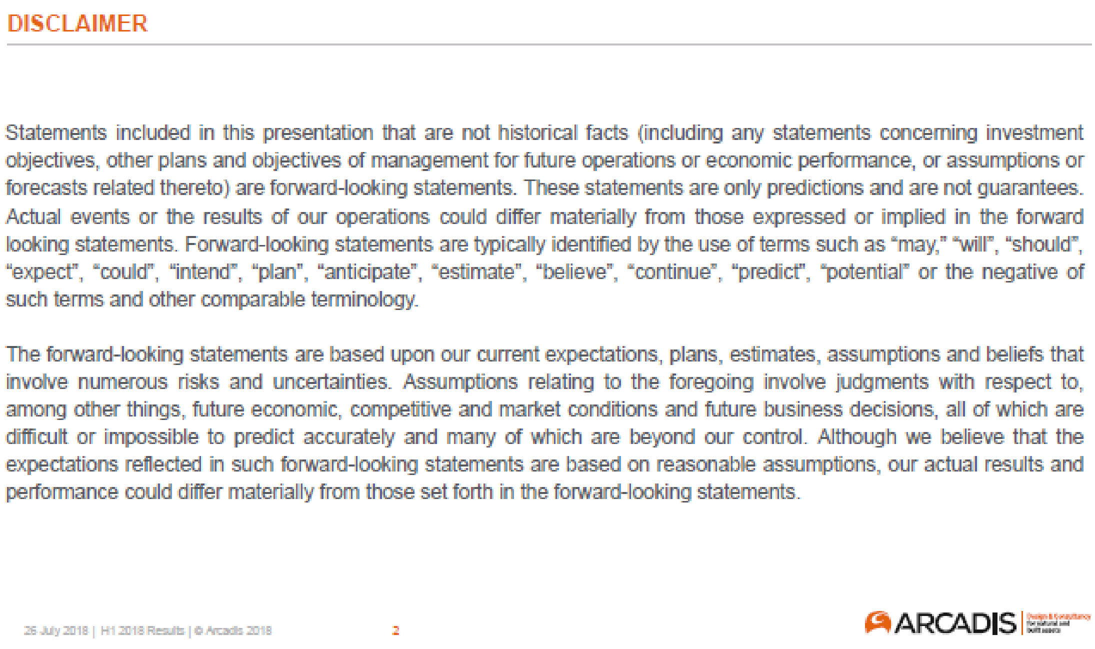

FIRST
HALF YEAR
RESULTS
2018
Amsterdam, 26 July 2018
IMPROVING QUALITY OF LIFE

Jurgen Pullens – Director IR ARCADIS: Good morning, everyone. My name is Jurgen Pullens, Director of Investor Relations, of ARCADIS. I would like to welcome you to the ARCADIS analyst meeting and webcast. We are here to discuss the company's results for the second quarter and the first half-year results for 2018, and they were released this morning.

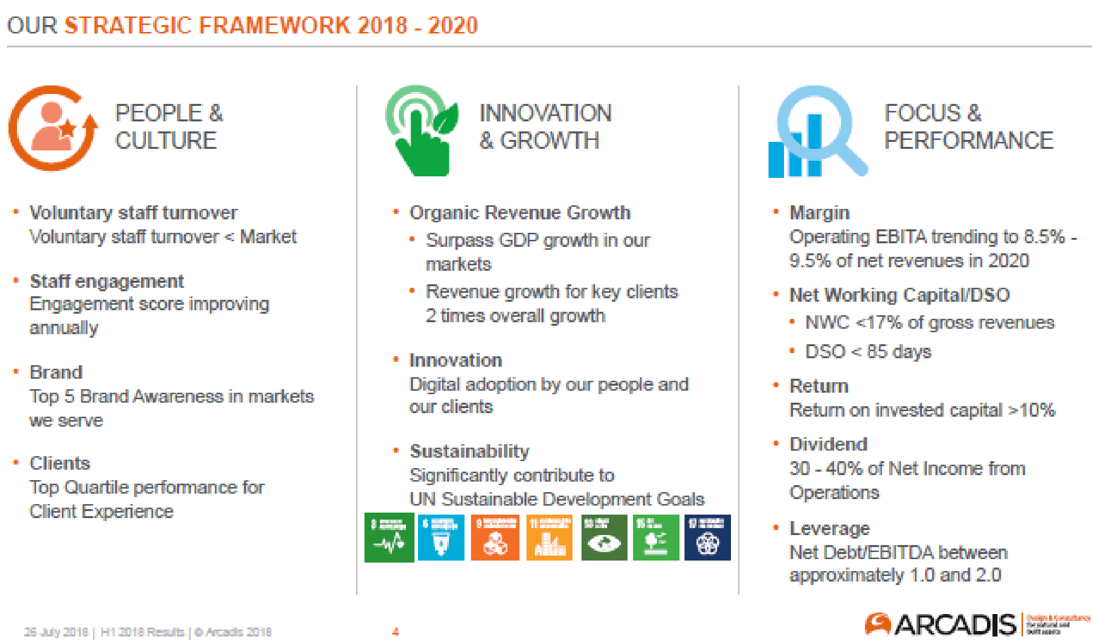
With us are Peter Oosterveer; and our new CFO, Sarah Kuijlaars. We will start with a short presentation by Peter and Sarah, and then we will open up for Q&A. You all received the presentation this morning, but it is also available through the ARCADIS website.



And just a few words about procedures before we start. We will begin with formal remarks. We call your attention to the fact that, in today's session, management may reiterate forward-looking statements, which were made in the press release. We would like to call your attention to the risks related to these statements, which are more fully described in the press release and on the company's website.

With these formalities out of the way, I would like to hand over to Peter.

Peter Oosterveer -- CEO ARCADIS: Yes, thanks, Jurgen, and good morning, everyone, including the people on the webcast. Thanks for your interest in ARCADIS. I am going to provide some brief context for today's discussion. I am going to also describe some of the highlights out of the first half-year, and then I am going to turn it over to Sarah. And of course, as Jurgen said, thereafter, we will open it up for questions.



We are talking here about the first half-year, but I thought it would be good to take you back a little bit further in time, back to November of last year, when we showed this particular slide to you, at least those of you who were in the Capital Markets Day presentation in London. And I thought it would be good to provide that context, because it is the foundation of some of the things we are going to share here momentarily.

So during the Capital Markets Day back in November last year, we introduced our new strategy. We shared with you that we had simplified the strategy. We also shared with you that we have developed the three strategic pillars: people and culture, innovation and growth, and focus and performance. I am not going to take you through all of what I took you through in November, but just a couple of highlights, because they form the preface for the subsequent explanation on where we are as a company.

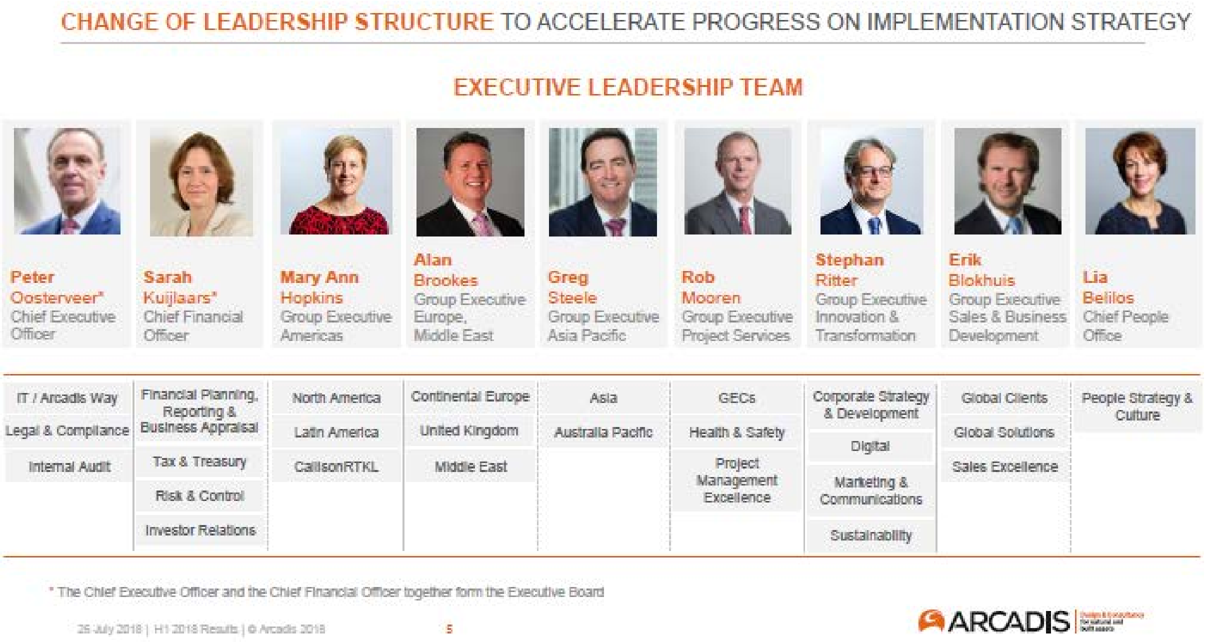
We mentioned at that time that we wanted to have a stronger focus on the one and only asset we have in our company, which is our people. We felt that the best way to measure that for us is through a lower voluntary turnover and a higher engagement.

