

Press Release

Paris, 3 August 2023

2023 HALF-YEAR RESULTS

ANOTHER HALF-YEAR OF STRONG RESULTS GROWTH DESPITE THE MACRO-ECONOMIC CONTEXT

THESE VERY GOOD RESULTS CONFIRM THE EFFECTIVENESS OF OUR
VALUE-CREATION MODEL AND THE STRONG CONTRIBUTION OF THE INTEGRATION
OF SUEZ

2023 TARGETS FULLY CONFIRMED, WITH EBITDA GROWTH NOW EXPECTED TO BE
AT THE TOP END OF THE RANGE OF +5% to +7%

- REVENUE OF €22 755 M , SHARPLY UP BY +14.2 %¹ DRIVEN BY COMMERCIAL MOMENTUM AND PRICE INCREASES
 - GROWTH OF +5.2%¹ EXCLUDING ENERGY PRICES
- EBITDA OF €3 162 M , A STRONG ORGANIC GROWTH OF +8.2 %¹
 - €84 M OF SYNERGIES (€230 M CUMULATED) , AHEAD OF THE ANNUAL TARGET OF MORE THAN €280 M CUMULATED, AND CONTINUED EFFICIENCY GAINS, WITH €187 M DELIVERED IN H1, AHEAD OF THE ANNUAL OBJECTIVE OF €350 M
- CURRENT EBIT STRONGLY UP, BY +13.3 %¹, TO €1 674 M²
- VERY STRONG GROWTH OF +18.7 %³ OF CURRENT NET INCOME, TO €662 M²
- STRONG IMPROVEMENT OF NET FREE CASH FLOW AND NET FINANCIAL DEBT UNDER CONTROL, AT €19.2 BN²
- 2023 TARGETS FULLY CONFIRMED, AND EBITDA ORGANIC GROWTH NOW EXPECTED AT THE TOP END OF THE +5% TO +7% RANGE

¹ at constant scope and forex

² Excluding purchase price allocation (PPA) of Suez.

³ At constant forex

Estelle Brachlianoff, CEO of the Group, commented : *“I am very pleased to announce another set of excellent results for Veolia, with strong growth and a new all-time high, despite the unfavorable macroeconomic context. This very good performance, with revenue up 14.2% and current net income up 19%, reflects our commercial dynamism and our operational excellence, and confirms our low sensitivity to economic cycles. These results demonstrate the relevance of our value-creation model and of our strategic positioning, based on the complementary nature of our three businesses (Water, Waste and Energy), our diversified global footprint, with 40% of our activities outside Europe, and our leadership position in strategic markets. They also reflect the Group’s new profile and the success of the merger with Suez. In just under 18 months, we have already generated €230 million in synergies and are ahead of schedule. 2023 has therefore got off to a perfect start for Veolia, and the second half of the year should also follow a favorable trend, which means that I can confirm our objectives for the year as a whole and now aim for the top end of the EBITDA growth range. Our ideal positioning as a leader in ecological transformation, a growth market as illustrated, for example, by the many contracts we have won since the beginning of the year to help our clients cope with the scarcity of water resources, puts Veolia on a sustainable growth trajectory.”*

Detailed results at 30 June 2023

- Revenues for the first half of 2023 amounted to €22,755 million, compared with €20,196 million for the first half of 2022, up 14.2% on a like-for-like basis, and up 5.2% excluding the impact of energy prices.

Revenue growth by effect breaks down as follows:

The currency effect was a negative €293 million (-1.4% of revenue), mainly reflecting the depreciation of the Argentinean, British, Australian and Chinese currencies, partially offset by the appreciation of the US dollar, the Czech koruna and the Chilean peso.

The scope effect was almost neutral, at -€20 million (-0.1% of revenues), and was due to the combination of the anti-trust disposals linked to the acquisition of Suez and the full-year consolidation of Suez assets (17 more days)

The Commerce/Volumes/Works effect amounted to +564 million euros (+2.8% of revenue) thanks to the good performance of the energy business and growth in the Water Technology business.

The climate effect was slightly negative, at -54 million euros (-0.3% of revenue), reflecting the mild winter in Central and Eastern Europe.

The impact of energy prices, net of recyclate prices, amounted to €1,584 million (7.8% on revenues), reflecting the sharp rise in heat and electricity tariffs for €1,821 million notably in Central and Eastern Europe, partially offset by the effect of the fall in recycled materials prices (-€237 million).

