

PRESS RELEASE

ARCADIS SHOWS SOLID PERFORMANCE IN FIRST QUARTER 2011

- Gross revenues increase 4%; net income from operations up 8%
- Organic revenue growth continues and came out to 3%
- Growth mainly from U.S. environmental market, South America and Asia
- Margin at good level, despite continued weak market in Europe
- Good order intake leads to increase of backlog in all business lines
- Outlook for full year 2011: increase in revenues and profits

May 11, 2011 – ARCADIS (NYSE Euronext: ARCAD), the international consultancy, design, engineering and management services company, has delivered a solid performance in the first quarter of 2011. Gross revenues rose 4% to € 465 million. Organic growth, which returned last year, continued and came out to 3%. The United States environmental market and the markets in South-America and Asia show strong growth with good margins. This is offset by a decline of activities in Europe due to reduced spending by mainly local governments. Net income from operations rose 8% to € 18.5 million.

During the first quarter, urban planning firm Witpaard (30 employees) was sold in the Netherlands. Also in the Netherlands, an agreement was reached to sell the 50% interest in ARCADIS AQUMEN Facility Management (AAFMM, 360 employees). In light of the recently revised strategy AAFMM was no longer seen as a core activity, also due to the limited amount of synergy it yielded. Per year-end 2010 this participation was deconsolidated. The sale is expected to be finalized during the second quarter of 2011 with an anticipated gain of € 7 million.

CEO Harrie Noy said: “I am pleased that the organic growth allows us to maintain the increasing trend in revenues and profits. In Europe government austerity measures are affecting us, although investments in large projects generally continue, in several countries supported by private financing. Following the United States, private sector investments are now also picking up in Europe, but not enough yet to compensate for the decline in government markets. Fortunately, the weak results in Europe are more than compensated for by the strong performance in the United States, Brazil, and Chile and the successful expansion of RTKL in Asia. Despite price pressure in Europe, the margin remained at a good level. Because the backlog again increased, we have a solid basis for continued growth of our business. The selective divestments are in line with our ambition to be active higher in the value chain.”

Key figures

Amounts in millions unless otherwise noted	First quarter		
	2011	2010	Δ
Gross revenue	465	448	4%
Net revenue	348	325	7%
EBITA	32.8	29.3	12%
Net income from operations ¹⁾	18.5	17.1	8%
Ditto, per share (in €) ¹⁾	0.28	0.26	8%
Avg. number of outstanding shares (million)	66.0	66.5	

1) Before amortization and non-operational items

Analysis

Gross revenues rose 4%. Compared to the same quarter last year, the currency effect was 2% positive. Due to the sale of Witpaard and the deconsolidation of AAFM (*facility management*) on the one hand and the acquisition of U.S.-based Rise (fourth quarter 2010) and smaller companies on the other hand, the contribution of acquisitions and divestments on balance was 1% negative. Organically, gross revenues grew 3%.

Net revenues (revenues generated by own staff) rose 7%. The currency effect was 2%. Because facility management involves a large amount of third party work, the effect of the deconsolidation of AAFM was much smaller than in gross revenues and the contribution from acquisitions and divestments on balance was 1% positive. The organic growth was 4% and mainly came from North and South America and Asia. In the United States demand for environmental services is growing, while in Brazil and Chile investments in mining and energy are the drivers for strong growth. In Asia, the real estate sector is creating more demand for the services of RTKL. On the other hand, in Europe government austerity programs are negatively impacting markets resulting in a decline of activities in a number of European countries (including the Netherlands). In Belgium, France and Germany we did realize growth, in Belgium from increased private sector spending, in France due to large projects and in Germany thanks to the strong economy.

EBITA rose 12% to € 32.8 million. The currency effect was 3%. The contribution from acquisitions and divestments on balance was zero. The organic increase of 9% partly resulted from the sale of carbon credits in Brazil, which generated € 2.2 million (2010: zero). Costs for reorganization and integration amounted to € 1.7 million (2010: € 0.7 million). Underlying EBITA development was almost stable. Higher profits from the United States, Brazil, Chile and at RTKL, were offset by lower results in the Netherlands and a number of other European countries. The margin (EBITA as percentage of net revenues) came out to 9.4% and excluding the impact from carbon credits to 8.9% (2010: 9.0% and excluding loss on Brazilian energy project 9.5%). The slight underlying margin decline was except for price pressure in Europe, also caused by some setbacks in the U.K.

