Press Release

Paris, 4 November 2021

KEY FIGURES AS OF SEPTEMBER 30, 2021

(UNAUDITED DATA – AUDIT IN PROCESS)

A RECORD 9 MONTH 2021 RESULTS DELIVERY

REVENUE AND RESULTS SIGNIFICANTLY ABOVE 2020 AND 2019

ACCELERATION OF RESULTS GROWTH IN THE 3RD QUARTER

VEOLIA IN A VERY SOLID POSITION AHEAD OF SUEZ ACQUISITION

- **STRONG REVENUE GROWTH, TO €20 357M UP +9.4%[1] vs. 9M 2020 AND UP +4.7%[1] vs. 9M 2019**
- **VERY STRONG EBITDA GROWTH, TO €3 140M, UP +26.4%[1] vs. 9M 2020, AND UP +10.2%[1] vs. 9M 2019**
- **EFFICIENCY GAINS OF €299M, AHEAD OF ANNUAL TARGET OF €350M**
- **VERY STRONG CURRENT EBIT GROWTH, TO €1 258M, UP +68.7%[2] vs. 9M2020 AND UP +9.1%[2] vs. 9M 2019**
- **RECORD CURRENT NET INCOME GROUP SHARE OF €667M, MULTIPLIED BY MORE THAN 5 vs. 9M 2020 AND UP+44%[2] vs. 9M 2019**
- **NET FREE CASHFLOW STRONGLY UP, BY +€960M vs. 9M 2020, TO €583M**
- **2021 GUIDANCE FULLY CONFIRMED**

[1] Variation at constant exchange rates

Antoine Frérot, Veolia's Chairman & CEO commented*: « After a flying start to the year, Veolia has maintained an outstanding pace of growth in the 3rd quarter, even stronger than in 2019, both in terms of activity and results. All indicators are green. Our commercial momentum is particularly strong, thanks to expanding markets and offers that integrate more and more added value. Moreover, our strict cost control has enabled us once again to benefit from a strong operating leverage. Our financial performance in the first 9 months of 2021 is not only much better than in 2020, which was penalized by the sanitary crisis in the first 2 quarters of the year, but also very much ahead of 2019, which was a record year of profits for Veolia. 2021 guidance is therefore fully confirmed. Our teams have also remained fully committed to finalizing the acquisition of Suez around year-end. We are now all looking forward to welcoming Suez's teams in order to create the world leader in ecological transformation. »*

- **Revenue of €20 357M vs. €18 705M in the 9 months 2020, an increase of +8.8% at current exchange rates and of +9.4% at constant exchange rates.**

  In the first 9 months of 2021 Veolia's activity progressed significantly. The adaptation measures put in place early 2020 to face the sanitary crisis have contributed to recover a very positive momentum as from the second half of 2020, which has continued in 2021.

  At constant exchange rates, after a growth of 4.0% in Q1,2021 and of +19.7% in Q2,2021 compared to Q2 2020 which was the most penalized quarter by the sanitary crisis (revenue was down 11%) , Q3 2021 progressed by 5.9%, versus Q3 2020 which was nearly flat.

  Compared to « pre-Covid » 2019, revenue in the 9 months 2021 increased by 4.7% at constant exchange after +4.6% in H1,2021.

  Exchange rates variations unfavorably impacted revenue growth by -0.6% (-€111M)

  Scope effect was +€135M. Growth in Central and Eastern Europe (Czech Republic and Hungary mainly) and in Global Businesses (acquisition of Osis from Suez) more than offset the divestment of Sade Telecom and of the industrial cleaning activity in Singapore.

  Energy prices (heat and electricity) had a favorable impact on revenue of +€131M and recycled material prices of +€358M of which +€238M for paper and cardboard, strongly up, of €28M for plastics and of €49M for metals.

  Weather effect was a positive of +€47M, down compared to H1. After a cold winter, favorable for the energy activities, rainy summer penalized water volumes in France.

  The Volumes/Commerce impact was very positive, +€812M, or +4.3% on the Group's revenue, thanks to a continued solid commercial momentum in all our businesses, the volume rebound in Waste and the recovery of works.

  Service prices continued to be well oriented, leading to a favorable impact of +€280M on the Group's revenue, or +1.5%, after +1.3% in the first half.

By geography and at constant exchange rates, the evolution over the 1st nine months of 2021 is as follows

- **In France,** revenue grew strongly, by +10.3% vs. 9M2020 and by +3.5% vs. 2019, to €4 320M. Water revenue increased by +1.7% with moderate tariff indexation of +0.7% and volumes down by 2%, due to the rainy summer, which effect was offset by the works recovery.

  Waste revenue grew sharply versus 2020 (+20.6% in the 9 months after +23.5% in H1) thanks to new contracts and the start-up of a new incineration facility. Volumes were up by +7.3% and recovered their pre-Covid level, and price effect was +3.0%. Waste activities also benefitted from increased recycled materials prices (impact of +8.2% on the Waste revenue), with an average recycled papers selling price of €165 per ton, a doubling versus 2020. Revenue growth was also very significant compared to 2019, +10%.

