Société anonyme with a capital of €2,811,509,005
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QUARTERLY FINANCIAL INFORMATION FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015

(UNAUDITED)

1. Major events of the period

General context

The Group's performance during the nine months ended September 30, 2015 was marked mainly by:

- Continued strong commercial momentum;
- A significant improvement in revenue trends in the third quarter (growth of 1.7% at constant consolidation scope and exchange rates compared with a decline of 1.4% in the first quarter and 1.2% in the second quarter);
- Solid results, reflecting ongoing, major cost reduction efforts (cumulative objective of €750 million at the end of 2015 already achieved as of September 30, 2015);
- Twofold increase in current net income to €410 million for the ninth months ended September 30, 2015;
- Asset divestitures of €363 million, including the third-quarter sale of the Group's minority stake in the Chinese water concession in Changle for €46 million (capital gain on disposal of €13 million);
- Overall, confirmation of annual objectives.

Changes in Group structure

Divestiture of activities in Israel

On March 30, 2015, Veolia closed the sale of water, waste and energy activities in Israel in association with the agreement signed on July 9, 2014 with funds managed by Oaktree Capital Management L.P, a leader among global investment managers.

Closing of the transaction was subject to the approval of the Israeli Antitrust Authority and change in control authorizations standard for such transactions.

The transaction resulted in a reduction in the Group's net financial debt by around €226 million, of which €29 million was already recorded at December 31, 2014 due to the classification within "assets and liabilities directly associated with assets classified as held for sale", in accordance with the IFRS 5 accounting standard.

Accordingly, the financial statements for the nine months ended September 30, 2015 include a net post-tax gain on disposal of €40.4 million.

Purchase of the EBRD's stake in Veolia Central & Eastern Europe (formerly Veolia Voda)

On April 7, 2015, Veolia Eau - Compagnie Générale des Eaux purchased the stake held by the European Bank for Reconstruction and Development (EBRD) in Veolia Central & Eastern Europe (i.e. 8.36% of the share capital of Veolia Central & Eastern Europe, combining the Group's Water activities in Central and Eastern Europe) for €85.9 million. As a result of this transaction, the Group now fully owns Veolia Central & Eastern Europe.

Acquisition of Altergis

Following the announcement on May 6, 2015, that Veolia had signed a memorandum of understanding to acquire Altergis, a French Group specializing in energy efficiency, the acquisition was completed on June 26, 2015 for €21 million.

Specializing in the implementation of energy and fluids, Altergis reported revenue in 2014 of nearly €70 million and employs 400 people in France.

Acquisition of AKG

On September 3, 2015, Veolia completed the acquisition of the Dutch company, AKG Kunststof Groep, a European leader in the recycling and manufacture of polypropylene. With this acquisition, Veolia expands its presence in the circular economy and confirms its goal to become a reference producer of recycled raw materials.

AKG currently employs 53 people. It sold 37,000 tons of recycled raw material and reported revenue of €34 million in 2014.

Group financing

Change in Bonds Outstanding

On June 17, 2015, Veolia Environnement repaid the 2015 euro-denominated inflation-linked bond line with a nominal value of €1.0 billion following its arrival at maturity in June 2015.

Bond swap

In early April 2015, Veolia Environnement proceeded with a bond exchange of a portion of the bonds maturing in 2019, 2021 and 2022 in the amount of €515 million, while concurrently issuing a new bond maturing in January 2028 for €500 million with a 1.59% coupon. This transaction has enabled the Group to smooth out its debt profile and increase the average maturity of its gross debt (from 6.7 years to 7.0 years), while reducing the associated financing costs.

Improved credit outlook

In early May, S&P confirmed Veolia's A-2 / BBB credit rating, while raising the Group's outlook from negative to stable. This decision illustrates the recognition of Veolia's restructuring efforts, improved results and the benefits arising from active debt management, as well as the rating agencies' confidence in the Group's strategic outlook.

As a reminder, Moody's rates the company P-2 / Baa1, with a stable outlook.

Share capital increase reserved for Group employees

Veolia Environnement has announced the launch of a new shareholder transaction reserved for Group employees. This transaction is open to 120,000 Group employees across 20 countries and seeks to associate employees with the development and performance of the Group.

Using powers delegated by the Board of Directors, the Chairman and Chief Executive Officer will set the final terms of the transaction scheduled for November 4, 2015; in particular, he will set the subscription price for new shares which will be equal to the reference price less a 20% discount.

Settlement-delivery of the new shares to be issued will take place on December 17, 2015.

Dividend payment

The Combined Shareholders' Meeting of April 22, 2015 set the dividend for fiscal 2014 at €0.70 per share. This dividend was paid in cash beginning May 7, 2015 in the total amount of €384 million.

SNCM / Transdev Group

The first nine months of 2015 were marked in particular by the proposal made in April 2015 by Transdev and CGMF to the receivers to contribute €85 million (i.e €62 million for Transdev stake) to finance the SNCM redundancy plan subject to the conclusion of a settlement agreement approved by the commercial court, under the terms of which the parties to the proceeding would waive any possible action against Transdev, CGMF, their executives and their shareholders.

The signature of the first part of the settlement agreement was authorized by the bankruptcy judge in a ruling in May 2015. The settlement process was interrupted by the decision of the Commercial Court in early June 2015 to reject the takeover offers. At the same time, the Commercial Court asked the receivers to proceed with a new call for tenders, scheduling a hearing for September 25, 2015 to review them. This hearing was postponed three times, to October 14, 2015, October 28, 2015, and then to November 4, 2015, at which time the tenders were examined. The Court reserved judgement and is expected to issue its decision on November 20, 2015.

