Press Release

Paris, 5 May 2021

KEY FIGURES AS OF MARCH 31, 2021

(UNAUDITED DATA – AUDIT IN PROCESS)

STRONG REVENUE AND PROFITS GROWTH IN Q1 2021 VS. Q1 2020

Q1 DELIVERY ALSO SUBSTANTIALLY ABOVE Q1 2019

VEOLIA HAS RECOVERED ITS PRE-CRISIS GROWTH RHYTHM AND THE OPERATING LEVERAGE ON ITS RESULTS

GUIDANCE 2021 FULLY CONFIRMED

ON APRIL 11TH, VEOLIA HAS SIGNED A COMBINATION AGREEMENT WITH SUEZ ENABLING THE CREATION OF THE WORLD CHAMPION OF THE ECOLOGICAL TRANSFORMATION

- **Q1 2021 REVENUE OF €6 807M UP +4%[1] vs. Q1 2020 AND UP +2.8%[1] COMPARED TO Q1 2019**
- **Q1 2021 EBITDA OF €1 078M, A STRONG INCREASE OF +13.6%[1] vs. Q1 2020, AND OF +7.5%[1] vs. Q1 2019**
- **CURRENT EBIT OF €469M, A HIGH GROWTH OF +22.7%[1]**
- **CURRENT NET INCOME GROUP SHARE OF €188M, UP +59.8%[1]**

[1] Variation at constant exchange rates

Antoine Frérot, Veolia's Chairman & CEO commented :
«As we had committed to, our performance is substantially above 2019: Veolia is off to a flying start in 2021! In a global context that remains difficult, Veolia has announced an outstanding pace of growth of both revenue and profits, notably thanks to our diversified client mix, our treatment solutions for new pollutants and our international footprint. Moreover, our strict cost control has enabled us to recover a strong operating leverage and to register an EBITDA growth of more than 13% compared to Q1 2020 and of 7.5% versus Q1 2019. We are therefore ahead of our 2021 objectives and I can confirm that 2021 will be a very good year in terms of growth and profits. This excellent performance comes at a historical moment for our Group. On April 11th, we signed an agreement to purchase Suez Group and to create the undisputed world champion of ecological transformation. This combination, which should be finalized by the end of the year, opens up great development prospects at a time when environmental priorities have never been higher on the agenda. "

****

- **Revenue of €6 807M compared to €6 675M in Q1 2020, an increase of +2.0% at current exchange rates, of +4.0% at constant exchange rates and of +3.0% at constant scope and exchange rates.**

Revenue grew in the 1st quarter at a sustained rhythm thanks to a good commercial momentum, with contruction activity slightly below 2020, commercial and industrial waste volumes still penalized by continued sanitary crisis and well oriented service prices (price effect of +€61M, i.e. +0.9% impact on revenue growth).

Increased recycled material prices (+€80M) mainly due to higher paper prices after the strong decrease registered early 2020 and higher energy prices (+€29 M) have contributed to a +1.6% increase of revenue.

Weather had a favorable impact of +€67M.

Exchange rates variations unfavorably impacted Q1 revenue by -€132M (-2%), mostly from Latin American currencies (-€33M), US dollar (-€42M) and Central and Eastern European currencies for -34 M€.

Scope effect was positive (+€65M), mainly coming from acquisitions in Central and Eastern Europe partially offset by the divestiture of Sade Telecom in France.

Revenue is also up compared to Q1 2019, by +2,8% at constant forex.

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

- In France, revenue increased by 5.7%. Water revenue was up 0.8%. Volumes increased by +1.2% and tariffs by +0.7%. These good trends were partially offset by the end of the wastewater contract in Toulouse. Waste activity rebounded sharply, by +11.2% vs. Q1 2020, but also by +7.2% vs. Q1 2019, with volumes up 1.6% and prices progressing at the same pace thanks to strict pricing discipline. These good trends were amplified by the growth of recycled material prices.
- Europe excluding France grew strongly, by +9.0%. Central and Eastern Europe registered a very strong revenue increase, of +23.5%, including +32% in Energy due to higher prices, good volumes boosted by favorable weather and the integration of new assets in Prague and in Budapest. Water was down by 3% mostly due to lower volumes (-2%) penalized by lower tourism. UK and Ireland exhibited a 6.2% revenue decline, with continued low C&I waste volumes due to lockdown. PFI performed very well with a 95% availability rate. Northern Europe revenue progressed by 5.0% thanks to good performances in Germany, the Netherlands and Scandinavian countries. Southern Europe activity was sharply up (10%) thanks to the recovery of industrial services.
- Rest of the World revenue came out slightly up (+0.6%) but +5.9% compared to Q1 2019, restated from the divestiture of our heating activities in the US. Asia progressed by 3.4% driven by China, up 12%.

