VEOLIA ENVIRONNEMENT

Société anonyme with a share capital of €2,829,128,105

Registered office: 21 rue La Boétie – 75008 Paris

403 210 032 RCS PARIS

QUARTERLY FINANCIAL INFORMATION

Condensed Interim Consolidated Financial Statements

for the nine months ended September 30, 2019

(Unaudited figures)

Contents

1 Major events of the period

1.1 GENERAL CONTEXT

The Group's performance in the first nine months of 2019 was marked by a continuous progression of revenue and EBITDA growth.

Revenue, up +5.0% at constant exchange rates as of September 30, 2019, therefore increased by +3.8% in Q3, after growing 6.3% in Q2 and +4.8% in Q1.

Similarly EBITDA, up +5.1% at constant exchange rates, grew +4.3% at constant exchange rates in Q3, after +7.3% in Q2 and +3.8% in Q1.

The **group's results for Q3 are again solid**, as they were in the first semester, fueled by the two key drivers of our strategy: **organic growth** and cost **savings** that are ahead of target.

During Q3, activity has been sustained by **good volumes in the Water Business**, in France and Central Europe, by **continued momentum in waste volumes**, improving at the same pace as the first six months of 2019, by continuing positive price effects net of inflation, and **strong activity in hazardous waste**, and in spite of the continuation of weak recyclate prices.

Geographically, in Q3, growth continued in France at a reduced pace, up +0.5%, with improved selectivity in contract renewals in waste and the continuous decline in recyclate prices. In Europe outside of France: +4.1% in Europe, of which +4.8% in United Kingdom / Ireland and double digit growth figures in Southern Europe, partially offset by a slow-down of activity in Central Europe due to seasonality in Energy and the contractual evolution of ScvK in Czech Republic. Finally, the Rest of the World continued its solid growth (up +9%) – notably in Asia (+16.8%) and Latin America (+15.3%). **Q3 results confirm the good performance in the first semester**.

These elements led to solid growth in results **for the first nine months of 2019**:

- **Revenue is up +5.0% at constant exchange rates at €19,764 million, and +3.8% at constant scope and exchange rates:**
    - Continued growth in France, with revenue up +2.7% : +4.2% in Waste and +1.5% in Water,
    - Sustained growth in Europe: +5.3% at constant exchange rates,
    - Further strong growth in the Rest of the world of +8.2% at constant exchange rates,
    - Growth of +2.3% at constant exchange rates in global businesses, including +6.4% for Hazardous Waste and stable revenue for construction;

- **Strong EBITDA growth to €2,894 million**, up +5.1% at both current and constant exchange rates, due to:
    - Continued growth in the Group's activities,
    - Cost savings plan impacts (€185 million) ahead of schedule

    … partially offset by:

    - A slightly negative weather impact (-€6 million) identical to that of the first semester,
    - A price squeeze that remains negative but is reducing thanks to improved tariff indexation (-€77 million compared to -€93 million as of September 30th 2018),
    - And an energy and recyclate price impact of -€27 million reflecting the gradual impact of the rise in fuel and CO2 costs on the price of energy sold;

- **Current EBIT of €1,190 million, up +5.4% at current** and +5.5% at constant exchange rates;
- **Current net income - Group share of €486 million**, up +7.2% (+7.5% at constant exchange rates);

- **Gross industrial investments of €1,574 million** (including €262 million of discretionary capex versus €202 million as of September 30, 2018);
- **Net financial debt of €12,487 million,** including lease liabilities of €1,705 million related to the application of IFRS 16.

2019 objectives are fully confirmed.

1.2 MAIN CHANGES IN GROUP STRUCTURE

COMMERCIAL DEVELOPMENTS AND ACQUISITIONS

The strong commercial momentum enjoyed by the Group in 2018 continued, with Veolia signing several major contracts in the first nine months of the year:

- In the municipal water sector, the Group won the water contract for the city of Nimes in France (8-year contract worth €185 million) and restarted desalination activities in Sydney, Australia (estimated annual revenue of €23 million). In addition, the Group renewed its operating contract for the Wellington wastewater treatment plant, adding several further plants around the New Zealand capital (NZ$170 million contract).
- In the technologies and network sector, Veolia Water Technologies won construction contracts for the Rabigh 3 and Al Dur desalination plants in the Middle East (contracts worth €283 million) – while continuing to refocus its business.
- As part of its heat, cold and electricity production activities (local loops of energy), the Group acquired two cogeneration plants in Slovakia at the end of 2018, representing estimated revenue of €52 million in 2019. This was followed in 2019 by the acquisition of a company specialized in the production of heat from gas and co-generation in Levice (Slovakia) for €71 million (1) and an estimated 2019 revenue of €32 million, of Southa in Hong Kong for €32 million (1) and an estimated full-year revenue of €80 million; and of Actility in Belgium for €21 million (1).

During the first nine months of the year, Veolia Group also developed its activities in the following sectors:

- Hazardous waste: construction in progress of four incineration furnaces in China
- Waste recycling:
    - the Group entered into global cooperation agreements with the Nestlé group and signed a partnership agreement to build and operate a recycling unit for the industrial company, Danone Nutricia in the Netherlands.
    - on January 28, 2019, through its subsidiary, Veolia China Holding Ltd, the Group acquired a 66% stake in Huafei in China, for a consideration of €22 million(1), a specialist in plastic recycling with four production sites.
    - in France, the city of Bordeaux awarded the Group a public service delegation contract for household waste recovery and processing and similar services in the metropolitan area for a period of 7 years and 10 months, commencing February 20, 2020. Veolia will operate a fully integrated business comprising three recovery and recycling facilities in order to meet the major challenges facing Bordeaux Metropolitan area.
    - in the first quarter, the Group acquired Renascimento, a waste processing and recycling company in Portugal, for €38 million (1), followed in the third quarter by the acquisition of Gadere in Ecuador, for €15 million (1).

