

2017 Annual Results

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Overall 2017 performance better than expected, marked by strong revenue growth

- ▶ **Strong revenue growth: +4.9% at constant FX (+3.5% like-for-like): improvement in France and strong growth outside France**
- ▶ **Results growth better than expectations, sharp acceleration in H2**
- ▶ **Further strong improvement of the Group's ROCE to 8.4% after tax**
- ▶ **Continued significant free cash flow generation, despite higher growth capex**
- ▶ **A very sound B/S, with a 2.4x leverage ratio**

Overall 2017 performance better than expected, marked by strong revenue growth

<i>In €M</i>	2016 restated ⁽¹⁾	2017	Δ	Δ <i>At constant FX</i>
Revenue	24,187	25,125	+3.9%	+4.9% ⁽²⁾
EBITDA	3,219	3,284	+2.0%	+2.7%
Current EBIT ⁽³⁾	1,460	1,519	+4.1%	+5.3%
Current net income- Group share	597	623	+4.4%	+6.1%
Net income- Group share	383	402		
Net Free Cash Flow ⁽⁴⁾	940	655		
Net financial debt	7,812	7,841		

(1) Proforma IFRS 5 and including IFRIC 12

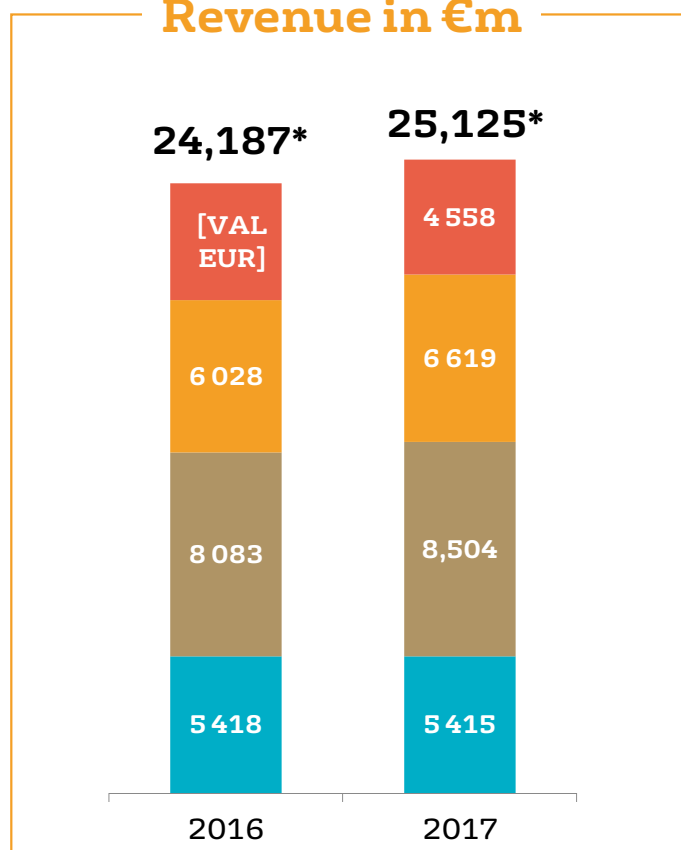
(2) Like-for-like growth of +3.5%

(3) Including the share of current net income of joint ventures and associates considered to be core Group activities (excluding Transdev which is no longer considered a core Group activity)

(4) Net free cash flow corresponds to the free cash flow of continuing operations, i.e. the sum of EBITDA, dividends received, operating cash flow from financing activities, and the variation of operating working capital, less net industrial investments, net interest expense, tax expense, restructuring charges, other non current expenses and renewal expenses.

