

# 9M 2018 Financial Results

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ready for the resource revolution



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# 9M 2018 Financial Results

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# Acceleration of growth in Q3

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- **Strong revenue growth in 9M 2018: +15.8% at constant FX<sup>(1)</sup>**
  - Guidance FY 2018: 9% at constant FX<sup>(1)</sup>
- **Organic revenue growth accelerating in Q3**
  - Highest quarterly growth rate since Q3 2011: +5,4%
  - Reaching +3,8% for 9M 2018, with positive trends in all four divisions
- **EBIT at constant FX<sup>(1)</sup> up +13.3%, with solid organic growth maintained at +7.5%**
  - Guidance FY 2018: 10% at constant FX<sup>(1)</sup>
  - Focused execution of Compass program generated €146m operational efficiencies for 9M 2018
- **Water Technologies & Solutions (WTS) integration on track**
  - Record level of organic growth at +6.9% for 9M 2018
  - \$30m sales and costs synergies already secured for 2018
  - Solid order intake: +14% vs. last year
- **Net Debt stable vs. end H1, deleveraging trend engaged**
  - €9.3bn at end Q3, taking into account normal seasonal effect related to working capital variation
  - Leverage under control: 3.4x at end Q3, targeting c.3.2x by year-end / c.3x upon completion of sale of 20% in the US regulated water activities

(1) Variation excluding the impact of the change in US tax law on regulated water activities and pre-GE Water Purchase Price Allocation

# Solid performance

In €m	9M 2017 restated <sup>(1)</sup>	9M 2018	gross	Variation excl. FX <sup>(2)</sup>	organic
<b>Revenue</b>	<b>11,234</b>	<b>12,697</b>	+13.0%	<b>+15.8%</b>	+3.8%
<b>EBITDA</b>	<b>1,920</b>	<b>2,048</b>	+6.7%	<b>+10.4%</b> <sup>(3)</sup>	+3.9%
<i>% Revenue</i>	17.1%	16.1%			
<b>EBIT pre GEW PPA</b>	<b>922</b>	<b>997</b>	+8.1%	<b>+13.3%</b>	+7.5%
<i>% Revenue</i>	8.2%	7.9%			
<b>EBIT</b>	<b>922</b>	<b>963</b>	+4.4%	<b>+9.7%</b>	+7.5%
<i>% Revenue</i>	8.2%	7.6%			

	9M 2017 restated <sup>(1)</sup>	9M 2018
<b>Net debt</b>	<b>9,013</b>	<b>9,332</b>
<i>Net debt / EBITDA</i>	3.5x	3.4x

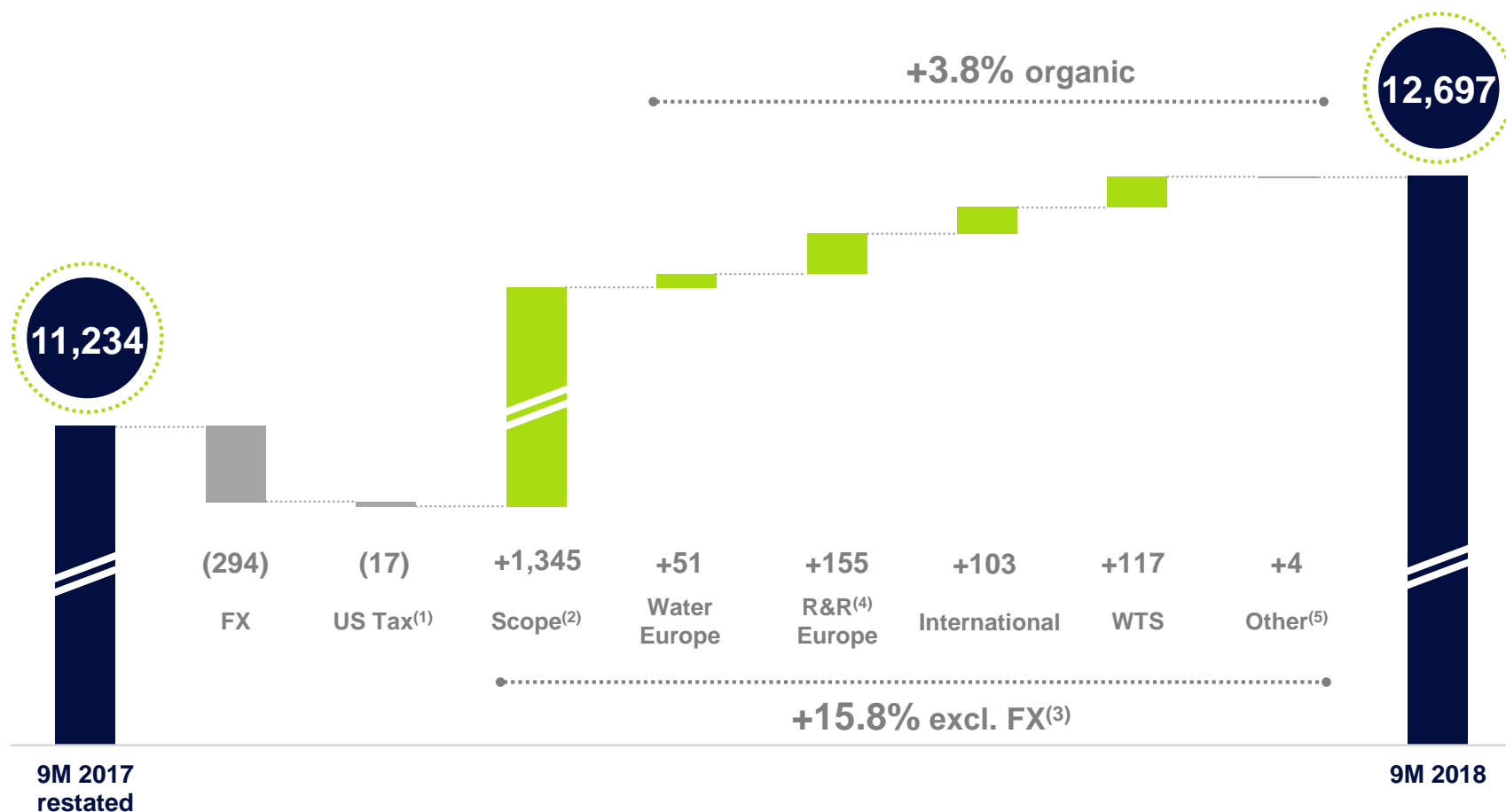
(1) All 9M 2017 numbers in the presentation are restated for comparison purpose further to implementation of IFRS 15 from Jan. 1<sup>st</sup> 2018 (see appendix for details of 9M 2017 key figures restated vs. published)

