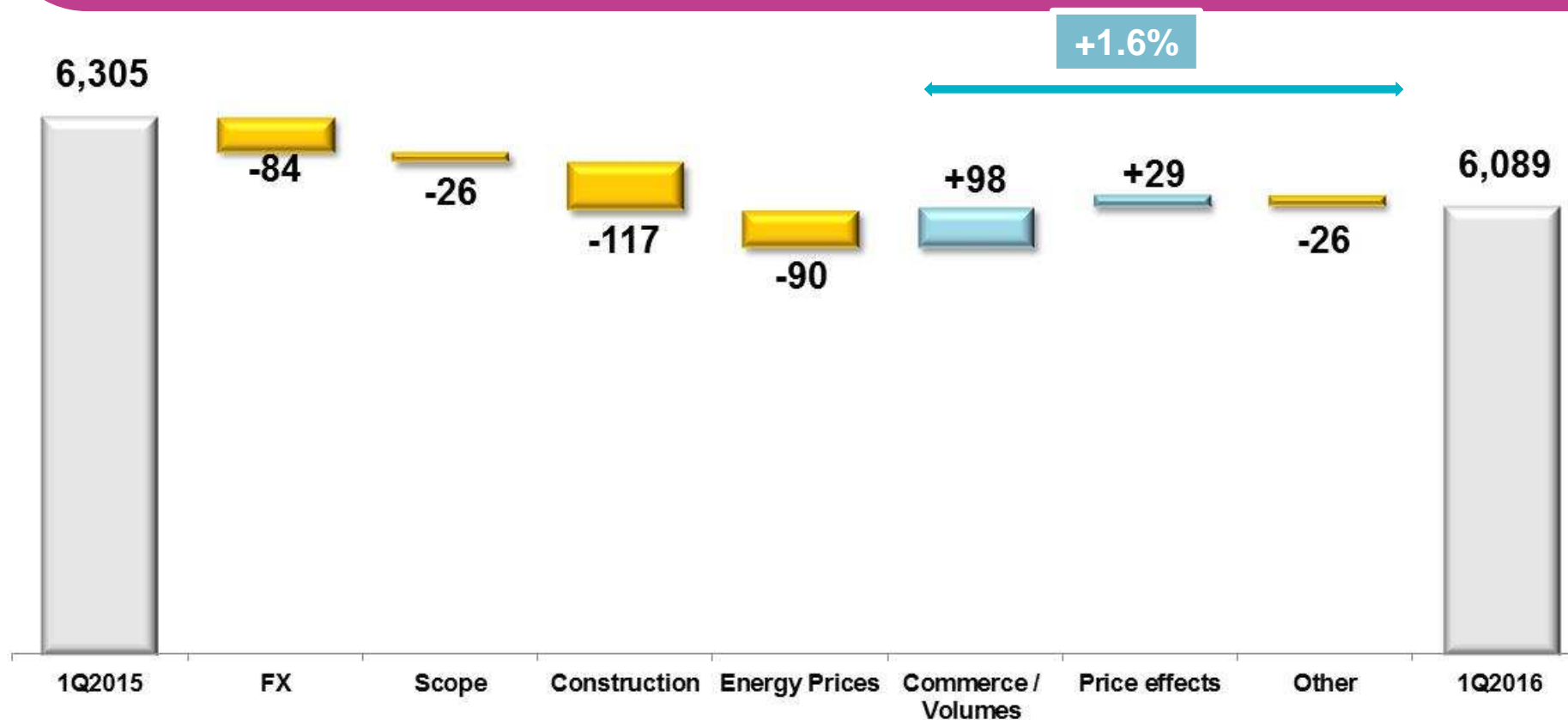
Resilience in Waste: Revenue up 1.2% at constant scope and FX

	1Q2016
Volumes/ activity levels	+1.6%
Service price increases	+0.9%
Raw materials volumes and prices	-0.4%
Other (including construction revenue)	-0.9%
Currency effect	-2.7%
Scope effect	-1.7%

