VEOLIA

PRESS RELEASE

Paris, August 1st, 2024

2024 HALF-YEAR RESULTS

STRONG GROWTH IN HALF-YEAR RESULTS, REFLECTING THE SOLIDITY OF VEOLIA'S VALUE CREATION MODEL AND THE GOOD START OF ITS GREENUP STRATEGIC PROGRAM

- **Solid revenue growth of +4.4%(1)** driven by Booster activities up +6.9%(1), while Stronghold activities are up +3.4%(1)
- **Robust operational performance with a strong EBITDA increase of +5.7%(2),** supported by revenue growth, operational efficiency as well as synergies ahead of annual target. **Current net income up +15.2%(3) to €731m**
- **Continued dynamic capital allocation policy** contributing to value creation while preserving a solid balance sheet, with €1bn+ of non-strategic asset divestments signed in the first half, and several targeted acquisitions in priority activities
- **Objectives for 2024 and GreenUp 2024-2027 fully confirmed**
- **Veolia, first company to obtain double validation** by SBTi and Moody's for its climate trajectory, compatible with the 1.5°C ambition

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Revenues of €22,141m with solid growth of +4.4%(1):

- Strong growth in Water (+6.4%(2)) and Waste (+6.4%(2))
- Revenue increase in Energy (+1.4%(2)(4)) with sustained high levels of profitability
- After taking into account the effect of lower energy prices, total Group revenues are slightly up +0.4%(2)

EBITDA of €3,266m, a strong organic growth of +5.7%(2), within the guidance range of +5% to +6%(2):

- €194m in efficiency gains, for an annual target of €350m
- €71m in synergies, ahead of annual target

Current EBIT up +6.6%(2), to €1,730m

Current Net Income - Group Share of €731m up +15.2%(3), on track with the annual target above €1.5bn, and Net Income - Group Share up +24.6%

Net financial debt well under control, with a leverage ratio expected below 3x at end 2024

Objectives for 2024 and GreenUp 2024-27 fully confirmed

(1) At constant scope and forex excluding energy prices (2) At constant scope and forex (3) At constant forex (4) Excluding energy prices and weather impact

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Estelle Brachlianoff, CEO of the Group, commented *:*

"At mid-year, Veolia posted a very solid performance, perfectly aligned with the priorities of the GreenUp Strategic Program that we have recently launched. EBITDA was up +5.7%[1] *and current net income up +15.2%*[2]*, in line with our expectations. These excellent results reflect our commercial dynamism and operational excellence, as well as the vitality of demand, which translates in the sound growth of our Water and Waste activities. The unique combination of water / energy / waste activities which enables us to offer efficient and innovative solutions to our customers has once again been key to our commercial wins, as illustrated by the examples of Saint-Fons in France or New-Orleans in the United States, two major wastewater treatment plants contracts where our know-how in energy was key.*

During this first-half, we have also pursued the transformation of our portfolio of activities according to our strategic plan, by divesting non-strategic assets for a total amount of more than 1 billion euros, while simultaneously reinvesting in new acquisitions that create value in our priority activities.

We expect these positive trends to continue in the second-half, which enables us to fully confirm all our targets for the year."

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Detailed key figures at June 30, 2024

Group consolidated revenues amounted to 22,141 million euros at June 30, 2024, compared to 22,755 million euros at June 30, 2023. They varied by +0.4% on a like-for-like basis, and by +4.4% excluding the impact of energy prices, which mainly affected Europe excluding France.

