press release

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%**
- **EBIT[1]: €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%
EBITDA[1] / Revenue	***17.1%***	***16.8%***				
EBIT[1]	**598[2]**	**594**	-0.6%	+1.4%	+2.1%	-4.1%
EBIT[1] / Revenue	***8.0%***	***7.9%***				

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

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

EBIT[1] 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.

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

The difference is due to the increase in taxes[4] 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 ratio[1] 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

PERFORMANCE BY DIVISION

WATER EUROPE

In €m	June 30, 2016 pro forma[5]	June 30, 2017	Gross change	Organic change	FX change	Scope change
Revenue	**2,239**	**2,267**	+1.2%	+0.8%	+1.2%	-0.8%
EBITDA[1]	**593**	**592**	-0.2%	-1.0%	+2.6%	-1.9%
EBIT[1]	**270**	**263**	-2.8%	-4.2%	+4.0%	-2.6%

- France reported organic stability in its business activities (-0.3%, -€3m). Water volumes sold rose by 1.0% relative to end-June 2016, reflecting the favorable basis of comparison, due to very adverse weather conditions last year, while stable tariff increases (0.2%) reflected the absence of inflation. The lower contribution from construction activities also slightly weighed on first-half revenue.

- Revenue in Spain was down 1.4% (-€10m) on an organic basis. The implementation at the end of last year of the new tariff in Barcelona was partially offset by the increase in water volumes sold (+0.8%), owing to favorable climate conditions, particularly during the first quarter, and a more buoyant economic environment.

- Revenue in the Latin America segment grew 8.4% (€31m) on an organic basis. Growth in the segment was fueled by a significant volume increase (+5.1%) in Chile, more moderate price hikes (+1.1%) reflecting lower inflation, and the increase in construction activities.

- EBIT[1] fell 4.2% on an organic basis due to the negative impact of absence of increase in tariffs driven by the low inflation environment in Europe, although volumes were better than the medium-term trend.

[5] See Appendices 2

RECYCLING & RECOVERY EUROPE

In €m	June 30, 2016 pro forma[5]	June 30, 2017	Gross change	Organic change	FX change	Scope change
Revenue	**3,035**	**3,047**	+0.4%	+2.7%	-1.8%	-0.5%
EBITDA[1]	**349**	**355**	+1.6%	+3.8%	-1.6%	-0.5%
EBIT[1]	**131**	**137**	+4.4%	+7.7%	-2.4%	-0.9%

- The Recycling & Recovery Europe division reported revenue of €3,047m, an organic increase of 2.7%. Performance was notably driven by a substantial positive price effect on secondary raw materials, particularly scrap metals and paper, up 37% and 17%, respectively, compared with 2016.

Volumes treated were down 0.5% overall. As the change in volumes treated in the second quarter was affected by the fewer workdays, the underlying trend remains encouraging.

By geographic region, the organic change in revenue was +4.6% in France, +2.7% in Sweden, +2.8% in the Benelux and Germany region and -3.2% in the United Kingdom due to an adverse construction effect unrelated to the volume trend. The Industrial Waste Solutions segment grew organically by +3.3%, thanks to a good commercial momentum with large industrial customers.

- The Recycling & Recovery Europe division reported EBIT[1] of €137m, representing organic growth of €10m (7.7%). This increase confirmed the improvement in operating momentum and was further enhanced by the stronger performance of electricity prices compared with the year-ago period.

INTERNATIONAL

in €m	June 30, 2016 pro forma[5]	June 30, 2017	Gross change	Organic change	FX change	Scope change
Revenue	**1,878**	**1,937**	+3.2%	-0.3%	+2.7%	+0.8%
EBITDA[1]	**407**	**386**	-5.2%	-3.2%	+2.3%	-4.4%
EBIT[1]	**281**	**272**	-3.1%	+3.5%	+2.0%	-8.6%

- The International division reported an organic change in revenue of -0.3% (-€5m) as a result of the following trends:
  - Strong 8.1% growth in the Africa, Middle East and India region (+€42m), due to the contribution from the Barka construction contract and higher electricity revenue in Morocco;
  - Momentum in the Italy and Central European region, which grew by 7.2% (+€13m), with the commissioning of the waste-to-energy plant in Poznań and the positive impact of favorable weather conditions;
  - Slight growth in Australia of 0.6% (+€3m), driven in part by higher volumes treated (+4%);
  - A 6.3% decrease in North America (-€29m), due mainly to the termination of the Indianapolis and Jackson contracts in the United States and lower water volumes sold as a result of unfavorable weather conditions;
  - A one-time decline in growth in Asia of 13.7% (-€34m), due to the termination of major engineering and equipment supply contracts last year.

