ARCADIS Design & Consultancy for natural and built assets

FULL YEAR RESULTS 2016

Renier Vree | CEO a.i. & CFO

Jan-Oege Goslings | Group Controller

Amsterdam 16 February 2017

IMPROVING QUALITY OF LIFE

DISCLAIMER

Statements included in this presentation 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.

ARCADIS Design & Consultancy for natural and built assets

SIMPLIFY THE OPERATING MODEL, REDUCE COSTS AND CLIENT FOCUS

- **2016 was a challenging year for Arcadis:**
  - Impacted by external factors - the low oil price, recession in Brazil, and Brexit
  - Internally – leadership change

- **Good progress on priorities set in October:**
  - Implementing simplified operating model:
    - combining strong local market positions with globally differentiating expertise
    - making Arcadis more client focused and less complex
    - leading to €10 million less overhead costs in 2017
  - Regional cost initiatives were implemented in Q4, delivering €20 million annualized savings
  - Strong free cash flow in the fourth quarter, supported by significant cash collection in the Middle East

- **Clear priorities for 2017:**
  - Focusing on clients to grow backlog and revenues
  - Reducing operating costs, improving project management, and expanding Global Excellence Centers
  - Reducing working capital

ARCADIS Design & Consultancy for natural and built assets

ARCADIS: DESIGN & CONSULTANCY FOR NATURAL AND BUILT ASSETS

Global expertise

Infrastructure
26%

Water
14%

Environment
21%

Buildings
39%

As % of Net revenues

Our four segments

Segments

Americas

31%

Europe & Middle East

45%

Asia Pacific

14%

CALLISONRTKL
A DESIGN CONSULTANCY OF ARCADIS

10%

FINANCIAL HIGHLIGHTS 2016

- Gross revenues €3.3 billion, 3% below 2015. Net revenues €2.5 billion, organically -4%
- Operating EBITA €175 million (-30%); EBITA €166 million (-20%), including €28 million restructuring cost and €19 million release of Hyder related provisions following settlement of litigation cases
- Net income from operations €91 million (2015: €137 million)
- Business conditions in Brazil led to goodwill impairment of €15 million and in Q4 provision for receivables was increased by €10 million related to Brazil and the Middle East
- Regional cost reductions in Q4 generated €20 million annualized cost savings; simplified operating model will lead to €10 million lower overhead costs in 2017
- Strong free cash flow in the 4th quarter of €102 million, free cash flow 2016 €80 million (2015: €121 million). Net debt €494 million, equal to year-end 2015. At 17.5% net working capital improved from 20.9% in Q3 (2015: 17.1%)
- Net debt/EBITDA at year-end 2.3 and 2016 average covenant ratio 2.5
- Backlog €2.2 billion representing 11 months of net revenues, a decline of 6% due to project cancellations in Brazil, Middle East and China
- Dividend proposal €0.43 per share (2015: €0.63); pay-out ratio 40%

Q4/ FULL YEAR 2016 OPERATING RESULTS

In € millions	FY 2016	FY 2015	Change	Q4 2016	Q4 2015	Change
Gross revenues	3,329	3,419	-3%	854	873	-2%
Organic growth	***-1%***	***1%***		***-1%***	***-1%***	
Net revenues	2,468	2,597	-5%	608	636	-4%
Organic growth	***-4%***	***0%***		***-3%***	***-4%***	
EBITA	166	209	-20%	40	60	-34%
EBITA margin	***6.7%***	***8.0%***		***6.5%***	***9.4%***	
Non-operating costs[1)]	28	41		14	9	
Release of Hyder related litigation provisions	-19	-		-19	-	
Operating EBITA	175	250	-30%	35	69	-49%
Operating EBITA margin	***7.1%***	***9.6%***		***5.7%***	***10.8%***	

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

ARCADIS Design & Consultancy for natural and built assets

FULL YEAR 2016 – NET INCOME AND EPS

In € millions	FY 2016	FY 2015	Change
EBITDA	**207**	**252**	***-17%***
Depreciation	-41	-43	
EBITA	**166**	**209**	***-20%***
Amortization	-53	-48	
EBIT	**113**	**161**	***-30%***
Net finance expenses	-29	-26	
Income taxes	-16	-31	
Income tax rate	*19%*	*23%*	
Income from associates	-3	-3	
Non-controlling interests	-1	-2	
Net income	**64**	**99**	***-35%***
Net income from operations[1)]	**91**	**137**	***-34%***
EPS[2)] (€)	**0.76**	**1.19**	***-36%***
EPS from operations[2)] (€)	**1.08**	**1.66**	***-35%***

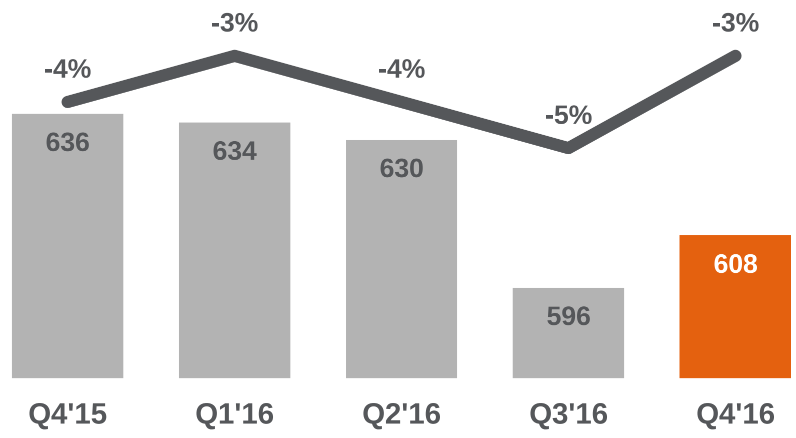
[1)] Excluding acquisition, restructuring and integration-related costs and excluding the release of Hyder related litigation provisions of €19.4 million in 2016
[2)] Average number of shares 2016: 84.1 million (2015: 82.6 million)

