



# Investor Day

December 2015



# Disclaimer

Veolia Environnement is a corporation listed on the Euronext Paris. This investor day presentation and any related documents (“Documents”) contain “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and French securities regulations to which Veolia Environnement is subject.

The purpose of these Documents is to describe the strategy that Veolia intends to pursue in the coming years, and some of the financial objectives and targets that result from this strategy. As a result, the information in these Documents includes “forward-looking statements,” and readers are cautioned to keep this in mind as they review these Documents.

Readers should also be aware that certain figures in these Documents are non-audited estimates for 2015 results (\*) or objectives for future years. Moreover, these Documents contain “non-GAAP financial measures” which might be defined differently from similar financial measures made public by other groups. They should not replace GAAP financial measures prepared pursuant to IFRS standards.

The estimates and objectives in these Documents are based on current assumptions regarding the 2015 results and future market conditions, as well as targets set by management. While Veolia believes that these assumptions and objectives are reasonable, we cannot guarantee their accuracy and the future performance of the group which may not achieve the results indicated. In particular, we might not realize the objectives in these Documents for reasons such as the following:

- We might not be able to realize the market developments that we are hoping to make and if we do, the results may be lower than we currently expect.
- We might not be able to achieve the cost and/or operational efficiency targets described in this document. This would be the case, for example, if the synergies from our organizational structure turn out to be lower than we expect, or if we are not able to implement some or all of the planned actions.
- Market and economic conditions may vary, in some cases significantly, compared to the assumed conditions that we used for purposes of determining our objectives and targets.

In addition to these risks, we urge investors to take note of the other risks described in the documents we have previously filed with the Autorité des Marchés Financiers (French securities regulator “AMF”), particularly those discussed in the Risk Factors section of our Registration document filed with the AMF on March 21, 2015 and updated on September 22, 2015 ([www.veolia.com](http://www.veolia.com)).

Veolia’s outlook and strategy may change at any time in response to the risks mentioned above or other risks that are currently unknown to us. Other than as required by the law, we are not obligated to and do not undertake to provide updates to or revisions of any forward-looking statements made in these Documents or in any Veolia Environnement public filing, whether as a result of new information, future events, or otherwise.

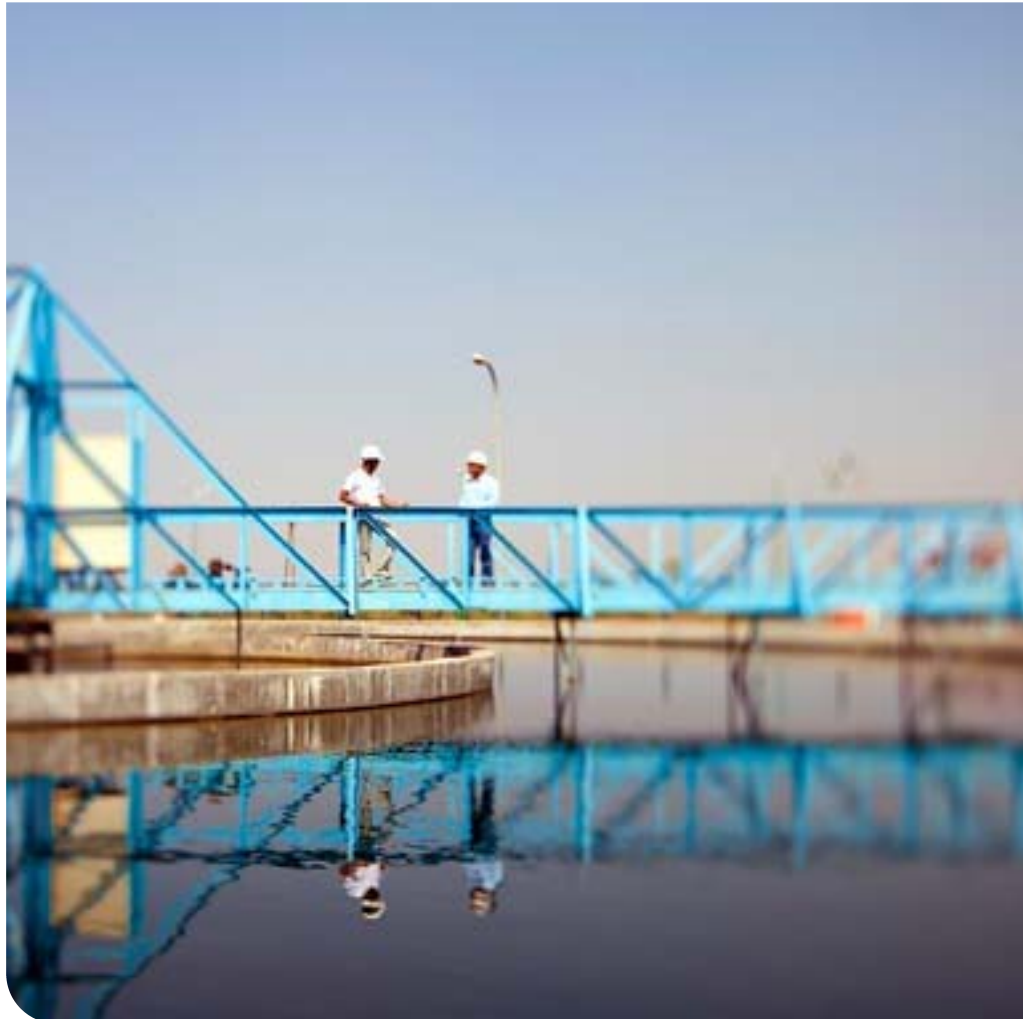
(\*) the 2015 definitive results will be submitted for approval to the Veolia board of directors on February 24, 2016 and publicly released on February 25, 2016 .



# Agenda



1. *New Veolia: a reality in 2015 (A. Frérot, 30 mins)*
2. *Cost efficiency measures (F. Bertreau, 20 mins)*  
*Brief Q&A session (10 mins)*
3. *Veolia's strategy to capture future growth (L. Auguste, 30 mins)*  
*Q&A session (15 mins)*  
*Coffee break (15 mins)*
4. *Business review illustration (Managers, introduced by A. Frérot, 60 mins)*
5. *Capex allocation (P. Capron, 15 mins)*
6. *Veolia's financial equation and restored financial flexibility (P. Capron, 35 mins)*
7. *Conclusion: wrap up (A. Frérot, 5 mins)*  
*Q&A session (40 mins)*



# **New Veolia: a reality in 2015**

**Antoine Frérot, Chairman and  
Chief Executive Officer**



## **The New Veolia announced in 2011 is a reality in 2015**

**Geographic streamlining and new organization**



**Disposal program & deleveraging achieved**

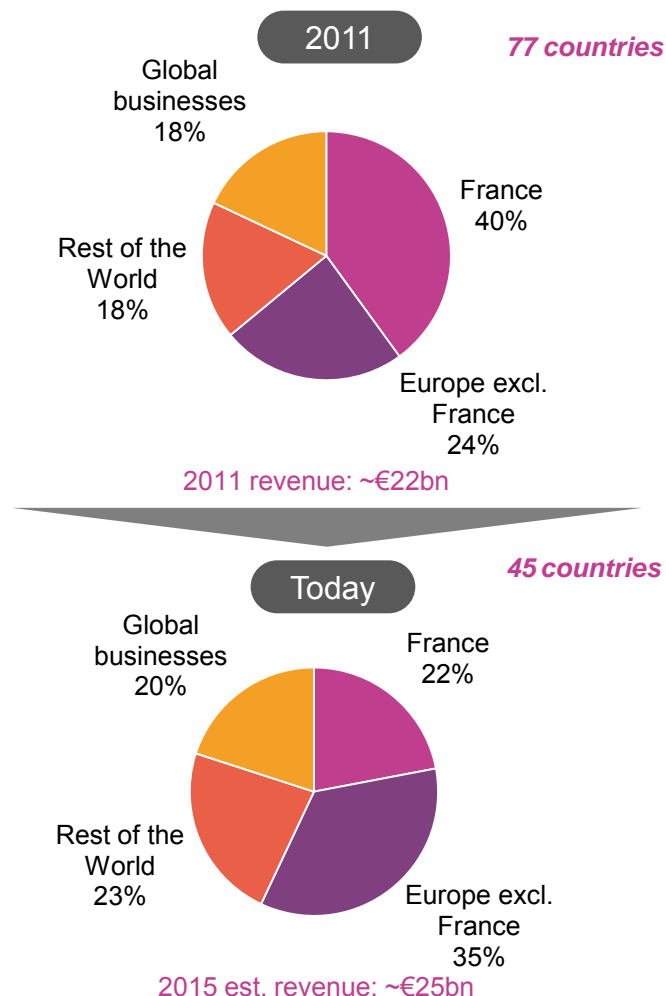


**€750m cost cutting target exceeded**



# Geographic streamlining and new organization

## *We have streamlined our geographic footprint*



## *We are already reaping the benefits of our new organization*

### ▪ **A customer focused organization, with a central Commercial and Marketing department:**

- Key account managers and representatives by country
- Cross fertilization and ability to offer diversified solutions

### ▪ **One Veolia per country**

- Increased control of operations
- No “division” level: improved flow of information and decreased structure costs throughout the group

### ▪ **A central Technical & Performance department**

- Definition of relevant KPI by BU, shared throughout the Group

### ▪ **One Veolia HQ:** a leaner organization with reduced central costs

# Integrated organization for sustainable growth

- **An integrated group for greater agility and performance**

- a single Veolia per country, with a management structure based on 11 geographic zones
- cross-functional strategic departments to bring us closer to our customers and optimize our performance: Innovation and Markets, Technical and Performance

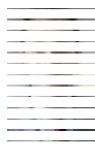
## THE VEOLIA EXECUTIVE COMMITTEE, A COHESIVE TEAM DEDICATED TO DEPLOYING A COHERENT STRATEGY:



**François Bertreau**  
Chief Operating Officer



**Estelle Brachlianoff**  
Senior Executive  
Vice President UK & Ireland



**Laurent Auguste**  
Senior Executive  
Vice President Innovation and Markets



**Régis Calmels**  
Senior Executive  
Vice President Asia



**Jean-Marie Lambert**  
Senior Executive  
Vice President Human Resources



**Antoine Frérot**  
Chairman and  
Chief Executive Officer



**Philippe Capron**  
Chief Financial Officer



**Philippe Guitard**  
Senior Executive  
Vice President Central & Eastern Europe



**Claude Laruelle**  
Director of Global Businesses



**Patrick Labat**  
Senior Executive  
Vice President Northern Europe



**Helman le Pas de Sécheval**  
General Counsel

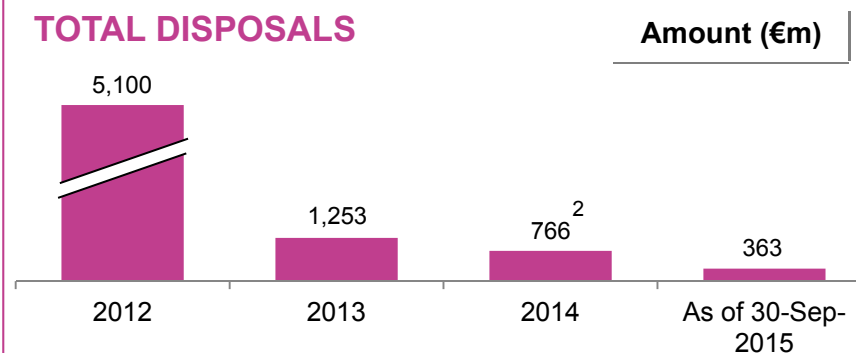
## Successful refocusing

- Ambitious disposal program enabled us to streamline our business and gain flexibility
- Dissolution of the Dalkia JV allowed us to refocus on the attractive international energy business
- Selective acquisition of minority stakes (Proactiva, Voda) increased our operational control
- Planned Transdev exit

### MAIN DISPOSALS

	Amount (€m)	Year
▪ Berlin	2,064	'12-'13
▪ UK regulated water	1,517	2012
▪ VESNA Solid Waste	1,464	2012
▪ Ridgeline	203	2012
▪ Veolia Israel	232	2015
▪ Marius Pedersen	240	2014
▪ Impact of Dalkia operation	348 <sup>1</sup>	'13-14

### TOTAL DISPOSALS

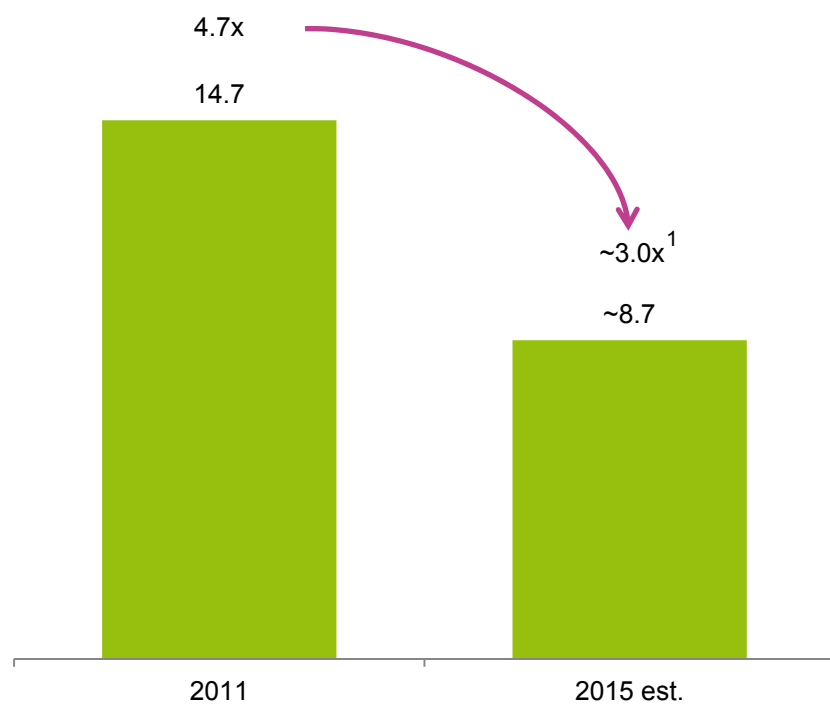


<sup>1</sup> Net impact of Dalkia operation: €348m in debt reduction

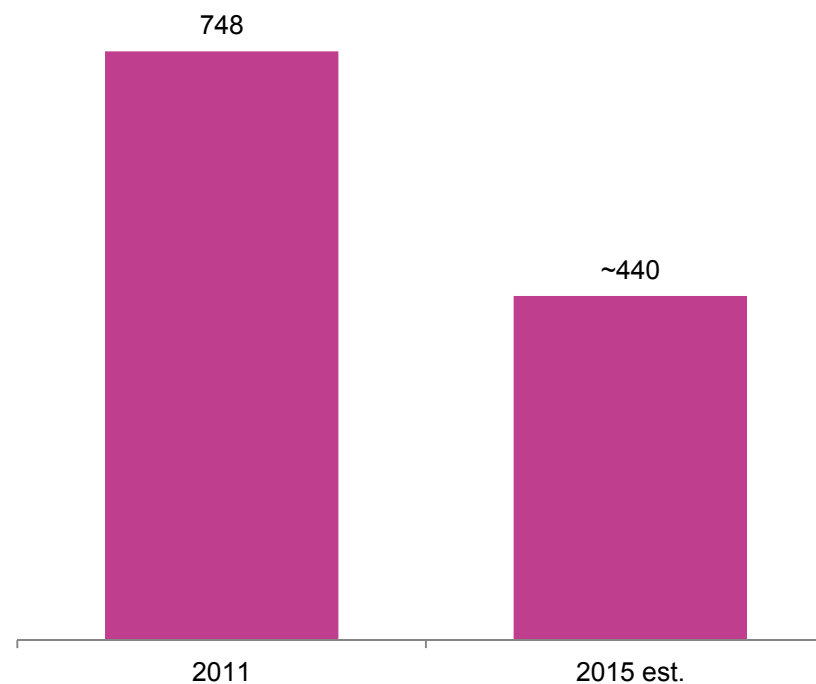
<sup>2</sup> Including net impact of Dalkia operation

## Sharp deleveraging & restored financial fundamentals

Net financial debt (€bn)



Cost of net financial debt<sup>3</sup> (€m)



— Leverage ratio<sup>2</sup>

⇒ We have significantly brought down our debt and financial burden

<sup>1</sup> c. 2.7x excluding VTD

<sup>2</sup> ND/ EBITDA

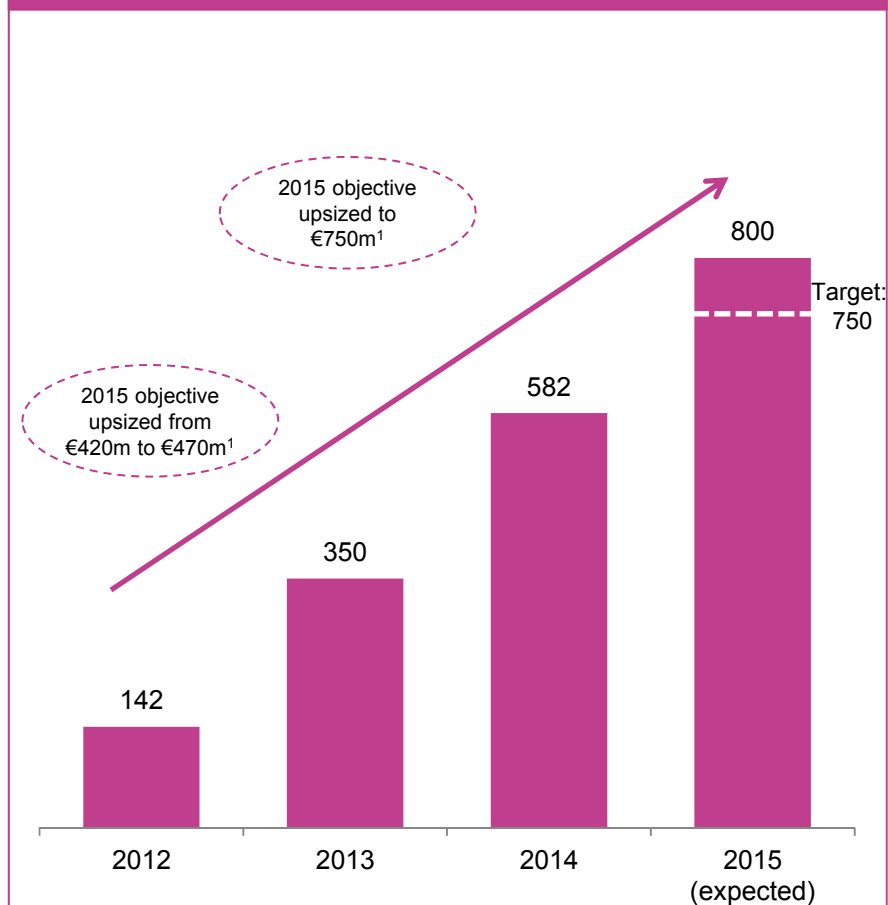
<sup>3</sup> Adjusted cost of net financial debt: financial expense excluding the cost of bond buybacks and discontinued operations



## 2011-2015 Cost cutting: €750m target exceeded

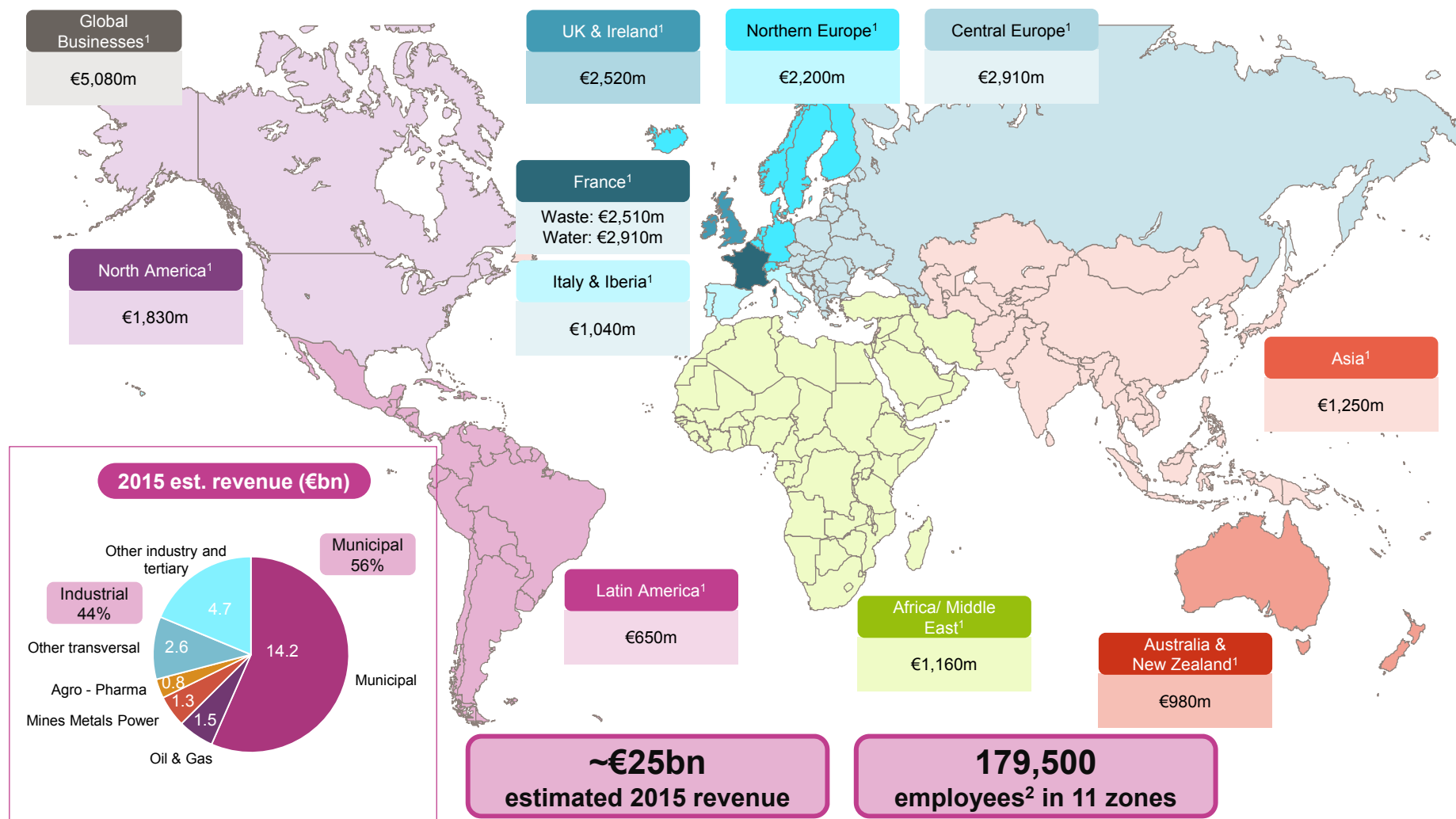
- **~€800m cost cutting expected** at year-end 2015
  - Strong commitment from all BUs in the savings plan:
    - Improved project definition and monitoring
    - Internal audit control
- Split of the savings by nature of costs:
  - ~50% from SG&A
  - ~20% from purchasing savings
  - ~30% from operations

### Net cumulative savings vs. 2011 in €m



<sup>1</sup> Objectives revised in August 2012 and May 2013

# Our reinforced positioning as an undisputed global leader



<sup>1</sup> 2015 est. revenue  
<sup>2</sup> As of December 2014

## All Veolia employees are committed to the successful execution of the Group's strategic plan

- **Management and employee incentives are aligned with the company's strategy, and therefore with shareholder interests**
  - Management Incentive Plan implemented at the end of 2014 subscribed by ~230 top managers
    - Three-year plan with ability to multiply benefit of personal investment based on two criteria: execution of annual EPS targets and share price improvement.
    - All Executive Committee members subscribed
    - New plan being considered that would be applicable to more managers
  - Employee bonus plans now standardized throughout the world
  - Employee share purchase program launched in October 2015
    - Offered to employees in 20 countries around the world, with more than 29,000 employees purchasing shares

## The group's strategy: to deliver sustainable profitable growth in the years ahead

- **Municipal:** targeted development both in developed and emerging countries, by addressing cities' new challenges and adapting our business models
- **Industrial:** focus on 6 priority growth areas, taking advantage of favorable trends linked to pressure on license to operate and growing efficiency requirements
- Continued improvement in **operational efficiency, with 3 major axes of improvement:** Operations, Purchasing and SG&A, and an objective of more than €600m over 2016-2018

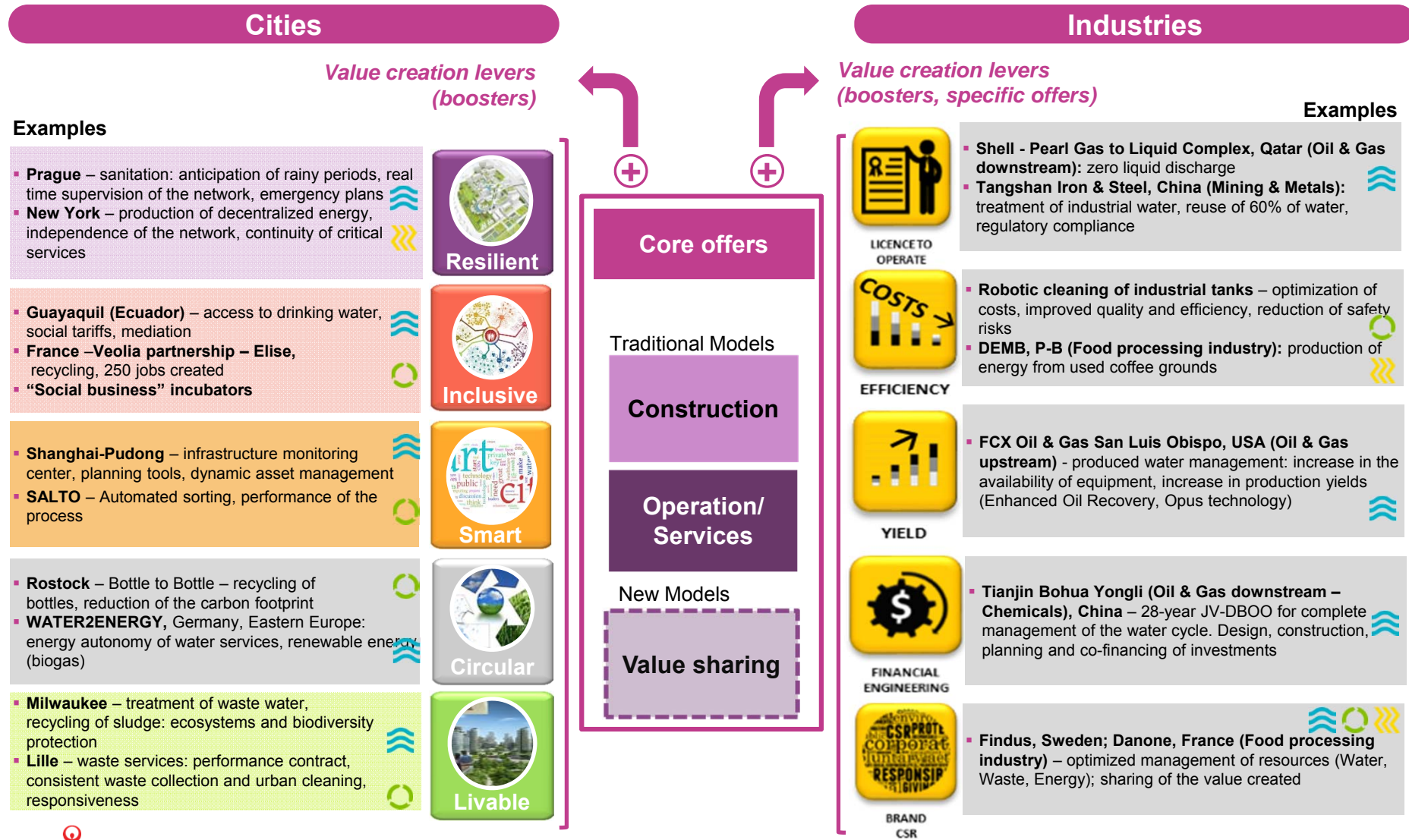
## 2016-2018: A new ambitious cost cutting plan of more than €600m

- **Same method** as previous plan
  - ✓ Project identification by country
  - ✓ More than 400 projects to date
- **An increasing commitment from all the countries** in the program roll-out
  - ✓ Improved project definition and follow up
  - ✓ Dedicated central team
  - ✓ Internal Audit control
- **An objective of more than €600m over 3 years**

€m	2016	2017	2018
Gross savings	200	200	200
Implementation costs	60	30	10



# Our positioning: A range of offers adapted to the new requirements of Cities and Industries



# Municipal strategy: Meet local challenges by anticipating them; contractual modes and financing adapted to country risks

## Main areas of development

### 1. Cities in developed countries: strengthen our distinctive features and develop innovative models

- Efficiency/performance contracts (including smart offer) to respond to cities' needs of attractiveness and efficiency
- Circular economy projects taking advantage of regulatory developments
- Public Service Delegation (Japan) and O&M contracts (United States)

### 2. Cities in emerging countries: targeted development of our historical activities, within a suitable contractual framework

- Concessions in average or large cities in China (heating networks), Latin America, Central Europe
- Performance or operating contracts in Water, Energy or Waste without investment in Africa or Latin America; BOT under AssetCo/OpCo model in Water/Waste, smart offer in the Middle East
- Major Water infrastructure projects (VWT)

## Financing of capital-intensive projects

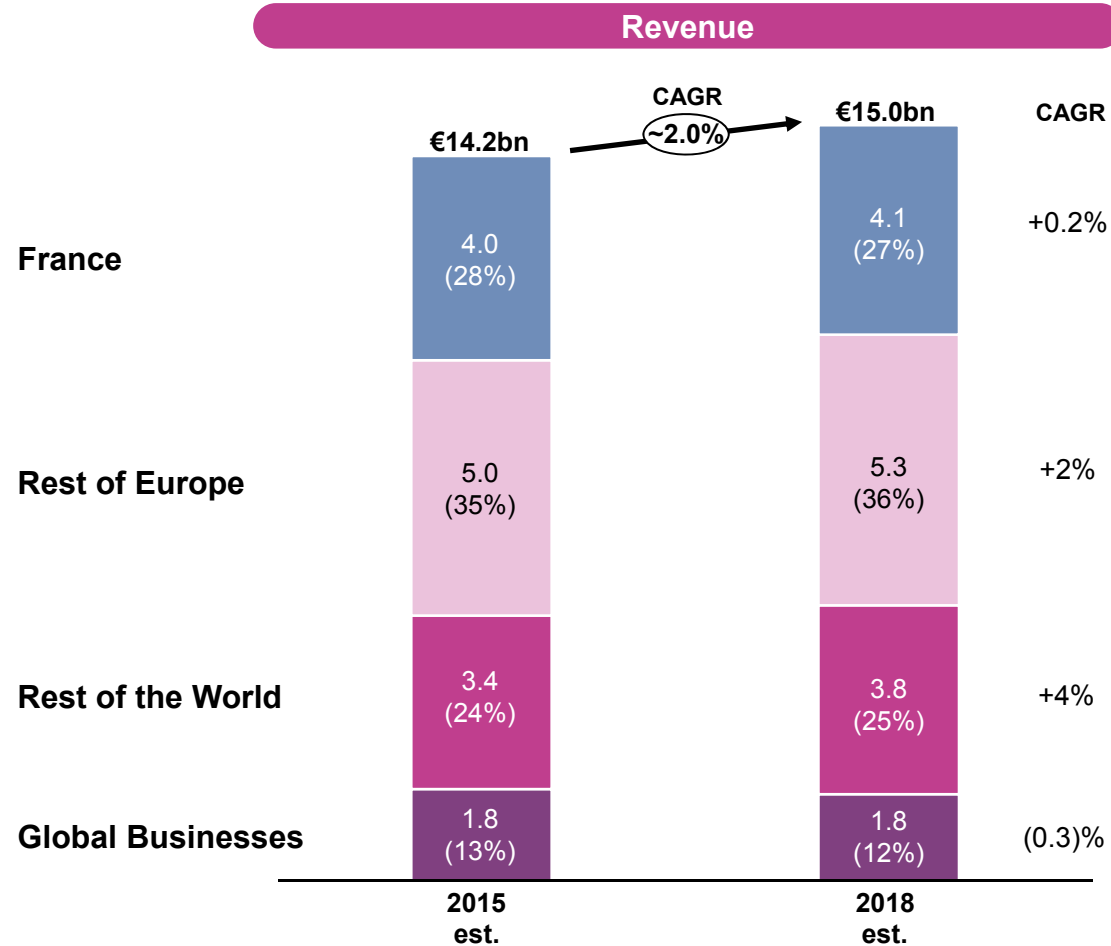
### Equity-financed projects ("crème de la crème")

- OECD + CEE
- Expected profitability:
  - $IRR \geq WACC + 4\%$
  - $ROCE \geq WACC$  at end of year 3
  - Payback < 7 years
- Group's investments
  - ~€100m/ year

### Projects financed by partners (AssetCo/OpCo) ("crème")

- Other geographies
- Expected profitability:
  - Project's  $IRR \geq WACC + 3\%$
  - $ROCE \geq WACC$  at end of year 3
- Group's investments
  - ~€100m/ year

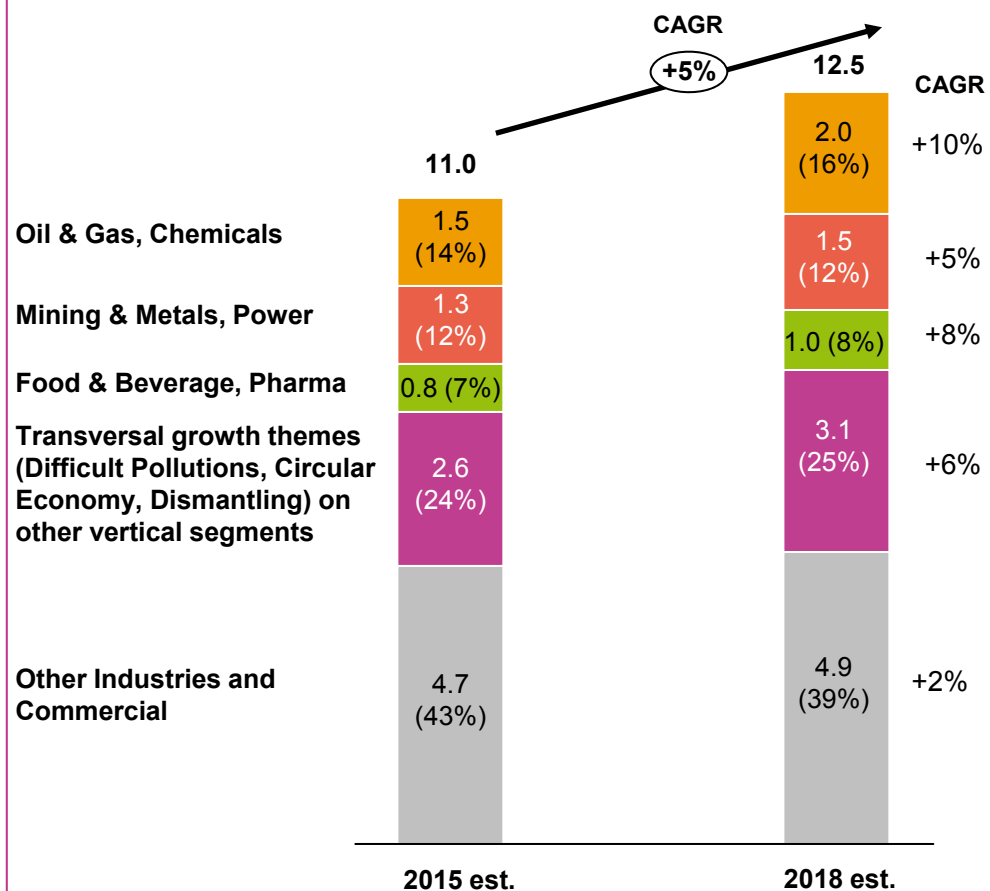
# Breakdown of Municipal activity



→ Expected growth of around 2% p.a until 2018

# Industrial strategy: Focus on 6 growth pillars

## Industrial revenue (€bn)



## Financing of capital intensive projects

### Equity-financed projects

- ~€100m of investment per year dedicated to new projects
- Dedicated to best expected profitability and best industrial signatures
- Same profitability/objective as Municipal
- Examples
  - Development of hazardous waste sector (Germany, Italy after Spain)
  - Development of integrated offers for refineries in the US

### Projects financed by the clients or partners

- ~€100m of investment per year
- Particular attention to the quality of industrial signature
- Same profitability/objective as Municipal
- Examples
  - BOT Water (cooling, process, wastewater) in the sector of Metal & Mining in China
  - Energy supply utilities for a refinery in Finland (DBFO contract)

# Total revenue growth 2015-2018

## Priority growth themes

### Municipal activities



Traditional activities



New municipal business models



### Industrial activities



Oil & Gas  
Chemicals



Mining & Metals  
Power



Food & Bev  
Pharma



Circular economy

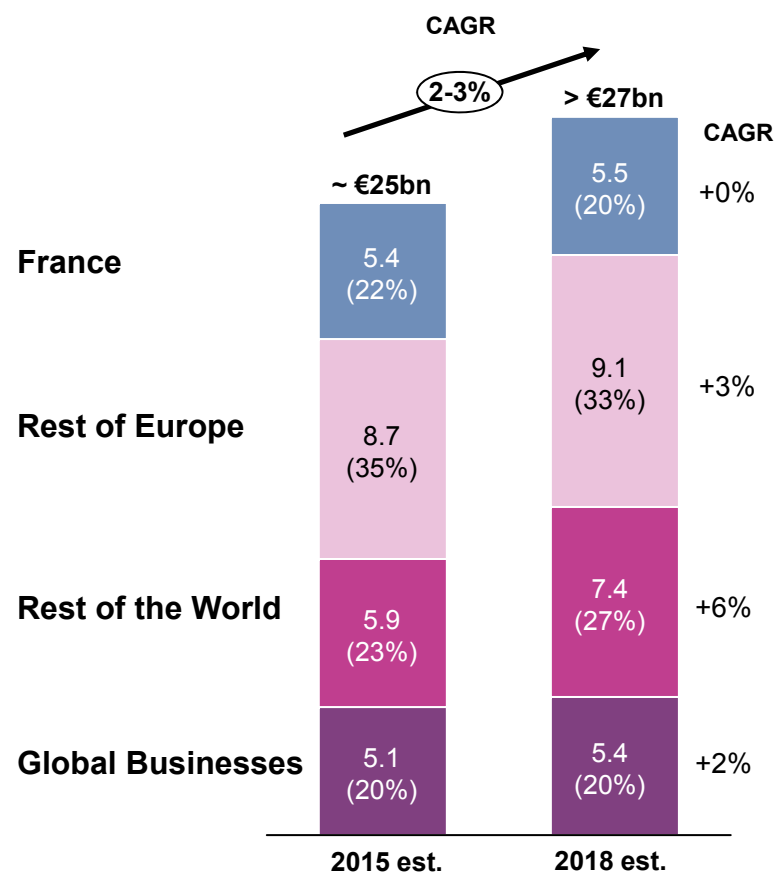


Difficult  
pollutions



Managing the end  
of industrial cycles,  
Dismantling

## Revenue (€bn)





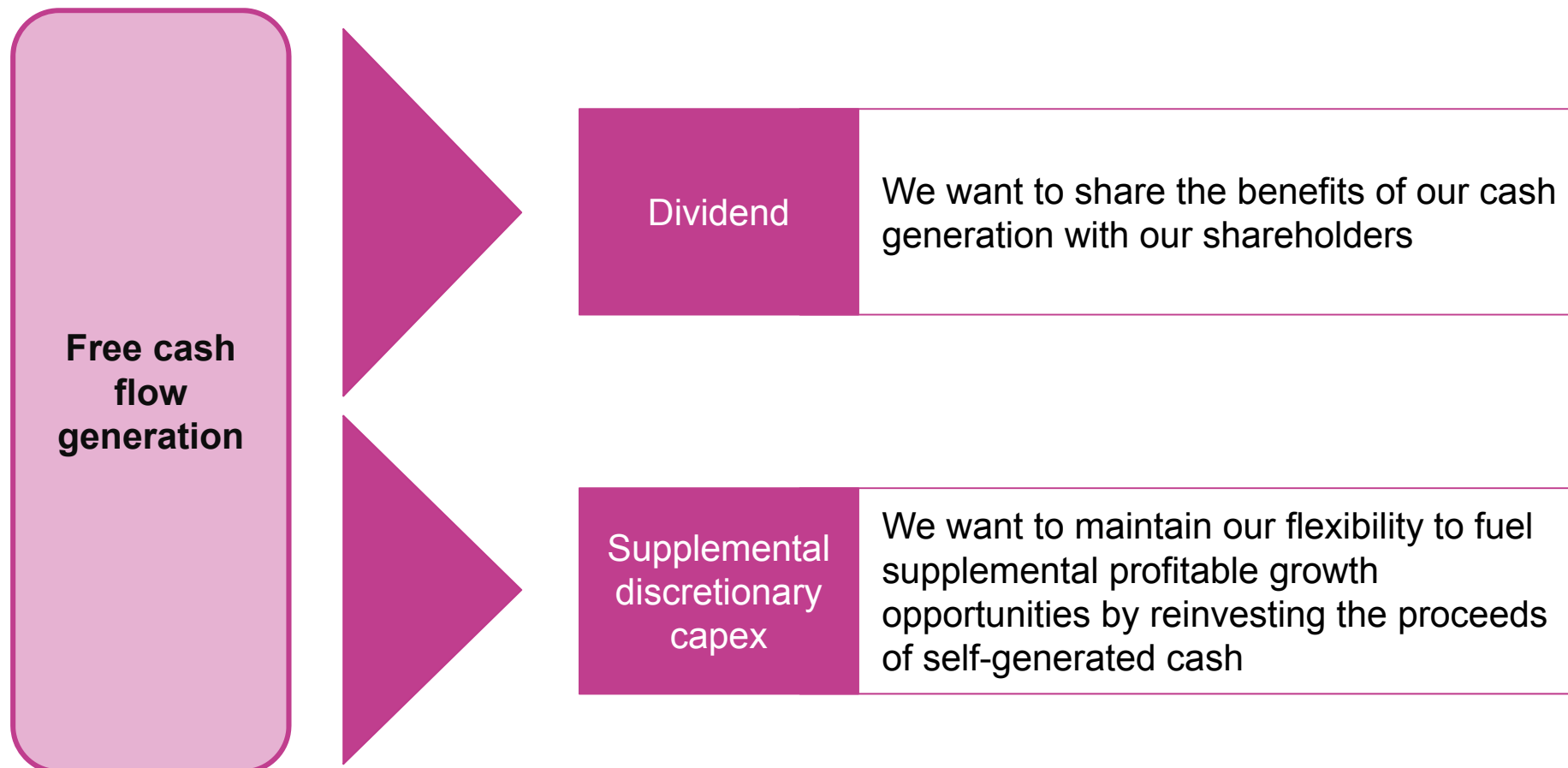
## Two main objectives for 2018: Current net income above €800m and €1bn net free cash flow

- Our transformation efforts and our renewed strategy allows Veolia to implement a new financial equation and enables us to set new 3-year financial targets
- Revenue growth supported by development investments gradually increasing to reach >€27bn revenues in 2018

	2015 estimates	2018 targets
Revenue	~ €25bn	> €27bn
EBITDA	~ €3bn	~ €3.5bn
Current net income group share	> €550m	> €800m
Free Cash Flow <sup>1</sup>	> €500m	~ €1bn

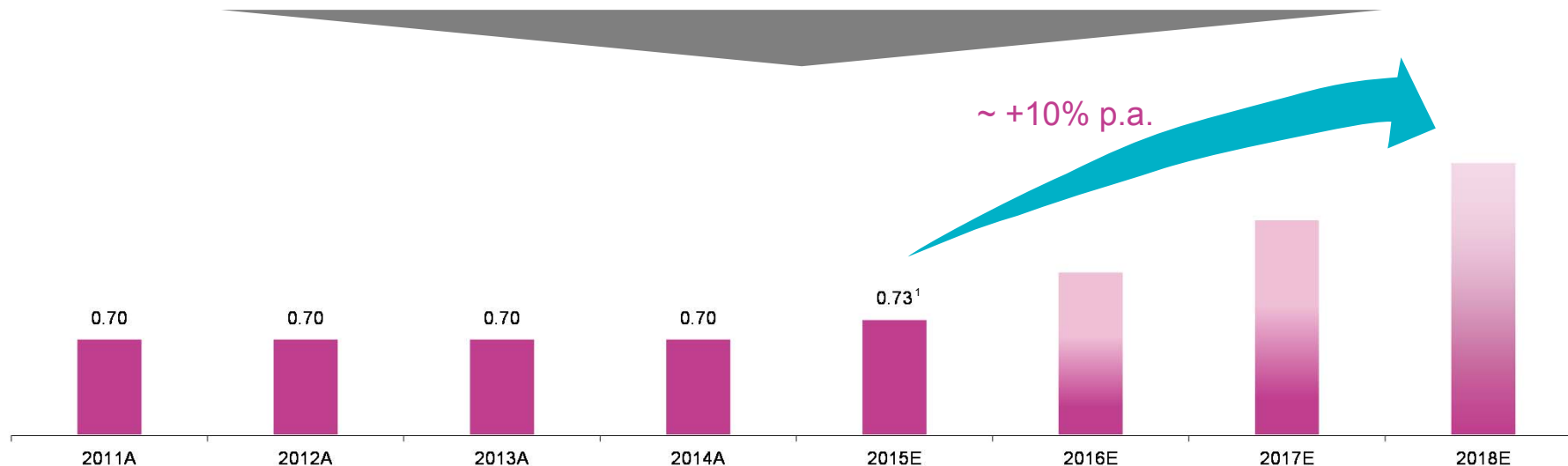
<sup>1</sup> Before dividends, assuming capex of c. €1.6-€1.7bn p.a. and constant net debt