- **France: Revenue slightly down** (€608M, -1%) : good incineration (+2.9%) , landfill (+0.6%) and recycling volumes (excluding scrap metals) partly offset by lower collection and continued decline in scrap metal prices.
 - *Raw material prices: continued recovery in paper prices in Q1, but new decline of scrap metal (-30% YOY)*
- **United Kingdom: Stable revenue** at constant scope and FX
 - *Good performance of Commercial segment (new contracts)*
 - *Lower main waste landfill volumes, as expected*
 - *PFI: Leeds Incinerator up and running*
- **Germany: Revenue up 4.3%**: commercial wins and higher paper prices
- **Solid growth in Hazardous waste** : revenue up 5.7% at constant scope and FX



Revenue up 1.6% at constant scope and FX, excluding the impact of lower energy prices and construction



- **FX effects: -1.3%:** mostly AUS\$, Latam and £
- **Reduced construction activity: impact of -1.9%, of which -1.6% for VWT and Sade**
- **Energy prices : impact of -1.4%,** mostly in the US and to a lesser extent Germany and Central Europe
- **Commerce/Volumes: impact of +1.6%**
 - Slightly favorable weather impact (in CEE partly compensated by the US)
 - Limited negative impact from French water contract renegotiations
 - Positive impact of the Leeds incinerator start up in the UK and cogeneration facilities in Hungary
 - Continued good commercial momentum outside France
- **Price effect : impact of +0.5%**

Steady EBITDA growth: EBITDA up 5.0% at constant scope and FX

EBITDA of €840M, up 5.0% at constant scope & FX vs. 1Q2015
Favorable impact of cost savings: +€53M (3 months)

- **Decrease in France:**
 - ✓ **Water:** EBITDA down, despite cost reductions, due to very limited price indexation and further receivable write offs (impact of the Brottes Law)
 - ✓ **Waste:** EBITDA down : contribution of cost savings plans and decrease in fuel prices are offset by the reversal of favorable 2015 one offs and the drop in scrap metal prices
- **Strong growth in Europe** fueled by significant cost reductions and by the impact of new contracts and start up of new assets (Leeds in the UK, cogeneration plants in Hungary etc.) – Positive weather impact in CEE - Good performance in Germany due to cost cutting.
- **Rest of the World down, due to lower activity in the US**
 - ✓ **United States:** Municipal segment hit by mild weather and lower spark spreads of cogeneration facilities due to further decreases in gas prices – In the Industrial segment, reduced Industrial Services activity is partially offset by strong efficiency gains
 - ✓ Continued strong results in **Asia**
- **Strong rebound in Global businesses due to good performance of hazardous waste and improved results in the D&B activities**

