Press release

Paris, July 31, 2017

2017 FIRST HALF RESULTS[1]

SUSTAINED REVENUE GROWTH CONFIRMED AND GOOD RESULTS PERFORMANCE, IN LINE WITH ANNUAL OBJECTIVES

- **REVENUE INCREASED 4,4%[2] TO €12,346 MILLION– STRONG REVENUE GROWTH CONTINUED IN THE SECOND QUARTER (+4.4% IN Q2 AFTER +4.5% IN Q1)**
- **EBITDA UP 0.4%[2] TO €1,651 MILLION**
- **CURRENT EBIT IMPROVED 0.6%[2] TO €774 MILLION**
- **CURRENT NET INCOME – GROUP SHARE REACHED €295 MILLION, UP 4.4%[2] EXCLUDING NET CAPITAL GAINS. PUBLISHED NET INCOME – GROUP SHARE AMOUNTED TO €205 MILLION**

2017 OBJECTIVES CONFIRMED

Antoine Frérot, Veolia Environnement's Chairman & CEO commented: *"The performance achieved during the first half of 2017 was once again satisfactory. Revenue growth was consistent during the period, with an increase of 4.4% in the second quarter, following 4.5% growth achieved in the first quarter. The decision taken at the end of last year to increase our commercial expenses is already bearing fruit and confirms the attractiveness of our offers. Despite the aforementioned costs, and an unfavorable comparison base, the Group's results posted a slight increase this semester, and thus we remain confident in the achievement of our annual objectives. In addition, efficiency efforts generated €126M in cost savings during the first half, in line with our annual objective. The two levers of our strategy, growth and operational efficiency, are clearly functioning well, and as a result we confirm our objectives."*

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[1] Results in course of audit

[2] At constant exchange rates. At current consolidation scope and exchange rates: Revenue up 4.3%, EBITDA up +0.3% and current EBIT up +0.3%.

- **Group consolidated revenue increased 4.4% at constant exchange rates (+4.3% at current consolidation scope and exchange rates) to €12,346 million in the first half of 2017, compared to represented €11,835 million in the first half of 2016. At constant consolidation scope and exchange rates revenue grew 3.1%.**

Revenue growth was consistent during the semester, with +4.4% growth at constant exchange rates in 2Q2017 after +4.5% growth in 1Q2017.

At constant exchange rates, the variations in revenue recorded during the first half of 2017 were as follows:

- In France, revenue declined slightly (-0.9%) in the first half of 2017, but at constant consolidation scope, revenue increased 1.4%. Water revenue was down by 0.7%, but recorded improved growth in the second quarter (Q1: -2.6% and Q2: +1.1%) due to good water volumes, which progressed 0.4% in the first half of 2017 given favorable weather. However, price indexation was -0.3%. Waste revenue recorded a 1.2% decline due to the divestiture of Bartin at the end of 2016, but at constant consolidation scope was up 4.1% due to strong commercial momentum, an increase in landfill volumes (+2.4%) and higher paper prices.
- Europe excluding France revenue posted strong growth (+5.9%), recording a 4.4% increase in Q2 after +7.2% in Q1. Revenue in all geographies progressed, with the exception of Italy (-5.1%). Central & Eastern Europe recorded strong growth (+10.4%) due to favorable weather trends in both Q1 and Q2 in the energy business, the integration of the Prague Left Bank district heating network, as well as good water volumes in Czech Republic and the startup of the new Armenia contract. Germany continues to record solid growth (+4.8%) due to good waste volumes and the benefit of higher paper prices. UK revenue grew 4.5% due to good commercial momentum and higher paper prices.
- The Rest of the World recorded double digit revenue growth (+11.3%), with 10.8% growth achieved in Q2 after 11.8% in Q1. North America revenue increased 16.7%, primarily due to the integration of the sulfuric acid regeneration assets acquired from Chemours, but continues to post strong declines in its industrial services activity. Latin America revenue grew 23.7% due to significant price increases and good volumes, in addition to the consolidation of the Pedreira landfill in Brazil. Asia revenue rose 18.9%, driven by China growth of 36.6%, which benefited from strong performance in industrial water (in particular the Sinopec contract), good hazardous waste volumes and good performance in Energy. Australia operations were almost stable, posting a 1.0% revenue decline as the continued weakness in industrial services activity more than offset growth in the rest of the Waste business. Finally Africa and Middle East revenue was largely stable.
- Global Businesses segment revenue was stable (-0.7%) with a solid improvement in Engineering and Construction activities in the second quarter. Veolia Water Technologies revenue stabilized in Q2 (-0.1%) after a 15.7% decline in Q1 and also recorded an increase in backlog. Revenue in the SADE business also recovered in Q2 (+2.0%) after a 4.8% decline in Q1, due to strong activity in France. Lastly, Hazardous Waste revenue increased 2.8%.

Excluding the impact of construction revenue and energy prices, group consolidated revenue increased 5.0% at constant exchange rates.

By business and at constant exchange rates, Water revenue recorded a small decline in the first quarter (-0.9%), which was more than offset by growth in the second quarter (+2.8%) to achieve 1.0% growth in the first half of 2017 due to improvement in Construction activities and higher Q2 volumes. The Waste business remained quite strong, with 4.4% revenue growth in Q2 following +8.1% in Q1, resulting in 6.3% growth in the first half. Waste revenue growth benefited from higher service prices (+1.1%), volume impacts (+0.6%), higher recycled raw material prices (+1.5%) and the consolidation of Chemours' assets in the United States and the Pedreira landfill in Brazil. The Energy business posted 9.2% growth in the first half (+9.7% in Q1 and +8.5% in Q2), with notably a favorable weather impact in Central Europe, the integration of the Prague Left Bank district heating network and good performance in China.

- **EBITDA grew 0.4% at constant exchange rates (+0.3% at current consolidation scope and exchange rates) to €1,651 million in the first half of 2017, compared to represented €1,646 million in the first half of 2016.**
  - The impact of foreign exchange rate variations negatively impacted EBITDA by -€1 million.
  - At constant exchange rates, EBITDA benefited from the Group's two growth levers: cost savings (impact of €126 million during the first half) on one hand, and continued revenue growth (impact of €27 million) on the other hand. The margin pressure related to very weak price indexation in Water contracts, the impact of reinforced commercial efforts and a tough comparison base related to non-recurring items that favorably impacted the first half of 2016 offset the aforementioned positive impacts. Overall EBITDA recorded an increase of €5 million, or 0.4%.
  - In France, EBITDA increased 4.4%. French Water EBITDA improved 2.4% due cost savings and higher water volumes (+0.4%). Strong Waste EBITDA growth of 9.6% was driven by cost savings, combined with revenue growth at constant consolidation scope. In Europe excluding France, segment EBITDA was down by 3.2%, and was negatively impacted by a tough comparison base in 2016 in Germany and Benelux, and plant outages in the UK during the first half of 2017. Central and Eastern Europe EBITDA recorded improvement due to favorable weather benefiting the Water and Energy businesses. The Rest of the World posted strong EBITDA growth of +8.3%. Strong growth in the United States was driven by the integration of the Chemours' assets and despite challenges in the industrial services business and unfavorable weather in the Energy business. China registered strong EBITDA growth (+14.4%) due to good hazardous waste volumes, solid performance in the Energy business and due to the Sinopec contract. EBITDA in Australia increased 1.3% and Africa Middle East progressed 3.5%. EBITDA in the Global Businesses segment declined by 10.0%. Veolia Water Technologies EBITDA was down due to the non-recurrence of a favorable contract termination in 2016. Hazardous Waste businesses continued to grow at an elevated rate (+8.6%).

