

PRESS RELEASE

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Arcadis delivers strong margin performance in third quarter 2015

- Q3 gross and net revenues up +36% driven by acquisitions and currency effects (YTD: +39%)
- Q3 organic net revenue growth -1% with slowing emerging markets (YTD: +1%)
- Q3 operating EBITA margin improves to 10.6% (2014: 10.4%)
- Q3 EBITA strongly up +48% to €60 million
- Year-to-date operating EBITA up +28% through positive effects of Performance Excellence program and acquisition synergies
- Working capital essentially flat compared with Q2
- Backlog up +2% due to currency effects, organic decline of -2%; reflecting mixed market conditions

Outlook confirmed: Barring unforeseen circumstances, we expect full-year revenues to benefit from acquisitions, positive currency effects and to a lesser extent from organic growth. Also in the fourth quarter we expect operating EBITA margin to be 10.5 - 11%, supported by increased contribution from our Performance Excellence program and by actions to expand margins from the acquired companies. As a consequence, Arcadis expects 2015 revenues to grow by about 30% and anticipates net income from operations to increase by approximately 20%, supported by the planned disposal of non-core energy assets. We expect strong cash flow generation in the fourth quarter, supported by working capital ending below last year's level of 18.8% of gross revenue.

October 22, 2015 – Arcadis (EURONEXT: ARCAD), the leading global Design & Consultancy firm for natural and built assets, today announced a +39% year-on-year increase in net revenues in the first nine months, ended September 30th 2015, mainly driven by acquisitions and favorable currency effects. Year-to-date organic growth of net revenues was +1%, resulting from good growth in the Middle East, UK, Continental Europe and lower growth in Asia. In Brazil, representing 5% of total revenues, market conditions worsened as expected, driving year-to-date net revenues down -21% organically. In North America, the competitive environmental market weighed on organic growth (YTD -2%).

The year-to-date increase in operating EBITA was +28%. In the third quarter operating EBITA was up +39%, while EBITA was strong at +48%, reflecting the effects of measures taken to improve bottom line returns. In the third quarter the operating EBITA margin rose to 10.6%, supported by the execution of the Performance Excellence program.

Arcadis CEO Neil McArthur commented: "I am pleased with our margin improvement resulting from the effects of our Performance Excellence program, the synergy plans from recent acquisitions and the speed and agility with which we address the challenging conditions in a number of our end markets. We are on track with our goal to reduce working capital by year-end to below last year's levels, and remain keen to bring this down further. For the remainder of 2015, we are focusing on maximizing synergies with Hyder and Callison and on implementing our Performance Excellence program, from which we expect an increasing contribution for the full year. More time will be invested in addressing our position in North America, where continuing difficult market conditions in Environment mean we will

not see a return to growth until 2016. As we deploy our Global Excellence Centers to more geographies, the resulting stronger competitive position will support our growth ambition.”

Key figures

Amounts in € millions unless otherwise stated Period ended September 30	Third Quarter		Change	Year to date		Change
	2015	2014		2015	2014	
Gross revenues	856	630	+36%	2,547	1,827	+39%
Organic gross revenue growth	+1%			+2%		
Net revenues	646	475	+36%	1,962	1,407	+39%
Organic net revenue growth	-1%			+1%		
EBITA	60.0	40.5	+48%	149.1	123.9	+20%
Operating EBITA¹⁾	68.6	49.5	+39%	181.9	142.2	+28%
Operating EBITA margin	10.6%	10.4%		9.3%²⁾	10.1%	

¹⁾ Excluding acquisition, restructuring and integration-related costs

²⁾ Excluding one-off cost overruns in H1, operating EBITA margin was 9.9%

Review of performance for the third quarter

Net revenue growth was +36% with acquisitions contributing +28%, and currency effects +9%. Organic growth was -1% as the recession in Brazil deepened, North American environmental activities take longer to recover, and growth slowed in Emerging Markets. In Brazil, North America, and certain parts of our business in China capacity adjustments were made to match market demand. Continental Europe, UK and Australia Pacific grew strongly driven by private sector clients, and good investment levels in transportation infrastructure and buildings.

EBITA at €60.0 million was strongly up +48% including the impact of acquisitions and currency effects. Excluding acquisition, restructuring and integration costs, operating EBITA rose by +39%. The operating EBITA margin of 10.6% (2014: 10.4%) reflects the effects of Performance Excellence and the cost synergies from integrating Hyder and Callison.

