UPDATE TO THE REGISTRATION DOCUMENT 2017

Half-yearly financial report 2018

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

The Update to the 2017 Registration Document (*Document de référence*) was filed with the *Autorité des Marches Financiers* (AMF, the French Financial Markets Authority) on August 2, 2018, in accordance with Article 212-13 of the AMF's General Regulations. This Update supplements the Veolia Environnement 2017 Registration Document filed with the AMF on March 13, 2018 under number D.18-0125. This Update has been prepared by the issuer and its signatories are responsible for its content. The Registration Document and its updates may be used in connection with a financial transaction if they are supplemented by a prospectus (*note d'opération*) approved by the AMF.

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KEY FIGURES – SELECTED FINANCIAL INFORMATION

(en millions d'euros)	**06/30/2018**	12/31/2017 re-presented(5)	06/30/2017 re-presented(5)	12/31/2016 published(6)
Revenue	12,564.5	24,818.4	12,186.5	24,187.0
EBITDA	1,672.8	3,217.1	1,613.8	3,219.4
Current EBIT	791.7	1,497.3	759.9	1,460.2
Current net income - Group share	328.9	613.6	289.6	596.6
Operating Cash flow before changes in working capital	1,327.3	2,615.1	1,319.2	2,610.2
Operating income (1)	729.0	1,262.6	634.1	1,193.3
Net income - Group share	225.4	397.7	198.5	383.1
Dividends paid (2)	-462.6	-439.7	-439.7	-401.2
dividend per share paid during the fiscal year (in euros)	0.84	0.84	0.80	0.80
Total Assets	35,792.2	38,278.7	37,226.2	37,949.2
Net financial debt	-10,609.0	-7,833.2	-8,553.2	-7,812.1
Industrial investments (including new operating financial assets) (3)	-711.8	-1,738.0	-592.8	-1 ,597.2
Net Free Cash Flow (4)	-321.2	-618.7	-193.5	940.3

(1) Operating income after share of net income (loss) of equity-accounted entities does not include capital gains or losses on financial divestitures, booked in other financial income and expenses.

(2) Dividends paid by the parent company.

(3) Industrial investments excluding discontinued operations.

(4) Net free cash flow corresponds to free cash flow from continuing operations, and is calculated by: the sum of EBITDA, dividends received from joint ventures, operating cash flow from financing activities, and changes in working capital for operations, less net industrial investments, current cash financial expense, cash taxes paid, cash restructuring charges, acquisition and disposal costs, and renewal expenses.

(5) Pro forma scope figures is represented for reclassification of Gabon operations into discontinued operations and IFRS9.

(6) 2017 Registration document published.

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SHARE CAPITAL AND OWNERSHIP

(CHAPTER 2 OF THE 2017 REGISTRATION DOCUMENT)

2.1 Information on the share capital and stock market data

2.1.1 SHARE CAPITAL

As of June 30, 2018, Veolia Environnement's[1] share capital was €2,816,824,115, divided into 563,364,823 fully paid-up shares of the same class, with a par value of €5 each.

As of the date of filing of the Update to the Registration Document, the Company's share capital is unchanged.

[1] *In this Update to the Registration Document, unless otherwise indicated, the term Company refers to the public limited company Veolia Environnement, and the terms Group and Veolia refer to Veolia Environnement and its direct and indirect consolidated subsidiaries*

2.1.2 MARKET FOR THE COMPANY'S SHARES

The Company's shares have been admitted to trading on the Euronext Paris regulated market (Compartment A) since July 20, 2000, under ISIN code FR 0000124141-VIE, Reuters code VIE. PA and Bloomberg code VIE. FP. Veolia Environnement securities are eligible for deferred settlement (Service de Règlement Différé or "SRD").

The Company's shares have been included in the CAC 40, the main share index published by NYSE Euronext Paris, since August 8, 2001.

The table below presents high and low share prices and trading volumes in Veolia Environnement shares on the Euronext Paris regulated market over the past eighteen months.

Euronext Paris

	Share price (in euros)		
Year (month)	High	Low	Trading volume
2018			
June	19.875	18.035	41,559,639
May	20.780	19.330	51,415,183
April	19.760	18.750	31,246,058
March	20.210	18.570	45,689,036
February	20.490	18.835	44,725,189
January	22.290	20.000	50,960,635
2017			
December	21.620	20.700	36,655,349
November	21.480	20.335	40,298,528
October	20.490	19.390	34,199,024
September	20.150	18.995	38,786,358
August	19.775	18.810	37,642,845
July	19.550	18.370	36,725,627
June	19.860	18.450	53,110,452
May	20.145	17.285	67,224,589
April	17.685	16.775	53,488,564
March	17.560	15.285	66,235,657
February	16.425	15.005	63,191,409
January	16.540	15.025	59,872,650

Source : Bloomberg.

Following the delisting by Veolia Environnement of its American Depositary Receipts (ADRs) from the New York Stock Exchange (NYSE), the final listing of the ADRs on the NYSE occurred on December 22, 2014. Since this date, the ADRs are traded on the US over-the-counter market under the code VEOEY. The ADR program is managed by Deutsche Bank as a sponsored level 1 facility.

2.1.3 NON-EQUITY SECURITIES

EMTN program

In June 2001, a Euro Medium Term Note (EMTN) program was set-up for a maximum amount of €4 billion.

This maximum amount was raised to €16 billion on July 13, 2009.

The main outstanding bond issues performed under the EMTN program as of June 30, 2018 are as follows:

Issue date	Currency	Nominal issue amount *(in millions of currency units)*	Additional drawdowns/ partial repurchases	Nominal amount outstanding as of June 30, 2018 *(in millions of currency units)*	Interest rate	Maturity
November 25, 2003	EUR	700		700	6.125 %	November 25, 2033
December 12, 2005	EUR	600				
June 2013	EUR		(109)			
December 2013	EUR		(60)	431	4.375 %	December 11, 2020
May 24, 2007	EUR	1,000				
December 2013	EUR		(150)			
April 2015	EUR		(205)	645	5.125 %	May 24, 2022
October 29, 2007	GBP	500				
January 7, 2008	GBP		150	650	6.125 %	October 29, 2037
April 24, 2009	EUR	750				
November 2014	EUR		(175)			
April 2015	EUR		(113)	462	6.75 %	April 24, 2019
July 6, 2010	EUR	834				
April 2015	EUR		(196)	638	4.247 %	January 6, 2021
March 30, 2012	EUR	750		750	4.625 %	March 30, 2027
April 9, 2015	EUR	500		500	1.59 %	January 10, 2028
October 4, 2016	EUR	600		600	0.314 %	October 4, 2023
October 4, 2016	EUR	500		500	0.927 %	January 4, 2029
March 30, 2017	EUR	650		650	0.672 %	March 30, 2022
March 30, 2017	EUR	650		650	1.496 %	November 30, 2026
November 21, 2017	EUR	500		500	0%	November 23, 2020

As of June 30, 2018, the total nominal outstanding amount under the EMTN program was €7,760 million, including €7,298 million maturing in more than one year.

Offering of bonds convertible into and/or exchangeable for new and/or existing shares (OCEANE)

On March 8, 2016, Veolia Environnement completed an offering of bonds convertible and/or exchangeable for new and/or existing shares ("OCEANEs") maturing March 15, 2021 by way of a private placement without shareholders' preferential subscription rights, of a nominal amount of approximately €700 million. The bonds will not bear interest and the issue price was set at 102.75% of par, corresponding to an annual gross yield to maturity of -0.54%. The bonds have a nominal unit value of €29.99 representing a premium of 47.5% above the Company's reference share price on the issue date.

As of June 30, 2018, the total nominal outstanding amount was €700 million and will mature in more than one year.

Public issue on the US market

On May 28, 2008, Veolia Environnement performed a triple-tranche bond issue registered with the US Securities and Exchange Commission for an amount of US$ 1.8 billion, paying fixed-rate interest. The first tranche of the issue paid interest of 5.25% and matured on June 3, 2013. On December 19, 2014, Veolia Environnement redeemed early the outstanding balance of the second tranche, paying interest of 6.00% and maturing in June 2018. Only the third tranche (US$ 400 million) which pays interest of 6.75% and matures in June 2038 remains outstanding.

As of June 30, 2018, the total nominal outstanding amount was US$ 400 million (€343 million euro-equivalent) and will mature in more than one year.

Bond issue program on the Chinese domestic market (Panda Bonds)

On August 16, 2016, Veolia Environnement recorded with the National Association of Financial Market Institutional Investors, a bond issue program on the Chinese domestic market with a maturity of two years and a maximum nominal amount of 15 billion renminbi.

Under this program, Veolia Environnement performed a one billion renminbi bond issue on September 1, 2016, through a private placement with Chinese and institutional investors. The bond issue matures on September 2, 2019 and pays a coupon of 3.5%.

As of June 30, 2018, the total nominal outstanding amount was one billion renminbi (€129 million euro-equivalent) and will mature in more than one year.

Commercial paper

Veolia Environnement has a short-term financing program comprising commercial paper, capped at €4 billion.

As of June 30, 2018, the total outstanding amount of commercial paper issued by the Company was €3,475 million.

2.2 Veolia Environnement shareholders

2.2.1 SHAREHOLDERS AS OF JUNE 30, 2018

The table below presents the number of shares and the corresponding percentage of share capital and voting rights held as of June 30, 2018 by Veolia Environnement's principal known shareholders.

A double voting right was introduced on April 3, 2016 for shares held in registered form by the same shareholder for at least two years, in accordance with the Florange Law of March 29, 2014.

To the best of the Company's knowledge, as of the date of this Update to the Registration Document, no shareholder other than those listed in the table below directly or indirectly held 4% or more of the Company's share capital or voting rights.

Shareholders as of June 30, 2018	Number of shares	% of share capital	Theoretical number of voting rights	Number of voting rights that may be exercised	% of voting rights**
Franklin Resources[1]	42,501,562	7.54	42,501,562	42,501,562	7.28
Blackrock[2]	29,789,647	5.29	29,789,647	29,789,647	5.11
Caisse des dépôts[3]	26,036,119 [5]	4.62	52,072,238	52,072,238	8.92
Veolia Environnement[4]	12,675,431*	2.25	12,675,431*	0**	0**
Public and other investors	452,362,064	80.30	459,232,487	459,232,487	78.69
Total	**563,364,823**	**100.00**	**596,271,365**	**583,595,934**	**100.00**

* *As of June 30, 2018, Veolia Environnement held 12,675,431 treasury shares.*

** *Percentage of voting rights as a proportion of effective voting rights (Veolia Environnement treasury shares do not exercise voting rights).*

(1) *According to the notification to the Company on July 23, 2018 that it had a crossed a bylaws reporting threshold. To the best of the Company's knowledge, the most recent declaration of threshold crossing by Franklin Resources was filed on February 13, 2018 (AMF Decision and Information no. 218C0439 dated February 16, 2018).*

(2) *According to the most recent declaration of threshold crossing by Blackrock filed on July 13, 2018 (AMF Decision and Information no. 218C1298 dated July 16, 2018). Between February 26, 2016 and July 13, 2018, Blackrock filed several declarations that it had crossed, upwards or downwards, the legal 5% share capital and/or voting rights threshold (see AMF Decisions and Information no. 218C0515, no. 218C0604, no. 218C0620, no. 218C0799, no. 218C0807, no. 218C0849, no. 218C0851, no. 218C0861, no. 218C0868, no. 218C0875, no. 218C0978, no. 218C0986, no. 218C1210, no. 218C1228 and no. 218C1298).*

(3) *According to the statement of registered shareholders as of June 30, 2018 prepared by Société Générale (the account manager). To the best of the Company's knowledge, the most recent declaration of threshold crossing by Caisse des Dépôts et Consignations was filed on September 23, 2016 (AMF Decision and Information no. 216C2179 of September 26, 2016).*

(4) *Treasury shares without voting rights. This information is included in the monthly report of transactions carried out by Veolia Environnement in its own shares that was filed with the French Financial Markets Authority (AMF) on July 9, 2018.*

(5) *Shares held in registered form for more than two years.*

To the best of the Company's knowledge, there are no agreements between one or more of the Company's shareholders and no shareholders' agreements or agreements to which the Company is a party, that could have a material impact on the Company's share price, and there are no shareholders' agreements or other agreements of such nature to which any significant non-listed subsidiary of the Company is a party, other than the call options entered into with EDF, described in Chapter 4, Section 4.1 (Note 3.3.1 to the consolidated financial statements) and Chapter 8, Section 8.3 of the 2017 Registration Document and Chapter 4, Section 4.1 below (Note 3.3.1 to the consolidated financial statements) of this Update to the Registration Document.

No third party controls Veolia Environnement and, to the Company's knowledge, there are no agreements that, if implemented, could result in a change of control or takeover of the Company.

2.3 Dividend policy

2.3.1 DIVIDENDS PAID DURING THE LAST FIVE FISCAL YEARS

(in euros)	2013 Dividend	2014 Dividend	2015 Dividend	2016 Dividend	2017 Dividend
Gross dividend per share	0.70	0.70	0.73	0.80	0.84
Net dividend per share	0.70*	0.70*	0.73*	0.80*	0.84*
TOTAL DIVIDEND DISTRIBUTION **	**374,246,447**	**383,952,678**	**401,183,799**	**439,772,185**	**462,685,249**

* *The dividend is eligible for the 40% tax rebate.*

** *Amount paid by the Company.*

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OPERATING AND FINANCIAL REVIEW

(CHAPTER 3 OF THE 2017 REGISTRATION DOCUMENT)

3.1 Major events of the period

3.1.1 GENERAL CONTEXT

The Group's performance for the half-year ended June 30, 2018 was marked mainly by:

- Accelerated revenue growth: +6.0% at constant exchange rates to €12,564.5 million and organic growth of +4.1%
  - 7th quarter in a row of growth,
  - Acceleration of Q2 revenue growth excluding construction and energy prices: +5.3% at constant exchange rates, after +4.6% at constant exchange rates in Q1 2018;
  - Continued sustained growth in Q2: 5.1% at constant exchange rate, after 7.0% in Q1 2018 and 4.9% in 2017 year ended;
- Strong growth in waste volumes and good commercial momentum growth partially offset by a decrease of construction activity and a negative climate impact in Water and Energy in Q2
  - Strong growth of waste volumes (+4.0% in H1 2018) partially offset by declining recyclate prices (impact of -0.5% on revenue in H1 2018);
  - Satisfactory contractual renegotiations in Water and Waste ;
  - Continued sustained growth outside France, with double-digit growth in the Rest of the world;
  - France Water activity increase due to tariff indexation of 0.6% in H1 2018 despite a negative climate impact on volumes of Water distributed on Q2;
  - Global Businesses: slow start-up of signed projects and a stronger selectivity on opportunities offset by strong growth of hazardous waste on H1 2018.

- Strong results performance:
  - EBITDA up 5.8% at constant exchange rates to €1,672.8 million (+5.3% in Q1 2018), driven by revenue growth and efficiency gains (+€78.0 million on Q2 2018 and +€70.0 million on Q1 2018);
  - Current EBIT up +6.8% at constant exchange rates to €791.7 million (+6.9% at constant exchange rates in the first quarter);
  - Current net income attributable to owners of the Company of €329 million up to 19% at constant exchange rates (€55 million) and +13.3% at constant exchange rates excluding capital gains and losses on financial divestitures;
  - Net financial debt of €10,609 million (including hybrid debt repayments of €1,452 million which occured in april 2018).

3.1.2 CHANGES IN GROUP STRUCTURE

COMMERCIAL DEVELOPMENTS

The Group's strong 2017 commercial momentum continued in the first-half of 2018, with a good start of commercial developments.

Notably in the industrial market, the Group won a multi-utility contract in Energy (O&M of a cogeneration plant) and in waste processing for the Dow DuPont site in Virginia (United States). In France, the Group was selected to renovate and operate energy installations at the Arcelor Mittal site in Fos-sur-Mer (€450 million contract over 20 years). In addition, the Group and EDF entered into a partnership agreement to co-develop remote control solutions for dismantling natural uranium graphite gas reactors and for vitrifying radioactive waste, in France and worldwide.

In the municipal market, Veolia - in France - through its subsidiary, SNVE, renewed the public service delegation agreement for the operation of the waste-to-energy plant in Rouen (contract for six and a half years, representing cumulative revenue of €116 million) and won the delegated public service concession agreement for wastewater treatment and rainwater management with the City of Bordeaux through Veolia Eau France (€352 million contract over 7 years). Outside France, the Dhaka Water Supply and Sewerage Authority (WASA), the authority in charge of drinking water and wastewater management for the Bangladeshi capital, chose Veolia and Suez to build and operate the Gandharbpur drinking water treatment plant.

Acquisitions

Grupo Sala in Columbia

On May 15, 2018, Veolia Holding America Latina acquired Grupo Sala in Columbia, a group of companies specialized in Waste and Water businesses in Bogota, for €167 million of financial investments[(1)]

Buyout of minority interests in the Czech Republic

On April 26, 2018, Veolia Energie International S.A. acquired a 10% stake in Veolia Energie Ceska Republika a.s., from DCR Investment a.s. for a consideration of €85 million. This acquisition increases Veolia Energie International S.A.'s stake in Veolia Energie Ceska Republika a.s. from 73% to 83%.

Acquisition of ACPTCL (India)

On May 29, 2018, Veolia India acquired 70% of ACPTCL, a company specializing in hazardous waste processing in the Indian province of Gujarat, for €43 million of financial investments[(1)]

Divestitures

Industrial Services in the United States

On January 19, 2018, Veolia ES North America signed a sales agreement with Clean Harbors for its industrial cleaning business. The transaction was completed on February 23, 2018 for a consideration of USD 120 million, generating a pre-tax capital gain on disposal of €36 million in the consolidated financial statements.

3.1.2 GROUP FINANCING

REDEMPTION OF THE DEEPLY SUBORDINATED PERPETIAL SECURITIES

On April 16, 2018, Veolia redeemed its deeply subordinated perpetual securities (hybrid) denominated in euros and pound sterling issued on January 23, 2013 in the nominal amount of €1 billion and GBP 400 million (ie. €1,452 million)

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

Change in bonds outstanding

On May 28, 2018, Veolia Environnement repaid a euro-denominated bond line with a nominal value of €472 million.

Confirmation of the credit outlook

In June 2018, Moodys confirmed Veolia Environnement's credit rating at P-2/Baa1 with a stable outlook. For reminder, the S&P rating is A-2 / BBB with a stable perspective.

Dividend payment

The Combined General Meeting of April 19, 2018 set the dividend for fiscal year 2017 at €0.84 per share, an increase of +5% on 2016. This dividend was paid in cash on May 16, 2018 in the total amount of €463 million.

3.1.4 CHANGES IN GOVERNANCE

EVOLUTION OF EXECUTIVE COMMITTEE

On July 23, the Group announces nomination of Estelle Brachianoff as Vice President in charge of operations and Claude Laruelle as Vice President in charge of finance. Those appointments take effect on September 1, 2018 for Estelle Brachlianoff and on October 1, 2018 for Claude Laruelle. Additionally, Jean François Nogrette, appointed as Senior Executive Vice President for Global entreprises, will join the Executive committee starting Oct. 1st 2018.

From these dates, the Executive Committee of the Group will consist of:

- Antoine Frérot, Chairman and Chief Executive Officer of Veolia Environnement
- Laurent Auguste, Senior Executive Vice President, Development, Innovation and Markets Director
- Estelle Brachlianoff, Vice President in charge of Operations
- Régis Calmels, Director of the Asia Zone
- Philippe Guitard, Central and Eastern Europe Director
- Eric Haza, Chief Legal Officer
- Patrick Labat, Northern Europe Director
- Jean-Marie Lambert, Human Resources Director
- Claude Laruelle, Vice Chief Financial Officer
- Jean-François Nogrette , Senior Executive Vice President, Global Enterprises
- Helman le Pas de Sécheval, Secretary General

VEOLIA ENVIRONNEMENT GENERAL SHAREHOLDERS' MEETING OF APRIL 19, 2018

The Combined Shareholders' General Meeting of Veolia Environnement took place at the Maison de la Mutualité in Paris, on Thursday, April 19, 2018, under the chairmanship of Mr. Antoine Frérot, Chairman and Chief Executive Officer of the Company. At the General Meeting, shareholders approved all the resolutions 1 to 23 of the agenda.

In particular, shareholders renewed the term of office as director of Mr. Antoine Frérot for a four-year period expiring at the end of the General Shareholders' Meeting that will be called to approve the financial statements for the fiscal year ending December 31, 2021.

Furthermore, shareholders:

- approved the company financial statements and consolidated financial statements for fiscal year 2017;
- set the dividend in cash for the fiscal year ended on December 31, 2017 at €0.84 per share. The shares will go ex-dividend on May 14, 2018 and the dividend will be paid with effect from May 16, 2018;
- approved the fixed and variable items of total compensation and advantages of all kind paid or due to Mr. Antoine Frérot by virtue of his mandate as Chairman and Chief Executive Officer, with respect to fiscal year 2017;
- approved the principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components of total compensation and benefits of all kinds that may be awarded to the Chairman and Chief Executive Officer in respect of fiscal year 2018;
- renewed all financial authorizations granted to the Board of Directors;

- authorized the Board of Directors to grant free and performance shares to employees of the Group and the corporate officers of the Company.

It is recalled that the Board of Directors' meeting of February 21, 2018 decided to renew Antoine Frérot's term of office as Chairman and Chief Executive Officer, subject to the renewal of his term of office as director by the Combined General Meeting.

After this Combined General Meeting, Veolia Environnement's Board of Directors consists of fifteen directors, including two directors representing employees and six women (46 %)[(1)], as well as one non-voting member (censeur):

- Mr. Antoine Frérot, Chairman and Chief Executive Officer;
- Mr. Louis Schweitzer, Vice-Chairman
- Mrs. Maryse Aulagnon, Senior Independent Director;
- Mrs. Homaira Akbari ;
- Mr. Jacques Aschenbroich;
- Caisse des dépôts et consignations, represented by Mr. Olivier Mareuse;
- Mrs. Isabelle Courville;
- Mrs. Clara Gaymard;
- Mrs. Marion Guillou;
- Mr. Baudouin Prot;
- Mrs. Nathalie Rachou;
- Mr. Paolo Scaroni;
- Mr. Guillaume Texier;
- Mr. Pavel Páša, Director representing employees;
- Mr. Pierre Victoria, Director representing employees;
- Mr. Serge Michel, non-voting member (censeur).

The four Board Committees are now comprised as follows:

- Accounts and Audit Committee: Mrs. Nathalie Rachou (Chairman), Mr. Homaira Akbari, Mr. Jacques Aschenbroich, Mrs. Isabelle Courville and Mr. Pierre Victoria (Director representing employees).
- Nominations Committee: Mr. Louis Schweitzer (Chairman), Mrs. Maryse Aulagnon and Mr. Paolo Scaroni.
- Compensation Committee: Mrs. Maryse Aulagnon (Chairman), Mrs. Clara Gaymard, Mrs. Marion Guillou, Mr. Louis Schweitzer and Mr. Pierre Victoria (Director representing employees).
- Research, Innovation and Sustainable Development Committee: Mr. Jacques Aschenbroich (Chairman), Mrs. Isabelle Courville, Mrs. Clara Gaymard, Mrs. Marion Guillou, Mr. Pavel Páša (Director representing employees) and Mr. Guillaume Texier.

3.1.5 ASSOCIATING EMPLOYEES WITH THE GROUP'S PERFORMANCE

After closing the Management Incentive Plan for the Group's top executives in April 2018, Veolia reaffirmed its desire to give employees a vested interest in the Group's development and performance by launching a new employee share ownership transaction across 31 countries subscribed by more than 40,000 employees (subscription price for the new shares will be settled on August 1,2018).

In addition, in accordance with the Group's compensation policy and the authorization granted by the Veolia Environnement Extraordinary General Meeting of April 19, 2018, the Board of Directors decided to grant 1,741,628 performance shares (i.e. approximately 0.31% of the share capital) to 700 top executives and high potential employees of the Group. The number of shares that vests will depend on the average increase in current net income attributable to owners of the Company per share, as reported in the Group's consolidated financial statements during the reference period for fiscal years 2018, 2019 and 2020 compared with the 2017 base year: if this average growth reaches 10% over the 3 year period, all shares will be attributed, if this average growth were to be of less than 5%, no performance share would be vested. A proportionality rule would apply between 5% and 10%.

[(1)] ***Excluding Directors representing employees*** *in accordance with Article L. 225-27-1 of the French Commercial Code (*Code de commerce*).*

3.2 Accounting and financial information

3.2.1 PREFACE

Gabon

Veolia Africa, through its 51% subsidiary, SEEG, manages the distribution of drinking water and electricity throughout all Gabon under the terms of a concession agreement signed in 1997 and extended for five years in March 2017.

On February 16, 2018, the Gabonese Republic unilaterally terminated the concession agreement signed with the Group's subsidiary, SEEG – Société d'énergie et d'eau du Gabon, (Gabon Energy and Water Company), alleging several different reasons including that of the general interest. The same day, through Ministerial order, all material and human resources were seized by the Gabonese Republic. A further Ministerial order also appointed an executive body to implement termination and seizure measures.

Since March 31, 2018, the cessation of activities in Gabon has led the Group to classify SEEG in net income from discontinued operations in accordance with IFRS 5. The interim financial statements for the half-year ended June 30, 2017 were re-presented accordingly to ensure comparability, following the reclassification of the Group's activities in Gabon in "Net income from discontinued operations" in accordance with IFRS 5.

CHANGES IN ACCOUNTING STANDARDS

With effect from January 1, 2018, the Group applies IFRS 9, the new financial instruments standard, which replaces IAS 39. The new standard provides for the retroactive application of the classification and measurement rules applicable to financial assets and liabilities and, in particular for the Group, new impairment methodologies for trade receivables and an adjustment to the amortized cost of renegotiated bond issues (see Appendix: paragraph 1.1.2). The impact in the income statement on EBITDA and current EBIT of the restatements resulting from the first-time application of this standard were not material.

The application of IFRS 15 as of January 1, 2018 does not generate a significant cumulative impact on the Group's financial statements as of June 30, 2018 (see Appendix: paragraph 1.1.2).