North America revenue decreased by 2.9% mainly due to adverse weather in Texas. Latin America grew by 7.4%, thanks to tariff increases. Pacific was down by 5.8% with lower C&I waste volumes. Africa Middle East grew by +1.6%.

- Global businesses revenue increased by 1.7%. Hazardous waste recovered growth (+1.9%) thanks to pricing discipline. Veolia Water Technologies grew by 2.1% and SADE was stable excluding the divestiture of its Telecom activities.

By business, at constant exchange rates : Water revenue was stable (-0,1%). Waste progressed by 3.4%, with continued lower volumes (-0,9%) but good pricing, up 1.7% and the favorable impact of recycled material prices (+3,2%). Energy grew sharply (+7.7%) thanks to higher prices and favorable weather.

- **EBITDA of €1 078M vs. €970M in Q1 2020, an increase of +11.2% at current exchange rates, of +13.6% at constant exchange rates and of +8.7% at constant scope and exchange rates.**
  - Scope effect was favorable by €48M (Central European assets). Forex was negative by €23M.
  - EBITDA growth resulted from increased service pricing, favorable weather (+€23M), higher recycled material prices (+€16M) and efficiency gains (+€92M) more than offsetting price cost squeeze of -€52M.

- **Current EBIT of €469M compared to €392M in Q1 2020, an increase of +19.6% at current exchange rates and of +22.7% at constant exchange rates.**
  - Exchange rates variations unfavorably impacted EBIT by €12M.
  - Current EBIT progressed sharply due to strong EBITDA growth. Depreciation and amortization (including operating financial assets reinbursements) were almost stable at €528M. Provisions, Fair value adjustments and other (including industrial capital gains) were substantially down, to -€27M vs. +€3M in Q1 2020. Current net income from joint ventures and associates was €11M.

- **Strong growth of current net income Group share, to €188M, an increase of +59.8% and of +64% excluding financial capital gains.**
  - Cost of financing is significantly down, to -€86M compared to -€112M in Q1 2020, thanks to favorable financing conditions and a higher cash remuneration. Capital gains reached €2M vs. €4M in Q1 2020.
  - Current tax rate was 27%.

- **Net financial debt stood at €13 509M at 31 March 2021, compared to €13 217M at 31 December 2020.**

Net financial debt benefitted from capex discipline, down by 7% to €426M, and from the strict control of Working Capital seasonal variation, improved by €314M, from -€794M in Q1 2020 to -€480M in Q1 2021, thanks to stricter discipline in terms of cash collection.

****

- **2021 Prospects* (before Suez integration) fully confirmed**

  Despite continued impact of sanitary crisis in the beginning of the year, Veolia will more than offset 2020 and deliver strong results growth in 2021

  - Revenue above 2019
  - €350M of efficiency gains : €250M recurring efficiencies and €100M of complementary savings from the Recover & Adapt plan
  - EBITDA above €4bn, a growth of more than 10% 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*

****

- **On April 11th 2021, Veolia and Suez have concluded a 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.**

  This transaction carries out a very ambitious project. By combining the very solid Suez and Veolia competencies, this transaction will significantly accelerate the developement 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 integrate the majority of Suez activities outside France and will in particular reinforce its geographical footprint in Spain, the US, Latin America, Australia and the UK.

  The new Group will generate an annual revenue of €37bn, with 230 000 employees.

  This transaction will create value as from 2022 for Veolia shareholders thanks to €500 million of purchasing and operational synergies and will increase Current net income per share (including hybrid cost and before PPA) by 40 % in 2024.