Revenue by geography : Improvement in France, Acceleration outside France, and Stabilization in Global Businesses

Revenue in €m



Variations vs. 2016		Variation	Δ At constant FX
■	France	-0.1%	-0.1%
■	Europe excl. France	+5.2%	+6.4%
■	Rest of the World	+9.8%	+11.6%
■	Global Businesses	-1.5%	-0.4%
Total		+3.9%	+4.9%

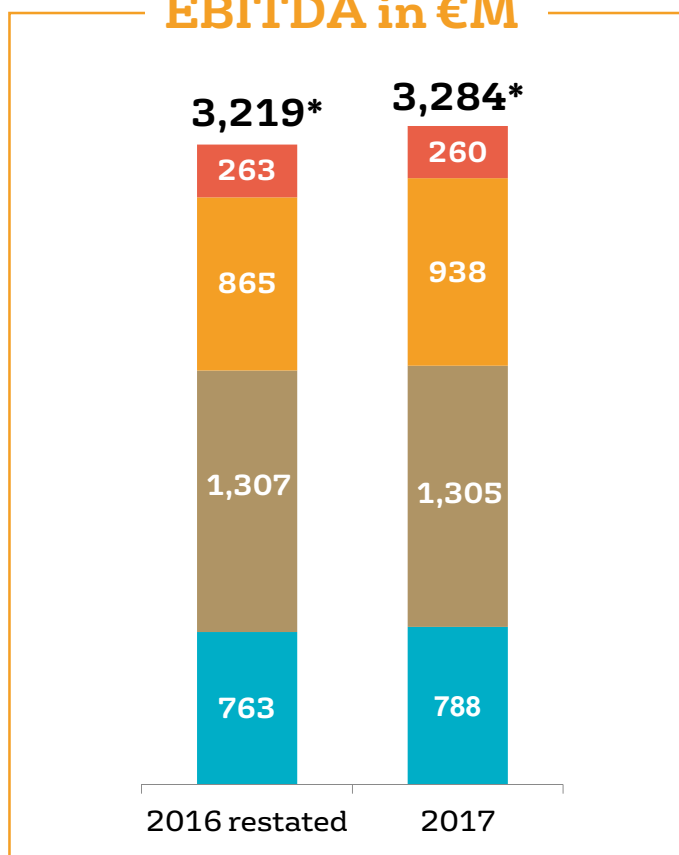
* Including Other: €32M in 2016 and €29M in 2017





Revenue: very favorable dynamics throughout the year, with an acceleration in Q4

Δ <i>At constant FX</i>	Q1	Q2	Q3	Q4
France	-1.5%	-0.4%	-0.3%	+1.9%
Europe excl. 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%
TOTAL	+4.5%	+4.4%	+4.3%	+6.3%

EBITDA up 2.7% at constant FX : Continued improvement in our operational performance

EBITDA in €M



Variations vs. 2016		Variation	Δ At constant FX
	France	+3.3%	+3.3%
	Europe excl. France	-0.2%	+0.3%
	Rest of the World	+8.5%	+10.1%
	Global Businesses	-1.1%	-0.6%
Total		+2.0%	+2.7%

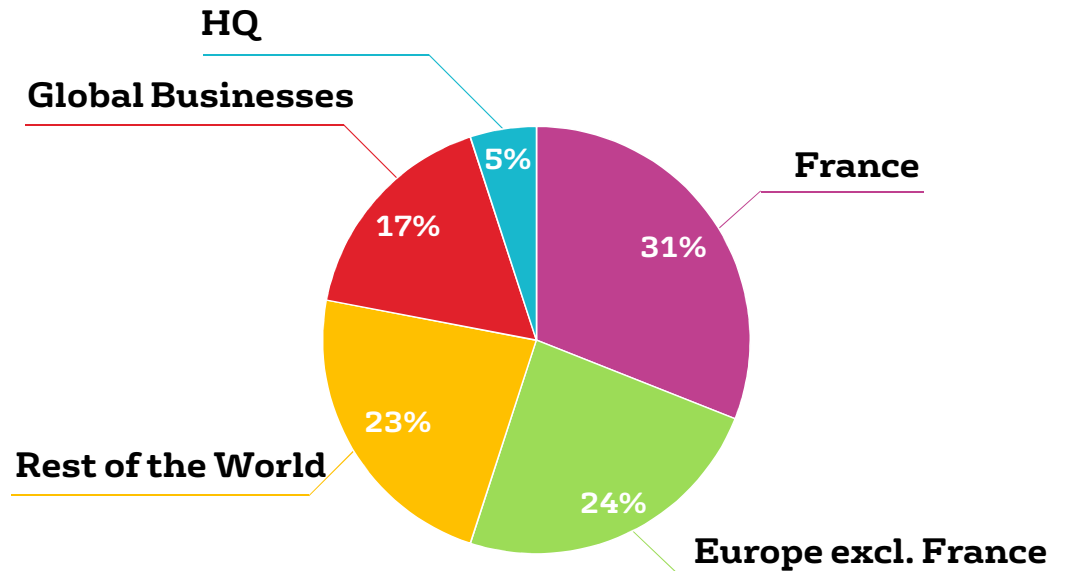
* Including Other: €21M in 2016 and -€7M in 2017

