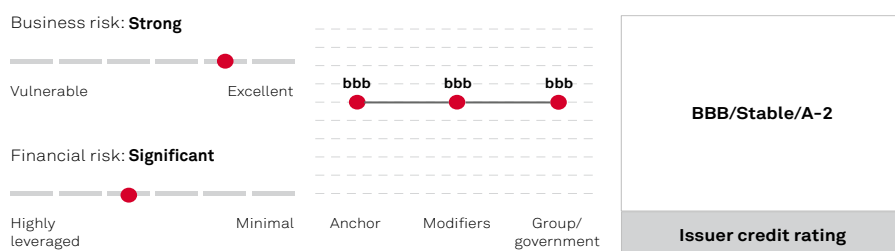


Update: Veolia Environnement S.A.

November 25, 2025

This report does not constitute a rating action.

Ratings Score Snapshot



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Credit Highlights

Overview

Key strengths

Leading worldwide position in its water concession, water solutions, and waste businesses.

Predictable cash flows, supported by long-term diversified environmental services and positive secular market trends, with ample geographic and contract diversity.

Successful cost efficiency measures and cost synergies following the 2022 Suez integration.

Key risks

Exposure to country risk, with significant revenue stemming from emerging markets.

Cash flow volatility in the industrial and hazardous waste businesses, notably due to dependence on industrial output and the price volatility of recycled products.

Currency risk from 60% of revenue outside the eurozone, with exchange rate fluctuations impacting earnings, as seen in 2025.

We view Veolia's recently announced acquisition of Clean Earth as in line with Veolia's overall strategy. The transaction aims to expand Veolia's presence in high-growth, high-margin operations and strengthen its footprint in the U.S. hazardous waste market. We expect the approximately €2.6 billion cash acquisition, which is set to close in the second quarter of 2026

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and be funded with existing financial resources and additional debt, to increase Veolia's S&P Global Ratings-adjusted debt to about €27.1 billion in 2027. However, we understand management will maintain a disciplined financial policy to preserve adequate rating headroom. We expect planned disposals to increase to about €2 billion over 2025-2027. The acquisition is strategically consistent with the GreenUp plan, enabling Veolia's U.S. hazardous waste revenue to reach about \$2.2 billion, offering potential cost synergies with its existing waste treatment activities, and raising its competitive position to number 2 in the U.S.

Veolia's performance in the first nine months of 2025 highlights the resilience of its business model and the benefits of its diversified geographic footprint. Revenue was €32.3 billion, broadly stable year on year, as lower energy prices and changes in the scope of operations masked the company's underlying growth.

Water revenue remained broadly stable, despite the divestment of SADE and Lydec, and was supported by tariff indexations, higher consumption, and sustained commercial momentum across regions--particularly in France, where the company continued to win contracts. Waste revenue also held steady, despite adverse foreign exchange (FX) effects and the divestment of RGS in the U.S., benefiting from favorable price adjustments, stable volumes, and strong activity in hazardous waste, especially in Europe and North America. Energy revenue grew strongly, driven by recent acquisitions in Hungary and other smaller additions. However, on a like-for-like basis, the segment posted a slow increase in revenue due to lower energy prices.

Overall, revenue for the first nine months of the year was negatively affected by FX movements and the decline in energy prices, while being distorted by changes in the company's scope and divestments, partly offset by positive pricing, resilient volumes, and supportive weather conditions.

Reported EBITDA rose to €5.1 billion, up almost 3% year on year, and remained within Veolia's annual target range. The result was negatively affected by changes in the company's scope and FX fluctuations. While lower energy prices weighed on revenue, they had a limited impact on EBITDA, as reduced energy purchase costs largely offset the decline. Operating efficiency gains amounted to €295 million over the nine months, on track to meet the full-year target of €350 million. In addition, cost synergies from the Suez integration contributed €73 million, bringing cumulative savings to €508 million by Sept. 30, 2025, close to the revised target of €530 million by year-end.

