interim financial report 2019

contents

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1 Message from the Chief Executive Officer

SUEZ operating performance in the first half of the year was solid, with organic growth in revenue and EBIT in line with our expectations. We confirm the targets set for fiscal 2019.

In this first half, commercial momentum is illustrating our priorities: international expansion, consolidation of our positions in Europe, acceleration with industrial customers and increased focus on our innovation efforts in high value-added businesses. SUEZ won Manchester waste management contract, opened the most modern sorting center in Europe in Germany and began construction of a plastic recycling plant in Thailand. The Group acquired a majority stake in Saudi company, EDCO, a hazardous waste specialist. Finally, the acquisition in China of ALS laboratories, a leader in analysis, control and certification, strengthens our innovation capabilities.

Looking ahead, my ambition is to make SUEZ the world leader in environmental services for a more sustainable planet. Our business and expertise are central to the challenges of our times, especially sustainability and climate change. With the support of the Board of Directors, we are making progress in the comprehensive strategic review underway as part of SUEZ 2030. The strategic repositioning resulting from this review will be presented by October 30th. By mobilizing all the Group's talents, I am determined to improve our selective growth profile in order to create value for all stakeholders.

Bertrand Camus
Chief Executive Officer
SUEZ

2 Key figures for the first half of 2019

The table below shows extracts of the income statements, statements of financial position and statements of cash flows from the condensed consolidated financial statements for the periods ending June 30, 2019 and June 30, 2018.

The following financial information should be read in conjunction with the interim condensed consolidated financial statements and the interim management report which follow.

(in millions of euros)	June 30, 2019	June 30, 2018
Revenues	8,656.0	8,350.6
EBITDA [a]	1,521.2	1,323.2
Net income Group share	211.6	90.1
Free cash flow [b]	292.3	238.1
Net debt	10,613.7 [c]	8,953.9
	at June 30, 2019	*at December 31, 2018*

(a) The EBITDA indicator is presented without IFRIC 21 impact.
(b) Before disposals and development capital expenditures.
(c) Including EUR 1,424.3 million of lease liabilities at June 30, 2019 in accordance with the new IFRS 16 standard.

3 Highlights – First half 2019 contracts

January 2019

SUEZ WINS CONTRACTS TO PROVIDE A CONTINUOUS SUPPLY OF DRINKING WATER TO TWO CITIES IN SOUTHERN INDIA

- Udupi: rehabilitation of the water production plant as well as upgrade and rehabilitation of existing distribution networks and house service connections, followed by an eight-year period of the water infrastructure operation and maintenance.
- Puttur: upgrade of the drinking water distribution system, followed by a nine-year period of operation and maintenance of the water infrastructure.

These new projects, worth a total of EUR 27 million in revenues over 12 years, will provide a rapidly growing population with drinking water on a 24/7 basis.

RENEWAL OF TWO DRINKING WATER DISTRIBUTION CONTRACTS IN PAÏTA AND MONT-DORE, IN NEW CALEDONIA

These two 10-year contracts are worth a total of EUR 50 million in revenues and took effect on January 1, 2019.

February 2019

SUEZ WINS CONTRACT TO RENOVATE AND OPERATE THE NAPLES-NORTH WASTEWATER TREATMENT PLANT IN ITALY

This new contract falls under the "Regi Lagni – Naples" major infrastructure modernization project (rehabilitation of five wastewater treatment plants: Cuma, Naples-North, Marcianise, Acerra and Foce Regi Lagni), under which the Group was also awarded the modernization and operation of Cuma's water treatment plant in 2017. These two five-year contracts are worth a total of EUR 120 million in revenues for the Group.

March 2019

SUEZ HELPS THE GREATER BAY AREA IN CHINA IN ITS TRANSITION TO A CIRCULAR ECONOMY

Totalling nearly EUR 250 million in revenues, the three water management and waste recovery contracts won will contribute to the development of the Greater Bay area, which includes nine cities in the Guangdong province and the administrative regions of Hong Kong and Macao. The goal is to make this area the fourth largest bay area in the world after New York, San Francisco and Tokyo.

April 2019

SUEZ LAUNCHES ITS DIGITAL HUB, A DIGITAL PROJECT ACCELERATOR

SUEZ's Digital Hub is a collaborative environment in Paris that brings together teams and partners across many sectors and cultures (tech startups, incubators, etc.) to work together in an agile environment. The goal is to accelerate 15 to 20 high-potential digital projects every six months.

DIJON MÉTROPOLE ROLLS OUT ITS SMART CITY PROJECT

In April, the Greater Dijon area in France launched a unique smart city project based on remotely managing the urban equipment of all the 23 municipalities from a connected control center with the help of a consortium of companies, including SUEZ. The total cost of the project is EUR 105 million, EUR 53 million of which will be financed through government funding.

SUEZ HELPS THE CITY OF MONTREAL, CANADA, DEVELOP ITS ORGANIC WASTE RECOVERY POLICY

The City of Montreal has selected SUEZ to design, build and operate the city's first organic waste treatment center. This contract, which is worth around EUR 117 million in revenues, began in April 2019 and will last seven years.

May 2019

SUEZ WINS TWO MAJOR WASTE MANAGEMENT CONTRACTS, IN THE UNITED KINGDOM

- SUEZ is supporting the Greater Manchester area in developing its strategy to support a circular economy by substantially improving recycling rates and avoiding landfilling more than 96% of household waste. This contract, which began on June 1, 2019, involves managing around 1.1 million metric tons of waste produced by approximately 2.3 million inhabitants. It is worth around GBP 100 million in revenues per year during seven years (with an option to extend the contract for three years, then five further years);
- in the county of Somerset, SUEZ is going to roll out a new household waste recycling service starting in 2020. The Group has been selected as preferred bidder for this contract. Totalling around EUR 243 million in revenues, this ten-year contract will have an option to renew for an additional ten years.

LOOP, AN E-SHOPPING PLATFORM DESIGNED TO REDUCE WASTE, IS LAUNCHED

More than 25 companies of all sizes and independent brands from around the world, including SUEZ, have come together to create a convenient and enhanced circular solution for consumers. This e-shopping site that delivers products in sustainable and returnable containers daily is now available in Paris and New York.

June 2019

GREATER CHALON, FRANCE, AWARDS SUEZ ITS PUBLIC SERVICE CONTRACT FOR DRINKING WATER MANAGEMENT

SUEZ won a ten-year public service contract to manage drinking water and wastewater for the downtown and northern areas of the Greater Chalon agglomeration. This contract is worth a total of EUR 115 million.

SUEZ WINS CONTRACT TO OPERATE WASTE TREATMENT AND RECOVERY PLANT IN RILLIEUX-LA-PAPE, FRANCE

The Greater Lyon area awarded SUEZ an eight-year contract to operate the waste treatment and energy-from-waste plant in Rillieux-la-Pape. The contract starts on July 1, 2019 and totals nearly EUR 79 million in revenues.

SUEZ HELPS THAILAND RECYCLE PLASTIC WASTE

SUEZ is going to build a plant that turns plastic waste into recycled polymers in Bang Phli, near Bangkok. This plant will help the government reach its ambitious goal of achieving 100% plastic recycling by 2030.

SUEZ PILOTS INNOVATIVE “IP’AIR” SYSTEM IN THE PARIS METRO

At the beginning of June, SUEZ and the Paris public transportation operator RATP launched the IP’AIR system. This innovative air treatment solution will be piloted for six months in a subway station. At the end of this pilot, the Group will be ready to offer the system to public services and users in metropolitan areas both in France and abroad who are also concerned about air quality.

July 2019

SUEZ OPENS THE MOST ADVANCED SORTING CENTER IN EUROPE IN ÖLBRONN, GERMANY

Built by SUEZ, the most advanced sorting center for lightweight packaging in Europe opened on July 2, 2019 in Ölbronn. With an annual processing capacity of 100,000 metric tons, this latest-generation facility sorts meticulously with up to 14 categories of flows, 11 of which handle plastic, meeting the country’s new requirements.

SUEZ BEGINS OPERATING THE MLAWA PLANT IN POLAND

The construction phase of the new Mlawa wastewater treatment plant, which has a daily capacity of 5,200 cubic meters, has been completed. Plant operations are starting for a 30-year period and the contract is worth around EUR 77 million.

SUEZ REMAINS COMMITTED TO INDUSTRIAL COMPANIES

The Group has remained committed to helping industrial companies optimize their economic and environmental performance. SUEZ has signed eight contracts representing around EUR 80 million in total revenues. The teams will help with sustainable waste management at sites belonging to NABC, the bottler for Coca-Cola in Morocco, and to Fujifilm, a global leader in imaging and photography, in the Netherlands. SUEZ will also optimize water cycles for key players in the oil and gas, energy and agri-food sectors in the United States, Brazil, Qatar and South Korea.

4 Interim Management Report

Significant events in the first half of 2019

DISPOSAL OF 20% OF REGULATED WATER BUSINESS ACTIVITIES IN THE UNITED STATES

In accordance with the agreement signed on July 25, 2018 with PGGM, a Dutch pension fund management company, SUEZ finalized the disposal of 20% of the share capital of SUEZ Water Resources Inc., on March 1, 2019, the parent company of all regulated water activities in the United States. The transaction amounted to USD 601 million, fully paid in cash. At the end of this operation, SUEZ still controls the company.

DEFINITIVE DISPUTE SETTLEMENT BETWEEN SUEZ AND ARGENTINA OVER AGUAS ARGENTINAS

The government of Argentina and SUEZ signed and executed, in April 2019, a transactional settlement agreement in accordance with the sentence handed down in its favor by the ICSID (International Centre for Settlement of Investment Disputes) for the concession of water and wastewater treatment in Buenos Aires, terminated in 2006.

Several entities both inside and outside SUEZ Group were involved in the procedure and benefited from this agreement. On April, 2019, solely for the SUEZ Group, the amount in cash received totalled EUR 224,1 million.

In addition, on December 14, 2018, the ICSID handed down a definitive favorable ruling to SUEZ as part of the termination of the Aguas Provinciales de Santa Fé water and wastewater concession contract (refer to Note 14).

4.1 Revenues and operational results

- The Group posted revenues of EUR 8,656.0 million, up +EUR 305.4 million compared with June 30, 2018. This growth breaks down as follows:
  - organic growth of +3.5% (+EUR 296.2 million),
  - scope effect of -0.6% (-EUR 53.2 million),
  - foreign exchange effects of +0.7% (+EUR 62.4 million) mainly due to the appreciation of the US dollar (+EUR 64.0 million) and the Moroccan dirham (+EUR 11.8 million) against the euro, partially offset by an appreciation of the euro against the Chilean peso (-EUR 11.3 million) and the Australian dollar (-EUR 10.1 million);
- EBITDA amounted to EUR 1,521.2 million at June 30, 2019, representing gross growth at constant accounting standards of +3.1% compared to June 30, 2018. Organic growth was +2.4%. Foreign exchange effects were slightly favorable, at EUR 5.8 million;
- EBIT amounted to EUR 644.9 million, compared to EUR 607.3 million at June 30, 2018, representing gross growth of +5.2% at constant accounting standards and +4.8% organic growth. Each of the divisions made a positive contribution to organic growth. Foreign exchange effects were almost non-significant, at +EUR 0.8 million.

4.2 Operating segments

WATER EUROPE

- Water Europe division posted revenues of EUR 2,227.9 million, an organic growth of +1.3% (+EUR 28.6 million):
  - revenue in France was down organically by -1.6% (-EUR 17.1 million). Although water sales volumes increased by +1.0% and price indexations increased by +1.8%, the first half of the year was impacted by the end of the Bordeaux and Valenton contracts,
  - Spain posted organic revenue growth of +2.8% (+EUR 19.8 million). Water sales volumes were up +1.7%. Prices were down -0.8% including the -1.65% decrease negotiated in Barcelona, which has been in effect since May 2018,
  - Latin America recorded organic growth of +5.6% (+EUR 25.9 million). It benefited from a +1.3% increase in water sales volumes in Chile and +1.8% price increases;
- the Water Europe division recorded an EBIT of EUR 245.3 million, representing organic growth of +0.7% (+EUR 1.8 million) in the first half of the year.

RECYCLING & RECOVERY EUROPE

- the Recycling and Recovery Europe division posted revenues of EUR 3,213.0 million, an organic growth of +4.4%. Treated waste volumes increased by +0.2% at June 30, 2019, in line with the expected trajectory of about +1.5% for the year as a whole:
  - revenue in France increased organically by +0.9% (+EUR 13.9 million),
  - the Industrial Waste Specialties segment recorded strong organic growth of +16.2% (+EUR 35.1 million),
  - the Benelux / Germany area posted organic growth of +8.9% (+EUR 65.4 million),
  - the United Kingdom / Scandinavia area posted organic growth of +4.2% (+EUR 23.2 million). The Greater Manchester waste management contract also started on June 1, 2019;
- the division's EBIT amounted to EUR 150.2 million, up +5.9% organically (+EUR 8.3 million).

INTERNATIONAL

- at June 30, 2019, the International division recorded a revenue of EUR 1,962.4 million, representing organic growth of +4.0% (+EUR 74.2 million), resulting from the following performances:
  - Asia recorded organic revenue growth of +29.3% (+EUR 55.2 million). The organic performance of the area was positively impacted by the takeover of SCIP's water assets (Shanghai Chemical Industrial Park) on July 1, 2018,
  - the Italy / Central and Eastern Europe area posted organic growth of +2.2% (+EUR 5.4 million),
  - Australia posted an organic decrease of -3.8% (-EUR 19.5 million), impacted in particular by an unfavorable base effect due to the completion of major works in the Sydney area,
  - North America posted organic growth of +2.2% (+EUR 9.1 million); water sales volumes in the regulated business increased slightly compared to June 30, 2018,
  - The Africa / Middle-East / India area posted organic growth of +5.1% (+EUR 24.0 million). The first half of 2019 was marked by the start of the Coimbatore and Davengere contracts in India;
- the division's EBIT amounted to EUR 280.2 million, representing organic growth of +5.1% (+EUR 13.1 million).

WATER TECHNOLOGIES & SOLUTIONS

- revenues for WTS division amounted to EUR 1,195.1 million, representing organic growth of +4.8% (+EUR 53.0 million):
  - "Engineered Systems" activity recorded organic growth of +6%,
  - "Chemical Monitoring Solutions" activity recorded organic growth of +3%;
- the division's EBIT reached EUR 44.3 million, an organic increase of +12.9%. Business growth and operational and commercial synergies explain the increase in profitability.

4.3 Other income statement items

- net financial income as of June 30, 2019 amounted to -EUR 245.2 million, compared with -EUR 237.1 million in the first half of 2018. It is impacted by the application of IFRS 16 on January 1, 2019 for -EUR 13.1 million. The average cost of net debt was 4.09% as of June 30, 2019;
- income tax amounted to -EUR 157.0 million as of June 30, 2019, *versus* -EUR 88.7 million as of June 30, 2018. The effective tax rate stands at 38.8%;
- minority interests amount to EUR 130.4 million in the first half of 2019, compared to EUR 117.9 million at June 30, 2018. They now include contributions related to the takeover of 50% of SCIP's water assets in China since July 1, 2018, the disposal on August 6, 2018 of 6.5% of Inversiones Aguas Metropolitanas (IAM), the parent company of Aguas Andinas in Chile, and the disposal of 20% of the share capital of SUEZ Water Resources Inc., the parent company of all regulated water activities in the United States, effective as of March 1, 2019;
- restructuring cost amounted to -EUR 53.1 million;
- net income (Group share) amounted to EUR 211.6 million at June 30, 2019 compared to EUR 90.1 million at June 30, 2018; it includes a positive pre-tax impact of EUR 214.9 million related to the definitive dispute settlement between SUEZ and Argentina on the contract with the municipality of Buenos Aires. The net income (Group Share) amounted to EUR 0.31 per share in the first half of 2019 compared to EUR 0.11 per share in the first half of 2018.