Revenue growth by effect breaks down as follows:

- **The currency effect** was a negative €442 million (-1.9%), mainly reflecting fluctuations in Argentinian, Chilean and Czech currencies, partially offset by an improvement in the Polish currency[3].
- **The perimeter effect** of -260 million euros (-1.1%) mainly includes the impact of the disposal of SADE on February 29, 2024, the acquisition of Hofmann (Germany) in the first quarter 2024, and the entry into the perimeter of Lydec (Morocco) on January 25, 2023.
- **The commodity price effect** (corresponding to changes in energy and recyclate prices) amounted to -915 million euros (-4.0%), due to lower energy prices (-917 millions euros), mainly in Central and Eastern Europe, with an almost neutral effect of recyclate prices (+2 millions euros).
- **The climate effect** amounted to -143 million euros (-0.6%), mainly in Central and Eastern Europe, where energy sales were impacted by a milder winter than in 2023.
- **Intrinsic growth** was driven by positive commercial and price effects. The Commerce / Volumes / Works effect amounted to +355 million euros (+1.6%), driven by a good commercial momentum, healthy water volumes, the increase in works carried out, as well as strong growth in Water Technologies activities. Favorable price effects amounted to +790

[1] *At constant scope and forex*

[2] *At constant forex*

[3] *Main currency impacts: Argentine peso (-327 million euros), Chilean peso (-68 million euros), Czech koruna (-59 million euros) and Japanese yen (-35 million euros), compensated by Polish zloty (+107 million euros) and British pound (+38 million euros)*

million euros (+3.5%), mainly due to tariff indexations and price increases of +5.3% in waste and +4.2% in water.

Revenues at June 30, 2024 progressed across all operating segments compared with June 30, 2023

Compared with June 30, 2023, sales at June 30, 2024 varied by +0.4% on a like-for-like basis. Sales rose sharply in the Water Technologies segment, grew steadily in the Rest of the World segment, and grew moderately in France and Special Waste Europe, whereas they fell in the Europe excluding France segment due to lower energy prices than in 2023.

Revenues in **France and Special Waste Europe** amounted to 4,531 million euros and showed organic growth of +2.9% compared to June 30, 2023.

- **Water France** sales of 1,492 million euros were up +4.5% on a like-for-like basis, mainly fueled by the +4.6% positive effect of tariff indexations, minus the impact of lower volumes, down -0.5%.
- Sales of **Waste France** amounted to 1,482 million euros and rose by +2.0% on a like-for-like basis due to the positive effect of tariff indexation and prices increases, and despite slight volume increase while maintaining commercial selectivity.
- **Special Waste Europe** sales reached 1,114 million euros, up +7.1% on a like-for-like basis, mainly due to the increase in tariffs for hazardous waste treatment and sanitation maintenance activities, which offset the impact of lower oil prices. First-half volumes were broadly resilient compared with 2023.

Revenues in **Europe excluding France** reached 9,252 million euros at June 30, 2024, an organic variation of -7.7%, due to lower energy prices than in 2023. Excluding the effect of energy prices, revenues rose by +1.4%.

- In **Central and Eastern Europe**, sales stood at 5,412 million euros, down -13.3% on a like-for-like basis, heavily impacted by lower energy prices and to a lesser extent by an unfavorable climate effect (-136 millions euros) due to a milder winter than last year.
- In **Northern Europe**, revenues of 2,094 million euros rose by +3.5% on a like-for-like basis. This increase was mainly attributable to sales in the United Kingdom, up +4.0% on a like-for-like basis, predominantly in the waste activity, which benefited from tariff indexation and an increase in volumes processed, particularly in incineration, as a result of very good plant availability.
- In **Iberia**, sales stood at 1,279 million euros, up +1.1% on a like-for-like basis. Water activities mainly benefited from tariff increases, although volumes were down slightly. Energy activities were impacted by the drop in prices.
- **Italy** generated revenues of 467 million euros, down -6.7% on a like-for-like basis, mainly due to the drop in energy prices, with no impact on margin due to a parallel decrease in energy purchase costs.

Revenues in **Rest of the world** reached 5,956 million euros, an organic growth of +6.5%, up in all geographies, excluding Asia.