Veolia is on track to deliver on its 2025 earnings guidance, with solid organic revenue growth supported by its "booster" subdivisions:

- Hazardous waste, driven by continued solid U.S. and Europe operations, and the new opportunity in Saudi Arabia;
- Water technologies, through the expansion of value-added industrial services such as desalination and nanofiltration; and
- Bioenergy and energy efficiency services, via investments in renewables and circular energy synergies.

We believe Veolia is well on track to achieve its projected EBITDA growth of 5%-6% (at constant scope and excluding negative FX effects). This is underpinned by efficiency gains of more than €350 million in 2025. Total synergies are well on track to exceed €530 million following the Suez acquisition, of which €95 million are expected in 2025. These are key to Veolia delivering on its strategic and financial objectives.

We assess that Veolia will maintain some credit headroom between 2025 and 2027, supported by steady EBITDA growth and ongoing cost efficiencies.

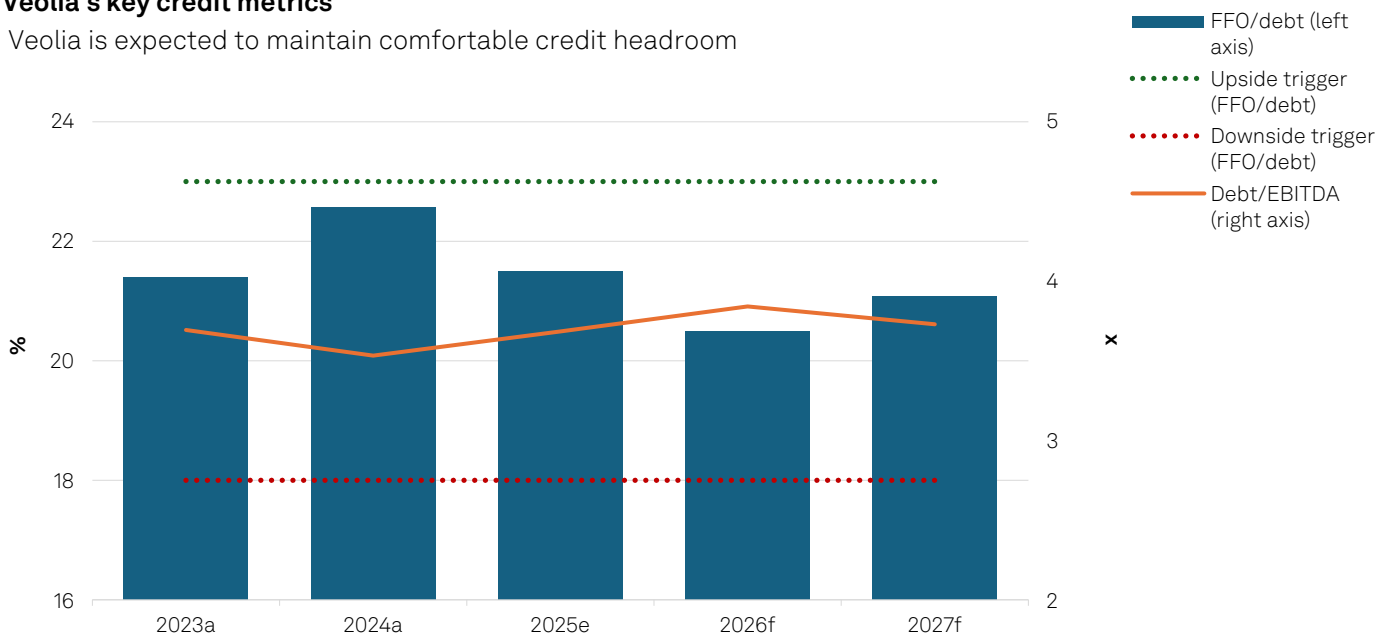
We forecast adjusted funds from operations (FFO) to debt to remain well above 20%--including in 2026, the year of the Clean Earth acquisition--comfortably within our 18%-23% benchmark for the 'BBB' rating category. This already reflects cash flow leakage related to minority interests (noncontrolling interests represented 15.6% of equity in the first half of 2025). Because the subsidiaries that the group operates with minority interests are more leveraged than the group on a consolidated basis, we regard our metrics benchmarking of consolidated figures as conservative.

