



## PRESS RELEASE

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### SUSTAINED GROWTH IN REVENUE AND OPERATIONAL PERFORMANCE AT THE END OF SEPTEMBER 2008 & CONFIRMATION OF 2008 OBJECTIVES

- Revenue: €9.12 billion, +6.7% overall growth<sup>1</sup> and +6.8% organic growth
- EBITDA up by 4.7%<sup>1</sup> in line with 2008 objectives<sup>2</sup> EBITDA ratio up 17% compared with 16.7% for H1 2008
- Continued development with net debt to EBITDA ratio<sup>3</sup> of 2.9 and net debt of €6.06 billion at the end of September 2008
- Confirmation of 2008 objectives

In millions of euros	Sept. 30, 2008	Sept.30, 2007 excl. Applus	Total growth <sup>1</sup>	Organic growth
Revenue	9 121	8 551	6,7%	6,8%
EBITDA	1 547	1 477	4,7%	5,3%

At its meeting on October 28, 2008 the Board of Directors reviewed the third quarter financial statements and observed that they were in line with the objectives set out for 2008.

SUEZ ENVIRONNEMENT **posted a revenue of €9,121 million** at the end of September 2008, a +6.7% increase on September 2007 like-for-like and excluding the sale of Applus, and +6.8% organic growth, higher than that recorded in June 2008 (+6.7%) and September 2007 (+5.1%). There was a negative currency impact of -2.3%. The main reasons for this growth are:

- strong sales momentum in all divisions
- positive price effects and development of new water services in France and Spain,
- continuation of the satisfactory waste business in Europe, especially France and the UK
- development of engineering activities and sustained growth in Asia and Central Europe.

**EBITDA stood at €1,547 million**, up +4.7% excluding Applus (of which +5.3% organic growth, -2.3% negative currency impact and a +1.9% scope effect). The EBITDA to revenue ratio was 17.0%, compared to 16.7% at the end of June 2008.

**Net debt stood at €6,059 million** after factoring in strong generation of liquidities and financial investments of €590 million in Q3 2008, including in particular, the finalization of the following announced acquisitions:

- a 51% stake in ESSAL, Chile's fourth largest water utility, by Agbar
- the waste activities of the Fayolle group<sup>4</sup>, in France
- Boone Comenor, specialized in the recycling of metal, in Europe
- a 7.5% stake in Chongqing Water Group, in China
- Utility Service Company, as well as NACO and WPT, in the United States

**SUEZ ENVIRONNEMENT confirms its 2008 objectives. Boosted by its resilient business model, SUEZ ENVIRONNEMENT is confident in its medium-term profitable growth and cash generation objectives.**

<sup>1</sup> Excluding Applus contribution (sold in November 2007), 2007 nine months revenue : €251m, EBITDA: €34m

<sup>2</sup> EBITDA objective comprised between €2.1 and €2.15 billion, up 4 to 6.5% compared with 2007, excluding Applus (€2.021 billion).

<sup>3</sup> EBITDA over 12 rolling months

<sup>4</sup> The acquisitions of Fayolle and Boone Comenor will be consolidated at the end of the year with retroactive effect as from July 1 for Fayolle and as from September 1 for Boone Comenor.

## BREAKDOWN OF BUSINESS AT THE END OF SEPTEMBER 2008

Revenue in millions of euros	Sept. 30, 2008	Sept.30, 2007	Total growth	Organic growth
Water Europe <sup>1</sup>	2 820	2 627	7,4%	8,1%
Waste Europe	4 343	4 081	6,4%	5,1%
International	1 946	1 834	6,1%	8,6%
Others <sup>2</sup>	12	10	-	-
<b>TOTAL excl. Applus</b>	<b>9 121</b>	<b>8 551</b>	<b>6,7%</b>	<b>6,8%</b>
Applus (sold end 2007)	-	251		
<b>TOTAL</b>	<b>9 121</b>	<b>8 802</b>	<b>3,6%</b>	<b>6,8%</b>

As of September 30, 2008, **SUEZ ENVIRONNEMENT** reported an increase in revenue of +6.7% like-for-like and excluding the sale of Applus, compared with September 2007. This growth breaks down as follows:

- **+6.8% organic growth** (€563m) due to:
  - increased sales from the Water Europe division of +€210 million, thanks to price increases, development of new water and wastewater services in France as well as for Agbar, and in an expected context of volumes decrease;
  - the continuation of the satisfactory performance of the Waste Europe division (up +€201m), resulting from the increase in treatment activities, such as sorting and recycling, in France and the UK and incineration activities in Belgium.
  - sustained International growth (+€151m), boosted by the development of Degrémont's businesses, with a number of contracts in the execution phase, mainly in the Middle East and Spain, as well as increased sales in Australia and Central Europe.
- **Tuck-in acquisitions up +2.4%**<sup>1</sup> (+€200m), including:
  - first time consolidations (+€260m): Water Europe +€34m, Waste Europe +€177m, International +€49m
  - disposals (-€60m): Water Europe -€34m, Waste Europe -€2m, International -€24m.
- **Negative currency impact of -2.3%** (-€193m), mainly due to the conversion of sales into pounds Sterling (-€121m) and US dollars (-€45m). Exchange rate fluctuations continued to be very unfavorable over the 9 months in comparison with the same period in 2007 despite the recent appreciation of the US dollar against the euro.

