FIRST HALF YEAR RESULTS 2017

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IMPROVING QUALITY OF LIFE

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HIGHLIGHTS FIRST HALF YEAR 2017

- Starting to see benefits of the initiatives to position Arcadis for profitable growth:
  - more focus on clients
  - reducing working capital
  - simplified operating model with lower costs

- North American business returned to growth after three years of decline

- Positive business sentiment and higher backlog in most businesses, while we remain cautious about Brazil and the Middle East

- In the Middle East, we received cash payments on overdue receivables and reached important milestones on multiple contracts

- The results and developments in the first half year give us confidence that we will continue to make progress in the second half year

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CLIENT FOCUS AND IMPROVING QUALITY OF LIFE – RECENT PROJECT WINS

Sydney Metro, Australia

- Station Design and Technical services contract within a JV
- Engineering design of 6 underground metro rail stations as part of Australia's biggest public transport project

Buildings

Salpêtrière Bridge, Paris, France

- Designing and managing the bridge construction using BIM technology
- Bridge materials will include recycled materials. Bridge designed to allow for easy access for the disabled

Infrastructure

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CLIENT FOCUS AND IMPROVING QUALITY OF LIFE – RECENT PROJECT WINS

Environment

Moorebank Logistics Park, Moorebank, Australia

- Securing a AU $150 million investment for Qube Holdings by the Clean Energy Finance Corporation
- Providing freight logistics and sustainability advisory services

Water

Marine master planning services, Abu Dhabi, UAE

- Master planning services for the waterfront components of the Traditional Souq development
- Providing solutions for the seawall, coastal protection elements and boardwalks with a water jetty

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FIRST HALF YEAR & SECOND QUARTER 2017 OPERATING RESULTS

in € millions	HALF YEAR 2017	2016	Change	SECOND QUARTER 2017	2016	Change
Gross revenues	1,648	1,678	*-2%*	830	832	*0%*
Net revenues	1,256	1,263	*-1%*	628	630	*0%*
Organic growth	*-1%*			*0%*		
EBITDA	100	108	*-8%*	48	52	-8%
Operating EBITA	90	98	-7%	44	46	-5%
Operating EBITA margin[1)]	*7.2%*	*7.7%*		*7.0%*	*7.3%*	
Free cash flow	-28	-62		34	-10	
Net working capital %	19.3%	19.9%				
Net debt	514	587				

[1)] *Acquisition, restructuring and integration-related costs*

- Net revenues €1,256 million, organically -1% in first half year and 0% in the second quarter
- EBITDA €100 million, -8%; operating EBITA €90 million, -7%
- Free cash flow of +€34 million in Q2 leading to lower year-over-year net debt of €514 million
- Net debt/EBITDA covenant leverage ratio: 2.5 (December 2016: 2.5)

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FIRST HALF YEAR 2017 NET INCOME AND EPS

In € millions	H1 2017	H1 2016	Change
EBITDA	100	108	*-8%*
Depreciation	20	20	
EBITA	**80**	**88**	*-9%*
Amortization	-16	-19	
EBIT	**64**	**69**	*-7%*
Net finance expenses	-12	-13	
Income taxes	-16	-14	
Income tax rate	30%	25%	
Income from associates	-2	-1	
Non-controlling interests	0	-1	
Net income	**34**	**40**	*-15%*
Net income from operations[1)]	**47**	**55**	*-14%*
EPS[2)] (€)	**0.40**	**0.48**	*-17%*
EPS from operations[2)] (€)	**0.55**	**0.66**	*-17%*

[1)] Excluding acquisition, restructuring and integration-related costs
[2)] Average number of shares H1 2017: 85.1 million (H1 2016: 83.4 million)

- Net financing expenses €12 million (H1 2016: €13 million)
- Income taxes increased to 30% mainly due to non-recognized losses Brazil
- Income from associates -€2 million related to energy assets in Brazil
- Net income from operations €47 million (H1 2016: €55 million)
- EPS from operations €0.55 (H1 2016: €0.66)

