



press release

Paris, 05/10/2017

FIRST-QUARTER 2017
ENCOURAGING OPERATING TRENDS
GROWING EARNINGS
ACQUISITION OF GE WATER, A MAJOR DEVELOPMENT STEP FOR SUEZ

Q1 2017 results¹:

- Revenue: €3,721m, up +4.7%
- EBIT: €281m, up +10.8%
- Net financial debt: €3,125m, net financial debt / EBITDA² ratio of 3.0x

In €m	March 31, 2016	March 31, 2017	Organic change	Gross change	Change at constant exchange rates	Exchange rate change
Revenue	3,555	3,721	+3.8%	+4.7%	+3.9%	+0.8%
EBITDA	574	614	+2.1%	+7.1%	+4.2%	+2.9%
EBITDA/Rev.	16.1%	16.5%				
EBIT	253	281	+2.6%	+10.8%	+5.7%	+5.1%
EBIT/Rev.	7.1%	7.5%				

▪ **In first-quarter 2017, SUEZ increased revenue by +4.7% to €3,721m, out of which +3.8% on an organic basis.** The Recycling and Recovery Europe division posted substantial organic growth in revenue of +7.4%, mainly attributable to the increase in commodity prices and higher treated waste volumes. The International division continued to increase revenue with +3.3% organic growth. In the Water Europe division, organic growth was up +1.1%, with the dynamism in Latin America offsetting Europe's deflationary effect.

▪ **EBITDA at end-March stood at €614m, up +7.1%, and +2.1% on an organic basis. EBIT rose +10.8%, and +2.6% on an organic basis, and reached €281m.** The EBITDA and EBIT to revenue margins improved year-on-year.

▪ **Group net financial debt was €3.1bn** compared with €8.0bn at end-2016, or 3.0 times EBITDA.

¹ Excluding IFRIC 21

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

SUEZ

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Commenting on the first-quarter 2017 results, Chief Executive Officer Jean-Louis Chaussade said:

"Our business in the first quarter is encouraging. Revenue growth posted by the Recycling & Recovery Europe division was particularly strong, fueled by the rebound in raw materials prices and the increase in treated volumes. The International division continued to show growth after a satisfactory year in 2016. Revenue in the Water Europe division edged up slightly, helped by resilient volumes sold in all regions, despite flat inflation rates in both France and Spain. Hence, organic growth of earnings was solid. In this context, we are confident that we will achieve our 2017 targets.

At the same time, Q1 2017 saw a major milestone for the Group with the signature of an agreement with GE to acquire the US company, GE Water. This deal strengthens SUEZ's global leadership in industrial water services, a growing and strategically important market for the Group. Moreover, it will also strengthen the Group's international footprint, especially in the United States. The transaction is expected to be closed as planned during third-quarter 2017."

BREAKDOWN OF ACTIVITY AT END-MARCH 2017
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Revenue In €million	March 31, 2016 ⁽³⁾	March 31, 2017	Organic change	Gross change	Change at constant exchange rates	Exchange rate change
TOTAL	3,555	3,721	+3.8%	+4.7%	+3.9%	+0.8%
<i>Of which:</i>						
Water Europe	1,109	1,131	+1.1%	+2.0%	+0.2%	+1.8%
Recycling & Recovery Europe	1,456	1,530	+7.4%	+5.1%	+6.9%	-1.9%
International	859	931	+3.3%	+8.5%	+4.7%	+3.7%
Other	132	129	-10.0%	-2.1%	-3.3%	+1.2%

Gross revenue change amounted to positive 4.7% (+€166m) from March 31, 2016, broken down as:

▪ **+3.8% organic change (+€135m):**

- Water Europe revenue rose +1.1% (+€12m), benefiting from tariff increases in Chile and higher volumes in Chile and Spain.
- Revenues for the Recycling and Recovery Europe division were up sharply at +7.4% (+€108m). This performance primarily reflected the marked increase in the prices of secondary raw materials. Adjusted for this impact, revenue would have risen +2.6%.
- International division revenue improved compared to H2 2016 (+€29m, +3.3%), with performance hampered by the end of two wastewater contracts in North America.