- **Current EBIT rose 0.6% at constant exchange rates (+0.3% at current consolidation scope and exchange rates) to €773.8 million versus represented €771.2 million in the first half of 2016.**
  - The variation of current EBIT resulted from the increase in depreciation and amortization expense of €18 million (including principal payments on operating financial assets). The contribution of the share of current net income of joint ventures and associates increased by €5 million to €48 million due primarily to strong performance in China (€30 million). Net provision reversals were comparable to that of the prior year (+€54 million in the first half of 2017 vs. represented +€47 million in the first half of 2016).

- **Current net income – Group share amounted to €295 million, compared to represented €323 million in the first half of 2016, a decline of 8.6%. Excluding net financial capital gains, current net income – Group share increased 4.4% at constant exchange rates.**
  - The cost of net financial debt was stable at -€209 million. The gross cost of borrowing improved 55 basis points to 3.13%, but with higher average gross debt following bond issuances in the first half of 2017 to benefit from low interest rates in anticipation of reimbursement of bonds coming due in 2018.

- Other current financial income and expense amounted to -€74.6 million, compared with represented -€72.5 million in the first half of 2016.
- Net financial capital gains were much lower in the first half of 2017, amounting to €4.5 million compared with represented €40.6 million in the first half of 2016.
- The current tax rate was 27%.
- Non-controlling interests increased to €78.1 million versus represented €74.5 million in the first half of 2016, benefiting from good results in Central and Eastern Europe and in Asia.
- Current net income – Group share amounted to €295 million (-8.6%). Excluding capital gains, current net income improved by 4.2%.
- Published net income – Group share reached €205 million, versus represented €252 million in the first half of 2016.

- **At June 30, 2017, net financial debt amounted to €8,561 million, compared with represented €8,678 million at June 30, 2016.**
    - Net financial debt declined by €117 million.
    - Net Free Cash Flow excluding seasonal working capital variations generated during the first half of 2017 amounted to €537 million, compared with represented €548 million in the first half of 2016.
    - Industrial investments remain under control (€593 million compared with represented €609 million in the first half of 2016).
    - The seasonal variation in working capital amounted to -€713 million.

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- **Objectives confirmed.**
- **2017 outlook***
    - Resumption of revenue growth
    - Stable EBITDA, or moderate EBITDA growth
    - Increased efforts to reduce costs: more than €250 million in cost savings
- **2018 outlook***
    - Continuation of revenue growth
    - Resumption of more sustained EBITDA growth
    - More than €300 million in cost savings
- **2019 objective***
    - Continuation of revenue growth and full impact of cost savings
    - EBITDA between €3.3bn and €3.5bn (excluding IFRIC 12)

**At constant exchange rates*

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Veolia group is the global leader in optimized resource management. With over 163,000 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 2016, the Veolia group supplied 100 million people with drinking water and 61 million people with wastewater service, produced 54 million megawatt hours of energy and converted 30 million metric tons of waste into new materials and energy. Veolia Environnement *(listed on Paris Euronext: VIE)* recorded consolidated revenue of €24.39 billion in 2016. www.veolia.com

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FINANCIAL INFORMATION FOR THE HALF-YEAR ENDED JUNE 30, 2017

A] PREFACE

Changes in concession standards

Under concession contracts with local authorities, infrastructure is accounted, as appropriate, as an intangible asset, a financial receivable, or a combination of the two. Veolia Environnement may have a payment obligation vis-a-vis the grantor for the use of the associated assets.
In July 2016, IFRIC published a verdict regarding these payments and concluded that in the case of fixed payments required by the operator, an asset and a liability should be recorded (intangible model).
Veolia Environnement identified the contracts concerned and has applied the new IFRIC 12 measures retroactive to January 1, 2015. The most significant contracts concerned are our water concessions in the Czech Republic and Slovakia.

June 30, 2016 figures have been represented for the application of IFRIC 12. The impacts are presented in the appendices to this half-year financial report.

Figures as of June 30, 2017 discussed in this half-yearly financial report include the impact of adjustments resulting from the application of IFRIC 12. Reflecting these adjustments, EBITDA was increased in the amount of €105.3 million, Current EBIT in the amount of €47.3 million and Current net income, Group share in the amount of €3.8 million.

Lithuania

As of June 30, 2017, the ongoing withdrawal from Lithuania, motivated by the end of a major contract and the sales process launched for other activities, led the Group to transfer its Lithuanian activities to discontinued operations in accordance with IFRS 5.

B] KEY FIGURES

(in € million)[4]	Half-year ended June 30, 2016 published	IFRIC 12 and IFRS 5 [3] adjustments	**Half-year ended June 30, 2016 represented**	**Half-year ended June 30, 2017 including IFRIC12**	∆	∆ at constant exchange rates
Revenue	11,955.9	(120.8)	11,835.1	12,346.5	+4.3%	+4.4%
EBITDA	1,580.3	65.5	1,645.8	1,651.4	+0.3%	+0.4%
EBITDA margin	*13.2%*		*13.9%*	*13.4%*		
Current EBIT [1]	749.7	21.5	771.2	773.8	+0.3%	+0.6%
Current net income - Group share	341.7	(18.9)	322.8	295.2	-8.6%	-8.7%
Current net income – Group share, excluding capital gains and losses on financial divestitures net of tax and minorities	301.1	(18.9)	282.2	294.0	+4.2%	+4.4%
Net income - Group share	251.2	0.8	252.0	204.6		
Industrial investments	553	56	609	593		
Net free cash flow [2]	(105)	(35)	(140)	(176)		
Net financial debt	8,678	-	8,678	8,561		

(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, changes in operating working capital and operating cash flow from financing activities, less the net interest expense, net industrial investments, taxes paid, renewal expenses, restructuring charges and other non-current expenses.

(3) Adjustments as of June 30, 2016 concern the application of IFRIC 12 and the transfer of activities in Lithuania to discontinued operations pursuant to IFRS 5 (see the Appendices).

(4) The definitions of financial indicators used in this release are detailed in section 3.8.3 in the 2016 Registration Document

The main foreign exchange impacts were as follows:

Foreign exchange impacts *as of June 30, 2017 (vs June 30, 2016 represented)*	***%***	***€M***
Revenue	*-0.1%*	*-14.5*
EBITDA	*-0.1%*	*(1.0)*
Current EBIT	*-0.3%*	*(2.0)*
Current net income	*+0.1%*	*+0.4*
Net financial debt (vs. represented June 2016)	*-1.3%*	*-110.0*
Net financial debt (vs. December 2016)	*-1.7%*	*-129.0*

C] INCOME STATEMENT

1. GROUP CONSOLIDATED REVENUE

Group consolidated revenue for the half-year ended June 30, 2017 was €12,346.5 million, compared with represented €11,835.1 million for the same period in 2016, up +4.4% at constant exchange rates. Excluding Construction revenue[3] and energy price effects, revenue increased +5.0% at constant exchange rates.

