Press Release

Paris, 2 March 2023

2022 RESULTS AT AN ALL-TIME HIGH

VERY STRONG GROWTH IN ACTIVITY AND RESULTS

ALL OBJECTIVES WERE EXCEEDED

SUCCESSFUL SUEZ INTEGRATION AND SYNERGY PLAN IMPLEMENTED FASTER THAN EXPECTED

ANOTHER STRONG GROWTH IN ACTIVITY AND RESULTS EXPECTED IN 2023

- VERY STRONG ORGANIC REVENUE GROWTH OF +14.1 %1 TO €42 885 M, AND +6.5 %1 EXCLUDING ENERGY PRICES
  - VOLUME GROWTH IN THE 3 BUSINESSES, WATER, WASTE, ENERGY
  - FAVORABLE IMPACT OF TARIFF INDEXATIONS AND OF OUR STRICT PRICING POLICY
- STRONG EBITDA ORGANIC GROWTH OF +7.2 % TO €6 196 M, ABOVE THE GUIDANCE RANGE OF +4 % TO +6 %, THANKS TO REVENUE GROWTH AND SYNERGIES ABOVE ANNUAL TARGET:
  - €371 M OF EFFICIENCY GAINS VS. AN ANNUAL TARGET OF €350 M
  - €146 M OF SYNERGIES VS. AN ANNUAL TARGET OF €100 M
- CURRENT EBIT OF €3 062 M€2 , A STRONG ORGANIC GROWTH OF +16.3%1
- CURRENT NET INCOME OF €1 162 M2 UP +29.7%3 , ABOVE THE ANNUAL TARGET OF €1.1BN
- NET FINANCIAL DEBT OF €18 138 M, WITH A LEVERAGE OF 2.9x
- PROPOSAL TO INCREASE THE DIVIDEND BY 12% TO €1.12 PER SHARE
- 14 MT OF CO2 EMISSIONS REDUCED FOR OUR CLIENTS IN 2022 AND 320Mm^3 OF WATER SAVED PER YEAR vs. 2019
- 2023 OBJECTIVES:
  - SOLID ORGANIC REVENUE GROWTH
  - ORGANIC GROWTH OF EBITDA BETWEEN +5% AND +7%
  - CURRENT NET INCOME GROUP SHARE AROUND €1.3 BN
  - LEVERAGE RATIO MAINTAINED AROUND 3x

1 at constant scope and forex
2 Excluding impact of Suez Purchase Price Allocation
3 At current FX

Estelle Brachlianoff, **CEO of the Group, commented:**

"In an exceptional year for Veolia, marked by the acquisition of Suez, I am particularly proud of the performance we have achieved, both in terms of activity and results. We have been able to adapt to the many geopolitical, economic and energy challenges of 2022, to deliver historic results for the group, while successfully bringing together the 40,000 Suez colleagues who have joined us. We are already seeing the first fruits of this, with synergies well ahead of our plan, and beyond that, we are putting our vision into action by building together the world champion of ecological transformation.

The pooling of our know-how and technologies, with a unique geographical coverage, allows us to invent and deploy the most relevant and efficient solutions to the challenges of Decarbonation, Depollution and Regeneration of resources, which are at the heart of concerns all over the world. Thanks to Veolia's activities, 14 M tons of CO_2 were eliminated in 2022 for our clients, and 320 million M^3 of water were saved per year vs. 2019, the equivalent of the annual consumption of a 6 million inhabitant city.

Our revenue and results in 2022 are a record for all our indicators. Our revenue grew by 14%, driven by good volume dynamics, but also thanks to our tariff indexation models with our municipal customers, and our discipline in terms of pricing with our industrial customers. These two elements demonstrate both our low sensitivity to the economic cycle and our ability to pass on cost increases in our prices.

The growth of our EBITDA of +7.2%, of our current EBIT of 16.3%, and of our current net income of +29.7%, exceeded all our objectives, in particular thanks to the very effective implementation of the synergies resulting from the merger with Suez.

