



Press release

Paris, 16 September 2021

VEOLIA LAUNCHES A €2.5 BILLION SHARE CAPITAL INCREASE

On 14 May 2021, Veolia and SUEZ signed a historic combination agreement leading to the creation of the world champion of ecological transformation. This agreement led to the opening of a tender offer on 29 July on the 70.1% stake in SUEZ not yet held by Veolia. In this context, Veolia announces the launch of a share capital increase with shareholders' preferential subscription rights in an amount of approximately €2.5 billion (including issue premium) (the "**Rights Issue**").

Key terms and highlights of the transaction

- Veolia, which currently owns 29.9% of SUEZ, launched a tender offer on the remainder of the share capital of SUEZ on 29 July 2021
- The proceeds from the capital increase will be used to partly finance the acquisition of SUEZ and create a world champion in ecological transformation
- Subscription ratio: 4 new shares per 21 existing shares
- Subscription price: €22.70 per new share; 19.1% discount to TERP (theoretical ex-rights price) based on 14 September's closing price of Veolia shares, i.e. €29.06
- Theoretical value of the preferential subscription right: €1.02
- Preferential subscription rights trading period: from 17 September 2021 to (and including) 29 September 2021
- Subscription period: from 21 September 2021 to (and including) 1 October 2021
- Rights Issue results: 6 October 2021 (post market close)
- Settlement & delivery and listing of the new shares: 8 October 2021

The proceeds of the Rights Issue will be used to finance in part the tender offer on SUEZ shares, for an amount of c.€9 billion. The Rights Issue is part of a total financing package that also includes the proceeds expected from the disposal of new SUEZ¹ to a consortium of investors consisting of Meridiam, GIP and CDC/CNP Assurances for an enterprise value of €10.4 billion².

¹ New SUEZ to encompass the municipal water and solid waste activities of Suez in France, as well as the activities of Suez in particular in water and in the following geographies : Italy (including the stake in Acea), the Czech Republic, Africa (including Lydec), Central Asia, India, China, Australia, and the global digital and environmental activities (SES).

² Including a potential earn-out of €300 million to be paid at the end of the 2021 fiscal year which depends on the 2021 EBITDA.

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The combination will enable Veolia to acquire the strategic assets needed to pursue its goal of building a world champion in ecological transformation, benefiting from increased scale and improved profitability with c.€37 billion revenues and c.€6 billion EBITDA on a pro-forma basis³. With synergies estimated by Veolia at €500 million per year, of which c.20% in the first year and more than 60% in the second year, the combination will be strongly value-creative for the Group's shareholders, with an expected c.10% EPS⁴ accretion in 2022 and c.40% in 2024. The transaction financing will allow to maintain leverage below or equal 3.0x, in line with the Group's objectives, and preserve current ratings.

The combination is expected to close by 2021 year-end subject to regulatory approvals and customary closing conditions.

Antoine Frérot, Chairman and Chief Executive Officer of Veolia, said: *“The combination agreement signed on 14 May 2021 with SUEZ will lead to the creation of the world champion of ecological transformation. As part of the financing of this transaction, Veolia is, today, launching a €2.5 billion capital increase (reserved in priority for its shareholders), which will strengthen the prospects of the new entity and accelerate its development at a time when environmental concerns have never been so strong.”*

Key terms of the Rights Issue

The Rights Issue will be carried out with shareholders' preferential subscription rights and will result in the issuance of 110,396,796 new shares at a subscription price of €22.70 per share (i.e., a nominal value of €5.00 plus an issue premium of €17.70), to be fully paid up upon subscription, representing gross proceeds, including the issue premium, of €2,506,007,269.20.

Holders of existing shares recorded on their accounts as of the end of the accounting day on 16 September 2021 will be entitled to receive preferential subscription rights which will be detached from the underlying existing shares on 17 September 2021. Existing shares will therefore trade ex-right from 17 September 2021.

Each existing share will entitle its holder to receive one (1) preferential subscription right. 21 rights will entitle holders to subscribe for 4 new shares on an irreducible basis (*à titre irréductible*), at a subscription price of €22.70 per new share.

Subscriptions on a reducible basis (*à titre réductible*) will be accepted. Any new shares not subscribed on an irreducible basis (*à titre irréductible*) will be distributed and allocated to the holders of the rights having submitted additional subscription orders on a reducible basis (*à titre réductible*) subject to reduction in the event of over-subscription.

