Press Release

Paris, 29 July 2021

VERY STRONG GROWTH OF H1 2021 RESULTS

ACTIVITY AND RESULTS SIGNIFICANTLY ABOVE 2020 LEVELS AND LARGELY ABOVE 2019

VEOLIA IS AHEAD OF ITS OBJECTIVES AND IS HEADING TOWARDS A RECORD YEAR OF PROFITS

2021 OBJECTIVES RAISED: EBITDA TARGET RAISED FROM MORE THAN €4BN TO MORE THAN €4.1BN

COMBINATION WITH SUEZ : ON 29 JUNE, RECOMMENDATION OF VEOLIA TENDER OFFER BY SUEZ BOARD AND BINDING OFFER ON NEW SUEZ FROM THE CONSORTIUM MERIDIAM-GIP-CDC/CNP FOR €10.4bn

OPENING OF THE TENDER OFFER ON SUEZ AT €19.85€[1] DIVIDEND INCLUDED SINCE JULY 29th

- **REVENUE OF €13 645M, UP+11.2%[2] vs. H1 2020 AND UP +4.6%[2] vs. H1 2019**
- **VERY STRONG EBITDA GROWTH, TO €2 081M, AN INCREASE OF +31.4%[2] vs. H1 2020 AND OF +6.2%[2] vs. H1 2019, THANKS TO GOOD COMMERCIAL MOMENTUM IN ALL BUSINESSES, AND TO €204M EFFICIENCY GAINS AHEAD OF THE ANNUAL TARGET OF €350M**
- **CURRENT EBIT OF €901M, MORE THAN DOUBLED vs. H1 2020 AND INCREASED BY +7.8%[2] vs. H1 2019**
- **NET CURRENT INCOME GROUP SHARE OF €516M, STRONGLY UP +49%[2] vs. H1 2019**
- **2021 EBITDA GUIDANCE RAISED FROM MORE THAN €4.0BN TO MORE THAN €4.1BN**

[1] i.e. €20.5 per share including the €0.65 dividend detached on July 6th 2021
[2] Variation at constant exchange rates

Antoine Frérot, Veolia's Chairman & CEO commented*: «Veolia achieved record results in the first half of 2021. All our operational and financial indicators have registered outstanding growth, both compared to 2020 and to 2019. At the beginning of the year, I had announced that Veolia's performance in 2021 would be above 2019. With revenue up by +4.6%, EBITDA growth of +6.2% and current net income increasing by +49% compared to the 1st half of 2019, we are very much ahead of this objective and are starting the second semester at full speed, thanks to the adaptation measures put in place early on to overcome the effects of the sanitary crisis as quickly as possible*
These absolutely remarkable results and the much better than expected level of activity notably thanks to our innovation capabilities, allow us to raise our 2021 objectives and to now target an EBITDA of more than €4.1 billion for the full year.
I am therefore very confident for the second part of the year. I am also very proud of the Group's collective capacity to bounce back strongly, and I want to warmly thank all Veolia employees for their unfailing commitment.
It is this collective strength that has enabled us over the past few years to raise Veolia's performance ever higher. Just as Veolia is about to acquire Suez, the Group has never been in better shape. On July 29th, a new step forward was taken with the opening of our tender offer for Suez shares. By the end of the year, the operation should be finalized and we will give birth to the undisputed world champion of ecological transformation».

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- **Very strong growth of revenue in H1 2021 : revenue of €13 645M compared to €12 412M in H1 2020, an increase of +9.9% at current exchange rates, of +11.2% at constant exchange rates and of +10.4% at constant scope and exchange rates.**

  Compared to H1 2019, revenue increased by +4.6% at constant exchange rates.

  In the first half of 2021, Veolia's activity progressed significantly and continued to benefit from the adaptation measures put in place in March 2020 to face the sanitary crisis.

  At constant exchange rates, Q2 revenue growth vs. 2020 accelerated to +19.7 %, after +4.0 % in the 1st quarter, due to the lower comparison basis of Q2 2020, most penalized by the sanitary crisis.

  Compared to 2019, at constant exchange rates, after +2.8% in Q1, revenue increased by +6.5% in Q2, with notably an acceleration in Global business (Hazardous waste activities, Water technology and networks), in Europe (UK, Germany) and in the US.

  Exchange rates variations unfavorably impacted revenue growth by -1.3% (-€160M).

  Scope effect was +€108M. Growth in Central and Eastern Europe (Czech Republic and Hungary mainly) and in Global Business (Osis acquisition) more than offset the divestiture of Sade Telecom and of the cleaning business in Singapore.

  Energy prices (heat and electricity) had a favorable impact on revenue of +€68M, and recycled material prices of +€206M, of which +€144M for paper and cardboard.

  Weather effect was a positive of +€83M

  The Volumes/Commerce was very positive, +€761M, or +6.1% on the Group's revenue growth, thanks to the strong commercial momentum, the recovery of waste volumes, both hazardous waste and commercial and industrial, and the rebound of works.

  Service prices continued to be well oriented, leading to a favorable impact of +€167M on the Group's revenue, or +1.3%.

  By geography and at constant exchange rates, the evolution over the 1st half is as follows

  - In France, revenue grew strongly, by +14.2 % vs. H1, 2020, and by +3.1 % vs. H1, 2019, to €2 844M. Both Water and Waste activities recorded a strong growth. Water revenue increased by +6.5%, thanks to works recovery. Water works had in effect been significantly penalized in H1 2020 due to the sanitary crisis. Water volumes were up +0.6% and tariffs +0.7%.

Waste revenue grew sharply, by +23.5% vs. H1, 2020, including a catch-up effect as H1 2020 was penalized by the lockdown impact on commercial and industrial activities in France (mid-March to end of May 2020). Waste volumes were up +9.5% in H1 and prices up +3.6%. Waste activities also benefited from the strong increase of recycled materials prices (+8.0 % impact on H1 waste revenue in France, with average recycled cardboard prices of €144/ton in H1 2021 vs. €49/ton in H1 2020). Revenue growth was also very significant vs. H1 2019, +6.9%.

