2020 Annual Results

Claude Laruelle, CFO

2020, AN EXCEPTIONAL AND HISTORICAL YEAR FOR VEOLIA

1. Absolute priority given to **health and safety** of all our employees and clients
2. Continued providing of all our **essential services** at the peak of the crisis and **strong resilience of most of our businesses**
3. **Sharp rebound of the most impacted activities** (works, industrial waste and industrial services) as from June
4. Launch of **adaptation measures at the very beginning of the crisis**, with in particular the doubling of our cost savings plan to €**550M**
5. Recovery of our 2019 activity level as from the 3rd quarter, and back to growth in Q4, ahead of schedule
6. Despite sanitary crisis, **all the priorities of our strategic Plan Impact 2023** have been maintained , notably growth capex
7. **Launch of the Suez-Veolia combination,** to create the world champion of the ecological transformation: acquisition of 29.9% of the capital of Suez from Engie on October 6th 2020, and filing of our tender Offer on February 8th 2021
8. **Preserved financial robustness** : net financial debt down excluding financial acquisitions

2020 RESULTS AHEAD OF TARGET

Q4 Results ahead of objective: after a strong rebound in Q3, **Q4 2020 above Q4, 2019** despite 2nd wave of COVID in Europe, thanks to our **resilient business model** and our **adaptation measures**

	Q4 performance(1)	*Q3 performance(1)*
✔ **Revenue**	**+0.9%**	**-0.6%**
✔ **EBITDA**	**+4.2%**	**+1.7%**

Solid FY 2020 key figures

✔ **Revenue**	**€26 010M**
✔ **EBITDA**	**€3 641M**
✔ **Current EBIT**	**€1 275M**
✔ **Current Net income**	**€415M**

✔ **Strong FCF of €507M, including increased discretionary growth capex**

(1)At constant forex

AFTER THE COVID OUTBREAK
Q3 REBOUND CONTINUED IN Q4

Q4 REVENUE UP +0.9% AND Q4 EBITDA UP +4.2% AT CONSTANT FX

	2019				2020			
Revenue growth at constant FX	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
France	+2.8%	+5.0%	+0.5%	+0.1%	-3.1%	-16.1%	+0.8%	+2.5%
Europe excl. France	+4.7%	+7.2%	+4.1%	+1.1%	+1.1%	-6.7%	+0.8%	+5.3%
Rest of the World	+6.6%	+9.0%	+9.0%	+10.0%	+2.1%(1)	-4.4%(1)	-3.0%(1)	-1.5%(1)
Global Businesses	+4.7%	+2.6%	-0.2%	-2.6%	-3.6%	-20.8%	+3.1%	-0.1% (+2.0% organic)
TOTAL	**+4.8%**	+6.3%	**+3.8%**	**+2.6%**	**-1.3%**	**-11.0%**	**-0.6%**	**+0.9%**
EBITDA growth at constant FX	**+3.8%**	+7.3%	**+4.3%**	**+3.0%**	**-5.3%**	**-33.9%**	**+1.7%**	**+4.2%**

BACK TO REVENUE GROWTH IN Q4 : +0.9%(2)

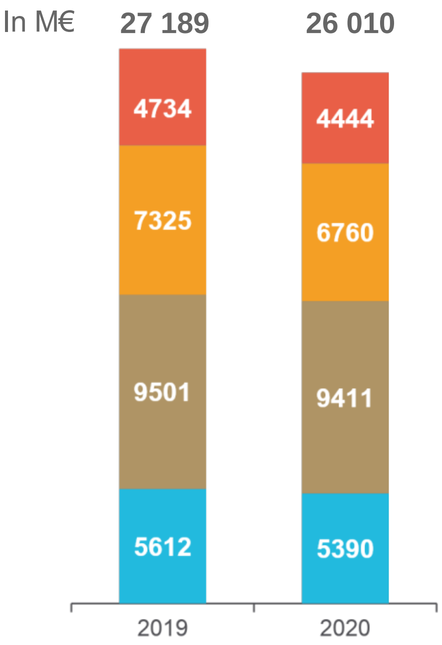
- **French water : resilient. Revenue up +2.5% in Q4**
- **French Waste : Revenue +2.5% in Q4** thanks to tariff increases, more than offsetting lower volumes due to 2nd wave of sanitary crisis
- **Rest of Europe: Revenue back up strongly (+5.3%[2])** notably in **Central & Eastern Europe** thanks to increased tariffs, and integration of new assets. **Germany** back to 2019 activity level.
- **Rest of the World :** *Asia/Pacific* activity back to 2019 levels. **China Q4 revenue up 4.1%[2]** . *North America* : recycling still penalized by lower refining output and demand. *Africa Middle East* : back to normal
- **Global Businesses**: continued recovery of Hazardous Waste Europe and of construction back to normal

