press release

Paris, March 1, 2017

2016 ANNUAL RESULTS

2016 TARGETS MET

2017: ACCELERATION OF THE TRANSFORMATION
EXPECTED INCREASE IN OPERATING RESULTS

2016 performance:

- Revenue: €15,322m, for organic growth of +1.1%
- EBIT: €1,282m, for organic growth of +0.5% (+2.1% excluding exceptional water volumes in 2015)
- Net income Group share: €420m, up +3.1%
- Free cash flow: €1,005m
- Net financial debt / EBITDA: 3.0x
- 2016 dividend of €0.65 per share[1]

2017 outlook[2]:

- Slight organic growth in revenue and EBIT
- Free cash flow: around €1 billion
- Net financial debt / EBITDA: c. 3.0x
- 2017 dividend ≥ €0.65 per share[3]

Meeting on February 28th, 2017, the Board of Directors approved SUEZ's 2016 financial statements, which will be submitted for the approval of the Annual General Meeting on May 10th, 2017. The consolidated financial statements have been audited and certified by the statutory auditors. Commenting on the results, Jean-Louis Chaussade, CEO, said:

"In 2016 our performance was consistent with our targets, in an environment that turned out to be more contrasted and difficult than expected. Revenue growth was driven by the International division, while our profitability improved and our cash flow generation was robust. These results illustrate the resilience of our portfolio of business activities, based on diversified exposure both in geographical and market terms. The results also highlight our ability to react quickly in an uncertain environment.

In 2017 the Group is stepping up its transformation and staying ahead of trends in its businesses, namely the resource revolution and the digitization of services. Improving our margin will hinge on the continued optimization of our cost base in mature countries and the priority given to the development of business activities in the most favorable markets, notably outside Europe and with industrial customers.

In this environment, the Group is targeting slight organic growth in revenue and EBIT in 2017."

---

[1] Subject to approval by the 2017 Annual General Meeting.
[2] With an assumption of stable industrial production in Europe and stable raw materials prices.
[3] Subject to approval by the 2018 Annual General Meeting.

SUEZ - Group
Tel: +33 (0)1 58 81 20 00 - www.suez.com
Head office - Tour CB21 - 16 place de l'iris, 92040 Paris La Défense Cedex, France

2016 RESULTS

▪ REVENUE

At December 31, 2016, the Group posted **revenue of €15,322m, up €187m** on December 31, 2015 and comprising the following:

- **Organic growth of +1.1% (+€162m):**
  - Water Europe: -1.3% (-€62m)
  - Recycling & Recovery Europe: +0.6% (+€39m)
  - International: +4.7% (+€188m)

- **Scope change of +1.4% (+€210m),** resulting mainly from the initial consolidation of Nantaise des Eaux in France, Driplex in India, and PerthWaste in Australia.

- **Exchange rate change of -1.2% (-€185m),** owing notably to the appreciation of the euro against pound sterling (-€127m) and, to a lesser extent, against the Chilean peso (-€27m).

▪ OPERATING PERFORMANCE

EBITDA totaled €2,651m in 2016, a gross change of -3.6% (-€100m). Restated for the specific incidence of the €131m capital gain from the revaluation of the stake in Chongqing Water Group in 2015 and the reversal of provisions of €36m in 2016 for the same transaction, both included in the scope effect, the gross change in EBITDA was -0.2%.

EBITDA was stable in organic terms, at -0.1% (-€3m) compared with 2015. EBITDA margin came out at **17.3%**.

EBIT totaled €1,282m, down **-7.2% (-€99m)** in gross terms, impacted by the -5.6% (-€77m) scope effect, notably including the impacts mentioned above, and unfavorable currency effects of -2.0% (-€28m).

Adjusted for the impact of exceptional summer water volumes in 2015 (20m€), organic EBIT growth came out at +2.1%, consistent with our target.

Organic growth came out at **+0.5%** with significant differences between divisions:

- The organic performance of the Water Europe division was -3.5% (-€22m). This resulted primarily from a particularly unfavorable base effect on the unusually high summer volumes in 2015 (-€20m), the termination of the Lille contract in France (-€8m) and the lack of inflation in Europe, which weighed on tariff indexation formulas.

- The Recycling and Recovery Europe division posted organic growth of +**2.0% (+€6m)**. In a mixed economic environment in Europe, continued efforts to optimize costs offset the impact on margin of the fall in electricity revenues (-€27m). Reversals of provisions relating to the landfilling activity offset the negative impact on EBITDA of expenditures on the long-term rehabilitation of sites.

- The International division recorded organic EBIT growth of +5.5% (+€31m), a direct reflection of the dynamic development of the business in most regions.

