

H1 2018 Results

July 26th, 2018

ready for the resource revolution



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H1 2018 Highlights

Jean-Louis Chaussade
Chief Executive Officer

A strong first half-year, doubling net income

- Accelerated revenue growth: +15.0% at constant FX
- Robust commercial momentum
- Strong performance: EBIT at constant FX up 12.0%⁽¹⁾, supported by International division and Water Technologies & Solutions (WT&S)
- WT&S integration boding well:
 - Orders up +18% vs. last year
 - Good operational dynamic with revenue up 6.1% vs. last year
 - Value capture programme ahead of schedule
- A new minority shareholder in US regulated water activities to accelerate their development
- Focusing on the execution of the action plan launched in March

(1) Pre-GE Water Purchase Price Allocation (GEW PPA) charge in 2018 (€(22)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 (€(9)m impact on EBIT)

A strong first half-year, doubling net income

| In €m | H1 2017 restated ⁽¹⁾ | H1 2018 | gross | Variation excl. FX ⁽²⁾ | organic |
|---------------------------------|------------------------------------|--------------|--------|--------------------------------------|---------|
| Revenue | 7,493 | 8,351 | +11.4% | +15.0% ✓ | +3.0% |
| EBITDA | 1,268 | 1,323 | +4.4% | +8.8% | +2.6% |
| <i>% Revenue</i> | 16.9% | 15.8% | | | |
| EBIT pre GEW PPA | 594 | 630 | +6.0% | +12.0% ✓ | +7.5% |
| <i>% Revenue</i> | 7.9% | 7.5% | | | |
| EBIT | 594 | 607 | +2.3% | +8.3% | +7.5% |
| <i>% Revenue</i> | 7.9% | 7.3% | | | |
| Net income (group share) | 44 | 90 | x2.0 | | |

| | H1 2017 restated ⁽¹⁾ | H1 2018 | gross variation |
|---|------------------------------------|--------------|--------------------|
| Free cash flow | 191 | 238 | +24.6% |
| Net investments | 334 | 691 | |
| Net debt <i>(as of 31/12/17)</i> | 8,473 | 9,323 | |
| <i>Net debt / EBITDA</i> | 3.0x | 3.5x | |

(1) All H1 2017 numbers in the presentation are restated for comparison purpose further to implementation of IFRS 15 from Jan. 1st 2018 (see appendix 2 for details of H1 2017 *restated* vs. *published*)

(2) Pre-GE Water Purchase Price Allocation charge in H1 2018 (€(22)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 (€(9)m impact on EBIT)

Focusing on the execution of the action plan launched in March



AMPLIFY TRANSFORMATION & COST-CUTTING MEASURES

- More digital to enhance productivity and operational efficiency
- More rationalization and mutualization in resources & skills
- €90m of cost savings achieved in H1 comforting the €200m FY18 target



FRANCE: FOSTER A NEW MOMENTUM

- Boosting marketing approach, with a strong coordination between waste and water activities
- One single manager for both BUs in each support functions

**Deliver
higher profitability**

Drive value creation



DEPLOY RESOURCES TO ACCELERATE GROWTH OUTSIDE EUROPE

- Increasing selectivity and prioritizing profitability over growth
- Seeking scale in safe emerging markets
- Reinforcing salesforce and cross selling

**Generate
stronger growth**

EXTRACT MAXIMUM VALUE FROM WT&S

- Achieved \$11m cost and revenue synergies in H1
- \$1.2bn of top-line opportunities identified
- Identified and secured \$28m synergies for 2018 and \$53m for 2019 at EBIT level
- Booked +18% orders vs. last year



H1 2018 Financial results

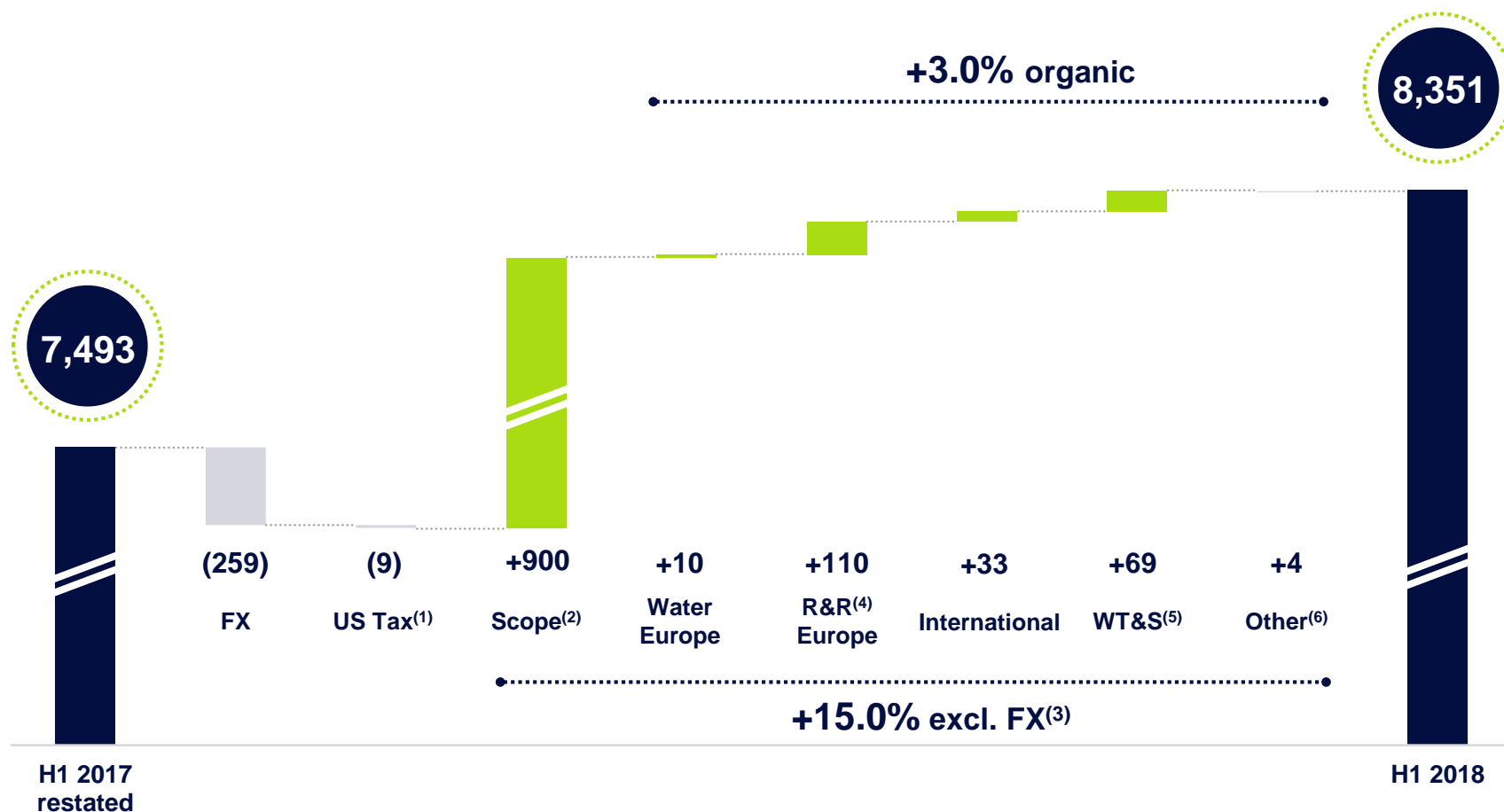
Jean-Marc Boursier

Group Senior Executive Vice-President

Finance and Recycling & Recovery Northern Europe

Revenue up 15.0% excluding FX

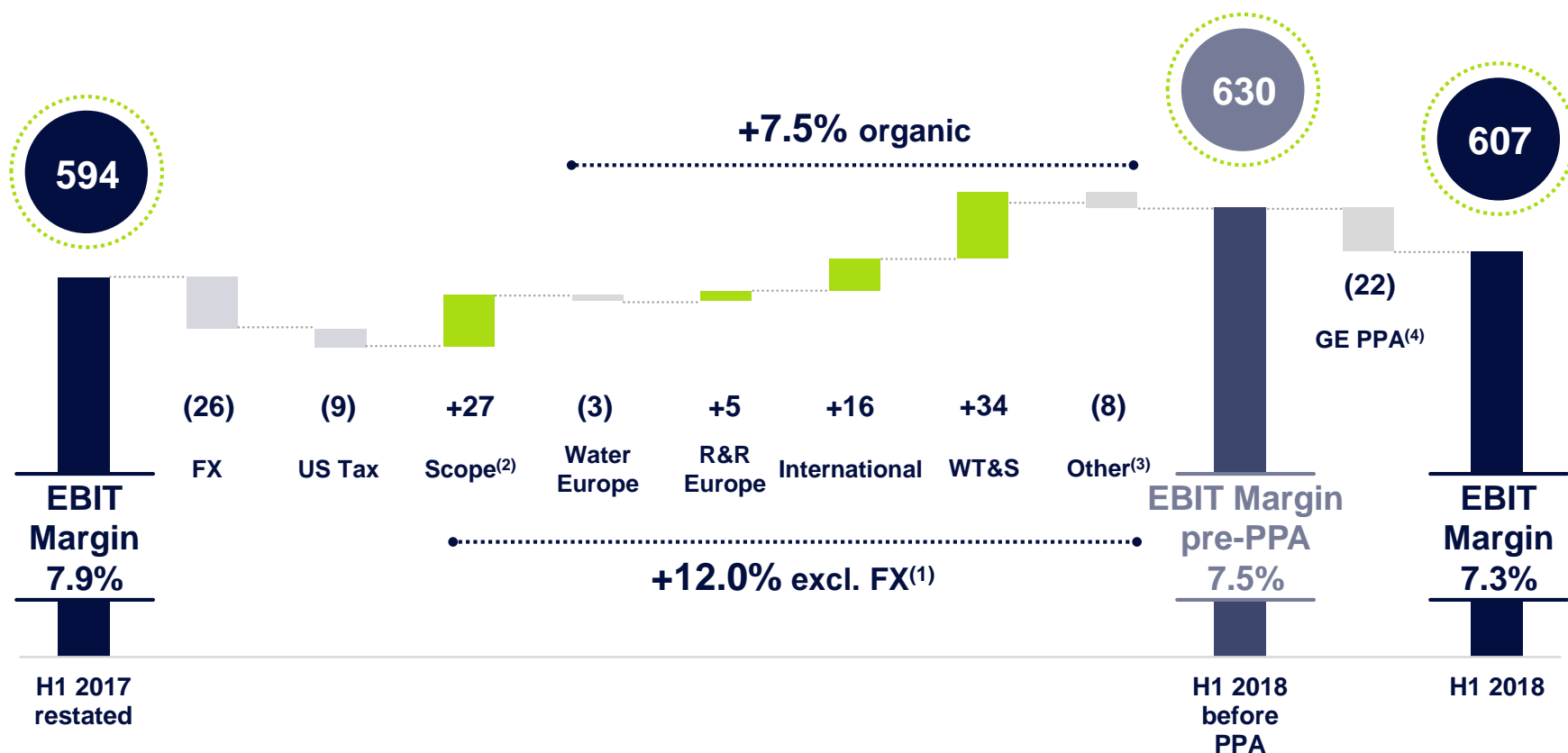
Results driven by contribution of GE Water and robust organic growth