- **Europe excluding France** maintained the growth rhythm registered in the first half, with a revenue of €7 656 M, up +13.8% vs. 9M 2020 and up +12.1 % vs. 9M 2019. This progression is mostly attributable to Central and Eastern Europe, with a revenue of €2 853 M, up +23,3%, mainly in the Energy business, up 35% thanks to favorable weather, increased heat and electricity prices, and the integration of new assets in Prague and Budapest. Water activity grew by +1.5% with stable volumes (+0.2%). UK and Ireland revenue was €1 772 M, an increase of +6,3%, thanks to the continued growth in C&I waste, very high recycled material prices and an excellent availability rate of the PFIs (93.7%). Increased electricity prices had no impact as volumes were pre-sold. Revenue in Germany was €1 436M up +7.1% and even +12.6% at constant perimeter, due to C&I volume recovery and high recycled material prices. Scandinavia and the Netherlands registered double-digit growth due to good commercial performance with industrial clients and strong plastic recycling activity. Italy, Portugal and Spain grew by +15.5% with new contracts.

- **Rest of the World** revenue came out up +5.2% compared to 9M 2020, to €5 059 M. All geographies progressed, except Pacific, slightly down (-0,9%). Asia grew by +3.5%, including China-Hong Kong up

+6.5%. Latin America once again registered strong growth, of +15.1% thanks to commercial dynamism, price increases and hazardous waste growth. North America grew by +3,5% due to good hazardous waste volumes and price increases, which more than offset the temporary shutdowns due to the cold wave in Texas in Q1 and the IDA hurricane at the beginning of September. Africa Middle East grew by +10%, thanks notably to new contracts in the Middle East.

- **Global business** came out to €3 319 M up +5.7% compared to 9M 2020, and by +9% at constant perimeter (mainly excluding the divestment of Sade Telecom). Veolia Water Technologies grew by +4.8%. SADE progressed by +7.3% at constant scope. Hazardous waste activity continued to grow sharply, up +27.5% vs. 9M 2020 and up +16.5% vs. 2019. This activity remains fast growing in all our geographies. Industrial and energy services have confirmed their recovery and are up by +16.3%.

By business, at constant scope and exchange rates, the evolution over the 9 months is as follows:

Water revenue increased by +1.7%, with prices up 0.7% and volumes down 2% in France and up 0.2% in Central and Eastern Europe,and solid works activity. Water Technology and Networks grew by 6.1%.
Waste revenue increased by 14.3%, including volumes up +5.4%, continued well oriented prices (up 2.8%) and the impact of higher recycled material prices (+5.1% effect), which has strengthened in the 3rd quarter.
Energy revenue grew sharply, by 18.2% at constant exchange rates and by 10.6% at constant scope and exchange rates, with a favorable weather impact of +1.6% on revenue (+€60M) and a heat and electricity prices impact of +3.4%

- **Strong growth of EBITDA to €3 140M vs. €2 492M in the 1st nine months of 2020, an increase of +26.4% at constant exchange rates and of +10.2% vs. 2019.**
  - Exchange rates variations unfavorably impacted EBITDA by -€10M (-0.4%) while scope had a positive effect of +€66M (+2.6%).
  - Solid growth of revenue vs. 9M 2020 translated into a good operating leverage effect at the EBITDA level. The strong growth of EBITDA was driven by higher volumes and activity level for +€267M (+10.7% impact), by efficiency gains for €299M, ahead of the annual objective of €350M (+12% impact), by higher recyclate and energy prices for +€98M (+4.0%) and finally by a price cost squeeze effect of -€155M (-6.2%). Weather impact was neutral, as cold winter in Energy was offset by rainy summer for Water in France.
  - EBITDA also benefitted in Q3 from a positive Operating Financial Asset (OFA) reimbursement one-off of +€83M, due to the completion of a waste-to-energy facility in France. EBITDA growth remains very strong even excluding this one off, at +23.1% vs. 9M 2020. This one off EBITDA item had no impact at the EBIT level. In the 4th quarter it will be offset by CO2 cash costs settlements for 2021 and by the implementation of the new IFRS treatment (IAS 38) of IT spending. The one off items will therefore be neutralized.

- **Current EBIT growth of +68.7% to €1 258 M vs. €748M in 2020.**
  - Exchange rates variations weighed in for -€4M.
  - The very strong Current EBIT growth of +€510M can be analyzed as follows :
    - EBITDA growth for +€658M at constant exchange rates
    - Depreciation and amortization (including Operating Financial Assets reimbursements) increased by €176M due to the integration of new assets in Energy in Central and Eastern Europe and to the OFA one off of €83M (neutralized at EBIT level)
    - Provisions, fair value adjustments and industrial capital gains improved from -€14M to +€29M from 2020 to 2021, thanks to industrial divestitures capital gains, while provisions increase from -€34M to -€17M in 2020.

