

Press Release

Paris, May 2, 2019

KEY FIGURES AS OF MARCH 31, 2019

(UNAUDITED DATA – AUDIT IN PROCESS)

VERY GOOD START TO THE YEAR CONTINUED SUSTAINED REVENUE AND PROFITS GROWTH, AS IN PREVIOUS QUARTERS

- **STRONG REVENUE GROWTH OF 4.8%¹ TO €6,785 MILLION AND +3.5%¹ LIKE FOR LIKE**
- **EBITDA ROSE 4.2%², TO €1,031 MILLION**
- **COST SAVINGS OF €60 MILLION SLIGHTLY AHEAD OF THE GROUP'S ANNUAL OBJECTIVE**
- **CURRENT EBIT GROWTH OF 4.8%², TO €484 MILLION**
- **CURRENT NET INCOME - GROUP SHARE OF €209 MILLION UP 7.8%³ AND +13.9%³ EXCLUDING CAPITAL GAINS**
- **ANNUAL OUTLOOK FULLY CONFIRMED**

Antoine Frérot, Veolia's Chairman and CEO indicated: *"We have accomplished a very good start of the year. The Group has continued to enjoy a sustained progression of activity, despite an unfavorable weather for our heating business, supported by good commercial momentum in all geographies, particularly in the new high value activities we have developed, such as hazardous waste, plastic recycling or industrial utilities and onsite services.*

Results also progressed at a very good rhythm, driven by sales growth and by cost reduction efforts. The performance accomplished in the first quarter allows us to be very confident in the achievement of our full year objectives: 2019, the last year of our 2016-2019 strategic plan should be another very satisfactory year".

¹ Variation vs. 1Q2018 restated for IFRS5 and at constant forex. At current exchange rates, revenue rose by 5.4%

² Variation vs. 1Q2018 restated for IFRS5, at constant forex and excluding IFRS16 impact. At current exchange rates EBITDA grow by 4%, and Current EBIT by 4.6%

³ Variation vs. 1Q2018 restated for IFRS5 and at constant forex. At current exchange rates, Current net profit attributable to group was up 7%, and up 13.8% excluding capital gains

- **Group consolidated revenue increased by +4.8% at constant exchange rates (+5.4% at current exchange rates) to €6,785 million, vs. €6,438 million in Q1, 2018 restated, and by +6.0% excluding weather impact.**

Revenue has continued to grow strongly, like in previous quarters, supported by commercial wins, good volumes in Waste (+2.6%) but also in Water, and by enhanced tariff increases (+€90M, or +1.4%, vs. +€47M impact in 1Q2018)

Exchange rate variations had a small favorable impact of €39 million (+0.6%).

High energy prices had an overall positive impact of +€53M (+0.8%), whereas the decline in recycled paper prices had a quasi-neutral impact (-€7 million, -0.1%). The very mild weather in Q1 has on the other hand weighed negatively on sales for an amount of -€77M (-1.2%).

At constant scope and exchange rates, growth stood at 3.5%.

The strong revenue growth was the result of increases in each of the geographic zones with the following breakdown (at constant forex):

