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Société anonyme with a share capital of €2,836,332,695
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QUARTERLY FINANCIAL INFORMATION

Condensed Interim Consolidated Financial Statements
for the nine months ended September 30, 2020

Unaudited figures

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1 ACQUISITION OF SUEZ SHARES

On the presentation of first-half results on July 31, 2020, ENGIE announced its intention to launch a strategic review of its activities including its stake in Suez.

As such, Veolia announced on August 30, 2020 that it had given Engie a firm offer to acquire 29.9% of Suez shares that it holds with a view to creating the great French world champion in ecological transformation.

By combining the very solid skills of Suez and Veolia, this transaction would be able to significantly accelerate the development of the new entity in the face of growing competition, and would enable the industry in France, Europe and the world to meet the environmental challenges of the 21st century.

- Broader expertise and an enlarged commercial offer

  The two companies, which share a common nationality, corporate culture and know-how, are also complementary in water treatment and distribution, waste collection and recovery, particularly hazardous and toxic waste, plastics recycling, soil remediation, air quality and optimization of energy consumption. All these skills, brought together under the same brand name and supported by a team united by the same values, provide a complete range of solutions at a time when public authorities and industrial clients alike are seeking to make their activities cleaner, more efficient and more virtuous.

- An increased capacity for innovation

  In a particularly fragmented volume market, innovation is fundamental to inventing and developing the technologies that are still missing to fully succeed in the ecological transformation. The combination of talent and research skills would accelerate the development of these forward-looking solutions and enable a better return on the necessary investments. This enhanced capacity for innovation would also be supported in particular by French small and medium-sized companies working on innovation in the major areas of ecological transformation, through a support fund set up by the new entity. In addition, the operation would lead to the establishment of a new professional training center, providing all the necessary levels of skills for the new professions that will be created by the ecological transformation, and thus launch a dedicated European school of ecological transformation in France.

- Strengthened geographical positions

  Both because of the complementary nature of Suez's and Veolia's different geographies, but also by consolidating the key geographies in which the two groups operate, the new group's international footprint would be strengthened, with a significantly increased share of the world's fast-growing regions. Veolia is particularly well established in Central and Eastern Europe and the United Kingdom, while Suez's historical geographies are in Spain and Northern Europe. Outside Europe, where the main growth regions for our businesses are located, the company would double in size in South America and Australia, while significantly strengthening its positions in North America and Asia.

- A natural combination of forces

  The sale by Engie of its stake in Suez would take place at the ideal time to complete this combination: the reorganizations carried out in recent years by the two groups make them more compatible and complementary than ever. Indeed, their new strategic plans, Shaping 2030 for Suez and Impact 2023 for Veolia, are convergent and both clearly oriented towards international markets with high growth and innovation potential.

- A transaction that creates value for all stakeholders

  For employees, this new, more innovative and international entity would offer even more perspectives and opportunities. The transaction would be carried out without any negative impact on employment in France. In addition, all customers, local authorities and industrial clients, would find in this new entity a partner that would enable them to achieve their own ecological transformation objectives much more quickly.

This exciting joint project would be fully in line with Veolia's purpose, and would ideally position the new group to meet the main challenge of this century: ecological transformation.

Upstream of this transaction, Veolia identified the targeted competition issues that such a combination would involve and anticipated remedies. In this context, Veolia has identified a buyer capable of preserving competition and employment for the activities of Suez Eau France, in the person of Meridiam, a company with a French mission, world leader in infrastructure management for local authorities, which has formally committed to this acquisition[1]. Meridiam is also committed to preserving all jobs and social benefits, to double the investments planned, and to inject 800 million euros into this new area within 5 to 7 years.

On October 5, 2020, Veolia concluded with Engie the acquisition of 29.9% stake in Suez at a price of 18 euros per share (coupon attached) representing a total of 3.4 billion euros. The operation was finalized the next day.

Veolia also confirms that it will file a voluntary public takeover bid on the remaining Suez share capital in order to complete the merger of the two companies. This offer will be at the same price as that paid to Engie, i.e. 18 euros per share (coupon attached).

This offer is subject to merger control authorizations and will not be launched without first obtaining a favorable opinion from Suez's board of directors, if applicable after the shareholders' meeting, or by a board renewed by its shareholders[2].

On October 9, 2020, Veolia appealed against the decision of interim relief Judge of the Judicial Court of Paris to suspend the acquisition by Veolia of 29.9% of the capital of Suez held by Engie: not being a controlling shareholder, Veolia is not authorized to contact Suez's social and economic committee to present the industrial project to it because only the management of Suez is authorized to do so. This decision does not call into question the ownership of the shares acquired by Veolia on October 6.

On October 14, 2020, Veolia Environnement issued deeply subordinated perpetual hybrid notes in euros (€850 million bearing a coupon of 2.25% until its first reset date in April 2026 and €1,150 million bearing a coupon of 2.50% until its first reset date in April 2029). This transaction reinforces the Group's financial structure and will be used to refinance the purchase of the 29.9% stake in Suez from Engie, while strengthening its credit ratios.

The remaining balance of the transaction will be financed by a bridging loan with a banking syndicate. It is expected that this loan will be refinanced in part by the proceeds from the sale of assets imposed by the French competition authority's regulatory framework as well as by the moderate issue of equity securities or securities granting access to the share capital for an amount that will not exceed 20% of the existing market value of Suez. The aim is to preserve the current credit rating and maintain the extended Group's net financial debt / EBITDA ratio below 3.0x in the medium term in accordance with the Group's objectives.

As they are transactions carried out at the beginning of October, they have no impact on the Group's aggregates published at the end of September.

[1] All of Suez's Water France activities, as well as the engineering and R&D teams linked to this division, would be acquired by Meridiam.