- Europe excluding France also exhibited strong growth, with a revenue of €5 278M, up +14.2 % vs. H1, 2020 and up +11.4 % compared to H1, 2019. This progression is mostly attributable to Central and Eastern Europe, up by +25.6 %, mainly in the Energy business, thanks to favorable weather, increased heat and electricity prices and the integration of new assets in Prague et Budapest. UK (and Ireland) grew by +6.6%: PFI facilities performed very well, showing an average availability rate of 93,1 %, C&I volumes picked up strongly and recycled materials prices increased significantly. Germany waste activity rebounded thanks to C&I volume catch up and recyclate prices. Scandinavia and the Netherlands recovered as well, thanks to good commercial performance with industrial clients and strong plastic recycling activity. Italy and Spain grew by +11.8% with new contracts and works recovery.
- Rest of the World revenue came out up +4.0% compared to H1 2020, to €3 310M. All geographies progressed, except Pacific, slightly down (-3.0%) due to asset divestitures in Energy. China-Hong-Kong revenue increased by +5.6% with a strong performance of all the businesses. Japan was stable due to the end of some construction contracts, but exhibited a strong commercial momentum with the signing of many significant contracts of which the 1st potable water concession in Miyagi for a total backlog of close to €800M over 20 years. Latin America grew sharply, by +16.3%, driven by well oriented volumes and prices in water and waste. North America resumed growth, +2.2% in H1 after a decrease of 2.9% in Q1, thanks to good hazardous volumes and price increases. Africa Middle East growth accelerated in Q2 to +9.2%, after +1.6% in Q1, with good volumes throughout the entire region.
- Global businesses recorded a very strong rebound in the 2nd quarter, reaching a total revenue of €2 211M in H1, up +17.5 % at constant scope. Construction activities were up +17.5 %, including +14.1% for Veolia Water Technologies and +21.7% for SADE at constant scope (restated of the divestiture of SADE Telecom). Indeed Q2 2020 was harmed by several construction works stops, in the peak of the sanitary crisis. Construction activities are also up compared to 2019, by +5.2%. Hazardous waste continued to progress strongly, up +25.9 % vs. H1 2020 and +9.8 % vs. H1 2019. This activity continued to deliver strong growth in all our geographies which confirms the validity of our strategic choices. Industrial and energy services have recovered after the trough of H1 2020 and are up +17.8%.

By business, at constant scope and exchange rates, the evolution over the 1st half is as follows:

Water revenue increased by +3.5%: volumes were up by 0.6% in France and stable in Central and Eastern Europe and works activity resumed in France. Water Technology and networks grew sharply, by 17.5%, thanks to commercial momentum and a favorable comparison basis. Waste revenue increased by +13.7%, including volumes up +6.3%, continued well oriented prices (up 2.6%), and the impact of higher recycled material prices (+4.4% effect). By quarter, volumes were about stable in Q1 (-0.9%), accelerated in Q2 (+14.5%), including a favorable comparison basis. The effect of higher recyclate prices was amplified in Q2 to +5.7%, after +3.2% in Q1. Energy revenue increased by 19.5% and by 10.3% at constant scope and exchange rates, with a favorable weather impact of +2.4%, and a heat and electricity prices impact of +2.7%.

- **Strong growth of EBITDA to €2 081M vs. €1 599M in H1 2020, an increase of +31.4 % at constant exchange rates vs. H1 2020 and of +6.2% vs. H1 2019.**
  - Exchange rates variations unfavorably impacted EBITDA by -€20M (-1.3%) while scope had a positive effect of +€66M (+4.1%).

- Solid growth of revenue vs. H1 2019 translated into a good operating leverage effect at the EBITDA level with an EBITDA margin increase of 0.3 point vs. 2019 and of 2.4 point vs. H1 2020. The strong growth of EBITDA was driven by higher volumes and activity level for +€272M (+17% impact), by efficiency gains for €204M, ahead of the annual objective of €350M (+12.8% impact on EBITDA growth in H1), by favorable weather impact of +€28M (+1.8%), by higher recyclate and energy prices for +€50M (+3.1%) and finally by a price cost squeeze effect of -€119M (-7.4%).

- **Current EBIT more than doubled to €901M vs. €438M in H1 2020.**
  - Exchange rates variations weighed in for -€10M.
  - Current EBIT growth of €473M at constant FX came entirely from EBITDA growth. Depreciation and amortization (including operating financial assets reimbursement) increased by €41M to €1 095M. Provisions, fair value adjustments and industrial capital gains amounted to +€10M vs. -€16M in H1 2020, but are stable compared to 2019. Provisions had temporarily increased in H1 2020 due to sanitary crisis. Current net income from joint ventures and associates progressed by €8M to reach €48M, mainly due Chinese concessions JV.

- **Current net income group share of €516M vs. €7M in H1 2020 and €352M in H1 2019.**
  - Current net income group share reached €516M, thanks to :
    - Very strong increase of Current EBIT
    - Cost of financing down sharply, by €64M to -€152M, due to very favorable Euro debt refinancing (Euro bond average borrowing rate of 1.93% vs. 2.21% in H1 2020), higher cash remuneration and strictly controlled WCR throughout the semester (despite activity rebound), as well as the unwinding of a portfolio of interest rates derivatives which generated a €20M income.
    - Other financial income and expense +€58M vs. -€84M in H1 2020 include Suez dividend corresponding to our 29.9% stake for +€122M.
    - Net financial capital gains of -€5M in H1 2021 vs. 0 in H1 2020 and +€18M in H1 2019.
    - Higher income tax expense of -€188M vs. -€64M in H1 2020 and -€121M in H1 2019. Current tax rate was 25%.
    - Non-controlling interest increased to -€98M vs. -€67M in H1 2020 and -€89M in H1 2019.
  - Net income group share was €301M, including €31M of specific COVID costs, €35M of restructuring charges and €63M of Suez acquisition costs.

- **Net financial debt of €13 767M at June 30, 2021 vs. €13 217M at December 31 , 2020.**
  - Net industrial capex controlled and slightly down to €834M vs. €873M in H1 2020, while maintaining growth capex.
  - Strict WCR management and cash collection control over the past 3 years has led to a continuous improvement, particularly marked this 1st half, with a WCR reduction of €302M vs. H1 2020, despite the unfavorable seasonal effect.
  - Net free cash flow generation therefore increased significantly to reach +€270M vs. -€515M in H1 2020.
  - Net financial investments amounted to €245M 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.

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- **2021 Prospects* raised (before Suez integration)**

Following the excellent H1 performance, **EBITDA objective for 2021 was raised**. New 2021 prospects are the following

- Revenue above 2019
- **More than €350M of efficiency gains** : €250M recurring efficiencies and €100M of complementary savings from the Recover & Adapt plan
- **EBITDA target raised from more than €4bn to more than €4.1bn**, a growth >12% vs. 2020
- Net financial debt below €12bn 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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Tender offer on Suez Group

- On October 6th 2020, Veolia has acquired 29.9% of Suez capital from Engie in view of launching a tender offer on the whole Suez Group.

- On May 14th 2021, Veolia and Suez Boards of Directors have concluded a final combination agreement by which Veolia will launch a Tender Offer on Suez Group at €20.5 per share coupon included, in order to create the world champion of the ecological transformation

- On June 29th 2021, Suez Board of Directors has recommended the Offer of Veolia at €20.5 per share coupon included. On the same day, Meridiam, GIP and CDC/CNP consortium of investors remitted a binding offer of €10.4bn to Veolia and Suez to acquire « New Suez » assets.
  - This transaction carries out a very ambitious project. By combining the very solid Suez and Veolia competencies, this transaction will significantly accelerate the development of the new entity facing growing competition, and enable the sector in France, in Europe and worldwide to tackle the environmental challenges of the 21st century.
  - Veolia will retain the majority of Suez activities outside France and will significantly strengthen its footprint in Spain, the US, Latin America, Australia and the UK
  - The new Group will generate a combined revenue of €37bn, with 230 000 employees
  - This operation will create value for Veolia shareholders as from 2022 notably through operational and procurement synergies estimated at €500M and will increase net current income per share (including hybrid coupon and before PPA- purchase price allocation amortization) by 40% in 2024

- On July 20th, a step forward was reached. The French Stock Exchange Authority (AMF) declared Veolia's proposed tender offer on the remaining 70.1% stake in Suez, previously filed on June 29th, compliant.
  - Tender Offer has been opened since July 29th
  - Veolia's objective is to close the operation by the end of 2021.
  - The Tender Offer will be closed after EU anti-trust clearance.

