Press Release

Paris, February 22, 2018

2017 ANNUAL RESULTS *(results in the course of audit)*

SOLID REVENUE GROWTH AND RESULTS EXCEEDED OBJECTIVES

- **REVENUE:**
  - **+4.9%[1] AND +3.5% LIKE-FOR-LIKE GROWTH TO €25,125 MILLION**
  - **ACCELERATION TO +6.3%[1] GROWTH IN THE FOURTH QUARTER DUE TO CONTINUED GOOD COMMERCIAL MOMENTUM**
- **EBITDA :**
  - **GROWTH OF +2.7%[1] TO €3,284 MILLION**
  - **+5.2%[1] IN THE FOURTH QUARTER**
- **€255 MILLION IN COST SAVINGS ACHIEVED IN 2017, IN LINE WITH THE GROUP'S OBJECTIVE**
- **CURRENT EBIT:**
  - **+5,3%[1] GROWTH TO €1,519 MILLION**
- **CURRENT NET INCOME – GROUP SHARE:**
  - **AN INCREASE OF +7,3%[1] EXCLUDING CAPITAL GAINS TO €623 MILLION**
- **FURTHER INCREASE IN POST-TAX ROCE TO 8.4%**
- **PROPOSAL TO INCREASE THE DIVIDEND BY 5% TO €0.84 PER SHARE**
- **2018-2019 OBJECTIVES ENTIRELY CONFIRMED**

Antoine Frérot, Veolia's Chairman & CEO indicated: *«2017 has been an intense and successful year for Veolia and was fully in line with the growth trajectory we are aiming for. Sales growth accelerated throughout the year due to actions implemented at the end of 2016. Results growth was amplified quarter after quarter thanks to our commercial successes, and continued discipline on our part in terms of cost reductions. Over the last 4 years, EBITDA has risen by 20%, current EBIT by 75% and current net income has more than tripled. The sum total of these results allows me to approach 2018 with confidence. Revenue and earnings should again post good growth. Our 2018 and 2019 objectives are entirely confirmed."*

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[1] At constant exchange rates
At current consolidation scope and exchange rates : revenue +3.9%, EBITDA growth of 2.0%, current EBIT growth of 4.1%, and current net income – group share up 4.4% (+5.5% excluding capital gains).

All 2017 results are compared to 2016 "pro forma" figures that incorporate IFRIC 12 and are represented for the reclassification into "Net income from discontinued operations" of the Group's activities in Lithuania, in accordance with the IFRS5 accounting standard.

- **Revenue grew 3.9% (+4.9% at constant exchange rates) to €25,125 million, compared with €24,187 million in 2016.**

  The unfavorable variation in exchange rates negatively impacted 2017 revenue growth by 1.1% (-€257 million). At constant consolidation scope and exchange rates (i.e. like-for-like), revenue growth was 3.5%.

  - In France, revenue was stable (-0.1%) but increased 1.8% at constant consolidation scope. Water revenue was up (+0.5%) and recorded progressive improvement throughout the year due to volume growth of 1%, price indexation of +0.2%, and commercial impacts of -0.5%. Waste revenue declined slightly (-0.7%) but was up 3.5% at constant consolidation scope (divestment of Bartin recycling at the end of November 2016). Waste volumes grew 1.9% due to significant contract awards, good landfill volumes, as well as good trends in sorting and recycling and commercial collection. Waste revenue in France also benefited from higher paper prices (+10% y-y).
  - Revenue in the Europe excluding France segment posted a 6.4% growth at constant exchange rates. All regions recorded steady growth with the exception of Italy (-1.6%). Germany increased 5.6% due to good commercial performance in Waste, higher services prices, and the positive impact of higher paper prices. Revenue in the United Kingdom & Ireland combined was up 5.2%[2] with good commercial momentum and higher recycled raw materials prices. The Central and Eastern European region increased 7.9%[2] due to higher heat and electricity volumes sold, with a slightly favorable weather benefit, as well as strong water volume growth (+9.4%) given the Armenia contract expansion. The Nordic countries also recorded a strong performance (+23.7%[2]) as did the Iberian Peninsula (+12.2%).
  - At constant exchange rates the Rest of the World posted strong growth (+11.6%). North America revenue increased 10,3%[2] due mainly to the integration of Chemours' sulfur products business, good momentum in hazardous waste (+5%) and higher prices and volumes in Energy. Asia grew 21.2%[2] including 23.7%[2] growth in China, driven by commercial successes. Latin America revenue posted strong growth of 22.4%[2], due to positive developments in Argentina, Brazil and in Columbia. The Pacific region returned to growth at +7.7%[2].
  - Global Businesses revenue was stable (-0.4%) at constant exchange rates. Hazardous Waste activities progressed significantly (+5.7%[2]). Revenue from Veolia Water Technologies construction activities was down 6.4%[2] but bookings increased by 9% to €2 billion. SADE revenue was stable (+0.6% at constant consolidation scope and exchange rates) driven by good performance in France, while international activity continued to suffer.

- *By business,* Water revenue increased 1.6% at constant exchange rates. Waste activity posted very strong growth (+8.1 % at constant exchange rates) with the volume contribution to revenue up 1.8%, service prices up 1.4% and a favorable impact of recycled raw materials prices (+1.2%), to which acquisitions, net of divestitures added 3.4%. Energy revenue also posted strong growth (+7.1% at constant exchange rates), including the impact of commerce/volumes of +4.2%, a scope effect of 1.9% (Prague district heating network and an energy services company in the United States) and a negligible price effect.

- **Commercial reinforcement efforts launched a year ago drove the acceleration of growth:**
  - Commercial resources were increased by €40M in 2017.

[2] At constant exchange rates

- The missions of our Innovation and Markets group were refocused on commercial development and winning new business, to more systematically replicate our key offers within our targeted geographies and to further develop business with our 30 key industrial accounts, chosen from leaders within Veolia's priority markets.
- This revitalization led to the signature of major, promising contracts in 2017, including:

  In the municipal market: in Mexico, the Group signed a contract for the design, build and O&M of the largest waste-to-energy (WTE) facility in Latin America (cumulative revenue of €886 million for 30 years); in England, a waste management and recycling contract servicing four boroughs in south London (cumulative revenue of £209 million for 8 years); in France an operations contract for the Lille WTE facility (cumulative revenue of €295 million for 12 years), as well as the Valenton wastewater treatment contract in the Ile de France region (cumulative revenue of €400 million for 12 years). In addition, after seeing its contract renewed for 5 years on March 1, 2017, the Gabon Energy and Water Company (SEEG: Société d'Energie et d'Eau du Gabon), a 51% subsidiary of Veolia, was the object of an expropriation action by the Gabonese government on February 16, 2018.

  In the industrial market: the Group was notably awarded three energy services contracts in China for a total amount of €864 million; in Australia, a contract to build and operate a new water treatment facility for the Springvale mine and Mount Piper Power Station for 17 years (cumulative revenue of AUD$400 million); and in the United States, a contract for the collection and treatment of complex waste generated by Antero Resources (cumulative revenue of up to $70 million for 10 years).

- **EBITDA improved 2% (+2.7% at constant exchange rates) to €3,284 million**
  - Foreign currency movements negatively impacted EBITDA by -€21 million.
  - EBITDA benefited from continued cost reduction efforts, reaching €255 million in 2017, slightly above the €250 million objective, which allowed the Group to absorb the impact of weak price indexation in our contracts in France and Europe, the impact of contractual renegotiations and the startup of new activities, particularly in Energy in France, for a total impact of -€131 million, and the reinforcement of our commercial resources by €40 million, as well as the absence of favorable one offs elements that benefited 2016 results and higher insurance and maintenance costs totaling -€110 million.
  - *By segment:* EBITDA in France improved 3.3% to €788 million. Water EBITDA in France increased 3.8% due to good volumes and cost reduction efforts. Price indexation was weak, but overall was positive at +0.2%. Waste EBITDA in France improved 2.2% due to volume growth and a solid contribution from cost cutting. At constant exchange rates, Europe excluding France segment EBITDA was stable at +0.3% compared to the prior year due to the absence of favorable one off items in 2016 (resolution of Aquiris litigation in Belgium and an insurance claim reimbursement in Germany) and higher maintenance costs in the UK in 2017, which masked good operational performance. EBITDA in the Rest of the World segment recorded very strong growth (+10.1% at constant exchange rates) due to excellent performance in China (+20.4%[3]), in Latin America (+27.6%[3]) and the Pacific region (+20.1%[3]) which more than offset lower EBITDA in North America (-1.5%[3]) resulting from the poor performance of the industrial services business and the negative impact of Hurricane Harvey on the hazardous waste business. Global Businesses EBITDA was stable (-0.6%[3]), as a result of the absence of a favorable one off that benefited 2016 (indemnity payment at the end of a contract in North America) which offset the favorable impact of restructuring in the Veolia Water Technologies business and very good Hazardous Waste performance.
- **Current EBIT increased 4.1% (+5.3% at constant exchange rates) to €1,519 million compared with €1,460 million in 2016.**

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[3] At constant exchange rates

- o Foreign currency movements negatively impacted current EBIT by -€18 million.

