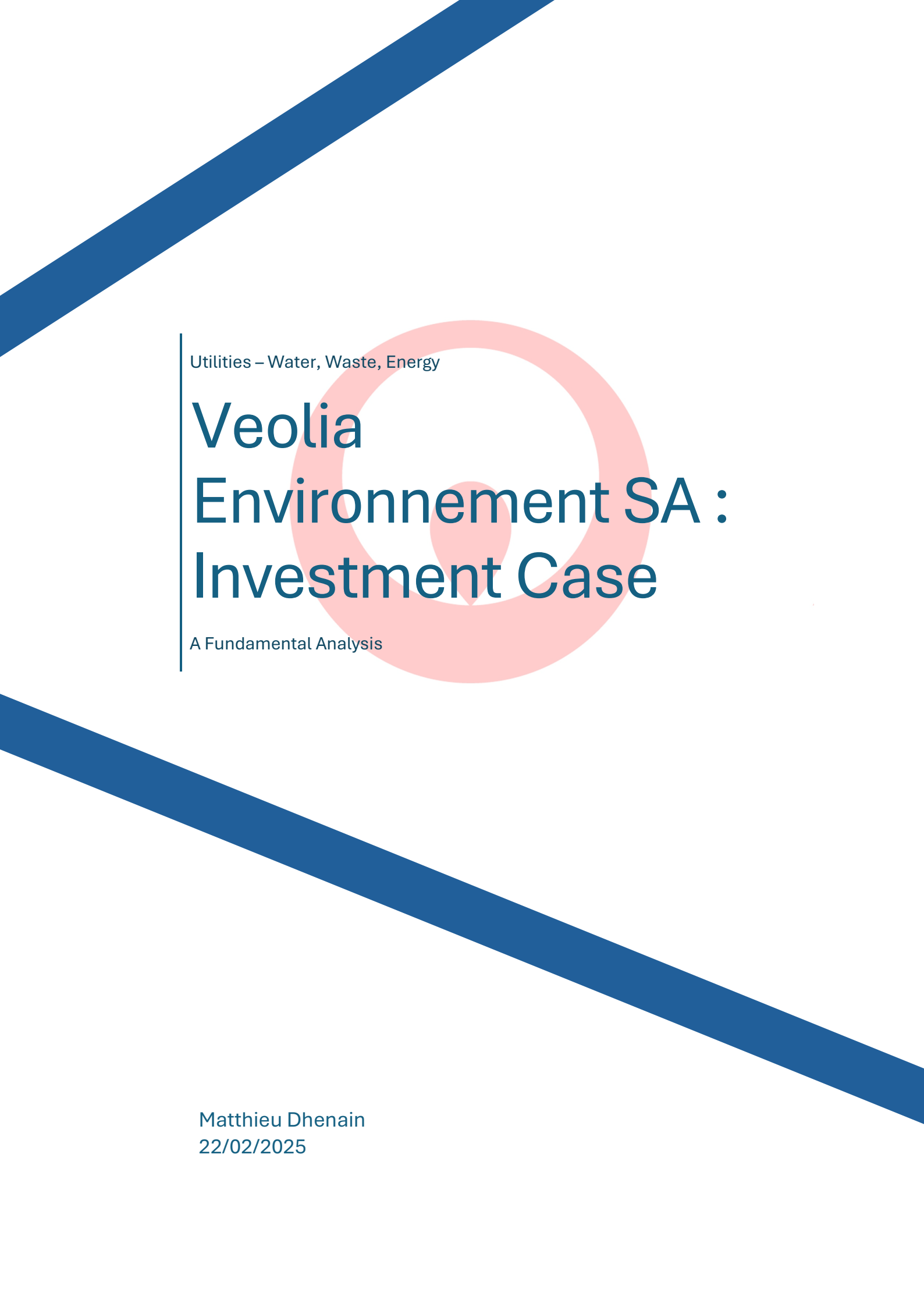




Utilities – Water, Waste, Energy

Veolia Environnement SA : Investment Case

A Fundamental Analysis

Matthieu Dhenain
22/02/2025

Personal introduction:

This stock has been in my portfolio for a while. What is special about this one in my portfolio is that extra-financial criteria have been a large part of the rationale to buy: I was looking for a French large cap company with sustainable development related activities. I was ok at that time with the idea of owning a less profitable asset if I considered it to have a positive impact on the environment. I am still in line with this philosophy. However, I did my best to deliver a neutral analysis of the company in this investment case, mainly based on financial criteria.

Please note this analysis was performed without professional tools (no data provider like Bloomberg, nor any army of interns and no access to sell-side research). This has made production slower, but I wanted to prove that it's possible. Indeed, I think that most of the information that might be available in a sell-side analysis is here. I thank you in advance for your indulgence regarding any elements you might consider incomplete (if so, please let me know).

Admittedly, I wanted to write a file that resembled those that can actually be found in the professional world. But I couldn't resist adding a few personal comments.

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Boring disclaimer:

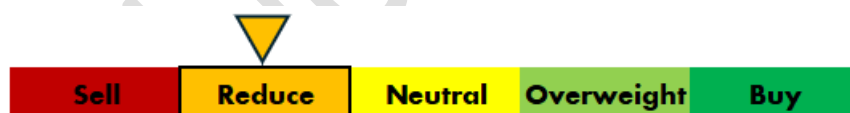
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The author declares that he has an interest in the company mentioned in this document.

About the firm:

Veolia Environnement SA ("Veolia") engages in the management of water supplies and distribution systems and provides waste management services. It operates through the following business segments: Water, Environmental Services, and Energy Services. The Water segment integrates drinking water and waste-water activities such as water distribution, water and waste-water treatment, industrial process water, and manufacture of water treatment equipment and systems. The Environmental Services segment collects, processes, and disposes household, trade, and industrial waste. The Energy Services segment includes heat production and distribution, energy optimization and related services, and electricity production. The company was founded on December 14, 1853 and is headquartered in Paris, France.

Veolia Environnement SA							
ISIN	FR0000124141			Ticker	VIE		
Sector GICS	Utilities	Industry GICS	Utilities	Country	France	Forex	Euro
Description	A utility company with activities in Water (treatment and distribution), Waste management and Energy.						
Price	32.2	Market Cap	23860.2	Enterprise Value	31700	Leverage	4.1
Revenue FY24	44 692	PER e25	14.3	Float	93%	Credit Rating	BBB
Beta 3Y	1.1	Sales CAGR 3Y	16%	EPS CAGR 3Y	17%	ROE	10%
ESG Grade		ESG Grade		tCO2/M€ of			
S&P Global	79/100	Moody's	73/100	Revenue	724		
View	Reduce	Target Price	33.4	Upside	4%		



Business divisions:

Veolia operates across three main business lines: Water, Waste, and Energy.

Water activities include drinking water supply as Veolia supplies drinking water to 111 million people worldwide and manages 3,198 drinking water production plants. The group provides wastewater services to 98 million people and manages 3,879 water treatment plants.

Revenue as of December, 31 2024: €44,692 million

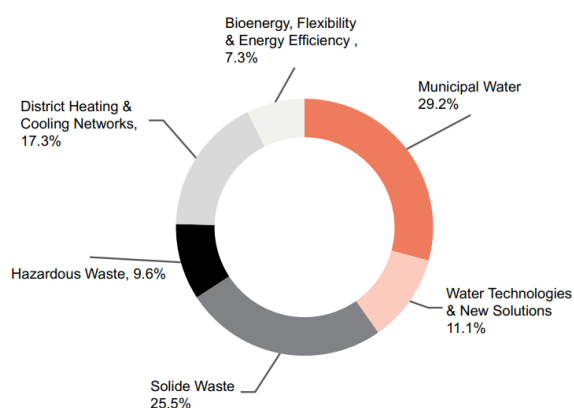


Figure 1 : Division of the group's revenue in 2024; Company data

The waste business line operates in waste collection and treatment: Veolia collects, treats, and recycles waste. In 2024, they recovered 65 million tons of waste and collected waste of 43 million inhabitants and 572k companies. In addition, the resource management service is helping to preserve and replenish available resources.

The energy division is dedicated to energy production, to district heating and cooling and to energy efficiency. Veolia produced 42 terawatt-hours of energy in 2024. They are a major player in district heating and cooling networks in Europe. Veolia develops energy services that improve energy and

environmental performance.

