ARCADIS
Infrastructure · Water · Environment · Buildings

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PRESS RELEASE

ARCADIS in first quarter 2013 improves operating margin despite tougher European market conditions

- Double-digit organic revenue growth in Emerging Markets, partly compensating for tougher market conditions in Continental Europe
- Operating margin improves to 9.2% reflecting robust profitability in Emerging Markets and margin improvement at EC Harris
- Net income from operations up 8% reflecting growth of revenues and margin
- Two acquisitions completed:
  - SENES Consultants Limited, a Canadian environmental firm
  - Geohidrología, a leading hydro consulting and environmental company in Chile
- Confirmation of 2013 outlook: further increase of revenues and profit, barring unforeseen circumstances

April 23, 2013 – ARCADIS (NYSE EURONEXT: ARCAD), the leading pure play global engineering and consultancy firm, today reported results for the first quarter ended March 31, 2013.

Key figures (unaudited)

Amounts in € millions unless otherwise noted	First quarter 2013	2012	Δ
Gross revenue	602	592	2%
Organic gross revenue growth	-2%		
Net revenue	466	444	5%
Organic net revenue growth	0%		
EBITA	39.6	37.8	5%
Operating EBITA	**42.8**	**39.2**	**9%**
Operating margin	**9.2%**	**8.8%**	
Net income	21.8	21.7	0%
Ditto, per share (in €)	0.31	0.32	-3%
Net income from operations [1)]	**25.4**	**23.6**	**8%**
Ditto, per share (in €) [1)]	**0.36**	**0.34**	**6%**
Avg. # of outstanding shares (million)	71.2	68.8	

1) Before amortization and non-operational items

Commenting on the results CEO Neil McArthur said: “The growth in revenues and margin clearly show we benefit from our recent expansion in Emerging Markets, as the growth in South America, the Middle East and Asia helps offset more difficult conditions in other markets, especially Continental Europe. Our shift to a new operating model in Continental Europe proves timely as government austerity leads to delays of projects in several European markets. With European margin improvement programs underway, emphasis will now also be put on growth initiatives. With the two recent mergers and four acquisitions we will continue to concentrate on reaping synergy benefits. As our backlog has improved 5% compared to the end of 2012, and is now at 12 months of revenue, we are positive for the year. Further strengthening our position through acquisitions remains on the agenda. Barring unforeseen circumstances, we expect for full year 2013 a further increase of revenues and profit."

Review of performance

Gross revenue growth was driven by the acquisitions of Langdon & Seah, BMG, ETEP, and Geohidrología which together contributed 6% to growth. The currency effect was minus 2% as the euro strengthened against our major currencies. The organic gross revenue decline can be primarily attributed to deteriorating market conditions across Continental Europe including additional government austerity programs in Belgium and the Netherlands. The decline was also caused by the Floriade project in the Netherlands which last year was in its completion phase and included substantial amounts of subcontracting. Overall, Continental Europe saw an organic revenue decline of almost 15%, which could not be fully offset by the double digit organic revenue growth in Emerging Markets.

Net revenues (revenues generated by own staff) rose 5%. The currency effect was a negative 2%, acquisitions contributed 7%. Strong double digit growth in Emerging Markets partly compensated for a 10% decline in Continental Europe.

Operating EBITA increased 9% with strong margins in Emerging Markets and the above mentioned acquisitions contributing to the increase. The acquisition impact was 12%, the currency effect was 2% negative. Organic development accounted for a decline of 1% as lower revenues and price pressure affected operating EBITA in Continental Europe, while the US activities suffered from a slow start to the year due to winter storms. EC Harris and Langdon & Seah achieved a strong performance. Restructuring and integration costs during the quarter amounted to €3.1 million and were mainly related to adjustments of activities in Continental Europe.

At 9.2%, operating margin (operating EBITA as a percentage of net revenue) was 0.4 percentage points higher compared to the first quarter 2012, reflecting robust earnings performance in emerging markets and margin improvement at EC Harris. As we address low margins in Continental Europe by moving to a new operating model, our first quarter performance in other regions is strong with an operating margin of 10.8%, against 10.2% in 2012.

Financing charges amounted to €5.4 million (2012: €4.8 million), mainly related to higher interest charges for acquisition-related loans and working capital requirements. The tax rate was 28.5% (2012: 28%). Net income from operations rose 8% to €25.4 million (2012: €23.5 million), in line with the operating EBITA growth.

