



PRESS RELEASE

28 October 2010

3rd QUARTER 2010 **ACCELERATION OF GROWTH AND REDUCED NET DEBT**

- **Strong growth in revenue: €10,135m, +11.8% at constant forex, up in all divisions**
- **EBITDA: €1,690m, +9.9% at constant forex, an EBITDA margin of 16.7%**
- **Net financial debt down to €7,319m, a net financial debt/EBITDA ratio of 3.25x¹**

In € million	September 30, 2009	September 30, 2010	Total change	Variation at constant forex	Organic change
Revenues	8,923	10,135	+13.6%	+11.8%	+9.6%
EBITDA	1,498	1,690	+12.8%	+9.9%	+2.9%
EBITDA / Revenues	16.8%	16.7%			

At 30 September 2010, SUEZ ENVIRONNEMENT's revenue was €10,135m, up +11.8% at constant forex compared to 30 September 2009 (vs. +10.8% for H1 2010). All three divisions generate growth, particularly sustained for the international activities and in sorting & recycling in Europe. In Q3 2010, SUEZ ENVIRONNEMENT confirmed its commercial dynamics, winning contracts such as the Suffolk and South Tyne and Wear² waste PFIs³ in the United Kingdom and the Strasbourg and Achères wastewater contracts in France.

▪ **EBITDA at end September 2010 was €1,690m**, up +9.9% at constant forex compared to +7.2% for the first semester. EBITDA margin was 16.7%, stable compared to 30 September 2009 but up sharply versus 30 June 2010, with an EBITDA margin of 18.3% in the third quarter compared to 17.9% over the same period last year. Margins were up notably for the Water Europe division and due to cost savings achieved.

▪ **The Group's net financial debt was €7,319m**. It was down €1bn (-12%) compared to 30 June 2010 thanks to strong Free Cash Flow generation, a least unfavourable forex impact, and a financing structure strengthened by the issue of hybrid securities made at good market conditions. At 30 September 2010, SUEZ ENVIRONNEMENT had a net financial debt/EBITDA ratio of 3.25x¹.

▪ **Commenting on Q3 2010 performance, Jean-Louis Chaussade, CEO of SUEZ ENVIRONNEMENT, stated:** "At 30 September 2010, SUEZ ENVIRONNEMENT posted a strong growth of its operating performance. The Group's positions outside Europe allows us to benefit from a faster growth internationally, especially in Asia and Australia. In Europe, where industrial activity is still low, we continue to grow in water by consolidating Agbar's activities, and our sorting & recycling activities are growing strongly. We met major commercial successes and improved our financial profile. We are very confident about achieving our 2010 targets."

¹ Rolling 12-month EBITDA

Pro forma, with Agbar fully consolidated over 12 months, net financial debt/EBITDA would be at 3.1x

² Preferred bidder for the South Tyne and Wear PFI

³ Private Finance Initiative



BREAKDOWN OF ACTIVITY AT END-SEPTEMBER 2010

REVENUES In € million	September 30, 2009	September 30, 2010	Total change	Variation at constant forex	Organic change
Water Europe	2,894	3,085	+6.6%	+6.4%	+1.4%
Waste Europe	3,957	4,363	+10.3%	+9.4%	+8.6%
International	2,061	2,675	+29.8%	+22.7%	+21.0%
Other ⁴	11	12	+7.7%	-	-
TOTAL	8,923	10,135	+13.6%	+11.8%	+9.6%

At 30 September 2010, **SUEZ ENVIRONNEMENT** posted €10,135m revenues, a +13.6% gross variation (+€1,212m) compared to 30 September 2009. This change breaks down as follows:

- **+11.8% growth at constant forex** (+€1,032m), i.e.:
 - **+9.6% organic growth (+€834m) coming from all three divisions:**
 - A +€37m (+1.4%) increase in the Water Europe division revenue, up for both Lyonnaise des Eaux and Agbar, despite declining volumes for the 3rd quarter in France and Spain. Commercial activity and indexation formulas have a favourable impact.
 - Growth of +€340m (+8.6%) in the Waste Europe division, from the progression of Sorting & Recycling activities, with an increase in prices for secondary raw materials, and improved volumes.
 - A +€457m (+21.0%) increase in the International division, where activity is sustained in all geographic segments.
 - **Scope impact of +2.2% (+€198m):**
 - Water Europe: +€129m, with the net impact of the friendly takeover of Agbar's water activities and to a lesser extent, the impact of the unbundling of joint companies in water in France.
 - Waste Europe: +€32m from the consolidation of Boone Comenor in Turkey and Slovakia, and the disposal of the Group's stake in the London Waste incinerator.
 - International: +€37m with the increased stake in SITA Waste Services in Hong Kong.
- **Favourable forex impact of +1.8% (+€180m)**, due to the appreciation of SUEZ ENVIRONNEMENT's main trading currencies, including the Australian dollar (+€55m), the Chilean peso (+€24m), the British pound (+€22m), the US dollar, and the Swedish krona.
- At 30 September 2010, SUEZ ENVIRONNEMENT generated **75% of its revenues in Europe and 25% internationally**, with growth in activity in Asia-Pacific, and notably in Australia with the progress of the Melbourne contract and growth in SITA Australia's activity.

⁴ R+I Alliance, HQ



PERFORMANCE BY DIVISION

WATER EUROPE

In € million	September 30, 2009	September 30, 2010	Total change	Variation at constant forex	Organic change
Revenues	2,894	3,085	+6.6%	+6.4%	+1.4%

The Water Europe division posted organic growth of +1.4% (+€37m).

■ **Lyonnaise des Eaux posted organic growth of +1% (+€12m).**

In France, activity is growing due to the application of indexation formulas that are still positive, though increasing less than last year, and thanks to commercial development, service activities, and the construction of wastewater treatment plants in Cannes, Dignes, and Port-Saint-Louis-du-Rhône. On the other hand, the change in revenues is negatively impacted by the end of the Paris contract and by water volume sold down -1% compared to 30 September 2009, given the third-quarter climatology. The contribution of works, which represent less than 10% of revenue, is stable. The commercial dynamism brought in contracts such as: Strasbourg (8 years, €98m), the aquatic centre of Sartrouville (DBO, 20 years, €50m), and the renewal of Blaye contract (17.5 years, €18m). Ondeo IS' activity is decreasing, while the development of Safège, Eurawasser, and Italy continues.

■ **Agbar posted +2% (+€25m) organic growth.**

The water and wastewater activities posted price increases in Spain and the UK, but were globally down, due to the decline in works resulting from the economic downturn and from the finalization of large-scale projects in 2009 (Barcelona, San Joan Despi). Volumes are down slightly in Spain but sharply up internationally. In 2010, Agbar won many contracts, such as Calvia (50 years, €980m), Ponferrada (25 years, €137m) and in Q3, Saragossa (4 years, €18m). Health Insurance activities, disposed in June 2010, posted an increase in activity over the five consolidated months.

WASTE EUROPE

In € million	September 30, 2009	September 30, 2010	Total change	Variation at constant forex	Organic change
Revenues	3,957	4,363	+10.3%	+9.4%	+8.6%

The Waste Europe division posted organic growth of +8.6% (+€340m). Sorting & Recycling activities benefited from the return to sustained secondary raw materials prices and an increase in volumes. Other activities in the Waste Europe division have a comparable evolution to that of 30 June 2010, up for large industrial clients and with an increase in valorized volumes.

■ **Revenue in France grew organically by +11% (+€237m)** at 30 September 2010, driven almost exclusively by Sorting & Recycling activities; waste volumes in other activities remaining low, in line with moderate economic growth. SITA France continues to grow with new municipal contracts, such as the City of Orleans collection (5 years, €14m), industrial & commercial contracts with Exxon Mobil and Renault, and new offers such as the establishment of a "mobile drop-off facility" in the Port of Paris to allow waste to be evacuated to sorting centers by waterways.

