

Press Release

Paris, 28 February 2020

2019 ANNUAL RESULTS AND 2020-2023 PROSPECTS

TARGETS SURPASSED

- CONTINUED SUSTAINED REVENUE GROWTH OF +4.3%¹ TO €27 189 MILLION
- EBITDA ABOVE TARGET OF € 4 022 MILLION, UP 4.5%¹
- COST SAVINGS OF €248 MILLION, ABOVE OUR ANNUAL OBJECTIVE OF €220M
- CURRENT EBIT UP 5.0%¹, TO €1 730 MILLION
- ANOTHER YEAR OF SOLID GROWTH OF OUR CURRENT NET INCOME GROUP SHARE : €760 M, UP 13.5%¹ AND +8.8% EXCLUDING CAPITAL GAINS
- STRONG GROWTH OF PUBLISHED NET INCOME GROUP SHARE : €625 M, +41.8%
- VERY STRONG NET FREE CASH FLOW AFTER ALL GROWTH CAPEX : €868 M
- PROPOSAL TO INCREASE THE DIVIDEND BY 8.7%, TO €1.00 PER SHARE

2020 PROSPECTS

- REVENUE : SUSTAINED ORGANIC GROWTH²
- EBITDA ~ €4.1BN²

2020-2023 OBJECTIVES³

- CONTINUED SOLID REVENUE GROWTH
- 2023 EBITDA BETWEEN €4.7BN AND €4.9BN
- COST SAVINGS OF €1BN OVER 4 YEARS
- 2023 CURRENT NET INCOME GROUP SHARE : ~€1BN
- LEVERAGE RATIO BELOW 3x OVER THE PERIOD
- 2023 DIVIDEND : €1.30 PER SHARE

¹ At constant forex

At current exchange rates : Revenue growth of 4.8%, EBITDA growth of 4.7%, Current EBIT growth of 5.3%, Current net income growth of 13.1%, and +8.5% excluding capital gains.

² At constant forex as of year-end 2019

³ These targets are at constant forex, as of end-2019, at constant IFRS, and in an economic environment without major change

Antoine Frérot, Veolia's Chairman & CEO commented: «2019 is another year of solid revenue and profit growth. Our targets have all been surpassed. Revenue growth of 4.3% is an evidence of the pertinence of our choices towards the most valuable segments of our businesses. Top line growth has translated into strong profit growth, thanks to continued strict cost control discipline, where we have again surpassed our annual target for savings. Veolia has also generated in 2019 a very significant net free cash flow of €868 million which allows us to benefit from a very solid balance sheet, and to be ideally positioned to seize opportunities in the years ahead. The success of our strategy is therefore confirmed year after year. Veolia, a global leader in the ecological transition fully benefits from rising demand from both industrial and municipal clients for value added services to prepare for a better and more sustainable future. 2020 is the first year of this 4-year strategic program, IMPACT 2023, which will enable us to increase our leadership to service our ambition: resourcing the world. This objective will translate into clearer cut investment choices and a 20% asset rotation of capital employed. We will maintain the cost control discipline which has prevailed over the past 8 years. Over the 2020-2023 period, €1bn of savings will be realized to reinforce our competitiveness and to finance our ambitious development plan. In 2023, our target is to reach an EBITDA between €4.7bn and €4.9bn and a current net income group share of €1bn.»

- **Revenue of €27 189 million compared to €25 951 million in 2018 represented, a sustained growth of 4.8% at current exchange rates, of +4.3% at constant exchange rates and of 3.2% at constant scope and exchange rates.**

Exchange rate variations favorably impacted revenue growth by +0.5% in 2019 (+€122 million).

In 2019 Veolia enjoyed solid growth as in previous years. Revenue growth benefited from solid commercial momentum, good volumes in our 3 businesses, Water, Waste and Energy (+€380 million, or +1.5%) and favorable and improving price effects of +€332 million, +1.3% (vs. +1% in 2018). High energy prices had an overall positive impact of +€134 million (+0.5%), while the sharp decrease in recycled paper prices, which accelerated in the 4th quarter, weighed for -€76 million, together with a volume reduction of -€24 million. Weather weighed negatively on sales for an amount of -€68 million (-0.2%). Organic growth was complemented by a few tuck in acquisitions, which contributed for €282 million (+1.1%)

By geography and at constant exchange rates, the evolution is as follows:

- In France, activity was up +2.0%. Water revenue was up 2.1%, as a result of price indexation of +1.4% and volume growth of +0.7%. The renewed commercial dynamism we have enjoyed for the last 2 years continued in 2019 with notably the gain of Nîmes, the restart of Valenton, and the successful renewals of the potable water contract in Toulouse and waste water in Nancy. The Waste business progressed by +2,0% with flat volumes (as lower recycled paper and municipal collection volumes have offset other activities) and an average tariff increase of +1.6%.
- Europe excluding France grew by +4.1% at constant forex. All the areas exhibited growth. Central and Eastern Europe grew by 4.5% (+8.6% restated for the SCVK contract evolution in Czech Republic) with good performance in both Water (with volumes up 3.6%) and Energy in spite of a slightly unfavorable climate impact (-€29 M). The UK (including Ireland) is up by 4.0% with a continued good availability of PFIs (93.7% vs. 94.6% in 2018), good landfill volumes and pricing, strong hazardous waste and plastic business. Germany exhibited a moderate growth of 1.1%, as waste revenue growth of +3% was partially offset by mild weather impact in the energy business in Braunschweig. Netherlands and Belgium performed well (+5.5%) as well as Southern Europe (+11,0%).
- Rest of the World continued to exhibit the strongest growth of the Group (+8.7%). Asia continued its strong growth (+16.2% after +16.9% in 2018) including +18% in China, driven by the success in hazardous waste (revenue up 16%), the integration of new plastic recycling facilities of Huafei, the ramp

up of industrial contracts in Water and the continued growth of district heating networks in Harbin. Japan was up 9% thanks to commercial wins in municipal water. Latin America posted strong growth of 16.0%, thanks to price increases in Argentina and the integration of Grupo Sala in Columbia. North America grew by 1.2% including a very solid progression of the waste activity (+6.6%) and a 3.1% growth in water, partly offset by lower revenue in Energy due to a very mild heating season. The Pacific region grew by 7.9% as a result of good waste volumes and strong growth in Industrial Services. Africa Middle-East grew by 5.5% with notably contract wins in the Middle East and higher volumes of water and electricity in Morocco.

- Global Business posted a progression of +0.9% at constant exchange rates with Hazardous Waste in Europe up 4.6%, Construction activities down 1.2% and On-site services to Industrial (VIGS) up 3.2%. Hazardous waste has benefited from growth in treated volumes (+2.8%) and price increases (notably +5% in incineration). Veolia Water Technologies revenue was down -7.6% with the pursuit of the business refocusing. Bookings were up 25% to €2.15bn mainly in desalination and in oil and gas contracts. SADE revenue grew by 7.1% driven by the good performance in France and in the telecom sector (optical fiber network roll out works)

- *By business*, Water revenue increased by 1.3% at constant exchange rates. Wastewater Operations grew by +2.0%, while works and technologies activity declined by -1.2%. Waste activity posted another strong progression (+5.9% at constant exchange rates) with volumes up 1.5% (lower municipal collection volumes and maximum authorized capacity reached in some waste treatment facilities) and service price increases of 2.4%. Recycled material prices had an unfavorable impact of -0.8%, paper volumes of -0.3%, and on the 4th quarter only the accelerated decline in paper prices resulted in a -2.5% decrease of waste revenue. Energy revenue rose sharply, by +7.5%, thanks to the increase in heating and electricity prices, good commercial momentum, partially offset by a slightly negative weather impact of -0.9%

- **EBITDA improved to €4 022 million compared to €3 843 million represented, a growth of +4.7% at current exchange rates and +4.5% at constant exchange rates.**
 - Scope and forex impacts were insignificant (-€5 million) and have almost offset each other (+€7M forex and -€12 M scope).
 - EBITDA benefitted first from the continued cost reduction efforts which reached €248 million in 2019. The positive sales/volume impact was +€91 million. The weather impact was unfavorable at -€17 million (-€10 million in Central and Eastern Europe, -€5 million in Germany, -€5 million in the US and +€3 million in China). Energy prices weighed in at -€23 million and the decrease of recycled materials prices for -€30 million. The squeeze between increases in salary costs and contractual price indexation had a negative impact of -€85 million.
 - *By segment and at constant exchange rates*: EBITDA in France was stable at €900 million, with an increase in Water due to cost savings brought about by the Osons 20/20 plan, and a decrease in the Waste business under the combined effect of declining recycled paper prices and higher insurance costs. Europe excluding France grew by +2.1% with strong progressions in the UK, Italy and the Iberian Peninsula, a moderate growth in Northern Europe; EBITDA in Central and Eastern Europe declined slightly but was up restated for the impact of the SCVK contract evolution. EBITDA in the Rest of the World once again showed significant growth (+8.2%) with very good performance in Asia and China in particular, in Pacific and in Africa Middle East. North America was flat and Latin America posted a moderate growth. EBITDA in Global Businesses grew by 10.6%, mainly the result of good performance in hazardous waste, SADE and VIGS.

- **Current EBIT was €1 730 million compared to €1 644 million in 2018 represented, a sustained growth of +5.3% at current exchange rates and of +5.0% at constant exchange rates.**

- Foreign currency movements positively impacted current EBIT by +€5 million.

The improvement in current EBIT at constant exchange rates reflects:

- Strong EBITDA growth
- Increased depreciation and amortization charges (+3.5% at constant exchange rates) to €2 192 million, in line with higher growth capex and scope impacts.
- A balance of provisions/reversals and other down significantly, +€52 million compared to +€82 million in 2018.
- And the increase in the contribution from equity-accounted joint ventures and associates, at €130 million compared to €116 million in 2018 represented, thanks to good performance in China, at €76 million.
- **An increase in Current net income – group share of +13.1% and of +13.5% at constant exchange rates, to €760 million compared to €672 million for 2018 represented.** Excluding net capital gains from asset disposals, the current net income – group share is up 8.8% at constant exchange rates.
 - The cost of net financial debt was -€441 million
 - The tax rate is 23% compared to 22% in 2018 represented.
 - The current portion of non-controlling interests decreased to -€147 million vs. -€162 in 2018 represented.
- **Net income – group share is up sharply by 41.8% at €625 million compared to €441 million in 2018 represented and +36.8% at constant forex.** The divestiture of TNAI in the US (heating and cooling networks) resulted in a €170 million net capital gain.
- **Net free cash flow rose strongly, to €868 million vs. €536 million in 2018 represented** thanks to controlled net capex (€2 201 million vs. €2 189 million) and a very good working capital management (down by €209 million).
- **Net financial debt was significantly down to €10 680 million** including €1 731 million of IFRS 16 lease debt. Net debt benefitted from the TNAI divestiture for \$1 250 million, which was closed end 2019. The leverage ratio decreased and reached 2.66 x as of 12/31/2019.

