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PRESS RELEASE

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2011 HALF-YEAR RESULTS:

DOUBLE-DIGIT GROWTH IN ACTIVITY AND OPERATING PERFORMANCE

2011 AND MEDIUM TERM TARGETS CONFIRMED

RESULTS IN LINE WITH 2011 TARGETS:

- Revenue: €7,376M, +11.8% and +11.3% at constant forex, increasing in the three divisions
- EBITDA: €1,233M, +18.3% and +17.6% at constant forex
- Current Operating Income (EBIT): €562M, +28.6% and +27.4% at constant forex
- Net Result group share: €221M, i.e. €0.43 per share
- Net financial debt stable at €7,580M, net debt to EBITDA[1] ratio at 3.0x

The Board of Directors, in a meeting held on August 2nd 2011, approved the 2011 first-half results.

Commenting on the results, CEO Jean-Louis Chaussade issued the following statement:

"In the first half of 2011, SUEZ ENVIRONNEMENT posted strong results growth and solid performance with a double-digit growth in revenues and operating performance. Commercial activity remained sustained. Growth in Europe is driven by the profitable growth of the water activities and by a rise in the volumes of waste treated. Addressing the heavy needs for environmental services, International growth is still strongly increasing. The Group's growth benefits from the positive effects associated with the integration of AGBAR and the acquisition, finalised early this year, of WSN in waste in Australia.

Listed on the stock exchange for three years now, SUEZ ENVIRONNEMENT posted a profitable and sustainable growth and thus demonstrates the pertinence and strong potential of its business model. The Group's long-term strategy remains unchanged.

The Group places innovation and industrial partnerships at the heart of its industrial model to make its clients environmental leaders and help set up the circular economy which, I am convinced, will be in the center of tomorrow's economy. It is thanks to the technical, contractual and governance innovations which we are developing today, that we can seize opportunities and stay a step ahead in the booming water and waste markets, and satisfy customers and clients' new expectations.

Based on its solid half-year results, SUEZ ENVIRONNEMENT confirms its annual and medium-term objectives."

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[1] *Net debt to EBITDA : EBITDA rolling 12-month*

SOLID AND STRONGLY GROWING HALF-YEAR RESULTS

In a context of progressive and uneven economic recovery, SUEZ ENVIRONNEMENT posted solid and strong-growing half-year results compared to the first half of 2010:

▪ Revenue

As at 30 June 2011, SUEZ ENVIRONNEMENT revenue was **€7,376M, +11.8% gross variation (+€779M)** versus 30 June 2010 and breaks down as follows:

- **Organic change of +8.7%** (+€577M), increasing in the three divisions:
  - increased revenues in Water Europe, +€69M (+3.5%)
  - strong organic growth in Waste Europe, +€296M (+10.3%)
  - sustained growth in International, with an organic rise of +€208M (+11.8%)

- **External growth of +2.6%** (+€171M), due mainly to the AGBAR step-up for Water Europe and to the acquisition of WSN for the International division.

- **Favourable impact of exchange rates of +0.5%** (+€31M), mainly due to the appreciation against the Euro of the Australian dollar, the Chilean peso and the Swedish krona, partly offset by the depreciation of the US dollar.

At constant forex, revenue grew by +11.3% (+€748M).

▪ Operating performance

EBITDA was €1,233M at 30 June 2011, an overall rise of +18.3% (+€190M). Operating profitability was well up, with EBITDA showing +17.6% growth at constant forex, driven by Water Europe, subsequent to the AGBAR integration and Waste Europe, which enjoyed sustained activity with increased volumes treated. International's EBITDA was slightly down, the satisfying performance being offset by additional construction costs at the Melbourne desalination plant.

The Group's EBITDA margin rose to 16.7%. The COMPASS plan generated additional €60M savings in the first half of 2011.

Current Operating Income was €562M, a gross increase of +28.6% or +27.4% at constant forex. The Group is showing a virtuous growth circle, with an organic increase in EBIT of +15.7%, above EBITDA growth (+6.8%).

▪ Net Income

Income from operating activities was €581M in the first half of 2011, versus €676M in the first half of 2010. This -€95M decline includes the +€125M improvement in EBIT and a drop in the gains on disposals. In 2010 Income from operating activities included positive non–recurring items related to the AGBAR transaction (+€110M) and the unbundling of joint water companies (+€201M) partially offset by restructuring costs and impairment expenses.

Financial result was -€183M in 2011, up on the first half of 2010. SUEZ ENVIRONNEMENT improved its financial profile by optimizing its debt cost at 5.09% and extending its maturity to 6.8 years.

