

Paris 10/30/2018 – 7:30 a.m.

SUEZ RESULTS AT SEPTEMBER 30, 2018
POSITIVE TREND MAINTAINED AND FULL-YEAR TARGETS CONFIRMED
VERY STRONG PERFORMANCE BY WTS

- Organic revenue growth accelerated to +3.8% and organic EBITDA growth to +3.9%
- Organic EBIT growth momentum continued at +7.5%
- Net debt/EBITDA ratio decreased to 3.4x at end-September vs 3.5x at end-June

In millions of euros	September 30, 2017 restated ¹	September 30, 2018	Gross change	Organic change	FX change	Change at constant FX ²
Revenue	11,234	12,697	+13.0%	+3.8%	-2.6%	+15.8%
EBITDA	1,920	2,048	+6.7%	+3.9%	-2.5%	+10.4%³
<i>EBITDA / Revenue</i>	<i>17.1%</i>	<i>16.1%</i>				
EBIT pre PPA	922	997	+8.1%	+7.5%	-3.4%	+13.3%
<i>EBIT pre PPA / Revenue</i>	<i>8.2%</i>	<i>7.9%</i>				
EBIT	922	963	+4.4%	+7.5%	-3.4%	+9.7%
<i>EBIT / Revenue</i>	<i>8.2%</i>	<i>7.6%</i>				
Net debt	9,013	9,332				

■ **SUEZ's revenue reached €12,697m at September 30, 2018, with organic growth of +3.8%**, representing a further improvement in the third quarter after a +3.0% increase in the first half of the year. This strong performance was driven mainly by the **Water Technologies Solutions (WTS)** division, which was up +6.9% on an organic basis, and by an improvement in organic growth at the **Water Europe** division to +1.5% at end-September vs 0.5% at end-June, due to more favorable weather conditions in the third quarter. The **Recycling and Recovery Europe** division remained strong at +3.4% (+3.6% at end-June) despite pricing pressure in recycled raw materials, in particular in paper and cardboard. Organic growth at the **International** division improved to +3.5% vs +1.7% at end-June.

■ **EBIT at September 30, 2018 stood at €963m, for organic growth of +7.5%**, in line with the first half of the year, and up +13.3% at constant exchange rates and excluding the GE Water purchase price allocation (PPA) impact. Our Compass cost savings program also had a €146m positive impact on operating profitability.

Commenting on the results at September 30, 2018, Jean-Louis Chaussade, CEO, said: *“The positive trend that emerged in the first half of the year has continued. SUEZ's organic growth accelerated sharply in the third quarter to reach 3.8% at end-September. The Group recorded robust growth momentum in the first nine months of the year. One year after the GE Water acquisition, the new division has delivered on all its promises and the synergies have been greater than expected. The strong operating performance in the first half of the year continued, with organic growth in EBIT maintained at +7.5%. We have every confidence that we will meet the targets set for full-year 2018.”*

¹For comparability purposes, the 2017 figures mentioned in this press release and which serve as a basis to calculate annual changes are restated following application of the IFRS 15 accounting standard as of January 1st, 2018.

² Before the impact of US tax system changes on regulated activity, neutral on net income Group share.

³ Variation pre-GE Water purchase price allocation charge in 9M 2018 (€(6)m impact on EBITDA)

BREAKDOWN OF ACTIVITY AT END-SEPTEMBER 2018

Revenue In millions of euros	September 30, 2017 restated	September 30, 2018	Gross change	Organic change	FX change	Change at constant FX
TOTAL	11,234	12,697	+13.0%	+3.8%	-2.6%	+15.8%
<i>Of which:</i>						
Water Europe	3,361	3,389	+0.8%	+1.5%	-0.7%	+1.5%
Recycling & Recovery Europe	4,546	4,637	+2.0%	+3.4%	-0.6%	+2.6%
International	2,936	2,882	-1.8%	+3.5%	-4.9%	+3.7%
Water Technologies & Solutions	316	1,711	NA	+6.9%	NA	NA
Others	74	78	+5.0%	+5.0%	0.0%	+5.0%

The gross revenue change of +13.0% (+€1,463m) versus September 30, 2017 breaks down as follows:

