

# 9M 2019 Financial Results

30<sup>th</sup> October 2019



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# Key financials 9M 2019

Solid revenue growth, improved profitability and lower leverage

In €m	9M 2018 excl. IFRS16	9M 2019	Gross	Organic	Gross at constant reporting standards	Excl. FX
<b>Revenue</b>	<b>12,697</b>	<b>13,127</b>	+3.4%	<b>+3.2%</b>	+3.4%	+2.7%
<b>EBITDA</b>	<b>2,048</b>	<b>2,330</b>	+13.8%	<b>+1.1%</b>	+1.8%	+1.3%
% Revenue	16.1%	17.8%				
<b>EBIT</b>	<b>963</b>	<b>1,016</b>	+5.6%	<b>+4.2%</b>	+4.5%	+4.2%
% Revenue	7.6%	7.7%				

	9M 2018 excl. IFRS16	9M 2019	Gross at constant reporting standards
<b>Net debt</b>	<b>9,335</b>	<b>10,600</b>	<b>-1.1%</b>
Net debt / EBITDA	3.4x	3.3x <sup>(1)</sup>	-0.1x

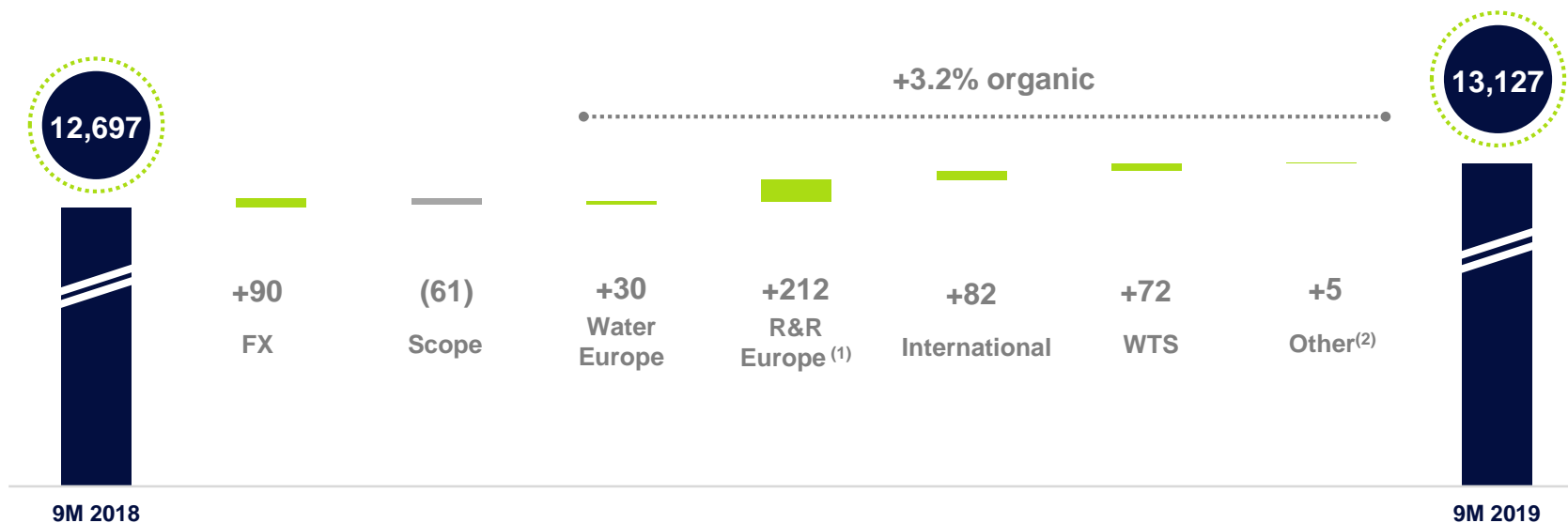
Impacts of first application of IFRS 16 (from Jan. 1<sup>st</sup>, 2019):