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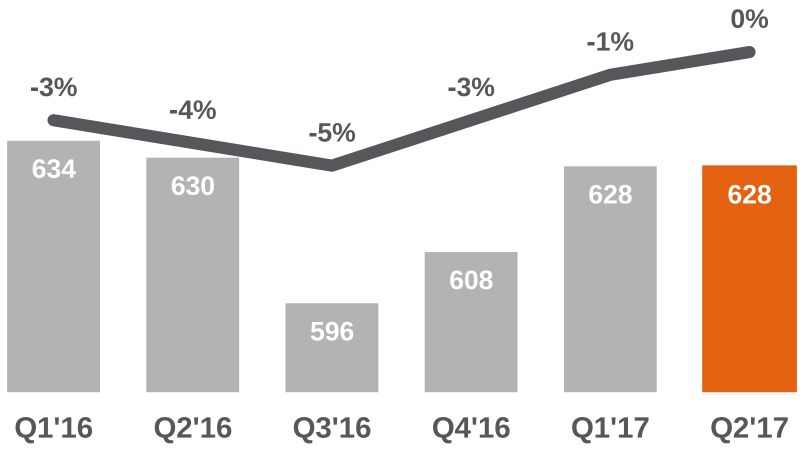
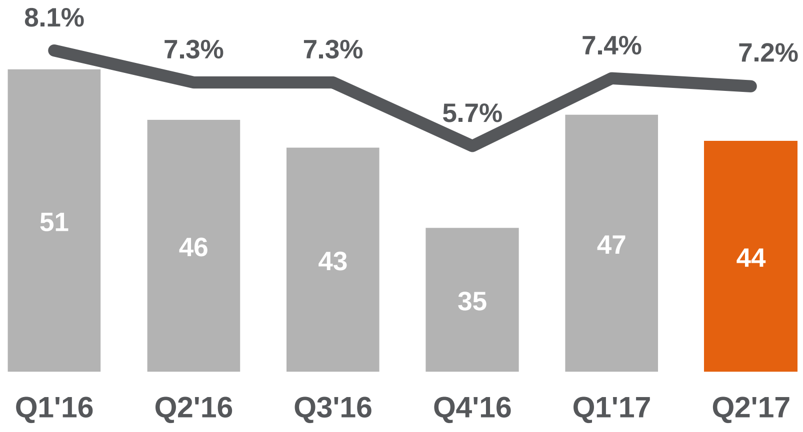
REVENUE AND OPERATING EBITA

Net Revenues
(€ millions & organic growth %)



Operating EBITA
(€ millions & in margin %)



First Half year 2017

- North America, Continental Europe, United Kingdom and Australia delivered organic revenue growth
- Revenues declined in Latin America and the Middle East
- Operating EBITA decreased by 7% as improvement in North America is offset by €6 million operating loss in Latin America

Q2 2017

- Improving organic growth, driven by North America, CallisonRTKL and Asia
- Sustained growth in Continental Europe, United Kingdom and Australia. Lower revenues in Latin America and the Middle East
- Operating EBITA margin lower than in Q1 due to less working days

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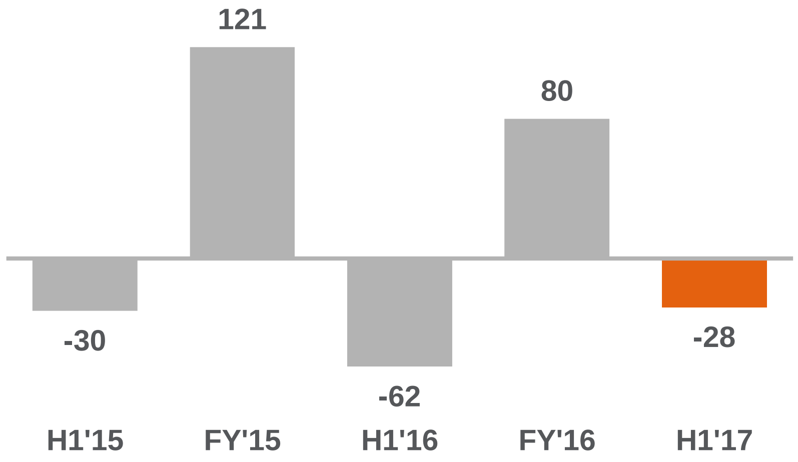
CASH FLOW STATEMENT

In € millions	H1 2017	H1 2016
EBITDA	**100**	**108**
Changes in net working capital	-70	-72
Changes in other working capital	-5	-45
Tax paid	-11	-13
Net interest paid	-13	-14
Other	-5	-
Cash flow from operating activities	**-4**	**-36**
Capital expenditure	-24	-26
Free cash flow	**-28**	**-62**