The improvement in current EBIT at constant exchange rates reflects:

- o EBITDA growth
- o higher depreciation and amortization charges at constant exchange rates (+5.5%) in line with the development of the Group's activities, as well as scope effects, and
- o the increase in the contribution from equity-accounted joint ventures and associates, which amounted to €98 million in 2017 compared with €94 million in 2016, due to good performance in China.

- **Current net income – group share increased 4.4% (+6.1% at constant exchange rates) to €623 million, compared with €597 million in 2016.** Excluding net financial capital gains, current net income– group share increased 7.3% at constant exchange rates.
  - o The cost of net financial debt declined by €12 million to -€411 million.
  - o An improvement in results in low tax countries and the repayment of the 3% tax previously paid on dividends in France contributed to a lower tax rate of 24%, compared with 26% in 2016.
  - o The current portion of non-controlling interests increased to -€137 million in 2017 compared with -€110 million in 2016, primarily due to the performance of businesses in Central and Eastern Europe.
- **Net income - Group share amounted to €402 million compared with €383 million in 2016.**
- **Net free cash flow amounted to €655 million for the year ended** December 31, 2017, compared with €940 million for the year ended December 31, 2016.
- **Net financial debt amounted to €7,841 million as of December 31, 2017**, compared with €7,812 million at December 31, 2016. The leverage ratio was 2.4x at December 31, 2017, stable compared to the prior year.

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Dividend of €0.84 per share, paid 100% in cash with respect to the 2017 fiscal year, compared with €0.80 per share in 2016.
Veolia's Board of Directors will propose to shareholders at the Annual General Shareholders Meeting on April 19, 2018 the payment of a dividend of €0.84 per share with respect to the 2017 fiscal year, payable in cash. The ex-dividend date is fixed at May 14, 2018. The 2017 dividend will be paid starting on May 16, 2018.

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- **Outlook**
  - 2018 (at constant exchange rates):
    - Continuation of sustained revenue growth
    - EBITDA growth greater than that of 2017
    - More than €300 million in cost savings
  - 2019*:
    - Continuation of revenue growth and full impact of cost savings
    - EBITDA between €3.3 billion and €3.5 billion (excluding IFRIC 12), i.e. between €3.5 billion and €3.7 billion including IFRIC 12
  - Dividend growth in line with that of current net income

**at constant exchange rates (based on rates at the end of 2016)*

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

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.

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FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017

A] PREFACE

Lithuania

As of December 31, 2017, the ongoing withdrawal from Lithuania, motivated by the end of a major contract and the sales process for other activities, led the Group to transfer its Lithuanian activities to discontinued operations in accordance with IFRS 5.

In order to ensure the comparability of periods, the accounts for the year ended December 31, 2016 have been adjusted for the reclassification of the Group's activities in Lithuania to "Net income (loss) from discontinued operations" pursuant to IFRS 5.

B] KEY FIGURES

(in € million)	*Year ended December 31, 2016 published excluding I12*	*Year ended December 31, 2016 re-presented*	***Year ended December 31, 2017***	*Variations 2016 / 2017* Δ	*Variations 2016 / 2017* *Δ at constant exchange rates*
Revenue	24,390.2	24,187.0	25,124.6	3.9%	4.9%
EBITDA	3,056.0	3,219.4	3,284.1	2.0%	2.7%
EBITDA Margin	12.5%	13.3%	13.1%		
Current EBIT (1)	1,383.9	1,460.2	1,519.4	4.1%	5.3%
Current net income - Group share	609.8	596.6	622.6	4.4%	6.1%
Current net income - Group share, excluding capital gains and losses on financial divestitures net of tax	597.0	583.8	616.1	5.5%	7.3%
Net Income - Group share	382.2	383.1	401.6	4.8%	7.5%
Current net income - Group share – earnings per share (basic)(2)	1.11	1.09	1.13		
Dividend per share	0.80	0.80	0.84 (3)		
Industrial investments	1,484.6	1,596.6	1,738.0		
Net free cash flow(2)	969.6	940.3	655.0		
Net financial debt	7,811.1	7,812.1	7,841.0		

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

(2) The indicators are defined in the appendix of this press release.

(3) Subject to the approval at the General Shareholders' Meeting on April 19, 2018.

The main foreign exchange impacts were as follows:

FX impact Year ended December 31, 2017 (vs Year ended December 31, 2016 re-presented)	%	(M€)
Revenue	-1.1%	-256.8
EBITDA	-0.6%	-20.8
Current EBIT	-1.2%	-17.5
Current net income	-1.8%	-10.5
Net financial debt	-3.5%	-271

C] INCOME STATEMENT

1. GROUP CONSOLIDATED REVENUE

Group consolidated revenue for the year ended December 31, 2017 increased 4.9% at constant exchange rates to €25,124.6 million, compared with a re-presented €24,187.0 million for year ended December 31, 2016. Excluding Construction[4] revenue and energy price effects, revenue also improved by +4.9% compared with +2.0% in 2016.

As in the first three quarters of 2017, revenue growth was marked by favorable dynamics throughout all of the zones.

Variations at constant exchange rates	*1st quarter 2017*	*2nd quarter 2017*	*3rd quarter 2017*	*4th quarter 2017*
France	-1.5%	-0.4%	-0.3%	1.9%
Europe, excluding France	7.2%	4.4%	8.1%	6.1%
Rest of the World	11.8%	10.8%	9.4%	14.2%
Global Businesses	-3.2%	1.7%	-2.7%	1.9%
Group	**4.5%**	**4.4%**	**4.3%**	**6.3%**

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

By segment, the change in revenue compared with re-presented figures for the year ended December 31, 2016 breaks down as follows:

(in € million)	*Year ended December 31, 2016 re-presented*	***Year ended December 31, 2017***	*2016 / 2017 change* Δ	*Δ at constant exchange rates*	*Δ at constant scope and exchange rates*
France (*)	5,417.7	5,414.5	-0.1%	-0.1%	1.8%
Europe, excluding France	8,083.1	8,504.4	5.2%	6.4%	3.9%
Rest of the World	6,028.4	6,618.6	9.8%	11.6%	6.7%
Global Businesses	4,626.2	4,558.3	-1.5%	-0.4%	0.6%
Other	31.6	28.8	-	-	-
Group	**24,187.0**	**25,124.6**	**3.9%**	**4.9%**	**3.5%**

(*) like for like +1.8% versus -0.1% at constant fx (including the disposal of Bartin)

- Revenue increased in **France** by +1.8% at constant scope (-0.1% at current consolidation scope) compared with re-presented figures for the year ended December 31, 2016: Water revenue progressed by +0.5%, while Waste revenue increased 3.5% at constant scope (-0.7% at current consolidation scope).
  - Water revenue, at €2,945.6 million, rose slightly by +0.5% compared with re-presented figures ending December 31, 2016, impacted by higher volumes (+1.0%) and tariff indexation (+0.2%), partially offset by negative commercial impacts (-€16 million);
  - Waste revenue declined slightly by -0.7% compared with re-presented figures ending December 31, 2016, but excluding the impact of the sale of Bartin Recycling on November 30, 2016, grew 3.5% at constant consolidation scope to €2,468.9 million. Continued commercial momentum (14% portfolio increase with significant contract wins, including the Nancy contract) was accompanied by increased landfill volumes (+1.3%), good trends in sorting and recycling and commercial collection, as well as higher paper prices (+10%).
- **Europe excluding France** (excluding Lithuania which is classified in discontinued operations) grew +6.4% at constant exchange rates compared to the re-presented prior-year period, with solid momentum in the majority of regions:
  - In the **United Kingdom / Ireland**, combined revenue increased by +5.2% at constant exchange rates to €2,124.5 million, with a good performance in waste: revenue of €1,750 million, up 5.1% at constant exchange rates, including an increase in volumes (+1.6%, especially in commercial collection and landfill), solid PFI performance (+6% rise in volumes combined with a +1% price increase), and good commercial momentum - positive impact of new Waste contracts in 2016 and 2017 (St Albans, South West London), increased Construction activity, and higher recyclate prices (paper +20%);
  - In **Central and Eastern Europe**, revenue stood at €2,894.9 million, up +7.9% at constant exchange rates compared to re-presented figures for the year ended December 31, 2016. Growth was driven by:
    - In Energy, an increase in heating and electricity volumes sold in Poland (+€68 million), a weather impact that was negative in the fourth quarter but slightly favorable for the full year

in Poland, Romania and Slovakia (+€10 million) and the impact of recent Group developments: Prague Left Bank (+€20 million);

- In Water: a rise in water volumes invoiced (+1.8%) and particularly the new contract in Armenia deployed across the country.
- In Waste, through minor acquisitions.

