



## PRESS RELEASE

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**SUEZ ENVIRONNEMENT WILL BUILD A SECOND EUROPEAN PILLAR IN ITS WATER BUSINESS**  
- BY TAKING THE CONTROL OF AGBAR  
- IN PARTNERSHIP WITH CRITERIA CAIXACORP  
- AND DISPOSING SIMULTANEOUSLY ITS STAKE IN ADESLAS (HEALTH ACTIVITIES)

SUEZ ENVIRONNEMENT announces it has just signed a binding preliminary agreement with CRITERIA CAIXACORP (CRITERIA) regarding a global transaction on AGUAS DE BARCELONA (AGBAR), the leading Spanish company in the water industry. SUEZ ENVIRONNEMENT will acquire the full control of AGBAR Water & Environment activities, and become a pure player, in Spain, with selective presence abroad, and positioning in fast growing markets. This strategic transaction is in the absolute continuity of the trustful relationship of both shareholders. It has the full support of the management of AGBAR.

The transaction includes<sup>1</sup> :

- A delisting tender offer in cash to be launched by AGBAR on its own shares at a price of 20 euros<sup>2</sup> per share for a total consideration of up to 299 million euros<sup>3</sup>. The shares acquired through this delisting tender offer will subsequently be redeemed.
- The acquisition by SUEZ ENVIRONNEMENT from CRITERIA of AGBAR shares, at 20 euros<sup>1</sup> per share, in order for SUEZ ENVIRONNEMENT to finally achieve a total stake of 75% in AGBAR<sup>4</sup>, representing a total consideration of 647 million euros<sup>5</sup>.
- A simultaneous disposal by AGBAR of its 54.8% stake in ADESLAS to CRITERIA for a total consideration of 687 million euros.
- In parallel, CRITERIA acquires full control of ADESLAS, thanks to the acquisition of a further 45% stake from MALAKOFF MEDERIC.

The transaction presents a strong strategic and industrial rationale for SUEZ ENVIRONNEMENT by reinforcing its positioning on attractive water markets and achieving the control over AGBAR's unique portfolio of assets, with a business mix well-balanced between regulated and non-regulated activities.

Commenting this transaction, Jean-Louis Chaussade, CEO of SUEZ ENVIRONNEMENT made the following statement : *This transaction represents a major strategic step forward for SUEZ ENVIRONNEMENT: the Group builds its second European operational pillar and reinforces its International positions. The friendly acquisition of control over AGBAR, now a pure player with 12 million clients in Spain and as such the equivalent of Lyonnaise des Eaux in France, will enable us to consolidate our leadership in Spain, with the support of our historical partner CRITERIA CAIXACORP that remains on our side as a long-term shareholder. This transaction provides us with leading International positions, fitting with SUEZ ENVIRONNEMENT's own footholds, on markets like the UK, Chile, Mexico, China or Algeria. We will grow our geographic and commercial complementarities, as well as our respective know-how, especially in the field of innovation, leveraging on the expertise of AGBAR's management whose track record in developing the Company has been highly successful.*

AGBAR is a full-cycle player in the water industry positioned on growth markets, with leading positions in Spain and Chile and a selective presence in the UK, Mexico, Algeria and China. The company has demonstrated fast growth in revenues in Water & Environment (+9.0% per annum over 2006-08) and a regular improvement of EBITDA margin which stands at 28.1% for 2008.

<sup>1</sup> Inter-conditionality clauses between the disposal of ADESLAS and the control acquisition of AGBAR Water & Environment. Both transactions being dependant on the effective completion of the delisting tender offer.

<sup>2</sup> Assuming no interim and final dividend paid on 2009 results. Delisting tender offer on the 10% not owned directly or indirectly by SUEZ ENVIRONNEMENT and CRITERIA

<sup>3</sup> Assuming 100% success of the delisting tender offer

<sup>4</sup> Directly or indirectly through HISUSA. Number of shares sold by CRITERIA to SUEZ ENVIRONNEMENT will be adjusted depending on the success rate of the delisting tender offer

<sup>5</sup> Acquisition of shares directly held by CRITERIA in AGBAR and of shares held in HISUSA at a price of 20.0€/share. Assuming a theoretical 0% response of the delisting process, the total consideration paid to Criteria would be 871 millions euros and AGBAR would have no cash out.



The combined capacities of both AGBAR and SUEZ ENVIRONNEMENT will act as a catalyst for the development of the Group, notably in terms of further positioning on growing markets in Spain and abroad, combination of commercial and operational forces, sharing best in-class technological expertise such as on water treatment infrastructures or desalinization, R&D and sustainable development focus.

The transaction provides direct synergies. SUEZ ENVIRONNEMENT anticipates between 20 and 30 million euros<sup>1</sup> of operational run-rate annual synergies at the EBITDA level. It will also generate 15 million euros of financial and fiscal optimization<sup>2</sup>.

The transaction is value creative for SUEZ ENVIRONNEMENT's shareholders with positive impacts both at EBITDA (+c.10% per year to Group's current figure from full consolidation and synergies) and earnings levels (c.80 million euros of net profit on sale of ADESLAS disposal in 2010 and accretion of AGBAR acquisition from 2011). In parallel the transaction also unlocks value of ADESLAS at attractive multiples. It fully meets all SUEZ ENVIRONNEMENT's investment criteria, and will be exclusively financed through the Group's existing liquidity and free cash flow generation. At the closing of the transaction, SUEZ ENVIRONNEMENT consolidated net debt is expected to increase by c.1.2 billion euros<sup>3</sup>, implying a c.0.25 increase in SUEZ ENVIRONNEMENT net financial debt to EBITDA ratio.