We are starting the 2023 financial year in very good conditions, perfectly launched for another year of strong growth."

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Detailed results at 31 December 2022

- Revenue for 2022 is €42,885 million, up 49.4% at constant exchange rates compared to reported 2021 revenue. This very strong growth is the result of the acquisition of Suez, which contributed €9,722 million to total revenues, and organic growth of €4,565 million (+16%).
- Based on the combined revenue of Veolia and Suez, growth was +14.1% on a like-for-like basis.

The evolution of revenue by effect is as follows:

The following analysis of the Group's activity is based on the combined revenues of Veolia and Suez assets.

The exchange rate effect was €673 million (+1.8% on combined revenue) and mainly reflects the change in the US, Australian, UK, Chinese and Czech currencies, partially offset by a deterioration in the Polish, Hungarian and Latin American currencies.

Scope effect was -€757 million (-2.0%) and mainly includes the disposal of assets in Scandinavia in 2021 (-€266 million) and, at Suez level, the disposal of activities in Australia in 2021 and the impact of the European Union's remedies with the classification of part of the French hazardous waste activities as assets available for sale. These negative effects are partially offset by the impact of the entry into the scope of OSIS on SARP (+€78 million) in 2021.

The Commerce / Volumes / Works effect was +€906 million (+2.4%) thanks to good volumes in all activities, particularly in energy, as well as growth in construction and technology activities.

The climate effect (-0.3%). The Energy business in Central and Eastern Europe was impacted by a milder winter than in 2021, and to a lesser extent Water in Chile with a cooler summer impacting water volumes in the first quarter.

The impact of energy prices amounted to +2,851 million euros (+7.6%), driven by the increase in heat and electricity tariffs mainly in Central and Eastern Europe.

The impact of the price of recycled materials amounted to +258 million euros, after 288 million euros at 30 September 2022. The main effect is the increase in the price of recycled paper in France, Germany and the UK until July 2022.

Price effects were very favorable, at +€1,394 million (+3.7%), mainly due to price indexation mechanisms and increases in the price of the Group's services of +4.6% on average in Waste and +3.2% in Water.

- **Revenue at 31 December 2022 progressed across all operating segments compared to 31 December 2021 combined:**
    - Revenue in **France and Special waste Europe** amounted to **€9,666 million** and showed organic growth of +2.6% compared to 31 December 2021 combined:
        - **Water France** revenue increased by +1.6 %, thanks to tariff indexations of +3.8% and à fin décembre and volumes up +0.4%.
        - The **French waste business** grew by 0.5%. It benefited from continued high average prices for recycled materials sold, despite the drop in the price of recycled paper since the summer, and from the positive effect of price revisions, while volumes were down moderately compared with last year.
        - The **hazardous waste business in Europe** grew by +5.5%, with higher volumes and prices, particularly in the oil and lubricant treatment business, combined with the positive effect of price revisions and good business development in the sanitation and industrial maintenance business.
        - **SADE** revenue grew by 3.4 %, thanks to a good commercial momentum in France.
    - Revenue in **Europe excluding France** reached **€17,850 million** at 31 December 2022, with organic growth of +26.1%, mainly due to higher energy prices and good tariff indexation levels in Water in Central and Eastern Europe.
        - In **Central and Eastern Europe**, revenue rose by 40.8% to **9,400 million euros**. The region continued to enjoy sustained activity driven by:
            - the favorable effect of tariff indexation in energy (Poland, Hungary, Czech Republic, Slovakia, Romania and Germany) and water (Czech Republic and Romania), and the +1.1% increase in water volumes distributed (Poland and Czech Republic), and despite an unfavorable Energy climate effect (-€100 million).
        - In **Northern Europe**, revenue of **€4,900 million** increased by 9.2%. This increase was mainly driven by the United Kingdom, up 9.0% at constant scope and exchange rates due to the favorable effect of recycled material prices (paper and plastic), higher electricity prices, good tariff indexation in PFIs (+7% on average) and good performance of incinerators (95% availability rate of facilities). Belux achieved organic growth of +13.9%, thanks to good operating performance in waste and energy services.

