

## press release

Paris, 24.04.2015

### 1<sup>st</sup> QUARTER 2015 ONGOING IMPROVEMENT IN OPERATING PERFORMANCE RESULTS IN LINE WITH OBJECTIVES, ENHANCED BY CURRENCY EFFECTS

#### 1<sup>st</sup> quarter 2015 results<sup>1</sup>:

- Revenue: €3,536m, up +5.5%
- EBITDA: €597m, up +8.0%
- EBIT: €266m, up +15.8%
- Net financial debt: €7,664m; net financial debt/EBITDA<sup>2</sup> ratio 2.85

| In € million          | 31 March 2014 | 31 March 2015 | Gross change | Change at constant exchange rate | Exchange rate change | Change at constant scope and exchange rate |
|-----------------------|---------------|---------------|--------------|----------------------------------|----------------------|--|
| Revenue               | 3,353         | 3,536         | +5.5%        | +2.4%                            | +3.1%                | +1.8%                                      |
| EBITDA                | 552           | 597           | +8.0%        | +4.3%                            | +3.6%                | +2.5%                                      |
| <i>EBITDA/Revenue</i> | <i>16.5%</i>  | <i>16.9%</i>  |              |                                  |                      |  |
| EBIT                  | 229           | 266           | +15.8%       | +9.0%                            | +6.8%                | +4.6%                                      |
| <i>EBIT/Revenue</i>   | <i>6.8%</i>   | <i>7.5%</i>   |              |                                  |                      |  |

- **SUEZ environnement generated revenues of €3,536m in the 1<sup>st</sup> quarter of 2015, up +5.5% on the same period the previous year, or +1.8% at constant scope and exchange rate.** The “International” and “Water Europe” divisions’ revenues grew by +5.7% and +5.0% respectively (at constant scope and exchange rate). The “Recycling and Waste Recovery Europe” division showed decline of -2.3% at constant scope and exchange rate, primarily due to the continued decline in raw material prices.

<sup>1</sup> Excluding IFRIC 21: see Appendix

<sup>2</sup> On a 12-month rolling basis



- **EBITDA was at €597m at the end of March, up +8.0%, or +2.5%** at constant scope and exchange rate. The EBITDA/Revenue margin was **16.9%**, improving compared to the 1<sup>st</sup> quarter of 2014.
- **EBIT increased by +15.8% in the 1<sup>st</sup> quarter of 2015 or +4.6%** at constant scope and exchange rate, growing faster than EBITDA, and amounted to **€266m**. The EBIT/Revenue margin was **7.5%**, a marked improvement compared with the previous year.
- **The Group's net financial debt was €7.7bn versus €7.2bn at the end of 2014, i.e. 2.85 times EBITDA. The difference is almost entirely due to currency effects (+€439m).**

**Jean-Louis Chaussade, the Chief Executive Officer, made the following comments on the 1<sup>st</sup> quarter 2015 results:** *"Our strong performance in the first quarter of 2015 is in line with our annual targets. Revenues showed satisfactory growth, independently of the favourable currency effects over the quarter. The "Water Europe" division saw a significant improvement, thanks to our efficient commercial activity, and to the sustained development of new services. The "International" division benefited from strong growth in all geographical regions and in all our businesses. Lastly, the "Europe Recycling and Recovery" division remained penalised by the weakness of industrial business volumes, especially in France, and by the continued decline in the price of the main recycled materials. The Group's financial flexibility remains comfortable, with a net financial debt to EBITDA ratio of 2.85."*

## **BREAKDOWN OF BUSINESS ACTIVITIES AT THE END OF MARCH 2015**

| Revenues<br>In € million               | 31 March<br>2014 | 31 March<br>2015 | Gross<br>change | Change at<br>constant<br>exchange<br>rate | Exchange<br>rate<br>change | Change at<br>constant<br>scope and<br>exchange<br>rate |
|--|------------------|------------------|-----------------|---|----------------------------|--|
| <b>TOTAL</b>                           | <b>3,353</b>     | <b>3,536</b>     | <b>+5.5%</b>    | <b>+2.4%</b>                              | <b>+3.1%</b>               | <b>+1.8%</b>   |
| <i>Of which:</i>                       |                  |                  |                 |   |                            |  |
| Water Europe <sup>3</sup>              | 1,050            | 1,120            | +6.6%           | +5.2%                                     | +1.5%                      | +5.0%  |
| Recycling and Waste Recovery<br>Europe | 1,553            | 1,539            | -0.9%           | -2.3%                                     | +1.4%                      | -2.3%  |
| International                          | 726              | 851              | +17.3%          | +8.1%                                     | +9.3%                      | +5.7%  |

