Press Release

Paris, 7th of November 2019

KEY FIGURES FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

(UNAUDITED IFRS FIGURES)

SOLID REVENUE AND PROFIT GROWTH PERFORMANCE

- **REVENUE : €19,764M, +5.2%[1]**
- **EBITDA : €2,894M, +5.1%[1]**
- **COST SAVINGS OF €185M OVER THE 9 MONTHS, AHEAD OF THE GROUP'S ANNUAL OBJECTIVE OF MORE THAN €220M**
- **CURRENT EBIT : €1,190M, +5.4%[1]**
- **CURRENT NET INCOME GROUP SHARE : €486M, +7.2%[1]**

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- **2019 OBJECTIVES FULLY CONFIRMED**
- **NEXT STRATEGIC PLAN 2020-2023 TO BE PRESENTED ON FEBRUARY 27th, 2020**

Antoine Frérot, Chairman and CEO, indicated: *«Veolia has achieved a solid performance over the 9-months 2019, in line with our sustained and profitable growth trajectory. With revenue and EBITDA growth of more than 5%, and current net income up by more than 7%, Veolia is clearly heading towards the upper range of the 2019 guidance. Revenue and profit growth were the key milestones of our current strategic plan, which is ending in 2019, and for which all targets will have been fully achieved. The choices we have made in recent years in terms of strategic priorities, innovation and renewed service offerings, as well as strict cost control, are bearing fruit and are putting us in a strong position for the 2020-2023 strategic plan. More than ever, Veolia reaffirms its leadership for meeting the key challenges of the ecological transition for businesses, municipalities and citizens ».*

1 Variation at current exchange rates vs. 9 month 2018 figures represented for IFRS5 and IFRS 16 impacts

- **Group consolidated revenue was €19,764M compared to €18,788M represented in the first nine months of 2018, a growth of 5.2% at current exchange rates, 5.0% at constant exchange rates, and 3.8% at constant scope and exchange rates.**

Veolia once again delivered strong revenue growth, +3.8% at constant exchange rates in Q3.

Exchange rate variation had a very limited favorable impact of €45M on revenue as of September 30.

The scope effect was positive for €221M.

The impact of energy prices (+€93M) has more than offset the impact of lower recycled materials prices (-€28M, due to the continued decline in recycled paper prices in 2019).

At constant exchange rates, the variances for the first 9 months are as follows:

- In France, activity increased by +2.7%. Water revenue grew by 1.5% with price indexation of +1.4% and volume increase of +1%. Summer was good, especially when compared to a Q3 2018 with already increasing volumes. Waste grew by 4.2%, with stable volumes compared to a high 9-months 2018 (where volumes were up 4.4%), continued selectivity in terms of contract renewal (municipal collection down 4.3% and C&I up). Prices were up by 2.3%. The decrease in recycled paper prices continued.
- Europe excluding France grew by 5.3%, with all regions exhibiting growth. Central and Eastern Europe grew by 6.0%: Energy revenue progressed by 12.7% due to the increase in energy prices and the integration of new cogeneration assets in Slovakia, Bratislava and Levice. Water revenue was down due to the evolution of the SCVK contract in North Bohemia, partially offset by price increases and good water volumes (+3%). Northern Europe registered growth of +2.5%. UK/Ireland progressed by 4.5% thanks to continued high availability rates for the PFIs (92.5%), commercial wins, good volumes (+1.5%), and electricity price increases.
- The Rest of the World continued to grow strongly with an increase of 8.2%. Latin America rose by 21.0% due to tariff increases, and the integration over the 9 months of the activities of Grupo Sala, a leader in hazardous and municipal waste in Colombia. Asia grew by 12.6%. China (including Hong Kong and Taiwan) was up by 20.1% with strong growth in Waste (hazardous and recycling), in Industrial Water and in Energy. Japan grew by +7.2%, with solid growth in municipal water. The Pacific Zone grew by 5.9% thanks to good volumes of treated waste. Africa and Middle-East were up by 4.3% due to good performances in Energy services in the Middle-East and rising water and energy volumes in Morocco.
- Global Businesses revenue increased by 2.3%. Hazardous Waste continued to exhibit strong growth (+6.4%) thanks to an increase in treated volumes (+4.9%) and higher prices. Construction activity is stable in spite of the continued decrease at Veolia Water Technologies (-7.0%, due to the decided downsizing of the EPC business) and a +8.4% growth at SADE in civil engineering.