  On May 14th, the signing of a final agreement between the Boards of Veolia and Suez will open a new phase of the transaction including two parts:

  - Obtaining the clearance of the anti trust authorities
  - The finalization of the Tender Offer in order to acquire the remaining 70.1% of the capital of Suez

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 Autorités des Marchés Financiers (French securities regulator). Veolia Environnement does not undertake, nor does it have, any obligation to provide updates or to revise any forward looking statements. Investors and security holders may obtain from Veolia Environnement a free copy of documents it filed (www.veolia.com) with the Autorités des Marchés Financiers.

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

Contacts

Group Media Relations
Laurent Obadia
Sophie Gaucher
Tél : + 33 (0)6 79 42 12 06

Investor & Analyst Relations
Ronald Wasylec - Ariane de Lamaze
Tél. : + 33 (0)1 85 57 84 76 / 84 80

FINANCIAL INFORMATION FOR THE PERIOD ENDED MARCH 31, 2021

A] KEY FIGURES

(€ million)	March 31, 2020	March 31, 2021	Change 2020 / 2021 Δ	Δ at constant exchange rates	Δ at constant scope and exchange rates
Revenue	6,675	6,807	2.0%	4.0%	3.0%
EBITDA [1]	970	1,078	11.2%	13.6%	8.7%
EBITDA margin	14.5%	15.8%			
Current EBIT [1]	392	469	19.6%	22.7%	16.5%
Current net income - Group Share[1]	121	188	54.7%	59.8%	65.0%
Current net income - Group Share excluding capital gains and losses on financial divestitures net of tax	117	186	58.7%	64.0%	69.5%
Net industrial investments	(458)	(426)			
Net free cash flow [1]	(595)	(127)			
Net financial debt	11,531	13,509			

(1) Including the share of net current income of joint ventures extending the activities of the Group and associated companies

The main foreign exchange impacts on revenue were as follows:

FX impacts vs March 31, 2020	%	(€ million)
Revenue	-2.0%	(132)
EBITDA	-2.4%	(23)
Current EBIT	-3.1%	(12)
Current net income	-5.1%	(6)
Net financial debt	+1.0%	131

B] INCOME STATEMENT

1. GROUP CONSOLIDATED REVENUE

1.1 REVENUE BY OPERATING SEGMENT

Consolidated revenues totaled €6,807 million for the three months ended March 31, 2021, compared with €6,675 million for the three months ended March 31, 2020, **up +4.0% at constant exchange rates and +3.0% at constant scope and exchange rates**.

At the end of March 2021, the Group's revenue confirmed the growth dynamic with an upturn in commercial activity and business recovery observed since the final quarter of 2020. Material price effects on recyclates, positive tariff impacts, and a favorable weather offset the limited and controlled impact of a resurgence in the Covid-19 epidemic in all geographies.

			Change 2020 / 2021		
(€ million)	*March 31, 2020*	*March 31, 2021*	∆	∆ *at constant exchange rates*	∆ *at constant scope and exchange rates*
France	1,305.2	1,379.3	5.7%	5.7%	5.7%
Europe excluding France	2,590.3	2,785.1	7.5%	9.0%	4.2%
Rest of the world	1,693.7	1,647.6	-2.7%	0.6%	0.0%
Global businesses	1,063.6	995.1	-6.4%	-5.0%	1.7%
Other	21.9	0.5	-97.7%	-	-
Group	**6,674.6**	**6,807.4**	**2.0%**	**4.0%**	**3.0%**

Revenue in **France** benefited from a strong activity in municipal water and the post-covid rebound in waste: it increased 5.7% at constant exchange rates compared with Q1 2020:

- Water revenue is up +0.8% at constant exchange rates compared with the three months ended March 31, 2020, with a +1.2% rise in water volumes distributed year-on-year, positive tariff indexation (+0.7%) and increased construction activity (reversal in 2021 of work stoppages in mid-March 2020), offsetting the negative commercial impacts of the loss of the Toulouse contract.

- Waste revenue grew +11.2% at constant exchange rates in Q1 2021 compared with Q1 2020, benefiting notably from favorable volume effects (Q1 2020 having been impacted by the health crisis), the continuation of the Group pricing policy for waste collection and processing, and recyclate price trends.