Income tax was -€92M in 2011 versus -€58M in 2010. This rise was mainly due to the low tax rate in the first semester 2010 in Spain on capital gains generated by the AGBAR takeover.

Minority interests during the year was -€99M, compared with -€56M in the first semester 2010, due to the impact of the full consolidation of AGBAR.

Net Result group share was €221M. The decline from the first half of 2010 (-42.8%) was mainly due to capital gains realised in 2010. Excluding those non-recurring items, Net Result group share grew.

- **FREE CASH FLOW AND BALANCE SHEET**

In the first half of the year, SUEZ ENVIRONNEMENT continued to pursue its selective-investment and cash-generation strategy.

Free Cash Flow was €324M compared to €457M in the first half of 2010. However, this satisfying result included an increase in working capital requirements in the amount of €145M, mainly due to the seasonality and growth of Group activities.

Net investments rose to €770M. In addition to the acquisition of WSN in Australia, the Group invested in wastewater treatment plants in France, in regulated water activities in the United States and in Chile, and in energy-from-waste facilities, mainly in the Netherlands and United Kingdom.

Net financial debt was €7,580M at 30 June 2011, in line with 31 December 2010.
SUEZ ENVIRONNEMENT reached its net debt/EBITDA ratio target of 3.0x as soon as 30 June 2011.

VALUE-CREATION PARTNERSHIPS FOR SUSTAINABLE GROWTH

During this half year, SUEZ ENVIRONNEMENT joined forces with major players to offer customers **innovative technological solutions that combine environmental and economic performances**.

SUEZ ENVIRONNEMENT and GE signed an international cooperation agreement to develop new offers to optimize water network management systems in the world's largest cities. This R&D cooperation by the two Groups will help address increasing urbanization and the increasing pressure on water resources in cities.

In addition, Lyonnaise des Eaux and Terrena, the largest agricultural cooperative in France, have just created the first company entirely dedicated to developing solutions that meet the environmental needs of farmers facing climate change.

These two initiatives illustrate the Group's strategy to develop value creative long-term partnerships.

SUEZ ENVIRONNEMENT ANTICIPATES MARKET TRENDS IN WATER AND WASTE

To meet environmental challenges and the new governance expectations from consumers, SUEZ ENVIRONNEMENT is developing **new economic and contractual models to support the gradual move from a volume-based to a value-based economy.**

WATER EUROPE

In M€	30/06/2010	**30/06/2011**	Total change	Constant forex change	Organic change
Revenue	1,957	**2,063**	+5.4%	+4.9%	+3.5%
EBITDA	442	**584**	+32.3%	+30.8%	+9.2%

In Water, Lyonnaise des Eaux has developed new contracts that incorporate **technical performance indicators and reward efficient water-use** to have all parties focused on the protection of water resources. It has also just renewed its contract with the City of Agde (€166M over 15 years) which will give the municipality new processes to better manage its water consumption, including the installation of acoustic leak detectors that should save up to 100,000 m3 of water a year.

The contractual innovations proposed by SUEZ ENVIRONNEMENT are also reflected in the **new model set up for water governance in France** with the "Idées Neuves sur l'Eau" initiative. Launched by Lyonnaise des Eaux, it aims at increasing transparency and dialogue with customers and the community. Thanks to these differentiating proposals, Lyonnaise des Eaux won the contracts of Orléans (€110M over 12 years) and Rouen (€23M over 6 years). In Rouen, Lyonnaise des Eaux created a dedicated local company, Eaux de Normandie, with three community directors on its board to strengthen the governance of its drinking water services.

On 30 June 2011, the Water Europe division posted revenues of €2,063M, up 4.9% at constant forex (+3.5% organic growth). The division operating performance is improving delivering a margin of 28.3% and an **EBITDA of €584M, an increase of +30.8%** at constant forex or +9.2% organic growth. The division was favourably impacted by the AGBAR takeover and the realized synergies.

The activity was driven at Lyonnaise des Eaux and AGBAR by strong commercial dynamisms with the gains and renewals of many contracts in France (Orleans, Cuers, or Agde), and in Spain (25-year contracts of Leon and Santonia).

Price water changes linked to the implementation of escalation formulas are above 2010 first semester levels, and the volumes of water sold have exceeded historical trends, with -0.2% in France and +0.4% in Spain. The works activity was up +8% in France and steady in Spain.

