



PUBLICATION OF THE HALF-YEAR RESULTS FOR 2009

KEY MESSAGES

26 AUGUST 2009

During this extremely difficult time for the economy, SUEZ ENVIRONNEMENT has enjoyed **resilient trading levels**, posting first-half revenues of 5 billion 872 million euros, slightly down on the first half of 2008 (1.2% lower excluding forex and 3.7% lower for organic growth). Note that the exchange rate was unfavourable over the period, especially for our activities in sterling, with a negative impact of around 1.5% both for revenues and EBITDA.

EBITDA was 951 million euros, down by 4.2% excluding forex and by 6.1% organically.

EBITDA/revenues for the Group remains high at 16.2%, including waste activities, where it was 14.2%. Between the first and second quarters of 2009, SUEZ ENVIRONNEMENT's margin increased significantly from 15.4% to 16.9%. Our operational performance is therefore improving, and we expect this trend to continue with a better second half than the first.

Net result, Group share was 175 million euros, down 12.8%. This equates to 0.36 euros per share for the half-year.

Free cash flow generation rose sharply, with **428 million euros generated over six months**.

At mid-year, the COMPASS cost reduction programme is ahead of target, and generated structural savings of 49 million euros over the six-month period.



SUEZ ENVIRONNEMENT IS THUS DELIVERING PERFORMANCE IN LINE WITH THE PRIORITIES DECLARED A FEW MONTHS AGO FOR FREE CASH FLOW GENERATION AND MAINTENANCE OF A SOUND FINANCIAL PROFILE

Growth continued in Water in Europe and internationally, with higher operating margins in Water in Europe and more or less stable margins for the International division. The economic slowdown has mainly affected industrial waste activities, particularly sorting and recycling.



Revenues for Waste Europe were down 7.3% at constant forex. This is partly due to the decline in Sorting and Recycling activities under the twofold negative effect of price and volume, and partly due to the reduction in landfill and incineration volumes of non-hazardous waste, mainly attributed to SITA's Industrial and Commercial customers.

However, the segment's EBITDA/revenues profitability remains high at 14.2%, or 14.9% excluding the impact of fuel hedges. Free cash flow of 157 million euros was generated by the COMPASS cost optimisation programme and the flexibility resulting from SUEZ ENVIRONNEMENT's presence across the entire value chain.

Buoyed by tougher environmental regulations and policies, energy recovery and materials recycling remain attractive in the long term. In these areas, SUEZ ENVIRONNEMENT has continued developing advanced waste recovery technologies and forging long-term industrial partnerships. In June, the first bottle-to-bottle recycling plant for rPET plastic bottles was opened in Limay.

In the first half of 2009, SUEZ ENVIRONNEMENT's commercial activity remained dynamic in both Water and Waste, with new contracts such as that at Digne-Les-Bains in Water and with ARKEMA in Waste. The Group has also been selected to build a waste recovery system in Guernsey and won the contract for hazardous waste management in Abu Dhabi.

In Melbourne, SUEZ ENVIRONNEMENT has also just secured the world's biggest Public-Private Partnership in the desalination sector. This is a contract to build and operate the biggest desalination plant in the southern hemisphere, with a capacity of 450,000 cubic metres per day, with total revenues for the Group of 1.2 billion euros over 30 years.

With the market growing by about 10% each year, desalination by reverse osmosis offers SUEZ ENVIRONNEMENT long-term development prospects. The Group's expertise in this field and its portfolio of major clients makes us the **leader in this future growth market.**



DYNAMIC COMMERCIAL PERFORMANCE AND TECHNOLOGICAL INNOVATION ARE THEREFORE POWERFUL GROWTH DRIVERS FOR LONG-TERM VALUE CREATION

With controlled capital expenditure of 603 million euros in the first half and a strong capacity for free cash flow generation of 428 million euros at the end of June, SUEZ ENVIRONNEMENT is in a solid financial situation and has a robust profile.



In view of the scale of the crisis, we immediately adapted our priorities at the end of 2008, imposing strict financial discipline and being extremely selective in our capital expenditure.

Regarding its financing, SUEZ ENVIRONNEMENT has continued its policy of diversifying resources and extending debt maturities with successful bond issues. These operations, totalling 2.85 billion euros at the end of July 2009, have made it possible to strengthen the group's financial profile with an average debt term of 5.7 years. Net financial debt was 6,507 million euros at 30 June 2009, representing a net debt/EBITDA ratio of 3.18 times. In addition, the available cash at 30 June 2009 was 4.5 billion euros.



SUEZ ENVIRONNEMENT IS THEREFORE RESPONDING TO THE DIFFICULT ECONOMIC CONTEXT BY PROTECTING ITS BALANCE SHEET, WHILE CONSERVING ITS DEVELOPMENT CAPACITY OVER THE LONG TERM

FOR 2009, SUEZ ENVIRONNEMENT HAS SET ITSELF THE FOLLOWING GOALS:

- achieving overall stable operational performance for revenues and EBITDA compared with 2008 at constant forex, through a strong commercial dynamic and acceleration of its COMPASS cost reduction programme,
- generating a higher free cash flow than in 2008,
- continuing to reduce net investments to 1.3 billion euros,
- maintaining a net financial debt/EBITDA ratio of around 3 times.



IN CONCLUSION:

- **SUEZ ENVIRONNEMENT's half-year results show good operational resilience and are in line** with the priorities declared a few months ago.
- The crisis has not raised questions over SUEZ ENVIRONNEMENT's business model. On the contrary, it confirms its relevance, both for the short term and in the long term:
 - in the long term, the management of scarce resources, which water and raw materials are increasingly becoming, will remain a key factor in sustainable development,
 - in the short term, the balanced, flexible business model that we presented at the time of our flotation on the stock market is proving to be robust. In particular, the constant balance between growth, profitability and cash is proving its worth.

Bolstered by its dynamic commercial performance and relying on its sound financial profile, SUEZ ENVIRONNEMENT intends to continue its expansion based on a balanced, flexible business model and to position itself to seize opportunities for growth.