



PRESS RELEASE

January 29, 2009

GROWTH, OPERATIONAL PERFORMANCE AND FINANCIAL SITUATION IN LINE WITH 2008 GUIDANCE

CONFIRMED LONG TERM STRATEGY, ADAPTING SHORT-TERM PRIORITIES

- **2008: sustained performance and solid financial profile, in line with guidance¹**
 - Revenues of €12.4bn representing organic growth of +5.6%
 - EBITDA² growth of +4%³ to €2.1bn, with a 17% EBITDA / revenues ratio
 - Net financial debt² / EBITDA² = 2.8 times
- **Confirmed long-term strategy, adapted over the short term to the new economic conjuncture**
 - Priority to Free Cash Flow growth
 - Acceleration of the COMPASS program
 - Increased selectivity of investment
- **Dividend proposed in 2009: 320 million euros**

At its meeting on January 28, 2009, the Board of Directors reviewed the 2008 revenues and the estimated EBITDA and net financial debt. The 2008 results are currently being audited and will be approved by the Board of Directors on March 3, 2009.

In € million	Dec. 31, 2008	Dec. 31, 2007 ³	Total Growth ³	Organic Growth
Revenues	12,364	11,727	5.4%	5.6%
EBITDA ²	2,102	2,021	4.0%	5.0%
EBITDA ² / REVENUES	17.0%	17.2%		

- 2008 performance in line with the announced objectives:
 - **revenues of 12,364 million euros**, up by +5.4% compared to 2007³, of which +5.6% of organic growth and +2.2³% of tuck-in effect.
 - **EBITDA² of 2,102 million euros**, up by +5% organic growth.
 - **net financial debt² of €5,971 million** at December 31, 2008, and net financial debt to EBITDA ratio of 2.8 times.
- In a general economic context, deteriorated in the fourth quarter, **SUEZ ENVIRONNEMENT** confirms its long-term strategy, based on a resilient business model, and **adapts its short-term priorities**:
 - Continued growth of Free Cash Flow
 - Priority to profitable and cash generative organic growth
 - Acceleration of the Compass cost-reduction program
 - Optimization of maintenance capex
 - Maintained financial discipline and increased selectivity of investment
 - Temporary slowdown of development capex
 - Diversification of financing and improvement of the net financial debt structure
 - Maintain a strong balance sheet (net financial debt/EBITDA < 3 times).
- **Dividend proposed in 2009: €320 million, i.e. €0.65/share.**

¹ 2008 revenue objective : organic growth ≥ 5%, tuck in impact ≥ 2% ; 2008 EBITDA objective between € 2.1 and 2.15bn ie. growth of +4% to +6.5% compared to 2007, excluding Applus (€2,021m) ; Net debt / EBITDA ratio < 3 times.

² Estimated 2008 EBITDA and net debt, in the process of auditing, and as presented to the board of directors meeting on 01/28/2009

³ Excluding Applus contribution (sold in Nov. 2007); in 2007 Applus impacts are: €307m of revenues and €41m in EBITDA



■ **BREAKDOWN OF ACTIVITY AS OF DECEMBER 31, 2008**

in € million	Dec. 31, 2008	Dec. 31, 2007	Total Growth ³	Organic Growth
Water Europe ³	3,853	3,596	7.1%	8.5%
Waste Europe	5,728	5,511	3.9%	2.9%
International	2,765	2,610	6.0%	7.1%
Other	17	10	-	-
TOTAL	12,364	11,727	5.4%	5.6%

SUEZ ENVIRONNEMENT realized a **revenue of 12,364 million euros** in 2008, up by a total growth of +5.4%³ compared to December 2007. This growth can be broken down into:

- **Organic growth of +5.6%** (+€635m) derived from:

- continued sustained activities of the Water Europe division for +€300m, fueled by positive price effects and the development of water and wastewater new services in France and in Spain, within a context of declining volume trends in Europe.
- growth of the International division for +€177m, thanks to the development of engineering activities and the good performance of water in Asia and waste in Central Europe.
- the Waste Europe division for +€151m, with over the year, the increase of sorting-recovery and recycling activities in France and in the UK and incineration in Belgium. The growth is affected in the 4th quarter by the economic downturn that impacts waste activities with industrial and commercial clients, as well as the sharp drop in prices and volumes in recycling.

- **Tuck-in acquisitions of +2.2%**³ (i.e., +€256m) which include:

- First time consolidations (+€337m): Water Europe +€19m, Waste Europe +€231m, International +€87m
- Disposal (-€81m): Water Europe -€35m, Waste Europe -€2m, International -€44m

- **Negative forex impact of -2.2%** (-€254m), primarily on the conversion of sales into pounds sterling (-€171m), US dollar (-€34m) and Australian dollar (-€16m).

