Press Release

Paris, May 3, 2018

KEY FIGURES AS OF MARCH 31, 2018

(UNAUDITED DATA – AUDIT IN PROCESS)

SOLID GROWTH OF REVENUE AND RESULTS IN Q1, 2018

- **STRONG REVENUE GROWTH OF 7.0%[1] TO €6,419 MILLION AND +5.4% LIKE FOR LIKE**
- **EBITDA ROSE 5.3%[1], TO €876 MILLION**
- **COST SAVINGS OF €70 MILLION IN LINE WITH THE GROUP'S ANNUAL OBJECTIVE**
- **CURRENT EBIT GROWTH OF 6.9%[1], TO €448 MILLION**
- **CURRENT NET INCOME - GROUP SHARE OF €193 MILLION UP 31.8%[1] AND +8%[1] EXCLUDING CAPITAL GAINS**
- **ANNUAL OUTLOOK CONFIRMED**

Antoine Frérot, Veolia's Chairman and CEO indicated*: "We have accomplished a very good start of the year, confirming the pertinence and the good execution of our strategic plan. Sales growth was amplified quarter after quarter, with this sixth consecutive quarter of sustained progression of activity, supported by good commercial momentum, particularly outside of France.*
Results also progressed at a very good rhythm, driven by sales growth and by the acceleration of cost reduction efforts in line with the annual objective of €300 million. The performance accomplished in the first quarter allows us to be very confident in the achievement of our full year objectives".

[1] After IFRS 5 adjustments and at constant exchange rates.
Published data (at current exchange rates): Revenues growth of 3.7%, EBITDA growth of 3.4%, Current EBIT growth of 4.8%, Current net profit attributable to group up 25.7%, and up 5.7% excluding capital gains

- **Group consolidated revenue increased by +7.0% at constant exchange rates (+3.7% at current exchange rates) to €6,419 million, vs. €6,191 million in Q1, 2017 restated.**

  Exchange rate variations had an unfavorable impact of €204 million. The decline in recycled material prices had a moderate impact of -€20 million (-€26 million just for paper), more than offset by the increase in energy prices (+€70 million). At constant scope and exchange rates, growth stood at 5.4%.

  Excluding the IFRS 5 restatement of Gabon activities, revenue progression was 5.6% at constant exchange rates.

  The strong revenue growth of €432 million at constant exchange rates was the result of increases in each of the geographic zones with the following breakdown:

  - In France, activity was stable (+0.6%) at €1,311 million. Water returned to growth (+2.2%) thanks to better price indexations (+0.6% vs. -0.3% in Q1 2017) and contract wins in spite of a reduction in volumes of -0.8%. In Waste, activity was down by 0.9% at constant scope, but up 2% excluding the impact of the reduction in recycled material prices which weighed 3.5% on revenue, thanks to volume increases (+2.3%), particularly in commercial collection and landfills.
  - Europe excluding France grew by +6.9%[2] to €2,443 million. The UK was up 4.0%[2] thanks to good availability of PFIs (98% vs. 95% in Q1 2017), increases in the price of electricity sold, and a continued good commercial dynamic. Central Europe progressed by 6.3%[2], boosted by a cold winter and higher energy prices. Northern Europe grew by 11.8%[2] due to favorable scope effect in Scandinavia and good momentum in Germany in Waste.
  - Rest of the World once again posted the strongest growth in revenues, +14.7%[2] to €1,612 million. All countries showed strong growth. North America was up 10.1%[2] with strong sales development across all activities, and thanks to the cold winter. Latin America grew by 22.5%[2] due to contract wins and significant price increases. Asia grew by 21.1%[2] supported by strong momentum in Waste, the extension of district heating at Harbin and Industrial contract gains. The Pacific zone showed an increase of 13.1%[2], while Africa Middle East also recorded a solid progression of +9.9%[2].
  - Global Businesses were up 3.5%[2] to €1,046 million. The continuation of solid growth in Hazardous Waste (+7.6%[2]) and at Veolia Industrial Global Services (+8.5%[2]) was limited by continued weak construction (Veolia Water Technologies' revenue was down 9.2%[2], partially offset by the 6.7%[2] growth of SADE still performing well in France).
  - By activity, at constant exchange rates, Water was up 3.5%, Waste by 9.6% with a 3% overall volume increase, and Energy by 9.0%.