- Current net income from joint ventures and associates reached €69M vs. €73M in 2020, mainly due the divestment of the Shenzhen Chinese water concession.

- **Record level for Current Net income Group share: €667M vs. €126M in 2020 and €468M in 2019.**

  - Current net income group share increased sharply, thanks to :

    - Very strong increase of Current EBIT

    - Cost of financing down sharply, by €73M to -€242M, due to very favorable Euro debt refinancing (Euro bond average borrowing rate of 1.94%), and to the unwinding of a portfolio of interest rates derivatives which generated a €20M income.

    - Suez dividend corresponding to our 29.9% stake for +€122M.

    - Other financial income and expense stable at -€125M.

    - Net financial capital gains of +€7M in 9M 2021 vs. +€9M in 9M 2020.

    - Higher income tax expense of -€241M vs. -€98M in 9M 2020. Current tax rate was 25%.

    - Non-controlling interest increased to -€112M vs. -€92M in 9M 2020.

- **Net financial debt of €13 445M at September 30, 2021 vs. €13 217M at December 31, 2020. Record Free Cash Flow of +€583M**

  - Net financial debt is stable excluding unfavorable exchange rates impact of -€203M

  - Controlled Net industrial capex: €1 355M vs. €1 334M in 9M 2020.

  - Strict WCR management has led to an improvement of €291M

  - Net free cash flow generation therefore increased significantly to reach +€705M vs. -€377M at 30 September 2020. Excluding the Suez dividend of +€122M, it stands at +€583M.

  - Net financial investments amounted to €258M and including mainly the closing of the acquisition of Osis from Suez which had been initiated prior to the launch of the offer on the entire Suez Group.

  - Exchange rates variations had an unfavorable impact on net financial debt of -€145M

- **2021 Prospects* fully confirmed**

Following the excellent 9M performance, **we fully confirm our full year guidance**

- Revenue above 2019
- **More than €350M of efficiency gains** : €250M recurring efficiencies and €100M of complementary savings from the Recover & Adapt plan
- **EBITDA target of more than €4.1bn**, a growth >12% vs. 2020
- **Net financial debt below €10bn** at the end of 2021 and a leverage ratio below 3 times
- Objective to recover the pre-crisis dividend policy in 2021

** At constant forex*

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Merger with Suez

The different steps of the combination with Suez proceed as planned and according to the previously announced timetable. Several major milestones have been reached during the 3rd quarter of which:

- On July 20th, the French Stock Exchange Authority (AMF) declared Veolia's proposed tender offer on the remaining 70.1% stake in Suez, previously filed on June 30th, compliant. The Tender Offer Document, the Note in Response from Suez as well as the information required in accordance with Article 231-28 of the AMF General Regulation are available on the websites of the AMF, Veolia and Suez. The Tender Offer has been opened since July 29th
- A rights issue of €2.5 billion was completed with the settlement and delivery of the new shares on October 8th, 2021.
- After the information consultation process with the employee representative bodies of Suez was completed, the Share and Asset Purchase Agreement was signed with the Consortium in order to create New Suez. Terms and conditions are fully aligned with the binding offer signed on June 29th.
- The anti-trust process is proceeding as planned. In particular, the official filing before the European Commission was done on October 22nd.

Veolia group aims to be the benchmark company for ecological transformation. With nearly 179,000 employees worldwide, the Group designs and provides game-changing solutions that are both useful and practical for water, waste and energy management. Through its three complementary business activities, Veolia helps to develop access to resources, preserve available resources, and replenish them.

In 2020, the Veolia group supplied 95 million people with drinking water and 62 million people with wastewater service, produced nearly 43 million megawatt hours of energy and treated 47 million metric tons of waste. Veolia Environnement *(listed on Paris Euronext: VIE)* recorded consolidated revenue of €26.010 billion in 2020. www.veolia.com

Important disclaimer

As the changes in the health crisis are difficult to estimate, we draw your attention to the "forward-looking statements" that may appear in this press release and relating to the consequences of this crisis which may affect the future performance of the Company.
Veolia Environnement is a corporation listed on the Euronext Paris. This press release contains "forward-looking statements" within the meaning of the provisions of the U.S. Private Securities Litigation Reform Act of 1995. Such forward-looking statements are not guarantees of future performance. Actual results may differ materially from the forward-looking statements as a result of a number of risks and uncertainties, many of which are outside our control, including but not limited to: the risk of suffering reduced profits or losses as a result of intense competition, the risk that changes in energy prices and taxes may reduce Veolia Environnement's profits, the risk that governmental authorities could terminate or modify some of Veolia Environnement's contracts, the risk that acquisitions may not provide the benefits that Veolia Environnement hopes to achieve, the risks related to customary provisions of 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 Autorité des Marchés Financiers (French securities regulator). Veolia Environnement does not undertake, nor does it have, any obligation to provide updates or to revise any forward looking statements. Investors and security holders may obtain from Veolia Environnement a free copy of documents it filed (www.veolia.com) with the Autorités des Marchés Financiers.