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At € 4.6 million, financing charges were slightly higher than last year (€ 4.1 million), mainly due to currency effects and higher interest charges in Brazil. The tax rate was 31% (2010: 34.5%). Net income from operations rose 8%. This is somewhat less than the increase in EBITA, due to higher profits from Brazil, where ARCADIS owns 50% + 1 share.

Developments by business line

Figures noted below concern gross revenues for the first quarter 2011 compared to the same period last year, unless otherwise mentioned.

- **Infrastructure** (27% of gross revenue)
Gross revenues grew 8%. The currency effect was 3%, the contribution from acquisitions minus 1%. Organically gross revenues rose 6%, net revenues 11%, also due to the effect of the severe winter in the first quarter of 2010. The markets in Brazil and Chile generate strong growth, especially in mining and energy. In the U.S. revenues were stable, while in Europe activities declined due to government austerity. Large projects generally tend to continue, expect for Poland, where running projects were delayed. In France a large contract was won for the Rennes subway.
- **Water** (17% of gross revenue)
Gross revenues declined 12%. The currency effect was 1%. The organic decline was 13%, but as a result of the completion of projects with substantial subcontracting, the decline in net revenues was only 3%. This decline is partly due to the winding down of the New Orleans contract where ARCADIS has been working on flood defenses since 2007. In both Europe and the United States tight government budgets have also contributed to a slight decline of activities. In the United States a large water supply contract was won in Virginia, while also a large water contract was landed in the Middle East.
- **Environment** (38% of gross revenue)
Gross revenues rose 14%. The currency effect was 2%. Organically gross revenues grew 12%, net revenues 6%. This strong growth mainly came from the United States, where demand from the private sector is recovering and many remediation projects now are being executed. In Brazil and Chile revenues also increased. In Europe, the government market is under pressure, but demand from private sector clients is picking up, resulting in growth in Germany and France and a beginning recovery in the U.K. In the U.S. two large contracts were won, one for remediation of former production sites of General Motors and one for the Department of Defense.
- **Buildings** (18% of gross revenue)
Gross revenues declined 4%, but net revenues rose by 8%. This difference was on the one hand caused by the deconsolidation of AAFM (facility management) with substantial subcontracting and on the other hand by the acquisition of Rise and some smaller companies. The currency effect was 1%. Organically, gross revenues were flat, while net revenues increased 2%. RTKL continued its growth in Asia and the Middle East, especially through successes in the commercial real estate market in China. Growth was also achieved in Belgium, Germany and France. Pressure on government budgets resulted in a decline of activities for the public sector.

Outlook

It is expected that the trends which were visible in the first quarter of 2011 will continue into the coming quarters.

In the **infrastructure market** the tight government budgets in Europe and the U.S. will have a negative impact. This is more than offset by the expected continued strong growth in Brazil and Chile. European governments are making an effort to spare large programs to the extent possible, also by using private financing. In addition, our backlog in Europe is strong with many large projects for which funding is in place. The situation in local markets is not expected to improve soon with prices remaining under pressure as a result.

Also in the **water market**, the effect of tight government budgets will be noticed, although this is expected to be limited due to the fact that it concerns utilities which are mostly financed from specific water charges. In the U.S., a considerable amount of new work was won recently, and the focus is on expansion and renewal of installations in large cities. In addition the focus will be on expansion of activities in South America and the Middle East.

The **environmental market** is developing positively. In the United States, the economic recovery, the focus of companies on their core activities and our strong competitive position are the basis for continued growth. Large contracts were won recently, while the pipeline of potential projects is well filled. Also in Brazil and Chile activities are growing, while in Europe we can benefit from increasing demand from private sector clients, which compensates for the reduction in demand from the public sector.

The situation in the **buildings market** has improved. The commercial property market in Europe and the U.S. is stable with increased demand for redevelopment of existing real estate. RTKL is compensating for the stalled U.S. market by fully gearing towards international expansion with a focus on Asia and the Middle East. Government markets are under pressure, but corporate investments are increasing with opportunities for project management and design work.

