S&P Global
Ratings

RatingsDirect®

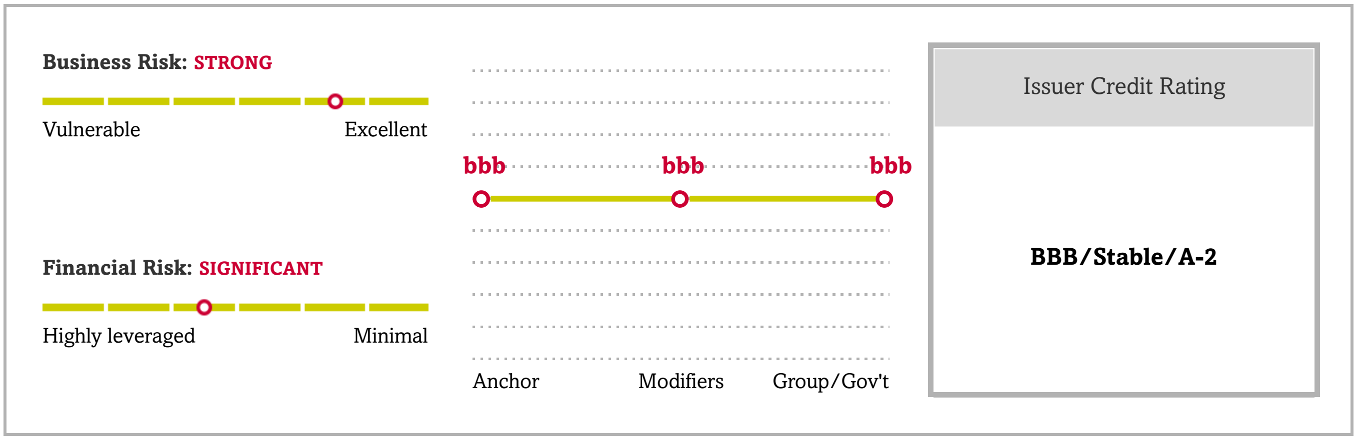
Veolia Environnement S.A.

Primary Credit Analyst:
Pierre Georges, Paris (33) 1-4420-6735; pierre.georges@spglobal.com

Secondary Contact:
Massimo Schiavo, Paris + 33 14 420 6718; Massimo.Schiavo@spglobal.com

Table Of Contents

Veolia Environnement S.A.



Credit Highlights

Overview

Key Strengths	Key Risks
Visibility of cash flows supported by long-term diversified and contracted environmental services, benefiting from positive secular market trends.	Pressure on remuneration at contract renewal, notably on water concessions but also industrial contracts.
Leading worldwide position in water (44% of revenues) and waste solutions (33%).	Cash flow volatility in the waste solutions business, stemming notably from dependence on industrial output and price volatility of recycled products.
Significant profitability improvement from successful implementation of cost-efficiency measures.	Exposure to country risk given presence in emerging markets, which represent about one-third of the group's EBITDA.
Sound balance sheet with adjusted debt to EBTIDA decreasing to about of 3x and funds from operations (FFO) to debt above 20%.	

Veolia's Strong diversification in waste and water businesses provide it with cash flow resilience. Veolia's water business (44% of 2017 revenues) benefits from monopolistic positions from the long-term concessions, broadly stable water volumes distributed, and modest but sustainable earnings growth from indexation. The group notably has a leading position in France and strong footprint in China. Although the group faces pressure on remuneration at the time of concession renewal, Veolia already renegotiated most of its large contracts, limiting further material downside risk in the coming years.

Veolia's waste solutions activities (36% of 2017 revenues) tend to be more cyclical and generally based on shorter-term contracts. That said, Veolia has a global presence and is increasing its focus on higher-value-added services, which benefit from higher growth and profitability, notably hazardous waste management for industrial customers.

Although Veolia has a balanced global presence, it has relatively high exposure to emerging markets. International diversification (see chart 2) provides Veolia with a stronger cash flow resilience and a greater ability to seize growth opportunities in different markets. That said, it is also exposes the company to risks. Veolia has increased its exposure to emerging markets to about one-third of the group's EBITDA. This includes operations in Eastern European economies, Asia, Africa, and Latin America, where market volatility, currency swings, and political risks are higher.

Profitability has improved significantly from the company's cost-cutting program and higher-margin services. Veolia has set a strong track record in improving profitability and has reached its ambitious €800 million cost-savings target for the 2016-2018 period. We believe Veolia will continue its efforts to continue enhancing the group's profitability from 2019, which we view as credit positive. At the same time, the growth of its new, higher-value-added activities support margin improvement.

EBITDA growth and improving debt stability are strengthening Veolia's credit metrics. Due to continued EBITDA growth and debt stabilization, we expect Veolia will improve its adjusted leverage to around 3.0x in the coming two to three years. At this stage, we view the group's strategy as prudent, since it aims to complete small to midsized acquisitions to gradually strengthen its portfolio. We nevertheless see an accelerated external growth strategy as a key risk to credit metrics. For now, we recognize that the recent disposal of its remaining stake in Transdev for €340 million provides additional flexibility for the group in 2019.