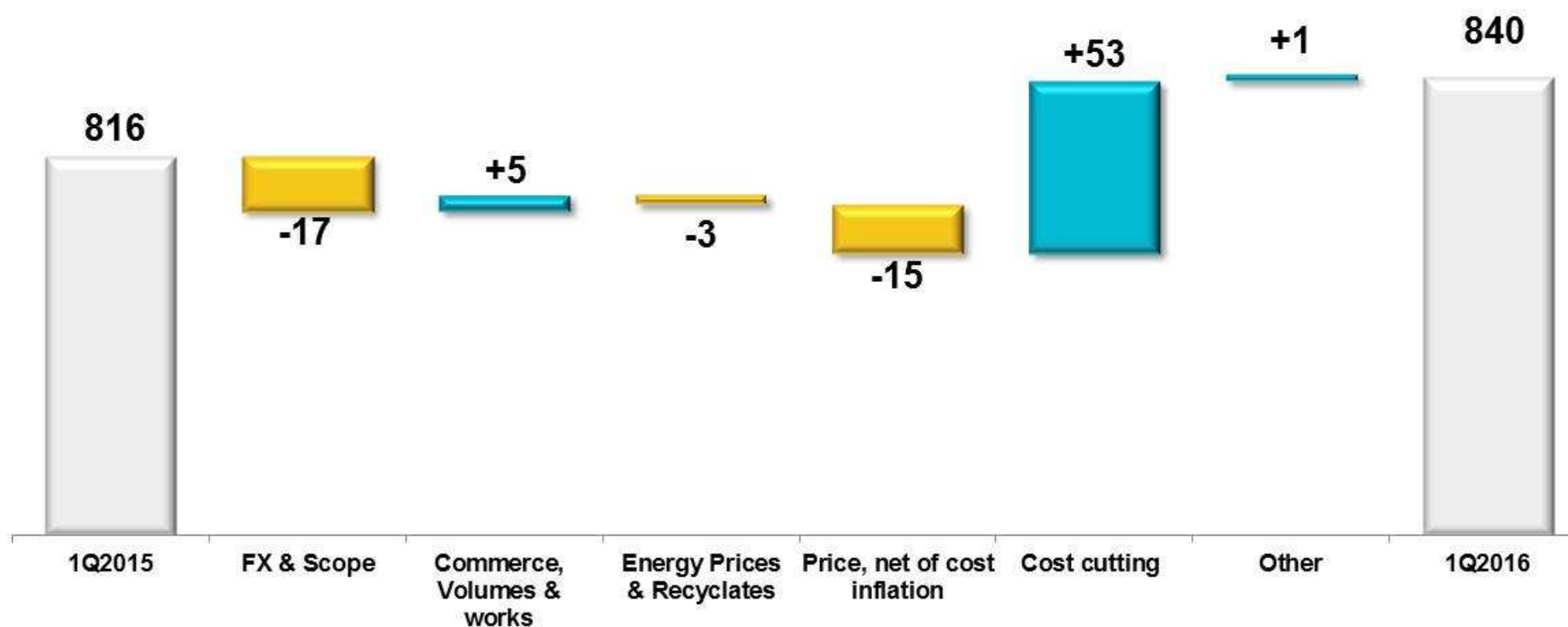
Focus on Veolia Water Technologies (VWT) reorganization

Mid Term Financial Target : 5% current EBITDA margin vs. 2% in 2015

- **Progressive downsizing towards €2bn revenue**
- **Restructuring plan to achieve better returns**
 - *Streamline Engineering Departments worldwide*
 - *Creation of 2 cost efficient Engineering Platforms in Middle East and Asia*
 - *Standardization of Offer for small projects*
 - Procurement efficiency
 - Standard offers distributed regionally
 - *G&A reduction*



Cost cutting continues to drive EBITDA growth



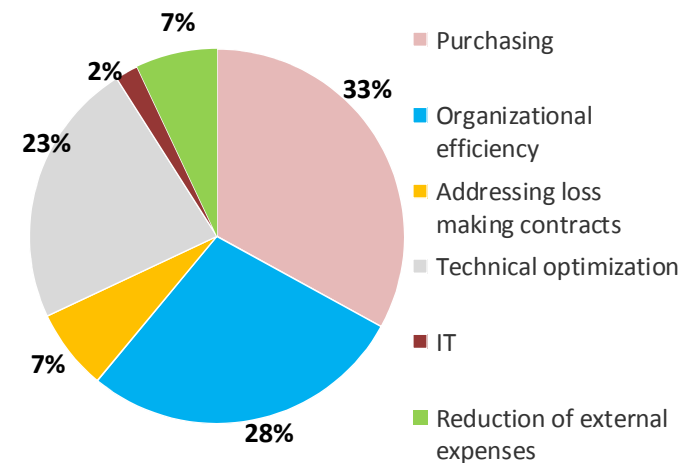
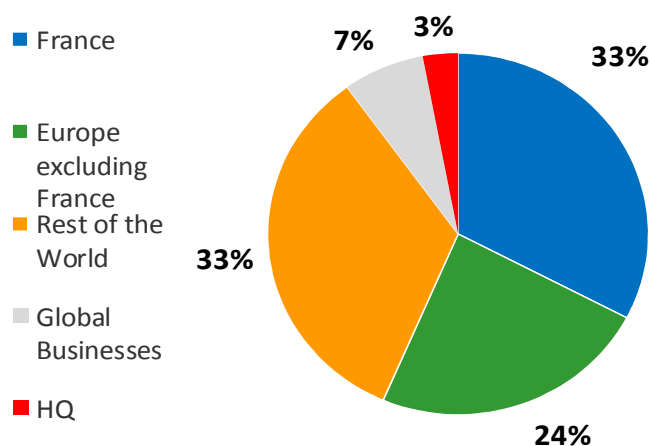
- **Impact of reduced construction activity**
- **Energy prices:** negative top line effect mostly pass through
- **Price effects:** low indexation & cost inflation /efficiency
- **Strong positive impact from cost cutting : +€53M**, mostly purchasing and operations