- In **Northern Europe**, revenue increased +7.2% at constant exchange rates compared with the re-presented prior year period to €2,490.1 million. Germany, the main contributor (€1,797.5 million) benefited from the strong growth in Waste activities with revenue of €1,045 million due to higher recyclate prices, (paper +12.3%; PET +11.2%), and the increase in volumes (+€12 million). In addition, the consolidation of the Hans Andersson activities and those of the industrial cleaning Swedish firm Corvara in 2017 boosted revenue (+€81 million).

- The **Rest of the World** segment posted quite strong revenue growth of +11.6% at constant exchange rates compared to re-presented figures for the year ended December 31, 2016, with a sharp improvement in the fourth quarter of +14.2% at constant exchange rates, versus + 9.4% for the third quarter of 2017:

  - Revenue rose +10.3% at constant exchange rates to €2,048.4 million in North America. The significant growth in the Energy business (price and volume increases) and the growth in Hazardous Waste activity offset lower industrial services revenue (in the processus of divestiture). Revenue also benefited from the integration of Chemours' Sulfur Products division assets (+€107 million) and the acquisition of Enovity which specializes in building energy services in January 2017 (+€35 million).
  - Revenue growth was robust in Latin America (+22.4% at constant exchange rates) thanks to tariff increases in Argentina, the positive impact of the acquisition of the Pedreira landfill site in Brazil in May 2016, and the start-up of new Water contracts (Punta Lara in Argentina and Santa Marta in Colombia);
  - Asia reported significant revenue growth of +21.2% at constant exchange rates. In China, strong revenue growth (+23.7%) was due to new industrial contracts (Sinopec, Hongda), and the growth in prices and volumes sold in the Municipal Energy and Waste sectors. Revenue growth in Japan was also driven by the development of Municipal Water activities and the full-year impact of new activities of the Renova group (plastic recycling) acquired in August 2016. In Korea, the acquisitions of Uniken and Hanbul also contributed to revenue growth;
  - The Pacific zone recorded +7.7% growth at constant exchange rates for the year ended December 31, 2017 due to the higher waste volumes collected, the commissioning of new assets and the new Springvale contract (construction revenue);
  - In Africa and the Middle East, revenue rose by +1% at constant exchange rates.

- **Global Businesses**: revenue was virtually stable at -0.4% at constant exchange rates versus the re-presented prior-year period.

  - Hazardous Waste activities increased by +5.7% at constant exchange rates, mainly due to an improvement in the oil recycling business, and an increase in volumes processed at the year-end;
  - The Design & Build activity continued to decline by -6.4% at constant exchange rates, in line with the completion of major projects in 2016 (Sadara, Azour North, and the Ichthys O&G contract), but reported a +9% increase in bookings compared with December 31, 2016. Moreover, SADE activity benefited from a boost in business in France, partially offset by the shift of international contracts to 2018.

The change in revenue between 2016 and 2017 breaks down **by main impact** as follows:

The foreign exchange impact totaled -€256.8 million (-1.1% of revenue) and mainly reflects fluctuations in the UK pound sterling (-€150.4 million), the U.S. Dollar (-€47.6 million), the Egyptian pound in Construction activities (-€30.3 million) and the Argentine peso (-€26.5 million).

The consolidation scope impact of +€351.6 million mainly concerns

- developments in 2016 : the integration of Chemours' Sulfur Products division assets in the United States (€106.9 million), Prague Left Bank in the Czech Republic (€20.5 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 (-€132.2 million).
- transactions completed in 2017, primarily in Asia (including Uniken for +€23.1 million and Hanbul for +€25.9 million in Korea) and in Europe (including Hans Andersson for +€63.8 million in Sweden, Eurologistik for +€14.8 million in Germany and Corvara's assets for +€16.8 million in Sweden).

Construction revenue rose by +€39 million (compared to a substantial decline of -€484 million in 2016), due to the increase in construction associated with public service delegation contracts in France in Water and Waste, SADE activity in France and the start of the construction of the Springvale water treatment plant in Australia.
Energy and recyclate prices had an impact of +€62 million (versus -€113 million in 2016), with a significant increase in recyclate prices (+€102 million, of which +€40 million for paper compared with +€15 million in 2016) while energy prices declined by -€40 million in Europe (PFI electricity prices in the UK, heating and electricity prices in Central Europe), but increased in the U.S.

Commercial momentum improved significantly with the **Commerce/Volumes impact** contributing +€540 million (compared with +€423 million in 2016):

- *Volume increase of +€294 million*, in line with the rising volumes sold in France: Water +1%, Waste +1.9%; in Central Europe: Water +€18 million (including the impact of the Armenia contract) and Energy (+€75 million); and in Northern Europe (higher volumes in waste and energy in Germany);
- A *commercial impact of +€235 million* thanks to numerous industrial contract wins in Europe (in waste in Germany and in multi-utility industrial contracts), a good performance in Asia (including the Sinopec contract in China for €60 million), the start-up of the Montréal hospital contract in North America, and new municipal contracts in Latin America (Argentina and Colombia).
- The *favorable weather impact for +€11 million* in Central Europe, despite milder weather in the fourth quarter of 2017 compared to 2016.

Favorable **price effects** (+€204 million) are tied to positive tariff indexation in Waste in Germany and the United Kingdom, in Water in Central Europe, in Electricity in Morocco, and the significant impact of higher prices in Argentina.

The change in revenue between 2016 and 2017 breaks down by **business** as follows:

			2016 / 2017 change		
(in € million)	*Year ended December 31, 2016 re-presented*	*Year ended December 31, 2017*	Δ	*Δ at constant exchange rates*	*Δ at constant scope and exchange rates*
Water	11,029.0	11,113.8	0.8%	1.6%	1.8%
Waste	8,510.0	9,039.9	6.2%	8.1%	4.7%
Energy	4,648.0	4,970.9	6.9%	7.1%	5.2%
Group	**24,187.0**	**25,124.6**	**3.9%**	**4.9%**	**3.5%**

WATER

Water revenue increased by +1.6% at constant exchange rates and +1.8% at constant consolidation scope and exchange rates compared with re-presented figures for the year ended December 31, 2016. This improvement can be explained as follows:

- Higher volumes and a positive commercial effect of +1.6%. The volume increase in France (+1%) was hindered by a slightly negative commercial effect (-€16 million). The rise in water volumes invoiced in Central and Eastern Europe (+9.4%) was primarily due to the start-up of the new contract in Armenia. Revenue also benefited from the impact of new industrial water developments, notably the Sinopec contract in China (+€60 million);
- A slightly positive +0.7% price impact, with increases in Central Europe (Czech Republic and Bulgaria) and Latin America and a minor increase in France beginning the second half of 2017 (+0.2% for the full year);
- Construction work which remained virtually stable (+0.1%).

WASTE

Waste revenue rose considerably by +8.1% at constant exchange rates compared with re-presented figures for the year ended December 31, 2016 (+4.7% at constant consolidation scope and exchange rates), due to:

- Commercial and volume effects of +1.8%: the decline in industrial services volumes in the United States (divestiture announced in January 2018) was offset by an increase in volumes in France, Germany and China as well as a high contract renewal rate and numerous contract awards, particularly in France, the UK and Germany and in Hazardous Waste;
- A positive price effect of +1.4% (mainly in Latin America, Germany and the UK)
- The favorable impact of higher recyclate prices (+€102 million), particularly paper.
- A scope impact of +3.4%: acquisition of the Chemours Sulfur Products division's assets in the United States (+€106.9 million), offset by the sale of Bartin (-€132.2 million);

ENERGY

Energy revenue rose +7.1% at constant exchange rates compared with re-presented figures for the year ended December 31, 2016 (+5.2% at constant consolidation scope and exchange rates). This improvement can be explained as follows:

- The positive volumes and commerce effect of +4.2%, due to higher energy volumes sold in Central Europe and China, the start-up of energy contracts in Canada and energy efficiency contract wins;
- A negligible weather impact (i.e. +0.2%) with a milder fourth quarter in 2017;
- An immaterial price impact: heating and electricity prices which fell in Europe but rose in the U.S.
- A scope impact of +1.9%, notably 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 year ended December 31, 2017 was €3,284.1 million, up 2.7% at constant exchange rates compared to re-presented figures for the prior year period. The EBITDA margin decreased from re-presented 13.3% in 2016 to 13.1% in 2017.

