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

July 31st, 2013

2013 FIRST HALF RESULTS

SOLID PERFORMANCE
DESPITE ADVERSE ECONOMIC AND CLIMATIC CONDITIONS IN EUROPE
SUSTAINED INTERNATIONAL GROWTH

IMPROVEMENT IN OPERATIONAL PERFORMANCE

- Revenues: €7,177m, or organic change of -1.7%
- EBITDA: €1,209m, organic growth of +7.2%
- EBITDA margin: 16.8% compared with 15.5% in H1 2012
- Net income, Group share: €132m, an increase of €92m compared with H1 2012
- Net financial debt: €7,833m, stable compared with H1 2012, with a Net Financial Debt to EBITDA ratio of 3.1 x[1]

The Board of Directors approved the results for the first half of 2013 at its meeting of 30 July 2013.

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

"SUEZ ENVIRONNEMENT is reporting an improved performance and is continuing its expansion in growing markets despite the still adverse economic environment, combined with unfavourable weather conditions in Europe.

SUEZ ENVIRONNEMENT is pursuing its development strategy, while continuing to focus primarily on improving its performance. The Group has made significant progress on its strategic priorities in the first half of the year, which are smart water, waste recovery, international development and industrial water.

The Water Europe activities are expanding, benefiting from price increases and a sustained commercial dynamism; volumes were nonetheless affected by the record rainfall. The Group has, moreover, signed the wastewater contract of the metropolitan region of Barcelona that represents €3.5 billion over 35 years. The Waste Europe activities were affected by a further decline in the industrial production. However, the Group was awarded a number of commercial contracts and has reinforced its leading position in the waste recovery business, with the award of 3 major contracts in the United Kingdom and Poland. Lastly, SUEZ ENVIRONNEMENT is successfully pursuing its international development. In China, the Group gained major waste management contracts in Hong Kong and wastewater contracts in Shuangliu.

Furthermore, a reinforced organisation has been put in place with the setting up of a new Innovation and Industrial Performance Department, which priority is to focus on improving business industrialization.

SUEZ ENVIRONNEMENT is maintaining its objectives, and remains fully mobilized to achieve its 2013 guidance with a reinforced Compass cost saving programme to €180m."

[1] Net Financial Debt to EBITDA ratio, calculated over a rolling 12-month period.

2013 FIRST HALF RESULTS

Revenues

Despite the ongoing adverse economic environment in Europe, the Group reported **revenues of €7,177m** as at 30 June 2013, which were **down by -2.0% (-€146m) on a gross basis** compared with 30 June 2012. The revenues broke down as follows:

- **Organic variation of -1.7% (-€121m):**
  - Water Europe: +3.1% (+€65m)
  - Waste Europe: -4.5% (-€150m)
  - International: -1.5% (-€28m)

- **Scope effect of +0.1% (+€10m).**

- **Unfavourable currency impact of -0.5%** (-€36m), primarily due to the increase in the euro compared with the Pound Sterling (-€17m), the Australian dollar (-€16m), and the US dollar (-€5m).

Operating Performance

EBITDA amounted to €1,209m as at 30 June 2013, organic growth of +7.2%. The Water Europe EBITDA experienced -1.9% negative organic growth, as it was affected by the decrease in volumes in France and Spain, as a result of particularly unfavourable weather conditions. The Waste Europe division contracted by -4.6%, primarily as a result of the decrease in treated volumes in a macro-economic context that remains very difficult. Conversely, the International division posted growth of +57.1%, driven by the end of the construction of the Melbourne desalination plant, which take-over took place in December 2012, and by the growth in international business activities.

The Group's EBITDA margin improved significantly: it amounted to 16.8% compared with 15.5% in the first half of 2012.

In the first half of 2013, the **Compass cost reduction programme** achieved €80m, which were mainly generated through the optimisation of operational performance and purchasing, and a reduction in overhead costs.

Current Operating Income amounted to €521m, organic growth of +14.0%.

Income from Operating Activities increased by €111m. As a reminder, it included, in 2012, an impairment charge on the market value of the Group's interest in ACEA (€58m).

Net Income

Net financial income amounted to -€185m in the first half of 2013, compared with -€210m in June 2012. This improvement was primarily due to the optimisation of financing activities, cash level and to the decrease in interest rates.

Tax amounted to -€86m in 2013 compared with -€48m in June 2012. Effective tax rate amounts to 26% at end of June 2013 compared to 25% end of June last year.

