



## PRESS RELEASE

20 April 2012

1<sup>st</sup> QUARTER 2012

### STABLE ACTIVITY IN A DIFFICULT ECONOMIC CONTEXT IN EUROPE

- **Revenue: growing at €3,591m, +2.2%**
- **EBITDA: €566m, -4.5%, EBITDA margin of 15.8%**
- **Net financial debt: stable at €7,559m, NFD/EBITDA<sup>1</sup> ratio at 3.0x**

In € m	31 March 2011	31 March 2012	Total change	Constant Forex change	Organic change
Revenue	3,514	<b>3,591</b>	+2.2%	+0.9%	+1.4%
EBITDA	592	<b>566</b>	-4.5%	-5.5%	-3.4%
EBITDA/Revenue	16.8%	<b>15.8%</b>			

▪ **For the 1<sup>st</sup> quarter of 2012, SUEZ ENVIRONNEMENT posted revenues up by +2.2% at €3,591m.** All divisions are growing organically: +2.8% for Water in Europe, +1.2% for Waste in Europe and +0.4% for International (+2.3%, excluding Melbourne desalination plant which finalization is underway). SUEZ ENVIRONNEMENT continues its business development, with the gain of contracts such as Perth (Australia), Neuilly-sur-Seine (France) in water or Neuwied (Germany) in waste. The Group is impacted by scope effects related to the disposals of Bristol Water (United Kingdom) and Eurawasser (Germany), completed in October 2011 and February 2012 respectively.

▪ **EBITDA at end March 2012 is €566m, down by -4.5%,** or -3.4% in organic terms. EBITDA margin is 15.8%. The EBITDA was affected in Waste in Europe by a decrease in volumes treated, in a difficult macro-economic context and with an unfavourable climate in February.

▪ **The Group's net financial debt is stable, compared with 31 December 2011, at €7,559m.** The Free Cash Flow generated in the 1st quarter and the investments selectivity allowed to maintain the debt at a comparable level to the one of end of December, despite forex losses of €62m<sup>2</sup>. For the 1<sup>st</sup> quarter, the NFD/EBITDA<sup>1</sup> ratio is in line with the target of approximately 3 times.

▪ **Commenting on the 1<sup>st</sup> quarter 2012 results, Jean-Louis Chaussade, CEO of SUEZ ENVIRONNEMENT, stated:** « *In a difficult economic context in Europe, and with the beginning of the year affected by adverse climatic conditions, the results for the 1<sup>st</sup> quarter have been impacted by the slowdown of treated waste volumes. Nevertheless, the Water business both in Europe and in our International divisions has shown good growth, as illustrated by the signature of the new water and wastewater operation contract for the city of Perth. The construction of Melbourne desalination plant is continuing and the teams remain mobilized. SUEZ ENVIRONNEMENT plans to reinforce its efforts on profitability and Cash Flow generation for 2012.* »

<sup>1</sup> Net financial debt /EBITDA, calculated over a rolling 12-month period

<sup>2</sup> Forex effects and Marked-to-Market effects



## **BREAKDOWN OF ACTIVITY AS AT END MARCH 2012**

<b>Revenue In € m</b>	<b>31 March 2011</b>	<b>31 March 2012</b>	<b>Total change</b>	<b>Constant Forex change</b>	<b>Organic change</b>
Water Europe	993	975	-1.8%	-2.2%	+2.8%
Waste Europe	1,580	1,604	+1.5%	+1.3%	+1.2%
International	935	1,009	+8.0%	+3.9%	+0.4%
Others <sup>3</sup>	6	3	-	-	-
<b>TOTAL</b>	<b>3,514</b>	<b>3,591</b>	<b>+2.2%</b>	<b>+0.9%</b>	<b>+1.4%</b>

On 31 March 2012, **SUEZ ENVIRONNEMENT** posted revenue of €3,591m, a total change of +2.2% (+€77m) compared with 31 March 2011. This change is broken down into:

■ **Organic growth of +1.4% (€49m), coming from the 3 divisions:**

- Revenue from the Water Europe division is up (+€28m, +2.8%), both for Lyonnaise des Eaux and for Agbar, benefiting from rises in prices and the development of new businesses. However, works activity is down.
- Revenue from the Waste Europe division is up (+€20m, +1.2%). It benefits from an overall positive price effect. However, it is affected by a decrease in volumes.
- Revenue for the International division, including the Melbourne desalination plant, is up (+€4m, +0.4%) with a sustained activity in waste in Australia, and in water in Morocco and China.