Revenue, in €m

EBIT excluding FX is up 12.0%⁽¹⁾

Growth driven by International division and WT&S



EBIT, in €m

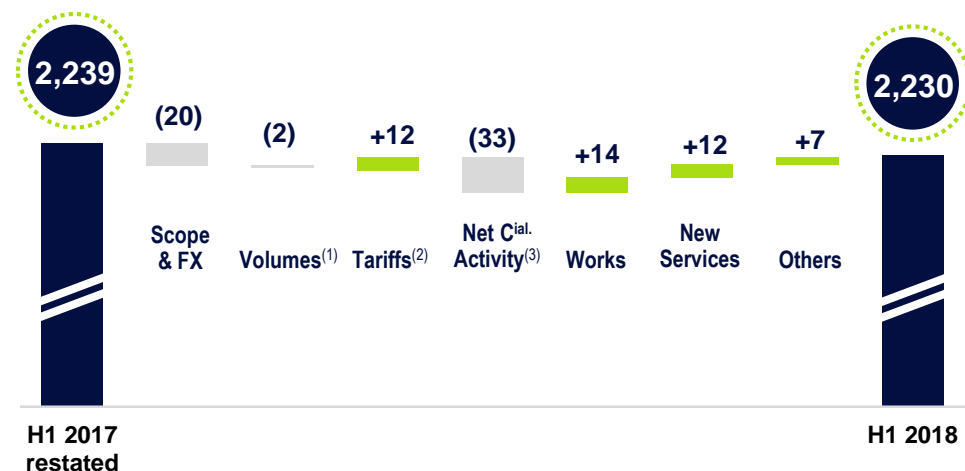
(1) Pre-GE Water Purchase Price Allocation charge in 2018 (€22)m impact on EBIT) and excluding the impact of the change in US tax law on regulated water activities which is neutral to net income group share (€9)m impact on EBIT)

(2) Of which €33m scope effect relating to GE Water acquisition

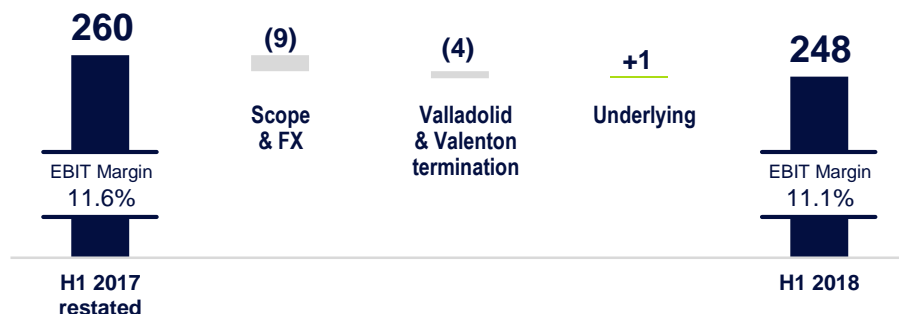
(3) Mainly SUEZ Consulting & Corporate Center (4) GE Water Purchase Price Allocation – see appendix 2

Strong activity in Chile offsetting poor weather conditions in Europe

Revenue, in €m



EBIT, in €m



Volumes: varied trends, driven by weather conditions

| Mm ³ sold | H1 2018 | Δ 18/17 ⁽¹⁾ |
|----------------------|---------|------------------------|
| France | 291 | (2.0)% |
| Spain | 310 | (0.2)% |
| Chile | 312 | +4.0% |

+0.5% organic growth in revenue, on the back of slightly improved tariffs:

- France: +0.8% on DSP⁽⁴⁾, reflecting low inflation environment
- Spain: overall stability, including tariff decrease in Barcelona since May
- Chile: +2.5%, reflecting FY contribution of 2017 tariff increase

Net commercial activity mainly impacted by Valladolid and Valenton contracts termination

Profitability affected by €(7)m FX impact on EBIT from Chilean peso

Ongoing efficiency measures to stabilize margin

(1) At iso contracts (2) Escalation formula (3) Net balance between contracts gained / renewed / lost & amended
(4) Delegation of public services

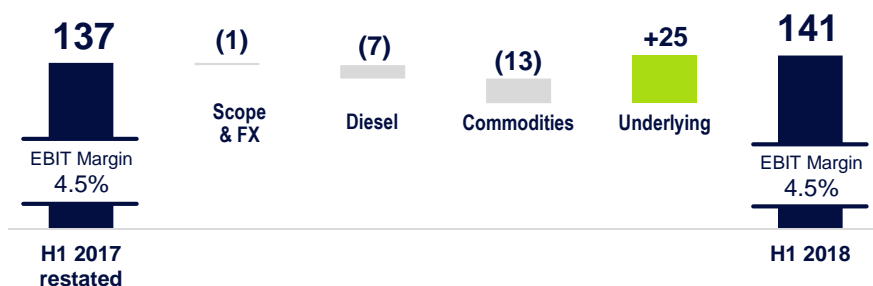
Recycling & Recovery Europe

Positive underlying trends

Revenue, in €m



EBIT, in €m



Pick up in processed volumes

| Mt | H1 2018 | Δ 18/17 |
|---------------------|---------|---------|
| Elimination | 3.9 | +8.5% |
| Recovery | 8.7 | +1.0% |
| Energy from Waste | 4.6 | +3.7% |
| Sorting & Recycling | 4.0 | (2.0)% |
| Processed volumes | 12.6 | +3.2% |

Delivering +3.6% revenue organic growth

Positive price evolution, notably in France and Benelux

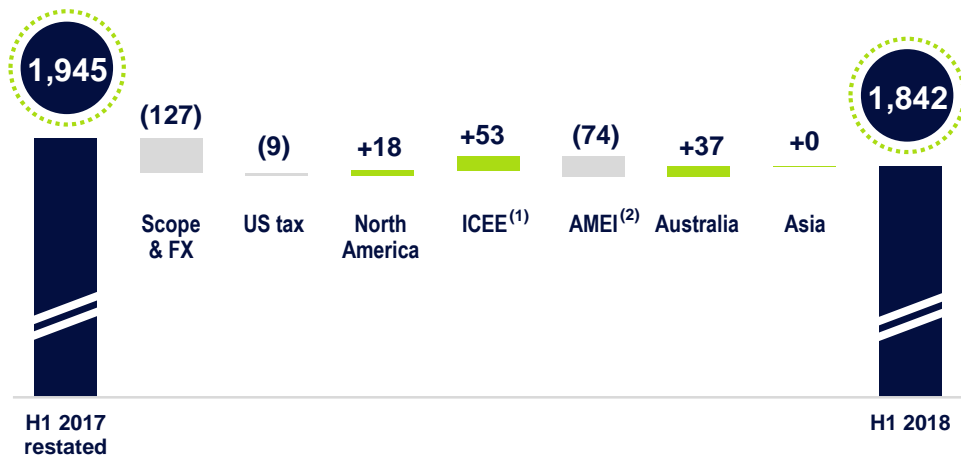
Recyclates: strong decline in Paper prices after Chinese Sword offset by a continuous positive trend for ferrous and non-ferrous metals

EBIT up 3.6% organic

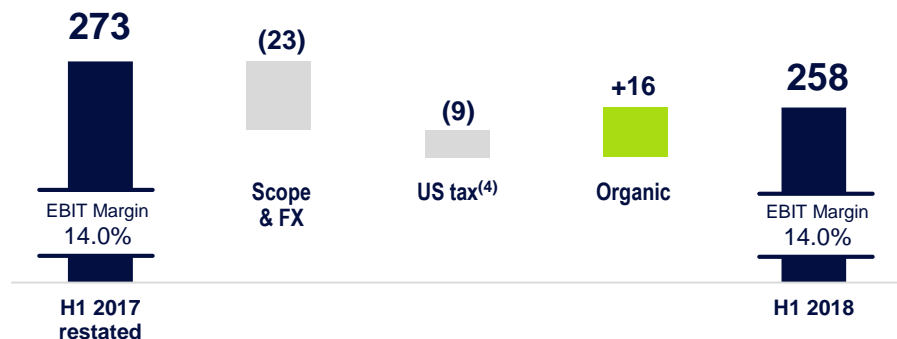
Despite negative commodity impact, performance improvement continues, particularly in Benelux, in the UK and for IWS European hazardous waste activity

EBIT organic growth picking up, driven by Australia and Asia

Revenue, in €m



EBIT, in €m



Volumes evolution

| | H1 2018 | Δ 18/17 |
|--------------------------------------|---------|----------------------|
| DB backlog - €bn | 1.3 | (8.9)% |
| China – Mm ³ sold | 392 | +6.8% ⁽³⁾ |
| North America - Mm ³ sold | 127 | +1.4% |
| Morocco - Mm ³ sold | 74 | +(1.3)% |
| China/Australia – Waste treated mt | 5.4 | +6.3% |

Revenue up 1.7% organic:

- ICEE: +28.2% thanks to new soil remediation business in Czech Republic and construction
- Australia: +7.0% thanks to strong waste activities
- North America: +3.9% thanks to rates and volumes increases
- Termination of some construction contracts weigh on Asia (OWTF: €(6)m) and AMEI regions (Barka & Doha West: €(73)m)

All geographies show an improving organic profitability.

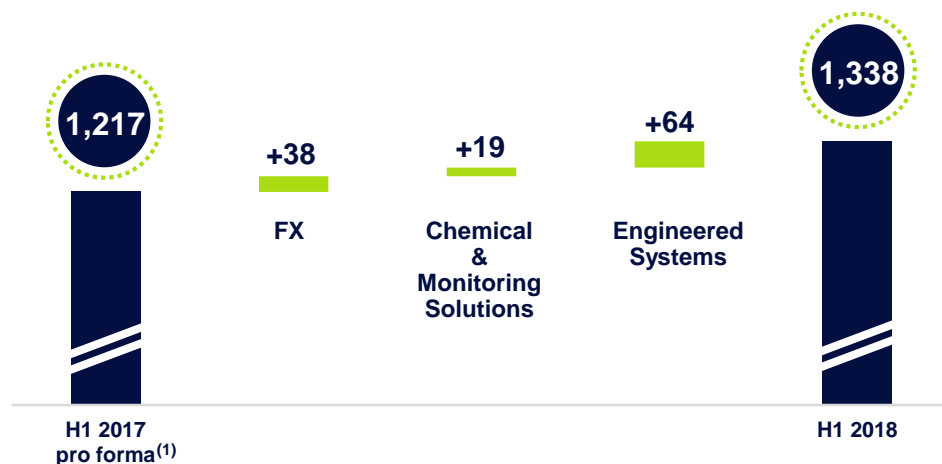
Noticeable performance for Asia and Australia

(1) Italy, Central and Eastern Europe (2) Africa, Middle East & India (3) At iso contracts (4) Impact of the change in US tax law on regulated water activities which is neutral to net income group share (€(9)m impact on EBIT)

Water Technologies & Solutions

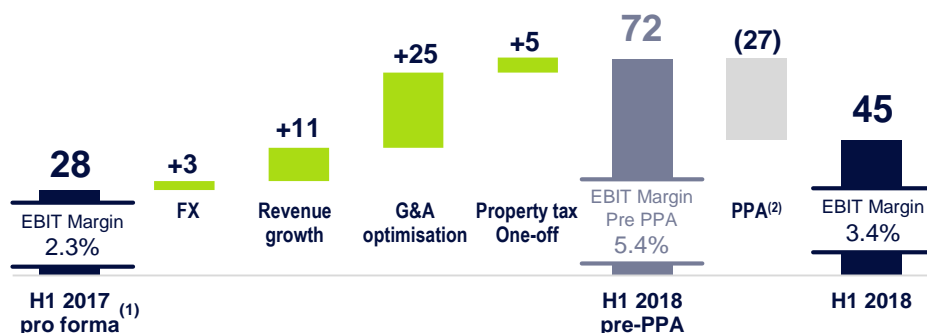
Improving profitability, first benefits of GE Water integration