**+€238m** on EBITDA  
**+€10m** on EBIT  
**+€1,367m** on Net Debt  
**+0.1x** on ND/EBITDA

# Revenue up +3.2% on an organic basis

Positive contribution from all divisions

Revenue  
in €m

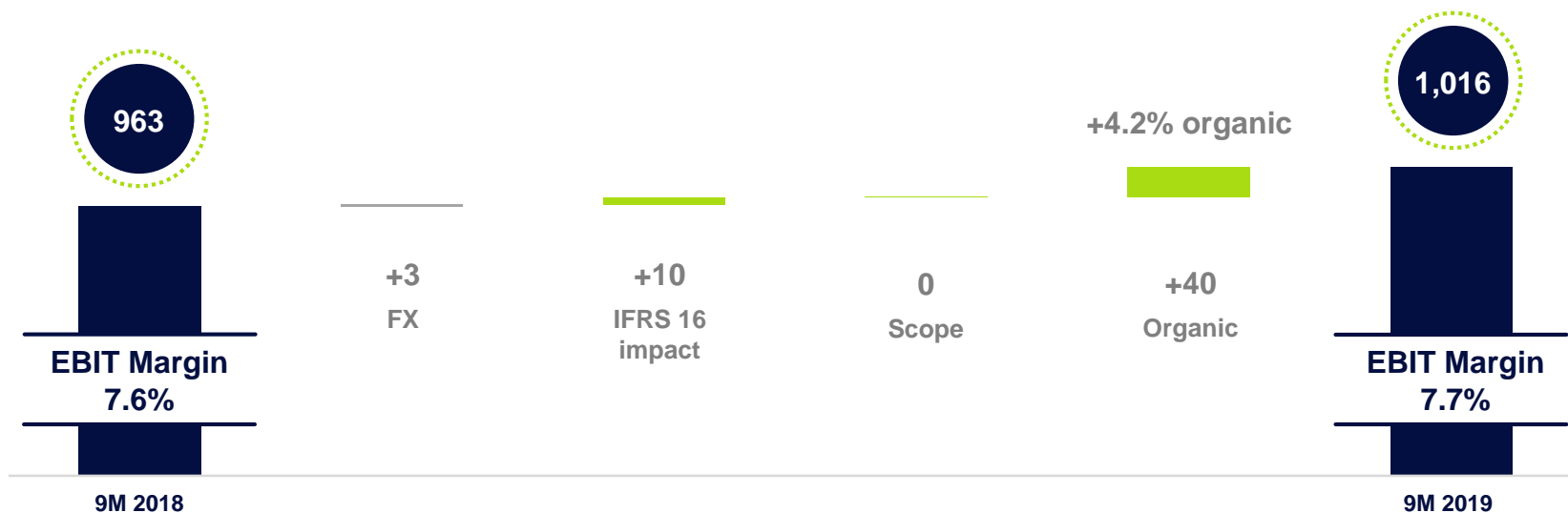


(1) Recycling & Recovery (2) Mainly SUEZ Consulting

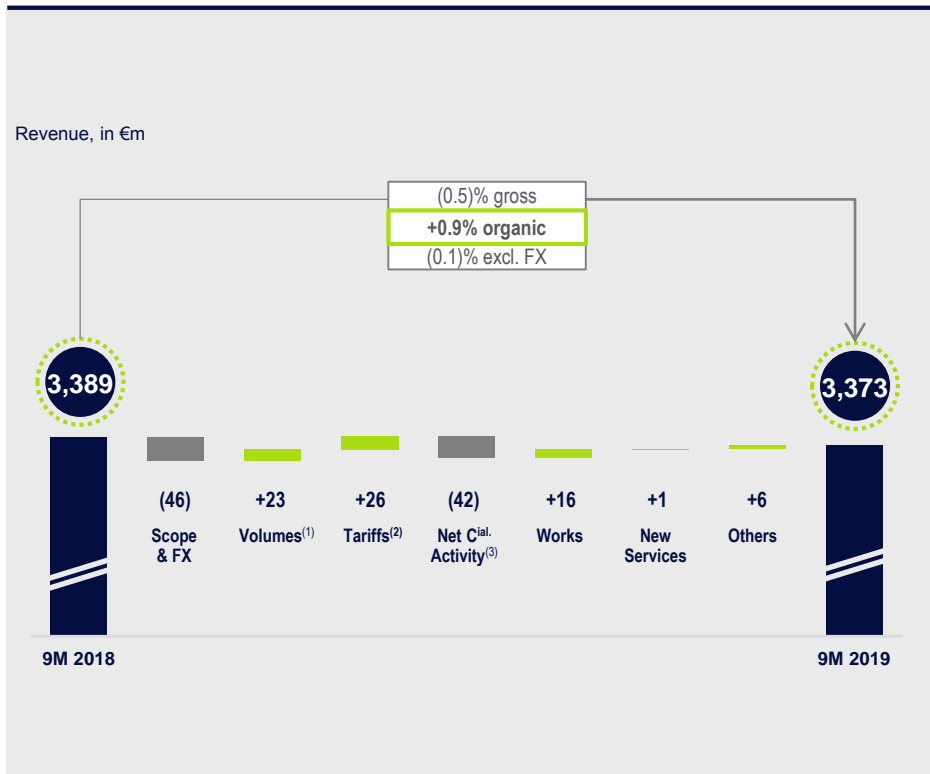
# EBIT up +4.2% on an organic basis

Solid operational performance

EBIT  
in €m



## Organic growth of +0.9% driven by supportive volumes



### ○ In France:

- Supportive volumes of +1.3%, benefitting from favorable weather conditions in the summer