3.2.2 KEY FIGURES

				Change 2017 / 2018	
(in € million)	*Half-year ended June 30, 2017 published*	*Half-year ended June 30, 2017 re-presented*	**Half-year ended June 30, 2018**	Δ	*Δ at constant exchange rates*
Revenue	12,346.5	12,186.5	12,564.5	3.1%	6.0%
EBITDA	1,651.4	1,613.8	1,672.8	3.7%	5.8%
EBITDA margin	13.4%	13.2%	13.3%		
Current EBIT [(1)]	773.8	759.9	791.7	4.2%	6.8%
Current net income - Group share	295.2	289.6	328.9	13.6%	19.0%
Current net income – Group share, excluding capital gains and losses on financial divestitures net of tax	294,0	288.4	316.3	9.7%	13.3%
Net income (loss) – Group share	204.6	198.5	225.4	13.5%	21.4%
Industrial investments	592.8	592.8	711.8		
Net free cash flow [(2)]	(176.1)	(193.5)	(321.2)		
Net financial debt	(8,561.4)	(8,553.2)	(10,609.0)		

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

(2) The indicators are defined in Section 8.3.

The main foreign exchange impacts were as follows:

FX impacts for the half-year ended June 30, 2018 (vs June 30, 2017 re-presented)	%	(M€)
Revenue	-2.9%	-357.3
EBITDA	-2.1%	-34.4
Current EBIT	-2.6%	-20.1
Current net income	-5.4%	-15.5
Net financial debt	-1.4%	-117

GROUP CONSOLIDATED REVENUE

Group consolidated revenue for the half-year ended June 30, 2018 increased **6.0% at constant exchange rates** to €12,564.5 million, compared to re-presented €12,186.5 million for the half-year ended June 30, 2017. Excluding Construction(1) revenue and energy price effects, revenue improved by +5.0% in the first six months (+5.3% in Q2 2018 compared to +4.6% in Q1).

As in the first quarter, revenue growth was marked by more favorable momentum across nearly all segments in the second quarter of 2018:

∆ at constant exchange rates	Q1 2018	Q2 2018
France	0.6%	-1.1%
Europe, excluding France	6.9%	6.7%
Rest of the world	14.7%	13.2%
Global businesses	3.5%	-0.6%
Group	**7.0%**	**5.1%**

The slowdown in France stems from a negative climate impact in the second quarter in water and a drop of the selling price of recycled materials (paperboard) in waste.

By segment, the change in revenue compared to re-presented figures for the half-year ended June 30, 2017 breaks down as follows:

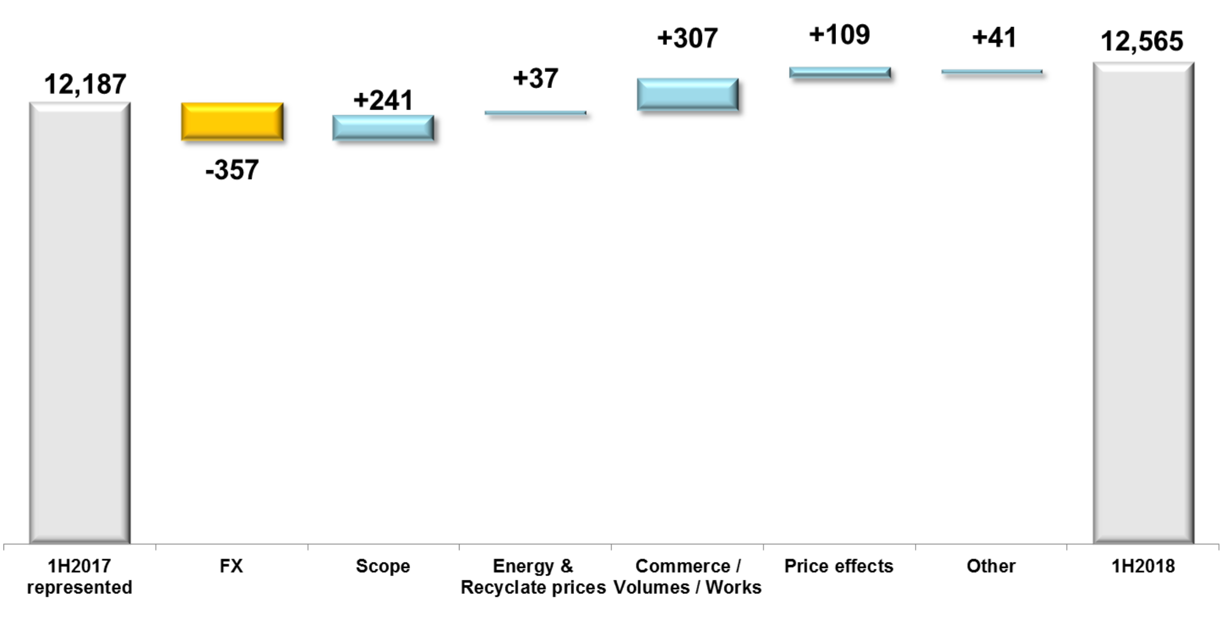
			Change 2017 / 2018		
(in € million)	Half-year ended June 30, 2017 re-presented	**Half-year ended June 30, 2018**	∆	∆ at constant exchange rates	∆ at constant scope and exchange rates
France	2,663.4	2,655.9	-0.3%	-0.3%	-0.3%
Europe, excluding France	4,233.6	4,516.6	6.7%	6.8%	2.5%
Rest of the world	3,067.7	3,191.8	4.0%	14.0%	13.0%
Global businesses	2,204.0	2,185.2	-0.9%	1.3%	0.0%
Other	17.8	15.0	-15.7%	-15.5%	-15.5%
Group	**12,186.5**	**12,564.5**	**3.1%**	**6.0%**	**4.1%**

- Revenue decreased -0.3% in **France** at constant scope compared to re-presented figures for the half-year ended June 30, 2017: Water revenue increased +0.1%, while Waste revenue fell -0.7% :
  - Water revenue rose by +0.1% compared to re-presented figures for the first-half of 2017, impacted by tariff indexation of +0.6% compared to -0.3% in H1 2017 and an increase in Construction activity, partially offset by lower volumes (-1.5%) because of a negative impact of climate on the second quarter 2018;
  - Waste revenue fell -0.7% at current exchange rates and constant scope compared to re-presented figures for the first-half of 2017: lower paper recycling prices (-2.8% or -€34 million) were partially offset by incineration and landfill volumes.

[1]*Construction revenue encompasses the Group's engineering and construction activities (mainly through Veolia Water Technologies and SADE), as well as construction completed as part of operating contracts.*

- **Europe excluding France** (excluding Lithuania classified in discontinued operations) grew +6.8% at constant exchange rates compared to re-presented figures for the half-year ended June 30, 2017, with solid momentum in the majority of regions:
  - in the United Kingdom/Ireland zone, revenue increased +4.4% at constant exchange rates to €1,084.9 million, due to good PFI availability, an increase in electricity tariffs and industrial service contract wins;
  - in Central and Eastern Europe, revenue increased +4.1% at constant exchange rates compared to re-presented figures for the half-year ended June 30, 2017 to €1,580.2 million. Negative impact of climate on the second quarter (-€33 million in Energy) is offset by:
    - in Energy, higher volumes and tariffs (+€10 million), and the impact of recent developments in Hungary (Biomass);
    - in Water, a slight increase in invoiced water volumes (+0.7% i.e. approximately +€4 million) and higher tariffs across all countries of the zone (+€14 million)
    - in Waste, the impact of targeted acquisitions made in 2017 (plastic recycling in Hungary and Industrial Waste collection in the Czech Republic).
  - in Northern Europe, revenue increased +12.8% at constant exchange rates compared to the re-presented prior year period to €1,342.1 million. Germany, the main contributor (€926.6 million), benefited from strong Waste activities, reporting revenue of €544.1 million, compared to €495.5 million for the half-year ended June 30, 2017. The favorable revenue impact of 2017 tuck-ins in Recycling and Industrial Waste businesses offset the fall in recycled paper prices (-€24 million) and lower energy volumes (-€28 million).
- Strong growth in the **Rest of the world** of 14.0% at constant exchange rates compared to re-presented figures for the half-year ended June 30, 2017:
  - Revenue rose +4.9% at constant exchange rates to €979.0 million in North America i.e; an increase of +14.5%, at constant exchange and scope, mainly due to strong growth in Energy (+25.3% at constant exchange rates tied to price and s volume increases following cold weather at the beginning of the year), commercial wins in Energy (Dow Dupont contract in the United States) and higher volumes in hazardous waste.
  - Strong revenue growth in Latin America (+29.1% at constant exchange rates) to €387.1 million, thanks in part to commercial developments in Ecuador, Chile, Brazil and Argentina and the integration from May, 2018 of Grupo Sala's activities in Columbia.
  - Revenue in Asia increased by +21.8% at constant exchange rates to €859.0 million. Strong revenue growth in China (+10.9%) was due to increased volumes in Hazardous Waste (start-up of the Cangzhou incineration plant), higher heating network sales, partially offset by lower Water sales due to end of Chengdu BOT contract. The rest of the zone is driven by a strong commercial dynamism: start of operation on the Hamamatsu concession in Japan and development of industrial water treatment activities in Korea;
  - the Pacific zone recorded +15.2% revenue growth at constant exchange rates year-on-year, due to higher waste volumes processed (+4.2%) volumes in work activity, starting of new industrial assets in waste (including Wooddlawn MBT) and targeted tuck-ins from 2017.
  - in Africa/Middle East, revenue increased +8.9% at constant exchange rates, with favorable volume and work impacts in Morocco and strong commercial development in the Middle East (energy services in the tertiary sector).
- **Global businesses**: revenue was virtually stable at 1.3% at constant exchange rates versus the re-presented prior-year period:
  - Hazardous Waste activities increased by +9.6% at constant exchange rates, mainly due to growth in oil recycling activities and higher volumes processed, tied particularly to Greater Paris construction work;
  - Design & Build activities remained down by -10.1% at constant exchange rates, with the slow start-up of activities in North America, France and the rest of Europe (Denmark and Italy). The backlog is up +10.7% compared to the first-half of 2017 at €1,973 million.

The increase in revenue between 2017 and 2018 breaks down **by main impact** as follows:



The **foreign exchange impact** on revenue was -€357.3 million (-2.9% of revenue) and mainly reflects fluctuations in the U.S. dollar (-€129.5 million), the Australian dollar (-€48.2 million), the Argentine peso (-€43.6 million), the pound sterling (-€24.9 million).

The consolidation scope impact of +€241.5 million mainly relates to:

- developments in 2017: integration of Corvara industrial assets and Hans Andersson in Scandinavia (+€107 million), of the recycling and waste businesses of Van Scherpenzeel Grope B.V. in the Netherlands (+€29 million) and the acquisition in July 2017 of Eurologistik in Germany (+€19 million) and Hanbul in Korea (+€20 million);
- 2018 transactions, including the sale of the Industrial Services division in the United States (-€91 million), the acquisition of Grupo Sala in Colombia (+€23 million).

Energy and recyclate prices had an impact of +€37 million, with an increase in energy prices of +€83 million (in the United States and Central Europe), following a drop in recyclate prices (-€46 million, including -€64 million for paper).

Commercial momentum improved significantly (**Commerce/Volumes** impact) to +€307 million:

- volumes increase of +€225 million, in line with higher waste volumes (France, United Kingdom, Latin America and Asia) and volume growth in hazardous waste, offsetting lower France Water volumes (-1.5% i.e. -€13 million due to unfavorable climate impact) and a slowdown in Veolia Water Technologies' construction activities which benefited in 2017 from the completion of construction on major projects.
- a commercial effect of +€104 million, due to numerous industrial contract wins in Europe (in Waste in Germany and Iberia with new energy efficiency contracts), the United States (contract wins in Industrial Water and Energy), Latin America (contract wins in Water in Argentina and Columbia and in Waste in Chile and Brazil) and in multi-industrial activities (Arcelor contract).
- an unfavorable weather impact in Energy of -€22 million in Central Europe in the second quarter.

Favorable **price effects** (+€109 million) are tied to positive tariffs indexations in France and the United Kingdom in Waste, in Central Europe in Water, in North America in Water and Hazardous Waste, in Morocco in electricity, and the impact of higher prices in Waste and Water in Latin America and Asia.

EBITDA

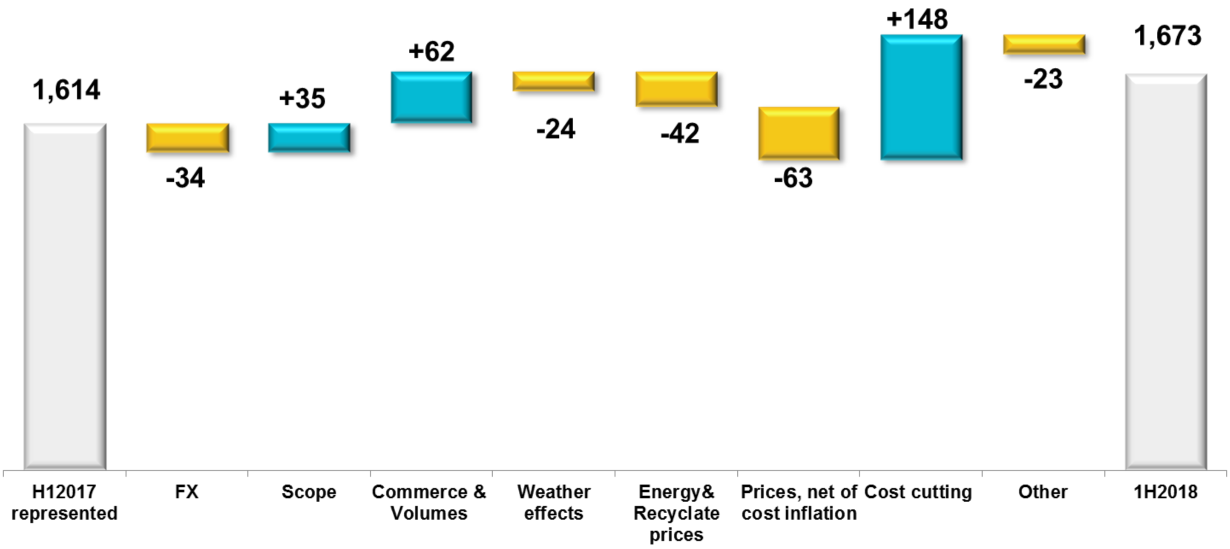
Changes in EBITDA **by segment** were as follows:

(in € million)	Half-year ended June 30, 2017 re-presented	Half-year ended June 30, 2018	Change 2017 / 2018 ∆	Change 2017 / 2018 ∆ at constant exchange rates
France	375.3	373.5	-0.5%	-0.5%
EBITDA margin	*14.1%*	*14.1%*		
Europe, excluding France	721.1	746.1	3.5%	2.6%
EBITDA margin	*17.0%*	*16.5%*		
Rest of the world	409.7	445.0	8.6%	18.4%
EBITDA margin	*13.4%*	*13.9%*		
Global businesses	104.1	105.7	1.5%	2.0%
EBITDA margin	*4.7%*	*4.8%*		
Other	3.6	2.5		
Group	**1,613.8**	**1,672.8**	**3.7%**	**5.8%**
EBITDA margin	**13.2%**	**13.3%**		

Group consolidated EBITDA for the half-year ended June 30, 2018 was €1,672.8 million, up 5.8% at constant exchange rates on the prior-year period (re-presented). The EBITDA margin increased from re-presented 13.2% in the half-year ended June 30, 2017 to 13.3% in the same period to June 30, 2018.

- In **France**, EBITDA deteriorated slightly (-0.5%):
  - In Water, cost savings impacted positively EBITDA and offset the negative impact of volumes decrease (-€11 million) and price cost squeeze continuation.
  - In Waste, EBITDA was down due to the fall in paper recycling prices (-24% fall in the average selling price of paper and cardboard compared to June 2017, representing -€7 million).
- The slight improvement in EBITDA in **Europe excluding France** at constant exchange rates (+2.6%) was the result of several impacts:
  - In Central and Eastern Europe, EBITDA decreased due to higher fuel prices, negative transitory squeeze prices in Energy in the Czech Republic, Poland and Romania and an unfavorable weather effect (-€13 million); this decrease was partially offset by a positive volume effect and operating efficiency gains;
  - Solid growth in EBITDA in the United Kingdom, with an improved availability of incineration plants and efficiency gains; lower recycled paper prices were offset by higher non-ferrous metal prices;
  - Increased EBITDA in Northern Europe, due to scope transactions performed in 2017 in Scandinavia, the Netherlands and Germany, and further operating efficiency gains in Belgium and Germany.
- Continued strong EBITDA growth in the **Rest of the world**:
  - Improvement in the United States, mainly due to favorable Q1 impacts in Energy (weather impact and higher electricity prices).
  - Higher EBITDA in Latin America, notably due to new contacts in Water and Waste, tariff increases in Waste and efficiency gains;
  - Sustained EBITDA growth in Asia driven by revenue growth, partially offset by negative weather impacts, increasing purchasing prices of coal in China and end of the Chengdu BOT contract.
- In the **Global businesses** segment, very good hazardous waste performance (including the improvement in the oil recycling business) was offset by the slow start-up of construction activities in H1 2018 in Veolia Water Technologies.

The increase in EBITDA between 2017 and 2018 breaks down **by impact** as follows:



The **foreign exchange impact** on EBITDA was -€34.4 million and mainly reflects fluctuations in the U.S. dollar (-€13.6 million), the Argentine peso (- €5.1 million), the Australian dollar (-€4.8 million), the Brazilian real (-€3.7 million), the pound sterling (-€3.7 million) and the Chinese renminbi (-€3.2 million).

The **consolidation scope impact** of +€35 million partially relates to developments in 2017 and notably the integration of Corvara industrial assets and Hans Andersson recycling assets in Scandinavia and acquisitions in Germany (Eurologistik) and the Netherlands (Van Scherpenzeel Grope B.V.), as well as the acquisition of Braunco in Argentina and Grupo Sala in Colombia in 2018.

Commerce and volume impacts totaled +€62 million thanks to strong volume growth in Central Europe in Water and Energy, solid increase in Waste business (volume increase of + 4% over the first six months) and strong commercial development in Asia (Waste and Energy) and in Latin America (new contracts in Water and Waste).

Weather impact on EBITDA was -€24 million, with the impact of an extremely mild second quarter in Central Europe (-€13 million for the semester) and significant rain in France (drop of volume by -€11 million).

Energy and recyclate prices had a negative impact on EBITDA (-€42 million): the significant increase in fuel prices and price cost squeeze in Central Europe (-€20 million), increase of fuel prices in waste (-€10 million) and negative impact of paper prices (-€12 million mainly in France and Germany) partially offset by sulfuric acid recovery prices in the United States.

The -€63 million impact of the **price cost squeeze and contractual renegotiations** mainly relates to weak price indexation in Water and Waste which only partially covers pressure on wage increases and other costs.

Cost savings plans contributed €148 million. These savings mainly concern operating efficiency (51%) and purchasing (29%) and were achieved across all geographical zones: France (26%), Europe excluding France (26%), Rest of the world (23%), Global businesses (16%) and Corporate (9%). The guidance of €300 million for fiscal year 2018 is confirmed.

Cost savings

EBITDA impact *(in € million)*	2016-2018 cumulative objective	2018 objective	2018 - H1 achievement	2017 – H1 achievement
Gross savings	**800**	**>300**	**148**	**126**

Current EBIT

Group consolidated current EBIT for the half-year ended June 30, 2018 was €791.7 million, up 6.8% at constant exchange rates on H1 2017 re-presented.

Reconciling items for H1 2017 re-presented versus H1 2018 between EBITDA and Current EBIT are as follows:

(in € million)	Half-year ended June 30, 2017 re-presented	**Half-year ended June 30, 2018**
EBITDA	**1,613.8**	**1,672.8**
Renewal expenses	(130.3)	(135.0)
Depreciation and amortization (*)	(825.7)	(824.6)
Provisions, fair value adjustments & other:	54.0	20.3
• Current impairment of property, plant and equipment, intangible assets and operating financial assets	9.9	(5.1)
• Net charges to operating provisions, fair value adjustments and other	36.6	21.8
• Capital Gains or losses on industrial divestitures	7.5	3.6
Share of current net income of joint ventures and associates	48.1	58.3
Current EBIT	**759.9**	**791.7**

(*) Including principal payments on operating financial assets (OFA) of -€71.6 million for the half-year ended June 30, 2018 (compared to re-presented -€90.2 million for the half-year ended June 30, 2017).

The improvement in current EBIT at constant exchange rates reflects:

- EBITDA growth;
- the increase in amortization charges at constant exchange rates (-€33.8 million or +4.6% compared to the half-year ended June, 2017), in line with the development of the Group's activities and consolidation scope impacts;
- the decline in principal payments on operating financial assets in 2018 (from -€90.2 million to -€71.6 million) mainly relating to contract completions , including Chengdu in China in 2017 in Korea;
- the unfavorable change in provisions, fair value adjustments and other, primarily due to:
  - the unfavorable change in the net reversal of the operating provisions and the net impairment losses on assets (particularly the reversal of the provision for captive insurance (+€6.7 million) in the first-half of 2017);
  - industrial capital gains and losses slightly below that of June 30, 2017 (+€3.6 million in H1 2018, compared to +€7.5 million in H1 2017);
  - partially offset by an improvement in the contribution of equity-accounted entities;

The foreign exchange impact on Current EBIT was -€20.1 million and mainly reflects fluctuations in the U.S. dollar (-€9.2 million), the Chinese renminbi (-€3.0 million), the Argentine peso (-€4.2 million), the Brazilian real (-€2.4 million), the Australian dollar (-€1.3 million) and the pound sterling (-€2.2 million), partially offset by favorable fluctuations in the Czech crown (+€6.5 million).

Changes in current EBIT **by segment** were as follows:

			Change 2017 / 2018	
(in € million)	Half-year ended June 30, 2017 re-presented	**Half-year ended June 30, 2018**	Δ	Δ at constant exchange rates
France	67.7	49.8	-26.5%	-26.5%
Europe, excluding France	417.9	430.3	3.0%	1.8%
Rest of the world	232.9	270.9	16.3%	27.2%
Global businesses	48.7	51.1	4.9%	4.2%
Other	(7.3)	(10.3)	n/a	n/a
Group	**759.9**	**791.7**	**4.2%**	**6.8%**

Net financial expense

The **cost of net financial debt** fell to -€199.5 million for the half-year ended June 30, 2018, compared to -€210.3 million for the half-year ended June 30, 2017 re-presented. This decrease is mainly due to the benefits of active debt management and the decrease of the treasury carrying cost.

Other financial income and expenses totaled -€65.0 million for the half-year ended June 30, 2018, compared to -€73.7 million for the half-year ended June 30, 2017 re-presented.

These expenses include interest on concession liabilities (IFRIC 12) of -€45.5 million and the unwinding of discounts on provisions of -€12.1 million, in improvement compared to June 30, 2017 re-presented. They also include capital gains or losses on financial divestitures of €18.8 million for the half-year ended June 30, 2018 (including capital gain on the disposal of Industrial services in North America for €36 million and fair value adjustments of assets held for sale in Europe excluding France), compared to re-presented €4.5 million for the half-year ended June 30, 2017.

Income tax expense

The income tax expense is -€124.0 million. This amount includes taxation of the capital gain on the disposal of the Industrial Services division in the United States of USD 9 million. The current income tax rate for the half-year ended June 30, 2018 is 26.3% excluding capital gains tax (compared to 25.9% for the half-year ended June 30, 2017).

CURRENT NET INCOME

Current net income attributable to owners of the Company was €328.9 million for the half-year ended June 30, 2018, compared to re-presented €289.6 million for the half-year ended June 30, 2017. This improvement is attributable to the increase in current EBIT, the decrease in the net finance cost and higher capital gains on financial divestitures in H1 2018 (disposal of the Industrial Services division in the United States) compared to H1 2017 re-presented. Excluding capital gains and losses on financial divestitures net of tax and minority interests, current net income attributable to owners of the Company rose 13.3% at constant exchange rates to €316 million from re-presented €288 million for the half-year ended June 30, 2017.

Current net income attributable to owners of the Company per share is up at €0.60 (basic) and €0.57 (diluted) for the half-year ended June 30, 2018, compared to re-presented €0.53 (basic) and €0.50 (diluted) for the half-year ended June 30, 2017.

NET INCOME (LOSS)

Net income attributable to owners of the Company was €225.4 million for the half-year ended June 30, 2018, compared to €198.5 million for the half-year ended June 30, 2017 re-presented.

Net income attributable to owners of the Company per share was €0.29 (basic) and €0.28 (diluted) for the half-year ended June 30, 2018, compared with €0.24 (basic) and €0.23 (diluted) for the half-year ended June 30, 2017 re-presented.

