Press Release

Paris, August 3, 2015

RESULTS FOR THE FIRST HALF ENDING JUNE 30, 2015[1]

CURRENT NET INCOME MORE THAN DOUBLED TO €321 MILLION

2015 OBJECTIVES FULLY CONFIRMED

- **REVENUE UP 7.3%[2] (+3.3%[2] AT CONSTANT FX) TO €12,318 MILLION**
- **EBITDA UP 16.5%[2] (+12.3%[2] AT CONSTANT FX) TO €1,531 MILLION DUE TO CONTINUED COST SAVINGS (€110 MILLION)**
- **CURRENT EBIT GREW 36.7%[2] (+30.4%[2] AT CONSTANT FX) TO €712 MILLION**
- **CURRENT NET INCOME INCREASED 110%[3] TO €321 MILLION**
- **NET FREE CASH FLOW EXCLUDING WORKING CAPITAL SEASONALITY OF €552 MILLION**
- **NET FINANCIAL DEBT DOWN €477 MILLION EXCLUDING CURRENCY EFFECTS VERSUS JUNE END 2014**

ON DECEMBER 14, THE GROUP WILL HOLD AN INVESTOR DAY TO PRESENT ITS 2016-2018 STRATEGIC PLAN.

Antoine Frérot, Veolia Environnement's Chairman and Chief Executive Officer commented: *"During the first half of 2015, Veolia has once again demonstrated its ability to significantly improve results. All of our financial indicators have increased, leading to a significant increase in margins. During the first half of 2015 alone, Veolia achieved 110% growth in current net income, which is equal to that of the entire 2014 fiscal year. As a result, our 2015 objectives are fully confirmed. Our strategy of restoring margins, balance sheet equilibrium and strong free cash flow generation allows us to approach the next stages of our development for the 2016-2018 period with great confidence."*

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[1] Unaudited figures

[2] On a pro forma basis, at constant consolidation scope and exchange rates: revenue declined by 1.3%, EBITDA grew 6.0% and Current EBIT increased 24.6%.

[3] Variation compared to pro forma figures for the half-year ended June 30, 2014.

- **Revenue increased 7.3% (+3.3% at constant exchange rates) to €12,318 million, compared to re-presented 11,482 million for the first half of 2014.**

  On a pro forma basis[4], revenue increased 2.6% (-1.3% at constant consolidated scope and exchange rates) compared to €12,010 million for the first half of 2014.

  The favorable impact of exchange rates contributed €499 million (+4.2% growth) to first half 2015 revenue. Lower energy and recycled raw material prices weighed on revenue in the amount of €114 million (-1% impact on revenue).

  Year-over-year trends in the second quarter in all segments improved compared to the first quarter trend, with the exception of the Global Businesses segment, which was negatively impacted by delays in certain projects.

  - In France, revenue declined 2.6% at constant consolidation scope (but -1.6% in Q2 vs. -3.6% in Q1). Water was penalized by large contract renewals (-€70 million), partially offset by the impact of higher volumes sold (+0.4%) and moderate tariff indexation (+0.4%). The Waste business improved, with 3.8% growth in Q2 versus a decline of 1.4% in Q1, due to contract wins, a 4.0% increase in volumes in Q2 (vs. +1.1% in Q1) and a less unfavorable impact of recycled raw material prices.
  - Europe excluding France revenue was +0.6% (-2.3% at constant consolidation scope and exchange rates), with quasi stable performance in Q2 after a Q1 that declined 3.5%. Germany revenue declined due to the impact of lower energy prices and continued commercial portfolio restructuring in the Waste business. The UK benefited from a favorable revenue mix, with an increase in treated volumes and lower PFI construction revenue (-€52 million) at weak margins. Central and Eastern European revenue increased 1.6% at constant consolidation scope and exchange rates, with higher average prices in Water (+1.9%), and more favorable weather in Q2 in the Energy business.
  - The Rest of the World segment continues to post good growth, up 14.3% (+3.4% at constant consolidation scope and exchange rates), with +4.5% growth in Q2, following +2.4% in Q1 driven by good performance in Asia (China and Japan), and in Latin America, which offset the decline in revenue in the United States associated with lower energy prices.
  - Global Businesses revenue declined 3.3% at constant consolidation scope and exchange rates, with stability in Hazardous Waste (impact of lower oil prices) and a reduction in construction activity.
  - By business and at constant consolidation scope and exchange rates, Water (-1.7%) was stable in Operations activities, but down in engineering and construction due to project delays. Waste revenue declined moderately (-0.8%), with volumes up 0.8%. Energy rebounded in Q2 (+3.7% after -4.4% in Q1 driven by the decline in energy prices).

- **EBITDA increased 10.6% (+6.0% at constant consolidation scope and exchange rates) to €1,531 million compared with re-presented pro forma €1,384 million in the first half of 2014.**
  - Currency movements had a favorable impact on EBITDA growth of 4.6% (+€64 million). Lower recycled raw material prices impacted EBITDA by -€12 million.
  - At constant consolidation scope and exchange rates, EBITDA mainly increased due to the benefit of further cost savings (+€110 million contribution during the first half of 2015), higher

[4] Pro forma figures exclude Dalkia France and include 100% consolidation of Dalkia International as of January 1, 2014.

volumes (net impact of +€11 million) and an overall favorable pricing impact (+€10 million). Contract renegotiations in French Water penalized EBITDA by €50 million.

- By segment: In France in the Water business, cost reductions, along with a slight increase in volumes sold (+0.4%) compensated for the impact of contract renewals at the EBITDA level. In Waste, EBITDA improved 3.6% at constant consolidation scope due to good activity in Q2, as well as cost savings and a slight favorable impact related to fuel. In the Rest of Europe segment, EBITDA grew 9.1% at constant consolidation scope and exchange rates. In the UK, EBITDA benefitted from good treated volumes. In Germany, EBITDA was stable due to good execution of restructuring, while Central and Eastern Europe EBITDA posted strong growth of 11.8% at constant consolidation scope and exchange rates. EBITDA in the Rest of the World segment also grew significantly (+7.5% at constant consolidation scope and exchange rates), with in particular the United States growing 12.7%, Latin America +15.5% given a good start to the Buenos Aires contract, and very good performance in China (+34.6%). EBITDA in the Global Businesses segment was negatively impacted by the decline in oil prices and difficulties in the SADE business relative to a contract in Peru.

- **Current EBIT posted a significant increase of 35.2% (+24.6% at constant consolidation scope and exchange rates) to €712 million versus pro forma €527 million in the first half of 2014.**
  - Current EBIT benefited from a favorable currency effect of €39 million.
  - Excluding currency movements, the significant increase in Current EBIT was driven by the strong growth in EBITDA. Depreciation and amortization expense was stable at €687 million (vs. pro forma €691 million in the first half of 2014). The contribution of the share of current net income of joint ventures and associates increased 12% to €53 million.

- **Current Net Income – Group share more than doubled to €321 million compared with re-presented pro forma €153 million in the first half of 2014**
  - Current net income growth was driven by strong growth in Current EBIT.
  - Net financial costs continued to improve on a pro forma basis (reduction of €10 million, including the impact of €8 million related to unfavorable exchange rate movements).
  - The re-presented tax rate was 30% given an increase in profits in countries with low tax rates (Poland and the Czech Republic).
  - Non-controlling interests increased to €82 million versus pro forma €61 million due to improved results in the Poland Energy business.
  - Current net income, Group share includes capital gains on financial divestitures of €63 million, slightly more than €48 million in the first half of 2014.
  - Net income, Group share amounted to €353 million versus pro forma €127 million in the first half of H1 2014 (+178%), including a +€25 million contribution from Transdev.