- **EBITDA improved by +3.4% at current exchange rates and +5.3% at constant exchange rates to €876 million vs. €847 million in Q1, 2017 restated**

  EBITDA growth benefited from:

  - Sustained revenue growth
  - Cost savings of €70 million.
  - A reduced price cost squeeze thanks to improved price indexation (-€28 million vs. -€35 million in Q1 2017.)

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[2] At constant exchange rates

- A small negative impact of lower recycled materials prices (-€1 million) and the temporary pinching effect (-€12 million) due notably to the increase in energy prices in Central Europe.

The negative exchange rate effect (-€16 million) was offset by the scope effect (+€17 million).

Excluding the IFRS 5 restatement in Gabon, EBITDA growth was +3.3% at constant exchange rates.

- **Current EBIT increased by +4.8% at current exchange rates, and +6.9% at constant exchange rates to €448 million vs. €428 million in Q1 2017 restated.**
  - Current EBIT growth is the result of the increase in EBITDA and in the contribution from equity-accounted joint ventures and associates. The impact of provisions during the first quarter was not significant.
  - Excluding the IFRS 5 restatement for Gabon, current EBIT increased by 6.4%.
- **Current net income – Group share was €193 million vs. €154 million in Q1 2017 restated, exhibiting strong growth at current exchange rates (+25.7%), and +31.8% at constant exchange rates. Excluding capital gains and at constant exchange rates, the growth rate was +8%.**
- **Net Financial Debt amounted to €8,213 million, down vs. €8,418 million in March 31, 2017 restated**.
  - It included an increase in industrial investments of 17% to €307 million and net financial acquisitions of €280 million since March 2017. After consideration of the reimbursement of the hybrid debt in April 2018, Net Financial debt stood at € 9,665 million.

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In light of the good start of 2018, the group confirms it outlook.

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

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

Veolia group is the global leader in optimized resource management. With nearly 169,000 employees worldwide, the Group designs and provides water, waste and energy management solutions that contribute to the sustainable development of communities and industries. Through its three complementary business activities, Veolia helps to develop access to resources, to preserve available resources, and to replenish them.
In 2017, the Veolia group supplied 96 million people with drinking water and 62 million people with wastewater service, produced nearly 55 million megawatt hours of energy and converted 47 million metric tons of waste into new materials and energy. Veolia Environnement *(listed on Paris Euronext: VIE)* recorded consolidated revenue of €25.12 billion in 2017 (USD 30.1 billion). www.veolia.com

Important disclaimer

Veolia Environnement is a corporation listed on the Euronext Paris. This press release contains “forward-looking statements” within the meaning of the provisions of the U.S. Private Securities Litigation Reform Act of 1995. Such forward-looking statements are not guarantees of future performance. Actual results may differ materially from the forward-looking statements as a result of a number of risks and uncertainties, many of which are outside our control, including but not limited to: the risk of suffering reduced profits or losses as a result of intense competition requiring significant financial and human resources, the risk that changes in energy prices and taxes may reduce Veolia Environnement’s profits, the risk that governmental authorities could terminate or modify some of Veolia Environnement’s contracts, the risk that acquisitions may not provide the benefits that Veolia Environnement hopes to achieve, the risks related to customary provisions of divesture transactions, the risk that Veolia Environnement’s compliance with environmental laws may become more costly in the future, the risk that currency exchange rate fluctuations may negatively affect Veolia Environnement’s financial results and the price of its shares, the risk that Veolia Environnement may incur environmental liability in connection with its past, present and future operations, as well as the other risks described in the documents Veolia Environnement has filed with the Autorités des Marchés Financiers (French securities regulator). Veolia Environnement does not undertake, nor does it have any obligation to provide updates or to revise any forward looking statements. Investors and security holders may obtain from Veolia Environnement a free copy of documents it filed (www.veolia.com) with the Autorités des Marchés Financiers.

