PRESS RELEASE

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ARCADIS TRADING UPDATE Q1 2017

- Gross revenues €818 million, -3% vs. Q1 2016. Net revenues €628 million, organically -1%
- EBITDA €52 million (Q1 2016: €56 million); operating EBITA €47 million, higher than in previous three quarters (Q1 2016: €51 million)
- Net working capital 19.9% (Q1 2016: 18.9%); net debt €556 million (Q1 2016: €541 million); impacted by a stronger US dollar and working capital in the Middle East where important milestones are expected to be reached in Q2 and Q3 leading to cash collections in 2017
- Backlog €2.3 billion, representing 11 months of net revenues. Strong order intake in Q1 led to a 5% year-to-date increase (Q1 2016: 3%)
- New CEO Peter Oosterveer nominated; appointment subject to approval by shareholders at the AGM to be held on 26 April 2017

Amsterdam, 20 April 2017 – Arcadis (EURONEXT: ARCAD), the leading global Design & Consultancy firm for natural and built assets, reported a 1% organic decrease in net revenues for Q1 2017. The operating EBITA was €47 million, a decrease of 9% versus Q1 2016.

"The priorities we set in October last year are now resulting in meaningful signs of improvement in large parts of our business," commented Arcadis' interim CEO and CFO Renier Vree: "Arcadis' operating EBITA in Q1 was higher than the previous three quarters, and we have increased our backlog in North America, the UK, Continental Europe, and Australia. We see a healthy pipeline of market opportunities across our businesses. Our operating model has been simplified and we realized the associated structural cost savings. We see a positive business sentiment in most geographies, but we remain cautious about market developments in Brazil, the Middle East, and parts of Asia. We will continue to focus on winning work with our clients, reducing working capital and sustaining our momentum."

KEY FIGURES

in € millions	FIRST QUARTER		
Period ended March 31	2017	2016	change
Gross revenues	818	846	-3%
Organic growth	*-4%*	*3%*	
Net revenues	628	634	-1%
Organic growth	*-1%*	*-3%*	
EBITDA	51.9	55.6	-7%
EBITA	42.2	46.6	-9%
EBITA margin	*6.7%*	*7.4%*	
Operating EBITA[1)]	46.7	51.4	-9%
Operating EBITA margin	*7.4%*	*8.1%*	
Net working capital %	19.9%	18.9%	
Net debt	556	541	
Backlog net revenues (billions)	2.3	2.4	

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

REVIEW OF PERFORMANCE

REVENUES BY SEGMENT

Overall net revenues declined organically by 1%. Continental Europe, the UK, and Australia delivered good organic net revenue growth in the quarter, whilst revenues in North America were nearly flat. Net revenues declined in Latin America, the Middle East, Asia, and CallisonRTKL. A stronger US Dollar, Brazilian Real, and a weaker British Pound had a small positive impact on revenues.

AMERICAS

(31% of net revenues)

in € millions	FIRST QUARTER		
Period ended March 31	**2017**	**2016**	change
Gross revenues	297	310	*-4%*
Net revenues	196	198	*-1%*
Organic growth	*-6%*	*-10%*	

Net revenues in the Americas were in line with Q1 2016. In North America, organic growth was nearly flat after a sustained period of declining revenues. Revenues in Brazil decreased significantly, leading to an operating loss and additional restructuring costs.

EUROPE & MIDDLE EAST

(46% of net revenues)

in € millions	FIRST QUARTER		
Period ended March 31	**2017**	**2016**	change
Gross revenues	350	364	*-4%*
Net revenues	288	292	*-1%*
Organic growth	*3%*	*4%*	

The organic growth in net revenues of 3% consisted of 7% growth in Continental Europe, 8% increase in the UK, compensating for a 12% decrease in the Middle East.

ASIA PACIFIC

(13% of net revenues)

in € millions	FIRST QUARTER		
Period ended March 31	**2017**	**2016**	change
Gross revenues	91	88	*3%*
Net revenues	83	80	*3%*
Organic growth	*-2%*	*-3%*	

The organic decline of 2% in Asia Pacific related to a 10% decline in Asia, mainly due to a fall in commercial development in Singapore and Hong Kong. This was partly compensated by 13% organic growth in Australia, where we delivered major infrastructure projects.

CALLISONRTKL

(10% of net revenues)

in € millions Period ended March 31	FIRST QUARTER 2017	 2016	 change
Gross revenues	80	84	*-5%*
Net revenues	61	64	*-5%*
Organic growth	*-6%*	*-6%*	

Revenues declined organically, mainly due to lower activity levels in commercial real estate. Revenues in the retail business were up, while activities in workplace and healthcare were in line with last year.

EBITA

EBITA decreased by 9% to €42.2 million (Q1 2016: €46.6 million). Operating EBITA decreased also by 9% to €46.7 million (Q1 2016: €51.4 million). Operating EBITA was higher in Europe and Australia and lower in Latin America, Asia and the Middle East. The operating EBITA margin was 7.4% (Q1 2016: 8.1%). Non-operating costs were €4.5 million (Q1 2016: €4.8 million), mainly related to restructuring programs in Brazil and Europe.

CASH FLOW AND WORKING CAPITAL

EBITDA in Q1 was €51.9 million (Q1 2016: €55.6 million). Days of sales outstanding was 96 days (Q1 2016: 90 days), while net working capital as a percentage of gross revenues was 19.9% (Q1 2016: 18.9%). Net debt in the first quarter was €556 million (Q1 2016: €541 million), due to a stronger US Dollar and higher working capital in the Middle East, where important milestones are expected to be reached in Q2 and Q3, leading to cash collections in 2017.

BACKLOG

Backlog at the end of Q1 2017 stood at €2.3 billion, representing 11 months of net revenues. The backlog increased organically by 5% year-to-date compared to a 3% increase in Q1 2016. Compared to the backlog at the end of Q1 2016, there was a decline of 5% due to cancellations during 2016. In the first quarter, backlog grew especially in North America, the UK, Continental Europe, and Australia, while Brazil, the Middle East and parts of Asia saw a declining order book.

MARKET OUTLOOK 2017 UNCHANGED

- In general, positive business sentiment with private sector clients; some uncertainty in Asia
- Higher oil prices contribute to an improved business climate in the Oil & Gas sector
- US Administration sends positive signals for Infrastructure and Buildings. Large corporations and cities/states continue to support sustainability goals
- Increased Infrastructure spending planned in many countries
- Uncertainty around Brazil remains; improvement in economy expected for 2nd half 2017

LEADERSHIP PRIORITIES 2017

Our leadership priorities are geared towards improving our financial performance:

- 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
- Finalizing the strategy, including innovation through digitalization

FINANCIAL CALENDAR 2017

26 April 2017	Annual General Meeting of Shareholders
27 July 2017	Half year results 2017
25 October 2017	Third quarter results 2017

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

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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 quality of life in rapidly growing cities around the world. 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.