



PRESS RELEASE

November 5, 2009

Improved operational performance in Q3 2009

- **Revenues: € 8,923m, -0.9% at constant forex**
- **EBITDA: € 1,498m, -2.1% at constant forex, an EBITDA/Revenues ratio of 16.8%**
- **Increasing impact of Compass cost-cutting programme**
- **Net financial debt of € 6,293m, down compared to June 30, 2009, net debt/EBITDA¹ of 3.07**

In € million	Sept. 30, 2008	Sept. 30, 2009	Total change	Variation at constant forex	Organic change
Revenues	9,121	8,923	-2.2%	-0.9%	-3.5%
EBITDA	1,547	1,498	-3.2%	-2.1%	-4.1%
EBITDA / Revenues	17.0%	16.8%			

■ **SUEZ ENVIRONNEMENT generated revenues of € 8,923m at September 30, 2009**, down -0.9% at constant forex compared to the same period in 2008. The organic change came out at -3.5%, which is a slight improvement over its end-June level. The Water Europe and International divisions continued to grow. The Waste Europe division continued to be impacted by the economic slowdown, particularly in the sorting and recycling activities. The change in volumes treated², both in landfills and energy-from-waste, remained negative versus 2008 cumulated figures, but did stabilize in Q3 2009 compared to Q3 2008.

■ **EBITDA totalled € 1,498m at end-September 2009, down € -32m at constant forex** versus the first nine months of 2008, i.e. a **decline of -2.1%** with a growth of +1.6%³ from Q3 2008 to Q3 2009. Excluding the cost of fuel hedges taken in 2008 (€ -31m), EBITDA was stable excluding forex. The EBITDA/Revenues ratio came out at 16.8%, improving compared to H1 2009 (16.2%) thanks notably to the increasing impact of Compass cost-cutting programme, with a margin of +17.9% in the third quarter.

■ **Net debt amounted to € 6,293m, down -3.3% compared to end-June 2009** (€ 6,507m). This figure partially includes the proceeds from the sale of Gas Natural shares (€ 80m)⁴. The net financial debt/EBITDA¹ ratio stands at 3.07, improving compared to June 30, 2009.

■ **Commenting on these results, Jean-Louis CHAUSSADE, Chief Executive Officer of SUEZ ENVIRONNEMENT, made the following statement:** *"SUEZ ENVIRONNEMENT posted an improved performance in Q3 2009, with a lesser decline in the waste business and strong commercial dynamism illustrated by winning the Melbourne contract in August. The ongoing improvement in the margin level was driven by the growing impact of the Compass cost-cutting programme. SUEZ ENVIRONNEMENT confirms its 2009 objectives of an overall stability of operating performance at revenues and EBITDA levels compared to 2008, at constant forex. Furthermore, we have just announced an agreement with La Caixa which will allow us to increase our stake in Agbar to 75%. This major strategic deal, which should be finalised by mid-2010, will enable SUEZ ENVIRONNEMENT to build a second European pillar in the water industry in Spain, and by taking additional leading international positions."*

¹ Rolling 12-month EBITDA

² Volume of non-hazardous waste treated in Europe.

³ At constant forex

⁴ Out of total proceeds of € 325m; most of the sales took place in October 2009.

BREAKDOWN OF ACTIVITY AT END-SEPTEMBER 2009

REVENUES In € million	Sept. 30, 2008	Sept. 30, 2009	Total change	Variation at constant forex	Organic change
Water Europe	2,820	2,894	2.6%	3.2%	2.7%
Waste Europe	4,343	3,957	-8.9%	-6.3%	-9.7%
International	1,946	2,061	5.9%	5.1%	1.3%
Other ⁵	12	11	-6.1%	-	-6.1%
TOTAL	9,121	8,923	-2.2%	-0.9%	-3.5%

■ **SUEZ ENVIRONNEMENT** recorded a -0.9% drop in revenues at September 30, 2009 at constant forex, and a total change of -2.2% on September 30, 2008. This change can be broken down as follows:

■ **Change at constant forex of -0.9%** (€ -79m):

■ Organic change of -3.5% (€ -310m) resulting from:

- the € +75m gain in revenues from both Lyonnaise des Eaux and Agbar in the Water Europe division. Compared to last year, volumes of water sold were stable in France and slightly up in Spain, with tariffs still increasing;
- a € -409m decline in the Waste Europe division. Waste activities were impacted by the drop in volumes linked primarily to industrial and commercial clients, particularly in sorting and recycling;
- a € +25m increase in the International division, particularly in water in the US, on the back of tariff rises ("rate case") obtained in the regulated water activity, and thanks to the waste business in Australia.

■ "Tuck-in" growth of +2.6% (i.e. € +231m), which includes:

- newly consolidated companies (€ +266m): Water Europe € +32m, Waste Europe € 144m⁶, International € +91m⁷
- disposals: Water Europe € -16m, Waste Europe € -3m, International € -17m.