(1) Including shares and net financial debt of newly consolidated companies

- Industrial services: signature of a Lithium refining contract as part of an EPC contract in Japan (€66 million contract); signature of energy performance contracts in Colombia (of which Coca-Cola Femsa, €29 million contract); signature of an operation and maintenance contract covering all water treatment plants at a mine in Ghana (AngloGold Ashanti contract). In addition, on July 24, 2019, Koweït Integrated Petroleum Industries Company (KIPIC) entrusted the operation and maintenance of the Al Zour refinery wastewater treatment plant to the Group (7-year contract worth $63 million), with a zero liquid discharge objective.

FINANCIAL DIVESTITURES

❖ Transdev Group

On January 9, 2019, Veolia Environnement closed the sale of its residual 30% stake in Transdev Group to the German Group, Rethmann, for an amount net of disposal costs of €334 million, generating a capital gain of €33 million, marking the end of its withdrawal from the Transport business.

❖ Foshan (China)

As part of its asset rotation policy, the Group sold its entire stake in Foshan (landfill facility) through its subsidiary, Veolia Environmental Services China Ltd, for a consideration of €49 million, generating a capital gain of €36 million.

❖ Energy assets in the United States

As part of the regular review of its asset portfolio, the Group through its subsidiary Veolia Energy North America Holdings Inc. announced on July the 31st 2019 the sale of its district energy assets (heating and cooling network activities) in the United States for $ 1.25 billion to Antin Infrastructure Partners. The portfolio is composed of steam, hot and chilled water and electricity production plants, including cogeneration, and 13 networks in 10 US cities.

This transaction is submitted to the approval of the authorities and its closing is expected in the fourth quarter of 2019.

Thus, these assets were re-classed as assets and liabilities classified as held for sale in the Group financial statements for the nine months ended September 30, 2019 (net asset amount €718 million).

POSITIVE OUTCOME OF THE US TAX LITIGATION

As a result of the reorganization in 2006 of the former US Filter (acquired in 1999), Veolia, through its subsidiary VENAO, sought a tax deduction pursuant to the "Worthless Stock Deduction" (WSD) provisions under US tax law. Related tax losses totaled USD 4.5 billion (tax base) as of December 31, 2006. Following a long tax audit, the IRS issued a revenue agent's report on November 6, 2018, rejecting the Worthless Stock Deduction and seeking penalties. Veolia filed a detailed protest on December 21, 2018, in which it refuted the merits of the IRS's arguments.

The IRS has recently informed Veolia that it will not pursue a challenge of the Worthless Stock Deduction, and has provided a revised revenue agent's report reflecting that decision on April 30 2019.

Consequently, the consumption of the deficit since 2006 and the deferred tax assets already recognized in our accounts, totalling $764 million, are no longer contested by the IRS. In addition, tax losses not yet recognized, i.e. a potential positive tax impact of up to $460 million in tax, may be progressively recognized if and to the extent that the Group generates sufficient U.S. taxable income in the future to utilize these losses before they expire in 2026.

CHANGES IN BONDS OUTSTANDING

On April 24, 2019, Veolia Environnement repaid, at maturity, a euro-denominated bond with a nominal value of €462 million.

On January 14, 2019, Veolia successfully issued at par a €750 million bond maturing on January 14, 2024 (i.e. 5 years) and bearing a coupon of 0.892 %. The bonds were placed with a large investor base covering both Europe and Asia. The proceeds from this issue will be used for general corporate purposes, and to partially refinance upcoming debt maturities.

OCEANE BOND ISSUE

On September 5, 2019, Veolia Environnement successfully placed approximately €700 million of bonds convertible into and/or exchangeable for new and/or existing shares ("OCEANEs"), maturing March 15, 2021, by way of a reverse bookbuilding process. The remainder of the net proceeds will be used for general corporate purposes.

The bonds will not bear interest and will be issued at 103.25% of their principal amount, corresponding to an annual gross yield at maturity of -0.60%. The nominal unit value of the Bonds has been set at €30.41 corresponding to a premium of 35% above the Company's reference share price on the day it was issued on the regulated market of Euronext in Paris.

CONFIRMATION OF THE CREDIT OUTLOOK

On June 21, 2019, Moodys confirmed Veolia Environnement's credit rating at P-2/Baa1 with a stable outlook.

At the end of January 2019, S&P confirmed its rating at A-2 / BBB with a stable outlook.

DIVIDEND PAYMENT

The Combined General Meeting of April 18, 2019 set the dividend at €0.92 per share with respect to fiscal year 2018, an increase of +10% on 2017. The dividend was paid from May 16, 2019 for a total amount of €509 million.

PERFORMANCE SHARE PLAN AND EMPLOYEE SHARE OWNERSHIP PLAN

At the Veolia Environnement Combined General Meeting of April 18, 2019, Veolia confirmed its desire to give employees a vested interest in the Group's development and performance by launching a new employee share ownership plan in 30 countries, which will be finalized in November 2019.