OPERATING LEVERAGE RECOVERY: Q4 EBITDA UP +4.2%(2) thanks to strong efficiency and adaptation measures

(1)At constant scope and FX
(2)At constant FX

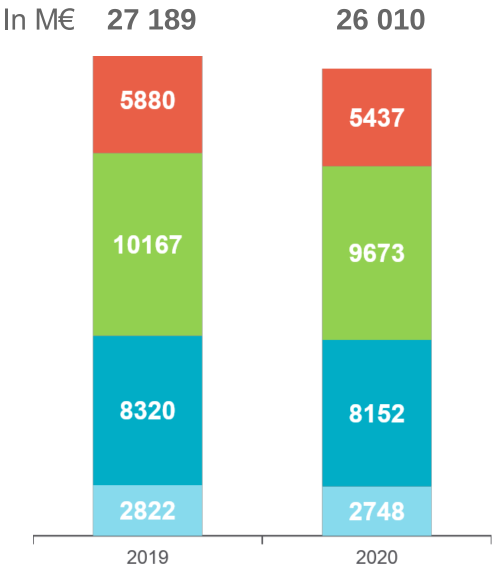
REVENUE OF €26 010M, -2.5% AT CONSTANT SCOPE AND FX

ANALYSIS BY SEGMENT



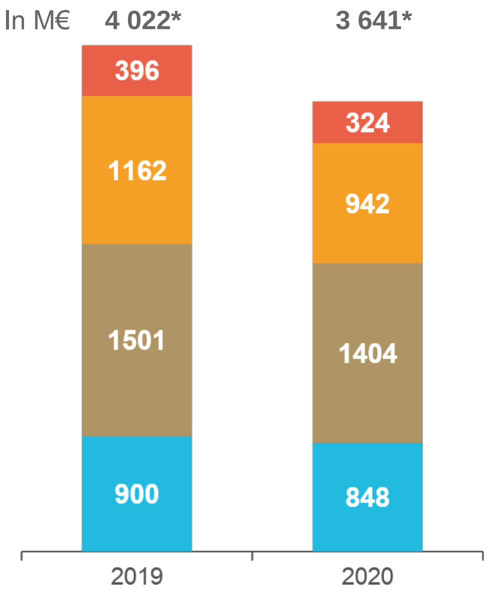
Variations vs.2019	Variation	Δ At constant FX	Δ At constant scope and FX
Global business	-6.1%	-5.3%	-5.2%
Rest of the World	-7.7%	-4.5%	-1.7%
Europe excl. France	-0.9%	+0.4%	-0.8%
France	-3.9%	-3.9%	-3.9%
Total	**-4.3%**	**-2.9%**	**-2.5 %**

REVENUE OF €26 010M, -2.5% AT CONSTANT SCOPE AND FX
ANALYSIS BY BUSINESS



Variations vs. 2019	Variation	Δ At constant FX	Δ At constant scope and FX
Energy	-7.5%	-5.8%	-2.0%
Waste	-4.9%	-3.2%	-4.1%
Water	-2.0%	-1.0%	-1.5%
Technology & Construction	-2.7%	-1.2%	-0.8%
Total	**-4.3%**	**-2.9%**	**-2.5%**

EBITDA OF €3 641M
-7.1% AT CONSTANT SCOPE AND FOREX



Variations vs.2019	Variation	Δ At constant FX	Δ At constant scope and FX
Global business	-18.1%	-18.1%	-17.3%
Rest of the World	-18.9%	-16.0%	-10.1%
Europe excl. France	-6.5%	+4.9%	-7.2%
France	-5.8%	-5,8%	-5.8%
Total	**-9.5%**	**-8.0%**	**-7.1%**

