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Equity Research Division

Veolia S.A.

The biggest resourcing company in the world

Target Price: € 30.26

Current Price: € 27.00

Upside Potential: 12.07%

Recommendation: BUY

Investment Horizon: 5 Years

Vienna, 27.01.2023

Team Overview

Equity Research



**Florian
Romen**

**Head of
Equity Research**

- Task distribution
- Story guideline



▪ BSc. – 5th Sem.



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Wolner**

Associate

- Valuation
- Strategy & M&A



▪ BSc. (WU) – 2nd Sem.



**Maximilian
Schubert**

Associate

- Valuation
- CCA



▪ BSc (WU)



**Ekaterina
Kamentsova**

Associate

- Industry analysis



▪ MSc. - 4th Sem.



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Huseynli**

Associate

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**Oscar
De Luna Sanchez**

Analyst

- Company analysis
- Business Model



▪ MA. 4th Sem.



**Michael
Zwirski**

Analyst

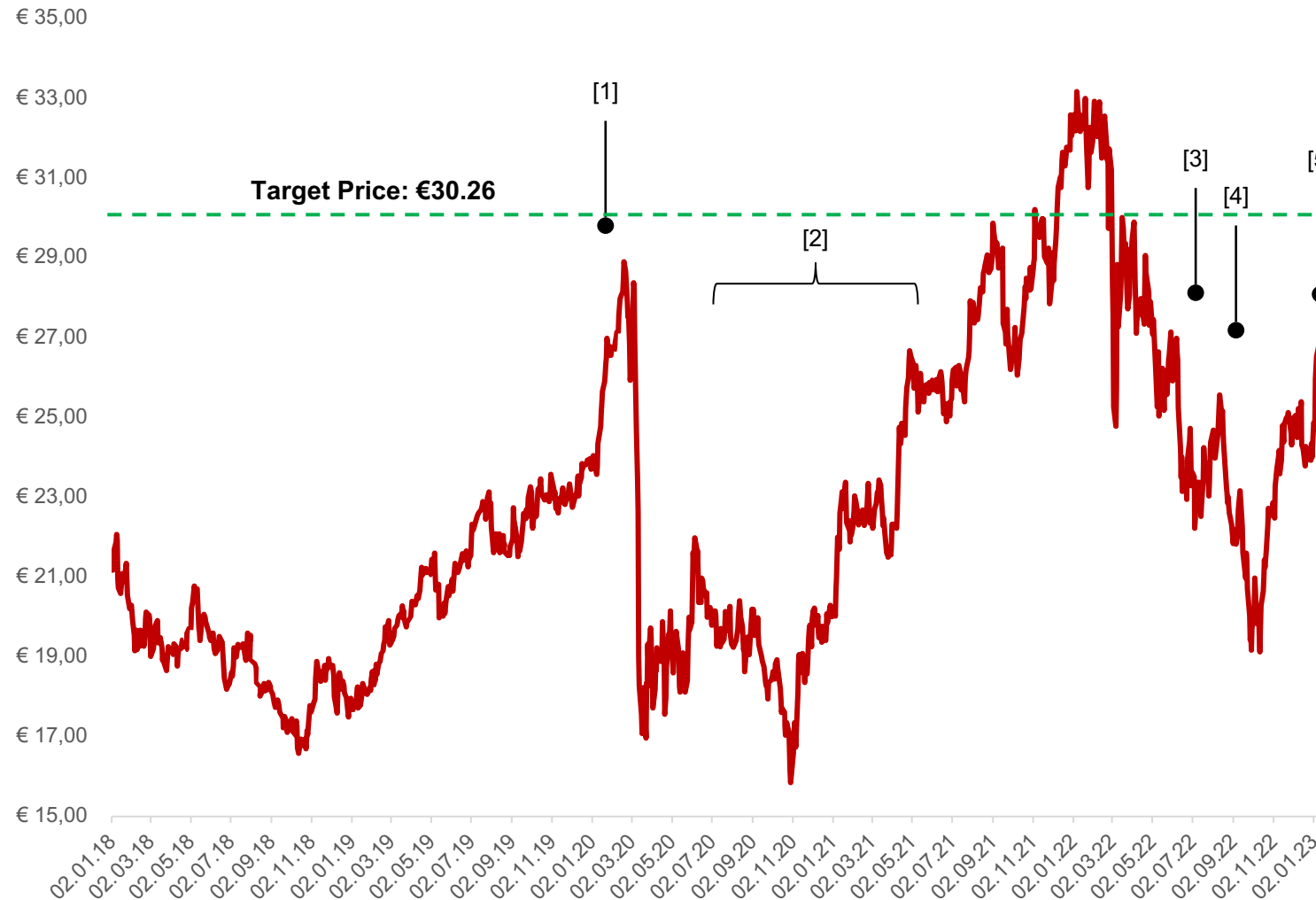
- Company analysis
- M&A



▪ BSc. – 3rd Sem.

Share Price Performance

Despite market volatility and a tumultuous acquisition process of Suez, VIE's stock shows resilience during the past months



Share Price – Major Events

- [1] 29.02.2020 (+10%) Veolia's **strong financial year** made the stock **price increase** by 75% throughout the 2019 period. Q3 ended with an **improved EPS** by 36% YoY
- [2] 06.10.2020 - 12.04.2021 (+42,63%) Veolia **successfully acquired** its rival even after **Suez** temporarily **defended itself** against the takeover
- [3] 19.05.2022 (-15%) British **authority reports competition concerns** over Suez takeover
- [4] 08.08.2022 (+10%) Veolia plans to **sell British waste management** segment
- [5] 05.12.2022 (+3%) Veolia announced **divestment completion of Suez local UK waste business**. News follow a **run up** of over 30%!

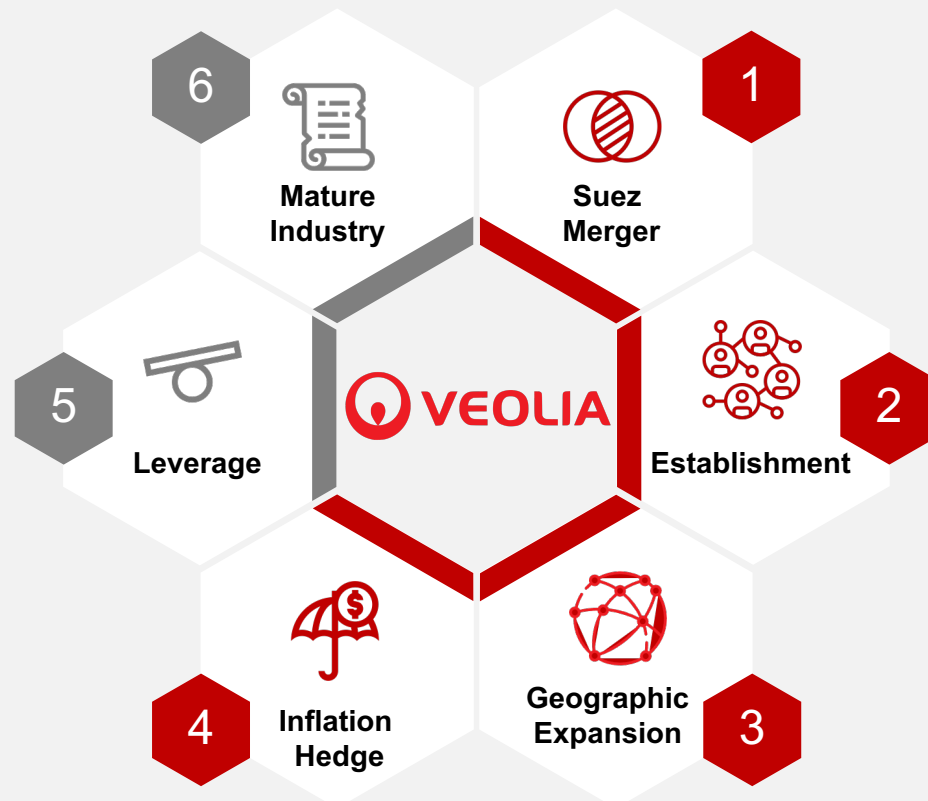
Key Stats

- IPO: 20 July 2000
- Ticker: VIE
- 52-week range: 20.46€ - 36.23€
- Market Cap: 20,707 bn

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Veolia's strong establishment further elevated by the merger with Suez will solidify its competitive advantage

Key investment highlights



1

In early 2022, **Veolia and Suez finalized their merger agreement**, becoming the **biggest integrated resourcing company** in the world, paving the way for **operational & overhead synergies**.

2

High barriers of entry and established **relations with municipals and corporates** protect **Veolia's standing as the biggest player** in the resourcing space.

3

Veolia strives to be a **top three player in every market** they are operational in, while continuously **adding new markets** to their portfolio.

4

70% of Veolia's Revenue is indexed to inflation providing the company with great **financial stability** especially in an uncertain economic environment.

5

The merger with Suez significantly **increased the leverage ratio for Veolia 5%**, however, as the company benefits from merger synergies, the **ratio is expected to decrease to well below 5%**.

6

In Veolia's home and biggest market, Europe, **infrastructure requirements are mostly met**, limiting the amount of organic growth possible.

A photograph of three men in safety gear walking through a large industrial facility. The man on the left wears a white hard hat and an orange safety vest over a blue shirt, holding a clipboard. The man in the middle wears a yellow hard hat and a high-visibility yellow jacket. The man on the right wears a yellow hard hat and an orange safety suit, holding a pair of gloves. They are all smiling and looking at each other. The background shows large industrial structures and windows.

Veolia


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Business Overview

Company Overview

Operating business and a broadly networked management result in Veolia's stability and growth

Company Description

 Veolia Environnement S.A. was **founded** in **1853** by an Imperial decree of Napoleon III and currently designs and provides **water, waste** and **energy** management

 **Headquartered** in Aubervilliers, **France** and operating in **35** countries

 **Leading** energy and water utility **employer** with nearly **220,000** workers

Revenue Distribution (2021)



Financials

EUR m	2016	2017	2018	2019	2020	2021
Revenue	26,762	28,041	30,648	30,439	29,698	33,719
Revenue Growth (%)	-3.42%	4.78%	9.30%	-0.68%	-2.43%	13.54%
EBIT	1,503	1,553	1,724	1,671	1,171	1,754
EBIT Margin (%)	6.67%	3.33%	11.01%	-3.07%	-29.92%	49.79%
Net Income	424	449	520	670	101	478
Income Growth (%)	-12.76%	5.90%	15.81%	28.85%	-84.93%	373.27%

Management Team



Estelle Brachlianoff
(CEO)



Claude Laruelle
(CFO)



Eric Haza
(CLO)



Laurent Obadia
(Senior Executive VP)



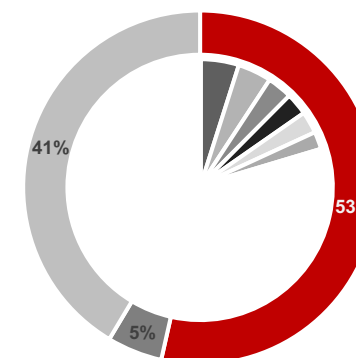
Sébastien Daziano
(VP, S&I)



Isabelle Calvez
(VP of HR)



Shareholder Structure



- Institutions
- Strategic Entities
- Others

Institutions:

- BlackRock 4.9%
- Caisse des Dépôts et Consignations 4.34%
- Vanguard Group 3.21%
- Norges 2.86%
- Amundi 2.82%
- Pictet 2.24%

Insiders:

- Veolia Environnement SA 4.34%
- Directors 0.02%

Veolia’s business model relies on its expertise and innovation

Value proposition

Enabling customers to address their environmental and sustainability challenges in energy, water and waste



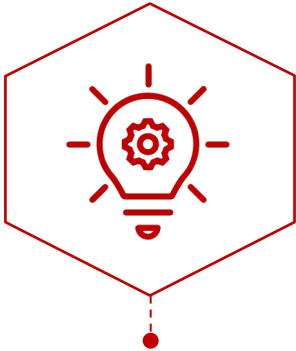
Resourcing the world

- Improving access to resources
- Preserving resources
- Replenishing resources

Value Creation



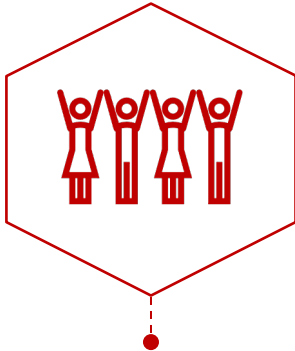
Proven Know-How



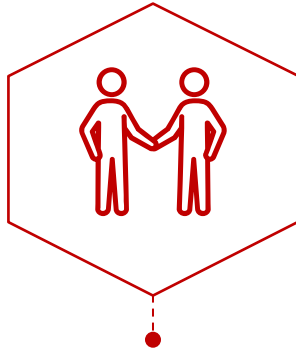
Greater capacity for innovation



Extensive market presence



Committed & upskill workforce

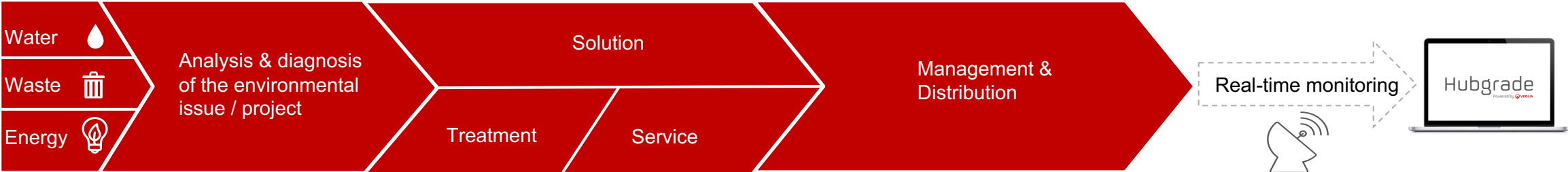


End-to-end customer experience



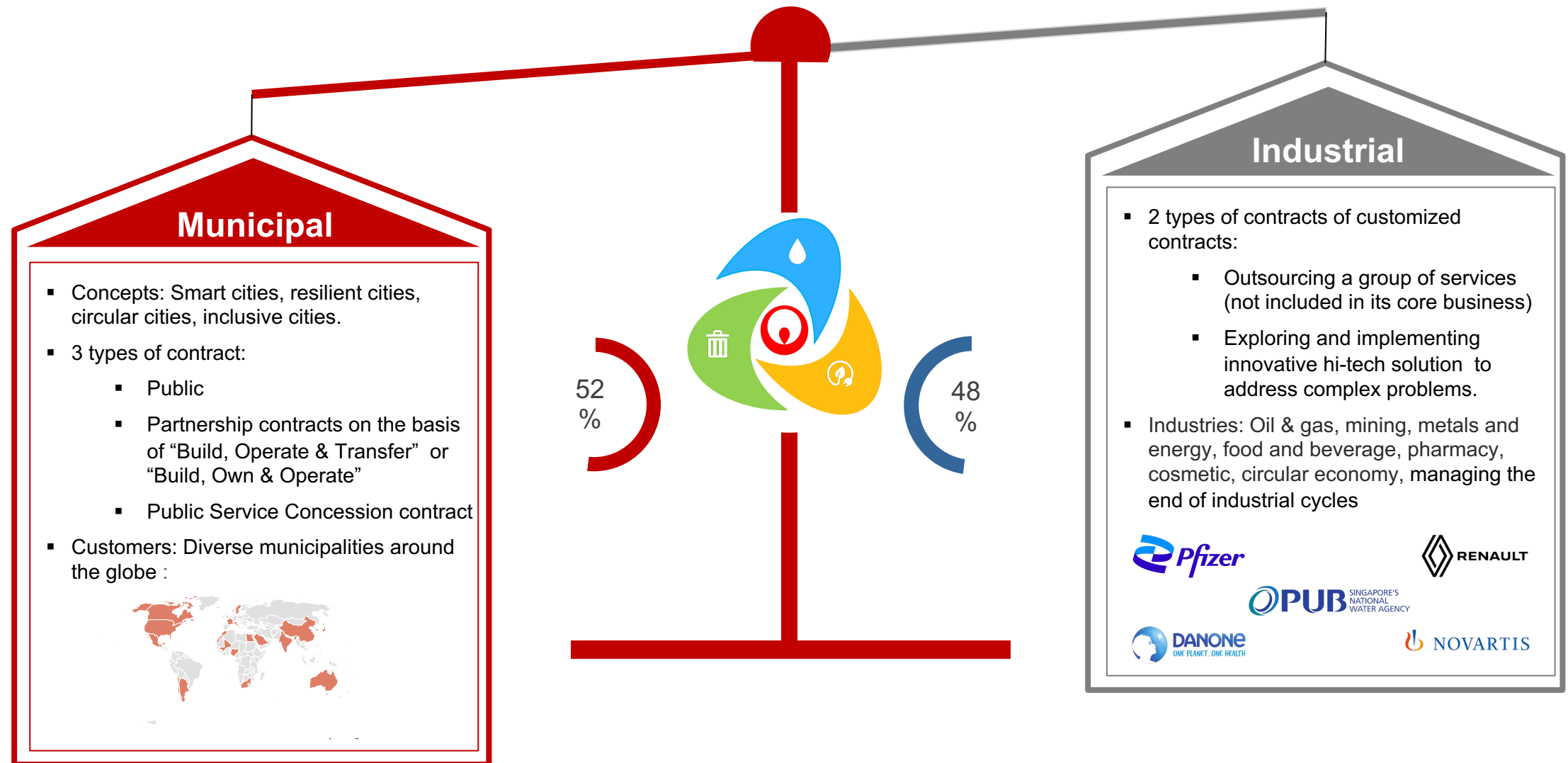
Attractive business models

Value chain



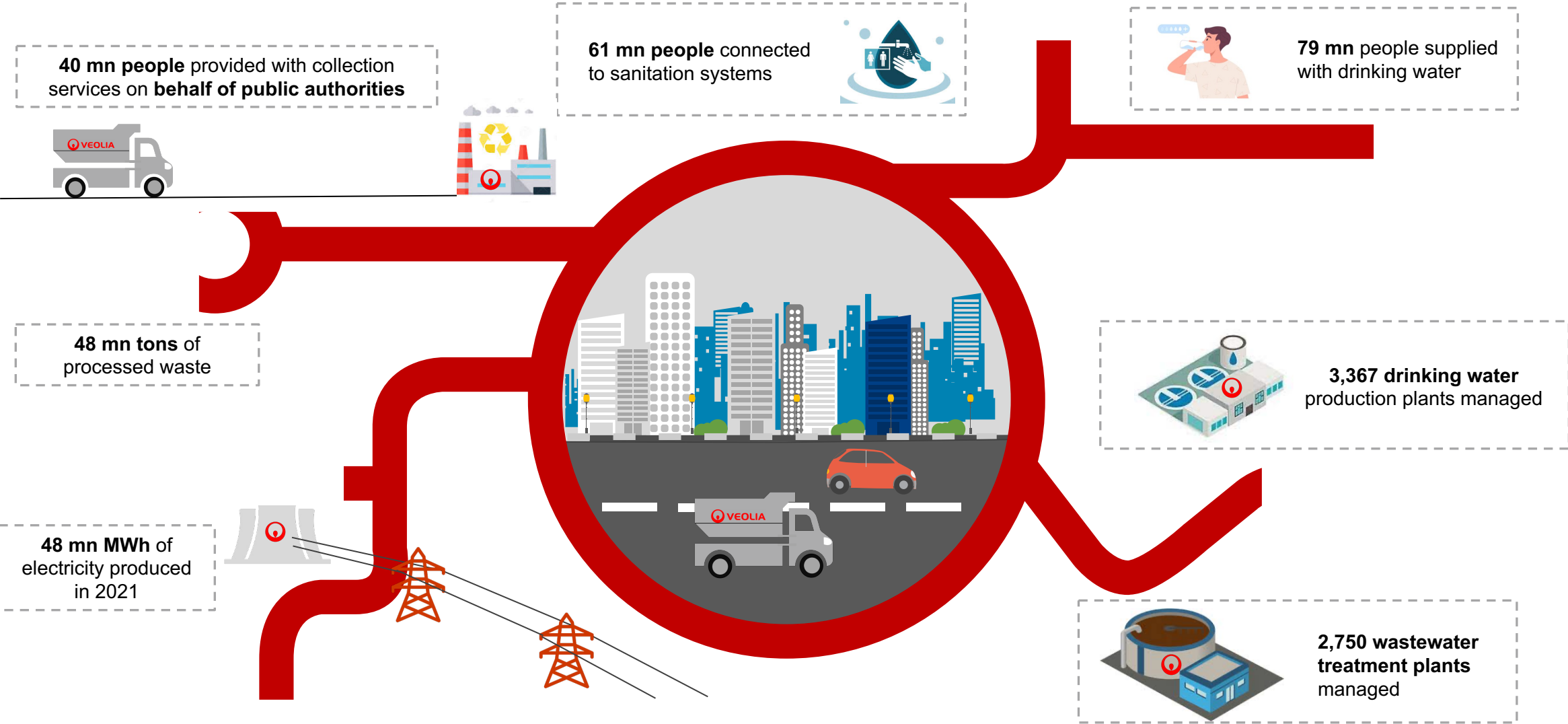
Veolia's Key Segments of Operation

Attractive Contractual Relationships in a well-balance Portfolio



Business Ecosystem

Through it's services, Veolia is „Resourcing the world“



Veolia has been able to identify and deliver on key strategic initiatives to combat stagnation in a maturing industry

Key Strategic Objectives

Veolia is the biggest player in an **already mature industry**. These strategic initiatives will be vital to ensure growth nonetheless



By integrating **inflation-indexation** formulas into **70%** of their **revenue**, Veolia can profit from uncertain times



Through **high bargaining power** with municipal clients, Veolia can rely on **tariff increases to fuel growth**



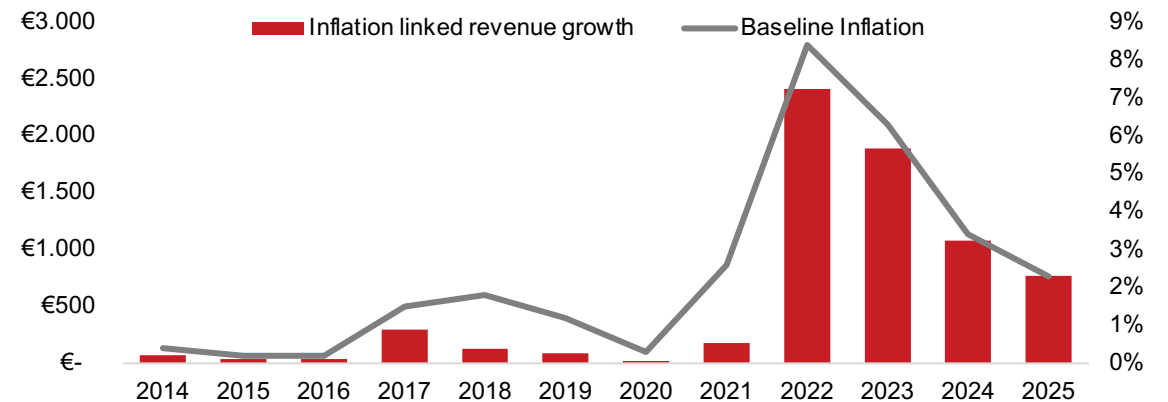
Due to **margin improvements** related to the Suez-deal, Veolia's **financial performance** is expected to **improve**



A shift of focus on new **geographies** with priorities in the **APAC in MENA** region

A **conservative but stable growth case** with room for **margin improvements**

Strong Link between Revenue & Inflation (in mn)



New Geographies

Veolia set out to **become a top three resourcing company in every country of operations.**




In Q3 2022, Veolia signed a longterm contract for a waste management plant in Abu Dhabi. It is expected to generate **100 mn € in ARR.**

The Suez Merger

A gamechanger that will continue to define the future of Veolia for years to come

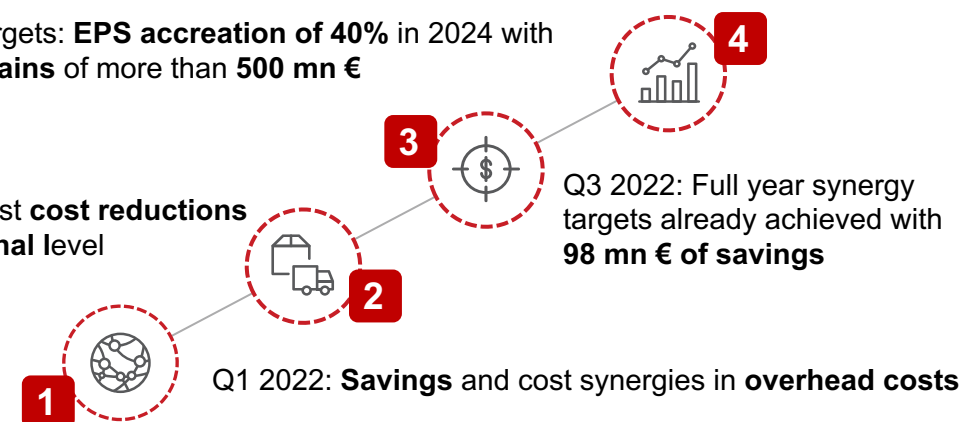
General Overview of Transaction

-  In 2021, **Veolia acquired second largest competitor Suez** for 12,8 bn €. After regulatory concerns were resolved through **divesting some remedy assets**, the full year 2022 will be the first consolidated
-  With a Suez holding market share of 2% and Veolia of 3%, the combined company will be the **biggest player in the resourcing space** with a combined **market share of 5%**
-  The companies product portfolios are **almost exact matches**, however, the **strong geographic footprint of Suez in the UK and Spain** will add another layer of **diversification into Veolia's portfolio**