Minority interests amounted to €126m.

As a result, **Net Income Group Share has strongly increased to €132m**, compared with €40m in the first half of 2012.

▪ FREE CASH FLOW AND BALANCE SHEET

Free Cash Flow amounted to €229m in the first half of 2013, compared with free cash flow of €498m in the first half of 2012, which included the one-off impact of the €164m deconsolidating securitisation program. The €105m residual decrease is mainly explained by a deterioration in the working capital requirement over the half year related to a more significant seasonal effect.

Net investments amounted to €503m, **which was down slightly (-8%)** year-on-year. In fact, SUEZ ENVIRONNEMENT is continuing to prioritise organic growth, and remains very selective in terms of allocating development investments.

Net financial debt amounted to €7,833m as at 30 June 2013; it was stable compared with 30 June 2012. As expected, the debt level increased compared with the end of December 2012 by €397m, after the dividends payment amounting to €467m in June. The Net Debt to EBITDA ratio was 3.1 times, in line with the annual target. The financial rating agency Moody's reiterated the A3 rating in May 2013 with a stable outlook assigned to SUEZ ENVIRONNEMENT COMPANY.

PERFORMANCE BY DIVISION[2]

WATER EUROPE

In €m	30/06/2012	**30/06/2013**	Gross change	Organic change	Scope change
Revenues	2,095	**2,139**	+2.1%	+3.1%	-1.2%
EBITDA	579	**562**	-2.9%	-1.9%	-1.8%

▪ The Water Europe division posted organic growth of +3.1% as at 30 June 2013 and achieved revenues of €2,139m. Activity was driven by favourable tariff increases in France (+2.2%), Spain (+3.6%[3]), and Chile (+2.8%) over the first half. Conversely, it was affected by a decrease in the drinking water volumes sold in France (-2.0%) and Spain (-5.8%), as a result of particularly unfavourable weather conditions in Europe. SUEZ ENVIRONNEMENT continued to develop "smart water services" for both private and professional customers; the revenues generated by this activity increased by 12% over the period. Organic growth is therefore +2.2% for Lyonnaise des Eaux and +4.2% for Agbar.

▪ The Water Europe business reported the award and renewal of many contracts including Rhône Ventoux (12 years for water, 8 years for wastewater, €152m), Douai (11 years, €70m) and Orange (12 years, €17m) in France, and Girona (8 years, €102m) and Altea (15 years, €18m) in Spain. Moreover, the Group has just signed the water and wastewater contract of the metropolitan region of Barcelona that represents additional €3.5 billion over 35 years.

▪ EBITDA amounted to €562m with an operating margin of 26.3%. The organic change of -1.9% comes from volume decrease in France and Spain and from a one-off €5m cost in Chile after two exceptional floods in the semester. The Water Europe division generated €23m of Compass savings in the first half.

[2] Further to new organization, water and waste activities in Central Europe , previously integrated in International Division, are now classified in Water Europe and Waste Europe. USG previously integrated in International Division is now accounted in Water Europe.
[3] Excluding increase in local taxes and third party revenue; the total tariff increase amounts to +10.9%

Waste Europe

In €m	30/06/2012	**30/06/2013**	Gross change	Organic change	Scope change
Revenues	3,377	**3,255**	-3.6%	-4.5%	+1.2%
EBITDA	397	**382**	-3.6%	-4.6%	+1.0%

- The Waste Europe division generated revenues of €3,255m, which implies a negative organic growth of -4.5% resulting mainly from the contraction in industrial production in Europe and the decrease in secondary raw material prices. It translated into a -3.8% decrease in the volumes processed by SUEZ ENVIRONNEMENT[4]. The decrease was due to the service activities, including industrial waste collection. Conversely, revenues from elimination and energy recovery remained stable. The organic change on a geographical region basis was -6.5% in France, +2.1% in the United Kingdom and Scandinavia, -6.3% in the Benelux & Germany region, and +4.4% in Central Europe.

- In the waste activity, SUEZ ENVIRONNEMENT is present across the entire value chain, and has proactively positioned itself in the recovery segment. This activity, which is driven by increasingly stringent regulations and environmental policies, represents a growth reserve for the future. The recovery activities are continuing to expand and accounted for 44% of the division's total revenues.