Ambitious and sustainable cost savings plans €255M achieved in 2017

2016-2018 cost cutting plan

2017 savings: €255M

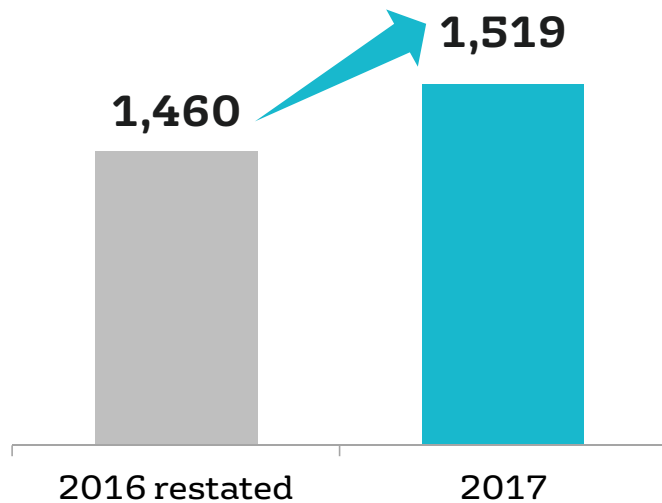
EBITDA Impact (€M)	Revised cumulative 2016-2018 Objective	2017 Objective	2017 Achievement
Savings	800	250	255



Strong growth in current results

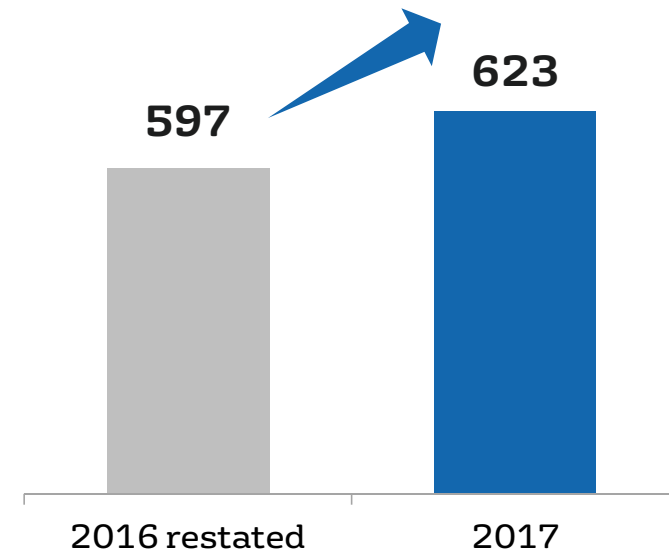
Current EBIT (in €M)

+5.3% At constant FX



Current net income (in €M)

