

Version April 18, 2017

2016 Annual Results

Philippe Capron

Overall 2016 results improvement *Objectives achieved or exceeded*

- ▶ **Stable revenue at constant exchange rates, with a rebound in Q4**
- ▶ **Results exceeded objectives**
- ▶ **Continued improvement in Group profitability**
- ▶ **2016 Free Cash Flow was a record**
- ▶ **A very solid balance sheet**

Overall 2016 results improvement

Net Free Cash Flow of nearly €1bn, significantly above the objective

<i>In €M</i>	2015 excluding IFRIC 12	2016 excluding IFRIC 12	Δ	Δ at constant FX vs. 2015
Revenue	24,965	24,390	-2.3%	-0.4% ⁽¹⁾
EBITDA	2,997	3,056	+2.0%	+4.3% ⁽²⁾
Current EBIT ⁽³⁾	1,315	1,384	+5.2%	+8.5%
Current net income – Group share	580	610	+5.1%	+10.8%
Net income – Group share	450	382		
Net Free Cash Flow ⁽⁴⁾	856	970		
Net financial debt	8,170	7,811		

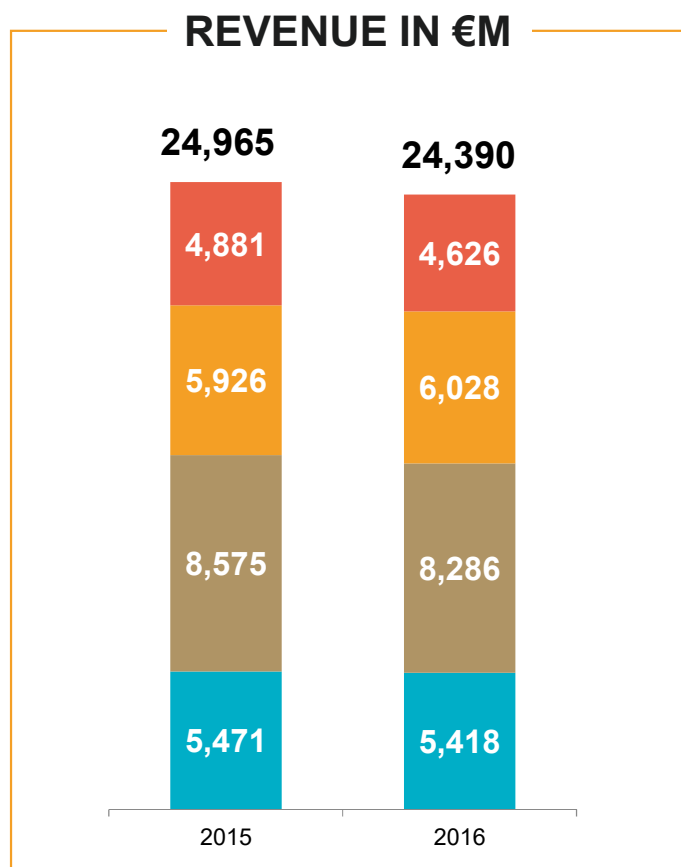
(1) -1.2% at constant scope and exchange rates





(2) +3.0% at constant scope and exchange rates

(3) Including the share of current net income of joint ventures and associates viewed as core company activities (excluding Transdev, which is no longer considered a core Group activity)

(4) Net free cash flow corresponds to the free cash flow of continuing operations, i.e. the sum of EBITDA, dividends received, operating cash flow from financing activities, and the variation of operating working capital, less net industrial investments, net interest expense, tax expense, restructuring charges, other non current expenses and renewal expenses.

Revenue by geography: *good performance in emerging markets*



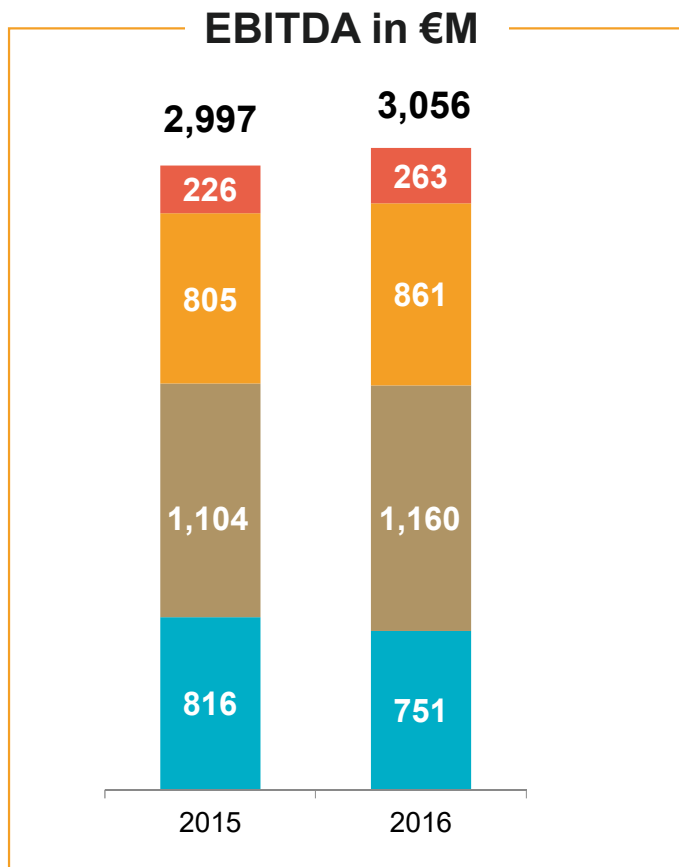
Variation vs. 2015		Var.	Var. at constant FX
	France	-1.0%	-1.0%
	Europe excluding France	-3.4%	+0.1%
	Rest of the World	+1.7%	+3.7%
	Global Businesses	-5.2%	-4.1%
Total		-2.3%	-0.4%





Revenue: rebound in Q4

New developments, improved construction trend and positive weather effect

<i>Var at constant FX</i>	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter
France	+0.2%	-0.7%	-1.3%	-2.1%
Europe excluding France	-0.9%	+0.3%	-0.6%	+1.5%
Rest of the World	-2.4%	+1.9%	+6.3%	+9.1%
Global Businesses	-2.9%	-0.9%	-11.4%	-1.1%
TOTAL	-2.1%	+0.1%	-1.7%	+1.9%

EBITDA* up 4.3% at constant FX: *strong growth outside France*



Variation vs. 2015		Var.	Var. at constant FX
	France	-8.1%	-8.1%
	Europe excluding France	+5.0%	+9.1%
	Rest of the World	+7.0%	+10.0%
	Global Businesses	+16.4%	+17.5%
Total		+2.0%	+4.3%

