VEOLIA

Press Release

Paris, February 21, 2019

2018 ANNUAL RESULTS[1]

ANOTHER YEAR OF STRONG GROWTH OF REVENUE AND RESULTS - 2019 OBJECTIVES FULLY CONFIRMED

- **REVENUE:**
  - **+6.5%[2] AND +4.7% LIKE-FOR-LIKE TO €25,911 MILLION**
  - **THE RHYTHM OF GROWTH OF THE FIRST NINE MONTHS CONTINUES IN THE FOURTH QUARTER AT 6.4% [2]**
- **EBITDA:**
  - **GROWTH OF +7.3%[2] TO €3,392 MILLION**
  - **+8.4%[2] IN THE FOURTH QUARTER**
- **€302 MILLION OF COST SAVINGS ACHIEVED IN 2018, IN LINE WITH THE GROUP'S OBJECTIVE**
- **CURRENT EBIT:**
  - **GROWTH OF +9.7%[2] TO 1,604 MILLION**
- **CURRENT NET INCOME – GROUP SHARE :**
  - **AN INCREASE OF +14.7%[2] EXCLUDING CAPITAL GAINS TO €675 MILLION**
- **PROPOSAL TO INCREASE THE DIVIDEND BY 10%, TO €0.92 PER SHARE**
- **2019 OBJECTIVES FULLY CONFIRMED**

Antoine Frérot, Veolia's Chairman & CEO commented*: "2018 was a new year of acceleration for Veolia, with revenue and results both demonstrating clear growth. Sales growth increased by 6.5%, even stronger than the previous year, and current net income jumped by 14.7% [2]. Our strategy's success is being confirmed year after year. It is founded on our commercial momentum, combined with a strict discipline of operational efficiency and cost reduction. This performance is being achieved in all of our activities and geographies, a testament to the pertinence and coherence of our choices, of our capacity to capture the best opportunities for profitable growth, as well as our ability to compete in the marketplace. Our perspectives remain favorable. 2019 should be another year of sustained growth. Taking into account the effect of exchange rate variations, our objectives are therefore fully confirmed at the higher end of the initially communicated range."*

[1] Results in the course of audit
[2] At constant exchange rates
At current consolidation scope and exchange rates : Revenue up by +4.4%, EBITDA growth of 5.4%, Current EBIT up by 7.1%, Current Net Income group share up by 10%, and up by 11.8% excluding capital gains.

- **Revenue of €25,911 million compared to €24,818 million in 2017 represented, a sustained growth of 4.4% at current exchange rates, of +6.5% at constant exchange rates and of 4.7% at constant scope and exchange rates.**

  Unfavorable exchange rate variation negatively impacted revenue growth by 2.1% in 2018 (-€530 million).

  At constant exchange rates revenue growth remained strong during the full year with +7% in Q1, +5.1% in Q2, +7.8% in Q3, and +6.4% in Q4.

  Excluding works and energy prices, growth accelerated during the year with +4.6% in Q1, +5.3% in Q2, +5.1% in Q3 and +6.4% in Q4, resulting in 5.4% growth for the full year.

  The revenue growth was principally the result of a very good commercial momentum with numerous contract wins and strong volume growth (notably in the Waste business) of €752 million (+3%) and a price effect of €243 million (+1%). The increase in energy prices of €177 million was partially absorbed by the decrease in recycled paper prices (-€117 million).

  By geography and at constant exchange rates, the evolution is as follows:

  - In France, revenue growth resumed, progressing by +1.6%. Water revenue was stable (-0.1%), volumes decreased by -0.7 % after growing by +1% in 2017, and prices increased by 0.7% after a 0.2% increase in 2017. The very good commercial momentum of 2017 continued in 2018. Waste revenue grew by 3.6% thanks to commercial successes and higher treated volumes, which more than compensated for the 25% decrease in recycled paper prices.

  - Europe excluding France posted a very solid growth (+7.2% at constant exchange rates), a pace similar to that of 2017 (+6.4%) All of the regions exhibited solid growth. Central and Eastern Europe grew by 7.8%, with good performance in both Water and Energy in spite of a slightly unfavorable climate impact. Germany grew by 3.5% thanks to good commercial performance and the successful integration of Waste acquisitions which more than offset the paper price decrease. The UK (including Ireland) is up by 4.1% with good commercial gains and the improved availability of PFIs (95% vs. 93% in 2017). In addition, the Nordic countries performed well (+29.2%) thanks to scope impacts, as well as the Iberian Peninsula (+11.6%), very active in the Energy efficiency sector. Italy returned to growth in 2018, +2.4% relying on a high renewal rate of municipal contracts and a good development with Industrial clients.

  - At constant exchange rates, the Rest of the World continued to exhibit strong growth (+11.9% following +11.6 % in 2017). Asia continued its strong growth (+16.9%) including +13.3% in China, driven by the success in hazardous waste, the opening of new treatment facilities, and the ramp up of industrial contracts in Water and Energy. Latin America posted strong growth of 38.2%, thanks to a good commercial momentum, price increases, and the integration of Grupo Sala in Columbia. The Pacific region grew by 5.4% as a result of the strong growth in Industrial Services. North America grew by 3.9% but by 12% at constant scope and exchange rates after the divestment of its Industrial Services activity, thanks to a good heating season in the first quarter and the startup of new contracts in Energy efficiency (Dupont). Africa Middle-East grew by 7.8%.

  - Global Business posted a progression of +3.7% at constant exchange rates. Hazardous Waste continues to grow significantly (+10.4%), with the growth in treated volumes, price increases, and profitable oil recycling activity. Veolia Water Technologies revenue was down -6.2% a result of a continued decline in construction activity and the reorientation toward packaged solutions and the sale of technologies. SADE revenue grew by 4.5% driven by the good performance in France, in the telecom sector, and the resizing of its international activity. VIGS (multi-business Industrial Services) once again grew double digit in 2018, +12.3%, carried by its commercial success, notably with Arcelor Mittal.

- *By business,* Water revenue increased by 2.3% at constant exchange rates. Wastewater Operations grew by +3.8%, while works and technologies activity declined by -1.9% at constant exchange rates. Waste activity posted a very strong increase (+9.2% at constant exchange rates) the result of increased volumes

(+3.6%), price increases (+2.2%), an unfavorable impact from recycled material prices (-1.0%), and a favorable scope impact of +4.3%. Energy revenue also grew substantially (+11% at constant exchange rates), with a good sales / volumes dynamic, a negligible scope effect and a price effect of + 2.3%.

- **EBITDA improved to €3,392 million compared to €3,217 million represented, a growth of +5.4% at current exchange rates and +7.3% at constant exchange rates.**

  - The exchange rate negatively impacted EBITDA by -€60 million.
  - EBITDA benefitted first from the sustained revenue growth, and also from the continued cost reduction efforts which reached €302 million in 2018. The positive sales/volume impact was +€120 million of which +€80 million from acquisitions. The weather impact was unfavorable at -€29 million (-€16 million in Energy and -€13 million in Water) compared to a favorable +€19 in 2017. Energy prices weighed in at -€27 million, the decrease of recycled materials prices for -€16 million and the increase in diesel prices for -€26 million. The squeeze between increases in salary costs and contractual price indexation had a negative impact of -€130 million.
  - *By segment and at constant exchange rates:* EBITDA in France reached €802 million, an increase of 1.7%. Water EBITDA progressed by 4.8% due to the improvement of price indexation and cost savings brought about by the Osons 20/20 plan. However, in the Waste business, EBITDA declined by -5.1% under the combined effect of declining recycled paper prices and the increase in diesel prices. Europe excluding France grew by +3.9% with double digit increases in Germany, Benelux, Italy and the Iberian Peninsula, 4.7% growth in the United Kingdom, and stability in Central and Eastern Europe with a negative weather impact and a squeeze in energy prices. EBITDA in the Rest of the World once again showed significant growth (+15.3%) with very good performance in China (+18.2%), in the rest of Asia (+19.6%) and in Latin America (+34.9%). EBITDA in Global Businesses grew by 6.8%, mainly the result of good performance in hazardous waste and at VIGS.

- **Current EBIT was €1,604 million compared to €1,497 million represented, a sustained growth of +7.1% at current exchange rates and of +9.7% at constant exchange rates.**

  - Foreign currency movements negatively impacted current EBIT by -€38 million.

  The improvement in current EBIT at constant exchange rates reflects:

  - Strong EBITDA growth
  - Increased depreciation and amortization charges (+4.9% at constant exchange rates) to €1,569 million, in line with higher growth capex and scope impacts.
  - A balance of provisions/reversals and other down significantly, +€80 million compared to +€119 million in 2017.
  - And the increase in the contribution from equity-accounted joint ventures and associates, at €116 million compared to €98 million in 2017represented, thanks to good performance in China, up 19% at €73 million, and to a capital gain of €16 million related to an asset divestiture in the United States.

- **An increase in Current net income – group share of +10% and of +13.3% at constant exchange rates, to €675 million compared to €614 million for 2017 represented.** Excluding net capital gains from asset disposals, the current net income – group share is up 14.7% at constant exchange rates.

  - The cost of net financial debt is stable at -€414 million

- o The tax rate is 22% compared to 23% in 2017 represented.
- o The current portion of non-controlling interests increased to -€162 million vs. -€137 in 2017 represented, notably in Germany and Asia.

- **Net income – group share is up 15.5% at constant exchange rates at €439 million compared to €398 million in 2017 represented.**

- **Net free cash flow was €568 million** thanks to controlled net capex (€1,811 million, up €103 million) and good working capital management (down by €62 million).