## Net free cash flow primarily dedicated to growth

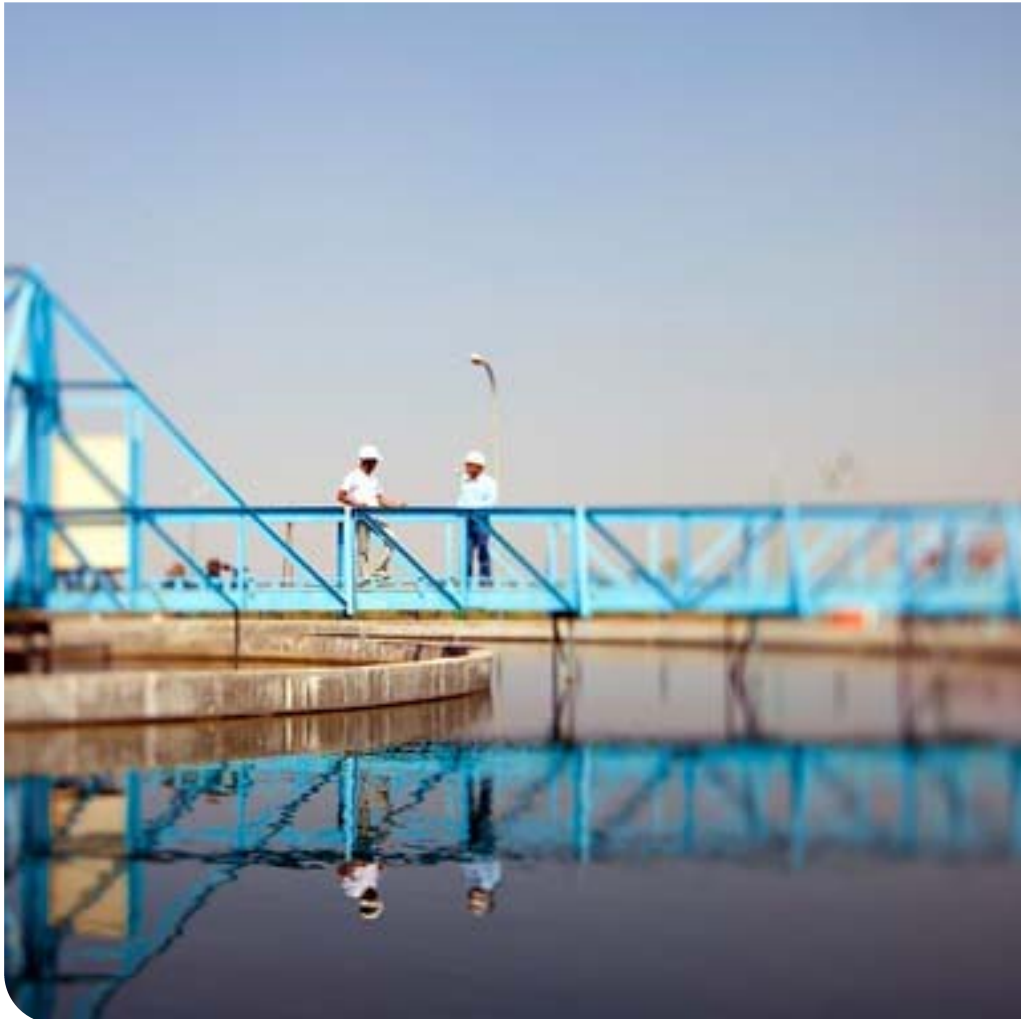


## Restored dividend growth starting in FY2015

- Dividend increase in 2015 to €0.73<sup>1</sup> per share in cash signaling the Board's confidence in the future
- From 2016 to 2018, we expect to be able to provide around 10% annual dividend growth to our shareholders, while reducing our payout ratio



<sup>1</sup> Payable in 2016, to be proposed for approval at the company's annual shareholder meeting



# Cost efficiency measures

François Bertreau, Chief  
Operating Officer

## 2016-2018: A new ambitious cost cutting plan of more than €600m

- **Same method** as previous plan
  - ✓ Project identification by country
  - ✓ More than 400 projects to date
- **An increasing commitment from all the countries** in the program roll-out
  - ✓ Improved project definition and follow up
  - ✓ Dedicated central team
  - ✓ Internal Audit control
- **An objective of more than €600m over 3 years**

€m	2016	2017	2018
Gross savings	200	200	200
Implementation costs	60	30	10



## 9 levers / 3 axes

### 3 major axes of improvement

	2012-2015 Plan	2016-2018 Plan
SG&A	50%	20%
Operations	30%	45%
Purchasing	20%	35%

### 9 levers

1. Reducing purchasing and outsourcing costs
2. Improvement of contract / entity, renegotiation, termination
3. Other revenue improvements under contractual scope
4. Technical and consumption optimization
5. Organizational efficiency
6. Reducing information systems costs
7. Reducing external costs at constant exchange rates
8. Reducing risks and associated costs
9. Reducing real estate costs

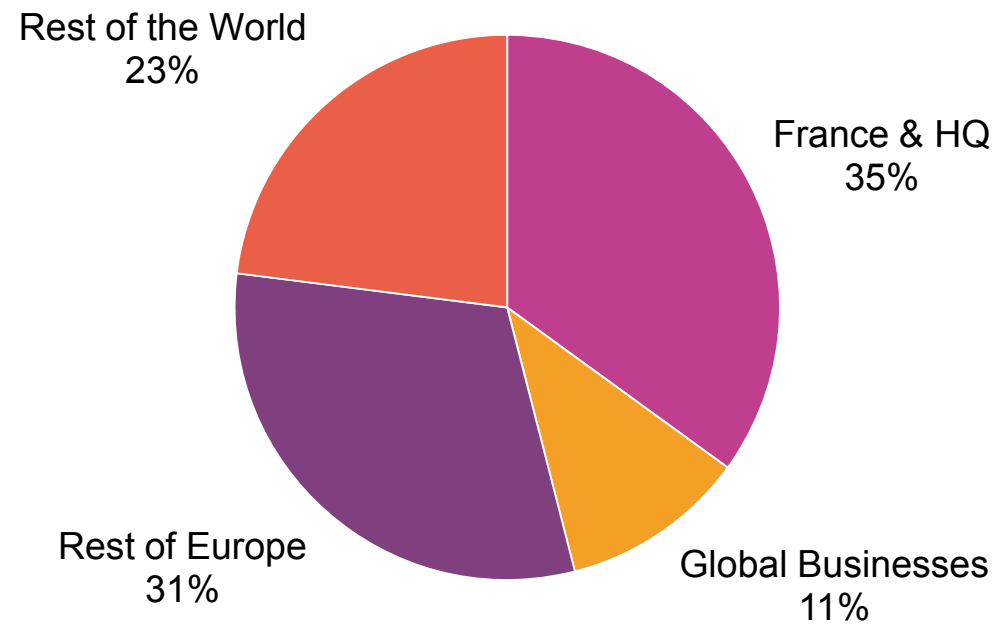
Purchasing ≈ €220m

Operational  
performance  
≈ €280m

SG&A  
≈ €130m

## 2016-2018 cost cutting targets by segment

### Split by segment 2016-2018



## 2016 – 2018: SG&A (~20% of savings)

- Internal & external benchmarks
- Despite efforts taken, Veolia's SG&A costs remain high
  - significant efforts in 2013 – 2014 (2 voluntary departure plans at the head office)
  - but we remain above average in many functions
- Central HQ and central function cost cutting to accelerate

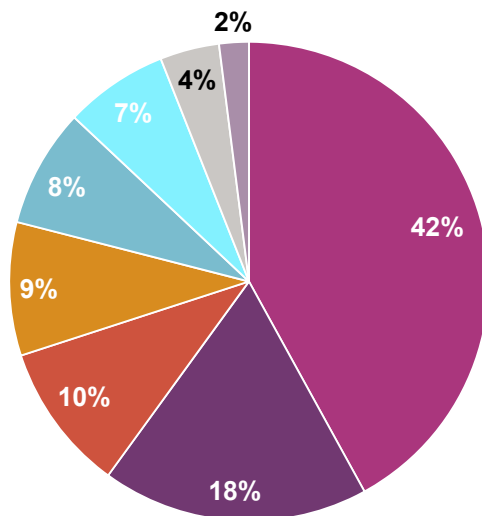
## SG&A: Example of actions

- Reduction of HQ real estate costs (Aubervilliers) (€8m)
- One Veolia in Czech Republic and Slovakia: simplification and unification of the organization of companies (€1.5m)
- Reduction of “Stadtwerke” structure costs in Germany (€1m)
- Reduction of real estate costs in the UK (€0.6m)
- Reduction of SG&A in China & Hong Kong (€7m)
- Reduction in ERP costs at VWT (€3m)

**2016 – 2018: Purchasing: ~1% reduction per year**  
(~35% of savings)

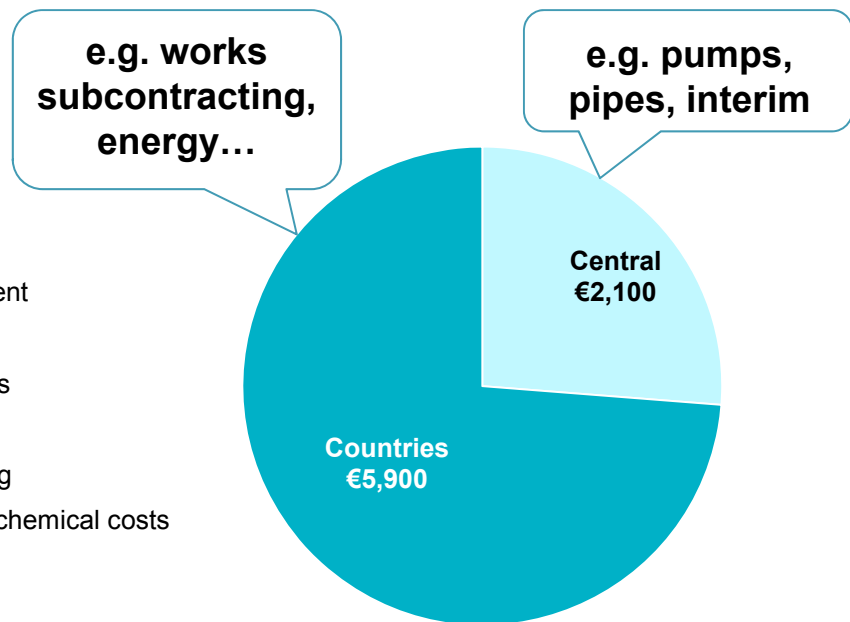
**2015 Total addressable cost base: ~€8bn**

*Costs by nature*



- Subcontracting
- Operating equipment
- Fuel costs
- Consulting services
- Mobile equipment
- General purchasing
- Other energy and chemical costs
- IT and Telecom

*Costs by owner*



## Purchasing: Example of actions underway (1/2)

- **Rationalization of maintenance expenditures (US)**

- annual expenditures: \$10.1m / 300 suppliers



- performance indicators implemented across BUs and sites
- significant reduction of number of suppliers
- \$1.2m in cost savings, 11.8% of expenditure

- **Centralized purchasing of pumps at the group level**

- annual expenditure of €108m across more than 10 categories of pumps.
- concentration of expenditures with top strategic vendors from 56% in 2014 to 71% in 2015



- €3.6m (5% of cost) in cost savings expected end of Dec 2015, €6.7m next year

## Purchasing: Example of actions underway (2/2)

- **Energy efficiency savings in French Water 2016-2018 (€9.5m gains)**
  - diagnostics and simulation with « Ocean »
  - optimized management with « CISPEO »
- **Implementation of new programs of light vehicle / utility vehicles purchased in France**
  - impact of new manufacturers' pricing scale

## 2016 – 2018: Operating performance: 3 + 1 steps (~45% of savings)

- Benchmarking (“Krabi”- Key Relevant Annual Benchmarking Indicators)



- Centers of excellence (experts) → standards of performance
  - 21 key activities
  - experts from all over Veolia’s geographies

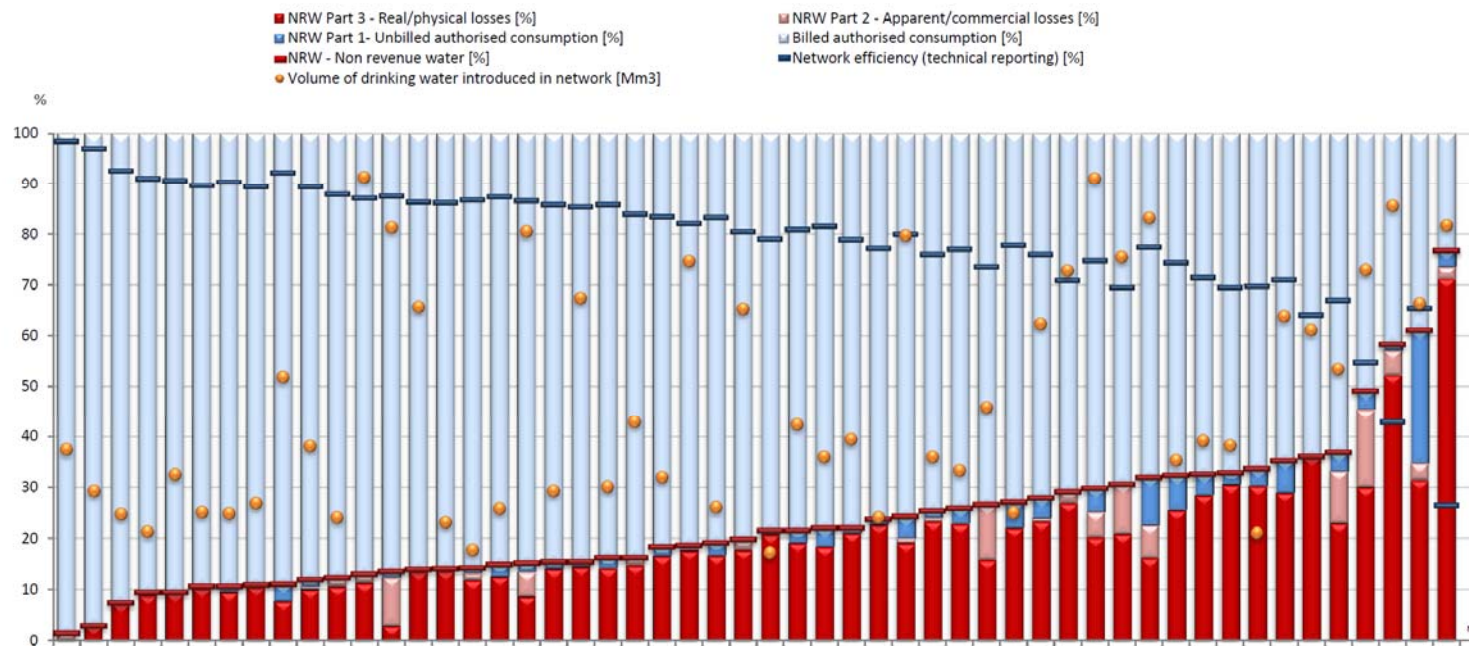


- Standards
  - essential principles
  - best practices



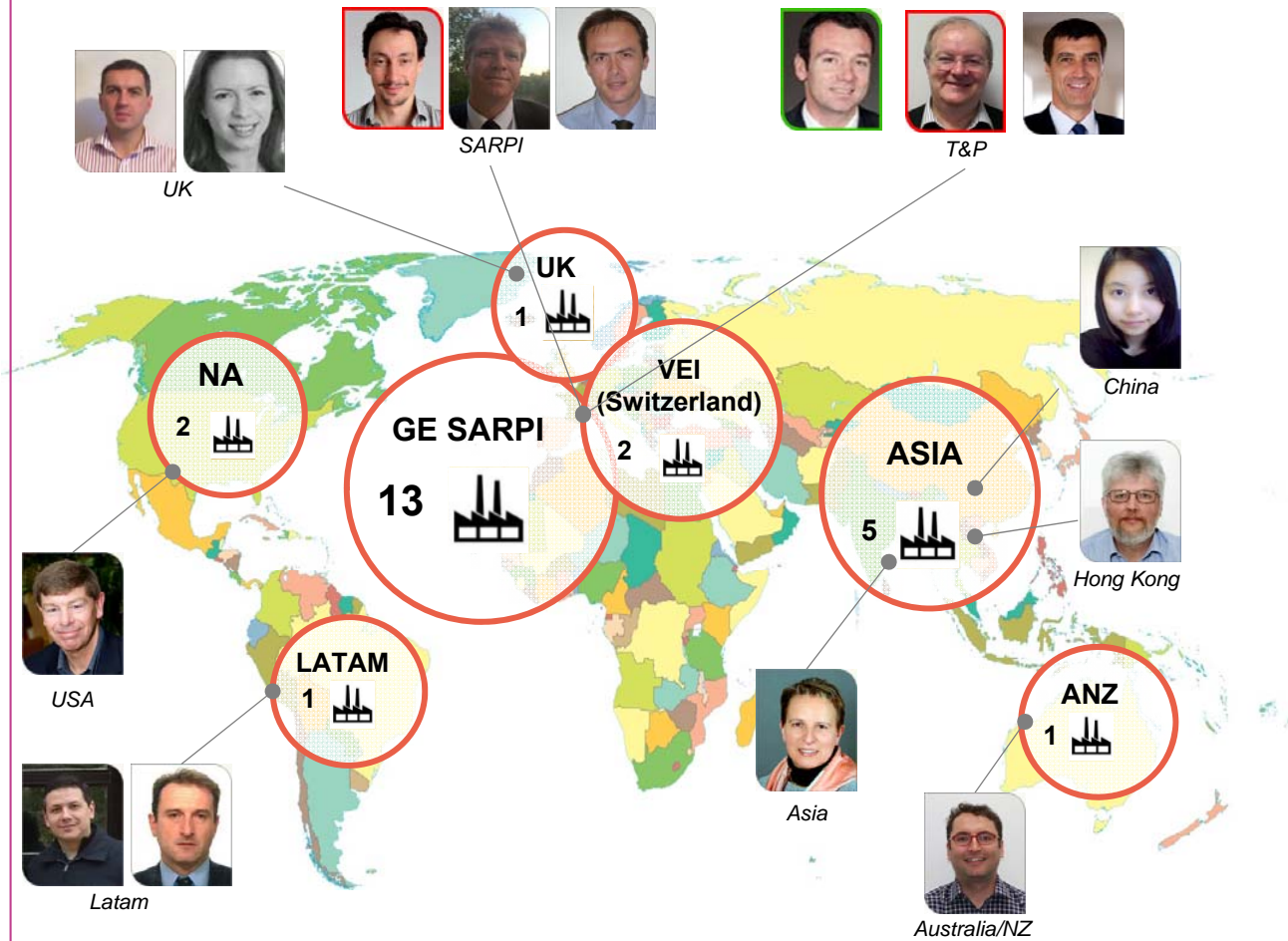
# 2016 – 2018: Operating performance: Benchmarking

## Drinking water network efficiency



# 2016 – 2018: Operating performance: Centers of Excellence

## Hazardous Waste



## Key Performance Factors

- Optimize the treatment capacity for different types of waste
- Optimize energy by dosing air & water
- Facilitate operations monitoring
- Reduce wastewater by recycling
- Optimize asset maintenance - skin temperature monitoring

## 2016 – 2018: Operating performance: 3 + 1 steps

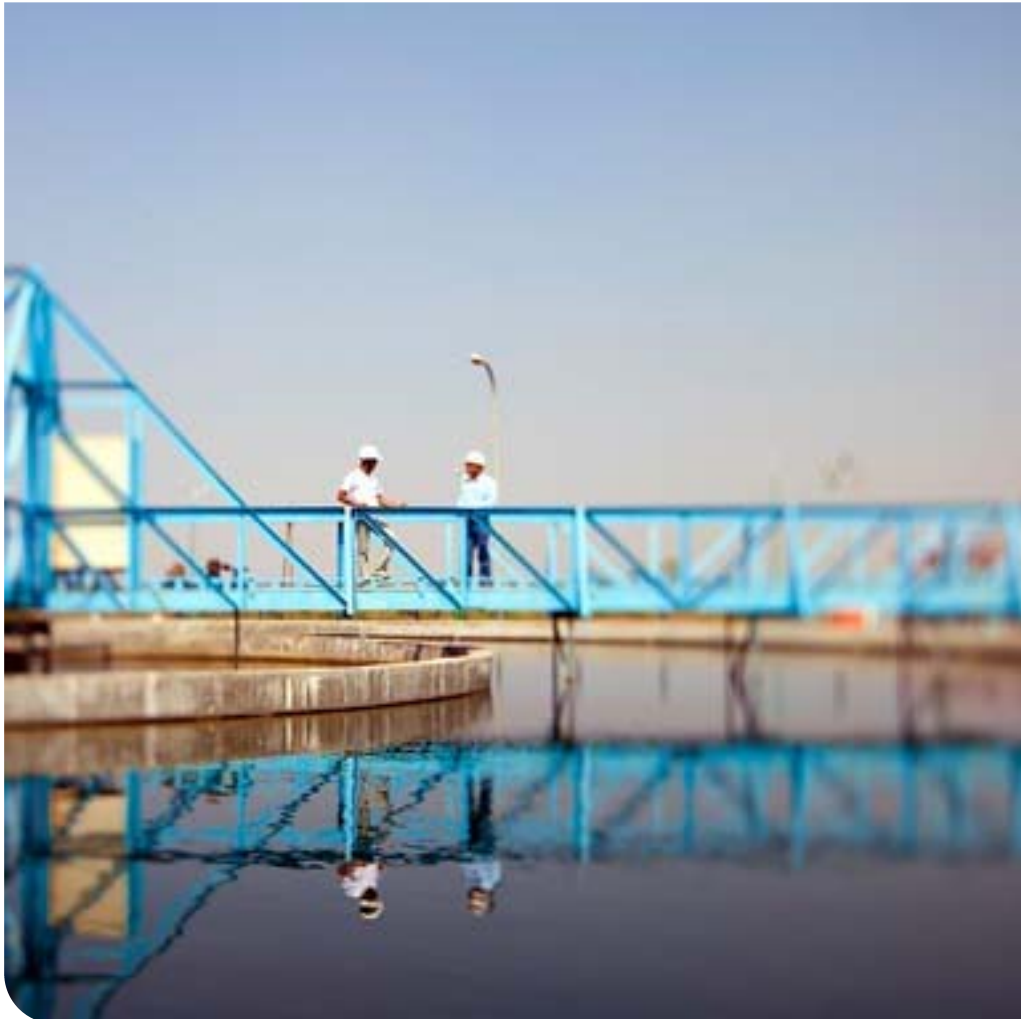
- Action objective: one plan per site / contract
- Creation of an internal platform
  - diffusion of information
  - transversal
- The newest and most decentralized approach

## Operating performance: Example of actions

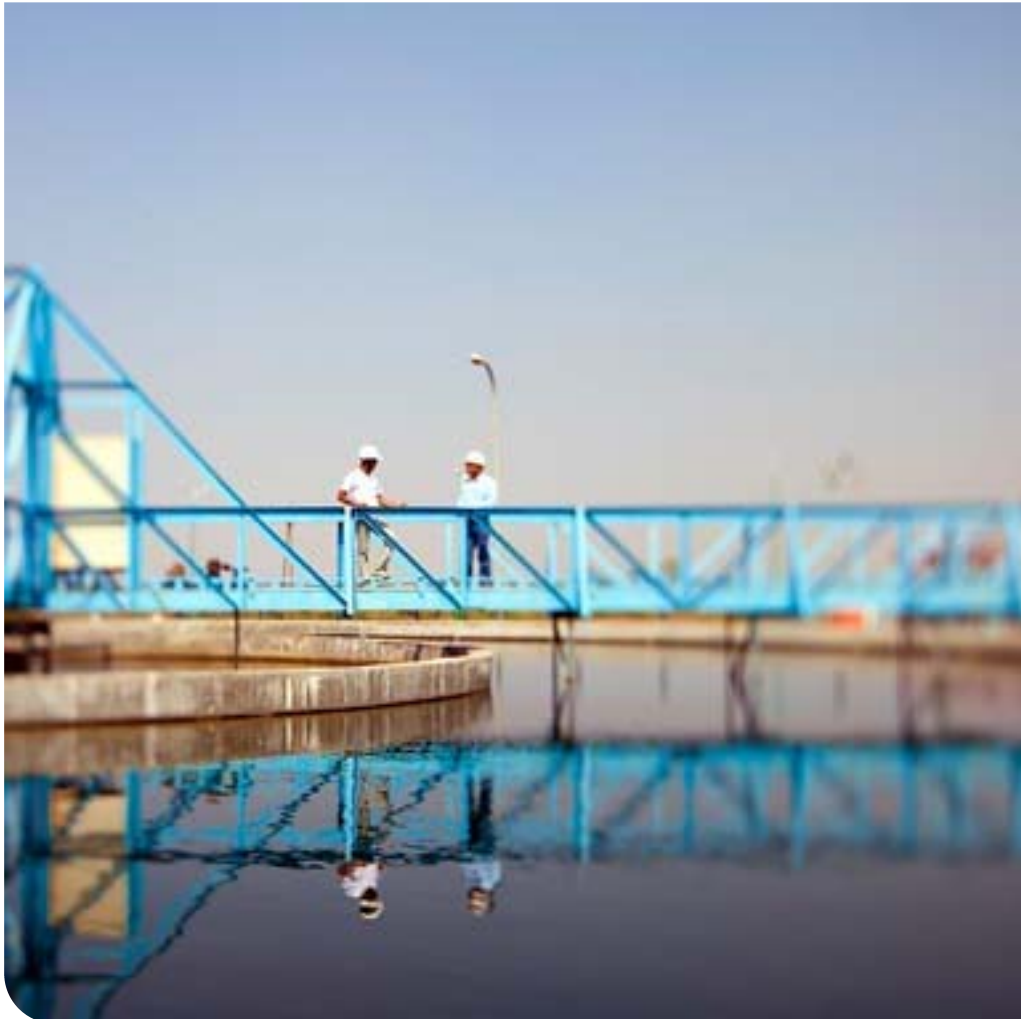
- Warsaw (Poland): improving the operating performance of the Warsaw district heating network by reducing convection heat losses, and reducing the electricity consumption of pumping stations (€4.2m)
- SARP (France): single-operator truck plan for the sewage network (€1.7m)
- Ellesmere Port (UK): expansion to include the ability to incinerate low-level radioactive waste (low volumes, high added value) in a hazardous waste incinerator (€1.7m)
- Garston (UK): change of the hazardous waste treatment unit to broaden the mix of acceptable entry-flow waste (€0.8m)
- Colombia: reorganization of trips to optimize road trucks (€0.1m)

## Conclusion

- Same level of effort as for the previous plan
  - $\approx$  €200 m/year
- A change of attitude and culture
  - really started mid-2013



## Q&A session



# Veolia's strategy to capture future growth

**Laurent Auguste, Senior  
Executive, Vice President  
Innovation and Markets**

# A 2-year strategic planning process guiding resource allocation

## Prioritary growth themes



Traditional activities



Oil & Gas  
Chemicals



Mining Metals  
Power



Food & Bev  
Pharma



Circular  
economy



Difficult  
pollutions



Managing the end of  
industrial cycles,  
Dismantling



New municipal  
business  
models

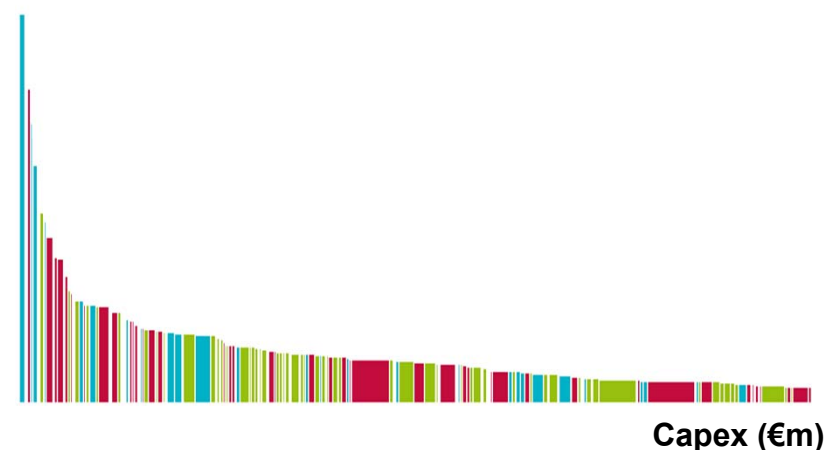
## Methodology

**Out of ~260 growth opportunities** identified by the countries, **~150 were prioritized** based on:

1. their match with the Group's priorities
2. the associated risks
3. the return on investment over the 2016-2021 period

*Ranking of projects based on financial return*

ROCE (%)





# Veolia's markets dynamics

## Cities

Value creation levers  
(boosters)



- **Emerging countries:** growing cities in need of support for their development
- **Developed countries:** cities requiring efficiency, attractiveness, and economic and social development



### Core offers

Traditional Models

Construction

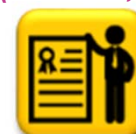
Operation/  
Services

New Models

Value sharing

## Industries

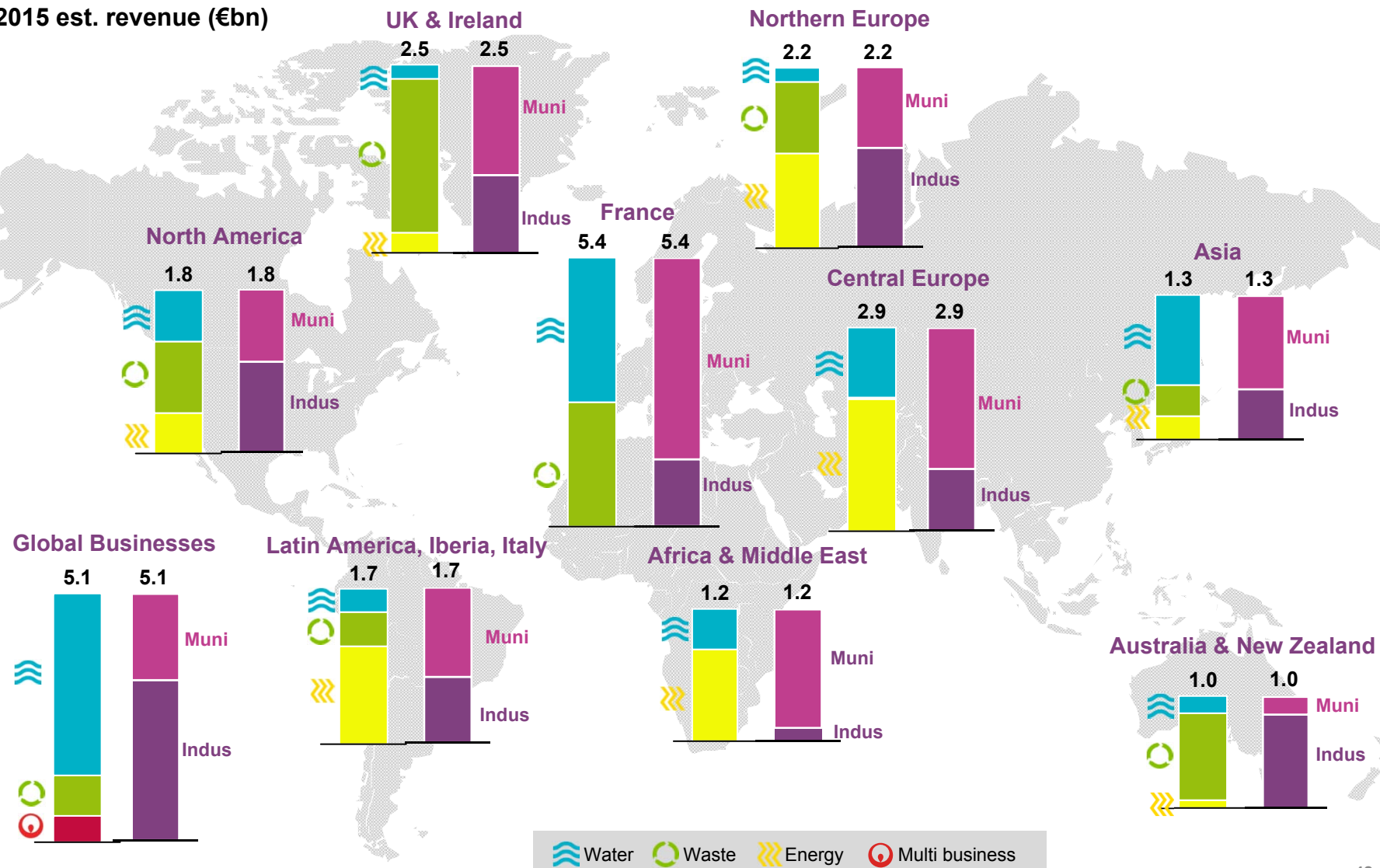
Value creation levers  
(boosters, specific offers)



- **Pollution** becoming increasingly difficult to treat
- Increasingly **rare resources**
- Pressure on **license to operate**
- Growing needs of **efficiency** and **performance**

# Our markets – geographic dynamics

2015 est. revenue (€bn)



# Cities of emerging countries: Support their development, while carefully selecting opportunities

## Major trends

### Political context

- **New delegated management** (or concession) **opportunities** for our 3 businesses in Eastern Europe
- **Growing trend towards regulation** (particularly on margins) in these countries, driven by the European Commission
- **Focus on our businesses and on water resources issues, access to energy and waste** by many NGOs, World Bank equivalents, and social and environmental responsibility actions taken by companies

### Regulatory context

- **Enhancement of regulations** on environmental protection
- **Strengthening of coercive actions** (e.g. China, Latam)

### Other changes

- **Demographic boom of cities** leading to growing infrastructure and operation requirements
- **Emergence of Africa**
- **Need to improve resilience** in response to disaster risks

## Veolia's strategy

- **Select targets** according to their potential and level of risk (adapt contractual models to country risks)
- **Bring out new models and partnerships/alliances** allowing a presence in developing countries without being exposed to concession-based models
- Promote the **social dimension of our businesses** and of our **supporting role in the economic and social development of cities**
- Positioning on assistance with **resilience**

## Example 1

### Africa and Middle East: Support the economic and demographic growth of cities with suitable contractual models

#### Key market trends

- **Africa**
  - **Strong market growth:** many infrastructure projects to cope with demographic boom & urbanization; social issues (access to services, price)
  - **External funding available** for the development of water and waste services
- **Middle East**
  - **Economic growth and expanding cities**
  - **Large infrastructure programs** (e.g. Dubai 2020)
  - **Environmental awareness:** protection of resources (energy, water)
  - The world's largest cooling network market, **expected to triple by 2030**

#### Clients' expectations

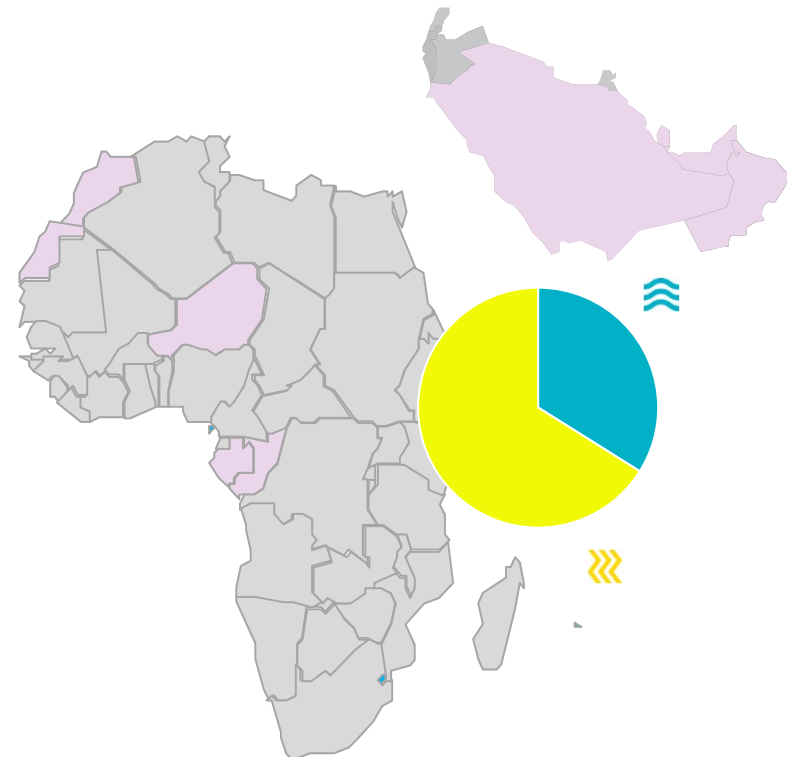
- **Africa:** Financing solutions and/ or new contractual modes; social solutions (access to services, social tariffs); increasing demand for the creation and management of landfills
- **Middle East:** Long-term support for new infrastructures; innovation and image (e.g. "smart cities": Dubai, Abu Dhabi, Doha, etc.)

#### Veolia's offering and differentiating factors

- **Africa**
  - **DBO/O&M/ affermage contracts:** electricity, drinking water, waste water; standard/ high quality landfilling
  - Innovative contractual models: lease contracts for the production and distribution of water, performance contracts
- **Middle East**
  - **O&M ; BOT desalination, wastewater; cooling networks** (AssetCo/ OpCo)
  - **Smart offer**



2015 Municipal revenue  
€1.0bn



## Example 2

### Buenos Aires (Argentina): A comprehensive urban cleaning service



#### The contract

- **Client:** Autonomous City of Buenos Aires
- **Scope:** Waste collection and urban cleaning services in the city of Buenos Aires (historic neighborhoods of Retiro, San Nicolás, Puerto Madero, San Telmo, Monserrat and Constitución)
- **Duration:** 10 years
- **Total revenue :** €500m

6 districts

206,000  
residents served

Population of  
1,5 million people

#### The challenge

- Buenos Aires, flagship city of a continent undergoing economic and urban expansion, is facing the challenges of a very large city keen on ensuring the quality of life of its inhabitants, environmental preservation, but also economic efficiency and attractiveness
- Among these challenges, efficient waste collection and cleanliness of the public spaces is a key element that is becoming increasingly complex to manage for a city of that size

#### Veolia's solution

- From October 2014, Veolia has been implementing its technical capability and the expertise required by waste management in such a dense and complex urban area, coping with heavy traffic areas, the important economic and touristic activities, and the need to accommodate important security concerns

#### Client benefits

- Preservation of the urban environment
- Enhanced service performance and cleanliness
- Compliance with contractual requirements and regulations
- Enhanced attractiveness of the city (tourism, business)

# Cities in developed countries: Be a catalyst for their attractiveness and their economic and social development

## Major trends

### Political context

- **Maturity** of the utilities management market, resulting in a demand for price reductions
- **Pressure on public finances**
- Competition between territories, customers looking for **distinctive solutions**
- Increased expectation of **transparency**
- Political discourse focused on **environment and sustainable development**
- Demand for **social solutions**

### Regulatory context

- **Ageing infrastructures**
- **End of landfilling**, regulatory (and social) pressure in favor of **circular economy** in Europe
- **Regulation favorable to the protection of resources**
- **Regulatory** pressure on **energy efficiency**, widespread support for **renewable energies**

### Other evolutions

- **Changes in individual behaviors** (recycling, empowerment, collaborative economy, prosumers)
- **New services and players** associated with **digital**
- **Need to improve resilience to cope with disaster risks**

## Veolia's strategy

### ▪ Leverage our added value and our differentiation

- Supporting role in economic and social development of cities
- Innovation and new offers (e.g. smart city, resilience)

### ▪ Adapt our business models

- **New contractual models** based on performance and value sharing
- Transition from landfill to the **circular economy**
- Positioning on **energy efficiency, biomass/ biogas offers**

### ▪ Develop synergies between our 3 businesses

### ▪ Enhance customer relations and services to end-users



# Example 1

## Greater Lille (France): Drinking water management



### The contract

- **Client:** Métropole Européenne de Lille, 62 municipalities
- **Scope:** Manage the water service, operate and maintain the distribution networks and water production plants
- **Duration:** 8 years
- **Total revenue:** €450 million

The contract services a population > 1 million

Target to raise network efficiency (3 million m3 saved/yr)

1,000 sensors to find leaks

### The challenge

- Through a tender organized in 2013, the Greater Lille urban area required highly efficient operation, strong social commitments, and greater transparency of the future operator of the water distribution service

### Veolia's solution

- **Smart Water Box:** creation of an ultramodern control center that will integrate all distribution networks and water production plants in order to provide real coordination between production and supply. Set-up of a network of localized smart, connected sensors to ensure monitoring, traceability and continuous checking of the water
- **Innovative pricing system:** "Eco-solidarity" pricing and reduced subscription rate for residential customers
- **New form of governance** that brings together users, elected officials, and city-dwellers to decide on strategic guidelines. Decision-making will be made more efficient and the service will match the needs of users as closely as possible

### Client benefits

- **Environmental protection:** in the long term, almost 3 million cubic meters of water will be saved, notably through an important reduction in network leaks
- In a particularly innovative move, 65% of the area's 300,000 customers will benefit from a **progressive pricing scheme** and will see their **water bill come down**

## Example 2

### Hirakawa and Hanamaki (Japan): Two biomass power plants



#### The contracts

- **Partner:** Takeei (a major Japanese environmental services company)
- **Scope:** Two O&M contracts (in the cities of Hirakawa et Hanamaki in the island of Honshu), under an AssetCo-OpCo model
- **Duration:** 20 years
- **Total revenue:** € 90 million

100 GWh  
electricity  
produced per  
year

Energy  
equivalent to  
22,000  
households

40,000 metric  
tons of CO<sub>2</sub>  
avoided each  
year

#### The challenge

- Japan aims at tripling the share of renewable energies in its energy mix by 2030 following the phase-out of nuclear power since the Fukushima disaster
- The cities of Hirakawa and Hanamaki in particular, in search of effectiveness, competitiveness and attractiveness, have the objective to increase the production of renewable energy

#### Veolia's solution

- **Circular and local use of resources:** the wood used to fire the boilers comes from neighboring forestry industries. Veolia brings its know-how in biomass operation and will manage the overall operations
- **Innovative and attractive business model for cities (AssetCo-OpCo):**
  - Innovative financing package, in which funding is provided by the Asset Company held by Takeei associated with municipalities and local foresters
  - Operations are undertaken by Veolia via an “Operating Company” providing operational performance

#### Client benefits

- **Environmental protection:** these two plants will avoid the emission of 40,000 metric tons of CO<sub>2</sub> each year; diversification of the country's energy sources and mix
- **Job creation:** 40 permanent employees on site



# Industrial customers: Take advantage of favorable trends linked to pressure on license to operate and growing efficiency requirements

## Major trends

### Societal and media pressure

- Impact of NGOs, internet/transparency, responsible investors, on the **reputation of large companies**
- **Questioning of the license to operate of multinationals**, in competition with territories regarding the use of resources → social and environmental responsibility, environmental footprint reduction targets
- **Heavy media coverage of major pollution incidents** (BP, Tianjin)
- **Concerns about the environment** (CO<sub>2</sub>, water, oceans) and the **increasing scarcity of resources**

### Regulatory and economic pressure

- **Cost volatility** of natural resources, search for greater efficiency and for a **reduction of operational and reputational risks**
- **Slowdown** of economic growth in some economic sectors (Oil & Gas, Mining) or regions (Brazil, Australia, China)
- Industry **digitization**: benchmarks, monitoring/control, reconfiguration of the value chain
- **End of installations/ equipment lifecycle** to be managed

## Veolia's strategy

- Opportunity of positioning on consultancy for industrial clients: **a more industrial, comprehensive and global approach** (e.g. partnership with Danone)
- Positioning on **efficiency/asset enhancement** (intra-site or across sites: circular economy, regional ecology), performance and value-sharing models
- Push forward with **hazardous waste activities**
- **Highlight the value of our brand** and of our **skills**