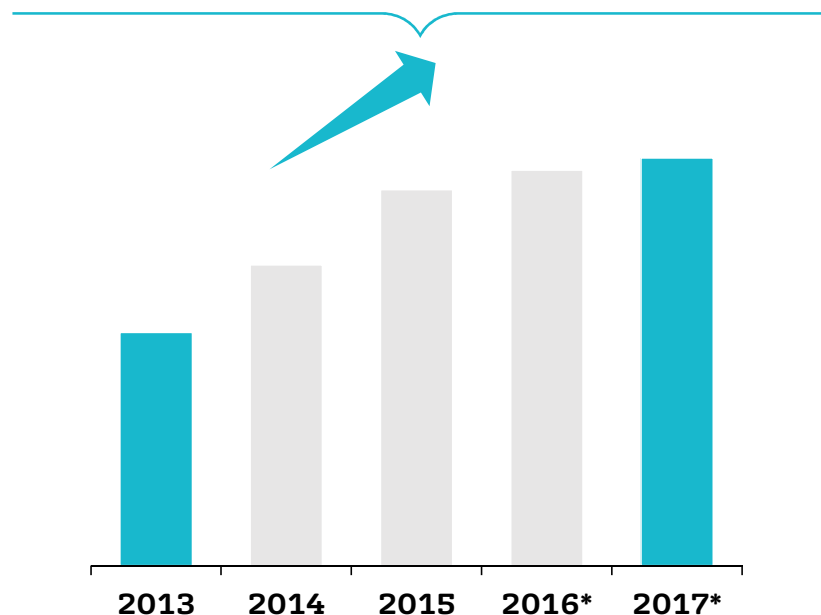
+6.1% At constant FX
+7.3% excl. capital gains



