



# 2020 Annual Results

Claude Laruelle, CFO



2020

## AN EXCEPTIONAL AND HISTORICAL YEAR FOR VEOLIA

1. Absolute priority given to **health and safety** of all our employees and clients
2. Continued providing of all our **essential services** at the peak of the crisis and **strong resilience of most of our businesses**
3. **Sharp rebound of the most impacted activities** (works, industrial waste and industrial services) as from June
4. Launch of **adaptation measures at the very beginning of the crisis**, with in particular the doubling of our cost savings plan to **€550M**
5. Recovery of our 2019 activity level as from the 3rd quarter, and back to growth in Q4, ahead of schedule
6. Despite sanitary crisis, **all the priorities of our strategic Plan Impact 2023** have been maintained , notably growth capex
7. **Launch of the Suez-Veolia combination**, to create the world champion of the ecological transformation: acquisition of 29.9% of the capital of Suez from Engie on October 6th 2020, and filing of our tender Offer on February 8th 2021
8. **Preserved financial robustness** : net financial debt down excluding financial acquisitions



## 2020 RESULTS AHEAD OF TARGET

- ❑ **Q4 Results ahead of objective** : after a strong rebound in Q3, **Q4 2020 above Q4, 2019** despite 2<sup>nd</sup> wave of COVID in Europe, thanks to our **resilient business model** and our **adaptation measures**

❑		Q4 performance <sup>(1)</sup>	Q3 performance <sup>(1)</sup>
✓	Revenue	+0.9%	-0.6%
✓	EBITDA	+4.2%	+1.7%

- ❑ **Solid FY 2020 key figures**

✓	Revenue	€26 010M
✓	EBITDA	€3 641M
✓	Current EBIT	€1 275M
✓	Current Net income	€415M
✓	Strong FCF of €507M, including increased discretionary growth capex	



## AFTER THE COVID OUTBREAK, Q3 REBOUND CONTINUED IN Q4

### Q4 REVENUE UP +0.9% AND Q4 EBITDA UP +4.2% AT CONSTANT FX

	2019				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<i>Revenue growth at constant FX</i>								
<b>France</b>	+2.8%	+5.0%	+0.5%	+0.1%	-3.1%	-16.1%	+0.8%	+2.5%
<b>Europe excl. France</b>	+4.7%	+7.2%	+4.1%	+1.1%	+1.1%	-6.7%	+0.8%	+5.3%
<b>Rest of the World</b>	+6.6%	+9.0%	+9.0%	+10.0%	+2.1% <sup>(1)</sup>	-4.4% <sup>(1)</sup>	-3.0% <sup>(1)</sup>	-1.5% <sup>(1)</sup>
<b>Global Businesses</b>	+4.7%	+2.6%	-0.2%	-2.6%	-3.6%	-20.8%	+3.1%	-0.1% (+2.0% organic)
<b>TOTAL</b>	+4.8%	+6.3%	+3.8%	+2.6%	-1.3%	-11.0%	-0.6%	+0.9%
<b>EBITDA growth at constant FX</b>	+3.8%	+7.3%	+4.3%	+3.0%	-5.3%	-33.9%	+1.7%	+4.2%

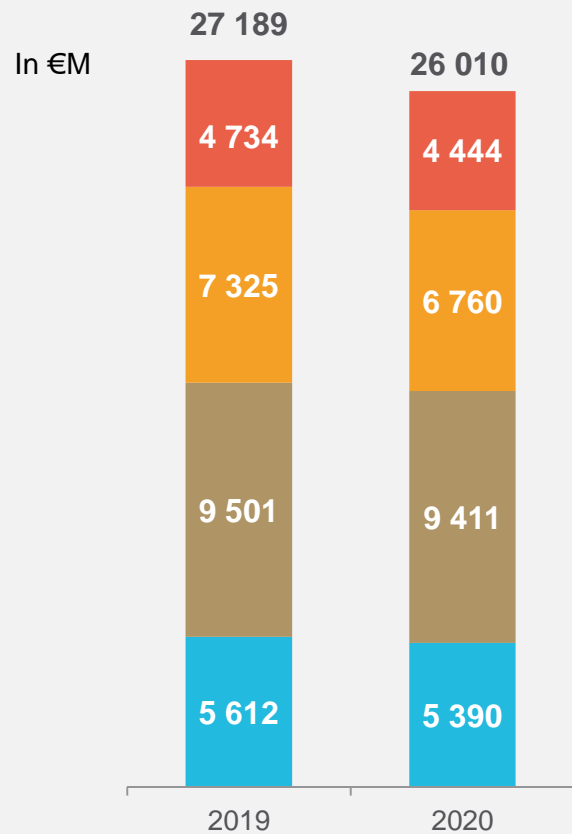
#### BACK TO REVENUE GROWTH IN Q4 : +0.9%<sup>(2)</sup>

