press release

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SUEZ H1 2019:
ORGANIC GROWTH IN LINE WITH OUR EXPECTATIONS
2019 OBJECTIVES CONFIRMED

- **Revenue: €8,656m, organic growth of +3.5%**
- **EBIT: €645m, organic growth of +4.8%** with a positive contribution from each of the divisions
- **Net income Group share: €212m, up +135%** and **+14% excluding one-offs**, including a net positive impact of €145m related to the resolution of arbitration on the Buenos Aires contract
- **Work on strategic repositioning progressing as planned with conclusions to be presented by October 30th**

Bertrand Camus, SUEZ CEO, commented:

"SUEZ's operating performance in the first half of the year was solid, with organic growth in revenue and EBIT in line with our expectations. We confirm our 2019 objectives.

For the first-half, our commercial success matches our priorities: international expansion, consolidation of our positions in Europe, growth with industrial customers and increased focus on innovation in high value-added businesses. In particular, SUEZ won Manchester's waste management contract, opened the most modern sorting center in Europe in Germany and began construction of a plastic recycling plant in Thailand. The Group also acquired a majority stake in a Saudi company, EDCO, a hazardous waste specialist. Finally, the acquisition in China of ALS laboratories, a leader in analysis, control and certification, strengthens our innovation capabilities.

Looking ahead, my ambition is to make SUEZ the world leader in environmental services, contributing to a more sustainable planet. Our business and expertise are central to the challenges of our times, especially sustainability and climate change. With the support of the Board of Directors, we are making progress on a comprehensive strategic review. The strategic repositioning resulting from this review will be presented by October 30th. By mobilizing all the Group's talent, I am determined to ensure our growth is selective and profitable, in order to create value for all stakeholders."

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Limited Liability Company with a share capital of €2,485,450,316 – Siren (French business administration number) 433 466 570 RCS Nanterre – VAT FR 76433 466 570

SUEZs Board of Directors examined the consolidated financial statements at June 30, 2019 at its meeting held on July 25, 2019. They were also reviewed by the Audit Committee at its meeting of July 24, 2019.

In millions of euros	June 30, 2018	June 30, 2019	Gross variation	Organic variation	Excluding IFRS 16	
					Gross variation	Variation at constant FX
Revenue	8,351	**8,656**	+3.7%	**+3.5%**	+3.7%	+2.9%
EBITDA	1,323	**1,521**	+15.0%	**+2.4%**	+3.1%	+2.6%
EBITDA / Revenue	15.8%	**17.6%**				
EBIT	607	**645**	+6.2%	**+4.8%**	+5.2%	+5.0%
EBIT / Revenue	*7.3%*	***7.5%***				
Net income – Group share	90	**212**	x2.3			
Net income – Group share excluding one-offs[1]	69	**79**	+14.3%			

In millions of euros	June 30, 2018	June 30, 2019	Gross variation
Free Cash-Flow	238	292	+22.7%
			Excl. IFRS 16
Net Debt	9,323	10,614	-0.9%
Net Debt / EBITDA	3.5x	3.3x[2]	-0.2x

[1] At constant reporting standards and excluding impairments, capital gains, and resolution in Argentina

[2] At constant reporting standards

HIGHLIGHTS

WATER EUROPE

- **France:**
  - Concession contract for drinking water and sanitation in the city center and the north of the **Grand Chalon** area**.** Cumulative revenue of **€115m** for a **10-year period.**

RECYCLING & RECOVERY EUROPE

- **UK:**
  - Waste management contract with **Greater Manchester.** Management of approximately 1.1 million tons of waste produced by approximately 2.3 million inhabitants. Revenue of **c. €780m** over a **7-year period** with the possibility of a 3- then 5-year extension**.**
  - Preferred bidder of the contract to roll out a new household waste recycling service starting in 2020 in **Somerset County. c.€243m** revenue for the initial **10-year term** (potential 10-year extension).
- **France:**
  - Contract in the **Eure** department with the SETOM for the operation of Ecoval's Energy-from-waste plant and Biomass recovery plant. Cumulative revenue of **€110m** for a **12-year period.**
  - Contract with the **Lyon Metropolitan Area** for the operation of the Rillieux-La-Pape waste treatment and energy-from-waste plant. Overall revenue of **€79m** for an **8-year period.**
- **Germany:**
  - Opening in **Ölbronn** of Europe's most modern sorting center, built by SUEZ, dedicated to light packaging.
- **Netherlands:**
  - Contract with **DSM**, company specialized in nutrition, health and high-performance materials, to recycle hazardous waste. Overall revenue of more than **€10m** for a **6-year period**.