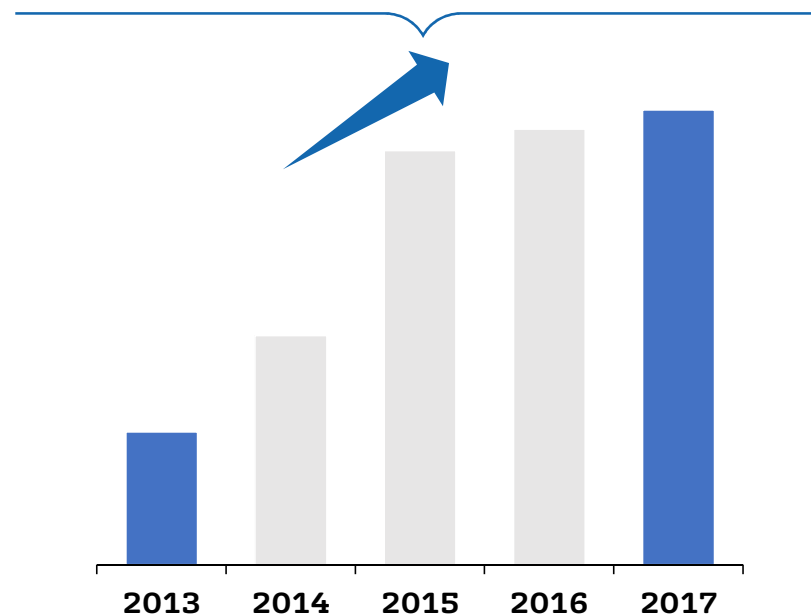
2014-2017

4 years of strong results and FCF growth

Current EBIT 2014-2017:
+15% CAGR



Current net income 2014-2017:
+36% CAGR

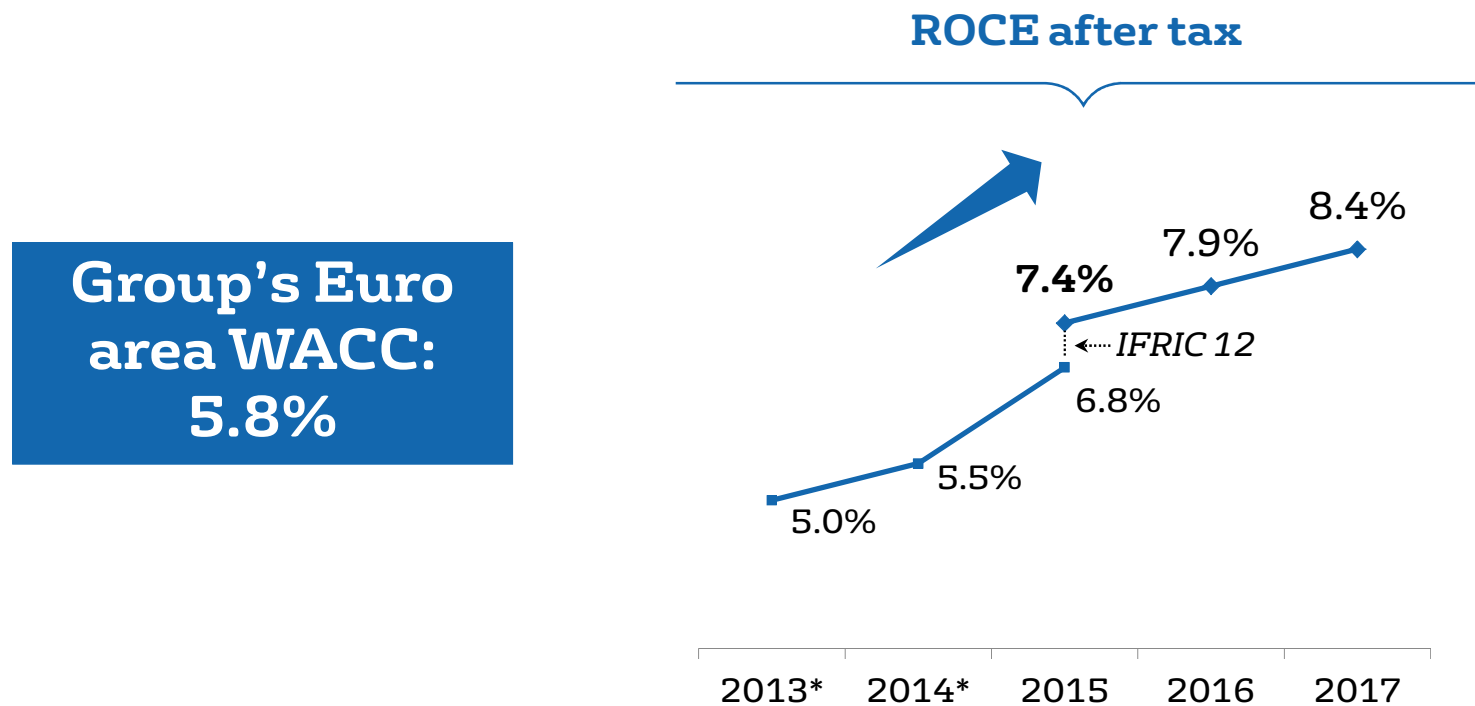


2014-2017 Cumulative Net Free Cash Flow after growth capex: €2.8bn

- ~80% dedicated to dividends
- ~20% allocated to net financial investments

* excluding the impact of IFRIC 12 (i.e. figures are comparable)

Strong improvement in the Group's returns



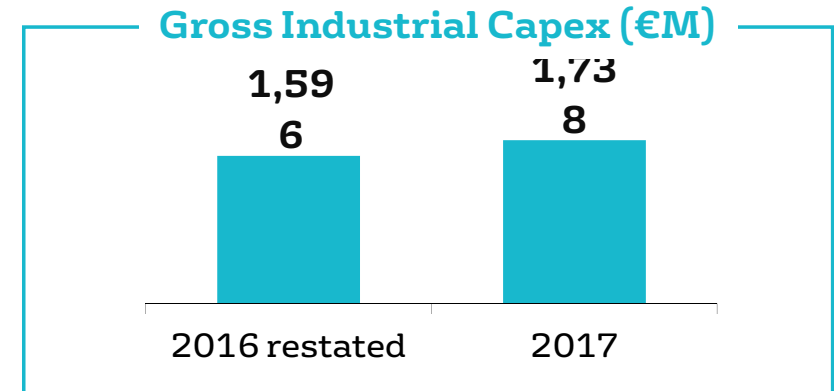
- ▶ **Post-Tax ROCE** = Current EBIT including share of net income of equity-accounted entities – current income tax expense / Average capital employed including operating financial assets and including investments in joint ventures and associates