[2] This price will be adjusted to take into account any distribution in any form whatsoever (in cash or in kind), including (i) any distribution of a dividend, an interim dividend, reserves or premiums made. by Suez or (ii) any amortization or reduction by Suez of its capital, or any acquisition or repurchase of its own shares by Suez, for a price per share higher than the offer price. Likewise, in the event of an operation having an impact on Suez's capital (in particular, merger, demerger, division or consolidation of shares, distribution of free shares in respect of existing shares by incorporation of reserves or profits), the price offered per share (and in the event of a subsidiary section in Veolia shares, the exchange parity) will be mechanically adjusted in order to take into account the impact of said transactions.
Veolia reserves the right, where applicable, to modify the price of 18 euros per share (coupon attached) in the event of significant events that have affected or are likely to affect Suez's balance sheet, income or outlook between the date of acquisition of the block from ENGIE and the date of filing of the offer. These significant events include asset disposals or acquisitions, the granting of rights to third parties over Suez assets, and commitments made outside the normal course of business. Any price change that could result from such events would be such as to reflect Suez's loss in value determined on a multi-criteria analysis.

Veolia also reserves the right not to file a public offer in the event of major adverse circumstances impacting the Suez group or of a sale by Suez of any strategic asset, namely the Spanish and Chilean water assets, WTS, regulated water assets in the United States of America, waste management assets in France, the UK and Australia or any other measure significantly affecting these assets.

2 Major events of the period

2.1 GENERAL CONTEXT AND COVID-19 HEALTH CRISIS

Overview of the impact of the health crisis

The Group's performance in the first nine months of the year was marked by the impact of the health crisis. All Group regions were affected, with a low point in the second quarter when lockdowns impacted Veolia's activities to varying degrees. Faced with this health crisis, most businesses and regions have been highly resilient. The Group partly operates in activity sectors that resisted well in the crisis (such as key municipal services), while other activities that may have been impacted in the second-half of the year successfully bounced quickly back after the first wave, such as industrial waste and construction work and maintenance.

In this context, the suspension of the 2020 financial objectives announced on April 1st led the Group to react rapidly to the outbreak of the crisis, by implementing a new cost savings plan (Recover and Adapt). It enables to complete and accelerate the savings program of the Group including a reduction by €500 million of its investment program in 2020. All this contributes to prepare the post-crisis recovery plan, while ensuring strict monitoring of cash management.

Rebound in the 3rd quarter

In the third quarter, the resumption of activities, which had already started in June, was confirmed with a strong rebound for most of the regions and the activities in which the Group operates. The Covid impact on the Group is now moderate in the 3rd quarter and the level of activity is broadly comparable to the 3rd quarter of 2019.

At constant scope and exchange rates, the results for the 3rd quarter of 2020 are generally back to their 2019 level and are slightly higher with sales representing 99.9% of sales for the 3rd quarter of 2019 and EBITDA representing 102.5% of the EBITDA for the 3rd quarter of 2019. These results should be compared with those of the 2nd quarter which were down compared to last year: at constant scope and exchange rates, the 2nd quarter of 2020 was lower than 2019 by 10.8 % in revenue and 32.6% in EBITDA.

The 3rd quarter was marked by a catch-up at revenue level fueled by a resumption of commercial development, volume growth and satisfactory activity in the works.

- Return to waste volumes comparable to the 3rd quarter of 2019 (-2.6% in the 3rd quarter of 2020 against -14.7% in the 2nd quarter of 2020 and -1.8% in the 1st quarter of 2020)
- Confirmation of the improvement in tariff indexes (+ 0.9% in Water in the 3rd quarter against + 0.6% at the end of June)
- Resumption of construction activity in the 3rd quarter with increases in revenue from works at Veolia Water Technology (+ 9.8% in the third quarter compared to -1.2% in the 1st half) (1) and SADE (+ 10.1% in the third quarter against a decline of -18.2% in the 1st half)(1)

(1) At constant exchange rates

EBITDA for the 3rd quarter, higher than the 3rd quarter of 2019 at constant exchange rates and scope, is supported by the level of sales, continued efficiency gains and the contribution of the additional savings measures put in place to cope with the health crisis.

- Growing contribution of efficiency gains: 64 million euros in the 3rd quarter, after a contribution of 131 million euros in the first half.
- Strong involvement of all geographic areas in the implementation of the new savings plan (Recover and Adapt) which amounted to 80 million in the 3rd quarter.

Situation at the end of September 2020

Compared to the situation at the end of June which was more marked by the health crisis, the situation at the end of September 2020 has improved thanks to the rebound in the 3rd quarter.

Thus, over the first 9 months of the year, the Group's results are as follows:

- -4.3% decline in revenue (1) (€18,705 million) and down -3.8% at constant scope and exchange rates (compared to -6.1% and -5.6% respectively in the first-half of 2020);

- -12.8% decrease in EBITDA [(1)] (€2,492 million) (compared to -19.2% in the first-half of 2020);
- Current EBIT of €771 million, down -34.1% [(1)] (versus -48.0% in the first-half of 2020);
- Current net income attributable to owners of the Company of €149 million and current net income excluding net capital gains or losses on financial divestitures of €139 million;
- Net industrial investments of €1,334 million (including €211million of discretionary ;capex);
- Net financial debt of €11,745 million versus €12,487 million as of September 30, 2019.

(1) At constant exchange rates

The contribution of efficiency gains and cost-saving measures (Recover and Adapt) amounted over the first 9 months to €395 million, enabling us to confirm our objective that was revised on the occasion of the publication of our half-year results, of a global savings plan of over 500 million euros in 2020.

Update on the Group's liquidity

Faced with an unprecedented crisis, in the context of the merger with Suez and the associated hybrid operation, Veolia immediately prioritized the monitoring of its liquidity. This involved the daily monitoring of changes in its cash position and weekly forecasts by Business Unit covering a five-week time frame, monitoring of Finance Back Office operations (invoicing, collection, payments, suppliers) and a daily financial market update at the Group level.

The Group is therefore pursuing a prudent and resilient financing policy: the main end-of-year bond maturities were refinanced in advance in the first half of the year; the commercial paper program has been extended and its maturities spread; lastly, pooled cash is invested primarily in liquid monetary assets, qualifying as monetary equivalents pursuant to IAS7: cash UCITS and liquid bank deposits.