- **Net financial debt amounted to €9,223 million at June 30, 2015, compared to €8,936 million at June 30, 2014.**
    - Net financial debt increased due to a cumulative unfavorable foreign currency movement of €764 million since June 30, 2014 (-€492 million since December 31, 2014). Excluding the currency impact, net financial debt would have declined by €477 million.

- **Excluding working capital seasonality, first half net Free Cash Flow was €552 million**
    - Net Free Cash Flow generated during the first half of 2015 improved €93 million to -€76 million compared with pro forma -€169 million in the first half of 2014 due to the strong growth and EBITDA and good capex discipline (€565 million versus pro forma €592 million in the first half of 2014).

- **2015 objectives fully confirmed.**
    - Revenue growth
    - EBITDA and Current EBIT growth
        - Continued strong operational performance
        - Cost savings benefit : continued execution of the €750 million cost savings plan
    - Continued capex discipline
    - The dividend and hybrid coupon payment to be covered by Current Net Income and paid by Free Cash Flow excluding net financial divestments
    - Net financial debt under control

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- **Investor Day now set for December 14, 2015**
    - Veolia will present its strategic plan for 2016-2018 during an Investor Day scheduled for December 14, 2015.

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Definitions of all key financial indicators mentioned can be found at the end of this press release.

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Veolia group is the global leader in optimized resource management. With over 179,000 employees* worldwide, the Group designs and provides water, waste and energy management solutions that 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 2014, the group Veolia supplied 96 million people with drinking water and 60 million people with wastewater service, produced 52 million megawatt hours of energy and converted 31 million metric tons of waste into new materials and energy. Veolia Environnement (listed on Paris Euronext: VIE) recorded consolidated revenue of €24.4 billion* in 2014. www.veolia.com

(*) 2014 pro-forma figures including Dalkia International (100%) and excluding Dalkia France

Important disclaimer

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FINANCIAL INFORMATION FOR THE HALF YEAR ENDED JUNE 30, 2015

In this press release, the Group refers to two comparative scopes related to the unwinding of the Dalkia joint venture. At June 30, 2014, Dalkia France was still fully consolidated and Dalkia International was equity-accounted. Two comparative scopes are presented throughout this document: one referred to as “GAAP”, with Dalkia France fully consolidated and Dalkia International equity-accounted, and the other referred to as “pro forma”, with Dalkia International fully consolidated and excluding Dalkia France.

A] INCOME STATEMENT

1. Revenue

1.1 Revenue by segment

Revenue (€ million)						
	Half-year ended June 30, 2015	Half-year ended June 30, 2014 pro forma	2015/2014 variation	Internal growth	External growth	Foreign exchange impact
France	2,694.6	2,760.2	-2.4%	-2.6%	+0.2%	-
Europe excluding France	4,305.5	4,278.0	+0.6%	-2.3%	+0.1%	+2.8%
Rest of the world	2,956.6	2,587.6	+14.3%	+3.4%	-0.5%	+11.4%
Global Businesses	2,296.2	2,288.0	+0.4%	-3.3%	-	+3.7%
Other	64.7	95.8	-32.5%	-1.6%	-31.1%	+0.2%
Group	**12,317.6**	**12,009.6**	**+2.6%**	**-1.3%**	**-0.3%**	**+4.2%**

The Y-Y trend in the second quarter of 2015 was marked by more favorable momentum, in all segments, with the exception of the Global Businesses segment due to the impact of delayed projects in the VWT business and the impact of the decline in oil prices:

Revenue	**1st quarter**	**2nd quarter**
Pro forma variations	Δ at constant scope & FX	Δ at constant scope & FX
France	-3.6%	-1.6%
Europe, excluding France	-3.5%	-0.7%
Rest of the World	+2.4%	+4.5%
Global business	+2.1%	-7.9%
Group	**-1.4%**	**-1.2%**

❖ France

Revenue in the France segment for the half-year ended June 30, 2015 decreased 2.4% (-2.6% at constant consolidation scope) to €2,694.6 million compared with pro forma figures for the half-year ended June 30, 2014. At constant consolidation scope, second quarter revenue decreased 1.6% vs -3.6% in the first quarter of 2015.

- Revenue in the Water business declined 5.8% at both current and constant consolidation scopes compared with pro forma figures for the half-year ended June 30, 2014. The tariff indexation increases (around +0.4% versus +1.2% last year) combined with the rise in volumes sold (+0.4%) was not sufficient to offset the impacts of contractual erosion and the reduced construction activity due to shrinkage in the public works market.
- Revenue in the Waste business improved by 1.2% at constant consolidation scope (1.7% at current consolidation scope). Waste revenue increased in the second quarter of 2015 (+3.8% compared with a decline of 1.4% in the first quarter of 2015) due to contract wins, a better mix effect and a lower unfavorable impact of recycled raw material prices.

❖ Europe, excluding France

Revenue in the Europe excluding France segment for the half-year ended June 30, 2015 increased 0.6% at current consolidation scope and exchange rates (-2.3% at constant consolidation scope and exchange rates) to €4,305.5 million compared with pro forma figures for the half-year ended June 30, 2014. Revenue was quasi stable in the second quarter of 2015, compared with -3.5% at constant consolidation scope and exchange rates in the first quarter of 2015.

This variation mainly concerns:

- Central European countries, whose revenue increased (1.6% at constant consolidation scope and exchange rates), due to tariff increases in Water (+1.9% on average), particularly in Poland and the Czech Republic, and in the second quarter, more favorable weather, particularly in the Czech Republic and Poland;
- the United Kingdom and Ireland, whose combined revenue declined 2.9% at constant consolidation scope and exchange rates, given the decline in construction revenue from PFI contracts, and despite an increase in landfill volumes.
- Germany, where the decline in revenue (-8.8% at constant consolidation scope and exchange rates) was attributable to:
    - the decline in gas and electricity volumes sold and falling energy prices in the Energy business;
    - the continued restructuring of the commercial portfolio in the Waste business.
- In other European countries, revenue at constant consolidation scope and exchange rates increased, driven by business growth particularly in the Netherlands and Iberia. It benefited from sustained growth in Spain (+12.3% at current and constant consolidation scope and exchange rates) following the signature of several energy efficiency contracts, a solid start to the year in terms of sales for Installation and Services activities and growth in Construction activity.

❖ Rest of the World

Revenue in the Rest of the World segment for the half-year ended June 30, 2015 increased 14.3% (+3.4% at constant consolidation scope and exchange rates) to €2,956.6 million compared with pro forma figures for the half-year ended June 30, 2014. In the second quarter of 2015, revenue increased 4.5% at constant consolidation scope and exchange rates versus 2.4% growth in the first quarter of 2015.

Revenue in the Rest of the World segment reflects solid growth in the following regions:

- in Latin America, (+15.8% at current consolidation scope and exchange rates, +16.4% at constant consolidation scope and exchange rates), in particular, in Argentina (Buenos Aires contract) and Ecuador;

- Revenue in Asia improved in all geographies, with the exception of Korea due to the end of an industrial contract. In China, revenue increased 45.3% at current consolidation scope and exchange rates (+22.3% at constant consolidation scope and exchange rates), primarily due to an increase in landfill volumes and the construction of hazardous waste incinerators in the Waste business, and the increase in steam volumes sold in the Energy business. The industrial Water market in China benefited from new contract wins;

This substantial growth was mitigated by a decline in revenue in the United States by -7.6% at constant consolidation scope and exchange rates (+14.6% at current consolidation scope and exchange rates), primarily due to the lower price of energy sold in the main facilities, partially offset by the rise in volumes sold in the Energy business.