Outlook: Stable

S&P Global Ratings' stable outlook on France-based Veolia Environnement S.A. reflects its anticipation that the group will continue improving credit metrics in the coming years, while self-financing its capital expenditures (capex) and dividends. It incorporates our projection that Veolia will post credit metrics commensurate with a 'BBB' rating on a sustainable basis, including an adjusted funds from operations (FFO)-to-debt ratio at or above 20% on average over 2018-2020 (20.4% at year-end 2017). In light of the group's improved profitability and free cash flow, some rating headroom exists, including for bolt-on acquisitions.

Downside scenario

We currently see rating downside as remote given the positive profit track record and management's financial discipline, including its debt-stabilization objective. A negative rating action could, however, result from a larger debt-financed acquisition, without FFO-to-debt metrics reverting to 20%; or in case of unexpected and far-reaching adverse changes in Veolia's markets (notably in waste solutions and industrials) or expansion into more volatile markets beyond currently announced plans.

Upside scenario

We do not exclude raising the ratings in the coming years, if Veolia continues to generate strong free operating cash flow (FOCF) before dividends, if the adjusted FFO-to-debt ratio sustainably rises to or above 25%, or if we consider its business risk profile has strengthened on the back of improved profitability and resilience. Ultimately any upgrade potential would also hinge on management's financial policy, especially as we believe that the group may use its financial headroom to further accelerate growth rather than materially strengthen its balance sheet.

Our Base-Case Scenario

Veolia's results for the first nine months of 2018 were in line with our forecast results and company's guidance (continuation of sustained revenue growth, EBITDA growth greater than that in 2017, and more than €300 million in cost savings).

Veolia's EBITDA has increased by 5.1% year-on-year, supported by French water activities (hot summer and positive indexation), solid growth in waste solutions, and continued cost-cutting efforts (€228 million achieved during the first nine months of 2018).

Net financial debt peaked at €10.5 billion at the end of September 2018, up from €9.3 billion at year-end 2017, notably due to working capital seasonality. The company expects net debt to fall below €10 billion at the end of 2018, notably when including the Transdev divestment, which was completed in early January 2019.

Assumptions

- Revenue growth of around 2% over 2019-2020, supported by investments made in international activities, new contracts with industrial customers, and to a lesser extent more favorable energy prices.
- The EBITDA margin improving by 50 basis per year over the same period, owing to cost-cutting efforts of €300 million in 2018 and expected savings of €200 million per year from 2019.
- Maintenance capex of about €1.3 billion-€1.4 billion per year and €700 million annual expansion investments, including some bolt-on acquisitions.
- Ordinary dividends increasing in line with net income.

Key Metrics

	2017A	2018E	2019E	2020E
EBITDA margin (%)	13.0	13.5-14.0	14.0-14.5	14.0-14.5
EBITDA reported (bil. €)	2.8	2.8-3.2	3.0-3.5	3.0-3.5
EBITDA* (bil. €)	3.3	3.4-3.8	3.7-4.1	3.7-4.1
Debt reported (bil. €)	14.3	13.5-14.0	13.5-14.0	13.5-14.0
Debt* (bil €)	12.3	11.8-12.4	11.8-12.4	11.5-12.0
FFO to debt (%)	20.4	22.5-23.0	24.8-25.2	14.0-14.5
Debt-to-EBITDA (x)	3.7	3.0-3.5	2.8-3.3	3.0-3.5

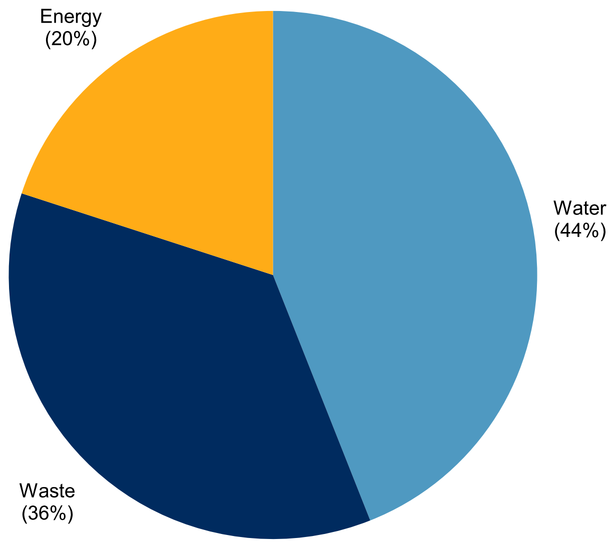
*S&P Global Ratings adjusted. A--Actual. E—Estimate.

Company Description

Veolia provides a range of environmental services worldwide. It is involved in water (44% of 2017 revenues), waste solutions (36%), and energy services (20%) businesses.

Chart 1

Veolia's 2017 Revenue Split By Segment



Source: S&P Global Ratings. Total €25.125 billion.

The water business integrates drinking water and wastewater activities, such as water distribution, water and wastewater treatment, industrial process water, and manufacturing of water treatment equipment and technologies.