The Group's liquidity position at September 30, 2020 is solid and mainly consists of the following:

(1) €7.9 billion of pooled cash (including commercial paper with an average residual maturity of 5.3 months totaling €5.8 billion);

(2) €1.1 billion of cash available in the subsidiaries;

(3) Undrawn and available bilateral credit lines totaling €4.1 billion.

2.2 CHANGES IN GROUP STRUCTURE

COMMERCIAL DEVELOPMENTS

Despite the crisis, commercial efforts continued and commercial activity remained strong.

In the industrial market, the Group formed a partnership with the industrial company, Solvay, to create a circular economy consortium. Together, they offer new solutions that promise better resource efficiency for critical metals used in lithium ion electric vehicle batteries. This consortium will enable the extraction and purification of critical metals such as cobalt, nickel and lithium and transform them into high-purity raw materials for new batteries. In addition, in Japan, the Group signed an agreement with Mitsui and Seven Eleven to build and operate a plastic recycling plant scheduled for commissioning in 2020. This business complementarity will enable the Group to propose new services to public, tertiary and industrial clients and cover the entire region. Additionally, in Asia the Group develops its Hazardous Waste business with four new Chinese facilities (2 already started, and 2 additional in the coming months) and the Singapore facility commissioning underway.

In the municipal market, the Group stepped-up its development in the Energy sector in the Czech Republic and will operate the right bank district heating network in Prague. As the Group already operates the Prague left bank district heating network, this contract strengthens its presence in energy services in this country. This asset transfer will ultimately generate estimated revenue of €230 million for the Group. In Romania, the Group renewed its concession agreement for water distribution and wastewater services with the city of Bucharest for 12 years (estimated revenue of €240 million).

MAJOR ACQUISITIONS

The Group's main projects are being maintained in order to support the Group's current growth and enable a return to strong growth post-crisis.

- Alcoa (United States)

Announced on December 20, 2019, the Group acquired, via its subsidiary Veolia North America, the hazardous waste processing site of Alcoa USA Corporation for €231 million in Q1 2020[(1)].

- Nagpur (India)

In the second-half of 2020, the Group acquired Orange City Water and Orange City Hydraulic Works in Nagpur, India (population of 2 million people) through Veolia India, for a consideration of €113 million [(1)], thereby expanding its water distribution activity in the Indian subcontinent.

- MAG (Russia)

In the third quarter of 2020, the Group acquired the MAG Group in Russia through its subsidiaries Veolia Vostock and Neva Energia for a consideration of €134 million, thereby expanding its waste processing activities in Russia.

(1) Including shares and net financial debt of newly consolidated companies.

SIGNIFICANT DIVESTITURES

- Liuzhou (China)

In the third quarter of 2020, the Group completed the sale of its 49% stake in the water concession for the city of Liuzhou in China through its subsidiary Veolia Water Investment Ltd for €42 million, generating a capital gain of €9 million.

2.3 GROUP FINANCING

CHANGE IN BONDS AT SEPTEMBER 30

On January 8, 2020, Veolia issued a €500 million bond, with a January 2031 maturity. This bond bears a coupon of 0.664% and was issued at par. The over-subscription ratio was close to 5, enabling Veolia to materially improve the issuing rate and achieve a final pricing which was better than the secondary market.

On April 8, 2020 and June 8, 2020, in a context of highly volatile financial markets, and especially credit markets, Veolia took advantage of a constructive market window to issue, respectively, a €700 million bond at par, maturing April 2028 and bearing a coupon of 1.25% and a €500 million bond at par, maturing January 2032 and bearing a coupon of 0.80%.

These three bond issues intended for general Group financing requirements enabled Veolia to bring forward the refinancing of all bond payments scheduled for 2020 and 2021 totaling €1.7 billion.

On June 22, 2020, Veolia Environnement successfully issued two bonds for a total nominal amount of 1.5 billion renminbi (€188 million euro-equivalent) on the Chinese domestic market (Panda Bonds). These bonds were issued via a private placement and bear a coupon of 3.85%, for a 3-year maturity. They were issued to Chinese and international investors. The proceeds of these bonds will be used to finance various Group projects in continental China. The conditions obtained show that Veolia's signature is viewed very favorably and demonstrated investor confidence in the Group's development in China.

CONFIRMATION OF THE CREDIT OUTLOOK

On September 1, 2020, S&P confirmed its rating at A-2 / BBB with a stable outlook. For its part, on October 20, 2020, Moody’s confirmed Veolia Environnement's credit rating at P-2/Baa1 with a stable outlook.

DIVIDEND PAYMENT

The Combined General Meeting of April 22, 2020 approved payment of a dividend of €0.50 per share for fiscal year 2019. The Board of Directors - given the exceptional circumstances related to COVID-19 and to protect the interests of all the Group's stakeholders in a spirit of solidarity – decided on April 1, 2020 to half the dividend for fiscal year 2019 initially proposed at €1.00. The dividend therefore amounted to €277 million and was paid from May 14, 2020.

2.4 PERFORMANCE SHARE PLAN AND GROUP SAVINGS

Given the exceptional circumstances, the Board of Directors - at the recommendation of the Compensation Committee - decided with regard to the 2021 compensation policy to review the grant conditions for all beneficiaries of the 2018 performance share plan set-up on May 2, 2018 (expiring in 2021), concerning fiscal years 2018, 2019 and 2020.

This plan included a performance condition based on average growth in Current net income attributable to owners of the Company per share of 10% annually (for the vesting of all performance shares granted), as recorded at the end of the plan period in 2021, based on results for the 2018, 2019 and 2020 fiscal years compared with the 2017 base year. If this average growth is less than 5%, no performance shares will vest. Shares will vest on a proportional basis between 5% and 10%.

The Board of Directors decided to amend this performance objective, retaining it unchanged for fiscal years 2018 and 2019 of the reference period and reducing the initial number of performance shares granted by one third to take account of the "neutralization" of fiscal year 2020. The Plan maturity date is unchanged (May 2, 2021).