As in the first quarter, revenue growth was marked by favorable momentum across nearly all segments in the second quarter of 2017:

Δ at constant exchange rates	Q1 2017	Q2 2017
France	-1.5%	-0.4%
Europe excluding France	+7.2%	+4.4%
Rest of the World	+11.8%	+10.8%
Global Businesses	-3.2%	+1.7%
Group	**+4.5%**	**+4.4%**
Total Group excluding the impact of Construction activities and energy prices	**+5.9%**	**+4.1%**

By segment, the change in revenue compared with represented figures for the half-year ended June 30, 2016 breaks down as follows:

(in € million)	Half-year ended June 30, 2016 represented	**Half-year ended June 30, 2017**	*2016 / 2017 change* Δ	*Δ at constant exchange rates*	*Δ at constant scope and exchange rates*
France	2,688.3	2,663.4	-0.9%	-0.9%	+1.4%
Europe, excluding France	4,082.8	4,233.6	+3.7%	+5.9%	+4.4%
Rest of the World	2,832.6	3,227.7	+13.9%	+11.3%	+5.4%
Global Businesses	2,218.6	2,204.0	-0.7%	-0.7%	-0.3%
Other	12.8	17.9	+39.7%	+39.5%	+39.5%
Group	**11,835.1**	**12,346.5**	**+4.3%**	**+4.4%**	**+3.1%**

- Revenue declined slightly in **France** (-0.9% compared with represented first half of 2016 figures and +1.4% a constant scope): the downturn in Water revenue (-0.9% at constant scope) was offset by growth in the Waste business (+4.1% at constant scope).
  - ✓ Water revenue was down by -0.7% vs represented first-half of 2016 figures to €1,431.5 million, due to the impact of -0.3% tariff indexation and negative commercial impacts, partially offset by an increase in volumes (+0.4%);

[3] *Construction activities consist of the Group's engineering and construction businesses (mainly Veolia Water Technologies and SADE), as well as construction completed as part of operating contracts.*

- ✓ Waste revenue declined -1.2% compared to represented first-half of 2016 figures, but grew 4.1% at constant consolidation scope to €1,231.9 million, adjusted for the impact of the sale of Bartin Recycling on November 30, 2016. Continued good commercial momentum, including significant contract gains (Nancy…) were accompanied by higher landfill volumes (+2.4%) and higher recyclate prices (+15% for paper).

- **Europe excluding France** (excluding Lithuania which was transferred to discontinued operations) grew +5.9% at constant exchange rates compared to the prior year period, with solid momentum in all key countries:

  - ✓ In the **United Kingdom**, revenue increased +4.5% at constant exchange rates to €1,000.4 million, thanks to good PFI performance (94.8% average incinerator availability), the positive impact of new Waste contracts in 2016 and 2017 (St Albans, Southend on Sea, Army 2020), increased Construction activity and higher recyclate prices (notably paper and ferrous and non-ferrous scrap metals);

  - ✓ In **Central and Eastern Europe** revenue increased +10.4% at constant exchange rates to €1,493.2 million. Growth was driven by:

    - o Energy: an overall favorable weather impact (+€28.4 million), an increase in heating and electricity volumes sold in Poland and the impact of recent Group developments: Prague Left Bank, renamed Veolia Energie Praha (+€20.5 million);

    - o Water: a rise in invoiced water volumes and the new Water contract in Armenia;

  - ✓ In **Northern Europe** revenue increased +3.4% at constant exchange rates compared to represented prior year periods to €1,195.4 million. Germany, the main contributor (€886 million), benefited from increased recyclate and service prices and good volumes in Waste. In addition, revenue increased in Sweden due to contract gains in the Waste business.

- Strong revenue growth of +11.3% at constant exchange rates in the **Rest of the world** segment, reported across most regions:

  - ✓ Revenue rose +16.7% at constant exchange rates to €1,040.4 million in **North America**, benefiting from the integration of Chemours' Sulfur Products division assets (+€106.9 million) and the acquisition of a building energy services company (Enovity) in January 2017. Additionally, robust Municipal and Commercial activities were boosted by increased electricity and gas prices, offset by ongoing difficulties in industrial services;

  - ✓ Revenue growth was robust in **Latin America** (+23.7% at constant exchange rates) thanks to tariff increases specifically in Argentina, the positive impact of the acquisition of the Pedreira landfill site in Brazil in May 2016 and the start-up of the Santa Marta contract (Water) in Colombia in April 2017;

  - ✓ **Asia** reported significant revenue growth of +18.9% at constant exchange rates. In China, strong revenue growth (+36.6%) was due to new contracts (Sinopec and Hongda) in the Industrial Water sector and growth in volumes sold in the Municipal Energy and Waste sectors. Revenue growth in Japan was also driven by the development of Municipal Water and the acquisition of Renova in August 2016. In Korea, the acquisition of Uniken in Industrial Waste benefited revenue;

  - ✓ In the **Pacific** zone, revenue remained stable (-0.2% at constant exchange rates). In the Waste business, strong treatment activities were offset by the decline in industrial services;

  - ✓ In **Africa and the Middle East**, revenue fell slightly by -1.3% at constant exchange rates.

- **Global Businesses** were almost stable in revenue (-0.7%) at constant exchange rates compared to represented first half 2016 figures: further growth in Hazardous waste revenues and stabilization of Construction activities.

  - ✓ Solid growth in Hazardous Waste activities (+2.8% at constant exchange rates) was due to improvement in the oil recycling businesses;

✓ Design & Build activities remain down by -5.1% at constant exchange rates in line with Veolia Water Technologies' business restructuring. However the VWT backlog is improving and the SADE activity in France also improved in the first-half of 2017.

The increase in revenue between the first half of 2016 and the first half of 2017 breaks down by main impact as follows:

The **foreign exchange impact** on revenue was -€14 million (-0.1% of revenue) and mainly reflects fluctuations in the UK pound sterling (-€111.7 million), the Australian dollar (+€28.0 million), the U.S. dollar (+€32.7 million) and the Brazilian real (+€13.8 million).

The **consolidation scope impact** (+€157 million) mainly concerns developments in 2016 and 2017: the integration of Chemours' Sulfur Products division assets in the United States (€106.9 million), the acquisition of Uniken in South Korea (+€10.6 million), Prague Left Bank, renamed Veolia Energie Praha, in the Czech Republic (+€20.5 million), the acquisition of Enovity (+€18.8 million) and the Pedreira landfill site in Brazil (+€16.5 million) as well as the sale of Bartin Recycling in the Waste business in France (-€81.5 million).

At constant scope and exchange rates, revenue grew +3.1%.

The -€59 million decrease in **Construction** revenue (+€15 million in the second quarter of 2017 vs -€74 million in the first quarter), is mainly due to a decrease in Construcrtion activity in concession contracts, partly offset by SADE's robust performance in France.

The combined evolution of **energy prices and recyclate prices** amounted to +€57 million (compared with -€115 million in the first-half of 2016)

Commercial momentum improved significantly (**Commerce/Volumes** impact) contributing +€276 million (compared with +€127 million in the first-half of 2016):

- +€127 million increase, in line with higher volumes sold in Germany (Energy) and Central Europe (Water and Energy), solid growth in Waste in Germany, good Energy and Waste volumes in China and higher Water and Waste volumes in Latin America, partially offset by a the continued downturn in industrial services in North America and Australia;
- A commercial impact of +€122 million thanks to numerous contract wins in Europe (in multi-utility industrial contracts) and good performance in Asia (including the Sinopec contract in China for €56 million);
- The weather impact of +€27 million is favorable in Central Europe, notably in the second quarter of 2017 (+€12 million).