❖ **Global Businesses**

Revenue in the Global Businesses segment for the first half of 2015 remained stable at €2,296.2 million, up 0.4% at current consolidation scope and exchange rates (-3.3% at constant consolidation scope and exchange rates), compared with pro forma figures for the half-year ended June 30, 2014. In the second quarter of 2015, revenue declined 7.9% at constant consolidation scope and exchange rates versus +2.1% in the first quarter of 2015.

This variation was due to:
- project delays in the VWT business. Backlog amounted to €2.4 billion, stable compared to December 31, 2014;
- the negative impact of the decline in oil prices.

1.2 Revenue by business

Revenue (€ million)						
	Half-year ended June 30, 2015	Half-year ended June 30, 2014 pro forma	2015/2014 variation	Internal growth	External growth	Foreign exchange impact
Water	5,462.7	5,382.7	+1.5%	-1.7%	-0.3%	+3.5%
Waste	4,307.7	4,169.4	+3.3%	-0.8%	-1.1%	+5.2%
Energy	2,547.2	2,457.5	+3.7%	-1.2%	+1.1%	+3.8%
Group	**12,317.6**	**12,009.6**	**+2.6%**	**-1.3%**	**-0.3%**	**+4.2%**

The quarterly variation of revenue by business compared to pro forma figures:

Revenue	**1st quarter**	**2nd quarter**
Pro forma variations	Δ at constant scope & FX	Δ at constant scope & FX
Water	-0.1%	-3.3%
Waste	-0.8%	-0.7%
Energy	-4.4%	+3.7%
Group	**-1.4%**	**-1.2%**

- **Water**

Revenue in the Water business increased by 1.5% (-1.7% at constant consolidation scope and exchange rates) compared with pro forma figures for the half-year ended June 30, 2014.

This decline was due to a combination of several factors:

- Stability in the Operations business, marked by contractual erosion in France, which was offset by tariff increases, particularly in certain Central and Eastern European countries; and
- The decline in Construction activity, with delays in industrial projects at VWT, despite an improvement in backlog since April 2015, and good momentum of industrial solutions in Asia and the Middle East.

- **Waste**

Revenue in the Waste business increased 3.3% (down slightly by -0.8% at constant consolidation scope and exchange rates) compared with pro forma figures for the half-year ended June 30, 2014. The first half of 2015 was encouraging and the second quarter continued in the same manner as Q1.

This variation reflects:

- Good resilience in France and the United Kingdom;
- Good landfill volumes and the continued construction of hazardous waste incinerators in China;
- An increase in volumes of +0.8% and higher services prices of +0.4%;
- The decline in PFI construction revenue in the United Kingdom;
- The decline in recycled raw material prices (mainly paper).

- **Energy**

Revenue in the Energy business decreased by -1.2% at constant consolidation scope and exchange rates compared with pro forma figures for the half-year ended June 30, 2014, of which -3.3% related to lower energy prices and are partially offset by 0.7% favorable weather effect. In the second quarter of 2015, revenue increased 3.7% at constant consolidation scope and exchange rates versus -4.4% in the first quarter of 2015.

The second quarter of 2015 recorded a net improvement in revenue due to a more favorable weather impact and commercial development, reduced by the unfavorable impact of the price of energy sold in North America.

2. Other income statement items

As of the second half of 2014, and in connection with the reorganization and takeover of Dalkia International, the Group decided to review and standardize its chargeback policy for centralized corporate costs to subsidiaries in France and outside of France on a retroactive basis as of January 1, 2014. These impacts are neutral across the Group financial indicators presented below. In order to make operational performance comparable, they were neutralized on the comparative period of June 30, 2014 in the analysis by segment of EBITDA and Current EBIT.

2.1 EBITDA

Changes in EBITDA by segment were as follows:

(€ million)	**Half-year ended June 30, 2015**	Half-year ended June 30, 2014 pro forma	Half-year ended June 30, 2014 GAAP	*Pro forma 2015 / 2014 variation*	*Pro forma 2015 / 2014 variation at constant scope & exchange rates*
France	395.5	395.1	401.7	*+0.1%*	*+0.1%*
Europe, excluding France	610.3	543.9	299.5	*+12.2%*	*+9.1%*
Rest of the world	406.1	333.7	312.3	*+21.7%*	*+7.5%*
Global businesses	84.5	92.7	91.4	*-8.8%*	*-12.9%*
Other (*)	34.7	18.9	209.4	-	-
EBITDA	**1,531.1**	**1,384.3**	**1,314.3**	***+10.6%***	***+6.0%***
EBITDA margin	**12.4%**	**11.5%**	**11.4%**		

* The Other segment in the half-year ended June 30, 2014 GAAP scope essentially comprises the activities of Dalkia in France up to the date of unwinding on July 25, 2014.

2.2 Current EBIT

Changes in current EBIT by segment were as follows:

(€ million)	**Half-year ended June 30, 2015**	Half-year ended June 30, 2014 pro forma	Half-year ended June 30, 2014 GAAP	*Pro forma 2015 / 2014 variation*	*Pro forma 2015 / 2014 variation at constant scope & exchange rates*
France	107.0	78.2	77.9	*+36.9%*	*+36.6%*
Europe, excluding France	340.0	236.4	114.3	*+43.8%*	*+31.2%*
Rest of the world	216.1	161.9	151.7	*+33.5%*	*+15.6%*
Global businesses	33.1	43.5	43.3	*-23.9%*	*-29.0%*
Other (*)	15.9	6.6	133.6	-	-
Current EBIT	**712.1**	**526.6**	**520.8**	***+35.2%***	***+24.6%***

* The Other segment in the half-year ended June 30, 2014 GAAP scope essentially comprises the activities of Dalkia in France up to the date of unwinding on July 25, 2014.

The reconciling items between EBITDA and Current EBIT for the half-year ended June 30, 2015 and 2014 are as follows:

(€ million)	**Half-year ended June 30, 2015**	Half-year ended June 30, 2014 pro forma	Half-year ended June 30, 2014 GAAP
EBITDA	**1,531.1**	**1,384.3**	**1,314.3**
Renewal expenses	(141.1)	(124.9)	(180.3)
Repayment of operating financial assets (OFAs)	(82.3)	(70.4)	(88.5)
Net depreciation and amortization	(686.4)	(690.7)	(571.2)
Share of current net income from joint ventures and associates	52.8	47.2	69.1
Provisions, fair value adjustments & other	38.0	(18.9)	(22.6)
Current impairment of property, plant and equipment, intangible assets and operating financial assets	4.0	(41.2)	(37.6)
Gains or losses on industrial divestitures	9.8	1.7	3.7
Net charges to operating provisions, fair value adjustments and other	24.2	20.6	11.3
Current EBIT	**712.1**	**526.6**	**520.8**

Net depreciation and amortization charges declined nearly 4% at constant exchange rates over the period (versus June 30, 2014 pro forma).

The share of current net income from joint ventures and associates was derived from the Chinese entities in the Water and Waste businesses in the amount of €19 million, versus €14 million for the half-year ended June 30, 2014, and UK entities (Water and Waste) in the amount of €9 million (€3 million for the half-year ended June 30, 2014). For the half-year ended June 30, 2014 on a GAAP basis, this line item also included the results of Israel activities sold on March 30, 2015, as well as income from Dalkia International.

The current impairment of property, plant and equipment, intangible assets and operating financial assets in GAAP and pro forma figures for the half-year ended June 30, 2014 was related to Waste activities in process of divestiture in Poland. For the half-year ended June 30, 2015, this line item does not warrant any specific comments.