At constant exchange rates and excluding the impacts from construction and energy prices, revenue was up by 3.7% in Q3, following +4.4% in Q2 and +3.6% in Q1.

By activity, at constant exchange rates: Water revenue increased by 1.2%. Waste exhibited strong growth, +7.0% at the end of September, with volumes up by 1.9% and prices up 2.8%. Energy was up by 8.8% thanks to favorable commercial and volume impacts (+3.7%), an energy price impact of +2%, partially compensated by a weather impact of -0.6%.

- **EBITDA was up by 5.1% at current (and constant) exchange rates, at €2,894M compared to €2,754M for represented September 30, 2018.**
  - The exchange rate variation is neutral. The scope effect is negative by -€8M.

- o At constant exchange rates, the combination of sustained revenue growth with the continuing high level of cost savings (€185M: €64M in Q3, €61M in Q2, and €60M in Q1) resulted in a 5.1% progression in EBITDA. Energy and recycled material prices had an unfavorable impact of -€27M on EBITDA growth (of which energy prices for -€17M and recycled material prices for -€10M). Weather effect amounted to -€6M. The price effect net of cost inflation was -€77M.

- **Current EBIT increased by 5.4% at current exchange rates, and reached €1,190M compared to €1,129M for represented September 30, 2018. (+5.5% at constant exchange rates).**
  - o Exchange rate variation had a negative impact of -€1M on current EBIT
  - o Current EBIT variation benefited from the growth in EBITDA. Depreciation (including principal repayment on operating financial assets) was up by €55M to €1,597M. The amount of provisions, fair-value adjustments, and gains on industrial disposals reached +€5M vs. +€28M for represented September 30, 2018. The contribution of equity-accounted joint ventures and associates to current net income increased by €8M to €97M.

- **Current Net Income Group Share was €486M, compared to €453M for September 30, 2018 represented results, a 7.2% increase at current exchange rates (and +7.7% at constant exchange rates and excluding capital gains).**
  - o Cost of net financial debt was up, at -€333M vs. -€301M, due to the impact of the bond issuances of at the end of 2018 and early in 2019. Other current financial expenses and income were -€132M compared to -€144M for September 30, 2018 represented.
  - o Capital gains on financial disposals were €14M vs. €30M for represented September 2018 (divestiture of the Industrial Services activity in the United States in the beginning of 2018).
  - o The current tax rate was 23.5%.

- **Net Financial Debt reached €12,487M in September 30, 2019 compared to €12,282M for September 30, 2018 represented.** The slight increase vs. September 30, 2018 is due to foreign exchange variation (impact of €160M) and net financial acquisitions of €146M, partially offset by a lower unfavorable seasonal variation of WCR.

  Net financial debt is expected to be around €11 billion at the end of the year, including the closing of the July 31st divestiture of the municipal energy business in the United Sates.

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- **In view of our 9 month performance, the 2019 objectives* are fully confirmed :**
  - Continuation of Revenue growth
  - Cost savings of at least €220 million
  - EBITDA between €3.9billion 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)*

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 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.

Contacts

Group Media Relations
Laurent Obadia
Sandrine Guendoul
Tél : + 33 (0)1 85 57 42 16
sandrine.guendoul@veolia.com

Investor & Analyst Relations
Ronald Wasylec - Ariane de Lamaze
Tél. : + 33 (0)1 85 57 84 76 / 84 80

FINANCIAL INFORMATION FOR THE 9 MONTHS ENDED SEPTEMBER 30, 2019

A] PREFACE

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, H1 2018 pro forma impact).