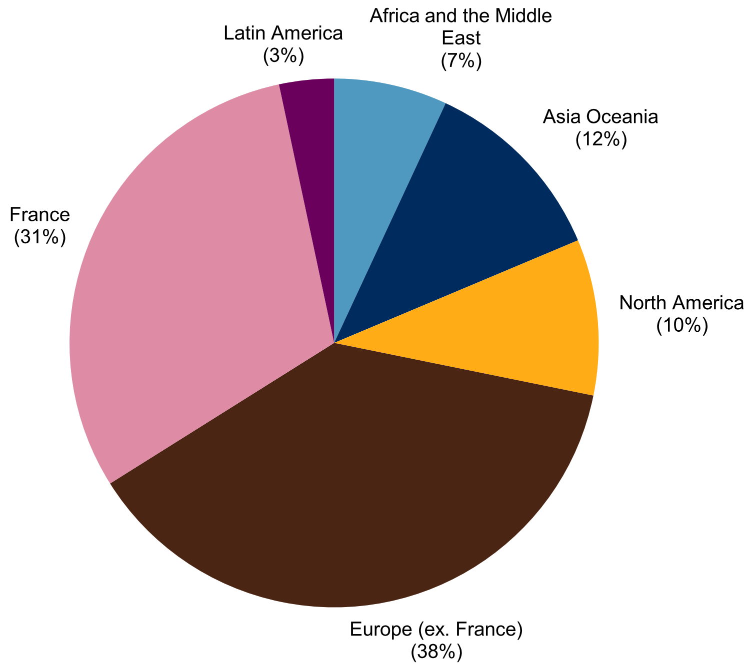
The waste solutions business collects, processes, and disposes household, commercial, and industrial wastes.

The energy services business produces renewable energy comprising heat and electricity generated primarily from waste. Additionally, it develops a range of energy-management activities, including heating and cooling networks, thermal and multi-technical services.

At year-end 2017, Veolia reported revenues of €25.1 billion and S&P Global Ratings' adjusted EBITDA of €3.3 billion. Veolia organizes its activities primarily by geographic locations (see charts 2 and 3). Conversely, its Global Businesses division, as the name indicates, encompasses activities that need to be managed globally, including engineering, construction, and management of toxic waste.

Chart 2

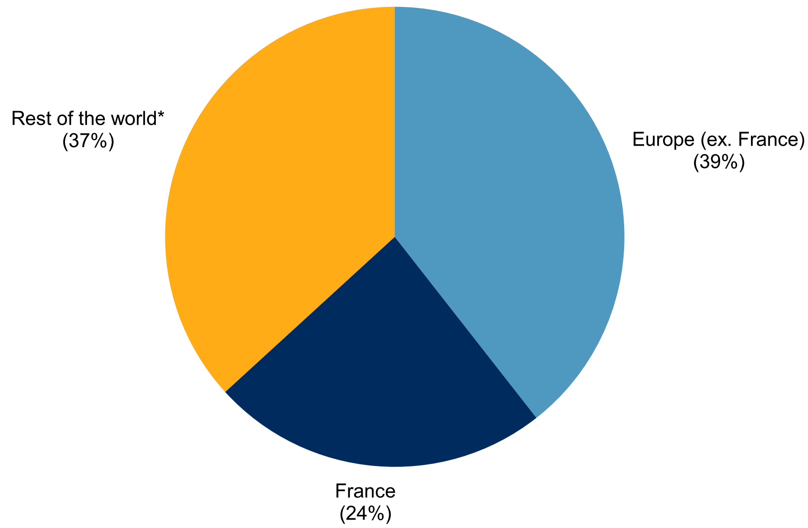
Veolia's 2017 Revenue Split By Geography



Source: S&P Global Ratings. Total €25.125 billion.

Chart 3

Veolia's 2017 EBITDA Split By Geography



Source: S&P Global Ratings. Total €3.284 billion. *Includes Veolia's Global Businesses divison.

Business Risk: Strong

Leading worldwide positions in water and waste management

Our assessment of Veolia's business risk profile is supported by its leading worldwide positions in water and waste management, based on its strong franchises in local markets across Europe, the U.S., and Southeast Asia. The group manages thousands of contracts, with a wide range of customers. Veolia notably provides drinking water to over 100 million people worldwide and collects waste for 40 million people through the management of about 550 waste-treatment sites. Veolia also manages about 600 heating and cooling networks and, on behalf of its customers, supervises energy management for over 2,000 industrial sites.

In our view, there are numerous factors spurring strong growth for environmental services groups globally, including demographic growth, rising environmental concerns translating into more demanding regulations, and accelerating urbanization among others. We also believe that circular economic activity, local development, and energy-efficiency efforts are megatrends that Veolia is well positioned to capture.

