Press Release

Paris, 6 May 2020

KEY FIGURES AS OF MARCH 31, 2020

(UNAUDITED DATA – AUDIT IN PROCESS)

- **REVENUE OF €6 675M, SLIGHT DECREASE OF -0.5%[1] AND UP 2.3%[1] EXCLUDING COVID[2].**
- **EBITDA OF €970M, -2.9%[1] AND +4.8%[1] EXCUDING COVID[2]**
- **CURRENT EBIT OF €392M, -13.3%[1] AND +4.7%[1] EXCLUDING COVID[2]**
- **CURRENT NET INCOME GROUP SHARE OF €121M, DOWN -29.3%[1] EXCLUDING CAPITAL GAINS AND UP 3.9%[1] EXCLUDING COVID[2]**
- **NET FINANCIAL DEBT OF €11 531M DOWN €431M**

PRIORITY GIVEN TO CONTINUITY OF SERVICE WHILE ENSURING REINFORCED SAFETY TO OUR EMPLOYEES

MODERATE IMPACT OF SANITARY CRISIS IN Q1, AND SIGNS OF RECOVERY SINCE THE END OF APRIL

CONTINUED SUSTAINED REVENUE AND PROFIT GROWTH EXCLUDING COVID

NEW « RECOVER AND ADAPT » PLAN INCLUDING €200M OF ADDITIONAL COST CUTTING IN 2020 TO HELP US REBOUND AS SOON AS CRISIS ENDS

Antoine Frérot, Veolia's Chairman & CEO commented : *« We had a very good start of the year with months of January and February showing a continued solid growth in line with previous years. The sanitary crisis the whole world is facing has created massive disorder and has put a large part of the world economy to a halt. Veolia is ready to address all these challenges. As a provider of essential services in Water, Waste and Energy, and a partner of cities and businesses, Veolia is fully mobilized and has ensured the continuity of service while providing maximum safety to our employees,and I wish to thank them personally for their contribution and their involvement.*
In this particular context, Veolia has delivered a solid 1st quarter, with revenue down by only -0.5% and EBITDA down by -2.9% at constant scope and perimeter.

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[1] Variations at constant scope and forex
[2] The estimated COVID impacts correspond to the direct and indirect consequences of the sanitary crisis (mainly lower volumes of activity, additional costs associated with the specific adaptation measures implemented) as measured by all the Business Units of the Group.

In order to mitigate as much as possible the consequences of this economic shock and allow the Group to get out of it in good shape, I have already launched a very ambitious adaptation plan which will increase cost savings in 2020 by an additional €200 million and cut capex by €500 million while maintaining growth capex. This cost cutting plan comes in addition to the €250 million 2020 cost savings objective. The Group's liquidity is very strong with €5.4bn of cash and €4.2bn of available credit lines. This financial strength and the Group's agility will allow us to seize opportunities when they arise as the crisis ends."

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- **Revenue was €6 675 million compared to €6 785 million in Q1 2019, a decrease of -1.6% at current exchange rates, of -1.3% at constant exchange rates and of -0.5% at constant scope and exchange rates.**

  Revenue growth in Q1 2020 continued, with a positive volume/commerce impact of +1.8% (+€120M), and an improving price effect of +€80M (1.2% of revenue) but most of these favorable dynamics were absorbed by the sanitary crisis, first in Asia and then in the rest of our geographies (total negative COVID impact of -€192M).

  The sharp decrease in recycled material prices, largely due to recycled papers (-50% in our average selling prices and -74% in market prices from Q1 2019 to Q1 2020) continued until the end of March, and weighed for -€62M. It was partly offset by higher energy prices (+€30M) mostly in Central and Eastern Europe.

  Exchange rate variations unfavorably impacted revenue growth by -0.4% (-€26 million) and scope impact by -0.7% (-€48M), mostly due to the divestiture at the end of 2019 of our municipal energy business in the US (TNAI) which weighed for -€116M on revenue evolution.