New increase of the dividend, to €1.00 per share, to be paid at 100 % in cash with respect to the 2019 fiscal year, compared with €0.92 per share in 2018.

Veolia's Board of Directors will propose to shareholders at the Annual General Shareholders Meeting on April 22, 2020 the payment of a dividend of €1.00 per share with respect to the 2019 fiscal year, payable in cash. The ex-dividend date is fixed at May 12, 2020. 2019 dividends will be paid starting as of May 14, 2020.

New Strategic Program 2020-2023: IMPACT 2023

2019 was the last year of our 4 year strategic plan. The Group presents today in Aubervilliers from 9.30 am all the details of its new strategic program "Impact 2020-2023". It is based on its Purpose which was released last year.

This presentation is webcasted: <https://www.veolia.com/fr>

In a nutshell:

- ✓ A particular context: the environmental priority has never been higher
 - ✓ A high ambition: to be the reference company for the ecological transformation
 - ✓ A priority: maximizing Veolia's positive impact - environmental, societal, financial
 - ✓ A consequence: clear priorities
 - Strong acceleration of the businesses which have the highest positive impact on the planet
 - 20% portfolio rotation
 - ✓ Preparing the future:
 - Reinvent the historical businesses
 - Create new solutions to address the global environmental challenges
 - ✓ A highly rigorous execution:
 - € 1 bn cost savings plan
 - Net financial debt below 3 x EBITDA over the duration of the plan
 - ✓ Providing the proof of commitments with a set of KPIs:
 - To track our impact on all our stakeholders
 - To base the bonus policy of the managers
-
- **2020 Guidance¹**
 - Revenue: solid organic growth
 - Efficiency : at least €250M in cost savings
 - EBITDA : ~€4.1bn
 - Dividend growth on the trajectory of the 2020-2023 plan
 - **2023 Objectives²**
 - Revenue: continued solid growth
 - Efficiency : €1bn in cost savings over 4 years
 - EBITDA 2023 between €4.7bn and €4.9bn
 - Current Net income : ~€1bn in 2023
 - Leverage ratio <3 and well below 3 in 2023
 - Dividend growth in line with current net income growth
 - Dividend 2023: €1.30 per share

¹ At constant forex as of year-end 2019

² These targets are at constant forex, as of end-2019, at constant IFRS, and in an economic environment without major change

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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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FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019

A] PREFACE

CHANGE IN LEASE STANDARD

The Group applies the new lease standard, IFRS 16, 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 in the income statement resulting from the application of this standard 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.

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 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 December 31, 2019, the Group recognized all compensation received in 2019 in net income from discontinued operations.

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 the first quarter of 2019 were unable to agree to a process for 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 December 31, 2019. The financial statements for the year ended December 31, 2018 were re-presented as a result of this reclassification to ensure comparability.

DISCONTINUATION OF EPC ACTIVITIES

Faced with the erosion of margins and the slowdown in its EPC (Engineering, Procurement and Construction) business, Veolia Water Technologies (VWT) had been reflecting on its activities for several years, leading it to reorient its development strategy in the areas of Technologies and Services and thus reduce its exposure to the "historic" construction business.

At the beginning of 2019, VWT has decided to accelerate its transformation by discontinuing the EPC activity in all geographies in aid of so-called EP contracts (Engineering/Design and Procurement excluding civil engineering or electrical and mechanical assembly).

In practice, the discontinuation of this EPC activity required a long process of detailed review of the terms and conditions of the exit from each of the existing contracts (including the assessment of completion guarantees) in order to best manage the end of the activities and minimize the Group's financial exposure. To this end, a specific Business Unit was created with its own management and resources. The contract review process was finalized in the last quarter of 2019.

Given the characteristics of this EPC exit plan, the Group considered the specific BU as meeting the criteria of IFRS 5 on discontinued operations and recognized a result of -€145 million presented on the line "income from

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discontinued operations". EPC 2018 results being non-significant with respect to continuing activities, the income statement has not been represented to ensure comparability.

B] KEY FIGURES

| (in € million) | Year ended December 31, 2018 published | Year ended December 31, 2018 re- presented ⁽¹⁾ | Year ended December 31, 2019 | Δ | Δ at constant exchange rates | Δ at constant scope and exchange rates |
|---|--|--|------------------------------------|-------|---------------------------------------|---|
| Revenue | 25,911.1 | 25,951.1 | 27,188.7 | 4.8% | 4.3% | 3.2% |
| EBITDA | 3,392.0 | 3,842.9 | 4,021.8 | 4.7% | 4.5% | 4.8% |
| EBITDA margin | 13.1% | 14.8% | 14.8% | | | |
| Current EBIT ⁽²⁾ | 1,604.0 | 1,643.7 | 1,730.4 | 5.3% | 5.0% | 8.9% |
| Current net income – Group share | 674.9 | 672.0 | 759.8 | 13.1% | 13.5% | |
| Net income (loss) – Group share | 439.3 | 440.6 | 624.9 | 41.8% | | |
| Current net income – Group share, per share (Basic) ⁽²⁾ | 0.68 | 0.68 | 1.12 | | | |
| Current net income – Group share, per share (Diluted) ⁽²⁾ | 0.65 | 0.65 | 1.07 | | | |
| Industrial investments | (1,811) | (2,268) | (2,364) | | | |
| Net free cash flow ⁽³⁾ | 568 | 536 | 868 | | | |
| Net financial debt (incl. Hybrid debt and IFRS 16 lease debt) | (9,749) | (11,564) | (10,680) | | | |
| Debt ratio | 2.87x | 3.01x | 2.66x | | | |

(1) The restatements at December 31, 2018 relate to the application of IFRS 16 and the inclusion 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) The indicators are defined in Appendix .

The main foreign exchange impacts were as follows:

| FX impacts for the year ended December 31, 2019 (vs December 31, 2018 re-presented) | % | (in € million) |
|---|--------|-------------------|
| Revenue | 0.5% | 122 |
| EBITDA | 0.2% | 6 |
| Current EBIT | 0.3% | 5 |
| Current net income | (0.3)% | (3) |
| Net financial debt | (0.6)% | (64) |

C] INCOME STATEMENT

1. GROUP CONSOLIDATED REVENUE

By segment, the change in revenue compared with re-presented figures for the year ended December 31, 2018 breaks down as follows:

| (in € million) | Year ended December 31, 2018 re- presented | Year ended December 31, 2019 | Change 2018 / 2019 | | |
|-------------------------|--|------------------------------------|--------------------|------------------------------------|--|
| | | | Δ | Δ at constant exchange rates | Δ at constant scope and exchange rates |
| France | 5,499.3 | 5,611.5 | 2.0% | 2.0% | 1.8% |
| Europe excluding France | 9,136.1 | 9,501.1 | 4.0% | 4.1% | 3.4% |
| Rest of the world | 6,619.7 | 7,303.5 | 10.3% | 8.7% | 5.8% |
| Global businesses | 4,665.5 | 4,733.8 | 1.5% | 0.9% | 0.8% |
| Other | 30.7 | 38.8 | 26.4% | - | - |
| Group | 25,951.3 | 27,188.7 | 4.8% | 4.3% | 3.2% |

- Revenue increased +2.0% in **France** at constant exchange rates compared with re-presented figures for the year ended December 31, 2018: Water revenue improved +2.1%, while Waste revenue increased +2.0% at constant exchange rates.
 - Water revenue increased +2.1% versus 2018 re-presented, driven by a +0.7% increase in volumes (-0.7% in 2018), higher tariff indexation (+1.4% in 2019 compared with +0.7% in 2018) and a rise in construction activity;
 - Waste revenue increased +2.0% at constant exchange rates compared with re-presented figures for the year ended December 31, 2018: lower recycled paper prices (-€32 million) were offset by increased construction activities and commercial momentum
- **Europe excluding France** grew +4.1% at constant exchange rates compared with re-presented figures for the year ended December 31, 2018, with solid momentum in the majority of regions:
 - In the United Kingdom / Ireland, revenue increased +4.0% at constant exchange rates to €2,297.7 million, thanks to increased waste volumes (+1.6%) and continued good commercial momentum. A good PFI availability rate (93.8% in 2019 compared to 94.6% in 2018), as well as a good performance of the toxic waste, plastics recycling and storage activity can be observed in the region.
 - In Central and Eastern Europe, revenue increased +4.5% at constant exchange rates compared with re-presented figures for the year ended December 31, 2018 to €3,296.4 million and 8.6% adjusted for contractual changes in water in the Czech Republic (SCVK), despite an unfavorable weather impact (-€29 million), and thanks to :
 - in Energy: higher tariffs (+€107 million);
 - in Water: an increase in invoiced water volumes (+3.6%), higher tariffs in most countries of the zone and increasing Construction activities in Hungary and Romania.
 - In Northern Europe, revenue increased +1.1% at constant exchange rates compared with the re-presented prior-year period to €2,737.8 million. In Benelux, growth is primarily fueled by the contribution of new acquisitions in industrial services and plastic recycling. Germany, the main

contributor (€1,879 million), reported revenue growth of +1.1%: higher tariffs offsetting the slump in the price of paper but energy revenue nonetheless slipped, penalized by the weather impact (-€19.5 million).

