

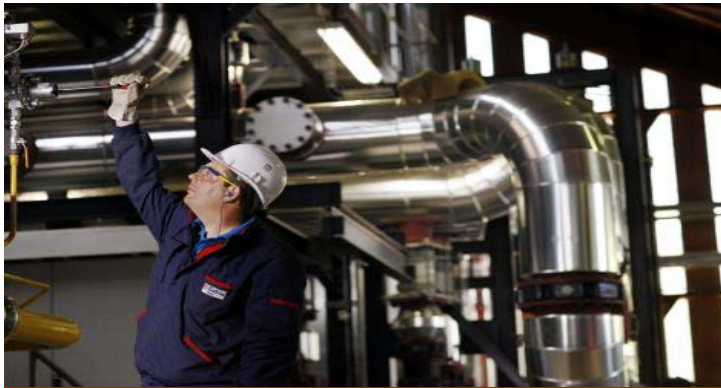
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Divisional update

- Industry – Denis Gasquet
- Water – Jean-Michel Herrewyn
- Environmental Services – Jérôme Le Conte
- **Energy Services – Franck Lacroix**
- Transport – Jérôme Gallot

Veolia Energy: key figures



900 urban/ local heating and cooling systems
88 000 MW Thermal heating
7500 MW of electricity Generation
120 000 energy facilities Managed



