



PRESS RELEASE

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H1 2009 RESULTS Good operational resilience Strong free cash flow generation Performance in line with priorities Pursuit of cost reduction programme

- **Revenues: 5,872 million euros, -1.2% at constant forex**
- **EBITDA: 951 million euros, -4.2% at constant forex, with an EBITDA/revenues ratio of 16.2%**
- **Free cash flow: 428 million euros**
- **Net Result Group share: 175 million euros, -12.8%**
- **Net financial debt: 6,507 million euros**

In the first half of 2009, SUEZ ENVIRONNEMENT achieved revenues of €5,872m, representing a decrease of -1.2% at constant forex compared with H1 2008. Growth continued in Water Europe and International divisions. The economic slowdown is essentially affecting the waste business, and more particularly the sorting and recycling activities.

EBITDA for H1 2009 was €951m, down -4.2% at constant forex compared with H1 2008. The EBITDA/revenues ratio remains solid at 16.2%.

The COMPASS cost reduction programme is ahead of the mid-year objective, and generated savings of €49m over the six-month period. **The Net Result Group share was €175m (-12.8%)**, representing 0.36 euros per share over 6 months. SUEZ ENVIRONNEMENT generated **€428m of free cash flow**, a sharp rise compared with H1 2008. Net financial debt was €6,507m, a net financial debt/EBITDA ratio¹ of 3.18 times.

With a strong capacity for generating free cash flow, a level of profitability that remains high and cost savings of €104m since the beginning of 2008 under the cost reduction programme, **SUEZ ENVIRONNEMENT has a solid financial profile in what continues to be a challenging economic environment. Its first-half, results are in line with the announced priorities of free cash flow generation and solid financial structure.**

Commenting on these results, Jean-Louis Chaussade, CEO of SUEZ ENVIRONNEMENT, made the following statement:

"During the first half of the year, SUEZ ENVIRONNEMENT proved that its adaptability and financial solidity are allowing it to cope with a difficult economic climate while continuing its development.

Constant innovation and the development of a circular economy are at the heart of our long-term strategy. Expertise in areas such as seawater desalination and waste recovery make it possible for the Group to strengthen its leadership in strategic sectors. SUEZ ENVIRONNEMENT just won the contract for the world's largest public-private desalination partnership in Melbourne, Australia, and opened its first plastic recycling plant in France (bottle-to-bottle).

For 2009 as a whole, SUEZ ENVIRONNEMENT objective is to achieve overall stability of operational performance compared with 2008, at constant forex, through dynamic sales and through the pursuit of the acceleration of its COMPASS cost reduction programme.

Convinced that its know-how and the markets in which the Group is positioned offer attractive prospects, SUEZ ENVIRONNEMENT confirms its long-term strategy based on a balanced, flexible and profitable business model."

¹ Over a rolling 12-month period

HALF-YEAR RESULTS REFLECT THE SOUNDNESS OF THE MEASURES TAKEN TO ADAPT PRIORITIES

With revenues of €5,872m, slightly lower than in H1 2008 (-1.2% excluding forex effects and -3.7% organic growth), SUEZ ENVIRONNEMENT is showing **a resilient level of activity in a deteriorated economic environment.**

EBITDA was €951m (-4.2% excluding forex and -6.1% organic growth). The EBITDA/revenues margin of 16.2% (compared with 16.7% in H1 2008) remains high, including in waste activities (14.2%). Between Q1 and Q2 2009, the margin rose sharply from 15.4% to 16.9%. The operational performances are improving, notably thanks to the effectiveness of the COMPASS cost reduction programme and the efforts made to optimize industrial tools.

These half-year results reflect the efforts made over the last few months to adapt priorities to the current economic environment. With an increase in free cash flow of 56%¹ compared with the same period in 2008 and a sustained profitability throughout the period, SUEZ ENVIRONNEMENT proves its ability to deal with a challenging economic climate.

NET RESULT GROUP SHARE AT 175 MILLION EUROS

Current operating income was €393m, a decline of -22.5% compared with June 30, 2008, as a result of the increase in depreciation, arising from higher capital intensity of businesses from previous investments, and of a slight rise in net provisions at €13m over the semester.

The Group recorded a net financial result of -€115m, representing an improvement on the same period in the previous year thanks to a decline in the cost of net debt from 5.6% to 4.6%, and a reduction in tax expense which fell from -€146m to -€41m at June 30, 2009 benefiting from a non-recurring deferred tax credit of €33m.

In total, **the Net Result Group share amounts to €175m.**

PREPARING FOR THE FUTURE BY RELYING ON DYNAMIC COMMERCIAL PERFORMANCE AND TECHNOLOGICAL LEADERSHIP

With a dynamic commercial activity in its two businesses, SUEZ ENVIRONNEMENT confirms the effectiveness of its balanced and flexible business model, in a difficult economic climate.

Water Europe division has increased revenues to €1,927m, up by +3.2% at constant forex. Thanks to commercial dynamism and the new contracts won by Lyonnaise des Eaux and Agbar, such as Le Havre in France (€19m over 4 years), Barcelona (desalination contract over 30 years) or Madrid (wastewater contract, Canal Isabel II) in Spain, organic revenue growth is up by 3.0% (+€55m), despite an average decline in volume of drinkable water sold of 1% in Europe.