- Strong growth in the **Rest of the world** of 8.7% at constant exchange rates compared with re-presented figures for the year ended December 31, 2018:
 - Revenue in Asia increased by +16.2% at constant exchange rates, mainly due to continued strong growth in China, Hong-Kong and Taiwan, where revenue increased +25.5% at constant exchange rates to €1,215 million, driven:
 - in Hong-Kong, by the integration of Southa's activities (energy services for buildings, +€53 million) and the construction of an extension at the Greenvally site (+€43 million);
 - in China, by good Waste performances (hazardous waste incineration, plastic recycling with the integration of Huafei's industrial facilities), offsetting the impact of landfill divestitures; in Energy, by higher heating sales tied to the extension of the Harbin network and acquisitions in 2018 and 2019 (notably Das Linkin, Binzhou and Kedong Heating), as well as good performances in industrial water;
 - in Taiwan, by the acquisition of Apollo (soil remediation, +€16 million).
 - Japan (+9%) reported strong organic growth in municipal water activities (+€24 million) and numerous industrial developments (start-up of the Lithium project, +€15 million);
 - Revenue increased +1.2% at constant exchange rates to €2,168 million in North America. Robust hazardous waste performance linked to good processing tool availability (90%, compared with 87% in 2018), increased volumes and higher prices offset lower energy revenue, which was penalized by very mild weather early and late in the year;
 - The Pacific zone recorded +7.9% growth at constant exchange rates for the year ended December 31, 2019, boosted by higher waste collection volumes and the restart of the Sydney water treatment plant;
 - Strong growth in Latin America (+16.0% at constant exchange rates), primarily driven by price increases in Argentina (tied to inflation) and the acquisition of Grupo Sala in Colombia, consolidated from May 1, 2018 (impact of €42 million); the fall in revenue tied to the end of certain Water contracts in Argentina and Colombia and Waste contracts in Mexico, was offset by favorable volume impacts in Brazil (Waste) and Ecuador (Water) and contract wins in Chile and Peru;
 - In Africa /Middle East, revenue increased +5.5% at constant exchange rates, thanks to commercial development in the Middle East in energy services and higher sales volumes in Morocco, with price increases offsetting the fall in construction activity.
- **Global businesses:** revenue increased +0.9% at constant exchange rates versus the re-presented prior-year period:
 - Hazardous waste reported strong revenue growth in Europe of +4.6% at constant exchange rates, thanks to higher incinerator prices (+5%) and increased volumes processed (+2.8%);
 - Veolia Water Technologies revenue slumped -7.6% at constant exchange rates on 2018, following the restructuring of its activities. Veolia Water Technologies bookings increased +25% in 2019 (€2,149 million) compared with December 31, 2018 (€1,721 million), thanks to desalination facility projects in the Middle East (Umm Al Quwain, Rabig and Al Durr). Sade reported a +7.1% increase at constant exchange rates, with good performance in Construction in France and in Telecoms (roll-out of fiber optics by the main operators) and ongoing measures to refocus its international activities.

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

- The **foreign exchange impact** on revenue was +€122 million (0.5% of revenue) and mainly reflects fluctuations in the U.S. dollar (+€127 million), the Japanese yen (+€35 million), the Moroccan dirham (+€20 million), the pound sterling (+€19 million), the Argentine peso (-€78 million) and the Australian dollar (-€20 million).

-The **consolidation scope impact** of €282 million mainly reflects:

- o operations in 2018: integration of Grupo Sala in Colombia (+€42 million), HCI in Belgium (+€37 million), PPC industrial assets in Slovakia (+€31 million) and three cogeneration plants in Hungary (+€22 million) and the divestiture of the Industrial Services division in the United States in February 2018 (-€11 million) and the divestiture of ScVK in the Czech Republic and consolidation of SCS in the context of this new water contract (-€130 million, net);
- o 2019 transactions, including the acquisition of Southa in Hong Kong (+€53 million), Huafei in China (+€50 million), Levice in Slovakia (+€35 million), Renascimento in Portugal (+€23 million) and Apollo in Taiwan (+€16 million).

-**Energy and recyclate prices** had an impact of +€58 million, following an increase in energy prices +€134 million (mainly in Northern Europe and Central and Eastern Europe) offset by a fall in recyclate prices (total recycled material impact of -€76 million; impact of -€67 million for paper, -€13 million for metals and +€21 million for plastic).

-Commercial momentum improved significantly (**Commerce/Volumes impact**) to +€481 million, with in particular:

- o Higher volumes (+€269 million) in line with growth in waste volumes (France, United Kingdom, North America, Pacific) and energy volumes in Asia (heating network extension). In Water, higher volumes (+0.6%), particularly in the Pacific region (restart of the Sydney plant) and Morocco (2.5%), were offset by reduced volumes in Northern Europe (-4.8%);
- o A commercial effect of +€111 million, with numerous contract wins in water in Asia (including China in industrial water and industrial energy and Japan in municipal water), in waste in North America (hazardous waste) and in energy in Italy, the Iberian peninsula and the Middle East;
- o A contribution from construction activities of +€101 million, with increased construction work on treatment facilities in France (water and waste), Central and Eastern Europe and Asia, offsetting reduced construction activities in VWT;

-A negative **weather impact** of -€68 million in Northern Europe, Central Europe and North America.

-Favorable **price effects** (+€332 million) are tied to positive tariff indexation in water in France and Central and Eastern Europe and in waste in France, the United Kingdom, Northern Europe and Latin America.

Group consolidated revenue for the year ended December 31, 2019 was €27,188.7 million, compared with represented €25,951.3 million for the same period in 2018, **up +4.3% at constant exchange rates and organic growth of +3.2%**. Excluding Construction revenue ⁽²⁾ and energy price effects, revenue improved by +3.4% (+2.1% in the fourth quarter, +3.7% in the third quarter, +4.4% in the second quarter and +3.6% in the first quarter).

⁽²⁾ 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.

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By trimester, the change in revenue breaks down as follows:

| <i>Change at constant exchange rates</i> | Q1 2019 | Q2 2019 | Q3 2019 | Q4 2019 |
|--|-------------|-------------|-------------|-------------|
| France | 2.8% | 5.0% | 0.5% | 0.1% |
| Europe excluding France | 4.7% | 7.2% | 4.1% | 1.1% |
| Rest of the world | 6.6% | 9.0% | 9.0% | 10.1% |
| Global businesses | 4.7% | 2.6% | -0.2% | -2.6% |
| Group | 4.8% | 6.3% | 3.8% | 2.6% |

Revenue growth remained strong in the fourth quarter at +2.6% at constant exchange rates, with organic growth of +1.7%. A good fourth quarter for Water France especially with a 0.7% increase in volumes and a 1.4% increase in prices, the slowdown in growth in France was therefore due to the Waste business with a continued decline in the price of recycled materials. In Europe excluding France, the United Kingdom and Southern Europe maintained good dynamism, while Central and Eastern Europe experienced more moderate growth due to an unfavorable climate effect in the Energy business. In Northern Europe, we note the negative effect of the mild climate and the fall in paper prices. It remained robust in the Rest of the world segment (+10% notably in Asia and the Pacific, with growth rates of +24.9% and +14.5%, respectively). The slowdown in the Global businesses segment was due to the fall in Construction activities, despite continued strong growth in hazardous waste.

The increase in revenue between 2018 and 2019 breaks down **by business** as follows:

| <i>(in € million)</i> | <i>Year ended December 31, 2018 re-presented</i> | <i>Year ended December 31, 2019</i> | <i>Change 2018 / 2019</i> | | |
|---------------------------|--|-------------------------------------|---------------------------|-------------------------------------|---|
| | | | Δ | Δ at constant exchange rates | Δ at constant scope and exchange rates |
| Water | 8,053.3 | 8,319.7 | 3.3% | 2.0% | 3.0% |
| Waste | 9,598.6 | 10,166.7 | 5.9% | 5.9% | 3.7% |
| Energy | 5,458.6 | 5,879.9 | 7.7% | 7.5% | 4.3% |
| Technology & Construction | 2,840.8 | 2,822.4 | -0.6% | -1.2% | -1.2% |
| Group | 25,951.3 | 27,188.7 | 4.8% | 4.3% | 3.2% |

WATER

Water revenue increased by +2.0% at constant exchange rates and +3.0% at constant scope and exchange rates compared with re-presented figures for the year ended December 31, 2018. This change reflects:

- A positive commerce / volume impact of +0.7%, due to commercial momentum in the Rest of the World (primarily in Asia) and higher volumes in France (+0.7%), the Pacific region (Sydney plant) and Africa/Middle East (Morocco);
- A positive price impact of +0.9% with higher tariffs notably in Central Europe, Latin America and Africa/Middle East (Morocco), as well as better tariff indexation in France (+1.4% compared with +0.7% in 2018);

WASTE

Waste revenue rose +5.9% at constant exchange rates compared with re-presented figures for the year ended December 31, 2018 (+3.7% at constant consolidation scope and exchange rates) due to:

- a scope impact of +2.2%, due to acquisitions in Northern Europe, Asia (China) and Latin America (Colombia and Ecuador);
- a commerce / volume impact of +1.5%, with higher volumes processed, notably in the United Kingdom, Germany, North America and Australia, and strong growth in hazardous waste volumes processed (+4.9%), as well as a high contract renewal rate;
- a positive price effect of +2.4% (mainly in France, the United Kingdom, Germany, North America and Latin America and in hazardous waste);
- the negative impact (-€76 million) of recyclate prices, with the fall in paper prices in Europe partially offset by higher plastic prices.

ENERGY

Energy revenue rose +7.5% at constant exchange rates compared with re-presented figures for the year ended December 31, 2018 (+4.3% at constant consolidation scope and exchange rates). This improvement is explained by:

- a positive price effect (+1.6%), with a strong increase in heating and electricity prices, mainly in Central Europe;
- higher energy volumes and in particular new energy efficiency contracts in Southern Europe, the United States and China;
- a slightly negative weather impact (-0.9%), in Central and Eastern Europe and the United States.

CONSTRUCTION

Construction and technology revenue decreased by -1.2% at constant exchange rates compared with re-presented figures for the year ended December 31, 2018. This decrease is explained by:

- VWT : Revenue amounts to €1,501M, -7.6% at constant FX;
- SADE : Revenue amounts to €1,322M, +7.1% at constant FX, explained by a good level of activity in France in works and in telecom services.

2. EBITDA

Group consolidated EBITDA for the year ended December 31, 2019 was €4,021.8 million, up +4.5% at constant exchange rates compared with re-presented figures for the prior year. The margin rate is stable at 14.8% in December 2019.

EBITDA breaks down **by segment** as follows:

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| (in € million) | As of December 31, 2018 re- presented | As of December 31, 2019 | Change 2018 / 2019 | |
|-------------------------|---|-------------------------------|--------------------|---------------------------------|
| | | | Δ | Δ at constant exchange rates |
| France | 899.5 | 899.7 | 0.0% | 0.0% |
| <i>EBITDA margin</i> | 16.4% | 16.0% | | |
| Europe excluding France | 1,471.8 | 1,501.2 | 2.0% | 2.1% |
| <i>EBITDA margin</i> | 16.1% | 15.8% | | |
| Rest of the world | 1,062.4 | 1,160.5 | 9.2% | 8.2% |
| <i>EBITDA margin</i> | 16.0% | 15.9% | | |
| Global businesses | 360.9 | 396.2 | 9.8% | 10.6% |
| <i>EBITDA margin</i> | 7.7% | 8.4% | | |
| Other | 48.3 | 64.2 | | |
| Group | 3,842.9 | 4,021.8 | 4.7% | 4.5% |
| EBITDA margin | 14.8% | 14.8% | | |

- **In France**, EBITDA is stable:
 - In Water, a good increase in EBITDA out-pacing revenue growth, thanks to favorable volume effects and increased efficiency gains and in particular the full year impact of the departure plan launched last year, which offset the price squeeze;
 - In Waste, EBITDA declined following a further decrease in recycled paper prices (-19% fall in the average selling price of recycled paper and cardboard), and due to additional insurance and maintenance costs, partially offset by higher prices in industrial waste collection.
- EBITDA growth in **Europe excluding France** as the result of several impacts:
 - In Central and Eastern Europe, higher EBITDA (excluding the impact of ScvK contractual changes) driven by price rises and performance measures;
 - Excellent operational performance and commercial won in the United Kingdom;
 - Increased EBITDA in Northern Europe tied to further small scope transactions in Waste, strong waste activities in Germany and additional 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 a reduction in Energy prices compared with an unusually cold winter in 2018 partially offset by an increase in toxic activities (in volume and prices);
 - Increased EBITDA in Latin America, mainly thanks to the addition in Waste of Grupo Sala in Colombia (consolidated from May 1, 2018) and Gadere in Ecuador and tariff increases in Argentina and Colombia;

- Strong EBITDA growth in Asia driven by robust revenue growth, particularly in China, fueled by the ramp-up of hazardous waste processing facilities, the good performance of Energy and industrial water activities and the acquisition of hazardous waste activities in India;
- Growth in Australia, which benefited from the restart of the sewage treatment plant in Sydney.
- In the **Global businesses** segment, good improvement in EBITDA:
 - Continued excellent hazardous waste performance in Europe;
 - Improved Sade profitability, due to operating efficiency gains and an improved margin in construction in France and in Telecoms and the recovery of international activities.

