

## PRESS RELEASE

### **ARCADIS delivers strong growth in the first quarter 2015 and confirms full year outlook**

- Strong increase in gross revenues of +40% and net revenues of +42% driven by acquisitions and currency effects
- Organic net revenue growth up +2%, driven by Middle East, Continental Europe, UK and Asia
- Integration of Hyder, Callison and Canadian activities well on track
- Operating EBITA increased by +35%; excluding Hyder, operating margin of 9.8% in line with last year (9.6%). Including Hyder operating margin was 9.1%
- Free cash flow in the quarter lower than last year due to increased working capital
- Backlog up +7% due to currency effects
- Outlook confirmed: ARCADIS expects 2015 revenues and profit to increase significantly from recent acquisitions, organic growth, currency effects and performance excellence initiatives

April 23, 2015 – ARCADIS (EURONEXT: ARCAD), the leading global natural and built asset design & consultancy firm, today announced that in the first quarter of 2015, ended March 31, the company grew its net revenues by +42%, mainly driven by acquisitions and favorable currency effects. Organic growth of net revenues was +2%, resulting from solid growth in the Middle East, Continental Europe, UK and Asia. This growth was dampened by a decline of -15% of activities in Brazil which suffers from project delays caused by a national slowdown in procurement processes due to the integrity issues in the oil & gas industry. At -3% the decline in our North American activities was slower than in previous quarters. Excluding North America organic growth would have been +4%. Absolute increase in operating EBITA was substantial at +35%, while Hyder lowered the operating EBITA margin to 9.1%. Excluding Hyder, operating EBITA margin was up slightly year on year.

ARCADIS CEO Neil McArthur commented: “ARCADIS delivered a solid set of results in the first quarter and I am happy with the progress made on our 2015 priorities given the significant leadership time and effort devoted to the integration processes for Hyder, Callison and our Canadian activities after onboarding nearly 6,000 talented people around the world. We have developed clear market strategies, put new combined leadership teams in place that now run fully integrated ARCADIS businesses. The joint integration processes have been well received by our people and will soon start delivering on the acquisition synergies. Meanwhile, we have started implementing the quick wins of our performance excellence program in the US, UK and Continental Europe and are further developing the groundwork for further improvements in 2016 and beyond. I am pleased with the progress made on transforming our North American business during the quarter. A disappointment was Brazil, where market conditions changed and we are adjusting to the new reality quickly. Working capital was seasonally higher, also impacted by Hyder and Callison, and by continuing slower collections in Latin America. We are addressing this by implementing the ARCADIS controls in the acquired entities and reinforcing invoicing and collection procedures throughout the company.

I am confident that our efforts will continue to bear fruit in the coming quarters and confirm our outlook for the full year.”

## Key figures

Amounts in € millions unless otherwise stated Period ended March 31	First Quarter		Growth
	2015	2014	
Gross revenues	823	588	+40%
<b>Organic gross revenue growth</b>	<b>1%</b>		
Net revenues	655	462	+42%
<b>Organic net revenue growth</b>	<b>2%</b>		
EBITA	47.4	41.6	+14%
<b>Operating EBITA<sup>1)</sup></b>	<b>59.4</b>	<b>44.2</b>	<b>+35%</b>
<b>Operating EBITA margin</b>	<b>9.1%</b>	<b>9.6%</b>	

<sup>1)</sup> Excluding acquisition, restructuring and integration-related costs

## Review of performance for the first quarter

Net revenue growth was +42% with a +28% contribution from acquisitions, and +12% from currency effects, organic growth was +2%. Transformation of our North American business is underway with buildings and infrastructure strong, water leveling out. Our environmental activities, however, remained subdued. Continental Europe continued to grow, driven by improved demand from private sector clients across the Continent. Emerging Markets, Middle East and Asia continued to grow on the back of investments in buildings and infrastructure, while Latin America declined. Australia Pacific performed as planned. UK activities grew by +70% on the back of the acquisition of Hyder and high investment levels in transportation infrastructure and buildings.

Reported EBITA was up +14% at €47.4 million including the impact of acquisitions and currency effects. Reported EBITA included €12.1 million of acquisition, restructuring and integration charges (Q1 2014: €2.6 million), which reflects the substantial amount of work that was done on performance excellence, integration projects, and the North American transformation. Excluding acquisition, restructuring and integration costs, operating EBITA rose by +35%. The operating EBITA margin of 9.1% was impacted by lower margins of Hyder including a small loss in Germany. Excluding Hyder, the operating margin was 9.8%, slightly above last year (2014: 9.6%) despite the lower contribution from Latin America.

## Cash flow

Higher working capital weighed on free cash flow which was negative at €68 million compared to minus €34 million in the year-ago period. First quarter working capital is seasonally higher, and was 22.3% of gross revenues (2014: 17.9%), impacted by the higher working capital needs of Hyder and Callison, and continuing slower collections in Latin America. We are implementing ARCADIS' working capital controls at Hyder and Callison, and reinforcing our invoicing and collection procedures throughout the company. These measures are expected to start delivering results in the next quarters.

## Developments by business line

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

- **Infrastructure** (26% of gross revenues)

Infrastructure benefited from the acquisition of Hyder across several geographies, including the UK and the Middle East where the first sizable synergy wins were booked. Good organic net revenue growth in North America and Continental Europe was offset by declines in Latin America.

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- **Water** (14% of gross revenues)  
Overall growth in water was supported by the addition of Hyder. Organic development was driven by a return to low growth in North America and growth in the UK, while the Middle East and Asia also performed well. Latin America experienced a decline.
- **Environment** (24% of gross revenues)  
The decline in environmental activities in North America slowed compared to previous quarters, where the remediation market remained soft. The UK and Continental Europe were essentially flat and the turmoil in the Brazilian market caused a decline.
- **Buildings** (36% of gross revenues)  
In Buildings, Callison and Hyder contributed significantly to overall revenue growth. Good organic growth was achieved across all regions, although lower growth was delivered in Asia due to market conditions in China.

## Backlog

Aided by currency effects, backlog was up +7%. At constant exchange rates backlog was stable compared to year-end 2014. Positive developments were recorded in Continental Europe and UK. North America was flat while Emerging Markets were somewhat down.

## Outlook

With our strong market positions, strategic progress, recent acquisitions, currency effects, and performance excellence initiatives, we expect 2015 revenues and profit to increase significantly, barring unforeseen circumstances.

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## Conference Call

ARCADIS will hold a conference call to discuss its trading update for the first quarter of 2015 on April 23, 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 on the company's IR website at [www.arcadis.com](http://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 natural and built asset design & consultancy firm* working in partnership with our clients to deliver *exceptional and sustainable outcomes* through the application of design, consultancy, engineering, project and management services. ARCADIS differentiates through its talented and passionate people and its unique combination of capabilities covering the whole asset life cycle, its deep market sector insights and its ability to integrate health & safety and sustainability into the design and delivery of solutions across the globe. We are 28,000 people 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. Please visit: [www.arcadis.com](http://www.arcadis.com)

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