(2) Variation excluding the impact of the change in US tax law on regulated water activities which is neutral to net income group share (€(17)m impact on EBIT)

(3) Variation Pre-GE Water Purchase Price Allocation charge in 9M 2018 (€(6)m impact on EBITDA)

# Revenue up 15.8% excluding FX

Performance driven by robust organic growth and contribution of GE Water



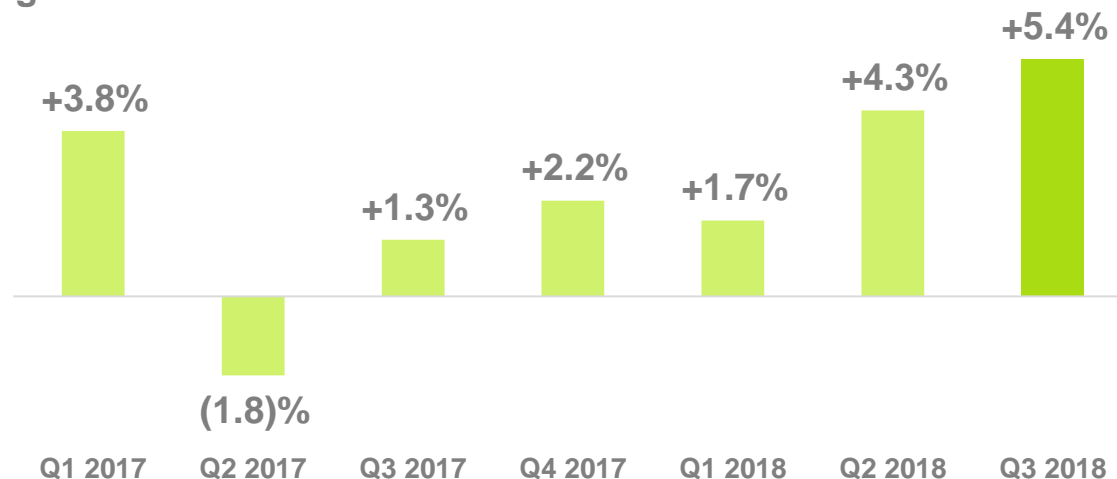
Revenue, in €m

- (1) Lower US tax rate on regulated water activities, passed through to customers, leads to lower revenue and EBIT, but is neutral to net income group share
- (2) Of which €1,376m scope effect relating to GE Water acquisition
- (3) At constant FX and excluding the impact of the change in US tax law on regulated water activities which is neutral to net income group share
- (4) Recycling & Recovery (5) Mainly SUEZ Consulting