On September 7, 2020, the Group announced the launch of a share ownership plan open to more than 140,000 Group employees, which seeks to give them a vested interest in the Group's development and performance. The settlement-delivery of the new shares to be issued is scheduled for December 17, 2020. The main characteristics were decided by the Board of Directors on May 5, 2020 and concern a maximum amount of €56,726,653 (i.e. approximately 2% of the share capital). Beneficiaries may subscribe for Veolia Environnement shares through two separate offers: a secure leveraged offer (total investment guaranteed including the employer's contribution, with a multiple of the potential increase in the share price) and a conventional offer.

3 Accounting and financial information

3.1 KEY FIGURES

(in € million)	*Third quarter 2019*	*Third quarter 2020*	*Δ at constant scope and exchange rates*	*Nine months ended September 30, 2019*	***Nine months ended September 30, 2020***	*2019 / 2020 change* *Δ*	*Δ at constant exchange rates*	*Δ at constant scope and exchange rates*
Revenue	6 441	6 293	-0,1%	19 764	18 705	-5,4%	-4,3%	-3,8%
EBITDA	892	893	2,5%	2 894	2 492	-13,9%	-12,8%	-11,2%
EBITDA Margin	13,8%	14,2%	0,0%	14,6%	13,3%			
Current EBIT [2]	332	333	4,3%	1 190	771	-35,2%	-34,1%	-29,9%
Current Net income - Group share	133	142	10,6%	486	149	-69,3%	-66,9%	-59,4%
Current net income - Group share, excluding capital gains and losses on financial divestitures net of tax	134	134	3,9%	468	139	-70,2%	-67,7%	-59,9%
Net industrial investments	-486	-461		-1 455	-1 334			
Net free cash-flow[3]	306	138		-167	-377			
Net financial debt	-12 487	-11 745		-12 487	-11 745			

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

(2) The indicators are defined in Section 10.

The main foreign exchange impacts were as follows:

FX impacts for the nine months ended September 30, 2020 (vs. September 30, 2019 published)	%	(in € million)
Revenue	-1.1%	-214
EBITDA	-1.1%	-33
Current EBIT	-1.1%	-13
Current net income - Group share	-2.4%	-12
Net financial debt	2.0%	244

GROUP CONSOLIDATED REVENUE

Group consolidated revenue for the nine months ended September 30, 2020 was €18,705 million, compared with €19,764 million for the same period in 2019, **down -4.3% at constant exchange rates and -3.8% organically**.

The quarterly change in revenue by operating segment is as follows:

At constant exchange rates	*1st Quarter 2020*	*2nd Quarter 2020*	*3rd Quarter 2020*
France	-3.1%	-16.1%	0.8%
Europe, excluding France	1.1%	-6.7%	0.8%
Rest of the world	-1.8%	-5.7%	-6.0%
Global businesses	-3.6%	-20.8%	3.1%
Group	**-1.3%**	**-11.0%**	**-0.6%**

In Q3 2020, the increase was marked by a rebound in revenue across all segments:

- A business turnaround in France reflecting rising water volumes in France, higher incineration volumes and continued price increases in waste.
- In Europe excluding France, a boost in activity in Central Europe (+8.3% at constant exchange rates), mainly due to increased energy tariffs in Poland and which offsets a slowdown of activity in the UK due to sanitary crisis and a decrease in revenue in Northern Europe and in Iberia.
- The impact of the divestiture of the heating and cooling networks in the United States in 2019 and the Singapore waste activities in the Rest of the world.
- In Global businesses, steady construction business performance at VWT and Sade in the third quarter.

By operating segment, the change in revenue over the nine months compared with the nine months ended September 30, 2019 is down -4.3% at constant exchange rates and breaks down as follows:

(in € million)	*Nine months ended September 30, 2019 published*	***Nine months ended September 30, 2020***	*Change 2019 / 2020* *Δ*	*Δ at constant exchange rates*	*Δ at constant scope and exchange rates*
France	4,175	3,918	-6.2%	-6.2%	-6.2%
Europe, excluding France	6,869	6,702	-2.4%	-1.5%	-1.8%
Rest of the world	5,288	4,921	-6.9%	-4.5%	-1.7%
Global businesses	3,427	3,160	-7.8%	-7.2%	-7.9%
Other	4	4	-9.3%	-	-
Group	**19,764**	**18,705**	**-5.4%**	**-4.3%**	**-3.8%**

- Revenue decreased -6.2% in **France** at constant scope compared to the nine months ended September 30, 2019:
  - Water revenue is down -3.9% year-on-year, with a significant slowdown in construction activity (virtual stoppage during the lockdown) and an activity slump generated by the health crisis, partially offset by higher tariff indexation (+1.5% in 2020) and positive volume effects (+0.8%).
  - Waste revenue declined -8.8% at constant scope year-on-year, with a fall in the price of recyclates (-32%), including -€40 million for recycled paper and cardboard (price effect of -€26 million, volume effect of -€14 million), a drop in volumes linked to the health crisis in industrial waste collection

(-16.2%) and municipal collection (-7.7% despite an upturn in Q3) and declining landfill activity (-10.3%), partially offset by higher incineration volumes (+5.4%) and tariff rises in the first quarter.