In addition, in accordance with the Group's compensation policy and the authorization granted by the Combined General Meeting, the Board of Directors decided on April 30, 2019, at the recommendation of its Compensation Committee, to grant performance shares to approximately 450 beneficiaries, including top executives and high potential employees of the Group (representing up to 0.4% of the share capital). The vesting of these shares will be subject to presence and performance conditions, as set out in Section 7.4.3, page 414, of the 2018 Registration Document.

IMPLEMENTATION OF A NEW LIQUIDITY CONTRACT

Veolia Environnement and Rotschild & Cie Banque terminated the liquidity contact signed on September 26, 2014. On May 28, 2019, Veolia Environnement entered into a new liquidity contract with Kepler Chevreux, effective June 1, 2019. This contract complies with the prevailing legal framework.

2 Accounting and financial information

2.1 PREFACE

CHANGE IN LEASE STANDARD

The Group applies the new lease standard, IFRS 16, effective January 1, 2019. The standard is applied using the full retrospective method (recalculation of the asset and the debt as if the standard had been applied from inception of the lease).

The adjustments in the income statement resulting from the application of this standard are significant, with an increase in EBITDA due to the cancellation of the lease expense, offset by the increase in depreciation in current EBIT and in interest (see Appendix, H1 2018 pro forma impact).

(in € millions)	*Sept 2018 re-presented excl. IFRS 16*	***IFRS 16 impact***	*Sept 2018 re-presented incl. IFRS 16*	*Sept 2019 excl. IFRS 16*	***Impact IFRS 16***	*Sept 2019 incl. IFRS 16*
Revenue	**18,788**	**0**	**18,788**	**19,764**	**0**	**19,764**
EBITDA	2,419	335	2,754	2,542	351	2,894
Current EBIT	1,095	33	1,129	1,155	35	1,190
Current net income - Group share	**452**	**1**	**453**	**485**	**1**	**486**
Industrial Investments	-1,134	-295	-1,430	-1,271	-303	-1,574
Industrial Disposals	27	8	35	63	56	119
Net CAPEX (1)	-1,107	-287	-1,394	-1,208	-247	-1,455
Interests on IFRS 16 lease liabilities	0	-34	-34		-32	-32
Free Cash Flow	-297	21	-276	-242	75	-167
Net financial debt	**10,527**	**1,756**	**12,282**	**10,783**	**1,705**	**12,487**

(1) Net CAPEX under IFRS 16 represents future lease payments (discounted) of new contracts signed during the period.

GABON

On February 18, 2019, Gabon and Veolia Africa signed a settlement agreement providing for the transfer of 51% of SEEG shares held by Veolia Africa to the Société de Patrimoine du Service Public de l'Eau potable, de l'Energie Electrique et de l'Assainissement, a company owned by Gabon, for a price of €45 million. Subject to the fulfillment of conditions precedent and the signature of the protocol by the SEEG, Gabon and the Group shall request the discontinuance of the pending proceeding before the ICSID and shall mutually and definitively release all claims and actions arising from the concession agreement terminated by Gabon.

On March 29, 2019, the ICSID noted the end of the arbitration proceeding between the Group and Gabon, enabling the implementation of the settlement agreement.

A down payment of €4.5 million was made to Veolia Africa upon the signing of the settlement agreement. The outstanding balance was divided into 6 monthly installments, with the last payment due in October 2019.

As of September 30, 2019, the Group has recognized the initial payment of €4.5 million, as well as the first four payments received to date, in net income from discontinued operations (payments will be recognized in the income statement as they are settled).

LITHUANIA

Activities in Lithuania were recorded in discontinued operations (Vilnius contract) and activities held for sale (Litesko contract) as of December 31, 2018. Recent discussions during Q1 2019 were unable to agree to a process for the divestiture of these Group activities. Accordingly, the Litesko assets and liabilities and the Vilnius and Litesko income statements were transferred to continuing operations as of September 30, 2019. The financial statements for the nine months ended September 30, 2018 were re-presented as a result of this reclassification to ensure comparability.

2.2 KEY FIGURES

(in € million)	*Nine months ended September 30, 2018 published*	*Nine months ended September 30, 2018 re-presented* (1)	*Nine months ended September 30, 2019*	*Change 2018 / 2019* Δ	*Δ at constant exchange rates*
Revenue	18,761	18,788	19,764	5.2%	5.0%
EBITDA	2,418	2,754	2,894	5.1%	5.1%
EBITDA margin	12.9%	14.6%	14.6%		
Current EBIT (2)	1,100	1,129	1,190	5.4%	5.5%
Current net income - Group share	457	453	486	7.2%	7.5%
Current net income – Group share, excluding capital gains and losses on financial divestitures net of tax	439	435	468	7.6%	7.7%
Gross industrial investments (3)	(1,134)	(1,430)	(1,574)		
Net free cash flow (4)	(298)	(276)	(167)		
Net financial debt (excl. IFRS 16) (5)	(10,527)	(10,527)	(10,782)		
Net financial debt incl IFRS 16 lease liabilities		(12,282)	(12,487)		

(1) The restatements at September 30, 2018 relate to the application of IFRS 16 and the reinstatement of the Lithuania accounts presented in discontinued operations in 2018.

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

(3) Including an IFRS 16 impact on capital expenditures of - €295 million at end of September 2018 and - €303 million at end of September 2019

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

(5) Net Financial debt published in September 2018 before Hybrid redemption : - €9,075 million

The main foreign exchange impacts were as follows:

FX impacts for the nine months ended September 30, 2019 (vs September 30, 2018 re-presented)	%	(in € million)
Revenue	0.2%	45
EBITDA	0.0%	0
Current EBIT	-0.1%	(1)
Current net income	-0.3%	(1)
Net financial debt	1.3%	160

GROUP CONSOLIDATED REVENUE

Group consolidated revenue for the nine months ended September 30, 2019 **increased 5.0% at constant exchange rates** to €19,764 million, compared to re-presented €18,788 million for the nine months ended September 30, 2018.