■ **Revenue in the UK-Scandinavia region was up +2% organically at end September 2010 (+€16m).** The price effect is favorable in the UK thanks to price increase in Sorting & Recycling. Landfilled volumes were down, with weak industrial activity. The third quarter for SITA UK was marked by the signature of the PFI contract with Suffolk (25 years, £1 billion), and the qualification as preferred bidder for the South Tyne and Wear PFI (30 years, £1 billion). In Scandinavia, activity is stable in Finland, and remains sustained in Sweden.



▪ **The Benelux-Germany region posted organic growth of +9% (+€87m)** at 30 September 2010, thanks to Sorting & Recycling activity, both in prices and volumes. Collection prices were down in Belgium and the Netherlands. SITA News⁵ continues its commercial development by winning municipal and industrial & commercial contracts such as waste management for Marburg-Bidenkopf (Germany, 6 years, €11m), and the renewal of the contracts for organic waste treatment with Minet Kompost (Luxembourg, 5.5 years, €11m) and for paper recycling with IMOG (Belgium, 5 years, €10m).

INTERNATIONAL

In € million	September 30, 2009	September 30, 2010	Total change	Variation at constant forex	Organic change
Revenues	2,061	2,675	+29.8%	+22.7%	+21.0%

The International division had very high organic growth of +21.0% with dynamic activities in all regions.

▪ **Degrémont's revenue recorded organic growth of +52% (+€354m)**, driven both by the progress in the construction of Melbourne desalination plant and by the contributions of contracts in France (Bordeaux), Latin America (Replan and Rlam in Brazil, Mapocho in Chile, Panama, Ciudad Juarez in Mexico), Asia (Chengdu in China), and Australia (Pimpama). Its engineering backlog is still at a historic level of €1.9bn, with new contracts such as Achères (€110m) awarded in July 2010.

▪ **North America posted +6% (+€25m) organic growth** resulting from the strong growth in United Water's regulated activity, thanks to improvement in volumes sold and higher prices as a result of the different rate cases obtained, including the last one in August 2010, New Jersey with a tariff increase of +8%.

▪ **Asia-Pacific recorded +9% (+€44m) organic growth**, supported by waste activities in Australia and by prices and volumes increases in water in China. Activity for SITA Waste Services in Hong Kong is up thanks to the increase in treated volumes.

▪ **The CEMME zone⁶ posted +6% (+€34m) organic growth**, benefiting from a high level of activity in water in Morocco with an increase in prices and volumes. In Central European waste, activity is also up, with improved industrial & commercial volumes.

CONFIRMATION OF OBJECTIVES

SUEZ ENVIRONNEMENT confirms all its objectives as updated in the publication of the half-year results on 4 August 2010.

NEXT COMMUNICATIONS

- **09 February 2011:** Publication of 2010 Annual Results
- **19 May 2011:** Annual Shareholders' Meeting

⁵ SITA News : Waste activities in Benelux & Germany

⁶ Central Europe, Mediterranean, Middle East.



NEW CONTACT AS OF 8 NOVEMBER 2010

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APPENDIX

Geographic breakdown of revenues

Revenues	September 30, 2009		September 30, 2010		Total change	
	€ m	% of total	€ m	% of total	€ m	%
Europe	7,044	78.9%	7,633	75.3%	589	8.4%
France	3,587	40.2%	3,748	37.0%	161	4.5%
Spain	1,180	13.2%	1,401	13.8%	221	18.7%
UK	674	7.6%	638	6.3%	-36	-5.4%
Other Europe	1,602	18.0%	1,845	18.2%	243	15.2%
North America	570	6.4%	620	6.1%	50	8.8%
Australia	223	2.5%	560	5.5%	337	150.9%
Sub-total	7,837	87.8%	8,813	86.9%	976	12.4%
Rest of the world	1,086	12.2%	1,323	13.1%	237	21.8%
TOTAL	8,923	100.0%	10,135	100.0%	1,212	13.6%

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 78,700 employees and, with its presence on a global scale, is a world 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.

Disclaimer

This document includes non audited financial data. The aggregates shown are those customarily used and communicated to the markets by SUEZ ENVIRONNEMENT.

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