We spoke about innovation and growth during the Capital Markets Day and how innovation in our space is going to change the space, is going to change the role of service providers like us, and how quickly that is likely going to happen. We also spoke about the growth we expect to get from our key clients, and we committed ourselves to a growth from our key clients, which would be twice the growth we would generate by non-key clients. That is largely in line with the GDP in the places we operate.

Last but not least, we also spoke to you about the last pillar, focus and performance. That one had a number of dimensions. One is to have a stronger operational focus on what we do for a living. The second is to make the choices needed to make to generate the higher margins we have committed to you. In that context, we also spoke about project delivery, project execution, and the levers we have in project execution to improve our performance. At that time I mentioned that we had too many projects not meeting our expectations, and if we could improve that, we would have an immediate opportunity to improve the bottom line.

You might also recall that, at that time, we spoke about the GECs, our Global Excellence Centers we have in India and the Philippines, which give us another opportunity to improve our financial performance.

So I thought I would just provide this as a gentle reminder, and since it is not too far back in time, I thought it was still relevant for today's discussion. So that was back in November of last year when we had the Capital Markets Day.



Then, the next thing we did, and that's more relevant to the first half of the year, because on 12 March, we introduced our new organisational structure. Again, I am not going through this in great detail, but I thought it would be relevant to just pick out a couple of highlights. Because the intent, the prime intent of this structure was to make our organisational structure operationally more focused; and secondly, to bring it more in alignment with our strategy so that there was almost like a one-on-one relationship between our strategy, particularly our strategic pillars, our strategic goals, and the organisational structure we have in place.

Just going from left to right, well, of course, we are very pleased to have Sarah Kuijlaars here now with us, our new CFO, and she will talk to you here momentarily. Then you might recall, for those of you who were in London, that actually Mary Ann Hopkins presented. She had a responsibility somewhat similar to what she has at this point in time. She is responsible for the Americas, North America, Latin America, and now also responsible for CallisonRTKL.

You might also recall Alan Brooks, who at that time was the CEO of the UK, and has, with the new structure, assumed a bigger responsibility to now being responsible for the UK, for Continental Europe and the Middle East.

Lastly, you might also recall that Greg Steele was one of the presenters during the Capital Markets Day, at that time in the capacity as CEO of Australia. As of a couple of weeks ago, more specifically two weeks ago, he has assumed the responsibility for Australia and Asia.

Then, quickly going through the others, Rob Mooren, a long-time ARCADIS veteran, has assumed responsibility predominantly for three areas: first of all, Health and Safety; secondly, to help us drive that improved project performance we need to see. And for someone who has come up through projects and lived projects most of his ARCADIS life, it just seemed like the right candidate to drive that. Lastly, Rob's responsibility is also to optimise the profitability and optimise the performance we can get out of our Global Excellence Centers.

Then Stephen Ritter, who might be familiar to most of you as well, has now a stronger focus and a responsibility at the most senior level for Innovation and Transformation, for Digital, and for Marketing and Communication, and for Sustainability.

We also, in London, spoke about the need to be more selective in terms of picking the right clients. Therefore, we also felt it relevant and important that we had someone at this level responsible for client development, for sales and, indeed, for the selectivity in making sure that we pick the right clients.

Last but certainly not least, Lia Belilos, who was already with ARCADIS and is the Chief People Officer, to emphasise the importance of the people component in what we do.

This team has largely been in place since early March. Sarah joined in late April, and Greg Steele joined us just a couple of weeks ago. I am pleased with the momentum we have created, the teamwork we have created, and the quality and the capability we have in this team. I am extremely pleased and extremely confident as well.

HIGHLIGHTS FIRST HALF YEAR 2018

- Organic net revenue growth, operating margin improvement and strong cash flow
  - Improved results Americas
  - Cash collection Middle East (KSA)
- New Executive Leadership Team in place
- Significant investments in digital capabilities and skills
- Middle East portfolio analysis completed
- Focus on disciplined project management and client selection starting to yield results
- Strategic review CallisonRTKL concluded: remains part of Arcadis
- Renewable natural gas plant, part of the ALEN joint venture in Brazil, is technically operational

So with that being said, let's just quickly go over the highlights as we see them for the first half-year. Some of them will be discussed in more detail by Sarah, so I am not going to go into great detail but I thought it would be appropriate to just summarise the main highlights: organic net revenue growth, operating margin improvement, and strong cash flow, as some of you already observed as we were coming into the room, and others have observed early this morning.

The improved results, in particular in North America, are extremely positive. It builds on what we have signalled for a couple of quarters now, that we have seen improvements in North America. I would say that the improvements we have seen lately not only confirm that it is a trend, but in terms of absolute numbers, are actually compelling. On top of the Americas, we have also seen a good performance in other markets, such as the UK, Continental Europe, and Australia in particular.

And then, clearly, also extremely relevant for many of us is the substantial amount of money we collected in the Middle East, something which has been on many people's radar screen for a long time, a total of EUR 25 million out of Saudi Arabia, EUR 6 million in the first quarter and another EUR 19 million in the second quarter. So positive developments on something which was definitely overdue.

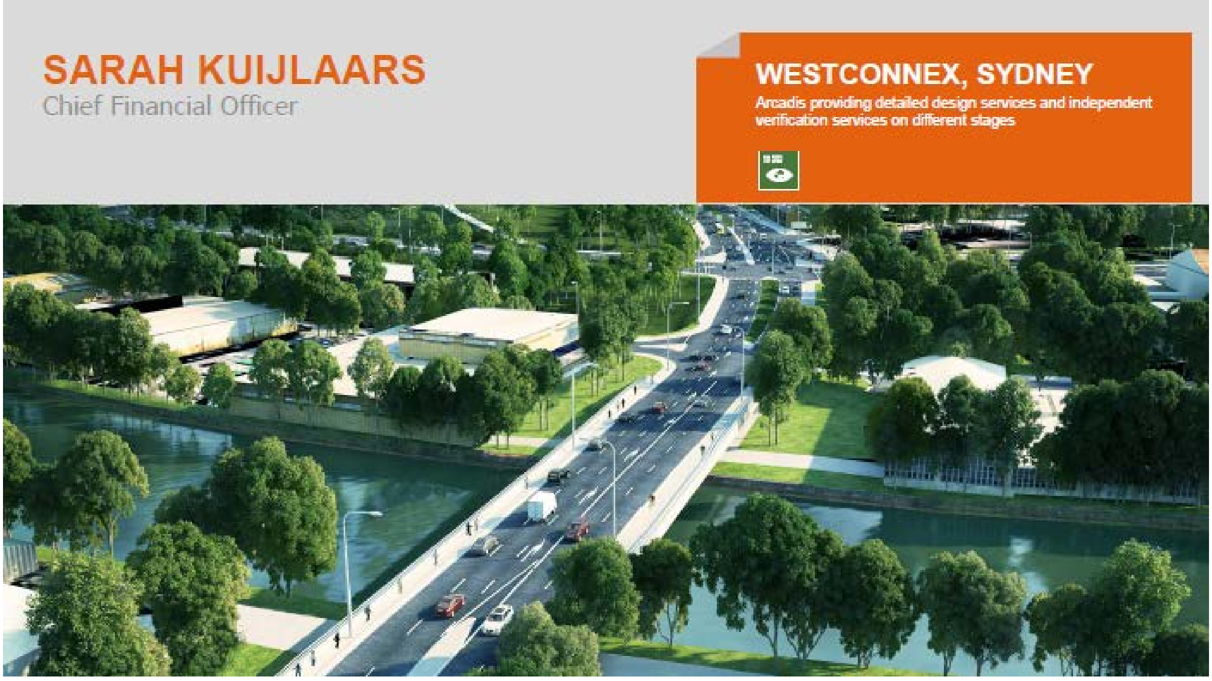
We have the new executive leadership team in place. I told you about it. We continue to significantly invest in our digital capabilities, both through partnerships as well as in terms of improving our people skills. We have signalled before that we wanted to use the first half of the year, amongst others, to also perform a portfolio analysis on the Middle East. I can now say that we have completed that portfolio analysis, and I am sure that later on in the conversation we will get into some more detail there.

With the introduction of the executive leadership team, and more specifically with the […] of Rob Mooren, we now have that focus anchored in the executive leadership team, the focus on disciplined project management. With Erik Blokhuis, we have it anchored in terms of client selection. We are starting to see the early signs of improvements there. People are more aware of selecting the right clients, the right opportunities, and staying away from opportunities which are not yielding us the return which we are looking for.

As we have announced two weeks ago, we have completed the strategic review of CallisonRTKL. And we have concluded that the best value, the most value, is being derived from keeping it within ARCADIS.