- **Net financial debt was €9,749 million** after the reimbursement of the hybrid debt for €1,452 million in April of 2018. The leverage ratio is 2.87x as of 12/31/2018.

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New increase of the dividend, to €0.92 per share, to be paid at 100 % in cash with respect to the 2018 fiscal year, compared with €0.84 per share in 2017.

Veolia's Board of Directors will propose to shareholders at the Annual General Shareholders Meeting on April 18, 2019 the payment of a dividend of €0.92 per share with respect to the 2018 fiscal year, payable in cash.. The ex-dividend date is fixed at May 14, 2019. 2018 dividends will be paid starting as of May 16, 2019.

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- **2019 outlook**
  - Continuation of Revenue growth
  - Cost savings of at least €220 million
  - EBITDA between €3.5 billion and €3.6 billion*
  - Dividend growth in line with that of current net income

** At constant exchange rates (based on rates at the end of 2018) and excluding IFRS 16 impacts.*

All 2018 results are compared to 2017 "pro forma" IFRIC 12 data and are represented for the reclassification to "Net income from discontinued operations" of the Group's operations in Gabon in accordance with IFRS5.

Veolia group is the global leader in optimized resource management. With over 163,000 employees worldwide, the Group designs and provides water, waste and energy management solutions that contribute to the sustainable development of communities and industries. Through its three complementary business activities, Veolia helps to develop access to resources, preserve available resources, and to replenish them

In 2018, the Veolia group supplied 100 people with drinking water and 61 million people with wastewater service, produced 54 million megawatt hours of energy and converted 30 million metric tons of waste into new materials and energy Veolia Environnement *(listed on Paris Euronext: VIE)* recorded consolidated revenue of 25.91 billion euros in 2018. www.veolia.com

Important disclaimer

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 divesture 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 Autorités 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.

This document contains "non-GAAP financial measures". These "non-GAAP financial measures" might be defined differently from similar financial measures made public by other groups and should not replace GAAP financial measures prepared pursuant to IFRS standards.

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FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018

A] PREFACE

GABON

Veolia Africa, through its 51% subsidiary, SEEG, managed the distribution of drinking water and electricity throughout all Gabon under the terms of a concession agreement signed in 1997 and extended for five years in March 2017.
On February 16, 2018, the Gabonese Republic unilaterally terminated the concession agreement signed with the Group's subsidiary, SEEG – Société d'énergie et d'eau du Gabon, (Gabon Energy and Water Company), alleging several different reasons including that of the general interest. The same day, through Ministerial order, all material and human resources were seized by the Gabonese Republic. A further Ministerial order also appointed an executive body to implement termination and seizure measures.
On 8 March 2018, pursuant to the concession agreement, SEEG submitted a request for conciliation to the International Centre for Settlement of Investment Disputes ("ICSID") in an attempt to reach an amicable settlement and to be compensated for the damage suffered as a result of the unlawful measures taken by Gabon.
At the end of the conciliation period, the parties were unable to find an amicable solution. SEEG and Veolia Africa therefore launched arbitration proceedings before the ICSID on September 20, 2018 and an arbitration court was formed on January 18, 2019.
Since March 31, 2018, the cessation of activities in Gabon has led the Group to classify SEEG in net income from discontinued operations in accordance with IFRS 5. The financial statements for the year ended December 31, 2017 were re-presented accordingly to ensure comparability, following the reclassification of the Group's activities in Gabon in "Net income from discontinued operations" in accordance with IFRS 5.

CHANGES IN ACCOUNTING STANDARDS

Standards, standard amendments and interpretations applicable from fiscal year 2018

With effect from January 1, 2018, the Group applies IFRS 9, the new financial instruments standard, which replaces IAS 39. The new standard provides for the retroactive application of the classification and measurement rules applicable to financial assets and liabilities and, in particular for the Group, new impairment methodologies for trade receivables and an adjustment to the amortized cost of renegotiated bond issues. The impact in the income statement on EBITDA and current EBIT of the restatements resulting from the first-time application of this standard were not material.
The application as of January 1, 2018 of IFRS 15 does not have a significant impact on the Group's financial statements as of December 31, 2018.

Texts which enter into mandatory effect after December 31, 2018 and not adopted early by the Group: IFRS 16, Leases

The new leases standard (IFRS 16) published on January 13, 2016, requires the recognition in the balance sheet of all lease commitments as defined in the new standard and does not distinguish between operating leases, currently disclosed in off-balance sheet commitments, and finance leases.
The first-time application of this standard will impact the Group balance sheet as follows:
- increase in non-current assets (recognition of a right-of-use asset);
- recognition of a lease liability (equal to the present value of future lease payments);

- adjustment to deferred tax and shareholders' equity;

due to the recognition for the first time of commitments in respect of operating leases currently within the Group.
In preparation of the first-time application of this standard, the Group set-up a dedicated team responsible for steering and coordinating all departments involved in implementing this standard (finance, operations, purchasing, legal, real estate). The identification and analysis of the leases concerned (around 40,000 contracts) and work on improving the reliability of data is being finalized. The Group has also finalized its choice of the IT solution necessary to process this data and quantify the impact of all Group leases.
Analyses have focused particularly on the lease terms to be adopted depending on the nature of the lease, existing options within contractual agreements and the implementation of an interest rate methodology enabling the requirements of the new standard to be satisfied.
Implementation work was finalized in the second-half of the year. This standard will be applicable to fiscal years beginning on or after January 1, 2019 and will be applied retrospectively.
Based on analyses and work performed, the first-time application of this standard will increase Group borrowings between €1.6 and €1.8 billion with an impact on 2018 EBITDA of around €0.4 billion, will increase capital employed with a positive impact on the leverage (Net debt / EBITDA ratio) and will have a diluted impact on ROCE after tax.

B] KEY FIGURES

				Change 2017 / 2018	
(in € million)	*Year ended December 31, 2017 published*	*Year ended December 31, 2017 re-presented*	*Year ended December 31, 2018*	Δ	*Δ at constant exchange rates*
Revenue	25,124.6	24,818.4	25,911.1	4.4%	6.5%
EBITDA	3,284.1	3,217.1	3,392.0	5.4%	7.3%
EBITDA margin	13.1%	13.0%	13.1%		
Current EBIT (1)	1,519.4	1,497.3	1,604.0	7.1%	9.7%
Current net income - Group share	622.6	613.6	674.9	10.0%	13.3%
Current net income – Group share, excluding capital gains and losses on financial divestitures net of tax	616.1	607.1	678.6	11.8%	14.7%
Net income (loss) – Group share	401.6	397.7	439.3	10.5%	15.5%
Industrial investments (gross)	1,738.0	1,738.0	1,810.7		
Net free cash flow (2)	655.0	618.7	567.8		
Net financial debt	-7,841.0	-7,833.2	-9,748.9		

(1) Including the share of current net income of joint ventures and associates viewed as core Company activities.

(2) The indicators are defined in the appendix of this press release

The main foreign exchange impacts were as follows:

FX impacts for the year ended December 31, 2018 (vs Year ended December 31, 2017 re-presented)	%	(in € million)
Revenue	-2.1%	-530
EBITDA	-1.9%	-60
Current EBIT	-2.5%	-38
Current net income	-3.0%	-20
Net financial debt	1.1%	86

C] INCOME STATEMENT

1. GROUP CONSOLIDATED REVENUE

Group consolidated revenue for the year ended December 31, 2018 was €25,911.1 million, compared with re-presented €24,818.4 million for the same period in 2017, **up +6.5% at constant exchange rate and organic growth of +4.7%**. Excluding Construction [(3)] revenue and energy price effects, revenue improved by +5.4% (+6.4% in the fourth quarter +5.1% in the third quarter, +5.3% in the second quarter and +4.6% in the first quarter).
As in the first three quarters of 2018, fourth-quarter revenue growth was marked by strong momentum in all geographic segments.

Change at constant exchange rates	*Q1 2018*	*Q2 2018*	*Q3 2018*	*Q4 2018*
France	0.6%	-1.1%	2.6%	4.1%
Europe, excluding France	6.9%	6.7%	7.4%	7.9%
Rest of the world	14.7%	13.2%	10.7%	9.4%
Global businesses	3.5%	-0.6%	11.4%	1.6%
Group	**7.0%**	**5.1%**	**7.8%**	**6.4%**

Revenue growth remained strong in the fourth quarter at +6.4% at constant exchange rates and +4.7% like-for-like. Momentum is still highly favorable. Growth accelerated in France driven by excellent waste volumes and the impact of stabilized declining recyclate prices. It remained robust outside France and particularly in the Rest of the world segment (notably Asia with a growth rate of +14.2%). The good fourth-quarter performance in the Global businesses segment was due to the marked increase in hazardous waste and stable Construction activities.

(3) Construction revenue encompasses the Group's engineering and construction activities (mainly through Veolia Water Technologies and SADE), as well as construction completed as part of operating contracts.

By segment, the change in revenue compared with re-presented figures for the year ended December 31, 2017 breaks down as follows:

(in € million)	*Year ended December 31, 2017 re-presented*	***Year ended December 31, 2018***	*Change 2017 / 2018* Δ	*Δ at constant exchange rates*	*Δ at constant scope and exchange rates*
France	5,414.5	5,499.3	1.6%	1.6%	1.3%
Europe, excluding France	8,504.4	9,096.0	7.0%	7.2%	3.6%
Rest of the world	6,312.4	6,619.7	4.9%	11.9%	10.9%
Global businesses	4,558.3	4,665.5	2.4%	3.7%	2.3%
Other	28.8	30.6	6.3%	6.6%	6.6%
Group	**24,818.4**	**25,911.1**	**4.4%**	**6.5%**	**4.7%**

- Revenue increased +1.3% in **France** at constant scope compared with re-presented figures for the year ended December 31, 2017; Water revenue slipped -0.1%, while Waste revenue increased +3.6% at constant scope.