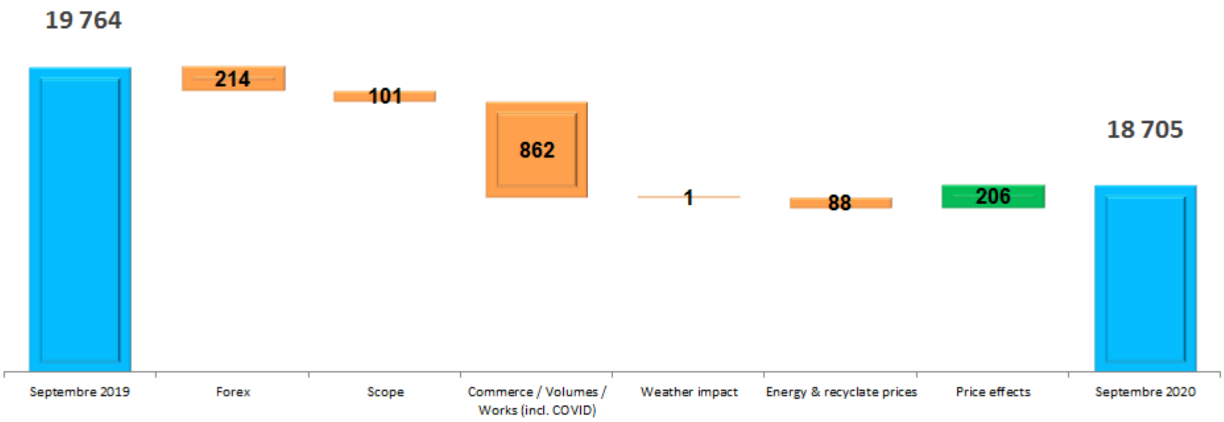
- **Europe excluding France** declined -1.5% at constant exchange rates compared with the nine months ended September 30, 2019, with varying trends across the regions:
    - In the United Kingdom/Ireland, revenue fell -4.3% at constant exchange rates to €1,630.7 million following an erosion in landfill volumes (-1.9%), a downturn in municipal collection contracts (non-renewal of low profit contracts) and a slowdown in commercial activity in the second quarter (lockdown impact of -€58 million), compensated by a high rate of incinerator availability (92.9%).
    - In Northern Europe, revenue fell -4.7% at constant exchange rates compared with the nine months ended September 30, 2019 to €1,913.2 million, mainly due to:
        - A drop in industrial activity in Sweden (closure of Volvo sites due to the COVID-19 health crisis) and the Netherlands (postponed maintenance work in Energy), as well as reduced recycling activity across the region.
        - A -2.2% decline in revenue in Germany (main revenue contributor: €1,341 million) at constant scope and exchange rates due to the decline in recyclate revenue (price impact of -€39 million; volume impact of -€22 million) and despite the increase in prices for services and collection (municipal and industrial waste).
    - In Central and Eastern Europe, revenue totaled €2,329.9 million, up +2.7% at constant exchange rates year-on-year and +3.1% excluding the unfavorable weather impact of -€9 million. This growth was mainly driven by:
        - higher tariffs in Energy;
        - in Water, rising tariffs in the Czech Republic (annual indexation) and in Bulgaria, an increase in construction in the Czech Republic (maintenance and construction) and Romania, partially offset by declining volumes particularly in the Czech Republic (impact of the health crisis on tourism).

- Decline of -4.5% year-on-year in the **Rest of the world** at constant exchange rates due to reduction in North America impacted by a negative scope effect :
    - Revenue fell -3.0% in North America at constant scope and exchange rates to €1,317 million (scope impact tied to the divestiture of heating networks in the United States of €251.7 million as of September 30, 2019). This reduction was marked by the negative impact of the health crisis on industrial water activity and sulfur products, partially offset by improved hazardous waste activities and favorable tariff indexations in Municipal Water.
    - The Pacific zone reported a -1.1% decline in revenue at constant exchange rates for the nine months ended September 30, 2020. The increase in industrial services and hazardous waste and contract wins in New Zealand were unable to offset the lack of construction activity in Municipal Water which contributed substantially to revenue in 2019.
    - Africa/Middle East revenue was stable at constant exchange rates: the decrease in volumes and delayed construction work in Morocco (-6.4% at constant exchange rates) were offset by the impact of construction work in the Ivory Coast and Niger.
    - Revenue in Asia increased by +1.5% at constant exchange rates, mainly due to continued strong growth in the zone China/Hong Kong/Taiwan, in India and Japan, driven:
        - In the China/Hong Kong/Taiwan perimeter (+2.3% at constant exchange rates), by the integration of Southa's activities (energy services for buildings, +€31 million);
        - In India (+49.2% at constant exchange rates compared with 2019), by the integration of Nagpur assets as of April 1, 2020;
        - In Japan (+4.7% at constant exchange rates), by an increase in Municipal Water revenue due to organic growth in O&M activities and good performance of industrial EPC activities: Lithium and Hiroshima EPC projects.

      This momentum was partly offset by the sale of waste activities in Singapore.
    - Revenue growth in Latin America (+6.4% at constant exchange rates), driven mainly by tariff increases in Argentina (tied to inflation), the start-up of new contracts in Peru and scope impacts (Stericycle in Chile, Gadere in Ecuador and Panachi in Colombia - impact of +28 million).

- **Global businesses:** revenue fell -7.2% at constant exchange rates compared with the nine months ended September 30, 2019:
  - Hazardous waste activities in Europe have been relatively resilient since the end of lockdown but report a drop of -8.6% at constant exchange rates at the end of September due to the decline in landfill volumes and decontamination activities heavily impacted by the shutdown of construction and public works sites. There has been a rebound since the end of the lockdown period, solid incinerator activity and positive commercial effects which mitigate these effects;
  - Veolia Water Technologies activity rose by +2.6% at constant exchange rates, with revenue recognition on desalination plant construction contracts won in 2019 (All Dur II, Um Al Quwain and Rabigh 3), the sound performance of HPD and improved services activity offsetting the effects of the health crisis.

The increase in revenue between 2019 and 2020 breaks down **by main impact** as follows:



For the 3rd quarter 2020, turnover remains steady (-0,1% at constant scope and foreign exchange rates). Foreign exchange rates have negative impact by €107,8 million (mainly South American and USA dollar currencies). The scope effect is -€36,3 million (out of which the US heating network). Weather impact (-€3 million), unfavorable effects of recyclate prices (-€14 million) and activity volume (in sharp rebound versus 2nd quarter 2020 -0,8% versus 3rd quarter 2019) are partially offset by positive price effects (+€63 million) in waste (+1,6%) and in water in France (+1,5%).

For the period ended September 30 2020, turnover evolution is characterized by:

The **foreign exchange impact** of -€213.5 million (-1.1% of revenue) mainly reflects fluctuations in the Argentine peso (-€35.7 million), the Brazilian real (-€30.6 million), the Australian dollar (-€25.9 million), the Polish zloty (-€21.9 million), the Czech crown (-€19.7 million) and the Hungarian forint (-€17.4 million).