Veolia's activities are designed to address the challenges faced by local authorities and industrial customers, focusing on sustainable resource management and ecological transformation.

Water

- Management of water resources
- Distribution and transport of drinking water
- Collection, treatment and recovery of wastewater
- Engineering, design and construction of water treatment facilities
- Customer relationship management
- Seawater desalination

Waste

- Collection, treatment and recycling of liquid, solid, non-hazardous and hazardous waste
- Waste treatment and recovery through composting, waste-to-energy conversion
- Urban waste management services (upkeep and cleaning of public spaces, mechanised street cleaning and façade treatment services)
- Cleaning up equipment and treating low-level radioactive waste
- Upkeep and maintenance of industrial sites, and

Energy

- Outsourced management of district heating and air conditioning networks
- Energy production
- Management of thermal and multi-technical services (operation of thermal systems, design, construction and maintenance of installations, etc.) and industrial services (analysis of industrial processes, operation, upkeep and maintenance of production equipment)
- Comprehensive management of

dismantling of industrial facilities and equipment at the end of their useful lives

buildings and public lighting

- Cooling system management
- Air quality management

According to the FY 2024 and the H1 2024 Veolia's financial reports, the Water business line has significantly higher EBITDA margin than Waste and Energy. Water EBITDA is up +10.0% at constant scope and exchange rates from December 31, 2023, driven by revenue growth (+5.6%), driven mainly by Water technologies activities, even if Water technologies have lower EBITDA margins (estimated with ~12% of EBITDA margin). In 2024, the group had an average EBITDA margin of 15,2% (against 14,4% in 2023).

Concerning operating segments, rest of the world (think Americas and Asia mainly) has slightly higher EBITDA margins than other segments.

H1 2024	Business Line	Revenue	% of Total Revenue		
	Water	8798	40%		
	incl. Water Operations	6236	28%		
	incl. Technology and Constructio	2563	12%		
	Waste	7728	35%		
	Energy	5615	25%		
	GROUP	22141			

FY 2024	Business Line	Revenue	% of Total Revenue	EBITDA	EBITDA margin
	Water	18033	40%	3340	19%
	Waste	15662	35%	2110	13%
	Energy	10997	25%	1338	12%
	GROUP	44692		6788	15,2%

Figure 2 : Business lines revenues and EBITDA margins

H1 2024	Operating segment	Revenue	% of Total Revenue	EBITDA	EBITDA margin
	France and Special Waste Europe	4531	20%	657	15%
	Europe excluding France	9252	42%	1361	15%
	Rest of the World	5956	27%	926	16%
	Water technologies	2398	11%	279	12%
	Other	4		43	
	GROUP	22141		3266	14,8%

FY 2024	Operating segment	Revenue	% of Total Revenue	EBITDA	EBITDA margin
	France and Special Waste Europe	9145	20%	1392	15%
	Europe excluding France	18619	42%	2642	14%
	Rest of the World	11945	27%	2025	17%
	Water technologies	4973	11%	612	12%
	Other	9		117	
	GROUP	44691		6788	15,2%

Figure 3: Operating segments revenues and EBITDA margins

Geographic division:

In 2024, the geographic division of revenue is 20% in France; 11% in the United-States of America, North America; 25% in central and eastern Europe (7% Poland; 7% Germany; 5% Czechia), 7% in the UK; 6% in Iberia and 5% in Australia.

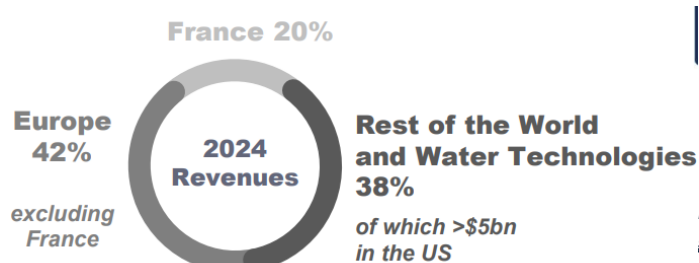


Figure 4 : The group's revenues geographical division ; Company data

Market Shares:

Veolia is a leading company in almost every of its business.

In **waste management services**, Veolia is the number one player with 19% market share (top 5 players own 46% market share). Among this division Veolia also holds 23% market share in *general waste collection* and 17% market share in *hazardous materials disposal*.

In the industrial activity of **sewage and water infrastructure construction** Veolia holds 24% of market share (top 5 players = 54%).

Among **water utilities** business, Veolia is the n°1 player with 13% of market share (top 5 players = 33%). It is responsible for almost 17% market share of the highly consolidated industry of Americas water utilities (top 5 players = 78%), and 23% of the EMEA water utilities market.

According to the firm, Veolia is also the n°2 player in Europe regarding the District Heating market (valued at USD 132 billion in 2023) and Energy Efficiency markets.

Competitive Landscape:

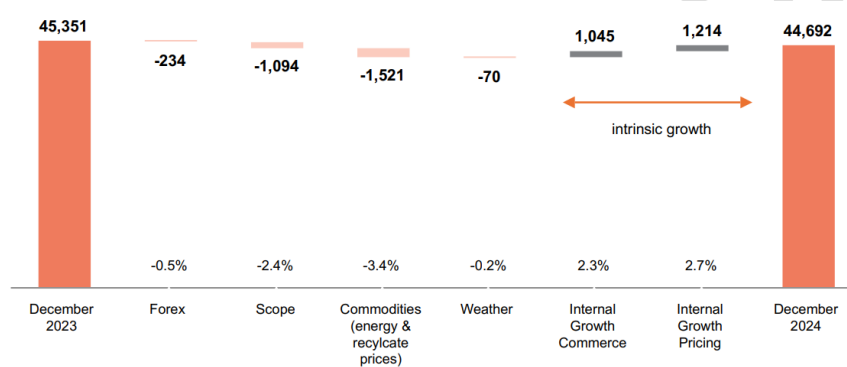
Veolia operates in the water, waste, and energy management sectors, after Veolia's acquisition of its main competitor Suez, the most significant remaining competitors include:

American Water Works, which is primarily a water utility company, competing with Veolia in water services. It has a dominant position on the American water distribution market. **Waste Management** is one of the largest waste management companies in North America. **Republic Services** is another major waste management provider in the United States. **Clean Harbors** provides environmental and industrial services, including hazardous waste disposal, across North America. **ENGIE**, which operates in energy services, including renewable energy and energy efficiency solutions in Europe, North America and Asia. **Schneider Electric** (energy management, they operate globally), **Sodexo** overlaps with Veolia in facilities management and energy services (globally). **Semcorp Industries** focuses on renewable energy and integrated urban development solutions in Asia. **Xylem** specializes in water technology,

including water and wastewater treatment in North America and Europe. **Ecolab** provides water, hygiene, and energy technologies and services especially in North America. **Sabesp** is a Brazilian company involved in water and waste management. **Waste Connections** specializes in solid waste collection and disposal in North America. **Fomento de Construcciones y Contratas** (FCC) operates in environmental services, including waste management, primarily in Spain. **China Everbright Environment Group** focuses on environmental services and waste management in China. **Derichebourg** is a French company offering environmental services, including recycling and waste recovery.

Strategy:

In 2024, revenue was up +1.5% at constant scope and exchange rates, and +5.0% excluding energy prices. It breaks down as follows:



These results mark the first year of the Green Up program and are in line with the forecasted trajectory. The new mid-term strategic program is called **Green Up 2024-2027**. The key points of this plan are:

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

Spearhead of Veolia's growth, the boosters are strategic activities to which the Group will devote a major share of its resources, as part of its GreenUp plan. They already account for 30% of its revenue and will generate 70% of its 2024-2027 growth. Veolia will allocate half of

its growth investments to these activities, i.e. €2 billion, as much as for all the activities in the previous strategic plan.

The **GreenUp boosters** are:

- Decarbonizing local energy, through bioenergies, energy efficiency in buildings and industries, and electrical flexibility,
- Water technologies and new solutions to preserve water resources and treat new pollutants,
- Hazardous waste treatment, to treat the most toxic and harmful elements to protect ecosystems and public health.

In FY2024, the GreenUp boosters collectively grew by +6.6%, outperforming the group's average revenue growth of +5.0%. Additional information about the first results of the GreenUp plan are available in the "FY2024 Results" section.

