press release

Paris, July 28, 2016

FIRST-HALF 2016

DESPITE A SLUGGISH MACROECONOMIC ENVIRONMENT IN EUROPE AND UNFAVORABLE WEATHER CONDITIONS, REVENUE GREW +2.2%

SLIGHT DECREASE IN OPERATING PROFITABILITY, BUT IMPROVEMENT OF NET INCOME

COMPASS PROGRAM UPGRADED BY €30M TO €180M IN 2016
AND SPEEDING UP OF TRANSFORMATION PLAN

2016 TARGETS MAINTAINED

First-half 2016 results:

- **Revenue: €7,455m, up 2.2%**
- **EBITDA[1]: €1,271m, down 1.7%**
- **EBIT[1]: €598m, down 1.0%**
- **Net income Group share: €174m, up 23.7%**
- **Net financial debt: €8,765m; net financial debt/EBITDA ratio of 3.2x**

In €m	June 30, 2015	June 30, 2016	Gross change	FX change	Change at constant scope and exchange rates
Revenue	**7,295**	**7,455**	**+2.2%**	**-1.6%**	**+2.7%**
EBITDA[1]	**1,293**	**1,271**	-1.7%	-2.5%	-1.9%
EBITDA[1]/Revenue	***17.7%***	***17.1%***			
EBIT[1]	**604**	**598**	-1.0%	-3.7%	-2.3%
EBIT[1]/Rev.	***8.3%***	***8.0%***			

[1] Excluding IFRIC 21

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After the Board of Directors approved the first-half 2016 results at its July 27, 2016 meeting, Jean-Louis Chaussade, CEO, made the following statement:

"In the first half of the year, SUEZ reported 2.2% revenue growth despite a still sluggish macroeconomic environment in Europe and the impact of particularly unfavorable weather conditions in France and Chile. This growth was driven by the sharp improvement in the International activities; the Recycling & recovery Europe division stabilized despite the negative commodity price trend. Conversely, the Water Europe division was affected by non-recurring items and by low tariff increase due to the absence of inflation.
Although we lost some ground in the first half of the year, we are reiterating our 2016 targets. As we are aware they will be difficult to meet, we have decided to increase the Compass cost reduction program by €30 million to €180 million this year and to more closely monitor investments and debt.
At the same time, SUEZ is also speeding up its Group transformation plan with the aim of becoming a more integrated, agile and efficient group, one that is focused on commercial success and innovation."

2016 HALF-YEAR RESULTS

REVENUE

Group **revenue** at June 30, 2016 was **€7,455m, up 2.2% (+€160m)** versus June 30, 2015, which breaks down as follows:

- **Change at constant scope and exchange rates +2.7%** (+€199m):
  - Water Europe: -0.1% (-€2m)
  - Recycling & recovery Europe: -0.2% (-€6m)
  - International: +11.6% (+€211m)

- **Perimeter effect +1.1%** (+€77m), mainly reflecting the first-time consolidation of Driplex and Perthwaste, both acquired during the period.

- **Forex effect -1.6%** (-€116m), due to a stronger euro against the Chilean peso (-€37m), British pound (-€32m), and Australian dollar (-€29m).

OPERATING PERFORMANCE

EBITDA[1] was €1,271m at June 30, 2016, a decrease of 1.7% or 1.9% on an organic basis. EBITDA[1] in the Water Europe division fell 4.6% on an organic basis due to unfavorable weather conditions as well as the adverse impact of the lower inflation environment. The Recycling & recovery Europe division performance declined by 4.0% on an organic basis due mainly to the negative electricity price effect. The International division reported 12.8% growth at constant scope and exchange rates, notably linked to higher volumes in all geographical regions. EBITDA in the International division benefited from the €36m reversal of a provision for risk relating to the 2015 revaluation of the Chongqing Water Group stake in connection with the creation of Derun Environment; this provision reversal was treated as a scope effect.

Over the first six months of 2016, **Compass program** savings amounted to €74m, mainly through optimized operating performance, additional savings on procurement and cuts in overheads costs.

EBIT[1] reached €598m compared to €604m in 2015, a decrease of 1.0% or 2.3% on an organic basis.