The increase in working capital can be primarily explained by non-recurring events such as the final stages of the integration of EC Harris and by the bank holiday preceding the close of the quarter. As a consequence, cash flow from operating activities amounted to a negative €73 million for the first quarter 2013 (2012: minus €52 million). Cash collection improved already at the beginning of April, and we continue to execute our working capital reduction program.

Developments by business line

Figures below are for the first quarter of 2013 compared to the same period last year, unless otherwise mentioned.

	Infrastructure	Water	Environment	Buildings
Gross revenue growth[1]	-7%	+6%	-5%	+19%
Of which:				
- Organic	-5%	0%	-5%	+1%
- Acquisitions	0%	+6%	+1%	+20%
- Currency impact	-3%	-1%	-1%	-1%
Net revenue growth[1]	2%	+7%	-2%	+16%
Of which:				
- Organic	+5%	+1%	-3%	-5%
Backlog development[2]	+4%	-1%	+4%	+9%

1) *Rounding and reclassifications may impact totals*
2) *Organic development compared to year-end 2012*

- ***Infrastructure*** *(26% of revenues)*
  The decline in organic gross revenues results in large part from lower subcontracting activities caused by completion of the Floriade project in the Netherlands. The increase in net revenues reflects the strong performance in Emerging Markets, especially Brazil, where public sector work is picking up. Growth was also achieved in the US market. These positive developments were offset by strong declines in Continental Europe caused by additional austerity measures and tougher market conditions.
- ***Water*** *(15% of revenues)*
  Growth was achieved in the UK market, while in the US growth in water for industry was offset by municipal declines. In the aftermath of hurricane Sandy we won emergency repair work and are now seeing follow up assignments to help clients adapt to future climatic events. Activities in Continental Europe saw a slight decline as growth in the Netherlands was offset by decreases in Belgium, France and Germany.
- ***Environment*** *(32% of revenues)*
  Declines in the US and UK markets could not be offset by growth in Brazil and France, other markets were stable. US performance was also affected by winter storms preventing field work. Further expansion was registered in work for multinational clients in most regions.
- ***Buildings*** *(27% of revenues)*
  Overall gross revenue growth was due to the acquisition of Langdon & Seah, which itself grew more than 10%. Organic growth of gross revenues benefitted from Emerging Markets and the UK. US activities slowed, especially in the healthcare segment and public buildings. Continental Europe also declined although the Dutch market seems to bottom out.

Progress in Project Europe

The shift to a new operating model for Continental Europe is progressing well. First savings realized total €1.9 million, at an annualized run rate of €8.6 million. Restructuring charges to date are €2.6 million. Emphasis will now also be put on growth initiatives.

Acquisitions

In the first quarter, ARCADIS completed two strategic acquisitions. In Chile, Geohidrología, was acquired, one of the largest hydro consulting and environmental companies in the country with 55 employees. This step particularly strengthens our position in mining, an important client group for ARCADIS. In Canada, SENES Consultants Limited was acquired, an environmental firm with 250 employees and annual gross revenues of €23 million. SENES has six offices spread throughout Canada, an office in the United States and four offices in India. SENES allows us to even better serve our multinational clients with a broader range of environmental services.

Backlog

Backlog grew organically by 5% in the first quarter compared to year-end 2012, and now stands at 12 months of revenue. All business lines noted backlog increases, except for Water. Environmental backlog increased due to stronger demand from multinational clients, while Infrastructure and Buildings backlog grew mainly due to Emerging Markets.

Outlook

In the **infrastructure market,** our involvement in many multi-year large projects, and our strong position in Brazil and Chile provide a good basis for continued growth. Although mining clients pace their investments in these countries, public sector work is on the rise. Government budget cuts in continental Europe are likely to also impact investments in large projects, which may affect our growth. Projects using alternative financing and delivery concepts, like Public Private Partnerships, and increased government outsourcing may provide opportunities to combat this.

In the **water market** tight government budgets are causing revenue pressure, although in some markets, such as the US, we expect to offset this with private sector work and projects for network improvements for which bookings were strong in the first quarter. Flood protection work, such as related to hurricane Sandy is now offering additional opportunities. In addition, we target further expansion in the Middle East and in European markets. In South America, especially in Brazil and Chile, recent investments in water companies have considerably strengthened our position and create new avenues for growth.