Expansion in the US:

Besides the Green Up project, Véolia has released a plan for their activities in the USA, in 2024. The company claims to already be the "largest private company in Water Operations in the Country". They plan to double their size in the U.S. by 2030, with a +50% increase by 2027 and to create value with ~+200bps in ROCE by 2027.



Figure 5: Veolia's 2023 U.S. Revenues. Company data

For now, the U.S. stands for 11% of the group revenue (i.e. \$5.4bn) and for 12% of the group EBITDA (i.e. >\$0.8bn). Then, the U.S. activities are slightly more profitable than the rest of the group portfolio.

In the US, Water activities represent 66% of the revenues (against 41% for the group), Waste activities stand for the 25% (group: 32%) and Energy represents only 9% (against 27% for the group).

Even with large competitors such as American Water, Essential Utilities, Xylem and CleanHarbors, the group has doubled its revenues in the US since 2019.

Veolia aims to play trends such as strategic independence and reindustrialisation, water scarcity and health and environmental regulations in the US.

Indeed, the US administration set up plans to reindustrialise the country, especially in some sectors such as technology and pharmaceutical.

Among them, the CHIPS Act aims to catalyse investments (\$280bn) in the American semiconductor manufacturing capacity and boost the leading-edge technologies such as quantum computing, AI, clean energy, and nanotechnology. This will lead to new semiconductor factories.

Similarly, the Inflation Reduction Act (IRA) was signed by the US congress in 2022. Already, the IRA has been followed by more than US \$110 billion in clean energy investments, with just over \$70 billion earmarked for the US battery supply chain, particularly downstream cell projects (so-called gigafactories).

In addition, the desire to expand the pharmaceutical industry and the development of lithium mining projects (in the US) will drive the development of other industrial projects.

All these projects and plants will also stimulate demand for Veolia's environmental services (Estimated market of cumulated ~\$10bn by 2030 ; company data), such as the supply of regular and ultra-pure water, effluent treatment to obtain an operating licence, hazardous waste treatment and solvent recycling.

The group also highlighted the increasing water stress in several states (80% of U.S. counties faced water shortages in 2023), that drives demand for access to water for the population, but also to supply agriculture and industry for an estimated market of \$34bn/y by 2027 according to Veolia. There is also an estimated \$200bn decontamination market driven by issues such as the drinking water safety, wastewater pollutant removal and emerging PFAS Regulations.

Water technologies:

During the Veolia's Deep Dive "New Solutions for Water", the group provided some details about the water technologies booster and especially about five priority offers based on megatrends:

- Micropollutants treatment from water: Veolia tackles the rising issue of micropollutants, particularly PFAS, with an end-to-end strategy offering integrated solutions for detection, monitoring, treatment and disposal. Revenues from PFAS and new pollutants treatments are expected to grow from €50mn in 2023 to €200mn in 2024 and the firm settled the ambitious target of €1bn in 2030.
- Wastewater advanced biological treatment and reuse: solution for water reuse through advanced biological treatment, addressing freshwater scarcity and urbanization.
- Recovery of strategic metals and salts addresses the challenge of strategic independence by recovering strategic metals and salts, such as lithium and gold, through thermal concentration, membranes, and advanced processes.
- Ultrapure water for pharma & microelectronics (think semiconductors)
- Sustainable models desalination

Water technologies stand for 11% of the group revenue (€4.9bn). Water Tech. & New Solutions Revenues are taking off, as expected with a ~6-10% CAGR to 2027. No more blabla, I let you cast an eye over this Veolia's slide that summarises what you must know about this activity:

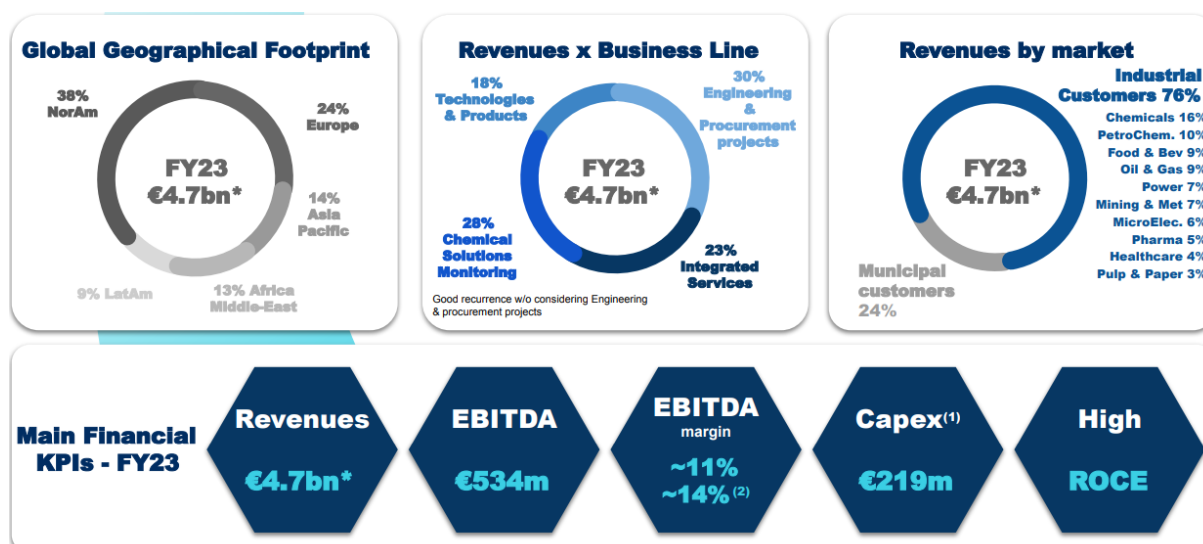


Figure 6: Water Technologies Overview

(1) Gross capex without considering industrial disposals

(2) EBITDA margin excluding engineering & procurement projects

*€4.9bn considering +€200m from new technologies currently reported in Municipal Water

M&A:

Veolia is still working on synergies with Suez (bought in 2021) and is consolidating its presence in the US, which necessitate some acquisitions. In 2023, they also did “good acquisition at low multiples” in Portugal and Brazil, because the demand in getting higher in Brazil and this will enable good synergies. In a call, CEO Estelle Brachlianoff let know Veolia will focus to grow in booster sectors both with organic growth and tuck-in acquisitions. The firm is especially looking at possible acquisitions in the boosters and with synergies quick to realize.

To support this strategy, Veolia has made significant changes in its group structure in 2024. Notably, the acquisition of Friedrich Hofmann GmbH for €315 million in March 2024 expanded Veolia's geographic coverage in the German market, particularly in southeast Germany, aligning with its focus on boosting sectors with quick synergies.

Additionally, Veolia has streamlined its portfolio through several disposals. The sale of SADE to NGE for €198 million, the disposal of its 49% interest in the Haikou water concession for €79 million, the sale of its entire stake in Lydec for €149 million, and the divestment of Veolia North America Regeneration Services for \$628 million are all part of Veolia's strategy to reshape its portfolio. These moves allow Veolia to focus on core activities, prioritize environmental sustainability, and maintain strict financial discipline, in line with the GreenUp plan.

FY 2024 Results :

According to the firm, Veolia reported “strong” growth in its FY 2024 results. Here are some key highlights, from the press release:

Revenues of €44 692m with solid growth of +5.0% (1), driven by boosters, up 6.6% (1).:

- Strong growth in Water(+5.6%(4)) and Waste (+6,4%(4))
- Revenue increases slightly in Energy (+1,9%(1)) with sustained high levels of profitability
- After taking into account the effect of lower energy prices, total Group revenues are slightly up +1.5% (4)

EBITDA of €6788m, a strong organic growth of +5.8%(4) within the guidance range of +5% to +6%(4) :

- €398m in efficiency gains, above the annual target of €350m
- €120m in synergies, ahead of annual target

Current **EBIT** up +7.9% (5), to €3547m

Current Net Income - Group Share of €1530m up +14.6%(6), align with the annual target above €1.5bn, and Net Income - Group Share up +24.6%

Net financial debt well under control, with a leverage ratio of 2.6x, well below 3x at end 2024. Objectives for 2024 and GreenUp 2024-27 fully confirmed.

ROCE after tax at 8.8% (+0.5pp against 2023), above pre-covid level and before Suez takeover.