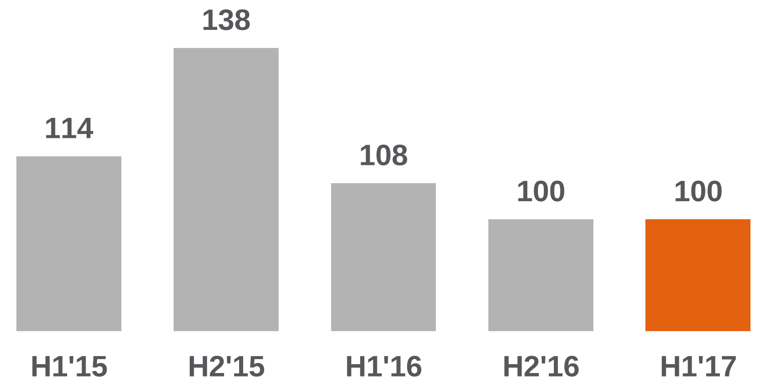
- Free cash flow -€28 million (H1 2016: -€62 million)
- Movement in net working capital in line with last year
- Free cash flow in second quarter +€34 million (Q2 2016: -€10 million) due to higher collections and focus on cash management

STRONG FREE CASH FLOW LOWER NET DEBT FIRST HALF YEAR

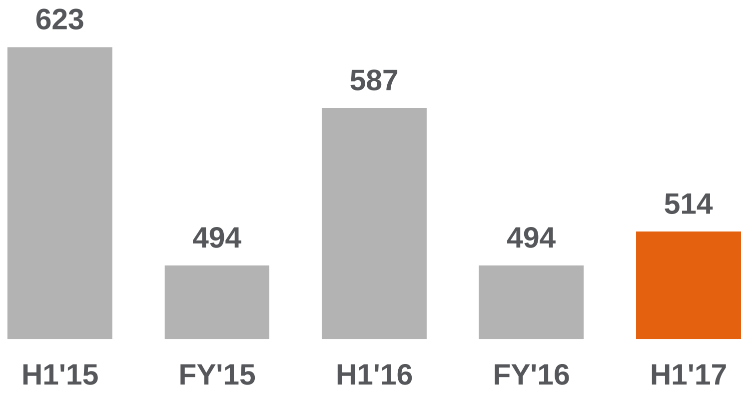
Free Cash Flow
(€ millions)



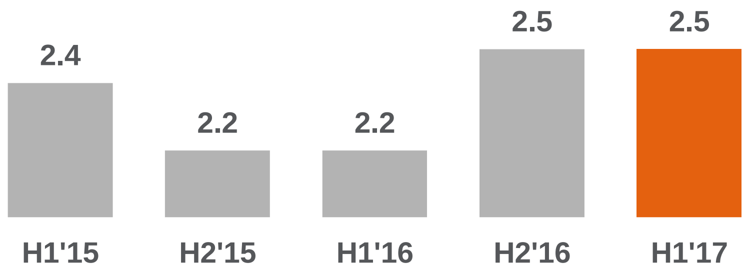
EBITDA
(€ millions)



Net Debt
(€ millions)



Average net debt/EBITDA
Calculated using bank covenant methodology



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BALANCE SHEET

In € millions

Assets	30 June 2017	31 Dec 2016	Equity and liabilities	30 June 2017	31 Dec 2016
Intangible assets	1,114	1,170	Equity	977	1,002
Fixed assets	97	100	Loans & borrowings	595	700
Other non-current assets	84	87	Other non-current liabilities	171	176
Trade receivables	572	622	Billing in excess of cost	243	287
Work in progress	539	518	Short-term debt	187	56
Other current assets	130	111	Accounts payable	226	253
Cash and cash equivalents	284	260	Other current liabilities	421	394
Total	**2,820**	**2,868**	**Total**	**2,820**	**2,868**

- Trade receivables improved from 31 December 2016 due to cash collections
- Work in progress (net of Billing in excess of costs) at €295 million seasonally higher than €232 million at 31 December 2016, but lower than peak of €331 million at 30 June 2016