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 PERIOD ENDED SEPTEMBER, 30 2021

A] KEY FIGURES

Group key figures for the nine months ended September 30, 2021 are presented below. Re-presented comparative figures for the nine months ended September 30, 2020 include IFRS 2 share-based payment impacts in current items. A reconciliation of published and re-presented indicators is presented in the Appendices.

				Change 2020 / 2021		
(€ million)	*Nine months ended September 30, 2020 published*	*Nine months ended September 30, 2020 re-presented*	***Nine months ended September 30, 2021***	Δ	*Δ at constant exchange rates*	*Δ at constant scope and exchange rates*
Revenue	18,705	18,705	20,357	8.8%	9.4%	8.7%
EBITDA (1)	2,492	2,492	3,140	26.0%	26.4%	23.8%
EBITDA margin	13.3%	13.3%	15.4%			
Current EBIT (1)	771	748	1,258	68.2%	68.7%	69.1%
Current net income - Group Share	149	126	667	427.9%	428.2%	436.1%
Current net income - Group Share excluding capital gains and losses on financial divestitures net of tax	139	116	662	468.5%	468.5%	477.1%
Net industrial investments	(1,334)	(1,334)	(1,355)			
Net free cash flow (2)	(377)	(377)	705			
Opening net financial debt	(10,680)	(10,680)	(13,217)			
Closing net financial debt	(11,745)	(11,745)	(13,445)			

(1) Including the share of current net income of joint ventures and associates viewed as core Company activities.
(2) The indicators are defined in Chapter 5, Section 5.5.8 of the 2020 Universal Registration Document.

The main foreign exchange impacts on key figures were as follows:

FX impacts vs. September 30, 2020	%	(€ million)
Revenue	-0.6%	-111
EBITDA	-0.4%	-10
Current EBIT	-0.5%	-4
Current net income	-0.3%	-0.4
Net financial debt	1.5%	203

B] INCOME STATEMENT

1. GROUP CONSOLIDATED REVENUE

1.1 REVENUE BY OPERATING SEGMENT

The Group consolidated revenue totaled €20,357 million for the nine months ended September 30, 2021, compared with €18,705 million for the nine months ended September 30, 2020, **up +9.4% at constant exchange rates and +8.7% organically**.
Quarterly revenue trends at constant exchange rates by operating segment for the first nine months of 2021 are as follows:

Change at constant exchange rates vs. 2020.	*Q1 2021*	*Q2 2021*	*Q3 2021*
France	5.7%	23.5%	3.4%
Europe, excluding France	9.0%	20.9%	13.0%
Rest of the world	0.6%	7.7%	7.5%
Global business	-5.0%	32.5%	-5.8%
Group	**4.0%**	**19.7%**	**5.9%**

Following a post-health crisis recovery in Group activity in Q3 2020, Q3 2021 revenue growth (+5.9% at constant exchange rates) confirmed first-half trends. The third quarter confirmed:

- the continued upturn in waste activities which benefited from strong volume growth, higher service prices and the positive impact of recyclate prices,
- growth in energy activities boosted by the positive impact of tariff reviews
- the ongoing resilience of water activities, despite a negative weather impact on water volumes in France due to a wet summer and a high comparison base following the post-health crisis recovery in construction activity in Q3 2020.

(€ million)	Nine months ended September 30, 2020	Nine months ended September 30, 2021	Change 2020 / 2021 Δ	Δ at constant exchange rates	Δ at constant scope and exchange rates
France	3,918	4,320	10.3%	10.3%	10.3%
Europe, excluding France	6,702	7,656	14.2%	13.8%	10.5%
Rest of the world	4,921	5,059	2.8%	5.2%	4.8%
Global business	3,160	3,319	5.0%	5.7%	9.0%
Other	4	3	-	-	-
Group	**18,705**	**20,357**	**8.8%**	**9.4%**	**8.7%**

Revenue increased +10.3% in **France** compared with the nine months ended September 30, 2020:

- Water revenue is up +1.7% year-on-year boosted by increased construction activities which returned to 2019 levels and the positive impact of tariff reviews (+0.7%) which offset lower water volumes due to a wet summer in Q3.
- Waste revenue rose +20.6% year-on-year continuing the H1 recovery, with higher volumes in industrial waste collection (+7,8%) and landfill (+1.5%), favorable recyclate price trends (paper, plastic and ferrous and non-ferrous metals) and the positive impact of tariff reviews.