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

The **foreign exchange impact** on EBITDA was +€6 million and mainly reflects fluctuations in the U.S. dollar (+€14 million), the pound sterling (+€3 million), the Moroccan dirham (+€2 million), the Argentine peso (-€11 million) and the Australian dollar (-€3 million).

The **consolidation scope impact** of -€12 million mainly relates to developments in 2019 and notably the integration of Levice industrial assets, Renascimento in Portugal, Southa in Hong Kong and Apollo industrial assets in Taiwan, as well as 2018 acquisitions in Colombia (Grupo Sala), Belgium (HCI), Slovakia (PPC) and Hungary (cogeneration plants) and the disposal of ScvK (-€71 million).

Favorable **commerce and volume** impacts totaled +€91 million, thanks to strong commercial momentum across all activities.

The **weather (energy)** impact on EBITDA of -€17 million (-€29 million in 2018) deteriorated in the fourth quarter of the year, notably due to an extremely negative impact in Central and Eastern Europe.

Energy and recycle prices had an unfavorable impact on EBITDA, but significantly less than in 2018: -€53 million (compared to -€69 million in 2018), including -€23 million in Energy, with a gradual pass through of fuel and CO₂ costs into the price of energy sold, and -€30 million in Waste (against -€16 million in 2018), with recycled paper prices still falling in Europe.

The **price squeeze** had an impact of -€85 million, an improvement on 2018 (-€130 million), thanks to higher tariff indexation in Water and Waste.

Cost-savings plans contributed +€248 million, ahead of the €220 million annual objective. These savings mainly concern operating efficiency (57%) and purchasing (29%) and were achieved across all geographic zones: France (28%), Europe excluding France (30%), Rest of the world (29%), Global businesses (11%) and Corporate (2%).

3. CURRENT EBIT

Group consolidated Current EBIT for the year ended December 31, 2019 was €1,730.4 million, up 5.0% at constant exchange rates on the prior-year period (re-presented).

EBITDA reconciles with Current EBIT for the years ended December 31, 2019 and December 31, 2018 as follows:

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| <i>(in € million)</i> | <i>Year ended December 31, 2018 re- presented</i> | <i>Year ended December 31, 2019</i> |
|--|---|---|
| EBITDA | 3,842.9 | 4,021.8 |
| Renewal expenses | (279.8) | (280.3) |
| Depreciation and amortization ^(*) | (2,116.8) | (2,192.8) |
| Provisions, fair value adjustments & other | 81.9 | 51.8 |
| Share of current net income of joint ventures and associates | 115.6 | 129.8 |
| Current EBIT | 1,643.7 | 1,730.4 |

() Including principal payments on operating financial assets (OFA).*

The improvement in Current EBIT at constant exchange rates reflects:

- EBITDA growth;
- depreciation and amortization of €2,057 million, up +3.5% at constant exchange rates, mainly due to small acquisitions performed;
- increased contribution of equity-accounted entities, particularly in Asia (China +21% at constant exchange rates) and Northern Europe (start-up of the Kilpilahti plant in Finland).

The foreign exchange impact on Current EBIT was +€5 million and mainly reflects fluctuations in the U.S. dollar (+€8 million), the Chinese renminbi (+€2 million), and the pound sterling (+€2 million), partially offset by unfavorable fluctuations in the Argentine peso (-€7 million).

Current EBIT breaks down **by segment** as follows:

| <i>(in € million)</i> | <i>Year ended December 31, 2018 re- presented</i> | <i>Year ended December 31, 2019</i> | <i>Change 2018 / 2019</i> | |
|-------------------------|---|---|---------------------------|---|
| | | | <i>Δ</i> | <i>Δ at constant exchange rates</i> |
| France | 121.4 | 164.9 | 35.8% | 35.8% |
| Europe excluding France | 736.0 | 694.2 | -5.7% | -5.5% |
| Rest of the world | 638.0 | 695.8 | 9.1% | 7.7% |
| Global businesses | 151.6 | 193.5 | 27.6% | 29.4% |
| Other | (3.3) | (18.1) | N/A | N/A |
| Group | 1,643.7 | 1,730.4 | 5.3% | 5.0% |

Selling, general and administrative expenses impacting Current EBIT increased from €2,759 million for the year ended December 31, 2018 re-presented to €2,769 million for the year ended December 31, 2019, representing a rise of +0.4% at current consolidation scope and exchange rates (+1.0% at constant exchange rates). The ratio of selling, general and administrative expenses to revenue dropped from re-presented 10.6% for the year

ended December 31, 2018 to 10.2% for the year ended December 31, 2019. This decline reflects the continuation of the cost savings plan and its consequences on the cost structure of the Group.

4. CURRENT NET FINANCIAL EXPENSE

| <i>(in € million)</i> | <i>Year ended December 31, 2018 re- presented</i> | <i>Year ended December 31, 2019</i> |
|---|---|---|
| Cost of net financial debt (1) | (413.9) | (440.5) |
| Net gains / losses on loans and receivables | 14.0 | 13.1 |
| Net income (loss) on available-for-sale assets | 4.6 | 3.4 |
| Assets and liabilities at fair value through profit or loss | (0.1) | 0.3 |
| Foreign exchange gains and losses | (10.6) | (4.4) |
| Unwinding of the discount on provisions | (30.4) | (31.3) |
| Interest on concession liabilities | (94.2) | (81.3) |
| Interest on lease debt (IFRS 16) | (45.5) | (40.8) |
| Other | (33.5) | (38.0) |
| Other current financial income and expenses (2) | (195.7) | (179.0) |
| Gains (losses) on financial divestitures (*) | 3.6 | 23.9 |
| Current net financial expense (1)+(2) | (606.0) | (595.8) |

(*) Including financial divestiture costs.

Cost of net financial debt

The cost of net financial debt totaled -€440.5 million for the year ended December 31, 2019, compared with re-presented -€413.9 million for the year ended December 31, 2018. This increase is mainly attributable to the higher cost of non-euro denominated (Group growth outside the euro zone and widening difference between euro/non-euro rates).

The financing rate is therefore 4.19% as of December 31, 2019, compared with 4.18% as of December 31, 2018 re-presented, despite a fall in the financing rate for euro bond lines to 2.49% from 2.65% as of December 31, 2018.

Other financial income and expenses

Other financial income and expenses totaled -€179.0 million for the year ended December 31, 2019, compared with re-presented -€195.7 million for the year ended December 31, 2018.

These expenses include interest on concession liabilities (IFRIC 12) of -€81.3 million and the unwinding of discounts on provisions of -€31.3 million (IFRS16).

Capital gains on financial divestitures of €301.9 million euros in 2019 include the capital gain on the divestitures of heating and cooling networks in the United States on December 30, 2019 for an amount of €269 million before taxes.

5. CURRENT INCOME TAX EXPENSE

The current income tax expense is -€227.6 million in 2019, compared with -€203.6 million in 2018 re-presented.

The current tax rate is 22.6% (versus 22.1% in 2018 re-presented*) after adjustment for non-recurring items within net income of fully-controlled entities.

^(*) Published 2018 income tax rate of 22.1%

| <i>(in € million)</i> | <i>Year ended December 31, 2018 re- presented</i> | <i>Year ended December 31, 2019</i> |
|---|---|---|
| Current income before tax (a) | 1,037.7 | 1,134.7 |
| Of which share of net income of joint ventures & associates (b) | 115.6 | 129.8 |
| Re-presented current income before tax: (c)= (a)-(b) | 922.1 | 1,004.9 |
| Re-presented tax expense (d) | (203.6) | (227.6) |
| Re-presented tax rate on current income (d)/(c) | 22.1% | 22.6% |

6. CURRENT NET INCOME / NET INCOME ATTRIBUTABLE TO OWNERS OF THE COMPANY

Current net income attributable to owners of the Company was €760 million for the year ended December 31, 2019, compared with re-presented €672 million for the year ended December 31, 2018. Excluding capital gains and losses on financial divestitures net of tax and minority interests, current net income attributable to owners of the Company rose +8.8% at constant exchange rates to €734.2 million, from €676.5 million for the year ended December 31, 2018 re-presented.

The share of net income attributable to non-controlling interests totaled €135.7 million for the year ended December 31, 2019 compared with re-presented €167.3 million for the year ended December 31, 2018.

Net income attributable to owners of the Company was €625 million for the year ended December 31, 2019, compared with re-presented €441 million for the year ended December 31, 2018.

Based on a weighted average number of outstanding shares of 553.4 million (basic), and 578.5 million (diluted) for the year ended December 31, 2019, compared with 551.1 million (basic) and 575.9 million (diluted) for the year ended December 31, 2018 re-presented, net income attributable to owners of the Company per share for the year ended December 31, 2019 was €1.12 (basic) and €1.07 (diluted) compared with re-presented €0.68

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(basic) and €0.65 (diluted) for the year ended December 31, 2018. Current net income attributable to owners of the Company per share was €1.37 (basic) and €1.31 (diluted) for the year ended December 31, 2019, compared with re-presented €1.22 (basic) and €1.17 (diluted) for the year ended December 31, 2018.

The dilutive effect taken into account in the above earnings per share calculations concerns the OCEANE bonds convertible into and/or exchangeable for new and/or existing shares issued in September 2019 and maturing January 1st 2025 and the free share and performance share grant plans set-up on July 1, 2019 and July 24, 2019 and maturing in May 2021 and April 2022, respectively.

