



# IMPACT

## 2023

**Strategic Program**

**2020-2023**

28 February, 2020

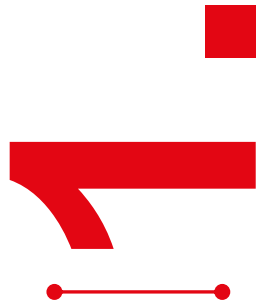
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*This document contains "non-GAAP financial measures". These "non-GAAP financial measures" might be defined differently from similar financial measures made public by other groups and should not replace GAAP financial measures prepared pursuant to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

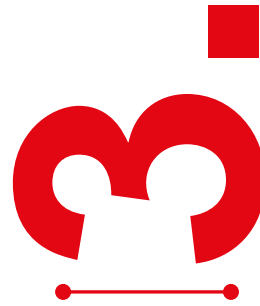




**VEOLIA'S PURPOSE:  
A VALUE FOCUSED  
MODEL FOR ALL  
STAKEHOLDERS**



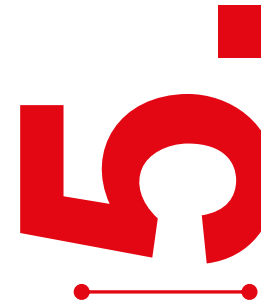
**VEOLIA'S  
ACHIEVEMENT  
S 2012-2019**



**THE 2020-2023  
STRATEGIC PROGRAM  
AND FINANCIAL  
TRAJECTORY**



**2020-2023: GROWTH  
AND EFFICIENCY**



**2020-2023:  
INNOVATION**



**2020-2023:  
FINANCIALS**

**VEOLIA'S**

**A VALUE-FOCUSED MODEL**

**FOR ALL STAKEHOLDERS**

**Antoine Frérot, Chairman and CEO**



# VEOLIA'S PURPOSE: THE "COMPASS" OF VEOLIA'S NEW STRATEGIC PROGRAM

Veolia's prosperity is founded upon its usefulness to all its stakeholders

**IMPACT**  
**2023**

Maximizing Veolia's impact for all its stakeholders over the 2020-2023 period

Veolia's Purpose was released in April 2019



# VEOLIA'S ACHIEVEMENTS

2012-2019

Antoine Frérot, Chairman and CEO



# 2012-2019 DELIVERY



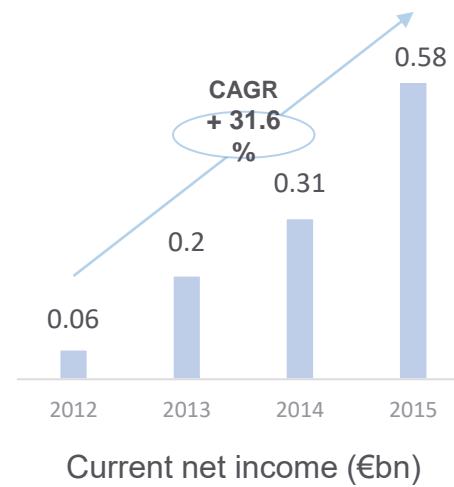
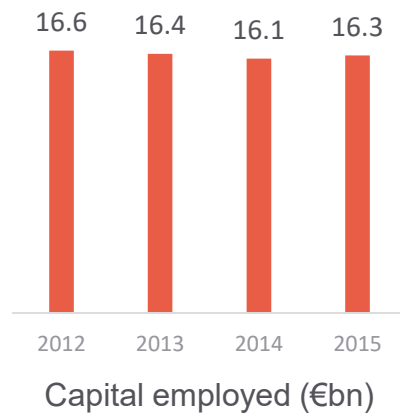
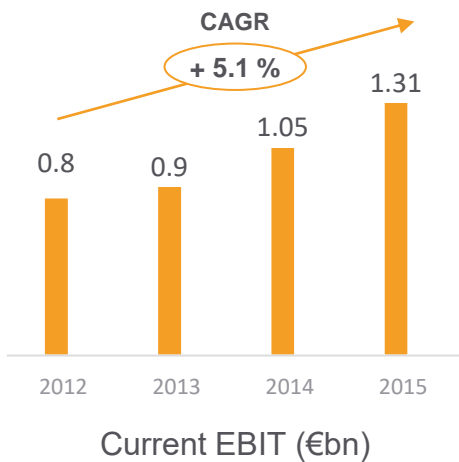
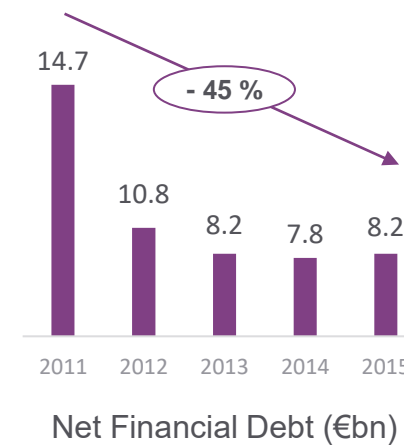
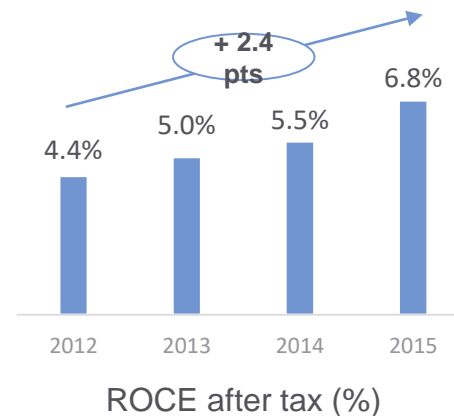
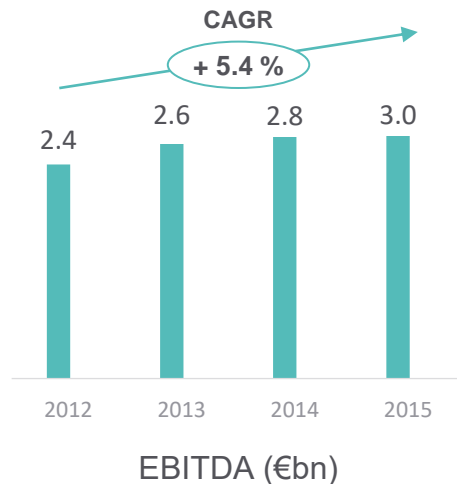
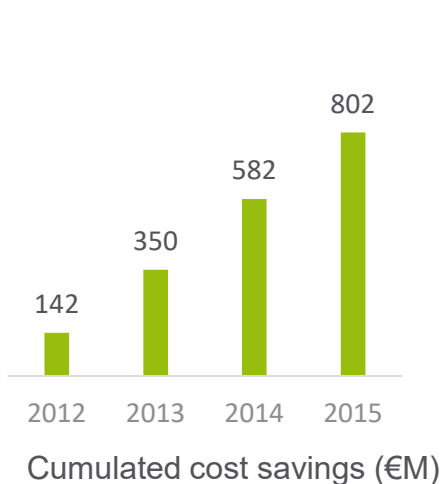
- Reducing the debt
- Geographic refocusing and new organization by geography
- Cost savings (€800M)
- Repositioning and modernizing our offers

- A profitable growth, mainly organic, completed with small acquisitions
- Enhanced efforts on efficiency and cost savings (€1bn)

**ALL TARGETS ACHIEVED**

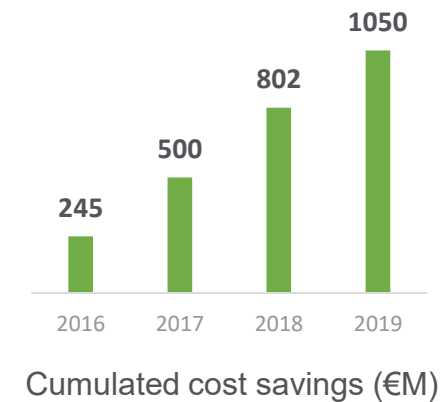
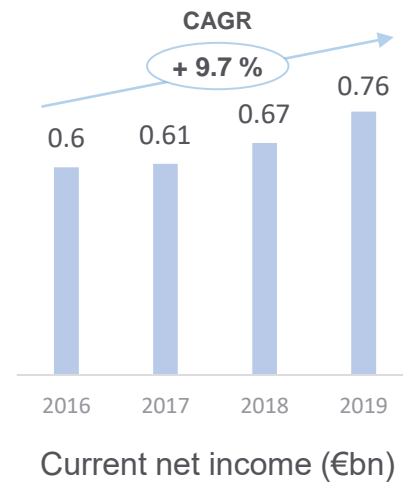
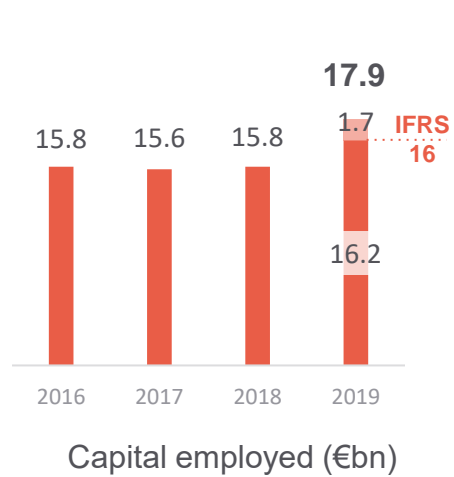
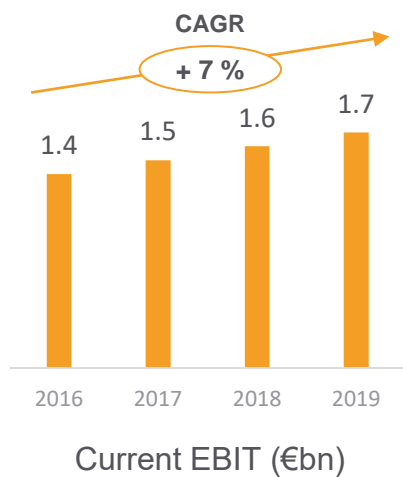
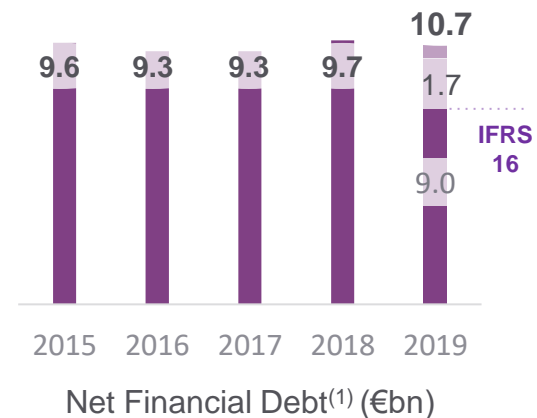
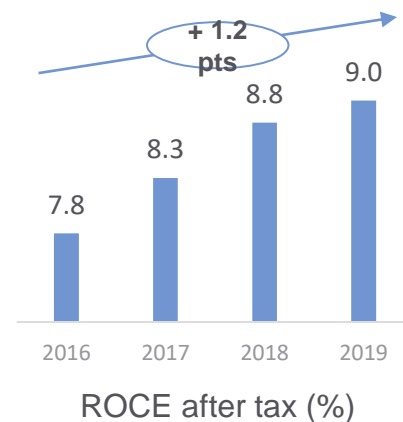
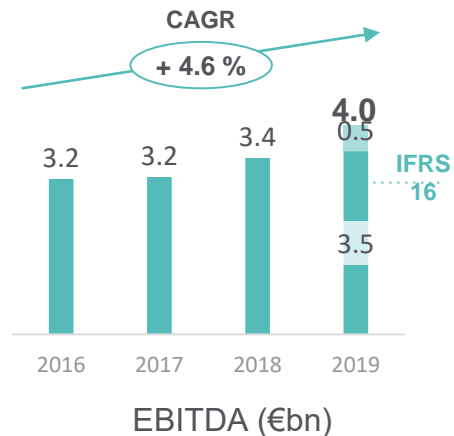
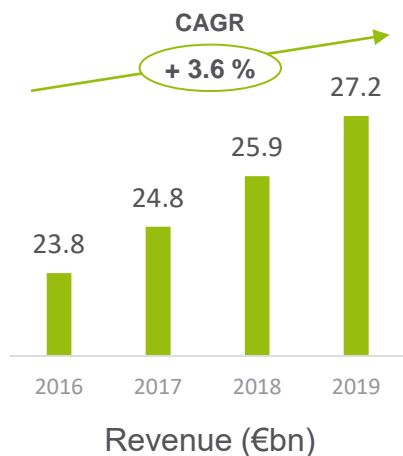


# 2012-2015 4 YEARS OF TRANSFORMATION





# 2016-2019 4 YEARS OF PROFITABLE GROWTH



% at constant FX CAGR 2015-2019 at constant FX Including IFRIC12 and before IFRS16

(1) Including hybrid



# 2016-2019 DELIVERY

In € millions  
Excluding IFRS 16 until 2017

		2016 Excl IFRS 16	2017 Excl IFRS 16	2018 Incl IFRS 16	2019 Incl IFRS 16	CAGR 2015-2019 At constant forex excl IFRS 16
Revenue		23 838	24 818	25 911	27 189	3.6 %
EBITDA		3 158	3 217	3 843	4 022	4.6 %
Current EBIT		1 442	1 497	1 644	1 730	7.0 %
Net current income group share		597	614	672	760	9.7 %
Net CAPEX <sup>(1)</sup>		-1 511	-1 648	-2 189	-2 201	
WCR variation		268	115	60	209	
Free Cash Flow before discretionary growth capex		1 145	828	846	1 230	
Free Cash Flow after discretionary growth capex		940	619	536	868	
Dividend to shareholders		401	440	463	509	
	2015					
Net financial debt excluding hybrid and before IFRS 16	-8 170	-7 812	-7 833	-8 296	-7 497 <sup>(2)</sup>	
Hybrid	-1 452	-1 452	-1 452	-1 452	-1 452	
Net financial debt including hybrid and before IFRS16	<b>-9 622</b>	<b>-9 264</b>	<b>-9 285</b>	<b>-9 748</b>	<b>-8 949</b>	
IFRS16	na	na	na	-1 816	-1 731	
Net financial debt including hybrid and after IFRS16	na	na	na	-11 564	-10 680 <sup>(2)</sup>	
Leverage NFD/EBITDA (including hybrid before IFRS 16)	3.02	2.93	2.89	2.87	2.53	
Leverage NFD/EBITDA (including hybrid after IFRS 16)	na	na	na	3.01	2.66	

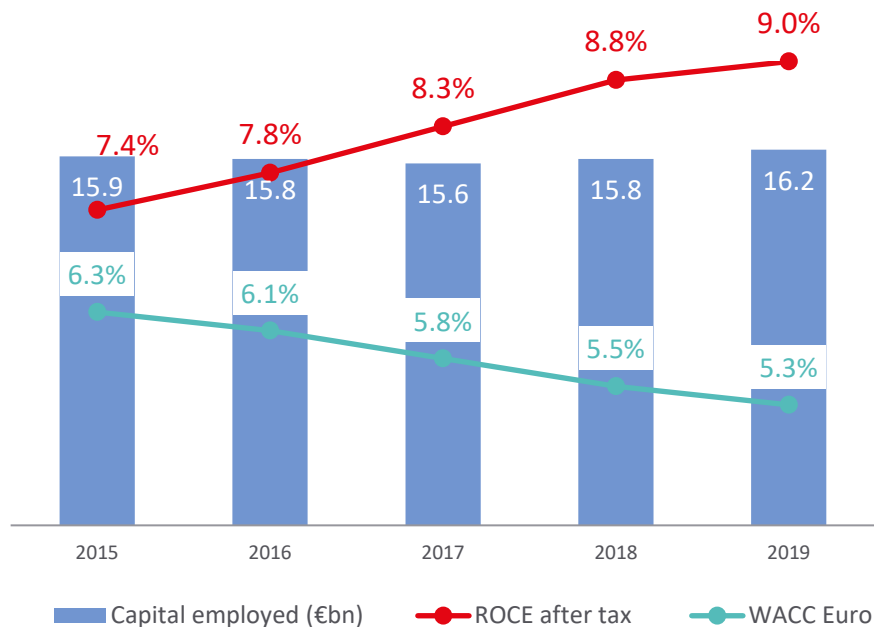
(1) Including discretionary growth CAPEX

