Paris, June 30, 2020

BUSINESS UPDATE: COMMENTS ON EXIT AND REBOUND

- **After the low point during confinement in April and May, activity in June shows progressive normalisation**
- **SUEZ' businesses show their resilience: revenue in the first half of the year is expected to be around -6% organic compared to last year**
- **Our teams mitigated volume declines with in excess of €100m of additional cost reduction in H1**
- **Our transformation program is being accelerated; in our H1 results we will take one-off costs for this, but also to cover costs and risks related to the current environment**
- **Our financial structure is solid, and we have significantly reinforced our liquidity, with €2bn new long-term debt issued since March**
- **SUEZ' strategic position is even more relevant and supportive to a green, digital and sustainable recovery**

As we reach the end of the second quarter, we can confirm that there is an overall improvement in our business trends compared to the low point of April/May in most regions in which SUEZ operates. Economies in Asia and Europe are recovering. Although there remains substantial uncertainty, and whilst some regions like Latam, India and the US are still suffering from the worst of the pandemic, we are now in a position to give an update on current trading and assess the one-off risks and impacts linked to the current environment.

In the face of the unprecedented situation experienced over the last 6 months, the SUEZ teams worldwide have demonstrated their resilience and agility. They have assured the continuity and quality of our vital public services, essential to public health. As well as protecting our people and our clients, the Group has won new business and made substantial adjustments to its costs and capex. Together with the measures to reinforce our liquidity, the Group can look ahead with confidence based on a solid financial structure.

Current business trends

As previously indicated, there has been a substantial impact in H1 and notably Q2 on the economies in which we operate from the pandemic. For SUEZ, within Q2, April and May were the low point in revenue and profitability, with June showing a significant improvement in activity. Accordingly, we expect a resilient top line and a substantial but mitigated impact from the volume declines on our EBIT:

- Revenue in H1 2020 likely to show an organic decline of around -6% compared to last year
- An underlying EBIT of around €320-330m excluding all one-off charges. The one-off charges are explained further below.

We expect the following revenue evolution per segment in H1:

- Water: organic decline of around -6% (Q1 organic growth was +0.6%)
- Recycling and Recovery: organic decline of around -8% (Q1 organic decline was -0.3%)
- Environment Tech & Solutions: organic decline of around -4% (Q1 organic growth was +2.9%)

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If confirmed, this would mean that the largest aggregate impacts from the decline in activity this year would be in Q2. Although it is too early to provide formal guidance, our experience of exit from the lockdown in China since March and in Continental Europe more recently implies activity in the second half is likely to come close to, whilst remaining below, last year's levels, even assuming for example a disrupted summer for tourism. Activity week to week can also be volatile. We will give a further detailed update on outlook with our H1 results at the end of July.

Below are the current trends in our business as observed for the first three weeks of June which illustrate the points made above:

- **In Water**:
  - We are seeing volumes down -2 to -3% in France.
  - Spain continues to be more impacted, with volumes down close to -10%, given the still limited tourist activity in the country.
  - In Chile, volumes of water sold are down around -10%, reflecting the effects of confinement on the one hand, and precautionary measures of reduction in water consumption on the other hand, as the country is still suffering from the drought.
  - Our US water business continues to see little impact from Covid-19 with weather conditions being more impactful.
  - In China, volumes are within -3 to -4% of 2019 levels.

- **In Recycling & Recovery**:
  - In Continental Europe, activity is close to 2019 levels. Landfill volumes in France are down by around -2%. Germany and the Netherlands resisted quite well throughout crisis.
  - in the UK, volumes have started to pick up but exit from lockdown is still partial.
  - In Australia, which started to be impacted in April, C&I collected volumes were up around +1% and landfill volumes decreased by around -5%.

- **In Environmental Tech & Solutions**:
  - In Hazardous Waste in China, underlying volumes have been progressively catching up to last year's levels and our volumes are up year on year given the additional capacity brought on stream this year.
  - In Hazardous waste in Europe, the exit of lockdown drove volumes up to around -1% vs last year.
  - WTS chemicals and products revenue has held up well. New order intake continues to be slower than last year and there has been some disruption to project and service activities.
  - Although some parts of SES were affected by the physical constraints of confinement, there are clear signs that clients are intending to increase their spending on the activities covered by SES in the rebound period.