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

  - In France, activity was down by -3.1%. Water revenue decreased by 2.6%, due to construction works halted since the beginning of the lockdown on March 17th. Water volumes have been stable (-0.1%), with a slight decrease in March (-1%) and tariffs have progressed by 1.5%. Waste revenue was down by 3.7%, including rising volumes until mid March, followed by a sharp decrease of industrial and commercial volumes (e.g. waste collection down 32% in March, with 70% of sorting centers closed down). Landfilled and incinerated volumes have remained up 3% in Q1 2020 vs Q1 2019.
  - Europe excluding France grew by +1.1%. Solid performance in Central and Eastern Europe (+2.2%) with a good performance in both Energy, up +1.7%, and Water, up +4.7% with increased prices and volumes in spite of the unfavorable consequence of the sanitary crisis on tourism in Czech Republik. The UK (including Ireland) exhibited strong growth, with revenue up +5.4% , with a continued very good availability of the PFI (96%) and increased landfilled volumes, due to lower exports following the implementation of the Dutch import taxation. Northern Europe was down by 3.1%, due to a larger exposure to industrial services. Revenue in Southern Europe was stable despite the sharp impact of the sanitary crisis in Spain and in Italy..
  - Rest of the World was down by -1.8% at constant exchange rates but up +2.2% at constant scope and forex, due the the divestiture of TNAI end 2019. Asia continued to deliver solid growth (+6.9%) despite the sanitary crisis. China revenue was nearly stable (-1% to €211M), with lower hazardous waste volumes offset by the new developments in energy and recycling. Japan posted strong growth (+10%) both in municipal water and in EPC (construction of a new lithium facility). North America was down by -20.4% but stable organically, after restatement of the TNAI divestiture. Latin America grew by +12.3% due to tariff increases in Argentina and the integration of tuck-in acquisitions in Ecuador and in Chile. The Pacific region grew by +1.6%. Africa Middle East was up by+6.0%.

- Global businesses were down by 3.6%. Hazardous waste activities have resisted well in Q1 (-1.1%) thanks to growth sectors (pharmacy, food, chemicals). Construction decreased by -1.7% : Veolia Water Technologies revenue was up +10.4% due to the construction of desalination plants in the Middle East and construction works not exposed to the sanitary crisis, but SADE revenue decreased by -13.5% , with most of construction works in France put to an halt since March 17th.

By business, as constant exchange rates : Water revenue increased slightly (+0.6%). Waste activity grew by +1.6%, with volumes down by -1.8% but up +1.7% excluding COVID and service price increases of +2.4%. Energy revenue decreased by -7.3% due to the divestiture of TNAI and slightly unfavorable weather.

- **EBITDA reached €970M vs. €1 031M in Q1 2019, a decrease of -5.9% at current exchange rates, of -5.3% at constant exchange rates and of -2.9% at constant scope and exchange rates.**
  - Scope effect was negative by -€25M and Forex by -€7M.
  - EBITDA benefited from the continued cost reduction efforts which reached €64M, allowing to absorb the squeeze between increases in salary costs and contractual price indexation of -€42M. The weather impact was unfavorable at -€9M. Increased heat and electricity prices (+€36 M) more than compensated the decrease of recycled materials prices for -15 M€. COVID impact weighed in for -€80M.

- **Current EBIT was €392M vs. €484M in Q1 2019, -18.0% at current exchange rates, and -13.3% at constant scope and exchange rates.**
  - Forex effect of -€4M.
  - Current EBIT was down due to EBITDA decrease. Depreciation and amortization (including Operating Financial Assets reinbursements) were up by €19M to €535M. Provisions, Fair Value adjustments and capital gains on industrial divestements were down to €3M vs. €14M in Q1 2019. Share of current net income from Joint Ventures and associates was down by €7M to €16M, due to the impact of the sanitary crisis on our chinese water concessions.

- **Current net income group share reached €121M vs. €209M in Q1 2019 (-40.2% at current exchange rates and -29.3% at constant scope and exchange rates and excluding financial capital gains).**
  - Cost of financing was stable, at -€112M. Capital gains on financial divestments decreased to €4M vs. €18M in Q1 2019.
  - Current tax rate was slightly up to 27.5% vs. 24% in Q1 2019.

- **Net financial debt was €11 531M at 31 March 2020, down by €431M vs. March 2019.**

  Net financial debt benefited from net capex reduction of 9.5% to €458M, and from strict control on the seasonal variation of Working Capital Requirement, which was close to Q1 2019, at -€794M.

  At March 31, 2020, the Group's cash position was particularly high at €5.4bn, plus €4.2bn of undrawn credit lines, so a total liquidity position of €9.6bn.

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- **Outlook**

As previously announced, due to the absence of visibility associated with the sanitary crisis, the 2020 objectives have been suspended.

The Group has launched since the very beginning of the crisis a specific cost savings plan of €200M which comes in addition to our annual objective of €250M. This “Recover and Adapt” Plan aims at mitigating as much as possible the impacts of the sanitary crisis of the Group’s results in 2020.