As at 31 March 2015 **SUEZ environnement** reported revenues of €3,536m, a gross increase of +5.5% (+€184m) compared with 31 March 2014. This breaks down as follows:

- **Growth of +1.8% (+€61m) at constant scope and exchange rate:**
  - Revenues in the “Water Europe” division rose by €52m, or +5.0%, as they benefited from the accelerated development of new services, as well as from an overall rise in volumes and prices.
  - Revenues in the “Recycling and Waste Recovery Europe” division fell by €35m or -2.3%. The segment was primarily affected by a decline in the price of secondary raw materials, which was only partially offset by an increase in the volume of treated waste.
  - The “International” division’s revenues increased by €42m or +5.7%, thanks to the growth of most geographical areas.
  
- **A positive forex effect of +3.1% (+€104m)**, which was mainly due to the appreciation of the US dollar (€35m), the Sterling (€25m), the Australian dollar (€14m) and the Chilean peso (€12m) against the Euro.
  
- **A scope effect of +0.6% (+€19m)**, relating to the acquisition of companies dedicated to technology in 2014.

SUEZ environnement generated 30% of its revenues outside Europe during the 1<sup>st</sup> quarter of 2015.

In light of these results, SUEZ environnement is confirming all of its targets for 2015.

<sup>3</sup> SAFEGE’s contribution was transferred from the Water Europe segment to the Other segment as a result of the new organisational structure.

## PERFORMANCE BY DIVISION

### WATER EUROPE

| In € million          | 31 March 2014 | 31 March 2015 | Gross change | Change at constant exchange rate | Exchange rate change | Change at constant scope and exchange rate |
|-----------------------|---------------|---------------|--------------|----------------------------------|----------------------|--|
| Revenues <sup>3</sup> | 1,050         | 1,120         | +6.6%        | +5.2%                            | +1.5%                | +5.0%                                      |

The Water Europe segment increased by +5.0% (+€52m) at constant scope and exchange rate

- **France reported strong growth of +4.4% (+€22m)** at constant scope and exchange rate.

Revenue in France benefited from the resilience of volumes as a result of more favourable weather conditions during the quarter, and of a positive pricing effect, in line with the low-inflation environment. During the 1<sup>st</sup> quarter, the Group was awarded the drinking water contracts for the City of Gennevilliers (€639m; 12 years), the City of Calais (€79m; 12 years), and the water management and sanitation contract for the Alençon Urban Community (€68m; 12 years).

- **Spain and Chile recorded sustained growth of +5.6% (+€30m)** at constant scope and exchange rate.

The segment continued to benefit from the tariff increases obtained in Chile in 2014 and in Spain, as well as from volume increases of +2.0% in Chile and +0.5% in Spain.

- It should be noted that **new services increased very sharply during the first quarter (+42%)**.

### RECYCLING AND WASTE RECOVERY EUROPE

| In € million | 31 March 2014 | 31 March 2015 | Gross change | Change at constant exchange rate | Exchange rate change | Change at constant scope and exchange rate |
|--------------|---------------|---------------|--------------|----------------------------------|----------------------|--|
| Revenues     | 1,553         | 1,539         | -0.9%        | -2.3%                            | +1.4%                | -2.3%                                      |

The “Recycling and Waste Recovery Europe” segment revenues declined by -2.3% (-€35m) at constant scope and exchange rate. The segment performance was affected by a sharp decline in the price of secondary raw materials, especially metals, which decreased by 13% compared with 2014, and paper, which fell by 7%. However, treated volumes were up slightly by **+0.3%**, primarily reflecting the start-up of new facilities.

- **France is declining by -4.0% (-€35m)** at constant scope and exchange rate.

This decline was primarily due to the fall in the price of secondary raw materials, which was only partially offset by an increase in the volume of waste recovered. The decline in volumes sent to landfill continued. In



February, SUEZ environnement was awarded the contract to design, build, and operate the Ivry-Paris-XIII Waste Recovery Centre (€900m; 23 years).

▪ **The United Kingdom/Scandinavia Region's revenues increased by +0.6% (+€2m)** at constant scope and exchange rate.