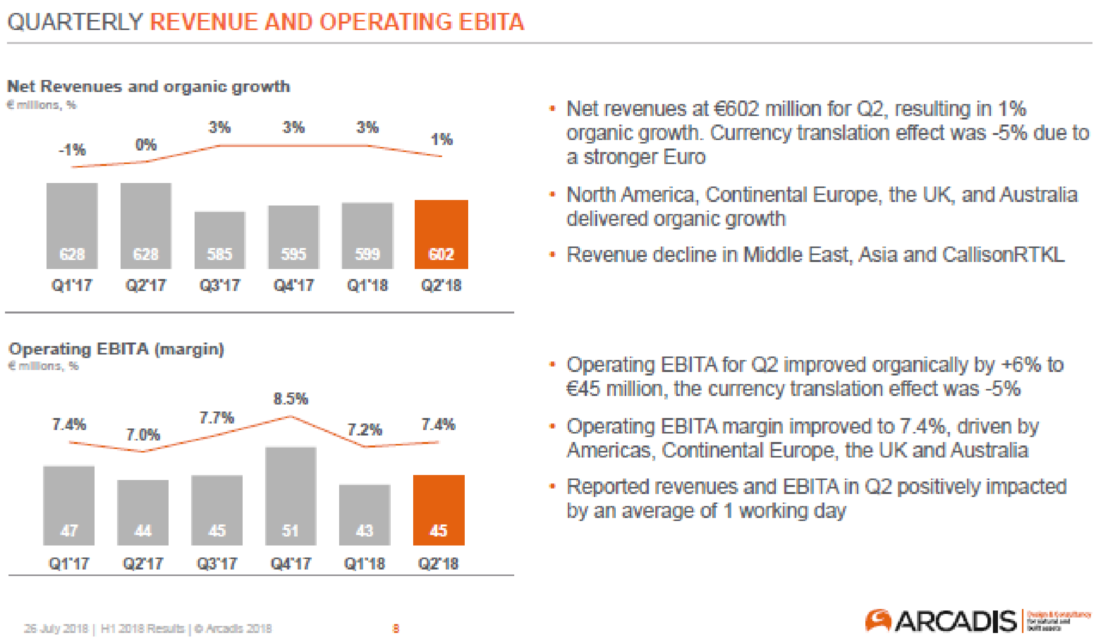
Last but not least, and I suspect that also there we will have further conversation later on, the large gas-to-gas plant, which is part of the ALEN joint venture, is technically operational. We are now in the process of negotiating sales contracts for the gas plant. As we have said in our press release, the intent is for us to still sell all the assets in 2019.

So with that, turning it over to Sarah. Sarah, please?



Sarah Kuijlaars – CFO ARCADIS: Thank you, Peter. Good morning, everyone. It is great to be here.

I thought I would start in Sydney. You can imagine that my first 90 days I have made the effort to get to know the business a bit better and while in Sydney, I visited this project to site visit a material transport infrastructure project in Sydney with WestConnex. It gave me a feel for the passion and the technical expertise of my fellow Arcadians, working closely together in close collaboration on a successful project.



Let's turn to the numbers. For Q2, net revenues of EUR 602 million on a 1% organic growth. Of course, there was a currency translation effect of 5% due to the stronger Euro. I think we have good, solid organic growth, particularly in North America, Europe and Australia. There has been revenue decline for the Middle East, Asia, and CallisonRTKL.

When we look at the operating EBITDA for Q2, EUR 45 million, an organic improvement of 6%, and also a currency translation effect of minus 5%. It is very pleasing to see this operating EBITDA margin improve by 7.4%, which of course is higher than the 7% we achieved in Q2 2017. The main driver for this is the Americas, Europe and Australia. In Q2, both our revenues and the EBITDA has been impacted by an average of one working day.

FIRST HALF YEAR 2018 REVENUES, NET INCOME AND BACKLOG

	HALF YEAR			SECOND QUARTER		
In € millions	2018	2017	change	2018	2017	change
Net revenues	1,202	1,256	-4%	602	628	-4%
Organic growth	2%			1%		
EBITDA	100	100	0%	53	48	11%
EBITA	79	80	-1%	42	38	11%
EBITA margin	6.6%	6.4%		7.0%	6.1%	
Operating EBITA [1]	88	90	-3%	45	44	2%
Organic growth	2%			6%		
Operating EBITA margin	7.3%	7.2%		7.4%	7.0%	
EBIT	68	64	6%			
Net income	35	34	4%			
Net income from operations [2]	44	47	-6%			
NIfO per share [3]	0.51	0.55	-7%			
Backlog net revenues (billions)	2.1	2.2	-4%			
Backlog organic growth	0%					

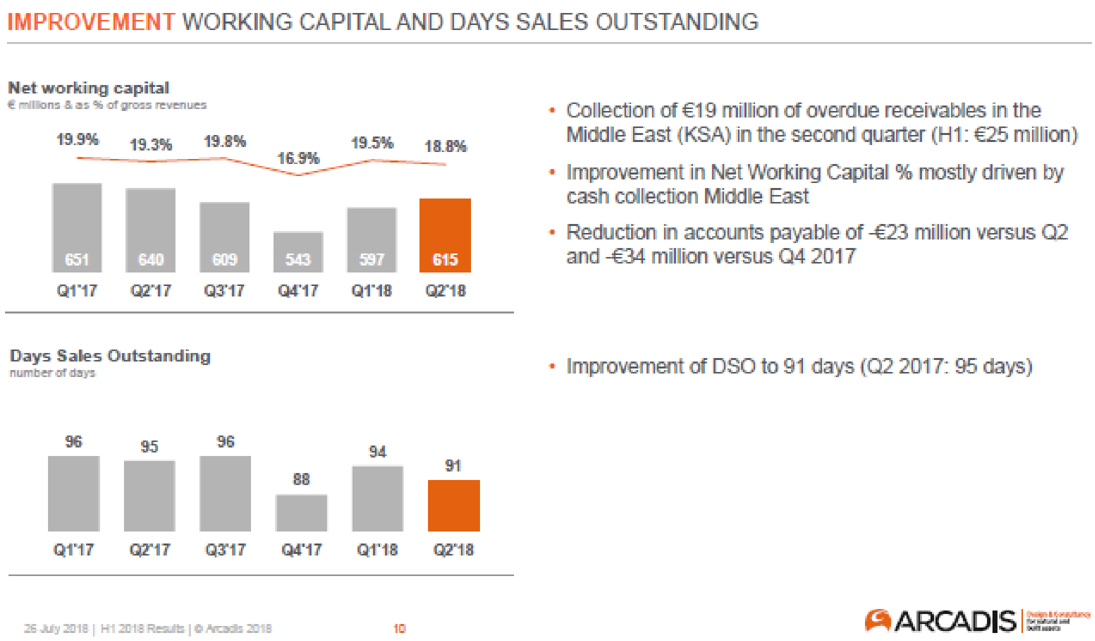
[1] *Excluding acquisition and restructuring costs*
[2] *Corrected for non-recurring items (e.g. restructuring)*
[3] *Average number of shares H1 2018: 86.6 million (H1 2017: 85.1 million)*

- Organic net revenue growth at 2%; driven by North America, Continental Europe, the UK and Australia
- Operating EBITA margin up to 7.3% from improvement Americas
- NIFO per share at €0.51 (H1 2017: €0.55):
  - Increased financing charges: interest rates USD loans and impact IFRS 9
  - Loss from associates of € 4.5 million, mainly related to non-core clean energy assets Brazil
  - Effective tax rate: 26% (H1 2017: 30%)
- Organic backlog flat, improvement in Continental Europe, Australia and CallisonRTKL, compensating for 20% decline Middle East

If we look at these figures more in detail, there we see the EUR 45 million for the operating EBITDA for second quarter, which means, for the half-year, we achieved EUR 88 million. The pleasing 7.4% in operating EBITDA margin for the quarter we see for the half-year at 7.3% and this then translates to an EBIT for the first half-year of EUR 68 million, a net income of EUR 35 million, and a net income from operations for EUR 44 million.

The NIFO per share is at .51, and that has been impacted by increased financing charges, the loss from associates of 4.5. We have an effective tax rate of 26%, lower than the first half-year into 30%.

We see our organic backlog is flat. We have good improvement in Europe, Australia, and Callison, in Callison particularly in the Q2, and this compensates for the 20% decline we see in the Middle East. Where I think this connects with Peter's point about being selective with the clients that we work with.

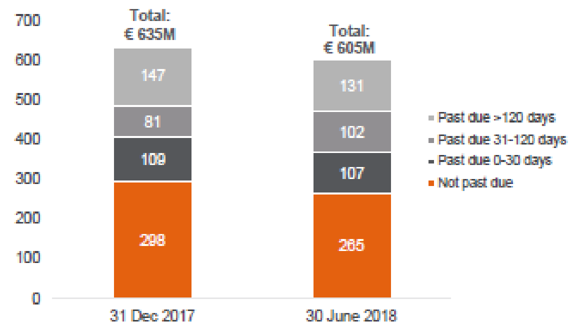


I am pleased to say that there is incredible focus with organisation on the net working capital. At Q2, we stood at EUR 615 million, showing a significant improvement from 640 in Q2 2017 and 18.8% compared to the 19.3%. Of course, this was driven significantly by an improvement in our receivables in the Middle East, particularly in Saudi for EUR 19 million, and the first half-year a total of EUR 25 million. It is also worth highlighting that our accounts payable has reduced EUR 23 million this quarter versus EUR 34 million in Q4 2017.

If we then look at our daily sales outstanding, this also shows an improvement. We are now sitting at 91 days compared to 95 days in Q2 2017, a very good trajectory, in line with our strategic framework.