    - In **Italy**, organic revenue growth reached +34% due to the start of contracts won in 2021 and the very favorable effect of energy prices.
    - In **Iberia**, revenue grew by +14.4%, driven by the energy business and a good level of activity in water in Spain (Agbar), where volumes are up by +2.1%.
- Revenue in **Rest of the World** reached **€11,196 million**, with organic growth of +8.5% in all geographies, including Asia, despite the slowdown in China due to the lockdown policy:
    - Revenue growth in **Latin America** of +20.2%, driven in particular by Chile, which benefited from favorable tariff indexations in the water business, and Argentina. Colombia and Brazil show a good level of activity in waste management.
    - In **Africa-Middle East**, business grew by +10.6%, driven mainly by growth in water contracts in Morocco, thanks to higher volumes and the positive effect of tariff revisions, and the very strong growth of Enova in the Middle East in energy efficiency services.
    - In **North America**, revenue was 3,386 million, an increase of 9.7%. Growth was driven by continued strong activity in hazardous waste, with volume growth and double-digit tariff increases, and in water, by the favorable effect of tariff indexation, particularly in the Regulated Water business, good volumes during the summer and a good level of work activity.
    - Revenue in **Asia** increased by +2.7%. The slowdown in growth in China due to the Covid restrictions continued to have an unfavorable impact on the business with lower volumes of hazardous waste and reduced activity in energy and industrial services. This slowdown was offset by good growth in other countries, notably Singapore (+57.9%), Taiwan (+19%), South Korea (+6.2%) and Japan (+4.7%).
    - In **Pacific**, revenue increased by 4.0%, again due to higher volumes in the waste collection and landfill activities and the price increases initiated in the second half.
- The **Water Technologies** business grew by 10.0%. Veolia Water Technologies recorded growth of +4.4% and Water Technologies Services accelerated sharply to +13.5%, thanks to a good level of activity and price increases, particularly in the sale of water treatment chemicals. VWT's order intake at 31 December 2022 amounts to €1,496 million compared to €1,268 million at 31 December 2021.

- ***By business, at constant scope and exchange rates, the evolution is as follows:***
    - **Water operations** revenue rose by 8.0% to **€12,671 million**, with good volumes in all geographies and higher tariff indexation.
    - **Technology and Construction** revenue grew by +8.6 %, to **€5 589 million**.
    - Revenue in the **Waste** business rose by 6.8% on a like-for-like basis to **€15,798 million**. It benefited from high average prices for recycled materials (+1.7% impact after +3.4% in the first half of the year) for paper and plastics. The upward trend in oil prices and a good level of activity had a positive impact on the hazardous waste business in Europe and North America. Electricity revenues from the incineration business were up and favorable tariff revisions (+4.6% after +3.2% in the first half of the year) are observed in the various geographies. The commerce/volume effect was neutral (-0.2%). The Group is continuing its policy of contract selectivity and strict pricing of its offers.
    - **Energy** revenues rose by 44.7% on a like-for-like basis to **€9,227 million**. The strong growth of the business is due to a very strong energy price effect (+36.6% impact after +29.4% in the first half of the year), particularly in Europe, the increase in volumes distributed, tariff increases in Central and Eastern Europe and good commercial development, particularly in Italy and the Middle East. The weather effect was slightly unfavorable at -1.5% due to a mild winter.
- **Strong EBITDA growth, to €6 196 million vs. €5 823 million at 31 Decembre 2021 combined, a growth of +7.2 % at constant scope and exchange rates.**
    - Exchange rate fluctuations had a favorable impact of €91m (+1.6%), offset by unfavorable scope effects of €139m (-2.4%).
    - The strong EBITDA progression was driven by higher volume and activity level for +€81m, by efficiency gains for +€371m (above the €350m annual target) and by synergies from the Suez acquisition for +€146m. The synergy program is ahead of schedule as the annual target was €100m. The effect of price increases net of cost increases and contract renegotiations was -€220m. Climate had a negative impact of -€58m. Recycled materials and energy prices had a positive effect of +€217m on EBITDA growth. Other effects were mainly due to items that positively impacted EBITDA at the end of December 2021, due to the construction completion of an incinerator in Troyes for €83 million, as well as non-recurring items for €32 million that occurred on the acquired Suez scope.
- **Strong current EBIT growth of +16.3% at constant scope and forex, to € 3 062 million.**

  Currency movements contributed €19m to current EBIT.

