

VIVENDI ENVIRONNEMENT
Form 6-K
March 04, 2003

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

**REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULES 13a-16 OR 15d-16 OF
THE SECURITIES EXCHANGE ACT OF 1934**

March 4, 2003

VIVENDI ENVIRONNEMENT
(Exact name of registrant as specified in its charter)

36-38, avenue Kléber
75116 Paris, France
(Address of principal executive offices)

(Indicate by check mark whether the registrant files or will file annual reports under cover
Form 20-F or Form 40-F.)

Form 20-F ☒ Form 40-F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by
Regulation S-T Rule 101(b)(1): ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by
Regulation S-T Rule 101(b)(7): ☐

(Indicate by check mark whether the registrant by furnishing the information
contained in this Form is also thereby furnishing the information to the
Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of
1934.

Yes ☐ No ☒

(If Yes is marked, indicate below the file number assigned to the registrant in connection
with Rule 12g3-2(b): 82-_____.

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULES 13a-16 OR 15d-16 OF THE SECURITIES EX

Explanatory Note

This Report on Form 6-K contains:

a press release containing the Company's Annual Results for Fiscal Year 2002 and

a presentation made by the Company's management on March 4, 2003.

Paris, March 4th, 2003

PRESS RELEASE

Solid results in a difficult environment

Cash flow from operations up 13%

Significant reduction in net debt

New contracts and continued execution of strategy

Consolidated revenue: +3.3% to 30.1 billion

Revenue from core businesses⁽¹⁾: +5.9% to 28.1 billion (+7.2% at constant exchange rates)

Consolidated EBIT: 1,971 million

EBIT from core businesses: +1.9% to 1,847 million (+3.2% at constant exchange rates)

Recurring net income⁽²⁾ increased to 429 million versus 420 million in 2001

Net income of 339 million compared with net loss of 2,251 million in 2001

Cash flow from operations up 13% to 2,780 million Net debt reduced to 13,066 million

Net dividend proposed at Shareholders Meeting: 0.55 per share, payable early May 2003

⁽¹⁾ Definition of non-core disposals already completed or planned for sale: US Filter's non-core businesses: *Filtration & Separation, Plymouth, Surface Prep, Distribution US*; and Bonna Sabla.

⁽²⁾ The recurring net income corresponds to EBIT + net recurring financial income (expense) after notional taxes, companies accounted for by the equity method, recurring straight line goodwill amortization and minority interests

The Supervisory Board met on March 3, 2003, to examine Vivendi Environnement's financial statements for 2002.

CONTINUED GROWTH, CONFIRMED BY NEW CONTRACTS WON

Vivendi Environnement posted another year of steady business growth despite a particularly difficult international environment. Revenue from core businesses amounted to 28,073 million, up 5.9%, or an increase of 7.2% at constant exchange rates. Two-thirds of the negative impact of exchange rates of 350 million was due to the decline of the dollar. Internal growth from core businesses rose 5%. Due to the disposals completed over the course of the year, revenue from non-core businesses amounted to 2,006 million, compared with 2,614 million at December 31, 2001. Total consolidated revenue for Vivendi Environnement increased 3.3% to 30,079 million versus 29,127 million in 2001.

Vivendi Environnement also won new contracts for municipal and industrial outsourcing services, including several that combined the services of two or more divisions. This commercial performance confirms the success of the company's strategy and the growth potential of its markets. The new municipal outsourcing contracts underline the company's ability to capitalize on the international positions gained over recent years by all divisions: Water (Pudong, Indianapolis, Atlanta), Waste (Camden, Singapore), Energy Services (Poznan), and Transportation (Boston).

STRENGTHENED FINANCIAL STRUCTURE

In line with the commitments made, net debt was reduced from 14.3 billion at December 31, 2001, to less than 13.1 billion at December 31, 2002, as a result of:

Continued steady growth in cash flow from operations (+13%) to 2.8 billion;
after maintenance capital expenditures (stable at 1.3 billion), cash flow
available before growth investments rose 36% to 1.5 billion;

The implementation of a program of non-core business disposals amounting to
more than 1.7 billion, which is in excess of the announced target;

The 1.5 billion capital increase completed last August.
The reduction in debt was achieved while simultaneously carrying out a significant program of growth investments of 2.4 billion compared with 2.7 billion in 2001.

