

Paris, December 13th, 2017

EDUCATION DAY 2017

WATER TECHNOLOGIES & SOLUTIONS: BOOSTING THE GROUP TRAJECTORY

An unparalleled platform in a large and growing industrial water market

- A \$100bn industrial water market expected to grow at c. 5% per year
- \$2.7bn in sales and \$281m EBITDA in 2016⁽¹⁾
- 10,000 employees serving 50,000 clients in 130 countries
- A global presence across the entire value chain in the water equipment and chemical treatment solutions

A game-changer accelerating SUEZ' profitable growth strategy

Outlook

- Achieve more than \$3.1bn revenue in industrial water by 2020
- Cost and revenue synergies to contribute €90m to EBITDA by 2022
- Confirmed double-digit EPS accretion on run-rate cost synergies

SUEZ is hosting on December 13th a meeting with investors and financial analysts to present its new "Water Technologies & Solutions" Business Unit ("WT&S"). Throughout this Education Day, key executives both at the Group's and the unit's level will describe in detail WT&S business model and market dynamics as well as how it creates new business opportunities for the Group and strengthens SUEZ profitable growth strategy.

Jean-Louis Chaussade, Chief Executive Officer of SUEZ, stated: *"Today marks a major step for SUEZ as we present into details our new Water Technologies & Solutions business unit to the financial community and detail its roadmap for the coming years. This business unit offers an unparalleled platform to address all water resources-related challenges, and we are truly convinced of its ability to seize the important growth opportunities in the Industrial Water market. WT&S is the only global player with a presence across the entire value chain, with balanced operations in the equipment and treatment fields and a footprint in the world's key regions. Beyond that, this new business unit significantly enlarges our industrial client base, creates important cross-selling opportunities within the Group, whilst rebalancing our geographic presence and further improving our R&D and digital capabilities. The creation of WT&S helps us build a stronger SUEZ with more visibility and diversity in our revenue streams and will definitely be a booster for profitable growth."*

¹ Based on unaudited pro forma, combining GE Water and SUEZ Industrial Solutions; including best estimates of US GAAP conversion into IFRS

An unparalleled platform in a large and growing industrial water market

Industrial water represents an addressable market of over \$100bn based on estimated expenditures by industrial clients for water equipment and chemical treatment solutions. Out of this total addressable market, the current served market accounts for \$24bn.

This global market is expected to grow at an average annual rate of c. 5% in the coming years, driven by solid underlying trends, among which:

- Water scarcity: more prevalent need for water reuse solutions
- Focus on energy efficiency driving the future of water and wastewater treatment
- Growing trends towards industrial water outsourcing
- Increasing regulatory requirements
- Customers focus on productivity and efficiency gains

WT&S benefits from a predictable revenue stream, as c. 56% of its sales are recurring. It also enjoys a balanced sales mix across its two complementary divisions:

- The Chemical & Monitoring Solutions (CMS) division provides integrated chemical treatment solutions for industrial water & process assets.
- The Engineering Systems (ES) division is a leading equipment and technology solution provider for water and wastewater treatment, water reuse and outsourcing.

WT&S profitable growth strategy is based on five key differentiating factors:

- **Strong global footprint:** WT&S has a primary focus on global product manufacturing and fulfilment. It leverages a global footprint with a network of 45 manufacturing and service centres across the world, from where its 10,000 employees serve 50,000 clients in all key regions.
- **Leading presence across the entire value chain:** The business unit provides a unique full-service offering across the entire value chain with leading technologies, equipment, solutions and services to address all industrial clients' water challenges.
- **Strong go-to-market capabilities all over the world:** The business unit offers added-value proposals for a diverse blue-chip customer base across key industry verticals and sells highly recognized brands in the industry with a sales force of 3,000 professionals.
- **Global R&D and innovation capabilities:** WT&S has a global technology footprint with R&D centers across four continents, where 400 scientists and engineers develop leading edge technologies.
- **A leading digital platform driving client retention:** WT&S digital solutions offer value-added services to the clients, notably by allowing real-time monitoring and predictive maintenance. They also help increasing internal efficiencies and provide insightful data analytics.

A game-changer accelerating SUEZ' profitable growth strategy

The creation of WT&S perfectly matches SUEZ strategic objectives by doubling its industrial client revenues and expanding its relationships with large blue-chip companies. It improves SUEZ's revenue profile with industrial clients now representing 40% of the Group's revenues. WT&S also allows SUEZ to rebalance its geographic presence with around 40% of its revenues generated outside Europe.

WT&S benefits from significant opportunities to grow profitably via top-line synergies, while the new global Key Account management organization implemented by SUEZ will boost commercial development.

The team has identified more than **\$750 million of potential for top-line synergies**; our ambition is to convert yearly revenue synergies of €200 million by 2022. This will be mostly enabled by combined offering, cross-selling and insourcing. Early wins are already materializing with cross-selling and combined offering leading to new business.

SUEZ intends to fully leverage the depth and breadth of its water & waste offering through a **new global Key Account Management (KAM) organization** at Group level. It will continue strengthening its relationships with large customers across the world in key business areas (Oil & Gas, Power, Food & Beverage, etc.) and create for each market a more comprehensive offer, ensuring internal coordination to deliver tailored, innovative and differentiating solutions to the customers' needs.

Financial outlook of WTS Division²

2017-18 outlook:

- Q4 2017: revenue of \$550-600m and EBIT above \$50m
- 2018:
 - Revenue: c. \$2,800m (+3-4% gross variation), supported by 4% growth in orders in 2017
 - EBITDA: c. \$290m, including \$20m of transitory costs
 - EBIT: c. \$200m, including \$20m of transitory costs⁽³⁾
- Exceptional costs below EBIT: transaction costs of c. €40m in 2017 and c. \$80m of integration costs in 2018

Mid-term outlook:

- Expected mid-single digit revenue growth with EBITDA growing at a faster pace than revenue
- Achieve more than \$3.1bn revenue for WT&S by 2020
- €90m contribution from both revenue and cost synergies to EBITDA by 2022

Hence, SUEZ is poised to create even more value for its shareholders and is clearly moving towards a balance structure relying on the following 2 pillars, infrastructures development and management, and also solutions and services for cities and industrials.

The creation of WT&S is a game changer for the Group as it strengthens SUEZ business model, by providing more visibility and diversity in revenue streams. Moreover, it offers tremendous new business opportunities to be unlocked by the new commercial organization. SUEZ is thus poised to create more value for its shareholders and stakeholders.

² Combination of GE Water and SUEZ Industrial Solutions, including best estimates of US GAAP conversion into IFRS

³ Excluding purchase price allocation impact which, to be set by end of H1 2018

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About SUEZ

With 90 000 people on the five continents, SUEZ is a world leader in smart and sustainable resource management. We provide water and waste management solutions that enable cities and industries optimize their resource management and strengthen their environmental and economic performances, in line with regulatory standards. To meet increasing demands to overcome resource quality and scarcity challenges, SUEZ is fully engaged in the resource revolution. With the full potential of digital technologies and innovative solutions, the Group recovers 17 million tons of waste a year, produces 3.9 million tons of secondary raw materials and 7 TWh of local renewable energy. It also secures water resources, delivering wastewater treatment services to 58 million people and reusing 882 million m³ of wastewater. SUEZ generated total revenues of 15.3 billion euros in 2016.

Find out more about the SUEZ Group
on the website & on social media