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 JUNE, 30 2021

A] KEY FIGURES

			Change 2020 / 2021		
(€ million)	*Half-year ended June 30, 2020*	***Half-year ended June 30, 2021***	*Δ*	*Δ at constant exchange rates*	*Δ at constant scope and exchange rates*
Revenue	12,412	13,645	9.9%	11.2%	10.4%
EBITDA [1]	1,599	2,081	30.1%	31.4%	27.3%
EBITDA margin	12.9%	15.3%			
Current EBIT [1]	438	901	105.9%	108.1%	105.3%
Current net income - Group Share	7	516			
Current net income - Group Share excluding capital gains and losses on financial divestitures net of tax	6	520			
Net income - Group share	(138)	301			
Net industrial investments	(873)	(834)			
Net free cash flow [2]	(515)	270			
Opening net financial debt	(10,680)	(13,217)			
Closing net financial debt	(11,850)	(13,767)			

(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 June 30, 2020	%	(€ million)
Revenue	-1.3%	(160)
EBITDA	-1.3%	(20)
Current EBIT	-2.2%	(10)
Current net income	N/A	(4)
Net financial debt	1.1%	145

B] INCOME STATEMENT

1. GROUP CONSOLIDATED REVENUE

1.2 REVENUE BY OPERATING SEGMENT

The Group consolidated revenues totaled €13,645.1 million for the half-year ended June 30, 2021, compared with €12,412.0 million for the half-year ended June 30, 2020, **up +11.2% at constant exchange rates and +10.4% organically**.

Quarterly revenue trends at constant exchange rates by operating segment for H1 2021 are as follows:

Change at constant exchange rates vs. 2020	*Q1 2021*	*Q2 2021*	*H1 2021*
France	5.7%	23.5%	14.2%
Europe excluding France	9.0%	20.9%	14.2%
Rest of the world	0.6%	7.7%	4.0%
Global businesses	-5.0%	32.5%	12.4%
Group	**4.0%**	**19.7%**	**11.2%**

At the end of June 2021, year-on-year trends observed in the first quarter were confirmed with revenue growth accelerating in Q2 (+19.7% at constant exchange rates vs. +4% in Q1 2021). The first half of 2021 therefore confirmed:

- the return to profitable growth, reflected by an upturn in waste activities which benefited from the positive impact of recyclate prices,
- excellent performance in energy activities boosted by favorable weather effects in the first quarter,
- and resilient water activities.

			Change 2020 / 2021		
(€ million)	*Half-year ended June 30, 2020*	***Half-year ended June 30, 2021***	*Δ*	*Δ at constant exchange rates*	*Δ at constant scope and exchange rates*
France	2,490.6	2,843.7	14.2%	14.2%	14.2%
Europe excluding France	4,623.7	5,278.3	14.2%	14.2%	9.9%
Rest of the world	3,308.0	3,310.0	0.1%	4.0%	3.8%
Global businesses	1,988.5	2,211.0	11.2%	12.4%	17.5%
Other	1.2	2.1	-	-	-
Group	**12,412.0**	**13,645.1**	**9.9%**	**11.2%**	**10.4%**

Revenue increased +14.2% in **France** compared with H1 2020:

- Water revenue is up +6.5 compared with H1 2020, with a +0.6% rise in water volumes distributed year-on-year and positive tariff indexation (+0.7%). The second quarter was also marked by strong commercial momentum with numerous municipal water contracts renewed and increased construction activity (return to 2019 levels), offsetting the loss of the Toulouse contract.

- Waste revenue grew +23.5% on H1 2020, benefiting notably from a recovery in industrial waste collection with higher volumes (+12.7% vs. June 2020), good recycled material trends (+€98 million) and an increase in treatment activity with higher landfill volumes (+4.6%).

Europe excluding France revenue grew 14.2% at constant exchange rates compared with H1 2020, benefiting from higher recyclate prices and a positive weather effect in energy, due to a particularly severe winter. These items combined with the integration of new entities in Central Europe and the end of the health crisis in the United Kingdom in the second quarter, offset water and waste volumes which remained below pre-health crisis levels:

- In **Central and Eastern Europe**, revenue increased +25.6% at constant exchange rates year-on-year to €2,087.1 million. This growth was mainly driven by:
  - An organic growth in all activities (+10.1% at constant scope and exchange rates) mainly driven by volume growth, higher tariff indexations in energy notably in Poland and Hungary, and a positive weather effect of €58 million (Czech Republic and Poland)
  - A scope impact of €260 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 +6.6% at constant exchange rates to €1,150.2 million. After a strict lockdown in the first quarter, industrial waste and landfill volumes recovered significantly from April, returning to pre-health crisis levels from the middle of the second quarter. In addition, revenue benefited from higher recyclate prices and robust incineration levels (higher volumes processed).
- In **Northern Europe**, revenue grew +7.0% at constant exchange rates year-on-year to €1,403.5 million. The increase is mainly driven in the Netherlands and in the Nordic countries by commercial developments and recycling activities benefiting from higher recyclate prices. In Germany, revenue grew +11.9% at constant scope, impacted by the surge in recyclate prices (€66 million, including €57 million for paper) and a positive weather impact in the energy sector (+€24 million).

Revenue increased +4.0% in the **Rest of the World** at constant exchange rates year-on-year, with contrasted trends across the regions:

- Revenue in **Latin America** increased +16.3% at constant exchange rates, this progression was driven notably by favorable tariff indexation in Argentina (local inflation) and Ecuador, growth in hazardous waste activities in Chile and commercial wins in waste (Peru and Colombia) and water (Peru).
- In **Africa/Middle East,** revenue grew +9.2% at constant exchange rates following new contract wins and positive tariff indexation in the Middle East, increased volumes in Morocco and business growth in Western Africa (Ivory Coast).
- In **North America**, revenue increased +2.2% at constant exchange rates year-on-year to €832 million, thanks to higher volumes and favorable price effects in hazardous waste activities. The activity benefited from a favorable change in the price/volume mix, partially offset by the impacts of a weather event in the first quarter (shutdown of certain sites). The energy activity was penalized by lower volumes and the end of certain contracts (Lumberton).
- Revenue increased +2.1% at constant exchange rates in **Asia** due to delayed startup of new installations. Growth was mainly driven by an increase in hazardous waste activities, construction activity in Hong Kong and scope impacts in China and India.

