



**SUEZ, TOGETHER WITH CDPQ, ACQUIRES GE WATER,  
BECOMING A MAJOR PLAYER IN THE INDUSTRIAL WATER SERVICES MARKET**

**Today SUEZ announces that, together with Caisse de dépôt et placement du Québec (“CDPQ”), it has entered into a binding agreement to purchase GE Water & Process Technologies (“GE Water”) from General Electric Company for €3.2Bn<sup>1</sup> enterprise value in an all-cash transaction.**

GE Water is a worldwide leading systems and services provider for industrial clients, supplying state-of-the-art water, waste-water and process systems solutions to blue-chip customers. GE Water generated ~\$2.1Bn revenues in 2016 with 7,500 highly-skilled salesmen and engineers with strong digital capabilities.

**The transaction, unanimously approved by the Board of SUEZ, combines two complementary players, covering the entire value chain making SUEZ a leader in water resource management. It enhances SUEZ’ long term profitable growth, and offers an unparalleled value proposition to SUEZ shareholders:**

- **Broadened access to industrial clients, with significant scale up effect boosting go-to-market capabilities and sales force**
- **Strengthened international footprint in key geographies, notably in the US and emerging markets, reinforcing the group’s position in a fast growing addressable market of c. €95Bn worldwide**
- **Increased innovation capabilities to deliver performing solutions, with a worldwide network of R&D centres, a large portfolio of patents and a cutting-edge digital platform “InSight”**
- **Expected to generate significant cost and revenue synergies**
- **EPS accretive and positive free cash flow from year one ; double-digit EPS accretion based on run-rate cost-synergies**
- **Bridge financing fully secured, to be refinanced through a capital increase of c. €0.75Bn and a combination of long-term senior and hybrid bonds. SUEZ main shareholders Engie, CriteriaCaixa and Caltagirone Group already confirmed their intent to participate in the capital increase for their pro rata share.**
- **Fully aligned with the Group’s financial discipline, transaction to maintain strong investment grade rating profile**

Jean-Louis Chaussade, CEO of SUEZ, said: “I am very proud to announce the acquisition of GE Water, which will accelerate the implementation of SUEZ’ strategy by strengthening its position in the promising and fast-growing industrial water market. This combination will create further value for both our employees, clients and shareholders. Clients will benefit from the combined knowledge, expertise, geographic footprint and leading edge products and services available. The transaction will also deliver strong value to our shareholders by enhancing SUEZ’ profitable growth profile. I look forward to integrating GE Water’s highly skilled staff to our teams to form an unparalleled industrial water platform. We are also thrilled to join forces with CDPQ, which shares our long term vision for our business.”

<sup>1</sup> Or \$3.415Bn assuming EURUSD of 1.06

“GE Water has positioned itself as a key player in the water treatment industry thanks to its cutting-edge technology and a management team that has proven itself highly skilled at leveraging that competitive advantage,” said Michael Sabia, President and Chief Executive Officer at CDPQ. “Operating in a core industry, GE Water has built a premier business with recurring revenues and a high-quality and diversified customer base. This investment is therefore highly aligned with CDPQ’s long-term vision and its strategy of increasing its emphasis on stable assets anchored in the real economy, alongside key operators such as SUEZ.”

### **Commercial synergies and efficient complementarities**

GE Water is very well positioned in the €95bn global industrial water market, growing at an expected 5 % per annum, driven by regulations, environmental and economic performance. GE portfolio is diversified and well balanced in terms of geographies (50% of the revenues in North America and 50% in the rest of the world) and verticals.

The acquisition will enable SUEZ to realize significant cost and revenue synergies:

- The integration of GE Water will give SUEZ the opportunity to widen its systems and service offerings, leveraging SUEZ expertise in O&M and GE Water best-in-class digital platform InSight. The cross selling opportunity is further increased by SUEZ and GE Water’s complementary customer base, industry verticals & value chain and geographies;
- The contribution of GE Water to SUEZ Industrial Solutions business will enable the group to further optimize its operations in manufacturing supply chain, engineering and services deliveries;
- Finally, the transaction provides potential for further cooperation and business opportunities with SUEZ’s other businesses, notably in the areas of recycling and resources / energy recovery

Full benefit of cost and revenue synergies realized by year 5:

- €65 million impact on EBITDA from identified annual run-rate cost synergies (of which 80% achieved in year 3);
- implementation costs, spread over 2017-19, equal to one year of cost synergies
- €200 million of revenue synergies per year;

### **Value-enhancing transaction, fully aligned with the group’s financial discipline**

The acquisition of GE Water will enhance shareholder value:

- Improved top-line growth profile;
- EPS accretive from year one;
- Double-digit accretion on EPS based on run-rate cost-synergies;
- Positive on Free cash-flow from year 1;

### **Transaction terms**

- SUEZ will acquire along with CDPQ, in a 70/30 joint venture, 100% of GE Water for an enterprise value of €3.2Bn, in an all cash transaction. SUEZ will then contribute its existing industrial water activities (following consultation of Work Councils) to the newly dedicated Industrial Water business unit. This acquisition price represents 10.0x2016 EBITDA including cost synergies and 12.8x 2016 operating cash flow including synergies<sup>2</sup>
- SUEZ has a fully underwritten bridge financing in place for the transaction, contemplated to be refinanced through :
  - a capital increase of c. €0.75Bn; SUEZ main shareholders, Engie, CriteriaCaixa and Caltagirone Group confirmed their intent to participate in the capital increase for their prorata share.