Furthermore, in April 2015, the Bastia Administrative Court decided that the public service delegation agreement would be terminated as of October 1, 2016.

Investor Day

The Group will give a detailed presentation of its strategic plan for the next three years at an Investor Day scheduled for December 14, 2015.

Changes in governance

Combined Shareholders’ Meeting of April 22, 2015

The Combined Shareholders’ Meeting of Veolia Environnement took place at the Maison de la Mutualité in Paris, on Wednesday, April 22, 2015, under the chairmanship of Mr. Antoine Frérot, Chairman and Chief Executive Officer of the Company. At the Meeting, shareholders approved all the resolutions 1 to 17 of the agenda.

In particular, shareholders:

- approved the company accounts and consolidated financial statements for fiscal year 2014;
- set the dividend in cash for fiscal year 2014 at €0.70 per share. This dividend was paid out beginning May 7, 2015;
- renewed the terms of office of Mrs. Maryse Aulagnon, Mr. Baudouin Prot and Mr. Louis Schweitzer and appointed Mrs. Homaira Akbari and Mrs. Clara Gaymard, as directors for a four-year term expiring at the end of the 2019 shareholders' meeting convened to approve the financial statements for the period ended December 31, 2018;
- ratified the co-optation of Mr. Georges Ralli as director for the remaining term of office of the company (Groupama SA) which he represented (2016 Shareholders’ Meeting);
- issued a favorable opinion on the remuneration due or attributed for fiscal year 2014 and the 2015 remuneration policy of Mr. Antoine Frérot, the Company's Chairman and Chief Executive Officer.

Resolution A (not approved by the Board of Directors), the purpose of which was to remove the automatic vesting of double voting rights provided by the “Florange Act” to shares held in a registered form for at least two years, was rejected.

At the close of this Combined Shareholders' Meeting, Veolia Environnement's Board of Directors consisted of seventeen voting directors, including two directors representing employees, five women directors (33.3%), and two non-voting members:

- Mr. Antoine Frerot, Chairman and Chief Executive Officer;
- Mr. Louis Schweitzer, Vice-Chairman and Senior Independent Director;
- Mrs. Homaira Akbari;
- Mr. Jacques Aschenbroich;
- Mrs. Maryse Aulagnon;
- Mr. Daniel Bouton;
- Caisse des Dépôts et Consignations, represented by Mr. Olivier Mareuse;
- Mrs. Clara Gaymard;
- Mrs. Marion Guillou;

- Mr. Serge Michel;
- Mr. Pavel Páša, director representing employees;
- Mr. Baudouin Prot;
- Qatari Diar Real Estate Investment Company, represented by Mr. Khaled Al Sayed;
- Mrs. Nathalie Rachou;
- Mr. Georges Ralli;
- Mr. Paolo Scaroni;
- Mr. Pierre Victoria, director representing employees;
- Mrs. Isabelle Courville, non-voting director;
- Mr. Paul-Louis Girardot, non-voting director.

Events subsequent to September 30, 2015

No significant events have occurred since September 30, 2015.

2. Accounting and financial information

2.1 Preface

Similar to the published financial information for the first quarter and the first-half of 2015, the publication of financial information for the nine months ended September 30, 2015 was marked by:

❖ The first-time application of the IFRIC 21 interpretation "Duties or Taxes", relating to the recognition of a liability for a duty or levy due, with effect from January 1, 2015.

For the nine months ended September 30, 2015, the impact on EBITDA and current EBIT was -€17.8 million and the impact on current net income was -€16.1million. However, due to retrospective application to the first nine months ended September 30, 2014, the assessment of the Group's performance is not impacted.

❖ Third quarterly based publication of new financial indicators.

To enhance the presentation of its operating performance and improve comparability with other sector companies, and as stated at the time of the Group's 2014 annual results communication, the Group decided to introduce new financial indicators starting fiscal year 2015 that will be used to communicate the Group's financial results. These financial indicators are defined in Note 5.3 of the Operating and Financial Review for the half-year ended June 30, 2015.

These new indicators are:
– EBITDA,
– Current EBIT, and
– Current Net Income.

Please refer to Section 4.2 for a reconciliation of these new financial indicators and the previous financial indicators used by the Group.

❖ Reclassification of Moroccan activities to continuing operations (as was the case at the 2014 year-end). As a reminder, Moroccan Water activities were originally classified in discontinued operations in the results for the nine months ended September 30, 2014 published on November 6, 2014.

❖ Presentation of two comparative scopes relating to the unwinding of the Dalkia joint venture:

– one referred to as "GAAP", with Dalkia France fully consolidated and Dalkia International equity-accounted in the first-half of 2014 and then from July 2014, Dalkia International fully consolidated and excluding Dalkia France,
– the other referred to as "Pro forma", with Dalkia International fully consolidated as of January 1, 2014 and excluding Dalkia France.