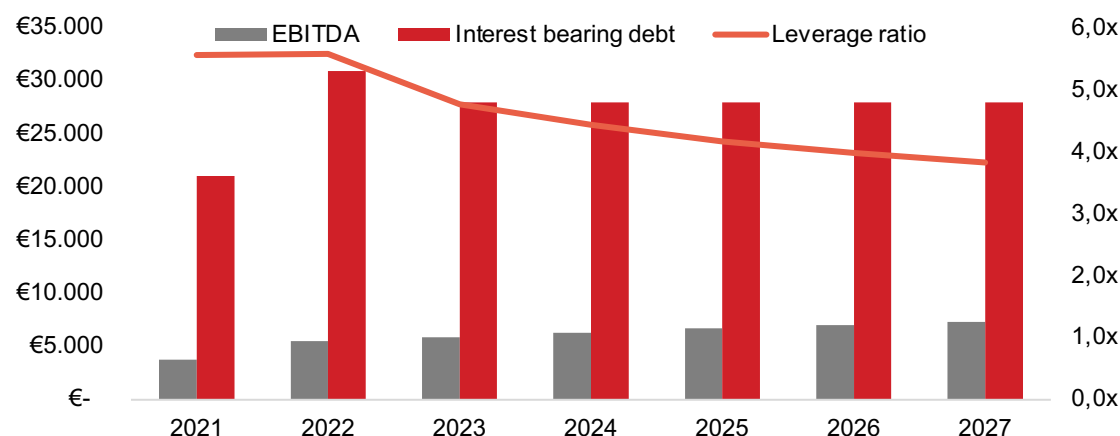
Synergy Delivery & Potential

Longterm targets: **EPS accretion of 40%** in 2024 with **efficiency gains** of more than **500 mn €**

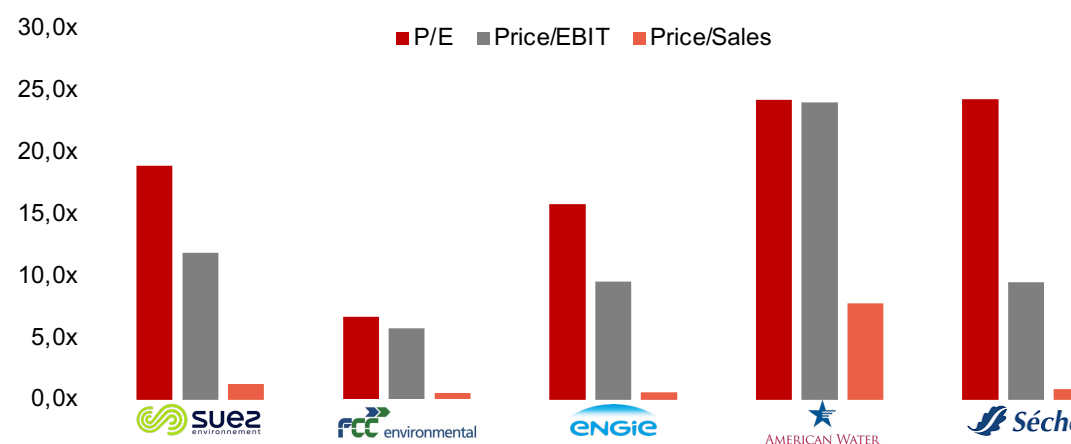
Q2 2022: First **cost reductions** on **operational level**



Increased Leverage expected to decrease over the next Years (in mn)



Benchmarking Confirms Reasonable Price for Acquisition



A photograph of two men in white hard hats and high-visibility yellow safety vests standing on a construction site. The man on the left is holding a walkie-talkie, and the man on the right is holding a clipboard and a pen. Both vests feature the Veolia logo. The background shows a blurred industrial or construction setting.

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Market & Industry Overview

Market Overview I

The environmental services market is very fragmented with only few global players of Veolia's type

Overview of the Market Participants

Global Multi-Service Companies

- A global geographic footprint and an extensive range of services
- Chinese companies are also presented in all 3 sectors, although they are doing a lot of other things too
- Other 3 companies however are presented only in Water and Waste



Global Specialists

- Global specialists are companies that specialize in one of Veolia's business lines and have a worldwide geographic presence
- Major players in the energy market
- Global equipment manufacturers
- Oil and gas specialists



Local/Regional Multi-Service Companies

- In some developing countries, private or public/private companies have a large local footprint and are the leading players in local markets where Veolia also operates



Local or Regional Specialists

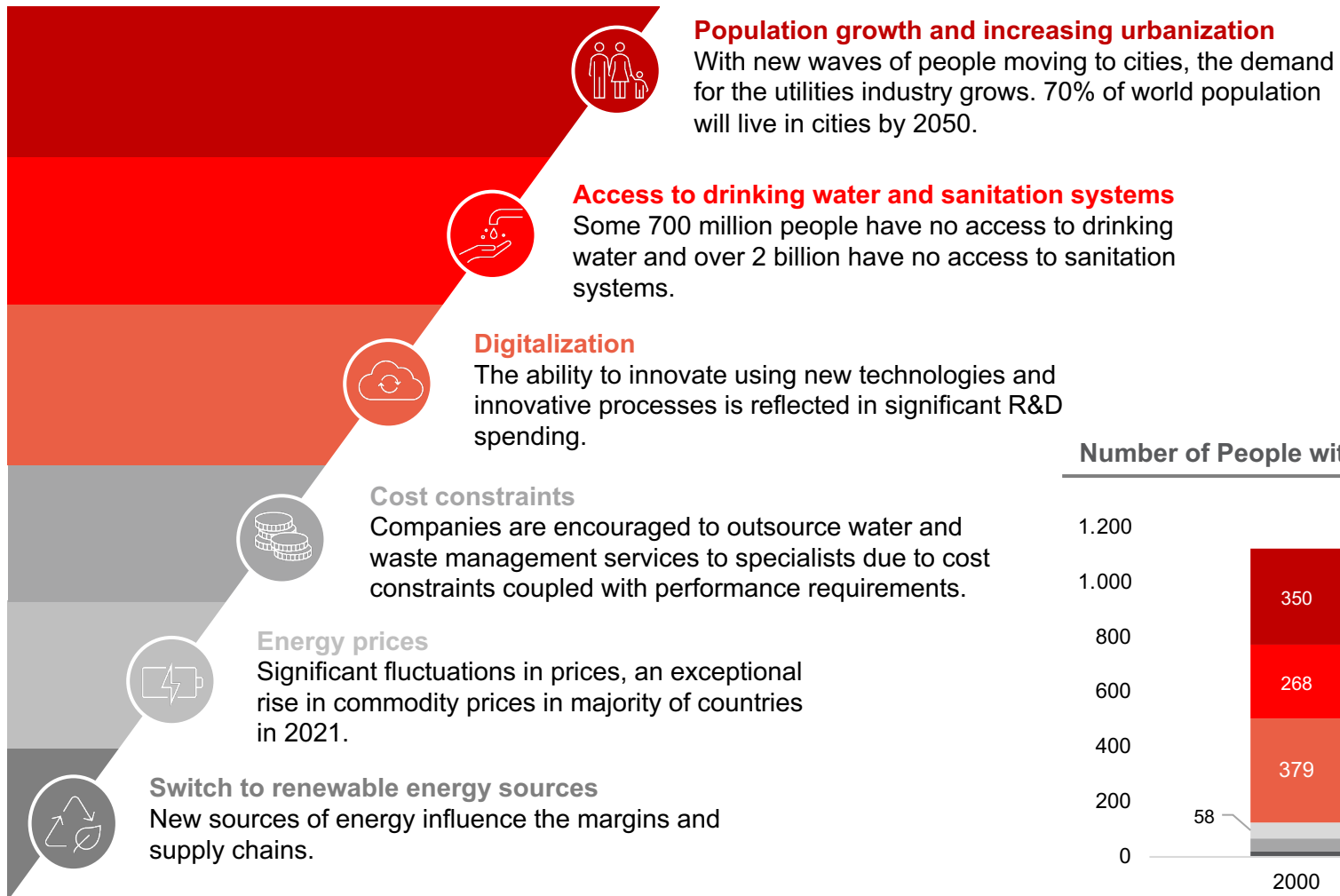
- Geographic footprint limited to one country or region of the world
- They set the standard in their market, with a range of expert offerings positioned in specific business lines.
- This category remains the largest in the market



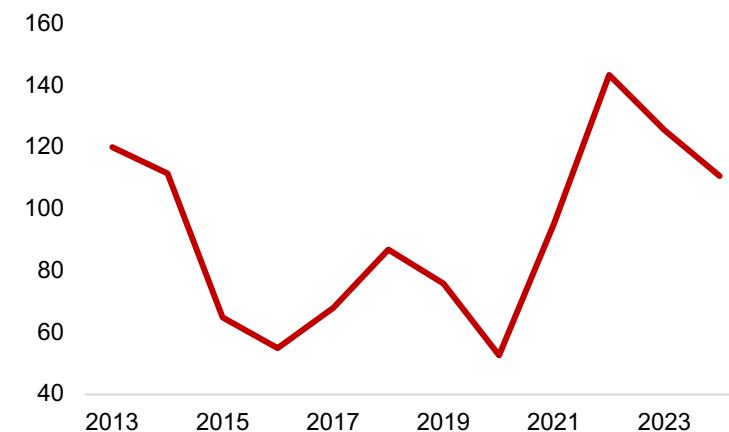
Trends & Drivers

Market is influenced by global challenges and looks for new solutions to increase efficiency

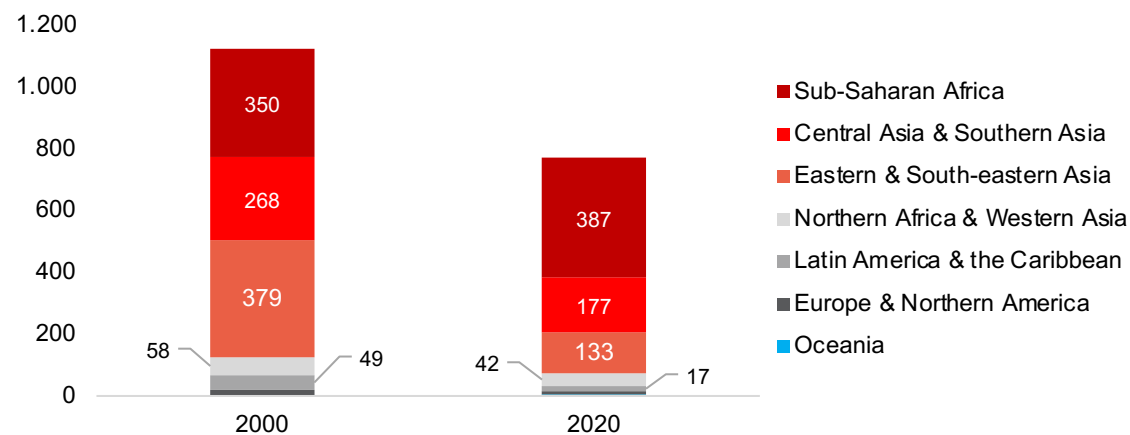
Current Market Trends driving Industry Growth



Energy Commodity Price Index (2010 = 100%)

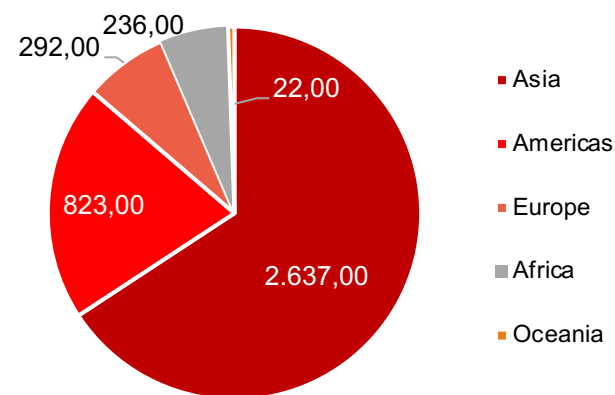


Number of People without Basic Drinking Water Services Worldwide

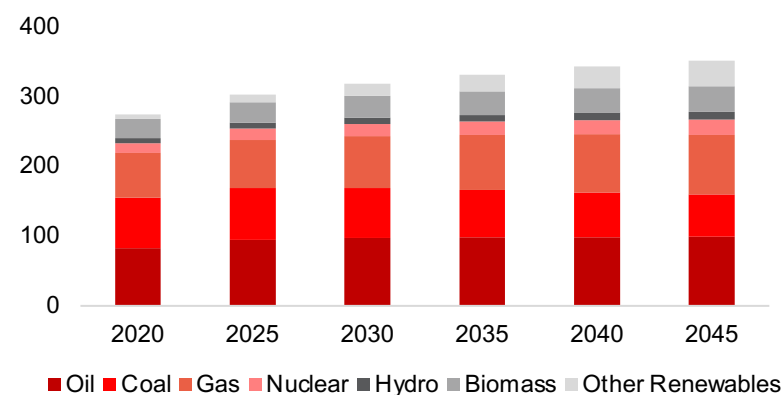


The continuously growing demand for limited resources is one of the main factors shaping the utility industry

Water Withdrawals as of 2018 (in bn m³)



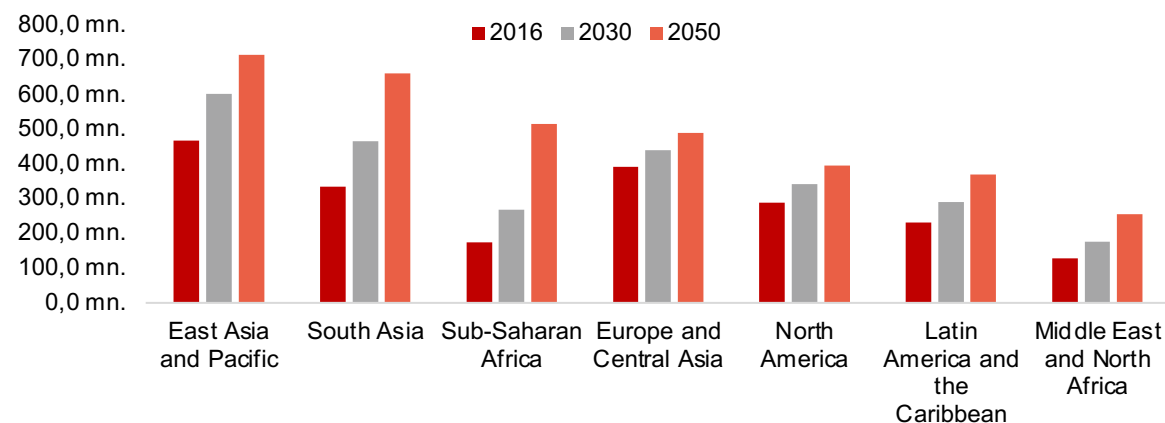
Primary Energy Demand Worldwide (in mn barrels)



Global Challenges

- Climate Change → Transition to carbon neutrality
- Scarcity of resources → Circular economy and water savings
- Pollution → Reduction of water, air and soil pollution
- Threats to biodiversity → Support of the ecological transformation

Projection of Waste Generation Worldwide, by Region (in mt)



Porter's Five Forces

- Low threat of new market entrants due to Veolia's size and market's limits
- Moderate opportunity of substitution in the waste and energy sectors, because of new energy sources and introduction of cradle-to-cradle concept, but not expected in the water
- Because of Veolia's importance rather low bargaining power of clients
- Not a lot of influence on Veolia due to its size and operations in three different industries
- A lot of competitors in waste sector, less in water and energy, but very few in all of the businesses and such of a size



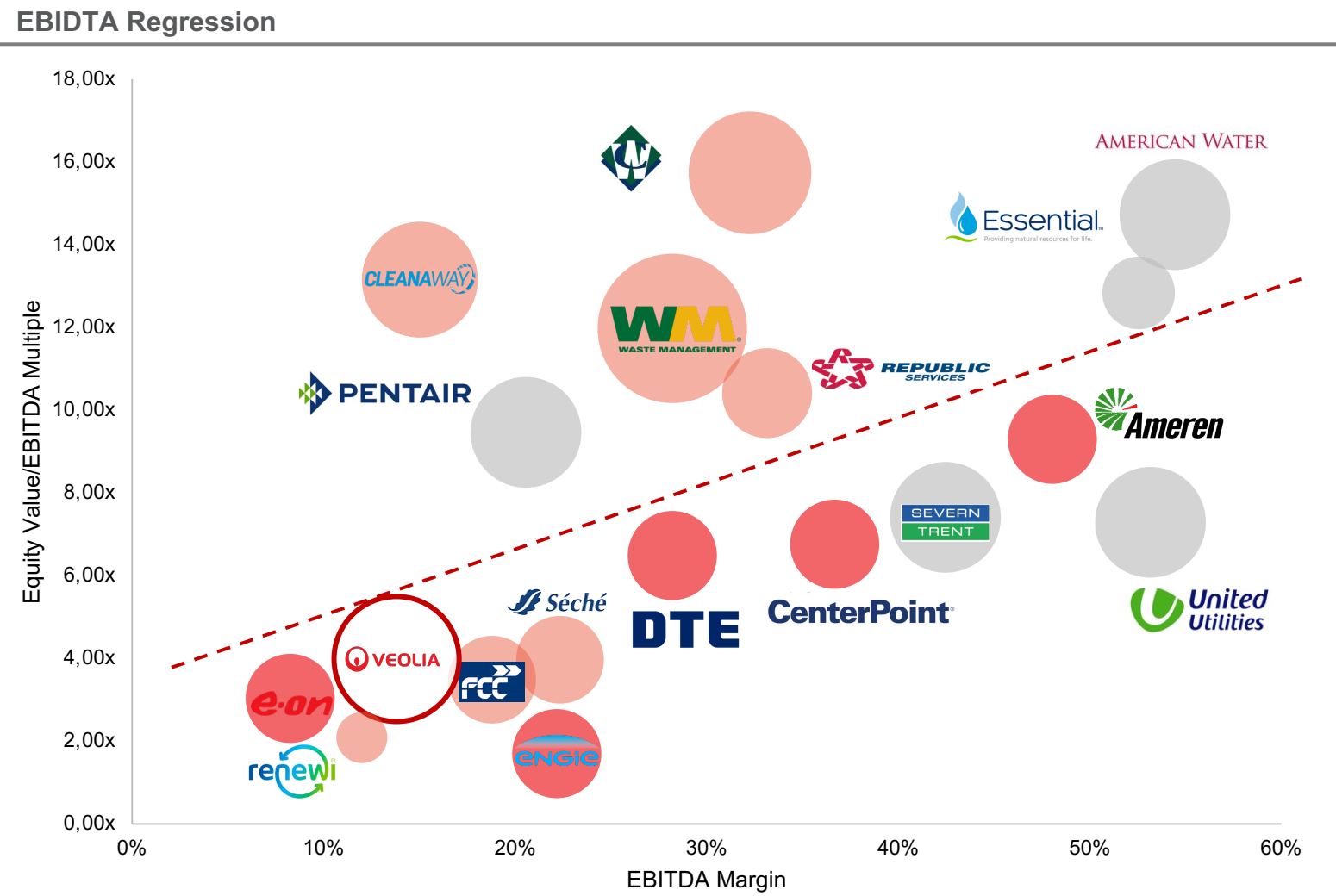
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Peer Benchmarking

Multiples Valuation

Benchmarking Veolia’s EBITDA & EBIT margins confirms that Veolia is trading in value territory



- ### Peer Segment Conclusions
- The water segment enjoys the **highest margins** with a median of 52%. However, the regression line shows their margins are **already priced in**
 - Waste management mostly has EBITDA **margins between 20% and 30%**, with most peers trading **above the regression line**
 - While having the **lowest margins**, energy peers trade significantly **below the regression line** and are therefore in **value territory**

Implied Share Price

Share price calculated via	EV/EBITDA	Share Price
Median	10.69x	49.49€
Mean	14.41x	78.35€

Share price calculated via	EV/EBIT	Share Price
Median	18.76x	22.55€
Mean	23.18x	35.75€



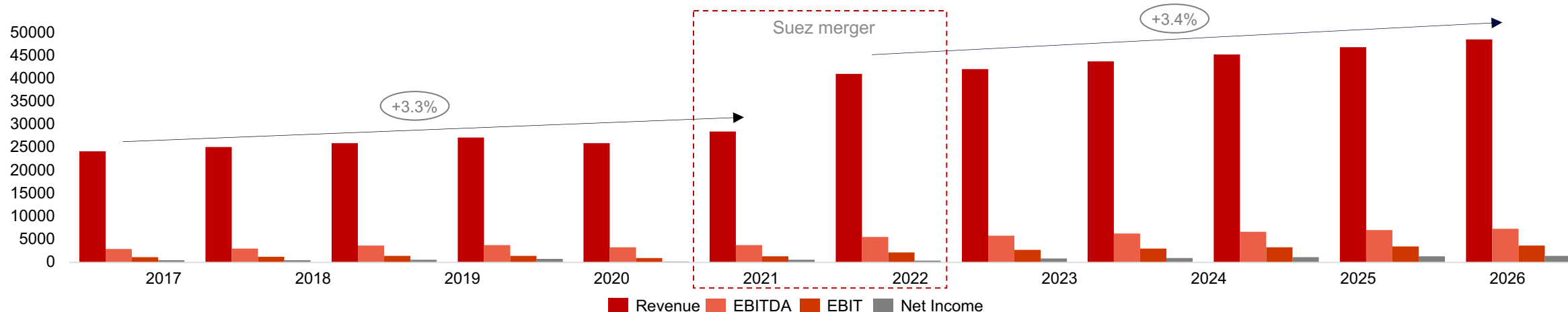
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Valuation

Operating assumptions and revenue drivers lead to a healthy financial performance until 2027

Key Forecasted Financials (in mn)



Operating Assumptions

Key Top- & Bottom-Line Drivers



Margins:

The merger with Suez will spur EBITDA and EBIT for the next years, in total improving margins in the base case by around 1.7%.



Net Income:

Despite increases in costs, net income continues to increase at a stable rate in the coming years due to margin improvements and market growth.



Demand:

Macro trends such as increased recycling rates and higher water consumption will further increase demand for Veolia's offerings



Suez Merger:

Top line growth in FY2022 jumped significantly due to the merger, while smaller divestitures in the UK and France ensured anti-trust compliance.



Inflation:

With elevated levels of inflation, and 70% of Veolia's revenue being indexed, inflation makes a key factor in forecasting Veolia.



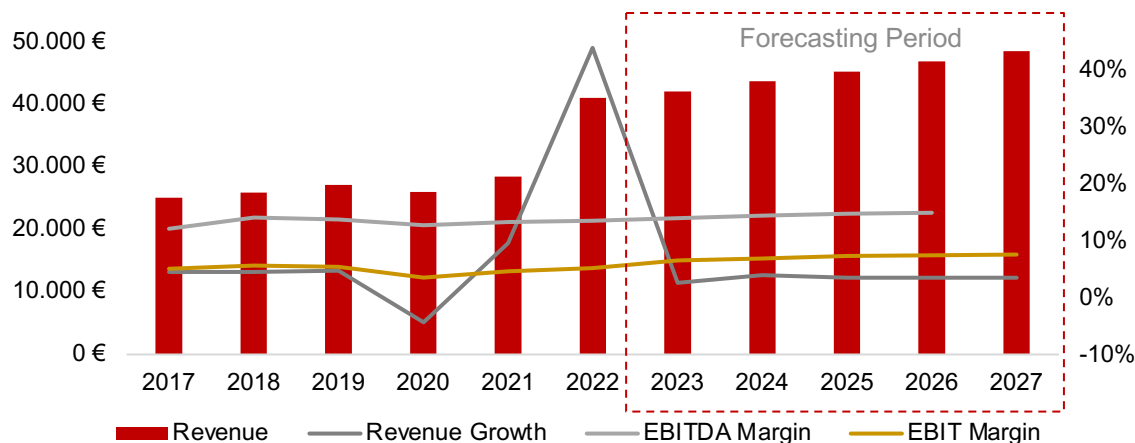
Market Growth:

Especially regarding the waste segment, market growth with a CAGR between 6-8% is a key driver of future revenue.