- **Organic change of +3.8% (+€430m) with strong momentum in all divisions:**
 - **Water Europe** revenue rose by +1.5% (+€51m), driven by higher volumes and prices in Chile, as well as the improvement in the volume trend in France over the summer.
 - **Recycling and Recovery Europe** revenue increased by +3.4% (+€155m), bolstered by higher volumes of treated waste; however, growth was negatively affected by the adverse trend in recycled raw materials prices, in particular for paper and cardboard.
 - **International** revenue improved by +3.5% (+€103m) versus the first nine months of 2017. Business activity increased in all regions, with the exception of Africa, Middle East and India, where it had benefited from significant construction revenue in 2017.
 - **WTS** revenue stood at \$2,043m (€1,711m), up +6.9% relative to pro forma 9M 2017⁴.
- **Foreign exchange impact of -2.6% (-€294m)**, mainly due to the appreciation of the euro against the US dollar (-€135m), the Australian dollar (-€62m), and the Chilean peso (-€16m).
- **Scope effect of +12.0% (+€1,345m)**, due to the first-time consolidation of GE Water (+€1,376m) since October 1, 2017.

At constant exchange rates, and before the impact of both the change in US tax law on the regulated water activities and PPA, **EBITDA improved by +10.4% and EBIT by +13.3%**. The level of organic EBIT growth remained high at +7.5%, driven by the International and WTS divisions. During the period, EBIT also benefited from €146m in cost savings generated under the Compass program through optimized operating performance, additional savings on procurement and lower overhead costs. This level of cost cutting is in line with the full-year target of €200m as defined in March 2018 in the action plan.

Net debt at end-September was €9,332m, with the net debt/EBITDA ratio improving to 3.4x from 3.5x at end-June 2018. This ratio is expected to reach c.3.2x at the end of the year and then c.3x upon completion of the sale of 20% of the regulated water activities in the United States, in line with our guidance.

⁴ Estimated 9M 2017 revenue for WTS on a like-for-like basis (pro forma)

PERFORMANCE BY DIVISION

WATER EUROPE

In millions of euros	September 30, 2017 restated	September 30, 2018	Gross change	Organic change	FX change	Change at constant FX
Revenue	3,361	3,389	+0.8%	+1.5%	-0.7%	+1.5%

▪ **France's organic change was close to breakeven at -0.7% (-€12m).**

This trend represents a sharp improvement over the first half of the year (-2.2%), due to favorable climate conditions in July and August. The decrease in water volumes sold normalized at -1.0% at end-September, in line with the medium-term trend, and tariff increases reached +1.0%.

▪ **Revenue in Spain was stable on an organic basis (+€1m, or 0.0%).**

The -1.1% change in water volumes sold at end-September 2018 reflected the less favorable climate and the decline in tourism activity in the summer period. Tariffs were stable, at +0.1%, including the 1.65% decrease negotiated in Barcelona, which has been in effect since May, and an increase in the rest of our contracts.

▪ **Revenue in Latin America grew +10.0% (+€62m) on an organic basis.**

Growth in the region was once again fueled by a +3.9% volume increase in Chile, where the winter was particularly dry, and price hikes of +2.5%. The region also benefited from an acceleration in commercial momentum in Panama and Mexico.

▪ EBIT at constant exchange rates for the **Water Europe** division was stable relative to 2017.

RECYCLING AND RECOVERY EUROPE

In millions of euros	September 30, 2017 restated	September 30, 2018	Gross change	Organic change	FX change	Change at constant FX
Revenue	4,546	4,637	+2.0%	+3.4%	-0.6%	+2.6%

The Recycling and Recovery Europe division posted **+3.4% (+€155m)** organic growth in revenue at September 30, 2018. Performance continued to be driven by the increase in volumes treated (+2.8%) and higher prices in the services activities. It was, however, affected by the adverse trend in recycled raw materials prices, in particular paper and cardboard.

Operational profitability was thereby hindered by the impact of lower recycled raw materials prices, partially offset by the positive effect of higher electricity prices in the summer. The combined impact of these two effects on EBIT in the first nine months of the year is of -€18m. Higher oil prices also had a -€13m impact on the division's operating profitability.

▪ **Revenue in France was up +5.6% (+€129m) on an organic basis.**

This growth mainly reflects the increase in volumes, as well as in prices, in the municipal and industrial collection activities.

▪ **Revenue in the United Kingdom/Scandinavia region declined by 1.0% (-€8m) on an organic basis.**

This performance can be attributed to the lower contribution from the construction activities in the United Kingdom, which hurt the region's revenue, and to the closure of the Tilbury treatment site at the end of last year. These impacts were partially offset by a higher level of activity in industrial and commercial segment (I&C), in both the United Kingdom and Scandinavia.