2.2 Key figures

The Group's results for the first nine months of the year were marked by the following:

– **Revenue** of €18,288 million, up 6.1% (+2.4% at constant exchange rates).
  - *Pro forma : -0.3% at constant consolidation scope and exchange rates (vs. a decline of 1.3% to June 30)*

– **EBITDA** of €2,148 million, up 14.1% (+10.5% at constant exchange rates).
  - *Pro forma: increase of 6.4% at constant consolidation scope and exchange rates*

– **Current EBITDA** of €942 million, up 32.3% (+26.2% at constant exchange rates).
  - *Pro forma: increase of 23.5% at constant consolidation scope and exchange rates*

– **Current net income** doubled to €410 million *(including IFRIC 21 impact of -€16 million)*

– Strong growth in **net Free cash-flow** versus pro forma September 30, 2014: -€12 million compared with -€207 million

– **Net financial debt** of €8,977 million, down €365 million vs. September 30, 2014 (€8,909 million), when excluding exchange rate impacts

The main foreign exchange impacts were as follows:

FX impacts *(vs. pro forma 9M 2014)*	**%**	**€M**
Revenue	+3.7%	649
EBITDA	+4.0%	79
Current EBIT	+6.8%	48
Net debt vs. GAAP Dec.2014	+4.5%	-375
Net debt vs. GAAP Sept. 2014	+4.9%	-433

Group results break down as follows:

(€ million)	**Nine months ended September 30, 2015**	Nine months ended September 30, 2014, represented (1)	Δ	Δ at constant scope & exchange rates
Revenue	18,287.6	17,240.8	+6.1%	+2.4 (2)
Pro forma revenue	18,287.6	17,763.2	+3.0%	-0.3%
EBITDA	2,148.0	1,882.2	+14.1%	+10.5% (2)
Pro forma EBITDA	2,148.0	1,951.8	+10.1%	+6.4%
Pro forma EBITDA margin	*+11.7%*	*+11.0%*	*+70bp*	+70bp
Current EBIT (3)	941.5	711.7	+32.3%	+26.2%(2)
Pro forma current EBIT (3)	941.5	713.2	+32.0%	+23.5%
Net current income – Group share	409.7	221.3		
Pro forma net current income – Group share	409.7	203.2	X 2	
Pro forma industrial investments	877	949.8		
Pro forma net free cash flow (4)	(11.6)	(207.3)		
Net financial debt	8 977	8 909		

(1) 2014 figures are re-presented for IFRS 5 and IFRIC 21 (see section 4.1)
(2) Variation at constant exchange rates
(3) Including the share of current net income of joint ventures and associates viewed as core Group activities (excluding Transdev, which is no longer viewed as a core Group activity)

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

❖ Group consolidated revenue

Revenue for the nine months ended September 30, 2015 increased 6.1% (+2.4% at constant exchange rates), compared with GAAP figures for the nine months ended September 30, 2014.

The marked third-quarter improvement in revenue (+1.7% at constant consolidation scope and exchange rates compared with -1.4% in the first quarter and -1.2% in the second quarter) concerns all segments and is due to commercial wins outside Europe, favorable effects of volumes in the Water business, favorable price effects and the stabilization of the negative impacts of energy prices and Construction activity.

On a pro forma basis, Group consolidated revenue increased 3.0% (-0.3% at constant consolidation scope and exchange rates), to €18,287.6 million, compared with pro forma €17,763.2 million for the nine months ended September 30, 2014.

By segment, this revenue improvement breaks down as follows:

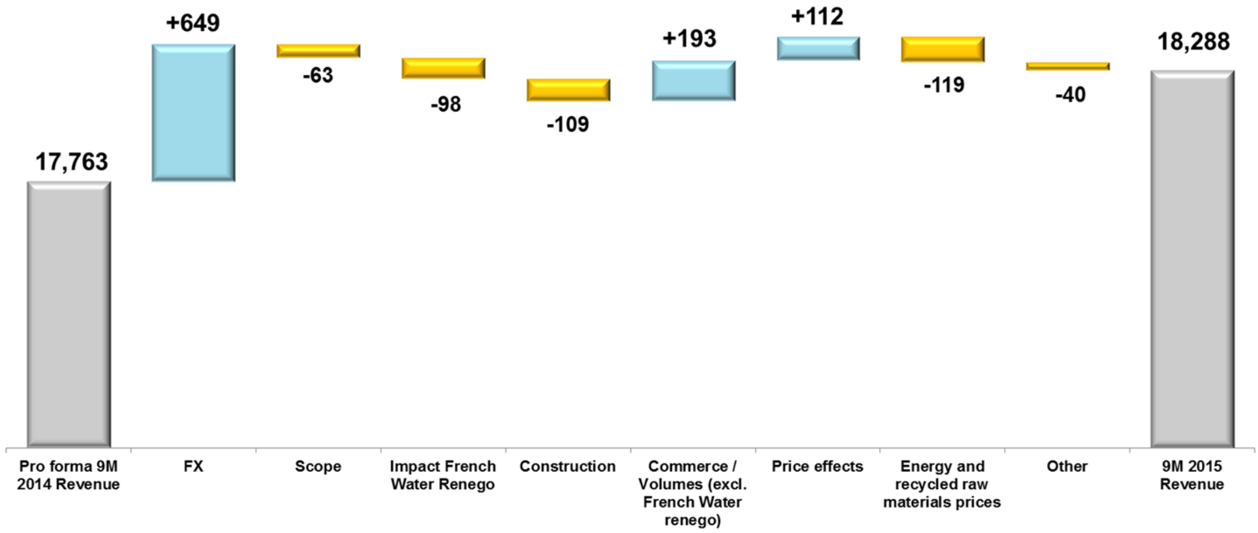
- a slight downturn in revenue in France (-1.9% at constant consolidation scope and exchange rates)
  - Revenue fell 4.0% in the Water business due to contractual erosion with lower tariff indexation (0.3%); water volumes were however good in the third quarter (+1.4% since the beginning of the year) due to the hot summer,
  - Growth in Waste revenue (0.7%) thanks to new contract wins which offset lower landfill volumes and lower volumes and prices of recycled raw materials,