Revenue, in \$m



Reported contribution is €1,106m in H1 2018 vs. €215m in H1 2017

EBIT, in \$m



Reported contribution is €37m in H1 2018 vs. €(7)m in H1 2017

Orders evolution

| In \$m | H1 2018 | Δ 18/17 |
|---------------------------------------|--------------|-------------|
| Engineered Systems (ES) | 854 | +28% |
| Chemical & Monitoring Solutions (CMS) | 561 | +6% |
| TOTAL | 1,415 | +18% |

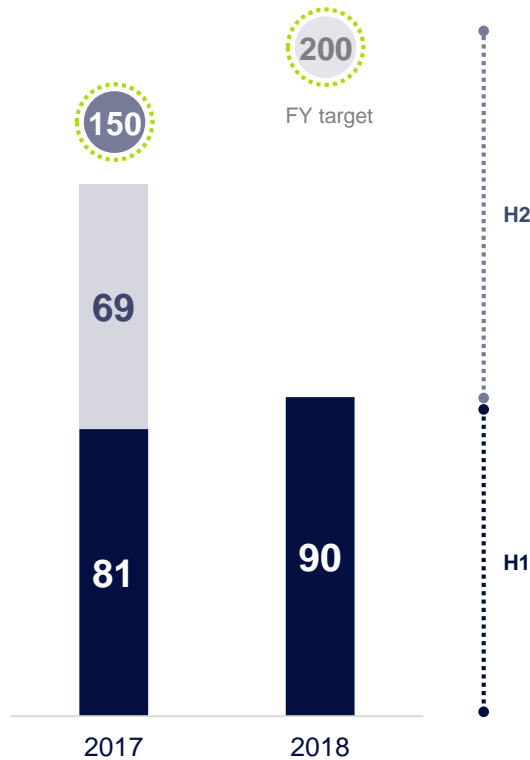
Revenue up 6.1% organic and profitability pre-PPA⁽²⁾ doubling:

- ES: very strong performance of product division, notably Analytical Instruments, Ultra Filtration and mobiles units
- CMS: increase driven by volumes growth in Northern America, China and Europe and productivity measures
- Corporate G&A: synergies generated by value capture programme (GE TSA progressive replacement) and one-off benefit on property tax

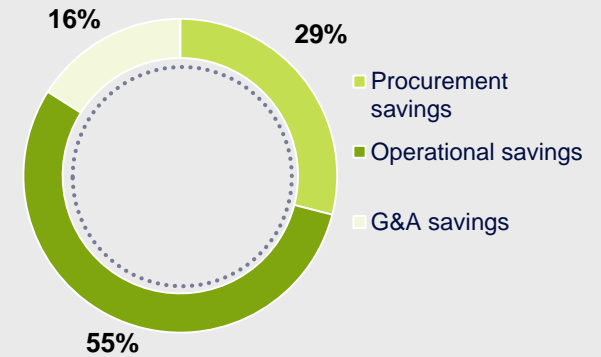
Ongoing strong discipline on cost savings

Confirmation of €200m annual target

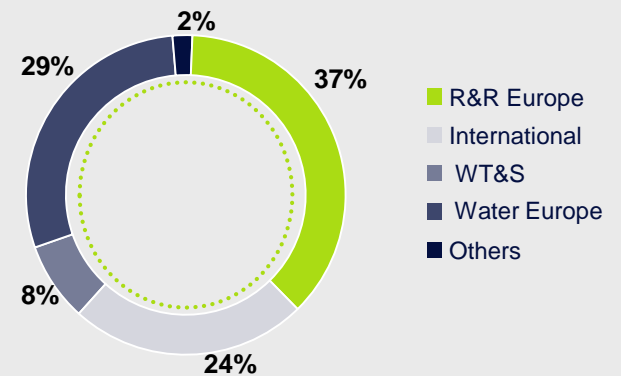
Compass cost savings
In €m



H1 2018, savings by nature



H1 2018, savings by division



Income from operating activities up 9.5%

| <i>In €m</i> | H1 2017 restated | H1 2018 | Variation |
|---|---------------------|--------------|--------------|
| EBITDA | 1,268 | 1,323 | +4.4% |
| Depreciation | (553) | (581) | +5.1% |
| Other (concession charges, provisions, ESOP ⁽¹⁾) | (121) | (112) | (7.4)% |
| EBIT pre-PPA | 594 | 630 | +6.1% |
| Purchase price allocation (GE Water acquisition) ⁽²⁾ | - | (22) | N.S. |
| EBIT | 594 | 607 | +2.3% |
| Restructuring costs | (86) | (58) | (32.4)% |
| Others (MtM) | 22 | 26 | +20.4% |
| IFRIC 21 impact | (42) | (42) | (0.5)% |
| INCOME FROM OPERATING ACTIVITIES | 488 | 534 | +9.5% |

Net income group share doubled

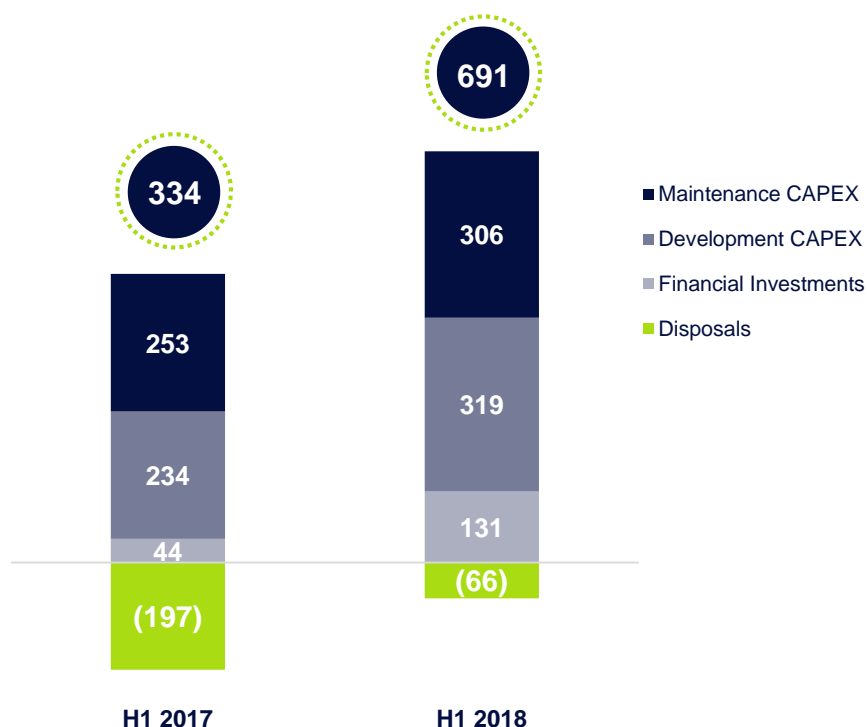
| <i>In €m</i> | H1 2017 restated | H1 2018 | Variation | |
|---|---------------------|------------|----------------|--|
| Income from operating activities | 488 | 534 | +9.5% | |
| Cost of net debt | (192) | (205) | +6.7% | ▶ Cost of net debt ⁽¹⁾ : 3.2% vs. 4.0% in H1 2017 |
| Other financial result | (25) | (32) | +28.8% | |
| Income tax | (106) | (89) | (15.9)% | ▶ Effective tax rate: 43.6% vs. 66.5% in H1 2017 |
| NET INCOME | 165 | 208 | +25.9% | |
| Non-controlling interests | (121) | (118) | (2.4)% | |
| NET INCOME (GROUP SHARE) | 44 | 90 | +103.2% | |

(1) Excluding securitization cost and inflation-link cost in Chile

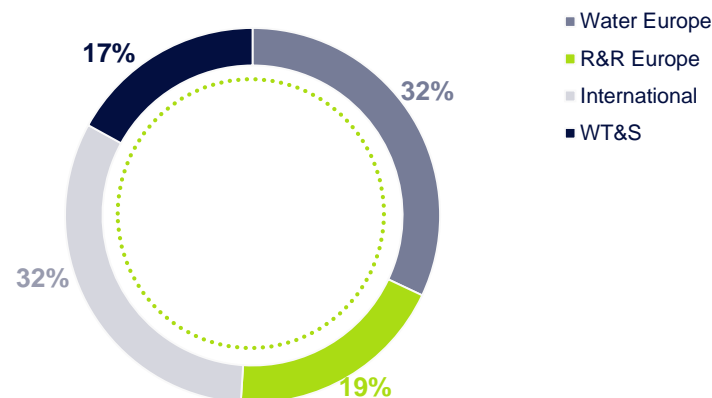
Selective Capex

In-line with strategic priorities

Investments, in €m



Investments by division, in %

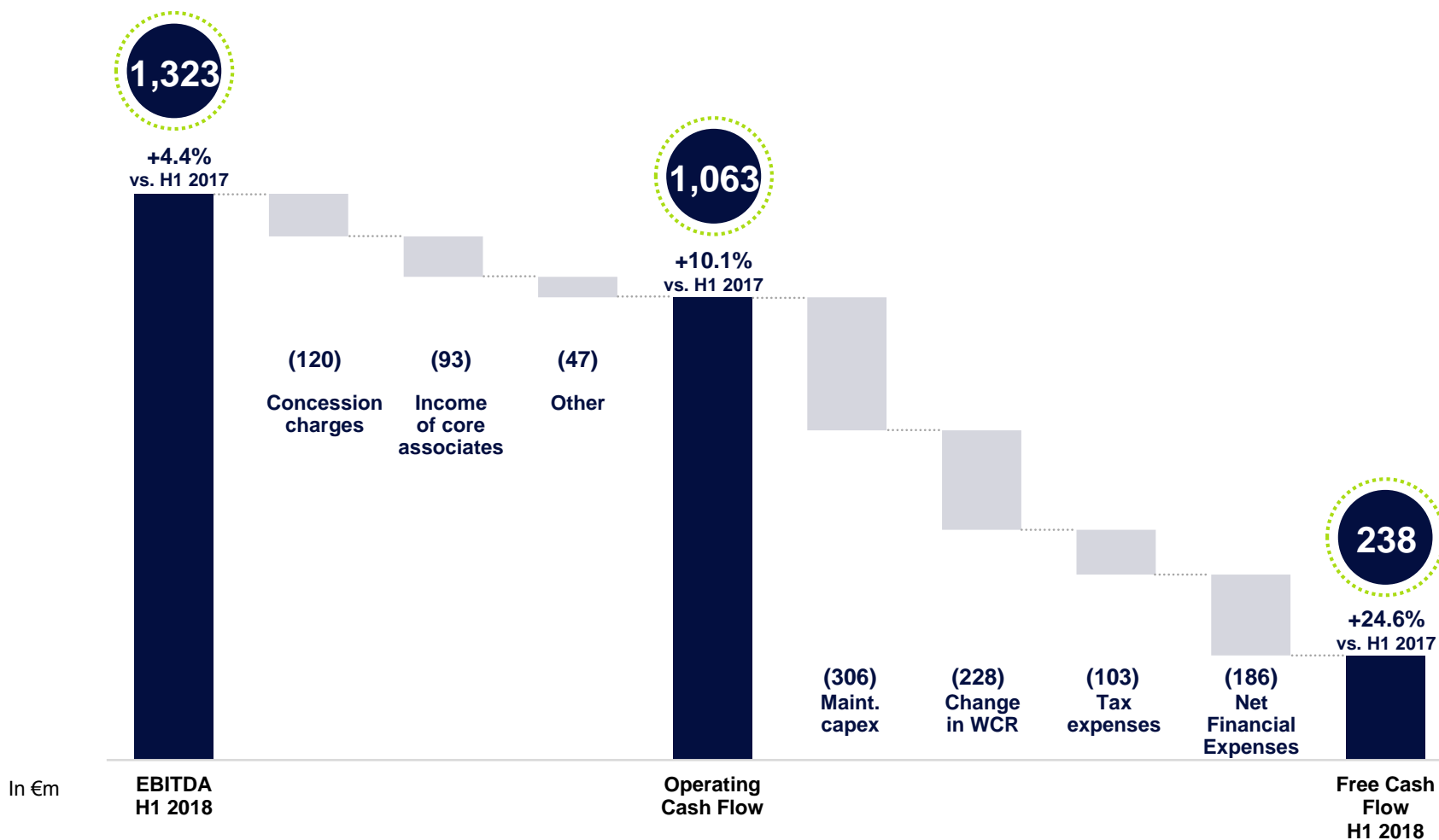


New partner to accelerate the development of regulated water activities in the US:

- Disposing of 20% Suez Water resources Inc. for \$601m
- The transaction is enabling the Group to roll out an ambitious asset base growth plan
- Closing expected in H1 2019

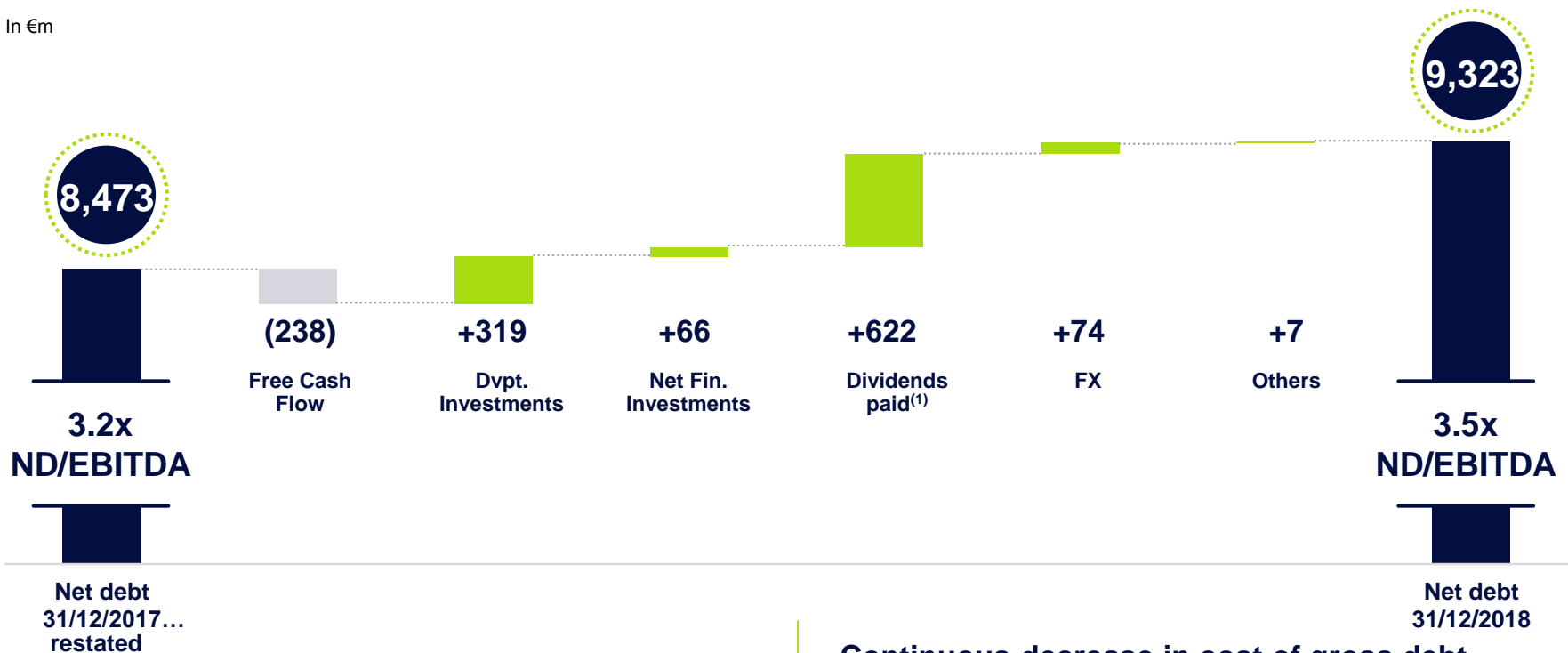
Free cash flow up +24.6% vs. last year

Operating cash flow up +10.1%, leading to stronger FCF



Net debt increase due to seasonal effect

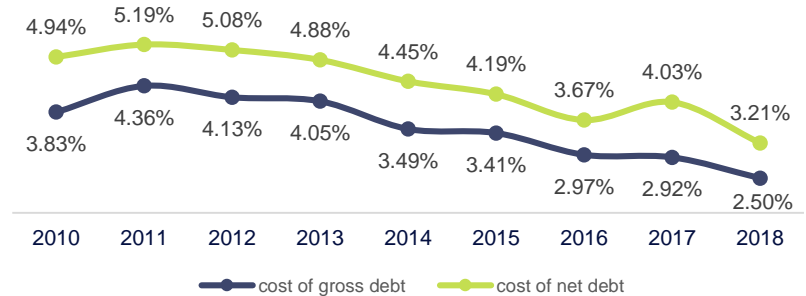
In €m



Active treasury management within WT&S

A3 Rating, negative outlook by Moody's

Continuous decrease in cost of gross debt



Conclusion & 2018 outlook

Jean-Louis Chaussade
Chief Executive Officer

Conclusions

Results well on track with 2018 targets

- **Positive trends in all divisions**
- **Integration of WT&S ahead of plan:**
 - H1 2018 revenue above targets
 - Strong underlying operational performance
 - Synergies ahead of schedule
- **Focusing on the execution of the action plan launched in March, with a clear roadmap:**
 - Implement actions and additional cost cutting measures
 - Reinforce capital investment selectivity to optimise returns
 - Support growth and transformation

Reiterating full-year guidance

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

(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

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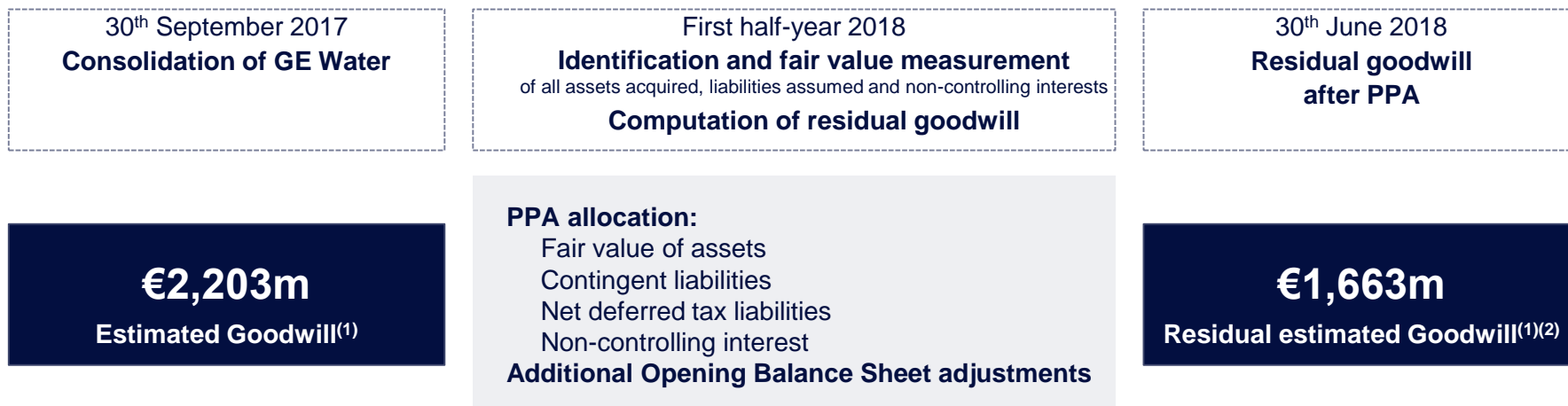
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APPENDIX 1

GE Water Purchase Price Allocation

Purchase Price Allocation of GE Water & Process Technologies

Goodwill rationalization



P&L impacts

- **H1 2018:** \$(27)m (or €(22)m) complementary depreciation expense, booked at EBIT level
- **FY 2018:** c. \$(54)m (or c. €(45)m) estimated expense at EBIT level and c. \$(28)m or c. €(23)m at net income group share level

APPENDIX 2

Simplified financial statements

Restated financial statements

The purchase price allocation works described in Appendix 1 together with the application of IFRS15 accounting standard since January 1st 2018, led us to prepare 2017 restated financial statements.

The details of FY 2017 and H1 2017 restated vs. published are presented below

Simplified income statement

FY 2017 published vs. FY 2017 after PPA

| <i>In €m</i> | FY 2017 published | GE Water PPA impact | FY 2017 after PPA |
|---|------------------------------|--------------------------------|------------------------------|
| Revenue | 15,871 | - | 15,871 |
| Purchases | (3,092) | - | (3,092) |
| Depreciation, Amortization & Provisions | (4,115) | (10) | (4,125) |
| Others | (7,591) | (60) | (7,651) |
| Income from operating activities | 1,175 | (70) | 1,105 |
| Financial Result | (429) | - | (429) |
| Income tax | (225) | 87 | (139) |
| NET INCOME | 520 | 17 | 537 |
| Non-controlling interests | (218) | (5) | (223) |
| NET INCOME (GROUP SHARE) | 302 | 12 | 314 |

€12m positive impact on FY 2017 net income group share coming from GE Water PPA and US tax reform (deferred tax linked to assets and liabilities assessed within the PPA process)

Simplified balance sheet

June 2018 vs. December 2017 published and restated

| <i>Assets, in €m</i> | 31/12/2017 published | 1 st application of IFRS 15 | GE Water PPA & other adj. | 31/12/2017 restated | 30/06/2018 |
|-------------------------------|-------------------------|---|------------------------------|------------------------|---------------|
| Non current assets | 22,218 | 10 | 333 | 22,561 | 22,397 |
| o/w net intangible assets | 4,162 | (18) | 767 | 4,912 | 4,805 |
| o/w goodwill | 5,587 | - | (533) | 5,054 | 5,110 |
| o/w net tangible assets | 8,468 | - | 49 | 8,517 | 8,497 |
| Current assets | 10,153 | 35 | (18) | 10,170 | 11,068 |
| o/w clients and other debtors | 4,690 | 30 | 1 | 4,721 | 4,907 |
| o/w cash and cash equivalents | 3,058 | - | - | 3,058 | 3,384 |
| TOTAL ASSETS | 32,370 | 45 | 315 | 32,731 | 33,466 |

| <i>Liabilities, in €m</i> | 31/12/2017 published | 1 st application of IFRS 15 | GE Water PPA & other adj. | 31/12/2017 restated | 30/06/2018 |
|-------------------------------------|-------------------------|---|------------------------------|------------------------|---------------|
| Equity, group share | 6,562 | (53) | 12 | 6,521 | 6,131 |
| Non-controlling Interests | 2,504 | 0 | 12 | 2,516 | 2,456 |
| Total equity | 9,066 | (53) | 24 | 9,037 | 8,587 |
| Provisions | 2,081 | (0) | 37 | 2,118 | 2,060 |
| Financial Debt | 11,765 | 0 | (1) | 11,764 | 12,835 |
| Other Liabilities | 9,459 | 98 | 255 | 9,812 | 9,984 |
| TOTAL EQUITY AND LIABILITIES | 32,370 | 45 | 315 | 32,731 | 33,466 |