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.
A down payment of €4.5 million was made to Veolia Africa upon the signing of the settlement agreement. The outstanding balance was divided into 6 monthly installments, with the last payment due in October 2019.
As of September 30, 2019, the Group has recognized the initial payment of €4.5 million, and the first four payments received at the issue date of the present document in net income from discontinued operations (payments will be recognized in the income statement as they are settled).

LITHUANIA

Activities in Lithuania were recorded in discontinued operations (Vilnius contract) and activities held for sale (Litesko contract) as of December 31, 2018. Recent discussions during Q1 2019 were unable to agree a process committing to the divestiture of these Group activities. Accordingly, the Litesko assets and liabilities and the Vilnius and Litesko income statements were transferred to continuing operations as of September 30, 2019. The financial statements for the nine months ended September 30, 2018 were re-presented as a result of this reclassification to ensure comparability.

B] KEY FIGURES

(in € million)	Nine months ended September 30, 2018 published	Nine months ended September 30, 2018 represented [1]	Nine months ended September 30, 2019	Change 2018 / 2019: Δ	Change 2018 / 2019: Δ at constant exchange rates
Revenue	18,761	18,788	19,764	5.2%	5.0%
EBITDA	2,418	2,754	2,894	5.1%	5.1%
EBITDA margin	12.9%	14.6%	14.6%		
Current EBIT [2]	1,100	1,129	1,190	5.4%	5.5%
Current net income - Group share	457	453	486	7.2%	7.5%
Current net income – Group share, excluding capital gains and losses on financial divestitures net of tax	439	435	468	7.6%	7.7%
Gross industrial investments [3]	(1,134)	(1,430)	(1,574)		
Net free cash flow [4]	(298)	(276)	(167)		
Net financial debt (excl. IFRS 16) [5]	(10,527)	(10,527)	(10,782)		
Net financial debt incl IFRS 16 lease liabilities		(12,282)	(12,487)		

(1) The restatements at September 30, 2018 relate to the application of IFRS 16 and the reinstatement of the Lithuania accounts presented in discontinued operations in 2018.

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

(3) Including an IFRS 16 impact on capital expenditures of -€295 million at end of September 2018 and -€303 million at end of September 2019

(4) Net free cash flow corresponds to free cash flow from continuing operations, and is equal to the sum of EBITDA, dividends received, 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.

(5) Net Financial debt published in September 2018 before Hybrid redemption : - €9,075 million

The main foreign exchange impacts were as follows:

FX impacts for the nine months ended September 30, 2019 (vs September 30, 2018 re-presented)	%	(in € million)
Revenue	0.2%	45
EBITDA	0.0%	0
Current EBIT	-0.1%	(1)
Current net income	-0.3%	(1)
Net financial debt	1.3%	160

C] Income Statement

1. GROUP CONSOLIDATED REVENUE

Group consolidated revenue for the nine months ended September 30, 2019 **increased 5.0% at constant exchange rates** to €19,764 million, compared to re-presented €18,788 million for the nine months ended September 30, 2018.

Revenue growth in the third quarter of 2019 breaks down by operating segment as follows:

Change at constant exchange rates	*Q1 2019*	*Q2 2019*	*Q3 2019*
France	2.8%	5.0%	0.5%
Europe, excluding France	4.7%	7.2%	4.1%
Rest of the world	6.6%	9.0%	9.0%
Global businesses	4.7%	2.6%	-0.2%
Group	**4.8%**	**6.3%**	**3.8%**

The third quarter was marked by further activity growth outside France and particularly in Europe (higher volumes and commercial wins in the United Kingdom and Iberia, partially offset by a slowdown in Central Europe due to the seasonality of the Energy business), and the Rest of the world (robust growth in Asia driven by China and Latin America).

