



# Creating the World Champion of Ecological Transformation

*Leveraging unique industrial  
and geographical complementarities*



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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.

# Creating the World Champion of the Ecological Transformation

## Key steps of the transaction

- **6 Oct. 2020: Veolia has acquired 29.9% of Suez's capital from Engie at €18 per share (coupon attached), paid in cash, for a total consideration of €3.4bn**
  - ✓ Premium of 75% over the unaffected price of July 30, 2020
- **Veolia has the intention to launch a voluntary tender offer on Suez's remaining share capital (70.1%) at €18 per share (coupon attached) once our project is accepted by Suez's Board of Directors<sup>(1)</sup>**
- Filing of tender offer after information-consultation of employee representative bodies, customary regulatory approvals and review by antitrust authorities
- Disposals / remedies

(1) See details in Veolia press release of October 5th

# Creating the World Champion of the Ecological Transformation

## A transaction benefitting all stakeholders

### A UNIQUE OPPORTUNITY TO CREATE THE WORLD LEADER OF THE ECOLOGICAL TRANSFORMATION

- ✓ Climate Change emergency facing our planet and societies
- ✓ Become a leader of the European Green Deal and of other local environmental initiatives and green stimulus packages

### A UNIQUE COMPLEMENTARITY OF ASSETS, GEOGRAPHIES, KNOW-HOWS, TECHNOLOGIES AND CLIENTS

### AN ACCELERATION OF THE EXECUTION OF BOTH GROUPS STRATEGIES

- ✓ Creating a combined entity able to offer better services to its clients
- ✓ Based on a strong cultural fit between Veolia and Suez, with high confidence in successful integration

### A STRONG VALUE CREATION FOR ALL STAKEHOLDERS

- ✓ For clients : an innovative offering to accelerate our clients' environmental transition
- ✓ For employees : new expanding opportunities
- ✓ For shareholders : double-digit EPS accretion, while maintaining a solid investment grade rating

# Creating the World Champion of the Ecological Transformation

## Highly supportive accelerating mega trends



### CLIMATE CHANGE

the defining issue of our time



### RESOURCE EFFICIENCY

water scarcity, food chain



### EUROPEAN GREEN DEAL



### URBANIZATION

growing citizen awareness



### DIGITALIZATION

### ADRESSABLE INTERNATIONAL MARKET SIZE €1 400BN

Water >€600bn

Waste >€400bn

Energy services >€400bn

**The combination of Veolia and Suez will create  
the main player in a global fragmented market**

# Creating the World Champion of the Ecological Transformation

## Aligned and converging strategies ...

### VEOLIA STRATEGIC PLAN IMPACT 2023



Be the benchmark company  
for ecological transformation

Accelerate growth outside Europe

Focus on high value-added activities  
(hazardous waste, industrial ecology...)  
and continued rebalancing of industrial  
and municipal client base

Best-in-class efficiencies  
(€1bn cost savings by 2023)

### SUEZ STRATEGIC PLAN SHAPING 2030



The global leader  
in environmental services by 2030

Grow international activities  
from 38% to 60%

Reinforce industrial client base  
from 40% to more than 50%

Increase profitability  
with a €1bn cost savings plan by 2023

**Aligned strategies to address  
the global ecological transition challenges**



# Creating the World Champion of the Ecological Transformation ... and complementary assets

## A compelling geographical combination

- ✓ Veolia & Suez are World Leaders with a current combined market share of less than 5%
- ✓ Strategic capacities internationally with leading positions in locations with further growth potential

## Complementary geographical/business footprint

- ✓ Complementary geographies in Europe
- ✓ Step-change presence in Rest of the World segments : +50%, and complementary activities by country

## Well-identified antitrust issues and remedies in France and very limited outside France

- ✓ In France, partnership with Meridiam, a world leader in long term infrastructure management, to acquire Suez's Water assets

