Strategic Program
2020-2023
28 February, 2020
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This document contains “non-GAAP financial measures”. These “non-GAAP financial measures” might be defined differently from similar financial measures made public by other groups and should not replace GAAP financial measures prepared pursuant to IFRS standards.
VEOLIA’S
A VALUE-FOCUSED MODEL
FOR ALL STAKEHOLDERS
Antoine Frérot, Chairman and CEO
Veolia’s prosperity is founded upon its usefulness to all its stakeholders

Maximizing Veolia’s impact for all its stakeholders over the 2020-2023 period

Veolia’s Purpose was released in April 2019
VEOLIA’S ACHIEVEMENTS
2012-2019
Antoine Frérot, Chairman and CEO
2012-2019 DELIVERY

Phase I. 2012-2015

TRANSFORMATION

• Reducing the debt
• Geographic refocusing and new organization by geography
• Cost savings (€800M)
• Repositioning and modernizing our offers

Phase II. 2016-2019

EFFICIENCY AND GROWTH

• A profitable growth, mainly organic, completed with small acquisitions
• Enhanced efforts on efficiency and cost savings (€1bn)

ALL TARGETS ACHIEVED
2012-2015
4 YEARS OF TRANSFORMATION

Cumulated cost savings (€M)

<table>
<thead>
<tr>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>142</td>
<td>350</td>
<td>582</td>
<td>802</td>
</tr>
</tbody>
</table>

EBITDA (€bn)

<table>
<thead>
<tr>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.4</td>
<td>2.6</td>
<td>2.8</td>
<td>3.0</td>
</tr>
</tbody>
</table>

ROCE after tax (%)

<table>
<thead>
<tr>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.4%</td>
<td>5.0%</td>
<td>5.5%</td>
<td>6.8%</td>
</tr>
</tbody>
</table>

Net Financial Debt (€bn)

<table>
<thead>
<tr>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>14.7</td>
<td>10.8</td>
<td>8.2</td>
<td>7.8</td>
<td>8.2</td>
</tr>
</tbody>
</table>

Before IFRIC12 and IFRS16 CAGR 2011-2015

CAGR + 5.4%

Current EBIT (€bn)

<table>
<thead>
<tr>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.8</td>
<td>0.9</td>
<td>1.05</td>
<td>1.31</td>
</tr>
</tbody>
</table>

Capital employed (€bn)

<table>
<thead>
<tr>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>16.6</td>
<td>16.4</td>
<td>16.1</td>
<td>16.3</td>
</tr>
</tbody>
</table>

Current net income (€bn)

<table>
<thead>
<tr>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.06</td>
<td>0.2</td>
<td>0.31</td>
<td>0.58</td>
</tr>
</tbody>
</table>

CAGR + 2.4 pts

CAGR + 5.1%

CAGR + 31.6%
2016-2019
4 YEARS OF PROFITABLE GROWTH

Revenue (€bn)

EBITDA (€bn)

ROCE after tax (%)

Net Financial Debt(1) (€bn)

Current EBIT (€bn)

Capital employed (€bn)

Current net income (€bn)

Cumulated cost savings (€M)

% at constant FX CAGR 2015-2019 at constant FX Including IFRIC12 and before IFRS16
(1) Including hybrid
### 2016-2019 DELIVERY

In € millions
Excluding IFRS 16 until 2017

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>23,838</td>
<td>24,818</td>
<td>25,911</td>
<td>27,189</td>
<td>3.6%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>3,158</td>
<td>3,217</td>
<td>3,843</td>
<td>4,022</td>
<td>4.6%</td>
</tr>
<tr>
<td>Current EBIT</td>
<td>1,442</td>
<td>1,497</td>
<td>1,644</td>
<td>1,730</td>
<td>7.0%</td>
</tr>
<tr>
<td>Net current income group share</td>
<td>597</td>
<td>614</td>
<td>672</td>
<td>760</td>
<td>9.7%</td>
</tr>
<tr>
<td>Net CAPEX(1)</td>
<td>-1,511</td>
<td>-1,648</td>
<td>-2,189</td>
<td>-2,201</td>
<td></td>
</tr>
<tr>
<td>WCR variation</td>
<td>268</td>
<td>115</td>
<td>60</td>
<td>209</td>
<td></td>
</tr>
<tr>
<td>Free Cash Flow before discretionary growth capex</td>
<td>1,145</td>
<td>828</td>
<td>846</td>
<td>1,230</td>
<td></td>
</tr>
<tr>
<td>Free Cash Flow after discretionary growth capex</td>
<td>940</td>
<td>619</td>
<td>536</td>
<td>868</td>
<td></td>
</tr>
<tr>
<td>Dividend to shareholders</td>
<td>401</td>
<td>440</td>
<td>463</td>
<td>509</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net financial debt excluding hybrid and before IFRS 16</td>
<td>-8,170</td>
<td>-7,812</td>
<td>-7,833</td>
<td>-8,296</td>
<td>-7,497(2)</td>
</tr>
<tr>
<td>Hybrid</td>
<td>-1,452</td>
<td>-1,452</td>
<td>-1,452</td>
<td>-1,452</td>
<td>-1,452</td>
</tr>
<tr>
<td>Net financial debt including hybrid and before IFRS16</td>
<td>-9,622</td>
<td>-9,264</td>
<td>-9,285</td>
<td>-9,748</td>
<td>-8,949</td>
</tr>
<tr>
<td>IFRS16</td>
<td>na</td>
<td>na</td>
<td>na</td>
<td>-1,816</td>
<td>-1,731</td>
</tr>
<tr>
<td>Net financial debt including hybrid and after IFRS16</td>
<td>na</td>
<td>na</td>
<td>na</td>
<td>-11,564</td>
<td>-10,680(2)</td>
</tr>
<tr>
<td>Leverage NFD/EBITDA (including hybrid before IFRS 16)</td>
<td>3.02</td>
<td>2.93</td>
<td>2.89</td>
<td>2.87</td>
<td>2.53</td>
</tr>
<tr>
<td>Leverage NFD/EBITDA (including hybrid after IFRS 16)</td>
<td>na</td>
<td>na</td>
<td>na</td>
<td>3.01</td>
<td>2.66</td>
</tr>
</tbody>
</table>

(1) Including discretionary growth CAPEX
(2) including TNAI divestiture
2016-2019: INCREASED VALUE CREATION

**After tax ROCE vs. WACC**

<table>
<thead>
<tr>
<th>Year</th>
<th>Capital employed (€bn)</th>
<th>ROCE after tax</th>
<th>WACC Euro</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>15.9</td>
<td>7.4%</td>
<td>6.3%</td>
</tr>
<tr>
<td>2016</td>
<td>15.8</td>
<td>7.8%</td>
<td>6.1%</td>
</tr>
<tr>
<td>2017</td>
<td>15.6</td>
<td>8.3%</td>
<td>5.8%</td>
</tr>
<tr>
<td>2018</td>
<td>15.8</td>
<td>8.8%</td>
<td>5.5%</td>
</tr>
<tr>
<td>2019</td>
<td>16.2</td>
<td>9.0%</td>
<td>5.3%</td>
</tr>
</tbody>
</table>

**Dividend (€): + 37% in 4 years**

<table>
<thead>
<tr>
<th>Year</th>
<th>Dividend (€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>€0.73</td>
</tr>
<tr>
<td>2016</td>
<td>€0.80</td>
</tr>
<tr>
<td>2017</td>
<td>€0.84</td>
</tr>
<tr>
<td>2018</td>
<td>€0.92</td>
</tr>
<tr>
<td>2019</td>
<td>€1.00</td>
</tr>
</tbody>
</table>

(1) Including IFRIC 12 restatement - Before IFRS 16
(2) Subject to approval of the AGM of April 22, 2020
2012-2019: TOTAL SHAREHOLDER RETURN\(^{(1)}\) OF +241% vs. +92% FOR THE CAC 40

\(^{(1)}\) As of Feb. 20, 2020
THE 2020-2023 STRATEGIC PROGRAM AND FINANCIAL TRAJECTORY

Antoine Frérot, Chairman and CEO
OUR PLANET AND THE SOCIETY ARE FACING CRUCIAL CHALLENGES, ENTAILING AN OBLIGATION TO ACT