■ **Scope effect of -0.5% (-€18m):**

- Water Europe: -€50m, with the disposals of Bristol Water (United Kingdom) and Eurawasser (Germany).
- International: +€32m, notably with the acquisition of WSN in Australia in 2011.

■ **Favourable exchange rate impact of +1.3% (+€46m)**, mainly due to the appreciation of the Australian dollar (+€27m), the American dollar (+€7m), the Sterling (+€5m) and the Chilean peso (+€4m) against Euro.

■ For the 1st quarter of 2012, SUEZ ENVIRONNEMENT posted 69% of its revenue in Europe. The portion achieved internationally, excluding Europe, accounted for 31%, compared to 28% in 2011. It benefited, notably, from the strong growth in the waste activity in Australia.

In a difficult macro-economic context in Europe, and despite the slowdown in waste volumes in the 1st quarter, notably linked to unfavourable climatic conditions, **SUEZ ENVIRONNEMENT remains confident in the achievement of its annual objectives.**

<sup>3</sup> R+I Alliance, HQ



## ■ **PERFORMANCE BY DIVISION**

### **WATER EUROPE**

In € m	31 March 2011	31 March 2012	Total change	Constant Forex change	Organic change
Revenue	993	975	-1.8%	-2.2%	+2.8%

The Water Europe division posted organic growth of 2.8% (+€28m).

#### ■ **Lyonnaise des Eaux grew organically by +3.5% (+€18m).**

In France, growth was driven by a positive price effect with the rise in price indices, the development of new commercial offers and slightly up volumes thanks to the start of new contracts such as Hyères. However, works activity was slightly down. During the 1st quarter, the Group won the sanitation contracts of Sivu d'Ura (€18m, 9 years), Vinon-sur-Verdon (€9m, 20 years), Syndicat Mixte for the Morez canton (€7m, 12 years) or Neuilly-sur-Seine (€5m, 12 years).

#### ■ **Agbar posted organic growth of +2.2% (+€10m).**

Activity is up in Spain and in Chile, with favourable price and volume impacts. However, works are sharply down in Spain compared with the 1<sup>st</sup> quarter of 2011. Construction of the Mapocho's sanitation plant in Santiago in Chile is progressing. Agbar is developing its technological and service activities through its subsidiary Aqualogy, with notably the signature of a sludge treatment contract in Limeira (Foz do Brasil) or in wastewater with the contract of Castellar del Vallès (Spain, €9m, 14 years).

### **WASTE EUROPE**

In € m	31 March 2011	31 March 2012	Total change	Constant Forex change	Organic change
Revenue	1,580	1,604	+1.5%	+1.3%	+1.2%

During the 1st quarter 2012, the Waste Europe division is growing organically by +1.2% (+€20m), thanks to a globally positive price effect. However, it is affected by a negative volume effect, resulting mainly from a difficult macro-economic environment and unfavourable climatic conditions.

■ **SITA France is growing organically by +0.6% (+€6m).** The treatment activities are up, they are benefitting from a positive price effect and an increase of incinerated volumes. However, they are affected by the decrease in landfilled tonnages. The service activity is stable. SITA France has renewed during the quarter the contracts of UVE<sup>4</sup> of Passy and has won the contract of the Syndicat Est Ensemble in Bagnolet and Montreuil.

■ **The United Kingdom/Scandinavia zone is growing organically by +1.4% (+€4m).** The business in the UK benefited, mainly, from a positive price effect coming from the landfill tax, however, the business was affected by the steep decline in landfill volumes. As far as recovered volumes are concerned they continue to increase. Furthermore, the PFI<sup>5</sup> constructions of Suffolk and South Tyne & Wear are progressing according to the planning and will contribute to comfort the position of SITA UK in the recovery market in the years to come. In Scandinavia, revenue is up in Sweden as well as in Finland.

■ **The SITA NEWS<sup>6</sup> zone is growing organically by +2.5% (+€10m).** The treatment activity grew thanks to a positive volume effect, and the service activities were stable overall. SITA NEWS continued its commercial development with new contracts such as Neuwied in Germany (€12m, 3 years) or renewals such as the Intercomunal AIVE in Belgium (€19m, 8 years).

<sup>4</sup> Unity of energetic recovery

<sup>5</sup> Project Finance Initiative

<sup>6</sup> NEWS zone: Germany, Netherlands, Belgium and Luxembourg



## INTERNATIONAL

In € m	31 March 2011	31 March 2012	Total change	Constant Forex change	Organic change
Revenue	935	1,009	+8.0%	+3.9%	+0.4%

The International division is in organic growth of +0.4% (+€4m) or +2.3% (+€19m) excluding the impact of the construction of Melbourne desalination plant.