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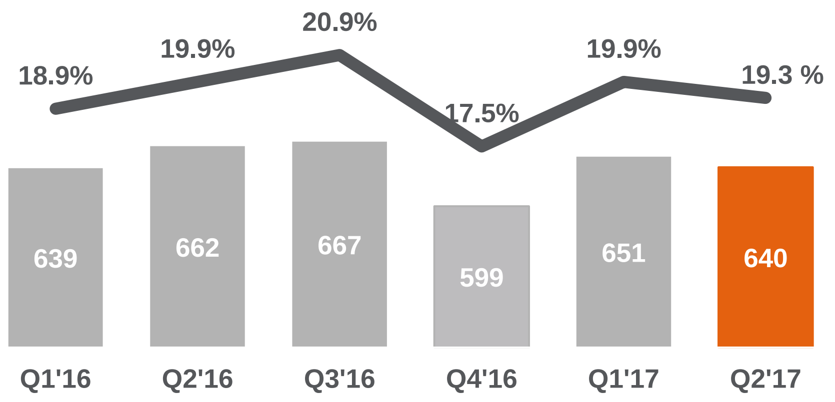
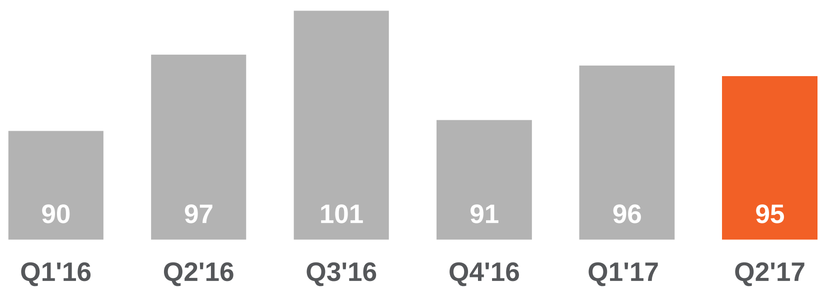
REDUCTION WORKING CAPITAL AND DSO REMAINS PRIORITY

Working capital
(€ millions & as % of gross revenues)



DSO
(number of days)



- Working capital as a percentage of gross revenues was 19.3% (Q2 2016: 19.9%)
- Positive free cash flow in second quarter helped improve this ratio
- Days Sales Outstanding improved to 95 days (Q2 2016: 97 days)
- In the Middle East, partial cash payments on overdue receivables were received and important milestones on multiple contracts were approved. Significant cash collection expected in Q3/Q4

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AGING RECEIVABLES

In € millions	30 June 2017		31 December 2016	
	Gross receivable	**As %**	**Gross receivable**	**As %**
Not past due	307	*49%*	341	*50%*
Past due 0-30 days	89	*14%*	121	*18%*
Past due 31-120 days	85	*14%*	79	*12%*
More than 120 days due	142	*23%*	138	*20%*
Total	**623**	***100%***	**678**	***100%***
Provision receivables	-53		-58	
Provision %	8.5%		8.6%	
Net Receivables[1)]	**570**		**620**	

[1)] *Excluding receivables from associates*

- 8% lower net receivables due to focus on collection
- Increase > 120 days mainly due to a project for an Oil & Gas client in North America that involves insurance
- Decrease provision of €5 million due to utilization of €7 million, FX impact of -€2 million, and net P&L charge of €4 million

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SEGMENTS

AMERICAS

EUROPE & MIDDLE EAST

ASIA PACIFIC

CALLISONRTKL

AMERICAS FIRST HALF YEAR & SECOND QUARTER RESULTS

In € millions	H1 2017	H1 2016	Change	Q2 2017	Q2 2016	Change
Gross revenues	599	606	-1%	302	296	2%
Net revenues	394	391	1%	198	194	2%
Organic growth	*-3%*			*-1%*		
EBITA	17.5	20.1	-13%			
Operating EBITA[1)]	23.4	24.0	-3%			
Operating EBITA margin	5.9%	6.1%				
Backlog organic growth	*5%*	*1%*				
DSO	87	88				

[1)] *Operating EBITA excludes acquisitions, restructuring and integration-related costs*

- Organic revenue decline consists of 1% growth in North America (+3% in second quarter), and 32% decline in Latin America
- Growth of Environmental and Infrastructure businesses drove Operating EBITA in North America, which was €3 million higher
- EBITA in Latin America decreased by €7 million due to an operating loss of €6 million and €4 million restructuring charges
- Clients in Brazil continue to delay investment decisions, impacting the Infrastructure business. Environmental business is more stable
- Further restructuring measures taken and planned for Brazil to bring down costs in line with market reality

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EUROPE & MIDDLE EAST FIRST HALF YEAR & SECOND QUARTER RESULTS

In € millions	H1 2017	H1 2016	Change	Q2 2017	Q2 2016	Change
Gross revenues	685	725	*-5%*	335	361	*-7%*
Net revenues	566	581	*-3%*	278	289	*-4%*
Organic growth	*1%*			*-1%*		
EBITA	36.6	41.5	*-12%*			
Operating EBITA[1)]	39.8	46.7	*-15%*			
Operating EBITA margin	7.0%	8.0%				
Backlog organic growth	*6%*	*2%*				
DSO	111	107				