CLIMATE

VEOLIA IS IDEALLY POSITIONED SOLUTIONS MASTERED BY VEOLIA COVER 30% OF NECESSARY GHG REDUCTIONS

PLASTICS

POLLUTION
A particular context: the environmental priority has never been higher

A high ambition: to be the reference company for the ecological transformation

A priority: maximizing Veolia’s positive impact - environmental, societal, financial

A consequence: clear priorities
  - Strong acceleration of the businesses which have the highest positive impact on the planet
  - 20% portfolio rotation

Preparing the future:
  - Reinvent the historical businesses
  - Create new solutions to address the global environmental challenges

A highly rigorous execution:
  - €1bn cost savings plan
  - Net financial debt below 3 x EBITDA over the duration of the plan

Providing the proof of commitments with a set of KPIs:
  - To track our impact on all our stakeholders
  - To base the bonus policy of the managers
IMPACT 2023
STRATEGIC ORIENTATIONS: CLEAR CHOICES ON OUR BUSINESSES

1. Accelerate
   → MAXIMUM IMPACT
   → GROWING DEMAND
   - Hazardous waste management
   - Waste recycling & recovery: plastics, RDF, sludge
   - Energy efficiency
   - Industrial ecology: water for industrial processes, asset sharing on industrial parks, circular economy solutions...
   - New innovative solutions for the ecological transformation

2. Optimize & develop
   → STILL VALUE CREATION
   → REINVENTION AND RENEWED INTEREST
   - Municipal water
   - Water technologies & services
   - Industrial & commercial waste collection
   - Solid waste treatment (incineration, landfilling)
   - District heating/cooling networks (without coal)

3. Reduce
   → MATURE OR COMMODITIZED
   → LESS IMPACT
   - Mature businesses - eg: district heating in the US
   - Construction of water treatment plants
   - Municipal waste collection if no direct or indirect link with treatment
   - Facility management
IMPACT 2023
CAPITAL ALLOCATION

**€5bn**

Industrial & financial investments
to develop new projects
(“Accelerate” and “Optimize & develop”)

→ ~40% in Europe (incl. France)
  ~60% in the rest of the world

→ ~65% for industrial clients
  ~35% for municipal clients

→ ~40% organic growth
  ~60% external growth

**€3bn**

Divestments
(“Reduce”)

→ Portfolio rotation: ~20% of the Group’s Capital Employed
→ Assets involved already identified
→ ~€1bn already achieved (district heating in the US)

**€2bn**

net investments over 4 years
~ €500M/year in average

→ Leverage ratio < 3x
IMPACT 2023
A STRONG COMMITMENT TO COMBAT CLIMATE CHANGE

1. CONVERT ALL OUR EUROPEAN COAL FIRED ASSETS BY 2030
   → Coal fired cogeneration plants (3% of total revenue)
   → We will not sell these coal assets
   → We are converting all of them to sustainable energy by 2030
   → €400M dedicated Capex from 2020 to 2023

2. MAXIMIZE AVOIDED EMISSIONS FOR OUR CLIENTS
   → Target: 15 Mt of CO₂ saved in 2023
   → Key contributors:
     - Activities to “accelerate”: waste recycling & recovery (eg. plastics, RDF, organics, solvents...), energy efficiency in buildings, industrial ecology (eg. cogeneration, by-product recovery)
     - Activities to “optimize & develop”: waste to energy, district energy with renewable energies
**IMPACT 2023**

**CREATING SOLUTIONS FOR THE FUTURE THROUGH FOCUSED INNOVATION**

“Veolia prepares for the future, protecting the environment and responding to humanity’s vital needs” (extract of Veolia’s Purpose)

- **Focus on 6 major global challenges** for which Veolia can deliver impact through concrete innovative solutions
- **€300M over 4 years** to develop and impose these solutions

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- **HEALTH & NEW POLLUTANTS**
- **NEW LOOPS OF MATERIALS**
- **NEW ENERGY SERVICES**
- **ADAPTATION TO CLIMATE CHANGE**
- **FOOD CHAIN**
- **NEW DIGITAL OFFERS**
## IMPACT 2023

### KEY FINANCIAL TARGETS\(^{(1)}\)

<table>
<thead>
<tr>
<th>Category</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUE</strong></td>
<td>Continued solid growth</td>
</tr>
<tr>
<td><strong>EFFICIENCY</strong></td>
<td>€1bn cost savings over 4 years</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>€4.7bn - €4.9bn in 2023</td>
</tr>
<tr>
<td><strong>CURRENT NET INCOME GROUP SHARE</strong></td>
<td>~€1bn in 2023</td>
</tr>
<tr>
<td><strong>LEVERAGE RATIO</strong></td>
<td>&lt; 3 x and well below 3 x in 2023</td>
</tr>
<tr>
<td><strong>DIVIDEND</strong></td>
<td>€1.30 / share in 2023</td>
</tr>
</tbody>
</table>

\(^{(1)}\) At constant FX (based on rates at the end of 2019), at constant IFRS & in an economic environment without major change
A DASHBOARD TO TRACK AND REPORT
OUR MULTIFACETED PERFORMANCE

5 stakeholders
18 KPIs
All KPIs audited
• **Bonus policy for the management**
  → 50% financial criteria: Revenue growth, Current net income, FCF, ROCE
  → 30% quantitative ESG criteria
  → 20% qualitative criteria

• **Annual attribution of performance shares to 500 beneficiaries**
  → 50% financial criteria: EPS growth and market outperformance (TSR)
  → 50% quantitative ESG criteria

• **Employee share ownership plan**
  → One share ownership plan per year
  → Target > 30% take up amongst employees
A particular context: the environmental priority has never been higher

A high ambition: to be the reference company for the ecological transformation

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2020-2023: GROWTH AND EFFICIENCY

Estelle Brachlianoff, COO
IMPACT 2023
STRATEGIC ORIENTATIONS: CLEAR CHOICES ON OUR BUSINESSES

1. Accelerate

- Hazardous waste management
- Waste recycling & recovery: plastics, RDF, sludge
- Energy efficiency
- Industrial ecology: water for industrial processes, asset sharing on industrial parks, circular economy solutions...
- New innovative solutions for the ecological transformation

→ MAXIMUM IMPACT
→ GROWING DEMAND

2. Optimize & develop

- Municipal water
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- Industrial & commercial waste collection
- Solid waste treatment (incineration, landfilling)
- District heating/ cooling networks (without coal)

→ STILL VALUE CREATION
→ REINVENTION AND RENEWED INTEREST

3. Reduce

- Mature businesses - eg: district heating in the US
- Construction of water treatment plants
- Municipal waste collection if no direct or indirect link with treatment
- Facility management

→ MATURE OR COMMODITIZED
→ LESS IMPACT
ACCELERATE: CRITERIA AND PRIORITIES

INVESTMENT CRITERIA

- Activities with a highly positive impact on the environment, and strong growth and return potential...
- ...where Veolia can differentiate (strong & rare skills)...
- ...and reach a critical size in the region/country

NEW HIGH-VALUE OPPORTUNITIES

- Hazardous waste treatment
  - Targeting geographies with favorable regulation and strong industries
- Solid waste recycling
  - Plastic recycling
  - Waste to RDF\(^{(1)}\)
  - Sludge and organic waste recovery
- Energy efficiency
  - Energy efficiency contracts, using digital as a growth lever (e.g.: Hubgrade platforms)
- Industrial ecology
  - Industrial water
  - Sorting and recycling waste at the source
  - Energy efficiency
- And innovation, to prepare the future

(1) Refuse Derived Fuel
VEOLIA’S CAPABILITIES IN HAZARDOUS WASTE: A COMPREHENSIVE RANGE OF HIGH ADDED VALUE SOLUTIONS

**WASTE PREPARATION**
- Analysis
- Soil remediation
- Repackaging
- Securing & reconditioning

**SOIL TREATMENT**
- Soil remediation
- Regrouping & transfer

**LOGISTICS**
- Collection
- Analysis
- Sorting
- Regrouping & transfer

**TREATMENT**
- Shredding
- Deconditioning
- Biological or physico-chemical treatment

**RECYCLING**
- Regeneration/recovery:
  - Solvents
  - Acids
  - Hydrocarbons
  - Batteries
  - Used oils...

**LANDFILLING**
- Specialized landfills
  - Class 1 Landfill

**SPECIALIZED TREATMENT**
- High temperature incineration
  - Rotating kiln incinerator

**REGULAR TREATMENT**
- Biological treatment

**REGULATION**
- Physical-chemical treatment

**REGULATION OF SOLVENTS**
- Sulfuric acid regeneration
VEOLIA IS THE ONLY GLOBAL PLAYER IN HAZARDOUS WASTE
~€2.5BN REVENUE IN 2019, MORE THAN +10%/YEAR SINCE 2014