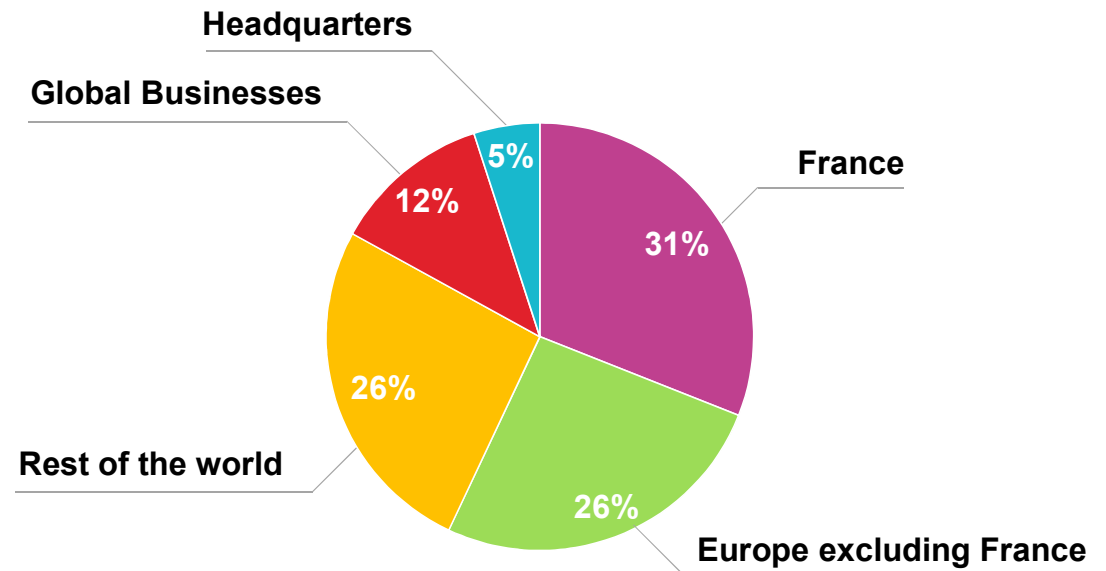
* Excluding IFRIC 12

Above-target cost savings achieved

2016-2018 cost savings plan

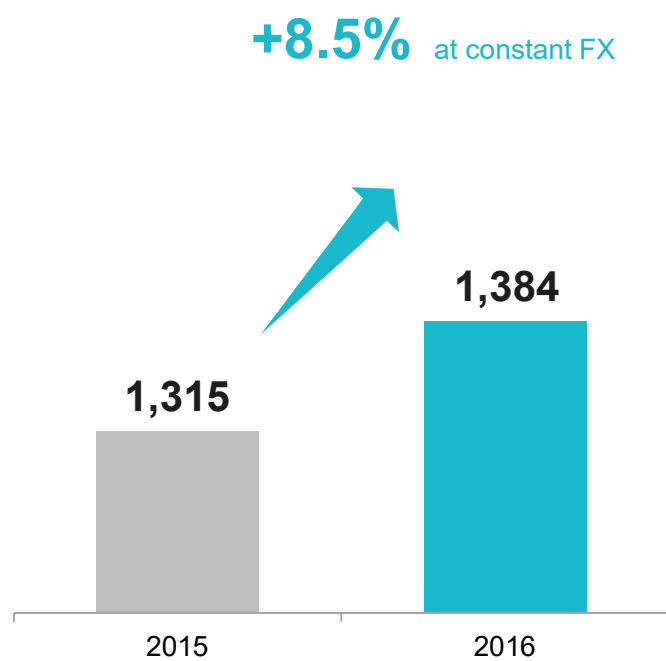
EBITDA Impact (€M)	2016-2018 cumulative objective	2016 objective	2016 actual
Gross savings	600	200	245

2016 gross savings: €245M

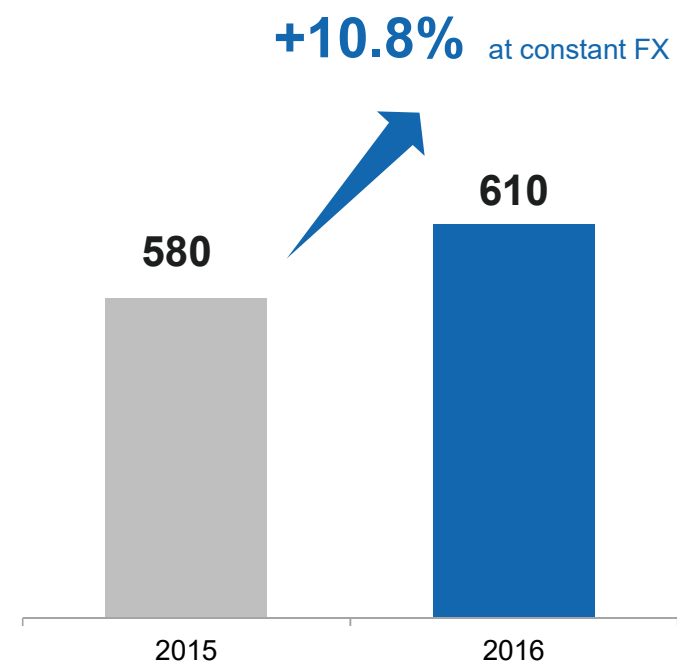


Strong growth in current results

Current EBIT* (in €M):



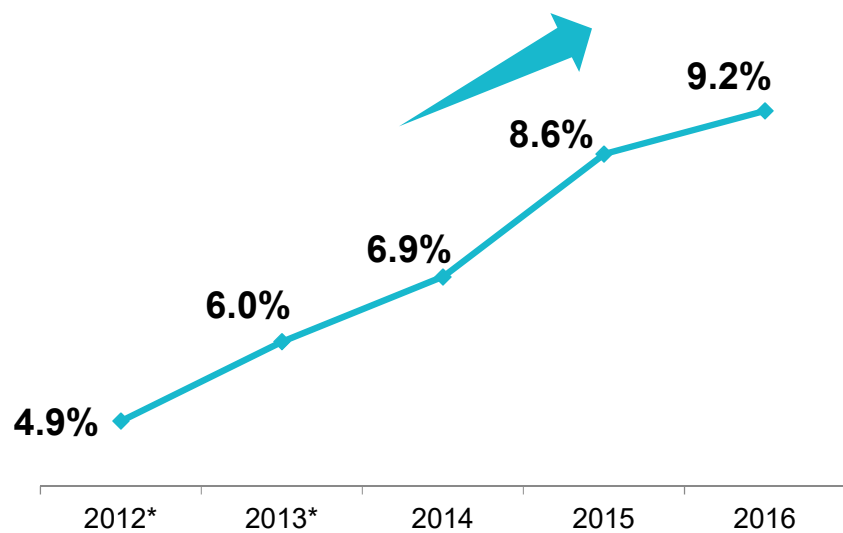
Current net income (in €M):