4.4 Financing

CASH FLOWS FROM OPERATING ACTIVITIES

- cash flows from operations before financial expenses and income tax amounted to EUR 1,463.9 million as of June 30, 2019, compared to EUR 1,065.3 million in the first half of 2018;
- the change in working capital requirements (WCR) amounts to -EUR 395.5 million in the first half of the year, *versus* -EUR 228.5 million in the first half of 2018;
- in total, cash flows from operating activities generated a cash surplus of +EUR 959.7 million in the first half of 2019, up +EUR 228.2 million compared to June 30, 2018.

CASH FLOWS FROM INVESTING ACTIVITIES

- cash flows from investing activities mainly included:
  - maintenance capital expenditure of EUR 340.0 million, or 3.9% of the Group's consolidated revenues,
  - development capital expenditure of EUR 412.1 million,
  - financial investments of EUR 58.8 million relating to several relatively small-scale acquisitions,
  - disposals amounting to EUR 49.7 million;
- in total, cash flows from investing activities generated a cash shortfall of -EUR 780.9 million, *versus* a shortfall of -EUR 711.2 million in the first half of 2018.

CASH FLOWS FROM FINANCING ACTIVITIES

- dividends paid in cash amounted to EUR 625.1 million as of June 30, 2019;
- the application of IFRS 16 results in the recognition of a cash outflow corresponding to the reimbursement and payment of interest on lease liabilities for an amount of -EUR 166.5 million;
- change in share of interests in controlled entities mainly related to the disposal of 20% of the share capital of SUEZ Water Resources Inc., the parent company of all regulated water activities in the United States, generates an impact of +EUR 510.2 million;
- in total, cash flows from financing activities generated a cash shortfall of -EUR 338.2 over the first half of 2019 *versus* a cash surplus of +EUR 313.2 million over the first half of 2018.

NET DEBT AS OF JUNE 30, 2019

- net debt as of June 30, 2019 amounted to EUR 10,613.7 million. It includes an impact of +EUR 1,372.7 million from the application of IFRS 16 on January 1, 2019 (and +EUR 1,424.3 million on June 2019). Under constant accounting standards, net debt amounted to EUR 9,235.6 million compared to EUR 9,322.8 million as of June 30, 2018, a decrease of EUR 87.2 million;
- during the first half of 2019, the payment of EUR 625.1 million in dividends, and the seasonal increase in working capital requirements of EUR 395.5 million were partially offset by the cash received from the disposal of 20% of the share capital of SUEZ Water Resources Inc. (USA) for EUR 510.2 million and by the EUR 224.1 million cash received in April by the Group under the final settlement agreement for the dispute on Aguas Argentinas;
- as of June 30, 2019, the Group had confirmed undrawn credit facilities of EUR 3,101.5 million, of which EUR 1,231.0 million correspond to commercial paper backup lines.

4.5 Other statement of financial position items

Net intangible assets and goodwill amounted to EUR 10,148.8 million, down -EUR 57.1 million compared to December 31, 2018, resulting primarily from acquisitions (+EUR 90.2 million), changes in scope of consolidation (+EUR 57.1 million), and depreciation and impairment losses for the period (-EUR 229.0 million).

Net property, plant and equipment amounted to EUR 8,824.8 million, *versus* EUR 8,774.4 million as of December 31, 2018. This increase of +EUR 50.4 million is primarily due to acquisitions during the period amounting to +EUR 484.9 million, disposal for -EUR 24.5 million, changes in scope of consolidation (+EUR 15.1 million) and depreciation and impairment losses during the period (-EUR 384.9 million).

Investments in joint ventures were up by +EUR 42.7 million while investments in associates were down by -EUR 28.2 million.

Total shareholders' equity amounted to EUR 9,135.4 million, up +EUR 142.8 million compared to December 31, 2018, primarily due to the transactions between shareholders, the distribution of dividends, net result for the period and the impact of the first application of IFRIC 23.

Provisions were up +EUR 38.1 million as of June 30, 2019, at EUR 2,041.8 million, *versus* EUR 2,003.7 million as of December 31, 2018. This increase results mainly from a positive change in actuarial gains and losses of +EUR 91.6 million, -EUR 35.3 million net reversals on all categories of provisions, as well as the impact of the reclassification to debt of all the tax risks provisions following the application of IFRIC 23 for an amount of -EUR 25,2 million as of January 1, 2019.

Deferred taxes represented a net liability of EUR 122.6 million as of June 30, 2019.

4.6 Related party transactions

Note 15 to the condensed consolidated interim financial statements hereafter provides for details on significant related party transactions. These transactions are mainly with ENGIE.

4.7 Description of the main risks and uncertainties for the remaining six months of the year

The chapter on Risk factors (chapter 4) in the 2018 SUEZ Reference Document provides a detailed description of the risk factors to which the Group is exposed. No risks or uncertainties are expected other than those presented in this document.

4.8 Outlook 2019

Maintaining a selective investment policy, achieving at least EUR 200m in cost savings, and unlocking WTS integration synergies will help SUEZ to meet the targets it has set and confirmed for 2019 [1]:

- organic revenue growth of around 2% to 3%;
- organic EBIT growth of around 4% to 5%;
- FCF growth of around 7% to 8%;
- leverage ratio (Net financial debt/EBITDA) of around 3x in 2019 [2];
- continued ambition to lower debt ratio in 2020.

On this basis, and in accordance with the Board of Directors, the Group intends to propose a dividend of EUR 0.65 per share in respect of 2019 at the Annual General Meeting in May 2020.

(1) Assuming water volumes sold remain in line with historical trends, volumes of waste treated rise by +1.5% in Europe and raw material prices are stable relative to December 31,2018.
(2) Excluding impact of application of IFRS 16 accounting standard.

5

Consolidated Financial Statements of SUEZ at June 30, 2019

5.1 Consolidated statements of financial position

(in millions of euros)	Note	June 30, 2019	December 31, 2018
Non-current assets			
Intangible assets, net	6	4,863.7	4,982.1
Goodwill	6	5,285.1	5,223.8
Property, plant and equipment net	6	8,824.8	8,774.4
Rights of use [a]	10	1,359.3	–
Equity instruments	8.1	138.5	133.0
Loans and receivables carried at amortized cost	8.1	575.9	610.7
Derivative financial instruments	8.4	144.7	119.0
Investments in joint ventures	7.1	940.1	897.4
Investments in associates	7.2	1,056.1	1,084.3
Contract assets		59.4	95.6
Other assets		181.5	214.0
Deferred tax assets	4.4	584.7	546.6
Total non-current assets		**24,013.8**	**22,680.9**
Current assets			
Loans and receivables carried at amortized cost	8.1	125.7	109.7
Derivative financial instruments	8.4	80.5	97.6
Trade and other receivables	8.1	4,999.2	4,584.0
Inventories		553.6	499.5
Contract assets		668.4	627.2
Other assets		1,637.0	1,500.7
Financial assets measured at fair value through income	8.1	31.0	29.2
Cash and cash equivalents	8.1	3,402.3	3,424.1
Total current assets		**11,497.7**	**10,872.0**
Total assets		**35,511.5**	**33,552.9**
Shareholders' equity, Group share		6,249.0	6,391.8
Non-controlling interests	11	2,886.4	2,600.8
Total shareholder's equity		**9,135.4**	**8,992.6**
Non-current liabilities			
Provisions	12	1,571.2	1,507.6
Long-term borrowings	8.3	9,611.5	9,803.2
Lease liabilities [a]	10	1,116.7	–
Derivative financial instruments	8.4	12.0	9.5
Other financial liabilities	8.2	42.9	47.2
Contract liabilities		292.3	287.7
Other liabilities		578.0	591.6
Deferred tax liabilities	4.4	707.3	649.4
Total non-current liabilities		**13,931.9**	**12,896.2**
Current liabilities			
Provisions	12	470.6	496.1
Short-term borrowings	8.3	3,173.5	2,762.1
Lease liabilities [a]	10	307.6	–
Derivative financial instruments	8.4	38.2	47.2
Trade and other payables	8.2	3,510.4	3,798.9
Contract liabilities		1,030.0	976.5
Other liabilities		3,913.9	3,583.3
Total current liabilities		**12,444.2**	**11,664.1**
Total shareholder's equity and liabilities		**35,511.5**	**33,552.9**

(a) Items created to record the effects of the application of IFRS 16 - Leases at January 1, 2019.
NB: the values in the tables are generally expressed in millions of euros. Rounding may in some cases produce a non-material discrepancy in totals or variances.

5.2 Consolidated income statements

(in millions of euros)	Note	June 30, 2019	June 30, 2018
Revenues	3.2	8,656.0	8,350.6
Purchases		(1,798.1)	(1,810.8)
Personnel costs		(2,396.0)	(2,304.0)
Depreciation, amortization and provisions		(743.8)	(594.4)
Other operating expenses		(3,329.9)	(3,295.0)
Other operating income		116.8	126.3
Current operating income	4.2	**505.0**	**472.7**
MtM on operating financial instruments		0.2	0.6
Impairment on property, plant and equipment, intangible and financial assets		(23.7)	(3.0)
Restructuring costs		(53.1)	(58.1)
Aguas Argentinas dispute settlement	2.2	214.9	–
Scope effects		4.0	4.1
Other gains and losses on disposals		2.4	24.2
Income from operating activities	4.2	**649.7**	**440.5**
Share in net income of equity-accounted companies considered as core business		94.5	93.3
of which: share in net income (loss) of joint ventures	*7.1*	*34.6*	*45.6*
of which: share in net income (loss) of associates	*7.2*	*59.9*	*47.7*
Income from operating activities after share in net income of equity-accounted companies considered as core business		**744.2**	**533.8**
Financial expenses		(285.1)	(275.1)
Financial income		39.9	38.0
Net financial income (loss)	4.3	**(245.2)**	**(237.1)**
Income tax expense	4.4	(157.0)	(88.7)
Net income		**342.0**	**208.0**
Group share		211.6	90.1
Non-controlling interests		130.4	117.9
Net income (Group share) per share *(in euros)*	5	**0.31**	**0.11**
Net diluted income (Group share) per share *(in euros)*	5	**0.30**	**0.11**

NB: the values in the tables are generally expressed in millions of euros. Rounding may in some cases produce a non-material discrepancy in totals or variances.

5.3 Consolidated statements of comprehensive income

(in millions of euros)	June 30, 2019	June 30, 2019 of which Group share	June 30, 2019 of which non controlling interests	June 30, 2018	June 30, 2018 of which Group share	June 30, 2018 of which non controlling interests
Net income	**342.0**	**211.6**	**130.4**	**208.0**	**90.1**	**117.9**
Net investment hedges	–	–	–	0.5	0.5	–
Cash flow hedges (excluding commodities)	(14.8)	(14.3)	(0.5)	9.7	8.9	0.8
Commodity cash-flow hedges	10.2	8.6	1.6	0.4	2.0	(1.6)
Deferred taxes on items above	1.5	1.8	(0.3)	(2.7)	(2.9)	0.2
Translation adjustments	18.5	12.0	6.5	10.2	24.7	(14.5)
Total reclassifiable items	**15.4**	**8.1**	**7.3**	**18.1**	**33.2**	**(15.1)**
Of which share of joint ventures in reclassifiable items, net of taxes	**5.9**	**5.9**	**–**	**6.9**	**6.9**	**–**
Of which share of associates in reclassifiable items, net of taxes	**(7.8)**	**(7.8)**	**–**	**6.2**	**6.2**	**–**
Actuarial gains and losses	(91.6)	(85.4)	(6.2)	3.4	(0.2)	3.6
Deferred taxes on actuarial gains and losses	11.6	10.1	1.5	(5.1)	(4.0)	(1.1)
Equity instruments	(0.4)	(0.4)	–	(115.6)	(117.3)	1.7
Total non-reclassifiable items	**(80.4)**	**(75.7)**	**(4.7)**	**(117.3)**	**(121.5)**	**4.2**
Of which share of joint ventures in non-reclassifiable items, net of taxes	**–**	**–**	**–**	**(0.3)**	**(0.3)**	**–**
Of which share of associates in non-reclassifiable items, net of taxes	**–**	**–**	**–**	**–**	**–**	**–**
Other comprehensive income	**(65.0)**	**(67.6)**	**2.6**	**(99.2)**	**(88.3)**	**(10.9)**
Comprehensive income	**277.0**	**144.0**	**133.0**	**108.8**	**1.8**	**107.0**

NB: the values in the tables are generally expressed in millions of euros. Rounding may in some cases produce a non-material discrepancy in totals or variances.

5.4 Statements of changes in consolidated shareholders' equity

(in millions of euros)	Note	Number of shares	Share Capital	Premiums	Consolidated reserves	Change in fair value and other	Translation adjustments	Treasury shares	Undated deeply subordinated notes	Shareholders' equity, Group share	Non controlling interests	Total
Shareholders' equity at December 31, 2017 restated		**623,362,579**	**2,493.4**	**5,236.4**	**(2,441.5)**	**(228.3)**	**(53.2)**	**(77.0)**	**1,580.6**	**6,510.4**	**2,511.4**	**9,021.8**
Net income					90.1					90.1	117.9	208.0
Other comprehensive income items IFRS 9						(119.8)				(119.8)	0.4	(119.4)
Other comprehensive income items excluding IFRS 9					10.8	(4.2)	24.9			31.5	(11.3)	20.2
Comprehensive income					**100.9**	**(124.0)**	**24.9**			**1.8**	**107.0**	**108.8**
Retained earnings IFRS 9 restatement net of tax					57.4					57.4	(3.7)	53.7
Share-based payment					0.3					0.3		0.3
Dividends distributed in cash					(401.9)					(401.9)	(153.4)	(555.3)
Interests of undated deeply subordinated notes issue					(46.0)					(46.0)		(46.0)
Purchase/sale of treasury shares								27.4		27.4		27.4
Capital increase/(reduction) [(a)]		(2,000,000)	(8.0)	(22.0)						(30.0)		(30.0)
Transactions between shareholders [(b)]										–	(8.8)	(8.8)
Business combinations										–		–
Other changes					0.5					0.5	(0.6)	(0.1)
Shareholders' equity at June 30, 2018 restated		**621,362,579**	**2,485.4**	**5,214.4**	**(2,730.3)**	**(352.3)**	**(28.3)**	**(49.6)**	**1,580.6**	**6,119.9**	**2,451.9**	**8,571.8**
Shareholders' equity at December 31, 2018		**621,362,579**	**2,485.4**	**5,214.4**	**(2,480.1)**	**(328.4)**	**(28.3)**	**(51.8)**	**1,580.6**	**6,391.8**	**2,600.8**	**8,992.6**
Restatement IFRIC 23	1.3.4				(41.2)					(41.2)	–	(41.2)
Shareholders' equity at January 1st 2019		**621,362,579**	**2,485.4**	**5,214.4**	**(2,521.3)**	**(328.4)**	**(28.3)**	**(51.8)**	**1,580.6**	**6,350.6**	**2,600.8**	**8,951.4**
Net income					211.6					211.6	130.4	342.0
Other comprehensive income					(75.7)	(3.9)	12.0			(67.6)	2.6	(65.0)
Comprehensive income					**135.9**	**(3.9)**	**12.0**			**144.0**	**133.0**	**277.0**
Share-based payment					0.9					0.9		0.9
Dividends distributed in cash					(401.7)					(401.7)	(155.5)	(557.2)
Interests of undated deeply subordinated notes issue					(44.8)					(44.8)		(44.8)
Purchase/sale of treasury shares					–			3.4		3.4		3.4
Transactions between shareholders [(c)]					204.2					204.2	296.4	500.6
Business combinations [(d)]										–	5.2	5.2
Other changes					(7.6)					(7.6)	6.5	(1.1)
Shareholders' equity at June 30, 2019		**621,362,579**	**2,485.4**	**5,214.4**	**(2,634.4)**	**(332.3)**	**(16.3)**	**(48.4)**	**1,580.6**	**6,249.0**	**2,886.4**	**9,135.4**

(a) Capital reduction resulting from the cancellation of 2,000,000 treasury shares held by SUEZ.
(b) Related to the purchase of minority interests as part of a shareholder reorganization in Mexico.
(c) Related to the sale without loss of control of 20% of the regulated water activities in the United States.
(d) Concerns the takeover of Mina Publica in Spain.
NB: the values in the tables are generally expressed in millions of euros. Rounding may in some cases produce a non-material discrepancy in totals or variances.

