



PRESS RELEASE

24 October 2013

3rd QUARTER 2013

**SOLID OPERATING PERFORMANCE,
 STEADILY IMPROVING SINCE THE BEGINNING OF THE YEAR**

GROWING ACTIVITY IN THE 3RD QUARTER

- **9-month revenue of €10,820 million, organic change of -1.0 %**
- **3rd quarter revenue up 0.2 % on organic basis**
- **EBITDA of €1,859 million, organic change of + 6.2 %**
- **EBITDA margin of 17.2 %, increasing compared to September 2012 (15.9 %)**

In millions of euros	30 Sep 2012	30 Sep 2013	Gross change	Like-for-like change	Currency fluctuation	Change in consolidation scope
Revenue	11,118	10,820	-2.7%	-1.0%	-1.4%	-0.3%
EBITDA	1,770	1,859	+5.0%	+6.2%	-0.9%	-0.4%
EBITDA/Revenue	15.9%	17.2 %				

- **SUEZ Environnement generated revenue of €10,820 million in the first nine months of the year.** Business steadily improved since the beginning of the year onwards; the organic growth was -2.6% in the 1st quarter, -1.7% in the 1st half, and then -1.0% as at the end of September. The 3rd quarter on a stand-alone basis, generated a +0.2% increase in revenue, which was notably due to the improvement in the waste activity in Europe.

SUEZ ENVIRONNEMENT continues its commercial development, and has been notably awarded the Barcelona and Pirae (Polynesia) contracts in water, and the Saint-Etienne and Châtellerault contracts in waste. Meanwhile, the Group consolidates its positions in its four strategic priority areas, by signing the Mayotte (waste management and recovery) and Bangalore (water supply improvement service) contracts, as well as an industrial wastewater contract in Australia with Thalès.

- **EBITDA amounts to €1,859 million, an organic increase of 6.2%,** due to the Group's commercial momentum and ongoing tight financial discipline. The EBITDA margin continues to improve, rising from 15.9% as at the end of September 2012 to 16.8% as at the end of June 2013, before reaching **17.2 %** as at the end of September 2013.

- **The Group's net financial debt (NFD) amounts to €7,820 million.** The NFD/EBITDA ratio is 3.1x¹, which is in line with the annual target of around 3 times.

- **Commenting on the 2013 3rd quarter results, Jean-Louis Chaussade, Chief Executive Officer made the following comments:**

"Our Group's performance is solid, and registered an ongoing improvement since the beginning of the year onwards, thanks to the optimised management of our assets, to our commercial momentum, and to the positive effects of our Compass productivity plan. Although the economic environment is still tough, the 3rd quarter appears to show some signs of an improvement in Europe, and the Group is ready to continue its expansion".

¹ Net Financial Debt to EBITDA ratio, calculated over a rolling 12-month period.

BREAKDOWN OF THE RESULTS AS AT THE END OF SEPTEMBER 2013

Revenue In millions of euros	30 Sep 2012²	30 Sep 2013	Gross change	Organic change	Currency fluctuations	Change in scope
Water Europe	3,210	3,261	+1.6%	+2.3%	-0.4%	-0.4%
Waste Europe	5,063	4,871	-3.8%	-2.9%	-0.6%	-0.3%
International	2,831 ³	2,683	-5.2%	-1.3%	-3.8%	-0.2%
Other	13	5	-	-	-	-
TOTAL	11,118	10,820	-2.7%	-1.0%	-1.4%	-0.3%

SUEZ ENVIRONNEMENT posted revenue of €10,820 million as at 30 September 2013, or a gross decrease of 2.7% (€298 million) compared with 30 September 2012, which broke down as follows:

- **An organic variation of -1.0%, (-€113 million):**
 - Revenue in the Water Europe segment rose by €75 million, or +2.3%, as they benefited from rising water prices, as well as from the development of new businesses.
 - Revenue in the Waste Europe segment was down by €145 million or 2.9%. They were affected by a decrease in the treated waste volumes, as well as by a deterioration in the price of secondary raw materials. However, the 3rd quarter showed an improvement in the trend.
 - The International segment's revenue was down by €35 million or -1.3%. Excluding the impact of the completion of the Melbourne plant in December 2012, international division revenue increased by 2.0%.
- **A negative exchange rate effect of -1.4% (-€154 million),** which was mainly due to the depreciation of the Australian dollar (-€65 million), the British pound (-€35 million), the US dollar (-€17 million) and the Chilean peso (-€12 million) against the euro.
- **A small scope effect of 0.3% (-€30 million):**
 - Water Europe: -€11 million;
 - Waste Europe: -€14 million;
 - International: -€5 million.
- **EBITDA, which was up 6.2% on an organic basis,** benefited from the Compass productivity plan; at the end of September, the impact of the plan is in line with the annual target of €180 million. The increase in EBITDA is also positively affected by the end of the Melbourne plant construction in 2012.
- **Net financial debt remained stable** compared with the end of June 2013. It also included a positive currency effect of €120 million since January 1st.
- **SUEZ ENVIRONNEMENT** is therefore maintaining its objectives⁴ and remains fully mobilized to achieve its 2013 guidance.

² The Waste and Water activities in Central Europe that were previously included in the International segment have been reclassified under the Water Europe and Waste Europe segments. USG, which was previously included in the International segment, is now included in the Water Europe segment.

³ Includes revenue of €105 million from the construction contract for the Melbourne desalination plant, which was completed in December 2012.

⁴ Assuming GDP growth of 0% in Europe in 2013, within a stable accounting and tax framework, and at constant exchange rates.

PERFORMANCE BY DIVISION

WATER EUROPE

In € million	30 Sep 2012	30 Sep 2013	Gross change	Organic change	Currency fluctuations	Change in scope
Revenue	3,210	3,261	+1.6%	+2.3%	-0.4%	-0.4%

The **Water Europe** segment posted organic growth of **+2.3% (+€75 million)**.

■ **Lyonnais des Eaux's organic growth was -0.2% (-€3 million).**

Revenue in France was stable. They benefited from a positive price effect as a result of price indexing mechanisms (+2.0%). The Smart Water business continued its strong growth with, now, 1.5 million smart meters sold in Europe. Water volumes decreased by 1.7% over the 9-month period, although the trend improved in the 3rd quarter. The works and engineering activity was also affected by a decline in orders from local authorities. The contracts recently awarded to the Group include the Basque Coast (€46 million, 10 years, wastewater), Pirae in Polynesia (€33 million, 15 years, water), the East Libourne region association (€27 million, 12 years, water and wastewater) and Coulommiers (€8 million, 10 years, water) contracts.

■ **AGBAR recorded like-for-like growth of 5.3% (+€78 million).**

Business is up due to highly favourable price effects in Spain and Chile. Volumes were up in Chile (+1.0%), and kept on decreasing in Spain (-5.2%). Agbar renewed the Barcelona contract, and was also awarded the wastewater contract (additional €3.5 billion, 35 years); it also successfully took over Aguas de Sabadell (350,000 inhabitants) over the summer. Furthermore, Agbar's Smart Water business continued to expand rapidly with the implementation of innovative tools for assets management and works monitoring, such as the solutions deployed in the recently won wastewater contract of San Sebastian.

WASTE EUROPE

In € million	30 Sep 2012	30 Sep 2013	Gross change	Organic change	Currency fluctuations	Change in scope
Revenue	5,063	4,871	-3.8%	-2.9%	-0.6%	-0.3%

The **Waste Europe** segment reported a **-2.9%** organic decline in revenue (**-€145 million**). It was affected by a decline in volumes, due to a macro-economic environment that remained tough, and a negative price effect on secondary raw materials. Conversely, the 3rd quarter registered a noticeable improvement, with a 0.3% organic increase in revenue compared with -4.5% in the 1st half. This progress was primarily due to business activities in France and in the United Kingdom.

■ **SITA France experienced an organic decline of -4.0% (-€109 million)**, compared with -6.5% as at 30 June 2013. Business remained lower over the 9-month period, primarily as a result of the contraction in the waste treated volumes. Revenue was up slightly in the 3rd quarter, thanks to the resilience of the treatment activities. During the quarter, SITA France was awarded the Mayotte (€65 million, 9 years), Saint-Etienne (€13 million, 6 years), Vichy (€11 million, 4 years) and Châtelleraut (€5 million, 4 years) contracts. In addition, the process of completion of the Clermont Ferrand waste to energy plant is underway, in line with the timetable.