# Industrial: Confirmation of the 6 strategic pillars' relevance and their potential

## 3 vertical market segments



Oil & Gas, Chemicals



Mining & Metals,  
Power



Food & Bev, Pharma

## 3 transversal themes



Difficult pollutions

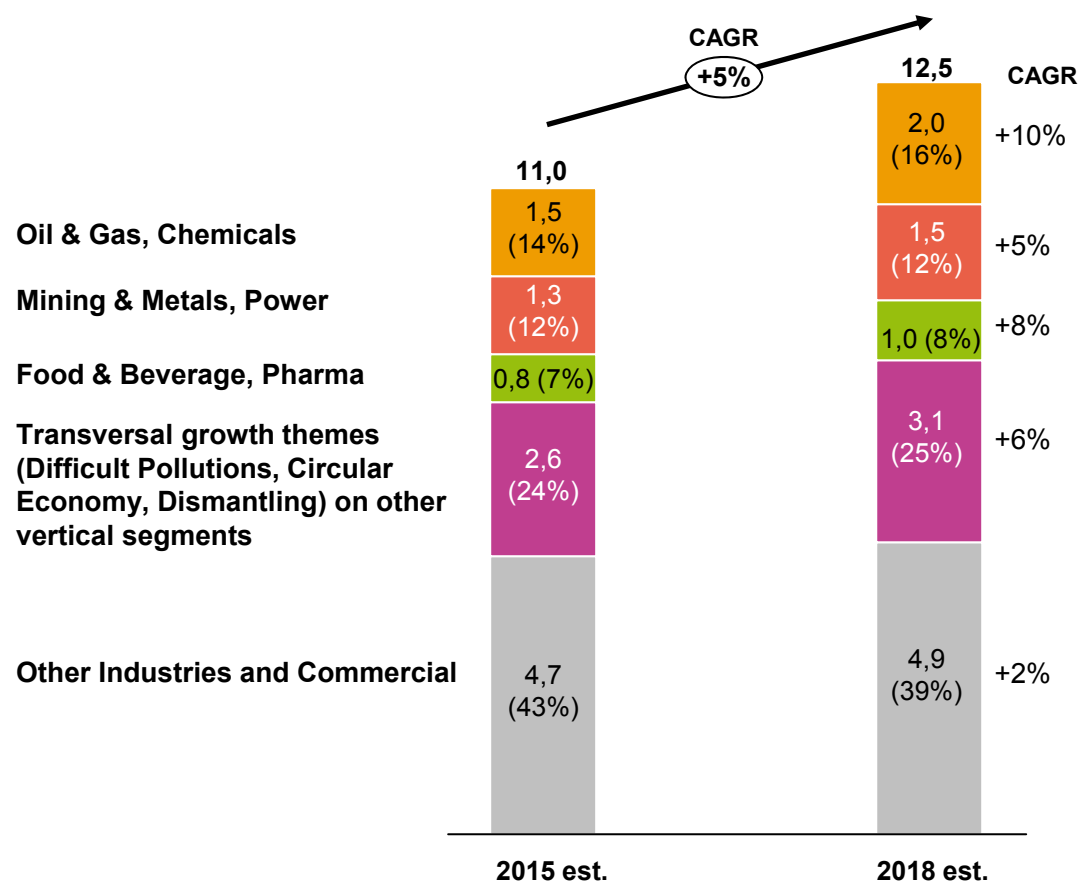


Circular economy



Managing the end  
of industrial cycles/  
Dismantling

## Industrial revenue (€bn)



# Oil & Gas Industry

Veolia, the only long-term partner on all environmental and efficiency issues

## Market drivers

### Upstream

- **Market highly dependent on oil prices.** However, Veolia's activities are still partially decoupled from overall market movements
- **Increasing complexity of extraction**
- **Growing public and regulatory pressure** over environmental impacts (ex: shale gas and oil in the US)
- **End of lifecycle of offshore platforms**

### Downstream

- **Growth in refining capacity** (Africa, MEA , Latam), dynamism of petrochemical activities (US , MEA , Asia)
- **Needs for optimization/operational excellence; regulation creating demand** in mature countries

## Clients' expectations

- License to operate
- Maximizing the availability and return of customer's assets
- Emergency solutions
- Cost reduction, optimized use of water and resources

## Veolia's differentiating factors

- Well-adapted and unmatched **portfolio of technologies**
- Recognized and unique expertise in **operation**, ability to provide **guaranteed results or performance over time**
- **Global network**

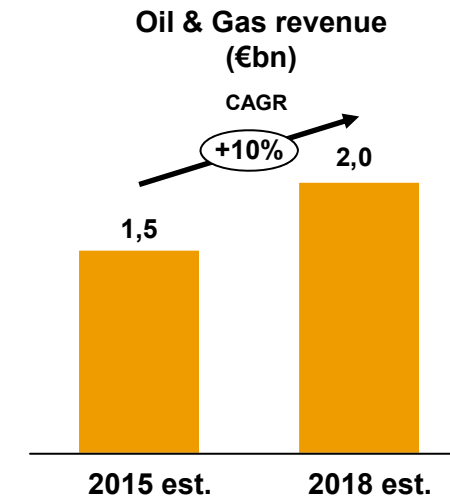
## Veolia's offering and growth objectives

### Upstream

- **Treatment facilities for injection water treatment and produced water**
- **Waste and hazardous waste** management
- **Industrial services** (tank cleaning)
- **Decommissioning of installation** (especially oil platforms) – Material recycling and equipment recovery

### Downstream

- **Process water/ waste water/ cooling water** (Construction, Operation, Mobile solutions; Zero Liquid Discharge solutions)
- **Cleaning/ hazardous waste**
- **Optimization of waste management and energy utilities**
- **By-products/ waste to energy**



# Oil & Gas industry – Case study

## Antero: Water treatment for a non-conventional gas project in North America



### The contract

- **Client:** Antero Resources (Shale Oil & Gas production)
- **Site:** Doddridge county, West Virginia (USA)
- **Scope:** Treatment and reuse of flowback and produced water; DBO contract (Design, Build, Operate)
- **Date of signature:** August 2015
- **Duration:** 24 months for Design & Build, 10 years for Operation
- **Total revenue:** €343m

**Plant capacity:**  
60,000 barrels  
per day

**Client cost  
savings:**  
\$150,000 per well

**Commissioning:**  
2017

### The challenge

- Antero produces ~52,000 barrels per day of shale gas in Pennsylvania and Western Virginia (Marcellus and Utica fields)
- Need to find a solution for the treatment of produced water, in order to reduce the costs of discharge in deep wells, to limit circulation of trucks, and eliminate the long-term risk linked to deep well projects (potential regulatory changes)

### Veolia's solution

- Zero Liquid Discharge plant through a combination of Veolia's proprietary cutting-edge technologies: evaporation and crystallization processes (HPD), MBBR (Anox Kaldnes®), Actiflo®
- Veolia's differentiators:
  - The solution was designed in cooperation with the client, in the context of a mutual agreement (no tender)
  - None of the other players was able to offer both the adapted technological solution and a long-term guarantee

### Client benefits

- Completely integrated offer with a guarantee of reliability and performance
- Reduction of the environmental footprint of the extraction activities
- Mitigation of the risks of effluent discharge in deep wells
- Cost optimization

# Mining, Metals and Power Industries

Meet the industry's requirements of compliance and operational performance

## Market drivers

- **Lower commodity and steel prices:** significant drop in margins and investment capacity of mining and metallurgy companies, hence a slowdown of new development projects and a focus on efficiency
- **Increase in energy demand in developing countries**
- **Increasing complexity of extraction**
  - Isolated regions, sometimes in water stress
- **Growing public and regulatory pressure** about environmental impacts
  - Problems of **license to operate**
  - Management of the **end of life of operating sites**
  - **Emission control for power plants**

## Clients' expectations

- **Optimization of sites' margins:**
  - **Reduce costs** (ex: reduction of the energy bill which represents ~10-15% of the mines' operating cost and 20-40% for steel)
  - **Improve yields**
- **Improvement of the environmental footprint and emission controls**
- **Reduction of dismantling costs and the risks of environmental liability risks**
- **Financial flexibility**

## Veolia's differentiating factors

- **Technology portfolio, covering a large part of the industry needs** (owner and through partnerships): Zero Liquid Discharge, sludge dehydration from tailing ponds, etc.
- **Operational expertise:** a guarantee of reliability and differentiation
- **Global network** (global players: Vale, BHP, Rio Tinto, Arcelor, Tata Steel)
- **Ability to work on remote locations**
- **Ability to provide/ attract funding**

## Veolia's offering and growth objectives

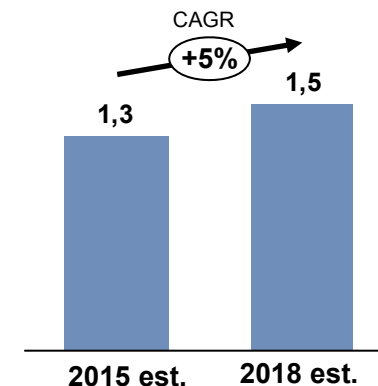
### Operating mines, metal and power plants

- **Water management:** installation and operation of water production plants (ex: desalination) and treatment/ recycling of wastewater (industrial effluents)
- **Optimization of operating performance**
  - **Waste recycling, material recovery**
  - **Efficiency services on utilities:** electricity, steam, hot water, air-conditioning, compressed air, cooling
  - **Cleaning:** vacuum truck, stripping
- **Asset outsourcing/ financial engineering**

### Post-operations/ dismantling of mines, metal and power plants

- **Recovery:** soil remediation, site valorization
- **Waste water management:** Treatment of acid mine drainage, ash pond management

Mining & Metals and Power revenue (€bn)



# Mining, Metals and Power Industries – Case study

## Energy delivery for Harjavalta Industrial Park (Finland)



### The contract

- **Client:** Harjavalta Industrial Park (Finland)
- **Site:** Harjavalta, Finland
- **Scope:**
  - Energy production and optimization of energy flows.
  - Development of new energy supply solutions
  - Production of compressed air (installed capacity 9,5 MWe or 140 000 m<sup>3</sup>/h)
  - Cooling water, potable water and demineralized water exceeding 10 million m<sup>3</sup> per annum
  - Heat recovery utilized as district heating in town of Harjavalta
- **Duration:** since 2000 (contract renewed in 2015)
- **Revenue:** ~€36m/yr

**Reduction  
of the park's  
environmental  
impact**

**600 GWh of  
steam and hot  
water supply**

**Eliminating usage  
of fossil fuel**

### Clients' challenges

- Harjavalta IP is one of the largest metallurgic clusters in Finland, housing more than a dozen companies employing more than 1,000 people
- The largest customers are Norilsk Nickel (Nickel and Palladium) and Boliden (Copper). Companies within the Industrial Park make a strong commitment to both industrial competitiveness and sustainable development for the future, taking into account safety, personnel and environment

### Veolia's solution

#### Energy supply management and optimization

- Veolia has step-by-step managed to modernize the energy production in the park within the framework of their long-term commitment :
  - In 2011, a new 20 MW boiler plant was built to meet the future energy needs of the park and create a more reliable and flexible production
  - In 2015, Veolia and Norilsk Nickel agreed to install a new 30 MW boiler plant to burn wood pellets for delivery of steam. The new boiler will reduce the energy costs and CO<sub>2</sub> emissions of the park through reducing its dependency on fuel oil

### Client benefits

- Reduced energy consumption and costs
- Reduced environmental impact in accordance with the industrial park's vision. CO<sub>2</sub> emissions expected to be reduced by 70,000 tons per year



# Food & Beverage and Pharma/Cosmetics industries

Veolia, the integrator of multi-business solutions that secure license to operate, performance, and brand image improvement

## Market drivers

### Food & Beverage

- **Largest industrial sector in the world**; present in all geographies
- Market that is constantly growing since it is intrinsically linked to demographic growth and a rising average standard of living
- **Highly fragmented industry**

### Pharma and Cosmetics

- **Market growth** linked to drug accessibility in developing countries
- In developed countries, firms are **reducing their costs** and enhancing their efficiency due to the pressure of generic drugs

## Clients' expectations

### Mature markets (North America, Europe, Australia)

- **Operational optimization** of existing assets
- Compliance with changes in **legislation and environmental demands**
- Brand reputation and CSR
- Improving the **traceability of products and limiting operational risks**

### Growth markets (Asia, Latin America, Africa)

- **Rapid development of production**
- **License to operate**
- **Minimal use of water** – particularly in the beverage sector
- **Energy efficiency; material efficiency**, waste management and traceability

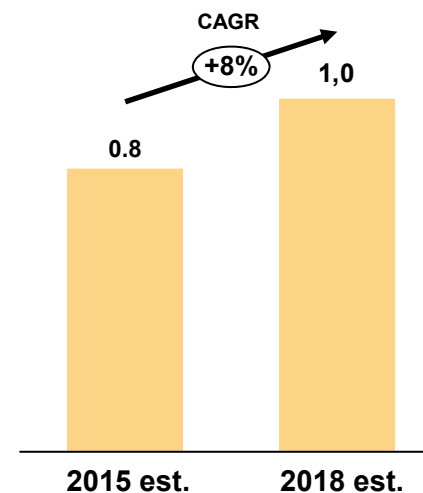
## Veolia' differentiating factors

- **Large portfolio** of technologies and services
- **Unique ability to offer integrated solutions** (water, waste, energy, recycling)
- **Synergies with the municipal business**
- Advanced know-how in the **management and preservation of resources**

## Veolia's offering and growth objectives

- **Operational performance enhancement**, in particular via **use of resource optimization**
- Yield improvement and **creation of new revenue sources** (Waste to Energy)
- **Construction and operation of treatment facilities** in emerging countries
- **Reduction of the environmental footprint**

Food & Beverage and Pharma revenue (€bn)



# Food & Beverage industry – Case study

## Alliance on value creation with Danone



### The alliance

- **Sites:** all Danone activities worldwide - more than 160 sites
- **Scope:** water cycle management, waste management (incl. plastic recycling), organic waste/ sustainable agriculture, energy efficiency
- **Duration:** undefined

**All Danone's  
activities**

**170 sites  
worldwide**

**10 projects to be  
launched in 2016**

### The challenge

- Reaching Danone's 2020 main objectives:
  - Carbon footprint reduced by 50% (vs. 2007)
  - Energy intensity reduced by 60% (vs. 2000)
  - Water intensity reduced by 60% (vs. 2000)
  - 25% recycled plastic in bottled water

### Veolia's solution

- Unprecedented joint entrepreneurial approach to identify and deliver the best value-creating initiatives
- Examples:
  - Designing and operating zero water dairy plants in every continent
  - Being the champion of high standard recycling loops on plastics
  - Social innovation to improve services and reduce risks
- Veolia's differentiators: combined consulting, engineering and operational capabilities; expertise on Water, Waste and Energy; global network

### Client benefits

- Strengthening Danone's competitive advantage :
  - Ex: Significant EBITDA impact by maximizing value creation of every major project of Danone
- Reinforcement of Danone's license to operate
  - Ex: Reduction of operational & reputational risks



# Circular economy

Veolia, helping clients create value by going circular

## Market drivers

- **Pressure on resources** (demographic growth, waste)
- **Favorable regulation** in mature countries
- In **China**, environmental damages awareness make regulation evolving towards the development of a **sustainable economy**
- **Societal evolution towards circular, collaborative and functional economy** (from ownership to usage, local resources recycling, repair, pooling of equipment and spaces,...)

## Clients' expectations

### All actors

- **Compliance** with increasingly stringent **regulations**

### Territories & Cities

- **Exemplary solutions for climate, budget optimization, economic attractiveness of territories, job creation, social tie between inhab.**

### Industries

- **Commitment to the creation of shared value** with local communities (population, cities) and concrete environmental impact
- **Return and economic efficiency**
- **Licence to operate and safety of supply**

## Veolia's differentiating factors

- **Integrated capabilities** going beyond traditional silos (Cities/ Industrial; Water/ Energy/ Waste)
- Wide and adapted portfolio of **technologies and expertise**
- **Global network** (global industrial clients), access to waste **fields**
- **Industrial strategies on targeted sectors** (ex: plastics)
- Agility, **tailor-made** services and pilot trials with partners (technological innovations and differentiating models) to keep competitive edge

## Veolia's offering and growth objectives

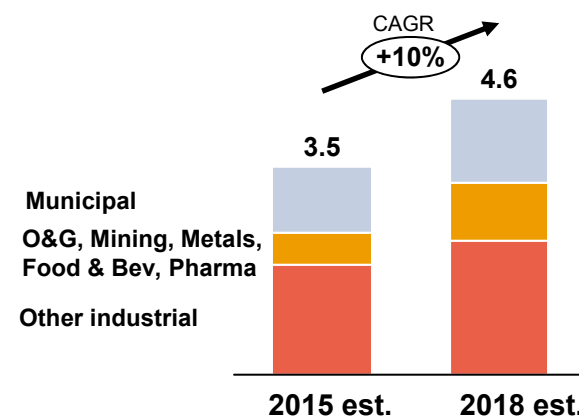
### Supply of materials and products made from waste, wastewater and of unavoidable energy

- **Specialty materials** (plastics, cardboard, rare and strategic metals from electric and electronic equipment waste and hazardous waste, building materials, solvents...)
- **Organics** (deconditioning of bio-waste, compost, fertilizer, animal feed,...)
- **Fuels and energy** (CSR, biogas, biomass, electricity,...)

### Engineering, design and implementation of bespoke solutions to help cities and industrials preserve and renew resources

- **Integrated resource management of a client**
- **Pooling of multi-client platforms** (territorial ecology / industrial symbiosis, green heating networks, reuse of industrial water)
- **Energy and electric efficiency**

Circular Economy revenue (industrial & municipal)  
(€bn)



# Circular Economy – Case study

## Customized recycling of high quality polypropylene AKG Kunststof Groep (the Netherlands)



### Activities

- **Site:** Vroomshoop (the Netherlands)
- **Advanced sorting of Polypropylene and Polyethylene** (Liquisort® sorting process)
- Reformulation (granulation, mixes, extrusion) of **high-quality resins**

Staff: 53

37 kt of  
plastics  
recycled in  
2014

€34m revenue  
in 2014

### Clients' challenges

- The “Circular Economy package” prepared by the European Commission should lead to a significant increase in objects made from recycled plastics. The gradual extension of sorting instructions should increase the volumes of PP<sup>(1)</sup> collected and sorted
- In Europe, capacity for recycling PP<sup>(1)</sup> remains insufficient to respond to the demand of manufacturing companies (Renault, Philips, L'Oréal, etc...) that increasingly want to adopt programs that incorporate recycled materials in their production processes, as a move towards the circular economy

### Veolia's differentiators

- State-of-the-art equipped laboratory, providing comprehensive analysis in each stage of the production process, in combination with highly developed formulation skills, as well as advanced separation technologies to match clients' needs
- Access to supplies of plastic waste coming out of the collection and sorting operations
- Ability to commit to supplying volumes
- AKG's capabilities complement the plastic recycling value chain: the Vroomshoop facility will be the cornerstone for the expansion of Veolia's European platform of recycled plastic materials manufacturing

<sup>1</sup> Polypropylene

# Difficult pollutions – Hazardous Waste

Densify our network and expand in developing countries

## Market drivers

- **Favorable regulatory evolutions:**
  - **International:** Basel Convention on cross-border waste shipment
  - **European:** 2008/98/EC Directive and 2001/573/EC Decision on the classification of waste
  - **Local:** on health expectations, safety, transport and treatment, and specific pollutants (mercury, radioactive waste, special organic waste, etc.)
- Volumes mainly made of:
  - **Chemical, Oil & Gas, Metallurgical and Nuclear** industries' waste (going through cycles)
  - **Electric and Electronic waste from households**, growing
  - **Hospital waste**, growing thanks to demographic evolution and aging population

## Clients' expectations

- **Cost optimization; mitigation of the environmental liabilities risks**
- **Needs for the right treatment process:** appropriate, compliant to regulations, comprehensive
- **Improvement of environmental footprint**

## Veolia's differentiating factors

- **Network densification and optimization/ saturation of assets**
- Diversification of customer segments served
- Platforms connecting small customers to large treatment plants/ recycling
- Expertise and development of niche activity

## Growth areas

### North America

- Optimization of existing assets, Oil & Gas projects

### UK & Ireland

- Development on niche markets (complex types of waste)

### France and rest of Europe (SARPI, SARP) :

- Consolidation of the European treatment platform, extension/ densification of network
- Expertise and niche markets

### Asia (China)

- 6 sites presently in operation, 3 in operation by 2016
- AssetCo/ OpCo deals

### Africa – Middle East

- O&G: Drilling sludge treatment
- Projects of platform and treatment centers

### New activity

### Latin America

- Development from RIMSA in Mexico

### Australia

- Capture industrial volumes

### Hazardous waste revenue (€bn)

CAGR

+6%



## Difficult pollutions – Case study

Expansion of the European platform for the treatment of Hazardous Waste with the acquisition of an incinerator in Spain



- **Site:** Constanti, Catalonia (Spain)
- **The only incinerator that treats hazardous waste in Spain**
- **Annual treatment capacity of 60,000 metric tons**
- **Acquisition by Veolia** in Dec. 2014

### Sarpi, one of the leaders of Hazardous Waste in Europe

**65 sites  
in 10 European  
countries**

**2,500 experts  
in the field of  
Hazardous  
Waste**

**More than 10,000  
clients**

### Clients' challenges

- The region around Constanti (including the Tarragona petrochemicals complex where the Constanti facility is located) concentrates 40% of Spain's chemicals and pharmaceuticals business, and 30% of its automobile production, which together generate a high volume of liquid, solid and sludge hazardous waste from their industrial processes
- For these industries, treating hazardous waste and securing the supply of recycled materials are crucial

### Veolia's differentiators

- To serve the industries, Veolia has created and rolled out a European platform for the treatment of Hazardous Waste, now comprised of 65 sites in France, England, Ireland, Belgium, Germany, Switzerland, Italy, Poland, Hungary and Spain
- A pioneer in hazardous waste treatment for 40 years, the Group has adopted a Europe-wide approach by significantly specializing its facilities, which complement each other and work together on a daily basis across the entire Continent
- This specialization meets the requirements of Europe's major industrial sectors, such as, chemicals, pharmaceuticals, automobile and energy
- Veolia's strategy provides industrial concerns with a major advantage and makes it possible to meet specific needs while at the same time renewing conventional economic models

# Managing the ends of industrial cycles

Veolia, a reliable integrator throughout the value chain (dismantling, compliance, material recovery)

## Market drivers

**Increasing number of out-of-date, obsolete equipment and industrial areas or having undergone natural or industrial disasters with a contamination risk**

- **Heavy mobile equipment:**
  - **Ships:** dynamic market – acceleration of the disposal of ships due to an overcapacity of shipping market
  - **Trains:** market growth in countries where asbestos pollution makes disposal of trains impossible (ex: France)
- **Industrial facilities and wastelands**
  - **Refineries:** end of lifecycle of a large number of facilities; more stringent environmental regulations
  - **Electrical power stations (coal, nuclear):** national policy of nuclear energy phase-out (Germany, Japan) and objectives of closures of coal power plant for environmental reasons (Europe, US)
  - **Other industrial sites:** end of industrial lifecycle in developed countries (ex: refineries, metallurgy,...)

## Clients' expectations

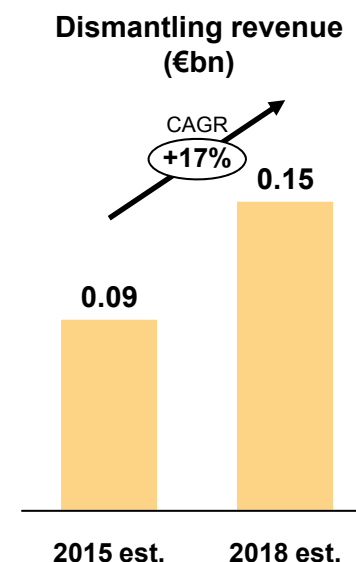
- **Avoiding contamination risks**
- **Optimizing materials recycling and reuse of equipment** (locally and at a lesser cost)
- **Soil remediation to launch new activities**

## Veolia's differentiating factors

- **Recognized expertise and technologies** in soil remediation, characterization, management, treatment and recycling of waste and management of dangerous pollution (nuclear, asbestos...)
- **Project management across the value chain** – until total control of downstream: **traceability** and **responsibility** on waste

## Veolia's offering and growth objectives

- **Waste treatment, including difficult pollutants**
- **Recycling to optimize asset value**
- **Dismantling of trains** (France)
- **Compliance solutions geared towards** minimizing environmental and conformity risks
- **Soil remediation activities**





# Managing the ends of industrial lifecycles – Case study

## Offshore platforms decommissioning in the North Sea



### The contract

- **Client:** Shell UK Ltd
- **Site:** Wallsend - Newcastle
- **Scope:** Decommissioning eight gas field 'jackets' (rig legs) and eight topside structures
- **Duration:** 9 months (2011)
- **Total revenue:** €5.6 million
- **Expertise:** Decontamination & Demolition, NORM / Mercury Management, Trading for recycle / re-use

**Decontamination  
& demolition of 8  
gas field "jackets"  
and topsides  
structures**

**12,000 tons of  
structures in  
total**

**Project  
accomplished in  
9 months**

### The challenge

- When oil and gas fields end production, facilities need to be dismantled and disposed of - or "decommissioned"
- For this project Shell UK Ltd were decommissioning assets from the Indefatigable field in the North Sea

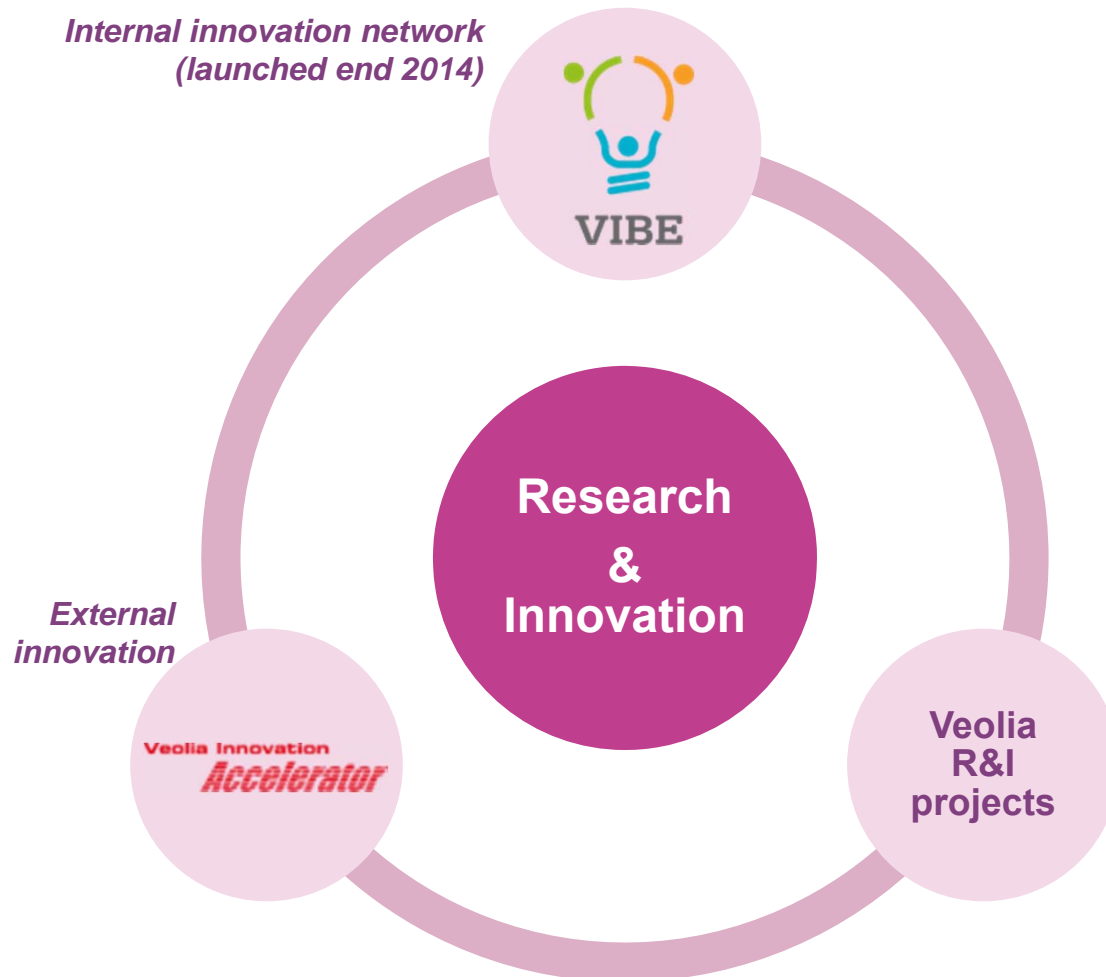
### Veolia's solution

- Decontamination and demolition of the 8 gas field 'jackets' and 8 topside structures with a total tonnage of around 12,000, including complete NORM<sup>1</sup> and Mercury management
- The work was carried out at the former Swan Hunter shipyard at Wallsend, near Newcastle. Veolia UK operated the facility under an Environment Agency permit with a bespoke health and safety and environmental management system and comprehensive environmental reporting
- In-house capability to manage all waste streams (Veolia assets include landfill and incinerator for NORM<sup>1</sup>)

### Client benefits

- Risk and cost reduction
- Efficient management of the decommissioning process with maximum material reuse and recycling
- Total waste management for materials assessment, deconstruction & dismantling, separation, treatment, removal, valorization / disposal of non-hazardous and hazardous waste including asbestos and NORM<sup>1</sup>

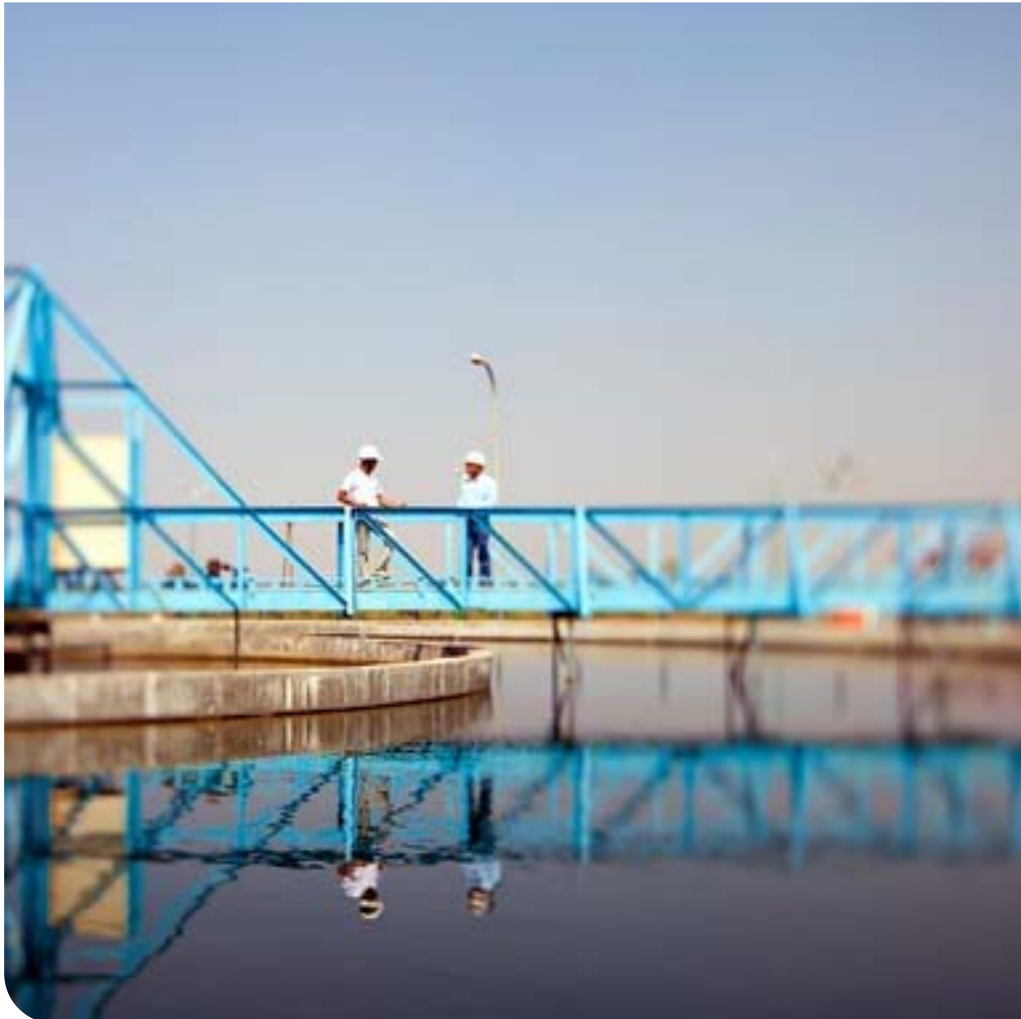
# A business dynamic fueled by innovation



## Research Projects aligned with the strategy and the range of offers

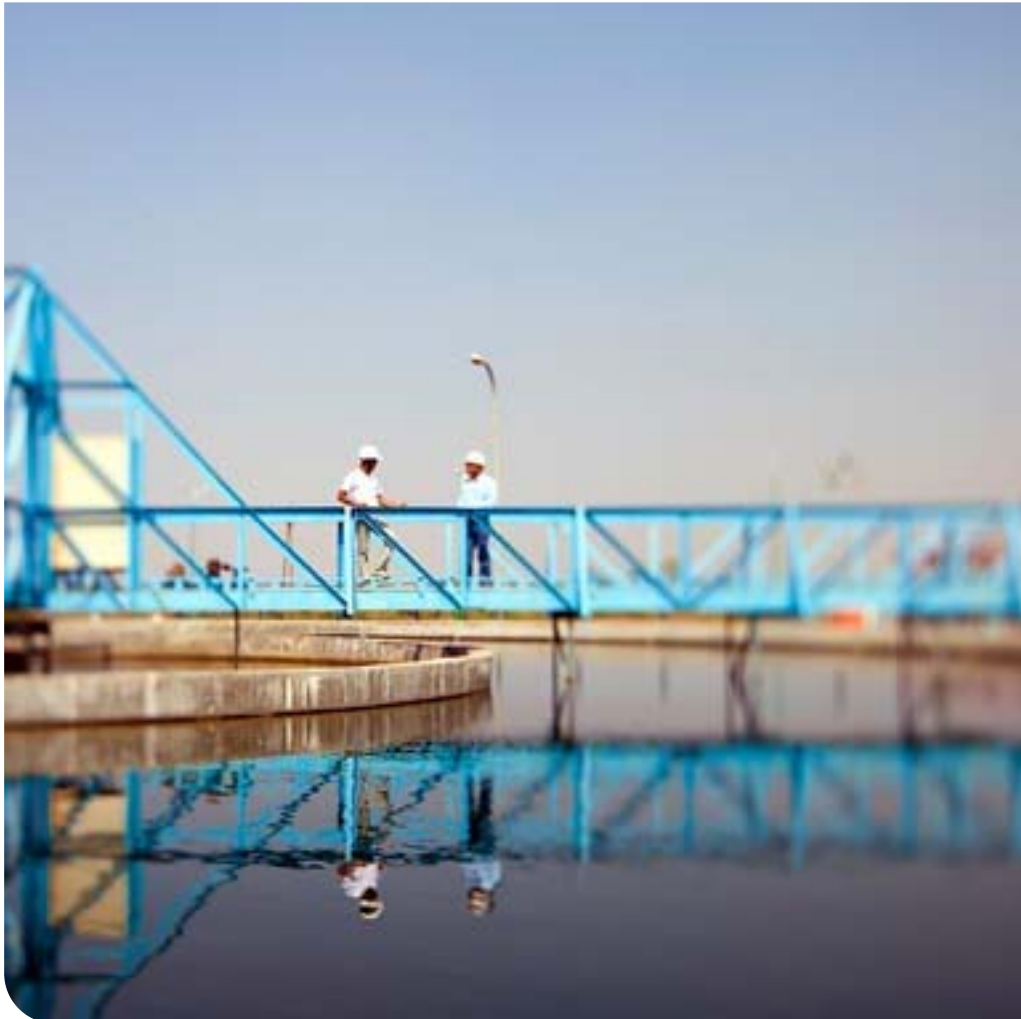
### Examples of on-going innovation programs

- **Smart City** (e.g. Analytics, Algorithms for Water and Energy)
- **Oil & Gas** (e.g. Saphira™, Ceramic Membranes)
- **Circular Economy** (e.g. WEEE-Waste Electrical and Electronic Equipment)
- **Difficult pollutions** (e.g. Carbon Capture and Storage, FrogBox for endocrine disruptors), etc.

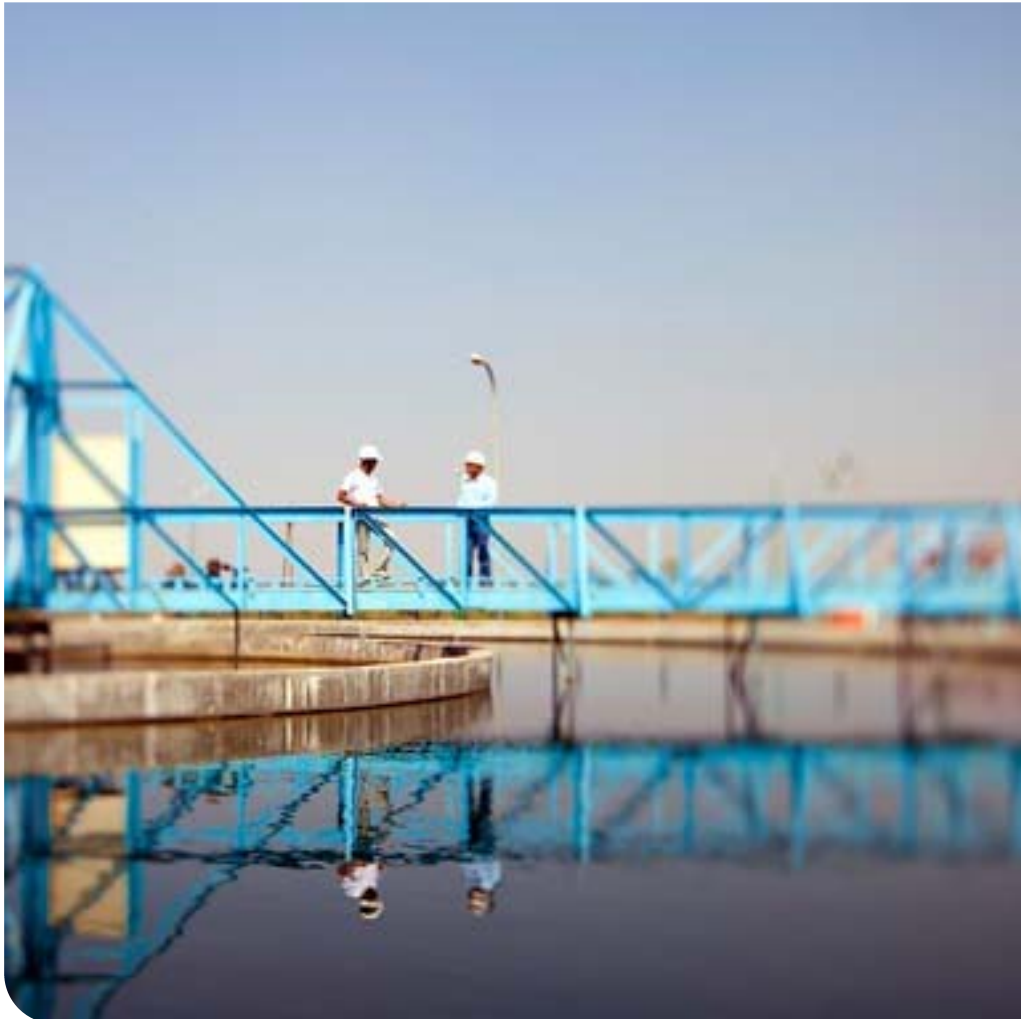


## Q&A session





**Coffee break**



## **Business review illustration**

**Managers, introduced by  
Antoine Frérot**

# Resourcing the World in Asia

*Regis Calmels, Senior Executive Vice President Asia*

*Julia Gü, Head of China Concessions*

*Anne Kwang, Head of Hazardous Waste China*

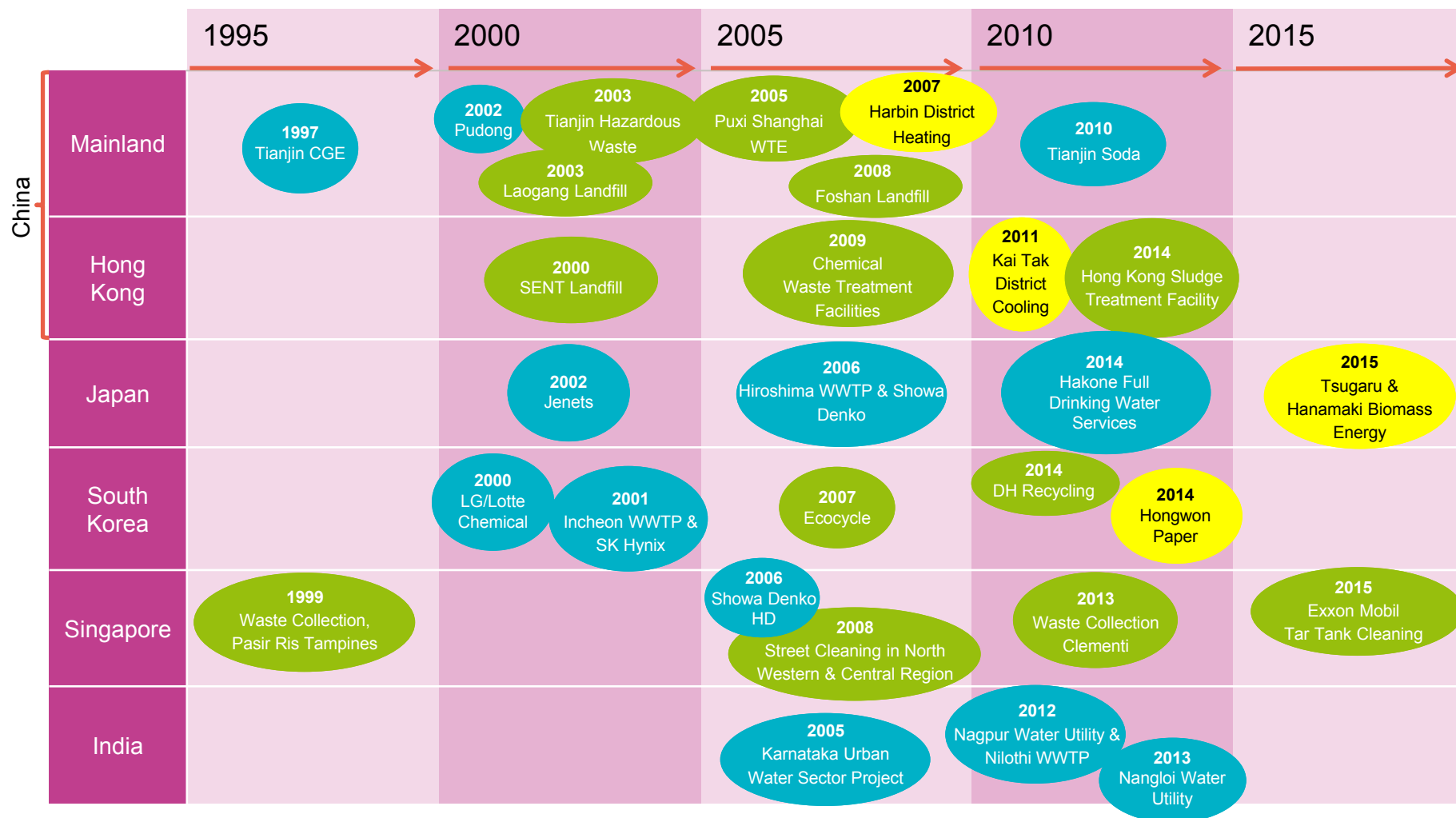
## Veolia's presence in Asia

Est. 2015 Revenue by activity (€m)				Total
Consolidated Revenue	799	208	243	1,250
Managed Revenue <sup>1</sup>	785	-	45	2,080



<sup>1</sup> Including our proportionate share of revenue in all projects.

## History of Veolia in Asia: Some key dates



# Market trends and priority development axes in Asia (1/2)

## Taking advantage of stricter environmental requirements in China

### Market development trends

- Rate of urbanization growing very strongly (~70% in 2035)
- Sharp increase in regulation in the area of environmental protection
- Growing public awareness leading O&G and Steel & Metals industry to care for social license to operate
- China ranked 2<sup>nd</sup> on the worldwide market for heating networks, a market expected to double by 2021
- Emerging market for gas cogeneration

### Our priority development axes

- » Circular Economy, Power Heat Generation from Heat Recovery in Industrial Processes or Biomass
- » Gas Cogeneration
- » Distribution of heat to end users.
- » Circular economy (Water reuse / ZLD), Oil & Gas Downstream, Coal to X, Steel and Metals Industries.
- » Treatment of difficult pollutions-Hazardous Waste & Soil Remediation
- » Circular Economy – Recovery of materials

## Addressing growing need for efficiency in Japan

### Market development trends

- Municipal water market : facing decline of population, municipalities need to improve efficiency of their operations
- Industry: major industrial country facing competitive pressure and need for greater efficiency
- Energy: governmental incentives to develop new sources of energy (biomass, etc.)

### Our priority development axes

- » Energy: cogeneration of electricity from biomass
- » Energy savings for industries facing international competition
- » Municipal water: affermage type contracts for medium size cities
- » Industrial water: several projects in key growth themes: O&G, ME, Steel, F&B, Power

## Market trends and priority development axes in Asia (2/2)

### Addressing growing need for efficiency in South Korea

#### Market development trends

- Industry: major industrial country facing competitive pressure and need for greater efficiency

#### Our priority development axes

- » District Energy Network to Industrial and Tertiary Customers
- » Multi-Business Industrial Services
- » Solid Waste – Circular Economy
- » Industrial Services
- » Industrial Water

### Supporting Oil & Gas production increases in Singapore

#### Market development trends

- Economy highly dependent on exports
- Largest hub for merchant marine vessel
- Large manufacturing base (O&G, top 3 refining base in the world, chemistry) and presence of MNCs

#### Our priority development axes

- » Oil & Gas Upstream in conventional oil field
- » Waste: Industrial Services, Oily Sludge treatment

### Addressing need for basic infrastructure in India

#### Market development trends

- Increase in regulation in the area of environmental protection
- But: political risk due to complexity of the institutions and eventual responsibility placed at local state / municipal corporation level.