The Compass cost optimization program generated €180m in savings in 2016. Initially budgeted at €150m, the program was stepped up through the year to offset the impacts of unfavorable weather conditions for the Water Europe division in the first half of the year and the still-lackluster economic environment in Europe, and France in particular.

Income from operating activities (including the share of net income from associates) increased **+6.8% to**

€1,290m. This figure notably includes non-recurring items, of which -€28m in costs relating to the roll-out of the new brand, -€76m in restructuring costs stemming from the acceleration of the cost optimization plan, and +€84m in net gains after disposals and provisions on various assets.

NET INCOME GROUP SHARE

Net financial income was -€424m in 2016 compared with -€421m in 2015. The cost of net debt[4] decreased once again, to **3.7%** compared with 4.2% in 2015, thanks to optimized cash and financing management in an environment of on going-declining interest rates.

Corporate tax came to -€244m in 2016, compared with -€173m in 2015. The effective tax rate was 35.4%, compared with 33.3% in 2015. This increase mainly resulted from the consequences of the reduction in the tax rate in France starting from 2020 as well as a revaluation of future taxable income within the scope of tax consolidation in France.

Minority interests amounted to €203m, practically stable on last year (-€3m). The +€15m increase in minority interests at the Water Europe division, reflecting the increase in income from the Chilean businesses, was offset by the savings generated by the share buyback of minority interests in Australia in the second half of the year 2015.

As a result, net income Group share stood at **€420m** in 2016, up +3.1%, and earnings per share increased +4.3% to €0.72.

FREE CASH FLOW AND BALANCE SHEET

Free cash flow came out at **€1,005m**. As expected, with the commitment of the entire Group, the working capital requirement improved in the second half of 2016, and overall the Group met its annual target.

Net investments amounted to **€705m**. They included the contribution of the proceeds of the disposal of the asset turnover program for -€486m and financial investments of €104m, related in particular to the acquisitions of PerthWaste in Australia and Driplex in India. The Group maintained strict discipline in the control of industrial investments which reached nevertheless €1 087m.

Net debt at December 31, 2016 was down slightly to **€8,042m**, despite currency and scope effects that resulted in an increase of +€148m and +€92m respectively[5]. The net debt/EBITDA ratio was 3.0x. In November 2016, the financial rating agency Moody's reiterated the A3, stable outlook rating assigned to the Group.

DIVIDEND

As a result of these performances and its confidence in the future, SUEZ will propose a 2016 dividend of €0.65 per share at the Annual General Meeting of Shareholders on May 10, 2017.

---

[4] Excluding securitization costs and interest expense indexed on inflation in Chile.
[5] Mainly reflecting the impact of the full consolidation of Sino French Holding.

OUTLOOK

With the implementation of an ambitious transformation plan, in 2017 we are targeting[3]:

- Slight organic growth in revenue and EBIT
- Free cash flow of around €1 billion
- A net financial debt / EBITDA ratio of around 3.0x
- The pursuit of an attractive dividend policy: ≥ €0.65 per share in respect of 2017 results[4]

PERFORMANCE BY DIVISION

WATER EUROPE

In €m	12/31/2015	12/31/2016	Gross change	Organic change	Exchange rate change	Scope change
Revenue	4,677	**4,703**	+0.5%	-1.3%	-0.5%	+2.4%
EBITDA	1,320[(6)]	**1,277**	-3.2%	-3.4%	-1.1%	+1.3%
EBIT	636[(6)]	**611**	-3.9%	-3.5%	-1.5%	+1.1%

- The Water Europe division reported **revenue** of **€4,703m** in 2016, down 1.3% in organic terms.
In France, the decrease in sales volumes (-2.0%) was substantially lower than the medium-term trend, owing to unfavorable weather conditions in the second quarter and the reversal of the effect of exceptionally high volumes in summer 2015; the change in revenues also includes the effect of the end of the Lille contract, for €82m. Volumes increased +1.0% in Spain and +0.9% in Chile. Tariff indexations were low, both in France (+0.1%) and Spain (+0.3%), resulting from lower inflation in Europe. Meanwhile, Chile continued to benefit from the tariff increases obtained last year (+4.0%).

- **EBIT** came to **€611m**, down **3.5% (-€22m)** in organic terms. In addition to the impact of the end of the Lille contract (-€8m), the division's performance was mainly affected by variations in weather conditions, which were exceptionally favorable in summer 2015 and adverse in first-half 2016.

- The segment posted **free cash flow** of **€447m**.