■ **Organic growth in the United Kingdom & Scandinavia region was +2.8% (€28 million)**, compared with 2.1% as at 30 June 2013. Growth in the United Kingdom continued, due primarily to the energy recovery business. Sorting and recycling also benefited from a positive volume effect in the 3rd quarter. The landfill activities remained stable, as lower volumes were offset by a positive pricing effect due to the landfill tax. The progress at the Suffolk and South Tyne & Wear energy from waste units continued according to schedule, and they will come on operation in 2014. The financial closing processes for the West London and Merseyside PFIs will be finalised between late 2013 and early 2014. All the energy recovery plants will thus be in operation by end of 2017.

■ **The Benelux/Germany region posted an organic decrease of -5.5% (-€65 million)**, compared with -6.3% as at 30 June 2013. Our business in this region remained hampered by an adverse economic environment, which resulted in still decreasing industrial waste volumes. The services activities, as well as sorting and recycling also declined. The energy recovery business remained stable. In Germany, SITA signed a municipal waste treatment contract in the Gera Urban District.



■ **Organic growth in the Central Europe region was a modest +0.2 % (€0 million)** compared with +4.4% as at 30 June 2013. The services business, which accounts for most of the region's revenue, remained on a positive trend. The Group was also awarded a large number of municipal contracts, as it took advantage of the restructuring of the Polish waste collection market. However, treatment activities are decreasing. Meanwhile, SITA keeps on working to obtain a permit for the energy from waste plant in Poznan, following the financial closing, which occurred in April 2013.

INTERNATIONAL

In € million	30 Sep 2012	30 Sep 2013	Gross change	Organic change	Currency fluctuations	Change in scope
Revenue	2 831	2 683	-5,2%	-1,3%	-3,8%	-0,2%

The organic change in the **International** segment was **-1.3 % (-€35 million)**, or **+2.0 %**, excluding the completion of construction of the Melbourne plant.

■ **The Asia-Pacific region posted organic growth of +5.5 % (+€53 million).**

The water and waste activities displayed solid growth in Asia, with positive pricing and volume effects. Waste in Australia is also showing a sustained activity. In Hong Kong, the Group was awarded a construction and management contract for sludge transportation (€75 million, 10 years), which confirms its role as a first-rank operator in this region.

■ **Africa / Middle East / India saw a 2.9 % (€13 million) organic increase in revenue.**

This increase was primarily due to positive pricing and volume effects in Morocco. Moreover, in Casablanca, Lydec has extended its service business to new industrial clients in particular with Casanearshore and the Midparc platform specialized in aeronautics. The Group gained, during the quarter, two contracts in India including the contract to improve water supply and sanitation in Bangalore.

■ **The North America region posted organic growth of +0.6 % (+€3 million).**

United Water's regulated activities benefited from price increases that were primarily achieved in New York and Idaho. However, this business was affected by declining volumes, as a result of unfavourable weather over the summer period.

■ **Degrémont posted an organic revenue decrease of -11.2% (-€105 million), or -1.8%** excluding the completion of construction on the Melbourne plant. This diminution resulted mainly from the end of large construction contracts in France. However, the business benefited from the expansion of the industrial customer base and local authority activities in the Middle East and Australia. During the quarter, Degrémont won contracts in Mirfa (€100 million, Abu Dhabi), Prague (€62 million), and for a Petrobras oil rig in Brazil (€13 million), for the revamping of a drinking water plant in Besançon, as well as the Thalès contract for the design and construction of an industrial discharge treatment system in Australia.

Furthermore, SUEZ ENVIRONNEMENT also achieved, on October 14th, a satisfactory resolution to the legal disputes related to the construction of the Melbourne Desalination plant, thereby putting an end to the claims. The positive impact of the obtained compensation will materialize through the reversal of the €58 million provision in the 4th quarter accounts. It follows on from the successful refinancing of the plant, amounting to 3.7 billion AUD, by Aquasure, which will achieve a significant reduction of its financial costs in the future.