Cost savings ahead of objective: €58M in savings already achieved as of March 31, 2016

€58M in gross savings in 1Q2016

Impact on EBITDA	1Q2016	2016 target	2016-2018 Objective
Gross savings	58	200	600



Strong growth in Current EBIT: +7.5% at constant scope and FX

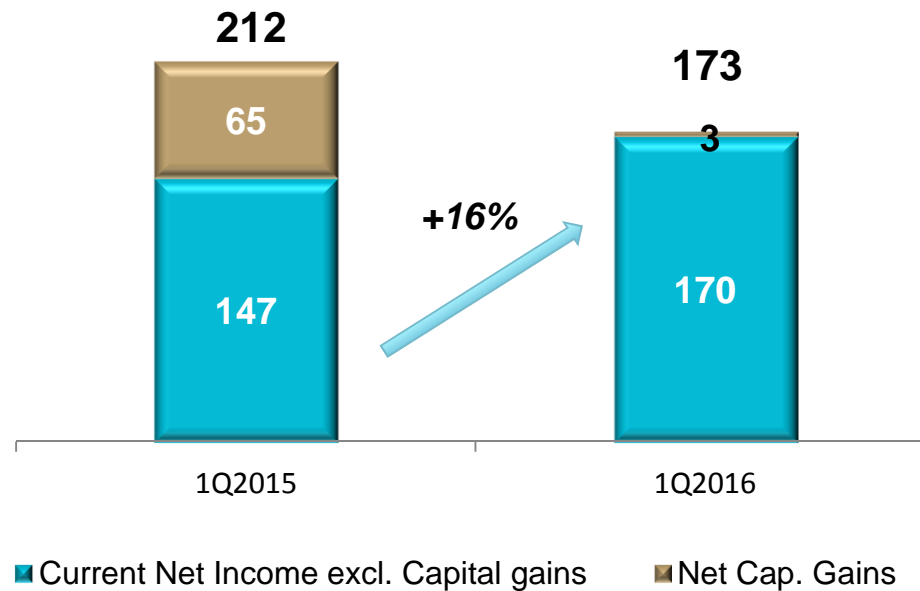
In €M	1Q2015	1Q2016	Δ vs. 1Q2015	Δ at constant scope & FX
EBITDA	816	840	+3.0%	+5.0%
Renewal expenses	-65	-67		
Depreciation & Amortization ⁽¹⁾	-372	-379		
Provisions, fair value adjustments & other	-4	+2		
Share of current net income of joint ventures and associates ⁽²⁾	+22	+17	<i>Scope & currency effects</i>	
Current EBIT⁽³⁾	397	413	+4.2%	+7.5%

(1) Including reimbursement of OFAs

(2) Excluding capital gains on financial divestments

(3) Including share of current net income of joint ventures and associates, excluding capital gains on financial divestments

Current net income of €173M, up 16% excluding capital gains



- **Net capital gains after tax of €3M in 1Q2016 vs. €6M in 1Q2015**
 - *Underlying growth of Current Net Income of +16%*

