

### Rating Action: Moody's Ratings changes Suez's outlook to negative; affirms Baa2 rating

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28 Jan 2026

Paris, January 28, 2026 -- Moody's Ratings (Moody's) has today affirmed the Baa2 long term issuer rating of Suez, as well as the Baa2 senior unsecured ratings, the (P)Baa2 senior unsecured rating on the company's EMTN programme, the P-2 short term issuer rating and the P-2 commercial paper rating. Concurrently, we have changed the outlook to negative from stable.

#### RATINGS RATIONALE

The negative outlook reflects our expectation that Suez's credit metrics will remain weak for an extended period, driven by a challenging operating environment in several of its core segments, particularly waste. While credit metrics have been soft for some time, the company had shown a gradual strengthening in funds from operations (FFO)/net debt through 2023 and 2024, although still below our ratio guidance for the Baa2 rating of mid teens in percentage terms. Based on first half 2025 results, we estimate that Suez's FFO/net debt has weakened to 11.4%, down from 13.4% at year end 2024.

The recent deterioration in performance reflects largely flat revenues against persistent pressure in the waste division, despite continued resilience in the water segment. Waste related profitability declined further, with EBITDA margins falling to 12.5% in the first half of 2025 from 14.1% in the prior year period. Results were also affected by a substantial reduction in other operating income — down €63 million since full-year 2023 — contributing to lower EBITDA. We expect these trends to have persisted for the full year and also anticipate that Suez's reported net debt level will have increased further towards €6 billion at year-end 2025 as per our estimates, up from €5.4 billion at the end of 2024. In addition to the softer operating performance, incremental acquisition spend and higher growth capital expenditures will have led to higher net debt.

The ratings affirmation nonetheless reflects our expectation that Suez's underlying operating performance — excluding restructuring charges and other non recurring items — will begin to improve from 2026. However, any recovery in credit metrics is likely to be slow, as the company continues to face structural headwinds in its waste operations, particularly in higher margin landfill activities where earnings pressure is expected to persist. In addition, the substantial growth oriented capital expenditures underway will take time to translate into meaningful EBITDA expansion and higher operating cash flow. As a result, we do not expect a material improvement in Suez's credit metrics before 2027 at the earliest.

The ratings affirmation further reflects that Suez's credit profile continues to be underpinned by (1) the group's scale and positioning, with assets generating revenue of €9.2 billion for the twelve months to June 2025; (2) the low risk profile of its water business, which provides essential services to many low-risk counterparties in the public sector; (3) the diversification of its revenue base by business, contract type and somewhat by geography and; (4) underlying positive structural dynamics with tightening regulations on water and waste that will benefit from greater expertise and a rising sophistication in operations. At the same time, Suez's Baa2 ratings remain constrained by (1) some exposure to economic cycles through its waste activities in France (Aa3 negative); (2) a fairly leveraged financial profile, as discussed above.

#### LIQUIDITY

Suez's liquidity profile continues to be very good. At the end of June 2025, the company had in excess of €900 million in unrestricted cash and cash equivalents on its balance sheet. Further liquidity cushion is provided by an undrawn €750 million revolving credit facility, maturing in 2027. The company's next upcoming meaningful debt maturity is a €750 million bond, maturing in May 2027.

## FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

Given the current negative outlook, upward pressure is unlikely to develop in the foreseeable future. The outlook could be stabilized if Suez manages to successfully turn around its operations hence allowing for FFO/net debt to trend towards the mid-teens in percentage terms by 2027/28.

Conversely, negative pressure would develop should it become clear that Suez will not achieve the expected rebound in credit metrics. The rating is currently weakly positioned with limited room for underperformance or acquisitions, unless offset by balance sheet strengthening measures. Moreover, we expect the company's reported net debt levels to stabilize at around €6 billion for any meaningful improvement of credit metrics to be achievable over the next few years.

## PRINCIPAL METHODOLOGY

The principal methodology used in these ratings was Environmental Services and Waste Management published in November 2025 and available at <https://ratings.moodys.com/rmc-documents/454493>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

The assigned Baa2 rating is three notches above the scorecard-indicated outcome of Ba2, reflecting our expectation that Suez's credit metrics will strengthen over the next two to three years, and comparison with peers.

Headquartered in Paris, France, Suez provides environmental services to municipalities and industrial customers. The group has two operating segments, water and recycling and recovery, each representing roughly half of the company's EBITDA. In 2024, Suez reported revenues of €9.2 billion and an EBITDA of €1.6 billion.

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