press release

Paris, 07/29/2015

2015 HALF-YEAR RESULTS
SOLID PERFORMANCE, ENHANCED BY CURRENCY EFFECTS
IMPROVED ACTIVITY IN Q2
2015 TARGETS CONFIRMED

First-half 2015 results:

- **Revenue: €7,295m, up +5.9%**
- **EBITDA[1]: €1,293m, up +8.0%[2]**
- **EBIT[1]: €604m, up +14.2%[2]**
- **Net income Group share: €141m, up +11.4%[2]**
- **Net financial debt: €8,024m; Net financial debt / EBITDA ratio of 3.07x**

In €m	30 June 2014	30 June 2015	Gross change[2]	FX change	Change at constant scope and exchange rate
Revenue	**6,891**	**7,295**	**+5.9%**	**+3.3%**	**+1.9%**
EBITDA[1]	1,326	**1,293**	+8.0%	+4.2%	+2.0%
EBITDA[1]/Revenue	*17.4%[2]*	***17.7%***			
EBIT[1]	658	**604**	+14.2%	+5.7%	+3.7%
EBIT[1]/Revenue	*7.7%[2]*	***8.3%***			

After the Board of Directors that approved the 2015 first half-year results at its 28 July 2015 meeting, Jean-Louis Chaussade, CEO, made the following statement:

"The Board of Directors has approved the change of brand name to SUEZ, a short, strong name and full of history. This agreement completes the launch of our single worldwide brand. Since March, the 40 Group's

[1] Excluding IFRIC 21

[2] 2014 basis adjusted for €129m capital gain on CEM disposal

trademarks are federated under a single brand positioned in the sustainable resource management, which is already bearing fruits.

The Group delivered a solid set of results over this half year, enhanced by a favourable forex effect. The "Water Europe" division reported strong performance, driven by higher volumes, prices and new services. The "International" division benefited from sustained growth in almost all geographical regions and in all its businesses. Lastly, despite a sluggish macro-economic environment, the "Recycling & recovery Europe" division showed improved performance over the second quarter.

Thus, with a more cross-functional and integrated structure and good results, the Group confirms its targets for 2015."

2015 HALF-YEAR RESULTS

▪ REVENUE

Group **revenue** at 30 June 2015 was **€7,295m, up +5.9% (+€404m)** versus 30 June 2014, that breaks down as follows:

- **Change at constant scope and exchange rate +1.9%** (+€134m):
  - Water Europe: +2.6% (+€56m)
  - Recycling and recovery Europe: -0.5% (-€17m)
  - International: +5.9% (+€91m)

- **External growth +0.6%** (+€43m), mainly reflecting the first consolidation of Process Group, a company acquired in 2014.

- **Favourable exchange rate impact +3.3%** (+€227m), due to a weaker Euro against the US dollar (+€79m), the British pound (+€55m), the Chilean peso (+€30m) and the Australian dollar (+€22m).

▪ OPERATING PERFORMANCE

EBITDA[1] amounted to €1,293m at 30 June 2015. Adjusted for the capital gain linked to the disposal of CEM in 2014, it rose by +8.0%; at constant scope and exchange rate, growth was +2.0%. EBITDA in the Water Europe division was up +5.5% at constant scope and exchange rate, benefiting from higher volumes in Spain and Chile, favourable price indexations in all regions and growth in new services. The Recycling and recovery Europe division performance declined by -3.1% on a comparable basis, mainly due to the negative price effect on electricity. The International division reported +0.5% growth at constant scope and exchange rate, notably linked to higher volumes in all geographical regions.

The Group EBITDA[1] **margin** lies at 17.7% versus 17.4% for H1 2014, adjusted for the capital gain on the CEM disposal.

Over the first six months of 2015, **Compass** savings amounted to €70m, mainly through optimised operating performance, additionnal savings on procurement and cuts in overheads costs. This performance is in line with annual objectives.

EBIT[1] dropped to €604m from €658m in 2014. Adjusted for the gain on the 2014 CEM disposal, it rose by 14.2%; at constant scope and exchange rate, growth was +3.7%.

Current operating income including the share of income from equity associates amounted to €502m after €616m last year[3]. Adjusted for the gain on the CEM disposal in 2014, it grew +3.1%. It includes -€18m for the deployment of the new worldwide brand and -€28m in restructuring costs.