*Incl. other : €64M in 2019 and €123M in 2020

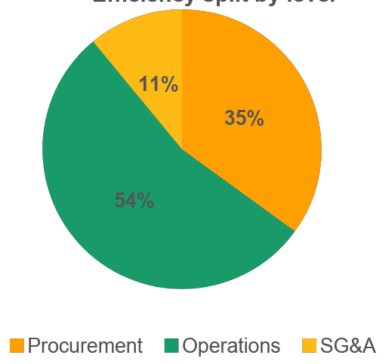
COST CUTTING PLAN MORE THAN DOUBLED
€550M ACHIEVED IN 2020

1.Recurring Efficiency program €278M

2. Recover & Adapt Plan €272M

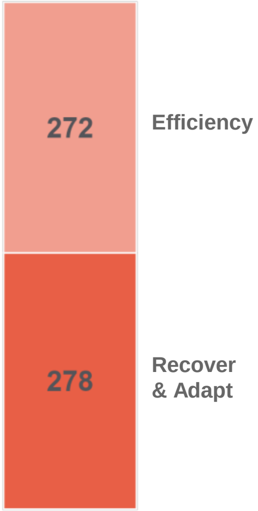
TOTAL 2020 COST CUTTING €550M

Efficiency split by lever



Leverage from acceleration of our digital roadmap

- Procurement : opportunities seized
- Maintenance adapted to reduced activity
- G&A : travel reduced to minimum, digitalised events, external recruitment freeze
- Internalisation
- Paid furlough, reduction of Extra Hours and Temporary Labor



SOLID FINANCIALS: BETTER THAN EXPECTED FCF, INCLUDING INCREASED DISCRETIONARY GROWTH CAPEX

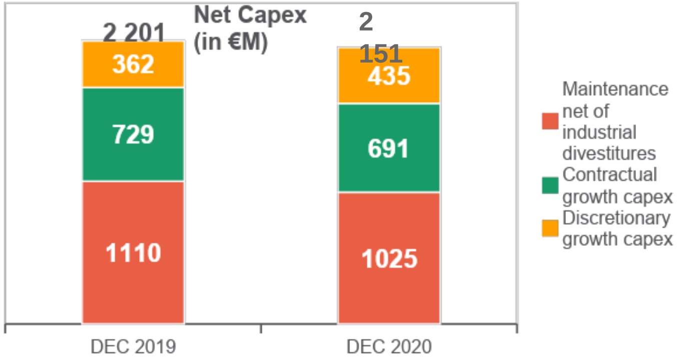
Net industrial Capex of €2 151M, vs. €2 201M

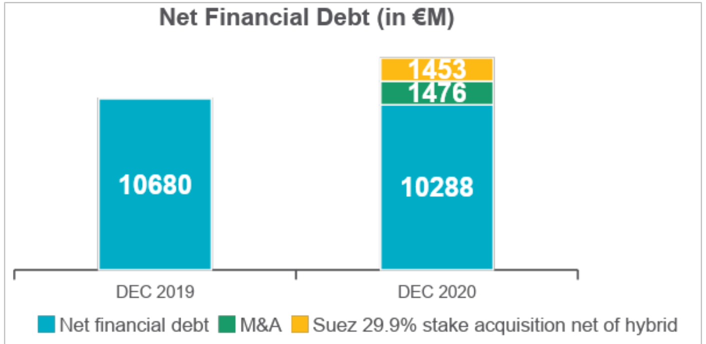
- Optimization of maintenance capex down 8% to €1 025M
- Growth contractual capex down 5% to €691M
- Discretionary growth capex of €435M up 20%

Net Free Cash Flow(1) of +€507M vs. +€868M in 2019: EBITDA decrease partially offset by net capex reduction and control of WCR

Net financial debt of €13 217M, vs. €10 680M in Dec. 2019

- Due to net financial acquisitions of -€1 476M and the buy-out of the 29.9% stake in Suez net of hybrid issuance for -€1 453M
- Excluding M&A, net financial debt of €10 288M, down €392M vs. 2019