In addition to the increased cost cutting, Veolia has also initiated a program to cut 2020 capex by €500M (i.e. 20% of the initial 2020 capex budget) in order to limit the impact of the crisis on 2020 net free cash flow.

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Veolia group is the global leader in optimized resource management. With nearly 179,000 employees worldwide, the Group designs and provides water, waste and energy management solutions which contribute to the sustainable development of communities and industries. Through its three complementary business activities, Veolia helps to develop access to resources, preserve available resources, and to replenish them.
In 2019, the Veolia group supplied 98 million people with drinking water and 67 million people with wastewater service, produced nearly 45 million megawatt hours of energy and treated 50 million metric tons of waste. Veolia Environnement (listed on Paris Euronext: VIE) recorded consolidated revenue of €27.189 billion in 2019 (USD 29.9 billion). www.veolia.com

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FINANCIAL INFORMATION FOR THE PERIOD ENDED MARCH, 31 2020

A] GENERAL CONTEXT AND COVID HEALTH CRISIS

In response to the public health crisis that the world has been facing for several weeks now, the Group – as a provider of essential services and a partner of cities and businesses – is fully mobilized to ensure the continuity of services while protecting the health of its employees, the Group's two overriding priorities.

Thanks to the commitment, courage and exemplary dedication of our teams working on the ground, the Group is able to provide communities with essential services on a daily basis.

It has also put in place business continuity plans, tailored to each country, that primarily aim to maintain the production and delivery of drinking water and the treatment of wastewater; waste collection and waste treatment activities; and energy management businesses, both in its heating networks and at industrial and tertiary sites that are continuing to operate.

To ensure the continuity of service while complying with containment measures, the Group has adjusted its organization and the way it works. Remote working arrangements are now in place for all tasks that can be done remotely using digital tools. Where work cannot be done remotely, the Group has organized staff rotations and back-up teams. Since the start of the coronavirus epidemic, i.e. since January in Asia, Veolia has taken steps to adjust the way it works in line with public health requirements.

Until March 12, the Group's activities outside Asia were not affected by the crisis.

Since then, the introduction of public health measures as the epidemic spread to the Group's other geographic regions has affected Veolia's activities to varying degrees.

Almost all of the Group's facilities remain open, although the impact on volumes varies between business lines:

- Essential municipal services such as drinking water, waste water, collection and treatment of municipal waste and district heating as well as energy services in hospitals are little impacted with a drop of about 5% of their usual volumes;
- Hazardous waste activities are moderately impacted with for example in Europe a utilisation rate of our incinerators in the order of 75%;
- On the other hand, the industrial and commercial waste activity is in sharp decline as a result of the compulsory closure of a large number of companies and tertiary activity centers such as shopping centers. The services on industrial sites and to buildings are also penalized when these sites are closed.
- Lastly, our work activities in France have been almost at a standstill for several weeks, and slowed down outside of France to a varying degree depending on the regions.

This rapid deterioration in the situation has prompted the Group to adopt measures in all of its operations to minimize the effect of the crisis on its employees, to reduce its impacts on earnings and to make early preparations for the post-crisis recovery.

As such, the Group's two priorities since mid April are:

(i) to be able to ensure the gradual return of all are employees to onsite work with the generalisation of very strict health and safety measures including the wearing of masks, taking temperatures, the disinfection of our different sites and offices as well as medical tests for all of our employees and

(ii) to return to a normal level of activity as rapidly as possible for our activities the most affected by the crisis (works, industrial activities, etc). Since the end of April, there have been signs of improvement in certain of our impacted activities with increasing activity rates (for example works in France, hazardous waste plants in Europe and in China with improvements since March in this region).

The Group has also put in place a “**Recover and Adapt**” plan to address the challenges and opportunities of the post-COVID rebound, the main measures of which are aimed at:

- An additional cost savings program of €200 million: several lines of work around the reduction of our non-committed discretionary expenses are in progress such as (i) the reduction of our general expenses, (ii) the purchases including subcontracting (iii) maintenance costs by optimizing and by delaying what can be (iv) efforts on personnel costs through the use of furloughing and the reduction of temporary work for example
- the 2020 investment program will be reduced by €500 million, with an increased selectivity, while preparing the Group for a post-crisis rebound; thus the investment program will pass from €2.5 billion to €2.0 billion representing a reduction of 20%: delay or cancellation of maintenance investments whilst when possible giving priority as far as possible to maintaining our discretionary investments;
- Finally the development of new commercial offers such as disinfection, the treatment of medical waste, digital offers or air quality for example.