2019 Revenue - CAGR 2014-2019\(^{(1)}\)

- **Europe**
  - €1.2bn +5 %
- **Asia**
  - €0.2bn +35%
- **North America\(^{(2)}\)**
  - €0.9bn +13 %
- **Latin America**
  - €80M +26 %
- **Africa Middle East**
  - €5.0M NA
- **Australia & New Zealand**
  - €0.1bn +10%

(1) At constant Forex
(2) Including Veolia Nuclear Solutions

Legend:
- Strong and enforced regulation
- Partial regulation, not fully enforced
- Weak Regulatory framework
- Veolia present since before 2014
- New markets for Veolia since 2014
HAZARDOUS WASTE:
OUR AMBITION: INCREASE REVENUE TO ~€4BN IN 2023

- A €25-30bn market growing at a solid pace, driven by the evolution of local regulations (increasingly stringent and enforced) and the growth of the industrial production

Veolia’s unique positioning:
- Track record and know how - risk management, waste traceability, concentration and then treatment of the pollution, waste recovery or recycling
- Only global player, with unique network of assets and presence on all continents
- Business models delivering high added value: merchant plant, service, or on-site treatment

Strong growth ambition:
- Continue to develop our existing platforms (Europe, USA, China), by completing our network of assets: building or acquiring new treatment plants, increasing geographical density, broadening our range of offers
  - New facility on Evonik site in Germany
  - Acquisition of the treatment assets of Alcoa in the USA
  - 7 new sites under construction in China on top of the 8 existing ones: targeting 15% market share by 2023
- Duplicate this business in countries where the regulation is favorable
  - Examples: Sadara (JV Aramco-Dow) in Saudi Arabia; Singapore
HAZARDOUS WASTE
ALCOA PROJECT IN THE US

Market context in the USA
- Permitted sites scarce and valuable
- Veolia co-leader in hazardous waste incineration, but lacking landfill capacity

Client context
- Alcoa Gum Spring (Arkansas): hazardous waste incineration and landfill, used to treat spent pot liner, a byproduct of aluminum production
- Site divestment, part of an asset rotation program

Veolia’s game-changing project
- $250M to acquire existing a haz landfill and an incinerator from Alcoa
- Leverage the existing permit to increase the treatment capacity and the categories of waste accepted in the facilities (Capex: ~$120M)
- Internalize Veolia’s volumes
- Veolia to remain a key service provider to Alcoa
- Potential to expand services to new customers throughout North America
- Revenue ~$300M per year once project completed (2022)

Strategic interest for Veolia
- Increase Veolia’s treatment capacity in North America
- Complete the range of offers in the US with landfilling
HAZARDOUS WASTE
EVONIK PROJECT IN GERMANY

Market context
- Few new incineration capacities in Europe for hazardous waste and existing site fully utilized
- Germany: largest hazardous waste market in Europe, with a limited presence of Veolia so far

Client context
- Evonik is one of the world leaders in specialty chemicals. In Germany, Evonik is closing its coal-fired power plant in Marl’s industrial park, which is also used to incinerate haz waste
- Evonik owns on the same site a hazardous waste incinerator of low capacity

Veolia’s game-changing project
- Acquisition of the existing incinerator and long lease of the land
- Leveraging the existing permit to increase the capacity of the existing incinerator and build a new larger incinerator
- Will process hazardous waste from Evonik, the industrial park and from other local industrial clients as well, and feed the site with thermal energy (thus replacing coal)
- Capex: €80M ; > €70M expected annual revenue

Strategic interest for Veolia
- Increase Veolia’s treatment capacity in Europe
- Become a major player in Germany
WASTE RECYCLING AND RECOVERY: PLASTIC RECYCLING
THE VALUE CHAIN

MECHANICAL RECYCLING OF PLASTICS

ADDITIONAL SORTING  SHREDDING  CLEANING/ DRYING  ADDITIVES  EXTRUSION (HEATING AT ~200°C )  RECYCLED PELLETS

CHEMICAL RECYCLING OF PLASTICS

Preparation of RDF (Refuse-Derived Fuel)

MULTIPLE TYPES OF PLASTICS (PET, PP, HDPE, LDPE,...)

COLLECTION  SORTING
A €25bn market growing at a very high pace, driven by:
- Evolving regulations regarding plastic usage and recycling (Europe and Asia in particular)
- Societal pressure
- Commitments made by brands, notably in the Food & Beverage and Consumer Goods industries, to use recycled plastic for their products and packaging by 2025-2030

Veolia’s differentiating factors:
- Access to the waste feedstock
- Strong know-how on waste and on the recycling process
- Global footprint
- Relationships with brands (partnerships signed with Danone, Unilever, Nestlé, Reckitt Benckiser, etc.)

Strong growth ambition, sustained by the development of our recycling platforms in Europe and in Asia
WASTE RECYCLING AND RECOVERY: PLASTIC RECYCLING
PET RECYCLING PLANT FOR DANONE IN INDONESIA

- Design, build and operate a plant to produce food grade recycled PET
- Supply contract with Danone and other global brands. Transformation margins secured (selling price based on transformation costs)
- Plant capacity: 25 kt/year
- Avoided emissions: 28 kt CO₂e/yr
- Capex: ~€20M, annual revenue ~€30M
- Commissioning in Q1 2020. Trial operation in February 2020. 1st rPET to Danone expected in April 2020
Client context

- Solvay’s soda ash plant located in Dombasle (Fr.) is using coal to produce the steam necessary for the process
- Solvay has decided to launch a project to phase out coal (energy transition)

Veolia’s game-changing project

- Replacement of the 3 coal-fired boilers with a cogeneration plant fueled with RDF: 350 kt of RDF/yr to produce 180 MW steam
- CO$_2$ emissions divided by 2, and drastic reduction of the water consumption currently used to feed the coal-fired boilers
- Total investment: ~€180M
- Target to start-up in 2022$^{(1)}$

(1) Investment decision pending formal approval of the support mechanisms from the French authorities, and the required permits
DEVELOPING ENERGY SERVICES FOR BUILDINGS TO HELP OUR CLIENTS HARNESS ENERGY EFFICIENCY AND AVOID GHG

FOCUSING ON ENERGY PERFORMANCE CONTRACTS

- Leveraging a strong know-how in energy efficiency...
- … and in digital solutions enabling to commit on guaranteed savings through:
  - **Hubgrade**: smart center to monitor, control and optimize resource consumption in real-time
  - **IoT technologies**
  - **Predictive operations and maintenance**

EXAMPLE: RECENT RETROFIT BY ENOVA (MIDDLE-EAST)

First-ever retrofit project awarded (in 2019) by Tarshid, National Energy Services Company in Saudi Arabia. Goal: to cut and **guarantee the energy use reduction** of SASO’s (Saudi Standards, Quality and Metrology Org.) government facility by more than 30%

- **Hubgrade** to drive control and reporting needs, and help identify savings opportunities
- **An innovative range of Energy Conservation Measures (ECMs)** implemented, leveraging the group’s expertise:
  - Installation of a Building Chiller Management System to optimize the building services of the complex (11 buildings)
  - Replacement of ~14,500 conventional light bulbs with LEDs
  - IoT technologies to improve air quality and thermal comfort
    - **Electricity savings**: > 6 GWh/yr
    - **Avoided emissions**: 5 000t CO$_2$e/yr
Client context
- The Kilpilahti complex, near Porvoo in Finland: the largest petrochemical center in Nordic countries
- Clients’ need: modernize the installations that supply steam and other process utilities to two energy-intensive sites: Neste’s refinery, and Borealis’ petrochemical plant

Veolia’s solution
- Design, finance build, own and operate a brownfield utilities plant to supply steam, heat, electricity, demineralized water and compressed air:
  - 4 new steam and power generation assets with an installed capacity of 450MW thermal and 30MW electrical
  - Circular economy loop: the by-products of the refining process (incl. asphaltene) represent 80% of the primary energy needed
  - The resulting new power plant complies with the latest environmental regulations, including the European Commission’s Industrial Emissions Directive (IED)
- Total investment: ~€400M (AssetCo/OpCo model)
- Operation by Veolia for 20 years from 2018 (~€350M cumulated revenue)
OPTIMIZE & DEVELOP: CRITERIA AND PRIORITIES