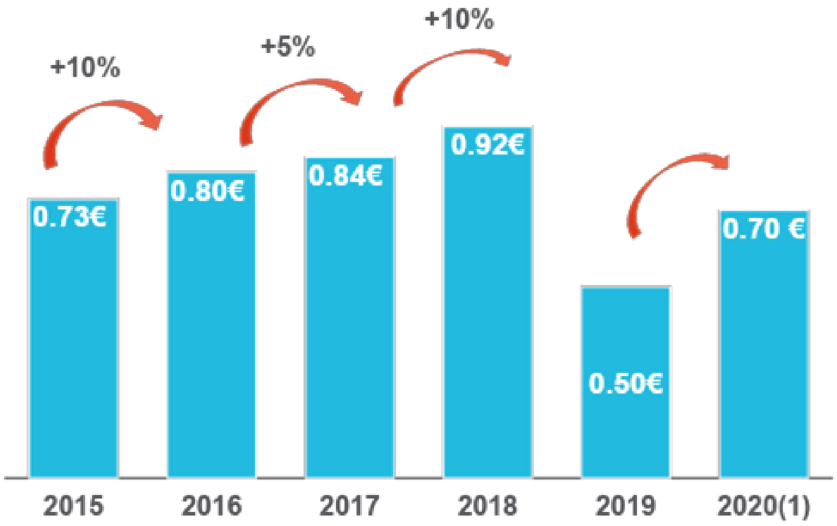
(1) Net free cash flow corresponds to the free cash flow of continuing operations, i.e. the sum of EBITDA, dividends received, operating cash flow from financing activities, and the variation of operating working capital, less all net industrial investments, net interest expense, tax expense, restructuring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

PROGRESSIVE RECOVERY OF OUR PRE-CRISIS DIVIDEND POLICY:
DIVIDEND 2021 OF €0.70, AFTER €0.50 IN 2020

- **Dividend 2019:** given the exceptional circumstances, 2019 dividend was reduced to €0.50 per share

- **Dividend 2020:** Veolia's rebound since H2 2020 as well as the prospects of strong results growth in 2021 allow us to propose a sharply increased 2020 dividend of **€0.70 per share**

- **Dividend 2021:** objective to recover our pre-crisis dividend policy



(1) Subject to approval of the AGM of April 22, 2021

CONTINUED IMPROVEMENT OF OUR ESG PERFORMANCE IN 2020

Highlights on 4 objectives (other than economic and financial)

	Client	Planet	Employees	Society
Objective	**Customer and consumer satisfaction**	**Combating climate change**	**Employee commitment**	**Access to essential services (water and sanitation)**
KPI	Net Promoter Score	Progress of the investment plan to phase out coal in Europe by 2030	Rate of engagement of employees, measured through an independent survey	Number of inhabitants benefiting from inclusive measures for access to water and sanitation within contracts with Veolia
Target	2022: Net Promoter Score approach deployed in 10 major BUs, with **NPS score > 30**	**30 %** of the investments planned, achieved by **2023** (~€ 400 m)	**> 80 %** over the plan duration	By **2023 : +12 %** vs. 2019
Achieved in 2020	Net Promoter Score implemented in 28 BUs **Average NPS Score: 41**	**9%** of the investments planned, achieved at end **2020 (€ 104m cumulated)**	**87 %**	**+7 %**
	On track	**On track**	**On track**	**On track**

2021 GUIDANCE

Despite expected continued impact of COVID beginning of 2021 VEOLIA will more than offset 2020 and deliver strong results growth in 2021

Revenue : above 2019 level

EBITDA growth[1] >+10% vs. 2020 : 2021 EBITDA expected above €4bn

- Recovery of operating leverage
- €350M of cost cutting: €250M recurring efficiencies +€100M Recover & Adapt complementary gains

Net debt to decrease in 2021 to below €12bn, and leverage ratio <3.0x

Dividend policy

- Proposed 2020 dividend of €0.70
- Objective to recover the pre-crisis dividend policy in 2021

(1)At constant FX

MEDIUM TERM OUTLOOK
OUR STRATEGIC CHOICES REMAIN VALID (1/2)

Done end 2020

Targeted in 2021

	Accelerate	Optimize	Reduce
WATER	Torrepet - Espagne Lux	• Optimization of our existing portfolio and repositioning of our offering • Seize new opportunities in some countries BARREL/ Aquavista • Sale of technologies, packaged solutions and associated services	• Activities with insufficient growth prospects Sale of SADE Telecom • Construction activities
WASTE	• Recycling (plastics, RDF, organic waste...) OSIS • HAZARDOUS waste : all geographies with favorable regulation Alcoa USA Incineration Chine Singapour, Sadara	• Collection and treatment of industrial solid waste • Treatment (landfills, incineration) in favorable geographies Prague Rive Droite, Budapest, Braunschweig RDF projects: Germany, UK, Poland	• Municipal waste collection with no treatment Divestiture of municipal collection in Singapore and increased selectivity in France Divestiture of TNAI
ENERGY	New energy efficiency PPP in Italy • Upscale our activities in existing geographies BASF- Neste-Borealis (Finland) Solvay	• Heating networks, without coal, and optimization of capital employed • New services to electric networks Actility - Belgium	• District Heating in the US • Low value added services such as Facility Management • Geographies where our local market share will remain low
Industrial Services	• Circular economy, industrial water, energy efficiency, utility management		• Industrial cleaning

