SUEZ ENVIRONNEMENT
TOUR CB21
16, PLACE DE L'IRIS
92040 PARIS LA DEFENSE CEDEX
TEL +33 (0)1 58 81 23 23
FAX +33 (0)1 58 81 25 09
WWW.SUEZ-ENVIRONNEMENT.COM

PRESS RELEASE

8 February 2012

2011 ANNUAL RESULTS

GOOD OPERATING RESULTS IN 2011

SATISFACTORY PROGRESS OF MELBOURNE PROJECT SINCE OCTOBER

PRIORITY ON PROFITABILITY AND ON MAINTAINING A SOLID BALANCE SHEET FOR 2012-2013

GOOD PERFORMANCE DESPITE THE DIFFICULTIES ENCOUNTERED ON THE MELBOURNE CONTRACT

- Revenue of €14,830m, up +6.9% at constant forex, growing across all divisions
- EBITDA : €2,513m, up +7.6% at constant forex, with €130m in costs savings under the COMPASS plan in 2011
- 89% physical completion for the construction of Melbourne desalination plant
- Net income Group share: €323m and €560m excluding impact of Melbourne contract
- Net financial debt (NFD): stable at €7,557m, NFD/ EBITDA ratio back to 3.0x
- Free Cash Flow: progressing to €860m
- Dividend €0.65 per share for 2011[1]

PRIORITY ON PROFITABILITY AND ON MAINTAINING A SOLID BALANCE SHEET FOR 2012-2013

- Revenue and EBITDA 2012 ≥ 2011, with EBITDA target ≥ €2.7bn for 2013[2]
- Reinforced selectivity of net investments and maintained NFD/EBITDA ratio at around 3x
- Dividend ≥ €0.65 per share on 2012 results[1]

The Board of Directors, which met on 7 February 2012, approved the 2011 accounts of SUEZ ENVIRONNEMENT, which will be submitted for the approval of the General Meeting on 24 May 2012. The consolidated financial statements have been audited and certified by the auditors.

Commenting on these results, Jean-Louis Chaussade, CEO of SUEZ ENVIRONNEMENT, stated:

"SUEZ ENVIRONNEMENT achieved a good operating performance in 2011, confirming the efficiency of its business model. Our two activities had very solid performances, above initial guidance, with dynamic sales activity in Water in Europe, the confirmation that waste industry is moving towards more recovery, and sustained growth internationally. We reinforced our competitiveness efforts through the COMPASS programme, which has exceeded its objectives. Nevertheless, the performance has been impacted by the difficulties encountered at the Melbourne desalination plant construction project. The teams working on this project are fully mobilised and, works physical completion is at 89% at the end of January 2012.

SUEZ ENVIRONNEMENT continues its long-term strategy offering both growth and resilience, and in an atonic economic environment is setting as priorities for 2012 and 2013 to protect profitability and maintain a solid balance sheet with a sustained cash flow generation.

Well positioned in its markets, SUEZ ENVIRONNEMENT offers to its customers innovative solutions in technological, contractual and governance terms, allowing them to adapt to the constant evolution of water and waste markets to be leaders in environmental performance."

1 Subject to Annual General Meeting approval
2 At constant forex, with 0% GDP growth in 2012 and +1% in 2013 in Europe, and at unchanged accounting and tax norms

STRONG OPERATING PERFORMANCE IN 2011

SUEZ ENVIRONNEMENT posted strongly growing operating results in 2011.

▪ REVENUE

Group revenue at 31 December 2011 was **€14,830 million, up +6.9% gross (+€960m)** compared to 31 December 2010. This breaks down as follows:

- Organic change of +5.0%, growing in the three divisions:
  - Water Europe: €118m (+2.9%)
  - Waste Europe: €526m (+9.0%)
  - International: €61m (+1.6%).
- External growth of +1.9%, mainly linked to the acquisition of AGBAR in 2010 in the Water Europe division, and to the acquisition of WSN in Waste in Australia for the International division.
- Foreign exchange impact was not significant.

At constant forex, revenue grew by +6.9% (+€962m).