Proposed **dividend** increase to €1.40 per share.

For the first time, a share buy-back plan has been announced to compensate the impact of the employee shareholding program.

(1) On a like-for-like basis and excluding energy prices (2) Booster businesses: water technologies, hazardous waste treatment, bioenergies, flexibility and energy efficiency
(3) Core businesses: municipal water, solid waste, district heating and cooling networks
(4) On a like-for-like basis (5) Excluding Suez PPP (6) At constant exchange rates

FY 2025 Outlook :

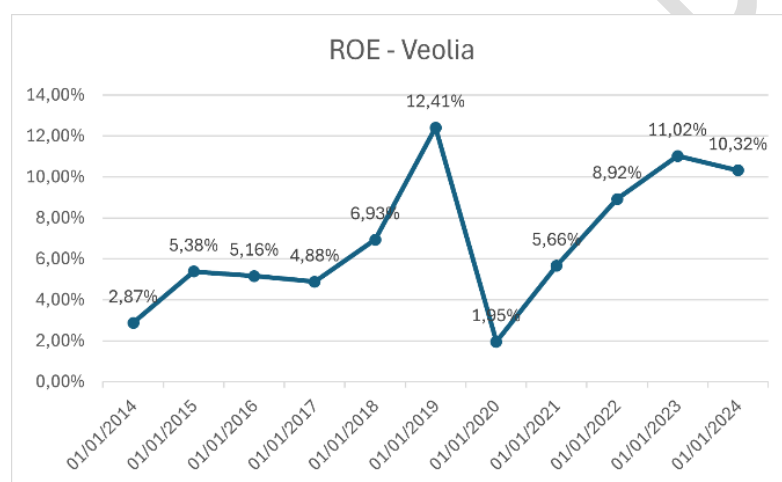
In view of the results achieved in the 2024, qualified as “Solid organic growth in revenue” by the management, 2025 targets were announced:

- Solid organic growth in sales(7)
- Organic EBITDA growth(8) of between +5% and +6
- Cost savings in excess of €350m, plus expected synergies totalling €530m by the end of 2025
- Growth in net profit from ordinary activities, Group share(9) of around +9%(10)
- Net debt/EBITDA ratio to remain below 3x(9)
- Dividend growth in line with growth in Group share of net profit from recurring operations per share(9)

(7) On a like-for-like basis and excluding energy prices (8) On a like-for-like basis

(9) Excluding PPA Suez (10) At constant exchange rates

Here is also an overview of the group profitability, which is almost at its best on a 10-year period:



MT Guidance:

According to the Green Up plan, the mid-term guidelines are:

- Over €8 bn of EBITDA in 2027
- ~ 10% annual growth in net profit over 2023-2027
- Financial leverage $\leq 3x$
- €350m savings per year

Opportunities and Risks:**Opportunities:**

- Veolia is a utility company which is deeply involved in the **sustainable development trend**. Its solutions are used both to mitigate and to adapt to the climate change.
- This capital-intensive business provides **exposure to rate cuts**.
- **Resilient** company: utilities outperform during recession. Veolia provides services (Water...) that are basically the last costs to be cut in case of financial crisis.
- Moat: Veolia benefits from competitive advantages: it controls and operates distribution systems that are difficult to replace (think water pipe networks) and participates in critical systems (think water-cooling system for data-centres or nuclear power plants...).

Risks:

- Capital intensive business: The company has a great deal of **inertia** and is not easily manoeuvred to adapt to major events. It does not have a scalable business and cannot take full advantage of periods of strong economic growth. Estimate: High.
- Exposure to interest rate risk: sensitive to interest rates because of capital intensity, dangerous if rates rise, but potentially advantageous if they fall. Estimate: High.
- **Energy Price sensitivity** and Risks associated with changes in the prices of energy, consumables and commodities. Lower energy price tends towards lowering revenues, especially in Energy activities, however it has little impact on EBITDA due to a fall in energy purchase costs. Estimate: Medium.
- Regulatory risks: Risks associated with regulatory developments, particularly in the areas of health and the environment. Estimate: Low (stricter environmental regulation would probably mean more customer needs).
- Risks from coal-related activities exposure. Estimate: Low.

Litigation and arbitration:

Veolia is involved in several litigations that are relatively minor at the company level and for which provisions have been made for potential costs. To go further, please see the appendix section.

Financial Statements:**Income Statement:**

(€ million)	Notes	Year ended December 31, 2023	Year ended December 31, 2024
Revenue	Note 5.1	45,351	44,692
Cost of sales	Note 5.2	-37,852	-36,924
Selling costs	Note 5.2	-998	-1,000
General and administrative expenses	Note 5.2	-3,336	-3,459
Other operating revenue and expenses	Note 5.2	-441	-429
Operating income before share of net income (loss) of equity-accounted entities	Note 5.2	2,724	2,881
Share of net income (loss) of equity-accounted entities		123	132
o/w share of net income (loss) of joint ventures	Note 5.2.4	60	71
o/w share of net income (loss) of associates	Note 5.2.4	63	61
Operating income after share of net income (loss) of equity-accounted entities		2,847	3,012
Cost of net financial debt	Note 8.4.1	-539	-590
Other financial income and expenses	Note 8.4.2	-439	-309
Pre-tax net income (loss)		1,869	2,114
Income tax expense	Note 11.1	-511	-566
Net income (loss) from continuing operations		1,358	1,547
Net income (loss) from discontinued operations	Note 3.3.1	-24	-103
Net income (loss) for the year		1,334	1,445
Attributable to owners of the Company		937	1,098
Attributable to non-controlling interests	Note 9.3	397	347
NET INCOME (LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY PER SHARE (in euros)	Note 9.5		
Basic		1.24	1.45
Diluted		1.19	1.40
NET INCOME (LOSS) FROM CONTINUING OPERATIONS ATTRIBUTABLE TO OWNERS OF THE COMPANY PER SHARE (in euros)	Note 9.5		
Basic		1.27	1.59
Diluted		1.23	1.54
NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS ATTRIBUTABLE TO OWNERS OF THE COMPANY PER SHARE (in euros)	Note 9.5		
Basic		-0.03	-0.14
Diluted		-0.03	-0.14

Balance Sheet :

(€ million)	Notes	As of December 31, 2023	As of December 31, 2024
Goodwill	Note 7.1	11,556	11,783
Concession intangible assets	Note 7.2.1	5,589	5,255
Other intangible assets	Note 7.2.2	2,911	2,830
Property, plant and equipment	Note 7.3	17,134	17,933
Rights of use (net)	Note 7.4	1,853	1,819
Investments in joint ventures	Note 5.2.4	1,110	1,044
Investments in associates	Note 5.2.4	603	632
Non-consolidated investments		92	77
Non-current operating financial assets	Note 5.4	1,187	1,218
Non-current derivative instruments - Assets	Note 8.3	50	67
Other non-current financial assets	Note 8.1.2	542	534
Deferred tax assets	Note 11.2	2,042	1,958
Non-current assets		44,669	45,149
Inventories and work-in-progress	Note 5.3	1,550	1,497
Operating receivables	Note 5.3	14,363	14,038
Current operating financial assets	Note 5.4	206	135
Other current financial assets	Note 8.1.2	2,223	2,371
Current derivative instruments - Assets	Note 8.3	209	166
Cash and cash equivalents	Note 8.1.3	8,696	9,601
Assets classified as held for sale	Note 3.3	650	-
Current assets		27,897	27,809
TOTAL ASSETS		72,566	72,959

(€ million)	Notes	As of December 31, 2023	As of December 31, 2024
Share capital	Note 9.2.1	3,627	3,703
Additional paid-in capital		9,631	9,902
Deeply-subordinated perpetual securities	Note 9.4	3,630	3,337
Reserves and retained earnings attributable to owners of the Company	Note 9.2	-4,577	-4,027
Total equity attributable to owners of the Company	Note 9.2	12,311	12,915
Total equity attributable to non-controlling interests	Note 9.3	2,391	2,391
Equity		14,702	15,306
Non-current provisions	Note 10	2,807	2,749
Non-current financial liabilities	Note 8.1.1	18,777	18,281
Non-current IFRS 16 lease debt	Note 8.1.1	1,533	1,523
Non-current derivative instruments - Liabilities	Note 8.3	493	365
Concession liabilities – non-current	Note 5.5	1,665	1,459
Deferred tax liabilities	Note 11.2	2,575	2,606
Non-current liabilities		27,850	26,983
Operating payables	Note 5.3	19,808	19,540
Concession liabilities - current	Note 5.5	347	303
Current provisions	Note 10	1,005	1,066
Current financial liabilities	Note 8.1.1	7,195	8,819
Current IFRS 16 lease debt	Note 8.1.1	467	462
Current derivative instruments - Liabilities	Note 8.3	253	282
Bank overdrafts and other cash position items	Note 8.1.3	379	197
Liabilities directly associated with assets classified as held for sale	Note 3.3	560	-
Current liabilities		30,014	30,670
TOTAL EQUITY AND LIABILITIES		72,566	72,959