Favorable **price effects** (+€74 million) are tied to positive tariff indexation in Germany in Waste, in Central Europe in Water, and the significant impact of higher Waste prices in Argentina.

By business, the change in revenue compared with represented June 30, 2016 breaks down as follows:

(in € million)	Half-year ended June 30, 2016 represented	**Half-year ended June 30, 2017**	∆	*∆ at constant exchange rates*	*∆ at constant scope and exchange rates*
Water	5,336.3	5,415.7	1.5%	1.0%	1.2%
Waste	4,173.5	4,378.4	4.9%	6.3%	3.8%
Energy	2,325.3	2,552.4	9.8%	9.2%	6.5%
Group	**11,835.1**	**12,346.5**	**4.3%**	**4.4%**	**3.1%**

WATER

Water revenue improved +1.0% at constant exchange rates and +2.3% at constant exchange rates excluding Construction and energy prices, compared with represented figures for the half year ended June 30, 2016. This improvement can be explained as follows:

- Higher volumes and a positive commercial effect of +2.1%. The rise in volumes in Central and Eastern Europe was partly offset by negative commercial effects in France. Revenue also benefited from the impact of new industrial water commercial developments, notably the Sinopec contract in China in the amount of €56 million;
- A slightly positive price effect of +0.5% with increases in Central Europe and Latin America offset by negative price effects in France (-0.3%);
- A slight decrease in construction revenue of -0.8%; The decrease in Construction revenue was partially offset by growth in SADE activities in France.

WASTE

Waste revenue rose +6.3% at constant exchange rates compared with represented half year 2016 figures (+3.8% at constant scope and exchange rates), due to:

- A scope impact of +2.4%, mostly related to the integration of the Chemours Sulfur Products division's assets in the United States (+€106.9 million), partially offset by the sale of Bartin (-€81.5 million);
- Commercial and volume effects of +0.6%: slowdown in the United States (Industrial services still weak) offset by numerous contract wins, particularly in France, the UK and Germany;
- A positive price effect of +1.1%;
- The favorable impact of higher prices of recycled materials (+1.5%) particularly paper.

ENERGY

Energy revenue rose +9.2% at constant exchange rates compared with first half 2016 represented figures (+6.5% at constant consolidation scope and exchange rates). This improvement can be explained as follows:

- the positive volume and commerce effect of +4.4%, due to higher volumes of energy sold in Central and Eastern Europe and in China, and new energy efficiency contracts;
- a favorable weather impact of €27 million (+1.2%) mostly in Poland and Czech Republic;
- Price effect: lower heat and electricity prices in Europe were mostly offset by higher prices in the United States;

- a scope impact of +2.8%, related to the acquisition of Prague Left Bank in 2016 and an energy efficiency business in the United States (Enovity) in 2017.

2. EBITDA

Group consolidated EBITDA for the half-year ended June 30, 2017 was €1,651.4 million, up 0.4% at constant exchange rates compared to represented first half 2016 figures. The EBITDA margin decreased from 13.9% in the represented half-year ended June 30, 2016 to 13.4% in the same period to June 30, 2017.

Changes in EBITDA by segment were as follows:

in € million)	Half-year ended June 30, 2016 represented	**Half-year ended June 30, 2017**	*2016 / 2017 change* Δ	Δ *at constant exchange rates*
France	359.4	375.3	*+4.4%*	*+4.4%*
EBITDA margin	*13.4%*	*14.1%*		
Europe, excluding France	759.2	725.6	*-4.4%*	*-3.2%*
EBITDA margin	*18.6%*	*17.1%*		
Rest of the World	400.5	442.8	*+10.6%*	*+8.3%*
EBITDA margin	*14.1%*	*13.7%*		
Global Businesses	116.8	104.1	*-10.8%*	*-10.0%*
EBITDA margin	*5.3%*	*4.7%*		
Other	9.9	3.6	*-63.2%*	*-64.2%*
EBITDA	**1,645.8**	**1,651.4**	***+0.3%***	***+0.4%***
EBITDA margin	***13.9%***	***13.4%***		

- **In France**, EBITDA posted a strong increase driven by cost savings.
  - ✓ In the Water business, EBITDA increased +2.4% in the first half of 2017, thanks to significant cost savings and higher volumes (impact of +1.1% on EBITDA growth) which offset ongoing unfavorable impacts: negative tariff indexation and the negative impact from contract renegotiations.
  - ✓ In the Waste business, EBITDA strongly increased by +9.6% benefiting from significant cost savings and the impact of commercial developments.
- EBITDA contracted -3.2% at constant exchange rates in **Europe excluding France** (excluding Lithuania) as a result of several factors:
  - ✓ In Central and Eastern Europe EBITDA increased +2.5%, mainly thanks to a favorable weather effect (+€12.5 million) in Energy and good volumes in Water, and despite start-up costs of the new contract in Armenia;
  - ✓ EBITDA declined in the United Kingdom, despite cost savings benefits, due to one-time costs related to maintenance and plant outages;
  - ✓ Lower EBITDA in Northern Europe, mainly due to favorable non-recurring items in the first half of 2016 (litigation payment and insurance claim reimbursement).
- EBITDA grew +8.3% in the **Rest of the World:**
  - ✓ EBITDA growth in the United States, mainly due to changes in consolidation scope (+€22.2 million), with the integration of Chemours' Sulfur Products division assets, the acquisition of Enovity and good growth

in Energy (price effect, new contracts). Industrial services continued however to decline and Hazardous Waste was penalized by plant outages;

- ✓ Increased EBITDA in Latin America (+€18.1 million) mainly due to price increases in Argentina and the impact of acquisitions in Brazil and new contracts in Colombia;
- ✓ Robust +14.4% growth in China EBITDA from all activities: municipal and industrial Energy, industrial Water (Sinopec) and in Waste (landfill volumes and Hazardous Waste growth).

- In the **Global Businesses** segment, the benefits of restructuring at Veolia Water Technologies and the good performance of Hazardous waste activities were offset by the non-recurrence of favorable items in 2016 (favorable outcome of a contract termination). Veolia Water Technologies continues its transformation plan with the standardization of its offerings, purchasing savings and a decrease in selling and administrative costs.

The increase in EBITDA between the first half of 2016 and the first half of 2017 breaks down by impact as follows:

The **foreign exchange impact** on EBITDA was -€1.0 million and mainly reflects the depreciation of the UK pound sterling (-€15.1 million), offset by the appreciation of the Brazilian real (+€3.0 million), the Australian dollar (+€2.3 million), the U.S. dollar (+€3.0 million) and the Polish zloty (+€3.0 million).

The **consolidation scope impact** (+€42.0 million) mainly concerns developments in 2016: the integration of Chemours' Sulfur Products division assets in the United States, Prague Left Bank in the Czech Republic and the Pedreira landfill site in Brazil.

Commerce and volumes impacts totaled +€27 million thanks to strong commercial momentum, particularly in Asia and good volumes, both in Waste, Water and in Energy in Central Europe as the heating season continued through to April, mitigating continued negative impacts of contract renegotiations in French Water, contract losses in Italy and less industrial services activity in the U.S. and Australia.

Energy and recyclate prices overall negatively impacted EBITDA (-€7 million): the variation in heating and electricity prices (decline in Central Europe, increase in the U.S.) changed in line with the purchase price of fuel used to produce heat and electricity. In addition, the positive impact of higher recyclate prices in the United Kingdom was offset by increased fuel costs in Waste in France.