Europe excluding France revenue grew +9.0% at constant exchange rates compared with Q1 2020, benefiting from the integration of new entities in Central and Eastern Europe in the energy business and a positive weather effect due to a particularly severe winter combined with good resilience in the water and waste businesses despite the implementation of new lockdowns in the United Kingdom, Germany, the Czech Republic and Romania.

- In **Central and Eastern Europe**, revenue increased +23.5% at constant exchange rates year-on-year to €1,208 million. This growth was mainly driven by:

- o A scope impact of €158 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);
- o A positive weather effect of €57 million (Czech Republic and Poland);
- o Higher tariff indexation in energy, notably in Poland.

- In the **United Kingdom/Ireland**, business was resilient with revenue of €546 million. Higher recyclate prices and growth in incineration (higher volumes processed) offset lower commercial and industrial collection volumes due to the strict lockdown in the United Kingdom since the beginning of the year and lower landfill volumes.
- In **Northern Europe**, revenue grew +0.6% at constant exchange rates and +5.0% at constant scope and exchange rates year-on-year to €701 million. The increase is mainly driven in the Netherlands by higher construction activity in energy and in the Nordic countries by the development of recycling activities, with increased material prices offsetting the impacts of the health crisis in the industrial cleaning business. In Germany, revenue grew +6.2% at constant scope, impacted by the surge in recyclate prices, a positive weather impact in the energy sector and increasing waste volumes at the end of the quarter.

Rest of the world increased +0.6% at constant exchange rates year-on-year, with contrasted trends across the regions:

- Revenue in **Latin America** increased +5.1% at constant scope and exchange rates, demonstrating strong resilience in the face of the resurgent health crisis (in particular in Brazil and Chile). This growth was driven notably by favorable tariff indexation in Argentina (local inflation), Colombia, Ecuador and Mexico, industrial contract wins in Mexico and Peru, and higher volumes.
- Revenue increased +3.4% at constant exchange rates in **Asia.** Growth was mainly driven by a revenue surge in China (+12.1%), which benefited from higher hazardous waste volumes and the extension of the Harbin heating network in energy, as well as business growth in India.
- In **Africa/Middle East,** revenue grew +1.6% at constant exchange rates following new contract wins and positive tariff indexation in the Middle East and business growth in Western Africa offsetting a fall in construction in Morocco due to the pandemic.
- In **North America**, revenue decreased -2.9% at constant exchange rates year-on-year to €393 million. Hazardous waste activities were penalized by lower volumes year-on-year because of the pandemic and a severe winter storm which led to the shutdown of certain customers' sites in Texas.
- In the **Pacific** zone, revenue fell -5.8% at constant exchange rates. This downturn was due to the completion of the Springvale plant construction contract, reduced waste volumes tied to the impact of the health crisis and the sale of asset in energy.

Global businesses revenue fell -5.0% at constant exchange rates compared with the three months ended March 31, 2020, following the sale of the Sade Telecom business at the end of 2020. At constant scope and exchange rates, segment revenue increased +1.7% year-on-year:

- **Hazardous waste activities in Europe** reported a +1.9% increase at constant exchange rates in the quarter, demonstrating strong resilience with health measures impacting used oil recycling volumes offset by tariff increases and good sanitation business levels heavily impacted in the first quarter of 2020.

- **Veolia Water Technologies** revenue increased +2.1% at constant exchange rates, with higher technology activities in the United States offsetting the lower contribution from desalination projects (end of the Al Dur contract). VWT bookings are stable.

- **SADE** – which sold its Telecom activity at the end of 2020 (scope impact of -€74 million) reported a fall of -27.4% at constant exchange rates and -0.5% at constant scope and exchange rates. Commercial activity in France is dynamic while some international projects are slightly delayed due to current health constraints.

1.2 REVENUE BY BUSINESS

In the context of a third pandemic wave in Q1, 2021, the Group's activity by business is marked by a resilience in the **Water** business (-0.1% at constant scope and exchange rates year-on-year), a resumption of activity in the **Waste** business (+3.4% at constant exchange rates) and a strong growth in the **Energy** business (+13.8% at constant exchange rates excluding the weather impact).