Europe excluding France revenue grew 13.8% at constant exchange rates compared with the nine months ended September 30, 2020, continuing to benefit from higher recyclate prices and a positive weather effect in energy at the beginning of the year. These items combined with the integration of new entities in Central and Eastern Europe and the end of the health crisis in the United Kingdom offset waste volumes which remained below pre-health crisis levels:

- In **Central and Eastern Europe**, revenue increased +23.3% at constant exchange rates year-on-year to €2,853 million. This growth was mainly driven by:
    - organic growth in all activities (+10.3% at constant scope and exchange rates) chiefly underpinned by higher tariff indexation in energy (in Poland and Hungary) and water (in the Czech Republic, Bulgaria and Romania) and a positive weather effect of €55 million (Czech Republic and Poland) observed in H1;
    - a scope impact of €304 million, with the integration of new activities acquired at the end of 2020 in cogeneration in Hungary (BERT), heat distribution in the Czech Republic (Prague Right Bank) and waste in Russia (MAG);
- In the **United Kingdom/Ireland**, revenue increased +6.3% at constant exchange rates to €1,772 million. In Q3, revenue continued to benefit from higher recyclate prices (paper and metals), an upturn in industrial waste and landfill volumes, which nearly returned to pre-health crisis levels and excellent incinerator performance (availability rate of 93.7%).
- In **Northern Europe**, revenue grew +8.0% at constant exchange rates year-on-year to €2,076 million. In Germany, revenue grew +12.6% at constant scope, thanks to the surge in recyclate prices (€116 million, including €91 million for paper), the good recovery in commercial waste volumes and strong energy installation activities.

Revenue increased +5.2% in the **Rest of the World** at constant exchange rates year-on-year, with growth in all geographies:

- Revenue in **Latin America** increased +15.1% at constant exchange rates, driven notably by favorable tariff indexation in Argentina (local inflation) and Colombia, growth in hazardous waste activities in Chile and Argentina and commercial wins in waste (Peru and Colombia) and water (Peru).
- In **Africa/Middle East,** revenue grew +10% at constant exchange rates following new contract wins, chiefly in energy services in the Middle East, increased water volumes in Morocco and business growth in Western Africa (Ivory Coast).
- In **North America**, revenue increased +3.5% at constant exchange rates year-on-year to €1,291 million. Hazardous waste contributed to this growth with higher volumes and a favorable price volume mix, partially offset by the impacts of the bitterly cold weather in Texas in the first quarter and hurricane Ida in September which led to the temporary shut-down of certain sites.
- Revenue in **Asia** increased +3.5% at constant exchange rates with increased hazardous waste activities in China and scope entries in China and India.
- In the **Pacific** zone, revenue fell -0.9% at constant exchange rates. The continuation of sanitary restrictions during part of the year affected waste activities (lower volumes), while energy activities were impacted by the sale of an industrial asset (impact of -€27 million).

Global businesses revenue increased +5.7% at constant exchange rates compared with the nine months ended September 30, 2020, despite the sale of the Sade Telecom business at the end of 2020. At constant scope and exchange rates, segment revenue increased +9%:

- **Hazardous waste activities in Europe** increased significantly by +27.5% at constant exchange rates, with good volume and price levels and a recovery in sanitation and industrial maintenance activities which returned to pre-health crisis levels. Activity also benefited from the positive scope impact tied to the acquisition of Suez RV OSIS in the first-half of the year (revenue of €116 million).
- **Veolia Water Technologies** revenue increased +4.8% at constant exchange rates with increased technological distribution activities in Europe, the ramp-up of Mobile Unit solutions and the development of municipal projects in France. VWT bookings totaled €1,045 million as of September 30, 2021, compared with €929 million one year earlier.
- **SADE** which sold its Telecom activity at the end of 2020 (scope impact of -€234 million) reported a fall of -18.8% at constant scope and exchange rates and an increase of +7.3% at constant scope and exchange rates, driven by dynamic commercial activity in France and a return to pre-crisis activity levels.

1.2 REVENUE BY BUSINESS

The Group's activity by business is marked by resilient **Water** activities, with growth to end-September 2021 of +2.8% at constant scope and exchange rates year-on-year. Revenue growth continued in **Waste**, exceeding H1 levels (+14.3% at constant scope and exchange rates at end-September compared with +13.7% in H1). **Energy** continued to report good activity growth in line with the first six months (+10.6% at constant scope and exchange rates compared with +10.3% in H1).

(€ million)	*Nine months ended September 30, 2020*	*Nine months ended September 30, 2021*	*Change 2020 / 2021* ∆	*∆ at constant exchange rates*	*∆ at constant scope and exchange rates*
Water	7,890	7,810	-1.0%	-0.2%	2.8%
of which Water Operations	5,954	6,010	0.9%	1.7%	1.7%
of which Technology and Construction	1,936	1,800	-7.0%	-6.1%	6.1%
Waste	7,090	8,181	15.4%	15.5%	14.3%
Energy	3,725	4,366	17.2%	18.2%	10.6%
Group	**18,705**	**20,357**	**8.8%**	**9.4%**	**8.7%**

Water revenue

Water Operations revenue increased +1.7% at constant scope and exchange rates year-on-year confirming the activity's resilience driven by an upturn in construction activity and good commercial momentum despite lower Q3 volumes due to reduced consumption linked to a wet summer in France.