Given the rapid development of the pandemic and effects on its activities, the Group has implemented even stricter monitoring of its cash management and in particular of its investments and its working capital requirements.

The Group also benefits from a very solid financial position: it thus has cash of €5.4 billion as well as €4.2 billion of undrawn and available bilateral credit lines with a total cash position at March 31, 2020 of €9.6 billion.

Overall, the activity in the first quarter was marked by the first impacts of COVID on the Group’s operations, notably in China from January, then in Europe and in the other regions from the second half of March, gradually and according to the local developments of the pandemic.

In this context, the first quarter of 2020 was marked by:

- Revenue of €6,675 million, -1.6% at current exchange rates and -0.5% at constants scope and exchange rates. Excluding the COVID impact, revenue growth of +2.3% (1) at constant scope and exchange rates.
- An EBITDA of €970 million down -5.9% at current exchange rates and -2.9% at constant scope and exchange rates. Excluding the COVID impact, the growth in EBITDA was +4.8% (1) at constant scope and exchange rates.
- Current EBIT of €392 million, down 18.9% at current exchange rates and by -13.3% (1) at constant scope and exchange rates. Excluding the COVID impact, current EBIT growth was +4.7% (1) at constant scope and exchange rates.
- Current net income attributable to owners of the company of €121 million, -41.9% at constant exchange rates; adjusted for variations in capital gains, the result is -38.1% in current and -29.3% at constant scope and exchange rates. Excluding the COVID impact the net current income excluding capital gains increased by 3.9% at constant scope and exchange rates.
- Net financial debt of €11,531 million.

Update on the Group's liquidity

Faced with an unprecedented crisis, Veolia immediately made the monitoring of its liquidity a priority. This translates by the daily monitoring of the changes in cash and the weekly forecasts by Business Unit on a five week horizon, a monitoring of the Finance Back Office operations (invoicing, collection, payments, suppliers) and a daily update of the financial market situation at the Group level.

The Group thus pursues a prudent and resilient financing policy, the centralized cash is mainly placed in liquid monetary assets, qualifying as monetary equivalents according to IAS7 standard: concerns cash UCITS or liquid bank deposits.

The Group's liquidity situation on March 31, 2020 is solid and mainly consists of the following:

- €3.5 billion in centralized cash.
- €1.9 billion of cash available in the Business Units
- Undrawn and available credit lines and bilateral credit lines of €4.2 billion

The Group also issued on April 7 2020 a €700 million expiring April 2028.

(1) Estimated COVID impacts of -€192 million on revenues, -€80 million on EBITDA and -€87 million on current EBIT at March 31, 2020.

B] KEY FIGURES

(in € million)	*Three months ended March 31, 2019*	*Three months ended March 31, 2020*	*Change 2019 / 2020* *Δ*	*Δ at constant exchange rates*	*Δ at constant scope and exchange rates*
Revenue	6,785	6,675	-1.6%	-1.3%	-0.5%
EBITDA	1,031	970	-5.9%	-5.3%	-2.9%
EBITDA margin	15.2%	14.5%			
Current EBIT (1)	484	392	-18.9%	-18.0%	-13.3%
Current net income – Group share	209	121	-41.9%	-40.2%	-33.9%
Current net income – Group share, excluding capital gains and losses on financial divestitures net of tax	189	117	-38.1%	-36.3%	-29.3%
Net industrial investments	(506)	(458)			
Net free cash flow	(525)	(595)			
Net financial debt	11,962	11,531			

(1) Including the share of current net income of joint ventures and associates viewed as core Company activities.

The main foreign exchange impacts were as follows:

FX impacts for the three months ended March 31, 2020 (vs March 31, 2019)	%	(in € million)
Revenue	-0.4%	(26)
EBITDA	-0.6%	(7)
Current EBIT	-0.9%	(4)
Current net income - Group Share	-1.7%	(4)
Net financial debt	0.4%	51

COVID19 estimated impacts for the three months ended March 31, 2020 (vs March 31, 2019)	(in € million)
Revenue	(192)
EBITDA	(80)
Current EBIT	(87)
Current net income - Group Share	(63)

The impacts estimated in the table above correspond to the direct impacts of specific adaptation measures implemented and the indirect impacts of the current sanitarian crisis (for example: lower volumes of activity, margin reductions, under utilization…) as measured by all the Business Units of the Group and as part of their quarterly performance analysis assessment.