Current operating income including the share of net income from associates amounted to €525m after €502m last year, representing a 4.6% increase. It includes -€6m in costs for the rollout of the new brand, versus -€18m last year, and -€19m in restructuring costs, versus -€28m in 2015.

NET INCOME

Net financial income amounted to -€209m in first-half 2016, compared with -€200m in June 2015. Average debt maturity is 6.7 years and the average cost of debt improved from 4.30%[2] at June 30, 2015 to 3.78%[2] this year; it benefited from lower interest rates and active debt management.

Tax amounted to -€57m[3] compared with -€50m[3] in June 2015. The effective tax rate was 26.9% versus 23.1% for first-half 2015. This rate was positively affected in 2015 by a tax credit received in Spain.

Minority interests fell to €84m from €111m in 2015. This reflects the buyout of the Sembsita minority

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[2] Excluding the cost of securitization and indexed interest charges on inflation in Chile
[3] Including the IFRIC 21 impact on income tax

interests in Australia in second-half 2015 and lower net income in euros from the Group's activities in Chile.

Consequently, net income Group share rose 23.7% to €174m versus €141m in first-half 2015.

- **FREE CASH FLOW AND BALANCE SHEET**

Free cash flow amounted to +€179m in first-half 2016.

Net investments amounted to €623m in 2016 versus €582m in 2015. They included €104m of net financial investment, versus €11m in 2015, associated notably with the acquisition of Driplex and Perthwaste during the period.

Net financial debt was €8,765m at June 30, 2016. The €682m increase since the end of December 2015 is mainly due to the dividend payment of €545m in the first half of the year and the usual negative change in working capital requirements. The net debt/EBITDA[1] ratio was 3.2x.
In May 2016, the financial rating agency Moody's reiterated the A3, stable outlook rating assigned to SUEZ.

PERFORMANCE BY DIVISION

WATER EUROPE

In €m	June 30, 2015	June 30, 2016	Gross change	FX change	Change at constant scope and exchange rates
Revenue	**2,261**	**2,272**	+0.5%	-1.6%	-0.1%
EBITDA[1]	**666**[4]	**617**	-7.3%	-3.4%	-4.6%
EBIT[1]	**321**[4]	**287**	-10.7%	-5.1%	-5.8%

- **Revenue in France was down 3.8% (-€39m) on an organic basis**.

The decrease in sales volumes (-2.2%) was significantly lower than the medium-term trend due to unfavorable weather conditions in the second quarter, while the modest tariff increases (+0.4%) corresponded to the absence of inflation. The end of the Lille contract also had an adverse impact on the segment's revenue performance (-€41m).

- **Spain and Chile generated organic growth of 3.0% (+€36m)**.

The segment continued to benefit from the sharp tariff increases implemented last year in Chile (+5.5%), while in Spain tariff increases were 2.1%, despite some degree of inaction in the annual tariff renegotiations due to the political climate. Water volumes sold in Spain were down slightly (-0.3%) but fell 2.5% in Chile due to very unfavorable weather conditions.

- EBIT[1] was €287m. The 5.8% organic decline can be attributed mainly to the negative impact of weather conditions, at €15m, and of the lower inflation environment in Europe.

- The Water Europe division generated €19m in Compass savings over the six-month period.

RECYCLING & RECOVERY EUROPE

In €m	June 30, 2015	June 30, 2016	Gross change	FX change	Change at constant scope and exchange rates
Revenue	**3,167**	**3,129**	-1.2%	-1.1%	-0.2%
EBITDA[1]	**376**[4]	**361**	-3.8%	-0.8%	-4.0%
EBIT[1]	**144**[4]	**136**	-6.1%	-0.9%	-7.8%

[4] Adjusted figure following intra-group reclassification

- The Recycling & recovery Europe division reported revenue of €3,129m, an organic decline of 1.1%. Performance continued to be affected by a sharply negative price effect on secondary raw materials (especially scrap metals down 23% year on year and PET -11%) and on energy, mainly affecting the first quarter; adjusted for this effect, revenue grew by 1.6% on an organic basis.

Treated volumes grew by 0.7%, benefiting mainly from additional tonnage in France in the second quarter. The decline in volumes sent to landfill was more than offset by increased recycling volumes in both France and the UK, as well as the improvement in hazardous waste volumes by +5.2%.

