press release

Paris, 28 April 2016

FIRST-QUARTER 2016

BUSINESS TREND IN LINE WITH OUR OBJECTIVES
CONFIRMATION OF POSITIVE MOMENTUM IN INTERNATIONAL

Results in first-quarter 2016[1]:
- **Revenue: €3,555m, organic growth of +1.5%**
- **EBIT: €253m, organic growth of +0.6%**
- **Net financial debt: €8,363m, net financial debt / EBITDA[2] ratio of 3.1x**

In € million	31 March 2015	31 March 2016	Organic change	Change at constant exchange rate	Exchange rate change	Gross change
Revenue	**3,536**	**3,555**	**+1.5%**	**+1.8%**	**-1.2%**	**+0.5%**
EBITDA	597	**574**	-0.1%	-1.6%	-2.2%	-3.9%
EBITDA / Rev.	*16.9%*	***16.1%***				
EBIT	266	**253**	+0.6%	-0.8%	-3.8%	-4.6%
EBIT / Rev.	*7.5%*	***7.1%***				

- **In first-quarter 2016, SUEZ increased revenue by +0.5% to €3,555m, out of which +1.5% on an organic basis**. The “International” division posted strong growth in revenue, up +9.5% on an organic basis; the “Water Europe” division was stable, with a +0.3% organic increase. The “Recycling & Recovery Europe” division posted negative organic growth of -1.9%, mainly due to the continued decrease in raw materials prices.

- **EBITDA at end of March 2016 stood at €574m, stable** on an organic basis (-0.1%), with an EBITDA/revenue margin of **16.1%**. **EBIT increased +0.6% on an organic basis** to **€253m**; the EBIT/revenue margin came out at **7.1%**.

[1] Excluding IFRIC 21
[2] Calculated on a 12-month rolling basis

- **Group net financial debt was €8.4bn** compared with €8.1bn at end 2015, or 3.1 times EBITDA. The variation reflects the trend in the working capital requirement, traditionally unfavorable in the first quarter.

Commenting on the first-quarter 2016 results, Chief Executive Officer Jean-Louis Chaussade said: *"The trend in business of the Group in the first quarter was consistent with our expectations, with the European environment – and in France in particular – remaining lackluster. Our momentum was reflected by a number of commercial successes in all our regions. The "International" division continued to post strong growth and, as expected, reported a positive turnaround in profitability. Despite the absence of inflation and following the termination of the Lille contract, "Water Europe" division revenue was practically stable. However, the "Recycling & Recovery Europe" division was impacted by the continued decrease in the price of raw materials, including electricity.*
Overall, these trends enable the Group to remain on track to meet its annual objectives."

BREAKDOWN OF ACTIVITY AT END-MARCH 2016

Revenue In € million	31 March 2015	31 March 2016	Organic change	Change at constant exchange rate	Gross change	Exchange rate change
TOTAL	**3,536**	**3,555**	**+1.5%**	**+1.8%**	**+0.5%**	**-1.2%**
o/w:						
Water Europe	1,120	1,110	+0.3%	+0.5%	-0.9%	-1.5%
Recycling & Recovery Europe	1,539	1,501	-1.9%	-1.8%	-2.4%	-0.7%
International	851	920	+9.5%	+10.1%	+8.1%	-2.0%

SUEZ reported revenue of €3,555m on 31 March 2016, of which 31% generated outside Europe, for a gross increase of +0.5% (+€19m) compared with 31 March 2015. The total can be broken down as follows:

- **Organic change of +1.5% (€54m):**
  - Water Europe revenue rose slightly (+€4m, +0.3%), benefiting from positive tariff indexations in Chile, which were offset by unfavorable volume effects in France, consistent with the medium-term trend, and in Chile, as a result of unfavorable summer weather conditions.
  - Revenues for the Recycling & Recovery Europe division were down -1.9% (-€29m). This performance primarily reflected the sharp drop in the prices of secondary raw materials and energy. Adjusted for this impact, revenue rose slightly, by +0.8%.
  - The International division posted a strong increase in revenue (+€81m, +9.5%) with developments in all geographical regions.