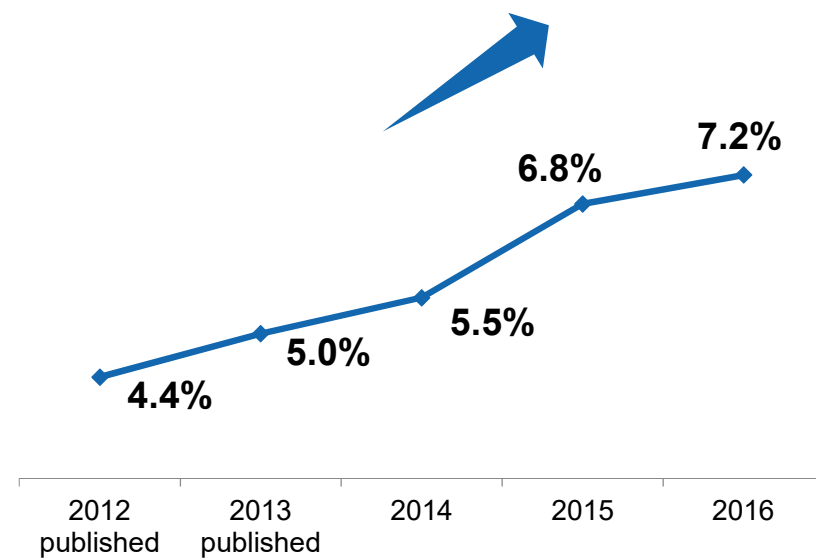
* Excluding IFRIC 12

Continued improvement in Group profitability

Pre-Tax ROCE



Post-tax ROCE



Operations were a source of strong cash generation

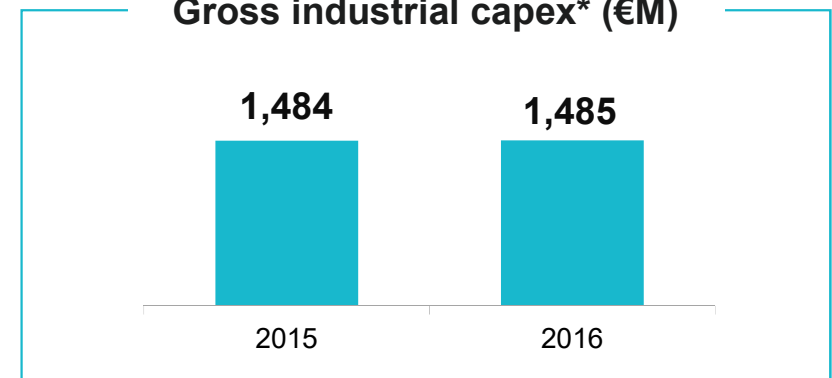
▶ Stable capex

- Stable maintenance and contractual capex
- Discretionary capex declined to €205M, related to the end of the PFI construction program in the UK, *replaced in 2016 by small acquisitions*

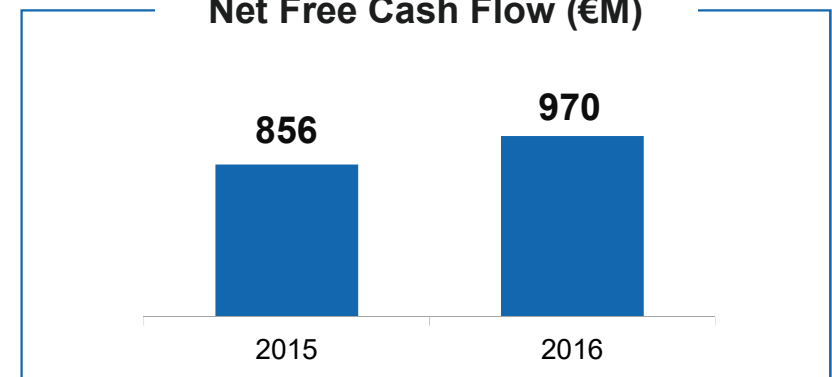
▶ Record net Free Cash Flow of €970M

- Increase in EBITDA* by €130M at constant FX
- Once again, a significant reduction in WCR of +€270M

Gross industrial capex* (€M)



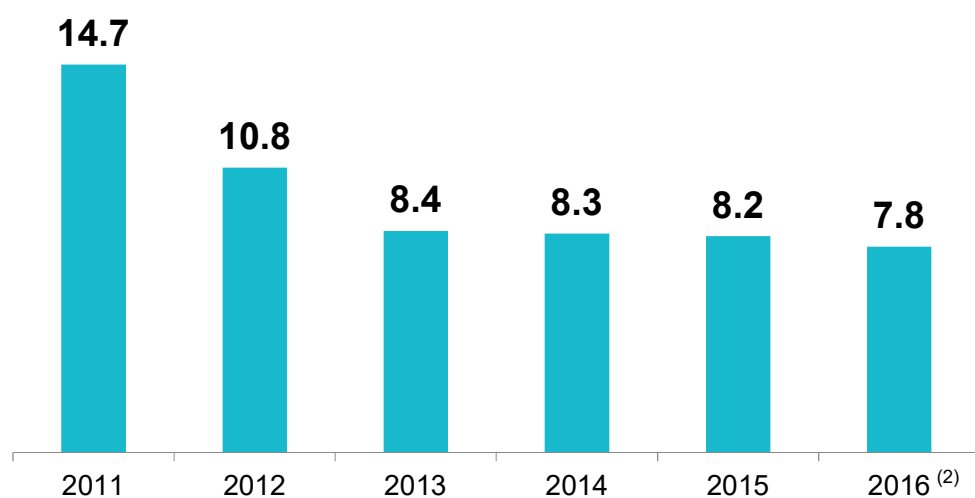
Net Free Cash Flow (€M)



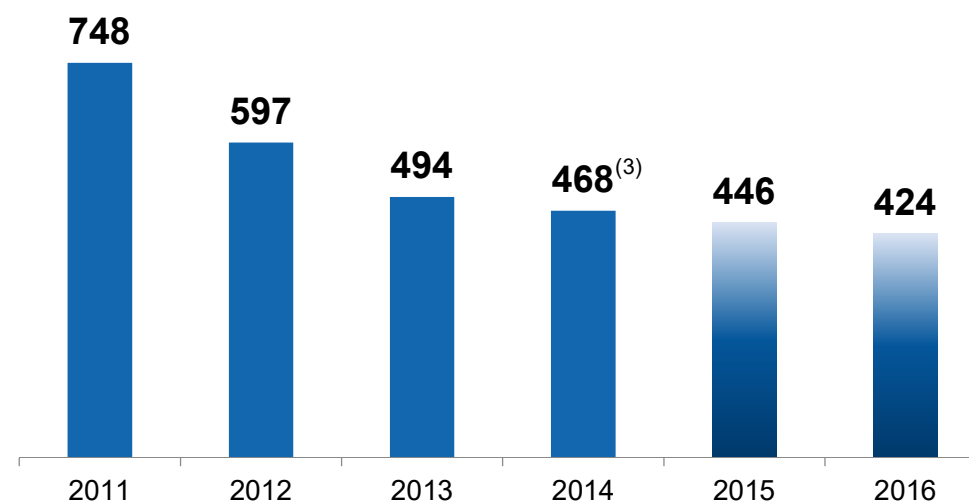
* Excluding IFRIC 12

Significantly lower debt and associated financial costs

Closing Net Financial Debt (€bn)



Cost of net financial debt⁽¹⁾ (€M)