RECYCLING & RECOVERY EUROPE

In €m	12/31/2015	12/31/2016	Gross change	Organic change	Exchange rate change	Scope change
Revenue	6,357	**6,302**	-0.9%	+0.6%	-2.1%	+0.6%
EBITDA	767[(6)]	**748**	-2.4%	-2.0%	-1.6%	+1.2%
EBIT	306[(6)]	**310**	+1.5%	+2.0%	-2.3%	+1.7%

- The Recycling and Recovery Europe division reported **revenue** of **€6,302m**, an organic **increase of 0.6%**.
Volumes treated increased by +1.4% overall. Business activity in the segment stabilized despite a negative

[6] Figure adjusted following an intra-group reclassification

effect from the prices of raw materials (with a -10% decrease in ferrous metals and an -8% decrease in plastic) and electricity, which had a negative impact on revenue of **-€36m**. Revenue in France was down -1.7% in organic terms, mainly reflecting the lackluster economic environment. Outside France, activity grew in the UK and Scandinavia region (+4.6% in organic terms) and in the Benelux and Germany region (+1.7%) and Central Europe (+4.6%).

- The division's **EBIT** was **€310m**, an organic increase of +2.0%. In a mixed economic environment in Europe, the ongoing cost optimization efforts generated Compass savings of €71m, offsetting the negative -€27m impact on margin of the decrease in electricity revenues. Reversals of provisions relating to the landfilling activity offset the negative impact on EBITDA of expenditures of the long-term rehabilitation of sites.

INTERNATIONAL

In €m	12/31/2015	12/31/2016	Gross change	Organic change	Exchange rate change	Scope change
Revenue	3,998	**4,217**	+5.5%	+4.7%	-0.7%	+1.5%
EBITDA	772[(6)]	**745**	-3.5%	+9.0%	-1.5%	-11.0%
EBIT	566[(6)]	**496**	-12.4%	+5.5%	-2.0%	-15.8%

- The International division reported **revenue** of **€4,217m** in 2016, for organic growth of +4.7% (+€188m).
  - Asia rose by a very sharp +20.5% at constant scope and exchange rates (+€80m), due mainly to the strong growth in treated waste volumes in Hong Kong, as well as the inception of new equipment contracts in water and construction in China in hazardous waste.
  - Business activity was relatively stable in North America, up **+0.2% (+€2m)** at constant scope and exchange rates. Growth in activity was negatively offset by a slowdown in sales of systems.
  - The Africa, Middle East and India region posted strong gains of **+13.1% (+€132m)** at constant scope and exchange rates, mainly reflecting business development in the Middle East, where several construction contracts are generating additional revenue, including Doha West in Qatar and Barka in Oman.
  - The Europe/LatAm region posted negative growth of **-8.4% (-€55m)** at constant scope and exchange rates, due to the termination of several construction contracts in Europe that were not replaced during this period.
  - Australia increased by **+2.9% (+€29m)** at constant scope and exchange rates. This performance was based on both sustained growth in treated volumes (up +7.5%) and a positive price effect.

- The division reported **EBIT** of **€496m**. A €36m provision reversal was recorded in second-quarter 2016 in connection with the creation of Derun Environment in 2015; this was treated as a scope effect[7]. EBIT grew an organic **+5.5% (+€31m), reflecting the division's strong business momentum.**

[7] EBIT in 2015 included the €131m positive impact from the gain on the revaluation of the stake in Chongqing Water Group, which also contributed to the scope effect.

2016 Highlights

Numerous commercial successes on the five continents

In 2016, SUEZ worked with major local and regional authorities across all geographical regions to **co-develop smart cities and sustainable territories**.

In France, Grand Dijon entrusted SUEZ with the collection and sorting of waste for 254,000 inhabitants (€52m, 5 years). Poissy also renewed the public service contract for the supply of drinking water (€25.4m, 10 years), including new services such as remote meter reading and decarbonation.

The Group diversified its presence in Europe. In addition to its Recycling and Recovery activities in **Poland**, SUEZ signed a contract on the management of the wastewater infrastructures of the town of Mlawa (€77m, 33 years).

Internationally, SUEZ won a contract to build and operate two large desalination plants in the Americas, in Rosarito in **Mexico** (€389m, 37 years) and in the Middle East in **Oman** (€276m, 20 years). In Asia, and in China in particular, the Group continued its development in the management of hazardous industrial waste, with the commissioning in 2016 of the new energy treatment and waste-to-energy plant in Nantong, built by SUEZ (€575m, 30 years).