# Revenue growth acceleration

Q3 2018 organic growth at +5.4%

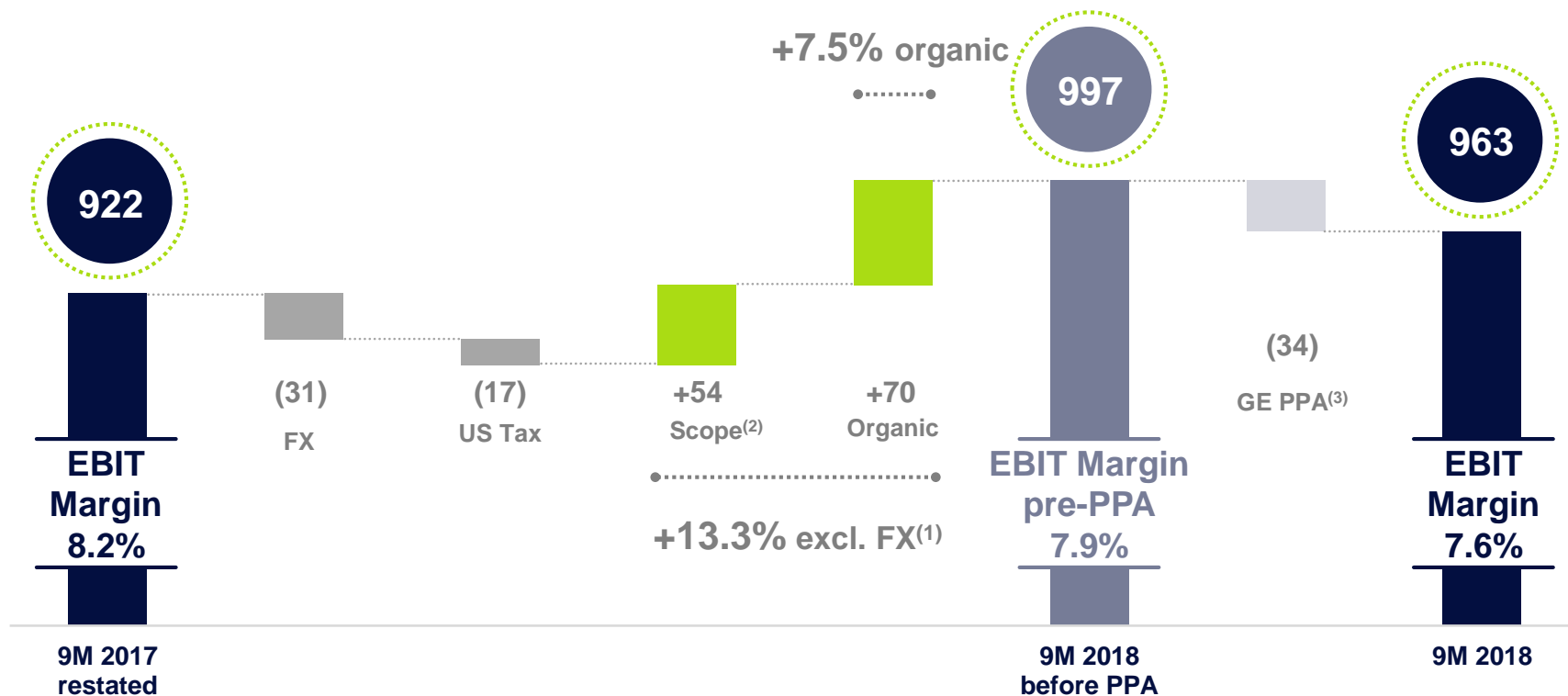
## Quarterly organic growth in revenue



- **Water Europe** is picking up, helped by supportive weather conditions in France
- **Recycling & Recovery Europe** continues to deliver good underlying performance, in spite of commodity price headwinds
- **International** is improving, thanks to strong performance of Australia and lower impact from construction activity slowdown
- **Water Technologies & Solutions** is posting record organic growth

# Strong operational performance

EBIT excluding FX is up 13.3%<sup>(1)</sup>; steady organic growth at 7.5% in Q3



EBIT, in €m

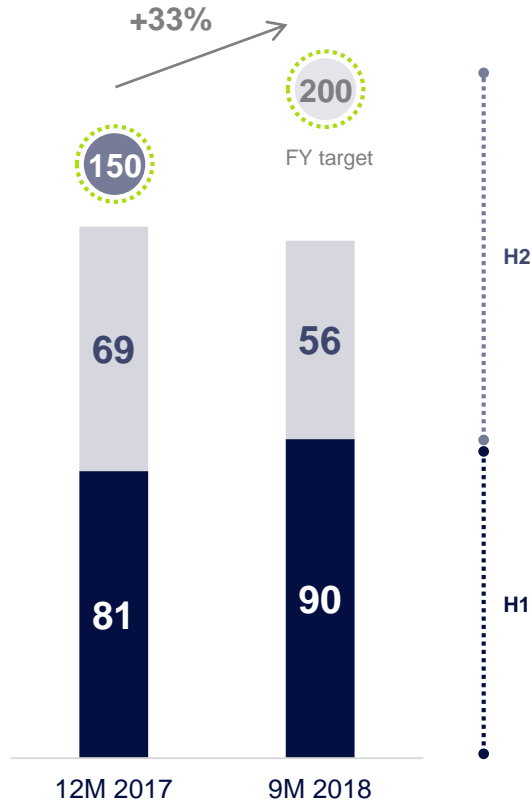
(1) Pre-GE Water Purchase Price Allocation charge in 2018 (€(34)m impact on EBIT) and excluding the impact of the change in US tax law on regulated water activities which is neutral to net income group share (€(17)m impact on EBIT) (2) Of which €61m scope effect relating to GE Water acquisition (3) GE Water Purchase Price Allocation