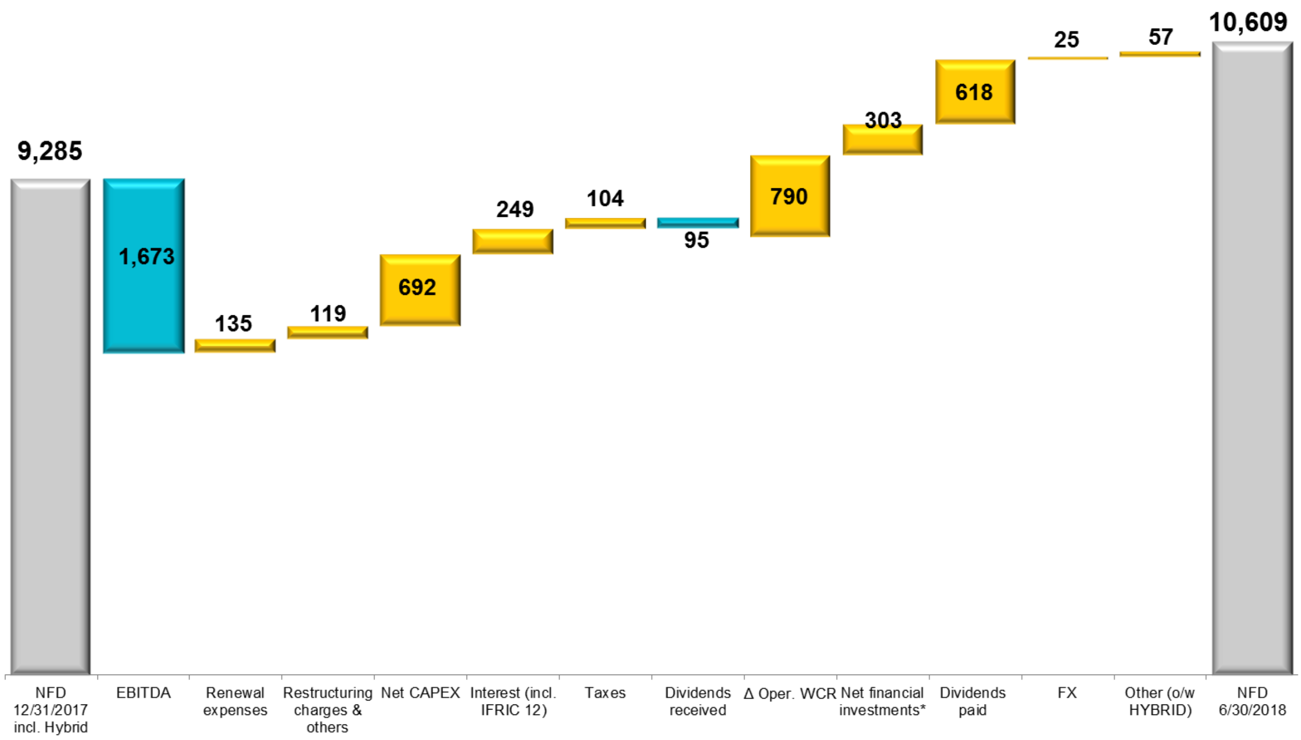
FINANCING

Net free cash flow was -€321 million for the half-year ended June 30, 2018, compared to -€194 million in H1 2017 re-presented.

The year-on-year change in net free cash flow mainly reflects the increase in net industrial investments compared to H1 2017 (€124 million) and the change in operating WCR of -€82 million (in line with the development of Group activities), partially offset by an increase in dividends received from associates.

Overall, **net financial debt** is -€10,609 million (including the redemption of the hybrid debt in the amount of €1,452 million in April 2018), compared to -€8,553 million as of June 30, 2017 re-presented.

In addition to the change in net free cash flow, net financial debt was impacted by unfavorable exchange rate fluctuations totaling -€25 million in H1 2018.



(*) financial investments of -€432 million net of financial divestitures of +€129 million.

3.2.3 REVENUE BY BUSINESS

(in € million)	Half-year ended June 30, 2017 re-presented	Half-year ended June 30, 2018	Change 2017 / 2018		
			∆ Current	∆ at constant exchange rates	∆ at constant scope and exchange rates
Water	5,255.7	5,187.6	-1.3%	1.3%	1.2%
Waste	4,378.4	4,687.9	7.1%	10.9%	5.2%
Energy	2,552.4	2,689.0	5.4%	7.5%	7.9%
Group	**12,186.5**	**12,564.5**	**3.1%**	**6.0%**	**4.1%**

Water

Water revenue increased by +1.3% at constant exchange rates and +1.2% at constant scope and exchange rates compared to re-presented figures for the half-year ended June 30, 2017. This improvement can be explained as follows:

- A positive **commerce / volume** impact of +0.3% excluding construction activity, with increasing volumes in Central Europe (+0.7%), continued robust commercial momentum in the Rest of the World (mainly in Latin America), offsetting the reduced volumes in France (negative impact of the climate on the second quarter);
- A positive **price** impact of +1.1% with higher tariffs notably in Central Europe and Water price index in France (+0.6%);
- Steady **construction** activity (+0.1%) increase in the Rest of the World (particularly in Pacific and Middle East), coupled with a slow start to the year for construction activity in Veolia Water Technologies.

Waste

Waste revenue rose considerably by +10.9% at constant exchange rates compared to re-presented figures for the half-year June 30, 2017 (+5.2% at constant scope and exchange rates), due to:

- A **scope** impact of +5.7%: acquisitions in Germany, in Sweden and Asia, offset by the sale of the Industrial Services division in the United States (-€91 million);
- A **commerce / volume** impact of +4.0% (excluding construction work), with higher waste collection and treatment volumes in France (+2.8%) and in Rest of the World (United States, Asia, Latin America and Australia) and a strong increase of volumes in hazardous waste;
- A positive **price** effect of +1.6% (mainly in Latin America, Asia and the UK);
- The negative impact of **recyclate prices** (-1.1%, notably due to the fall in paper prices).

Energy

Energy revenue rose +7.5% at constant exchange rates compared with re-presented figures for the half-year ended June 30, 2017 (+7.9% at constant consolidation scope and exchange rates). This improvement can be explained by:

- A **commercial and volume** effect of +3.7% (excluding Construction activity), notably in Central Europe and due to the development of new contracts in Canada and in multi-utility industrial activities.
- A positive **price** effect (+2.2%) with a strong increase in heating and electricity prices in North America;
- A negative **weather** impact (-0.9%), particularly in Central Europe in the second quarter;
- A negative **scope** impact (-0.4%) bound to the disposal of a branch of utilities in Sweden.

3.2.4 OTHER INCOME STATEMENT ITEMS

3.2.4.1 Selling, general and administrative expenses

Selling, general and administrative expenses impacting Current EBIT declined from €1,401.9 million for the half-year ended June 30, 2017 re-presented to €1,383.6 million for the half-year ended June 30, 2018, representing a decrease of -1.3% (+1.7% at constant exchange rates). The ratio of selling, general and administrative expenses to revenue improved from re-presented 11.5% for the half-year ended June 30, 2017 to 11.0% for the half-year ended June 30, 2018. This decrease reflects the cost savings plan.

3.2.4.2 Net financial expenses

(in € million)	Half-year ended June 30, 2017 re-presented	Half-year ended June 30, 2018
Net finance costs (1)	**(210.3)**	**(199.5)**
Net gains / losses on loans and receivables	1.4	5.7
Net income (loss) on available-for-sale assets	2.3	1.6
Assets and liabilities at fair value through the Consolidated Income Statement	0.1	(0.1)
Foreign exchange gains and losses	(7.8)	(3.0)
Unwinding of the discount on provisions	(19.4)	(12.1)
Interest on concession liabilities	(44.5)	(45.5)
Other	(5.8)	(11.6)
Other current financial income and expenses (2)	**(73.7)**	**(65.0)**
Gains (losses) on disposals of financial assets (*)	4.5	18.8
Current net financial expense (1)+(2)	**(279.5)**	**(245.7)**
Other non-current financial income and expenses	-	-
Net financial expense	**(279.5)**	**(245.7)**

(*) including costs of disposal of financial assets

Cost of net financial debt

The cost of net financial debt totaled -€199.5 million for the half-year ended June 30, 2018, versus re-presented -€210.3 million for the half-year ended June 30, 2017, thanks to continued active debt management and the decrease of the treasury carrying-cost.

The financing rate also decrases at 4.42% for the half-year ended June 30, 2018, compared to re-presented 4.99% for the half-year ended June 30, 2017 (and 4.94% for the half-year ended December 31, 2017).

Other financial income and expenses

Other financial income and expenses totaled -€65.0 million for the half-year ended June 30, 2018, versus re-presented -€73.7 million for the half-year ended June 30, 2017.

Capital gains on financial divestitures recorded in the first-half of 2018 of €18.8 million, includes a capital gain of + €36 million on the sale of the Industrials services activity in the United-States and fair value adjustments of assets held for sale in Europe excluding France. For the represented half-year ended June 30, 2017, (capital gains on financial divestitures totaled €4.5 million which included a capital gain of +€11 million on the sale of Lanzhou in China and -€9 million in respect of the fair value adjustment of Mehrum).

3.2.4.3 Income taxes

The income tax expense for the half-year ended June 30, 2018 is -€124.0 million, compared to -€106.1 million for the half-year ended June 30, 2017 re-presented.

The current tax rate for the half-year ended June 30, 2018 is stable to 26.3% (versus re-presented 25.9% for the half-year ended June 30, 2017) after adjustment of the impact of financial divestitures, and non-recurring items within net income of fully controlled entities and the share of net income of equity-accounted companies.

(In € million)	Half-year ended June 30, 2017 re-presented	Half-year ended June 30, 2018
Current income before tax (a)	**480.3**	**546.0**
Of which share of net income of joint ventures & associates (b)	48.1	58.3
Of which gains (losses) on disposals of financial assets (c)	4.5	18.8
Re-presented current income before tax: (d)=(a)-(b)-(c)	**427.7**	**468,9**
Re-presented tax expense (e)	**(110.8)**	**(123.4)**
Re-presented tax rate on current income (e)/(d)	**25.9%**	**26.3%**

3.2.4.4 Share of net income (loss) of other equity-accounted entities

The classification of Transdev in Assets classified as held for sale as of June 30, 2018 did not generate any net income (compared with €13.5 million in the half-year ended June 30, 2017); the value of the Group's investment in Transdev was fixed as of December 31, 2017 pursuant to application of IFRS 5.

3.2.4.5 Current net income (loss) / Net income (loss) attributable to owners of the Company

The share of net income attributable to non-controlling interests totaled -€87.3 million for the half-year ended June 30, 2018, compared to -€78.1 million for the half-year ended June 30, 2017 re-presented.

Net income attributable to owners of the Company was €225.4 million for the half-year ended June 30, 2018, compared to €198.5 million for the half-year ended June 30, 2017 re-presented.

Current net income attributable to owners of the Company was €328.9 million for the half-year ended June 30, 2018, compared to €289.6 million for the half-year ended June 30, 2017 re-presented.

Based on a weighted average number of outstanding shares of 550,687 thousand (basic), and 574,478 thousand (diluted), for the half-year ended June 30, 2018, compared to 550,713 thousand (basic) and 574,505 thousand (diluted) for the half-year ended June 30, 2017, net income attributable to owners of the Company per share for the half-year ended June 30, 2018 was €0.29 (basic) and €0.28 (diluted) compared to re-presented €0.24 (basic) and €0.23 (diluted), for the half-year ended June 30, 2017. Current net income attributable to owners of the Company per share was €0.60 (basic) and €0.57 (diluted) for the half-year ended June 30, 2018, compared to re-presented €0.53 (basic) and €0.50 (diluted) for the half-year ended June 30, 2017.

The dilutive effect taken into account in the above earnings per share calculation concerns the OCEANE bonds convertible into and/or exchangeable for new and/or existing shares issued in March 2016.

Net income (loss) attributable to owners of the Company for the half-year ended **June 30, 2018** breaks down as follows:

(In € million)	Current	Non-current	Total
EBIT	791.7	(62.7)	729.0
Cost of net financial debt	(199.5)		(199,5)
Other financial income and expenses	(46.2)		(46.2)
Pre-tax net income (loss)	**546.0**	**(62.7)**	**483.3**
Income tax expense	(129.5)	5.5	(124.0)
Net income (loss) of other equity-accounted entities	0.0	0.0	0.0
Net income (loss) from discontinued operations	0.0	(46.6)	(46.6)
Attributable to non-controlling interests	(87.6)	0.3	(87.3)
Net income (loss) attributable to owners of the Company	**328.9**	**(103.5)**	**225.4**

For the half-year ended June 30, 2018, the Net income (loss) from discontinued operations is mainly due to the classification of Gabon in discontinued operations for -€44.5 million.

For the re-presented half-year ended June 30, 2017, net income (loss) attributable to owners of the Company breaks down as follows:

(In € million)	*Current*	*Non-current*	*Total*
EBIT	759.8	(125.7)	634.1
Cost of net financial debt	(210.3)		(210.3)
Other financial income and expenses	(69.2)		(69.2)
Pre-tax net income (loss)	**480.3**	**(125.7)**	**354.6**
Income tax expense	(110.8)	4.7	(106.1)
Net income (loss) of other equity-accounted entities	0.0	13.5	13.5
Net income (loss) from discontinued operations	0.0	14.6	14.6
Attributable to non-controlling interests	(79.9)	1.8	(78.1)
Net income (loss) attributable to owners of the Company	**289.6**	**(91.1)**	**198.5**

The reconciliation of Current EBIT with operating income, as shown in the income statement, is as follows:

(In € million)	*Half-year ended June 30, 2017 re-presented*	*Half-year ended June 30, 2018*
Current EBIT	**759.9**	**791.7**
Impairment losses on goodwill and negative goodwill	0	(0.1)
Charges, amortization and non-current provisions	(27.5)	(12.1)
Restructuring costs	(90.4)	(41.8)
Personnel costs - share-based payments	(4.9)	(6.2)
Share acquisition costs, with or without acquisition of control	(2.9)	(2.5)
Total non-current items	**(125.7)**	**(62.7)**
Operating income after share of net income of equity-accounted entities	**634.1**	**729.0**

Restructuring charges for the half-year ended June 30, 2018 are mainly due to restructuring costs in the United States (-€7.7 million) and Global Businesses (-€13.6 million). The impact of restructuring on Water France is non-significant on operating income, incurred costs offset by equivalent provisions reversals.

3.3 Financing

3.3.1 CHANGES IN NET FREE CASH FLOW AND NET FINANCIAL DEBT

The following table summarizes the change in net financial debt and net free cash flow:

(in millions of euro)	Half-year ended June 30, 2017 re-presented	**Half-year ended June 30, 2018**
EBITDA	**1,613.8**	**1,672.8**
Net industrial investments	(568.0)	(691.8)
Change in operating WCR	(707.8)	(789.8)
Dividends received from equity-accounted entities and joint ventures	57.2	94.9
Renewal expenses	(130.3)	(135.0)
Other non-current expenses and restructuring charges	(72.0)	(118.9)
Interest on concession liabilities	(44.5)	(45.5)
Financial items (current cash financial expense, and operating cash flow from financing activities)	(211.0)	(203.6)
Taxes paid	(130.9)	(104.4)
Net free cash flow before dividend payment, financial investments and financial divestitures	**(193.5)**	**(321.2)**
Dividends paid	(594.4)	(617.5)
Net financial investments	(111.0)	(302.7)
Change in receivables and other financial assets	(13.7)	(48.3)
Issue / repayment of deeply subordinated securities	0.0	0.0
Proceeds on issue of shares	23.5	(13.4)
Free cash flow	**(889.1)**	**(1,303.1)**
Effect of foreign exchange rate movements and other (*)	147.9	(1,472.7)
Change	**(741.1)**	**(2,775.8)**
Net financial debt at the beginning of the period	(7,812.1)	(7,833.2)
Net financial debt at the end of the period	**(8,553.2)**	**(10,609.0)**

(*) The effect of foreign exchange rate and other movements as of June 30, 2018 includes the redemption of the hybrid debt in the amount of €1,452 million and the favorable impact of the Polish zloty and the Brazilian real, offset by the unfavorable impact of the Hong Kong dollar, the U.S. dollar and the Chinese renminbi.

Net free cash flow before dividend payments and net financial investments was -€321 million for the half-year ended June 30, 2018 (versus re-presented -€194 million for the half-year ended June 30, 2017).

The change in net free cash flow compared to the re-presented figure for the year ended June 30, 2017 primarily reflects improved EBITDA, offset by a less favorable change in operating working capital requirements, and greater net industrial investments driven by an increase in growth projects finalized compared to the first-half of 2017.

3.3.2 INDUSTRIAL AND FINANCIAL INVESTMENTS

3.3.2.1 Industrial investments

Total Group gross industrial investments, including new operating financial assets, amounted to €712 million for the half-year ended June 30, 2018, compared to re-presented €593 million for the half-year ended June 30, 2017.

Industrial investments, excluding discontinued operations, break down by segment as follows:

Half-year ended June 30, 2018 *(in € million)*	Maintenance and contractual requirements (1)	Discretionary growth	**Total gross industrial investments (2)**	Industrial divestitures	**Total net industrial investments**
France	154	9	**163**	(4)	**159**
Europe, excluding France	220	26	**246**	(8)	**238**
Rest of the world	165	79	**244**	(1)	**244**
Global businesses	41	7	**48**	(7)	**41**
Other	11	0	**11**	0	**11**
Group	**591**	**121**	**712**	**(20)**	**692**

(1) Of which maintenance investments of €285 million, and contractual investments of €306 million

(2) Of which new OFA in the amount of -€56 million

Half-year ended June 30, 2017 re-presented *(in € million)*	Maintenance and contractual requirements (1)	Discretionary growth	**Total gross industrial investments (2)**	Industrial divestitures	**Total net industrial investments**
France	142	2	**144**	(6)	**138**
Europe, excluding France	190	30	**220**	(12)	**199**
Rest of the world	137	35	**172**	(3)	**169**
Global businesses	42	0	**42**	(4)	**38**
Other	15	0	**15**	0	**15**
Group	**526**	**67**	**593**	**(25)**	**568**

(1) Of which maintenance investments of €278 million, and contractual investments of €248 million

(2) Of which new OFA in the amount of -€27 million

At constant exchange rates, gross industrial investments increased 23% on the first-half of 2017, due to the increase of discretionary growth industrial investments by + 58% compared to the half-year ended June 30, 2017 re-presented. These investments concern, among others, the development projects in Asia in biomass, the incineration of hazardous waste and energy services to industrialists as well as the development of connections to heat networks in Central Europe.

The ratio maintenance Investments over revenue remains steady compared to 2017 (2.3%).

3.2.2.2 Financial investments and divestitures

Financial investments amounted to €432 million for the half-year ended June 30, 2018 (including acquisition costs and net financial debt of new entities) and notably include the impacts arising from the acquisition of Grupo Sala in Colombia (€167 million), minority interests in Veolia Energie Ceska Republika a.s. in the Czech Republic (€85 million) and ACPTCL in India (€43 million). For the half-year ended June 30, 2017 re-presented, financial investments (re-presented -€177 million, including net financial debt of new entities) mainly related to the acquisition of Enovity in the United States (-€28 million) and Uniken in Korea (-€66 million).

Financial divestitures totaled €129 million for the half-year ended June 30, 2018 (including disposal costs) and mainly include the sale of the Industrial Services division in the United States (€94 million) and the payment of the receivable relating to the sale of the Group's activities in Israel in 2015 (€25 million). For the half-year ended June 30, 2017, financial divestitures (€65 million) included the sale of Affinity in the United Kingdom and Beiyuan in China.

3.3.3 LOANS TO JOINT VENTURES

Loans to equity-accounted entities, recorded under “Change in receivables and other financial assets” totaled €151 million as of June 30, 2018 (versus €117 million as of December 31, 2017) and included loans to the Chinese concessions of €97 million, on the rise of €31 million compared to €66 million as of December 31, 2017 re-presented.

3.3.4 OPERATING WORKING CAPITAL REQUIREMENTS

The change in operating working capital requirements (excluding discontinued operations) was -€790 million for the half-year ended June 30, 2018, compared with re-presented -€708 million for the half-year ended June 30, 2017.

This variation between the two periods was mainly due to a marked rise in fuel stocks, and an increasing working capital in line with increasing activity in the first six months of 2018 (+6% at constant exchange).

The change in operating working capital requirements compared to December 31, 2017, is mainly due to seasonal effects.

See Note 5.3 to the consolidated financial statements for the year ended June 30, 2017.

3.3.5 EXTERNAL FINANCING

3.3.5.1 Structure of net financial debt

(in millions of euro)	Note to the consolidated financial statements	For the year ended June 30, 2017, re-presented	As of June 30, 2018
Non-current borrowings	7.1.1	9,022.4	9,005.3
Current borrowings	7.1.1	4,348.2	4,630.1
Bank overdrafts and other cash position items	7.1.3	341.8	261.4
Sub-total borrowings		**13,712.4**	**13,896.8**
Cash and cash equivalents	7.1.3	(4,825.6)	(2,929.4)
Fair value gains (losses) on hedge derivatives		(2.4)	2.6
Liquid assets and financing-related assets	7.1.2	(331.2)	(361.0)
Net financial debt		**8,553.2**	**10,609.0**

As of June 30, 2018, net financial debt after hedging is 87% at fixed rates and 13% at floating rates.

The average bond issue maturity was 8 years as of June 30, 2018 compared to 8.9 years as of June 30, 2017.

3.3.5.2 Group liquidity position

Liquid assets of the Group as of June 30, 2018 break down as follows:

(in millions of euro)	June 30, 2017 re-presented	June 30, 2018
Veolia Environnement:		
Undrawn syndicated loan facility	3,000.0	3,000.0
Undrawn MT bilateral credit lines	925.0	925.0
Undrawn ST bilateral credit lines	-	-
Letters of credit facility	53.6	66.6
Cash and cash equivalents (1)	4,174.2	2,190.9
Subsidiaries:		
Cash and cash equivalents (1)	982.6	1,099.5
Total liquid assets	**9,135.4**	**7,282.0**
Current debt, bank overdrafts and other cash position items		
Current debt	4,348.2	4,630.1
Bank overdrafts and other cash position items	341.8	261.4
Total current debt and bank overdrafts	**4,690.0**	**4,891.5**
Total liquid assets net of current debt and bank overdrafts and other cash position items	**4,445.4**	**2,390.5**

(1) Including liquid assets and financing-related assets included in net financial debt.

The decrease in net liquid assets mainly reflects the reimbursement of Hybrid in April 2018 of €1,452 million.

Veolia Environnement may draw on the multi-currency syndicated loan facility and all credit lines at any time.

On November 6, 2015, Veolia Environnement signed a new multi-currency syndicated loan facility in the amount of €3 billion, initially maturing in 2020 and extended to 2022 in October 2017, with the possibility for drawdowns in Eastern European currencies and Chinese renminbi

This syndicated loan facility was not drawn down as of June 30, 2018. Veolia Environnement has bilateral credit lines for a total undrawn amount of €925 million as of June 30, 2018.

As of June 30, 2018, the U.S. dollar bilateral letters of credit facility was drawn by USD 107.3 million. The portion that may be drawn in cash amounted to USD 77.7 million (€66.6 million equivalent), undrawn and recorded in the liquidity table above.

3.3.5.3 Bank covenants

See Note 7.1.1.2 to the consolidated financial statements.

3.4 Related-party transactions

The Group identifies related parties in accordance with the provisions of paragraph 9 of IAS 24 revised, *Related Party Disclosures* (see Note 12 to the consolidated financial statements).

3.5 Subsequent events

None

3.7 Risk factors

The main risk factors the Group could confront are set out in Chapter 5 of the 2017 Registration Document.

3.8 Outlook

The Group's mid-term outlook is therefore as follows:

- **2018 objectives (at constant exchange rates) :**
  - Continuation of sustained revenue growth;
  - EBITDA growth greater than that of 2017;
  - more than €300 million in cost savings.
- **2019 objectives(1) :**
  - continuation of revenue growth and full impact of cost savings;
  - EBITDA between €3.3 billion and €3.5 billion (excluding IFRIC 12), i.e. between €3.5 billion and €3.7 billion including IFRIC 12.
- Dividend growth in line with that of current net income.

(1) *At constant exchange rates (based on rates at the end of 2016)*

3.8 Appendices

3.8.1 RECONCILIATION OF GAAP INDICATORS AND THE INDICATORS USED BY THE GROUP

The reconciliation of Current EBIT with operating income, as shown in the income statement, is presented in Section 2.4.5. Likewise, the reconciliation of current net income with net income attributable to owners of the Company, as shown in the income statement, is presented in Section 2.4.5.

The reconciliation of **Net cash** from operating activities of continuing operations (included in the Consolidated Cash Flow Statement) with net free cash flow is as follows:

(In € million)	Note	Half-year ended June 30, 2017 re-presented	Half-year ended June 30, 2018
Net cash from operating activities of continued operations		***418.0***	***360.2***
Including:			
Industrial investments, net of grants		(499.5)	(575.8)
Proceeds on disposal of intangible assets and property plant and equipment		24.8	20.0
New operating financial assets		(26.9)	(55.5)
Principal payments on operating financial assets		90.2	71.6
New finance lease obligations		(4.0)	(7.6)
Dividends received	Note 5.2.2	57.2	94.9
Interest paid		(312.1)	(263.4)
Excluding:			
Share acquisition and disposal costs and other items		58.8	34.4
Free cash-flow net		**(193.5)**	**(321.2)**

The reconciliation of **Industrial investments, net of grants** (included in the Consolidated Cash Flow Statement) with **industrial capex** is as follows:

In € million	Half-year ended June 30, 2017 re-presented	Half-year ended June 30, 2018
Industrial investments, net of grants	**(499.5)**	**(575.8)**
New finance lease obligations	(4.0)	(7.6)
Change in concession working capital requirements	(62.5)	(72.9)
New operating financial assets	(26.9)	(55.5)
Industrial investments	**(592.8)**	**(711.8)**

3.8.2 RECONCILIATION OF 2017 REPORTED DATA WITH 2017 RE-PRESENTED DATA

(In € million)	June17 published	IFRIS 5 Adjustment (2)	IFRS 9 Adjustment	June 17 re-presented
Revenue	12,346.5	-160.0	0.0	12,186.5
EBITDA	1,651.4	-32.2	-5.4	1,613.8
Current EBIT (1)	773.8	-8.5	-5.4	759.9
Operating income	648.1	-8.5	-5.4	634.2
Current net income – Group share	295.2	0.4	-6.0	289.6
Net income - Group share	204.6	0.0	-6.0	198.5
Gross industrial investments	-593	0.0	0.0	-593
Net Free cash-flow	-176	-17.1	-0.3	-193
Net financial debt	-8,561	0.0	8.1	-8,553

(1) Including the re-presented share of current net income of joint ventures and associates for the half-year ended June 30, 2017.

(2) Figures for the half-year ended June 31, 2017 were re-presented accordingly to ensure comparability, following the reclassification of the Group's activities in Gabon in "Net income from discontinued operations" in accordance with IFRS 5.