REDUCTION IN LONG OVERDUE RECEIVABLES

Gross & Net receivables
€ millions



	31 Dec 2017	30 June 2018
Gross Receivables	635	605
Provision receivables	-57	-56
Provision %	8.9%	9.3%
Net Receivables[1]	578	549

[1] *Excluding receivables from associates*

- 5% lower gross receivables at €605 million, due to focus on collection
- Decrease in overdue receivables more than 120 days driven by:
  - Cash collection KSA
  - Partial payment Oil & Gas project involving insurance (US)

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Now targeting our overdue receivables. As we see here, we have the reduction to 605, which demonstrates our progress, significant cash collection in Saudi, also a payment in the US related to the oil and gas project there, but absolutely acknowledging we more work to do. So, acknowledging we have to continue the focus in the organisation to ensure that we are looking at our overdues, and addressing those and making sure that we continue to track downwards in the coming quarters.

CASH FLOW STATEMENT

in € millions	2018	2017
EBITDA	100	100
Changes in net working capital	-81	-70
Changes in other working capital	15	-5
Tax paid	-21	-11
Net interest paid	-11	-13
Other	-3	-5
Cash flow from operating activities	19	-4
Capital expenditure	-25	-24
Free cash flow	-6	-28

- Free cash flow in second quarter of +€54 million (Q2 2017: +€34 million)
- Free cash flow of €-6 million (H1 2017: -€28 million)
- Improved working capital from cash collection Middle East partly offset by payment subcontractors ("paid-if-paid")
- Other working capital improvement caused by less prepayments (4-year software license)
- Tax paid impacted by higher preliminary tax assessments, partly caused by lower tax loss compensation

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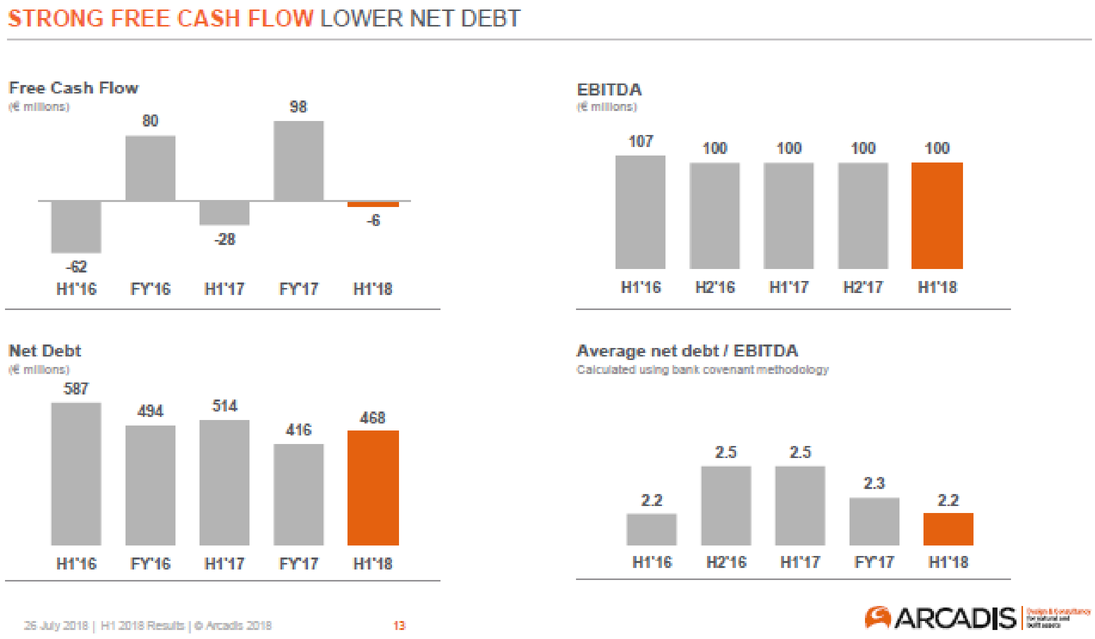
It is great to report a free cash flow in Q2 of EUR 54 million, which is significantly higher than our Q2 2017 position of EUR 34 million and brings our first half-year free cash flow to minus EUR 6 million, which of course is better than this time last year. We are demonstrating improved working capital, but also acknowledging that our cash tax payment is higher than last year, mainly due to timing effects. Our CapEx stays broadly flat, as I say, culminating in a minus EUR 6 million for the first half-year, well set to increase our positive free cash flow for the year as a whole.



So bringing that all together in context, I talked about the strong cash flow improvement that has enabled us to manage our debt downwards. EUR 468 million net debt for the half-year position, […] improvement from this time last year and of course, that is then translated into an average net debt/EBITDA ratio of 2.2.

AMERICAS STRONG MARGIN IMPROVEMENT

(31% of net revenues)	HALF YEAR			SECOND QUARTER		
	2018	2017	change	2018	2017	change
Gross revenues	551	599	-8%	288	302	-5%
Net revenues	365	394	-7%	189	198	-5%
Organic growth	2%			2%		
EBITA	25.9	17.5	48%			
Operating EBITA	28.2	23.4	20%			
Operating EBITA margin	7.7%	5.9%				
Backlog organic growth	0%					
DSO	88	87				

- Organic net revenue growth of 2%: 3% growth in North America and 3% decline in Latin America
- Strong operating margin improvement to 7.7%:
  - North America at 8.8% driven by strong results Water and continued solid results Environment and Infrastructure
  - Latin America Operating EBITA improved by €5 million, close to break-even result
- Backlog organic growth Water, offset by slight decline in other business lines

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Let's now look at the regions. In the Americas we have a strong margin improvement. Here, we see organic growth in North America and a decline in Latin America. But again, I think this is a strong focus on the operating margin improvement of 7.7%, and particularly strong in North America at 8.8%. We have strong results for Water and continued solid results for Environment and Infrastructure. If we recall this time last year, Latin America was struggling a bit. They have improved by some EUR 5 million, which allows them to get close to a breakeven result.

If we look at backlog, organic growth is flat. However, we have good improvement in Water, and I think there's confidence in the Americas team in terms of project in their pipeline.

EUROPE & MIDDLE EAST GROWTH IN EUROPE, SELECTIVITY IN MIDDLE EAST

(46% of net revenues)	HALF YEAR			SECOND QUARTER		
	2018	2017	change	2018	2017	change
Gross revenues	708	685	3%	360	335	7%
Net revenues	567	566	0%	275	278	-1%
Organic growth	*3%*			*1%*		
EBITA	33.7	36.6	-8%			
Operating EBITA	39.3	39.8	-1%			
Operating EBITA margin	*6.9%*	*7.0%*				
Backlog organic growth	-2%					
DSO	95	111				

- Organic net revenue growth of 3%: 3% growth in Continental Europe (almost all countries), 15% in UK (large infrastructure projects), 8% decline in the Middle East (selective bidding)
- Operating EBITA declined slightly: higher investments in people, digitization and Arcadis Way
- Margins in Europe compensate for lower margin in the Middle East
- Substantial cash collection from overdue receivables in KSA, resulting in improved DSO
- Backlog impacted by 20% decline in the Middle East due to continued selective bidding

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Now looking at Europe and the Middle East. Of course, it is a broad region with many different parts. But I think it is great, again, that the revenue growth in continental Europe, very strong growth in the UK, predominantly the large infrastructure projects, and then acknowledging 8% decline in the Middle East, very consistent with our strategy of selective bidding.

The operating EBITDA has declined slightly, and this is driven by our continued focus on investment in people, digitisation, and the ARCADIS Way. The margins in Europe and the UK are strong, compensating for the lower margin in the Middle East. Again, we have substantial cash collection in overdue receivables, particularly in Saudi, and that has helped drive the improved DSO, 95 days for Europe/Middle East. The backlog is down slightly, but mainly impacted by the 20% decline in the Middle East due to our continued selective bidding.

ASIA PACIFIC DIVERSIFICATION IN AUSTRALIA AND FOCUS IN ASIA

(14% of net revenues)	HALF YEAR			SECOND QUARTER		
	2018	2017	change	2018	2017	change
Gross revenues	186	196	-5%	98	105	-7%
Net revenues	164	172	-5%	84	89	-6%
Organic growth	*5%*			*2%*		
EBITA	11.8	14.1	-16%			
Operating EBITA	11.1	14.2	-22%			
Operating EBITA margin	*6.8%*	*8.3%*				
Backlog organic growth	0%					
DSO	93	86				

- Organic net revenue growth of 5%: 20% growth for Australia (diversification into infrastructure) and 3% decline Asia
- The operating EBITA margin declined mainly due to lower revenues and €2 million write downs in Asia (Q1), Australia continues to be strong and improved year-on-year
- Increase DSO due to Asia
- Greg Steele appointed Group Executive Asia Pacific to improve focus and performance

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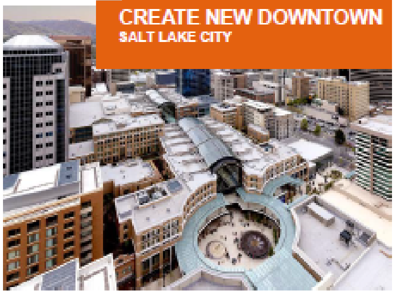
In Asia Pacific we are showing organic growth of 5%, very strong growth in Australia, driven by some of the infrastructure projects, and a 3% decline in Asia. Our operating EBITDA is strong. It is at 11.1%, but there has been some decline. And I am sure you will recall the write-off that we took in Q1 of EUR 2 million in Asia. Australia continues to be a very strong market for us and has improved year-on-year. And, as Peter mentioned, our colleague Greg has now taken over the broad region, and we look forward to his continued focus and performance across Asia Pacific.