The price effect in Water and Waste was a positive €779 million (+3.9% on revenue). This reflects price indexation mechanisms and increases in the price of the Group's services of +4.4% on average in Water and +4.9% in Waste.

○ **Revenue at 30 June 2023 progressed across all operating segments compared to 30 June 2022.**

- Revenue in **France and Special Waste Europe** reached 4 795 million euros, an organic growth of +1.5 % compared with 30 June 2022 :

- **Water France** revenue increased by +0.8 % This was mainly due to tariff increases, which compensated for the return of the Lyon contract to public service management. Billed volumes were down by 2.8% due to generally unfavorable weather conditions in the second quarter.
- **Waste France** revenue decreased by -0.6 % mainly as a result of lower prices for recycled materials, partially offset by higher prices for services and energy sold, commercial selectivity and lower volumes.
- The **Hazardous Waste business in Europe** grew slightly, with prices for waste treatment services continuing to trend upwards, offset by a fall in the price of recycled oils.
- **SADE** grew by +4.0%, thanks to continued strong sales activity.

- Revenues in **Europe excluding France** grew to €9,883 million at 30 June 2023, up 23.2% organically, thanks mainly to higher energy prices in Central and Eastern Europe..

- In **Central and Eastern Europe**, revenue rose by a strong +41.5% to €6,130 million. Business in the region was driven by the favorable impact of price rises in heat and electricity. The Energy climate effect was slightly unfavorable (-30 million euros).
- In **Northern Europe**, revenue rose by 5.2% to €1,989 million. In the United Kingdom, sales rose by 5.9% on a like-for-like basis, thanks in particular to the good performance of municipal waste collection

activities, higher selling prices for electricity generated by incinerators, and the start-up of contracts linked to the UK government's decarbonisation plan. Organic growth in **Belux** was +4.7%.

- In **Italy**, revenues were down 11.4% at €500 million, due to the fall in energy prices, which had no impact on profitability.
 - In **Spain and Portugal**, revenue was up 10.8% at €1,263 million, both in Energy and Water, with water volumes up 1.3% and tariff increases.
- Sales in the **Rest of the World** reached €5,883 million, up 12.1% on a like-for-like basis..
- Revenue in **Latin America** rose by 28.1% to €955 million, thanks to strong tariff indexation, particularly in Argentina, where revenue more than doubled, and to strong Water in Chile.
 - In **Africa Middle East**, business grew by +15.8% to €1,029 million thanks to new Water contracts and growth in energy services in the Middle East.
 - In **North America**, revenue totalled €1,631 million, up +9% thanks to continued buoyant activity, a very favorable mix effect and continued price rises for hazardous waste services, as well as the effect of higher tariffs and volumes increases (+5.2%) in Water.
 - Revenues in **Asia** returned to a healthy growth path, rising by +7.0% to €1,280 million. Sales in China rose by 2.8%, while South Korea, Japan, Taiwan and Hong Kong continued to enjoy sustained growth.
 - In the **Pacific** region, revenue rose by 7.5% to €988 million, thanks to a good commercial performance in the Australian waste business and the industrial maintenance business..
- **Water Technologies** recorded solid growth of +9.0% to € 2,183 million. Veolia Water Technologies grew by 4.6% to € 731 million thanks to services and technologies, and WTS by 11.4% to €1,452 million, mainly in engineering systems and chemical sales.
- **Revenue growth by business. The 14.2% growth in revenue was driven primarily by strong growth in Energy, due to the sharp rise in the price of energy sold. Excluding the impact of energy prices, organic growth was 5.2%.**
 - **Water** revenue rose by +8.4% to €8,834 million, with volumes up +4.3% (+0.6% in Central and Eastern Europe, -2.8% in France, +1.3% in Spain, +1.4% in Chile and +5.2% in the United States), the full effect of tariff indexation in all geographies (+4.4% overall) and good growth in the Water Technologies business.
 - Revenue from the **Waste** business showed the same trends as in the first quarter. Like-for-like sales rose by 3.3% to €7,344 million. The volume effect was -0.2%, more than offset by the commerce effect (+0.7%), and the effect of price increases was +4.9%, partly offset by the fall in prices for recyclates (paper, cardboard and plastics), which had a negative impact of -3.0% on revenue growth.
 - **Energy** revenues totalled €6,578 million, a very strong increase (+41.3% on a like-for-like basis), mainly due to higher prices for heat and electricity sold, reflecting the very sharp rise in the cost of purchased energy (gas, coal, biomass). The weather effect was slightly unfavorable at -0.7%, due to a mild winter.
 - **Strong growth in EBITDA, to €3,162m from €2,953m at 30 June 2022, representing like-for-like growth of 8.2%.**
 - Exchange rate fluctuations had a negative impact of €21m, and scope a negative impact of €12m.
 - The strong growth in EBITDA breaks down into a volume effect of +€56 million (+1.9%), a slightly negative climate effect of -€22 million (-0.8%), an energy and recyclates price effect of