Recurring and stable revenues from long-term contracts

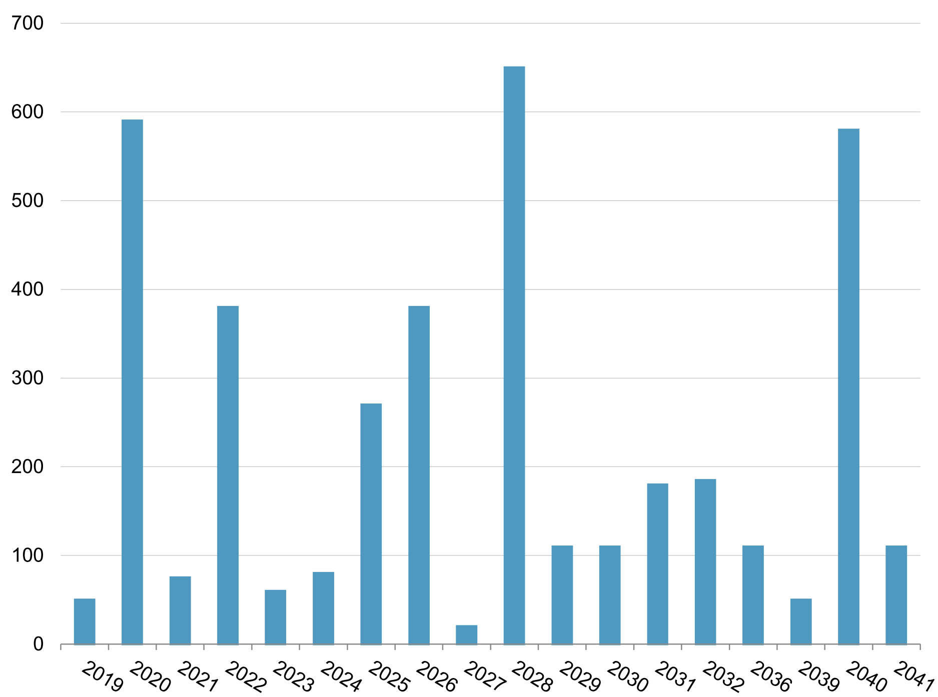
Veolia has a high share of recurrent revenues from long-term contracts with local governments, which results in low volume and performance risk, and confers predictability to group earnings.

In its core domestic market, Veolia typically operates under long-term operations and maintenance contracts, whereby it operates assets that are owned and financed by local authorities, and collects a tariff from customers. These contracts typically have a maturity of eight to 20 years for municipalities, depending notably on their capital intensity. For industrials, contracts are generally shorter (three to 10 years). Water consumption and demand are not cyclical, but are secularly and gradually declining (by around 1% per year in France) due notably to improving consumption efficiencies. Veolia's risks are further mitigated by automatic indexation clauses covering the main variable costs. Moreover, heating networks have little sensitivity to economic cycles and most contracts have pass-through arrangements, albeit with some time lag.

In addition, the increasing expertise of local authorities, intense competition, and regulatory changes reducing the maximum duration of contracts have translated into significant tariff cuts in renegotiations of water contracts in France. However, now that most of the large water concession contracts in France have been renegotiated, we do not expect any further pronounced deterioration in revenues from these activities.

Chart 4

Veolia's Reported Contract Renewals



Source: Veolia.

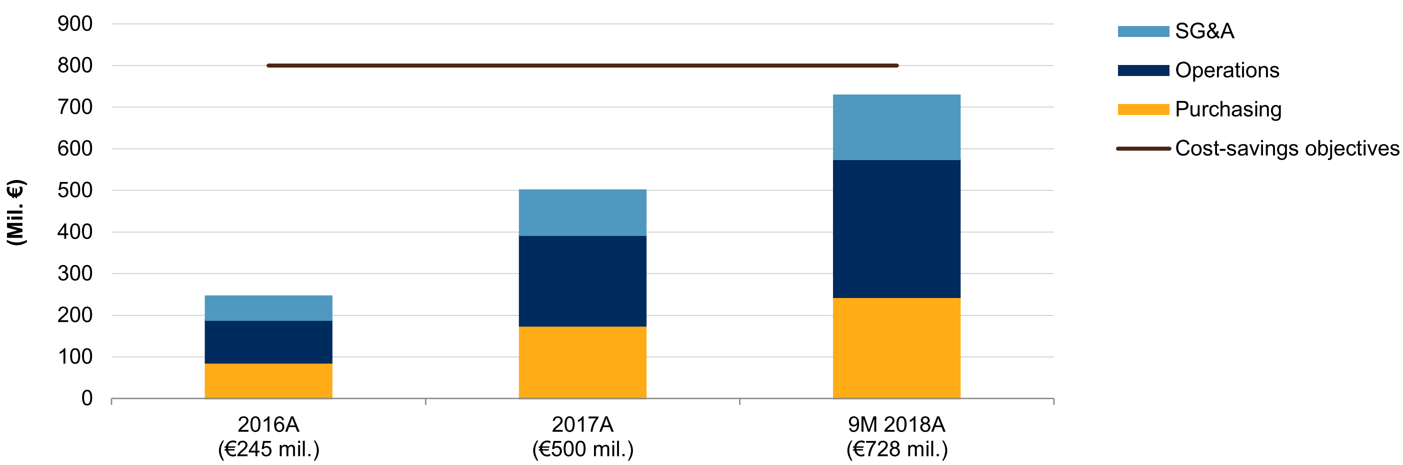
We also see the group's waste activity as exposed to economic cycles, fuel, and prices of recyclates, and the energy business' as exposed to weather conditions and energy prices, which together bring a degree of volatility to group earnings and cash flow generation. In addition, a regulatory push by EU countries to develop environmentally friendly sorting and recycling solutions--rather than opting for burning or landfills, which traditionally have higher margins--has also reduced Veolia's margins in the past years.