CALLISONRTKL FOCUS ON EXECUTION STRATEGIC PLAN

(9% of net revenues)	HALF YEAR			SECOND QUARTER		
	2018	2017	change	2018	2017	change
Gross revenues	141	168	-16%	73	88	-17%
Net revenues	105	124	-15%	54	63	-14%
Organic growth	-7%			-7%		
EBITA	8.0	12.3	-35%			
Operating EBITA	9.3	13.1	-29%			
Operating EBITA margin	8.8%	10.6%				
Backlog organic growth	6%					
DSO	78	71				

CREATE NEW DOWNTOWN
SALT LAKE CITY



- Organic net revenues decline of 7% driven by lower activity levels across all practices
- After slow start of the year the results improved in Q2 with an operating EBITA margin of 11%
- Exceptionally strong order intake in the second quarter is driven by the commercial and workplace practices

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Callison RTKL, there has been a decline in the revenues by some 7%. But I think it is pleasing to see that, although there was a slow start at the beginning of the year, we had much stronger results in Q2, an operating EBITDA margin of 11%, and a strong order intake in the second quarter, mainly driven by commercial and workplace practices.

NON-CORE CLEAN ENERGY ASSETS BRAZIL (ALEN)

Seropédica plant producing renewable natural gas

- The renewable gas plant at Seropédica (Rio de Janeiro) is now technically operational
- This plant is estimated to produce approximately 70 million m³ of renewable natural gas annually
- Long term renewable natural gas off-take contracts are currently being negotiated
- For the gas-to-power plants delivery contracts are in place
- The loss from this associate in H1 was €4.7 million
- The intention is to divest all plants once in operation, this process will be initiated in the second half of 2018 and we expect a divestment in 2019

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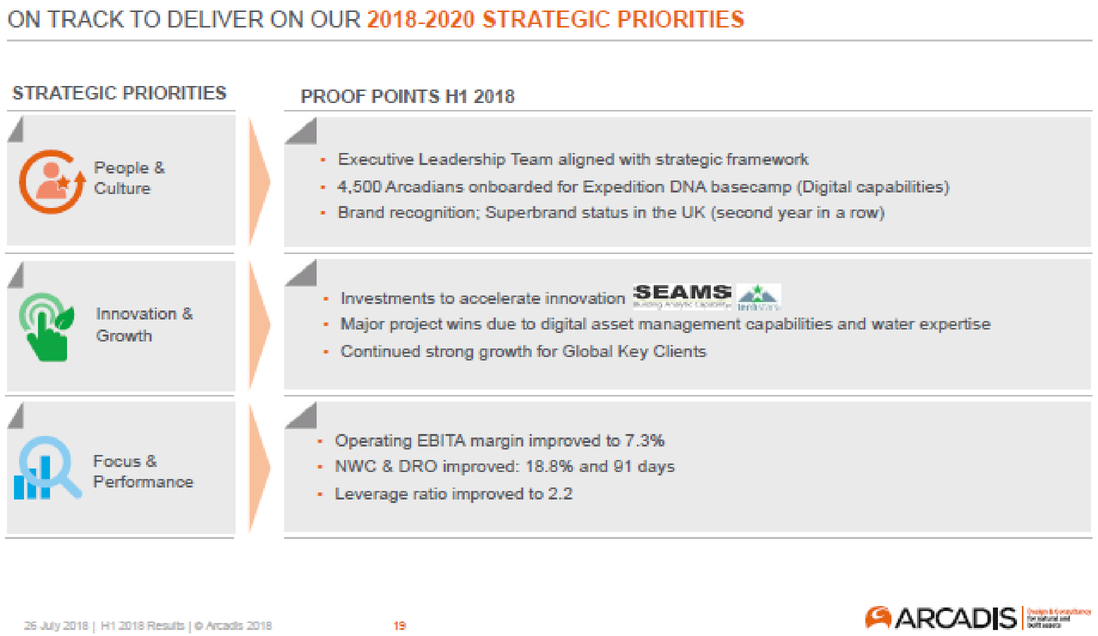
I started my story in Australia. I will close it in Brazil. As you are aware, we have an associate there, Alan, and I also visited the plant in Seropédica. It is good to report that this now is technically operational. We know that the next step is the natural gas off-take contracts, which are currently being negotiated. It is worth remembering that, in addition to the gas-to-gas plant, there are a couple of gas-to-power plants where we do have the delivery contracts in place.

We recorded a loss in the first half-year of EUR 4.7 million, and I will repeat our intention that we do intend to divest these plants. And the process will be initiated in the second half of this year.

At this point, I will hand it back to Peter.



Peter Oosterveer -- CEO ARCADIS:

Thanks a lot. Just to wrap it up, and then, of course, open it up for questions, let me give a couple of proof points on where we are in addition, of course, to the obvious proof points, which are the financial metrics. I am not going to go through all of them in detail, but I spoke about the investments we are making in digital and people. Part of that investment is so-called Expedition DNA, which is to make all of our ARCADIS workforce familiar with what digital is going to do. Now occasionally, people believe that, if you move to a more digitised environment, that means that most of your workforce cannot be utilised anymore. That is not our belief. We believe that we can maintain our workforce, but we also realise that we need to train them and get them ready for what the future will look like. So we are very excited to see that people have latched on aggressively, I should say, make use of the available training, which we have in ARCADIS to improve their digital capabilities.

We have signalled to you before, I referenced back to the Capital Markets Day, that our expectation is that we will continue to grow the business with our key clients at twice the rate we expect to grow other clients and I am glad to report that we have exceeded that in the first half-year. So we continue to do well with our key clients, and it emphasises and reinforces that focus that picking the right clients is important. I think that the organisation is getting that message.

Last but not least, Sarah already hit most of the financial criteria, which are obviously important. There, we are also pleased to report improvements.

In summary, and then provide a little bit of outlook as to what we expect in the second half of this year, I am pleased with the actions we are taking, the actions which are related to our strategy. I am also pleased, as I said before, with the momentum we have created with a strong executive leadership team, which is mirroring where we have defined ourselves in our strategy.

We have great momentum in the US, and we are definitely planning to continue that momentum, as you will appreciate. We have great momentum in Continental Europe. In spite of all the uncertainty, we still have great momentum in the UK, and we have great momentum in Australia, as well, and we plan to continue to expand on that momentum. And then, at the same time, of course, our expectation is also that there where we are lagging that momentum, we will build that up as well.

Probably one comment here on the Middle East. In fact, it is already in the fourth bullet. In the Middle East, we have completed our portfolio analysis. We have signalled over the last couple of quarters that the drop in revenue in the Middle East is solely because of us being more selective. I can tell you, that this will likely continue for some time but the expectation is that, throughout next year, we will see a pick-up in revenue and margin contribution, as well. So it is a deliberate decision on our end to be more selective, pick the right clients, and the result of that is a drop in revenue. But at the end of the day, the ultimate outcome will be an improvement in our overall performance.

Needless to say that we will continue to focus on cash collection. I cannot think of a single word in ARCADIS I have heard more than the word ‘cash’ over the last couple of months. I can assure that that word is going to continue to be front, left and centre.

We spoke about the need to be more disciplined at project management, the role Rob Mooren has, as well as being selective in picking the right clients, which is directly related to the role Erik Blokhuis has. We are going to do the same in Asia as we did in the Middle East in the first half-year, which is to critically look at our portfolio. Sometimes, people interpret that as this must mean a reduction of your workforce and your revenue. That is not what we expect to do in Asia. In fact, in Asia, we see plenty of opportunities for us to grow the business. And with the leadership Greg Steele is going to provide, and a new CEO in Asia who is going to join us on 1 September, we believe that we have the foundation in place to do that.

As reported, we will initiate the divestment process of all our clean energy assets in Brazil. And the expectation is that, throughout 2019, we will divest all these assets.

Last but not least, I can confirm that revenue growth and improved operating margin is still in our plan for 2018. You might ask yourselves why we are willing to say that. I am willing to say that because we have a market and because we have a focused strategy. We are executing that strategy in an even more focused way. I also say that because I am extremely confident with the management team we have in place. That builds and creates that optimism I have for the remainder of the year.

So with that, we are ready to take your questions.

QUESTIONS AND ANSWERS

- **Question**

Negotiations are going on with potential companies that can use this gas. Is that a selective group or is that only one potential interested company? Are these also potentially the buyers of the assets?

Peter Oosterveer -- CEO ARCADIS: Yes. That is a great question. Just to put all of this in perspective, when we embarked on the current plan back in the July-August time frame of last year, we have said that we had a couple of important steps to take. The first is to finish the facilities. That is largely done, and certainly completely done for the gas-to-gas plant. On the gas-to-power, we still have some work to do. The next big step is, indeed, to secure the off-take contracts, and then the last step would be the sale of the assets. As Sarah said, we have the off-take contracts for the gas-to-power in place. We are negotiating with multiple parties on the gas-to-gas, and multiple parties not because the multiple parties, at the end of the day, are all required to be secured to get rid of the gas. One party in particular, the party we have the most advanced negotiations with, is the party who would take all of the gas. But we do not want to just be dependent on one party, which is why we are hedging our 'bads' and are talking to other parties, as well.