Gains or losses on industrial divestitures for the half-year ended June 30, 2015 mainly involved transactions carried out by Water France and the sale of a site in Germany.

Net charges to operating provisions for the half-year ended June 30, 2015 included a provision reversal for the “Olivet” contracts in the Water activities in France. For the half-year ended June 30, 2014, they included an exceptional reversal of the pension provision recognized by VE S.A. for senior executives in the amount of €15 million.

2.3 Analysis by segment of EBITDA and Current EBIT

❖ **France**

(€ million)	**Half-year ended June 30, 2015**	Half-year ended June 30, 2014 pro forma	Half-year ended June 30, 2014 GAAP	*Pro forma Variation*	*Pro forma Variation at constant scope & exchange rates*
EBITDA	395.5	395.1	401.7	+0.1%	+0.1%
EBITDA margin	14.7%	14.3%	14.5%		
Current EBIT	107.0	78.2	77.9	+36.9%	+36.6%

EBITDA in the France segment was relatively stable during the period.

EBITDA in the Water business was quasi stable despite the impact of contractual erosion of -€50 million (loss of Nice and Rennes contracts, and renewal of the Lyon contract) due to the favorable impact of cost cutting plans. At the end of June 2015, the voluntary departure plan in French Water was finalized, and is in line with objectives, with 783 departures overall and a reduction in employees by 12% since 2012.

In the Waste business, EBITDA improved in line with revenue growth, the contribution of cost saving plans, the decrease in fuel prices and the favorable impact of a litigation payment, partially offset by the impact of lower landfill volumes.

Current EBIT in France increased strongly due to the stability of EBITDA and depreciation and amortization, and the reversal of provisions for "Olivet" contractual risks following ongoing negotiations and discussions.

❖ **Europe, excluding France**

(€ million)	**Half-year ended June 30, 2015**	Half-year ended June 30, 2014 pro forma	Half-year ended June 30, 2014 GAAP	*Pro forma Variation*	*Pro forma Variation at constant scope & exchange rates*
EBITDA	610.3	543.9	299.5	+12.2%	+9.1%
EBITDA margin	14.2%	12.7%	12.3%		
Current EBIT	340.0	236.4	114.3	+43.8%	+31.2%

The EBITDA of the Europe, excluding France segment increased significantly in most countries, particularly:
- in the United Kingdom, with good volumes in the Waste business;
- and in Central Europe: EBITDA growth was particularly marked in Poland, the Czech Republic, Romania, Lithuania and Hungary. This improvement was attributable to the positive price impacts on purchased energy and the price increases in the Water business, the successful integration of Dalkia's international activities, and the positive contribution from cost savings plans, with more favorable weather conditions in the second quarter.

The Current EBIT of the Europe, excluding France segment improved, in line with EBITDA growth and the positive variation in operating provisions due to the asset write downs recognized in 2014 in Waste activities in Poland (divested January 30, 2015). Net depreciation and amortization remained stable during the period.

❖ **Rest of the world**

(€ million)	**Half-year ended June 30, 2015**	Half-year ended June 30, 2014 pro forma	Half-year ended June 30, 2014 GAAP	*Pro forma Variation*	*Pro forma Variation at constant scope & exchange rates*
EBITDA	406.1	333.7	312.3	+21.7%	+7.5%
EBITDA margin	13.7%	12.9%	12.9%		
Current EBIT	216.1	161.9	151.7	+33.5%	+15.6%

The substantial increase in EBITDA and current EBIT in the Rest of the world segment mainly involved:

- The United States, in line with the benefit of cost cutting plans, the favorable volume impacts on industrial, municipal & commercial contracts, as well as the solid performance of the Energy business;
- Latin America, due to the solid operating performance, particularly in Argentina (Buenos Aires contract win and impact on prices);
- China, which benefited from the ramp-up in Energy activities (favorable impacts on steam volumes sold relating to the development of a larger service area, and favorable coal purchase prices), the development of industrial contracts in the Water business, and the positive contribution from cost savings plans.

❖ **Global Businesses**

(€ million)	**Half-year ended June 30, 2015**	Half-year ended June 30, 2014 pro forma	Half-year ended June 30, 2014 GAAP	*Pro forma Variation*	*Pro forma Variation at constant scope & exchange rates*
EBITDA	84.5	92.7	91.4	-8.8%	-12.9%
EBITDA margin	3.7%	4.1%	4.1%		
Current EBIT	33.1	43.5	43.3	-23.9%	-29.0%

The EBITDA and current EBIT of Global businesses were impacted by the following items:

- In Hazardous Waste, profits were hindered by the fall in oil prices;
- Construction activities (VWT and SADE) were also hindered by the contraction in activity from public markets in France and difficulties at certain international sites (notably in Peru).

2.4 Net finance costs

(€ million)	**Half-year ended June 30, 2015**	Half-year ended June 30, 2014 GAAP re-presented
Net finance costs	**(230.8)**	**(234.8)**
Gains (losses) on disposals of financial assets	65.6	52.9
Costs of financial divestitures	(2.6)	(9.4)
Net gains / losses on loans and receivables	9.6	40.8
Net income (loss) on available-for-sale assets	1.8	2.1
Assets and liabilities at fair value through the consolidated income statement	0.2	(0.1)
Unwinding of the discount on provisions	(22.0)	(23.6)
Foreign exchange gains and losses	4.0	0.1
Other	(9.8)	(3.4)
Other financial income and expenses	**46.8**	**59.6**

Net finance costs totaled €230.8 million for the half-year ended June 30, 2015, versus GAAP €234.8 million and pro forma €240.7 million for the half-year ended June 30, 2014. Net finance costs were down €10 million despite the negative foreign exchange impact of €8 million. The reduction in net finance costs reflects the Group's efforts to manage debt.

For the half-year ended June 30, 2014, on a GAAP basis, other financial income and expenses included €35.6 million in income from loans to Dalkia International, which is now fully consolidated.

For the half-year ended June 30, 2015, disposal gains or losses included the capital gain on the disposal of the Group's Israel activities for €43.6 million.

As a reminder, for the half-year ended June 30, 2014, disposal gains or losses included the capital gain on the sale of Marius Pedersen for €48.9 million.

2.5 Income Tax Expense

The income tax expense for the half-year ended June 30, 2015 amounted to -€124.2 million, compared with -€101.0 million on a GAAP basis for the half-year ended June 30, 2014.

The re-presented tax rate declined from a year ago, and amounted to 30% after adjustment for non-recurring items within net income of entities fully controlled by the Group, the share of income of equity-accounted entities, and the impact of financial divestitures.

In €M	H1 2015
Current income before tax (a)	**528**
Of which share of net income of Joint Ventures & Associates (b)	53
Of which capital gains or losses on financial divestitures (c)	66
Re-presented current income before tax: a-b-c=d	**410**
Tax expense	-124
Adjustment to tax expense	1
Tax expense on current income (e)	**-125**
Of which tax expense on divestitures (f)	-2
Re-presented tax expense: e-f=g	**-123**
Re-presented tax rate on current income: -(g)/(d)	**30.0%**

This decline is due mainly to the increase in pre-tax results of the French tax group, still loss-making from a tax standpoint (with no impact on tax expense taking into account that losses are not recognized within the French tax group) as well as by the full consolidation of international activities in the Energy business in 2015 (impact mainly related to entities based in Central Europe where corporate tax rates are lower than that of the Group as a whole).