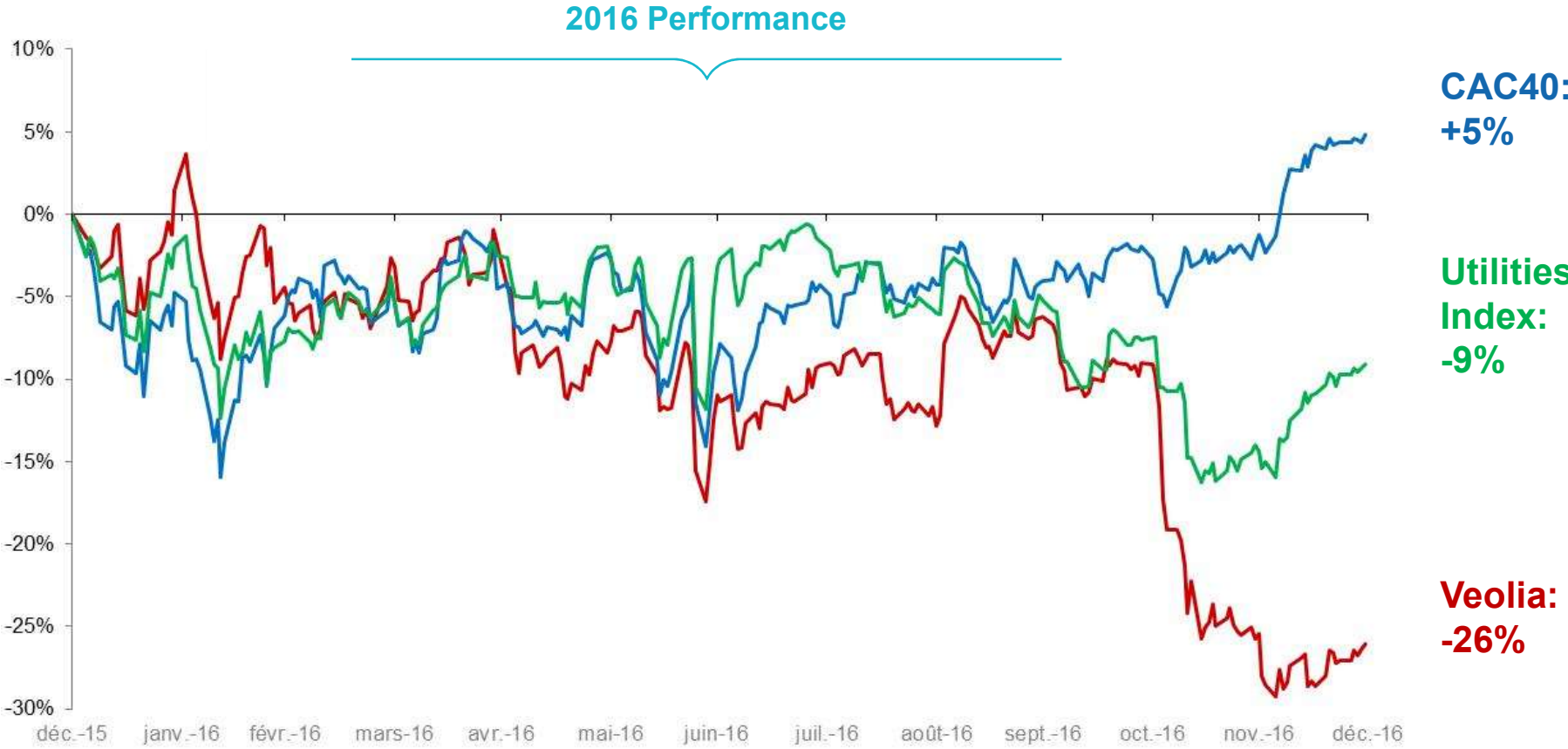


(1) Re-presented cost of net financial debt: Financial costs excluding discontinued operations and cost of bond buybacks

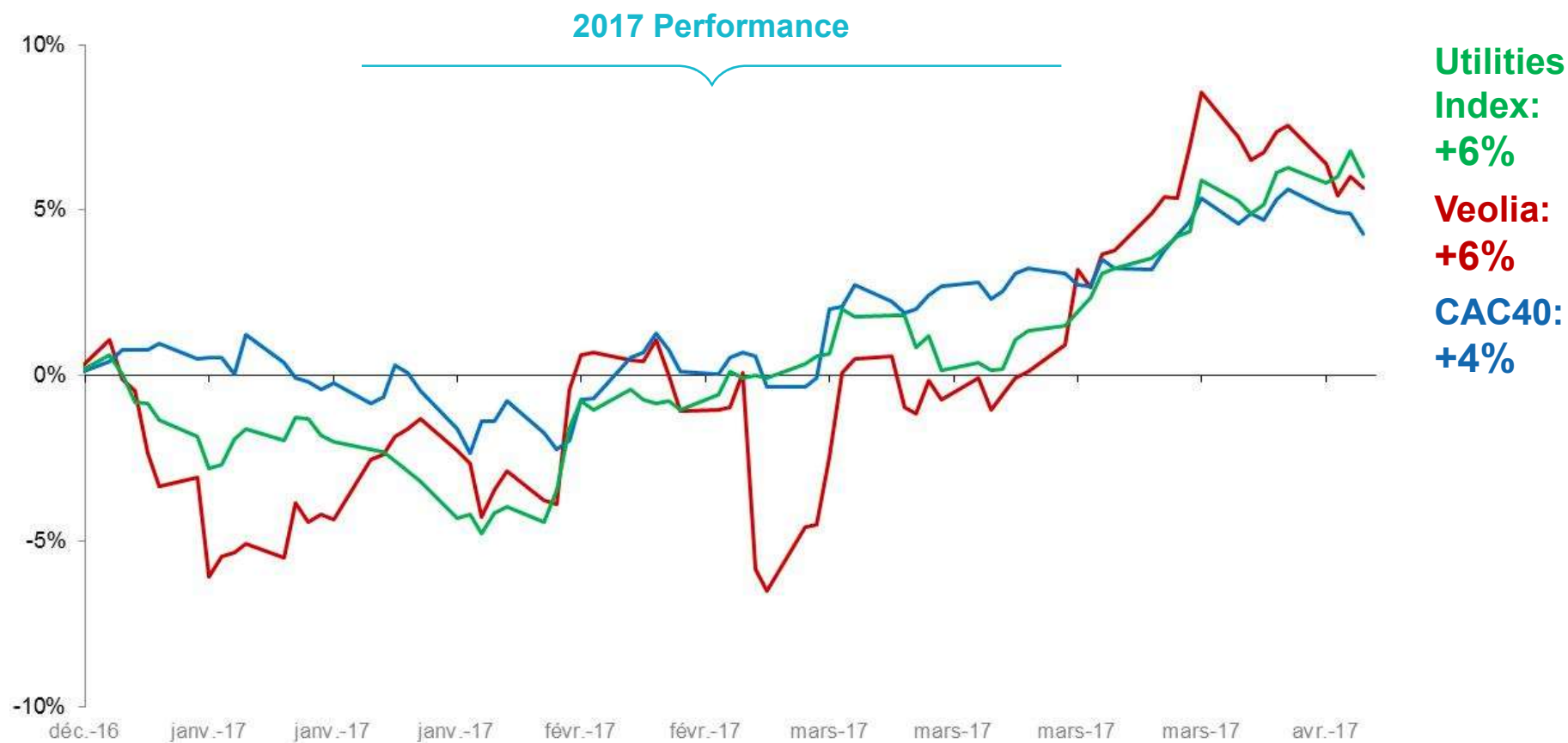
(2) Including positive exchange rate benefit of €279M

(3) On a pro forma basis in 2014: €494M

Despite a disappointing share price performance in 2016...