The **consolidation scope impact** of-€101.4 million is explained by:

- operations in 2019: sale of heating networks in the United States (-€251.7 million), acquisition of Southa in Hong Kong (+€30.5 million), sludge treatment assets in Germany (+€17.3 million) and Stericycle hazardous waste activities in Chile (+€17.2 million);
- operations in 2020, including the acquisition of Torrepet in Spain for €17.6 million, waste treatment activities in Russia (MAG +€13.8 million), buyback of Nagpur minority interests - municipal water - in India (+€12 million) and Alcoa assets (hazardous waste) in the United States (+€9.7 million).

The impact **of energy tariffs and recyclate prices** was -€88 million, with declining recyclate prices (-0.6%, or -€120 million, including a -€74 million decrease in recycled paper and cardboard prices). The energy tariff increases (mainly in Central and Eastern Europe) partly mitigates this negative effect.

The Commerce effect (Volume/works) was -€862 million including the effect of the health crisis in the second quarter.

Favorable **price effects** (+€206 million) are tied to positive tariff indexation in water in France (+1.5%) and Central and Eastern Europe and in waste in France, the United Kingdom, Northern Europe and Latin America.

The negative **weather effect** (-€1 million) was mainly due to the negative weather impact in Central Europe (Poland, Czech Republic), partially offset in Germany and Italy in the first half of 2020.

Revenue by business

(in € million)	*Nine months ended September 30, 2019 published*	***Nine months ended September 30, 2020***	*Change 2019 / 2020* *Δ*	*Δ at constant exchange rates*	*Δ at constant scope and exchange rates*
Water	8,094	7,890	-2.5%	-1.8%	-2.4%
of which Water Operations	*6,078*	*5,954*	*-2.0%*	*-1.4%*	*-1.9%*
of which Technology and Construction	*2,016*	*1,936*	*-4.0%*	*-3.0%*	*-3.8%*
Waste	7,568	7,090	-6.3%	-5.1%	-6.1%
Energy	4,103	3,725	-9.2%	-7.8%	-2.2%
Group	**19,764**	**18,705**	**-5.4%**	**-4.3%**	**-3.8%**

Water

Water Operations revenue decreased -1.4% at constant exchange rates compared with the nine months ended September 30, 2019, reflecting:

- In France: resilient with increasing volume (+0,8%) with very good summer, increased tariff indexation (+1.5%) and a recovery of activity in construction after a period of stoppage during the lockdown period;
- A decline in the Rest of the world, mainly due to the end of construction contracts in the Pacific region (Springvale and Kurnell);
- In Northern Europe, lower tariffs (primarily Germany) offset by rising volumes;
- In Central and Eastern Europe: water tariff increases with good volumes expects in Czech republic (lower tourism) .

Technology and Construction revenue declined -3.0% at constant exchange rates compared with the nine months ended September 30, 2019. This decrease is explained by:

- VWT revenue of €1,040 million (+2.6% at constant exchange rates), due to desalination projects won in 2019 and launched in 2020, a limited COVID 19 impact and resilient Technology & Services activities;
- SADE revenue of €896 million, down -8.8% at constant exchange rates, due to the stoppage of construction activity in France during lockdown, partially offset by the increase in construction activities in Telecoms and a turnaround in international activity.

Waste

Waste revenue is down -5.1% at constant exchange rates compared with the nine months ended September 30, 2019:

- A commerce and volume effect of -6.4% (-1.8% in Q1, -14.7% in Q2, -2.6% in Q3);
- A positive price effect of +2.0%, partially offset by continued decline of recycled prices (impact -1.6%).

Energy

Energy revenue fell -7.8% at constant exchange rates compared with the nine months ended September 30, 2019 (-2.2% at constant scope and exchange rates), mainly due to:

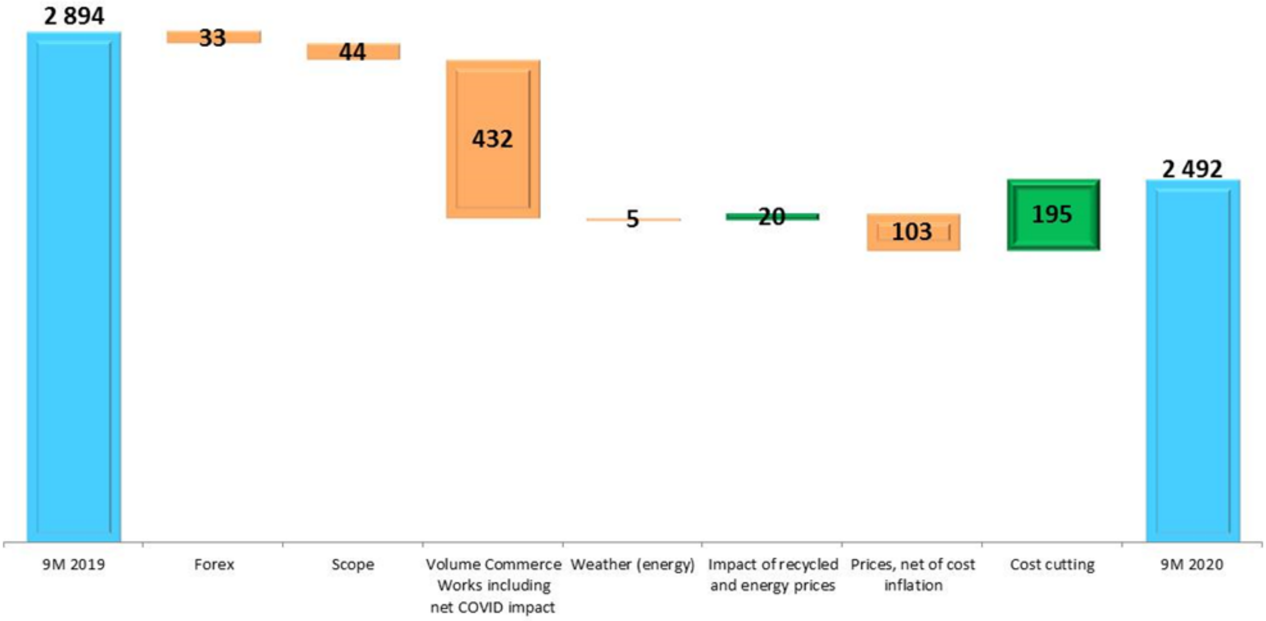
- A scope effect of -€227 million, mainly due to the disposal of heating network activities in the United States in 2019;

- A negative weather effect of -€6 million (-0.2%), notably in Central and Eastern Europe;
- A positive energy price effect of +1.1%, with higher heating and electricity tariffs in Central and Eastern Europe.