Momentum in the **environmental market** is expected to return, driven by the private sector. In the US, however, we still face challenging public sector conditions. Thanks to our advanced technology and Guaranteed Outcomes offering we bring contaminated sites to closure quicker and at lower cost, helping us maintain a strong position in these markets. Mining, energy and manufacturing projects drive demand for environmental services in Brazil, Chile and Canada, where we have strengthened our capabilities. In Europe, demand from the private sector is picking up, compensating for a decline in government work.

In the **buildings market**, we have established a strong presence with excellent opportunities for synergies and global growth. The commercial real estate market in Europe is in decline while the US market is starting to recover with the notable exception of healthcare and public sector activities. We also see significant development potential in London, Asia and the Middle East where we are well positioned to help our clients with large investment programs. Our Built Asset Consultancy offering to maximize value throughout an asset's lifecycle is creating new opportunities for growth globally.

Conference Call

ARCADIS will hold a conference call to discuss its financial results for the first quarter of 2013 on April 23, 2013. The call will begin at 15.00 Amsterdam, 09.00 New York, 14.00 London. The call-in numbers are +31 (0)207 176 886 for Amsterdam, +1 631 510 7498 for North America and +44 (0) 1452 555 566 for UK with ID # 32835402. The conference call also will be webcast live, and can be accessed on the company's IR 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.

For more information, please contact Joost Slooten of ARCADIS at +31-202011083 or outside office hours at +31-627061880 or e-mail joost.slooten@arcadis.com

About ARCADIS:
ARCADIS is the leading pure play global engineering and consultancy firm, providing consultancy, design, engineering and management services in infrastructure, water, environment and buildings. We enhance mobility, sustainability and quality of life by creating balance in the built and natural environment. ARCADIS develops, designs, implements, maintains and operates projects for companies and governments. With 22,000 people and €2.5 billion in revenues, the company has an extensive global network supported by strong local market positions. ARCADIS supports UN-HABITAT with knowledge and expertise to improve the quality of life in rapidly growing cities around the world. Please visit: www.arcadis.com

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Tables belonging to the press release "Results first quarter 2013 of ARCADIS NV", as issued on April 23, 2013.

CONDENSED CONSOLIDATED STATEMENT OF INCOME

	First quarter	
Amounts in € millions, unless otherwise stated	**2013**	2012[1]
Gross revenue	**601.7**	592.2
Materials, services of third parties and subcontractors	**(135.9)**	(148.7)
Net revenue	**465.8**	443.5
Operational cost	**(418.8)**	(398.3)
Depreciation	**(7.7)**	(7.5)
Other income	**0.3**	0.1
EBITA	**39.6**	37.8
Amortization identifiable intangible assets	**(4.1)**	(2.4)
Operating income	**35.5**	35.4
Net finance expense	**(5.4)**	(4.8)
Income from joint ventures and associates	**0.8**	(0.2)
Profit before taxes	**30.9**	30.4
Income taxes	**(8.6)**	(8.6)
Profit for the period	**22.3**	21.8
Attributable to:		
Net income (Equity holders of the Company)	**21.8**	21.7
Non-controlling interests	**0.5**	0.1
Net income	**21.8**	21.7
Amortization iden tifiable intangible assets after taxes	**3.4**	1.8
Lovinklaan employee share purchase plan	**0.2**	0.1
Net income from operations	**25.4**	23.6
Net income per share (in euros)	**0.31**	0.32
Net income from operations per share (in euros)	**0.36**	0.34
Weighted average number of shares (in thousands)	**71,165**	68,773

1) The 2012 figures have been restated for comparative reasons, as joint ventures are no longer proportionally consolidated, following the new accounting standard IFRS 11 *'Joint Arrangements'*.