5.5 Consolidated statements of cash flows

(in millions of euros)	Note	June 30, 2019	June 30, 2018
Net income		**342.0**	**208.0**
– Share in net income (loss) of joint ventures	7.1	(34.6)	(45.6)
– Share in net income (loss) of associates	7.2	(59.9)	(47.7)
+ Dividends received from joint ventures and associates		77.9	88.3
– Depreciation, amortization and provisions		741.4	566.8
– Scope effects, other gains and losses on disposal		(8.3)	(31.8)
– Other items with no cash impact		1.1	1.5
– Lease contracts impact		2.1	–
– Income tax expense	4.4	157.0	88.7
– Financial income	4.3	245.2	237.1
Cash flows from operations before financial income/(expense) and income tax		**1,463.9**	**1,065.3**
+ Tax paid		(108.7)	(105.3)
Change in working capital requirements		**(395.5)**	**(228.5)**
Cash flows from operating activities		**959.7**	**731.5**
Investments in property, plant and equipment and intangible assets	3.4.3	(752.1)	(625.5)
Takeover of subsidiaries net of cash and cash equivalents acquired	3.4.3	(48.6)	(72.2)
Acquisitions of interests in associates and joint-ventures	3.4.3	(4.1)	(43.5)
Acquisitions of equity instruments	3.4.3	(6.1)	(5.8)
Disposals of property, plant and equipment and intangible assets		32.9	63.6
Disposals of interests in associates and joint ventures		15.8	1.4
Loss of controlling interests in subsidiaries net of cash and cash equivalents sold		1.0	–
Other interest on financial assets, net		7.6	(13.9)
Dividends received on non-current financial assets		0.5	0.9
Change in loans and financial receivables		(27.8)	(16.2)
Cash flows from investing activities		**(780.9)**	**(711.2)**
Capital increase or decrease of the parent company		–	–
Purchase/sale of treasury shares		3.3	(2.7)
Capital increase or decrease of non-controlling interests		0.1	0.1
Change in share of interests in controlled entities [(a)]	3.4.3	504.7	(9.6)
Distribution to shareholders of the parent company [(b)]		(446.5)	(446.7)
Dividends paid to non-controlling interests [(b)]		(178.6)	(175.0)
New borrowings and financial debts [(c)]	8	1,054.8	1,454.7
Repayment of borrowings and financial debts	8	(923.3)	(360.4)
Repayment of lease liabilities	10	(153.4)	–
Change in financial assets at fair value through income		(1.8)	9.8
Financial interest on lease liabilities	10	(13.1)	(2.4)
Financial interest paid		(191.6)	(183.1)
Financial interest received		4.8	11.4
Flows on financial derivatives qualifying net investment hedges and compensation payments on financial derivatives		2.4	17.1
Cash flows from financing activities		**(338.2)**	**313.2**
Impact of changes in exchange rates and other		36.6	(16.8)
Total cash flows for the period		**(122.8)**	**316.7**
Opening cash and cash equivalents		2,710.2	2,555.4
Closing cash and cash equivalents [(b)]		2,587.4	2,872.1

(a) Including the sale without loss of control of 20% of the regulated water activities in the United States for EUR 510.2 million.
(b) Including withholding taxes and coupons of undated deeply subordinated notes paid by the parent company.
(c) In accordance with IAS 7.8, bank overdrafts due on demand included in financial liabilities in the consolidated statement of financial position are reclassified as cash and cash equivalents in the consolidated statement of cash flows; the reclassification amounts to EUR 100.8 million. For 2018 closing, the amount was EUR 713.9 million.

NB: the values in the tables are generally expressed in millions of euros. Rounding may in some cases produce a non-material discrepancy in totals or variances.

5.6 Notes to the Consolidated Financial Statements

Note 1 Basis of presentation, principles and accounting policies

1.1 Basis of presentation

SUEZ, the parent company of the Group, is a *société anonyme* (French corporation) that is subject to the provisions of Book II of the French Commercial Code (*Code de commerce*), as well as to all other provisions of French law applicable to commercial companies. It was established in November 2000. Its headquarters are located at Tour CB 21 - 16 place de l'Iris – Paris-La Défense (92040), France.

The Group is a global player in the management of water cycle and waste cycle. SUEZ has been listed on the Euronext Paris (Compartment A) and Euronext Brussels markets since July 22, 2008.

On July 25, 2019, the interim condensed Consolidated Financial Statements of SUEZ and its subsidiaries at June 30, 2019 were presented to the Board of Directors of SUEZ, which authorized their publication.

1.2 Accounting standards

Pursuant to European Commission Regulation (EC) No. 809/2004 dated April 29, 2004 on the Prospectus, the financial information on the assets, liabilities, financial position, and profit and loss of SUEZ has been provided for the last two fiscal years (2019 and 2018), and was prepared in accordance with European Regulation (EC) No. 1606/2002 dated July 19, 2002 relating to the application of international accounting standards (IFRS). The Group's interim condensed Financial Statements for the period ended June 30, 2019 were prepared in accordance with IFRS as issued by the IASB and endorsed by the European Union[1]. The Group's interim condensed Consolidated Financial Statements for the six months ended June 30, 2019 were prepared in compliance with the provisions of IAS 34 – "Interim Financial Reporting", which allows entities to present selected explanatory notes. The interim condensed Consolidated Financial Statements for the six months ended June 30, 2019 do not therefore incorporate all of the notes and disclosures required by IFRS for the annual Consolidated Financial Statements, and accordingly must be read in conjunction with the Consolidated Financial Statements for the year ended December 31, 2018 subject to specific provisions relating to the preparation of interim financial information as described hereafter.

1.3 Accounting policies

The accounting policies used to prepare the Group's interim condensed Consolidated Financial Statements for the six months ended June 30, 2019 are consistent with those used to prepare the Consolidated Financial Statements for the year ended December 31, 2018 in accordance with IFRS as published by the IASB and endorsed by the European Union (EU), with the exception of the items mentioned below in paragraph 1.3.1, 1.3.3 and 1.3.4.

1.3.1 Standards, amendments and interpretations applied by the Group starting January 1, 2019

The standards and amendments applied by the Group for the first time starting January 1, 2019 are the following:

- IFRS 16 – Leases;
- IFRIC 23 – Uncertainty over income tax treatment.

Impacts of application of these new standards are described in paragraph 1.3.3. and 1.3.4.

- amendment to IFRS 9 – Prepayment features with negative compensation;
- amendments to IAS 28 – long-term interests in associates and joint ventures;
- amendments to IAS 19 – plan amendments, curtailments, and settlements;
- annual improvements to IFRS, 2015-2017 cycle and resulting amendments.

Application of these standards and amendments does not have any significant impact on the Group's interim condensed Consolidated Financial Statements.

1.3.2 IFRS standards and amendments applicable after June 30, 2019 that the Group has elected not to early adopt

Standards and amendments published by the IASB and not yet adopted by the European Union

- amendments to IAS 1 and IAS 8 – Definition of materiality;
- amendments to IFRS 3 – Business combinations – Definition of a business;
- revision of the conceptual framework for financial reporting.

The Group will not early adopt these amendments. The analysis of the impact of their application is ongoing.

(1) Available on the European Commission's website: http://ec.europa.eu/internal_market/accounting/index_en.htm.

1.3.3 Impacts of the first application of IFRS 16 standard – Leases

IFRS 16 took effect on January 1, 2019. It supersedes IAS 17 – Leases as well as IFRIC 4 – Determining whether an arrangement contains a lease, SIC 15 – Operating Leases – Incentives, and SIC 27 – Evaluating the substance of transactions involving the legal form of a lease.

The impacts of the first application of IFRS 16 on the consolidated statement of financial position as of January 1, 2019 are as follows:

(in millions of euros)	Impact of the first application of IFRS 16
Non-current assets	
Rights of use	1,383.5
Total non-current assets	**1,383.5**
Current assets	
Other assets	(12.1)
Total current assets	**(12.1)**
Total assets	**1,371.4**
Total shareholder's equity	**–**
Non-current liabilities	
Lease liabilities	1,110.5
Total non-current liabilities	**1,110.5**
Current liabilities	
Lease liabilities	262.2
Trade and other payables	(1.3)
Total current liabilities	**260.9**
Total shareholder's equity and liabilities	**1,371.4**

1.3.3.1 Nature of the impacts of applying IFRS 16 and accounting methods of the lessee

Leases that the Group signed as the lessee mainly pertain to real estate assets, vehicles and construction machinery.

- **Accounting methods used up to December 31, 2018**

In 2018, before applying IFRS 16, the Group classified its leases as finance leases if it had acquired almost all risks and benefits related to ownership of the leased assets if not, they were classified as operating leases. The respective accounting methods applied to these types of leases are described in chapter 20.1, paragraph 1.5.7 of the 2018 Reference Document.

- **Accounting methods used since January 1, 2019**

Since January 1, 2019, the lessee applies a single accounting model which consists of recording the following items on the date a given lease takes effect:

- a lease liability under liabilities in the statement of financial position;
- a right to use the leased assets under assets;
- depreciation of the right of use in the income statement;
- interest in the income statement and principal payments under lease liability, with the sum of these payments corresponding to lease payments made to the lessor.

Lease liability equals the present value of future rent to be paid.

Lease payments included in this liability calculation include fixed lease payments, in-substance fixed lease payments or unavoidable payments, variable lease payments that fluctuate solely due to an index or rate, the exercise price of a purchase option if the Group is reasonably certain to exercise it, or early termination penalties if the remaining duration of the lease takes into account this event.

Variable lease payments, which fluctuate depending on how much the leased assets are used, are recognized in operating expenses during the period that the event or condition that triggered the obligation occurred. Their total amount for the first half of 2019 is shown in Note 10 to the interim Consolidated Financial Statements.

IFRS 16 recommends that future lease payments to be paid be discounted using the interest rate implicit in the lease (IRIL) if it is possible to easily determine this rate, or if not, using the incremental borrowing rate (IBR) of the entity that has the concerned leases.

The Group cannot easily determine the interest rate implicit in the leases. As a result, SUEZ used incremental borrowing rates from the different entities with leases to calculate the Group's lease liability. The interest rates used are those for amortized debt.

After the leases take effect, the lease liabilities will increase due to interest but decrease by the amount of lease payments made.

The book values of the liabilities are re-estimated each time a lease contract is amended or events or circumstances significantly change, leading to a change in:

- the remaining duration of the lease;
- the number or type of assets leased;
- the amount of lease payments;
- the estimate of exercising a purchase option on a leased asset.

The Group recognizes rights of use at their initial cost on the date the leases take effect.

The initial cost of rights of use primarily include the lease liability amount, initial direct incremental costs that have been paid to obtain the leases and pre-paid lease payments, less incentives received from lessors at the beginning of the leases.

After the rights of use take effect, they are amortized on a straight-line basis over the remaining duration of the leases. As an exception to this rule, a right of use is amortized over the useful life of the leased asset when the SUEZ Group is reasonably certain it will exercise a purchase option on the asset.

The book value of the rights of use is adjusted when the lease liability is remeasured.

The rights of use are impaired when there is indication that their Cash Generating Unit has undergone a loss of value in accordance with the same criteria as those applied to other depreciable fixed assets.

The SUEZ Group applies the exemption provided for by IAS 12 which allows for not recognizing deferred tax as of the lease commencement date since the accounting entries do not have an impact on the income statement as of that date. On the other hand, deferred taxes are recognized after the lease commencement date for the timing differences between the book values and the tax values.

- **Exemptions for short-term leases and low-value asset leases**

The Group has opted to take the exemptions set forth in IFRS 16, meaning it will not apply the single accounting model for the following types of leases:

- lease payments for leases of less than or equal to 12 months if these leases do not include purchase options on the leased assets;
- lease payments on leases that pertain to assets with a unit replacement value of less than EUR 5,000.

Lease payments that fall under these exemptions remain accounted for under operating expenses as of June 30, 2019. They are presented in Note 10 to the interim Consolidated Financial Statements.

- **Judgment used to determine the remaining duration of leases**

The remaining duration of leases according to IFRS 16 corresponds to their lease term (the period during which the lease cannot be canceled) plus:

- the lease's renewal period if the agreement includes a renewal option for the lessee and the lessee is reasonably certain to use it;
- the period that the lessee can opt to terminate the agreement if the lessee is reasonably certain it will not use this option.

The SUEZ Group has the right to opt for renewal or termination on certain leases it has signed as lessee, and uses its judgment to determine if there are strong economic incentives to exercise them.

After a lease takes effect, the Group reassesses its remaining lease term if a significant change in circumstances takes place and it is:

- under SUEZ's control;
- and which leads the Group to now be reasonably certain it will exercise an option that had not been considered when the remaining lease term was initially determined; or which leads the Group to no longer be reasonably certain it will exercise an option that it had initially considered.

- **Temporary provisions for applying IFRS 16 as of January 1, 2019**

The SUEZ Group has recognized the initial application of IFRS 16 retrospectively with cumulative effect as of January 1, 2019 and therefore does not have restated comparative information for 2018.

In accordance with the provisions of the simplified retrospective method, the Group considered that leases already in place as of December 31, 2018 took effect only starting from January 1, 2019 and that their remaining lease term corresponded to their residual term on that date. As of January 1, 2019, the Group measured and recognized the following:

- lease liabilities at the present value of future lease payments to be paid on this date;
- and rights of use up to the amount of the debt lease liability adjusted by amounts of pre-paid lease payments or lease payments to be paid relating to these agreements, which were recognized in the statement of financial position immediately before the initial application of IFRS 16 on December 31, 2018.

Initial application of IFRS 16 did not have an impact on SUEZ Group's shareholders' equity as of January 1, 2019.

The following simplification measures authorized by IFRS 16 were adopted on the transition date:

- SUEZ applied IFRS 16 to the agreements that the Group had previously identified as leases within the meaning of IAS 17 – Leases and IFRIC 4 – Determining Whether an Arrangement Contains a Lease;
- SUEZ has not applied IFRS 16 to agreements that the Group had not previously identified as containing a lease within the meaning of IAS 17 and IFRIC 4;
- leases whose residual term was less than or equal to 12 months were considered short-term leases and they are still recorded under expenses;
- SUEZ has applied the single accounting model summarized above in this paragraph to all items included in transportation equipment leases signed by the Group as lessee, including maintenance expenses and vehicle maintenance. However, the Group has not applied this simplification to leases on other types of leased assets.

The book value of assets and liabilities already recorded as of December 31, 2018 on agreements considered to be finance leases was the same as of the initial IFRS 16 application date. These assets and liabilities were reclassified in the rights of use and lease liability accounts, respectively, as of January 1, 2019. SUEZ Group has applied IFRS 16 to these leases since that date.