NEXT ANNOUNCEMENTS

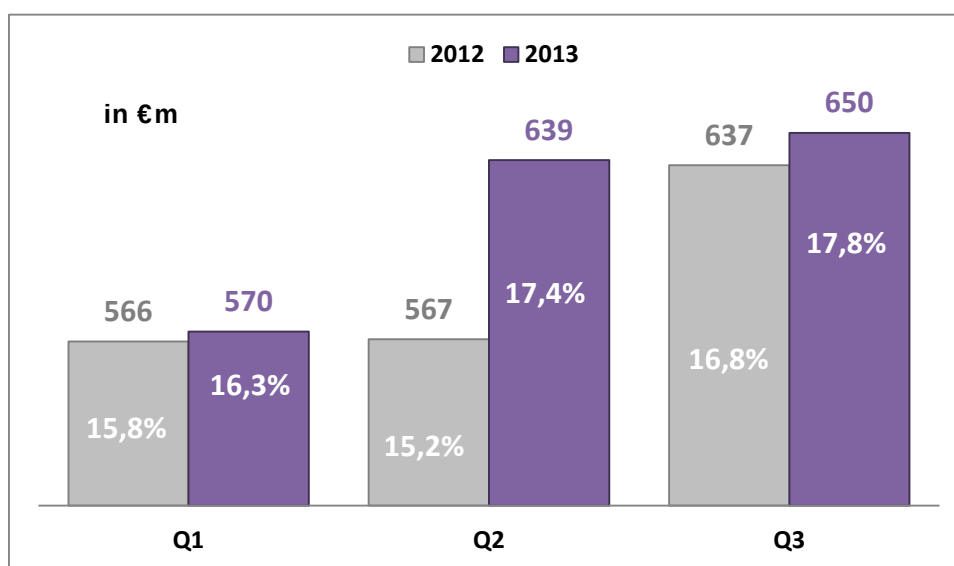
- **20 February 2014:** Publication of the 2013 annual results
- **24 April 2014:** Publication of the 2014 first quarter results (Conference call)
- **22 May 2014:** General Meeting of Shareholders

APPENDICES

Ongoing improvement in business volumes since the beginning of the year

Organic growth (%)	1 st quarter of 2013	2 nd quarter of 2013	1 st half of 2013	3 rd quarter of 2013	9 months 2013
Total revenue	-2.6%	-0.8%	-1.7%	+0.2%	-1.0%

EBITDA breakdown



Geographical breakdown of revenues

Revenues	30.09.2012		30.09.2013		Gross change	
	€m	% of total	€m	% of total	€m	%
France	4,037	36.3 %	3,915	36.2 %	-122	-3.0 %
Spain	1,079	9.7%	1,157	10.7%	78	+7.2%
United Kingdom	704	6.3%	695	6.4%	-9	-1.3%
Other Europe	1,968	17.7%	1,866	17.3%	-102	-5.2%
Europe (excluding France)	3,751	33.7 %	3,718	34.4 %	-33	-0.9 %
Australia	797	7.2%	696	6.4%	-101	-12.6%
North America	704	6.3%	652	6.0%	-52	-7.3%
Other international	1,829	16.5%	1,839	17.0%	10	+0.5%
International (excluding Europe)	3,330	30.0 %	3,187	29.4 %	-143	-4.3 %
TOTAL	11,118	100.0 %	10,820	100.0 %	-298	-2.7 %



SUEZ ENVIRONNEMENT

Natural resources are not infinite. Every day, SUEZ Environnement (Paris: SEV, Brussels: SEVB) and its subsidiaries deal with the challenge of protecting resources by providing innovative solutions to industries and to millions of people. SUEZ Environnement supplies drinking water to 97 million people, provides wastewater treatment services for 66 million people and collects the waste produced by 50 million people. SUEZ ENVIRONNEMENT has 79,549 employees and, with its presence on five continents, is a world leader exclusively dedicated to water and waste management services. In 2012, SUEZ Environnement generated revenues of €15.1 billion.

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Disclaimer

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

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