ARCADIS

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in € millions **Assets**	**March 31, 2013**	December 31, 2012[1]
Intangible assets	**611.5**	596.2
Property, plant & equipment	**80.7**	79.0
Investments in joint ventures and associates	**34.0**	32.3
Other investments	**1.0**	0.8
Deferred tax assets	**41.7**	38.4
Derivatives	**-**	-
Other non-current assets	**26.6**	23.8
Total non-current assets	**795.5**	770.5
Inventories	**0.7**	0.7
Derivatives	**3.5**	1.6
(Un)billed receivables	**782.7**	716.6
Corporate income tax receivable	**12.5**	11.8
Other current assets	**57.4**	37.7
Cash and cash equivalents	**165.4**	226.4
Total current assets	**1,022.2**	994.8
Total assets	**1,817.7**	1,765.3
Equity and liabilities		
Shareholders' equity	**558.7**	535.6
Non-controlling interests	**1.6**	1.1
Total equity	**560.3**	536.7
Provisions for employee benefits	**37.3**	35.2
Provisions for other liabilities and charges	**20.6**	24.4
Deferred tax liabilities	**38.7**	41.1
Loans and borrowings	**312.3**	300.5
Derivatives	**3.5**	3.8
Total non-current liabilities	**412.4**	405.0
Billing in excess of cost	**177.2**	176.3
Corporate income tax liabilities	**15.1**	13.6
Current portion of loans and borrowings	**70.3**	68.7
Current portion of provisions	**10.7**	9.7
Derivatives	**4.9**	0.8
Accounts payable	**115.8**	134.1
Accrued expenses	**40.5**	37.2
Bank overdrafts	**10.8**	50.0
Short-term borrowings	**160.9**	80.5
Other current liabilities	**238.8**	252.7
Total current liabilities	**845.0**	823.6
Total equity and liabilities	**1,817.7**	1,765.3

1. The 2012 figures have been restated for comparative reasons, as joint ventures are no longer proportionally consolidated, following the new accounting standard IFRS 11 *'Joint Arrangements'*.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in € millions	Share capital	Share premium	Hedging Reserve	Cumulative translation reserve	Retained earnings	Total shareholders' equity	Non-controlling interests	Total equity
Balance at December 31, 2011	1.4	168.4	(6.2)	(18.1)	310.0	455.5	(0.1)	455.4
Profit for the period					21.7	21.7	0.1	21.8
Other comprehensive income:								
Taxes related to post-employment benefit obligations					0.6	0.6		0.6
Exchange rate differences				(2.4)		(2.4)	-	(2.4)
Effective portion of changes in fair value of cash flow hedges			0.8			0.8		0.8
Total other comprehensive income, net of tax			0.8	(2.4)	0.6	(1.0)	-	(1.0)
Total comprehensive income for the period			0.8	(2.4)	22.3	20.7	0.1	20.8
Transactions with owners of the Company:								
Share-based compensation					2.0	2.0		2.0
Taxes related to share-based compensation					0.8	0.8		0.8
Purchase of own shares					(10.6)	(10.6)		(10.6)
Options exercised					0.1	0.1		0.1
Total transactions with owners of the Company					(7.7)	(7.7)		(7.7)
Balance at March 31, 2012	1.4	168.4	(5.4)	(20.5)	324.6	468.5	-	468.5
Balance at December 31, 2012	**1.5**	**201.5**	**(4.8)**	**(27.9)**	**365.3**	**535.6**	**1.1**	**536.7**
Profit for the period					**21.8**	**21.8**	**0.5**	**22.3**
Other comprehensive income:								
Actuarial (loss)/gain on post-employment benefit obligations					**(1.1)**	**(1.1)**		**(1.1)**
Taxes related to post-employment benefit obligations					**-**	**-**		**-**
Exchange rate differences				**4.2**		**4.2**	**-**	**4.2**
Effective portion of changes in fair value of cash flow hedges			**0.3**			**0.3**		**0.3**
Total other comprehensive income, net of tax			**0.3**	**4.2**	**(1.1)**	**3.4**	**-**	**3.4**
Total comprehensive income for the period			**0.3**	**4.2**	**20.7**	**25.2**	**0.5**	**25.7**
Transactions with owners of the Company:								
Share-based compensation					**1.8**	**1.8**		**1.8**
Taxes related to share-based compensation					**4.7**	**4.7**		**4.7**
Purchase of own shares					**(18.3)**	**(18.3)**		**(18.3)**
Options exercised					**9.7**	**9.7**		**9.7**
Total transactions with owners of the Company					**(2.1)**	**(2.1)**	-	**(2.1)**
Balance at March 31, 2013	**1.5**	**201.5**	**(4.5)**	**(23.7)**	**383.9**	**558.7**	**1.6**	**560.3**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	First quarter	
Amounts in € millions	**2013**	2012[1]
Cash flows from operating activities		
Profit for the period	**22.3**	21.8
Adjustments for:		
- Depreciation and amortization	**11.8**	9.9
- Taxes on income	**8.6**	8.6
- Net finance expense	**5.4**	4.8
- Income from joint ventures and associates	**(0.8)**	0.2
	47.3	45.3
Share-based compensation	**1.8**	2.0
Change in fair value of derivatives in operating income	**2.1**	2.6
Settlement of operational derivatives	**(3.9)**	(2.7)
Change in inventories	**-**	-
Change in receivables	**(63.4)**	(17.8)
Change in provisions	**(1.5)**	(6.0)
Change in billing in excess of costs	**(1.2)**	(15.8)
Change in current liabilities	**(41.6)**	(46.1)
Dividend received	**0.3**	0.2
Interest received	**0.7**	1.0
Interest paid	**(4.5)**	(4.7)
Corporate tax paid	**(8.9)**	(9.5)
Net cash from operating activities	**(72.8)**	(51.5)
Cash flows from investing activities		
Investments in (in)tangible assets	**(7.3)**	(4.9)
Proceeds from sale of (in)tangible assets	**0.3**	0.1
Investments in consolidated companies	**(16.5)**	(0.5)
Investments in associates and other financial non-current assets	**(1.7)**	(2.0)
Proceeds from sale of associates and other financial non-current assets	**0.6**	1.2
Net cash used in investing activities	**(24.6)**	(6.1)
Cash flows from financing activities		
Proceeds from options exercised	**9.7**	0.1
Purchase of own shares	**(18.3)**	(10.6)
Settlement of financing derivatives	**2.0**	(6.4)
New long-term loans and borrowings	**0.1**	0.1
Repayment of long-term loans and borrowings	**(0.2)**	-
Changes in short-term borrowings	**80.3**	39.3
Net cash from financing activities	**73.6**	22.5
Net change in cash and cash equivalents less bank overdrafts	**(23.8)**	(35.1)
Exchange rate differences	**1.9**	(0.3)
Cash and cash equivalents less bank overdrafts at January 1	**176.5**	150.7
Cash and cash equivalents less bank overdrafts at December 31	**154.6**	115.3