- **Reconciliation between lease liability as of January 1, 2019 and off-balance sheet commitments as of December 31, 2018**

The reconciliation between lease liabilities recognized in the consolidated statements of financial position as of January 1, 2019 and off-balance sheet commitments on lease payments to be made included in Note 20 to the Consolidated Financial Statements as of December 31, 2018 in accordance with IAS 17, breaks down as follows:

(in millions of euros)	
Off balance sheet commitments related to lease as of December, 31, 2018	**1,338.9**
Impacts due to short-term leases	(24.6)
Impacts due to low value leases	(14.3)
Impacts of change in discount rate	(21.6)
Other impacts [a]	94.3
Lease liabilities as of January 1, 2019 after the first application of IFRS 16	**1,372.7**
Lease liabilities related to contracts previously classified as finance lease	87.2
Total lease liabilities as of January 1, 2019	**1,459.9**

(a) Includes adjustments related to a difference in the treatment of renewal or termination options, the service share on leases and contracts not identified in off-balance sheet commitments in 2018.

The lessee's weighted marginal borrowing rate applied to the rental liabilities recognized in the statements of financial position at the date of first application is 1.7%.

1.3.3.2 Nature of the impacts of applying IFRS 16 and accounting methods of the lessor

Leases signed by SUEZ as the lessor mainly pertain to seawater desalination facilities and water filtration equipments.

The application of IFRS 16 to leases signed as the lessor have the same impacts as of January 1, 2019 as leases recognized up to December 31, 2018.

The lessor analyzes its leases to determine if they are operating leases or finance leases. For finance leases, the lessor transfers almost all risks and benefits related to owning the leased assets to the lessee. All leases that do not fall under this definition of a finance lease are operating leases.

Examples of situations that individually or jointly lead the lessor to classify a lease as a finance lease are as follows:

- the lease results in transferring ownership of the leased asset at the end of the term;
- the lessee has the option to buy the leased asset at a price that should be sufficiently less than its fair value on the date the option becomes exercisable so that when the lease ends, the Group will be reasonably certain the purchase option will be carried out;
- the term of the lease covers most of the useful life of the leased asset;
- as of the signing date of the lease, the present value of future lease payments to be received amounts to at least almost all of the fair value of the leased asset.

Given these criteria, all agreements signed by SUEZ Group as the lessor that are in effect as of January 1, 2019 are operating leases.

The Group recognizes rental income on a straight-line basis under operating income.

The leased assets are isolated within the Group's property, plant and equipment line item, and depreciated over their useful life. They undergo impairment tests if a trigger event on the concerned Cash Generating Unit is identified.

SUEZ is only the intermediate lessor under leases signed between Group entities. As a result, the accounting impacts related to these leases are eliminated in the Group's Consolidated Financial Statements.

1.3.4 Impacts from initial application of IFRIC 23 – Uncertainty over income tax treatment

Some positions that the SUEZ Group has took with regard to income tax amounts may be uncertain, for instance because the content of local legislation may be subject to interpretation. IFRIC 23 requires calculating and recognizing income tax using the same calculation method the tax authorities will most likely use.

The SUEZ Group has applied IFRIC 23 as of January 1, 2019 partially retrospectively by recognizing the cumulative impact of the opening balance sheet for 2019 on shareholders' equity without adjusting comparative information during the initial application. Applying this interpretation as of January 1, 2019 did not have a material impact on the Group's shareholders' equity and led to reclassifying provisions for risk related to corporate income tax under tax liabilities.

1.4 Use of judgment and estimates

The economic and financial environment has led the Group to maintain its risk management procedures of its financial instruments. The significant market volatility caused by the crisis is taken into account by the Group in the estimates made such as for its business plans and in the various discount rates used in impairment testing and provisions computing.

1.4.1 Estimates

The preparation of the condensed Consolidated Financial Statements requires the use of estimates and assumptions to determine the value of assets and liabilities, the disclosure of contingent assets and liabilities at the reporting date, as well as the revenues and expenses reported during the period.

Due to uncertainties inherent in the estimation process, the Group regularly revises its estimates in light of currently available information. Final outcomes could differ from those estimates.

The key estimates used by the Group in preparing the condensed Consolidated Financial Statements relate mainly to:

- the measurement of the fair value of assets acquired and liabilities assumed in a business combination;
- the measurement of the recoverable amount of goodwill, property, plant and equipment and intangible assets;
- the measurement of provisions, particularly for legal and arbitration proceeding and for pensions and other employee benefits;
- the measurement of capital renewal and replacement liabilities;
- the measurement of financial instruments;
- the measurement of unmetered revenue;
- the measurement of margin at termination relating to construction contracts;
- the measurement of capitalized tax loss carry-forwards.

Detailed information related to the use of estimates is provided in Note 1 to the Consolidated Financial Statements for the year ended December 31, 2018.

1.4.2 Judgment

As well as relying on estimates, Group management also makes judgments to define the appropriate accounting policies to apply to certain activities and transactions, particularly when the effective IFRS standards and interpretations do not specifically deal with related accounting issues.

In particular, the Group exercised its judgment in determining the accounting treatment applicable to concession contracts and the classification of arrangements which contain a lease (lessor side).

In compliance with IAS 1, the Group's current and non-current assets and liabilities are shown separately on the consolidated statement of financial position. For most of the Group's activities, the breakdown into current and non-current items is based on when assets are expected to be realized, or liabilities extinguished. Assets expected to be realized or liabilities extinguished within 12 months of the statement of financial position date are classified as current, while all other items are classified as non-current.

1.5 Specific features of the preparation of interim financial statements

Seasonality of operations

Although the Group's operations are intrinsically subject to seasonal fluctuations, key performance indicators and income from operating activities are more influenced by changes in climatic conditions than by seasonality. Consequently, the interim results for the six months ended in June 30, 2019 are not necessarily indicative of those that may be expected for full-year 2019.

Income tax expense

Current and deferred income tax expenses for interim periods is consolidated at the level of each tax entity, by applying the average estimated annual effective tax rate for the current year, to income for the period.

Pension benefit obligations

Pension costs for interim periods are calculated on the basis of the actuarial valuations performed at the end of the prior year. If necessary, these valuations are adjusted to take into account curtailments, settlements or other major non-recurring events during the period. Furthermore, amounts recognized in the statement of financial position in respect of defined benefit plans are adjusted, if necessary, in order to reflect material changes impacting the yield on investment-grade corporate bonds in the geographic area concerned (the benchmark used to determine the discount rate) and the actual return on plan assets.

Provisions for site restoration

These provisions are measured once a year in order to establish the statement of financial position at December 31 (see Note 17.4 to the Consolidated Financial Statements at December 31, 2018).

Note 2 Major transactions

2.1 Disposal of 20% of regulated water business activities in the United States

In accordance with the agreement signed on July 25, 2018 with PGGM, a dutch pension fund management company, SUEZ finalized on March 1, 2019, the disposal of 20% of the share capital of SUEZ Water Resources Inc., the parent company of all regulated water activities in the United States. The transaction amounted to USD 601 million, fully paid in cash. At the end of this operation, SUEZ still controls the company.

2.2 Definitive dispute settlement between SUEZ and Argentina over Aguas Argentinas

The government of Argentina and SUEZ signed and executed, in April 2019, a transactional settlement agreement in accordance with the sentence handed down in its favor by the ICSID (International Centre for Settlement of Investment Disputes) for the concession of water and wastewater treatment in Buenos Aires, terminated in 2006.

Several entities both inside and outside SUEZ Group were involved in the procedure and benefited from this agreement. In April, 2019, solely for the SUEZ Group, the amount in cash received totalled EUR 224,1 million.

In addition, on December 14, 2018, the ICSID handed down a definitive favorable ruling to SUEZ as part of the termination of the Aguas Provinciales de Santa Fé water and wastewater concession contract (see Note 14).

Note 3 Operating segments information

In accordance with the provisions of IFRS 8 – Operating Segments, the segments used below to present segment information have been identified based on internal reporting, in particular those segments monitored by the Management Committee, comprised of the Group's key operational decision-makers.

The Group uses five operating segments:

- Water Europe;
- Recycling and Recovery Europe;
- International;
- WTS (Water Technologies et Solutions);
- Other.

A distinction in Europe is made between the water distribution and water treatment services and the waste collection and waste treatment services.

The activities conducted internationally are grouped together and separated from those conducted in the Europe region. This specific segmentation reflects the difference in development strategy implemented internationally compared to the strategy pursued in Europe and is consistent with the Group's internal organizational systems and management structure.

Finally, all the water treatment services for industrial customers are isolated in the WTS segment.

3.1 Operating segments

SUEZ's subsidiaries are divided into the following operating segments:

- **Water Europe**: water distribution and treatment services, particularly under concession contracts (water management). These services are rendered to individuals, local authorities and industrial clients;
- **Recycling and Recovery Europe**: waste collection and treatment services for local authorities and industrial clients. These services include collection, sorting, recycling, composting, energy recovery and landfilling for both non-hazardous and hazardous waste;
- **International**: The Group is expanding in these business segments, depending on the opportunities that may arise, in the areas of water, waste and engineering services, with a special focus on risk-management resulting from specific local environments by setting up partnerships, entering into hedges, and limiting invested capital or other investments in highly regulated environments;
- **WTS**: This segment includes all water services for the industrial customer segment;
- the **"Other"** segment is made up of holding companies, including SUEZ, as well as SUEZ Consulting, the consulting subsidiary of the Group.

The accounting principles and valuation methods used to prepare internal reporting are the same as those used to prepare the Consolidated Financial Statements. The EBITDA, EBIT, capital employed and investments indicators are reconciled with the Consolidated Financial Statements.

3.2 Key indicators by operating segment

Revenues

	June 30, 2019			June 30, 2018		
(in millions of euros)	Non-Group	Group	Total	Non-Group	Group	Total
Water Europe	2,227.9	27.6	2,255.5	2,230.2	20.4	2,250.6
Recycling and Recovery Europe	3,213.0	36.6	3,249.6	3,118.0	15.9	3,133.9
International	1,962.4	2.1	1,964.5	1,842.2	0.5	1,842.7
WTS	1,195.1	29.1	1,224.2	1,105.6	25.1	1,130.7
Other	57.6	71.7	129.3	54.6	57.2	111.8
Intercompany eliminations	–	(167.1)	(167.1)	–	(119.1)	(119.1)
Total revenues	**8,656.0**	**–**	**8,656.0**	**8,350.6**	**–**	**8,350.6**

EBITDA

(in millions of euros)	June 30, 2019	June 30, 2018
Water Europe	566.9	567.5
Recycling and Recovery Europe	418.5	346.2
International	457.3	369.9
WTS	118.7	98.3
Other	(40.2)	(58.7)
Total EBITDA [(a)]	**1,521.2**	**1,323.2**

(a) At June 30, 2019, this amount includes the impact of IFRS 16.

EBIT

(in millions of euros)	June 30, 2019	June 30, 2018
Water Europe	245.3	248.1
Recycling and Recovery Europe	150.2	140.6
International	280.2	257.8
WTS	44.3	37.3
Other	(75.1)	(76.5)
Total EBIT [(a)]	**644.9**	**607.3**

(a) At June 30, 2019, this amount includes the impact of IFRS 16.

Depreciation and amortization

(in millions of euros)	June 30, 2019	June 30, 2018
Water Europe	(216.0)	(224.4)
Recycling and Recovery Europe	(182.7)	(182.2)
International	(127.9)	(122.7)
WTS	(67.3)	(64.5)
Other	(9.1)	(9.5)
Total depreciation and amortization [(a)]	**(603.0)**	**(603.3)**

(a) At June 30, 2019, this amount includes the impact of IFRS 16.

Capital employed

(in millions of euros)	June 30, 2019	December 31, 2018
Water Europe	5,780.3	5,545.5
Recycling and Recovery Europe	4,349.2	3,538.0
International	6,541.9	6,035.3
WTS	3,614.6	3,458.9
Other	265.5	67.1
Total Capital employed [(a)]	**20,551.5**	**18,644.8**

(a) At June 30, 2019, this amount includes the impact of IFRS 16.

Investments in property, plant and equipment, intangible assets and financial assets

(in millions of euros)	June 30, 2019	June 30, 2018
Water Europe	(277.9)	(235.0)
Recycling and Recovery Europe	(207.5)	(175.3)
International	(260.1)	(220.3)
WTS	(54.4)	(115.4)
Other	(19.6)	(10.6)
Total investments	**(819.5)**	**(756.6)**

Financial investments included in this indicator include the acquisitions and sales of a portion of interests in still remaining controlled entities, which are accounted for in cash flows used in financing activities in the consolidated statement of cash flows under the item "Change in share of interests in controlled entities". Reconciliation with the cash flow statement is made in paragraph 3.4.3.

3.3 Key indicators by geographical area

The indicators below are analyzed by:

- destination of products and services sold for revenues;
- geographical location of consolidated companies for capital employed.

	Revenues		Capital employed	
(in millions of euros)	June 30, 2019	June 30, 2018	June 30, 2019	December 31, 2018
France	2,528.8	2,564.2	3,191.4	2,296.7
Europe	2,808.7	2,691.9	6,039.4	5,692.3
International	3,318.5	3,094.5	11,320.7	10,655.8
Total [a]	**8,656.0**	**8,350.6**	**20,551.5**	**18,644.8**

(a) At June 30, 2019, the amount of capital employed includes the impact of IFRS 16.

3.4 Reconciliation of indicators with Consolidated Financial Statements

3.4.1 Reconciliation of EBIT and EBITDA with current operating income

(in millions of euros)	June 30, 2019	June 30, 2018
Current operating income	**505.0**	**472.7**
(+) Share in net income of equity-accounted companies considered as core business	94.5	93.3
(-) IFRIC 21 impacts	45.2	40.8
(-) Others	0.2	0.5
EBIT	**644.9**	**607.3**
(-) Net depreciation, amortization and provisions	743.8	594.4
(-) Share-based payments [a]	1.7	1.4
(-) Disbursements under concession contracts	130.8	120.1
EBITDA	**1,521.2**	**1,323.2**

(a) The impact of Share Appreciation Rights is disclosed after hedging by Warrants. Moreover, this amount does not include long term incentive plans in the form of cash bonuses.

3.4.2 Reconciliation of capital employed with the items of the statement of financial position

(in millions of euros)	June 30, 2019	December 31, 2018
(+) Tangible and intangible assets, net	13,688.5	13,756.5
(+) Goodwill, net	5,285.1	5,223.8
(+) Rights of use	1,359.3	–
(+) Equity instruments (excluding marketable securities and impact of revaluation to fair value)	270.0	264.5
(+) Loans and receivables carried at amortized cost (excluding assets related to financing)	701.6	720.4
(+) Investments in joint ventures (excluding Other comprehensive income net of taxes)	940.1	897.3
(+) Investments in associates (excluding Other comprehensive income net of taxes)	1,119.2	1,143.8
(+) Trade and other receivables	4,999.2	4,584.0
(+) Inventories	553.6	499.5
(+) Contract assets	727.8	722.8
(+) Other current and non-current assets	1,818.5	1,714.7
(-) Provisions and actuarial losses/gains on pensions plans	(1,543.9)	(1,597.4)
(-) Trade and other payables	(3,510.4)	(3,798.9)
(-) Contract liabilities	(1,322.3)	(1,264.2)
(-) Other current and non-current liabilities	(4,491.9)	(4,174.8)
(-) Other financial liabilities	(42.9)	(47.2)
Capital employed	**20,551.5**	**18,644.8**

3.4.3 Reconciliation of investments in tangible, intangible assets and financial investments with items in the statement of cash flows

(in millions of euros)	June 30, 2019	June 30, 2018
Investments in property, plant and equipment and intangible assets	(752.1)	(625.5)
Takeover of subsidiaries net of cash and cash equivalents acquired	(48.6)	(72.2)
Acquisitions of interests in associates and joint-ventures	(4.1)	(43.5)
Acquisitions of equity instruments	(6.1)	(5.8)
Change in share of interests in controlled entities	(8.6)	(9.6)
Total investments	**(819.5)**	**(756.6)**

Note 4 Income statement

4.1 Current operating income and EBIT

Changes in EBIT are discussed in the interim Management Report (see chapter 4 of the present document).