Revenue growth in the third quarter of 2019 breaks down by operating segment as follows:

Change at constant exchange rates	*Q1 2019*	*Q2 2019*	*Q3 2019*
France	2.8%	5.0%	0.5%
Europe, excluding France	4.7%	7.2%	4.1%
Rest of the world	6.6%	9.0%	9.0%
Global businesses	4.7%	2.6%	-0.2%
Group	**4.8%**	**6.3%**	**3.8%**

The third quarter was marked by further activity growth outside France and particularly in Europe (higher volumes and commercial wins in the United Kingdom and Iberia, partially offset by a slowdown in Central Europe due to the seasonality of the Energy business and contractual changes in the Czech Republic), and in the Rest of the world (robust growth in Asia driven by China and Latin America).

By segment, the change in revenue compared to re-presented figures for the nine months ended September 30, 2018 breaks down as follows:

			Change 2018 / 2019		
(in € million)	*Nine months ended September 30, 2018 re-presented*	***Nine months ended September 30, 2019***	*Δ*	*Δ at constant exchange rates*	*Δ at constant scope and exchange rates*
France	4,065	4,175	2.7%	2.7%	2.4%
Europe, excluding France	6,545	6,869	5.0%	5.3%	4.2%
Rest of the world	4,826	5,271	9.2%	8.2%	5.5%
Global businesses	3,331	3,427	2.9%	2.3%	2.1%
Other	21	21	-2.3%	-	-
Group	**18,788**	**19,764**	**5.2%**	**5.0%**	**3.8%**

– Revenue increased +2.7% in **France** compared to re-presented figures for the nine months ended September 30, 2018 : Water revenue increased +1.5% and Waste revenue +4.2%:

  - Water revenue rose by +1.5% compared to re-presented figures for the nine months of 2018, with improved tariff indexation of +1.4% (vs +0.7% in as of September 30th 2018) and volumes up +1.0%.

  - Waste revenue improved +4.2% on re-presented figures for the nine months ended September 2018, including +2.4% attributable to increased Construction activities for incinerators. Excluding Construction activities, the +1.8% increase at constant exchange rate is due to higher tariffs (+2.3%) and good volumes in the Commercial and Industrial segments, offset by improved selectivity in the renewal of contracts for municipal collection, and the continuing decline in paper prices during Q3 2019.

- **Europe excluding France** grew +5.3% at constant exchange rates compared to re-presented figures for the nine months ended September 30, 2018, with solid momentum in the majority of regions:

  - In Central and Eastern Europe, revenue increased +6.0% at constant exchange rates compared to re-presented figures for the nine months ended September 30, 2018, to €2,330 million. Growth was driven by:

    - in Energy (+12.7% at constant exchange rates), higher prices and tariffs for energy sold, with a slightly negative weather impact of -€7 million,

    - in Water, the revenue impact of changes to the ScvK water contract in the Czech Republic (-€93 million) was partially offset by higher tariffs and volume growth of +3.0%;

  - In Northern Europe, revenue increased +2.5% at constant exchange rates compared to the re-presented prior-year period, to €2,008 million. Germany, the main contributor (€1,365 million), benefited from strong growth in Waste volumes offset by lower energy sales notably due to a mild winter. Tuck-in activities (industrial services in Belgium and plastic recycling in the Netherlands) also contributed to activity growth in Northern Europe.

  - In the United Kingdom / Ireland, revenue increased +4.5% at constant exchange rates to €1,707 million, thanks to good waste volumes (+1.5%) and a good momentum in commercial activity. Declining volumes in electricity (due to an incinerator utilization rate (92.5%) lower that of September 2018 (94%) related to scheduled outages for maintenance) are offset by higher electricity selling prices. The drop in recyclate paper prices was partially offset by higher plastic prices.

- Strong growth in the **Rest of the world** of 8.2% at constant exchange rates compared to re-presented figures for the nine months ended September 30, 2018:

  - Strong revenue growth in Latin America (+21.0% at constant exchange rates), driven by tariff increases in Argentina (tied to inflation) and the acquisition of Grupo Sala in Colombia, consolidated since May 1, 2018 (impact of €42 million);

  - Revenue increased +2.5% at constant exchange rates to €1,608 million in North America. Robust hazardous waste performance linked to good processing tool availability and increased volumes and prices in hazardous waste offset lower energy revenue which was penalized by the very mild climate early in the year;