* Calculated according to the previous method based on net income from operations and before IFRIC 12

Strong free cash flow generation

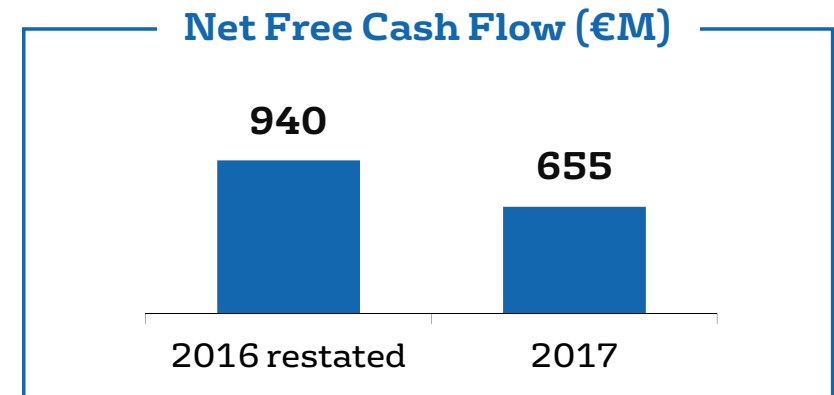
► Gross Industrial Capex up 9%

- Maintenance capex of €822M, representing 3.3% of revenue, stable compared to 2016
- Growth capex of €916M, vs. €799M, up significantly in the Rest of the World, in line with commercial development



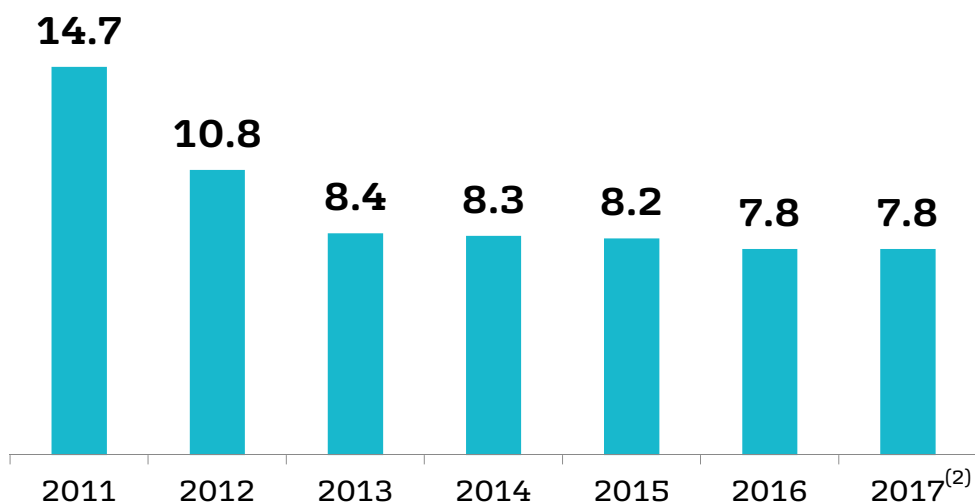
► Net Free Cash Flow of +€655M (after all growth capex and restructuring charges)

- EBITDA increase of €86M at constant FX
- WCR reduction of €112M despite strong revenue growth
- Increase in net capex by €138M