EBITDA

Group consolidated EBITDA for the nine months ended September 30, 2020 was €2,491.8 million, down -12.8% at constant exchange rates compared with September 30, 2019. The margin rate fell to 13.3% in September 2020, compared with 14.6% as of September 30, 2019.

The decrease in EBITDA between 2019 and 2020 breaks down **by impact** as follows:



For the 3rd quarter 2020, EBITDA increases by +2.5% at constant scope and exchange rates. Foreign exchange rates -€14,3 million (mainly South American and USA dollar currencies), scope effect (-€6.9 million including north American heating network), negative effects on volume, commerce and works (-€2 million), weather impacts(-€1 million), unfavorable prices on recyclate (-€5 million) and prices net of inflation costs (-€34 million) are offset by cost cutting impact by +€64 million.

Foreign exchange impact on EBITDA was -€32.9 million and mainly reflects fluctuations in the Czech crown (-€5.3 million), the Polish zloty (-€4.3 million), the Brazilian real (-€4.0 million), the Argentine peso (-€3.8 million), the Colombian peso (-€3.8 million), the Australian dollar (-€3.2 million), and the Hungarian forint (-€2.8 million).

The consolidation scope impact of -€44 million mainly reflects operations completed in 2019 and particularly the divestiture of heating network activities in the United States (-€61.3 million) and the acquisition of Stericycle activities in Chile (+€3.2 million), as well as the acquisition of Yibin heating networks in China (+€3.2 million), the acquisition of Southa in Hong Kong (+€2.5 million) and sludge treatment assets in Germany (+€1.2 million), as well as some developments in 2020, including the integration of Torrepet assets in Spain (+€3.2 million), waste activities in Russia (+€3.9 million) and the buyback of minority interests in municipal water in India (+€4.1 million).

Unfavorable **commerce and volume** impacts totaled -€432 million and include the COVID impacts partially offset by the introduction of a "Recover & Adapt plan". This plan has enabled additional operating cost savings of €200 million as of September 30, 2020.

The **weather impact** was -€5 million (-€6 million as of September 30, 2019), notably due to unfavorable weather conditions in Central and Eastern Europe and Asia.

The impact of **prices net of inflation** is -€103 million.

Energy and recyclate prices had a positive impact on EBITDA and represent a marked improvement on 2019: +€20 million (versus -€27 million at September 30, 2019), including +€52 million in energy and -€32 million in recyclates, with a significant increase in the price of energy sold in Central, Eastern and Northern Europe (+€50 million mainly in Poland with higher heating prices), partially offset by a -€21 million drop in Italy resulting from the fall in the price of gas (-20%) and electricity (-18%) in connection with the health crisis.

The **contribution of cost savings plans** totaled +€195 million. These savings mainly concern operating efficiency (55%) and purchasing (33%) and were achieved across all geographic zones: France (26%), Europe excluding France (34%), Rest of the world (28%), Global businesses (11%) and Corporate (1%).

Current EBIT

Group consolidated current EBIT for the nine months ended September 30, 2020 was €771 million, down 34.1% at constant exchange rates year-on-year.

EBITDA reconciles with Current EBIT for the nine months ended September 30, 2020 and September 30, 2019 as follows:

(in € million)	*Nine months ended September 30, 2019 published*	***Nine months ended September 30, 2020***
EBITDA	**2,894**	**2,492**
Renewal expenses (*)	(209)	(225)
Depreciation and amortization (**)	(1,597)	(1,555)
Provisions, fair value adjustments & other	5	(14)
Share of current net income of joint ventures and associates	97	73
Current EBIT	**1,190**	**771**

(*) Including renewal expenses of €180.6 million and €44.4 million for provisions for contractual commitments

(**) Including principal payments on operating financial assets (OFA) of -€88 million for the nine months ended September 30, 2020 (compared with -€94 million for the nine months ended September 30, 2019.)

The decline in Current EBIT at constant exchange rates reflects:

- A decrease in EBITDA;
- Lower depreciation and amortization charges compared with September 2019;
- An increase in operating provisions due notably to self-insurance provisions;
- A decrease in the contribution of associates, notably in China (-€9 million) in water concessions (negative change in water/construction volume mix) and North America (Canada: -€7 million).

The foreign exchange impact on Current EBIT was -€12.8 million and mainly reflects fluctuations in the Chinese renminbi (-€2.2. million), the Argentine peso (-€2.1 million), the Polish zloty (-€2.0 million), the Czech crown (-€2.0 million), the Hungarian forint (-€1.4 million) and the Brazilian real (-€1.4 million).

Selling, general and administrative expenses

The reduction in selling, general and administrative expenses mainly reflects savings realized under the Recover and Adapt plan. Selling, general and administrative expenses impacting Current EBIT decreased 5.4% (current basis) from €2,089 million for the nine months ended September 30, 2019 to €1,974 million for the nine months ended September 30, 2020.

The ratio of selling, general and administrative expenses to revenue was stable at 10.6% for the nine months ended September 30, 2020.

NET FINANCIAL EXPENSE

The **cost of net financial debt** is down and totaled -€315 million for the nine months ended September 30, 2020, compared with -€333 million year-on-year. This decrease is principally due to the FAVORABLE Euro debt refinancing in 2019 and 2020, combined with non euro-denominated debt savings and a higher cash remuneration. Gross cost of borrowing rate decreases by 55 bps from 3.11% 2.58%.

The financing rate was therefore 4.24% at September 30, 2020, compared with 4.22% at September 30, 2019.

Other financial income and expenses totaled -€118 million for the nine months ended September 30, 2020, stable year-on-year.

