ARCADIS
Design & Consultancy for natural and built assets

INTERIM FINANCIAL STATEMENTS 2018

CREATING A SUSTAINABLE FUTURE

OUR STORY

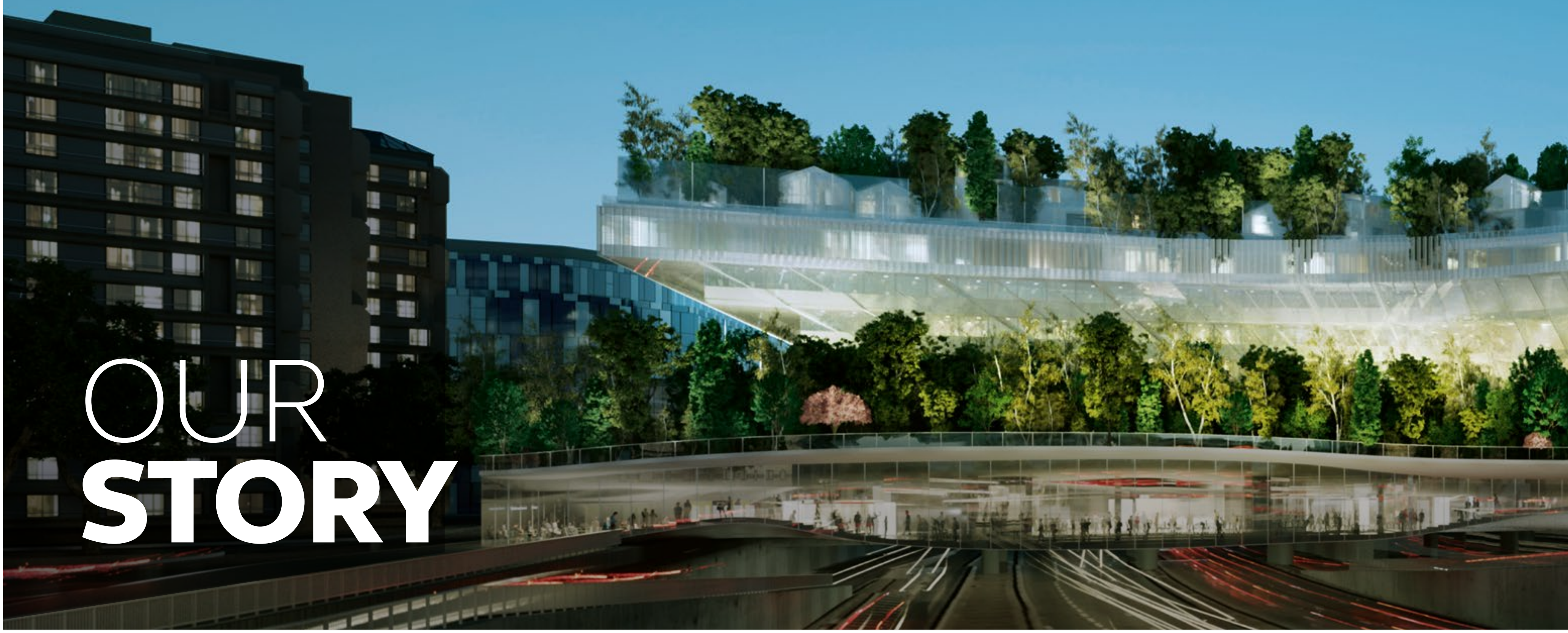
From climate change and rising sea levels, to rapid urbanization and pressures on natural resources, our world has become a more complex place.

Arcadis helps clients navigate this complexity by understanding the bigger picture. Whether it is improving spaces in our cities, making wasteland habitable or simply taking what clients do further, we deliver exceptional and sustainable outcomes safely and consistently.

Connecting our client's vision to our know-how, our people work collaboratively to create value through built and natural assets that work in harmony with their surroundings – from shopping centers in Shanghai or clean water solutions in São Paulo, to new rail systems in Doha and clean air initiatives in Los Angeles.