- In the **Pacific** zone, revenue fell -3.0% at constant exchange rates. Measures taken as a result of the health crisis impacted waste activities (lower volumes), while energy activities were affected by a divestiture of an industrial asset (impact -€16 million).

Global businesses revenue increased 12.4% at constant exchange rates compared with the half-year ended June 30, 2020, despite the sale of the Sade Telecom business at the end of 2020. At constant scope and exchange rates, segment revenue increased 17.5%:

- **Hazardous waste activities in Europe** increased significantly by +25.9% at constant exchange rates in the half-year, with good volume and price levels and a recovery in sanitation activities.

- **Veolia Water Technologies** revenue increased +14.1% at constant exchange rates, with a strong recovery in activity and notably higher technology activities in the United Kingdom, the ramp-up of Mobile Unit activities, the development of municipal projects in France and desalination projects in the Middle East. VWT bookings totaled €733 million in H1 2021, compared with €640 million in H1 2020.

- **SADE** which sold its Telecom activity at the end of 2020 (scope impact of -€148 million) reported a fall of -6.1% at constant exchange rates and an increase of +21.7% at constant scope and exchange rates, driven by dynamic commercial activity in France and internationally (Belgium and Ivory Coast).

1.3 REVENUE BY BUSINESS

In the context of a third pandemic wave in certain geographies, the Group's activity by business is marked by resilient **Water** activities, with Q2 growth (+11.7% at constant exchange rates year-on-year vs. -3.4% in Q1) driven notably by a recovery in construction activity, a strong upturn, higher than Q1, in **Waste** (+27.1% at constant exchange rates in Q2 vs. 3.4% in Q1) due to a recycylate price/volume effect and continued good activity levels in **Energy** (+21.9% at constant exchange rates excluding the weather impact after +13.8% in Q1).

			Change 2020 / 2021		
(€ million)	*Half-year ended June 30, 2020*	***Half-year ended June 30, 2021***	*Δ*	*Δ at constant exchange rates*	*Δ at constant scope and exchange rates*
Water	5,095.8	5,214.6	2.3%	3.9%	7.3%
of which Water Operations	3,896.4	3,974.3	2.0%	3.5%	3.5%
of which Technology and Construction	1,199.4	1,240.3	3.4%	5.1%	17.5%
Waste	4,667.8	5,304.1	13.6%	14.6%	13.7%
Energy	2,648.4	3,126.4	18.0%	19.5%	10.3%
Group	**12,412.0**	**13,645.1**	**9.9%**	**11.2%**	**10.4%**

Water revenue

Water Operations revenue increased +3.5% at constant scope and exchange rates year-on-year, confirming this activity's resilience and driven at the end of the half-year by an upturn in construction activity.

	2019	Q1 2020	Q2 2020	T3 2020	T4 2020	**2020**	Q1 2021	Q2 2021
Water France volumes	**+0.7%**	-0.1%	+0.3%	+0.8%	+0.8%	**+0.8%**	+1.2%	+0.1%
Water France tariffs	**+1.4%**	+1.5%	+1.5%	+1.5%	+1.5%	**+1.5%**	+0.7%	+0.7%

Technology and Construction revenue is up +5.1% at constant exchange rates compared with June 30, 2020. This increase is mainly driven by VWT, with growth reported by Westgarth (a subsidiary specializing in the Oil & Gas sector), increased construction activity for municipalities in France and the United States and growth in desalination (mainly Um Al Qwain project).

Waste revenue

Revenue increased +14.6% in the **Waste** business at constant exchange rates, compared with the half-year ended June 30, 2020, benefiting from strong volume growth (+6,3%), ongoing high recyclate prices (+4.4%) and positive tariff increases (+2.6%).

	2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	**2020**	Q1 2021	Q2 2021
Waste volumes	**+1.5%**	-1.8%	-14.7%	-2.6%	-1.8%	**-5.2%**	-0.9%	+14.5%
Waste tariffs	**+2.4%**	+2.4%	+1.9%	+1.6%	+2.3%	**+2.0%**	+1.7%	+3.7%

The second quarter reported a marked upturn in waste volumes, particularly for commercial and industrial waste and accelerated growth in Hazardous Waste treatment, with high volumes in Europe and Asia. These good trends enabled a return to pre-health crisis waste volumes, except for commercial and industrial waste which remain down in certain geographies.

Energy revenue

Energy revenue grew +19.5% at constant exchange rates compared with the half-year ended June 30, 2020 and +10.3% organically, restated for the scope effects of integrating Prague Right Bank heating network activities and cogeneration installations in Budapest (+€237 million in revenue).
The business' strong growth is supported by a highly favorable weather impact during the half year (+2.4%) notably in Central and Eastern Europe, an increased price effect (+2.7%) driven by price rises in Poland and higher volumes (+3.2%) notably in Italy and Central Europe .

1.4 ANALYSIS OF THE CHANGE IN GROUP REVENUE

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

The **foreign exchange impact** of -€160 million (-1.3% of revenue) mainly reflects fluctuations in American (-€116 million) and Asian (-€31 million) currencies, partially offset by an improvement in the Australian and UK currencies[1].

The **consolidation scope impact** of €108 million mainly concerns the impact of integrating the Prague Right Bank urban heating network (€126 million), the Budapest cogeneration installations (€111 million) and waste processing activities in Russia (€25 million) in Central Europe, as well as the sale of SADE's Telecom network activities in the Global businesses segment (-€148 million) and the integration in 2021 of OSIS.

Energy and recyclate prices had an impact of +€274 million, driven by a strong increase in recyclate prices (+€206 million, including €144 million for paper) and energy prices in Europe (Central Europe benefited from heating tariff increases in Poland and Germany, with favorable impacts on electricity tariffs).

The **Commerce / Volumes / Works impact** is +€761 million, driven by activity growth in the three Group businesses.

Favorable **price effects** (+€167 million) are mainly tied to higher tariff indexation of +2.6% in waste and +0.9% in water.

2. GROUP EBITDA

Group consolidated **EBITDA** for the half-year ended June 30, 2021 was €2,080.7 million, up 31.4% at constant exchange rates year-on-year. The margin rate is 15.3% for H1 2021, compared with 12.9% for H1 2020.

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

The **foreign exchange impact** on EBITDA was -€20 million and mainly reflects unfavorable fluctuations in American (-€15 million), and Central European (-€4 million) currencies[2].

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 +€272 million. This increase was driven by higher waste volumes (mainly in France and Europe), a recovery in construction activity in Water in France and in Global businesses and improved commercial margins in Water and Waste activities in France.
The **energy weather impact** is +€28 million and primarily concerned Northern Europe and Central and Eastern Europe.

[1] Main foreign exchange impacts by currency: US dollar (-€89 million), Argentine peso (-€27 million), Japanese yen (-€23 million), Polish zloty (-€16 million), Brazilian real (-€10 million), Hong Kong dollar (-€8 million), Australian dollar (+€35 million), Czech koruna (+€10 million), pound sterling (+€8 million).
[2] Foreign exchange impacts by currency: US dollar (-€9 million), Argentine peso (-€5 million),Polish zloty (-€5 million), United Arab Emirates dirham (-€2 million), Hungarian forint (-€2 million), Brazilian real (-€1 million), Australian dollar (+€4 million), Czech koruna (+€3 million).