(2) including TNAI divestiture



# 2016-2019: INCREASED VALUE CREATION

After tax ROCE vs. WACC<sup>(1)</sup>



Dividend (€): + 37% in 4 years

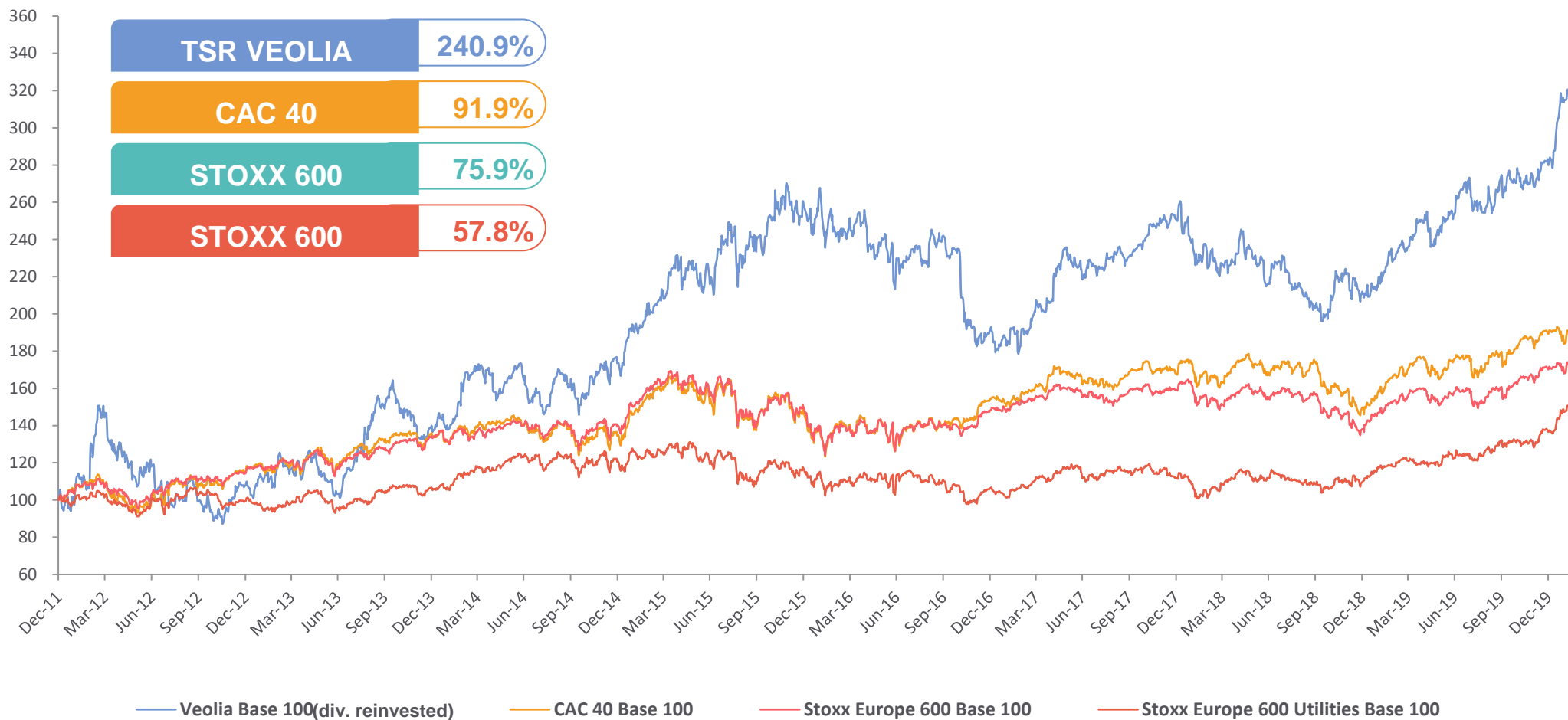


(1) Including IFRIC 12 restatement - Before IFRS 16  
 (2) Subject to approval of the AGM of April 22, 2020



2012-2019:

# TOTAL SHAREHOLDER RETURN<sup>(1)</sup> OF +241% vs. +92% FOR THE CAC 40



(1) As of Feb. 20, 2020



**THE 2020-  
STRATEGIC PROGRAM  
AND FINANCIAL TRAJECTORY**

**Antoine Frérot, Chairman and CEO**



# OUR PLANET AND THE SOCIETY ARE FACING CRUCIAL CHALLENGES, ENTAILING AN OBLIGATION TO ACT



**VEOLIA IS IDEALLY  
POSITIONED**

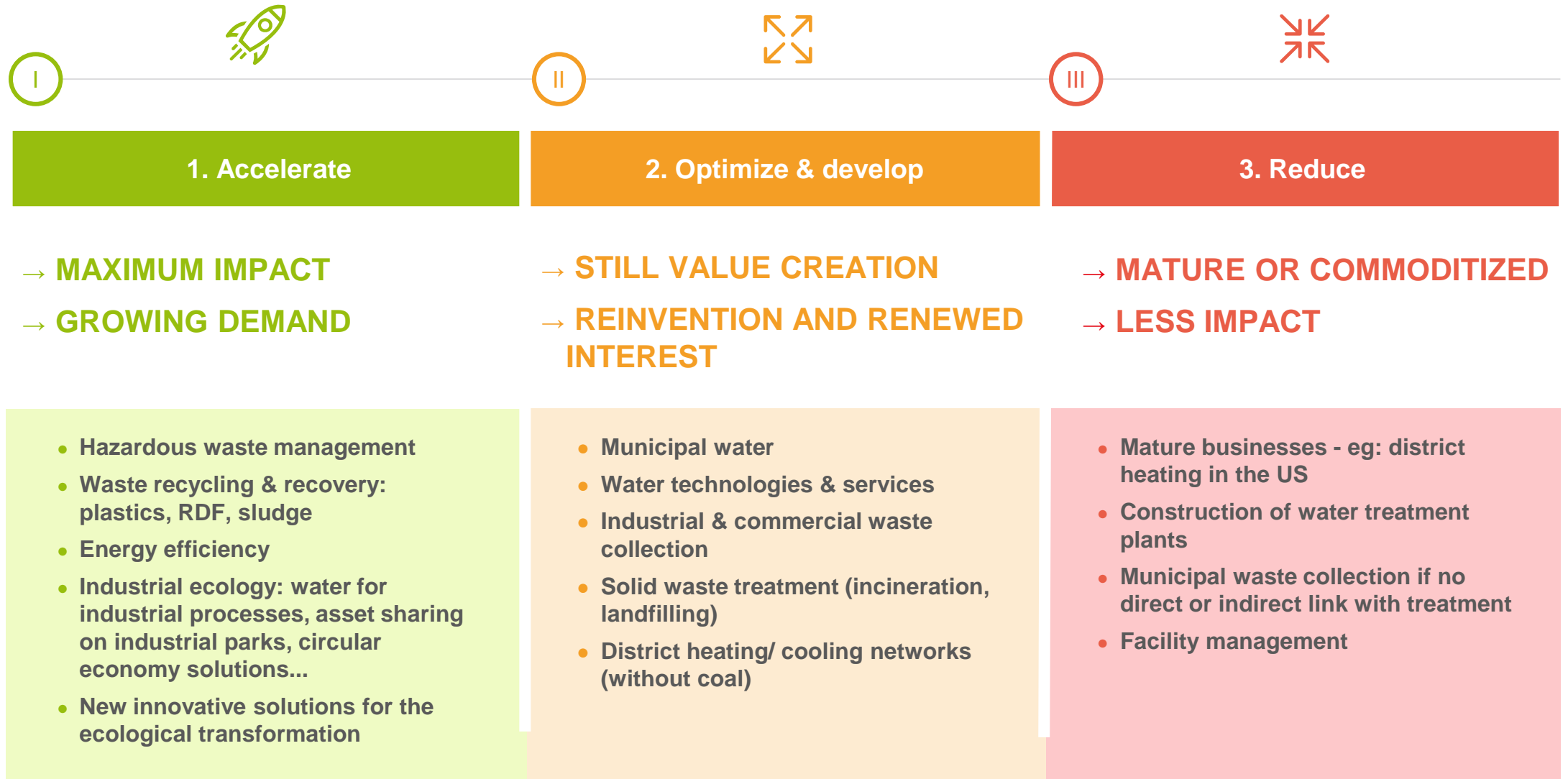
**SOLUTIONS MASTERED  
BY VEOLIA COVER 30% OF  
NECESSARY GHG  
REDUCTIONS**

## IMPACT 2023 IN A NUTSHELL

- ❑ **A particular context:** the environmental priority has never been higher
- ❑ **A high ambition:** to be the reference company for the ecological transformation
- ❑ **A priority:** maximizing Veolia's positive impact - environmental, societal, financial
- ❑ **A consequence:** clear priorities
  - Strong acceleration of the businesses which have the highest positive impact on the planet
  - 20% portfolio rotation
- ❑ **Preparing the future:**
  - Reinvent the historical businesses
  - Create new solutions to address the global environmental challenges
- ❑ **A highly rigorous execution:**
  - €1bn cost savings plan
  - Net financial debt below 3 x EBITDA over the duration of the plan
- ❑ **Providing the proof of commitments with a set of KPIs:**
  - To track our impact on all our stakeholders
  - To base the bonus policy of the managers



## STRATEGIC ORIENTATIONS: CLEAR CHOICES ON OUR BUSINESSES





# IMPACT 2023

## CAPITAL ALLOCATION

€5bn



Industrial & financial  
investments  
to develop new projects  
("Accelerate" and "Optimize & develop")

- ~40% in Europe (incl. France)  
~60% in the rest of the world
- ~65% for industrial clients  
~35% for municipal clients
- ~40% organic growth  
~60% external growth

€3bn



Divestments  
("Reduce")

- Portfolio rotation: ~20% of the  
Group's Capital Employed
- Assets involved already identified
- €1bn already achieved (district  
heating in the US)

€2bn

net investments over 4  
years  
~€500M  
/year in average

→ Leverage ratio <  
3x





### I 1. CONVERT ALL OUR EUROPEAN COAL FIRED ASSETS BY 2030

- Coal fired cogeneration plants (3% of total revenue)
- We will not sell these coal assets
- We are converting all of them to sustainable energy by 2030
- **€400M dedicated Capex from 2020 to 2023**



### II 2. MAXIMIZE AVOIDED EMISSIONS FOR OUR CLIENTS

- **Target: 15 Mt of CO<sub>2</sub> saved in 2023**
- **Key contributors:**
  - Activities to “accelerate”: waste recycling & recovery (eg. plastics, RDF, organics, solvents...), energy efficiency in buildings, industrial ecology (eg. cogeneration, by-product recovery)
  - Activities to “optimize & develop”: waste to energy, district energy with renewable energies

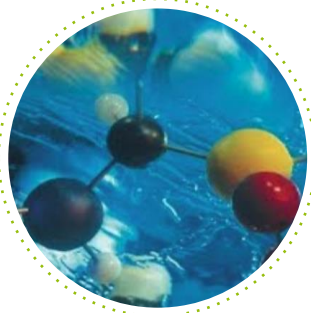
# IMPACT 2023

## CREATING SOLUTIONS FOR THE FUTURE THROUGH FOCUSED INNOVATION

"Veolia prepares for the future, protecting the environment and responding to humanity's vital needs" (extract of Veolia's Purpose)

- **Focus on 6 major global challenges** for which Veolia can deliver impact through concrete innovative solutions
- **€300M over 4 years to develop and impose these solutions**

### HEALTH & NEW POLLUTANTS



### ADAPTATION TO CLIMATE CHANGE

### NEW LOOPS OF MATERIALS



### FOOD CHAIN

### NEW ENERGY SERVICES



### NEW DIGITAL OFFERS

# IMPACT 2023

## KEY FINANCIAL TARGETS<sup>(1)</sup>



<b>REVENUE</b>	<b>Continued solid growth</b>
<b>EFFICIENCY</b>	<b>€1bn cost savings over 4 years</b>
<b>EBITDA</b>	<b>€4.7bn - €4.9bn in 2023</b>
<b>CURRENT NET INCOME GROUP SHARE</b>	<b>~€1bn in 2023</b>
<b>LEVERAGE RATIO</b>	<b>&lt; 3 x and well below 3 x in 2023</b>
<b>DIVIDEND</b>	<b>€1.30 / share in 2023</b>



(1) At constant FX (based on rates at the end of 2019), at constant IFRS & in an economic environment without major change

# A DASHBOARD TO TRACK AND REPORT OUR MULTIFACETED PERFORMANCE

5 stakeholders  
18 KPIs  
All KPIs audited



1. Our stakeholders
2. Our performance
3. Our commitments
4. Our goals

**UN Sustainable Development Goals (SDGs)**  
Veolia plays a part in all 17 SDGs at different levels and has a direct impact in 13 of them.





- **Bonus policy for the management**
    - 50% financial criteria: Revenue growth, Current net income, FCF, ROCE
    - 30% quantitative ESG criteria
    - 20% qualitative criteria
- 



- **Annual attribution of performance shares to 500 beneficiaries**
    - 50% financial criteria: EPS growth and market outperformance (TSR)
    - 50% quantitative ESG criteria
- 



- **Employee share ownership plan**
  - One share ownership plan per year
  - Target > 30% take up amongst employees

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2020-2023:

GROWTH AND EFFICIENCY

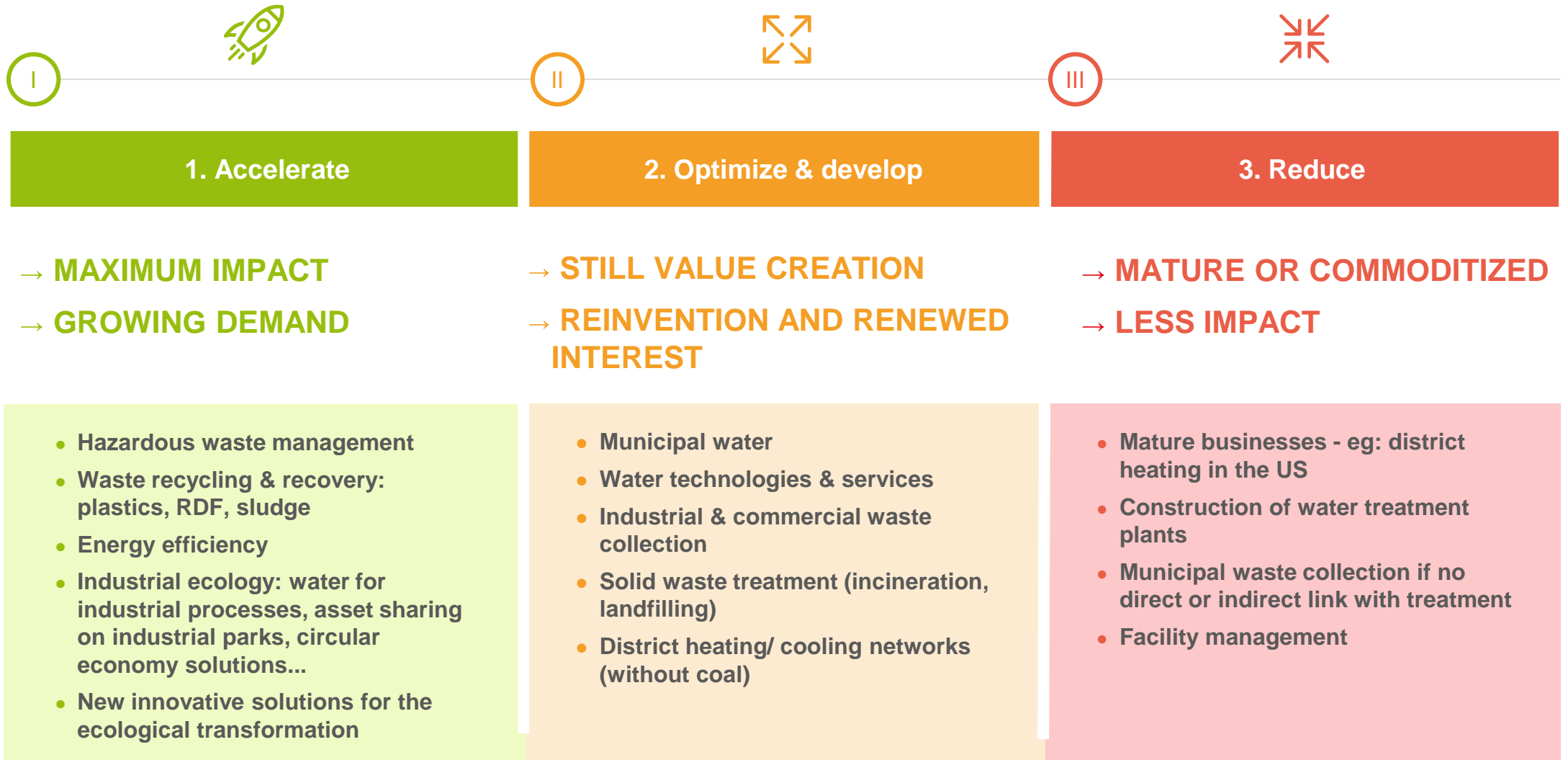
Estelle Brachlianoff, COO

IMPACT

2023







# ACCELERATE: CRITERIA AND PRIORITIES

## NEW HIGH-VALUE OPPORTUNITIES

### INVESTMENT CRITERIA

- Activities with a highly positive impact on the environment, and strong growth and return potential...
- ...where Veolia can differentiate (strong & rare skills)...
- ...and reach a critical size in the region/country



- **Hazardous waste treatment**
  - Targeting geographies with favorable regulation and strong industries
- **Solid waste recycling**
  - Plastic recycling
  - Waste to RDF<sup>(1)</sup>
  - Sludge and organic waste recovery
- **Energy efficiency**
  - Energy efficiency contracts, using digital as a growth lever (e.g.: Hubgrade platforms)
- **Industrial ecology**
  - Industrial water
  - Sorting and recycling waste at the source
  - Energy efficiency
- **And innovation, to prepare the future**



(1) Refuse Derived Fuel

# VEOLIA'S CAPABILITIES IN HAZARDOUS WASTE: A COMPREHENSIVE RANGE OF HIGH ADDED VALUE SOLUTIONS

## WASTE PREPARATION SOIL TREATMENT

- Analysis
- Soil remediation
- Repackaging



On-site  
securing  
&  
reconditioning



Soil  
remediation

## LOGISTICS

- Collection
- Analysis
- Sorting
- Regrouping & transfer



Sorting  
platforms/  
regrouping

## TREATMENT

- Shredding
- Deconditioning
- Biological or physico-chemical treatment



Physical-chemical  
treatment



Biological  
treatment

- High temperature incineration



Rotating kiln  
incinerator

## RECYCLING

- Regeneration/ recovery:
- Solvents
- Acids
- Hydrocarbons

- Batteries
- Used oils...