■ **Negative forex impact of -1.3%** (€ -118m), mainly from the conversion of sales into pounds sterling (€ -108m), Australian dollars (€ -19m), Polish zloty, Swedish krona and Chilean pesos. The US dollar, however, had a positive impact (€ +42m) on revenues.

■ **Organic growth in revenues for Q3 2009 came out at -2.9% compared to Q3 2008, improving on the trend in H1 2009 (-3.7%).**

■ **At September 30, 2009, SUEZ ENVIRONNEMENT generated 81% of its revenues in Europe and 88% in Europe, North America and Australia combined.**

⁵ R+I Alliance, HQ.

⁶ Mainly Boone Comenor and Fayolle's environmental business, in France.

⁷ Mainly Naco and USC, in the US.

PERFORMANCE BY DIVISION

WATER EUROPE

In € million	Sept. 30, 2008	Sept. 30, 2009	Total change	Variation at constant forex	Organic change
Revenues	2,820	2,894	2.6%	3.2%	2.7%

Water Europe turned in organic growth of +2.7% in revenues (€ +75m).

■ **Lyonnais des Eaux delivered organic growth of +2.9% (€ +46m).**

In France over the 9-month period, business highlights were stable volumes of water sold⁸ compared to 2008 (vs. -0.6% in H1), a slight increase in prices resulting from the application of indexation formulas (still positive, though less favourable towards the end of the period), and the decline in works activities. Commercial development continued with the signing of new contracts such as Douchy Noyelles Haspres (Nord-Pas de Calais, € 20m, 20 years), Le Havre (€ 19m, 4 years), les Hauts de Bièvre (Ile-de-France, € 17m, 12 years), the maintenance and procurement of spare parts for SIAAP (Ile de France, € 15m, 4 years) and the renewal of contracts such as Rhône Loire Nord (€ 44m, 12 years), Biarritz (€ 42m, 15 years), Libourne (Aquitaine, € 23m, 8 years), le Syseg de Givors (€ 15m, 9 years) and la Communauté de communes de la Plaine de France (€ 11m, 12 years).

■ **Agbar** posted organic growth of +2.4% in revenues (€ +29m).

The water and wastewater businesses improved on 2008 on the back of higher volumes in Spain and Chile, and tariff revisions in Chile and the UK. Works activities, which benefited in 2008 from projects linked to the drought, declined. Agbar won several new contracts in 2009, most recently including Puertollano (Ciudad Real, € 322m, 50 years), Avilés (Asturias, € 138m, 25 years), Martorell (Catalonia, € 81m, 30 years), Benahavis (Malaga, € 42m, 25 years), and saw a number of contracts renewed, such as Villajoyosa (Valencia, € 94m, 25 years), Banyeres (Valencia, € 10m, 25 years), San Clemente (Cuenca, € 17m, 21 years) and Algorfa (Valencia, € 14m, 20 years).

The Healthcare business increased over 9 months, with a slight slowdown of the growth in Q3.

WASTE EUROPE

In € million	Sept. 30, 2008	Sept. 30, 2009	Total change	Variation at constant forex	Organic change
Revenues	4,343	3,957	-8.9%	-6.3%	-9.7%

The **Waste Europe division** saw negative organic change of -9.7% (€ -409m) over the first nine months of the year. Q3 2009 gently improved compared to H1, thanks to a slightly better price effect in sorting and recycling and a stabilization of volumes treated⁹ in energy-from-waste and landfills in Q3 2009. Waste flows management is still optimized between the different treatment assets.

■ Revenues from waste activity **in France** reflected negative organic growth of -9.9% (€ -219m). Waste collection fell slightly, a lower decrease than in treatment activities (sorting, recycling, energy-from-waste, landfills) .

Commercial development continued with new contract gains, of which those of decontamination for the Crau nature park and the plateau des Capucins in Brest. Sita France also renewed several contracts, such as the city of Boulogne-sur-mer (€ 18m, 4 years), SMIRTOM Saint Amand (€ 14m, 5 years), la Plaine Commune (Ile de France, € 18m, 6 years) and Syndicat de valorisation des déchets ménagers de la Charente (€ 10m, 5 years) .

⁸ Retail volumes, excluding mixed companies.

⁹ Volume of non-hazardous waste treated in Europe.

■ The **UK & Scandinavia** recorded negative organic growth of -10.9% in revenues (€ -102m). Business was impacted by the drop in industrial and commercial volumes, as well as recycled materials prices. SITA UK won new contracts in industrial and commercial collection in Q3, such as B&Q (€ 8m, 4 years) and ESPO (€ 4m, 2+2 years), and will dispose its stake in London Waste energy-from-waste facility to North London Waste Authority.