Simplified income statement

H1 2018 vs. H1 2017 published and restated

| <i>In €m</i> | H1 2017 published | 1 st application of IFRS 15 | H1 2017 restated | H1 2018 |
|---|----------------------|---|---------------------|--------------|
| Revenue | 7,526 | (33) | 7,493 | 8,351 |
| Purchases | (1,522) | 29 | (1,493) | (1,811) |
| Depreciation, Amortization & Provisions | (545) | - | (545) | (594) |
| Others | (5,018) | 3 | (5,015) | (5,473) |
| Income from operating activities | 488 | (1) | 488 | 534 |
| Financial Result | (217) | 0 | (217) | (237) |
| Income tax | (106) | 0 | (106) | (89) |
| NET INCOME | 165 | (0) | 165 | 208 |
| Non-controlling interests | (121) | - | (121) | (118) |
| NET INCOME (GROUP SHARE) | 45 | (0) | 44 | 90 |

Simplified cash flow statement

| <i>In €m</i> | H1 2017 published | H1 2018 |
|--|------------------------------|----------------|
| Operating cash flow | 966 | 1,065 |
| Income tax paid (excl. income tax paid on disposals) | (94) | (105) |
| Change in operating working capital | (255) | (229) |
| Cash flow from operating activities | 617 | 732 |
| Net tangible and intangible investments | (487) | (626) |
| Financial investments | (44) | (122) |
| Disposals | 197 | 65 |
| Other investment flows | 13 | (29) |
| Cash flow from investment activities | (321) | (711) |
| Dividends paid | (577) | (622) |
| Balance of reimbursement of debt / new debt | 279 | 1,094 |
| Interests paid / received on financial activities | (180) | (174) |
| Capital increase | 808 | - |
| Net new hybrid | 598 | - |
| Change in share of interests in controlled entities | - | (10) |
| Other cash flows | 11 | 24 |
| Cash flow from financial activities | 939 | 313 |
| Impact of currency, accounting practices and other | (45) | (17) |
| Cash and cash equivalent at the beginning of the period | 2,925 | 2,392 |
| Total cash flow for the period | 1,190 | 317 |
| Cash and cash equivalent at the end of the period | 4,115 | 2,709 |

APPENDIX 3

WT&S 2017 PRO FORMA FIGURES

WT&S pro forma figures

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

| <i>in m\$</i> | Q1 2017 pro forma | H1 2017 pro forma | 9M 2017 pro forma | FY 2017 pro forma |
|---------------|----------------------|----------------------|----------------------|----------------------|
| Revenue | 588 | 1,217 | 1,883 | 2,643 |
| EBITDA | | 85 | | 240 |
| EBIT | | 28 | | 118 |

APPENDIX 4

REGULATED ACTIVITIES

Regulated activities

Chile

| <i>In billion CLP</i> | FY 2017 | H1 2018 |
|-----------------------|----------------|----------------|
| Revenue | 509 | 276 |
| EBITDA | 305 | 167 |
| EBIT | 210 | 119 |

| | 31/12/2017 | 30/06/2018 |
|-----------------|-------------------|-------------------|
| Net Debt | 892 | 931 |
| Capex | 131 | 66 |

US⁽¹⁾

| <i>In million USD</i> | FY 2017 | H1 2018 |
|-----------------------|----------------|----------------|
| Revenue | 571 | 264 |
| EBITDA | 271 | 122 |
| EBIT | 194 | 81 |

| | 31/12/2017 | 30/06/2018 |
|------------------|-------------------|-------------------|
| Net Debt | 909 | 918 |
| Capex | 237 | 107 |
| Rate base | 2,036 | 2,099 |

APPENDIX 4

P&L

Revenue by division

| <i>In €m</i> | H1 2017 restated | H1 2018 | in % of total | Variation | |
|---|---------------------|--------------|------------------|---------------|----------------------------|
| | | | | gross | organic |
| WATER EUROPE | 2,240 | 2,230 | 26.7% | (0.4)% | 0.5% |
| Water France | 1,078 | 1,054 | 12.6% | (2.2)% | (2.2)% |
| Spain | 723 | 716 | 8.6% | (0.9)% | (0.9)% |
| Latam | 439 | 460 | 5.5% | 4.7% | 9.3% |
| RECYCLING & RECOVERY EUROPE | 3,043 | 3,118 | 37.3% | 2.5% | 3.6% |
| France | 1,544 | 1,615 | 19.3% | 4.5% | 6.0% |
| UK | 456 | 432 | 5.2% | (5.3)% | (3.5)% |
| Sweden | 120 | 121 | 1.5% | 1.2% | 6.7% |
| Benelux/Germany | 720 | 733 | 8.8% | 1.7% | 2.1% |
| Industrial Waste Specialties (IWS) | 203 | 218 | 2.6% | 7.4% | 4.9% |
| INTERNATIONAL | 1,945 | 1,842 | 22.1% | (5.3)% | 1.7% |
| North America | 457 | 419 | 5.0% | (8.3)% | 3.9% |
| Australia | 525 | 519 | 6.2% | (1.2)% | 7.0% |
| Africa, Middle East & India | 567 | 472 | 5.6% | (16.8)% | (13.1)% |
| Asia | 208 | 188 | 2.3% | (9.7)% | (0.0)% |
| Italy, Central and Eastern Europe | 187 | 244 | 2.9% | 30.3% | 28.2% |
| WATER TECHNOLOGIES & SOLUTIONS | 215 | 1,106 | 13.2% | 414.3% | 7.5% ⁽¹⁾ |
| OTHER⁽²⁾ | 50 | 55 | 0.7% | 8.2% | 8.2% |
| TOTAL | 7,493 | 8,351 | 100.0% | 11.4% | 3.0% |

Revenue by geographies

| <i>In €m</i> | H1 2017 restated | H1 2018 | in % of Total | Variation |
|---|---------------------|--------------|------------------|---------------|
| FRANCE | 2,493 | 2,564 | 30.7% | +2.9% |
| Spain | 830 | 805 | 9.6% | (3.1)% |
| UK | 489 | 493 | 5.9% | +0.8% |
| Germany | 285 | 298 | 3.6% | +4.5% |
| Benelux | 532 | 568 | 6.8% | +6.8% |
| Others Europe | 393 | 528 | 6.3% | +34.2% |
| EUROPE (excluding France) | 2,530 | 2,692 | 32.2% | +6.4% |
| North America | 538 | 971 | 11.6% | +80.4% |
| South America | 471 | 556 | 6.7% | +17.9% |
| Oceania | 580 | 579 | 6.9% | (0.2)% |
| Asia | 276 | 422 | 5.0% | +52.7% |
| Africa | 435 | 432 | 5.2% | (0.7)% |
| Others International | 169 | 135 | 1.6% | (20.4)% |
| INTERNATIONAL (excluding Europe) | 2,471 | 3,094 | 37.1% | +25.3% |
| TOTAL REVENUE | 7,493 | 8,351 | 100.0% | +11.4% |

Revenue scope effect by division

| <i>In €m</i> | Acquisition / First time consolidation | Disposal | Total Scope |
|--------------------------------|---|-----------------|--------------------|
| Water Europe | - | - | - |
| Recycling & Recovery Europe | 7 | (20) | (13) |
| International | 3 | - | 3 |
| Water Technologies & Solutions | 909 | - | 909 |
| Other ⁽¹⁾ | - | - | - |
| TOTAL | 1,020 | (120) | 900 |

Revenue growth by division

| <i>In €m</i> | H1 2017 restated | H1 2018 | in % of total | gross | Variation | | FX |
|--------------------------------|---------------------|--------------|------------------|--------------|-------------|--------------|---------------|
| | | | | | organic | scope | |
| Water Europe | 2,240 | 2,230 | 26.7% | (0.4)% | 0.5% | 0.0% | (0.9)% |
| Recycling & Recovery Europe | 3,043 | 3,118 | 37.3% | 2.5% | 3.6% | (0.4)% | (0.7)% |
| International | 1,945 | 1,842 | 22.1% | (5.3)% | 1.7% | 0.2% | (6.7)% |
| Water Technologies & Solutions | 215 | 1,106 | 13.2% | 414.3% | 6.1% | 423.1% | (40.7)% |
| Other ⁽¹⁾ | 50 | 55 | 0.7% | 8.2% | 8.2% | 0.0% | 0.0% |
| TOTAL | 7,493 | 8,351 | 100.0% | 11.4% | 3.0% | 12.0% | (3.4)% |

EBITDA by division

| <i>In €m</i> | H1 2017 restated | H1 2018 | Variation | | | |
|--------------------------------|-----------------------------|----------------|------------------|----------------|--------------|---------------|
| | | | gross | organic | scope | FX |
| Water Europe | 589 | 567 | (3.7)% | (1.7)% | (0.3)% | (1.6)% |
| Recycling & Recovery Europe | 355 | 346 | (2.5)% | (2.0)% | 0.1% | (0.6)% |
| International | 385 | 370 | (3.9)% | 6.6% | (1.1)% | (7.0)% |
| Water Technologies & Solutions | (6) | 98 | N.S. | N.S. | N.S. | N.S. |
| Other ⁽¹⁾ | (56) | (59) | 5.1% | (4.3)% | 0.0% | (0.1)% |
| TOTAL | 1,268 | 1,323 | 4.4% | 2.6% | 5.9% | (3.4)% |

EBIT by division

| <i>In €m</i> | H1 2017 restated | H1 2018 | Variation | | | |
|--------------------------------|-----------------------------|----------------|------------------|----------------|--------------|---------------|
| | | | gross | organic | scope | FX |
| Water Europe | 260 | 248 | (4.4)% | (1.1)% | (0.8)% | (2.5)% |
| Recycling & Recovery Europe | 137 | 141 | 2.8% | 3.6% | 0.2% | (1.0)% |
| International | 273 | 258 | (5.6)% | 6.0% | (1.6)% | (6.6)% |
| Water Technologies & Solutions | (7) | 37 | N.S. | N.S. | N.S. | N.S. |
| Other ⁽¹⁾ | (69) | (77) | 10.8% | 10.9% | 0.0% | (0.1)% |
| TOTAL | 594 | 607 | 2.3% | 7.5% | 0.7% | (4.4)% |

Income from associates

| <i>In €m</i> | H1 2017 | H1 2018 | Variation |
|--------------------------------|------------|-----------|----------------|
| Water Europe | 13 | 9 | (28.1)% |
| Recycling & Recovery Europe | 14 | 3 | (79.4)% |
| International | 85 | 79 | (6.9)% |
| Water Technologies & Solutions | - | 2 | N.A. |
| Other ⁽¹⁾ | - | - | - |
| TOTAL | 112 | 93 | (16.7)% |