Regeneration of  
solvents



Sulfuric acid  
regeneration

## LANDFILLING

- Specialized landfills

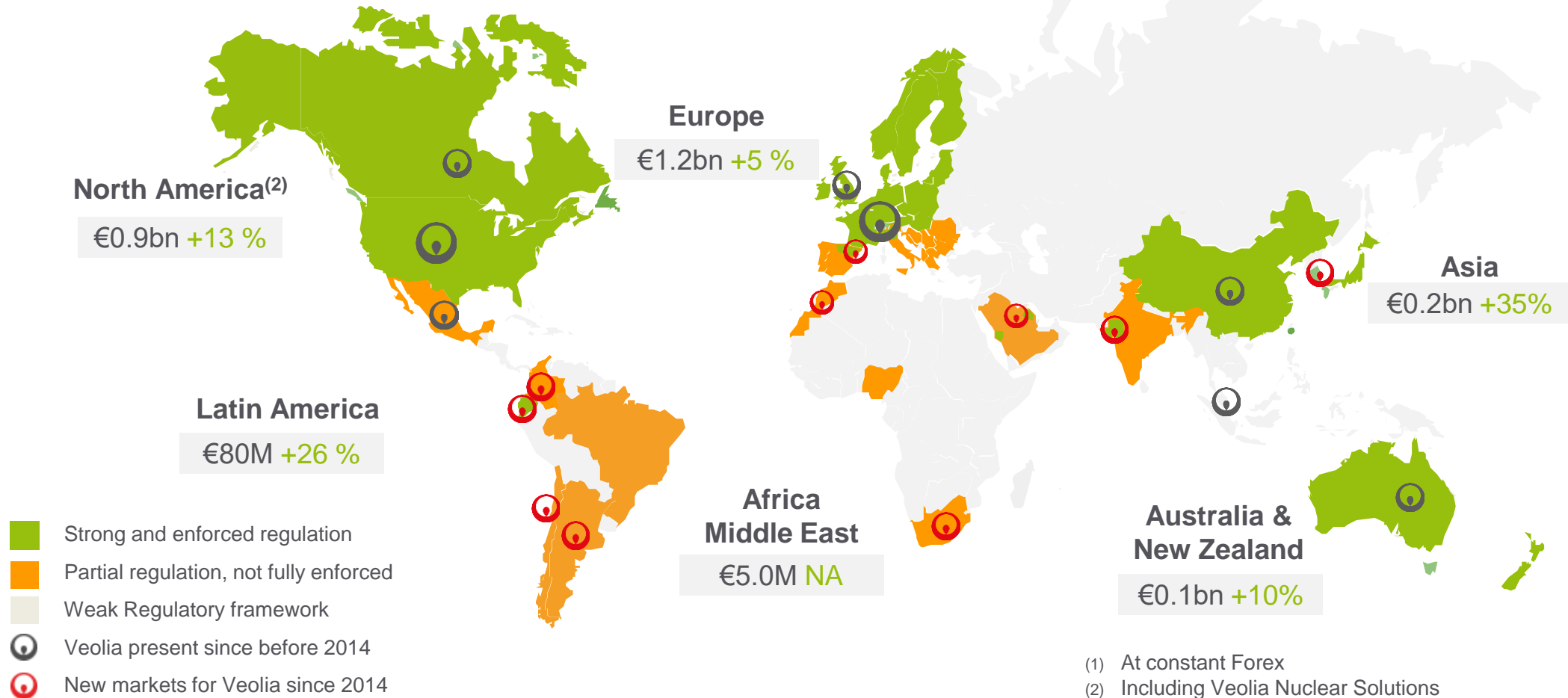


Class 1 Landfill

# VEOLIA IS THE ONLY GLOBAL PLAYER IN HAZARDOUS WASTE

## ~€2.5BN REVENUE IN 2019, MORE THAN +10%/YEAR SINCE 2014

2019 Revenue - CAGR 2014-2019<sup>(1)</sup>

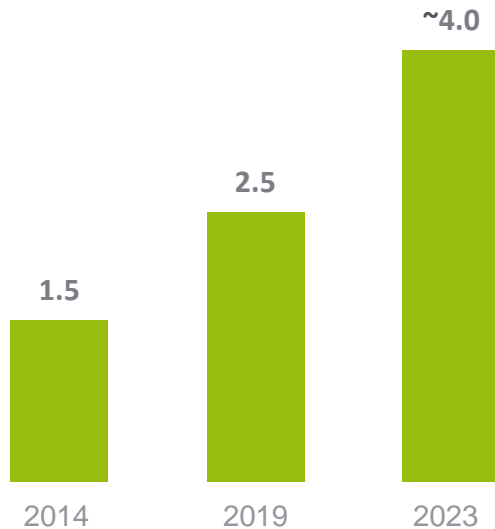


# HAZARDOUS WASTE:

## OUR AMBITION: INCREASE REVENUE TO ~€4BN IN 2023

- ~20% EBITDA margin
- Double digit ROCE

### VEOLIA'S REVENUE IN HAZARDOUS & LIQUID WASTE (€BN)



- A €25-30bn market growing at a solid pace, driven by the evolution of local regulations (increasingly stringent and enforced) and the growth of the industrial production

### Veolia's unique positioning:

- Track record and know how - risk management, waste traceability, concentration and then treatment of the pollution, waste recovery or recycling
- Only global player, with unique network of assets and presence on all continents
- Business models delivering high added value: merchant plant, service, or on-site treatment

### Strong growth ambition:

- Continue to develop our existing platforms (Europe, USA, China), by completing our network of assets: building or acquiring new treatment plants, increasing geographical density, broadening our range of offers
  - New facility on Evonik site in Germany
  - Acquisition of the treatment assets of Alcoa in the USA
  - 7 new sites under construction in China on top of the 8 existing ones: targeting 15% market share by 2023
- Duplicate this business in countries where the regulation is favorable
  - Examples: Sadara (JV Aramco-Dow) in Saudi Arabia; Singapore



# HAZARDOUS WASTE ALCOA PROJECT IN THE US

## Market context in the USA

- Permitted sites scarce and valuable
- Veolia co-leader in hazardous waste incineration, but lacking landfill capacity

## Client context

- Alcoa Gum Spring (Arkansas): hazardous waste incineration and landfill, used to treat spent pot liner, a byproduct of aluminum production
- Site divestment, part of an asset rotation program

## Veolia's game-changing project

- \$250M to acquire existing a haz landfill and an incinerator from Alcoa
- Leverage the existing permit to increase the treatment capacity and the categories of waste accepted in the facilities (Capex: ~\$120M)
- Internalize Veolia's volumes
- Veolia to remain a key service provider to Alcoa
- Potential to expand services to new customers throughout North America
- Revenue ~\$300M per year once project completed (2022)

## Strategic interest for Veolia

- Increase Veolia's treatment capacity in North America
- Complete the range of offers in the US with landfilling



# HAZARDOUS WASTE EVONIK PROJECT IN GERMANY

## Market context

- Few new incineration capacities in Europe for hazardous waste and existing site fully utilized
- Germany: largest hazardous waste market in Europe, with a limited presence of Veolia so far

## Client context

- Evonik is one of the world leaders in specialty chemicals. In Germany, Evonik is closing its coal-fired power plant in Marl's industrial park, which is also used to incinerate haz waste
- Evonik owns on the same site a hazardous waste incinerator of low capacity

## Veolia's game-changing project

- Acquisition of the existing incinerator and long lease of the land
- Leveraging the existing permit to increase the capacity of the existing incinerator and build a new larger incinerator
- Will process hazardous waste from Evonik, the industrial park and from other local industrial clients as well, and feed the site with thermal energy (thus replacing coal)
- Capex: €80M ; > €70M expected annual revenue

## Strategic interest for Veolia

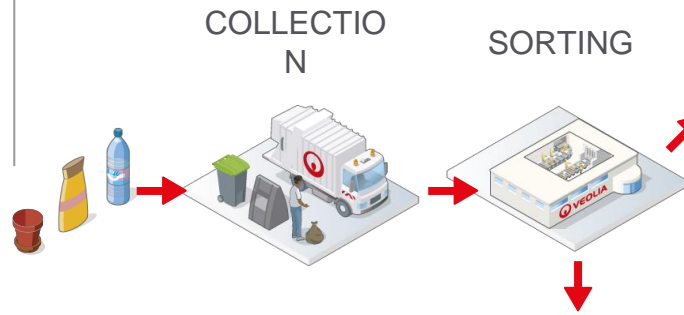
- Increase Veolia's treatment capacity in Europe
- Become a major player in Germany



# WASTE RECYCLING AND RECOVERY: PLASTIC RECYCLING

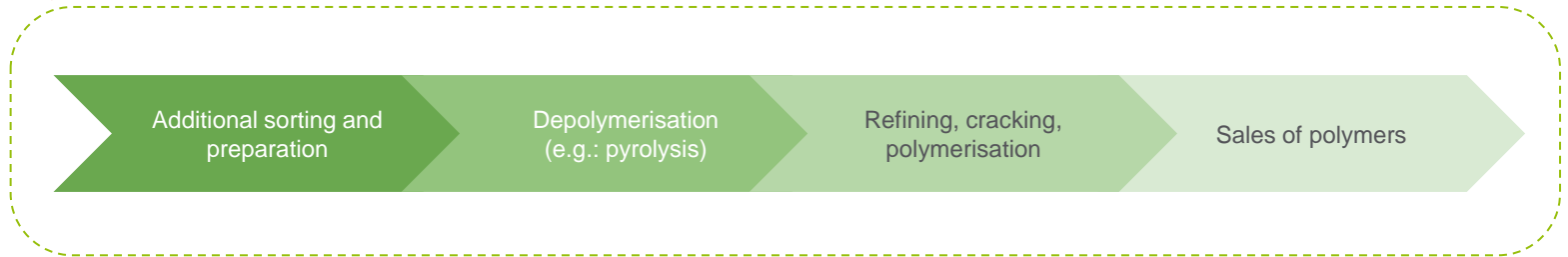
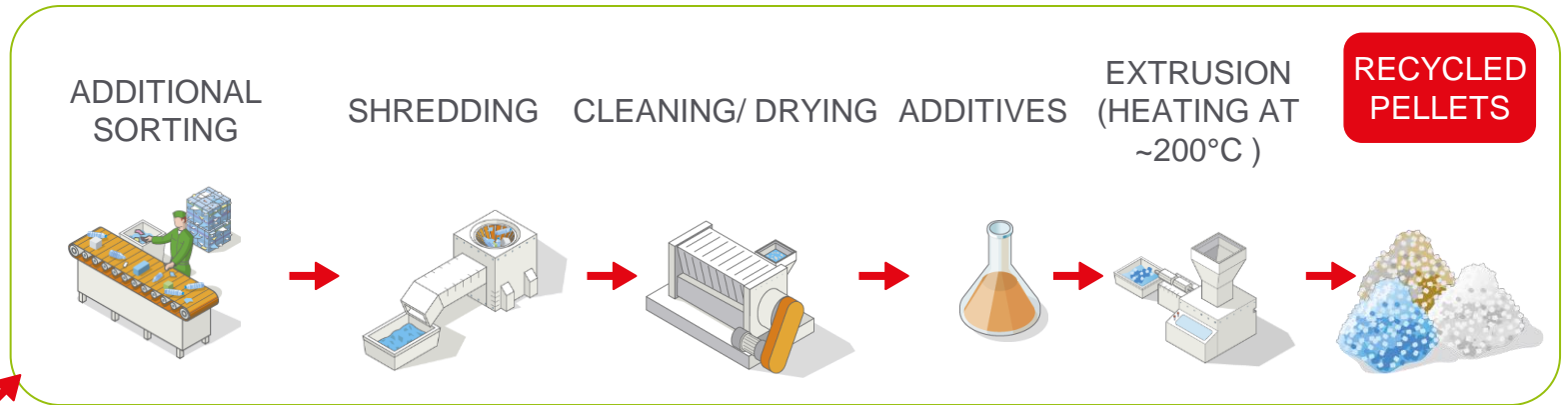
## THE VALUE CHAIN

MULTIPLE TYPES OF PLASTICS (PET, PP, HDPE, LDPE,...)



Preparation of RDF (Refuse-Derived Fuel)

### MECHANICAL RECYCLING OF PLASTICS



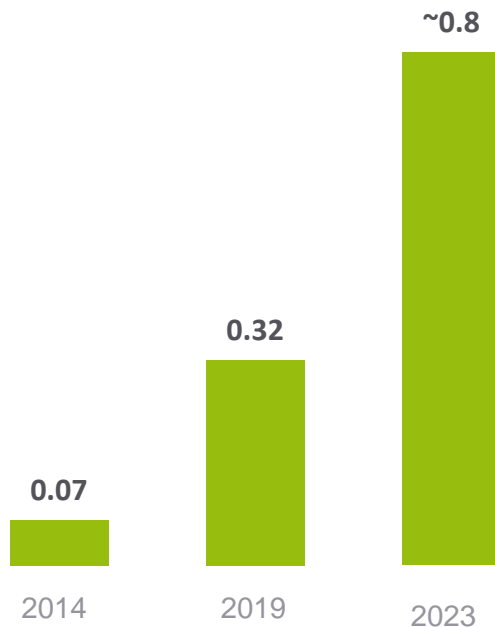
### CHEMICAL RECYCLING OF PLASTICS



# WASTE RECYCLING AND RECOVERY: PLASTIC RECYCLING

## OUR AMBITION

VEOLIA'S REVENUE IN  
PLASTIC RECYCLING (€BN)



- **A €25bn market growing at a very high pace, driven by:**
  - Evolving regulations regarding plastic usage and recycling (Europe and Asia in particular)
  - Societal pressure
  - Commitments made by brands, notably in the Food & Beverage and Consumer Goods industries, to use recycled plastic for their products and packaging by 2025-2030
- **Veolia's differentiating factors:**
  - Access to the waste feedstock
  - Strong know-how on waste and on the recycling process
  - Global footprint
  - Relationships with brands (partnerships signed with Danone, Unilever, Nestlé, Reckitt Benckiser, etc.)
- **Strong growth ambition, sustained by the development of our recycling platforms in Europe and in Asia**



# WASTE RECYCLING AND RECOVERY: PLASTIC RECYCLING

## PET RECYCLING PLANT FOR DANONE IN INDONESIA

- Design, build and operate a plant to produce food grade recycled PET
- Supply contract with Danone and other global brands. Transformation margins secured (selling price based on transformation costs)
- Plant capacity: 25 kt/year
- Avoided emissions: 28 kt CO<sub>2</sub>e/yr
- Capex: ~€20M, annual revenue ~€30M
- Commissioning in Q1 2020. Trial operation in February 2020. 1<sup>st</sup> rPET to Danone expected in April 2020

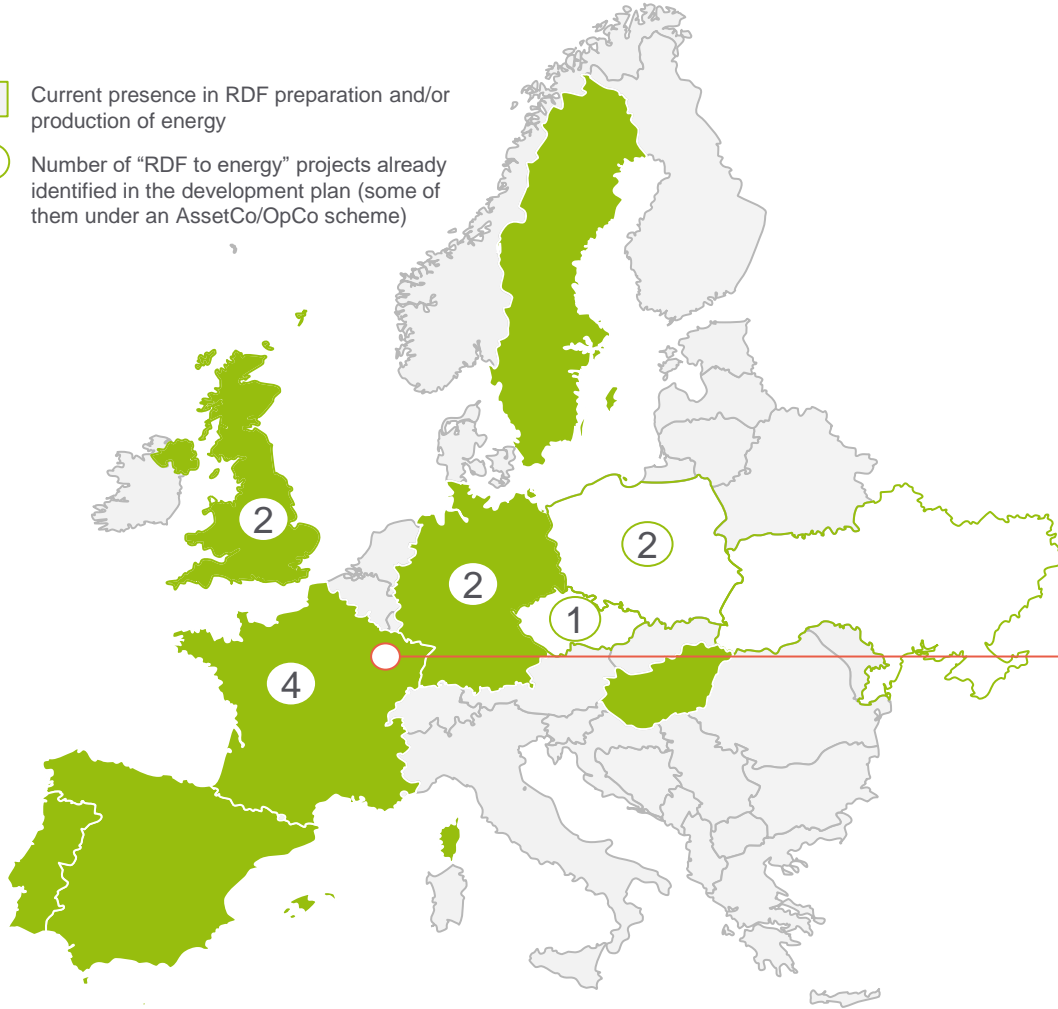


# WASTE RECYCLING AND RECOVERY: RDF ENERGY

## SIGNIFICANT DEVELOPMENT PLANNED IN EUROPE

□ Current presence in RDF preparation and/or production of energy

ⓧ Number of "RDF to energy" projects already identified in the development plan (some of them under an AssetCo/OpCo scheme)



### EXAMPLE: PROJECT WITH SOLVAY IN FRANCE "DOMBASLE ÉNERGIE"

#### Client context

- Solvay's soda ash plant located in Dombasle (Fr.) is using coal to produce the steam necessary for the process
- Solvay has decided to launch a project to phase out coal (energy transition)