- a decline in revenue in the Rest of Europe (-1.7% at constant consolidation scope and exchange rates): lower Construction activity in the United Kingdom and a decrease in revenue in Germany, offset by sustained growth in Central European countries,

- continued good revenue growth in the Rest of the world (+4.8% at constant consolidation scope and exchange rates) driven by China (+16.6% at constant consolidation scope and exchange rates) and Latin American countries (+17.1% at constant consolidation scope and exchange rates),

- and finally, a decline in Global Businesses revenue (-2.2% at constant consolidation scope and exchange rates) hindered by Construction activities and the negative impact of crude oil prices in hazardous waste activities.

The change in revenue between pro forma 2014 and 2015 figures breaks down by main impact as follows:



The foreign exchange impact on revenue amounted to +€649.2 million (+3.7% of revenue) and mainly reflects fluctuations in the value of the euro against the U.S. dollar (+€304.7 million), the U.K. pound sterling (+€189.8 million) and the Chinese yuan (+€61.3 million).

The favorable contribution from commercial efforts of +€193 million (Commerce/Volumes impact), excluding the negative impact of renegotiations in the French Water business (-€98 million) was due to:

- good volumes in Water (France and Central Europe) and in Energy outside France, particularly in China, North America, Central Europe and Africa Middle East, partially offset by difficulties encountered in the solid waste sector in Germany and Australia;
- strong commercial momentum in the Asia and Latin America.

The decline in revenue from Construction activity was driven mainly by project delays in VWT, and lower construction revenue from PFI contracts in the United Kingdom. Construction revenue in the third quarter of 2015 was stable compared to the prior year.

Finally, Group revenue was hindered by the decrease in energy prices in the United States and Germany, as well as the unfavorable variation in recycled raw material prices. These factors were stable in the third quarter of 2015.

Positive price effects were however observed with tariff indexation that remains favorable, in particular for Water in Central Europe, and in Morocco and Latin America.

❖ EBITDA

EBITDA for the nine months ended September 30, 2015 increased 14.1% (+10.5% at constant exchange rates), compared with GAAP figures for the nine months ended September 30, 2014.

For the nine months ended September 30, 2015, Group consolidated EBITDA increased 10.1% (+6.4% at constant consolidation scope and exchange rates) to €2,148.0 million, compared with pro forma figures for the nine months ended September 30, 2014.

This strong growth in EBITDA is due to cost savings totaling €164 million in the first nine months of 2015.

By segment,:

- EBITDA was stable in France:

  - in the Water business, EBITDA was stable due to cost reductions and despite commercial erosion:
    - Good volumes of water sold in the third quarter offset the negative impact of price changes (decrease in indexation to +0.3%)
    - Contract renegotiations (Marseille, Lyon, Nice, etc.) had an impact of -€60 million in the nine months ended September 30, 2015

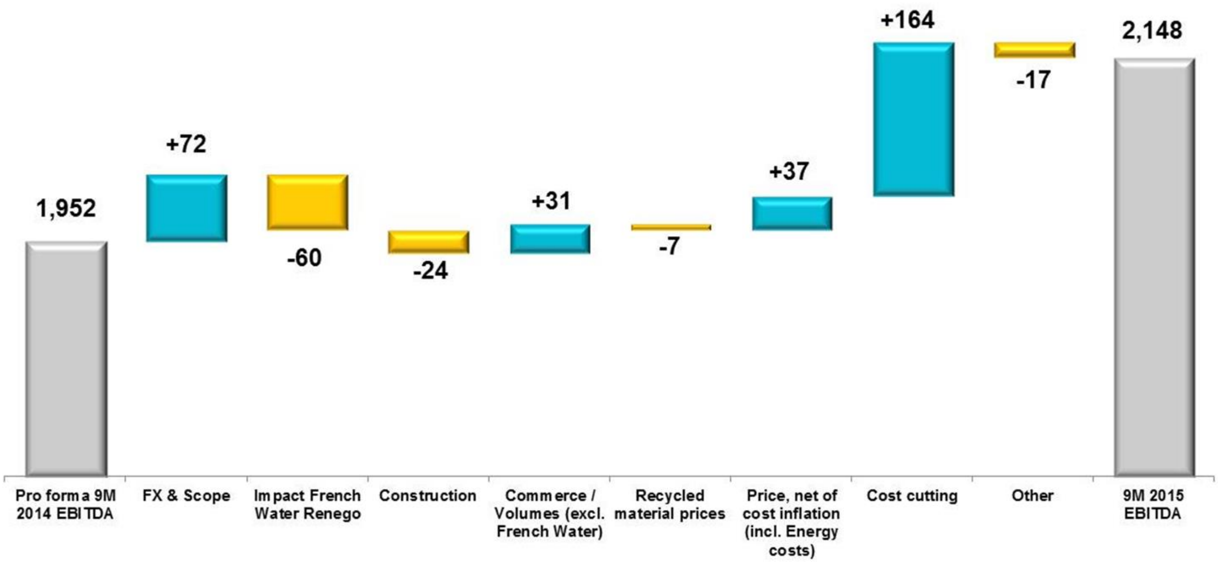
  - in the Waste business, EBITDA was stable due to cost savings plans, a decrease in fuel prices and the favorable impact of the litigation settlement and despite lower landfill volumes and a decrease in the price of ferrous and non-ferrous scrap metals.