  - Water revenue fell -0.1% compared with re-presented figures for the year end December 31, 2017, due to a -0.7% fall in volumes (+1.0% in 2017). These decreases were partially offset by higher price indexation (+0.7% in 2018 compared with +0.2% in 2017);

  - Waste revenue increased +3.6% at constant scope compared with re-presented figures for the year ended December 31, 2017: lower recycled paper prices (-€60 million) were offset by higher volumes and commercial momentum (+5%).

- **Europe excluding France** grew +7.2% at constant exchange rates compared with re-presented figures for the year ended December 31, 2017, with solid momentum in the majority of regions:

  - in the United Kingdom/Ireland zone, revenue increased +4.1% at constant exchange rates to €2,192.6 million, thanks to very good PFI availability (95% compared with 93% in 2017), higher electricity tariffs, industrial service contract wins and increased landfill volumes (temporary shutdown of a competitor's incinerator). Further excellent commercial collection results and the good performance of industrial client activities also contributed to this improvement, offsetting the fall in recycled paper prices;

  - in Central and Eastern Europe, revenue increased +7.8% at constant exchange rates compared with re-presented figures for the year ended December 31, 2017 to €3,132.4 million. The unfavorable weather impact (-€36 million) was more than offset by:

    - in Energy: higher volumes (+€43 million) and tariffs (+€54 million),

    - in Water: an increase in invoiced water volumes (+1.1%, i.e. +€13 million), higher tariffs in most countries of the zone (impact of +€28 million) and increasing Construction activities in Romania and Hungary,

    - in Waste: the contribution of 2017 acquisitions (plastic recycling in Hungary and industrial waste collection in the Czech Republic);

  - in Northern Europe, revenue increased +9.7% at constant exchange rates compared with the re-presented prior year period to €2,718.0 million. This strong growth was mainly driven by 2017 acquisitions in Nordic countries and the Netherlands. Germany, the main contributor (€1,858.3 million) reported revenue growth of +3.5%: Waste activities were penalized by lower recyclate volumes and prices, offsetting the favorable impact of 2017 acquisitions, while in Energy, higher tariffs partially offset the fall in volumes sold.

- Strong growth in the **Rest of the world** of 11.9% at constant exchange rates compared with re-presented figures for the year ended December 31, 2017:

  - Revenue rose +12.0% at constant scope and exchange rates to €2,035.8 million in North America, i.e. an increase of +3.9% at constant exchange rates. This was mainly due, in Energy, to strong growth (+28% at constant exchange rates tied to price and volume increases following cold weather at the beginning of the year), commercial wins (including the new energy efficiency contract with Dow Dupont in the United States) and in Waste (+6.2% at constant exchange rates excluding the sale of Industrial Services Activities) to higher volumes in hazardous waste and in Water (+7.4% at constant exchange rates) to commercial wins in Industrial Water;

  - Strong revenue growth in Latin America (+38.2% at constant exchange rates) to €795.3 million, thanks in part to tariff increases, commercial developments in Ecuador, Chile and Brazil and the integration from May 2018 of Grupo Sala's activities in Columbia;

  - Revenue in Asia increased by +16.9% at constant exchange rates to €1,789.8 million. Strong revenue growth in China (+13.3%) was driven by developments in Waste, with the start-up of new hazardous waste assets (Changsha and Cangzhou hazardous waste incinerators) and the signature of new industrial contracts in Water and Energy (Harbin heating network). The rest of the zone was driven by strong commercial dynamism: start of operations at the Hamamatsu concession, development of EPC activities in Japan, and energy activity in Korea;

  - The Pacific zone recorded +5.4% revenue growth at constant exchange rates year-on-year (re-presented figures), due to the combined impact of higher industrial water volumes (+4.2%), the start-up of new assets in industrial services and targeted tuck-ins from 2017;

  - In Africa/Middle East, revenue increased +7.8% at constant exchange rates, with increased Construction activities and favorable volumes in Morocco and strong commercial development in the Middle East (energy services in the tertiary sector).

- **Global businesses:** revenue increased +3.7% at constant exchange rates versus the re-presented prior-year period:

  - Hazardous waste activities increased by +10.4% at constant exchange rates, thanks to higher volumes processed (tied in part to Greater Paris construction work) and growth in oil recycling activities;

  - Veolia Water Technologies activities slowed in the fourth quarter and are down -6.8% at constant exchange rates on 2017. Veolia Water Technologies bookings fell -4.7% year-on-year to €1,876 million in 2018, as Veolia Water Technologies adopted a more selective approach to accepting projects. Sade reported a +4.5% increase at constant exchange rates, with good performance in France in Construction and Telecoms (renewal and extension of the portfolio) and current measures to refocus its international activities.

The increase in revenue between 2017 and 2018 breaks down **by main impact** as follows:

The **foreign exchange impact** totaled -€530 million (-2.1% of revenue) and mainly reflects fluctuations in the Argentine peso (-€180 million), the US dollar (-€104 million), the Australian dollar (-€75 million), the Brazilian real (-€27 million) and the pound sterling (-€21 million).

The **consolidation scope impact** of €450 million mainly reflects:

- developments in 2017: integration of Corvara industrial assets and Hans Andersson in Scandinavia (+€135 million) and the recycling and plastic waste businesses of Van Scherpenzeel Grope B.V. in the Netherlands (+€43 million), as well as the acquisition of Eurologistik (+€25 million) and Multipet / Multiport plastic recycling activities (+€45 million) in Germany and of Hanbul (+27 million) in Korea;
- 2018 transactions: sale of the Industrial Services division in the United States (-€169 million), acquisition of Grupo Sala in Colombia (+€87 million) and acquisition of the PPC Group in Slovakia (+€22 million).

Energy and recyclate prices had an impact of +€87 million, with notably an increase in energy prices of +€177 million (primarily in the United States, Northern Europe and Central and Eastern Europe), offset by a drop in recyclate prices (-€90 million, including -€117 million for paper).

Commercial momentum improved significantly (**Commerce/Volumes** impact) to +€752 million, with in particular:

- volumes up +€363 million, in line with strong growth in waste volumes (Waste in France, the United Kingdom, Latin America, Asia and notably in hazardous waste in Asia) and in multi-industrial activities (Arcelor contract). In Water, lower France volumes (-0.7%) were offset by growth in Central Europe (+0.9%);
- a commercial effect of +€309 million, due to numerous contract wins in Europe (start-up of new Waste and Energy assets), as well as in Latin America (contract wins in Water in Argentina and Columbia and in Waste in Chile and Brazil) and in Asia;
- construction activities contributed +€108 million, growth mostly in Northern Europe, Asia and Africa Middle-East, but higher selectivity at Veolia Water Technology (towards less construction and more technology / service).
- Weather impact in Energy of -€28 million (unfavorable impact in Central Europe from the second quarter, partially offset by a positive weather impact in Northern America in the first quarter).

Favorable **price effects** (+€243 million) are tied to positive tariff indexation in France and the United Kingdom in Waste, in Central Europe in Water, in North America in Water and hazardous waste and in Morocco in electricity, as well as the impact of higher prices in Asia and Latin America (Argentina).

The increase in revenue between 2017 and 2018 breaks down **by business** as follows:

			2017 / 2018 change		
(in € million)	*Year ended December 31, 2017 re-presented*	***Year ended December 31, 2018***	Δ	*Δ at constant exchange rates*	*Δ at constant scope and exchange rates*
Water	10,811	10,894	0.8%	2.3%	2.1%
Water and Wastewater	7,860	8,053	2.5%	3.8%	3.5%
Water, Technology and Works (VWT & SADE)	2,951	2,841	-3.7%	-1.9%	-1.6%
Waste	9,037	9,599	6.2%	9.2%	4.9%
Energy	4,971	5,418	9.0%	11.0%	10.0%
Group	**24,818**	**25,911**	**4.4%**	**6.5%**	**4.7%**

WATER

Water revenue increased by +2.3% at constant exchange rates and +2.1% at constant scope and exchange rates compared with re-presented figures for the year ended December 31, 2017. This improvement can be explained as follows:

- a positive **commerce / volume** impact of +0.7% (excluding Construction activities), tied to higher volumes in Central Europe (+1.1%) and commercial momentum in the Rest of the World (North America, Latin America), offsetting reduced volumes in France (-0.7%: negative weather impact in the second and fourth quarters);
- a positive **price impact** of +1.1%, with higher tariffs notably in Central Europe and Water price indexation in France (+0.7%);
- **Construction** activity up slightly, with an increase in the Rest of the World (particularly in the Pacific and Middle East regions), offset by a fall in construction activity in Veolia Water Technologies, as it shifts progressively towards technology and services.

