



## PRESS RELEASE

April 29, 2009

- **Good revenues resilience at €2,829m**
- **EBITDA at €436m with an EBITDA/revenues ratio of 15.4%**
- **Net debt remains stable at €5,981m, a net debt/EBITDA<sup>(1)</sup> ratio of 2.9x**
- **Growing impact of the COMPASS cost reduction plan**

In € million	March 31, 09	March 31, 08	Total Growth	Variation at constant forex	Organic Growth
Revenues	2,829	2,912	-2.8%	-0.8%	-2.7%
EBITDA	436	482	-9.4%	-7.4%	-7.4%
EBITDA / Revenues	15.4%	16.5%			

- **SUEZ ENVIRONNEMENT recorded a first quarter 2009 revenues of €2,829m**, down by -0.8% at constant exchange rates versus the first quarter 2008. The organic variation was -2.7%. Growth continued in Water Europe and International divisions. The economic slowdown is affecting particularly the waste activities to industrial and commercial customers which are cyclical activities.
- **Sales activity remains dynamic**, with gains and renewals of many water and wastewater contracts in France (Syndicat du Puy-en-Velay, SIAEP de Montbazens-Rignac, Port-Saint-Louis-du-Rhône) and in Spain (Torremolinos-Malaga, Garrigues Sud), in waste management in Europe (Aix and Arkema in France, Doncaster in the UK, municipal contracts in Sweden), and internationally (Malta, Baraki in Algeria, Cleveland in the United States, Brazzaville in Congo, Yuelai in China).
- **EBITDA for the first quarter of 2009 was €436m**, down -7.4%, at constant forex, from the first quarter of 2008. EBITDA declined organically by -5.3%, excluding fuel hedges costs taken in 2008 (-€9m). It includes the first effects of the acceleration of the COMPASS cost reduction plan, whose impact will grow during the course of the year. The EBITDA/revenues ratio is 15.4%.
- **Net debt remains stable at €5,981m**, a net debt/EBITDA<sup>(1)</sup> ratio of 2.9x. Cash generation and change in working capital are in line with the annual objective.
- With the **success of its first bond issue**, SUEZ ENVIRONNEMENT pursued its policy of diversifying financing sources and lengthened the duration of its debt.

Commenting the first quarter results, SUEZ ENVIRONNEMENT CEO Jean-Louis CHAUSSADE stated: *"In a very deteriorated economic environment, SUEZ ENVIRONNEMENT recorded for the first quarter a slight decrease in revenues, with a margin level that remains high. In the light of the scale of the crisis, we immediately adapted our priorities at the end of 2008 in order to pursue the improvement of cash generation and maintain our financial solidity. To achieve our 2009 objectives, in a still very uncertain macro-economic context, we rely on our commercial efforts, on the reduction of our investments and on the acceleration of our COMPASS costs reduction plan."*

(1) Rolling 12-month EBITDA



## BREACKDOWN OF ACTIVITY AS OF MARCH 31, 2009

In € million	March 31, 09	March 31, 08	Total Growth	Variation at constant forex	Organic Growth
Water Europe	925	915	+1.0%	+2.2%	+3.4%
Waste Europe	1,267	1,398	-9.4%	-5.7%	-9.1%
International	634	596	+6.4%	+6.1%	+2.8%
Others	4	3	-	-	-
<b>TOTAL</b>	<b>2,829</b>	<b>2,912</b>	<b>-2.8%</b>	<b>-0.8%</b>	<b>-2.7%</b>

■ As of March 31, 2009, **SUEZ ENVIRONNEMENT** posted revenues with a gross variation of -2.8% compared to March 31, 2008. This change can be analyzed as follows:

- **Organic variation of -2.7 % (-€76m)**, as a consequence of:
  - an increase in the revenues of the Water Europe division of +€30m for Lyonnaise des Eaux and Agbar, with still sustained activities.
  - a decrease of -€123m for the Waste Europe division, with a decline in volume in the industrial and commercial business (especially in the UK, Germany and the Benelux) and notably a fall-off in the sorting and recycling activity.
  - a growth of +€16m recorded by International, notably in the regulated water business in the United States, in Asia and in Central Europe.
- **Tuck-in acquisitions of +1.9% (or +€54m), which includes:**
  - First time consolidations (+€95m): Water Europe +€14m, Waste Europe +€43m (with several acquisitions made in the middle of 2008), International +€38m
  - Disposals (-€41m): Water Europe -€23m, International -€18m.
- **Unfavorable exchange rate impact of -2.1% (-€60m)**, mainly on the conversion of sales in pounds sterling (-€48m), Australian dollars (-€10m), Swedish crowns, Polish zlotys and Chilean pesos. The US dollar had a positive impact (+€16m) on first quarter revenues.