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<sup>2</sup> Based on 2016 estimated recurring EBITDA and capex excluding one-off implementation costs

- a long-term senior bond for c.€1.1Bn
- hybrid bonds for c.€0.6Bn
- c.€0.7Bn equity provided by CDPQ
- The company's objective is to preserve its strong investment grade rating profile

### Next steps

This transaction is expected to close by mid-2017 and is subject to receipt of required regulatory approvals (merger control authorities), including the European Union and the United States, and other customary closing conditions.

The implementation of this project is previously submitted to the opinion of the European Works Council.

**Investors call on Wednesday, 8 March 2017 6.15 pm CET. Please find below the details to dial in:**

**Telephone numbers: +33 (0)1 76 77 22 74 OR +44 (0)330 336 9411**

**Confirmation code: 4389471**

#### **About SUEZ**

*We are at the dawn of the resource revolution. In a world facing high demographic growth, runaway urbanisation and the shortage of natural resources, securing, optimising and renewing resources is essential to our future. SUEZ (Paris: SEV, Brussels: SEVB) supplies drinking water to 92 million people, delivers wastewater treatment services to 65 million, recovers 16 million tons of waste each year and produces 7 TWh of local and renewable energy. With 82,536 employees, SUEZ, which is present on all five continents, is a key player in the sustainable management of resources. SUEZ generated total revenues of €15.3 billion in 2016.*

#### **About CDPQ**

*Caisse de dépôt et placement du Québec (CDPQ) is a long-term institutional investor that manages funds primarily for public and parapublic pension and insurance plans. As at December 31, 2016, it held \$270.7 billion in net assets. As one of Canada's leading institutional fund managers, CDPQ invests globally in major financial markets, private equity, infrastructure and real estate.*

#### **About GE Water**

*GE Water & Process Technologies is a leading global water franchise providing equipment and technology solutions, as well as chemical and monitoring solutions to industrial and municipal clients. With operations in 130 countries and employing over 7,500 people worldwide, GE's Water & Process Technologies applies its innovations, expertise and global capabilities to solve customers' toughest water and process challenges. It offers a comprehensive set of chemical and equipment solutions, as well as predictive analytics, to enhance water, wastewater and process productivity. Water & Process Technologies strives to enable customers to meet increasing demands for clean water, overcome scarcity challenges, strengthen environmental stewardship and comply with regulatory requirements.*

#### **CONTACTS**

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#### **Disclaimer**

*Certain information included in this press release and other statements or materials published by SUEZ are not historical facts but are forward-looking statements. These forward-looking statements are based on current beliefs, expectations and assumptions, including, without limitation, assumptions regarding present and future business strategies (including the successful integration of GE Water & Process Technologies within the Group and potential related synergies) and the environment in which SUEZ operates. They involve known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements, or industry results or other events, to be materially different from those expressed or implied by these forward-looking statements.*

*Forward-looking statements speak only as of the date of this press release and, subject to any legal requirement, SUEZ expressly disclaims any obligation or undertaking to release any update or revisions to any forward-looking statements included in this press release to reflect any change in expectations or any change in events, conditions or circumstances on which these forward-looking statements are based. Such forward looking statements are for illustrative purposes only. Forward-looking information and statements are not guarantees of future performances and are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of SUEZ. Actual results could differ materially from those expressed in, or implied or projected by, forward-looking information and statements. These risks and uncertainties include those discussed or identified under Chapter 4 "Risk factors" in the Registration Document (Document de Référence) of SUEZ which has been filed with the French Financial Markets Authority on April 4, 2016 under number D-16-027.*

*This press release includes only summary information and does not purport to be comprehensive. No reliance should be placed on the accuracy or completeness of the information or opinions contained in this press release.*

*Information related to GE Water & Process Technologies (including 2016 financial figures) set out in this press release are based on information provided to SUEZ by GE Water & Process Technologies within the context of the acquisition process. These financial figures have not been audited or subject to a limited review by the auditors of SUEZ.*

*This press release does not contain or constitute an offer of securities for sale or an invitation or inducement to invest in securities in France, the United States or any other jurisdiction.*

#### **SUEZ**

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