Net income (loss) attributable to owners of the Company for the year ended **December 31, 2019** breaks down as follows:

| <i>(in € million)</i> | <i>Current</i> | <i>Non-Current</i> | <i>Total</i> |
|--|----------------|--------------------|----------------|
| EBIT | 1,730.4 | (265.6) | 1,464.8 |
| Cost of net financial debt | (440.5) | - | (440.5) |
| Other financial income and expenses | (155.1) | 301.9 | 146.8 |
| Pre-tax net income (loss) | 1,134.8 | 36.3 | 1,171.1 |
| Income tax expense | (227.6) | (70.9) | (298.5) |
| Net income (loss) of other equity-accounted entities | - | - | - |
| Net income (loss) from discontinued operations | - | (111.9) | (111.9) |
| Net income (loss) attributable to non-controlling interests | (147.3) | 11.6 | (135.7) |
| Net income (loss) attributable to owners of the Company | 759.8 | (134.9) | 624.9 |

At the end of December 2019, other non-current financial income and expenses include capital gains net of disposal costs before tax related to the sale of the residual 30% share in Transdev Group and the Group's heating and cooling networks in the United States.

The non-current corporate income tax expense includes taxes related to non-current financial expenses and capital gains.

Net income (loss) from discontinued operations to the end of December 2019 includes the impact of the exit from Gabon for €33.4 million and the discontinuation of Veolia Water Technologies' EPC activities for - €145.2 million

Net income (loss) attributable to owners of the Company for the year ended **December 31, 2018 re-presented**, breaks down as follows:

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| <i>(in € million)</i> | <i>Current</i> | <i>Non-Current</i> | <i>Total</i> |
|--|----------------|--------------------|--------------|
| EBIT | 1,643.7 | (184.5) | 1,459.3 |
| Cost of net financial debt | (413.9) | - | (413.9) |
| Other financial income and expenses | (192.1) | - | (192.1) |
| Pre-tax net income (loss) | 1,037.7 | (184.5) | 853.3 |
| Income tax expense | (203.6) | 4.7 | (198.9) |
| Net income (loss) of other equity-accounted entities | - | - | - |
| Net income (loss) from discontinued operations | - | (46.4) | (46.4) |
| Net income (loss) attributable to non-controlling interests | (162.1) | (5.2) | (167.3) |
| Net income (loss) attributable to owners of the Company | 672.0 | (231.4) | 440.6 |

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

| <i>(in € million)</i> | <i>Year ended December 31, 2018 re-presented</i> | <i>Year ended December 31, 2019</i> |
|--|--|---|
| Current EBIT | 1643.7 | 1,730.4 |
| Restructuring costs | (120.5) | (126.9) |
| Non-current impairments, costs and other provisions | (35.8) | (105.2) |
| Personnel costs -share-based payments | (17.4) | (21.4) |
| Share acquisition costs, with or without acquisition of control | (10.8) | (12.1) |
| Total non-current items | (184.5) | (265.6) |
| Operating income after share of net income of equity-accounted entities | 1459.3 | 1,464.8 |

Restructuring charges for the year ended December 31, 2019 mainly concern the Global Businesses segment (-€62.5 million). In addition, application of IFRS 2 led to the recognition of an expense of -€21.4 million in respect of the costs generated by the Group's policy to give employees a vested interest in its performance.

D| FINANCING

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

| <i>(in € million)</i> | <i>Year ended December 31, 2018 re- presented</i> | <i>Year ended December 31, 2019</i> |
|---|---|---|
| EBITDA | 3,842.9 | 4,021.8 |
| Net industrial investments | (2,189.5) | (2,201.4) |
| Change in operating WCR | 60.1 | 208.9 |
| Dividends received from equity-accounted entities and joint ventures | 115.0 | 97.9 |
| Renewal expenses | (279.8) | (280.3) |
| Other non-current expenses and restructuring charges | (262.6) | (154.8) |
| Interest on concession liabilities (IFRIC 12) | (94.2) | (81.3) |
| Interest on right of use (IFRS 16) | (45.5) | (40.8) |
| Financial items (current interest paid and operating cash flow from financing activities) | (417.3) | (459.8) |
| Taxes paid | (192.7) | (241.8) |
| Net free cash flow before dividend payment, financial investments and financial divestitures | 536.4 | 868.5 |
| Dividends paid | (659.7) | (661.1) |
| Net financial investments | (286.4) | 871.0 |
| Change in receivables and other financial assets | (20.2) | (27.1) |
| Issue / redemption of deeply subordinated securities | 0.0 | (5.5) |
| Proceeds on issue of shares | 11.3 | 17.8 |
| Free cash flow | (418.7) | 1,063.7 |
| Effect of foreign exchange rate movements and other | (67.3) | (180.1) |
| Redemption of hybrid debt | (1,452.0) | 0.0 |
| Change | (1,938.5) | 883.6 |
| Opening net financial debt | (9,625.5) | (11,564.0) |
| Closing net financial debt | (11,564.0) | (10,680.4) |

Net free cash flow is €868.5 million for the year ended December 31, 2019, compared with €536.4 million for the year ended December 31, 2018 re-presented.

The change in net free cash flow compared with the re-presented figure for the year ended December 31, 2019 reflects:

- improved EBITDA;
- higher net industrial investments, up +0.5% to €2,201 million and including:
 - maintenance investments of €1,273 million (5% of revenue), these investments include €400 million as a right of use under IFRS16;
 - growth investments in the current portfolio of €729 million (€706 million in 2018 re-presented);
 - an increase in discretionary investments to €362 million, up +€53 million on 2018 in line with strong growth in development projects in Asia.
- a further reduction in operating WCR of -€209 million (despite higher revenue), following a decrease of -€60 million in 2018;
- a -€155 million decrease in other restructuring and non-current expenses, mainly tied to redundancy costs in France Water in 2018.

Overall, **Net financial debt** is €10,680 million, compared with €11,564 million as of December 31, 2018 re-presented (including the redemption of the hybrid debt in April 2018 in the amount of €1,452 million).

In addition to the change in net free cash flow, net financial debt includes financial investments of €619 million (including acquisition costs and the net financial debt of new entities) and mainly the impact of the acquisition of Levice in Slovakia (€71 million), Rinascente in Portugal (€39 million), Huafei in China (€28 million), Southa in Hong-Kong, R&E in Korea (€29 million each) and Stericycle in Chile (€27 million) and the financial divestiture of energy assets in the United States for US\$1.25 billion.

Net financial debt was also impacted by negative exchange rate fluctuations of -€64 million as of December 31, 2019 compared with December 31, 2018.

1. INDUSTRIAL AND FINANCIAL INVESTMENTS

1.1 Industrial investments

Total Group gross industrial investments, including new operating financial assets, amounted to -€2,364 million for the year ended December 31, 2019, compared with re-presented -€2,268 million for the year ended December 31, 2018.

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

| Year ended December 31, 2019 (in € million) | Maintenance and contractual requirements (1) | Discretionary growth | Total gross industrial investments (2) | Industrial divestitures | Total net industrial investments |
|---|--|-------------------------|--|----------------------------|--|
| France | 468 | 15 | 483 | 46 | 437 |
| Europe excluding France | 708 | 102 | 810 | 60 | 749 |
| Rest of the world | 532 | 231 | 763 | 35 | 727 |
| Global businesses | 268 | 15 | 283 | 21 | 262 |
| Other | 26 | 0 | 26 | 0 | 26 |
| Group | 2,002 | 362 | 2,364 | 163 | 2,201 |

(1) Including maintenance investments of €1,273 million (including IFRS16 location of €400 million), and contractual investments of €729 million.

(2) Including new OFA in the amount of -€178 million.

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| Year ended December 31, 2018 re-presented (in € million) | Maintenance and contractual requirements (1) | Discretionary growth | Total gross industrial investments (2) | Industrial divestitures | Total net industrial investments |
|---|--|-------------------------|--|----------------------------|--|
| France | 434 | 34 | 468 | 31 | 437 |
| Europe excluding France | 788 | 58 | 846 | 19 | 828 |
| Rest of the world | 492 | 207 | 699 | 10 | 689 |
| Global businesses | 221 | 10 | 231 | 19 | 211 |
| Other | 24 | 0 | 24 | 0 | 24 |
| Group | 1,959 | 309 | 2,268 | 79 | 2,189 |

(1) Including maintenance investments of €1,253 million, and contractual investments of €706 million.

(2) including new OFA in the amount of -€159 million.

At constant exchange rates, gross industrial investments are stable on 2018 re-presented, despite an acceleration in discretionary growth industrial investments compared with 2018 re-presented (+17%). These investments mainly include:

- In France, discretionary investments of €15 million in Waste (modernization of a sorting center and processing facilities);
- New connections to water and heating networks and expansion of water networks in Central Europe for €68 million;
- Investments of €30 million in Northern Europe and particularly in Waste in Germany;
- In the Rest of the world, investments of €206 million encompassing the construction of six hazardous waste processing centers in China and Singapore, the extension of heating networks in Energy in China, improvements to the Ankleswar plant in India and investments under an industrial contract in Korea.

1.2 Financial investments and divestitures

Financial investments totaled €619 million in 2019 (including acquisition costs and net financial debt of new entities) and mainly included the acquisition of Levice in Slovakia (€71 million), Renascimento in Portugal (€39 million) and Huafei in China (€28 million). These investments also include the buyout of minority interests in energy assets in the United States (US\$114 million), subsequently sold at the year-end (see below). In the year ended December 31, 2018 re-presented, financial investments totaled €786 million (including the net financial debt of new entities) and notably concerned the acquisition of Grupo Sala in Colombia (€168 million), PPC group in Slovakia (€135 million), minority interests in Veolia Energie Ceska Republika a.s. in the Czech Republic (€85 million) and HCl in Belgium (€43 million).

Financial divestitures totaled €1,490 million in 2019 (including disposal costs) and mainly include the sale of energy assets in the United States (€1.1 billion), the sale of Transdev Group (€334 million) and the sale of the investment in Foshan (landfill site in China) (€49 million). Financial divestitures totaled €479 million in 2018, with the sale of the Industrial Services division in the United States (€96 million), the sale of 25% of the investment in BVAG (€146 million) and the partial or total sale of PVK (€69 million) and ScVK (€75 million) in the Czech Republic.

2. OPERATING WORKING CAPITAL REQUIREMENTS

The change in operating working capital requirements (excluding discontinued operations) was €209 million for the year ended December 31, 2019, compared with re-presented €60.1 million for the year ended December 31, 2018. In 2019, the Group monetized receivables totaling €694 million under its factoring program, compared with €620 million in 2018.

The operating WCR position on the balance sheet as of December 31, 2019 is a resource of €1,179 million (an improvement of €294 million compared to December 31, 2018).