(In € million)	June17 published	IFRIS 5 Adjustment	IFRS 9 Adjustment	June 17 re-presented
France	2,663.4	0.0	0.0	2,663.4
Europe excluding France	4,233.6	0.0	0.0	4,233.6
Rest of the world	3,227.7	-160.0	0.0	3,067.7
Global businesses	2,204.0	0.0	0.0	2,204.0
Other	17.9	0.0	0.0	17.9
REvenue	**12,346.5**	**-160.0**	**0.0**	**12,186.5**

(In € million)	June17 published	IFRIS 5 Adjustment	IFRS 9 Adjustment	June 17 re-presented
France	375.3	0.0	0.0	375.3
Europe excluding France	725.6	0.0	-4.4	721.1
Rest of the world	442.8	-32.2	-1.0	409.7
Global businesses	104.1	0.0	0.0	104.1
Other	3.6	0.0	0.0	3.6
EBITDA	**1,651.4**	**-32.2**	**-5.4**	**1,613.8**

(In € million)	June17 published	IFRIS 5 Adjustment	IFRS 9 Adjustment	June 17 re-presented
France	67.7	0.0	0.0	67.7
Europe excluding France	422.4	0.0	-4.4	417.9
Rest of the world	242.4	-8.5	-1.0	232.9
Global businesses	48.7	0.0	0.0	48.7
Other	-7.3	0.0	0.0	-7.3
Current EBIT	**773.8**	**-8.5**	**-5.4**	**759.9**

3.8.3 DEFINITIONS

The definitions of the financial indicators used by the Group are unchanged. These financial indicators are defined in Section 3.10.3 of the 2017 Registration Document.

3.9 Recent events since the filing of the Registration Document

The following information is taken from press releases available on the Veolia website (www.veolia.com/en/veolia-group/finance/regulated-information/our-press-releases).

- On March 15, 2018, Veolia Environnement announced its intention to redeem its hybrid debt and notify its partners of its intention to redeem its deeply subordinated perpetual securities, denominated in euros and pound sterling, issued in January 2013, for respective nominal amounts of €1 billion and £400 million.
- On April 19, 2018, the Veolia Environnement Combined General Meeting met and approved all the resolutions 1 to 23 on the agenda.
  In particular, the meeting renewed the term of office as director of Antoine Frérot for a four-year period expiring at the end of the General Shareholders' Meeting that will be called to approve the financial statements for the year ending December 31, 2021.
- On May 3, 2018, Veolia Environnement issued a press release on its results for the period ended March 31, 2018.
- On May 3, 2018, Veolia Environnement announced the launch of a new shareholder transaction for Group employees. This transaction, open to around 146,000 Group employees across 31 countries, is intended to give employees a vested interest in the development and performance of Veolia Environnement.
- On May 16, 2018, Veolia Environnement announced that the Dhaka Water Supply and Sewerage Authority (WASA), the authority in charge of drinking water and wastewater management for the Bangladeshi capital, Dhaka, had chosen Veolia, together with Suez, to design, build and operate the Gandharbpur drinking water treatment plant. This contract represents a cumulative total of around €275 million. The project will be conducted through a joint venture held equally by Veolia, through its fully owned subsidiary Veolia Water Technologies, and Suez, the consortium leader.
- On May 23, 2018, Veolia Environnement announced through its subsidiary, Veolia Global Solutions, an innovative partnership with ArcelorMittal to modernize energy production at Fos-sur-Mer.
- On June 5, 2018, Veolia Environnement announced it had renewed its contract with SMEDAR (Greater Rouen joint waste disposal authority) to operate the VESTA waste-to-energy plant in Rouen for six and a half years, for €116 million.
- On June 7, 2018, Veolia Environnement announced it had been awarded three new contracts by the French Atomic Energy Commission (CEA) Center in Saclay, France. By winning three new contracts with CEA worth several million euros in just a few months, Asteralis – a subsidiary of the Veolia Nuclear Solutions entity – became a major nuclear industry operator for the treatment of radioactive waste from the CEA's Paris-Saclay center in France.
- On June 26, 2018, Veolia Environnement announced the signature of a partnership agreement with EDF on nuclear plant decommissioning and radioactive waste processing. On June 26, 2018, EDF and Veolia entered into a partnership agreement to co-develop remote control solutions for dismantling natural uranium graphite gas reactors and for vitrifying radioactive waste, in France and worldwide.
- On July 9, 2018, Veolia Environnement published a press release announcing that on July 6, 2018, the City of Bordeaux voted in favor of Veolia's bid for the delegated public service concession agreement for wastewater treatment and rainwater management.
- On July 23, 2018, Veolia Environnement published a press release presenting changes in its Executive Committee.
- On July 24, 2018, Veolia Environnement announced the renewal of the operating contract for the Couëron Waste Treatment and Recovery Center in France.
- On August 1, 2018, Veolia Environnement issued a press release presenting its 2018 half-year results.

4

FINANCIAL STATEMENTS

(CHAPTER 4 OF THE 2017 REGISTRATION DOCUMENT)

4.1 Condensed intermim financial statements for the half year ended June 30, 2018

4.1.1 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Consolidated statement of financial position - assets

(€ million)		As of December 31, 2017 represented (*)	As of June 30, 2018
Goodwill	Note 6.1	4,915.7	5,051.9
Concession intangible assets	Note 6.2.1	3,475.3	3,444.4
Other intangible assets	Note 6.2.2	1,017.1	1,049.9
Property, plant and equipment	Note 6.3	7,294.4	7,255.3
Investments in joint ventures	Note 5.2	1,506.1	1,511.8
Investments in associates	Note 5.2	607.8	279.3
Non-consolidated investments		70.6	59.7
Non-current operating financial assets	Note 5.4	1,416.8	1,402.2
Non-current derivative instruments - Assets	Note 7.2	27.1	41.2
Other non-current financial assets	Note 7.1.2	348.6	338.7
Deferred tax assets		965.1	1,010.3
Non-current assets		**21,644.6**	**21,444.7**
Inventories and work-in-progress	Note 5.3	721.6	753.0
Operating receivables	Note 5.3	8,489.5	9,181.5
Current operating financial assets	Note 5.4	197.3	93.7
Other current financial assets	Note 7.1.2	404.6	631.9
Current derivative instruments - Assets	Note 7.2	69.9	89.9
Cash and cash equivalents	Note 7.1.3	6,263.9	2,929.4
Assets classified as held for sale	Note 3.2	487.3	668.1
Current assets		**16,634.1**	**14,347.5**
TOTAL ASSETS		**38,278.7**	**35,792.2**

(*) See note 1.1.2 - New standards and interpretations.

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Consolidated statement of financial position - equity and liabilities

(€ million)		As of December 31, 2017 represented (*)	As of June 30, 2018
Share capital	Note 8.1.1	2,816.8	2,816.8
Additional paid-in capital		7,161.2	7,161.2
Reserves and retained earnings attributable to owners of the Company		-2,497.8	-4,365.5
Total equity attributable to owners of the Company	Note 8.1	**7,480.2**	**5,612.5**
Total equity attributable to non-controlling interests	Note 8.2	1,153.7	1,101.3
Equity		**8,633.9**	**6,713.8**
Non-current provisions	Note 9	1,941.6	1,796.4
Non-current borrowings	Note 7.1.1	9,457.4	9,005.3
Non-current derivative instruments - Liabilities	Note 7.2	108.4	88.3
Concession liabilities - non current	Note 5.5	1,281.2	1,272.0
Deferred tax liabilities		970.1	1,030.4
Non-current liabilities		**13,758.7**	**13,192.4**
Operating payables	Note 5.3	10,118.0	10,099.3
Concession liabilities - current	Note 5.5	85.8	103.7
Current provisions	Note 9	577.0	527.4
Current borrowings	Note 7.1.1	4,607.0	4,630.1
Current derivative instruments - Liabilities	Note 7.2	49.1	76.5
Bank overdrafts and other cash position items	Note 7.1.3	208.9	261.4
Liabilities directly associated with assets classified as held for sale	Note 3.2	240.3	187.6
Current liabilities		**15,886.1**	**15,886.0**
TOTAL EQUITY AND LIABILITIES		**38,278.7**	**35,792.2**

(*)See note 1.1.2 - New standards and interpretations.

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

4.1.2 CONSOLIDATED INCOME STATEMENT

(€ million)		Half-year ended June 30, 2017 represented (1)	Half-year ended June 30, 2018
Revenue	**Note 5.1**	**12,186.5**	**12,564.5**
Cost of sales	Note 5.2	-10,072.9	-10,447.4
Selling costs	Note 5.2	-307.6	-297.6
General and administrative expenses	Note 5.2	-1,094.3	-1,086.1
Other operating revenue and expenses	Note 5.2	-125.7	-62.7
Operating income before share of net income (loss) of equity-accounted entities	**Note 5.2**	**586.0**	**670.7**
Share of net income (loss) of equity-accounted entities		**48.1**	**58.3**
o/w share of net income (loss) of joint ventures	Note 5.2	35.2	30.1
o/w share of net income (loss) of associates	Note 5.2	12.9	28.2
Operating income after share of net income (loss) of equity-accounted entities		**634.1**	**729.0**
Net finance costs	Note 7.3.1	-210.3	-199.5
Other financial income and expenses	Note 7.3.2	-69.2	-46.2
Pre-tax net income (loss)		**354.6**	**483.3**
Income tax expense	Note 10.1	-106.1	-124.0
Share of net income (loss) of other equity-accounted entities	Note 5.2	13.5	-
Net income (loss) from continuing operations (1)		**262.0**	**359.3**
Net income (loss) from discontinued operations (1)	Note 3.2.1	14.6	-46.6
Net income (loss) for the period		**276.6**	**312.7**
Attributable to owners of the Company		**198.5**	**225.4**
Attributable to non-controlling interests	Note 8.2	78.1	87.3
NET INCOME (LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY PER SHARE	Note 8.4	-	-
Basic		0.24	0.29
Diluted		0.23	0.28
NET INCOME (LOSS) FROM CONTINUING OPERATIONS ATTRIBUTABLE TO OWNERS OF THE COMPANY PER SHARE	Note 8.4	-	-
Basic		0.21	0.37
Diluted		0.20	0.36
NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS ATTRIBUTABLE TO OWNERS OF THE COMPANY PER SHARE	Note 8.4	-	-
Basic		0.03	-0.08
Diluted		0.03	-0.08

(1) 2017 adjustments concern the reclassification of Gabon in discontinued operations in accordance with IFRS 5 and the impact of IFRS 9 first-time application

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

4.1.3 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€ million)	**Half-year ended June 30, 2017 represented (1)**	**Half-year ended June 30, 2018**
Net income (loss) for the period	**276.6**	**312.7**
Actuarial gains or losses on pension obligations	3.9	15.3
Income tax expense	-8.1	-6.0
Amount net of tax	-4.2	9.3
Other items of comprehensive income not subsequently released to net income	**-4.2**	**9.3**
o/w attributable to joint ventures	**-**	**-**
o/w attributable to associates	***0.2***	***-0.2***
Fair value adjustments on available-for-sale assets	7.1	-2.7
Income tax expense	-0.5	0.6
Amount net of tax	6.6	-2.1
Fair value adjustments on cash flow hedge derivatives	-19.2	3.9
Income tax expense	2.0	-1.2
Amount net of tax	-17.2	2.7
Foreign exchange gains and losses:	-	-
• on the translation of the financial statements of subsidiaries drawn up in a foreign	-196.7	-35.9
Amount net of tax	-196.7	-35.9
• on the net financing of foreign operations	43.8	-17.5
• income tax expense	-0.4	-0.3
Amount net of tax	43.4	-17.8
Other items of comprehensive income subsequently released to net income	**-163.9**	**-53.1**
o/w attributable to joint ventures (2)	***-97.8***	***22.9***
o/w attributable to associates	***-4.1***	***-4.6***
Total Other comprehensive income	**-168.1**	**-43.8**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**108.5**	**268.9**
Attributable to owners of the Company	55.4	187.5
Attributable to non-controlling interests	53.1	81.4

(1) 2017 adjustments concern the reclassification of Gabon in discontinued operations in accordance with IFRS 5 and the impact of IFRS 9 first-time application.

(2) The share attributable to joint ventures mainly concerns the change in foreign exchange translation reserves of the Chinese concessions (+€16.5 million in the half-year ended June 30,2018 and -€94.7 million in the haf-year ended June 30,2017).

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

4.1.4 CONSOLIDATED CASH-FLOW STATEMENT

(€ million)	Notes	Half-year ended June 30, 2017 represented (1)	Half-year ended June 30, 2018
Net income (loss) for the period		**276.6**	**312.7**
Net income (loss) from continuing operations		***262.0***	***359.3***
Net income (loss) from discontinued operations		***14.6***	***-46.6***
Operating depreciation, amortization, provisions and impairment losses		745.2	678.9
Financial amortization and impairment losses		1.0	1.2
Gains (losses) on disposal of operating assets		-7.5	-3.6
Gains (losses) on disposal of financial assets		-6.7	-25.3
Share of net income (loss) of joint ventures	Note 5.2	-35.2	-30.1
Share of net income (loss) of associates		-26.4	-28.2
Dividends received		-2.2	-1.6
Net finance costs	Note 7.3.1	210.3	199.5
Income tax expense	Note 10	106.1	124.0
Other items		72.6	53.2
Operating cash flow before changes in operating working capital (2)		**1,319.2**	**1,327.3**
Change in operating working capital requirements		-707.8	-789.8
Change in concession working capital requirements		-62.5	-72.9
Income taxes paid		-130.9	-104.4
Net cash from operating activities of continuing operations		**418.0**	**360.2**
Net cash from operating activities of discontinued operations		***42.3***	***2.4***
Net cash from operating activities		**460.3**	**362.6**
Industrial investments, net of grants		-499.5	-575.8
Proceeds on disposal of industrial assets		24.8	20.0
Purchases of investments	Note 3.1	-122.3	-259.3
Proceeds on disposal of financial assets	Note 3.1	89.2	132.4
Operating financial assets		-	-
New operating financial assets	Note 5.4	-26.9	-55.4
Principal payments on operating financial assets	Note 5.4	90.2	71.6
Dividends received (including dividends received from joint ventures and associates)		57.2	94.9
New non-current loans granted		-81.9	-66.7
Principal payments on non-current loans		63.7	58.9
Net decrease/increase in current loans		4.5	-40.5
Net cash used in investing activities of continuing operations		**-401.0**	**-619.9**
Net cash used in investing activities of discontinued operations		***-7.8***	***0.2***
Net cash used in investing activities		**-408.8**	**-619.7**
Net increase (decrease) in current borrowings	Note 7.1.1	-915.3	-561.9

(€ million)	**Notes**	**Half-year ended June 30, 2017 represented (1)**	**Half-year ended June 30, 2018**
Repayment of hybrid debt	Note 7.1.3	-	-1,452.1
New non-current borrowings and other debts	Note 7.1.1	1,343.0	133.9
Principal payments on non-current borrowings and other debts	Note 7.1.1	-57.3	-77.0
Change in liquid assets and financing financial assets	Note 7.1.2	-317.9	-185.8
Proceeds on issue of shares	Note 8.1	13.4	2.1
Share capital reduction		-	-
Transactions with non-controlling interests: partial purchases		-3.8	-86.3
Transactions with non-controlling interests: partial sales		0.4	1.3
Proceeds on issue of deeply subordinated securities		-	-
Coupons on deeply subordinated securities	Note 8.3	-67.8	-66.4
Purchases of/proceeds from treasury shares		23.5	-13.4
Dividends paid		-526.5	-550.9
Interest paid	Note 7.3.1	-267.6	-217.9
Interest on operating assets - IFRIC 12		-44.5	-45.5
Net cash from (used in) financing activities of continuing operations		***-820.4***	***-3,119.9***
Net cash from financing activities of discontinued operations		***-1.1***	***-0.1***
Net cash from (used in) financing activities		**-821.5**	***-3,120.0***
Effect of foreign exchange rate changes and other		-28.7	-10.2
Increase (decrease) in external net cash of discontinued operations		9.0	0.3
Net cash at the beginning of the year		**5,273.5**	**6,055.0**
Net cash at the end of the year		**4,483.8**	**2,668.0**
Cash and cash equivalents	Note 7.1.3	4,825.6	2,929.4
Bank overdrafts and other cash position items	Note 7.1.3	341.8	261.4
Net cash at the end of the year		**4,483.8**	**2,668.0**

(1) Les retraitements sur l'exercice 2017 concernent le reclassement du Gabon en activités non poursuivies conformément à la norme IFRS 5 et l'impact de la première application d'IFRS 9.

Les notes annexes font partie intégrante des états financiers consolidés intermédiaires résumés.

4.1.5 STATEMENT OF CHANGES IN EQUITY

(€ million)	Number of shares outstanding	Share capital	Additional paid-in capital	Deeply subordinated securities and OCEANE	Treasury shares	Consolidated reserves and retained earnings	Foreign exchange translation reserves	Fair value reserves	Equity attributable to owners of the Company	Non-controlling interests	Total equity
Amount as of January 1, 2017	**563,364,823.0**	**2,816.8**	**7,161.2**	**1,262.9**	**-458.0**	**-3,234.6**	**243.4**	**-42.5**	**7,749.2**	**1,127.3**	**8,876.5**
IFRS 9 impact	-	-	-	-	-	-20.6	-	-	-20.6	-0.1	-20.7
Amount as of January 1, 2017 represented	**563,364,823**	**2,816.8**	**7,161.2**	**1,262.9**	**-458.0**	**-3,255.2**	**243.4**	**-42.5**	**7,728.6**	**1,127.2**	**8,855.8**
Issues of share capital of the parent company	-	-	-	-	-	-	-	-	-	-	-
Proceeds on issue of deeply subordinated securities	-	-	-	-	-	-	-	-	-	-	-
OCEANE equity component	-	-	-	-	-	-	-	-	-	-	-
Coupon on deeply subordinated securities	-	-	-	-67.8	-	-	-	-	-67.8	-	-67.8
Parent company dividend distribution	-	-	-	-	-	-439.7	-	-	-439.7	-	-439.7
Elimination of treasury shares	-	-	-	-	23.5	-	-	-	23.5	-	23.5
Share-based payments	-	-	-	-	-	0.8	-	-	0.8	-	0.8
Third party share in share capital increases of subsidiaries	-	-	-	-	-	-	-	-	-	13.4	13.4
Third party share in dividend distributions of subsidiaries	-	-	-	-	-	-	-	-	-	-86.8	-86.8
Transactions with non-controlling interests	-	-	-	-	-	-6.2	-	-	-6.2	1.1	-5.1
Total transactions with non-controlling interests	**-**	**-**	**-**	**-67.8**	**23.5**	**-445.1**	**-**	**-**	**-489.4**	**-72.3**	**-561.7**
Other comprehensive income	-	-	-	-	-	-4.0	-129.4	-9.7	-143.1	-25.0	-168.1
Net income for the period	-	-	-	-	-	198.5	-	-	198.5	78.1	276.6
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**194.5**	**-129.4**	**-9.7**	**55.4**	**53.1**	**108.5**
Other movements	-	-	-	-	-	-16.7	-	-	-16.7	7.8	-8.9
Amount As of June 30, 2017	**563,364,823**	**2,816.8**	**7,161.2**	**1,195.1**	**-434.5**	**-3,522.5**	**114.0**	**-52.2**	**7,277.9**	**1,115.8**	**8,393.7**

(€ million)	Number of shares outstanding	Share capital	Additional paid-in capital	Deeply subordinated securities and OCEANE	Treasury shares	Consolidated reserves and retained earnings	Foreign exchange translation reserves	Fair value reserves	Equity attributable to owners of the Company	Non-controlling interests	Total equity
Amount As of December 31, 2017	**563,364,823**	**2,816.8**	**7,161.2**	**1,195.1**	**-434.1**	**-3,207.3**	**27.5**	**-56.3**	**7,503**	**1,153.8**	**8,656.7**
IFRS 9 impact	-	-	-	-	-	-23.8	1.1	-	-22.7	-0.1	-22.8
Amount As of December 31, 2017 represented	**563,364,823**	**2,816.8**	**7,161.2**	**1,195.1**	**-434.1**	**-3,231.1**	**28.6**	**-56.3**	**7,480.2**	**1,153.7**	**8,633.9**
Issues of share capital of the parent company	-	-	-	-	-	-	-	-	**-**	-	**-**
Proceeds on issue of deeply subordinated securities	-	**-**	**-**	-1,470.2	**-**	18.1	**-**	**-**	-1,452.1	**-**	-1,452.1
OCEANE Equity component	-	**-**	**-**	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Reclassification of hybrid debt / deeply subordinated securities	-	**-**	-	359.1	**-**	-359.1	-	-	**-**	-	**-**
Coupon on deeply subordinated securities	-			-66.4	-	-359.1	-	-	-66.4	-	-66.4
Parent company dividend distribution	-	**-**	-	-	-	-462.6	-	-	-462.6	-	-462.6
Elimination of treasury shares	-	**-**	**-**	-	-13.4	-	-	-	-13.4	-	-13.4
Share-based payments	-	**-**	-	-	-	6.2	-	-	6.2	-	6.2
Third party share in share capital increases of subsidiaries	-	**-**	**-**	-	-	-	-	-	0.0	2.1	2.1
Third party share in dividend distributions of subsidiaries	-	**-**	**-**	**-**	**-**	-	**-**	**-**	0.0	-88.3	-88.3
Transactions with non-controlling interests	-	**-**	**-**	**-**	**-**	-60.1	**-**	**-**	-60.1	-25.6	-85.7
Total transactions with non-controlling interests	**-**	**-**	**-**	**-1,177.5**	**-13.4**	**-857.5**	**-**	**-**	**-2,048.4**	**-111.8**	**-2,160.2**
Other comprehensive income	-	**-**	**-**	**-**	**-**	9.2	-47.0	-0.1	-37.9	-5.9	-43.8
Net income for the period	-	**-**	**-**	**-**	**-**	225.4	-	-	225.4	87.3	312.7
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**234.6**	**-47.0**	**-0.1**	**187.5**	**81.4**	**268.9**
Other movements	-	**-**	**-**	**-**	**-**	-6.8	-	-	-6.8	-22.0	-28.8
Amount As of June 30, 2018	**563,364,823**	**2,816.8**	**7,161.2**	**17.6**	**-447.5**	**-3,860.8**	**-18.4**	**-56.4**	**5,612.5**	**1,101.3**	**6,713.8**

The dividend distribution per share was €0.84 in fiscal year 2018 and €0.80 in fiscal year 2017.

The total dividend paid recorded in the Consolidated Cash Flow Statement of -€550.9 million and -€526.5 million for the half-years ended June 30, 2018 and June 30, 2017, respectively, breaks down as follows:

(€ million)	**Half-year ended June 30, 2017**	**Half-year ended June 30, 2018**
Parent company dividend distribution	-439.7	-462.6
Third party share in dividend distributions of subsidiaries	-86.8	-88.3
Scrip dividend	-	-
TOTAL DIVIDEND PAID	**-526.5**	**-550.9**

4.1.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 ACCOUNTING PRINCIPLES AND METHODS

The Group's condensed interim consolidated financial statements for the half-year ended June 30, 2018 were prepared under the responsibility of the Board of Directors, which met on July 31, 2018.

1.1 ACCOUNTING STANDARDS FRAMEWORK

1.1.1 Basis underlying the preparation of the financial information

Pursuant to European Regulation no.1606/2002 of July 19, 2002, as amended by European Regulation 297/2008 of March 11, 2008, the condensed interim consolidated financial statements of Veolia Group (the "Group") for the half-year ended June 30, 2017 were prepared in accordance with IAS 34, Interim Financial Reporting. As they are condensed financial statements, they do not include all the disclosures required under IFRS for annual financial statements and must be read in conjunction with the Group financial statements for the year ended December 31, 2017.

The accounting principles used for the preparation of the condensed interim consolidated financial statements are in accordance with the IFRS standards and interpretations as adopted by the European Union. These standards and interpretations may be consulted at the following European Union website:

http://ec.europa.eu/finance/company-reporting/standards-interpretations/index_fr.htm

These half-year financial statements have been drawn up in accordance with the principles used for the preparation of the 2017 consolidated financial statements, except for the items presented below and the specific requirements of IAS 34.

1.1.2 New standards and interpretations

The accounting policies and methods are presented in detail in the consolidated financial statements for the year-ended December 31, 2017.

Texts of mandatory effect for the first time within the Group as of January 1, 2018:

- IFRS 15, Revenue from Contracts with Customers:

The requirement under IFRS 15 to identify and recognize all performance obligations in a contract, must enable the recognition of the relevant revenue over the period the obligation is fulfilled.

The Group finalized its review to identify the potential impacts of IFRS 15. Analysis results confirmed that the Group's current revenue recognition model is not called into question by the new IFRS 15 provisions. The Group applies the standard retrospectively with effect from January 1, 2018.

The main points of note identified by the Group's review are detailed below. They have no impact at the transition date:

- **Construction business**

The Group's construction activities are mainly recognized on a completion basis, which complies with IFRS 15 requirements.

- **Principal-Agent analysis**

IFRS 15 requires the analysis of service contracts performed on behalf of third parties, to determine whether the Group acts as a principal (recognition of gross revenue) or as an agent (recognition of the margin). Few of the Group's activities are concerned by this provision and primarily combined energy purchase and distribution services. No adjustments were made to the recognition of Group consolidated revenue as a result of analyses performed at the transition date.

- **Installation maintenance and renewal services**

The Group focused closely on the nature and scope of installation maintenance and renewal services in existing concession arrangements and installation management contracts, in order to determine whether they represented a separate performance obligation.

The provisions of the majority of contracts concerned do not include a specific performance obligation in this respect.

- **Variable remuneration**

IFRS 15 revenue recognition measurement provisions require variable components, such as discounts and rebates, to be estimated on contract inception. Within the Group, contractual agreements with customers may contain various variable remuneration mechanisms (performance bonuses, penalties, discounts, etc.). Recognition methods are consistent with IFRS 15.

- IFRS 9, Financial Instruments:

The new financial instruments standard introduces new provisions governing the classification and measurement of financial assets and financial liabilities, impairment of financial assets and accounting for hedge transactions. The Group applies this new standard retrospectively with effect from January 1, 2018.

Classification of financial assets: the Group now adopts a single, logical classification approach for all financial assets, including financial assets containing an embedded derivative, recognizing them at either amortized cost or fair value. Where an embedded derivative exists, the financial asset is classified as a whole and is not broken down. The approach is founded on a number of principles and two criteria are applied when determining how to classify and measure the financial asset: the entity's business model for managing the financial assets and contractual cash flow characteristics of the financial asset.