- Continued good momentum in the Group's activities in Europe excluding France, particularly in Central and Eastern Europe (mainly due to a significant decrease in costs);

- Strong growth in the Rest of the World: in the United States thanks to good performance in the Municipal and Commercial sectors and growth in hazardous Waste in the industrial sector. Good growth in EBITDA in emerging markets (Latin America, China, and Africa Middle East);

- Finally, EBITDA decreased in the Global Businesses segment, penalized in particular by the impact of the fall in crude oil prices.

The change in EBITDA between pro forma 2014 and 2015 by main impact breaks down as follows:



The foreign exchange impact on EBITDA amounted to +€79 million, and mainly reflects fluctuations in the value of the euro against the U.S. dollar (+€31.2 million), the U.K. pound sterling (+€21.4 million) and the Chinese yuan (+€17.7 million).

The favorable volume impact, excluding the negative impact of French Water contract renegotiations (-€60 million) was driven by commercial momentum in the South America and Asia , increased volumes in the Water business in France and favorable weather conditions.

The negative impact of Construction activity was mainly related to a contract in Peru in the SADE business.

The price impact, net of cost inflation was positive despite less favorable tariff indexation.

The contribution of the cost savings plans amounted to €164 million, driven mainly by organizational efficiency and purchasing. Cumulative savings as of September 30, 2015 totaled nearly €747 million, already ensuring attainment of the objective set for the end of 2015.

❖ Current EBIT

For the nine months ended September 30, 2015, Group consolidated current EBIT increased 32.0% (+23.5% at constant consolidation scope and exchange rates) to €941.5 million, compared with pro forma figures for the nine months ended September 30, 2014. Current EBIT increased 32.3% (+26.2% at constant exchange rates), compared with GAAP figures for the nine months ended September 30, 2014.

The significant increase in current EBIT was driven primarily by:

- the significant improvement in EBITDA;
- a decrease in net charges to depreciation and amortization despite an unfavorable foreign exchange impact of €30 million;
- the favorable change in net charges to provisions, in particular in the Water business in France related to provision reversals for contractual risks related to Water contracts where the “Olivet” principle applies and reversals of provisions for URSSAF social-security risks;
- an increase in the current net income of joint ventures and associates and particularly our Water concessions in China.

The foreign exchange impact on current EBIT amounted to +€48.1 million, and mainly reflects fluctuations in the value of the euro against the U.S. dollar (+€18.3 million), the U.K. pound sterling (+€11.3 million) and the Chinese yuan (+€14.3 million).

The reconciling items between EBITDA and Current EBIT for the nine months ended September 30, 2015 and 2014 are as follows:

(€ million)	**Nine months ended September 30, 2015**	Nine months ended September 30, 2014 Pro forma	Nine months ended September 30, 2014 GAAP
EBITDA	**2,148.0**	**1,951.8**	**1,882.2**
Renewal expenses	(206.4)	(188.5)	(243.9)
Principal payments on operating financial assets (OFAs)	(111.4)	(88.1)	(106.2)
Net depreciation and amortization	(1,022.1)	(1,034.7)	(915.5)
Share of current net income of joint ventures and associates	80.8	72.7	95.7
Provisions, fair value adjustments & other:	52.6	-	(0.6)
- Current impairment of property, plant and equipment, intangible assets and operating financial assets	(4.0)	(47.9)	(44.4)
- Capital gains (losses) on industrial divestitures	9.4	1.7	6.9
- Net charges to operating provisions, fair value adjustments and other	47.2	46.2	36.9
Current EBIT	**941.5**	**713.2**	**711.7**

❖ Current net income (loss) attributable to owners of the company

Current net income attributable to owners of the Company increased significantly from pro forma €203.2 million for the nine months ended September 30, 2014 to €409.7 million for the nine months ended September 30, 2015, due to:

- current EBIT growth,
- the reduction in net finance costs, as well as,
- an improvement in the tax rate (which was 30% at the end of September 2015).

Capital gains (losses) on financial divestitures for the nine months ended September 30, 2015 totaled +€73.6 million and mainly comprised of the €40.4 million capital gain realized on the sale of Group's activities in Israel. Pro forma capital gains on financial divestitures for the nine months ended September 30, 2014 totaled €57.4 million.

Current net income also includes -€16 million in respect of application of IFRIC 21 (see Section 4.1.3).