- Amortization includes goodwill impairment Brazil of €15 million
- Financing expense higher mainly due to foreign exchange effects
- Income tax rate impacted by release of Hyder provisions, goodwill impairment and non-recognized losses

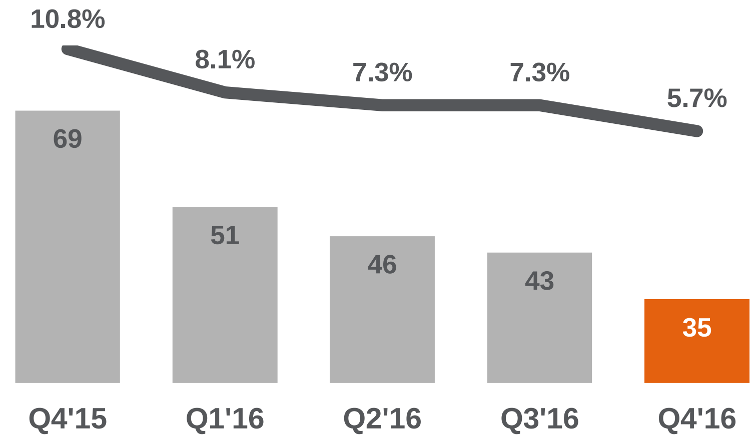
ARCADIS Design & Consultancy for natural and built assets

REVENUE AND OPERATING EBITA

Net Revenues
(€ millions & organic growth)



Operating EBITA
(€ millions & in margin %)



Full year 2016

- 37% organic decline in Brazil and lower revenues in North America, Asia and CallisonRTKL
- Growth in Continental Europe, United Kingdom, and Australia
- Operating EBITA decreased by 30% due to:
  - Operating loss in Brazil of €9 million (2015:+ €12 million)
  - Lower results in Europe and CallisonRTKL
  - Negative currency effect of the British Pound

Q4 2016

- Net revenues in the Americas organically -5%, due to a 2% decline in North America and ongoing decrease in Brazil
- Growth in Continental Europe, United Kingdom, and Australia
- Lower revenues in Middle East and Asia
- Operating margin impacted by:
  - Lower revenues in Brazil and CallisonRTKL
  - Less favorable business mix in the UK
  - Capacity imbalances in France
  - Addition of €10 million to provision receivables

CASH FLOW STATEMENT

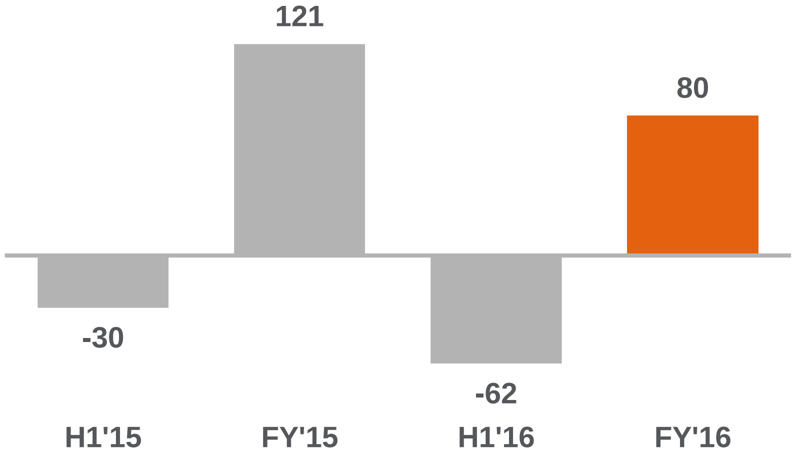
In € millions	FY 2016	FY 2015
EBIT	113	161
Depreciation and amortization	94	91
EBITDA	207	252
Changes in net working capital	-1	-9
Changes in other working capital	-6	-16
Tax paid	-25	-23
Net interest paid	-24	-25
Other	-12	-8
Cash flow from operating activities	139	171
Capital expenditure	-59	-50
Free cash flow	80	121

- Free cash flow €80 million (2015: €121 million)
- Free cash flow Q4 €102 million (2015: €113 million) supported by significant collections in the Middle East

ARCADIS Design & Consultancy for natural and built assets

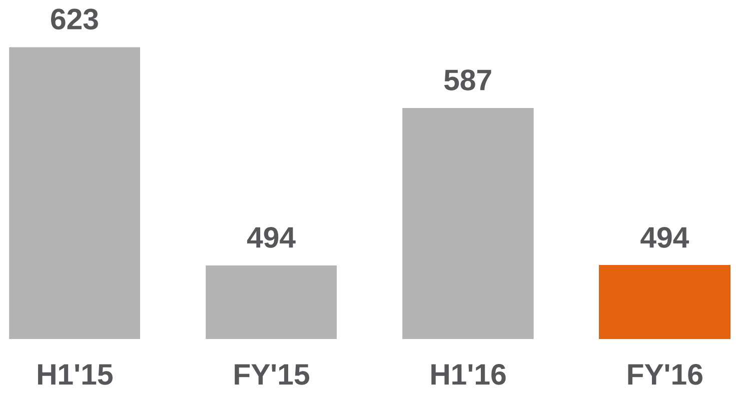
STRONG FREE CASH FLOW IN Q4, NET DEBT IN LINE WITH YEAR-END 2015

Free Cash Flow
(€ millions)