- In France, activity was up +2.8% at €1,347 million. Water had a moderate growth (+0.6%) thanks to better price indexations (+1.2% vs. +0.6% in Q1 2018) and an increase in volumes of +1.1%. In Waste, activity was up by 5.4% thanks to good volumes (+1.9%), and enhanced service price increases (+2.3%) particularly in C&I.
- Europe excluding France grew by +4.7% to €2,572 million. The UK was up 5.6% thanks to strong waste volumes and a continued good commercial dynamic. Central Europe progressed by 4.6%, boosted by higher energy prices and increase in water volumes, partially offset by lower energy volumes sold due to the very mild winter (negative impact of -€47M). Northern Europe grew by 2.7% with waste volumes up +2.9%, notably in Germany, but unfavorable weather (negative impact of -€13M). Rest of Northern Europe grew by 9% with a positive scope effect in Belgium and strong plastic recycling in the Netherlands. Southern Europe rose by 8.5%, thanks to commercial wins in energy efficiency.
- Rest of the World once again posted the strongest growth in revenues, +6.6% to €1,758 million. All countries showed strong growth, except North America with lower district heating activity due to the mild winter and the remaining negative scope effect from the divestiture of Industrial Services beginning of 2018. Asia grew by 7.1%, in particular China +10.9% and Japan +5%. Latin America grew by 29.2% due to the integration of Grupo Sala and significant price increases. The Pacific zone showed an increase of 8.9%, with good waste volumes and the restart of the Sydney desalination plant. Africa Middle East recorded a progression of +2.9%.
- Global Businesses were up 4.7% to €1,102 million: continuation of solid growth in Hazardous Waste (+8.9%) and improved construction (+2.9%) thanks to SADE, up 8.5%, while Veolia Water Technologies' revenue was down 2.3%.
- By activity, at constant exchange rates, Water was up 2.7%, Waste by 5.0% and Energy by 2.5%.

- **EBITDA improved by +4.0% at current exchange rates and +3.8% at constant exchange rates to €1,031 million vs. €992 million in Q1, 2018 restated.**

Excluding IFRS16 impact (€111 million in 1Q2019, like in 1Q2018), EBITDA growth at constant forex vs. 1Q2018 restated was +4.2%, and +6.9% excluding weather.

EBITDA growth benefited from:

- Sustained revenue growth (commerce and volume impact on EBITDA amounted to €20 million, while scope added €10 million)
 - Cost savings of €60 million
 - Unfavorable weather for -€24 million
 - A reduced price cost squeeze thanks to improved price indexation (-€21 million vs. -€28 million in Q1 2018.)
 - A small negative impact of energy and recycled materials prices (-€8 million)
- **Current EBIT increased by +4.6% at current exchange rates, and +4.6% at constant exchange rates to €484 million vs. €462 million in Q1 2018 restated.**
- Current EBIT growth is the result of the increase in EBITDA, minored by increased D&A resulting from higher capex and a lower contribution from equity-accounted joint ventures and associates due to a €16 million non-recurring capital gain registered in 1Q 2018.
- **Current net income - Group share was €209 million vs. €196 million in Q1 2018 restated, up 7% at current exchange rates. Excluding capital gains, the growth rate was +13.8%.**
- Cost of financing amounted to -€113 million, vs. -€96 million in Q1 2018 restated, temporarily penalized by the €5 million carrying cost of the €750 million bond issued early January 2019, in anticipation of the April 2019 bond redemption.
 - Net financial capital gains were +€18 million vs. +€37 million in Q1 2018 restated
 - Tax rate was 24%
 - Non-controlling interests decreased slightly to €62 million vs. €64 million
- **Net Financial Debt amounted to €11,962 million, down vs. €11,457 million in March 31, 2018 restated.**
- It included an increase in industrial investments of €82 million to €516 million, with higher maintenance capex this quarter and an increase in discretionary investments by €53 million. Excluding IFRS 16 impact (€97 million in 1Q2019), capex are expected to reach €1.9bn for the full year. Net financial debt is up by €505 million year on year, due to unfavorable exchange rates (€200 million) and net financial acquisitions. Net financial debt is expected significantly below €12 billion at year end 2019 (before the potential divestiture of the DHN activity in the US)

- **2019 outlook***
 - Continuation of Revenue growth
 - Cost savings of at least €220 million
 - EBITDA between €3.5 billion and €3.6 billion and between €3.9 billion and €4.0 billion including IFRS16 impacts
- **Dividend** growth in line with that of current net income

** At constant exchange rates (based on rates at the end of 2018)*

- **Positive outcome of the US tax litigation**

As a result of the reorganization in 2006 of the former US. Filter (acquired in 1999), Veolia, through its subsidiary VENA0, sought a tax deduction pursuant to the “Worthless Stock Deduction” (WSD) provisions under US tax law. Related tax losses totaled USD 4.5 billion (tax base) as of December 31, 2006. Following a long tax audit, the IRS issued a revenue agent’s report on November 6, 2018, rejecting the worthless stock deduction and seeking penalties. Veolia filed a detailed protest on December 21, 2018, in which it refuted the merits of the IRS’s arguments.