**As of March 31, 2009, SUEZ ENVIRONNEMENT made 81% of its sales in Europe and 89% in the combined Europe – North America – Australia.**

■ The change in **EBITDA** is -7.4% at constant exchange rates, with an EBITDA/revenues margin of 15.4%. The negative impact of exchange rates amounted to -2.0% for this indicator. In organic terms, and excluding the costs of the fuel hedges taken in 2008, the EBITDA declined -5.3%.

■ The **net debt** remained stable at €5,981m as of March 31, 2009. This amount does not include the impact of the Natural Gas capital increase (€89m) paid on April 1, 2009. The ratio of net debt/EBITDA<sup>(1)</sup> was 2.9 times.

■ On April 8, 2009, SUEZ ENVIRONNEMENT launched with success a €1.8bn bond issue on the bond market in two tranches of 5 and 10 years, lengthening the maturity of its debt, further diversifying its financing sources and raising the level of its cash<sup>(2)</sup> to €4.4bn. This issue was oversubscribed more than five times.

(1) Rolling 12-month EBITDA

(2) Cash and undrawn credit lines at April 8, 2009



## PERFORMANCE BY DIVISION

### Water Europe

In € million	March 31, 09	March 31, 08	Total Growth	Variation at constant forex	Organic Growth
Revenues	925	915	+1.0%	+2.2%	+3.4%

**Water Europe** achieved an organic revenues growth of +3.4% (+€30m).

- **Lyonnaise des Eaux** is growing organically by +1% (+€4m). In France, sales growth was sustained by new contracts (Syndicat de Salles-Mios 12 years €12m, Port-Saint-Louis-du-Rhône 20 years €18m) and contract renewals (Syndicat du Puy-en-Velay 12 years €13m, SIAEP de Montbazens-Rignac 12 years €43m, SI Roannaise de l'Eau 8 years €11m...). Sales benefited from the contribution of Cannes and Lourdes contracts and tariff increase, but were unfavourably impacted by the slowdown in works and services, and by a reduction in volumes of water sold of -1.5% during the quarter.
- **Agbar** attained an organic revenues growth of +7% (+€26m) with a very good performance in Spain of water and wastewater activities, particularly as the consequence of rate increases, and in the international area with tariff increases in Chile and the UK. During the quarter, Agbar won new contracts (Marchena 17 years, wastewater treatment plants in Madrid 8 and 4 years, Garrigues Sud 2.5 years), as well as contract renewals (Torremolinos-Malaga 25 years, Olot-Girona 20 years, Ribera de Gata-Caceres 10 years and Villanueva de la Serena-Badajoz 25 years).

### Waste Europe

In € million	March 31, 09	March 31, 08	Total Growth	Variation at constant forex	Organic Growth
Revenues	1,267	1,398	-9.4%	-5.7%	-9.1%

**The Waste Europe** division posted an organic decline of -9.1% (-€123m).

- Waste revenues in **France** decrease by -8% (-€59m) in organic variation. The treatment activity declined by -12%, after a sharp drop in prices and volumes in the sorting and recycling business. Landfill and incineration activities continued to grow. At the beginning of 2009, SITA France signed municipal contracts in Bordeaux (4 years €11m), Aix (3 years €5m) and with industrials (Carrefour 1 year €4m, Coca-Cola, Arkema).
- The revenues for **UK & Scandinavia** fell by -9% (-€25m), primarily due to the activities in the United Kingdom (-10%) despite the price effect derived from the +33% increase in landfill tax in April, 2008. Sita UK renewed the contract of Doncaster for a 7-year period. The volumes treated dropped by -15%, especially in the sorting/recycling and landfilling. In Sweden, SUEZ ENVIRONNEMENT concluded municipal waste management contracts in Lidingö, Svedala, Skara and Malmö for an average period of 5 years and a total revenue of €29m.
- The **Benelux – Germany** area experienced an organic slowdown of -11% (-€38m). The declining trend in prices and volumes identified in Flanders and Holland from the third quarter of 2008 continued and amplified in the first quarter of 2009, notably in Germany, where the pace of factory temporary closings accelerated in 2009. The EVI incinerator, with a total capacity of 365,000 tons, went into service as scheduled on April 2, 2009 and will allow the internalization of waste flows collected in this area.



■ **International**

In € million	March 31, 09	March 31, 08	Total Growth	Variation at constant forex	Organic Growth
Revenues	634	596	+6.4%	+6.1%	+2.8%

The **International** division posted an organic growth of +2.8% (+€16m).

