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## A SOLID FIRST-QUARTER 2019 DEFINITIVE RESOLUTION OF ARBITRATION WITH ARGENTINA ON BUENOS AIRES

- **Brisk business activity:** organic revenue growth of 3.7% to €4,210m
- **Strong sales momentum across all divisions**
- EBIT up 3.3% in organic terms to €293m, **in line with the expected trajectory**
- **2019 outlook confirmed**

In millions of euros	March 31, 2018 <sup>1</sup>	March 31, 2019 <sup>2</sup>	Gross change	Organic change	FX change	Change at constant FX <sup>3</sup>
Revenue	4,055	<b>4,210</b>	+3.8%	+3.7%	+0.9%	+3.0%
EBITDA	633	<b>709</b>	+12.1%	<b>-0.8%</b>	+0.6%	-0.5%
<i>EBITDA / Revenue</i>	<i>15.6%</i>	<i><b>16.9%</b></i>				
EBIT	278	<b>293</b>	+5.3%	<b>+3.3%</b>	+0.3%	+3.9%
<i>EBIT / Revenue</i>	<i>6.9%</i>	<i><b>7.0%</b></i>				

In millions of euros	Dec 31, 2018	Mar. 31, 2019 ex. IFRS 16	Mar. 31, 2019	Change ex. IFRS 16
Net debt	8,954	<b>9,031</b>	10,367	+0.9%
Net debt / EBITDA	3.23x	<b>3.26x</b>	3.37x	

▪ **SUEZ reported revenue of €4,210m in first-quarter 2019, up 3.7% in organic terms.** Group growth continues to be driven by increased business activity for the **Water Technologies and Solutions (WTS)** and **International** divisions, which posted organic revenue growth of 8.5% and 4.5%, respectively. In a favorable tariff environment, the **Recycling & Recovery Europe** division posted solid organic revenue growth of 4.7%. Volumes treated decreased slightly, the result of continued greater contract selectivity as to paper and certain plastics. Waste volumes in Europe are nevertheless expected to rise 1.5% in 2019. **Water Europe** business was stable as expected.

▪ **EBIT stood at €293m at March 31, 2019, up 3.3% in organic terms.**

▪ On a like-for-like accounting basis, **debt remained practically stable** from December 31<sup>st</sup> at €9,031m compared with €8,954m (+0.9%), and the debt ratio came out at 3.26x EBITDA on a 12-month rolling basis. This stability factors in the following three key items: seasonal growth in the WCR for €337m, an unfavorable currency effect for €124m and net proceeds from the disposal of a 20% stake in SUEZ Water Resources Inc. (USA) for €524m.

<sup>1</sup> Figures at end-March 2018 include the impact of the allocation of the acquisition price of GE Water, for -€3m, -€2m and -€10m on revenue, EBITDA and EBIT, respectively.

<sup>2</sup> Data at end-March 2019 include the impact of the first application of IFRS 16, for +€76m and +€3m on EBITDA and EBIT, respectively.

<sup>3</sup> Change at constant FX in this press release exclude the impact of the initial application of IFRS 16

- The Argentine government and SUEZ have concluded and implemented a **transactional settlement agreement on Aguas Argentinas**. For the SUEZ group, the cash amount received in April is €220m.

**Commenting on the first-quarter 2019 results, Chief Executive Officer Jean-Louis Chaussade said:** “With organic revenue growth of 3.7% and organic EBIT growth of 3.3% in the first quarter, we are off to a strong start in 2019. At each division, the strong mobilization of the teams is producing numerous commercial successes and bolstering business activity. For example, we were appointed preferred bidder by the City of Manchester for the treatment of waste of 2.3 million inhabitants, or one million tons of waste a year. In China, SUEZ has won three contracts in water management and recovery for a total of nearly €250m. In addition, I am delighted with the definitive resolution of arbitration with the Argentinian government in respect of the Buenos Aires water and sanitation concession. Overall, the performance achieved in the first quarter is in line with our forecast trajectory and we are confirming our guidance for 2019.”