▪ OPERATING PERFORMANCE

EBITDA was €2,513 million in 2011, an increase of +7.4% gross (+€174m) or +7.6% at constant forex, faster than revenue's growth. It improved in the Water and Waste divisions in Europe (+16.7% and +5.5%, respectively) while the International division (-13.9%) was impacted by additional construction costs at the Melbourne desalination plant. The Group's EBITDA margin improved slightly to 16.9%. It also benefited from the COMPASS plan which generated €130 million in net savings during the year.
Excluding Melbourne, EBITDA growth is +15,0%, above the initial guidance.

Current Operating Income was €1,039 million, a gross increase of +1.4% or +1.7% at constant forex. Excluding the impact of Melbourne it would be of €1,301 million, up 29.1%.

▪ NET INCOME

Net income Group share was €323 million (earnings per share of €0.60[3]) and **€560 million** excluding Melbourne impact[4].

Financial result was stable at -€405 million in 2011, with a cost of debt at 5.19%, increased liquidity, longer debt maturity at 6.4 years, and a fixed/variable interest rates split of 81%/19% at 31 December 2011.

Tax expense was -€174 million in 2011 versus -€119 million in 2010, the 2010 figure having benefited from lower taxation on capital gains.

Minority interests increased to -€227 million, mainly due to the AGBAR takeover in June 2010.

---

3 EPS adjusted for the amount of the coupon on deeply subordinated securities (known as "hybrids")
[4] €52m in the first half and €185m in the second half of 2011

FREE CASH FLOW AND BALANCE SHEET

SUEZ ENVIRONNEMENT continued to pursue its cash-generation and selective-investment strategy in 2011.

- **Free Cash Flow increased to €860 million, for a cash/revenue ratio of 5.8%.** It benefited from an improvement in working capital requirements in the second half of the year, with a working capital requirement of only €65 million over the year despite the sharp increase in activity.

- With a limited **net investments envelop**, the Group invested €1,414 million with the development of wastewater treatment plants in France, regulated water activities in the United States and Chile, and waste recovery facilities in the Netherlands and the United Kingdom. It optimized its portfolio and focused on the most promising markets, selling its German subsidiary Eurawasser on good terms (transaction completed in early 2012) and 70% of Bristol Water (United Kingdom), as well as strengthening its position in the waste market in Australia with the successful acquisition of WSN.

- **At 31 December 2011, net debt was stable versus 30 June 2011 and 31 December 2010, at €7,557 million**, with a net debt/EBITDA ratio of 3x as soon as June 2011.

- **The Group's ROCE was 7.1%** for a weighted average cost of capital of 6.6%. ROCE is improving in the Water Europe and Waste Europe divisions.

DIVIDENDS

Given the satisfactory evolution of the businesses current result and the solid balance sheet, SUEZ ENVIRONNEMENT will propose to the General Meeting of Shareholders on 24 May 2012 the payment of a dividend of €0.65 per share for the 2011 fiscal year.

2011 HIGHLIGHTS

CONTINUING STRENGTHENING OF STRATEGIC POSITIONS AND INTERNATIONAL DEVELOPMENT

In 2011 SUEZ ENVIRONNEMENT continued its strategy of balanced growth, strengthening its positions in Europe and internationally, from the regions where the Group is already solidly based and where business growth is the strongest.

In Water, the Group strengthened its operations in France mainly by winning (Hyères, Rambouillet, Cuers, Ste Ménehould, Côte d'Albâtre) and renewing a large number of contracts (Orléans, Agde, Corbeil-Essonne, Périgueux, Tarbes). In Spain, where its 2010 takeover of AGBAR brings a second development pillar in Europe, it won market shares and signed major contracts in the Valence, Leon, Malaga, Valladolid regions.

In Waste, the Group's activities grew in all regions, particularly in recovery, and winning contracts with municipal customers (Ivry, Nice, Le Mans, Kensington & Chelsea, Erzgebirge LK) as well as with industrial customers (Renault, Magnetto, Carillion) and acquiring Provence Valorisation in France.

Internationally, where it earns 28% of its revenue, the Group renewed the Algiers water management contract, signed the Adelaide "Alliance" contract (Australia) and the O&M contract of Pontiac (United States), won the DBO contract with Prague, and is preferred bidder in Perth (Australia). In Waste, it acquired WSN in Australia and PRSP in Poland.

INNOVATIVE OFFERS IN TERMS OF GOVERNANCE AND TECHNOLOGICAL KNOW-HOW

SUEZ ENVIRONNEMENT carries an innovation policy and offers to its customers new solutions to respond to environmental challenges in waste recovery, water resource management, environmental footprint reduction and renewable energy production.