Changes in EBITDA **by segment** were as follows:

(in € million)	*Year ended December 31, 2016 re-presented*	*Year ended December 31, 2017*	*2016 / 2017 change* Δ	Δ *at constant exchange rates*
France	763.2	788.3	3.3%	3.3%
EBITDA margin	*14.1%*	*14.6%*		
Europe, excluding France	1,307.1	1,305.0	-0.2%	0.3%
EBITDA margin	*16.2%*	*15.3%*		
Rest of the World	864.6	938.3	8.5%	10.1%
EBITDA margin	*14.3%*	*14.2%*		
Global Businesses	262.7	259.8	-1.1%	-0.6%
EBITDA margin	*5.7%*	*5.7%*		
Other	21.8	-7.2		
Group	**3,219.4**	**3,284.1**	**2.0%**	**2.7%**
EBITDA margin	**13.3%**	**13.1%**		

- **In France**, EBITDA recorded solid improvement (+3.3% at constant exchange rates), driven by cost savings.
  - In the Water business, EBITDA increased +3.8% in 2017, thanks to significant cost savings and higher volumes (impact of +1.0%) which offset the margin squeeze arising from weak price indexation and the impact of contract renegotiations.
  - In Waste, the +2.2% increase in EBITDA was generated by a boost in revenue and cost savings.
- Stable EBITDA (+0.3% at constant exchange rates) in **Europe excluding France** as a result of several factors:
  - In Central and Eastern Europe, EBITDA rose by +1.2% due to efficiency gains and a favorable but immaterial weather impact;
  - EBITDA declined in the United Kingdom (-1.8% at constant exchange rates), with the effect of plant outage and maintenance one-off costs offsetting the favorable impact of recycled paper prices, operational efficiency and new contracts;
  - Lower EBITDA in Northern Europe was mainly due to the absence of one-off items that benefited 2016 (litigation payment in Belgium and insurance payment in Germany), while waste performance in Germany continued to improve.
- Continued strong EBITDA growth in the **Rest of the World**, +10,1% at constant exchange rates**:**
  - EBITDA decreased in the United States (-0.6% at constant exchange rates), primarily due to the performance in waste resulting from the decline in industrial services, and maintenance outages and adverse weather conditions (Hurricane Harvey) in Hazardous Waste, partly offset by the good performance in Energy despite milder weather (favorable price impacts and new energy efficiency contracts);

  - EBITDA rose sharply in Latin America (+27.6% at constant exchange rates) due to price hikes in Argentina, the start-up of new contracts in Colombia and the acquisition of the Pedreira landfill site in Brazil;
  - Sustained EBITDA growth of +20.4% in China driven by all businesses: Municipal and Industrial Energy, Industrial Water (Sinopec) and Waste (landfill volumes and growth in Hazardous Waste).
- In the **Global Businesses** segment, the benefits of restructuring at Veolia Water Technologies and the solid performance of Hazardous Waste activities (including the turnaround in the oil recycling business) were offset by the absence of favorable one off impacts in 2016 (indemnity payment at end of contract).

The increase in EBITDA between 2016 and 2017 breaks down **by impact** as follows:

The foreign exchange impact on EBITDA was negative at -€21 million. It mainly reflects the depreciation of the UK pound sterling (-€20 million), the Chinese renminbi (-€7 million), the U.S. dollar (-€5 million) and the Argentine peso (-€2 million), offset by the appreciation of the Czech crown (+€9 million) and the Polish zloty (+€5 million).

The **consolidation scope impact** of +€68.5 million mainly reflects developments in 2016: the integration of Chemours' Sulfur Products division assets in the United States for +€22.2 million, Prague Left Bank in the Czech Republic for +€8 million and the Pedreira landfill site in Brazil for +€8.2 million. The transactions carried out in 2017 accounted for nearly 50% of the EBITDA scope impacts, mainly in Asia for +€23.4 million and Europe for +€14.4 million (of which Hans Andersson for +€4.5 million, Eurologistik for +€2.1 million and the activities of Corvara for +€1.7 million).

Commerce and volumes impacts were positive at +€42 million thanks to strong commercial momentum (new industrial contracts in Europe and Asia, municipal contracts in Latin America), and good volume growth in Europe, in Waste, Water and Energy mitigating the decline in industrial services in the U.S. The weather impact was neutral following a milder fourth quarter in 2017 compared to 2016.

Energy and recyclate prices positively impacted EBITDA (+€1 million): heating and electricity prices changed in line with the purchase price of fuel used to produce heat and electricity (decrease in Europe and increase in the U.S.). In 2017, the impact of energy prices on EBITDA was overall slightly negative, as the positive impact of higher recyclate prices in the United Kingdom was offset by increased fuel costs in Waste in France.

The -€131 million impact of **price/cost squeeze and contract renegotiations** mainly concerned weak price indexations in Water and Waste in France and the weight of commercial renegotiations in France and Italy, as well as the start-up of new activities (dismantling of oil platforms in the UK, Water contract in Armenia, etc.).

Cost savings plans contributed €255 million, consistent with the annual objective of €250 million. They mainly concern operational efficiency (45%) and purchasing (35%) and were achieved across all geographical zones: France (31%), Europe excluding France (24%), Rest of the World (23%), Global Businesses (17%) and Corporate (5%).

Transitory costs and one off items mainly concern the non-recurring favorable items recorded in the first half of 2016 (resolution of a dispute in Belgium, insurance payments received in Germany and favorable contract termination payment at Veolia Water Technologies), and additional insurance and maintenance costs (particularly in the United Kingdom) which incurred in 2017.

3. CURRENT EBIT

Group consolidated current EBIT for the year ended December 31, 2017 was €1,519.4 million, up +5.3% at constant exchange rates compared with the re-presented prior year period.

The reconciling items between EBITDA and Current EBIT for the years ended December 31, 2017 and 2016 are as follows:

(in € million)	*Year ended December 31, 2016 re-presented*	***Year ended December 31, 2017***
EBITDA	**3,219.4**	**3,284.1**
Renewal expenses	-272.4	-282.5
Depreciation and amortization (*)	-1,684.4	-1,703.2
Provisions, fair value adjustments & other:	103.5	122.7
• Current impairment of property, plant and equipment, intangible assets and operating financial assets	-25.5	0.4
• Net charges to operating provisions, fair value adjustments and other	99.7	112.6
• Capital gains or losses on industrials divestitures	29.3	9.7
Share of current net income of joint ventures and associates	94.2	98.4
Current EBIT	**1,460.2**	**1,519.4**

(*) Including principal payments on current operating financial assets (OFA) of -€147.7 million for the year ended December 31, 2017, compared with re-presented -€201.2 million for the year ended December 31, 2016

The improvement in Current EBIT at constant exchange rates reflects:

- EBITDA growth;
- the increase in depreciation and amortization charges at constant exchange rates (+5.5%), in line with the development of Group activities and consolidation scope impacts (primarily in the United States: Chemours and Enovity, as well as in Korea and Sweden). The decline in principal payments on operating financial assets in 2017 (€53 million) mainly relating to the exceptional payments in 2016 (Dongbu in Korea, Pench IV in India and Béthune and Beauvais in France) also bears mentioning;
- the favorable variation in net operating provision reversals and net asset impairment losses (impairment of production equipment in 2016 in Eastern Europe and provision reversal for captive insurance amounting to €7 million in 2017);
- a decline in capital gains or losses on industrial divestitures for the year ended December 31, 2017;
- the increase in the contribution of equity-accounted entities, notably in China.

The foreign exchange impact on Current EBIT was -€17.5 million and mainly reflects fluctuations in the UK pound sterling (-€12.3 million), and the Chinese renminbi (-€6.5 million).

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

(in € million)	*Year ended December 31, 2016 re-presented*	***Year ended December 31, 2017***	*2016 / 2017 change* Δ	Δ *at constant exchange rates*
France	132.7	152.4	14.8%	14.8%
Europe, excluding France	710.1	701.5	-1.2%	-0.6%
Rest of the World	464.5	553.3	19.1%	21.6%
Global Businesses	153.7	155.6	1.2%	2.3%
Other	-0.8	-43.4	n/a	n/a
Group	**1,460.2**	**1,519.4**	**4.1%**	**5.3%**

Selling, general and administrative expenses impacting Current EBIT rose from re-presented €2,830.4 million for the year ended December 31, 2016 to €2,848.2 million for the year ended December 31, 2017, representing an increase of +0.6% (-0.3% at constant exchange rates). The ratio of selling, general and administrative expenses to revenue improved from re-presented 11.7% for the year ended December 31, 2016 to 11.3% for the year ended December 31, 2017. This decline was attributable to the cost reduction program, partially offset by the increase in commercial costs which helped boost commercial activities.

4. NÉT FINANCIAL EXPENSE

(in € millions)	*Year ended December 31, 2016 re-presented*	***Year ended December 31, 2017***
Cost of net financial debt (1)	**-423.0**	**-410.6**
Net gains / losses on loans and receivables	8.9	21.6
Net income (loss) on available-for-sale assets	5.0	4.6
Assets and liabilities at fair value through profit or loss	-0.1	0.3
Foreign exchange gains and losses	5.4	-23.8
Unwinding of the discount on provisions	-41.7	-36.3
Interest on concession liabilities	-90.3	-94.3
Other	-20.3	-23.4
Other financial income and expense (2)	**-133.1**	**-151.3**
Gains (losses) on disposals of financial assets (*)	12.8	8.0
Current net financial expenses (1)+(2)	**-543.3**	**-553.9**
Other non-current financial income and expenses (**)	25.7	-
Net financial expense	**-517.6**	**-553.9**

(*) including costs of disposal of financial assets

(**) Essentially related to the impact of the divestment of 20% of Transdev Group

COST OF NET FINANCIAL DEBT

The cost of net financial debt totaled -€410.6 million for the year ended December 31, 2017, versus re-presented -€423.0 million for the year ended December 31, 2016, thanks to continued active debt management that offset the higher cost of non-euro denominated debt.