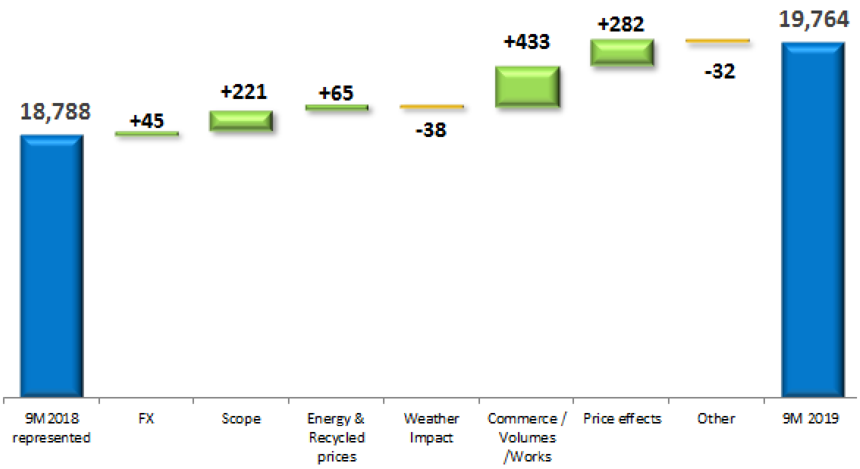
  - Asia revenue increased significantly by +12.6% at constant exchange rates, mainly due to continued strong growth in China, Hong-Kong and Taiwan: revenue grew +20% at constant exchange rates to €796 million, driven by excellent Waste performance (hazardous waste incineration, plastic recycling with the integration of Huafei industrial assets), higher heating sales following the extension of the Harbin network, and further development of industrial waste activities. Organic growth continued in Japan (+7.2%) particularly in municipal water, but also with numerous developments in manufacturing.

  - The Pacific zone recorded +5.9% growth at constant exchange rates for the nine months ended September 30, 2019, with lower waste collection volumes offset by good growth in volumes processed;

  - In Africa/Middle East, revenue increased +4.3% at constant exchange rates, thanks to commercial developments in energy services in the Middle East and good water and electricity volumes in Morocco.

- **Global businesses:** revenue increased +2.3% at constant exchange rates versus the re-presented prior-year period:
  - Hazardous Waste activities increased by +6.4% at constant exchange rates, with higher volumes processed (+4.9%) and processing prices;
  - Construction activity is stable with a continued decrease at Veolia Water Technologies (-7.0%, due to the decided downsizing of the EPC business) and a +8.4% growth at SADE in civil engineering.

By main impacts, the increase in revenue between September 2018 and September 2019 breaks down as follows:



The **foreign exchange impact** on revenue was +€45 million (+0.2% of revenue) and mainly reflects fluctuations in the US dollar (+€106 million), the Japanese yen (+€25 million), the Moroccan dirham (+€17 million) and the Argentine peso (-€101 million).

The consolidation scope impact of +€221 million mainly relates to:

- developments in 2018: integration of Grupo Sala in Colombia (+€42 million), HCI in Belgium (+€37 million), acquisition of two cogeneration plants in Slovakia (+€31 million) and the divestiture of the Industrial Services division in the United States in February 2018 (-€11 million), the divestiture of ScVK in the Czech Republic and the consolidation of SCS in the context of the contractual developments in Northern Bohemia (-€93 million);
- 2019 transactions, including the acquisitions of Huafei in China for a net amount of +€34 million, Levice in Slovakia (+€25 million) and Renascimento in Portugal (+€17 million).

Energy and recyclate prices (+€65 million) are linked to higher energy tariffs (+€93 million), notably in Europe for +€106 million (sales of heat and electricity in Central Europe and Germany), offset by an unfavorable price effect in North America of -€26 million (lower electricity and natural gas prices). Those tariff increases are offset by the negative impact on recyclate prices: the unfavorable impact of paper prices (-€28 million) mainly in France and in the United Kingdom; and the decline in metal prices are partially offset by improved plastic prices (essentially in Europe).

The **weather impact** of -€38 million is similar to June 2019.

Commercial momentum remains strong (**Commerce/Volume** impact) contributing +€433 million:

- volume increase of +€248 million, in line with sustained volumes in Waste (+1.9%) and in Water in France (+1%) and Central Europe (+3%), as well as in the Rest of the world (Morocco and Australia, with the start-up of the Sydney desalination plant);
- a commercial impact of +€79 million, thanks to industrial and municipal contract wins in Water in Asia, in hazardous waste in Asia and the United States, and in energy services and industrial utilities in Southern Europe, Asia and the Middle East;
- Construction activities contributed €106 million (compared to +€161 million in September 2018), including +€88 million in Europe (notably in Waste in France with maintenance in recycling and incineration plants) and +€17 million in Global businesses thanks to SADE's growth in France (+€73 million) offset by VWT declining activity (-€56 million);
- A decrease in recyclate volume (-€ 8 million) with declining volume in paper and cardboard (-€11 million) slightly compensated by increasing volumes in plastics.

Favorable **price effects** (+€282 million) are tied to tariff increases in Waste (+2.8%, notably in France, the United Kingdom, and Latin America) and in hazardous waste activities, and a better tariff indexation in Water (in France, Central Europe and Latin America).

EBITDA

Group consolidated EBITDA for the nine months ended September 30, 2019 was €2,894 million, up 5.1% at constant exchange rates and including IFRS 16 impacts, compared to re-presented figures for the prior-year period. The IFRS 16 impact is €351 million in Q3 2019 compared to €335 million in Q3 2018 re-presented.

The margin rate is stable at 14.6%.

- **In France** :
  - In Water, good increase of EBITDA out-pacing revenue growth, thanks to increased efficiency gains and in particular the full year impact of the departure plan launched last year. This offset the price squeeze which was also more moderate than last year;
  - In Waste, EBITDA declined following a further decrease in recycled paper prices (-10% fall in the average selling price of recycled paper and cardboard and -3% fall in volumes, compared to September 2018) and due to additional insurance and maintenance costs;
- EBITDA growth in **Europe excluding France** as the result of several impacts:
  - In Central and Eastern Europe, the progressive pass-through of higher fuel and CO_2 costs to the price of heating and electricity and a slightly unfavorable weather effect (-€2 million) produced a reduction in EBITDA. In Water, the sale of our distribution company, SCVK, in Bohemia Moravia and a contractual shift towards a service contract also contributed to the reduced EBITDA.