WASTE

Waste revenue rose considerably by +9.2% at constant exchange rates compared with re-presented figures for the year ended December 31, 2017 (+4.9% at constant consolidation scope and exchange rates), due to:

- a **commerce / volume** impact of +3.6% (excluding Construction activities), with higher values across all geographies and increased waste collection and treatment volumes in France (+5.0%), the United Kingdom and Asia and in hazardous waste, as well as a high contract renewal rate and numerous awarded contracts (Northern Europe, Latin America and in hazardous waste);
- a positive **price effect** of +2.2% (mainly in Latin America, the United Kingdom and Asia);
- the negative impact of **recyclate prices** (-1.0%), notably due to the fall in paper prices.
- a **consolidation scope** impact of +4.3% tied to acquisitions in Germany, Sweden and Asia, offset by the sale of the Industrial Services division in the United States (-€169 million);

ENERGY

Energy revenue rose +11.0% at constant exchange rates compared with re-presented figures for the year ended December 31, 2017 (+10.0% at constant consolidation scope and exchange rates). This improvement can be explained by:

- a **commercial and volume effect** of +6.7% (excluding Construction activities), with higher energy volumes in Central Europe and Africa and the Middle East (ENOVA contract win) and the start-up of new contracts in Canada and in multi-utility industrial activities;
- a positive **price effect** (+2.3%) with a strong increase in heating and electricity prices in North America and Central Europe (Poland);
- a negative **weather impact** (-0.6%), particularly in Central Europe in the second quarter;
- a **consolidation scope** impact (+1%)

2. EBITDA

EBITDA *(in € million)*	*Year ended December 31, 2017 re-presented*	***Year ended December 31, 2018***	*2017 / 2018 change* Δ	*Δ at constant exchange rates*
France	788,3	802,0	1,7%	1,7%
EBITDA margin	*14,6%*	*14,6%*		
Europe, excluding France	1300,4	1 354,1	4,1%	3,9%
EBITDA margin	*15,3%*	*14,9%*		
Rest of the World	875,9	952,6	8,8%	15,3%
EBITDA margin	*13,9%*	*14,4%*		
Global Businesses	259,8	272,6	5,0%	6,8%
EBITDA margin	*5,7%*	*5,8%*		
Other	-7,3	10,7	na	na
Group	**3 217,1**	**3 392,0**	**5,4%**	**7,3%**
EBITDA margin	**13,0%**	**13,1%**		

Group consolidated EBITDA for the year ended December 31, 2018 was €3,392.0 million, up +7.3% at constant exchange rates compared with re-presented figures for the prior year. The EBITDA margin increased from 13.0% in December 2017 (re-presented) to 13.1% in the same period to December 31, 2018.

– **In France**, EBITDA improved +1.7%:

  ▪ in Water, increase + 4.8% with increased cost savings impacted positively on EBITDA that offset the negative impact of lower volumes (-€13 million) and more moderate price squeeze with better tariff indexation;

  ▪ in Waste, fall in EBITDA mainly due to lower recycled paper prices (impact of -€13 million, stabilized in the fourth quarter) and higher diesel prices (-€16 million). This decrease is partially offset by increasing volumes in treatment activity.

– Improvement in EBITDA in **Europe excluding France** (+3.9% at constant exchange rates) as the result of several impacts:

  ▪ in Central and Eastern Europe, EBITDA decreased due to higher fuel costs, a price squeeze in Energy in the Czech Republic and Poland (-€22 million) and an unfavorable weather effect (-€16 million); this decrease was partially offset by the positive impact of higher Water tariffs in Bulgaria, the Czech Republic and Romania and operating efficiency gains;

  ▪ solid growth in EBITDA in the United Kingdom, with excellent availability of incineration plants and efficiency gains; lower recycled paper prices were offset by higher ferrous metal prices;

  ▪ increased EBITDA in Northern Europe, due to scope transactions performed in 2017 in Scandinavia, the Netherlands and Germany, and further operating efficiency gains.

– Continued strong EBITDA growth in the **Rest of the world**:

  - improvement in the United States, mainly due to favorable price and volume effects in Energy (weather impact in the first quarter and higher electricity prices);
  - higher EBITDA in Latin America, notably due to good performance in Waste in Brazil and Argentina and in Colombia good momentum in Water and impact of Grupo Sala acquisition;
  - sustained EBITDA growth in Asia, driven by China (+18%), thanks to strong growth in hazardous waste (Cangzhou and Changsha), Japan (new Hamamatsu contract) and Taiwan.
- In the **Global businesses** segment, very good hazardous waste performance, but fall in Veolia Water Technologies' EBITDA in line with the progressive restructuring of its business.

The increase in EBITDA between 2017 and 2018 breaks down **by impact** as follows:

The **foreign exchange impact** on EBITDA was -€60 million and mainly reflects fluctuations in the Argentine peso (-€21 million), the US dollar (-€12 million), the Australian dollar (-€8 million), the Brazilian real (-€7 million), the Chinese renminbi (-€5 million) and the pound sterling (-€3 million).

The **consolidation scope impact** of +€80 million partially relates to developments in 2017 and notably the integration of Corvara industrial assets and Hans Andersson recycling assets in Scandinavia and the acquisition of Eurologistik and Multipet / Multiport in Germany and the Van Scherpenzeel Grope B.V. group in the Netherlands, as well as the acquisition in 2018 of Grupo Sala in Colombia and the PPC Group in Slovakia.

Commerce and volume impacts totaled +€120 million, thanks to organic revenue growth boosted by strong commercial development and higher volumes, notably in Waste.

The **Weather** impact on EBITDA was -€29 million, with the impact of an extremely mild second quarter in Central Europe and significant rain in spring only partially offset in France and Central Europe in the third and fourth quarters.

Energy and recyclate prices had a negative impact on EBITDA (-€69 million), due to a price squeeze tied to higher fuel costs in Energy (-€27 million), higher diesel costs in Waste (-€26 million) and the negative impact of recyclate prices (-€16 million, including -€20 million for paper, partially offset by other recyclates).

The **price squeeze** impact of -€130 million mainly relates to weak price indexation in Water and Waste, which only partially covers pressure on wage increases and other costs.

Cost savings plans contributed €302 million. These savings mainly concern operating efficiency (52%) and purchasing (32%) and were achieved across all geographical zones: France (37%), Europe excluding France (26%), Rest of the world (24%), and Global businesses (13%). The €300 million objective for 2018 was exceeded.

3. CURRENT EBIT

Group consolidated current EBIT for the year ended December 31, 2018 was €1,604.0 million, up +9.7% at constant exchange rates on the year ended December 31, 2017 re-presented.

EBITDA reconciles with current EBIT for the year ended December 31, 2018 and 2017 as follows:

(in € million)	*Year ended December 31, 2017 re-presented*	***Year ended December 31, 2018***
EBITDA	**3,217.1**	**3,392.0**
Renewal expenses	-272.4	-279.8
Depreciation and amortization (*)	-1,664.8	-1,704.2
Provisions, fair value adjustments & other:	119.1	80.2
• Current impairment of property, plant and equipment, intangible assets and operating financial assets	-1.4	0.6
• Net charges to operating provisions, fair value adjustments and other	110.6	68.7
- Capital gains or losses on industrial divestitures	9.9	10.9
Share of current net income of joint ventures and associates	98.4	115.9
Current EBIT	**1,497.3**	**1,604.0**

(*) Including principal payments on current operating financial assets (OFA) of -€135.1 million for the year ended December 31, 2018 (compared with re-presented -€147.7 million for the year ended December 31, 2017).

The improvement in current EBIT at constant exchange rates reflects:

- EBITDA growth;
- depreciation and amortization of €1,569 million, up +4.9% at constant exchange rates, mainly due to small acquisitions performed;
- the decline in principal payments on operating financial assets in 2018 (from -€148 million to -€135 million) mainly relating to contract changes in China and South Korea;
- the unfavorable change in provisions and fair value adjustments compared to 2017;
- an improvement in the contribution of equity-accounted entities in Asia (China +19% at constant exchange rates) and the United States (capital gain of €16 million).

The foreign exchange impact on Current EBIT was -€38 million and mainly reflects fluctuations in the Argentine peso (-€15 million), the US dollar (-€6 million), the Brazilian real (-€5 million), the Chinese renminbi (-€5 million), the Australian dollar (-€4 million) and the pound sterling (-€2 million), partially offset by favorable fluctuations in the Czech crown (+€5 million).

Selling, general and administrative expenses impacting Current EBIT declined from €2,816.6 million for the year ended December 31, 2017 re-presented to €2,754.0 million for the year ended December 31, 2018, representing a decrease of -2.2% at current consolidation scope and exchange rates (-0.2% at constant exchange rates). The ratio of selling, general and administrative expenses to revenue improved from re-presented 11.3% for the year ended December 31, 2017 to 10.6% for the year ended December 31, 2018. This decline reflects the continuation of the cost savings plan and its consequences on the cost structure of the Group.

4. NET FINANCIAL EXPENSE

(in € million)	*Year ended December 31, 2017 re-presented*	***Year ended December 31, 2018***
Cost of net financial debt (1)	**-409.8**	**-413.8**
Net gains / losses on loans and receivables	21.6	14.0
Net income (loss) on available-for-sale assets	4.6	4.6
Assets and liabilities at fair value through the Consolidated Income Statement	0.3	-0.1
Foreign exchange gains and losses	-23.8	-10.6
Unwinding of the discount on provisions	-35.4	-30.4
Interest on concession liabilities	-94.3	-94.2
Other	-22.6	-35.6
Other current financial income and expenses (2)	**-149.6**	**-152.3**
Gains (losses) on disposals of financial assets (*)	8.0	4.5
Current net financial expense (1)+(2)	**-551.4**	**-561.6**
Other non-current financial income and expenses	-	-
Net financial expense	**-551.4**	**-561.6**

(*) Including financial asset disposal costs

The **cost of net financial debt** totaled -€413.8 million for the year ended December 31, 2018, compared with re-presented -€409.8 million for the year ended December 31, 2017. This decrease is partly due to the increased cost of non-euro denominated debt in emerging countries and to a decrease in the interest rates on cash balances partially offset by active debt management with a declining financial rate on Euro debt from 3.04% in 2017 to 2.91% in 2018 thanks to the Group bond debt refinancing operations.
Cost of net financial debt reduces from 4.91% in 2017 represented to 4.18% for the year ended December 31, 2018.

