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PRESS RELEASE

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1st QUARTER 2011

STRONG GROWTH IN ACTIVITY AND OPERATING MARGIN
DEBT RATIO CLOSE TO YEAR-END OBJECTIVE

- **Revenue: up strongly to €3,514m, +13.5% at constant forex, up across all divisions**
- **EBITDA: €592m, +25.6% at constant forex, EBITDA margin 16.8%**
- **Net financial debt: stable at €7,565m with NFD/EBITDA[1] ratio down at 3.06**

In € million	31 March 2010	31 March 2011	Total change	Change at constant forex	Organic change
Revenue	3,075	**3,514**	+14.3%	+13.5%	+9.7%
EBITDA	460	**592**	+28.6%	+25.6%	+10.5%
EBITDA / Revenue	15.0%	**16.8%**			

- **SUEZ ENVIRONNEMENT first quarter 2011 revenue was up +14.3% at €3,514m.** The three divisions experienced organic growth, still sustained internationally and for waste valorization activities in Europe. SUEZ ENVIRONNEMENT continued its commercial development winning contracts such as Adelaide (Australia), Gijon (Spain) or Shenzhen (China) in water, and for Plaine Centrale[2] (France) or with ARKEMA in waste. The Group also benefited from the impact of the acquisitions of Agbar and WSN Environmental Solutions (Australia) closed respectively in June 2010 and January 2011.

- **EBITDA at the end of March 2011 was up +28.6% at €592m,** and up +10.5% organically faster than at revenue level (+9.7%). EBITDA margin is at 16.8%, a significant improvement compared to Q1 2010. It benefited from better activity levels, the effect of Agbar takeover, and cost savings realised under the COMPASS 2 plan which is progressing in line with the objective of €300 million for the 2010-2012 period.

- **The Group's net financial debt is stable compared to 31 December 2010 at €7,565m.** SUEZ ENVIRONNEMENT continued its selective investment programme and at 31 March 2011 posted a decreasing NFD/EBITDA[1] ratio at 3.06, close to 2011-end objective of about 3. The Group renegotiated its Club Deal financing line of €1.5bn on favourable terms, significantly improving its financial conditions while extending its maturity by a year.

- **Commenting on the first quarter 2011 results, Jean-Louis Chaussade, Chief Executive Officer of SUEZ ENVIRONNEMENT, stated:** *"After a sharp rise in 2010, SUEZ ENVIRONNEMENT's performance is again improving significantly in early 2011. Activity continues to increase in our two businesses, especially in Waste and International, with an increase in margin level and a debt ratio close to our year-end objective. We are pursuing our balanced growth strategy, with commercial development focused on economic and environmental performance. In a context of progressive economic recovery, we are improving our profitability, as we had announced, and reaffirm our 2011-13 objectives."*

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[1] Net Financial Debt (NDF)/ EBITDA, calculated over a rolling 12 month period
[2] Community of towns in Val de Marne

BREAKDOWN OF ACTIVITY AT END-MARCH 2011

Revenue In € million	31 March 2010	31 March 2011	Total change	Change at constant forex	Organic change
Water Europe	939[3]	993	+5.8%	+6.5%	+1.6%
Waste Europe	1,358	1,580	+16.4%	+15.3%	+12.9%
International	774[3]	935	+20.9%	+16.6%	+11.4%
Other[4]	4	6	-	-	-
TOTAL	**3,075**	**3,514**	**+14.3%**	**+13.5%**	**+9.7%**

SUEZ ENVIRONNEMENT revenue at 31 March 2011 was €3,514m, up +14.3% gross (+€439m) compared to 31 March 2010. This breaks down as follows:

- **Growth of +13.5% (+€393m) at constant forex:**
  - **Organic growth of +9.7% (+€282m) arising from the three divisions:**
  - Revenue in the Water Europe division was up (+€12m, +1.6%) for both Lyonnaise des Eaux and Agbar, benefiting from tariffs increases, the development of new businesses and overall stable works activity.
  - Revenue in the Waste Europe division was up strongly (+€177m, +12.9%), mainly in valorization activities and thanks to commercial development. In a context of progressive macroeconomic recovery, treated volumes rose in all regions.
  - Revenue in the International division was up (+€91m, +11.4%) with very sustained activity at Degrémont and in waste in Australia.