			Change 2020 / 2021		
(€ million)	*March 31, 2020*	*March 31, 2021*	Δ	*Δ at constant exchange rates*	*Δ at constant scope and exchange rates*
Water	2,645.3	2,502.9	-5.4%	-3.4%	-0.1%
of which Water Operations	2,023.9	1,962.6	-3.0%	-1.1%	-0.5%
of which Technology and Construction	621.4	540.3	-13.1%	-11.0%	0.9%
Waste	2,469.9	2,515.7	1.8%	3.4%	3.4%
Energy	1,559.3	1,788.8	14.8%	17.4%	7.7%
Group	**6,674.6**	**6,807.4**	**2.0%**	**4.0%**	**3.0%**

Water revenue

Water revenue is stable at constant scope and exchange rates, down -0.1% year-on-year.
Water operations are slightly down -0.5% at constant scope and exchange rates year-on-year with stable volumes (-0.1%) partially offset by positive tariffs indexations (+0.8%).

- France water business is up +0.8% at constant scope and exchange rates, with volumes continuing to increase (+1.2%) and favorable price indexations (+0.7%).

	Q1 2019	Q2 2019	Q3 2019	Q4 2019	**2019**	Q1 2020	Q2 2020	Q3 2020	Q4 2020	**2020**	Q1 2021
Water France volumes	+1.1 %	+1.1 %	+1.0 %	+0.7 %	**+0.7 %**	-0.1%	+0.3 %	+0.8 %	+0.8 %	**+0.8 %**	+1.2 %
Water France tariffs	+1.2 %	+1.4 %	+1.4 %	+1.4 %	**+1.4 %**	+1.5 %	+1.5 %	+1.5 %	+1.5 %	**+1.5 %**	+0.7 %

- In **Europe excluding France** (-0.4% at constant exchange rates), price indexation hikes in Central Europe (+3.1%) partially offset lower volumes in the Czech Republic tied to the health crisis which impacted tourist numbers and the end of construction and maintenance work in Romania.
- Activity remains slightly down in the **Rest of the world** (-1.3% at constant exchange rates), due mainly to the completion of construction contracts in the Pacific region and lower water volumes treated for industrial clients in the United States.

In addition**, Technology and Construction** revenue grew +0.9% at constant scope and exchange rates year-on-year, driven by good performances in the technology and services business in the United States, and the ramp-up of mobile units.

Waste revenue

Revenue increased +3.4% in the **Waste** business at constant exchange rates, compared with the three months ended March 31, 2020. Waste revenue was boosted by a recyclate price effect (+3.2%) and the positive impact of tariff increases (+1.7%), which offset lower volumes (-0.9%), but in continuous improvement for three quarters.

	Q1 2019	Q2 2019	Q3 2019	Q4 2019	**2019**	Q1 2020	Q2 2020	Q3 2020	Q4 2020	**2020**	Q1 2021
Waste volumes	+2.6%	+1.1%	+2.0%	+0.4%	**+1.5%**	-1.8%	-14.7%	-2.6%	-1.8%	**-5.2%**	-0.9%
Waste tariffs	+2.7%	+2.3%	+3.5%	+1.1%	**+2.4%**	+2.4%	+1.9%	+1.6%	+2.3%	**+2.0%**	+1.7%

- In **France**, first quarter solid waste revenue (+11.2% at constant scope) was marked by increased volumes (+1.6%) and higher tonnage processed in incineration (despite the lockdown period), continued tariff discipline and higher recyclate prices.
- In **Europe excluding France**, commercial and industrial volumes fell, impacted in particular by lockdown measures in the United Kingdom in the first quarter. This decline was nonetheless partially offset by highly favorable recyclate price effects and a favorable trend in service prices.
- Waste activities in the **Rest of the world** benefited from growth in hazardous waste activities in Asia, positive price effects in Latin America and good performance of waste activities in North America, despite a period of severe weather in the first quarter.

Energy revenue

Energy revenue grew +17.4% at constant exchange rates compared with the three months ended March 31, 2020 and +7.7% at constant scope and exchange rates, restated for a scope effect of +€151 million encompassing the integration of Prague Right Bank heating network activities and cogeneration installations in Budapest.
The business' strong resilience is supported by a highly positive weather impact during the quarter in Central and Eastern Europe (+3.6%), an increased price effect (+1.6% driven by price rises in Poland) and higher

volumes (+1.0%) notably in Italy (rebound effect of the health crisis which had a strong impact on energy activity in the first quarter of 2020).