❖ Financing

(€ million)	**Nine months ended September 30, 2015**	**Nine months ended September 30, 2014 Pro forma**	**Nine months ended September 30, 2014 GAAP**
EBITDA	**2,148.0**	**1,951.8**	**1,882.2**
Net industrial investments	(808.2)	(906.0)	(871.0)
Change in operating WCR	(659.5)	(613.7)	(573.9)
Dividends received from equity-accounted entities and joint ventures	71.4	66.3	62.7
Renewal expenses	(206.5)	(188.5)	(244.0)
Restructuring charges	(64.5)	(24.5)	(24.5)
Financial items (current cash financial expense, and operating cash flow from financing activities)	(310.6)	(324.1)	(280.7)
Taxes paid	(181.9)	(168.5)	(164.6)

Net free cash flow before dividend payment, financial investments and financial divestitures	**(11.6)**	**(207.3)**	**(213.6)**
Opening Net financial debt	(8,311.1)		(8,444.4)
Closing Net financial debt	**(8,977.1)**		**(8,909.4)**

Changes in net free cash flow

Net free cash flow amounted to -€11.6 million for the nine months ended September 30, 2015, versus pro forma -€207.3 million for the nine months ended September 30, 2014. This improvement was attributable to the improvement in EBITDA, solid industrial investment discipline (decrease of €107 million at constant exchange rates) and a reduction in finance costs, despite a deterioration in the change in operating working capital requirements of -€45.8 million and an increase in renewal expenses and restructuring charges.

Net financial debt

Overall, net financial debt amounted to €8,977 million, compared with €8,909 million in GAAP figures as of September 30, 2014. At constant exchange rates (impact of -€433 million) net financial debt would have been down €365 million compared to September 30, 2014.

Net financial debt is €291.1 million higher than at December 31, 2014, excluding a foreign exchange impact of €375 million, due to seasonal factors.

2.3 Revenue

2.3.1. Revenue by segment

Revenue (€ million)						
	Nine months ended September 30, 2015	Nine months ended September 30, 2014 Pro forma	Δ 2015/2014	Internal growth	External growth	Foreign exchange impact
France	4,090.2	4,160.5	-1.7%	-1.9%	+0.2%	-
Europe, excluding France	6,180.1	6,099.5	+1.3%	-1.7%	+0.1%	+2.9%
Rest of the World	4,387.5	3,866.9	+13.5%	+4.8%	-0.5%	+9.2%
Global Businesses	3,535.8	3,484.9	+1.5%	-2.2%	+0.4%	+3.3%
Other	94.2	151.4	-37.8%	+8.0%	-46.0%	+0.2%
Group	**18,287.6**	**17,763.2**	**+3.0%**	**-0.3%**	**-0.4%**	**+3.7%**

Revenue trends break down as follows:

	1st quarter	2nd quarter	3rd quarter
Pro forma variations	**Δ at constant scope & FX**	**Δ at constant scope & FX**	**Δ at constant scope & FX**
France	-3.6%	-1.6%	-0.5%
Europe excluding France	-3.5%	-0.7%	-0.4%
Rest of the World	+2.4%	+4.5%	+7.7%
Global businesses	+2.1%	-7.9%	-0.1%
Total Group	**-1.4%**	**-1.2%**	**+1.7%**
Group excluding Global Businesses	***-2.1%***	***+0.5%***	***+2.1%***

❖ France

Revenue in the France segment for the nine months ended September 30, 2015 decreased 1.7% (-1.9% at constant consolidation scope) to €4,090.2 million compared with pro forma figures for the nine months ended September 30, 2014. At constant consolidation scope, third quarter revenue decreased 0.5% compared with -3.6% in the first quarter and -1.6% in the second quarter of 2015.

- Revenue in the Water business declined 4.0% at both current and constant consolidation scopes compared with pro forma figures for the nine months ended September 30, 2014. Water revenue in France remained almost stable in the third quarter of 2015 (-0.6% at constant consolidation scope, compared with a decline in the first and second quarters) thanks to higher volumes sold tied to favorable weather conditions in the summer months which offset the impact of contractual erosion.
- Revenue in the Waste business grew 0.7% at constant consolidation scope (+1.2% at current consolidation scope). The Waste business remained stable in the third quarter (after an improvement of 3.8% in the second quarter and a decrease of 1.4% in the first quarter). Commercial wins, higher commercial collection tariffs and good momentum of incineration activities were partially offset by lower landfill volumes and commercial and municipal collection volumes as well as the decrease in ferrous scrap metal volumes.

❖Europe, excluding France

Revenue in the Europe excluding France segment for the nine months ended September 30, 2015 increased 1.3% (-1.7% at constant consolidation scope and exchange rates) to €6,180.1 million compared with pro forma figures for the nine months ended September 30, 2014. Revenue remained almost stable in the third quarter of 2015 as in the second quarter, following a 3.5% decrease at constant consolidation scope and exchange rates in the first quarter of 2015.

This change can be explained as follows:

- Central European countries: revenue increased 2.4% at constant consolidation scope and exchange rates, thanks to generally favorable weather conditions (in the second quarter) and higher tariffs combined with positive volume effects. Revenue growth accelerated in the third quarter (+4.4% at constant consolidation scope and exchange rates compared with +0.2% in the first quarter and +3.8% in the second quarter) driven by favorable volume effects.
- The United Kingdom and Ireland: 3.1% decline in revenue at constant consolidation scope and exchange rates. As in the first and second quarters, third quarter revenue fell in line with the decrease in construction revenue from PFI contracts, despite the increase in commercial collection volumes and recycled raw material volumes (paper, ferrous and non-ferrous scrap metal) and growth in the Water business.
- Germany: revenue fell 6.9% at constant consolidation scope and exchange rates, following a decrease in gas and electricity volumes sold, lower energy prices and a decrease in the solid waste business.
- Italy: Energy business revenue fell 7.5% at current and constant consolidation scope in the nine months ended September 30, 2015 and declined 4.0% in the third quarter following the restructuring of the commercial portfolio.
- Other European countries: increase in revenue at constant consolidation scope and exchange rates, driven by business growth particularly in the Netherlands and Iberia.