This document contains “non-GAAP financial measures”. These “non-GAAP financial measures” might be defined differently from similar financial measures made public by other groups and should not replace GAAP financial measures prepared pursuant to IFRS standards.

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QUARTERLY FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED MARCH 31, 2018

A] PREFACE

GABON

Veolia, through its 51% subsidiary, SEEG, manages the distribution of drinking water and electricity throughout all Gabon under the terms of a concession agreement signed in 1997 and extended for five years in March 2017. On February 16, 2018, the Gabonese Republic unilaterally terminated the concession agreement signed with the Group's subsidiary, SEEG – Société d'énergie et d'eau du Gabon, (Gabon Energy and Water Company), alleging reasons of general interest. The same day, through Ministerial order, all material and human resources were seized by the Gabonese Republic. A further Ministerial order also appointed an executive body to implement termination and seizure measures.
As of March 31, 2018, the cessation of activities in Gabon led the Group to classify SEEG in net income from discontinued operations in accordance with IFRS 5. Figures for the three months ended March 31, 2017 were re-presented accordingly to ensure comparability, following the reclassification of the Group's activities in Gabon in "Net income from discontinued operations" in accordance with IFRS 5.

NORMATIVE EVOLUTIONS

With effect from January 1, 2018, the Group applies IFRS 9, the new financial instruments standard, which replaces IAS 39 (see chapter 4 note 1.2.3 of the 2017 registration document). The new standard provides for the retroactive application of the classification and measurement rules applicable to financial assets and liabilities and, in particular for the Group, new impairment methodologies for trade receivables and an adjustment to the amortized cost of renegotiated bond issues. The impact in the income statement on EBITDA and current EBIT of the restatements resulting from the first-time application of this standard were not material (see Appendix Proforma impact Q1 2017).

The application of IFRS 15 as of January 1, 2018 (see Chapter 4, Note 1.2.3 of the 2017 Registration Document relating to the single revenue recognition model applicable to all types of contracts concluded with customers and all business segments), does not generate a significant impact on the Group's financial statements as at March 31, 2018. Work to adapt the notes in preparation will enable the Group to meet the publication requirements of this new standard for the publication of the first half of 2018.

B] KEY FIGURES

(in € million)	*Three month ended March 31,2017 published*	*Three month ended March 31, 2017 re-presented[3]*	***Three month ended March 31, 2018***	*Variations 2017 / 2018* Δ	*Δ at constant exchange rates*
Revenue	6,270	6,191	6,419	3.7%	7.0%
EBITDA	863	847	876	3.4%	5.3%
EBITDA Margin	13.8%	13.7%	13.6%		
Current EBIT [1]	431	428	448	4.8%	6.9%
Current Net income - Group share	155	154	193	25.7%	31.8%
Current net income - Group share, excluding capital gains and losses on financial divestitures net of tax	156	155	164	5.7%	8.0%
Industrial capex	-271	-264	-307		
Net free cash-flow[2]	-391	-393	-398		
Net financial debt	-8,430	-8,418	-9,665		

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

(2) Net free cash flow corresponds to free cash flow from continuing operations, and is calculated by: the sum of EBITDA, dividends received, changes in operating working capital and operating cash flow from financing activities, less net interest expense, net industrial investments, taxes paid, renewal expenses, restructuring charges and other non-current expenses.