The IRS has recently informed Veolia that it will not pursue a challenge of the Worthless Stock Deduction, and has provided a revised revenue agent’s report reflecting that decision on April 30, 2019.

Consequently, the USD 764 million in tax already recognised in the accounts is no longer being challenged by the IRS. In addition, tax losses not yet recognised, i.e. a potential positive tax impact of up to USD 460 million in tax, may be progressively recognized if and to the extent the Group generates sufficient U.S. taxable income in the future to utilize these losses before they expire in 2026.

Veolia group is the global leader in optimized resource management. With over 171,000 employees worldwide, the Group designs and provides water, waste and energy management solutions which contribute to the sustainable development of communities and industries. Through its three complementary business activities, Veolia helps to develop access to resources, preserve available resources, and to replenish them.

In 2018, the Veolia group supplied 95 million people with drinking water and 63 million people with wastewater service, produced nearly 56 million megawatt hours of energy and converted 49 million metric tons of waste into new materials and energy. Veolia Environnement (*listed on Paris Euronext: VIE*) recorded consolidated revenue of €25.91 billion in 2018 (USD 30.6 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, 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 divestiture 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, 2019

A] PREFACE

GABON

On February 18, 2019, Gabon and Veolia Africa signed a settlement agreement providing for the transfer of 51% of SEEG shares held by Veolia Africa to the Société de Patrimoine du Service public de l'eau potable, de l'énergie électrique et de l'assainissement, a company owned by Gabon, for a price of €45 million. Subject to the fulfillment of conditions precedent and the signature of the protocol by the SEEG, Gabon and the Group shall request the discontinuance of the pending proceeding before the ICSID and shall mutually and definitively release all claims and actions arising from the concession agreement terminated by Gabon.

On March 29, 2019, the ICSID noted the end of the arbitration proceeding between the Group and Gabon, enabling the implementation of the settlement agreement.

As of March 31, 2019, a portion of the transfer price has been paid for the SEEG shares for an amount of €4.5 million. The remaining €40.5 million is payable in six equal monthly installments from the month of May this year.

LITHUANIA

The Lithuanian operations were consolidated as discontinued operations (Vilnius contract) / held for sale (Litesko contract) in the 31 December 2018 accounts. The most recent exchanges during the first quarter of 2019 did not make it possible to implement a process involving the sale of these businesses. As a result, as at 31 March 2019, Litesko's assets and liabilities and the income statement of Vilnius and Litesko were reclassified as continued operations. This reclassification was the subject of a publication of restated financial statements in March 2018 in order to ensure comparability between periods.

CHANGE IN LEASE STANDARD

The Group applies the new lease standard, IFRS 16, with effect from January 1, 2019. The standard is applied using the full retrospective method (recalculation of the asset and the debt as if the standard had been applied from inception of the lease).

The adjustments resulting from the application of this standard in the income statement are significant, with an increase in EBITDA due to the cancellation of the lease expense, offset by an increase in depreciation in current EBIT and in interest (see Appendix, first quarter 2018 pro forma impact).

B| KEY FIGURES

<i>(in € million)</i>	<i>Three months ended March 31, 2018 published</i>	<i>Three-months ended March 31, 2018 re-presented ⁽¹⁾</i>	<i>Three months ended March 31, 2019</i>	Δ	Δ at constant exchange rates	Δ at constant exchange rates (IFRS 16 excl.)
Revenue	6,419	6,438	6,785	5.4%	4.8%	4.8%
EBITDA	876	992	1,031	4.0%	3.8%	4.2%
<i>EBITDA margin</i>	<i>13.6%</i>	<i>15.4%</i>	<i>15.2%</i>			
Current EBIT ⁽²⁾	448	462	484	4.6%	4.6%	4.8%
Current net income - Group share	193	196	209	7.0%	7.8%	7.7%
Current net income – Group share, excluding capital gains and losses on financial divestitures net of tax	164	167	190	13.8%	13.9%	13.8%
Gross Industrial capex	(307)	(434)	(516)			
Net free cash flow ⁽³⁾	(398)	(412)	(525)			
Net financial debt (including hybrid and lease debt)	(9,661)	(11,457)	(11,962)			
Net financial debt (excluding lease debt)	(9,661)	(9,659)	(10,219)			