- Tariffs are up +1.7% on concessions, mainly impacted by energy indicator
- Negative impact from Bordeaux contract termination in Jan. 2019

### ○ In Spain:

- Volumes increasing by +1.7% following dry and hot summer
- Tariffs close to stable, at (0.4)%, factoring in a (1.65)% tariff decrease in Barcelona from January to May 2019

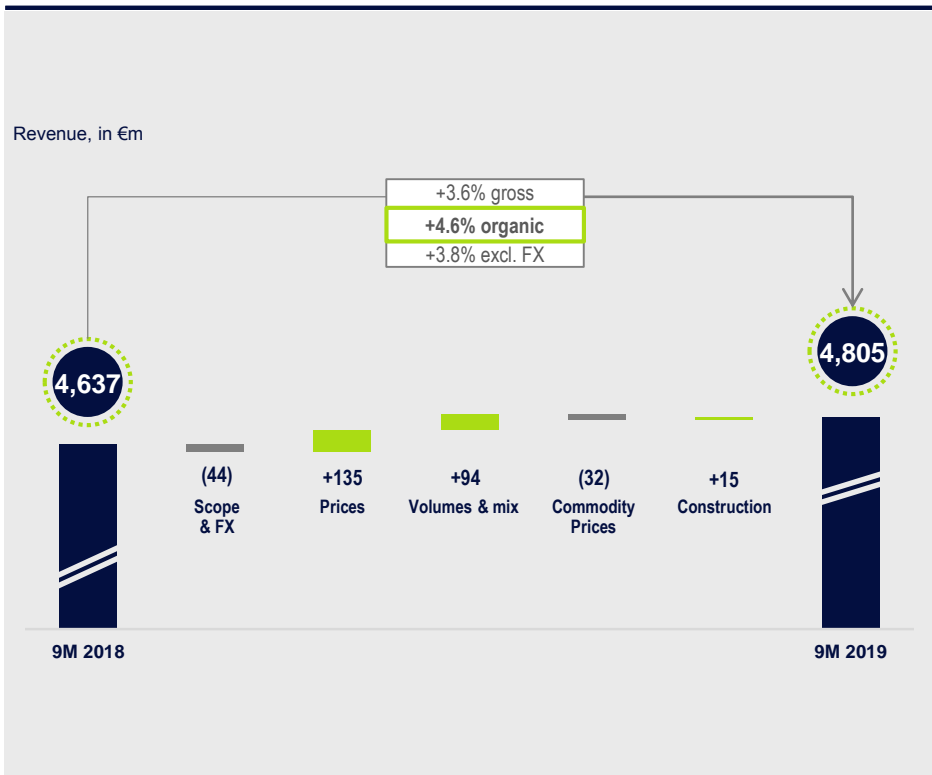
### ○ Latam:

- Good performance in **Chile**, with volumes up +1.3% and tariffs up +1.8%
- Strong contribution from construction in Panama and Ecuador