Net Financial debt down €705M vs. March 2015

- **Lower maintenance capex**

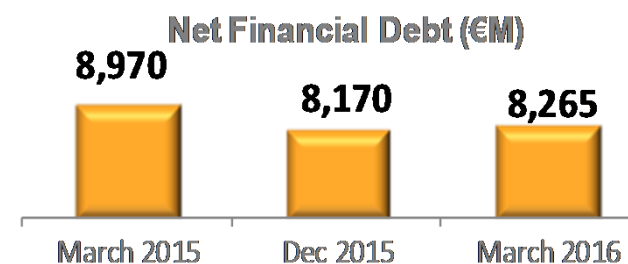
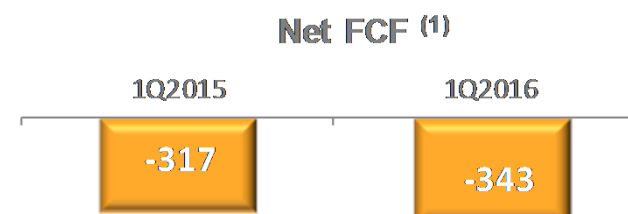
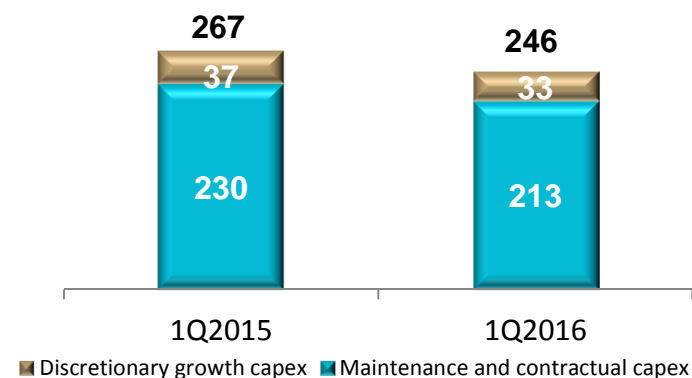
- ✓ €21M reduction in gross industrial capex (lower maintenance capex in Poland)

- **Net FCF ⁽¹⁾ of -€343M**

- ✓ Despite EBITDA growth and capex discipline, net FCF down slightly due to higher seasonal WCR

- **Net financial debt of €8,265M**

- ✓ Down €705M (-€324M excluding FX), compared to March 2015
- ✓ Increase vs. December 2015 related to WCR seasonality of -€730M
- ✓ Full repayment of €345M Transdev loan offset by the cash out related to the acquisition of Kurion



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

2016 objectives in line with the 2018 plan

In 2016, in the context of a deflationary environment and weak economic growth, Veolia expects to achieve significant current net income growth

- **Revenue* and EBITDA* growth**
- **Net Free Cash Flow before divestments and acquisitions* of at least €650M**
- **Current net income* of at least €600M**

* At constant exchange rates



Appendices

Appendix 1: Currency movements

Main currencies

€1 = xxx of foreign currency

	1Q2016	1Q2015	Δ 1Q2016 vs. 1Q2015
US Dollar			
Average rate	1,103	1.128	+2.2%
Closing rate	1,139	1.076	-5.9%
UK pound sterling			
Average rate	0,770	0.744	-3.5%
Closing rate	0,792	0.727	-8.9%
Australian dollar			
Average rate	1,528	1.432	-6.7%
Closing rate	1,481	1.415	-4.7%
Chinese renminbi yuan			
Average rate	7,215	7.031	-2.6%
Closing rate	7,357	6.671	-10.3%
Czech crown			
Average rate	27,042	27.624	+2.1%
Closing rate	27,051	27.533	+1.8%

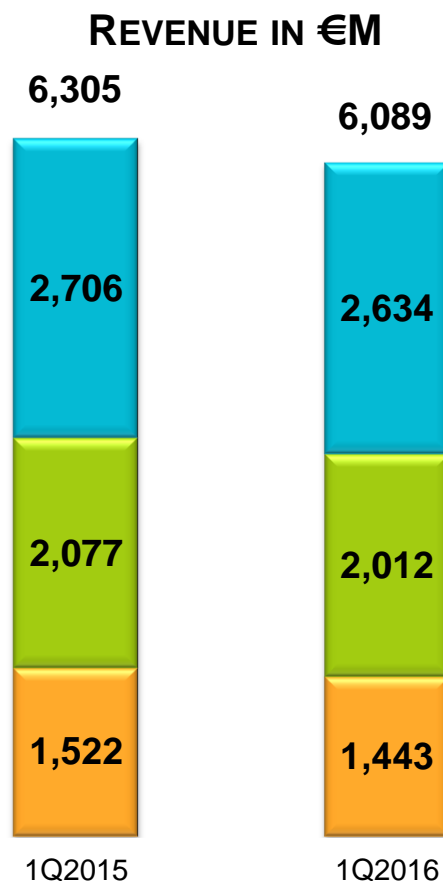
The **average rate** applies to the income statement and statement of cash flows