Are these parties likely also the buyers of the assets? Most likely not. In fact, we expect that the ultimate sale will probably break in two parts, one buyer for the gas-to-gas, and potentially other buyers for the gas-to-power. It is not a given, but that is our expectation. But they will likely be different from the parties we are talking to, at this point in time, for the off-take of the gas.

- **Question**

A question on Callison. There was continued organic decline of 7% in the first and second quarter, but with a good and excellent order intake at the end of the second quarter. It is only two weeks since you have announced that it will not be sold but has the momentum of this order intake been reinforced by the disappearance of the uncertainty or has this slowed down in the last couple of weeks?

Peter Oosterveer -- CEO ARCADIS: No, there is no doubt that going through a process like we have gone through creates a degree of ambiguity and uncertainty, and it sure did. But I would probably not claim to say that, since we have indeed only announced two weeks ago that we have decided to keep CallisonRTKL, that the improvement in order intake in the second quarter is because of that announcement. That happened at the same time, but not necessarily caused by the announcement, per se. Part of the process we followed over the last nine months was also to invite an external party to work with us to develop a strategic plan for CallisonRTKL. That plan was the basis for looking at all the options, including a sale. And now that we have decided to keep CallisonRTKL, that plan is going to be the basis for executing it. Now that we have eliminated the uncertainty and the ambiguity and now that we have Tim Neal as the leader of CallisonRTKL in place for some time now, but at least someone who wants to take this venture to the next level, we believe that we can take CallisonRTKL to where it was before and beyond that. But it will take some time.

Question: And then the margin was very strong in the second quarter now, 11%. Is this a sustainable margin, or should we see it as a positive outlier for this quarter?

Peter Oosterveer -- CEO ARCADIS: Well, CallisonRTKL always had healthy margins. And our expectation is that we will continue to generate healthy margins out of CallisonRTKL.

- **Philip Ngotho – ABN AMRO**

I have a number of questions. I will start with three and the first is on working capital. You indicated during the presentation that the payables are down EUR 30 million also versus year-end. But if I look at the financial statements, where you disclose the line payables, other liabilities, and I think accrued expenses, I see it being stable versus year-end. So it seems that there is quite a large movement in one of the other items. Could you maybe explain what is causing that and what is the reason for that?

Then on the overdue receivables, we see indeed improvement in the bucket of over 120 days. But in the bucket of 30 days to 120 days, there is quite a large deterioration. I think it is an increase of around EUR 20 million. Could you also give a bit of colour on that, what is driving that? It seems that there is a little bit less focus on that, or maybe there's some contract on the line that any colour would be helpful.

My last question is on ALEN. You indicated that there is a loss in the first half of the year of EUR 4.5 million. What do you expect for the second half of this year? And also, once these assets are fully ramped up, what cash generation profile are you looking at? What are we talking about? Could you maybe give an indication of how far it is in the production ramp-up, especially the gas-to-gas plants?

Sarah Kuijlaars – CFO ARCADIS: [microphone?] Yes. You have delved deep into our balance sheet there. Why we made that point about the payables was just to reiterate the point that we are making payments reliably to our suppliers. […]

…

… discipline across all regions to ensure that we manage those receivables. And I think that fits in well with Rob Mooren's focus on make every project count, and a project is only successful once not only the client is satisfied with our work, but also the cash is in.

Philip Ngotho – ABN AMRO: Can I just have two follow-up questions on that? The first is on overdue receivables, so the bucket of 30 to 120 days. Are there specific regions that are now a bit lagging in your performance? Can you pinpoint where that deterioration is coming from?

Sarah Kuijlaars – CFO ARCADIS: It is actually quite spread. It is the Middle East but there is also, unfortunately, Asia that has deteriorated, and maybe Callison have taken their eye off the ball. But there is nothing underlying there. It is just lack of discipline that we need to clearly focus on in the coming months.

Philip Ngotho – ABN AMRO: And then, the first question that I raised, the fact that, like you indicate, that line item, the accrued of accounts payables, accrued expenses, and other current liabilities, has remained stable versus year-end. But as you indicated, payables are down EUR 30 million, so you show that you are paying your suppliers. But somewhere else in those line items, there is an increase of EUR 30 million. I guess it helps your working capital by around EUR 30 million. And I am just wondering what is it? What has happened there?

Sarah Kuijlaars – CFO ARCADIS: On that one I will get back to you.

Philip Ngotho – ABN AMRO: Thanks.

Peter Oosterveer -- CEO ARCADIS: On the ALEN one, Philip, your question was, since we recorded the loss of EUR 4.7 million in the first half-year, what is it going to be in the second half year? We are taking somewhat of a conservative stance there in view of being in negotiations on the gas contract. We are expecting that the second half would roughly be the same in that regard. Your question is also then how quickly, or how much you have ramped up the facility. We are not ramping up the facility at this point in time, because all we could do, if we ramp it up, is to flare all the gas. And that makes very little commercial sense, other than the minimum you have to unavoidably do. So we have commissioned the plant. The plant is fully operational if we wanted it to be operational, but it would not make sense because you would just flare all the gas.

Philip Ngotho – ABN AMRO: But you know that it actually will be working?

Peter Oosterveer -- CEO ARCADIS: Yes. Part of commissioning a plant means that you test the full capacity, so we know that the plant can run at full capacity. Again, it would not make sense to run it now because you would flare it.

Philip Ngotho – ABN AMRO: Okay. And you expect to do that starting next year?

Peter Oosterveer -- CEO ARCADIS: Well, the expectation is that we would first of all close out, of course, on contracts on the gas off-take. And as soon as we have that in place, we have all the infrastructure in place to start delivering the gas. So it depends on when we will be able to close those contracts.

Philip Ngotho – ABN AMRO: Can you maybe share some thoughts on what the cash profile looks like for these plants?

Peter Oosterveer -- CEO ARCADIS: For the rest of this year?

Philip Ngotho – ABN AMRO: No, no, once it is really up and running.

Peter Oosterveer -- CEO ARCADIS: Do you have the data available?

Sarah Kuijlaars – CFO ARCADIS: It is part of the assessment of the plant, the forward-looking and re-looking at the business case, which obviously we will be looking at in Q3 as we finalise the contract.

Philip Ngotho – ABN AMRO: Thank you.

- **Quirijn Mulder – ING**

Quirijn Mulder from ING. I have a couple of questions, first, on the ALEN story. What do you expect with regard to the buyers? There are maybe three or four players who are interested in the take off and what's the reason that you are not starting up this facility and to sell the gas on the spot market? There must be some demand behind for the product anyway, even if you put it in some cylinders, or whatever. So I am interested in that.

And with regard to the DSO, I am somewhat surprised that the DSO improves [no sound] …

Peter Oosterveer -- CEO ARCADIS: Let me take the first question and I will ask Sarah to address the second one. So the buyers we are looking at include fundamentally three categories. One is the gas company, and that would most likely be our preferred buyer for obvious reasons, and one being that, if we come to closure with the gas company, it would mean a 10-year contract, and that would be extremely attractive, of course.

Then there are two industrial buyers who would still be an attractive alternative in case we do not come to closure with the gas company, because they would basically sign 5-year contracts.

And the last one would indeed be to sell in the spot market but if you look at the infrastructure there, it is not necessarily very easy to sell at the spot market, because the gas off-take is not going by pipeline. The gas off-take is actually going by trucks and that makes it just a little bit more complicated. So yes, we have it as an option and in fact, we are pursuing that third option but our preference would be to just sell it to the gas company. So again, we do not want to just depend on that opportunity and that is why we are looking at the alternatives. But given where we are with the gas company, we do not want to necessarily go too far with some of the others at this point in time.

Quirijn Mulder – ING: So it does mean that you need to adapt your infrastructure somewhat if you are going to sell it on the spot market? Because if you do not do that and if you do not have to do that you would be able to sell the gas as long as no contract.

Peter Oosterveer -- CEO ARCADIS: Yes, and we are looking at that option in the meantime, but that will be at volumes which would be not necessarily the same volumes as you could sell to the gas company. So, we are looking at the third option and in the absence of having a contract, that option becomes more and more viable. In fact, there is a fourth category, in addition to the three I just mentioned, who is interested in testing the infrastructure and the gas for 30 days and that might be an option we will pull relatively soon, as well.

Quirijn Mulder – ING: Is my assumption correct that you are responsible for the gas, given the fact that you are giving the answers? Or is that Ann Hopkins?

Peter Oosterveer -- CEO ARCADIS: We as in ARCADIS you mean?

Quirijn Mulder – ING: Yes, within Arcadis. Who runs the file?

Peter Oosterveer -- CEO ARCADIS: The ALEN venture is under Mary Ann Hopkins since she is responsible for the Americas, including LatAm. So Mary Ann Hopkins is managing this on a, I can almost day, day-to-day basis.

Quirijn Mulder – ING: Thank you. And my other question was about the DSO.

Sarah Kuijlaars – CFO ARCADIS: I am still learning about this industry, but it comes down to disciplined collection across the globe. It is great to see the progress in Middle East, but unfortunately the focus has slipped a little and indeed Asia was part of the slippage. It comes down to how do we instil that discipline in all parts of the organisation, focusing on cash and cash collection.

Quirijn Mulder – ING: Thank you. My final question is about Brazil. Can you give me an outlook for the second half? Are you going to cross the break-even level after 2.5 years?