These development prospects will benefit from the continuity of the robust long-term partnership between CRITERIA and SUEZ ENVIRONNEMENT: through its significant minority stake and with a new shareholders' agreement, CRITERIA renews its commitment to AGBAR and its confidence in AGBAR's future development.

SUEZ ENVIRONNEMENT and CRITERIA expect the delisting of the company to be finalized in Q1 2010 and to be able to close the global transaction by mid 2010.

The contemplated delisting of AGBAR is subject to i) a favorable vote by AGBAR's shareholders on the proposed terms of the delisting offer during an Extraordinary General Meeting to take place around the end of this year and ii) the approval of the offer documentation by the CNMV, the Spanish stock exchange authority.

The transaction also remains inter alia subject to the applicable regulatory and legal approvals and in particular the antitrust approval of the acquisition and by SUEZ ENVIRONNEMENT of the exclusive control on AGBAR and the acquisition by CRITERIA of a controlling stake in ADESLAS, the latter being also subject to the approval of the Spanish insurance authority.

#### **AGBAR**

*AGBAR is the leading full-cycle water group in Spain with a 27% market share, supplying more than 12 million people with drinking water (50% market share of private sector) and around 10 million people with wastewater services (30% market share of private sector). 2008 Revenue and EBITDA of AGBAR respectively amounted to 3,108 million euros and 620 million euros. AGBAR is present outside Spain in regulated businesses (Chile, the United Kingdom) as well as non-regulated businesses (such as Mexico, Colombia, Algeria, China). It employs around 14,500 people. SUEZ ENVIRONNEMENT is shareholder of AGBAR since 1979.*

#### **ADESLAS**

*ADESLAS is the leader in Spain for health insurance with 20.4% market share of private sector and the second largest hospital management company in Spain. Its 2008 Revenue and EBITDA amounted respectively to 1,337 million euros and 122 million euros.*

#### **CRITERIA CAIXACORP**

*Criteria CaixaCorp (www.criteria.com) is an investment group with holdings in financial and industrial companies. Company's chairman is Isidre Fainé and Joan Maria Nin is deputy chairman. Gonzalo Gortázar is the CEO of Criteria CaixaCorp. The company's core shareholder is "la Caixa"; it has been listed on the continuous market of the Spanish stock exchange since October 2007. Criteria has a firm commitment to international growth, active management of its portfolio within a framework of controlled risk, and boosting the growth, development and returns of the companies it invests in. Criteria CaixaCorp holds the largest corporate investment portfolio in Spain by gross asset volume with a value of €19,978 million at June 30, 2009. Criteria is a member of important benchmark indices including the Ibex 35, MSCI (Morgan Stanley Capital International) Europe, MSCI PanEuro and DJ Stoxx 600, FTSE Eurofirst 300, and the Dow Jones Sustainability Index.*

<sup>1</sup> Based on internal preliminary assessment

<sup>2</sup> Immediate financial optimization. Fiscal optimization after an implementation period.

<sup>3</sup> Total transaction estimated impact, including full consolidation of AGBAR net debt post transaction vs 51% pre-transaction.



## **MALAKOFF MÉDÉRIC**

*Malakoff Médéric is a non-profit-making company. Malakoff Médéric is the leading provider of social insurance cover in France, managing both supplementary pension plans and personal insurance plans (health, employee benefits, savings and long-term care). With 6,500 employees, its ambition is to enhance the social protection afforded to individual and corporate customers, and contribute to the well-being of the recipients of its pension and other insurance benefits. In 2008, the Group reported premium income of €3.3 billion and paid out €13.3 billion in pension benefits. Malakoff Médéric is the leading manager of AGIRC-ARRCO supplementary pension plans, with 205,000 corporate customers, 3.2 million active plan participants and 2.6 million retired participants, and the third largest group insurer, with 182,000 corporate customers and 3 million insured employees. Internet website: [www.malakoffmederic.com](http://www.malakoffmederic.com)*

## **SUEZ ENVIRONNEMENT**

*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 76 million people provides wastewater treatment services for 44 million people and collects the waste produced by 51 million people. SUEZ ENVIRONNEMENT has 65,400 employees and, with its presence on five continents, is a world leader exclusively dedicated to environmental services. In 2008, SUEZ ENVIRONNEMENT, a subsidiary owned 35.4% by GDF SUEZ, achieved revenues of EUR 12.4 billion.*

## **DISCLAIMER**

*"The actual communication includes forward looking information and statements. Those prospective elements are based upon hypothesis, financial projections, estimations and statements regarding projects, objectives and expectations concerning operations, future products or services or future performances. No guarantee can be given on the realization of those prospective elements. Investors and shareholders of SUEZ ENVIRONNEMENT Company shares are informed that those forward looking information and statements are subject to a number of risks and uncertainties, hardly predictable and generally outside SUEZ ENVIRONNEMENT Company control and that could cause actual results to differ materially from those expressed or suggested by any such forward looking information and statements. Those risks include, but are not limited to, those developed or identified in public documents filed with the Autorité des Marchés Financiers (AMF). The attention of investors and shareholders of SUEZ ENVIRONNEMENT Company shares is drawn on the fact that the realization of all or part of those risks is susceptible to have a significant unfavorable effect on SUEZ ENVIRONNEMENT Company. SUEZ ENVIRONNEMENT Company disclaims any obligation or undertaking to release publicly any updates or revisions to any of those forward-looking statements."*

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