From a business perspective, the largest earnings contribution comes from municipal regulated water in the U.S., Chile, long-term water concessions in Spain, and Polish district heating activities, which means there is a dilution of regulated or long-term contracted cash flows that is not captured in analysis on consolidated basis. We anticipate leverage will remain stable at below 4.0x, as EBITDA will likely exceed €7 billion by 2027 and S&P Global Ratings-adjusted debt will likely rise by about €5 billion from year-end 2024 to €27.1 billion, aided by the 2026 acquisition. We expect discretionary cash flow to be negative in 2025 and 2026 but to turn slightly positive from 2027 as a result of annual dividends of €1.3 billion-€1.7 billion and working capital outflows of €150 million-€200 million each year.

Chart 1

Veolia's key credit metrics

Veolia is expected to maintain comfortable credit headroom



a--Actual. e---Estimate. f--Forecast. Source: S&P Global Ratings.

We continue to view Veolia's financial policy as consistent with the 'BBB' rating, allowing for leverage of up to 3.0x, based on the company's reported data.

We expect dividends will increase by 10%-12% annually over the next three years to about €1.7 billion in 2027. This will likely be alongside share buybacks of up to €350 million in 2025, gradually declining thereafter to offset the employee shareholding program--both of which are largely cashflow neutral. Although shareholder returns will outpace EBITDA growth of about 5%-6%, we consider them manageable

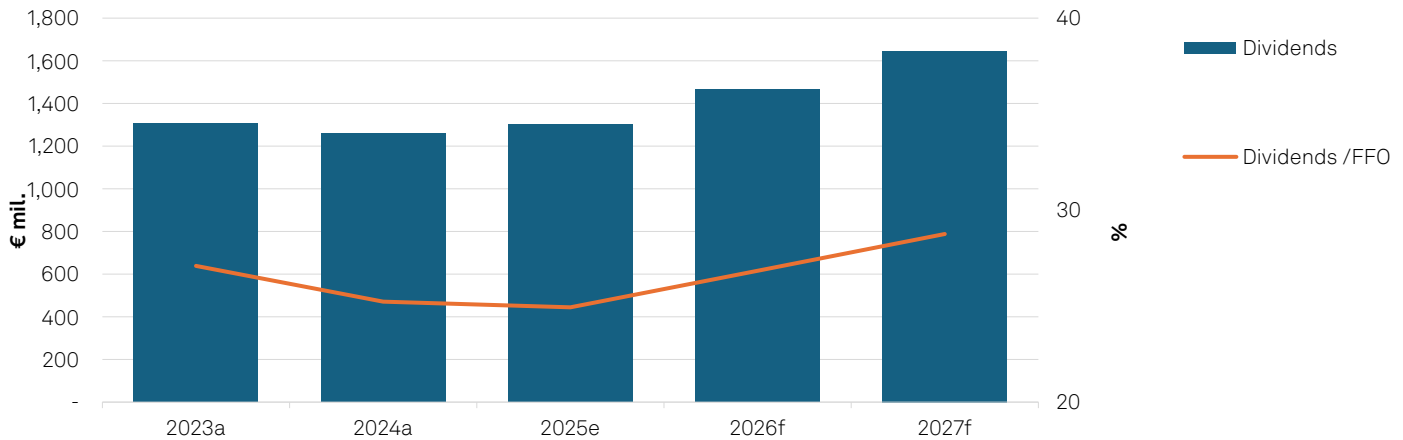
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and in line with sector norms, given the projected dividend-to-FFO ratio of 25% in 2025 and 27% in 2026.

Chart 2

Veolia's shareholder remuneration and FFO generation

Shareholder returns will outpace FFO growth



a--Actual. e--Estimate. f--Forecast. Source: S&P Global Ratings.

We view Veolia’s current financing strategy as well balanced and supportive of its credit profile, reflecting prudent financial management.