Based on the closing price of Veolia's share price on the regulated market of Euronext Paris (“Euronext Paris”) on 14 September 2021, i.e. €29.06:

- the theoretical value of one (1) preferential subscription right is €1.02 (this value may fluctuate during the rights trading period, in particular depending on changes in the price of the Veolia share)
- the theoretical value of the ex-right share is €28.04
- the subscription price for the new shares of €22.70 per share (representing a nominal value of €5.00 plus an issue premium of €17.70) reflects a discount of 19.1% to the theoretical ex-right share price and 21.9% to the closing price on 14 September 2021

³ Pro forma of assets acquired from SUEZ, for the 12 months ending on 30 June 2021, restated to take into account the disposal by SUEZ of certain businesses (including the Northern European operations) in 2020 and 2021.

⁴ Current net income per share after hybrid costs and before PPA.

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The only offer to the public in the context of the rights issue will be in France.

Subscription intentions

The Caisse des Dépôts et Consignations (CDC), which has a direct holding representing 4.50% of Veolia's share capital, has announced its support for the Rights Issue and that it will participate to the extent of its rights.

Dilution

For illustrative purposes only, a shareholder holding 1.0% of Veolia's share capital as of 14 September 2021, and who does not participate in the Rights Issue, would hold 0.84% following its completion.

Underwriting

The Rights Issue is being underwritten pursuant to an underwriting agreement entered into on 15 September 2021 with a syndicate of banks. This underwriting agreement does not constitute an irrevocable guarantee (*garantie de bonne fin*) within the meaning of Article L. 225-145 of the French Commercial Code.

Lock-up undertaking

Veolia has agreed to a lock-up period starting on the signing date of the underwriting agreement and ending 180 calendar days after the settlement and delivery date of the Rights Issue, subject to certain exceptions.

Indicative timetable of the Rights Issue

The preferential subscription rights will be traded on Euronext Paris under the ISIN code FR0014005GA0 from 17 September 2021 until 29 September 2021 inclusive. It will not be possible to buy or sell the preferential subscription rights on the market after the close of trading on 29 September 2021. The subscription period for the new shares will run from 21 September 2021 to 1 October 2021, inclusive.

Any preferential subscription rights not exercised before the end of the subscription period, i.e. the close of trading on 1 October 2021, shall automatically become null and void. Settlement and delivery of the new shares and commencement of trading on Euronext Paris are expected to take place on 8 October 2021. The new shares, which will entitle their holders to any dividends declared by Veolia as from the date of issuance, will be, as from their issuance date, fully fungible with Veolia's existing shares and will be traded under the same trading line and ISIN code as Veolia's existing shares (ISIN code FR0000124141).

Availability of the Prospectus

The prospectus (the "Prospectus") including (i) the 2020 universal registration document (*document d'enregistrement universel*) of Veolia filed with the AMF on 17 March 2021 under number D.21-0145, (ii) the amendment to the 2020 universal registration document filed with the AMF on 15 September 2021 under number D.21-0145-A01 and (iii) a securities note (*note d'opération*) (including the summary of the prospectus) which was filed with the AMF and received approval under number n° 21 – 401 dated 15 September 2021 is available on the website of the AMF (www.amf-france.org) and the company (www.veolia.com). Copies of the

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Prospectus are available free of charge at the Group's registered office (21, rue La Boétie, 75008 Paris).

Risk factors

Investors' attention is drawn to the risk factors included in chapter 2 "Risk Factors and Control" of the 2020 universal registration document, as supplemented by section 3 "Risk Factors" of the amendment to the 2020 universal registration document and in chapter 2 "Risk Factors" of the securities note (*note d'opération*).

In particular, investors are invited to take into consideration the risks related to the contemplated combination, in particular those related to SUEZ's performance and contingent liabilities, as well as to the integration of SUEZ's activities and potential failure to achieve expected synergies, as set out in section 3 "Risk Factors" of the amendment to the 2020 universal registration document.

Veolia group aims to be the benchmark company for ecological transformation. With nearly 179,000 employees worldwide, the Group designs and provides game-changing solutions that are both useful and practical for water, waste and energy management. Through its three complementary business activities, Veolia helps to develop access to resources, preserve available resources, and replenish them. In 2020, the Veolia group supplied 95 million people with drinking water and 62 million people with wastewater service, produced nearly 43 million megawatt hours of energy and treated 47 million metric tons of waste. Veolia Environnement (listed on Paris Euronext: VIE) recorded consolidated revenue of €26.010 billion in 2020. www.veolia.com

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