



## PRESS RELEASE

25 October 2012

### SEPTEMBER 30, 2012 RESULTS

**REVENUE INCREASES IN A DIFFICULT ECONOMIC CONTEXT IN EUROPE  
 EFFICIENCY PLAN IN LINE WITH ENHANCED ANNUAL TARGET  
 SATISFACTORY PROGRESS OF MELBOURNE PROJECT**

- **Revenue: up +1.3% at €11,118m**
- **EBITDA: €1,770m, down -4.1%, with an EBITDA margin of 15.9% compared with 15.5% at end of June 2012**
- **Net financial debt: stable at €7,928m compared with end of June 2012, ND/EBITDA ratio<sup>1</sup> at 3.25x**

€ million	30 September 2011	30 September 2012	Total change	Organic change	Scope change
Revenue	10,978	<b>11,118</b>	+1.3%	+0.2%	-1.0%
EBITDA	1,845	<b>1,770</b>	-4.1%	-3.2%	-2.9%
EBITDA/Revenue	16.8%	<b>15.9%</b>			

▪ **At 30 September 2012, SUEZ ENVIRONNEMENT posted revenue of €11,118m, representing an organic growth of +0.2%.** The Water Europe and Waste Europe divisions recorded organic growth of +3.6% and +0.5%. The International division posted an organic variation of -4.1%, or -1.1% excluding Melbourne desalination plant, which finalisation is underway. SUEZ ENVIRONNEMENT continues its commercial development with the signing of new water contracts in Bordeaux and Auxerre (France), Riba-Roja de Turia (Spain), Delhi Gate Nalla (India) as well as waste contracts in Reims and Poitiers (France). The Group is impacted by scope effects related to the disposals of Bristol Water (UK) and Eurawasser (Germany), which were completed in October 2011 and February 2012 respectively.

▪ **At the end of September 2012, the Group's EBITDA was €1,770m, representing an organic reduction of -3.2%,** compared with a decrease of -7.0% at end June 2012. The EBITDA margin was 15.9%. During the quarter, EBITDA benefited from cost savings achieved as part of the Compass programme and the satisfactory progress of Melbourne project.

▪ **Despite a negative exchange rate impact, Group net financial debt was stable compared with 30 June 2012 at €7,928m.** The Group generated a good level of free cash flow in the third quarter and maintained the selectivity of its investments, which are in line with the net envelope of €1.2 billion, agreed for 2012.

▪ **Commenting on the third-quarter 2012 results, Jean-Louis Chaussade, Chief Executive Officer, stated:** *"This quarter's performance has improved compared to the first semester. The Water Europe division has shown sustained growth. Results are satisfactory on the International market, especially in Australia, North America, Morocco and China.*

*The progression of Melbourne desalination plant construction is satisfactory, with the official acceptance of the first water production line. The plant should be producing at full capacity shortly.*

*The Waste Europe activity is still being affected by a difficult economic environment; treated volumes decrease remained in the -3% trend. Nevertheless, thanks to the effects of implemented efficiency plans, the division profitability improved compared with end of June.*

*SUEZ ENVIRONNEMENT therefore actively continues its adaptation plan to the economic crisis and keeps on giving priority to cash generation, while remaining selective in its investments."*

<sup>1</sup> Net Financial Debt (ND)/ EBITDA ratio, calculated over a rolling 12-month period



## **BREAKDOWN OF ACTIVITY AT END SEPTEMBER 2012**

<b>Revenue € million</b>	<b>30 September 2011</b>	<b>30 September 2012</b>	<b>Total change</b>	<b>Organic change</b>	<b>Scope change</b>
Water Europe	3,114	<b>3,096</b>	-0.6%	+3.6%	-5.0%
Waste Europe	4,809	<b>4,908</b>	+2.1%	+0.5%	+0.5%
International	3,049	<b>3,101</b>	+1.7%	-4.1%	+0.7%
Other <sup>2</sup>	6	<b>13</b>	-	-	-
<b>TOTAL</b>	<b>10,978</b>	<b>11,118</b>	<b>+1.3%</b>	<b>+0.2%</b>	<b>-1.0%</b>