In 2025, Veolia issued two new hybrid instruments, both of which replaced existing subordinated hybrid tranches. They comprised a €500 million perpetual hybrid issued in May 2025 with a first call date in May 2030, and an €850 million hybrid issued in September 2025 with a first call in October 2032. Both securities are rated 'BB+' to reflect their subordinated and optionally deferrable features, and we assigned them intermediate equity content, offset by the removal of an equivalent amount from the instruments being replaced. In addition, during 2025, Veolia increased the size of its euro medium term note program to €20 billion from €18 billion, which encompasses senior unsecured debt, short-term notes, and subordinated hybrid instruments.

Veolia Environment S.A.--Issuer of outstanding hybrids

Issuer of outstanding hybrids	Nominal amount (mil. €)	Issuance date	Noncall period (years)	S&P Global Ratings' equity content	Issue rating
Veolia Environment S.A.	850	Sept. 2025	7.33	Intermediate	BB+
Veolia Environment S.A.	500	May 2025	5	Intermediate	BB+
Veolia Environment S.A.	600	Nov. 2023	5.25	Intermediate	BB+
Veolia Environment S.A.	1,150	Oct. 2020	8.5	Intermediate	BB+
Veolia Environment S.A.	500	Nov. 2021	6.25	Intermediate	BB+
Veolia Group's total pro-forma stock of hybrids	3600	--	--	--	--

Outlook

The stable outlook reflects our expectation that Veolia's portfolio of activities will remain balanced, with municipal water, municipal waste, and district heating accounting for almost 50% of its earnings, sustaining predictable cash flow generation. Based on reported EBITDA, which we expect to grow by 5%-6% annually thanks to further cost efficiencies, FFO to debt should remain at about 21%-22% over 2025-2027, including contained debt-funded acquisitions.

Downside scenario

We could lower the rating if the group's adjusted FFO to debt does not remain sustainably above 18%. This could, for example, be because of higher-than-expected debt-funded acquisitions or--less likely--a sharp deterioration in profitability and operating performance that could result from adverse commercial developments or weaker performance by the more macroeconomic-sensitive waste activities. We could also take a negative view of a business risk dilution that prompted us to switch to the standard volatility table and of ever-higher total shareholder remuneration.

Upside scenario

We could upgrade Veolia if its financial profile strengthened to support a higher rating. This could happen if capital allocation led to a higher-than-anticipated return on investments and debt-financed growth investments remained contained so that FFO to debt increased on a sustainable basis to about 23% and leverage remained below 3.5x. This would assume regulated and long-term contracted activities continue contributing about half of the group's EBITDA.

Key Metrics

Veolia Environnement S.A.--Key metrics

Period ending	Dec-31-2023	Dec-31-2024	Dec-31-2025	Dec-31-2026	Dec-31-2027
(Bil. EUR)	2023a	2024a	2025e	2026f	2027f
Revenue	45.3	44.7	44-47	46-49	48-51
EBITDA	6.1	6.3	6.5-6.7	6.8-7.0	7.2-7.4
Funds from operations (FFO)	4.8	4.9	5.1-5.3	5.4-5.6	5.6-5.8
Capital expenditure (capex)	3.1	2.9	3.2-3.4	3.2-3.4	3.2-3.4
Dividends	1.3	1.3	1.2-1.4	1.4-1.6	1.5-1.7
Share repurchases (reported)	--	0.2	~0.3	~0.3	~0.3
Discretionary cash flow (DCF)	--	--	~(0.3)	--	~0.1
Debt	22.5	22.1	24.1-24.3	26.5-26.7	27.0-27.2
Adjusted ratios					
Debt/EBITDA (x)	3.7	3.5	3.5-3.9	3.7-4.1	3.5-3.9
FFO/debt (%)	21.4	22.6	20-22	20-22	20-22

a--Actual. e--Estimated. f--Forecast.

Company Description

Veolia operates globally across three main businesses: Water services, waste services, and energy services.