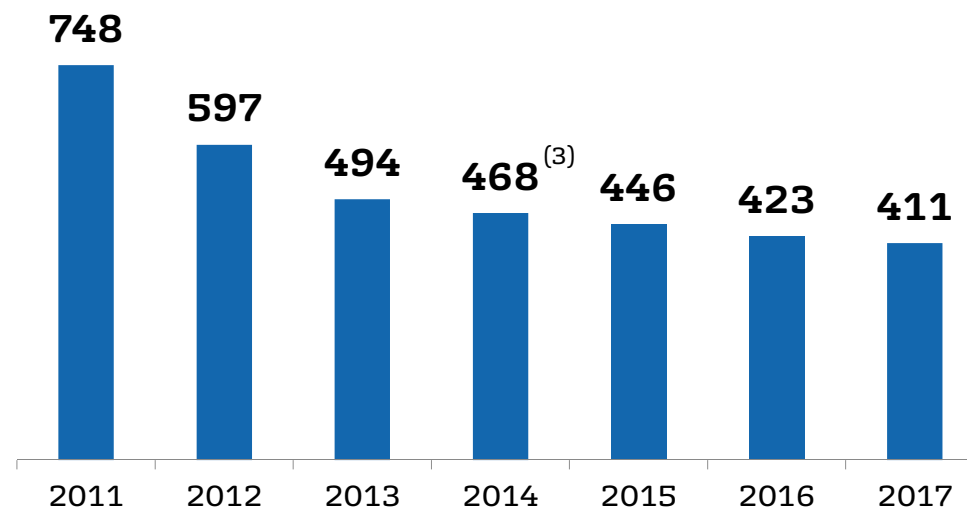


Net Financial Debt stable with a further reduction in cost of financing

Net Financial Debt (€bn)



Cost of financing⁽¹⁾ (€M)



(1) Restated cost of debt : financial charges excluding discontinued operations and cost of early redemption of bonds

(2) Including €271M of favorable FX

(3) €494M in Proforma 2014

2018-2019 outlook

▶ 2018 objectives (at constant exchange rates):

- *Continuation of sustained revenue growth*
- *EBITDA growth greater than that of 2017*
- *More than €300M in cost savings*

▶ 2019 objectives⁽¹⁾:

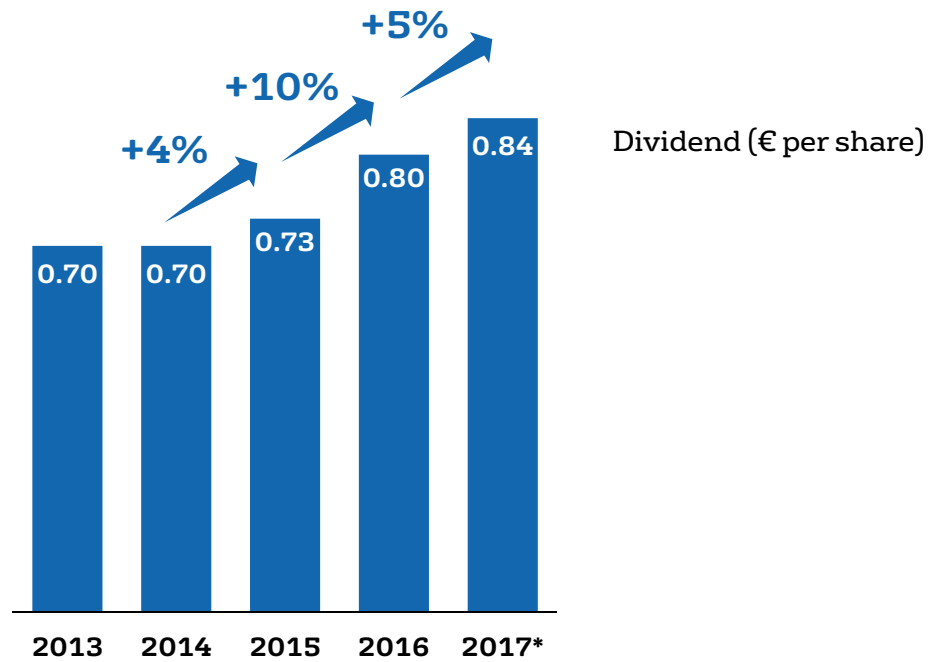
- *Continuation of revenue growth and full impact of cost savings*
- *EBITDA between €3.3Bn and €3.5Bn (excluding IFRIC 12), i.e. between €3.5Bn and €3.7Bn including IFRIC 12*