- Revenue stood at 945 million euros in **Latin America**, up +25.9% on a like-for-like basis. This was mostly supported by high waste volumes, particularly in Brazil and Colombia, the effect of tariff reviews on water activities in Chile, and the impact of hyperinflation in Argentina (offset by the devaluation of the Argentine peso).

- In **Africa Middle-East,** revenues totaled 1,102 million euros, up +4.1% on a like-for-like basis, mainly driven by the growth of energy services in the Middle East and the increase in activity in Morocco.
- In **North America**, revenues reached 1,683 million euros, up +2.6% on a like-for-like basis. The Hazardous Waste activity performed strongly, boosted by price increases and strong commercial activity. The Water activity benefited from tariff increases, with higher volumes in the "regulated water" activity.
- Sales in **Asia** amounted to 1,202 million euros, down -1.3% on a like-for-like basis, mainly due to lower activity at hazardous waste treatment plants in China and India. These effects were partially offset by strong commercial momentum in energy efficiency in Hong Kong and water in Japan.
- In the **Pacific** region, sales of 1,025 million euros were up +6.5% on a like-for-like basis, mainly driven by tariff revisions and higher volumes of waste processed, as well as good commercial momentum in industrial maintenance.

The **Water Technologies** activity reported sales of 2,398 million euros, up +15.5% on a like-for-like basis, driven by WTS growth in the Engineering Systems and Chemical Solutions businesses, as well as by VWT growth in its Project activities.

The organic growth of revenues by business compared to June 30, 2023 is as follows:

- Sales in the **Water activity** rose by +6.4% on a like-for-like basis to 8,798 million euros, driven by an increase in Water operations (+3.6% on a like-for-like basis) and growth in Technology and Construction (+12.6% on a like-for-like basis).
    - Water Operation revenues rose by +3.6% on a like-for-like basis, to 6,236 million euros, with tariff increases across all geographies, a good level of construction activity and increasing volumes, mainly in Central and Eastern Europe (+2.6%), the United States (+1.3%) and Chile (+0.9%), offsetting falls in France (-0.5%), due to a wet spring, and Spain (-0.6%) due to drought-related restrictions.
    - Technology and Construction sales rose by +12.6% on a like-for-like basis, to 2,563 million euros, driven mainly by Water Technologies.
- Sales for **Waste activity** revenues increased by +6.4 % on a like-for-like basis, to 7,728 million euros. It benefited from favorable price revisions (+5.0%). The price of recyclate began to rise again in April 2024 (mainly paper) and is stable overall compared with the first half of 2023. The Commerce/Volume/Works effect was positive (+1.4%), with an increase in volumes, particularly in the United Kingdom and Australia, and an increase in hazardous waste activity outside Asia.
- Revenues of **Energy activity** amounted to 5,615 million euros and varied by -14.4% on a like-for-like basis, owing to the drop in energy prices, impacted by the price of electricity, while heating tariffs rose. The unfavorable weather impact in the first half of 2024 accounted for -2.2% of Energy revenues due to a milder winter. Energy services sales benefited from a solid commercial activity in Belgium, the Middle East and Hong Kong. Excluding energy prices and weather impact, Energy sales were up +1.4%.

Strong EBITDA growth, to €3,266m compared with €3,162m at June 30, 2023, i.e. +5.7% organic growth

The currency impact on EBITDA amounted to -95 million euros (-3.0%). This mainly reflects the depreciation of the Argentinian, Chilean and Czech currencies, partially offset by a rise in the Polish currency[4].

The perimeter impact of +19 million euros (+0.6 %) mainly includes the impact of the acquisition of Hofmann (Germany) in the first quarter 2024, and the inclusion of Lydec (Morocco) in the scope of consolidation on January 25, 2023, partially offset by the disposal of SADE on February 29, 2024.

External factors negatively impacted EBITDA:

- Changes in **commodity prices** (energy and recycled materials) had a net unfavorable impact on EBITDA of -39 million euros (-1.2%), mainly due to lower energy prices net of lower energy purchasing costs, for -44 million euros, partially offset by an increase in recycled materials prices (+5 million euros).