#### Veolia's game-changing project

- Replacement of the 3 coal-fired boilers with a cogeneration plant fueled with RDF: 350 kt of RDF/yr to produce 180 MW steam
- CO<sub>2</sub> emissions divided by 2, and drastic reduction of the water consumption currently used to feed the coal-fired boilers
- Total investment: ~€180M
- Target to start-up in 2022<sup>(1)</sup>

<sup>(1)</sup> Investment decision pending formal approval of the support mechanisms from the French authorities, and the required permits

# DEVELOPING ENERGY SERVICES FOR BUILDINGS TO HELP OUR CLIENTS HARNESS ENERGY EFFICIENCY AND AVOID GHG

## FOCUSING ON ENERGY PERFORMANCE CONTRACTS

- Leveraging a **strong know-how in energy efficiency...**
- ... and in **digital solutions** enabling to **commit** on guaranteed savings through:
  - **Hubgrade:** smart center to monitor, control and optimize resource consumption in real-time
  - **IoT technologies**
  - **Predictive operations and maintenance**



## EXAMPLE: RECENT RETROFIT BY ENOVA (MIDDLE-EAST)

First-ever retrofit project awarded (in 2019) by **Tarshid**, National Energy Services Company in Saudi Arabia. Goal: to cut and **guarantee the energy use reduction** of SASO's (Saudi Standards, Quality and Metrology Org.) government facility by more than 30%

- **Hubgrade** to drive control and reporting needs, and help identify savings opportunities
- **An innovative range of Energy Conservation Measures (ECMs)** implemented, leveraging the group's expertise:
- Installation of a Building Chiller Management System to optimize the building services of the complex (11 buildings)
- Replacement of ~14,500 conventional light bulbs with LEDs
- IoT technologies to improve air quality and thermal comfort
  - **Electricity savings: > 6 GWh/yr**
  - **Avoided emissions: 5 000t CO<sub>2</sub>e/yr**



# INDUSTRIAL ECOLOGY: CIRCULAR ECONOMY & INDUSTRIAL PARKS

## NESTE AND BOREALIS IN FINLAND

### Client context

- The Kilpilahti complex, near Porvoo in Finland: the largest petrochemical center in Nordic countries
- Clients' need: modernize the installations that supply steam and other process utilities to two energy-intensive sites: **Neste's** refinery, and **Borealis'** petrochemical plant

### Veolia's solution

- Design, finance build, own and operate a brownfield utilities plant to supply steam, heat, electricity, demineralized water and compressed air:
- **4 new steam and power generation assets** with an installed capacity of 450MW thermal and 30MW electrical
- **Circular economy loop: the by-products of the refining process** (incl. asphaltene) represent **80% of the primary energy needed**
- The resulting new power plant complies with the latest environmental regulations, including the European Commission's Industrial Emissions Directive (IED)
- Total investment: ~€400M (AssetCo/OpCo model)
- Operation by Veolia for 20 years from 2018 (~€350M cumulated revenue)



# OPTIMIZE & DEVELOP: CRITERIA AND PRIORITIES

## CRITERIA

- Traditional activities where Veolia is the global leader and with **growth potential** (revenue and returns): more efficiency, innovation, digitalization, differentiation...
- ...and which can be leveraged as “hubs” to **grow new businesses**



## BUSINESSES INVOLVED

- **Municipal water**
  - **Strengthen and streamline our existing portfolio:** governance, digital, consumer focus, innovation
  - Seize the new opportunities which are appearing on the market: privatisations
- **Water technologies & services**
  - **Standardise** technologies
  - Develop **recurring services** to clients from our installed based of technologies, and mobile solutions
- **Industrial & Commercial waste collection; solid waste treatment**
  - **C&I collection:** a key activity to access waste resource and develop circular economy solutions, to be **transformed and streamlined**
  - **Landfilling & incineration:** capture growth opportunities, mainly in Latam and Central & Eastern Europe
- **District heating and cooling Networks**
  - Convert coal-fired assets by 2030 (Europe)
  - Seize development opportunities



# MUNICIPAL WATER

## OPERATIONAL EFFICIENCY, DIFFERENTIATION, INNOVATION

### At stake:

- Maintain our **competitive edge**
- **Renew** our contracts and capture **new opportunities**, mostly in Europe, Japan, Australia, Middle-East, Latin America

### Key actions:

- **Continued efficiency**
  - Maximize the profitability of each contract
  - Develop new services, digitalize operations and customer service
- **Re-invent our relationship with the consumers**
  - Growing influence of consumers in the political decisions
  - Importance of service quality perceived by the consumer: “taste” of water, scaling, customer experience, etc
- **Reinforce our leadership and differentiation through innovation**
  - Governance schemes
  - Solutions to the new health issues (micro pollutants, endocrine disrupting chemicals) and to adapt to climate change (re-use, flood prevention, crisis management)
  - New sludge treatment solutions

### Digital Operations

**Hubgrade:** improved access to information, enhanced communication with clients and **better control** of water systems including **water quality tracking**, emergency management and **predictive maintenance**

#### Examples

- **Czech Republic**, decrease in non-revenue water by 6 points in 5 years, equivalent to ~€1M/year
- **Pudong Shanghai**, decrease in non revenue water by 8 points in 5 years, equivalent to €1.6M per year



### Digital Customers

**Smart payment:** fast, secure and seamless payment **for customers** by collecting water or heat fees through mobile payment app (WeChat, AliPay)

**Example:** China, increase in collection fee; app now reaching ~50% of total payment methods, saved 6 headcounts



# MUNICIPAL WATER

## FRENCH WATER TURNAROUND SUCCESSFUL

OSONS 20/20!  
Notre projet d'entreprise à votre service



### EFFICIENCY

- **Digitalization** of operations, of commercial prospection, and production of offers
- **Account management and renewing existing contracts with upsides**
  - e.g.: + €50M additional revenue over the last 2 years on the existing portfolio
- **Energy efficiency in wastewater treatment plants**
  - e.g.: 4% energy saved in 2019 on our wastewater treatment plants (~€150M power purchased per year)



### RELATIONSHIP WITH CONSUMERS

- **“La relation attentionnée”**: program aimed at making every moment of the customer journey a positive experience, by committing to renewed promises on the fundamentals of the water service



### LEADERSHIP AND DIFFERENTIATION THROUGH INNOVATION

- **New governance schemes**: Bordeaux, Nîmes, Valenton
- **Innovative business models**, eg. service contracts with revenue based on KPIs
- **Developing new offers**: prevention of floodings, crisis management, treatment of hard water, treatment of new pollutants, etc.

VERY WELL ON TRACK TO ACHIEVE MORE THAN €100M CURRENT EBIT IN 2020  
WILL CONTINUE ON A SUSTAINED PROFITABILITY INCREASE





# COMMERCIAL WASTE COLLECTION, SOLID WASTE TREATMENT EFFICIENCY, DIGITALIZATION, AND GROWTH

## C&I waste collection: a key activity to secure feedstock in our recycling or RDF\* plants.

### Objectives: increase efficiency, customer focus, digitalization

- **Optimize waste flows:** the right ton, at the right place, and at the right price
- Pricing strategy based on the quality of materials / fuel
- **Optimize costs:** logistics, fuel, fleet maintenance
- **Customer focus** via digital & real time data
- **Develop new services:** digital platforms for waste management

## Solid waste treatment (landfilling, incineration):

- **Seize a few growth opportunities,** mainly in Latin America and Central & Eastern Europe
- **Improve efficiency of our treatment facilities:** biogas capture from our landfills, energy production from incineration units or landfills

### Digital Customers

**Customer Hub:** a self-service platform for customers to access their documents electronically, get live reporting of their contract at any time on any device and use live chat as a preferred communication channel

**Example:** UK, used by 50,000+ clients, €700K savings



### Digital Offers

**Wastebbox:** intelligent platform that matches producers and buyers (Veolia BUs and third parties) in the construction waste market to deliver service at **optimised price and schedule**. Invested in Pink Robin startup

**Example:** piloted in Germany and planned roll-out in other European countries



\*Refuse derived fuel

# DISTRICT HEATING & COOLING NETWORKS

## CONVERT FROM COAL AND INNOVATE AROUND OUR CORE ASSETS

### At stake:

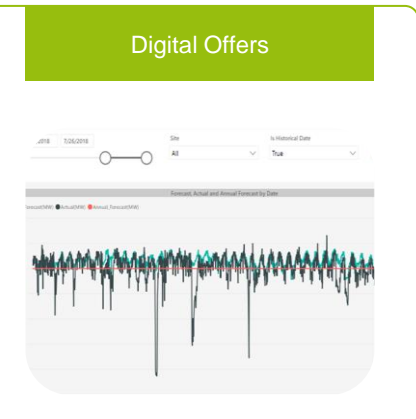
- Reduce GHG emissions of coal-fired assets
- Growth opportunities in Central & Eastern Europe, Asia

### Key actions:

- **By 2030, replace coal with gas or renewable energies in Europe (RDF, biomass):**
  - Ongoing investments in Braunschweig (Germany)
  - Transform involved assets in Poland and Czech Republic
- **Seize development opportunities**
  - A few interesting networks: growth potential and not coal-fired
- **Build around our existing asset base**
  - “Ancillary services”, electric flexibility, energy storage
- **Develop small heating and cooling networks**
  - University campuses, hospitals, ecodistricts, buildings

**Power Grid Forecast and Frequency Market:** predictive algorithm for the energy production of our plants enabling to optimise electricity sale to the grid and generate efficiency for operational teams

**Example:** In the UK, extra revenues generated with our waste-to-energy plants:  
**€0.8M/yr**



\*Refuse derived fuel

# DISTRICT HEATING & COOLING NETWORKS

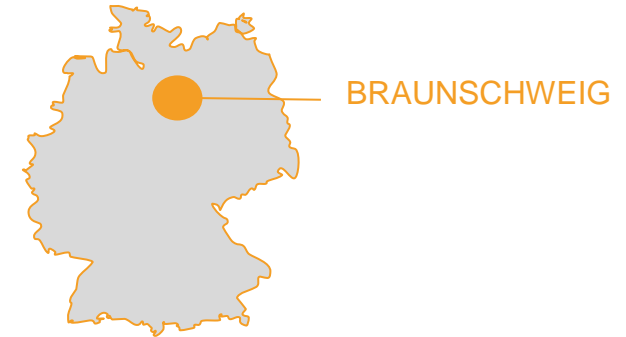
## CONVERT COAL IN GERMANY: CITY OF BRAUNSCHWEIG EXAMPLE

### Objective

- Support the city of Braunschweig in its **energy transition**

### Veolia's solution

- Transform the coal-fired district heating network to reduce CO<sub>2</sub> emissions: replace 1 coal fired cogeneration unit with cogeneration units using waste wood and gas as fuels
- Renewed concession contract, from 2020 to 2040 (20 years):
- €210M total investment, €30M incremental EBITDA, with full impact from 2023, on top of the secured EBITDA of the previous contract
- Starting 2022:
  - 800 000 MWh/year: heating provided to approximately 68.000 housings
    - 50% of heating generated from biomass cogeneration
    - the rest being generated by a **high efficiency gas turbine cogeneration** unit and gas boilers
  - 550 000 MWh/yr electricity, 25% of which is green electricity
  - 86,000 t/yr of coal avoided and replaced by 180,000 t/yr of waste wood
  - CO<sub>2</sub> emissions reduced by 61%: 270.000 tons of CO<sub>2</sub> emissions eq. cancelled every year



# REDUCE: CRITERIA AND PRIORITIES

## CRITERIA

- **Mature businesses**, with limited growth and return potential
- Businesses with **limited room for differentiation** and impact, and which cannot seed locally new value added activities



## MATURE BUSINESSES

- Some **geographies / activities** in mature markets, with limited growth or return prospects, and with better alternative shareholders than Veolia
  - 1<sup>st</sup> example: District Heating in the US

## OTHER BUSINESSES TO DOWNSIZE OR DIVEST

- **Construction of water treatment infrastructures**
  - Opt for partnerships with civil engineering companies to whom we bring the technological component of projects, and no more civil engineering risks
- **Municipal waste collection**
  - If not associated (directly or indirectly) with treatment or recycling
- **Coal-fired district heating networks**
  - Conversion to clean energies by 2030
- **Facility Management**
  - When the scope is limited to operation or maintenance vs. performance-based contracts



# VEOLIA WATER TECHNOLOGIES: A NEW POSITIONING

## PROJECTS

### Design



- Design of waste water treatment solutions
- ...focusing on selling our technologies without being exposed to construction risks
- Smaller projects but higher margins

### (Construction)

- Out of the VWT scope
- VWT to position itself only as a co-contractor or a subcontractor with civil engineering companies
- VWT to focus on technologies and services

## KEY FOCUS: TECHNOLOGIES AND SERVICES

### Technologies



Supply of standard / packaged equipment  
Ex: ultrapure water for laboratories - Elga



Supply of technologies for industrial water processes  
e.g.: evaporation concentration systems - HPD

### Services



After sale services on equipment installed



Mobile units



Sale of chemicals to treat water



Digital Services



### Digital Offers

- **Aquavista:** provide customers with performance and compliance KPIs, alarm management, remote optimisation and expert advice on asset performance of water treatment facilities
- **Example:** Veolia Water Technologies, 25% reduction in energy use and 30% improvement in effluent quality, estimated €15M revenues p.a. in 2021



# VEOLIA WATER TECHNOLOGIES: TRANSFORMATION PLAN

## KEY ACTIONS

### 1. Projects: be highly selective, and eliminate construction risks

- VWT in partnership (co-contractor or subcontractor) with civil engineering companies
- VWT only looks at projects:
  - with a strong content of technologies that are present in Veolia's portfolio
  - where country risks and contractual risks are limited and manageable
- In 2023, the activity will be limited to a few desalination projects and some small projects (without construction)

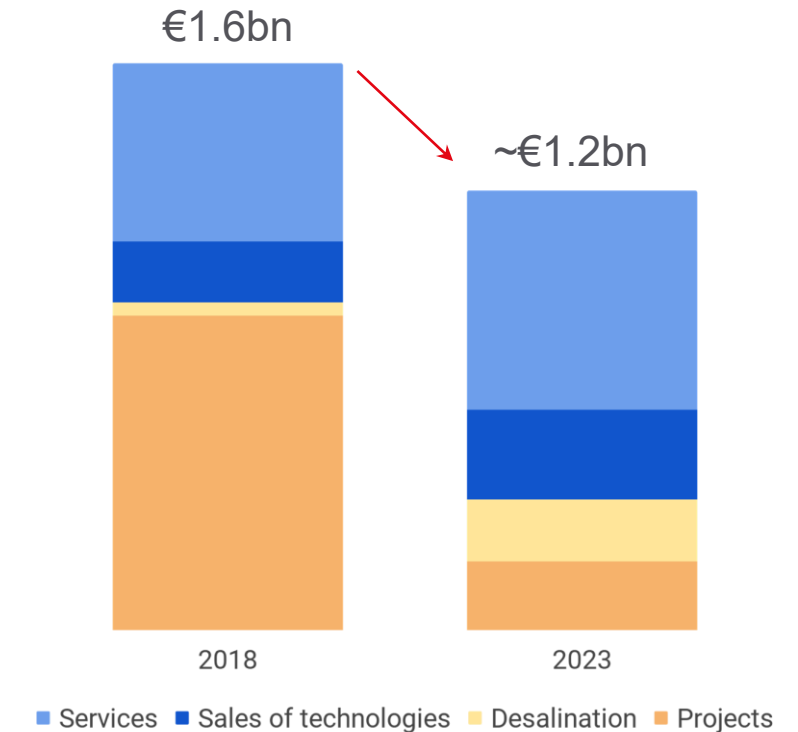
### 2. Develop technologies and recurring services

- Technologies: innovation, standardisation
- Services: after sales, digital offers, sales of chemicals or spare parts, mobile units, which generate long-lasting recurring revenues after the sale of the equipment
- In 2023: ~ 50% of services in the total revenue mix, hence a less cyclical business

### 3. Adjust VWT's overheads & fixed costs to the revenue decrease

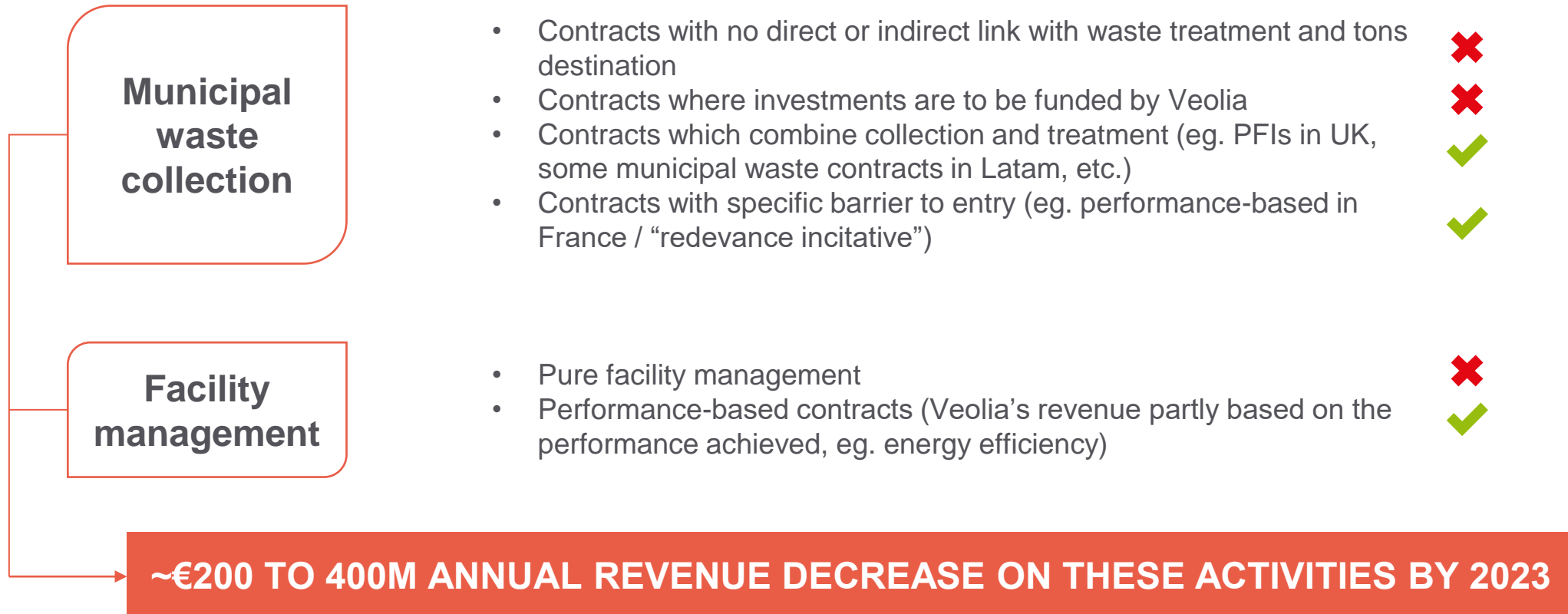
- Reduction of the number of countries
- Streamlining of structures, closing of some entities

