

## PRESS RELEASE

ARCADIS NV  
Gustav Mahlerplein 97-103  
P.O. Box 7895  
1008 AB Amsterdam  
The Netherlands  
Tel +31 20 2011 011  
www.arcadis.com

### ARCADIS TRADING UPDATE Q3 2017

- Gross revenues €766 million. Net revenues €585 million, organically +3%
- EBITDA €50 million, +2%; Operating EBITA €45 million, +4%
- Net working capital 19.8% (Q3 2016: 20.9%)
- Free cash flow of +€41 million in Q3 leading to lower year-on-year net debt of €492 million
- Backlog €2.0 billion, impacted by foreign exchange effects. Over the first nine months, backlog increased 1% organically
- Capital markets day and strategy update on 21 November 2017 in London

### KEY FIGURES

in € millions Period ended 30 September	THIRD QUARTER			YEAR-TO-DATE		
	2017	2016	change	2017	2016	change
Gross revenues	766	797	-4%	2,414	2,475	-2%
Net revenues	585	596	-2%	1,841	1,860	-1%
<i>Organic growth</i>	3%			0%		
EBITDA	50	49	2%	149	157	-5%
EBITA	40	39	4%	120	127	-5%
Operating EBITA <sup>1)</sup>	45	43	4%	136	141	-4%
<i>Operating EBITA margin</i>	7.7%	7.3%		7.4%	7.6%	
Free cash flow	41	40		12	-22	
Net working capital %				19.8%	20.9%	
Net debt				492	554	
Backlog net revenues (billions)				2.0	2.2	

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

**Amsterdam, 25 October 2017 – Arcadis (EURONEXT: ARCAD), the leading global Design & Consultancy firm for natural and built assets, reports a 3% organic increase in net revenues for Q3 2017. The operating EBITA was €45 million, an increase of 4% versus Q3 2016.**

### CEO STATEMENT

Peter Oosterveer CEO Arcadis comments: “Organic net revenue growth in this quarter was positive for the first time in nine quarters. Our focus on clients and a positive business sentiment in the majority of our markets contributed to a net revenue increase in North America, Continental Europe, the UK and Australia. We also grew our earnings, in spite of a loss in Brazil, challenging conditions in the Middle East, and currency impacts. Furthermore, we are pleased to have received significant cash payments for milestone-based contracts in the Middle East.

The improving results, strong pipeline, and our focus on business priorities give me confidence that we will continue to make progress in the fourth quarter.

Global megatrends like urbanization, mobility, digital transformation and climate change offer many opportunities for Arcadis. In combination with the expertise and passion of our people I am convinced we can continue to grow and improve our performance in the years ahead. We will provide a strategy update during the capital markets day on November 21<sup>st</sup> 2017 in London”.

Improving quality of life

## REVIEW OF PERFORMANCE

### REVENUES BY SEGMENT

Net revenues increased organically by 3% in the third quarter, trending up from previous quarters. North America, Continental Europe, the UK, and Australia delivered organic growth. Net revenues declined in Latin America, Asia and CallisonRTKL.

### AMERICAS

(31% of net revenues)

in € millions	THIRD QUARTER			YEAR-TO-DATE		
Period ended 30 September	2017	2016	change	2017	2016	change
Gross revenues	284	297	-4%	882	904	-2%
Net revenues	181	190	-5%	576	581	-1%
<i>Organic growth</i>			-1%			-3%

In North America revenues increased organically by 3% in the quarter and 2% year-to-date driven by the Environmental and Infrastructure businesses. Backlog grew and we see a strong pipeline of opportunities.

Latin America's net revenues in the third quarter were in line with the first quarters in 2017, bringing year-to-date revenues 29% below last year. Additional restructuring measures were taken in Brazil to further reduce costs. Backlog dropped especially due to a contract cancellation.

### EUROPE & MIDDLE EAST

(45% of net revenues)

in € millions	THIRD QUARTER			YEAR-TO-DATE		
Period ended 30 September	2017	2016	change	2017	2016	change
Gross revenues	312	320	-3%	997	1,045	-5%
Net revenues	264	257	3%	830	838	-1%
<i>Organic growth</i>			8%			3%

In Continental Europe net revenues increased organically by 9% in the quarter and 6% year-to-date to which all countries contributed. Revenue growth was mainly driven by Buildings, and increasingly also in Environment and Water. Strong market conditions in the private sector supported a good order intake. The infrastructure business in the Czech Republic was divested.

The United Kingdom delivered 9% organic net revenue growth in the quarter and 6% year-to-date. Especially Infrastructure, Water, and Buildings contributed to the growth. Backlog further improved after winning a number of strategic pursuits.

Net revenues in the Middle East were organically flat for the quarter and declined year-to-date by 9%. Backlog came down due to selective bidding and lower demand.

