



## MARCH 31, 2013 RESULTS

*Analyst conference call*

*April 23, 2013*

GÉRARD MESTRALLET

Good afternoon, ladies and gentlemen.

I am delighted to welcome you to this call. I am here with Jean François Cirelli and Isabelle Kocher.

We have just finished our General Meeting and all the resolutions have been approved.

So I thought it was the right time to update you on our first quarter 2013 results.

And I would like to start with the main developments of the Group during the first quarter.

The Group has pursued its strategy with determination.

We have continued to focus on fast growing markets with many new successful developments:

- In the Middle East, we reinforced our leading positions with the full commissioning of more than 3,200 MW of power generation capacity. Three projects reached commercial operation on schedule: Sohar 2 and Barka 3 in Oman and Riyadh PP11 in Saudi Arabia.

All these projects are fully contracted with high quality power off-takers for up to 20 years.

In this region, we expect around 6,000 MW of new capacity need per year for the next 5 to 10 years, due to the region's fast growth and the massive use of air-conditioning. Thanks to our strong position in the region, we expect to capture up to 40 percent of that growth.

- We are also entering new markets, as in Morocco where we will build and operate the 300 MW wind farm of Tarfaya, the largest wind farm in African continent. Here again we have a 20-year long term

Power Purchase Agreement PPA and this project is expected to be fully commissioned at the end of 2014.

- In Latin America, we started full commercial operations of our 118 MW Dos Mares hydro plant in Panama, which output is largely contracted for a period of 10 years. In Brazil, as you know, we commissioned the last unit of our Estreito hydro plant, an hydro plant of more than 1,000 MW.
- In Asia, our LNG external sales grew over the period with 15 cargoes in Q1 2013 vs 12 cargoes in Q1 2012. We are also extending our energy efficiency activity in this region. In Malaysia, for example, GDF SUEZ will contribute to the sustainable development of Cyberjaya, Malaysia's premier cybercity, through joint operation of the district cooling network with a local partner Cyberview.

In China, we are very close to sign an agreement with a Chinese player to convert 6 depleted deposits in gas storages.

This is a new proof of GDF SUEZ competitive skills and leadership in gas infrastructures, with the expertise of the teams recognized by the whole international community.

As expected, we also faced depressed conditions in European power markets with power prices declining over the first quarter.

It is clear that the recent vote at the European Parliament against the CO2 backloading is not helping but we do not expect prices to further materially decrease.

In the absence of a significant CO2 price signal, we believe that the implementation of mechanisms to strengthen environmental standards should be considered in order to penalize the most polluting coal plants which today benefit from a windfall effect linked to the collapse of the CO2 market.

In this context, we pursued our action plan Perform 2015 and review, as already announced, an additional tranche of our generation fleet in Central Western Europe.

We are currently assessing the opportunity to totally or seasonally mothball around 1,400 MW gas fired plants in France, saving fixed costs and keeping options in a rapidly changing environment.

In Energy Services, we signed new partnership agreements with French cities, such as Nice in the Riviera, or Bordeaux on the Atlantic coast, to develop innovative solutions related to the City of Tomorrow: decentralized power production, global management of water cycle, heating and cooling services, facility management, definition and implementation of a City Dashboard.

And in the Infrastructures business, we benefit from solid and highly predictable cash generation with a tariff framework established for the next 4 years for transmission and LNG terminals.

Now a few words on our financial performance with the key figures for the first quarter of 2013.

The figures displayed on this slide are consistent with the Group's guidance assumptions, proforma of SUEZ Environnement equity consolidation.

On this basis, revenues increased by more than 2%, benefitting notably from our development in fast growing markets in power generation and LNG sales and also from a positive weather impact in France.

On an organic basis, EBITDA posted a slight decrease in Q1. To sum up, we can say that:

- operational performance in Q1 2013 was globally in line with our expectations, notably with organic growth in fast growing markets and pressure on margins in mature markets,
- the first quarter was also affected by some exceptional items: the positive weather impact in France, the positive decision from the 'Conseil d'Etat' State Council on French gas tariff shortfall and the outage of Doel3 and Tihange 2 nuclear reactors in Belgium.

Isabelle will come back on these figures in detail.

Net debt decreased by 2.5 billion euro compared to the situation at yearend 2012, and notably thanks to the disposal of our stake in SPP.

As you know, we held our General Meeting earlier today and the proposed dividend of 1.50 euro for 2012 has been approved. The payment date of the dividend balance will be April 30<sup>th</sup>, 100% cash.

And today, the board announced that it is considering an interim dividend at 0.83 euro per share for the 2013 period that would be paid on November, 20<sup>th</sup>, 2013.

All the results of the Q1 2013 are in line with our full year expectations.

This allows us to confirm all our financial targets for 2013, with the assumptions we already explained during our full year 2012 presentation, end of February.

And now, I hand over to Isabelle, who will give you a more detailed view of our Q1 2013 financial results.

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| ISABELLE KOCHER |
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Thank you Gérard and good afternoon everyone. I will detail the trends in revenues, the key EBITDA drivers, the cash generation and our financial structure.

At first glance, with 24.6 billion euros posted in Q1 2013, revenues are stable. This reflects both the impact of our disposal program -0.5 billion euros on turnover, a negative move of 0.1 billion euros in forex offset by an organic growth of over 550 million euros, including the positive impact of a colder weather in France.

This organic growth of +2.3% in turnover is mainly driven by 3 businesses: first, Infrastructures in France, LNG in B3G and Power Generation in our fast growing markets.