▪ **Revenue in the Benelux and Germany region rose by +1.8% (+€20m) on an organic basis.**

The services activities benefited from higher prices, in particular in the I&C segment, as well as from strong business trends in the summer.

- **Revenue in the Industrial Waste Specialties segment grew by +4.6% (+€14m) on an organic basis.**

This trend confirms the strong commercial momentum with large industrial clients, in particular in the soil remediation activity.

- Excluding the impact of the change in raw materials prices, EBIT in the **Recycling and Recovery Europe** division was up at constant exchange rates.

INTERNATIONAL

In millions of euros	September 30, 2017 restated	September 30, 2018	Gross change	Organic change	FX change	Change at constant FX
Revenue	2,936	2,882	-1.8%	+3.5%	-4.9%	+3.7%

- **Revenue growth in Italy/Central and Eastern Europe remained very strong at +20.5% (+€61m) on an organic basis.** This performance was mainly due to the hazardous waste activities in Czech Republic and Poland, but also progress on construction of the treatment and sludge-to-energy plant in Glina, Romania.

- **Revenue in Australia grew by +10.2% (+€79m) on an organic basis,** driven in part by higher volumes treated (+14%) and higher prices, as well as by the increase in industrial collection contracts.

- **Revenue in Asia grew by +5.1% (+€16m) on an organic basis,** resuming a normalizing trend after a stable first half due to the termination of major engineering and equipment supply contracts.

- **Revenue in North America was up +3.8% (+€27m) on an organic basis.** In spite of unfavorable weather conditions during the summer, Water volumes sold in the regulated business increased +1.3%. The non-regulated activity recorded a solid increase in revenue.

- **Revenue in the Africa/Middle East/India region declined by 9.6% (-€80m) on an organic basis.**

This performance stemmed from the completion of several major construction projects, including the Barka and Doha West projects. This was only partially offset by the implementation of new contracts, including the one in Sri Lanka.

- The construction business backlog stood at €1,245m, stable versus end-2017. During the quarter, the Group signed contracts to expand and modernize the Boneo wastewater treatment plant in Australia and to design and build the Katosi drinking water production plant in Uganda.

- EBIT for the **International** division increased significantly at constant exchange rates. This trend was observed in most geographic segment.

WATER TECHNOLOGIES & SOLUTIONS

WTS revenue stood at \$2,043m (€1,711m), up +6.9% relative to pro forma 9M 2017⁵. The Engineered Systems segment posted +10% growth. It benefited from growth in both the products and services activities, in particular in ultrafiltration and reverse osmosis. The Chemical Monitoring Solutions segment reported organic growth of +5% (+3% in volume terms and +2% in price terms), driven mainly by China, Africa and the Middle East, as well as North America.

For the division as a whole, orders rose by +14% compared with the year-ago period, reflecting very strong commercial momentum, in particular for the Engineered Systems segment.

The “Value Capture” synergy extraction program is ahead of schedule, as \$30m in synergies has already been secured for 2018.

⁵ Estimated 9M 2017 revenue for WTS on a like-for-like basis (pro forma)

EBIT at constant exchange rates was up substantially compared with pro forma 9M 2017.

2018 TARGETS CONFIRMED

In light of the additional contribution from new business activities in the “industrial water” sector, the momentum in all divisions, and the action plan adopted at the start of the year, the Group confirms its outlook for 2018:

- Revenue growth at constant exchange rates of c.9%
- Growth in EBIT of c.10% at constant exchange rates before recognition of the impact of purchase price allocation for the acquisition of GE Water⁶
- Free cash flow of c.€1 billion⁷
- Net debt/EBITDA ratio of close to 3x
- A dividend ≥ €0.65 per share in respect of 2018 results⁸

Q3 HIGHLIGHTS

A number of commercial successes realized

After multiple business wins first half of the year, for total combined revenues of €1 billion, SUEZ continued its expansion in **France**. The Group will build the new wastewater treatment plant in **Bourges**, which will include the integration of a biogas production unit and the creation of constructed wetlands. This contract is worth €23m. The Group has also returned to the city of **Vendôme**, where it will maintain and upgrade the facilities and production equipment and distribute water to 22,000 inhabitants. This contract takes the form of a SEMOP⁹ and is worth nearly €20m over 10 years. This win shows SUEZ’s ability to offer innovative and collaborative forms of governance: it currently operates six of the approximately ten SEMOPs in France in the water businesses.