The construction activities backlog stood at €1.3bn, stable year-on-year.

- EBIT[1] for the division was €271m, representing organic growth of 3.5%.[6]

SUEZ ACQUIRES GE WATER TO BECOME A MAJOR PLAYER IN THE INDUSTRIAL WATER SERVICES MARKET

On March 8, 2017, SUEZ announced that, together with Canadian fund Caisse de dépôt et placement du Québec ("CDPQ"), it had concluded an agreement to acquire GE Water & Process Technologies ("GE Water"), the global leader in the management and treatment of industrial water, from General Electric Company for €3.2 billion in an all-cash transaction.

Funding had already been arranged under favorable conditions:
- the issue of senior bonds in the amount of €1.2bn, including €500m maturing in 2025 carrying an annual coupon of 1.00%, and €700m maturing in 2029 with an annual coupon of 1.50%;
- an undated deeply subordinated hybrid bond issue for €600m with an initial coupon of 2.875%;
- a capital increase of €750m, in which SUEZ's main shareholders, ENGIE, CriteriaCaixa and Caltagirone Group, participated for their pro rata share.

This transaction will close in September 2017, subject to the required regulatory approvals and other customary closing conditions.

A meeting will be held in fourth-quarter 2017 to detail the Group's strategy on these markets and provide more exhaustive information on SUEZ Water Technologies & Solutions' business activities.

2017 TARGETS CONFIRMED

With the implementation of an ambitious transformation plan and excluding the effects of the GE Water acquisition, we confirm our targets for 2017[7]:

- Slight organic growth in revenue and EBIT
- Free cash flow of around €1 billion
- A net financial debt/EBITDA ratio of around 3.0x
- The pursuit of an attractive dividend policy: ≥ €0.65 per share in respect of 2017 results[8]

HIGHLIGHTS

On the **commercial activity** front, **Rennes Métropole** reiterated its confidence in the Group with the renewal of the contract for the collection of household waste, large items and voluntary drop-off sites for its 420,000 residents (worth a total of almost €80m over six years). SUEZ, which has been the city's collection operator since 2003, proposed a bold project featuring numerous innovations, including the use of smart trucks. This is the Group's largest household waste collection market in the country.

The **Creil Sud Oise** (Oise - France) agglomeration awarded SUEZ the public service delegation contracts for its Water and Wastewater system for a 8-year term and its Rainwater system for a 5-year term. These three contracts, of a cumulative amount of €44 million, started up on July 6, 2017.

Internationally, SUEZ won the contract to optimize the performance of the sewer and stormwater systems in the new eco-neighborhood of Yuelai, in **Chongqing**, China. This will be the first time the Group deploys AQUADVANCED® Urban Drainage in this country. This solution is part of the Sponge City program launched by the Chinese government to increase cities' resilience to the risk of floods. The contract boosts the development of the Group, which has worked with the authorities to improve the water distribution network and

[6] A €36m provision reversal was recorded in second-quarter 2016 relating to the 2015 revaluation of the Chongqing Water Group stake in connection with the creation of Derun Environment.
[7] With an assumption of stable industrial production in Europe and stable raw materials prices
[8] Subject to approval by the 2018 Annual General Meeting

the treatment of urban and industrial wastewater since 2002.

In Australia, SUEZ's expansion in sustainable waste management continues with the contracts for **Brisbane** (€600m) and **Parramatta**, for 16 and 7 years, respectively. In these two cities, the Group will introduce a fleet of vehicles equipped with an innovative computing system to track the vehicles and collection operations in real time.

SUEZ stepped up its growth in Central America when it won the contract for the extension and operation of **Panama City's** wastewater treatment plant (€195m). In 2009, the Group built the first phase of the plant that treats the capital's wastewater and has been operating it since 2011. The new contract will double the capacity of the plant to reach 475,000 m^3/day. Following a three-year construction phase that started in May 2017, SUEZ will operate the plant for eight years.