EBITDA is up by +10.4% at constant forex (€420m compared with €388m for the first half of 2008), with a strong rise in the profitability of the division with an EBITDA/revenues margin of 21.8% (compared with 20.6% for the same period in 2008). The division has generated €155m of free cash flow.

Waste Europe division shows revenues of €2,599m, a fall of -7.3% at constant forex and -10.3% in terms of organic growth (-€288m). It is impacted by the economic environment, which particularly affects:

- sorting and recycling activities, which alone represent an organic decline of -€165m and are impacted by the dual effect of falling recycled raw material prices and volumes,
- the volumes treated in landfilling and incineration, that decreased by -6%², mainly due to the slowdown in the activities of industrial and commercial clients.

¹ Reimbursement in 2009 of income tax prepayments made in 2008 for €76m.

² Excluding hazardous waste



EBITDA at €368m, is down by -17.8% at constant forex. The EBITDA/ Revenues margin (14.2%¹) and free cash flow generation (€157m) of Waste Europe division are benefiting from the COMPASS cost optimization programme and from the flexibility brought by SUEZ ENVIRONNEMENT's presence throughout the full value chain of waste activities.

Buoyed by the evolution and strengthening of environmental regulations and policies, recovery activities (material and energy) remain attractive in the long term. SUEZ ENVIRONNEMENT has continued to develop advanced waste recovery technologies and to forge long-term industrial partnerships. In June, the first bottle-to-bottle recycling plant for r-PET plastic was opened in Limay, while in the Netherlands the important EVI waste-to-energy plant was put into service in April. The Group has also been selected as preferred bidder to design, build and operate an energy- from-waste facility in Guernsey in the United Kingdom (£194m).

The International division shows strong improvement, with revenues of €1,338m in the first half (+6.0% at constant forex and +1.0% in organic growth), thanks to continued expansion in Asia Pacific, the Middle East and the Mediterranean region.

EBITDA amounts to €197m (+4.6% at constant forex), an EBITDA/ Revenues margin of 14.7%, broadly stable compared with the same period in 2008. The growth prospects are substantial, particularly in the USA and for Degrémont in the desalination and water reuse markets. With annual market growth of around +10%, reverse-osmosis desalination offers SUEZ ENVIRONNEMENT long-term development prospects.

With the high-profile contracts recently won, such as **the largest Public-Private Partnership desalination contract in the world** in Melbourne, for Victoria State (€1.2bn over 30 years) and the inauguration in Barcelona of the largest desalination plant in Europe, SUEZ ENVIRONNEMENT confirms its leadership in the reverse-osmosis desalination market.

International expansion is also marked by numerous major contracts such as the Disi Amman water conveyance project in Jordan (\$200m over 25 years), the extension of the West Basin contract in California won by United Water for water reuse, and the water concession contract of Yuelai in China (\$800m over 40 years).

IN A DETERIORATED ECONOMIC ENVIRONNEMENT, SUEZ ENVIRONNEMENT MAINTAINS A SOUND BALANCE SHEET

With a solid financial profile and strict financial discipline, SUEZ ENVIRONNEMENT is tackling the difficult economic climate by optimizing its maintenance investments (€285m), representing 4.9% of H1 revenues compared with 5.3% for the same period in 2008, while preserving its capacity for long term growth.

In total, net investments over the semester amounted to €603m, in line with the 2009 objective of €1.3bn².

The bond issues made over the last few months have been successful. These operations raised a total of €2.85bn at the end of July 2009 and have strengthened the group's financial profile by extending the maturity of the debt to 5.7 years³ and diversifying the sources of financing. Net financial debt was €6,507m at June 30, 2009, representing a Net financial debt/EBITDA⁴ ratio of 3.18 times. In addition, the available cash at June 30, 2009 was €4.5bn⁵.

¹ 14.9% excluding fuel hedges impact

² Net investments and excluding strategic investments

³ Excluding GDF SUEZ

⁴ EBITDA rolling 12 months

⁵ Cash and undrawn credit lines



2009 OUTLOOK: OVERALL STABLE PERFORMANCE AT CONSTANT FOREX

For full year 2009, SUEZ ENVIRONNEMENT objectives are:

- to achieve an overall stability of operational performance at revenues and EBITDA levels compared to 2008 at constant forex, through dynamic sales and through the pursuit of the acceleration of its COMPASS cost reduction programme,
- to generate an increased free cash flow compared to 2008,
- to reduce net investments by 25% compared with 2008 to €1.3bn¹,
- to maintain a Net financial debt/EBITDA² ratio at around 3 times.

In a still uncertain economic climate, SUEZ ENVIRONNEMENT maintains its priority to generate free cash flow generation and maintain its profitability in the second half. In the second semester, the Group will continue its efforts to improve its operational performance.