- ✓ **French water** : resilient. Revenue up +2.5% in Q4
- ✓ **French Waste** : Revenue +2.5% in Q4 thanks to tariff increases, more than offsetting lower volumes due to 2<sup>nd</sup> wave of sanitary crisis
- ✓ **Rest of Europe**: Revenue back up strongly (+5.3%<sup>(2)</sup>) notably in **Central & Eastern Europe** thanks to increased tariffs, and integration of new assets. **Germany** back to 2019 activity level.
- ✓ **Rest of the World** : *Asia/Pacific* activity back to 2019 levels. **China Q4 revenue up 4.1%<sup>(2)</sup>** . *North America* : recycling still penalized by lower refining output and demand. *Africa Middle East* : back to normal
- ✓ **Global Businesses**: continued recovery of Hazardous Waste Europe and of construction back to normal

**OPERATING LEVERAGE RECOVERY: Q4 EBITDA UP +4.2%<sup>(2)</sup> thanks to strong efficiency and adaptation measures**

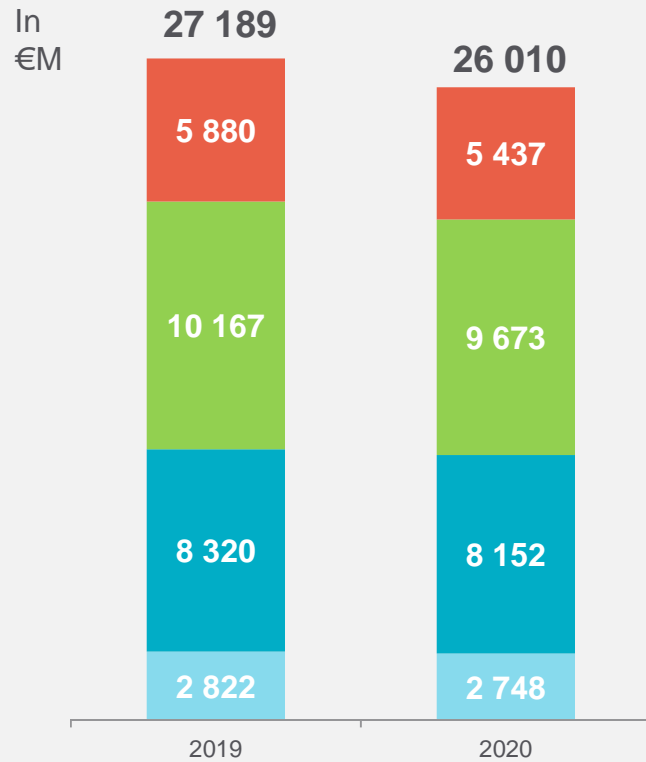






# REVENUE OF €26 010M, -2.5% AT CONSTANT SCOPE AND FX ANALYSIS BY SEGMENT



Variations vs.2019	Variation	Δ At constant FX	Δ At constant scope and FX
Global business	-6.1%	-5.3%	-5.2%
Rest of the World	-7.7%	-4.5%	-1.7%
Europe excl. France	-0.9%	+0.4%	-0.8%
France	-3.9%	-3.9%	-3.9%
<b>Total</b>	<b>-4.3%</b>	<b>-2.9%</b>	<b>-2.5 %</b>