INTERNATIONAL

- **India**:
  - Contract for the construction and operation of a wastewater treatment plant in **New Delhi** (Okhla), the largest plant of this kind in India. Revenue of c.**€145m**, for an **11-year period.**
- **China:**
  - **4 new contracts**: recovery of a river in the Wuhan, engineering and operation of a wastewater treatment plant in the Taixing industrial park and treatment of sewage sludge in Shanghai and Changsha (engineering and equipment supply).
  - **Acquisition in laboratories business, ALS group in China,** consolidating the Group's capabilities in innovative solutions for air quality control and sanitation services.
- **Thailand:**
  - Construction of a recycling plant for plastic waste made of recycled polymers in **Bang Phli, near Bangkok**.

- **Middle East:**
  - In **Saudi Arabia**, **majority stake in Saudi hazardous waste management company, EDCO**, alongside Five Capital Fund.
  - Contract to modernize **Doha West** (Qatar). **Total revenue of €66m and total duration: 30 months.**
  - Two new contracts in the fast-growing **Smart Water** market worth a total revenue of more than €4m, in **Oman** (1 year) and **Qatar** (3 years).
- **North America:**
  - In **Montreal,** contract to design, build and operate the first organic waste treatment center. **Cumulative revenue of €117m for 7-years.**
- **Italy:**
  - Contract to renovate and operate the **Naples North** wastewater treatment plant as part of the major infrastructure modernization project "Regi Lagni - Naples", in which the Group won the contract to modernize and operate the Cuma wastewater treatment plant in 2017**. These two contracts will represent cumulative revenue of €120m over a 5-year period.**
- **Poland:**
  - Completion of construction phase for the new **Mlawa** wastewater treatment plant. **Cumulative revenue of €77m for a 30-year period.**

WATER TECHNOLOGIES & SOLUTIONS

Signature of 9 new contracts, representing total revenue of approximately €120m, including **NABC**, bottler for **Coca-Cola,** Fujifilm and key players in the **Oil & Gas, energy and agri-food** sectors in the United States, Brazil, Qatar and South Korea.

GROUP / INNOVATION

- Rollout of the **AQUADVANCED® Urban Drainage digital solution in Singapore**
  Won contract to develop and maintain Singapore's Operating System for its Stormwater Network for a 4-year period: real-time control of containers.

- **Digital Hub: a device to accelerate digital projects in Paris**
  Target: accelerate 15 to 20 high-potential digital projects every 6 months by bringing together multi-business, multicultural teams and partners (start-ups tech, incubators...).

- **Experimentation with the innovative "IP'AIR" system in the Paris metro**
  6 month-long experimentation in a Parisian metro station with the IP'AIR device, an innovative air treatment solution.

- **Commissioning of the Smart City project in the Dijon Metropolitan Area, France**
  Remote management, from a connected cockpit, of all urban facilities in the 23 municipalities of the region.

- **Launch of Loop, the e-commerce platform designed to reduce waste**
  More than 25 companies, including SUEZ, associated in the e-commerce site created by TerraCycle delivering everyday products to your home in sustainable and returnable containers. Accessible in Paris and New York.

Performance by Division

Water Europe

In millions of euros	June 30, 2018	June 30, 2019	Gross variation	Organic variation	Excluding IFRS 16	
					Gross variation	Variation at constant FX
Revenue	2,230	**2,228**	-0.1%	**+1.3%**	-0.1%	+0.3%
EBITDA	567	**567**	-0.1%	**-2.6%**	-4.2%	-3.1%
EBIT	248	**245**	-1.1%	**+0.7%**	-1.3%	+0.5%