By segment, the change in revenue compared to re-presented figures for the nine months ended September 30, 2018 breaks down as follows:

			Change 2018 / 2019		
(in € million)	*Nine months ended September 30, 2018 re-presented*	***Nine months ended September 30, 2019***	*Δ*	*Δ at constant exchange rates*	*Δ at constant scope and exchange rates*
France	4,065	4,175	2.7%	2.7%	2.4%
Europe, excluding France	6,545	6,869	5.0%	5.3%	4.2%
Rest of the world	4,826	5,271	9.2%	8.2%	5.5%
Global businesses	3,331	3,427	2.9%	2.3%	2.1%
Other	21	21	-2.3%	-	-
Group	**18,788**	**19,764**	**5.2%**	**5.0%**	**3.8%**

– Revenue increased +2.7% in **France** compared to re-presented figures for the nine months ended September 30, 2018 : Water revenue increased +1.5% and Waste revenue +4.2%:

  - **Water** revenue rose by +1.5% compared to re-presented figures for the nine months of 2018, with improved tariff indexation of +1.4% (vs +0.7% in as of September 30th 2018) and volumes up +1.0%.

  - **Waste** revenue improved +4.2% on re-presented figures for the nine months ended September 2018, including +2.4% attributable to increased Construction activities for incinerators. Excluding Construction activities, the +1.8% increase at constant exchange rate is due to higher tariffs (+2.3%) and good volumes in the Commercial and Industrial segments, offset by improved selectivity in the renewal of contracts for municipal collection, and continued decline in paper prices over Q3 2019.

- **Europe excluding France** grew +5.3% at constant exchange rates compared to re-presented figures for the nine months ended September 30, 2018, with solid momentum in the majority of regions:

  - In Central and Eastern Europe, revenue increased +6.0% at constant exchange rates compared to re-presented figures for the nine months ended September 30, 2018, to €2,330 million. Growth was driven by:

    - in Energy (+12.7% at constant exchange rates), higher prices and tariffs for energy sold, with a slightly negative weather impact of -€7 million,

    - in Water, the revenue impact of changes to the ScvK water contract in the Czech Republic (-€93 million) was partially offset by higher tariffs and volume growth of +3.0%;

  - In Northern Europe, revenue increased +2.5% at constant exchange rates compared to the re-presented prior-year period, to €2,008 million. Germany, the main contributor (€1,365 million), benefited from strong growth in Waste volumes offset by lower energy sales notably due to a mild winter. Tuck-in activities (industrial services in Belgium and plastic recycling in the Netherlands) also contributed to activity growth in Northern Europe.

  - In the United Kingdom / Ireland, revenue increased +4.5% at constant exchange rates to €1,707 million, thanks to good waste volumes (+1.5%) and a good momentum in commercial activity; declining volumes in electricity (due to an incinerator utilization rate (92.5%) lower than in September 2018 (94%) - maintenance outage schedule) are offset by higher electricity selling prices. The drop in recyclate paper prices but also higher plastic prices.

- Strong growth in the **Rest of the world** of 8.2% at constant exchange rates compared to re-presented figures for the nine months ended September 30, 2018:

  - Strong revenue growth in Latin America (+21.0% at constant exchange rates), driven by tariff increases in Argentina (tied to inflation) and the acquisition of Grupo Sala in Colombia, consolidated since May 1, 2018 (impact of €42 million);

  - Revenue increased +2.5% at constant exchange rates to €1,608 million in North America. Robust hazardous waste performance with good processing tool availability and increased volumes and higher prices in hazardous waste offset lower energy revenue penalized by the very mild start to the year;

  - Asia revenue increased significantly by +12.6% at constant exchange rates, mainly due to continued strong growth in the area China, Hong-Kong and Taiwan: revenue grew +20.0% at constant exchange rates to €796 million, driven by excellent Waste performance (hazardous waste incineration, plastic recycling with the integration of Huafei industrial assets), higher heating sales following the extension of the Harbin network and further development of industrial waste activities. Organic growth continued in Japan (+7.2%) and particularly in municipal water, with numerous developments in manufacturing.

  - The Pacific zone recorded +5.9% growth at constant exchange rates for the nine months ended September 30, 2019, with lower waste collection volumes offset by good growth in volumes processed;

- In Africa/Middle East, revenue increased +4.3% at constant exchange rates, thanks to commercial developments in energy services in the Middle East and good water and electricity volumes in Morocco.