(3) In order to ensure the comparability of periods, the three month period ended March 31, 2017 has been adjusted for the reclassification of the Group's activities in Gabon to "Net income (loss) from discontinued operations" pursuant to IFRS 5

The main foreign exchange impacts were as follows:

FX impacts for the three months ended March 31, 2018 (vs March 31, 2017 re-presented)	%	(in € million)
Revenue	-3.3%	-204
EBITDA	-1.8%	-16
Current EBIT	-2.2%	-9
Current net income	-6.0%	-9
Net financial debt	-4.6%	-386

C] INCOME STATEMENT

1. GROUP CONSOLIDATED REVENUE

Group consolidated revenue for the three months ended March 31, 2018 increased 7.0% at constant exchange rates to €6,419.4 million, compared to a re-presented €6,191.2 million for the three months ended March 31, 2017. Excluding Construction[3] revenue and energy price effects, revenue improved by +4.6% compared to +5.9% in Q1 2017.

By segment, the change in revenue compared with represented figures for the three months ended March 31, 2017 breaks down as follows:

(in € million)	*Three months ended March 31, 2017 re-presented*	***Three months ended March 31, 2018***	*Change 2017 / 2018* Δ	*Δ at constant exchange rates*	*Δ at constant scope and exchange rates*
France	1,302.9	1,310.6	0.6%	0.6%	0.7%
Europe, excluding France	2,274.6	2,442.7	7.4%	6.9%	3.3%
Rest of the world	1,569.4	1,612.8	2.8%	14.7%	14.4%
Global Businesses	1,036.6	1,045.7	0.9%	3.5%	2.6%
Other	7.7	7.7	0.0%	-	-
Group	**6,191.2**	**6,419.4**	**3.7%**	**7.0%**	**5.4%**

- Revenue increased +0.6% in **France** and +0.7% at constant scope compared to re-presented figures for the three months ended March 31, 2017: Water revenue increased +2.2%, while Waste revenue fell -1.3% at current scope:
  - Water revenue rose by +2.2% compared to re-presented figures for the three months ended March 31, 2017, impacted by tariff indexation (+0.6%), and partially offset by lower volumes sold (-0.8%);
  - Waste revenue fell -1.3% (and -0.9% at constant scope) compared to re-presented figures for the three months ended March 31, 2017, with lower recyclate prices (-3.5%) offset by higher volumes (+2.3%).
- **Europe excluding France** grew 6.9% at constant exchange rates compared to re-presented figures for the three months ended March 31, 2017, with solid momentum in the majority of regions:

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

- In the United Kingdom/Ireland zone, revenue increased 4.0% at constant exchange rates to €518.2 million, due to an increase in electricity tariffs, good PFI availability and industrial service contract wins;
- In Central and Eastern Europe, revenue increased 6.3% at constant exchange rates to €945.6 million. Growth was driven by:
  - in Energy, a favorable weather impact (+€12 million), an increase in heating and electricity volumes sold, and the impact of recent developments in Hungary;
  - in Water, a slight increase in volumes sold and higher tariffs across all countries (Bulgaria, Czech Republic, Romania and Slovakia);
  - in Waste, small acquisitions (in Hungary and Czech Republic).
- In Northern Europe, revenue increased +11.8% at constant exchange rates to €702.3 million. Germany, the main contributor (€493.6 million), benefited from strong Waste activities reporting revenue of €271.5 million (compared to €248.3 million for the three months ended March 31, 2017). The revenue impact of the 2017 tuck-ins offset the fall in recyclate paper prices and lower energy volumes.

o Strong growth in the **Rest of the World**, +14.7% at constant exchange rates compared to re-presented figures for the three months ended March 31, 2017 :