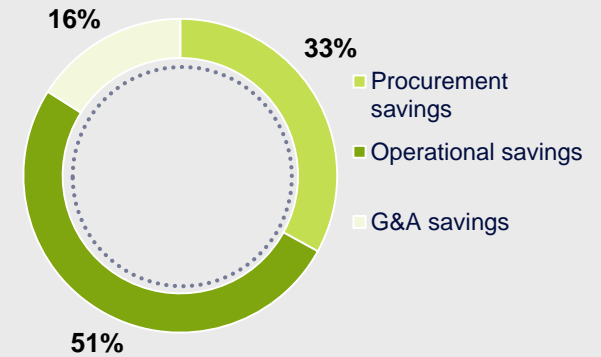
# Reinforced discipline on cost savings

€146m already achieved to date, focused implementation of action plan

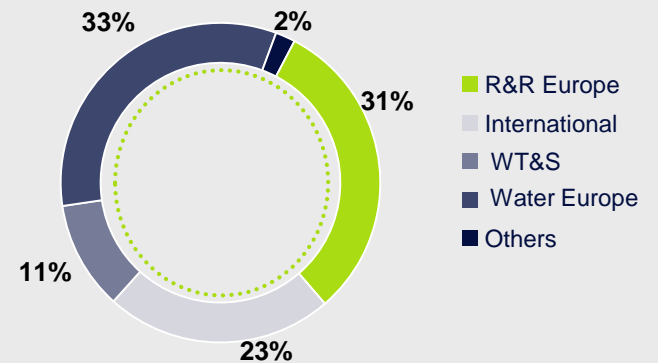
Compass cost savings  
In €m



## 9M 2018, savings by nature



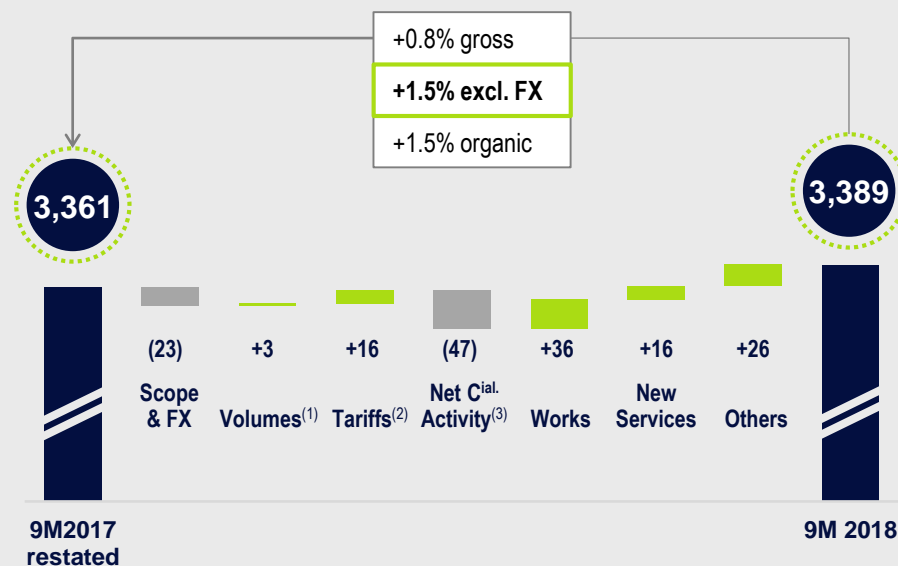
## 9M 2018, savings by division



# Organic revenue growth +1.5%

**+1.5% y-o-y organic growth,  
of which +3.7% in Q3 2018**

Revenue, in €m



- **France : improving trend with (0.7)% or €(12)m organic variation in revenue**
  - Volumes normalizing at (1.0)%, driven by supportive Q3 weather conditions
  - Tariffs up +1.0%
- **Spain: return to stable revenue organic variation (+€1m)**
  - Volumes down (1.1)%, following a rainy summer and a weaker touristic season
  - Tariffs up +0.1%, including tariff decrease in Barcelona since May
- **Latin America: continued solid organic growth with revenue up 10.0% or €62m**
  - Volumes up +3.8% in Chile and tariffs up +2.5%, reflecting FY contribution of 2017 tariff increases
  - Good commercial momentum notably in Panama and Mexico

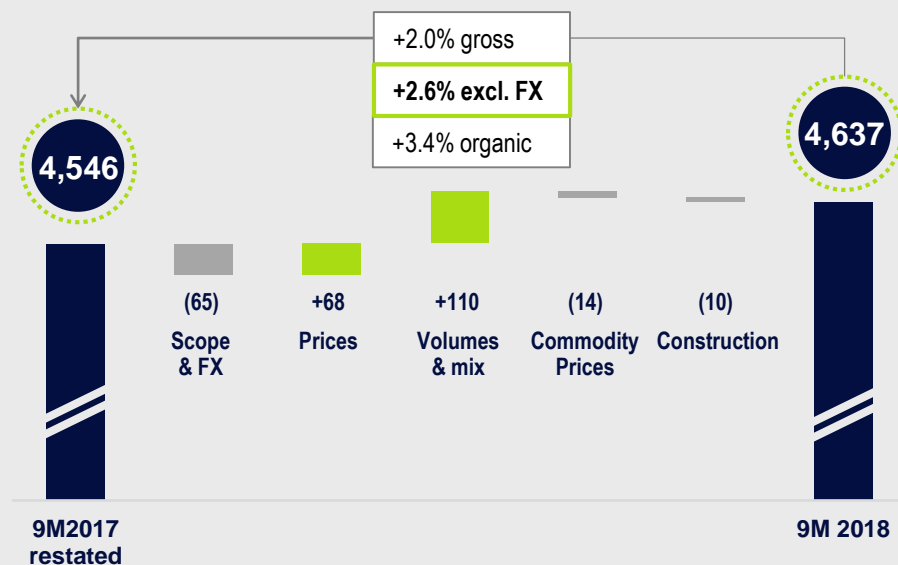
○ **Excluding FX, EBIT is stable, helped by a positive Q3**

(1) At iso contracts (2) Escalation formula (3) Net balance between contracts gained / renewed / lost & amended

## Revenue up +3.4% in spite of commodity price headwinds

**+3.4% y-o-y organic growth,  
of which +3.0% in Q3 2018**

Revenue, in €m



### ○ France: +5.6% or €129m organic growth

- Positive trends in volumes keep going on and prices are up

### ○ UK & Nordics: down 1.0% or €(8)m organically

- Strong increase in industrial volumes in the UK and in Sweden
- Impact of Tilbury Solid Recovered Fuel facility closure and lesser contribution of construction activity

### ○ Benelux & Germany: up 1.8% or €20m organic growth

- Increase in industrial activities in all 4 countries

### ○ Industrial Waste Specialties: +4.6% or €14m organic growth

- Increased volumes in hazardous waste (minerals) and soil remediation

### ○ Treated volumes are up +2.8% at 18.7mt

- Volumes in Q3 impacted by EfW maintenance program and voluntary reduction in exposure to paper

