

Paris, March 21, 2021

SUEZ offers a negotiated solution to Veolia supported by a binding offer from Ardian – GIP

The SUEZ Board of Directors, in keeping with its core values and its commitment to safeguarding the Group's social interests, wishes to swiftly find a negotiated solution with Veolia that takes its expectations into account. These expectations focus on providing fair value to shareholders, ensuring social guarantees for employees, and honoring the Group's commitments to its customers.

The expectations of the Board of Directors are based on the conviction that the SUEZ Group intends to remain a key player in the ecological transition, at a time when these issues are increasingly important in France and around the world. With this in mind, the SUEZ Board of Directors is ready to enter into negotiations as of today to break the current deadlock, and hopes that Veolia will respond favorably to this constructive proposal.

On March 20, the consortium submitted a firm and binding offer to the SUEZ Board of Directors for the creation of a new entity, the outlines of which are close to those proposed during mediation by the French State. The proposal made by the Ardian-GIP consortium has been unanimously approved by the SUEZ Board of Directors, which finds it consistent with the expectations expressed in its press release of February 26, respectful of the Group's stakeholders, its shareholders, its customers, and its employees, and supportive of Veolia's aims by enabling it to substantially strengthen its activities.

The offer provides for the acquisition by the Consortium of several activities including all the French "Water" and "Recycling and Recovery" (R&R) activities, as well as several "Water and Technology" activities at the international level. On this basis a negotiation can start and it must aim to ensure a healthy level of competition for customers, and, for SUEZ employees, a plan for the future and for their professional development. This combination will enable the Group to maintain its technological leadership through high levels of investment in Research and Development.

The cash consideration proposed for of all the relevant activities amounts to an enterprise value of €15.8 billion, equivalent to a value of €20 per share.

This solution takes into account the interests of all stakeholders:

- Employees in France will see the continuation of SUEZ's activities in France and the maintenance of their social benefits and their jobs for at least 4 years All the employees of the new combined entity will be offered a significantly increased stake in the employee shareholding of the new entity
- clients and consumers will benefit from continued competition on the French market
- shareholders will receive a higher price per share, and will receive it more quickly and with a greater certainty, particularly in light of the acceleration of the antitrust proceedings made possible by such solution
- Veolia will be strengthened

The SUEZ Board of Directors of SUEZ is proposing entering into negotiations on this basis, with the aim of finalizing them as soon as possible and no later than April 20. The SUEZ Board of Directors is prepared to recommend an agreement that (i) incorporates a solution based on that contemplated with the Consortium, as described above, (ii) would enable Veolia to confirm its 4-year corporate commitments and (iii) would increase Veolia's offer price to a minimum of €20 p.a. (cum dividend).

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Philippe Varin, Chairman of SUEZ, has stated: “The SUEZ Board of Directors has confirmed its willingness to find a negotiated solution with Veolia that is in the interest of its employees, customers, and shareholders. We now have a solution, supported by a new proposal from Ardian – GIP, which would enable the two companies to finalize an agreement in the interest of all the stakeholders, and that also meets the objectives set by the French State. The Board of Directors is ready to begin negotiations on this basis immediately”.

If, contrary to SUEZ’s wishes, a negotiated solution has not been found by April 20, 2021 at the latest, the Board will accelerate the implementation of the SUEZ 2030 strategic plan in order to create value for all stakeholders well in excess of Veolia’s current offer. The Board will continue to explore all available options to show the value potential of each of its core businesses: “Recycling and Recovery” and “Water and Technologies”. This will result in enhanced opportunities for all SUEZ employees.

Under these circumstances, the SUEZ Board of Directors, which has a duty to protect the corporate interests of the Group and to find a balance that benefits all stakeholders, has taken the decision to make the safeguarding mechanism for retaining the “Water France” activity within the Group irreversible until September 2024, in order to protect the interests of the stakeholders. At the same time, the scope of this safeguarding mechanism has been amended to provide for its dissolution in either of the two following cases: (i) if an agreement on the main principles of a transaction comprising a potential tender offer for SUEZ’s shares is reached no later than April 20, 2021, or (ii) automatically, if a public cash tender offer equal to at least €22.5 per share is the subject matter of a public commitment of an offeror no later than May 5, 2021, with or without the recommendation of the SUEZ Board of Directors¹.

