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PRESS RELEASE

30 July 2014

2014 HALF-YEAR RESULTS

SOLID OPERATING PERFORMANCE
STRONG INCREASE IN NET INCOME
MAJOR DEVELOPMENTS FOR FUTURE GROWTH

- Revenue: €6,891 million, +0.8% organic growth
- EBITDA[1]: €1,326 million[2], +1.6% organic growth
- Net income Group share: €280 million, up €148 million versus H1 2013, including €129 million gain on CEM disposal
- Net financial debt: €7,295 million, stable compared to end of 2013, with Net financial debt / EBITDA ratio reduced to 2.77x[3]
- Significant impacts of exchange rates: -€168 million on revenue, -€61 million on EBITDA, neutral on net debt

The Board of Directors approved the 2014 first-half results at its 29 July 2014 meeting.

Commenting on these results, Jean-Louis Chaussade, Chief Executive Officer, made the following statement:

"SUEZ ENVIRONNEMENT has posted solid performance in the first half of the year, in line with annual set objectives. The Water Europe division is growing strongly, benefiting from very significant increases in prices and volumes. Waste Europe activities are steady in a very uneven industrial production country by country in Europe. Lastly, activities in North America, Asia, and Africa-India-Middle East are up, driven by sustained commercial dynamism. Degrémont activity is down, but has improved in the second quarter and the outlook for contracts coming into force is positive.

The beginning of 2014 was also marked by major developments with the upcoming entry of La Caixa Group into our capital in exchange for the acquisition of the remaining 24.14% stake in Agbar, the increase in our equity interest in ACEA and the strengthening of our positions in industrial water with the acquisition of Process Group. These transactions show SUEZ ENVIRONNEMENT's desire to accelerate its growth.

On the strength of these sound results and promising developments, SUEZ ENVIRONNEMENT reaffirms its annual targets." [4]

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[1] After taking into account the share in net income of equity accounted companies considered as core business (IFRS 10 & 11)
[2] Including €129m capital gain CEM disposal realised by SFH, an equity accounted company associate
[3] Net Financial Debt/Gross Operating Surplus (EBITDA), calculated over a rolling 12-month period
[4] The 2014 targets are stated on page 6 of this press release

REVENUE

Group revenue at 30 June 2014 was **€6,891 million, down -2.1% (-€149m)** versus 30 June 2013, that breaks down as follows:

- **Organic change +0.8%** (+€53m):
  - Water Europe: +3.6% (+€78m)
  - Waste Europe: -0.1% (-€4m)
  - International: -1.2% (-€20m)

- **External growth -0.5%** (-€34m), mainly reflecting the sale of sites in the United Kingdom in September 2013 and the entry of Aguas de Sabadell in July 2013.

- **Adverse exchange rate impact -2.4%** (-€168m), due to the rise of the euro against the Australian dollar (-€68m), the Chilean peso (-€61m) and the US dollar (-€15m).

OPERATING PERFORMANCE

EBITDA was €1,326 million at 30 June 2104, including a €129 million gain on the sale of CEM[5], representing organic growth of +1.6%. EBITDA in the Water Europe division was up +9.0% in organic terms, benefiting from higher volumes in Spain and Chile and favourable price indexations in all regions. The Waste Europe division was down -1.1% in organic terms, mainly due to the adverse effect of decreasing prices of secondary raw materials and electricity, and the strengthening of local competition, especially in Poland and the Netherlands. The International division posted organic change of -0.9% (+10.5% when restated for the commercial renegotiation effect of the Sydney drinking water distribution contract from Q2 2013).

Group EBITDA margin was 19.2% versus 17.5% in the first half of 2013. Excluding the CEM capital gain, the EBITDA margin rate is 17.4%.

In the first half of 2014, the **Compass cost reduction program** contributed €60m, mainly by optimizing operational performance, procurement and by reducing overhead.

EBIT[6] was €658 million, up +1.9% in organic terms.

Income from operating activities, including the share of income from equity associates, was up +19.2% to €653 million. This includes the €65 million gain from the fair value revaluation of Acea shares held as of 1 January 2014 after taking significant influence in the company, as well as some restructuring costs and provisions for -€79 million.

NET INCOME

Net financial income was a -€212 million in the first half of 2014, versus -€193 million in the same period the previous year. Average debt maturity was extended to 6.9 years and average cost of debt was 4.43%[7]; it benefited from decrease in interest rates and an active debt management strategy.