+€52 million (+1.8%), the impact of efficiency gains net of contract renegotiations and of the gradual passing on of cost increases into prices and indexes of +73 million euros (+2.5%) and the effect of synergies of +84 million euros (+2.8%), ahead of the annual target.

o **Very strong growth in recurring EBIT⁽¹⁾, up 13.3% on a like-for-like basis, to €1,674 million from €1,515 million at 30 June 2022.**

Changes in exchange rates had a negative impact of €11 million on current EBIT.

The increase in current EBIT on a like-for-like basis (+€202m) breaks down as follows:

- A sharp rise in EBITDA (up €243 million on a like-for-like basis).
- Depreciation and amortization stable at €1,377 million, compared with €1,386 million (excluding repayments of operating financial assets).
- A significant drop of €46 million (and -€57 million at constant scope and forex) in the positive balance of capital gains on industrial disposals net of impairment, from €139 million in the first half of 2022 to €93 million in the first half of 2023. In the first half of 2022, the Group recorded capital gains on the disposal of industrial assets in connection with the acquisition of Suez (antitrust divestitures).
- Contribution from joint ventures and associates of €53 million, up €5 million at constant scope and forex

o **Net current income Group share (before PPA of -16 million euros) reached 662 million euros at 30 June 2023, compared with 550 million euros at 30 June 2022 (+18.7% at constant exchange rates).**

- The cost of net financial debt was €312m. It fell by €8m thanks to active management of financing costs. The Group's borrowing rate was stable at 3.67%.
- Other financial income and expenses (including gains and losses on disposals of financial assets) amounted to €123m, compared with €207m at 30 June 2022, an improvement of €84m due to the lower revaluation of Chilean inflation-linked debt and the non-recurrence of negative one off effects linked to the Suez transaction.
- Tax totalled €332m, reflecting the increase in profit before tax on ordinary activities. The tax rate was 28%, compared with 28.6% in the first half of 2022.
- Minority interests amounted to €245m, compared with €172m at 30 June 2022, mainly due to higher earnings in Chile and Central Europe.

o **Reported net profit Group share came to €523 million, compared with €236 million at 30 June 2022, an increase of 117.9% at constant forex.**

- The very sharp improvement in reported net profit is due to the strong growth in current net income and the sharp reduction in costs relating to the acquisition and integration of Suez, which amounted to €55m compared with €154m.

o **Net financial debt under control⁽¹⁾, at €19,233 million at 30 June 2023, compared with €18,138 million at 31 December 2022.**

- Compared with 31 December 2022, the change in net financial debt is mainly due to the following factors:
 - Strong improvement in net free cash flow for the year to -78 million euros compared with -304 million euros in the first half of 2022, with gross capital expenditure of 1,820 million euros compared with 1,624 million in the first half of 2022⁽²⁾ due to the increase in decarbonisation investments in Central and Eastern Europe and investments in hazardous waste, and an

improvement⁽²⁾ in Working Capital Requirement of 35 million euros despite the strong increase in revenue.

- Net financial debt was also impacted by an unfavorable exchange rate effect and fair value adjustments of €189m at 30 June 2023.

⁽¹⁾ Excluding PPA Suez

⁽²⁾ Including the 17 days in 2022

In view of the very good first-half performance, our 2023 targets have been fully confirmed, with organic EBITDA growth now expected to be at the upper end of the +5% to +7% range.

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

ESG, at the heart of the multi-faceted performance of Veolia

New Multifaceted performance progress Report 2023:

<https://www.veolia.com/sites/g/files/dvc4206/files/document/2023/08/veolia-esg-multifaceted-performance-progress-report-2023.pdf>

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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