Technology and Construction revenue is up +6.1% at constant scope and exchange rates compared with September 30, 2020. This increase is mainly driven by VWT, with growth reported by Westgarth (a subsidiary specializing in the Oil & Gas sector) and increased construction activity for municipalities in France and the United States.

Waste revenue

Revenue increased +14.3% in the **Waste** business at constant exchange rates compared with the nine months ended September 30, 2020, benefiting from ongoing high recyclate prices (+5.1%), volume growth (+5.4%) and positive tariff increases (+2.8%).
Recyclate prices and particularly paper prices continued to increase in the third quarter.

Overall, volumes have returned to pre-health crisis levels, except for commercial and industrial waste which remain down in certain geographies.

Energy revenue

Energy revenue grew +18.2% at constant exchange rates compared with the nine months ended September 30, 2020 and +10.6% organically, restated for the scope effects of integrating Prague Right Bank heating network activities and cogeneration installations in Budapest (+€279 million in revenue).
The business' strong growth is supported by a highly favorable weather impact at the beginning of the year (+1.6%) notably in Central and Eastern Europe, an increased price effect (+3.4%) driven by price rises in Poland and Romania and higher volumes (+2.6%) notably in Italy and Central Europe.

1.3 ANALYSIS OF THE CHANGE IN GROUP REVENUE

The increase in revenue breaks down **by main impact** as follows:

The **foreign exchange impact** of -€111 million (-0.6% of revenue) mainly reflects fluctuations in American (-€123 million) and Asian (-€32 million) currencies, partially offset by an improvement in the Australian (+€41 million) and UK (+€42 million) currencies[1].

The **consolidation scope impact** of €135 million mainly concerns the impact of integrating the Prague Right Bank urban heating network (€144 million), the Budapest cogeneration installations (€135 million) and waste processing activities in Russia (€25 million) in Central Europe. In the Global businesses segment, the sale of SADE's Telecom network activities in 2020 (-€234 million) was partially offset by the integration of OSIS in 2021 (€116 million).

The **commerce / volumes / works** impact is +€812 million, driven by higher waste volumes (+€386 million) and excellent commercial momentum.

The **weather impact** is +€47 million and mainly concerns Central Europe where the Energy business benefited from a severe winter in the first quarter, offset by the impact of a wet summer in France.

Energy and recyclate prices had an impact of +€489 million, driven by a strong increase in recyclate prices (+€358 million, including €238 million for paper, €28 million for plastic and €49 million for metal)) and the positive impact of energy prices in Europe and notably in Central Europe, which benefited from higher heating tariffs in Poland, and in Germany with favorable impacts on electricity sales.

Favorable price effects (+€280 million) are mainly tied to tariff reviews estimated at +2.8% in waste and +1.0% in water.

2 GROUP EBITDA

Group consolidated **EBITDA** for the nine months ended September 30, 2021 was €3,140 million, up +26.4% at constant exchange rates year-on-year. The margin rate is 15.4% at September 30, 2021, compared with 13.3% at September 30, 2020.

The increase in EBITDA between 2020 and 2021 breaks down by impact as follows:

The **foreign exchange impact** on EBITDA was -€10 million and mainly reflects unfavorable fluctuations in American (-€16 million), and Central European (-€3 million) currencies, partially offset by an improvement in the Australian and UK currencies[2].

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[1] Main foreign exchange impacts by currency: US dollar (-€94 million), Argentine peso (-€29 million), Japanese yen (-€29 million), Polish zloty (-€26 million), Brazilian real (-€9 million), Hong Kong dollar (-€9 million), Czech koruna (+€19 million).
[2] Foreign exchange impacts by currency: US dollar (-€10 million), Argentine peso (-€4 million), Colombian peso (-€2.0 million), Polish zloty (-€6 million), United Arab Emirates dirham (-€2 million), Hungarian forint (-€1 million), Brazilian real (-€1 million), Australian dollar (+€5 million), Czech koruna (+€5 million), pound sterling (+€7 million).

The **consolidation scope impact** of +€66 million mainly reflects the impact of the acquisition of the Prague Right Bank urban heating network and the Budapest cogeneration installations in 2020.

Commerce and volume impacts are +€267 million. This increase was driven by higher waste volumes, mainly in France and Europe, and strong construction activities in Water in France and in Global businesses (VWT).

The €83 million **one-off impact** concerns the Operating Financial Asset disposal relating to a waste to energy project in France.

Favorable **weather impact in** Energy +€23 million principally in Central Europe, partially offset by severe weather in the US and by the wet summer in France (-€23 million).

Energy and recyclate prices had a favorable impact on EBITDA of +€98 million (vs. +€20 million at September 30, 2020), including +€75 million in recyclates.

The impact of **prices net of cost inflation** is -€155 million.

Cost-savings plans contributed +€299 million at the end of September, ahead of the €350 million annual objective and include:

- post-health crisis additional savings efforts under the Recover & Adapt plan for €87 million;
- the efficiency plan for €212 million and mainly concerning operating efficiency (61%) and purchasing (26%) across all geographic zones: France (25%), Europe excluding France (37%), Rest of the world (25%), Global businesses (11%) and Corporate (2%).