Energy and recyclate prices had a favorable impact on EBITDA of +€50 million (vs. +€25 million at June 30, 2020), including +€14 million in energy and +€36 million in recyclates, with the price squeeze on fuel costs reducing the effect of recyclate and energy prices on the margin.

The impact of **prices net of cost inflation** is -€119 million.

Cost-savings plans contributed +€204 million at the end of June, ahead of the €350 million annual objective and include:

- post-health crisis additional savings efforts under the Recover & Adapt plan for €58 million;
- the efficiency plan for €146 million and mainly concerning operating efficiency (58%) and purchasing (31%) across all geographic zones: France (23%), Europe excluding France (35%), Rest of the world (25%), Global businesses (10%) and Corporate (7%).

3. CURRENT EBIT

Group consolidated current EBIT for the half-year ended June 30, 2021 was €900.7 million, up significantly by 108.1% at constant exchange rates on the half-year ended June 30, 2020.

EBITDA reconciles with Current EBIT for the half-year ended June 30, 2021 compared with June 30, 2020 as follows:

(€ million)	*Half-year ended June 30, 2020*	*Half-year ended June 30, 2021*
EBITDA	**1,599.0**	**2,080.7**
Renewal expenses	(132.3)	(142.7)
Depreciation and amortization[1]	(1,053.7)	(1,095.8)
Provisions, fair value adjustments & other	(15.6)	10.1
Share of current net income of joint ventures and associates	40.1	48.4
Current EBIT	**437.5**	**900.7**

The significant +€473 million increase in Current EBIT year-on-year (+108.1% at constant exchange rate) is mainly due to:

- a marked improvement in EBITDA (+€502 million at constant exchange rates),
- an increase in depreciation and amortization[3] impacted by 2020 scope entries,
- a favorable difference in provisions and other, including higher capital gains on industrial divestitures (+€40 million at constant exchange rates) relating to asset rotation transactions in Sweden and Norway,
- the share of current net income of joint ventures and associates

[3] Including principal payments on operating financial assets

The foreign exchange impact on Current EBIT was -€10 million and mainly reflects fluctuations in American currencies (-€6 million)[4].

4. NET CURRENT FINANCIAL EXPENSE

The net financial expense for the half-year ended June 30, 2021 is -€98.5 million, compared with -€299.6 million for the half-year ended June 30, 2020. The marked decrease is mainly due to the inclusion of dividends received on the Group's investment in Suez in respect of 2020 of +€122 million and to an improvement in the net finance cost.

Cost of net financial debt

The cost of net financial debt totaled -€152.4 million for the half-year ended June 30, 2021, compared with -€215.6 million for the half-year ended June 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, increased commercial paper which contributes 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 2.51% at June 30, 2021, compared with 4.36% at June 30, 2020 (2.43% vs. 3.96% including IFRS 16 impacts).

Other financial income and expenses

Other financial income and expenses totaled +€53.9 million for the half-year ended June 30, 2021, compared with -€84.0 million for the half-year ended June 30, 2020.
They include interest on concession liabilities (IFRIC 12) of -€37.8 million, the unwinding of discounts on provisions of -€5.9 million and Suez dividends for 2020 (€122 million) for the Group's shareholding (29.9%) – dividends received on July 8, 2021.
Losses on financial divestitures recognized in the first half of 2021 totaled -€4.6 million and mainly consist of the gain on disposal of Utilities Services activities in Nordic countries (+€13 million), offset by the loss on the divestiture of Aqua Utilities activities in Veolia Water Technology (-€7 million) and disposal costs in North America (-€3 million).
In H1 2020, gains on current financial divestitures totaled +€0.2 million.

5. CURRENT INCOME TAX EXPENSE

The current income tax expense for the half-year ended June 30, 2021 amounted to -€188.4 million, compared with -€63.4 million for the half-year ended June 30, 2020.
The current income tax rate for the half-year ended June 30, 2021 is 25.0%, versus 64.9% for the half-year ended June 30, 2020.

[4] Foreign exchange impacts by currency: US dollar (-€3 million), Argentine peso (-€3 million), Polish zloty (-€2 million), United Arab Emirates dirham (-€2 million), Hungarian forint (-€1 million), Czech koruna (+€2 million), Swedish crown (+€1 million)

6. CURRENT NET INCOME

Current net income attributable to owners of the Company was €516 million for the half-year ended June 30, 2021, compared with €7 million for the half-year ended June 30, 2020. Excluding capital gains and losses on financial divestitures net of tax and minority interests, current net income attributable to owners of the Company is €520 million, compared with €6 million for the half-year ended June 30, 2020.

7. NET INCOME (LOSS) FOR THE YEAR

Net income attributable to owners of the Company was +€301 million for the half-year ended June 30, 2021, compared with -€138 million for the half-year ended June 30, 2020.

Net income attributable to owners of the Company per share was €0.53 (basic) and €0.51 (diluted) for the half-year ended June 30, 2021, compared with -€0.25 (basic) and -€0.25 (diluted) for the half-year ended June 30, 2020.

8. CURRENT NET INCOME (LOSS) / NET INCOME (LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY

The share of net income attributable to non-controlling interests totaled €95.4 million for the half-year ended June 30, 2021, compared with €66.3 million for the half-year ended June 30, 2020.

Net income attributable to owners of the Company was €301 million for the half-year ended June 30, 2021, compared with -€138 million for the half-year ended June 30, 2020.

Current net income attributable to owners of the Company was €516 million for the half-year ended June 30, 2021, compared with €7 million for the half-year ended June 30, 2020.

Net income attributable to owners of the Company per share for the half-year ended June 30, 2021 was €0.53 (basic) and €0.51 (diluted) compared with -€0.25 (basic) and -€0.25 (diluted), for the half-year ended June 30, 2020. Current net income attributable to owners of the Company per share was €0.91 (basic) and €0.87 (diluted) for the half-year ended June 30, 2021, compared with €0.01 (basic) and €0.01 (diluted) for the half-year ended June 30, 2020.

The weighted average number of outstanding shares in the half-year ended June 30, 2021 was 566,541,904[5].

Net income (loss) attributable to owners of the Company for the half-year ended **June 30, 2021** breaks down as follows:

[5] As of June 30, 2020, the instruments (mainly related to the OCEANE convertible bonds issued on September 12, 2019) were excluded from the calculation of diluted net income per share as they are anti-dilutive.