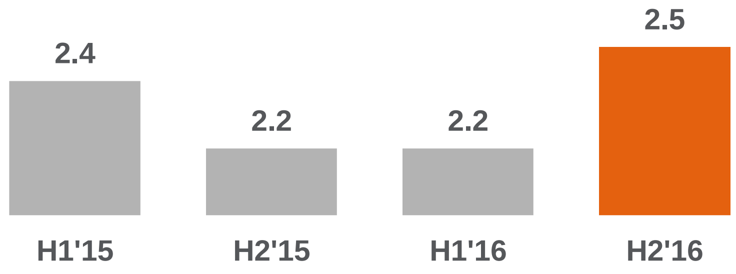


EBITDA
(€ millions)

Net Debt
(€ millions)



Average net debt/EBITDA
Calculated using bank covenants methodology



ARCADIS Design & Consultancy for natural and built assets

BALANCE SHEET

In € millions

Assets	31 Dec 2016	31 Dec 2015	Equity and liabilities	31 Dec 2016	31 Dec 2015
Intangible assets	1,170	1,253	Equity	1,002	1,011
Fixed assets	100	91	Loans & borrowings	700	687
Other non-current assets	87	100	Other non-current liabilities	176	219
Trade receivables	622	607	Billing in excess of cost	287	266
Work in progress	518	466	Short-term debt	56	32
Other current assets	111	91	Accounts payables	253	208
Cash and cash equivalents	260	221	Other current liabilities	394	406
Total	**2,868**	**2,829**	**Total**	**2,868**	**2,829**

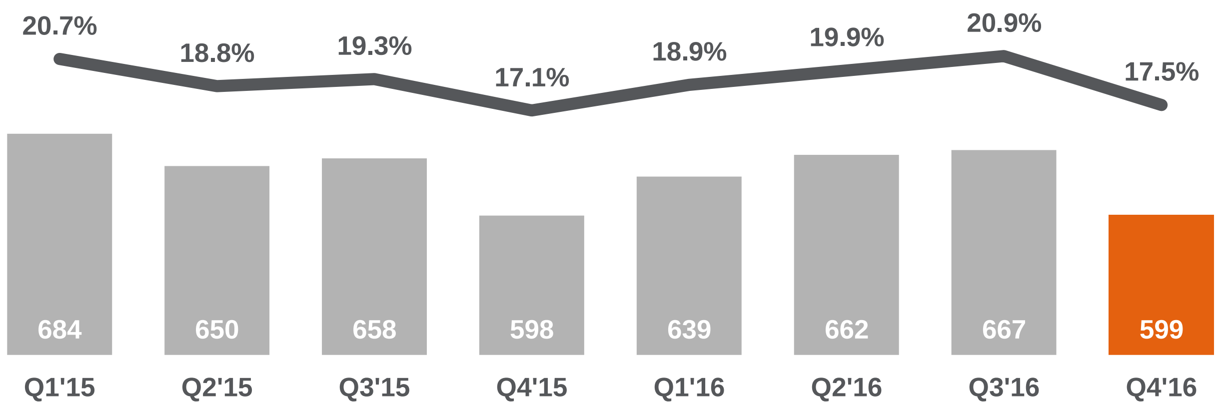
	31 Dec 2016	30 June 2016	31 Dec 2015
Net working capital	599	662	598
Net debt	494	587	494
Net debt/ EBITDA	2.3	2.4	1.9

- Net working capital stable; trade receivables and work in progress increased, compensated by payables and improved advanced billing
- Increase in accounts payables mainly due to higher level of outsourcing in North America and consolidation joint operation in Middle East
- Currency movements reduced equity by €42 million

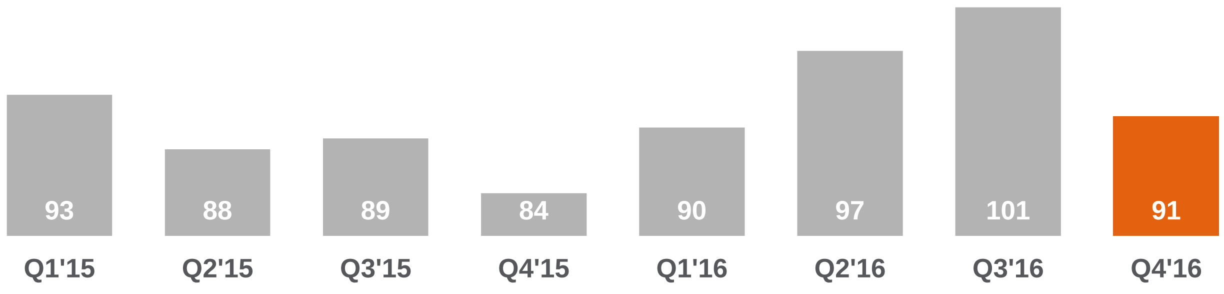
ARCADIS Design & Consultancy for natural and built assets

REDUCTION WORKING CAPITAL AND DSO REMAINS PRIORITY

Working capital 2015/2016
(€ millions & as % of gross revenues)



DSO 2015/2016
(number of days)



- NWC and DSO improved significantly compared to previous quarters in 2016
- Large milestone driven contracts in Middle East will continue to impact net working capital in 2017
- Cash Collection KSA and Qatar remains priority
- DSO in North America, Continental Europe, UK, Australia and CallisonRTKL below 80 days