### ○ Continued pressure resulting from adverse evolutions of commodity prices

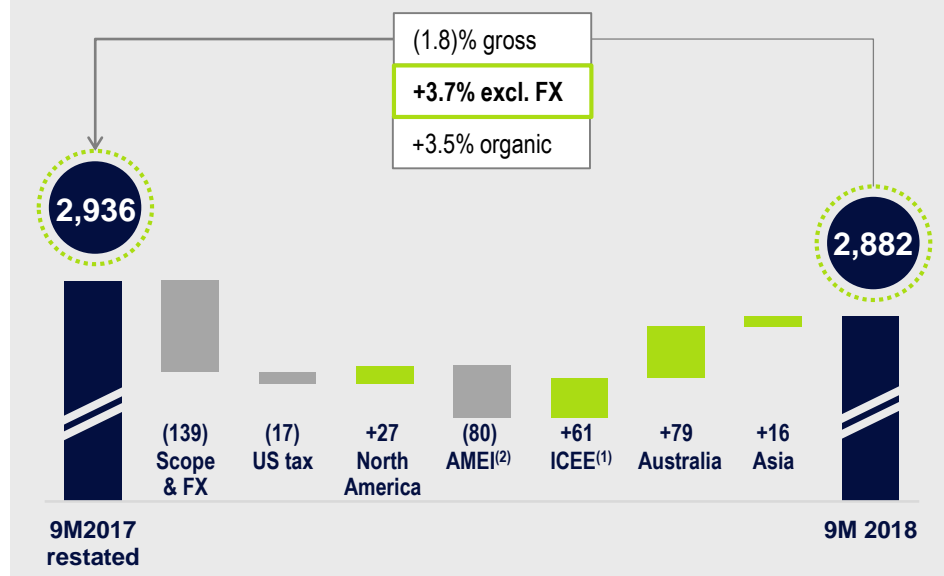
- Impacts at EBIT level : €(13)m due to increase on oil prices and €(18)m effect from decrease on recycled materials prices partially offset by increase on electricity prices

### ○ Excluding commodity prices impact, EBIT at constant FX is up

# Revenue up +3.5% with better Q3 in almost all geographies

**+3.5% y-o-y organic growth,  
of which +7.0% in Q3 2018**

Revenue, in €m



## North America: +3.8% organic growth

- Regulated business: volumes up +1.3% despite unfavorable weather conditions
- Non-regulated activities: strong growth

## Australia: +10.2% organic growth

- R&R: strong infrastructure activity in Sydney area

## Asia: +5.1% organic growth,

- Strong volumes in both water and waste in China

## Africa/Middle-East/India: revenue down 9.6%

- Morocco: unfavorable weather conditions in Q2 and Q3
- Termination of some construction contracts (Barka in Oman and Doha West in Qatar)

## Italy/Central & Eastern Europe: solid organic growth, with revenue up +20.5%

- R&R : dynamic remediation activity in Czech Republic and Poland

Construction backlog at €1,245m at end September, stable compared to December 2017

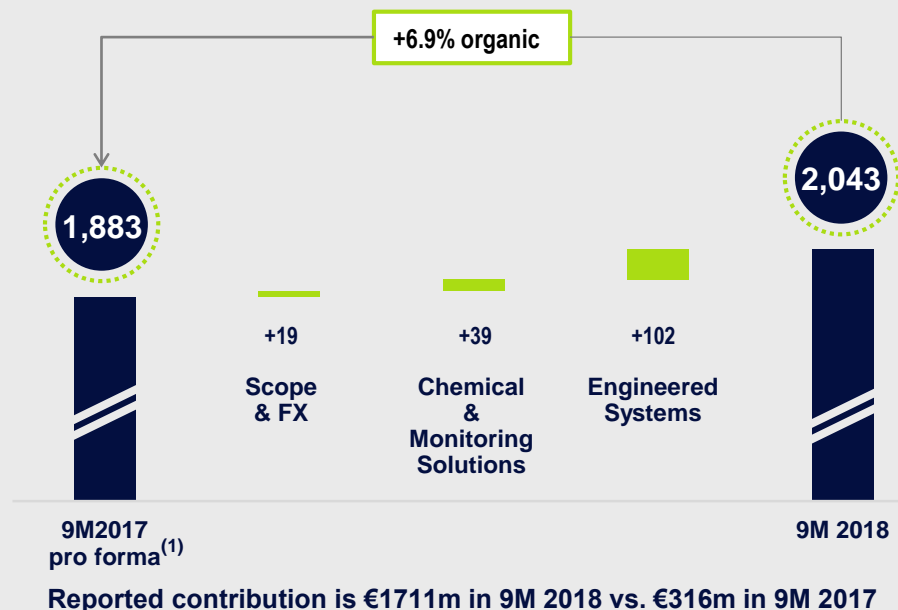
Overall EBIT excluding FX is up, with most geographies contributing positively

(1) Italy, Central and Eastern Europe (2) Africa, Middle East & India

## Organic growth at a high +6.9%, synergies ahead of schedule

### +6.9% y-o-y organic growth, of which +8.6% in Q3 2018

Revenue, in US\$m



### ○ Orders at US\$2 143m are up 14% vs. last year<sup>(1)</sup>

- Very strong commercial performance: orders up +22% for ES and +5% for CMS<sup>(2)</sup>

### ○ Revenue at US\$2,043m, up at a record +6.9% vs. last year<sup>(1)</sup>

- **ES**: +10%, driven by a very strong performance of products and services divisions
- **CMS**: +5% of which +2% in prices and +3% in volumes (China, Africa/Middle East, North America)

### ○ Integration: “value capture” program ahead of schedule

- US\$30m sales and cost synergies already secured for 2018

### ○ EBIT excluding FX significantly up vs. last year

(1) Estimation of 9M 2017 revenues based on current WTS scope – see appendix

(2) ES : Engineering Systems; CMS : Chemical & Monitoring Solutions



# Solid Q3 performance, full-year guidance confirmed

- Positive trends in all divisions
- Integration of WTS ahead of plan
- Focused on the execution of the action plan launched in March, with a clear roadmap:
  - Disciplined implementation of additional cost cutting measures
  - Reinforced capital investment selectivity to optimise returns
  - Value-creating growth and business transformation

