May 14, 2019

COMBINED SHAREHOLDERS' MEETING - MAY 14, 2019

ANSWERS TO THE WRITTEN QUESTIONS SENT TO THE BOARD OF DIRECTORS

The French Commercial Code stipulates that all shareholders have the ability to submit written questions that the Board of Directors must answer during the Combined Shareholders' Meeting. As a reminder, written questions will only be accepted if they are relevant to the agenda of the Combined Shareholders' Meeting. They must also be addressed to the Chairman of the Board of Directors and sent to the company's head office, in a registered letter with a request for acknowledgment of receipt or by email, after the date of notice of the Combined Shareholders' Meeting and no later than four business days before the Shareholders' Meeting. They must be accompanied by a shareholder certificate of participation.

Article L.225-108 § 4 of the French Commercial Code stipulates that the answer to a written question is considered to have been given if it is provided on the company's website, in a dedicated section, before the Shareholders' Meeting.

The Company received the following questions which the Board of Directors answered in its meeting on May 14, 2019.

Questions received from Mr. Laurent Chevallier on May 7, 2019

I am writing to ask if it would be possible to limit the payment of dividends starting in 2019, in order to factor in the interest rates practiced on the financial markets, and to ask the shareholders to prove that they have owned SUEZ shares for a certain number of months in order to be eligible to receive dividends (6 months for example).

The distribution of a €0.65 dividend represents a 5.18% interest rate (€0.65/€12.54) which is higher than the market for the State, and in addition, the dividend is higher than the earnings per share, which is €0.47, equivalent to a 3.75% interest rate, which is, in my opinion, more reasonable.

This would prevent volatility in the SUEZ share price, which rises before the dividend distribution and falls afterwards. In my opinion, this does not benefit SUEZ.

Answer: SUEZ wants to pursue a dividend distribution policy that is attractive to its shareholders. Since the company was listed, the management, in agreement with the Board of Directors, set dividend objectives in absolute value, demonstrating a commitment to obtain interesting yield for shareholders. In 2018, net income Group share was up by 13.4%, which represents significant performance, and earnings per share were rising again. This is why the board indicated that it would like to propose a dividend of €0.65 per share to the 2020 Shareholders' Meeting, based on the results for the 2019 financial year.

Regarding setting a requirement to own shares for a certain period of time before receiving dividend payments, such a condition would go against the regulations, which prohibit denying one or more shareholders the right to sharing in the profits.

Could you tell me why the value of EBITDA has decreased since the 2016 financial year? It was down in three divisions: Water, Recycling and Recovery Europe, and International, except in 2018 for the International division (is it because business sectors were sold and there was a reversal of provisions or a reduction in depreciation in the three divisions)?

Answer:

Firstly, at group scale, the organic change in EBITDA was stable in 2016 (-0.1%), down in 2017 (-2%), and up by +3.4% in 2018.

For the Water Europe division, organic revenue growth for the three years in question was not enough to cover cost inflation. As a result, there was a slight erosion in margin, which the Group offset through an ambitious cost reduction plan called Compass. This plan was expanded in 2018, to €200m for the year compared with €150m the previous years, and the organic change in EBITDA for the Water Europe division was practically stable for this fiscal year, at -0.6%, compared with -3.4% and -3.5% respectively in 2016 and 2017. The Group is continuing these measures, given the still highly competitive nature of the market environment.

EBITDA for the Recycling and Recovery Europe division grew organically in 2017. The division's profitability was impacted in 2016 and in 2018 by an unfavorable orientation in the price of recycled raw materials. As for the Water Europe division, the Compass plan made it possible to partially offset these unfavorable impacts.

As for the organic change in EBITDA for the International division, it was up significantly in 2016 and 2018, by +9% and +9.4% respectively. It was down slightly in 2017, by -1.8%, due to the negative impact linked to operational difficulties with two contracts in the AMEI region, despite satisfactory performance in Australia, Asia, and North America.

Finally, the Group introduced a comprehensive strategy for reducing capital intensity, which is gradually causing a reduction in depreciation and, as a consequence, less rapid EBITDA growth compared with EBIT growth. The resulting cash generation (EBITDA – investment) is nevertheless favorable.

I am surprised that SUEZ is not talking about creating value, as in the past, or about SUEZ's long-term performance, since total research and development or the number of patents registered are important to a company's future.

Answer: Value creation and long-term performance are constant concerns of SUEZ's Board of Directors and its management. As indicated in chapter 11 of the Company's Reference Document, in 2018, SUEZ invested €120 million in Research and Development, innovation, the continued improvement of its processes, top-level technical assistance and the management of acquired knowledge, making it possible to increase operating performance. In 2018, SUEZ filed 59 new patent applications, including 27 in industrial activities and 17 in digital solutions, two of the Group's strategic priorities.