- Water services integrate drinking water and wastewater activities, such as water distribution, water and wastewater treatment, industrial process water, and the manufacturing of water treatment equipment and technologies.
- Waste services collect, process, and dispose of household, commercial, and industrial waste.
- Energy services produce renewable energy comprising heat and electricity generated primarily from waste. They also incorporate district heating and cooling networks, as well as thermal and multi-technical services.

Water services have been Veolia's core business since the group's inception in 1853. Since 2003, the group has increased its projects in waste, especially hazardous waste. In 2022, Veolia acquired Suez, which enabled it to increase its global presence and enhance its strong positioning throughout its business lines across all regions.

For the first nine months of 2025, Veolia reported revenue of more than €32 billion and EBITDA of about €5.1 billion. In 2024, water services accounted for 49% of EBITDA, waste services 31%, and energy services 20%. Geographically, about 21% of EBITDA came from France and European special waste, 39% from the rest of Europe, 30% from the rest of the world, and 9% from water technologies.

Peer Comparison

Veolia Environnement S.A.--Peer Comparisons

	Veolia Environnement S.A.	Holding d'Infrastructures des Metiers de l'Environnement (HIME)	FCC Aqualia S.A.	Hera SpA	American States Water Co.
Foreign currency issuer credit rating	BBB/Stable/A-2	BB+/Stable/--	BBB-/Stable/--	BBB+/Stable/A-2	A/Stable/--
Local currency issuer credit rating	BBB/Stable/A-2	BB+/Stable/--	BBB-/Stable/--	BBB+/Stable/A-2	A/Stable/--
Period	Annual	Annual	Annual	Annual	Annual
Period ending	2024-12-31	2024-12-31	2024-12-31	2024-12-31	2024-12-31
Mil.	EUR	EUR	EUR	EUR	EUR
Revenue	44,692	2,340	1,675	12,890	575
EBITDA	6,258	267	437	1,423	228
Funds from operations (FFO)	4,988	219	305	1,038	152
Interest	902	55	100	144	50
Cash interest paid	692	39	88	193	49
Operating cash flow (OCF)	4,491	169	282	635	194
Capital expenditure	2,965	209	229	860	224
Free operating cash flow (FOCF)	1,526	(41)	53	(225)	(30)
Discretionary cash flow (DCF)	38	(41)	(39)	(481)	(95)
Cash and short-term investments	11,217	679	324	1,316	26
Gross available cash	11,227	679	324	1,316	26

Veolia Environnement S.A.--Peer Comparisons

Debt	22,106	1,422	1,960	4,334	891
Equity	13,638	1,160	1,103	3,987	889
EBITDA margin (%)	14.0	11.4	26.1	11.0	39.6
Return on capital (%)	8.5	1.1	9.8	11.6	11.3
EBITDA interest coverage (x)	6.9	4.9	4.4	9.9	4.6
FFO cash interest coverage (x)	8.2	6.7	4.4	6.4	4.1
Debt/EBITDA (x)	3.5	5.3	4.5	3.0	3.9
FFO/debt (%)	22.6	15.4	15.6	23.9	17.0
OCF/debt (%)	20.3	11.9	14.4	14.7	21.8
FOCF/debt (%)	6.9	(2.9)	2.7	(5.2)	(3.4)
DCF/debt (%)	0.2	(2.9)	(2.0)	(11.1)	(10.6)

Liquidity

We assess Veolia's liquidity as adequate, based on our expectations that liquidity sources will exceed uses by 1.2x or more for the 12 months started Oct. 1, 2025. Since the last review in March 2025, our calculation now incorporates an intrayear cumulative working capital requirement of about €1 billion, which reflects the structural seasonality of Veolia's activities.

We continue to view the group's good access to capital markets, proactive liability management, and solid relationships with banks as supporting its liquidity position. We understand no debt is subject to financial covenants.

