

Press Release

Paris, 4 May 2023

KEY FIGURES AT 31 MARCH 2023

(NON AUDITED IFRS DATA)

ANOTHER QUARTER OF STRONG REVENUE AND RESULTS GROWTH

GOOD COMMERCIAL MOMENTUM

CONFIRMATION OF THE STRENGTH OF OUR BUSINESS MODELS

EBITDA UP SHARPLY BY +8% LIKE FOR LIKE

DRIVEN BY PRICE INCREASES AND €130M OF EFFICIENCIES AND SYNERGIES

2023 GUIDANCE FULLY CONFIRMED

- **SIGNIFICANT ORGANIC REVENUE GROWTH OF +19.9%¹ TO €12 007 M**
 - +6.3%¹ EXCLUDING ENERGY PRICE IMPACT
- **EBITDA STRONGLY UP BY +8.0%¹ TO €1 574 M**
 - €87 M OF EFFICIENCY GAINS AND €43 M OF SYNERGIES IN Q1, IN LINE WITH ANNUAL OBJECTIVE
- **SHARP INCREASE OF CURRENT EBIT OF +14.0%¹, TO €788 M²**
- **NET FINANCIAL DEBT WELL UNDER CONTROL, AT €18 727 M²**
- **2023 GUIDANCE FULLY CONFIRMED:**
 - **SOLID ORGANIC REVENUE GROWTH**
 - **ORGANIC GROWTH OF EBITDA BETWEEN +5% AND +7%**
 - **CURRENT NET INCOME GROUP SHARE AROUND €1.3 BN**
 - **LEVERAGE RATIO AROUND 3x**

¹ at constant scope and exchange rates

² Excluding the impact of the Suez PPA.

Estelle Brachlianoff, CEO of the Group, commented : "2023 has started perfectly for Veolia and builds on the excellent trends of the end of 2022. Our organic revenue growth was 19.9%. In terms of results, the group's EBITDA grew by +8% and our recurring EBIT by +14%. This performance again illustrates our low sensitivity to the economic cycle and our ability to pass on cost increases in our prices. Our commercial successes confirm the relevance of our Decarbonisation, Depollution and Resource Regeneration service offerings and our strong differentiation in serving our clients, as we have just done with major contracts in Lille, Istanbul and Gold Coast. As a global leader with strong positions in all key geographies, Veolia is ideally positioned to seize the opportunities of the ecological transformation market, which makes us very confident in our ability to pursue solid growth in the years to come.

We are therefore starting fiscal year 2023 at full speed, perfectly launched for another year of strong growth, and fully confirm our objectives."

Detailed key figures at 31 March 2023

- Revenue in Q1 2023 was 12,007 million euros compared to 9,935 million euros in Q1 2022, up +19.9% at constant scope and exchange rates and +6.3% excluding energy prices

The evolution of revenue by effect is as follows :

The exchange rate effect was -106 million euros (-1.1%) and mainly reflects the depreciation of sterling pound, polish zloty and argentinian peso, partially offset by higher US dollar.

Scope effect was +204 million euros (+2.1%) and mainly includes the impacts of the finalization of antitrust divestitures associated with the acquisition of Suez in 2022.

The Commerce / Volumes / Works effect was +377 million euros (+3.8 %) thanks mainly to Energy and Water Technologies.

The climate effect was slightly negative at -35 million euros (-0.3%), and was due to the mild winter in Central and Eastern Europe.

The impact of energy prices amounted to +1 353 million euros (+13.6%) due to the very strong increase of heat and electricity prices in Central and Eastern Europe.

The impact of the price of recycled materials amounted to -93 million euros (-0.9%) mainly due to decreased paper and cardboard prices in France, Germany and in the UK between August and December 2022. Prices stabilized in the beginning of 2023 and have increased since April.

Price effects in Water and Waste were very favorable, of +372 million euros (+3.7%), reflecting increased prices and indexations, of +4.9% on average in Water and +4.1% in Waste.

- Revenue at 31 March 2023 progressed across all operating segments compared to 31 March 2022

- Revenue in **France and Special waste Europe** amounted to **€2,354 million** and showed organic growth of +3.0% compared to 31 March 2022 :

- **Water France** revenue was up by +1.5% thanks to increased indexations compensating for the end of the Lyon contract. Volumes are slightly down, by -0.6%.
- **Waste France** revenue decreased by 1.1% mainly due to lower recycled material prices partially offset by increased service and energy prices.
- The **Hazardous Waste Europe** activities continued to grow, by +5.8%, benefitting from the pursuit of price increases. SARPI grew by +7.3% and SARP-OSIS by +6.9%.
- **SADE** revenue was up by +4.3%, thanks to continued strong commercial momentum.

- Revenue in **Europe excluding France** reached **€5,664 million** at 31 March 2023, with organic growth of +32.6%, mainly due to higher energy prices in Central and Eastern Europe.