### ○ The Division's EBIT showed solid organic growth overall

## Recycling & Recovery Europe

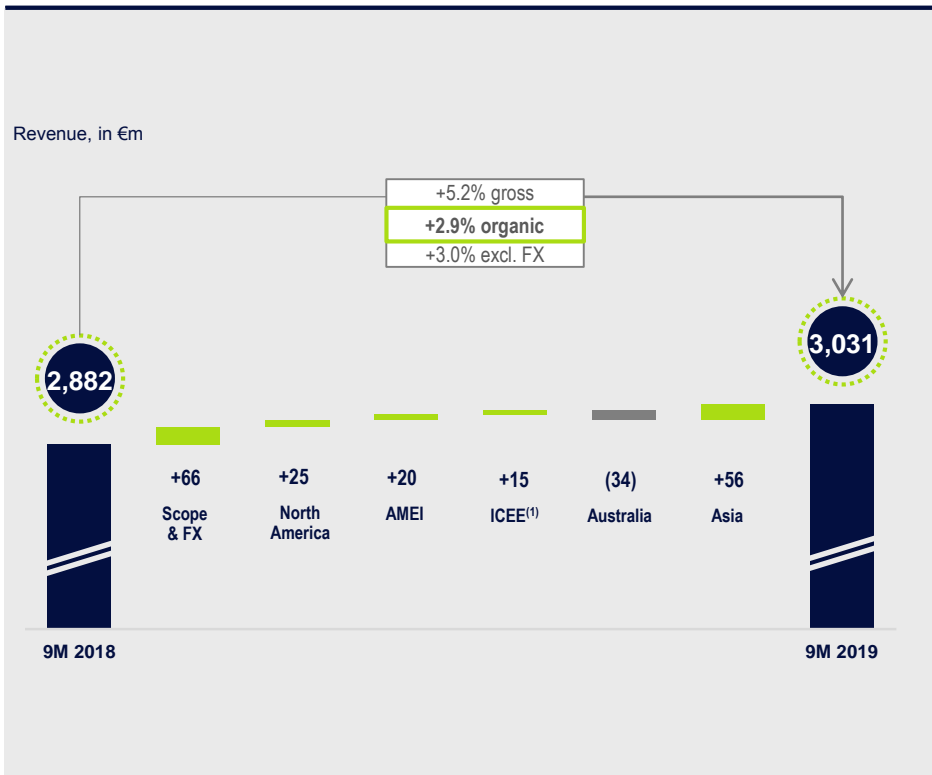
# Solid performance with +4.6% organic growth in revenue



- Processed waste volumes **up +1.2%**
  - Low treated volumes in France
  - Solid momentum in all others regions in Europe
- **Recyclates prices** stabilizing at a low level
- **Industrial Waste Specialties:** solid performance, driven by price increases and strong remediation activities in France and the Netherlands
- The Division's EBIT showed substantial organic growth, with a strong contribution from Industrial Waste Specialties