SATISFACTORY OPERATING PERFORMANCE OF CORE BUSINESSES

EBITDA ⁽¹⁾ for the company reached 3,887 million. EBITDA from core businesses posted satisfactory growth of 7.1% to 3,727 million, up 8.0% at constant exchange rates. This increase, which reflects the positive growth trend of new contracts, led to a 0.2% improvement in the EBITDA margin. EBIT from the core businesses rose 1.9% in 2002 to 1,847 million from 1,813 million last year, increasing 3.2% at constant exchange rates. The contribution from non-core businesses was down due to the disposals made during the year. Total EBIT therefore amounted to 1,971 million versus 2,013 million in 2001.

All of the divisions contributed to the growth in EBIT from core businesses. EBIT from Water rose 2.9% to 900 million (up 4.2% at constant exchange rates for core businesses). The good level of business activity in France, the gradually increasing impact of outsourcing contracts won outside of France, and the confirmed turnaround of Vivendi Water Systems offset the slowdown in the industrial equipment market in the United States and higher insurance costs. EBIT from Waste was 385 million (+5% excluding Latin America and at constant exchange rates), benefiting from the initial measures taken to improve profitability. In Energy Services, the 10.7% increase (9% at constant exchange rates) was attributable primarily to the integration of Italian company SIRAM and developments in Northern and Central Europe. EBIT from Transportation increased 3.1% (2.9% at constant exchange rates), with new contracts signed in Europe and the United States more than offsetting the cancellation of the South Central contract in the United Kingdom. EBIT from FCC rose 9.1% (9.4% at constant exchange rates), due principally to its service businesses.

IMPROVEMENT IN NET FINANCIAL EXPENSE

Vivendi Environnement's net financial expense improved nearly 19%, moving from 798 million in 2001 to 648 million in 2002,

reflecting reductions in both net debt and the cost of financing. The average interest rate was 4.25% in 2002 versus 4.85% in 2001.

⁽¹⁾ EBITDA = EBIT + depreciation + contract renewal expenses

NON-RECURRING ITEMS

Non-recurring items amount to - 90 million, including restructuring costs of 57 million and 47 million in provisions and write-downs taken in the first half of the year relating to the company's businesses in Latin America, partially offset by the net capital gains as a result of disposals.

RECURRING NET INCOME

After taking into account the non-recurring items, Vivendi Environnement's consolidated net income amounted to 339 million in 2002 compared with a net loss of 2,251 million last year.

Excluding non-recurring items, consolidated net income was 429 million in 2002 compared with 420 million in 2001⁽¹⁾. Taking into account the average number of shares outstanding in 2002, recurring net income per share amounted to 1.16, compared with 1.21 in 2001.

The payment of a dividend of 0.55 per share will be proposed at the Shareholders Meeting on April 30, 2003.

Within the context of a difficult business climate, Vivendi Environnement demonstrated its ability to sustain growth and strengthen its market positions. The company will continue its growth strategy in 2003 in line with the priorities defined during previous years: focus on its four, well-matched divisions (Water, Waste, Energy services and Transportation), selective geographical expansion, and growth provided by customers in the municipal, industrial manufacturing and service sectors. The maturation of major contracts recently won and the continued enrichment of the services offered to its customers will contribute to improving the company's return on capital employed. Growth in cash flow from operations, the continued selectivity of investments and active asset management should enable the company to further improve its financial situation.

Important disclaimer:

Vivendi Environnement is a corporation listed on the NYSE and Euronext Paris. This press release contains forward-looking statements within the meaning of the provisions of the U.S. Private Securities Litigation Reform Act of 1995. These statements are based on management's current expectations or beliefs and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements, including the risks described in the documents Vivendi Environnement has filed with the U.S. Securities and Exchange Commission. Vivendi Environnement does not undertake, nor does it have, any obligation to provide updates or to revise any forward-looking statements. Investors and security holders may obtain a free copy of documents filed by Vivendi Environnement with the U.S. Securities and Exchange Commission from Vivendi Environnement.