– **Global businesses:** revenue increased +2.3% at constant exchange rates versus the re-presented prior-year period:

- Hazardous Waste activities increased by +6.4% at constant exchange rates, with higher volumes processed (+4.9%) and processing prices;
- Construction activity is stable with a continued decrease at Veolia Water Technologies (-7.0%, due to the decided downsizing of the EPC business) and a +8.4% growth at SADE in civil engineering.

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

The **foreign exchange impact** on revenue was +€45 million (+0.2% of revenue) and mainly reflects fluctuations in the US dollar (+€106 million), the Japanese yen (+€25 million), the Moroccan dirham (+€17 million) and the Argentine peso (-€101 million).

The consolidation scope impact of +€221 million mainly relates to:

– developments in 2018: integration of Grupo Sala in Colombia (+€42 million), HCI in Belgium (+€37 million), acquisition of two cogeneration plants in Slovakia (+€31 million) and the divestiture of the Industrial Services division in the United States in February 2018 (-€11 million), the divestiture of ScVK in the Czech Republic and the consolidation of SCS in the context of the contractual developments in Northern Bohemia (-€93 million);

– 2019 transactions, including the acquisitions of Huafei in China for a net amount of +€34 million, Levice in Slovakia (+€25 million) and Renascimento in Portugal (+€17 million).

Energy and recyclate prices (+€65 million) are linked to higher energy tariffs (+€93 million), notably in Europe for +€106 million (sales of heat and electricity in Central Europe and Germany), offset by an unfavorable price effect in North America of -€26 million (lower electricity and natural gas prices). Those tariff increases are offset by negative impact on recyclate prices: unfavorable impact of paper prices (-€28 million) mainly in France and in the United Kingdom; drop of metal prices are partially offset by better plastic prices (essentially in Europe).

The **weather impact** is -€38 million similar to June 2019.

Commercial momentum remains strong (**Commerce/Volumes/Construction** impact) contributing +€433 million:

- **volume** increase of +€248 million, in line with sustained volumes in Waste (+1.9%) and in Water in France (+1%) and Central Europe (+3%), as well as in the Rest of the world (Morocco, Australia, with the start-up of the Sydney desalination plant). Drop of **recyclate volume** (-€ 8 million) with declining volume in paper and cardboard (-€11 million) hardly compensated by increasing volumes in plastics.

- a **commercial** impact of +€79 million, thanks to industrial and municipal contract wins in Water in Asia, in hazardous waste in Asia and the United States and in energy services and industrial utilities in Southern Europe, Asia and the Middle East;
- **Construction** activities contributed €106 million (compared to +€161 million in September 2018), including +€88 million in Europe (notably in Waste in France with maintenance in recycling and incineration plants) and +€17 million in Global businesses thanks to SADE's growth in France (+€73 million) offset by VWT declining activity (-€56 million);

Favorable **price effects** (+€282 million) are tied to tariff increases in Waste (+2.8%), notably in France, the United Kingdom, and Latin America and in hazardous waste activities, and better tariff indexation in Water (in France, Central Europe and Latin America).

By business, the change in revenue compared with represented September 30, 2018 breaks down as follows:

(in € million)	*Nine months ended September 30, 2018 re-presented* (1)	***Nine months ended September 30, 2019***	*Change 2018 / 2019* Δ	Δ *at constant exchange rates*	Δ *at constant scope and exchange rates*
Water	7,913	8,094	2.3%	1.2%	2.1%
Waste	7,087	7,550	6.5%	7.0%	4.7%
Energy	3,788	4,120	8.8%	8.8%	5.5%
Group	**18,788**	**19,764**	**5.2%**	**5.0%**	**3.8%**

WATER

Water revenue increased by +1.2% at constant exchange rates and +2.1% at constant scope and exchange rates compared to re-presented figures for the nine months ended September 30, 2018 represented. This improvement can be explained by:

- A positive commerce / volume impact of +1.2%, due to commercial momentum in the Rest of the World (primarily Asia) and higher volumes in France (+1.0%) and Central Europe (+3.0%);
- 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 (+1.4% compared to +0.7% for Q3 2018);
- Slight increase in construction activity (+0.3%), with strong performance by SADE in France.

