

Paris, October 27, 2017

SEPTEMBER 30, 2017 RESULTS
THIRD-QUARTER IMPROVEMENT IN ORGANIC REVENUE GROWTH
BUSINESS ACTIVITY AND PERFORMANCE IN LINE WITH FULL-YEAR TARGETS
GE WATER ACQUISITION CLOSED

Q3 2017 results¹:

- Revenue €11,301m, organic growth of +1.3%
- EBIT: €926m, organic growth of +1.4%
- Net financial debt: €9,013m; net financial debt/EBITDA² ratio of 3.4x

In €m	September 30, 2016	September 30, 2017	Organic change	Gross change	Change at constant exchange rates	FX change
Revenue	11,225	11,301	+1.3%	+0.7%	+0.8%	-0.2%
EBITDA	1,957 ³	1,924	-1.0%	-1.7%	-2.1%	+0.4%
<i>EBITDA/Revenue</i>	<i>17.4%</i>	<i>17.0%</i>				
EBIT	932 ³	926	+1.4%	-0.6%	-1.2%	+0.6%
<i>EBIT/Revenue</i>	<i>8.3%</i>	<i>8.2%</i>				

▪ In third-quarter 2017 SUEZ reported a 0.7% increase in revenue to €11,301m, and +1.3% growth on an organic basis. The Recycling & Recovery Europe division posted dynamic 2.9% organic revenue growth, benefiting primarily from higher commodity prices. The International division satisfyingly showed an inflection with 4.3% organic growth in the third quarter, after the construction activities reached a low point in first-half 2017. Lastly, the Water Europe division was stable (+0.2%), mainly due to a decline in the works activities, which offset the momentum in Latin America.

¹ Excluding IFRIC 21

² The ratio of net financial debt/EBITDA calculated over a rolling 12-month period

³ EBITDA and EBIT for the International division had benefited in Q2 2016 from the €36m impact of the completion of the acquisition of Derun Environment

- EBITDA at end-September 2017 stood at €1,924m, down 1.7% or -1.0% on an organic basis. **EBIT rose by 1.4% on an organic basis to €926m.**

In second-quarter 2016, EBITDA and EBIT had benefited from the €36m reversal of a provision for risk relating to the 2015 revaluation of the Chongqing Water Group stake, in connection with the creation of Derun Environment; this provision reversal has been treated as a scope effect.

- **Group net financial debt was €9.0bn** compared with €8.0bn at end-2016, or 3.4 times EBITDA. It notably includes an impact of €856m related to the finalization of the acquisition of GE Water and a forex impact of -€346m.

Commenting on the third-quarter 2017 results, Jean-Louis Chaussade, Chief Executive Officer, stated: *“The growth of the results over the period is in-line with our 2017 targets. Hence, we are fully confident in their fulfillment. Revenue at the Recycling & Recovery Europe division continued to rise, fueled by the recovery in commodity prices and the improvement in volumes during the last quarter. The International division grew by 4.3% in Q3 and won several major long-term contracts, including one to build a waste-to-energy plant in Belgrade, Serbia, and another for a new wastewater recycling plant in Perth, Australia. Finally, revenue in the Water Europe division edged up slightly, helped by relatively satisfactory volumes sold across all regions, despite flat inflation rates in both France and Spain. SUEZ is therefore on its trajectory, carrying out the acquisition of GE Water and launching the integration of the industrial water activities and all the synergies work.”*

BREAKDOWN OF ACTIVITY AT END-SEPTEMBER 2017

Revenue In €m	September 30, 2016 ⁽⁴⁾	September 30, 2017	Organic change	Gross change	Change at constant exchange rates	FX change
TOTAL	11,225	11,301	+1.3%	+0.7%	+0.8%	-0.2%
<i>Of which:</i>						
Water Europe	3,405	3,408	+0.2%	+0.1%	-0.5%	+0.6%
Recycling & Recovery Europe	4,527	4,565	+2.9%	+0.8%	+2.4%	-1.5%
International	2,864	2,938	+1.3%	+2.6%	+1.6%	+1.0%
Other	429	390	-7.9%	-9.2%	-9.7%	+0.5%

The gross revenue change of +0.7% (+€76m) versus September 30, 2016 breaks down as follows:

■ **Organic change of +1.3% (+€142m):**

- Water Europe revenue was stable at +0.2% (+€7m); volume growth across all regions and tariff increases in Chile were offset by the decline in the works activities.
- Revenue for the Recycling & Recovery Europe division rose by 2.9% (+€131m). This performance primarily reflected the increase in secondary raw materials prices (particularly scrap metals) but the processed volumes overall trend also remained encouraging.
- Revenue for the International division improved by 4.3% relative to third-quarter 2016. Over the first nine months of 2017, it rose by a slight 1.3%; performance was impacted by our activities in the USA, due to the sharp drop in water volumes sold, linked to very unfavorable summer weather conditions as well as the impact of the loss of two contracts, already mentioned at the half-year closing.

