



PRESS RELEASE

April 29th, 2010

1st QUARTER 2010 **PERFORMANCE IN LINE WITH ANNUAL OBJECTIVES**

- **Revenues of €3,075m, +7.8% at constant forex, up across all divisions**
- **EBITDA: €460m, +4% at constant forex, an EBITDA margin of 15.0%**
- **Net financial debt of €6,551m, a net financial debt/EBITDA ratio of 3.1x¹**

| In € million | March 31, 2009 | March 31, 2010 | Total change | Variation at constant forex | Organic change |
|-------------------|----------------|----------------|--------------|-----------------------------|----------------|
| Revenues | 2,829 | 3,075 | +8.7% | +7.8% | +6.0% |
| EBITDA | 436 | 460 | +5.5% | +4.0% | +0.5% |
| EBITDA / Revenues | 15.4% | 15.0% | | | |

▪ **SUEZ ENVIRONNEMENT generated revenues of €3,075m at March 31 2010**, up +7.8% at constant forex compared to the first quarter of 2009. All three divisions grew organically thanks to buoyant commercial activity, a strong improvement in the International division and a return to growth in the Waste activities in Europe. Over half of the Group's organic revenue growth comes from the sorting and valorization activities which benefited from the increase in price of secondary raw materials.

▪ **Q1 2010 EBITDA stands at €460m**, up +4.0% at constant forex, a growth in line with the increase in revenues excluding the impact of the rise in price of secondary raw materials. Including this impact, EBITDA margin stood at 15.0%. As planned, the Group is progressively implementing its COMPASS 2 cost optimisation programme.

▪ **Net financial debt amounted to €6,551m**, a net financial debt/EBITDA ratio of 3.14x¹. This includes adverse forex impact² of €+151m and a scope effect amounting to €+87m, mostly linked to the evolution of the US dollar and the unbundling of joint companies in French water activities. These effects account for the bulk of the increase in net financial debt relative to December 31, 2009. Free Cash Flow generation and net investment are in line with 2010 objectives.

▪ **Commenting on these results, Jean-Louis CHAUSSADE, Chief Executive Officer of SUEZ ENVIRONNEMENT said:** "In an environment impacted by very difficult weather conditions in Europe at the beginning of the year, SUEZ ENVIRONNEMENT recorded good revenue growth in the first quarter of 2010. Sales growth were particularly strong in the International division. In Europe, the trend has improved from the month of March. The Group has remained focused on its policy of innovation and process optimization and on its commercial development. Further progress was made in our strategic moves during the quarter, particularly with the construction of the desalination plant in Melbourne and the friendly takeover of Agbar, which is expected to be closed mid-year. First-quarter revenues, EBITDA and Free Cash Flow generation are in line with our full-year objectives. We maintain our priority of free cash flow generation and solid financial profile and we reiterate our objectives for 2010."

¹ Rolling 12-month EBITDA

² Including marked-to-market value of the financial instruments



BREAKDOWN OF ACTIVITY AT END-MARCH 2010

| REVENUES In € million | March 31, 2009 | March 31, 2010 | Total change | Variation at constant forex | Organic change |
|----------------------------------|-----------------------|-----------------------|---------------------|--|-----------------------|
| Water Europe | 925 | 966 | +4.5% | +4.1% | +1.3% |
| Waste Europe | 1,267 | 1,358 | +7.2% | +6.6% | +5.6% |
| International | 634 | 746 | +17.8% | +15.1% | +13.3% |
| Other ³ | 4 | 4 | - | - | - |
| TOTAL | 2,829 | 3,075 | +8.7% | +7.8% | +6.0% |

SUEZ ENVIRONNEMENT posted revenues of €3,075m at March 31, 2010, representing a gross variation of +8.7% (€+246m) compared to March 31, 2009. This change can be broken down as follows:

▪ **Growth at constant forex of +7.8% (€+218m):**

▪ **Organic growth of +6.0% (€+169m) from all three divisions:**

- €+12m (+1.3%) gain in revenues in the Water Europe division from both Lyonnaise des Eaux, where prices rose slightly and volumes were stable, and Agbar.
- €+71m (+5.6%) growth in the Waste Europe division linked to the increase in sorting and valorization activities⁴, driven by the rise in secondary raw material prices.
- €+86m (+13.3%) increase in the International division, particularly as a result of the strong activity of Degrémont with the progress on Melbourne contract and the return of buoyant growth in China.

▪ **"Tuck-in" growth of +1.7% (€+49m):**

- A €+25m increase in Water Europe following the unbundling of joint companies in French water activities
- A €+12m increase in Waste Europe with the first consolidation of Boone Comenor in Romania net from the disposal of the Group's stake in the London Waste incinerator.
- €+12m growth in the International division following the increased stake in SITA Waste Services in Hong Kong.