## VWT - REVENUE PROJECTIONS (€BN)



# STRONG SELECTIVITY ON ACTIVITIES WHERE VEOLIA HAS A LIMITED ADDED VALUE

## SELECTIVITY CRITERIA



# IMPACT 2020-2023

## STRATEGIC ORIENTATIONS SUMMARIZED BY BUSINESS

### Water



- **Municipal water and Public Private Partnerships:** continue efficiency efforts to maintain our competitiveness, seize new opportunities, pursue differentiation in our offers (innovation, governance, relationships with consumers)
- **Exclude the construction risk in Design & Build projects and focus on sales of standard technologies & associated services**

### Waste



- Grow **plastic recycling and RDF production**, enhance **operational efficiency** on our facilities and roll-out best practices, **optimize C&I collection** notably with digitalization, and **reduce our exposure to municipal waste collection** (when it has no direct or indirect link with treatment/ recycling)
- **Hazardous waste:** accelerate our development, by growing our network of treatment facilities on existing geographies and by opening new countries

### Energy



- **Transition from coal to clean energies** on existing district heating networks, and capture the new opportunities in Europe
- Continue to grow our **energy efficiency services for buildings:** digital, performance contracts

### Water, waste, energy for industrial clients

- Focus on **highly differentiating services** which **help clients reduce their environmental footprint:** water for industrial processes, industrial ecology, performance contracts



### GROWTH



- **Strict discipline to select growth projects and M&A**
  - Systematic review of projects through investment committees, with HQ support functions involved
  - Strict investment criteria:  $IRR > WACC + 4\%$ ,  $ROCE > WACC$  after 3 years, payback  $< 7$  years
- **Priority to integration and synergies**
  - Strict and thorough integration process
  - Systematic post acquisition review and action plans
- **Opportunistic divestitures of mature assets, to reinvest in faster growing businesses**
- **Secure the plan**
  - Stop construction activities

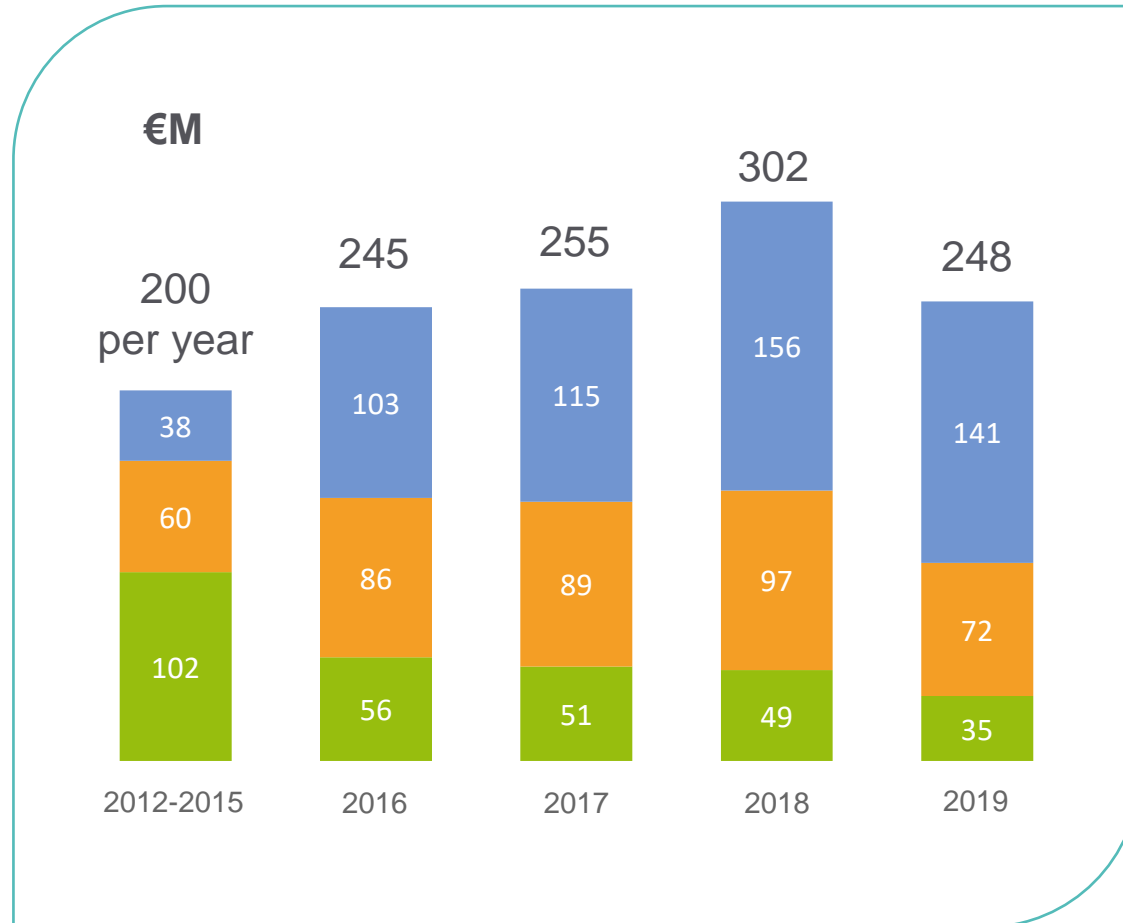
### EFFICIENCY



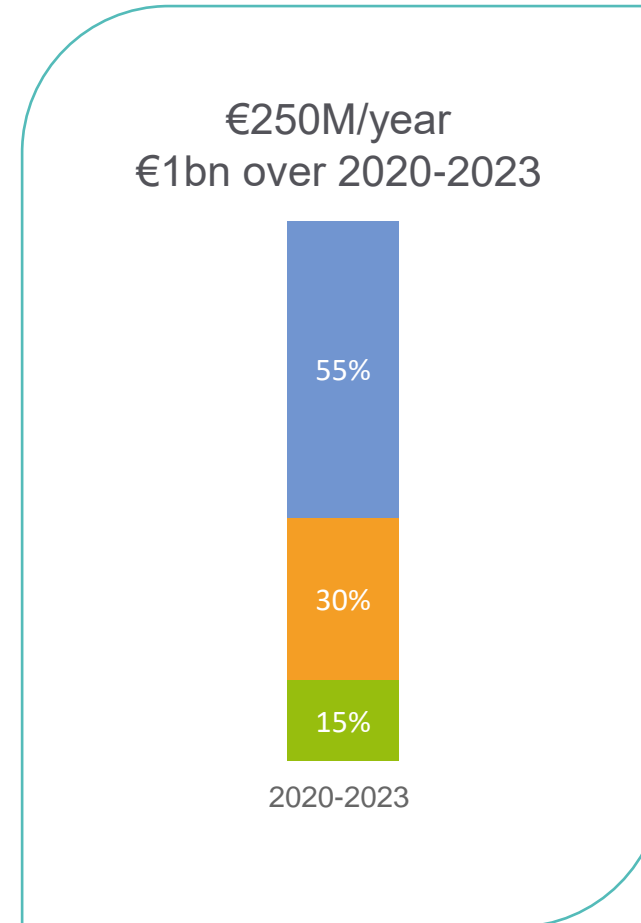
- **A continued high level of efficiency gains**
- **€1bn of savings over 4 years**
- **3 pillars:** Operational efficiency, Purchasing, G&A, with **a reinforcement and a deepening of our actions** throughout the Group with new levers (e.g. digital)

# EFFICIENCY PLAN: AN AMBITIOUS TARGET

## COST SAVINGS SINCE 2012



## 2020-2023



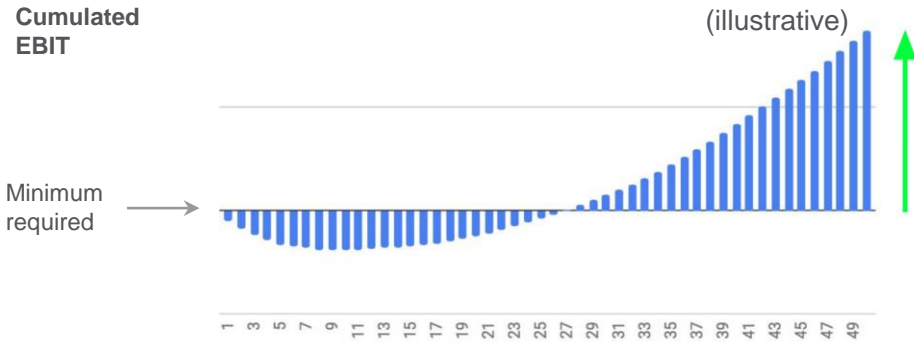
- G&A
- Purchasing
- Operations



# EFFICIENCY PLAN OPERATIONS (1/2)

## 1. WORK ON UNDERPERFORMING CONTRACTS OR SITES

- **Action plans “up or out”:**
  - Profitability analysis
  - Quarterly review of progress



Contract by contract margin in order of increasing profitability

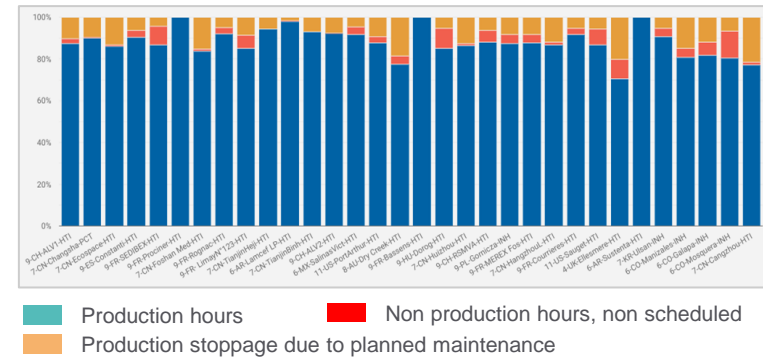
- **Action plans may include:**
  - Contract renegotiation, add new services
  - Cost cutting, enhancement of performance
  - Industrial restructuring, site closure

## 2. PEER REVIEW

- Benchmark of performance on 6 priority assets

<b>Solid waste incineration</b> Availability rate	<b>Drinkable water distribution</b> Network efficiency	<b>Heating production in DHN</b> Energy efficiency
<b>Hazardous waste incineration</b> Availability rate	<b>Wastewater treatment</b> Electricity consumption	<b>Cogeneration</b> Energy efficiency

- Crossed internal audits on major assets
- Continuous improvement plan for the other assets, leveraging best practices. Example:



# EFFICIENCY PLAN OPERATIONS (2/2)

## 3. DIGITALIZATION

- **Hubgrade:** supervision centers at country/ region level, regrouping real time data on key sites and contracts
- 6 supervision centers in 2015, 56 today, ~100 by 2023
- Now covering all 6 categories of key assets in the group
  - Water network management, waste water treatment plant
  - High temperature incineration, solid waste incineration
  - Energy efficiency for buildings, combined heat and power generation
- **Maintenance and asset management**
- Example: VWT sensors for reverse osmosis membranes
- Target: increase production by 30%, and membrane lifetime to 8 years vs. 3-5 years currently

### Digital operations

#### Hubgrade

##### Example - Italy, energy efficiency:

- 4 Hubgrade centers in Italy
- 450 connected sites (2.000 targeted in 2021)
- For 7 hospitals, ~5% of energy savings since the rolled out: €0.9M for Veolia



# EFFICIENCY PLAN

## PURCHASING AND G&A

### PURCHASING

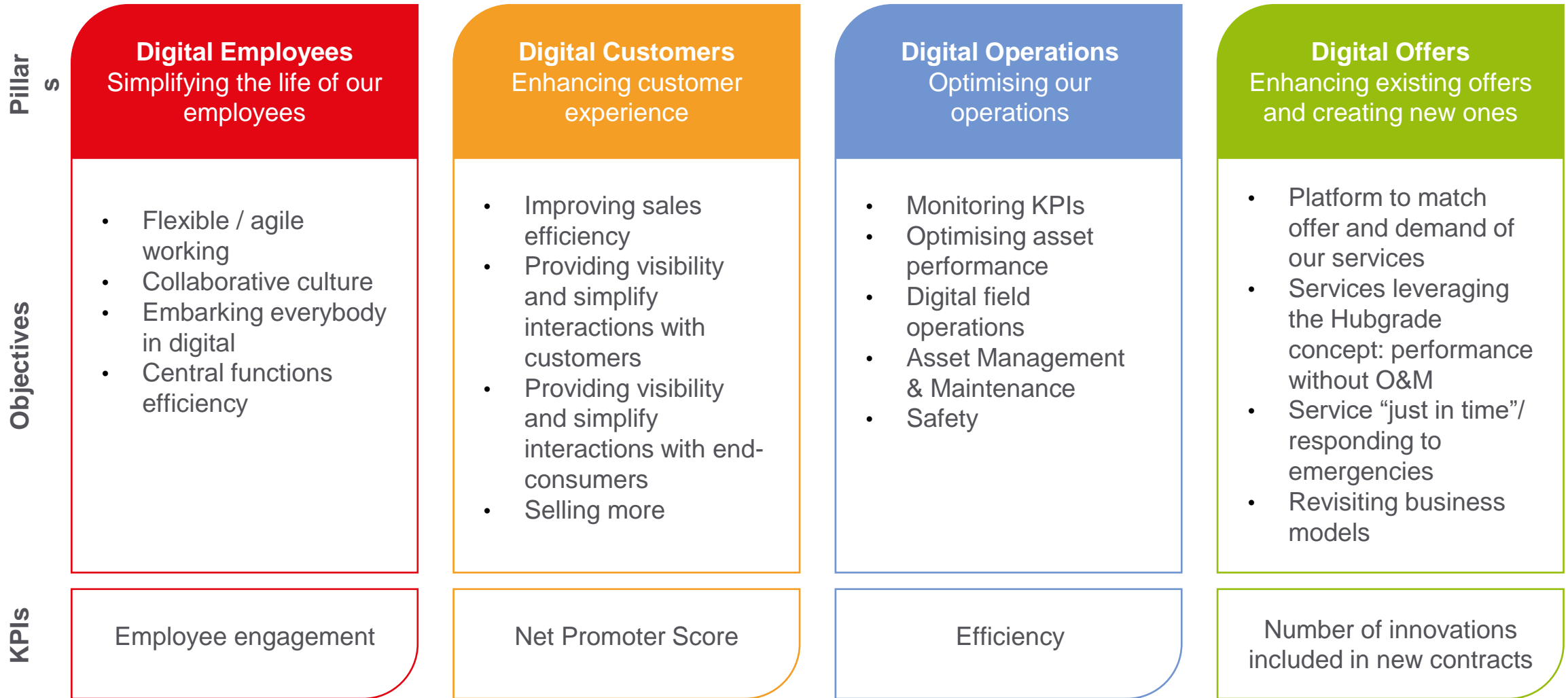
- **Target: min 1% of purchasing savings** (Capex and Opex on addressable cost base) in **all BUs**
  - e.g.: collection trucks, cars
- **Specific focus on subcontracting**
- **Reduction in the number of suppliers**
- Work on **specifications** and new categories covered by global contracts
  - e.g.: light vehicles contracts in Europe to generate €9M savings by 2023
  - e.g.: collection trucks, new contract to deliver €2M savings by 2023
  - e.g.: yellow plants contract under way
- **Use digital:** marketplace for “small categories”

### G&A

- **Target: maintain G&A constant despite revenue growth and a challenging context** (increase of compliance, legal, cybersecurity costs...), **hence reduce the G&A/revenue ratio**
- **Examples of levers:**
  - Reduce IT and real estate spending
  - Digital tools
    - e.g.: stop paper invoicing, automatisations of certain administrative tasks thanks to machine learning, and collaborative tools
  - **Specific** plans in some BUs: North America, Waste France, VWT