3. EXTERNAL FINANCING

3.1 Structure of net financial debt

As of December 31, 2019, net financial debt after hedging is borrowed 96% at fixed rates and 4% at floating rates.

The average maturity of net financial debt was 6.9 years as of December 31, 2019 compared with 7.5 years as of December 31, 2018.

3.2 Group liquidity position

Liquid assets of the Group as of December 31, 2019 break down as follows:

| <i>(in € million)</i> | <i>As of December 31, 2018 re- presented</i> | <i>As of December 31, 2019</i> |
|--|--|------------------------------------|
| Veolia Environnement: | | |
| Undrawn syndicated loan facility | 3,000.0 | 3,000.0 |
| Undrawn MT bilateral credit lines | 925.0 | 1,000.0 |
| Undrawn ST bilateral credit lines | - | 100.0 |
| Letters of credit facility | 64.7 | 86.8 |
| Cash and cash equivalents ⁽¹⁾ | 3,510.6 | 4,635.5 |
| Subsidiaries: | | |
| Cash and cash equivalents ⁽¹⁾ | 1,238.7 | 1,675.5 |
| Total liquid assets | 8,739.0 | 10,497.8 |
| Current debt and bank overdrafts and other cash position items | | |
| Current debt | 5,018.8 | 5,909.5 |
| Bank overdrafts and other cash position items | 215.7 | 302.2 |
| Total current debt and bank overdrafts and other cash position items | 5,234.5 | 6,211.7 |
| Total liquid assets net of current debt and bank overdrafts and other cash position items | 3,504.5 | 4,286.1 |

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

The increase in net liquid assets mainly reflects the sale of energy assets in the United States for US\$1,245 million (€1,112 million equivalent), partially offset by the arrival at maturity of the 2020 euro bond lines.

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

This syndicated loan facility was not drawn as of December 31, 2019.

Veolia Environnement has bilateral credit lines for a total undrawn amount of €1.1 billion as of December 31, 2019.

As of December 31, 2019, the bilateral letters of credit facility drawable in cash amount to US\$97.5 million (€86.8 million equivalent) not used to date.

E] RETURN ON CAPITAL EMPLOYED (ROCE)

POST-TAX ROCE

Current EBIT after tax is calculated as follows:

| | Excluding IFRS 16 | | Including IFRS 16 | |
|-------------------------------|---|---------------------------------------|---|------------------------------------|
| | Year ended December 31, 2018 re- presented | Year ended December 31, 2019 | Year ended December 31, 2018 re- presented | Year ended December 31, 2019 |
| <i>(in € million)</i> | | | | |
| Current EBIT (*) | 1,600 | 1,685 | 1,644 | 1,730 |
| - Current income tax expense | (204) | (231) | (204) | (228) |
| Current EBIT after tax | 1,396 | 1,454 | 1,440 | 1,502 |

* Including the share of net income (loss) of joint ventures and associates.

The capital employed for the year is calculated as follows:

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| (in € million) | Excluding IFRS 16 | | Including IFRS 16 | |
|---|---|-------------------------------|---|-------------------------------|
| | As of December 31, 2018 re- presented | As of December 31, 2019 | As of December 31, 2018 re- presented | As of December 31, 2019 |
| Intangible assets and Property, Plant and equipment, net | 12,348 | 12,560 | 12,399 | 12,528 |
| Right of use | | | 1,699 | 1,665 |
| Goodwill, net of impairment | 5,149 | 5,170 | 5,149 | 5,170 |
| Investments in joint ventures and associates | 1,887 | 1,886 | 1,881 | 1,880 |
| Operating financial assets | 1,479 | 1,520 | 1,486 | 1,517 |
| Operating and non-operating working capital requirements, net | (2,634) | (3,191) | (2,628) | (3,184) |
| Net derivative and other instruments | 0 | (104) | 0 | (104) |
| Provisions | (2,230) | (2,283) | (2,238) | (2,292) |
| Capital employed | 15,999 | 15,558 | 17,748 | 17,180 |
| Impact of discontinued operations and other restatements ⁽¹⁾ | 189 | 731 | 189 | 731 |
| Adjusted closing capital employed | 16,188 | 16,289 | 17,937 | 17,911 |

(1) 2019 restatements include the add-back of the capital employed of TNAI sold on December 30, 2019. 2018 figures were restated for the capital employed of divested companies reclassified in accordance with IFRS 5 in 2017/2018 (including ScVK).

The Group's post-tax return on capital employed (ROCE) is as follows:

| (in € million) | Current EBIT after tax | Average capital employed | Post-tax ROCE |
|---------------------------------|---------------------------|-----------------------------|------------------|
| 2018 (excluding IFRS 16) | 1,396 | 15,830 | 8.8% |
| 2019 (excluding IFRS 16) | 1,454 | 16,239 | 9.0% |
| 2018 (including IFRS 16) | 1,440 | 17,546 | 8.2% |
| 2019 (including IFRS 16) | 1,502 | 17,924 | 8.4% |

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PRE-TAX ROCE

Unlike post-tax ROCE, the capital employed and current EBIT before taxes used for the pre-tax ROCE calculation does not include investments in joint ventures and associates.

The Group's pre-tax return on capital employed (ROCE) - including IFRS 16 - by segment is as follows:

| <i>(in € million)</i> | Current EBIT before tax | Average capital employed | Pre-tax ROCE |
|-------------------------|------------------------------------|-------------------------------------|---------------------|
| France | 120.9 | 1,979.2 | 6.1% |
| Europe excluding | | | |
| France | 724.1 | 7,566.0 | 9.6% |
| Rest of the world | 540.6 | 4,893.5 | 11.0% |
| Global businesses | 145.6 | 1,539.6 | 9.5% |
| Other | (3.1) | (274.8) | N/A |
| Total Group 2018 | 1,528.1 | 15,703.5 | 9.7% |
| France | 165.4 | 1,881.7 | 8.8% |
| Europe excluding | | | |
| France | 673.1 | 7,722.1 | 8.7% |
| Rest of the world | 597.6 | 5,411.9 | 11.0% |
| Global businesses | 182.1 | 1,447.7 | 12.3% |
| Other | (17.7) | (449.9) | N/A |
| Total Group 2019 | 1,600.5 | 16,043.5 | 10.0% |

APPENDIX

1] RECONCILIATION OF GAAP INDICATORS AND THE INDICATORS USED BY THE GROUP

The reconciliation of Current EBIT with operating income, as shown in the income statement, and the reconciliation of current net income with net income attributable to owners of the Company, as shown in the income statement are presented in section C.6 of this press release.

The reconciliation of Operating cash flow before change in working capital with EBITDA is as follows:

| <i>(In € million)</i> | <i>As of December 31, 2018 re- presented</i> | <i>As of December 31, 2019</i> |
|---|--|--|
| Operating cash flow before change in working capital | 3,123.0 | 3,255.1 |
| Of which self-financing capacity | (22.8) | (34.1) |
| Of which operating cash flow | 3,145.8 | 3,289.2 |
| Exclusion : | | |
| Renewal Expenses | 279.8 | 280.3 |
| Non-current WCR impairment losses | (0.7) | 1.2 |
| Restructuring charges cash | 205.3 | 109.9 |
| Acquisition costs and selling costs on securities | 19.5 | 90.7 |
| Other non-current expenses | 58.0 | 88.8 |
| Integration : | | |
| Repayment of operating financial assets | 135.1 | 161.8 |
| EBITDA | 3,842.8 | 4,021.8 |

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

| <i>(In € million)</i> | <i>As of December 31, 2018 re-presented</i> | <i>As of December 31, 2019</i> |
|--|---|--|
| Net cash from operating activities of continuing operations | 2,843.2 | 3,118.5 |
| Integration : | 0.0 | 0.0 |
| Industrial investment net of grants | (1 491.7) | (1 676.0) |
| Disposals of industrial assets | 78.6 | 162.8 |
| New operating financial assets | (159.3) | (177.9) |
| Repayment of operating financial assets | 135.1 | 161.8 |
| New finance lease debt | (469.8) | (406.6) |
| Dividends received | 115.0 | 97.9 |
| Net financial interest | (546.0) | (549.6) |
| Exclusion : | | |
| Acquisition and selling costs on securities, and other | 31.3 | 137.5 |
| Net free cash flow | 536.4 | 868.4 |

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

| <i>In € million</i> | <i>As of December 31, 2018 re-presented</i> | <i>As of December 31, 2019</i> |
|--|---|--|
| Industrial investments net of grants | (1,491.7) | (1,676.0) |
| New finance lease debt | (469.8) | (406.6) |
| Variation in working capital requirements of the concession area | (147.1) | (103.6) |
| New operating financial assets | (159.3) | (177.9) |
| Industrial capex | (2,267.9) | (2,364.1) |

2] RECONCILIATION OF 2018 PUBLISHED DATA FOR THE YEAR ENDED DECEMBER 31, 2018 WITH REPRESENTED DATA

| (in €m) | December 2018 published | IFRS 5 Adjustment ⁽³⁾ | IFRS 16 Adjustment | December 2018 represented |
|----------------------------------|-------------------------|----------------------------------|--------------------|---------------------------|
| Revenue | 25 911.1 | 40.1 | 0.0 | 25 951.3 |
| EBITDA | 3 392.0 | 3.0 | 447.8 | 3 842.9 |
| Current EBIT ⁽²⁾ | 1 604.0 | -3.9 | 43.7 | 1 643.7 |
| Financial result | -561.6 | -1.1 | -43.3 | -606.0 |
| Operating Income | 1 419.6 | -3.9 | 43.7 | 1 459.3 |
| Current net income – Group share | 674.9 | -4.2 | 1.3 | 672.0 |
| Current net income | 439.3 | 0.0 | 1.3 | 440.6 |
| Gross industrial investments | -1 811 | 1.0 | -456 | -2 268 |
| Net free cash-flow | 568 | 1.0 | -33.0 | 537 |
| Net financial debt | -9 750 | 2.0 | -1 816 | -11 564 |

(1) Unaudited figures

(2) Including the share of current net income of joint ventures and associates for the half-year ended December 30, 2018 re-presented.