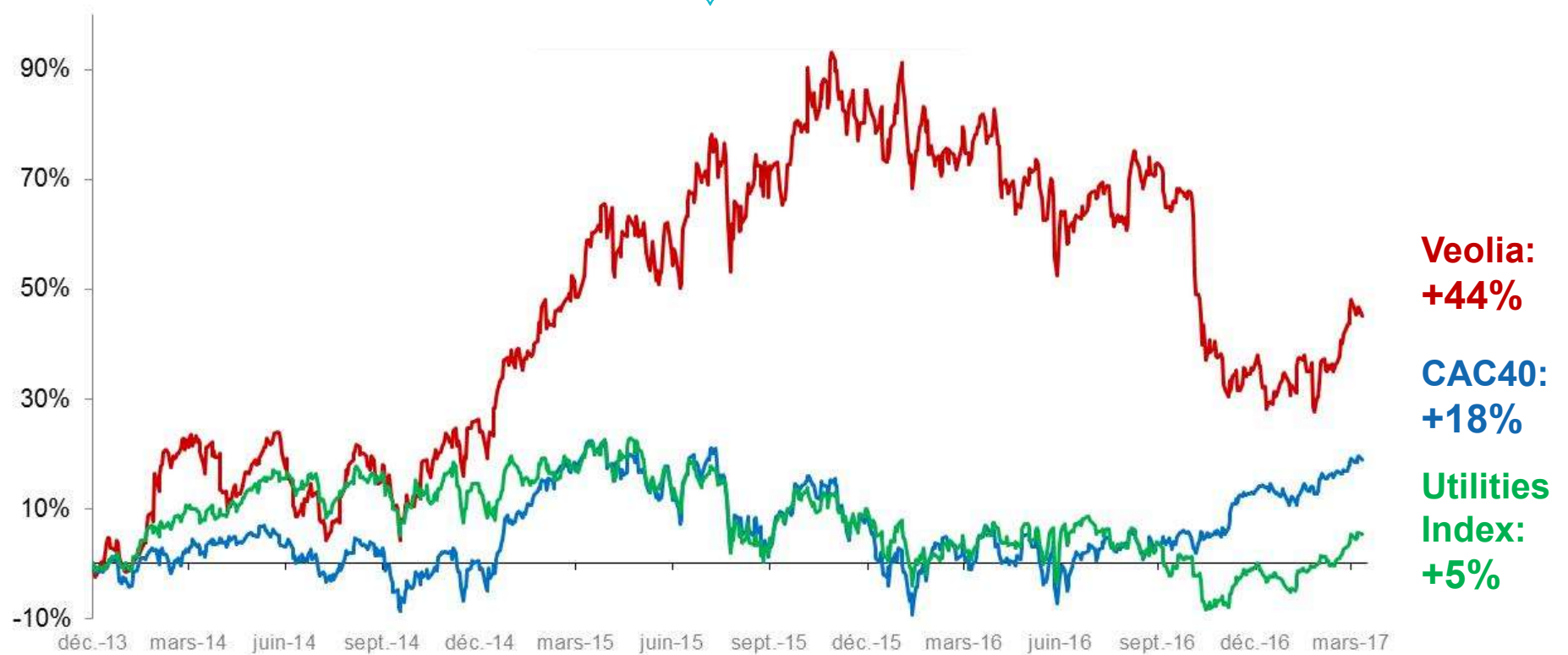


...Good share price performance at the beginning of the year...



...and net outperformance of Veolia shares over the past 3 years

Performance since January 2014



Medium-term outlook⁽¹⁾

- ▶ **2016: Results exceeded objectives: 10% dividend increase to €0.80 per share**
- ▶ **2017: A transition year**
 - *Resumption of revenue growth*
 - *Stable EBITDA, or moderate EBITDA growth*
 - *Increased efforts to reduce costs: more than €250M in cost savings*
- ▶ **2018:**
 - *Continuation of revenue growth*
 - *Resumption of more sustained EBITDA growth*
 - *More than €300M in cost savings*
- ▶ **2019 objective:**
 - *Continuation of revenue growth and full impact of cost savings*
 - *EBITDA between €3.3bn and €3.5bn (excluding IFRIC 12)⁽²⁾*

(1) At constant exchange rates

(2) Equivalent to € 3.4bn to € 3.6bn (excluding IFRIC 12) and before taking into account the unfavorable exchange rate impacts recorded in 2016

Dividend policy

- ▶ **2017 dividend increase of 10%**
with respect to the 2016 fiscal year of €0.80 per share, paid in cash
- ▶ **Outlook**
We expect to increase the dividend in line with net income