53,457 employees⁽¹⁾



7m tons of CO₂ saved per year

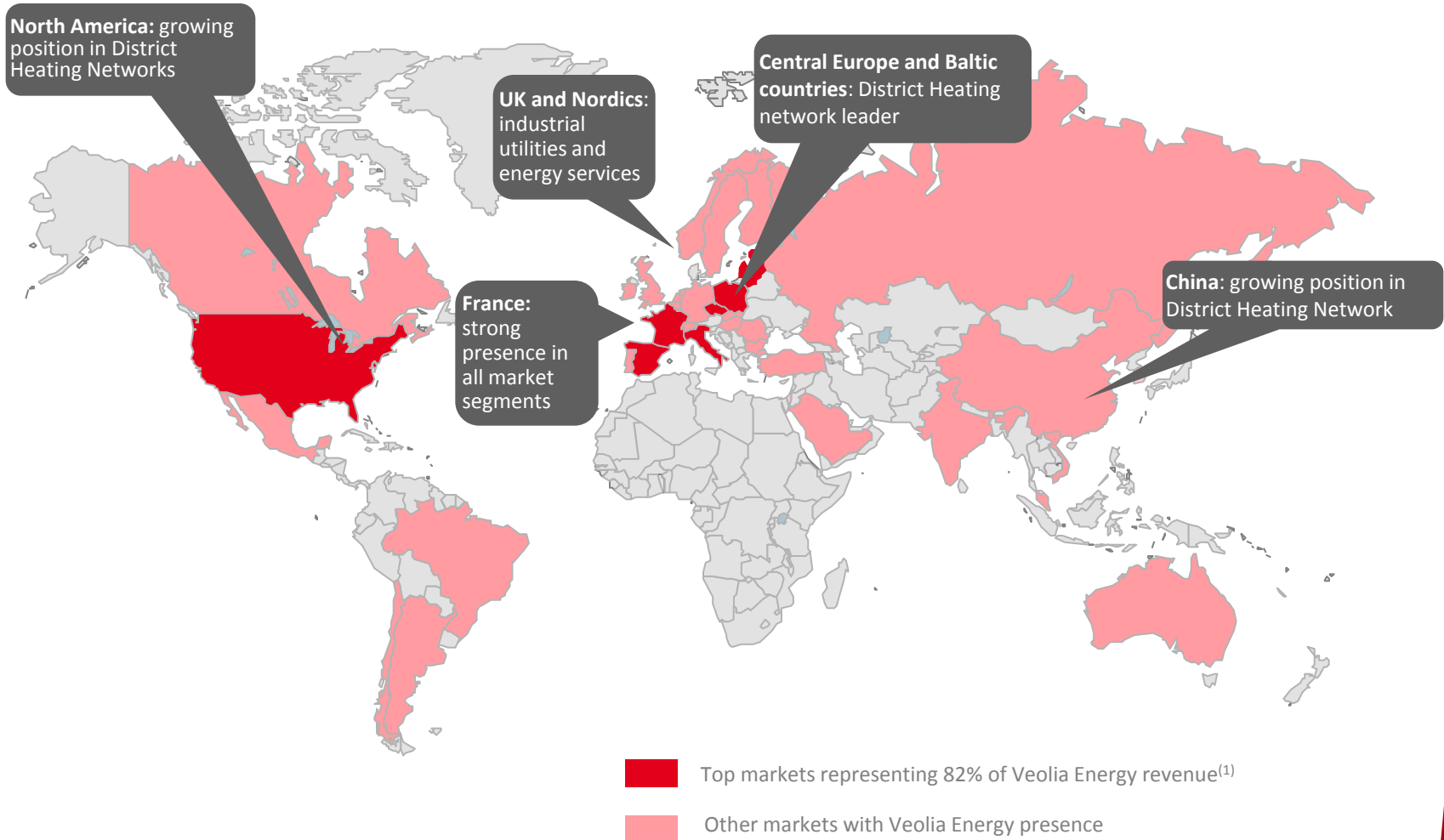


#1 in Europe

(1) As of 31 December 2010

Veolia Energy: geographic footprint

82% of revenue⁽¹⁾ in 8 countries



(1) Based on 2010 revenue

Veolia Energy's market: Local Energy



COUNTRY

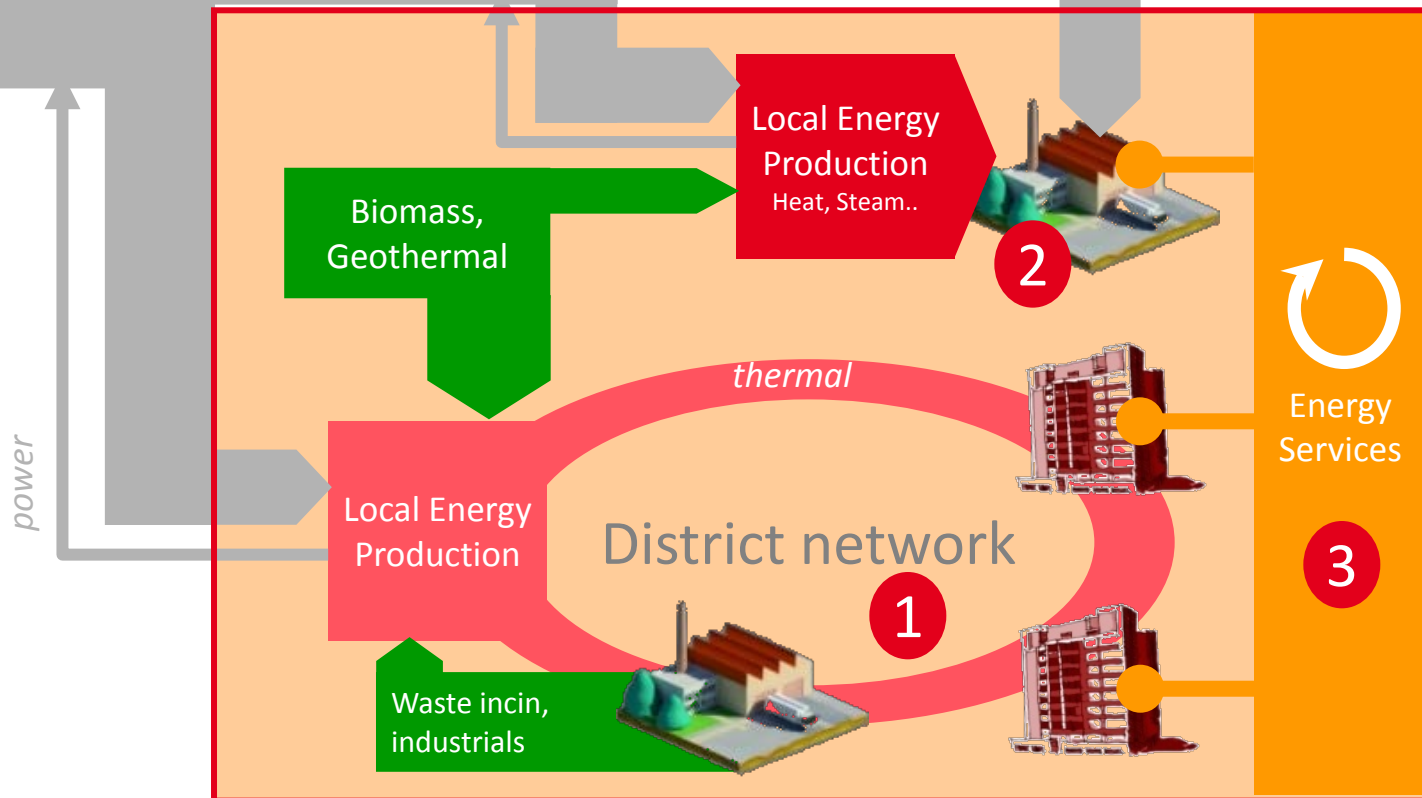


REGION

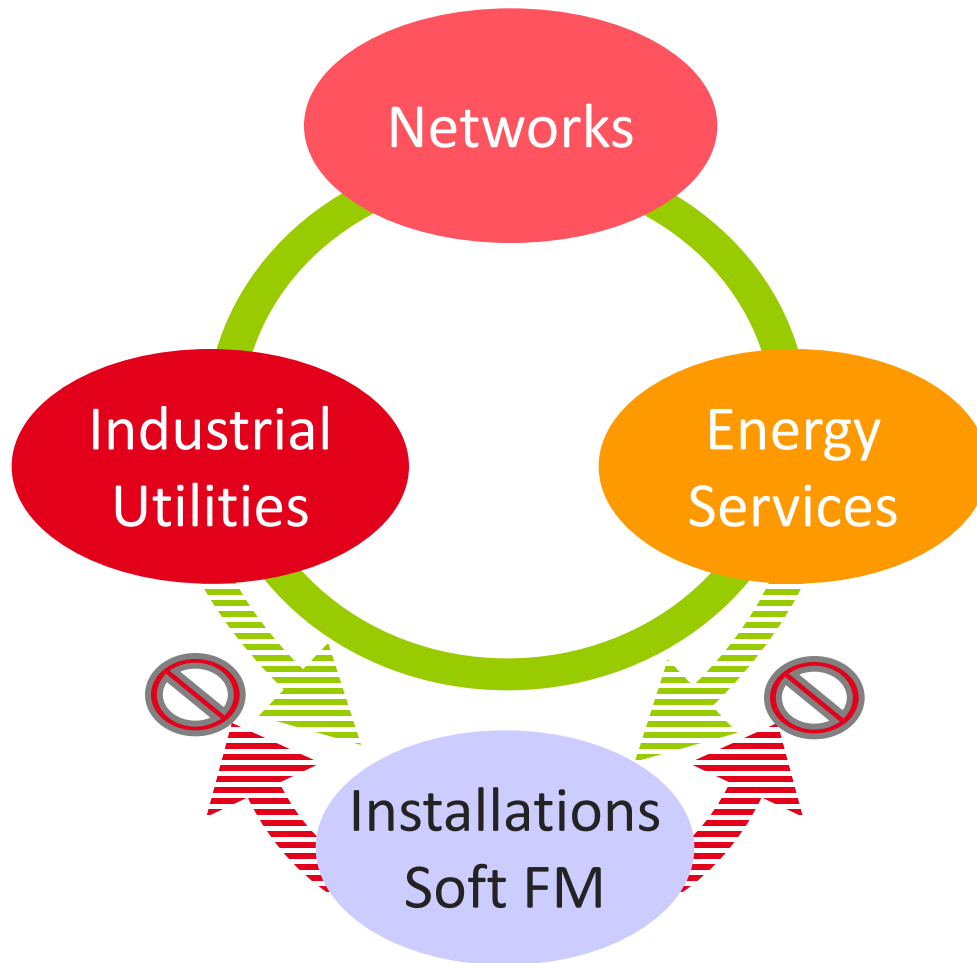


SITE

Primary energy (coal, oil, gas) and Grid Power Supply