New partnerships were formed with **major industrial groups looking for global and integrated solutions** to improve their economic and environmental performance. **SAFRAN** entrusted the Group with the optimization and recovery of its waste flows, as well as the maintenance of the wastewater treatment facilities at 23 production sites in France (€10m, 3 years). SUEZ also renewed and extended its contract with **Arkema** (€42m, 4 years) for which it now manages and recovers the waste flows produced at 28 sites in France. Lastly, an agreement was signed with **Total** on the collection of used food oils, which will be transformed into biofuel at the La Mède biorefinery in France (10 years).

New value-creating operations

Italy has become the number-three country in terms of the development of Water Europe activities. SUEZ increased its stake in **ACEA**, a major player in water, energy and the environment, and now holds a 23.3% share of the capital. It also welcomed the **Caltagirone** industrial group as a new long-term shareholder.
In China, SUEZ became the majority shareholder in its long-standing partnership with NWS Holdings Limited. Through a single common entity, SUEZ NWS, the cooperation agreement will now be extended to all of its businesses with a view to pursuing development in continental China, Hong Kong, Macao and Taiwan.

Pioneer and leader in green energy

The Group continued its work on innovation alongside major players and start-ups. With SIAAP[8], SUEZ has shown with BioGNVAL that it is possible to **transform biogas from wastewater into clean biofuel** for transport or industrial processes as a replacement for conventional fuels. The Group also took a 22% share in **Prodeval**, an innovative company in the expanding sector of biomethane, and aims to increase its production of biogas by 30% to 50% in the next five years.

Impulsing transformation in businesses and its organization

The Group is transforming to seize all the opportunities arising from the two, intimately linked resource and digital revolutions.
SUEZ continued to develop new services both in water and waste management. The Group launched the **AQUADVANCED® Urban Drainage** digital solution enabling local authorities to control their wastewater treatment networks in real time, limit the risk of floods, and control the quality of discharges into the natural environment. The solution has been rolled out successfully in 20 world cities, including the Paris agglomeration, the Marseille metropolitan area, Barcelona and Singapore.

SUEZ has also upgraded its offer to provide disruptive models and solutions in response to the needs of its

[8] The inter-departmental wastewater treatment authority for the Paris agglomeration.

customers and in favor of the circular economy. **e-commerce platforms** are now accessible to individuals and professionals in five European countries. The Group has also joined forces with the US start-up **Rubicon** to accelerate the digitization of its Recycling and Recovery division and create special platforms for waste management.

Furthermore, SUEZ has initiated a transformation plan based on the strengthening of integration processes and the improved convergence of functional expertise to better meet operational needs. This will give the Group additional flexibility, which it will use first and foremost to reinforce its commercial efforts, invest in new markets and innovation. SUEZ's transformation into an integrated, agile and efficient group will allow it to become the world reference in resource management.

ANNUAL GENERAL MEETING

Annual General Meeting of May 10, 2017
Meeting on February 28, 2017, the Board of Directors decided to propose the ratification of the appointment as director of Francesco Caltagirone at the Annual General Meeting of Shareholders on May 10, 2017.
Subject to the approval of this resolution, the Board of Directors would be composed of 19 members, of whom eight independent directors (or 50% excluding directors representing employees and directors representing employee shareholders, compliant with the AFEP-MEDEF Code) and eight women, or 42.1% of the total (or 41.2% excluding salaried directors, a proportion that complies with the AFEP-MEDEF Code and the prevailing legal provisions).

FORTHCOMING COMMUNICATIONS:

- **May 10, 2017:** Annual General Meeting and publication of first-quarter 2017 results
- **May 15, 2017:** Detachment of the coupon
- **May 17, 2017:** Payment of the dividend
- **July 27, 2017:** Publication of first-half 2017 results (conference call)

The consolidated financial statements, the Auditors' reports and this press release are available on our website: *www.suez.com* and in the *NEWSROOM*.

APPENDICES

SIMPLIFIED BALANCE SHEET

ASSETS (€m)	31/12/2015	31/12/2016
NON CURRENT ASSETS	**19,593**	**20,198**
o/w net intangible assets	4,214	4,223
o/w goodwill	3,480	3,647
o/w net tangible assets	8,275	8,280
CURRENT ASSETS	**8,039**	**8,954**
o/w clients and other debtors	3,967	4,041
o/w cash and cash equivalents	2,079	2,925
TOTAL ASSETS	**27,632**	**29,284**

LIABILITIES (€m)	31/12/2015	31/12/2016
Equity, group share	5,420	5,496
Minority Interests	1,386	1,870
TOTAL EQUITY	**6,805**	**7,366**
Provisions	1,952	2,080
Financial Debt	10,355	11,165
Other Liabilities	8,520	8,673
TOTAL LIABILITIES	**27,632**	**29,284**