As of December 31, 2008, SUEZ ENVIRONNEMENT earned 80% of its revenues in Europe and 87% in Europe, North America and Australia.

Operational performance is up. EBITDA² at €2,102m, shows +4% of total growth representing a +5% of organic growth and including -2.3% of forex impact. The level of **EBITDA/Revenues ratio of 17.0%** is stable compared to the end of 2007 (17.2%) and end September 2008 (17.0%) reflecting the profitable and sustainable growth strategy of SUEZ ENVIRONNEMENT.

² Estimated 2008 EBITDA, in the process of auditing, and as presented to the board of directors meeting on 01/28/2009

³ Excluding Applus contribution (sold in Nov. 2007); in 2007 Applus impacts are: €307m of revenues and €41m in EBITDA



■ **PERFORMANCE BY DIVISION**

Water Europe ³

In € million	Dec. 30, 2008	Dec. 30, 2007	Total Growth ³	Organic Growth
Revenues	3,853	3,596	7.1%	8.5%

The **Water Europe** reported strong organic growth of +8.5% in revenues (+€300m) thanks to:

- The performance of **Lyonnais des Eaux** (+4.8%, +€102m), which benefited from the upturn in works and services activities (management planning of storm water and wastewater flows for the SIAAP...), favorable impacts of price changes and commercial development in water and wastewater (SIAEP of Bas Languedoc, Brasseries Kronenbourg, renewal of contracts with the cities of Grasse, Isle sur la Sorgue, and signature at the end of the year of Cannes, Lourdes or Noumea), and despite the drop in volumes sold by -1.3% in 2008. Sales in Germany (+5.0%) and the industrial activity of OIS (+5.4%) were also up.
- Increase in the activities of **Agbar** (+14%, +€198m), in water and wastewater, thanks primarily to the price increases obtained in Spain, Chile and in the United Kingdom as well as an increase in subscribers in the healthcare business. Over the year, volumes sold dropped in Spain and in the UK and remained stable in Chile in 2008.

Waste Europe

In € million	Dec. 30, 2008	Dec. 30, 2007	Total Growth	Organic Growth
Revenues	5,728	5,511	3.9%	2.9%

The **Waste Europe** division reported organic growth of +2.8% (+€151m) from:

- **France** (+3.6%, +€100m):
 - o Treatment activities rose by +2.1% over the year for hazardous industrial waste, sorting/recovery, and landfill. Incineration benefited from a positive impact on the sale of electricity. Recycling activities, also up in 2008, were impacted at the end of the year by commodity price trends.
 - o Sales of service activities rose +5.9% over the year for all activities: municipal and industrial collection, waste management and industrial maintenance...
- Growth in the **UK and in Scandinavia** (+4.2%, +€51m):
 - o Sales of SITA UK rose on all business segments and benefited from price increases in collection and treatment (including an increase in landfill tax from £24 to £32 per ton and the impact of the increase in average price of commodities compared to 2007 for recycling activities). In the 4th quarter, the drop in commodity prices affected the volumes of recycled waste.
 - o Growth in Sweden and in Finland was primarily driven by the increase in industrial and commercial contracts and waste treatment.
- Revenues were stable in the **Benelux-Germany** considering the good activity in treatment in Belgium (+5%) and in spite of a slow down service activities in the Netherlands and in Flanders (-1% and -1.9% of organic growth respectively), in a difficult competitive context, with strong pressures on prices. In Germany, the sound performance of incineration and collection activities made up for the declining sales in recycling, affected by the price evolution in the 4th quarter.

² Estimated 2008 EBITDA, in the process of auditing, and as presented to the board of directors meeting on 01/28/2009

³ Excluding Applus contribution (sold in Nov. 2007); in 2007 Applus impacts are: €307m of revenues and €41m in EBITDA



International

In € million	Dec. 30, 2008	Dec. 30, 2007	Total Growth	Organic Growth
Revenues	2,765	2,610	6.0%	7.1%

The **International** division reported sustained organic growth (+7.1%, +€177m) thanks to:

- The strong growth of **Degrémont's** activity (+7.5%, +€70m), with among others the contribution of desalination contracts (Barka in Oman, Barcelona) and wastewater reuse contracts (Jumeirah Golf Estate in Dubai), the contracts of Valenton, Vallauris and Le Havre in France. Degrémont continued to win numerous contracts (Cannes, Al Dur in Bahrain, Rusafa in Iraq) and recorded 22 months of engineering backlog at the end of 2008.
- **Asia – Pacific** (+12.7%, +€59m), especially in water in China (+10.7% of organic growth) with an increase in volumes of 11% in joint ventures and price and volume increases in Macao. In Australia, growth in the waste activities was driven by the good performance of collection and a positive price effect in landfill activities (including the increase in landfill tax).
- **Central Europe – Middle East** (+7.2%, +€50m), especially in Poland in waste thanks to price increase in collection and landfill (including landfill tax); and in Morocco where growth was essentially due to a volume effect in water, wastewater and electricity.
- Price increase in the regulated activity in **North America** (United Water) with rate cases obtained in the states of New York, New Jersey and New Rochelle.

■ 4th quarter 2008

In the **4th quarter, in a degraded macroeconomic context, organic growth stood at 2.4%** due primarily to the drop in the waste volumes from industrial and commercial clients and lower recycling activity. The activity of Water Europe and International divisions in 2008 is comparable to what was observed over the nine months at the end of September 2008.

■ Net financial debt as of December 31, 2008 ²

At the end of December 2008, the net financial debt of SUEZ ENVIRONNEMENT stood at €5.97bn, representing a gross debt of €7.77bn and cash of €1.80bn. Undrawn credit lines totaled €0.95bn.

- **Next communication on March 4, 2009: publication of 2008 results and 2009 perspectives.**

² Estimated 2008 net debt, in the process of auditing, and as presented to the board of directors meeting on 01/28/2009



APPENDICES

Geographical breakdown of revenues

Revenues	Dec. 31, 2008		Dec. 31, 2007		Total growth	
	€m	% of total	€m	% of total	€m	%
Europe	9 897	80,1%	9 439	80,5%	458	4,9%
France	4 934	39,9%	4 686	40,0%	248	5,3%
Spain	1 501	12,1%	1 338	11,4%	163	12,2%
UK	1 172	9,5%	1 232	10,5%	60	-4,9%
Other Europe	2 290	18,5%	2 182	18,6%	108	4,9%
North America	644	5,2%	596	5,1%	48	8,1%
Australia	268	2,2%	243	2,1%	25	10,3%
Sub-total	10 809	87,4%	10 277	87,6%	532	5,2%
Rest of word	1 555	12,6%	1 450	12,4%	105	7,2%
TOTAL exc. Applus	12 364	100,0%	11 727	100,0%	637	5,4%
Applus	-	-	307	-	-	-
TOTAL	12 364	-	12 034	-	330	2,7%

Geographical breakdown of revenues

In € million	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Total 2007	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Total 2008
Water Europe	836	900	892	970	3 596	915	966	939	1 033	3 853
Waste Europe	1 303	1 377	1 400	1 430	5 511	1 398	1 495	1 450	1 385	5 728
International	552	638	644	776	2 610	596	652	698	820	2 765
Other	4	2	4	0	10	3	5	3	6	17
TOTAL exc. Applus	2 695	2 917	2 940	3 175	11 727	2 912	3 118	3 090	3 243	12 364
Applus	77	89	86	56	307	-	-	-	-	-
TOTAL	2 771	3 005	3 026	3 232	12 034	2 912	3 118	3 090	3 243	12 364

Natural resources are not infinite. Each day, SUEZ ENVIRONNEMENT (Paris: SEV, Brussels: SEVB) and its affiliates deal with the challenge to protect resources by providing innovative solutions to industry 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 a presence on all five continents, is a world leader exclusively dedicated to environmental services. In 2007, SUEZ ENVIRONNEMENT reported revenues of 12 billion euros. SUEZ ENVIRONNEMENT is a 35%-owned subsidiary of GDF SUEZ.

Important warning

This document contains estimated financial data currently under audit and corresponding to those presented to the Board of Directors on January 28, 2009. Final accounts will be approved by the Board of Directors on March 3rd, 2009. The financial indicators presented are those usually communicated to the markets by SUEZ ENVIRONNEMENT.

This document may contain forecasts or projections (forward-looking statements) which are based on current assumptions about future events. No warranty can be given as to the realization of these forecasts or these projections. The actual performance can be very different from these forward-looking statements, especially due to the existence of a number of risks and uncertainties that are mostly beyond the control of SUEZ ENVIRONNEMENT, such as changes in the economy and forex rates, new developments in regulations and tax legislation, risks linked to the development of our activities on financial markets and in highly competitive sectors that require significant financial and human resources. SUEZ ENVIRONNEMENT is under no obligation and makes no commitment whatsoever to publish amendments or updates to these forward-looking statements.

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