The **closing rate** applies to the balance sheet



Appendix 2: Revenue by business

Revenue up 1.6% at constant scope and FX, excluding the impact of lower energy prices and construction



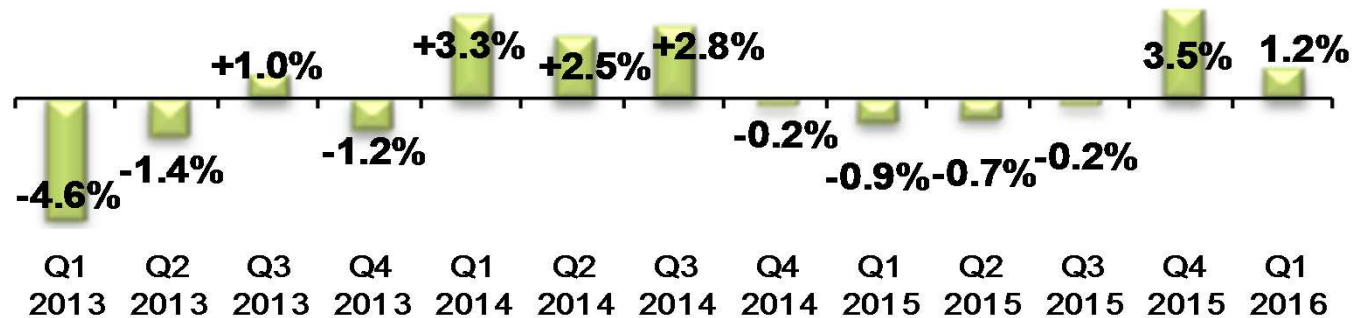
- **Water: +2.6% at constant scope & FX, excluding the impact of lower works primarily at VWT & SADE**
 - ✓ France : Stable Revenue, with flat volumes, prices up 0.2%. Commercial impact compensated by the Lille contract
 - ✓ Good volumes Central and Eastern Europe
 - ✓ Progressive downsizing of the construction activities at VWT : lower revenue (-6.4% at constant scope and FX): Sadara and Az Zour North projects nearing completion
- **Waste: +1.2% at constant scope & FX**
 - ✓ **Volumes +1.6% and price +0.9%**
 - ✓ Good resilience in France and in the UK and good growth in Germany
 - ✓ Lower recycled raw material prices & volumes (-€7M impact)
 - ✓ Solid growth in Hazardous waste : revenue up 5.7% at constant scope and FX
 - ✓ Challenging environment in Industrial cleaning in the US
- **Energy: +0.4% at constant scope & FX excluding the impact of lower energy prices**
 - ✓ Positive impact of the start up of cogeneration facilities in Hungary
 - ✓ Overall slightly favorable weather impact of +0.5% (+€20M in Europe, -€13M in the US)

	Variations vs. 1Q2015	Δ	Δ at constant scope & FX	Δ at constant scope & FX Excl. energy prices & construction
Water		-2.7%	-2.2%	+2.6%
Waste		-3.1%	+1.2%	+1.3%
Energy		-5.2%	-4.7%	+0,4%
Total		-3.4%	-1.7%	+1.6%