In terms of geographical regions, the organic change was +7.3% in the UK and Scandinavia, +1.7% in Central Europe, +0.8% in Benelux/Germany and -3.7% in France.

- EBIT[1] in the Recycling & recovery Europe division was €136m; it was down by €11m on an organic basis due to the impact of falling electricity prices (-€16m), partially offset by the strong momentum of the UK business activities.

- The Recycling & recovery Europe division generated €32m in Compass savings over the six-month period.

INTERNATIONAL

in €m	June 30, 2015	June 30, 2016	Gross change[2]	FX change	Change at constant scope and exchange rates
Revenue	**1,815**	**2,006**	+10.5%	-2.4%	+11.6%
EBITDA[1]	**305[4]**	**365**	+19.6%	-2.0%	+12.8%
EBIT[1]	**203[4]**	**254**	+24.9%	-2.3%	+12.7%

- The International division reported revenue of €2,006m at June 30, 2016, up 11.6% organically.
  - **Asia posted organic growth of 59.5% (+€96m)** primarily due to substantial increases in the volume of waste treated in Hong Kong, following significant market share gains, as well as to implementation of new contracts for water equipments and construction contracts in China in hazardous waste.
  - **The Africa, Middle East and India region posted a strong organic increase of 14.3% (+€65m)**, mainly reflecting the development of activities in the Middle East, where several construction contracts are generating additional revenue, including Doha West (Qatar) and Mirfa (Abu Dhabi). The Group also strengthened its position in industrial water in India through its acquisition of a majority stake in Driplex.
  - **Australia reported organic growth of 7.8% (+€38m)** with a very sharp increase in treated waste volumes due to new soil remediation contracts and contractual price increases in the different segments.
  - **North America grew by 3.8% (+€16m) at constant scope and exchange rates**. The Group reported tariff increases, mainly in the region of New York, and the States of New Jersey and Pennsylvania, along with higher water volumes sold.
  - **The Europe/LatAm region reported a 1.4% decline on an organic basis (-€4m)** as a result of the lower contracts in Europe.

The backlog for construction activities is €1.3bn, up by a sharp 9.7% relative to June 30, 2015.

- EBIT[1] for the division was €254m, representing organic growth of 14.5%. A €36m provision reversal was recorded in the second quarter in connection with the creation of Derun Environment in the second half of 2015; this was treated as a scope effect.

- The International segment generated €21m in Compass savings over the six-month period.

NEGOTIATIONS TO RAISE THE GROUP'S STAKE IN ACEA

The Group intends to increase its stake in ACEA to 23.3% (from 12.5% currently) by acquiring ACEA shares from the Caltagirone Group. This transaction is expected to be carried out through the issue of new SUEZ shares (which could represent about 3.5% of share capital) as part of the negotiations for a long-term industrial cooperation project that is about to be finalized with the Caltagirone Group.
Milan-listed ACEA is one of Italy's leading environmental services companies.

2016 TARGETS MAINTAINED

In a tougher-than-expected macroeconomic environment in Europe at the beginning of the year, SUEZ responded immediately and decided on additional measures for 2016. These include, first, a €30m increase in the Compass cost reduction program and, second, closer monitoring of debt levels.

SUEZ therefore remains fully committed to meeting its 2016 targets:

- **IMPROVE PROFITABLE GROWTH IN 2016**
  - Organic revenue growth greater than or equal to 2%[5]
  - Organic EBIT growth greater than organic revenue growth[5]
  - Free Cash Flow of around €1 billion
  - Net financial debt/EBITDA of around 3x

- **CONTINUE ATTRACTIVE DIVIDEND POLICY**
  - A dividend ≥ €0.65 per share based on the 2016 results[6]

HIGHLIGHTS

High value-added commercial activity

In France, after winning the public service management contracts for water in Valenciennes (€256m in aggregate, 16 years) and Poissy (€25m, 10 years), SUEZ continued to grow its business with local authorities. These include the **Greater Dijon** urban area, which awarded the Group its waste collection and sorting contract (€52m, 5 years). This will include a digital approach to better serve users' needs, such as geolocation of the nearest voluntary drop-off sites and personalized tracking for removal of large items.