#### BREAKDOWN OF ACTIVITY, END-MARCH 2019

Revenue In millions of euros	March 31, 2018 <sup>4</sup>	March 31, 2019	Gross change	Organic change	FX change	Change at constant FX
<b>TOTAL</b>	4,055	<b>4,210</b>	+3.8%	<b>+3.7%</b>	+0.9%	+3.0%
O/w:						
Water Europe	1,115	<b>1,092</b>	-2.1%	<b>-0.4%</b>	-0.4%	-1.6%
Recycling & recovery Europe	1,537	<b>1,588</b>	+3.3%	<b>+4.7%</b>	-0.2%	+3.5%
International	882	<b>945</b>	+7.1%	<b>+4.5%</b>	+2.6%	+4.5%
Water technologies & solutions <sup>4</sup>	493	<b>556</b>	+12.7%	<b>+8.5%</b>	+4.0%	+8.6%
Others	27	<b>29</b>	+8.2%	<b>+8.2%</b>	-	+8.2%

The gross revenue change of +3.8% (+€156m) versus March 31, 2018 breaks down as follows:

- **Organic change of +3.7% (+€151m):**
  - **Water Europe** revenue was down slightly by -0.4% (-€5m). More advantageous tariffs in France offset in part the less favorable commercial balance over the period. The change in water volumes sold to Chile was impacted by an unfavorable base effect owing to an exceptionally warm and dry first-quarter 2018.
  - **Recycling & recovery Europe** revenue increased 4.7% (+€72m), notably owing to the increase in tariffs on services for industrial clients.
  - The **international** division posted a 4.5% increase in revenue (+€40m) through dynamic business activity in almost all the regions.
  - **WTS** continues to generate solid organic growth, up 8.5% (+€42m), driven by Engineered Systems activity.
- **Currency effect of 0.9% (+€35m)**, resulting primarily from the appreciation of the US dollar (+€35m) and, to a lesser extent, the pound sterling (+€3m), while the Australian dollar and the Chilean peso both fell (by €5m) against the euro.
- **Scope effect of -0.8% (-€31m)**, stemming in particular from the 2018 disposal of a pallet recycling and medical waste collection activity in France.

<sup>4</sup> Figures at end-March 2018 include the impact of the allocation of the acquisition price of GE Water for -€3m on WTS and Group total revenue

**EBITDA totaled €709m, down 0.8% on an organic basis, and EBIT €293m, up 3.3% on an organic basis.** They include the exceptional bonus for the lowest wages in France, for €7m. The technical effects resulting from the initial application of IFRS 16 amounted to €76m on EBITDA and €3m on EBIT.

## PERFORMANCE BY DIVISION

### WATER EUROPE

In €m	March 31, 2018	March 31, 2019	Gross change	Organic change	FX change	Change at constant FX
Revenue	1,115	1,092	-2.1%	<b>-0.4%</b>	-0.4%	-1.6%

■ **Revenue in France was down 4.4% (-€23m) on an organic basis.**

The increase in water volumes sold (up 1.6%) owing to more favorable weather conditions this winter and tariff increases (also up 1.6%) partly offset the effect of the end of the contracts in Bordeaux (January 2019) and Valenton (April 2018).

■ **Revenue in Spain increased 0.7% (+€3m) on an organic basis.**

As in France, water volumes sold benefited from favorable weather, rising 0.9%. Tariffs continued to be impacted by the 1.65% decline implemented in May 2018, in Barcelona, and by the deferment on tariff increases on the rest of the contracts owing to upcoming elections in the second quarter. As a result, tariffs fell 1.1%. There will be no tariff change in Barcelona in 2019.

■ **Revenue in Latin America grew 6.5% (+€16m) on an organic basis.**

The Business Unit benefited from tariff increases in Chile, up 2.8% for the period. Water volumes sold rose slightly, by 0.5%, owing to an unfavorable base effect, with the summer of 2018 in Chile (first-quarter 2018) proving particularly warm and dry. The strong organic growth in Latin America can also be attributed to considerable momentum in construction, notably in Salvador and Panama, and to the development of our activity relative to the optimization and efficiency of the water distribution networks in Brazil.

■ EBIT was down on an organic basis due to the tariff decrease in Barcelona and the phasing of the commercial balance in France.