Tax expense was -€59 million in the first half of 2014, versus -€82 million in the same period the previous year. Effective tax rate is 23.3% versus 25.8% for the first 2013 semester. This was mainly due

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5 Taking into account the new definition of EBITDA adopted by the Group and the impact of the new IFRS 10 & 11 standards, the capital gain from the sale of CEM by SFH, an equity associate, is included in EBITDA.
6 Current operating income (EBIT) including the share of income from equity associates in the extension of the Group's activity.
7 Excluding securitization costs and inflation linked debt cost in Chile

to the fact that many operating companies are based in countries with lower tax rates than France, and due to the revaluation of Acea's previously held shares, with no tax impact.

Income from non-controlling interests was €108 million.

Accordingly, net income Group share was up sharply at +€280 million, versus +€132 million for the same period the previous year.

FREE CASH FLOW AND BALANCE SHEET

Free cash flow was €215 million in the first half of 2014, up slightly on the same period the previous year.

Net investment amounted to €497 million. SUEZ ENVIRONNEMENT strives to accelerate the pace of investment to ensure its future growth. Accordingly, financial investments are up sharply after acquiring Process Group and taking an additional 3.95% stake in ACEA.

Net financial debt was €7,295 million at 30 June 2014. This was €503 million less than at 30 June 2013 and slightly higher, by €109 million, than at 31 December 2013. The dividend payment of €479 million in the first half of the year was partially offset by the securitization of a financial receivable linked to the commissioning of the Clermond-Ferrand energy-from-waste recovery plant in the amount of €212 million, and a new issue of undated deeply subordinated notes in the net amount of €183 million. The net debt/ EBITDA ratio improved to 2.8x, versus 3.1x[8] as of 30 June 2013, and remains below the annual target of 3x.
Lastly, it has to be noted that net debt at the end of June 2014 does not include the proceeds from the CEM disposal, received on 15 July 2014 for +€224 million, nor the anticipated disbursement related to the strengthened partnership with La Caixa Group for -€200 million.
Moody's financial rating agency has confirmed, in May 2014, SUEZ ENVIRONNEMENT COMPANY A3 with rating stable outlook.

PERFORMANCE BY DIVISION

WATER EUROPE

In €m	30/06/2013 Restated	**30/06/2014**	Gross change	Organic change	FX change	Scope change
Revenue	2,156	**2,207**	+2.4%	+3.6%	-2.8%	+1.6%
EBITDA	580	**607**	+4.6%	+9.0%	-6.3%	+2.0%

- The Water Europe division posted an organic growth of +3.6% at 30 June 2014 with revenue of €2,207 million. Activity in the first half of the year benefited from favourable price effect in France (+1.2%), Spain (+3.2%[9]) and Chile (+7.3%). Volumes of drinking water sold rose in Spain (+0.4%) and Chile (+3.1%), but declined in France (-0.9%), in line with the long-term trend.

The contribution of net commercial activity, both in public service delegation contracts and in new services, was positive (+€25 million). Sales drives continued in the first half of the year with numerous contracts won and renewed such as Versailles-Saint Cloud (c. €250m, 12 years), Cayenne (€34m, 12 years,), Orange (€16m, 12 years) in France, and the Navarra Canal (€70m, 30 years) in Spain.

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[8] Based on reported accounts
[9] Excluding the increase in local taxes and revenue for third parties; the total price rise is 6.9%.

- EBITDA was €607 million with a margin of 27.5%, versus 26.9% in the same period the previous year. The strong organic growth of +9.0% reflects higher volumes and prices as well as very effective cost control. The Water Europe division generated €19 million in Compass savings over the six-month period.

WASTE EUROPE

In €m	30/06/2013 Restated	**30/06/2014**	Gross change	Organic change	FX change	Scope change
Revenue	3,214	**3,137**	-2.4%	-0.1%	+0.1%	-2.4%
EBITDA	377	**374**	-0.9%	-1.1%	-0.1%	+0.3%

- The Waste Europe division posted revenue of €3,137 million, steady in organic terms. Treated volumes increased by +1.2%, benefiting from the start of new treatment facilities (Clermont-Ferrand and South Tyne & Wear, off-balance-sheet assets), but macroeconomic conditions remain difficult in Europe.
The positive effect of rising volumes was partly offset by declining prices of secondary raw materials (ferrous metals down by 7%, paper down by 6% and electricity down by €20 per MWh in France) and of services (especially in Poland and the Netherlands affected by strong competition).
Geographically, the organic change was +0.2% in France, +1,8% in the United Kingdom and Scandinavia, -0.9% in Benelux/Germany, and -11.8% in Central Europe.