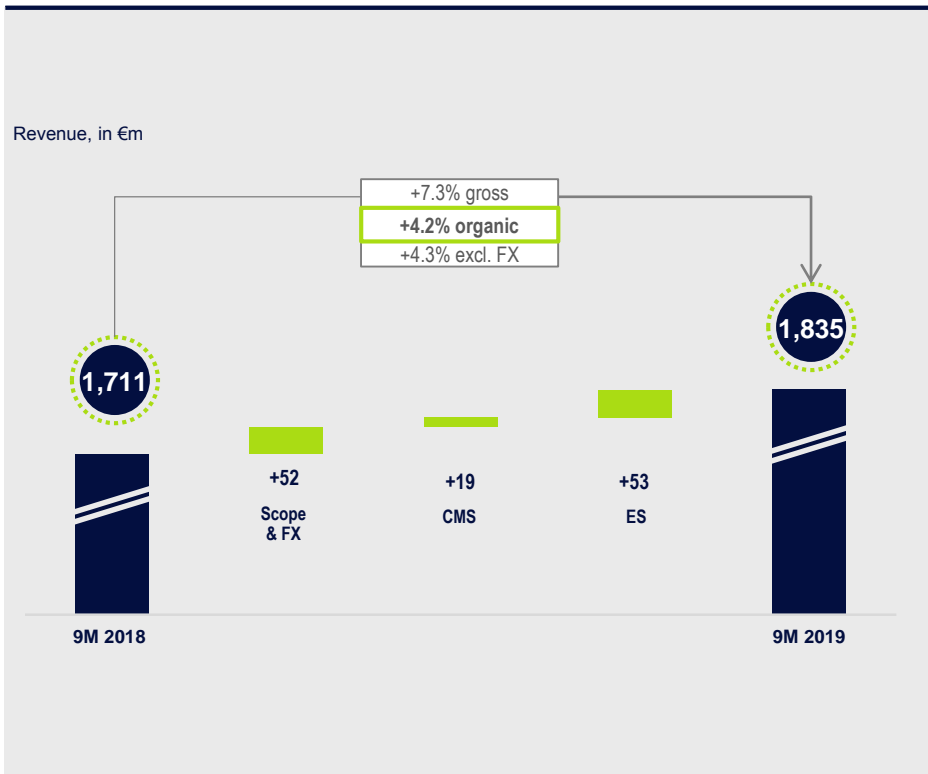
## International

# Dynamic activity supported by commercial wins



- **Asia: solid organic growth (+17.9%)**  
Positive impact of takeover of **SCIP** assets until June 2019
- **Strong organic growth in ICEE (+4.1%)**, with a good performance in **Poland** supported by contracts wins and renewals
- **Australia down (-4.3%)** in organic terms, impacted by the completion end-2018 of major infrastructure works around Sydney
- **EBIT showed solid organic growth and operational leverage**

# Strong organic growth in revenue, up +4.2%



- Solid order book with orders up +10.3% organically

- Revenue up +4.2% organically vs 9M 2018

- **Engineered Systems (ES): +5.4%**, driven by a strong performance of both services and projects divisions
- **Chemical Monitoring Solutions (CMS): +2.6%**, with good trends outside US

- EBIT reflected a good performance in Engineered Systems and internationally, offset by the low activity in Chemical Monitoring Solutions in the US

# Full-year organic revenue expectation revised upward, all other objectives confirmed<sup>1</sup>

- **Revenue:** 2019 revenue expectations revised towards the upper end of our organic growth target range (2 to 3%)
- **EBIT:** +4 to 5% organic growth
- **Free cash flow:** +7 to 8%, with continued selectivity in Capex
- **Deleveraging continuing** to reach ND / EBITDA ratio at c.3x in 2019<sup>(2)</sup>  
Continued ambition to lower leverage ratio in 2020
- **Dividend:** c. €0.65 per share in relation to FY19 results<sup>(3)</sup>

(1) Guidance based on the following external factors : water volumes sold in line with historical trends, waste treated volumes up 1.5% in Europe vs. 2018, and no impact of commodities vs. 2018

(2) At constant reporting standard (3) Subject to 2020 Annual General Meeting approval

# Update on Shaping SUEZ 2030

# The market fundamentals are stronger than ever

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**+1bn urban  
inhabitants** by  
2030, 98%  
outside of  
Europe

**Water scarcity**  
will impact **2bn**  
**people** within  
2030

**Tightening  
regulations** on  
environment  
Circular Economy  
Package in  
Europe, China's  
Green Fence

Growing **citizen  
awareness** on  
global climate  
crisis

**86%** of S&P 500  
Index® companies  
published  
**sustainability  
reports** in 2018<sup>1</sup>

# A comprehensive plan to position SUEZ for the next decade, now



We will drive **growth** by only **selecting opportunities** where we are appropriately rewarded for our differentiation

➤ Selective organic growth  
Capex discipline  
15-20% portfolio rotation

We will **simplify** the way we work **to best serve our clients**

➤ Leaner organization  
€1bn performance plan<sup>1</sup>  
Digital and innovation step-up

We will **engage** all employees to ensure their commitment

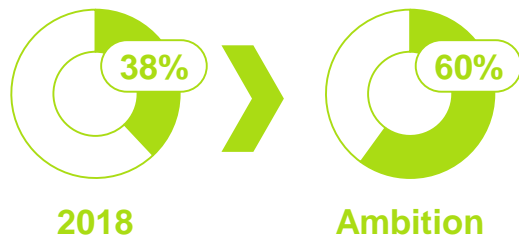
➤ Winning spirit  
Talent development  
Aligned incentives