The main foreign exchange impacts were as follows:

FX impacts for the three months ended March 31, 2019

(vs March 31, 2018 re-presented ⁽¹⁾)

	%	(in € million)
Revenue	0.6%	39
EBITDA	0.2%	2
Current EBIT	0.0%	0
Current net income	-0.8%	(2)
Net financial debt	-1.7%	(200)

(1) Adjustments to figures for the three months ended March 31, 2018 concern the application of IFRS 16 and the reclassification of Lithuania from discontinued operations to full consolidation in March 2018 re-presented.

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

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

C| INCOME STATEMENT

1. GROUP CONSOLIDATED REVENUE

Group consolidated revenue for the three months ended March 31, 2019 increased 4.8% at constant exchange rates to €6,785.3 million, compared to re-presented €6,438.2 million for the three months ended March 31, 2018.

By segment, the change in revenue compared to re-presented figures for the three months ended March 31, 2018 breaks down as follows:

(in € million)	Three-months ended March 31, 2018 re-presented ⁽¹⁾	Three months ended March 31, 2019	Change 2018 / 2019		
			Δ	Δ at constant exchange rates	Δ at constant scope and exchange rates
France	1,310.6	1,346.9	2.8%	2.8%	2.1%
Europe, excluding France	2,461.5	2,571.8	4.5%	4.7%	3.4%
Rest of the world	1,612.8	1,757.9	9.0%	6.6%	4.1%
Global businesses	1,045.7	1,101.9	5.4%	4.7%	4.5%
Other	7.7	6.7	-13.0%	-	-
Group	6,438.2	6,785.3	5.4%	4.8%	3.5%

(1) Adjustments to figures for the three months ended March 31, 2018 concern the application of IFRS 16 and the reclassification of Lithuania from discontinued operations to full consolidation in March 2018 re-presented.

- Revenue increased +2.8% in **France** at current exchange rate compared to re-presented figures for the three months ended March 31, 2018; water revenue increased +0.6% and waste revenue rose +5.4%:
 - Water revenue rose by +0.6% compared to re-presented figures for the three months ended March 31, 2018, impacted by better tariff indexation of +1.2% (compared to +0.6% for the three months ended March 31, 2018) and higher volumes sold (+1.1%);
 - waste revenue improved +5.4% compared to re-presented figures for the three months ended March 31, 2018, mainly due to higher tariffs in waste (+2.3%) particularly in the Commercial and Industrial segment, an increase in volume (+1.9%), and a limited impact of lower recycled paper prices (-€4 million).
- **Europe excluding France** grew +4.7% at constant exchange rates compared to re-presented figures for the three months ended March 31, 2018, with solid momentum in the majority of regions:
 - in Central and Eastern Europe, revenue increased +4.6% at constant exchange rates compared to re-presented figures for the three months ended March 31, 2018, to €992.6 million. Growth was driven by:
 - in energy (+6.7% at constant exchange rates), higher prices and tariffs for energy sold, offset by an unfavorable weather impact (-€47 million),
 - in water, tariff increases mostly in Bulgaria and Romania, and good volumes (+3%);
 - in Northern Europe, revenue increased +2.7% at constant exchange rates compared to the re-presented prior-year period, to €717.0 million. Germany, the main contributor (€493.8 million),

benefited from strong growth in waste volumes (+3.5%), offset by an unfavorable weather impact in energy (-€13 million). Tuck-in activities (industrial services in Belgium and plastic recycling in the Netherlands) also contributed to revenue growth in the zone.