- The commercial activity remained buoyant in the first half of 2013. SUEZ ENVIRONNEMENT gained further market share in the recovery segment, with the PPP of Merseyside (30 years, €1.4 billion) and West London (25 years, €1 billion) in the United Kingdom, and the one in Poznan (25 years, €850m) in Poland. The Group was also awarded the Tours (4 years, €20m), Dreux (6 years, €12m, and Reims (2.7 years, €5m) contracts in France, with PSA (3 years, €45m) in Spain, and Durham (8 years, €130m) in the United Kingdom.

- With a stable 11.7% EBITDA margin, the Waste Europe division held up very well given the current macro-economic environment. This stability is the result of the Group's constant efforts to adjust its organisational structure and its costs. EBITDA amounted to €382m, an organic change of -4.6% compared with the first half of 2012. The Waste Europe division generated €34m of Compass savings in the first half.

International

In €m	30/06/2012	**30/06/2013**	Gross change	Organic change	Scope change
Revenues	1,842	**1,780**	-3.4%	-1.5%	-0.2%
EBITDA	182	**283**	+55.5%	+57.1%	-0.6%

- The International division posted revenues of €1,780m, with organic growth of -1.5%, or +2.2% excluding the finalisation of the Melbourne desalination plant construction at the end of 2012.
  - The Asia-Pacific region continued to expand, with revenues showing organic growth of +6.7% (+€42m), thanks to water and waste volumes that remained strong in China, and to the dynamic activity of the waste business in Australia.
  - Organic growth in the Africa & Middle East & India region was +1.6%, mainly from water and waste activities in Morocco.
  - Organic growth in the North American region was +0.5%, as rate increases offset a decrease in volumes, due to unfavourable weather on that side of the Atlantic as well.

[4] Change in volumes based on an identical basis

- Degrémont's revenues experienced negative organic growth of -€76m (-11.9%[5]). Business levels were affected by the finalisation of the construction of the Melbourne desalination plant at the end of 2012. The Design & Build backlog reached €0.9 billion, and does not include the recently won contract in Prague.

▪ SUEZ ENVIRONNEMENT continued to expand on the international front, by adjusting its model according to the country; the Group was very active in China and formed partnerships with well-known domestic companies like Beijing Enterprises, in order to pursue its development. In India, the Group was awarded two DBO contracts. Lastly, SUEZ ENVIRONNEMENT is also well positioned on the regulated water market in the United States, where United Water is one of the market leaders.

▪ During the first half of 2013, the Group was awarded numerous contracts including the waste collection in Macao (10 years, €200m), the transfer stations management in Hong Kong (10 and 10 years, €110m) in China, the two DBO contracts for wastewater treatment plants in New Delhi and Bangalore (respectively 13 and 6 years, €41m) in India and in Luanda (2.5 years, €28m) in Angola, and finally contracts to supply drinking water modular units in Riyadh.

▪ EBITDA of €283m as at 30 June 2013 showed strong organic increase (+57.1%) or +€104m, driven on one hand by the finalisation of the Melbourne desalination plant, which take over took place end of December 2012, and which generated additional costs in the first half of 2012 growth for €79m, and on the other hand by the increase in the international activities. EBITDA margin has strongly increased at 15.9% compared with 9.9% in 2012. The International division generated €19m of Compass savings in the first half.

CHANGES IN THE GOVERNANCE STRUCTURE

The Board of Directors has approved the end of the Shareholders' Agreement on 22 July 2013 and has renewed its commitment to the Corporate Governance Code for Listed Companies published by the AFEP and the MEDEF in June this year. One Board Director, Patrick Ouart, has resigned.

As of today, the Board consists of 17 directors: Jean-Louis Chaussade, Chief Executive Officer, 9 independent directors, i.e. 53% of the Board Members, 7 GDF SUEZ representatives, including Gérard Mestrallet, Chairman of the board. The Board includes 4 women, i.e. 24% of the Members. Jean-Louis Chaussade, who was previously appointed on the recommendation of GDF SUEZ, was unanimously confirmed as Chief Executive Officer by the new Board of Directors on the recommendation of the Nominations & compensation committee.

[5] +7.7% excluding the finalisation of the Melbourne desalination plant.