- The **climate impact** was -42 million euros (-1.3%), mainly in Central and Eastern Europe, affected by a milder winter than in 2023.

Intrinsic growth was driven by favorable Commerce/Volumes/Works effects, by efficiency gains generated by the Group, of which 44% have been retained, and by synergies generated following the integration of Suez.

- The **Commerce/Volumes/Works** effect was favorable at +105 million euros (+3.3%) and resulted from its positive effect on sales.

- The **net efficiency gains**, net of gains shared with customers, contract renegotiations and time-lag effects on passing-on of costs generated an additional 86 million euros (+2.7%) in EBITDA in first-half 2024. This represents a retention rate of 44% of the gains generated by the Group under the efficiency plan.

The gains generated by the **efficiency plan** contributed 194 million euros in the first-half 2024, ahead of the target of 350 million euros for 2024. The plan focuses primarily on operating efficiency (68%) and purchasing (22%), and concerns all geographies : France and Special Waste Europe (22%), Europe excluding France (43%), Rest of the World (29%), and Water Technologies (6%).

Synergies generated by the integration of Suez amounted to 71 million euros. Together with synergies already realized in 2022 and 2023, they amounted to 386 million euros, ahead of the cumulated target of 400 million euros by the end of 2024, thanks in particular to economies of scale in purchasing.

Current EBIT growth of +6.6% at €1,730m, at constant scope and forex

The increase in current EBIT compared with June 30, 2023 at constant scope and forex amounted to +111 million euros (+6.6%), and was mainly due to:

- a strong growth in EBITDA (+180 million euros at constant scope and forex);

[4] *Main currency impacts : Argentine peso (-47 million euros), Chilean peso (-29 million euros), Czech koruna (-16 million euros), offset by Polish zloty (+14 million euros)*

- a rise in amortization[5] (including the repayment of operating financial assets) of -68 millions euros on a like-for-like basis, mainly related to Central and Eastern Europe (notably Uzbekistan);
- the positive impact of "provisions net of capital gains on disposals, and others" of +6 million euros at constant scope and forex);
- a decrease in the share of net income from joint ventures of -7 million euros at constant scope and forex, due to a non recurring item in first quarter 2023.

The currency effect on current EBIT was negative by -63 million euros and mainly reflected the change in Argentinian (-35 million euros) and Chilean (-20 million euros) currencies.

Current net income of €731m, sharply up +15.2% at constant forex

Current net income Group share (before PPA of -20 million euros) reached 731 million euros at June 30, 2024, compared with 662 million euros at June 30, 2023 (+15.2% at constant forex).

- The cost of net financial debt amounted to -331 million euros compared with -312 million euros at June 30, 2023. This increase is mainly due to a non-recurring product in first-half 2023 and to changes in the balance of variable financial expenses and income from deposits. The Group financing rate[6] was therefore 3.83%;
- Other current financial income and expenses totaled -177 million euros compared with -120 million euros in first-half 2023 which benefited from exceptional favorable effects partially reversed during the second-half;
- Capital gains and losses on financial disposals reached +53 million euros compared with -3 million euros and mainly included capital gains on the disposal of SADE;
- The current income tax expense reached -321 million euros and reflected the increase in current income before tax. This represented a current income tax rate of 26.2%, versus 28.0% for the first-half 2023;
- Minority interests amounted to -223 million euros compared with -245 million euros at June 30, 2023.

Net income Group Share up +24.6%

The very strong increase in net income Group share at 651 million euros at June 30, 2024 compared with 523 million euros at June 30, 2023 was due to the strong increase in current net income and to the strong decrease in costs associated with the Suez acquisition and integration to -13 million euros compared with -55 million euros.