- **A forex effect of -1.2% (-€43m)**, mainly owing to the depreciation of the Chilean peso (-€18m), Australian dollar (-€15m) and Pound sterling (-€9m) against the euro.

- **A scope effect of +0.2% (+€8m).**

PERFORMANCE BY DIVISION

WATER EUROPE

In € million	31 March 2015	31 March 2016	Organic change	Change at constant exchange rate	Exchange rate change	Gross change
Revenue	1,120	1,110	+0.3%	+0.5%	-1.5%	-0.9%

The Water Europe division recorded organic growth of +0.3% (+€4m).

- **Revenue in France was down 1.0% (-€6m)** on an organic basis.

The decrease in sales volumes (-1.2%) was in line with the medium-term trend, while the modest tariff indexations (+0.4%) corresponded to the absence of inflation. In first-quarter 2016 the Group won public service management contracts for drinking water for Valenciennes (€256m, 16 years), the Issoire inter-municipal syndicate (€79m, 12 years) and Poissy (€25m, 10 years).

- **Spain and Chile generated organic growth of +1.7% (+€10m)**.

The segment was boosted by the strong tariff increases obtained last year in Chile (+6.7%), while tariffs in Spain increased by +1.0%. Water sales volumes were stable in Spain (+0.1%) and decreased in Chile due to highly unfavorable weather conditions in the summer period.

RECYCLING & RECOVERY EUROPE

In € million	31 March 2015	31 March 2016	Organic change	Change at constant exchange rate	Exchange rate change	Gross change
Revenue	1,539	1,501	-1.9%	-1.8%	-0.7%	-2.4%

The Recycling & Recovery Europe division posted a **-1.9% (-€29m)** decline in revenue in first-quarter 2016 on an organic basis. Performance was notably impacted by a substantial negative price effect on secondary raw materials (notably ferrous metals, down 34% on 2015) and energy. Treated volumes fell slightly by **-0.4%**, in-line with the gloomy industrial production.

- **Revenue in France was down -5.4% (-€45m)** on an organic basis.

The trend mainly reflected the decrease in secondary raw materials prices, only partly offset by an increase in processed volumes and positive price effects.
The Group signed a waste collection and sorting contract with the Grand Dijon urban community (€52m, 5 years) and a collection contract with the Orléans agglomeration (€18m, 7 years). SUEZ continued to develop business with large manufacturing groups, notably winning a contract to optimize and recover waste flows at 23 Groupe Safran production sites (€10m, 3 years). The Group was also awarded a contract with EDF Dalkia (€5m, 3 years).

- **The United Kingdom/Scandinavia region posted organic growth of +4.7% (+€15m)**.

Treatment activities rose sharply through a substantial increase in the volume of recovered waste in the form of alternative fuel, while the sorting and recycling business trended favorably. Meanwhile, all the new energy-from-waste units under construction are in line with the initial plans.

- **The Benelux/Germany region reported stable revenue, up +0.4% (+€1m)** on an organic basis.

Industrial collection in the Netherlands increased, while the positive trend in services prices was offset in part by the unfavorable trend in electricity prices. The Group signed contracts with manufacturers, including in Belgium with the transport and treatment of liquid waste for INEOS (€14m, 3 years), and with municipalities, including in Germany with the transport and treatment of waste for Landkreis Rastatt (€11m, 7 years).

INTERNATIONAL

In € million	31 March 2015	31 March 2016	Organic change	Change at constant exchange rate	Exchange rate change	Gross change
Revenue	851	920	+9.5%	10.1%	-2.0%	+8.1%

The International division put in a strong performance overall across all regions. The Design & Build backlog stood at €1.2bn, up 16% year on year.

- **The Africa/Middle East/India region achieved strong organic growth of +11.4% (+€24m)**.