▶ Dividend growth in line with that of current net income

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

Dividend Distribution

- ▶ **2017 Dividend paid in 2018 up 5% to €0.84 per share in cash :
+20% increase over 3 years**

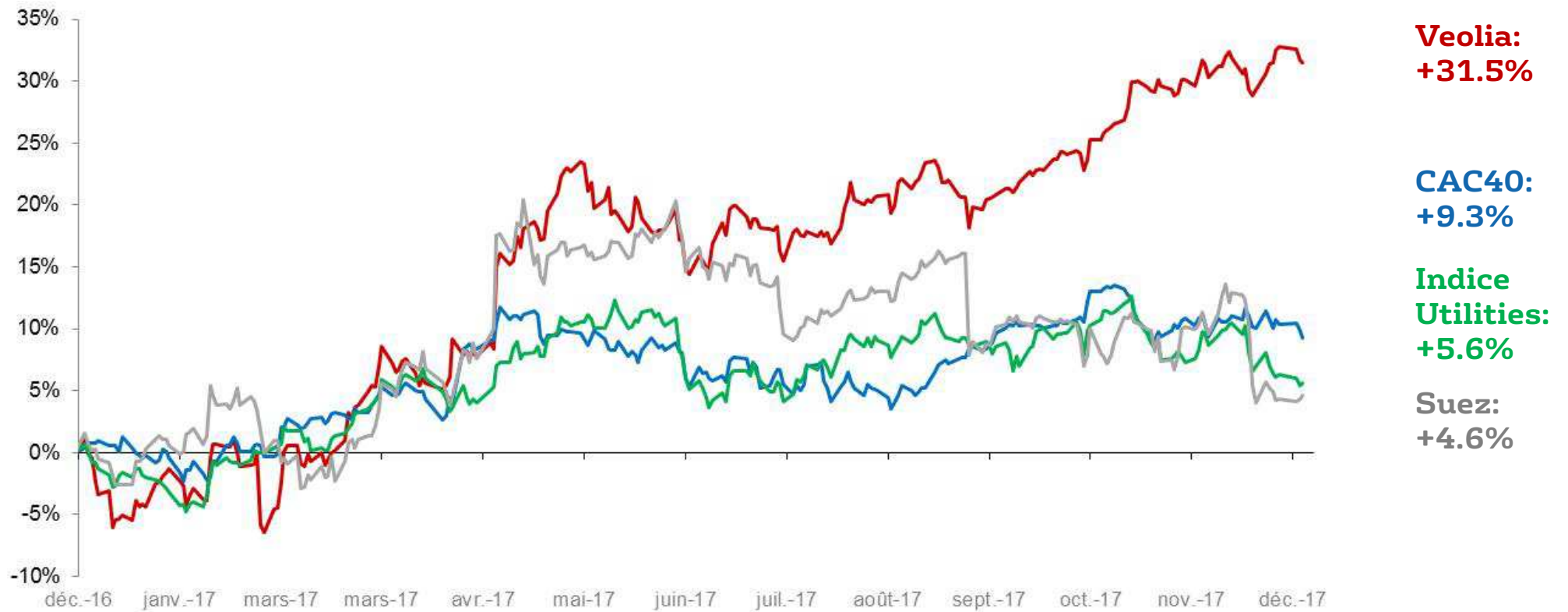


- ▶ **Outlook : Dividend growth in line with that of current net income**

* Subject to the approval of shareholders at the Annual General Shareholders' Meeting

Very strong market performance in 2017...

Performance 2017



... and strong outperformance of VEOLIA over 4 years

Performance since January 2014