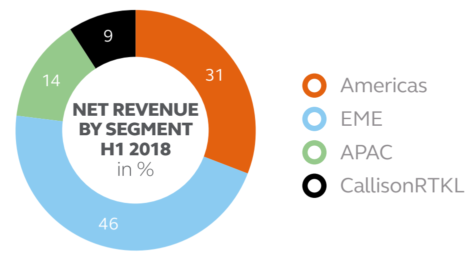
In this way, we apply our experience protecting the Dutch coast for generations to securing New York's flood defenses today. So whatever the challenges our clients face, our teams bring the necessary perspective to provide the right answers, now and in the future.

CREATING A SUSTAINABLE FUTURE



This report contains the interim financial statements of Arcadis NV ('the Company' or 'the Group'), and consists of the interim management report and the interim financial statements, including risk assessment and the responsibility statement of the Executive Board. The interim financial statements have not been audited.

PERFORMANCE HIGHLIGHTS



HALF-YEAR HIGHLIGHTS

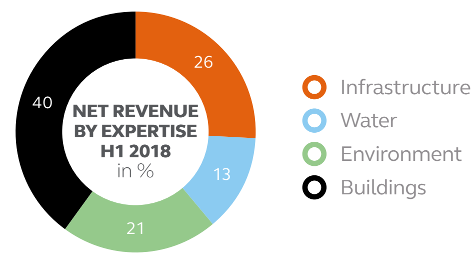
- Net revenues €1,202 million; organic growth +2%, currency translation effect -7%
- Operating EBITA of €88 million; organic growth +2%, currency translation effect -6%
- Operating EBITA margin increased to 7.3% (H1 2017: 7.2%); improvement in the Americas compensates lower results in Asia and CallisonRTKL
- Average net debt / EBITDA 2.2 (H1 2017: 2.5)
- Confirms revenue growth and improved operating margin in 2018

KEY FIGURES

In € millions unless otherwise stated.	H1 2018	H1 2017	CHANGE	Q2 2018	Q2 2017	CHANGE
Gross revenues	1,586	1,648	*-4%*	819	830	*-1%*
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%*	
Net income	35	34	*4%*			
Net income from operations	44	47	*-6%*			
Net income from operations per share (in €)	*0.51*	*0.55*	*-7%*			
Net working capital %	18.8%	19.3%				
Days sales outstanding	91	95	*-4%*			
Free cash flow[2]	(6)	(28)	n/a	54	34	*59%*
Net debt	468	514	-9%			
Backlog net revenues (in € billions)	2.1	2.2	*-4%*			
Backlog organic growth (year-to-date)	0%					

1 Excluding restructuring, acquisitions & divestments costs
2 Cash flow from operating activities minus investments in (in)tangible assets

INTERIM MANAGEMENT REPORT



Amsterdam, 26 July 2018 – Arcadis (EURONEXT: ARCAD), the leading global Design & Consultancy firm for natural and built assets, reports half-year results 2018.

Arcadis CEO Peter Oosterveer: "I'm pleased with the implementation of the actions underpinning our strategic priorities for 2020. Our net revenues continue to grow organically, the operating margin improved and we collected cash from long overdue receivables in KSA. Our focus on disciplined project management and client selection is starting to yield results. We will continue to prioritize businesses that meet our criteria and improve our operating margin, while addressing activities that underperform. I look forward to working with Greg Steele in his new role as Group Executive for Asia Pacific to improve our focus and performance in the region. The renewable natural gas plant, part of the ALEN joint venture in Brazil, is now technically operational and long-term gas off-take contracts are currently being negotiated. We are preparing for and planning to divest all the clean energy assets in 2019. Following a strategic review we decided to operate CallisonRTKL as a separate division within Arcadis and the focus is now on delivering on the business plan, which was developed during the strategic review.