- in the United Kingdom/Ireland, revenue increased +5.6% at constant exchange rates to €562.1 million, due to numerous commercial wins and good volumes in waste with limited impact of recycled paper prices;
- Strong growth in the **Rest of the world** of +6.6% at constant exchange rates compared with re-presented figures for the three months ended March 31, 2018:
 - strong revenue growth in Latin America (+29.2% at constant exchange rates): tariff increases and acquisition of Grupo Sala in Colombia in 2018;
 - revenue in Asia increased by +7.1% at constant exchange rates. The area benefits from a strong revenue growth in China +10.9% mainly due to the waste business (hazardous waste incinerators, landfills in Hong Kong and WEEE recycling) and higher heating sales (Harbin). Japan grew by +5% at constant exchange rates, mostly due to commercial gains in municipal water and positively contributed to the strong development of the zone.
 - revenue fell -1.4% at constant exchange rates to €539.2 million in North America, mainly due to the sale of the Industrial Services division in Q1 2018 (-€11 million) and a fall in energy revenue (weather impact of -€18 million, with lower volumes due to a mild winter), partially offset by favorable commercial impacts in energy, and increased activity in water (contract wins and higher tariffs) and in waste (increasing volumes in hazardous waste);
 - the Pacific zone recorded +8.9% growth at constant exchange rates for the three months ended March 31, 2019, due to good waste volumes and in water activity, the restart of the Sydney desalination plant;
 - in Africa/Middle East, revenue increased +2.9% at constant exchange rates, with a growth fueled by new energy services contracts in the Middle East.
- **Global businesses:** revenue increased 4.7% at constant exchange rates versus the re-presented prior-year period:
 - Hazardous waste activities increased by +8.9% at constant exchange rates with strong commercial momentum, prices and volumes increase and solid oil recycling business;
 - Construction activities are up by +2.9% at constant exchange rates. Veolia Water Technologies backlog increased by +14% compared to December 31, 2018 to €2,019 million due to the signing of two contracts of desalination plant construction projects representing a cumulative revenue of €283 million. With an 8.5% increase in its revenue for the three month ended March 31, 2019 SADE benefits from a strong level of activity, especially in France.

The increase in revenue between 2018 and 2019 breaks down by main impact as follows:

The **foreign exchange impact** totaled +€39.4 million (+0.6% of revenue) and mainly reflects fluctuations in the US dollar (+€48.2 million), the pound sterling (+€16.0 million), the Japanese yen (+€7.8 million), the Argentine peso (-€33.2 million) and the Polish zloty (-€10.4 million).

The **consolidation scope impact** of +€85 million mainly relates to:

- developments in 2018: integration of Grupo Sala in Colombia (+€32 million), PPC industrial assets in Slovakia (+€16 million) and HCI in Belgium (+€13 million) and divestiture of the Industrial Services division in the United States in February 2018 (-€11 million);
- 2019 transactions, including the acquisitions of Levice in Slovakia and Renascimento in Portugal.

Energy and recyclate prices (+€46 million) are linked to higher energy tariffs (+€53 million) in Europe (+€64 million due to sales in heat and electricity in Central Europe and Germany, higher electricity prices in the United Kingdom), offset by an unfavorable price effect in North America (-€13 million: lower electricity and natural gas prices) and a limited impact of lower recycled material prices in France, the United Kingdom and Germany (-€7 million compared to -€20 million for the three month ended March 31, 2018).

The **weather** impact is -€77 million (vs +€17 million in Q1 2018) and is particularly unfavorable in Central Europe (-€47 million), Germany (-€13 million) and North America (-€18 million).

Commercial momentum improved significantly (**Commerce/Volumes** impact) to +€172 million (compared to +€195 million in Q1 2018):

- o volume increase of +€92 million, in line with sustained volume growth in waste (+2.6%) and water (+1.1% in France, +3% in Central Europe);
 - o a commercial impact of +€60 million, thanks to industrial and municipal contract wins in Waste in the United Kingdom, in water in Asia (particularly in Japan), and in hazardous waste and energy services in the Middle East;
 - o construction activities contributed €20 million (€76 million in Q1 2018)
- Favorable **price effects** (+€90 million) are tied to tariff increases in waste (+2.7% notably in France, the United Kingdom, and Latin America) and in hazardous waste activities, and benefit from positive tariff indexations in Water (in France, Central Europe and Latin America).