# REVENUE OF €26 010M, -2.5% AT CONSTANT SCOPE AND FX ANALYSIS BY BUSINESS

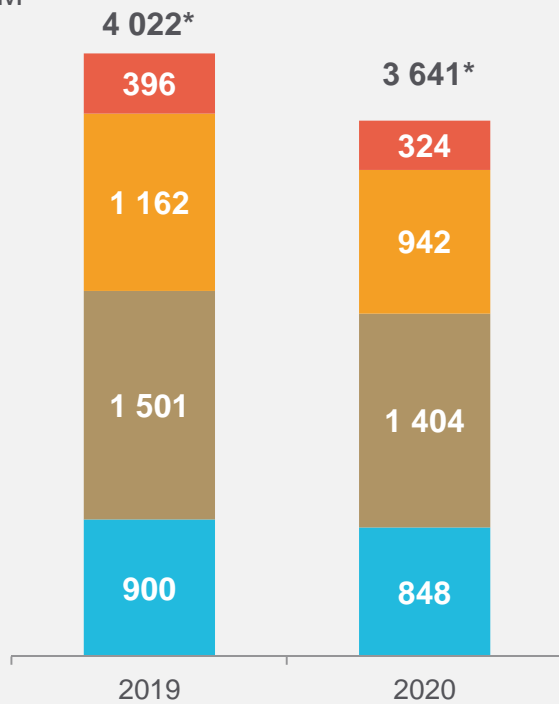


Variations vs. 2019		Variation	Δ At constant FX	Δ At constant scope and FX
	Energy	-7.5%	-5.8%	-2.0%
	Waste	-4.9%	-3.2%	-4.1%
	Water	-2.0%	-1.0%	-1.5%
	Technology & Construction	-2.7%	-1.2%	-0.8%
<b>Total</b>		<b>-4.3%</b>	<b>-2.9%</b>	<b>-2.5%</b>



# EBITDA OF €3 641M, -7.1% AT CONSTANT SCOPE AND FOREX

in €M



Variations vs.2019	Variation	Δ At constant FX	Δ At constant scope and FX
Global business	-18.1%	-18.1%	-17.3%
Rest of the World	-18.9%	-16.0%	-10.1%
Europe excl. France	-6.5%	+4.9%	-7.2%
France	-5.8%	-5,8%	-5.8%
<b>Total</b>	<b>-9.5%</b>	<b>-8.0%</b>	<b>-7.1%</b>



AG 2021

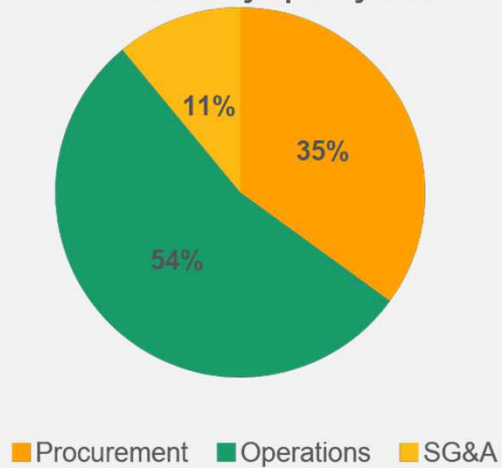
\*Incl. other : €64M in 2019 and €123M in 2020

# COST CUTTING PLAN MORE THAN DOUBLED

## €550M ACHIEVED IN 2020

**1. Recurring Efficiency program**  
€278M

Efficiency split by lever

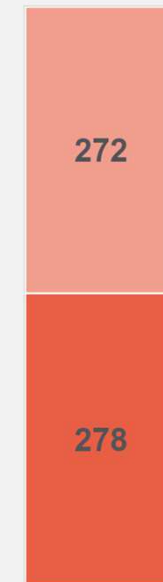


**2. Recover & Adapt Plan**  
€272M

### Leverage from acceleration of our digital roadmap

- Procurement : opportunities seized
- Maintenance adapted to reduced activity
- G&A : travel reduced to minimum, digitalised events, external recruitment freeze
- Internalisation
- Paid furlough, reduction of Extra Hours and Temporary Labor