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[3] Net of IFRIC 21 impact of -€38m

- **NET INCOME**

Net financial income was -€200m in the first half of 2015, versus -€212m in June 2014. Average debt maturity is 6.3 years and the average cost of debt improved from 4.43%[4] at 30 June 2014 to 4.30%[4] this year; it benefited from lower interest rates and active debt management. The Group also paid back its super-subordinated debt issued in 2010 before the maturity date and issued a new hybrid bond at a fixed rate of 2.5%.

Tax amounted to -€50m[5] in 2015 versus -€46m[5] in 2014. The effective tax rate amounts to 23.1% versus 21.4% for the first half-year 2014. This rate was impacted by a tax credit received in Spain; in 2014 the tax rate was favoured by the revaluation of Acea's previously-held shares, with no tax impact.

Minorities interests remained stable in relation to 2014, at €111m.

Consequently, net income Group share amounted to €141m, versus €255m for the same period the previous year. Adjusted for the gain on the CEM disposal in 2014, it grew +11.4%.

- **FREE CASH FLOW AND BALANCE SHEET**

Free cash flow amounted to +€322m in the first half of 2015, up sharply by 49.7% on the same period the previous year.

Net investment amounted to €583m, up 17.3% on the previous year.

Net financial debt was €8,024m at 30 June 2015. The €838m increase since the end of December 2014 is mainly due to a dividend payment of €545m in the first half year and an unfavourable forex effect of €345m. The net debt/EBITDA ratio amounts to 3.07x.
In May 2015, financial rating agency Moody's reiterated the A3, stable outlook rating assigned to SUEZ ENVIRONNEMENT COMPANY.

[4] Excluding the cost of securitisation and indexed interest charges on inflation in Chile
[5] Including the IFRIC 21 impact on income tax

PERFORMANCE BY DIVISION

WATER EUROPE

In €m	30 June 2014	30 June 2015	Gross change	FX change	Change at constant scope and exchange rate
Revenue[6]	2,160	**2,261**	+4.7%	+1.8%	+2.6%
EBITDA[1]	607	**662**	+9.1%	+3.2%	+5.5%
EBIT[1]	271	**317**	+16.8%	+5.1%	+10.7%

- The Water Europe division posted revenues of €2,261m with organic growth of +2.6% at 30 June 2015. The activity benefited from resilient volumes in France (+0.1%) and Spain (+0.3%) and growth in Chile (+0.9%), alongside a favourable price effect in Chile (+7.9%), Spain (+1.8%) and France (+0.4%). Moreover, new services grew by +14%.

Net commercial activity over the half year was highly positive, with multiple contracts won. In France, we can highlight the award of two contracts in Gennevilliers, one for the wholesale supply of water (€234m, 15 years) and the other for drinking water management (€639m, 12 years), a drinking water supply contract with the city of Calais (€79m, 12 years), alongside a water and sewage network management contract for the urban community of Alençon (€68m, 12 years). In Spain, the Trujillo contract was extended (€16m, 15 years) and in Chile a contract was signed to manage a wastewater treatment plant for CODELCO (3 years).

- EBITDA[1] amounted to €662m with a margin rate of 29.3% versus 28.1% in the first half of the previous year. The high growth of +5.5% at constant scope and exchange rate was driven by a favourable price effect and the ongoing improvement of operating efficiency. The Water Europe division generated €24m in Compass savings over the six-month period.

RECYCLING AND RECOVERY EUROPE

In €m	30 June 2014	30 June 2015	Gross change	FX change	Change at constant scope and exchange rate
Revenue	3,137	**3,167**	+0.9%	+1.6%	-0.5%
EBITDA[1]	374	**368**	-1.5%	+1.2%	-3.1%
EBIT[1]	128	**137**	+7.1%	+1.7%	+3.7%

6 Following the new organisation, Safège's contribution has been moved from the Water Europe division to the Others division

- Revenue in the Recycling and recovery Europe division amounted to €3,167m, down -0.5% at constant scope and exchange rate. Performance was affected by a sharply negative price effect on secondary raw materials (especially metals, -11%), mainly affecting the first quarter; adjusted for this effect, revenue is up at constant scope and exchange rate.