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

(in € million)	Three-months ended March 31, 2018 re-presented ⁽¹⁾	Three months ended March 31, 2019	Change 2018 / 2019		
			Δ	Δ at constant exchange rates	Δ at constant scope and exchange rates
Water	2,562.1	2,644.6	3.2%	1.8%	2.7%
Waste	2,268.4	2,443.4	7.7%	7.6%	5.0%
Energy	1,607.8	1,697.4	5.6%	5.6%	2.5%
Group	6,438.2	6,785.3	5.4%	4.8%	3.5%

(1) Adjustments to figures for the three months ended March 31, 2018 concern the application of IFRS 16 and the reclassification of Lithuania from discontinued operations to full consolidation in March 2018 re-presented

WATER

Water revenue increased by +1.8% at constant exchange rates and +2.7% at constant scope and exchange rates compared to re-presented figures for the three months ended March 31, 2018. This improvement can be explained as follows:

- a positive commerce / volume impact of +1.7%, due to commercial momentum in the Rest of the World (primarily Asia), higher volumes in France (+1.1%) and Central Europe (+3%);
- a positive price impact of +1.0% with higher tariffs notably in Central Europe and Latin America as well as better tariff indexation in France (+1.2% compared to +0.6% for the three months ended March 31, 2018);
- increased construction activity (+0.9%), with strong performance by SADE in France.

WASTE

Waste revenue rose +7.6% at constant exchange rates compared to re-presented figures for the three months ended March 31, 2018 (+5.0% at constant exchange rates), due to:

- a scope impact of +2.5% due to acquisitions in Northern Europe and Colombia (Grupo Sala);
- a commerce / volume impact of +2.6%, with higher processing and collection volumes in France, Europe excluding France and hazardous waste, as well as numerous commercial wins and renewals in the United Kingdom and in hazardous waste;
- a positive price effect of +2.7% (mainly in France, the United Kingdom, Latin America, Asia and in hazardous waste);
- the limited impact of lower recycled paper prices (-0.3%), particularly in Germany and the United Kingdom).

ENERGY

Energy revenue rose +5.6% at constant exchange rates compared with re-presented figures for the three months ended March 31, 2018 (+2.5% at constant consolidation scope and exchange rates). This improvement can be explained by:

- a positive price effect (+2.7%), with a strong increase in heating and electricity prices mainly in Central Europe;
- growth in commercial and construction volumes (+2.6%) mainly due to new energy efficiency contracts.
- a negative weather impact (i.e. -4%), particularly in Central Europe;

EBITDA

Group consolidated EBITDA for the three months ended March 31, 2019 was €1,030.8 million, up 4.2% at constant exchange rates and excluding IFRS 16 impact (amount stable for Q1 2019 : +€111 million) compared with re-presented figures for Q1 2018.

The increase in EBITDA between 2018 and 2019 breaks down by main impact as follows:

The **foreign exchange impact** on EBITDA was +€2.3 million and mainly reflects fluctuations in the US dollar (+€5.5 million), the pound sterling (+€2.6 million), the Japanese yen (+€0.7 million), the Argentine peso (-€4.0 million) and the Polish zloty (-€2.7 million).

The **consolidation scope impact** of +€10 million mainly relates to developments in 2019 and notably the integration of Levice industrial assets and Renascimento assets in Portugal, as well as the acquisitions of 2018 in Colombia (Grupo Sala), Slovakia (PPC), the disposal of ScvK and the contract evolution in North Bohemia.

Commerce and volume impacts totaled +€20 million, thanks to continued strong waste volumes and overall commercial dynamism.

The **weather impact** on EBITDA was highly unfavorable (-€24 million compared to +€3 million in the three month ended March 31, 2018), particularly in Central Europe (-€20 million), in Germany (-€4 million) and in North America (-€5 million). Weather effect was slightly favorable in China (+€5 million).