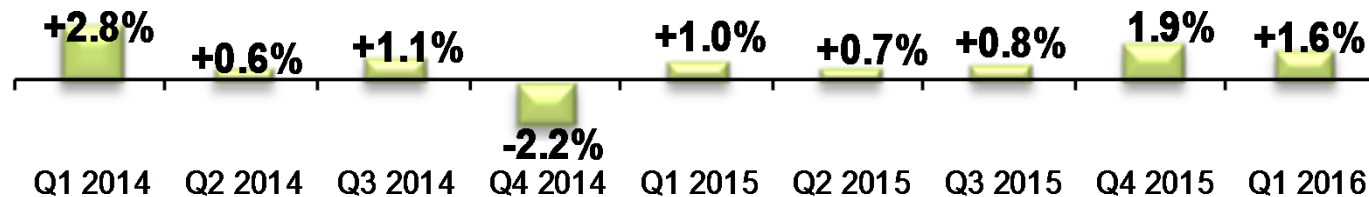


Appendix 3: Quarterly waste trends

Y-Y Quarterly Revenue Trends at Constant Scope & FX



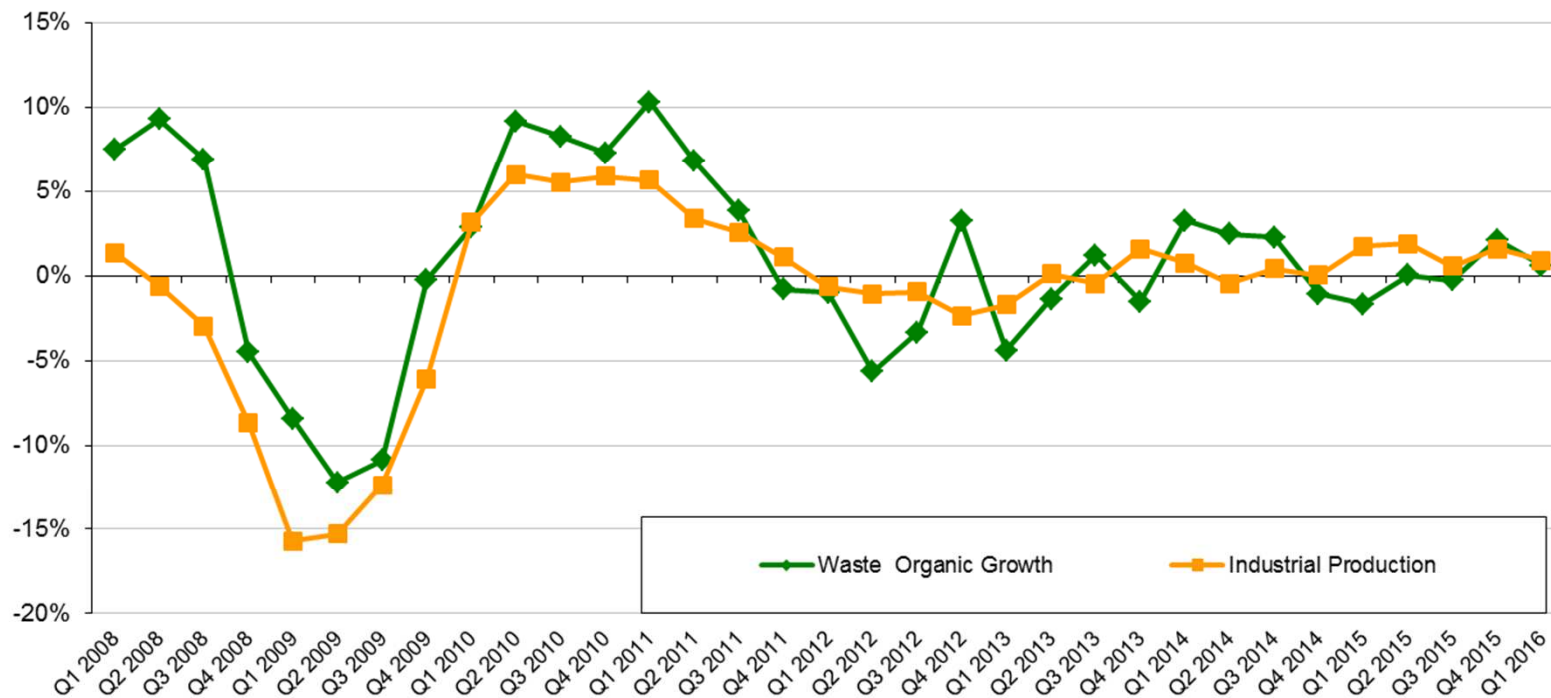
Y-Y Quarterly Volume Trends



Appendix 4: Waste – Revenue vs. Industrial production

Industrial Production and Waste Organic Growth

Quarterly Y-Y Growth Rate (%)