❖ Rest of the World

Revenue in the Rest of the World segment for the nine months ended September 30, 2015 increased 13.5% (+4.8% at constant consolidation scope and exchange rates) to €4,387.5 million compared with pro forma figures for the nine months ended September 30, 2014. In the third quarter of 2015, revenue increased 7.7% at constant consolidation scope and exchange rates compared with 2.4% in the first quarter and 4.5% in the second quarter.

Revenue in the Rest of the World segment reflects solid growth in the following regions:

- in Latin America (+11.6% and +17.1% at constant consolidation scope and exchange rates), in particular, in Argentina (Buenos Aires contract and tariff revisions) and Ecuador;
- Revenue in Asia improved in all geographies, with the exception of Korea due to the end of an industrial contract. In China, revenue increased 36.6% (+16.6% at constant consolidation scope and exchange rates),

primarily due to the construction of hazardous waste incinerators and the increase in volumes sold in the Energy business. The industrial Water market in China also benefited from new contract wins;

- In Africa and the Middle East, revenue growth (+14.5% and +9.9% at constant consolidation scope and exchange rates)was boosted by the progression of the Water business in Morocco (volumes and price) and Gabon and by the Construction business in the Middle East.

This substantial growth was mitigated by a decline in revenue in North America of 4.9% at constant consolidation scope and exchange rates (+13.9% at current consolidation scope and exchange rates), mainly tied to the impact of the decrease in energy prices in the first and second quarters which stabilized in the third quarter of 2015.

❖ **Global Businesses**

Revenue in the Global Businesses segment for the nine months ended September 30, 2015 increased 1.5% (-2.2% at constant consolidation scope and exchange rates) to €3,535.8 million compared with pro forma figures for the nine months ended September 30, 2014.

This evolution was mainly due to:

- project delays in the VWT business and completion of the construction of the Hong Kong Sludge plant: the backlog is nonetheless €2.5 billion compared with €2.4 billion as of September 30, 2014;
- the negative impact of oil prices in the hazardous waste business.

2.3.2. Revenue by business

Revenue (€ million)						
	Nine months ended September 30, 2015	Nine months ended September 30, 2014 Pro forma	Δ 2015/2014	Internal growth	External growth	Foreign exchange impact
Water	8,345.2	8,144.2	+2.5%	-0.4%	-0.2%	+3.1%
Waste	6,448.6	6,301.5	+2.3%	-0.6%	-1.5%	+4.4%
Energy	3,493.8	3,317.4	+5.3%	+0.1%	+1.6%	+3.6%
Group	**18,287.6**	**17,763.2**	**+3.0%**	**-0.3%**	**-0.4%**	**+3.7%**

❖ **Water**

Revenue in the Water business increased by 2.5% and was stable at constant consolidation scope and exchange rates compared with pro forma figures for the nine months ended September 30, 2014. A marked improvement in revenue was observed in the third quarter (+2.4% at constant consolidation scope and exchange rates) after a decrease of 0.1% and 3.3% in the first and second quarters respectively.

This stability at constant consolidation scope and exchange rates was due to a combination of several factors:

- Increased volumes in France and Central Europe despite continued contractual erosion in France,
- Sustained growth in Asia and Australia,
- The decline in Construction activity, with delays in industrial projects at VWT, despite an improvement in the backlog and the commissioning of the Hong Kong plant.

❖ **Waste**

Revenue in the Waste business increased by 2.3% and was stable (-0.6%) at constant consolidation scope and exchange rates compared with pro forma figures for the nine months ended September 30, 2014. Quarter after quarter, the business has demonstrated resilience.

The variation in Waste revenue is due to:

- An increase in volumes (+0.6%) and higher services prices (+0.6%);
- Good resilience in France and the United Kingdom;
- The decline in PFI construction revenue in the United Kingdom;
- The decrease in solid waste volumes, particularly in Germany;
- Lower recycled raw material prices (impact of €19 million).

❖ **Energy**

Revenue in the Energy business increased by 5.3% and was stable at constant consolidation scope and exchange rates compared with pro forma figures for the nine months ended September 30, 2014. Third quarter revenue for 2015, in the same way as second quarter revenue, increased at constant consolidation scope and exchange rates by 4.1%, after second quarter growth of 3.7% and a decline in the first quarter (-4.4%).

The increase in revenue since the second quarter is due to a more favorable weather impact and good volumes sold in China and Central Europe, reduced by the unfavorable impact of the price of energy sold particularly in North America, which decreased in the third quarter.

3. Objectives

For the 2015 fiscal year, the Group confirms its annual objectives :

❖ revenue growth;

❖ EBITDA and Current EBIT growth in line with:
  - ➢ continued strong operational performance and,
  - ➢ cost savings benefits, with the continued implementation of the €750 million cost savings plan;

❖ continued Capex discipline;

❖ the dividend and hybrid coupon payment to be covered by Current Net Income and paid out of Free Cash Flow, excluding net financial divestments;

❖ net finance debt under control.