# DIGITAL TO HELP DELIVER EFFICIENCY AND GROWTH

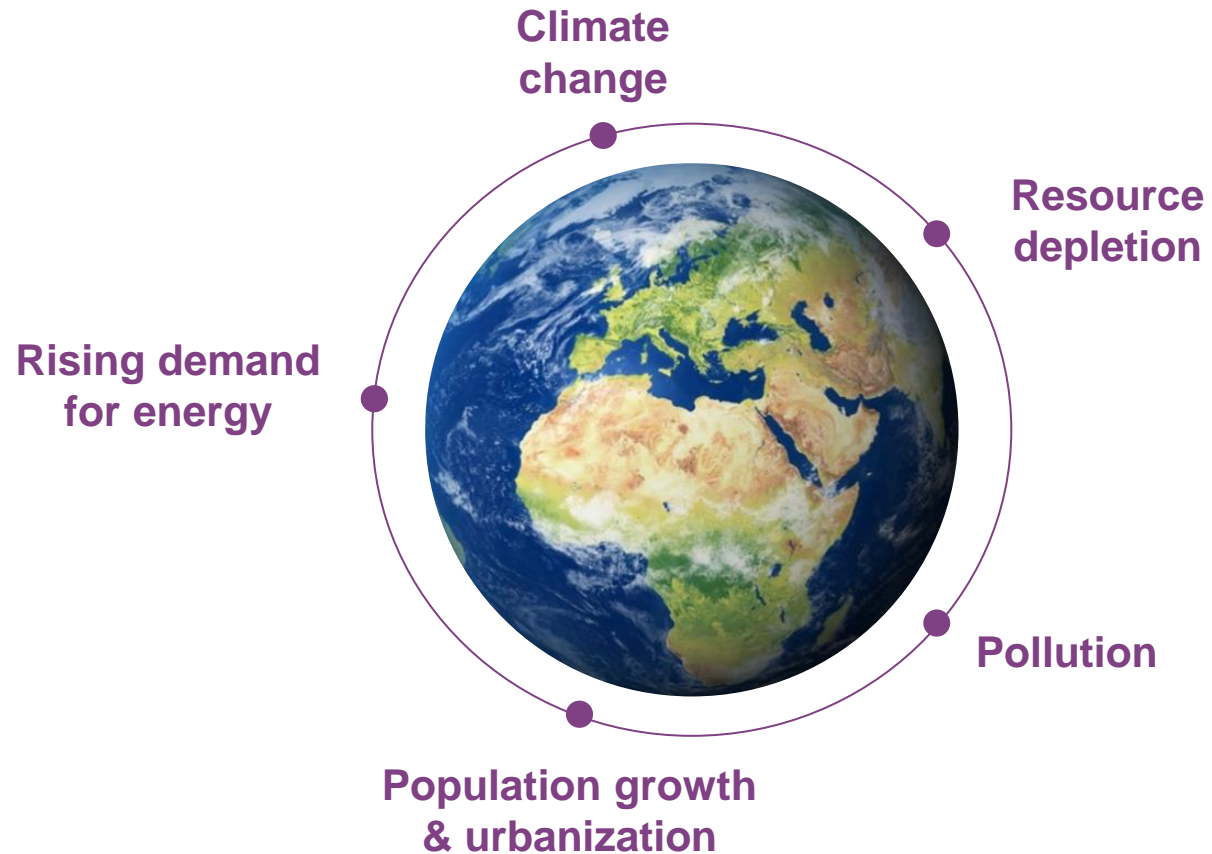


**2020-2023:  
INNOVATION**

Olivier Brousse, EVP, Strategy & Innovation



# VEOLIA'S PURPOSE: "TO CONTRIBUTE TO HUMAN PROGRESS"



- Through its activities in water, waste, and energy, Veolia is having a positive impact on the planet and its inhabitants
- **How to contribute more?**





# VEOLIA CAN HELP TO ADDRESS 6 GLOBAL CHALLENGES

HEALTH & NEW  
POLLUTANTS



NEW LOOPS  
OF MATERIALS



NEW ENERGY  
SERVICES



ADAPTATION TO  
CLIMATE CHANGE



FOOD CHAIN



NEW DIGITAL  
OFFERS



**INNOVATION WILL ENRICH & BOOST THE CURRENT PORTFOLIO, AND CREATE  
NEW SOLUTIONS TO MEET ESSENTIAL NEEDS**

# CREATING SOLUTIONS FOR FUTURE ESSENTIAL NEEDS HEALTH & NEW POLLUTANTS

## CHALLENGE: ENABLING PEOPLE TO LIVE IN A HEALTHY ENVIRONMENT (CLEAN AIR, WATER, SOIL)

### POLLUTION, A MAJOR AND INCREASING HEALTH ISSUE...

- **Environmental pollution: 9 million premature deaths** worldwide in 2015\* (6.5M due to air pollution, as much as tobacco-related deaths, 1.8M to water pollution, and 0.5M to soil pollution)
- More than **90% of the world inhabitants** breathe a **polluted air**



For 300 Rupees (~€4), customers at a bar in New Delhi can get access to 15 minutes of fresh air

### ...THAT VEOLIA IS TACKLING

#### Example: Indoor Air Quality

- Veolia's goal: **to guarantee a clean air in buildings** (CO<sub>2</sub>, fine particles, etc.)

#### Solution

- Monitor continuously the indoor air quality
- Filter and control the pollutants
- Involve the stakeholders in improving air quality

#### Trial in progress in Le Raincy, France

##### Pilots in 2 schools (600 pupils):

- 28 sensors
- 18 filtration equipment installed
- Predictive modelling, real-time monitoring, and building awareness among teachers & pupils



\*Source: The Lancet (2018)

# CREATING SOLUTIONS FOR FUTURE ESSENTIAL NEEDS

## FOOD CHAIN

**CHALLENGE: CONTRIBUTING TO FEEDING AN EXTRA ~1.5BN PEOPLE WITHIN 20 YEARS WITH LESS WATER, ENERGY AND SOIL**

### THE GLOBAL FOOD CHALLENGE

- **Population growth:** 1 more “China equivalent” by 2040
- Global demand for **animal proteins** expected to **double** by 2050
- Agriculture: 70% of current global water demand
- Development of livestock farming:
  - Increasing GHG emissions, water and soil exploitation
  - Only 55% of calories harvested in the world feed people directly; 36% are used to feed the livestock



### EXAMPLE OF SOLUTIONS

#### From organic waste to fertilizers and proteins

- **Using organic** waste and insects to produce oil, proteins for animals and organic fertilizers
- Projects under development in France and in Asia
- Promising early results, e.g. for **aquaculture**, which provides half of the fish consumed worldwide



#### Urban farming: another way to feed cities

- Urban aquaponic farms
- Intensive organic micro market gardening (permaculture)



# CREATING SOLUTIONS FOR FUTURE ESSENTIAL NEEDS ADAPTATION TO CLIMATE CHANGE

## CHALLENGE: HELPING OUR MUNICIPAL AND INDUSTRIAL CLIENTS ANTICIPATE AND MANAGE ENVIRONMENTAL DISORDERS

### THE NEW CLIMATE REALITY



**Hurricane Sandy (2012)**  
\$65bn damage in the US

**Water shortage in South Africa**  
Q1 2018: the Cape Town area  
(4M inhab.) close to run out of water



**Wildfires in Australia (2019-2020)**  
2x Belgium surface destroyed  
Air quality, biodiversity impacted

### EXAMPLES OF SOLUTIONS

- Flood control
- Crisis management
- **Mobile solutions** for water and wastewater



- Water reuse
- **Urban refreshment islands**
- **Microgrid or local energy networks** powered by cogeneration to secure the energy supply should the city network fail

**2020-2023:  
FINANCIALS**

Claude Laruelle, CFO



# VEOLIA BUSINESS MIX

## 11 GEOGRAPHIES ORGANIZED IN 4 REPORTING SEGMENTS

GLOBAL BUSINESSES  
€4 734M

NORTH AMERICA  
€2 168M

LATIN AMERICA  
€853M

2019 Revenue  
€27.2bn

171 000  
Employees in 11  
zones

UK & IRELAND  
€2 298M

FRANCE  
WASTE: €2 608M  
WATER: €3 004M

ITALY & IBERIA  
€1 169M

NORTHERN EUROPE  
€2 738M

CENTRAL EUROPE  
€3 296M

AFRICA/ MIDDLE EAST  
€1 060M

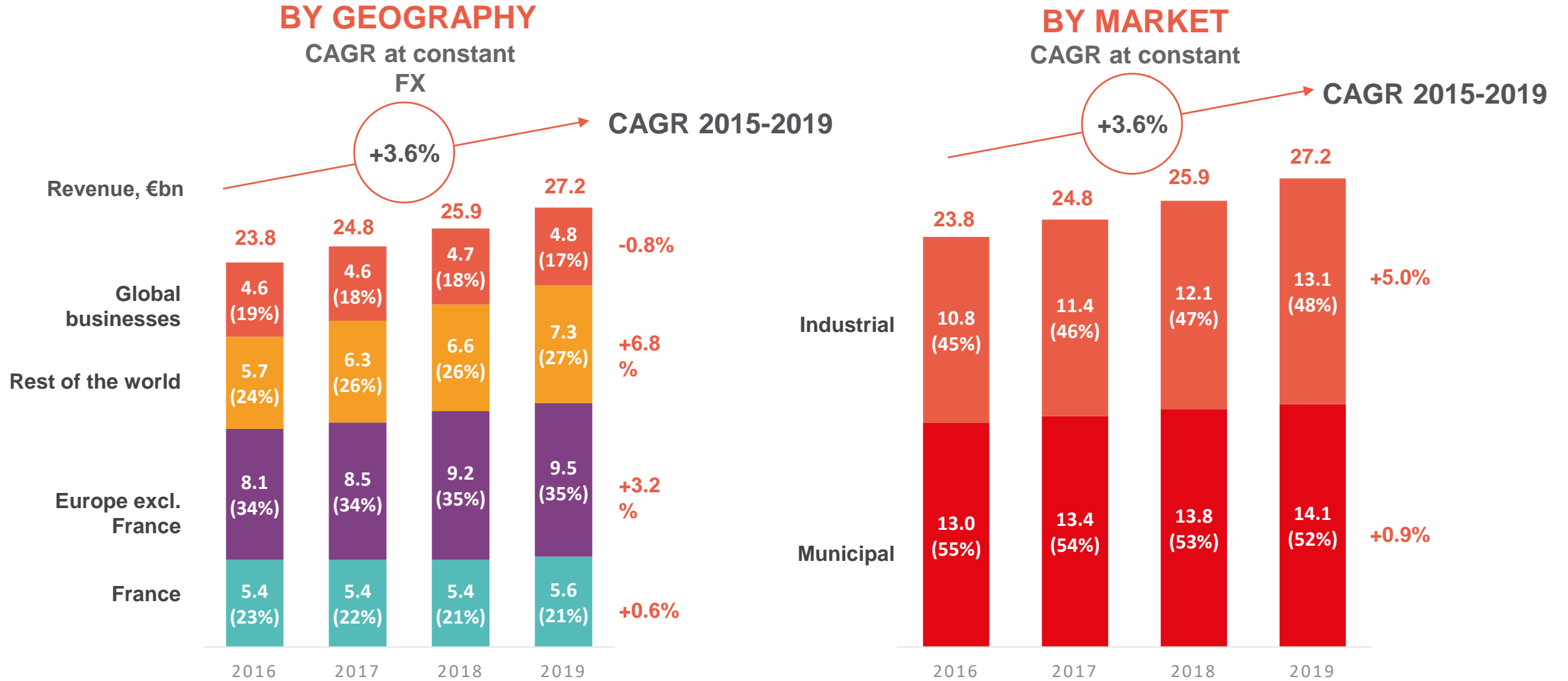
AUSTRALIA & NEW ZEALAND  
€1 087M

ASIA  
€2 135M



# VEOLIA 2016-2019 BUSINESS MIX EVOLUTION

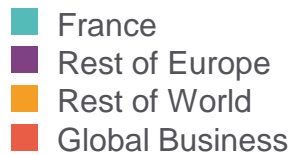
2016-2019: CONTINUED SOLID REVENUE GROWTH DRIVEN BY INTERNATIONAL AND INDUSTRIAL CLIENTS



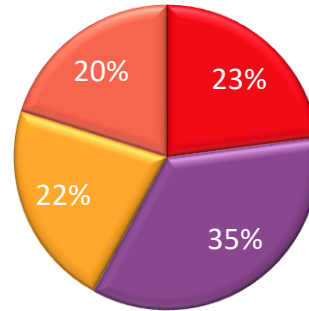
# VEOLIA 2014-2019 BUSINESS MIX EVOLUTION

## CONTINUED INCREASE OF INTERNATIONAL SHARE OF REVENUE AND EBITDA IN 5 YEARS

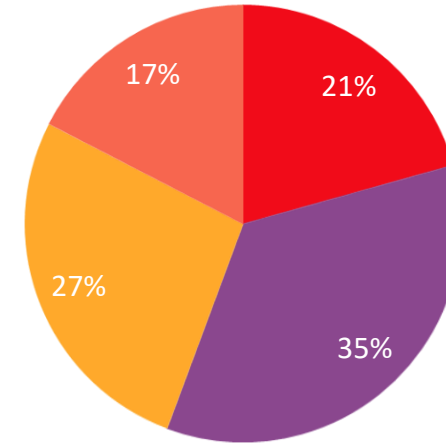
- Continued increase of International Revenue and EBITDA from 2014 to 2019



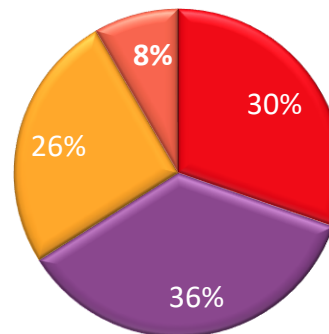
2014 REVENUE €24.4bn



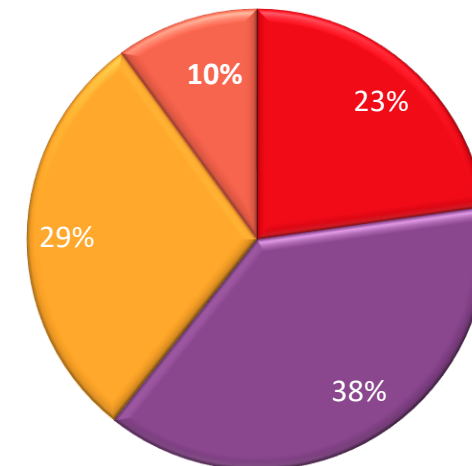
2019 REVENUE €27.2bn



2014 EBITDA €2 762M



2019 EBITDA €4 022M

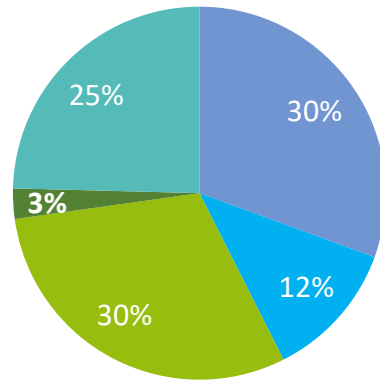




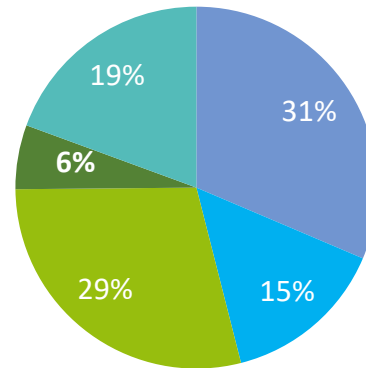
# VEOLIA 2011-2019 BUSINESS MIX EVOLUTION

## TRIPLING OF HAZARDOUS WASTE SHARE OF REVENUE IN 8 YEARS

2011 REVENUE  
€29.6bn

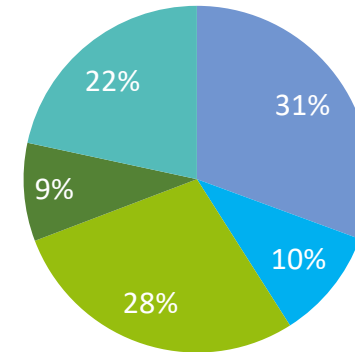


2014 REVENUE  
€24.4bn

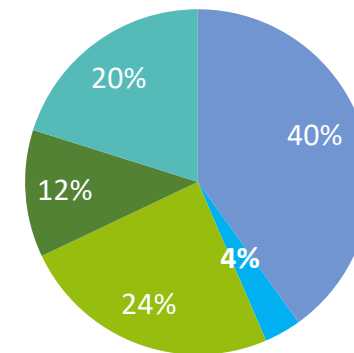


Water & Waste water  
Waste  
Energy  
Technology & Construction  
Hazardous Waste

2019 REVENUE  
€27.2bn



2019 EBITDA:  
€4 022M



- Hazardous Waste Revenue tripled from 2011 to 2019, to €2.5bn
- ... and enjoys a 20% EBITDA margin



# FINANCIAL TRAJECTORY 2020-2023

## CONTINUED SOLID REVENUE GROWTH

### 1. CONTINUED SOLID ORGANIC GROWTH

- ✓ High level of contract renewal
- ✓ Pursuit of good commercial momentum
- ✓ Capital allocation focused on fast growing activities, mostly outside France

### 2. COMPLEMENTED BY SMALL AND MID SIZE ACQUISITIONS

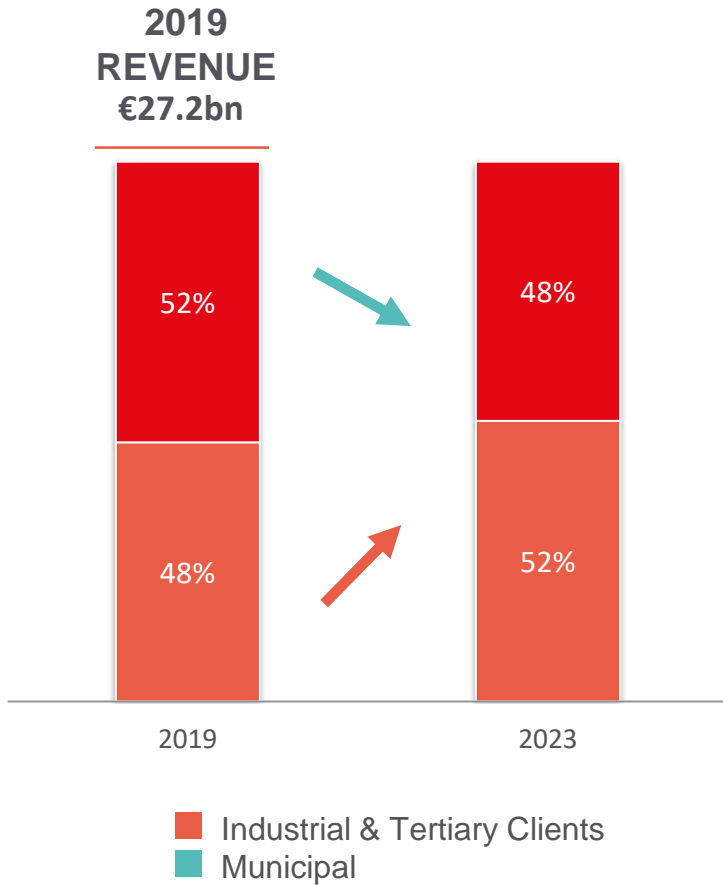
- ✓ Small to mid size targets
- ✓ Continued strict financial discipline
- ✓ Value creation through asset rotation