Mitigation and performance plan

Faced with a sharp slowdown of activity, our teams reacted rapidly to mitigate the impact on our profitability. These measures should generate in excess of €100m of cost reduction in H1 over and above both our ongoing cost reduction efforts and our normal fixed/variable cost split.

Of course, part of these exceptional efforts will reverse as activity picks up. But we believe that an important part, linked to sustainable changes in the way we work, can be retained for the future and would be in addition to our SUEZ 2030 performance plan.

Currently, this SUEZ 2030 performance plan is on track to deliver in 2021 45 to 50% of the total target of €1bn gross annual savings, but we are also taking steps to accelerate and expand the plan.

One-off charges

We had signalled costs of €500-700m to implement our Shaping SUEZ 2030 transformation over 2020-23 of which €300-350m in 2020. We will accelerate more of these transformation costs into 2020. H1 restructuring charges and write-offs in respect of this plan will be around €270m, largely non cash.

In addition, beyond the impacts from business volumes, we will have a range of additional costs and charges linked to the current business environment whose impact will be felt largely in H1. These are mainly linked to the additional costs of doing business during the pandemic, risks linked to business interruption in for example construction activities and the potential impacts of our solidarity actions on receivables collection where we have been supporting our customer base during this difficult period. The total one-off costs linked to these impacts to be taken in H1 is estimated at €270 to €290m.

These one-off costs will be taken across our P&L (above and below EBIT) and we will call out their impacts against each of our main financial aggregates.

Solid financial structure with reinforced liquidity

We have reinforced our financial structure and our liquidity remains very high. Since March 26th, the Group has issued c.€2bn of new-long term debt which is equivalent to all our long-term debt maturing out to June 2022. We confirm our objective to reduce capex by around 15% over the full year.

Bertrand Camus, Suez CEO, commented:

"I am particularly proud and grateful for what our teams achieve every day all over the world, enabling the Group to guarantee its essential and vital services, while ensuring our employees were able to work safely. As we come to the end of the first semester, and while we continue to acknowledge both the risks looking ahead and that some of our teams are still in the heart of the crisis, we can say that our group shows great resilience.

We remain more focused than ever on the deployment of our Shaping SUEZ 2030 strategy in the current context and will accelerate some aspects of our transformation. We will speed up where appropriate the restructuring of our activities, restart aspects of our businesses differently and exit more quickly from non-core activities.

Our Shaping SUEZ 2030 strategic plan aims at driving sustained organic growth with lower capital intensity, rotating our business portfolio and improve returns on capital employed. Our commercial success throughout the first semester shows that we can build our business on this basis.

The challenges identified during the development of our plan remain priorities in today's world and our value proposition is more relevant than ever. Focused on solutions with a positive impact on health, quality of life, climate and the natural capital of the planet, we bring concrete answers as soon as now.

In summary, we can see more opportunities going forward to deploy our talent, expertise, technology and know-how to help shape a sustainable future in the rebound."

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Since the end of the 19th century, SUEZ has built expertise aimed at helping people to constantly improve their quality of life by protecting their health and supporting economic growth. With an active presence on five continents, SUEZ and its 90,000 employees strive to preserve our environment's natural capital: water, soil, and air. SUEZ provides innovative and resilient solutions in water management, waste recovery, site remediation and air treatment, optimizing municipalities' and industries' resource management through "smart" cities and improving their environmental and economic performance. The Group delivers sanitation services to 64 million people and produces 7.1 billion m3 of drinking water. SUEZ is also a contributor to economic growth, with more than 200,000 jobs created directly and indirectly on an annual basis, and a provider of new resources, with 4.2 million tons of secondary raw materials produced. By 2030, the Group is targeting 100% sustainable solutions, with a positive impact on our environment, health and climate. SUEZ generated total revenue of €18.0 billion in 2019.

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