Veolia Energy business development models



CO₂ trends



Context

- Change of European regulations
 - Progressive decrease of free quotas assigned (0 expected in 2027)
 - Most actors, including Dalkia, will move from a seller to a buyer position
- Strong uncertainty on the CO₂ price

Price (€/t)

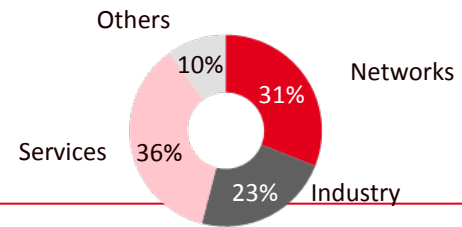


Source: Dec.2011 ICE ECX closing price

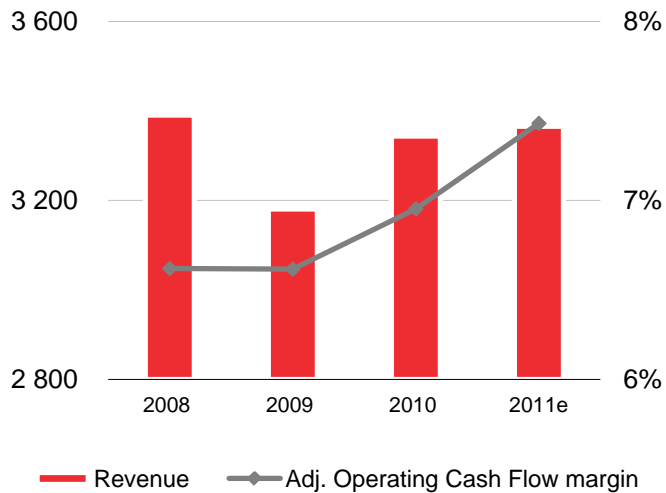
Strategic impact