Other financial income and expenses totaled -€152.3 million for the year ended December 31, 2018, compared with -€149.6 million for the year ended December 31, 2017 re-presented.
These expenses include interest on concession liabilities (IFRIC 12) of -€94.2 million and the unwinding of discounts on provisions of -€30.4 million.
Capital gains on financial divestitures of €4.5 million in the first-half of 2018 include the capital gain on the disposal of the Industrial Services division in the United States of €36 million and fair value adjustments to assets held for sale in Europe excluding France. They total €8 million in fiscal year 2017 re-presented (including a capital gain of +€11 million gain on the sale of Lanzhou in China and fair value adjustments to Mehrum in Germany of -€9 million).

5. INCOME TAX EXPENSE

The current income tax expense is -€204.9 million in 2018 compared to -€194.9 million in 2017 re-presented.

The current tax rate of 22.1% (versus 23.0% in 2017 re-presented*) is due to a significant portion of the Group's results being taxed at a lower rate (than the French tax rate) and an improvement in results in France.

(*) 2017 published tax rate 23.9%

(in € million)	*Year ended December 31, 2017 re-presented*	*Year ended December 31, 2018*
Current income before tax (a)	**945.8**	**1,042.4**
Of which share of net income of joint ventures & associates (b)	98.4	115.9
Re-presented current income before tax: (d)=(a)-(b)	**847.4**	**926.5**
Re-presented tax expense (e)	**-194.9**	**-204.9**
Re-presented tax rate on current income (e)/(d)	**23.0%**	**22.1%**

6. CURRENT NET INCOME / NET INCOME ATTRIBUTABLE TO OWNERS OF THE COMPANY

Current net income attributable to owners of the Company was €674.9 million for the year ended December 31, 2018, compared with re-presented €613.6 million for the year ended December 31, 2017. Excluding capital gains and losses on financial divestitures net of tax and minority interests, current net income attributable to owners of the Company rose +14.7% at constant exchange rates to €678.6 million from €607.1 million for the year ended December 31, 2017 re-presented.

The share of net income attributable to non-controlling interests totaled -€167.8 million for the year ended December 31, 2018, compared with re-presented -€137.6 million for the re-presented year ended December 31, 2017.

Net income attributable to owners of the Company was €439.3 million for the year ended December 31, 2018, compared with re-presented €397.7 million for the year ended December 31, 2017.

Based on a weighted average number of outstanding shares of 553.1 million (basic), and 577.9 million (diluted), for the year ended December 31, 2018, compared with 550.8 million (basic) and 574.6 million (diluted) for the year ended December 31, 2017, net income attributable to owners of the Company per share for the year ended December 31, 2018 was €0.67 (basic) and €0.65 (diluted) compared with re-presented €0.60 (basic) and €0.57 (diluted) for the year ended December 31, 2017. Current net income attributable to owners of the Company per share was €1.22 (basic) and €1.17 (diluted) for the year ended December 31, 2018, compared with €1.11 (basic) and €1.07 (diluted) for the year ended December 31, 2017 re-presented.
The dilutive effect taken into account in the above earnings per share calculation concerns the OCEANE bonds convertible into and/or exchangeable for new and/or existing shares issued in March 2016 and the free share and performance share grant plans set-up on July 1 and November 1, 2018.

Net income (loss) attributable to owners of the Company for the year ended **December 31, 2018** breaks down as follows:

2018 *(in € million)*	*Current*	*Non-current*	*Total*
EBIT	1,604.0	-184.5	1,419.6
Cost of net financial debt	-413.8		-413.8
Other financial income and expenses	-147.8		-147.8
Pre-tax net income (loss)	**1,042.5**	**-184.5**	**858.0**
Income tax expense	-204.9	4.7	-200.2
Net income (loss) of other equity-accounted entities	0.0	0.0	0.0
Net income (loss) from discontinued operations	0.0	-50.6	-50.6
Attributable to non-controlling interests	-162.6	-5.2	-167.8
Net income (loss) attributable to owners of the Company	**674.9**	**-235.6**	**439.3**

The classification of Transdev in Assets classified as held for sale and Liabilities directly associated with assets classified as held for sale as of December 31, 2018 did not generate any net income (compared with €22.8 million in the year ended December 31, 2017); the value of the Group's investment in Transdev was fixed as of December 31, 2017 pursuant to application of IFRS 5.

Net income (loss) from discontinued operations to the end of December 2018 includes the impact of the exit from Gabon of -€46.4 million and the share of the net loss associated with the Group's activities in Lithuania of -€4.2 million.

For the re-presented year ended December 31, 2017, net income (loss) attributable to owners of the Company breaks down as follows:

2017 *(in € million)*	*Current*	*Non-current*	*Total*
EBIT	1,497.3	-234.6	1,262.7
Cost of net financial debt	-409.8		-409.8
Other financial income and expenses	-141.7		-141.7
Pre-tax net income (loss)	**945.8**	**-234.6**	**711.3**
Income tax expense	-194.9	-22.2	-217.1
Net income (loss) of other equity-accounted entities	0.0	22.8	22.8
Net income (loss) from discontinued operations	0.0	18.5	18.5
Attributable to non-controlling interests	-137.3	-0.3	-137.6
Net income (loss) attributable to owners of the Company	**613.6**	**-215.8**	**397.7**

Current EBIT reconciles with operating income, as shown in the income statement, as follows:

(In € million)	*Year ended December 31, 2017 re-presented*	*Year ended December 31, 2018*
Current EBIT	**1,497.3**	**1,604.0**
Impairment losses on goodwill and negative goodwill	-1.5	0.9
Non-current charges, impairments and provisions	-62.0	-36.7
Restructuring costs	-157.6	-120.5
Personnel costs -share-based payments	-1.4	-17.4
Share acquisition costs, with or without acquisition of control	-12.1	-10.8
Total non-current items	**-234.6**	**-184.5**
Operating income after share of net income of equity-accounted entities	**1,262.6**	**1,419.6**

Restructuring charges for the year ended December 31, 2018 main concern the Global businesses segment (-€67.2 million). In addition, application of IFRS 2 led to the recognition of an expense of -€17.4 million in respect of the costs generated by the Group's policy to give employees a vested interest in its performance.

D] FINANCING

The following table summarizes the change in net financial debt and net free cash flow:

(in € million)	*Year ended December 31, 2017 re-presented*	*Year ended December 31, 2018*
EBITDA	**3,217.1**	**3,392.0**
Net industrial investments	-1,648.3	-1,751.5
Change in operating WCR	115.4	61.8
Dividends received from equity-accounted entities and joint ventures	81.3	115.0
Renewal expenses	-272.4	-279.8
Other non-current expenses and restructuring charges	-138.3	-262.6
Interest on concession liabilities	-94.3	-94.2
Financial items (current interest paid and operating cash flow from financing activities)	-423.3	-419.2
Taxes paid	-218.5	-193.7
Net free cash flow before dividend payment, financial investments and financial divestitures	**618.7**	**567.8**
Dividends paid	-648.1	-659.7
Net financial investments	-418.4	-306.7
Change in receivables and other financial assets	95.4	0.0
Issue / redemption of deeply subordinated securities	0.0	0.0
Proceeds on issue of shares	23.9	11.3
Free cash flow	**-328.6**	**-387.2**
Effect of foreign exchange rate movements and other (*)	307.5	-1,529.2
Change	**-21.1**	**-1,916.4**
Net financial debt at the beginning of the period	-7,812.1	-7,833.2
Net financial debt at the end of the period	**-7,833.2**	**-9,748.9**

(*) The effect of foreign exchange rate and other movements as of December 31, 2018 includes the redemption of the hybrid debt in the amount of €1,452 million and the unfavorable change impact (-€86 million).

Net free cash flow before dividend payments and net financial investments was €568 million for the year ended December 31, 2018 (versus re-presented €619 million for the year ended December 31, 2017).

The change in net free cash flow compared with the re-presented figure for the year ended December 31, 2017 primarily reflects:

(i) Improved EBITDA

(ii) A favorable change in operating working capital requirements with a further reduction of -€62 million (despite higher revenue), following a decrease of -€115 million in 2017.

(iii) Greater net industrial investments driven by an increase in growth projects finalized compared with 2017: higher gross industrial investments, up +4.2% to €1,811 million, including maintenance investments of €789 million (3% of revenue), growth investments in the current portfolio of €713 million (€707 million on December 31, 2017) and a significant increase in discretionary investments to €309 million.

(iv) Higher restructuring costs tied to the Veolia Water Technologies transformation plan.

Overall, **net financial debt** is €9,749 million (including the redemption of the hybrid debt in the amount of €1,452 million in April 2018), compared with €9,285 million as of December 31, 2017 including hybrid. In addition to the change in net free cash flow, net financial debt includes financial investments of €307 million (versus €418 million as of December 31, 2017), mainly in Waste (Grupo Sala in Colombia) and Energy (PPC Group in Slovakia).
Net financial debt was also impacted by negative exchange rate fluctuations of -€86 million as of December 31, 2018 compared with December 31, 2017.

1. INDUSTRIAL AND FINANCIAL INVESTMENTS

1.1 Industrial investments

Total Group gross industrial investments, including new operating financial assets, amounted to €1,811 million for the year ended December 31, 2018, compared with re-presented €1,738 million for the year ended December 31, 2017.