- **The Water Europe division** reported revenue of **€2,228m,** up **+1.3%** in organic terms **(+29m€)**.
  - Revenue in **France** was down **-1.6% (-€17m)** on an organic basis. Water sales volumes increased by +1.0%, and tariff indexations were up +1.8%. The first half of the year was impacted by the end of the Bordeaux and Valenton contracts.
  - Revenue in **Spain** was up **+2.8% (+€20m)** on an organic basis. Water sales volumes were up +1.7%. Tariffs were down -0.8%, factoring in the 1.65% decrease negotiated in Barcelona, effective since May 2018.
  - Revenue in **Latin America** grew **+5.6% (+€26m)** on an organic basis. The business benefited from a +1.3% increase in water sales volumes in Chile and +1.8% tariff increases.
- The division reported organic growth in **EBIT** of **+0.7% (+€2m)** to **€245m.**

Recycling & Recovery Europe

In millions of euros	June 30, 2018	June 30, 2019	Gross variation	Organic variation	Excluding IFRS 16	
					Gross variation	Variation at constant FX
Revenue	3,118	**3,213**	+3.0%	**+4.4%**	+3.0%	+3.2%
EBITDA	346	**418**	+20.9%	**-0.1%**	+0.4%	+0.5%
EBIT	141	**150**	+6.8%	**+5.9%**	+5.2%	+5.3%

- **The Recycling and Recovery Europe division** reported revenue of **€3,213m**, up **+4.4% (+€138m)** on an organic basis. The volume of waste treated increased by +0.2% at June 30, 2019, in line with the expected trajectory of around +1.5% for the year as a whole.
  - The **Industrial Waste Specialties business** increased by a robust **+16.2% (+€35m),** notably driven by the soil remediation business in Northern Europe and the minerals business in France.
  - Revenue in the **Benelux/Germany region** rose **+8.9% (+€65m)** on an organic basis. Business benefitted from price revisions with Industrial and Commercial customers.
  - The **United Kingdom/Scandinavia region** posted organic growth of **+4.2% (+€23m).** The Greater Manchester Area Waste Management Contract also started on June 1st, 2019.

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- **France** recorded organic revenue growth of **+0.9% (+€14m).**

- The division's **EBIT** ended at **€150m**, an organic increase of **+5.9% (+€8m).**

INTERNATIONAL

In millions of euros	June 30, 2018	June 30, 2019	Gross variation	Organic variation	Excluding IFRS 16	
					Gross variation	Variation at constant FX
Revenue	1,842	**1,962**	+6.5%	**+4.0%**	+6.5%	+4.2%
EBITDA	370	**457**	+23.6%	**+12.2%**	+15.2%	+12.8%
EBIT	258	**280**	+8.7%	**+5.1%**	+7.6%	+5.7%

- The **International division** reported revenue of **€1,962m** on June 30, 2019, meaning organic growth of **+4.0% (+€74m)** as a result of the following:

  - Revenue in **Asia** was up **+29.3% (+€55m)** on an organic basis. The organic performance of the area was positively impacted by the takeover of SCIP's water assets (Shanghai Chemical Industrial Park) on July 1st, 2018.

  - Revenue in **Italy/Central and Eastern Europe** increased **+2.2% (+€5m)** in organic terms.

  - **Australia** recorded an organic decline of **-3.8% (-€19m)**, impacted in particular by an unfavorable base effect due to the completion of major infrastructure works around Sydney.

  - **North America** posted organic growth of **+2.2% (+€9m)**, with a solid performance in regulated water, despite low volumes, thanks to a sustained investment plan.

  - The **Africa/Middle East/India** region generated organic growth of **+5.1% (+€24m)**. The first half of 2019 was marked by the start of the Coimbatore and Davengere contracts in India.

- The division reported organic EBIT growth of **+5.1% (+€13m)**, reaching **€280m.**

WATER TECHNOLOGIES & SOLUTIONS

In millions of euros	June 30, 2018	June 30, 2019	Gross variation	Organic variation	Excluding IFRS 16	
					Gross variation	Variation at constant FX
Revenue	1,106	**1,195**	+8.1%	**+4.8%**	+8.1%	+4.9%
EBITDA	98	**119**	+20.8%	**+1.3%**	+6.8%	+2.8%
EBIT	37	**44**	+18.8%	**+12.9%**	+19.0%	+17.9%

- **The WTS division** reported revenue of **€1,195m,** up **+4.8% (+€53m)** in organic terms, **against a strong first-half 2018.**

  - The **Engineered Systems** business achieved **+6.4%** growth.
  - The **Chemical Monitoring Solutions** business reported organic volume growth of **+2.8%.**

- Order volumes shows sustained growth, up +12% on first-half 2019, also against a strong first-half 2018.