▪ **Positive forex impact of +1.0% (€+28m)**, from appreciation in SUEZ ENVIRONNEMENT's main trading currencies including the pound sterling (€+5m), the Australian dollar (€+17m), the Chilean peso, the Swedish krona and the Polish zloty. However, the US dollar's depreciation against the euro had a negative impact (€-9m) on the first-quarter revenues.

³ R+I Alliance, HQ

⁴ *Sorting and material valorization (recycling)*



PERFORMANCE BY DIVISION

WATER EUROPE

| In € million | March 31, 2009 | March 31, 2010 | Total change | Variation at constant forex | Organic change |
|---------------------|-----------------------|-----------------------|---------------------|------------------------------------|-----------------------|
| Revenues | 925 | 966 | 4.5% | 4.1% | 1.3% |

Water Europe grew organically by +1.3% (€+12m).

■ **Lyonnais des Eaux delivered organic growth of +1.2% (€+6m).**

In France, volumes of drinking water sold were stable over the quarter, excluding the impact of the end of the Paris contract. There was a slight increase in prices resulting from the application of indexation formulas that, although still positive, rose less than in the first quarter of 2009. Service activity remained stable in the first quarter while new works made a positive contribution, including notably the construction of wastewater treatment plants in Cannes, Digne-les-Bains and Port Saint Louis du Rhône. New contract gains and renewals including the Gif-sur-Yvette (14 years, €21m) contract demonstrated the Group's commercial development.

■ **Agbar recorded organic growth of +1.5% (€+6m).**

The water and wastewater businesses slowed on the back of a decrease in works activities, in the volume of drinking water sold in Barcelona and a negative price effect in Chile. Conversely, average tariffs increased in Spain and growth continued in the United Kingdom and China. Agbar continued its commercial development, with new contracts gained in Villaquilambre (25 years, €22m), Graus (35 years, €9m) and with renewals, such as Ponferrada (León, 25 years, €137m), Oliva (Fuerteventura, 50 years, €64m) and Petrer in the Alicante region (30 years, €57m). The health insurance business grew as a result of the increase in the number of insured people, but the loss ratio is deteriorating.

WASTE EUROPE

| In € million | March 31, 2009 | March 31, 2010 | Total change | Variation at constant forex | Organic change |
|---------------------|-----------------------|-----------------------|---------------------|------------------------------------|-----------------------|
| Revenues | 1,267 | 1,358 | 7.2% | 6.6% | 5.6% |

After a decline in activity in 2009, the Waste Europe division returned to positive organic growth of +5.6% (€+71m) thanks to the increase in the price of secondary raw materials. Other service and treatment activities were impacted by a particularly harsh winter, with treated volumes remaining low in the first quarter of 2010.

■ **Revenues in France grew organically by +7.3% (€+51m)** in Q1 2010, thanks to the sorting and valorization business. Treated volumes level is weak, notably because of bad weather at the beginning of the year, except in the energy-from-waste business which benefited from the waste flow optimization strategy. Commercial development continued in Q1 2010 with new contract gains such as SYTRAD⁵ (Drôme, 6 years, €28m) and Marseille Provence Métropole (4 years, €12m). SITA France also renewed several contracts with municipalities such as SICTRM⁶ of Vallée du Loing (5 years, €20m), TRIVALIS in Vendée (2.5 years, €16m), SMICTOM⁷ de Villeneuve Lez Avignon (6 years, €11m) and with industrial and commercial clients such as Saint Gobain (3 years, €14m).

■ **Waste revenues in the United Kingdom and Scandinavia were stable organically at end-March 2010.** SITA UK benefited from a strong positive price effect, including the rise in landfill tax, but treated volumes continued to fall owing to difficult weather conditions in January and February. Incinerated volumes rose after new energy-from-waste facilities were commissioned in Newcastle in 2009. In Q1 2010, SITA UK successfully renewed the Aberdeenshire municipal contract (20 years,

⁵ Syndicat de Traitement des Déchets Ardèche Drôme

⁶ Syndicat Intercommunal pour la Collecte et le Traitement des Résidus Ménagers

⁷ Syndicat Mixte Intercommunal de Collecte et de Traitement des Ordures Ménagères



€230m) and won new contracts with municipal and industrial & commercial clients. Waste treatment activities have grown in Sweden and Finland.

■ **The Benelux/Germany area posted organic growth of +6.3% (€+20m)** in the first quarter of 2010. The treatment business is underpinned by sorting and valorization activities with strong price increases and stable volumes relative to the first quarter of 2009. The Group continued its commercial development with new contracts gains such as Zollernalbkreis (8 years, €13m) in Germany or with the printery of Jong Baarle Hertog (5 years, €10m) in Belgium. The region also benefited from the renewal of several contracts, with notably in Germany ILVA (5 years, €11m) and Special Collection Systems Region South (2.4 years, €28m) contracts.

INTERNATIONAL

| In € million | March 31, 2009 | March 31, 2010 | Total change | Variation at constant forex | Organic change |
|--------------|----------------|----------------|--------------|-----------------------------|----------------|
| Revenues | 634 | 746 | 17.8% | 15.1% | 13.3% |

The International division recorded organic growth of +13.3% (€+86m) mainly boosted by economic recovery in China and Australia.