Peter Oosterveer -- CEO ARCADIS: Just to put it in context, we are now at about 850 people in Brazil, down from the 3,000 we had at the peak. Looking at the market and the opportunities we are seeing, which for us are largely in Environment and Infrastructure and to a lesser extent in Water, we believe that we can keep the 850 people busy. That being said, there is, as always in countries like Brazil, a bit of an uncertainty in that elections are coming up, and that tends to have an impact in the country. I will not tell you that that impact is already felt at this point in time, but generally speaking, it does introduce a degree of uncertainty with some of the potential clients. But notwithstanding that uncertainty with the 850 people, we believe that we have the right foundation in place to completely turn the corner.

- **Maarten Verbeek – The IDEA!**

The Middle East, you made an assessment over there. Could you more or less indicate, if let's say, the Middle East was 100% last year, to what kind of level it will drop on the basis of your analysis? And will this also have implications for your workforce, reductions or whatever?

Peter Oosterveer -- CEO ARCADIS: To that last point, we have said in our announcement that we are adjusting the organisational structure to the new portfolio we are pursuing. But if the question was really whether we are you expecting restructuring or substantial restructuring costs out of that assessment then the answer is no, the reason being that in the Middle East, we to a large extent already use the Global Excellence Centers. 30% of the work was already done in a Global Excellence Center. So it could have an impact there, but that work will get replaced by work from other regions. So no expectation of any negative impact there. Where is the bottom? I think the bottom will be in 2018. The expectation is that, as we get further into 2019, we will see improvement again. It is something we have planned. As I said before, we knew that, as we started to tighten the screws on the number of clients we wanted to work with, that we would see an initial drop. But the greater […] activity and an opportunity to do more for the clients we already have, plus trying to gain some additional clients, we expect that in 2019 we will see the revenue start to go back up again.

Maarten Verbeek – The IDEA!: But could you provide some kind of indication to what level it will drop? Is it 20% less or 40%?

Peter Oosterveer -- CEO ARCADIS: I will probably stay by saying that 2018 will probably be the bottom.

Maarten Verbeek – The IDEA!: Coming back to CallisonRTKL with the strong improvement in operating margin in Q2, it more or less implies that Q1 was at 4%, whilst in both quarters you had an organic sales decline of 7%. So what was so much different between Q1 and Q2?

Peter Oosterveer -- CEO ARCADIS: You know what the difference is between two quarters? I would imagine, but I will have to validate it, that it is the nature of the order intake we had in the two quarters. But that we need to validate.

Sarah Kuijlaars – CFO ARCADIS: Definitely there is a much stronger Q2. There is a standard seasonal approach, but it is comforting to see the focus on the backlog, which gives us real confidence for the coming months and quarters.

Maarten Verbeek – The IDEA!: You mentioned your oil and gas project with the insurance claim and you mentioned a partial payment. How much has been obtained and how much is still there to be received?

Peter Oosterveer -- CEO ARCADIS: Let me just provide context here as well. This is a project we have been talking about before and for which we have an insurance taken out. The dispute is with the insurer. I had mentioned before that the dispute, more specifically, is about the application of inflation over a certain part of the revenue. We have used a number of avenues to put additional pressure on the insurer, including threatening with legal action and including using relationships we have at a high level to impose additional pressure. And that has yielded the result we were hoping for in that the money, which was not disputed, has now largely been released. And to give you perspective, that is close to 30% or thereabout of the total sum. What this action has also resulted in is that, in return for the insurer paying us that amount of money, they wanted to have a second round of mediation done on the still-outstanding monies, which is exactly what we wanted. That is what we had asked before, which they at that time turned down. So now we are actually in an even better position, because we wanted that second around of mediation. That is going to take place. If that does not yield the result, and that is expected to come to a closure in the September timeframe, then we will go ahead and pull the trigger on the legal action.

Maarten Verbeek – The IDEA!: So it will not be a binding outcome?

Peter Oosterveer -- CEO ARCADIS: No.

- **Albert Pranger – Kempen & Co**

Just two short follow-up questions, one on Callison. As you finalise your strategic review, I was wondering whether you can share with us some of the steps you expect to take in the coming year or two on how to turn the tide within Callison?

My second question is on ALEN. Could you share some details on the historic business plan? Back in the day when you took on the project, what kind of EBITDA contribution or generation did you expect at the asset level? In light of current contract negotiations, do you expect to get anywhere near those old numbers?

Peter Oosterveer -- CEO ARCADIS: Let me take the first question: what steps are we expecting to take on CallisonRTKL? We have already taken a number of steps, of course, as we came to a closure on the strategic review, which was to meet with the most senior management in CallisonRTKL, to have constructive and open conversations about the degree of integration we wanted to see, going forward. I will give you an example. In the past, we were still planning to, also in CallisonRTKL, deploy the Oracle system. We are now looking at it to see if that generates the value we would expect to get out of it. So we are looking critically at all the touchpoints we have between CallisonRTKL and Arcadis to optimise the leverage we can create and optimise the return. I think with the decision we have taken the ambiguity away, the uncertainty away. I think that will also actually result in a further drop of the voluntary turnover. In fact, the voluntary turnover may be surprising, but it was below what we expected it to be. We have lost a couple of key people, but in total, the goal we set for this year we have met. We have met the goal because under-run the voluntary turnover. It will be an ongoing dialogue between we and the CallisonRTKL leadership to increase engagement and use that time to identify opportunities to still drive synergy between ARCADIS and CallisonRTKL. We have always said that, even if we would go as far as selling CallisonRTKL, we would still work with CallisonRTKL, because what we do does need architects, not in all cases, but in many cases it does. We work with various architects, and we will continue to do so. So it will have a number of steps. Most of these steps are actually described in the business plan, which was made as part of the whole strategic review.

Albert Pranger – Kempen & Co: And then the question on ALEN?

Peter Oosterveer -- CEO ARCADIS: Where we are right now on the business plan on ALEN is we developed a business plan when we embarked on the project, which was back in the summer of last year. In the meantime, of course, we have seen further developments. We have incurred some delay in completing the facilities. So we are actually at the point in time right now, also with an eye on potential off-takers of the gas, to update the business plan. So I cannot give you any specifics at this point in time. We are in the process of updating the business plan.

Albert Pranger – Kempen & Co: Great. Thank you!

- **Bart Cuypers – KBC Securities**

Maybe a follow-up question on Asia. There was a small impairment of about EUR 2 million in the first quarter, apparently no additional impairments taken in the second quarter. Based on the information that you have today with the receivables going up in Asia, do you expect additional impairments for the rest of the year?

Peter Oosterveer -- CEO ARCADIS: Yes. I had an opportunity to look at that business more closely, because as I said before, Greg Steele now has assumed responsibility as of 16 July for Asia and Australia. I had that role for four months, from the time that we introduced the new executive leadership team until Greg took over that role, and it was always, obviously, my intention for that to be a temporary role. But it did allow me to take a closer look at our business in Asia, where we are and where we can grow. You can probably also safely assume that part of that was also the impairment we took in the first quarter on some of the D&E work in Hong Kong, and China in particular. We are using this opportunity to take a much closer look at all of the projects there. I cannot tell you at this point in time whether that will result in any more impairment. My expectation is that it is not, but we have not 'cleaned' it up entirely. But I will be very surprised, based on the fact that of course, as you will appreciate, we started with the bigger ones first, if it will be extremely substantial.

Bart Cuypers – KBC Securities: And then maybe a smaller question. You mentioned the Excellence Centers. It is still a potential leverage to further increase the margin, going forward. Has the share of the Global Excellence Centers increased over the last half year, or is it still relatively stable compared to the last year?

Peter Oosterveer -- CEO ARCADIS: Yes, it has increased a little bit, but not as much as I would like it to increase. And the expectation is that it will increase in two ways. It will have to increase on, say, the principal work we do, so the engineering design work we do, but it is also going to increase on the so-called shared services, so more of the enabling functions. And to that extent, we have hired a new leader for the shared services part of it, so we make a distinction between what we do in engineering design versus what we could do in finance and in HR and in IT. Some of it is already in the GECs, but there is clearly a larger opportunity which is going to simply make us, again, more competitive. It will reduce our overhead costs. So on two fronts, I am expecting to see an increase in the use of the Global Excellence Centers.

Bart Cuypers – KBC Securities: To which level do you think it is […]?

Peter Oosterveer -- CEO ARCADIS: I have said before that based on my own experience I think 30% is very feasible. In fact, some regions, including Australia and the Middle East, as I mentioned before, are already using global excellence centers for 30%. But across ARCADIS as a whole, it is still around 10%. So 30% in the not-too-distant future is absolutely possible.

Bart Cuypers – KBC Securities: Thank you.

- **Philip Ngotho – ABN AMRO**

A few follow-up questions. First of all, I see that you have used different definitions for restricted cash, and also I see a restatement on corporate guarantees. Can you explain the reason for that? And also, I believe that these are unaudited statements, but have the accountants actually agreed on the definitions that you now use for those items?

The second question is again a little bit on working capital. What I find -- we discussed the DSOs and the […] receivables, but if you look at the unbilled receivables, they are actually up quite significantly as well versus last year. What is causing that?

And then also, if I look at the work in progress, you see a very strong delta year-on-year, which is working in your favour. It appears to me that perhaps you are using more prepayments, or you have been prepaid more on contracts. Is that correct? Is it something that is sustainable? And also, can you maybe indicate what you expect in terms of cash generation in the second half of the year? Historically, there has always been a kind of inflow of around EUR 100 million in the second half of the year. Can you indicate whether we should expect something similar for the second half of this year? Because it is quite important to get a feeling of where the net cash position, net debt position would be at year-end.