Industrial investments, excluding discontinued operations, break down by segment as follows:

Year ended December 31, 2018 (in € million)	*Maintenance and contractual requirements (1)*	*Discretionary growth*	***Total gross industrial investments (2)***	*Industrial divestitures*	***Total net industrial investments***
France	327	34	**361**	-29	**332**
Europe, excluding France	644	58	**702**	-14	**688**
Rest of the world	373	207	**580**	-5	**575**
Global businesses	138	10	**148**	-11	**137**
Other	20	0	**20**	0	**20**
Group	**1,502**	**309**	**1,811**	**-59**	**1,752**

(1) Including maintenance investments of €789 million and contractual investments of €713 million.

(2) Including new OFA in the amount of €159 million.

Year ended December 31, 2017 re-presented (in € million)	*Maintenance and contractual requirements (1)*	*Discretionary growth*	***Total gross industrial investments (2)***	*Industrial divestitures*	***Total net industrial investments***
France	360	12	**372**	-15	**357**
Europe, excluding France	590	93	**683**	-30	**653**
Rest of the world	426	104	**530**	-27	**503**
Global businesses	128	0	**128**	-16	**112**
Other	25	0	**25**	-1	**24**
Group	**1,529**	**209**	**1,738**	**-89**	**1,649**

(1) Including maintenance investments of €822 million and contractual investments of €707 million.

(2) Including new OFA in the amount of €112 million.

At constant exchange rates, gross industrial investments are 5.6% higher than 2017 re-presented, following acceleration in discretionary growth industrial investment on 2017 (+48%). These investments mainly include:

- in France, discretionary investment of €34 million in Waste (construction of Troyes incinerator, modernization of the sorting center at a waste-to-energy facility);
- in Europe (€58 million), new connections to water and heating networks in Central Europe and expansion of plastic recycling capacity;
- in the Rest of the world, investment of €207 million encompassing the development of industrial water processing capacity (mainly Sinopec), the construction of six hazardous waste processing centers in China and Singapore, the extension of the heating network in Energy in China and industrial projects in China and South Korea.

1.2 Financial investments and divestitures

Financial investments totaled €786 million in 2018 (including acquisition costs and net financial debt of new entities) and notably include the acquisition of Grupo Sala in Colombia (€168 million), PPC Group in Slovakia (€135 million), minority interests in Veolia Energie Ceska Republika a.s. in the Czech Republic (€85 million) and HCI in Belgium (€43 million). Financial investments totaled re-presented €565 million in 2017 (including acquisition costs and net financial debt of new entities) and include the acquisitions of Corvara and Hans Andersson (€143 million), Uniken (€66 million), the Dutch group Van Scherpenzeel (€56 million), Eurologistik (€40 million) and Enovity (€26 million).

Financial divestitures totaled €479 million in 2018 (including disposal costs) and mainly include the sale of the Industrial Services division in the United States (€96 million), the sale of 25% of the investment in BVAG (€146 million) and the sale of PVK (€69 million) and ScVK (€75 million) in the Czech Republic. In 2017, financial divestitures (€147 million) included the sale of Affinity in the United Kingdom and energy services for buildings in Sweden.

2. OPERATING WORKING CAPITAL REQUIREMENTS

The change in operating working capital requirements (excluding discontinued operations) was €62 million for the year ended December 31, 2018, compared with re-presented €115 million for the year ended December 31, 2017.

This variation between the two periods was mainly due operating working capital requirements generated by operations.

The net WCR position on the balance sheet as of December 31, 2018 represented a resource of €879 million, an improvement despite the increase in Group revenue during the year.

3. EXTERNAL FINANCING

3.1 Structure of net financial debt

(in € million)	*As of December 31, 2017 re-presented*	*As of December 31, 2018*
Non-current borrowings	9,457.4	9,655.5
Current borrowings	4,607.0	4,620.9
Bank overdrafts and other cash position items	208.9	215.7
Sub-total borrowings	**14,273.3**	**14,492.1**
Cash and cash equivalents	-6,263.9	-4,556.5
Fair value gains (losses) on hedge derivatives and other	-1.3	6.1
Liquid assets and financing financial assets	-174.9	-192.8
Net financial debt	**7,833.2**	**9,748.9**

As of December 31, 2018, net financial debt after hedging is borrowed 93% at fixed rates and 7% at floating rates.

The average maturity of gross financial debt was 7.5 years as of December 31, 2018, compared with 9.2 years as of December 31, 2017.

3.2 Group liquidity position

Liquid assets of the Group as of December 31, 2018 break down as follows:

(in € million)	*Year ended December 31, 2017 re-presented*	***Year ended December 31, 2018***
Veolia Environnement:		
Undrawn syndicated loan facility	3,000.0	3,000.0
Undrawn MT bilateral credit lines	925.0	925.0
Undrawn ST bilateral credit lines	-	-
Letters of credit facility	55.1	64.7
Cash and cash equivalents (1)	5,371.0	3,510.6
Subsidiaries:		
Cash and cash equivalents (1)	1,067.9	1,238.7
Total liquid assets	**10,419.0**	**8,739.0**
Current debt, bank overdrafts and other cash position items		
Current debt	4,607.0	4,622.4
Bank overdrafts and other cash position items	208.9	215.7
Total current debt and bank overdrafts	**4,815.9**	**4,838.2**
Total liquid assets net of current debt and bank overdrafts and other cash position items	**5,603.1**	**3,900.8**

(1) Including liquid assets and financing-related assets included in net financial debt.

The decrease in net liquid assets was mainly due to the redemption of the deeply-subordinated perpetual securities (hybrid debt) in April 2018 for a nominal amount of €1,452 million.
Veolia Environnement may draw on the multi-currency syndicated loan facility and all credit lines at any time.
On November 6, 2015, Veolia Environnement signed a new multi-currency syndicated loan facility in the amount of €3 billion, initially maturing in 2020 and extended to 2022 in October 2017, with the possibility for drawdowns in Eastern European currencies and Chinese renminbi
This syndicated loan facility was not drawn as of December 31, 2018.
Veolia Environnement has bilateral credit lines for a total undrawn amount of €925 million as of December 31, 2018.

As of December 31, 2018, the bilateral letters of credit facility was drawn by US$ 110.9 million. The portion that may be drawn in cash of US$74.1 million (€64.7 million equivalent) is undrawn and is recorded in the liquidity table above.

E] RETURN ON CAPITAL EMPLOYED (ROCE)

POST-TAX ROCE

Current EBIT after tax is calculated as follows:

(in € million)	*Year ended December 31, 2017 re-presented*	***Year ended December 31, 2018***
Current EBIT (*)	**1,497**	**1,604**
- Current income tax expense	-195	-205
Current EBIT after tax	**1,302**	**1,399**

(*) Including the share of net income (loss) of joint ventures and associates.

(in € million)	*Year ended December 31, 2017 re-presented*	***Year ended December 31, 2018***
Intangible assets and Property, plant and equipment, net	11,775	12,399
Goodwill, net of impairment	4,928	5,148
Investments in joint ventures and associates	2,114	1,887
Operating financial assets	1,614	1,486
Operating and non-operating working capital requirements, net	-2,266	-2,602
Net derivative and other instruments	-8	0
Provisions	-2,478	-2,263
Capital employed	**15,680**	**16,057**
Impact of discontinued operations and other restatements (1)	-160	172.0
Re-presented closing capital employed	**15,520**	**16,229**
Average capital employed for the year (excluding Gabon) (2)	**15,552**	**15,839**

(1) 2017 restatements include the impact of the capital employed of entities that are not viewed as core to the Group's businesses, i.e. Transdev Group. In addition, 2017 and 2018 figures were restated for the capital employed of divested companies (Industrial Services division in the United States in 2017) and operations reclassified in accordance with IFRS 5 in 2017 / 2018 (ScVK).

(2) Average capital employed is adjusted for the Gabon contribution (2017: €72 million; 2018: €35 million).

The Group's post-tax return on capital employed (ROCE) is as follows:

(in € million)	Current EBIT after tax	Average capital employed	Post-tax ROCE
2017	1,302	15,552	8.4%
2018	**1,399**	**15,839**	**8.8%**

PRE-TAX ROCE

Unlike post-tax ROCE, the capital employed used for the pre-tax ROCE calculation does not include investments in joint ventures and associates.
The Group's pre-tax return on capital employed (ROCE) by segment is as follows:

(in € million)	**Current EBIT before tax**	**Average capital employed**	**Pre-tax ROCE**
France	152.1	1,716.4	8.9%
Europe, excluding France	681.4	6,820.2	10.0%
Rest of the world	458.9	4,346.3	10.6%
Global businesses	149.9	1,185.2	12.6%
Other	-43.4	-461.4	N/A
Total Group 2017	**1,398.9**	**13,606.8**	**10.3%**
France	114.5	1,659.4	6.9%
Europe, excluding France	715.0	7,107.3	10.1%
Rest of the world	525.3	4,492.5	11.7%
Global businesses	139.4	1,197.1	11.6%
Other	-6.1	-465.2	N/A
Total Group 2018	**1,488.1**	**13,991.1**	**10.6%**

APPENDIX

1] RECONCILIATION OF GAAP INDICATORS AND THE INDICATORS USED BY THE GROUP

The reconciliation of Current EBIT with operating income, as shown in the income statement, is shown in Section C-6. Likewise, the reconciliation of current net income with net income, as shown in the income statement, is shown in Section C-6.