- The division's **EBIT** ended at **€44m**, an organic increase of **+12.9%.** Growth in the business and operational and commercial synergies accounted for the increase in profitability.

GROUP PERFORMANCE

REVENUE

- At June 30, 2019, the Group had **revenue of €8,656m, up +€305m** versus June 30, 2018. This growth in business can be broken down as follows:

  - **Organic change of +3.5% (+€296m):**

  - **A scope effect of -0.6% (-€53m)**

  - **FX changes of +0.7% (+€62m)** mainly due to the appreciation of the US dollar (+€64m) and the Moroccan dirham (+€12m) against the euro, partially offset by an appreciation of the euro against the Chilean peso (-€11m) and the Australian dollar (-€10m).

OPERATIONAL PERFORMANCE

- **EBITDA** amounted to **€1,521m** at June 30, 2019, up **+3.1%** year-on-year on a constant accounting and gross basis. Organic growth stood at +2.4%. Currency effects were slightly favorable, at €6m.

- **EBIT** amounted to **€645m**, versus €607m at June 30, 2018, representing **+5.2%** on a constant accounting and gross growth basis, and +4.8% organically. Each of the divisions made a positive contribution to organic growth. Currency effects amounted to +€1m.

NET INCOME GROUP SHARE:

- **Net financial income** was **-€245m** in first-half 2019, compared with -€237m at June 30, 2018. It was impacted by the application of IFRS 16 since January 1st, 2019, for -€13m. The average cost of net debt was 4.09% at June 30, 2019.

- **Corporate income tax** amounted to **-€157m** at June 30, 2019, compared with -€89m at June 30, 2018. The effective tax rate was 38.8%.

- **Minority interests** amounted to **€130m** in first-half 2019, versus €118m at June 30, 2018. They now include contributions related to the Group's new business structure in China since July 1st, 2018, the sale of 6.5% of Inversiones Aguas Metropolitanas (IAM), Aguas Andinas' parent company in Chile, on August 6, 2018, and the sale of a 20% stake in our regulated water business in the United States, effective March 1st, 2019.

- **Restructuring costs** were recorded at **-€53m.**

- **Net income Group share** amounted to **€212m** at June 30, 2019, compared with €90m at June 30, 2018. Excluding one-off items (IFRS 16, impairments, capital gains, resolution in Argentina), it rose +14%. A net positive impact of €145m, related to the resolution of the arbitration with Argentina on the contract with the municipality of Buenos Aires, was recognized.

FREE CAHS FLOW AND BALANCE SHEET:

- **Free cash flow** was **€292m** in first-half 2019, up +22.8% year-on-year particularly impacted by the cost related to the resolution of arbitration with Argentina. Working capital requirements were negative at -€396m, reflecting notably unfavorable seasonality effect in the first half.

- **Net investments** came out at **€248m.** In particular, they include €340m of maintenance capex and €412m of development capex, spent earlier than usual this year, as well as €510m from the sale of the 20% stake in the regulated water business in the United States.

- **Net debt** ended at **€10,614m** at June 30, 2019. It includes a +€1,373m impact from the application of IFRS 16 at January 1st, 2019. On a constant accounting basis, net debt amounted to **€9,236m versus €9,323m at June 30, 2018, a decrease of €87m**. The payout of dividends in first-half 2019 was €625m.

- On a constant accounting basis, the debt ratio stood at 3.3x EBITDA over 12 sliding months, 0.2pts lower than the level of 3.5x at June 30, 2018.

OUTLOOK FOR 2019 CONFIRMED

The Group confirms targets set for 2019[3]:

- 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 2019[4]
- 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.

FINANCIAL CALENDAR:

- **By October 30, 2019**: Presentation of the strategic plan
- **October 30, 2019:** Publication of nine-month revenue 2019 (conference call)

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

[3] Assuming 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.

[4] Excluding impact of application of IFRS 16 accounting standard

Disclaimer

This press release contains unaudited financial data. The aggregates presented are those normally used and communicated on markets by SUEZ.

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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 to 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 recovers 17 million tons of waste a year, produces 3.9 million tons of secondary raw materials and 7 TWh of local renewable energy. It also secures water resources, delivering wastewater treatment services to 58 million people and reusing 882 million m^3 of wastewater. SUEZ generated total revenues of €17.3 billion in 2018.

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