(€ million)	*Current*	*Non-current*	*Total*
EBIT	900.7	(160.9)	739.8
Cost of net financial debt	(152.4)	-	(152.4)
Other financial income and expenses	53.9	(22.7)	31.2
Pre-tax net income (loss)	**802.2**	**(183.6)**	**618.6**
Income tax expense	(188.4)	(29.6)	(218.0)
Net income (loss) of other equity-accounted entities	-	-	-
Net income (loss) from discontinued operations	-	(4.6)	(4.6)
Net (income) loss attributable to non-controlling interests	(98.3)	2.8	(95.4)
Net income (loss) attributable to owners of the Company	**515.5**	**(215.0)**	**300.5**

Net income (loss) attributable to owners of the Company for the half-year ended **June 30, 2020** breaks down as follows:

(€ million)	*Current*	*Non-current*	*Total*
EBIT	437.5	(145.1)	292.5
Cost of net financial debt	(215.6)		(215.6)
Other financial income and expenses	(84.0)		(84.0)
Pre-tax net income (loss)	**138.0**	**(145.1)**	**(7.1)**
Income tax expense	(63.4)	8.3	(55.2)
Net income (loss) of other equity-accounted entities	-	-	-
Net income (loss) from discontinued operations	-	(9.0)	(9.0)
Net (income) loss attributable to non-controlling interests	(67.0)	0.8	(66.3)
Net income (loss) attributable to owners of the Company	**7.4**	**(145.0)**	**(137.6)**

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

(€ million)	*Half-year ended June 30, 2020*	*Half-year ended June 30, 2021*
Current EBIT	**437.5**	**900.7**
Impairment losses on goodwill and negative goodwill	(44.2)	(1.6)
Net charges to non-current provisions	21.4	5.0
Restructuring costs	(23.4)	(35.5)
Personnel costs - share-based payments	(2.2)	-
Non-current provisions and impairment of property, plant and equipment, intangible assets, operating financial assets and other	(92.7)	(63.0)
Share acquisition costs, with or without acquisition of control	(4.0)	(65.8)
Total non-current items	**(145.1)**	**(160.9)**
Operating income after share of net income of equity-accounted entities	**292.5**	**739.8**

Restructuring costs for the half-year ended June 30, 2021 mainly concern Waste activities in France for -€19 million and the Nordic countries for -€5 million.

Provisions for impairment and other non-current expenses mainly concern costs relating to health crisis adaptation measures and costs incurred in respect of a litigation in North America.

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

Net free cash flow is +€270 million for the half-year ended June 30, 2021, up significantly year-on-year (+€785 million).

The change in net free cash flow compared with the half-year ended June 30, 2020 reflects:

- the increase in EBITDA in the half-year driven by the accelerated recovery in the second quarter and the intensification of commercial and operating efficiency efforts

- net industrial investments of €834 million, down 4.5% at current exchange rates (-2.8% at constant exchange rates) thanks to ongoing strict control over investments and an increase in industrial divestitures.
  - maintenance investments of €504 million (4% of revenue);
  - growth investments in the current portfolio of €346 million (€336 million in the half-year ended June 30, 2020);
  - discretionary investments of €122 million, down -€6 million compared with 2020;
  - industrial divestitures of €138 million;

- a marked improvement in the change in operating working capital requirements to -€381 million, compared with -€683 million for the half-year ended June 30, 2020 thanks to ongoing debt recovery efforts and a reversal of the impact of the health crisis.

Overall**, net financial debt** amounted to €13,767 million, compared with €13,217 million as of December 31, 2020.

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

(€ million)	*Half-year ended June 30, 2020*	***Half-year ended June 30, 2021***
EBITDA	**1,599**	**2,081**
Net industrial investments	(873)	(834)
Change in operating WCR	(683)	(381)
Dividends received from equity-accounted entities and joint ventures	53	30
Renewal expenses	(103)	(143)
Other non-current expenses and restructuring charges	(97)	(95)
Interest on concession liabilities (IFRIC 12)	(40)	(38)
Interest on IFRS 16 lease liabilities	(18)	(14)
Financial items (current interest paid and operating cash flow from financing activities)	(213)	(201)
Taxes paid	(140)	(135)
Net free cash flow before dividend payment, financial investments and financial divestitures	**(515)**	**270**
Dividends paid	(347)	(504)
Net financial investments	(370)	(245)
Change in receivables and other financial assets	(68)	(9)
Issue / repayment of deeply subordinated securities	0	1
Proceeds on issue of shares	(6)	10
Free cash flow	**(1,306)**	**(477)**
Effect of foreign exchange rate movements and other	136	(74)
Redemption of hybrid debt	0	0
Change	**(1,170)**	**(550)**
Opening net financial debt	(10,680)	(13,217)
Closing net financial debt	**(11,850)**	**(13,767)**

Compared with December 31, 2020, the change in **net financial debt** is mainly due to:

- net free cash flow generation of +€270 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 €245 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 foreign exchange effects of -€145 million as of June 30, 2021 compared with December 31, 2020[6].

[6] Mainly driven by negative impacts on the pound sterling (-€44 million), US dollar (-€39 million), Czech koruna (-€25 million) and Polish zloty (-€14 million).

9. INDUSTRIAL AND FINANCIAL INVESTMENTS

9.1 INDUSTRIAL INVESTMENTS

Total Group gross industrial investments, including new operating financial assets, amounted to -€972 million for the half-year ended June 30, 2021, compared with -€962 million for the half-year ended June 30, 2020.
Industrial investments, excluding discontinued operations, break down by segment as follows:

Half-year ended June 30, 2021 (€ million)	*Maintenance and contractual requirements (1)*	*Discretionary growth*	***Total gross industrial investments (2)***	*Industrial divestitures*	***Total net industrial investments***
France	210	8	**218**	(23)	**24**
Europe excluding France	316	51	**367**	(55)	**312**
Rest of the world	217	44	**261**	(23)	**238**
Global businesses	81	19	**100**	(37)	**63**
Other	26	0	**26**	0	**26**
Group	**850**	**122**	**972**	**(138)**	**834**

(1) Including maintenance investments of €504 million (including IFRS16 leases) and contractual investments of €346 million.
(2) Including new OFA in the amount of -€53 million.

Half-year ended June 30, 2020 (€ million)	*Maintenance and contractual requirements (1)*	*Discretionary growth*	***Total gross industrial investments (2)***	*Industrial divestitures*	***Total net industrial investments***
France	194	19	**213**	(18)	**195**
Europe excluding France	332	32	**364**	(32)	**332**
Rest of the world	211	71	**382**	(16)	**266**
Global businesses	84	6	**90**	(23)	**67**
Other	13	0	**13**	0	**13**
Group	**834**	**128**	**962**	**(89)**	**873**

(1) Including maintenance investments of €497 million and contractual investments of €336 million.

(2) including new OFA in the amount of -€60 million.

9.2 FINANCIAL INVESTMENTS AND DIVESTITURES

Net financial investments totaled -€245 million as of June 30, 2021, compared with -€370 million as of June 30, 2020.
Financial investments totaled €413 million in the half-year ended June 30, 2021 (including acquisition costs and net financial debt of new entities) and mainly included the impacts of the acquisition of Osis in France (€262 million, excluding IFRS 16 debt and €336 million including IFRS 16 debt) and of an organic fertilizer facility in France (€22 million). In June 2020, financial investments amounted to -€368 million (including acquisition costs and net financial debt of new entities) and mainly included the impacts of the acquisition of Alcoa assets in the United States (€231 million) and Nagpur shareholders in India (€113 million), as well as the acquisition of shares in Torrepet which specializes in plastic recycling in Spain.