In the event that Veolia withdraws its offer within six months, the Consortium could consider the filing of a tender offer on the whole share capital of SUEZ. The implicit consideration of this offer, calculated on the basis of the valuation of all the activities included in the Consortium’s offer, would be equal to €20 per share (cum dividend), subject to the support of the SUEZ Board of Directors, the Intersyndicale, and the public authorities; the completion of due diligence on the rest of the Group; and the Consortium’s capacity to finance such an offer.

Details regarding the elements set out above are provided in the additional information addendum attached to this press release.

SUEZ :

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 €17,2 billion in 2020.

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Find out more about the SUEZ Group
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¹ The detailed conditions governing the dissolution of the safeguarding mechanism are included in the additional information addendum attached to this press release.

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Additional information

1. A negotiated solution:

All efforts of SUEZ to reach a negotiated solution have not succeeded so far. The current €18 per share (cum dividend) proposal from Veolia, unchanged since October 5, 2020, is not acceptable. The perimeter proposed by Veolia on March, 11, 2021 is also not acceptable.

Today's announcement offers a new opportunity to come to a satisfactory agreement for our shareholders and our stakeholders having regard to the clients, social commitments, and price.

2. A negotiated and recommended solution with the Consortium and crystallizing a higher value:

- a. Veolia is a 29.9% shareholder: The Board of Directors of SUEZ is fully open to a negotiated solution with Veolia as long as it is in the interest of all SUEZ's shareholders and stakeholders, and at a fair price.
- b. To facilitate a negotiated and recommended solution SUEZ has continued to actively work with Ardian/GIP (the Consortium), two leading investors in the infrastructure field. The Consortium has made a binding and fully funded offer to purchase part of the SUEZ business for a cash consideration of €11.9bn. The businesses covered by the offer made by the Consortium represent €9.1bn of sales pro-forma in 2019 and include – in addition to certain key Water and Tech activities – all of the Group's activities in France. This set of activities (i) emerged from the recent mediation attempt by the French State and (ii) integrates Veolia' proposal as at March 11, 2021, extended to include the necessary international Water activities to provide it with the critical size, a sufficient international dimension and R&D capabilities.
 - i. The Board of Directors of SUEZ believes that this set of activities would be also sufficient to guarantee to clients the respect of SUEZ's engagements to provide essential services in the long-term
 - ii. This proposal is in line with the goals of the French State, as it paves the way towards preserving the existence of two viable French industrial champions in the environmental sector, and maintains the necessary competitive levels for the benefit of local authorities, companies and citizens.
 - iii. The implied transaction multiple of ~9.1x 2019 EBITDA is well above the implicit valuation of these businesses within SUEZ in past trading, and above the multiple reflected by Veolia' offer.
- c. The Board of Directors of SUEZ proposes to engage in negotiations on this basis with an aim to have them finalized as soon as possible and no later than April 20. The Board of Directors of SUEZ will be ready to recommend an agreement which would (i) comprise a solution on the basis of that contemplated with the Consortium as described above, (ii) confirm the social commitments of Veolia for 4 years starting from the completion date of the transaction with the Consortium and (iii) increase its offer price per share to at least €20 (cum dividend).
- d. The binding offer made by the Consortium is subject the conditions set forth in Appendix A.
- e. Following the receipt of such binding offer, SUEZ granted an exclusivity to the Consortium in respect of the businesses the Consortium has proposed to acquire for a period of thirty days that may be extended to May 30, 2021².

² This exclusivity period will be extended to May 30, 2021 in the event of an agreement on the main terms of an amicable solution on the basis of the offer from the Consortium. In case of a breach of this exclusivity undertaking, SUEZ will have to pay an indemnity of €50 million to the Consortium. If prior to June 30, 2021, the board of directors of SUEZ shall recommend a tender offer on SUEZ not involving a transaction with the Consortium equivalent to the one it has proposed, SUEZ will have to pay an indemnity corresponding to a portion of the increase in the tender offer price in comparison to the price of €18 per share, within the limit of €50 million. The two aforementioned amounts are not cumulative.

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3. Offer for 100%

- a. If, within 6 months from the date hereof, Veolia withdraws its public tender offer or if this offer terminates, the Consortium could consider the filing of a public tender offer in cash (the Public Offer) on SUEZ subject to the following conditions:
 - i. the support of the Public Offer by the Board of Directors of SUEZ;
 - ii. the support of the Public Offer by SUEZ Intersyndicale;
 - iii. the support of the Public Offer by the French public authorities and government;
 - iv. the completion of a satisfactory due diligence on the part of the group that is not included in the set of activities mentioned above; and
 - v. the ability to fund the Public Offer.