Treatment activities increased, primarily due to the commissioning of the Suffolk Waste-to-Energy plant, and of the Tilbury Recycling Plants. Services activities improved also, primarily due to a good momentum towards industrial customers.

▪ **The Benelux and Germany Region stabilised, with a decrease of -0.8% (-€3m)** at constant scope and exchange rate.

The decline in services offset the growth of treatment activities. The waste-to-energy recovery units are operating at full capacity.

▪ **The Central European Region's revenues increased by +1.4% (+€1m)** at constant scope and exchange rate.

This growth was primarily generated by the municipal waste collection segment. The Poznan Waste-to-Energy plant construction is progressing as planned.

## INTERNATIONAL

| In € million | 31 March 2014 | 31 March 2015 | Gross change | Change at constant exchange rate | Exchange rate change | Change at constant scope and exchange rate |
|--------------|---------------|---------------|--------------|----------------------------------|----------------------|--|
| Revenues     | 726           | 851           | +17.3%       | +8.1%                            | +9.3%                | +5.7%                                      |

The "International" division registered good overall performance in all geographical regions, except for North America. In addition, the backlog for construction activities remains close to €1bn.

▪ **The Africa, Middle East and India Region's revenues posted a sustained increase of +12.4% (+€23m)** at constant scope and exchange rate.

This increase was primarily due to the development of the businesses in Morocco, including an increase in the water volumes sold by Lydec, and a sharp rise in recycling and recovery activities, thanks to the start-up of several new contracts over the past year, including Meknes, Tangier, and Casablanca. Furthermore, the Group continued its development in the region, winning the operation and maintenance contract for the wastewater facilities at the Gabal El Asfar Plant in Cairo, Egypt (€84m; 4 years).

▪ **Europe/LatAm revenue increased by +11.4% (+€13m)** at constant scope and exchange rate. This growth was due to the strong performance of operations in all regions.



- **Australia reported growth of +3.2% (+€7m)** at constant scope and exchange rate, thanks to a strong increase in the volumes of treated waste.
- **Asia recorded growth of +5.9% (+€4m)** at constant scope and exchange rate, driven by a sharp increase in the volumes of treated waste in China.
- **North America posted a decline of -2.7% (-€4m)** at constant scope and exchange rate.  
This decline reflects a contraction in sales of equipments. The Water business expanded significantly, mainly reflecting the start-up of the Nassau contract, and the positive effect of price increases in regulated activities, despite the decrease in volumes resulting from the harsh winter.

#### **NEXT COMMUNICATION**

- **12 May 2015:** General Meeting of Shareholders
- **19 May 2015:** Payment of the dividend of €0.65 per share<sup>4</sup>
- **29 July 2015:** Publication of the 2015 half-year results (Conference call)

---

<sup>4</sup> Subject to approval BY the General Meeting of Shareholders on 12 May 2015

APPENDICES

REVENUES BY GEOGRAPHICAL REGION

| <i>In €m</i>                            | Q1 2014      | Q1 2015      | % in Q1 2015  | Δ 14/15 incl. FX |
|---|--------------|--------------|---------------|------------------|
| <b>FRANCE</b>                           | <b>1,245</b> | <b>1,250</b> | <b>35.3%</b>  | <b>0.4%</b>      |
| Spain                                   | 384          | 403          | 11.4%         | 5.0%             |
| UK                                      | 216          | 252          | 7.1%          | 16.7%            |
| Others Europe                           | 610          | 587          | 16.6%         | -3.8%            |
| <b>EUROPE (excluding France)</b>        | <b>1,210</b> | <b>1,242</b> | <b>35.1%</b>  | <b>2.7%</b>      |
| North America                           | 176          | 227          | 6.4%          | 29.0%            |
| South America                           | 200          | 231          | 6.5%          | 15.7%            |
| Oceania                                 | 232          | 252          | 7.1%          | 8.5%             |
| Asia                                    | 77           | 97           | 2.7%          | 25.6%            |
| Others International                    | 213          | 238          | 6.7%          | 11.5%            |
| <b>INTERNATIONAL (excluding Europe)</b> | <b>898</b>   | <b>1,044</b> | <b>29.5%</b>  | <b>16.3%</b>     |
| <b>TOTAL</b>                            | <b>3,353</b> | <b>3,536</b> | <b>100.0%</b> | <b>5.5%</b>      |



## IMPACT OF IFRIC 21

The European Union published **Regulation No. 634/2014** on the adoption of IFRIC 21 “Taxes” on 13 June 2014.

