S&P Global
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Tear Sheet:

Veolia Environnement S.A.

April 27, 2026

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This report does not constitute a rating action.

We expect Veolia Environnement S.A. will continue its track record of resilient and profitable growth in 2026, despite a volatile macroeconomic environment. S&P Global Ratings-adjusted EBITDA in 2025 increased 3% year on year to €6.5 billion, through both organic and inorganic growth. The greatest impact was from international markets (Americas, Asia-Pacific and Africa and the Middle-East), hazardous waste in Europe, and water technologies.

As the group has completed the integration of Suez and the first two years of its "GreenUp" plan, we expect it will continue to focus on targeted investments, notably in growth areas such as water technologies, hazardous waste, bioenergy and international markets. This includes the Clean Earth acquisition, which is expected to close by the end of June 2026. Veolia is targeting 5%-6% organic growth in 2026 at constant scope and foreign exchange rates (60% of sales are exposed to currencies other than the euro). At the same time, the company will continue increasing operational efficiency, with €399 million achieved in 2025, to boost profitability, as well as its asset rotation program, with over €2 billion of disposals expected in the next two years, to focus further on core and high-growth assets. As a result, we project adjusted EBITDA will grow by about 4%-5% annually over 2026-2028 to €7.2 billion-€7.4 billion in 2028.

We foresee a limited impact on Veolia from the conflict in the Middle East, as the company has a very limited presence in the Gulf region. Any indirect negative effects are also likely to be limited, given that most contracts use a cost pass-through mechanism.

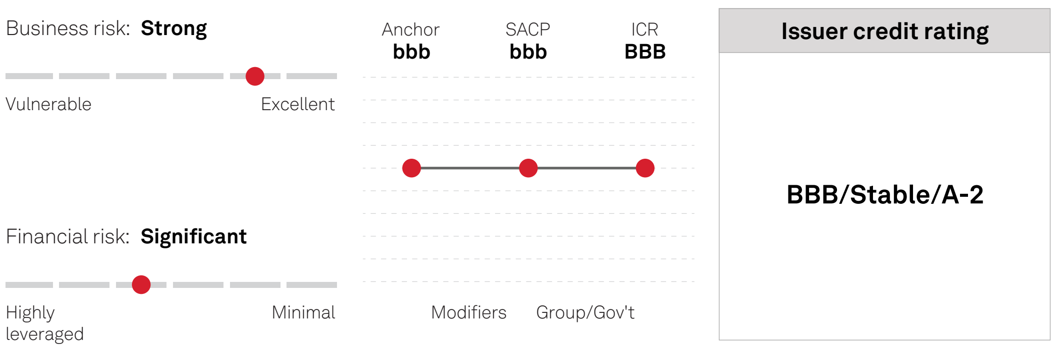
Veolia's €2.6 billion cash acquisition of Clean Earth will be funded with additional debt and upcoming disposals, which Veolia estimates will be worth €2 billion, in the two years following completion of the transaction. This acquisition, which is set to close by mid-2026, aims to expand Veolia's high-growth, high-margin operations and increase its U.S. hazardous waste revenue to $2.2 billion, making it the second-largest player in the U.S. market. This acquisition is Veolia's largest since it purchased Suez for €22.7 billion in 2021, with run-rate cost synergies expected to reach $120 million by 2030, while total Suez merger synergies reached €534 million over 2022-2025--above the initial target of €500 million.

Despite the projected increase in Veolia's S&P Global Ratings-adjusted debt to €26 billion-€27 billion in 2028 from €24 billion in 2025 to fund capital expenditure (capex) and acquisitions to transform the portfolio, as well as dividends, we believe the company will remain committed to a 'BBB' rating. We forecast that adjusted funds from operations (FFO) to debt will now range between 20% and 22% in 2026-2028, versus 21% at year-end 2025, hence remaining within our

18%-23% range for the 'BBB' rating category. We expect gross capex to rise to an average of €3 billion-€3.5 billion per annum over 2026-2028, from €3.1 billion in 2025, of which about 50% will be maintenance capex and the rest primarily aimed at growth areas; we factor in disposals of about €650 million-€750 million per year. In line with the GreenUp policy of dividend growth aligned with earnings per share growth, we expect dividends will increase by 9%-10% annually over the next three years to about €1.8 billion in 2028, in line with our projection of an increase in current net income. This will likely be alongside annual share buybacks of about €400 million to offset the employee shareholding program and will therefore be cashflow neutral.