Review of year to date performance

Year-to-date net revenue growth was +39%, of which acquisitions +28%, currency effects +12% and organic growth +1%.

EBITA was up +20%, while operating EBITA rose +28%. The operating EBITA margin of 9.3% (2014: 10.1%) reflects the lower contribution from Hyder and the effect of the US project cost overruns reported in the second quarter. Without these project cost overruns, operating EBITA margin would have been 9.9%.

Developments by business line

(relates to gross revenues in the first nine months of the year unless otherwise stated)

- **Infrastructure** (25% of gross revenues)
Infrastructure benefited from strong growth in the Hyder activities across the UK and Middle East, supported by synergy wins, while Australia Pacific also grew strongly. In Continental Europe our improved offering is expanding our market share, North America delivered good growth, while Latin America experienced strong declines due to deteriorating market conditions in Brazil.

- **Water** (14% of gross revenues)
Growth in water was driven by the addition of Hyder and synergy effects. Organic development was driven by growth in North America and a number of markets in Continental Europe, the UK was essentially flat. Latin America experienced a decline on the back of strong spending reductions due to client funding issues.
- **Environment** (24% of gross revenues)
Slowing decline in North America reflecting strong competition while our new market approach takes hold. The UK grew organically driven by impact assessment work related to infrastructure investments. Market conditions in Brazil were slow resulting in organic decline and Continental Europe was essentially flat.
- **Buildings** (37% of gross revenues)
In Buildings, overall revenue growth is supported by the addition of Hyder and Callison. Good organic growth was achieved with Continental Europe, Middle East and UK doing particularly well. Private sector growth from multinational clients was strong. In China decline in architecture and a slowdown in some regions necessitated capacity adjustments.

Backlog

Currency effects pushed backlog up by +2% YTD. At constant exchange rates backlog was down -2% versus year-end 2014. Positive developments were recorded in Continental Europe and UK. North America was flat while Emerging Markets were somewhat down.

Working capital

Working capital was 20.4% of gross revenues, essentially flat with Q2 levels, and in line with the usual seasonal pattern. Improvements were achieved in the Arcadis legacy business where reductions in billed and unbilled receivables brought down working capital from 19.0% last year to 18.3% this year. We introduced process changes related to new contracts, change orders and billing in the acquired companies which are beginning to take hold. With this we are on our way to reach our target of working capital reduction and expect to end the year below last year's level of 18.8% of gross revenue.

Refinancing

Arcadis successfully raised USD 128 million in early October by way of a second Schuldschein issuance in 2015. All proceeds were used to partially refinance a term loan maturing in June 2016. The loans have 5, 7 and 8 year tranches with attractive pricing.

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Conference Call

Arcadis will hold a conference call to discuss its trading update for the third quarter of 2015 on October 22, 2015. The call will begin at 15.00 Amsterdam, 09.00 New York, 14.00 London. The conference call also will be webcast live, and can be accessed via the investors section on the company's website at www.arcadis.com. A replay of the webcast will be available on the site approximately two hours after the end of the live call.

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About Arcadis

Arcadis is the leading **global Design & Consultancy firm for natural and built assets**. Applying our deep market sector insights and collective design, consultancy, engineering, project and management services we work in partnership with our clients to deliver **exceptional and sustainable outcomes** throughout the lifecycle of their natural and built assets. We are 28,000 people active in over 70 countries that generate more than €3 billion in revenues. We support UN-Habitat with knowledge and expertise to improve the quality of life in rapidly growing cities around the world.

www.arcadis.com.

Statements included in this press release that are not historical facts (including any statements concerning investment objectives, other plans and objectives of management for future operations or economic performance, or assumptions or forecasts related thereto) are forward looking statements. These statements are only predictions and are not guarantees. Actual events or the results of our operations could differ materially from those expressed or implied in the forward looking statements. Forward looking statements are typically identified by the use of terms such as "may," "will," "should," "expect," "could," "intend," "plan," "anticipate," "estimate," "believe," "continue," "predict," "potential" or the negative of such terms and other comparable terminology. The forward looking statements are based upon our current expectations, plans, estimates, assumptions and beliefs that involve numerous risks and uncertainties. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control. Although we believe that the expectations reflected in such forward looking statements are based on reasonable assumptions, our actual results and performance could differ materially from those set forth in the forward looking statements.