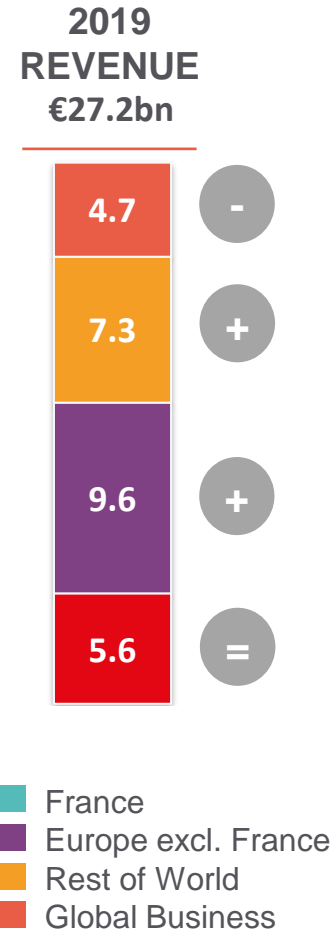
# FINANCIAL TRAJECTORY 2020-2023

## CONTINUED SOLID REVENUE GROWTH

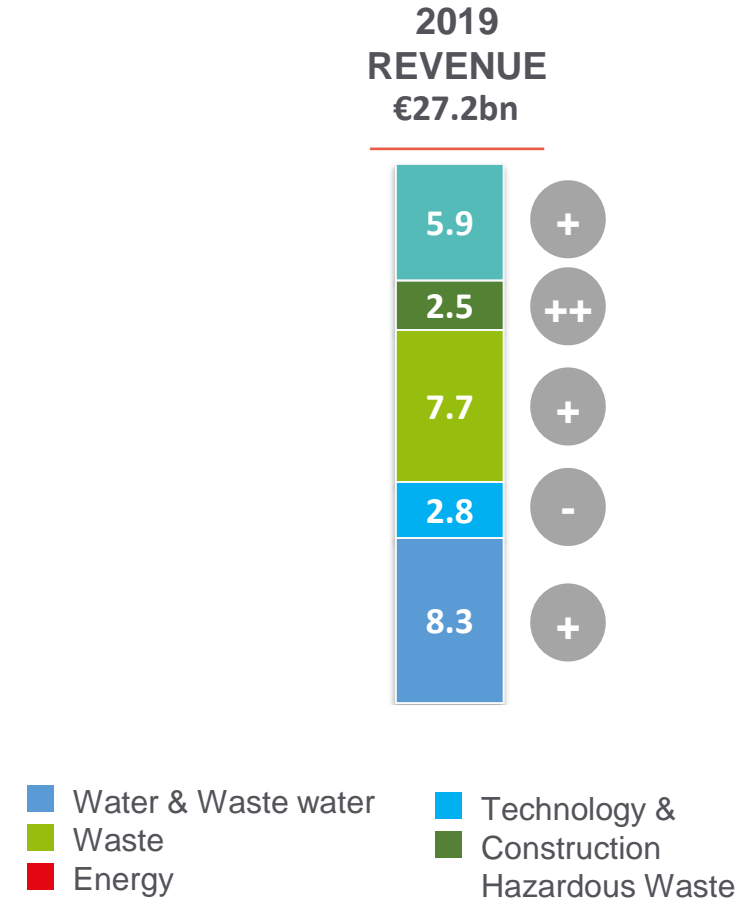
### TRENDS BY CLIENT



### TRENDS BY GEOGRAPHY



### TRENDS BY BUSINESS

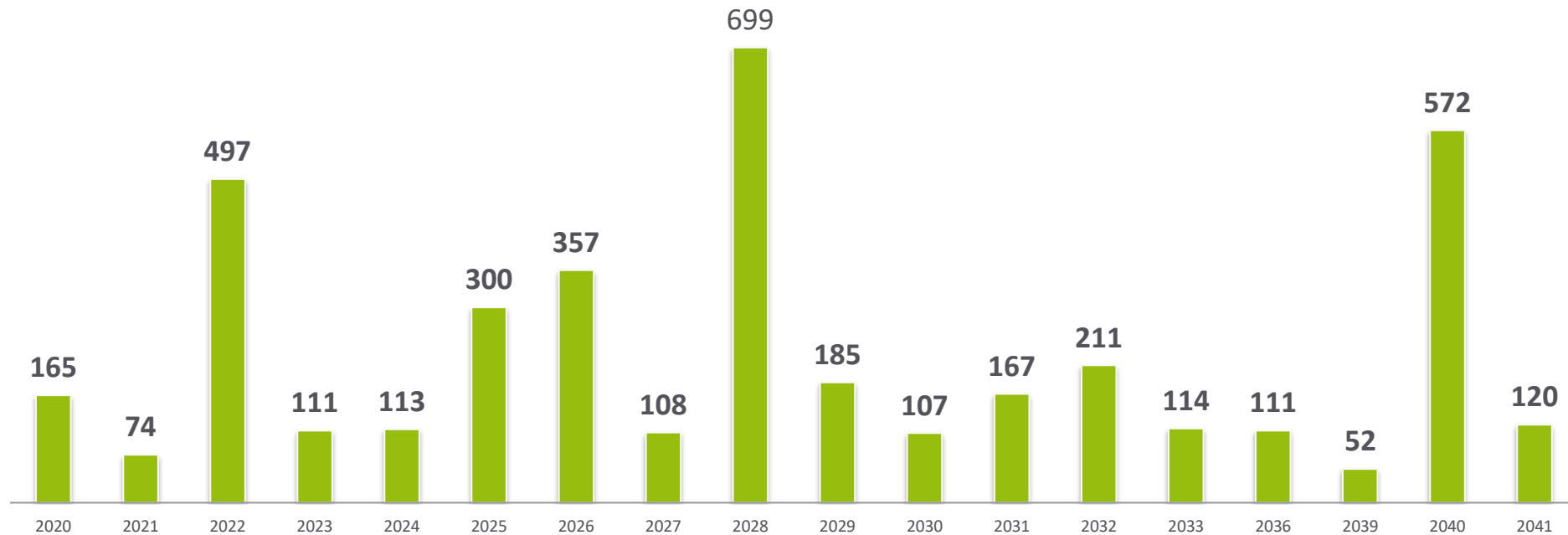


# FINANCIAL TRAJECTORY 2020-2023

## NO MAJOR CONTRACT RENEWALS BEFORE 2022

- The Group's 38 largest contracts represent €4.1 billion in revenue, or 15% of revenue  
✓ Average duration: 10 years

Contract expiration schedule (>€50M annual revenue)



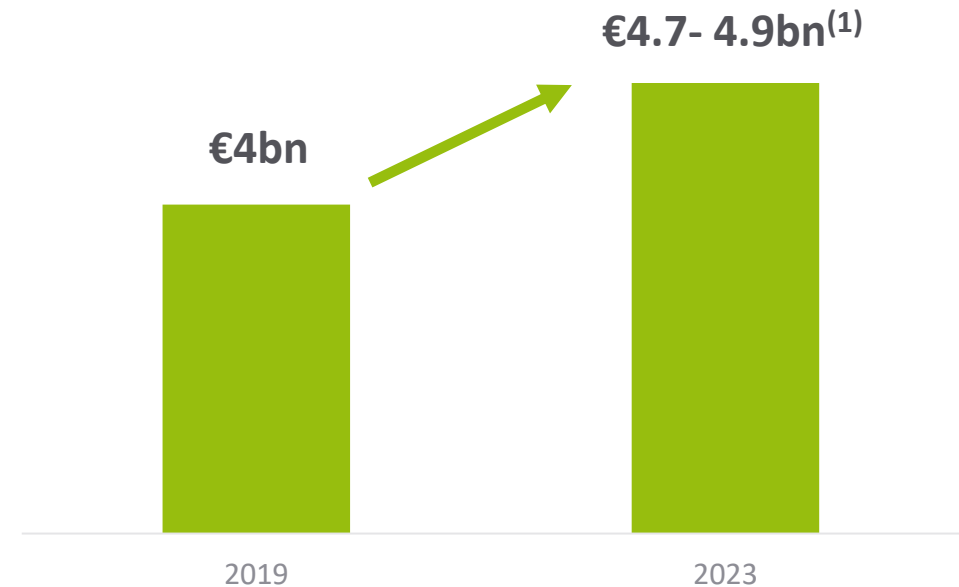
# FINANCIAL TRAJECTORY 2020-2023

## EBITDA TARGET OF €4.7-4.9BN<sup>(1)</sup> IN 2023

### KEY DRIVERS

- Continued solid revenue growth
- €250M of cost cutting annually
  - Target retention rate: ~40%
- EBITDA growth to come:
  - 50% from revenue growth and asset rotation
  - 50% from efficiency gains

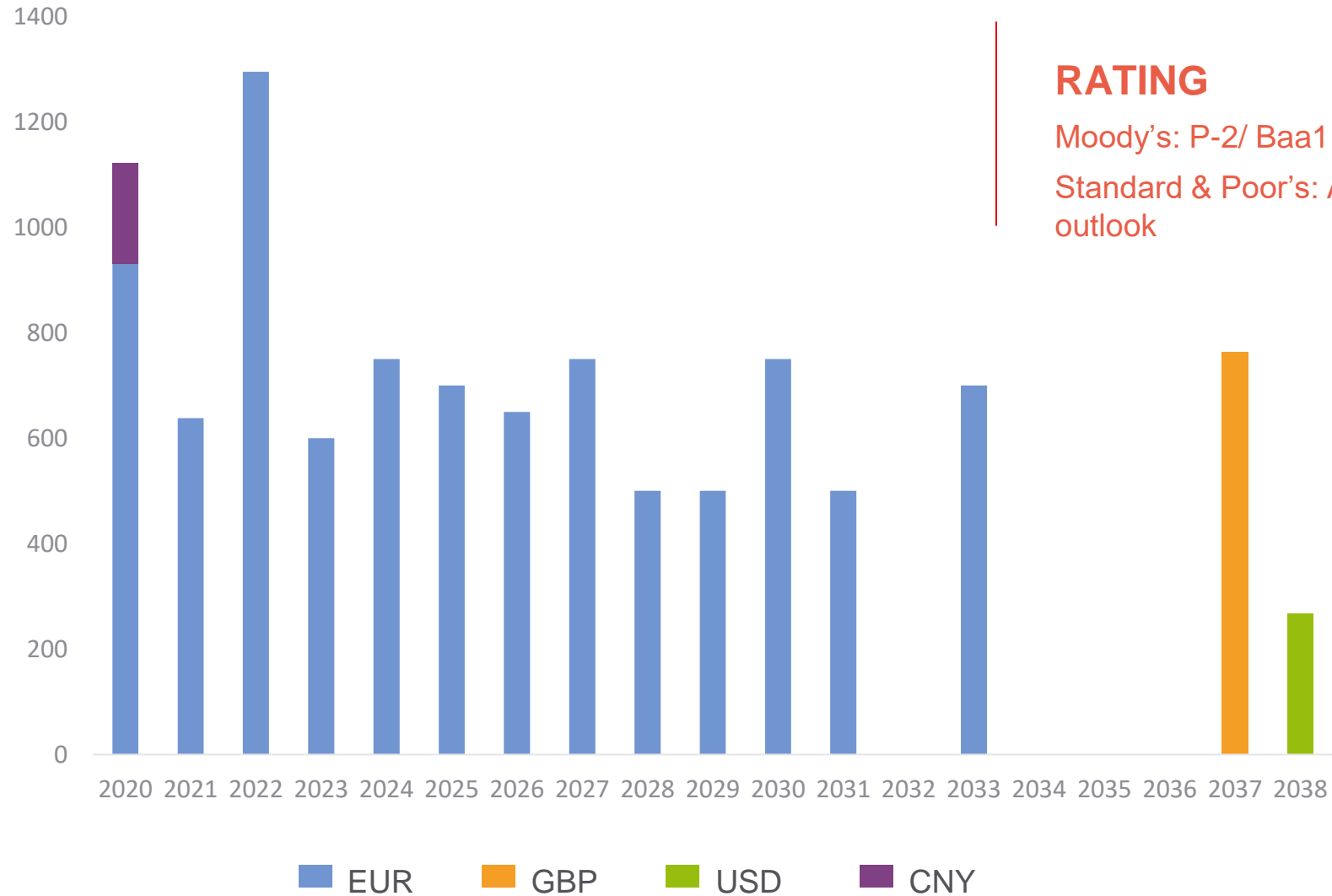
### EBITDA GROWTH



(1) At constant FX (based on rates at the end of 2019) and at constant IFRS & in an economic environment without major change

# FINANCIAL TRAJECTORY 2020-2023

## A REGULAR BOND REPAYMENT SCHEDULE



## FINANCIAL TRAJECTORY 2020-2023

### COST OF FINANCING EXPECTED TO DECREASE BY 2023

- Scheduled bond redemption to contribute to decrease cost of debt in euro
  - 40% of Euro bonds to be refinanced by end-2023
  - 2021 & 2022 bond refinancing to generate significant savings
- ...partly offset by non euro cost of financing (Asia, Latin America, US...)
- **Overall expected cost of financing to decrease by 2023**
- **Debt maturity: 6.9 years**
- **94% Fixed rate**



## FINANCIAL TRAJECTORY 2020-2023

### TAXES : FULL BENEFIT OF TAX LOSS CARRY FORWARDS

- Tax efficiency taken into consideration to structure new projects and tuck in acquisitions
- **Favorable resolution of the tax litigation in the US:**
  - Additional potential recognition of more than \$2bn of tax loss carry forwards (**more than \$400 million in tax**) to be utilized by 2026.
- **French tax loss carry forwards**
  - Additional potential recognition of **~€400 million in tax**, with no time limit of utilization
- **On going optimization of legal entities**

CURRENT TAX RATE BELOW 25% OVER THE DURATION OF THE PLAN





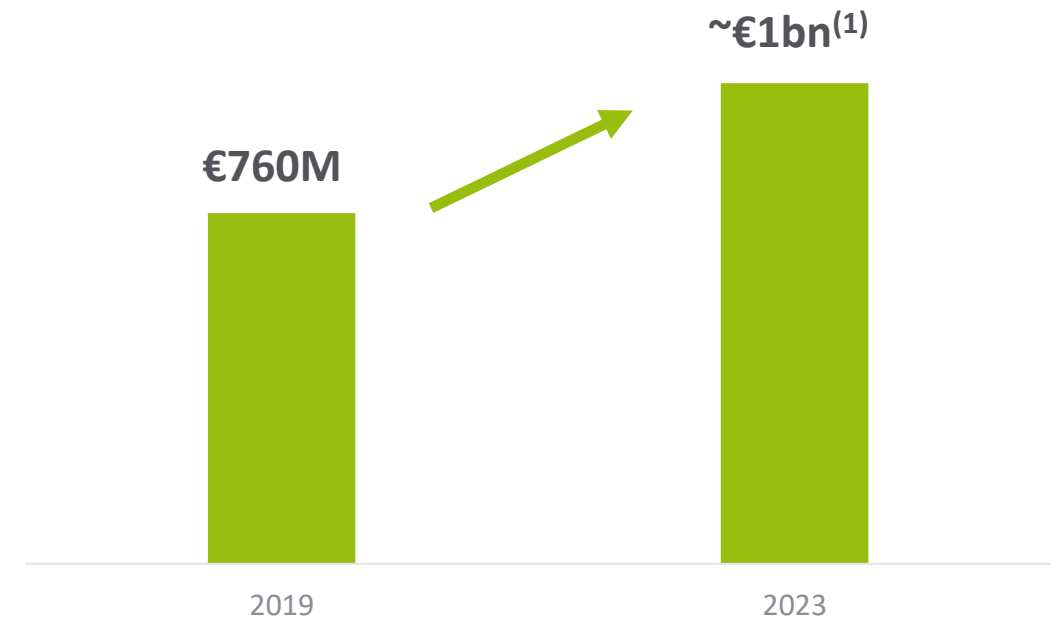
# FINANCIAL TRAJECTORY 2020-2023

## CONTINUED STRONG CURRENT NET INCOME GROWTH: ~€1BN<sup>(1)</sup> TARGET IN 2023

### KEY DRIVERS

- **EBITDA growth leads to current EBIT growth** with D&A slightly up over time
- **Cost of financing expected to decrease:** lower euro financing cost partly offset by increased cost and volume of non-euro denominated debt
- **Tax rate < 25%** thanks to French and US tax loss carry forwards

### CURRENT NET INCOME GROWTH



(1) At constant FX (based on rates at the end of 2019) and at constant IFRS & in an economic environment without major change

# CAPITAL ALLOCATION 2020-2023

## KEY TAKEAWAYS

€5bn



Industrial & financial investments  
to develop new projects  
("Accelerate" and "Optimize & develop")

- ~40% in Europe (incl. France)  
~60% in the rest of the world
- ~65% for industrial clients  
~35% for municipal clients
- ~40% organic growth  
~60% external growth

€3bn



Divestments  
("Reduce")

- Portfolio rotation: ~20% of the  
Group's Capital Employed
- Assets involved already identified
- €1bn already achieved (district  
heating in the US)