Successful implementation of the cost-cutting program drives improvement in profitability and EBITDA growth

Veolia has materially improved its financial position, cost base, and group structure over recent years, thanks to significant asset disposals and about €730 million of cost-cutting over 2016-2018. The group continues to have a strong focus on operating efficiency for the coming years with a new plan to cut costs by €200 million per year from 2019. We view favorably management's track record in carrying out such plans.

Chart 5

Veolia's Cost-Savings Program 2016-2018



Source: S&P Global Ratings. SG&A--Selling, general and administration. A--Actual.

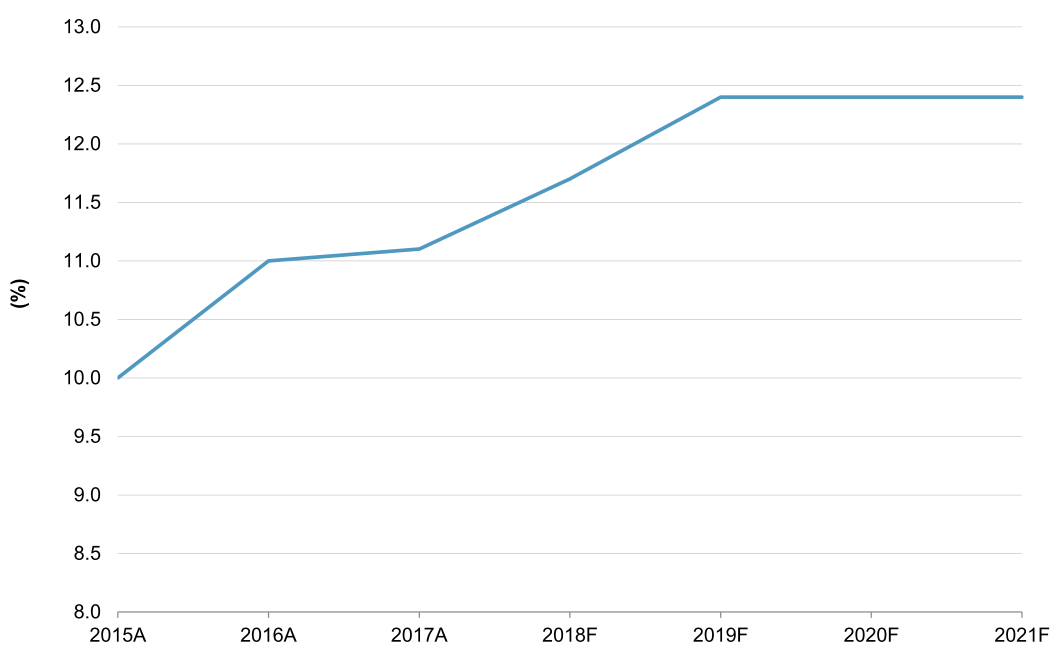
Growth strategy targets high-value services and products, and a rebalancing of the customer base toward industrials

A global trend we see is that industrials in all business sectors are seeking to outsource environmental services that are not part of their core businesses. Veolia's strategy is to increase the contribution of its industrial customers and to move toward more high-value services and products, while prioritizing asset-light models in certain circumstances to preserve cash flows and better share risks. We expect the share of industrial customers to represent about one-half of revenues going forward.

We also think that the group's positioning toward these more complex and higher-added-value services enables improved margins, better resource allocation, and less competition. Veolia's numerous commercial successes, notably in strategic growth markets (oil and gas, circular economy, hazardous pollution, dismantling, and innovative solutions for cities) underpin the company's growth strategy and pipelines and support our expectations of low-single-digit organic revenue growth annually. At the same time, we also see Veolia's strategic adjustment toward emerging markets and industrial clients as somewhat dilutive of its business risk profile. This is notably because it exposes the group to more commercial, contractual, and country risks.

Chart 6

Veolia's EBITDA margin Evolution



Source: S&P Global Ratings. a--Actual. f--Forecast.

Peer comparison

Table 1

Veolia Environnement S.A. -- Peer Comparison

Industry Sector: Energy

	Veolia Environnement S.A.	**Iberdrola S.A.**	**ENGIE SA**	**A2A SpA**	**Hera SpA**
Rating as of Jan. 14, 2019	BBB/Stable/A-2	BBB+/Stable/A-2	A-/Stable/A-2	BBB/Stable/A-2	BBB/Positive/A-2
	--Fiscal year ended Dec. 31, 2017--				
(Mil. €)					
Revenues	25,437.8	31,263.3	65,029.0	5,809.8	5,612.1
EBITDA	3,298.9	7,482.2	9,244.0	1,173.5	924.7
Funds from operations (FFO)	2,507.7	5,684.0	7,636.6	924.7	669.3
Net income from cont. oper.	388.3	3,057.0	1,226.0	384.0	251.4