**TOTAL 2020 COST CUTTING €550M**



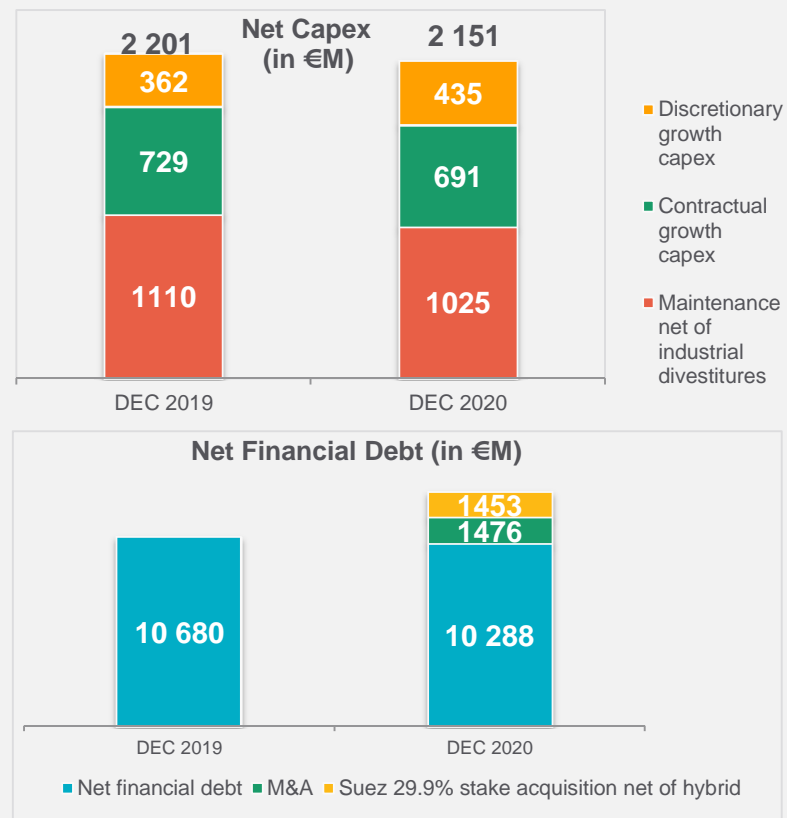
■ Efficiency  
■ Recover & Adapt





# SOLID FINANCIALS : BETTER THAN EXPECTED FCF, INCLUDING INCREASED DISCRETIONARY GROWTH CAPEX

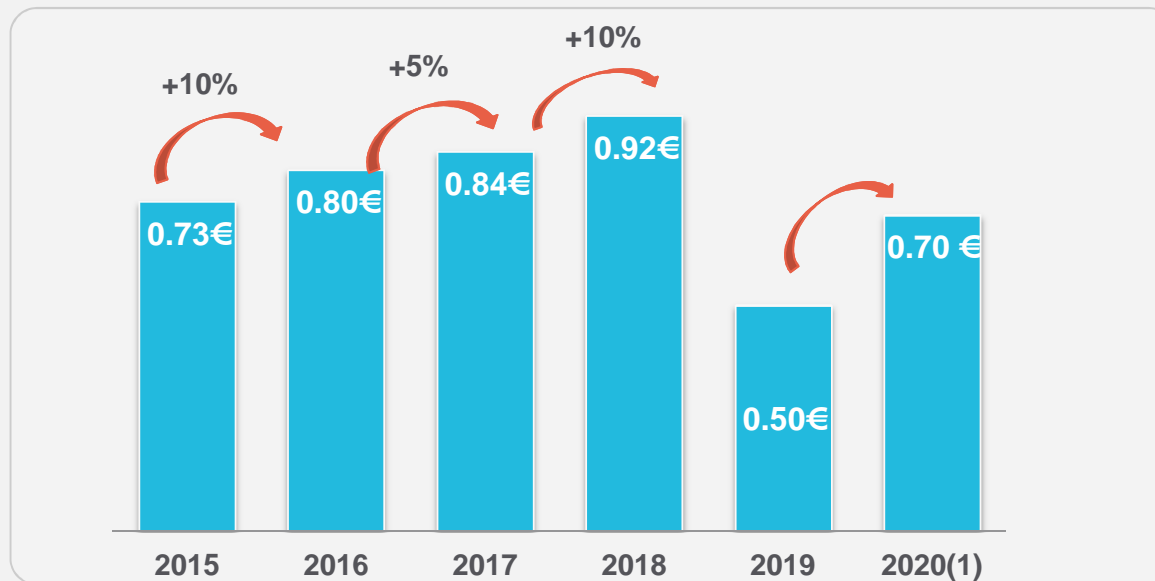
- **Net industrial Capex of €2 151M, vs. €2 201M**
  - ✓ Optimization of maintenance capex down 8% to €1 025M
  - ✓ Growth contractual capex down 5% to €691M
  - ✓ Discretionary growth capex of €435M up 20%
  
