

Press Release

Paris, 9 November 2022

KEY FIGURES AS OF SEPTEMBER 30, 2022

(UNAUDITED DATA – AUDIT IN PROCESS)

REVENUE AND EBITDA GROWTH ACCELERATION IN Q3

VERY STRONG REVENUE AND RESULTS GROWTH IN THE FIRST 9 MONTHS OF 2022

INTEGRATION OF SUEZ AND EXECUTION OF THE €500M SYNERGY PLAN AHEAD OF SCHEDULE

CONFIRMATION OF ALL 2022 OBJECTIVES WITH AN EBITDA GROWTH AT THE UPPER END OF THE +4% TO +6% GUIDANCE RANGE

- 9 MONTH REVENUE OF €30 713 M, A VERY STRONG ORGANIC GROWTH OF +13.2 %¹, AND OF +7.1 %¹ EXCLUDING THE IMPACT OF ENERGY PRICES.
- ✓ 3rd QUARTER ORGANIC REVENUE GROWTH OF +13.7 %¹
- ✓ INCREASED VOLUMES IN OUR 3 BUSINESSES, WATER, WASTE, ENERGY
- ✓ FAVORABLE IMPACT OF TARIFF INDEXATIONS AND OF OUR PROACTIVE PRICING POLICY
- EBITDA OF €4 533 M, UP +5.2 %, AT THE TOP OF THE GUIDANCE RANGE OF +4 % TO +6 % THANKS TO REVENUE GROWTH AND SYNERGY DELIVERY AHEAD OF PLAN :
- ✓ €98 M OF SYNERGIES ALREADY REGISTERED IN THE 9 MONTHS, vs. AN ANNUAL TARGET OF €100 M
- ✓ €264 M OF EFFICIENCY GAINS, vs. AN ANNUAL OBJECTIVE OF €350 M
- ✓ Q3 ORGANIC EBITDA GROWTH OF +9.4 %², EXCLUDING Q3 2021 ONE OFF OF €83 M€.
- CURRENT EBIT OF €2 217 M, VERY STRONG ORGANIC GROWTH OF +19.4 %¹
- NET FINANCIAL DEBT DOWN BY €351 M AT 30 SEPTEMBER vs. 30 JUNE 2022 EXCLUDING FOREX, THANKS TO €337 M NET FREE CASH FLOW GENERATION IN Q3
- CONFIRMATION OF ALL 2022 OBJECTIVES

¹ at constant scope and forex

² at constant scope and forex, excluding the €83M one off OFA reimbursement in Q3 2021 (Valaubia)

Estelle Brachlianoff, CEO of the Group commented : « After an excellent first half of the year, showing both very strong revenue and EBITDA growth, Veolia continued in Q3 with a similar trajectory with continued very strong growth of all its activities, water, waste and energy. Our tariff indexation business models with municipal clients as well as our strict pricing discipline with industrial clients have enabled us to absorb cost inflation and deliver strong earnings growth. This very good performance is also the result of an integration of Suez ahead of schedule. The implementation of the synergies is a good illustration : with 98 million euros delivered in 9 months, we have already reached our annual target. The speed and fluidity with which the teams of Veolia and Suez have come together and are working together is a great satisfaction. I want to thank all of them for the energy and enthusiasm they show every day in the service of our great ambition to become the world leader of the ecological transformation. These very good results allow us to fully confirm all our 2022 objectives and to be very well positioned for another year of strong growth in 2023. »

Detailed Key figures as of 30 September 2022

- Revenue of €30 713 M in the 9 months 2022, up 49.1 % at constant forex vs. 9M 2021 reported. This very strong growth is derived primarily from the acquisition of Suez, which contributed to revenue growth for €7 128 M.
- Compared to 9M 2021 combined Veolia + Suez, organic growth was +13.2 %.

Revenue evolution by effect was as follows :

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

Exchange rate effect was +€681 M (+2.5 % of combined revenue) reflecting mainly the evolution of the US dollar, Australian dollar, Sterling pound and Chinese Renminbi, partially offset by a decrease of the Polish zloty, Hungarian forint and Latin American currencies¹.

Scope effect of -€472 M (-1.8 %) included mainly the asset divestitures in Scandinavia in 2021 (-€217 M) and, on the Suez side, the asset divestitures in Australia in 2021 and the remedies in the EU (hazardous waste business in France accounted as asset for sale). These negative items were partially offset by the integration of Osis by Sarp (+€91 M) in 2021.