**SUEZ ENVIRONNEMENT** reported revenue of €11,118 million at 30 September 2012, a total change of +1.3% (+€139m) compared to 30 September, 2011. This change breaks down as follows:

■ **Organic growth of +0.2% (+€17m):**

- Revenue from the Water Europe division increased (+€113m, +3.6%). The activity benefited from increased volumes, price hikes and the development of new businesses.
- The Waste Europe division is progressing (+€24m, +0.5%). It benefited, notably, from the revenue linked to the construction of new energy-from-waste units in the UK and France. It was however affected by the reduction in treated volumes and the decrease in secondary raw materials prices.
- Revenue from the International division was down (-€126m, -4.1% or -€30m and -1.1% excluding the impact of the Melbourne plant). Business activity remained buoyant in Australia, North America, Morocco and China. The drop in Degremont's activity was linked to the end of some projects, in particular in France and the Middle East, which had no equivalent in 2012.

■ **Change in scope of consolidation of -1.0% (-€110m):**

- Water Europe: -€156m, with the disposals of Bristol Water and Eurawasser.
- Waste Europe: +€25m.
- International: +€21m with the acquisition of WSN in Australia in February 2011.

■ **Positive exchange rate differences of +2.1% (+€232m)**, mainly due to the appreciation of the Australian dollar (+€67m), the American dollar (+€53m), the sterling Pound (+€50m) and the Chilean peso (+€28m) against the Euro.

■ At end of 30 September 2012, SUEZ ENVIRONNEMENT generated 70% of its revenue in Europe. The portion generated on the international market outside Europe therefore represented 30%, compared with 28% at end of September 2011.

Against a continuing difficult macro-economic background in Europe, SUEZ ENVIRONNEMENT continues actively to implement its cost optimisation plan, and maintains its 2012 targets.

<sup>2</sup> R+I Alliance, HQ



## ■ PERFORMANCE BY DIVISION

### WATER EUROPE

€ million	30 September 2011	30 September 2012	Total change	Organic change	Scope change
Revenue	3,114	<b>3,096</b>	-0.6%	+3.6%	-5.0%

The Water Europe division posted organic growth of +3.6% (+€113m).

#### ■ **Lyonnais des Eaux grew organically by +5.4% (+€89m)**

In France, growth was driven by a positive price effect linked to the rise in price indices and by the development of new commercial offers. Volumes are stable. Works activity grew. Over the period, the group showed a positive net commercial activity and renewed all significant contracts such as Bordeaux (€243m, 6 years), Auxerre (€36m, 10 years), Issoudun (Indre, €23m, 12 years), Saint-Loubès (Gironde, €16m, 10 years) or Plaisir (€10m, 10 years).

#### ■ **Agbar posted organic growth of +1.6% (+€24m)**

Revenue increased with positive price impacts and the development of Aqualogy activities (technologies and services). Agbar also benefited from increased volumes in Chile and stable volumes in Spain. However, works activity continued to decrease. Agbar also renewed contracts with Alcañiz (Aragon), Riba-Roja de Turia (Valencia) and Sant Cerba de Vallalta (Barcelona).

### WASTE EUROPE

€ million	30 September 2011	30 September 2012	Total change	Organic change	Scope change
Revenue	4,809	4,908	+2.1%	+0.5%	+0.5%

The Waste Europe division posted organic growth of +0.5% (+€24m). This increase was mainly due to the building of new energy recovery units in the UK and France as well as a positive price effect<sup>3</sup>. The activity was however affected by the difficult macro-economic situation and the decrease in secondary raw materials prices.