C] INCOME STATEMENT

GROUP CONSOLIDATED REVENUE

Consolidated Group revenue amounted to €6,674.6 million at March 31, 2020 compared to €6,785.3 million at March 31, 2019, an increase of -1.3% at constant exchange rates and -0.5 % organic. Excluding COVID impact, Revenue was up +2.3% at constant scope and exchange rates.

By segment, this change in revenue compared with the three months ended March 31, 2019 breaks down as follows:

(in € million)	*Three months ended March 31, 2019*	***Three months ended March 31, 2020***	*Change 2019 / 2020* *Δ*	*Δ at constant exchange rates*	*Δ at constant scope and exchange rates*
France	1,346.9	1,305.2	-3.1%	-3.1%	-3.1%
Europe excluding France	2,571.8	2,590.3	0.7%	1.1%	0.5%
Rest of the world	1,757.9	1,709.9	-2.7%	-1.8%	2.2%
Global businesses	1,101.9	1,063.6	-3.5%	-3.6%	-4.1%
Other	6.7	5.6	-16.4%	-	-
Group	**6,785.3**	**6,674.6**	**-1.6%**	**-1.3%**	**-0.5%**

The impact of the health crisis linked to COVID-19 is estimated at -192 million euros (or -2.8% of turnover at March 31, 2020)

- Revenue decreased -3.1% in **France** at constant scope compared with the three months ended March 31, 2019; Water revenue declined -2.6% and Waste revenue dropped -3.7% at constant scope.
    - Water revenue decreased -2.6% year-on-year, with a significant slowdown in construction activity (virtual stoppage in the second half of March). Volumes are almost stable in Q1 -0.1% decline compared with a +1.1% increase in Q1 2019 (decline accentuated in March by -1.0% due to the lockdown), and higher tariff indexation in 2020 +1.5% (compared with +1.2% in Q1 2019)
    - Waste revenue in Q1 2020 declined -3.7% at constant scope year-on-year: the negative COVID impact on industrial collection in March and the decline in price of recycled materials (-€32 million, including -€25 million in paper) over the quarter were partially offset by the increase in incineration activity and the rise in landfill activity which benefited from greater volumes (+3%, in spite of the decrease of -24% in March) and higher tariffs.

- **Europe excluding France** grew 1.1% at constant exchange rates compared with Q1 2019, with solid momentum in the majority of regions:
    - In the United Kingdom / Ireland, revenue increased +5.4% at constant exchange rates to €590.7 million, thanks to increased waste volumes treated (landfill +17%, incinerators +2%) which offset recycled materials revenue that was heavily impacted by the fall in the price of paper (between -60% and -90% depending on the quality).
    - In Central and Eastern Europe, revenue increased +2.2% at constant exchange rates to €1,006.3 million compared with Q1 2019 and +3.7% excluding the negative climate impact of -€14.9 million. Growth was primarily driven by:
        - in Energy (+1.5% at constant exchange rates), higher tariffs;
        - in Water, higher tariffs in the Czech Republic (annual indexation), Bulgaria and Armenia, and slight increase in volume in Q1 in the region, in spite of a negative -2.6% in Czech Republic due to the decrease of tourism in Prague.
    - In Northern Europe, revenue declined -3.1% compared with Q1 2019 to €693.5 million. The decline was mainly caused:

- By dwindling industrial activity in Sweden (closure of Volvo sites due to COVID 19) and the Netherlands (decrease of activities in Energy) as well as a fall in recycling activity across the region.
- In Germany (the main contributor €489 million in Q1 2020), by revenue erosion (-1.0%): in Waste, the rise in industrial collection and service volumes and higher tariffs could not offset the substantial slump in the price of paper (-47%).

○ Decline in the **Rest of the world** of -1.8% at constant exchange rates compared with Q1 2019, and +2.2% at constant FX and scope :

▪ Revenue in Asia sharply increased by +6.9% at constant exchange rates, mainly due to continued strong growth in China, Hong Kong and Taiwan, where revenue increased +6.6% at constant exchange rates to €297 million, driven:

- in Hong Kong, by the integration of Southa activities (energy services for buildings, +€15 million) and the construction of an extension at the Greenvalley site (+€6 million);
- in China, by the impact of acquisitions in 2019 in Energy (Yibin and Kedong Heating), network extensions and the higher heating tariffs of the Harbin network that offset the fall in volumes in waste;
- in Taiwan, by new commercial contracts that offset the decline in volumes.