Impact of currencies evolution

1 EUR =

USD

GBP

AUD

CLP

H1 2018 average rate

1.21

0.88

1.57

740

H1 2017 average rate

1.08

0.86

1.44

714

Closing rate at 30/06/2018

1.17

0.89

1.58

764

Closing rate at 30/06/2017

1.14

0.88

1.49

759

| €m | H1 2018 | FX impact | USD | o/w an impact from: | | |
|--------------------|---------|-----------|-------|---------------------|------|------|
| | | | | GBP | AUD | CLP |
| Revenue | 8,351 | (259) | (127) | (11) | (46) | (14) |
| EBITDA | 1,323 | (43) | (18) | (1) | (8) | (9) |
| EBIT | 607 | (26) | (8) | (1) | (6) | (6) |
| Net Financial Debt | 9,323 | 74 | 74 | 1 | 7 | (34) |

From EBITDA to EBIT by division

| <i>H1 2018, in €m</i> | Water Europe | R&R Europe | International | WT&S | Other | TOTAL H1 2018 |
|---|--------------|------------|---------------|-----------|-------------|----------------------|
| EBITDA | 567 | 346 | 370 | 98 | (59) | 1,323 |
| Depreciation | (224) | (182) | (123) | (64) | (10) | (603) |
| Net provisions & impairments | (18) | 12 | 18 | 3 | (7) | 9 |
| Net concession renewal expenses | (77) | (36) | (7) | - | - | (120) |
| Employees compensation plans in shares ⁽¹⁾ | - | - | - | - | (1) | (1) |
| EBIT | 248 | 141 | 258 | 37 | (77) | 607 |

| <i>H1 2017, in €m</i> | Water Europe | R&R Europe | International | WT&S | Other | TOTAL H1 2017 |
|---|--------------|------------|---------------|------------|-------------|----------------------|
| EBITDA | 589 | 355 | 385 | (6) | (56) | 1,268 |
| Depreciation | (223) | (194) | (121) | - | (14) | (553) |
| Net provisions & impairments | (23) | 12 | 16 | - | 2 | 7 |
| Net concession renewal expenses | (84) | (36) | (9) | - | - | (128) |
| Employees compensation plans in shares ⁽¹⁾ | - | - | - | - | - | - |
| EBIT | 260 | 137 | 271 | (6) | (68) | 594 |

Non-controlling interest

| <i>In €m</i> | H1 2017 | H1 2018 |
|--------------------------------|------------|------------|
| Water Europe | 84 | 81 |
| <i>o/w Latam</i> | 76 | 75 |
| Recycling & Recovery Europe | 11 | 10 |
| International | 26 | 31 |
| Water Technologies & Solutions | | (5) |
| Other | - | - |
| TOTAL | 121 | 118 |

Tax position

| <i>In €m</i> | H1 2017 restated | H1 2018 |
|---|---------------------|--------------|
| Income before tax & share in net income from Associates | 158 | 203 |
| Income Tax | (106) | (89) |
| <i>o/w Current income tax</i> | (94) | (113) |
| <i>o/w Deferred income tax</i> | (11) | 25 |
| EFFECTIVE TAX RATE | 66.6% | 43.6% |

Earning per share

| <i>In €m</i> | 30/06/2017 restated ⁽¹⁾ | 30/06/2018 |
|--|---------------------------------------|------------|
| Net Result Group Share | 44 | 90 |
| + coupon attributable to holders of undated deeply subordinated notes issued in June 2014 | (8) | (8) |
| + coupon attributable to holders of undated deeply subordinated notes issued in March 2015 | (6) | (6) |
| + coupon attributable to holders of undated deeply subordinated notes issued in May 2017 | - | (9) |
| Adjusted Net Result Group Share | 30 | 68 |

| | | |
|--|--------------|--------------|
| <i>In Millions</i> | | |
| Weighted average number of outstanding shares | 574.2 | 617.8 |

| | | |
|---|-------------|-------------|
| <i>Earnings per share (in euros)</i> | | |
| Net income Group share per share | 0.05 | 0.11 |
| <i>Net diluted income Group share per share</i> | <i>0.06</i> | <i>0.11</i> |

| | | |
|--|--------------------|--------------------|
| Total number of shares at end of June | 613,384,549 | 621,362,579 |
| <i>o/w treasury shares</i> | <i>2,162,122</i> | <i>3,367,850</i> |

APPENDIX 5

Cash Flow Statement

From EBITDA to operating cash flow

| <i>In €m</i> | H1 2017 | H1 2018 | variation |
|--|--------------|--------------|---------------|
| EBITDA | 1,268 | 1,323 | +4.4% |
| Net disbursements under concession contracts | (128) | (120) | (6.2)% |
| Depreciation of current assets | (18) | (11) | (39.7)% |
| Restructuring | (43) | (74) | +73.2% |
| Dividends from associates | 76 | 95 | +25.1% |
| Provision for employee benefit & others | (34) | (13) | (62.0)% |
| Income of core associates | (112) | (93) | (16.7)% |
| IFRIC 21 impact | (42) | (42) | (0.5)% |
| OPERATING CASH FLOW | 966 | 1,065 | +10.2% |

Cash flow generation

| <i>In €m</i> | Water Europe | R&R Europe | International | WT&S | Other | TOTAL H1 2018 |
|---|--------------|-------------|---------------|--------------|-----------|----------------------------|
| Operating Cash Flow | 437 | 233 | 281 | 86 | 27 | 1,065 |
| Net interest paid on investment & financial activities | (25) | (26) | (208) | (34) | 107 | (186) |
| Income tax | (35) | (37) | (16) | (10) | (5) | (103) |
| Change in Working Capital | (43) | (101) | 8 | (54) | (38) | (228) |
| Maintenance Capex | (102) | (93) | (82) | (22) | (7) | (306) |
| FREE CASH FLOW | 231 | (24) | (17) | (35) | 83 | 238 |
| Development Investments | (124) | (76) | (98) | (21) | - | (319) |
| Financial Investments | (10) | (6) | (43) | (72) | (1) | (131) |
| Assets disposals | 17 | 44 | 3 | - | 2 | 66 |
| Dividends to minorities | (148) | (14) | 40 | (53) | (0) | (175) |
| TOTAL | (33) | (76) | (114) | (181) | 84 | (321) |
| Dividends to shareholders | | | | | | (447)⁽¹⁾ |
| variation in definition, perimeter and FX / MtM on net financial debt & other | | | | | | (82) |
| CHANGE IN NET FINANCIAL DEBT | | | | | | (850) |

(1) Out of which €403m paid to shareholders and €45m of hybrid coupon

Investments by nature and by division

| <i>in €m</i> | Maintenance capex | Development capex | Financial investments | Disposal | Total Net Investments |
|----------------------|-------------------|-------------------|-----------------------|-----------|-----------------------|
| Water Europe | (102) | (124) | (10) | 17 | (219) |
| R&R Europe | (93) | (76) | (6) | 44 | (131) |
| International | (82) | (98) | (43) | 3 | (219) |
| WT&S | (22) | (21) | (72) | 0 | (115) |
| Other | (7) | 0 | (1) | 2 | (6) |
| TOTAL H1 2018 | (306) | (319) | (131) | 66 | (691) |

| <i>in €m</i> | Maintenance capex | Development capex | Financial investments | Disposal | Total Net Investments |
|----------------------|-------------------|-------------------|-----------------------|------------|-----------------------|
| Water Europe | (93) | (105) | (8) | 146 | (61) |
| R&R Europe | (87) | (41) | (25) | 41 | (112) |
| International | (67) | (84) | (9) | 7 | (153) |
| WT&S | (3) | (2) | 0 | 0 | (5) |
| Other | (2) | (1) | (2) | 3 | (2) |
| TOTAL H1 2017 | (253) | (234) | (44) | 197 | (334) |

Reinforced investment process & criteria

Operations committee

Includes CEO, CFO, the relevant senior executive VP and the relevant business unit CEO

Strict financial investment criteria

- IRR > specific hurdle rate +400bp (*vs. +200bp previously*)
- Net Result: accretion in year 1 of operation (*vs. year 2 previously*)
- Positive FCF in year 1 of operation (*unchanged*)

Investment thresholds

- Acquisitions and divestments \geq €10m (firm value)
- Capex \geq €20m for commercial contracts and \geq €10m for internal projects (*vs. \geq €20m for all capex previously*)
- Total cumulated revenues \geq €100m (\geq €50m for DB contracts)