Treated volumes grew by +0.8%, benefiting from the commissioning of new processing plants, including the Suffolk energy-from-waste plant. The decline in volumes sent to landfill was offset by increased recycling volumes.

In terms of geographical region, change at constant scope and exchange rate was -2.6% in France, +2.7% in the UK and Scandinavia, +1.6% in Benelux/Germany and +0.9% in Central Europe.

Commercial activity was rich over the half year with, in France, the award of the design-build-operate contract for the Ivry-Paris-XIII waste recovery centre (€900m, 23 years), the contract to operate an energy-from-waste unit in Carhaix (€25m, 10 years) and a contract with Total (12m€); as well as in Germany, the waste collection contract for the city of Heilbronn (€43m, 8 years).

- EBITDA[1] for the Recycling and recovery Europe division amounted to €368m; growth on a comparable basis contracted by -3.1%, as a consequence of the negative volume effect of the landfilling activity in France and lower electricity prices (-€7m), partially offset by good activity in the UK and a slight improvement in the Benelux/Germany and Central Europe regions. The Waste Europe division generated €25m in Compass savings over the six-month period.

INTERNATIONAL

In €m	30 June 2014	30 June 2015	Gross change[2]	FX change	Change at constant scope and exchange rate
Revenue	1,545	**1,815**	+17.5%	+9.0%	+5.9%
EBITDA[1]	389	**303**	+16.5%	+8.3%	+0.5%
EBIT[1]	298	**202**	+19.3%	+7.3%	+0.9%

- At 30 June 2015 the International division revenues amounted to €1,815m, up +5.9% at constant scope and exchange rate.
  - The Africa/Middle East region posted a sustained increase of +12.3% at constant scope and exchange rate, reflecting the start of new construction contracts in the Middle East, especially the Mirfa contract, and ongoing development in the volumes of water sold in Morocco.
  - North America reported growth of +6.9% at constant scope and exchange rate, fully benefiting from the start of the Nassau contract and growth in water volumes sold in the USA (+2.0%), which was partially offset by a drop in the sales of equipment.
  - The Europe/LatAm region reported +5.5% growth at constant scope and exchange rate, driven by strong operating performance in most areas.
  - Australia reported growth of +1.8% at constant scope and exchange rate. This performance is a result of both sustained growth in treated volumes and a positive price effect.
  - Asia performance was slightly down (-1.4%) at constant scope and exchange rate; the lower contribution from construction activities offset the good resilience of waste activities.

The order backlog for construction activities amounts to €1.1bn, a sharp rise of +32.3% versus 30 June 2014.

- In the course of the first half year 2015, SUEZ pursued its international growth signing an agreement with Chongqing Water Assets, through its 50/50 joint venture with New World Services, to create a major Chinese player in water and waste: Derun Environment.

- Furthermore, the Group won several significant contracts, such as the one to supply wastewater recycling equipment with Beijing Drainage Group (€140m) in China or to operate the Gabal El Asfar wastewater treatment plant in Cairo, Egypt (€84m, 4 years).

- Division EBITDA[1] amounted to €303m, slight growth on a comparable basis (+0.5%). The margin rate amounts to 16.7%, stable versus the previous year (16.8%) once adjusted for the €129m gain on the CEM disposal in 2014. The International division generated €20m in Compass savings over the half year.

GOVERNANCE

The Board of Directors noted the resignation from her office as a director of Mrs.Penelope Chalmers Small, Executive Vice-President of Strategy and Communication at ENGIE Energy International, and thanked her warmly for her contribution to the Board's activity since 2011. On the recommendation of the Nominations and Compensation Committee, the Board of Directors appointed Mrs. Judith Hartmann, Executive Vice President, Chief Financial Officer of ENGIE, as director.

OBJECTIVES FOR 2015

SUEZ maintains all its targets[7] for 2015:

- **IMPROVE PROFITABLE GROWTH IN 2015**
  - Revenues organic growth ≥ 3%
  - Positive EBITDA[8] organic growth
  - EBIT organic growth in ≥ 4%[8]
  - Net Financial Debt / EBITDA around 3x

- **CONTINUE ATTRACTIVE DIVIDEND POLICY**
  - Dividend ≥ €0.65 per share on 2015 results[9]

HALF-YEARLY FINANCIAL REPORT:

The 2015 interim report is available on the Group website (www.suez-environnement.com).