CEO Harrie Noy concluded: "Our order book has grown again in the first quarter and is 5% above the level of year-end 2010. All business lines contributed to this increase. Although government spending in Europe and the U.S. is under pressure, this is offset by an increase in private sector spending with positive effects on the environmental and buildings markets, while the markets in Brazil, Chile, Asia and parts of the Middle East offer many prospects. Maintaining margins remains an important priority, especially in markets with price pressure. The sale of the Biogas activities in Brazil, which was announced earlier, is expected to be finalized during the second quarter. Further expansion through acquisitions is high on the agenda. The consolidation in our industry offers good opportunities for this expansion, in line with our strategy. For full year 2011 we expect an increase of revenues and profits. This is barring unforeseen circumstances and currency effects and without taking into account the expected incidental gain from the sale of AAFM".

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About ARCADIS:

ARCADIS is an international company 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 16,000 employees and more than EUR 2 billion in revenues, the company has an extensive international 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. Visit us at: www.arcadis.com

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Tables belonging to the press release “Results first quarter 2011 of ARCADIS NV”, as issued on May 11, 2011.

ARCADIS NV CONDENSED CONSOLIDATED STATEMENT OF INCOME

Amounts in € millions, unless otherwise stated	First quarter	
	2011	2010
Gross revenue	464.7	448.2
Materials, services of third parties and subcontractors	(116.6)	(122.7)
Net revenue	348.1	325.5
Operational cost	(308.9)	(289.8)
Depreciation	(6.5)	(6.5)
Other income	0.1	0.1
EBITA	32.8	29.3
Amortization identifiable intangible assets	(1.1)	(1.6)
Operating income	31.7	27.7
Net finance expense	(4.6)	(4.1)
Income from associates	0.5	0.7
Profit before income taxes	27.6	24.3
Income taxes	(8.4)	(8.2)
Profit for the period	19.2	16.1
Attributable to:		
Net income (Equity holders of the Company)	17.6	15.9
Minority interest	1.6	0.2
Net income	17.6	15.9
Amortization identifiable intangible assets after taxes	0.7	1.0
Lovinklaan employee share purchase plan	0.2	0.2
Net effects of financial instruments	-	-
Net income from operations	18.5	17.1
Net income per share (in euros)	0.27	0.24
Net income from operations per share (in euros)	0.28	0.26
Weighted average number of shares (in thousands)	66,001	66,526

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ARCADIS NV CONDENSED CONSOLIDATED BALANCE SHEET

Amounts in € millions

Assets	March 31, 2010	December 31, 2010
Intangible assets	355.6	373.4
Property, plant & equipment	91.6	93.4
Investments in associates	29.5	30.5
Other investments	0.2	0.2
Other non-current assets	24.6	24.4
Derivatives	0.1	0.1
Deferred tax assets	29.1	29.1
Total non-current assets	530.7	551.1
Inventories	0.4	0.4
Derivatives	4.5	0.4
(Un)billed receivables	574.0	591.9
Other current assets	51.8	44.4
Corporate tax assets	8.0	4.1
Assets classified as held for sale	22.0	24.4
Cash and cash equivalents	143.0	207.8
Total current assets	803.7	873.4
Total assets	1,334.4	1,424.5
Equity and Liabilities		
Shareholders' equity	401.0	392.8
Minority interest	18.5	18.4
Total equity	419.5	411.2
Provisions	25.6	26.6
Deferred tax liabilities	18.4	11.0
Loans and borrowings	310.1	318.2
Derivatives	5.8	7.2
Total non-current liabilities	359.9	363.0
Billing in excess of cost	146.2	157.2
Corporate tax liabilities	10.6	14.8
Current portion of loans and borrowings	64.8	68.1
Current portion of provisions	5.9	6.4
Derivatives	1.8	3.9
Accounts payable	109.2	139.6
Accrued expenses	11.6	15.9
Bankoverdrafts	14.5	9.5
Short term borrowings	2.9	12.7
Other current liabilities	164.9	199.0
Liabilities classified as held for sale	22.6	23.2
Total current liabilities	555.0	650.3
Total equity and liabilities	1,334.4	1,424.5