A financial asset may subsequently be reclassified in another category if, and only if, the entity changes its business model for managing the financial assets.

Impairment of financial instruments: the Group applies the new impairment model based on expected credit losses. This model applies to both operating and financial receivables and certain loan commitments and financial guarantee contracts. The impairment represents expected losses over the next twelve months or expected losses over the instrument term, if the credit risk represented by the financial instrument has increased significantly since initial recognition. The new standard also provides additional clarification on the presentation of impaired instruments and disclosures.

Analysis work performed by the Group identified the following differences. Their impact compared with prior Group practices is nonetheless immaterial:

- - impairment of trade receivables: an in-depth review of impairment of trade receivables within the Group was conducted with regard to these new provisions. As a result, impairment was adjusted based on this new model, with an impact on Equity attributable to owners of the Company of -€26.2 million as of January 1, 2017 and -€28.2 million as of December 31, 2017.
- accounting for debt swaps: under the new standard, it is no longer possible to spread the recognition of the difference in value between the initial debt and the new debt. First-time application of these new provisions in the Group's consolidated financial statements impacted consolidated equity in the amount of €5.6 million as of January 1, 2017 and €5.5 million as of December 31, 2017.

- **IFRIC 22, *Foreign Currency Transactions and Advance Consideration***;
- **Amendment to IFRS 2** on the classification and measurement of certain share-based payment transactions;
- **Amendments resulting from the IFRS annual improvement process (2014-2016 cycle).**

The impact of the first-time application of these texts is not material for the Group.

Texts which enter into mandatory effect after June 30, 2017 and not adopted early by the Group:

- **IFRS 16, Leases:**

The new standard for leases (IFRS 16) published on January 13, 2016, requires the recognition in the balance sheet of all lease commitments as defined in the new standard and does not distinguish between operating leases, currently disclosed in off-balance sheet commitments, and finance leases.

The first application of this standard will impact the Group's balance sheet as follows:

- Increase of tangible assets by recognizing a right to use an asset;
- Recognition of the associated liability for payments (measured at the present value of the lease payments);
- Adjustment of deferred taxes and group's equity accordingly.

Preparing IFRS 16 implementation, the Group structured a project team, in charge of monitoring and coordinating all Departments involved (Finance, Procurement, Operations, Legal, Real Estate / Property). An inventory and analysis of Group leases (approximately 40,000 contracts) is currently being finalized to determine impacts of the first-time application of this standard. Furthermore, The Group has selected its IT solution to process lease data and figure out impacts for ongoing IFRS 16 accounting.

The analyses carried out focused on lease terms to be considered with respect to the nature of the lease contract, existing options inside contractual agreements and implementation of interest rate methodology to comply with the new standard requirements.

Implementation works are currently underway to determine first-time application impacts.

This standard will be applicable to fiscal years beginning on or after January 1, 2019.

- **IFRS 17, Insurance contracts;**
- **IFRIC 23, Uncertainty over Income Tax Treatments;**
- **Amendment to IFRS 9, Financial Instruments,** regarding prepayment features with negative compensation;
- **Amendment to IAS 28 regarding long-term interests in associates and joint ventures;**
- **Amendments resulting from the IFRS annual improvement process (2015-2017 cycle);**
- **Amendment to IAS 19** regarding plan amendments, curtailments and settlements**.**

Subject to their definitive adoption by the European Union, these standards and standard amendments are of mandatory application for fiscal years beginning on or after January 1, 2019. The Group is currently assessing the potential impact of the first-time application of these texts.

1.1.3 Seasonality of Group's activities

The Group's activities are, by nature, subject to seasonal changes and climatic conditions. As such, in the Energy Services business, the majority of operating income is realized in the first and fourth quarters corresponding to heating periods in Europe. In the Water business, water consumption for domestic use and wastewater treatment are higher between May and September in the Northern hemisphere, where the Group conducts most of its activity.

Accordingly, the interim results of the Group for the half-year ended June 30, 2018 and certain key performance indicators such as working capital reflect the impact of these combined factors and therefore may not be extrapolated over the whole year.

1.2 TRANSLATION OF FOREIGN SUBSIDIARIES' FINANCIAL STATEMENTS

The exchange rates of the major currencies of non-euro countries used in the preparation of the consolidated financial statements were as follows:

Period-end exchange rate (one foreign currency unit = €xx)	**As of June 30, 2017**	**As of June 30, 2018**	**Year ended December 31, 2017**
U.S. Dollar	0.8763	0.8578	0.8338
Pound sterling	1.1372	1.1286	1.1271
Chinese renminbi	0.1292	0.1295	0.1278
Australian dollar	0.6734	0.6334	0.6516
Polish zloty	0.2366	0.2287	0.2394
Argentinian Peso	0.0531	0.0305	0.0442
Mexican Peso	0.0486	0.0437	0.0423
Brazilian Real	0.2660	0.2228	0.2517
Czech crown	0.0382	0.0384	0.0392

Average exchange rate (one foreign currency unit = €xx)	**Average half-year 2017**	**Average half-year 2018**	**Average annual rate 2017**
U.S. Dollar	0.9241	0.8258	0.8855
Pound sterling	1.1626	1.1367	1.1412
Chinese renminbi	0.1347	0.1298	0.1312
Australian dollar	0.6967	0.6371	0.6790
Polish zloty	0.2342	0.2370	0.2349
Argentinian Peso	0.0588	0.0384	0.0533
Mexican Peso	0.0476	0.0434	0.0469
Brazilian Real	0.2906	0.2415	0.2773
Czech crown	0.0373	0.0392	0.0380

NOTE 2 USE OF MANAGEMENT ESTIMATES IN THE APPLICATION OF GROUP ACCOUNTING STANDARD

Veolia may be required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and the disclosures of contingent assets and liabilities. Future results may be different from these estimates.

Underlying estimates and assumptions are determined based on past experience and other factors considered as reasonable given the circumstances. They act as a basis for making judgments necessary to the determination of the carrying amount of assets and liabilities, which cannot be obtained directly from other sources. Future values could differ from these estimates.

All these estimates are based on organized procedures for the collection of forecast information on future flows, validated by operating management, and on expected market data based on external indicators and used in accordance with consistent and documented methodologies.

Underlying estimates and assumptions are reviewed on an ongoing basis. The impact of changes in accounting estimates is recognized in the period the change is made if it affects this period only and in the period the change is made and prior periods if they are also affected by the change.

With regard to Brexit and the June 23, 2016 referendum result, beyond the macro-economic consequences which remain uncertain, the Group's exposure to foreign exchange transaction risk would appear limited as of June 30, 2018, as the Group's activities are performed by subsidiaries operating in their own countries and their own currency. With regard to foreign exchange risk on assets, as it is the Group's policy to back foreign-currency financing or foreign currency derivatives with net investments in a foreign operation, the Group does not have a material foreign exchange position that could generate significant volatility in foreign exchange gains and losses.

In this context, the consolidated financial statements for the period were prepared based on the current environment, particularly with respect to the estimates presented below.

Pursuant to the provisions of IFRS 5, Non-Current Assets Held for Sale and Discontinued Operations, the Group must exercise judgment in determining whether the criteria for recognizing an asset or group of assets as held for sale are met and when valuing these assets. Furthermore, discontinued operations are identified with respect to criteria also defined in IFRS 5. These assessments are reviewed at each period end taking account of any changes in facts or circumstances.

The following notes are set-out in detail in the consolidated financial statements for the year ended December 31, 2017.

Notes 5 and 6 on goodwill and non-current asset impairment tests.

Note 7 on the policies applied to determine financial instrument fair values.

Note 10 on the Group's income tax expense. The income tax expense for the period is calculated by applying the estimated effective annual tax rate to the pre-tax income of the period, adjusted for any one-off items.

Notes 9 and 11 on provisions, the employee benefit obligation and contingent assets and liabilities, detail the provisions recognized by Veolia Environnement. Veolia determined these provisions based on best estimates of these obligations.

In particular, in accordance with Group practice, discount rates used pursuant to IAS 36, Impairment of Assets, correspond to the weighted-average cost of capital calculated annually in each of the relevant geographic areas. A specific risk premium is included in the calculation of the weighted average cost of capital of entities located in countries outside the euro area and the following euro area countries: Spain, Ireland, Italy, Portugal and Slovenia.

At the June 30, 2018 period-end, rates were reviewed rates and did not change significantly since December 31, 2017.

NOTE 3 CONSOLIDATION SCOPE

3.1 Changes in Group's structure

3.1.1 Main changes in the first half of year 2018

Acquisitions

Grupo Sala

On May 15, 2018, Veolia Holding America Latina acquired Grupo Sala in Columbia, a group of companies specializing in Waste and Water businesses in Bogota, for an amount of €167 million, corresponding to the investment value and the acquired debt.

Buyout of minority interests in Czech Republic

On April 26, 2018, Veolia Energie International S.A. acquired a 10% stake in Veolia Energie Ceska Republika a.s., from DCR Investment a.s. for a consideration of €85 million. This acquisition increases Veolia Energie International S.A.'s stake in Veolia Energie Ceska Republika a.s. from 73% to 83%.

Acquisition of ACPTPL in India

On May 29, 2018, Veolia India acquired 70% of ACPTCL, a company specializing in hazardous waste processing in the Indian province of Gujarat, for an amount of €43 million, corresponding to the investment value and the acquired debt.

Divestitures

Industrial Services in the United States

On January 19, 2018, Veolia ES North America signed a sales agreement with Clean Harbors for its industrial cleaning business. The transaction was completed on February 23, 2018 for a consideration of USD 120 million, generating a pre-tax capital gain on disposal of €36 million in the consolidated financial statements.

3.1.2 Other changes

Lithuania

There were a number of major events concerning the Vilnius contract in 2017. These are detailed in Note 11- Contingent assets and liabilities.

Arbitration proceedings were held in the first-half of 2018 as scheduled and the Litesko sales process continued in parallel.

As of June 30, 2018, the ongoing withdrawal from Lithuania, motivated by the end of a major contract and the sales process for other activities, led the Group to classify its Lithuanian activities in discontinued operations in accordance with IFRS 5.

Gabon

Veolia Africa, through its 51% subsidiary, SEEG, manages the distribution of drinking water and electricity throughout all Gabon under the terms of a concession agreement signed in 1997 and extended for five years in March 2017.

On February 16, 2018, the Gabonese Republic unilaterally terminated the concession agreement signed with Veolia Africa's subsidiary, SEEG – Société d'énergie et d'eau du Gabon, (Gabon Energy and Water Company), alleging several reasons including that of general interest. The same day, through Ministerial order, all material and human resources were seized by the Gabonese Republic. A further Ministerial order also appointed an executive body to implement termination and seizure measures.

As of June 30, 2018, the cessation of activities in Gabon led the Group to classify SEEG in net income from discontinued operations in accordance with IFRS 5. The interim financial statements for the half-year ended June 30, 2017 were re-presented accordingly to ensure comparability, following the reclassification of the Group's activities in Gabon in "Net income from discontinued operations" in accordance with IFRS 5 (see note 3.2.1)

Transdev Group

On December 21, 2016, the Group and Caisse des dépôts et consignations finalized their agreements concerning Transdev resulting in an initial immediate divestment by the Group of 20% of the share capital for a consideration of €220 million. The Group's residual 30% stake in Transdev Group continued to be accounted for under the equity method.

The 2016 agreements also granted the Group a put option against Caisse des dépôts et consignations covering its residual stake, available for exercise at the end of a two-year period if it had not sold its investment to a third-party investor. Similarly, Caisse des dépôts et consignations held a call option . The price of this second transaction is based on the initial valuation of €550 million for 50% of the share capital and may be revised in accordance with the adjustment mechanisms set-out in the agreements.

The Group's residual stake is therefore transferred to Assets classified as held for sale and Liabilities directly associated with assets classified as held for sale as of June 30, 2018, given the proximity of the put option exercise date set in the 2016 agreements. Accordingly, the value of the Group's residual stake is fixed pursuant to IFRS 5 and the investment is no longer equity-accounted.

The Group's stake in Transdev Group is recognized in the consolidated financial statement for €304 million.

3.2 Assets classified as held for sale, discontinued operations and divestitures

3.2.1 Discontinued operations

For the first half-year 2018, discontinued operations amount to -€46.6 million , out which -€44.6 million related to Gabon.

3.2.2 Assets classified as held for sale

Assets classified as held for sale and Liabilities directly associated with assets classified as held for sale are presented separately in the Group Consolidated Statement of Financial Position as follows:

(€ million)	As of June 30, 2018	As of December 31, 2017 represented
Assets classified as held for sale	668.1	487.3
Liabilities directly associated with assets classified as held for sale	187.6	240.3

As of June 30, 2018, the main asset and liability categories recorded in Assets classified as held for sale and Liabilities directly associated with assets classified as held for sale, break down by operating segment as follows:

(€ million)	France	Europe excluding France	Rest of the World	Global businesses	Other	Total
Assets	**-**	**-**	**-**	**-**	**-**	**-**
Non-current assets	-	318.8	1.7	-	304.0	624.5
Current assets	-	32.7	8.3	-	-	41.0
Cash and cash equivalents	-	2.4	0.2	-	-	2.6
ASSETS CLASSIFIED AS HELD FOR SALE	**-**	**353.9**	**10.2**	**-**	**304.0**	**668.1**
Liabilities	**-**	**-**	**-**	**-**	**-**	**-**
Non-current liabilities	-	96.1	-	-	-	96.1
Current liabilities	-	88.5	3.0	-	-	91.5
LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE	**-**	**184.6**	**3.0**	**-**	**-**	**187.6**

As of December 31, 2017, the main asset and liability categories recorded in Assets classified as held for sale and Liabilities directly associated with assets classified as held for sale, break down by operating segment as follows:

(€ million)	France	Europe excluding France	Rest of the World	Global businesses	Other	Total
Assets	-	-	-	-	-	-
Non-current assets	-	354.5	36.7	-	-	391.2
Current assets	-	48.6	43.9	-	-	92.5
Cash and cash equivalents	-	2.3	1.3	-	-	3.6
ASSETS CLASSIFIED AS HELD FOR SALE	**-**	**405.4**	**81.9**	**-**	**-**	**487.3**
Liabilities	-	-	-	-	-	-
Non-current liabilities	-	122.9	5.7	-	-	128.6
Current liabilities	-	89.5	22.2	-	-	111.7
LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE	**-**	**212.4**	**27.9**	**-**	**-**	**240.3**

3.3 Off-balance sheet commitments related to consolidation scope

3.3.1 Commitments given

Off-balance sheet commitments given break down as follows:

(€ million)	As of December 31, 2017	As of June 30, 2018	Maturing in Less than 1 year	Maturing in 1 to 5 years	Maturing in More than 5 years
Vendor warranties	706.1	591.5	34.3	29.8	527.4
Securities purchase commitments	170.6	210.6	182.3	28.3	-
Sale commitments	0.3	0.3	0.3	-	-
Other commitments relating to the consolidated scope	16.7	27.9	15.3	12.2	0.4
TOTAL COMMITMENTS RELATING TO THE CONSOLIDATED SCOPE	**893.7**	**830.3**	**232.2**	**70.3**	**527.8**

Vendor warranties primarily comprise: warranties given on the divestiture of the investment in Berlin Water in the amount of €484.0 million.

Purchase commitments: mainly comprise Group purchase commitments in Slovakia of €135 million.

Agreements with EDF: Further to the completion of the redistribution transaction on July 25, 2014, Veolia Environnement granted EDF a call option covering its Dalkia International, renamed Veolia Energie International, shares exercisable should an EDF competitor take control of this company. Likewise, EDF granted Veolia Environnement a call option covering all of its Dalkia France shares, exercisable should a Veolia Environnement competitor take control. This call option is not included in the above table. The 5-year call option expires on July 25, 2019.

3.3.2 Commitments received

Commitments received relating to the consolidated scope total €252.4 million as of June 30, 2018, compared with €290.0 million as of December 31, 2017. The decrease in commitments received is mainly due to the expiry of the Chemours vendor warranty.

NOTE 4 REPORTING BY OPERATING SEGMENT

The operating segments are components of the Group that engage in activities and whose operating results are reviewed by the Group Chairman and Chief Executive Officer (Chief Operating Decision Maker) to make decisions about resources to be allocated to the segment and assess its performance. Information presented to the Chief Operating Decision Maker is taken from the Group internal reporting system.

Financial information by operating segment is prepared in accordance with the same rules used to prepare the Consolidated Financial Statements.

In accordance with the provisions of IFRS 8 on the identification of operating segments and after taking account of regrouping criteria, the following segments are presented:

- **France;**
- **Europe excluding France;**
- **Rest of the World;**
- **Global Businesses;**
- **Other,** including the various Group holding companies.

The main financial aggregates, in Group share, are also presented for the Chinese Water concessions, under joint control.

EBITDA indicator comprises the sum of all operating income and expenses received and paid (excluding restructuring costs, non-current impairment losses, renewal expenses and share acquisition and disposal costs) and principal reimbursements of OFAS.

The main financial indicators by operating segment are as follows:

Half-year ended June 30, 2018

(€ million)	France	Europe excluding France	Rest of the World	Global Businesses	Other	Total consolidated financial statements	Joint-ventures Data in Group share: Chinese Water concessions
Revenue	2,655.9	4,516.6	3,191.8	2,185.2	15.0	**12,564.5**	336.9
EBITDA	373.5	746.1	445.0	105.7	2.5	**1,672.8**	72.6
Operating income after share of net income (loss) of equity-accounted entities	32.2	426.1	256.6	22.2	-8.1	**729.0**	39.8
Industrial investments net of subsidies	-150.7	-162.5	-205.5	-46.6	-10.5	**-575.8**	-41.0

Half-year ended June 30, 2017 represented (1)

(€ million)	France	Europe excluding France	Rest of the World	Global Businesses	Other	Total consolidated financial statements	Joint-ventures Data in Group share: Chinese Water concessions
Revenue	2,663.4	4,233.6	3,067.7	2,204.0	17.8	**12,186.5**	318.3
EBITDA	375.3	721.1	409.7	104.1	3.6	**1,613.8**	76.0
Operating income after share of net income (loss) of equity-accounted entities	-1.1	407.0	231.3	11.9	-15.0	**634.1**	42.4
Industrial investments net of subsidies	-136.0	-142.8	-164.9	-40.5	-15.3	**-499.5**	-24.4

(1) 2017 adjustments concern the reclassification of Gabon in discontinued operations in accordance with IFRS 5 and the impact of IFRS 9 first-time application.

The EBITDA indicator reconciles with the former indicator, operating cash flow before changes in working capital, for half-years 2018 and 2017 as follows:

(€ million)		Half-year ended June 30, 2017 represented (1)	Half-year ended June 30, 2018
Operating cash flow before changes in working capital	**(A)**	**1,319.2**	**1,327.3**
o/w Operating cash flow from financing activities	**(B)**	3.0	-10.8
o/w Adjusted operating cash flow	**(C)= (A)-(B)**	**1,316.2**	**1,338.1**
Less :	**(D)**	-	-
Renewal expenses		130.3	135
Restructuring costs*		58.9	99.5
Share acquisition and disposal costs		5.1	9.1
Other		13.1	19.5
Plus :		-	-
Principal payments on operating financial assets	**(E)**	90.2	71.6
EBITDA	(C)+(D)+(E)	1,613.8	1,672.8

(*)For the fisrt-half 2017 and 2018, restructuring costs were primarily recognized in France Water.

(1) 2017 adjustments concern the reclassification of Gabon in discontinued operations in accordance with IFRS 5 and the impact of IFRS 9 fisrt-time application

NOTE 5 OPERATING ACTIVITIES

5.1 Revenue

Revenue breaks down as follows:

(€ million)	Half-year ended June 30, 2017 represented	Half-year ended June 30, 2018
Water	5,255.7	5,187.6
Waste	4,378.4	4,687.9
Energy	2,552.4	2,689.0
Group	**12,186.5**	**12,564.5**

A breakdown of revenue by operating segment is presented in note 4.

5.2 Operating income

Operating income is calculated as follows:

(€ million)	Half-year ended June 30, 2017 represented	Half-year ended June 30, 2018
Revenue	**12,186.5**	**12,564.5**
Cost of sales	**-10,072.9**	**-10,447.4**
o/w :		
• Renewal expenses	-130.3	-135.0
Selling costs	**-307.6**	**-297.6**
General and administrative expenses	**-1,094.3**	**-1,086.1**
Other operating revenue and expenses	**-125.7**	**-62.7**
o/w :		
• Impairment losses on goodwill of fully-consolidated companies	0	-0.1
• Impairment losses on equity-accounted companies	-	-
• Restructuring costs	-90.4	-41.8
• Employee costs - share based payments	-4.9	-6.2
• Other charges, impairment losses and net provisions non-current	-27.5	-12.1
• Share acquisition costs	-2.9	-2.5
Operating income before share of net income (loss) of equity-accounted entities	**586.0**	**670.7**
Share of net income (loss) of equity-accounted entities	**48.1**	**58.3**
Operating income after share of net income (loss) of equity-accounted entities	**634.1**	**729.0**

Restructuring costs recognized in the half-year ended June 30, 2018, primarily concern the transformation plan in the Water business in France

5.2.1 Joint ventures and associates

All equity-accounted companies, whether joint ventures or associates, represent an extension of the Group's businesses and are therefore allocated to the four operating segments.

As a reminder, the Group's investment in Transdev Group which did not represent an extension of the Group's businesses within the meaning of the recommendation issued by the French Accounting Standards Authority (Autorité des Normes Comptables, ANC) on April 4, 2013 - as the Group's continued aim is to withdraw from the transportation business – was classified as "Associates", as of December 31, 2017. It has been reclassified under "Assets classified as hed for sale" as of June 30, 2018, as described in note 3.2.

Joint Ventures

(€ million)	**Half-year ended June 30, 2017 represented**	**Half-year ended June 30, 2018**
Share of net income (loss) of joint ventures	35.2	30.1
Share of net income (loss) of associates	12.9	28.2
Share of net income (loss) of equity-accounted entities	**48.1**	**58.3**

The joint ventures described below represent all joint ventures.

	Share of Equity		**Share of net income (loss)**	
(€ million)	**As of December 31, 2017 represented**	**As of June 30, 2018**	**Half-year ended June 30, 2017 represented**	**Half-year ended June 30, 2018**
Chinese Water concessions	1,351.1	1,349.0	23.9	21.7
Other joint ventures	155.0	162.8	11.3	8.4
TOTAL	1,506.1	1,511.8	35.2	30.1
Impact in the Consolidated Income Statement on Net income from continuing operations (a)+(b)			35.2	30.1
Share of net income (loss) of joint ventures (a)			**35.2**	**30.1**
Impairment losses recognized in other operating revenue and expenses (b)			-	-

5.3 Working capital

Net working capital includes “operating” working capital (inventories, trade receivables, trade payables and other operating receivables and payables, tax receivables and payables other than current tax), “tax” working capital (current tax receivables and payables) and “investment” working capital (receivables and payables in respect of industrial investments/disposals).

Movements in net working capital (“WCR”) during the first six months of 2018 are as follows:

(€ million)	**As of December 31, 2017 represented**	**As of June 30, 2018**
Inventories and work-in-progress, net	721.6	753.0
Operating receivables, net	8,489.5	9,181.5
Operating payables	-10,118.0	-10,099.3
NET WORKING CAPITAL	-906.9	-164.8

The change in net working capital includes an effect tied to the seasonality of the Group’s businesses (see note 1.1.3).

The €742.1 million change in Net working capital presented above includes the change in “operating” working capital of €760.6 million, the change in “tax” working capital included in Income taxes paid in the cash flow statement of -€3.7 million, and the change in “investment” working capital included under Industrial investments in the cash flow statement of -€14.8 million.

Factoring

The Group has regular recourse to factoring.

Under these programs, certain subsidiaries have agreed to assign, on a renewable basis, trade receivables by contractual subrogation or assignment of receivables (“Dailly” type for France) without recourse against the risk of default by the debtor. The analysis of the risks and rewards as defined by IFRS 9 led the Group to derecognize almost all the receivables assigned under these factoring programs. In addition, the transferor subsidiaries remain, in certain cases, responsible for invoicing and debt recovery, for which they receive remuneration but do not retain control.

Accordingly, receivables totaling €1,295.4 million were assigned under these programs in the first half of 2018, compared with €1,148.2 million for the first half of 2017. Receivables derecognized as of June 30, 2018 total €379.6 million, compared with €498.8 million as of December 31, 2017.

5.4 Non-current and current operating financial assets

Movements in the value of non-current and current operating financial assets during the first six months of 2018 are as follows:

(€ million)	As of December 31, 2017 represented	As of June 30, 2018
Gross	1,498.5	1,482.3
Impairment losses	-81.7	-80.1
NON-CURRENT OPERATING FINANCIAL ASSETS	1,416.8	1,402.2
Gross	207.9	103.6
Impairment losses	-10.6	-9.9
CURRENT OPERATING FINANCIAL ASSETS	197.3	93.7
NON-CURRENT AND CURRENT OPERATING FINANCIAL ASSETS	1,614.1	1,495.9

Movements in the net carrying amount of non-current and current operating financial assets in the half-year ended June 30, 2018 total -€118.2 million and mainly concern operating financial assets in Gabon for -€104.3 million (see note 3.1.2).

5.5 Non-current and current concession liabilities

Concession financial liabilities result from the application of IFRIC12 on the accounting treatment of concessions (see Note 1.2.4).