#### Our priority development axes

- » Water infrastructure design & build, performance contracts
- » Industrial Services

## Asia - Differentiating Factors & Development focus

### A solid existing platform

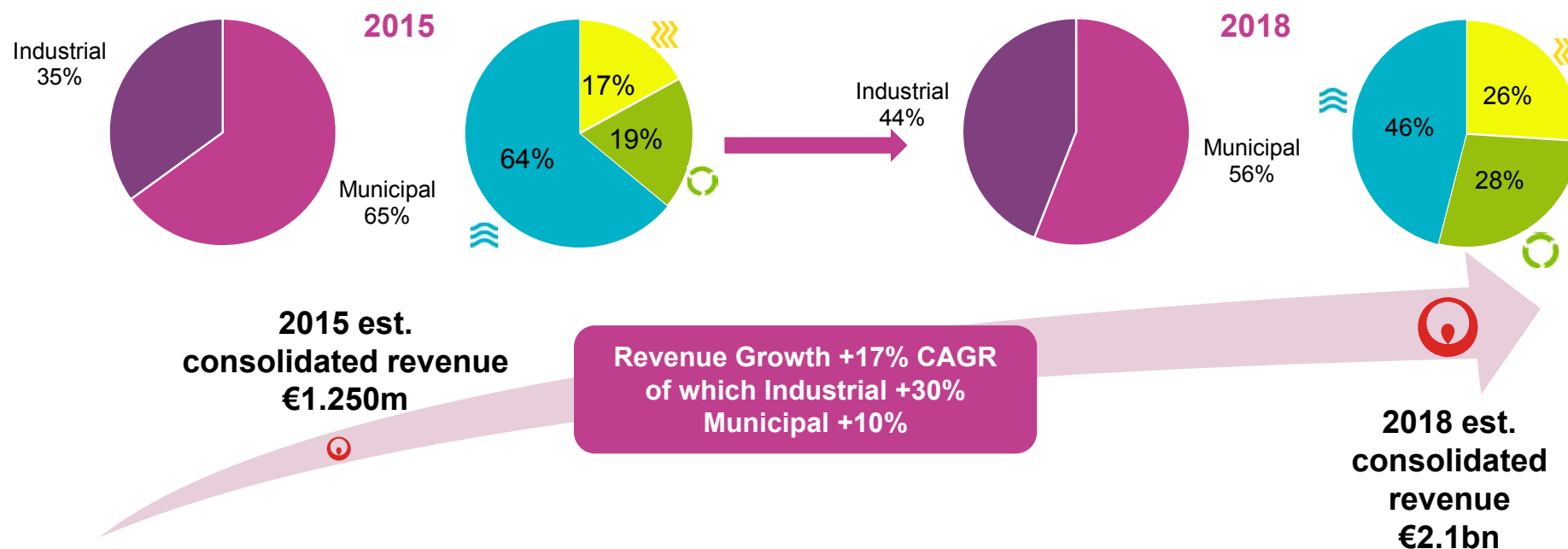
- **A solid existing platform** allowing us to leverage our current activities to capture opportunities
  - Long lasting relationships with public authorities and with some important local industries
  - Veolia know how and reputation, valuable to public and private potential customers

### Development focus on Industrial

- **Further develop Industrial business:**
  - Growing needs of efficiency and performance of Industries
  - Pollution issues and challenges associated with license to operate
  - ⇒ **30% average annual growth expected from 2015-2018**
- **Main focus on :**
  - Industrial Water
  - Hazardous Waste
  - Energy efficiency for Industries
  - Biomass CHP



## ASIA - Portfolio Evolution: Industrial clients to grow from 35% to 44% in 2018



### Examples of growth projects

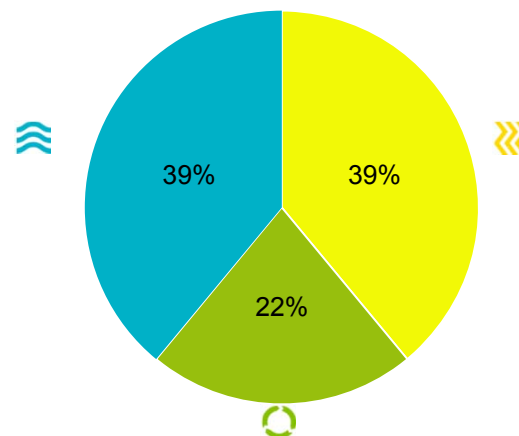
- ≡ Municipal Water
- 🔄 Circular Economy – Water Reuse and Zero Liquid Discharge
- 🔄 Circular Economy – Recovery of materials from solid Waste
- 🔄 Difficult Pollutions – Hazardous Waste and Soil Remediation
- 🔌 District Energy: District Heating Networks
- 🔌 Energy efficiency in industrial Utilities
- 🔌 Energy from renewables: Biomass CHP and Heat Recovery

# China mainland: Business overview

## Veolia's presence



## Key figures



2015 total est.  
revenue: €502m

- Around 60 contracts
- 15,700 employees

## China - Hazardous waste: A growing market driven by regulation

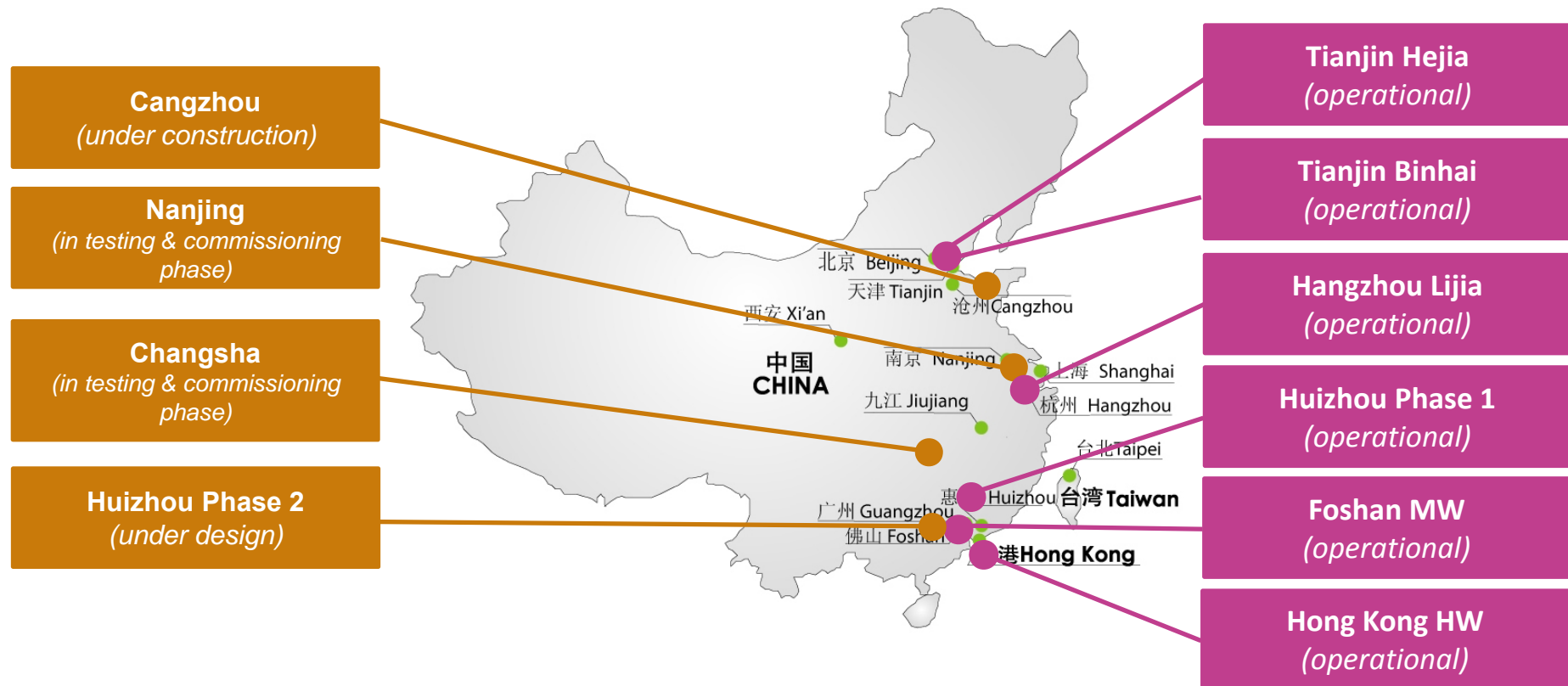
### ■ The market

- Market is estimated at 7 million ton per year, of which 60% is “internally treated”
- The real market of Hazardous Waste is 40% of 7 million tons i.e. ~3 MT pa
- Veolia’s market share is currently around 8%.
- Upon completion of new projects which are under construction, Veolia’s share is expected to reach 12% in 2016 and 17% in 2018

### ■ New environmental regulations

- New Environmental Protection law of PRC, effective January 2015
- Opinions of the General Office of the State Council, on Promoting the Third-party Treatment of Environmental Pollution, effective December 2015
- Action Plan for Water Pollution Prevention, effective May 2015
- Action Plan for Soil Environmental Protection and Pollution Prevention (will be enacted soon)

# China : Veolia's Hazardous Waste Treatment Facilities








Tonnes per year	Incineration	PCT	Landfill
6 presently in operation	105,000	53,000	66,000
2 in operation in 2016	68,000	32,000	33,000
2 in operation in 2/3 years	42,000	20,000	80,000
<b>Total</b>	<b>215,000</b>	<b>105,000</b>	<b>179,000</b>

## China: Long term foreseeable growth in Municipal water

- **Water supplied in 2014 in China: 3.88bn m<sup>3</sup>**
  - ✓ i.e. 45% of the volumes supplied by Veolia worldwide in 2014
- **Average growth of volumes** sold through concessions since starting operations  
> 2.5% per year
- **Average Tariff** Applied globally through all Veolia concessions:  
CAGR 2002- 2015 >5%
- Improvement of O&M Efficiency: case of **Pudong**
- Resilience of Value of Assets: case of Changle

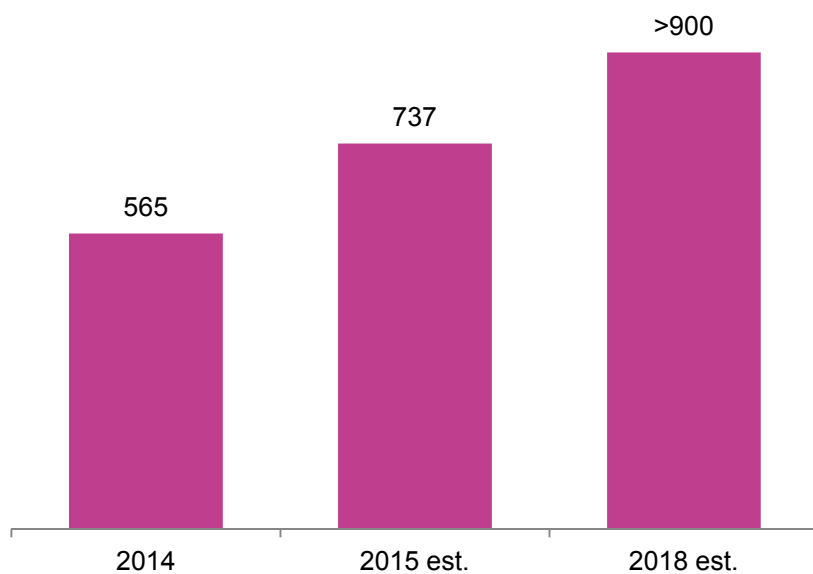
## China: Improvement of O&M efficiency: Case of Pudong

	2002	2014
 Service Area (km <sup>2</sup> ) +110%	319	672
 Network Length (km) +144%	1,975	4,823
 No. of Water Meters +124%	573,000	1,282,325
 Sales Volume (Mm <sup>3</sup> ) +53%	277	424
 # Employees -12%	1,136	999

## China: 9 water Concessions: Strong overall profitability improvement expected

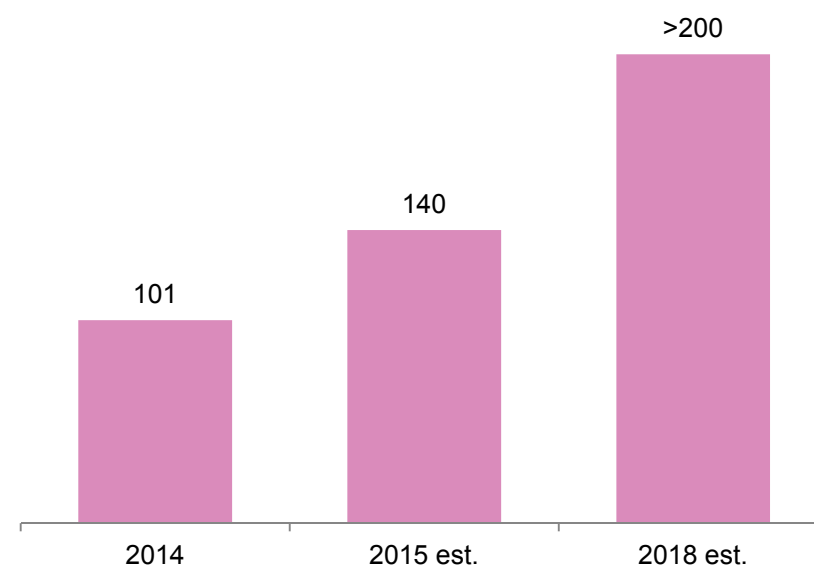
Proportionate revenue (€m)

>5% revenue CAGR  
expected 2015-2018



Proportionate EBITDA (€m)

~15% EBITDA CAGR  
expected 2015-2018





# China: Hazardous waste and municipal water activities

## Hazardous waste activities



Huizhou

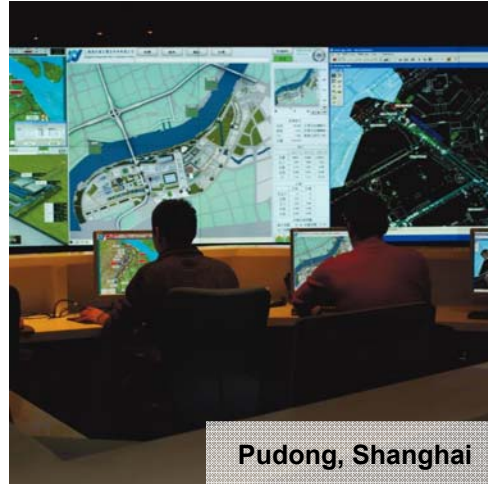


Foshan



Hangzhou

## Municipal water activities



Pudong, Shanghai



Shenzhen



Urumqi



Tianjin

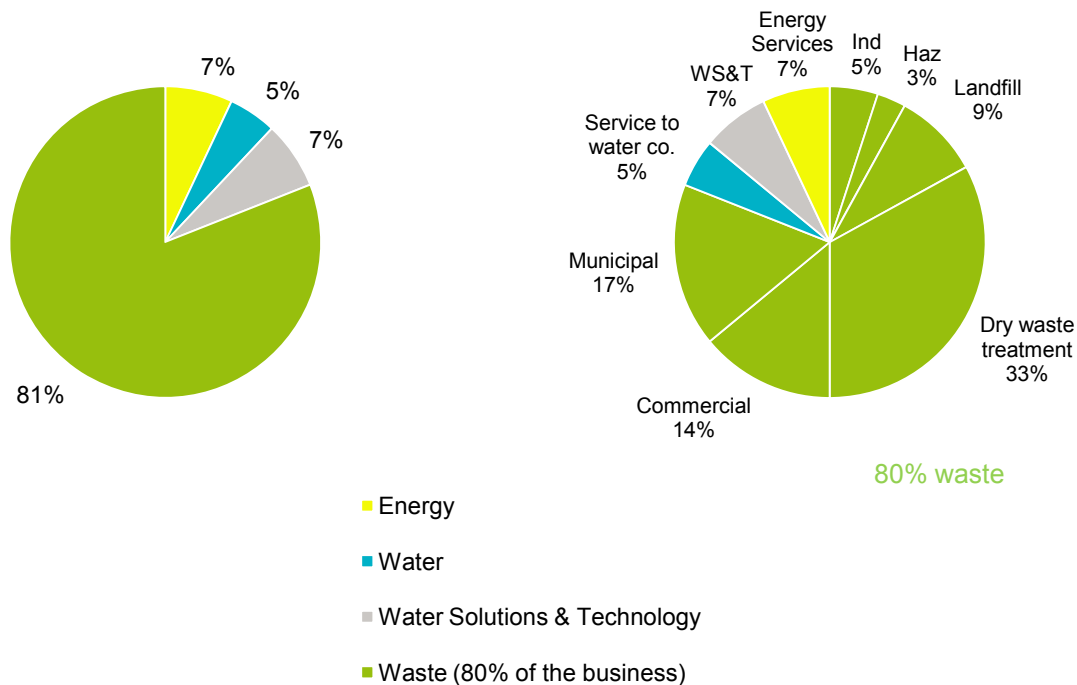


# Resourcing the World in the UK

*Estelle Brachlianoff, Senior Executive Vice  
President UK & Ireland  
Richard Kirkman, Technical Director*

# Veolia UK profile

2015 est. UK revenue ~£2bn (~€2.4bn)



## Major M&A in recent years

**1990**

Veolia enters the UK waste market

**1995**

Wins Hampshire PFI

**2007**

Successful Cleanaway acquisition (waste)

**2008**

Selling to MITIE of the Facility Management business (Dalkia)

**2012**

Selling of the water regulated business (water)

# Our customers

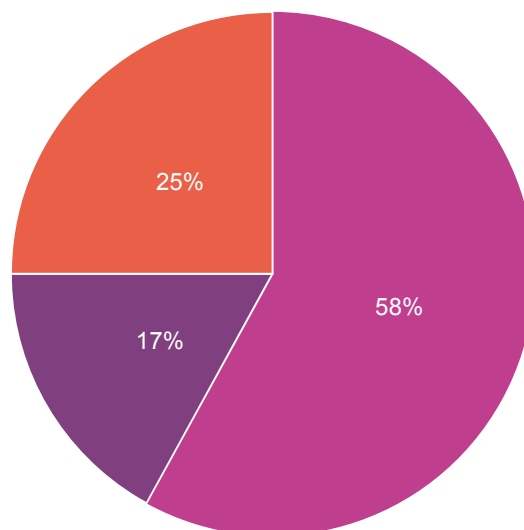
2015 est. UK revenue ~£2bn

Circa 65,000 customers

## Municipal



City of Westminster



■ Municipal and Regulated ■ Industrial ■ Commercial

## Industrial



## Commercial



# Main growth offers

## For industrial customers and water companies

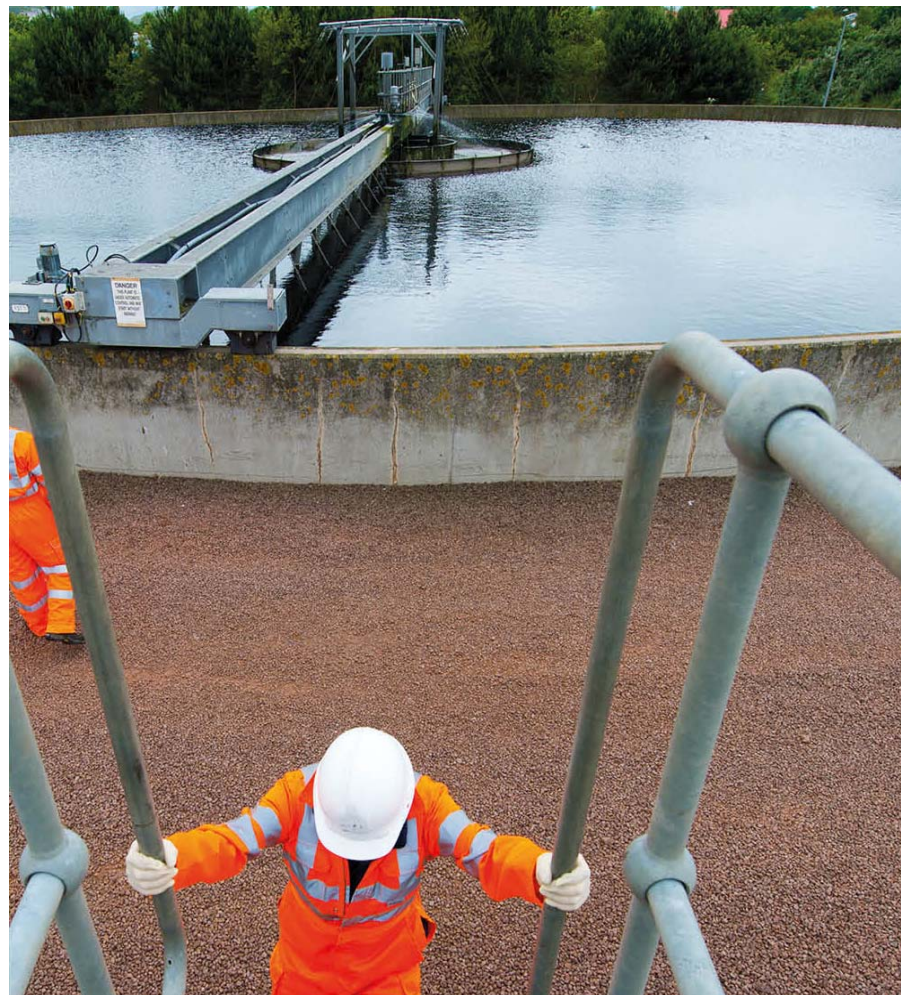
- Resource efficiency & resilience

## For municipalities

- Local loops of energy and materials around PFI assets

## For commercial customers

- Zero waste to landfill solutions



# Resource efficiency & resilience for industrial customers

## Market drivers/ context:

- Intensive international competition
- Efficiency, resilience & security of supply are key

## Value proposal

- Resource efficiency:
  - Cost savings & value creation with lower environmental footprint
- Resilience, risk mitigation:
  - Business continuity via long-term security of supply (purified water, energy)
  - Risk mitigation for complex pollutions (haz waste, CO<sub>2</sub>)

## Our differentiator

- Long term trusted partner
- One stop shop/ cross-selling
- Unique technology/ co-design
- Key assets
- **Key references:**
  - GSK, AZ, Siemens, Diageo, Dairy Crest





# Local loops of energy and materials around PFI assets

## Market drivers/ context:

- Veolia very successful developing waste PFI, based on municipal needs
- Key assets built:
  - Energy from Waste, Materials Recovery Facilities, Waste Water Treatment Plants, etc.
- Austerity measures, “more for less”, sourcing new revenue

## Value proposal

- New sources of revenue, value creation through waste “mining” & transformation:
  - Local loop of energy:
    - Power to grid, private wiring, private district heating, Anaerobic Digestion
  - Local loop of materials:
    - Plastic, paper/ fiber, glass transformation

## Our differentiator

- Securisation of long term supply and price v volatility
- “Green” resilient energy/ materials supply
- Key assets/ PFI
- Technology bundling
- **Key references:**
  - Sheffield, Southwark



# Zero waste to landfill solutions for commercial customers

## Market drivers/ context:

- Intensive competition
- Landfill increasingly expensive


## Value proposal

- Cost savings through zero waste to landfill solutions, through production of:
  - Fuel
    - For EfW<sup>1</sup> or biomass or RDF<sup>2</sup>
  - Recyclates
    - Paper/ card, glass, plastic
  - Organic soup
    - as fuel for AD
  - Fertilizer

## Our differentiator

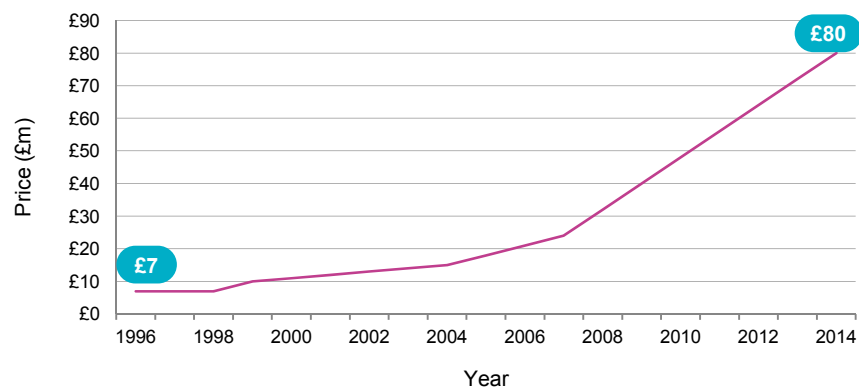
- Internalisation through PFI assets
- Size effect to negotiate off-take with merchant plants
- Logistic network
- Customer service
- **Key references:**
  - Mc Donald's, Sainsbury



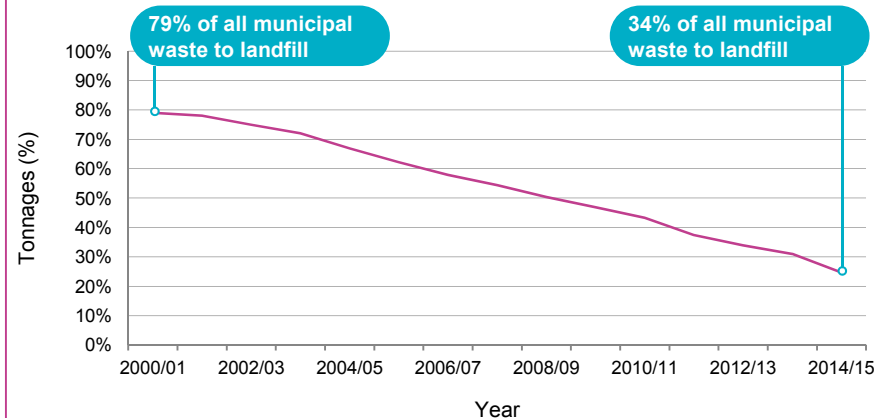
 <sup>1</sup> Energy from Waste  
<sup>2</sup> Refuse Derived Fuel

# Snapshot of the waste PFI business

## UK landfill tax evolution

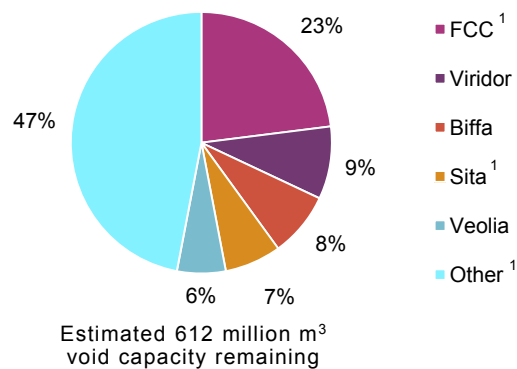


## Landfill volumes<sup>1</sup>



<sup>1</sup> England only

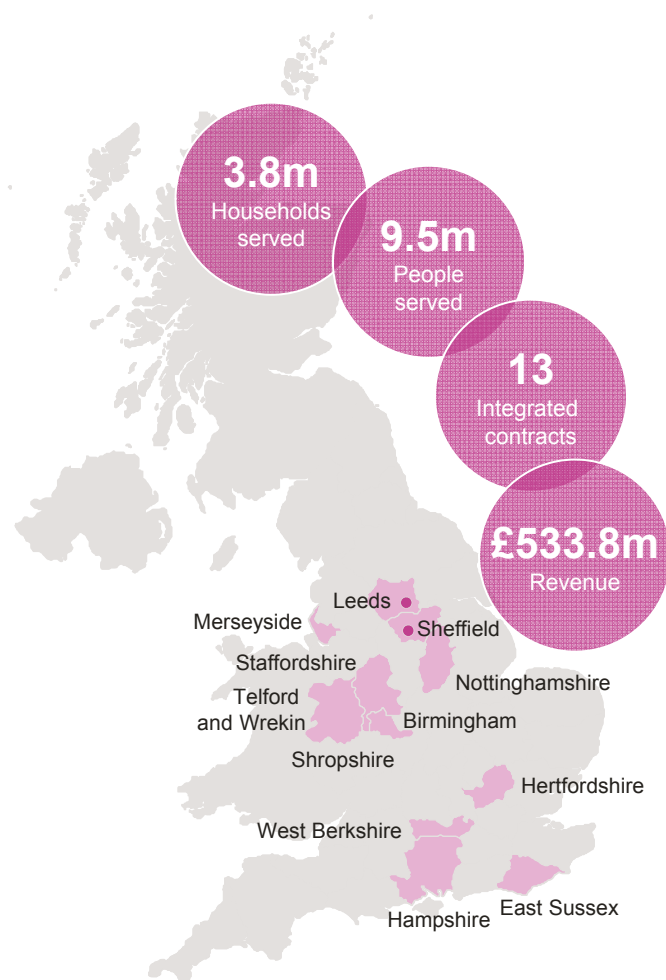
## Landfill – remaining void capacity



<sup>1</sup> Estimated based on Veolia marketing intelligence



# Snapshot of the waste PFI business



## THE MARKET LEADER

**21%**

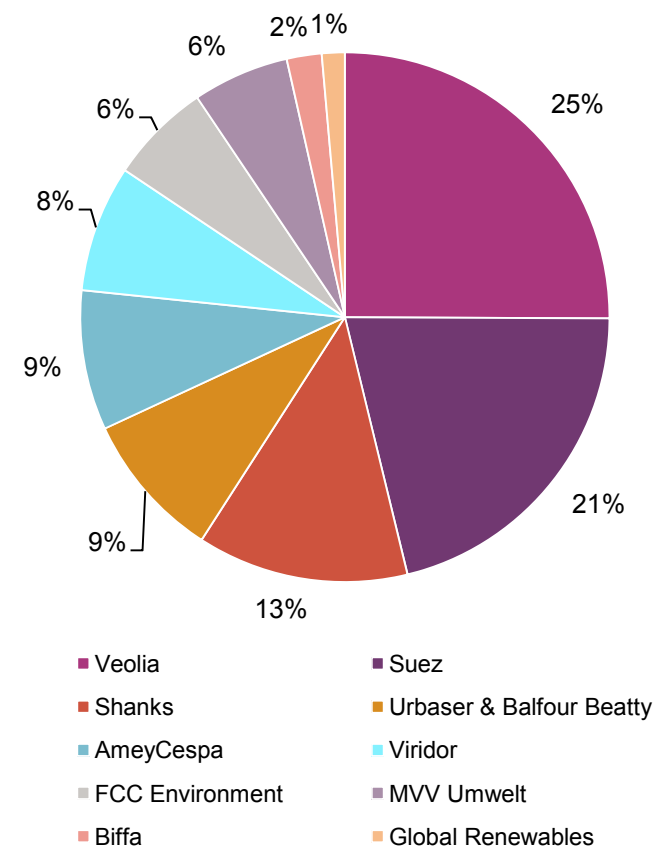
of market in terms of tonnages treated

**27%**

in terms of PFI credits approved

## PFI market shares

There are currently 33 operational PFI projects in the UK



## Major PFI construction projects



### Shropshire

Current status: Completed  
Coming online: 2015  
Houses powered: 10,000 homes  
Contract length: 27 years  
Tonnage: Divert 90,000 tonnes of waste away from landfill



### Leeds

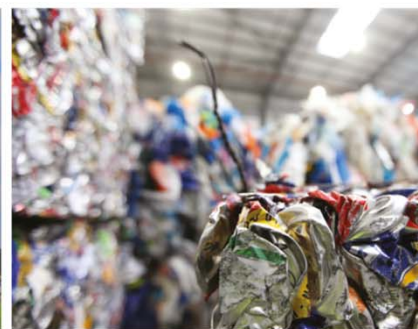
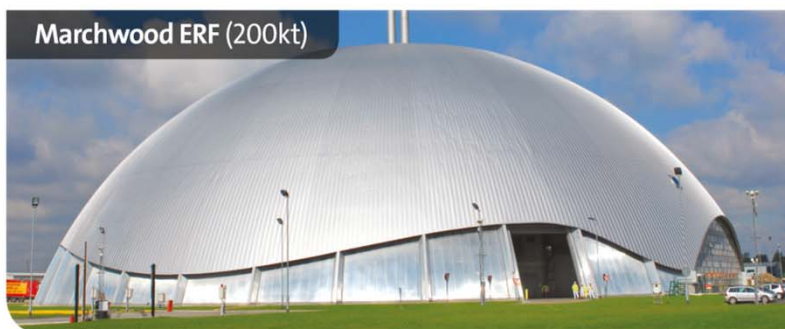
Current status: Under construction  
Coming online: 2015  
Houses powered: 20,000 homes  
Contract length: 25 years  
Tonnage: Divert 214,000 tonnes of waste away from landfill



### Hertfordshire

Current status: Plan B in preparation  
Contract length: 27 years

# PFI business model



## Comprehensive scope

- A global solution to treat municipal waste (recycling, refuse, green etc.) for a county or unitary authority
- Includes usually a combination of solutions: 1 to 3 Energy from Waste, Recycling Facilities, Composting etc. and sometimes collection included

## Type of contract

- Veolia to find a solution, appropriate site, obtain planning permission, financing, construction and operates
- Contract duration: **20-25 years**

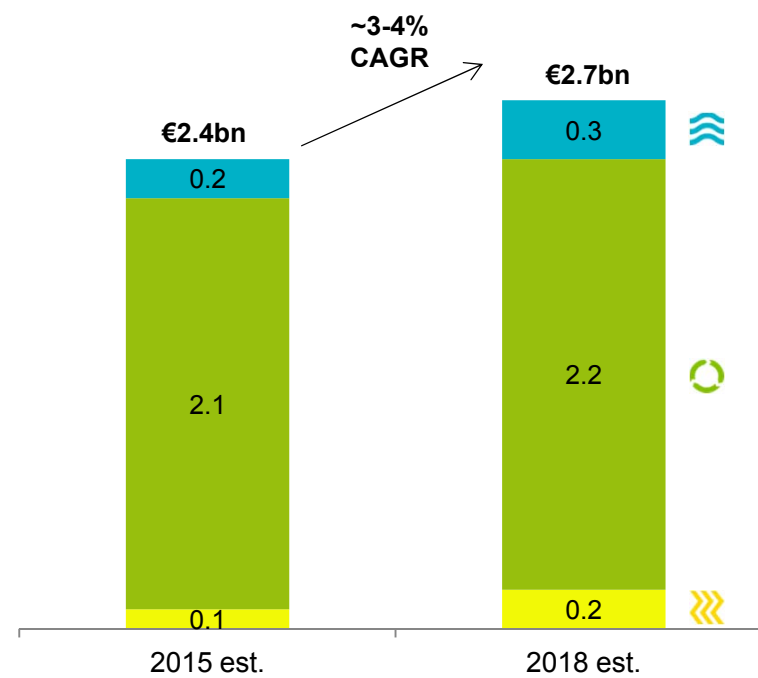
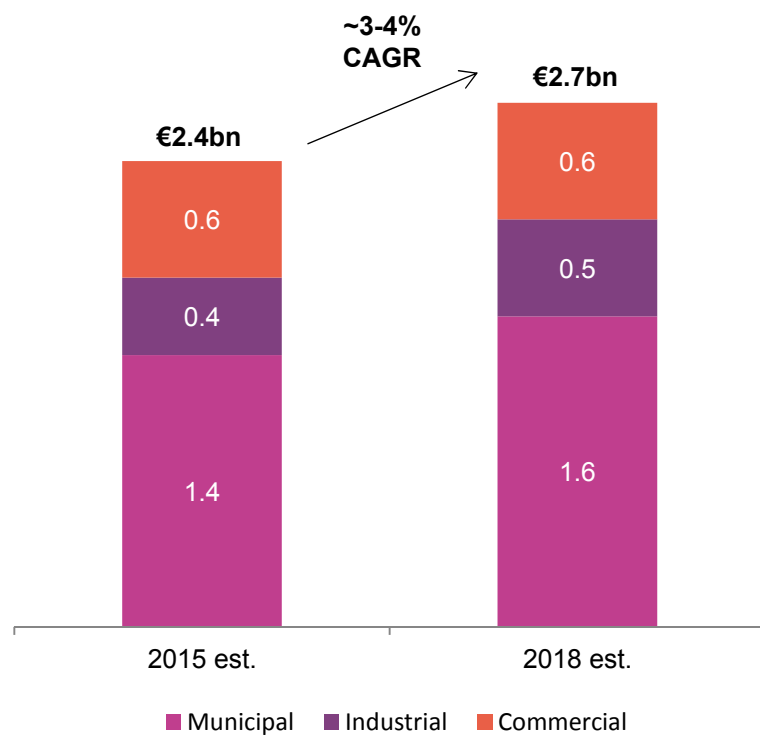
## Revenue stream

- Fixed fee + variable based on municipality tonnages
- 3rd party tonnages revenue
- Electricity and recycles revenue (+Gain Share Mechanism)
- Penalties to be paid if diversion targets are not achieved

## Powerful asset to leverage from

- Internalization of municipal and commercial tonnages to create value
- Mutualization of sites / support in the associated region

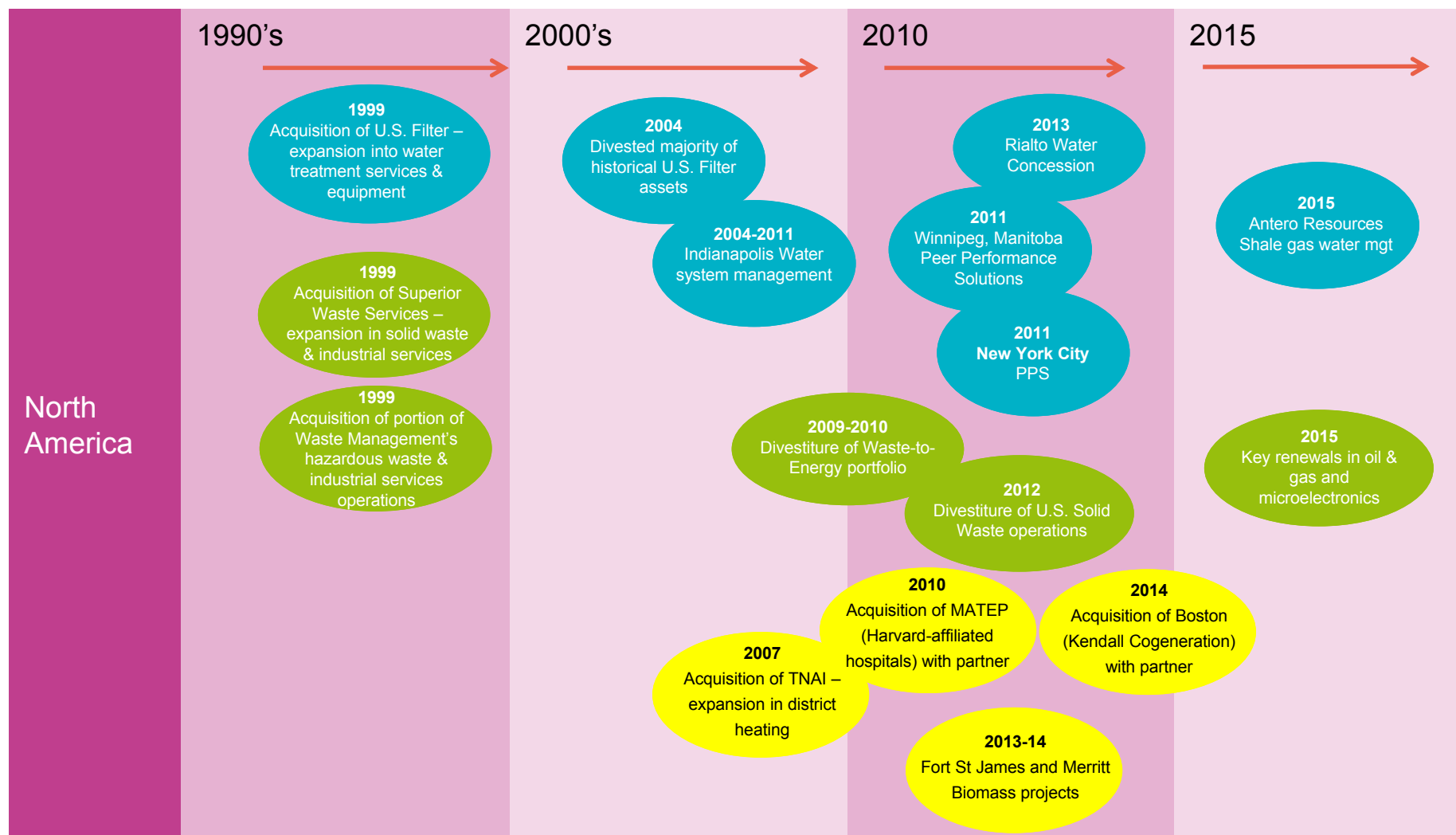
## Conclusion: UK revenue outlook



# Resourcing the World in North America

*Terry Mah, President & CEO*

## History of Veolia in North America: Some key dates





## Key contracts and locations

**Veolia North America**  
7,900 employees

### Industrial

**302 waste treatment facilities** and service locations

**14** permitted TSDFs, incl. **2** haz waste incinerators

**200,000 tons** of hazardous waste processed annually  
**106** industrial water treatment installations  
**15.9 million gallons** of KOH processed



### Other locations

Gresham / San Diego / Jacksonville / Port Washington / Port Arthur / Sauget  
Buffalo / Honolulu / Fulton County / West Bridgewater / Stoughton / Plymouth  
Leominster / Cranston / Woonsocket / New London / Danbury / Wilmington  
Palm Springs / Moncton / Brockton