[5] *Excluding Suez PPA*

[6] *Hors impact IFRS 16.*

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Well controlled net financial debt

Net free cash-flow before financial investments and dividends stood at -284 million euros at June 30, 2024, and varied by -206 million euros compared to June 30, 2023 (-78 million euros).

The change in net free cash-flow compared to June 30, 2023 is explained by:

- **EBITDA growth** driven by organic growth and operational and commercial efficiency gains, as well as synergies;
- **Net capital expenditure** of -1,722 million euros, which remained roughly stable compared with June 30, 2023 (+1.6%). This includes in particular the on-going decarbonation projects in Central and Eastern Europe, as well as investments in hazardous waste projects;
- The **change in operating working capital** of -998 million euros, which deteriorated by -177 million euros compared to June 30, 2023, impacted by advances received in 2023 in connection with Water Technologies projects and projects in Germany, as well as greater disbursements than in 2023 for CO2 allowance purchases;
- The **change in financial expenses** of -157 million euros compared with June 30, 2023, which stems mainly from a non-recurring income in first-half 2023.

Net financial debt stood at 19,891 million euros at June 30, 2024, compared with 17,903 million euros at December 31, 2023. Compared with December 31, 2023, the change in net financial debt is mainly due to the following:

- **net free cash-flow** for the first-half of -284 million euro;
- **net financial investments** of -168 million euros following the acquisition of Groupe Hofmann GmbH and the disposal of subsidiary SADE;
- **repayment of hybrid debt** for -209 million euros, including coupons;
- payment of the **dividends** voted by the Annual Shareholders' Meeting of April 25, 2024 to the amount of -895 million euros.

Net financial debt is also impacted by foreign exchange gains and losses and fair value variation adjustments of -46 million euros at June 30, 2024.

2024 Guidance fully confirmed

In view of the excellent results achieved in the first half 2024, guidance for 2024 is fully confirmed:

- Solid organic growth of revenue(1) (2)
- Efficiency gains above €350m complemented by additional synergies for a cumulated amount of more than €400m end 2024, in line with the €500m cumulated objective
- Organic growth(1) of EBITDA between +5% and +6%
- Current net income Group share above €1.5bn(3)
- Leverage ratio expected below 3x(3)
- Dividend growth in line with Current EPS growth

(1) at constant scope and forex / (2) excluding energy prices / (3) excluding Suez PPA

GreenUp 2024-2027 targets fully confirmed

• *Solid revenue growth*[7] • ***€350m** savings per year* • ***Over €8bn** of EBITDA in 2027* • ***~ 10% annual growth*[8] *in current net income over 2023-2027*** • *Leverage ratio **≤ 3x*** • ***Dividend growth** in line with current EPS*	• *€4bn of growth investments, of which €2bn are prioritized on 3 growth boosters* • *Decarbonization: **18m tons of CO2 erased in 2027** (scope 4) & emission reduction trajectory compatible with 1.5°C warming (scope 1&2)* • *Regeneration: **1.5 bn m3 of fresh water saved** in 2027* • *Depollution: **10m tons of hazardous waste and pollutants treated** in 2027*

Agenda

- October 17: **Deep dive Water Technologies and Innovation in Hungary**
- November 7: **2024 third quarter results publication**

[7] *Excluding energy prices*

[8] *At constant exchange rates*

ABOUT VEOLIA

Veolia group aims to become the benchmark company for ecological transformation. Present on five continents with nearly 213,000 employees, the Group designs and deploys useful, practical solutions for the management of water, waste and energy that are contributing to a radical turnaround of the current situation. Through its three complementary activities, Veolia helps to develop access to resources, to preserve available resources and to renew them. In 2023, the Veolia group provided 113 million inhabitants with drinking water and 103 million with sanitation, produced 42 million megawatt hours of energy and recovered 63 million tonnes of waste. Veolia Environnement (Paris Euronext: VIE) achieved consolidated revenue of 45.3 billion euros in 2023. www.veolia.com

IMPORTANT DISCLAIMER

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