1) Operating EBITA excludes acquisitions, restructuring and integration-related costs

- Organic growth consists of 4% growth in Continental Europe, 5% in the UK, compensating 13% decline in the Middle East
- Continental Europe: all countries contributed to revenue growth. Better market conditions in the private sector supported strong order intake
- UK: Organic net revenue growth in all segments, while backlog improved after winning many strategic pursuits
- Middle East: Revenues decreased and backlog came down due to selective bidding and lower demand
- EBITA decreased mainly due to the Middle East and the weaker British Pound. Operating EBITA improved in Continental Europe

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ASIA PACIFIC FIRST HALF YEAR & SECOND QUARTER RESULTS

In € millions	H1 2017	H1 2016	Change	Q2 2017	Q2 2016	Change
Gross revenues	196	183	*7%*	105	95	*10%*
Net revenues	172	166	*4%*	89	86	*4%*
Organic growth	*0%*			*1%*		
EBITA	14.1	14.4	*-2%*			
Operating EBITA[1)]	14.2	14.4	*-1%*			
Operating EBITA margin	8.3%	8.7%				
Backlog organic growth	*6%*	*-4%*				
DSO	86	89				

[1)] Operating EBITA excludes acquisitions, restructuring and integration-related costs

- Asia: Net revenues declined organically by 5%. In the second quarter return to growth while backlog improved
  - Singapore generated lower revenues due to a slower buildings market and from exiting low margin services
  - Revenues in China started growing again in the second quarter
- Australia Pacific: Organic net revenue growth was 8%, fueled by major projects wins like Sydney Metro
  - Higher revenues from delivering major infrastructure, buildings and environmental projects across major urban areas of Australia

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CALLISONRTKL FIRST HALF YEAR & SECOND QUARTER RESULTS

In € millions	H1 2017	H1 2016	Change	Q2 2017	Q2 2016	Change
Gross revenues	168	164	*3%*	88	80	*11%*
Net revenues	124	125	*-2%*	63	61	*2%*
Organic growth	*-3%*			*1%*		
EBITA	12.3	12.1	*1%*			
Operating EBITA[1)]	13.1	12.4	*5%*			
Operating EBITA margin	10.6%	9.9%				
Backlog organic growth	*-7%*	*1%*				
DSO	71	98				

[1)] *Operating EBITA excludes acquisitions, restructuring and integration-related costs*

- Due to a weak Q1, net revenues declined organically by 3% mainly due to lower activity levels in US commercial real estate
- In Q2, momentum improved with an organic growth of 1%, supported by the Retail and Workplace practices
- EBITA margin improved due to cost measures
- Backlog declined due to revisions on legacy projects; excluding this, backlog is stable

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IMPROVING QUALITY OF LIFE - THE WAY FORWARD

- **Strong fundamentals for growth: Urbanization, Mobility and Sustainability**
  - Working with clients and partners to create smart and sustainable urban areas that address the needs of society
- **Closer to our clients in a simplified structure**
  - Regions pursue market opportunities and deliver outcomes to clients supported by global insights and solutions
  - Global Excellence Centers provide cost effective solutions
  - Increasingly enabled through the “Arcadis Way”: harmonized business processes and systems
- **Driving innovation through digitalization**
  - Appointment of Chief Digital Officer and a multidisciplinary team to build a digitally-enabled business
- **Opportunities for growth and to improve performance**
  - Enhancing commercialization of our solutions
  - Improving project delivery
  - Balancing risks and opportunities in our portfolio

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E2 ManageTech

- An enterprise technology solutions firm providing IT and business services for the Environmental, Health and Safety (EHS) information market
- E2 was established in 1998 and employs more than 50 people, located in the United States and Canada
- Capturing this segment strengthens Arcadis' capabilities to support the growing market demand in North America and globally

E2MANAGETECH
COLLABORATE | INNOVATE | DELIVER

LEADERSHIP PRIORITIES

Outlook 2017:

- In general, positive business sentiment in most regions
- Increased infrastructure spending in many countries
- Uncertainty around Brazil and the Middle East remains
- Strong pipeline and cost reductions supporting profitable growth

Leadership priorities 2017:

- Focusing on clients, leading to growth in backlog and revenues
- Reducing costs by simplifying organization structure, strengthening project management and expanding GEC's
- Reducing working capital
- Driving innovation through digitalization
- Finalizing the strategy update

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