[ A plan fully delivering in 4 years with material results as soon as 2021 ]

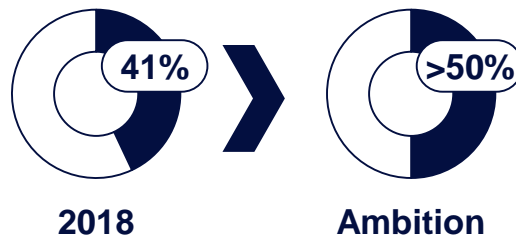
# SUEZ will have the following growth priorities



## International markets<sup>1</sup>



## Industrial customers<sup>2</sup>



## Technology & data-driven solutions



**Our selective growth will leverage strong capabilities and innovation in Europe**

# A focused segment structure to present our ambition

2018 financials	Water	Recycling & Recovery	Environmental Tech & Solutions
Sales	c. 40% of sales	c. 40% of sales	c. 20% of sales
Organic growth potential	+	+	+++
EBIT	c. 60% of EBIT	c. 26% of EBIT	c. 14% of EBIT
Capex	c. 55% of Capex	c. 33% of Capex	c. 12% of Capex
Capital Employed	c. 51% of CE	c. 27% of CE	c. 22% of CE
Capital Employed evolution			

# Shaping SUEZ 2030: enhanced value creation

## Material impacts as soon as 2021



## A transformed SUEZ in 2023



## A reviewed and rotated portfolio



H1 2019 Capital Employed : €20.6bn

2021 guidance assumes no material change in economic and market conditions (incl. interest rates, forex and commodity prices) vs. those observed over the past 12 months.

<sup>1</sup> Recurring EPS: [Net Income group share – (hybrid coupon + all one-off costs cash and non-cash +/- capital gain/losses on disposals) x (1 - applicable tax rate)] / number of shares. By way of comparison, the 2018 recurring EPS is estimated at €0.56.

<sup>2</sup> Recurring FCF: Cash Flow from operating activities – hybrid coupon + restructuring (cash expenses) – property plant, equipment – intangible capex – lease expenses – net financial charges – flows including to/from minorities dividend. By way of comparison, the 2018 recurring Free Cash Flow is estimated at €95m.

<sup>3</sup> Debt including IFRS 16

# €0.80 recurring EPS targeted in 2021



Recurring EPS: [Net Income group share – (hybrid coupon + all one-off costs cash and non-cash +/- capital gain/losses on disposals) x (1 - applicable tax rate)] / number of shares.

# Management incentives fully aligned

- Set up of a **Long-Term Incentive Plan from 2019 to 2021**, approved by the Board on October 29<sup>th</sup>, 2019 for the Chief Executive Officer and 1,750 beneficiaries
- Performance units indexed on SUEZ share price that could lead to payment in cash in 2022 subject to:
  - ① **A 3-year presence condition**
  - ② **Performance targets** fully aligned with “*Shaping SUEZ 2030*” financial guidance for 2021
    - 2021 Recurring EPS: **€0.80**
    - 2021 Recurring Free Cash Flow: **€500m**
    - 2019-2021 Total Shareholder Return evolution compared to Euro Stoxx Utilities index
- **Gender parity ratio in management** could lead to an increase or decrease up to 10%
- Part of total compensation is subject to reinvestment in shares for the CEO and Comex members

# Delivery of SUEZ 2030 has started

First liability management actions launched in October 2019

## Hybrid bonds

- Hybrid NC 2020 with a **3%** coupon repurchased for €352m
- Issuance of a Hybrid NC 2026 with a **1.625%** coupon
- SUEZ balance sheet strength remains a key differentiator

## Senior bonds

- New issue in October 2019 of a EUR senior bond with a **0.50% coupon** for a 12-year maturity
- Refinancing €450m of bonds with a weighted average coupon of **3.85%** and maturities from 2021 to 2024

[ Opportunistic management of existing debt will result in c.€17m annual savings ]

# What can you expect by February 2020

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- Providing more details on the new segment structure with a **full reconciliation table**
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- Setting up new reporting of **operational KPIs** to provide a clearer focus on significant business indicators