For example, Lyonnaise des Eaux has launched the ***Contrat pour la santé de l'eau*** ("Water Health Contract") which presents new proposals in terms of governance, technological innovation and economic model. This offer resulting from the consultation with all of its stakeholders has already been adopted by the municipalities of Tarbes and Greater Dijon. In addition, 205,000 residential customers have signed on to the ***Dolce Ô*** offer, which allows water consumption to be monitored in real time and leaks to be insured.

The Waste market, driven by the scarcity of raw materials and increasingly stringent environmental standards, continues to move towards more recovery. SUEZ ENVIRONNEMENT has fully benefited from this trend thanks to its unique positioning in Europe and Australia and the development of new plants, such as the **Baviro energy recovery facility** in the Netherlands. Over the year, volumes recovered by SUEZ ENVIRONNEMENT grew by +7.8% while volumes treated rose by +3.4%. The Group is developing its first commercial contract in **pneumatic waste collection** at Vitry-sur-Seine, a technology with strong development potential in urban sustainable development projects.

ONE OFF IN THE CONSTRUCTION CONTRACT FOR THE MELBOURNE DESALINATION PLANT

Degrémont in partnership with Thiess (Leighton Group, a leading civil engineering firm in Australia) won a 30-year contract, in July 2009, to build and operate[5] a major seawater desalination plant representing €1.6 billion in revenue for the Group.

The construction project which started in August 2009 experienced adverse weather conditions and low productivity in 2011. Degrémont and its partner Thiess defended their interests to obtain an extension of time and compensation to complete the construction.

At the end of January 2012, physical completion of the plant was 89%, with finished civil engineering works and improved social relations.

5 Degrémont and Thiess are respectively 35% / 65% partners in construction and 60% / 40% in operation

In 2011, net result was impacted by -€237 million[6] and EBITDA and Free Cash Flow by -€153 million.

As an exceptional project in size and scope, this desalination plant is the largest of its type in Australia and will be a major reference. With a capacity of 450,000 m3/day, it will supply approximately a third of the water supply needs of Greater Melbourne.

2011 PERFORMANCE BY DIVISION

WATER EUROPE

in €m	31/12/2010	**31/12/2011**	Total change	Organic change	Constant forex change
Revenue	4,124	**4,206**	+2.0%	+2.9%	+1.9%
EBITDA	1,038	**1,212**	+16.8%	+9.8%	+16.7%
Free Cash Flow	363	**455**	+25.3%		

- In 2011 the Water Europe division posted revenue of €4,206 million, up +1.9% at constant forex and +2.9% in organic terms. EBITDA was €1,212 million, up +16.8% in gross terms and +16.7% at constant forex, benefiting from the €49 million net savings from the COMPASS plan and €32 million compensation under the Castres contract. The division's EBITDA margin rose to 28.8% from 25.2% in 2010. Free Cash Flow improved strongly to €455 million.

- Business activity for both Lyonnaise des Eaux and AGBAR was driven by many contracts won and renewed such as those of Hyères (12 years, €54m) in France, Léon (25 years, €109m) and Eliana (25 years, €55m) in Spain. In the water sector, the Group is developing new businesses that are expanding rapidly, with important marketing and sales efforts in France and Spain.

- Price evolutions in 2011 were favourable in France (+2.6%), Spain (+3.8%) and Chile (+7.0%) while water volumes sold increased in Spain +0.5% and declined in France -0.7%. Works activities grew by +5.0% in France but were still weak in Spain.

WASTE EUROPE

In €m	31/12/2010	**31/12/2011**	Total change	Organic change	Constant forex change
Revenue	5,863	**6,417**	+9.4%	+9.0%	+9.5%
EBITDA	839	**886**[7]	+5.6%	+6.5%	+5.5%
Free Cash Flow	359	**330**[7]	-8.1%		

- The Waste Europe division posted revenue of €6,417 million, up +9.5% at constant forex and +9.0% in organic terms. Operating performance improved with EBITDA at €886 million[7] of which €44 million net savings linked to the COMPASS plan. The evolution in margin to 13.8% was linked to the dilutive impact of the rise in secondary raw material prices. The Waste Europe division generated €330 million of free cash flow.