## Confirmed full-year guidance

- Revenue: c.9% growth ex. FX<sup>(1)</sup>
- EBIT: c. 10% growth ex. FX<sup>(1)</sup> and pre-GE Water PPA estimated at c. €45m
- Free cash flow: c. €1bn<sup>(2)</sup>
- Net financial debt / EBITDA ratio: c. 3x
- Dividend policy: ≥ €0.65 per share in relation with FY18 results<sup>(3)</sup>

(1) Excluding the impact of the change in US tax law on regulated water activities, resulting in the transfer of €25 million in income from EBIT to taxable income, which is neutral to Net Income Group share

(2) Excluding payments associated with the voluntary departure plan in France and recognized in 2017 and excluding the GE Water integration costs

(3) Subject to 2019 Annual General Meeting approval

# APPENDICES

# 9M 2017 published and restated (IFRS 15) vs. 9M 2018

Revenue by division, EBITDA and EBIT

<i>In €m</i>	9M 2017 published	1 <sup>st</sup> application of IFRS 15	Industrial Water activities	9M 2017 restated	9M 2018
<b>Total revenue</b>	<b>11,301</b>	<b>(68)</b>	-	<b>11,234</b>	<b>12,697</b>
Water Europe	3,408	(47)	-	3,361	3,389
Recycling & Recovery Europe	4,565	(19)	-	4,546	4,637
International	2,938	(2)	-	2,936	2,882
Water Technologies & Solutions	-	-	+316	316	1,711
Others	390	-	(316)	74	78
<b>EBITDA</b>	<b>1,924</b>	<b>(4)</b>	-	<b>1,920</b>	<b>2,048</b>
<b>EBIT</b>	<b>926</b>	<b>(4)</b>	-	<b>922</b>	<b>963</b>

# FY 2017 published and restated (IFRS 15), after PPA impact

Revenue, EBITDA and EBIT by division

<i>In €m</i>	FY 2017 published	1 <sup>st</sup> application of IFRS 15	GE Water PPA impact	FY 2017 restated
<b>Total revenue</b>	<b>15,871</b>	<b>(88)</b>	-	<b>15,783</b>
Water Europe	4,680	(62)	-	4,619
Recycling & Recovery Europe	6,165	(25)	-	6,139
International	3,952	(1)	-	3,951
Water Technologies & Solutions	971	-	-	971
Others	103	-	-	103
<b>Total EBITDA</b>	<b>2,641</b>	<b>(2)</b>	<b>(61)</b>	<b>2,578</b>
Water Europe	1,165	(1)	-	1,165
Recycling & Recovery Europe	708	0	-	708
International	801	(2)	-	799
Water Technologies & Solutions	92	-	(61)	31
Others	(124)	-	-	(124)
<b>Total EBIT</b>	<b>1,284</b>	<b>(2)</b>	<b>(70)</b>	<b>1,212</b>
Water Europe	516	(1)	-	515
Recycling & Recovery Europe	303	0	-	303
International	557	(2)	-	555
Water Technologies & Solutions	59	-	(70)	(11)
Others	(151)	-	-	(151)

# Revenue by division

<i>In €m</i>	9M 2017 restated	9M 2018	in % of total	Variation	
				gross	organic
<b>WATER EUROPE</b>	<b>3,361</b>	<b>3,389</b>	<b>26.7%</b>	<b>+0.8%</b>	<b>+1.5%</b>
Water France	1,618	1,606	12.6%	(0.7)%	(0.7)%
Spain	1,120	1,120	8.8%	+0.0%	+0.0%
Latam	624	662	5.2%	+6.2%	+10.0%
<b>RECYCLING &amp; RECOVERY EUROPE</b>	<b>4,546</b>	<b>4,637</b>	<b>36.5%</b>	<b>+2.0%</b>	<b>+3.4%</b>
France	2,301	2,380	18.7%	+3.4%	+5.6%
UK	664	640	5.0%	(3.6)%	(2.9)%
Sweden	182	181	1.4%	(0.2)%	+6.3%
Benelux/Germany	1,094	1,109	8.7%	+1.4%	+1.8%
Industrial Waste Specialties (IWS)	305	326	2.6%	+6.8%	+4.6%
<b>INTERNATIONAL</b>	<b>2,936</b>	<b>2,882</b>	<b>22.7%</b>	<b>(1.8)%</b>	<b>+3.5%</b>
North America	710	675	5.3%	(5.0)%	+3.8%
Australia	776	797	6.3%	+2.7%	+10.2%
Africa, Middle East & India	834	734	5.8%	(11.9)%	(9.6)%
Asia	319	315	2.5%	(1.4)%	+5.1%
Italy, Central and Eastern Europe	297	362	2.9%	+22.0%	+20.5%
<b>WATER TECHNOLOGIES &amp; SOLUTIONS</b>	<b>316</b>	<b>1,711</b>	<b>13.5%</b>	<b>+441.5%</b>	<b>+6.9%<sup>(1)</sup></b>
<b>OTHER<sup>(2)</sup></b>	<b>74</b>	<b>78</b>	<b>0.6%</b>	<b>+5.0%</b>	<b>+5.0%</b>
<b>TOTAL</b>	<b>11,234</b>	<b>12,697</b>	<b>100.0%</b>	<b>+13.0%</b>	<b>+3.8%</b>