- Revenue rose 10.1% at constant exchange rates to €505.1 million in North America, mainly due to strong growth in Energy (price and volume increases due to cold weather), commercial wins in Energy and Industrial Water, and higher volumes in hazardous waste.
- Strong revenue growth in Latin America (+22.5% at constant exchange rates) to €183.2 million thanks to tariff increases in Argentina and commercial development in Colombia and Ecuador;
- Revenue in Asia increased by 21.1% at constant exchange rates to €453.2 million. Strong revenue growth in China (+14.7%) was due to increased volumes in Hazardous Waste, increased sales of heating networks (Harbin), partially offset by lower Water sales (end of Chengdu BOT contract). Revenue growth in Japan was driven by an increase in Engineering works in Municipal Water. In Korea, the increase in revenue was due to higher tariffs in Water and Waste and increased construction works in Water;
- the Pacific zone recorded 13.1% revenue growth at constant exchange rates for the three months ended March 31, 2018, due to higher waste volumes processed (+€8 million) and the start-up of the new Springvale contract in Water;
- In Africa/Middle East, revenue increased 9.9% at constant exchange rates, with a favorable volume impact in Morocco (weather effect and increase in number of customers) and construction work for the Redal contract.

o **Global businesses:** revenue increased by 3.5% at constant exchange rates versus the re-presented prior-year period:

- Hazardous Waste activities increased by 7.6% at constant exchange rates, mainly due to strong oil recycling activities and an increase in volumes processed;
- Design & Build activities remained down by -9.2% at constant exchange rates, with the slow start-up of activities in North America, France and the rest of Europe. The delivery of major projects in Latin America was offset by the development of major projects in the Middle East and China. Backlog increased by +10% compared to March 31, 2017.

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

- The **foreign exchange impact** on revenue was -€203.7 million (-3% of revenue) and mainly reflects fluctuations in the U.S. dollar (-€86.5 million), the Australian dollar (-€27.7 million), the Argentine peso (-€17 million), the pound sterling (-€14.2 million), the Chinese renminbi (-€14.7 million) and the Japanese yen (-€12.2 million).
- **The consolidation scope impact** of +€95.2 million mainly relates to:
  - 2017 developments : integration of Corvara industrial assets and Hans Andersson in Scandinavia (+€44 million), Van Scherpenzeel Grope B.V. in the Netherlands (+€14 million) and the acquisition of Eurologistik in Germany in July 2017 (+€8 million);
  - 2018 transactions, which include the sale of the Industrial Services Division in the United States (- €41 million).
- **Energy and recyclate prices** had an impact of +€50 million, following a significant drop in recyclate prices (-€18 million, including -€26 million for paper) and an increase in energy prices of +€70 million especially in the United States.
- Commercial momentum improved significantly (**Commerce/Volumes** impact) to +€212 million:
  - volume increase of +€148 million, in line with higher volumes (France, United Kingdom, Latin America and Asia), volume development in hazardous waste and solid construction activity especially at Sade in France, in water business in Australia (Springvale project) and in Morocco;
  - a commercial effect of +€47 million, due to numerous industrial contract wins in Europe (in Waste in Germany and Iberia with new energy efficiency contracts), the United States (contract wins in Industrial Water and Energy) and Latin America (contract wins in Water in Argentina and Colombia and in Waste in Chile and Brazil);
  - a favorable weather impact of +€17 million in Central Europe and the United States.
- **Favorable price effects** (+€47 million) are tied to positive tariff indexation in France, in the United Kingdom in Waste, in Central Europe in Water, in North America in Water and Hazardous Waste, in Morocco in electricity, and the significant impact of higher prices in Latin America.

By business, the increase in revenue breaks down as follows:

			Change 2017 / 2018		
(in € million)	*Three months ended March 31, 2017 re-presented*	***Three months ended March 31, 2018***	*Δ*	*Δ at constant exchange rates*	*Δ at constant scope and exchange rates*
Water	2,554	2,562	0.3%	3.5%	3.8%
Waste	2,154	2,268	5.2%	9.6%	4.3%
Energy	1,483	1,589	7.1%	9.0%	9.9%
Group	**6,191**	**6,419**	**3.7%**	**7.0%**	**5.4%**

WATER

Water revenue increased by +3.5% at constant exchange rates and +3.8% at constant scope and exchange rates compared to re-presented figures for the three months ended March 31, 2017. This improvement can be explained as follows:

- A positive volume / commercial effect of +0.5% with continued robust commercial momentum in Rest of the World (mainly in Latin America), which offsets the reduced volumes in France;
- A positive price impact of +1.7% with higher tariffs in Central Europe, Northern Europe and in the Water activity in France (+0.6%);
- Solid construction activity (+1.6%) in Australia (Springvale facility) and in Morocco; slow start of the year for VWT but good activity at Sade in France.