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ARCADIS NV CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in € millions	Share capital	Share premium	Hedging Reserve	Cumulative translation reserve	Retained earnings	Total shareholders' equity	Minority interest	Total equity
Balance at December 31, 2009	1.3	106.8	0.1	(28.4)	271.9	351.7	16.8	368.5
Profit for the period					15.9	15.9	0.2	16.1
Exchange rate differences				2.5		2.5	0.7	3.2
Effective portion of changes in fair value of cash flow hedges			(1.3)			(1.3)		(1.3)
Other comprehensive income			(1.3)	2.5		1.2	0.7	1.9
Total comprehensive income for the period			(1.3)	2.5	15.9	17.1	0.9	18.0
Transactions with owners of the Company								
Dividends to shareholders							-	-
Share-based compensation					2.5	2.5		2.5
Taxes related to share-based compensation					(0.5)	(0.5)		(0.5)
Purchase of own shares					(7.2)	(7.2)		(7.2)
Options exercised					1.8	1.8		1.8
Total transactions with owners of the Company					(3.4)	(3.4)		(3.4)
Balance at March 31, 2010	1.3	106.8	(1.2)	(25.9)	284.4	365.4	17.7	383.1
Balance at December 31, 2010	1.3	106.8	(3.9)	(20.9)	309.5	392.8	18.4	411.2
Profit for the period					17.6	17.6	1.6	19.2
Exchange rate differences				(6.4)		(6.4)	(0.8)	(7.2)
Effective portion of changes in fair value of cash flow hedges			2.2			2.2		2.2
Other comprehensive income			2.2	(6.4)		(4.2)	(0.8)	(5.0)
Total comprehensive income for the period			2.2	(6.4)	17.6	13.4	0.8	14.2
Transactions with owners of the Company								
Dividends to shareholders							-	-
Share-based compensation					1.7	1.7		1.7
Taxes related to share-based compensation					0.1	0.1		0.1
Purchase of own shares					(7.6)	(7.6)		(7.6)
Options exercised					0.9	0.9		0.9
Acquisition of non-controlling interests					(0.3)	(0.3)	(0.7)	(1.0)
Total transactions with owners of the Company					(5.2)	(5.2)	(0.7)	(5.9)
Balance at March 31, 2011	1.3	106.8	(1.7)	(27.3)	321.9	401.0	18.5	419.5

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ARCADIS NV CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in € millions	First quarter 2011	2010
<i>Cash flow from operating activities</i>		
Profit for the period	19.2	16.1
Adjustments for:		
- Depreciation and amortization	7.6	8.1
- Taxes on income	8.4	8.2
- Net finance expense	4.6	4.1
- Income from associates	(0.5)	(0.7)
	39.3	35.8
Share-based compensation	1.7	2.5
Sale of activities and assets, net of cost	-	-
Change in fair value of derivatives in operating income	0.5	0.2
Settlement of operational derivatives	(0.9)	-
Change in inventories	-	-
Change in receivables	(8.1)	(8.9)
Change in provisions	(0.6)	(0.7)
Change in billing in excess of costs	(6.2)	(9.1)
Change in current liabilities	(61.4)	(64.8)
Dividend received	-	-
Interest received	0.3	0.6
Interest paid	(4.9)	(3.2)
Corporate tax paid	(8.9)	(6.0)
Net cash from operating activities	(49.2)	(53.6)
<i>Cash flows from investing activities</i>		
Investments in (in)tangible assets	(7.7)	(4.8)
Proceeds from sale of (in)tangible assets	-	-
Investments in consolidated companies	(2.5)	(2.8)
Proceeds from sale of consolidated companies	0.5	-
Investments in associates and other financial non-current assets	(3.2)	(2.0)
Proceeds from sale of associates and other financial non-current assets	1.8	0.7
Net cash used in investing activities	(11.1)	(8.9)
<i>Cash flows from financing activities</i>		
Proceeds from options exercised	0.9	1.8
Purchase of own shares	(7.6)	(7.2)
Settlement of financing derivatives	(1.9)	-
New long-term loans and borrowings	11.1	1.6
Repayment of long-term loans and borrowings	(0.4)	(2.4)
Changes in short-term borrowings	(9.3)	0.2
Dividend paid	-	(2.5)
Net cash from financing activities	(7.2)	(8.5)
Net change in cash and cash equivalents less bank overdrafts	(67.5)	(71.0)
Exchange rate differences	(2.2)	6.2
Cash and cash equivalents less bank overdrafts at January 1	198.2	212.5
Cash and cash equivalents less bank overdrafts at March 31	128.5	147.7