The increase was mainly driven by the development of activities in the Middle East, where several construction contracts are generating additional revenue, including Doha West and Mirfa. In Oman, the Group was awarded the BOT contract of Barka desalination plant (€276m, 20 years).
The Group further reinforced its positions in the region by winning nine water management contracts in Africa for a total €56m. SUEZ is also stepping up development in India, winning six new contracts in water and sanitation for a total €67m and acquiring a majority share in Driplex, one of the country's leading industrial water companies.

- **Asia posted organic growth of +30.1% (+€23m)** primarily on the strength of substantial increases in the volume of waste treated in Hong Kong, following significant market share gains.

The Group pursued its development with manufacturing customers in China, winning three new water treatment contracts with major players in the oil, gas and petrochemical sectors (€19m) and a contract on the treatment of effluents with the Changshu Advanced Materials Industrial Park (€354m, 30 years).

- **Revenue in Australia grew +5.3% (+€13m)** on an organic basis thanks to an increase in waste treatment volumes and rises in contractual prices in the various segments.

After taking a 100% stake in its Recycling and Recovery business in Australia and acquiring Pro Skips, a construction waste recovery operator in Queensland, SUEZ signed a further agreement to acquire Perthwaste, one of the main service providers in waste treatment in Western Australia, for a total 87 million Australian dollars (around €58 million).

- **Europe/Latam revenue increased by +7.9% (+€10m)** on an organic basis. The result was driven by strong operational performances in most countries in the region, both with industrial and municipal customers. The region's strong business momentum was illustrated in the gain of a new contract to operate the sanitation networks and the waste water treatment stations of the Šumperk region in the Czech Republic (€25m, 5 years).

- **North America reported organic growth of +3.7% (+€7m)**.

The Group recorded tariff increases allowing it to offset the decrease in water sold volumes in line with medium-term trends. SUEZ recently won a contract to manage and operate the water supply and sanitation networks of the town of Putnam in Connecticut (€27m, 10 years).

OUTLOOK

In a still uncertain macroeconomic environment in Europe, our targets are to:

- **Improve profitable growth in 2016**
  - Organic revenue growth greater than or equal to 2%[3]
  - Organic EBIT growth greater than organic revenue growth[3]
  - Free cash flow of around €1bn
  - Net financial debt/EBITDA of around 3x
- **Continue an attractive dividend policy**
  - 2016 dividend ≥ €0.65 per share[4]
- **We also reiterate our ambition to reach €3bn in EBITDA in 2017**[5]

FORTHCOMING COMMUNICATIONS

- **12 May 2016:** Payment of the dividend of €0.65 per share[6]
- **28 July 2016:** Publication of 2016 first-half results

[3] 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
[4] Subject to the approval of the 2017 Annual General Meeting
[5] Based on improved macro-economic recovery in Europe in 2017, at mid-February 2015 exchange rate and unchanged accounting & tax norms as of Jan. 1st 2015
[6] Subject to approval by the Annual General Meeting on 28 April 2016.

APPENDICES

REVENUE BY GEOGRAPHICAL REGION

In €m	Q1 2015	**Q1 2016**	% in Q1 2016	∆ 16/15
FRANCE	**1,250**	**1,194**	***33.6%***	**-4.4%**
Spain	403	399	*11.2%*	-1.0%
UK	252	263	*7.4%*	+4.4%
Others Europe	587	589	*16.6%*	+0.4%
EUROPE (excluding France)	**1,242**	**1,252**	***35.2%***	**+0.8%**
North America	227	246	*6.9%*	+8.2%
South America	231	231	*6.5%*	-0.3%
Oceania	252	253	*7.1%*	+0.4%
Asia	97	120	*3.4%*	+24.2%
Others International	238	260	*7.3%*	+9.5%
INTERNATIONAL (excluding Europe)	**1,044**	**1,109**	***31.2%***	**+6.2%**
TOTAL	**3,536**	**3,555**	***100.0%***	**+0.5%**

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, collects waste produced by almost 50 million, recovers 14 million tons of waste each year and produces 5,138 GWh of local and renewable energy. With 80,990 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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