■ **Forex effect of -0.2% (-€17m)**, mainly due to a stronger Chilean peso (+€21m) and Australian dollar (+€26m) and a weaker pound sterling against the euro (-€65m).

■ **Scope effect of -0.4% (-€49m).**

⁴ Adjusted figure following intra-group reclassification (details in appendices)

PERFORMANCE BY DIVISION

WATER EUROPE

In €m	September 30, 2016 ⁽⁴⁾	September 30, 2017	Organic change	Gross change	Change at constant exchange rates	FX change
Revenue	3,405	3,408	+0.2%	+0.1%	-0.5%	+0.6%

■ **Revenue in France was down 1.1% (-€19m) on an organic basis.**

Water volumes sold rose by 0.5% relative to end-September 2016, despite a less favorable summer season than last year while the slight tariff increases (+0.3%) reflected the absence of inflation. The lower contribution from construction activities also weighed on revenue growth during the period.

■ **Revenue in Spain slightly decreased by 0.5% (-€6m) on an organic basis.**

The new tariff implementation at the end of 2016 in Barcelona was partially offset by the increase in water volumes sold (+1.3%), owing to favorable climate conditions and a more buoyant economic environment.

■ **Revenue in Latin America grew +5.7% (+€32m) on an organic basis.**

Growth in the segment was again fueled by a volume increase (+2.2%) in Chile, more moderate price hikes (+1.4%) reflecting lower inflation, and the increase in construction activities.

RECYCLING & RECOVERY EUROPE

In €m	September 30, 2016 ⁽⁴⁾	September 30, 2017	Organic change	Gross change	Change at constant exchange rates	FX change
Revenue	4,527	4,565	+2.9%	+0.8%	+2.4%	-1.5%

The Recycling & Recovery Europe division posted **+2.9% (+€131m)** organic growth in revenue at end-September 2017. Performance was notably driven by a substantial positive price effect on secondary raw materials, particularly scrap metals and paper, up 42% and 15%, respectively, compared with 2016. Volumes treated increased by **+0.4%**, which is a marked improvement over the first half of the year.

■ **Revenue in France was up +4.6% (+€100m) on an organic basis.**

This growth mainly reflects the increase in secondary raw materials prices. Processed volumes rose by +0.4% after being down 0.7% at end of June 2017.

■ **The United Kingdom/Scandinavia region was down 2.0% (-€20m) on an organic basis.**

This performance was due to the completion of the construction of the energy-from-waste (EfW) plants in the United Kingdom, which affected revenue in the region, as well as to the planned downturn in landfill activity. These impacts were only partially offset by the commissioning of new EfW plants.

■ **Revenue in the Benelux and Germany region rose +3.4% (+€36m) on an organic basis.**

The services business grew, mainly due to higher volumes and prices in collection activities; business and competitiveness improvement is particularly noticeable in the Netherlands.

■ **The “Industrial Waste Specialties” segment grew at a rapid pace of 5.6% (+€15m) on an organic basis.** This performance was driven primarily by the soil remediation activity dynamics.

INTERNATIONAL

In €m	September 30, 2016 ⁽⁴⁾	September 30, 2017	Organic change	Gross change	Change at constant exchange rates	FX change
Revenue	2,864	2,938	+1.3%	+2.6%	+1.6%	+1.0%

Revenue in the International division improved by +4.3% compared with third-quarter 2016.

▪ **The Africa/Middle East/India region achieved strong organic growth of +5.3% (+€42m).**

This increase was largely attributable to growth in the Middle East activities, which benefited in particular from the contribution of the Barka contract.

▪ **Revenue in Italy/Central and Eastern Europe was up 12.4% (+€33m) on an organic basis.** This performance comes from the commissioning of the waste-to-energy plant in Poznan in Poland and from the positive contribution from the recycling and recovery activities.