- **Degrémont** revenues rose by +2% (+€5m) in the first quarter of 2009, with the contribution of the contracts of la Morée, Valenton, Lyon Feyssine, Enfil Revap in Brazil. Degrémont generates approximately 2/3 of its sales internationally and finalized at the beginning of 2009 some major contracts (Malta €35m, Baraki in Algeria €68m, Brazzaville €16m and in Cleveland €37m in the United States).
- **Asia-Pacific** area recorded an organic growth of +4% (+€4m) with respect to the first quarter of 2008. The waste activities in Australia benefited from some positive price effects and volume increase in services. Sales development continued in water in China, with the contracts won in Tianjin (€77m) and Yuelai (€0.8bn, 40 years).
- The revenues posted in the **Central Europe – Middle East** showed a +7% increase (+€12m), notably in the waste activity in Poland.
- **North America** region recorded a decline of -4% (-€4m), primarily due to the end of the Milwaukee contract at the end of February 2008. Regulated activity is growing, benefiting from price increases ("rate cases"), the most recent one took effect in April 2009 in New Jersey (+18%) following the Haworth plant construction project.

■ **2009 outlook:**

SUEZ ENVIRONMENT confirms its long-term strategy, based on a solid business model, on a positioning on the full value chains of water and waste and on a sustainable and profitable growth.

In a macroeconomic context that has deteriorated since the end of 2008, SUEZ ENVIRONMENT has accelerated the implementation of its plan to reduce costs and increase investments selectivity.

SUEZ ENVIRONMENT pursues its 2009 objectives. In a still very uncertain macro-economic context, SUEZ ENVIRONMENT relies on its commercial efforts, on the reduction of investments and on the acceleration of its COMPASS costs reduction plan.

■ **Upcoming communications:**

- **May 26, 2009:** Annual General Meeting (dividend ex-date on May 29 and payment on June 3<sup>rd</sup>)
- **August 26, 2009:** Publication of 2009 half year results (including revenues).



## APPENDIX

### Geographical breakdown of revenues

Revenues	31/03/09		31/03/08		Total Growth	
	€m	% of total	€m	% of total	€m	% of total
<b>Europe</b>	<b>2 292</b>	<b>81,0%</b>	<b>2 435</b>	<b>83,6%</b>	- <b>143</b>	-5,9%
France	1 167	41,3%	1 155	39,7%	13	1,1%
Spain	426	15,1%	437	15,0%	11	-2,5%
UK	207	7,3%	277	9,5%	70	-25,1%
Other Europe	491	17,4%	566	19,5%	75	-13,2%
<b>North America</b>	<b>171</b>	<b>6,0%</b>	<b>123</b>	<b>4,2%</b>	<b>48</b>	<b>38,9%</b>
<b>Australia</b>	<b>57</b>	<b>2,0%</b>	<b>64</b>	<b>2,2%</b>	- <b>7</b>	-11,0%
<b>Sub-total</b>	<b>2 520</b>	<b>89,1%</b>	<b>2 622</b>	<b>90,0%</b>	- <b>102</b>	-3,9%
Rest of the world	309	10,9%	290	10,0%	19	6,6%
<b>TOTAL</b>	<b>2 829</b>	<b>100,0%</b>	<b>2 912</b>	<b>100,0%</b>	- <b>83</b>	-2,8%

Natural resources are not infinite. Each and every day, SUEZ ENVIRONNEMENT (Paris: SEV, Brussels: SEVB) and its subsidiary companies undertake to meet the challenge of protecting resources by providing innovative solutions for millions of people and industry. SUEZ ENVIRONNEMENT provides 76 million people with drinking water, 44 million with wastewater services, and collects the waste of 60 million people. With 65,400 employees, SUEZ ENVIRONNEMENT is the world's leading pure player in environmental services, present on five continents. In 2008, SUEZ ENVIRONNEMENT, a 35.4% subsidiary of GDF SUEZ, generated turnover of 12.4 billion euros.

#### Important Notice

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

This document may include "forward-looking statements" that are based on current assumptions concerning future developments. No guarantee can be given on the realisation of this projected elements. Actual results may differ materially from the forward-looking statements, particularly due to a number of risks and uncertainties, most of which are beyond the control of SUEZ ENVIRONNEMENT, including changes in economic conditions and exchange rates, modifications to regulations or tax codes, and risks related to the growth of our businesses in markets and sectors that are highly competitive and require substantial financial and human resources. SUEZ ENVIRONNEMENT has no obligation and makes no commitment whatsoever to issue modifications or updates to the forward-looking statements.

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