4.2 Income from operating activities

(in millions of euros)	June 30, 2019	June 30, 2018
Current operating income	**505.0**	**472.7**
MtM on operating financial instruments	0.2	0.6
Impairment on property, plant and equipment, intangible and financial assets	(23.7)	(3.0)
Restructuring costs	(53.1)	(58.1)
Settlement of the Aguas Argentinas dispute	214.9	–
Scope effects	4.0	4.1
Other gains and losses on disposals	2.4	24.2
Income from operating activities	**649.7**	**440.5**
Share in net income of equity-accounted companies considered as core business	94.5	93.3
of which share in net income (loss) of joint ventures	*34.6*	*45.6*
of which Share in net income (loss) of associates	*59.9*	*47.7*
Income from operating activities after Share in net income of equity-accounted companies considered as core business	**744.2**	**533.8**

4.2.1 Impairment on property, plant and equipment, intangible and financial assets

(in millions of euros)	June 30, 2019	June 30, 2018
Impairments		
Property, plant and equipment and other intangible assets	(11.0)	(1.5)
Rights of use	–	–
Financial assets	(15.7)	(4.0)
Total	**(26.7)**	**(5.5)**
Write-back of impairments		
Property, plant and equipment and other intangible assets	0.6	1.6
Financial assets	2.4	0.9
Total	**3.0**	**2.5**
Total	**(23.7)**	**(3.0)**

In addition to the systematic annual impairment tests on goodwill and non-amortizable intangible assets performed in the second half of the year, tests are occasionally performed on all goodwill, property, plant and equipment and intangible assets when there is an indication of potential impairment. Any impairment loss is determined by comparing the carrying value of the asset concerned with its recoverable value (*i.e.* its value in use as determined by calculating the discounted future cash flows, or the market value).

4.2.1.1 Impairment on Goodwill

With respect to goodwill, in the absence of any trigger event in the first half of 2019, no impairment was recognized at June 30, 2019.

4.2.1.2 Impairment on property, plant and equipment and intangible assets

As of June 30, 2019, this item mainly includes the impairment of an hazardous waste treatment center in France following a permanent closure.

At June 30, 2018, this item did not represent a significant amount.

4.2.1.3 Impairment on financial assets

At June 30, 2019, this item mainly includes an impairment loss on a loan granted to a project company in the United Kingdom and accounted for by the equity method in the Group's financial statements.

As at June 30, 2018, this item did not represent a significant amount.

4.2.2 Restructuring costs

As of June 30, 2019, this item includes costs related to the mobilization of synergies at WTS for -EUR 9.5 million and additional costs related to restructuring plans in Spain initiated in 2017 for -EUR 10.7 million as well as costs related to reorganizations initiated in several entities and Business Units of the Group, in France and abroad for a total amount of approximately -EUR 27.0 million.

At June 30, 2018, this item mainly included costs relating to various restructuring plans within the Group, notably at SUEZ Spain for -EUR 13.6 million.

4.2.3 Scope effects

As at June 30, 2018, no material changes in the scope of consolidation were recorded at June 30, 2019.

4.2.4 Other gains and losses on disposals and non-recurring items

As of June 30, 2019, this item mainly includes the impact of the disposal of a site in the Netherlands.

At June 30, 2018, this item mainly included gains on the disposal of the infectious clinical waste (IMW) activity of Recycling and Recovery France as well as various disposals of properties, plants and equipment in Chile and France.

4.2.5 Settlement of the dispute on Aguas Argentinas

A description of this settlement is provided in Note 2.2. After taking into account various expenses fees, the impact is EUR 214.9 million.

4.3 Financial result

	June 30, 2019			June 30, 2018		
(in millions of euros)	Expenses	Income	Total	Expenses	Income	Total
Cost of net debt	**(225.5)**	**4.0**	**(221.5)**	**(216.7)**	**11.8**	**(204.9)**
Interest expense on gross borrowings	(196.0)	–	(196.0)	(189.2)	–	(189.2)
Interest expense on lease liabilities	(13.1)	–	(13.1)	–	–	–
Exchange gain/(loss) on borrowings and hedges	(10.8)	–	(10.8)	(24.6)	–	(24.6)
Unrealized income/(expense) from economic hedges on borrowings	(0.4)	–	(0.4)	–	0.1	0.1
Income/(expense) on cash and cash equivalents, and financial assets at fair value through income	–	3.7	3.7	–	11.3	11.3
Capitalized borrowing costs	–	0.3	0.3	–	0.4	0.4
Financial income (expense) relating to a financial debt or receivable restructuring	(5.2)	–	(5.2)	(2.9)	–	(2.9)
Other Financial Income and Expenses	**(59.6)**	**35.9**	**(23.7)**	**(58.4)**	**26.2**	**(32.2)**
Net interest expenses related to post employment and other long term benefits	(9.9)	–	(9.9)	(8.4)	–	(8.4)
Unwinding of discounting adjustment to long term provisions (except post employment)	(19.5)	–	(19.5)	(18.3)	–	(18.3)
Change in fair value of derivatives not included in net debt	–	1.0	1.0	–	4.2	4.2
Income from equity instruments	–	0.3	0.3	–	1.2	1.2
Other	(30.2)	34.6	4.4	(31.7)	20.8	(10.9)
Financial income/(loss)	**(285.1)**	**39.9**	**(245.2)**	**(275.1)**	**38.0**	**(237.1)**

The first-time application of IFRS 16 generated an additional interest expense of EUR 13.1 million at June 30, 2019.

4.4 Income tax

4.4.1 Income tax expense in the income statement

(in millions of euros)	June 30, 2019	June 30, 2018
Net income (A)	342.0	208.0
Income tax expense (B)	(157.0)	(88.7)
Share in net Income of joint ventures and associates (C)	94.5	93.3
Income before income tax and before share in net income of joint ventures and associates (A) – (B) – (C) = (D)	**404.5**	**203.4**
Theoretical income tax expense – (B)/(D)	**38.8%**	**43.6%**

At June 30, 2019, the Group's effective tax rate is 38.8%, compared to 39.6% at December 31, 2018 and 43.6% at June 30, 2018.

This decrease is mainly explained by the end of the dispute whith Argentine Republic on Aguas Argentinas which enables Spanish and French tax consolidation groups make taxable profits.

At June 30, 2018, as at December 31, 2018 the effective tax rate was mainly explained by the impairment of deferred tax within these two tax consolidation groups.

4.4.2 Deferred taxes in the statement of financial position

(in millions of euros)	Assets	Liabilities	Net Balances
At December 31, 2018	**546.6**	**(649.4)**	**(102.8)**
Restatement IFRIC 23	–	1.4	1.4
At January 1st, 2019	**546.6**	**(648.0)**	**(101.4)**
From income statement	(16.8)	(8.9)	(25.7)
From other comprehensive income	(3.1)	16.2	13.1
Scope effects	0.6	(1.7)	(1.1)
Translation adjustments	2.3	(2.8)	(0.5)
Other impacts	(11.5)	4.5	(7.0)
Deferred tax netting off by tax entity	66.6	(66.6)	–
At June 30, 2019	**584.7**	**(707.3)**	**(122.6)**

Within the French Suez consolidation group, the net deferred tax assets amount to EUR 148.0 million at June 30, 2019 compared to EUR 201.4 million at December 31, 2018. The -EUR 53.4 million variation is related to the consumption of deferred tax assets on tax loss carryforwards.

Note 5 Earnings per share

	June 30, 2019	June 30, 2018
Numerator *(in millions of euros)*		
Net income, Group share	**211.6**	**90.1**
– coupon attributable to holders of undated deeply subordinated notes issued by SUEZ in June 2014	(7.5)	(7.5)
– coupon attributable to holders of undated deeply subordinated notes issued by SUEZ in March 2015	(6.3)	(6.3)
– coupon attributable to holders of undated deeply subordinated notes issued by SUEZ in April 2017	(8.6)	(8.6)
Adjusted Net Income, Group Share	**189.2**	**67.7**
Denominator *(in millions)*		
Weighted average number of outstanding shares	617.9	617.8
Earnings per share *(in euros)*		
Net income Group share per share	**0.31**	**0.11**
Net diluted income Group share per share	**0.30**	**0.11**

The Group's dilutive instruments included in the calculation of diluted earnings per share are as follows:

- the SUEZ employee share issue;
- the performance share allocation plans;
- the OCEANE 2020 convertible bonds, *i.e.* 19,052,803 securities issued in 2014, which generate financial expenses net of tax of EUR 2.2 million at June 30, 2019.

Note 6 Goodwill, intangible assets and property, plant and equipment

(in millions of euros)	Goodwill	Intangible assets	Property, plant and equipments
A) Gross amount at December 31, 2018	**5,314.2**	**9,153.7**	**17,505.0**
Acquisitions	–	90.2	484.9
Disposals	–	(38.9)	(126.7)
Changes in scope of consolidation	47.5	17.8	39.8
Translation adjustments	13.3	16.7	(4.2)
Other	0.3	10.7	(48.8)
At June 30, 2019	**5,375.3**	**9,250.2**	**17,850.0**
B) Accumulated depreciation and impairment at December 31, 2018	**(90.4)**	**(4,171.6)**	**(8,730.6)**
Depreciation and impairment losses	–	(229.0)	(384.9)
Disposals	–	33.4	102.2
Changes in scope of consolidation	–	(8.2)	(24.7)
Translation adjustments	0.2	(4.9)	6.7
Other	–	(6.2)	6.1
At June 30, 2019	**(90.2)**	**(4,386.5)**	**(9,025.2)**
C) Carrying amount = A + B			
At December 31, 2018	**5,223.8**	**4,982.1**	**8,774.4**
At June 30, 2019	**5,285.1**	**4,863.7**	**8,824.8**

Goodwill

Changes in the scope of consolidation on goodwill mainly correspond to the acquisition of environmental analysis and testing services activities in Asia (+EUR 39.4 million).

For all goodwill, in the absence of any trigger event in the first half of 2019, no impairment was recognized at June 30, 2019.

Translation differences on the net value of goodwill are mainly recorded on the US dollar (+EUR 14.9 million).

Tangible and intangible assets

Translation differences on the net value of intangible assets are mainly recorded on the US dollar (+EUR 5.8 million) and the Hong Kong dollar (+EUR 2.5 million).

Translation differences on the net value of property, plant and equipment are mainly recorded on the US dollar (+EUR 17.1 million) and the Chilean peso (-EUR 18.8 million).

Note 7 Investments in joint ventures and associates

7.1 Investments in joint ventures

The most significant investments are the Chinese joint ventures, 50% of which are held by the Hong Kong-based SUEZ NWS Limited Group and 50% by the local licensing authorities. Following the full consolidation of SUEZ NWS Limited in SUEZ, the shares of Chinese joint ventures were accounted for using the equity method at 50% in SUEZ's consolidated statement of financial position as of June 30, 2019 for EUR 590.6 million.

Another major joint venture is the Suyu Group, which is based in China and is 50%-owned by SUEZ.

	Carrying amount of investments in joint ventures		Share in net income/(loss) of joint ventures	
(in millions of euros)	June 30, 2019	December 31, 2018	June 30, 2019	June 30, 2018
SUEZ NWS Limited Group	590.6	561.1	24.5	35.1
Suyu Group	306.7	298.0	6.4	7.3
Other	42.8	38.3	3.7	3.2
Total	**940.1**	**897.4**	**34.6**	**45.6**

(in millions of euros)	June 30, 2019	June 30, 2018
Net income	34.6	45.6
Other comprehensive income (OCI)	5.9	6.9
Comprehensive income	**40.5**	**52.5**

► **SUEZ NWS Limited Group**

The summarized financial information at 100% of chinese joint ventures held at 50% by SUEZ NWS Group are presented below.

Summarized Statement of financial position

(in millions of euros)	June 30, 2019	December 31, 2018
Non-current assets	644.6	607.3
Current assets	311.6	291.4
of which Cash and cash equivalents	*139.3*	*139.5*
Total assets	**956.2**	**898.7**
Shareholders' equity, Group share	505.7	478.9
Non-controlling interests	4.8	4.5
Total shareholders' equity	**510.5**	**483.4**
Non-current liabilities	206.4	189.6
Current liabilities	239.3	225.7
Total shareholders' equity and liabilities	**956.2**	**898.7**

Summarized Income Statement

(in millions of euros)	June 30, 2019	June 30, 2018
Revenues	180.5	185.7
Current operating income	33.8	40.3
Net income – Group share	25.2	39.6
Net income – non-controlling interests	0.4	0.2
Net income	**25.6**	**39.8**
Other comprehensive income (OCI) [a]	3.6	4.1
Comprehensive income	**29.2**	**43.9**

(a) These amounts correspond to the variation of translation adjustments.

Dividends at 100%

(in millions of euros)	Dividends related to 2018	Dividends related to 2017
Dividends paid by Chinese joint ventures at June 30	4.0	41.5

► Suyu Group

The summarized financial information at 100% of the Suyu Group are presented below.

Summarized Statement of financial position

(in millions of euros)	June 30, 2019	December 31, 2018
Non current-assets [a]	775.2	756.5
Current assets	2.2	2.2
Of which Cash and cash equivalents	*2.2*	*2.2*
Total assets	**777.4**	**758.7**
Shareholders' equity, Group share	613.3	595.9
Total shareholders' equity	**613.3**	**595.9**
Non-current liabilities	164.1	162.8
Current liabilities	–	–
Total shareholders' equity and liabilities	**777.4**	**758.7**

(a) Includes Derun Environnement's shares equity accounted for EUR 739.7 million at June 30, 2019 (EUR 721.3 million at December 31, 2018).

Summarized Income Statement

(in millions of euros)	June 30, 2019	June 30, 2018
Net income [a]	**12.8**	**14.6**
Other comprehensive income (OCI)	5.7	5.5
Comprehensive income	**18.5**	**20.1**

(a) Derun Environnement's share in net income accounted for using the equity method in the Suyu Group.

Dividends at 100%

(in millions of euros)	Dividends related to 2018	Dividends related to 2017
Dividends paid by Suyu at June 30	–	–

7.2 Investments in associates

Investments and income from associates break down as follows:

(in millions of euros)	Carrying amount of investments in associates		Share in net income/(loss) of associates	
	June 30, 2019	December 31, 2018	June 30, 2019	June 30, 2018
Acea Group	558.4	563.5	30.2	24.1
Agbar Group	163.1	190.4	4.8	6.1
Other (individual contributions less than 10% of the total)	334.6	330.4	24.9	17.5
Total	**1,056.1**	**1,084.3**	**59.9**	**47.7**

(in millions of euros)	June 30, 2019	June 30, 2018
Net income	**59.9**	**47.7**
Other comprehensive income (OCI)	(7.8)	6.2
Comprehensive income	**52.1**	**53.9**

The main component of the item "Investments in associates" is the Acea Group, listed on the Milan Stock Exchange and in which the SUEZ Group holds 23.33% of the capital.

At June 30, 2019 the book value of this investment in associate in the consolidated statement of financial position is EUR 558.4 million. Its market value is EUR 822.9 million.

► **Acea Group**

The summarized financial information at 100% of the Acea Group are presented below.

