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SHAPING SUEZ 2030

A COMPREHENSIVE PLAN TO BECOME THE GLOBAL LEADER IN ENVIRONMENTAL SERVICES

SUEZ announces today “Shaping SUEZ 2030”, a comprehensive strategic plan to position the Group - now - for the opportunities and the challenges of the next decade. The plan enhances value creation for all stakeholders over 4 years with material results as soon as 2021. The plan positions SUEZ as the global leader in environmental services.

Given the key trends in our business - the continued growth of the circular economy and its impact on our customers, the emergence of new business models and new competitors, combined with a profound shift of the mindset of citizens towards the climate crisis and a need for concrete action - SUEZ will accelerate its transformation.

With this new plan, the Group leverages its core strengths – innovation, best in class technologies and know-how, exceptional teams and an excellent reputation. The plan drives selectivity in growth, simplicity in its way of working and a renewed engagement grounded on a passion for the environment.

“Shaping SUEZ 2030” will increase value for all stakeholders by accelerating:

- **Selectivity** in organic growth, comprising capex discipline and also portfolio rotation for which businesses have been identified accounting for 15-20% of our capital employed
- **Simplicity** with a leaner organization, underpinned by a €1bn efficiency plan by 2023 which will in part improve operating profitability as well as finance a step-up in investment in innovation and digitization
- **Engagement with our customers and from our employees**, embracing change and reviving our winning spirit with a refreshed core of values

The plan will transform the Group at all levels in the mid-term: our ambition for the four years to 2023 is to embed our new values and culture firmly across the Group, set the scene for sustained organic growth with lower capital intensity, change our business portfolio and improve our returns on capital employed by at least two points, enhancing our capacity to increase our dividend at a normal payout ratio.

Change will be evident already by 2021 and the Group's financial objectives for that year reflect our intention to focus going forward on profitability and sustainability:

2021 guidance¹:

- €0.8 recurring EPS
- €500 million recurring Free Cash Flow
- Net Debt² at 2.8 to 3.0x EBITDA

Bertrand Camus, SUEZ CEO, commented:

“With Shaping SUEZ 2030, our ambition is to be the global leader in environmental services, making us the preferred choice of our customers, employees and stakeholders, working together to restore and preserve the fundamental elements of the environment: water, air and soil.

Building on SUEZ's long-standing reputation, best-in-class technologies, expertise in sustainability, we will reposition the Group's strategy. We will embrace changes in our markets and contribute here and now to environmental needs, while driving improvements in the value we create as soon as 2021. Our comprehensive plan calls for selectivity in growth, simplicity in our way of working and an evolution in the company's culture.

We see opportunities across each of our three business segments (Water, Recycling & Recovery and Environmental Technologies & Solutions): we will grow in International markets, do more with Industrial customers and win business based on technology and data-driven environmental solutions, with Europe remaining at the heart of our innovation and sustainability.

Taken together, the set of actions we have started to execute take us on a 4-year journey to 2023, during which we will transform the group in every respect. We commit to show visible progress already in 2021.

The engagement and full support of all the teams at Suez and the Board of Directors has enabled us to build an ambitious, robust and exciting plan – we have now started to execute.

The success of SUEZ 2030 will be based on mobilizing the energy and expertise of all our committed employees - to better serve our customers and partners. Our new values - passion for the environment, customer first, respect, team spirit - combined with a culture which revives our winning-spirit, will all support the deep transformation which underpins our strategic plan.”

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¹ 2021 guidance assumes no material change in economic and market conditions (incl. interest rates, forex and commodity prices) vs. those observed over the past 12 months. Please, see definition of alternative performance indicators in appendix.

² Debt including IFRS 16.

“Shaping SUEZ 2030” will be implemented across the Group’s three business segments:

- **Water** (c. 40% of 2018 sales) regroups all SUEZ municipal water activities globally,
- **Recycling & Recovery** (c. 40% of 2018 sales) regroups all SUEZ waste activities related to non-hazardous waste with municipal as well as with Industrial & Commercial customers,
- **Environmental Tech & Solutions** (c.20% of 2018 sales) regroups WTS, hazardous waste and speciality environmental solutions for industrial and municipal customers.

The main drivers of the plan are:

Selectivity - Steering selectivity in growth, the Group intends to leverage its strong European innovation capabilities and accelerate where it has identified the best opportunities on the following priorities for all parts of the Group:

- **International markets:** The Group targets growth in selected countries where it will deploy its full-value proposition and further expand into innovative services. In addition, it plans to enter selected markets with fast-growing environmental infrastructure needs, with the ambition to reach 60% of Group revenue.
- **Industrial customers:** The Group accelerates on 5 key high-growth markets and prioritizes activities with the highest value-add leveraging its distinctive portfolio of solutions. Working hand-in-hand with its industrial customers, it will design custom made, integrated solutions to help them achieve their sustainability roadmap, with the ambition to be above 50% of Group revenue.
- **Technology and data-driven solutions:** The Group leverages proprietary technologies and innovation to develop and roll-out globally advanced solutions. It will also build new high-potential asset-light businesses such as air quality management and smart agriculture, with the ambition to exceed 30% of Group revenue.

