

# Q1 2018 Results

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ready for the resource revolution



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# Q1 2018 Financial Results

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# Results fully in line with annual guidance

## Q1 2018 Highlights

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- **Results well on track with 2018 objectives**
- **Encouraging performance, supported by improved economic environment in Europe**
- **Acceleration of the commercial momentum**
- **Integration of WT&S: value capture programme ahead of schedule**
- **Focusing on the execution of the action plan launched in March**



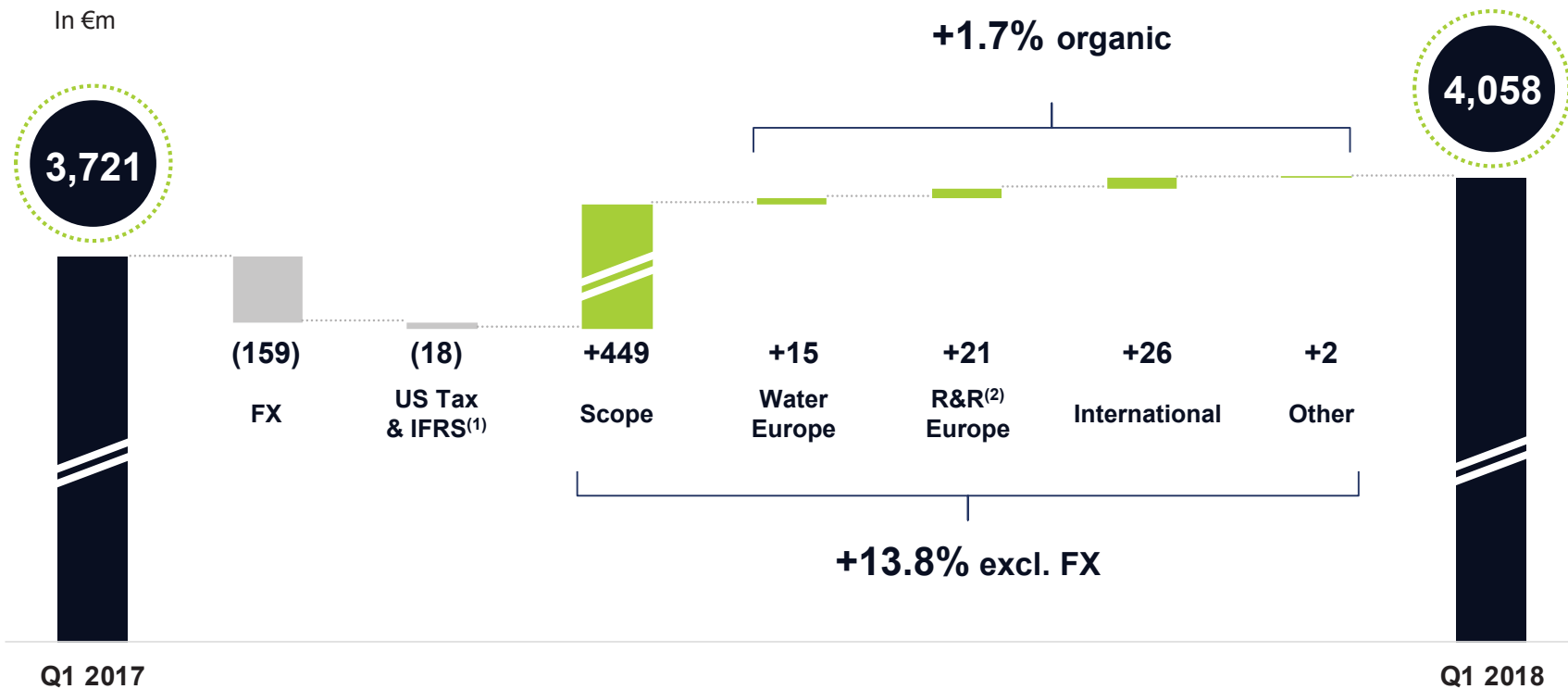
# Results fully in line with annual guidance

## Q1 2018 Key figures

In €m	Q1 2017	Q1 2018	gross	Variation excl. FX	organic
<b>Revenue</b>	<b>3,721</b>	<b>4,058</b>	+9.1%	<b>+13.8%</b>	+1.7%
<b>EBITDA</b>	<b>614</b>	<b>635</b>	+3.4%	<b>+8.8%</b>	+2.6%
<i>% Revenue</i>	16.5%	15.7%			
<b>EBIT<sup>(1)</sup></b>	<b>281</b>	<b>289</b>	+2.8%	<b>+10.2%</b>	+5.5%
<i>% Revenue</i>	7.5%	7.1%			
	<b>Dec. 2017</b>	<b>Mar. 2018</b>			
<b>Net debt</b>	<b>8,468</b>	<b>8,817<sup>(2)</sup></b>			
<i>Net debt / EBITDA</i>	3.0x	3.3x			