These expenses include interest on concession liabilities (IFRIC 12) of -€60.0 million, interest on the right of use (IFRS 16) of -€24.5 million and the unwinding of discounts on provisions of-€16.2 million.

Gains on financial divestitures recognized in the nine months ended September 30, 2020 totaled +€9 million, compared with +€14 million for the nine months ended September 30, 2019. In 2020, capital gains on financial divestitures mainly include the divestiture of Liuzhou in China. In 2019, capital gains on financial divestitures mainly included the divestiture of the Foshan landfill (+€36 million).

CURRENT INCOME TAX EXPENSE

The current income tax expense for the nine months ended September 30, 2020 amounted to -€97.7 million, compared with -€151.1 million for the nine months ended September 30, 2019.

The current income tax rate for the nine months ended September 30, 2020 increased to 36.8% (versus 23.5% for the nine months ended September 30, 2019).

The change to the current tax rate is due to the geographic mix and negative net income before tax in regions without recognition of deferred tax assets.

CURRENT NET INCOME

Current net income attributable to owners of the Company was €149 million for the nine months ended September 30, 2020, compared with €486 million for the nine months ended September 30, 2019. Excluding capital gains and losses on financial divestitures net of tax and minority interests, current net income attributable to owners of the Company decreased from €468 million for the nine months ended September 30, 2019 to €139 million for the same period in 2020, due to the negative impact of COVID-19 on the Group's financial statements for the nine months ended September 30, 2020.

3.2 OTHER INCOME STATEMENT ITEMS

Share of net income (loss) of other equity-accounted entities and discontinued operations

Income from discontinued operations consists of the residual impacts in 2020 of the income from discontinued operations of the EPC international business.

3.3 CHANGES IN FREE CASH FLOW AND NET FINANCIAL DEBT

Net free cash flow totaled -€377 million for the nine months ended September 30, 2020 (versus -€167 million for the nine months ended September 30, 2019).

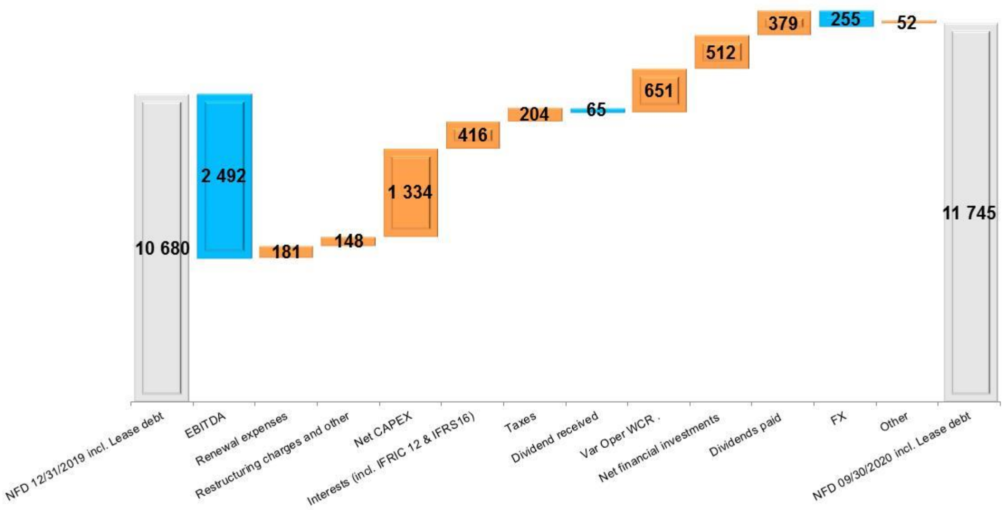
The change in net free cash flow **compared with the nine months ended September 30, 2019** reflects:

- a decline in EBITDA;
- lower net industrial investments, down -8.3% compared with September 30, 2019 and including:
  - net maintenance investments of €607 million (3.2% of revenue);
  - growth investments in the current portfolio of €516 million (€483 million in the nine months ended September 30, 2019);
  - discretionary investments of €211 million, down €30 million compared with the nine months ended September 30, 2019.
- The seasonal decline in the change in operating working capital of -€651 million for the nine months ended September 30, 2020, compared with -€730 million for the nine months ended September 30, 2019.

Overall, **net financial debt** amounted to €11,745 million, compared with €12,487 million for the nine months ended September 30, 2019.

Compared to December 2019, variation of net financial debt – which amounts to €10,780 million as of December 2019 is mainly due to :

- Negative free cahs flow -€377 million
- Nets Financial investments -€512 million
- Payment of dividends -€ 379 million
- Positive exchange rate fluctuations of €255 million as of September 30, 2020 compared with December 31, 2019, primarily in the Hong Kong dollar (€60 million), the pound sterling (€34 million), the US dollar (€26 million), the Brazilian real (€24 million) and the Polish zloty (€22 million).



(1) Financial investment of -€512 million net of financial divestitures of €76 million.

Total Group gross industrial investments, including new operating financial assets, amounted to €1,446 million for the nine months ended September 30, 2020, compared with €1,574 million for the nine months ended September 30, 2019 re-presented.

4 Subsequent events

On October 5, 2020, Veolia Environnement acquired 29.9% of the capital of Suez from Engie and confirmed its intention to acquire control (see part 1 above).

5 Risk factors

The main risk factors the Group could face are set out in Chapter 5 of the 2019 Universal Registration Document.

In view of the current health crisis, the Group has reviewed its risk factors when amending its 2019 universal registration document issued after the publication of its 2020 half-year accounts.

6 Outlook

Outlook 2020 (1): 4th quarter objectives confirmed

- Taking into consideration the recovery of our activities since the end of lockdown and our third quarter performance, we confirm our objective of an operational performance in Q4 2020 equivalent to Q4 2019.
- The strategic choices included in Impact 2023 remain relevant.

(1) At constant exchange rates (as of December 2019)

7 Appendices

7.1 DEFINITIONS

The definitions of the financial indicators used by the Group have not been modified. See Section 3.10.3 of the 2019 Universal Registration Document.