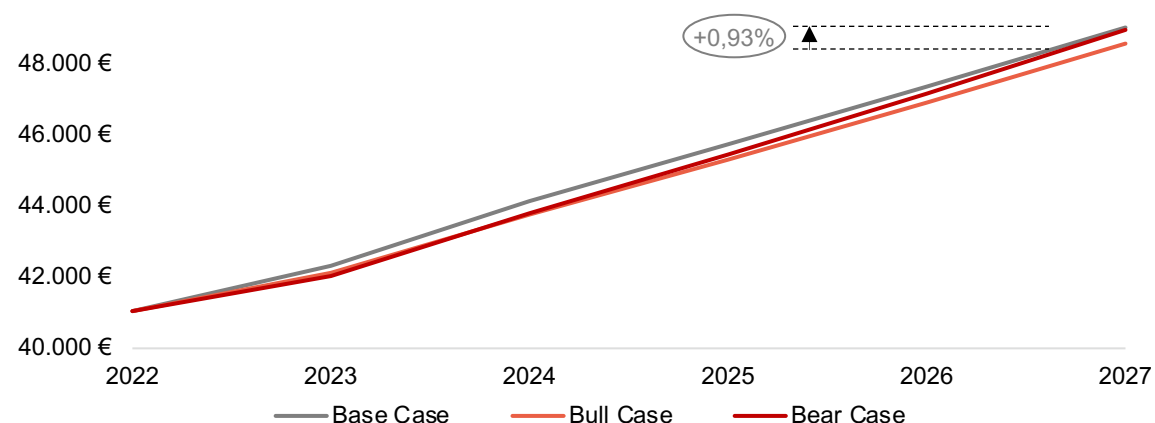
DCF Analysis

Stable revenue growth and improving margins lead to a share price of €30,26

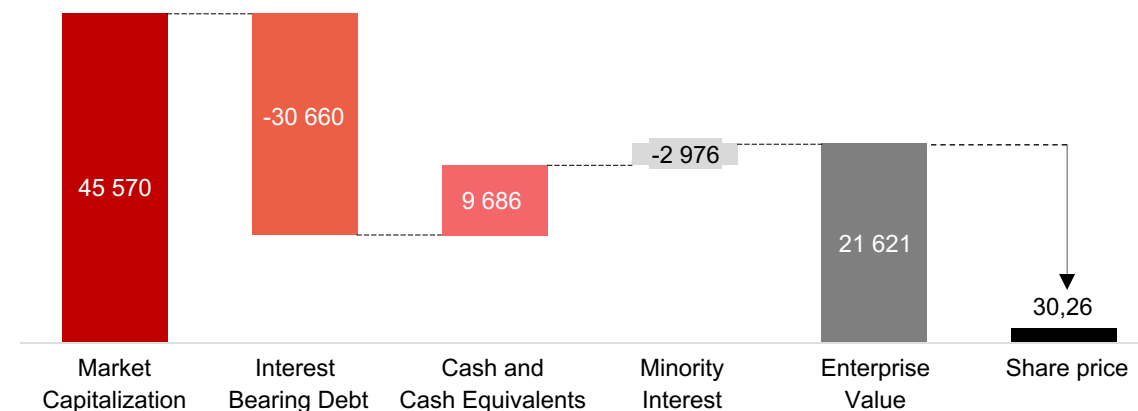
Revenue (in mn) and Margin Forecast for Base Case



Revenue (in mn) by Scenario



Equity Bridge (in mn)



Valuation Assumptions



WACC (7.92%):

Cost of Debt: 4.54%, Cost of Equity: 15.8%, Relevered Beta: 1.43



Terminal value assumption:

Growth adjusted for expected inflation in Europe & United States: 2.20%



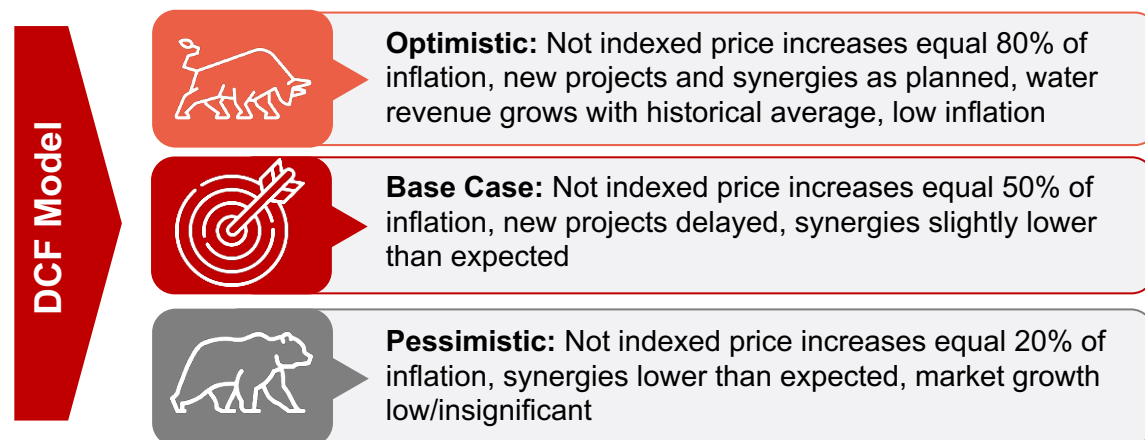
Net Debt: 20.973 million EUR

9,686 million EUR of cash and cash equivalents in FY2022

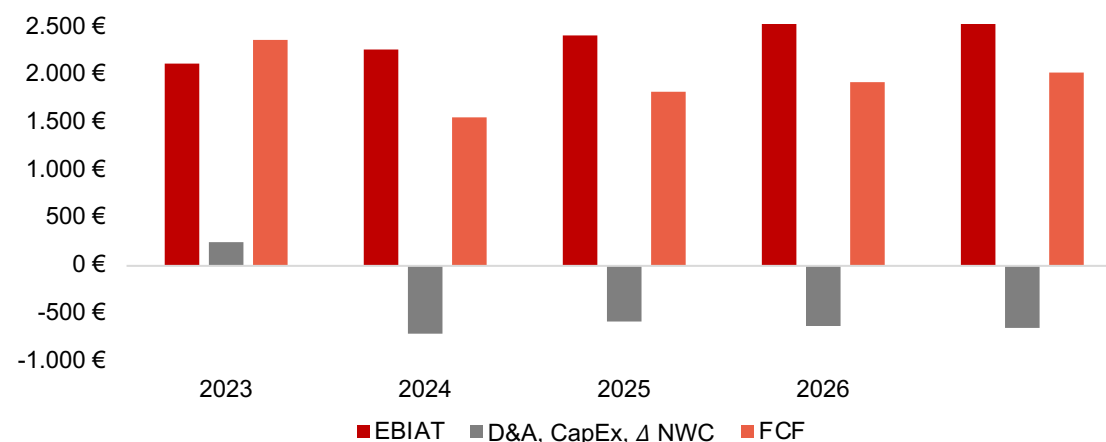
DCF Analysis

Conservative assumptions still lead to a buy in different scenarios and inflation cases

Scenarios Overview



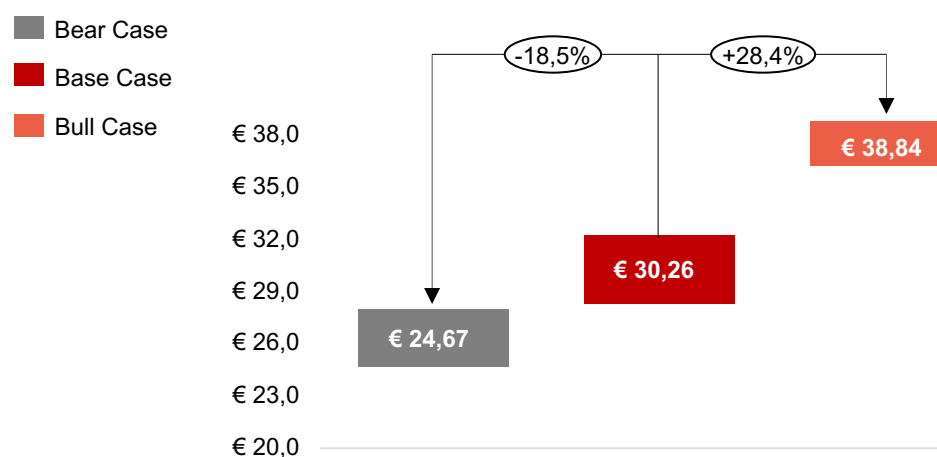
Free Cash Flow and CapEx (in mn)



Sensitivity Analysis for Base Case (in EUR)

Growth Rate	WACC				
	8.92%	8.42%	7.92%	7.54%	7.00%
1.80%	24.89	25.05	25.21	25.37	25.51
2.00%	27.29	27.45	27.61	27.78	27.92
2.20%	29.94	30.10	30.26	30.42	30.56
2.40%	32.87	33.02	33.18	33.35	33.49
2.60%	36.12	36.28	36.44	36.60	36.74

Target Price Range by Scenario and Inflation Forecast



A photograph of two male workers in a large industrial facility. They are wearing yellow hard hats with red communication devices and dark grey work jackets with the Veolia logo. The worker on the right is holding a yellow clipboard and a pen, looking at it while the worker on the left looks towards a wall of numerous circular gauges. The background shows the complex steel structure of a large industrial building with high ceilings and skylights.

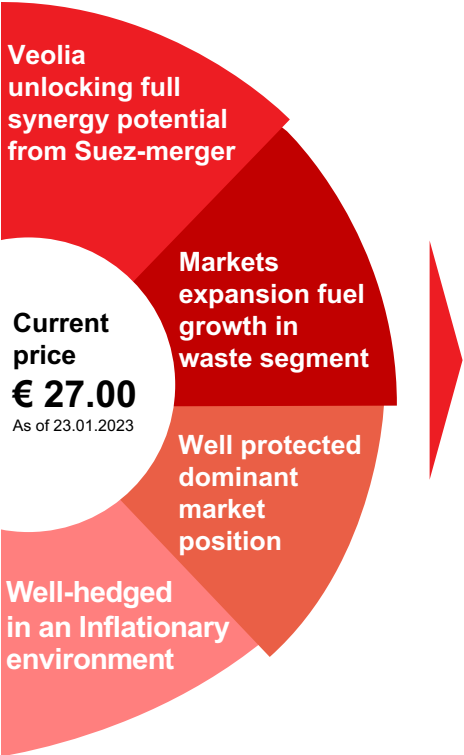
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Conclusion

Conclusion

Veolia provides for a safe but sound investment in a tumultuous and uncertain macro-economic environment



A high-speed photograph of a water splash forming a perfect circle, set against a deep blue background. The water droplets are captured in mid-air, creating a textured, crystalline ring. The lighting highlights the edges of the water, giving it a three-dimensional appearance.

Veolia

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Appendix

2. Extensive experience

- 160 years of experience allow Veolia to base their technologies on years of practice.
- World's distribution network – 48 countries
- Reputation
- Know-how

1. Strategic Acquisitions and partnerships

- Generating synergies and growth – (e.g. SUEZ acquisition)
- Orange Business Services Partnership (2022) – Supports Hubgrade with more than 25 types of expertise in digital, AI, IoT, data analytics and cloud

3. Market leader

- TOP 3 of its business lines in all its key countries. (France, USA)
- 5% market share worldwide, which is very fragmented
- Suez Acquisition

4. Technology

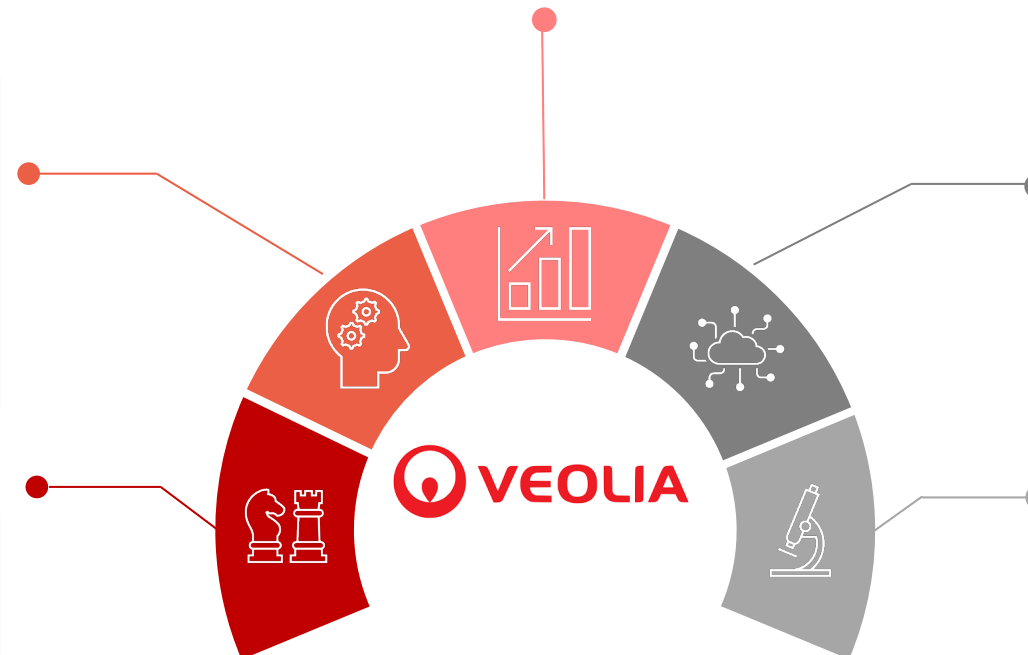
Technologies are design to reduce operating costs and ensuring the optimization of the resources and efficient management of installations.

- Poses 2140 active patents in 2021
- Real time monitoring solutions (e.g. Hubgrade)
- Disruptive technologies.
- Auto-adaptive sequential sorting (TS2A)

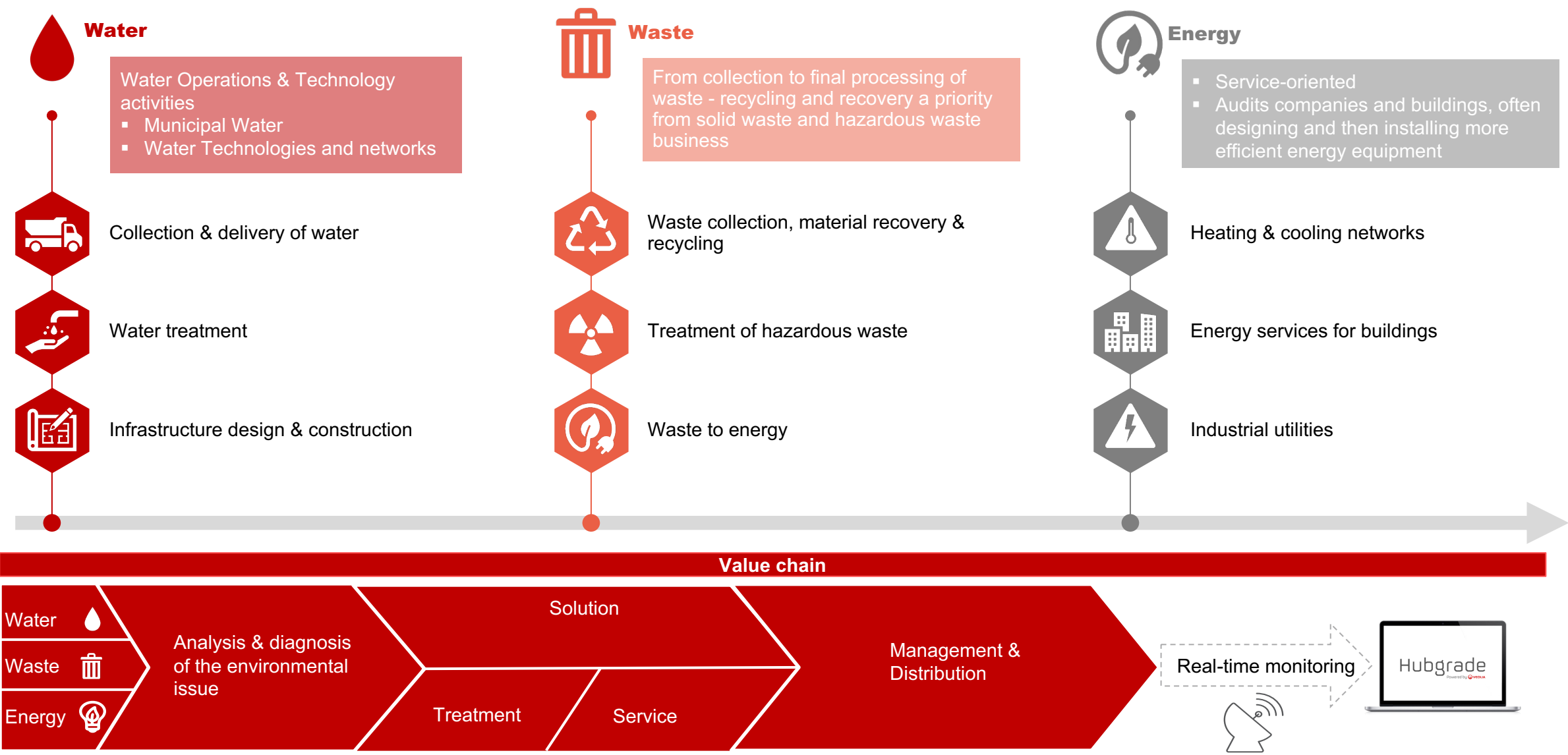
5. R&I strategy

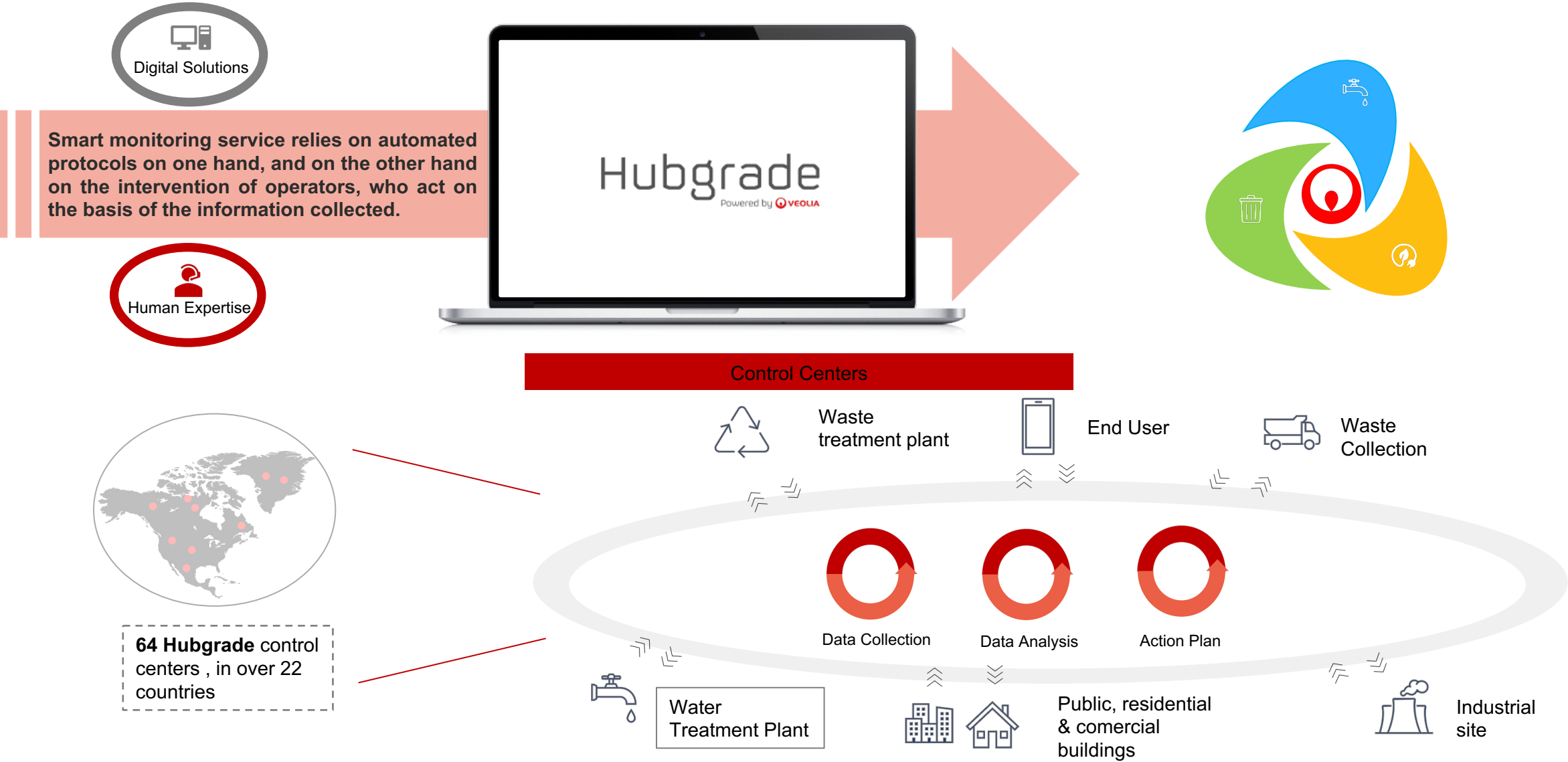
3 research R&D Pillars:

- An Internal Research and innovation structure (4 research sites)
- An open innovation approach (VIA, Open playground) – strategic partnerships to collaborate and co-develop
- A global scale international network



Value Chain

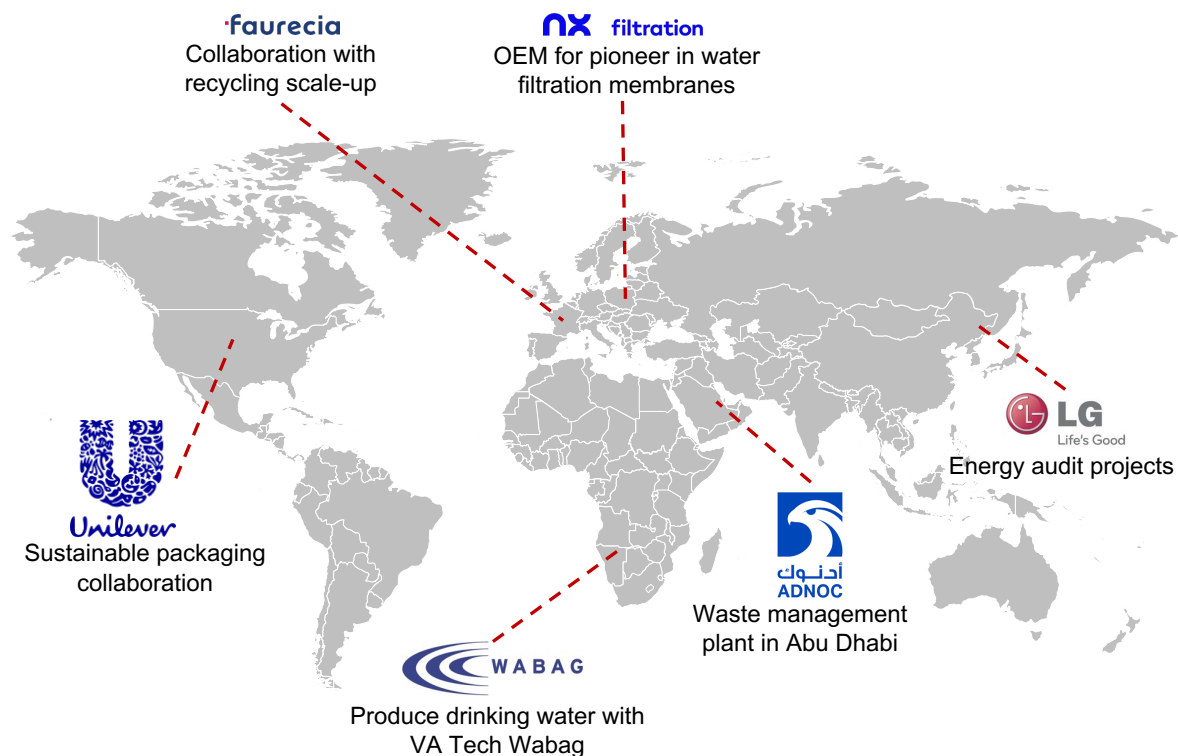




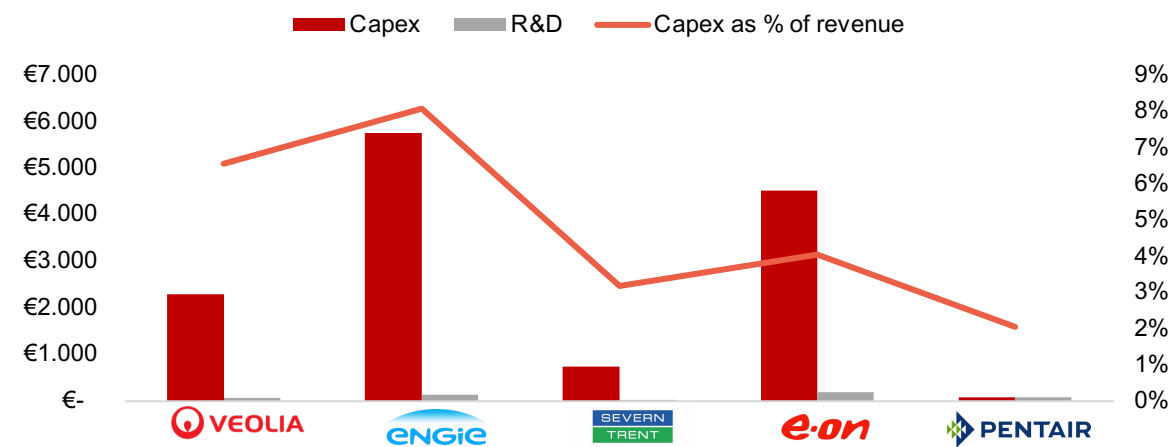
Partnerships & Research Capacity

Selected Corporate Partnerships

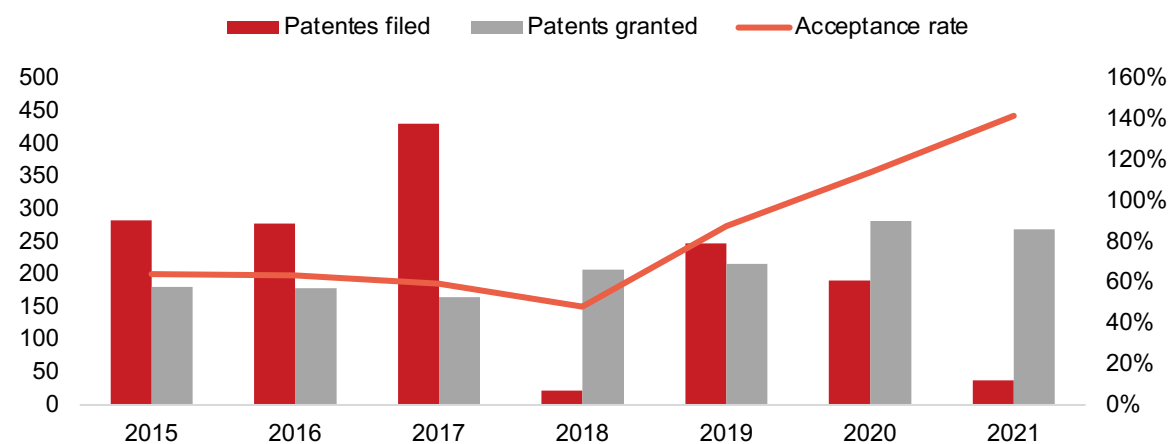
Through **partnerships and OEM relations** with established corporates as well as with start-ups, Veolia can leverage it's value chain and **benefit from technological advancements** in the industry while reducing R&D expenses.