WASTE EUROPE

In M€	30/06/2010	**30/06/2011**	Total change	Constant forex change	Organic change
Revenue	2,865	**3,208**	+12.0%	+11.7%	+10.3%
EBITDA	403	**440**	+9.1%	+8.7%	+10.0%

In the Waste division, the Company's strategic positioning on the full value chain and the development of new material and energy facilities allow SUEZ ENVIRONNEMENT to develop on buoyant markets with the new circular economy. The Group benefits from growth in the waste recovery activity and the impact of the economic recovery on volumes of waste. The total volume of waste treated grew by +5.6%, driven by the +11% increase in waste recovery. The division also benefited during the first semester from the commissioning of new treatment tools such as the BAVIRO energy-from-waste plant (290,000 tonnes/year) and the launch of new contracts such as Ivry (670,000 tonnes/year).

Waste Europe generated **revenues of €3,208M, up +11.7%** at constant forex (+10.3% organic growth). The positive trend was mainly due to the strong growth in Sorting & Recycling (+34% in organic terms). The division's operating performance improved with **EBITDA at €440M**, **up +10.0% organically**.

Sales in the first half of 2011 were dynamic. SITA France won the Ivry contract (6 years, €210M) and renewed the Plaine Centrale contract (5 years, €25M). SITA UK renewed the Kensington & Chelsea contract (8 years, €106M), and finalised the closing of the South Tyne & Wear PFI (25 years, €1.2 billion). SITA NEWS also signed the contracts of Erzgebirge LK (4 years, €27M) in Germany and IVLA[2] (8 years, €17M) in Belgium.

Sorting & Recycling drove the segment's growth, thanks a satisfying improvement in treated volumes and higher prices for secondary raw material compared with 2010. Other activities were also up, both in services and other treatment activities.

INTERNATIONAL

In M€	30/06/2010	**30/06/2011**	Total change	Constant forex change	Organic change
Revenue	1,765	**2,093**	+18.5%	+17.9%	+11.8%
EBITDA	247	**237**	-3.9%	-3.5%	-5.6%

Internationally as well as in Europe, SUEZ ENVIRONNEMENT developed contractual models based on an equal balancing of roles between public and private operators. In Australia, where SUEZ ENVIRONNEMENT has been successfully developing water services for over 30 years, the water services of the City of Adelaide joined forces since 1st July 2011 between the Group and its client sealing the partnership via an *Alliance*[3] contract. With €420m revenues over 10 years, this contract involves a new governance and sharing risks and benefits between operator and client.

In addition, the Group pursued its selective development and seized growth opportunities in strategic markets, with, notably, in the first half of 2011, the acquisition of WSN Environmental Solutions, which consolidates its position on the waste market in Australia.

The International segment posted **revenues of €2,093M up +17.9%** at constant forex (+11.8% in organic). The division's EBITDA was down –3.5% at constant forex mainly due to additional costs at the Melbourne site as a result of abnormal weather conditions and labour action leading to a €52 million expense as of June- end 2011. This negative impact was in most part offset by the good level of activity in the other regions of the division.

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[2] Intermunicipal association for the waste management of the Vlaamse Ardennen region
[3] In Australia, "Alliance" is a form of Public-Private Partnership

Degrémont revenues improved strongly (+18.6% at constant forex, +€135M), due to a good level of activity, mainly with the Achères and Evreux contracts in France, and some others in the United States and in Asia Pacific. The Asian-Pacific area continued to develop with revenues up +40.6% at constant forex (+€143M), with volumes rising in China and in Australia. The North America region grew by +8.5%, at constant forex (+€25M) with the positive impact of price increases as a result of favourable rate cases. The growth in the Central Europe – Maghreb - Middle East region (+3.2% at constant forex, +€13 million) was mainly due to the dynamism of water and waste businesses in Morocco.

Commercial activity in the International division held up well in all areas, with contracts won in Nice (€100M) in France, Pontiac (€28M) in the U.S. and Safi (€20M) in Morocco.

TARGETS CONFIRMED

With solid interim results and in a context of progressive economic recovery, SUEZ ENVIRONNEMENT confirms all its annual and medium-term growth targets[4] for profitability and dividend.

- **Continued growth objectives for 2011-2013:**
  - Average revenue growth ≥ 5% at constant forex
  - Average EBITDA growth ≥ 7% at constant forex excluding AGBAR acquisition additional scope effect in 2011
  - For 2011:
    - Net Result Group share > €425M
    - 2011 Free Cash Flow ≥ 2010 Free Cash Flow

- **Net Financial Debt/EBITDA ratio maintained at around 3x**
  - As soon as end of 2011

- **Attractive dividend policy**
  - €0.65/share related to 2010 results paid from 27/06/11
  - Growth of about 5%/year in DPS related to 2011-2013 results
  - Long-term payout objective > 60%

SUEZ ENVIRONNEMENT offers solid growth drivers in its water and waste businesses, reinforced by its pertinent strategic positioning. Thanks to its innovation culture, its commercial dynamism, its balanced development strategy, and its solid financial profile, SUEZ ENVIRONNEMENT is well positioned to respond to water and waste markets' evolutions.