  These impacts were partially offset by operating efficiency gains.

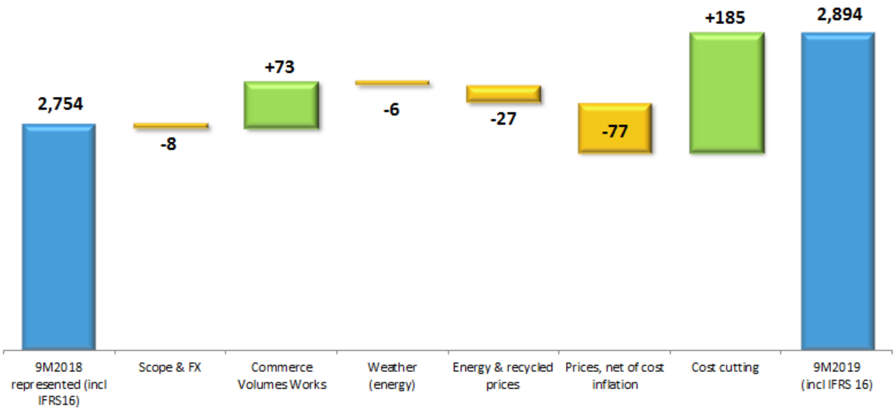
  - Very good level of operational performance and commercial wins in the United Kingdom;
  - Increased EBITDA in Northern Europe tied to further small scope transactions in Waste, strong waste activities in Germany and additional operating efficiency gains, partially offset by operating difficulties in the Netherlands (fire in a recycling plant).
- Strong EBITDA growth in the **Rest of the world** :
  - Lower EBITDA in North America, mainly due to a reduction in prices and margin in municipal Energy when compared to unusually cold weather in 2018;

- Marked increase in EBITDA in Latin America, mainly thanks to the addition of Grupo Sala in Waste in Colombia (consolidated from May 1, 2018), tariff increases in Waste, and efficiency gains,
- Strong EBITDA growth in Asia driven by robust revenue growth, particularly in China fueled by the ramp-up of hazardous waste processing facilities, the development of heating networks, and strong growth in industrial contracts;
- Growth in Australia, with the restart of the Sydney desalination plant, and favorable contractual changes in wastewater treatment;

– In the **Global businesses** segment, good improvement in EBITDA:

- Continued excellent hazardous waste performance;
- Stabilization in Construction profitability, thanks to excellent Sade activity levels.

By main impact, the increase in EBITDA between 2018 and 2019 breaks down as follows:



The **foreign exchange impact** on EBITDA was neutral and mainly reflects positive fluctuations in the US dollar (+€13 million) and the Japanese yen (+€2 million), offset by the fall in the Argentine peso (-€13 million) and the Australian dollar (-€3 million).

The **consolidation scope impact** of -€8 million mainly relates to developments in 2019 and notably the integration of Levice industrial assets and Renascimento assets in Portugal, as well as 2018 acquisitions in Colombia (Grupo Sala), Belgium (HCI) and Slovakia (PPC), the disposal of ScvK and contractual changes to water contracts in North Bohemia.

Favorable **commerce and volume** impacts totaled +€73 million, thanks to good Waste growth and strong commercial momentum across all zones.

The **weather (energy)** impact on EBITDA was slightly unfavorable at -€6 million (versus - €23 million in September 2018), steady in comparison to the first six months 2019.

Energy and recyclate prices had an unfavorable impact on EBITDA, but significantly less than in Q3 2018: -€27 million (compared to -€64 million in September 2018), including -€17 million in Energy, with a gradual pass-through of fuel and CO2 costs into the price of energy sold, and -€10 million in Waste (against -€13 million in September 2018), with recycled paper prices still falling in Europe.

The **price squeeze** had an impact of -€77 million, an improvement on Q3 2018 (-€93 million), thanks to higher tariff indexations in Water and Waste.

Cost-savings plans contributed +€185 million, slightly ahead of the €220 million annual objective. These savings mainly concern operating efficiency (57%) and purchasing (28%) and were achieved across all geographical zones: France (29%), Europe excluding France (29%), Rest of the world (29%), Global businesses (11%) and Corporate (2%).

COST SAVINGS

EBITDA impact *(in € million)*	2019 objective	Actual Nine months ended Sept. 2019
Gross cost savings	**>220**	**185**

CURRENT EBIT

Group consolidated current EBIT for the nine months ended September 30, 2019 was €1,190 million, up +5.5% at constant exchange rates on the nine months ended September 30, 2018 re-presented.

EBITDA reconciles with current EBIT for the nine months ended September 30, 2019 and 2018 re-presented as follows:

(in € million)	*Nine months ended September 30, 2018 re-presented*	***Nine months ended September 30, 2019***
EBITDA	**2,754**	**2,894**
Renewal expenses	(201)	(209)
Depreciation and amortization	(1,542)	(1,597)
Provisions, fair value adjustments & other	28	5
Share of current net income of joint ventures and associates	89	97
Current EBIT	**1,129**	**1,190**

The improvement in current EBIT at constant exchange rates due to:

- EBITDA growth;
- the increase in depreciation and amortization charges at constant exchange rates (-€53 million or +3.5% compared to the nine months ended September 30, 2018), in line with the development of the Group's activities and consolidation scope impacts (+3.5% without reimbursement of OFAs);
- the significant increase in the contribution of equity-accounted entities in 2019, tied mainly to the increased contribution from the Chinese concessions and one-off favorable items, that offset the recognition in 2018 of a disposal gain in the United States (capital gain of €16 million).