- In 2011, sales activity was dynamic in the three areas of the division. SITA France won a contract with Renault (12 years) and renewed its contracts in Plaine Centrale (5 years, €25m) and the Vallée du Mont Blanc (15 years, €89m). SITA UK renewed its contract with Kensington & Chelsea (8 years, €106m) and signed a

6 €52m in the first half and €185m in the second half of 2011
7 After reallocation of the impact of diesel hedges

PFI contract for the South Tyne & Wear region (25 years, €1.2bn). SITA News also signed the Erzgebirge contract (4 years, €26m) in Germany and renewed the Arnhem contract (6 years, €28m) in the Netherlands.

- With organic growth of 25%, the Sorting & Recycling activity is driving growth in the division, benefiting from still high secondary raw material prices compared to 2010, along with higher volumes. Other services and treatment activities also improved. The Group treated 25 million tons of waste during the year.

INTERNATIONAL

In €m	31/12/2010	**31/12/2011**	Total change	Organic change	Constant forex change
Revenue	3,868	**4,197**	+8.5%	+1.6%	+8.5%
EBITDA	556	**471**	-15.2%	-17.4%	-13.9%
Free Cash Flow	267	**117**	-56.2%		

- In 2011 the International division posted revenue of €4,197 million, up +8.5% at constant forex and +1.6% in organic terms, thanks to increased activity in all entities with the exception of Degrémont. Excluding Melbourne, EBITDA was €624 million, up 15.9%, with a margin of 15.8% and Free Cash Flow up slightly to €270 million.

- The 2011 highlights in the International division related to the successful acquisition and integration of WSN's waste business and contract won in Adelaide (10+6 years, €420m) in Australia, commercial successes in Prague (€67m) in Czech Republic, with the city of Pontiac (5 years, €28m) in the US or with the Montes del Plata pulp mill (€43m) in Uruguay.

Excluding Melbourne, Degrémont's activity grew by 3.8% at constant exchange rates with the contribution of Mapocho in Chile, Rusafa and Saidabad in the Middle East, and Chengdu in China. In France, Degremont has just gained a co-operating contract for the modernisation of the largest wastewater plant in Europe, in Achères, with the implementation of biological and membrane technologies (€165m).

- The Asia-Pacific region continues to develop with revenue up +38.7% at constant forex (+€302m), with rising volumes and prices in China and a strong growth in Australia.

- The North American region improved by +10.2% at constant forex (+€63m) with tariff increases and the development of its services activities.

- The CEMME region posted +5.3% growth at constant forex (+€44m) due to the good activity in water and waste in Morocco and the renewal of the water contract of Algiers.

PRIORITY ON PROFITABILITY AND ON MAINTAINING A SOLID BALANCE SHEET IN 2012-13

In an atonic economic context, SUEZ ENVIRONNEMENT has the following objectives[8]:

- **Operating targets**
  - 2012 revenue ≥ 2011 revenue at constant forex
  - 2012 EBITDA ≥ 2011 EBITDA at constant forex with the COMPASS plan raised to €360m for 2010-12
  - 2012 Free Cash Flow ≥ 2011 Free Cash Flow
  - 2013 EBITDA ≥ €2.7bn at constant forex

- **Solid balance sheet**
  - Net Financial Debt/EBITDA ratio maintained at around 3.0x
  - Net investments selectivity: €1.3bn in 2012 and 2013

- **Dividend policy**
  - €0.65/share proposed related to 2011 results[9]
  - Dividend related to 2012 results ≥ €0.65 per share[9]
  - Long-term payout objective > 60%.

NEXT COMMUNICATIONS:

- **20 April 2012:** 1st quarter publication (conference call)
- **24 May 2012:** General Shareholders' meeting
- **1 August 2012:** 1st semester publication (conference call)

Press contact:

Tel.: +33 1 58 81 23 23

Analysts/Investors Contact:

Tel.: +33 1 58 81 24 95

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 63 million people, and collects the waste produced by close to 57 million people. SUEZ ENVIRONNEMENT has 80,410 employees and, with its presence on five continents, is a world leader exclusively dedicated to water and waste management services. In 2011, SUEZ ENVIRONNEMENT, a subsidiary owned 35,7 % by GDF SUEZ, achieved revenue of EUR14.8 billion.