The -€68 million **price / cost squeeze** mainly concerns Water in France and negative effects tied to the start-up of new activities (dismantling of oil platforms, Water contract in Armenia, etc.).

Cost-savings plans contributed €126 million, consistent with the annual objective of €250 million. They mainly cover operational efficiency (47%) and purchasing (31%) and were achieved across all geographic zones: France (32%), Europe excluding France (24%), Rest of the World (29%), Global Businesses (13%) and Corporate (2%).

Transitory costs and one-off items mainly concern the favorable impact of one-off items in the first-half of 2016 (litigation payment in Belgium, insurance claim reimbursement received in Germany, favorable contract termination at Veolia Water Technologies) and additional insurance and maintenance costs (particularly in the United Kingdom) incurred in the first quarter of 2017.

3. CURRENT EBIT

Group consolidated current EBIT for the half-year ended June 30, 2017 was €773.8 million, up +0.6% at constant exchange rates compared to represented figures for the prior year period.

The reconciling items between EBITDA and Current EBIT as of June 30, 2017 and 2016 are as follows:

(in € million)	Half-year ended June 30, 2016 represented	**Half-year ended June 30, 2017**
EBITDA	**1,645.8**	**1,651.4**
Renewal expenses	(135.6)	(131.7)
Depreciation and amortization (*)	(829.0)	(847.4)
Provisions, fair value adjustments & other:	46.7	53.4
• *Current impairment of property, plant and equipment, intangible assets and operating financial assets*	*1.4*	*10.1*
• *Net charges to operating provisions, fair value adjustments and other*	*27.4*	*35.8*
• *Capital gains or losses on industrial divestitures*	*17.9*	*7.5*
Share of current net income of joint ventures and associates	43.3	48.1
Current EBIT	**771.2**	**773.8**

(*) Including principal payments on operating financial assets (OFA) of -€91.3 million for the half-year ended June 30, 2017 (compared with -€104 million for the half-year ended June 30, 2016.)

The slight increase in Current EBIT at constant exchange rates reflects:

- stable EBITDA;
- the increase in depreciation and amortization charges at constant exchange rates, in line with consolidation scope impacts, primarily in the Unites States following the acquisition of Chemours' assets in July 2016, as well as in Brazil; excluding the consolidation scope impact, depreciation and amortization expenses are stable;
- the favorable change in net operating provision reversals, in particular provision reversals for landfill site remediation in France and the United Kingdom and self insurance provisions (+€15 million) with EBITDA counterpart leading to a neutral current EBIT impact;
- capital gains or losses on industrial divestitures down for the half-year ended June 30, 2017;
- the increase in the contribution of equity-accounted entities, notably in China.

The foreign exchange impact on Current EBIT was -€2.0 million and mainly reflects fluctuations in the pound sterling (-€9.1 million), Brazilian real (+€2.2 million), U.S. dollar (+€1.6 million) and Australian dollar (+€1.1 million).

Changes in current EBIT **by segment** were as follows:

(in € million)	Half-year ended June 30, 2016 represented	**Half-year ended June 30, 2017**	*2016 / 2017 change* *∆*	*∆ at constant exchange rates*
France	44.6	67.7	*+51.8%*	*+51.8%*
Europe, excluding France	451.8	422.4	*-6.5%*	*-5.4%*
Rest of the World	213.9	242.4	*+13.4%*	*+11.3%*
Global Businesses	70.3	48.7	*-30.8%*	*-29.1%*
Other	(9.4)	(7.2)	*-22.7%*	*-21.7%*
Current EBIT	**771.2**	**773.8**	***+0.3%***	***+0.6%***

4. NET FINANCIAL EXPENSE

(in € million)	Half-year ended June 30, 2016, represented	**Half-year ended June 30, 2017**
Cost of net financial debt (1)	**-208.9**	**-209.2**
Net gains / losses on loans and receivables	8.8	1.4
Net income (loss) on available-for-sale assets	3.0	2.3
Assets and liabilities at fair value through profit or loss	-0.2	0.1
Foreign exchange gains and losses	-5.4	-7.8
Unwinding of the discount on provisions	-20.6	-19.8
Interest on concession liabilities	-44.8	-44.5
Other	-13.3	-6.3
Other financial income and expense (2)	**-72.5**	**-74.6**
Gains (losses) on disposals of financial assets (*)	40.6	4.5
Net financial expense (1)+(2)	**-240.8**	**-279.3**

(*) including costs of disposal of financial assets

COST OF NET FINANCIAL DEBT

The **cost of net financial debt** was stable at -€209.2 million for the half-year ended June 30, 2017, compared with represented -€208.9 million for the half-year ended June 30, 2016.

The cost of net financial debt was stable and benefited from active debt management that offset the rising cost of non-euro denominated debt following acquisitions outside the Euro zone, combined with the rise in spreads between the euro and foreign currencies.

The net financing rate also remains stable at 4.97% for the half-year ended June 30, 2017, as was the case for the half-year ended June 30, 2016.

OTHER FINANCIAL INCOME AND EXPENSES

Other financial income and expenses totaled -€74.6 million for the half-year ended June 30, 2017, versus represented -€72.5 million for the half-year ended June 30, 2016.

Capital gains on financial divestitures recorded in the first half of 2017 for €4.5 million were down sharply compared to the represented €40.6 million recorded for the half-year ended June 30, 2016. For the represented half-year ended June 30, 2016, other financial income and expenses included the fair value remeasurement of previously-held equity interests in France and China.

5. INCOME TAX EXPENSE

The income tax expense for the half-year ended June 30, 2017 amounted to -€114.7 million, compared with represented -€125.5 million for the half-year ended June 30, 2016.

The current tax rate for the half-year ended June 30, 2017 declined slightly to 27.0% (versus represented 29.6% for the half-year ended June 30, 2016) after adjustment for the impact of financial divestitures, and non-recurring items within net income of fully controlled entities and the share of net income of equity-accounted companies. It is mainly explained by the change of geographical contribution of taxable results.

(in € million)	Half-year ended June 30, 2016 represented	**Half-year ended June 30, 2017**
Current income before tax (a)	**530**	**494**
Of which share of net income of joint ventures and associates (b)	43	48
Of which gains (losses) on disposals of financial assets (c)	41	4
Represented current income before tax : d=a-b-c	**446**	**442**
Represented tax expense (e)	**-132**	**-119**
Represented tax rate on current income (e) / (d)	**29.6%**	**27.0%**

6. CURRENT NET INCOME / NET INCOME ATTRIBUTABLE TO OWNERS OF THE COMPANY

Current net income attributable to owners of the Company was €295.2 million for the half-year ended June 30, 2017, compared with represented €322.8 million for the half-year ended June 30, 2016. Excluding capital gains and losses on financial divestitures net of tax and minorities, current net income attributable to owners of the Company rose 4.4% at constant exchange rates to €294.0 million from represented €282.2 million for the half-year ended June 30, 2016.

Net income attributable to owners of the Company was €204.6 million for the half-year ended June 30, 2017, compared with represented €252.0 million for the half-year ended June 30, 2016.
The decrease in Net income attributable to owners of the Company is mainly due to lower capital gains and losses on financial disposals.