WASTE

Waste revenue rose considerably by +9.6% at constant exchange rates compared to re-presented figures for the three months ended March 31, 2017 (+4.3% at constant scope and exchange rates) due to:

- A scope impact of +5.3%: acquisitions in Germany and in Northern Europe, offset by the sale of the industrial services activity in the United States of America.
- Commercial and volume effects of +3.0% with increasing volume, waste collection, and waste treatment in France, Asia and Germany, an increase of volumes in Hazardous waste and also a good renewal rate of contracts in France, United Kingdom and in Germany;
- A positive price effect of +1.1% (mainly in Latin America, Asia and the UK);
- The negative impact of higher recyclate prices (-0.8%, partly due to the reduction of paper prices).

ENERGY

Energy revenue rose +9.0% at constant exchange rates compared to the March 31, 2017 re-presented figures (+9.9% at constant scope and exchange rates). This improvement can be explained by:

- A positive price effect (+3.5%) with a strong increase of heat and electricity prices in the United States of America;
- A positive weather impact (i.e. +1.1%) particularly in Central Europe and North America;
- Commercial and volume effect of +2.5% in Central Europe in relation with weather, and due to the development of new energy activities (energy efficiency and biomass) in Asia and North America and of multi utility industrial activities.

2. EBITDA

Group consolidated EBITDA for the three months ended March 31, 2018 is €875.5 million, up 5.3% at constant exchange rates from Q1 2017 re-presented. The EBITDA margin decreased from 13.7% in Q1 2017 re-presented to 13.6% in Q1 2018.

Changes in EBITDA by segment were as follows:

- **In France**, EBITDA slightly decreased:
  - In Water, EBITDA was up, driven by revenue growth and cost savings;
  - In Waste, EBITDA was down due to the fall in recyclate prices (-27% fall in the average selling price of paper and cardboard compared to Q1 2017).

- The slight improvement in EBITDA in **Europe excluding France** at constant exchange rates was the result of several impacts:
  - In Central and Eastern Europe, EBITDA decreased due to higher fuel prices in Energy in the Czech Republic and Poland; this decrease was partially offset by operating efficiency gains and a favorable weather effect;
  - Solid growth of EBITDA in the United Kingdom, with an improved availability of incineration plants, impact of new contracts, partially offset by lower paper prices;
  - EBITDA strongly up in Northern Europe, due to scope transactions performed in 2017 in Scandinavia, Netherlands and Germany, and operating efficiency gains.

- Continued strong EBITDA growth in the **Rest of the world**:
  - Sharp improvement in the United States: favorable weather in Energy driving energy prices, spark spreads and volumes.
  - Higher EBITDA in Latin America due to new contracts in Water and Waste, tariff increases in Waste, and efficiency gains;
  - Sustained EBITDA growth in Asia driven by revenue growth in Energy and Waste, partially offset by negative weather impacts and completion of the Chengdu BOT contract in China (municipal water).

- In the **Global Businesses** segment, good hazardous waste performance (including the improvement in the oil recycling business) was offset by the slow start of construction activities in Q1 2018 in Veolia Water Technologies.

The evolution of EBITDA between 2017 and 2018 breaks down by impact as follows:

- The **foreign exchange impact** on EBITDA was -€16 million and mainly reflects fluctuations in the U.S. dollar (-€9.4 million), the Chinese renminbi (-€3.6 million), the pound sterling (-€2.0 million) and the Argentine peso (-€1.6 million).

- The **consolidation scope impact** of +€17 million partially relates to developments in 2017, of which the integration of Corvara industrial assets and Hans Andersson in Scandinavia and acquisitions in Germany (Eurologistik) and in the Netherlands (Van Scherpenzeel Grope B.V.).