[7] Based on flat industrial production in Europe in 2015
[8] Excluding the €129m capital gain from the disposal of CEM
[9] Subject to approval by Annual Shareholder Assembly 2016

<u>NEXT COMMUNICATION:</u>

29 October 2015: Third Quarter 2015 report (conference call)

APPENDICES

SUMMARY BALANCE SHEET

ASSETS (€m)	31/12/14	30/06/15
NON CURRENT ASSETS	**18,992**	**19,558**
o/w net intangible assets	4,276	4,268
o/w goodwill	3,262	3,409
o/w net tangible assets	8,009	8,243
CURRENT ASSETS	**7,863**	**8,535**
o/w clients and other debtors	3,790	4,149
o/w cash and cash equivalents	2,249	2,539
TOTAL ASSETS	**26,855**	**28,093**

LIABILITIES (€m)(1)	31/12/14	30/06/15
Equity, group share	5,486	5,558
Minority Interests	1,519	1,525
TOTAL EQUITY	**7,005**	**7,083**
Provisions	1,995	1,970
Financial Debt	9,648	10,793
Other Liabilities	8,207	8,248
TOTAL LIABILITIES	**26,855**	**28,093**

(1) Including IFRIC 21

SUMMARY INCOME STATEMENT

In €m	H1 2014	H1 2015
REVENUE	**6,891**	**7,295**
Depreciation, Amortization & Provisions	(524)	(549)
INCOME FROM OPERATING ACTIVITIES	**616**	**502**
Financial Result	(212)	(200)
Associates non-core	6	-
Income tax	(59)	(65)
IFRIC 21 impact on income tax	13	15
Minority interest	(108)	(111)
NET RESULT GROUP SHARE	**255**	**141**

SUMMARY CASH FLOW STATEMENT

In €m	H1 2014	H1 2015
Operating cash flow	949	1,030
Income tax paid (excl. income tax paid on disposals)	(72)	(36)
Change in operating working capital	(262)	(207)
CASH FLOW FROM OPERATING ACTIVITIES	**615**	**787**
Net tangible and intangible investments	(432)	(571)
Financial investments	(147)	(72)
Disposals	82	62
Other investment flows	199	(4)
CASH FLOW FROM INVESTMENT ACTIVITIES	**(299)**	**(586)**
Dividends paid	(479)	(545)
Balance of reimbursement of debt / new debt	(139)	878
Interests paid / received on financial activities	(161)	(159)
Capital increase	37	-
Net new hybrid	183	37
Other cash flows	35	(132)
CASH FLOW FROM FINANCIAL ACTIVITIES	**(524)**	**79**
Impact of currency, accounting practices and other	6	11
CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE PERIOD	**2,391**	**2,249**
Total cash flow for the period	(202)	291
CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD	**2,189**	**2,539**

REVENUE BY GEOGRAPHIES

In €m	H1 2014	H1 2015	% in H1 2015	Δ 15/14
FRANCE	**2,555**	**2,510**	**+34.4%**	**-1.7%**
Spain	820	840	+11.5%	+2.5%
UK	446	544	+7.5%	+21.9%
Others Europe	1,232	1,219	+16.7%	-1.1%
EUROPE (excluding France)	**2,498**	**2,603**	**+35.7%**	**+4.2%**
North America	379	502	+6.9%	+32.5%
South America	381	449	+6.2%	+17.9%
Oceania	472	504	+6.9%	+6.7%
Asia	177	211	+2.9%	+19.1%
Others International	429	515	+7.1%	+20.1%
INTERNATIONAL (excluding Europe)	**1,838**	**2,182**	**+29.9%**	**+18.7%**
TOTAL	**6,891**	**7,295**	**+100.0%**	**+5.9%**

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 wasterwater treatment services to 65 million, collects waste produced by almost 50 million, recovers 14 million tons of waster each year and produces 5,138 GWh of local and renewable energy. With 80,990 employees, SUEZ, which is present on all five continents, is a key player in the sustainable management of resources. SUEZ generated total revenues of €14.3 billion in 2014.

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Disclaimer

This document includes unaudited financial data. The aggregates shown are those customarily used and disclosed to the markets by SUEZ.

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