**An unprecedented opportunity  
accelerating the strategic roadmap**

# Creating the World Champion of the Ecological Transformation

## An improved global geographical footprint

Based on 2019 financials

### Europe – €22.5bn<sup>(1)</sup>

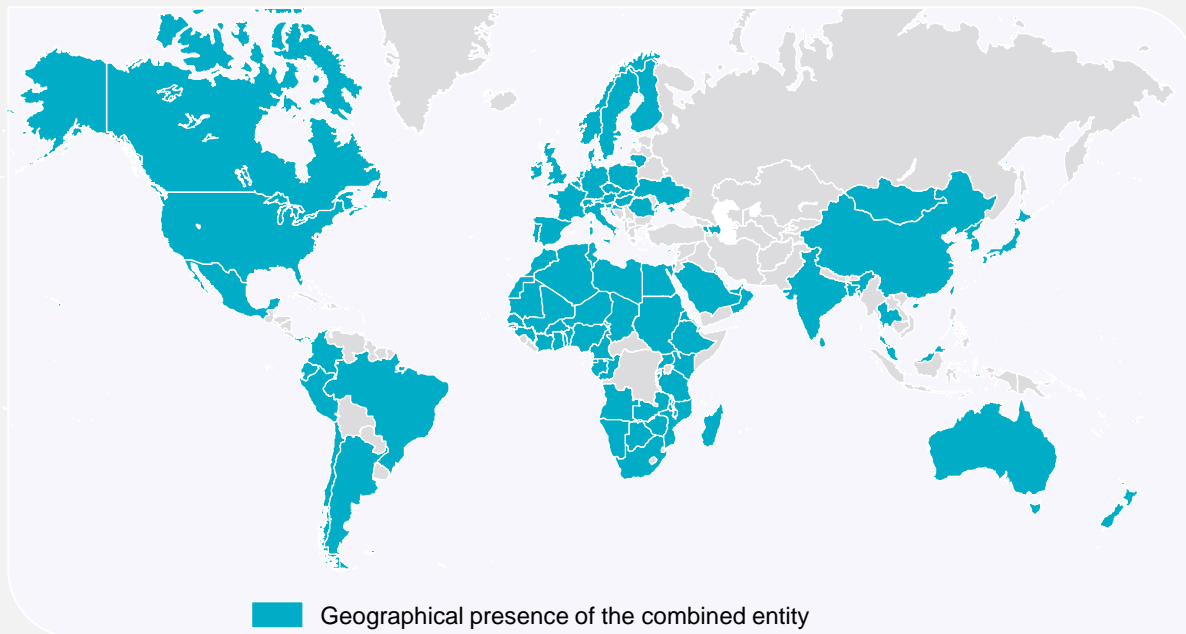
(€bn)	Suez	Veolia
Total Revenue	10.8	15.7
% Suez		41%
% Veolia		59%

### North America – €3.2bn

(€bn)	Suez	Veolia
Total Revenue	1.0	2.2
% Suez		32%
% Veolia		68%

### Latin America – €1.8bn

(€bn)	Suez	Veolia
Total Revenue	0.9	0.9
% Suez		52%
% Veolia		48%



### Worldwide Activities – €6.7bn

(€bn)	Suez	Veolia
Total Revenue	2.6	4.1
% Suez		39%
% Veolia		61%

### Asia – €2.7bn

(€bn)	Suez	Veolia
Total Revenue	0.5	2.1
% Suez		20%
% Veolia		80%

### Australia – €1.9bn<sup>(1)</sup>

(€bn)	Suez	Veolia
Total Revenue	1.0	1.1
% Suez		48%
% Veolia		52%

### AME – €2.2bn

(€bn)	Suez	Veolia
Total Revenue	1.1	1.1
% Suez		51%
% Veolia		49%



(1) Total revenue per geographies post estimated anti-trust disposals



## Creating the World Champion of the Ecological Transformation

A unique opportunity to implement and accelerate our clients' transition towards environmental efficiency

An innovative offering to accelerate our clients' transition towards environmental efficiency...

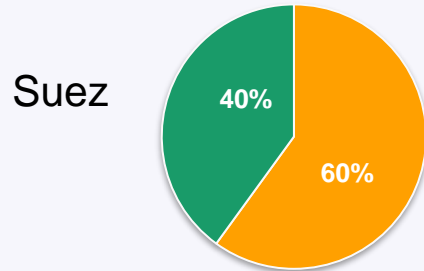
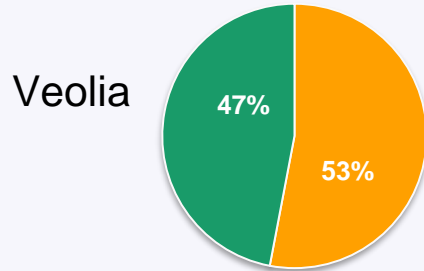
- ✓ Municipal clients: a diversified environmental player capable of offering all types of contractual models: regulated, concession, BOT, DBO, consulting, O&M, service
- ✓ Industrial clients : hazardous waste, circular economy, water re-use solutions
- ✓ Tertiary clients : energy efficiency solutions
- ✓ An innovative technological arm in Water : cutting-edge waste water treatment technologies, desalination, mobile solutions, to address industrial and municipal environmental challenges
- ✓ R&D : capacity to deploy innovative offerings thanks to global market footprint