ARCADIS Design & Consultancy for natural and built assets

AGING RECEIVABLES

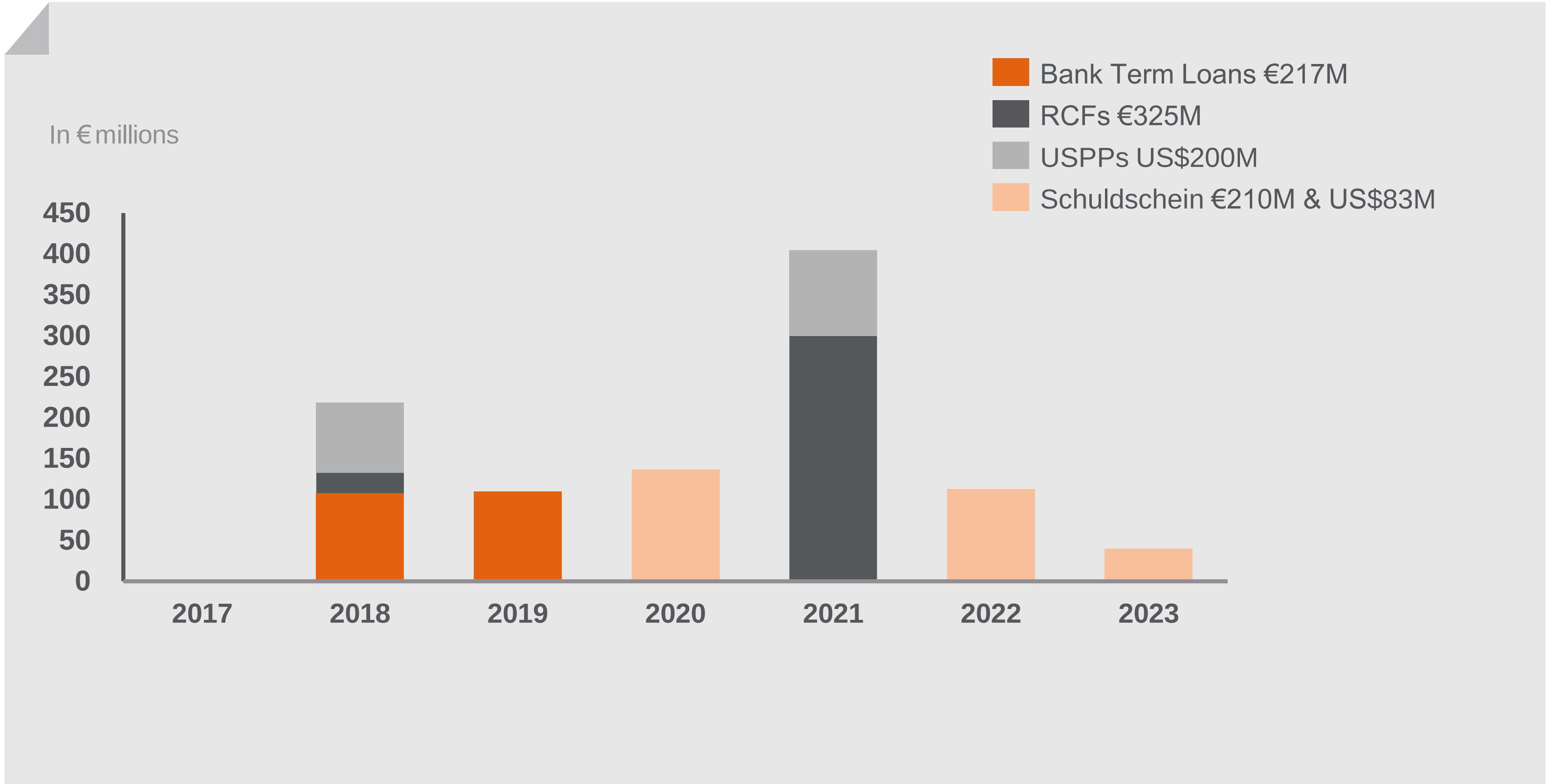
In € millions	31 December 2016		31 December 2015	
	Gross receivable	**As %**	**Gross receivable**	**As %**
Not past due	341	*50%*	303	*46%*
Past due 0-30 days	121	*18%*	144	*22%*
Past due 31-120 days	79	*12%*	93	*14%*
More than 120 day due	137	*20%*	122	*18%*
Total	**678**	***100%***	**661**	***100%***
Provision receivables	-58		-57	
Provision %	8.6%		8.6%	
Net Receivables[1)]	**620**		**604**	

1) *Excluding receivables from associates*

- Progress from implementing better working capital processes
- Overdue receivables > 120 days mainly due to delay in payments KSA for completed work in public sector and in Brazil
- Provision receivables increased for Brazil and Middle East

ARCADIS Design & Consultancy for natural and built assets

MATURITY PROFILE OF FINANCING



- Diversified sources of debt funding
- Good spread of maturities
- End date revolving credit facility extended by one year to 2021

SEGMENTS

AMERICAS

EUROPE & MIDDLE EAST

ASIA PACIFIC

CALLISONRTKL

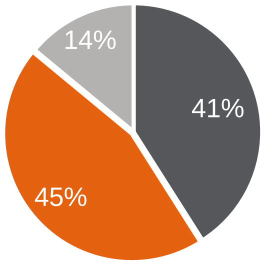
AMERICAS

FACTS & FIGURES

7,100
NUMBER OF EMPLOYEES

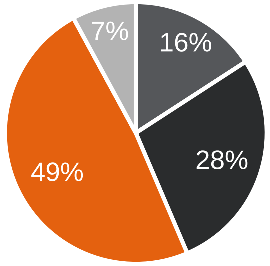
769
NET REVENUES
(IN € MILLIONS)