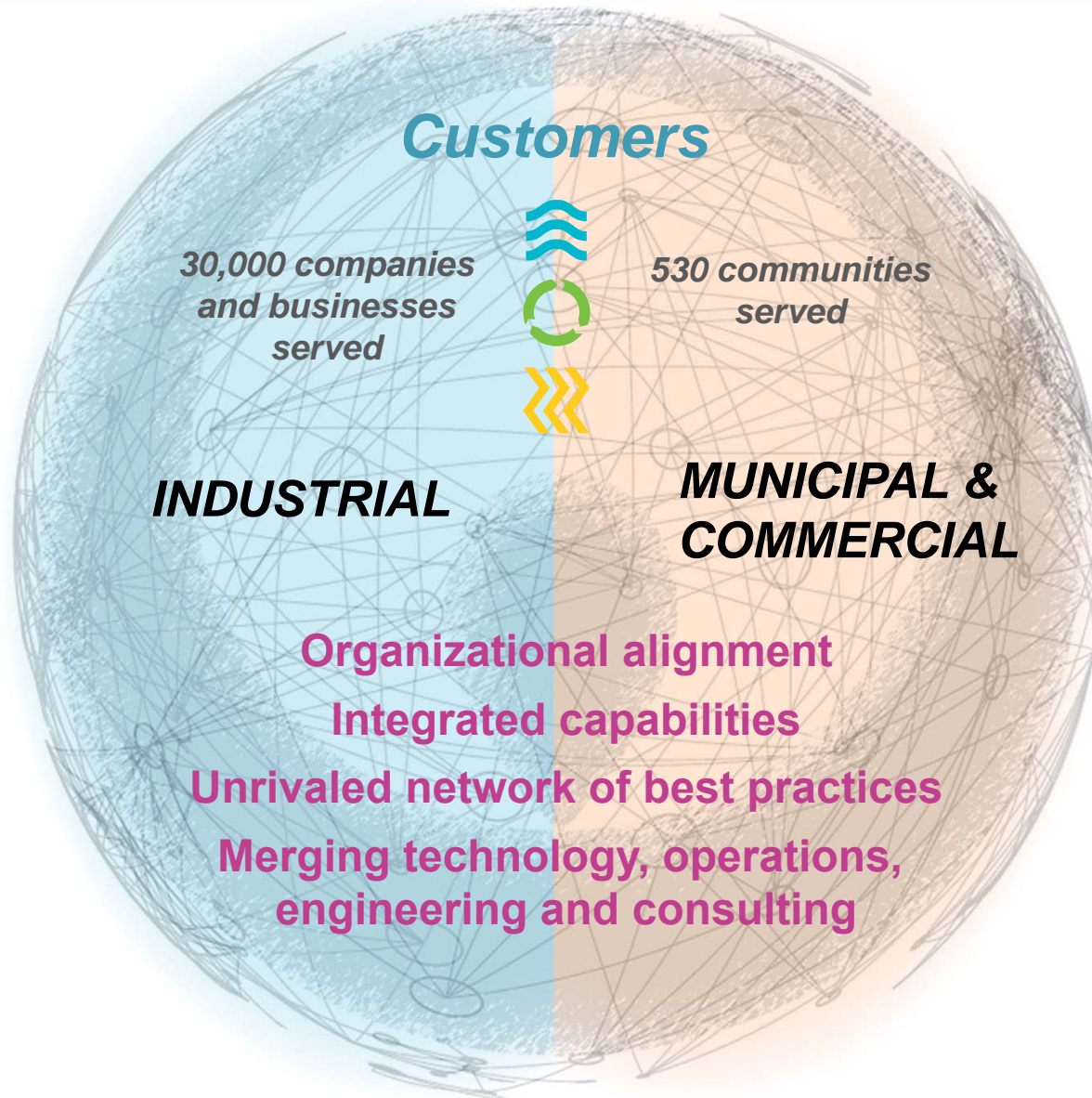
### Municipal & Commercial

**164** treatment installations for municipal/commercial water and wastewater serving **530 communities**

- **4.1 million** water customers
- **5.8 million** wastewater customers

**13** major energy districts operated, with **9** major O&M agreements

## North America operations organized by customer focus

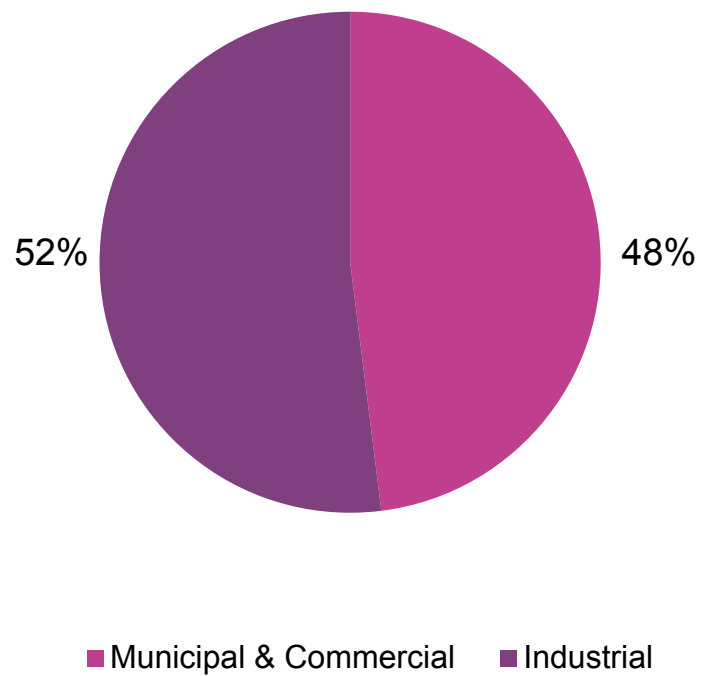




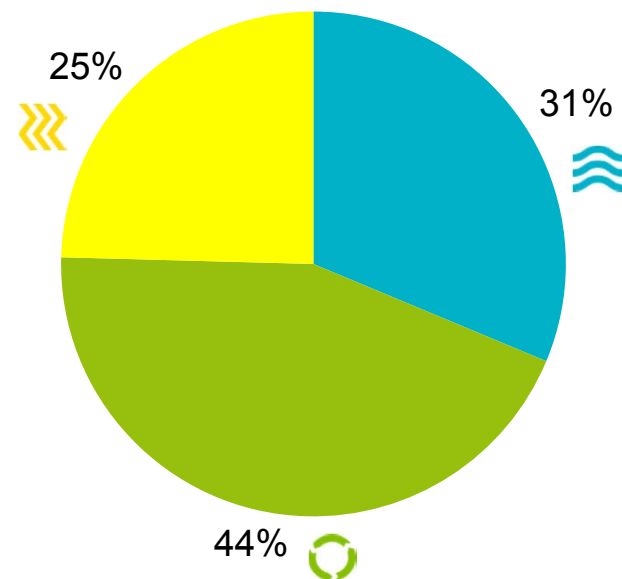
## Client & sector breakdown

2015 North America est. revenue: €1.8bn

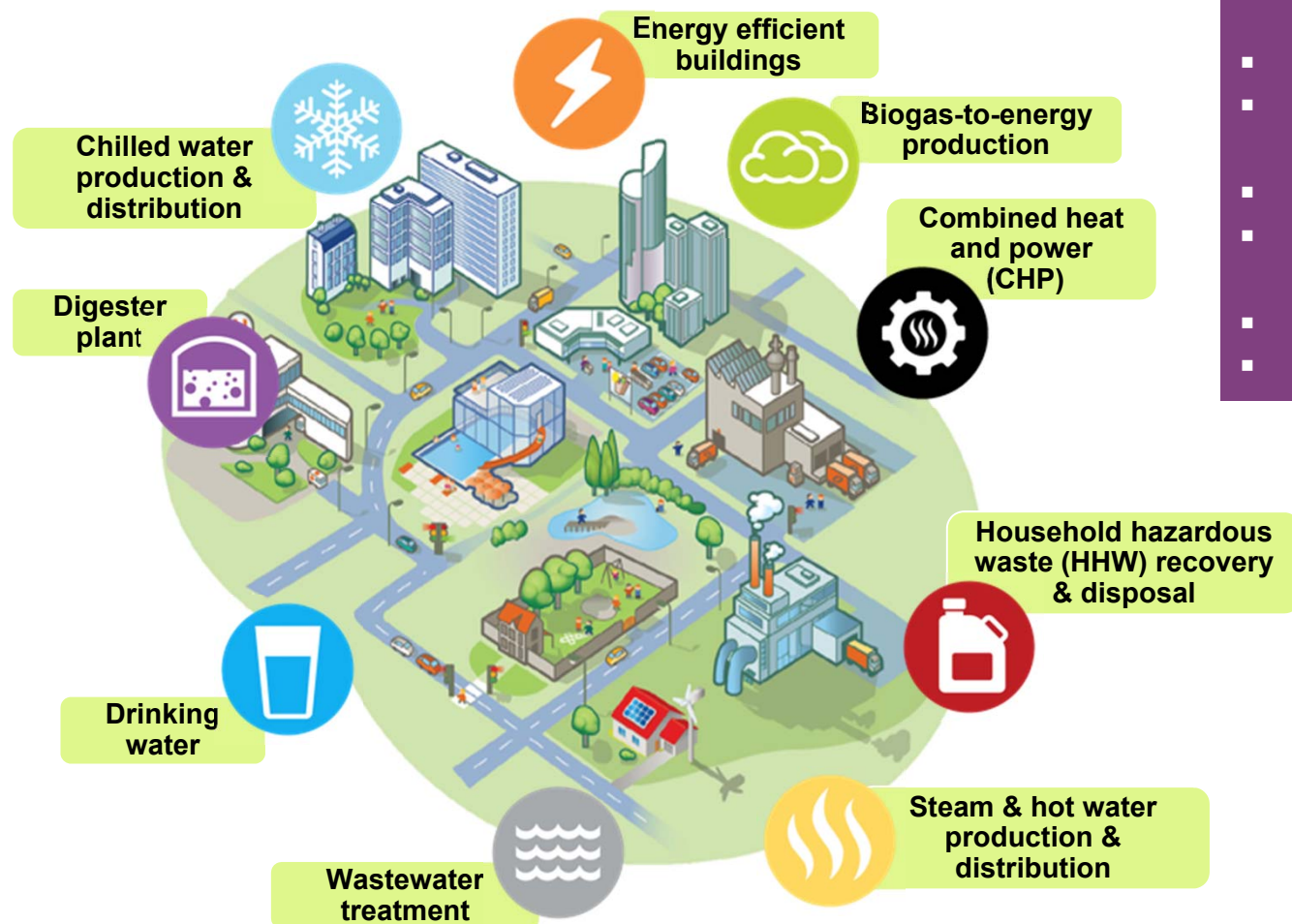
Client breakdown



Sector breakdown



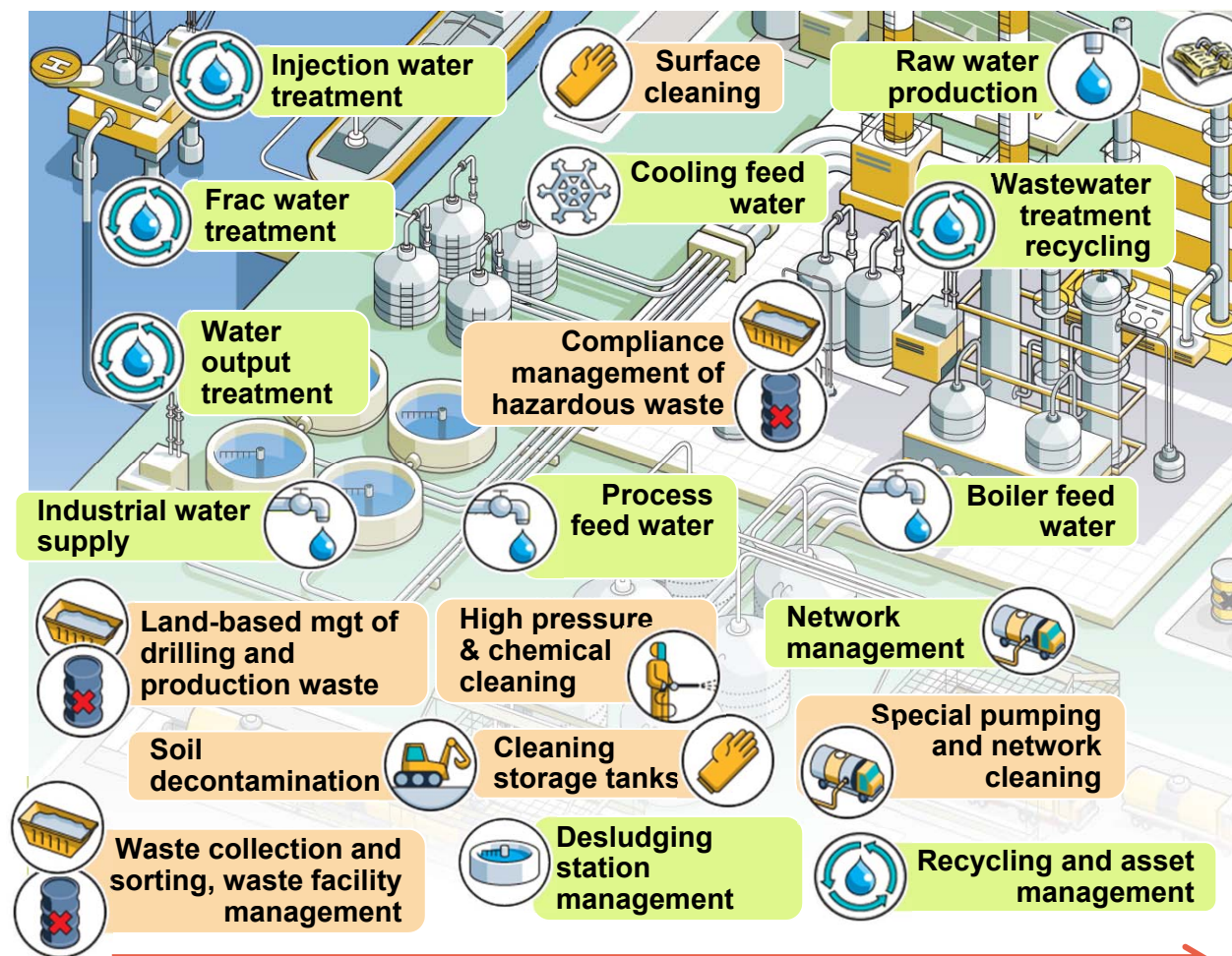
## Proven Municipal & Commercial leader in North America



- Energy Management & Advisory Services
- Peer Performance Solutions
- Commercial/Industrial Utility O&M
- Facility O&M
- Maintenance Management Services
- Capital Program Management
- Concessions

New York  
Philadelphia  
Boston  
Tampa Bay Water  
Montreal  
Atlanta  
New Orleans  
Milwaukee  
St. Louis  
Houston (Galleria)  
Los Angeles  
Las Vegas Venetian

## A preferred partner to all major industry sectors



- **Hazardous and regulated waste solutions**
  - Recycling and recovery services
  - Incineration
  - On-site services
  - Lab chemical services
  - Electronic recycling
  - Low-level radioactive waste
  - Fuel blending
- **Water, cleaning and maintenance solutions**
  - Hands Free™ technologies
  - Hydroblasting
  - Vacuum truck services
  - Chemical cleaning
  - Tank cleaning
  - Site-based services
  - Design-Build-Operate-Maintenance solutions for industrial water/wastewater facilities
  - Oily residuals management
  - Byproduct and resource recovery

Majority of Fortune 500 served: Intel, ConocoPhillips, UPS, Antero Resources, Air Products, Toledo Refining Company, American Electric Power

# Market trends and priority development areas in North America

## INDUSTRIAL: Addressing increased demand for improving operational efficiency in a sustainable manner

### Market development trends

- Strong demand for hazardous waste services and solutions, driven by growth in the chemical, petrochemical, high tech and pharma sectors
- Integrated water, waste and energy offerings increasingly sought
- Lower oil prices affecting oil & gas sector, driving the need for reduced costs; increased demand for water reutilization and resource recovery technologies and services

### Our priority development axes

- 🔄 Treatment of difficult pollutions – Hazardous Waste site services and disposal
- 📍 Leveraging site-based presence to cross-sell Veolia industrial offerings in all market sectors
- 🌊 Oil & Gas sector – Deployment of industrial water and resource recovery technologies and services

## MUNICIPAL & COMMERCIAL: Addressing increasing needs for cost-efficient, sustainable infrastructure solutions

### Market development trends

- Cities and campuses pursuing resilient and sustainable energy infrastructure
- Smart buildings/campuses leveraging Big Data for efficiency
- Asset monetization and federal base agenda
- Emerging regulations that restrict waste disposal and promote waste-to-energy opportunities

### Our priority development axes

- ⚡ CHP-powered microgrids; performance contracts
- 📍 Digital offers and SourceOne services in water and energy
- 🔄 Energy and water outsourcing, concessions and performance contracting for cities, universities and military bases
- 🔄 Circular Economy – Commercial methanization of food waste



## KOH recovery delivering significant results



- Centralized recycling, processing and manufacturing facilities to provide potassium hydroxide (KOH) regeneration services to refiners with HF Alkylation
- KOH regeneration solution to deliver savings, manage risks
- Example: Veolia designed, built, owns and operates a KOH regeneration facility under a long-term contract for a manufacturer
- \$20 million in annual savings
  - *\$14 million in KOH raw material costs*
  - *\$6 million in waste disposal costs, excluding disposal taxes*

## Gresham, Oregon



- Veolia manages all operations and maintenance of the city's 20MGD wastewater treatment plant, biosolids program, industrial pretreatment, cogeneration operation, laboratory services and lift stations.
- Facility now produces same amount of electricity as it consumes, using biosolids from wastewater treatment and fats, oils and grease, as well as solar energy to produce power and reduce energy costs
- Supporting energy independence
  - *Increasing methane gas production by 15%*
  - *Achieving 20% reduction in energy usage*
  - *Reducing annual capital costs by 15% and Preventative Maintenance time by 75%*
  - *Building a cogeneration plant, saving the city \$1.6 million for electricity*
- Collaboration between the municipality and local industry

## New York City – world-class water, energy and waste services



- NYC selected Veolia to support making NYCDEP safest, most cost-effective and transparent U.S. water utility via PPS model
- 10.8% total annual recurring financial benefit (more than \$100 million annually) as a percentage of 2011 budget
- 87 initiatives in water, wastewater, metering and procurement demonstrating expertise in improving and optimizing one of the world's largest and best-managed utilities



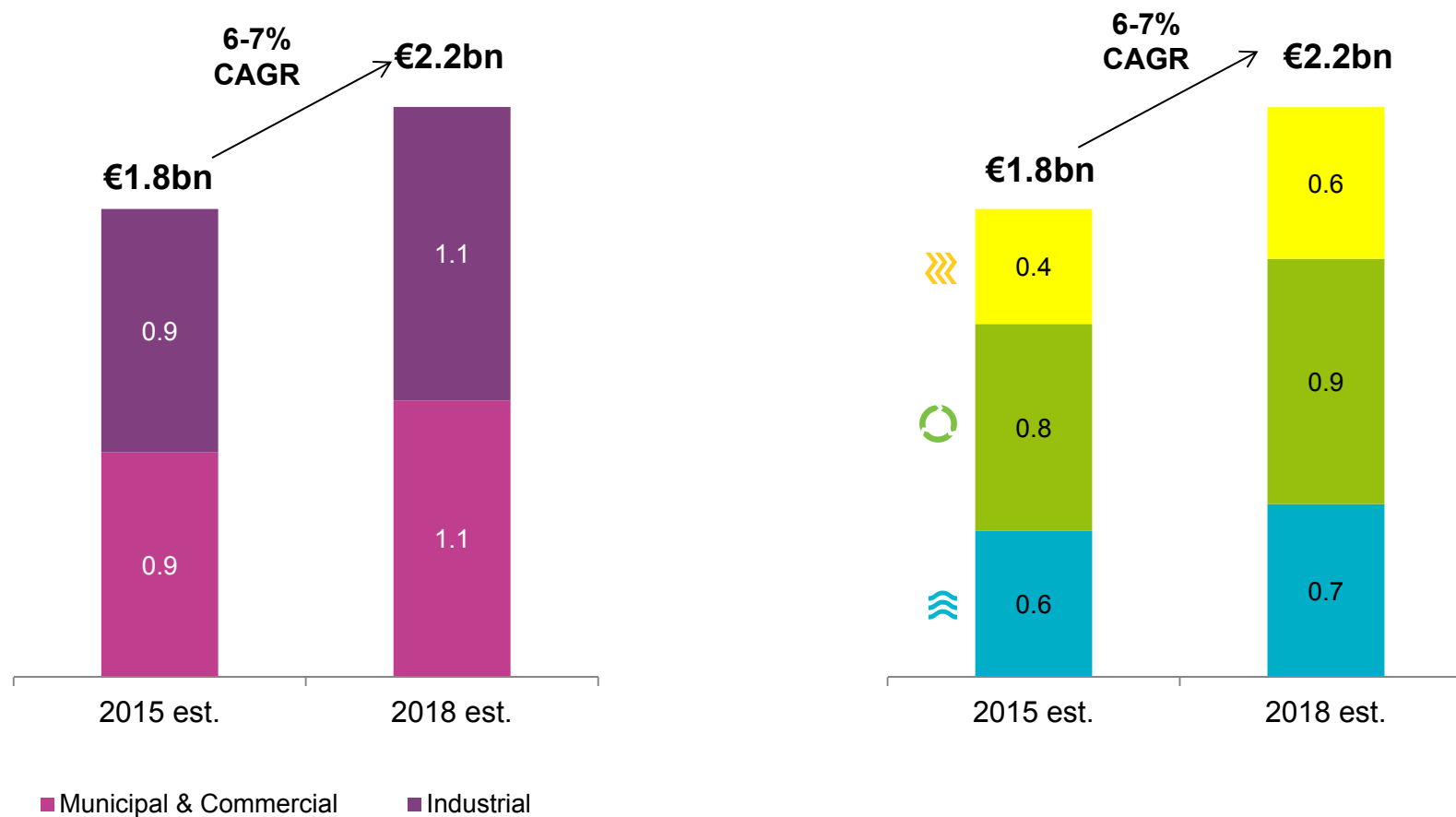
- Manage world's largest Harmful Household Products collection DSNY – 714,000 pounds in 10 events including oil, batteries, pesticides, pharmaceuticals, medical sharps, etc.



- Premiere energy management services delivered to iconic public and private buildings, campuses and spaces

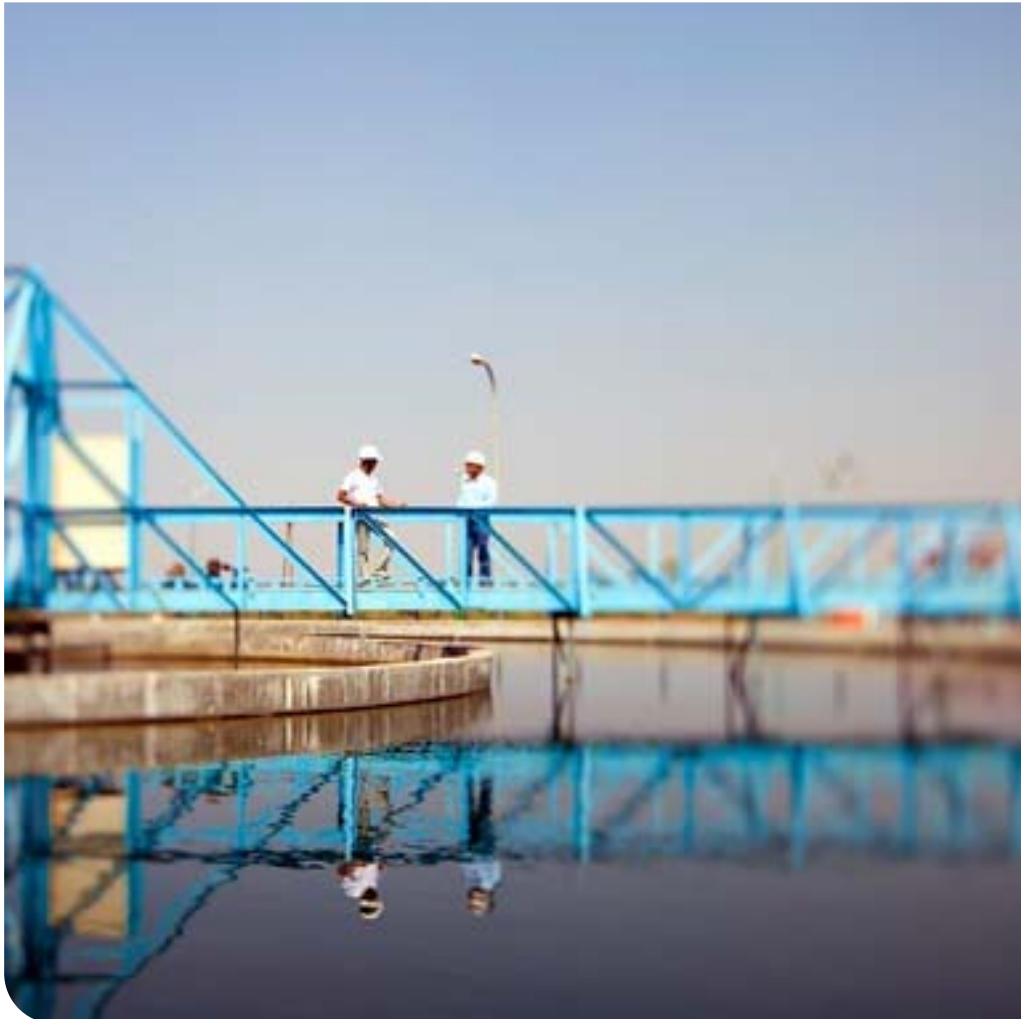
## North America revenue outlook

Our breadth of solutions across sectors and service models is being leveraged to drive revenue growth in both the Municipal & Commercial and Industrial business lines





# Growth



## Capex allocation

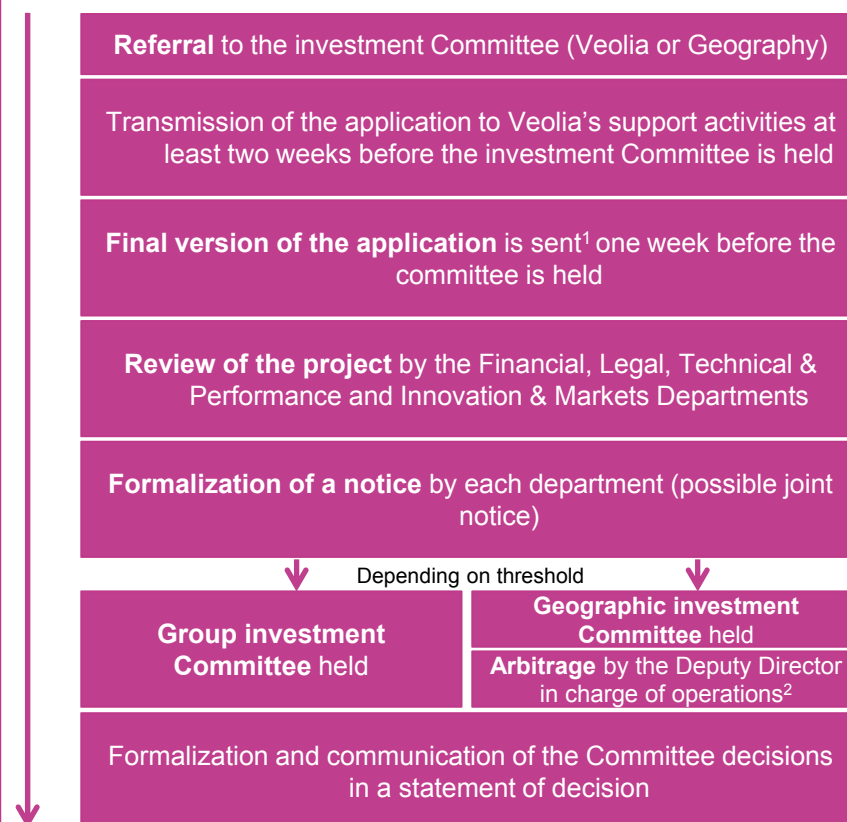
**Philippe Capron, Chief Financial Officer**

# Strict investment criteria and process: A major transformation lever

## Strict investment criteria

- BUs must submit to the Group Investment Committee/ Geographic investment Committee all projects above/ below €10m EV
  - In 2015 to date, 109 investment committees were held:
    - 47 Group Investment Committees (43%)
    - 62 Geographic Investment Committees (57%)
- Tightening of the decision process
  - Group's IRR  $\geq$  WACC + 4%
  - ROCE  $\geq$  WACC (end of 3<sup>rd</sup> year)
  - Pay-back < 7 years

## Investment process

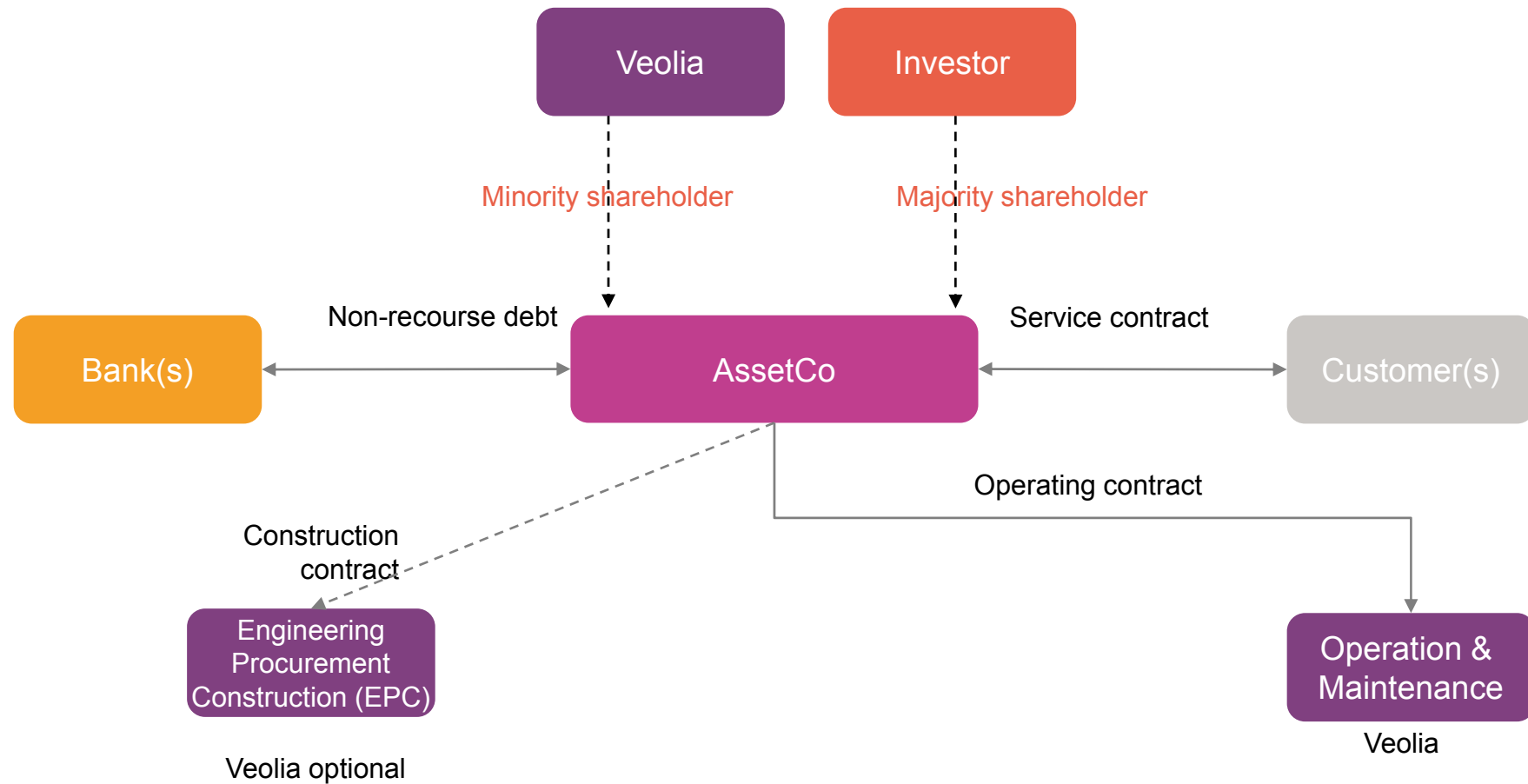


<sup>1</sup> General, technical, financial and legal notes, financial model and main contractual documents

<sup>2</sup> Only in case of disagreement between Group's support activities and geography Director

## AssetCo / OpCo business model (1/2)

AssetCo / OpCo Scheme: focus on long term O&M activities with limited capital employed



## AssetCo / OpCo business model (2/2)

Example: A biomass power plant

### A biomass power plant project

- A 30-year project (rebased to a theoretical €100m Capex)
- Veolia's financial commitment:
  - Minority ownership of the AssetCo (19.5%); full ownership of the OpCo
  - Equity injection: €5.6m
- O&M EBITDA margin: 16%

➡ **This structure allows the transformation of an 8% IRR into a 23% return<sup>1</sup> for Veolia**

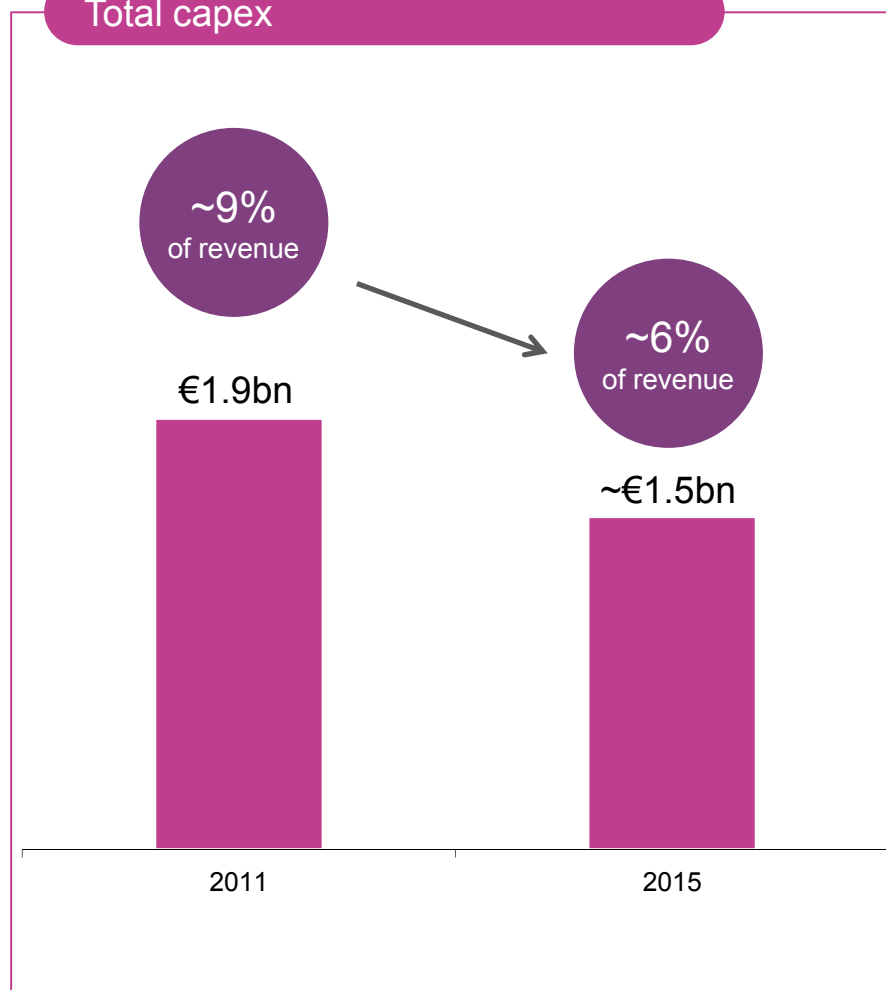
	On balance sheet scenario	AssetCo / OpCo structure
Revenue	43.0	19.9
EBITDA	11.6	3.2
<i>EBITDA margin</i>	27%	16%
EBIT	8.1	3.7
<i>EBIT margin</i>	19%	19%
Net income Group share	4.2	2.3
<i>Net income margin</i>	10%	12%
5-year average post-tax ROCE (excl. construction period)	5%	32%
Net Financial Debt	100.0	5.6
NPV at WACC	18.0	16.8
IRR Veolia	7.9%	23.4%

- Consolidation of AssetCo under the equity method implies:
  - Substantial reduction in EBITDA and EBIT
  - Relative reduction in Net Income Group Share
  - Almost total reduction in Net Financial Debt
  - Significant increase of ROCE
- Theoretically, based on this model, the reduction in Net Financial Debt should allow for the development of a significant number of similar projects with the same investment envelope

<sup>1</sup> Taking into account dividends from equity investment and cash flows from opco

## 2011-2015: A tightened capex discipline

### Total capex



### ✓ 2015 capex of ~€1.5bn

- €1.2bn of maintenance and “committed” growth capex (including contract renewals)
- €0.3bn of discretionary capex:
  - New projects (greenfield or privatization), e.g.:
    - PFI program in the UK
    - Heating network extensions in Central Europe
    - Growth developments in China

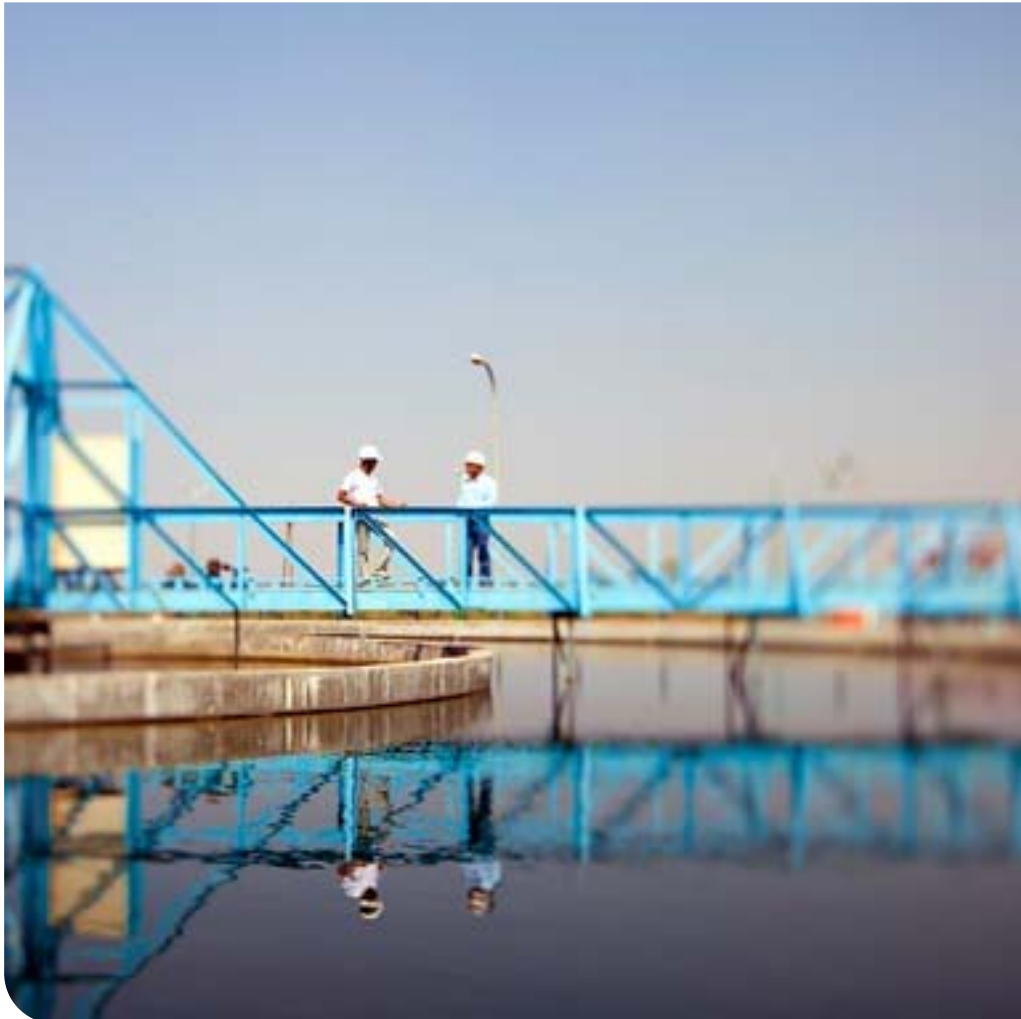
## Continued capex discipline for 2016-2018: €1.6-1.7bn of annual capex

- **Capex envelope increased from €1.5bn in 2015 to €1.6-1.7bn in the 2016-2018 period**
  - ✓ **€1.2bn for maintenance and support of existing activities** (contract renewals, committed investments, etc.)
  - ✓ **€0.4-0.5bn of growth capex** for new projects already included in the 2016-2018 Plan
- This capex envelope supports targeted 2 to 3% average annual revenue growth and is compatible with 5% average annual growth in EBITDA
  - ⇒ **€1bn of net FCF expected in 2018**

## Potential for small and “mid-sized” acquisitions

- Given the large number and lower risk of organic growth opportunities, M&A is not at the heart of our strategy
- **We nevertheless have the possibility to complement our discretionary capex with further growth opportunities by using the extra cash flow generated beyond 2015**
  - ✓ FCF of €1bn in 2018
  - ✓ Asset divestiture reservoir
- **Larger acquisitions are not ruled out in specific situations**
  - ✓ Growth in strategic geographies/industries combined with significant synergies
  - ✓ Entry in new promising areas especially if associated with the acquisition of proprietary technologies
  - ✓ Would be part of an asset arbitrage strategy in order to preserve our balance sheet

# Financial objectives

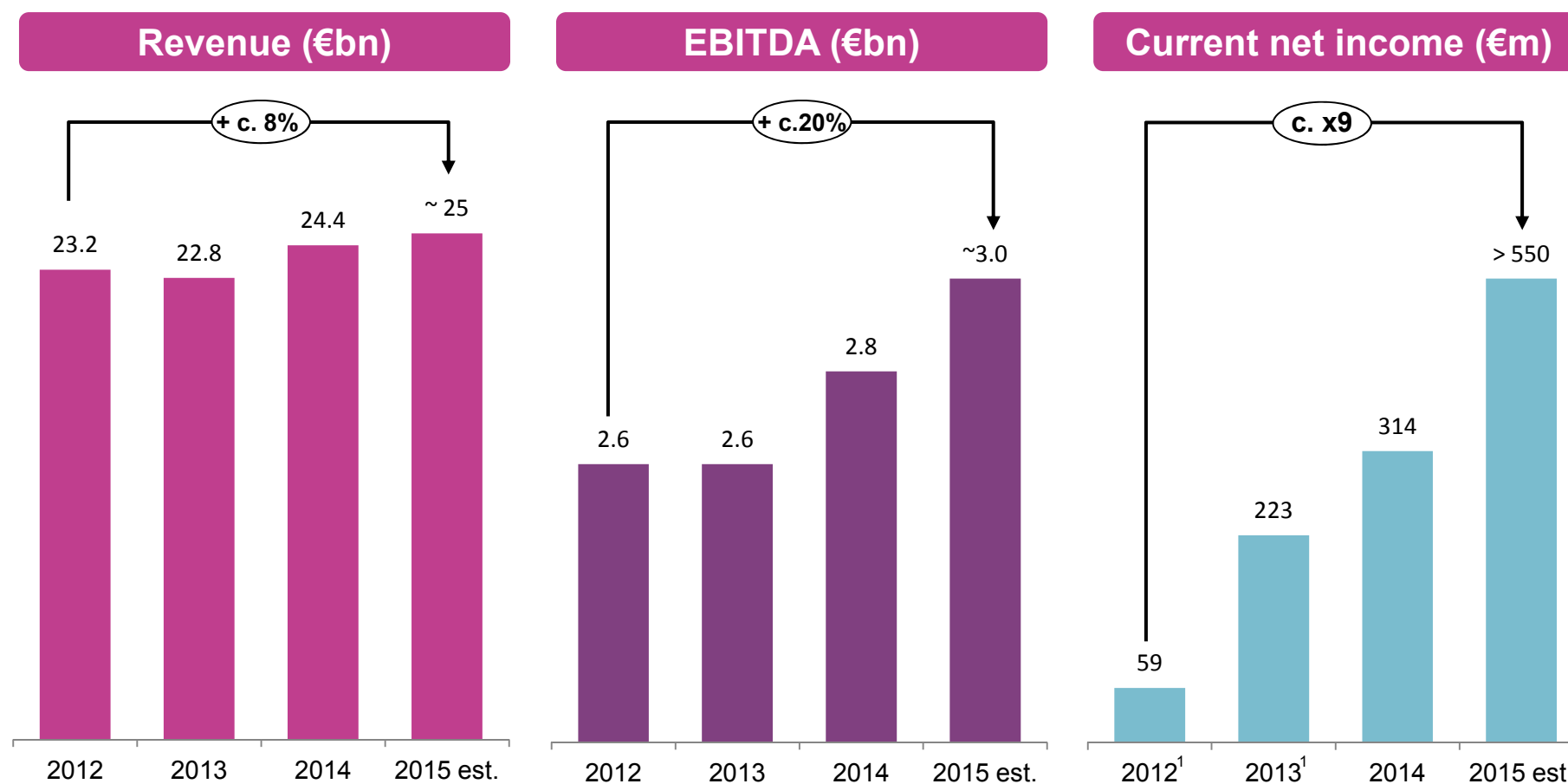


## **Veolia's financial equation and restored financial flexibility**

**Philippe Capron, Chief Financial  
Officer**



## Veolia's past performance



Note: Post IFRS 10-11 Figures - Unaudited financials, 2015 as per Veolia's estimates (not reviewed by company auditors)

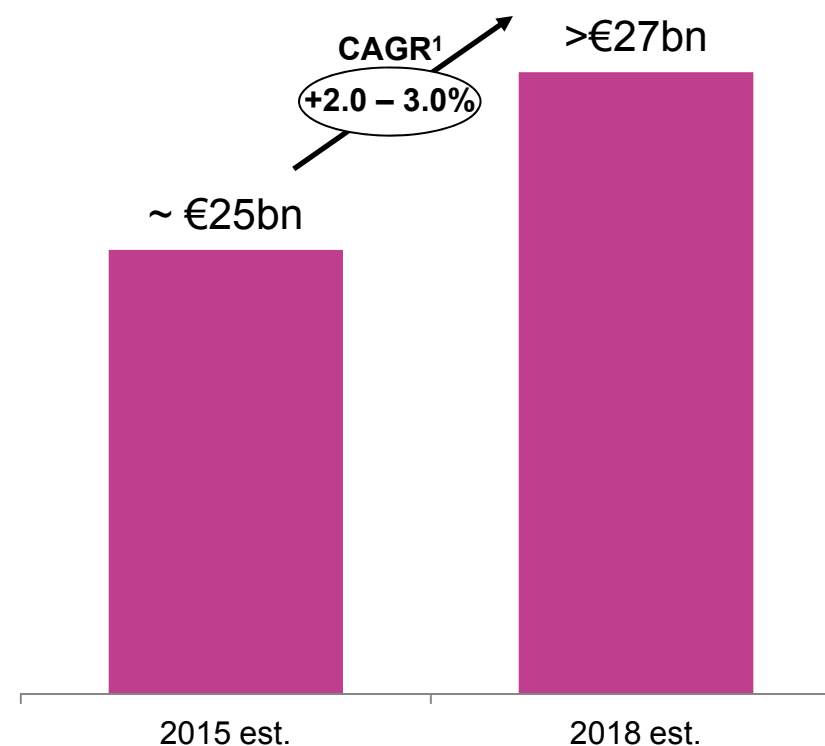
<sup>1</sup> Adjusted net income

## Revenue > €27bn in 2018

### Key drivers

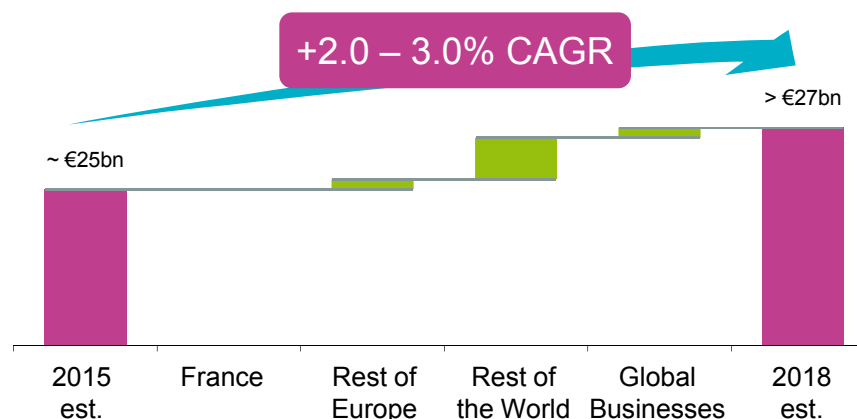
- **Tariff indexation** (even in a lower inflation environment)
- **Organic growth:**
  - ✓ **Municipal:**
    - **Innovative solutions for cities in developed countries:**
      - Peer Performance Solutions
      - Circular economy projects
    - **Continued development of our historical activities in emerging countries**, within compliant contractual framework
  - ✓ **Industrial:** seize the best opportunities in **the industrial utilities outsourcing fast growing market: oil & gas, mining & metals, food, beverage & pharma, difficult pollutants**