...Combined with cutting-edge expertise in all water, waste and energy technologies

- ✓ Large technology offering in the market due to complementarity of portfolios
- ✓ Technical competencies and know-how to improve clients' performance
- ✓ Improved digital tools to optimize functioning of facilities and accompany cities in their digital transformation

# Creating the World Champion of the Ecological Transformation

## Complementary clients

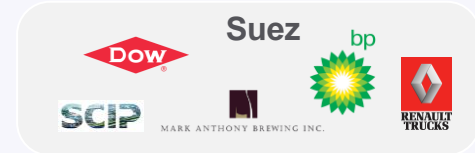


■ Municipal  
■ Industrial

### COMPLEMENTARY REGIONAL AND GLOBAL PARTNERSHIPS



### NEW GLOBAL ACCOUNTS ON INDUSTRIAL PARKS



### A STRONG GLOBAL COMMERCIAL NETWORK

- ✓ A larger global account coverage due to sharing of Key Account Managers and sector expertise

### A MAJORITY OF LONG TERM CONTRACTS

## Creating the World Champion of the Ecological Transformation

Key developments aligned with European Green Deal objectives and other Green stimulus packages

The combined Group will become a **leading player for the EU Green Deal**, able to carry out large « green » projects: water treatment, waste recycling, RDF, energy efficiency, energy conversion

### Key development focus:

- ✓ New pollution treatment solutions for water (micro pollutants), air and soils
- ✓ Lithium battery recycling and hazardous waste recycling
- ✓ Buildings energy efficiency and greening of district heating and cooling networks
- ✓ Circular economy acceleration : plastic recycling, water reuse, waste heat recovery
- ✓ Development of alternative clean energy : biomass, RDF (refuse derived fuel)

## **Creating the World Champion of the Ecological Transformation**

**A strategic and cultural fit for a successful integration**

**Similar corporate cultures and converging strategies**

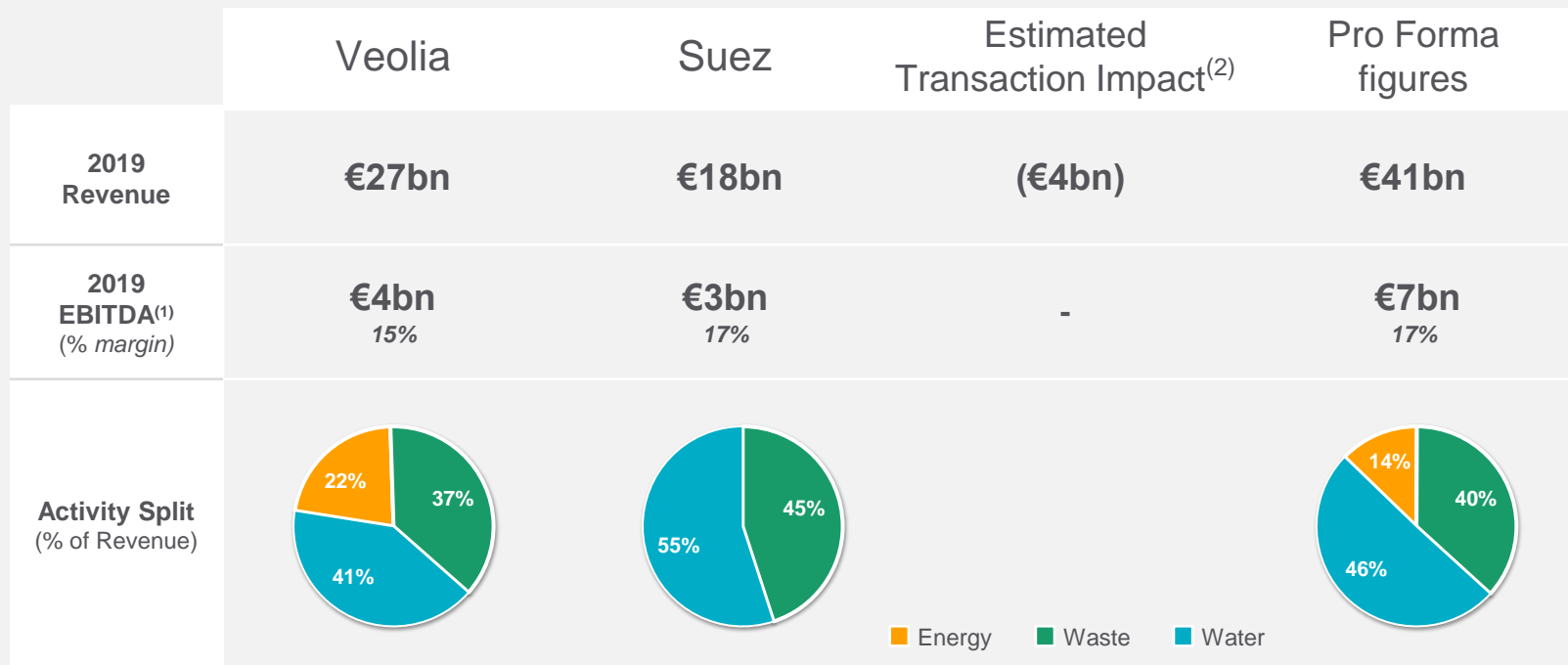
**A strong track record of execution and delivery**