# Appendices

# Revenue by division

In €m	9M 2018	9M 2019	in % of total	Variation			
				gross	organic	scope	FX
<b>WATER EUROPE</b>	<b>3,389</b>	<b>3,373</b>	<b>25.7%</b>	<b>(0.5)%</b>	<b>+0.9%</b>	<b>(1.0)%</b>	<b>(0.4)%</b>
Water France	1,606	1,546	11.8%	(3.7)%	(1.7)%	(2.0)%	-
Spain	1,120	1,134	8.6%	+1.2%	+1.2%	-	-
Latam	662	692	5.3%	+4.5%	+6.4%	-	(1.9)%
<b>RECYCLING &amp; RECOVERY EUROPE</b>	<b>4,637</b>	<b>4,805</b>	<b>36.6%</b>	<b>+3.6%</b>	<b>+4.6%</b>	<b>(0.8)%</b>	<b>(0.2)%</b>
France	2,380	2,346	17.9%	(1.4)%	+0.4%	(1.7)%	(0.1)%
UK & Sweden	822	876	6.7%	+6.6%	+7.0%	+0.2%	(0.6)%
Benelux & Germany	1,109	1,210	9.2%	+9.1%	+8.8%	+0.3%	-
Industrial Waste Specialties (IWS)	326	373	2.8%	+14.2%	+14.2%	-	-
<b>INTERNATIONAL</b>	<b>2,882</b>	<b>3,031</b>	<b>23.1%</b>	<b>+5.2%</b>	<b>+2.9%</b>	<b>+0.2%</b>	<b>+2.1%</b>
North America	675	742	5.6%	+9.9%	+3.7%	-	+6.2%
Australia	797	748	5.7%	(6.2)%	(4.3)%	-	(1.9)%
Africa, Middle East & India	735	776	5.9%	+5.5%	+2.7%	-	+2.8%
Asia	315	392	3.0%	+24.6%	+17.9%	+1.7%	+5.0%
Italy, Central and Eastern Europe	361	374	2.8%	+3.6%	+4.1%	-	(0.6)%
<b>WATER TECHNOLOGIES &amp; SOLUTIONS</b>	<b>1,711</b>	<b>1,835</b>	<b>14.0%</b>	<b>+7.3%</b>	<b>+4.2%</b>	<b>+0.1%</b>	<b>+2.9%</b>
<b>OTHER<sup>(1)</sup></b>	<b>78</b>	<b>83</b>	<b>0.6%</b>	<b>+6.6%</b>	<b>+6.6%</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>12,697</b>	<b>13,127</b>	<b>100.0%</b>	<b>+3.4%</b>	<b>+3.2%</b>	<b>(0.5)%</b>	<b>+0.7%</b>

# Non financial KPIs by division

## Water Europe

<i>Mm<sup>3</sup> sold</i>	9M 2019	Δ 19/18
France	462	+1.3%
Spain	502	+1.7%
Chile	444	+1.3%

## R&R Europe

<i>Mt</i>	9M 2019	Δ 19/18
Elimination	5.9	(1.3)%
Recovery	13.7	+2.2%
Energy from Waste	6.8	+0.1%
Sorting & Recycling	6.9	+4.4%
<b>Total processed volumes</b>	<b>19.6</b>	<b>+1.2%</b>

## WTS

<i>in €m</i>	9M 2019	Δ 19/18 <sup>(2)</sup>
Engineered Systems (ES)	1,304	+15.4%
Chemical & Monitoring Solutions (CMS)	740	+2.6%
<b>Total orders</b>	<b>2,044</b>	<b>+10.3%</b>

## International

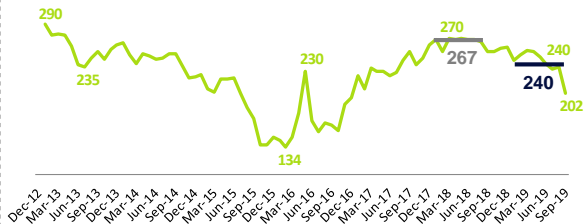
	9M 2019	Δ 19/18
Water DB backlog - €bn	1.2	+10.0% <sup>(3)</sup>
o/w International	0.7	+9.3% <sup>(3)</sup>
China - Mm <sup>3</sup> sold	625	+2.0%
North America - Mm <sup>3</sup> sold	215	(2.1)%
Morocco - Mm <sup>3</sup> sold	119	+2.9%
Waste treated - Mt	9.1	(5.3)%