The net financing rate also remains stable at 4.94% for the year ended December 31, 2017, compared with 4.95% for the year ended December 31, 2016.

OTHER FINANCIAL INCOME AND EXPENSES

Other current financial income and expenses totaled -€151 million for the year ended December 31, 2017, versus re-presented -€133 million for the year ended December 31, 2016. These expenses mainly include interest on concession liabilities (IFRIC 12) for -€94.3 million and the unwinding of discounts on provisions for -€36.3 million.

For the year ended December 31, 2017, other current financial income and expenses also included capital gains or losses on financial divestitures in the amount of €8 million, compared with €12.8 million for the year ended December 31, 2016.

In addition, **other non-current financial income and expenses** for the year ended December 31, 2016 also included the capital gain on the divestiture of Veolia Environnement's 20% stake in Transdev Group in the amount of €25.7 million.

5. INCOME TAX EXPENSE

The current tax rate for the year ended December 31, 2017 declined to 23.9% (versus 25.9% for the year ended December 31, 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. This is primarily due to the improved earnings in countries with low tax rates and the repayment of the 3% tax previously paid on dividends in France.

The non-current income tax expense was impacted by an impairment of deferred tax assets of the US tax group following U.S. tax reform and the corresponding reduction in the U.S. corporate tax applicable beginning January 1st 2018.

In € million	*Year ended December 31, 2016 re-presented*	*Year ended December 31, 2017*
Current income before tax (a)	**917.0**	**965.5**
Of which share of net income of joint ventures & associates (b)	94.2	98.4
Of which gains (losses) on disposals of financial assets (c)	12.8	8.0
Re-presented current income before tax : (d)=(a)-(b)-(c)	**810.0**	**859.1**
Re-presented tax expense (e)	**-210.1**	**-205.6**
Re-presented tax rate on current income (e)/(d)	**25.9%**	**23.9%**

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

The share of net income attributable to non-controlling interests totaled €137.6 million for the year ended December 31, 2017, compared with re-presented €103.0 million for the year ended December 31, 2016.

Net income attributable to owners of the Company was €401.6 million for the year ended December 31, 2017, compared with re-presented €383.1 million for the year ended December 31, 2016.

Current net income attributable to owners of the Company was €622.6 million for the year ended December 31, 2017, compared with re-presented €596.6 million for the year ended December 31, 2016. Excluding capital gains and losses on financial divestitures net of tax and minority interests, current net income attributable to owners of the Company rose 7.3% at constant exchange rates to €616.1 million versus re-presented €583.8 million for the year December 31, 2016.

Based on a weighted average number of outstanding shares of 550.8 million (basic), and 574.6 million (diluted), for the year ended December 31, 2017, compared with 549.0 million (basic) and 568.5 million (diluted) for the year ended December 31, 2016, **net income attributable to owners of the Company per share for the year ended December 31, 2017 was €0.61 (basic) and €0.58 (diluted)** compared with re-presented €0.57 (basic) and €0.55 (diluted) for the year ended December 31, 2016.

Current net income attributable to owners of the Company per share was €1.13 (basic) and €1.08 (diluted) for the year ended December 31, 2017, compared with re-presented €1.09 (basic) and €1.05 (diluted) for the year ended December 31, 2016.

The dilutive effect 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.

For the year ended **December 31, 2017**, net income (loss) attributable to owners of the Company breaks down as follows:

(In € million)	*Current*	*Non current*	*Total*
EBIT	1,519.4	-234.6	1,284.8
Cost of net financial debt	-410.6	0.0	-410.6
Other financial income and expenses	-143.3	0.0	-143.3
Pre-tax income (loss)	**965.5**	**-234.6**	**730.9**
Income tax expense	-205.6	-22.2	-227.8
Net income (loss) of other equity-accounted entities	0.0	22.8	22.8
Net income (loss) from discontinued operations	0.0	13.3	13.3
Non-controlling interests	-137.3	-0.3	-137.6
Net income (loss) attributable to owners of the Company	**622.6**	**-221.0**	**401.6**

For the re-presented year ended **December 31, 2016**, net income (loss) attributable to owners of the Company breaks down as follows:

(In € million)	*Current*	*Non current*	*Total*
EBIT	1,460.2	-266.9	1,193.3
Cost of net financial debt	-423.0	0.0	-423.0
Other financial income and expenses	-120.3	25.7	-94.6
Pre-tax income (loss)	**916.9**	**-241.2**	**675.7**
Income tax expense	-210.1	18.9	-191.2
Net income (loss) of other equity-accounted entities	0.0	27.4	27.4
Net income (loss) from discontinued operations	0.0	-25.8	-25.8
Non-controlling interests	-110.2	7.2	-103.0
Net income (loss) attributable to owners of the Company	**596.6**	**-213.5**	**383.1**

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

(In € million)	*Year ended December 31, 2016 re-presented*	*Year ended December 31, 2017*
Current EBIT	**1,460.2**	**1,519.4**
Impairment losses on goodwill and negative goodwill	3.2	-1.4
Net charges to non-current provisions	-1.4	-10.4
Restructuring charges	-184.5	-157.6
Non-current impairment losses on WCR	-4.3	3.8
Personnel costs: share-based payments	-3.3	-1.4
Non-current provisions and impairment of property, plant and equipment, intangible assets, operating financial assets and others	-65.3	-55.5
Share acquisition costs, with or without acquisition of control	-11.3	-12.1
Total non-current items	**-266.9**	**-234.6**
Operating income after share of net income of equity-accounted entities	**1,193.3**	**1,284.8**

Restructuring charges for the year ended December 31, 2017 related to Water activities in France (-€78.1 million) and VWT (-€24.6 million). Non-current provisions and WCR impairment losses mainly relate to the Industrial Multi-Services business.

D] FINANCING

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

(in € million)	*Year ended December 31, 2016 re-presented*	***Year ended December 31, 2017***
EBITDA	**3,219**	**3,284**
Net industrial investments	-1,511	-1,649
Change in operating WCR	268	112
Dividends received from equity-accounted entities and joint ventures	93	81
Renewal expenses	-272	-282
Other non-current expenses and restructuring charges	-123	-138
Interest on concession liabilities	-90	-94
Financial items (current cash financial expense, and operating cash flow from financing activities)	-416	-426
Taxes paid	-227	-233
Net free cash flow before dividend payment, financial investments and financial divestitures	**940**	**655**
Dividends paid	-591	-648
Net financial investments	-501	-418
Change in receivables and other financial assets	273	95
Issue / repayment of deeply subordinated securities	18	0
Proceeds on issue of shares	-22	24
Free cash flow	**118**	**-293**
Effect of foreign exchange rate movements and other	240	264
Change	**357**	**-29**
Net financial debt at the beginning of the period	-8,169	-7,812
Net financial debt at the end of the period	**-7,812**	**-7,841**

(*) The effect of foreign exchange rate and other movements as of December 31, 2017 included the favorable impact of the U.S. dollar, the UK pound sterling, the Hong Kong dollar, the Chinese renminbi and the Brazilian real and the negative impact of the Polish zloty.

Net free cash flow amounted to €655 million for the year ended December 31, 2017, versus re-presented €940 million for the year ended December 31, 2016.

The decrease in net free cash flow compared with the year ended December 31, 2016 primarily reflects the increase in EBITDA, the increase in net industrial investments versus 2016 (-€138 million), a change in operating working capital requirements that was still positive, but less favorable than in 2016 (-€156 million) and an increase in tax expense of €7 million.

Overall, **net financial debt** amounted to €7,841 million, compared with re-presented €7,812 million at December 31, 2016.

In addition to the reduction in net free cash flow compared to the prior year (including the variation in operating WCR), net financial debt was impacted by net financial investments of -€418 million, as well as favorable exchange rate fluctuations totaling €271 million over the year and dividends paid of €648 million (including hybrid coupons of €68 million).

1. INDUSTRIAL AND FINANCIAL INVESTMENTS

1.1 Industrial investments

Total Group gross industrial investments, including new operating financial assets, amounted to €1,738 million for the year ended December 31, 2017, compared with re-presented €1,597 million for the year ended December 31, 2016.