The Commerce / Volumes / Works effect reached +€763 M (+2.8 %) thanks to good volumes in all businesses, notably in Energy and strong Water technologies and construction activities which strongly accelerated in Q3.

The weather impact was -€91 M (-0.3 %). Energy in Central and Eastern Europe was impacted by a milder winter than in 2021, and to a lesser extent, Water in Chile was impacted by a cool summer leading to lower water volumes in Q1.

The energy price impact was +€1 658 M (+6.1 %), due to the increase in heat and electricity prices mainly in Central and Eastern Europe.

The recycled materials price impact was +€288M, after €244 M in the first half, and came mainly from the increase of recycled papers in France, Germany and the UK.

Service prices continued to be well oriented , leading to a favorable impact of €935 M (+3.5 %), mostly due to tariff indexation mechanisms and service price increases by an average of +4.3 % in waste and +3.4 % in Water.

- Revenue at 30 September 2022 progressed across all segments compared with combined figures at September 30, 2021, as in the first half:**

- Revenue for the **France and Special Waste Europe** segment totaled €7 135 M, with organic growth of +3.2 % compared with September 30, 2021 combined :

- France Water** revenue increased by +1.4 %, due to the positive impact of tariff revisions of +3.8 % at 30 September 2022 and the good level of activity in Q3 with billed volumes up 0.8% compared with +0.3% in the 1st half.
- France Waste** revenue increased by +2.3 %, continuing to benefit from high recycle prices and the positive impact of tariff revisions, despite a slight decline in volumes year-on-year.
- Hazardous Waste activities in Europe** grew by +5.7 %, with strong commercial development in sanitation and industrial maintenance activities (+4 %), higher prices in oil and lubricant treatment activities in a context of increased oil prices and the positive impact of tariff revisions.

¹Main exchange rate impacts : US \$ (+€256 M), Australian dollar (+€65 M), Sterling pound (+€55 M), Czech corona (+€56 M), Chinese RenMinBi (+€59 M), Polish zloty (-€36M), Hungarian forint (-€51 M), chilean peso (-€18 M), argentine peso (-€34).

- **SADE** reported growth of +4.2 %, thanks to strong commercial momentum in France.
- Revenue for **Europe excluding France** totaled €12 498 M at 30 September 2022, an organic growth of +23.4 %, the same pace as in the first half, thanks to energy price increases and good tariff indexations in water in Central and Eastern Europe.
- In **Central and Eastern Europe**, revenue rose by +34% to €6 185 M. Following on from the first half, activity remained robust in this region driven by:
 - greater positive tariff indexation in energy (Poland, Hungary, Czech Republic Slovakia and Romania, and in water (Czech Republic and Romania), and higher (+1.5%) water volumes distributed (Poland and Czech Republic), despite an unfavorable weather effect in Energy in the 1st half 2022 (-€91 M).
 - an increase in recycled materials prices and in energy prices in Germany.
 - In **Northern Europe**, revenue rose +10.7% to €3 760 M. This increase was primarily driven by the **United Kingdom and Ireland**, which reported revenue growth at constant scope and forex of +10.3% with the favorable impact of recycled materials price (paper and plastics), the increase of electricity prices, the good tariff indexation of PFIs (+7 % on average) and the strong performance of the incinerators (availability rate of 93 %). In **Belgium** organic growth was +14.5 %, fueled by good operating performances.
 - In **Italy**, organic revenue growth reached +43 % following the start-up of contracts won in 2021 and the highly favorable effect of energy prices.
 - In **Iberia**, revenue increased +13.8 %, driven primarily by strong water activities in Spain (Agbar) which enjoyed increased volumes (+2.6 %), as well as by energy activities.
- In **Rest of the World**, revenue totaled €8 156 M, representing organic growth of +8.5 % across all geographies, including Asia despite the slowdown in China due to the lockdown policy :
- Revenue increased +16.1 % in **Latin America**, driven notably by Chile (+13.8 %) which benefited from favorable water tariff indexations, and by Argentina (+80%).
 - In **Africa/Middle East**, revenue increased +9.9 %, mainly driven by growth in water contracts in Morocco, thanks to higher volumes and the positive impact of tariff revisions, and the very strong growth of Enova in the Middle East in energy efficiency services.
 - In **North America**, revenue rose +11.4% to €2 498 M. The growth was mainly driven by robust hazardous waste activities with higher volumes processed and double digit price increases, and in water, by favorable tariff indexation particularly in regulated water activities, good summer volumes and good construction volumes.
 - Revenue increased +2.2% in **Asia**. The slowdown in growth in China due to the Covid lockdown policy negatively impacted activities, with lower hazardous waste volumes and reduced activity in energy and industrial services. This slowdown was offset by strong growth in other countries and particularly Taiwan (+11.9 %), South Korea (+5 %) and Japan (+5 %).
 - In the **Pacific**, revenue rose +5.5 %, marked by higher waste collection and landfill volumes.
- The **Water Technologies** activity reported accelerated growth of +10.7 %, after +5.3 % in the first half. Veolia Water Technologies recorded a similar growth as in the first half (+6.8 %) and Water Technologies