### Revenue growth



<sup>1</sup> Excluding volatility related to Global Businesses

# Revenue growth by geography



## Comments

- **France: Flat**
  - Low inflation environment
  - Commercial development compensates impact from contract renewals
- **Rest of Europe: solid growth**
  - Strong growth expected in the UK, fueled by PFI contract and commercial development (incineration, biogas..)
  - Central & Eastern Europe: resilient existing municipal business & business development in major cities (water & heating network, Industrial utilities & energy efficiency projects)
- **Rest of the World: strong growth in all geographies in particular North America and Asia**
  - Industrial Water
  - Industrial Utilities & Energy efficiency projects
  - Hazardous waste and Soil Remediation
  - Circular Economy – Water Reuse and Zero Liquid Discharge
- **Global Businesses:** Volatility in D&B business offset by continued strength in Hazardous Waste

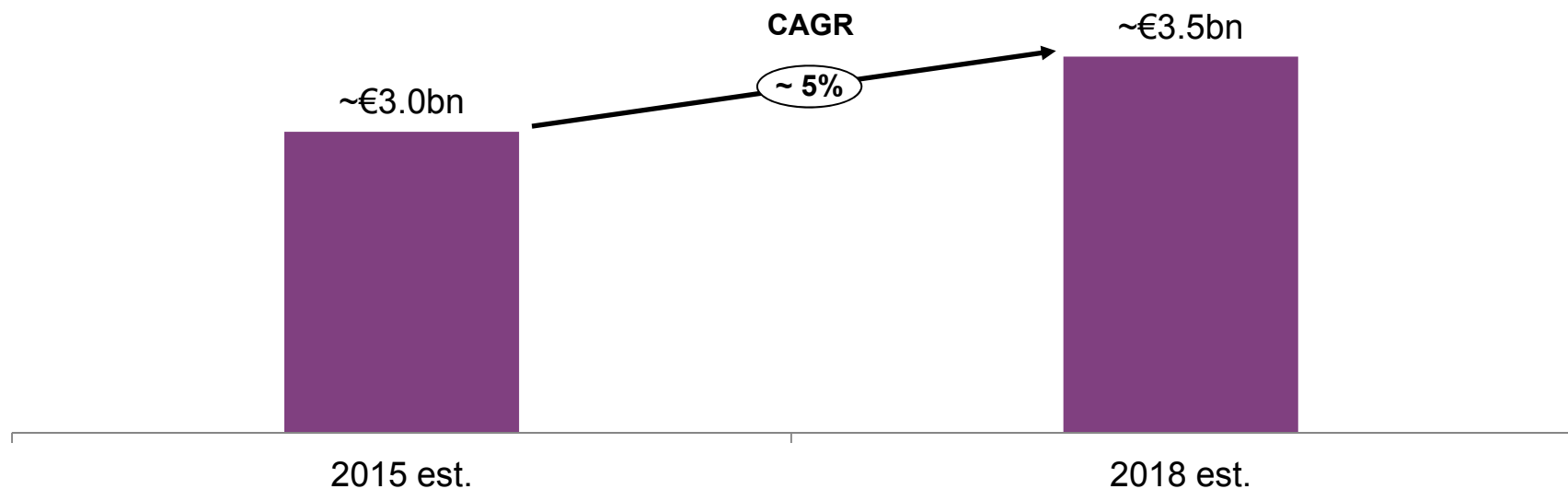
## 2016-2018: A new ambitious cost cutting plan of more than €600m

- **Same method** as previous plan
  - ✓ Project identification by country
  - ✓ More than 400 projects to date
- **An increasing commitment from all the countries** in the program roll-out
  - ✓ Improved project definition and follow up
  - ✓ Dedicated central team
  - ✓ Internal Audit control
- **An objective of more than €600m over 3 years**

€m	2016	2017	2018
Gross savings	200	200	200
Implementation costs	60	30	10

## EBITDA of ~€3.5bn in 2018

### EBITDA growth



### Key drivers

- Top Line Growth: 2-3%, ie. ~+€2bn by 2018
- Cost-cutting: At least €600m by 2018
- Commercial headwinds, price pressure estimated at €100m per year

## Current EBIT of ~€1.7bn in 2018

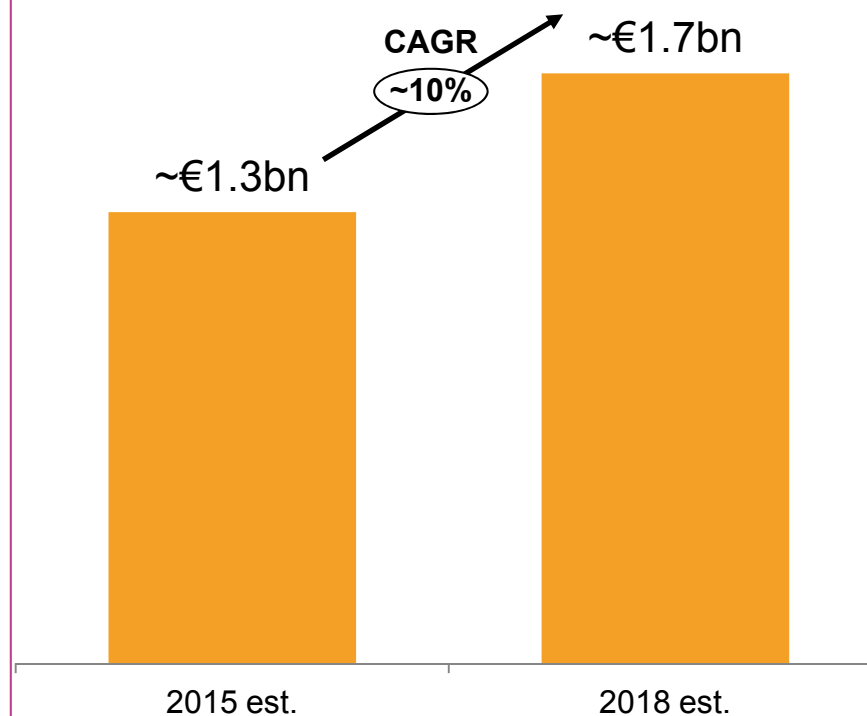
### Key drivers

- EBITDA growth
- D&A slightly up over time
- Strong growth of JV net income

### Net income from JV & Associates

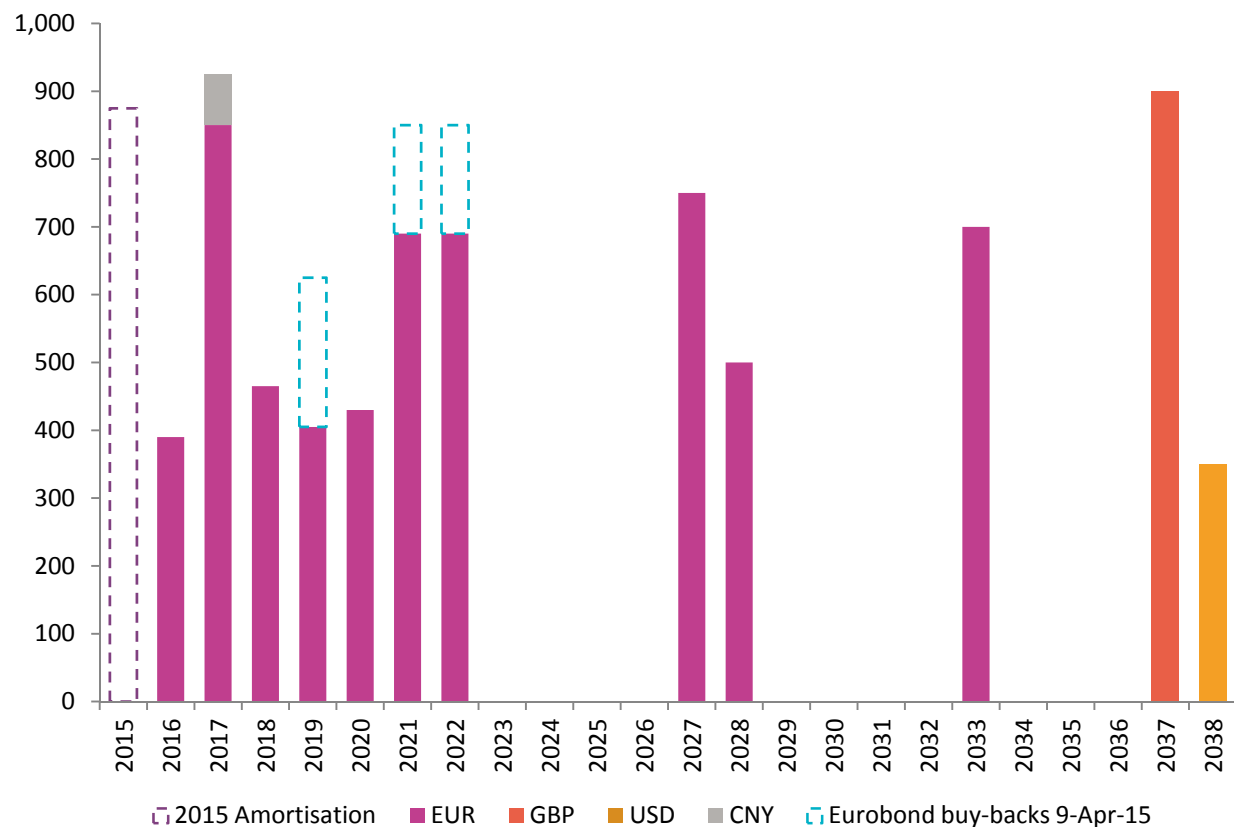
€m	2014 Proforma
France	(1)
Europe excluding France	20
Rest of the World (mainly China)	34
World businesses	12
Others	4
<b>Total</b>	<b>69</b>

### Current EBIT growth



# Debt profile

⇒ Strong liquidity and debt profile underpin our commitment to maintain solid credit rating



## Liquidity

(as of 30 June 2015)

- Group net liquidity at €5.8bn
- Including €4.1bn in undrawn confirmed credit line<sup>1</sup>

## Maturity

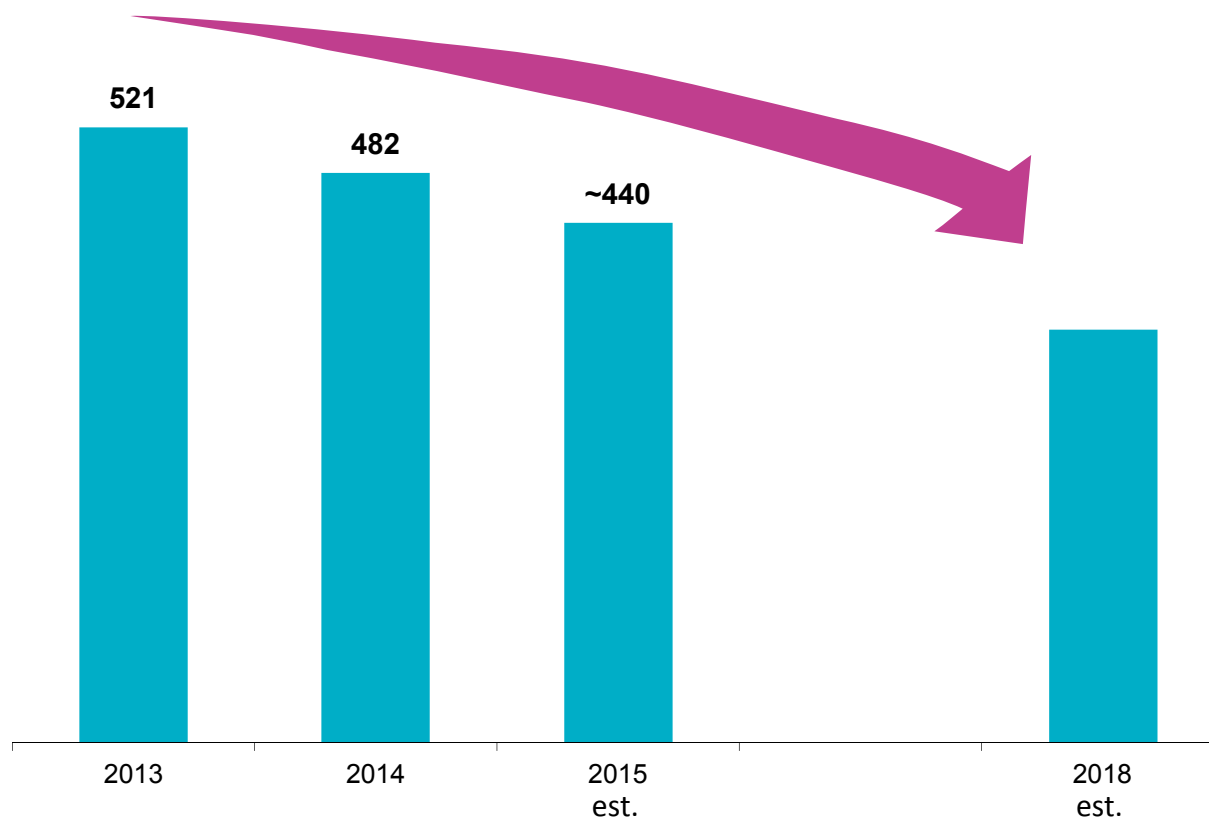
- Average maturity of net financial debt: 8.2 years at June 30, 2015

## Rating

- S&P: A-2 / BBB
- Moody's: P-2 / Baa1



## Gradual decrease in cost of financing



### Key drivers

- Gross debt reduction despite increased maturity
- Rationalization of subsidiary financing and cash management
- Active asset/liability management

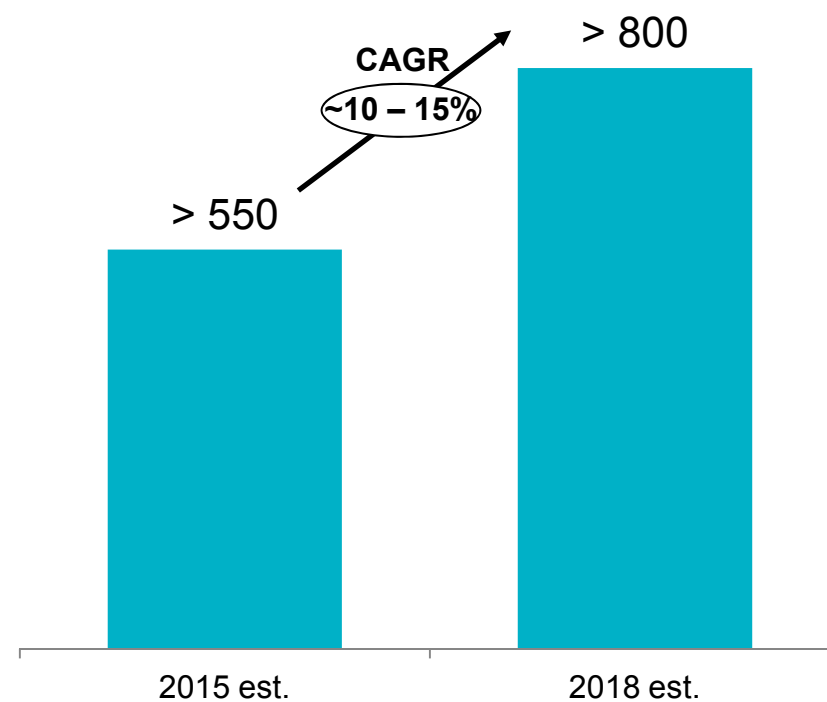
⇒ **Further reduction in cost of financing**

## Current net income > €800m in 2018

### Key drivers

- Current EBIT growth
- Decrease in cost of financing
- Tax rate stabilized below 30% thanks to organizational and geographical rationalization and improved profitability

### Current net income<sup>1</sup> growth



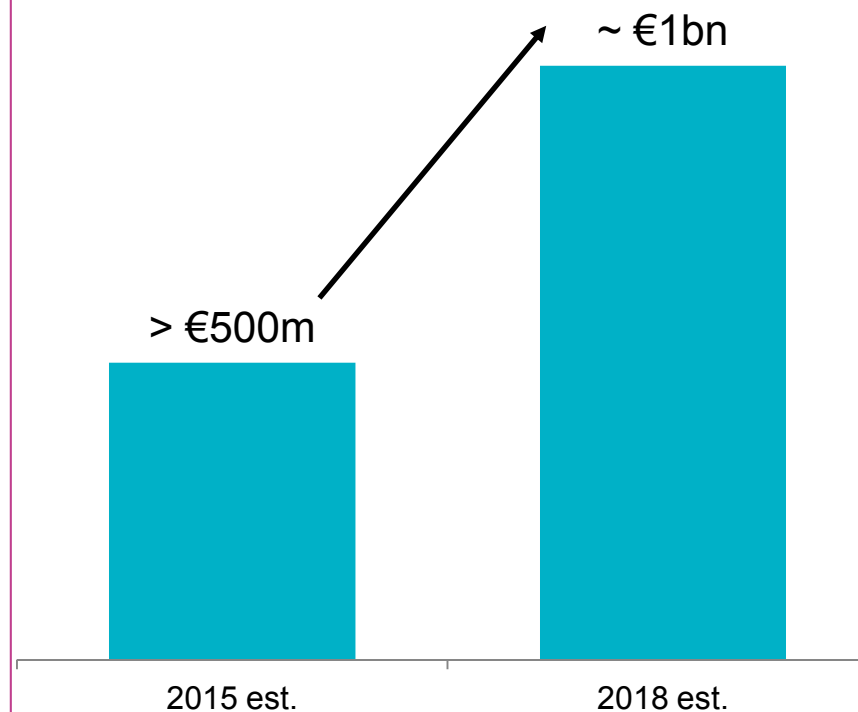
<sup>1</sup> Group share

## Net free cash flow before dividends: €1bn in 2018

### Key drivers

- EBITDA growth
- Capex control: €1.6bn to €1.7bn per year for 2016-2018
- Decrease in cost of financing
- Lower tax rate
- Continued WCR discipline
- Additional free cash flow will be used to boost growth through discretionary capex or acquisitions, as well as to increase dividend

### Net free cash flow<sup>1</sup> growth



<sup>1</sup> Before dividends and discretionary capex, assuming constant net debt

## Target post-tax ROCE of c.8-9% in 2018

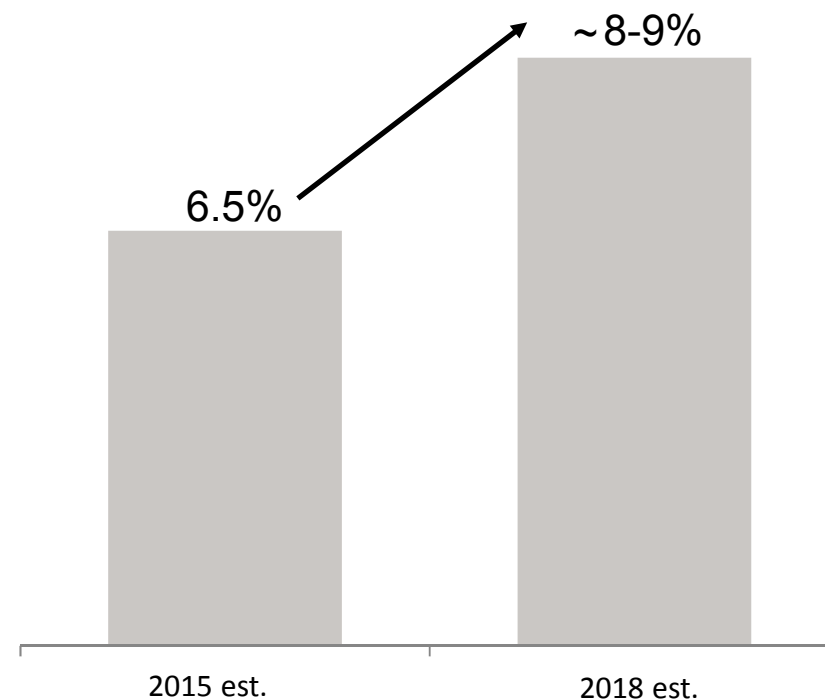
### Key drivers

- Operating efficiency
- Current EBIT growth
- Stable capital employed<sup>1</sup>
- Focus on capital efficiency and capex-light model
- Lower tax rate

### Average Capital Employed by segment<sup>1</sup>

€m	2015 est.
France	2.0
Rest of Europe	7.7
Rest of the World	4.0
World businesses	1.1
JV & associates & Other	1.7
<b>Total</b>	<b>16.5<sup>1</sup></b>

### Post-tax ROCE<sup>1</sup>



<sup>1</sup> Including operating financial assets and including JV and associates



## Two main objectives for 2018: Current net income above €800m and €1bn net free cash flow

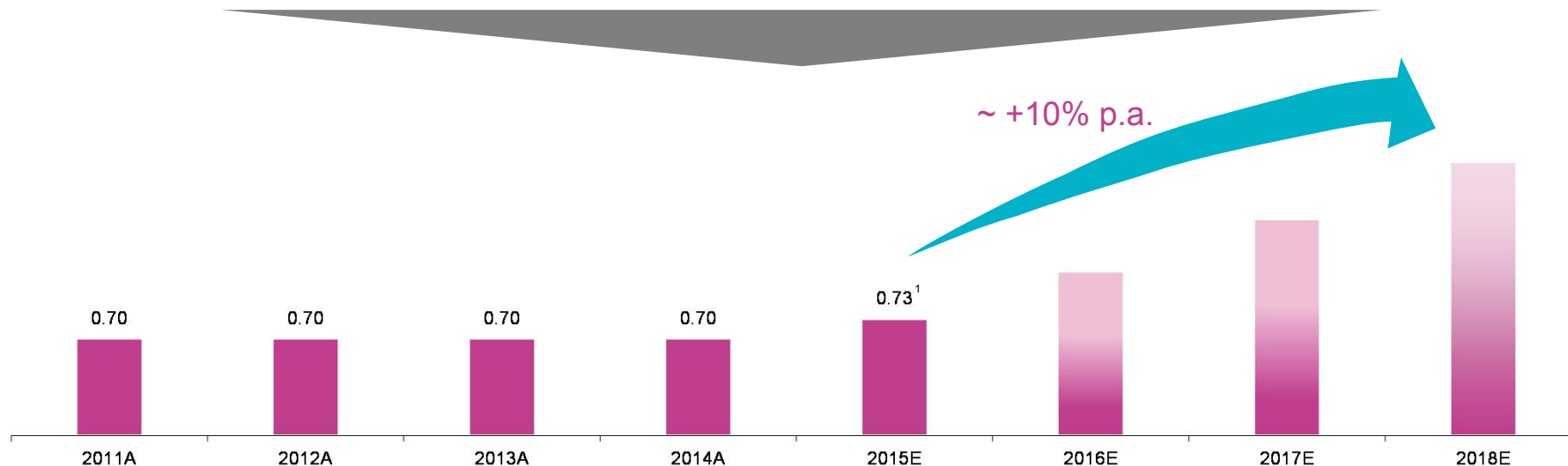
- Our transformation efforts and our renewed strategy allows Veolia to implement a new financial equation and enables us to set new 3-year financial targets
- Revenue growth supported by development investments gradually increasing to reach >€27bn revenues in 2018

	2015 estimates	2018 targets
Revenue	~ €25bn	> €27bn
EBITDA	~ €3bn	~ €3.5bn
Current net income group share	> €550m	> €800m
Free Cash Flow <sup>1</sup>	> €500m	~ €1bn

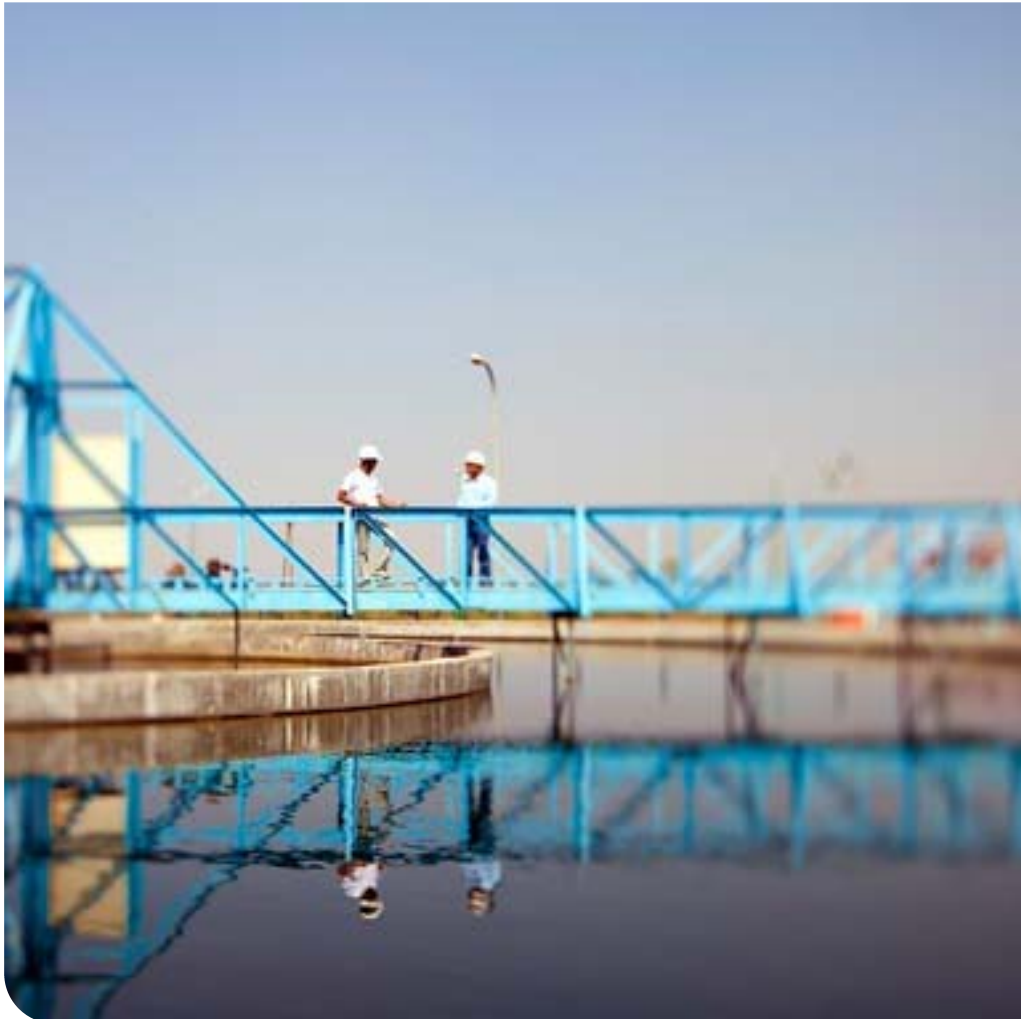
<sup>1</sup> Before dividends, assuming capex of c. €1.6-€1.7bn p.a. and constant net debt

## Restored dividend growth starting in FY2015

- Dividend increase in 2015 to €0.73<sup>1</sup> per share in cash signaling the Board's confidence in the future
- From 2016 to 2018, we expect to be able to provide around 10% annual dividend growth to our shareholders, while reducing our payout ratio



<sup>1</sup> Payable in 2016, to be proposed for approval at the company's annual shareholder meeting



## **Conclusion – wrap up**

**Antoine Frérot, Chairman and  
Chief Executive Officer**

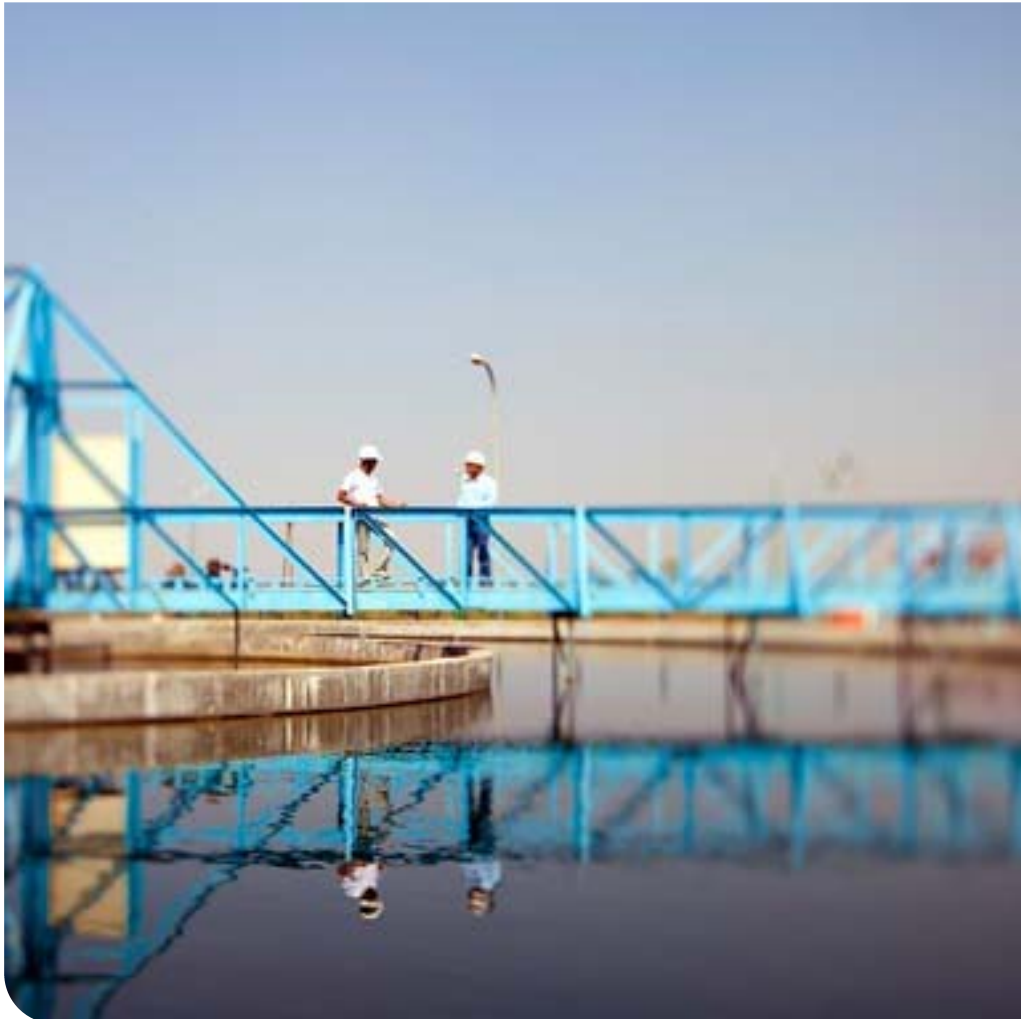


## Two main objectives for 2018: Current net income above €800m and €1bn net free cash flow

- Our transformation efforts and our renewed strategy allows Veolia to implement a new financial equation and enables us to set new 3-year financial targets
- Revenue growth supported by development investments gradually increasing to reach >€27bn revenues in 2018

	2015 estimates	2018 targets
Revenue	~ €25bn	> €27bn
EBITDA	~ €3bn	~ €3.5bn
Current net income group share	> €550m	> €800m
Free Cash Flow <sup>1</sup>	> €500m	~ €1bn

<sup>1</sup> Before dividends, assuming capex of c. €1.6-€1.7bn p.a. and constant net debt



## Q&A session



# Appendix

# Agenda



1. *Key macro sensitivities*
2. *Water in France*
3. *Waste in France*
4. *Veolia in Northern Europe (Germany, BELUX, Netherlands, Nordics)*
5. *Veolia in Central & Eastern Europe*
6. *Veolia in Southern Europe (Italy, Spain)*
7. *Veolia in Australia & New Zealand*
8. *Veolia in Africa & Middle East*
9. *Global Businesses*

# Key Macro Sensitivities

## Key macro sensitivities

FX	<ul style="list-style-type: none"> <li>Average +/-5% of key currencies vs. € =&gt; +/-€450m revenue &amp; +/-€65m EBITDA</li> </ul>
Oil	<ul style="list-style-type: none"> <li>+/-10% gasoline prices (for the Waste collection) =&gt; +/-€30m EBITDA (short term impact )</li> </ul>
Commodities	<ul style="list-style-type: none"> <li>+/-10% recycled paper prices =&gt; +/-€38m revenue &amp; +/-€6m EBITDA</li> <li>+/-10% scrap metals prices =&gt; +/-€16m revenue &amp; +/-€4m EBITDA</li> </ul>
Inflation	<ul style="list-style-type: none"> <li>+1% inflation on wages =&gt; -€75m EBITDA</li> </ul>
Weather	<ul style="list-style-type: none"> <li>+/-100 HDD<sup>1</sup> in Central &amp; Eastern Europe =&gt; +/-€22m revenue &amp; +/-€10m EBITDA (during the winter season)</li> <li>+/- 1% volumes in French Water =&gt; +/-€15m revenue &amp; +/-€10m EBITDA</li> </ul>

<sup>1</sup> Heating Degree Days



# Water in France

# Water in France

## Key figures

2015 est. Revenue: **€2.9bn**

Average duration of remaining contracts at 2015-end: 7 years

### Key Indicators

#### 1. Drinking water

- Number of PSD contracts: 1,940
- Number of clients: 7.2 million
- Volumes sold: 1,269 million m<sup>3</sup>
- Linear of network: 204.4 Mml
- Treatment plants: 745
- Smart meters: 1.67million

#### 2. Wastewater

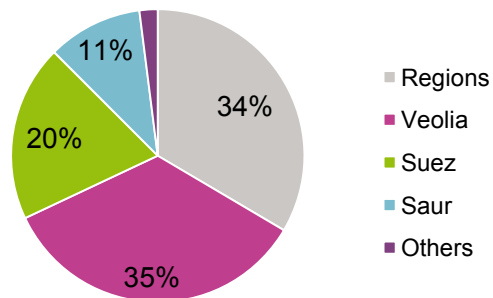
- Number of PSD contracts: 1,714
- Number of users: 4.2 million
- Volumes sold: 699 million m<sup>3</sup>
- Linear of network: 73.7 Mml
- Wastewater treatment plants: 2,511



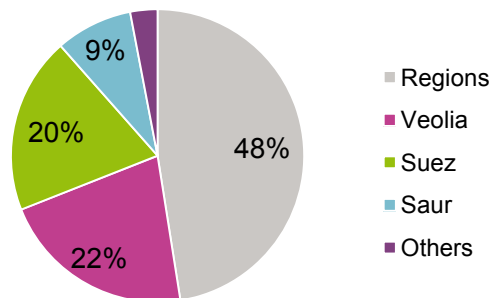
# Water France

## Key market trends

### Drinking Water



### Wastewater treatment



#### ■ **Mature market:**

- ✓ Delegation market stagnating following a period characterized by numerous contract renegotiations and/or a significant reduction in price
- ✓ Decline/ stagnation of volumes (roughly -1% per year); weak inflation
- ✓ End of a period of major facility investments

#### ■ **The PSD model is more constrained** (duration – Olivet decision, security, transparency, Brottes law...)

#### ■ **Strong regulatory changes underway**

## Water France

### Veolia Offer and Differentiating Factors

- **Leasing contracts with a social component** (ex: Lille) – differentiation through Veolia's ability to provide innovative services
- **Smart Water Box:** worldwide partnership with IBM, industrialized offer (reinforcement of network and plant performance, and of the security related to water quality; address the clients' need for transparency)
- **Specialty companies:** new high value added services for regions; protection of our cutting edge know-how
- **"Social business" incubators**

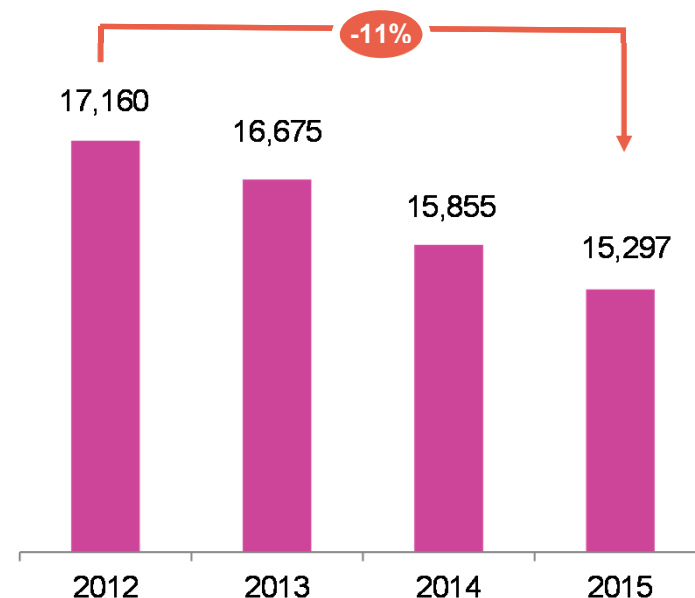
# Water France

## 2011-2015 Transformation plan

Transformation of the company to regain competitiveness and efficiency, and end the decline in margins

- **Continuing cost reduction actions** initiated in prior years (Hellébore)
- **Restructuring plan** aimed at:
  - Improved efficiency through increased responsiveness and Regional Center autonomy while achieving structural savings: 4 Zones (vs. 7 regions previously), 21 Regional Centers (vs. 32 previously), simplified decision making
  - Downsizing employee numbers, via internal mobility and a voluntary departure plan
  - Developing specialty companies to preserve know-how, developing new markets and supplementing through a specific approach, productivity gains from the reorganization plan
- **Modernization of information systems** and reformation of the **performance analysis system**
  - Analytical management by contract
  - Securing systems and lower costs

French Water FTE



## Water France

### 2016-2018 strategy & prospects

- **Continue Efficiency and Productivity gains**
    - IT, Purchasing, Energy...
  - **Re-develop the business around new services**
    - Industrialization of offers
    - New services: customer services etc.
- ⇒ **Gradual improvement in EBITDA thanks to:**
- Development of new services via specialized companies
  - Commercial development compensates impact from contract renewals
  - Continued productivity gains and purchasing savings

# **Recycling and Waste Recovery in France**

## Municipal: key market trends

- Mature market
- Volume trends:
  - Confirmed trend in tonnages decline, including landfill, due to economic slowdown
  - Energy transition law: tonnages sent to landfill must be reduced by 30% by 2020 and by 50% by 2025
- Sharp drop in metals and plastic prices
- Energy transition law also creates opportunities:
  - generalized mandatory biowaste collection by 2025
  - mandatory “5 stream” collection (paper, plastics, wood, metals, glass) for both public and private sector,
  - 70% waste recycling & recovery target for construction sector
  - Legal framework for refuse derived fuel development

## A zone under transformation

### ***Industry trends render business model shift mandatory***

- **Ambition: to become the reference producer of recycled raw materials and green energy in France**

Transformation plan initiated 14 months ago:

- Zone organization aligned following a complete overhaul, to be more agile
- Target cost savings of 5% of costs by end of 2015: in line with the Group's cost savings plan
- Development objective: New offerings (recycled raw materials, green energy, innovative services) between now and 2017

# Veolia Differentiating Factors & Growth Drivers

## Key differentiating factors

- Strong research programs in recycling and green energy
- New modes of RDF recovery
- Biowaste comprehensive offer
- Dismantling units
- Innovative collection systems, reverse logistics, diffuse flow management, incentive pricing (based on weight)
- New model of Household Waste Recycling Centres: value added *Recycl'Inn* facilities
- Strong territorial presence

## Key drivers

- Shift from waste services provider to industry leader transforming waste into recycled raw materials and green energy
- Energy transition law
- Refuse derived fuel
- Positioning in the circular economy: developing recycling and processing of recycled raw material
- Innovative Solutions



## Revenue by activity and installations

Revenue by activity	% Revenue
Municipal Collection	22%
Commercial & Industrial Collection	21%
Transfer - Sorting - Recycling - Trading - Compost	35%
WTE (Energy recovery facilities)	13%
Landfill	10%

### Facilities:

- 154 sorting & recycling centers
- 58 biological treatment platforms
- 45 energy recovery facilities
- 37 landfills

**Electricity production of our facilities:**  
equivalent to the consumption of the Toulouse agglomeration

**Heat production from our facilities:**  
equivalent to the consumption of the city of Lyon

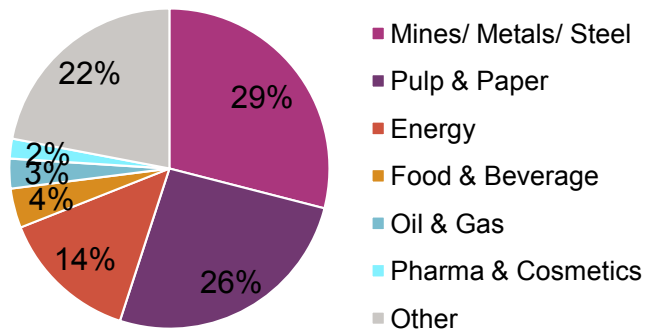
## Our clients

**Commercial & Industrial: 53%**  
60,000 companies  
Industries 33%  
Tertiary 20%

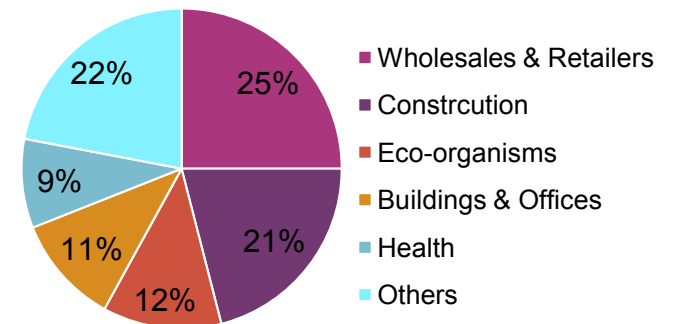


**Municipal clients: 47%**  
4,000 municipalities serving  
more than 16 million  
inhabitants

### Industrial client split



### Tertiary client split



# Contribution of the Zone to the Group's strategic growth platforms – Dismantling of ships

## Markets



Oil & Gas



Mining



Food & Beverage



Complete management of the entire value chain:

- logistics
- dismantling
- asbestos removal
- materials recovery
- treatment of residual waste

## Transversal Themes



Dismantling



Circular Economy



Innovative solutions for Cities



Difficult pollutants



Example

- Client: Marine Nationale
- Ships: the Jeanne d'Arc and the Colbert
- Contract: €11.5 million
- Duration: 32 months
- Recovery rate: greater than 90%

# Contribution of the Zone to the Group's strategic growth platforms– Dismantling of RER train cars

## Markets



## Transversal Themes



## Veolia dismantles old RER A rail sets for RATP

End-of-life dismantling of 317 passenger cars

FRANCE  
Torvilliers



1 passenger car:

25 meters long



30 metric tons

Torvilliers dismantling center

Construction of a negative-pressure clean room to prevent the dispersal of asbestos particles

Asbestos removal by qualified personnel in a clean room with total confinement

Removal of the seats and steps

Carcass cut into pieces and windows removed

Depollution

High-pressure cleaning water filtered, treated and reused to depollute other car sets: creation of a closed loop

Sorting and recovery of  
**97%**  
of the materials

agence 216

# Innovative solutions for cities

## Collection

### Markets



Oil & Gas



Mining



Food & Beverage

### Transversal Themes



Dismantling



Circular Economy



Innovative solutions for Cities



Difficult pollutants

### Example: pneumatic collection

- Household waste is transported via an underground network, from fixed collection points to a compaction unit
  - Lower emissions due to less dump truck traffic*
  - Eliminates the nuisance related to storage and removal of waste bins*
- Potential in France limited to new urban developments, but strong potential elsewhere in the world



### Example: Waste truck powered by compressed air

- Prototype is pending approval in order to facilitate more environmentally friendly collection

# Recycled raw materials innovation: auto-adaptive sequential sorting and remotely operating sorting (Amiens)

## Markets



## Transversal Themes



## Two challenges:

- To improve sorting of plastics, one of the most complex product families to sort
- To improve working conditions by limiting contact between the operator and waste

## Results:

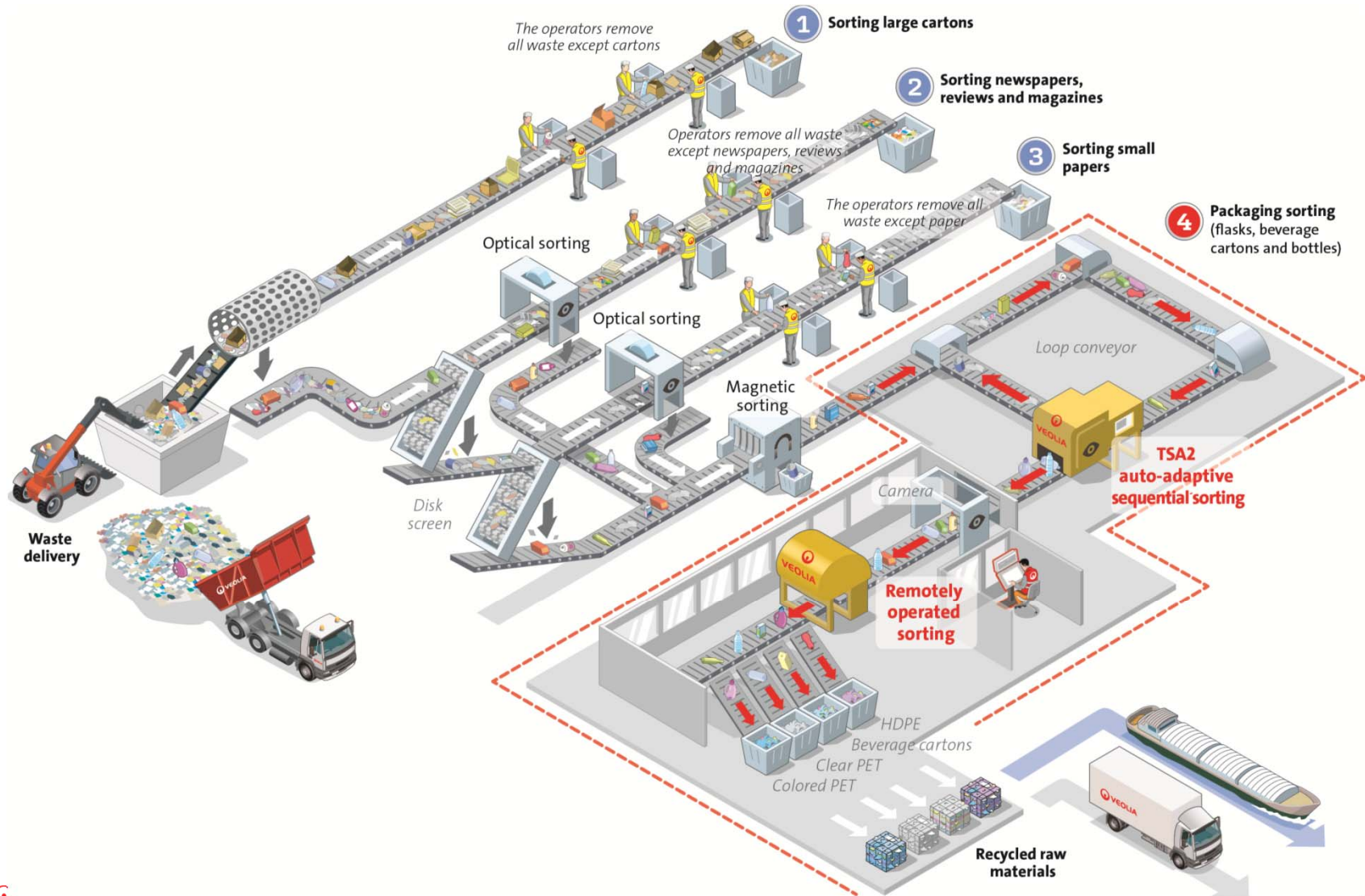
- Sorting is 2.5x faster and better (+6% increase in sorted plastics)
- Reprogrammable to include new plastics
- Development of a touch screen to sort packaging waste without touching it
- Investment: €2.5m





# Remotely operated waste sorting center in Amiens

## Process overview



# Green Energy Innovation: Improved energy recovery at a landfill site (Lapouyade, Gironde)

## Markets



Oil & Gas



Mining



Food & Beverage

## Transversal Themes



Dismantling



Circular Economy



Innovative solutions for Cities



Difficult pollutants

### Three challenges:

- Recovery of waste heat to be utilized by 8 biogas motors (transforming waste into energy - 8MW)
- Development of economic activity in rural areas
- Acceptance of the landfill site by local residents

Partnership between Veolia and farmers: water that is used to cool motors flows through an underground network to heat greenhouses where tomatoes are grown.