CRITERIA

- Traditional activities where Veolia is the global leader and with growth potential (revenue and returns): more efficiency, innovation, digitalization, differentiation...
- ...and which can be leveraged as “hubs” to grow new businesses

BUSINESSES INVOLVED

- Municipal water
  - Strengthen and streamline our existing portfolio: governance, digital, consumer focus, innovation
  - Seize the new opportunities which are appearing on the market: privatisations

- Water technologies & services
  - Standardise technologies
  - Develop recurring services to clients from our installed based of technologies, and mobile solutions

- Industrial & Commercial waste collection; solid waste treatment
  - C&I collection: a key activity to access waste resource and develop circular economy solutions, to be transformed and streamlined
  - Landfilling & incineration: capture growth opportunities, mainly in Latam and Central & Eastern Europe

- District heating and cooling Networks
  - Convert coal-fired assets by 2030 (Europe)
  - Seize development opportunities
MUNICIPAL WATER
OPERATIONAL EFFICIENCY, DIFFERENTIATION, INNOVATION

At stake:
- Maintain our competitive edge
- Renew our contracts and capture new opportunities, mostly in Europe, Japan, Australia, Middle-East, Latin America

Key actions:
- Continued efficiency
  - Maximize the profitability of each contract
  - Develop new services, digitalize operations and customer service
- Re-invent our relationship with the consumers
  - Growing influence of consumers in the political decisions
  - Importance of service quality perceived by the consumer: “taste” of water, scaling, customer experience, etc
- Reinforce our leadership and differentiation through innovation
  - Governance schemes
  - Solutions to the new health issues (micro pollutants, endocrine disrupting chemicals) and to adapt to climate change (re-use, flood prevention, crisis management)
  - New sludge treatment solutions

Hubgrade: improved access to information, enhanced communication with clients and better control of water systems including water quality tracking, emergency management and predictive maintenance

Examples
- Czech Republic, decrease in non-revenue water by 6 points in 5 years, equivalent to ~€1M/year
- Pudong Shanghai, decrease in non-revenue water by 8 points in 5 years, equivalent to €1.6M per year

Digital Operations

Digital Customers

Smart payment: fast, secure and seamless payment for customers by collecting water or heat fees through mobile payment app (WeChat, AliPay)

Example: China, increase in collection fee; app now reaching ~50% of total payment methods, saved 6 headcounts
MUNICIPAL WATER
FRENCH WATER TURNAROUND SUCCESSFUL

EFFICIENCY

- **Digitalization** of operations, of commercial prospection, and production of offers
- **Account management** and **renewing existing contracts with upsides**
  - e.g.: + €50M additional revenue over the last 2 years on the existing portfolio
- **Energy efficiency in wastewater treatment plants**
  - e.g.: 4% energy saved in 2019 on our wastewater treatment plants
    (~€150M power purchased per year)

RELATIONSHIP WITH CONSUMERS

- "**La relation attentionnée**": program aimed at making every moment of the
customer journey a positive experience, by committing to renewed promises on the
fundamentals of the water service

LEADERSHIP AND DIFFERENTIATION THROUGH INNOVATION

- **New governance schemes**: Bordeaux, Nimes, Valenton
- **Innovative business models**, eg. service contracts with revenue based on KPIs
- **Developing new offers**: prevention of floodings, crisis management, treatment of hard
  water, treatment of new pollutants, etc.

VERY WELL ON TRACK TO ACHIEVE MORE THAN €100M CURRENT EBIT IN 2020
WILL CONTINUE ON A SUSTAINED PROFITABILITY INCREASE
COMMERCIAL WASTE COLLECTION, SOLID WASTE TREATMENT, EFFICIENCY, DIGITALIZATION, AND GROWTH

C&I waste collection: a key activity to secure feedstock in our recycling or RDF* plants.

Objectives: increase efficiency, customer focus, digitalization
- **Optimize waste flows**: the right ton, at the right place, and at the right price
- Pricing strategy based on the quality of materials / fuel
- **Optimize costs**: logistics, fuel, fleet maintenance
- **Customer focus** via digital & real time data
- **Develop new services**: digital platforms for waste management

Solid waste treatment (landfilling, incineration):
- **Seize a few growth opportunities**, mainly in Latin America and Central & Eastern Europe
- **Improve efficiency of our treatment facilities**: biogas capture from our landfills, energy production from incineration units or landfills

*Refuse derived fuel

Customer Hub: a self-service platform for customers to access their documents electronically, get live reporting of their contract at any time on any device and use live chat as a preferred communication channel.

Example: UK, used by 50,000+ clients, €700K savings

Wastebox: intelligent platform that matches producers and buyers (Veolia BUs and third parties) in the construction waste market to deliver service at optimised price and schedule. Invested in Pink Robin startup.

Example: piloted in Germany and planned roll-out in other European countries

Digital Customers

Digital Offers

**Digital Offers**

**Customer Hub**: a self-service platform for customers to access their documents electronically, get live reporting of their contract at any time on any device and use live chat as a preferred communication channel.

**Example**: UK, used by 50,000+ clients, €700K savings

**Wastebox**: intelligent platform that matches producers and buyers (Veolia BUs and third parties) in the construction waste market to deliver service at optimised price and schedule. Invested in Pink Robin startup.

**Example**: piloted in Germany and planned roll-out in other European countries
At stake:
- Reduce GHG emissions of coal-fired assets
- Growth opportunities in Central & Eastern Europe, Asia

Key actions:
- By 2030, replace coal with gas or renewable energies in Europe (RDF, biomass):
  - Ongoing investments in Braunschweig (Germany)
  - Transform involved assets in Poland and Czech Republic
- Seize development opportunities
  - A few interesting networks: growth potential and not coal-fired
- Build around our existing asset base
  - "Ancillary services", electric flexibility, energy storage
- Develop small heating and cooling networks
  - University campuses, hospitals, ecodistricts, buildings

Power Grid Forecast and Frequency Market: predictive algorithm for the energy production of our plants enabling to optimise electricity sale to the grid and generate efficiency for operational teams.

Example: In the UK, extra revenues generated with our waste-to-energy plants: €0.8M/yr

*Refuse derived fuel
Objective

- Support the city of Braunschweig in its energy transition

Veolia’s solution

- Transform the coal-fired district heating network to reduce CO₂ emissions: replace 1 coal fired cogeneration unit with cogeneration units using waste wood and gas as fuels
- Renewed concession contract, from 2020 to 2040 (20 years):
- €210M total investment, €30M incremental EBITDA, with full impact from 2023, on top of the secured EBITDA of the previous contract
- Starting 2022:
  - 800 000 MWh/year: heating provided to approximately 68.000 housings
    - 50% of heating generated from biomass cogeneration
    - the rest being generated by a high efficiency gas turbine cogeneration unit and gas boilers
  - 550 000 MWh/yr electricity, 25% of which is green electricity
  - 86,000 t/yr of coal avoided and replaced by 180,000 t/yr of waste wood
  - CO₂ emissions reduced by 61%: 270.000 tons of CO₂ emissions eq. cancelled every year
**REDUCE: CRITERIA AND PRIORITIES**

**CRITERIA**

- Mature businesses, with limited growth and return potential
- Businesses with limited room for differentiation and impact, and which cannot seed locally new value added activities

**MATURE BUSINESSES**

- Some **geographies / activities** in mature markets, with limited growth or return prospects, and with better alternative shareholders than Veolia
  - 1st example: District Heating in the US

**OTHER BUSINESSES TO DOWNSIZE OR DIVEST**

- **Construction of water treatment infrastructures**
  - Opt for partnerships with civil engineering companies to whom we bring the technological component of projects, and no more civil engineering risks
- **Municipal waste collection**
  - If not associated (directly or indirectly) with treatment or recycling
- **Coal-fired district heating networks**
  - Conversion to clean energies by 2030
- **Facility Management**
  - When the scope is limited to operation or maintenance vs. performance-based contracts
VEOLIA WATER TECHNOLOGIES: A NEW POSITIONING