WASTE

Waste revenue rose +7.0% at constant exchange rates compared to re-presented figures for the nine-months-ended September, 2018 (+4.7% at constant consolidation scope and exchange rates), due to:

- A scope impact of +2.4% due to acquisitions in Northern Europe and Colombia (Grupo Sala);

- A commerce / volume impact of +1.9%, with higher volumes processed, notably in the United Kingdom, Germany, China, Australia and strong growth in hazardous waste volumes processed (+4.9%), as well as a high contract renewal rate;
- A positive price effect of +2.8% (mainly in France, the United Kingdom, Germany and Latin America and in hazardous waste);
- The negative impact (-€28 million) but limited of recycled materials, the fall in paper prices in Europe being partially offset by higher prices for other recyclates, including plastic.

ENERGY

Energy revenue rose +8.8% at constant exchange rates compared to re-presented figures for the nine-months-ended September, 2018 (+5.6% at constant consolidation scope and exchange rates). This improvement can be explained by:

- A positive price effect (+2.0%) with a strong increase in heating and electricity prices, mainly in Central Europe;
- higher energy volumes and new energy efficiency contracts in Southern Europe, the United States and China notably;
- a slight negative **weather impact** (-0.6%), particularly in the United States;

2. EBITDA

Group consolidated EBITDA for the nine months ended September 30, 2019 was €2,894 million, up 5.1% at constant exchange rates and including IFRS 16 impacts, compared to re-presented figures for the prior-year period. The IFRS 16 impact is €351 million in Q3 2019 compared to €335 million in Q3 2018 re-presented.
The margin rate is stable at 14.6%.

- **In France** :
  - In Water, good increase of EBITDA out-pacing revenue growth, thanks to increased efficiency gains and, particularly, the full year impact of the departure plan launched last year. This offset the price squeeze which was also more moderate than last year;
  - In Waste, EBITDA fell following a further decrease in recycled paper prices (-10% fall in the average selling price of recycled paper and cardboard and -3% fall in volumes, compared to September 2018) and additional insurance and maintenance costs;
- EBITDA growth in **Europe excluding France** as the result of several impacts:
  - In Central and Eastern Europe, the progressive pass on of higher fuel and CO_2 costs to the price of heating and electricity and a slightly unfavorable weather effect (-€2 million) produced a fall in EBITDA. In Water, the sale of our distribution company, SCVK, in Bohemia Moravia and a contractual shift towards a service contract also led to reduced EBITDA.

  These impacts were partially offset by operating efficiency gains.

  - Very good level of activity and commercial wins in the United Kingdom;
  - Increased EBITDA in Northern Europe, tied to further small scope transactions in Waste, strong waste activities in Germany and further operating efficiency gains, partially offset by operating difficulties in the Netherlands (fire in a recycling plant).

- Strong EBITDA growth in the **Rest of the world** :
  - Lower EBITDA in North America, mainly due to drop of prices and margin in municipal Energy which had an unusual very cold weather in 2018;
  - Marked increase in EBITDA in Latin America, mainly thanks to the impact of Grupo Sala in Waste in Colombia (consolidated from May 1, 2018), tariff increases in Waste and efficiency gains,
  - Strong EBITDA growth in Asia driven by robust revenue growth, particularly in China fueled by the ramp-up of hazardous waste processing facilities, the development of heating networks and strong growth in industrial contracts;
  - Growth in Australia, with the restart of the Sydney desalination plant, and favorable contractual changes in wastewater treatment;
- In the **Global businesses** segment, good improvement of EBITDA:
  - Continued excellent hazardous waste performance;
  - Stabilization in Construction profitability, thanks to excellent Sade activity levels.

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

The **foreign exchange impact** on EBITDA was neutral and mainly reflects positive fluctuations in the US dollar (+€13 million) and the Japanese yen (+€2 million), offset by the fall in the Argentine peso (-€13 million) and the Australian dollar (-€3 million).

The **consolidation scope impact** of -€8 million mainly relates to developments in 2019 and notably the integration of Levice industrial assets and Renascimento assets in Portugal, as well as 2018 acquisitions in Colombia (Grupo Sala), Belgium (HCI) and Slovakia (PPC), the disposal of ScvK and contractual changes to water contracts in North Bohemia.