- Energy efficiency remains the core of our strategy: 7,1 Mt GHG emissions saved in 2010
- CO₂ is a part of fuel price: its rise should not alter profitability
- No risk-taking on the price of CO₂
 - « pass-through » formula on most of the contracts

France: a strong presence in 3 activities



France

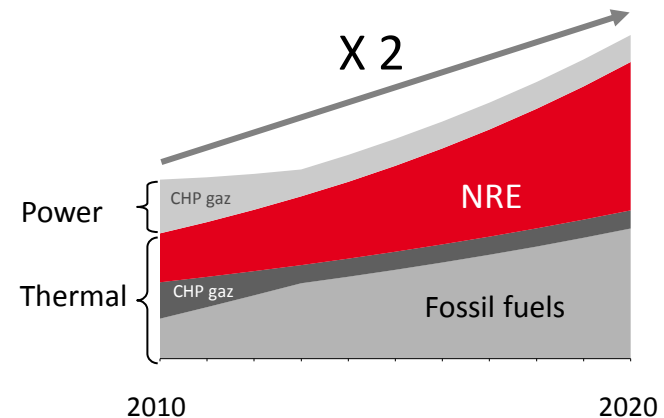


Efficiency plan

- Efficiency plan engaged: operations and SG&A (10% of 2012e adjusted operating cash flow)
- Pilot of Energy Management Center