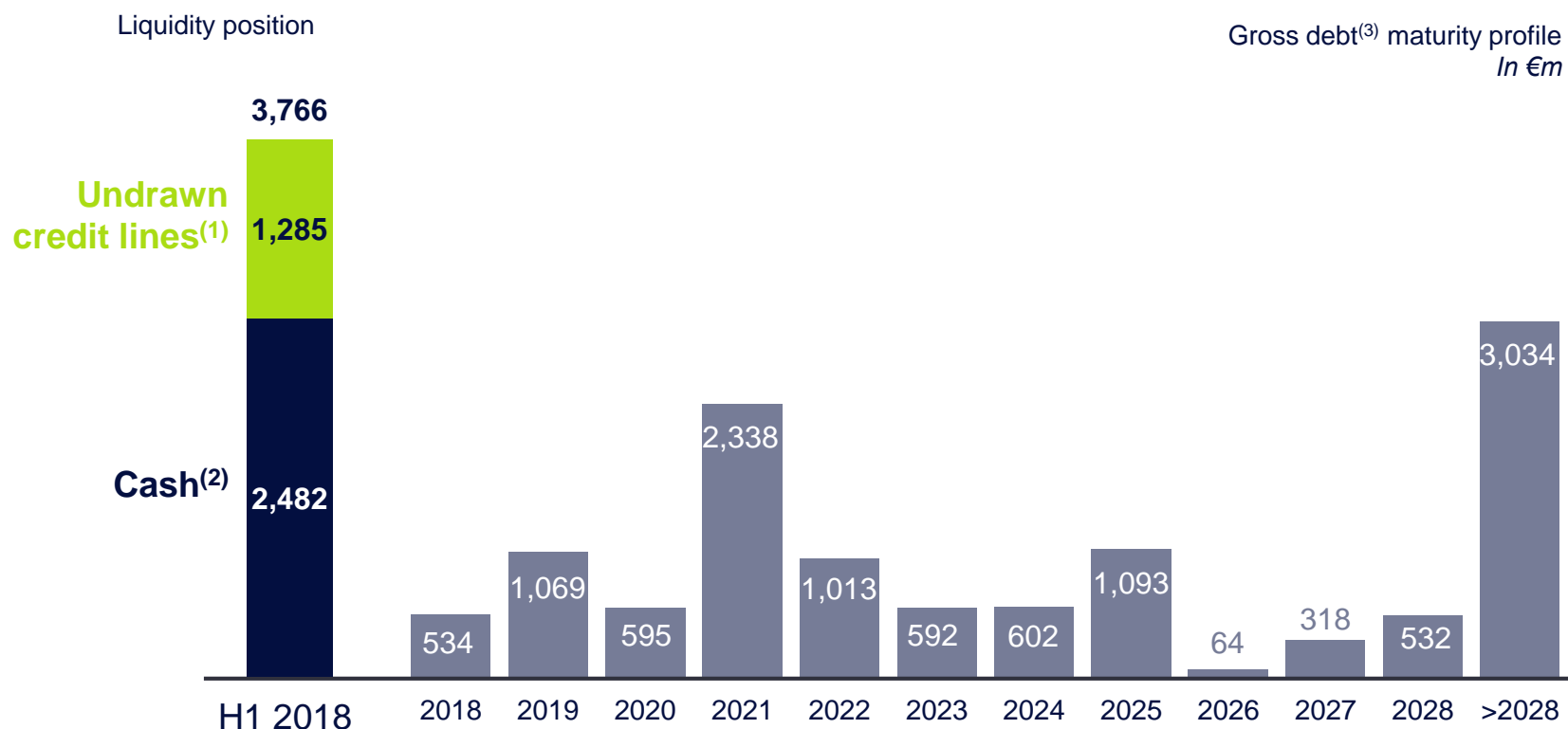
APPENDIX 6

Balance sheet

Bonds

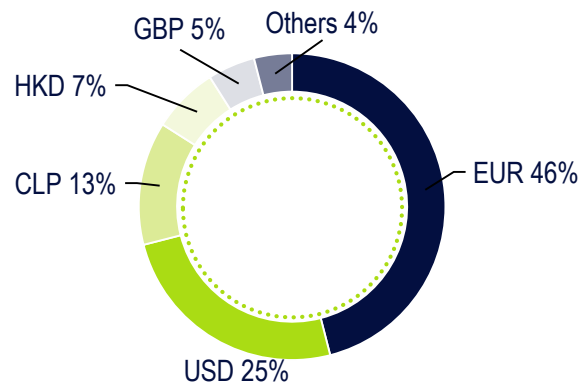
| Pricing date | Code ISIN | Maturity date | Duration | Amount | Issue Spread | Coupon Rate |
|--------------|--------------|---------------|----------|--------|--------------|-------------|
| 31-March-09 | FR0010745976 | 08-Apr-19 | 10 years | €800m | 300 | 6.250% |
| 19-May-09 | FR0010765859 | 08-juin-27 | 18 years | €250m | 180 | 1.904% |
| 08-juil-09 | FR0010780528 | 22-juil-24 | 15 years | €500m | 160 | 5.500% |
| 15-juin-10 | FR0010913780 | 24-juin-22 | 12 years | €750m | 160 | 4.125% |
| 12-May-11 | FR0011048966 | 17-May-21 | 10 years | €750m | 86 | 4.078% |
| 22-nov-11 | FR0011149962 | 22-nov-18 | 7 years | €100m | 90 | 3.080% |
| 02-Dec-11 | FR0011158849 | 02-Dec-30 | 19 years | £250m | 260 | 5.375% |
| 19-mars-13 | FR0011454818 | 25-March-33 | 20 years | €100m | 110 | 3.300% |
| 01-oct-13 | FR0011585215 | 09-oct-23 | 10 years | €500m | 77 | 2.750% |
| 24-Feb-14 | FR0011766120 | 27-Feb-20 | 6 years | €350m | | 0.000% |
| 25-June-15 | FR0012829406 | 01-July-30 | 15 years | €50m | 75 | 2.250% |
| 03-sept-15 | FR0012949923 | 10-sept-25 | 10 years | €500m | 80 | 1.750% |
| 19-May-2016 | FR0013173432 | 19-May-28 | 12 years | €500m | 87 | 1.250% |
| 27-March-17 | FR0013248507 | 03-Apr-25 | 8 years | €500m | 43 | 1.000% |
| 27-March-17 | FR0013248523 | 03-Apr-29 | 12 years | €700m | 63 | 1.500% |
| 13-sept-17 | FR0013283140 | 21-sept-32 | 15 years | €500m | 50 | 1.625% |
| Pricing date | Code ISIN | Maturity date | Duration | Amount | Issue Spread | Coupon Rate |
| 16-June-14 | FR0011993500 | PERPETUAL | | €500m | 225 | 3.000% |
| 23-Mar-15 | FR0012648590 | PERPETUAL | | €500m | 217 | 2.500% |
| 10-Apr-17 | FR0013252061 | PERPETUAL | | €600m | 250 | 2.875% |

Financial debt and liquidity position

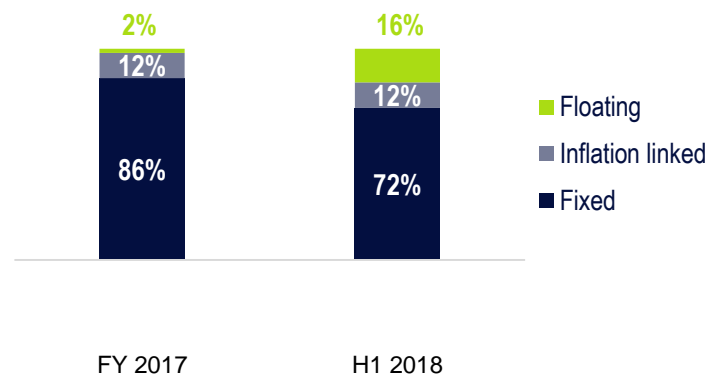


Financial debt

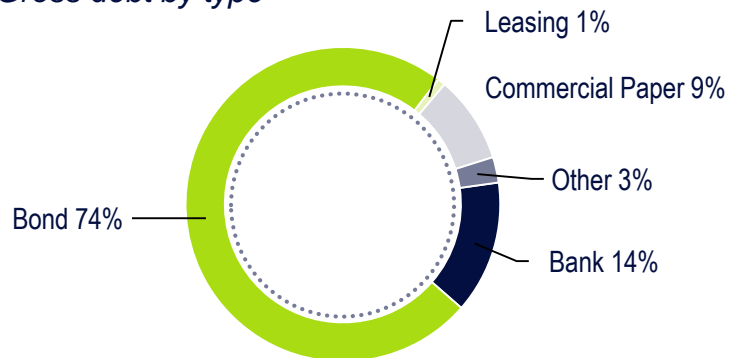
Net debt by currency



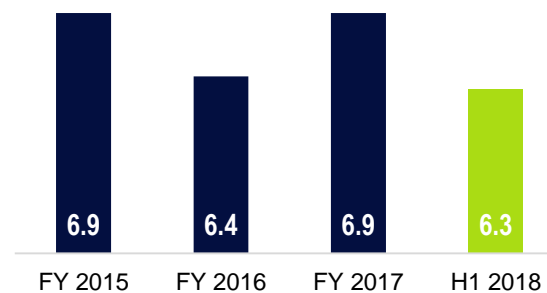
Net debt by rate type



Gross debt by type

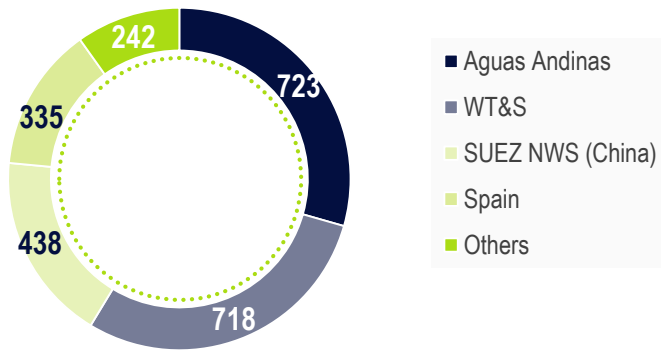


Gross debt by average maturity, in years

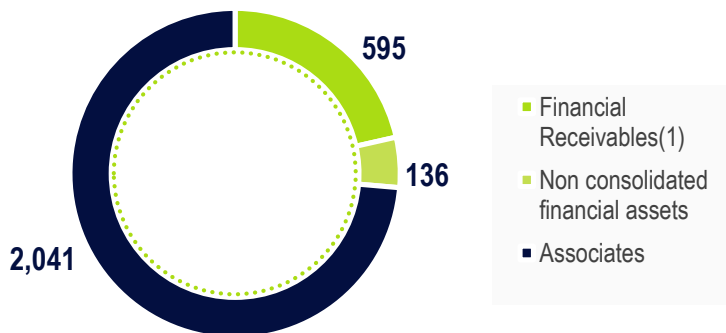


Assets and liabilities overview

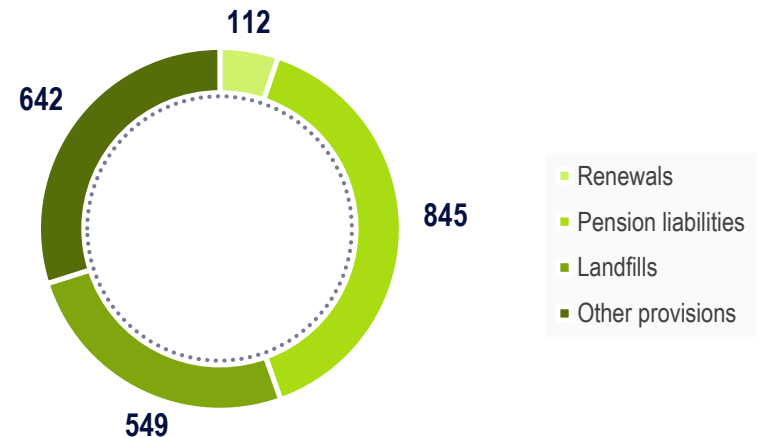
Minorities: €2,456m



Non current financial assets: €2,772m



Provisions⁽²⁾: €2,148m



(1) Including €243m on concessions (IFRIC12)

(2) Including €112m of net renewals (accounted for in other debt)

(3) These net provisions represent the gap between the expenses and the commitments on a linear basis of our concession contracts

Capital employed

| <i>In €m</i> | FY 2017 restated | H1 2018 |
|-------------------------------------|-----------------------------|----------------|
| Net goodwill | 5,054 | 5,110 |
| Tangible and intangible assets, net | 13,302 | 13,302 |
| Net financial assets | 132 | 262 |
| Investment in associates | 2,098 | 2,108 |
| Provisions | (1,702) | (1,648) |
| Others | (878) | (638) |
| CAPITAL EMPLOYED | 18,006 | 18,496 |

| <i>In €m</i> | FY 2017 restated | H1 2018 |
|-------------------------|-----------------------------|----------------|
| Water Europe | 5,757 | 5,660 |
| R&R Europe | 3,555 | 3,686 |
| International | 5,542 | 5,642 |
| WT&S | 3,178 | 3,355 |
| Others | (25) | 153 |
| CAPITAL EMPLOYED | 18,006 | 18,497 |