**SUEZ ENVIRONNEMENT generated 81% of its revenues in Europe and 88% in Europe, North America and Australia, as of September 30, 2008.**

Operational performance grew in each division with a total growth of EBITDA of +4.7% and +5.3% in organic growth, representing an **EBITDA margin of 17% compared to 16.7% by end June 2008.**

<sup>1</sup> Excluding Applus contribution (sold in November 2007), 2007 nine months revenue : €251m, EBITDA: €34m

## PERFORMANCE BY DIVISION

### WATER EUROPE

In millions of euros	Sept. 30, 2008	Sept.30, 2007 excl. Applus	Total growth <sup>1</sup>	Organic growth
Revenue	2 820	2 627	7,4%	8,1%

**Water Europe** posted strong organic growth of +8.1% (+€210 million) as a result of:

- the performance of **Lyonnaise des Eaux** (+4.9%, +€66m), which benefited from the favorable impacts of price increases, business development (new contracts, in particular with SIAEP of Bas Languedoc, Brasseries Kronenbourg, Nantes Métropole in the third and the renewals of contracts with municipalities of Grasse, Durance Ventoux, the Bassin de Thau or Digne les Bains), as well as the increase in new services and work activities. Furthermore, water volumes decreased in France by -1.1% as at September 30, 2008 versus September 30, 2007.
- the rise in **Agbar** activities (+13,1%, +€137m), both in water and waste water, primarily due to the tariff increases obtained in Spain, Chile and the UK, as well as in the healthcare business. Volumes were down in Spain and the UK, and up in Chile.

Nine months 2008 EBITDA to revenue ratio for this division rose compared to H1 2008 same ratio.

### WASTE EUROPE

In millions of euros	Sept. 30, 2008	Sept.30, 2007	Total growth	Organic growth
Revenue	4 343	4 081	6,4%	5,1%

The **Waste Europe** division also experienced sustained organic growth of +5.1% (+€201m) due to:

- the good performance in **France** (+5.4%, €110m), both in treatment (+5.3%) and in the services businesses (+5.2%).
  - In the treatment business, volumes increased in the new sorting, recycling and recovery businesses, but leveled off as projected for landfill and incineration sites. Treatment activities also benefited from the increase in prices as compared with September 2007, despite the drop in recycled raw material prices during the summer.
  - The service business grew, in municipal collection, industrial and commercial collection and industrial maintenance.
- The strong growth in the **United Kingdom and Scandinavia** (+8.1%, +€73m). SITA UK business grew on all its segments. We must note, the 33% increase in landfill tax which impacted both collection and treatment. In Sweden and Finland, there was an increase in industrial and commercial collection sales as a result of higher prices and volumes.

<sup>1</sup> Excluding Applus contribution (sold in November 2007), 2007 nine months revenue : €251m, EBITDA: €34m

- the contribution of **Benelux and Germany** (+1.7%, +€18m) despite a decrease in the industrial and commercial collection business in Flanders and the Netherlands (-1% and -1,2% of organic growth respectively), in a difficult competitive context with strong pressures on prices. The growth trend continued in Belgium with the good performance of all its treatment plants as well as in Germany (+2%).

Nine months 2008 EBITDA to revenue ratio for this division is in line with H1 2008 same ratio.

## INTERNATIONAL

In millions of euros	Sept. 30, 2008	Sept.30, 2007	Total growth	Organic growth
Revenue	1 946	1 834	6,1%	8,6%

The **International** division posted sustained organic growth (+ 8.6%, +€151m) generated by:

the sharp increase in **Degrémont's** business activity (+12.3%, +€74m), in particular, after new contracts started operation in desalination (Barka in the Oman, Barcelona) or the wastewater contracts (Jumeirah-Gulf Estate in Dubai). In 2008, Degrémont continued to win a number of contracts (Al Dur in Bahrain, East-Alexandria) and had an order backlog of 20 months in engineering at the end of September 2008;

- Asia - Pacific** (+12.6%, +€43m), in the Water businesses, particularly in China (+9.2% organic growth), as well as in Waste businesses with the increased sales in industrial and commercial collection and the growth of the landfill business in Australia;
- Central Europe**, notably **Poland** in waste (+34%, +€23m) and due to price increases (including landfill tax), commercial dynamism and the implementation of new treatment tools;
- the rise of water sales in **North America** (United Water) with rate increases obtained in New York, New Jersey and New Rochelle with the successful filing of rate cases.

EBITDA for this division showed a double digit growth for the first nine months of 2008.

*Natural resources are not infinite. Each 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 68 million people, provides wastewater treatment services for 44 million people and collects the waste produced by 46 million people. SUEZ ENVIRONNEMENT has 62,000 employees and, with its presence on a global scale, is the world's leader exclusively dedicated to environmental services. In 2007, SUEZ ENVIRONNEMENT, a 35% GDF SUEZ affiliate, achieved revenues of 12 billion euros.*

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