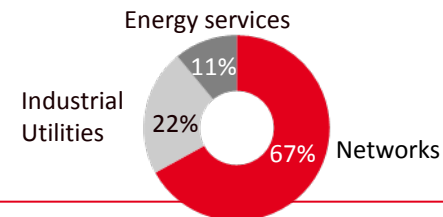
Capture strong opportunities

- High commercial activity on all segments
 - more than 7,600 contracts awarded in 2010 ;
 - net revenue growth: €98m
 - retention rate: 80%
 - average contract length: 12 years
- Capture expected strong growth of District Networks

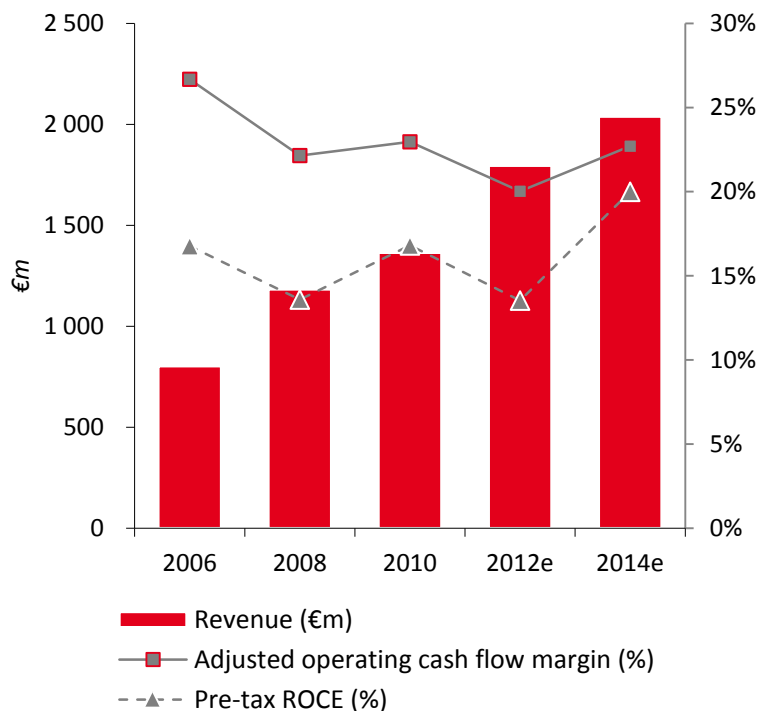


- Develop energy efficiency activity in Industrial and Buildings with NRE and new EPC model
- Leverage additional synergies with EDF

Central and Eastern Europe: proven value creation



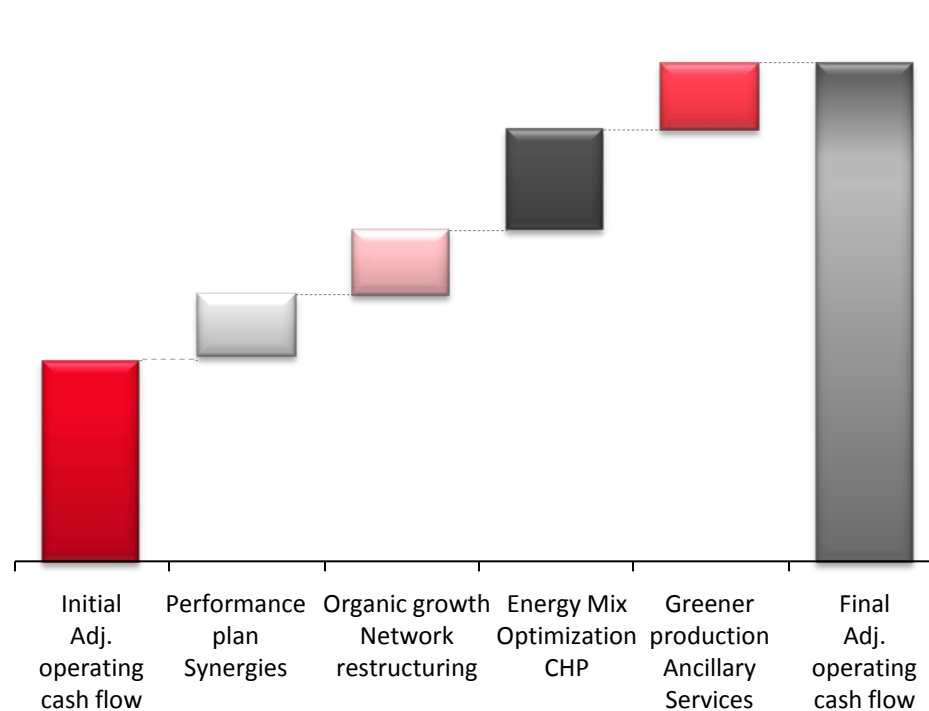
Central and Eastern Europe (1)