- Sales were strong in the first half of 2014 supported by new or renewed contracts, especially in energy or material waste recovery such as Le Havre (€180m, 10 years) and Narbonne (€280m, 20 years) in France as well as contracts to supply alternative fuel to RWE and Cemex in the United Kingdom. Those achievements confirm the Group progress in energy and material waste recovery which is a strategic priority in the waste business.

- The Waste Europe division posted steady EBITDA of €374 million, versus €377 million in H1 2013; organic growth showed limited decrease by -1.1% due to the pressure on prices partially compensated by the increasing contribution of the energy and material recovery activities. With an EBITDA margin on revenue of 11.9%, versus 11.7% the same period the previous year, the division shows strong control of its cost base in still-lacklustre economic conditions in Europe. The Waste Europe division generated €26 million in Compass savings over the six-month period.

INTERNATIONAL

In €m	30/06/2013 Restated	**30/06/2014**	Gross change	Organic Change	FX change	Scope change
Revenue	1,666	**1,545**	-7.3%	-1.2%	-6.6%	+0.5%
EBITDA	289	**389**	+34.3%	-0.9%	-8.2%	+43.5%

- The International division at 30 June 2014 posted revenue of €1,545 million, down -1.2% in organic terms.
  - The Asia-Pacific Region continued to expand with revenues up +5.0% (+€26m) in organic terms, thanks to satisfying activity both in China and in Australia.
  - The organic growth of the Africa, Middle-East, India region was +8.9% (+€27m) mainly reflecting the water and waste activities in Morocco.
  - The North America region grew by +2.0% (+€5m) in organic terms, with price increases offsetting declining volumes due to high rainfall in the spring.
  - Degrémont revenue was down organically by €78 million (-13.5%). This change reflects the non-recurring €30 million contribution in 2013 of the commercial renegotiation of the Sydney drinking water distribution contract, and the termination of some contracts including Mapocho in Chile and

others in the Middle East. However, the Design & Build backlog has stabilized from the previous year at €0.9 billion.

- Internationally, SUEZ ENVIRONNEMENT continued its development with innovative and diversified offers throughout its entire value chain. For example, the Group was selected to build and operate a hazardous waste recycling plant at Nantong, China (€575m, 30 years). In the Middle East, Degrémont won the desalination contract of Mirfa (€100m). In Morocco, the Group was selected to build and operate the Meknès waste elimination and waste recovery plant (€90m, 20 years). In Canada, the Group won the contract to operate two waste recovery plants near Edmonton (€54m, 5 years). The Group has also won a first training and knowledge-transfer contract in Baku, Azerbaijan (€23m, 5 years).

- The EBITDA of €389 million, which includes the gain on CEM disposal for €129 million, is slightly down in organic terms (-0.9%), but restated for the €30 million organic contribution in Q2 2013 of the Sydney contract effect, EBITDA organic growth would be +10.5%; as far as EBITDA margin is concerned, it would be 16.8% versus 15.7% last year. The International division generated €14 million in Compass savings over the six months.

GOVERNANCE

In accordance with the AFEP-MEDEF Code, Jean-Louis Chaussade terminated his suspended employment contract with GDF SUEZ Management Company and advised the Board of Directors of his decision to exercise his retirement rights related to pension schemes. After acknowledging this decision, the Board of Directors decided to entrust him with a new term as Chief Executive Officer, which will continue until the end of his director's mandate, i.e. until the 2016 General Meeting of Shareholders called to approve the financial statements for 2015.

IMPLEMENTATION OF THE MASTER AGREEMENT SIGNED WITH CRITERIA CAIXAHOLDING

The implementation of the master agreement aiming to reinforce the partnership between SUEZ ENVIRNNEMENT and Criteria Caixaholding ("Criteria"), signed on July 17th, 2014, is continuing. Thus, a special appraiser was appointed by order of the Nanterre Commercial Court President, and SUEZ ENVIRONNEMENT Board of Directors authorized on July 29th the conclusion of the contribution agreement. The completion of the contribution and, as a consequence, the acquisition of the share interest held by Criteria in Agbar remunerated through the 22 million newly issued shares of SUEZ ENVIRONNEMENT (representing 4.1% of the capital) and a cash payment of €299 million, should be completed in September 2014.