Favorable **commerce and volume** impacts totaled +€73 million, thanks to good Waste growth and strong commercial momentum across all zones.

The **weather (energy)** impact on EBITDA was slightly unfavorable at -€6 million (versus - €23 million in September 2018), steady in comparison to the first six months 2019.

Energy and recyclate prices had an unfavorable impact on EBITDA, but significantly less than in Q3 2018: -€27 million (compared to -€64 million in the closing of September 30, 2018), including -€17 million in Energy, with a gradual pass-through of fuel and CO2 costs into the price of energy sold, and -€10 million in Waste (against -€13 million in September 2018), with recycled paper prices still falling in Europe.

The **price squeeze** had an impact of -€77 million, an improvement on Q3 2018 (-€93 million), thanks to higher tariff indexations in Water and Waste.

Cost-savings plans contributed +€185 million, slightly ahead of the €220 million annual objective. These savings mainly concern operating efficiency (57%) and purchasing (28%) and were achieved across all geographical zones: France (29%), Europe excluding France (29%), Rest of the world (29%), Global businesses (11%) and Corporate (2%).

3. CURRENT EBIT

Group consolidated current EBIT for the nine months ended September 30, 2019 was €1,190 million, up +5.5% at constant exchange rates on the nine months ended September 30, 2018 re-presented.

EBITDA reconciles with current EBIT for the nine months ended September 30, 2019 and 2018 re-presented as follows:

(in € million)	*Nine months ended September 30, 2018 represented*	***Nine months ended September 30, 2019***
EBITDA	**2,754**	**2,894**
Renewal expenses	(201)	(209)
Depreciation and amortization	(1,542)	(1,597)
Provisions, fair value adjustments & other	28	5
Share of current net income of joint ventures and associates	89	97
Current EBIT	**1,129**	**1,190**

The improvement in current EBIT at constant exchange rates due to:

(1) EBITDA growth;

(2) the increase in depreciation and amortization charges at constant exchange rates (-€53 million or +3.5% compared to the nine months ended September 30, 2018), in line with the development of the Group's activities and consolidation scope impacts (+3.5% without reimbursement of OFAs);

(3) the significant increase in the contribution of equity-accounted entities in 2019, tied mainly to the increased contribution from the Chinese concessions and one-off favorable items, that offset the recognition in 2018 of a disposal gain in the United States (capital gain of €16 million).

The foreign exchange impact on Current EBIT was -€1million and mainly reflects fluctuations in the Argentine peso (-€9 million), partially offset by positive fluctuations in the US dollar (+€7 million) and the Chinese renminbi (+€1 million).

4. NET FINANCIAL EXPENSE

The **cost of net financial debt** totaled -€333 million for the nine months ended September 30, 2019, compared to -€301 million for the nine months ended September 30, 2018 re-presented. This unfavorable change is mainly due to higher interest rates on debt denominated in USD and emerging country currencies (widening difference between euro/non-euro rates), as well as the impact of refinancing bond repayments (€750 million bond issue performed at the beginning of January 2019 and OCEANE bond issue/repurchase on September 5, 2019).

The financing rate, excluding IFRS 16, is 4.22% as of September 30, 2019, compared to 4.19% as of September 30, 2018 re-presented.

Other financial income and expenses (including capital gains and losses on financial divestitures) totaled -€117 million for the nine months ended September 30, 2019, compared to represented -€115 million for the nine months ended September 30, 2018.

This heading includes interest on concession liabilities (IFRIC 12) of -€61 million, interest on IFRS 16 lease liabilities of -€32 million and the unwinding of discounts on provisions of -€27 million. It also includes capital gains or losses on financial divestitures of +€14 million for the nine months ended September 30, 2019, compared to +€30 million for the nine months ended September 30, 2018 re-presented. In 2019, capital gains on financial divestitures notably include the capital gain on the sale of the Foshan landfill in China (+€36 million), partially offset by the negative earn-out regarding the sale of a North American contract in energy (-€17 million). In 2018, capital gains on financial divestitures mainly included the capital gain on the disposal of industrial activities in the United States (+€37 million).