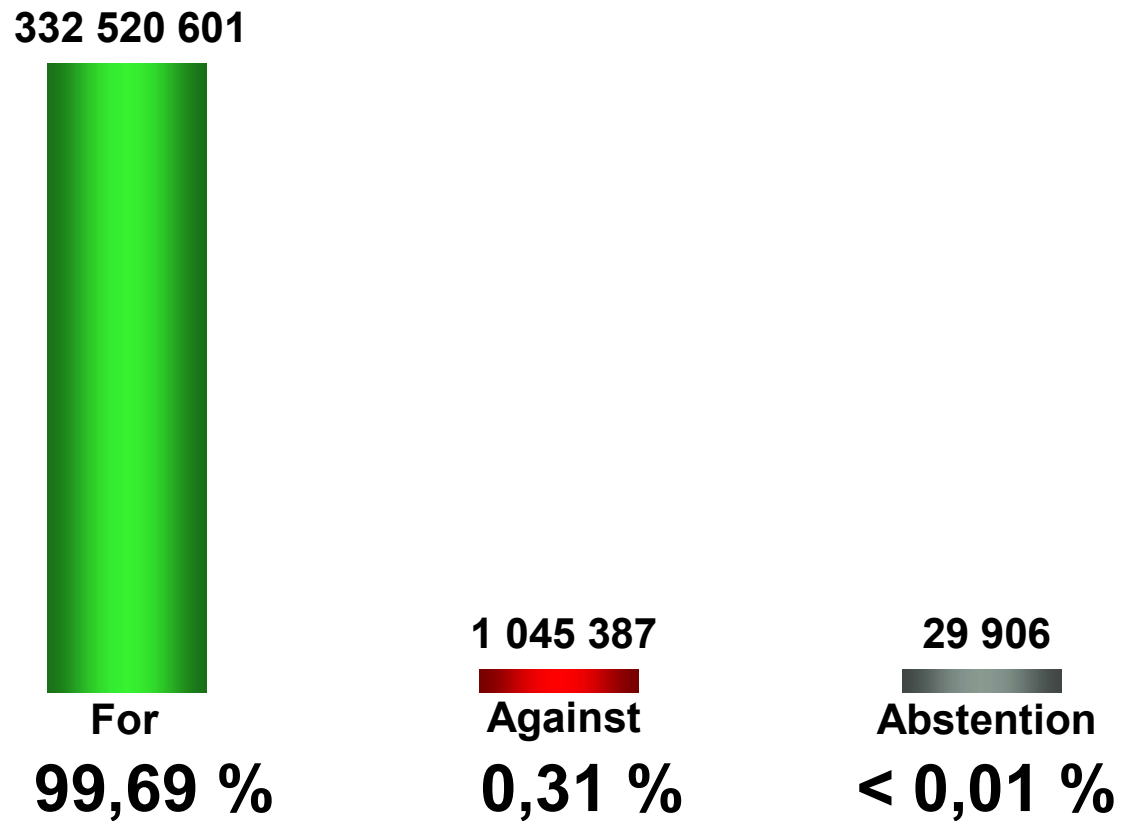
Vote on resolutions

FIRST RESOLUTION

- ▶ **Ordinary business**

Approval of the Company financial statements for fiscal year 2016

FIRST RESOLUTION



Which vote by post

For	181 998 124
Against	1 044 680

Carried

SECOND RESOLUTION

- ▶ **Ordinary business**

Approval of the consolidated financial statements for fiscal year 2016

SECOND RESOLUTION

332 512 220



For

99,68 %

1 055 581



Against

0,32 %

28 093



Abstention

< 0,01 %

Which vote by post

For 181 988 132

Against 1 054 672

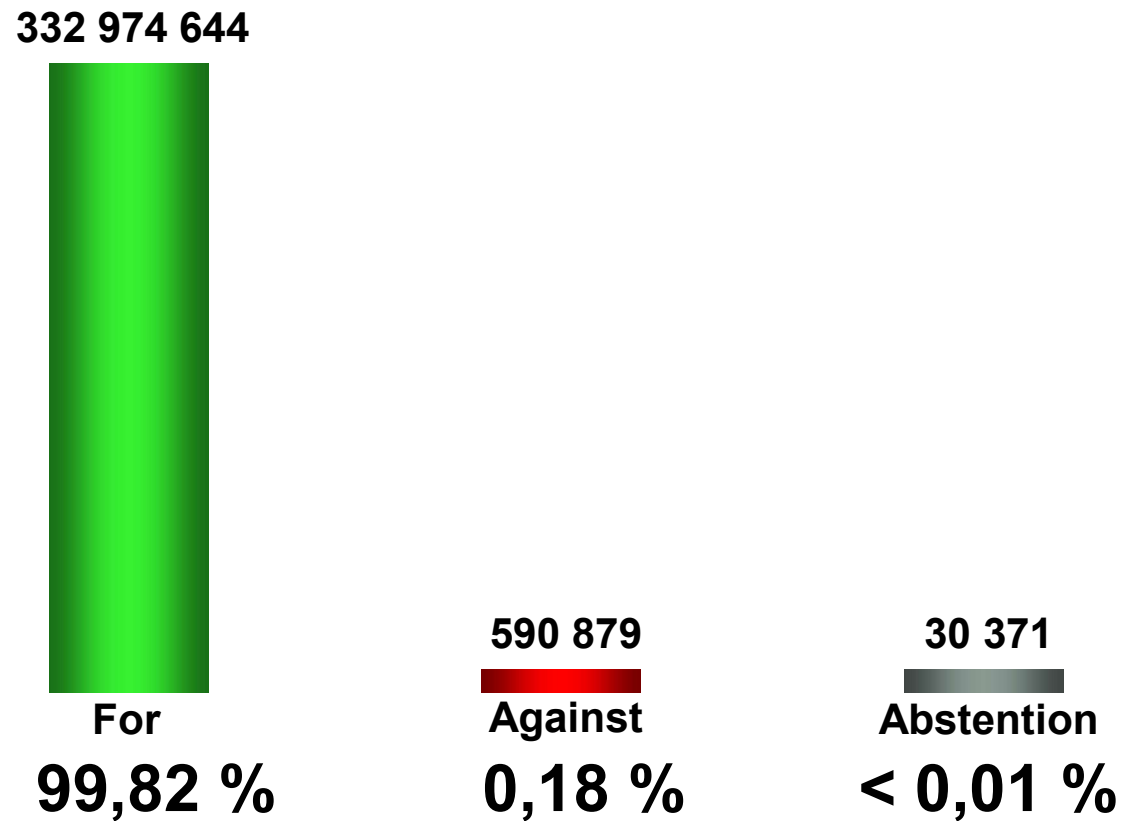
Carried

THIRD RESOLUTION

- ▶ **Ordinary business**

Approval of the expenses and charges referred to in Article 39.4 of the General Tax Code

THIRD RESOLUTION



Which vote by post

For	182 460 403
Against	582 401

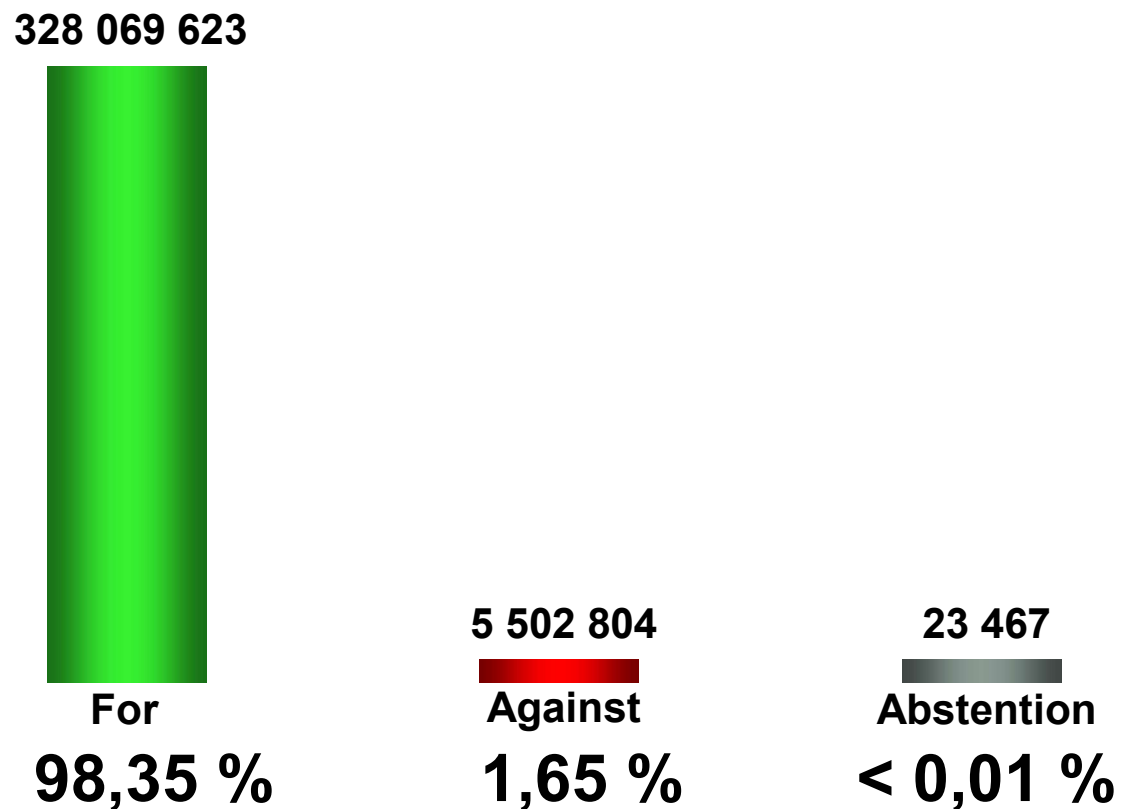
Carried

FOURTH RESOLUTION

- ▶ **Ordinary business**

Appropriation of net income for fiscal year 2016 and payment of the dividend

FOURTH RESOLUTION



Which vote by post

For	177 645 621
Against	5 397 183

Carried

FIFTH RESOLUTION

▶ Ordinary business

Approval of regulated agreements and commitments

- In connection with fiscal year 2016, the agreement referred to in the special report of the statutory auditors relates to a **Memorandum of Understanding** (MOU) authorized on July 29, 2016 by the Board of Directors **to negotiate and enter into agreements** by and between Veolia Environnement and Caisse des dépôts et consignations. The definitive agreements related to this MOU were closed at the end of 2016. This MOU mainly relates to agreements on (1) Veolia's withdrawal from Transdev Group share capital and (2) the subscription by Veolia Environnement of commitments relating to Société Nationale Maritime Corse Méditerranée (SNCM), currently in liquidation.