[1.] The 2012 figures have been restated for comparative reasons, as joint ventures are no longer proportionally consolidated, following the new accounting standard IFRS 11 *'Joint Arrangements'*.

ATTACHMENT TO PRESS RELEASE "RESULTS FIRST QUARTER 2013 OF ARCADIS NV"

Geographical information (amounts related to the first quarter[1])

Amounts in € millions or %

Gross revenue[2]

	2013	2012
North America	**261.0**	276.1
Emerging markets	**138.7**	96.3
Continental Europe	**131.0**	150.6
United Kingdom	**71.0**	69.2
Total	**601.7**	592.2

Geographic mix (gross revenue), %

	2013	2012
North America	**43**	47
Emerging markets	**23**	16
Continental Europe	**22**	25
United Kingdom	**12**	12
Total	**100**	100

Net revenue[2]

	2013	2012
North America	**180.8**	188.7
Emerging markets	**120.0**	76.7
Continental Europe	**109.6**	119.6
United Kingdom	**55.4**	58.5
Total	**465.8**	443.5

Geographic mix (net revenue), %

	2013	2012
North America	**39**	43
Emerging markets	**26**	17
Continental Europe	**23**	27
United Kingdom	**12**	13
Total	**100**	100

Information about business lines (amounts related to the first quarter[1])

Amounts in € millions or %

Gross revenue

	2013	2012
Infrastructure	**155.4**	167.3
Water	**90.0**	84.9
Environment	**191.8**	201.4
Buildings	**164.5**	138.6
Total	**601.7**	592.2

Activity mix (gross revenue), %

	2013	2012
Infrastructure	**26**	28
Water	**15**	14
Environment	**32**	34
Buildings	**27**	24
Total	**100**	100

Net revenue

	2013	2012
Infrastructure	**135.1**	132.8
Water	**71.3**	66.9
Environment	**124.5**	127.5
Buildings	**134.9**	116.3
Total	**465.8**	443.5

Activity mix (net revenue), %

	2013	2012
Infrastructure	**29**	30
Water	**15**	15
Environment	**27**	29
Buildings	**29**	26
Total	**100**	100

[1] The 2012 figures have been restated for comparative reasons, as joint ventures are no longer proportionally consolidated, following the new accounting standard IFRS 11 *'Joint Arrangements'*.
[2] Based on origin of production