Movements in non-current and current concession liabilities in the first-half of **2018** break down as follows:

	Non current		Current		Total	
(en millions d'euros)	As of December 31, 2017 represented	As of June 30, 2018	As of December 31, 2017 represented	As of June 30, 2018	As of December 31, 2017 represented	As of June 30, 2018
France	68.4	**65.8**	10.3	**11.2**	78.7	**77.0**
Europe excluding France	1,205.7	**1,199.9**	73.0	**76.5**	1,278.7	**1,276.4**
Rest of the world	7.1	**6.2**	2.4	**15.8**	9.5	**22.0**
Global businesses	-	**0.1**	0.1	**0.2**	0.1	**0.3**
Other	-	**-**	-	**-**	-	**-**
Concession liabilities	1,281.2	1,272.0	85.8	103.7	1,367.0	1,375.7

5.6 Commitments relating to operating activities

5.6.1 Commitments given

Off-balance sheet commitments given break down as follows:

			Maturing in		
(€ million)	As of December 31, 2017	As of June 30, 2018	Less than 1 year	1 to 5 years	More than 5 years
Operational guarantees including performance bonds	7,941.9	8,101.1	4,347.3	2,120.4	1,633.4
Purchase commitments	146.4	179.8	152.9	22.4	4.5
TOTAL COMMITMENTS RELATING TO OPERATING ACTIVITIES	8,088.3	8,280.9	4,500.2	2,142.8	1,637.9

The increase in commitments given in the first-half of 2018 (+€192.6 million) is mainly due to guarantees given on water treatment and waste contracts in Ringsend in the United Kingdom (+€32.6 million), the Springvale contact in Australia (+€34.1 million), the Arcelor contract in Fos (+€25 million) and the boat dismantling business in China (+€21.1 million), as well as foreign exchange translation impacts (+€59.2 million).

In addition to the commitments given quantified above, Veolia has also granted commitments of an unlimited amount in respect of completion or performance bonds and a waste construction and treatment contract in Hong Kong, in the Waste and Water businesses.

These commitments are limited to the duration of the related contracts and were approved in advance by the Veolia Environnement Board of Directors.

Total commitments given in respect of Veolia Water Technologies construction activities amount to €2,074.7 million as of June 30, 2018, compared with €2,039.0 million as of December 31, 2017.

Operating commitments given in respect of joint ventures (at 100%) total €597.8 million as of June 30, 2018 compared with €593.3 million as of December 31, 2017 and mainly consist of performance bonds given to Al Wathba VB in the amount of €404 million and to Glen Water Holding in the amount of €73.7 million.

5.6.2 Commitments received

These commitments mainly consist of commitments received from our partners in respect of construction contracts.

They total €1,036.4 million as of June 30, 2018, compared with €1,035.7 million as of December 31, 2017.

Total commitments received in respect of Veolia Water Technologies activities amount to €518.2 million as of June 30, 2018, compared with €518.6 million as of December 31, 2017.

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NOTE 6 GOODWILL, INTANGIBLE ASSETS AND PROPERTY PLANT AND EQUIPMENT

6.1 Goodwills

6.1.1 Changes in goodwill

Goodwill breaks down as follows:

(€ million)	**As of December 31, 2017 represented**	As of June 30, 2018
Gross	6,016.1	6,149.6
accumulated impairment losses	-1,100.4	-1,097.7
NET	**4,915.7**	**5,051.9**

The net carrying amount of goodwill as of June 30, 2018 breaks down by operating segment as follows:

(€ million)	**As of December 31, 2017 represented**	As of June 30, 2018
France	1,227.5	1,229.1
Europe excluding France	2,210.4	2,217.0
Rest of the World	763.3	847.6
Global Businesses	711.5	755.2
Other	3.0	3.0
TOTAL GOODWILL	**4,915.7**	**5,051.9**

The main movements in Group goodwill during the first-half of 2018 are primarily due to changes in consolidation scope for €163.1 million, including €94.9 million in the Rest of the world segment and primarily the provisional allocation of the purchase price for Grupo Sala in Colombia, €34.9 million in the Global businesses segment and €31.7 million in Europe excluding France, notably regarding several acquisitions in the United Kingdom for €21.2 million.

Main goodwill balances by cash-generating unit as of June 30, 2018

There has been no material change in the net carrying amount of the main goodwill balances by cash-generating unit or group of cash-generating units (amounts in excess of €200 million) since December 31, 2017, other than the goodwill recognized on the acquisition of Grupo Sala.

6.1.2 Impairment tests

Goodwill and other intangible assets with indefinite useful life are subject to annual impairment tests, in accordance with the Group's timetable.

No indication of loss in value was identified as of June 30, 2018, including for CGUs considered sensitive as of December 31, 2017 (see note 7.1.2.2 Financial statements as of December 31, 2017).

Consequently, no additional impairment has been recognized as of June 30, 2018.

6.2 Intangible assets

6.2.1 Concession intangible assets

Concession intangible assets break down by operating segment as follows:

(€ million)	Net carrying amount as of december 31, 2017 represented	As of June 30, 2018		
		Gross carrying amount	Amortization and impairment losses	Net carrying amount
France	701.2	1,531.3	-833.5	697.8
Europe excluding France	2,093.7	4,026.4	-1,993.0	2,033.4
Rest of the World	678.3	1,442.6	-731.4	711.2
Global Businesses	2.1	23.2	-21.2	2.0
Other	-	-	-	-
CONCESSION INTANGIBLE ASSETS	**3,475.3**	**7,023.5**	**-3,579.1**	**3,444.4**

The -€30.9 million decrease in the net carrying amount of concession intangible assets is mainly attributable to:

- additions of +€147.6 million (including €47.5 million in France, €25.6 million in Europe excluding France and €74.4 million in the Rest of the world);
- amortization charges and impairment losses of -€179.1 million.

6.2.2 Other intangible assets

Other intangible assets break down as follows:

(€ million)	As of December 31, 2017 represented	As of June 30, 2018
Intangible assets with an indefinite useful life, net	**12.2**	**40.2**
Intangible assets with a definite useful life, gross	3,330.4	3,417.1
Amortization and impairment losses	-2,325.5	-2,407.4
Intangible assets with a definite useful life, net	**1,004.9**	**1,009.7**
OTHER INTANGIBLE ASSETS, NET	**1,017.1**	**1,049.9**

There has been no material change in other intangible assets since December 31, 2017.

6.3 Property, plant and equipment

Movements in the net carrying amount of property, plant and equipment during the first six months of **2018** are as follows:

(€ million)	As of December 31, 2017 represented	As of June 30, 2018
Property, plant and equipment, gross	18,229.4	18,468.8
Depreciation and impairment losses	-10,935.0	-11,213.5
Property, plant and equipment, net	**7,294.4**	**7,255.3**

The -€39.1 million decrease in property, plant and equipment is mainly attributable to:

- additions of €401.7 million (including €132.9 million in the Europe excluding France segment and €152.4 million in the Rest of the World segment);
- depreciation charges and impairment losses of €477.4 million;
- foreign exchange losses of -€65.5 million (including -€84.1 million in the Europe excluding France segment and €19.6 million in the Rest of the World segment), mainly due to fluctuations in the U.S. dollar (+€30.7 million), polish zloty (-€61.7 million), Hungarian forint (-€10.7 million) and Czech crown (-€9.4 million) against the euro.

The breakdown of property, plant and equipment by class of assets is as follows:

(€ million)	Net carrying amount As of December 31, 2017 represented	As of June 30, 2018 Gross carrying amount	Depreciation and impairment losses	Net carrying amount
Land	637.2	1,379.8	-735.2	644.6
Buildings	1,237.1	2,962.5	-1,745.5	1,217.0
Technical installations, plant and equipment	3,877.1	9,623.4	-5,802.4	3,821.0
Travelling systems and other vehicles	583.5	2,055.2	-1,476.1	579.1
Other property, plant and equipment	331.1	1,758.2	-1,425.1	333.1
Property, plant and equipment in progress	628.4	689.7	-29.2	660.5
PROPERTY, PLANT AND EQUIPMENT	**7,294.4**	**18,468.8**	**-11,213.5**	**7,255.3**

NOTE 7 FINANCING AND FINANCIAL INSTRUMENTS

7.1 Financial assets and liabilities

Financial assets and liabilities mainly consist of:

- Borrowings and other financial liabilities, presented in Note 7.1.1;
- Other current and non-current financial assets, presented in Note 7.1.2;
- Cash and cash equivalents and bank overdrafts and other cash position items, presented in Note 7.1.3.;
- Derivative instruments, presented in Note 7.2.2.

7.1.1 Financial liabilities

Movements in non-current and current borrowings during the first six months of 2018 are as follows:

	Non-current		Current		Total	
(€ million)	As of December 31, 2017 represented	As of June 30, 2018	As of December 31, 2017 represented	As of June 30, 2018	As of December 31, 2017 represented	As of June 30, 2018
Bond issues	**8,893.3**	**8,425.4**	**489.5**	**478.4**	**9,382.8**	**8,903.8**
• maturing < 1 year	-	-	489.5	478.4	489.5	478.4
• maturing 2-3 years	1,591.0	2,432.8	-	-	1,591.0	2,432.8
• maturing 4-5 years	2,673.1	1,348.8	-	-	2,673.1	1,348.8
• maturing > 5 years	4,629.2	4,643.8	-	-	4,629.2	4,643.8
Other borrowings	**564.1**	**579.9**	**4,117.5**	**4,151.7**	**4,681.6**	**4,731.6**
• maturing < 1 year	-	-	4,117.5	4,151.7	4,117.5	4,151.7
• maturing 2-3 years	257.1	245.4	-	-	257.1	245.4
• maturing 4-5 years	121.0	158.6	-	-	121.0	158.6
• maturing > 5 years	186.0	175.9	-	-	186.0	175.9
TOTAL CURRENT AND NON-CURRENT BORROWINGS	**9,457.4**	**9,005.3**	**4,607.0**	**4,630.1**	**14,064.4**	**13,635.4**

7.1.1.1 Non-current and current bond issues

Breakdown of bonds

Publicly offered or traded issuances included in non-current bond issues total €7,507.8 million as of June 30, 2018, including €372.2 million (euro-equivalent) issued on the U.S. market, €698.5 million of bonds convertible and/or exchangeable for new and/or existing shares (OCEANE) and €129.3 million (euro-equivalent) of bonds issued on the Chinese domestic market (“Panda bond”).

Bonds totaling €475 million were reclassified as current borrowings in the first-half of 2018 and primarily concerned the euro bond line maturing in April 2019 in the amount of €470.2 million.

Change in bonds

The decrease in bond issues in the first-half of 2018 is mainly due to repayments of -€486.1 million and foreign exchange change impacts of +€13.7 million.

As a reminder, on March 20, 2017, Veolia issued two bonds for €1.3 billion. This issuance includes a €650 million bond maturing in March 2022 (5-year maturity) bearing a coupon of 0.672% and a €650 million bond maturing in November 2026 (short 10-year maturity) bearing a coupon of 1.496%. Both bonds were issued at par.

7.1.1.2 Information on early debt repayment clauses

Veolia Environnement debt

The legal documentation for bank financing and bond issues contracted by the Company does not contain any financial covenants, i.e. obligations to comply with a debt coverage ratio or a minimum credit rating which, in the event of non-compliance, could lead to the early repayment of the relevant financing.

Subsidiary debt

Based on due diligence performed within the subsidiaries, the Group considers that the covenants included in the Group's material financing agreements were satisfied (or had been waived by lenders) as of June 30, 2018.

7.1.2 Non-current and current financial assets

Other non-current and current financial assets break down as follows:

	Non-current		Current		Total	
(en millions d'euros)	As of December 31, 2017 represented	As of June 30, 2018	As of December 31, 2017 represented	As of June 30, 2018	As of December 31, 2017 represented	As of June 30, 2018
Gross	402.7	391.4	261.9	307.8	664.6	699.2
Impairment losses	-69.7	-71.9	-32.9	-32.7	-102.6	-104.6
FINANCIAL ASSETS IN LOANS AND RECEIVABLES, NET	333.0	319.5	229.0	275.1	562.0	594.6
OTHER FINANCIAL ASSETS	11.2	13.1	5.1	1.9	16.3	15.0
LIQUID ASSETS AND FINANCING FINANCIAL ASSETS	4.4	6.1	170.5	354.9	174.9	361.0
TOTAL OTHER FINANCIAL ASSETS, NET	348.6	338.7	404.6	631.9	753.2	970.6

As of June 30, 2018, the main non-current and current financial assets in loans and receivables include particularly loans granted to equity-accounted joint ventures totaling €151.5 million, compared with €117.4 million as of December 31, 2017.

These loans mainly concern the Chinese Water Concessions in the amount of €97.0 million, as of June 30, 2018, compared with €65.6 million as of December 31, 2017.

As of June 30, 2018, liquid assets and financing financial assets are mainly held by Veolia Environnement and primarily comprise investments of €350 million with an initial maturity of more than three months, easily convertible into cash, and managed with respect to a liquidity objective while maintaining a low capital risk.

7.1.3 Cash and cash equivalents, bank overdrafts and other cash position items

Movements in cash and cash equivalents and bank overdrafts and other cash position items during the first six months of 2018 are as follows:

(€ million)	As of December 31, 2017 represented	As of June 30, 2018
Cash	872.8	836.3
Cash equivalents	5,391.1	2,093.1
CASH AND CASH EQUIVALENTS	6,263.9	2,929.4
Bank overdrafts and other cash position items	**208.9**	**261.4**
Net cash	**6,055.0**	**2,668.0**

Cash and cash equivalents total €2,929.4 million, including €326.0 million "subject to restrictions" as of June 30, 2018.

The decrease in net cash during the half-year mainly reflects the repayment on May 28, 2018, on maturity, of the euro bond line in the nominal amount of €472 million, the redemption of the deeply subordinated perpetual securities (hybrid) denominated in euros and pound sterling issued on January 23, 2013 in the amount of €1,452.1 million, the change in operating WCR for -€789.8 million, investments in liquid assets of -€185.8 million not classified as cash for accounting purposes and the dividend payment of -€550.9 million.

As of June 30, 2018, the France segment held cash of €20.4 million, the Europe excluding France segment held cash of €265.8 million, the Global businesses segment held cash of €180.3 million and the Other segment held cash of €154.2 million (including €62.5 million held by Veolia Environnement).

Surplus cash balances of other Group subsidiaries, not pooled at Veolia Environnement level, are invested in accordance with procedures defined by the Group.

As of June 30, 2018, cash equivalents were primarily held by Veolia Environnement in the amount of €1,958.4 million, including monetary UCITS of €1,007.2 million and term deposit accounts of €950.1 million.

Bank overdrafts and other cash position items consist of credit balances on bank accounts and related accrued interest payable, corresponding to brief overdrafts.

7.2 Fair value of financial assets and liabilities

7.2.1 Disclosures on the fair value of financial assets and liabilities

The IFRS 9 first-time application did not modify assessment methods of main Group financial assets and liabilities. In addition, differences between the fair value and net carrying amount of these main financial asset and liability categories have not materially changed since December 31, 2017.

7.2.2 Offsetting of financial assets and liabilities

As of June 30, 2018, derivatives managed under ISDA ("International Swaps and Derivatives Association") or EFET ("European Federation of Energy Traders") agreements are the only financial assets and/or liabilities covered by a legally enforceable master netting agreement. These instruments may only be offset in the event of default by one of the parties to the agreement. They are not therefore offset in the accounts.

Such derivatives are recognized in assets in the amount of €131.1 million and in liabilities in the amount of €164.8 million in the Consolidated Statement of Financial Position as of June 30, 2018.

7.3 Financial income and expenses

7.3.1 Net finance costs

Finance costs consist of interest payable on borrowings calculated using the amortized cost method and losses on interest rate derivatives, both qualifying and not qualifying as hedges.

Interest costs included in payments under lease finance contracts are recorded using the effective interest rate method.

Finance income consists of gains on interest rate derivatives, both qualifying and not qualifying as hedges and income from cash investments and equivalents.

Interest income is recognized in profit or loss when earned, using the effective interest method.

Finance costs and finance income represent the cost of borrowings net of income from cash and cash equivalents. In addition, net finance costs include net gains and losses on derivatives allocated to borrowings, irrespective of whether they qualify for hedge accounting.

Finance income totals €12.4 million, while finance costs total -€211.9 million for the first half of 2018.

Net finance costs presented in the Consolidated Cash Flow Statement reflect the net finance costs of continuing operations presented above and the net finance costs of discontinued operations.

The heading "Interest paid" in the Consolidated Cash Flow Statement reflects the net finance costs of continuing and discontinued operations adjusted for accrued interest of -€25.3 million and fair value adjustments to hedging derivatives of +€6.9 million for the first half of 2018.

(€ million)	**As of June 30, 2017 represented**	**Half-year ended June 30, 2018**
Expenses on gross debt	-178.0	-172.8
Assets at fair value through the Consolidated Income Statement (fair value option) *	6.6	5.9
Net gains and losses on derivative instruments, hedging relationships and other	-38.9	-32.6
COST OF NET FINANCIAL DEBT	**-210.3**	**-199.5**

( ) Cash equivalents are valued at fair value through the Consolidated Income Statement*

Net gains and losses on derivative instruments, hedging relationships and other mainly include the following amounts for the first-half of 2018:

- net interest income on hedging relationships (fair value hedges and cash flow hedges) of €5.9 million;
- net losses on derivatives not qualifying for hedge accounting of -€39.5 million, mainly on foreign currency derivatives.

7.3.2 Other financial income and expense

Other financial income and expenses primarily include income on financial receivables, excluding I4 and I12 financial receivables, calculated using the effective interest rate method, capital gains and losses on disposals of financial assets, net of disposal costs, dividends, foreign exchange gains and losses, impairment losses on financial assets and the unwinding of discounts on provisions.

(€ million)	**As of June 30, 2017 represented**	**Half-year ended June 30, 2018**
Net gains and losses on loans and receivables	1.4	5.7
Capital gains and losses on disposals of financial assets, net of disposal costs	4.5	18.8
Net gains and losses on available-for-sale assets [(1)]	2.3	1.6
Assets and liabilities at fair value through the Consolidated Income Statement	0.1	-0.1
Unwinding of the discount on provisions	-19.4	-12.1
Foreign exchange gains and losses	-7.8	-3.0
Interest on operating asset	-44.5	-45.5
Other	-5.8	-11.6
OTHER FINANCIAL INCOME AND EXPENSES	**-69.2**	**-46.2**

[(1)] *Including dividends received of €1.6 million as opf June 30, 2018, compared with €2.2 million as of June 30, 207*

In the first six months of 2018, other financial income and expenses include the impact of industrial cleaning business disposals in United States as well as the fair-value measurement of assets held for sale, within Europe, excluding France.

7.4 Financing commitments

7.4.1 Commitments given

Off-balance sheet commitments given break down as follows:

			Maturing in		
(€ million)	**As of December 31, 2017**	**As of June 30, 2018**	Less than 1 year	1 to 5 years	More than 5 years
Letters of credit	29.0	34.0	24.6	7.3	2.1
Debt guarantees	20.0	21.5	7.3	0.5	13.7
Other financing commitments given	69.7	54.8	36.2	17.2	1.4
TOTAL FINANCING COMMITMENTS GIVEN	**118.7**	**110.3**	**68.1**	**25.0**	**17.2**

7.4.2 Commitments received

Commitments received total €119.1 million as of June 30, 2018 and €116.2 million as of December 31, 2017.

7.4.3 Collateral guaranteeing borrowings

As of June 30, 2018, the Group has given €145 million of collateral guarantees in support of borrowings including €98.8 million in support of borrowings of its joint ventures.

NOTE 8 EQUITY AND EARNINGS PER SHARE

8.1 Equity attributable to owners of the Company

8.1.1 Share capital

The share capital is fully paid-up.

8.1.1.1 Share capital increase RESERVED for Group employees

No new capital increases reserved for Group employees were performed during the first six months of 2018.

8.1.1.2 Number of shares outstanding and par value

The number of shares outstanding was 563,364,823 as of June 30, 2018 and 563,364,823 as of December 31, 2017. The par value of each share is €5.

8.1.2 Offset of treasury shares against equity

Treasury shares are deducted from equity.

Gains or losses arising from the sale of treasury shares and related dividends are recognized directly in equity and do not impact the Consolidated Income Statement.

The Group held 12,677,931 of its own shares as of June 30, 2018, representing 2.25% of the Company's share capital. The Group held 13,704,835 shares as of December 31, 2017, representing 2.43% of the Company's share capital.

8.1.3 Appropriation of net income and dividend distribution

The Combined General Meeting of April 19, 2018 set the cash dividend for 2017 at €0.84 per share. The shares went ex-dividend on May 14, 2018 and the dividend was paid from May 16, 2018 for a total amount of €462.6 million.

A dividend of €439.7 million was distributed by Veolia Environnement in 2017 and deducted from the 2016 net income.

8.1.4 Foreign exchange gains and losses

Accumulated foreign exchange translation reserves total -€18.4 million as of June 30, 2018 (attributable to owners of the Company).

The change in foreign exchange translation reserves primarily reflects fluctuations in the Chinese renminbi (+€12.2 million), U.S. dollar (+€15.5 million), Hong Kong dollar (-€14.2 million), Polish zloty (-€24.1 million) against the euro.

Accumulated foreign exchange translation reserves total €28.6 million as of December 31, 2017 (attributable to owners of the Company).

The change in foreign exchange translation reserves primarily reflects fluctuations in the Chinese renminbi (-€118.8 million), U.S. dollar (-€134.2 million), Hong Kong dollar (+€96.4 million) against the euro.

8.1.5 Fair value reserves

Fair value reserves attributable to owners of the Company total -€56.4 million as of June 30, 2018 and -€56.3 million as of December 31, 2017.

8.2 Non-controlling interests

A breakdown of the movement in non-controlling interests is presented in the Statement of Changes in Equity.

The decrease in non-controlling interests in the first six months of 2018 is mainly due to net income for the period offset by changes in consolidation scope, dividend distributions by subsidiaries and foreign exchange impacts.

The share of net income attributable to non-controlling interests totaled €87.3 million for the half-year ended June 30, 2018, compared with €78.1 million for the half-year ended June 30, 2017 represented.

In the first six months of 2018, this item primarily concerns minority interests in subsidiaries of the Europe excluding France (€49.1 million) and Rest of the World (€34.8 million) operating segments.

8.3 Deeply subordinated securities and OCEANE convertible bonds

8.3.1 Deeply subordinated securities

In January 2013, Veolia Environnement issued deeply subordinated perpetual securities in euros and pound sterling redeemable from April 2018, without any impact on the net income of the first half-year 2018.

This instrument is recognized in equity, pursuant to IAS 32.11 and given its intrinsic terms and conditions (no mandatory repayment, no obligation to pay a coupon, except in the event of a dividend distribution to shareholders or the buyback of own shares).

The securities were redeemed on April 16, 2018, without any impact in the net income for the first 2018 half-year.

The coupon cost attributable to holders of deeply subordinated securities is -€66.4 million in the first-half of 2018 compared with -€67.8 million in fiscal year 2017.

8.3.2 OCEANE convertible bonds

On March 8, 2016, Veolia Environnement issued convertible « OCEANE » type bonds.

The conversion option of this transaction, described in Note 7.1.1.1., may be settled solely in shares and is recognized in equity in the amount of €17.6 million as of June 30, 2018.

8.4 Earning per share

Basic earnings per share is calculated by dividing adjusted net income attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the period.

Pursuant to IAS 33.9 and IAS 12, net income attributable to owners of the Company has been adjusted to take into account the cost of the coupon payable to holders of deeply subordinated securities issued by Veolia Environnement.

Diluted earnings per share is calculated by dividing adjusted net income attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the fiscal year plus the weighted average number of ordinary shares that would be issued following the conversion into ordinary shares of all potentially dilutive ordinary shares.

The weighted average number of outstanding shares in the half year ended June 30, 2018 was 574,478,311 (diluted) and 550,686,892 (basic). The main dilutive instruments taken into account in the earnings per share calculation for the first-half of 2018 are the OCEANE bonds convertible into and/or exchangeable for new and/or existing shares issued on March 8, 2016.

NOTE 9 PROVISIONS

Movements in non-current and current provisions during the first six months of **2018** are as follows:

(€ million)	As of December 31, 2017 represented	As of June 30, 2018
Provisions excluding pensions and other employee benefits	**1,775.3**	**1,600.7**
Provisions for pensions and employee benefits	**743.3**	**723.1**
TOTAL PROVISIONS	**2,518.6**	**2,323.8**
NON-CURRENT PROVISIONS	**1,941.6**	**1,796.4**
CURRENT PROVISIONS	**577.0**	**527.4**

Provisions as a whole decreased by -€194.8 million in the first six months of **2018**.

Provisions excluding pensions and other employee benefits as of June 30, 2018, primarily include provisions for closure costs and post-closure costs (site rehabilitation, dismantling) of €644.8 million, principally accounted for in the France segment in waste recovery and recycling activities for €233.6 million and in the Europe excluding France segment for €203.2 million.

Movements in provisions excluding provisions for pensions and other employee benefits are due to the closure of Group's activities in Gabon (see note 3.1.2) in an amount of -€99.1 million.

NOTE 10 TAXES

10.1 Income tax expense

The income tax expense (income) includes the current tax expense (income) and the deferred tax expense (income).

The income tax expense breaks down as follows:

(€ million)	Half-year ended June 30, 2017 represented	Half-year ended June 30, 2018
Current income tax (expense) income	**-116.1**	**-124.9**
France	-9.5	-5.4
Other countries	-106.6	-119.5
Deferred tax (expense) income	**10.0**	**0.9**
France	-8.0	2.3
Other countries	18.0	-1.4
TOTAL INCOME TAX EXPENSE	-106.1	-124.0

The income tax expense presented in the Consolidated Cash Flow Statement reflects the income tax expense of continuing operations presented above and the income tax expense of discontinued operations.

A number of French subsidiaries elected to form a consolidated tax group with Veolia Environnement as the head company (five-year agreement, renewed in 2016). Veolia Environnement is liable to the French treasury department for the full income tax charge, calculated based on the group tax return. Any tax savings are recognized at Veolia Environnement level.

The effective tax rate is detailed as follows:

	Half-year ended June 30, 2017 represented	Half-year ended June 30, 2018
Net income (loss) from continuing operations (a)	262.0	359.3
Share of net income (loss) of associates (b)	12.9	28.2
Share of net income (loss) of joint ventures (c)	35.2	30.1
Share of net income (loss) of other equity-accounted entities (d)	13.5	-
Income tax expense (e)	-106.1	-124.0
Net income from continuing operations before tax (f) = (a)-(b)-(c)-(d)-(e)	306.5	425.0
Effective tax rate -(e)/(f)	**34.6%**	**29.2%**

10.2 Tax audits

In the normal course of their business, the Group entities in France and abroad are subject to regular tax audits. Revised assessments and identified uncertain tax positions in respect of which a revised assessment has not yet been issued are adequately provided, and provision amounts are regularly reviewed in accordance with IAS 37 criteria.