FIFTH RESOLUTION

259 953 381



For

92,36 %

21 467 541



Against

7,63 %

29 834



Abstention

0,01 %

Which vote by post

For 161 581 275

Against 21 461 529

Carried

SIXTH RESOLUTION

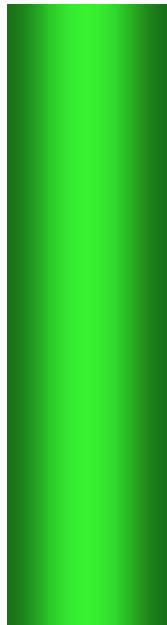
▶ **Ordinary business**

Renewal of the term of office as director of Caisse des dépôts et consignations, represented by Mr. Olivier Mareuse



SIXTH RESOLUTION

330 761 452



For

99,15 %

2 197 750



Against

0,66 %

636 692



Abstention

0,19 %

Which vote by post

For 180 867 022

Against 2 175 782

Carried

SEVENTH RESOLUTION

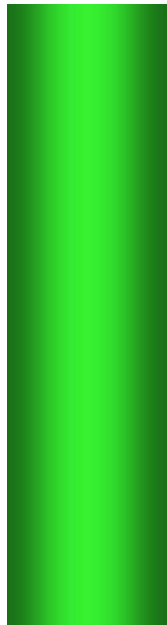
▶ **Ordinary business**

Renewal of the term of office as director
of Mrs. Marion Guillou



SEVENTH RESOLUTION

331 431 802



For

99,35 %

2 130 002



Against

0,64 %

34 090



Abstention

0,01 %

Which vote by post

For 180 923 621

Against 2 119 183

Carried

EIGHTH RESOLUTION

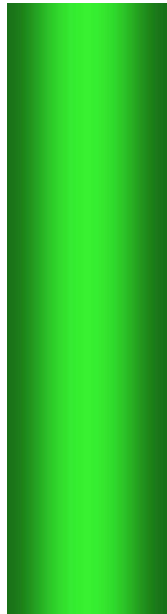
▶ **Ordinary business**

Renewal of the term of office as director
of Mr. Paolo Scaroni



EIGHTH RESOLUTION

324 888 424



For

97,39 %

8 552 285



Against

2,56 %

155 185



Abstention

0,05 %

Which vote by post

For 174 507 837

Against 8 534 967

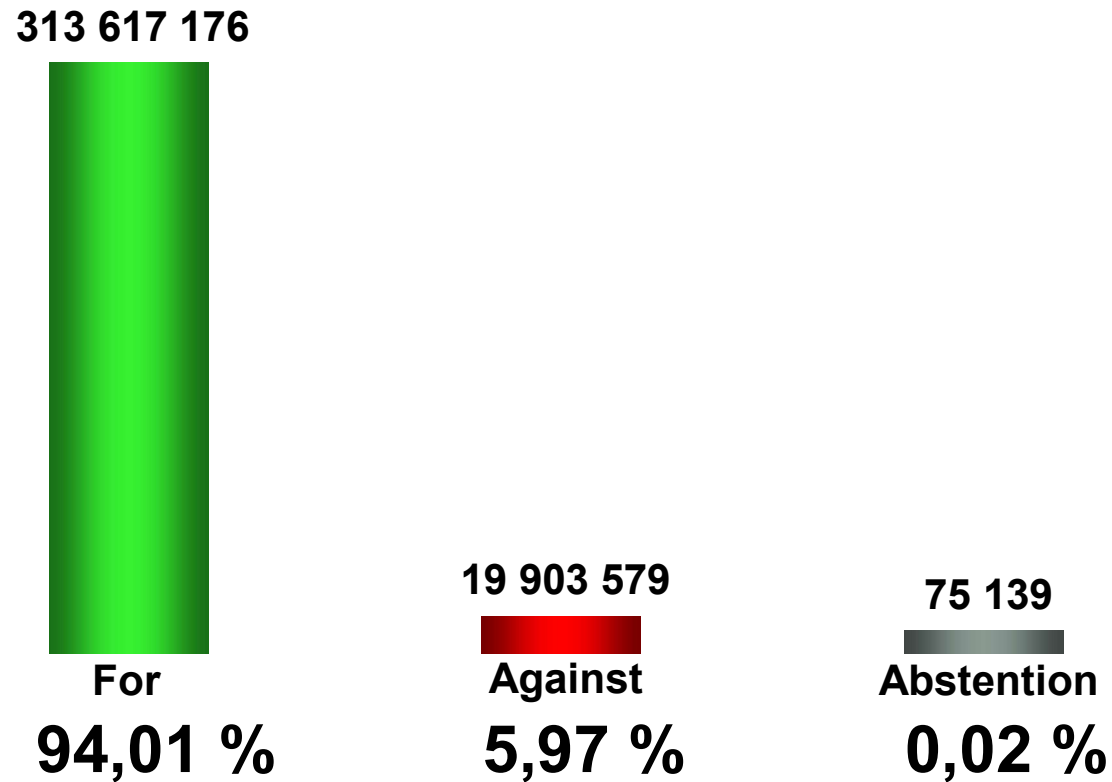
Carried

NINTH RESOLUTION

- ▶ **Ordinary business**

Renewal of the term of office of a principal statutory auditor:
Ernst & Young et autres