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

Year ended December 31, 2017 (in € million)	*Maintenance and contractual requirements* [1]	*Discretionary growth*	*Total gross industrial investments*[2]	*Industrial divestitures*	*Total net industrial investments*
France	360	12	372	-15	357
Europe excluding France	590	93	683	-30	653
Rest of the World	426	104	530	-27	503
Global Businesses	128		128	-16	112
Other	25		25	-1	24
Total industrial investments	**1,529**	**209**	**1,738**	**-89**	**1,649**

(1) Of which maintenance investments of €822 million, and contractual investments of €707 million
(2) Of which new OFA in the amount of €112 million

Year ended December 31, 2016 re-presented (in € million)	*Maintenance and contractual requirements*[1]	*Discretionary growth*	***Total gross industrial investments***[2]	*Industrial divestitures*	***Total net industrial investments***
France	337	4	**341**	-26	**315**
Europe excluding France	605	74	**679**	-27	**652**
Rest of the World	313	127	**440**	-17	**423**
Global Businesses	114	0	**114**	-14	**100**
Other	22	0	**22**	-1	**21**
Total industrial investments	**1,391**	**205**	**1,596**	**-85**	**1,511**

(1) Of which maintenance investments of €797 million, and contractual investments of €594 million
(2) Of which new OFA in the amount of €113 million

At constant exchange rates, gross industrial investments rose by 8.3%.
Gross discretionary growth industrial investments were stable compared to 2016.

1.2 Financial investments and divestitures

Financial investments amounted to -€565 million for the year ended December 31, 2017 (including acquisition costs and net financial debt of new entities) and include the impacts arising from the acquisitions of Corvara and Hans Andersson (-€143 million), Uniken (-€66 million), the Dutch group Van Scherpenzeel (-€56 million), Eurologistik -(€40 million) and Enovity (-€26 million). For the re-presented year ended December 31, 2016, financial investments (-€881 million, including the net financial debt of new entities) mainly concerned the acquisition of Kurion (-€296 million), the Chemours Sulfur Products division in the United States, the Pedreira landfill site in Brazil, and Prague Left Bank in the Czech Republic.

Financial divestitures totaled €147 million for the year ended December 31, 2017 (including disposal costs) and include Affinity in the UK and Beiyuan in China. For the year ended December 31, 2016, financial divestitures (€380 million) included the sale of 20% of Transdev Group for €216 million (including disposal costs).

2. OPERATING WORKING CAPITAL

The change in operating working capital requirements (excluding discontinued operations) was +€112 million for the year ended December 31, 2017, compared with re-presented +€268 million for the year ended December 31, 2016.

This decrease was attributable to the change in inventories (-€7 million), operating receivables (+€35 million) and operating payables (+€84 million).

The net WCR position on the balance sheet as of December 31, 2017 totaled a resource of €763 million, an improvement despite the increase in the Group's revenue during the year.

3. EXTERNAL FINANCING

3.1 Structure of net financial debt

(€ millions)	*Year ended December 31, 2016 re-presented*	***Year ended December 31, 2017***
Non-current borrowings	8,344.0	9,465.2
Current borrowings	4,759.6	4,607.0
Bank overdrafts and other cash position items	246.8	208.9
Sub-total borrowings	**13,350.4**	**14,281.1**
Cash and cash equivalents	-5,520.4	-6,263.9
Fair value gains (losses) on hedge derivatives	-5.0	-1.3
Liquid assets and financing-related assets	-12.9	-174.9
Net financial debt	**7,812.1**	**7,841.0**

For the year ended December 31, 2017 net financial debt after hedging [5] was borrowed at 89% at fixed rates and 11% at variable rates.

The average maturity of net financial debt was 9.2 years as of December 31, 2017, compared with 9.3 years as of December 31, 2016.

The leverage ratio, i.e. the ratio of closing Net Financial Debt (NFD) to 12-months rolling EBITDA as of December 31, 2017, decreased compared to the re-presented figure as of December 31, 2016:

	Year ended December 31, 2016 re-presented	***Year ended December 31, 2017***
Leverage ratio (closing NFD / EBITDA)	**-2.43**	**-2.39**

[5] Including the restatement of €1.8 billion of the carryover of cash relating to the pre-financing of upcoming bond maturity repayments in 2018

3.2 Group liquidity position

Liquid assets of the Group as of December 31, 2017 break down as follows:

(€ millions)	*Year ended December 31, 2016 re-presented*	***Year ended December 31, 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	-	-
Letter of credit facility	8.2	55.1
Cash and cash equivalents(*)	4,648.4	5,371.0
Subsidiaries :	0.0	0.0
Cash and cash equivalents(*)	886.0	1,067.9
Total liquid assets	**9,467.6**	**10,419.0**
Current debt, bank overdrafts and other cash position items		
Current debt	4,759.7	4,607.0
Bank overdrafts and other cash position items	246.8	208.9
Total current debt, bank overdrafts and other cash position items	**5,006.5**	**4,815.9**
Total liquid assets net of current debt, bank overdrafts and other cash position items	**4,461.1**	**5,603.1**

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

The increase in net liquid assets mainly reflects the March and November 2017 bond issues for a nominal amount of €1.8 billion for a bond redemption payment of €472 million in 2018.
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 2022 in October 2017 with the possibility for drawdowns in Eastern European currencies and Chinese renminbi.
This syndicated loan facility was not drawn down as of December 31, 2017.

Undrawn ST and MT bilateral credit lines

Veolia Environnement has bilateral credit lines for a total undrawn amount of €925 million as of December 31, 2017.

Letter of credit facility:

As of December 31, 2017, the bilateral letters of credit facility was drawn by USD 118.9 million. The portion that may be drawn in cash amounted to USD 66.1 million (€55.1 million equivalent), undrawn and recorded in the liquidity table above.

E] RETURN ON CAPITAL EMPLOYED (ROCE)

POST-TAX ROCE

Current EBIT after tax is calculated as follows:

(in € million)	*Year ended December 31, 2016 re-presented*	*Year ended December 31, 2017*
Current EBIT (*)	**1,460**	**1,519**
- Current income tax expense	-210	-206
Current EBIT after tax	**1,250**	**1,314**

(*) Including the share of net income (loss) of joint ventures and associates.

Capital employed for the year was calculated as follows:

(in € million)	*Year ended December 31, 2016 re-presented*	*Year ended December 31, 2017*
Intangible assets and property, plant and equipment, net	11,912	11 775
Goodwill, net of impairment	4,864	4,928
Investments in joint ventures and associates	2,366	2,114
Operating financial assets	1,736	1,614
Operating and non-operating working capital requirements, net	-2,157	-2,235
Net derivatives and other instruments (1)	-130	-8
Provisions	-2,630	-2,478
Capital employed	**15,961**	**15,710**
Impact of discontinued operations and other restatements (2)	-232	-160
Re-presented capital employed	**15,729**	**15,550**

(1 Excluding derivatives hedging the fair value of debt in the amount of €0.3 million for the year ended December 31, 2016, and -€11.1 million for the year ended December 31, 2017.

(2)The restatements in 2016 and 2017 include the impact arising from the capital employed of entities that are not viewed as core to the Group's businesses, i.e. Transdev Group.

The Group's post-tax return on capital employed (ROCE) is as follows:

In € million,	Current EBIT after tax	Average capital employed	Post-tax ROCE
2016	1,250	15,781	7.9%
2017	**1,314**	**15,639**	**8.4%**

PRE-TAX ROCE

Unlike post-tax ROCE, the capital employed used for the pre-tax ROCE calculation does not include investments in joint ventures and associates.

The Group's pre-tax return on capital employed (ROCE) by segment is as follows:

In € million	**Current EBIT before tax**	**Average capital employed**	**Pre-tax ROCE**
France	132.9	1,790.4	7.4%
Europe excluding France	698.7	6,867.9	10.2%
Rest of the World	400.2	4,308.9	9.3%
Global Businesses	134.9	1,087.7	12.4%
Other	(0.7)	(350.5)	N/A
Total Group 2016	**1,366.0**	**13,704.4**	**10.0%**
France	152.1	1,716.4	8.9%
Europe excluding France	686.0	6,828.9	10.0%
Rest of the World	476.5	4,423.6	10.8%
Global Businesses	149.9	1,185.2	12.6%
Other	(43.4)	(460.3)	N/A
Total Group 2017	**1,421.0**	**13,693.8**	**10.4%**

ANNEXES

1] Reconciliation of GAAP indicators and the indicators used by the Group

The reconciliation of Current EBIT with operating income, as shown in the income statement, is shown in Section C-6. Likewise, the reconciliation of current net income with net income, as shown in the income statement, is shown in Section C-6.