The Consolidated Financial Statements of Acea Group at June 30, 2019 are not available at the date of publication of the Group's 2019 consolidated interim financial statements.

In compliance with IAS 28 "Investments in Associates and joint ventures", the summarized statement of financial position and the summarized income statement at March 31, 2019 correspond to the latest available information.

Summarized Statement of financial position

(in millions of euros)	March 31, 2019	December 31, 2018
Non-current assets	5,912.9	5,735.5
Current assets	2,335.1	2,421.5
of which Cash and cash equivalents	*910.6*	*1,068.1*
Total assets	**8,248.0**	**8,157.0**
Shareholders' equity, Group share	1,795.1	1,729.6
Non-controlling interests	184.2	173.9
Total shareholders' equity	**1,979.3**	**1,903.5**
Non-current liabilities	3,633.1	3,962.9
Current liabilities	2,635.6	2,290.6
Total shareholders' equity and liabilities	**8,248.0**	**8,157.0**

Summarized income statement – first quarter results

(in millions of euros)	March 31, 2019	March 31, 2018
Revenues	823.3	745.5
Gross operating profit	247.9	229.2
Operating profit /(loss)	132.8	127.4
Net income – Group share	75.5	77.4
Net income – non-controlling interests	6.0	3.2
Net income	**81.5**	**80.6**
Other comprehensive income (OCI)	(6.8)	1.0
Comprehensive income	**74.7**	**81.6**

Dividends (at 100%)

(in millions of euros)	Dividends related to 2018	Dividends related to 2017
Dividends paid by Acea at June 30	151.2	133.9

Note 8 Financial instruments

8.1 Financial assets

The following table shows the various financial asset categories and their breakdown as "non-current" and "current":

(in millions of euros)	June 30, 2019			December 31, 2018		
	Non-current	Current	Total	Non-current	Current	Total
Equity instruments at fair value	138.5	–	138.5	133.0	–	133.0
Loans and receivables carried at amortized cost	575.9	5,124.9	5,700.8	610.7	4,693.7	5,304.4
Loans and receivables carried at amortized cost (excluding trade and other receivables)	575.9	125.7	701.6	610.7	109.7	720.4
Trade and other receivables	–	4,999.2	4,999.2	–	4,584.0	4,584.0
Financial assets measured at fair value	144.7	111.5	256.2	119.0	126.8	245.8
Derivative financial instruments (see Note 8.4)	144.7	80.5	225.2	119.0	97.6	216.6
Financial assets measured at fair value through income	–	31.0	31.0	–	29.2	29.2
Cash and cash equivalents	–	3,402.3	3,402.3	–	3,424.1	3,424.1
Liquid financial investments	–	130.0	130.0	–	–	–
Other cash and cash equivalents	–	3,272.3	3,272.3	–	3,424.1	3,424.1
Total	**859.1**	**8,638.7**	**9,497.8**	**862.7**	**8,244.6**	**9,107.3**

Equity instruments at fair value

Movements on equity instruments at fair value during the period are broken down as follows:

(in millions of euros)	Equity instruments at FV through OCI	Equity instruments at FV through income
At December 31, 2018	**105.0**	**28.0**
Acquisitions	6.7	–
Net book value of disposals	–	0.2
Changes in fair value posted to equity as other comprehensive income	(0.4)	–
Changes in fair value posted to income statement	–	1.0
Changes in scope, exchange rates and other	(1.9)	(0.1)
At June 30, 2019	**109.4**	**29.1**

The value of equity instruments at fair value through OCI held by the Group amounts to EUR 109.4 million as at June 30, 2019, which are listed securities.

The value of equity instruments at fair value through income held by the Group amounts to EUR 29.1 million as at June 30, 2019, which is divided between EUR 24.0 million for listed securities and EUR 5.1 million for unlisted securities.

8.2 Financial liabilities

Financial liabilities are accounted for:

- in "liabilities at amortized cost" for borrowings and debt, trade and other payables and other financial liabilities;
- or in "liabilities measured at fair value through income" for derivative financial instruments.

The following table shows the various financial liabilities categories as at June 30, 2019, as well as their breakdown as "non-current" and "current":

	June 30, 2019			December 31, 2018		
(in millions of euros)	Non-current	Current	Total	Non-current	Current	Total
Borrowings	9,611.5	3,173.5	12,785.0	9,803.2	2,762.1	12,565.3
Lease liabilities	1,116.7	307.6	1,424.3	–	–	–
Derivative financial instruments *(see Note 8.4)*	12.0	38.2	50.2	9.5	47.2	56.7
Trade and other payables	–	3,510.4	3,510.4	–	3,798.9	3,798.9
Other financial liabilities	42.9	–	42.9	47.2	–	47.2
Total	**10,783.1**	**7,029.7**	**17,812.8**	**9,859.9**	**6,608.2**	**16,468.1**

8.3 Net debt

8.3.1 Analysis by type of net debt

	June 30, 2019			December 31, 2018		
(in millions of euros)	Non-current	Current	Total	Non-current	Current	Total
Outstanding borrowings	9,581.6	3,048.3	12,629.9	9,816.3	2,635.2	12,451.5
Impact of measurement at amortized cost [a]	(88.5)	113.8	25.3	(82.0)	123.6	41.6
Impact of fair value hedge [b]	118.4	11.4	129.8	68.9	3.3	72.2
Borrowings and debts	**9,611.5**	**3,173.5**	**12,785.0**	**9,803.2**	**2,762.1**	**12,565.3**
Lease liabilities	**1,116.7**	**307.6**	**1,424.3**	**–**	**–**	**–**
Debt-related derivatives under liabilities [c] *(see Note 8.4)*	5.4	20.2	25.6	3.6	17.6	21.2
Gross debt	**10,733.6**	**3,501.3**	**14,234.9**	**9,806.8**	**2,779.7**	**12,586.5**
Debt-related derivatives under liabilities [c] *(see Note 8.4)*	–	(31.0)	(31.0)	–	(29.2)	(29.2)
Cash management assets	–	(130.0)	(130.0)	–	–	–
Other cash and cash equivalents	–	(3,272.3)	(3,272.3)	–	(3,424.1)	(3,424.1)
Debt-related derivatives under assets [c] *(see Note 8.4)*	(137.2)	(50.7)	(187.9)	(111.4)	(67.9)	(179.3)
Net cash	**(137.2)**	**(3,484.0)**	**(3,621.2)**	**(111.4)**	**(3,521.2)**	**(3,632.6)**
Net debt	**10,596.4**	**17.3**	**10,613.7**	**9,695.4**	**(741.5)**	**8,953.9**
Outstanding borrowings	9,581.6	3,048.3	12,629.9	9,816.3	2,635.2	12,451.5
Lease liabilities	1,116.7	307.6	1,424.3	–	–	–
Financial assets measured at fair value through income excluding financial derivative instruments *(see Note 8.1)*	–	(31.0)	(31.0)	–	(29.2)	(29.2)
Liquid financial investments	–	(130.0)	(130.0)	–	–	–
Other cash and cash equivalents	–	(3,272.3)	(3,272.3)	–	(3,424.1)	(3,424.1)
Net debt excluding amortized cost and impact of derivative financial instruments	**10,698.3**	**(77.4)**	**10,620.9**	**9,816.3**	**(818.1)**	**8,998.2**

(a) Includes accrued interest on gross debt as well as premiums and fees for setting up borrowings to be amortized.
(b) This item corresponds to the revaluation of the interest rate component of debt in a designated fair value hedging relationship.
(c) It corresponds to the fair value of debt-related derivatives, regardless of whether or not they are designated as hedges.

The fair value of borrowings and debts amounts to EUR 14,115.8 million at June 30, 2019, compared with a book value of EUR 12,785.0 million.

The decrease in the non current portion of outstanding borrowings at June 30, 2019 is mainly due to:

- the reclassification of the Oceane bond issued by SUEZ for an amount of EUR 350 million maturing in February 2020;
- the reclassification of the bond issued by SUEZ for an amount of EUR 100 million maturing in April 2020.

The sensitivity of the debt (including interest rate and currency derivatives) to interest rate risk and currency risk is presented in Note 9.

8.3.2 Issue of undated deeply subordinated notes

As of June 30, 2019, the outstanding amount of undated deeply subordinated notes ("TSSDI") was EUR 1,600 million, unchanged compared to December 31, 2018. These lines are not recognized in financial debt as they meet the conditions set out in IAS 32 to be recognized in equity.

8.3.3 Bond and commercial paper issues

SUEZ has a commercial paper program. At June 30, 2019, the outstanding notes totalled EUR 1,231.0 million.

Commercial paper is recognized as current financial debt. However, the Group's policy is to back all commercial paper by available credit lines. Thus, the refinancing of commercial paper is guaranteed even in case of closure of the money market.

At June 30, 2019, outstanding commercial paper was entirely covered by confirmed available for more than one year credit lines.

8.3.4 Securitization of receivables

Context

In 2012, SUEZ implemented a program for the sales of trade receivables to a special purpose vehicle (SPV) called *Fonds Commun de Titrisation* (or FCT).

This so-called "deconsolidation" program concerns assignors from SUEZ RV France, SUEZ Haz Waste, SUEZ Nederland, SUEZ Recycling and Recovery UK and SUEZ Deutschland.

In April 2017, the contract was renewed for five years and the scope of the transferred receivables portfolio was amended: the transferor, SUEZ R&R UK, was removed and new French transferors from the OSIS division of SUEZ RV France joined that program.

The aim of the receivable assignment or receivable securitization program is to carry out so-called "deconsolidation" assignments within the meaning of IFRS 9.

The main characteristics of the program are presented in Note 13.3.4 to the Consolidated Financial Statements at December 31, 2018 of the Reference Document.

The Group remains exposed to the risks linked to the receivables transferred within the limit of the security deposits.

However, the discount applied to the sales and the sizing of the "subordinated" shares allow almost all possible losses of the compartment to be absorbed. The probability that the "mezzanine" deposit is impacted is very low. Finally, the holders of the "subordinated" shares benefit from almost all the advantages through the granting of liquidation proceeds.

Accounting treatment

The compartment of the FCT is not controlled by the Group and is therefore not consolidated.

According to IFRS 9 and based on the terms of the program and the quantitative analyses implemented, the Group transferred almost all the risks and rewards inherent to the ownership of the receivables sold. The receivables transferred within the scope of the program are therefore fully derecognized from the Group's consolidated statement of financial position.

The loss arising from the sale of these receivables, through the applied discount, is recorded in the income statement under financial expenses (see Note 4).

The security deposit paid and representing the "mezzanine" shares underwritten by the Group is recorded under the item "Loans and receivables carried at amortized cost" on the Group's consolidated statement of financial position. Its remuneration is recorded in the income statement under financial income (see Note 4).

The remuneration of services provided by the Group for follow-up and recovery of receivables transferred is shown in the income statement under financial income (see Note 4).

Figures at June 30, 2019

(in millions of euros)		
Total of receivables sold over the period	**1,236.6**	
Gain / (loss) arising from sale over the period	(10.7)	(B)
Remuneration for CC1 over the period	1.2	(C)
Remuneration of services for follow-up and recovery of receivables transferred over the period	5.6	(D)
Outstanding receivables transferred at the closing date	512.9	(A)
Book value of CC1 at the closing date	97.6	(E)
Fair value of CC1	97.6	
Book value of CC2	[a]	
Residual maturity of CC1	32 months	
Impact of sales of derecognized receivables in the sense of IFRS 9 on net debt	**411.4**	**(A) + (B) + (C) + (D) – (E)**

(a) No security deposit known as "CC2" had been made at the end of June 2019.

8.3.5 Change in net debt

During the first half of 2019, net debt increased by EUR 1,659.9 million. This variation is explained by:

- the payment of cash dividends to shareholders of SUEZ amounting to EUR 401.7 million;
- the payment of cash dividends to minority shareholders of subsidiaries amounting to EUR 178.6 million;
- the application of IFRS 16 for an amount of EUR 1,424.3 million;
- the sale of 20% of the SUEZ Group's water activities in the USA for an amount of EUR 510.2 million;
- the net impact of EUR 221.6 million following the resolution of the dispute between the SUEZ Group and the Argentinian government over the Buenos Aires water and wastewater treatment concession contract, which was terminated in 2006.

8.3.6 Debt/equity ratio

(in millions of euros)	June 30, 2019	December 31, 2018
Net debt	10,613.7	8,953.9
Total equity	9,135.4	8,992.6
Debt/equity ratio	**116.2%**	**99.6%**

8.4 Derivative financial instruments

Derivative financial assets

			June 30, 2019			December 31, 2018
(in millions of euros)	Non-current	Current	Total	Non-current	Current	Total
Debt-related derivatives	137.2	50.7	187.9	111.4	67.9	179.3
Derivatives hedging commodities	–	3.8	3.8	–	0.7	0.7
Derivatives hedging other items [a]	7.5	26.0	33.5	7.6	29.0	36.6
Total *(see Note 8.1)*	**144.7**	**80.5**	**225.2**	**119.0**	**97.6**	**216.6**

(a) Includes derivative financial instruments for the interest rate futures portion of debt-related derivatives not qualified as hedges for EUR 3.8 million at June 30, 2019 compared with EUR 4.5 million at December 31, 2018.

Derivative financial liabilities

			June 30, 2019			December 31, 2018
(in millions of euros)	Non-current	Current	Total	Non-current	Current	Total
Debt-related derivatives	5.4	20.2	25.6	3.6	17.6	21.2
Derivatives hedging commodities	–	0.4	0.4	–	7.5	7.5
Derivatives hedging other items [a]	6.6	17.6	24.2	5.9	22.1	28.0
Total *(see Note 8.2)*	**12.0**	**38.2**	**50.2**	**9.5**	**47.2**	**56.7**

(a) Mainly includes derivative financial instruments for the interest rate futures portion of debt-related derivatives qualified as cash flow hedge for EUR 3.7 million at June 30, 2019 compares with EUR 2.5 million at December 31, 2018.

These instruments are set up according to the Group's risk management policy and are analyzed in Note 9.

8.5 Fair value of financial instruments by level

8.5.1 Financial assets

Investments in equity instruments at fair value

Listed securities are recognized in the consolidated statement of financial position at fair value for EUR 24.0 million at June 30, 2019. They have a Level 1 fair value based on stock market prices at that date.

Unlisted securities valued at EUR 114.5 million at June 30, 2019 are measured using valuation models based primarily on the most recent transactions, discounted dividends or cash flows and net asset value (fair value Level 3).

As at June 30, 2019, the change in Level 3 equity instruments at fair value breaks down as follows:

(in millions of euros)	Equity instruments at FV through OCI	Equity instruments at FV through income
At December 31, 2018	**105.0**	**5.8**
Acquisitions	6.7	–
Net book value of disposals	–	0.2
Changes in fair value posted to equity	(0.4)	–
Changes in fair value posted to income statement	–	(0.9)
Changes in scope, exchange rates and other	(1.9)	–
At June 30, 2019	**109.4**	**5.1**

The net value of unlisted securities is not of a significant uniform amount that would have to be presented separately.

Loans and receivables carried at amortized cost (excluding trade and other receivables)

Loans and receivables carried at amortized cost (excluding trade and other receivables) amounting to EUR 701.6 million at June 30, 2019, may contain elements that contribute to a fair value hedging relationship. At June 30, 2019, no hedge was put in place.

Derivative financial instruments

The portfolio of derivative financial instruments used by the Group within the context of its risk management consists primarily of interest rate and exchange rate swaps, and forward currency sales and purchases. It is recognized at its fair value at June 30, 2019 for EUR 225.2 million. The fair value of virtually all of these contracts is determined using internal valuation models based on observable data. These instruments are considered Level 2.