31%
% OF TOTAL NET REVENUES



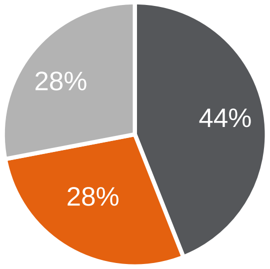
CLIENTS

- Regulated
- Public
- Private



BUSINESS LINES

- Buildings
- Infrastructure
- Water
- Environment



SERVICES

- Consulting
- Design & Engineering
- Program, project & cost management

As % of FY2016 Net revenues

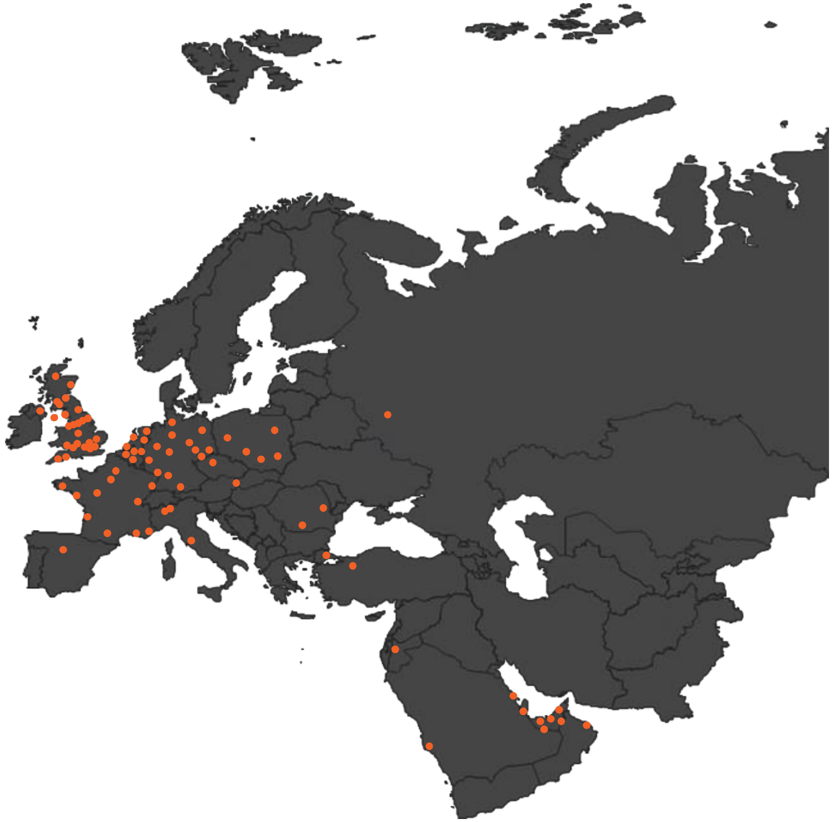
AMERICAS SEGMENT 2016 RESULTS

In € millions	FY 2016	FY 2015	Change	Q4 2016	Q4 2015	Change
Gross revenues	1,227	1,282	-4%	323	324	0%
Net revenues	769	832	-8%	187	188	-1%
Organic growth	*-9%*			*-5%*		
EBITA	26.3	53.5	-51%			
Operating EBITA[1)]	36.1	64.1	-44%			
Operating EBITA margin	4.7%	7.7%				
Backlog organic growth	*-4%*	*-6%*		*-4%*	*-1%*	
DSO	86	80				

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

- Organic decline net revenues mainly due to 37% decrease in Brazil driven by economic recession
- North America revenues declined organically by 5% driven by Environment and Water; Buildings and Infrastructure high organic growth
- Decline in operating EBITA mainly relates to loss in Brazil of €9 million (2015:+€12 million)
- Operating results in North America slightly lower
- North America started to benefit from improved backlog, including good order intake from Arcadis Field Tech Solutions and in Canada

EUROPE & MIDDLE EAST

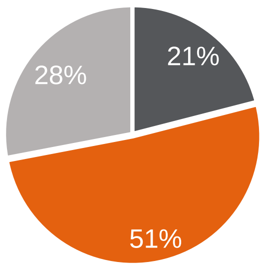


FACTS & FIGURES

12,600
NUMBER OF EMPLOYEES

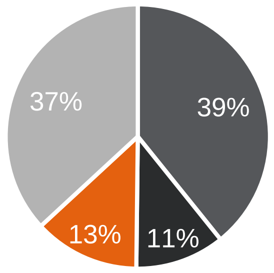
1,117
NET REVENUES
(IN € MILLIONS)

45%
% OF TOTAL NET REVENUES



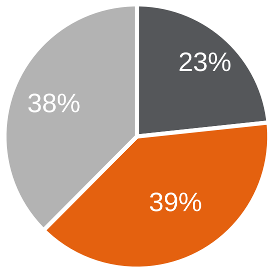
CLIENTS

- Regulated
- Public
- Private



BUSINESS LINES

- Buildings
- Infrastructure
- Water
- Environment



SERVICES

- Program, project & cost management
- Consulting
- Design & Engineering

As % of FY2016 Net revenues

ARCADIS Design & Consultancy for natural and built assets

EUROPE & MIDDLE EAST SEGMENT 2016 RESULTS

In € millions	FY 2016	FY 2015	Change	Q4 2016	Q4 2015	Change
Gross revenues	1,398	1,406	-1%	353	367	-4%
Net revenues	1,117	1,151	-3%	279	299	-6%
Organic growth	*1%*			*0%*		
EBITA	67.0	99.0	-32%			
Operating EBITA[1)]	83.9	116.3	-28%			
Operating EBITA margin	7.5%	10.1%				
Backlog organic growth	*-2%*	*-13%*		*1%*	*-8%*	
DSO	*100*	*87*				