4. Appendices to the Operating and Financial Review

4.1 Reconciliation of previously published and re-presented data for the nine months ended September 30, 2014

4.1.1. Main "GAAP" re-presented figures for the nine months ended September 30, 2014 [(1)]

In €M – Figures presented under published scope [(2)]	September 30, 2014 published	IFRS 5 adjustment [(3)]	IFRIC 21 adjustment [(4)]	September 30, 2014 Re-presented
Revenue	16,844.5	+396.3	-	17,240.8
Adjusted operating cash flow	1,450.9	+65.3	-20.8	1,495.4
Adjusted operating income [(5)]	711.2	+41.0	-20.8	731.4
Gross industrial investments	936.9	-	-	936.9
Free cash flow	280.0	-63.7	-	216.3
Net financial debt	8,618	+291	-	8,909
EBITDA	N/A	N/A	N/A	1,882.2
Current EBIT	N/A	N/A	N/A	711.7
Current net income – Group share	N/A	N/A	N/A	221.3

(1) Unaudited figures
(2) Published scope: including Dalkia France fully consolidated and Dalkia International equity-accounted in the first half of 2014
(3) Reclassification of Morocco Water activities to continuing operations
(4) See Section 4.1.3.
(5) Including the re-presented share of adjusted net income (loss) of joint ventures and associates for the nine months ended September 30, 2014

4.1.2. Main "Pro forma" re-presented figures for the nine months ended September 30, 2014 [(1)]

In €M – Figures presented under pro forma scope [(2)]	September 30, 2014 published	IFRS 5 adjustment [(3)]	IFRIC 21 and other adjustments [(4)]	September 30, 2014 Re-presented
Revenue	17,372.8	+396.3	-5.9	17,763.2
Adjusted operating cash flow	1,594.9	+65.3	-14.3	1,645.9
Gross industrial investments	949.8	-	-	949.8

EBITDA	N/A	N/A	N/A	1,951.8
Current EBIT	N/A	N/A	N/A	713.2
Current net income – Group share	N/A	N/A	N/A	203.2

(1) Unaudited figures
(2) Pro forma scope: excluding Dalkia France and with Dalkia International fully consolidated as of January 1, 2014.
(3) Reclassification of Morocco Water activities to continuing operations
(4) See Section 4.1.3.

4.1.3. IFRIC 21, *Taxes*

– An interpretation that clarifies the accounting for taxes, duties and other levies falling within the scope of IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, and which are specifically excluded from the scope of IAS 12, *Income Taxes*.

– Recognition of the obligation now associated with the obligating event, which requires payment of the tax by the company.

  - The timing of recognition of a liability for the tax or levy is determined based on the exact wording of the law governing collection.
  - The entire tax liability shall be recognized when the obligating event giving rise to the tax as defined by the law occurs. Thus, if a tax is payable when an entity operates a business as of January 1, Y, the liability representing the tax for the year in its entirety must be recorded on such date.

➔ Thus, for the majority of impacted taxes considered as “operating income”:
Before application of IFRIC 21: evenly expensed over 12 months
After application of IFRIC 21: full amount recorded at the time of the obligating event giving rise to the tax

– Mandatory retrospective application as of January 1, 2015 for both interim and annual financial statements.

– The impact of the application of IFRIC 21 essentially lies in a different allocation of the expense at interim closings. Accordingly, the annual consolidated financial statements will not be significantly impacted by the application of this interpretation.

IFRIC 21 impacts (€ million)	Nine months ended September 30, 2015	Nine months ended September 30, 2014 GAAP	Nine months ended September 30, 2014 Pro forma
EBITDA	-17.8	-20.5	-13.8
Current EBIT	-17.8	-20.5	-13.8
Current Net Income	-16.1	-17.4	-13.0

4.2 Reconciliation of prior and new financial indicators used by the Group

The reconciliation of operating cash flow before changes in working capital and adjusted operating cash flow with the new financial indicator EBITDA is as follows:

(€ million)	**Nine months ended September 30, 2015**	Nine months ended September 30, 2014 Pro forma	Nine months ended September 30, 2014 GAAP
Operating cash flow before changes in working capital	**1,764.0**	**1,661.3**	**1,542.4**
• Operating cash flow from financing activities	+1.3	15.4	47.0
• **Adjusted operating cash flow**	**1,762.7**	**1,645.9**	**1,495.4**
Excluding:			
Renewal expenses	+206.4	+188.5	+243.9
Restructuring charges (1)	+64.5	+24.5	+24.5
Share acquisition and disposal costs	+3.0	+4.8	+12.2
Including:			
Principal payments on operating financial assets	+111.4	+88.1	+106.2
EBITDA	**2,148.0**	**1,951.8**	**1,882.2**

(1) Cash restructuring charges for the nine months ended September 30, 2015 primarily related to the French Water voluntary departure program in the amount of €37.7 million. In the nine months ended September 30, 2014, they concerned the head office voluntary departure plan in the amount of €22 million.

In addition, the reconciliation of Current EBIT with Operating Income is as follows

(€ million)	**September 30, 2015**	September 30, 2014 Pro forma	September 30, 2014 GAAP
Current EBIT	**941.5**	**713.2**	**711.7**
Impairment losses on goodwill and negative goodwill	+0.3	+0.9	(608.6)
Restructuring charges	(6.6)	(24.3)	(24.3)
Personnel costs – share-based payments	(5.6)	-	-
Non-current impairment of property, plant and equipment, intangible assets and operating financial assets	(0.3)	(35.5)	(35.5)
Share acquisition costs, with or without acquisition of control	(0.8)	-	-
Operating income after share of net income of equity-accounted entities	**928.5**	**654.3**	**43.3**