Efficiency plan

- Integration of new operations
- Increase profitability
- Optimize investment programs: eg regulatory environmental refurbishments
- Program to reduce fixed costs

District Network value creation model



A promising growth platform

- Win new contracts in expected privatizations

(1) Includes Bulgaria, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Czech Republic, Turkey, Russia

Italy: under strategic review



Situation assessment

- Fast external growth / insufficient integration
 - 2006-2007: private residential
 - 2008: property management ; Telecom
- Harsh competition due to crisis ; strong decrease of works market
- Change in legislation delaying expected growth drivers (biomass CHP)

Priority: restore profitability

- Accelerated integration of acquired companies
- Reduction of cost basis
- Organization focused on 3 business lines
 - Health/tertiary
 - Industry
 - Telecom

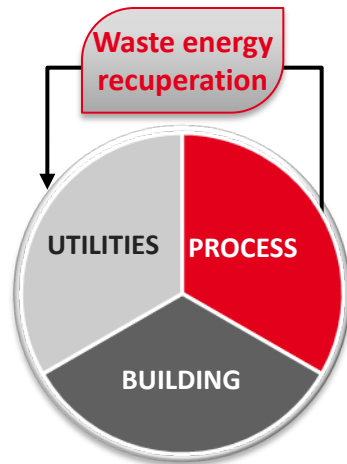
Industrial markets: focus on high value offerings in targeted verticals



A wide rang of services

eco-UTILITÉS
INDUSTRIELLES

Utility
production



Process Energy
management

Building
Energy
management

GARANTIE
PERFORMANCE ÉNERGÉTIQUE
& **ecocARBONE**

Key priorities

- Focus on value-added offerings
 - Result based contracts
 - Technical value
- Select verticals
 - Food & Beverage, Pharma, Cosmetics, Automotive, Paper
- Levers
 - Improve notoriety
 - Fuel sourcing
 - Technical expertise
 - Leverage power generation assets
- Capture synergies with EDF

Reinforced partnership project with EDF: synergies at the core of our 3 activities



Issues

- Development of CHP and district networks consistent with national energetic systems
- Coordination of centralized / decentralized energy
- Development and monetization of energy efficiency (territory, facilities, industry)
- Development of new offers and gaining new clients

Objectives

- Increase value creation of local energy vs global system
- Leverage curtailed energy through global power market
- Build the best energy mix at local level (territorial or industrial)
- Optimization of industrial operations

2012 Agenda



- Macro impact on activity should be limited
 - Expected resilience of energy prices is favorable to energy efficiency activity
 - Environmental bonus schemes could be more focused and volatile: required agility to capture opportunities
- In 2012, we will strengthen our results on:
 - Implementation of 2011 commercial successes
 - The effects of the stringent cost efficiency measures
 - Commercial focus on core activities and geographies
 - Divestment of non-core businesses