PROJECTS

Design

• - Design of waste water treatment solutions
• ...focusing on selling our technologies without being exposed to construction risks
  → Smaller projects but higher margins

(Construction )

• Out of the VWT scope
• VWT to position itself only as a co-contractor or a subcontractor with civil engineering companies
• VWT to focus on technologies and services

KEY FOCUS: TECHNOLOGIES AND SERVICES

Technologies

Supply of standard / packaged equipment
Ex: ultrapure water for laboratories - Elga

Supply of technologies for industrial water processes
e.g.: evaporation concentration systems - HPD

Services

After sale services on equipment installed

Sale of chemicals to treat water

Mobile units

Digital Services

Aquavista: provide customers with performance and compliance KPIs, alarm management, remote optimisation and expert advice on asset performance of water treatment facilities

Example: Veolia Water Technologies, 25% reduction in energy use and 30% improvement in effluent quality, estimated €15M revenues p.a. in 2021
VEOLIA WATER TECHNOLOGIES: TRANSFORMATION PLAN

KEY ACTIONS

1. Projects: be highly selective, and eliminate construction risks
   • VWT in partnership (co-contractor or subcontractor) with civil engineering companies
   • VWT only looks at projects:
     o with a strong content of technologies that are present in Veolia’s portfolio
     o where country risks and contractual risks are limited and manageable
   • In 2023, the activity will be limited to a few desalination projects and some small projects (without construction)

2. Develop technologies and recurring services
   • Technologies: innovation, standardisation
   • Services: after sales, digital offers, sales of chemicals or spare parts, mobile units, which generate long-lasting recurring revenues after the sale of the equipment
   • In 2023: ~ 50% of services in the total revenue mix, hence a less cyclical business

3. Adjust VWT’s overheads & fixed costs to the revenue decrease
   • Reduction of the number of countries
   • Streamlining of structures, closing of some entities

VWT - REVENUE PROJECTIONS (€BN)

- 2018
  - €1.6bn
  - Services: 50%
  - Sales of technologies: 25%
  - Desalination: 10%
  - Projects: 15%

- 2023
  - ~€1.2bn
  - Services: 54%
  - Sales of technologies: 24%
  - Desalination: 5%
  - Projects: 17%
STRONG SELECTIVITY ON ACTIVITIES WHERE VEOLIA HAS A LIMITED ADDED VALUE

SELECTIVITY CRITERIA

- Contracts with no direct or indirect link with waste treatment and tons destination
- Contracts where investments are to be funded by Veolia
- Contracts which combine collection and treatment (e.g. PFIs in UK, some municipal waste contracts in Latam, etc.)
- Contracts with specific barrier to entry (e.g. performance-based in France / “redevance incitative”)

- Pure facility management
- Performance-based contracts (Veolia’s revenue partly based on the performance achieved, e.g. energy efficiency)

~€200 TO 400M ANNUAL REVENUE DECREASE ON THESE ACTIVITIES BY 2023
IMPACT 2020-2023
STRATEGIC ORIENTATIONS SUMMARIZED BY BUSINESS

Water
- Municipal water and Public Private Partnerships: continue efficiency efforts to maintain our competitiveness, seize new opportunities, pursue differentiation in our offers (innovation, governance, relationships with consumers)
- Exclude the construction risk in Design & Build projects and focus on sales of standard technologies & associated services

Waste
- Grow plastic recycling and RDF production, enhance operational efficiency on our facilities and roll-out best practices, optimize C&I collection notably with digitalization, and reduce our exposure to municipal waste collection (when it has no direct or indirect link with treatment/ recycling)
- Hazardous waste: accelerate our development, by growing our network of treatment facilities on existing geographies and by opening new countries

Energy
- Transition from coal to clean energies on existing district heating networks, and capture the new opportunities in Europe
- Continue to grow our energy efficiency services for buildings: digital, performance contracts

Water, waste, energy for industrial clients
- Focus on highly differentiating services which help clients reduce their environmental footprint: water for industrial processes, industrial ecology, performance contracts
**IMPACT 2020-2023**
**TRANSLATING OUR STRATEGY INTO PROFIT**

**GROWTH**
- Strict discipline to select growth projects and M&A
  - Systematic review of projects through investment committees, with HQ support functions involved
  - Strict investment criteria: IRR > WACC + 4%, ROCE > WACC after 3 years, payback < 7 years
- Priority to integration and synergies
  - Strict and thorough integration process
  - Systematic post acquisition review and action plans
- Opportunistic divestitures of mature assets, to reinvest in faster growing businesses
- Secure the plan
  - Stop construction activities

**EFFICIENCY**
- A continued high level of efficiency gains
- €1bn of savings over 4 years
- **3 pillars**: Operational efficiency, Purchasing, G&A, with a reinforcement and a deepening of our actions throughout the Group with new levers (e.g. digital)
EFFICIENCY PLAN: AN AMBITIOUS TARGET

COST SAVINGS SINCE 2012

<table>
<thead>
<tr>
<th>Year</th>
<th>G&amp;A</th>
<th>Purchasing</th>
<th>Operations</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012-15</td>
<td>38</td>
<td>60</td>
<td>102</td>
</tr>
<tr>
<td>2016</td>
<td>103</td>
<td>86</td>
<td>56</td>
</tr>
<tr>
<td>2017</td>
<td>115</td>
<td>89</td>
<td>51</td>
</tr>
<tr>
<td>2018</td>
<td>156</td>
<td>97</td>
<td>49</td>
</tr>
<tr>
<td>2019</td>
<td>141</td>
<td>72</td>
<td>35</td>
</tr>
</tbody>
</table>

2000 per year

2020-2023

€250M/year
€1bn over 2020-2023

55%
30%
15%
EFFICIENCY PLAN
OPERATIONS (1/2)

1. WORK ON UNDERPERFORMING CONTRACTS OR SITES

- **Action plans “up or out”**:  
  - Profitability analysis  
  - Quarterly review of progress

- **Action plans may include**:  
  - Contract renegotiation, add new services  
  - Cost cutting, enhancement of performance  
  - Industrial restructuring, site closure

2. PEER REVIEW

- Benchmark of performance on 6 priority assets

<table>
<thead>
<tr>
<th>Solid waste incineration</th>
<th>Drinkable water distribution</th>
<th>Heating production in DHN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Availability rate</td>
<td>Network efficiency</td>
<td>Energy efficiency</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Hazardous waste incineration</th>
<th>Wastewater treatment</th>
<th>Cogeneration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Availability rate</td>
<td>Electricity consumption</td>
<td>Energy efficiency</td>
</tr>
</tbody>
</table>

- Crossed internal audits on major assets
- Continuous improvement plan for the other assets, leveraging best practices. Example:
3. DIGITALIZATION

- **Hubgrade**: supervision centers at country/region level, regrouping real time data on key sites and contracts

- 6 supervision centers in 2015, 56 today, ~100 by 2023

- Now covering all 6 categories of key assets in the group
  - Water network management, waste water treatment plant
  - High temperature incineration, solid waste incineration
  - Energy efficiency for buildings, combined heat and power generation

- **Maintenance and asset management**
  - Example: VWT sensors for reverse osmosis membranes
  - Target: increase production by 30%, and membrane lifetime to 8 years vs. 3-5 years currently

**Hubgrade Example - Italy, energy efficiency:**
- 4 Hubgrade centers in Italy
- 450 connected sites (2,000 targeted in 2021)
- For 7 hospitals, ~5% of energy savings since the rolled out: €0.9M for Veolia
EFFICIENCY PLAN
PURCHASING AND G&A

PURCHASING

• **Target: min 1% of purchasing savings** (Capex and Opex on addressable cost base) in all BUs
  o e.g.: collection trucks, cars

• **Specific focus on subcontracting**
• **Reduction in the number of suppliers**
• **Work on specifications** and new categories covered by global contracts
  o e.g.: light vehicles contracts in Europe to generate €9M savings by 2023
  o e.g.: collection trucks, new contract to deliver €2M savings by 2023
  o e.g.: yellow plants contract under way

• **Use digital:** marketplace for “small categories”

G&A

• **Target: maintain G&A constant despite revenue growth and a challenging context** (increase of compliance, legal, cybersecurity costs…), hence reduce the G&A/revenue ratio