The implicit price of this tender offer, calculated on the basis of the valuation of the set of activities concerned by the binding offer received by the Consortium, would be equal to €20 per share (cum dividend).

4. Acceleration of the implementation of SUEZ 2030 plan:

In the absence of any negotiated and recommended solution, the Board of Directors of SUEZ is highly confident in the ability of SUEZ, on a standalone basis, to best preserve the interests of all its stakeholders and to create substantially more value than the current Veolia offer. This potential is confirmed by SUEZ's strong trajectory for the coming years. The 2020 results and initial 2021 trading confirms our confidence in SUEZ's strong commercial and operational performance. The Board of Directors and management of SUEZ are committed to continue to explore every avenue to ensure this value is available to shareholders and accelerate the implementation of the SUEZ 2030 plan. This is evidenced by the many signs of interest it has received for all or parts of these individual businesses.

- a. There are exceptional growth opportunities in both our main businesses – Water & Tech and R&R. However, these businesses have different growth, commercial dynamics, and cost of capital characteristics, and as a result are fundamentally undervalued within SUEZ today.
- b. SUEZ will explore and review all options to ensure that SUEZ shareholders will benefit more clearly from higher value from these businesses.
 - i. Employees and clients will have the security and certainty of these agile, well capitalized entities with supportive shareholders prepared to invest; and
 - ii. SUEZ's shareholders will see higher value for these businesses both today and going forward compared to what is reflected in Veolia' current offer
- c. The Board of Directors foresees that SUEZ's shareholders would also benefit from a distribution of higher ordinary and extraordinary dividends.
- d. Today, the profiles of the two parts of the business are as follows:
 - i. Water and Tech businesses have pro-forma 2019 sales and EBITDA of €12,997 million and €2,629 million respectively, out of which €7,074 million and €1,767 million will be Water and €5,923 million and €863 million for Tech.
 - ii. The Recycling and Valuation businesses of the Group have pro-forma 2019 sales and EBITDA of €3,693 million and €435 million, respectively.
- e. This strategy would be built in full transparency with the Group's employees and would be submitted in due course to the shareholders in order to protect the minority shareholders.

5. Implementation of the safeguarding mechanism of the "Water France" activity

The Group is increasingly concerned that Veolia, a direct competitor, is seeking creeping control of SUEZ. This is evidenced by 1) the breach of Veolia commitments to amicability, 2) its refusal to put an appropriate value on the table,

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3) its attempts on questionable grounds to recover its voting rights suspended pursuant to antitrust rules and impose itself, directly or indirectly, at the upcoming shareholders' meeting and 4) its threats to both SUEZ and to potential buyers to prevent SUEZ from carrying through disposals, as part of SUEZ's plan announced in October 2019 and redeveloped in further details in September 2020, which would create value directly for SUEZ's shareholders.

In this context, the Board of Directors of SUEZ has decided in order to preserve the corporate interest of SUEZ, and effective as of today, to make irreversible until September 2024 the safeguarding mechanism of the "Water France" activity within the SUEZ Group. At the same time, the scope of this safeguarding mechanism has been amended and as a result, the Foundation will be dissolved in each of the following cases:

- a. If (i) at the latest on April 20, 2021, SUEZ SA finds an agreement on the main terms of a transaction comprising a potential tender offer on SUEZ SA, and then (ii) at the latest on May 20, 2021 SUEZ SA entered into a definitive agreement consistent with such main terms, and (iii) the contemplated transaction is completed prior to September 30, 2022.³
- b. If a qualifying offer has occurred, i.e. a full-cash public offer to acquire all the shares issued by SUEZ SA for an offer price⁴ at least equal to €22.5 per SUEZ SA share⁵, which is the subject matter of a public commitment of an offeror no later than May 5, 2021⁶, is approved by the AMF at the latest by June 29, 2021 and has a successful outcome at the latest by September 30, 2022.

The other terms and conditions of this mechanism remain unchanged. For full transparency, a summary of the functioning of the Foundation is provided below and its conditions of administration setting forth in detail the above principles as well as the Foundation's by-laws, are made available on SUEZ website.

In addition, as announced in September 2020, SUEZ intends to further study the project of opening up the capital of SUEZ Eau France to its employees.