2.6 Net income (loss) of other equity-accounted entities

Net income of other equity-accounted entities (Transdev Group) totaled €25.5 million for the half-year ended June 30, 2015, compared with pro forma €4.4 million for the half-year ended June 30, 2014.

2.7 Net income (loss) attributable to non-controlling interests

The net loss attributable to non-controlling interests was €82.0 million for the half-year ended June 30, 2015, compared with €55.8 million for the half-year ended June 30, 2014.

This variation is related to the impact of the unwinding of the Dalkia joint venture in 2014, as well as the improvement in Energy profits in Poland.

2.8 Net income (loss) attributable to owners of the company

Net income attributable to owners of the Company was €352.7 million for the half-year ended June 30, 2015, compared with GAAP €131.1 million for the half-year ended June 30, 2014. Current net income attributable to owners of the Company was €321.2 million for the half-year ended June 30, 2015, compared with GAAP €178.0 million for the half-year ended June 30, 2014.

Given the weighted average number of outstanding shares totaling 548.5 million for the half-year ended June 30, 2015 (basic and diluted) and 536.2 million for the half-year ended June 30, 2014 (basic and diluted), earnings per share attributable to owners of the Company (basic and diluted) amounted to €0.51 for the half-year ended June 30, 2015, compared with GAAP €0.12 for the half-year ended June 30, 2014. Current net income per share attributable to owners of the Company (basic and diluted) was €0.59 for the half-year ended June 30, 2015, compared with GAAP €0.33 for the half-year ended June 30, 2014.

Net income (loss) for the half-year ended June 30, 2015 breaks down as follows:

For the half-year ended June 30, 2015 (€ million)	Current	Non-recurring	Total
EBIT *	712.1	5.3	717.4
Net finance costs	(230.8)	-	(230.8)
Other financial income and expenses	46.8	-	46.8
Pre-tax income	**528.1**	**5.3**	**533.4**
Income tax expense	(124.9)	0.7	(124.2)
Net income (loss) of other equity-accounted entities	-	25.5	25.5
Net income (loss) of discontinued operations	-	-	-
Non-controlling interests	(82.0)	-	(82.0)
Net income (loss) attributable to owners of the company	**321.2**	**31.5**	**352.7**

* Non-recurring EBIT items are presented in the appendix of the press release, in paragraph 2 “Reconciliation of prior and new financial indicators used by the Group”

For the half-year ended June 30, 2014 on a GAAP basis, net income breaks down as follows:

For the half-year ended June 30, 2014 GAAP (€ million)	Current	Non-recurring	Total
EBIT *	520.8	(39.0)	481.8
Net finance costs	(234.8)	-	(234.8)
Other financial income and expenses	59.6	-	59,6
Pre-tax income	**345.6**	**(39.0)**	**306.6**
Income tax expense	(101.4)	0.4	(101.0)
Net income (loss) of other equity-accounted entities	-	4.4	4.4
Net income (loss) of discontinued operations	-	(23.1)	(23.1)
Non-controlling interests	(66.2)	10.4	(55.8)
Net income (loss) attributable to owners of the company	**178.0**	**(46.9)**	**131.1**

* Non-recurring EBIT items are presented in the appendix of the press release, in paragraph 2 “Reconciliation of prior and new financial indicators used by the Group”

B] FINANCING

1. Changes in net free cash flow

(€ million)	**Half-year ended June 30, 2015**	**Half-year ended June 30, 2014 GAAP (*)**	**Half-year ended June 30, 2014 Pro forma**
EBITDA	**1,531**	**1,314**	**1,384**
Net industrial investments	(521)	(529)	(562)
Change in operating WCR	(628)	(586)	(595)
Dividends received from equity-accounted entities and joint ventures	54	49	54
Renewal expenses	(141)	(180)	(125)
Restructuring charges	(52)	(25)	(25)
Financial items (current cash financial expense, and operating cash flow from financing activities)	(199)	(160)	(202)
Taxes paid	(120)	(82)	(98)
Net free cash flow before dividend payment, financial investments and financial divestitures	**(76)**	**(199)**	**(169)**
Dividends paid	(558)	(314)	
Net financial investments	169	144	
Change in receivables and other financial assets	34	(29)	
VE capital increase (excluding per share dividend distribution)	-	-	
Issue / repayment of deeply subordinated securities	-	-	
Operating cash flow of discontinued operations	-	-	
Free cash flow	**(431)**	**(398)**	
Effect of foreign exchange rate movements and other	(481)	(94)	
Change	**(912)**	**(492)**	
Net financial debt at the beginning of the period	8,311	(8,444)	
Net financial debt at the end of the period	**(9,223)**	**(8,936)**	

(*): including fully consolidated Dalkia France and equity-accounted Dalkia International in the first half of 2014

Net free cash flow for the half-year ended June 30, 2015 was -€76 million, compared with a GAAP figure of -€199 million for the half-year ended June 30, 2014.

The improvement in net free cash flow compared with the GAAP figure for the half-year ended June 30, 2014 mainly reflects the improvement in EBITDA, good industrial capex discipline, and despite a slight degradation in the change in working capital requirements for operations related to seasonality.

2. Industrial investments

Industrial investments, excluding discontinued operations, break down by segment as follows:

In €M H1 2015	**Maintenance**	**New OFA**	**Growth**	**Total gross industrial investments**	**Industrial divestitures**	**Total net industrial investments**
France	61	-	65	**126**	(15)	**111**
Europe excluding France	137	32	90	**259**	(22)	**237**
Rest of World	56	13	53	**122**	(3)	**119**
Global Businesses	32	3	8	**43**	(3)	**40**
Other	10	2	3	**15**	(1)	**14**
TOTAL	**296**	**50**	**219**	**565**	**(44)**	**521**

In €M H1 2014 GAAP	**Maintenance**	**New OFA**	**Growth**	**Total gross industrial investments**	**Industrial divestitures**	**Total net industrial investments**
France	67	6	49	122	(9)	**113**
Europe excluding France	40	33	133	206	(13)	**193**
Rest of World	36	12	54	102	(2)	**100**
Global Businesses	29	0	6	35	(3)	**32**
Other	24	12	56	92	(1)	**91**
TOTAL	**196**	**63**	**298**	**557**	**(28)**	**529**

In €M H1 2014 Pro forma	**Maintenance**	**New OFA**	**Growth**	**Total gross industrial investments**	**Industrial divestitures**	**Total net industrial investments**
France	67	6	49	122	(9)	**113**
Europe excluding France	88	49	161	298	(13)	**285**
Rest of World	37	12	66	115	(2)	**113**
Global Businesses	29	0	6	35	(4)	**31**
Other	13	0	9	22	(2)	**20**
TOTAL	**234**	**67**	**291**	**592**	**(30)**	**562**

At constant exchange rates, gross industrial investments are down €50 million compared to pro forma figures for the half-year ended June 30, 2014

3. Financial investments and divestitures

Financial investments and divestitures for the half-years ended June 30, 2015 and June 30, 2014 break down as follows:

In € millions	**H1 2015**	**H1 2014 GAAP**
Financial investments	**(142)**	**(129)**
Purchase of minorities in Water in Central & Eastern Europe	*(86)*	*(91)*
Acquisition of Kendall in the United States (cogeneration)		*(19)*
Acquisition of Altergis in France	*(21)*	
Others	*(35)*	*(19)*
Financial divestitures including divestment expenses	**311**	**273**
Divestiture of Marius Pedersen		*240*
Divestiture of the Group's activities in Israel	*232*	
Divestiture of stake in Singapore in Energy	*47*	
Other	*32*	*33*
Net financial investments	**169**	**144**

4. External financing

4.1 Net financial debt and adjusted net financial debt

(€ million)	**Half-year ended June 30, 2015**	**Year ended December 31, 2014**
Non-current borrowings	7,803.7	8,324.5
Current borrowings	2,914.8	3,003.1
Bank overdrafts and other cash position items	246.9	216.4
Sub-total borrowings	**10,965.4**	**11,544.0**
Cash and cash equivalents	(1,732.9)	(3,148.6)
Fair value gains (losses) on hedge derivatives	(9.9)	(84.3)
Net financial debt	**9,222.6**	**8,311.1**
Loans to equity-accounted entities	585.1	619.3
Adjusted net financial debt (1)	**8,637.5**	**7,691.8**

(1) See Appendix 3 for the definition

Loans granted to equity-accounted entities mainly comprised the loans to Transdev Group for €405.4 million for the half-year ended June 30, 2015.