We continue to increase our investments in people and digitization to develop our capabilities for future needs. In June, we initiated the "Arcadis City of 2030 Accelerator, powered by Techstars" aimed at identifying and developing innovative start-ups.

The underlying progress of our strategic priorities in the first half year provides us with the confidence that we will further grow our net revenues and improve our operating margin in 2018. I am convinced that we are on the right track to deliver our financial objectives set for 2020."

REVIEW OF PERFORMANCE

REVENUES AND INCOME

Organic net revenue growth was 2% in the first half year. North America, Continental Europe, the UK, and Australia delivered organic growth compensating for other regions.

Operating EBITA increased organically by 2% to €88 million (H1 2017: €90 million). The currency translation effect was -6%.The operating EBITA margin increased to 7.3% (H1 2017: 7.2%).

The improvement in the Americas, including Brazil, compensated for lower results in Asia and CallisonRTKL, as well as for the increased investments in people, digitization and the Arcadis Way implementation. Non-operating costs were lower at €8 million (H1 2017: €10 million).

The tax rate was 26.3% (H1 2017: 29.9%) mainly due to lower US tax rates. Financing charges were up €2 million at €14 million (H1 2017: €12 million) due to higher interest rates on US Dollar bank loans and the impact of IFRS 9. The loss from associated companies was €5 million (H1 2017: -€2 million), mainly related to the results of the non-core clean energy assets in Brazil.

Net income increased 4% to €35 million or €0.41 per share, compared to €34 million or €0.40 per share in the first half of 2017.

REVIEW OF PERFORMANCE FOR THE SECOND QUARTER

Net revenues totaled €602 million for the second quarter, organic growth was +1%. The currency translation effect was -5%, due to a stronger Euro. North America, Continental Europe, the UK, and Australia continued to deliver organic growth compensating for other regions.

Operating EBITA improved organically by +6% to €45 million (Q2 2017: €44 million), the currency translation effect was -5%. The operating EBITA margin improved to 7.4% (Q2 2017: 7.0%) driven by Americas, Continental Europe, the UK and Australia. The reported net revenues and EBITA were positively impacted by an average of one more working day.

EBITA increased by 11% to €42 million (Q2 2017: €38 million). Non-operating costs were €3 million (Q2 2017: €6 million).

REVIEW BY SEGMENT

AMERICAS (31% OF NET REVENUES)

Organic net revenue growth of 2% included 3% growth in North America and 3% decline in Latin America. The currency translation effect on net revenues was -11%.

The operating margin improved significantly from 5.9% to 7.7%, with North America at 8.8%, through strong results in the water business and continued solid results in Environment and Infrastructure.

Operating EBITA in Latin America improved by €5 million due to a close to break-even result this half year (H1 2017: -€6 million).

EUROPE AND MIDDLE EAST (46% OF NET REVENUES)

Organic net revenue growth of 3% included an increase of 3% in Continental Europe and 15% in the UK, which more than compensated for an 8% decrease in the Middle East. In Continental Europe revenues grew in almost all countries. The currency translation effect on net revenues was 3%. The strong growth in the UK was driven by large infrastructure projects, such as Highways England and Network Rail, but other business lines contributed as well. Continued selective bidding in the Middle East resulted in lower revenues.

Operating EBITA declined slightly, mostly driven by higher investments in people, digitization and the implementation of the Arcadis Way. The operating margins in Continental Europe and the UK are compensating for the lower margin in the Middle East, where we are adjusting the organization to the new revenue profile.

ASIA PACIFIC (14% OF NET REVENUES)

Organic net revenue growth in Asia Pacific was 5%, driven by continued strong growth in Australia of 20%, resulting from diversification into infrastructure, more than compensating for a 3% decline in Asia. The currency translation effect on net revenues was -8%. Operating EBITA declined due to lower revenues and €2 million write downs in Asia in Q1 2018. The operating EBITA margin in Australia improved compared to last year.