▪ In Japan (+10.1%), there was a rise in Municipal Water revenue due to the organic growth of O&M activities, and a sharp increase in industrial EPC activity generated by the Lithium (+€8 million) and Hiroshima EPC projects.

▪ Revenue in North America increased +0.6% at constant scope and exchange rates (scope impact of €115.9 on 31 March, 2019 due to the divestiture of TNAI in the USA) to €439 million, fueled by the ramp-up in hazardous waste activity and positive price impacts in Municipal Water.

▪ The Pacific zone recorded +1.6% growth at constant exchange rates in Q1 2020, boosted by an increase in industrial services and hazardous waste activity and a rise in landfill taxes that offset the decline in waste volumes.

▪ Strong revenue growth in Latin America (+12.3% at constant exchange rates), driven by tariff increases in Argentina (tied to inflation), the start-up of new contracts in Peru and scope impacts (Stericycle in Chile, Gadere in Ecuador and Panachi in Colombia - impact of €10 million).

▪ In Africa/Middle East, revenue rose +6.0% at constant exchange rates due to the integration of DCLM activities in South Africa acquired in Q3 2019.

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○ **Global businesses:** revenue decreased -3.6% at constant exchange rates versus Q1 2019:

▪ Hazardous Waste reported resilient revenue in Europe with a slight decrease of -1.1% at constant exchange rates, with continued solid incineration, with volume evolution varying among sectors: pharma, food, chemical proving more resilient, and positive commercial impacts that offset the decrease in storage facility volumes and decontamination heavily impacted by the shutdown of construction and public works sites;

▪ Veolia Water Technologies revenue increased by +10.4% at constant exchange rates compared with Q1 2019, with the positive impact of desalination projects won in 2019 (Al Dur II, Um Al Quwain and Rabigh 3) and the growth of technological and services activity relating to project start-ups in the United States (HPD) and Egypt (Bahr al Bakar).

These improvements offset the sharp decline in construction activities at SADE (-13.5%), whose business was heavily impacted by the lockdown measures.

The increase in revenue between 2019 and 2020 breaks down **by main impact** as follows:

The **foreign exchange impact** totaled -€26 million (-0.4% of revenue) and mainly reflects fluctuations in the US dollar (+€12 million), the Argentine peso (-€14 million), the Australian dollar (-€13 million), the Hungarian forint (-€7 million) and the Brazilian real (-€5 million).

The **consolidation scope impact** of -€48 million mainly reflects:

- operations in 2019: sale of heating networks in the United States (-€116 million), acquisition of Southa in Hong Kong (+€15 million), sludge treatment assets in Germany (+€9 million), and Stericycle hazardous waste activities in Chile (+€6 million);
- operations in 2020, including the acquisition of Torrepet in Spain for €6.0 million and Alcoa assets (hazardous waste) in the United States for +€3.5 million.

Energy and recyclate prices impact of -€32 million of which +€30 million energy price increase mostly in Central and Eastern Europe, offset by -€62 million impact of recycled material prices decrease.

Commerce effect (Volume and Works) was +€120 million (excluding Covid impact)
Favorable **Price increases** (+€80 million) mostly due to positive water tariff indexations in France (+1.5%), and in Central and Eastern Europe as well as improvements in waste tariffs (+2.4%) in France, the United Kingdom, Northern Europe and Latin America.

The increase in revenue between 2019 and 2020 breaks down **by activity** as follows:

			Change 2019 / 2020		
(in € million)	*Three months ended March 31, 2019*	***Three months ended March 31, 2020***	*Δ*	*Δ at constant exchange rates*	*Δ at constant scope and exchange rates*
Water, of which	2,636.9	2,645.3	0.3%	0.0%	-0.4%
Water Operations	*2,005.1*	*2,023.9*	*0.9%*	*0.6%*	*0.1%*
Technology and Construction	*631.9*	*621.4*	*-1.6%*	*-1.7%*	*-2.1%*
Waste	2,455.2	2,469.9	0.6%	1.6%	0.2%
Energy	1,693.2	1,559.3	-7.9%	-7.3%	-1.8%
Group	**6,785.3**	**6,674.5**	**-1.6%**	**-1.3%**	**-0.5%**

WATER

Water Operations revenue increased by 0.6% at constant exchange rates compared to March 31, 2019. This evolution can be explained by :

- An estimated COVID impact of -€32 million (-1,5% of revenue).
- In France : revenues down -2.6% due to the stopping of construction sites, stable volumes (-0.1% of which -1% for the month of March) and tariff increases of +1.5% ;

- In Central and Eastern Europe : volumes up to +1,5% despite a drop of -2,6% in Czech Republic (due to the decrease in tourism in Prague) and rising prices;

- A solid continuous growth in Rest of the World, especially in Asia.