At June 30, 2015, net financial debt after hedging is borrowed at 72% fixed rates and 28% variable rates.

The average maturity of net financial debt was 8.2 years at June 30, 2015 compared with 9.0 years at the end of December 2014.

4.2 Group liquidity position

Liquid assets of the Group as of June 30, 2015 break down as follows:

(€ million)	As of June 30, 2015	As of December 31, 2014
Veolia Environnement:		
Undrawn syndicated loan facility	2,962.5	2,962.5
Undrawn MT bilateral credit lines	400.0	350.0
Undrawn ST bilateral credit lines	500.0	625.0
Letter of credit facility	195.9	190.7
Cash and cash equivalents	918.0	2,302.0
Subsidiaries:		
Cash and cash equivalents	814.9	846.6
Total liquid assets	**5,791.3**	**7,276.8**
Current debts and bank overdrafts and other cash position items		
Current debt	2,914.8	3,003.1
Bank overdrafts and other cash position items	246.9	216.4
Total current debt and bank overdrafts and other cash position items	**3,161.7**	**3,219.5**
Total liquid assets net of current debt and bank overdrafts and other cash position items	**2,629.6**	**4,057.3**

The decrease in liquid assets was mainly due to the redemption of the inflation-indexed bond in June 2015 for a nominal amount of €1.0 billion.

Veolia Environnement may draw on the multi-currency syndicated credit facility and all credit lines at any time.

Undrawn medium-term syndicated loan facilities

The two syndicated loan facilities comprising a €2.5 billion multi-currency credit facility and a €0.5 billion credit facility available for drawdown in Polish zloty, Czech crown and Hungarian forint were not drawn as of June 30, 2015.

Letter of credit facility:

In the first half of 2015, Veolia Environnement reduced the US dollar letter of credit facility signed on November 22, 2010 by USD 150 million.

As of June 30, 2015, the facility was drawn USD 130.8 million in the form of letters of credit. The portion that may be drawn in cash is USD 219.2 million (€195.9 million euro equivalent). It is undrawn and recorded in the liquidity table above.

4.3 Bank covenants

Based on due diligence performed within its subsidiaries, the Company considers that the covenants included in the material financing agreements were satisfied (or had been waived by lenders) as of June 30, 2015.

APPENDICES

1. Reconciliation of previously published and re-presented data for the half-year ended June 30, 2014

1.1. Main "GAAP" re-presented figures for the half-year ended June 30, 2014 [1]

In €M – Figures presented under published scope [2]	H1 2014 published	IFRS 5 adjustment [3]	IFRIC 21 adjustment [4]	H1 2014 Re-presented
Revenue	11,231.5	+250.9	-	11,482.4
Adjusted operating cash flow	1,008.7	+38.1	-35.2	1,011.6
Adjusted operating income [5]	564.3	+21.8	-35.2	550.9
Net income – Group share	151.1	+9.7	-29.7	131.1
Adjusted net income – Group share	187.5	+6.7	-29.7	164.5
Gross industrial investments	579	-	-	579
Free cash flow	-163	-36	-	-199
Net financial debt	8,646	+291	-	8,936
EBITDA	N/A	N/A	N/A	1,314.3
Current EBIT	N/A	N/A	N/A	520.8
Current net income – Group share	N/A	N/A	N/A	178.0

(1) Non-audited figures
(2) Published scope: including fully consolidated Dalkia France and equity-accounted Dalkia International in the first half of 2014
(3) Reclassification of Morocco Water operations to continuing operations
(4) See Appendix 1.3.
(5) Including the share of adjusted net income (loss) of joint ventures and associates for the half-year ended June 30, 2014

1.2. Main "Pro forma" re-presented figures for the half-year ended June 30, 2014 (1)

In €M – Figures presented under pro forma scope (2)	H1 2014 published	IFRS 5 adjustment (3)	IFRIC 21 & other adjustments (4)	H1 2014 Re-presented
Revenue	11,764.1	+250.9	-5.4	12,009.6
Adjusted operating cash flow	1,153.2	+38.1	-30.6	1,160.7
Adjusted operating income (5)	N/A	N/A	N/A	561.0
Net income – Group share	N/A	N/A	N/A	126.9
Adjusted net income – Group share	N/A	N/A	N/A	139.7
Gross industrial investments	592	-	-	592
EBITDA	N/A	N/A	N/A	1,384.3
Current EBIT	N/A	N/A	N/A	526.6
Current net income – Group share	N/A	N/A	N/A	153.2

(1) Non-audited figures
(2) Pro forma scope : excluding Dalkia France and Dalkia International fully consolidated in the first half of 2014
(3) Reclassification of Morocco Water operations to continuing operations
(4) See Appendix 1.3.
(5) Including the re-presented share of adjusted net income (loss) of joint ventures and associates for the half-year ended June 30, 2014

1.3. IFRIC 21 Taxes

- An interpretation that clarifies the accounting for taxes, duties and other levies falling within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, and which are specifically excluded from the scope of IAS 12 *Income Taxes*.

- A recognition of the obligation now associated with the obligating event, which requires payment of the tax by the company.
  - The timing of recognition of a liability for the tax or levy is determined using the exact wording of the law governing the collection.
  - The entire tax liability shall be recognized when the obligating event giving rise to the tax as defined by the law occurs. Thus, if a tax is payable when an entity operates a business as of January 1, Y, the liability representing the tax for the year in its entirety must be recorded on such date.

➔Thus, for the majority of impacted taxes considered as "operating income":
Before application of IFRIC 21: evenly expensed over 12 months
After application of IFRIC 21: full amount recorded at the time of the obligating event giving rise to the tax

- A mandatory retrospective application to January 1, 2015 for both interim and annual financial statements.

- The impact of the application of IFRIC 21 essentially lies in a different allocation of the expense at interim closings. Accordingly, the annual consolidated financial statements will not be significantly impacted by the application of this interpretation.

IFRIC 21 impacts (€ million)	Half-year ended June 30, 2015	Half-year ended June 30, 2014 GAAP	Half-year ended June 30, 2014 Pro forma
EBITDA	(29.0)	(35.2)	(28.9)
Current EBIT	(29.0)	(35.2)	(28.9)
Current net income	(26.8)	(31.2)	(27.1)

2. Reconciliation of prior and new financial indicators used by the Group

The reconciliation of operating cash flow before changes in working capital and adjusted operating cash flow with the new financial indicator EBITDA is as follows:

(€ million)	**Half-year ended June 30, 2015**	Half-year ended June 30, 2014 Pro forma	Half-year ended June 30, 2014 GAAP
Operating cash flow before changes in working capital	**1,256.2**	**1,164.7**	**1,054.3**
• Operating cash flow from financing activities	3.3	4.0	42.8
• **Adjusted operating cash flow**	**1,252.9**	**1,160.7**	**1,011.6**
Exclusion:			
Renewal expenses	+141.1	+124.9	+180.3
Restructuring charges [(1)]	+52.2	+24.6	+24.6
Share acquisition and disposal costs	+2.6	+3.8	+9.4
Inclusion:			
Repayments of operating financial assets	+82.3	+70.4	+88.5
EBITDA	**1,531.1**	**1,384.3**	**1,314.3**

[(1)] Cash restructuring charges for the half-year ended June 30, 2015 primarily related to the French Water voluntary departure program in the amount of €36.4 million. For the half-year ended June 30, 2014, they concerned the head office voluntary departure plan in the amount of €22 million.