(3) In order to ensure the comparability of periods, the accounts ending December 30, 2018 have been represented for the reclassification of Lithuania from discontinued operations to full consolidation in December 2018 represented.

| (in €m) | December 2018 published | IFRS 5 Adjustment | IFRS 16 Adjustment | December 2018 represented |
|-------------------------|-------------------------|-------------------|--------------------|---------------------------|
| France | 5 499.3 | 0.0 | 0.0 | 5 499.3 |
| Europe excluding France | 9 096.0 | 40.1 | 0.0 | 9 136.1 |
| Rest of the World | 6 619.7 | 0.0 | 0.0 | 6 619.7 |
| Global businesses | 4 665.5 | 0.0 | 0.0 | 4 665.5 |
| Other | 30.7 | 0.0 | 0.0 | 30.7 |
| Total Revenue | 25 911.1 | 40.1 | 0.0 | 25 951.3 |

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| <i>(in €m)</i> | December 2018 published | IFRS 5 Adjustment | IFRS 16 Adjustment | December 2018 represented |
|-------------------------|-------------------------|-------------------|--------------------|---------------------------|
| France | 802.0 | 0.0 | 97.6 | 899.5 |
| Europe excluding France | 1 354.1 | 3.0 | 114.6 | 1 471.8 |
| Rest of the World | 952.6 | 0.0 | 109.8 | 1 062.4 |
| Global businesses | 272.6 | 0.0 | 88.3 | 360.9 |
| Other | 10.7 | 0.0 | 37.6 | 48.3 |
| Total EBITDA | 3 392.0 | 3.0 | 447.8 | 3 842.9 |

| <i>(in €m)</i> | December 2018 published | IFRS 5 Adjustment | IFRS 16 Adjustment | December 2018 represented |
|---------------------------|-------------------------|-------------------|--------------------|---------------------------|
| France | 115.1 | 0.0 | 6.4 | 121.4 |
| Europe excluding France | 726.9 | -3.9 | 13.0 | 736.0 |
| Rest of the World | 623.1 | 0.0 | 15.0 | 638.0 |
| Global businesses | 145.3 | 0.0 | 6.2 | 151.6 |
| Other | -6.3 | 0.0 | 3.1 | -3.3 |
| Total Current EBIT | 1 604.0 | -3.9 | 43.7 | 1 643.7 |

3] DEFINITIONS

GAAP (IFRS) indicators

Cost of net financial debt is equal to the cost of gross debt, including related gains and losses on interest rate and currency hedges, less income on cash and cash equivalents.

Operating cash flow before changes in working capital, as presented in the Consolidated Cash Flow Statement, is comprised of three components: operating cash flow from operating activities (referred to as “adjusted operating cash flow” and known in French as “capacité d’autofinancement opérationnelle”) consisting of operating income and expenses received and paid (“cash”), operating cash flow from financing activities including cash financial items relating to other financial income and expenses and operating cash flow from discontinued operations composed of cash operating and financial income and expense items classified in net income from discontinued operations pursuant to IFRS 5. Adjusted operating cash flow does not include the share of net income attributable to equity-accounted entities.

Net income (loss) from discontinued operations is the total of income and expenses, net of tax, related to businesses divested or in the course of divestiture, in accordance with IFRS 5.

Non-GAAP indicators

The term “**change at constant exchange rates**” represents the change resulting from the application of exchange rates of the prior period to the current period, all other things being equal.

The municipal sector encompasses services in the Water, Waste and Energy business lines aimed at users, performed under contracts with municipal governments, groups of municipal governments, or regional or national governments.

The industrial sector covers Water, Waste and Energy management services, offered to industrial or service sector customers.

EBITDA comprises the sum of all operating income and expenses received and paid (excluding restructuring charges, non-current WCR impairments, renewal expenses and share acquisition and disposal costs) and principal payments on operating financial assets.

The EBITDA margin is defined as the ratio of EBITDA to revenue.

To calculate **current EBIT**, the following items will be deducted from operating income:

- goodwill impairments of fully controlled subsidiaries and equity-accounted entities;
- restructuring charges;
- non-current provisions and impairments;
- non-current and/or significant impairment of non-current assets (tangible, intangible assets and operating financial assets);
- impacts relating to the application of IFRS 2, “Share-based payment”;
- share acquisition costs.

Current net income attributable to owners of the Company is defined as the sum of the following items:

- current EBIT;

- current net finance expenses, that include current cost of net financial debt and other current financial income and expenses, including capital gains or losses on financial divestitures (including gains or losses included in the share of net income of equity-accounted entities);
- current tax items;
- minority interests (excluding the portion of minority interests relative to non-current items in the income statement).

Current net income attributable to owners of the Company earnings per share is defined as the ratio of current net income (not restated for the cost of the coupon attributable to hybrid debt holders) by the weighted average number of outstanding shares during the year.

Net industrial investments, as presented in the statement of changes in net financial debt, include industrial investments (purchases of intangible assets and property, plant and equipment, and operating financial assets), net of industrial asset divestitures.

The Group splits its investments in three categories:

- (i) maintenance investments which reflect the replacement of equipment and installations used by the Group;
- (ii) growth investments which include investments in new equipment and installations to secure or embedded in existing contracts;
- (iii) discretionary growth investments which reflect investments in new equipment and installations linked to new projects, contract wins or significant new developments and extensions to existing projects or contracts.

The last two categories are defined as growth investments.

Net financial investments, as presented in the statement of changes in net financial debt, include financial investments, net of financial divestitures.

Financial investments include purchases of financial assets, including the net financial debt of companies entering the scope of consolidation, and partial purchases resulting from transactions with shareholders where there is no change in control.

Financial divestitures include disposals of financial assets including the net financial debt of companies leaving the scope of consolidation, and partial divestitures resulting from transactions with shareholders where there is no change in control, as well as issues of share capital by non-controlling interests.

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 expenses, net industrial investments, taxes paid, renewal expenses, restructuring charges and other non-current expenses.

Net financial debt (NFD) represents gross financial debt (non-current borrowings, current borrowings, bank overdrafts and other cash position items), net of cash and cash equivalents, liquid assets and financing-related assets, including fair value adjustments to derivatives hedging debt. Liquid assets are financial assets composed of funds or securities with an initial maturity of more than three months, easily convertible into cash, and managed with respect to a liquidity objective while maintaining a low capital risk.

The leverage ratio is the ratio of closing net financial debt to EBITDA.

The financing rate is defined as the ratio of the cost of net financial debt (excluding fair value adjustments to instruments not qualifying for hedge accounting) to average monthly net financial debt for the period, including the cost of net financial debt of discontinued operations.

The pre-tax return on capital employed (ROCE) is defined as the ratio of:

- current EBIT before share of net income or loss of equity-accounted entities;
- average capital employed in the year, including operating financial assets and excluding investments in joint ventures and associates.

Capital employed used in the pre-tax ROCE calculation is therefore equal to the sum of net intangible assets and property, plant and equipment, goodwill net of impairment, operating financial assets, net operating and non-operating working capital requirements and net derivative instruments less provisions. It also includes the capital employed of activities classified within assets and liabilities held for sale, excluding discontinued operations.

The post-tax return on capital employed (ROCE) is defined as the ratio of:

- current EBIT including the share of net income or loss of equity-accounted entities, after tax. It is calculated by subtracting the current tax expense from current EBIT including the share of net income or loss of equity-accounted entities. Current tax expense is the tax expense in the income statement re-presented for tax effects on non-current items;
- average capital employed in the year, including operating financial assets and investments in joint ventures and associates. Capital employed used in the post-tax ROCE calculation is therefore equal to the sum of net intangible assets and property, plant and equipment, goodwill net of impairment, investments in joint ventures and associates, operating financial assets, net operating and non-operating working capital requirements and net derivative instruments less provisions. It also includes the capital employed of activities classified within assets and liabilities held for sale, excluding discontinued operations.

For both pre-tax and post-tax ROCE, the impacts of the Group's investment in the Transdev Group joint venture, which is not viewed as a core Company activity and whose contribution is recognized as a share of net income of other equity-accounted entities, are excluded from the calculations.

4] CONSOLIDATED INCOME STATEMENT

| (€ million) | As of December 31, 2018 | As of December 31, 2018 represented (*) | As of December 31, 2018 |
|---|-------------------------------|--|----------------------------|
| Revenue | 25,911.1 | 25,951.3 | 27,188.7 |
| Cost of sales | -21,671.7 | -21,663.4 | -22,827.7 |
| Selling costs | -610.3 | -610.9 | -610.6 |
| General and administrative expenses | -2,141.6 | -2,149.4 | -2,157.4 |
| Other operating revenue and expenses | -183.8 | -183.9 | -258.0 |
| Operating income before share of net income (loss) of equity-accounted entities | 1,303.7 | 1,343.7 | 1,335.0 |
| Share of net income (loss) of equity-accounted entities | 115.9 | 115.6 | 129.8 |
| o/w share of net income (loss) of joint ventures | 71.7 | 71.4 | 89.3 |
| o/w share of net income (loss) of associates | 44.2 | 44.2 | 40.5 |
| Operating income after share of net income (loss) of equity-accounted entities | 1,419.6 | 1,459.3 | 1,464.8 |
| Net finance costs | -413.8 | -413.9 | -440.5 |
| Other financial income and expenses | -147.8 | -192.1 | 146.7 |
| Pre-tax net income (loss) | 858.0 | 853.3 | 1,171.0 |
| Income tax expense | -200.3 | -199.0 | -298.5 |
| Share of net income (loss) of other equity-accounted entities | - | - | - |
| Net income (loss) from continuing operations (1) | 657.7 | 654.3 | 872.5 |
| Net income (loss) from discontinued operations (1) | -50.6 | -46.4 | -111.9 |
| Net income (loss) for the period | 607.1 | 607.9 | 760.6 |
| Attributable to owners of the Company | 439.3 | 440.6 | 624.9 |
| Attributable to non-controlling interests | 167.8 | 167.3 | 135.7 |
| NET INCOME (LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY PER SHARE | | | - |
| Diluted | 0.68 | 0.68 | 1.12 |
| Basic | 0.65 | 0.65 | 1.07 |
| NET INCOME (LOSS) FROM CONTINUING OPERATIONS ATTRIBUTABLE TO OWNERS OF THE COMPANY PER SHARE | | | - |
| Diluted | 0.77 | 0.76 | 1.32 |
| Basic | 0.74 | 0.73 | 1.26 |
| NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS ATTRIBUTABLE TO OWNERS OF THE COMPANY PER SHARE | | | - |
| Diluted | -0.09 | -0.08 | -0.20 |
| Basic | -0.09 | -0.08 | -0.19 |

(*) 2018 adjustments concern the application of IFRS 16 and the inclusion of the Lithuania accounts previously presented in discontinued operations.