NINTH RESOLUTION



Which vote by post

For	163 820 718
Against	19 222 086

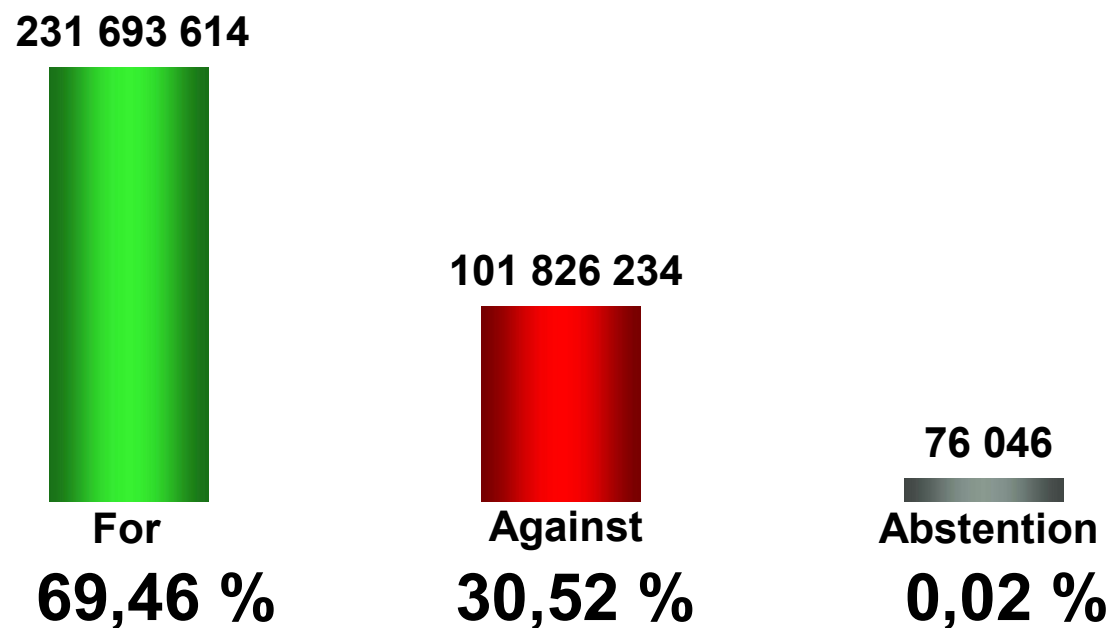
Carried

TENTH RESOLUTION

▶ **Ordinary business**

Approval of the principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components of total compensation and benefits of all kinds that may be awarded to the Chairman and Chief Executive Officer in respect of fiscal year 2017

TENTH RESOLUTION



Which vote by post

For	81 904 854
Against	101 137 950

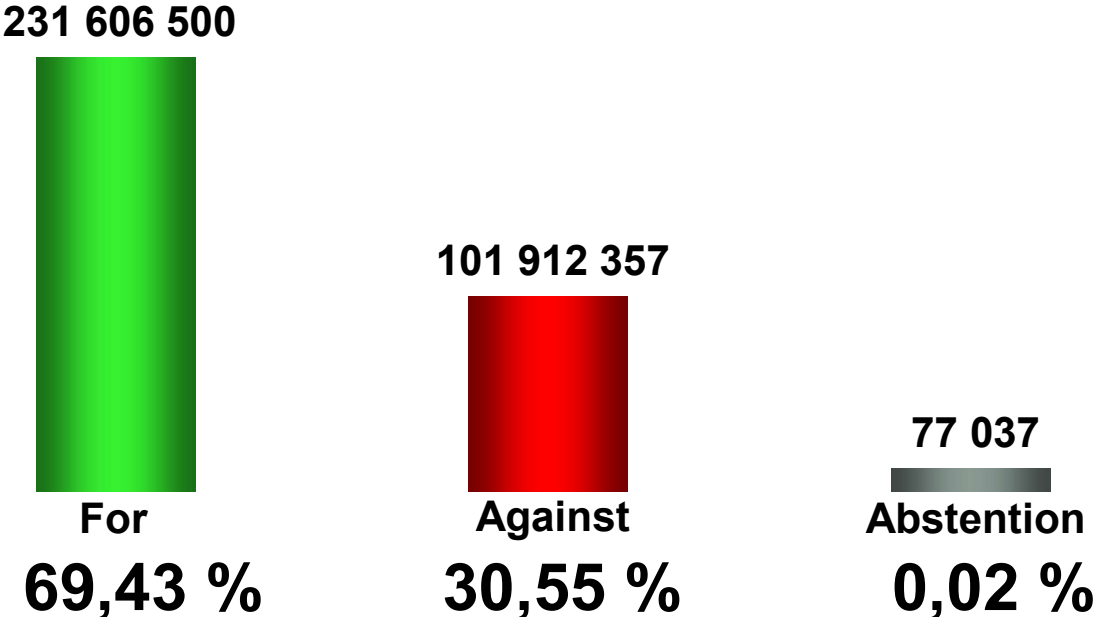
Carried

ELEVENTH RESOLUTION

▶ **Ordinary business**

Advisory vote on the compensation paid or payable in respect of fiscal year 2016 to Mr. Antoine Frérot, Chairman and Chief Executive Officer

ELEVENTH RESOLUTION



Which vote by post

For	81 756 748
Against	101 286 056

Carried

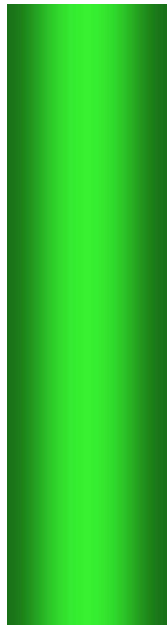
TWELFTH RESOLUTION

- ▶ **Ordinary business**

Authorization to be given to the Board of Directors to trade in the Company's shares

TWELFTH RESOLUTION

329 048 453



For

98,64 %

4 475 020



Against

1,34 %

72 421



Abstention

0,02 %

Which vote by post

For 178 592 123

Against 4 450 681

Carried

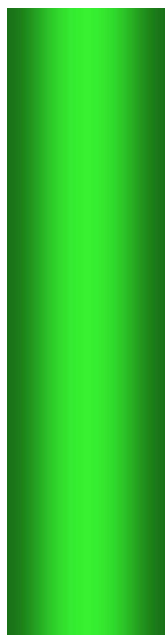
THIRTEENTH RESOLUTION

- ▶ **Ordinary business**

Ratification of the transfer of the Company's registered office

THIRTEENTH RESOLUTION

332 918 407



For

99,80 %

597 407



Against

0,18 %

80 080



Abstention

0,02 %

Which vote by post

For 182 456 399

Against 586 405

Carried

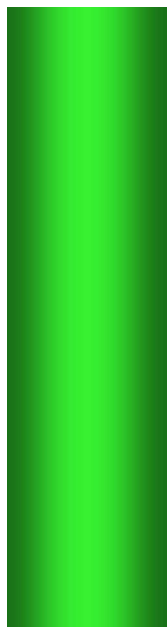
FOURTEENTH RESOLUTION

- ▶ **Extraordinary business**

Amendments to the Articles of Association regarding the term of office of the Vice-Chairman

FOURTEENTH RESOLUTION

329 477 751



For

98,77 %

4 028 142



Against

1,21 %

71 529



Abstention

0,02 %

Which vote by post

For 179 669 038

Against 3 355 381

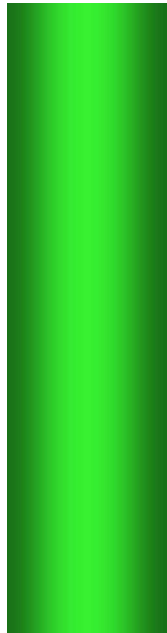
Carried

FIFTEENTH RESOLUTION

- ▶ **Ordinary and Extraordinary business**
Powers to carry out formalities

FIFTEENTH RESOLUTION

332 912 879



For

99,80 %

584 067

Against

0,18 %

80 476

Abstention

0,02 %

Which vote by post

For 182 446 553

Against 577 866

Carried