Based on a weighted average number of outstanding shares of 550.8 million (basic), and 574.6 million (diluted), for the half-year ended June 30, 2017, compared with 550.3 million (basic) and 566.2 million (diluted) for the half-year ended June 30, 2016, **Current net income per share attributable to owners of the Company** was €0.54 (basic) and €0.51 (diluted) for the half-year ended June 30, 2017, compared with represented €0.59 (basic) and €0.57 (diluted) for the half-year ended June 30, 2016.

Earnings per share attributable to owners of the Company for the half-year ended June 30, 2017 was €0.25 (basic) and €0.24 (diluted), compared to represented €0.33 (basic) and €0.32 (diluted), for the half-year ended June 30, 2016.

The dilutive effect on share count taken into account in the above earnings per share calculation concerns the OCEANE bonds convertible into and/or exchangeable for new and/or existing shares issued in March 2016.

Net income (loss) attributable to owners of the Company for the half-year ended June 30, 2017 breaks down as follows:

(In € million)	Current	Non-current	Total
EBIT	773.8	-125.7	648.1
Cost of net financial debt	-209.2	-	-209.2
Other financial income and expenses	-70.1	-	-70.1
Pre-tax net income (loss)	**494.5**	**-125.7**	**368.8**
Income tax expense	-119.4	4.7	-114.7
Net income (loss) of other equity-accounted entities	-	13.5	13.5
Net income (loss) from discontinued operations	-	15.0	15.0
Attributable to non-controlling interests	-79.9	1.8	-78.1
Net income (loss) attributable to owners of the Company	**295.2**	**-90.7**	**204.6**

For the represented half-year ended June 30, 2016, net income (loss) attributable to owners of the Company breaks down as follows:

(In € million)	Current	Non-current	Total
EBIT	771.2	-120.2	651.0
Cost of net financial debt	-208.9	-	-208.9
Other financial income and expenses	-31.9	-	-31.9
Pre-tax net income (loss)	**530.4**	**-120.2**	**410.2**
Income tax expense	-132.3	6.8	-125.5
Net income (loss) of other equity-accounted entities	-	22.2	22.2
Net income (loss) from discontinued operations	-	19.6	19.6
Attributable to non-controlling interests	-75.3	0.8	-74.5
Net income (loss) attributable to owners of the Company	**322.8**	**-70.8**	**252.0**

The net income of other equity-accounted entities (Transdev Group) totaled €13.5 million for the half-year ended June 30, 2017 (30% share), versus €22.2 million for the half-year ended June 30, 2016 (50% share).

The share of net income attributable to non-controlling interests totaled €78.1 million for the half-year ended June 30, 2017, compared with represented €74.5 million for the half-year ended June 30, 2016.

The reconciliation of Current EBIT with operating income, as shown in the income statement, is as follows:

(in € million)	Half-year ended June 30, 2016 represented	**Half-year ended June 30, 2017**
Current EBIT	**771.2**	**773.8**
Impairment losses on goodwill and negative goodwill	1.6	-
Net charges to non-current provisions	-	-1.6
Restructuring costs	-100.0	-90.4
Non-current impairment losses on WCR	-	-12.7
Personnel costs -share-based payments	-5.4	-4.9
Non-current provisions and impairment of property, plant and equipment, intangible assets, operating financial assets and others	-9.2	-13.2
Share acquisition costs, with or without acquisition of control	-7.2	-2.9
Total non-current items	**-120.2**	**-125.7**
Operating income after share of net income of equity-accounted entities	**651.0**	**648.1**

Restructuring charges for the half-year ended June 30, 2017 related to Water activities in France in the amount of -€66.5 million. Non-current provisions and impairment losses on WCR are related to the Global Businesses segment.

D] FINANCING

The following table summarizes the change in net financial debt and net free cash flow:

(in € million)	Half year ended June 30, 2016 represented	**Half year ended June 30, 2017**
EBITDA	**1,646**	**1,651**
Net industrial investments	-575	-568
Change in operating WCR	-688	-713
Dividends received from equity-accounted entities and joint ventures	41	57
Renewal expenses	-136	-132
Other non-current expenses and restructuring charges	-36	-72
Interest on concession liabilities	-45	-44
Financial items (current cash financial expense, and operating cash flow from financing activities)	-210	-212
Taxes paid	-137	-143
Net free cash flow before dividend payment, financial investments and financial divestitures	**-140**	**-176**
Dividends paid	-570	-594
Net financial investments	-391	-111
Change in receivables and other financial assets	245	-14
Issue / repayment of deeply subordinated securities	18	-
Proceeds on issue of shares	-	23
Free cash flow	**-838**	**-872**
Effect of foreign exchange rate movements and other	329	122
Change	**-509**	**-749**
Opening net financial debt	-8,169	-7,812
Closing net financial debt	**-8,678**	**-8,561**

(*) The effect of foreign exchange rate and other movements as of June 30, 2017 included favorable impacts (USD, GBP, HKD and CNY) and unfavorable impact (PLN).

Net free cash flow amounted to -€176 million for the half-year ended June 30, 2017, versus represented -€140 million for the half-year ended June 30, 2016.

The change in net free cash flow compared to represented June 30, 2016 (-€36 million) mainly reflects the seasonal unfavorable change in operating working capital requirements and higher restructuring costs, partially offset by the decrease in net industrial investments.

Excluding seasonal impacts on operating WCR (-€713 million in 2017 and -€688 million in 2016), net free cash flow for the half-year ended June 30, 2017 was +€537 million (compared with represented +€548 million for the half-year ended June 30, 2016).

Overall, **net financial debt** amounted to €8,561 million at June 30, 2017, compared with represented €7,812 million at December 31, 2016.

In addition to the change in net free cash flow (including change in operating WCR), net financial debt was impacted by net financial investments of -€111 million, as well as favorable exchange rate fluctuations totaling €129 million in the first-half of the year and by dividends paid.

1. INDUSTRIAL AND FINANCIAL INVESTMENTS

1.1 Industrial investments

Total Group gross industrial investments, including new operating financial assets, amounted to €593 million for the half-year ended June 30, 2017, compared with represented €609 million for the half-year ended June 30, 2016,.

Industrial investments, excluding discontinued operations, break down by segment as follows:

Half year ended June 30, 2017 *(In € million)*	Maintenance & contractual requirements	Discretionary growth	Total gross industrial investments	Industrial divestitures	Total net industrial investments
France	142	2	144	-6	138
Europe excluding France	190	30	220	-12	208
Rest of the world	137	35	172	-3	169
Global Businesses	42		42	-4	38
Other	15		15		15
Total industrial investments	**526** (1)	**67**	**593** (2)	**-25**	**568**

(1) Including maintenance investments of €278 million, and contractual investments of €248 million
(2) Including new Operating Financial Assets in the amount of €27 million

Half year ended June 30, 2016 *(In € million)*	Maintenance & contractual requirements	Discretionary growth	Total gross industrial investments	Industrial divestitures	Total net industrial investments
France	141	5	146	-11	135
Europe excluding France	220	30	250	-8	242
Rest of the world	127	38	165	-11	154
Global Businesses	35	3	38	-4	34
Other	10		10	-	10
Total industrial investments	**533** (1)	**76**	**609** (2)	**-34**	**575**

(1) Including maintenance investments of €284 million, and contractual investments of €249 million
(2) Including new OFA in the amount of €44 million

At constant exchange rates, gross industrial investments were stable compared to the first half of 2016.
Discretionary growth industrial investments slightly declined compared with the first half of 2016.