TARGETS FOR 2014

SUEZ ENVIRONNEMENT has reaffirmed its targets[10] for 2014:

- **HIGHER OPERATING INCOME IN 2014**
  - EBITDA[11]: organic growth ≥ 2%
  - Free cash flow: around €1 billion

- **ACCELERATION OF ITS DEVELOPMENT WHILE MAINTAINING FINANCIAL DISCIPLINE**
  - Focused investments generating additional growth[12]
  - Net Financial Debt/EBITDA ratio of around 3 times

- **PURSUING AN ATTRACTIVE DIVIDEND POLICY**
  - Dividend ≥ €0.65 per share on the 2014 results[13]

INTERIM FINANCIAL REPORT:

[10] Assuming 1% GDP growth in the eurozone in 2014
[11] Target calculated based on 2013 EBITDA restated for the new definition of EBITDA adopted by the Group and the impact of the new IFRS 10 & 11 standards.
[12] If market conditions permit.
[13] Subject to approval by the 2015 General Meeting.

2014 Interim Financial Report is available on the company website (www.suez-environnement.com).

NEXT COMMUNICATION:

30 October 2014: 3rd Quarter 2014 report (conference call)

DISCOVER ALL THE NEWS ON SUEZ ENVIRONNEMENT IN THE NEWSROOM (HTTP://NEWSROOM.SUEZ-ENVIRONNEMENT.COM/)

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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 97 million people, provides wastewater treatment services for 66 million people and collects the waste produced by 50 million people. SUEZ Environnement has 79,549 employees and, with its presence on five continents, is a world leader exclusively dedicated to water and waste management services. SUEZ Environnement generated total revenues of EUR 14.6 billion in 2013.

APPENDICES

REVENUE BY GEOGRAPHIES

In €m	H1 2013 Restated	H1 2014	% in H1 2014	Δ 14/13
FRANCE	**2,562**	**2,555**	**37.1%**	**-0.3%**
Spain	820	820	11.9%	0%
UK	469	446	6.5%	-4.9%
Others Europe	1,158	1,232	17.9%	+6.4%
EUROPE (excluding France)	**2,447**	**2,498**	**36.3%**	**+2.1%**
North America	397	379	5.5%	-4.5%
South America	428	381	5.5%	-11.0%
Oceania	544	472	6.8%	-13.2%
Asia	194	177	2.6%	-8.8%
Others International	467	429	6.2%	-8.1%
INTERNATIONAL (excluding Europe)	**2,030**	**1,838**	**26.6%**	**-9.5%**
TOTAL	**7,040**	**6,891**	**100%**	**-2.1%**

SUMMARY BALANCE SHEET

in €m

ASSETS	31/12/13 Restated	30/06/14
NON CURRENT ASSETS	18,433	**18,517**
o/w goodwill	3,095	3,163
CURRENT ASSETS	7,988	**7,870**
o/w financial assets at fair value through income	92	64
o/w cash & cash equivalents	2,391	2,189
TOTAL ASSETS	26,421	**26,387**

LIABILITIES	31/12/13 Restated	30/06/14
Equity, group share	4,952	4,980
Minority Interests	1,999	1,971
TOTAL EQUITY	**6,950**	**6,951**
Provisions	1,769	1,823
Financial Debt	9,825	9,689
Other Liabilities	7,876	7,924
TOTAL LIABILITIES	**26,421**	**26,387**

SUMMARY INCOME STATEMENT

In €m	H1 2013 Restated	H1 2014
REVENUE	**7,040**	**6,891**
Depreciation, Amortization & Provisions	(471)	(523)
EBIT	**555**	**658**
INCOME FROM OPERATING ACTIVITIES	**548**	**653**
Financial Result	(193)	(212)
Associates non-core	5	6
Income tax	(82)	(59)
Minority interest	(146)	(108)
NET RESULT GROUP SHARE	**132**	**280**

SUMMARY CASH FLOW STATEMENT

In €m	H1 2013 Restated	H1 2014
Operating cash flow	994	987
Income tax paid (excl. income tax paid on disposals)	(107)	(72)
Change in operating working capital	(248)	(300)
CASH FLOW FROM OPERATING ACTIVITIES	**640**	**615**
Net tangible and intangible investments	(509)	(432)
Financial investments	(17)	(147)
Disposals	44	82
Other investment flows	(3)	199
CASH FLOW FROM INVESTMENT ACTIVITIES	**(485)**	**(299)**
Dividends paid	(469)	(479)
Balance of reimbursement of debt / new debt	443	(139)
Interests paid / received on financial activities	(189)	(161)
Capital increase	2	37
Other cash flows	(38)	217[1]
CASH FLOW FROM FINANCIAL ACTIVITIES	**(250)**	**(524)**
Impact of currency, accounting practices and other	(42)	6
CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE PERIOD	**2,129**	**2,391**
Total cash flow for the period	(137)	(202)
CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD	**1,992**	**2,189**

(1) Of which €183m of net hybrid issuance after premium