The reconciliation of operating cash flow with EBITDA is as follows:

In € million	*Year ended December 31, 2016 re-presented*	***Year ended December 31, 2017***
Operating cash flow before changes in working capital	**2,610.2**	**2,671.5**
Operating cash flow from financing activities	3.2	-12.8
Adjusted operating cash-flow	2,607.0	2,684.3
Excluding:		
Renewal expenses	272.4	282.5
Non-current impairment losses on WCR	4.3	-3.7
Cash restructuring costs	119.0	124.5
Share acquisition and disposal costs	15.5	19.3
Other non-current expenses	0.0	17.6
Including:		
Principal payments on operating financial assets	201.2	159.7
EBITDA	**3,219.4**	**3,284.1**

The reconciliation of Net cash from operating activities of continuing operations (included in the consolidated cash flow statement) with net free cash flow is as follows:

(€ million)	*Year ended December 31, 2016 re-presented*	***Year ended December 31, 2017***
Net cash from operating activities of continuing operations	**2,542.4**	**2,428.0**
including :		
Industrial investments, net of grants	-1,353.5	-1 495,5
Proceeds on industrial assets	85.8	89.3
New operating financial assets	-113.4	-112.4
Principal payments on operating financial assets	201.2	159.7
New finance lease obligations	-17.7	-8.1
Dividends received	93.2	81.3
Interest paid	-520.8	-533.3
Excluding :		
Share acquisition and disposal costs, and other items	23.1	46.0
Free cash-flow net	**940.3**	**655.0**

The reconciliation of Industrial investments, net of grants (included in the consolidated cash flow statement) with industrial capex is as follows:

In € millions	*Year ended December 31, 2016 re-presented*	***Year ended December 31, 2017***
Industrial investments, net of grants	**-1,353.5**	**-1,495.5**
New finance lease obligations	-17.7	-8.1
Change in concession working capital requirements	-112.0	-122.0
New operating financial assets	-113.4	-112.4
Industrial capex	**-1,596.6**	**1,738.0**

2] Reconciliation of 2016 published data with 2016 re-presented data

In €m	2016 published	IFRS 5 Adjustment (3)	2016 re-presented
Revenue	24,390.2	-203.2	24,187.0
EBITDA (a)	3,258.4	-39.0	3,219.4
Current EBIT (1)	1,476.5	-16.3	1,460.2
Operating income	1,169.6	23.7	1,193.3
Current net income - Group share	610.7	-14.1	596.6
Net income - Group share	383.1	0.0	383.1
Gross industrial investments (b)	-1,597	0	-1,597
Of which change in concession WCR	-112	0	-112
Interest on operating assets - IFRIC 12 (c)	-90.3	0.0	-90.3
Net free cash flow (2)	970	-30	940
Net financial debt	-7,811	-1	-7,812

(1) *Including the re-presented share of current net income of joint ventures and associates for the year ended December 31, 2016.*
(2) *No impact related to IFRIC 12 adjustment on net Free Cash Flow (a)+(b)+(c)=0)*
(3) *In order to ensure the comparability of periods, the year ended December 31, 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*

In €m	2016 published	IFRS 5 Adjustment	2016 re-presented
France	5,417.7	0.0	5,417.7
Europe excluding France	8,286.3	-203.2	8,083.1
Rest of the World	6,028.4	0.0	6,028.4
Global businesses	4,626.2	0.0	4,626.2
Other	31.6	0.0	31.6
Revenue	24,390.2	-203.2	24,187.0

In €m	2016 published	IFRS 5 Adjustment	2016 re-presented
France	763.2	0.0	763.2
Europe excluding France	1,346.1	-39.0	1,307.1
Rest of the World	864.6	0.0	864.6
Global businesses	262.7	0.0	262.7
Other	21.8	0.0	21.8
EBITDA	3,258.4	-39.0	3,219.4

In €m	2016 published	IFRS 5 Adjustment	2016 re-presented
France	132.7	0.0	132.7
Europe excluding France	726.4	-16.3	710.1
Rest of the World	464.5	0.0	464.5
Global businesses	153.7	0.0	153.7
Other	-0.8	0.0	-0.8
Current EBIT	1,476.5	-16.3	1,460.2

3] Definitions

GAAP (IFRS) INDICATORS

Cost of net financial debt is equal to the cost of gross debt, including related gains and losses on interest rate and currency hedges, less income on cash and cash equivalents.

Operating cash flow before changes in working capital, as presented in the consolidated cash flow statement, is comprised of three components: operating cash flow from operating activities (referred to as "adjusted operating cash flow" and known in French as "capacité d'autofinancement opérationnelle") consisting of operating income and expenses received and paid ("cash"), operating cash flow from financing activities including cash financial items relating to other financial income and expenses and operating cash flow from discontinued operations composed of cash operating and financial income and expense items classified in net income from discontinued operations pursuant to IFRS 5. Adjusted operating cash flow does not include the share of net income attributable to equity-accounted entities.

Net income (loss) from discontinued operations is the total of income and expenses, net of tax, related to businesses divested or in the course of divestiture, in accordance with IFRS 5.

NON-GAAP INDICATORS

The term "**change at constant exchange rates**" represents the change resulting from the application of exchange rates of the prior period to the current period, all other things being equal.

The municipal sector encompasses services in the Water, Waste and Energy business lines aimed at users, performed under contracts with municipal governments, groups of municipal governments, or regional or national governments.

The industrial sector covers Water, Waste and Energy management services, offered to industrial or service sector customers.

EBITDA comprises the sum of all operating income and expenses received and paid (excluding restructuring charges, non-current WCR impairments, renewal expenses and share acquisition and disposal costs) and principal payments on operating financial assets.

The EBITDA margin is defined as the ratio of EBITDA to revenue.

To calculate **Current EBIT**, the following items will be deducted from operating income:

- Goodwill impairments of fully controlled subsidiaries and equity-accounted entities,
- Restructuring charges,
- Non-current provisions and impairments,
- Non-current and/or significant impairment of non-current assets (PP&E, intangible assets and operating financial assets),
- Impacts relating to the application of IFRS 2 Share-based payment,
- Share acquisition costs.

Current net income is defined as the sum of the following items:

- Current EBIT,

Current net finance expenses, that include current cost of net financial debt and other current financial income and expenses, including capital gains or losses on financial divestitures (including gains or losses included in the share of net income of equity-accounted entities),

- Current tax items, and
- Minority interests (excluding the portion of minority interests relative to non-current items in the income statement).

Current net income earnings per share is defined as the ratio of current net income (not restated for the cost of the coupon attributable to hybrid debt holders) by the weighted average number of outstanding shares during the year.

Net industrial investments, as presented in the statement of changes in net financial debt, include industrial investments (purchases of intangible assets and property, plant and equipment, and operating financial assets), net of industrial asset divestitures.

The Group considers **discretionary growth investments**, which generate additional cash flows, separately from **maintenance-related investments**, which reflect the replacement of equipment and installations used by the Group as well as investments relating to contractual obligations.

Net financial investments, as presented in the statement of changes in net financial debt, include financial investments, net of financial divestitures.
Financial investments include purchases of financial assets, including the net financial debt of companies entering the scope of consolidation, and partial purchases resulting from transactions with shareholders where there is no change in control.

Financial divestitures include net financial debt of companies leaving the scope of consolidation, and partial divestitures resulting from transactions with shareholders where there is no change in control, as well as issues of share capital by non-controlling interests.

Net free cash flow corresponds to free cash flow from continuing operations, and is calculated by: the sum of EBITDA, dividends received, changes in operating working capital and operating cash flow from financing activities, less net interest expense, net industrial investments, taxes paid, renewal expenses, restructuring charges and other non-current expenses.

Net financial debt (NFD) represents gross financial debt (non-current borrowings, current borrowings, bank overdrafts and other cash position items), net of cash and cash equivalents, liquid assets and financing-related assets, including fair value adjustments to derivatives hedging debt. Liquid assets are financial assets composed of funds or securities with an initial maturity of more than three months, easily convertible into cash, and managed with respect to a liquidity objective while maintaining a low capital risk.

The leverage ratio is the ratio of closing Net Financial Debt to EBITDA.

The financing rate is defined as the ratio of the cost of net financial debt (excluding fair value adjustments to instruments not qualifying for hedge accounting) to average monthly net financial debt for the period, including the cost of net financial debt of discontinued operations.

The pre-tax return on capital employed (ROCE) is defined as the ratio of:

- Current EBIT before share of net income or loss of equity-accounted entities;
- Average capital employed in the year, including operating financial assets and excluding investments in joint ventures and associates.

Capital employed used in the ROCE calculation is therefore equal to the sum of net intangible assets and property, plant and equipment, goodwill net of impairment, operating financial assets, net operating and non-operating working capital requirements and net derivative instruments less provisions. It also includes the capital employed of activities classified within assets and liabilities held for sale, excluding discontinued operations.

The post-tax return on capital employed (ROCE) is defined as the ratio of:

- Current EBIT including the share of net income or loss of equity-accounted entities, after tax. It is calculated by subtracting the current tax expense from Current EBIT including the share of net income or loss of equity-accounted entities. Current tax expense is the tax expense in the income statement re-presented for tax effects on non-current items.
- Average capital employed in the year, including operating financial assets and investments in joint ventures and associates.