- (1) At iso contracts  
 (2) Organic growth  
 (3) Variation vs December 31<sup>st</sup>, 2018

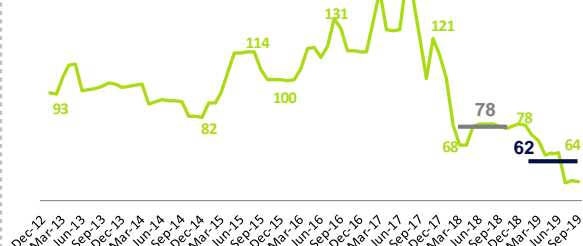
# Recycling & Recovery Europe

## Commodity prices evolution

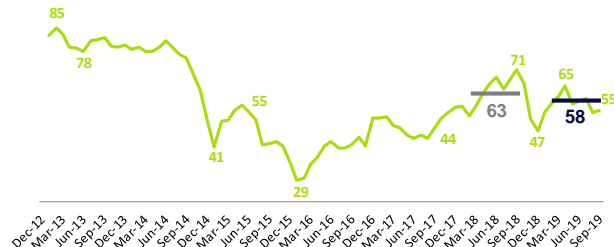
**BDSV Sorte 1 (ferrous metal, recycled) – in €/ton**



**1.05 (corrugated board) – in €/ton**



**Brent – in €/baril**



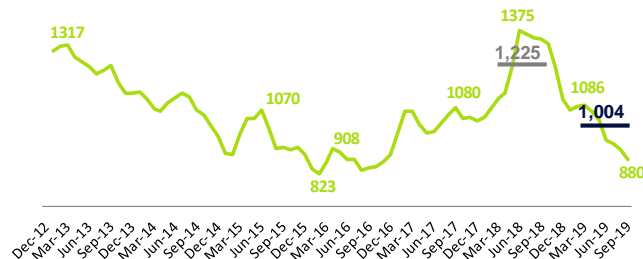
Average 9M 2019

Average 9M 2018

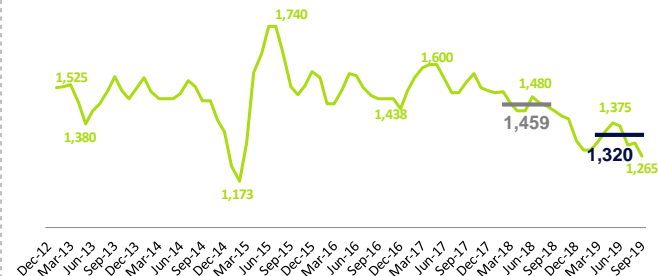
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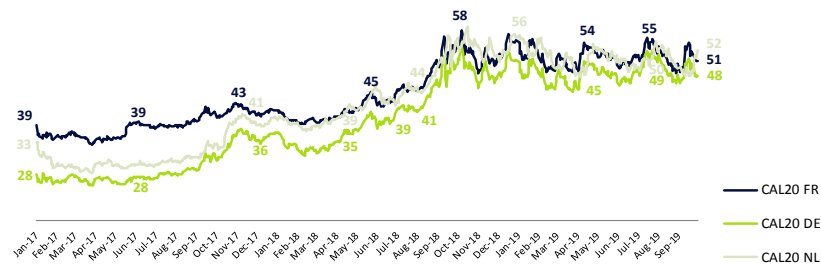
**PET (Virgin material) – in €/ton**



**PEBD – in €/ton**



**Electricity – in €/Mwh – CAL 20**



Average 9M 2019

Average 9M 2018

# Disclaimer

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# CONTACTS

## FINANCIAL COMMUNICATION

Mathilde Rodié

E-mail: [mathilde.rodie@suez.com](mailto:mathilde.rodie@suez.com)

Cécile Combeau

E-mail: [cecile.combeau@suez.com](mailto:cecile.combeau@suez.com)

E-mail:

[financial.communication@suez.com](mailto:financial.communication@suez.com)

Tel: + 33 (0)1 58 81 24 05

SUEZ

Tour CB21 – 16, place de l'Iris  
92040 Paris La Défense Cedex