Technology and Construction revenues down -1.7% at constant exchange rates compared to March 31, 2019. This decrease is explained by:

- Significant COVID impact of -€46 million (-7,3%) mainly in Sade;

- VWT revenue up to €346 million (+10,4% at constant exchange rates), due to desalination projects won in 2019 that will be completed in the first quarter of 2020.

    - A limited COVID impact in the first quarter in China;

    - A more resilient Technologie & Services activity.

- Sade revenues of €275 million, down -13.5% at constant exchange rates: construction projects in France were at a standstill since March 17.

WASTE

Revenue increased +1.6% in Waste at constant scope compared with the three months ended March 31, 2019 :

- An estimated COVID impact of -€85 million (-3.5% of revenue);

- A commerce and volume effect of -1.8%, of which -3.8% of estimated COVID impact (especially in France, in Germany and in Asia);

- A positive price effect of +2.4% especially in France, in the UK, in Germany and in Latin America which is partially offset by the continued sharp drop in recycled paper prices.

ENERGY

Energy revenue decreased by -7.3% at constant exchange rates compared to March 31, 2019 (-1.8% at constant scope and exchange rates). This change is mainly due to :

- An estimated Covid impact of -€29 million (-1.7% of revenue)

- A scope effect of -€93 million mainly due to Un impact périmètre de -93 millions d'euros principalement lié à disposal of heating network activities in the United States in 2019;

- A negative weather effect of -€17 million (-1%) especially in Central and Eastern Europe ;

- A positive price effect of +1.7% with an increase of heat and electricity prices in Central and Eastern Europe.

EBITDA

Group consolidated EBITDA for the three months ended March 31, 2020 was €969.5 million, down -5.9% at current exchange rates on the three months ended March 31, 2019, and -2.9% at constant scope and exchange rates. Excludind COVID impact EBITDA was up +4.8% at constant scope and exchange rate.

The increase in EBITDA between 2019 and 2020 breaks down **by impact** as follows:

The foreign exchange impact on EBITDA was -€6.5 million. It mainly reflects fluctuations in the U.S. dollar (+€1.0 million), the Argentine peso (-€2.6 million), the Australian dollar (-€1.3 million), the Colombian peso (-€1.1 million), the Hungarian forint (-€1.0 million) and the Japanese yen (-€0.9 million).

The consolidation scope impact of -€25 million mainly reflects in 2019 the divestiture of heating network activities in the United States (-€29 million), the acquisition of Stericycle activities in Chile (+€1.2 million) as well as the Yibin and Kedong heating networks in China (+€1.5 million), and developments in 2020, including the integration of Torrepet assets in Spain (+€1.2 million).

Commerce and volume impact of -€64 million (+€16 million excluding COVID*) mostly due to COVID which was partially offset by good waste volumes (+8%).

Weather impact of -€9 million (-€24 million at March 31, 2019) notably due to unfavourable weather conditions in Central and Eastern Europe and in Asia.

Energy and recycled material prices had a positive impact on EBITDA and represent a marked improvement compared to 2019: +€21 million (versus -€8 million at March 31, 2019) including +€36 million in energy and -€15 million in recyclates, with a significant increase in the price of energy sold in Central and Eastern Europe (+36 million euros mainly in Poland in connection with rising heating prices) partially offset by -10 million euros in Italy resulting from the drop in the price of gas (-18%) and electricity (-12%) in connection with the health crisis.

The impact of **prices net of inflation** is -€42 million.

Cost savings plans contributed +€64 million. These savings mainly concern operating efficiency (55%) and purchasing (34%) and were achieved across all geographic zones: France (29%), Europe excluding France (35%), Rest of the world (25%), Global businesses (10%) and Corporate (1%).

CURRENT EBIT

Group consolidated current EBIT for the three months ended March 31, 2020 was €392.3 million, down -18.0% at constant exchange rates on the three months ended March 31, 2019, with a COVID 19 impact of around -18% (-€87 million).