5. INCOME TAX EXPENSE

The current income tax expense for the nine months ended September 30, 2019 is -€151 million, compared to -€156 million for the re-presented nine months ended September 30, 2018.

The current tax rate for the nine months ended September 30, 2019 declined to 23.5% (versus 25.1% for the re-presented nine months ended September 30, 2018) after adjustment for the impact of financial divestitures, and non-recurring items within net income of fully-controlled entities and the share of net income of equity-accounted companies.

6. CURRENT NET INCOME

Current net income attributable to owners of the Company rose +7.5% at constant exchange rates to €486 million for the nine months ended September 30, 2019, compared to €453 million for the nine months ended September 30, 2018 re-presented. After adjustment for the impact of financial divestitures, the current tax rate for the nine months ended September 30, 2019 is up +7.7% at constant exchange rate (€468 million versus €435 million in Q3 2018 re-presented).

D] FINANCING

Net free cash flow was -€167 million for the nine months ended September 30, 2019, compared to -€276 million for the nine months ended September 30, 2018 re-presented.
Improvement of free cash flow compared to the nine months ended September 30, 2018 re-presented mainly reflects growth of EBITDA and a better stirring of operating WCR despite increase of net industrial capital expenditures.

Overall, **Net financial debt** is €12,487 million, compared to €12,282 million as of September 30, 2018 re-presented (including the redemption of the hybrid debt in April 2018 in the amount of €1,452 million) and €11,487 million as of December 31, 2018 represented.
Improvement of +€205 million compared to September 30, 2018 represented is mainly due to negative impact of exchange rate and net financial investments.

Compared to December 31, 2018, increase of €1 billion is due to seasonality of operational WCR (-€ 730 million), cash out of dividends and unfavorable exchange rate fluctuations totaling -€52 million as of September 30, 2018.

Net Capital expenditures is €1,455 million (including €303 million IFRS 16 impact classified in maintenance CAPEX) up €61 million on the nine months ended September 30, 2019, compared to €1,394 million (including €295 million IFRS 16 impact classified in maintenance CAPEX) as of September 30, 2018 re-presented, this growth is due to:

- Increase of gross maintenance capital expenditures (particularly in Europe)
- Stable Growth capital expenditures
- Discretionary capital expenditures sharply up +€59 million from €202 million to €261 million in relation with heavy growth in development projects in Asia.

APPENDIX

Reconciliation of 2018 published data for the 9 months ended September 30, 2018 with represented data [1]

(in Euro millions)	September 2018 published	IFRS 5 Adjustment[3]	IFRS 16 Adjustment	September 2018 represented
Revenue	18 761.4	26.9	0.0	18 788.3
EBITDA	2 418.1	1.2	334.8	2 754.1
Current EBIT[2]	1 099.7	-4.6	33.3	1 128.5
Operating Income	997.7	-4.6	33.3	1 026.5
Current net income – Group share	457.4	-5	0	453.1
Gross industrial investments	-1 134	0	-295	-1 430
Net free cash-flow	-298	1	-21	-276
Net financial debt	-10 527	0,0	-1 756	-12 282

(1) *Unaudited figures*
(2) *Including the share of current net income of joint ventures and associates for the half-year ended September 30, 2018 re-presented.*
(3) *In order to ensure the comparability of periods, the accounts ending September 30, 2018 have been represented for the reclassification of Lithuania from discontinued operations to full consolidation in September 2018 represented.*

(in Euro millions)	September 2018 published	IFRS 5 Adjustment	IFRS 16 Adjustment	September 2018 represented
France	4 064.9	0.0	0.0	4 064.9
Europe excl. France	6 517.8	26.9	0.0	6 544.7
Rest of the World	4 825.5	0.0	0.0	4 825.5
Global business	3 331.4	0.0	0.0	3 331.4
Other	21.8	0.0	0.0	21.8
Total Revenue	18 761.4	26.9	0.0	18 788.3