Capex and R&D Benchmarking

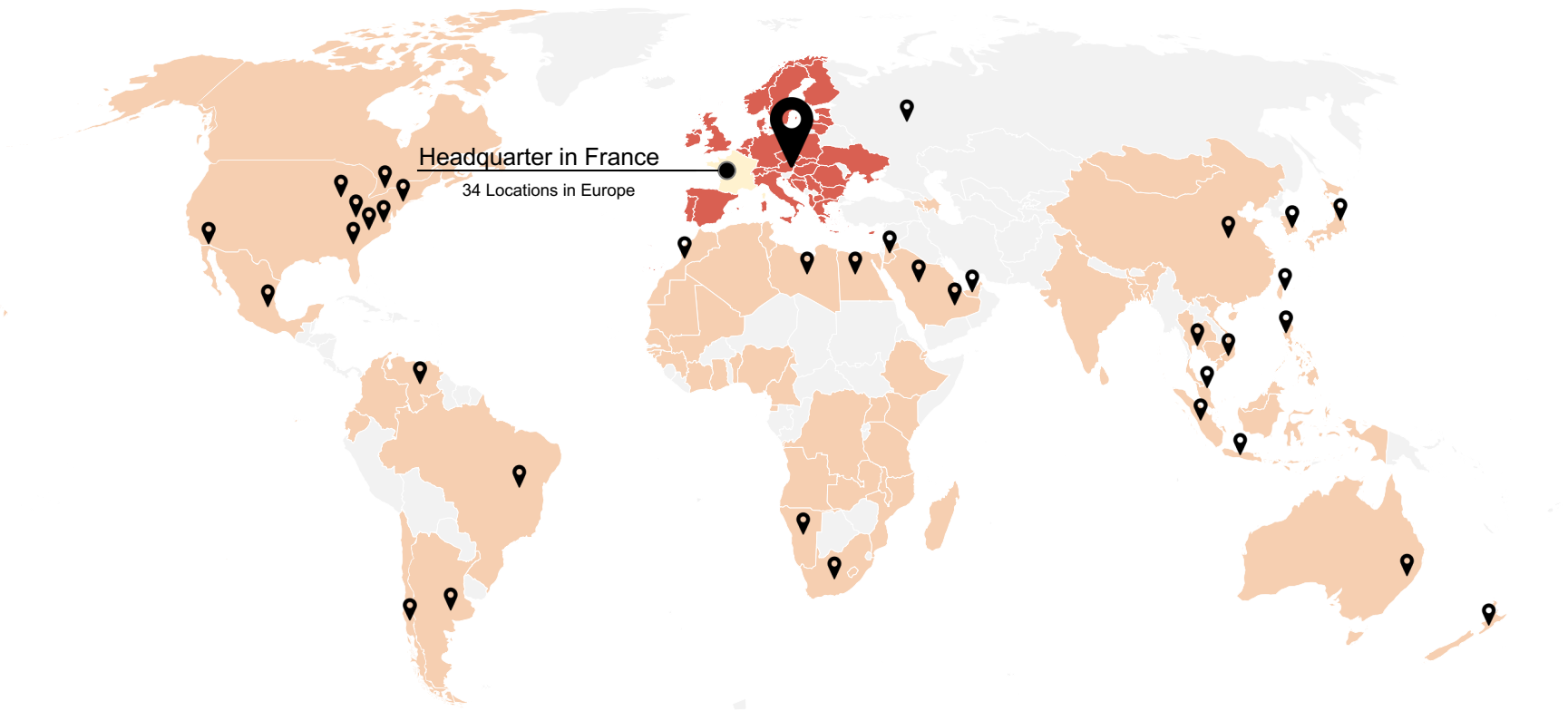


Filed & Granted Patents



Global Footprint

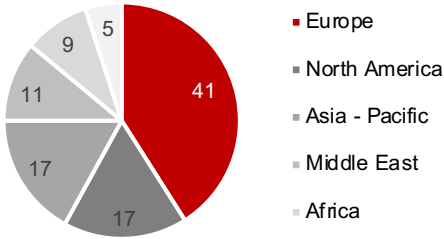
Key Sites



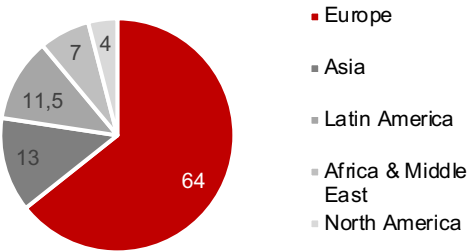
© Austi

Global Distribution

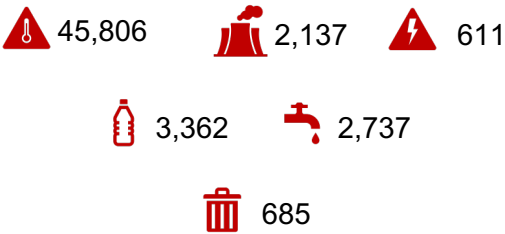
Revenue by Region



Employees by Region



Global Infrastructure



Suez Integration & Divestures

Buying History – Integration of Suez



Veolia and Suez are both global players in waste and water management

2012: First attempt failed due to antitrust concerns

2020: First offer to Engie for 29,9% Suez shares at 2.9 EURbn

Engie sold stake for 3.4 EURbn

2021: Final merger agreement with valuation at 12.8 EURbn



Shares of Veolia jumped over 9% and Suez went up by 7.8% that day

Divestures – At very High Valuations



- Hazardous waste assets France



- Mobile water units and industrial water contracts in France



- Waste business of Suez's UK (€2.3bn at 16.9 times 2021 EBITDA)



Forced to Divest - Limited Competition Concerns

CMA UK required to sell 3 substantial parts of the merged business regarding **competition concerns** in **5 waste** markets and **2 water treatment** markets



- Suez's UK waste management



- Suez's UK industrial water operation and maintenance



- Veolia's European mobile water



Councils and **customers** concerned about the **merger impact** on the **cost and quality** of the services they receive. Taxpayers and businesses would have been left to cover any increase in cost.

Consequences of Merger and Divestment

- VIE remains a major player in the UK waste management market
- Divestments bring the Group's debt leverage significantly lower
- Now in the TOP 3 of its businesses in all its key countries including the US

Water Services :
#1 WW - #1 EU - #3 US

Solid Waste :
#1 FR - #1 UK - #2 GER - #1 AUS

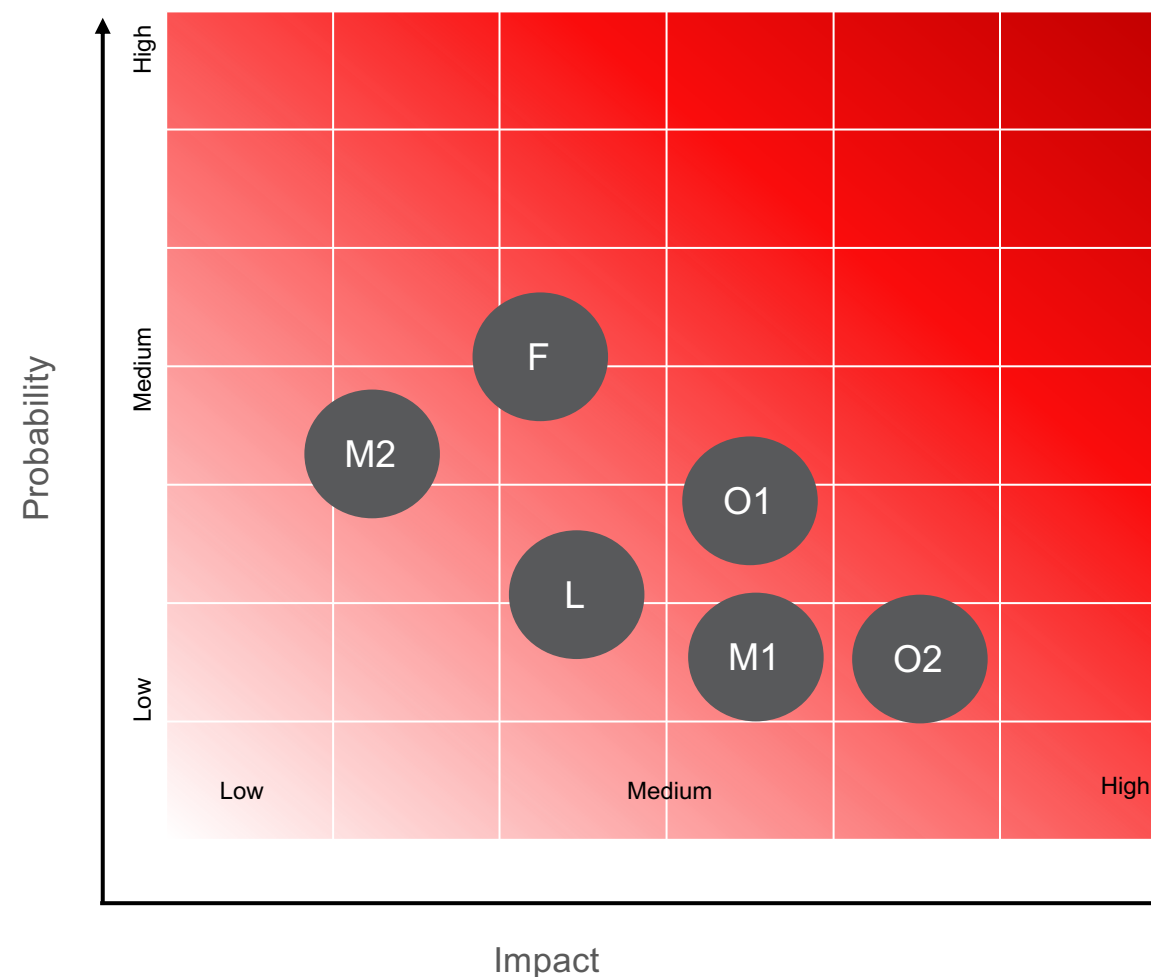
Water Technologies :
#1 WW



Hazardous Waste:
#1 EU - #3 US

Risk Matrix

- O1** Veolia's expected synergies from the Suez merger may not materialize in the near future.
- O2** Veolia might not be able to adapt fast enough to the increasing amount of innovations in the waste, water and energy space
- L** Veolia is subject to the inherent risk of internationalization, geopolitical risks and regulatory changes
- F** Veolia had to raise a significant amount of new debt for the merger and might have to refinance with worse conditions
- M1** Veolia's market position can be endangered, when local competitors create alliances
- M2** Veolia's revenue is dependent on commodity prices and therefore subject to price fluctuations



F-Financial O-Operational, M-Market, L-Legislative

Strengths and Weaknesses

STRENGTHS

- **Established relations** with corporates and municipals
- **Inflation indexation policies** protect the company from inflationary environments
- Interest hedges ensure that **financial stability** remains unaffected by interest rate hikes
- The company exceeds in **diversification** with regards to product portfolio and geography

OPPORTUNITIES

- **New markets & geographies** especially in **MENA region**
- Suez related **synergies and margin improvements**
- **Increased regulation** regarding water treatment could **drive demand**
- **Benefits from technological advancements** in the industry via their OEM partners



- **High leverage ratio** dampens bottom line to some extend
- **Mature industry** with low growth rates
- **Lack** of integration of **entire value chain** and therefor depended on external manufacturers

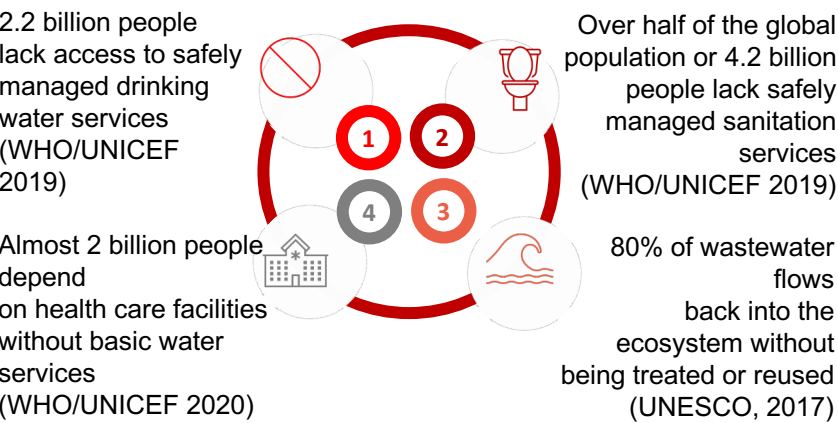
WEAKNESSES

- **Falling behind in R&D** efforts could lead to losing market share
- **Decreased demand for environmental services** due to the global macroeconomic environment

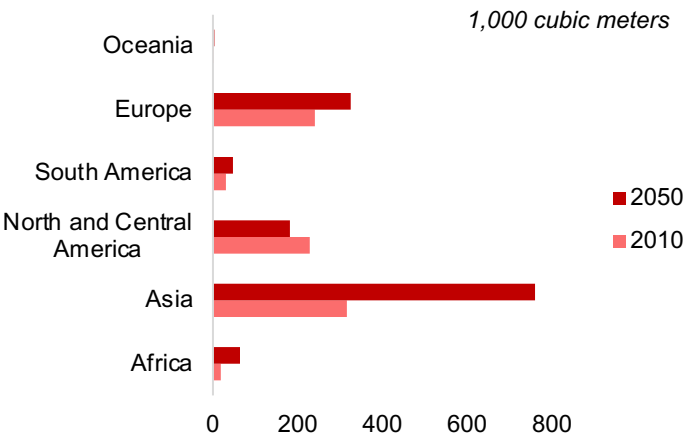
THREATS

Water Market Overview

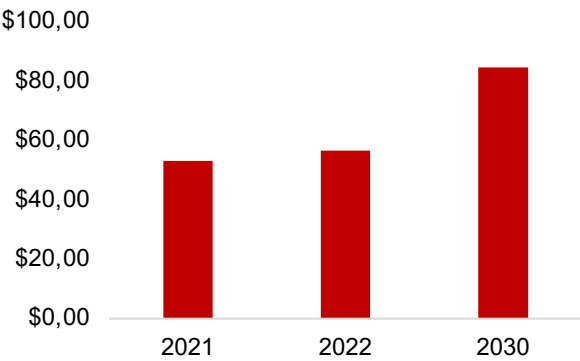
Water Challenges



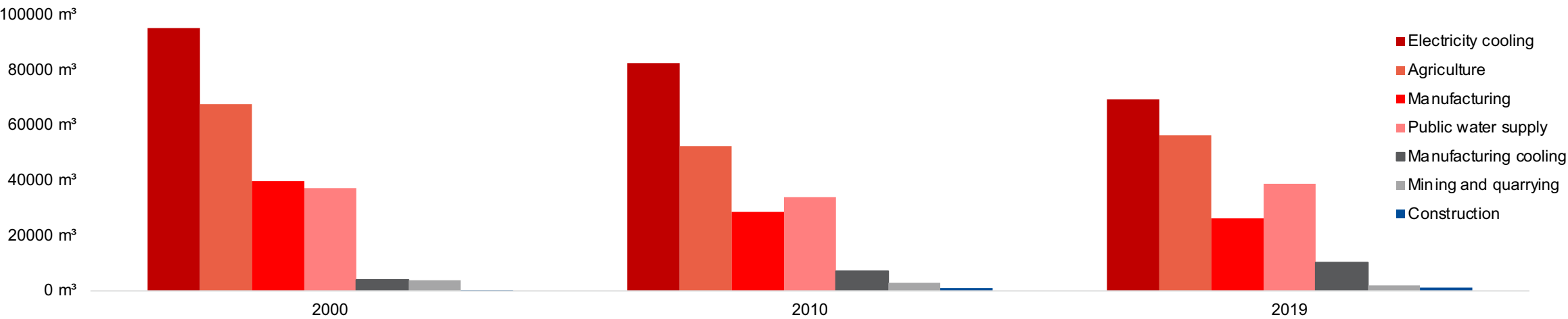
Annual Industrial Water Demand Worldwide



Water and Wastewater Treatment Equipment Market Size Worldwide (bn)

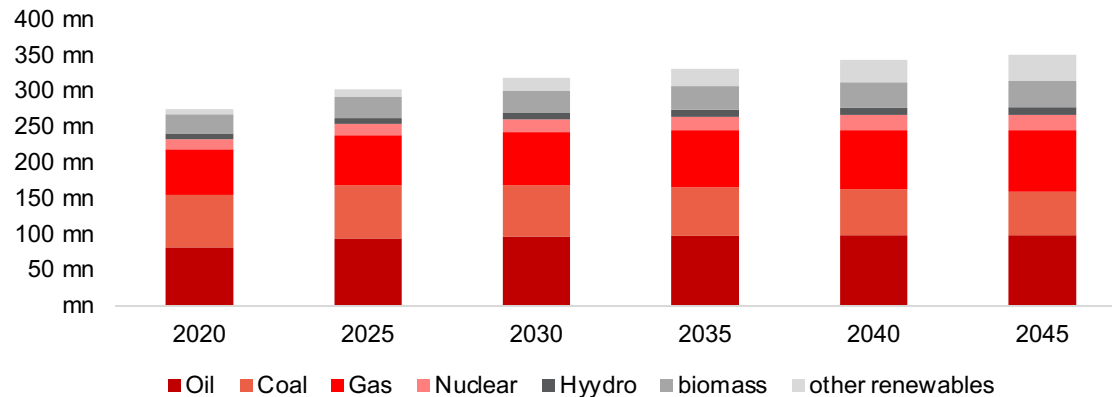


Water Abstraction by Economic Sector in the 27 EU Member States (in mn)

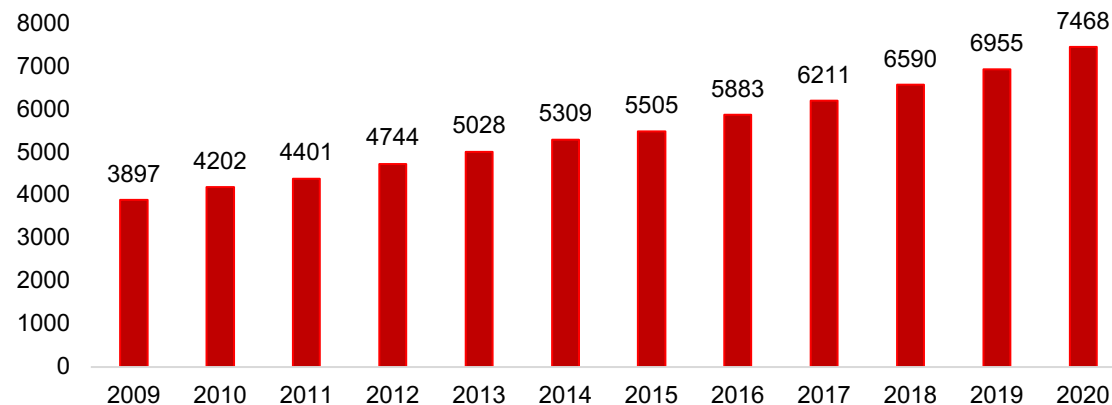


Energy Market Overview

Primary Energy Demand Worldwide (mn barrels of oil equivalent per day)



Production of Renewable Energy Worldwide (TWh)



Global Energy Perspectives



High volatility on energy markets due to geopolitical tensions and demand, while the target is < decarbonisation



Energy mix – electricity and enabling hydrogen and synfuels amount to 50% by 2050



Global warming is expected to reach 1.7 grad C by 2100



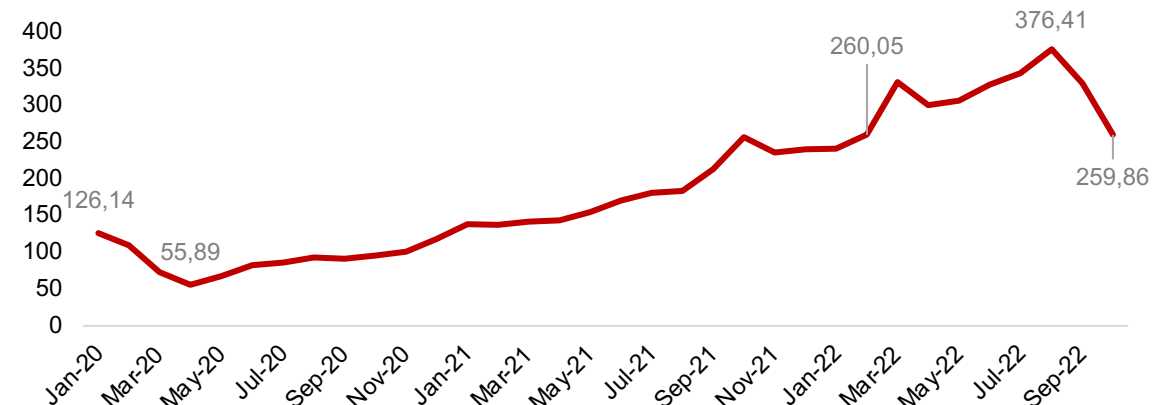
Demand peaks:

- Oil – between 2024 and 2027
- Coal – 2013, rebound in 2021, but expected to decrease
- Gas – toward 2035 tendency to grow to 10-20%