The tax authorities have carried out various tax audits in respect of both consolidated tax groups and individual entities. To date, none of these reviews have led to liabilities to the tax authorities materially in excess of amounts estimated during the review of tax risks.

There have been no significant developments since the last Registration Document.

NOTE 11 CONTINGENT ASSETS AND LIABILITIES

In accordance with IAS 37 criteria, management does not consider it appropriate to record a provision or, as the case may be, an additional provision, or to recognize deferred income with respect to the following legal, administrative or arbitration proceedings as of June 30th, 2018, due to the uncertain nature of their outcome.

The main contingent assets and liabilities relating to legal, administrative or arbitration proceedings are presented below:

North America

United States – Water – Flint

In April 2014, in an attempt to save money, the emergency manager ("Emergency Manager") in charge of the City of Flint, Michigan ("Flint"), ordered that it switch its water supply source (previously provided from Detroit) and begin treating Flint River water for distribution to its residents.

Soon after, Flint residents began to complain about its odor, taste and appearance. Between August 2014 and December 2014, Flint experienced a number of water quality issues resulting in violations of National Primary Drinking Water Regulations including Total Trihalomethanes (TTHM, which are disinfection byproducts) maximum contaminant level violations.

In February 2015, Flint hired a US subsidiary of the Company, Veolia Water North America Operating Services, LLC ("VWNAOS") for an analysis related to residual effects of chlorine process (TTHM), discoloration and taste and odor issues. The scope of work of this one-time (invoiced $40.000), approximately four-week analysis did not include lead and copper tests.

On February 18, 2015, VWNAOS issued an interim report, which included a statement that the drinking water was "safe" in that it complied "with state and federal standards and required testing". During the public meeting, which was organized by the Flint City Council Public Works Committee in relation to VWNAOS's interim report, VWNAOS employees communicated to the public the results of said report. The City had previously informed VWNAOS that the City, and not VWNAOS, would be conducting lead testing.

On March 12, 2015, VWNAOS delivered its final report to Flint, then made available to the public. In its report, VWNAOS issued a broad set of recommendations to address TTHM compliance and improve water quality related to odor and discoloration. It would appear that many of these recommendations were ignored by the local authorities

On June 24, 2015, the US Environmental Protection Agency issued a memorandum summarizing the available information regarding activities conducted by the City of Flint and several governmental agencies in response to high lead levels in City drinking water reported by a Flint resident.

On October 21, 2015, the office of the Governor of the State of Michigan commissioned the Flint Water Advisory Task Force, a consulting group made up of experts in a variety of disciplines, to conduct an independent review of the Flint water crisis, including lead contamination of residents.

On March 21, 2016, Flint Water Advisory Task Force issued its final report, drafted after interviewing numerous individuals and reviewing many documents. The Task force report came to the conclusion that the responsibility for the Flint water crisis rested largely with several governmental agencies and the City of Flint. Notably, the report highlighted that the Michigan Department of Environmental Quality and the City of Flint did not require and implement corrosion control at the time of change of water supply source, contrary to what is required under the federal Lead & Copper Rule to avoid contamination of drinking water. A total of fifteen current or former state and local employees have been charged with criminal conduct in their mishandling of the lead issues.

Individual and class actions

Since February 2016, numerous individual complaints and class actions have been filed before Michigan and Federal courts by Flint residents against a number of defendants, including the State of Michigan, the Michigan Department of Environmental Quality and the US subsidiaries of the Company, Veolia North America ("VNA") and VWNAOS. Flint residents allege injury and damages by exposure to toxins, including lead, contained within Flint River water and have levied accusations of professional negligence and fraud.

The Company previously was named in a dozen class actions and hundreds of individual actions. In several class actions, the Company entered into tolling agreements with the plaintiffs aiming to dismiss the Company without prejudice to them, thus suspending the statute of limitations. In all the remaining class actions, time for serving the Company has expired. Thus, at this time, the Company is not a defendant in any class action.

With regard to the individual actions, both state and federal courts required plaintiffs to file short form complaints that superseded their prior complaints. The Company subsequently was named but not served in three short form complaints in federal court and in four short form complaints in state court. Time for serving the Company has expired. As a result, there are no individual actions currently pending against the Company

In January 2018 a mediation process started by order of the court presiding over the lawsuits in Federal court. The mediators required the attendance of all parties to the Federal litigation, which includes the US subsidiaries of the Company but not the Company itself.

Civil action of the State of Michigan's Attorney General

On June 22, 2016, the State of Michigan's Attorney General filed a civil action against several corporations, including VWNAOS and the Company itself, for their alleged role in the Flint water crisis. The Attorney General subsequently dismissed that initial action, and filed a new civil action on August 16, 2016. Among other allegations, the Attorney General refers to the interim report delivered by VWNAOS. The Attorney General alleges that the acts and omissions of these companies constitute professional negligence and fraud.

Subsequent to filing the new action, the Attorney General agreed to dismiss the Company without prejudice from the case On September 2016, stipulations of dismissal were filed with the court to that effect. Thus, at this time, the Company is no longer a party to that case. However, the Attorney General action against the Company's subsidiaries is ongoing.

The Group strongly contests the merits of all these legal proceedings.

These lawsuits have been reported to the insurers, who have reserved their rights with respect to the guarantee from which the Company and its US subsidiaries benefit.

Central and Eastern Europe

Romania

In 2000, Apa Nova Bucuresti ("ANB"), Veolia Water's Romanian subsidiary in which it holds a 74% stake, signed a 25-year concession agreement for water distribution and wastewater services with the city of Bucharest.

At the end of July 2015, the National Anticorruption Division of Ploiesti ("NAD") opened an investigation on influence peddling involving several persons and entities, including several Romanian subsidiaries of the Company.

ANB and certain of its former managers are suspected of having purchased, between 2008 and 2015, the influence of three natural persons in order to obtain favorable decisions from Bucharest's public authorities, resulting in significant increases in water prices. In exchange for their influence, ANB allegedly made significant payments to companies controlled by these three persons or related persons, without these payments being proportionate to the services rendered, and without these services necessarily being real.

Since August 2015, ANB, as well as other subsidiaries of the Company with water and energy activities in Romania, have provided the NAD, at its request, with numerous documents.

Throughout October 2015, three former managers of ANB were questioned by the NAD, and then placed under the status of "inculpat" and under judicial supervision.

On October 30, 2015, ANB was placed under this same status, for bribery, buying influence, invasion of privacy, tax evasion and money laundering.

The investigation continues and to date, the file has not been sent to Court.

ANB is cooperating with the NAD. So far, it only has partial access to the criminal case file.

The Securities and Exchange Commission (SEC) and the Department of Justice (DOJ) are currently conducting investigations concerning possible violations of US federal laws, relating to the facts which are the subject of NAD's investigation. As part of its investigation, the SEC has asked the Company to voluntarily provide documents and information regarding these facts. At the SEC's behest, as part of international cooperation, the Autorité des marchés financiers (AMF) has made requests of the Company as well, which are also related to the facts which are the subject of NAD's investigation, in connection with its own investigation on the matter.

The Company is fully cooperating with the investigating authorities and, in particular, providing all requested information, in accordance with applicable laws.

In 2017, the Parquet National Financier confirmed that a preliminary investigation has been launched.

At the beginning of 2018, a search took place in the Company's premises in Aubervilliers and some hearing of witnesses were conducted.

Lithuania - Energy

Between 2000 and 2003, the Group signed a number of contracts with Lithuanian cities, of which the most significant was with the city of Vilnius ("Vilnius") in 2002 to rent, operate and modernize the heating and electricity production and distribution infrastructure. The Group made significant investments over the years for which it is awaiting a cost evaluation and a return on its investment.

The government publicly, and on numerous occasions, accused the Group of being responsible for high heating prices by waging a sustained campaign against it.

Several steps were thus taken by the authorities and public entities against the Lithuanian subsidiaries of the Group.

Actions to pass on consumer heating costs to UVE:

- With Vilnius's approval, UVE installed individual heat exchange sub-stations. In September 2011, the law governing the heating sector was amended to transfer the ownership of these sub-stations to apartment owners, without compensating the investors. Although the courts and the national commission for energy and price control (the "National Commission") recognized UVE's right to compensation, they nevertheless ruled that they lacked jurisdiction to enforce the exercise of such right. On September 20, 2017, UVE lodged an appeal before the supreme administrative court. The hearing has not been scheduled yet. To date, UVE has still not received any compensation.
- In 2008 and 2009, UVE respectively proposed to Vilnius and the National Commission to invest in a smoke condenser. Both entities refused to approve this investment. Pursuant to the applicable regulations, UVE therefore invested on a private basis. However, in October 2014, the National Commission unilaterally reduced UVE's heating prices to capture the savings realized with the help of this condenser despite no legal basis. On October 13, 2015, the administrative court rejected UVE's complaint against this decision. On October 27, 2015, UVE lodged an appeal before the supreme administrative court, which dismissed it on November 2, 2016. In March 2016, the National Commission approved a reduction in UVE's heating prices, established by Vilnius in September 2015, following a new calculation of the economic effects of smoke condensers. On October 23, 2015, UVE lodged an appeal before the administrative court against Vilnius' decision. On April 11, 2016, UVE also lodged an appeal before such court against the National Commission's decision. The court combined the two appeals and then dismissed them on October 17, 2016. UVE has lodged an appeal before the supreme administrative court. A date for the hearing has yet to be scheduled.
- On December 11, 2015, the regional administrative court of Vilnius cancelled the heating prices that the National Commission had established for UVE for a period of five years (2011-2015), by calling on the National Commission to retroactively reduce prices. UVE appealed on December 28, 2015 before the supreme administrative court. This appeal has suspensive effect. On January 24, 2017, the supreme administrative court upheld the regional administrative court's decision, which went into effect on the same day. UVE submitted a request for renewal of the proceedings which was dismissed by the supreme administrative court on June 16, 2017. On April 27, 2018, the National Commission announced a new reduced base price for UVE for the period of 2011-2016. On May 28, UVE challenged the National Commission decision before the Vilnius administrative court.

Actions to render the Group's combined heat power plants economically non-viable

Vilnius' contract requires UVE to operate combined heat power plants, producing both heat and electricity, and to produce electricity for sale. The government established an annual electricity purchasing quota for the national public electricity company (Lesto) at a specific price, ensuring sufficient demand for electricity generated by the combined heat power plants.

The government decided to terminate the electricity purchasing quota system as of January 1, 2016. Without these quotas, the most important of the combined heat power plants operated by UVE, VE-3, is no longer economically viable. As a result, UVE notified the municipal heating network company, controlled by Vilnius, Vilniaus Silumos Tinklai ("VST"), that VE-3 would cease operating on January 1, 2016 and would be returned. VST declared its refusal to take back VE-3, requiring UVE to bear the socio-economic costs resulting from the terminated quotas until the end of the agreement, i.e on March 29, 2017.

Actions to sanction the Group due to heat price increases

- Competition Council

(i) UVE

On January 18, 2011, UVE signed a five-year biofuel supply agreement (the "Agreement") with a company named Bionovus in order to provide heat to Vilnius, for which it manages the network. On February 25, 2013, the competition council of the Republic of Lithuania (the "Competition Council") decided to open an investigation regarding compliance of operators in biofuel production and distribution with Lithuanian competition law.

On December 2, 2015, the Competition Council imposed a €19 million fine on UVE for restricting competition under the Agreement. UVE challenges that decision since (i) the supplies involved were open to competition via a call for tenders and in accordance with applicable laws, (ii) the relevant biofuel market used by the Competition Council for its investigation is not justified and (iii) this fine is disproportionate as it is established on all of UVE's heating sales whereas only 15% of these sales are generated from biofuels.

On December 22, 2015, UVE initiated an appeal against this decision before the administrative court of Vilnius, which suspended the payment for the duration of the proceeding. On October 18, 2016, the administrative court reduced the fine to €17.1 million but did not modify the rest of the Competition Council's decision. On November 17, 2016, UVE lodged an appeal before the supreme administrative court. On June 13, 2018, the supreme administrative court overruled the first instance decision, annulled the decision of the Competition Council and remanded the case back to the Competition Council.

(ii) Litesko

On August 2, 2001, a 15-year agreement was concluded between Litesko, the city of Alytus ("Alytus") and its municipal utility, Alytus Silumos Tinklai ("AST") to operate and modernize the heat infrastructure of Alytus. In June 2005, a ten-year extension was agreed upon (until 2026) in return for a commitment on Litesko's part to invest. In December 2007, Alytus requested an additional investment: a new biofuel plant. In exchange, Alytus agreed to allow Litesko to remain the owner of the plant after the agreement's expiration in 2026.

On September 9, 2015, the Competition Council concluded that Alytus had violated competition law by extending the agreement and by accepting that Litesko would remain the owner of the biofuel plant. It called upon Alytus to reconsider the commitments made in 2005 and 2007. Alytus did not file any appeal against this decision. On September 29, 2015, Litesko lodged an appeal against the Competition Council's decision before the administrative court of Vilnius, which rejected such appeal on February 29, 2016. Litesko filed an appeal on March 14, 2016 before the supreme administrative court, with suspensive effect. On July 14, 2017, the supreme administrative court dismissed Litesko's appeal.

On August 17, 2016, Alytus filed a claim before the civil court of Kaunas in order to request the transfer of AST's heating facilities. Alytus also requested €8.3 million in indemnities (later increased to €11,7 million), with respect to calculated heating prices, and €5.9 million for allegedly abandoned investments in Alytus' heating system. On August 29, 2017, Litesko filed a counterclaim for an amount of €8.4 million, including circa €7 million for the additional investments. On June 12, 2018, the court (i) ordered the transfer of AST's heating facilities, (ii) decided that Litesko shall keep the property of the biofuel plant and (iii) dismissed all the indemnities' claims of the parties. On July 12, 2018, Litesko appealed the court's decision. This appeal has a suspensive effect.

- National Commission

(i) UVE

Following an inspection begun in August 2015 by the National Commission in order to assess the validity of the costs and revenues related to UVE's regulated activities for the 2012-2014 period, the National Commission, on August 18, 2016, provided UVE with a draft report in which it concluded that UVE had received unjustified revenues of approximately €24.8 million over this period. UVE contested the National Commission's conclusion and, on September 7, 2016, presented its arguments against the draft report. On September 22, 2016, the National Commission stated, in its final report, that UVE had received unjustified revenues in the amount of €24.3 million. On October 26, 2016, UVE sought relief before the administrative court. On February 21, 2018, the administrative court rejected UVE's claim against the report of the National Commission. On March 21, 2018, UVE lodged an appeal before the supreme administrative court.

On October 30 2015, the National Commission found that UVE did not comply with its requests to submit documents and information during the inspection period. Accordingly the National Commission fined UVE for an amount of €600.000 on December 22, 2015. On January 20, 2016, UVE challenged this decision before the administrative court. On May 8, 2018, the administrative court affirmed the decision of the National Commission but reduced the amount of the fine to €181.887. On June 8, 2018, UVE and the National Commission filed an appeal before the supreme administrative court.

In addition, on October 14, 2016, on the basis of the results of the final report, the National Commission decided to reduce the new base heating prices for UVE by 23%. On November 14, 2016, UVE lodged an appeal before the administrative court. On June 26, 2017 the administrative court suspended the proceedings until the issuance of a final decision with respect to final report case, based on UVE's abovementioned claim.

On February 6, 2017, still on the basis of the final report findings, the National Commission drafted a memorandum concerning alleged breaches relating to regulated activities, in which it accused UVE of violating the principles and objectives of laws on energy and heating. UVE responded to these accusations in writing. On March 24, 2017, the National Commission imposed to UVE a fine of €1,3 million. On April 24, 2017, UVE initiated an appeal against this decision before the administrative court of Vilnius. On October 11, 2017, the court suspended the proceedings until the issuance of a final decision with respect to the final report case, based on UVE's abovementioned claim.

(ii) Litesko

On March 29 the National Commission approved the new heat base price for the next regulatory period in Alytus. Litesko contested the National Commission's decision regarding the new heat base price and appealed the National Commission's decisions to the administrative court of Vilnius on May 2, 2017. On October 24, 2017, the administrative court dismissed Litesko's appeal. Litesko then filed an appeal before the supreme administrative court. The hearing has not been scheduled yet.

It should also be noted that on October 12, 2017, the National Commission approved the new heat price in Birzai. On November 13, 2017, Litesko challenged the National Commission's decision before the Vilnius administrative court. This recourse was dismissed. On March 23, 2018, Litesko filed an appeal against this decision.

Proceedings initiated before the International Center for the Settlement of Investment Disputes ("ICSID") and the Stockholm Chamber of Commerce ("SCC")

(i) ICSID arbitration

Given the numerous legal actions and decisions described above, which are both inequitable and discriminatory, on January 26, 2016, the Company, Veolia Baltics and Eastern Europe, UVE and Litesko (collectively "the Companies") filed a request for arbitration against Lithuania before the International Center for the Settlement of Investment Disputes ("ICSID").

In addition, on December 12, 2016, the Companies filed a request with the arbitral tribunal for interim measures relating to Competition Council proceedings against UVE before Lithuanian courts, in the context of an order for the precautionary seizure of UVE's bank accounts; the request was withdrawn after the supreme administrative court reversed the seizure order.

On December 22, 2016, the Companies submitted their statement of claim, in which they are requesting an indemnity of circa €120 million. On September 17, 2017, Lithuania submitted its counter-memorial in which it presented a counterclaim of circa €150 million.

On June 29, 2018, Lithuania filed an objection to the arbitral tribunal's jurisdiction, based on a decision rendered by the European Court of Justice on March 6, 2018 in the Achmea case, in which the Court ruled that investor-state arbitration provisions in intra-EU bilateral investment treaties are incompatible with European Union law. Despite its uncertain scope, this decision may have an impact on the ICSID arbitration and, as the case may be, on the enforcement of the future award.

(ii) SCC arbitration

On November 30, 2016, in the context of the Vilnius agreement, the Company and UVE also filed a request for arbitration before the Stockholm Chamber of Commerce ("SCC") to secure the appointment of an independent expert to evaluate the condition of the assets before the agreement came to an end (March 29, 2017). That SCC arbitration has since expanded in scope to address claims by UVE against Vilnius and VST in connection with the March 2017 conclusion of the Vilnius lease, as well as possible counterclaims by the respondents. On May 26, 2017, the Company and UVE filed their revised request for arbitration, to which Vilnius and VST responded on July 3, 2017.

On October 16, 2017, the Company and UVE filed their statement of claim in which they are requesting an amount of circa €22 million. On February 19, 2018, Vilnius and VST submitted their statement of defense in which they presented counterclaims of circa €425 million. The Company and UVE will vigorously contest those counterclaims and seek their dismissal.

Africa and Middle East

Gabon

By letter dated February 16, 2018, the Gabonese Republic ("Gabon") unilaterally terminated the concession agreement signed with the Group's subsidiary, SEEG – Société d'énergie et d'eau du Gabon, ("SEEG"), by reasons inter alia of "general interest". By ministerial order of the same day, all SEEG materials and personnel were seized by Gabon. Another ministerial order also appointed an interim executive body in charge of implementing termination and seizure measures.

On March 8, 2018 in accordance with the terms of concession agreement, SEEG submitted to the International Centre for Settlement of Investment Disputes ("ICSID") a request for conciliation to contest measures adopted by Gabon and to attempt to reach an amicable settlement for the damage suffered by SEEG. On June 20, 2018 the conciliation commission appointed by ICSID held its first session. At this first session, a procedural timetable was set out for an exchange of written submissions from both parties and a conciliation hearing during the month of July 2018.

Other segments

Other segments - Regional aid to passenger road transportation

Transdev Group was informed by a letter from the President of the Ile-de-France Regional Council dated March 3, 2014, that on June 4, 2013, the Paris Administrative Court had instructed the Ile-de-France Region to proceed with the recovery of subsidies granted to operators under the plan for the improvement of public transportation services. These subsidies were deemed to be illegal State aids by a decision of the Paris Administrative Court of Appeals of July 12, 2010, on the grounds that no notification was made to the European Commission. According to the terms of the letter, this restitution obligation could affect certain of Transdev Group's subsidiaries that may have benefited from these subsidies, because the Paris Administrative Court of Appeals rejected on December 31, 2013 the Ile-de-France region's request for a stay of implementation on the restitution injunction.

This first notification was also sent to other regular line operators in the outer Paris suburbs. This letter is part of a legal dispute between the Ile-de-France Region and an occasional transportation company, and no subsidiary of the Transdev Group is a party to it. Although the Region mentions in its letter an estimated regional subsidized amount of approximately €98.7 million (not including interest) attributed to Transdev Group's subsidiaries, this estimate remains uncertain due to the complexity of the assessment resulting from, (i) the length of time the plan has existed, (ii) the number of operators that received the subsidies, a large number of which have since restructured/consolidated their activities, and (iii) the plan's operating rules, which involve local authorities which are either intermediaries (the sums paid by the Region passing through them) or economic beneficiaries under the plan. In addition, certain subsidies granted by the Ile-de-France Region should not be considered State aid, as the criteria relating to economic advantages and effects on trade have not been met.

If the Ile-de-France Region were to issue a recovery order, the Transdev Group or its concerned subsidiaries would lodge an appeal with suspensive effect before the administrative court.

Transdev Group, together with OPTILE (Organisation Professionnelle des Transports d'Ile-de-France, an association of all the private companies that operate regular lines in the Ile-de-France Transportation Plan), intends to contest any potential claims for repayment and intends to take legal action necessary to defend its interests.

In addition, by a decision on February 2, 2017, the European Commission concluded that the State aids granted by the Ile-de-France Region to operators of public transportation services by bus in the region from 1994 to 2008 were compatible with the internal market.

In light of this decision, the nominal amount of the State aids cannot be recovered. Only the interest accrued over the period of illegality (from the date on which the aid was granted and February 2, 2017) could be recovered.

A number of transportation companies, including subsidiaries of Transdev Group, lodged a partial annulment appeal against the Commission's decision before the General Court of the European Union. On a primary basis, the appellants claim that the subsidies granted by the region constitute existing aids and must not be taken into account in calculating interest. In the alternative, the appellants claim that only the subsidies granted after November 25, 1998 should be taken into account in calculating the interest to be recovered and that any aid granted before this date would be time-barred.

In parallel, on February 27, 2015, Transdev Ile-de-France (as well as other interested members of OPTILE) filed before the Paris Administrative Court of Appeals:

- an application as a third party against the decision rendered by the same Court on July 12, 2010 that had stated that the subsidies in question were illegal, in which proceedings it was not a party;
- voluntary intervention, before the same Court, in the context of the appeal filed by the Ile-de-France Region against the decision of the Paris Administrative Court on June 4, 2013, asking that the Ile-de-France Region issue, as a consequence of the proceeding cited above, the enforcement orders allowing the recovery of the disputed aid.

By two decisions of November 27, 2015, the Paris Administrative Court of Appeals:

- rejected the third-party proceeding of Transdev Ile-de-France;
- required the Ile-de-France region to determine, within nine months, the amounts that should be returned by each beneficiary company of the aid plan, taking into account the nature of the subsidized investments and the type of transportation activity that was conducted, and issue recovery orders.

On January 27, 2016, Transdev Ile-de-France lodged an appeal against the decision to reject their third-party proceeding, which the French Supreme Administrative Court (Conseil d'état) admitted on July 12, 2016.

The Ile-de-France region lodged an appeal before the French Supreme Administrative Court against the decision requiring it to issue recovery orders. This appeal does not have suspensive effect.

NOTE 12 RELATED PARTY TRANSACTIONS

The Group identifies related parties in accordance with the provisions of paragraph 9 of IAS 24 revised, Related Party Disclosures.

Other than compensation and related benefits granted to key management and relations with joint ventures presented in the Notes to the 2017 Consolidated financial statements (see Notes 6.2 and 5.2.4.1), relations with other related parties as of June 30, 2018 have not materially changed.

NOTE 13 POST-CLOSING EVENTS

None.

NOTE 14 MAIN COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2018, Veolia Environnement Group accounted for a total of 1,642 companies.

The list of main subsidiaries has not significantly changed since December 31, 2017.

Statutory Auditors' review report on the condensed interim consolidated financial statements

Period from January 1 to June 30, 2018

This is a free translation into English of the statutory auditors' review report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

Following our appointment as statutory auditors by your Annual General Meetings and in accordance with article L. 451-1-2 III of the French Monetary and Financial Code (*Code monétaire et financier*), we hereby report to you on:

- the review of the accompanying condensed interim consolidated financial statements of Veolia Environnement, for the period from January 1, 2018 to June 30, 2018;
- the verification of the information contained in the half-year management report.

These condensed interim consolidated financial statements are the responsibility of your Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

1. **Conclusion on the financial statements**

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements are not prepared in all material respects in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Without qualifying the above opinion, we draw your attention to Note 1 to the condensed interim consolidated financial statements, "Accounting principles and methods", setting out the changes in accounting method following the application as of January 1, 2018 of IFRS 15, *Revenue from Contracts with Customers*, and IFRS 9, *Financial Instruments*.

2 Specific verification

We have also verified the information given in the half-year management report on the condensed interim consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed interim consolidated financial statements.

Paris-La Défense, July 31, 2018

KPMG Audit Division of KPMG S.A.		ERNST & YOUNG et Autres	
Valérie Besson	Baudouin Griton	Jean-Yves Jégourel	Xavier Senent

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CORPORATE GOVERNANCE

(CHAPTER 7 OF THE 2017 REGISTRATION DOCUMENT)

5.1 Members of the Board of Directors

5.1.1 MEMBERS OF THE BOARD OF DIRECTORS AND ITS COMMITTEES

The Combined General Meeting of April 19, 2018 notably renewed the term of office as director[1] of Antoine Frérot for a four-year period expiring at the end of the General Shareholders' Meeting that will be called to approve the financial statements for the year ending December 31, 2021.

In addition, Daniel Bouton and Qatari Diar Real Estate Investment Company did not seek renewal of their terms of office as director and Paul-Louis Girardot did not seek renewal of his term of office as a non-voting member (censeur).