SUEZ also strengthened its presence in **Europe**, with five contract wins or renewals for total revenue of approximately €100m. In **Germany**, **Chemnitz** (Land of Saxony) awarded it the contract to treat and recycle pretreated municipal waste produced by 580,000 inhabitants worth a total of more than €20m over five years. In the **Netherlands**, SUEZ will collect waste in six communes in the province of Utrecht, representing approximately 75,000 households, for total revenue of €21m over four years.

Furthermore, the Group announced the construction of a new energy-from-waste plant in the **United Kingdom** to treat household and commercial waste in the North East of the country from 2021. With an investment of approximately £150 million, this facility — with the capacity to treat 240,000 tons a year — will be owned by the Group, demonstrating its confidence in the future of its businesses in the country and providing a concrete response to the lack of infrastructure.

Internationally, the Group is pursuing this commercial development initiative in all geographic regions and all its businesses. In the **United States**, it has thus entered into three contracts for total revenue of more than €180m: the Group will, among others, work to improve drinking water services in Jersey City. In Latin America, the Group signed its first contract in **Ecuador**, consisting of technical and commercial assistance to improve the performance of the drinking water distribution network for the city of Santo Domingo, for revenue of about €23m over 10 years.

In **Africa**, SUEZ, the Algerian national water company (Algérienne Des Eaux, ADE) and the Algerian national sanitation authority (Office National de l'Assainissement, ONA) agreed to extend the support contract for the modernization of water and sanitation services in **Greater Algiers** for a three-year period. On October 23, SUEZ was also notified by the Senegalese government that it was the provisional winner of the international call for tenders to manage the public service involved in the production and distribution of drinking water in its cities and their peripheries.

In **Asia**, the Group assists **China** with the treatment of hazardous waste: a contract was entered into in **Qinzhou** for the construction, financing and operation for 50 years of a specialized Energy-from-Waste facility that will be able to treat 30,000 tons per year as of 2021. In **Australia**, SUEZ was awarded the contract to modernize and expand the **Boneo** wastewater treatment and recycling plant. This plant will use innovative

⁶ 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

⁷ Excluding payments associated with the voluntary departure plan in France, with its provisions recognized in 2017, and excluding the GE Water integration costs

⁸ Subject to approval by the 2019 Annual General Meeting

⁹ Société d'Economie Mixte à Opération Unique, a single-purpose semi-public company

technologies to produce the renewable resources (water and energy) that are essential to the region's future. Lastly, one year after the creation of the **Water Technologies & Solutions** division, its momentum has been confirmed with a number of contract wins. For example, the Group will operate and maintain the wastewater treatment plant for salad dressing manufacturer Litehouse Inc. in Michigan, in the United States. In addition to providing chemicals and ongoing technical support, the Group will roll out the InSight digital platform to optimize the facility's performance and productivity.

The Group continues to develop new services

SUEZ is aware that cities face challenges relating to their image and attractiveness and that users have certain quality-of-life expectations. It is therefore developing digital technologies to offer a new approach to urban cleanliness. After the contract with **Bordeaux Métropole, Reims** renewed its support contract with SUEZ. Under this new agreement, the Group will be responsible for keeping the city center and neighborhood markets clean.

SUEZ is also now positioned in the design and operation of air treatment solutions. These include "**IP'AIR**," which seeks to improve air quality in the Paris metro. In September, the Group was thus selected as one of the winners of the call for projects launched by the Ile-de-France region.

During the quarter, the Group continued to develop its **Resourceful cities** activities. Internationally, the Group signed a MoU to contribute to the strategy for managing rubble and waste produced by urban transport projects in **Greater Moscow**, through the rollout of digital solutions.

Lastly, the Group accelerated its **digital transformation** with the acquisition of **Optimatics**, a leader in water network optimization. Following the acquisition of a minority stake via its venture capital fund in 2017, SUEZ has now strengthened its offering with the best digital solutions, bringing both innovation and value creation to the design, construction and management of water infrastructure.

FORTHCOMING COMMUNICATIONS

- **February 27, 2019:** 2018 Annual results

APPENDIX 1: RESTATEMENTS RELATED TO APPLICATION OF IFRS 15

Following application of IFRS 15 as of January 1, 2018, the 2017 figures have been restated for comparability purposes.