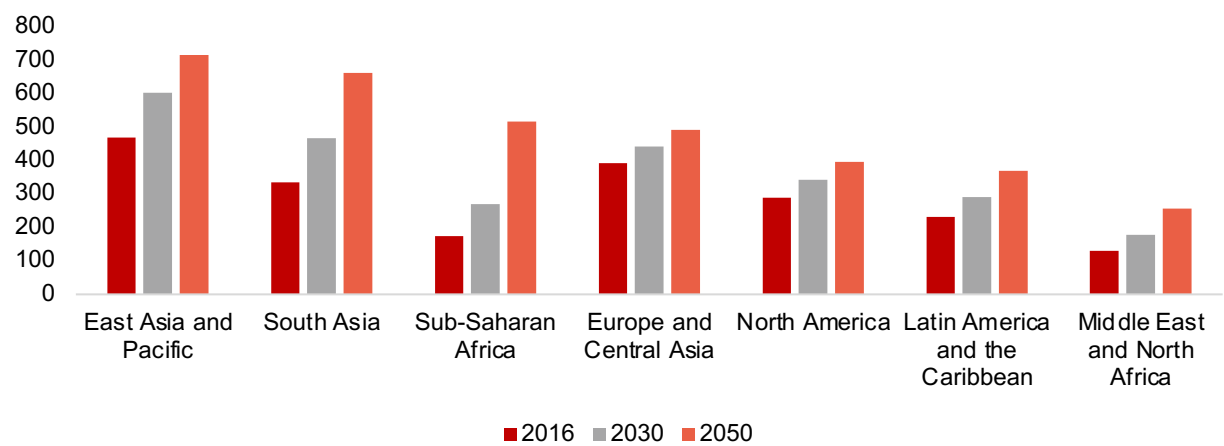
Total investments across energy sectors are expected to increase by more than 4% per annum and mostly in non-fossil and decarbonisation technologies

Monthly Fuel Energy Price Index Worldwide (2016 = 100%)

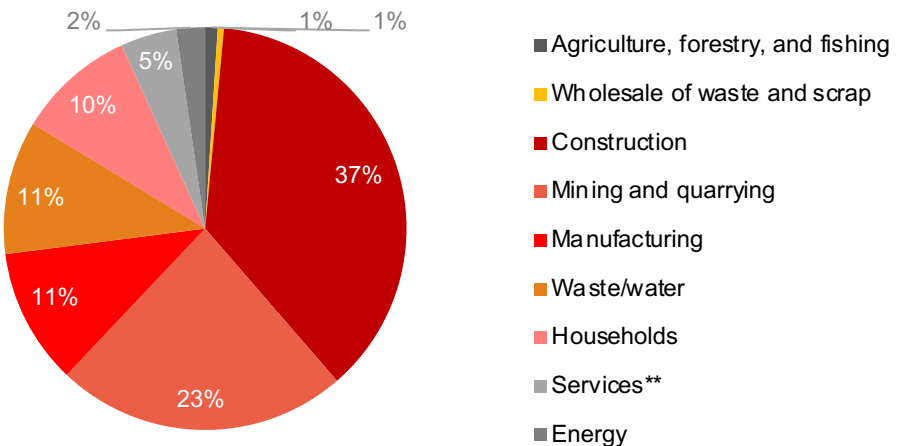


Waste Market Overview

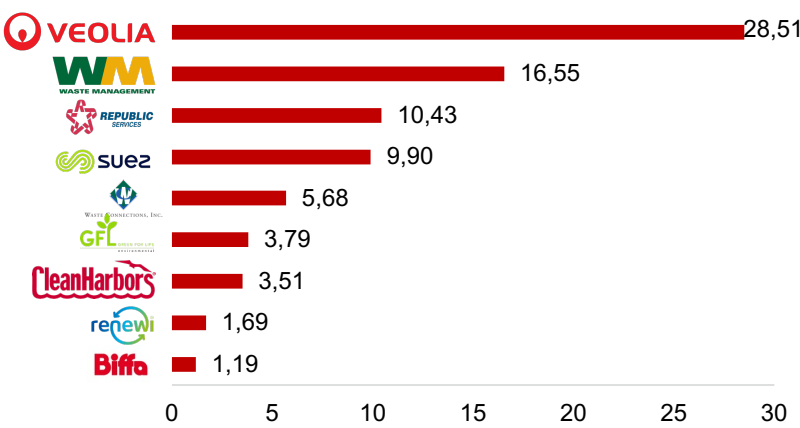
Projection of Waste Generation Worldwide (in mn mt)



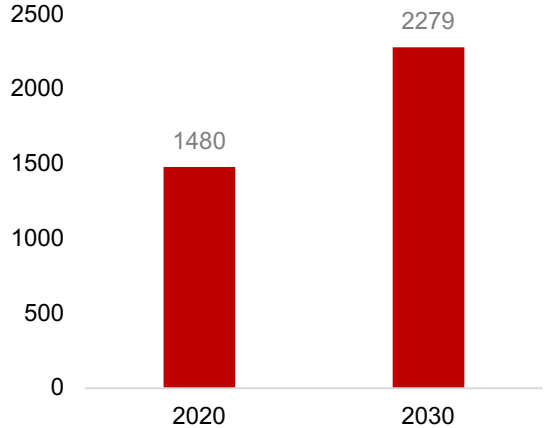
Waste Generation Distribution in the EU (by economic activities)



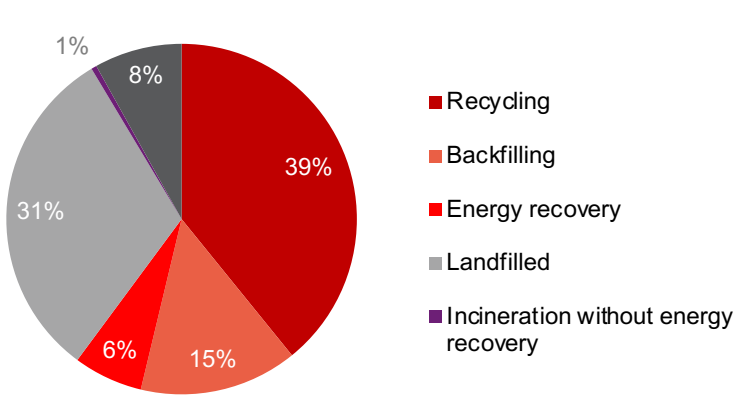
Sales of major waste mgmt. companies (in bn)



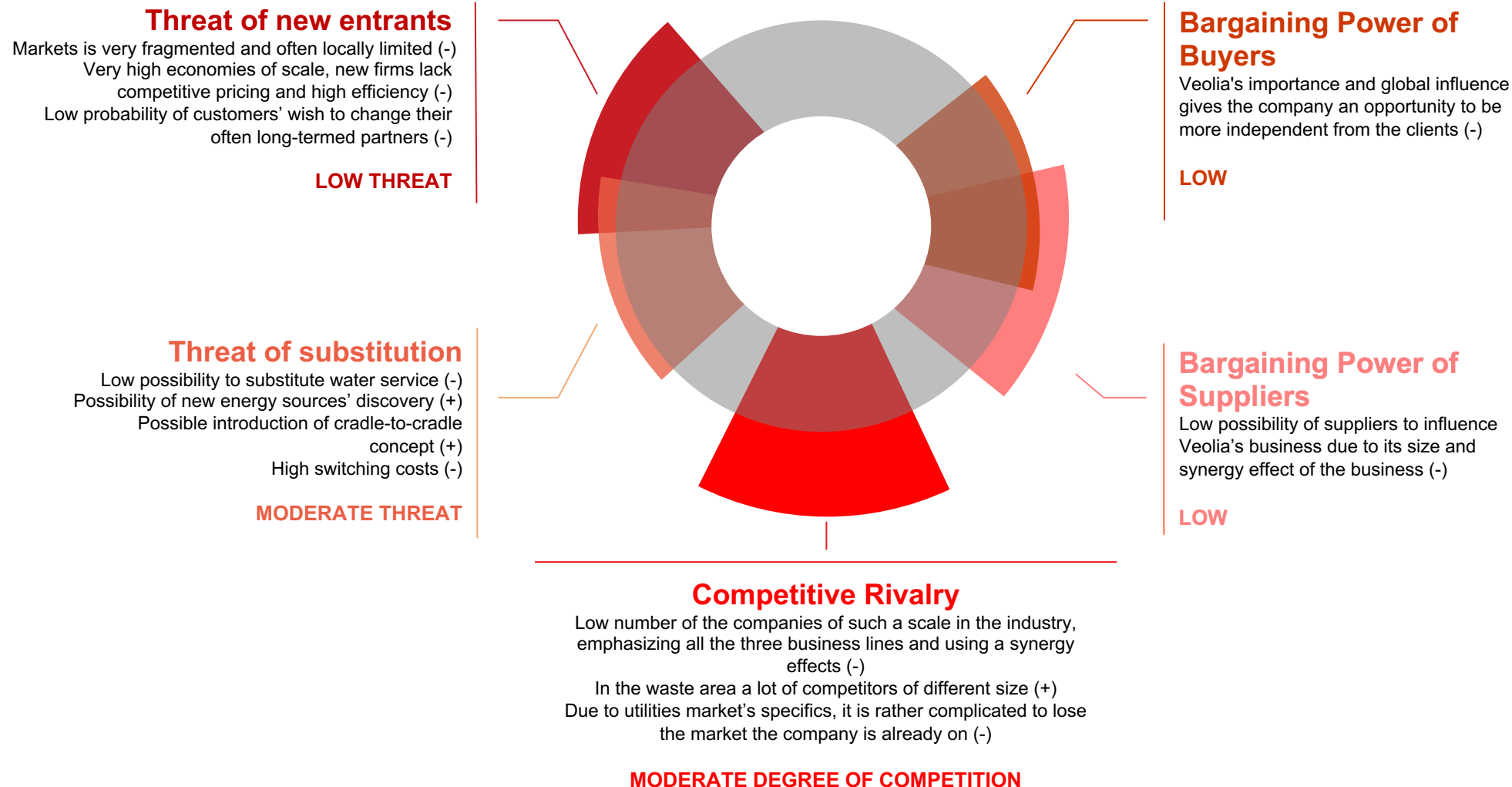
Waste Mgmt. Market Size (in bn)



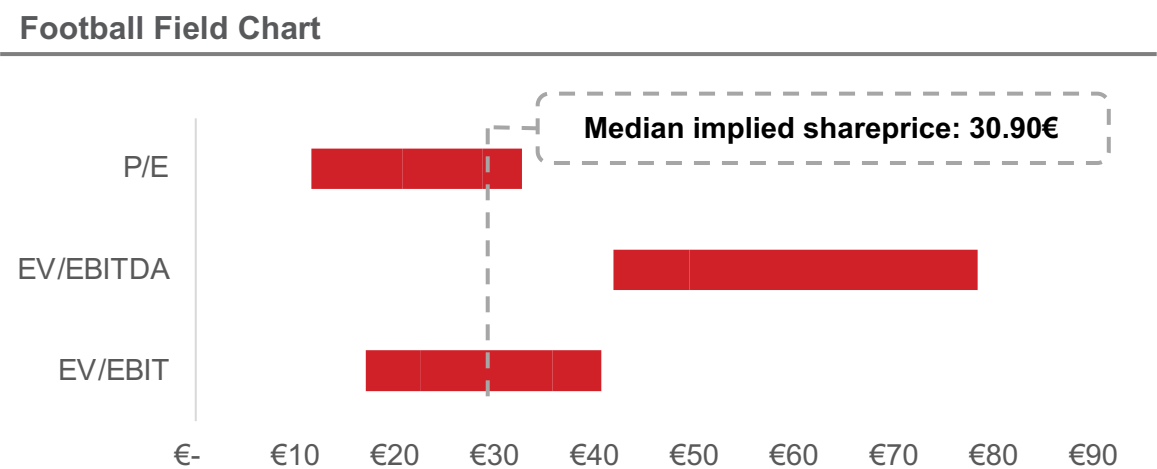
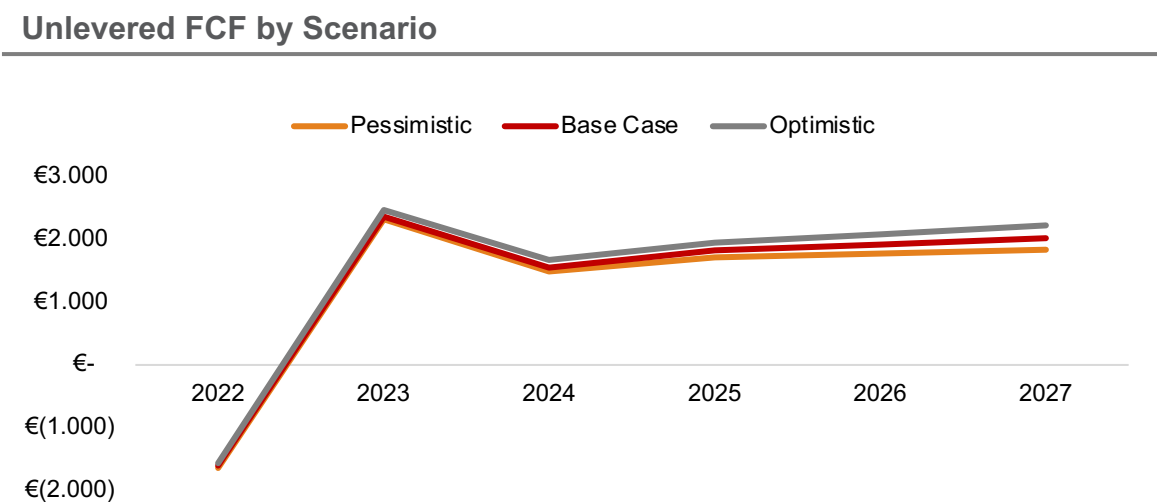
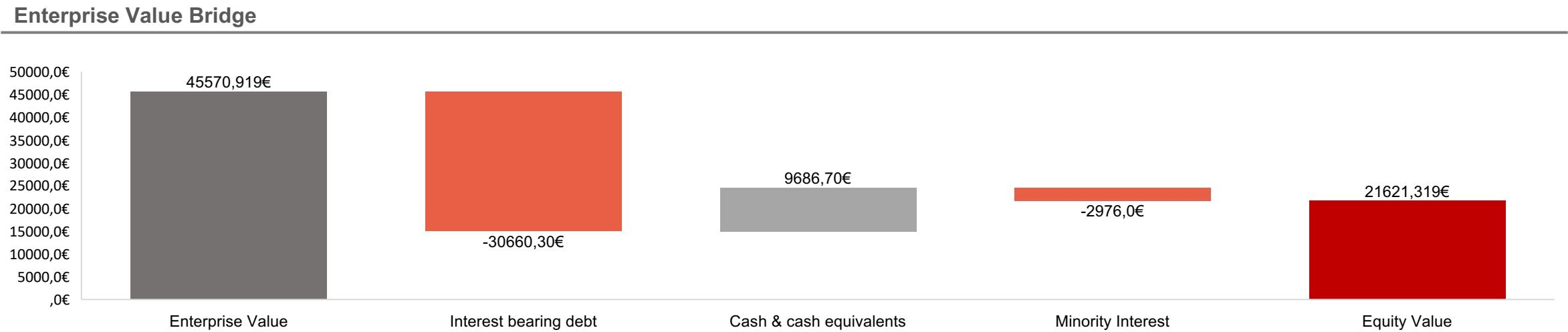
Waste Treatment Distribution in the EU (by recovery types)



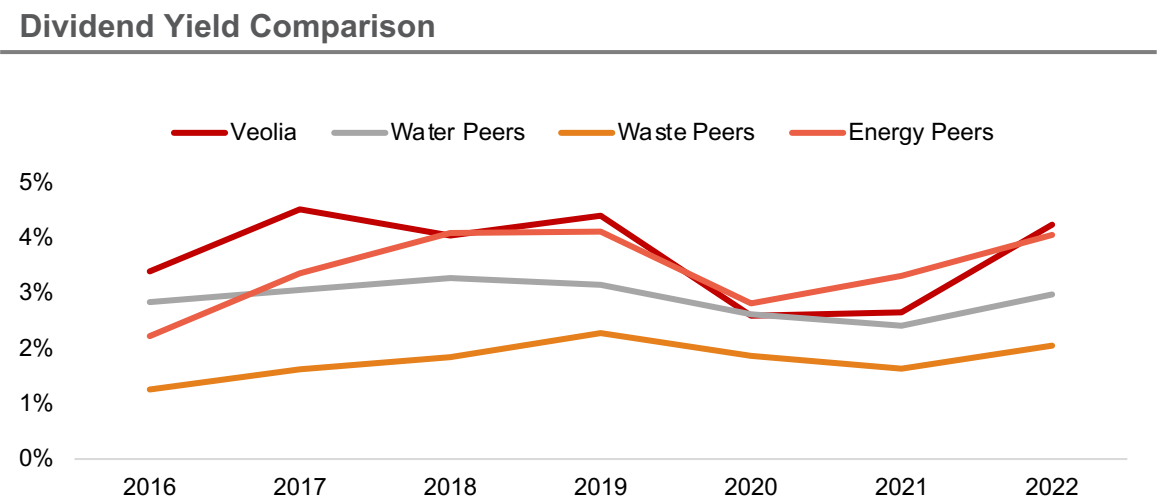
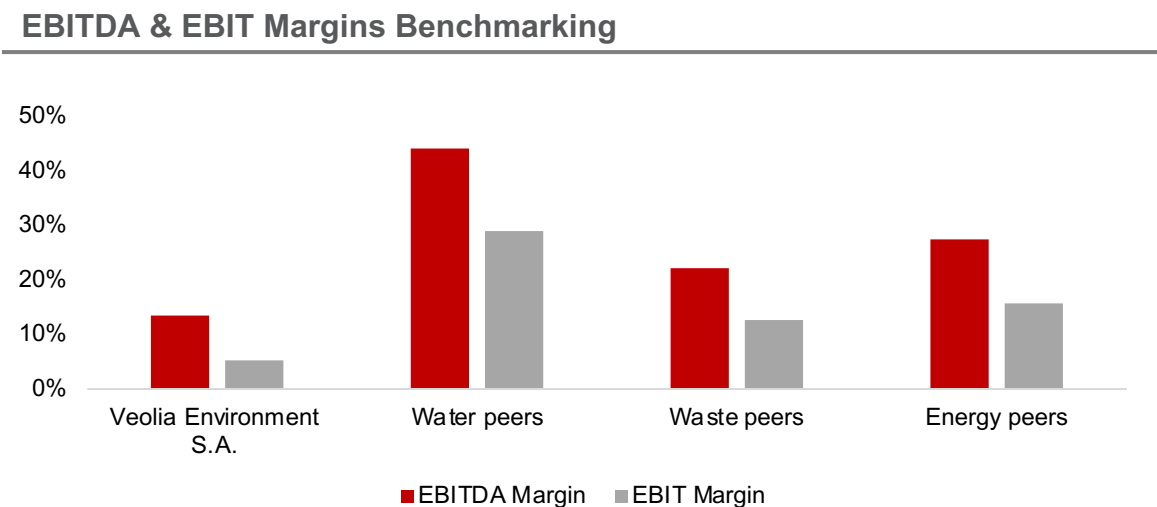
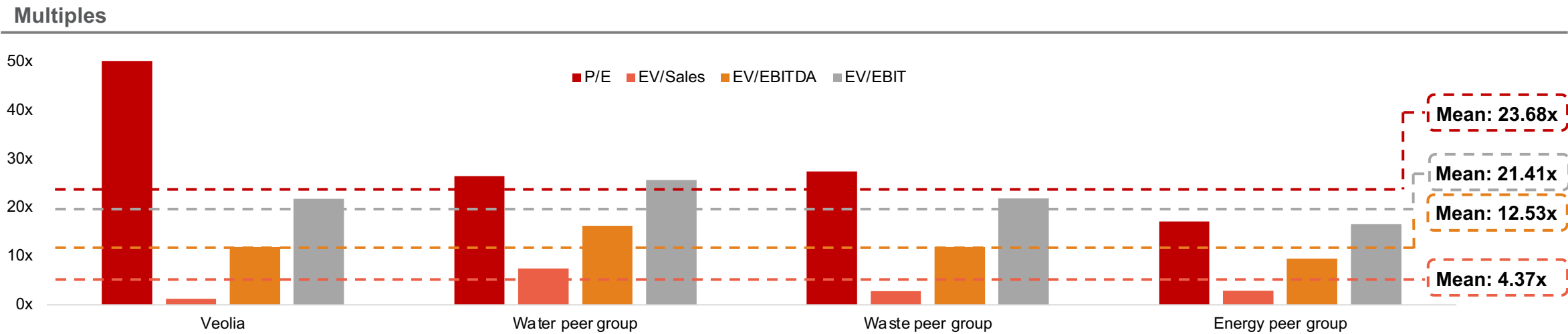
Porter's 5 Forces



Valuation Visualizations



Multiples and Benchmarking



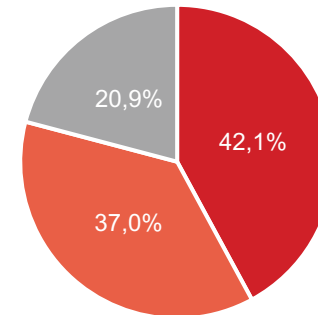
Valuation– Appendix

Peer Group Selection

Peer Group

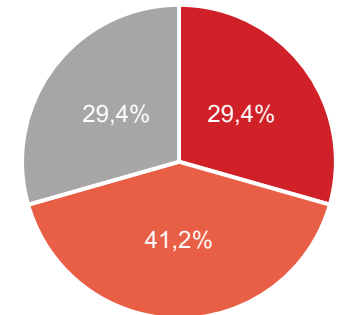


Veolia Revenue Split



■ Water ■ Waste ■ Energy

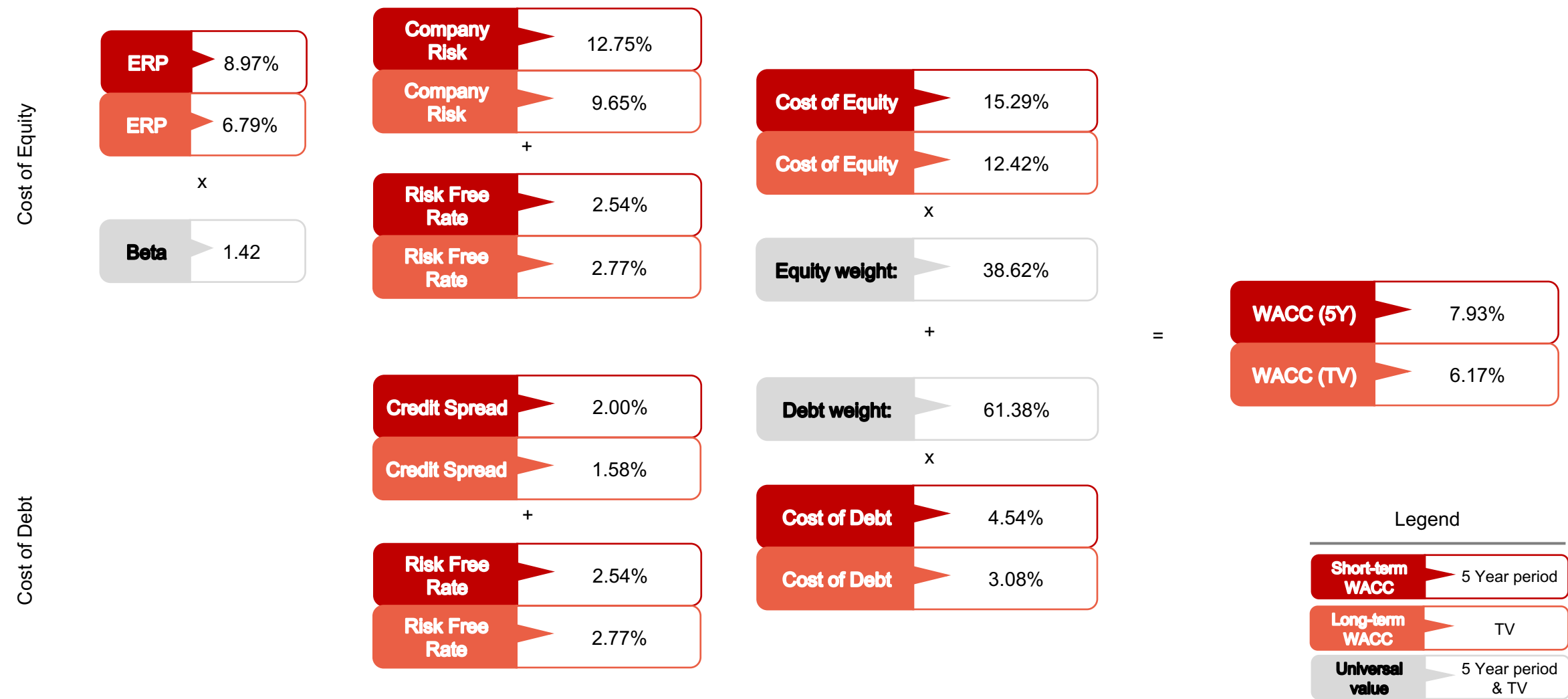
Peer Group Split



■ Water ■ Waste ■ Energy

Company	Enterprise value	P/E	EV/Sales	EV/EBITDA	EV/EBIT
Veolia Environment S.A.	€ 42.989,60	50,15x	1,23x	11,88x	21,81x
Severn Trent PLC	€ 15.335,21	40,46x	6,90x	15,82x	27,14x
United Utilities Group PLC	€ 16.560,03	31,76x	8,02x	14,94x	25,64x
American Water Works Company Inc.	€ 37.895,20	21,86x	10,62x	20,78x	31,02x
ESSENTIAL UTILITIES, Inc.	€ 15.984,74	30,60x	9,68x	19,91x	29,55x
Pentair Public Limited Company	€ 9.386,92	13,72x	2,50x	13,47x	15,05x
Waste Management, Inc.	€ 74.105,43	29,48x	4,08x	15,31x	25,05x
Seche Environment SA	€ 1.212,70	16,95x	1,39x	7,77x	14,10x
Cleanaway Waste Management Ltd.	€ 3.215,82	65,25x	2,48x	17,86x	41,71x
Republic Services, Inc.	€ 44.415,63	32,43x	4,47x	15,10x	23,86x
Waste Connections, Inc.	€ 32.847,77	58,01x	6,07x	19,63x	34,28x
Renewi plc	€ 1.338,89	10,60x	0,73x	7,18x	11,85x
Fomento de Construcciones y Contratas	€ 9.353,50	6,55x	1,30x	8,42x	13,15x
E.ON	€ 55.217,80	5,85x	0,56x	5,96x	9,65x
CenterPoint Energy, Inc.	€ 29.074,46	14,03x	3,96x	13,37x	24,14x
DTE Energy company	€ 35.707,41	26,44x	2,71x	15,98x	26,88x
Ameren Corporation	€ 31.402,90	24,53x	5,84x	13,63x	24,31x
Engie SA	€ 63.061,40	5,29x	0,83x	4,13x	5,54x