Bolstered by its dynamic commercial performance and relying on its sound financial profile, SUEZ ENVIRONNEMENT intends to continue its expansion based on a balanced and flexible business model, to create value over the long term.

Next communication:

November 5, 2009: Q3 2009 Publication

The live webcast of the half-year results presentation will take place on Wednesday, 26 August at 8.30 a.m. (Paris time) on the SUEZ ENVIRONNEMENT website:

<http://www.suez-environnement.com>

The interim financial report, including the consolidated financial statements for H1 2009, will be available online at the SUEZ ENVIRONNEMENT website:

<http://www.suez-environnement.com>

¹ Net investments and excluding strategic investments

² EBITDA rolling 12 months

**SUEZ ENVIRONNEMENT**

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 industry and to millions of people. SUEZ ENVIRONNEMENT supplies drinking water to 76 million people, provides wastewater treatment services for 44 million people, and collects the waste produced by 51 million people. With 65,400 employees, SUEZ ENVIRONNEMENT is the world's leading pure player in environmental services, present on five continents. In 2008, SUEZ ENVIRONNEMENT reported revenues of 12.4 billion euros. SUEZ ENVIRONNEMENT is a 35%-owned subsidiary of GDF SUEZ.

Disclaimer

"The actual communication includes forward looking information and statements. Those prospective elements are based upon hypothesis, financial projections, estimations and statements regarding projects, objectives and expectations concerning operations, future products or services or future performances. No guarantee can be given on the realization of those prospective elements. Investors and shareholders of SUEZ ENVIRONNEMENT Company shares are informed that those forward looking information and statements are subject to a number of risks and uncertainties, hardly predictable and generally outside SUEZ ENVIRONNEMENT Company control and that could cause actual results to differ materially from those expressed or suggested by any such forward looking information and statements. Those risks include, but are not limited to, those developed or identified in public documents filed with the Autorité des Marchés Financiers (AMF). The attention of investors and shareholders of SUEZ ENVIRONNEMENT Company shares is drawn on the fact that the realization of all or part of those risks is susceptible to have a significant unfavorable effect on SUEZ ENVIRONNEMENT Company. SUEZ ENVIRONNEMENT Company disclaims any obligation or undertaking to release publicly any updates or revisions to any of those forward-looking statements."

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To learn more about SUEZ ENVIRONNEMENT,
visit our website at www.suez-environnement.com

SUMMARY BALANCE SHEET

ASSETS	12/31/08	06/30/09	LIABILITIES	12/31/08	06/30/09
NON CURRENT ASSETS	13,133	13,604	Equity, group share	3,532	3,468
o/w goodwill	2,898	2,971	Minority Interests	638	697
CURRENT ASSETS	6,579	7,870	TOTAL EQUITY	4,170	4,164
o/w financial assets at fair value through income	51	1,210	Provisions	1,328	1,372
o/w cash & cash equivalents	1,669	1,989	Financial Debt	7,721	9,660
			Other Liabilities	6,492	6,278
TOTAL ASSETS	19,711	21,474	TOTAL LIABILITIES	19,711	21,474

SUMMARY INCOME STATEMENT

In €m	H1 2008	H1 2009
REVENUE	6,030	5,872
Depreciation, Amortization & Provisions	(369)	(420)
CURRENT OPERATING INCOME	508	393
INCOME FROM OPERATING ACTIVITIES	518	363
Financial Result	(120)	(115)
Associates	18	21
Income tax	(146)	(41)
Minority interest	69	53
NET RESULT GROUP SHARE	201	175

SUMMARY CASH FLOW STATEMENT

In €m	H1 2008	H1 2009
Gross cash flow before financial loss and income tax	883	826
Income tax paid (excl. income tax paid on disposals)	(110)	(36)
Change in operating working capital	(92)	(26)
CASH FLOW FROM OPERATING ACTIVITIES	681	765
Net tangible and intangible investments	(464)	(545)
Financial investments	(858) ⁽¹⁾	(118)
Disposals and other investment flows	77	107
CASH FLOW FROM INVESTMENT ACTIVITIES	(1,244)	(556)
Dividends paid	(470)	(403)
Balance of reimbursement of debt / new debt	1,105 ⁽¹⁾	1,722
Interests paid on financial activities	(120)	(94)
Capital increase	0	1
Other cash flows	95	(1,155)
CASH FLOW FROM FINANCIAL ACTIVITIES	610	71
Impact of currency, accounting practices and other	(32)	40
CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE PERIOD	1,466	1,669
Total cash flow for the period	15	321
CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD	1,482	1,989

(1) Including AGBAR take over €708m

REVENUE BY DIVISION

In €m	H1 2008	H1 2009	09/08 Δ	Organic Δ	Constant Forex Δ
WATER EUROPE	1,882	1,927	+2.4%	+3.0%	+3.2%
WASTE EUROPE	2,893	2,599	-10.2%	-10.3%	-7.3%
INTERNATIONAL	1,247	1,338	+7.3%	+1.0%	+6.0%
OTHER	8	8	+0.4%	+0.4%	+0.4%
TOTAL	6,030	5,872	-2.6%	-3.7%	-1.2%