On July 16, Arcadis appointed Greg Steele to the Executive Leadership Team in the role of Group Executive for Asia Pacific. Over the past eight years as Australia Pacific CEO, Mr. Steele transformed the organization into an agile, client focused and high performing business, that doubled in size under his leadership and opened new markets.

CALLISONRTKL (9% OF NET REVENUES)

Organic net revenues declined by 7% driven by lower activity levels across all practices. The currency translation effect was -8%.

After a slow start of the year, the results improved in the second quarter with an operating EBITA margin of 11%. Exceptionally strong order intake in the second quarter was driven by the commercial and workplace practices.

CASH FLOW AND WORKING CAPITAL

Free cash flow in the second quarter was +€54 million (Q2 2017: +€34 million) leading to a free cash flow of -€6 million in the first half (H1 2017: -€28 million). In H1 2018 €25 million was collected on overdue receivables in the Middle East (KSA) of which €19 million in the second quarter. EBITDA in H1 was €100 million (H1 2017: € 100 million), including a -5% currency translation effect. Net working capital as a percentage of gross revenues improved to 18.8% (H1 2017: 19.3%), days of sales outstanding decreased to 91 days (H1 2017: 95 days). Net debt of €468 million showed the seasonal increase during the first half year but was clearly lower year-on-year (H1 2017: €514 million), due to cash generation and a lower US Dollar. The covenant leverage ratio improved to 2.2 (H1 2017: 2.5).

BACKLOG

Backlog at the end of H1 2018 stood at €2.1 billion (H1 2017: €2.2 billion), representing 10 months of net revenues. Backlog was organically flat; the currency effect was -2%. The backlog improved in Continental Europe, Australia and CallisonRTKL compensating for a 20% organic decline in the Middle-East due to continued selective bidding.

NON-CORE CLEAN ENERGY ASSETS BRAZIL (ALEN)

The renewable gas plant at Seropédica (Rio de Janeiro) is now technically operational and 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 last gas-to-power plants are scheduled to be in operation in the next six months. 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.

PRIORITIES 2018

We will execute our strategy against the background of a positive market outlook. Based on the underlying progress on the strategic priorities in the first half year we expect to grow net revenues and further improve operating margin in 2018.

Our priorities are:

- Deliver financial objectives as per the strategic framework 2018-2020
- Select projects, businesses and geographies where we can lead
- Improve project delivery
- Continue to invest in people and culture to build the workforce of the future
- Innovate to become a digital frontrunner in the industry
- Contribute significantly to the United Nations Sustainable Development Goals
- Initiate the divestment process of all clean energy assets in the second half of 2018

FINANCIAL CALENDAR 2018

24 October 2018 - Trading update Q3 2018

RISK ASSESSMENT

In our Annual Integrated Report 2017, we have extensively described risk categories and risk factors that could adversely affect our business and financial performance. These risk factors are deemed to be included by reference in this report.

In the first six month of 2018 we have not identified new material risk types or uncertainties which might result in pressure on revenues or income in addition to existing, earlier identified risks; these may however have developed in a different profiles during the period.

As highlighted in our Annual Integrated Report 2017, a revised risk and control framework will come into full effect during the second half of 2018. This framework categorises sixteen key risk areas, which have been mapped from the previous framework.

Additional risks not known to us, or currently believed not to be material, may occur and could later turn out to have material impact on our business, financial objectives or capital resources.

RESPONSIBILITY STATEMENT

This interim financial report contains the figures of Arcadis NV for the first half year of 2018, and consists of the first half year management report, segment reporting, consolidated interim financial statements, and the responsibility statement of the Executive Board. The financial information in this report is unaudited.

In accordance with article 5:25d of the Financial Supervision Act (Wet of het Financieel Toezicht), the Executive Board of Arcadis NV hereby declares that to the best of its knowledge, the interim financial statements, which have been prepared in accordance with IAS 34 'Interim Financial Reporting', give a true and fair view of the assets, liabilities, financial position and profit or loss of Arcadis NV and its consolidated companies, and the first half year management report gives a fair view of the information pursuant to section 5:25d subsection 8 and 9 of the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht).