NEXT COMMUNICATIONS:

- **27 October 2011:** Q3 2011 Publication

[4] *In a context of progressive macroeconomic recovery and unchanged accounting norms*

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 35.8% by GDF SUEZ, posted revenues of €13.9 billion.

The consolidated financial statements to 30 June 2011 are available at: www.suez-environnement.com.

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APPENDICES

GEOGRAPHICAL BREAKDOWN OF REVENUES

In €m	H1 2010	**H1 2011**	% in 2011	11/10 Δ
EUROPE	**4,944**	**5,231**	**70.9%**	**5.8%**
France	2,485	2,636	35.7%	6.1%
Spain	830	743	10.1%	-10.5%(1)
United Kingdom	420	470	6.4%	11.8%
Other Europe	1,209	1,382	18.7%	14.3%
North America	388	399	5.4%	2.8%
Australia	355	569	7.7%	60.3%
SUB TOTAL	**5,687**	**6,199**	**84.0%**	**9.0%**
Rest of the world	909	1,177	16.0%	29.5%
TOTAL	**6,597**	**7,376**	**100%**	**11.8%**

(1) After disposal of AGBAR Health Insurance business in Spain and global consolidation of Environmental activity with presence in Spain, Chile and the UK

SUMMARY BALANCE SHEET

in €m

ASSETS	31/12/10	**30/06/11**
NON CURRENT ASSETS	**18,395**	**17,994**
o/w goodwill	3,128	3,098
o/w derivated hedging borrowings under assets	171	105
CURRENT ASSETS	**7,535**	**7,785**
o/w financial assets at fair value through income	265	12
o/w cash & cash equivalents	1,827	2,033
TOTAL ASSETS	**25,930**	**25,779**

LIABILITIES	31/12/10	**30/06/11**
Equity, group share	4,773	4,778
Minority Interests	1,854	1,755
TOTAL EQUITY	**6,627**	**6,533**
Provisions	1,657	1,582
Financial Debt	9,640	9,634
Other Liabilities	8,007	8,030
o/w derivated hedging borrowings under liabilities	149	96
TOTAL LIABILITIES	**25,930**	**25,779**

SUMMARY INCOME STATEMENT

In €m	H1 2010	**H1 2011**
REVENUE	**6,597**	**7,376**
Depreciation, Amortization & Provisions	(477)	(529)
CURRENT OPERATING INCOME	**437**	**562**
INCOME FROM OPERATING ACTIVITIES	**676**	**581**
Financial Result	(188)	(183)
Associates	13	14
Income tax	(58)	(92)
Minority interest	(56)	(99)
NET RESULT GROUP SHARE	**386**[(1)]	**221**

(1) Including net gain on AGBAR and capital gain on disposal of former joint water companies

SUMMARY CASH FLOW STATEMENT

In €m	H1 2010	**H1 2011**
Operating cash flow	905	1,062
Income tax paid (excl. income tax paid on disposals)	(50)	(69)
Change in operating working capital	67	(145)
CASH FLOW FROM OPERATING ACTIVITIES	**922**	**848**
Net tangible and intangible investments	(625)	(647)
Financial investments	(867)[(1)]	(204)
Disposals	581[(2)]	81
Other investment flows	17	13
CASH FLOW FROM INVESTMENT ACTIVITIES	**(894)**	**(757)**
Dividends paid	(421)	(418)
Balance of reimbursement of debt / new debt	(244)	278
Interests paid on financial activities	(202)	(240)
Capital increase	2	284
Other cash flows	511	206
CASH FLOW FROM FINANCIAL ACTIVITIES	**(353)**	**111**
Impact of currency, accounting practices and other	390[(3)]	4
CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE PERIOD	**2,712**	**1,827**
Total cash flow for the period	(282)	206
CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD	**2,777**	**2,033**

(1) Of which €-666m for step up in AGBAR and €-146m for former joint French companies
(2) Of which Adeslas (€687m - €356m of cash) and former joint French companies (€137m - €26m of cash)
(3) Of which €345m of cash consolidated for the step up in AGBAR