Financial divestitures totaled €168 million for the half-year ended June 30, 2021 (including disposal costs) and mainly included the sale of the 5% stake in the Shenzhen concession in China by VE CGE (€80 million, excluding the repayment of the shareholder loan of €105 million), as well as the sale of Utilities Services activities in Sweden and Norway in the amount of €32 million (total transaction of €70 million).
Financial divestitures totaled -€2 million for the half-year ended June 30, 2020 (including disposal costs) and primarily concerned the sale of Foshan medical activities in China for €14 million.

10. OPERATING WORKING CAPITAL

The change in operating working capital requirements (excluding discontinued operations) was -€381 million for the half-year ended June 30, 2021, compared with -€683 million for the half-year ended June 30, 2020.
This marked improvement reflects major debt recovery efforts and strict working capital management across the whole Group.

11. EXTERNAL FINANCING

Structure of net financial debt

As of June 30, 2021, net financial debt after hedging is borrowed 97% at fixed rates (compared with 98% as of December 31, 2020).
The average maturity of net financial debt was 5.9 years as of June 30, 2021 compared with 7.5 years as of June 30, 2020.

(€ million)	*As of June 30, 2020*	***As of June 30, 2021***
Non-current financial debt	11,995	11,618
Current financial debt	7,580	8,341
Bank overdrafts and other cash position items	188	225
Sub-total financial debt	**19,763**	**20,184**
Cash and cash equivalents	(7,029)	(5,454)
Allocation of the fair value of hedging instruments	(59)	8
Liquid assets and financing financial assets	(825)	(971)
Net financial debt	**11,850**	**13,767**

Group liquidity position

Liquid assets of the Group as of June 30, 2021 break down as follows:

(€ million)	*Dec 31, 2020*	***June 30, 2021***
Veolia Environnement:		
Undrawn syndicated loan facility	3,000.0	3,000.0
Undrawn MT bilateral credit lines	1,000.0	1,000.0
Undrawn ST bilateral credit lines		-
Letters of credit facility	21.6	22.3
Cash and cash equivalents (1)	5,542.2	5,259.1
Subsidiaries:		
Cash and cash equivalents (1)	1,132.9	1,165.8
Total liquid assets	**10,696.7**	**10,447.2**
Current debt and bank overdrafts and other cash position items		
Current debt	7,599.6	8,340.1
Bank overdrafts and other cash position items	217.6	224.5
Total current debt and bank overdrafts and other cash position items	**7,817.2**	**8,564.6**
Total liquid assets net of current debt and bank overdrafts and other cash position items	**2,879.5**	**1,882.6**

(1) *Including liquid assets and assets linked to financing included in net financial debt.*

APPENDICES

RECONCILIATION OF GAAP INDICATORS AND THE INDICATORS USED BY THE GROUP

The reconciliation of Current EBIT with operating income, as shown in the income statement, is presented in chapter 8. Likewise, the reconciliation of current net income with net income attributable to owners of the Company, as shown in the income statement, is presented in chapter 8.
The reconciliation of Net cash from operating activities of continuing operations (included in the Consolidated Cash Flow Statement) with net free cash flow is as follows:

(€ million)	*Half-year ended June 30, 2020*	***Half-year ended June 30, 2021***
Net cash from operating activities of continuing operations	***440.0***	***1,058.1***
Plus:		
Industrial investments, net of grants	(604.1)	(620.8)
Proceeds on disposal of industrial assets	89.5	138.5
New operating financial assets	(59.8)	(53.0)
Principal payments on operating financial assets	65.7	83.4
New finance lease debt	(234.4)	(225.8)
Dividends received	53.4	30.1
Net financial interest	(275.5)	(246.2)
Less:		
Share acquisition and disposal costs, and other	10.3	105.8
Net free cash flow	**(514.9)**	**270.1**

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

(€ million)	*Half-year ended June 30, 2020*	***Half-year ended June 30, 2021***
Industrial investments, net of grants	**(604.1)**	**(620.8)**
New finance lease debt	(234.4)	(225.8)
Change in concession working capital requirements	(63.2)	(72.7)
New operating financial assets	(59.8)	(53.0)
Industrial investments	**(961.5)**	**(972.3)**

DEFINITIONS

The definition of one of the non-GAAP financial indicators used by the Group has been modified.

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.

Non-GAAP indicators

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 the 2020 Universal Registration Document.

CONSOLIDATED INCOME STATEMENT

(€ million)	**Half-year ended June 30, 2020**	**Half-year ended June 30, 2021**
Revenue	**12,412.0**	**13,645.1**
Cost of sales	(10,717.8)	(11,374.3)
Selling costs	(279.3)	(279.0)
General and administrative expenses	(1,059.0)	(1,136.4)
Other operating revenue and expenses	(103.5)	(164.0)
Operating income before share of net income (loss) of equity-accounted entities	**252.4**	**691.4**
Share of net income (loss) of equity-accounted entities	**40.1**	**48.4**
o/w share of net income (loss) of joint ventures	27.9	33.0
o/w share of net income (loss) of associates	12.2	15.4
Operating income after share of net income (loss) of equity-accounted entities	**292.5**	**739.8**
Cost of net financial debt	(215.6)	(152.4)
Other financial income and expenses	(84.0)	31.2
Pre-tax net income (loss)	**(7.1)**	**618.6**
Income tax expense	(55.2)	(218.0)
Net income (loss) from continuing operations	**(62.3)**	**400.6**
Net income (loss) from discontinued operations	(9.0)	(4.6)
Net income (loss) for the period	**(71.3)**	**396.0**
Attributable to owners of the Company	**(137.6)**	**300.5**
Attributable to non-controlling interests	66.3	95.5
NET INCOME (LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY PER SHARE		
Basic	(0.25)	0.53
Diluted (*)	(0.25)	-
NET INCOME (LOSS) FROM CONTINUING OPERATIONS ATTRIBUTABLE TO OWNERS OF THE COMPANY PER SHARE		
Basic	(0.23)	0.54
Diluted (*)	(0.23)	-
NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS ATTRIBUTABLE TO OWNERS OF THE COMPANY PER SHARE		
Basic	(0.02)	(0.01)
Diluted (*)	(0.02)	-

(*) Performance shares and OCEANE bonds convertible into new shares are excluded from diluted net income in the first half of 2020 as they are not dilutive.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - ASSETS