5] CONSOLIDATED STATEMENT OF FINANCIAL POSITION – ASSETS

| <i>(€ million)</i> | January 1, 2018 represented | December 31, 2018 | December 31, 2018 represented (*) | As of December 31, 2019 |
|--|--------------------------------|----------------------|--|-------------------------------|
| Goodwill | 4,915.7 | 5,107.7 | 5,107.7 | 5,128.0 |
| Concession intangible assets | 3,475.3 | 3,467.3 | 3,467.3 | 3,517.4 |
| Other intangible assets | 1,017.1 | 1,116.3 | 1,116.3 | 1,372.6 |
| Property, plant and equipment | 7,294.4 | 7,856.8 | 7,856.8 | 7,679.8 |
| Rights of use (net) | 1,679.5 | - | 1,698.5 | 1,664.6 |
| Investments in joint ventures | 1,500.3 | 1,517.1 | 1,511.1 | 1,497.7 |
| Investments in associates | 607.8 | 370.2 | 370.2 | 382.5 |
| Non-consolidated investments | 70.6 | 44.3 | 44.3 | 52.4 |
| Non-current operating financial assets | 1,416.8 | 1,387.1 | 1,387.1 | 1,431.2 |
| Non-current derivative instruments - Assets | 27.1 | 31.6 | 31.6 | 39.0 |
| Other non-current financial assets | 348.6 | 332.8 | 332.8 | 374.6 |
| Deferred tax assets | 995.1 | 1,028.2 | 1,043.4 | 952.9 |
| Non-current assets | 23,348.3 | 22,259.5 | 23,967.1 | 24,092.7 |
| Inventories and work-in-progress | 721.6 | 818.0 | 818.0 | 792.0 |
| Operating receivables | 8,482.7 | 9,016.3 | 9,010.1 | 9,341.7 |
| Current operating financial assets | 197.3 | 99.3 | 99.3 | 86.0 |
| Other current financial assets | 404.6 | 432.2 | 432.2 | 738.5 |
| Current derivative instruments - Assets | 69.9 | 69.2 | 69.2 | 91.5 |
| Cash and cash equivalents | 6,263.9 | 4,556.5 | 4,556.5 | 5,843.3 |
| Assets classified as held for sale | 486.9 | 341.8 | 341.8 | 33.3 |
| Current assets | 16,627.1 | 15,333.3 | 15,327.1 | 16,926.3 |
| TOTAL ASSETS | 39,975.4 | 37,592.8 | 39,294.2 | 41,019.0 |

(*) 2018 adjustments concern the application of IFRS 16 and IFRIC 23 .

5] CONSOLIDATED STATEMENT OF FINANCIAL POSITION - EQUITY AND LIABILITIES

| (€ million) | January 1, 2018 repre- sented (*) | December 31, 2018 December represented 31, 2018 | December 31, 2018 represented (*) | As of December 31, 2019 |
|---|---|--|--|-------------------------------|
| Share capital | 2,816.8 | 2,828.0 | 2,828.0 | 2,836.3 |
| Additional paid-in capital | 7,161.2 | 7,182.5 | 7,182.5 | 7,197.9 |
| Reserves and retained earnings attributable to owners of the Company | -2,601.8 | -4,025.1 | -4,140.9 | -4,100.5 |
| Total equity attributable to owners of the Company | 7,376.2 | 5,985.4 | 5,869.6 | 5,933.7 |
| Total equity attributable to non-controlling interests | 1,147.9 | 1,158.9 | 1,151.7 | 1,144.7 |
| Equity | 8,524.1 | 7,144.3 | 7,021.3 | 7,078.4 |
| Non-current provisions | 1,937.8 | 1,790.3 | 1,782.6 | 1,848.7 |
| Non-current borrowings | 9,321.8 | 9,655.5 | 9,517.6 | 9,366.8 |
| Non-current lease debt (IFRS 16) | 1,530.3 | - | 1,556.0 | 1,417.9 |
| Non-current derivative instruments - Liabilities | 108.4 | 55.8 | 55.8 | 52.4 |
| Concession liabilities - non current | 1,281.2 | 1,350.4 | 1,350.4 | 1,421.7 |
| Deferred tax liabilities | 970.1 | 1,042.6 | 1,042.6 | 984.4 |
| Non-current liabilities | 15,149.6 | 13,894.6 | 15,305.0 | 15,091.9 |
| Operating payables | 10,161.6 | 10,964.9 | 10,999.4 | 11,753.6 |
| Concession liabilities - current | 85.8 | 117.9 | 118.0 | 128.3 |
| Current provisions | 551.6 | 530.1 | 513.2 | 539.1 |
| Current borrowings | 4,571.1 | 4,622.5 | 4,593.6 | 5,443.7 |
| Current lease debt (IFRS 16) | 433.5 | - | 425.2 | 465.7 |
| Current derivative instruments - Liabilities | 49.1 | 83.7 | 83.7 | 197.8 |
| Bank overdrafts and other cash position | 208.9 | 215.7 | 215.7 | 302.2 |
| Liabilities directly associated with assets classified as held for sale | 240.1 | 19.1 | 19.1 | 18.3 |
| Current liabilities | 16,301.7 | 16,553.8 | 16,967.9 | 18,848.7 |
| TOTAL EQUITY AND LIABILITIES | 39,975.4 | 37,592.8 | 39,294.2 | 41,019.0 |

(*) 2018 adjustments concern the application of IFRS 16 and IFRIC 23.

6] CONSOLIDATED CASH-FLOW STATEMENT

| (€ million) | As of December 31, 2018 published | As of December 31, 2018 represented (1) | As of December 31, 2019 |
|---|--|---|-------------------------------|
| Net income (loss) for the period | 607.1 | 607.9 | 760.6 |
| Net income (loss) from continuing operations | 657.7 | 654.3 | 872.5 |
| Net income (loss) from discontinued operations | -50.6 | -46.4 | -111.9 |
| Operating depreciation, amortization, provisions and impairment losses | 1,399.4 | 1,810.5 | 2,028.1 |
| Financial amortization and impairment losses | 6.4 | 6.4 | 0.7 |
| Gains (losses) on disposal of operating assets | -10.9 | -11.2 | 12.5 |
| Gains (losses) on disposal of financial assets | -13.1 | -12.3 | -403.0 |
| Share of net income (loss) of joint ventures | -71.7 | -71.4 | -89.3 |
| Share of net income (loss) of associates | -44.2 | -44.2 | -40.5 |
| Dividends received | -4.4 | -4.4 | -3.4 |
| Net finance costs | 413.9 | 414.0 | 440.5 |
| Income tax expense | 200.2 | 198.9 | 298.5 |
| Other items | 136.8 | 182.3 | 138.4 |
| Operating cash flow before changes in operating working capital ⁽²⁾ | 2,670.1 | 3,122.9 | 3,255.0 |
| Change in operating working capital requirements | 61.8 | 60.1 | 208.9 |
| Change in concession working capital requirements | -147.1 | -147.1 | -103.6 |
| Income taxes paid | -193.7 | -192.7 | -241.8 |
| Net cash from operating activities of continuing operations | 2,391.1 | 2,843.2 | 3,118.5 |
| Net cash from operating activities of discontinued operations | -0.1 | -2.9 | -30.7 |
| Net cash from operating activities | 2,391.1 | 2,840.3 | 3,087.8 |
| Industrial investments, net of grants | -1,490.4 | -1,483.7 | -1,676.0 |
| Proceeds on disposal of industrial assets | 59.2 | 78.5 | 162.8 |
| Purchases of investments | -458.8 | -458.8 | -321.6 |
| Proceeds on disposal of financial assets | 245.1 | 245.1 | 1,524.8 |
| Operating financial assets | - | - | - |
| New operating financial assets | -159.3 | -159.3 | -177.9 |
| Principal payments on operating financial assets | 135.1 | 135.1 | 161.8 |
| Dividends received (including dividends received from joint ventures and associates) | 115.0 | 115.0 | 97.9 |
| New non-current loans granted | -678.6 | -678.6 | -208.3 |
| Principal payments on non-current loans | 675.7 | 675.7 | 167.2 |
| Net decrease/increase in current loans | -17.4 | -17.4 | 14.0 |
| Net cash used in investing activities of continuing operations | -1,574.4 | -1,548.4 | -255.3 |
| Net cash used in investing activities of discontinued operations | -3.2 | -2.0 | - |
| Net cash used in investing activities | -1,577.6 | -1,550.4 | -255.3 |
| Net increase (decrease) in current borrowings | -980.3 | -956.4 | -489.2 |

6] CONSOLIDATED CASH FLOW STATEMENT CONTINUED...

| (€ million) | As of December 31, 2018 published | As of December 31, represented* | As of December 31, 2018 |
|--|---|------------------------------------|-------------------------------|
| Change in current lease debt (IFRS 16) | - | -425.8 | -446.7 |
| Repayment of hybrid debt | -1,452.1 | -1,452.1 | - |
| Repayment of / (New) non-current lease debt (IFRS 16) | - | - | - |
| New non-current borrowings and other debts | 1,100.0 | 1,100.0 | 1,824.4 |
| Principal payments on non-current borrowings and other debts | -157.5 | -225.3 | -926.3 |
| Change in liquid assets and financing financial assets | -17.4 | -17.4 | -274.7 |
| Proceeds on issue of shares | 43.8 | 43.8 | 16.7 |
| Share capital reduction | - | - | - |
| Transactions with non-controlling interests: partial purchases | -109.8 | -109.8 | -127.8 |
| Transactions with non-controlling interests: partial sales | 229.9 | 229.9 | 10.2 |
| Proceeds on issue of deeply subordinated securities | - | - | -5.5 |
| Coupons on deeply subordinated securities | -66.4 | -66.4 | - |
| Purchases of/proceeds from treasury shares | -10.5 | -10.5 | 1.2 |
| Dividends paid | -592.4 | -592.4 | -661.0 |
| Interest paid | -406.2 | -406.6 | -427.5 |
| Interest on operating assets - IFRIC 12 | -94.2 | -94.2 | -81.3 |
| Interest on lease IFRS 16 (**) | - | -45.5 | -40.8 |
| Net cash from (used in) financing activities of continuing operations | -2,513.0 | -2,989.9 | -1,628.3 |
| Net cash from financing activities of discontinued operations | -0.2 | - | - |
| Net cash from (used in) financing activities | -2,513.2 | -2,989.9 | -1,628.3 |
| Effect of foreign exchange rate changes and other | -15.7 | -16.2 | -3.9 |
| Increase (decrease) in external net cash of discontinued operations | 1.3 | 2.0 | - |
| Net cash at the beginning of the year | 6,055.0 | 6,055.0 | 4,340.8 |
| Net cash at the end of the year | 4,340.8 | 4,340.8 | 5,541.1 |
| Cash and cash equivalents | 4,556.5 | 4,556.5 | 5,843.3 |
| Bank overdrafts and other cash position items | 215.7 | 215.7 | 302.2 |
| Net cash at the end of the year | 4,340.8 | 4,340.8 | 5,541.1 |

(*) 2018 adjustments concern the application of IFRS 16 and IFRIC 23

(**) Interests on IFRS 16 lease debt is not included in the Cost of net financial debt, but in Other financial income and expenses