3 CURRENT EBIT

Group consolidated **current EBIT** for the nine months ended September 30, 2021 was €1,258 million, up significantly by +68.7% at constant exchange rates compared with the nine months ended September 30, 2020 re-presented [3].

EBITDA reconciles with Current EBIT for the nine months ended September 30, 2021 compared with September 30, 2020 as follows:

[3] See Appendices

(€ million)	Nine months ended September 30, 2020 published	Nine months ended September 30, 2020 re-presented	**Nine months ended September 30, 2021**
EBITDA	**2,492**	**2,492**	**3,140**
Renewal expenses	(225)	(225)	(220)
Depreciation and amortization [4]	(1,555)	(1,555)	(1,730)
Provisions, fair value adjustments & other	(14)	(37)	(1)
Share of current net income of joint ventures and associates	73	73	69
Current EBIT	**771**	**748**	**1,258**

The significant +€514 million increase in Current EBIT at constant exchange rates compared with September 30, 2020 re-presented[5] is mainly due to:

- a marked improvement in EBITDA (+€658 million at constant exchange rates);
- an increase in depreciation and amortization[(1)] impacted by 2020 scope entries and the neutralization of the OFA disposal relating to a waste incinerator in France (-€83 million)
- a favorable difference in provisions and other, including higher capital gains on industrial divestitures (+€52 million at constant exchange rates) mainly relating to asset rotation transactions in Sweden and Norway.

The foreign exchange impact on Current EBIT was -€4 million and mainly reflects fluctuations in American currencies (-€8 million)[6].

4 NET CURRENT FINANCIAL EXPENSE

The net financial expense for the nine months ended September 30, 2021 is -€239 million, compared with -€433 million for the nine months ended September 30, 2020. This improvement is chiefly due to dividends received on Suez shares in respect of 2020 of €122 million and an improvement in the net finance cost.

Cost of net financial debt

The cost of net financial debt totaled -€242 million for the nine months ended September 30, 2021, compared with -€315 million for the nine months ended September 30, 2020. This significant decrease in the Group's cost of net financial debt is due to favorable bond issue refinancing conditions in 2020, historically low foreign currency interest rates with nonetheless the beginning of an uptick, as well as increased commercial paper contributing to the performance of the cost of non-euro denominated debt and the positive impact of the cancellation of the interest rate hedging portfolio (pre-hedge swaps) set-up in 2020.
The Group's financing rate (excluding IFRS 16 impacts) was therefore 2.67% at September 30, 2021, compared with 4.24% at September 30, 2020 (2.57% vs. 3.91% including IFRS 16 impacts).

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[4] Including principal payments on operating financial assets.
[5] See Appendices
[6] Foreign exchange impacts by currency: US dollar (-€4 million), Argentine peso (-€3 million), Polish zloty (-€2 million), United Arab Emirates dirham (-€2 million), Hungarian forint (-€1 million), Czech koruna (+€2 million) and Swedish crown (+€1 million).

Other financial income and expenses

Other financial income and expenses totaled +€3 million for the nine months ended September 30, 2021, compared with -€118 million for the nine months ended September 30, 2020.
They include Suez dividends for 2020 (€122 million) on shares purchased in October 2020 (29.9%) as well as interest on concession liabilities (IFRIC 12) of -€57 million and the unwinding of discounts on provisions for -€11 million.
Gains on financial divestitures recognized in the first nine months of 2021 totaled +€7 million and mainly include the capital gain on the divestiture of utilities services activities in Nordic countries (€11 million).
As of September 30, 2020, gains on current financial divestitures totaled +€9 million.

5 CURRENT INCOME TAX EXPENSE

The current income tax expense for the nine months ended September 30, 2021 amounted to -€241 million, compared with -€98 million for the nine months ended September 30, 2020.

The current income tax rate for the nine months ended September 30, 2021 is 25.4%, versus 40.2% for the nine months ended September 30, 2020 re-presented (36.8% as of September 30, 2020 published).

6 CURRENT NET INCOME

Current net income attributable to owners of the Company was €667 million for the nine months ended September 30, 2021, compared with €126 million for the nine months ended September 30, 2020 re-presented (€149 million for the nine months ended September 30, 2020 published). Excluding capital gains and losses on financial divestitures net of tax and minority interests, current net income attributable to owners of the Company is €662 million, compared with €116 million for the nine months ended September 30, 2020 re-presented (€139 million for the nine months ended September 30, 2020 published).

C] CHANGES IN NET FREE CASH FLOW AND NET FINANCIAL DEBT

Net free cash flow for the nine months ended September 30, 2021 is +€705 million, up significantly on the nine months ended September 30, 2020 (-€377 million).

The change in net free cash flow year-on-year reflects:

- the increase in EBITDA over the first nine months through greater activity, the intensification of commercial and operating efficiency efforts and an OFA disposal relating to a waste incinerator in France.