• **Examples of levers:**
  o Reduce IT and real estate spending
  o Digital tools
    o e.g.: stop paper invoicing, automatisation of certain administrative tasks thanks to machine learning, and collaborative tools
  o **Specific** plans in some BUs: North America, Waste France, VWT
# DIGITAL TO HELP DELIVER

## EFFICIENCY AND GROWTH

<table>
<thead>
<tr>
<th>Pillar</th>
<th>Digital Employees</th>
<th>Digital Customers</th>
<th>Digital Operations</th>
<th>Digital Offers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Objectives</strong></td>
<td>Simplifying the life of our employees</td>
<td>Enhancing customer experience</td>
<td>Optimising our operations</td>
<td>Enhancing existing offers and creating new ones</td>
</tr>
<tr>
<td></td>
<td>Flexible / agile working</td>
<td>Improving sales efficiency</td>
<td>Monitoring KPIs</td>
<td>Platform to match offer and demand of our services</td>
</tr>
<tr>
<td></td>
<td>Collaborative culture</td>
<td>Providing visibility and simplify interactions with customers</td>
<td>Optimising asset performance</td>
<td>Services leveraging the Hubgrade concept: performance without O&amp;M</td>
</tr>
<tr>
<td></td>
<td>Embarking everybody in digital</td>
<td>Providing visibility and simplify interactions with end-consumers</td>
<td>Digital field operations</td>
<td>Service “just in time”/responding to emergencies</td>
</tr>
<tr>
<td></td>
<td>Central functions efficiency</td>
<td>Selling more</td>
<td>Asset Management &amp; Maintenance</td>
<td>Revisiting business models</td>
</tr>
<tr>
<td><strong>KPIs</strong></td>
<td>Employee engagement</td>
<td>Net Promoter Score</td>
<td>Efficiency</td>
<td>Number of innovations included in new contracts</td>
</tr>
</tbody>
</table>

Employee engagement
Net Promoter Score
Efficiency
Number of innovations included in new contracts
2020-2023: INNOVATION

Olivier Brousse, EVP, Strategy & Innovation
VEOLIA’S PURPOSE: “TO CONTRIBUTE TO HUMAN PROGRESS”

Through its activities in water, waste, and energy, Veolia is having a positive impact on the planet and its inhabitants.

How to contribute more?
VEOLIA CAN HELP TO ADDRESS
6 GLOBAL CHALLENGES

INNOVATION WILL ENRICH & BOOST THE CURRENT PORTFOLIO, AND CREATE NEW SOLUTIONS TO MEET ESSENTIAL NEEDS

- HEALTH & NEW POLLUTANTS
- ADAPTATION TO CLIMATE CHANGE
- NEW LOOPS OF MATERIALS
- FOOD CHAIN
- NEW ENERGY SERVICES
- NEW DIGITAL OFFERS
CREATING SOLUTIONS FOR FUTURE ESSENTIAL NEEDS
HEALTH & NEW POLLUTANTS

CHALLENGE: ENABLING PEOPLE TO LIVE IN A HEALTHY ENVIRONMENT (CLEAN AIR, WATER, SOIL)

POLLUTION, A MAJOR AND INCREASING HEALTH ISSUE...

- Environmental pollution: 9 million premature deaths worldwide in 2015* (6.5M due to air pollution, as much as tobacco-related deaths, 1.8M to water pollution, and 0.5M to soil pollution)
- More than 90% of the world inhabitants breathe a polluted air

For 300 Rupees (~€4), customers at a bar in New Delhi can get access to 15 minutes of fresh air

...THAT VEOLIA IS TACKLING

Example: Indoor Air Quality
- Veolia’s goal: to guarantee a clean air in buildings (CO₂, fine particles, etc.)

Solution
- Monitor continuously the indoor air quality
- Filter and control the pollutants
- Involve the stakeholders in improving air quality

Trial in progress in Le Raincy, France
Pilots in 2 schools (600 pupils):
- 28 sensors
- 18 filtration equipment installed
- Predictive modelling, real-time monitoring, and building awareness among teachers & pupils

CREATING SOLUTIONS FOR FUTURE ESSENTIAL NEEDS

FOOD CHAIN

CHALLENGE: CONTRIBUTING TO FEEDING AN EXTRA ~1.5BN PEOPLE WITHIN 20 YEARS WITH LESS WATER, ENERGY AND SOIL

THE GLOBAL FOOD CHALLENGE

- Population growth: 1 more “China equivalent” by 2040
- Global demand for animal proteins expected to double by 2050
- Agriculture: 70% of current global water demand
- Development of livestock farming:
  - Increasing GHG emissions, water and soil exploitation
  - Only 55% of calories harvested in the world feed people directly; 36% are used to feed the livestock

EXAMPLE OF SOLUTIONS

From organic waste to fertilizers and proteins
- Using organic waste and insects to produce oil, proteins for animals and organic fertilizers
- Projects under development in France and in Asia
- Promising early results, e.g. for aquaculture, which provides half of the fish consumed worldwide

Urban farming: another way to feed cities
- Urban aquaponic farms
- Intensive organic micro market gardening (permaculture)
CREATING SOLUTIONS FOR FUTURE ESSENTIAL NEEDS
ADAPTATION TO CLIMATE CHANGE

CHALLENGE: HELPING OUR MUNICIPAL AND INDUSTRIAL CLIENTS ANTICIPATE AND MANAGE ENVIRONMENTAL DISORDERS

THE NEW CLIMATE REALITY

Hurricane Sandy (2012)
$65bn damage in the US

Water shortage in South Africa
Q1 2018: the Cape Town area (4M inhab.) close to run out of water

Wildfires in Australia (2019-2020)
2x Belgium surface destroyed
Air quality, biodiversity impacted

EXAMPLES OF SOLUTIONS

- Flood control
- Crisis management
- Mobile solutions for water and wastewater

- Water reuse
- Urban refreshment islands
- Microgrid or local energy networks powered by cogeneration to secure the energy supply should the city network fail
2020-2023: FINANCIALS

Claude Laruelle, CFO
VEOLIA BUSINESS MIX
11 GEOGRAPHIES ORGANIZED IN 4 REPORTING SEGMENTS

GLOBAL BUSINESSES
€4 734M

NORTH AMERICA
€2 168M

LATIN AMERICA
€853M

AFRICA/ MIDDLE EAST
€1 060M

CENTRAL EUROPE
€3 296M

NORTHERN EUROPE
€2 738M

UK & IRELAND
€2 298M

FRANCE
WASTE: €2 608M
WATER: €3 004M

ITALY & IBERIA
€1 169M

ASIA
€2 135M

AFRICA/ MIDDLE EAST
€1 060M

AUSTRALIA & NEW ZEALAND
€1 087M

2019 Revenue
€27.2bn

171 000
Employees in 11 zones
VEOLIA 2016-2019 BUSINESS MIX EVOLUTION

2016-2019: CONTINUED SOLID REVENUE GROWTH DRIVEN BY INTERNATIONAL AND INDUSTRIAL CLIENTS

BY GEOGRAPHY

CAGR at constant FX

CAGR 2015-2019

Revenue, €bn

2016 2017 2018 2019

Global businesses

2016 2017 2018 2019

Rest of the world

Europe excl. France

France

Global businesses

Rest of the world

Europe excl. France

France

+3.6%

+3.6%

CAGR at constant FX

CAGR 2015-2019

BY MARKET

CAGR at constant FX

CAGR 2015-2019

Industrial

Municipal

2016 2017 2018 2019

2016 2017 2018 2019

+5.0%

+0.9%
Continued increase of International Revenue and EBITDA from 2014 to 2019
VEOLIA 2011-2019 BUSINESS MIX EVOLUTION
TRIPLING OF HAZARDOUS WASTE SHARE OF REVENUE IN 8 YEARS

2011 REVENUE €29.6bn
- Water & Waste water: 30%
- Waste: 30%
- Energy: 12%
- Hazardous Waste: 3%

2014 REVENUE €24.4bn
- Water & Waste water: 29%
- Waste: 19%
- Energy: 15%
- Hazardous Waste: 6%

2019 REVENUE €27.2bn
- Water & Waste water: 31%
- Waste: 9%
- Energy: 28%
- Hazardous Waste: 22%

2019 EBITDA: €4 022M
- Water & Waste water: 40%
- Waste: 4%
- Energy: 24%
- Hazardous Waste: 12%

• Hazardous Waste Revenue tripled from 2011 to 2019, to €2.5bn
• ... and enjoys a 20% EBITDA margin
FINANCIAL TRAJECTORY 2020-2023
CONTINUED SOLID REVENUE GROWTH