8 Based on 0% GDP growth in 2012 and +1% in 2013 in Europe and at unchanged accounting and tax norms
9 Subject to Annual General Meeting approval

Disclaimer

"This communication includes forward looking information and statements. Those prospective elements are based upon assumptions, financial projections, estimates 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, suggested or predicted 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 unfavourable 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." More detailed information about SUEZ ENVIRONNEMENT COMPANY is available on its website (www.suez-environnement.com). This document is not an offer of sale or an encouragement to buy SUEZ ENVIRONNEMENT COMPANY shares in any jurisdiction."

THIS PRESS RELEASE IS ALSO AVAILABLE AT WWW.SUEZ-ENVIRONNEMENT.COM

THE 2011 RESULTS ARE ALSO AVAILABLE ON THE WEBSITE AS A LIVE OR PRE-RECORDED PRESENTATION

APPENDIX

REVENUE BY GEOGRAPHIC AREA

Revenues	31/12/10		31/12/11		Total Growth	
	€m	% of total	€m	% of total	€m	% of total
Europe	**10 104**	72,9%	**10 528**	71,0%	**423**	4,2%
France	5 082	36,6%	5 345	36,0%	263	5,2%
Spain	1 592	11,5%	1 493	10,1%	-99	-6,2%
UK	903	6,5%	920	6,2%	17	1,9%
Other Europe	2 528	18,2%	2 770	18,7%	242	9,6%
North America	**829**	6,0%	**868**	5,9%	**39**	4,7%
Australia	**786**	5,7%	**1 006**	6,8%	**220**	28,0%
Sub-total	**11 719**	84,5%	**12 401**	83,6%	**682**	5,8%
Rest of the world	2 150	15,5%	2 428	16,4%	278	12,9%
TOTAL	**13 869**	**100,0%**	**14 830**	**100,0%**	**960**	**6,9%**

SUMMARY BALANCE SHEET

In €m

ASSETS	31/12/10	31/12/11
NON CURRENT ASSETS	**18,395**	**18,667**
o/w goodwill	*3,128*	3,245
CURRENT ASSETS	**7,535**	**8,361**
o/w financial assets at fair value through income	*265*	*15*
o/w cash & cash equivalents	*1,827*	*2,494*
TOTAL ASSETS	**25,930**	**27,029**

LIABILITIES	31/12/10	31/12/11
Equity, group share	4,773	**4,946**
Minority Interests	1,854	1,871
TOTAL EQUITY	**6,627**	**6,817**
Provisions	1,657	1,835
Financial Debt	9,640	10,071
Other Liabilities	8,007	8,306
TOTAL LIABILITIES	**25,930**	**27,029**

SUMMARY INCOME STATEMENT

In €m	FY 2010	FY 2011
REVENUE	**13,869**	**14,830**
Depreciation, amortization & provisions	(1,027)	(1,179)
CURRENT OPERATING INCOME	**1,025**	**1,039**
INCOME FROM OPERATING ACTIVITIES	**1,221**	**1,092**
Financial result	(414)	(405)
Associates	31	37
Income tax	(119)	(174)
Minority interest	(155)	(227)
NET RESULT GROUP SHARE	**565**	**323**

SUMMARY CASH FLOW STATEMENT

In €m	FY 2010	FY 2011
Gross cash flow before financial loss and income tax	1,977	2,130
Income tax paid (excl. income tax paid on disposals)	(356)	(163)
Change in operating working capital	269	(65)
CASH FLOW FROM OPERATING ACTIVITIES	**1,890**	**1,902**
Net tangible and intangible investments	(1,346)	(1,410)
Financial investments	(587)	(260)(1)
Disposals	632	157(2)
Other investment flows	(14)	(49)
CASH FLOW FROM INVESTMENT ACTIVITIES	**(1,315)**	**(1,561)**
Dividends paid	(457)	(281)
Balance of reimbursement of debt / new debt	(2,131)	664
Interests paid on financial activities	(368)	(333)
Capital increase	4	25
Other cash flows	1,475(3)	222
CASH FLOW FROM FINANCIAL ACTIVITIES	**(1,477)**	**297**
Impact of currency, accounting practices and other	17	30
CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE PERIOD	**2,712**	**1,827**
Total cash flow for the period	(885)	667
CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD	**1,827**	**2,494**

(1) O/w 2m€ of cash acquired and other
(2) O/w 101m€ of cash sold and other
(3) O/w 750m€ of hybrid emission