▪ **Australia posted organic growth of +2.7% (+€19m)** largely owing to the +8.0% increase in the volume of collected waste.

▪ **Asia was down slightly 3.0% on an organic basis (-€10m).** The positive impact of bringing new hazardous waste treatment capacities on stream in China was partially offset by the termination of major engineering and equipment supply contracts last year. The recycling & recovery activities in China and the water activities in Macau continued to grow steadily.

▪ **North America was down 6.3% on an organic basis (-€47m),** due mainly to the termination of the Indianapolis and Jacksonville contracts in the United States and lower water volumes sold (-5.8%) as a result of extremely unfavorable summer weather conditions.

The construction activities backlog stood at €1.4bn, up 13% year-on-year.

SUEZ ACQUIRES GE WATER AND BECOMES A MAJOR PLAYER IN THE INDUSTRIAL WATER MARKET

SUEZ announces that, together with Caisse de dépôt et placement du Québec (CDPQ) ⁵, it has completed the acquisition of former GE Water & Process Technologies (GE Water) ⁶ for €3.2Bn⁷ enterprise value in an all-cash transaction, effective as of September 30th, 2017.

In connection with completion, SUEZ sets up a Business Unit, “Water Technologies & Solutions”, placed under the leadership of Heiner Markhoff - former President and CEO of GE Water. M. Markhoff joins SUEZ Group’s Executive Committee. This new BU combines both the acquired business and SUEZ own industrial service activities. It will offer an unparalleled value proposition to the shareholders, including the expected commercial, operational and technical synergies⁸.

This operation secures SUEZ’s global leadership in industrial water services and strengthens its positioning as an integrated group providing services, addressing over 450,000 industrial and business customers worldwide. At the same time, it builds on its international footprint, especially in the United States.

⁵ With a 30% stake

⁶ GE Water & Process Technologies is a worldwide leading systems and services provider for industrial clients, supplying state-of-the-art water, waste-water and process systems solutions to blue-chip customers. It generated ~\$2.1Bn revenues in 2016 with 7,500 highly-skilled salesmen and engineers with strong digital capabilities.

⁷ Or \$3.4Bn hedged at EURUSD of 1.06

⁸ Full benefit of cost and revenue synergies expected by year 5: (i) €65 million impact on EBITDA from identified annual run-rate cost synergies (of which 80% achieved in year 3); and (ii) €200 million of revenue synergies.

OUTLOOK

With the implementation of an ambitious transformation plan and excluding the effects of the GE Water acquisition, we confirm our targets for 2017⁹:

- 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 results¹⁰

FORTHCOMING COMMUNICATIONS

- **December 13, 2017:** “Education Day” on the Water Technologies & Solutions business unit
- **March 1, 2018:** Publication of full-year 2017 results

⁹ With an assumption of stable industrial production in Europe and stable commodity prices

¹⁰ Subject to approval by the 2018 Annual General Meeting

APPENDICES

REVENUE BY GEOGRAPHIES

<i>In €m</i>	9M 2016	9M 2017	% in 9M 2017	Δ 17/16
FRANCE	3,709	3,718	32.9%	+0.2%
Spain	1,296	1,315	11.6%	+1.5%
UK	821	726	6.4%	-11.6%
Others Europe	1,799	1,874	16.6%	+4.1%
EUROPE (excluding France)	3,916	3,914	34.6%	-0.0%
North America	875	841	7.4%	-3.9%
South America	643	670	5.9%	+4.1%
Oceania	792	854	7.6%	+7.8%
Asia	445	423	3.7%	-4.9%
Others International	845	881	7.8%	+4.3%
INTERNATIONAL (excluding Europe)	3,600	3,669	32.5%	+1.9%
TOTAL	11,225	11,301	100.0%	+0.7%

PRO FORMA Q3 2016⁽¹⁾

<i>Revenue in €m</i>	Reported Q3 2016	R&R Central Europe	Water Italy & Central Europe	Industrial Water	Others ⁽²⁾	Pro forma Q3 2016
Water Europe	3,454		(97)	(53)	101	3,405
R&R Europe	4,671	(144)				4,527
International	3,029	144	97	(305)	(101)	2,864
Other Division	71			358		429
SUEZ	11,225	-	-	-	-	11,225

(1) Non-audited figures

(2) USG and Treatment Infrastructures in France, Spain, Latam

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 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 m³ of wastewater. SUEZ generated total revenues of 15.3 billion euros in 2016.

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