Services grew strongly by +13.1 %, thanks to a good level of activity and price increases notably in chemical products.

- **The main changes by business compared with combined figures at 30 september 2021 break down as follows:**

- **Water operations** revenue increased +7.6 %, to €9 233 M, with good volumes in all geographies and higher tariffs.
- **Technology and Construction** revenue grew +9.4 %, to €4 074 M
- **Waste** revenue increased +8.2 % at constant scope and forex to €11 864 M, benefiting from the continued high levels of recycled material prices (+2.6 % impact after +3.4 % in the first half) for papers and plastics. The upward trend in oil prices and good activity levels had a favorable impact on hazardous waste activities in Europe and North America. Electricity revenues generated by incineration activities increased and favorable tariff revisions were recorded across all geographies (+4.3 % impact after +3.2 % in the first half). The commerce / volume effect is slightly positive. The Group continues its policy of contract selectivity and strict pricing of its offers.
- **Energy** revenue rose +38.5 % at constant scope and forex to €5 943 M. The strong activity growth is driven by positive price effect (+30.3 % after +29.4 % in the first half), notably in Europe, higher volumes distributed, tariff increases in Central and Eastern Europe and strong commercial development, particularly in Italy and the Middle East . The weather effect was slightly unfavorable, at -1.7 % due to a mild winter.
- **Strong EBITDA growth of +5.2% at constant scope and forex to €4 533 M vs. €4 311 M in 9M 2021 combined:**
 - The exchange rate effect was +€91 M, +2.1 %, offset by negative scope effect of -€92 M (-2.1 %).
 - The strong EBITDA growth was driven by activity growth for **+€57 M**, by efficiency gains for **€264 M**, in line with the annual target of €350 M, by the merger synergies for **€98 M**. The synergy delivery is ahead of schedule. The annual target was reached in 9 months. The impact of price increases net of cost inflation and contract renegotiations was **-€133 M**. The weather effect was slightly negative, **-€40 M**. Recycled material prices impact was favorable by **+€79 M**.
 - As a reminder, Q3 2021 EBITDA benefited from a positive one-off of €83 M.
 - In Q3 standalone, EBITDA grew by +9.4 % excluding the 2021 one-off
- **Very strong growth of Current EBIT, +19,4 % to 2 217 M€, at constant scope and forex.**

The exchange rate effect was +€38 M.

The strong Current EBIT growth (+306 M€) was driven by :

 - Increase of EBITDA (+€222 M).
 - D&A and provisions (including operating financial assets reimbursements) up €27 M.
 - A favorable impact coming from Industrial capital gains net of asset impairments of +€88 M vs. +€63 M in 2021.
 - IFRS 2 impact of €-29 M stable
 - Share of current net income of JV and associates of +€105 M vs. +€97 M in 2021.

- **Net Financial Debt was €22 154 M at 30 September 2022. Free Cash Flow in Q3 generation reached €337 M.**

- Net financial debt is down by €351 M excluding forex compared with 30 June 2022.
- Controlled net industrial capex of €2 125 M.

- **Guidance 2022 fully confirmed** ⁽¹⁾⁽²⁾

- Solid organic revenue growth
- Efficiency gains above €350M complemented by €100M of synergies coming from the 1st year of integration of Suez
- Organic growth of EBITDA between +4% and +6%
- Current net income group share around €1.1bn, a growth of more than 20%, confirming the earning per share accretion of around 10% ⁽³⁾
- Confirmed 2024 EPS accretion of 40% ⁽³⁾
- 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 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 2021, the Veolia group provided 79 million inhabitants with drinking water and 61 million with sanitation, produced nearly 48 million megawatt hours and recovered 48 million tonnes of waste. Veolia Environnement (Paris Euronext: VIE) achieved consolidated revenue of 28,508 billion euros in 2021. 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.

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