

Paris, July 27, 2017

FIRST-HALF 2017
SLIGHT INCREASE IN OPERATING RESULTS
HALF-YEAR NET RESULT INCLUDES TRANSFORMATION PLAN COSTS
FULL-YEAR TARGETS CONFIRMED
GE WATER ACQUISITION TO CLOSE BY THE END OF THIRD-QUARTER 2017

First-half 2017 results:

- Revenue: €7,526m, organic growth of +0.9%
- EBIT¹: €594m, organic growth of +1.4%
- Net financial debt: €6,942m; net financial debt/EBITDA ratio of 2.6x

In €m	June 30, 2016	June 30, 2017	Gross change	Organic change	FX change	Scope change
Revenue	7,455	7,526	+1.0%	+0.9%	+0.4%	-0.3%
EBITDA ¹	1,271 ²	1,268	-0.2%	+0.2%	+1.4%	-1.8%
<i>EBITDA¹ / Revenue</i>	<i>17.1%</i>	<i>16.8%</i>				
EBIT ¹	598 ²	594	-0.6%	+1.4%	+2.1%	-4.1%
<i>EBIT¹ / Revenue</i>	<i>8.0%</i>	<i>7.9%</i>				

After the Board of Directors approved the first-half 2017 results at its July 26, 2017 meeting, Jean-Louis Chaussade, Chief Executive Officer, made the following statement:

“Organic growth stood at 0.9% for revenue and 1.4% for EBIT in first-half 2017, putting the Group on track to meet its full-year targets. The encouraging trends identified in the Recycling & Recovery Europe division since the first quarter remain in place. SUEZ is also continuing to step up its ambitious transformation, the full impact of which being effective in 2018.

SUEZ also reached another important milestone in its development with the signature of an agreement with General Electric to acquire GE Water. This deal secures SUEZ’s global leadership in industrial water services and strengthens its positioning as an integrated group of services.

¹ Excluding IFRIC 21

² EBITDA and EBIT for the International division had benefited from the €36m impact of the completion of the acquisition of Derun Environment

At the same time, it builds on SUEZ's international footprint, especially in the United States. The transaction is expected to close by the end of third-quarter 2017. Our teams are fully committed to a successful integration and to achieving the expected synergies.

We will present the Group's strategy for these markets and provide details on the business activities of SUEZ Water Technologies & Solutions, as the new entity will be called, at a separate dedicated meeting in fourth-quarter 2017."

FIRST-HALF 2017 RESULTS

■ REVENUE

At June 30, 2017, Group **revenue was €7,526m, up 1.0% (€71m)** versus June 30, 2016 and breaking down as follows:

- **Organic change of +0.9%** (+€64m):
 - Water Europe: +0.8% (+€17m)
 - Recycling & Recovery Europe: +2.7% (+€81m)
 - International: -0.3% (-€5m)
- **Scope change of -0.3%** (-€23m), reflecting the balance of the impact between the asset rotation program implemented in 2016 and the first-time consolidation of PerthWaste, as well as the take over of the group's business activities in China.
- **Forex effect of +0.4%** (+€29m), due to the depreciation of the euro against the Australian dollar (+€29m), Chilean peso (+€27m), and US dollar (+€16m), partially offset by the appreciation of the euro against the sterling (-€52m).

■ OPERATING PERFORMANCE

EBITDA¹ was €1,268m at June 30, 2017, virtually unchanged compared to 2016 (gross change of -0.2% and organic change of +0.2%).

EBIT¹ was €594m, compared with €598m in 2016, representing a gross decrease of 0.6% and organic growth of 1.4%. The Recycling & Recovery Europe division posted organic growth of 7.7%, which can be attributed mainly to the impact of higher prices for certain raw materials. Water Europe was down by 4.2% on an organic basis, due to the negative impact of low inflation environment in Europe on tariffs escalation formulae, although volumes were better than the medium-term trend. The International division reported 3.5% growth at constant scope and exchange rates, notably linked to higher volumes in all geographical regions.

In second-quarter 2016, EBITDA and EBIT had benefited from the €36m reversal of a provision for risk relating to the 2015 revaluation of the Chongqing Water Group stake, in connection with the creation of Derun Environment; this provision reversal has been treated as a scope effect.

Over the first six months of 2017, **Compass program** savings amounted to €81m, mainly through optimized operating performance, additional savings on procurement and cuts in overhead costs.

Current operating income including the share of income from equity associates amounted to €488m after €525m last year, representing a 6.9% decrease. This figure includes notably -€86m in restructuring costs, among which those related to the implementation of the transformation plan in France.

■ NET INCOME

Net financial income was -€217m in first-half 2017, compared with -€209m in June 2016. The average cost of net debt at June 30, 2017 was 4.03%³ compared with 3.78%³ in the previous year. This increase was due entirely to the cost of carry for the debt issued ahead of the GE Water acquisition.

Net income Group share was €45m. It stood at €174m in first-half 2016, of which €36m for the reversal of a provision for tax risk relating to the revaluation of the Chongqing Water Group stake.

² Excluding the cost of securitization and indexed interest charges on inflation in Chile

The difference is due to the increase in taxes⁴ and in restructuring costs related to the acceleration of the Group's transformation, as described above.

Furthermore, the amount of **minority interests** increased, due to higher income in euros from the Group's business activities in Chile, and to the implementation of a new structure for our business activities in China as part of a 58%/42% joint venture between SUEZ and New World.

■ **FREE CASH FLOW AND BALANCE SHEET**

Free cash flow was €191m in first-half 2017, an increase over 2016.

Net investments were €334m in 2017 compared with €623m in 2016. They integrated disposals of assets for -€153m, including the sale of the Torre Agbar property in Spain.

Net financial debt stood at €6,942m at June 30, 2017. The €1,100m decrease relative to end-December 2016 stemmed primarily from the capital increase (€750m) and the issue of deeply subordinated debt (€600m) to finance the GE Water acquisition. The net debt/EBITDA ratio¹ was 2.6x.

In May 2017, the financial rating agency, Moody's, reiterated the A3, stable outlook rating assigned to SUEZ.

⁴ The increase in taxes from -€57m to -€106m was due mainly to a one-time impact, as the amount recognized at June 30, 2016 had benefited from the restructuring of the Australian tax consolidation scope

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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 58 million people, and 882 million cubic meters of wastewater treatment services. SUEZ also recovers 16.9 million tons of waste each year and produces 3.9 million tonnes of secondary raw materials and 7 TWh of local and renewable energy. SUEZ helps its clients avoid emitting up to 9.5 MtCo2 of greenhouse gas emissions. With 83,921 employees, SUEZ, which is present on all five continents, is a key player in the circular economy and the sustainable management of resources. SUEZ generated total revenues of €15.3 billion in 2016.

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