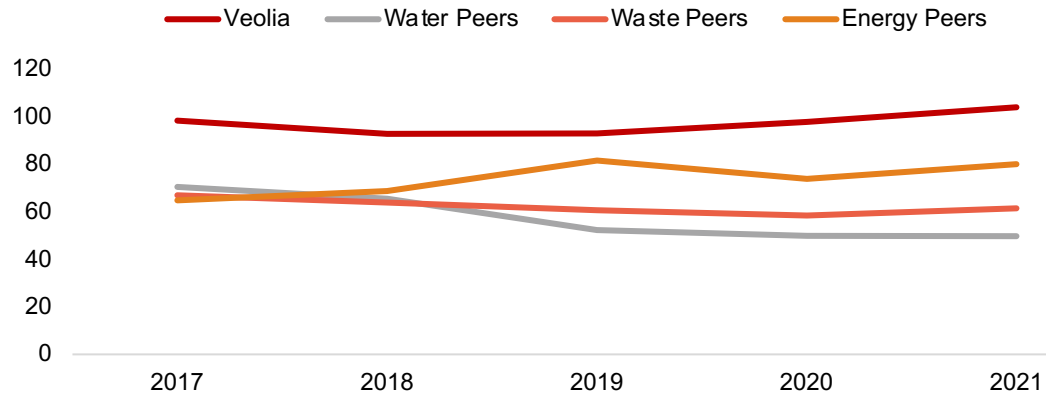
WACC Tree



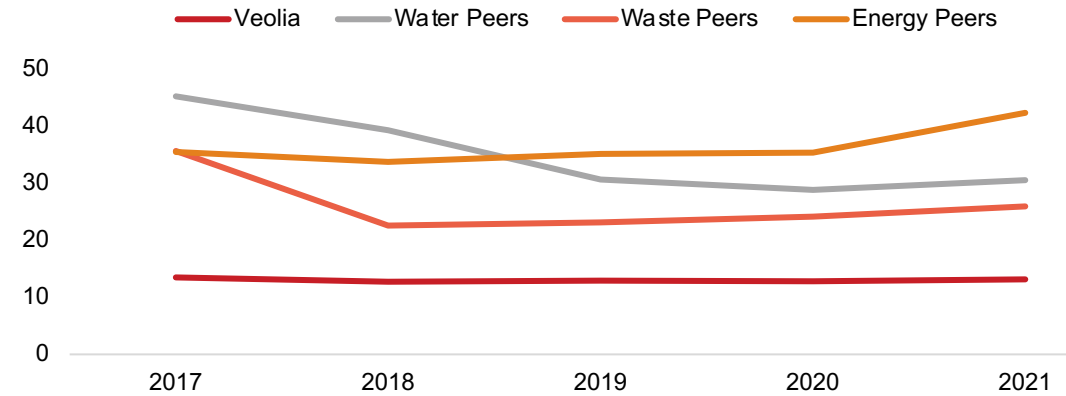
Benchmarking – Appendix

Working Capital Ratios

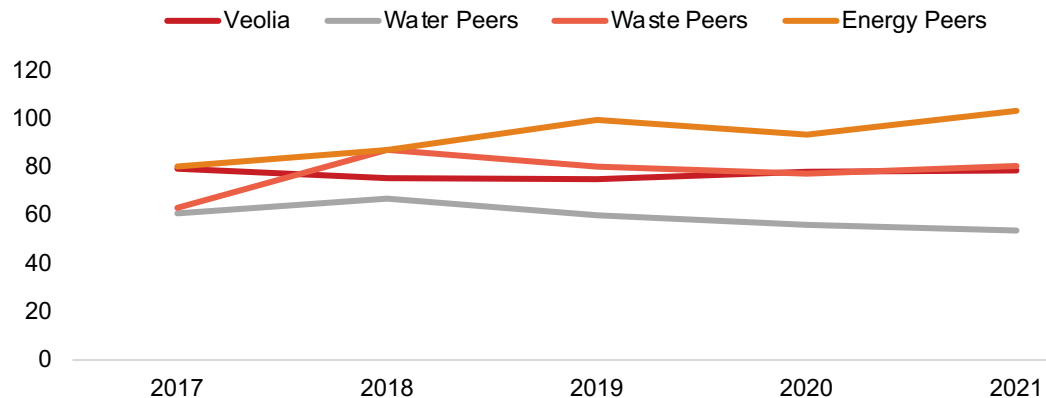
Days Sales Outstanding (in days)



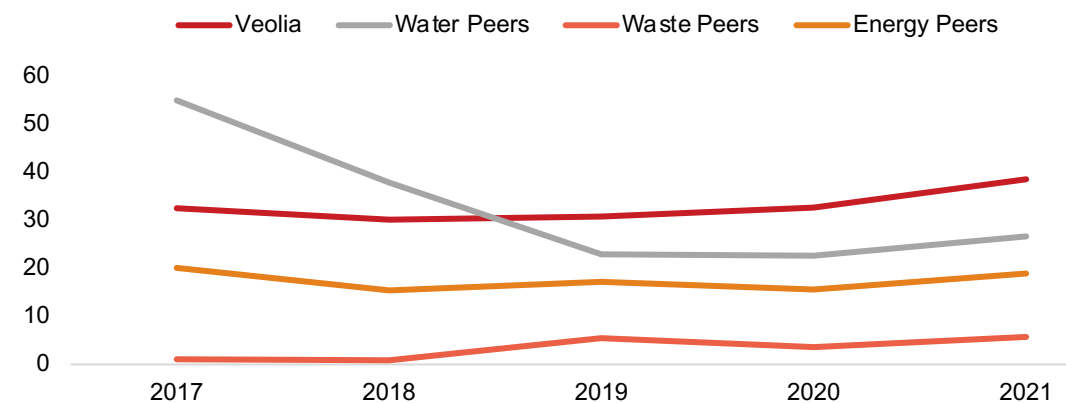
Days Inventories Outstanding (in days)



Days Payables Outstanding (in days)

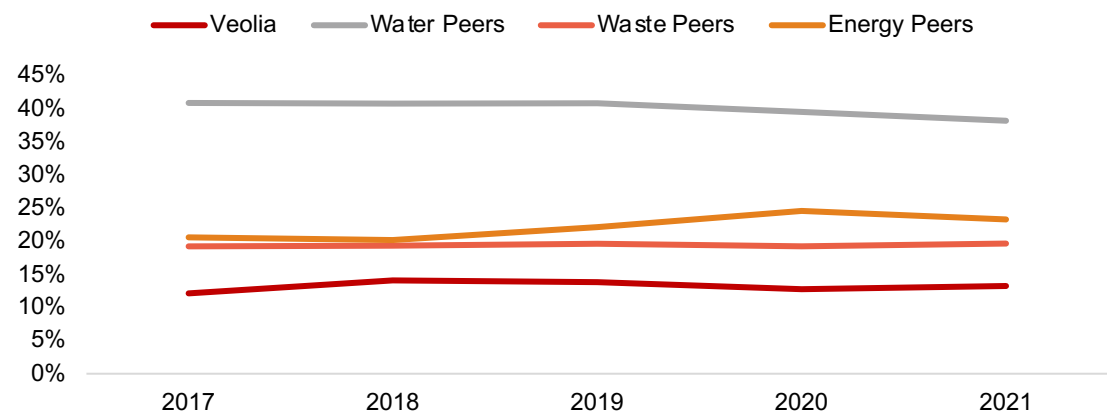


Cash Conversion Cycle (in days)

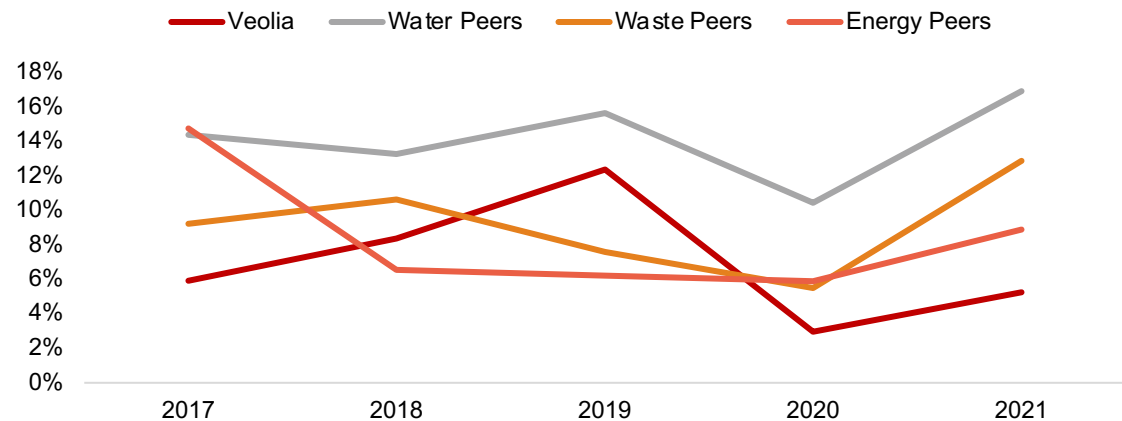


Profitability Ratios

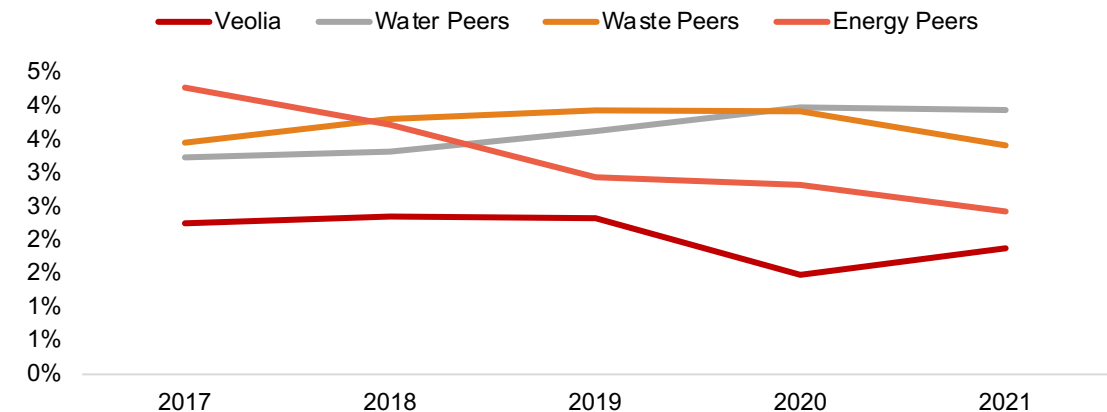
EBITDA Margin



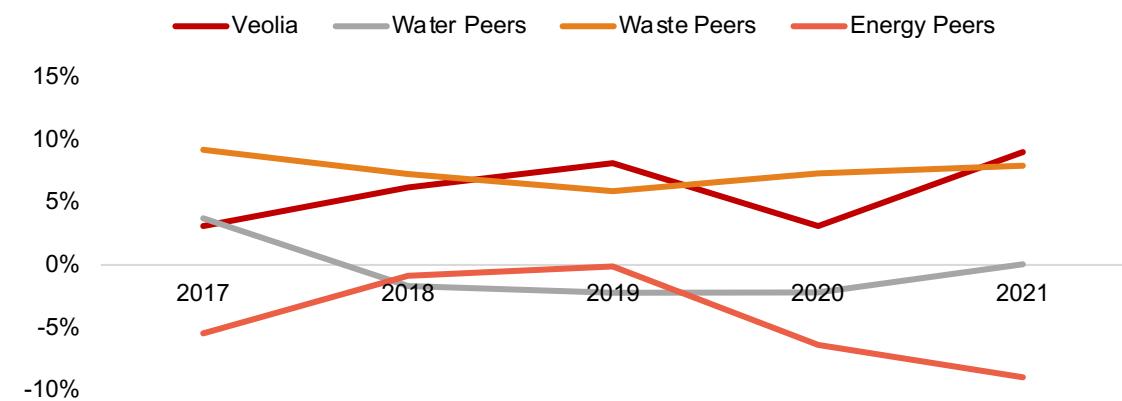
Return on Equity



Return on Assets

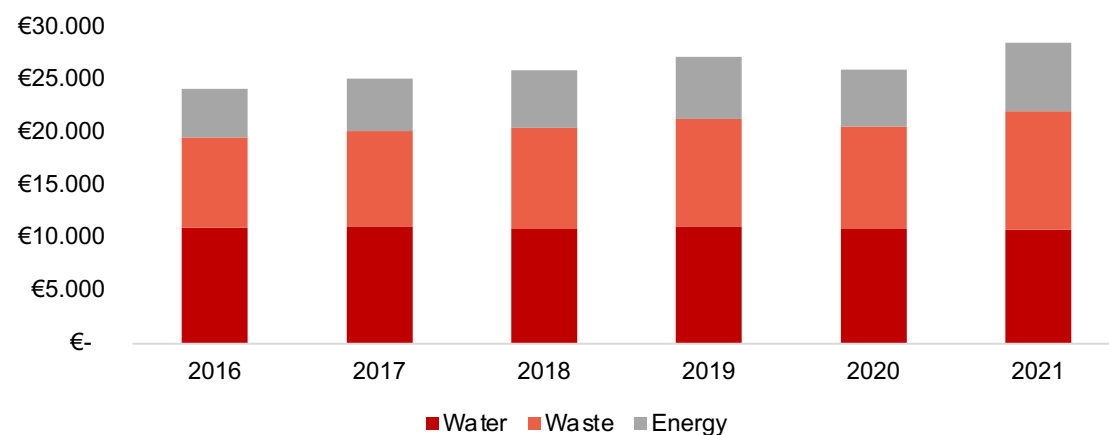


Unlevered FCF Margin

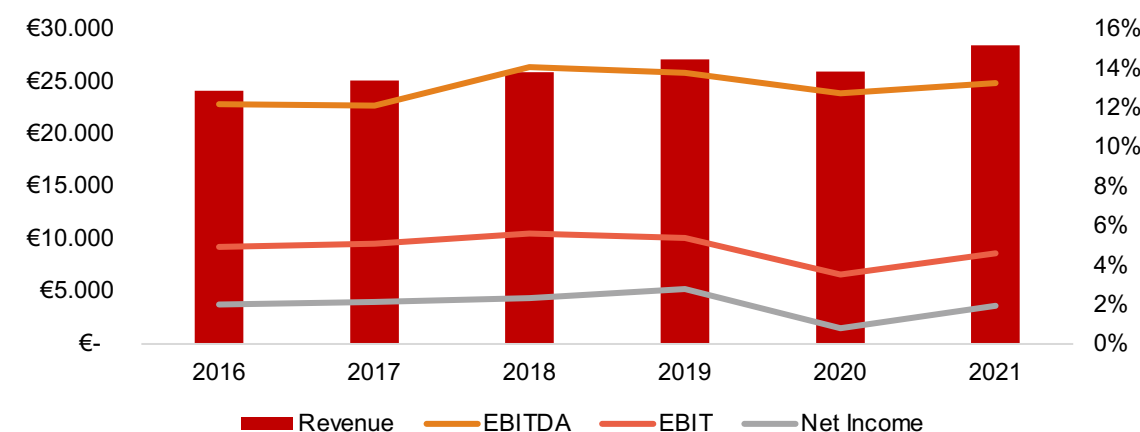


KPI's

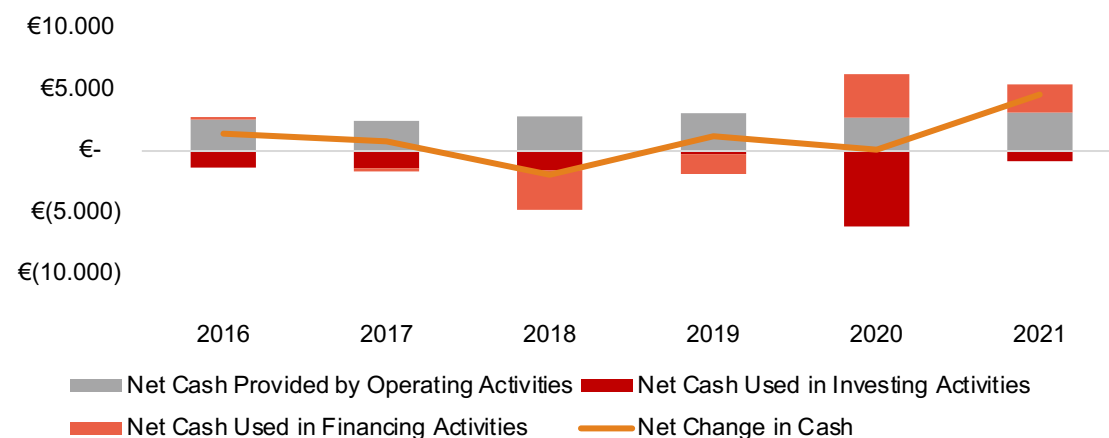
Revenue Breakdown (in mn)



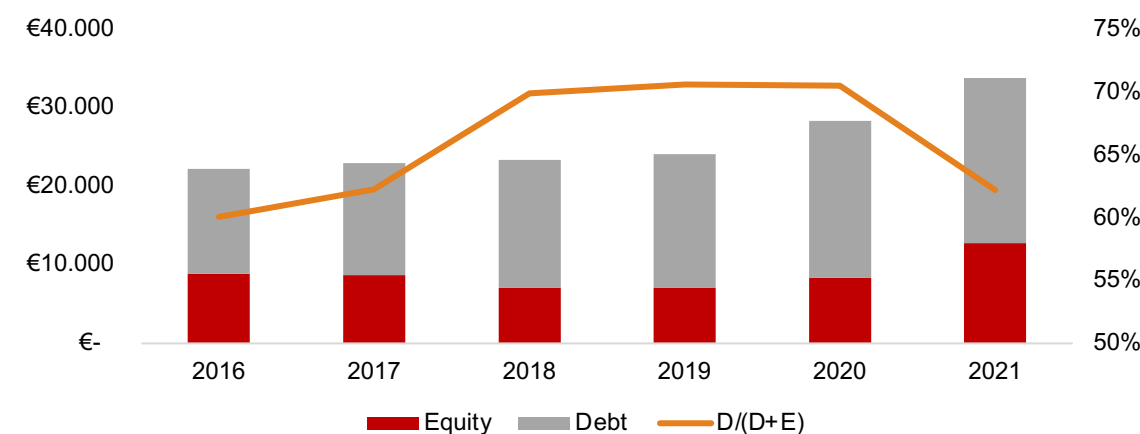
Margin Development (in mn)



Cash Flow Development (in mn)

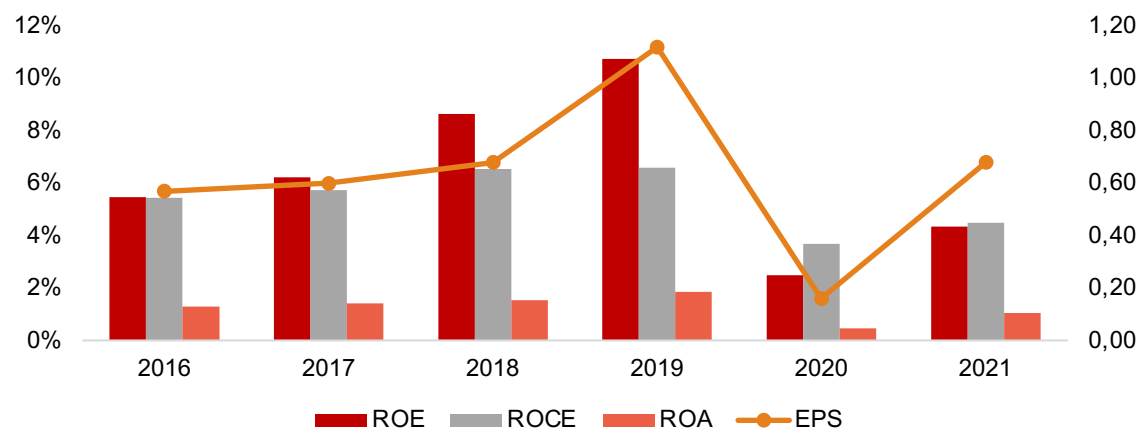


Funding Structure (in mn)

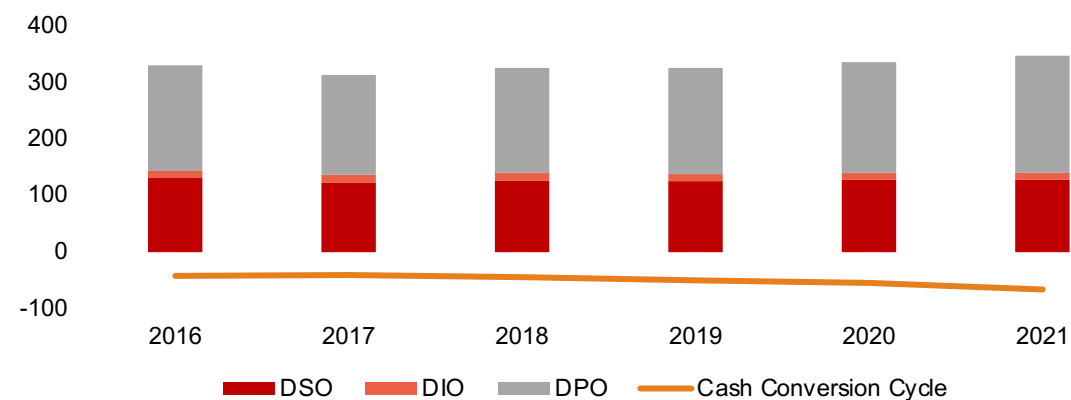


KPI's

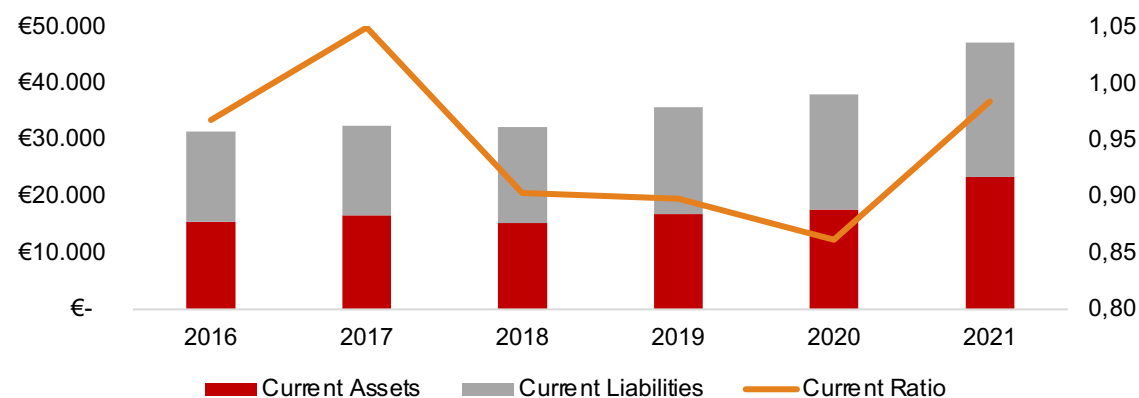
Profitability Ratios



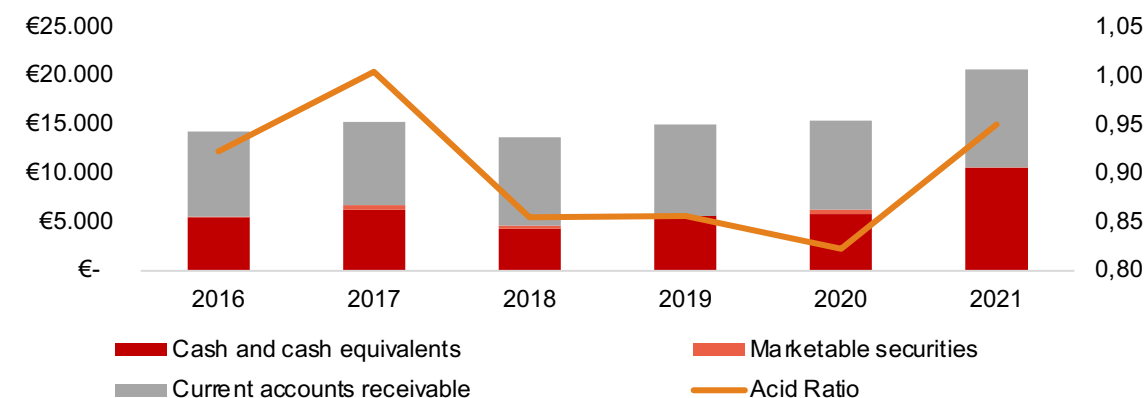
Working Capital Ratios (Days)