▪ **A forex effect of +0.8% (+€27m)**, mainly due to a stronger Chilean peso (+€21m), Australian dollar (+€20m), and US dollar (+€8m). Conversely, the depreciation of the Pound sterling against the euro had a negative impact on revenue (-€27m).

▪ **A scope effect of +0.1% (+€4m).**

³ Adjusted figure following intra-group reclassification

PERFORMANCE BY DIVISION

WATER EUROPE

In €million	March 31, 2016 ⁽³⁾	March 31, 2017	Organic change	Gross change	Change at constant exchange rates	Exchange rate change
Revenue	1,109	1,131	+1.1%	+2.0%	+0.2%	+1.8%

The Water Europe division recorded organic growth of +1.1% (+€12 m).

- **Revenue in France was down 1.3% (-€7m)** on an organic basis.

Water volumes sold declined 0.5% relative to end-March 2016, which is better than the medium-term trend, while slightly negative tariff indexations (-0.1%) reflect the absence of inflation. The lower contribution from construction activities also weighed on revenue for the quarter.

- **Revenue in Spain dipped 0.4% (-€1m)** on an organic basis.

The impact from the implementation at the end of last year of the new tariff in Barcelona was nearly offset by the increase in water volumes sold (+1.6%), owing to favorable climate conditions and a more buoyant economic environment, and to a lower extent, to positive tariff increases of +1.0%.

- **Revenue in Latin America grew +10.0% (+€20m)** on an organic basis.

Growth in the segment was fueled by a significant volume increase (+3.3%) in Chile, more moderate price hikes (+1.7%) reflecting lower inflation, and the increase in construction activities.

RECYCLING & RECOVERY EUROPE

In €million	March 31, 2016 ⁽³⁾	March 31, 2017	Organic change	Gross change	Change at constant exchange rates	Exchange rate change
Revenue	1,456	1,530	+7.4%	+5.1%	+6.9%	-1.9%

The Recycling & Recovery Europe division posted robust **7.4% (+€108m)** organic growth in revenue in first-quarter 2017. Performance was notably driven by a substantial positive price effect on secondary raw materials, particularly scrap metals and paper, up 64% and 22% respectively, compared with 2016. Volumes processed were up **+1.9%**, notably due to the commissioning of new energy recovery plants in the United Kingdom.

- **Revenue in France was up 10.1% (+€72m)** on an organic basis.

This growth was not only attributable to higher secondary raw materials prices, but also increased volumes across all processing methods, as well as positive commercial developments in industrial waste collection.

▪ **The United Kingdom/Scandinavia region posted organic growth of +1.9% (+€6m).**

Processing activities recorded growth in the United Kingdom, with the recent commissioning of three new energy recovery plants. Performance in Scandinavia remains dynamic, especially in the services and recycling segments. Completion of the construction of the energy recovery plants in the UK had a negative impact on revenue for the region.

▪ **Revenue in the Benelux and Germany region rose +5.9% (+€20m) on an organic basis.**

Our services business grew, mainly due to higher industrial and commercial collection volumes and higher prices notably in the Netherlands; the growth in recycling comes from higher volumes, especially plastics.

▪ **The Industrial Waste Solutions segment grew at a rapid pace of +11.1% (+€10m) on an organic basis, lifted by the increase in volumes eliminated, thanks to commercial dynamism in the soil remediation segment.**

INTERNATIONAL

In €million	March 31, 2016 ⁽³⁾	March 31, 2017	Organic change	Gross change	Change at constant exchange rates	Exchange rate change
Revenue	859	931	+3.3%	+8.5%	+4.7%	+3.7%

Organic growth in the International division was +3.3%, a sequential improvement from the second half of 2016. The Design & Build backlog stood at €1.2bn, stable year-on-year.

▪ **The Africa/Middle East/India region achieved strong organic growth of +10.4% (+€24m).**

The increase was mainly driven by the development of activities in the Middle East, where several construction contracts are generating additional revenue, including Mirfa and Barka.

▪ **Australia also posted organic growth of +4.8% (+€11m) largely owing to the +5.7% increase in the volume of waste processed.**

▪ **A slight growth in Asia of +0.9% (+€1m).** The positive impact of bringing new hazardous waste treatment capacities on stream in China was partially offset by the decline in the contribution of engineering activities. Our water business in China and Macau continues to grow steadily.