(€ million)	**As of December 31, 2020**	**As of June 30, 2021**
Goodwill	5,888.9	6,054.7
Concession intangible assets	3,544.9	3,571.5
Other intangible assets	1,371.3	1,309.6
Property, plant and equipment	8,216.6	8,342.0
Right of use (net)	1,529.5	1,541.0
Investments in joint ventures	1,020.8	1,370.9
Investments in associates	353.9	346.9
Non-consolidated investments (*)	3,102.2	3,816.0
Non-current operating financial assets	1,198.1	1,133.9
Non-current derivative instruments - Assets	53.5	58.3
Other non-current financial assets	427.3	364.1
Deferred tax assets	1,036.5	1,045.9
Non-current assets	**27,743.5**	**28,954.8**
Inventories and work-in-progress	797.7	784.0
Operating receivables	9,106.2	9,523.7
Current operating financial assets	172.8	181.9
Other current financial assets	1,073.2	1,314.1
Current derivative instruments - Assets	174.8	147.2
Cash and cash equivalents	5,840.0	5,453.9
Assets classified as held for sale	455.7	283.8
Current assets	**17,620.4**	**17,688.6**
TOTAL ASSETS	**45,363.9**	**46,643.4**

(*) Non-consolidated investments consist of Suez shares for €3,765.0 million as of June 30, 2021, compared with €3,046.0 million as of December 31, 2020 and other securities for €51.0 million as of June 30, 2021 compared with €56.2 million as of December 31, 2020.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - EQUITY AND LIABILITIES

(€ million)	**As of December 31, 2020**	**As of June 30, 2021**
Share capital	2,893.1	2,898.0
Additional paid-in capital	7,291.8	7,286.9
Deeply-subordinated perpetual securities	1,987.1	1,964.0
Reserves and retained earnings attributable to owners of the	(4,955.8)	(4,198.6)
Total equity attributable to owners of the Company	**7,216.2**	**7,950.3**
Total equity attributable to non-controlling interests	1,098.5	1,157.3
Shareholders' equity	**8,314.7**	**9,107.6**
Non-current provisions	1,846.8	1,911.9
Non-current financial liabilities	10,836.4	10,331.4
Non-current IFRS 16 lease debt	1,296.8	1,286.8
Non-current derivative instruments - Liabilities	65.3	70.7
Concession liabilities - non-current	1,459.9	1,439.2
Deferred tax liabilities	1,094.4	1,114.7
Non-current liabilities	**16,599.6**	**16,154.7**
Operating payables	11,850.4	11,853.9
Concession liabilities - current	145.6	154.3
Current provisions	510.7	584.4
Current financial liabilities	7,196.7	7,931.2
Current IFRS 16 lease debt	402.9	408.9
Current derivative instruments - Liabilities	117.9	140.3
Bank overdrafts and other cash position items	217.6	224.5
Liabilities directly associated with assets classified as held for sale	7.8	83.6
Current liabilities	**20,449.6**	**21,381.1**
TOTAL EQUITY AND LIABILITIES	**45,363.9**	**46,643.4**

CONSOLIDATED CASH-FLOW STATEMENT

(€ million)	**Half-year ended June 30, 2020**	**Half-year ended June 30, 2021**
Net income (loss) for the period	**(71.3)**	**396.0**
Net income (loss) from continuing operations	***(62.3)***	***400.6***
Net income (loss) from discontinued operations	***(9.0)***	***(4.6)***
Operating depreciation, amortization, provisions and impairment losses	1,078.3	1,059.3
Financial amortization and impairment losses	13.1	(8.5)
Gains (losses) on disposal of operating assets	3.0	(39.0)
Gains (losses) on disposal of financial assets	(16.0)	0.3
Share of net income (loss) of joint ventures	(27.9)	(33.0)
Share of net income (loss) of associates	(12.2)	(15.4)
Dividends received	(0.9)	(123.0)
Cost of net financial debt	215.6	152.4
Income tax expense	55.2	218.0
Other items	80.5	35.0
Operating cash flow before changes in working capital	**1,326.4**	**1,646.7**
Change in operating working capital requirements	(683.3)	(380.9)
Change in concession working capital requirements	(63.2)	(72.7)
Income taxes paid	(139.9)	(135.0)
Net cash from operating activities of continuing operations	**440.0**	**1,058.1**
Net cash from operating activities of discontinued operations	***(24.7)***	***(13.2)***
Net cash from operating activities	**415.3**	**1,044.9**
Industrial investments, net of grants	(604.1)	(620.8)
Proceeds on disposal of industrial assets	89.5	100.0
Purchases of investments	(323.2)	(310.5)
Proceeds on disposal of financial assets	(5.7)	176.5
Operating financial assets	-	-
New operating financial assets	(59.8)	(53.0)
Principal payments on operating financial assets	65.7	83.4
Dividends received (including dividends received from joint ventures and associates)	53.4	30.7
New non-current loans granted	(136.5)	(64.5)
Principal payments on non-current loans	80.3	161.4
Net decrease/increase in current loans	(11.9)	16.2
Net cash used in investing activities of continuing operations	**(852.3)**	**(480.6)**
Net cash used in investing activities of discontinued operations	***(0.6)***	**-**
Net cash used in investing activities	**(852.9)**	**(480.6)**

CONSOLIDATED CASH-FLOW STATEMENT (CONTINUED)

(€ million)	**Half-year ended June 30, 2020**	**Half-year ended June 30, 2021**
Net increase (decrease) in current financial liabilities	1,097.8	(596.5)
Repayment of current IFRS 16 lease debt	(243.7)	(229.1)
Other changes in non-current IFRS 16 lease debt	(61.1)	(64.8)
New non-current borrowings and other debt	1,996.8	791.4
Principal payments on non-current borrowings and other debt	(29.2)	(15.6)
Change in liquid assets and financing financial assets	(359.1)	(135.5)
Proceeds on issue of shares	1.0	17.4
Share capital reduction	-	-
Transactions with non-controlling interests: partial purchases	(3.8)	(1.9)
Transactions with non-controlling interests: partial sales	0.2	0.3
Proceeds on issue of deeply subordinated securities	-	0.8
Coupons on deeply subordinated securities	-	(23.9)
Purchases of/proceeds from treasury shares	(6.4)	10.1
Dividends paid	(346.4)	(480.2)
Interest paid	(218.0)	(194.3)
Interest on IFRIC 12 operating assets	(39.8)	(37.8)
Interest on IFRS 16 lease debt (*)	(17.8)	(14.0)
Net cash from (used in) financing activities of continuing operations	***1,770.5***	***(973.6)***
Net cash from (used in) financing activities of discontinued operations	***(2.0)***	***(0.1)***
Net cash from (used in) financing activities	**1,768.5**	***(973.7)***
Effect of foreign exchange rate changes and other	(27.0)	17.2
Increase (decrease) in external net cash of discontinued operations	(3.6)	-
NET CASH AT THE BEGINNING OF THE YEAR	**5,541.1**	**5,622.4**
NET CASH AT THE END OF THE PERIOD	**6,841.4**	**5,229.4**
Cash and cash equivalents	7,110.6	5,453.9
Bank overdrafts and other cash position items	-269.2	-224.5
NET CASH AT THE END OF THE PERIOD	**6,841.4**	**5,229.4**

(*) Interest on IFRS 16 lease debt is not included in the Cost of net financial debt, but in Other financial income and expenses