The increase in recurring EBIT on a like-for-like basis (€446m) breaks down as follows:

- Strong EBITDA growth (+€421m at constant scope and forex).
- Stable depreciation and amortization (including repayments of operating financial assets) excluding the 2021 one-off OFA repayment of -€83m associated with the Troyes incinerator project.
- Industrial capital gains net of asset impairments included the impact of an asset disposal completed in Australia in the first quarter of 2022, as well as the disposal of the Industrial Water business completed in November 2022.
- IFRS 2 impact of -€54m .
- Share of current net income of JV and associates of €127m vs. €148m in 2021.

- **Current net income group share reached €1 162 million at 31 December 2022, vs. € 896 million at 31 December 2021 published (+29.7% at current FX and +27.7% at constant FX)**
  - The cost of net financial debt was -€707m, of which -€226m due to the consolidation of Suez's net financial debt. The Group's financing rate returned to levels comparable to 2019 and 2020, after an exceptionally low 2021. The Group's financing rate was 3.87% at 31 December 2022 compared with 2.98% at 31 December 2021 as published.
  - Other financial income and expenses (including capital gains and losses on financial disposals) amounted to -€316m compared to -€39m at December 31, 2021 published. On 31 December 2021, this item included at Veolia the dividends received from Suez for €122m in respect of the 29.9% held at that time.
  - Current tax charge reached €514m, reflecting the increase in current profit before tax. The current tax rate was 26.9%.
  - Minority interests amounted to €363m compared to €158m at 31 December 2021 published.
- **Net income group share was €716 million vs. €404 million at 31 December 2021 published (+77%)**
  - The main non-current items consist of costs related to the acquisition and integration of Suez for -€285m, the impairment of the Group's activities in Russia for around €100m, restructuring charges for -€115m and non-current capital gains on financial disposals of +€322m in respect of antitrust divestitures (mobile water services activities and part of the hazardous waste activities in France). Finally, the impact of the Suez Purchase Price Allocation amounted to -€52m.
- **Net financial debt of €18 138m at 31 December 2022. Free cash flow of €1 032m.**

- Net financial debt amounted to €18,138 million (excluding PPA), compared with €9,532 million at 31 December 2021. Compared to 31 December 2021, the change in net financial debt is mainly explained by the following elements:
  - Net free cash flow for the year of €1 032 million, including the increase in EBITDA, net capital expenditure of €3 089 million, an improvement in the variation of operating working capital requirement of +€48m thanks to continued cash collection efforts.
  - Net impact of the acquisition of Suez for €8,664 million including: the acquisition of the Suez Group on 18 January 2022, the incoming net financial debt, the sale of part of the Suez Group to the consortium of investors (Meridiam-GIP-CDC and CNP Assurances) on 31 January 2022, and the antitrust remedies agreed with the UK Competition and Markets Authority and with the European Commission.
  - The payment of dividends approved at the General Meeting of 15 June 2022 (-€688m).
  - Repayment of Suez hybrid debt for -€500m.
  - Net financial debt was also impacted by an unfavorable exchange rate and fair value variation effect of -€232 million at 31 December 2022.

- **Increase of dividend to €1.12 per share, paid 100% in cash.**

The Board of Directors will propose to the General Meeting of 27 April 2023 the payment of a dividend of €1.12 per share for the financial year 2022, payable in cash. The ex-dividend date is 9 May 2023. The 2022 dividends will be paid from 11 May 2023.

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- **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 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

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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.

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