Financial assets measured at fair value through income

Financial assets measured at fair value through income amounting to EUR 31.0 million at June 30, 2019, based on observable data, are considered Level 2.

8.5.2 Financial liabilities

The fair value of borrowings and debts and financial instruments booked on the liabilities side breaks down as follows between the different levels of fair value:

	June 30, 2019				December 31, 2018			
(in millions of euros)	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Borrowings and debts	**14,115.8**	**7,375.4**	**6,740.4**	**–**	**13,503.7**	**7,895.6**	**5,608.1**	**–**
Derivative financial instruments	**50.2**	**–**	**50.2**	**–**	**56.7**	**–**	**56.7**	**–**
Debt-related derivates	25.6	–	25.6	–	21.2	–	21.2	–
Derivatives hedging commodities	0.4	–	0.4	–	7.5	–	7.5	–
Derivatives hedging other items	24.2	–	24.2	–	28.0	–	28.0	–
Total	**14,166.0**	**7,375.4**	**6,790.6**	**–**	**13,560.4**	**7,895.6**	**5,664.8**	**–**

Borrowings and debts

Only listed bonds issued by SUEZ are presented in this table at Level 1. Other bonds are shown in this table at Level 2. All of these loans are valued in light of the interest rate risk (interest rate component); their fair value is determined on the basis of observable data.

Derivative financial instruments

See Note 8.5.1 for details on fair value level.

8.6 Offsetting of derivative assets and liabilities

At June 30, 2019, as at December 31, 2018, the Group does not offset financial liabilities in its statement of financial position. Moreover, the Group SUEZ has subscribed for OTC derivatives with first class banks under agreements that provide for the compensation of amounts due and receivable in the event of failure of one of the contracting parties. These conditional netting agreements do not meet the criteria of IAS 32 to allow the offsetting of derivative assets and liabilities in the statement of financial position. However, they do fall within the scope of disclosures under IFRS 7 on offsetting:

	June 30, 2019				December 31, 2018			
	Financial derivatives instruments on net debt and others		Financial derivatives instruments on commodities		Financial derivatives instruments on net debt and others		Financial derivatives instruments on commodities	
(in millions of euros)	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Gross Amount [a]	221.4	(49.8)	3.8	(0.4)	215.9	(49.2)	0.7	(7.5)
Amount after offsetting	**212.9**	**(41.3)**	**3.7**	**(0.3)**	**168.4**	**(1.7)**	**0.8**	**(7.5)**

(a) Gross amount of recorded financial assets and liabilities.

Note 9 Management of risks arising from financial instruments

The Group mainly uses derivative instruments to manage its exposure to market risks.

The risk management policy is described in Note 14 to the Consolidated Financial Statements as at December 31, 2018.

9.1 Market risks

9.1.1 Commodity market risks

9.1.1.1 Hedging operations

The Group sets up cash flow hedge on fuel and electricity as defined by IFRS 9 by using the derivative instruments available on over-the-counter markets, whether they are firm commitments or options, but always settled in cash. The Group's aim is to protect itself against adverse changes in market prices, which may specifically affect its supply costs.

9.1.1.2 Fair value of derivative instruments linked to commodities

The fair values of derivative instruments linked to commodities at June 30, 2019 and at December 31, 2018 are presented in the table below:

	June 30, 2019				December 31, 2018			
	Assets		Liabilities		Assets		Liabilities	
(in millions of euros)	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
Cash flow hedges	3.8	–	0.4	–	0.7	–	7.5	–
Total	**3.8**	**–**	**0.4**	**–**	**0.7**	**–**	**7.5**	**–**

9.1.2 Currency risk

The Group is exposed to financial statement translation risk due to the geographical spread of its activities: its statement of financial position and income statement are impacted by changes in exchange rates. Exchange rate risk includes:

- the transaction risk associated with purchases and sales made by Group companies as part of their current activity;
- the transaction risk associated with disposals and acquisitions transactions;
- the fair value risk associated with construction contracts;
- the currency risk associated with assets and liabilities denominated in foreign currencies, including lending and borrowing arranged with subsidiaries;
- the consolidation risk that arises when the accounts of subsidiaries are consolidated using a functional currency other than the euro.

The Group's subsidiaries primarily operate locally and in their local currency, which means its exposure to transaction risks associated with purchases and sales is limited.

Translation risk is mainly concentrated on equity holdings in the United States, United Kingdom, Chile, China and Australia. The Group's hedging policy with regard to investments in non-eurozone currencies consists in contracting liabilities denominated in the same currency as the cash flows expected to derive from the hedged assets.

Among the hedging instruments used, borrowings in the relevant currency constitute the most natural hedging tool. The Group also uses foreign currency derivatives (swaps, cross currency swaps.), which allow for the creation of synthetic currency debts.

The sensitivity analysis was based on the net debt position (including derivatives financial instruments), and derivatives designated as net investment hedges at the reporting date. As at June 30, 2019, there are no instruments designated as net investment hedges.

With regards to currency risk, the sensitivity calculation consists in evaluating the impact in the Consolidated Financial Statements of a more or less 10% change in foreign exchange rates compared to closing rates.

Impact on income of foreign exchange risk after impact of foreign exchange derivatives

Changes in exchange rates against the euro only affect income through gains and losses on liabilities denominated in a currency other than the functional currency of the companies carrying on their statement of financial position, and to the extent that these liabilities do not qualify as net investment hedges. A uniform + / – 10% change in foreign exchange rates against the euro would generate a gain or a loss of EUR 4.2 million.

Impact on equity after taking into account foreign exchange derivatives

As at June 30, 2019, there are no financial liabilities (debts and derivatives) designated as net investment hedges. Therefore, a uniform +/- 10% change in foreign exchange rates against the euro would not have a negative or positive impact on shareholders' equity in terms of net investment hedging.

9.1.3 Interest rate risk

The Group aims to reduce its financing costs by limiting the impact of interest rate fluctuations on its income statement.

The Group's policy is to diversify net debt interest rate references between fixed and floating rates. The Group's aim is to achieve a balanced interest rate structure for its net debt in the medium term (5 to 15 years). The interest rate mix may change depending on market trends.

The Group therefore uses hedging instruments (particularly swaps) to protect itself from increases in interest rates in the currencies in which the debt is denominated.

9.1.3.1 Financial instruments by rate type

The breakdown of the financial debt outstanding and of net debt before and after the inclusion of hedging derivatives by type of interest rate is set out in the tables below:

Outstanding borrowings

	June 30, 2019		December 31, 2018	
(in %)	Before impact of derivatives	After impact of derivatives	Before impact of derivatives	After impact of derivatives
Floating rate	25%	38%	17%	33%
Fixed rate	66%	53%	74%	58%
Fixed rate indexed to inflation	9%	9%	9%	9%
Total	**100%**	**100%**	**100%**	**100%**

Net debt (excluding lease liabilities)

	June 30, 2019		December 31, 2018	
(in %)	Before impact of derivatives	After impact of derivatives	Before impact of derivatives	After impact of derivatives
Floating rate	-6%	13%	-17%	6%
Fixed rate	93%	74%	105%	82%
Fixed rate indexed to inflation	13%	13%	12%	12%
Total	**100%**	**100%**	**100%**	**100%**

The inflation-linked debt corresponds exclusively to securities issued by Aguas Andinas in Chile. It involves fixed-rate bonds denominated in Unidad de Fomento (a Chilean monetary adjusted for inflation).

9.1.3.2 Analysis of interest rate risk sensitivity

The sensitivity analysis was based on the net debt position as at the reporting date (including interest rate and currency derivative instruments).

For interest rate risk, sensitivity is calculated based on the impact of a rate change of + / – 1% compared with interest rates at June 30, 2019.

Impact on income after taking into account interest rate derivatives

A + / – 1% change in short-term interest rates (for all currencies) on the nominal amount of floating-rate net debt, inflation-linked debt Included, and the floating-rate component of derivatives would have a negative or positive impact of EUR 12.3 million on net interest expense.

A 1% increase in interest rates (for all currencies) would generate a loss of EUR 1.3 million in the income statement due to the change in fair value of non-qualified derivatives. A 1% decrease in interest rates would a contrario generate a gain of EUR 1.4 million.

Impact on equity after taking into account interest rate derivatives

An increase of 1% in all interest rates (uniform for all currencies) would generate a gain of EUR 3.8 million in equity, linked to the change in fair value for derivatives documented as cash flow hedges and accounted for in the statement of financial position. On the other hand, a decrease of 1% would generate a loss of EUR 2.8 million. The asymmetrical impacts are attributable to the low short-term interest rates (less than 1%) applicable to certain financial assets and liabilities.

9.2 Counterparty risk

Through its operational and financial activities, the Group is exposed to the risk of default on the part of its counterparties (customers, suppliers, intermediaries, banks) in the event that they find it impossible to meet their contractual obligations.

9.2.1 Operating activities

Each Business Unit assesses counterparty risk on operational activities according to the type of customer portfolio. It documents the methodology used in a non-recovery risk matrix.

9.2.2 Financial activities

Counterparty risk arising from loans and receivables carried at amortized cost (excluding trade and other receivables)

Counterparty risk is monitored for each loan line.

Counterparty risk arising from investing activities and the use of derivative financial instruments

The Group is exposed to counterparty risk on the investment of its cash surplus (cash and cash equivalents) and through its use of derivative financial instruments. Counterparty risk corresponds to the loss which the Group might incur in the event of counterparties failing to meet their contractual obligations. In the case of derivative instruments, that risk corresponds to positive fair value.

The Group invests the majority of its cash surplus in, and negotiates its financial hedging instruments with, leading counterparties. As part of its counterparty risk management policy, the Group has set up management and control procedures that focus on the counterparty's accreditation according to its credit ratings, its financial exposure, as well as objective market factors (Credit Default Swaps, market capitalization), plus an assessment of risk limits.

At June 30, 2019, "cash and cash equivalents" and derivative assets are the most significant items subject to counterparty risk. For these items, the breakdown of counterparties by credit rating is as follows:

Counterparty risk arising from investing activities	June 30, 2019				December 31, 2018			
	Total	Investment Grade [a]	Unrated [b]	Non Investment Grade [b]	Total	Investment Grade [a]	Unrated [b]	Non Investment Grade [b]
% of exposure	3,589.0	91%	8%	1%	3,590.4	91%	7%	2%

(a) Conterparties with a minimum Standard & Poor's rating of BBB- or Moody's rating of Baa3.
(b) Most of the two latter types of exposure consisted of consolidated companies with non-controlling interests or Group companies operating in emerging countries where cash cannot be centralized and is therefore invested locally.

9.3 Liquidity risk

As part of its operating and financial activities, the Group is exposed to a risk of insufficient liquidity, preventing it from meeting its contractual commitments.

The Group's financing policy is based on the following principles:

- diversification of financing sources between the banking and capital markets;
- balanced repayment profile of borrowings.

As at June 30, 2019, the Group's total net cash stood at EUR 3,621.1 million, consisting of cash and cash equivalents of EUR 3,402.3 million, financial assets at fair value through income of EUR 31.0 million, and debt-related derivatives recorded as assets of EUR 187.9 million euros. Almost all surplus cash is invested in short-term bank deposits and interest-bearing accounts.

In addition, at June 30, 2019, the Group specifically had EUR 3,526.3 million in confirmed credit facilities, including EUR 424.8 million already drawn; unused credit facilities therefore totalled EUR 3,101.5 million, EUR 122.4 million of which will be maturing before June 30, 2020.

93% of total credit lines and undrawn facilities are centralized. None of these centralized lines contains a default clause linked to financial ratios or minimum credit ratings.

As at June 30, 2019, bank funding accounted for 8.5% of gross financial debt (excluding bank overdrafts and current accounts, as those elements do not correspond to sustainable financial resources). Funding from capital markets (bond issues for 79.0% and commercial papers for 10.7%) represented 89.7% of outstanding borrowings (excluding bank overdrafts and current accounts).

At June 30, 2019, available cash, composed of cash and cash equivalents (EUR 3,402.3 million) and financial assets measured at fair value through income (EUR 31.0 million), net of bank overdrafts and liability current accounts (EUR 1,139.2 million), amounted to EUR 2,294.1 million.

The Group anticipates that its financing needs for the major planned investments will be covered by its net cash, the sale of mutual fund shares held for trading purposes, its future cash flows resulting from operating activities, and the potential use of available credit facilities or capital markets within the limits authorized by the Board of Directors.

At June 30, 2019, undiscounted contractual payments on outstanding borrowings by maturity and type of lenders are as follows:

(in millions of euros)	Total	2019	2020	2021	2022	2023	Beyond 5 years
Bonds issues	9,077.4	26.3	466.5	1,033.3	844.3	578.7	6,128.3
Commercial paper	1,230.6	1,170.0	60.6	–	–	–	–
Draw downs on credit facilities	424.8	17.7	14.3	–	5.0	360.0	27.8
Other bank borrowings	547.3	60.9	87.5	57.2	38.0	136.2	167.5
Other borrowings	210.6	44.7	7.4	99.1	5.5	5.0	48.9
Borrowings	**11,490.7**	**1,319.6**	**636.3**	**1,189.6**	**892.8**	**1,079.9**	**6,372.5**
Overdrafts and current accounts	1,139.2	1,139.2	–	–	–	–	–
Outstanding borrowings	**12,629.9**	**2,458.8**	**636.3**	**1,189.6**	**892.8**	**1,079.9**	**6,372.5**
Financial assets measured at fair value through income	(31.0)	(31.0)	–	–	–	–	–
Cash management assets	(130.0)	(130.0)	–	–	–	–	–
Other cash and cash equivalents	(3,272.3)	(3,272.3)	–	–	–	–	–
Net debt excluding lease liabilities and amortized cost and impact of derivative financial instruments	**9,196.6**	**(974.5)**	**636.3**	**1,189.6**	**892.8**	**1,079.9**	**6,372.5**

As at June 30, 2019, undiscounted contractual interest payments on outstanding borrowings broke down as follows by maturity:

(in millions of euros)	Total	2019	2020	2021	2022	2023	Beyond 5 years
Undiscounted contractual interest payments on outstanding borrowings	2,246.7	135.0	269.8	265.3	220.9	188.5	1,167.2

At June 30, 2019 undiscounted contractual payments on outstanding derivatives (excluding commodity instruments) recognized in liabilities and assets broke down as follows by maturity (net amounts):

(in millions of euros)	Total	2019	2020	2021	2022	2023	Beyond 5 years
Derivatives (excluding commodities)	(117.4)	26.1	(31.1)	(39.8)	(26.3)	(17.2)	(29.1)

In order to better reflect the economic circumstances of operations, the cash flows related to derivatives recognized as liabilities and assets presented above are net positions. Moreover, the values presented above are positive for a liability, and negative for an asset.

The maturity of the confirmed undrawn credit facilities is as follows:

(in millions of euros)	Total	2019	2020	2021	2022	2023	Beyond 5 years
Confirmed undrawn credit facilities	3,101.5	84.0	221.4	75.1	85.4	70.0	2,565.6

At June 30, 2019, no counterparty accounted for more than 6% of the undrawn confirmed credit lines.

Note 10 Information related to leases

The following analyses present the main items under leases.

10.1 Rights of use

The following table presents the rights of use by category:

Rights of use *(in millions of euros)*	Lands	Buildings	Plant machinery and technical equipment	Vehicles	Others	Total
First-time application of IFRS 16	114.3	701.4	82.9	480.3	4.6	1,383.5
Asset inflows	19.8	36.7	8.0	76.7	2.6	143.8
Impairment loss	–	–	–	–	–	–
Amortization	(5.6)	(67.6)	(11.8)	(65.1)	(1.1)	(151.2)
Termination	(3.0)	(9.0)	–	(1.0)	(0.3)	(13.3)
Scope effects	–	2.1	–	–	–	2.1
Translation effects and other	(0.4)	(2.9)	(0.7)	(1.6)	–	(5.6)
At June 30, 2019	**125.1**	**660.7**	**78.4**	**489.3**	**5.8**	**1,359.3**

10.2 Rental expenses benefiting from exemptions under IFRS 16

At June 30, 2019, the following items continue to be presented as rental expenses.