**Additional opportunities for all employees of the enlarged group**

**A long history of addressing both municipal  
and industrial environmental issues**

# Creating the World Champion of the Ecological Transformation

## Enhanced financial profile

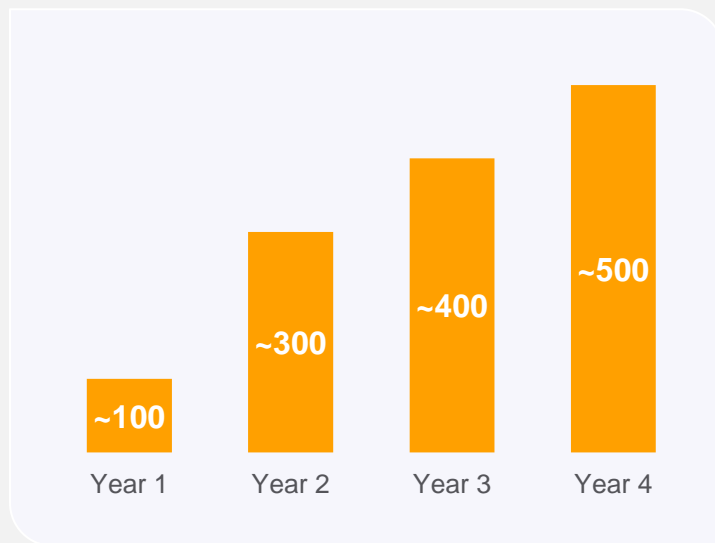


(1) Veolia's definition of EBITDA

(2) Including €500M run-rate cost synergies and impact of anti-trust remedies

## Creating the World Champion of the Ecological Transformation

### Well-identified and executable cost synergies of €500m



#### Share all best practices

##### Operational efficiencies

- ✓ Benchmark of performance
- ✓ Industrial optimization
- ✓ Eg : SARP/ Osis



##### Procurement

##### Internalization of volumes

##### Fleet optimization

##### IT

**€500M of cost synergies (taken into account in the €15.5 per share price), achieved over 4 years following the closing**  
**Complementing the existing Veolia and Suez Efficiency programs**



# Creating the World Champion of the Ecological Transformation

## Veolia's solid financing structure

### Strong cash position and large group liquidity

- ✓ €12.1bn liquidity available as of Jun-20, including €7.9bn of cash and €4.2bn in undrawn confirmed credit lines without disruptive covenants

### Attractive financing environment

- ✓ January issuance of €500M bond: 0.664% - 11 years
- ✓ April issuance of €700M mid term notes: 1.25% - 8 years
- ✓ June issuance of €500M bond: 0.80% - 11.5 years
- ✓ October issuance of €2bn hybrid bond in 2 tranches : 850 million bearing a coupon of 2.25 % until its first reset date in April 2026, and 1150 million bearing a coupon of 2.50 % until its first reset date in April 2029.

### Robust balance sheet

- ✓ Commitment to maintain solid investment grade rating

**A straightforward financing thanks to  
Veolia financial headroom and some asset divestitures**

# Creating the World Champion of the Ecological Transformation

## Strong value creation potential

### Significant Cost Synergy Potential

Estimated €500M run-rate synergies at EBITDA level implemented over 3 to 4 years following the closing  
EBITDA margin accretion through synergies and operational gearing

### EPS Accretion

EPS<sup>(1)</sup> accretive from year 1 and high double-digit from year 3 onwards (after integration)

### Preserved Financial Robustness

Financing designed to maintain strong investment grade rating  
Attractive financing environment

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# A STRONG VALUE CREATION FOR ALL STAKEHOLDERS



1. Our stakeholders
2. Our performance
3. Our commitments
4. Our goals

## UN Sustainable Development Goals (SDGs)

Veolia plays a part in all 17 SDGs at different levels and has a direct impact in 13 of them.



5 stakeholders  
18 KPIs  
All KPIs audited