EBITDA reconciles with Current EBIT for the three months ended March 31, 2020 and March 31, 2019 as follows:

(in € million)	*Three months ended March 31, 2019*	*Three months ended March 31, 2020*
EBITDA	**1,030.8**	**969.5**
Renewal expenses	(68.0)	(60.9)
Depreciation and amortization (*)	(515.8)	(535.4)
Provisions, fair value adjustments & other	13.8	3.0
Share of current net income of joint ventures and associates	22.9	16.1
Current EBIT	**483.7**	**392.3**

(*) Including principal payments on operating financial assets (OFA) of -€43 million for the three months ended March 31, 2020 (compared with -€23 million for the three months ended March 31, 2019.)

The decline in Current EBIT at constant exchange rates reflects:

- a decrease in EBITDA;
- depreciation and amortization of €492 million;
- a decrease in the contribution of associates (-56% at constant exchange rates), especially in China relating to the Coronavirus crisis in the opening months of the year.

The foreign exchange impact on Current EBIT was -€4.3 million and mainly reflects fluctuations in the Argentine peso (-€2.0 million), the Japanese yen (+€0,3 million) and Hungarian forint (-€0.7 million) and the Colombian peso (-€0.5 million).

NET FINANCIAL EXPENSE

The cost of net financial debt totaled -€112 million for the three months ended March 31, 2020, compared with -€113 million period-on-period due to:

- savings relating to bond repayments and the repayment of the USD loan following the sale of energy assets in the United States in 2019,;
- offset by a drop in widening difference between the euro and the Hong Kong dollar and Indian rupee and the costs of refinancing Panda bonds maturing at the end of 2019.

The financing rate was therefore 4.65% in Q1 2020, compared with 4.51% in Q1 2019.

Other financial income and expenses totaled -€43.2 million for the three months ended March 31, 2020, compared with -€40.4 million for the three months ended March 31, 2019.

These expenses include interest on concession liabilities (IFRIC 12) of -€20.3 million, interest on right-of-use (IFRS 16) of -€9.1 million and the unwinding of discounts on provisions of -€5.3 million.
Gains on financial divestitures recognized in Q1 2020 totaled €4.0 million, compared with €18.3 million period-on-period and offset the gain on the sale of Foshan medical activities in China for €7.8 million, whose landfill operation was sold in Q1 2019.

INCOME TAX EXPENSE

The current income tax expense for the three months ended March 31, 2020 amounted to -€61.9 million, compared with -€77.8 million period-on-period.

The current tax rate for the three months ended March 31, 2020 increased to 27.5% (versus 23.9% in Q1 2019).

CURRENT NET INCOME

Current net income attributable to owners of the Company was €121.5 million for the three months ended March 31, 2020, compared with €209.1 million period-on-period. Excluding capital gains and losses on financial divestitures net of tax and minority interests, current net income attributable to owners of the Company decreased by €68.8 million at constant exchange rates to €117.3 million, from €189.4 million in Q1 2019, due to the negative impact of COVID 19 on the Group's March 31, 2020 financial statements.

D] FINANCING

Net free cash flow was -€594.5 million for the three months ended March 31, 2020, compared with -€524.8 million in Q1 2019.
The change in net free cash flow for the three months ended March 31, 2020 reflects:

- a decline in EBITDA
- lower net industrial investments, down -9.5% compared with Q1 2019 (€458 million) and including:
  - maintenance investments of €211 million (3.2% of revenue)
  - growth investments in the current portfolio of €179 million (€146 million in Q1 2019)
  - discretionary investments of €68 million, down €20 million compared with Q1 2019.
- a seasonality impact on the change in operating working capital of -€794 million, compared with -€758 million in Q1 2019.
- a €5 million increase in other restructuring and non-current expenses, mainly tied to the COVID 19 prevention measures adopted (purchased equipments and masks).

Overall, **net financial debt** amounted to €11,531 million, compared with €11,962 million as of March 31, 2019.
In addition to the change in net free cash flow, net financial debt comprises financial investments (including acquisition costs and the net financial debt of new entities) of €287 million
Net financial debt was also impacted by positive exchange rate fluctuations of €51 million as of March 31, 2020 compared with December 31, 2019, primarily in the Australian dollar (€30 million), the pound sterling (€18 million), the Chinese renminbi (€14 million) and the Czech crown (€12 million) that offset the substantial depreciation of the US dollar (-€27 million).