The foreign exchange impact on Current EBIT was -€1million and mainly reflects fluctuations in the Argentine peso (-€9 million), partially offset by positive fluctuations in the US dollar (+€7 million) and the Chinese renminbi (+€1 million).

FINANCIAL INCOME

The **cost of net financial debt** totaled -€333 million for the nine months ended September 30, 2019, compared to -€301 million for the nine months ended September 30, 2018 re-presented. This unfavorable change is mainly due to higher interest rates on debt denominated in USD and emerging country currencies (widening difference between euro/non-euro rates), as well as the impact of refinancing bond repayments (€750 million bond issue performed at the beginning of January 2019 and the OCEANE bond issue/repurchase on September 5, 2019).

The financing rate, excluding IFRS 16, is 4.22% as of September 30, 2019, compared to 4.19% as of September 30, 2018 re-presented.

Other financial income and expenses (including capital gains and losses on financial divestitures) totaled -€117 million for the nine months ended September 30, 2019, compared to re-presented -€115 million for the nine months ended September 30, 2018.

This includes interest on concession liabilities (IFRIC 12) of -€61 million, interest on IFRS 16 lease liabilities of -€32 million and the unwinding of discounts on provisions of -€27 million. It also includes capital gains or losses on financial divestitures of +€14 million for the nine months ended September 30, 2019, compared to +€30 million for the nine months ended September 30, 2018 re-presented. In 2019, capital gains on financial divestitures notably include the capital gain on the sale of the Foshan landfill in China (+€36 million), partially offset by the negative price adjustment on the sale of a North American energy contract (-€17 million). In 2018, capital gains on financial divestitures mainly included the capital gain on the disposal of industrial activities in the United States (+€37 million).

INCOME TAX EXPENSE

The current income tax expense for the nine months ended September 30, 2019 is -€151 million, compared to -€156 million for the re-presented nine months ended September 30, 2018.

The current tax rate for the nine months ended September 30, 2019 declined to 23.5% (versus 25.1% for the re-presented nine months ended September 30, 2018) 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.

CURRENT NET INCOME

Current net income attributable to owners of the Company rose +7.5% at constant exchange rates to €486 million for the nine months ended September 30, 2019, compared to €453 million for the nine months ended September 30, 2018 re-presented. After adjustment for the impact of financial divestitures, the current net income attributable to owners of the Company for the nine months ended September 30, 2019 is up +7.7% at constant exchange rate (€468 million versus €435 million in Q3 2018 re-presented).

FINANCING

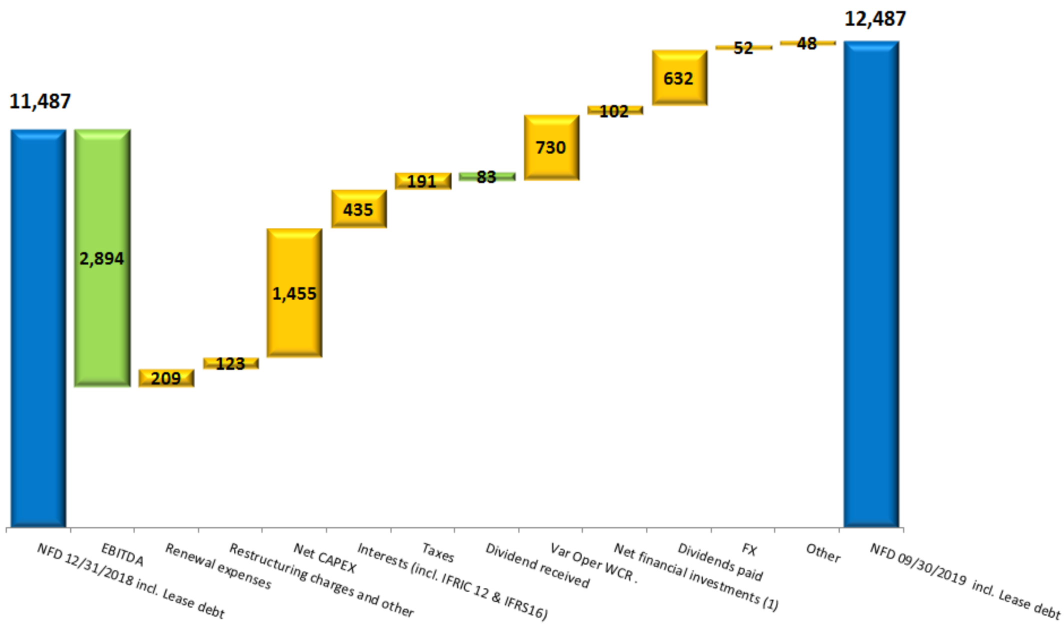
Net free cash flow was -€167 million for the nine months ended September 30, 2019, compared to -€276 million for the nine months ended September 30, 2018 re-presented.

Improvement of free cash flow compared to the nine months ended September 30, 2018 re-presented mainly reflects growth of EBITDA and a better management of operating WCR despite the increase in net industrial capital expenditures.

Overall, **Net financial debt** is €12,487 million, compared to €12,282 million as of September 30, 2018 re-presented (including the redemption of the hybrid debt in April 2018 in the amount of €1,452 million) and €11,487 million as of December 31, 2018 represented.

Improvement of +€205 million compared to September 30, 2018 represented is mainly due to the negative impact of exchange rates and to net financial investments.