Table 1

Veolia Environnement S.A. -- Peer Comparison (cont.)					
Cash flow from operations	2,404.6	4,984.2	8,310.6	868.0	786.0
Capital expenditures	1,610.5	6,259.4	5,779.0	454.0	445.8
Free operating cash flow	794.1	(1,275.3)	2,531.6	414.0	340.2
Discretionary cash flow	203.6	(1,566.4)	(267.4)	259.0	199.3
Cash and short-term investments	5,975.8	3,205.1	8,790.0	691.0	450.5
Debt	12,307.8	37,439.9	41,381.7	4,061.7	3,089.2
Equity	7,461.6	42,185.9	41,012.5	3,013.0	2,706.0
Adjusted ratios					
EBITDA margin (%)	13.0	23.9	14.2	20.2	16.5
Return on capital (%)	6.9	4.7	5.7	10.2	9.3
EBITDA interest coverage (x)	5.0	5.8	5.5	9.7	7.4
FFO cash interest coverage (X)	6.3	7.1	11.4	9.1	6.2
Debt/EBITDA (x)	3.7	5.0	4.5	3.5	3.3
FFO/debt (%)	20.4	15.2	18.5	22.8	21.7
Cash flow from operations/debt (%)	19.5	13.3	20.1	21.4	25.4
Free operating cash flow/debt (%)	6.5	(3.4)	6.1	10.2	11.0
Discretionary cash flow/debt (%)	1.7	(4.2)	(0.6)	6.4	6.5

Financial Risk: Significant

Improving credit metrics

We base our assessment of Veolia's financial risk profile on our assumption that the company will maintain its FFO to debt at about 20% over the coming years as well as continue fulfilling its cost-cutting program. We expect the ratio to improve in the next two years on the back of increasing EBITDA, improving financing costs, and broadly stable debt.

Control of cash flows after dividends and debt stability

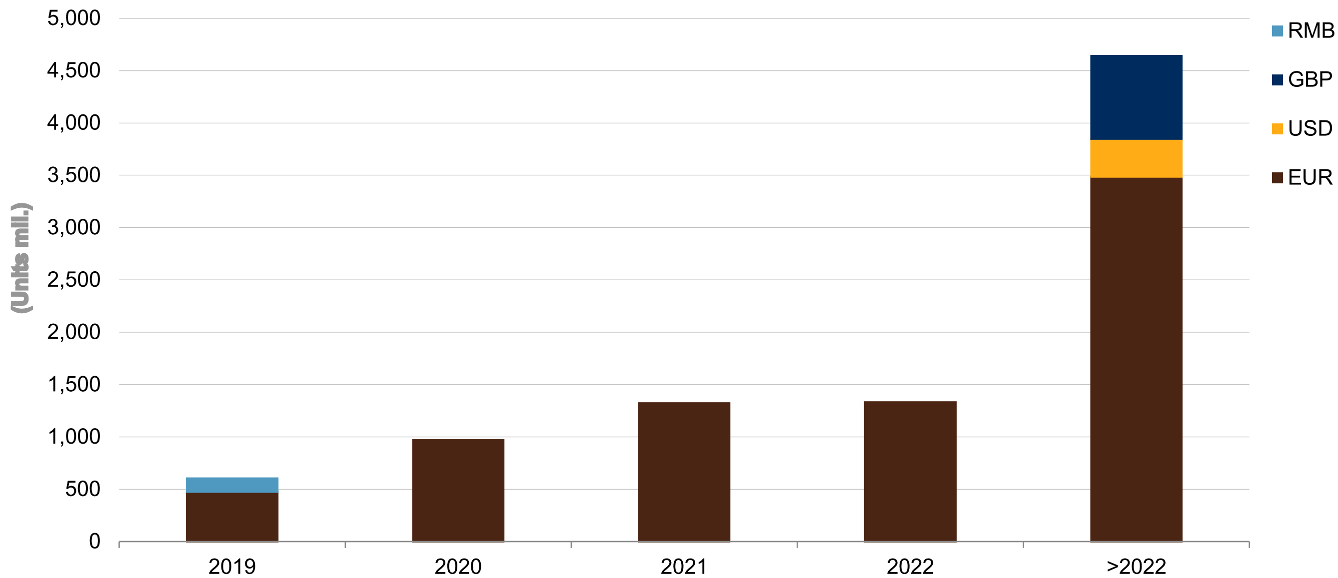
Veolia expects the continuous improvement of its free cash flows since 2015 to continue over the next few years. This growth enables Veolia to fund investments and dividends. Veolia aims at increasing dividend payments in line with net income growth. We view this financial discipline as credit supportive for Veolia. We forecast that in 2018-2021 Veolia will generate positive discretionary cash flow and that its adjusted debt will remain fairly stable.

Prudent and proactive liability management

Management's prudent and active liability management further supports our view of the group's financial risk profile. This is reflected by the group's repayment of hybrids and recently issued €750 million 1.94% bond maturing in 2030. In addition, the cost of debt has been reduced to 4.13% from 5.02% while the average bond maturity stands at about eight years. The recent €750 million five-year bond issuance from January 2019 further supported an improvement in the group's debt profile and cost of debt.

Chart 7

Veolia's Debt Maturity Schedule



Source: Veolia annual report. RMB--Chinese renminbi.