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

- Organic growth 1% in revenues: 4% in Continental Europe, 1% in the UK and -5% in the Middle East
- Operating EBITA impacted by a lower result in France and Belgium, lower margins in Buildings in the UK and a negative FX effect
- Action program launched to improve efficiency in France
- EBITA margin Middle East slightly lower in 2016, significant cash collection in Qatar, delay in payment in KSA for completed work
- Divestments in Q4 of four small non-core assets and underperforming activities in the UK, France, the Netherlands

ARCADIS Design & Consultancy for natural and built assets

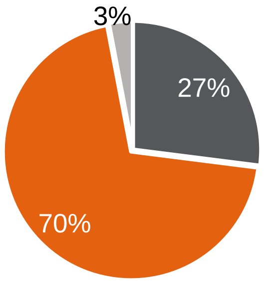
ASIA PACIFIC

FACTS & FIGURES

5,500
NUMBER OF EMPLOYEES

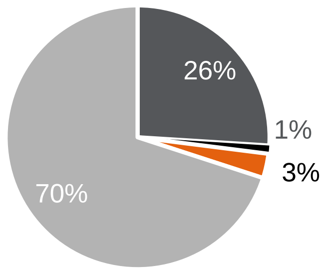
338
NET REVENUES
(IN € MILLIONS)

14%
% OF TOTAL NET REVENUES



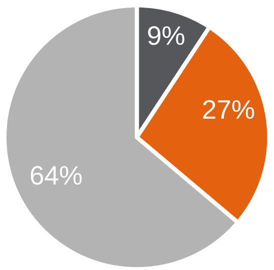
CLIENTS

- Regulated
- Public
- Private



BUSINESS LINES

- Buildings
- Infrastructure
- Water
- Environment



SERVICES

- Program, project & cost management
- Consulting
- Design & Engineering

As % of FY2016 Net revenues

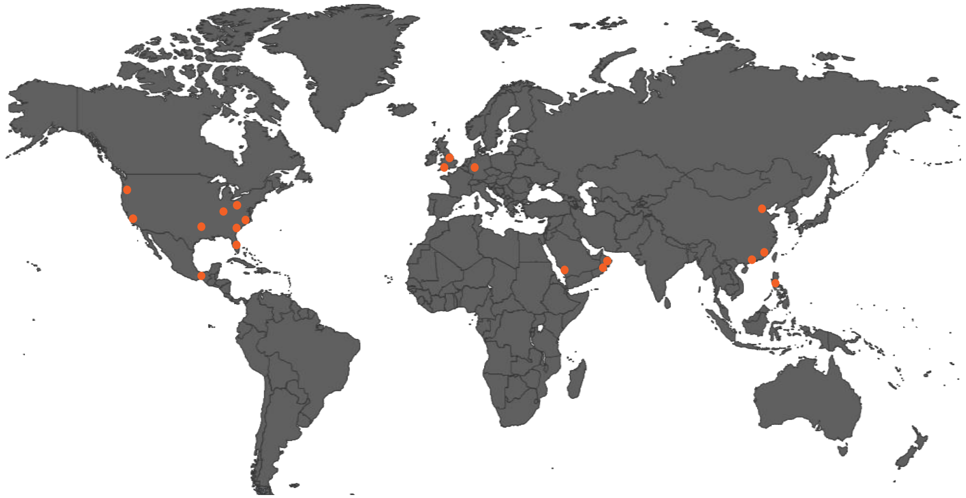
ASIA PACIFIC SEGMENT 2016 RESULTS

In € millions	FY 2016	FY 2015	Change	Q4 2016	Q4 2015	Change
Gross revenues	378	371	2%	97	88	9%
Net revenues	338	342	-1%	84	80	5%
Organic growth	*-3%*			*-1%*		
EBITA	30.7	25.7	19%			
Operating EBITA[1)]	31.3	32.8	-5%			
Operating EBITA margin	9.3%	9.6%				
Backlog organic growth	*-12%*	*3%*		*-5%*	*-1%*	
DSO	84	91				

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

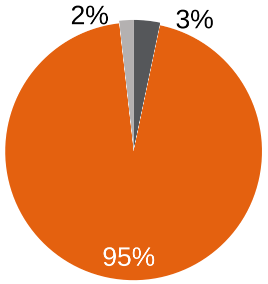
- Net revenues in Asia declined organically 10%, especially in Buildings in Singapore and Hong Kong, strong performance in China
- Growth in Infrastructure, Water and Environment contributed to further diversification in Asia
- Australia realized 16% organic growth in net revenues due to delivery of large infrastructure and buildings projects
- Strong operating EBITA in Australia Pacific largely compensated for lower operating EBITA in Asia

ARCADIS Design & Consultancy for natural and built assets



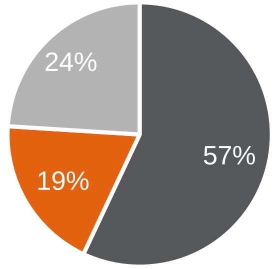
FACTS & FIGURES

1,800	244	10%
NUMBER OF EMPLOYEES	NET REVENUES (IN € MILLIONS)	% OF TOTAL NET REVENUES



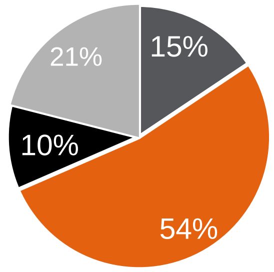
CLIENTS

- Regulated
- Public
- Private



REGIONS

- America
- Europe & Middle East
- Asia Pacific



PRACTICES

- Commercial
- Retail
- Workplace
- Healthcare

As % of FY2016 Net revenues

CALLISONRTKL
A DESIGN CONSULTANCY OF ARCADIS

CALLISONRTKL SEGMENT 2016 RESULTS

In € millions	FY 2016	FY 2015	Change	Q4 2016	Q4 2015	Change
Gross revenues	326	360	-9%	81	93	-13%
Net revenues	244	272	-10%	58	69	-16%
Organic growth	*-9%*			*-15%*		
EBITA	22.9	30.6	-25%			
Operating EBITA[1)]	24.3	37.1	-35%			
Operating EBITA margin	9.9%	13.6%				
Backlog organic growth	*-10%*	*-9%*		*-10%*	*-11%*	
DSO	78	79				