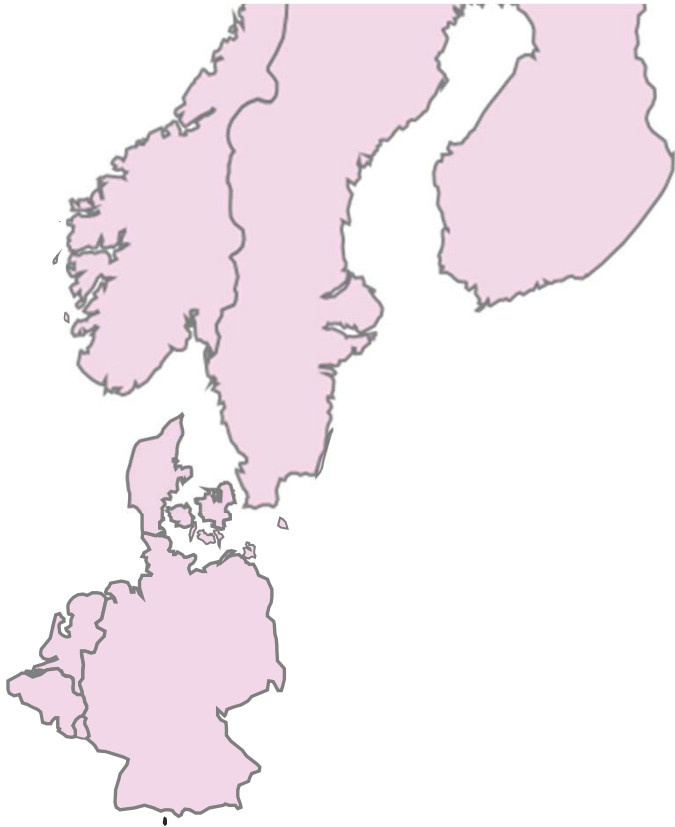




# **Veolia in Northern Europe countries**

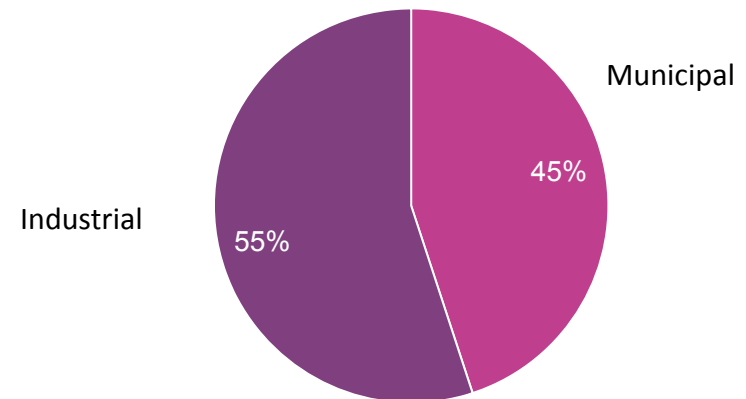
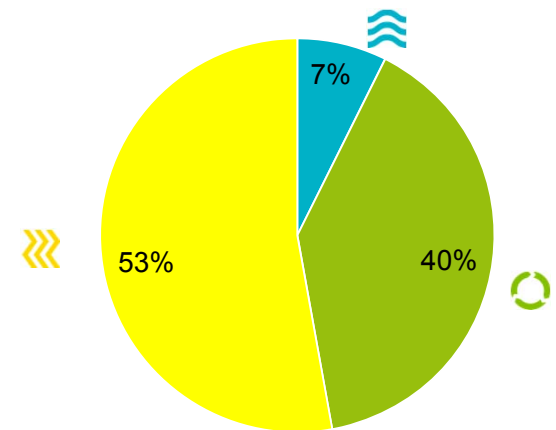
# Veolia in Northern Europe

## Veolia's presence



## Key figures

2015 est. revenue:  
€2.2bn



## Northern Europe Market trends

- **Large market**
  - 130m Inhabitants / 85% € zone
- **Strong and respected policy and regulation**
  - ...at the forefront of EC requirements (CO<sub>2</sub>, efficiency, recycling..)
- **Market under pressure with strong competition and declining commodity prices**
- **Industrial platforms & energy assets for sale**
- **Local District Heating Network development**
- **Strong player in Germany, Belgium & Sweden - Becoming visible in the Netherlands & Finland**

## Veolia in Northern Europe Strategy

### Veolia key differentiating factors

- ✓ Strong portfolio of key industrial clients
- ✓ Large Territorial presence, combination of Water, Waste & Energy businesses, Technical expertise and advisory capabilities

#### ■ **Current business reinforcement**

- Geographical optimization
- Vertical integration

#### ■ **Evolution of Business model towards more value added**

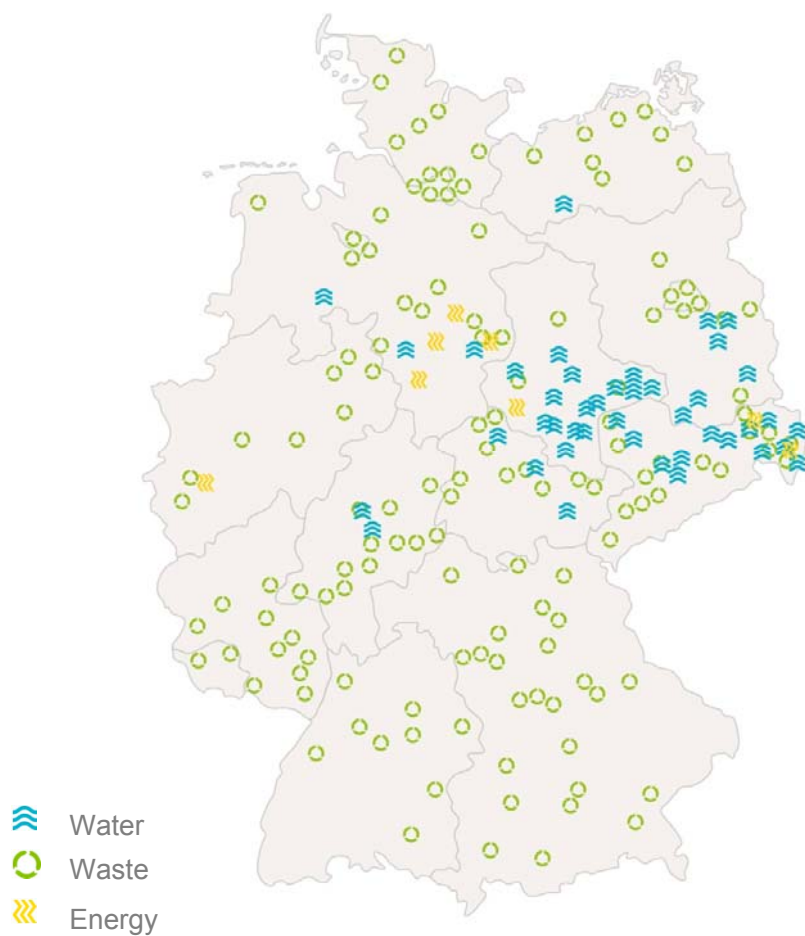
- Utility supply (local DHNs, local CHP and cogeneration units)
- Plant operation with Efficiency value sharing (ecosolutions and Hubgrade)

#### ■ **New Business development**

- Circular Economy with added value (AKG, Rödental waste enhancement)
- Electricity flexibility

# Veolia in Germany

## Veolia in Germany



Over  
**200 sites**

Headquarters in Berlin



More than  
**10,000**  
employees

**€1.7 billion in**  
revenue

## Veolia with three business lines in Germany



### WATER

- Drinking water supply for more than 905,000 people
- Wastewater treatment for 795,000 people
- Partner of more than 230 municipalities

Employees:  
c. 700



### WASTE

- More than 110,000 customers from industry, commerce and trade
- Local partner for more than 12 million people

Employees:  
c. 9,350



### ENERGY

- Municipal partner in energy supply
- 340,000 electricity and gas customers
- Public lighting contracts
- Investments in public utilities

Employees:  
c. 1,300

# Business Water Management

Specialists for water supply and wastewater disposal

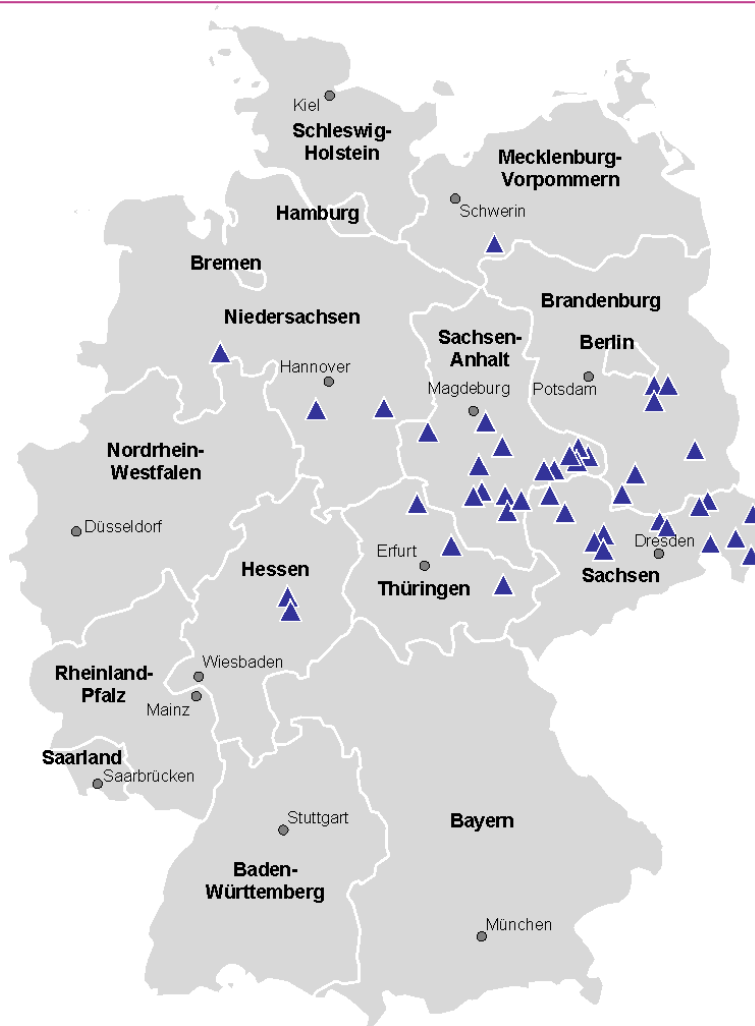


- Water supply (drinking water, service water, ultrapure water and process water)
- Wastewater treatment, -recycling
- Planning, construction, operation, maintenance of water/ wastewater treatment plants
- Technical water and wastewater concepts and studies
- Water2Energy – increasing energy efficiency of waste water treatment systems
- Water2Value – analysis of water cycles and creation of recycling concepts
- Transport and utilization of sewage sludge by p-recovery
- Kanal+ – services around canalisation and asset management
- Innovative water meter management
- Operation of swimming pools
- Laboratory work and legionella control



# Business Water Management

Specialists for water supply and wastewater disposal



- Partnership with >300 municipalities
- C. 700 employees
- C. €72m turnover
- Drinking water supply for c. 1.3 m people
- Sewage water disposal for c. 1.7 m people
- Operators of 8 municipal swimming pools

# Business Waste Management

Experts in waste management and recycling



- Nationwide waste management
- Complete waste management for all waste fractions
- Modern recycling technologies
- Marketing of recyclable materials
- Production of alternative energy sources
- Industrial services
- Infrastructural building services
- Technical services
- Pipe and sewer cleaning

# Business Waste Management

## Experts in waste management and recycling



- Turnover €870m
- C. 9,350 employees
- > 165 locations and > 60 treatment and sorting plants
- > 2,400 vehicles
- Marketing of 2,1m tons of waste paper
- Treatment of > 2m tons of waste for disposal and sorting residues
- > 110,000 business, commerce & industry clients
- Municipal services for > 12m people

# Business Energy Management

## Innovative solutions for energy efficiency



- Energy efficiency management
- Local and district heating networks, cooling networks
- Decentralized energy supply
- Renewable energies
- Technology/engineering for CO<sub>2</sub> reduction
- Partnership with local communities in the set-up and operation of public utilities
- Energy and fuel strategies
- Technical-energetic plant optimization and technical building management
- Energy supply
- E-mobility

# Business Energy Management

## Innovative solutions for energy efficiency



- C. 1,300 employees
- C. €700m turnover
- Majority shareholder of 3 municipal utilities (energy supply for 320,000 people)
- 5 municipal utilities in the process of rebuilding (energy supply for 160,000 people)
- 9 public lighting contracts for 67,000 light points

## Mid-term ambition

**2016**

- Focus in 2016 is on positioning Veolia on the Waste re-composition market which is an accelerating process and the strengthening of our multi-business growth platform VIS

**2017**

- Focus in 2017 is the organic growth of the Water & Energy business targeting adequate projects in selected areas

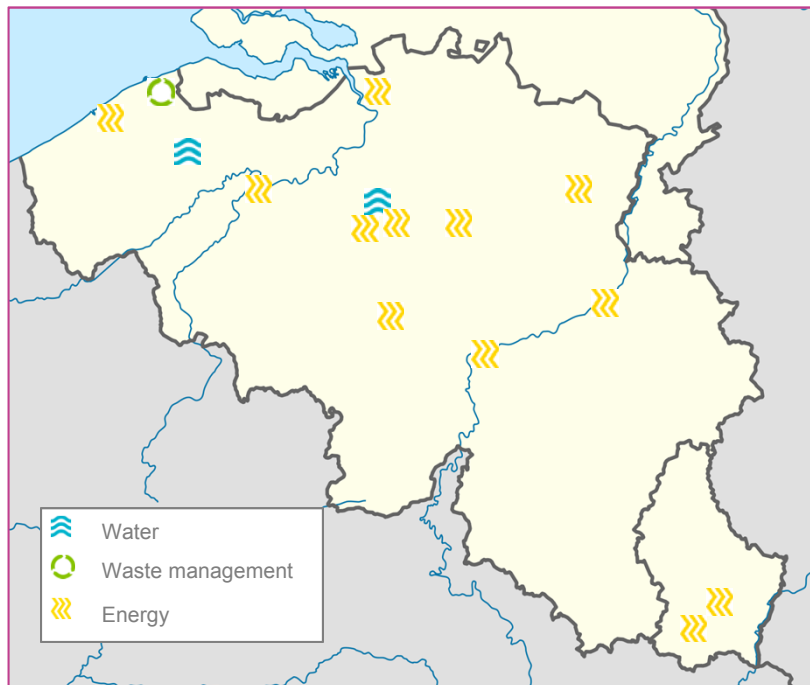
**2018**

- Focus in 2018 is the consistent approach regarding the Stadtwerke model and a reactive behavior on the moving German market

# Veolia in BELUX

## BELUX experience

(€229m - 1,770 employees)



- 12 offices all over Belgium and Luxemburg
- 30 000 installations maintained
- 9 000 buildings managed
- 18 CHP under operation
- 3.4 million m<sup>2</sup> managed
- Heating & cooling network expertise



- 1 Municipal 33,000 t/y incineration plant



- Construction, operation and financing of the largest WWTP in Belgium (Brussels-North)
- Comprehensive operation of industrial wastewater treatment plant of one of the largest dairy plants in Europe
- Operation support for industries



# BELUX experience

(€229m - 1,770 employees)

## WATER



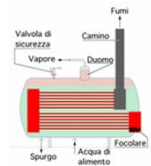
## ENERGY



## WASTE



## NETWORK MANAGEMENT



## PRODUCTION



## SERVICES

	No	Small DHN in development	No
	Brussels North WWTP	Decentralised steam, CHP, Biomass plant	Hazardous and liquid waste treatment (SARPI) Composting (SEDE)
	Industry: consulting (Seureca), O&M, after-sales services (VWT) Commercial: Building related water services	Strong portfolio Building Energy Services	WWTP Sludge & Organics for municipalities & industries (SEDE)



Experience



Experience

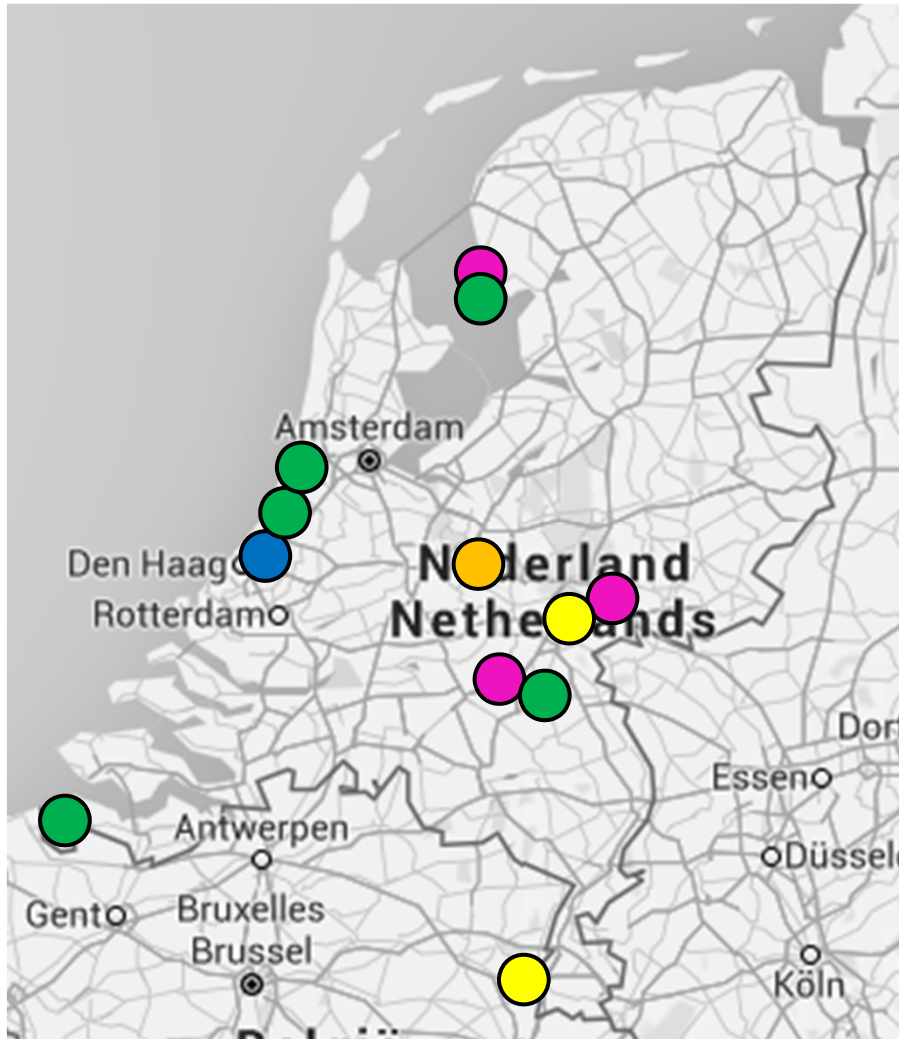


Experience

# **Veolia in the Netherlands**

## Veolia in the Netherlands

(€90m - 350 employees)



### Key Clients

F&B – Verkade, DEMB, Cargill, Mars

Gas & Oil – Akzo, Arkema, Exxon

Chemical & Commodity – Tata Steel

Financial – ING & NN



Biomass DHN



Industrial parks



Industrial Utility



Industrial Rest Heat DHN



Industrial WWTP

# The Netherlands experience

(€90m - 350 employees)

## WATER



## ENERGY



## WASTE

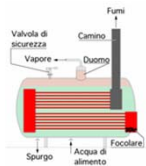


## NETWORK MANAGEMENT

No

3rd player in NL following acquisition of Ennaturlik in 2014

No



## PRODUCTION

Few industrial WWTP O&M

Decentralised steam, CHP, Biomass plant for industry & municipalities

No



## SERVICES

After sales services (VWT)  
Industry and building related water services

Consistant portfolio Building Energy Services

No



Experience



Experience



Experience

# **Veolia in the Nordics**

# Veolia in the Nordic Countries

## Veolia in the Nordic Countries

- Turnover: **€240m**
- **1,180** employees
- Above **70** locations in the Nordics



**SUSTAINABILITY CIRCLE**  
maintenance creates sustainability



## Some of our clients

### Mining & Metal

outokumpu



LKAB

BOLIDEN



NORILSK NICKEL

SANDVIK

SSAB

### Food & Beverage

Setra



scan

Arcus

ALTIA  
— YOUR 1ST CHOICE —

Arla

AGRI MARKET

### Public clients

BORÅS  
ENERGI & MILJÖ  
Ingår i Borås Stadshus AB

NORRVATTEN

Trelleborgs  
Fjärrvärme AB

VELLINGE  
KOMMUN

ØRESUNDSBRON



NORRTÄLJE  
KOMMUN

Landstinget  
i Östergötland

Järfälla  
Kommun

locum.  
VÅRDEN FÖR VÅRDEN

Telia

Jernhusen

### Manufacturing Industries

VOLVO



TRELLEBORG

Raufoss Industripark

# Nordics experience (€240m - 1,100 employees)

## WATER



## ENERGY



## WASTE

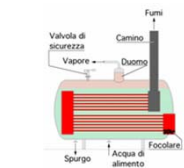


## NETWORK MANAGEMENT

Small municipal contract

O&M for Borås District  
Heating Networks

No



## PRODUCTION

Small municipal contract

Decentralised steam, CHP,  
Biomass plant for industry &  
municipalities

No



## SERVICES

After sales services (VWT)  
Industry and building related  
water services

consistent portfolio Building  
Energy Services

No



Experience



Experience



Experience

# **Veolia in Central & Eastern Europe**



## Key figures

### KEY FIGURES



#### WATER

People served: **11,470,000**  
Employees: **c.14,000**  
Revenue: **€1.0bn**



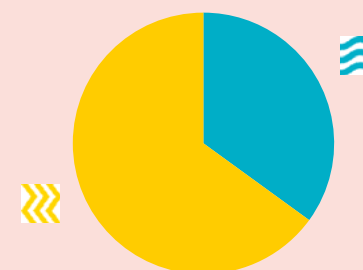
#### ENERGY

People served: **3,842,000**  
Employees: **c.11,000**  
Revenue: **€1.9bn**

#### Total for Central & Eastern Europe Zone:

People served: **16,000,000**  
Employees: **25,000**  
2015 estimated revenue: **€2.9bn**

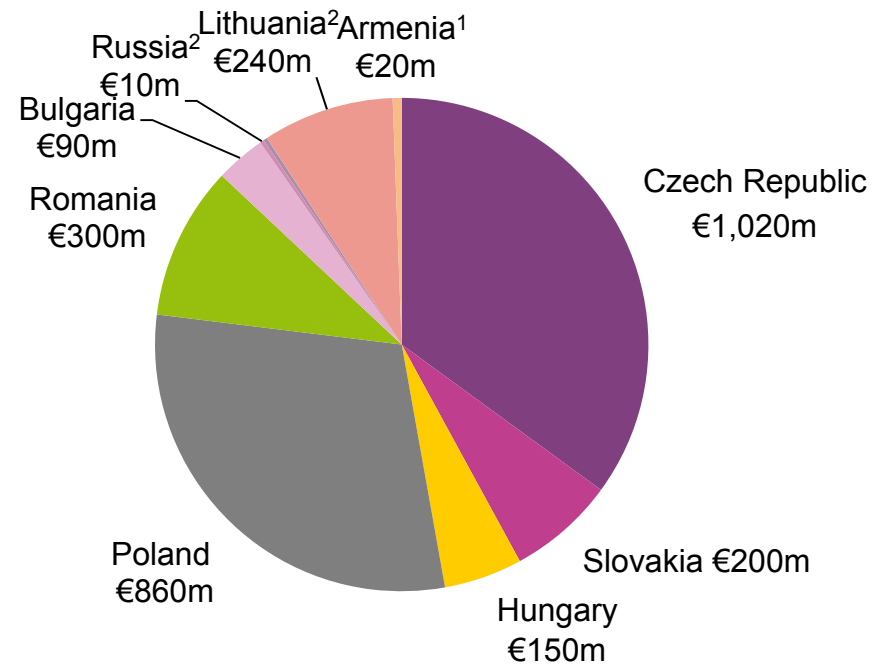
#### Total revenue



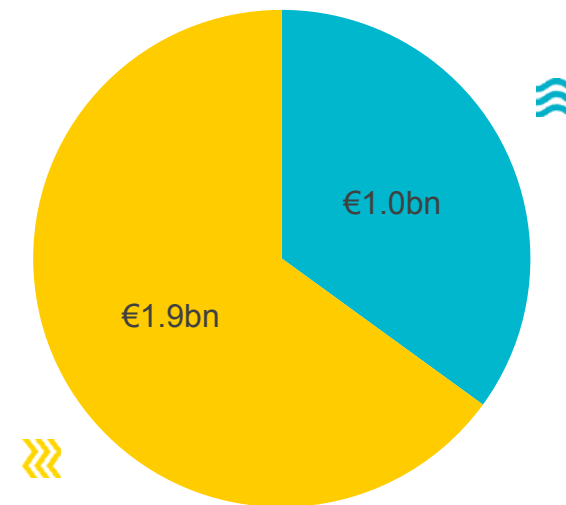
## 2015 revenue

### Water, Energy

Revenue by country



Revenue by business



1 Water only  
2 Energy only

## Success in the Central Europe water market



A history of more than 20 years to achieve current revenue of ~ €1bn based on customized long-term partnerships

1994	1996	1999	2000	2001	2002	2006	2006	2010
Szeged, Hungary	Pilsen, Czech Rep.	North Bohemia, Czech Rep.	Bucharest, Ploiesti Romania	Prague, Czech Rep.	Tarnowskie Gory, Poland	Yerevan Armenia	Banska Bystrica, Poprad, Slovakia	Sofia, Bulgaria

Customized strategy  
and business model  
by country



Czech Republic and  
Slovakia:  
**Lease Contract**

Bulgaria, Hungary,  
Romania:  
**Concession**

## Success in the Central Europe energy market



A history of more than 20 years to achieve the current revenue of ~ €2bn based on customized long-term partnerships

1991	2000	2000	2002	2002	2005	2007	2008	2012
Hotel Prague Hilton, Czech Rep.	Ploiesti, Romania	Bratislava Petržalka, Slovakia	Vilnius, Lithuania	Poznan, Poland	Łódź, Poland	Varna, Bulgaria	Žiar nad Hronom, Slovakia	Warsaw, Poland

Customized strategy and business model by country



Czech Republic and Slovakia:  
**Mixed Lease Contract** and Ownership of assets

Bulgaria, Lithuania, Romania:  
**Concession**

Poland:  
**Ownership of assets**

## Key market trends

- Market remains supported **by infrastructure improvement and modernization needs** and the opportunity to connect new areas to heating networks managed by Veolia
- **Favorable regulatory context** related to the application of European Environmental directives (upgrades) and European Energy directives (efficiency, renewables)
- *Water/ Energy Markets impacted by:*
  - ✓ **Tariff and margin pressure** related to changes in regulatory mechanisms, uncertainties regarding incentive policies for renewable energy production and obligatory costs/investments related to required upgrades
  - ✓ **Development obstacles:** lower duration contracts in the EU, unstable geopolitical situation in certain Central European countries

## Main development focus (1/2)

- Improve profitability of our current position
  - Maintain/improve the profitability of heating network platforms
    - Connection of new customers/new city areas
    - Investments in certain production facilities to optimize their energy mix
  - Adapt existing contracts to the digital world and/or to new regulations
    - Integration of digital or complementary services in some contracts
    - Ensuring compliance with environmental regulations (wastewater treatment, pollution treatment) and energy regulations (harmful emissions) at facilities
  - Renewal of expiring contracts
    - Preparation for the renewal of contacts which expire in the next five years
- New opportunities in the conventional Water and Energy markets
  - Targeted developments regarding medium sized cities, particularly where our presence can lead to significant improvement in service performance

## Main development focus (2/2)

- Enter the “waste-to-energy” market
  - Via incineration projects with energy recovery in a PPP framework (BOT or DBFO)...
  - ... in which Veolia would serve as the operator
    - Projects in partnership with investors, with Veolia as a minority investor if necessary
    - Projects co-financed by European subsidies
- Enhanced range of offers
  - Develop a new range of services:
    - Offering to improve water services management/energy management (improved network efficiency, maintenance planning optimization, energy efficiency “Hubgrade”)
    - Energy recovery offering related to wastewater sludge/waste
    - Customer service management (global front office and back office offer)
- Become a leading player in the building energy efficiency market
  - Enhance the Group’s range of offers for buildings with energy efficiency
  - Contribute to the establishment of benchmark contractual models in Energy Performance in each country with “Building Hubgrade” at the core
  - Develop activities in this market by targeting in order of priority (1) collective housing, (2) hospitals and (3) offices and shopping centers

## Veolia offer and differentiating factors

- Delegated management /concession/DBFO projects: Differentiation by our ability to further develop our expertise, build partnerships and manage complex projects
- Common levers between Water and Energy business lines
  - Organisation optimization
  - Operational performance and construction optimization
  - Optimization of the accounting, invoicing and cash flows
  - Contract amendments to fulfill customer needs and existing regulations
  - Optimization of tariff negotiations
  - National incentive policies (environment, energy efficiency, renewable energy...)
- Levers specific to Energy
  - Optimization of energy mix
    - Optimization of fuel purchases to better protect from price volatility
    - Optimization of choice of production sources or investment in alternative production sources in order to create value
  - Managing connections to/disconnections from heating networks
    - Avoid disconnections (competitiveness vs alternative heat, particularly individual systems)
    - Connections of new systems/new houses to heating network
  - Ancillary revenue
    - optimization of the production and sale of electricity in the case of cogeneration
    - Ancillary services (Network support)

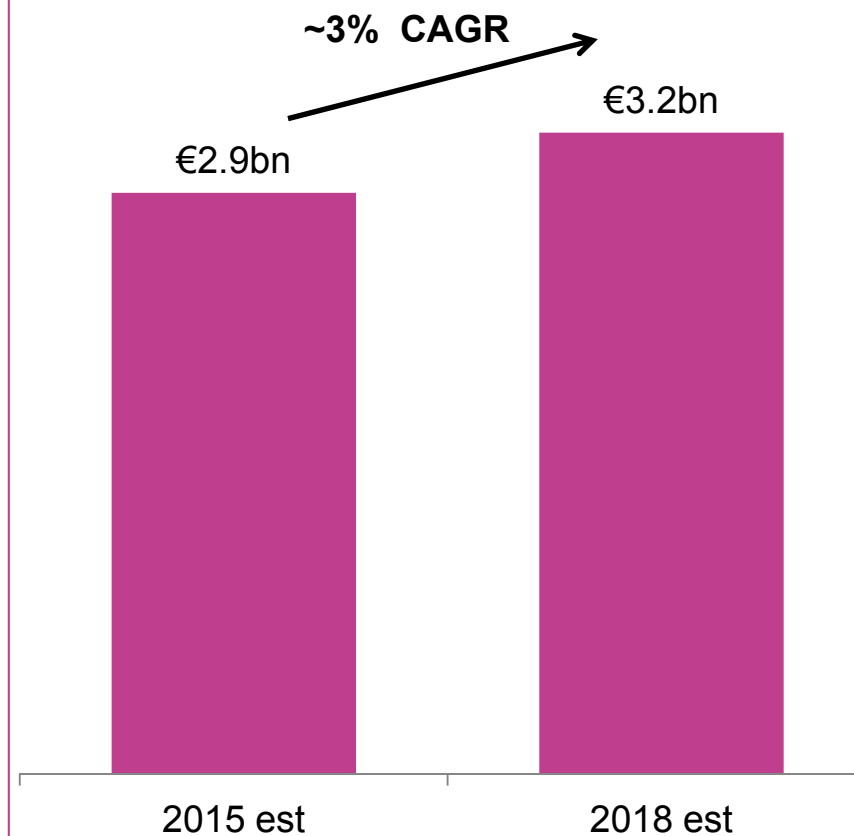


## Organic growth drivers and targets

### Key drivers

1. Success in large cities
  - Energy : heating networks
  - Water – ex: water and wastewater treatment services
2. Reinforcement of presence by new medium size contracts
  - Heating networks
  - Water or heating network concessions
3. Development of new services
  - Ex: Energy recovery from waste/sludge

### Revenue growth



## Prague water and wastewater (1/2)



**Population served:** 1.4m inhabitants.

**Signature:** 2001

**Duration:** 27 years

**Specificities:** The agreement includes about a hundred commitments of the Operator pertaining to (1) tariff and economic performance, (2) water quality and services' quality, (3) infrastructure repair and maintenance works, (4) Customer service (5) training of and guaranteed social conditions for staff

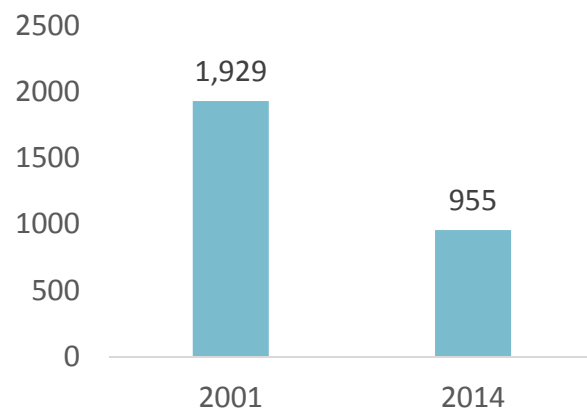
### **Investments:**

The Operator pays every year to the City the rent it sets to finance all the investments it has determined

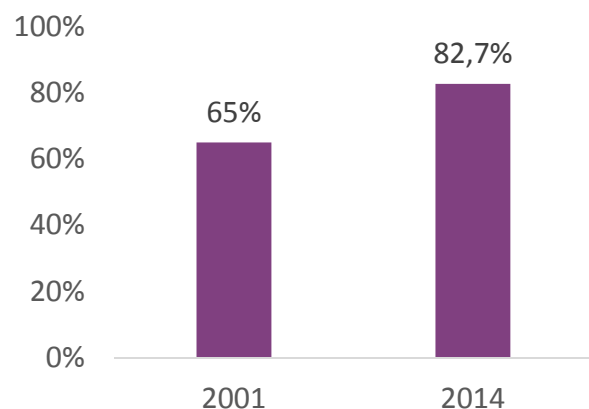
**Turnover 2014:** CZK5.86bn (c. €200m)

## Prague: water and wastewater (2/2)

### Employees



### Network performance



### Performance

#### Key results

**Progressive staff reduction without layoffs:** 1,929 in 2001 to 955 in 2014 (divided by 2)

**Improvement of the efficiency of the drinking water network:** 65% in 2001 to 82.7% in 2014

**Installation of SCADA** (*Supervisory Control and Data Acquisition*), centralised remote management **and GIS** (*Geographic Information System*) on the facilities

**optimization of the sludge treatment at the wastewater treatment plant** (anaerobic digestion) to significantly increase the production of **biogas**. Biogas to energy recovery produces through cogeneration 83% of the energy needed for daily operation of the plant.

Cost optimization allowing **to increase the rent paid to the City** (to finance investments) **faster than the tariff**

**Prague is a digital showcase of Veolia's know-how in water operation** in the country: SWiM (smart networks), numerous applications for the end-users

# **Veolia in Southern Europe**

# Veolia in Italy

## Veolia in Italy



**HQ Milan**

**4 Business Units:**

North West, North East,  
Centre North, Centre South  
(Holding and SSC)



**HQ Rome**



Est. 2015  
Revenues  
700M EUR

3,400  
Employees

23  
Subsidiaries  
91  
Offices

Over 3,000  
Customers

## Key strengths and objectives

### *Strengths*

- Strong presence in a restructuring market
- Italian leader in energy services and efficiency to civil buildings for Public Administration, Tertiary and Residential sector
- Leading position in Health sector
- New team on board
- A well-known brand

*Maintain and Capitalize*

### *Challenges*

- Transforming the company after recent difficulties
- Improving profitability through commercial development and operational performance
- Complex market with many opportunities
- Maintaining leadership in a price-driven Public market, but strategic for the Company
- Developing new offers for industrial, tertiary and residential customers

*Develop*

# Veolia in Spain



## Veolia in Spain

Revenues  
2014  
€259m

2,317  
Employees

32  
Companies

Over 3,000  
Customers



# Veolia in Spain

## Key strenghts and objectives

### *Strengths*

- Geographical presence in the market
- Continuous commercial development in a depressed economy
- Leadership in Energy Efficiency in Spain
- Strong operational team and tools
- Controlled SG&A

*Maintain and Capitalize*

### *Challenges*

- Improving profitability through
  - ✓ Energy Efficiency long term contracts
  - ✓ Integrated and streamlined organization
- Portfolio renewal with margin improvement
- Commercial development of Barcelona district system
- Specific focus on industrial market
- Build Waste and Water offers

*Profitability enhancement*

# Ecoenergies Barcelona: District Heating and Cooling



## CONTRACT SCOPE

**Site:** City of Barcelona

**Scope:** District heating and cooling

**Duration:** 30 years concession

## The challenge

A project in Barcelona: collaboration with the Barcelona City Council, L'Hospitalet city council and other entities in the metropolitan area.

A project that allows the buildings south of Barcelona, the Zona Franca and Hospitalet, to have heating, air conditioning and hot water with economic and efficient environmental solution

## Veolia's solution

A project awarded in 2009 whose main commitment is the preservation of environment, substantial improvement in efficiency energy and significant reduction of CO2 emissions, NOx and PM10

- Utilization of plant residue, originating in the maintenance of parks and gardens in Barcelona with a complement of forest biomass
- Using residual cold process regasification plant in the Port of Barcelona (up to 30 MW)

## The benefits for our client

- Environmental impact: preservation of the environment, integration of facilities to the urban environment, and reducing CO2 emissions.
- Comfort and ease of use, heat supply continuity. A comfortable and friendly environment
- Competitive cost: minimum investment and economical maintenance, competitive thermal energy with guaranteed technical solvency.
- Others like safe source of energy, quality of service, more secure environment, etc.