1.3 ANALYSIS OF THE CHANGE IN GROUP REVENUE

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

The **foreign exchange impact** of -€132million (-2.0% of revenue) mainly reflects fluctuations in North American and Latin American currencies (-€72 million) as well as Central European currencies (-€34 million)[2].

The **consolidation scope impact** of €65 million mainly concerns the impact of integrating the Prague Right Bank urban heating network (€82 million), the Budapest cogeneration installations (€66 million) as well as the sale of SADE's Telecom network activities in the Global businesses segment (-€74 million).

Energy and recyclate prices had an impact of +€109 million, driven by a strong increase in recyclate prices (+€80 million, including €68 million for paper) and energy prices in Europe (Central and Eastern Europe benefited from heating tariff increases in Poland and Germany, with favorable impacts on electricity tariffs).

The **Commerce / Volumes / Works impact** is -€38 million and notably includes lower construction volumes in Asia with the end of construction contracts in Japan.

Favorable **price effects** (+€61 million) are mainly tied to tariff indexation of +1.7% in waste and +0.8% in water (notably +0.7% in France and +3.1% in Central and Eastern Europe).

2. EBITDA

Group consolidated **EBITDA** for the three months ended March 31, 2021 was €1,078 million, up 13.6% at constant exchange rates year-on-year. The margin rate is 15.8% for Q1 2021, compared with 14.5% for Q1 2020 and 15.2% in Q1 2019.

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

The **foreign exchange impact** on EBITDA was -€23 million and mainly reflects unfavorable currency fluctuations in the Americas (-€9 million), and Central Europe (-€10 million)[3].

The **consolidation scope impact** of +€48 million mainly reflects the impact of the acquisition of the Prague Right Bank urban heating network and the Budapest cogeneration installations in 2020.

---

[2] Main foreign exchange impacts by currency: US dollar (-€42 million), Polish zloty (-€19 million), Argentine peso (-€15 million), pound sterling (-€9 million), Brazilian real (-€9 million), Mexican peso (-€4 million), Japanese yen (-€9 million), Czech koruna (-€6 million), Australian dollar (+€18 million).

[3] Foreign exchange impacts by currency: Polish zloty (-€6 million), US dollar (-€4 million), Argentine peso (-€3 million), Columbian peso (-€1 million), Czech koruna (-€2 million), Hungarian forint (-€1 million), pound sterling (-€2 million), United Arab Emirates dirham (-€2 million).

Commerce and volume impacts are -€4 million. The decline in construction activity in certain geographies and lower industrial waste volumes in Europe had a limited impact on the margin notably due to the contribution to the margin of higher hazardous waste volumes in Asia.

The **energy weather impact** is +€23 million and primarily concerned Central and Eastern Europe.

Energy and recyclate prices had a favorable impact on EBITDA of +€24 million (versus +€21 million at March 31, 2020) including +€16 million in recyclates and +€8 million in energy.
The impact of **prices net of inflation and other items** is -€52 million.

Cost savings plans contributed +€92 million. These savings mainly comprise the contribution of the Recover & Adapt plan[4] for €24 million and the efficiency plan for €68 million, which mainly concerns operating efficiency (52%) and procurement (38%), and were achieved across all geographic zones: France (20%), Europe excluding France (35%), Rest of the world (21%), Global businesses (9%) and Corporate (15%).

Cost Savings Plans (incl. R&A)		
EBITDA impact *(€ million)*	2021 Objective	March 2021 Actual
Gross cost savings	**350**	**92**

3. CURRENT EBIT

Group consolidated current EBIT for the three months ended March 31, 2021 was €469.1 million, up significantly by 22.7% at constant exchange rates on the three months ended March 31, 2020.

EBITDA reconciles with Current EBIT for the three months ended March 31, 2021 compared with March 31, 2020 as follows:

(€ million)	*March 31, 2020*	***March 31, 2021***
EBITDA	**969.5**	**1,078.1**
Renewal expenses	(60.9)	(65.2)
Depreciation and amortization[5]	(535.4)	(527.8)
Provisions, fair value adjustments & other	3.0	(26.8)
Share of current net income of joint ventures and associates	16.1	10.8
Current EBIT	**392.3**	**469.1**

[4] Adaptation program implemented in 2020 to generate additional savings in operational costs
[5] Including principal payments on operating financial assets

The €89 million improvement in Current EBIT (+22.7% at constant exchange rates year-on-year) is mainly due to the rise in EBITDA (+€131 million at constant exchange rates) and the quasi stability of depreciation and amortization expenses partially offset by higher carbon credit provisions generated by the increase in valuation rates in 2021.