MEDIUM TERM OUTLOOK
OUR STRATEGIC CHOICES REMAIN VALID (2/2)

Guidance 2021[1]:

- ➢ Back to pre-crisis performance with Revenue and EBITDA above 2019

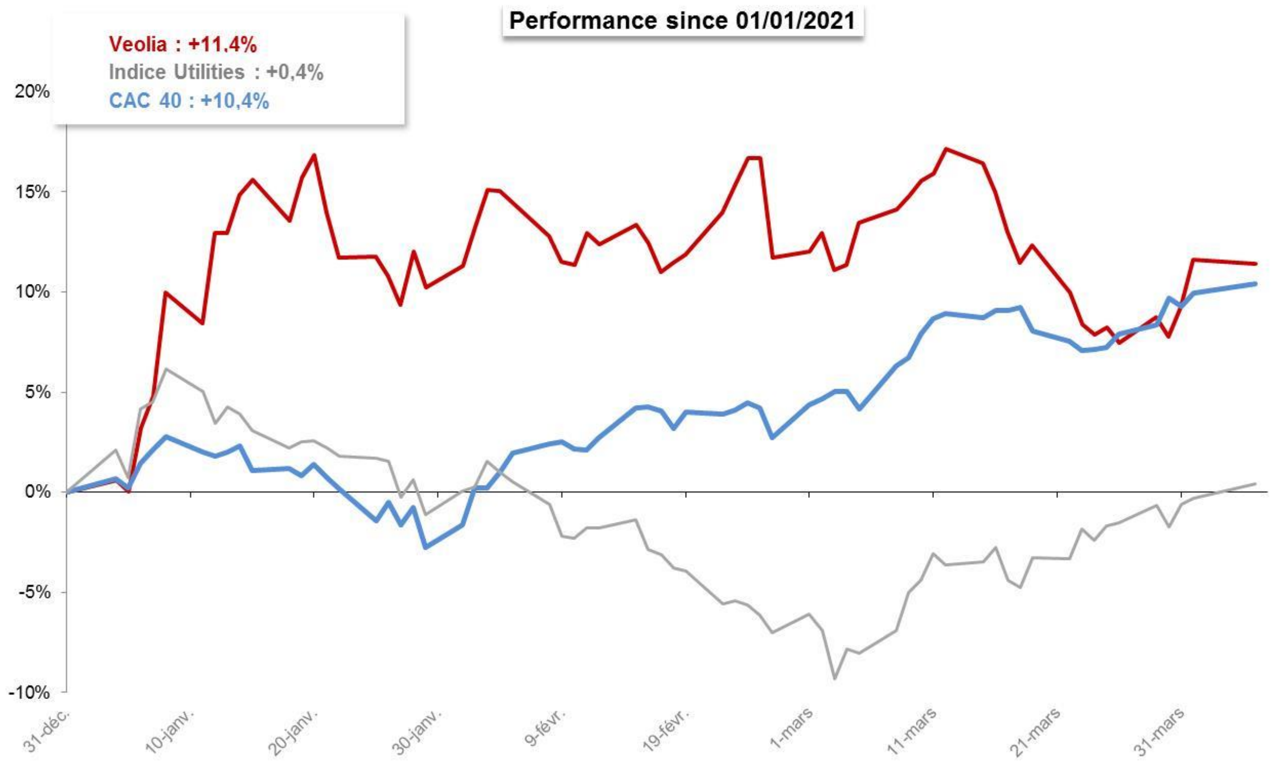
Medium term guidance

- ➢ The strategic choices included in Impact 2023 remains fully relevant.
- ➢ The strategic plan Impact 2023 financial targets to be roughly delayed by one year[2]

Combination with Suez will enable to reinforce and accelerate our strategic plan Impact 2023 in order to create the world champion of the ecological transformation

(1) At constant FX
(2) Before the full integration of Suez

STOCK PERFORMANCE
SINCE JANUARY 2021



Veolia : +11%

CAC40 : +10%

Indice Utilities : 0%

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