Compared to December 31, 2018, the increase of €1 billion is due to seasonality of operational WCR (-€ 730 million), cash out of dividends, and unfavorable exchange rate fluctuations of -€52 million as of September 30, 2018.



(1) Financial investments of -€494 million net of financial divestitures of +€392 million.

Net Capital expenditures are €1,455 million as of September 30, 2019 (including €303 million IFRS 16 impact classified in maintenance CAPEX), up €60 million when compared to €1,394 million (including €295 million IFRS 16 impact classified in maintenance CAPEX) as of September 30, 2018 re-presented. This growth is due to:

- Increase of gross maintenance capital expenditures (particularly in Europe)
- Stable capital expenditures for growth
- Discretionary capital expenditures sharply up +€60 million from €202 million to €262 million linked to the heavy growth in development projects in Asia.

2.3 REVENUE BY BUSINESS

(in € million)	*Nine months ended September 30, 2018 re-presented (1)*	***Nine months ended September 30, 2019***	*Change 2018 / 2019* *Δ*	*Δ at constant exchange rates*	*Δ at constant scope and exchange rates*
Water	7,913	8,094	2.3%	1.2%	2.1%
Waste	7,087	7,550	6.5%	7.0%	4.7%
Energy	3,788	4,120	8.8%	8.8%	5.5%
Group	**18,788**	**19,764**	**5.2%**	**5.0%**	**3.8%**

WATER

Water revenue increased by +1.2% at constant exchange rates and +2.1% at constant scope and exchange rates compared to re-presented figures for the nine months ended September 30, 2018. This improvement is explained by:

- A positive commerce / volume impact of +1.2%, due to commercial momentum in the Rest of the World (primarily Asia) and higher volumes in France (+1.0%) and Central Europe (+3.0%);
- A positive price impact of +1.0% with higher tariffs notably in Central Europe and Latin America, as well as better tariff indexation in France (+1.4% compared to +0.7% for Q3 2018);
- A slight increase in construction activity (+0.3%), with strong performance by SADE in France.

WASTE

Waste revenue rose +7.0% at constant exchange rates compared to re-presented figures for the nine-months-ended September 30, 2018 (+4.7% at constant consolidation scope and exchange rates), due to:

- A scope impact of +2.4% due to acquisitions in Northern Europe and Colombia (Grupo Sala);
- A commerce / volume impact of +1.9%, with higher volumes processed, notably in the United Kingdom, Germany, China, and Australia, and strong growth in hazardous waste volumes processed (+4.9%), as well as a high contract renewal rate;
- A positive price effect of +2.8% (mainly in France, the United Kingdom, Germany and Latin America and in hazardous waste);
- The negative but limited impact (-€28 million) of recycled materials prices, the reduction in paper prices in Europe being partially offset by higher prices for other recyclates, notably plastic).

ENERGY

Energy revenue rose +8.8% at constant exchange rates compared to re-presented figures for the nine-months-ended September, 2018 (+5.6% at constant consolidation scope and exchange rates). This improvement is explained by:

- A positive price effect (+2.0%) with a strong increase in heating and electricity prices, mainly in Central Europe;

- higher energy volumes and in particular new energy efficiency contracts in Southern Europe, the United States and China;
- a slight negative **weather impact** (-0.6%), particularly in the United States;

3 Subsequent events

None

4 Risk factors

The main risk factors the Group could confront are set out in Chapter 5 of the 2018 Registration Document. There have been no significant developments since the date of filing of the document.

5 Outlook

Following the performance for the nine months ended September, 20 2019, the Group fully confirms its 2019 Guidance (*).

- 2019
    - continuation of sustained revenue growth;
    - more than €220 million in cost savings;
    - EBITDA between €3.9 billion and €4.0 billion (including IFRS 16 impacts).
- Dividend growth in line with that of current net income.

(*) At constant exchange rates (based on rates at the end of 2018).

6 Appendices

6.1 RECONCILIATION OF 2018 PUBLISHED DATA WITH 2018 RE-PRESENTED DATA[(1)]

In €m	September 2018 published	IFRS 5 Adjustment[(3)]	IFRS 16 Adjustment	September 2018 represented
Revenue	18,761.4	26.9	0.0	18,788.3
EBITDA	2,418.1	1.2	334.8	2,754.1
Current EBIT[(2)]	1,099.7	-4.6	33.3	1,128.5
Operating income	997.7	-4.6	33.3	1,026.5
Current net income - Group share	457.4	-5.1	0.8	453.1
Gross industrial investments	-1,134	0	-295	-1,430
Net free cash flow	-298	1	21	-276
Net financial debt	-10,527	0	-1,756	-12,282

(1) Unaudited figures

(2) Including the share of current net income of joint ventures and associates for the nine months ended September 30, 2018 re-presented.

(3) Figures for the nine months ended September 30, 2018 were re-presented accordingly to ensure comparability, following the reclassification of the Group's activities in Gabon in "Net income from discontinued operations" in accordance with IFRS 5

In €m	September 2018 published	IFRS 5 Adjustment	IFRS 16 Adjustment	September 2018 represented
France	4,064.9	0.0	0.0	4,064.9
Europe excluding France	6,517.8	26.9	0.0	6,544.7
Rest of the World	4,825.5	0.0	0.0	4,825.5
Global businesses	3,331.4	0.0	0.0	3,331.4
Other	21.8	0.0	0.0	21.8
Revenue	18,761.4	26.9	0.0	18,788.3

6.2 DEFINITIONS

The definitions of the financial indicators used by the Group are unchanged. These financial indicators are defined in Section 3.10.3 of the 2018 Registration Document.