

PARIS €19.49
(-0.71%)

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This all-cash proposal at a price of €15.50 per share represents a 50% premium on the Suez share price on July 30, the day before Engie's announcement.



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30 AUG. 2020

Veolia (VIE) announced today that it has made a firm offer to Engie for the acquisition of 29.9% of the Suez shares it holds. This offer follows Engie's announcement on July 31, 2020 of the launch of a strategic review including its stake in Suez. This offer at a price of €15.50 per Suez share, which can be implemented

immediately, is valid until September 30, 2020. The proposed price of Euro 15.50 per share represents a premium of 50% over the closing price of Suez on July 30, unaffected by the announcement of Engie's intentions.

This offer, unanimously approved by Veolia's Board, would be paid in cash. If it is accepted by Engie, Veolia intends, following the acquisition of the 29.9% of Suez shares, to file a voluntary tender offer for the remaining Suez shares. The filing of this voluntary tender offer will be completed as soon as the necessary regulatory authorizations, in particular with respect to competition, have been obtained within 12 to 18 months. Veolia reserves the right to file the public offer at any time before obtaining these authorizations. In accordance with stock exchange regulations, the characteristics of the public offer and in particular its price will be determined at the time of its filing. The price will take into account the price paid to Engie for its 29.9% block of shares, which is an important reference, and, as the case may be, any subsequent significant events affecting Suez. Veolia's proposal to Engie includes a commitment by Engie to contribute its remaining 1.8% stake in Suez to the public offer.

The entire transaction would be accretive from the first year. Group debt would remain under control, enabling Veolia to maintain its Investment Grade profile.

Antoine Frérot, Chairman and CEO of Veolia said: "The environmental urgency is stronger than ever, given the state of natural resources and climate change. The growing pressure of public opinion, the European Green Deal and the stimulus packages that are being announced in many countries make ecological ambition a necessity. This project will enable us to complement the solutions we provide to public and private actors in order to give them the means to sustainably reduce their

environmental impact. This historic opportunity will enable us to build the French world champion in ecological transformation, while accelerating international development and strengthening the new entity's capacity for innovation. This project is part of a friendly approach, as we share the same businesses, corporate culture and values with Suez.“

Prior to this transaction, Veolia has already identified the limited antitrust issues that such a transaction would entail, and has anticipated remedies. In this context, Veolia has identified an acquirer for Suez's French water activities, Meridiam, a French infrastructure management company, capable of preserving competition and employment. Meridiam has made a formal commitment to this acquisition.

All of Suez's French water activities, as well as the engineering and R&D teams related to this division, would be acquired by this long-term French buyer. Meridiam, a benefit corporation, is a world leader in investment and infrastructure management for public services that would provide Suez Eau France with access to the financial resources it needs to realize its growth potential and industrial ambition.

In addition, the other identified areas of competition would concern certain waste management activities in France and a very few cases outside France.

A strong strategic rationale based on five pillars

By combining the very solid skills of Suez and Veolia, this transaction would be able to significantly accelerate the development of the new entity in the face of growing competition, and would enable the industry in France, Europe and the world to meet the environmental challenges of the 21st century.

- **Broader expertise and an enlarged commercial offer**

The two companies, which share a common nationality, corporate culture and know-how, are also

complementary in water treatment and distribution, waste collection and recovery, particularly hazardous and toxic waste, plastics recycling, soil remediation, air quality and optimization of energy consumption. All these skills, brought together under the same brand name and supported by a team united by the same values, provide a complete range of solutions at a time when public authorities and industrial clients alike are seeking to make their activities cleaner, more efficient and more virtuous.

- **An increased capacity for innovation**

In a particularly fragmented volume market, innovation is fundamental to inventing and developing the technologies that are still missing to fully succeed in the ecological transformation. The combination of talent and research skills would accelerate the development of these forward-looking solutions and enable a better return on the necessary investments.

This enhanced capacity for innovation would also be supported in particular by French small and medium-sized companies working on innovation in the major areas of ecological transformation, through a support fund set up by the new entity.

In addition, the operation would lead to the establishment of a new professional training center, providing all the necessary levels of skills for the new professions that will be created by the ecological transformation, and thus launch a dedicated European school of ecological transformation in France.

- **Strengthened geographical positions**

Both because of the complementary nature of Suez's and Veolia's different geographies, but also by consolidating the key geographies in which the two groups operate, the new group's international footprint would be strengthened, with a significantly increased share of the world's fast-growing regions. Veolia is particularly well established in Central and Eastern Europe and the United Kingdom, while Suez's historical geographies are in Spain and Northern Europe. Outside Europe, where the main growth regions for our businesses are located, the company would double in size in South America and Australia, while significantly strengthening its positions in North America and Asia.

- **A natural combination of forces**

The sale by Engie of its stake in Suez would take place at the ideal time to complete this combination: the reorganizations carried out in recent years by the two groups make them more compatible and complementary than ever. Indeed, their new strategic plans, Shaping 2030 for Suez and Impact 2023 for

Veolia, are convergent and both clearly oriented towards international markets with high growth and innovation potential.

- **A transaction that creates value for all stakeholders**

For employees, this new, more innovative and international entity would offer even more perspectives and opportunities. The transaction would be carried out without any negative impact on employment in France. In addition, all customers, local authorities and industrial clients, would find in this new entity a partner that would enable them to achieve their own ecological transformation objectives much more quickly.

Finally, this transaction would create value for Veolia shareholders from the very first year, thanks in particular to operating and purchasing synergies estimated at 500 million euros, which have been taken into account in the price offered to Engie.

This exciting project would be fully in line with Veolia's corporate purpose, and would ideally position the new entity to meet the main challenge of this century: ecological transformation.

Messier Maris & Associés, and Perella Weinberg Partners are acting as financial advisers to Veolia for this transaction, Cleary Gottlieb Steen & Hamilton LL.P., Professor Xavier Boucobza, Me. Patrice Gassenbach, Peltier Juvigny Marpeau & Associés and Hogan Lovells, Flichy Grangé Avocats as legal advice. Citi and Gide are the financial and legal advisers of the board of directors.

Disclaimer

Veolia Environnement is a corporation listed on the Euronext Paris. This document contains "forward-looking statements" within the meaning of the provisions of the U.S. Private Securities Litigation Reform Act of 1995. Such forward-looking statements are not guarantees of future performance. Actual results may differ materially from the forward-looking statements as a result of a number of risks and uncertainties, many of which are outside the control of Veolia Environnement.

Veolia group is the global leader in optimized resource management. With nearly 178 780 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 41 million megawatt hours of energy and converted 50 million metric tons of waste into new materials and energy. Veolia Environnement (listed on Paris Euronext: VIE) recorded consolidated revenue of €27.19 billion in 2019 (USD 30 billion) . www.veolia.com

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