■ The **Benelux/Germany** area posted negative organic growth of -8.1% (€ -88m), resulting from the cumulative impact of a decline in volumes and of a slight drop in prices, particularly in Germany. The region benefited from new DSD contracts in Germany and municipal waste treatment contracts in the Netherlands such as Arnhem (€ 72m, 10 years), Zoetemer (€ 6m, 3 years) and Cofely (€ 4m, 4 years).

INTERNATIONAL

In € million	Sept. 30, 2008	Sept. 30, 2009	Total change	Variation at constant forex	Organic change
Revenues	1,946	2,061	5.9%	5.1%	1.3%

The **International** division generated organic growth of +1.3% (€ +25m).

■ Revenues from **Central Europe-Middle East** reflected organic growth of +6% (€ +31m) thanks to price and volume increases at Lydec and a solid level of waste activity in Poland.

■ The **Asia-Pacific** area turned in organic growth of +3.1% (€ +12m). The waste businesses in Australia benefited from the contribution of new contracts of Brisbane Street Cleaning and Parks Residential, coupled with a positive volume effect in the treatment businesses, particularly in the state of Victoria. The water business in China grew over the first nine months of 2009, with a rise in volumes in Q3. In China, SUEZ ENVIRONNEMENT won the contract to design, build and operate the first sludge treatment plant of Jiangsu, in the Suzhou industrial park (€ 280m¹⁰, 30 years).

■ **North America** gained +2.3% (€ +8m) organically at end-September, thanks to tariff increases obtained through the rate case process in the regulated water activity (New Jersey, Toms River and Delaware). However, volumes were down (-8.2%) due to very unfavourable rainfall over the summer and the end of the Milwaukee contract in February 2008.

■ **Degrémont's** revenues decreased organically by -3.9% (€ -27m), mainly due to the downsizing of the Jumeirah Gulf Estate contract in Dubai. At end-September, Degrémont's backlog stood at a historic 2 billion euros level for engineering activities. In August 2009, Degrémont was awarded the contract to build the Melbourne desalination plant, which will generate around € 650m in revenues over three years. This contract's contribution to revenues, though not very significant in Q3, will really start in October 2009.

2009 OUTLOOK

For full-year 2009, SUEZ ENVIRONNEMENT reiterates its objectives as stated on August 26, 2009, and confirms for Q4 2009 its priorities of generating free cash flows and protecting its profitability, in particular thanks to the increasing impact of its Compass cost-cutting programme.

¹⁰ SUEZ ENVIRONNEMENT share : 24.5%.

APPENDICES

Geographic breakdown of revenues

Revenues	Sept. 30, 2009		Sept. 30, 2008		Total Growth	
	€m	% of total	€m	% of total	€m	% of total
Europe	7,044	78.9%	7,410	81.2%	-367	-4.9%
France	3,587	40.2%	3,642	39.9%	-55	-1.5%
Spain	1,180	13.2%	1,124	12.3%	56	4.9%
UK	674	7.6%	930	10.2%	-256	-27.5%
Other Europe	1,602	18.0%	1,714	18.8%	-111	-6.5%
North America	570	6.4%	432	4.7%	138	32.0%
Australia	226	2.5%	222	2.4%	4	1.6%
Sub-total	7,840	87.9%	8,064	88.4%	-225	-2.8%
Rest of the world	1,083	12.1%	1,056	11.6%	27	2.6%
TOTAL	8,923	100.0%	9,121	100.0%	-198	-2.2%

Decumulated figures

In € million	Q1 2008	Q2 2008	Q3 2008	Q4 2008	FY 2008	Q1 2009	Q2 2009	Q3 2009
Water Europe	915	966	939	1,033	3,853	925	1,002	968
Waste Europe	1,398	1,495	1,450	1,385	5,728	1,267	1,332	1,358
International	596	652	698	820	2,765	634	705	723
Other ¹¹	3	5	3	6	17	4	4	2
TOTAL	2,912	3,118	3,090	3,243	12,364	2,829	3,043	3,051
EBITDA	482	524	541	555	2,102	436	515	547
Revenues/EBITDA	16.6%	16.8%	17.5%	17.1%	17.0%	15.4%	16.9%	17.9%

¹¹ R+I Alliance, HQ



SUEZ ENVIRONNEMENT

Natural resources are not infinite. Each day, SUEZ ENVIRONNEMENT (Paris: SEV, Brussels: SEVB) and its subsidiaries deal with the challenge to protect resources by providing innovative solutions to industry and to millions of people. SUEZ ENVIRONNEMENT supplies drinking water to 76 million people, provides wastewater treatment services for 44 million people, and collects the waste produced by 51 million people. With 65,400 employees, SUEZ ENVIRONNEMENT is the world's leading pure player in environmental services, present on five continents. In 2008, SUEZ ENVIRONNEMENT reported revenues of 12.4 billion euros. SUEZ ENVIRONNEMENT is a 35%-owned subsidiary of GDF SUEZ.

Disclaimer

This document includes non audited financial data. The aggregates shown are those customarily used and communicated to the markets by SUEZ ENVIRONNEMENT.

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