Cash Flows Statement:

(€ million)	Notes	As of December 31, 2023	As of December 31, 2024
Net income (loss) for the period		1,334	1,445
Net income (loss) from continuing operations		1,358	1,547
Net income (loss) from discontinued operations		-24	-103
Operating depreciation, amortization, provisions and impairment losses		3,044	3,071
Financial amortization and impairment losses		77	-75
Gains (losses) on disposal of operating assets		-83	-36
Gains (losses) on disposal of financial assets		-72	-64
Share of net income (loss) of joint ventures	Note 5.2.4	-60	-71
Share of net income (loss) of associates	Note 5.2.4	-63	-61
Dividends received	Note 8.4.2	-3	-3
Cost of net financial debt	Note 8.4.1	539	590
Income tax expense	Note 11	511	566
Other items		334	353
Operating cash flow before changes in working capital		5,582	5,818
Change in operating working capital requirements		195	75
Change in working capital requirements of concessions		-113	-270
Income taxes paid		-637	-579
Net cash from operating activities of continuing operations		5,027	5,044
Net cash from operating activities of discontinued operations		-22	-6
Net cash from operating activities		5,005	5,038
Industrial investments, net of grants		-3,140	-2,965
Proceeds on disposal of industrial assets		318	212
Purchases of investments	Note 3.2	-223	-482
Proceeds on disposal of financial assets	Note 3.2	658	949
Operating financial assets			
New operating financial assets	Note 5.4	-254	-225
Principal payments on operating financial assets	Note 5.4	233	227
Dividends received (including dividends received from joint ventures and associates)		161	123
New non-current loans granted		-103	-132
Principal payments on non-current loans		24	133
Net decrease/increase in current loans		206	47
Net cash used in investing activities of continuing operations		-2,120	-2,115
Net cash used in investing activities of discontinued operations		-4	-
Net cash used in investing activities		-2,124	-2,115

Liquidity and Credit risk: Current ratio is 0.91 at the end of 2024. This is in the company usual range and not so far from 1. Risk estimate: Low.

The firm is also rated by S&P and Moody's :

	Short Term	Long Term	Outlook
Moody's	P-2	Baa1	Stable
Standard and Poor's	A-2	BBB	Stable

VEOLIA ENVIRONNEMENT SA : INVESTMENT CASE

Valuation:

DCF Model:

Current	EUR
Currency	EUR
Mkt Cap	21340
Shares (m)	741
Minorities (non-controlling interest)	2391
Pension underfunding	0
Financial assets	2500
Mid Term Growth	3.50%
Perpetual CAGR	1.5%

EUR million	1	2	3	4	5	6	7	8	9	10	11
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Terminal Value
Water	18 574	19 131	19 896	20 692	21 417	22 123	22 809	23 471	24 057	24 418	
	3%	3.0%	4.0%	4.0%	3.5%	3.3%	3.1%	2.9%	2.5%	1.5%	
Water EBITDA	3529	3444	3581	3725	3641	3540	3649	3755	3849	3907	
Water EBITDA margin	19%	18%	18%	18%	17%	16%	16%	16%	16%	16%	
Waste	16132	16535	17031	17542	18068	18583	19085	19572	20012	20312	
	3%	2.5%	3.0%	3.0%	3.0%	2.9%	2.7%	2.6%	2.3%	1.5%	
Waste EBITDA	2097	2315	2555	2631	2530	2416	2481	2544	2602	2641	
Waste EBITDA margin	13%	14%	15%	15%	14%	13%	13%	13%	13%	13%	
Energy	11327	11553	11900	12317	12686	13048	13400	13742	14051	14262	
	3%	2.0%	3.0%	3.5%	3.0%	2.9%	2.7%	2.6%	2.3%	1.5%	
Energy EBITDA	1359	1386	1428	1601	1649	1566	1608	1649	1686	1711	
Energy EBITDA margin	12.0%	12%	12%	13%	13%	12%	12%	12%	12%	12%	
(Sales)	46033	47220	48828	50551	52171	53754	55294	56784	58120	58992	59877
YOY Change		2.6%	3.4%	3.5%	3.2%	3.0%	2.9%	2.7%	2.4%	1.5%	1.5%
EBITDA	6985	7145	7564	7957	7820	7521	7739	7949	8137	8259	
EBITDA margin	15.2%	15.1%	15.5%	15.7%	15.0%	14.0%	14.0%	14.0%	14.0%	14.0%	
EBIT	3901	3981	4146	4419	3907	3490	3591	3690	3778	3834	
EBIT margin	8.47%	8.43%	8.49%	8.74%	7.49%	6.49%	6.50%	6.50%	6.50%	6.50%	
Tax on EBIT	-897	-916	-954	-1016	-899	-803	-826	-849	-869	-882	
Underlying tax rate	23%	23%	23%	23%	23%	23%	23%	23%	23%	23%	

NOPAT	3004	3066	3193	3402	3008	2687	2765	2841	2909	2953	
D&A Depreciation and Amortization	3084	3164	3418	3539	3913	4032	4147	4259	4359	4424	
Depr %/ sales	6.7%	6.7%	7.0%	7.0%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	
Gross CF	6088	6229	6610	6941	6921	6719	6912	7100	7268	7377	
Change in NWC	100	80	49	51	52	54	55	57	58	59	
Change in NWC % Sales	0.2%	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	
Capex	3900	4014	4150	4044	4174	4300	4147	4259	4359	4424	
Capex %/Sales	8.5%	8.5%	8.5%	8.0%	8.0%	8.0%	7.5%	7.5%	7.5%	7.5%	
FCF	2288	2296	2509	2947	2800	2472	2821	2898	2967	3012	3057
WACC	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%
discounted FCF	2148	2024	2077	2291	2043	1694	1815	1751	1683	1604	
Cum discounted FCF	2148	4172	6249	8540	10584	12278	14093	15844	17527	19132	31039

Sum discounted FCF 2024-33E	38%	19132									
Terminal Value	62%	31039									
Total discounted FCF (EV)		50171									
Less net financial debt		19000									
Less minorities		2391									
Plus financial assets		2500									
Fair Value		31280									
Less pension underfunding		0									
Less contingent liabilities (provisions)		3812									
Discount		0%									
Fair value (incl. Discount factors)		27468									
Shares		741									
Fair value per share	EUR	37.1									

Sensitivity Analysis Fair Value per Share						
WACC	Perpetual CAGR					
	1.00%	1.50%	2.00%	2.50%	3.00%	3.50%
5.00%	57.8	67.1	79.6	97.0	123.2	166.9
5.50%	47.6	54.6	63.5	75.5	92.2	117.3
6.00%	39.5	44.8	51.5	60.1	71.5	87.6
6.50%	32.9	37.1	42.2	48.6	56.8	67.8
7.00%	27.4	30.7	34.7	39.6	45.8	53.7
7.50%	22.7	25.5	28.7	32.5	37.2	43.1
8.00%	18.8	21.0	23.6	26.7	30.4	34.9

VEOLIA ENVIRONNEMENT SA : INVESTMENT CASE

Current Price	32.2					
UPSIDE	1.00%	1.50%	2.00%	2.50%	3.00%	3.50%
5.00%	79%	108%	147%	201%	283%	418%
5.50%	48%	70%	97%	134%	186%	264%
6.00%	23%	39%	60%	87%	122%	172%
6.50%	2%	15%	31%	51%	76%	110%
7.00%	-15%	-5%	8%	23%	42%	67%
7.50%	-29%	-21%	-11%	1%	16%	34%
8.00%	-42%	-35%	-27%	-17%	-6%	8%

The main assumptions made by this model are:

- Smooth mid-term (2025-2028) growth around 3.5%
- A terminal growth of 1.5%
- EBITDA margin around 15% mid-term
- Use a 6.5% WACC
- Don't consider energies prices fluctuations
- The management is expected to reach the Green-Up's targets
- Still positive growth of the economy in 2025

The results:

- Fair value per share estimated at €37
- Potential upside of 15% (relative to a price per share of €32)

However, Veolia generally tends to be traded at a 10% discount to its intrinsic value. Applying this additional 10% discount leads to a **price target of €33.4** per share.