2013 TARGETS

SUEZ ENVIRONNEMENT is maintaining its targets[6] and remains fully mobilized to achieve its 2013 guidance, which includes an increase in the **Compass programme cost savings to €180m:**

- **GROWING OPERATING RESULTS**
  - Growth of 2013 revenues compared with 2012
  - EBITDA equal to or higher than €2,550m
  - Free Cash Flow equal to or higher than €1 billion

- **MAINTAINING A SOLID BALANCE SHEET**
  - Net investment of €1.3 billion
  - Net Financial Debt/EBITDA ratio of around 3 times

- **CONTINUE AN ATTRACTIVE DIVIDEND POLICY**
  - A dividend related to 2013 results equal to or higher than €0.65 per share

NEXT ANNOUNCEMENT:

- **24 October 2013:** Publication of the 2013 3rd quarter results (conference call)

Press Contact:

Tel: +33 1 58 81 23 23

Contact for Analysts & Investors:

Tel: +33 1 58 81 24 95

Natural resources are not infinite. Every day, SUEZ ENVIRONNEMENT (Paris: SEV, Brussels: SEVB) and its subsidiaries are committed to meeting the challenge of protecting resources, by bringing innovative solutions to millions of people and to the world of industry. SUEZ ENVIRONNEMENT supplies drinking water to 97 million people, wastewater services to 66 million people and provides waste collection services for 50 million people. With 79,549 employees, SUEZ ENVIRONNEMENT is a world leader exclusively dedicated to water and waste management businesses and with a presence on five continents. In 2012, SUEZ ENVIRONNEMENT generated revenues of 15.1 billion euros.

[6] Assuming GDP growth of 0% in Europe in 2013, within a stable accounting and tax framework and at constant exchange rates.

ANNEXES

2013 HALF YEAR RESULTS
July 31st 2013
- 22 -

REVENUE BY GEOGRAPHIES

In €m	H1 2012	H1 2013	% in 2013	13/12 Δ
FRANCE	2,676	2,600	36%	-2.9%
Spain	696	730	10%	+4.9%
United Kingdom	448	469	7%	+4.6%
Other Europe	1,320	1,235	17%	-6.4%
EUROPE (excluding France)	2,464	2,434	34%	-1.2%
North America	436	409	6%	-6.2%
Australia	519	478	7%	-7.9%
Other International	1,228	1,256	17%	+2.3%
INTERNATIONAL (excluding Europe)	2,183	2,143	30%	-1.8%
TOTAL	7,323	7,177	100%	-2.0%

2013 HALF YEAR RESULTS
July 31st 2013
- 3 -

SUMMARY INCOME STATEMENT

In €m	H1 2012	H1 2013
REVENUE	7,323	7,177
Depreciation, Amortization & Provisions	(524)	(486)
CURRENT OPERATING INCOME	460	521
INCOME FROM OPERATING ACTIVITIES	403	514
Financial Result	(210)	(185)
Associates	12	15
Income tax	(48)	(86)
Minority interest	(117)	(126)
NET RESULT GROUP SHARE	40	132

2013 HALF YEAR RESULTS
July 31st 2013
- 2 -

SUMMARY BALANCE SHEET

in €m

ASSETS	31/12/12	30/06/13
NON CURRENT ASSETS	18,881	18,343
o/w goodwill	3,257	3,219
CURRENT ASSETS	7,755	7,862
o/w financial assets at fair value through income	24	53
o/w cash & cash equivalents	2,247	2,113
TOTAL ASSETS	26,637	26,205

LIABILITIES	31/12/12	30/06/13
Equity, group share	4,864	4,630
Minority Interests	1,995	1,886
TOTAL EQUITY	6,859	6,516
Provisions	1,995	1,860
Financial Debt	9,918	10,141
Other Liabilities	7,864	7,688
TOTAL LIABILITIES	26,637	26,205

2013 HALF YEAR RESULTS
July 31st 2013
- 4 -

SUMMARY CASH FLOW STATEMENT

In €m	H1 2012	H1 2013
Operating cash flow	985	998
Income tax paid (excl. income tax paid on disposals)	(42)	(111)
Change in operating working capital	14	(228)
CASH FLOW FROM OPERATING ACTIVITIES	956	658
Net tangible and intangible investments	(598)	(527)
Financial investments	(87)	(15)
Disposals	118	46
Other investment flows	(62)	(1)
CASH FLOW FROM INVESTMENT ACTIVITIES	(630)	(498)
Dividends paid	(441)	(467)
Balance of reimbursement of debt / new debt	(60)	440
Interests paid / received on financial activities	(205)	(191)
Capital increase	-	2
Other cash flows	12	(39)
CASH FLOW FROM FINANCIAL ACTIVITIES	(694)	(255)
Impact of currency, accounting practices and other	23	(40)
CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE PERIOD	2,494	2,247
Total cash flow for the period	(345)	(134)
CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD	2,149	2,113