### RECYCLING & RECOVERY EUROPE

In €m	March 31, 2018	March 31, 2019	Gross change	Organic change	FX change	Change at constant FX
Revenue	1,537	1,588	+3.3%	<b>+4.7%</b>	-0.2%	+3.5%

Performance in the **Recycling & Recovery Europe** division was driven mainly by increases in service tariffs across all business segments, notably with industrial clients. Treated volumes fell slightly, by 0.8%, a result of the Group's stated aim to reduce its exposure to the sorting of paper and certain plastics given the particularly low price levels of these recycled materials. Treated volumes are nevertheless expected to rise 1.5% for the year as a whole. In a further noteworthy development, average electricity sale tariffs increased in 2019 across all regions.

■ **Revenue in the Industrial Waste Specialties segment increased by a full 18.8% (€20m) on an organic basis.**

The segment was bolstered in particular by robust momentum in soil remediation, and by tariff increases for the Chemicals business in Europe.

■ **Revenue in the Benelux/Germany region rose 8.2% (€30m) on an organic basis.**

The services activities benefited from major tariff increases, particularly in the industrial and commercial

segment. We note the continued solid growth of Belland Vision (licensing packaging) in Germany. Waste volumes treated fell slightly in the region, notably in Belgium and the Netherlands.

▪ **The United Kingdom/Scandinavia region posted organic growth of 4.6% (€12m).**

The increase mainly resulted from tariff increases in the services business, both municipal and industrial. Volumes remained trended positively, notably in energy recovery in the UK and the industrial and commercial sector in Sweden. The region also benefited from substantial momentum in construction, notably at the Surrey site.

▪ **Revenue in France was up 1.2% (€10m) on an organic basis.**

As in other countries, growth benefitted from tariff increases in the services business. In addition, sorted volumes were limited by the voluntary reduction of exposure to the price of paper/cardboard and certain plastics.

▪ Excluding the one-off impact of the payment this quarter of an exceptional bonus for the lowest wages in France, and despite a significant increase in oil prices since the start of the year, the division posted a slight organic increase in EBIT.

## INTERNATIONAL

In €m	March 31, 2018	March 31, 2019	Gross change	Organic change	FX change	Change at constant FX
Revenue	882	945	+7.1%	<b>+4.5%</b>	+2.6%	+4.5%

▪ **Asia posted organic growth of 31.0% (€27m)**, with positive contributions from water and waste activities. The region's organic performance was also positively impacted by the takeover of the water assets Shanghai Chemical Industrial Park (SCIP) as part of the Group's determination to boost its presence in industrial parks in China.

▪ **Australia generated organic growth of 5.6% (€14m)**, primarily due to increased volumes of waste treated and the start-up of new collection contracts.

▪ **Revenue in the Italy/Central & Eastern Europe region was up 1.7% (€2m) on an organic basis.** Business activity continued to trend positively in all the countries. Organic growth was more modest owing to a high comparison basis, following a particularly vigorous 2018 period.

▪ **Revenue in North America was up slightly, by 0.4% (€1m), on an organic basis.** Regulated water activities posted volumes up very slightly (+0.6%).

▪ **Revenue in the Africa/Middle East/India region was down 1.5% (€4m) on an organic basis.** Business momentum remains strong in the region, especially in India, with the start-up of the Coimbatore and Davengere contracts. However, organic growth slowed following the end of the Barka construction contract in Oman in June 2018.

▪ Considering the phasing of contracts, the construction business backlog stood at €0.6bn for this division, down 6.4% versus end-2018.

▪ The division posted considerable organic EBIT growth, with positive contributions from all geographical segments.

## WATER TECHNOLOGIES & SOLUTIONS

In €m	March 31, 2018 <sup>5</sup>	March 31, 2019	Gross change	Organic change	FX change	Change at constant FX
Revenue	493	556	+12.7%	<b>+8.5%</b>	+4.0%	+8.6%

WTS revenue stood at **€556m, an organic increase of 8.5% (€42m)**. The Engineered Systems business achieved organic growth of **11%**, driven by solid growth in product sales, notably analysis and purification tools, and by promising momentum in service activities. The Chemical Monitoring Solutions business posted organic growth of **3%**, benefiting in particular from tariff increases in Asia and Latin America.