(in millions of euros)	June 30, 2019
Short term leases	55.1
Leases of low value assets	18.4
Expenses on service portion	10.6
Expenses on variable leases	2.2
Others	9.6
Total	**95.9**

10.3 Lease liabilities

(in millions of euros)	Total	2019	2020	2021	2022	2023	Beyond 5 years
Lease liabilities [a]	1,424.3	157.1	277.3	233.7	196.2	161.6	398.4

(a) As of the date of this Interim Financial Report, only data relating to discounted lease liabilities are available.

Lease liabilities related to leases previously classified as finance leases are now included in the lease debt (see Note 1.3.3.1) and amounts to EUR 46.2 million as at June 30, 2019. Leased assets remain recorded as property, plant and equipment.

(in millions of euros)	June 30, 2019
Cash outflows related to leases	166.5

At June 30, 2019, cash outflows related to leases correspond to the repayment of the lease liabilities for -EUR 153.4 million and to the interest expense related to the lease liabilities for -EUR 13.1 million.

10.4 Information on operating leases – SUEZ lessor

These contracts mainly concern desalination plants or mobile units of SUEZ WTS made available to customers.

Net book value of leased assets by category.

(in millions of euros)	June 30, 2019
Buildings	156.5
Equipments	51.6
Others	7.9
Total	**216.0**

Rental income for the first half of 2019 corresponds to the minimum rents and represents EUR 41.8 million.

Note 11 Non-controlling interests

The "Non-controlling interests" account amounting to EUR 2,886.4 million at June 30, 2019, mainly includes contributions of Agbar for EUR 986 million, SWTS for EUR 697 million and entities within SUEZ NWS in China and Hong Kong for EUR 594.9 million.

Agbar, SWTS and SUEZ NWS contributions respectively amounted to EUR 1,015.0 million, EUR 702.3 million and EUR 585.5 million out of a total of EUR 2,600.8 million at December 31, 2018.

- **Aguas Andinas**

As at June 30, 2019 the Agbar Group contribution includes EUR 734.7 million coming from the operational Company Aguas Andinas listed on Santiago de Chile (Chile) stock exchange. The Company is fully consolidated within SUEZ Group on the basis of a 25.1% interest rate through the following companies:

- IAM, a company also listed on Santiago de Chile stock exchange, fully consolidates Aguas Andinas on the basis of a 50.1% interest rate;
- the Agbar Group fully consolidates IAM with a 50.1% interest rate;
- finally, SUEZ fully consolidates the Agbar Group with a 100% interest rate.

Summarized financial information of Aguas Andinas (at 100%) is presented below. At the date of publication of the Group's Consolidated Financial Statements, the Consolidated Financial Statements of the Aguas Andinas Group as at June 30, 2019 had not yet been published. The condensed statement of financial position as at March 31, 2019 is based on the most recent published (unaudited) data.

Summarized statement of financial position

(in millions of euros)	March 31, 2019	December 31, 2018
Non-current assets	2,292.1	2,191.0
Current assets	220.5	212.5
of which Cash and cash equivalents	*37.7*	*50.4*
Total assets	**2,512.6**	**2,403.5**
Shareholders' equity, Group share	908.8	805.3
Non-controlling interests	64.8	61.0
Total shareholders' equity	**973.6**	**866.3**
Non-current liabilities	1,277.8	1,231.6
Current liabilities	261.2	305.6
Total shareholders' equity and liabilities	**2,512.6**	**2,403.5**
Closing exchange rate CLP / EUR	762.8	793.0

Summarized income statement

(in millions of euros)	March 31, 2019	March 31, 2018
Revenues	207.1	206.1
Operating profit /(loss)	108.8	107.1
Net income – Group share	72.0	70.4
Net income – non-controlling interests	1.4	1.2
Net income	**73.4**	**71.6**
Other comprehensive income (OCI)	–	–
Comprehensive income	**73.4**	**71.6**
Average exchange rate CLP/EUR	757.4	739.7

Dividends paid at 100%

(in millions of euros)	Dividends related to 2018	Dividends related to 2017
Dividends paid at June 30 by Aguas Andinas	175.5	184.1

Note 12 Provisions

(in millions of euros)	December 31, 2018	Allowances	Reversals (utilizations)	Reversals (surplus provisions)	Scope effects	Impact of unwinding discount adjustments [a]	Translation adjustments	Other	June 30, 2019
Post-employment benefit obligations and other long-term benefits	805.1	18.8	(20.1)	–	–	9.9	0.8	93.7	908.2
Sector-related risks	60.8	(0.6)	2.3	(0.8)	(24.0)	–	–	(18.5)	19.2
Warranties	21.9	5.6	(4.4)	–	–	–	0.2	(0.9)	22.4
Tax risks, other disputes and claims	79.9	2.2	(14.8)	–	–	–	0.2	(23.3)	44.2
Site restoration	535.4	13.9	(15.7)	–	–	7.4	(0.3)	–	540.7
Restructuring costs	49.1	15.5	(18.0)	–	10.4	–	0.1	(0.7)	56.4
Other contingencies [b]	451.5	86.7	(105.9)	–	15.6	2.3	0.6	(0.1)	450.7
Total provisions	**2,003.7**	**142.1**	**(176.6)**	**(0.8)**	**2.0**	**19.6**	**1.6**	**50.2**	**2,041.8**

(a) The discounting impact on post-employment and other long-term benefits relates to the interest expense calculated on the net amount of pension obligations and the fair value of plan assets, in accordance with IAS 19 revised.
(b) Provisions for "other contingencies" include a provision for onerous contracts for EUR 76.5 million at June 30, 2019 versus EUR 76.8 million at December 31, 2018, following the acquisition of WSN by SUEZ R&R Australia in 2010.

Total provisions increased by EUR 38.1 million in the first half of 2019. This evolution is mainly due to:

- the positive change in actuarial gains and losses of EUR 91.6 million. It is explained by a change in the actuarial assumptions used to calculate the provisions of the American and Canadian subsidiaries;
- the reversal of a provision of EUR 20.0 million previously recorded in connection with the dispute over Aguas Argentinas;
- the reclassification in debt of EUR 22.6 million of provisions for tax risks in accordance with IFRIC 23.

The allowances, reversals and the impact of unwinding discount adjustments presented above and linked to discounting impacts are presented as follows in the June 30, 2019 consolidated income statement:

(in millions of euros)	(Reversals) / Net allowances
Income from operating activities	(25.2)
Other financial income and expenses	19.6
Income tax expense	(10.1)
Total	**(15.7)**

Note 13 Share-based payments or cash-based payment

Expenses recognized with respect to share-based payment or cash-based payments are as follows:

	(Expense) of the period	
(in millions of euros)	June 30, 2019	June 30, 2018
Performance share plans	(1.2)	–
Worldwide financial incentive scheme	–	–
Employees share issues [a]	(0.5)	(1.4)
Long-term incentive plan [b]	4.3	4.5
Total	**2.6**	**3.1**

(a) Impact of Share Appreciation Rights is presented after hedging by warrants (subject to IFRS 9).
(b) In 2019, this line includes a reversal of provision for EUR 9.7 million related to the 2016 plan for which the vesting period is achieved. This reversal of provision is the counterpart of the amount paid to the beneficiaries included in the personnel costs. In 2018, this line included a reversal of provision for EUR 11.3 million related to the 2015 plan.

These expenses are recognized in accordance with IFRS 2 and IAS 19 revised.

All transactions and allocations prior to 2019 are disclosed in Note 21 to the Consolidated Financial Statements at December 31, 2018 in the Reference Document.

Note 14 Legal and arbitration proceedings

14.1 Litigation and arbitration

In the normal course of its business, the Group is involved in a certain number of litigation and arbitration with third parties or with the tax administrations of certain countries. Provisions are recorded for such litigation and arbitration when a legal, contractual or constructive obligation exists at the closing date with respect to a third party; it is probable that an outflow of resources without economic benefits will be necessary to settle the obligation; and the amount of the said outflow of resources can be estimated in a sufficiently reliable manner. Provisions recorded with respect to the above amounted to EUR 44.2 million as of June 30, 2019 (excluding litigation in Argentina).

There is no other governmental, judicial, or arbitration proceedings of which the Group is aware of, that is suspended or with which it is threatened, likely to have or that has already had, in the past six months, a material impact on the Group's financial position or profitability.

Litigation in Argentina

In Argentina, tariffs applicable to public-service contracts were frozen by the Public Emergency and Exchange Regime Reform Law (Emergency Act) in January 2002, preventing the application of contractual price indexation that would apply in the event of a depreciation of the Argentine peso against the US dollar.

In 2003, SUEZ – now ENGIE – and its co-shareholders in the water concessions for Buenos Aires and Santa Fe filed arbitration proceedings against the Argentinean government, in its capacity as grantor, to enforce the concession agreements' contractual clauses with the International Center for the Settlement of Investment Disputes (ICSID), in accordance with the bilateral Franco-Argentinean investment protection treaties.

These ICSID arbitration proceedings aim at obtaining indemnities to compensate for the loss of value of the investments made since the start of the concession due to the measures adopted by the Argentinean government following the adoption of the abovementioned Emergency Act. The ICSID acknowledged its jurisdiction to rule on the two cases in 2006. At the same time as the ICSID proceedings, the concession-holders Aguas Argentinas and Aguas Provinciales de Santa Fe were forced to file proceedings to cancel their concession agreement with local governments.

However, since the financial situation of the concession-holding companies had deteriorated since the Emergency Act, Aguas Provinciales de Santa Fe announced that it was filing for judicial liquidation at its Shareholders' Meeting on January 13, 2006.

At the same time, Aguas Argentinas applied to file a Concurso Preventivo (similar to a French bankruptcy procedure). As part of these bankruptcy proceedings, a settlement proposal involving the novation of admissible Aguas Argentinas liabilities was approved by creditors and ratified by the bankruptcy court on April 11, 2008. The proposal provides for an initial payment of 20% (about USD 40 million) upon ratification and a second payment of 20% in the event of compensation by the Argentinean government. As controlling shareholders, ENGIE and Agbar decided to financially support Aguas Argentinas in making this first payment, upon ratification, and paid USD 6.1 million and USD 3.8 million respectively.

In two decisions dated July 30, 2010, the ICSID recognized the Argentine government's liability in canceling the Buenos Aires and Santa Fe water and wastewater treatment concession contracts. In addition, in June 2011 the ICSID appointed an expert to provide a definitive assessment of the compensation payable for the commercial harm. The reports on the Buenos Aires and Santa Fe concessions were presented by the expert to the ICSID respectively in September 2013 and in April 2014.

Regarding the Buenos Aires concession, ICSID rendered its decision on April 9, 2015 ordering the Argentine Republic to pay Aguas Argentinas shareholders USD 405 million in damages (including USD 367 million to SUEZ and its subsidiaries). In early

August 2015, the Republic of Argentina petitioned an *ad hoc* ICSID committee to render this decision invalid. The appeal was rejected in May 2017 making ICSID's decision final. In April 2019, the Argentine government and the shareholders of Aguas Argentinas entered into and implemented a settlement agreement pursuant to the ICSID decision, for which SUEZ and its subsidiaries received a cash amount of EUR 224.1 million.

Concerning the Santa Fe concession, in a December 4, 2015 decision, ICSID ordered the Argentine Republic to pay USD 225 million to the shareholders of Aguas Provinciales de Santa Fe as a result of the termination of the concession agreement, and the entire amount was to go to SUEZ and its subsidiaries. In September 2016, the Republic of Argentina petitioned an *ad hoc* ICSID committee to render this decision invalid. This recourse was rejected in December, 2018 making this decision irrevocable.

The Group considers that the provisions recorded to cover procedural costs in the financial statements relating to this litigation are appropriate.

Note 15 Related party transactions

The purpose of this note is to disclose any transactions that exist between the Group and its related parties, as defined by IAS 24. As regards the half-year closing, compensation for key executives will not be disclosed in this note.

Only material transactions are described below.

15.1 Transactions with the ENGIE Group

(in millions of euros)	June 30, 2019	December 31, 2018	June 30, 2018
Transactions with ENGIE			
Purchases/sales of goods and services	(1.0)	0.5	0.2
Non financial payables	7.3	7.1	7.1
Non financial receivables	0.2	0.2	0.2
Receivables carried at amortized cost [a]	10.7	14.0	14.2
Transactions with companies linked to ENGIE:			
Purchases/sales of goods and services	7.2	12.8	4.8
Financial receivables	–	0.5	–
Non financial receivables	1.4	23.7	24.8
Non financial payables	1.4	0.4	0.1
Financial payables	0.8	0.8	–
Borrowings excluding financial instruments	0.7	0.7	0.7
Commodity derivatives Assets/(Liabilities)	1.4	(0.7)	1.8

(a) See Note 2.2.1 in Chapter 20 of the SUEZ 2009 Reference Document - Synthetic Argentinean Contract.

15.2 Transactions with joint operations, joint ventures and associates

As at June 30, 2019, the total amount of loans granted to joint ventures and associates amounted to EUR 115.4 million. The main lines are:

- EUR 36.8 million to joint ventures in water business in Europe;
- EUR 38.3 million to associates in charge of the commissioning and operation of energy recovery plants in the United Kingdom;
- finally, EUR 13.6 million to a joint venture in Kuwait for the maintenance contract of a water treatment plant.

Note 16 Subsequent events

None.

6

Declaration of the person responsible for the Interim Financial Report

Paris, July 26, 2019

I hereby certify that, to the best of my knowledge, the condensed financial statements for the first half of 2019 have been drawn up in accordance with applicable accounting standards and give a true and fair view of the assets, financial situation and results of the Company and all of the consolidated companies. I also certify that the interim Management Report presents a true and fair picture of the significant events over the first six months of the year, their impact on the financial statements, the major related party transactions and a description of the main risks and uncertainties they face for the remaining six months of 2019.

Bertrand Camus
Chief Executive Officer
SUEZ

7 Statutory Auditors' Review Report on the half-yearly financial information

To the shareholders,

In compliance with the assignment entrusted to us by your Annual General Meetings and in accordance with the requirements of Article L. 451-1-2 III of the French Monetary and Financial Code ("*Code monétaire et financier*"), we hereby report to you on:

- the review of the accompanying condensed half-yearly Consolidated Financial Statements of SUEZ, for the period from January 1 to June 30, 2019;
- the verification of the information presented in the half-yearly Management Report.

These condensed half-yearly Consolidated Financial Statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would not become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly Consolidated Financial Statements are not prepared, in all material respects, in accordance with IAS 34 – standard of the IFRS as adopted by the European Union applicable to interim financial information.

Without qualifying our conclusion, we draw your attention to Notes 1.3.3 and 1.3.4 to the condensed half-yearly Consolidated Financial Statements regarding the impacts related to the first-time application from January 1, 2019 of IFRS 16 "Leases" and IFRIC 23 "Uncertainty over Income Tax Treatments" standards.

II. Specific verification

We have also verified the information provided in the half-yearly Management Report on the condensed half-yearly Consolidated Financial Statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly Consolidated Financial Statements.

Courbevoie and Paris-La Défense, July 25, 2019

The Statutory Auditors
French original signed by

MAZARS		ERNST & YOUNG ET AUTRES	
Achour Messas	Dominique Muller	Jean-Pierre Letartre	Stéphane Pédron

SUEZ

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