APPENDIX 7

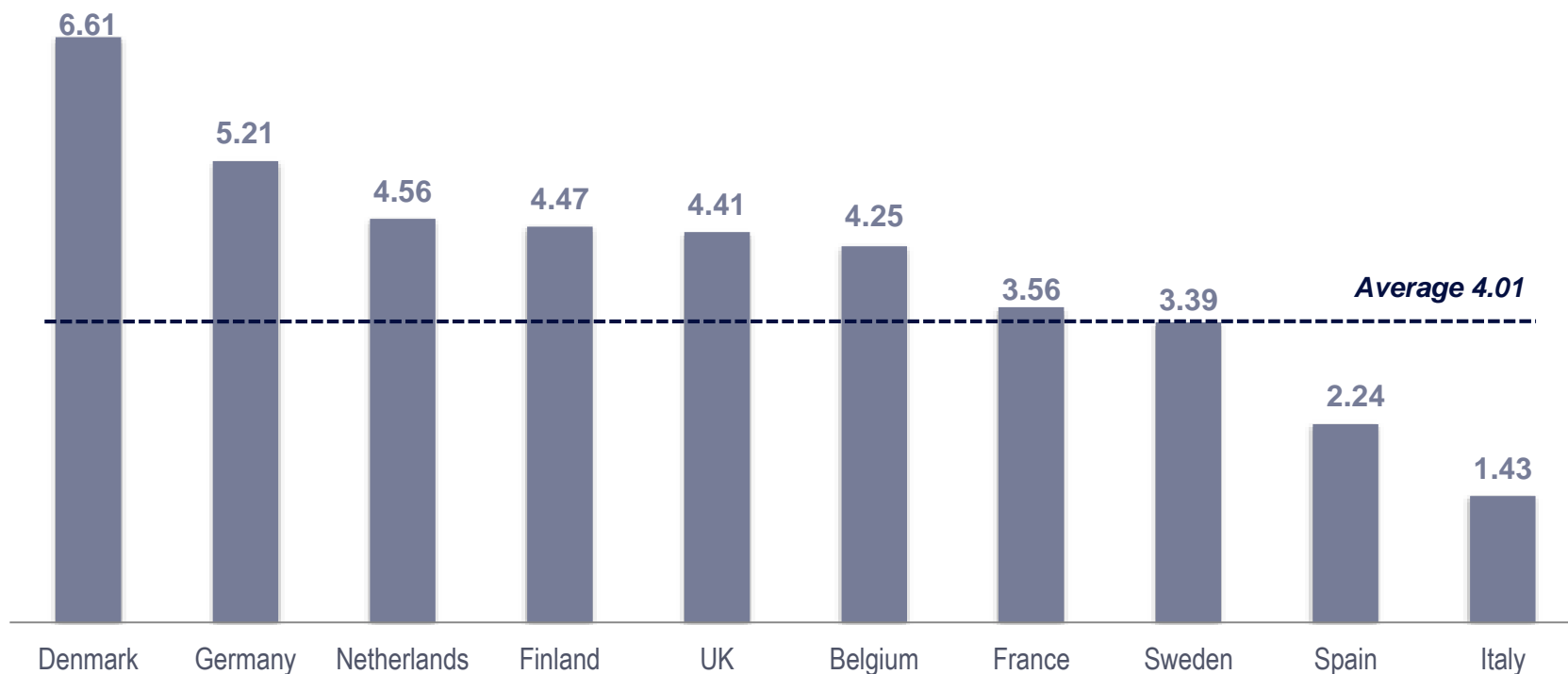
Divisions activity

Water Europe

Water tariff in Europe

GLOBAL AVERAGE PRICE

1st January 2017, at constant forex, €/m³

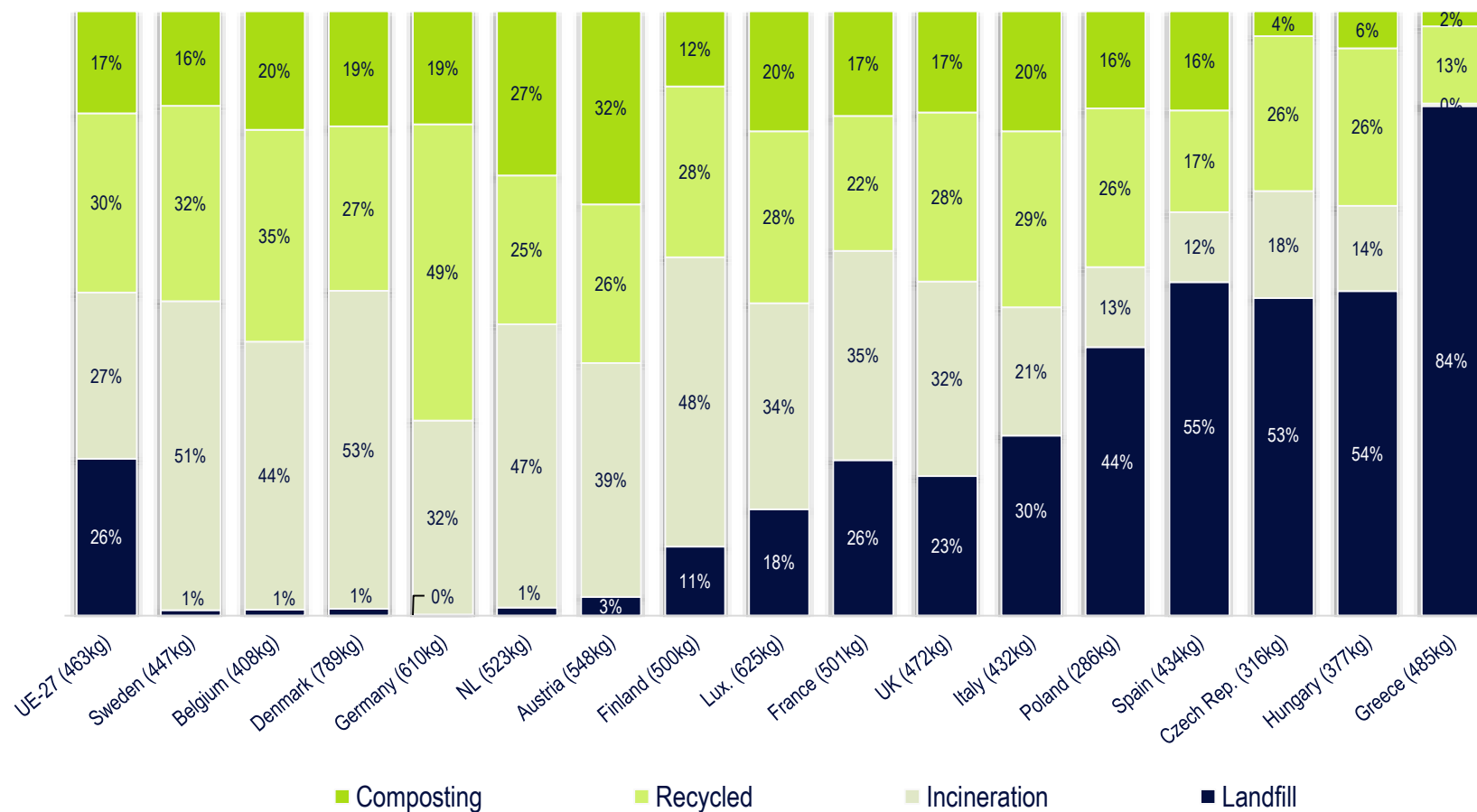


Source: NUS Consulting

Recycling & Recovery Europe

Municipal waste treatment mix in Europe

ANNUAL WASTE VOLUMES PER CAPITA & SPLIT OF TREATMENT MODE

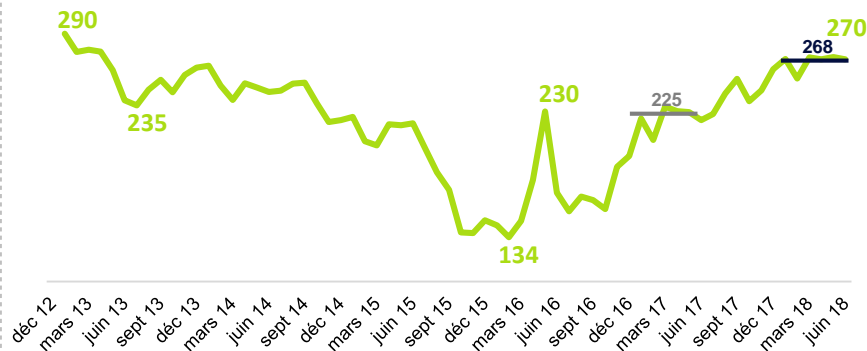


Source: Eurostat - 2015 data

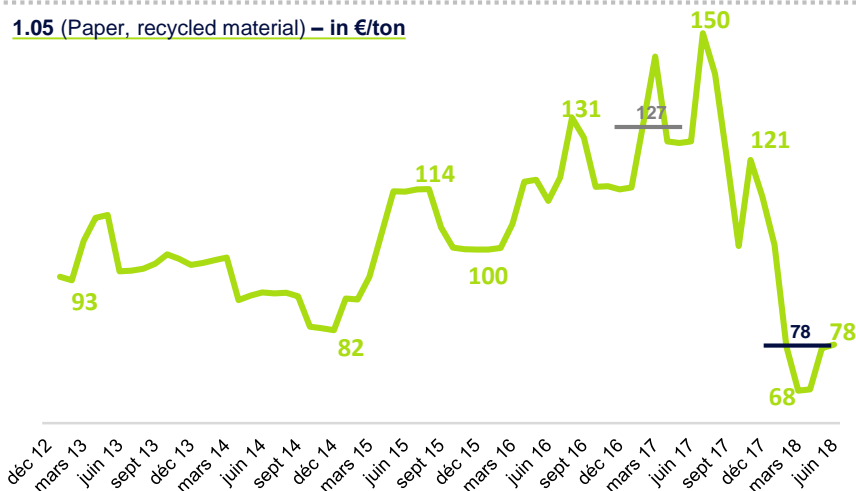
Recycling & Recovery Europe

Commodity prices evolution

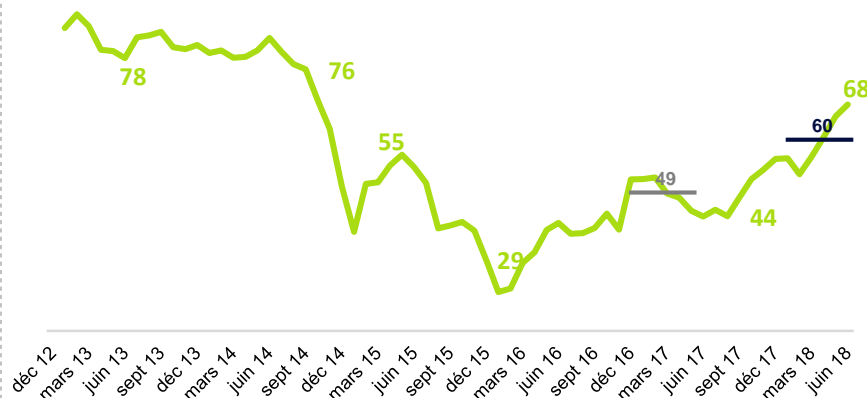
BDSV Sorte 1 (ferrous metal, recycled) – in €/ton



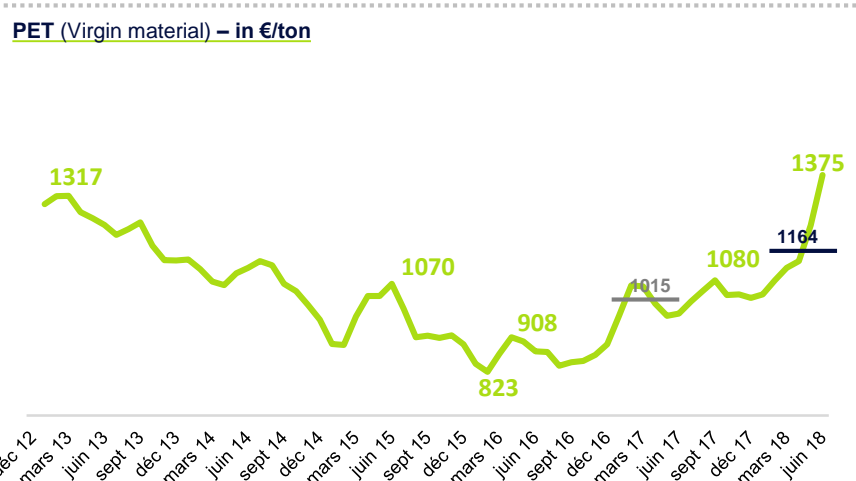
1.05 (Paper, recycled material) – in €/ton



Brent – in €/baril



PET (Virgin material) – in €/ton



Average H1 2018

Average H1 2017

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