Principal liquidity sources	Principal liquidity uses
<ul style="list-style-type: none"> • About €8.2 billion in available cash or highly liquid money market funds; • About €5.5 billion in available committed credit lines maturing after 12 months, including €4.5 billion in multicurrency syndicated loans maturing in March 2030; • Our FFO forecast of about €4.6 billion for the next 12 months; and • A positive impact from the employee shareholding program of about €300 million. 	<ul style="list-style-type: none"> • Total debt repayment of about €7.4 billion, including about €5.5 billion in commercial paper and €1.9 billion in other short-term debt; • Our estimate of €3.3 billion in annual capital expenditure (capex), including expansion capex; • Working capital outflows of about €200 million; • Intrayear working capital outflows of €1 billion; • Dividends, including hybrid coupons, of about €1.5 billion; • Our estimate of acquisitions, totaling about €650 million; and • Share repurchases of about €330 million, largely cancelled out by the benefits of the employee shareholding program.

Environmental, Social, And Governance

Environmental, social, and governance (ESG) factors have an overall neutral impact on our credit view of Veolia. The group remains a global leader in environmental services, benefiting from structural trends such as the circular economy and focusing on water management, waste (including hazardous waste), and energy efficiency. To decarbonize its energy operations, Veolia is investing €1.65 billion in Europe between 2018 and 2030 to reduce annual emissions to 2.7 million tons of CO₂ equivalent. Its coal exit program--already underway in Poland and extending to the Czech Republic with €515 million in planned investments through 2027--will be a key area to monitor, along with €85 million of investments in methane capture aimed at raising recovery rates to 70% across Latin America, Asia, and Australia.

Governance is also neutral for the rating, with management and governance assessed as satisfactory. We consider the Suez merger a success, given its scale and complexity, the timely completion of integration across all regions, and the achievement of synergies ahead of schedule, demonstrating Veolia's strong execution capacity and ability to retain key personnel.

Rating Component Scores

Foreign currency issuer credit rating	BBB/Stable/A-2
Local currency issuer credit rating	BBB/Stable/A-2
Business risk	Strong
Country risk	Intermediate
Industry risk	Low
Competitive position	Strong
Financial risk	Significant
Cash flow/leverage	Significant
Anchor	bbb
Modifiers	
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Adequate (no impact)
Management and governance	Neutral (no impact)
Comparable rating analysis	Neutral (no impact)
Stand-alone credit profile	bbb

Related Criteria

- [Criteria | Corporates | General: Sector-Specific Corporate Methodology](#), July 7, 2025
- [General Criteria: Hybrid Capital: Methodology And Assumptions](#), Feb. 10, 2025
- [Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities](#), Jan. 7, 2024
- [Criteria | Corporates | General: Corporate Methodology](#), Jan. 7, 2024
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021

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- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments](#), April 1, 2019
- [Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings](#), March 28, 2018
- [General Criteria: Methodology For Linking Long-Term And Short-Term Ratings](#), April 7, 2017
- [Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers](#), Dec. 16, 2014
- [General Criteria: Country Risk Assessment Methodology And Assumptions](#), Nov. 19, 2013
- [General Criteria: Methodology: Industry Risk](#), Nov. 19, 2013
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

Related Research

- [France-Based Utility Veolia Environnement S.A.'s Junior Subordinated Hybrid Rated 'BB+', Sept. 18, 2025](#)
- [France-Based Utility Veolia Environnement S.A.'s Junior Subordinated Hybrid Rated 'BB+', May 16, 2025](#)
- [French Environmental And Energy Group Veolia Affirmed At 'BBB/A-2' On Solid Plan Execution: Outlook Stable](#), March 14, 2025

Ratings Detail (as of November 25, 2025)*

Veolia Environnement S.A.

Issuer Credit Rating	BBB/Stable/A-2
Commercial Paper	
<i>Local Currency</i>	A-2
Junior Subordinated	BB+
Senior Unsecured	BBB
Short-Term Debt	A-2

Issuer Credit Ratings History

06-May-2015	BBB/Stable/A-2
15-Nov-2013	BBB/Negative/A-2
10-Oct-2012	BBB+/Negative/A-2

Related Entities

Veolia Utility Resources LLC

Issuer Credit Rating	A/Stable/--
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*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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