The share of current net income of joint ventures and associates fell slightly.

The foreign exchange impact on Current EBIT was -€12 million and mainly reflects fluctuations in Central and Eastern Europe currencies (-€5 million) and in Argentina[6].

4. CURRENT NET FINANCIAL EXPENSE

Cost of net financial debt

The cost of net financial debt totaled -€85.7 million for the three months ended March 31, 2021, compared with -€112.3 million for the three months ended March 31, 2020. This significant decrease in the Group's cost of net financial debt is due to favorable bond issue refinancing conditions in 2020 and 2021 and the lower cost of non-euro denominated debt.
Gross cost of borrowing rate in Euro was 1.92% (compared to 2.88% in Q1 2020)
The Group's financing rate (including IFRS 16 impacts) was therefore 2.77% at March 31, 2021, compared with 4.87% at March 31, 2020.

Other financial income and expenses

Other financial income and expenses totaled -€34.5 million for the three months ended March 31, 2021, compared with -€43.2 million for the three months ended March 31, 2020.
These expenses include interest on concession liabilities (IFRIC 12) of -€19.0 million, IFRS 16 lease financial charges of -€7.4 million, and the unwinding of discounts on provisions of -€4.3 million.
Gains on financial divestitures recognized in 2021 totaled €1.5 million. In Q1 2020, gains on current financial divestitures totaled €4.0 million.

5. CURRENT INCOME TAX EXPENSE

The current income tax expense for the three months ended March 31, 2021 amounted to -€92.8 million, compared with -€61.9 million for the three months ended March 31, 2020.
The current tax rate is 27.4% (versus 27.5% at March 31, 2020).

[6] Foreign exchange impacts by currency: Polish zloty (-€4 million), Argentine peso (-€2 million), United Arab Emirates dirham (-€2 million), Czech koruna (-€1 million), pound sterling (-€1 million)

6. CURRENT NET INCOME

Current net income attributable to owners of the Company was €188 million for the three months ended March 31, 2021, compared with €121 million for the three months ended March 31, 2020. Excluding capital gains and losses on financial divestitures net of tax, current net income attributable to owners of the Company increased +64% at constant exchange rates to €186 million from €117 million for the three months ended March 31, 2020.

C] CHANGES IN FREE CASH FLOW AND NET FINANCIAL DEBT

Net free cash flow is -€127 million for the three months ended March 31, 2021, compared with -€595 million for the three months ended March 31, 2020 improving by €468 million year-on-year.
The change in net free cash flow year-on-year reflects:

- the increase in EBITDA driven by the rebound in activity in our main businesses in line with the fourth quarter of 2020 and the intensification of operational and commercial efficiency efforts

- net industrial investments of €426 million, down 7.0% at current exchange rates (-7.4% at constant exchange rates), including:

    - maintenance investments of €182 million (3% of revenue);

    - growth investments in the current portfolio of €186 million (€180 million in the three months ended March 31, 2020);

    - discretionary investments of €58 million, down -€11 million compared with 2020.

- the strong improvement in the seasonal evolution in the change in operating working capital requirements of -€480 million, compared with -€794 million for the three months ended March 31, 2020.

Overall**, net financial debt** amounted to €13,509 million, compared with €13,217 million as of December 31, 2020.
Compared with December 31, 2020, the change in **net financial debt** is mainly due to:

- net free cash flow generation of -€127 million for the period;

- net financial investments of €41 million (including acquisition costs and net financial debt of new entities) and mainly comprising the impact of the acquisition of an organic fertilizer plant in France.

Net financial debt was also impacted by negative foreign exchange effects of -€131 million as of March 31, 2021 compared with December 31, 2020[7].

[7] Mainly driven by negative impacts on the pound sterling (-€53 million), US dollar (-€42 million), Hong Kong dollar (€21 million) and to a lesser extent the Canadian dollar (-€9 million).