Financial summary

Table 2

Veolia Environnement S.A. -- Financial Summary					
Industry Sector: Energy					
	--Fiscal year ended Dec. 31--				
	2017	**2016**	**2015**	**2014**	**2013**
(Mil. €)					
Revenues	25,437.8	25,305.4	25,867.7	25,027.8	26,480.8
EBITDA	3,298.9	3,312.1	3,288.1	3,088.9	2,920.6
Funds from operations (FFO)	2,507.7	2,485.6	2,460.7	2,159.8	1,937.0
Net income from continuing operations	388.3	383.1	450.2	268.0	(162.6)
Cash flow from operations	2,404.6	2,553.3	2,214.2	2,184.5	2,020.6
Capital expenditures (capex)	1,610.5	1,412.5	1,570.7	1,964.3	1,698.1
Free operating cash flow	794.1	1,140.8	643.5	220.2	322.5
Dividends paid	590.5	523.7	477.3	227.3	183.0
Discretionary cash flow	203.6	617.1	166.3	(7.1)	139.5
Debt	12,307.8	12,340.1	11,964.1	11,637.8	11,850.3
Preferred stock	(1,195.1)	(1,468)	(772)	(735.1)	(735.1)
Equity	7,461.6	7,408.5	8,731.3	8,724.0	8,881.5

Table 2

Veolia Environnement S.A. -- Financial Summary (cont.)					
Industry Sector: Energy					
	--Fiscal year ended Dec. 31--				
	2017	**2016**	**2015**	**2014**	**2013**
(Mil. €)					
Debt and equity	19,769.4	19,748.6	20,695.4	20,361.8	20,731.9
Adjusted ratios					
EBITDA margin (%)	13.0	13.1	12.7	12.3	11.0
EBITDA interest coverage (x)	5.0	5.2	5.4	3.8	3.1
FFO cash int. cov. (x)	6.3	6.4	6.7	5.3	4.1
Debt/EBITDA (x)	3.7	3.7	3.6	3.8	4.1
FFO/debt (%)	20.4	20.1	20.6	18.6	16.3
Cash flow from operations/debt (%)	19.5	20.7	18.5	18.8	17.1
Free operating cash flow/debt (%)	6.5	9.2	5.4	1.9	2.7
Discretionary cash flow/debt (%)	1.7	5.0	1.4	(0.1)	1.2
Net cash flow/capex (%)	119.0	138.9	126.3	98.4	103.3
Return on capital (%)	6.9	6.2	6.1	6.7	5.1
Return on common equity (%)	5.1	4.8	5.4	3.2	(2.1)
Common dividend payout ratio (un-adj.) (%)	130.7	154.1	113.7	97.5	(117.7)

Liquidity: Strong

We assess Veolia's liquidity as strong. According to our projections, sources of funds will exceed uses by more than 1.5x over the next 12 months and by more than 1.0x in the subsequent 12-24 months. In addition, we believe that the group's good access to capital markets, proactive liability management, and solid relationships with banks support its liquidity position. The group's debt is not subject to financial covenants.

Principal Liquidity Sources	Principal Liquidity Uses
• About €3 billion in available cash or highly liquid money market funds as of Sept. 30, 2018. • Nearly €4 billion of available committed credit lines maturing beyond 12 months, including a €3 billion multicurrency syndicated loan maturing in 2022. • Our forecast of annual cash flow from operations of about €3 billion.	• Debt repayment of about €1.6 billion and commercial paper standing at about €3.5 billion. • Our estimate of €1.4 billion in annual capex, including expansion capex. • Dividends of about €600 million to be distributed in 2019.

Debt maturities

- 2019-2020: €1,591 million
- 2021-2022: €2,673 million
- Thereafter: €4,637 million

Environmental, Social, And Governance

Through its environmental activities, Veolia is heavily involved in the development of circular economic activities and environmental considerations are key to the sustainability of the group's business. Water quality and waste management are notably highly scrutinized by consumers and authorities, which could ultimately result in the loss of license to operate or material fines. Although Veolia has a fairly good track record in managing these risks across its very diverse portfolio, we note the group has faced some litigation in the past.

We also believe Veolia's ongoing significant cost-cutting program could have implications on employee morale. Yet we note management's currently good track record of executing this plan.

Finally, we note the significant improvements to internal controls, processes, and reporting achieved by the management team in recent years, which we believe result in reduced risks in local governance or of mismanagement in the company's widely diversified businesses.

Ratings Score Snapshot

Issuer Credit Rating

BBB/Stable/A-2

Business risk: Strong

- **Country risk:** Low
- **Industry risk:** Low
- **Competitive position:** Strong

Financial risk: Significant

- **Cash flow/Leverage:** Significant

Anchor: bbb

Modifiers

- **Diversification/Portfolio effect:** Neutral (no impact)
- **Capital structure:** Neutral (no impact)

- **Financial policy:** Neutral (no impact)
- **Liquidity:** Strong (no impact)
- **Management and governance:** Fair (no impact)
- **Comparable rating analysis:** Neutral (no impact)

Stand-alone credit profile : bbb

Issue Ratings - Subordination Risk Analysis

Capital structure

Following the repayment of its hybrid instruments in April 2018, Veolia's debt solely comprises senior unsecured debt (mostly bonds issued at Veolia's level).

Analytical conclusions

Since there is no marginal debt at subsidiary level, we rate the senior unsecured debt in line with the issuer credit rating.