The reconciliation of adjusted operating income with current EBIT is as follows:

(€ million)	**Half-year ended June 30, 2015**	Half-year ended June 30, 2014 Pro forma	Half-year ended June 30, 2014 GAAP
Adjusted operating income	**772.7**	**561.0**	**550.9**
Exclusion			
• Capital gains on financial divestitures (*)	(65.6)	(51.7)	(53.0)
• IFRS 2 impacts	+2.4	-	-
• Impairment of property, plant and equipment, intangible assets and operating financial assets	-	+13.5	+13.5
• Share acquisition and disposal costs	+2.6	+3.8	+9.4
• Other		-	-
Current EBIT	**712.1**	**526.6**	**520.8**

(*) Excluding disposal costs

In addition, the reconciliation of Current EBIT with Operating Income is as follows:

(€ million)	**H1 2015**	H1 2014 Pro forma	H1 2014 GAAP
Current EBIT	**712.1**	**526.6**	**520,8**
Impairment losses on goodwill and negative goodwill	0.1	-	(1,5)
Restructuring charges	7.6	(24.0)	(24.0)
Employee costs – share-based payments	(2.4)	-	-
Non-current impairment of property, plant and equipment, intangible assets and operating financial assets	-	(13.5)	(13.5)
Share acquisition costs, with or without takeover	-	-	-
Operating income after share of net income of equity-accounted entities	**717.4**	**489.1**	**481.8**

3. Definitions

- **GAAP (IFRS) indicators**

Net finance costs represent the cost of gross debt, including related gains and losses on interest rate and currency hedges, less income on cash and cash equivalents.

- **Non-GAAP indicators**

- The term "internal growth" (or "growth at constant consolidation scope and exchange rates") includes growth resulting from:
  - the expansion of an existing contract, primarily resulting from an increase in prices and/or volumes distributed or processed,
  - new contracts, and,
  - the acquisition of operating assets allocated to a particular contract or project.

- The term "external growth" includes growth through acquisitions (performed in the period or which had only partial effect in the prior period), net of divestitures, of entities and/or assets deployed in different markets and/or containing a portfolio of more than one contract.

- The term "change at constant exchange rates" represents the change resulting from the application of exchange rates of the prior period to the current period, all other things being equal.

- Net financial debt (NFD) represents gross financial debt (non-current borrowings, current borrowings, bank overdrafts and other cash position items), net of cash and cash equivalents and excluding fair value adjustments to derivatives hedging debt.

- Internal financing granted to joint ventures are not deducted from the net financial debt. The non-eliminated internal financing are recorded in the balance sheet as loans and financial receivables. To the extent that these loans and receivables are not considered in the definition of the Group as Cash and Cash equivalents and that these partnerships no longer generate strictly operational cash flows in the consolidated financial statements, the Group now uses in addition to the indicator net financial debt, the notion of adjusted net financial debt. The adjusted net financial debt also corresponds to the net financial debt minus loans and receivables granted to joint ventures.

- Net free cash flow corresponds to free cash flow from continuing operations, i.e. the sum of EBITDA, dividends received, operating cash flow, and changes in operating working capital, less net industrial investments, current cash financial expense, cash taxes paid, restructuring charges, acquisition and disposal costs and renewal expenses.

New indicators used by the Group as from the 1st quarter of 2015:

- EBITDA, which replaces Adjusted operating cash flow, will comprise the sum of all operating income and expenses received and paid (excluding restructuring costs, renewal expenses and share acquisition and disposal costs) and principal payments on operating financial assets.

- Current EBIT replaces Adjusted Operating Income. To calculate Current EBIT, the following items will be deducted from operating income:
  - Goodwill impairments of fully controlled subsidiaries and equity-accounted entities,
  - Restructuring charges,
  - Capital gains on financial divestments, which will now be considered as an item within net finance costs,
  - One-time and/or significant impairment of non-current assets (PP&E, intangible assets and operating financial assets),
  - Impacts relating to the application of IFRS 2 *Share-based payment*,
  - Share acquisition and disposal costs.

- Current Net Income, which will replace Adjusted Net Income, will comprise the sum of the following items:
  - Current EBIT,
  - Current net finance cost items,
  - Other current financial income and expenses, including capital gains or losses on financial divestitures (of which gains or losses included in the share of net income of equity-accounted entities),
  - Current tax items, and
  - Minority interests (excluding the portion of minority interests relative to non-current items in the income statement).

Former indicators used by the Group until December 31, 2014:

- Adjusted operating cash flow includes operating income and expenses received and paid ("cash").

- Adjusted operating income is equal to operating income after the share of adjusted net income (loss) of equity-accounted entities, adjusted to exclude the impact of goodwill impairment, negative goodwill recognized in net income and certain special items. Special items are items that are not expected to recur each year and that substantially change the economics of one or more cash-generating units.

CONSOLIDATED INCOME STATEMENT

(€ million)	Half-year ended June 30, 2015	Half-year ended June 30, 2014 Represented[1]
Revenue	**12,317.6**	**11,482.4**
o/w Revenue from operating financial assets	*84.1*	*87.8*
Cost of sales	(10,167.8)	(9,589.8)
Selling costs	(276.5)	(258.2)
General and administrative expenses	(1,218.0)	(1,145.1)
Other operating revenue and expenses	9.3	(76.6)
Operating income before share of net income (loss) of equity-accounted entities	**664.6**	**412.7**
Share of net income (loss) of equity-accounted entities	**52.8**	**69.1**
o/w share of net income (loss) of joint ventures	39.7	56.2
o/w share of net income (loss) of associates	13.1	12.9
Operating income after share of net income (loss) of equity-accounted entities	**717.4**	**481.8**
Net finance costs	(230.8)	(234.8)
Other financial income and expenses	46.8	59.6
Pre-tax net income (loss)	**533.4**	**306.6**
Income tax expense	(124.2)	(101.0)
Share of net income (loss) of other equity-accounted entities	25.5	4.4
Net income (loss) from continuing operations	**434.7**	**210.0**
Net income (loss) from discontinued operations	-	(23.1)
Net income (loss) for the period	**434.7**	**186.9**
Attributable to owners of the Company	**352.7**	**131.1**
Attributable to non-controlling interests	82.0	55.8
(in euros)		
NET INCOME (LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY PER SHARE [2]		
Diluted	0.51	0.12
Basic	0.51	0.12
NET INCOME (LOSS) FROM CONTINUING OPERATIONS ATTRIBUTABLE TO OWNERS OF THE COMPANY PER SHARE [2]		
Diluted	0.51	0.14
Basic	0.51	0.14
NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS ATTRIBUTABLE TO OWNERS OF THE COMPANY PER SHARE [2]		
Diluted	-	(0.02)
Basic	-	(0.02)

(1) Pursuant to IFRS 5, Non-Current Assets Held for Sale and Discontinued Operations, the contribution of Water activities in Morocco is no longer recognized in Assets classified as held for sale and Liabilities directly associated with assets classified as held for sale. Comparative figures for fiscal year 2014 have been reclassified accordingly.
Furthermore, IFRIC 21 is applicable on a retrospective basis on first-time application and the consolidated financial statements for the half-year ended June 30, 2014 have been represented accordingly.