(1) Variation vs. estimation of 9M 2017 revenue based on current WTS scope

(2) Mainly SUEZ Consulting



# Revenue growth by division

<i>In €m</i>	9M 2017 restated	9M 2018	in % of total	gross	Variation		FX
					organic	scope	
Water Europe	3,361	3,389	26.7%	+0.8%	+1.5%	+0.0%	(0.7)%
Recycling & Recovery Europe	4,546	4,637	36.5%	+2.0%	+3.4%	(0.8)%	(0.6)%
International	2,936	2,882	22.7%	(1.8)%	+3.5%	+0.2%	(4.9)%
Water Technologies & Solutions	316	1,711	13.5%	N/A	+6.9% <sup>(1)</sup>	N/A	N/A
Other <sup>(2)</sup>	74	78	0.6%	+5.0%	+5.0%	+0.0%	+0.0%
<b>TOTAL</b>	<b>11,234</b>	<b>12,697</b>	<b>100.0%</b>	<b>+13.0%</b>	<b>+3.8%</b>	<b>+12.0%</b>	<b>(2.6)%</b>

<i>In €m</i>	3Q 2017 restated	3Q 2018	in % of total	gross	Variation		FX
					organic	scope	
Water Europe	1,121	1,159	26.7%	+3.3%	+3.6%	+0.0%	(0.3)%
Recycling & Recovery Europe	1,503	1,519	35.0%	+1.0%	+3.0%	(1.5)%	(0.5)%
International	991	1,040	23.9%	+4.9%	+7.0%	+0.2%	(1.5)%
Water Technologies & Solutions	101	605	13.9%	N/A	+8.6% <sup>(1)</sup>	N/A	N/A
Other <sup>(2)</sup>	24	23	0.5%	(1.9)%	(1.9)%	+0.0%	+0.0%
<b>TOTAL</b>	<b>3,740</b>	<b>4,346</b>	<b>100.0%</b>	<b>+16.2%</b>	<b>+5.4%</b>	<b>+11.9%</b>	<b>(0.9)%</b>

(1) Variation vs. estimation of 9M 2017 revenue based on current WTS scope (2) Mainly SUEZ Consulting

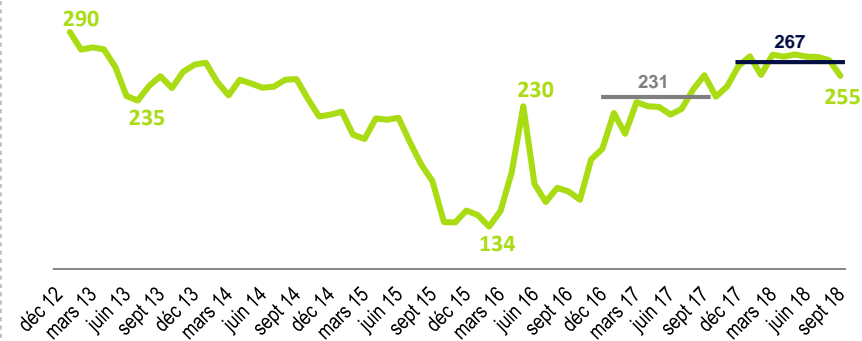
# Revenue by geographies

<i>In €m</i>	9M 2017 restated	9M 2018	in % of Total	Variation
<b>FRANCE</b>	<b>3,718</b>	<b>3,757</b>	<b>29.6%</b>	<b>+1.1%</b>
Spain	1,268	1,264	10.0%	(0.3)%
UK	707	733	5.8%	+3.6%
Germany	441	465	3.7%	+5.5%
Benelux	809	866	6.8%	+7.0%
Others Europe	624	791	6.2%	+26.9%
<b>EUROPE (excluding France)</b>	<b>3,849</b>	<b>4,118</b>	<b>32.4%</b>	<b>+7.0%</b>
North America	839	1,532	12.1%	+82.5%
South America	670	820	6.5%	+22.4%
Oceania	854	889	7.0%	+4.1%
Asia	423	696	5.5%	+64.3%
Africa	651	676	5.3%	+3.8%
Others International	230	209	1.6%	(9.2)%
<b>INTERNATIONAL (excluding Europe)</b>	<b>3,667</b>	<b>4,821</b>	<b>38.0%</b>	<b>+31.5%</b>
<b>TOTAL REVENUE</b>	<b>11,234</b>	<b>12,697</b>	<b>100.0%</b>	<b>+13.0%</b>