Sarah Kuijlaars – CFO ARCADIS: Firstly, on restricted cash and guarantees. The way it was stated at year-end was before my arrival but we have reviewed how we analyse both these and compare it to market practice. And on the cash side, we brought the definition in to much more in line with market practice. That gives a much more transparent and fair view of where we are at. Also, given the focus on cash, we have also taken steps to ensure that where we have had cash isolated in certain locations, we have brought it back so that the NV can access it. Similarly, on guarantees, we have provided more transparency, and there was an interpretation that could have double-counted some of the guarantees. So again, we have tried to be very transparent about what is out there. This has been done in dialogue with our auditors, so yes, they are not audited, but they are absolutely in regular connection with auditors, and they are very comfortable with the new approach.

As you are well aware, there are many elements of working capital. There is nothing that is in there that is undermining the performance. I think it comes back to this focus and how, as all the companies now are focusing on the release and the generation of cash. That then, I think, allows everybody beyond the finance organisation, the project managers, to understand the power of getting that cash and utilising the cash. So the focus on cash will absolutely continue. And as you have seen, the second half of the year is always much stronger than the first, and we hope to deliver that this second half, as well.

Philip Ngotho – ABN AMRO: But then maybe just focusing on, in this case then, just the billing and excess of costs, because that is actually, if you look at the cash flow statement, a positive delta of EUR 35 million. Can you explain if that is something that is structural and that we can now expect that it will remain at these levels, or is it something that we saw in the past, maybe in the second half of the year, that had a positive impact but that will not have a positive impact this year? It seems to me like quite a large movement, so I am wondering what is causing that. Has there been different practices in maybe getting more prepayments in?

Sarah Kuijlaars – CFO ARCADIS: There are no different practices and no excessive prepayments in there.

- **Quirijn Mulder – ING**

I have two additional questions. One is your remark on the US with regard to Water. We have not discussed any segments but you are quite positive on it. I think one of the smaller concerns in this organisation was that Water was not growing at all. So maybe you can give some idea about the order intake, or order book, what is going on, and what sort of margin do you know foresee for Water? Is it one-off, or is it structural changing there in that market?

My second question about the Far East, about Asia. As I remember, China is an important part and Singapore is an important part. Hong Kong was important and issues were especially in Singapore and Hong Kong because of the flaws in the markets. How do you look at the rest of the Asian business and that are small markets like India, Indonesia, Vietnam, Philippines? Are you considering to trim business there or even close offices in these places because you do not have the economy to scale and you do not have serious revenues?"

Peter Oosterveer -- CEO ARCADIS: Let me take the first question first, Quirijn. The improvement in the US now is substantial and significant enough to not call it a one-off. In fact, as you have probably noticed in the recent past, we have become maybe a little bit more cautious to claim victory before we see that it is sustained victory. And I think what we are seeing in Water right now is the result of us being cautious in the last couple of quarters but signalling that we started to see an improvement in Water. We are now at the point comfortable enough to say, just like we have been saying for the US as a whole, that that is going to sustain. What is the result, or what has caused it? Just as with other things as well, leadership change in Water has also helped us here to refocus, to re-energise an organisation which probably was not as sharp and energised as it should have been. And the results are there. And you are talking to our leader in Water. It is not his expectation that it is a one-off. His expectation is that capitalising on what he describes is a very healthy pipeline of opportunities that we will sustain that improvement in Water.

To your second question, you are getting a little bit ahead of the portfolio analysis, which we wanted to do, but at the same time, though, I do not want to duck the question altogether. The four big countries for us – you mentioned three of them – are indeed India, China, Singapore, Hong Kong, and Malaysia, which is actually also a big country. They together create about 80% of our revenue. One of the things we did not mention so far, but that has impacted our order intake and our revenue in Asia in the second quarter, is the result of the elections in Malaysia. More specifically the somewhat surprising outcome of the election caused us some heartburn in that that all the big projects we are working on in Malaysia, and some of them actually we are working on in Singapore as well such as the high-speed line between Kuala Lumpur and Singapore, have all been cancelled by the new Prime Minister who was also the Prime Minister many years ago. So, that has impacted us quite a bit. But still, these four countries altogether have about 80% of the revenue. So the rest, the 20% is then obviously being made up by lots of not necessarily small countries, but at least countries which provide only limited contribution. And that is going to be exactly the focus of our portfolio and emphasis. Do we have to be in all these places and, if so, what is the right business plan? What are the right services we are going to provide? I do not want to be specific but I will be very surprised, -- I do not want to pre-empt the outcome – if at the end of the day, we will still be in as many places as we are today.

Quirijn Mulder – ING: My final question is about CallisonRTKL. It is more at distance from the group. At the same time, you want to do more together. What does it mean for the remuneration of the guys from CallisonRTKL? Are they more independent from the group? How is the situation there? You have made a strategy for them, but you have not elaborated on CallisonRTKL that much.

Peter Oosterveer -- CEO ARCADIS: The devil is always in the details and remuneration is not unimportant, but it is still something we need to work through, because we want to first get the big pieces in place and see what degree integration is still required. And then of course we need to have the remuneration of the most senior management in particular being aligned with what we are trying to accomplish. We have not got to that level of detail.

- **Maarten Verbeek – The IDEA!**

I have two follow-ups, firstly, on ALEN. You mentioned gas-to-gas and gas-to-power, and also mentioned 70 million. Could you break it down between the two? You already had off-take contracts for gas-to-power. What is the duration of these contracts?

Secondly, Mary Ann Hopkins is now responsible for the US, ALEN, and also for CallisonRTKL. Should you not have somebody else, somebody new, being responsible for CallisonRTKL? Because I think it is a lot of work for her.

Peter Oosterveer -- CEO ARCADIS: Let me start with the last part. Yes, she is pretty busy but that is what we want people to be. I do not think it is too much for her, and the reason being that her location, her physical location and the centre of gravity for CallisonRTKL happened to be in the US. So, it is a relatively logical choice. With ALEN and our desire to drive that to conclusion, her plate is indeed pretty full. And she did not use the same words when I spoke with her yesterday, but words which are similar. So where necessary, and where relevant, we will of course provide additional support but since she has been involved in it for a couple of months now, and in ALEN's case actually longer, we feel that trying to get someone else involved in it now with all the history is probably not the most efficient part of the ultimate solution. We think that she will be able to handle it, also because the US organisation is solid, if not rock solid. And therefore, it can probably do, for some time at least, with some less attention, if that was actually the case.

your other question was on the length of the gas-to-power contracts. Let me check my notes really quick. I think it is three years.

Maarten Verbeek – The IDEA!: Could you provide an indicative breakdown of the two, of the 70 million you intend to produce now?

Peter Oosterveer -- CEO ARCADIS: Of the 70 million?

Maarten Verbeek – The IDEA!: I think you are going to produce 70 million cubic of gas?

Peter Oosterveer -- CEO ARCADIS: No, the 70 million cubic gas is all on the gas-to-gas plant.

- **Philip Ngotho – ABN AMRO**

One last question from my side. On CallisonRTKL, I was a bit surprised with the announcement that you are keeping it, of course, within your portfolio. Now you also indicate that you are also looking at making a new strategic plan. We have not received any new information on what that looks like. But I wonder, when exactly did you start this? Back in February you actually indicated that you were undertaking a market consultation process, and that sounds very much like looking for interested buyers. So this comes to me a little bit as a surprise, also that apparently you are looking for just a new plan for the business. So maybe you can run us a little bit through what happened during the time? Also, did you actually receive any firm offer on Callison?

Peter Oosterveer -- CEO ARCADIS: If I suggested that we are going to make a strategic plan, then I misquoted. I said we developed a strategic plan as part of the review process. That was one of the first activities, actually. So when we started the review process back in, say, August-September of last year or thereabout, the very first thing we did was, with the help of an outside party, to develop a strategic plan. So that has been developed. And obviously, that was necessary for any prospective buyer if we were going down the path of selling it. So that is done and that plan is the plan we are going to now execute ourselves. At a high level, what are the steps? Largely, the latter part of last year was used for the development of that strategic plan, of the vendor due diligence, and we had external parties helping us with that. Then we approached a significant number of parties in the early part of this year. We brought it down to five who appeared to be very serious, and we had serious discussions and negotiations with two. So that is at a high level the steps we went through during those nine months.

Philip Ngotho – ABN AMRO: And with the strategic plan are you going to refocus the business? Are there particular angles that you are looking to undertake in the coming period to turn it around? Can you give us details on that?

Peter Oosterveer -- CEO ARCADIS: We do not expect as a result to refocus the business per se, because we believe that the businesses we serve are sound. Could we potentially be looking at a different structure to execute the work? That is always possible but there is no fundamental shift in the markets we plan to serve at CallisonRTKL going forward.

Philip Ngotho – ABN AMRO: And just a last question. What do you mean with a different structure to execute the work?

Peter Oosterveer -- CEO ARCADIS: An organisational structure.

Jurgen Pullens – Director IR ARCADIS: When there are no further questions anymore, I would like to thank you for your contribution and your presence here, and I want to end this analyst meeting. Thank you.

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End of call

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