For Infrastructures, the revenues growth comes from the climate impact and also from the tariff escalations we obtained last year.

In LNG, 24 cargoes were sold to third parties, that is to say more than last year for the same period, +6 cargoes diverted, mainly to Asia.

In fast growing markets, our revenues organic growth reached 12%, and even 54% in Asia. This reflects the continuation of our developments in this strategic area.

For Energy Europe, the tough situation in power markets in Europe is for the biggest part compensated by positive climate effects.

Now, EBITDA trends.

With roughly 5 billion euros posted for the first quarter, the EBITDA is in-line with the full year indications we provided in February, plus 200 million euros of favorable weather impact in France. As usual, this climate effect is spread between gas sales in Energy Europe and distribution in Infrastructures.

The portfolio optimization program leads to a scope effect of -180 million euros in EBITDA. This is in line with the -0.7 billion euros impact expected for the year. Let me remind you that the bulk of this full year impact comes from the transactions we already closed such as SPP in Slovakia, wind assets in Italy and Canada and Al-Hidd in Bahrain.

A slight negative impact from forex with -30 million euros coming mainly from Brazilian real depreciation over euro.

Organically, the EBITDA evolution is in line with the full year trends.

- We see as expected a strong organic growth in fast growing markets with:
- an improved performance of existing assets in Brazil, new PPAs in Peru but lower contribution from Chile ;
- a strong performance in Thailand with an increase in both volumes & prices.
- Also higher margins in power generation were captured in North America mostly in Texas and on LNG diversions.

Of course this growth is helped by the new assets commissioning. In the hydro plant of Estreito in Brazil, new units were progressively started, a new gas turbine was added in the Chilca Uno plant in Peru. And in Thailand, new capacity were added also, with Gheco One and TNP2, a gas-fired cogeneration.

- We got a slightly higher growth in Infrastructures in France than expected for the year due to cold climate as I said.
- Energy Europe is in line with expectations for this year. That is to say that we see a decrease in EBITDA due to the tough situation in power market prices in Europe, and also due to the end of the free CO2 allowances this year, plus a higher competition on Marketing & Sales. To mitigate that, significant performance efforts have been achieved.

The two reactors Doel 3 and Tihange 2 have been out of the grid since H2 2012. We achieved additional tests asked by the safety authority in Tihange 2 end of march and we are currently finalizing the ones for Doel 3. We expect these two plants to be restarted in Q2.

- For the E&P business, we saw as expected a decrease in production. I remind you that after a temporary decrease in production this year 2013, we expect to grow to around 60 Mboe in 2014-2015. In LNG on the contrary, the external sales increased over Q1. Globally, B3G is in line with expectations.

These are the main trends for our 4 energy business lines.

- On top of that, I just would like to add that as far as Services are concerned, the business line posted a slightly positive organic growth in Q1 2013.

And finally, our efforts with the Perform 2015 program lead to a net positive impact for the Group over Q1.

Now, cash flow generation and financial structure.

First point, a sustained cash generation with a strong and stable level of Cash Flow From Operations of 2.7 billion euros over the 3 months. This strong performance has been reached despite the portfolio optimization program scope effect and the seasonal increase in Working Capital Requirement after the winter, even higher this year with a colder climate.

CAPEX stand at 1.6 billion euros, decreasing compared to last year, in line with our strategy. This includes close to 1 billion euros of growth capex. I remind you that we expect to reach between 7 and 8 billion euros for the whole year including maintenance CAPEX for roughly 2.9 billion euros.

Net debt continued to decrease by 2.5 billion euros compared to end 2012 thanks notably to SPP disposal closed in Q1 for around 1.1 billion euros, due also to the strong cash flow generation and despite a negative movement on forex of around 0.4 billion euros mainly related to higher US dollar and Brazilian real versus euro, end of March versus end of 2012.

With 34 billion euros, net debt represents 2.4 times the EBITDA over the last twelve months.

As a consequence, we continue to benefit from a A-category rating. This has been confirmed by Moody's last week and even yesterday morning to be more specific. The agency reaffirmed the A1 rating reflecting the scale and diversity of our leading business positions across the energy value chain in many different markets.

And now I hand over to Gérard Mestrallet to conclude.

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| GÉRARD MESTRALLET |
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Thank you Isabelle.

To conclude, I want to summarize our key messages:

- We have pursued our development in fast growing markets, notably with new power capacity contracted on a long term basis and we are confident in our ability to seize new opportunities in these areas.
- Our first quarter results are on track with our full year financial targets.
- Our free cash flow generation reached more than 2 billion euro over the first three months of the year, confirming the strength of our business model.
- And, we keep adapting ourselves and transforming the company with Perform 2015.

Before answering your questions, I would like to thank Anne Chassagnette, our Director in charge of Financial Communication, for her personal contribution over the last three years to the improvement of the dialog that we have with the market and with you.

As of next week, Anne will be appointed Director of Sustainable Development for the whole Group and she will continue to be responsible for individual and employee shareholder relations.

Geert Peeters will be appointed Executive Vice-President of the Finance division in charge of Investor Relations, Geert was previously CFO of the Energy International Business Line. He was CFO of International Power when International Power was listed. He has held various operational and financial positions before during his 20 years tenure with the Group. I am sure that Geert will pursue the constructive dialogue with you.

Now, I am ready with Jean-François Cirelli and Isabelle Kocher to answer your questions.