- In **Central and Eastern Europe**, revenue reached 3,786 million euros, a sharp increase of +57.3 % driven by higher heat and electricity prices. The weather effect in Energy was slightly negative (-35 million euros).
 - In **Northern Europe**, revenue amounted to 973 million euros, up 6.1%. **UK** (Veolia only) was up by +8.9% at constant scope and forex thanks notably to good municipal and C&I waste collection, combined with new decarbonization contracts. **Belux** organic growth was +6.4%.
 - In **Italy**, revenue decreased by -14.5%, to 290 million euros due to lower energy prices.
 - In **Iberia**, revenue was up +11.0%, to 615 million euros , thanks to Energy services but also to Water, with volumes up by +0.5% and increased tariffs.
- Revenue in the Rest of the World reached **€2,924 million**, with organic growth of +11.2%.
- Revenue in **Latin America** increased by +26.7%, thanks to increased tariff indexations notably in water in Chile..
 - In **Africa Middle East**, revenue increased by +18.4%.
 - In **North America**, revenue reached 769 million euros, up +8.3% thanks to strong hazardous waste business, benefiting from favorable mix and increased prices, combined with increased tariffs in Water.
 - **Asia** was back to solid revenue growth, of +8.2 %. China activity improved and grew by +6.7%, while South Korea, Japan and Taiwan continued to register double-digit growth rates.
 - In the Pacific, revenue increased by +1.7 %.
- The **Water Technologies business grew strongly by 14.7% to €1,059 million**. Veolia Water Technologies recorded growth of +11.6% thanks to service and technology and Water Technologies Services grew sharply by +16.4%, thanks to a good level of activity and price increases, particularly in the sale of water treatment chemicals and engineering services.
- **By business, at constant scope and exchange rates, the 19.9% growth was mainly driven by Energy due to sharply increased energy prices . Excluding energy prices, organic growth was +6.3%.**
 - **Water** revenue increased by +9.9%, to 4 270 million euros, with slightly higher volumes (+1.9% in Central and Eastern Europe, -0.6% in France, +0.5% in Spain, +1% in Chile and -0.7% in the US), the full impact of higher indexations in all geographies (+4.6% in total) and double-digit growth of Water Technologies .
 - **Waste** revenue grew by +3.2% at constant scope and forex, to 3 603 million euros. Volume effect was +0.6%, price effect was +4.1%, partially offset by lower recyclate prices (mostly cardboard and paper) with a negative impact of -2.5% on revenue growth.
 - **Energy** revenue increased sharply, by 54% at constant scope and forex to 4 133 million euros, mainly due to higher heat and electricity prices reflecting increased cost of energies (gas, coal, biomass). Weather effect was slightly negative, -1,3% due to mild winter.

o **Strong EBITDA growth of +8% at constant scope and exchange rates, from 1,456 million euros to 1 574 million euros.**

- Exchange rate fluctuations had an unfavorable impact of -€7M, offset by favorable scope effects of +€9M.
- Strong EBITDA growth was driven by a volume effect of +23 million euros (+1.6%), a slightly negative weather effect of -10 million euros, an energy price effect of +40 million euros partially offset by a recycle prices impact of -24 million euros, an effect of price increases net of cost increases and contract renegotiations of -43 million euros (-2.9%) and efficiencies and synergies for +130 million euros (+8.9%), including 43 million euros of synergies in line with annual target.

o **Very strong growth of Current EBIT of +14% at constant scope and exchange rates to 788 million euros⁽¹⁾.**

Currency movements weighed by -€10M on current EBIT.

The increase in recurring EBIT on a like-for-like basis (€100m) breaks down as follows :

- Strong EBITDA growth (+117 million euros at constant scope and forex).
- Depreciation and amortization (excluding operating financial assets reimbursements) increase of +2.4% at constant scope and forex
- Decrease of Industrial capital gains net of asset impairments from +28 million euros in Q1 2022 to -3 million euros in Q1 2023. In Q1 2022 the Group had registered industrial capital gains on antitrust asset divestitures in Australia notably.
- Increased share of current net income of JV and associates from +18 million euros to +28 million euros.

o **Net financial debt⁽¹⁾ is well under control, at 18 727 million euros at 31 March 2023 vs. 18 138 million euros at 31 March 2022.**

- Compared with 31 December 2022, the change in net financial debt is mainly explained by the following elements :
 - Net free cash-flow amounted to -482 million euros vs. - 451 million euros in Q1 2022, including gross capex of 942 million euros vs. 762 million euros in Q1 2022⁽²⁾ due to higher decarbonization capex in Central and Eastern Europe and in hazardous waste projects, and an improved seasonal variation of Working Capital despite increased revenue.
 - Net financial debt was also impacted by an unfavorable exchange rate and fair value variation effect of -167 million euros at 31 March 2023.

⁽¹⁾ Excluding Suez PPA impact

⁽²⁾ Including the 17 days for 39 million euros

In view of the very strong 1st quarter 2023 performance, 2023 guidance is fully confirmed.

o **Objectives 2023** ⁽¹⁾⁽²⁾

- Solid organic growth of revenue
- Efficiency gains above €350m complemented by additional synergies for a cumulated amount of €280m end-2023, in line with the €500m cumulated objective.
- Organic growth of EBITDA between +5% and +7%
- Current net income group share around €1.3bn⁽²⁾
- Confirmation of the EPS accretion⁽³⁾ of around 40% in 2024
- Leverage ratio around 3x
- Dividend growth in line with current EPS growth

(1) At constant forex and without extension of the conflict beyond the Ukrainian territory and without significant change in the energy supply conditions in Europe

(2) Before Suez PPA

(3) Current net income per share after hybrid costs and before PPA

About Veolia

Veolia Group aims to become the benchmark company for ecological transformation. Present on five continents with nearly 220,000 employees, the Group designs and deploys useful, practical solutions for the management of water, waste and energy that are contributing to a radical turnaround of the current situation. Through its three complementary activities, Veolia helps to develop access to resources, to preserve available resources and to renew them. In 2022, the Veolia group provided 111 million inhabitants with drinking water and 97 million with sanitation, produced 44 terawatt hours of energy and recovered 61 million tonnes of waste. Veolia Environnement (Paris Euronext: VIE) achieved consolidated revenue of 42 885 million euros in 2022. www.veolia.com

Important disclaimer

As the changes in the health crisis are difficult to estimate, we draw your attention to the “forward-looking statements” that may appear in this press release and relating to the consequences of this crisis which may affect the future performance of the Company.

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 Autorité 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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