■ **Dégremont's revenues increased organically by +25% (€+53m)** supported by the Melbourne desalination contract. Degrémont's other businesses such as Bordeaux, Fréjus, Lyon la Feyssine and Dijon in France, Chengdu Petrol in China and Okhla and Mumbai in India, also contributed to this growth. In addition, Degrémont signed several new contracts such as for the wastewater treatment plants in Mapocho in Chile (5 years, €260m) and in Panama (4 years, €80m), for the DBO contracts for water treatment plants in Saidabad in Bangladesh (5.5 years, €90m) and in TK Halli in India (9 years, €35m) or for the sludge incineration plant in Rostov (Russia, €35m).

■ **North America recorded an organic growth of +3% (€+4m)** resulting mainly from tariff increases obtained by United Water thanks to "rate case" achievement in the regulated water activity (New Jersey, Toms River and Delaware). Conversely, the volumes of drinking water sold fell, notably due to the impact of a particularly harsh winter and a fall in the consumption. Prices and volumes in the non-regulated business fell slightly over the quarter relative to the previous year.

■ **The Asia-Pacific area recorded organic growth of +12% (€+17m)**, thanks to a sustained recovery in the region, particularly in Australia and China. In Australia, Brisbane Street Cleaning and Parks Residential new contracts contributed to the development of the collection business, and the commissioning of two new organic waste treatment units contributed to growth in the treatment activities. In terms of the Chinese water business, the Group benefited from major tariff increases as of January 1, 2010 (+25% in Chongqing and +29% in Changshu) as well as a rise in volumes and the number of new connections. Furthermore, the initial public offering of Chongqing Water Group, of which SUEZ ENVIRONNEMENT is a shareholder, was a success, with an IPO price of 6.98 yuan per share.

■ **In the CEMME⁸ region, the group recorded organic growth of 7% (€+13m)**, with a solid increase in activity in Morocco. In Central Europe, snow-clearing services in Poland and new soil decontamination contracts in the Czech Republic contributed to growth.

⁸ Central Europe, Middle East, Maghreb



CONFIRMATION OF 2010 OBJECTIVES

After a beginning of the year with a harsh winter, and based on these quarterly results and the same assumptions⁹ as those used for the start of year forecasts, **SUEZ ENVIRONNEMENT reiterates its objectives for 2010¹⁰**.

These objectives include the closing of the announced step up in Agbar, expected mid-2010, as initially scheduled. This transaction received the European Commission agreement on April 27th, 2010.

NEXT COMMUNICATIONS

- May 20, 2010: Annual General Meeting
- May 27, 2010: Dividend payment
- August 4, 2010: Publication of 2010 half year results

APPENDIX

Geographic breakdown of revenues

| Revenues | March 31, 2009 | | March 31, 2010 | | Total change | |
|----------------------|----------------|------------|----------------|------------|--------------|--------|
| | € m | % of total | € m | % of total | € m | % |
| Europe | 2,292 | 81.0% | 2,420 | 78.7% | 128 | 5.6% |
| France | 1,167 | 41.3% | 1,189 | 38.7% | 22 | 1.9% |
| Spain | 426 | 15.1% | 470 | 15.3% | 44 | 10.3% |
| UK | 207 | 7.3% | 185 | 6.0% | -22 | -10.7% |
| Other Europe | 491 | 17.4% | 576 | 18.7% | 85 | 17.2% |
| North America | 171 | 6.0% | 174 | 5.7% | 4 | 2.3% |
| Australia | 57 | 2.0% | 138 | 4.5% | 81 | 141.1% |
| Sub-total | 2,520 | 89.1% | 2,733 | 88.9% | 213 | 8.4% |
| Rest of the world | 309 | 10.9% | 342 | 11.1% | 33 | 10.6% |
| TOTAL | 2,829 | 100.0% | 3,075 | 100.0% | 246 | 8.7% |

⁹ Assuming GDP growth estimated at 1% for the euro zone in 2010 and stability of average prices of secondary raw materials in 2010 compared with 12/31/2009 and the full consolidation of Agbar mid-2010.

¹⁰ As announced on February 25th, 2010



Natural resources are not infinite. Each day, SUEZ ENVIRONNEMENT (Paris: SEV, Brussels: SEVB) and its subsidiaries deal with the challenge to protect resources by providing innovative solutions to industries and to millions of people. SUEZ ENVIRONNEMENT supplies drinking water to 90 million people, provides wastewater treatment services for 58 million people and collects the waste produced by 46 million people. SUEZ ENVIRONNEMENT has 65,900 employees and, with its presence on a global scale, is the world's leader exclusively dedicated to environmental services. SUEZ ENVIRONNEMENT, a 35.4% GDF SUEZ affiliate, reported sales turnover of 12.3 billion euros at the end of financial year 2009.

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