  - **External growth of +3.8% (+€111m):**
  - Water Europe +€36m with the impact of the Agbar takeover.
  - Waste Europe +€33m, linked to Boone Comenor activities in Turkey and Slovakia.
  - International +€42m, with the acquisition of WSN in Australia.

- **Favourable forex impact +€46m** due to the rise in the value of SUEZ ENVIRONNEMENT's main trading currencies against the euro, including the Australian dollar (+€17m), the pound sterling (+€8m) and the Chilean peso (+€6m).

- In the first quarter of 2011, SUEZ ENVIRONNEMENT achieved 72% of its revenue in Europe. The portion achieved internationally outside Europe was 28% versus 27% at 31 December 2010. It benefited from strong growth especially at Degrémont and in the Asia-Pacific region.

[3] OIS is included in the International division
[4] R+I Alliance, HQ

PERFORMANCE BY DIVISION

WATER EUROPE

In € million	31 March 2010	31 March 2011	Total change	Change at constant forex	Organic change
Revenue	939[5]	993	+5.8%	+6.5%	+1.6%

The water europe division posted organic growth of +1.6% (+€12m).

- **Lyonnaise des Eaux grew organically by +1.4% (+€7m).**

Activity in France was up with the commencement of contracts won in 2010 such as Strasbourg (€98m, 8 years), the development of new commercial offers (Dolce Ô), a rise in tariffs indices and growth in works activities. Volumes of potable water sold declined -1.3%, in line with the historical trend. La Vaunage (€28m, 18 years), Nîmes metropolis (€16m, 9 years) and Cuers (€12m, 10 years) were the main contracts signed in the quarter.

- **Agbar posted organic growth of +2.1% (+€5m).**

Activity was up in Spain with a favourable price impact and despite a slight decline in volumes of potable water sold. Internationally, volumes and prices moved upwards. Works were stable compared to the first quarter 2010, and the extension of the Mapocho (Chile) wastewater treatment plant continued. During the quarter Agbar won contracts for Santonia (Cantabria, €32m, 25 years), Canyelles (Catalonia, €10m, 20 years) and Cangas De Onis (Asturias, €10m, 20 years).

WASTE EUROPE

In € million	31 March 2010	31 March 2011	Total change	Change at constant forex	Organic change
Revenue	1,358	1,580	+16.4%	+15.3%	+12.9%

The Waste Europe division posted organic growth of +12.9% (+€177m). This growth was due mainly to Sorting & Recycling activities which benefited from a sharp rise in secondary raw materials prices against the same period in 2010, along with higher volumes. This improvement reflects the growing trend in waste valorization and consolidates SUEZ ENVIRONNEMENT's strategic positioning. The other activities in the Waste Europe division also rose with increasing volumes in the context of a gradual economic recovery and with a favourable comparison basis versus the first quarter of 2010. The division also benefited this quarter from the commencement of new contracts (Ivry in France) and the commissioning of new treatment facilities (Baviro, in test phase, in the Netherlands).

- **SITA France posted organic growth of +13.3% (+€101m)** due mainly to Sorting & Recycling activities thanks to positive price and volume effects. Other activities also improved, both in services and treatment. SITA France won a number of municipal contracts including Plaine Centrale (€25m, 5 years), Aulnay (€15m, 5 years) or Clichy (€15m, 6 years), and industrial contracts with ARKEMA (>€20m, 2 years).

- **The United Kingdom / Scandinavia region posted organic growth of +10.8% at the end of March 2011 (+€28m)**. Growth was driven, as in France, by Sorting & Recycling. Sales were up in the United Kingdom with overall positive price and volume effects. In Scandinavia, revenue was up in both Sweden and Finland. The quarter was marked by the signing of industrial and commercial contracts with RBS, Newcastle NHS and Stagecoach (€6m, 3 years), the Walsall municipal contract (€5m, 5 years), the opening of two new recycling centres in Hayes and North Tyneside and the finalisation of the closing of the South Tyne and Wear PFI (€1.2bn[6], 25 years).