Current Ratio (in mn)




Acid Ratio (in mn)



Valuation Overview

Veolia S.A.
Final Pitch
WU Academic Trading and Investment Society



General Information

Team Members

Head of Equity Research Associates

Florian Romen
Emil Wolner
Maximilian Schubert
Ekaterina Kamentsova
Bikakhanim Huseynli

Date of valuation
Date of submission

Sunday, 22. January 2023
Friday, 27. January 2023

Analysts

Oscar De Luna Sanchez
Michael Zwirski

Colour index
Lorem Ipsum
Lorem Ipsum

Number was calculated or is historical data
Number was hardcoded

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General Information, case selection and visualisations

DCF Model

DCF model including shareprice calculation

Multiples Valuation

Comparable companies analysis incl. shareprice calculation

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Revenue Forecast

Assumptions and calculations related to the revenue forecast

Scenario Assumptions

Assumptions and calculations related to the different scenarios

WACC

WACC assumptions and calculation

Supporting schedules

Forecast of balance sheet items excl. debt

Debt schedule

Forecast of debt items

Multiples - Appendix

Peer selection and revenue split

Historicals

Historical financial data

KPIs

DCF Items	2020	2021	2022	2023	2024	2025	2026	2027
Revenue	€ 26.009,90	€ 28.508,10	€ 41.048,00	€ 42.118,34	€ 43.767,69	€ 45.323,12	€ 46.921,54	€ 48.579,25
EBITDA	€ 3.318,30	€ 3.785,60	€ 5.549,54	€ 5.872,67	€ 6.299,28	€ 6.711,35	€ 7.016,67	€ 7.306,02
EBITDA Margin %	12,76%	13,28%	13,52%	13,94%	14,39%	14,81%	14,95%	15,04%
Net Income	€ 208,50	€ 554,90	€ 437,73	€ 876,80	€ 996,56	€ 1.119,52	€ 1.318,59	€ 1.430,77
Present Value of FCF			€ (1.605,55)	€ 2.177,55	€ 1.315,13	€ 1.423,88	€ 1.381,60	€ 1.340,14

WACC forecasting period
7,93%

Multiples

Inflation Case

2022e <- SELECT CASE

Price/Earnings	51,92x
EV/Sales	1,23x
EV/EBITDA	11,95x
EV/EBIT	21,93x

P/E

EV/EBITDA

EV/EBIT

0,00 € 10,00 € 20,00 € 30,00 € 40,00 € 50,00 € 60,00 € 70,00 € 80,00 € 90,00 €

Company Overview

Veolia Environnement S.A. designs and provides water, waste, and energy management solutions worldwide. The company is involved in the resource management, production, and delivery of drinking water and industrial process water; collection, treatment, and recycling of wastewater; and design and construction of treatment and network infrastructure. It also provides waste collection, waste material recovery, waste-to-energy, organic waste material recovery, hazardous waste treatment, dismantling and remediation, urban cleaning, and industrial maintenance and cleaning services. In addition, the company engages in the operation and maintenance of heating and cooling networks; development of energy services to reduce the energy consumption and CO2 emissions of buildings; optimization of industrial utilities; and energy use related to processes and industrial buildings, as well as produces electricity from biomass. It offers drinking water to 95 million people. The company was formerly known as Vivendi Environnement and changed its name to Veolia Environnement S.A. in 2003. Veolia Environnement S.A. was founded in 1853 and is based in Aubervilliers, France.

Share Price

27,00 €

Ticker

VIE

52-week low

18,83 €

Market Capitalization

19.293,51 €

Stock Exchange

Euronext Paris

52-week high

33,49 €

Discounted cashflow analysis

Scenario

Base

<- SELECT CASE

Inflation Assumption

ECB Forecast

<- SELECT CASE

Enterprise Value	45.570,92 €
-Interest bearing debt	30.660,30 €
+ Cash & cash equivalents	9.686,70 €
-Minority Interest	2.976,00 €
Equity Value	21.621,32 €
Shares Outstanding	714,57
Shareprice	30,26 €
Upside/Downside	12,07%

Enterprise Value

Interest bearing debt

Cash & cash equivalents

Minority Interest

Equity Value

Key Visualizations

Revenue

EBITDA

Net Income

FCF

2022

2023

2024

2025

2026

2027

Leverage Ratio

EBITDA

Interest bearing debt

Leverage ratio

2021

2022

2023

2024

2025

2026

2027

Cashflow Statement

Net Cash from operating activities

Net cash used in investing activities

Net cash used in financing activities

2021

2022

2023

2024

2025

2026

2027

Team Analysis

46 - | Valid until 31/01/2023

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Financials – Appendix

P&L Statement

		WUTIS - Equity Research Final Pitch - 27.01.2022 Operating Model														
		Historicals							Average	Forecasted						
Operating Model in EURm except per share items		2016	2017	2018	2019	2020	2021	2022 HY		2022 HY2	2022	2023	2024	2025	2026	2027
Revenue																
Revenue		€ 24.187,0	€ 25.124,6	€ 25.951,3	€ 27.188,7	€ 26.009,9	€ 28.508,1	€ 20.195,6		€ 20.852,4	€ 41.048,0	€ 42.118,3	€ 43.767,7	€ 45.323,1	€ 46.921,5	€ 48.579,3
% Growth Rate			4,5%	4,5%	4,8%	-4,3%	9,6%		3,8%		44,0%	2,6%	3,9%	3,6%	3,5%	3,5%
Water																
Water		€ 11.029,0	€ 11.113,8	€ 10.894,1	€ 11.142,1	€ 10.900,0	€ 10.788,3	€ 8.381,2		€ 9.175,1	€ 17.556,3	€ 18.573,0	€ 19.213,9	€ 19.697,3	€ 20.176,2	€ 20.666,7
% of Sales		45,6%	44,2%	42,0%	41,0%	41,9%	37,8%	41,5%	42,1%	44,0%	42,8%	44,1%	43,9%	43,5%	43,0%	42,5%
% Growth			0,8%	-2,0%	2,3%	-2,2%	-1,0%	n.a.	-0,4%	n.a.	62,7%	5,8%	3,5%	2,5%	2,4%	2,4%
Waste																
Waste		€ 8.510,0	€ 9.039,9	€ 9.598,6	€ 10.166,7	€ 9.672,9	€ 11.227,7	€ 7.694,5		€ 7.956,9	€ 15.651,4	€ 15.485,4	€ 16.279,7	€ 17.136,4	€ 18.035,6	€ 18.976,6
% of Sales		35,2%	36,0%	37,0%	37,4%	37,2%	39,4%	38,1%	37,0%	38,2%	38,1%	36,8%	37,2%	37,8%	38,4%	39,1%
% Growth			6,2%	6,2%	5,9%	-4,9%	16,1%	n.a.	5,9%	n.a.	39,4%	-1,1%	5,1%	5,3%	5,2%	5,2%
Energy																
Energy		€ 4.648,0	€ 4.970,9	€ 5.458,6	€ 5.879,9	€ 5.437,0	€ 6.492,1	€ 4.119,9		€ 3.720,4	€ 7.840,3	€ 8.060,0	€ 8.274,1	€ 8.489,4	€ 8.709,8	€ 8.936,0
% of Sales		19,2%	19,8%	21,0%	21,6%	20,9%	22,8%	20,4%	20,9%	17,8%	19,1%	19,1%	18,9%	18,7%	18,6%	18,4%
% Growth			6,9%	9,8%	7,7%	-7,5%	19,4%	n.a.	7,3%	n.a.	20,8%	2,8%	2,7%	2,6%	2,6%	2,6%
Operating expenses																
Cost of Sales		€ (19.988,5)	€ (20.855,2)	€ (21.663,4)	€ (22.827,7)	€ (22.121,8)	€ (23.905,9)	€ (16.765,7)		€ (17.311,0)	€ (34.076,7)	€ (34.965,2)	€ (36.334,4)	€ (37.625,7)	€ (38.952,7)	€ (40.328,8)
% of Sales		-82,6%	-83,0%	-83,5%	-84,0%	-85,1%	-83,9%	-83,0%	-83,0%	-83,0%	-83,0%	-83,0%	-83,0%	-83,0%	-83,0%	-83,0%
Selling costs		€ (591,9)	€ (621,8)	€ (610,9)	€ (610,6)	€ (562,1)	€ (584,0)	€ (463,1)		€ (476,3)	€ (939,4)	€ (963,9)	€ (1.001,7)	€ (1.037,3)	€ (1.073,8)	€ (1.111,8)
% of Sales		-2,4%	-2,5%	-2,4%	-2,2%	-2,2%	-2,0%	-2,3%	-2,3%	-2,3%	-2,3%	-2,3%	-2,3%	-2,3%	-2,3%	-2,3%
G&A expenses		€ (2.239,3)	€ (2.227,0)	€ (2.149,4)	€ (2.157,4)	€ (2.144,0)	€ (2.308,6)	€ (1.511,7)		€ (2.029,3)	€ (3.541,0)	€ (3.076,1)	€ (3.026,9)	€ (2.933,9)	€ (2.953,1)	€ (3.006,0)
% of Sales		-9,3%	-8,9%	-8,3%	-7,9%	-8,2%	-8,1%	-7,5%	-7,5%	-9,7%	-8,6%	-7,3%	-6,9%	-6,5%	-6,3%	-6,2%
Other operating revenue and expenses		€ (268,2)	€ (234,2)	€ (183,9)	€ (258,0)	€ (373,0)	€ (496,9)	€ (330,2)		€ (140,2)	€ (470,4)	€ (482,7)	€ (501,6)	€ (519,4)	€ (537,7)	€ (556,7)
% of Sales		-1,1%	-0,9%	-0,7%	-0,9%	-1,4%	-1,7%	-1,6%	-1,1%	-0,7%	-1,1%	-1,1%	-1,1%	-1,1%	-1,1%	-1,1%
Operating income before share of net income (loss) of equity-accounted entities		€ 1.099,1	€ 1.186,4	€ 1.343,7	€ 1.335,0	€ 809,0	€ 1.212,7	€ 1.124,9		€ 895,7	€ 2.020,6	€ 2.630,4	€ 2.903,2	€ 3.206,9	€ 3.404,2	€ 3.575,9
% of Sales		4,5%	4,7%	5,2%	4,9%	3,1%	4,3%	5,6%	4,6%	4,3%	4,9%	6,2%	6,6%	7,1%	7,3%	7,4%
EBITDA Adjustments																
Renewal expenses		€ (272,4)	€ (282,5)	€ (279,8)	€ (280,3)	€ (275,4)	€ (291,9)	€ (147,0)		€ (222,8)	€ (369,8)	€ (452,2)	€ (470,0)	€ (486,7)	€ (503,8)	€ (521,6)
% of Sales		-1,1%	-1,1%	-1,1%	-1,0%	-1,1%	-1,0%	-0,7%	-1,1%	-1,1%	-0,9%	-1,1%	-1,1%	-1,1%	-1,1%	-1,1%
Depreciation & Amortization		€ (1.684,4)	€ (1.703,2)	€ (2.116,9)	€ (2.192,7)	€ (2.189,7)	€ (2.348,9)	€ (1.454,0)		€ (1.769,2)	€ (3.223,2)	€ (2.790,0)	€ (2.926,2)	€ (3.017,8)	€ (3.108,6)	€ (3.208,5)
Provisions, fair value adjustments & other		€ 103,5	€ 122,7	€ 81,9	€ 51,8	€ (44,2)	€ 67,9	€ 64,0		€ -	€ 64,0	€ -	€ -	€ -	€ -	€ -
EBITDA		€ 2.952,4	€ 3.049,4	€ 3.658,5	€ 3.756,2	€ 3.318,3	€ 3.785,6	€ 2.661,9		€ 2.887,6	€ 5.549,5	€ 5.872,7	€ 6.299,3	€ 6.711,3	€ 7.016,7	€ 7.306,0
% Margin		12,2%	12,1%	14,1%	13,8%	12,8%	13,3%	13,2%	13,1%	13,8%	13,5%	13,9%	14,4%	14,8%	15,0%	15,0%
EBIT Adjustments																
Share of current net income of joint ventures and associates		€ 94,2	€ 98,4	€ 115,6	€ 129,8	€ 110,5	€ 104,8	€ 59,3	€ 115,2	€ 55,9	€ 115,2	€ 115,2	€ 115,2	€ 115,2	€ 115,2	€ 115,2
EBIT		€ 1.193,3	€ 1.284,8	€ 1.459,3	€ 1.464,8	€ 919,5	€ 1.317,5	€ 1.184,2		€ 951,5	€ 2.135,7	€ 2.745,6	€ 3.018,3	€ 3.322,1	€ 3.519,4	€ 3.691,1
% Margin		4,9%	5,1%	5,6%	5,4%	3,5%	4,6%	5,9%		4,6%	5,2%	6,5%	6,9%	7,3%	7,5%	7,6%
Net Income Calculation																
Cost of financial debt		€ (423,0)	€ (410,6)	€ (413,9)	€ (440,5)	€ (414,4)	€ (342,6)	€ (319,6)		€ (795,2)	€ (1.114,8)	€ (1.040,3)	€ (1.050,6)	€ (1.050,6)	€ (980,4)	€ (980,4)
% of Interest bearing debt*		-3,2%	-2,9%	-2,5%	-2,6%	-2,1%	-1,6%	-2,1%		-2,6%	-3,7%	-3,8%	-3,8%	-3,8%	-3,6%	-3,6%
Other financial income and expenses		€ (94,6)	€ (143,3)	€ (192,1)	€ 146,7	€ (139,7)	€ (74,2)	€ (231,6)		€ (68,3)	€ (153,3)	€ (197,0)	€ (216,6)	€ (238,4)	€ (252,5)	€ (264,9)
% of EBIT		-7,9%	-11,2%	-13,2%	10,0%	-15,2%	-5,6%	-19,6%	-7,2%	-7,2%	-7,2%	-7,2%	-7,2%	-7,2%	-7,2%	-7,2%
Pre-tax net income (loss)		€ 675,7	€ 730,9	€ 853,3	€ 1.171,0	€ 365,4	€ 900,7	€ 633,0		€ 234,7	€ 867,7	€ 1.508,3	€ 1.751,2	€ 2.033,1	€ 2.286,4	€ 2.445,8
Share of net income (loss) of other equity-accounted entities		€ 27,4	€ 22,8	€ -	€ -	€ -	€ -	€ -		€ -	€ -	€ -	€ -	€ -	€ -	€ -
Income tax expense		€ (191,2)	€ (227,8)	€ (199,0)	€ (298,5)	€ (137,0)	€ (345,8)	€ (233,8)		€ (196,2)	€ (430,0)	€ (631,5)	€ (754,6)	€ (913,6)	€ (967,8)	€ (1.015,1)
% of EBIT		28,3%	17,7%	13,6%	20,4%	14,9%	26,2%	19,7%	20,1%	20,1%	20,1%	23,0%	25,0%	27,5%	27,5%	27,5%
Net income (loss) from continuing operations		€ 511,9	€ 525,9	€ 654,3	€ 872,5	€ 228,4	€ 554,9	€ 399,2		€ 38,5	€ 437,7	€ 876,8	€ 996,6	€ 1.119,5	€ 1.318,6	€ 1.430,8
Net income (loss) from discontinued operations		€ (25,8)	€ 13,3	€ (46,4)	€ (111,9)	€ (19,9)	€ -	€ (2,0)		€ 2,0	€ -	€ -	€ -	€ -	€ -	€ -
Net income (loss) for the year		€ 486,1	€ 539,2	€ 607,9	€ 760,6	€ 208,5	€ 554,9	€ 397,2		€ 40,5	€ 437,7	€ 876,8	€ 996,6	€ 1.119,5	€ 1.318,6	€ 1.430,8
Attributable to owners		€ 383,1	€ 401,6	€ 440,6	€ 624,9	€ 88,8	€ 404,3	€ 236,0		€ 24,1	€ 260,1	€ 521,0	€ 592,1	€ 665,2	€ 783,4	€ 850,1
Shares Outstanding										714,57	714,57	714,57	714,57	714,57	714,57	714,57

Financials – Appendix

Balance Sheet



Operating Model in EURm except per share items

	2016	2017	2018	2019	2020	2021	2022 HY
Balance Sheet							
Goodwill	€ 4.850,2	€ 4.915,7	€ 5.107,7	€ 5.128,0	€ 5.888,9	€ 6.201,2	€ 13.701,3
Concession intangible assets	€ 3.775,6	€ 3.475,3	€ 3.467,3	€ 3.517,4	€ 3.544,9	€ 3.706,0	€ 5.427,0
Other intangible assets	€ 1.012,7	€ 1.017,1	€ 1.116,3	€ 1.372,6	€ 1.371,3	€ 1.328,6	€ 2.323,7
Property, plant and equipment	€ 7.177,2	€ 7.294,4	€ 7.856,8	€ 7.679,8	€ 8.216,6	€ 8.701,9	€ 15.898,3
Rights of use (net)	€ -	€ -	€ 1.698,5	€ 1.664,6	€ 1.529,5	€ 1.562,4	€ 2.098,8
Investments in joint ventures	€ 1.642,6	€ 1.506,1	€ 1.511,1	€ 1.497,7	€ 1.020,8	€ 1.238,5	€ 1.241,9
Investment in associates	€ 723,4	€ 607,8	€ 370,2	€ 382,5	€ 353,9	€ 354,2	€ 690,6
Non-consolidated investments	€ 88,0	€ 70,6	€ 44,3	€ 52,4	€ 3.102,2	€ 3.770,3	€ 89,8
Non-current operating financial assets	€ 1.554,1	€ 1.416,8	€ 1.387,1	€ 1.431,2	€ 1.198,1	€ 1.191,4	€ 1.216,5
Non-current derivative instruments (assets)	€ 43,2	€ 27,1	€ 31,6	€ 39,0	€ 53,4	€ 88,5	€ 276,9
Other non-current financial assets	€ 385,6	€ 348,6	€ 332,8	€ 374,6	€ 427,3	€ 431,2	€ 616,5
Deferred tax assets	€ 1.211,1	€ 956,9	€ 1.043,4	€ 952,9	€ 1.036,5	€ 1.059,2	€ 1.852,0
Non-current Assets	€ 22.463,7	€ 21.636,4	€ 23.967,1	€ 24.092,7	€ 27.743,4	€ 29.633,4	€ 45.433,3
Inventories and work-in-progress	€ 719,6	€ 721,6	€ 818,0	€ 792,0	€ 797,7	€ 816,3	€ 1.440,3
Operating receivables	€ 8.686,0	€ 8.528,1	€ 9.010,1	€ 9.341,7	€ 9.106,2	€ 10.015,3	€ 13.825,8
Current operating financial assets	€ 141,6	€ 197,3	€ 99,3	€ 86,0	€ 172,8	€ 129,0	€ 239,0
Other current financial assets	€ 284,7	€ 404,6	€ 432,2	€ 738,5	€ 1.073,2	€ 1.521,0	€ 2.511,8
Current derivative instruments - Assets	€ 78,4	€ 69,9	€ 69,2	€ 91,5	€ 174,8	€ 344,9	€ 579,0
Cash and cash equivalents	€ 5.521,4	€ 6.263,9	€ 4.556,5	€ 5.843,3	€ 5.840,0	€ 10.518,7	€ 7.174,9
Assets classified as held for sale	€ 53,8	€ 487,3	€ 341,8	€ 33,3	€ 455,7	€ 98,7	€ 984,1
Current Assets	€ 15.485,5	€ 16.672,7	€ 15.327,1	€ 16.926,3	€ 17.620,4	€ 23.443,9	€ 26.754,9
Total Assets	€ 37.949,2	€ 38.309,1	€ 39.294,2	€ 41.019,0	€ 45.364,1	€ 53.077,3	€ 72.188,2
Non-current provisions	€ 2.123,7	€ 1.941,6	€ 1.782,6	€ 1.848,7	€ 1.815,8	€ 1.876,6	€ 2.361,6
Non-current borrowings	€ 8.344,0	€ 9.465,2	€ 9.517,6	€ 9.366,8	€ 10.836,4	€ 10.462,5	€ 21.219,8
Non-current lease debt	€ -	€ -	€ 1.556,0	€ 1.417,9	€ 1.296,8	€ 1.298,1	€ 1.760,7
Non-current derivative instruments (liabilities)	€ 122,4	€ 108,4	€ 55,8	€ 52,4	€ 65,5	€ 68,8	€ 598,1
Concession Liabilities - non-current	€ 1.399,2	€ 1.281,2	€ 1.350,4	€ 1.421,7	€ 1.459,9	€ 1.588,4	€ 1.582,0
Deferred tax liabilities	€ 1.079,8	€ 970,1	€ 1.042,6	€ 984,4	€ 1.101,4	€ 1.196,4	€ 2.331,8
Non-current liabilities	€ 13.069,1	€ 13.766,5	€ 15.305,0	€ 15.091,9	€ 16.575,8	€ 16.490,8	€ 29.854,0
Operating payables	€ 10.199,9	€ 10.118,0	€ 10.999,4	€ 11.753,6	€ 11.850,4	€ 13.548,9	€ 17.804,7
Concession Liabilities - current	€ 119,8	€ 85,8	€ 118,0	€ 128,3	€ 145,6	€ 169,4	€ 193,6
Current provisions	€ 559,4	€ 577,0	€ 513,2	€ 539,1	€ 510,7	€ 538,5	€ 814,5
Current borrowings	€ 4.759,7	€ 4.607,0	€ 4.593,6	€ 5.443,7	€ 7.196,7	€ 8.624,3	€ 6.711,8
Current lease debt	€ -	€ -	€ 425,2	€ 465,7	€ 402,9	€ 410,6	€ 528,4
Current derivative instruments (liabilities)	€ 118,0	€ 49,1	€ 83,7	€ 197,8	€ 117,9	€ 261,5	€ 492,3
Bank overdrafts and other cash position items	€ 246,8	€ 208,9	€ 215,7	€ 302,2	€ 217,6	€ 241,9	€ 439,6
Liabilities directly associated with assets held for sale	€ -	€ 240,1	€ 19,1	€ 18,3	€ 7,8	€ 21,4	€ 130,7
Current liabilities	€ 16.003,6	€ 15.885,9	€ 16.967,9	€ 18.848,7	€ 20.449,6	€ 23.816,5	€ 27.115,6
Total Liabilities	€ 29.072,7	€ 29.652,4	€ 32.272,9	€ 33.940,6	€ 37.025,4	€ 40.307,3	€ 56.969,6
Share Capital	€ 2.816,8	€ 2.816,8	€ 2.828,0	€ 2.836,3	€ 2.893,1	€ 3.498,6	€ 3.502,9
Additional paid-in capital	€ 7.161,2	€ 7.161,2	€ 7.182,5	€ 7.197,9	€ 7.291,8	€ 9.309,5	€ 9.305,2
Deeply-subordinated perpetual securities	€ -	€ -	€ -	€ -	€ 1.987,1	€ 2.460,7	€ 3.506,6
Reserves and retained earnings attributable to the owners of the company	€ (2.228,8)	€ (2.475,1)	€ (4.140,9)	€ (4.100,5)	€ (4.932,6)	€ (3.750,8)	€ (4.072,1)
Total equity attributable to owners of the company	€ 7.749,2	€ 7.502,9	€ 5.869,6	€ 5.933,7	€ 7.239,4	€ 11.518,0	€ 12.242,6
Total equity attributable to non-controlling interests	€ 1.127,3	€ 1.153,8	€ 1.151,7	€ 1.144,7	€ 1.099,3	€ 1.252,0	€ 2.976,0
	14,5%	15,4%	19,6%	19,3%	15,2%	10,9%	24,3%
Total Equity	8.876,5 €	8.656,7 €	7.021,3 €	7.078,4 €	8.338,7 €	12.770,0 €	15.218,6 €
Total Equity and Liabilities	37.949,2 €	38.309,1 €	39.294,2 €	41.019,0 €	45.364,1 €	53.077,3 €	72.188,2 €
Error Check	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE
Net Income attributable to non-controlling interest as % of Net income	21%	26%	28%	18%	57%	27%	41%
Net Income attributable to owners of the company as % of Net income	79%	74%	72%	82%	43%	73%	59%
Interest bearing debt	€ 13.350,5	€ 14.281,1	€ 16.308,1	€ 16.996,3	€ 19.950,4	€ 21.037,4	€ 30.660,3