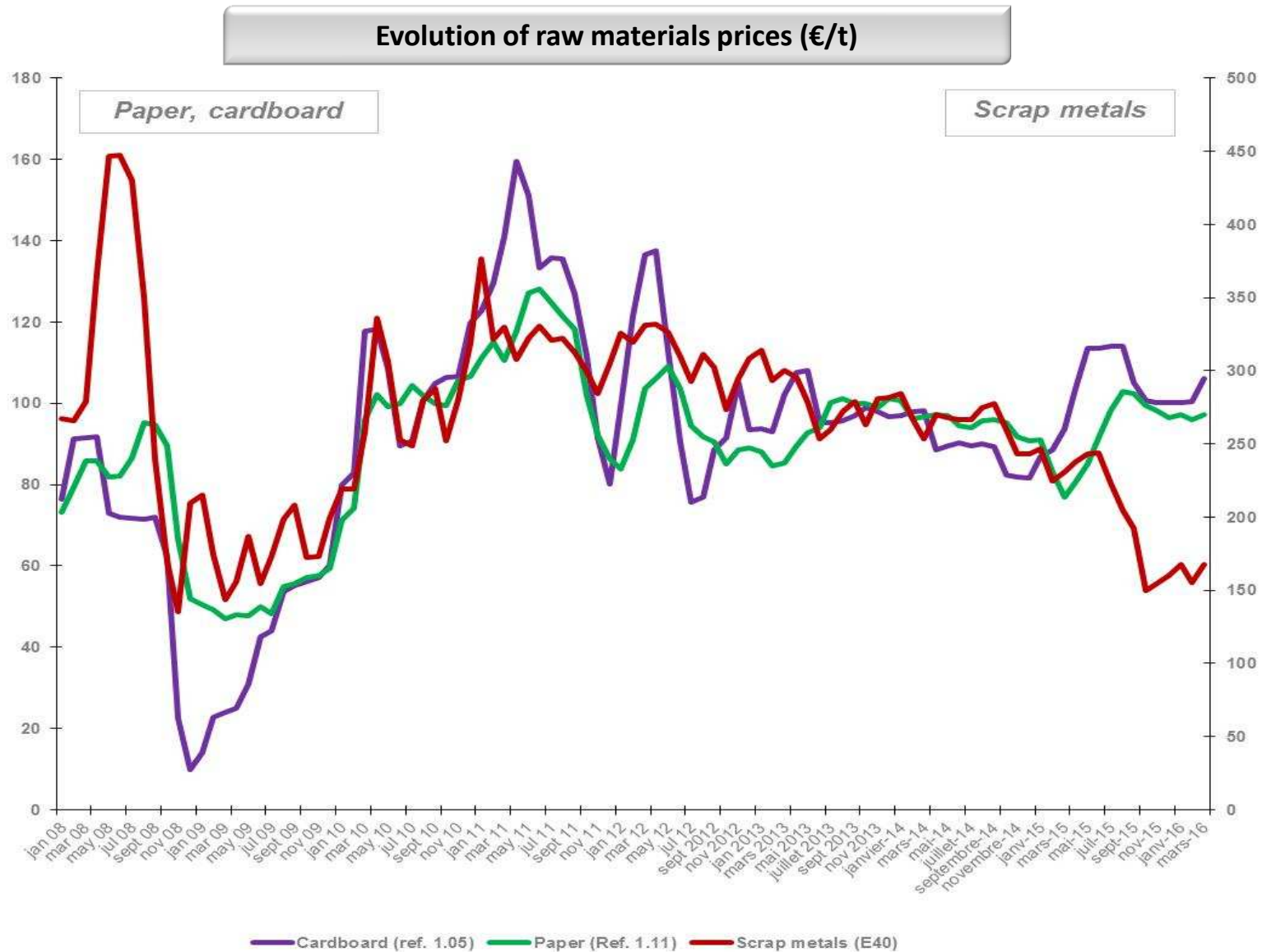
Weighted average industrial production indices for 4 key countries including SARP/SARPI: France, U.K. (excl. PFIs), Germany, and North America (excl. US Solid Waste from 2012)

Sources : February 2016: OECD for all countries

March 2016: OECD for France, Germany, and the UK, Federal Reserve for the US



Appendix 5: Waste – Evolution of raw materials prices (paper, cardboard, scrap metals)



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