- **Net Free Cash Flow<sup>(1)</sup> of +€507M vs. +€868M in 2019** : EBITDA decrease partially offset by net capex reduction and control of WCR
  
- **Net financial debt of €13 217M, vs. €10 680M in Dec 2019**
  - ✓ Due to net financial acquisitions of -€1 476M and the buy-out of the 29.9% stake in Suez net of hybrid issuance for -€1 453M
  - ✓ Excluding M&A, net financial debt of €10 288M, down €392M vs. 2019



<sup>(1)</sup> Net free cash flow corresponds to the free cash flow of continuing operations, i.e. the sum of EBITDA, dividends received, operating cash flow from financing activities, and the variation of operating working capital, less all net industrial investments, net interest expense, tax expense, restructuring charges, other non current expenses and renewal expenses

## PROGRESSIVE RECOVERY OF OUR PRE-CRISIS DIVIDEND POLICY: DIVIDEND 2021 OF €0.70, AFTER €0.50 IN 2020

- ✓ **Dividend 2019** : given the exceptional circumstances, 2019 dividend was reduced to €0.50 per share
- ✓ **Dividend 2020**: Veolia's rebound since H2 2020 as well as the prospects of strong results growth in 2021 allow us to propose a sharply increased 2020 dividend of **€0.70 per share**
- ✓ **Dividend 2021**: objective to recover our pre-crisis dividend policy



# CONTINUED IMPROVEMENT OF OUR ESG PERFORMANCE IN 2020

*Highlights on 4 objectives (other than economic and financial)*

	Clients	Planet	Employees	Society
Objective	Customer and consumer satisfaction	Combating climate change	Employee commitment	Access to essential services (water and sanitation)
KPI	Net Promoter Score	Progress of the investment plan to phase out coal in Europe by 2030	Rate of engagement of employees, measured through an independent survey	Number of inhabitants benefiting from inclusive measures for access to water and sanitation within contracts with Veolia
Target	2022: Net Promoter Score approach deployed in 10 major BUs, with <b>NPS score &gt; 30</b>	<b>30 %</b> of the investments planned, achieved by <b>2023</b> (~€ 400 m)	<b>&gt; 80 %</b> over the plan duration	By <b>2023</b> : <b>+12 %</b> vs. 2019
Achieved in 2020	Net Promoter Score implemented in 28 BUs Average NPS Score: 41 <b>On track</b>	<b>9 %</b> of the investments planned, achieved at end <b>2020</b> (€ 104m cumulated) <b>On track</b>	<b>87 %</b> <b>On track</b>	<b>+7 %</b> <b>On track</b>



## 2021 GUIDANCE

Despite expected continued impact of COVID beginning of 2021  
VEOLIA will more than offset 2020 and deliver strong results growth in 2021

□ **Revenue : above 2019 level**

✓

□ **EBITDA growth<sup>(1)</sup> >+10% vs. 2020 : 2021 EBITDA expected above €4bn**

✓ **Recovery of operating leverage**

✓ **€350M of cost cutting : €250M recurring efficiencies +€100M Recover & Adapt complementary gains**