1. CONTINUED SOLID ORGANIC GROWTH
   ✔ High level of contract renewal
   ✔ Pursuit of good commercial momentum
   ✔ Capital allocation focused on fast growing activities, mostly outside France

2. COMPLEMENTED BY SMALL AND MID SIZE ACQUISITIONS
   ✔ Small to mid size targets
   ✔ Continued strict financial discipline
   ✔ Value creation through asset rotation
FINANCIAL TRAJECTORY 2020-2023
CONTINUED SOLID REVENUE GROWTH

TRENDS BY CLIENT

<table>
<thead>
<tr>
<th>2019 REVENUE</th>
<th>€27.2bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>52%</td>
</tr>
<tr>
<td>2023</td>
<td>48%</td>
</tr>
</tbody>
</table>

- Industrial & Tertiary Clients
- Municipal

TRENDS BY GEOGRAPHY

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<thead>
<tr>
<th>2019 REVENUE</th>
<th>€27.2bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>4.7</td>
</tr>
<tr>
<td>2020</td>
<td>7.3</td>
</tr>
<tr>
<td>2021</td>
<td>9.6</td>
</tr>
<tr>
<td>2022</td>
<td>5.6</td>
</tr>
</tbody>
</table>

- France
- Europe excl. France
- Rest of World
- Global Business

<table>
<thead>
<tr>
<th>2019 REVENUE</th>
<th>€27.2bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>5.9</td>
</tr>
<tr>
<td>2020</td>
<td>2.5</td>
</tr>
<tr>
<td>2021</td>
<td>7.7</td>
</tr>
<tr>
<td>2022</td>
<td>2.8</td>
</tr>
<tr>
<td>2023</td>
<td>8.3</td>
</tr>
</tbody>
</table>

- Water & Waste water
- Waste
- Energy
- Technology & Construction
- Hazardous Waste
FINANCIAL TRAJECTORY 2020-2023
NO MAJOR CONTRACT RENEWALS BEFORE 2022

- The Group’s 38 largest contracts represent €4.1 billion in revenue, or 15% of revenue
  ✔ Average duration: 10 years

Contract expiration schedule (>€50M annual revenue)
FINANCIAL TRAJECTORY 2020-2023
EBITDA TARGET OF €4.7-4.9BN(1) IN 2023

KEY DRIVERS

- Continued solid revenue growth
- €250M of cost cutting annually
  - Target retention rate: ~40%
- EBITDA growth to come:
  - 50% from revenue growth and asset rotation
  - 50% from efficiency gains

(1) At constant FX (based on rates at the end of 2019) and at constant IFRS & in an economic environment without major change
FINANCIAL TRAJECTORY 2020-2023
A REGULAR BOND REPAYMENT SCHEDULE

RATING
Moody’s: P-2/ Baa1 stable outlook
Standard & Poor’s: A-2 / BBB stable outlook

EUR  GBP  USD  CNY
FINANCIAL TRAJECTORY 2020-2023
COST OF FINANCING EXPECTED TO DECREASE BY 2023

- Scheduled bond redemption to contribute to decrease cost of debt in euro
  - 40% of Euro bonds to be refinanced by end-2023
  - 2021 & 2022 bond refinancing to generate significant savings
- …partly offset by non euro cost of financing (Asia, Latin America, US…)

- Overall expected cost of financing to decrease by 2023
- Debt maturity: 6.9 years
- 94% Fixed rate
FINANCIAL TRAJECTORY 2020-2023
TAXES : FULL BENEFIT OF TAX LOSS CARRY FORWARDS

• Tax efficiency taken into consideration to structure new projects and tuck in acquisitions

• **Favorable resolution of the tax litigation in the US:**
  o Additional potential recognition of more than $2bn of tax loss carry forwards (**more than $400 million in tax**) to be utilized by 2026.

• **French tax loss carry forwards**
  o Additional potential recognition of ~€400 million in tax, with no time limit of utilization

• On going optimization of legal entities

**CURRENT TAX RATE BELOW 25% OVER THE DURATION OF THE PLAN**
FINANCIAL TRAJECTORY 2020-2023
CONTINUED STRONG CURRENT NET INCOME GROWTH: ~€1BN\(^{(1)}\) TARGET IN 2023

KEY DRIVERS

- **EBITDA growth leads to current EBIT growth** with D&A slightly up over time

- **Cost of financing expected to decrease:** lower euro financing cost partly offset by increased cost and volume of non-euro denominated debt

- **Tax rate < 25\%** thanks to French and US tax loss carry forwards

(1) At constant FX (based on rates at the end of 2019) and at constant IFRS & in an economic environment without major change
Key Takeaways

**€5bn**

Industrial & financial investments to develop new projects
(“Accelerate” and “Optimize & develop”)

- ~40% in Europe (incl. France)
  - ~60% in the rest of the world
- ~65% for industrial clients
  - ~35% for municipal clients
- ~40% organic growth
  - ~60% external growth

**€2bn**

Net investments over 4 years

~€500M/year on average

- Leverage ratio < 3x

**€3bn**

Divestments
(“Reduce”)

- Portfolio rotation: ~20% of the Group’s Capital Employed
- Assets involved already identified
- €1bn already achieved (district heating in the US)
CAPITAL ALLOCATION 2020-2023
CONTINUED STRICT FINANCIAL DISCIPLINE

**STRICT INVESTMENT CRITERIA**
- BUs must submit to the Group Investment Committee all projects above/below €10M EV and €20M capex
- Tightening of the decision process
  - ✔ Group’s IRR ≥ WACC + 4%
  - ✔ ROCE ≥ WACC (from end of 3rd year)
  - ✔ Pay-back < 7 years
  - ✔ Focus on strategic businesses
  - ✔ Alignment with ESG commitments

**FINANCIAL HEADROOM**
- Leverage at 2.66 end 2019 including IFRS 16 impact
- Small and mid size M&A
  - ✔ Using the extra cash flow generated
  - ✔ And Asset divestiture reservoir
- Leverage < 3 over the duration of the plan and well below 3 in 2023
### CAPITAL ALLOCATION 2020-2023

#### CAPEX TRAJECTORY: €2BN OF DISCRETIONARY CAPEX

<table>
<thead>
<tr>
<th>In €bn</th>
<th>Average 2018-2019(^{(1)})</th>
<th>Average 2020-2023(^{(1)})</th>
<th>Variation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintenance Capex including IFRS 16</td>
<td>1.1</td>
<td>1.0 - 1.1</td>
<td>Stable</td>
</tr>
<tr>
<td>Contractual Capex</td>
<td>0.7</td>
<td>0.7 - 0.8</td>
<td>Stable</td>
</tr>
<tr>
<td>Coal conversion capex</td>
<td>0</td>
<td>0.1</td>
<td>New</td>
</tr>
<tr>
<td>Discretionary Growth Capex</td>
<td>0.3</td>
<td>0.5 - 0.6</td>
<td>+50% to +100%</td>
</tr>
</tbody>
</table>

**TOTAL\(^{(1)}\)**  
| 2.1                          | 2.3 - 2.6                   |

---

**CUMULATED €2BN DISCRETIONARY GROWTH CAPEX OVER 2020-2023**

50% INVESTED IN HAZARDOUS WASTE

---

\(^{(1)}\) Including IFRS16
FREE CASH FLOW GENERATION 2020-2023
CONTINUED WORKING CAPITAL OPTIMIZATION

WCR TRACK RECORD 2016-2019

<table>
<thead>
<tr>
<th>Year</th>
<th>WCR Improvement (cash resource)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>268</td>
</tr>
<tr>
<td>2017</td>
<td>112</td>
</tr>
<tr>
<td>2018</td>
<td>60</td>
</tr>
<tr>
<td>2019</td>
<td>209</td>
</tr>
</tbody>
</table>

KEY ACTIONS 2020-2023

- Cash Flow generation monitored by Business Unit / Business Line
  - Focus on DSO improvement

- New initiative on Working capital
  - New tools for cash collection (e.g. my DSO)
  - Improve invoicing process
  - Review Purchase to Pay process
CONTINUED STRONG FREE CASH FLOW GENERATION

- **Discretionary capex** of €270M per year on average from 2016 to 2019, ~€500M per year from 2020 to 2023