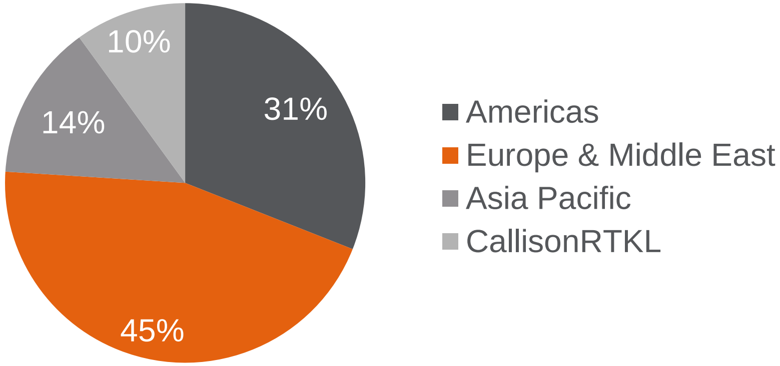
1) Operating EBITA excludes acquisitions, restructuring and integration-related costs

- Organic decline in net revenues due to activity levels in the commercial practice in Asia and the Middle East
- Revenues in North America were stable while there was growth in Europe
- Operating EBITA margin came down due to lower revenues and price pressure across the practice groups except for Retail

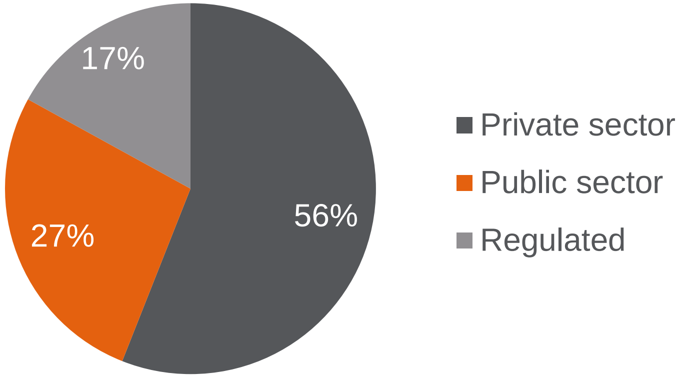
ARCADIS Design & Consultancy for natural and built assets

BALANCED PORTFOLIO

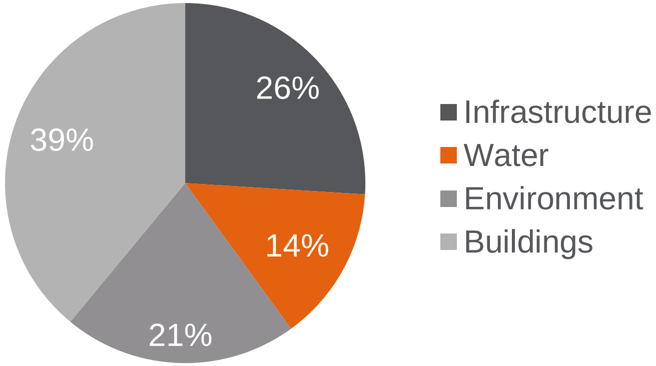
BALANCE BETWEEN MATURE AND EMERGING MARKETS…
In %