SUEZ also strengthened its position in Smart Waste with two **new online recycling and recovery services** for individuals and businesses with the e-commerce platform Valoservices.suez.fr and the assessment and solutions site OneTwoTri, which aims to optimize their waste management.

Another innovation introduced in May by SIAAP[7] and SUEZ is BioGNVAL, an unprecedented technological

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[5] Excluding the impact of the exceptional summer volume effect in Water Europe for €20m; based on stable industrial production in Europe in 2016 and stable commodity prices relative to the budget assumptions
[6] Subject to the approval of the 2017 Annual General Meeting
[7] The inter-departmental syndicate for the sanitation of the Paris conurbation

solution to **convert wastewater into liquid biofuel** (BioLNG). This renewable energy, which is easy to store and transport, can be used to transport people and goods over long distances or can be supplied to industrials as a substitute for fossil fuels. This technology of the future strengthens the **Group's position on the French and international biogas markets**. The Group is a pioneer and a leader in the production and **recovery of biomethane** from wastewater in France and has many references, with almost 170 methanation installations in its water and waste treatment plants all over the world. It aims to increase its production of biogas by between 30% and 50% in the next five years.

In Europe, SUEZ has been chosen by the city of **Lausanne**, in **Switzerland**, to help it combat micropollutants and thus improve the water quality of Lake Geneva (€42m), by building facilities to treat wastewater, micropollutants and sludge at a purification plant in the Lausanne region.

The Group also won the contract to manage sewage treatment infrastructure for the city of **Mlawa** (€77m, 33 years) in **Poland**, including the construction and operation of a new plant. This is the first water services contract the Group has won in this country, where it is already the leader on the recycling and recovery market.

The Group also strengthened its position in **Azerbaijan** as it won the **Baku** soil decontamination contract (€4m), which supplements the contract covering the training and transfer of knowledge for all water-cycle businesses (€22.5m, 5 years) in effect since 2014.

Internationally, the Group won a number of contracts totaling more than €2bn[8], including the extension of the contract to operate and maintain the drinking water treatment plant in **Sydney**, **Australia** (€670m, 14 years). This latest commercial success fits into the Group's development strategy for this high-potential region, where it has made several acquisitions including that of **Perthwaste**, one of the leading waste management service providers in Western Australia.

In Asia, SUEZ continued its development in **China.** After winning four water treatment contracts with major players in the oil, gas and petrochemical sectors (€19m), and a contract to treat effluents from the Changshu chemical industrial park (€354m, 30 years), the Group has been tasked with modernizing the San Wai wastewater treatment plant in **Hong Kong** (€99m, 15 years).

SUEZ was also selected to design, equip and operate for 37 years the largest desalination plant on the American continent in **Rosarito**, **Mexico**. The project will secure drinking water supplies in the coastal region of Baja California by proposing an innovative public-private partnership business model.

Strengthened industrial partnerships

After winning a contract with the **SAFRAN** group to optimize and recover waste flows at 23 production sites (€10m, 3 years), SUEZ continued to grow its business with major industrial groups throughout the first half of 2016.

The Group renewed and extended its contract with **Arkema** (€42m, 4 years) for which it now manages and recovers waste flows produced at 28 sites in France.

Building on an industrial partnership forged over the last 20 years, SUEZ also renewed for a three-year term the contract for the global management of waste from **Groupe Renault**'s two production plants in Morocco, in Tangier and Somaca (Casablanca).

An in-depth transformation to seize growth opportunities

In June 2016, SUEZ initiated a transformation process to address more efficiently promising markets for its businesses.

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[8] Based on contracts announced in a press release

One year after the shift to a single brand, this transformation plan needs to build onstronger integration processes, as well as in a better convergence of functional expertises so as to meet the operational needs.

This transformation, relating to the transverse functions in particular, will give the Group additional flexibility, which it will use first and foremost to increase its commercial efforts, invest in new markets and innovation.

SUEZ's transformation into an integrated, agile and efficient group will allow it to further its development and become the world reference in resource management.