SIMPLIFIED INCOME STATEMENT

In €m	FY 2015	FY 2016
REVENUE	**15,135**	**15,322**
Depreciation, Amortization & Provisions	(1,092)	(1,091)
INCOME FROM OPERATING ACTIVITIES	**1,208**	**1,290**
Financial Result	(421)	(424)
Associates non-core	-	-
Income tax	(173)	(244)
NET RESULT	**613**	**623**
Minority interest	(206)	(203)
NET RESULT GROUP SHARE	**408**	**420**

SIMPLIFIED CASH FLOW STATEMENT

In €m	FY 2015	FY 2016
Operating cash flow	2,159	2,129
Income tax paid (excl. income tax paid on disposals)	(154)	(148)
Change in operating working capital	(14)	(68)
CASH FLOW FROM OPERATING ACTIVITIES	**1,992**	**1,913**
Net tangible and intangible investments	(1,277)	(1,086)
Financial investments	(142)	(195)
Disposals	122	488
Other investment flows	(54)	(39)
CASH FLOW FROM INVESTMENT ACTIVITIES	**(1,350)**	**(833)**
Dividends paid	(571)	(602)
Balance of reimbursement of debt / new debt	467	572
Interests paid / received on financial activities	(324)	(318)
Capital increase	-	17
Net new hybrid	37	0
Change in share of interests in controlled entities	(328)[1]	90
Other cash flows	(92)	(32)
CASH FLOW FROM FINANCIAL ACTIVITIES	**(811)**	**(273)**
Impact of currency, accounting practices and other	-	38
CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE PERIOD	**2,249**	**2,079**
Total cash flow for the period	(170)	846
CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD	**2,079**	**2,925**

(1) Includes -€312m of acquisition of the remaining 40% of Sembsita Pacific

REVENUE BY GEOGRAPHIES

In €m	FY 2015	FY 2016	% in FY 2016	∆ 16/15
FRANCE	**5,119**	**5,023**	***32.8%***	**-1.9%**
Spain	1,769	1,753	*11.4%*	-0.9%
UK	1,133	1,071	*7.0%*	-5.4%
Others Europe	2,449	2,488	*16.2%*	+1.6%
EUROPE (excluding France)	**5,351**	**5,312**	***34.7%***	**-0.7%**
North America	1,138	1,210	*7.9%*	+6.3%
South America	892	896	*5.8%*	+0.4%
Oceania	1,004	1,083	*7.1%*	+7.9%
Asia	497	615	*4.0%*	+23.6%
Others International	1,133	1,182	*7.7%*	+4.3%
INTERNATIONAL (excluding Europe)	**4,665**	**4,986**	***32.5%***	**+6.9%**
TOTAL	**15,135**	**15,322**	***100.0%***	**+1.2%**

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 wastewater treatment services to 65 million, recovers 16 million tons of waste each year and produces 7 TWh of local and renewable energy. With 82,536 employees, SUEZ, which is present on all five continents, is a key player in the sustainable management of resources. SUEZ generated total revenues of €15.3 billion in 2016.

CONTACTS

Press
+33 1 58 81 23 23

Analysts & Investors
+33 1 58 81 24 05

Disclaimer

This document contains unaudited financial data. The aggregates shown are those customarily used and disclosed to the markets by SUEZ.

"This presentation contains estimates and/or forward-looking statements and information. These statements include financial projections, synergies, estimates and their underlying assumptions, statements regarding plans, expectations and objectives with respect to future operations, products and services, and statements regarding future performance. Such statements do not constitute forecasts regarding SUEZ's results or any other performance indicator, but rather trends or targets, as the case may be. No guarantee can be given as to the achievement of such forward-looking statements and information.Investors and holders of SUEZ securities are cautioned that forward-looking information and statements are subject to various risks and uncertainties, which are difficult to predict and generally beyond the control of SUEZ, and that such risks and uncertainties may entail results and developments that differ materially from those stated or implied in forward-looking information and statements. These risks and uncertainties include, but are not limited to, those discussed or identified in the public documents filed with the Autorité des marchés financiers (AMF). Investors and holders of SUEZ securities should consider that the occurrence of some or all of these risks may have a material adverse effect on SUEZ. SUEZ is under no obligation and does not undertake to provide updates of these forward-looking statements and information to reflect events that occur or circumstances that arise after the date of this document. More comprehensive information about SUEZ may be obtained on its website (www.suez.com). This document does not constitute an offer to sell, or a solicitation of an offer to buy SUEZ securities in any jurisdiction.".