■ **SITA France grew organically by +0.7% (+€20m).** The services grew, driven by a positive price effect. Treatment activities grew: they benefited mainly from increased energy recovery volumes and the positive impact of the construction of energy-from-waste facilities. However, sorting and recycling activities were adversely affected by the drop in secondary raw material prices. Commercial activity was strong with the winning of contracts during the quarter in Poitiers (€45m, 7 years), Reims (€44m, 5 years) or Saint-Ouen (design and implementation of pneumatic waste collection).

■ **The United Kingdom / Scandinavia region posted organic growth of +4.1% (+€37m).** The treatment activity grew in the UK, driven by the on-going construction of the Suffolk energy-from-waste plant, a positive price effect, which was mainly due to the increase in landfill tax, and increased energy recovery volumes. It was however affected by the sharp drop in landfill volumes. Revenue also increased in Scandinavia.

■ **The Benelux/Germany area experienced an organic reduction of -2.7% (-€33m).** Treatment activities were stable; however, sorting and recycling activities were negatively impacted by the drop in paper price. Service activities suffered from a negative volume effect, although prices were stable overall. This area continued its business development with new contracts such as the DZV Eiterköpfe contract (€10m, 3 years) in Germany.

<sup>3</sup> Positive price effect excluding secondary raw materials



## INTERNATIONAL

€ million	30 September 2011	30 September 2012	Total change	Organic change	Scope change
Revenue	3,049	3,101	+1.7%	-4.1%	+0.7%

The International division reported an organic reduction of -4.1% (-€126m); excluding Melbourne impact, the decrease was -1.1% (-€30m).

- **Asia-Pacific posted an organic growth of +10.0% (+€79m)** driven by the strong growth of the waste business in Australia and water and waste businesses in China, which remains buoyant.
- **CEMME<sup>4</sup> grew organically by +2.6% (+€17m)**. The waste and water businesses in Morocco and the waste business in Poland grew steadily.
- **North America posted organic growth of +3.2% (+€15m)**. United Water's regulated activities grew, with price increases mainly in the states of New Jersey and New York.
- Excluding Melbourne, **Degrémont underwent an organic reduction of -14.9% (-€141m)**. This drop was due to the end of some projects, in particular in France and the Middle East, which had no equivalent in 2012. During the quarter, Degrémont signed contracts such as Delhi Gate Nalla (India, €15m, DBO), Gijon Este (Spain, €14m, DB) and Heifei (China, €6m, DB).

## NEXT COMMUNICATION

- **14 February, 2013:** Publication of 2012 annual results

<sup>4</sup> Central Europe, Mediterranean and Middle East



## APPENDIX

### Geographical breakdown of revenue

Revenue	30/09/2011		30/09/2012		Gross change	
	€m	% of total	€m	% of total	€m	%
<b>Europe</b>	<b>7,879</b>	<b>71.8%</b>	<b>7,788</b>	<b>70.1%</b>	<b>-91</b>	<b>-1.1%</b>
France	3,957	36.0%	4,037	36.3%	80	2.0%
Spain	1,139	10.4%	1,079	9.7%	-60	-5.3%
UK	706	6.4%	704	6.3%	-2	-0.3%
Rest of Europe	2,077	18.9%	1,968	17.7%	-108	-5.2%
<b>North America</b>	<b>624</b>	<b>5.7%</b>	<b>704</b>	<b>6.3%</b>	<b>80</b>	<b>12.9%</b>
<b>Australia</b>	<b>728</b>	<b>6.6%</b>	<b>797</b>	<b>7.2%</b>	<b>68</b>	<b>9.4%</b>
<b>Sub-total</b>	<b>9,230</b>	<b>84.1%</b>	<b>9,289</b>	<b>83.6%</b>	<b>58</b>	<b>0.6%</b>
Rest of the world	1,748	15.9%	1,829	16.4%	81	4.6%
<b>TOTAL</b>	<b>10,978</b>	<b>100.0%</b>	<b>11,118</b>	<b>100.0%</b>	<b>139</b>	<b>1.3%</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. 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, posted revenue of EUR 14.8 billion.

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