Peers Analysis:

Company	Currency	FX	Market Cap (M)	EV (M)	Shares Out (M)	Sales (M)	EBITDA (M)	P/E Actual	P/E Forward	EV /Sales	EV /EBITDA	Total Debt (M)	Debt /EBITDA	Gross Margin %	EBITDA Margin %
Veolia Environnement	EUR	1	23052	42947.8	730.4	44692	6020	20.49x	15.17x	0.96x	7.13x	19965	3.32x	17.40%	13.50%
ENGIE	EUR	1	45918.5	83873.3	2430.2	73812	16145	10.56x	7.92x	1.14x	5.20x	52007	3.22x	33.00%	21.90%
Schneider Electric	EUR	1	122117.6	132424.7	560.6	38153	8061	27.61x	23.20x	3.47x	16.43x	14831	1.84x	42.60%	21.10%
Fomento de Construcciones y Contratas	EUR	1	4809.4	9323	454.8	9071.4	1494.3	16.02x	12.59x	1.03x	6.24x	4932.5	3.30x	59.60%	16.50%
China Everbright Environment Group	EUR	1	2390.5	97458	6143	32090.2	12802.4	6.39x	N/A	3.04x	7.61x	94624.1	7.39x	43.00%	39.90%
E.ON	EUR	1	39627.4	77625.5	2613.1	80119	13830	8.68x	13.78x	0.97x	5.61x	N/A	N/A	28.30%	17.30%
Waste Management	USD	0.8796	80796.9	102328.2	402.3	19406.6	5561.7	33.57x	28.29x	5.27x	18.40x	21022.4	3.78x	39.30%	28.70%
Republic Services	USD	0.8796	66841.4	78777.7	312	14101.7	4182.5	36.79x	35.77x	5.59x	18.84x	11397	2.72x	41.70%	29.70%
Clean Harbors	USD	0.8796	10107.4	12184.3	54.2	5180.8	957.7	28.56x	25.53x	2.35x	12.72x	2674.7	2.79x	31.00%	18.50%
Derichebourg	EUR	1	931.2	1649	159	3616	336.3	12.46x	5.91x	0.46x	4.90x	905.9	2.69x	32.50%	9.30%
American Water Works	USD	0.8796	25050.5	36963.9	195	4120	2348.5	26.76x	25.26x	8.97x	15.74x	12411.2	5.28x	60.30%	57.00%
Sabesp	BRL	0.1544	12175.7	15244.4	683.5	5580.5	2796.4	8.23x	16.92x	2.73x	5.45x	3899.6	1.39x	54.10%	50.10%
Waste Connections	USD	0.8796	44711.3	51762.7	258.4	7845.7	1982.2	80.03x	35.88x	6.60x	26.11x	7382.8	3.72x	41.80%	25.30%
Sembcorp Industries	SGD	0.6685	7672.8	13505	1779.4	4290	1383.2	11.52x	11.32x	3.15x	9.76x	6284.3	4.54x	23.50%	32.20%
Xylem	USD	0.8796	24851.2	26194.2	243.3	7531.1	1489.2	31.81x	24.44x	3.48x	17.59x	1869.1	1.26x	37.50%	19.80%
Essential Utilities	USD	0.8796	9783.7	16537.6	275.5	1834.9	1095.5	18.49x	18.84x	9.01x	15.10x	6795.1	6.20x	58.60%	59.70%
MEDIAN								18.49x	19.19x	3.15x	12.72x		3.31x	41.70%	25.30%
MEAN								23.31x	20.02x	3.91x	12.16x		3.73x	41.30%	30.60%

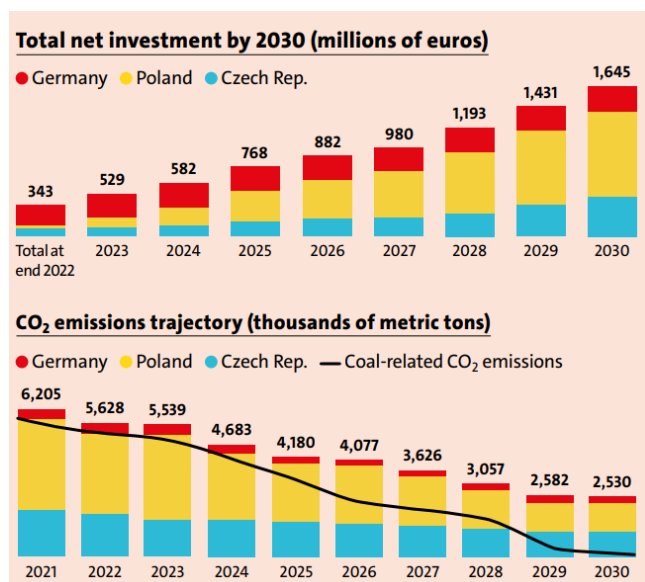
Figure 7: Veolia's Peers analysis

Sum-of-the-parts analysis:

Have one, but I am not satisfied with it. The model will be improved and published in a future update. If you want to talk about it, do not hesitate to get in touch via email/LinkedIn.

ESG :Veolia's coal-related activities:

Veolia has historically been involved in coal-based energy production. Veolia's activities using coal accounted for 2.9% of its revenue and 31% of direct emissions from the Group's operationally controlled activities in 2017. However, they are now focusing on converting these assets to less carbon-intensive and more sustainable energy sources. Veolia has committed



to phasing out coal in Europe by 2030. They have allocated €1.6 billion for this transition between 2018 and 2030. This will allow a 3.65 Mt CO₂ eq. reduction in the Group's carbon balance by replacing the coal with a lower-carbon mix using gas, biomass, and heat pumps.

This is part of the Net Zero Ambition plan, according to which Veolia aims to achieve carbon neutrality by 2050. This includes a 50% reduction in Scope 1 and 2 emissions by 2032 and increasing erased emissions for their clients by 50% by 2030.

However, in China, decarbonizing heat networks is a genuine challenge, due to China's dependency on coal. For the time being, this network cannot rely on any fuel other than coal, given coal's importance in China's energy strategy and in the country's energy mix. Despite these obstacles, Veolia explained they have already improved the network's carbon intensity, reducing it by 30% between 2012 and 2024, according to the group. The Group is also implementing an emissions reduction program for the site in Harbin, where Veolia operates its largest heat network in China, with the aim of reducing its CO₂ emissions by 35% by 2032. The Group is using several levers: partial fuel substitution, alternative heat sources (cogeneration), and in-situ heat recovery solutions.

ESG Score:

This ESG analysis relies on the S&P Global ESG Score. It measures a company's performance and management of material ESG risks, opportunities, and impacts informed by a combination of company disclosures, media and stakeholder analysis, modelling approaches, and in-depth company engagement via the S&P Global Corporate Sustainability Assessment (CSA).

S&P Global ESG Score

Score Composition

79

Data Availability: ■ Very High

Methodology Year: 2024

Last Updated: December 18, 2024.