The Group’s capital allocation will evolve, to reflect these priorities:

- Prioritize value over volume with a strong change of direction in nature of spending
- Align business portfolio with value creation ambitions: businesses representing 15-20% of capital employed have been identified as part of asset rotation program

Simplicity - Promoting simplicity in its way of working, SUEZ will improve its operational performance, in part to boost innovation and digitization to fuel future growth

- Roll out a leaner and more efficient organization, with reduced number of business units and a devolved decision-making process to best serve our customers
- Optimize and standardize industrial processes, accelerate transformation in procurement and external resources, rationalize indirect costs, notably SG&A
- The objective of the above measures is to deliver €1bn of annual savings by 2023 of which 35 to 45% are expected to benefit SUEZ’s profitability with around 45 to 50% of this annual saving already evident in 2021

Engagement with our customers and from employees - Embrace change and renew the SUEZ winning spirit

- Foster engagement around 4 new values: passion for the environment, customer first, respect, team spirit
- Upgrade talents, leadership and skills across the organization
- Promote new Centers of Excellence in emerging markets with distinctive capabilities
- Accelerate execution and performance, thanks to increased accountability
- Management team's incentives will be realigned with financial objectives

Guidance and forward looking information:

2021 guidance³:

- €0.8 recurring EPS
- €500 million recurring Free Cash Flow
- Net Debt⁴ at 2.8 to 3.0x EBITDA

Additional financial elements, including one-offs:

2019: €150-200m one-offs offsetting Argentine settlement, largely non-cash

Future: €500-700m total one-off charges, majority to be accounted for in 2020

The new reporting segments will take effect at the latest on 1 January 2020 and a reconciliation will be given with the prior framework.

Note: Concerning targets previously given for 2019, under its current reporting framework and excluding any impact of the plan announced today, the Group confirms these targets⁵:

- Organic revenue growth of 2% to 3%
- Organic EBIT growth of 4% to 5%
- FCF growth of around 7% to 8%
- Leverage ratio (Net debt/EBITDA) of c.3x in 2019⁶
- Continued ambition to lower debt ratio in 2020

On this basis, and in accordance with the Board of Directors, the Group intends to propose a dividend of €0.65 per share in respect of 2019 at the Annual General Meeting in May 2020.

Upgraded sustainable development commitment for 2030:

- Reduce GHG emissions by 45% (vs. 30% previously), in line with +1.5°C trajectory/carbon neutrality in 2050
- 100% sustainable solutions
- c.20 million tons of CO2 emissions saved, yearly, for our customers.

³ 2021 guidance assumes no material change in economic and market conditions (incl. interest rates, forex and commodity prices) vs. those observed over the past 12 months. Please, see definition of alternative performance indicators in appendix.

⁴ Debt including IFRS 16.

⁵ 2019 guidance assumes water volumes sold remain in line with historic trends, volumes of waste treated rise by +1.5% in Europe and raw materials prices are stable relative to December 31, 2018.

⁶ Excluding impact of application of IFRS 16 accounting standard

Appendix: Alternative performance indicators

Recurring EPS (Earning per share):

(net income group share – (hybrid coupon + all one-off costs cash and non-cash +/- capital gain/losses on disposals) x (1 - applicable tax rate))/ number of shares.

By way of comparison, the 2018 recurring EPS is estimated at €0.56.

Recurring Free Cash Flow:

Cash Flow from operating activities – hybrid coupon + restructuring (cash expenses) – property plant, equipment – intangible capex – lease expenses – net financial charges – flows including dividends to/from minorities

By way of comparison, the 2018 recurring Free Cash Flow is estimated at €95m.

ROCE (Return on capital employed):

((EBIT - Share in net income of equity-accounted companies) x (1 – normative tax rate) + Share in net income of equity-accounted companies) / (Simple average of the capital employed at the end of the year before and at the end of the current year including, incl. IFRS 16)

By way of comparison, the 2018 ROCE is estimated at 4.9%.

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SUEZ presents *Shaping SUEZ 2030* on 2 October 2019 at an investor meeting in Paris. The meeting, which starts at 10.00 CET (9.00BST) will be webcasted live and supporting documents made available on SUEZ website.

FINANCIAL CALENDAR:

- **October 30, 2019:** Publication of nine-month revenue 2019 (conference call)

SUEZ contacts

Press

Isabelle Herrier Naufle

+33 (0) 1 58 81 55 62

isabelle.herrier.naufle@suez.com

Analysts / Investors

Mathilde Rodié / Cécile Combeau

+33 (0) 1 58 81 24 05

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About SUEZ

With 90 000 people on the five continents, SUEZ is a world leader in smart and sustainable resource management. We provide water and waste management solutions that enable cities and industries optimize their resource management and strengthen their environmental and economic performances, in line with regulatory standards. To meet increasing demands to overcome resource quality and scarcity challenges, SUEZ is fully engaged in the resource revolution. With the full potential of digital technologies and innovative solutions, the Group treats over 45 million tons of waste a year, produces 4.4 million tons of secondary raw materials and 7.7 TWh of local renewable energy. It also secures water resources, delivering wastewater treatment services to 66 million people and reusing 1.1 billion m³ of wastewater. SUEZ generated total revenues of 17.3 billion euros in 2018.

Find out more about SUEZ Group
on the [website](#) & on social media