³ Or prior to such date, if the deactivation of the safeguarding mechanism of the "Water France" activity is necessary to implement a step for the completion of the transaction previously agreed.

⁴ Price not subject to any downward adjustment otherwise that to take into account dividends or distributions.

⁵ This price corresponding to the possibility for the offeror, whoever it is, to question the integrity of the SUEZ group through the disposal of its French water business.

⁶ However, in the event an agreement on the main terms of the transaction comprising a potential tender offer on SUEZ SA would have been found at the latest on April 20, 2021, the deadline of May 5, 2021 (for a public commitment of an offeror on a tender offer price at least equal to €22.5 per SUEZ SA) share will be automatically extended to May 20, 2021.

**Reminder regarding the main characteristics of the mechanism established on September 23, 2020
in order to preserve the integrity of the “Water France” activity within the SUEZ group**

In the context of the decision of the Board of Directors of SUEZ to make the safeguarding mechanism of the “Water France” activity irreversible until September 30, 2024 (except in cases where such mechanism will become again automatically reversible as set out in this press release), the main characteristics of this mechanism are reminded hereafter:

- The sole purpose of this mechanism is to preserve the integrity of the “Water France” activity within the SUEZ group in accordance with SUEZ’s corporate interest and to prevent any dismantling project of the SUEZ’s French water activities, as well as the business of designing and building water treatment installations in France and the R&D activity associated with that division;
- This mechanism was established on September 23, 2020 through an independent non-profit Dutch foundation;
- Except for the amendments to the conditions of administration which occurred today, there has been no change to the mechanism since September 23, 2020;
- SUEZ has only transferred to the foundation (which by-laws are publicly available) one ordinary share of each of the two main subsidiaries involved in the French water business of SUEZ, namely SUEZ Eau France and – in order to avoid a disposal of SUEZ Eau France through a transfer of its parent company – SUEZ Groupe;
- The foundation is managed by three people who compose its board of directors: a former employee of SUEZ, a member of SUEZ’s employee representative bodies and a Dutch lawyer. Their decisions are taken by simple majority. The powers of the board of directors of the foundation are limited to preventing the sale of the French Water division;
- The mechanism in place does not prevent the filing of a tender offer on SUEZ. It simply aims at ensuring that the said tender offer cannot jeopardize the integrity of the “Water France” activity within the SUEZ group;
- The by-laws of the two companies concerned by the transfer of a share to the foundation (SUEZ Eau France and SUEZ Groupe), which are public, had been amended in September 2020 in the context of the establishment of this mechanism to provide for the need to obtain the unanimous approval of the shareholders (namely, to date, the SUEZ group and the foundation) for any contemplated transfer of the “Water France” activity outside the SUEZ group for a period of four years, as well as for certain other decisions in case of circumvention of the mechanism;
- At the expiration of the aforementioned four-year period, and subject to the cases mentioned in this press release, it will be possible to proceed to the dissolution of this mechanism.

Appendix A:

The binding offer made by the Consortium is based notably on the following assumptions:

- Completion of the acquisition of the set of activities targeted by the offer as soon as the Consortium obtains the required antitrust and regulatory approvals (with a possibility of sequenced closings) and in any event, regardless of the completion of Veolia's tender offer;
- The set of activities should be able to operate as a standalone business under the SUEZ brand (i.e. holding all the intellectual property rights necessary for its business activity);
- Absence of third party rights likely to prevent or to negatively affect the completion of the acquisition or the ownership of the set of activities by the Consortium (including obtaining the necessary waivers and confirmations) ;
- Final transaction structure acceptable for financing banks at the level of the acquired businesses;
- Assumption of an absence of early repayment of debt for the entities comprises in the acquired perimeter;
- Absence of material unforeseen negative event in relation to the implementation of the transaction; and
- Agreement on the carve-out documentation and carve-out costs borne by SUEZ.

The binding offer made by the Consortium is subject to customary completion conditions such as:

- Support of SUEZ Intersyndicale;
- Full recommendation of the transaction by the board of directors of SUEZ according to the financial conditions of the binding offer;
- Full recommendation of the offer by the board of directors of Veolia in the context of a friendly solution
- Satisfactory completion of the carve-out documentation;
- Absence of opposition by the French State or the CSE of SUEZ; and
- Positive consultative vote on the transaction by the shareholders of SUEZ

The Consortium reserve the right to add additional conditions depending on the discussions relating to a potential amicable agreement with Veolia (as well as any unforeseen event).

SUEZ