Innovating for our customers

Consistent with its commitment to ongoing, user-focused innovation, in February 2017, SUEZ commissioned a **decarbonation** plant in Louveciennes (in the Yvelines department - France) which provides 450,000 consumers in Yvelines and Hauts-de-Seine with access to water that is 50% softer. Two other decarbonation plants are being built in Ile-de-France and will be commissioned in July 2018.

SUEZ is at the center of the resource revolution and, in partnership with start-up **WAGA ENERGY**, has implemented a solution to upgrade biogas to biomethane at Saint-Maximin, in Oise (France). This innovation improves the energy efficiency of non-hazardous waste storage facilities, reduces greenhouse gas emissions and contributes to the circular economy. The biomethane is injected into the local natural gas distribution network to support the region's ecological transition.

In a partnership with **TerraCycle**, SUEZ, supported **Procter & Gamble** in the production of its Head & Shoulders (H&S) shampoo bottle, the first bottle made with 25% recycled plastic, collected on beaches. This innovation, which is available in France and accounts for the largest global production cycle, involves a unique supply chain thanks to the backing of thousands of volunteers and hundreds of NGOs in the collection of plastic waste found on beaches. Between now and 2018, 500 million P&G haircare bottles will be made every year from recycled plastic.

SUEZ continues to open **VISIO** centers in France under its smart solutions initiative. The VISIO centers provide a 360° vision and monitoring of water and wastewater services across the country, offering better management and optimization of the service, and greater sharing of data with local authorities and users.

With the commissioning of four new plants (three in the United Kingdom[9] and one in Poland[10]) that will handle an additional 1.2 million tons of residual waste, the Group has boosted its recovery capacity and further confirmed its role as a major energy recovery producer. In 2017, SUEZ will recover **more than 9 million tons of waste[11] in 55 Energy-from-Waste (EfW) plants in Europe. 7 TWh[12] of energy will be sold**, which is the equivalent of the annual consumption of a city with two million inhabitants, such as Vienna or Hamburg, and will prevent more than 1.5 million tons of CO_2 emissions.

New industrial partnerships

Several major industrial partnerships were concluded in the first half of the year. SUEZ signed a global memorandum of understanding with **L'Oréal** for the continuous improvement of environmental performance and the optimization of resource management throughout the Group's value chain. The partnership agreement, entered into for an initial period of three years and which may be renewed, covers all of L'Oréal's French and foreign industrial, administrative and research centers.

The design and development of new solutions to optimize resource management and to favor more sustainable building and the circular economy was also the subject of a worldwide partnership agreement between SUEZ and **Bouygues Construction**. In particular, this collaboration will focus on the recovery of waste and recycled materials, water treatment and management, the development of on-site logistics solutions, local resource loops, decentralized solutions for cities and eco-neighborhoods and the development of public-private partnerships.

[9] Wilton (near Newcastle), Severnside (near Bristol) and Cornwall
[10] Poznań
[11] Compared with 8.5 million tons recovered into energy in 2016
[12] This figure only includes the energy produced by EfW plants and not the share coming from solid recovered fuel (SRF) and biogas

<u>HALF-YEARLY FINANCIAL REPORT:</u>

The 2017 interim report is available on the Group's website *(*www.suez.com*).*

<u>FORTHCOMING COMMUNICATIONS:</u>

October 27, 2017: Publication of third-quarter 2017 results (conference call)
Fourth-quarter 2017: Informational meeting on SUEZ Water Technologies & Solutions

APPENDIX 1: Simplified financial statements

SIMPLIFIED BALANCE SHEET

ASSETS (€m)	31/12/2016	30/06/2017
NON CURRENT ASSETS	**20,198**	**19,354**
o/w net intangible assets	4,223	4,105
o/w goodwill	3,647	3,507
o/w net tangible assets	8,280	7,774
CURRENT ASSETS	**8,954**	**10,603**

LIABILITIES (€m)	31/12/2016	30/06/2017
Equity, group share	5,496	6,174
Minority Interests	1,870	1,784
TOTAL EQUITY	**7,366**	**7,958**
Provisions	2,080	2,036
Financial Debt	11,165	11,286