- **Asia-Pacific posted organic growth of +11.3% (+€26m)**, driven by a sustained growth of the waste activity in Australia and the activities in China.
- **The CEMME<sup>7</sup> zone is growing organically by +8.6% (up €17m)**. In Morocco, the activities are growing and benefitting, in waste, from the start-up of new contracts. Revenue of SITA in Poland is also growing.
- **North America posted organic growth of +3.1% (+€4m)**. The regulated activities of United Water are growing with rising prices following the different favourable rate cases obtained (mainly New Jersey and New York). The non regulated activities are also contributing to the growth.
- **Degrémont is down organically by -12.1% (-€44m)**, linked to achievement underway of Melbourne plant and the end of certain construction contracts, notably in France. During the quarter, Degrémont signed the operation contract of water and wastewater plants of Perth (Australia, €147m, 10 years), the contract for the revision of the biological treatment of Achères wastewater plant for the SIAAP<sup>8</sup> (France, €165m), and the construction contract of Baraki (Algeria, €31m).

## NEXT COMMUNICATIONS

- **24 May 2012:** Annual General Meeting of the Shareholders.
- **31 May 2012:** Payment of the dividend of €0.65 per share.
- **1 August 2012:** Publication of 2012 half-year results (Telephone conference).

<sup>7</sup> Central Europe, Mediterranean, Middle East

<sup>8</sup> Syndicat Interdépartemental pour l'Assainissement de l'Agglomération Parisienne



## APPENDIX

### Geographical breakdown of revenue

Revenue	31/03/2011		31/03/2012		Total change	
	€ m	% of total	€ m	% of total	m €	%
<b>Europe</b>	<b>2,528</b>	<b>71.9%</b>	<b>2,481</b>	<b>69.1%</b>	<b>-47</b>	<b>-1.9%</b>
France	1,266	36.0%	1,273	35.4%	7	0.5%
Spain	367	10.5%	335	9.3%	-32	-8.8%
United Kingdom	235	6.7%	202	5.6%	-33	-14.1%
Other Europe	660	18.8%	671	18.7%	11	1.7%
<b>North America</b>	<b>187</b>	<b>5.3%</b>	<b>196</b>	<b>5.5%</b>	<b>9</b>	<b>4.8%</b>
<b>Australia</b>	<b>247</b>	<b>7.0%</b>	<b>308</b>	<b>8.6%</b>	<b>61</b>	<b>24.6%</b>
<b>Sub total</b>	<b>2,962</b>	<b>84.3%</b>	<b>2,985</b>	<b>83.1%</b>	<b>23</b>	<b>0.8%</b>
Rest of the world	552	15.7%	606	16.9%	54	9.8%
<b>TOTAL</b>	<b>3,514</b>	<b>100.0%</b>	<b>3,591</b>	<b>100.0%</b>	<b>77</b>	<b>2.2%</b>

#### **SUEZ ENVIRONNEMENT**

Natural resources are not infinite. Every 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 91 million people, provides waste water treatment services for 63 million people and collects the waste produced by 57 million people. With more than 80,410 employees, SUEZ ENVIRONNEMENT is a world leader exclusively dedicated to the water and waste businesses on the five continents. In 2011, SUEZ ENVIRONNEMENT, a subsidiary owned 35.7% by GDF SUEZ, posted revenue of €14.8 billion.

#### **Press Office:**

Tel.: +33 1 58 81 23 23

#### **Analyst/Investor Contact:**

Tel.: + 33 1 58 81 24 95

#### **Disclaimer**

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

"This communication includes forward-looking information and statements. These 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 realisation of these projected elements. Investors and holders of SUEZ ENVIRONNEMENT Company securities are advised that this information and prospective declarations are subject to a variety of risks and uncertainties that are difficult to forecast and generally outside SUEZ ENVIRONNEMENT Company's control, which may mean that the results and growth expected differ significantly from those stated, implied or forecast in prospective declarations and information. These risks specifically include those that are developed or identified in the public documents filed with the Autorité des Marchés Financiers (AMF). The attention of investors in and holders of SUEZ ENVIRONNEMENT Company securities is drawn to the fact that the occurrence of all or some of these risks is liable to have a significant and unfavourable effect on SUEZ ENVIRONNEMENT Company. SUEZ ENVIRONNEMENT Company disclaims any obligation or undertaking to release publicly any updates or revisions to any of these forward-looking statements. More detailed information about SUEZ ENVIRONNEMENT COMPANY is available on its website ([www.suez-environnement.com](http://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](http://www.suez-environnement.com)