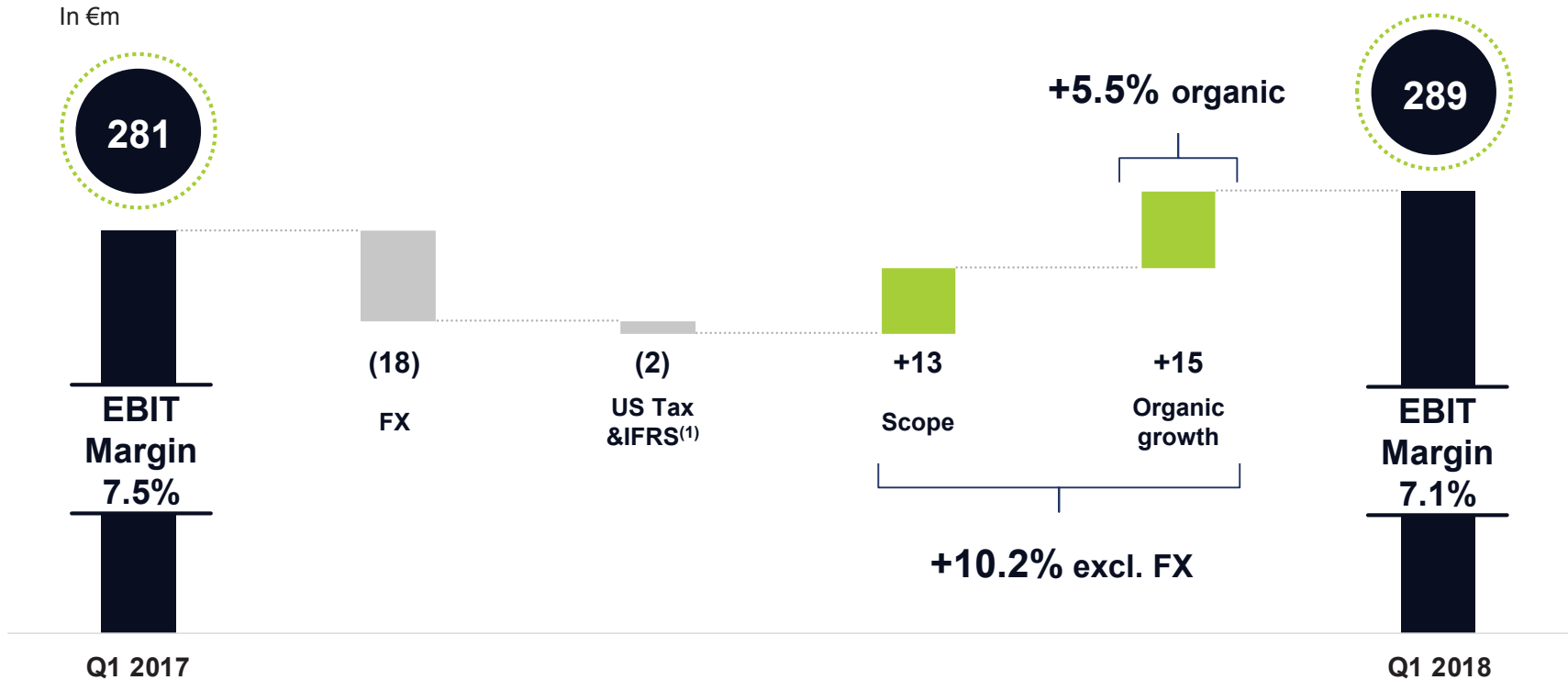
# Revenue up 13.8% excluding FX

## Growth driven by acquisition of GE Water



# EBIT up 10.2% excluding FX

## Positive trends in all divisions



## Water Europe: revenue up +1.4% excluding FX

### Performance driven by Latam

In €m	Q1 2017	Q1 2018	gross	Variation excl. FX	organic
<b>Revenue</b>	<b>1,131</b>	<b>1,115</b>	(1.4)%	<b>+1.4%</b>	+1.4%

- **France: stable revenue, with (0.3)% organic variation**

- Volumes down 1.0%, in line with mid-term trends
- Tariffs up +0.7%

- **Spain: stable revenue**

- Volumes marginally down 0.3% due to unfavorable weather conditions in March
- Tariffs up +0.7%