SIMPLIFIED INCOME STATEMENT

In €m	H1 2016	H1 2017
REVENUE	**7,455**	**7,526**
Depreciation, Amortization & Provisions	(535)	(545)
INCOME FROM OPERATING ACTIVITIES	**525**	**488**
Financial Result	(209)	(217)
Income tax	(57)	(106)
NET RESULT	**258**	**165**
Minority interest	(84)	(121)
NET RESULT GROUP SHARE	**174**	**45**

SIMPLIFIED CASH FLOW STATEMENT

In €m	H1 2016	H1 2017
Operating cash flow	977	967
Income tax paid (excl. income tax paid on disposals)	(59)	(94)
Change in operating working capital	(284)	(256)
CASH FLOW FROM OPERATING ACTIVITIES	**634**	**617**
Net tangible and intangible investments	(519)	(487)
Financial investments	(130)	(44)
Disposals	28	197
Other investment flows	(27)	13
CASH FLOW FROM INVESTMENT ACTIVITIES	**(647)**	**(321)**
Dividends paid	(546)	(577)
Balance of reimbursement of debt / new debt	804	279
Interests paid / received on financial activities	(165)	(180)
Capital increase	18	808
Net new hybrid	0	598
Change in share of interests in controlled entities	(3)	-
Other cash flows	23	12
CASH FLOW FROM FINANCIAL ACTIVITIES	**133**	**939**
Impact of currency, accounting practices and other	17	(45)
CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE PERIOD	**2,079**	**2,925**
Total cash flow for the period	136	1,190
CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD	**2,214**	**4,115**

REVENUE BY GEOGRAPHIES

In €m	H1 2016	H1 2017	% in H1 2017	Δ 17/16
FRANCE	**2,472**	**2,493**	***33.1%***	**+0.8%**
Spain	852	861	*11.4%*	+1.0%
UK	560	493	*6.6%*	-12.0%
Others Europe	1,196	1,211	*16.1%*	+1.3%
EUROPE (excluding France)	**2,608**	**2,565**	***34.1%***	**-1.7%**
North America	543	536	*7.1%*	-1.2%
South America	433	471	*6.3%*	+8.8%
Oceania	526	580	*7.7%*	+10.2%
Asia	318	276	*3.7%*	-13.1%
Others International	554	604	*8.0%*	+9.0%
INTERNATIONAL (excluding Europe)	**2,375**	**2,469**	***32.8%***	**+3.9%**
TOTAL	**7,455**	**7,526**	***100.0%***	**+1.0%**

APPENDIX 2: Pro Forma Accounts H1 2016

H1 2016 REVENUE(1)

From reported to pro forma figures

Revenue in €m	Reported H1 2016	R&R Central Europe	Water Italy & Central Europe	Industrial Water	Others(2)	**Pro forma H1 2016**
Water Europe	2,272		(63)	(42)	73	2,239
R&R Europe	3,129	(93)				3,035
International	2,006	93	63	(211)	(73)	1,878
Other Division	49			253		302
SUEZ	**7,455**	**-**	**-**	**-**	**-**	**7,455**

(1) Non-audited figures
(2) USG and Treatment Infrastructures in France, Spain, Latam

H1 2016 EBITDA(1)

From reported to pro forma figures

EBITDA in €m	Reported H1 2016	R&R Central Europe	Water Italy & Central Europe	Industrial Water	Others(2)	**Pro forma H1 2016**
Water Europe	617		(29)	5	0	593
R&R Europe	361	(12)				349
International	365	12	29	2	(0)	407
Other Division	(72)			(7)		(79)
SUEZ	**1,271**	**-**	**-**	**-**	**-**	**1,271**

(1) Non-audited figures
(2) USG and Treatment Infrastructures in France, Spain, Latam

H1 2016 EBIT[1]

From reported to pro forma figures

EBIT in €m	Reported H1 2016	R&R Central Europe	Water Italy & Central Europe	Industrial Water	Others[2]	**Pro forma H1 2016**
Water Europe	287		(21)	7	(2)	270
R&R Europe	136	(5)				131
International	254	5	21	(0)	2	281
Other Division	(78)			(6)		(84)
SUEZ	**598**	**-**	**-**	**-**	**-**	**598**

(1) Non-audited figures
(2) USG and Treatment Infrastructures in France, Spain, Latam

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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 emiting 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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