Capital employed used in the post-tax ROCE calculation is therefore equal to the sum of net intangible assets and property, plant and equipment, goodwill net of impairment, investments in joint ventures and associates, operating financial assets, net operating and non-operating working capital requirements and net derivative instruments less provisions. It also includes the capital employed of activities classified within assets and liabilities held for sale, excluding discontinued operations.

For both pre-tax and post-tax ROCE, the impacts of the Group’s investment in the Transdev Group joint venture, which is not viewed as a core Company activity and whose contribution is recognized as a share of net income of other equity-accounted entities, are excluded from the calculations.

4] Consolidated income statement

(€ million)	2016 represented [1]	2017
Revenue	**24,187.0**	**25,124.6**
Cost of sales	-19,988.5	-20,855.2
Selling costs	-591.9	-621.8
General and administrative expenses	-2,239.3	-2,227.0
Other operating revenue and expenses	-268.2	-234.2
Operating income before share of net income (loss) of equity-accounted entities	**1,099.1**	**1,186.4**
Share of net income (loss) of equity-accounted entities	**94.2**	**98.4**
o/w share of net income (loss) of joint ventures	66.8	63.5
o/w share of net income (loss) of associates	27.4	34.9
Operating income after share of net income (loss) of equity-accounted entities	**1,193.3**	**1,284.8**
Net finance costs	-423.0	-410.6
Other financial income and expenses	-94.6	-143.3
Pre-tax net income (loss)	**675.7**	**730.9**
Income tax expense	-191.2	-227.8
Share of net income (loss) of other equity-accounted entities	27.4	22.8
Net income (loss) from continuing operations	**511.9**	**525.9**
Net income (loss) from discontinued operations	-25.8	13.3
Net income (loss) for the period	**486.1**	**539.2**
Attributable to owners of the Company	**383.1**	**401.6**
Attributable to non-controlling interests	103.0	137.6
NET INCOME (LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY PER SHARE		
Diluted	0.57	0.60
Basic	0.55	0.58
NET INCOME (LOSS) FROM CONTINUING OPERATIONS ATTRIBUTABLE TO OWNERS OF THE COMPANY PER SHARE		
Diluted	0.62	0.58
Basic	0.60	0.56
NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS ATTRIBUTABLE TO OWNERS OF THE COMPANY PER SHARE		
Diluted	-0.05	0.02
Basic	-0.05	0.02

(1) 2016 adjustments concern the reclassification of Lithuania in discontinued operations in accordance with IFRS 5.

5] Consolidated statement of financial position – assets

(€ million)	**As of December 31, 2016**	**As of December 31, 2017**
Goodwill	4,850.2	4,915.7
Concession intangible assets	3,775.6	3,475.3
Other intangible assets	1,012.7	1,017.1
Property, plant and equipment	7,177.2	7,294.4
Investments in joint ventures	1,642.6	1,506.1
Investments in associates	723.4	607.8
Non-consolidated investments	88.0	70.6
Non-current operating financial assets	1,554.1	1,416.8
Non-current derivative instruments - Assets	43.2	27.1
Other non-current financial assets	385.6	348.6
Deferred tax assets	1,211.1	956.9
Non-current assets	**22,463.7**	**21,636.4**
Inventories and work-in-progress	719.6	721.6
Operating receivables	8,686.0	8,528.1
Current operating financial assets	141.6	197.3
Other current financial assets	284.7	404.6
Current derivative instruments - Assets	78.4	69.9
Cash and cash equivalents	5,521.4	6,263.9
Assets classified as held for sale*	53.8	487.3
Current assets	**15,485.5**	**16,672.7**
TOTAL ASSETS	**37,949.2**	**38,309.1**

**As of December 31, 2017, assets classified as held for sale mainly concern the Europe excluding France segment in the amount of €405.1 million and the Rest of the World segment in the amount of €81.9 million. As of December 31, 2016, they concerned West Coast assets, in United States, in the amount of €53.8 million.*

6] Consolidated statement of financial position – equity and liabilities

(€ million)	As of December 31, 2016	As of December 31, 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	-2,475.1
Total equity attributable to owners of the Company	**7,749.2**	**7,502.9**
Total equity attributable to non-controlling interests	1,127.3	1,153.8
Equity	**8,876.5**	**8,656.7**
Non-current provisions	2,123.7	1,941.6
Non-current borrowings	8,344.0	9,465.2
Non-current derivative instruments - Liabilities	122.4	108.4
Concession liabilities - non current	1,399.2	1,281.2
Deferred tax liabilities	1,079.8	970.1
Non-current liabilities	**13,069.1**	**13,766.5**
Operating payables	10,199.9	10,118.0
Concession liabilities - current	119.8	85.8
Current provisions	559.4	577.0
Current borrowings	4,759.7	4,607.0
Current derivative instruments - Liabilities	118.0	49.1
Bank overdrafts and other cash position items	246.8	208.9
Liabilities directly associated with assets classified as held for sale*	-	240.1
Current liabilities	**16,003.6**	**15,885.9**
TOTAL EQUITY AND LIABILITIES	**37,949.2**	**38,309.1**

*****_As of December 31, 2017, liabilities directly associated with assets classified as held for sale mainly concerned the Europe excluding France segment in the amount of €212.4 million._

7] Consolidated cash flow statement

(€ million)	**2016 represented [1]**	**2017**
Net income (loss) for the period	**486.1**	**539.2**
Net income (loss) from continuing operations	***511.9***	***525.9***
Net income (loss) from discontinued operations	***-25.8***	***13.3***
Operating depreciation, amortization, provisions and impairment losses	1,544.8	1,516.0
Financial amortization and impairment losses	19.9	-6.5
Gains (losses) on disposal of operating assets	-29.1	-9.7
Gains (losses) on disposal of financial assets	-57.6	-15.1
Share of net income (loss) of joint ventures	-66.8	-63.5
Share of net income (loss) of associates	-54.8	-57.7
Dividends received	-8.1	-3.4
Net finance costs	423.0	410.6
Income tax expense	191.2	227.8
Other items	135.8	147.1
Operating cash flow before changes in operating working capital	**2,610.2**	**2,671.5**
Change in operating working capital requirements	270.4	112.0
Change in concession working capital requirements	-112.0	-122.0
Income taxes paid	-226.2	-233.5
Net cash from operating activities of continuing operations	**2,542.4**	**2,428.0**
Net cash from operating activities of discontinued operations	***13.5***	***24.2***
Net cash from operating activities	**2,555.9**	**2,452.2**
Industrial investments, net of grants	-1,353.5	-1,495.5
Proceeds on disposal of industrial assets	85.8	89.3
Purchases of investments	-797.8	-364.1
Proceeds on disposal of financial assets	281.7	136.9
Operating financial assets		
New operating financial assets	-113.4	-112.4
Principal payments on operating financial assets	201.2	159.7
Dividends received (including dividends received from joint ventures and associates)	93.2	81.3
New non-current loans granted	-123.8	-135.9
Principal payments on non-current loans	67.8	193.5
Net decrease/increase in current loans	329.0	37.7
Net cash used in investing activities of continuing operations	**-1,329.8**	**-1,409.5**
Net cash used in investing activities of discontinued operations	**-**	***-12.3***
Net cash used in investing activities	**-1,329.8**	**-1,421.8**
Net increase (decrease) in current borrowings	-547.1	-689.4

7] Consolidated cash flow statement continued…

(€ million)	**2016 represented [1]**	**2017**
New non-current borrowings and other debts	2,049.9	1,886.0
Principal payments on non-current borrowings and other debts	-176.2	-109.2
Change in liquid assets and financing financial assets	-9.0	-163.3
Proceeds on issue of shares	14.5	15.3
Share capital reduction	-	-
Transactions with non-controlling interests: partial purchases	-5.3	-6.7
Transactions with non-controlling interests: partial sales	0.4	1.5
Proceeds on issue of deeply subordinated securities	-	-
Coupons on deeply subordinated securities	-68.8	-67.8
Purchases of/proceeds from treasury shares	-22.0	23.9
Dividends paid	-521.7	-580.5
Interest paid	-430.5	-439.0
Interest on operating assets - IFRIC 12	-90.3	-94.3
Net cash from (used in) financing activities of continuing operations	***193.9***	***-223.5***
Net cash from financing activities of discontinued operations	***-0.6***	***-0.3***
Net cash from (used in) financing activities	**193.3**	***-223.8***
Effect of foreign exchange rate changes and other	-2.5	-25.1
Increase (decrease) in external net cash of discontinued operations	-	-1.1
Net cash at the beginning of the year	**3,857.7**	**5,274.6**
Net cash at the end of the year	**5,274.6**	**6,055.0**
Cash and cash equivalents	5,521.4	6,263.9
Bank overdrafts and other cash position items	246.8	208.9
Net cash at the end of the year	**5,274.6**	**6,055.0**

[1] 2016 adjustments concern the reclassification of Lithuania in discontinued operations in accordance with IFRS 5.