1.2 Financial investments and divestitures

Financial investments amounted to -€177 million for the half-year ended June 30, 2017 (including acquisition costs) and include the impacts of the Enovity (+€28 million) and Uniken (+€66 million) acquisitions. For the represented half year ended June 30, 2016, financial investments (-€442 million) mainly concerned the acquisition of Kurion, Pedreira, and Prague Left Bank.

Financial divestitures totaled €66 million for the half-year ended June 30, 2017 (including disposal costs) and include the divestiture of Affinity in the UK and Beiyuan in China. Financial divestitures for the half-year ended June 30, 2016 (€52 million) do not include individually significant amounts.

2. OPERATING WORKING CAPITAL REQUIREMENTS

The change in the operating working capital requirements (excluding discontinued operations) was -€713 million for the half-year ended June 30, 2017, compared with represented -€688 million for the half-year ended June 30, 2016.

The change in the operating working capital requirements compared to December 31, 2016 is mainly due to seasonal effects.

3. EXTERNAL FINANCING

3.1 Structure of net financial debt

(in € million)	As of June 30, 2016, represented	**As of June 30, 2017**
Non-current borrowings	7,196.9	9,030.5
Current borrowings	4,759.1	4,348.2
Bank overdrafts and other cash position items	395.6	341.8
Sub-total borrowings	**12,351.6**	**13,720.5**
Cash and cash equivalents	-3,680.2	-4,825.6
Liquid assets	-	-331.2
Fair value gains (losses) on hedge derivatives	6.3	-2.4
Net Financial Debt	**8,677.7**	**8,561.3**

As of June 30, 2017, net financial debt after hedging is 97% at fixed rates and 3% at floating rates.

The average maturity of net financial debt was 9.0 years at June 30, 2017 compared with 8.9 years as of June 30, 2016.

The leverage ratio, i.e. the ratio of closing Net Financial Debt (NFD) to 12-month rolling EBITDA as of June 30, 2017, decreased compared to the represented leverage ratio at June 30, 2016:

	As of June 30, 2016 represented	**As of June 30, 2017**
Leverage ratio (Closing NFD / Rolling 12-months EBITDA ending June)	2.8	2.7

3.2 Group liquidity position

Liquid assets of the Group as of June 30, 2017 break down as follows:

(in € million)	As of June 30, 2016	**As of June 30, 2017**
Veolia Environnement:		
Undrawn syndicated loan facility	3,000.0	3,000.0
Undrawn MT bilateral credit lines	925.0	925.0
Undrawn ST bilateral credit lines	-	-
Letters of credit facility	35.0	53.6
Cash and cash equivalents(1)	2,893.4	4,174.2
Subsidiaries:		
Cash and cash equivalents(1)	786.8	982.6
Total liquidities	**7,640.2**	**9,135.4**
Current debt, bank overdrafts and other cash position items		
Current debt	4,759.1	4,348.2
Bank overdrafts and other cash position items	395.6	341.8
Total current debt, bank overdrafts and other cash position items	**5,154.7**	**4,690.0**
Total liquid assets net of current debt, bank overdrafts and other cash position items	**2,485.5**	**4,445.4**

(1) Including liquid assets and financing-related assets included in net financial debt

The increase in net liquid assets mainly reflects the issue of a renminbi-denominated bond in September 2016 for a nominal amount of €135 million equivalent, the issue of euro-denominated bonds for a nominal amount of €1.1 billion in October 2016 and €1.3 billion in March 2017, for upcoming bond maturities before June 30, 2018, including the euro-denominated bond maturing in May 2018 for €487 million, a lower amount in relation to the redemptions since June 30, 2016.
Veolia Environnement may draw on the multi-currency syndicated loan facility and all credit lines at any time.

Undrawn medium-term syndicated loan facilities

On November 6, 2015, Veolia Environnement signed a new multi-currency syndicated loan facility in the amount of €3 billion initially maturing in 2020, extended to 2021 in October 2016 and extendable to 2022 with the possibility for drawdowns in Eastern European currencies and Chinese Renminbi.

This syndicated loan facility has not been drawn down as of June 30, 2017.

Undrawn ST and MT bilateral credit lines

Veolia Environnement has bilateral credit lines for a total undrawn amount of €925 million as of June 30, 2017.

Letter of credit facility:

As of June 30, 2017, the bilateral letters of credit facility was drawn by USD 123.9 million. The portion that may be drawn in cash amounted to USD 61.1 million (€53.6 million equivalent), undrawn and recorded in the liquidity table above.

APPENDICES

7.1 Reconciliation of 2016 published data with 2016 represented data[1]

In € million	June 30-16 published	IFRIC 12 Adjustment	IFRS 5 Adjustment [4]	June 30-16 represented
Revenue	11,955.9	0.0	-120.8	11,835.1
EBITDA (a)	1,580.3	101.0	-35.5	1,645.8
Current EBIT [2]	749.7	46.4	-24.9	771.2
Operating income	629.5	46.4	-24.9	651.0
Current net income - Group share	341.7	0.8	-19.7	322.8
Net income for the year attributable to owners of the Company	251.2	0.8	0.0	252.0
Gross industrial investments	-553	-56	0	-609
of which Changes in concession WCR (b)	0	-56	0	-56
Interest on concession liabilities (c)	0	-44.8	0	-44.8
Net free cash flow [3]	-105	0	-35	-140
Net financial debt	-8,678	0	0	-8,678

(1) Unaudited figures
(2) Including the represented share of current net income of joint ventures and associates for the half-year ended June 30, 2016.
(3) No impact related to IFRIC 12 adjustment on net Free Cash Flow (a)+(b)+(c)=0)
(4) In order to ensure the comparability of periods, the half-year ended June 30 2016 has been adjusted for the reclassification of the Group's activities in Lithuania to "Net income (loss) from discontinued operations" pursuant to IFRS 5

IFRIC 12
In the income statement, the adjustments resulting from this clarification drive an increase in EBITDA and Current EBIT. In effect, the concession fee formerly accounted for as a charge is eliminated and then reallocated between interest expense and repayment of the recognized debt. At the same time, a depreciation charge for the asset is recognized and then deferred taxes are adjusted accordingly.

On the balance sheet, the liability related to the fixed payments is classified within concession liabilities and broken down between current and non-current liabilities according to maturity. The liability balance relating to the adjustments is greater than the corresponding net asset value: in effect the asset depreciation rate is linear, while the reimbursement rate is progressive ("constant annuity formula", with reduction in the interest portion in favor of the principal repayment).
The increase in EBITDA resulting from the application of the clarification is offset by the liability repayment (classified in CAPEX) and interest payments. As a result, these adjustments have no impact on net free cash flow or net financial debt.