Updated annually or in response to major developments

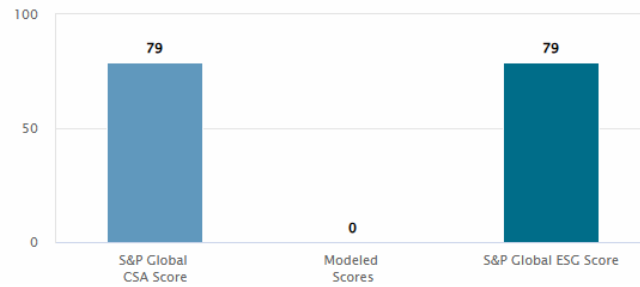


Figure 8: S&P Global ESG score composition

Score Breakdown

■ Veolia Environnement SA ■ Industry Max ■ Industry Mean

Environmental



Social



Governance & Economic



Figure 9 : S&P Global ESG score breakdown

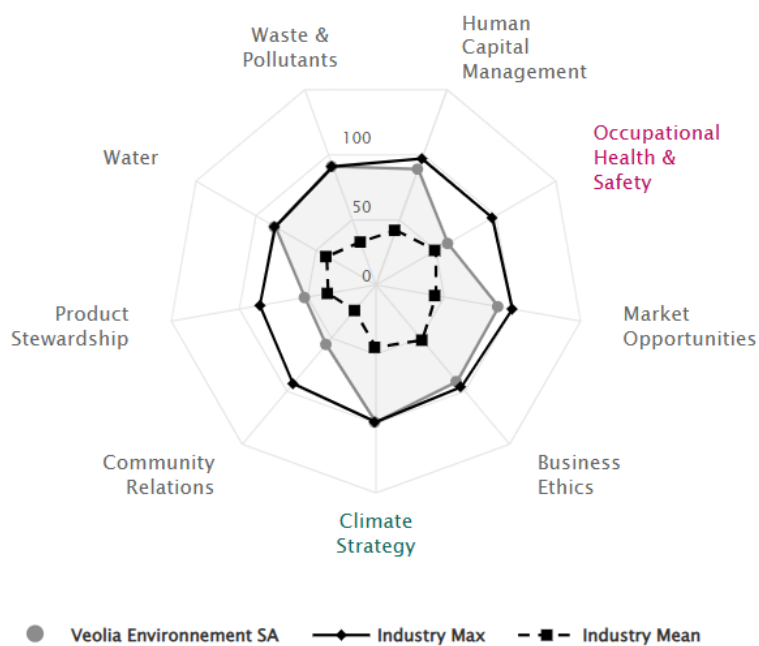


Figure 10 : Company vs Industry Performance by S&P Global

To learn more about the Veolia's S&P Global ESG score and methodology, please visit the S&P Global's [Veolia Environnement SA ESG Score webpage](#).

Two others interesting metrics:

- Moody's ESG Score: 73/100
- Carbon intensity: Veolia has emitted 724 tCO₂/M€ of revenue in 2023.

Based on ESG standards, Veolia is currently a leading group in its industry, being rated as a first decile company. Beyond grades, carbon emissions statistics and despite its use of coal, the group is also deeply involved in climate change mitigation and adaptation activities, such as helping clients to reduce their carbon emissions.

Conclusion:

Veolia is a leading water, waste and energy company globally. Despite its less hype and rock-and-roll activities than other sectors (think AI), its services remain indispensable to communities and industries while acting in the direction of megatrends such as the fight against and adaptation to climate change and the development of infrastructures in emerging countries.

These activities, which are resilient to the challenges of the future and the different economic cycles, in addition to a high sensitivity to falling interest rates, make Veolia an excellent choice to join the defensive pillar of a portfolio invested in equities.

However, Veolia is currently at a high point in its price cycle. It seems more appropriate to take profits than to take a position. Personally, I'm taking profits and waiting impatiently for the share price to fall as much as possible before buying this company of which I am fond of. **Reduce.**

Sources:

Veolia

Trading View

Yahoo Finance

Morningstar

FactSet

Veolia in brief : its businesses in water, waste and energy :

<https://www.veolia.com/en/veolia-group/veolia-in-brief>

Coal strategy of Veolia :

<climate-report-veolia-2024.pdf>

Net Zero Strategy :

<Decarbonization: the SBTi has praised Veolia's net-zero ambition>

Source European District Heating Market : <https://www.fortunebusinessinsights.com/europe-district-heating-market-107608>

Deep Dive: Veolia in the U.S.

https://www.veolia.com/sites/g/files/dvc4206/files/document/2024/04/Deep_Dive_VEOLIA_in_the_US_Presentation-ENG.pdf

McKinsey about the CHIPS Act : <https://www.mckinsey.com/industries/public-sector/our-insights/the-chips-and-science-act-heres-whats-in-it>

IRA & Gigafactories : https://www.energypolicy.columbia.edu/wp-content/uploads/2023/09/US-IRA-Commentary_CGEP_103023.pdf

Call Veolia's Deep Dive: New Solutions for Water :

<https://www.veolia.com/en/water-technologies-and-new-solutions>

Deep Dive Water technologies presentation :

<https://www.veolia.com/sites/g/files/dvc4206/files/document/2024/10/deep-dive-new-solutions-for-water-oct24.pdf>

H1 2024 Results – Veolia:

<Veolia presents its 2024 half-year results>

Veolia 2023 non-financial ratings :

<https://www.veolia.com/en/veolia-group/csr-corporate-social-responsibility/non-financial-rating>

S&P Global CSA Score:

<https://www.spglobal.com/esg/scores/results?cid=4157432>

Veolia's credit ratings:

<https://www.veolia.com/en/veolia-group/finance/analysts-and-investors/debt-and-ratings>

Appendix :

Geographical breakdown of revenue:

In application of IFRS 8.33, revenue by geography is as follows:

(€ millions)	2023	% of 2023 revenue	2024	% of 2024 revenue
Revenue	45,351	100.0%	44,692	100.0%
France	9,232	20.4%	8,801	19.7%
United States	4,749	10.5%	4,851	10.9%
Poland	3,145	6.9%	3,036	6.8%
United Kingdom	2,823	6.2%	3,025	6.8%
Germany	2,911	6.4%	3,025	6.8%
Spain	2,626	5.8%	2,837	6.3%
Australia	1,974	4.4%	2,115	4.7%
Czech Republic	2,286	5.0%	2,098	4.7%
Morocco	1,397	3.1%	1,266	2.8%
Italy	1,169	2.6%	1,142	2.6%
Belgium	1,145	2.5%	1,084	2.4%
China	1,107	2.4%	981	2.2%
Hungary	1,379	3.0%	816	1.8%
Chile	862	1.9%	800	1.8%
Hong Kong	557	1.2%	608	1.4%
Japan	562	1.2%	571	1.3%
Slovakia	702	1.5%	515	1.2%
Other amounts < €500 million in 2024	6,726	14.8%	7,120	15.9%

H1 2024 Income Statement:

(€ million)	Notes	Half year ended June 30, 2023	Half year ended June 30, 2024
Revenue	Note 5.1	22,755	22,141
Cost of sales	Note 5.2	-19,094	-18,340
Selling costs	Note 5.2	-489	-489
General and administrative expenses	Note 5.2	-1,645	-1,715
Other operating revenue and expenses	Note 5.2	-128	-87
Operating income before share of net income (loss) of equity-accounted entities	Note 5.2	1,400	1,509
Share of net income (loss) of equity-accounted entities		53	49
o/w share of net income (loss) of joint ventures	Note 5.2.1	20	24
o/w share of net income (loss) of associates	Note 5.2.1	33	25
Operating income after share of net income (loss) of equity-accounted entities		1,453	1,558
Cost of net financial debt	Note 7.3.1	-273	-295
Other financial income and expenses	Note 7.3.2	-135	-118
Pre-tax net income (loss)		1,045	1,145
Income tax expense	Note 10.1	-296	-284
Net income (loss) from continuing operations		749	861
Net income (loss) from discontinued operations	Note 3.2.1	-7	-4
Net income (loss) for the period		742	857
Attributable to owners of the Company		523	651
Attributable to non-controlling interests	Note 8.2	219	206
NET INCOME (LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY PER SHARE (in euros)	Note 8.5		
Basic		0.74	0.91
Diluted		0.72	0.88
NET INCOME (LOSS) FROM CONTINUING OPERATIONS ATTRIBUTABLE TO OWNERS OF THE COMPANY PER SHARE (in euros)	Note 8.5		
Basic		0.75	0.92
Diluted		0.73	0.88
NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS ATTRIBUTABLE TO OWNERS OF THE COMPANY PER SHARE (in euros)	Note 8.5		
Basic		-0.01	-0.01
Diluted		-0.01	-0.01

H1 2024 Balance Sheet :