So far in 2026, Veolia has issued €3.5 billion senior unsecured notes under its €22 billion euro medium-term note program.

Ratings Score Snapshot



ICR--Issuer credit rating. SACP--Stand-alone credit profile.

Recent Research

- S&P Global Ratings Raises TTF Price Assumptions Following Ras Laffan Strike, March 19, 2026
- Issuer Ranking: EMEA Utilities Issuers Ranked Strongest To Weakest, Feb. 24, 2026
- Report Highlights Seven Key Trends For Global Infrastructure In 2026, Jan. 21, 2026
- Industry Credit Outlook 2026: EMEA Utilities, Jan. 14, 2026
- Update: Veolia Environnement S.A., Nov. 25, 2025

Company Description

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

- Water services encompasses drinking water and wastewater activities, such as water distribution, water and wastewater treatment, and industrial process water, as well as the manufacture of water treatment equipment and technologies.
- Waste services to collect, process, and dispose of household, commercial, and industrial waste.
- Energy services to produce renewable energy, comprising heat and electricity generated primarily from waste; these services also incorporate district heating and cooling, 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 further enhance its positioning throughout its business lines across all regions.

For 2025, Veolia reported revenue of more than €44 billion and EBITDA of about €7.1 billion. In 2025, water services accounted for 48% of EBITDA, waste services 32%, and energy services 20%. About 21% of EBITDA was generated in France and from hazardous waste in Europe, 39% from the rest of Europe, 30% from the rest of the world, 9% from water technologies and 1% from other areas.

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 4%-5% annually thanks to further cost efficiencies, FFO to debt should remain at about 20%-22% over 2026-2028, including the Clean Earth acquisition and potential smaller tuck-in purchases.

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, which 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 weakening business risk profile that prompted us to switch to the standard volatility table for assessing the ratios 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.--Forecast summary

Period ending	Dec-31-2024	Dec-31-2025	Dec-31-2026	Dec-31-2027	Dec-31-2028
(Mil. EUR)	2024a	2025a	2026e	2027f	2028f
Revenue	44.7	44.4	44-46	46-48	48-50
EBITDA	6.3	6.5	6.6-6.8	7.0-7.2	7.2-7.4
Funds from operations (FFO)	5.0	5.1	5.2-5.4	5.4-5.6	5.6-5.8
Capital expenditure (capex)	3.0	3.1	3.2-3.4	3.2-3.4	3.2-3.4
Dividends	1.3	1.3	1.5-1.6	1.6-1.7	1.7-1.9
Share repurchases (reported)	0.3	0.4	~0.4	~0.4	~0.4

Veolia Environnement S.A.--Forecast summary

Discretionary cash flow (DCF)	--	~(0.4)	0-(0.5)	0-(0.2)	0-(0.2)
Debt	22.1	24.3	26.0-27.0	26.0-27.0	26.0-27.0
Adjusted ratios					
Debt/EBITDA (x)	3.5	3.8	3.8-4.3	3.5-4.0	3.5-4.0
FFO/debt (%)	22.6	21.0	19-20	20-21	21-22
All figures are adjusted by S&P Global Ratings, unless stated as reported. a--Actual. e--Estimate. f--Forecast. EUR--euro.					