□ **Net debt** to decrease in 2021 to below €12bn, and leverage ratio <3.0x

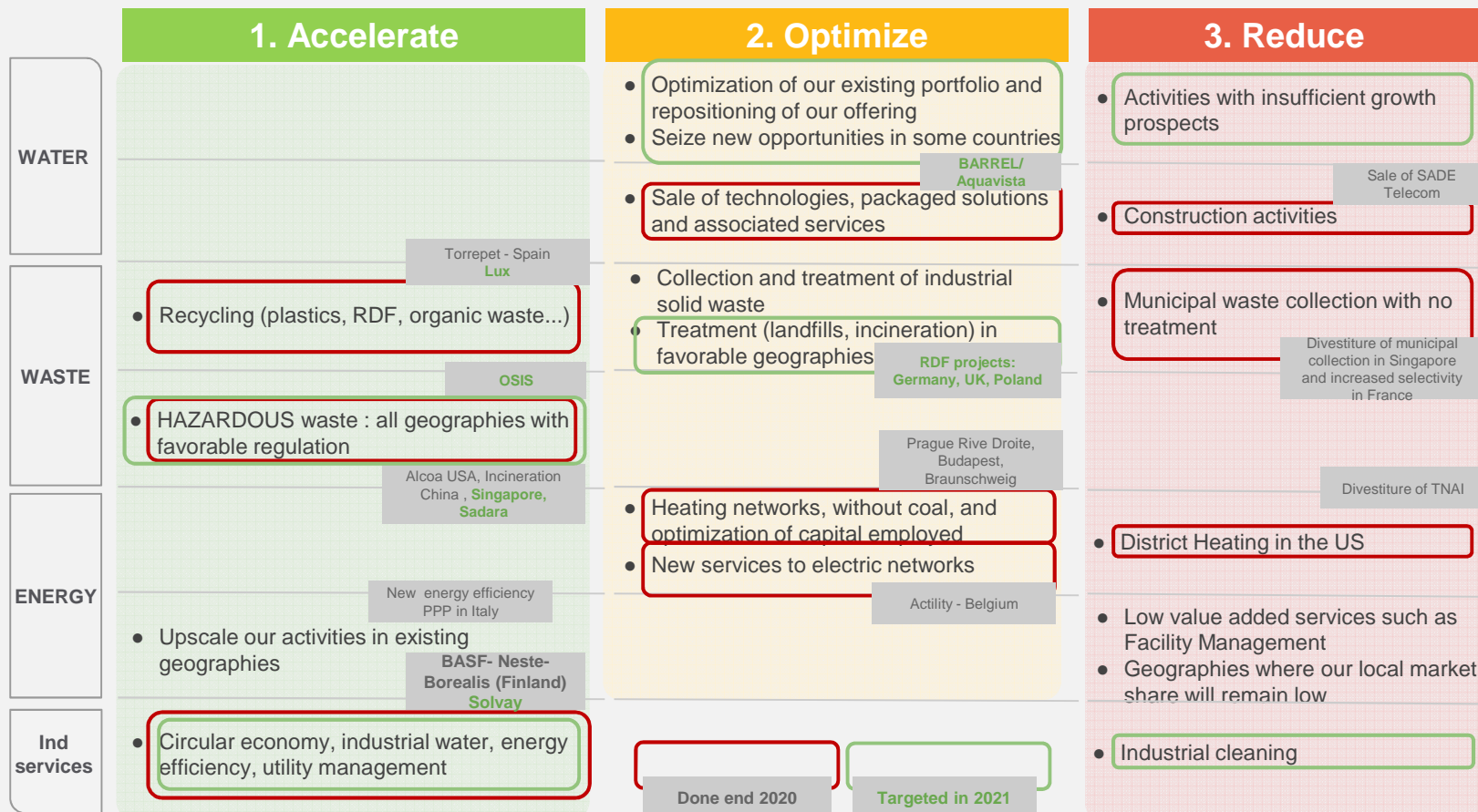
□ **Dividend policy**

✓ **Proposed 2020 dividend of €0.70**

✓ **Objective to recover the pre-crisis dividend policy in 2021**

# MEDIUM TERM OUTLOOK

## OUR STRATEGIC CHOICES REMAIN VALID (1/2)



## MEDIUM TERM OUTLOOK

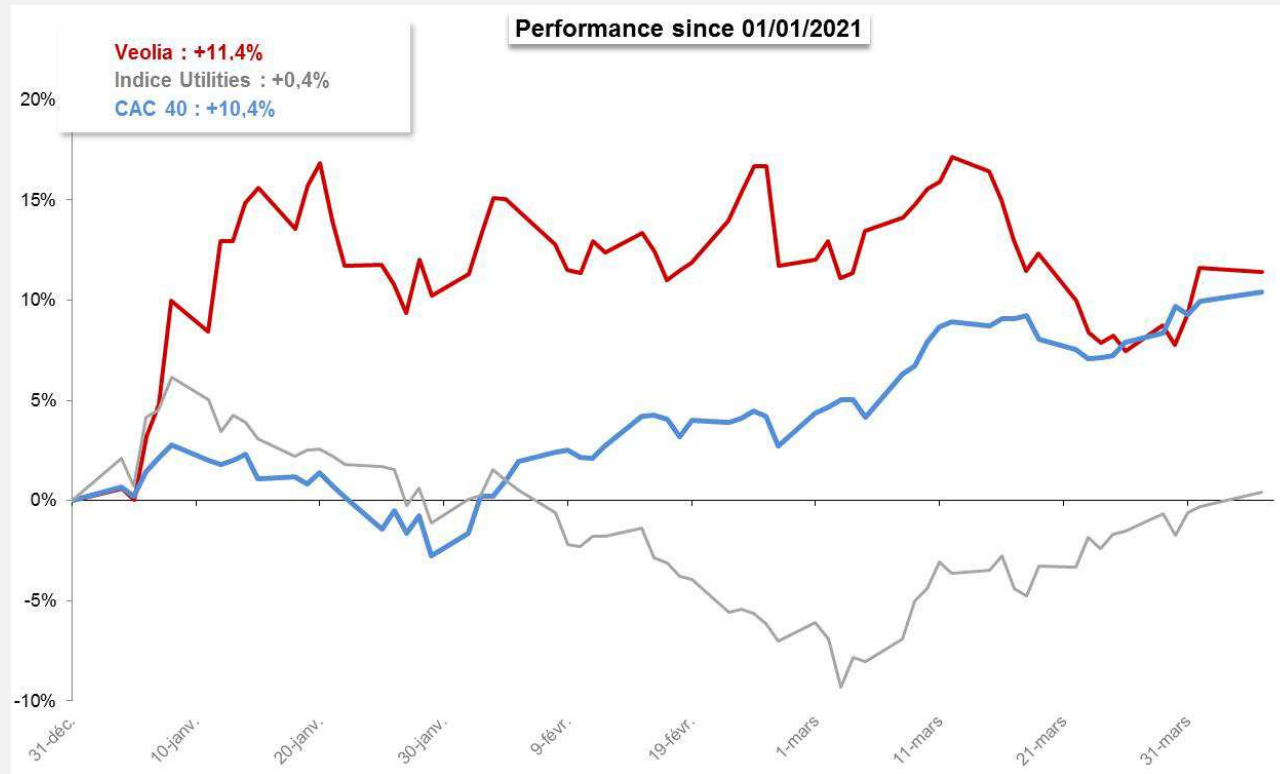
### OUR STRATEGIC CHOICES REMAIN VALID (2/2)

- ❑ **Guidance 2021<sup>(1)</sup>:**
  - ✓ Back to pre-crisis performance with Revenue and EBITDA above 2019
- ❑ **Medium term guidance**
  - ✓ The strategic choices included in Impact 2023 remains fully relevant.
  - ✓ The strategic plan Impact 2023 financial targets to be roughly delayed by one year<sup>(2)</sup>



**Combination with Suez** will enable to reinforce and accelerate our strategic plan Impact 2023 in order to create the **world champion of the ecological transformation**

# STOCK PERFORMANCE SINCE JANUARY 2021



**Veolia :**  
**+11%**

**CAC40 :**  
**+10%**

**Utilities**  
**Index:**  
**0%**

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