WTS EBIT is not significant in the first quarter. Excluding non-recurring items in first-quarter 2018, it grew organically.

### OUTLOOK

In an environment that has become more volatile, in which the services offered by SUEZ to its customers have become increasingly necessary, the Group is fully focused on delivering a significant improvement in its results.

Maintaining a selective investment policy, achieving at least €200m in cost savings, and unlocking WTS integration synergies will help SUEZ to meet the targets it has set and confirmed for 2019<sup>6</sup>:

- Organic revenue growth of 2% to 3%
- Organic EBIT growth of 4% to 5%
- FCF growth of around 7% to 8%
- Leverage ratio (Net debt/EBITDA) of c.3x in 2019<sup>7</sup>
- Continued ambition to lower debt ratio in 2020

On this basis, and in accordance with the Board of Directors, the Group intends to propose a dividend of €0.65 per share in respect of 2019 at the Annual General Meeting in May 2020.

### GOVERNANCE

The Board of Directors decided unanimously that subject to her reappointment at the May 14th AGM Mrs Anne Lauvergeon will head the ESG, Innovation, Ethic, Sustainable Water and Planet committee, and that Mrs Delphine Ernotte-Cunci will head the Audit and Financial Statements Committee.

### FINANCIAL CALENDAR (SUBJECT TO CHANGE)

- **May 14, 2019:** Annual General Meeting
- **May 20, 2019:** Detachment of the coupon<sup>8</sup>
- **May 22, 2019:** Payment of the dividend<sup>8</sup>
- **July 26, 2019:** Publication of first-half 2019 results (conference call)
- **October 30, 2019:** Publication of nine-month revenue 2019 (conference call)

<sup>5</sup> Revenue at end-March 2018 include the impact of the allocation of the acquisition price of GE Water for -€3m

<sup>6</sup> Assuming water volumes sold remain in line with historical trends, volumes of waste treated rise by +1.5% in Europe and raw material prices are stable relative to December 31, 2018.

<sup>7</sup> Excluding impact of application of IFRS 16 accounting standard

<sup>8</sup> Subject to approval by the 2019 Annual General Meeting

## APPENDIX: REVENUE BY REGION

In €m	Q1 2018 after PPA	Q1 2019	in % of Total	Variation
<b>FRANCE</b>	<b>1,257</b>	<b>1,214</b>	<b>28.8%</b>	<b>(3.4)%</b>
Spain	393	399	9.5%	+1.5%
UK	232	242	5.8%	+4.7%
Germany	151	162	3.9%	+7.5%
Benelux	283	320	7.6%	+13.3%
Others Europe	250	265	6.3%	+6.1%
<b>EUROPE (excluding France)</b>	<b>1,308</b>	<b>1,389</b>	<b>33.0%</b>	<b>+6.2%</b>
North America	449	474	11.3%	+5.6%
South America	290	312	7.4%	+7.5%
Oceania	276	284	6.7%	+3.1%
Asia	189	253	6.0%	+33.8%
Africa	212	208	4.9%	(2.0)%
Others International	75	76	1.8%	+0.4%
<b>INTERNATIONAL (excluding Europe)</b>	<b>1,491</b>	<b>1,607</b>	<b>38.2%</b>	<b>+7.8%</b>
<b>TOTAL REVENUE</b>	<b>4,055</b>	<b>4,210</b>	<b>100.0%</b>	<b>+3.8%</b>

### Disclaimer

*This press release contains unaudited financial data. The aggregates presented are those normally used and communicated on markets by SUEZ.*

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### About SUEZ

*With 90 000 people on the five continents, SUEZ is a world leader in smart and sustainable resource management. We provide water and waste management solutions that enable cities and industries to optimize their resource management and strengthen their environmental and economic performances, in line with regulatory standards. To meet increasing demands to overcome resource quality and scarcity challenges, SUEZ is fully engaged in the resource revolution. With the full potential of digital technologies and innovative solutions, the Group recovers 17 million tons of waste a year, produces 3.9 million tons of secondary raw materials and 7 TWh of local renewable energy. It also secures water resources, delivering wastewater treatment services to 58 million people and reusing 882 million m3 of wastewater. SUEZ generated total revenues of €17.3 billion in 2018.*

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