The reconciliation of operating cash flow with EBITDA is as follows:

In € million	*Year ended December 31, 2017 re-presented*	***Year ended December 31, 2018***
Operating cash flow before changes in working capital	**2 615.2**	**2 670.1**
Operating cash flow from financing activities	-12.1	-24.8
Adjusted operating cash-flow	2 627.3	2 694.9
Excluding:		
Renewal expenses	272.4	279.8
Cash restructuring costs (1)	124.5	205.3
Share acquisition and disposal costs	19.3	19.5
Other non-current expenses	13.9	57.4
Including:		
Principal payments on operating financial assets	159.7	135.1
EBITDA	**3 217.1**	**3 392.0**

The reconciliation of Net cash from operating activities of continuing operations (included in the Consolidated Cash Flow Statement) with net free cash flow is as follows:

(in € million)	*Year ended December 31, 2017 re-presented*	***Year ended December 31, 2018***
Net cash from operating activities of continued operations	***2,390.1***	***2,391.1***
Including:		
Industrial investments, net of grants	-1,495.5	-1,490.4
Proceeds on disposal of intangible assets and property plant and equipment	89.3	59.2
New operating financial assets	-112.4	-159.3
Principal payments on operating financial assets	159.7	135.1
New finance lease obligations	-8.1	-13.9
Dividends received	81.3	115.0
Interest paid (incl. I12 interest)	-531.9	-500.4
Excluding:		
Share acquisition and disposal costs and other items	46.1	31.4
Free cash-flow net	**618.7**	**567.8**

The reconciliation of Industrial investments, net of grants (included in the Consolidated Cash Flow Statement) with industrial capex is as follows:

In € million	*Year ended December 31, 2017 re-presented*	***Year ended December 31, 2018***
Industrial investments, net of grants	**-1,495.5**	**-1,490.4**
New finance lease obligations	-8.1	-13.9
Change in concession working capital requirements	-122.0	-147.1
New operating financial assets	-112.4	-159.3
Industrial investments	**-1,738.0**	**-1,810.7**

2] RECONCILIATION OF 2017 PUBLISHED DATA FOR THE YEAR ENDED DECEMBER 31, 2017 WITH REPRESENTED DATA

(in €m)	December 2017 published	IFRS 5 Adjustement[(2)]	IFRS 9 Adjustment	December 2017 represented
Revenue	**25 124.6**	-306.2	0.0	**24 818.4**
EBITDA	**3 284.1**	-63.6	-3.4	**3 217.1**
Current EBIT[(1)]	**1 519.4**	-18.7	-3.4	**1 497.3**
Operating Income	**1 284.8**	-18.7	-3.4	**1 262.6**
Current net income – Group share	**622.6**	-5.2	-3.8	**613.6**
Current net income	**401.6**	0.0	-3.8	**397.7**
Gross industrial investments	**-1 738**	0	0	**-1 738**
Net free cash-flow	**655**	-36	-1	**619**
Net financial debt	**-7 841**	0	8	**-7 833**

(1) Including the re-presented share of current net income of joint ventures and associates for the 12 months ended December 30, 2017.
(2) Figures for the twelve months ended December, 2017 were re-presented accordingly to ensure comparability, following the reclassification of the Group's activities in Gabon in "Net income from discontinued operations" in accordance with IFRS 5.

(in €m)	December 2017 published	IFRS 5 Adjustment	IFRS 9 Adjustment	December 2017 represented
France	**5 414.5**	0,0	0.0	**5 414.5**
Europe excluding France	**8 504.4**	0,0	0.0	**8 504.4**
Rest of the World	**6 618.6**	-306.2	0.0	**6 312.4**
Global businesses	**4 558.3**	0,0	0.0	**4 558.3**
Other	**28.8**	0,0	0.0	**28.8**
Total Revenue	**25 124.6**	-306.2	0.0	**24 818.4**

(in €m)	December 2017 published	IFRS 5 Adjustment	IFRS 9 Adjustment	December 2017 represented
France	**788.3**	0.0	0.0	**788.3**
Europe excluding France	**1 305.0**	0.0	-4.6	**1 300.4**
Rest of the World	**938.3**	-63.6	1.2	**875.9**
Global businesses	**259.8**	0.0	0.0	**259.8**
Other	**-7.2**	0.0	0.0	**-7.2**
Total EBITDA	**3 284.1**	-63.6	-3.4	**3 217.1**

(in €m)	December 2017 published	IFRS 5 Adjustment	IFRS 9 Adjustment	December 2017 represented
France	**152.4**	0.0	0,0	**152.4**
Europe excluding France	**701.5**	0.0	-4.6	**697.0**
Rest of the World	**553.3**	-18.7	1.2	**535.8**
Global businesses	**155.6**	0.0	0.0	**155.6**
Other	**-43.4**	0.0	0.0	**-43.4**
Total Current EBIT	**1 519.4**	-18.7	-3.4	**1 497.3**

3] DEFINITIONS

GAAP (IFRS) INDICATORS

Cost of net financial debt is equal to the cost of gross debt, including related gains and losses on interest rate and currency hedges, less income on cash and cash equivalents.

Operating cash flow before changes in working capital, as presented in the consolidated cash flow statement, is comprised of three components: operating cash flow from operating activities (referred to as "adjusted operating cash flow" and known in French as "capacité d'autofinancement opérationnelle") consisting of operating income and expenses received and paid ("cash"), operating cash flow from financing activities including cash financial items relating to other financial income and expenses and operating cash flow from discontinued operations composed of cash operating and financial income and expense items classified in net income from discontinued operations pursuant to IFRS 5. Adjusted operating cash flow does not include the share of net income attributable to equity-accounted entities.

Net income (loss) from discontinued operations is the total of income and expenses, net of tax, related to businesses divested or in the course of divestiture, in accordance with IFRS 5.

NON-GAAP INDICATORS

The term "**change at constant exchange rates**" represents the change resulting from the application of exchange rates of the prior period to the current period, all other things being equal.

The municipal sector encompasses services in the Water, Waste and Energy business lines aimed at users, performed under contracts with municipal governments, groups of municipal governments, or regional or national governments.

The industrial sector covers Water, Waste and Energy management services, offered to industrial or service sector customers.

EBITDA comprises the sum of all operating income and expenses received and paid (excluding restructuring charges, non-current WCR impairments, renewal expenses and share acquisition and disposal costs) and principal payments on operating financial assets.

The EBITDA margin is defined as the ratio of EBITDA to revenue.

To calculate **Current EBIT**, the following items will be deducted from operating income:

- Goodwill impairments of fully controlled subsidiaries and equity-accounted entities,
- Restructuring charges,
- Non-current provisions and impairments,
- Non-current and/or significant impairment of non-current assets (PP&E, intangible assets and operating financial assets),
- Impacts relating to the application of IFRS 2 Share-based payment,
- Share acquisition costs.

Current net income is defined as the sum of the following items:

- Current EBIT,

Current net finance expenses, that include current cost of net financial debt and other current financial income and expenses, including capital gains or losses on financial divestitures (including gains or losses included in the share of net income of equity-accounted entities),

- Current tax items, and
- Minority interests (excluding the portion of minority interests relative to non-current items in the income statement).

Current net income earnings per share is defined as the ratio of current net income (not restated for the cost of the coupon attributable to hybrid debt holders) by the weighted average number of outstanding shares during the year.

Net industrial investments, as presented in the statement of changes in net financial debt, include industrial investments (purchases of intangible assets and property, plant and equipment, and operating financial assets), net of industrial asset divestitures.

The Group considers **discretionary growth investments**, which generate additional cash flows, separately from **maintenance-related investments**, which reflect the replacement of equipment and installations used by the Group as well as investments relating to contractual obligations.

Net financial investments, as presented in the statement of changes in net financial debt, include financial investments, net of financial divestitures.
Financial investments include purchases of financial assets, including the net financial debt of companies entering the scope of consolidation, and partial purchases resulting from transactions with shareholders where there is no change in control.

Financial divestitures include net financial debt of companies leaving the scope of consolidation, and partial divestitures resulting from transactions with shareholders where there is no change in control, as well as issues of share capital by non-controlling interests.

Net free cash flow corresponds to free cash flow from continuing operations, and is calculated by: the sum of EBITDA, dividends received, changes in operating working capital and operating cash flow from financing activities, less net interest expense, net industrial investments, taxes paid, renewal expenses, restructuring charges and other non-current expenses.

Net financial debt (NFD) represents gross financial debt (non-current borrowings, current borrowings, bank overdrafts and other cash position items), net of cash and cash equivalents, liquid assets and financing-related assets, including fair value adjustments to derivatives hedging debt. Liquid assets are financial assets composed of funds or securities with an initial maturity of more than three months, easily convertible into cash, and managed with respect to a liquidity objective while maintaining a low capital risk.

The leverage ratio is the ratio of closing Net Financial Debt to EBITDA.

The financing rate is defined as the ratio of the cost of net financial debt (excluding fair value adjustments to instruments not qualifying for hedge accounting) to average monthly net financial debt for the period, including the cost of net financial debt of discontinued operations.

The pre-tax return on capital employed (ROCE) is defined as the ratio of:

- Current EBIT before share of net income or loss of equity-accounted entities;
- Average capital employed in the year, including operating financial assets and excluding investments in joint ventures and associates.

Capital employed used in the ROCE calculation is therefore equal to the sum of net intangible assets and property, plant and equipment, goodwill net of impairment, operating financial assets, net operating and non-operating working capital requirements and net derivative instruments less provisions. It also includes the capital employed of activities classified within assets and liabilities held for sale, excluding discontinued operations.