## ASIA PACIFIC

(14% of net revenues)

in € millions	THIRD QUARTER			YEAR-TO-DATE		
Period ended 30 September	2017	2016	change	2017	2016	change
Gross revenues	92	98	-6%	288	281	3%
Net revenues	87	88	-2%	258	254	2%
<i>Organic growth</i>	1%			0%		

Net revenues in Asia declined organically by 2% in the quarter and 4% year-to-date. Singapore generated lower revenues due to a slower buildings market and from exiting low margin services. Revenues in China were higher. A small associate company in Brunei was divested. The backlog in Asia is flat.

In Australia organic net revenue grew 9% in the quarter and 8% year-to-date, as a result of delivering key infrastructure, buildings and environmental projects across major urban areas. Order backlog increased significantly, while the pipeline is strong.

## CALLISONRTKL

(10% of net revenues)

in € millions	THIRD QUARTER			YEAR-TO-DATE		
Period ended 30 September	2017	2016	change	2017	2016	change
Gross revenues	79	81	-4%	247	245	1%
Net revenues	53	61	-13%	177	187	-5%
<i>Organic growth</i>	-8%			-4%		

Net revenues declined organically by 8% in the quarter and 4% year-to-date, mainly due to lower activity levels in US commercial real estate. Despite an almost stable backlog in the third quarter, year-to-date backlog is down 9%.

## CASH FLOW, WORKING CAPITAL AND BALANCE SHEET

At the end of September, net working capital as a percentage of gross revenues was 19.8% (Q3 2016: 20.9%). Days sales outstanding decreased with 5 days to 96 days (Q3 2016: 101 days). Free cash flow in the third quarter was €41 million (Q3 2016: €40 million), while year-to-date free cash flow was €12 million (2016: -€22 million) reflecting lower working capital. Net debt at the end of September was €492 million (September 2016: €554 million).

Arcadis will invest up to €20 million over the next 6 to 9 months to optimize value creation of the non-core clean energy assets in Brazil ahead of a future divestment.

## BACKLOG

Backlog at the end of September 2017 was €2.0 billion, negatively impacted by foreign exchange effects (-9% year-to-date) and a significant contract cancellation in Brazil. Over the first nine months, backlog increased 1% organically.

Backlog grew especially in North America, the UK, Continental Europe, Asia and Australia, while Latin America, the Middle East and CallisonRTKL saw a declining backlog.

## **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 Global Excellence Centers
- Reducing working capital
- Driving innovation through digitalization
- Finalizing the strategy update and progressing the strategic review of CallisonRTKL

## **FINANCIAL CALENDAR 2017**

21 November 2017      Capital Markets Day, including strategy update  
15 February 2018      Publication Full year results 2017

## **FOR FURTHER INFORMATION PLEASE CONTACT:**

### **ARCADIS INVESTOR RELATIONS**

Jurgen Pullens  
Telephone: +31 20 2011083  
Mobile: +31 6 51599483  
E-mail: jurgen.pullens@arcadis.com

### **ARCADIS GROUP COMMUNICATIONS**

Joost Slooten  
Mobile: +31 6 27061880  
E-mail: joost.slooten@arcadis.com

## **CONFERENCE CALL**

As of 2017, Arcadis will host an analyst meeting, conference call, and webcast with the publication of the half year and full year results.

## **ABOUT ARCADIS**

Arcadis is the leading global Design & Consultancy firm for natural and built assets. Applying our deep market sector insights and collective design, consultancy, engineering, project and management services we work in partnership with our clients to deliver exceptional and sustainable outcomes throughout the lifecycle of their natural and built assets. We are 27,000 people, active in over 70 countries that generate €3.3 billion in revenues. We support UN-Habitat with knowledge and expertise to improve the quality of life in rapidly growing cities around the world. [www.arcadis.com](http://www.arcadis.com).

## **REGULATED INFORMATION**

This press release contains information that qualifies, or may qualify as inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation.

## **FORWARD LOOKING STATEMENTS**

Statements included in this press release that are not historical facts (including any statements concerning investment objectives, other plans and objectives of management for future operations or economic performance, or assumptions or forecasts related thereto) are forward looking statements. These statements are only predictions and are not guarantees. Actual events or the results of our operations could differ materially from those expressed or implied in the forward looking statements. Forward looking statements are typically identified by the use of terms such as “may,” “will,” “should,” “expect,” “could,” “intend,” “plan,” “anticipate,” “estimate,” “believe,” “continue,” “predict,” “potential” or the negative of such terms and other comparable terminology. The forward looking statements are based upon our current expectations, plans, estimates, assumptions and beliefs that involve numerous risks and uncertainties. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control. Although we believe that the expectations reflected in such forward looking statements are based on reasonable assumptions, our actual results and performance could differ materially from those set forth in the forward looking statements.