- net industrial investments of €1,335 million, up 1.6% at current exchange rates (+2.2% at constant exchange rates):
  - Maintenance investments of €778 million (3.8% of revenue);
  - Growth investments in the current portfolio of €570 million (€516 million in the nine months ended September 30, 2020);

- Discretionary investments of €210 million, in line with September 2020.
- Industrial divestitures of €203 million as part of the continuation of the Group's asset rotation strategy in accordance with the objectives set in the Impact 2023 strategic plan.

- a marked improvement in the change in operating working capital requirements to -€360 million, compared with -€651 million for the nine months ended September 30, 2020 thanks to ongoing debt recovery efforts.
- the receipt of Suez dividends of €122 million on July 8, 2021 on the shares acquired in October 2020 (29.9% non-consolidated investment).

Overall**, net financial debt** amounted to €13,445 million, compared with €13,217 million as of December 31, 2020.
Compared with December 31, 2020, the change in **net financial debt** is mainly due to:

- net free cash flow generation of +€705 million for the period;
- the payment of the dividends voted by the Combined Shareholders' Meeting of April 22, 2021 (-€397 million);
- net financial investments of -€258 million (including acquisition costs and net financial debt of new entities) and mainly comprising the impact of the acquisition of OSIS and an organic fertilizer plant in France and the divestment of Utilities Services activities in Sweden and Norway and of the Shenzhen water concession in China.

Net financial debt was also impacted by negative exchange rate fluctuations of -€203 million as of September 30, 2021 compared with December 31, 2020 [7].

[7] Mainly driven by negative impacts on the US dollar (-€71 million), pound sterling (-€42 million), Czech koruna (-€30 million), Hong King dollar (-€21 million) and Chinese renminbi yuan (-€14 million).

APPENDICES

A] RECONCILIATION OF DATA PUBLISHED IN 2020 AND 2019 WITH DATA RE-PRESENTED IN 2021

From fiscal year 2021 and with a view to improving comparability with other issuers, the impacts of applying IFRS 2, “Share-based payments”, are now included in Current EBIT.

In accordance with ESMA guidance on changes in the definition of non-GAAP indicators, the 2019 and 2020 indicators were restated.

Reconciliation of aggregate indicators for the nine months ended September 30, 2020 and 2019

(in euro millions)	*Sept 2019 excl IFRS 2*	*Impact IFRS 2*	***Sept 2019 incl IFRS 2***	*Sept 2020 excl IFRS 2*	*Impact IFRS 2*	***Sept 2020 incl IFRS 2***
Revenue	**19 764**		**19 764**	**18 705**		**18 705**
EBITDA	**2 894**		**2 894**	**2 492**		**2 492**
EBITDA margin	14,6%		14,6%	13,3%		13,3%
Personnel cost- share based payments		-18	-18		-23	-23
Current EBIT	**1 190**	**-18**	**1 172**	**771**	**-23**	**748**
Net current income Group share	**486**	**-18**	**468**	**149**	**-23**	**126**
Net current income Group share excl. financial capital gains	**468**	**-18**	**450**	**139**	**-23**	**116**
Net capex	-1 455		-1 455	-1 334		-1 334
Net Free cash flow	-167		-167	-377		-377
Net financial Debt (opening)	**-11 567**		**-11 567**	**-10 680**		**-10 680**
Net financial debt (closing)	**-12 487**		**-12 487**	**-11 745**		**-11 745**

Reconciliation of 2020 and 2019 Q3 indicators:

(in euro millions)	*Q3 2019 excl. IFRS 2*	***Impact IFRS 2***	***Q3 2019 incl IFRS 2***	*Q3 2020 excl IFRS 2*	***Impact IFRS 2***	***Q3 2020 incl IFRS 2***
Revenue	**6 441**		**6 441**	**6 293**		**6 293**
EBITDA	**892**		**892**	**893**		**893**
EBITDA margin	13,8%		13,8%	14,2%		14,2%
Personnel cost- share based payments		-9	-9		-21	-21
Current EBIT	**332**	**-9**	**323**	**333**	**-21**	**312**
Net current income Group share	**133**	**-9**	**124**	**142**	**-21**	**121**
Net current income Group share excl. financial capital gains	**134**	**-9**	**125**	**134**	**-21**	**113**

This adjustment does not impact Net income attributable to owners of the Company in so far as it involves a reclassification between current and non-current items in Net income attributable to owners of the Company.

B] DEFINITIONS

To calculate **Current EBIT** (which includes the share of current net income of joint ventures viewed as core Company activities and associates), the following items are deducted from operating income:

- goodwill impairments of fully controlled subsidiaries and equity-accounted entities;
- restructuring charges;
- non-current provisions and impairment;
- non-current and/or significant impairment of non-current assets (property, plant and equipment, intangible assets and operating financial assets);
- Share acquisition costs.

For the other indicators, please refer to Section 5.5.8 of the 2020 Universal Registration Document