▪ **Revenue in Italy/Central and Eastern Europe was up +8.2% (+€7m) on an organic basis.** This strong performance comes from the commissioning of the waste to energy plant in Poznań in Poland, and a positive contribution from recycling and energy recovery following favorable winter weather conditions.

▪ **North America reported a decline of 5.1% on an organic basis (-€11m).** Business was negatively impacted by the end of wastewater contracts in Indianapolis and Jackson. Regulated water activities and new services delivered a satisfactory performance.

SUEZ ACQUIRED GE WATER TO BECOME A MAJOR PLAYER IN THE INDUSTRIAL WATER SERVICES MARKET

On March 8, 2017, SUEZ announced that, together with Canadian fund Caisse de dépôt et placement du Québec ("CDPQ"), it had concluded an agreement to acquire GE Water & Process Technologies ("GE Water"), the global leader in the management and treatment of industrial water, from General Electric Company for €3.2 billion in an all-cash transaction.

The transaction had already been partially funded under excellent conditions, with:

- the issue of senior bonds in the amount of €1.2bn, including €500m maturing in 2025 carrying an annual coupon of 1.00%, and €700m maturing in 2029 with an annual coupon of 1.50%;
- an undated deeply subordinated hybrid bond issue for €600m with an initial coupon of 2.875%.

The funding will be completed by:

- CDPQ's investment of around €700m for a stake in GE Water's equity, and
- a capital increase of €750m which, subject to market conditions and regularly approvals, should take the form of a capital increase without preemptive subscription rights and with a priority period for the Company's current shareholders. SUEZ's main shareholders, ENGIE, CriteriaCaixa and Caltagirone Group, have confirmed their intent to participate in the capital increase for their pro rata share.

This transaction is expected to close by mid-2017 and is subject to the required regulatory approvals (merger control authorities), including in the European Union and the United States, and other customary closing conditions. The implementation of this project was previously submitted to the European Works Council.

OUTLOOK

With the implementation of an ambitious transformation plan and excluding the effects of the GE Water acquisition, we confirm our targets for 2017⁴:

- 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: \geq €0.65 per share in respect of 2017 results⁵

FORTHCOMING COMMUNICATIONS

- **May 15, 2017:** Detachment of the coupon
- **May 17, 2017:** Payment of the dividend
- **July 27, 2017:** Publication of first-half 2017 results (conference call)

⁴ With an assumption of stable industrial production in Europe and stable raw materials prices

⁵ Subject to approval by the 2018 Annual General Meeting

APPENDICES

REVENUE BY GEOGRAPHIES

<i>In €m</i>	Q1 2016	Q1 2017	% in Q1 2017	Δ 17/16
FRANCE	1,194	1,234	33.2%	+3.3%
Spain	399	412	11.1%	+3.3%
UK	263	239	6.4%	-9.1%
Others Europe	589	614	16.5%	+4.2%
EUROPE (excluding France)	1,252	1,265	34.0%	+1.0%
North America	246	254	6.8%	+3.3%
South America	231	257	6.9%	+11.3%
Oceania	253	297	8.0%	+17.2%
Asia	120	130	3.5%	+8.6%
Others International	260	284	7.6%	+9.1%
INTERNATIONAL (excluding Europe)	1,109	1,222	32.8%	+10.2%
TOTAL	3,555	3,721	100.0%	+4.7%

FROM REPORTED TO PRO FORMA FIGURES

<i>Revenue in €m</i>	Reported Q1 2016	R&R Central Europe	Water Italy & Central Europe	Industrial Water	Others ⁽¹⁾	Pro forma Q1 2016
Water Europe	1,110		(31)	(18)	49	1,109
R&R Europe	1,501	(45)				1,456
International	920	45	31	(90)	(49)	859
Other Division	24			108		132
SUEZ	3,555	-	-	-	-	3,555

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



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, recovers 16 million tons of waste each year and produces 7 TWh of local and renewable energy. With 82,536 employees, SUEZ, which is present on all five continents, is a key player in the sustainable management of resources. SUEZ generated total revenues of €15.3 billion in 2016.

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