(2) Basic earnings per share is calculated by dividing adjusted net income attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the period. Pursuant to IAS 33.9 and IAS 12, net income attributable to owners of the Company has been adjusted to take into account the cost of the coupon payable to holders of deeply subordinated securities issued by Veolia Environnement. As of June 30, 2015, the weighted average number of shares outstanding is 548,503,826 (basic and diluted)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION: ASSETS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - ASSETS *(€ million)*	**As of June 30, 2015**	**As of December 31, 2014** [(1)]
Goodwill	**4,643.3**	4,499.4
Concession intangible assets	**2,837.8**	2,750.5
Other intangible assets	**970.6**	990.1
Property, plant and equipment	**6,717.1**	6,637.5
Investments in joint ventures	**2,218.3**	2,043.2
Investments in associates	**424.8**	454.9
Non-consolidated investments	**70.0**	54.7
Non-current operating financial assets	**1,926.1**	1,882.5
Non-current derivative instruments - Assets	**93.6**	101.9
Other non-current financial assets	**444.3**	866.7
Deferred tax assets	**1,161.9**	1,137.3
Non-current assets	**21,507.8**	**21,418.7**
Inventories and work-in-progress	**734.8**	729.9
Operating receivables	**9,246.2**	8,650.4
Current operating financial assets	**135.1**	127.2
Other current financial assets	**623.3**	203.1
Current derivative instruments - Assets	**78.7**	103.0
Cash and cash equivalents	**1,732.9**	3,148.6
Assets classified as held for sale	**60.0**	343.6
Current assets	**12,611.0**	**13,305.8**
TOTAL ASSETS	**34,118.8**	**34,724.5**

(1) IFRIC 21 is applicable on a retrospective basis on first-time application and the consolidated financial statements for the year ended December 31, 2014 have been represented accordingly.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION : EQUITY AND LIABILITIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - EQUITY AND LIABILITIES *(€ million)*	**As of June 30, 2015**	**As of December 31, 2014 (1)**
Share capital	**2,811.5**	2,811.5
Additional paid-in capital	**7,165.6**	7,165.6
Reserves and retained earnings attributable to owners of the Company	**(1,616.3)**	(1,664.9)
Total equity attributable to owners of the Company	**8,360.8**	**8,312.2**
Total equity attributable to non-controlling interests	**1,186.5**	1,167.2
Equity	**9,547.3**	**9,479.4**
Non-current provisions	**2,035.3**	1,958.8
Non-current borrowings	**7,803.7**	8,324.5
Non-current derivative instruments - Liabilities	**115.4**	112.5
Deferred tax liabilities	**1,141.4**	1,135.3
Non-current liabilities	**11,095.8**	**11,531.1**
Operating payables	**9,640.7**	9,677.3
Current provisions	**521.9**	552.9
Current borrowings	**2,914.8**	3,003.1
Current derivative instruments - Liabilities	**128.4**	128.5
Bank overdrafts and other cash position items	**246.9**	216.4
Liabilities directly associated with assets classified as held for sale	**23.0**	135.8
Current liabilities	**13,475.7**	**13,714.0**
TOTAL EQUITY AND LIABILITIES	**34,118.8**	**34,724.5**

(1) *IFRIC 21 is applicable on a retrospective basis on first-time application and the consolidated financial statements for the year ended December 31, 2014 have been represented accordingly.*

CONSOLIDATED CASH FLOW STATEMENT

(€ million)	**Half-year ended June 30, 2015**	**Half-year ended June 30, 2014 Represented(1)**
Net income (loss) for the period	**434.7**	186.9
Net income (loss) from continuing operations	***434.7***	***210.0***
Net income (loss) from discontinued operations	**-**	***(23.1)***
Operating depreciation, amortization, provisions and impairment losses	604.1	615.7
Financial amortization and impairment losses	4.1	7.5
Gains (losses) on disposal of operating assets	(9.8)	(3.7)
Gains (losses) on disposal of financial assets	(65.6)	(53.0)
Share of net income (loss) of joint ventures	(65.2)	(60.6)
Share of net income (loss) of associates	(13.1)	(12.9)
Dividends received	(1.3)	(1.8)
Net finance costs	230.8	234.8
Income tax expense	124.2	101.0
Other items	13.3	17.3
Operating cash flow before changes in operating working capital	**1,256.2**	**1,054.3**
Change in operating working capital requirements	(628.0)	(586.8)
Income taxes paid	(119.5)	(82.2)
Net cash from operating activities of continuing operations	**508.7**	***385.3***
Net cash from (used in) operating activities of discontinued operations	**-**	***(5.7)***
Net cash from operating activities	***508.7***	**379.6**
Industrial investments, net of grants	(510.4)	(491.7)
Proceeds on disposal of intangible assets and property, plant and equipment	44.6	28.1
Purchases of investments	(42.1)	(36.4)
Proceeds on disposal of financial assets	250.8	278.9
Operating financial assets		
New operating financial assets	(49.9)	(61.4)
Principal payments on operating financial assets	82.3	88.5
Dividends received (including dividends received from joint ventures and associates)	54.4	49.1
New non-current loans granted	(59.4)	(240.9)
Principal payments on non-current loans	101.7	194.1
Net decrease/increase in current loans	(8.6)	16.9
Net cash used in investing activities of continuing operations	***(136.6)***	***(174.8)***
Net cash used in investing activities of discontinued operations	**-**	***(17.0)***
Net cash used in investing activities	**(136.6)**	**(191.8)**

Net increase (decrease) in current borrowings	(763.6)	(887.1)
New non-current borrowings and other debts	42.7	106.2
Principal payments on non-current borrowings and other debts	(175.9)	(27.0)
Proceeds on issue of shares	-	-
Share capital reduction	-	-
Transactions with non-controlling interests: partial purchases	(105.5)	(91.6)
Transactions with non-controlling interests: partial sales	-	2.1
Proceeds on issue of deeply subordinated securities	-	-
Coupons on deeply subordinated securities	(71.5)	(68.0)
Purchases of/proceeds from treasury shares	0.1	-
Dividends paid	(486.7)	(245.6)
Interest paid	(273.9)	(303.3)
Net cash from (used in) financing activities of continuing operations	***(1,834.3)***	***(1,514.3)***
Net cash from financing activities of discontinued operations	***-***	***0.4***
Net cash from (used in) financing activities	**(1,834.3)**	**(1,513.9)**
Effect of foreign exchange rate changes and other	16.0	(50.6)
Increase (decrease) in external net cash of discontinued operations	-	**19.1**
Net cash at the beginning of the year	**2,932.2**	**4,061.3**
Net cash at the end of the year	**1,486.0**	**2,703.7**
Cash and cash equivalents	1,732.9	2,874.8
Bank overdrafts and other cash position items	246.9	171.1
Net cash at the end of the year	**1,486.0**	**2,703.7**

(1) Pursuant to IFRS 5, Non-Current Assets Held for Sale and Discontinued Operations, the contribution of Water activities in Morocco is no longer recognized in Assets classified as held for sale and Liabilities directly associated with assets classified as held for sale. Comparative figures for fiscal year 2014 have been reclassified accordingly.

Furthermore, IFRIC 21 is applicable on a retrospective basis on first-time application and the consolidated financial statements for the half-year ended June 30, 2014 have been represented accordingly.