- **FCF before discretionary capex** > €4bn cumulated over the duration of the plan

- **FCF after discretionary capex** > €2bn cumulated over the duration of the plan

**FCF GENERATION OVER 2020-2023**

- FCF before discretionary capex: >€4bn
- Net FCF after discretionary capex: >€2bn
STRONG VALUE CREATION
CONTINUED IMPROVEMENT OF ROCE BY 2023

AFTER TAX ROCE

KEY DRIVERS

• Operational efficiency
• Current EBIT growth
• Focus on capital efficiency
• Low tax rate
DIVIDEND: €1.30 IN 2023

• 37% growth of dividend from 2016-2019

• A sustainable and disciplined dividend policy

(1) Subject to approval of the AGM of April 22, 2020
**IMPACT 2023**  
**KEY FINANCIAL TARGETS**

<table>
<thead>
<tr>
<th>Key Financial Targets</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUE</strong></td>
<td>Continued solid growth</td>
</tr>
<tr>
<td><strong>EFFICIENCY</strong></td>
<td>€1bn cost savings over 4 years</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>€4.7bn - €4.9bn in 2023</td>
</tr>
<tr>
<td><strong>CURRENT NET INCOME GROUP SHARE</strong></td>
<td>~€1bn in 2023</td>
</tr>
<tr>
<td><strong>LEVERAGE RATIO</strong></td>
<td>&lt; 3 x and well below 3 x in 2023</td>
</tr>
<tr>
<td><strong>DIVIDEND</strong></td>
<td>€1.30 / share in 2023</td>
</tr>
</tbody>
</table>

(1) At constant FX (based on rates at the end of 2019), at constant IFRS & in an economic environment without major change
IMPACT 2023
IN A NUTSHELL

- **A particular context:** the environmental priority has never been higher
- **A high ambition:** to be the reference company for the ecological transformation
- **A priority:** maximizing Veolia’s positive impact - environmental, societal, financial
- **A consequence:** clear priorities
  - Strong acceleration of the businesses which have the highest positive impact on the planet
  - 20% portfolio rotation
- **Preparing the future:**
  - Reinvent the historical businesses
  - Create new solutions to address the global environmental challenges
- **A highly rigorous execution:**
  - €1bn cost savings plan
  - Net financial debt below 3 x EBITDA over the duration of the plan
- **Providing the proof of commitments with a set of KPIs:**
  - To track our impact on all our stakeholders
  - To base the bonus policy of the managers
### VEOLIA’S MULTI-FACETED PERFORMANCE DASHBOARD

#### KEY PERFORMANCE INDICATORS (1/2)

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Objective</th>
<th>KPI</th>
<th>Baseline (2019)</th>
<th>Target 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Economic &amp; financial performance</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue growth</td>
<td>SDG 8</td>
<td>Revenue growth</td>
<td>Rev. : €27.2bn</td>
<td>Annual target</td>
</tr>
<tr>
<td>Profitability</td>
<td>SDG 8</td>
<td>Current net income</td>
<td>€760M</td>
<td>€1bn</td>
</tr>
<tr>
<td>Return on capital employed</td>
<td>SDG 8</td>
<td>ROCE after tax</td>
<td>8.4% after IFRS 16</td>
<td>Annual target</td>
</tr>
<tr>
<td>Investment capacity</td>
<td>SDG 8</td>
<td>Free Cash Flow before discretionary growth Capex</td>
<td>€1230 m</td>
<td>Annual target</td>
</tr>
<tr>
<td><strong>Commercial performance</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer and consumer satisfaction</td>
<td>SDG 8</td>
<td>Net Promoter Score</td>
<td>On-going definition(1)</td>
<td></td>
</tr>
<tr>
<td>Deployment of innovative solutions</td>
<td>SDG 9</td>
<td># innovations included in at least 10 contracts signed by the Group</td>
<td>On-going definition(1)</td>
<td></td>
</tr>
<tr>
<td>Hazardous waste treatment &amp; recovery</td>
<td>SDG 3, 9</td>
<td>Revenue generated by the hazardous &amp; liquid waste treatment &amp; recovery activities</td>
<td>€2.5bn</td>
<td>&gt; €4bn</td>
</tr>
<tr>
<td><strong>Environmental performance</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Combating climate change</td>
<td>SDG 13</td>
<td>Reducing GHG emissions: progress of the investment plan to phase out coal in Europe by 2030</td>
<td>NA</td>
<td>30% of investments planned by 2030, i.e. € 400M by 2023</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Avoided emissions (vs. the most likely scenario if the low carbon solution / service / project had not taken place)</td>
<td></td>
<td>15 Mt CO₂eq.</td>
</tr>
<tr>
<td>Circular economy: plastic recycling</td>
<td>SDG 12, 13</td>
<td>Volumes of plastics recycled in Veolia’s transformation plants</td>
<td>350 kt</td>
<td>610 kt</td>
</tr>
<tr>
<td>Protection of environments &amp; biodiversity</td>
<td>SDG 14, 15</td>
<td>Progress rate of action plans aimed at improving the environments &amp; biodiversity footprint in sensitive sites</td>
<td>NA</td>
<td>75%</td>
</tr>
<tr>
<td>Sustainable management of water resources</td>
<td>SDG 6</td>
<td>Efficiency rate of drinking water networks</td>
<td>72.5%</td>
<td>&gt; 75%</td>
</tr>
</tbody>
</table>

*Baseline not available or under review, the target for 2023 will be defined during the course of 2020*
### VEOLIA’S MULTI-FACETED PERFORMANCE DASHBOARD
#### KEY PERFORMANCE INDICATORS (2/2)

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Objective</th>
<th>KPI</th>
<th>Baseline (2019)</th>
<th>Target 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Human resources performance</strong></td>
<td><strong>Employee commitment</strong></td>
<td>Rate of engagement of employees in the 10 largest BUs, measured through an independent survey</td>
<td>84 %</td>
<td>Above 80 %</td>
</tr>
<tr>
<td></td>
<td><strong>Safety at work</strong></td>
<td>Frequency rate</td>
<td>8.1</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td><strong>Employee training &amp; employability</strong></td>
<td>Average number of training hours per employee</td>
<td>18</td>
<td>23</td>
</tr>
<tr>
<td></td>
<td><strong>Diversity</strong></td>
<td>% of women appointed within the top 500 Veolia’s senior executives from 2020 to 2023</td>
<td>NA</td>
<td>50 %</td>
</tr>
<tr>
<td><strong>Social performance</strong></td>
<td><strong>Job and wealth creation in the territories</strong></td>
<td>Annual publication of a study aimed at quantifying the global impact of Veolia in terms of jobs and wealth creation</td>
<td>NA</td>
<td>Study on Veolia’s impact in 45 countries or more, released every year from 2020</td>
</tr>
<tr>
<td></td>
<td><strong>Ethics and compliance</strong></td>
<td>% positive answers to this question of the engagement survey: &quot;Veolia’s values and ethics are put into practice within my entity&quot;</td>
<td>92 % for the Top 5000 employees</td>
<td>A baseline on a broader audience will be determined in 2020</td>
</tr>
<tr>
<td></td>
<td><strong>Access to essential services (water and sanitation)</strong></td>
<td># inhabitants benefiting from inclusive measures for the access to water and sanitation within contracts with Veolia</td>
<td>4,17 Mhab</td>
<td>+12% vs. 2019*</td>
</tr>
</tbody>
</table>

*At constant scope
CONTACTS

ANALYST & INVESTOR RELATIONS

Ronald Wasylec
Deputy CFO, Senior Vice President, Investor Relations
Telephone: +33 1 85 57 84 76
e-mail: ronald.wasylec@veolia.com

Ariane de Lamaze
Vice President, Investor Relations
Telephone: +33 1 85 57 84 80
e-mail: ariane.de-lamaze@veolia.com
30, rue Madeleine Vionnet
93300 Aubervilliers, France

MEDIA RELATIONS

Laurent Obadia
Telephone: +33 1 85 57 89 43
e-mail: laurent.obadia@veolia.com

Sandrine Guendoul
Telephone: +33 1 85 57 42 16
e-mail: sandrine.guendoul@veolia.com
30, rue Madeleine Vionnet
93300 Aubervilliers, France

http://www.finance.veolia.com
http://www.veolia.com