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Press release also available on <http://vivendienvironnement-finance.com>

⁽¹⁾ The recurring net income corresponds to EBIT + net recurring financial income (expense) after notional taxes, companies accounted for by the equity method, recurring straight line goodwill amortization and minority interests.

FINANCIAL STATEMENTS

Consolidated income statement

(in millions of euros)	2002	2001
Revenue	30,078.7	29,126.7
Revenue from core businesses	28,073.0	26,513
EBIT	1,971.3	2,013.1
EBIT from core businesses	1,847.3	1,813.1
Restructuring costs	(56.6)	(49.4)
Operating income before goodwill amortization	1,914.7	1,963.7
Goodwill amortization ⁽¹⁾	(327.2)	(2,910.1)
Operating income/(expense) after goodwill amortization	1,587.5	(946.4)
Cost of financing	(680.9)	(764.2)
Other financial income and expense	32.8	(33.8)
Net financial expense	(648.1)	(798.0)
Operating income/(expense) less net financial expense before equity and minority interests	939.4	(1,744.4)
Other income and expense	(59.7)	38.9
Income/(expense) before tax	879.7	(1,705.5)
Income tax	(437.3)	(462.3)
Net income/(expense) before equity and minority interest	442.4	(2,167.8)
Share in net earnings of companies accounted for by the equity method	39.0	47.8
Minority interests	(142.2)	(131.2)
Net income/(loss)	339.2	(2,251.2)

(in millions of euros)	2002	2001
Net earnings per undiluted share ()	0.9	(6.6)
Net earnings per diluted share ()	<u>0.9</u>	(6.6)
Recurring net income	<u>429.0</u>	420
Recurring net income per share ()	<u>1.16</u>	1.21
Average number of shares (millions)	<u>370,213</u>	346,174

(1) Recurring and non-recurring.

BALANCE SHEET ASSETS

(in millions of euros)	2002	2001
Goodwill	6,152.8	6,795.8
Intangible assets	3,904.9	4,477.0
Tangible assets	14,540.8	14,191.3
Financial assets	1,969.5	1,936.6
Total fixed assets	26,568.0	27,400.7
Total current assets	15,450.4	17,008.6
Total assets	42,018.4	44,409.3

BALANCE SHEET LIABILITIES

(in millions of euros)	2002	2001
Shareholders' equity (group's share)	6,329.6	5,740.0
Minority interests	2,585.2	2,531.1
Subsidies and deferred income	1,413.4	1,483.1
Provisions	2,946.1	3,195.7
Long-term debt	12,913.0	13,134.0
Other long-term liab	427.5	496.6
Long-term capital	26,614.8	26,580.5
Accounts payable	11,607.7	12,939.3
Short-term debt	3,795.9	4,889.5
Total current liabilities	15,403.6	17,828.8
Total shareholders' equity and liabilities	42,018.4	44,409.3

CONSOLIDATED CASH FLOW STATEMENT

(in millions of euros)	2002		2001	
Cash flow from operations	2,780		2,455	
Change in working capital requirement ⁽¹⁾	(463)	(1)	437	(2)
Net change from operating activities	2,317		2,892	
Capital expenditures	(2,603)		(2,879)	
Financial investments	(1,131)		(1,315)	
Disposals	1,771		598	
Change in financial receivables	(152)		80	
Other	6		124	
Net change from investment activities	(2,109)		(3,392)	
Change in debt	(1,708)		1,265	
Increase in capital	1,554		411	
Dividends	(300)		(299)	
Other	(116)		(138)	
Net change from financing activities	(570)		1,239	
Cash and cash equivalents at beginning of year	2,090		1,528	
Impact of currency exchange and other	(92)		(177)	
Cash and cash equivalents at end of year	1,636		2,090	

(1) Including reduction in securitization program in France amounting to 223 million

(2) Including securitization program in France and the United States amounting to 815 million

[Redacted Signature Area]

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: March 4, 2003

VIVENDI ENVIRONNEMENT

By: /s/ Jérôme Contamine

Name: Jérôme Contamine

Title: Chief Financial Officer