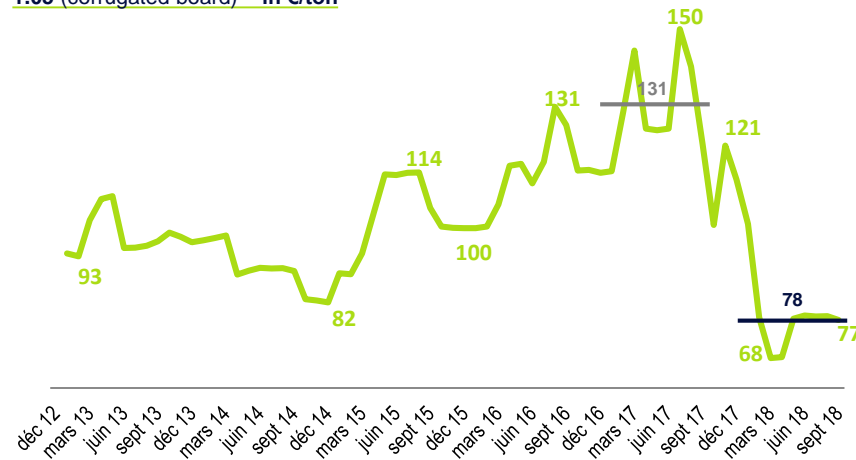
# Recycling & Recovery Europe

## Commodity prices evolution

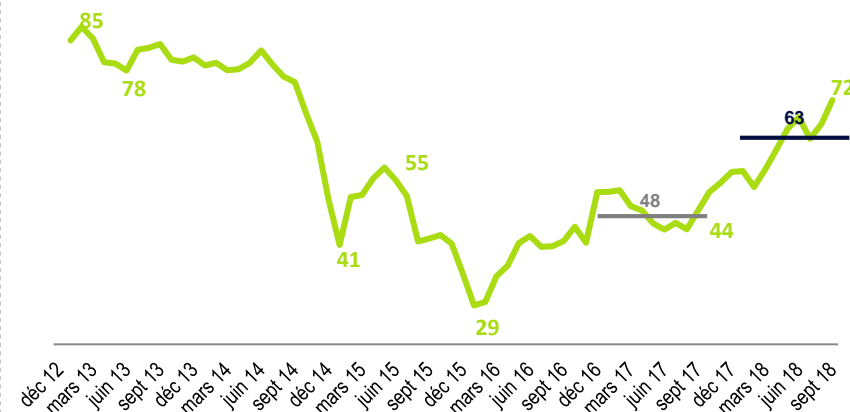
**BDSV Sorte 1 (ferrous metal, recycled) – in €/ton**



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



**Brent – in €/baril**



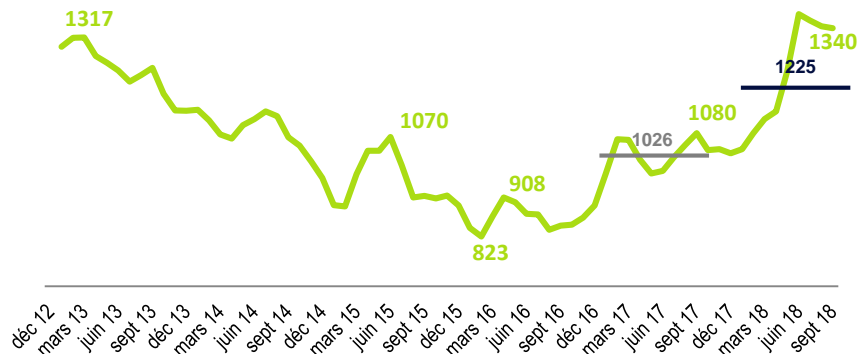
Average 9M 2018

Average 9M 2017

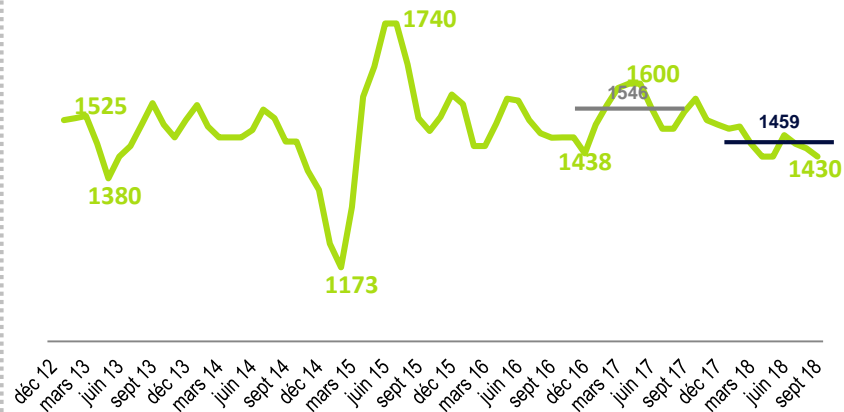
# Recycling & Recovery Europe

## Commodity prices evolution

PET (Virgin material) – in €/ton



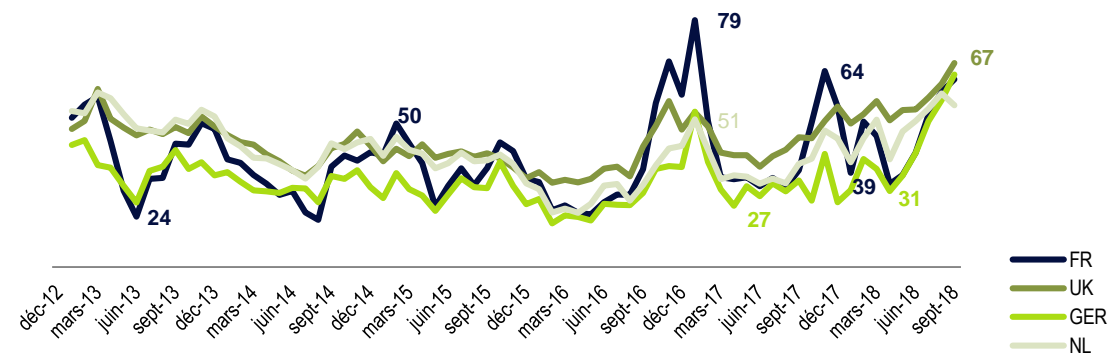
PEBD – in €/ton



Average 9M 2018

Average 9M 2017

Electricity – spot prices – in €/Mwh



## WT&S pro forma figures

Estimation key figures as if the division had been 100% consolidated in 2017

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<i>in millions USD</i>	<b>Q1 2017 pro forma</b>	<b>H1 2017 pro forma</b>	<b>9M 2017 pro forma</b>	<b>FY 2017 pro forma</b>
Revenue	588	1,217	1,883	2,643
EBITDA		85		240
EBIT		28		118