The post-tax return on capital employed (ROCE) is defined as the ratio of:

- Current EBIT including the share of net income or loss of equity-accounted entities, after tax. It is calculated by subtracting the current tax expense from Current EBIT including the share of net income or loss of equity-accounted entities. Current tax expense is the tax expense in the income statement re-presented for tax effects on non-current items.
- Average capital employed in the year, including operating financial assets and investments in joint ventures and associates.

Capital employed used in the post-tax ROCE calculation is therefore equal to the sum of net intangible assets and property, plant and equipment, goodwill net of impairment, investments in joint ventures and associates, operating financial assets, net operating and non-operating working capital requirements and net derivative instruments less provisions. It also includes the capital employed of activities classified within assets and liabilities held for sale, excluding discontinued operations.

For both pre-tax and post-tax ROCE, the impacts of the Group’s investment in the Transdev Group joint venture, which is not viewed as a core Company activity and whose contribution is recognized as a share of net income of other equity-accounted entities, are excluded from the calculations.

4] CONSOLIDATED INCOME STATEMENT

(€ million)	**2017 represented (1)**	2018
Revenue	**24,818.4**	**25,911.1**
Cost of sales	-20,600.9	-21,671.7
Selling costs	-619.4	-610.3
General and administrative expenses	-2,197.9	-2,141.6
Other operating revenue and expenses	-236.0	-183.8
Operating income before share of net income (loss) of equity-accounted entities	**1,164.2**	**1,303.7**
Share of net income (loss) of equity-accounted entities	**98.4**	**115.9**
o/w share of net income (loss) of joint ventures	63.5	71.7
o/w share of net income (loss) of associates	34.9	44.2
Operating income after share of net income (loss) of equity-accounted entities	**1,262.6**	**1,419.6**
Net finance costs	-409.8	-413.8
Other financial income and expenses	-141.6	-147.8
Pre-tax net income (loss)	**711.2**	**858.0**
Income tax expense	-217.2	-200.2
Share of net income (loss) of other equity-accounted entities	22.8	-
Net income (loss) from continuing operations (1)	**516.8**	**657.7**
Net income (loss) from discontinued operations (1)	18.5	-50.6
Net income (loss) for the period	**535.3**	**607.1**
Attributable to owners of the Company	**397.7**	**439.3**
Attributable to non-controlling interests	**137.6**	**167.8**
NET INCOME (LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY PER SHARE	**-**	**-**
Diluted	0.60	0.67
Basic	0.57	0.65
NET INCOME (LOSS) FROM CONTINUING OPERATIONS ATTRIBUTABLE TO OWNERS OF THE COMPANY PER SHARE	-	-
Diluted	0.57	0.76
Basic	0.54	0.74
NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS ATTRIBUTABLE TO OWNERS OF THE COMPANY PER SHARE	-	-
Diluted	0.03	-0.09
Basic	0.03	-0.09

(1) 2017 adjustments concern the reclassification of Gabon in discontinued operations in accordance with IFRS 5 and the impact of first-time application of IFRS 9

5] CONSOLIDATED STATEMENT OF FINANCIAL POSITION – ASSETS

(€ million)	**As of December 31, 2017 represented (*)**	**As of December 31, 2018**
Goodwill	4,915.7	5,107.7
Concession intangible assets	3,475.3	3,467.3
Other intangible assets	1,017.1	1,116.3
Property, plant and equipment	7,294.4	7,856.8
Investments in joint ventures	1,506.1	1,517.1
Investments in associates	607.8	370.2
Non-consolidated investments	70.6	44.3
Non-current operating financial assets	1,416.8	1,387.1
Non-current derivative instruments - Assets	27.1	31.6
Other non-current financial assets	348.6	332.8
Deferred tax assets	965.1	1,028.2
Non-current assets	**21,644.6**	**22,259.5**
Inventories and work-in-progress	721.6	818.0
Operating receivables	8,489.5	9,016.3
Current operating financial assets	197.3	99.3
Other current financial assets	404.6	432.2
Current derivative instruments - Assets	69.9	69.2
Cash and cash equivalents	6,263.9	4,556.5
Assets classified as held for sale	487.3	341.8
Current assets	**16,634.1**	**15,333.3**
TOTAL ASSETS	**38,278.7**	**37,592.8**

( )2017 adjustments concern the reclassification of Gabon in discontinued operations in accordance with IFRS 5 and the impact of first-time application of IFRS 9*

5] CONSOLIDATED STATEMENT OF FINANCIAL POSITION - EQUITY AND LIABILITIES

(€ million)	**As of December 31, 2017 represented (*)**	**As of December 31, 2018**
Share capital	2,816.8	2,828.0
Additional paid-in capital	7,161.2	7,182.5
Reserves and retained earnings attributable to owners of the Company	-2,497.8	-4,025.1
Total equity attributable to owners of the Company	**7,480.2**	**5,985.4**
Total equity attributable to non-controlling interests	1,153.7	1,158.9
Equity	**8,633.9**	**7,144.3**
Non-current provisions	1,941.6	1,790.3
Non-current borrowings	9,457.4	9,655.5
Non-current derivative instruments - Liabilities	108.4	55.8
Concession liabilities - non current	1,281.2	1,350.4
Deferred tax liabilities	970.1	1,042.6
Non-current liabilities	**13,758.7**	**13,894.6**
Operating payables	10,118.0	10,964.9
Concession liabilities - current	85.8	117.9
Current provisions	577.0	530.1
Current borrowings	4,607.0	4,622.5
Current derivative instruments - Liabilities	49.1	83.7
Bank overdrafts and other cash position items	208.9	215.7
Liabilities directly associated with assets classified as held for sale	240.3	19.1
Current liabilities	**15,886.1**	**16,553.8**
TOTAL EQUITY AND LIABILITIES	**38,278.7**	**37,592.8**

( )2017 adjustments concern the reclassification of Gabon in discontinued operations in accordance with IFRS 5 and the impact of first-time application of IFRS 9*

6] CONSOLIDATED CASH-FLOW STATEMENT

(€ million)	**2017 represented (1)**	2018
Net income (loss) for the period	**535.3**	**607.1**
Net income (loss) from continuing operations	***516.8***	***657.7***
Net income (loss) from discontinued operations	***18.4***	***-50.6***
Operating depreciation, amortization, provisions and impairment losses	1,481.5	1,399.4
Financial amortization and impairment losses	-6.5	6.4
Gains (losses) on disposal of operating assets	-9.9	-10.9
Gains (losses) on disposal of financial assets	-15.1	-13.1
Share of net income (loss) of joint ventures	-63.5	-71.7
Share of net income (loss) of associates	-57.7	-44.2
Dividends received	-3.4	-4.4
Net finance costs	409.8	413.9
Income tax expense	217.1	200.2
Other items	146.1	136.8
Operating cash flow before changes in operating working capital (2)	**2,615.2**	**2,670.1**
Change in operating working capital requirements	115.4	61.8
Change in concession working capital requirements	-122.0	-147.1
Income taxes paid	-218.5	-193.7
Net cash from operating activities of continuing operations	**2,390.1**	**2,391.1**
Net cash from operating activities of discontinued operations	***62.1***	***-0.1***
Net cash from operating activities	**2,452.2**	**2,391.0**
Industrial investments, net of grants	-1,495.5	-1,490.4
Proceeds on disposal of industrial assets	89.6	59.2
Purchases of investments	-364.1	-458.8
Proceeds on disposal of financial assets	136.9	245.1
Operating financial assets	-	-
New operating financial assets	-112.4	-159.3
Principal payments on operating financial assets	159.7	135.1
Dividends received (including dividends received from joint ventures and associates)	81.3	115.0
New non-current loans granted	-135.9	-678.6
Principal payments on non-current loans	193.5	675.7
Net decrease/increase in current loans	37.7	-17.4
Net cash used in investing activities of continuing operations	**-1,409.2**	**-1,574.4**
Net cash used in investing activities of discontinued operations	***-12.6***	***-3.2***
Net cash used in investing activities	**-1,421.8**	**-1,577.6**
Net increase (decrease) in current borrowings	-689.4	-980.3

6] Consolidated cash flow statement continued…

(€ million)	**2017 represented (1)**	**2018**
Repayment of hybrid debt	-	-1,452.1
New non-current borrowings and other debts	1,886.0	1,100.0
Principal payments on non-current borrowings and other debts	-108.5	-157.5
Change in liquid assets and financing financial assets	-163.3	-17.4
Proceeds on issue of shares	15.3	43.8
Share capital reduction	-	-
Transactions with non-controlling interests: partial purchases	-6.7	-109.8
Transactions with non-controlling interests: partial sales	1.5	229.9
Proceeds on issue of deeply subordinated securities	-	-
Coupons on deeply subordinated securities	-67.8	-66.4
Purchases of/proceeds from treasury shares	23.9	-10.5
Dividends paid	-580.5	-592.4
Interest paid	-437.6	-406.2
Interest on operating assets - IFRIC 12	-94.3	-94.2
Net cash from (used in) financing activities of continuing operations	***-221.4***	***-2,513.1***
Net cash from financing activities of discontinued operations	***-2.2***	***-0.2***
Net cash from (used in) financing activities	**-223.6**	***-2,513.3***
Effect of foreign exchange rate changes and other	-25.3	-15.7
Increase (decrease) in external net cash of discontinued operations	-1.1	1.4
Net cash at the beginning of the year	**5,274.6**	**6,055.0**
Net cash at the end of the year	**6,055.0**	**4,340.8**
Cash and cash equivalents	6,263.9	4,556.5
Bank overdrafts and other cash position items	208.9	215.7
Net cash at the end of the year	**6,055.0**	**4,340.8**

( ) 2017 adjustments concern the reclassification of Gabon in discontinued operations in accordance with IFRS 5*