- **Commerce and volume** impacts totaled +€19 million thanks to strong volume growth in Central Europe in Water and Energy, volumes of waste in France offsetting lower Water volumes, strong commercial development in Asia (waste and energy) and in Latin America (new contracts in Water and Waste). The weather impact on EBITDA was favorable overall, with strong disparities between Central Europe (favorable effect in Poland and the Czech Republic) and Asia (negative effect).

- **Energy and recyclate prices** had a negative impact on EBITDA (-€13 million): the significant increase in fuel prices in Central Europe and the negative impact of paper prices (-€5 million for France, Germany and the United Kingdom) are partially offset by the increase of heating and electricity tariffs in the United States and Northern Europe.

- The -€28 million impact from the **price squeeze and contractual renegotiations** mainly relates to weak price indexation in Water and Waste in France which only partially cover pressure on wages increase and other costs.

- **Cost-savings plans** contributed €70 million. These savings mainly concern operational efficiency (47%) and purchasing (33%) and were achieved across all geographical zones: France (25%), Europe excluding France (28%), Rest of the world (20%), Global businesses (15%), and Corporate (12%). The guidance of €300 million for year 2018 is confirmed.

3. CURRENT EBIT

Group consolidated current EBIT for the three months ended March 31, 2018 was €448.2 million, up 6.9% at constant exchange rates from Q1 2017 re-presented. Reconciling items between EBITDA and Current EBIT are as follows:

(in € million)	*Three months ended March 31, 2017 re-presented*	***Three months ended March 31, 2018***
EBITDA	**846.6**	**875.5**
Renewal expenses	-66.1	-68.5
Depreciation and amortization (1)	-403.0	-397.4
Provisions, fair value adjustments & other (2):	50.3	38.6
Current EBIT	**427.7**	**448.2**

(1) Including principal payments on operating financial assets (OFA) of -€31 million for the three months ended March 31, 2018 (compared to -€37 million for the three months ended March 31, 2017 re-presented.)
(2) Including provision, assets depreciations, industrial capital gains and share of current net income of joint ventures and associates

The improvement in current EBIT at constant exchange rates reflects:

- EBITDA growth;
- The increase in depreciation and amortization charges at constant exchange rates (-€9.8 million or +2.6% compared to the three months ended March 31, 2017), in line with the development of the Group's activities and consolidation scope impacts. The decline in principal payments on operating financial assets in 2018 (from -€37 million to -€31 million) mainly relating to contract completions in 2017 (including Chengdu in China) is also of note;

- The unfavorable change in net operating provisions and net impairment losses on assets:
  - Reversal of the provision for captive insurance (€ 12 million) in March 2017
  - Industrial capital gains slightly below that of March 2017 (+€2.3 million as of March 31, 2018 compared to +€3.3 million in March 2017).
  - Partly offset by an improvement of the contribution from equity joint-ventures and associates

The foreign exchange impact on Current EBIT was -€9.2 million and mainly reflects fluctuations in the U.S. dollar (-€8.1 million), the Chinese renminbi (-€3.0 million), the Argentine peso (-€1.3 million) and the pound sterling (-€1.1 million), partially offset by favorable fluctuations in the Czech crown (+€6.0 million).

4. NET FINANCIAL EXPENSE

Net finance costs fell to -€96.3 million for the three months ended March 31, 2018, compared to a re-presented -€102.9 million for the three months ended March 31, 2017. This decrease is mainly due to the benefits of active debt management.

Other financial income and expenses totaled -€7 million for the three months ended March 31, 2018, compared to a re-presented -€39.7 million for the three months ended March 31, 2017. These expenses mainly include interest on concession liabilities (IFRIC 12) of -€22.9 million and the unwinding of discounts on provisions of -€8.1 million, steady compared to March 31, 2017. For the three months ended March 31, 2018, other financial income and expenses included capital gains or losses on financial divestitures of €36.9 million (capital gain on financial disposal of Industrial Services in North America), compared to €1.4 million for the three months ended March 31, 2017, re-presented.