The Board of Directors of the Company had fifteen members, including two Directors representing employees and six female directors as well as one non-voting member (censeur) as of the filing date of this Update to the Registration Document.

[1] *It is recalled that the Board of Directors' meeting of February 21, 2018 decided to renew Antoine Frérot's term of office as Chairman and Chief Executive Officer, subject to the renewal of his term of office as director by the Combined General Meeting of April 19, 2018.*

	Independent	Date of first appointment	Expiry of current office
Antoine Frérot Chairman and Chief Executive Officer		May 7, 2010	2022 GSM
Louis Schweitzer Vice-Chairman		April 30, 2003	2019 GSM
Homaira Akbari	✦	April 22, 2015	2019 GSM
Jacques Aschenbroich	✦	May 16, 2012	2020 GSM
Maryse Aulagnon Senior Independent Director	✦	May 16, 2012	2019 GSM
Caisse des dépôts et consignations, Represented by Olivier Mareuse		March 15, 2012	2021 GSM
Isabelle Courville	✦	April 21, 2016	2020 GSM
Clara Gaymard	✦	April 22, 2015	2019 GSM
Marion Guillou	✦	December 12, 2012	2021 GSM
Pavel Páša(1) ✪		October 15, 2014	October 2018
Baudouin Prot		April 30, 2003	2019 GSM
Nathalie Rachou	✦	May 16, 2012	2020 GSM
Paolo Scaroni	✦	December 12, 2006	2021 GSM
Guillaume Texier	✦	April 21, 2016	2020 GSM
Pierre Victoria(1) ✪		October 15, 2014	October 2018
Serge Michel ▲	**N/A**	April 21, 2016	2020

▲ *Non-voting member (censeur)* ✪ *Director representing employees*

✦ *Independent pursuant to AFEP-MEDEF Code independence criteria, as assessed by the Board of Directors*

N/A: not applicable

(1) Director representing employees, not taken into account when calculating independence percentages pursuant to Article 8.3 of the AFEP-MEDEF Code

The four Board Committees are now comprised as follows:

- Accounts and Audit Committee: Mrs. Nathalie Rachou (Chairman), Mrs. Homaira Akbari, Mr. Jacques Aschenbroich, Mrs. Isabelle Courville and Mr. Pierre Victoria (Director representing employees).
- Nominations Committee: Mr. Louis Schweitzer (Chairman), Mrs. Maryse Aulagnon and Mr. Paolo Scaroni.
- Compensation Committee: Mrs. Maryse Aulagnon (Chairman), Mrs. Clara Gaymard, Mrs. Marion Guillou, Mr. Louis Schweitzer and Mr. Pierre Victoria (Director representing employees).
- Research, Innovation and Sustainable Development Committee: Mr. Jacques Aschenbroich (Chairman), Mrs. Isabelle Courville, Mrs. Clara Gaymard, Mrs. Marion Guillou, Mr. Pavel Páša (Director representing employees) and Mr. Guillaume Texier.

5.1.2 EXECUTIVE COMMITEE

On July 23, 2018, Veolia Environnement published a press release presenting changes in its Executive Committee. See Chapter 3, Section 3.1.4 and Section 3.9 above.

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ADDITIONAL INFORMATION

(CHAPTER 8 OF THE 2017 REGISTRATION DOCUMENT)

6.1 Litigations and arbitrations

The most significant legal proceedings involving the Company or its subsidiaries are described hereinafter. In addition, tax audits and disputes are described in chapter 4, section 4.1, note 10.2 annexed to the condensed interim consolidated financial statements as of June, 30, 2018.

The description of the most significant judicial, administrative or arbitral proceedings set forth in chapter 4, section 4.1, note 11 annexed to the interim consolidated financial statements as of June, 30, 2018 is incorporated by reference within this Chapter 6, Section 6.1. The main updates concerning these disputes, which are set forth in note 11 and reflect significant changes that have occurred up to the registration date of this document, are described in this Chapter 6, Section 6.1.

The Company is not aware of any other current or threatened judicial, administrative or arbitral proceedings which, during the past twelve months, may have had or have had a material adverse effect on the financial condition or profitability of the Company and/or the Group.

NORTH AMERICA

United States - Flint

See chapter 4, section 4.1, note 11 annexed to the condensed interim consolidated financial statements as of June 30, 2018, supra.

United States – WASCO and Aqua Alliance

Several current and former indirect subsidiaries of Veolia Eau in the United States[1] are defendants in lawsuits in the United States, in which the plaintiffs seek recovery for personal injuries and other damages allegedly due to exposure to asbestos, silica and other potentially hazardous substances. With respect to the lawsuits against Veolia Eau's former subsidiaries, certain of Veolia Eau's current subsidiaries retain liability and in certain cases manage the defense of the lawsuits. In addition, in certain instances, the acquirers of the former subsidiaries benefit from indemnification obligations provided by Veolia Eau or Veolia Environnement in respect of these lawsuits. These lawsuits typically allege that the plaintiffs' injuries resulted from the use of products manufactured or sold by Veolia Eau's current or former subsidiaries or their predecessors. There are generally numerous other defendants, in addition to Veolia Eau's current or former subsidiaries, which are accused of having contributed to the injuries alleged. Reserves have been booked for the possible liability of current subsidiaries in these cases, based on the nexus between the injuries claimed and the products manufactured or sold by these subsidiaries or their predecessors, the extent of the injuries allegedly sustained by the plaintiffs, the involvement of other defendants and the settlement history in similar cases. These reserves are booked at the time such liability becomes probable and can be reasonably assessed, and do not include reserves for possible liability in lawsuits that have not been initiated.

As of the date of this registration document, a number of such claims have been resolved either through settlement or dismissal. To date, none of the claims has resulted in a finding of liability.

During the ten-year period ended December 31, 2017, the average annual costs that the Company has incurred with respect to these claims, including amounts paid to plaintiffs, legal fees and expenses, have been approximately U.S.$793,850, after reimbursements by insurance companies.

(1) Subsidiaries of the Aqua Alliance group or of WASCO (formerly Water Applications & Systems Corporation and United States Filter Corporation), the parent company of the former U.S. Filter group, most of whose businesses were sold to various buyers in 2003 and 2004.

CENTRAL AND EASTERN EUROPE

Romania

See chapter 4, section 4.1, note 11 annexed to the condensed interim consolidated financial statements as of June 30, 2018, supra.

Lithuania

See chapter 4, section 4.1, note 11 annexed to the condensed interim consolidated financial statements as of June 30, 2018, supra.

ITALY

Siram / Polare

On April 3, 2012, the Italian Energy Services company, Siram, had its premises searched as part of a preliminary investigation of the research body, Polytechnic Laboratory of Research SCaRL ("Polare"), among others. Siram had in the past solicited research services from Polare, which gave rise to research tax credits.

Siram applied for a tax clearance procedure in respect of such research tax credits in 2012 and 2016.

Concomitantly, in August 2012, the Venice civil court issued against Siram an injunction of payment of €2.8 million to Polare for allegedly unpaid receivables and interim provisional enforcement. At the end of August 2012, Siram lodged an opposition to this injunction and counterclaimed for the repayment of a substantial portion of the approximately €20 million in advance payments made to Polare (payments for services that were not provided).

In July 2013, Polare was declared bankrupt by Venice civil court. This civil court (i) in its first ruling of January 15, 2016, upheld Siram's objection and revoked the injunction of payment and (ii) in its second ruling of November 28, 2017 admitted Siram as unsecured creditor against Polare for the sum of approximately 1,1 million euros. Polare does not have sufficient assets at its disposal to pay off creditors.

In addition, following an investigation opened in 2012 by the Milan public prosecutor, on June 4, 2015, the public prosecutor indicted Siram's former representatives for fraud, tax fraud (the fraudulent use of research tax credits) and false 2009 income tax declarations as well as Siram solely for fraud. On March 18, 2016, the judge of the preliminary hearing referred the natural persons and Siram before the Milan criminal court. The court has acquitted all defendants by decision dated May 21, 2018.

AFRICA MIDDLE EAST

Egypt

In September 2000, Veolia Propreté entered into a 15-year contract with the Governorate of Alexandria ("Governorate") for the collection and treatment of waste, as well as urban cleaning of the city of Alexandria ("Contract").

In October 2011, Onyx Alexandria, a subsidiary of Veolia Propreté incorporated to perform the Contract, decided to terminate the Contract for serious breach by the Governorate of its payment obligations, and more generally for misconduct committed by the Arab Republic of Egypt ("Egypt"), causing the total loss of the investment made by Veolia Propreté.

In June 2012, Veolia Propreté, because of the total loss of its investment, initiated arbitration proceedings against Egypt - on the basis of the France-Egypt bilateral investment treaty ("TBI") and under the auspices of the ICSID (International Center for Settlement of Investment Disputes) - to be compensated for the losses incurred.

On November 9, 2016, the Governorate initiated arbitration proceedings against Veolia Propreté and Onyx Alexandria before the Cairo Regional Centre for International Commercial Arbitration ("CRCICA") and sought compensation for damages resulting from the alleged wrongful termination of the Contract and Onyx Alexandria's breach of its contractual obligations for an amount of 186.2 million Egyptian pounds (corresponding to approximately 9 million euros). The arbitral tribunal was constituted and on September 21, 2017, the Governorate filed its statement of claim. On March 29, 2018, Veolia Propreté and Onyx Alexandria filed their statement of defense in which they vigorously contested the merits of all of the Governorate's claims and Veolia Propreté raised an objection to the arbitral tribunal's jurisdiction. This arbitration is ongoing.

In an award dated May 25, 2018, the ICSID ruled that the Contract's breaches by the Governorate did not involve sufficiently serious acts that could be assimilated to violations of the BIT and consequently rejected all of Veolia Propreté' claims for compensation.

This arbitral tribunal held in particular that the contractual claims should have been referred to CRCICA arbitration according to arbitration clause contained in the Contract.

Gabon

See chapter 4, section 4.1, note 11 annexed to the condensed interim consolidated financial statements as of June 30, 2018, supra.

ASIA

Hong Kong Sludge

On September 27, 2010, VW-VES (HK) Limited (VW-VES), an indirect subsidiary of the Company, won a tender launched by the Environmental Protection Department of the Government of Hong Kong SAR (HK Government) for the design, construction and operation of a sludge incinerator facility in Hong-Kong. VW-VES outsourced the project's conception, design and construction to a joint-venture (JV) in which Veolia Water South China Limited, an indirect subsidiary of the Company, holds a majority interest.

During the course of the project, various problems, which VW-VES considers are not attributable to it, caused delay and additional significant costs borne by VW-VES and the JV. As a result, VW-VES has sent several claims to HK Government for a total amount of more than €196M (1.8 Billion HK$). On its part, HK Government considers that it is entitled to liquidated damages of approximately €38M (350 M HK$).

In August 2016, after an unsuccessful mediation attempt, VW-VES served a notice of arbitration against HK Government.

GLOBAL BUSINESSES

OTV – World Bank

In 2013, OTV, a wholly-owned French subsidiary of Veolia Water Technologies, formed a consortium with the Brazilian company Odebrecht to respond to a call for tender issued by Corporacion Autonoma Regional (CAR) and financed by the World Bank, for the construction of a wastewater treatment plant in El Salitre, Colombia.

In April 2016, the contract was awarded to a competing consortium.

At the end of 2016, the Integrity Vice Presidency of the World Bank (INT) informed OTV that it was conducting a confidential investigation on the El Salitre market.

In July 2018, an agreement in principle was reached between INT and OTV under which, in particular, OTV would be barred from bidding to projects financed by the World Bank for a 24 month period and VWT Brazil would be barred from bidding to projects financed by the World Bank for a 12 month period.

OTHER SECTORS

Regional aids for road transport of passengers

See chapter 4, section 4.1, note 11 annexed to the condensed interim consolidated financial statements as of June 30, 2018, supra.

Connex Railroad

On October 17, 2012, several insurance companies that had contributed to the compensation fund for victims of the September 2008 rail accident in Chatsworth, California, launched proceedings before the courts of Los Angeles County, California, against Connex Railroad LLC ("Connex") and Veolia Transportation, Inc., representing the rights of Connex North America, Inc. ("Transdev North America"), seeking repayment of an amount of $132.5 million. The Company considers this claim unfounded, and the defendant subsidiaries are seeking its dismissal.

On January 23, 2015 and June 23, 2015, the largest contributors to the victim compensation fund, which are also the most important claimants in the proceedings, have withdrawn from their action against Connex and Transdev North America so that the repayment amount of $132.5 million claimed in 2012 has been reduced to approximately $22 million.

The Superior Court of California rejected the insurance companies' lawsuit by a ruling on May 3, 2016. On July 20, 2016, the insurers lodged an appeal against this decision. On April 19, 2018 the Court of appeal of California confirmed the ruling dated on May 3, 2016. In June 2018, a settlement was reached between the parties whereby Transdev North America and Connex waived any appeal against the Court of appeal's decision. This procedure is therefore concluded.

6.2 Documents available to the public

The Company's press releases, annual registration documents, including historical financial information relating to the Company filed with the AMF and any related updates, are available on the Company's website at www.veolia.com/en/veolia-group/finance/regulated-information. Copies of these documents may also be obtained from the Company's administrative headquarters at 30, rue Madeleine Vionnet, 93300 Aubervilliers.

All information disclosed to the public by the Company during the preceding twelve months in France or other EU member states, pursuant to any securities regulations applicable to the Company, is available on the Company's website at the address indicated above, as well as on the AMF's website at www.amf-france.org.

All regulated information published by the Company, pursuant to Article 221-1 et seq. of the AMF's General Regulations, is available at www.veolia.com/en/veolia-group/finance/regulated-information.

Finally, the Company's Articles of Association, as well as the minutes of General Shareholders' Meetings, the Statutory Auditors' reports and all other corporate documents, may be consulted at 30, rue Madeleine Vionnet, 93300 Aubervilliers.

6.3 Persons responsible for auditing the financial statements

6.3.1 STATUTORY AUDITORS

KPMG SA

Member of the *Compagnie Régionale des Commissaires aux Comptes de Versailles* (Versailles Regional Auditors' Association).

Represented by Mrs. Valérie Besson and Mr. Baudouin Griton.

2, avenue Gambetta, Tour Eqho, 92066 Paris la Défense Cedex.

Company first appointed by the Combined General Meeting of May 10, 2007 and reappointed by the Combined General Meeting of May 14, 2013 for a six-year term that will expire at the end of the General Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2018.

Ernst & Young et autres

Member of the *Compagnie Régionale des Commissaires aux Comptes de Versailles* (Versailles Regional Auditors' Association).

Represented by Mr. Jean-Yves Jégourel and Mr. Xavier Senent.

1-2, place des Saisons, Paris- La Défense 1, 92400 Courbevoie.

Company first appointed on December 23, 1999 and reappointed by the Combined General Meeting of April 20, 2017 for a six-year term that will expire at the end of the General Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2022.

6.3.2 DEPUTY STATUTORY AUDITORS

KPMG Audit ID

2, avenue Gambetta, Tour Eqho, 92066 Paris la Défense Cedex.

Company first appointed by the Combined General Meeting of May 14, 2013 for a six-year term that will expire at the end of the General Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2018.

6.4 Persons assuming responsibility for the Update to the Registration Document

6.4.1 PERSONS ASSUMING RESPONSIBILITY FOR THE UPDATE TO THE REGISTRATION DOCUMENT

Mr. Antoine Frérot, Chairman and Chief Executive Officer of Veolia Environnement.

6.4.2 DECLARATION BY THE PERSON RESPONSIBLE FOR THE UPDATE TO THE REGISTRATION DOCUMENT

I hereby certify that to the best of my knowledge and having taken all reasonable care to ensure that such is the case, the information contained in this Update to the 2017 Registration Document is true and fair and does not contain any omission likely to affect its import.

I hereby certify that, to the best of my knowledge, the condensed interim consolidated financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and all consolidated companies, and that the interim management report contained in this Update provides a fair review of material events during the first six months of the year and their impact on the financial statements, the main transactions with related parties and a description of the principal risks and uncertainties for the remaining six months of the year.

I obtained an audit letter from the Statutory Auditors in which they indicated that they have verified the information regarding the financial position and financial statements contained herein, and have read the entire Update to the 2017 Registration Document.

Aubervilliers, August 1, 2018,

Chairman and Chief Executive Officer

Antoine Frérot

6.5 Cross-reference tables

6.5.1 CROSS-REFERENCE TABLE FOR THE UPDATE TO THE REGISTRATION DOCUMENT

To facilitate the reading of this Update to the Registration Document, the following table identifies the main headings as required by Annex I of Commission Regulation (EC) no. 809/2004 of April 29, 2004 and the corresponding pages of the Registration Document where applicable.

Heading in Annex I of Commission Regulation (EC) no. 809/2004	Chapters / Sections of the Registration Document	Pages	**Chapters / Sections of the Update to the Registration Document**	**Pages**
1 – Persons responsible				
1.1 Persons responsible for the information	8.7	399	6.4	84
1.2 Statement by those responsible for the information	8.7	399	6.4	84
2 – Statutory Auditors				
2.1 Name and address of the issuer's auditors	8.6	398	6.3	83
2.2 Information on the resignation or removal of the auditors	N/A		N/A	
3 – Selected financial information				
3.1 Historical financial information	Key figures	4	N/A	
3.2 Interim financial information	N/A		1	3
4 - Risk factors	**5**	**245 to 270**	**3.6**	**30**
5 – Information about the issuer				
5.1 Company history and development	1.1	10	N/A	
5.1.1 Legal and commercial name	8.1.1	390	N/A	
5.1.2 Place of registration and registration number	8.1.4	390	N/A	
5.1.3 Date of incorporation and company term	8.1.3	390	N/A	
5.1.4 Registered office and legal form of the issuer, legislation under which the issuer operates, its country of incorporation, and the address and telephone number of its registered office	8.1.1 and 8.1.2	390	N/A	
5.1.5 Important events in the development of the issuer's business	3.1	66	3.1 and 3.9	10 et 33
5.2 Investments				
5.2.1 Principal investments completed	3.3.2 and 4.1.6 note 3.2	81 and 109	3.3.2 and 4.1 Note 3.1	27 et 48
5.2.2 Principal investments in progress	3.3	80	3.3.2	27
5.2.3 Principal planned future investments	3.3	80	3.3.2	27
6 – Business overview				
6.1 Principal activities	1.3 and 1.5	19 and 30	N/A	
6.2 Principal markets	1.2.1	12	N/A	
6.3 Exceptional events	N/A		N/A	
6.4 Dependence on patents, licenses, contracts and manufacturing	1.5.3	42	N/A	
6.5 Basis for any statements made by the issuer regarding its	1.3.4	26	N/A	
7 – Organizational structure				
7.1 Brief description of the Group	1.5.1 and 8.4	30 and 397	N/A	

Heading in Annex I of Commission Regulation (EC) no. 809/2004	Chapters / Sections of the Registration Document	Pages	**Chapters / Sections of the Update to the Registration Document**	**Pages**
7.2 List of issuer's significant subsidiaries	4.1.6 note 15 and 4.2.5 note 7.11	191 and 234	4.1 note 14	75
8 – Property, plant and equipment				
8.1 Principal property, plant and equipment	1.5.3 and 4.1.6 note 7.3	42 and 145	N/A	
8.2 Environmental issues that may affect the issuer's use of property, plant and equipment	1.6	44	N/A	
9 – Operating and financial review				
9.1 Financial condition	3.2 to 3.4 and 4.1	69 to 84 and 94	3.2, 3.3 and 4.1	14, 26 et 34
9.2 Operating results	3.2.2 and 4.1.6 note 5.2	69 and 117	3.2.2 and 4.1 note 5.2	14 et 53
10 – Capital resources				
10.1 Information on the issuer's capital	4.1 and 4.1.6 note 9	94 and 174	4.1 and 4.1 note 8	34 et 65
10.2 Sources and amounts of cash flows	4.1 and 4.1.6 note 8.1 to 8.1.3	94 and 147 to 154	4.1 and 4.1 note 7	34 et 60
10.3 Borrowing requirements and funding structure	2.1.7, 4.1.6 note 8.1.1 and 5.2.1.3	61.147 and 255	2.1.3 and 4.1 Note 7	6 et 60
10.4 Restrictions on the use of capital resources	4.1.6 note 8.1.3 and 5.2.2.3	154 and 261	N/A	
10.5 Anticipated sources of funds	3.3 and 4.1.6 note 8	80 and 147	N/A	
11 – Research and development, patents and licenses	**1.4 and 1.5.3.1**	**28 and 42**	**N/A**	
12 – Information on trends				
12.1 Significant recent trends in production, sales and inventory, and costs and selling prices since the end of the last fiscal year	3.7 and 3.11	87 and 92	3.1	10
12.2 Known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's prospects	1.2, 3.7, 3.9 and 4.1.6 note 14	11, 87 and 190	3.5 and 3.7	29 et 30
13 – Income forecasts or estimates	**N/A**		**N/A**	
14 – Administrative, management and supervisory bodies and senior management				
14.1 Information concerning members of the Board of Directors and Executive Management	7.1 and 7.3	330 and 360	5.1	77
14.2 Conflicts of interest	7.1.3	345	N/A	
15 – Remuneration and benefits				
15.1 Remuneration and benefits in kind	7.4.1 and 7.4.4	362 and 377	N/A	
15.2 Retirement or other similar benefits	7.4.2 and 7.4.5	371 and 382	N/A	
16 – Board practices				
16.1 Terms of office of members of the Board of Directors	7.1.1 and 7.1.2	330 and 345	5.1	77
16.2 Service agreements involving members of the Board of Directors	4.1 note 13 and 7.1.3	189 and 345	3.4 and 4.1 note 12	29 et 75

Heading in Annex I of Commission Regulation (EC) no. 809/2004	Chapters / Sections of the Registration Document	Pages	**Chapters / Sections of the Update to the Registration Document**	**Pages**
16.3 Information on the Audit and Compensation Committees	7.2.2.1 and 7.2.2.3	355 and 358	5.1	77
16.4 Statement regarding corporate governance	7.2.1.1	346	N/A	
17 – Employees				
17.1 Number of employees	Key figures and 6.4.1	4 and 307	N/A	
17.2 Shareholdings and stock options	7.4.3	373	N/A	
17.3 Arrangements providing for employee involvement in the share capital	6.4.3.4	316	N/A	
18 – Major shareholders				
18.1 Identification of major shareholders	2.2	62	2.2	8
18.2 Existence of different voting rights	2.2.1, 2.2.2 and 8.1.9	62, 63 and 393	2.2	8
18.3 Control of the issuer	2.2	62	2.2	8
18.4 Arrangements which could lead to a change in control of the issuer	8.3	396	N/A	
19 – Related-party transactions	**4.1.6 note 13 and 7.6**	**189 and 385**	**4.1 note 12**	**75**
20 – Financial information concerning the assets and liabilities, financial position and income of the issuer				
20.1 Historical financial information	Key figures, 4.1 and 4.2	4, 94 and 201	1 and 4.1	3 et 34
20.2 Pro forma financial information	N/A		3.8	31
20.3 Financial statements	4.1 and 4.2	94 and 201	4.1	34
20.4 Audit of historical annual financial information	4.1 and 4.2	94 and 201	4.1	34
20.5 Date of most recent financial information	4	93	4.1	34
20.6 Interim and other financial information	N/A		4.1	34
20.7 Dividend policy	2.3 and 8.1.7	64 and 391	2.3	9
20.8 Legal and arbitration proceedings	4.1.6 note 12 and 8.2	185 and 394	4.1 note 11 and 6.1	69 et 79
20.9 Significant change in the financial or trading position	1.2.1 and 4.1.6 notes 3.2	12 and 109	4.1 note 3.1	48
21 – Additional information				
21.1 Share capital				
21.1.1 Amount of subscribed share capital and authorized share capital not issued	2.1.1 and 2.1.4	54 and 58	2.1.1	4
21.1.2 Shares not representing capital	2.1.5	60	N/A	
21.1.3 Shares in the issuer held by the issuer itself	2.1.3	55	2.2.1	8
21.1.4 Convertible securities, exchangeable securities or securities with subscription warrants	2.1.5, 2.1.7, 4.1.6 note 8.1 and 7.4.3	60, 61, 147 and 373	2.1.3 and 4.1 Note 7	6 et 60
21.1.5 Acquisition rights and obligations in respect of subscribed share capital not fully paid-up or any share capital increase	N/A		N/A	
21.1.6 Options over share capital of Group members	N/A		N/A	
21.1.7 Share capital history	2.1.6	60	N/A	
21.2 Memorandum and Articles of Association				

Heading in Annex I of Commission Regulation (EC) no. 809/2004	Chapters / Sections of the Registration Document	Pages	**Chapters / Sections of the Update to the Registration Document**	**Pages**
21.2.1 Corporate purpose	8.1.5	390	N/A	
21.2.2 Administrative, management or supervisory bodies	7.1 and 7.2	330 and 346	5.1.1	77
21.2.3 Rights, preferences and restrictions attaching to shares	8.1.7 and 8.1.9	391 and 393	N/A	
21.2.4 Changes to shareholder rights	8.1.12	394	N/A	
21.2.5 Conditions governing the manner in which general shareholders' meetings are called and conditions of admission	8.1.8	391	N/A	
21.2.6 Provisions that could delay, defer or prevent a change in control of the issuer	N/A		N/A	
21.2.7 Disclosure of the crossing of ownership thresholds	8.1.11	394	N/A	
21.2.8 Conditions governing changes in capital more stringent than required by law	n/a		N/A	
22 – Material contracts	**8.3**	**396**	**N/A**	
23 – Third party information and statements by experts and declarations of any interest	**N/A**		**N/A**	
24 – Documents available to the public	**8.5**	**398**	**6.2**	**83**
25 – Information on investments	**1.5, 4.1.6 note 15 and 4.2.5 note 7.11**	**30, 191 and 234**	**4.1 note 14**	**75**

6.5.2 HALF-YEARLY FINANCIAL REPORT CROSS-REFERENCE TABLE

Pursuant to Article 212-13 of the AMF's General Regulations, this Update contains the half-yearly financial report information required by Article L. 451-1-2 of the French Monetary and Financial Code and Article 222-4 of the AMF's General Regulations.

Investor relations

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