- Data at September 30

<i>In €m</i>	9M 2017 published	1 st application of IFRS 15	Industrial Water activities	9M 2017 restated	9M 2018
Total revenue	11,301	(68)	-	11,234	12,697
Water Europe	3,408	(47)	-	3,361	3,389
Recycling & Recovery Europe	4,565	(19)	-	4,546	4,637
International	2,938	(2)	-	2,936	2,882
Water Technologies & Solutions	-	-	+316	316	1,711
Others	390	-	(316)	74	78
EBITDA	1,924	(4)	-	1,920	2,048
EBIT	926	(4)	-	922	963

- Data at December 31

<i>In €m</i>	FY 2017 published	1 st application of IFRS 15	GE Water PPA impact	FY 2017 restated and after PPA
Total revenue	15,871	(88)	-	15,783
Water Europe	4,680	(62)	-	4,619
Recycling & Recovery Europe	6,165	(25)	-	6,139
International	3,952	(1)	-	3,951
Water Technologies & Solutions	971	-	-	971
Others	103	-	-	103
Total EBITDA	2,641	(2)	(61)	2,578
Water Europe	1,165	(1)	-	1,165
Recycling & Recovery Europe	708	0	-	708
International	801	(2)	-	799
Water Technologies & Solutions	92	-	(61)	31
Others	(124)	-	-	(124)
Total EBIT	1,284	(2)	(70)	1,212
Water Europe	516	(1)	-	515
Recycling & Recovery Europe	303	0	-	303
International	557	(2)	-	555
Water Technologies & Solutions	59	-	(70)	(11)
Others	(151)	-	-	(151)

APPENDIX 3: REVENUE BY REGION

In €m	9M 2017 restated	9M 2018	in % of Total	Variation
FRANCE	3,718	3,757	29.6%	+1.1%
Spain	1,268	1,264	10.0%	(0.3)%
UK	707	733	5.8%	+3.6%
Germany	441	465	3.7%	+5.5%
Benelux	809	866	6.8%	+7.0%
Others Europe	624	791	6.2%	+26.9%
EUROPE (excluding France)	3,849	4,118	32.4%	+7.0%
North America	839	1,532	12.1%	+82.5%
South America	670	820	6.5%	+22.4%
Oceania	854	889	7.0%	+4.1%
Asia	423	696	5.5%	+64.3%
Africa	651	676	5.3%	+3.8%
Others International	230	209	1.6%	(9.2)%
INTERNATIONAL (excluding Europe)	3,667	4,821	38.0%	+31.5%
TOTAL REVENUE	11,234	12,697	100.0%	+13.0%

Disclaimer

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

"These statements include financial projections, synergies, estimates and their underlying assumptions, statements regarding plans, expectations and objectives with respect to future operations, products and services, and statements regarding future performance. Such statements do not constitute forecasts regarding SUEZ's results or any other performance indicator, but rather trends or targets, as the case may be. No guarantee can be given as to the achievement of such forward-looking statements and information. Investors and holders of SUEZ securities are cautioned that forward-looking information and statements are subject to various risks and uncertainties, which are difficult to predict and generally beyond the control of SUEZ, and that such risks and uncertainties may entail results and developments that differ materially from those stated or implied in forward-looking information and statements. These risks and uncertainties include, but are not limited to, those discussed or identified in the public documents filed with the Autorité des Marchés Financiers (AMF). Investors and holders of SUEZ securities should consider that the occurrence of some or all of these risks may have a material adverse effect on SUEZ. SUEZ is under no obligation and does not undertake to provide updates of these forward-looking statements and information to reflect events that occur or circumstances that arise after the date of this document. More comprehensive information about SUEZ may be obtained on its Internet website (www.suez.com). This document does not constitute an offer to sell, or a solicitation of an offer to buy SUEZ securities in any jurisdiction."

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 €15.9 billion in 2017.

SUEZ contacts

Press

Isabelle Herrier Naufle
isabelle.herrier.naufle@suez.com
+33 (0) 1 58 81 55 62

Ophélie Godard
ophelie.godard@suez.com
+33 (0) 1 58 81 54 73

Analysts / Investors

Mathilde Rodié / Cécile Combeau
+33 (0)1 58 81 24 05

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