Consolidated income statement

(€ million)	**Half-year ended June 30, 2016** [(1)]	**Half-year ended June 30, 2017**
Revenue	**11,835.1**	**12,346.5**
Cost of sales	-9,671.8	-10,202.9
Selling costs	-279.5	-308.9
General and administrative expenses	-1,155.9	-1,109.0
Other operating revenue and expenses	-120.2	-125.7
Operating income before share of net income (loss) of equity-accounted entities	**607.7**	**600.0**
Share of net income (loss) of equity-accounted entities	**43.3**	**48.1**
o/w share of net income (loss) of joint ventures	29.7	35.2
o/w share of net income (loss) of associates	13.6	12.9
Operating income after share of net income (loss) of equity-accounted entities	**651.0**	**648.1**
Net finance costs	-208.9	-209.2
Other financial income and expenses	-31.9	-70.1
Pre-tax net income (loss)	**410.2**	**368.8**
Income tax expense	-125.5	-114.7
Share of net income (loss) of other equity-accounted entities	22.2	13.5
Net income (loss) from continuing operations	**306.9**	**267.6**
Net income (loss) from discontinued operations	19.6	15.0
Net income (loss) for the period	**326.5**	**282.6**
Attributable to owners of the Company	**252.0**	**204.6**
Attributable to non-controlling interests	74.5	78.1
NET INCOME (LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY PER SHARE	**-**	**-**
Diluted	0.32	0.24
Basic	0.33	0.25
NET INCOME (LOSS) FROM CONTINUING OPERATIONS ATTRIBUTABLE TO OWNERS OF THE COMPANY PER SHARE	-	-
Diluted	0.29	0.21
Basic	0.30	0.22
NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS ATTRIBUTABLE TO OWNERS OF THE COMPANY PER SHARE	-	-
Diluted	0.03	0.03
Basic	0.03	0.03

(1) Including the application of IFRIC 12.

Consolidated statement of financial position - assets

(€ million)	**As of December 31, 2016**	**As of June 30, 2017**
Goodwill	4,850.2	4,899.8
Concession intangible assets	3,775.6	3,692.6
Other intangible assets	1,012.7	987.1
Property, plant and equipment	7,177.2	6,978.3
Investments in joint ventures	1,642.6	1,505.1
Investments in associates	723.4	607.6
Non-consolidated investments	88.0	56.1
Non-current operating financial assets	1,554.1	1,485.4
Non-current derivative instruments - Assets	43.2	38.3
Other non-current financial assets	385.6	428.7
Deferred tax assets	1,211.1	1,204.1
Non-current assets	**22,463.7**	**21,883.1**
Inventories and work-in-progress	719.6	687.4
Operating receivables	8,686.0	8,901.9
Current operating financial assets	141.6	118.3
Other current financial assets	284.7	587.3
Current derivative instruments - Assets	78.4	97.5
Cash and cash equivalents	5,521.4	4,825.6
Assets classified as held for sale	53.8	157.9
Current assets	**15,485.5**	**15,375.9**
TOTAL ASSETS	**37,949.2**	**37,259.0**

Consolidated statement of financial position - equity and liabilities

(€ million)	**As of December 31, 2016**	**As of June 30, 2017**
Share capital	2,816.8	2,816.8
Additional paid-in capital	7,161.2	7,161.2
Reserves and retained earnings attributable to owners of the Company	-2,228.8	-2,675.6
Total equity attributable to owners of the Company	**7,749.2**	**7,302.4**
Total equity attributable to non-controlling interests	1,127.3	1,116.0
Equity	**8,876.5**	**8,418.4**
Non-current provisions	2,123.7	2,099.1
Non-current borrowings	8,344.0	9,030.6
Non-current derivative instruments - Liabilities	122.4	110.6
Concession liabilities - non current	1,399.2	1,437.9
Deferred tax liabilities	1,079.8	1,091.1
Non-current liabilities	**13,069.1**	**13,769.3**
Operating payables	10,199.9	9,601.0
Concession liabilities - current	119.8	131.2
Current provisions	559.4	585.0
Current borrowings	4,759.7	4,348.2
Current derivative instruments - Liabilities	118.0	31.6
Bank overdrafts and other cash position items	246.8	341.8
Liabilities directly associated with assets classified as held for sale	-	32.5
Current liabilities	**16,003.6**	**15,071.3**
TOTAL EQUITY AND LIABILITIES	**37,949.2**	**37,259.0**

Consolidated cash-flow statement

(€ million)	**Half-year ended June 30, 2016 [1]**	**Half-year ended June 30, 2017**
Net income (loss) for the period	**326.5**	**282.6**
Net income (loss) from continuing operations	***306.9***	***267.6***
Net income (loss) from discontinued operations	***19.6***	***15.0***
Operating depreciation, amortization, provisions and impairment losses	771.4	767.5
Financial amortization and impairment losses	1.1	1.0
Gains (losses) on disposal of operating assets	-17.9	-7.5
Gains (losses) on disposal of financial assets	-40.5	-6.7
Share of net income (loss) of joint ventures	-51.9	-35.2
Share of net income (loss) of associates	-13.7	-26.4
Dividends received	-2.4	-2.2
Net finance costs	208.9	209.2
Income tax expense	125.5	114.7
Other items	72.7	71.9
Operating cash flow before changes in operating working capital [2]	**1,360.2**	**1,353.9**
Change in operating working capital requirements	-687.9	-713.2
Change in concession working capital requirements	-56.1	-62.5
Income taxes paid	-137.2	-143.3
Net cash from operating activities of continuing operations	**479.2**	**434.9**
Net cash from (used in) operating activities of discontinued operations	***35.5***	***24.2***
Net cash from operating activities	**514.7**	**459.1**
Industrial investments, net of grants	-505.4	-499.5
Proceeds on disposal of industrial assets	33.7	24.8
Purchases of investments	-417.4	-122.3
Proceeds on disposal of financial assets	29.5	89.2
Operating financial assets	-	-
New operating financial assets	-44.4	-26.9
Principal payments on operating financial assets	104.0	91.3
Dividends received (including dividends received from joint ventures and associates)	40.8	57.2
New non-current loans granted	-106.3	-81.9
Principal payments on non-current loans	34.9	63.7
Net decrease/increase in current loans	316.1	4.5
Net cash used in investing activities of continuing operations	**-514.3**	**-399.9**
Net cash used in investing activities of discontinued operations	***-0.4***	***-7.8***
Net cash used in investing activities	**-514.7**	**-407.7**
Net increase (decrease) in current borrowings	-369.3	-915.3

(€ million)	**Half-year ended June 30, 2016 (1)**	**Half-year ended June 30, 2017**
New non-current borrowings and other debts	735.5	1,343.0
Principal payments on non-current borrowings and other debts	-46.7	-57.6
Change in liquid assets and financing financial assets	-	-317.9
Proceeds on issue of shares	9.1	13.4
Share capital reduction	-	-
Transactions with non-controlling interests: partial purchases	-2.6	-3.8
Transactions with non-controlling interests: partial sales	-	0.4
Proceeds on issue of deeply subordinated securities	-	-
Coupons on deeply subordinated securities	-68.8	-67.8
Purchases of/proceeds from treasury shares	-	23.5
Dividends paid	-501.3	-526.6
Interest paid	-312.4	-312.7
Net cash from (used in) financing activities of continuing operations	***-556.5***	***-821.4***
Net cash from financing activities of discontinued operations	***-0.3***	***-0.2***
Net cash from (used in) financing activities	**-556.8**	***-821.6***
Effect of foreign exchange rate changes and other	-17.4	-28.6
Increase (decrease) in external net cash of discontinued operations	-0.3	9.0
Net cash at the beginning of the year	**3,857.7**	**5,273.5**
Net cash at the end of the year	**3,284.3**	**4,483.8**
Cash and cash equivalents	3,679.8	4,825.6
Bank overdrafts and other cash position items	395.5	341.8
Net cash at the end of the year	**3,284.3**	**4,483.8**

(1) Including IFRIC 12
(2) Including represented €35.5 million from discontinued activities as of June 30, 2016