€2bn

net investments over 4 years

~€500M  
/year in average

→ Leverage ratio < 3x

# CAPITAL ALLOCATION 2020-2023

## CONTINUED STRICT FINANCIAL DISCIPLINE



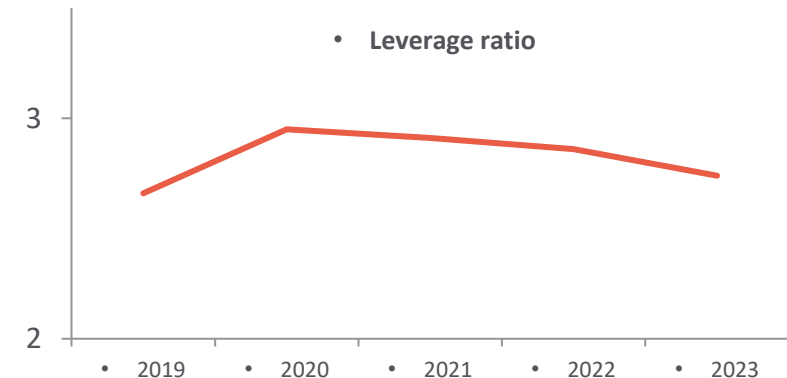
### STRICT INVESTMENT CRITERIA

- BUs must submit to the Group Investment Committee all projects above/ below €10M EV and €20M capex
- Tightening of the decision process
  - ✓ **Group's IRR  $\geq$  WACC + 4%**
  - ✓ **ROCE  $\geq$  WACC (from end of 3<sup>rd</sup> year)**
  - ✓ **Pay-back < 7 years**
  - ✓ **Focus on strategic businesses**
  - ✓ **Alignment with ESG commitments**



### FINANCIAL HEADROOM

- Leverage at 2.66 end 2019 including IFRS 16 impact
- Small and mid size M&A
  - ✓ Using the extra cash flow generated
  - ✓ And Asset divestiture reservoir
- Leverage < 3 over the duration of the plan and well below 3 in 2023



# CAPITAL ALLOCATION 2020-2023

## CAPEX TRAJECTORY: €2BN OF DISCRETIONARY CAPEX

In €bn	Average 2018-2019 <sup>(1)</sup>	Average 2020-2023 <sup>(1)</sup>	Variation
Maintenance Capex including IFRS 16	1.1	1.0 - 1.1	Stable
Contractual Capex	0.7	0.7 - 0.8	Stable
Coal conversion capex	0	0.1	New
Discretionary Growth Capex	0.3	0.5 - 0.6	+50% to +100%
<b>TOTAL<sup>(1)</sup></b>	<b>2.1</b>	<b>2.3 - 2.6</b>	

**CUMULATED €2BN DISCRETIONARY GROWTH CAPEX OVER 2020-2023  
50% INVESTED IN HAZARDOUS WASTE**

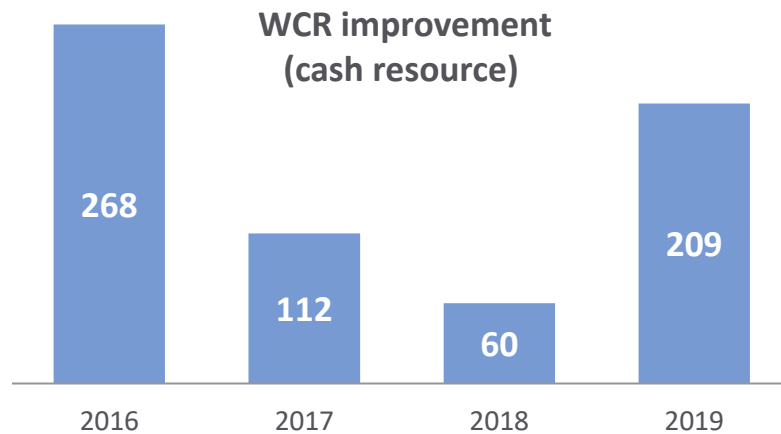


(1) Including IFRS16

# FREE CASH FLOW GENERATION 2020-2023

## CONTINUED WORKING CAPITAL OPTIMIZATION

### WCR TRACK RECORD 2016-2019



### KEY ACTIONS 2020-2023

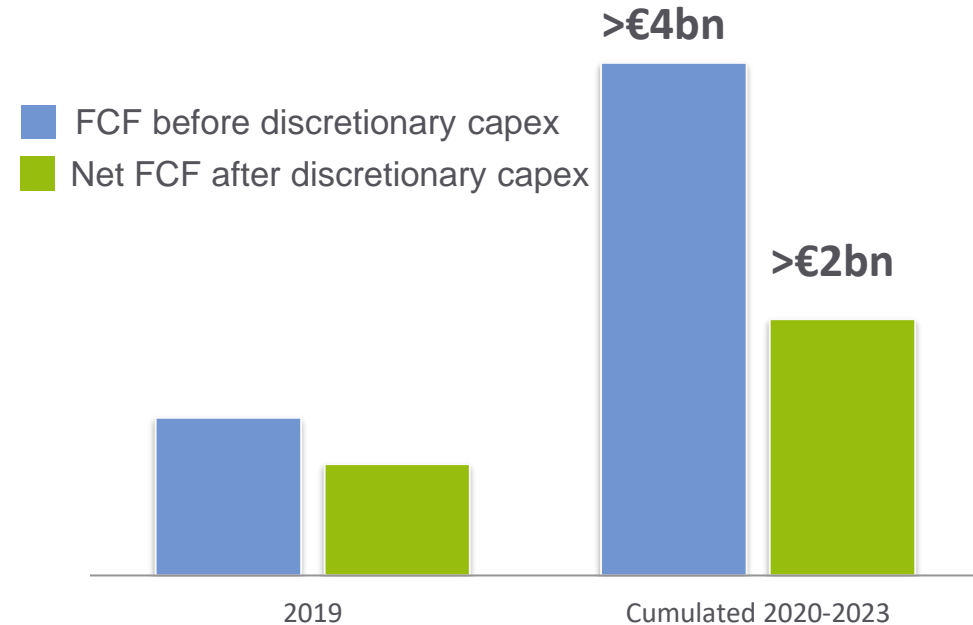
- Cash Flow generation monitored by Business Unit / Business Line
  - Focus on DSO improvement
- New initiative on Working capital
  - New tools for cash collection (e.g. my DSO)
  - Improve invoicing process
  - Review Purchase to Pay process



# CONTINUED STRONG FREE CASH FLOW GENERATION

- **Discretionary capex** of €270M per year on average from 2016 to 2019  
~€500M per year from 2020 to 2023
- **FCF before discretionary capex > €4bn** cumulated over the duration of the plan
- **FCF after discretionary capex > €2bn** cumulated over the duration of the plan

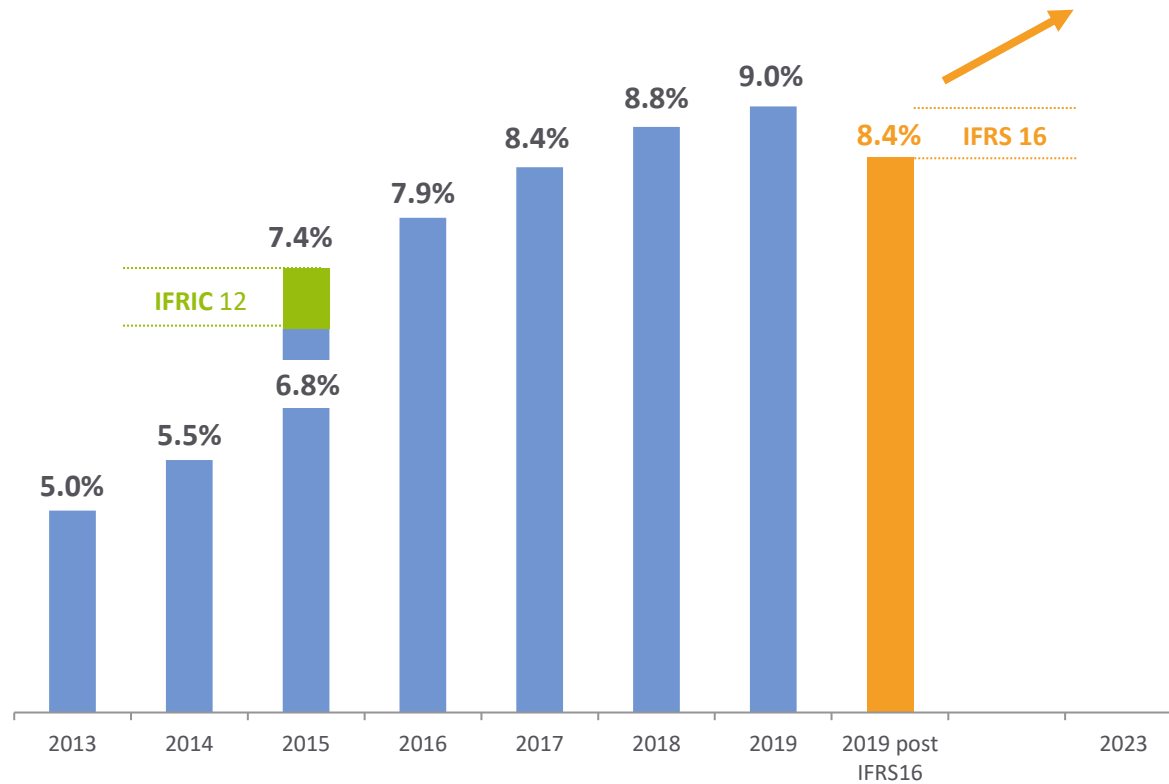
## FCF GENERATION OVER 2020-2023



# STRONG VALUE CREATION

## CONTINUED IMPROVEMENT OF ROCE BY 2023

### AFTER TAX ROCE



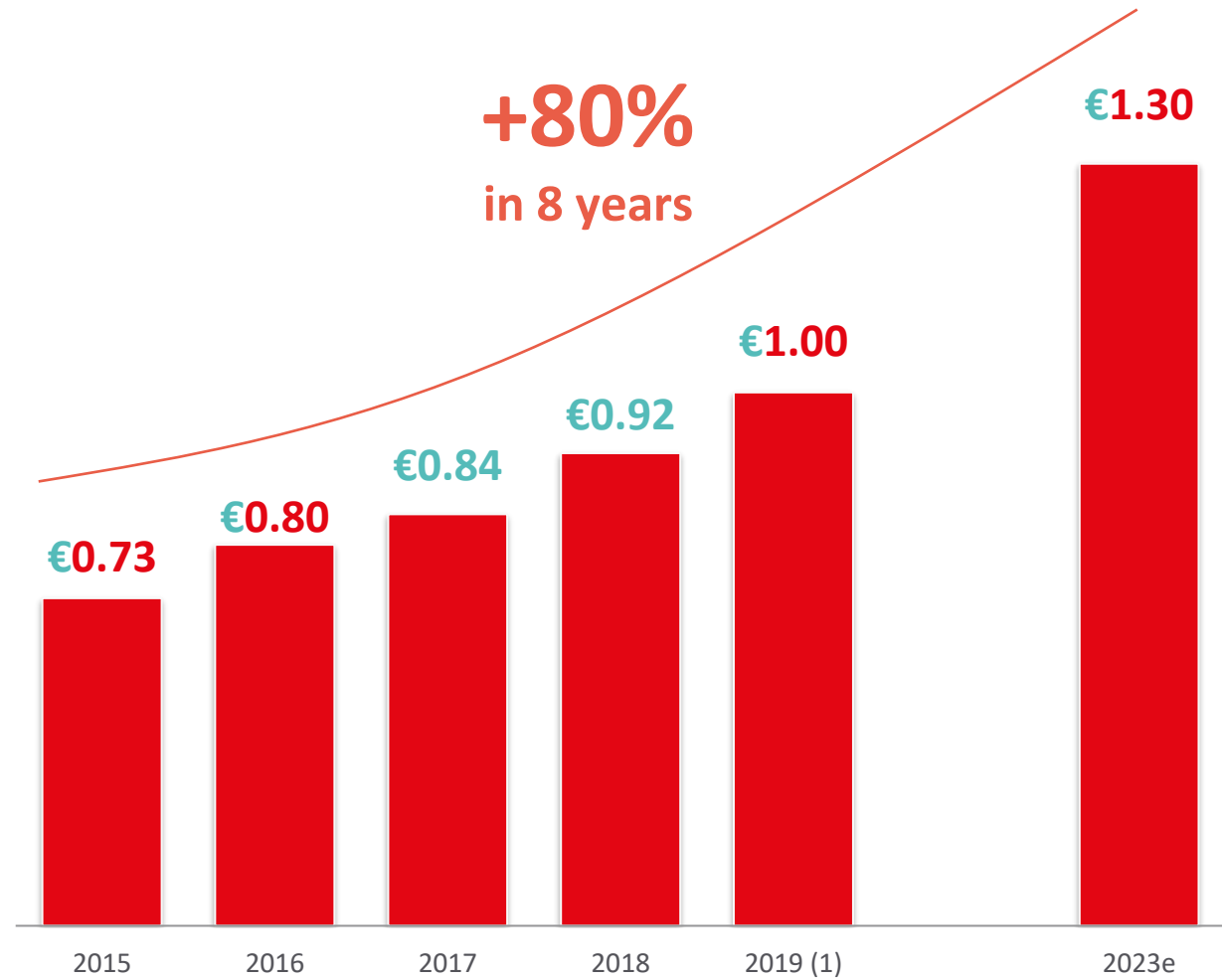
### KEY DRIVERS

- Operational efficiency
- Current EBIT growth
- Focus on capital efficiency
- Low tax rate



## DIVIDEND: €1.30 IN 2023

- 37% growth of dividend from 2016-2019
- A sustainable and disciplined dividend policy



(1) Subject to approval of the AGM of April 22, 2020



# IMPACT 2023

## KEY FINANCIAL TARGETS<sup>(1)</sup>



<b>REVENUE</b>	<b>Continued solid growth</b>
<b>EFFICIENCY</b>	<b>€1bn cost savings over 4 years</b>
<b>EBITDA</b>	<b>€4.7bn - €4.9bn in 2023</b>
<b>CURRENT NET INCOME GROUP SHARE</b>	<b>~€1bn in 2023</b>
<b>LEVERAGE RATIO</b>	<b>&lt; 3 x and well below 3 x in 2023</b>
<b>DIVIDEND</b>	<b>€1.30 / share in 2023</b>



(1) At constant FX (based on rates at the end of 2019), at constant IFRS & in an economic environment without major change

## IMPACT 2023 IN A NUTSHELL

- ❑ **A particular context:** the environmental priority has never been higher
- ❑ **A high ambition:** to be the reference company for the ecological transformation
- ❑ **A priority:** maximizing Veolia's positive impact - environmental, societal, financial
- ❑ **A consequence:** clear priorities
  - Strong acceleration of the businesses which have the highest positive impact on the planet
  - 20% portfolio rotation
- ❑ **Preparing the future:**
  - Reinvent the historical businesses
  - Create new solutions to address the global environmental challenges
- ❑ **A highly rigorous execution:**
  - €1bn cost savings plan
  - Net financial debt below 3 x EBITDA over the duration of the plan
- ❑ **Providing the proof of commitments with a set of KPIs:**
  - To track our impact on all our stakeholders
  - To base the bonus policy of the managers



## APPENDIX

# IMPACT

## 2023

# VEOLIA'S MULTI-FACETED PERFORMANCE DASHBOARD

## KEY PERFORMANCE INDICATORS (1/2)

Dimension	Objective	KPI	Baseline (2019)	Target 2023
Economic & financial performance	<b>Revenue growth</b> SDG 8	Revenue growth	Rev. : €27.2bn	Annual target
	<b>Profitability</b> SDG 8	Current net income	€760M	€1bn
	<b>Return on capital employed</b> SDG 8	ROCE after tax	8.4% after IFRS 16	Annual target
	<b>Investment capacity</b> SDG 8	Free Cash Flow before discretionary growth Capex	€1230 m	Annual target
Commercial performance	<b>Customer and consumer satisfaction</b> SDG 8	Net Promoter Score	On-going definition <sup>(1)</sup>	
	<b>Deployment of innovative solutions</b> SDG 9	# innovations included in at least 10 contracts signed by the Group	On-going definition <sup>(1)</sup>	
	<b>Hazardous waste treatment &amp; recovery</b> SDG 3, 9	Revenue generated by the hazardous & liquid waste treatment & recovery activities	€2.5bn	> €4bn
Environmental performance	<b>Combating climate change</b> SDG 13	Reducing GHG emissions: progress of the investment plan to phase out coal in Europe by 2030	NA	30% of investments planned by 2030, i.e. € 400M by 2023
		Avoided emissions (vs.the most likely scenario if the low carbon solution / service / project had not taken place)		15 Mt CO <sub>2</sub> eq.
	<b>Circular economy: plastic recycling</b> SDG 12, 13	Volumes of plastics recycled in Veolia's transformation plants	350 kt	610 kt
	<b>Protection of environments &amp; biodiversity</b> SDG 14, 15	Progress rate of action plans aimed at improving the environments & biodiversity footprint in sensitive sites	NA	75%
	<b>Sustainable management of water resources</b> SDG 6	Efficiency rate of drinking water networks	72.5%	> 75%

\*Baseline not available or under review, the target for 2023 will be defined during the course of 2020



# VEOLIA'S MULTI-FACETED PERFORMANCE DASHBOARD

## KEY PERFORMANCE INDICATORS (2/2)

Dimension	Objective	KPI	Baseline (2019)	Target 2023
Human resources performance	<b>Employee commitment</b> SDG 8	Rate of engagement of employees in the 10 largest BUs, measured through an independent survey	84 %	Above 80 %
	<b>Safety at work</b> SDG 8	Frequency rate	8.1	5
	<b>Employee training &amp; employability</b> SDG 4	Average number of training hours per employee	18	23
	<b>Diversity</b> SDG 5	% of women appointed within the top 500 Veolia's senior executives from 2020 to 2023	NA	50 %
Social performance	<b>Job and wealth creation in the territories</b> SDG 11	Annual publication of a study aimed at quantifying the global impact of Veolia in terms of jobs and wealth creation	NA	Study on Veolia's impact in 45 countries or more, released every year from 2020
	<b>Ethics and compliance</b> SDG 4	% positive answers to this question of the engagement survey: "Veolia's values and ethics are put into practice within my entity"	92 % for the Top 5000 employees	A baseline on a broader audience will be determined in 2020
	<b>Access to essential services (water and sanitation)</b> SDG 6	# inhabitants benefiting from inclusive measures for the access to water and sanitation within contracts with Veolia	4,17 Mhab	+12% vs. 2019*

\*At constant scope



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