Energy and recyclate prices had a negative impact on EBITDA (-€8 million compared to -€13 million in the three month ended March 31, 2018): -€6 million in energy and a lower recycled paper prices (-€2 million).

Price cost squeeze impact improved, from -€28 million at March 31, 2018 to -€21 million, thanks to higher tariff indexation in water and waste.

Cost savings plans contributed €60 million, slightly ahead of the €220 million annual objective. These savings mainly concern operating efficiency (53%) and purchasing (28%) and were achieved across all geographical zones: France (25%), Europe excluding France (26%), Rest of the world (29%), Global businesses (9%) and Corporate (11%).

CURRENT EBIT

Group consolidated current EBIT for the three months ended March 31, 2019 was €483.7 million, up 4.6% at constant exchange rates on the three months ended March 31, 2018 re-presented. EBITDA reconciles with current EBIT for the three months ended March 31, 2019 as follows:

<i>(in € million)</i>	<i>Three-months ended March 31, 2018 re-presented ⁽¹⁾</i>	<i>Three months ended March 31, 2019</i>
EBITDA	991.5	1,030.8
Renewal expenses	(68.5)	(68.0)
Depreciation and amortization ⁽²⁾	(499.7)	(515.8)
Provisions, fair value adjustments & other ⁽³⁾	2.1	13.8
Share of current net income of joint ventures and associates	37.1	22.9
Current EBIT	462.5	483.7

(1) Adjustments to figures for the three months ended March 31, 2018 concern the application of IFRS 16 and the reclassification of Lithuania from discontinued operations to full consolidation in March 2018 re-presented.

(2) Including principal payments on current operating financial assets (OFA) of -€22.6 million for the three months ended March 31, 2019 compared to -€31 million for the three months ended March 31, 2018.

(3) Including capital gain or loss on industrial divestitures for an amount of €2.6 million for the three months ended March 31, 2019 compared to €2.2 million for the three months ended March 31, 2018.

The improvement in current EBIT at constant exchange rates reflects:

- EBITDA growth;
- favorable fluctuation of net reversal of operating provisions (compared to the first quarter of 2018, which was marked by one-off charges in the United Kingdom and South Korea)

Offset by:

- the increase in depreciation and amortization charges at constant exchange rates (-€21.3 million or +4.6% compared to the three months ended March 31, 2018), in line with the development of the Group's activities and consolidation scope impacts;
- a decrease in the contribution of equity-accounted entities, following the recognition in 2018 of a €15.9 million gain on disposal in the United States partially offset in 2019 by an increase of the contribution of Chinese equity accounted entities.

The foreign exchange impact on Current EBIT was neutral.

NET FINANCIAL EXPENSE

The **cost of net financial debt** totaled -€112.8 million for the three months ended March 31, 2019, compared to -€96.4 million for the three months ended March 31, 2018 re-presented. This unfavorable evolution is mainly due to the temporary impact for €5 million of the issue of a €750 million bond in January 2019 in anticipation of a bond redemption in April 2019.

Other financial income and expenses totaled -€22.1 million for the three months ended March 31, 2019, compared with -€18.5 million for the three months ended March 31, 2018 re-presented. These expenses include interest on concession liabilities (IFRIC 12) of -€20.2 million, interest on the IFRS 16 lease liabilities of -€10.8 million and the unwinding of discounts on provisions of -€8.9 million, stable compared to Q1 2018. They also include capital gains or losses on financial divestitures of €18.3 million for the three months ended March 31, 2019, compared to 36.9 million for the three months ended March 31, 2018 re-presented. In 2019, capital gains on financial divestitures include the capital gain on the sale of the Foshan landfill in China.

INCOME TAX EXPENSE

The income tax expense for the three months ended March 31, 2019 amounted to -€77.8 million, compared to -€88.5 million for the re-presented prior-year period. The current income tax rate for the three months ended March 31, 2019 is 23.9%, compared to 28.5% for the three months ended March 31, 2018 re-presented.