- **Latin America: strong organic growth, with revenue up +6.9%**

- Volumes up +2.8% in Chile, thanks to warm and dry summer
- Tariffs up +1.6%, reflecting increases in tax regime
- Improved construction activity, notably in Panama

- **EBIT excluding FX is up in all 3 business units**



# R&R Europe: revenue up +1.3% excluding FX

## Supportive volumes and prices

In €m	Q1 2017	Q1 2018	gross	Variation excl. FX	organic
<b>Revenue</b>	<b>1,530</b>	<b>1,537</b>	+0.5%	<b>+1.3%</b>	+1.4%

Treated volumes are up +3.6% at 6.2mt, notably in France and for pan European hazardous waste activities

Commodities : €(23)m negative impact of paper & plastic prices on revenue offset by €+20m increase in ferrous scrap prices; €(8)m impact on EBIT<sup>(1)</sup>

- **France: +3.8% organic growth**
  - Increased volumes and improved prices
- **UK & Nordics: revenue down 2.9%**
  - Strong increase in industrial volumes in the UK and in Sweden
  - Impact of Tilbury Solid Recovered Fuel facility closure and lesser contribution of construction activity
- **Benelux & Germany: +0.9% organic growth**
  - Increase in industrial activities partially offset by decrease of paper prices
- **Industrial Waste Specialties: revenue down 3.2%**
  - Minerals : some remediation contracts postponed
  - Chemicals : good underlying trend, with satisfactory saturation of assets
- **Overall EBIT excluding FX is up, with most segments contributing**

# International: revenue up +3.0% excluding FX

## Sound underlying performance

In €m	Q1 2017	Q1 2018	gross	Variation excl. FX	organic
<b>Revenue</b>	<b>931</b>	<b>882</b>	(5.3)%	<b>+3.0%</b>	+2.8%

- **North America: +3.1% organic growth**

- Regulated activities: tariff increases more than compensate decrease in water volumes
- Non-regulated activities: strong growth

- **Australia: +1.0% organic growth**

- R&R: solid activity for collection & recycling, partially offset by decline in paper prices
- Water : increase in construction activity

- **Asia: +4.3% organic growth, mainly driven by tariff increases in Macau**

- **Africa / Middle-East / India: revenue down 3.4%**

- Reduction in construction activity in Middle-East
- Impact of the end of Casablanca R&R collection contract

- **Italy / Central & Eastern Europe: solid organic growth, with revenue up +23.3%**

- R&R : solid growth in activity, notably in hazardous waste in Czech Republic
- Water : strong construction business in Central Europe, Romania and Italy

- **Overall EBIT excluding FX is up, with most geographies contributing**

# Water Technologies & Solutions

Commercial performance & identified synergies are encouraging

In US\$m	Q1 2017 pro forma <sup>(1)</sup>	Q1 2018	gross variation
Revenue	588	611	+4%

Reported contribution is €497m in Q1 2018 vs. €108m in Q1 2017

- **Orders at US\$721m are up 30% vs. last year<sup>(1)</sup>**  
Very strong commercial performance of Engineered Systems
- **Revenue at US\$611m, up +4% vs. last year<sup>(1)</sup>**  
Positive trend for both Engineered Systems and Chemical & Monitoring Solutions
- **Integration: value capture programme ahead of schedule**  
US\$22m sales and cost synergies already secured for 2018 and US\$49m for 2019
- **EBIT excluding FX significantly up vs. last year**

# Conclusions

## Results well on track with 2018 targets

- Positive trend in all divisions
- Integration of WT&S progressing well, good underlying performance
- Focusing on the execution of the action plan launched in March, with a clear roadmap:
  - Implement actions and additional cost cutting measures
  - Reinforce capital investment selectivity to optimise returns
  - Support growth and transformation

## Reiterating full-year guidance

- Revenue: c.9% growth ex. FX<sup>(1)</sup>
- EBIT: c. 10% growth ex. FX
- Free cash flow: c. €1bn<sup>(2)</sup>
- Net financial debt / EBITDA ratio: c. 3x
- Dividend policy: ≥ €0.65 per share in relation with FY18 results<sup>(3)</sup>

(1) Excluding the impact of the GE Water purchase price allocation which will be determined in 2018; excluding the impact of the change in US tax law on regulated water activities, resulting in the transfer of €25 million in income from EBIT to taxable income, which is neutral to Net Result Group share

(2) Excluding payments associated with the voluntary departure plan in France and recognized in 2017 and excluding the GE Water integration costs

(3) Subject to 2019 Annual General Meeting approval



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