### Scope:

The duties and taxes concerned are defined as net outflows of resources (therefore excluding the VAT collected on behalf of the Government) levied by Governments (as defined in IAS 20 and IAS 24), pursuant to legal and/or regulatory provisions other than fines or penalties relating to non-compliance with laws or regulations. These are taxes that fall within the scope of IAS 37 regarding provisions (which excludes the provisions falling within the scope of IAS 12, such as deferred tax liabilities) as well as taxes where the amount and payment date are certain (i.e. liabilities that do not fall within the scope of IAS 37).

### Recognition of duty or tax:

As stated in IAS 37, a liability is recorded where an actual obligation exists, and that obligation can be estimated on a reliable basis, and results from a past event where the settlement is likely to result in an outflow of resources representing economic benefits.

In the case of duties and taxes, the event that generates the recording of the provision is the activity that triggers the legal obligation to pay the duty or the tax.

### Recognition in interim financial statements

In the case of interim financial statements, IFRIC 21 states that a liability must be recognised where the event generating the obligation has occurred. The recognition rule is the same as the rule for annual financial statements. This means that the provision cannot be deferred or anticipated (e.g. property tax).

### Conclusion:

1. In the case of most taxes recognised in operating expenses (which affect EBITDA, EBIT, net income and net income, Group share) the tax is no longer recognised on a monthly basis, and is recognised at the time of the event that generates the tax.
2. No material impact on the annual financial statements, but a different allocation in the interim financial statements.
3. Impact on EBITDA and EBIT indicators as at the end of March 2014 and 2015:

| In €m                  | Q1 2014    | Q1 2015    |
|------------------------|------------|------------|
| EBITDA                 | 552        | 597        |
| <b>IFRIC 21 impact</b> | <b>-57</b> | <b>-62</b> |
| EBITDA after IFRIC 21  | 495        | 535        |
| EBIT                   | 229        | 266        |
| <b>IFRIC 21 impact</b> | <b>-57</b> | <b>-62</b> |
| EBIT after IFRIC 21    | 172        | 204        |





### **SUEZ environnement**

*We are at the dawn of the resource revolution. In a world facing high demographic growth, runaway urbanisation and the shortage of natural resources, securing, optimising and renewing resources is essential to our future. SUEZ environnement (Paris: SEV, Brussels: SEVB) supplies drinking water to 92 million people, delivers wastewater treatment services to 65 million, collects waste produced by almost 50 million, recovers 14 million tons of waste each year and produces 5,138 GWh of local and renewable energy. With 80,990 employees, SUEZ environnement, which is present on all five continents, is a key player in circular economy for in the sustainable management of resources. SUEZ environnement generated total revenues of €14.3 billion in 2014.*

### **CONTACTS**

#### **Press**

Tel: +33 1 58 81 54 73

#### **Analysts & Investors**

Tel: +33 1 58 81 24 05

### **Disclaimer**

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

*"This communication includes forward-looking information and statements. This forward-looking information is based on assumptions, financial forecasts, estimates and statements regarding projects, targets, and expectations for operations, future products or services or future performances. No guarantee can be given that these forward-looking factors will be achieved. Investors and shareholders in SUEZ environnement Company shares are informed that the forward-looking information and statements are subject to a number of risks and uncertainties, which are hard to predict, and usually outside SUEZ environnement Company's control, and which may cause the actual results to differ materially from the results expressed, suggested or predicted by any such forward-looking information and statements. Such risks specifically include, but are not limited to, those developed or identified in public documents filed with the French Financial Markets Authority (AMF). The attention of investors and holders of SUEZ environnement Company shares is drawn to the fact that the materialisation of all or some of these risks is likely to have a material adverse effect on SUEZ environnement Company. SUEZ environnement Company is under no obligation, and does not commit to publishing alterations or updates to such information and forward-looking statements under any circumstances. More detailed information about SUEZ environnement Company is available on its website ([www.suez-environnement.com](http://www.suez-environnement.com)). This document does not amount to an offer to sell or to a solicitation to buy Suez environnement Company securities in any jurisdiction".*

**This press release is available at [www.suez-environnement.com](http://www.suez-environnement.com) and in [the Newsroom](#)**