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[5] OIS is included in the International division
[6] €1.2bn includes third party revenue and electricity sale

▪ **The NEWS[7] region posted organic growth of +13.6% (+€47m)** at 31 March 2011. In addition to the positive price and volume effects in Sorting and Recycling, collection is also growing due to an increase in industrial and commercial volumes, as well as other treatment activities. SITA NEWS continued its commercial development, winning municipal, industrial and commercial contracts with Scania, Bionerga and at Igean (€15m, 2-3 years). The Baviro incinerator (Netherlands, 290,000 t/yr) is operating in test phase since January 2011.

INTERNATIONAL

In € million	31 March 2010	31 March 2011	Total change	Change at constant forex	Organic change
Revenue	774[8]	935	+20.9%	+16.6%	+11.4%

The International division posted organic growth of +11.4% (+€91m).

▪ **Degrémont showed organic growth of +20.9% (€62m)** linked mainly to progress on the construction of the Melbourne desalination plant scheduled for delivery mid-2012 and the contribution of contracts in France (Cannes, Bordeaux, Rennes) and in the Middle East (Rusafa). The engineering backlog remains high at €1.6bn. During the quarter, Degrémont signed numerous contracts, in operation in Adelaide (Australia, €420m) or Nice (€100m, 10 years) and in construction at Montes del Plata (Uruguay, €43m), Doha West (Qatar, €27m), Shenzhen (China, €19m), Gijon (Spain, €15m), Horno Galindo (Spain, €15m) and Dar Es Salam (Tanzania, €14m).

▪ **North America posted organic growth of +7.7% (+€10m)** resulting from the growth in the regulated activity of United Water, thanks to an improvement in volumes sold and higher prices following the various rate cases obtained, the latest of them in February 2011 in Idaho and Delaware.

▪ **Asia-Pacific posted organic growth of +11.4% (+€20m)** driven mainly by waste activities in Australia. The acquisition of WSN Environmental Solutions was finalized on 31 January 2011. In China, growth benefited from rising water prices and volumes and the strong level of activity at SITA Waste Services. In addition, the sludge dryer at the Suzhou industrial park (Jiangsu, China) was inaugurated on 15 April 2011 (€280m, 30 years).

▪ **The CEMME[9] region experienced slightly negative growth of -0.8% (-€2m).** Water activity grew in Morocco and Central Europe. Revenue from waste declined in Poland with lesser contribution from snow-removal activities. Contracts in Abu-Dhabi (United Arab Emirates, €200m, 15 years), Safi (Morocco, €20m, 7 years) and Warsaw (Poland, €12m, 3 years) were signed during the quarter.

CONFIRMATION OF OBJECTIVES

SUEZ ENVIRONNEMENT reaffirms its objectives as announced at the full year publication on 9 February 2011.

NEXT COMMUNICATIONS

- **19 May 2011:** Annual General Meeting
- **3 August 2011:** Publication of 2011 half-year results

[7] Waste activities in Benelux and Germany
[8] OIS is included in the International segment
[9] Central Europe, Mediterranean and Middle East

APPENDIX

Geographical breakdown of revenue

Revenue	31/03/10[10]		31/03/11		Total change	
	€m	% of total	€m	% of total	€m	% of total
Europe	**2,355**	76,6%	**2,528**	71,9%	**173**	7,3%
France	1,189	38,7%	1,266	36,0%	77	6,5%
Spain	390	12,7%	367	10,5%	-23	-5,9%
UK	199	6,5%	235	6,7%	35	17,7%
Other Europe	576	18,7%	660	18,8%	84	14,5%
North America	**174**	5,7%	**187**	5,3%	**13**	7,4%
Australia	**139**	4,5%	**249**	7,1%	**109**	78,5%
Sub-total	**2,669**	86,8%	**2,964**	84,3%	**295**	11,1%
Rest of the world	406	13,2%	551	15,7%	145	35,6%
TOTAL	**3,075**	100,0%	**3,514**	100,0%	**440**	14,3%

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 industry and to millions of people. SUEZ ENVIRONNEMENT supplies drinking water to 91 million people, provides wastewater treatment services for 61 million people and collects the waste produced by 50 million people. SUEZ ENVIRONNEMENT has 79,554 employees and, with its presence on five continents, is a world leader exclusively dedicated to water and waste management services. In 2010, SUEZ ENVIRONNEMENT, a subsidiary owned 35.4% by GDF SUEZ, achieved revenue of EUR 13.9 billion.

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[10] Agbar revenue split by geographic region