# MATARO (Barcelona): Waste treatment facility



## CONTRACT SCOPE

**Site:** City of Mataró (Barcelona)

**Scope:** Waste treatment including revamping of the incineration facility

**Duration:** 15 years

**418,000 residents served**

## The challenge

A joint-venture was set-up for Maresme Region household waste treatment including revamping of the incineration facility, construction of a pre-treatment, composting and gasification facilities with an operating contract from 01/01/2010 to 31/12/2024. The facility is treating waste of 30 municipalities from the Area

Veolia participates by 47% with another major shareholder

## Veolia's solution

« BOT » Contract MBT: 190.000 t/y Revamping of existing WtE plant: 141.382 t/y at 2.759 kcal/kg Bulky waste treatment: 6.000 t/y (including internal waste) Waste collection transfers: 49.000 t/y

- Improvements in the combustion control system
- Improvements in the boilers
- Improvements in the depuration system:
- Improvements in the emission control system

## The benefits for our client

- **Reduction in weight and volume (95%) residues**
- **High availability and reliability**
- **Energy recovery from waste**
- **Decreased need for landfills**
- **Valuation of slag and ash**

# VITORIA City: Building Energy services



## CONTRACT SCOPE

**Site:** City of Vitoria

**Scope:** Energy management

**Duration:** First signed on June, 29th, 1999. Renewed on September, 14th, 2009

## The challenge

Vitoria City Hall is a Veolia historical customer. It has been the first city hall to believe in and to sign an energy efficiency contract which is still today a reference at national level

## Veolia's solution

The maintenance of 323 buildings is forwarded  
Total guarantee and financing of the investment made for the heating-sanitary water and air-conditioning installations  
Giroa is in charge of the energy management with a fixed P1 deadline defined for each building

## Others

- Active participation in the Green Capital project (electric vehicles, biomass reference,...)
- Participation in the Lepazar XXI project: 25-year PPP for the municipal services headquarters
- Substitution of 6 boilers in biomass boilers
- Common project for biomass activity

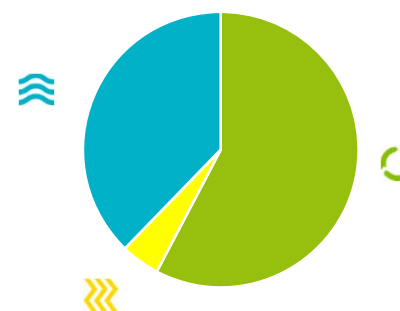
# **Veolia in Latin America**

# Latin America: Business overview

## Veolia's presence



## Key figures



2015 est. total revenue:  
€650m

- 80+ contracts
- 10,500 employees
- 70+ subsidiaries



## Key Strengths and challenges

### *Strengths*

- Present in 7 countries which mitigates risk
- Proven experience in all kinds of contracts in Waste and Water
- Powerful “LATAM” local and corp. teams
- A unique organizational chart
- Powerful local partners
- A well-known and appreciated brand for municipal market
- Controlled SG&A costs

### *Challenges*

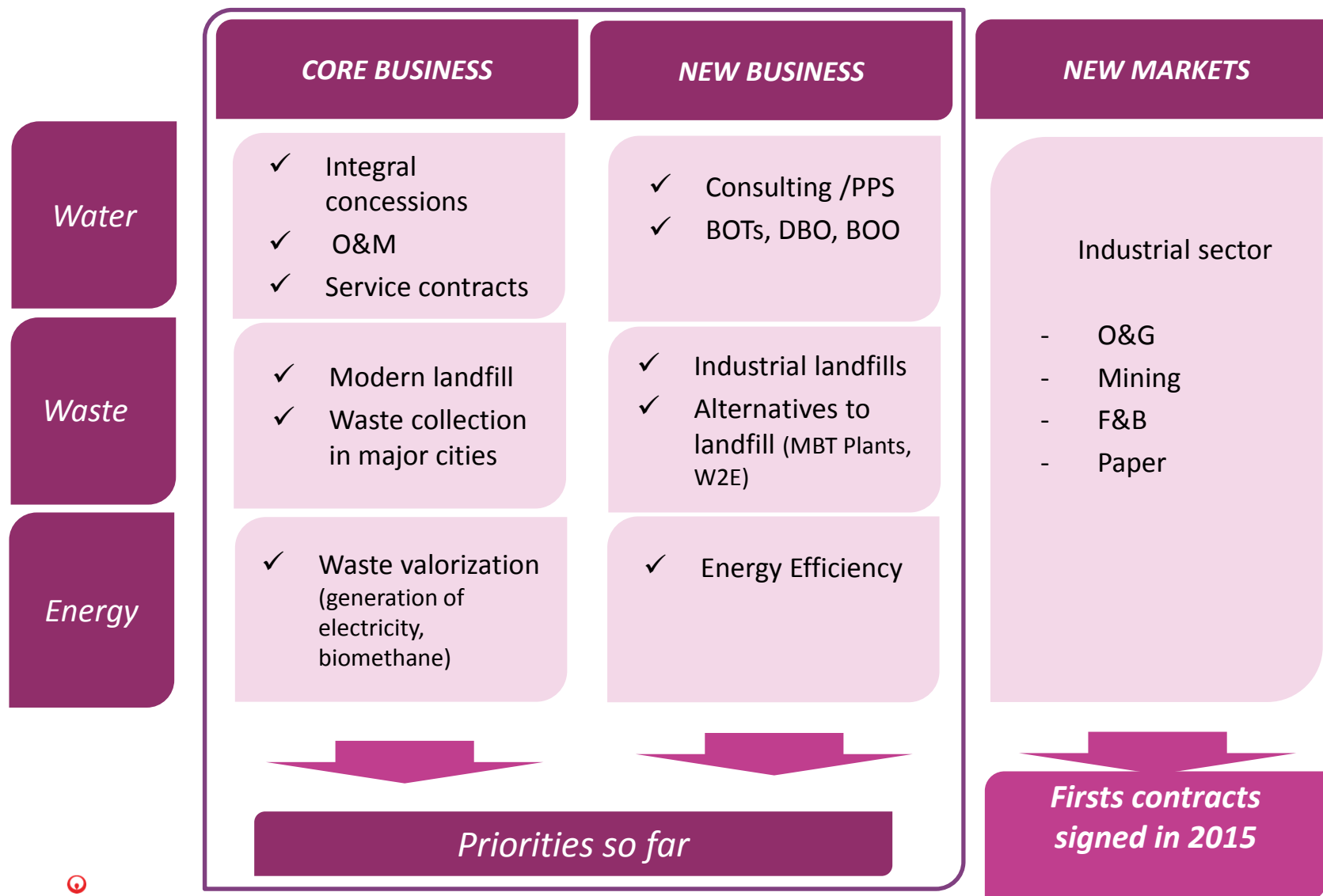
- «Poor» technologies to strengthen & prices level sometimes very low (prices of waste in Mexico, water in Ecuador...)
- A continent divided in 2 blocs (investment grade versus Bolivarian axis)
- A zone still dependent on raw materials
- A very competitive market
- Strict legislation, not always respected

*Maintain and Capitalize on the Advantages*

*Tackle Weaknesses*



# Strategy by Activity



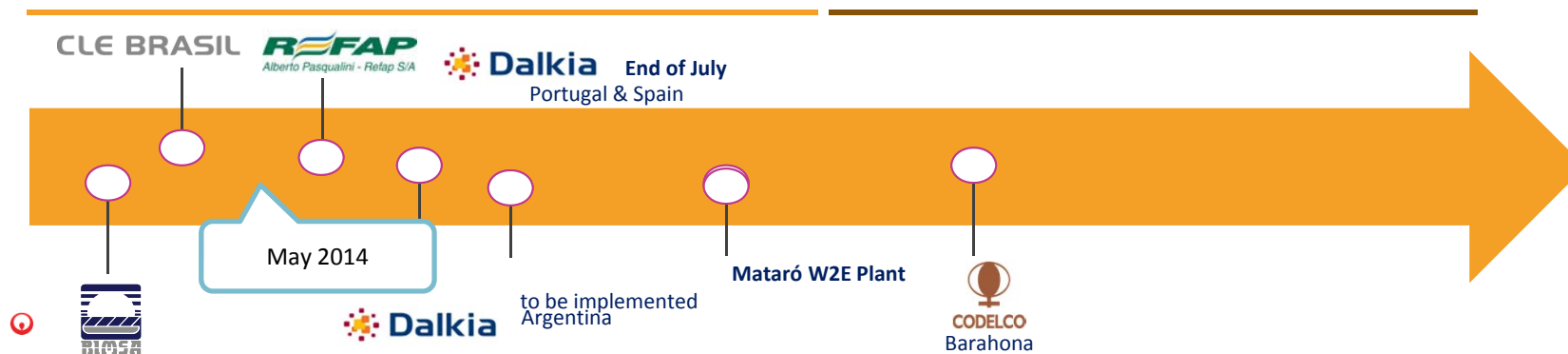
## The main industrial businesses are integrated



2014

Implementation has been completed

2015



## Municipal long term plan: key market trends

- **Moderate growth:** heterogeneous market growing at a small pace in 2014 and 2015, in particular due to the situation in Brazil (Petrobras scandal) and to the falling oil prices which impact local economies
- **Strong urbanization:** about ~290 cities with over 200K inhabitants (including 125 in Brazil) and an urbanization rate of c.75% (the highest in emerging countries)
- **Traditional market** with a very low access rate to the service and an evolving regulatory environment, though weakly enforced

# Organic growth & Targets

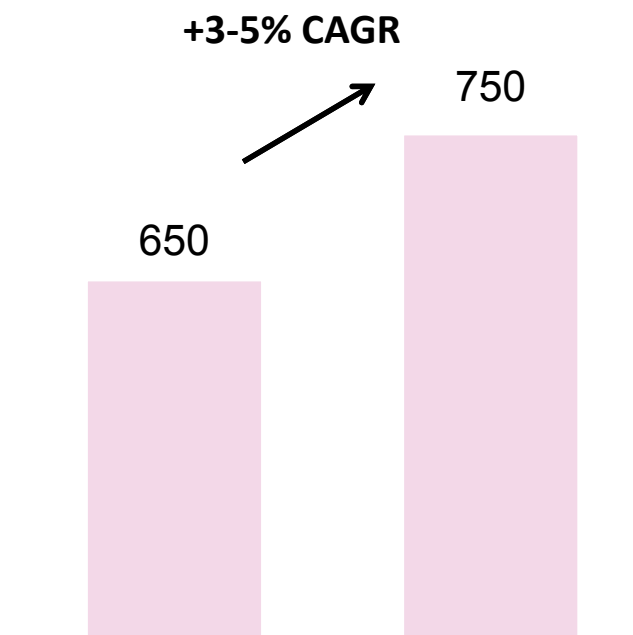
## Key drivers

- Reinforce our core activities
  - ✓ Water: Concessions / BOT in Mexico, Colombia, Peru
  - ✓ Waste in Mexico, Colombia, Peru, Chile, Argentina (dumpsites with biogas recovery)

## Key differentiators

- Water concessions (AssetCo/OpCo)
- Waste: landfill sites, biogas recovery
- Differentiating factors:
  - ✓ proven and recognized local experience
  - ✓ brand name and group size vs. unreliable local competitors;
  - ✓ powerful local partners (ex: ICA in Mexico)

## Revenue growth



# Focus Guayaquil, Ecuador contract: A comprehensive program providing access to water

## CONTRACT SCOPE

**Site:** City of Guayaquil

**Scope:** Operation and maintenance of the drinking water and wastewater services

**Duration:** 30 years

**Contract Type:** Concession

**Annual Revenue:** €145m

### EXPERTISE

- 5,000 km of water network
- 4 625 km of sewer network
- 481 067 water meters
- 3 drinking water treatment plants

◦ **60% increase in access to safe drinking water in the last 10 years**

◦ **2,5 M Inhabitants served**

**More than 1,000,000 m<sup>3</sup>/d of water produced**

## The challenge

The Guayaquil Government aimed to improve the services and operating performance of the existing water utilities, especially to underprivileged urban areas that have little access to potable water in safe conditions

## Veolia's solution

In line with the Government's priorities to increase operational efficiency in the areas of poor water supply and reduce the complaints about water quality, **Veolia was awarded a 30-year concession in 2001** to provide drinking water and sewerage services to Guayaquil

## The benefits for our client

### Emergency Aid, Social Tariffs and Mediation

Veolia teams work with a network of 700 community leaders to provide assistance to people living in the city's poorer districts

- 481 067 meters installed, call center operational 24/7 and agencies placed at customers' disposal
- 789 km of water network expansion and around 1500 km of waste water expansion in 5 years
- **Today, 97 % of the population is connected to the water services and 86 % to the wastewater services**
- Between 2003 and 2013: **60 % increase in access to safe water**

# Fibria, Brazil, management of waste from the paper pulp industry, an example of circular economy

## CONTRACT SCOPE

**Site:** Três Lagoas, Mato Grosso do Sul, Brazil

**Scope:** Mineral waste conversion and recovery process

**Start Date:** 2011

**Duration:** 5 years and 7 years (2 plants)

**Revenue:** €5m

29,000 tons of  
waste were  
recovered

Savings on the  
purchase of soil  
correctives

## The challenge

The Brazilian cellulose industry is one of the strongest in the world, largely due to its soil quality and the easy adaptability of eucalyptus species

Furthermore, with tightened discharge standards and strong incentives to reduce harvesting of the basic resource, Brazilian legislation is forcing the paper industry to take an interest in waste material recovery solutions, the waste-to-energy recovery of its effluents, etc.

## Veolia's solution

Veolia and Fibria have become global benchmarks in the management of waste from the paper pulp (cellulose) industry. Veolia is responsible for converting 100% of the mineral waste generated during Fibria's cellulose production process, at both its Jacarei-SP and Tres Lagoas-MS plants, into soil acidity correctives

Veolia put in place a process to convert the waste from the cellulose production process into soil acidity corrective which will be used in Fibria's own eucalyptus cultivation. It's a complete cycle: waste is incorporated into the production chain and converted into agricultural inputs at the end of the process

## The benefits for our client

- Eliminating transport to landfill has done away with the need to build a new storage facility
- Fibria also reduced its environmental impact, as it no longer needs to incinerate its waste
- The client has replaced the limestone used to treat the soil on its plantations with a corrective manufactured by Veolia, leading to a significant drop in purchasing costs

# RIMSA (Mexico): dismantling and removal of structures and soil contaminated

## CONTRACT SCOPE

**Site:** Tultitlán, Mexico State

**Scope:** Controlled demolition of contaminated facilities

**Duration:** 5 months

**ACTIVITY SECTOR:** Chemical

**Priority segment:**

Services assessment and site remediation

**Demolition and  
removal of 34,900  
tons of Chromium  
VI waste**

**Work in 3  
encapsulated  
industrial  
buildings**

**695 full-trailers  
used for removal  
of materials**

## The challenge

Remediation of one of the oldest (35 years), most important and dangerous environmental liabilities in the country, located in a densely populated area of the state of Mexico, which caused great social tensions and grievances at all levels of government. This project required the elimination of emissions contaminated with hexavalent chromium into the atmosphere during demolition and dismantling, as well as control of the transportation of the hazardous waste on a route of about 1,000 km

## Veolia's solution

34,900 tons of materials, structures and land contaminated with hexavalent chromium were demolished and removed in two stages

## The benefits for our client

Eliminate one of the main environmental liabilities in Mexico, which for decades caused serious illness and death to the people of the surrounding areas. This also produced claims and social unrest, plus contamination of the subsoil and groundwater

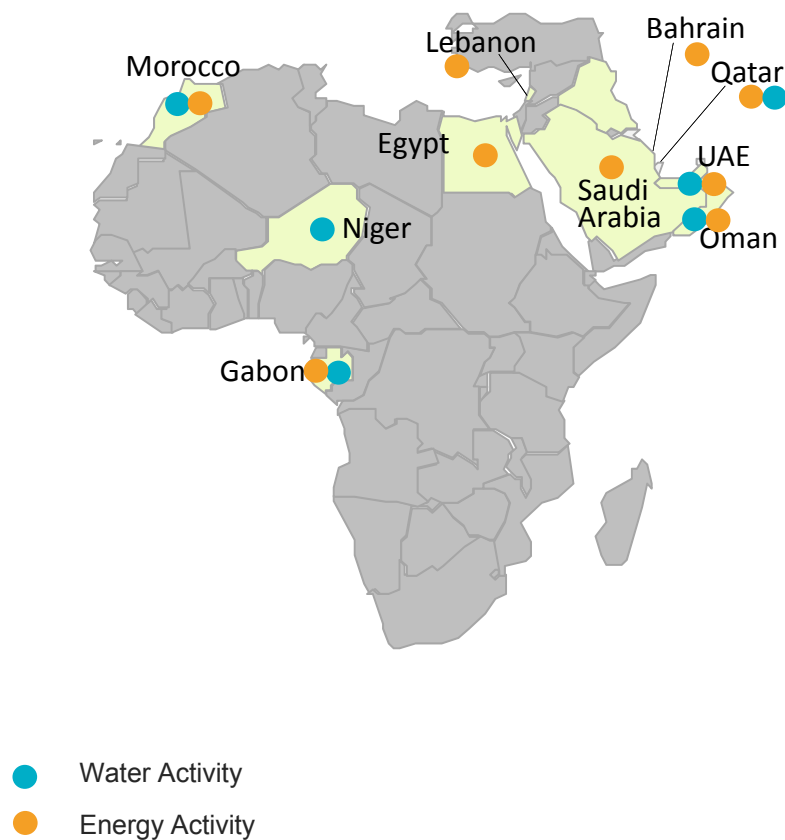
The site can now be used as a public park for the community that suffered for years from the effects of hexavalent chromium

# **Veolia in Africa and Middle East countries**



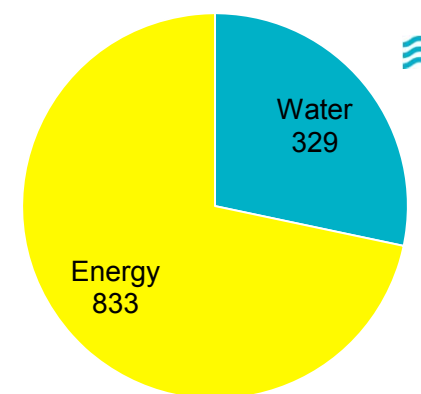
# AME Zone: Business overview

## Veolia's presence



## Key figures

2015 estimated revenue: €1.2bn



- Over 400 contracts
- 9,727 employees
- 40 subsidiaries

# History of Veolia's presence



- 1997: 20 year **Concession** contract for production & distribution of electricity and water in **Gabon**
- 2001: 10 year **Lease** contract for production & distribution of potable water in **Niger**  
20 year **O&M** contract for the water reclamation plant operation of Windhoek in **Namibia**
- 2002: 25-year and 30-year **Concession** contracts for electricity, water and waste water distribution services in Tangiers and Rabat, **Morocco**  
JV between Dalkia and Majid Al Futtaim, to create **ENOVA** (Building Energy Efficiency)
- 2007: Sur desalination plant **BOO** 2+20-year operations contract in **Oman** (*introduction to the Muscat stock exchange of Sharqiyah Desalination Company in June 2013*)
- 2008: 6 year **Performance** contract for potable and wastewater services of **Riyadh, KSA**
- 2009: 25-year **Concession** contract for collection and treatment of wastewater in **Ajman, UAE**
- 2010: 3+12-year **DB and O&M** contracts for a reverse osmosis desalination plant in **Fujairah, UAE**
- 2011: Second 10 year **lease contract** for potable water services in **Niger**
- 2012: **BOOT** including 25-year operations of two wastewater treatment plants in **UAE** (Al Watba in Abu Dhabi and Alahamah in Al Ain)
- 2014: 2-year **O&M contract** for water treatment facility for **AngloGold Ashanti (Ghana)**  
**Extension of BOO Sur contract in Oman**. O&M extended up to 2036
- 2015: 4 year **management contract** for electricity services with **Electricité de Guinée**  
Creation of Veolia Africa and Veolia Middle East holdings as a result of geographical org.



# Africa key market trends

## Market dynamics and growth ambition

### Industrial Market:

**Drivers:** availability of natural resources and their exploitation by international (and national) companies is a historical trend. This situation creates opportunities for environmental services (water, energy optimization, waste treatment and recycling) since the governments are enforcing international environmental regulations

**2 market segments selected:** Mining and Oil & Gas upstream.

**Range of offers:** optimizing the water cycle, recycling of ore, waste management

**Targeted positioning:** preferred partner for environmental services

### Cities market:

**Drivers:** economic development of Africa is conditioned by the wide access to essential services, mainly electricity and potable water and sewerage services

#### **Range of offers:**

Water & Energy: duplicate the “Niger model”, i.e. state owned Asset Company which contracts with a private operator through a performance or a lease contract

Waste: booming demand for landfills in the context of international tenders supported by institutional lenders (World Bank...)

Target: develop standard and high quality landfills, including methane capture and energy production and recovered fuel

# Middle East key market trends

## Market dynamics and growth ambition

### Industrial Market

**Drivers:** the national wealth of many countries in the Middle East derives from Oil & Gas. This situation creates opportunities for environmental services (water, waste treatment and recycling) since the governments are enforcing international environmental regulations

**2 market segments selected:** Oil & Gas upstream and downstream, Mining (Aluminum in Middle East, Mining & Metals in KSA)

**Range of offers:** water treatment, hazardous waste management (especially NORMS), industrial services (tank cleaning, oily sludge recovery)

**Targeted positioning:** preferred partner of the local and international oil & gas companies for environmental services

### Cities market

Support the rapid growth of cities and infrastructures in the Middle East

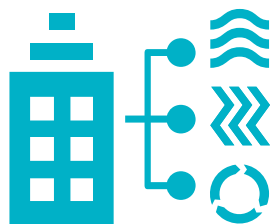
**Offers:** Smart cities, Building Energy Services, Cooling services  
Traditional O&M contracts for water and wastewater plants  
Waste treatment and recycling

# Strategy

## Africa



Contribute to **sustainable economical development** and to **social progress** of African countries



Finance projects based on **permanent infrastructures**, enabling safe access to **essential services** (*water, wastewater collection and treatment, energy, solid waste treatment*)

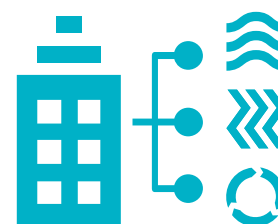


Allow industrial development (*extractive industry and others*) in Africa while meeting **international environmental standards**

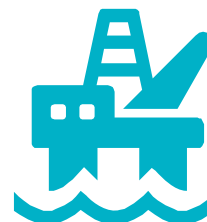
## Middle East



Projects in Middle East need heavy investments. We want to **support infrastructure needs** and offer high level **operations management** in water, waste and energy areas



**Smart models:** Building energy services, waste to energy, recycling, smart networks



Become a **privileged environmental service provider** for the Oil&Gas industries

# SEEG contract: Electricity and Water production and distribution



## Client challenges

Gabon is a country with a high population growth and an explosion of urbanization. The major challenge is to meet the growing demand for electricity and drinking water and invest in innovative solutions to improve customer service

## Veolia's solution

In June 1997, Veolia was awarded the public service concession for water and electricity in Gabon, signed a 20 year contract with the Gabonese Republic and became the majority shareholder of SEEG. The past 18 years have been marked by the resumption of investment, for a better service both in terms of quantity and of quality. This ability to invest has been the engine of growth in the number of subscribers, from 100,000 to 271,400 for electricity and from 59,000 to more than 159,000 for water between 1997 and 2014

The tasks of SEEG under the concession agreement cover production, transport and distribution of drinking water and electricity on the conceded perimeter (main cities of Gabon)

## The benefit for our client

SEEG has invested 610 million euros between 1997 and 2013, more than 82% of which in the delegated perimeter. SEEG also proactively led, during the concession's first 3 years, the rehabilitation and upgrading of the existing facilities. Extension of networks and capacities led to a significant increase in the number of subscribers +188% for electricity and +212% for drinking water

Major work was also undertaken in order to increase and modernize SEEG production capacity, including the enhancement of the Owendo power plant capacity by substituting natural gas for heavy fuel oil

## Customers

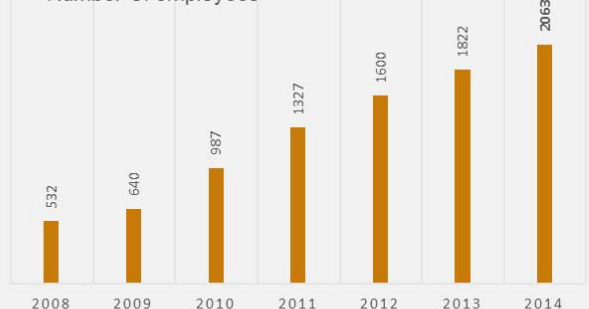
Establishment of an accessible call center 7/7 and 24/24 and development of a local network available 7/7 for the purchase refills of prepaid electricity meters  
271,000 clients for electricity  
159,000 clients for drinking water  
16,000 social connections

# ENOVA in the Middle East

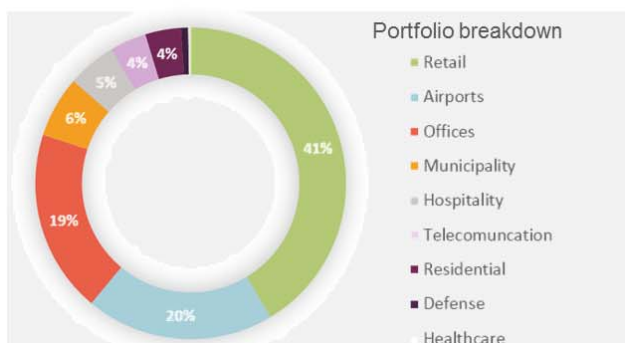
Geographical presence



Number of employees



Portfolio breakdown



Customers' key figures

- Retail: 1.5m sqm
- Airports: A flow of over 91.7m passengers
- Hospitality: Over 1,900 suites
- Residential: Over 650,000 sqm

## Building Energy Efficiency

### Services based on Performance

**€106m** revenue 2015

**12** years of local presence

**7** countries, including Egypt

**27** nationalities

**3,225** tons of CO2 reduction

**10.4 million** sqm managed

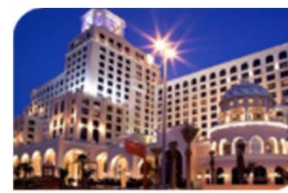
**2** days training per employee per year

**4** international standards certifications

**1<sup>st</sup>** accredited ESCO

## Energy Savings Center

launched in 2014



# **Veolia in Australia & New Zealand**



## **Australia & New Zealand**

### **Our History**

**1969**

**50/50 joint venture formed Collex Pty Ltd**

**1994**

**Veolia commenced water operations in Australia through the Wyuna contract**

**1997**

**Commenced water operations in New Zealand with the Papakura contract**

**2006**

**All operating entities move towards new brand identity of Veolia**

**2009**

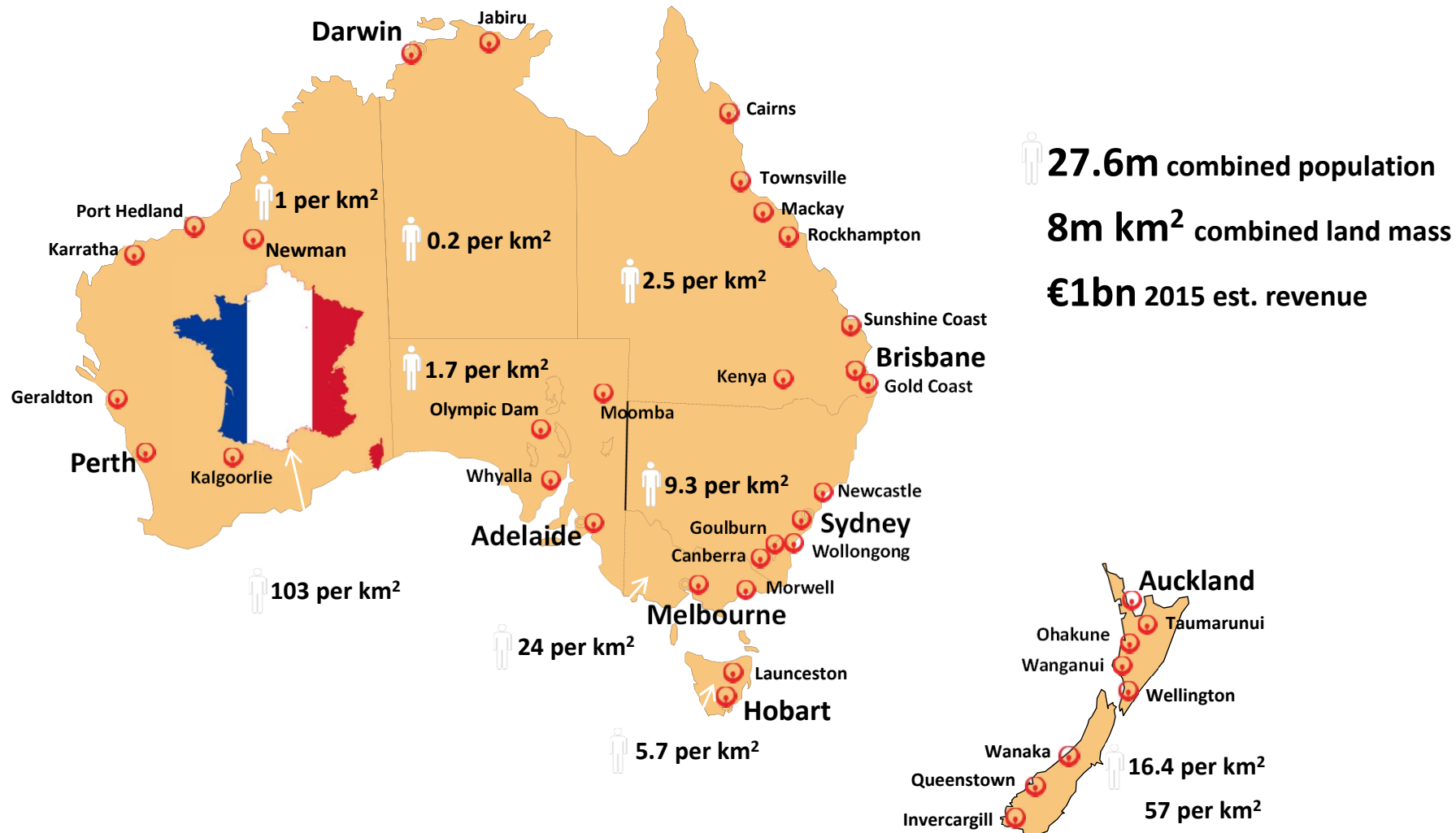
**Entered the Australian Energy Services market through Dalkia**

**2014**

**Veolia ANZ becomes a single integrated environmental solutions organisation**

# Australia & New Zealand

## Our Geography & Key Locations



## Australia & New Zealand

### Our Economy

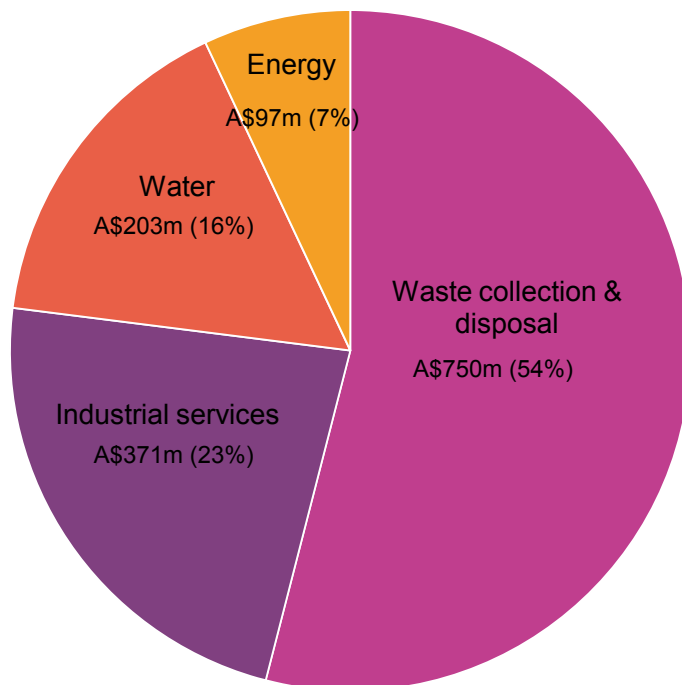


**ECONOMY SLOWING** though remains in positive territory  
**LARGE INDUSTRIALS UNDER PRESSURE** reducing Veolia margins  
**A\$ WEAKENED** and expected to remain at current levels  
**GDP GROWTH AT 2%** and forecast to improve slightly

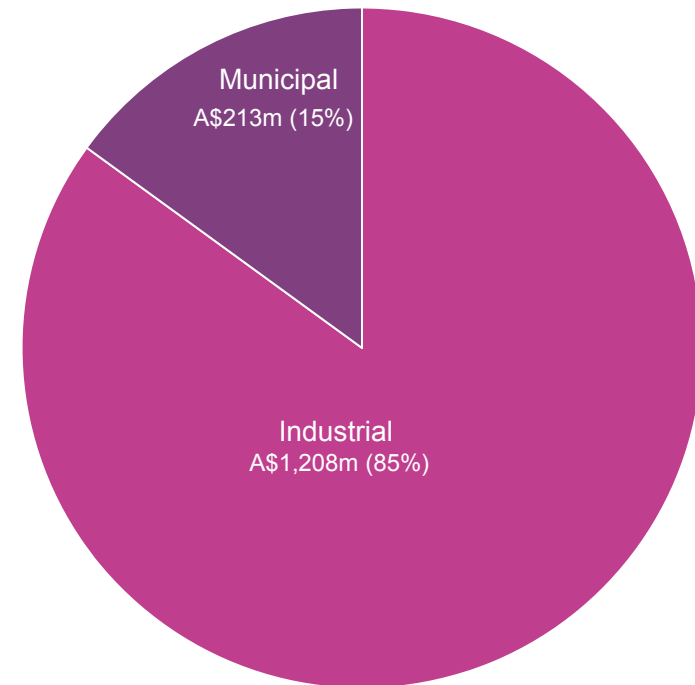
## Australia & New Zealand

### Our Activities

2015 est. revenue €1bn



Split by customer type



## Australia & New Zealand

### Our People



**4,200 employees**

**200+ locations - many remote and customer site-based**

**MATRIX STRUCTURE of State & National leadership**

**INDIGINEOUS ENGAGEMENT a key (customer-driven) priority**

## Australia & New Zealand

### Our Facilities



**8 waste processing/recycling facilities**

**50 water treatment plants under management**

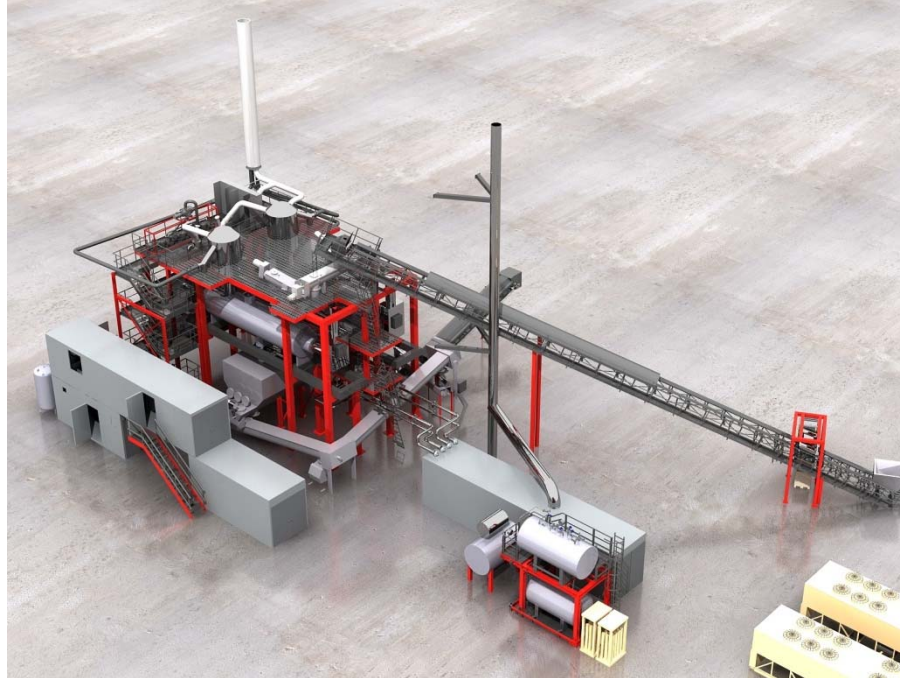
**A\$150m+ INVESTMENT in new facilities 2014-2017**

**AWARD WINNING Woodlawn EcoPrecinct**



## Australia & New Zealand

Our NEWEST Facilities – Brooklyn Thermal



**THERMAL DESORPTION TREATMENT of contaminated sludge & soils**

**Capacity to process up to 20,000t PER YEAR**

**Maximising RECOVERY OF INDUSTRIAL WASTE into reusable products**

**COMMISSIONED JULY 2015**

## Australia & New Zealand

Our NEWEST Facilities – Woodlawn Mechanical and Biological Treatment facility



**Converting waste into COMPOST & ALTERNATIVE FUEL**

**Achieving resource recovery targets for 13 SYDNEY COUNCILS**

**CLOSING THE LOOP through mine rehabilitation**

**Construction underway - COMMISSIONING JULY 2017**



## Australia & New Zealand

### Our Customers



**Extensive contracts with Australia's LARGEST COMPANIES**

**TOP 10 CUSTOMERS 50:50 mix Water vs Waste Services**

**50,000+ CUSTOMERS across most industry segments**

**Large customers SEEKING TO CONSOLIDATE Water, Waste & Energy Services**

## Australia & New Zealand

### Our Contracts – Hunter Water



**26 water and wastewater plants**

**OUTSTANDING RESULTS in Safety and Compliance**

**Asset management BEST PRACTICE**

**SHOWCASE for future outsourcing opportunities in Australia**

## Australia & New Zealand

Our Contracts – Australian Department of Defense



**360 sites, many remote  
9,000 bins/receptacles**

**5+5 year contract commencing October 2014**

**Platform for REGIONAL EXPANSION**

## Australia & New Zealand

### Our Contracts – Queensland Gas Corporation



**A\$750m+ 20 YEAR CONTRACT commenced in April 2013**

**O&M FOR THREE CSG WATER TREATMENT PLANTS**

**Kenya (Central & Relocatable WTP)**

**Windibri WTP**

**Northern WTP (Woleebee Creek)**

**CAPACITY TO TREAT 200,000m<sup>3</sup> of CSG production water per day**



## Australia & New Zealand

### Our Contracts – Queensland Gas Corporation



#### **Strategic acquisitions & regional expansion**

Opportunity for end to end waste offering  
Elevate Veolia to #1 position in key markets



#### **Develop organics processing capability**

Strong customer demand across existing clients  
Opportunity for synergies with waste water plants



#### **Precinct/Residential water recycling schemes**

**Networks & Wastewater Treatment Plants O&M**  
Synergies with existing assets & client opportunities



#### **Improve customer experience with integrated IT**

Market differentiator with large clients  
Increases customer 'stickiness', reduces digital threat

## Australia & New Zealand

### Our Strategy



**Develop solutions based on mitigating our CUSTOMERS ENVIRONMENTAL CHALLENGES**

**LEVERAGE SERVICE & PERFORMANCE MANAGEMENT to move up the value chain**

**Combine existing service offerings to EXECUTE THE CIRCULAR ECONOMY  
SIMPLIFY & STANDARDIZE our business processes to increase profitability**

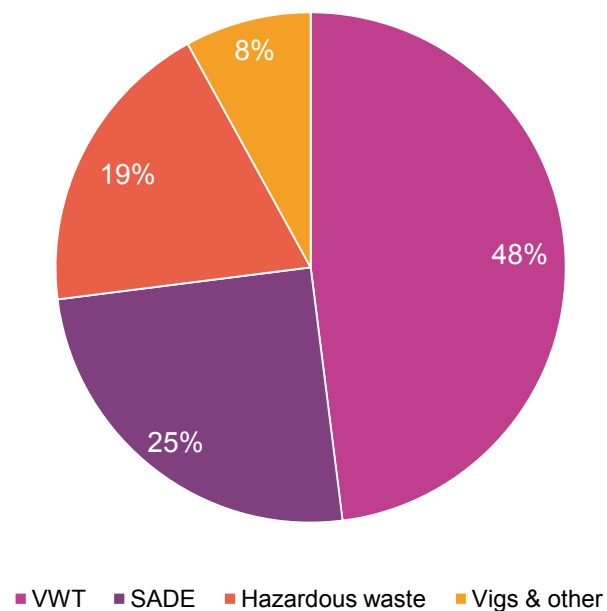
# Global Businesses

# Global business: Business overview

## Veolia's presence

- ✓ Global footprint for VWT & SADE
- ✓ European for SARP, SARPI, SEDE & VIGS
- ✓  $\frac{3}{4}$  Construction (SADE – VWT)
- ✓  $\frac{1}{4}$  Operations (SARP-SARPI, SEDE, VIGS)
- ✓ 65% Industrial
- ✓ 35% Municipal
- ✓ 30,000 employees

## 2015 Est. revenue €5.1bn



⇒ **20% of Veolia revenue**



## Strategy by activity and key differentiating factors

- Commercial Agility
- Excellence in delivery
- Digitalization
- Standardization

- **Construction business**
  - ✓ Secure backlog => Commercial agility
  - ✓ Differentiate through in-house technology
- **Operations**
  - ✓ Digitalization
  - ✓ Market share (leader)
  - ✓ Competitive offers to industrial clients
- **Both**
  - ✓ Strengthen Veolia reputation  
=> Excellence in delivery
  - ✓ Reduce costs: standardization & series

## Commercial agility

- World is moving fast, necessary to adapt permanently to secure bookings
  - Mining, unconventional Oil: very slow
  - Oil & Gas downstream: continue to invest
  - Pharma: still big
  - Public money is scarce, private money is abundant (Asset /OpCo)

## Excellence in delivery

### ALIGNMENT



Deliver the same service in all branches with common procedures and same trucks

### CUSTOMER CONSISTENCY



Deliver the same service to all customers, whatever the treatment site

### TRACEABILITY



Ensure full traceability of services

### REGIONAL CONSISTENCY



Ensure customer management and execution is homogeneous in all geographies

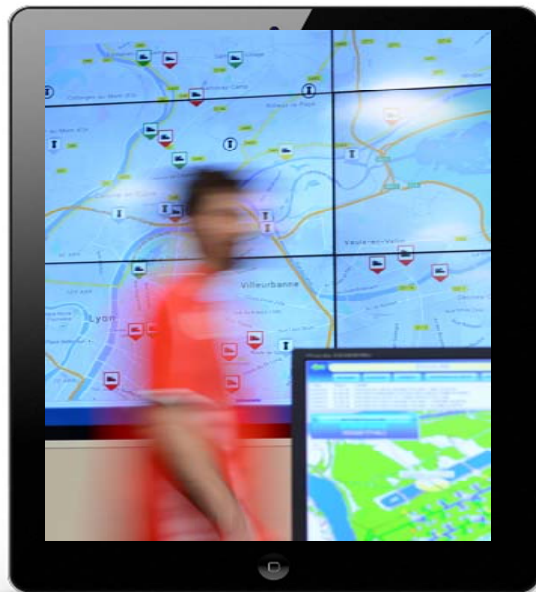
### PROJECT EXECUTION



Ensure delivery of projects is on time, on specs, on budget

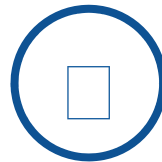
Start at the design phase, continue on project execution

## Digitalization is magic

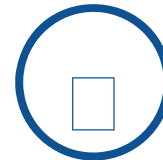


Achieve commercial differentiation and productivity improvement

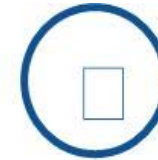
Critical for new services offering



Continuous monitoring of projects sold as DB only



Ensure customer management and execution is homogeneous in all geographies



Ensure full traceability of services

## Standardization, a good driver for growth and excellence in operations



Helps reduce our production  
costs

Improves our quality of service  
and consistency



## SADE Today

- **Markets:** Networks of all types (water, electricity, heating, telecom)
- **Footprint:** Global
- **2015 est. revenue:** €1.3bn
- **Employees:** 10,800
- **Flagships:** Pipe rehabilitation, windmill connection, telecom network maintenance & development

## Veolia Water Technologies today

- **Markets:** Water treatment
- **Footprint:** Global
- **2015 Estimated Revenue:** €2.4bn
- **Employees:** 10,300
- **Flagships:** Thermal Desalination; Evapo- crystalizer (HPD); Actiflo; Biostyr; Elga

## HAZARDOUS WASTE

- **Markets:** Hazardous waste collection and treatment; soil remediation; pipe cleaning and rehabilitation; industrial maintenance; composting from water & waste treatment plants sludge; fertilizer; methanization
- **Footprint:** Europe
- **2015 Estimated Revenue:** €970m
- **Employees:** 7,000



## Veolia Industrial Global Solutions today

- **Markets:** Industrial Utilities for Global accounts
- **Footprint:** Europe
- **2015 estimated Revenue:** €370m
- **Employees:** 2,469
- **Flagships:** Novartis; Sense for Peugeot; Renault Tanger

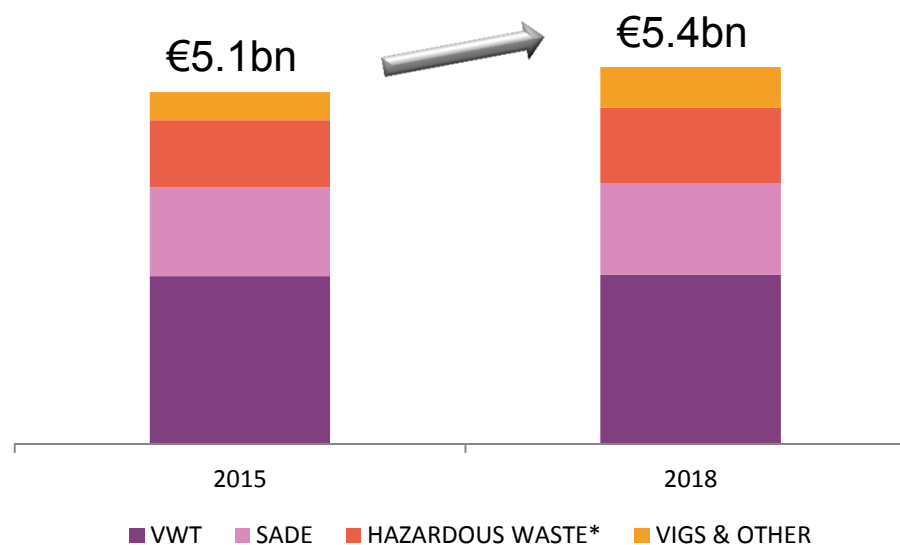
## 2016- 2018 Roadmap

### Roadmap

- **VWT: Integration through regional process**
  - ✓ Cost control
  - ✓ Portfolio review
  - ✓ Technology acquisitions
- Develop Industrial Solutions
- Secure Municipal & Desalination projects
- **HAZARDOUS WASTE:**
  - ✓ Continued development of our treatment capacities with additional platforms in Europe
  - ✓ Enhance profitability of used oil treatment
  - ✓ Develop nuclear treatment

### Revenue growth

+2% CAGR, mostly driven by hazardous waste



\* SARP, SARPI, SEDE

## Overview of key contracts

### VWT

- Az Zour North  
(*Desalination Kuwait*)
- Kafubu Zambia
- Antero US
- BIO SAV France
- Hong Kong Sludge
- Sadara Desalination  
(*Saudi Arabia*)
- Fibria Brasil

### SADE

- Ivory Coast
- Jordan: Disi
- Antero US
- Burkina Faso
- Peru: Pachatutec –  
Cuzco

### SARPI

- Constanti
- Limay
- Sedibex
- Sotrenor

### VIGS

- Novartis - Bale
- Peugeot Sochaux &  
Mulhouse
- Artelia
- DCNS

### SEDE

- SIAAP
- Artois Méthanisation

### SARP

- Fos-sur-Mer

# Az Zour North thermal desalination plant in Kuwait

Consortium contract - country's first public-private partnership for an independent water and power project (IWPP).

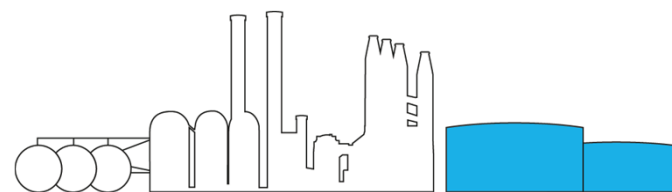
**40 years**

**1.8 Billion US dollars**

of which

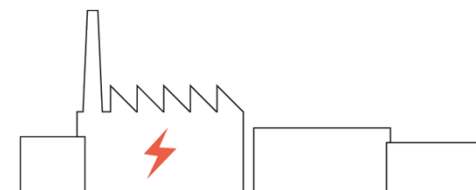
Veolia Sidem contracts **320 million euros**

Start **January 2014** - End **November 2016**



**486,422 m<sup>3</sup>/day**

**20%** of Kuwait's desalination capacity



**1500 MW**

**10%** of Kuwait's electricity generation

## Construction of Az Zour North thermal desalination plant in Kuwait



- Construction by Sidem: *One of the world's few companies with command of thermal desalination technologies*

- Technology: *Multi effect distillation adapts to fluctuations in water demand over time*

*10 MED-TVC desalination units\*  
of 48,640 m<sup>3</sup>/day (10.7 MIGD)  
for a total capacity of  
486,400 m<sup>3</sup>/day (107 MIGD)*

*\*each unit: 55 meters long, 30 meters wide, 15 meters high and 2700 tons*

## Investor Relations contact information

### **Ronald Wasylec**

*Senior Vice President, Investor Relations*

Telephone : **+33 1 71 75 12 23**

e-mail: **ronald.wasylec@veolia.com**

### **Ariane de Lamaze**

*Vice President, Investor Relations*

Telephone : **+33 1 71 75 06 00**

e-mail: **ariane.de-lamaze@veolia.com**

38, avenue Kléber - 75116 Paris – France

Fax : **+33 1 71 75 10 12**

### **Terri Anne Powers**

*Director of North American Investor Relations*

200 East Randolph Street, Suite 7900 - Chicago, IL 60601

Tel : **+1 (312) 552 2890**

Fax : **+1 (312) 552 2866**

e-mail : **terri.powers@veolia.com**

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