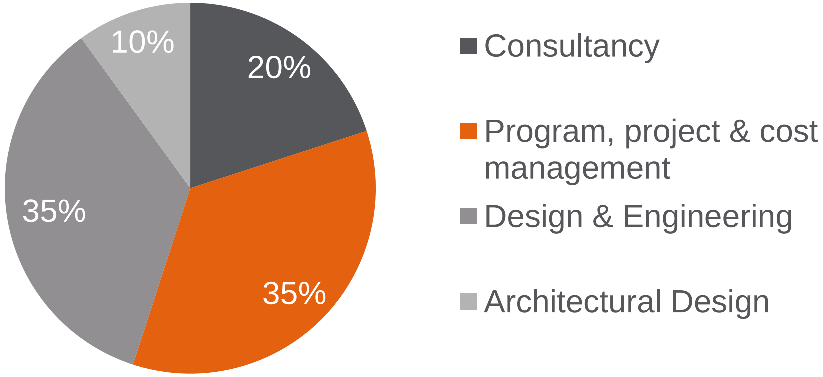
…PRIVATE AND PUBLIC CLIENTS…
In %



… COMPLEMENTARY BUSINESS LINES…
In %



…AND DESIGN AND CONSULTANCY
In %



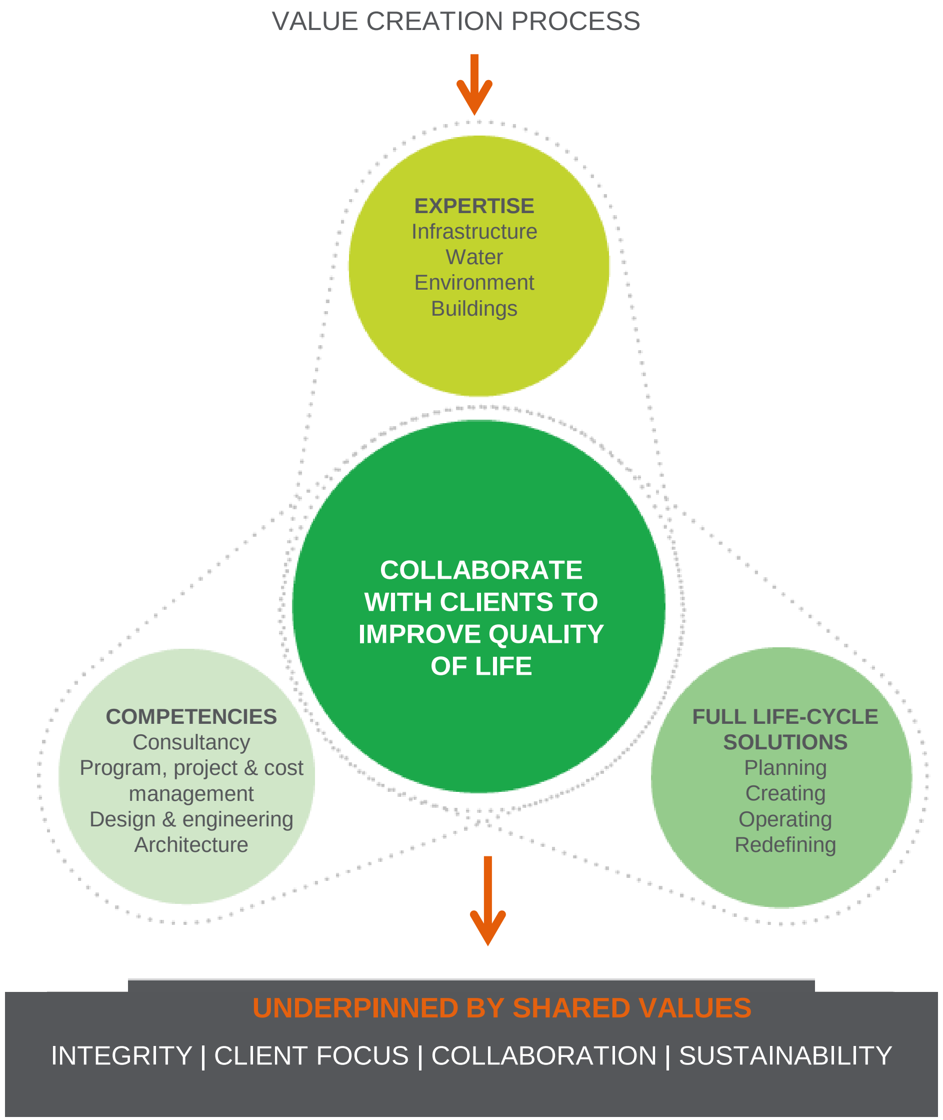
As % of FY2016 Net revenues

ARCADIS Design & Consultancy for natural and built assets

GLOBAL TRENDS AND DRIVERS

- SUSTAINABILITY
- GLOBALIZATION
- URBANIZATION
- MOBILITY
- CLIMATE CHANGE
- SCARCITY
- ASSET PRODUCTIVITY
- ENERGY & NATURAL RESOURCES
- DIGITAL

THE WAY FORWARD - SHAPING SUSTAINABLE VALUE



- Our markets benefit from strong fundamentals for growth: Urbanization, Mobility and Sustainability
- We differentiate by combining strong local market positions with global market sector insights and deep technical expertise
- We are now closer to our clients, collaborating seamlessly, and employing the best talent in a much simpler structure:
  - Regions pursue market opportunities and deliver outcomes to clients, supported by global insights and global solutions
  - Global Excellence Centers provide clients with cost effective solutions
  - Increasingly enabled through the “Arcadis Way”: harmonized business processes and systems across the company
- We will step up investments to innovate our solutions for clients using digital technologies
- We continue to optimize our portfolio of market positions and technical solutions

ARCADIS Design & Consultancy for natural and built assets

SUSTAINABLE OUTCOMES, IMPROVING QUALITY OF LIFE

Buildings

Chadstone shopping centres, Australia

- One of the world's most successful shopping centres
- The design was achieved using 3D parametric modelling and refined through a combination of video and imagery.

Infrastructure

Manchester Airport, United Kingdom

- Arcadis is appointed to oversee the Program Management of the £1 billion Manchester Airport Transformation Program
- Work contains Program and Project management, Project controls, Cost, Commercial, Risk and Value management.

ARCADIS Design & Consultancy for natural and built assets

SUSTAINABLE OUTCOMES, IMPROVING QUALITY OF LIFE

New York City Health and Hospitals, US

Environment

- Post superstorm Sandy work on the Metropolitan and Coler Hospitals on Coney Island
- Innovative solutions protecting four hospitals with a total capacity of 2,355 patients and one level 1 Trauma Center from future flood risk

Sponge City Wuhan, China

Water

- Sponge City, an integrated water management initiative driven by the Central government
- The project will result in an infrastructure which holds, cleans and drains water, using an ecologically-friendly approach
- Arcadis has been appointed as the principal consultant and will be providing technical, policy and program management advisory.

ARCADIS Design & Consultancy for natural and built assets

LEADERSHIP PRIORITIES

Market outlook 2017:

- In general positive business sentiment with private sector clients, with uncertainty in Asia
- Higher oil prices contribute to an improved business climate in the Oil & Gas sector
- New 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

Our leadership priorities to improve our financial performance:

- Focusing on Clients, leading to growth in backlog and revenues
- Reducing costs by simplifying the organization structure, strengthening project management and Global Excellence Centers
- Reducing working capital
- Finalize the strategy, including innovation through digitalization

ARCADIS Design & Consultancy for natural and built assets


ARCADIS
Design & Consultancy
for natural and
built assets