2022 HY2	2022	2023	2024	2025	2026	2027
€ 13.701,3	€ 13.701,3	€ 10.701,3	€ 10.701,3	€ 10.701,3	€ 10.701,3	€ 10.701,3
€ 5.427,0	€ 5.427,0	€ 5.625,4	€ 5.831,0	€ 6.044,2	€ 6.265,1	€ 6.494,1
€ 2.323,7	€ 2.323,7	€ 2.323,7	€ 2.323,7	€ 2.323,7	€ 2.323,7	€ 2.323,7
€ 14.158,3	€ 14.158,3	€ 13.836,1	€ 14.597,8	€ 15.203,9	€ 15.852,8	€ 16.525,2
€ 1.996,4	€ 1.996,4	€ 1.996,4	€ 1.996,4	€ 1.996,4	€ 1.996,4	€ 1.996,4
€ 1.241,9	€ 1.241,9	€ 1.241,9	€ 1.241,9	€ 1.241,9	€ 1.241,9	€ 1.241,9
€ 690,6	€ 690,6	€ 690,6	€ 690,6	€ 690,6	€ 690,6	€ 690,6
€ 89,8	€ 89,8	€ 89,8	€ 89,8	€ 89,8	€ 89,8	€ 89,8
€ 1.650,0	€ 1.461,5	€ 1.312,6	€ 1.361,7	€ 1.423,4	€ 1.416,3	€ 1.577,8
€ 276,9	€ 276,9	€ 276,9	€ 276,9	€ 276,9	€ 276,9	€ 276,9
€ 616,5	€ 616,5	€ 616,5	€ 616,5	€ 616,5	€ 616,5	€ 616,5
€ 1.852,0	€ 1.852,0	€ 1.852,0	€ 1.852,0	€ 1.852,0	€ 1.852,0	€ 1.852,0
€ 44.024,4	€ 43.835,9	€ 40.563,2	€ 41.579,6	€ 42.460,6	€ 43.323,4	€ 44.386,3
€ 1.163,6	€ 1.163,6	€ 1.242,8	€ 1.291,5	€ 1.337,4	€ 1.384,5	€ 1.433,4
€ 14.420,7	€ 14.420,7	€ 14.676,5	€ 15.251,2	€ 15.793,2	€ 16.350,2	€ 16.927,8
€ (59,4)	€ 129,1	€ 311,7	€ 117,1	€ 89,6	€ 161,9	€ -
€ 2.511,8	€ 2.511,8	€ 2.511,8	€ 2.511,8	€ 2.511,8	€ 2.511,8	€ 2.511,8
€ 579,0	€ 579,0	€ 579,0	€ 579,0	€ 579,0	€ 579,0	€ 579,0
€ 8.793,7	€ 8.793,7	€ 9.261,2	€ 8.812,5	€ 8.362,3	€ 7.889,5	€ 7.486,1
€ 984,1	€ 984,1	€ 984,1	€ 984,1	€ 984,1	€ 984,1	€ 984,1
€ 28.393,5	€ 28.582,0	€ 29.567,1	€ 29.547,2	€ 29.657,3	€ 29.861,0	€ 29.922,3
€ 72.417,9	€ 72.417,9	€ 70.130,3	€ 71.126,8	€ 72.117,9	€ 73.184,4	€ 74.308,5
€ 2.361,6	€ 2.361,6	€ 2.361,6	€ 2.361,6	€ 2.361,6	€ 2.361,6	€ 2.361,6
€ 21.519,8	€ 21.519,8	€ 22.737,8	€ 22.737,8	€ 22.866,3	€ 22.866,3	€ 22.802,1
€ 1.760,7	€ 1.760,7	€ 1.760,7	€ 1.760,7	€ 1.760,7	€ 1.760,7	€ 1.760,7
€ 598,1	€ 598,1	€ 598,1	€ 598,1	€ 598,1	€ 598,1	€ 598,1
€ 1.582,0	€ 1.582,0	€ 1.582,0	€ 1.582,0	€ 1.582,0	€ 1.582,0	€ 1.582,0
€ 2.331,8	€ 2.331,8	€ 2.331,8	€ 2.331,8	€ 2.331,8	€ 2.331,8	€ 2.331,8
€ 30.154,0	€ 30.154,0	€ 31.372,0	€ 31.372,0	€ 31.500,5	€ 31.500,5	€ 31.436,3
€ 17.722,8	€ 17.722,8	€ 18.184,9	€ 18.897,0	€ 19.568,6	€ 20.258,7	€ 20.974,5
€ 193,6	€ 193,6	€ 193,6	€ 193,6	€ 193,6	€ 193,6	€ 193,6
€ 814,5	€ 814,5	€ 814,5	€ 814,5	€ 814,5	€ 814,5	€ 814,5
€ 6.711,8	€ 6.711,8	€ 2.493,8	€ 2.493,8	€ 2.365,3	€ 2.365,3	€ 2.429,6
€ 528,4	€ 528,4	€ 528,4	€ 528,4	€ 528,4	€ 528,4	€ 528,4
€ 492,3	€ 492,3	€ 492,3	€ 492,3	€ 492,3	€ 492,3	€ 492,3
€ 439,6	€ 439,6	€ 439,6	€ 439,6	€ 439,6	€ 439,6	€ 439,6
€ 130,7	€ 130,7	€ 130,7	€ 130,7	€ 130,7	€ 130,7	€ 130,7
€ 27.033,7	€ 27.033,7	€ 23.277,8	€ 23.989,9	€ 24.533,0	€ 25.223,1	€ 26.003,1
€ 57.187,7	€ 57.187,7	€ 54.649,8	€ 55.361,9	€ 56.033,5	€ 56.723,6	€ 57.439,4
€ 3.502,9	€ 3.502,9	€ 3.502,9	€ 3.502,9	€ 3.502,9	€ 3.502,9	€ 3.502,9
€ 9.305,2	€ 9.305,2	€ 9.305,2	€ 9.305,2	€ 9.305,2	€ 9.305,2	€ 9.305,2
€ 3.506,6	€ 3.506,6	€ 3.506,6	€ 3.506,6	€ 3.506,6	€ 3.506,6	€ 3.506,6
€ (4.065,2)	€ (4.065,2)	€ (3.916,5)	€ (3.747,5)	€ (3.557,7)	€ (3.334,0)	€ (3.091,4)
€ 12.249,5	€ 12.249,5	€ 12.398,2	€ 12.567,2	€ 12.757,0	€ 12.980,7	€ 13.223,3
€ 2.980,7	€ 2.980,7	€ 3.082,3	€ 3.197,7	€ 3.327,4	€ 3.480,1	€ 3.645,9
24,3%	24,3%	24,9%	25,4%	26,1%	26,8%	27,6%
15.230,2 €	15.230,2 €	15.480,4 €	15.764,9 €	16.084,4 €	16.460,8 €	16.869,2 €
72.417,9 €	72.417,9 €	70.130,3 €	71.126,8 €	72.117,9 €	73.184,4 €	74.308,5 €
TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE
41%	41%	41%	41%	41%	41%	41%
59%	59%	59%	59%	59%	59%	59%
€ 30.960,3	€ 30.960,3	€ 27.960,3	€ 27.960,3	€ 27.960,3	€ 27.960,3	€ 27.960,3

Financials – Appendix

Cashflow Statement

Operating Model in EURm except per share items

	2016	2017	2018	2019	2020	2021	2022 HY		2022 HY2	2022	2023	2024	2025	2026	2027
Cash Flow Statement															
Net Income (loss) for the year	€ 486,10	€ 539,20	€ 607,90	€ 760,60	€ 208,50	€ 554,90	€ 397,20		€ 40,53	€ 437,73	€ 876,80	€ 996,56	€ 1.119,52	€ 1.318,59	€ 1.430,77
Net Income (loss) from continuing operations	€ 511,9	€ 525,9	€ 654,3	€ 872,5	€ 228,4	€ 554,9	€ 399,2		€ 40,5	€ 439,7	€ 876,8	€ 996,6	€ 1.119,5	€ 1.318,6	€ 1.430,8
Net Income (loss) from discontinued operations	€ (25,8)	€ 13,3	€ (46,4)	€ (111,9)	€ (19,9)	€ -	€ (2,0)		€ -	€ (2,0)	€ -	€ -	€ -	€ -	€ -
Operating depreciation, amortization, provisions and impairment losses	€ 1.544,8	€ 1.516,0	€ 1.810,5	€ 2.028,1	€ 2.058,2	€ 2.117,2	€ 1.243,5		€ 1.663,1	€ 2.906,6	€ 2.790,0	€ 2.759,9	€ 2.866,5	€ 2.953,8	€ 3.047,0
Financial amortization and depreciation	€ 19,9	€ (6,5)	€ 6,4	€ 0,7	€ 15,6	€ 3,8	€ (2,0)		€ -	€ (2,0)	€ -	€ -	€ -	€ -	€ -
Gains (losses) on disposal of operating assets	€ (29,1)	€ (9,7)	€ (11,2)	€ 12,5	€ 19,2	€ (39,2)	€ (99,4)		€ -	€ (99,4)	€ -	€ -	€ -	€ -	€ -
Gains (losses) on disposal of financial assets	€ (57,6)	€ (15,1)	€ (12,3)	€ (403,0)	€ (46,6)	€ 1,2	€ 3,4		€ -	€ 3,4	€ -	€ -	€ -	€ -	€ -
Share of net income (loss) of joint ventures	€ (66,8)	€ (63,5)	€ (71,4)	€ (89,3)	€ (87,4)	€ (74,1)	€ (29,3)		€ -	€ (29,3)	€ -	€ -	€ -	€ -	€ -
Share of net income (loss) of associates	€ (54,8)	€ (57,7)	€ (44,2)	€ (40,5)	€ (23,1)	€ (30,8)	€ (30,0)		€ -	€ (30,0)	€ -	€ -	€ -	€ -	€ -
Dividends received	€ (8,1)	€ (3,4)	€ (4,4)	€ (3,4)	€ (2,8)	€ (124,2)	€ (2,0)		€ -	€ (2,0)	€ -	€ -	€ -	€ -	€ -
Cost of net financial debt	€ 423,0	€ 410,6	€ 414,0	€ 440,5	€ 414,4	€ 342,6	€ 319,6		€ -	€ 319,6	€ -	€ -	€ -	€ -	€ -
Income tax expense	€ 191,2	€ 227,8	€ 198,9	€ 298,5	€ 137,0	€ 345,8	€ 233,8		€ 196,2	€ 430,0	€ 631,5	€ 754,6	€ 913,6	€ 967,8	€ 1.015,1
Other items	€ 135,8	€ 147,1	€ 182,3	€ 138,4	€ 179,9	€ 116,0	€ 164,9		€ -	€ 164,9	€ -	€ -	€ -	€ -	€ -
Operating cash flow before changes in working capital	€ 2.610,2	€ 2.671,5	€ 3.122,9	€ 3.255,0	€ 2.892,8	€ 3.213,2	€ 2.201,7		€ 1.899,8	€ 4.101,5	€ 4.298,3	€ 4.511,1	€ 4.899,6	€ 5.240,2	€ 5.492,8
Change in operating working capital	€ 270,4	€ 112,0	€ 60,1	€ 208,9	€ 232,2	€ 382,5	€ (821,0)		€ (400,1)	€ (1.221,1)	€ 127,2	€ 88,7	€ 83,7	€ 86,0	€ 89,2
Change in concession working capital requirements	€ (112,0)	€ (122,0)	€ (147,1)	€ (103,6)	€ (130,0)	€ (146,3)	€ (84,4)		€ -	€ (84,4)	€ -	€ -	€ -	€ -	€ -
Income taxes paid	€ (226,2)	€ (233,5)	€ (192,7)	€ (241,8)	€ (258,3)	€ (285,6)	€ (267,9)		€ (196,2)	€ (464,1)	€ (631,5)	€ (754,6)	€ (913,6)	€ (967,8)	€ (1.015,1)
Net cash from operating activities of continuing operations	€ 2.542,4	€ 2.428,0	€ 2.843,2	€ 3.118,5	€ 2.737,7	€ 3.163,8	€ 1.028,4		€ 1.303,5	€ 2.331,9	€ 3.794,0	€ 3.845,2	€ 4.069,7	€ 4.358,4	€ 4.566,9
Net cash from operating activities of discontinued operations	€ 13,5	€ 24,2	€ (2,9)	€ (30,7)	€ (12,7)	€ (16,6)	€ 22,1		€ -	€ 22,1	€ -	€ -	€ -	€ -	€ -
Net Cash from operating activities	€ 2.555,9	€ 2.452,2	€ 2.840,3	€ 3.087,8	€ 2.725,0	€ 3.147,2	€ 1.050,5		€ 1.303,5	€ 2.354,0	€ 3.794,0	€ 3.845,2	€ 4.069,7	€ 4.358,4	€ 4.566,9
Industrial investments, net of grants	€ (1.353,5)	€ (1.495,5)	€ (1.483,7)	€ (1.676,0)	€ (1.608,6)	€ (1.728,8)	€ (1.195,5)		€ (758,9)	€ (1.954,4)	€ (1.457,2)	€ (2.500,5)	€ (2.440,6)	€ (2.559,6)	€ (2.664,6)
Proceeds on disposal of industrial assets	€ 85,8	€ 89,3	€ 78,5	€ 162,8	€ 235,9	€ 316,4	€ 274,9		€ 1.500,0	€ 1.774,9	€ -	€ -	€ -	€ -	€ -
Purchase of investments	€ (797,8)	€ (364,1)	€ (458,8)	€ (321,6)	€ (5.026,2)	€ (327,2)	€ (3.439,5)		€ (561,7)	€ (4.001,2)	€ (1.209,1)	€ (1.226,8)	€ (1.245,1)	€ (1.264,1)	€ (1.283,7)
Proceeds on disposal of financial assets	€ 281,7	€ 136,9	€ 245,1	€ 1.524,8	€ 188,0	€ 470,1	€ 7.505,4		€ -	€ 7.505,4	€ 3.000,0	€ -	€ -	€ -	€ -
New Operating financial assets	€ (113,4)	€ (112,4)	€ (159,3)	€ (177,9)	€ (160,0)	€ (166,6)	€ (56,2)		€ -	€ (56,2)	€ -	€ -	€ -	€ -	€ -
Principal payments on operating financial assets	€ 201,2	€ 159,7	€ 161,8	€ 199,2	€ 135,1	€ 231,6	€ 105,1		€ 105,4	€ 210,8	€ 162,8	€ 166,2	€ 151,3	€ 154,8	€ 161,5
Dividends received	€ 93,2	€ 81,3	€ 115,0	€ 97,9	€ 75,3	€ 223,1	€ 60,8		€ -	€ 60,8	€ -	€ -	€ -	€ -	€ -
New non-current loans granted	€ (123,8)	€ (135,9)	€ (678,6)	€ (208,3)	€ (526,0)	€ (141,8)	€ (99,1)		€ -	€ (99,1)	€ -	€ -	€ -	€ -	€ -
Principal payments on non-current loans	€ 67,8	€ 193,5	€ 675,7	€ 167,2	€ 480,5	€ 224,6	€ 108,8		€ -	€ 108,8	€ -	€ -	€ -	€ -	€ -
Net decrease/increase in current loans	€ 329,0	€ 37,7	€ (17,4)	€ 14,0	€ 6,6	€ 28,2	€ 867,5		€ -	€ 867,5	€ -	€ -	€ -	€ -	€ -
Net cash used in investing activities of continuing operations	€ (1.329,8)	€ (1.409,5)	€ (1.548,4)	€ (255,3)	€ (6.135,3)	€ (850,6)	€ 4.132,5		€ 284,7	€ 4.417,2	€ 496,5	€ (3.561,1)	€ (3.534,4)	€ (3.668,9)	€ (3.786,8)
Net cash used in investing activities of discontinued operations	€ -	€ (12,3)	€ (2,0)	€ -	€ (4,7)	€ -	€ 25,8		€ -	€ 25,8	€ -	€ -	€ -	€ -	€ -
Net cash used in investing activities	€ (1.329,8)	€ (1.421,8)	€ (1.550,4)	€ (255,3)	€ (6.140,0)	€ (850,6)	€ 4.158,3		€ 284,7	€ 4.443,0	€ 496,5	€ (3.561,1)	€ (3.534,4)	€ (3.668,9)	€ (3.786,8)
Net increase (decrease) in current financial liabilities	€ (547,1)	€ (689,4)	€ (956,4)	€ (465,0)	€ 1.083,5	€ (38,6)	€ (4.073,7)		€ (240,5)	€ (4.314,2)	€ (196,4)	€ (20,7)	€ (185,5)	€ (220,0)	€ (161,1)
Repayment of current lease debt	€ -	€ -	€ (425,8)	€ (470,9)	€ (478,9)	€ (455,2)	€ (275,4)		€ -	€ (275,4)	€ (528,4)	€ (380,9)	€ (380,9)	€ (169,3)	€ (169,3)
Repayment of hybrid debt	€ -	€ -	€ (1.452,1)	€ -	€ -	€ -	€ -		€ -	€ -	€ -	€ -	€ -	€ -	€ -
Other changes in non-current lease debt	€ -	€ -	€ (38,8)	€ (76,3)	€ (140,5)	€ (123,3)	€ (73,7)		€ -	€ (73,7)	€ 528,4	€ 380,9	€ 380,9	€ 169,3	€ 169,3
New non-current borrowings and other debt	€ 2.049,9	€ 1.886,0	€ 1.100,0	€ 1.824,4	€ 2.314,7	€ 931,4	€ 329,7		€ 300,0	€ 629,7	€ 3.711,8	€ 2.493,8	€ 2.493,8	€ 2.365,3	€ 2.365,3
Principal payments on non-current borrowings and other debt	€ (176,2)	€ (109,2)	€ (147,7)	€ (850,0)	€ (70,6)	€ (51,2)	€ (677,7)		€ -	€ (677,7)	€ (6.711,8)	€ (2.493,8)	€ (2.493,8)	€ (2.365,3)	€ (2.365,3)
Change in liquid assets and financing financial assets	€ (9,0)	€ (163,3)	€ (17,4)	€ (274,7)	€ (368,7)	€ (135,5)	€ (570,1)		€ -	€ (570,1)	€ -	€ -	€ -	€ -	€ -
Proceeds on issue of shares	€ 14,5	€ 15,3	€ 43,8	€ 16,7	€ 147,2	€ 2.672,3	€ -		€ -	€ -	€ -	€ -	€ -	€ -	€ -
Share capital reduction	€ -	€ -	€ -	€ -	€ -	€ -	€ -		€ -	€ -	€ -	€ -	€ -	€ -	€ -
Transactions with non-controlling interest: partial purchases	€ (5,3)	€ (6,7)	€ (109,8)	€ (127,8)	€ (4,8)	€ (2,7)	€ (1.766,6)		€ -	€ (1.766,6)	€ -	€ -	€ -	€ -	€ -
Transactions with non-controlling interest: partial sales	€ 0,4	€ 1,5	€ 10,2	€ 2,4	€ 0,5	€ 1,4	€ -		€ -	€ 1,4	€ -	€ -	€ -	€ -	€ -
Proceeds on issue of deeply subordinated securities	€ -	€ -	€ -	€ (5,5)	€ 1.987,1	€ 497,5	€ (500,0)		€ -	€ (500,0)	€ -	€ -	€ -	€ -	€ -
Coupons on deeply subordinated securities	€ (68,8)	€ (67,8)	€ (66,4)	€ -	€ -	€ (23,9)	€ (80,1)		€ -	€ (80,1)	€ -	€ -	€ -	€ -	€ -
Purchases of/proceeds from treasury shares	€ (22,0)	€ 23,9	€ (10,5)	€ 1,2	€ (8,3)	€ 20,0	€ (10,4)		€ -	€ (10,4)	€ -	€ -	€ -	€ -	€ -
Dividends paid	€ (521,7)	€ (580,5)	€ (592,4)	€ (661,0)	€ (426,0)	€ (534,3)	€ (185,2)		€ (29,0)	€ (214,2)	€ (626,5)	€ (712,1)	€ (800,0)	€ (942,2)	€ (1.022,4)
Interest paid	€ (430,5)	€ (439,0)	€ (406,6)	€ (427,5)	€ (404,8)	€ (357,4)	€ (308,0)		€ -	€ (308,0)	€ -	€ -	€ -	€ -	€ -
Interest on IFRIC 12 operating assets	€ (90,3)	€ (94,3)	€ (94,2)	€ (81,3)	€ (79,8)	€ (76,5)	€ (38,8)		€ -	€ (38,8)	€ -	€ -	€ -	€ -	€ -
Interest on lease debt	€ -	€ -	€ (45,5)	€ (40,8)	€ (32,2)	€ (28,2)	€ (20,7)		€ -	€ -	€ -	€ -	€ -	€ -	€ -
Net cash used in financing activities of continuing operations	€ 193,9	€ (223,5)	€ (3.219,8)	€ (1.628,3)	€ 3.520,3	€ 2.294,9	€ (8.249,3)		€ 30,5	€ (8.218,8)	€ (3.823,0)	€ (732,8)	€ (985,5)	€ (1.162,3)	€ (1.183,5)
Net cash used in financing activities of discontinued operations	€ (0,6)	€ (0,3)	€ -	€ -	€ (0,1)	€ (0,3)	€ (84,9)		€ -	€ (84,9)	€ -	€ -	€ -	€ -	€ -
Net cash used in financing activities	€ 193,3	€ (223,8)	€ (3.219,8)	€ (1.628,3)	€ 3.520,2	€ 2.294,6	€ (8.334,2)		€ 30,5	€ (8.303,7)	€ (3.823,0)	€ (732,8)	€ (985,5)	€ (1.162,3)	€ (1.183,5)
Effects of foreign exchange rate changes and other	€ (2,5)	€ (25,1)	€ (16,2)	€ (3,9)	€ (25,7)	€ 63,2	€ (401,8)		€ -	€ (401,8)	€ -	€ -	€ -	€ -	€ -
Increase/decrease in external net cash from discontinued operations	€ -	€ (1,1)	€ 2,0	€ -	€ -	€ -	€ (14,3)		€ -	€ (14,3)	€ -	€ -	€ -	€ -	€ -
Net cash at the beginning of the year	€ 3.857,7	€ 5.274,6	€ 6.055,0	€ 4.110,9	€ 5.541,1	€ 5.622,4	€ 10.276,8		€ 6.735,3	€ 10.276,8	€ 8.354,1	€ 8.821,6	€ 8.372,9	€ 7.922,7	€ 7.449,9
Net Cash at the end of the year	€ 5.274,6	€ 6.055,0	€ 4.110,9	€ 5.311,2	€ 5.622,4	€ 10.276,8	€ 6.735,3		€ 8.354,1	€ 8.354,1	€ 8.821,6	€ 8.372,9	€ 7.922,7	€ 7.449,9	€ 7.046,5
Cash and cash equivalents	€ 5.521,4	€ 6.263,9	€ 4.326,6	€ 5.613,4	€ 5.840,0	€ 10.518,7	€ 7.174,9		€ 8.793,7	€ 8.793,7	€ 9.261,2	€ 8.812,5	€ 8.362,3	€ 7.889,5	€ 7.486,1
Bank overdrafts and other cash position items	€ 246,8	€ 208,9	€ 215,7	€ 302,2	€ 217,6	€ 241,9	€ 439,6		€ 439,6	€ 439,6	€ 439,6	€ 439,6	€ 439,6	€ 439,6	€ 439,6
Increase in Cash & Cash equivalents	€ -	€ 780,4	€ (1.944,1)	€ 1.200,3	€ 311,2	€ 4.654,4	€ (3.541,5)		€ 1.618,8	€ (1.725,0)	€ 467,5	€ (448,7)	€ (450,2)	€ (472,7)	€ (403,4)
Dividends paid	€ 521,7	€ 580,5	€ 592,4	€ 661,0	€ 426,0	€ 534,3	€ 185,2		€ 28,96	€ 214,16	€ 626,54	€ 712,12	€ 799,98	€ 942,22	€ 1.022,38
Dividends paid as % of net income	107,3%	107,7%	97,5%	86,9%	204,3%	96,3%	46,6%	71,5%	71,5%	48,9%	71,5%	71,5%	71,5%	71,5%	71,5%

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