Financial Summary

Veolia Environnement S.A.--Financial Summary

Period ending	**Dec-31-2020**	**Dec-31-2021**	**Dec-31-2022**	**Dec-31-2023**	**Dec-31-2024**	**Dec-31-2025**
Reporting period	2020a	2021a	2022a	2023a	2024a	2025a
Display currency (mil.)	EUR	EUR	EUR	EUR	EUR	EUR
Revenues	26,373	28,760	43,081	45,351	44,692	44,396
EBITDA	3,150	3,646	5,681	6,098	6,258	6,465
Funds from operations (FFO)	2,419	2,963	4,389	4,820	4,988	5,123
Interest expense	426	412	748	813	902	896
Cash interest paid	451	398	734	641	692	747
Operating cash flow (OCF)	2,737	3,038	3,286	4,510	4,491	4,410
Capital expenditure	1,690	1,729	2,784	3,140	2,965	3,056
Free operating cash flow (FOCF)	1,047	1,310	502	1,370	1,526	1,354
Discretionary cash flow (DCF)	603	763	(1,037)	64	38	(389)
Cash and short-term investments	6,536	11,318	10,384	10,190	11,217	9,475
Gross available cash	6,547	11,330	10,393	10,199	11,227	9,483
Debt	16,228	12,990	22,255	22,522	22,106	24,340
Common equity	7,321	11,540	13,119	12,887	13,638	11,349
Adjusted ratios						
EBITDA margin (%)	11.9	12.7	13.2	13.4	14.0	14.6
Return on capital (%)	4.4	5.2	8.2	8.0	8.5	9.2
EBITDA interest coverage (x)	7.4	8.9	7.6	7.5	6.9	7.2
FFO cash interest coverage (x)	6.4	8.5	7.0	8.5	8.2	7.9
Debt/EBITDA (x)	5.2	3.6	3.9	3.7	3.5	3.8
FFO/debt (%)	14.9	22.8	19.7	21.4	22.6	21.0
OCF/debt (%)	16.9	23.4	14.8	20.0	20.3	18.1
FOCF/debt (%)	6.5	10.1	2.3	6.1	6.9	5.6
DCF/debt (%)	3.7	5.9	(4.7)	0.3	0.2	(1.6)

Peer Comparison

Veolia Environnement S.A.--Peer Comparisons

	Veolia Environnement S.A.	**Holding d'Infrastructures des Metiers de**	**FCC Aqualia S.A.**	**Hera SpA**	**American States Water Co.**

Veolia Environnement S.A.--Peer Comparisons

		l'Environnement (HIME)			
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	2025-12-31	2025-12-31	2024-12-31	2024-12-31	2025-12-31
Mil.	EUR	EUR	EUR	EUR	EUR
Revenue	44,396	2,350	1,675	12,890	560
EBITDA	6,465	279	437	1,423	221
Funds from operations (FFO)	5,123	208	305	1,038	151
Interest	896	82	100	144	41
Cash interest paid	747	66	88	193	40
Operating cash flow (OCF)	4,410	163	282	635	198
Capital expenditure	3,056	180	229	860	202
Free operating cash flow (FOCF)	1,354	(17)	53	(225)	(4)
Discretionary cash flow (DCF)	(389)	(17)	(39)	(481)	(68)
Cash and short-term investments	9,475	323	324	1,316	16
Gross available cash	9,483	323	324	1,316	16
Debt	24,340	1,548	1,960	4,334	793
Equity	11,349	1,056	1,103	3,987	891
EBITDA margin (%)	14.6	11.9	26.1	11.0	39.4
Return on capital (%)	9.2	0.6	9.8	11.6	11.3
EBITDA interest coverage (x)	7.2	3.4	4.4	9.9	5.4
FFO cash interest coverage (x)	7.9	4.2	4.4	6.4	4.8
Debt/EBITDA (x)	3.8	5.6	4.5	3.0	3.6
FFO/debt (%)	21.0	13.4	15.6	23.9	19.1
OCF/debt (%)	18.1	10.5	14.4	14.7	24.9
FOCF/debt (%)	5.6	(1.1)	2.7	(5.2)	(0.5)
DCF/debt (%)	(1.6)	(1.1)	(2.0)	(11.1)	(8.5)

Liquidity

We assess Veolia's liquidity as adequate, based on our expectation that liquidity sources will exceed uses by about 1.2x over the 12 months started Jan. 1, 2026. We incorporate in our calculation an intrayear cumulative working capital need 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
As of Dec. 31, 2025:	**As of Dec. 31, 2025:**

- About €9.5 billion in available cash or highly liquid money market funds;
- About €5.7 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 €4.5 billion for the next 12 months; and
- A positive impact from the employee shareholding program of about €300 million.

- Total debt repayment of about €8.6 billion, including about €5 billion in commercial paper and €3.6 billion in other short-term debt;
- Our estimate of €3.3 billion in annual capital expenditure (capex), including expansion capex;
- Acquisitions totaling about €1.9 billion;
- Dividends, including hybrid coupons, of about €1.6 billion;
- Intra-year working capital outflows of €1 billion, which reflects the structural seasonality of Veolia's activities;
- Working capital outflows of about €200 million; and
- Share repurchases of about €408 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 a focus 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 CO_2 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

- ARCHIVE | General Criteria: Hybrid Capital: Methodology And Assumptions, Feb. 10, 2025
- ARCHIVE | Criteria | Corporates | General: Sector-Specific Corporate Methodology, April 4, 2024
- 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
- 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: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011