5. INCOME TAX EXPENSE

The income tax expense is €86.9 million. This amount includes taxation of capital gains on the disposal of Industrial Services in the United States for $9 million. The current income tax expense on March 31, 2018 is 27.9% excluding capital gains tax.

6. CURRENT NET INCOME

Current net income attributable to owners of the Company was €193.2 million for the three months ended March 31, 2018, compared to €153.7 million for the three months ended March 31, 2017 re-presented. This improvement is attributable to the increase in current EBIT, the decrease in the net finance cost and higher capital gains on financial divestitures in Q1 2018 (disposal of the Industrial Services Division in the United States) compared to Q1 2017 re-presented. Excluding capital gains and losses on financial divestitures net of tax and minority interests, current net income attributable to owners of the Company rose 8.0% at constant exchange rates to €164.2 million from €155.4 million for the three months ended March 31, 2017 re-presented.

D] FINANCING

(in € million)	*Three month ended March 31, 2017 re-presented*	***Three month ended March 31, 2018***
EBITDA	**847**	**876**
Net industrial investments	-254	-301
Change in operating WCR	-735	-800
Dividends received from equity-accounted entities and joint ventures	11	55
Renewal expenses	-66	-69
Other non-current expenses and restructuring charges	-16	-17
Interest on concession liabilities	-23	-23
Financial items (current cash financial expense, and operating cash flow from financing activities)	-108	-101
Taxes paid	-47	-19
Net free cash flow before dividend payment, financial investments and financial divestitures	**-393**	**-398**
Opening net financial debt	-7,813	-7,837
Closing net financial debt	**-8,418**	**-9,665**

Net free cash flow was -€398 million for the three months ended March 31, 2018, compared to -€393 million in Q1 2017 re-presented.
The year-on-year change in net free cash flow mainly reflects the increase in net industrial investments compared to Q1 2017 (-€47 million) and the working capital evolution of -€75 million (in line with the development of Group activities), partially offset by an increase in dividends received from associates.

Overall, **net financial debt** is €9,665 million (i.e. €8,213 million excluding the redemption of the hybrid debt in the amount of €1,452 million in April 2018), compared to €8,418 million as of March 31, 2017 re-presented.
In addition to the change in net free cash flow, net financial debt was impacted by favorable exchange rate fluctuations totaling €45 million in Q1 2018.

APPENDIX

Reconciliation of 2017 published data for the three months ended March 31, 2017 with represented data[1]

(in €m)	March 2017 published	IFRS 5 Adjustement[3]	IFRS 9 Adjustment	March 2017 represented
Revenue	6,269.8	-78.6	0.0	6,191.2
EBITDA	862.9	-15.8	-0.5	846.6
Current EBIT[2]	430.5	-2.3	-0.5	427.7
Operating Income	420.6	-2.3	-0.5	417.9
Current net income – Group share	154.7	-0.5	-0.6	153.7
Gross industrial investments	-271	8	0	-263
Net free cash-flow	-391	-2	0	-393
Net financial debt	-8,430	4	8	-8,418

(1) Unaudited figures
(2) Including the re-presented share of current net income of joint ventures and associates for the three months ended March 31, 2017.
(3) Figures for the three months ended March 31, 2017 were re-presented accordingly to ensure comparability, following the reclassification of the Group's activities in Gabon in "Net income from discontinued operations" in accordance with IFRS 5.

(in €m)	March 2017 published	IFRS 5 Adjustment	IFRS 9 Adjustment	March 2017 represented
France	1,302.9	0,0	0,0	1,302.9
Europe excluding France	2,274.6	0,0	0,0	2,274.6
Rest of the World	1,647.9	-78.6	0,0	1,569.4
Global businesses	1,036.6	0,0	0,0	1,036.6
Other	7.7	0,0	0,0	7.7
Total Revenue	6,269.8	-78.6	0,0	6,191.2