Reconciliation

Table 3

Reconciliation Of Veolia Environnement S.A. Reported Amounts With S&P Global Ratings' Adjusted Amounts (Mil. €)

	--Fiscal year ended Dec. 31, 2017--									
Veolia Environnement S.A. reported amounts										
	Debt	Shareholders' equity	Revenues	EBITDA	Operating income	Interest expense	EBITDA	Cash flow from operations	Dividends paid	Capital expenditures
Reported	14,281.1	7,502.9	25,124.6	2,780.8	1,186.4	404.7	2,780.8	2,428.0	648.3	1,495.5
S&P Global Ratings' adjustments										
Interest expense (reported)	--	--	--	--	--	--	(404.7)	--	--	--
Interest income (reported)	--	--	--	--	--	--	47.3	--	--	--
Current tax expense (reported)	--	--	--	--	--	--	(184.8)	--	--	--
Trade receivables securitizations	498.8	--	--	--	--	22.8	(22.8)	(85.1)	--	--
Operating leases	1,285.5	--	--	366.8	90.8	90.8	276.0	276.0	--	--
Debt-like hybrids	1,195.1	(1,195.1)	--	--	--	67.8	(67.8)	(67.8)	(67.8)	--
Postretirement benefit obligations/deferred compensation	475.9	--	--	(28.6)	(28.6)	14.5	(41.7)	(2.5)	--	--
Surplus cash	(5,975.8)	--	--	--	--	--	--	--	--	--
Share-based compensation expense	--	--	--	1.4	--	--	1.4	--	--	--
Dividends received from equity investments	--	--	--	81.3	--	--	81.3	--	--	--
Deconsolidation/consolidation	130.0	--	154.0	154.0	74.0	13.0	141.0	156.0	10.0	115.0
Asset retirement obligations	417.3	--	--	--	--	52.8	(41.4)	(7.1)	--	--
Non-operating income (expense)	--	--	--	--	168.5	--	--	--	--	--
Reclassification of interest and dividend cash flows	--	--	--	--	--	--	--	(452)	--	--
Non-controlling interest/minority interest	--	1,153.8	--	--	--	--	--	--	--	--
Revenues - Other	--	--	159.2	159.2	159.2	--	159.2	--	--	--
EBITDA - Other	--	--	--	(216)	(216)	--	(216)	--	--	--
D&A - Impairment charges/(reversals)	--	--	--	--	38.9	--	--	--	--	--
D&A - Other	--	--	--	--	(37.5)	--	--	--	--	--
OCF - Other	--	--	--	--	--	--	--	159.2	--	--
Total adjustments	(1,973.3)	(41.3)	313.2	518.1	249.3	261.6	(273.1)	(23.4)	(57.8)	115.0
S&P Global Ratings' adjusted amounts										
	Debt	Equity	Revenues	EBITDA	EBIT	Interest expense	Funds from operations	Cash flow from operations	Dividends paid	Capital expenditures
Adjusted	12,307.8	7,461.6	25,437.8	3,298.9	1,435.7	666.3	2,507.7	2,404.6	590.5	1,610.5

Related Criteria

- General Criteria: Methodology And Assumptions: Assigning Equity Content To Hybrid Capital Instruments Issued By Corporate Entities And Other Issuers Not Subject To Prudential Regulation, Jan. 16, 2018
- ARCHIVE - Criteria - Corporates - General: Reflecting Subordination Risk In Corporate Issue Ratings, Sept. 21, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- Criteria - Corporates - Industrials: Key Credit Factors For The Environmental Services Industry, Feb. 12, 2014
- Criteria | Corporates | General: Corporate Methodology, Nov. 19, 2013
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, Nov. 19, 2013
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- Criteria - Corporates - Utilities: Key Credit Factors For The Regulated Utilities Industry, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
- General Criteria: Criteria Clarification On Hybrid Capital Step-Ups, Call Options, And Replacement Provisions, Oct. 22, 2012
- Criteria - Financial Institutions - General: Methodology: Hybrid Capital Issue Features: Update On Dividend Stoppers, Look-Backs, And Pushers, Feb. 10, 2010
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009
- Criteria - Insurance - General: Hybrid Capital Handbook: September 2008 Edition, Sept. 15, 2008

Business And Financial Risk Matrix

	Financial Risk Profile					
Business Risk Profile	Minimal	Modest	Intermediate	**Significant**	Aggressive	Highly leveraged
Excellent	aaa/aa+	aa	a+/a	a-	bbb	bbb-/bb+
Strong	aa/aa-	a+/a	a-/bbb+	**bbb**	bb+	bb
Satisfactory	a/a-	bbb+	bbb/bbb-	bbb-/bb+	bb	b+
Fair	bbb/bbb-	bbb-	bb+	bb	bb-	b
Weak	bb+	bb+	bb	bb-	b+	b/b-
Vulnerable	bb-	bb-	bb-/b+	b+	b	b-

Ratings Detail (As Of January 25, 2019)

Veolia Environnement S.A.	
Issuer Credit Rating	BBB/Stable/A-2
Commercial Paper	
Local Currency	A-2
Senior Unsecured	BBB
Short-Term Debt	A-2
Issuer Credit Ratings History	
06-May-2015	BBB/Stable/A-2
15-Nov-2013	BBB/Negative/A-2
10-Oct-2012	BBB+/Negative/A-2

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

Additional Contact:
Industrial Ratings Europe; Corporate_Admin_London@spglobal.com