

PRESS RELEASE

ARCADIS improves margin while growing revenues organically

- Organic growth gross revenues 1%; organic growth net revenues improves to 2%
- Operating EBITA up 3% to €44.2 million
- Operating margin increased to 9.6% from 9.2% in Q1 2013
- ONEurope, operating margin improves to 8.1%, on schedule to meet 10% margin target by Q4 2014
- Free Cash Flow up versus last year driven by lower working capital
- Backlog improves 6% organically during the quarter
- Outlook: ARCADIS expects to increase revenues and net income from operations in 2014

April 25, 2014 – ARCADIS (NYSE EURONEXT: ARCAD), the leading global natural and built asset design and consultancy firm, today issued a trading update on developments in the first quarter of 2014. Revenues saw adverse currency effects of -4%, impacting overall revenue development. Organic growth, however, improved to a level of 2% on net revenues, despite a decline in North America. Operating EBITA development was strong, driven by efficiency improvements in Continental Europe and a continued strong performance in Emerging Markets.

Early March, ARCADIS announced the acquisition of inProjects, a 200 people firm with offices in Hong Kong, China, Macau, Singapore and India and net revenues of €11 million in 2013. inProjects provides project management services to blue-chip clients in the retail, hotel, hospitality and leisure sectors and strengthens our leadership position in project management.

Key figures

Amounts in € millions unless otherwise stated	First Quarter	
	2014	2013
Gross revenues	588	602
Organic gross revenue growth	1%	
Net revenues	462	466
Organic net revenue growth	2%	
EBITA	41.6	39.6
Operating EBITA ¹	44.2	42.8
Operating margin	9.6%	9.2%

¹⁾ Excluding restructuring, integration and acquisition-related costs

ARCADIS CEO Neil McArthur about the results: “We are pleased to report a good start to the year in which we have seen continued strong growth in Emerging Markets. While growth in the US is somewhat under pressure, our order intake has been strong and we expect to see the benefits in the second half of the year. We were able to further improve our margins – aided by the actions taken in Continental Europe, while strategic growth initiatives are being implemented to improve organic growth. Our free cash flow has improved thanks to enhanced cash collection. The acquisition of inProjects in Asia, has further strengthened our position in the Buildings segment in Asia, positioning us well for continued strong growth in that region.”

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Review of performance

First quarter

Overall revenues declined with adverse currency effects of -4%. The contribution from acquisitions (SENES, inProjects) was 1%. Organically revenues grew, with gross revenues up 1% and net revenues up 2%. The decline in North America was compensated for by growth in all other regions. Strong growth continued in Emerging Markets with Asia and the Middle East doing particularly well, while Latin America was held back by a decline in the Chilean mining market. The UK also performed well, and revenues stabilized in Continental Europe.

Reported EBITA grew 5% to €41.6 million despite a currency effect of -5%. Excluding restructuring charges and M&A costs, operating EBITA increased 3% to €44.2 million (2013: €42.8 million). The operating margin was 9.6% (2013: 9.2%) with the margin in Continental Europe further improving to 8.1%. Restructuring charges amounted to €2.2 million (2013: €3.1 million) and were mainly related to cost actions in Europe and to a lesser extent organizational adjustments in the US. Acquisition-related charges were €0.3 million (2013: €0).

Free cash flow improved significantly

At minus €34 million, free cash flow was a strong improvement over last year's minus €80 million, driven by lower working capital due to improved cash collection. Overall working capital as a percentage of gross revenues was 17.9%, down from 19.9% in 2013.

Developments by business line *(relates to gross revenue unless otherwise stated)*

- **Infrastructure** (25% of revenues)
Infrastructure revenues were essentially flat, fuelled by growth in North America, while in Brazil we compensated for the decline in mining with increases in public infrastructure work. Chile declined due to the difficult mining market. Continental Europe was flat and in the UK market conditions improved.
- **Water** (15% of revenues)
Water activities returned to low levels of growth driven by Latin America supported by recent acquisitions (ETEP and Geohidrología). In Continental Europe and North America revenues were slightly down.
- **Environment** (30% of revenues)
Environmental revenues declined due to more competitive market conditions and severe winter weather in North America. In Brazil, capex investments and multinational clients continue to drive growth, while UK revenues also increased. In Continental Europe revenues were stable.
- **Buildings** (30% of revenues)
In Buildings strong growth was achieved on the back of continued favorable market conditions in the Middle East and Asia, particularly in commercial real estate. The UK market was also strong, while growth in Continental Europe was driven by built asset consultancy work. In North America, revenues were stable.

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Progress in ONEurope

In Continental Europe, revenues were stable and backlog improved. Operating margins in Continental Europe rose to 8.1% driven by efficiency improvements. We are on track to meet our 10% operating margin target in the fourth quarter.

Backlog

Backlog was up 6% organically during the quarter with good order intake in all four business lines and regions, with strong order intake in China.

Outlook

Barring unforeseen circumstances, we expect to increase revenues and net income from operations in 2014. We are experiencing an overall positive start to the year and expect Emerging Markets and the UK to continue to do well and foresee a gradual return to growth in Europe. In North America, we expect a recovery in the second half of the year.

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Conference Call

ARCADIS will hold a conference call to discuss its trading update for the first quarter of 2014 on April 25, 2014. The call will begin at 15.00 Amsterdam, 09.00 New York, 14.00 London. The dial in numbers are: Netherlands: +31 (0)20 716 8251 / 8000 222 330 (free phone); United Kingdom: +44 (0)20 3427 1936 / 0800 279 4835 (free phone); United States: +1 646 254 3376 / 1855 217 7942 (free phone), the call ID number is 5216288#. 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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