HALF-YEARLY FINANCIAL REPORT:

The 2016 interim report is available on the Group website *(*www.suez.com*).*

FORTHCOMING COMMUNICATIONS:

October 27, 2016: Publication of the 2016 3rd quarter results (conference call)

***This press release is available at www.suez.com* and in the NEWSROOM.**

APPENDICES

SIMPLIFIED BALANCE SHEET

ASSETS (€m)	31/12/2015	30/06/2016
NON CURRENT ASSETS	**19,593**	**19,545**
o/w net intangible assets	4,214	4,131
o/w goodwill	3,480	3,516
o/w net tangible assets	8,275	8,250
CURRENT ASSETS	**8,039**	**8,801**
o/w clients and other debtors	3,967	4,503
o/w cash and cash equivalents	2,079	2,214
TOTAL ASSETS	**27,632**	**28,346**

LIABILITIES (€m)	31/12/2015	30/06/2016
Equity, group share	5,420	4,984
Minority Interests	1,386	1,396
TOTAL EQUITY	**6,805**	**6,380**
Provisions	1,952	2,062
Financial Debt	10,355	11,215
Other Liabilities	8,520	8,689
TOTAL LIABILITIES	**27,632**	**28,346**

SIMPLIFIED INCOME STATEMENT

In €m	H1 2015	H1 2016
REVENUE	**7,295**	**7,455**
Depreciation, Amortization & Provisions	(549)	(535)
INCOME FROM OPERATING ACTIVITIES	**502**	**525**
Financial Result	(200)	(209)
Income tax	(50)	(57)
NET RESULT	**252**	**258**
Minority interest	(111)	(84)
NET RESULT GROUP SHARE	**141**	**174**

SIMPLIFIED CASH FLOW STATEMENT

In €m	H1 2015	H1 2016
Operating cash flow	1,030	977
Income tax paid (excl. income tax paid on disposals)	(36)	(59)
Change in operating working capital	(207)	(284)
CASH FLOW FROM OPERATING ACTIVITIES	**787**	**634**
Net tangible and intangible investments	(571)	(519)
Financial investments	(73)	(130)
Disposals	62	28
Other investment flows	(4)	(27)
CASH FLOW FROM INVESTMENT ACTIVITIES	**(586)**	**(647)**
Dividends paid	(545)	(546)
Balance of reimbursement of debt / new debt	878	804
Interests paid / received on financial activities	(159)	(165)
Capital increase	0	18
Net new hybrid	37	0
Change in share of interests in controlled entities	(12)	(3)
Other cash flows	(120)	23
CASH FLOW FROM FINANCIAL ACTIVITIES	**79**	**133**
Impact of currency, accounting practices and other	11	17
CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE PERIOD	**2,249**	**2,079**
Total cash flow for the period	291	136
CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD	**2,539**	**2,214**

REVENUE BY GEOGRAPHIES

In €m	H1 2015	H1 2016	% in H1 2016	Δ 16/15
FRANCE	**2,510**	**2,472**	***33.2%***	**-1.5%**
Spain	840	852	*11.4%*	+1.4%
UK	544	560	*7.5%*	+3.1%
Others Europe	1,219	1,196	*16.0%*	-1.9%
EUROPE (excluding France)	**2,603**	**2,608**	***35.0%***	**+0.2%**
North America	502	543	*7.3%*	+8.1%
South America	449	433	*5.8%*	-3.6%
Oceania	504	526	*7.1%*	+4.5%
Asia	211	318	*4.3%*	+50.7%
Others International	515	554	*7.4%*	+7.6%
INTERNATIONAL (excluding Europe)	**2,182**	**2,375**	***31.9%***	**+8.9%**
TOTAL	**7,295**	**7,455**	***100.0%***	**+2.2%**

SUEZ

We are at the dawn of the resource revolution. In a world facing high demographic growth, runaway urbanisation and the shortage of natural resources, securing, optimising and renewing resources is essential to our future. SUEZ (Paris: SEV, Brussels: SEVB) supplies drinking water to 92 million people, delivers waste water treatment services to 65 million, collects waste produced by almost 34 million, recovers 16 million tons of waste each year and produces 7 TWh of local and renewable energy. With 82,530 employees, SUEZ, which is present on all five continents, is a key player in the sustainable management of resources. SUEZ generated total revenues of €15.1 billion in 2015.

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