(€ million)	Notes	As of December 31, 2023	As of June 30, 2024
Goodwill	Note 6.1	11,556	11,638
Concession intangible assets	Note 6.2.1	5,589	5,241
Other intangible assets	Note 6.2.2	2,911	2,923
Property, plant and equipment	Note 6.3	17,134	17,160
Rights of use (net)	Note 6.4	1,853	1,804
Investments in joint ventures	Note 5.2.1	1,110	990
Investments in associates	Note 5.2.1	603	606
Non-consolidated investments		92	94
Non-current operating financial assets	Note 5.4	1,187	1,209
Non-current derivative instruments - Assets	Note 7.2	50	72
Other non-current financial assets	Note 7.1.3	542	623
Deferred tax assets	Note 10.1	2,042	1,949
Non-current assets		44,669	44,309
Inventories and work-in-progress	Note 5.3	1,550	1,537
Operating receivables	Note 5.3	14,363	14,135
Current operating financial assets	Note 5.4	206	155
Other current financial assets	Note 7.1.3	2,223	2,349
Current derivative instruments - Assets	Note 7.2	209	114
Cash and cash equivalents	Note 7.1.4	8,696	7,527
Assets classified as held for sale	Note 3.2	650	1,321
Current assets		27,897	27,137
TOTAL ASSETS		72,566	71,447

(€ million)	Notes	As of December 31, 2023	As of June 30, 2024
Share capital	Note 8.1.1	3,627	3,631
Additional paid-in capital		9,631	9,628
Deeply-subordinated perpetual securities		3,630	3,364
Reserves and retained earnings attributable to owners of the Company	Note 8.1	-4,577	-4,592
Total equity attributable to owners of the Company	Note 8.1	12,311	12,030
Total equity attributable to non-controlling interests	Note 8.2	2,391	2,388
Equity		14,702	14,418
Non-current provisions	Note 9	2,807	2,736
Non-current financial liabilities	Note 7.1.1	18,777	17,790
Non-current IFRS 16 lease debt	Note 7.1.2	1,533	1,496
Non-current derivative instruments - Liabilities	Note 7.2	493	526
Concession liabilities – non-current	Note 5.5	1,665	1,556
Deferred tax liabilities	Note 10.1	2,575	2,507
Non-current liabilities		27,850	26,611
Operating payables	Note 5.3	19,808	18,359
Concession liabilities - current	Note 5.5	347	323
Current provisions	Note 9	1,005	953
Current financial liabilities	Note 7.1.1	7,195	9,168
Current IFRS 16 lease debt	Note 7.1.2	467	453
Current derivative instruments - Liabilities	Note 7.2	253	179
Bank overdrafts and other cash position items	Note 7.1.4	379	285
Liabilities directly associated with assets classified as held for sale	Note 3.2	560	699
Current liabilities		30,014	30,419
TOTAL EQUITY AND LIABILITIES		72,566	71,447

H1 2024 Cash Flows Statement:

(€ million)	Notes	As of June 30, 2023	As of June 30, 2024
Net income (loss) for the period		742	857
Net income (loss) from continuing operations		749	861
Net income (loss) from discontinued operations		-7	-4
Operating depreciation, amortization, provisions and impairment losses		1,427	1,435
Financial amortization and impairment losses		43	-19
Gains (losses) on disposal of operating assets		-29	-31
Gains (losses) on disposal of financial assets		-3	-61
Share of net income (loss) of joint ventures	Note 5.2.1	-20	-24
Share of net income (loss) of associates	Note 5.2.1	-33	-25
Dividends received	Note 7.3.2	-1	-3
Cost of net financial debt	Note 7.3.1	273	295
Income tax expense	Note 10	296	284
Other items		180	187
Operating cash flow before changes in working capital	Note 4	2,882	2,901
Change in operating working capital requirements		-821	-998
Change in working capital requirements of concessions		-96	-120
Income taxes paid		-362	-286
Net cash from operating activities of continuing operations		1,603	1,496
Net cash from operating activities of discontinued operations		-8	-5
Net cash from operating activities		1,595	1,492
Industrial investments, net of grants		-1,340	-1,320
Proceeds on disposal of industrial assets		124	103
Purchases of investments	Note 3.1	-14	-328
Proceeds on disposal of financial assets	Note 3.1	470	259
Operating financial assets			
New operating financial assets	Note 5.4	-127	-123
Principal payments on operating financial assets	Note 5.4	104	89
Dividends received (including dividends received from joint ventures and associates)		115	77
New non-current loans granted		-37	-121
Principal payments on non-current loans		48	31
Net decrease/increase in current loans		14	-30
Net cash used in investing activities of continuing operations		-642	-1,362
Net cash used in investing activities of discontinued operations		-4	-
Net cash used in investing activities		-646	-1,362

Litigation and arbitration:

The main contingent assets and liabilities associated with legal, administrative or arbitration proceedings are as follows:

- Veolia North America LLC is involved in civil actions in the United States District Court for the Eastern District of Michigan in connection with a lead pollution case in the city of Flint. The city had wanted to change its water supply system. Veolia was neither the distributor nor the main engineering firm in charge of the operation and was only involved in carrying out a study on the residual effects of the chlorination process on the colour, taste and odour of the water. A settlement agreement provides for payment of 26.5 million dollars to the plaintiffs.
- Between 2000 and 2003, the Group's Lithuanian subsidiaries, UAB Vilniaus Energija ('UVE') and UAB Litesko ('Litesko') signed several contracts with Lithuanian municipalities, the largest of which was with the city of Vilnius. Since 2009, the government has accused the Group of being responsible for high heat tariffs and has

conducted a campaign of harassment against it. Various measures have been taken by the public authorities against the Group's Lithuanian subsidiaries, including a €19 million fine and contract cancellations. Veolia Group companies are currently seeking compensation of around €76 million, while Lithuania is seeking compensation of more than €150 million.

- In 2007, Veolia Environmental Services made very significant investments in Italy through long-term concession contracts for the construction and management of waste recovery and electricity production centres. As a result of serious breaches by the Italian authorities, some of its Italian subsidiaries went bankrupt, causing the loss of Veolia Propreté's investment. Veolia Propreté is seeking compensation of around €400 million excluding interest.
- In 2012, Veolia had a contract with K + S Potash (KSP) for the design, supply and commissioning of industrial equipment (the 'tanks') for a potash mine. In 2017, one of the tanks collapsed and expert reports and counter-assessments pointed to two defects that could potentially have caused the incident, one of which was Veolia's responsibility, the other KSP's. Veolia is claiming US\$19 million and KSP has sued Veolia for C\$180 million (approximately €119 million) for consequential damages and additional repair costs related to the Incident, and for a minimum of C\$466 million (approximately €318 million) or reimbursement of sums already paid by KSP to other subcontractors.
- Veolia Water Technologies ('VWT') signed a contract (US\$255.8 million) with Antero Resources Corporation ('Antero') for the design and construction ('DBA') of a treatment plant for water resulting from the Clearwater plant's shale gas drilling, production and development activity in West Virginia. Antero has terminated the DBA. VWT considers that this termination occurred without valid reason and without respecting the contractual notice period. VWT claimed \$118 million from Antero and Antero counterclaimed, resulting in VWT being ordered to pay \$215 million and pre-judgment interests of USD \$65 million. VWT has appealed. On December 19, 2024, the Court of Appeals upheld the judgment. VWT strongly disputes the Court of Appeals' decision affirming the judgment and will seek further review in the Supreme Court of Colorado.

In the worst-case scenario, Veolia would owe around €900 million, and in the best-case scenario could recover around €600 million. In reality, the sums actually due to be paid or collected should be much lower, with no major impact on the share price. All the more so as these sums were set aside as provisions for contingent liabilities.

Charts & Valuation:



To go further:

A reminder about the Veolia's OPA on Suez, in 2020 :

<https://www.20minutes.fr/economie/2972211-20210208-offensive-veolia-contre-suez-tout-comprendre-bataille-boursiere>

China Everbright Environment FY23 Results :

https://doc.irasia.com/listco/hk/cebenvironment/interim/ir302634-ew_00257ir_26082024.pdf

FCC financial report:

https://www.fcc.es/documents/13935105/48747511/annual_report_2023.pdf

Essential Utilities Reports Financial Results FY23:

<https://www.essential.co/news-releases/news-release-details/essential-utilities-reports-financial-results-full-year-2023-and>

Sembcorp Annual Report 2023:

<https://media.sembcorp.com/data/cms/ar/ar2023/index.html>

[Veolia's Deep Dive: New Solutions for Water](#)

<https://eu-webapp.spotme.com/75bef061be7e4fd6cec8dbb8ec8173dc/agenda>