CURRENT NET INCOME

Current net income attributable to owners of the Company increased 7.8% at constant exchange rates to €209.2 million for the three months ended March 31, 2019, compared to €195.5 million for the three months ended March 31, 2018 re-presented.

Excluding capital gains and losses on financial divestitures net of tax and minority interest, current net income attributable to owners of the Company increased 13.9% at constant exchange rates to €189.5 million for the three months ended March 31, 2019, compared to €166.5 million for the three months ended March 31, 2018 re-presented.

D| FINANCING

<i>(in € million)</i>	<i>Three-months ended March 31, 2018 re-presented ⁽¹⁾</i>	<i>Three months ended March 31, 2019</i>
EBITDA	992	1,031
Net industrial investments	(422)	(506)
Change in operating WCR	(797)	(759)
Dividends received from equity-accounted entities and joint ventures	55	21
Renewal expenses	(69)	(68)
Other non-current expenses and restructuring charges	(17)	(26)
Interest on concession liabilities (IFRIC 12)	(23)	(20)
Interest on lease liabilities (IFRS 16)	(12)	(11)
Financial items (current interest paid and operating cash flow from financing activities)	(101)	(115)
Taxes paid	(19)	(71)
Net free cash flow before dividend payment, financial investments and financial divestitures	(412)	(525)
Net financial debt at the beginning of the period	(9,624)	(11,485)
Net financial debt at the end of the period	(11,457)	(11,962)

⁽¹⁾ Adjustments to figures for the three months ended March 31, 2018 concern the application of IFRS 16 and the reclassification of Lithuania from discontinued operations to full consolidation in March 2018 re-presented

Net free cash flow (including IFRS 16) was -€525 million for the three months ended March 31, 2019, compared to -€412 million for the three months ended March 31, 2018 re-presented.

The year-on-year change in net free cash flow mainly reflects an increase in net industrial investments compared to the three months ended March 31, 2018 (-€84 million).

Overall, **net financial debt** is €11,962 million (€10,219 million excluding IFRS 16 impact), compared to €11,457 million as of March 31, 2018 (€9,659 million excluding IFRS 16 impact).

In addition to the change in net free cash flow, net financial debt was impacted by net financial acquisitions of €165 million (including the financial divestiture of Transdev for €334 million) and the unfavorable exchange rate fluctuations totaling -€68 million in Q1 2019 (of which -€24 million attributable to Pound Sterling, -€15 million attributable to Hong Kong Dollar and -€10 million attributable to US Dollar). On the first quarter 2018, change in Net Financial Debt included hybrid redemption for -€1,452 million.

APPENDIX

Reconciliation of 2018 published data for the three months ended March 31, 2018 with represented data⁽¹⁾

(in €m)	March 2018 published	IFRS 5 Adjustment ⁽³⁾	IFRS16 Adjustment	March 2018 represented
Revenue	6 419.4	18.8	0.0	6 438.2
EBITDA	875.5	5.1	110.9	991.5
Current EBIT ⁽²⁾	448.2	2.1	12.1	462.5
Financial result	-103.3	-0.1	-11.4	-114.9
Current net income – Group share	193.2	1.5	0.8	195.5
Gross industrial investments	-307	0	-127	-434
Net free cash-flow	-398	3	-17	-412
Net financial debt	-9 661	1	-1 798	-11 457

(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, 2018.

(3) To ensure comparability, figures for the three months ended March 31, 2018 were re-presented to include the Lithuanian accounts presented in “Net income from discontinued operations” in 2018.

(in €m)	March 2018 published	IFRS 5 Adjustment	IFRS 16 Adjustment	March 2018 represented
France	1 310.6	0.0	0.0	1 310.6
Europe excluding France	2 442.7	18.8	0.0	2 461.5
Rest of the World	1 612.8	0.0	0.0	1 612.8
Global businesses	1 045.7	0.0	0.0	1 045.7
Other	7.7	0.0	0.0	7.7
Total Revenue	6 419.4	18.8	0.0	6 438.2