Amsterdam, the Netherlands, 25 July 2018

Peter Oosterveer, Chairman of the Executive Board
Sarah Kuijlaars, Chief Financial Officer

SEGMENT INFORMATION[1]

Amounts in € millions or %

GROSS REVENUES

	H1 2018	H1 2017
Americas	551	599
Europe and Middle East	708	685
Asia Pacific	186	196
CallisonRTKL	141	168
TOTAL	**1,586**	**1,648**

NET REVENUES

	H1 2018	H1 2017
Americas	366	394
Europe and Middle East	567	566
Asia Pacific	164	172
CallisonRTKL	105	124
TOTAL	**1,202**	**1,256**

EBITA

	H1 2018	H1 2017
Americas	26	17
Europe and Middle East	33	37
Asia Pacific	12	14
CallisonRTKL	8	12
TOTAL EBITA	**79**	**80**
Non-recurring[2]	9	10
TOTAL OPERATING EBITA	**88**	**90**

OPERATING EBITA[3]

	H1 2018	H1 2017
Americas	28	23
Europe and Middle East	40	40
Asia Pacific	11	14
CallisonRTKL	9	13
TOTAL	**88**	**90**

1 Includes allocation of corporate results, which differs from the segment reporting based on IFRS8 (note 4 of the consolidated interim financial statements)
2 Aquisitions, restructuring, integration-related costs and changes in aquisition-related litigation provisions
3 Operating EBITA is EBITA adjusted for non-recurring costs

SEGMENT MIX (GROSS REVENUES)

	H1 2018	H1 2017
Americas	35%	36%
Europe and Middle East	44%	42%
Asia Pacific	12%	12%
CallisonRTKL	9%	10%
TOTAL	**100%**	**100%**

SEGMENT MIX (NET REVENUES)

	H1 2018	H1 2017
Americas	31%	31%
Europe and Middle East	46%	45%
Asia Pacific	14%	14%
CallisonRTKL	9%	10%
TOTAL	**100%**	**100%**

EBITA MARGIN

	H1 2018	H1 2017
Americas	7.1%	4.4%
Europe and Middle East	5.9%	6.5%
Asia Pacific	7.2%	8.2%
CallisonRTKL	7.7%	9.9%
TOTAL	**6.6%**	**6.4%**

OPERATING EBITA MARGIN

	H1 2018	H1 2017
Americas	7.7%	5.9%
Europe and Middle East	6.9%	7.0%
Asia Pacific	6.8%	8.3%
CallisonRTKL	8.8%	10.6%
TOTAL	**7.0%**	**7.2%**

INTERIM FINANCIAL STATEMENTS 2018

CONSOLIDATED INCOME STATEMENT

for the six-month period ended 30 June

In € thousands	Note	2018	2017
GROSS REVENUES		**1,585,682**	**1,648,136**
Materials, services of third parties and subcontractors		(383,995)	(392,429)
NET REVENUES		**1,201,687**	**1,255,707**
Personnel costs		(931,284)	(967,923)
Other operational costs		(172,074)	(188,974)
Depreciation and amortization		(20,479)	(19,330)
Amortization other intangible assets		(11,348)	(15,947)
Other income		1,596	931
TOTAL OPERATIONAL COSTS		**(1,133,589)**	**(1,191,243)**
OPERATING INCOME		**68,098**	**64,464**
Finance income		6,353	6,105
Finance expenses	3	(21,802)	(19,805)
Fair value change of derivatives		1,168	1,418
NET FINANCE EXPENSE	7	**(14,281)**	**(12,282)**
Result from investments accounted for using the equity method	11	(4,522)	(2,428)
PROFIT BEFORE INCOME TAX		**49,295**	**49,754**
Income taxes	8	(14,154)	(15,602)
PROFIT FOR THE PERIOD		**35,141**	**34,152**

PROFIT ATTRIBUTABLE TO:

Equity holders of the Company (net income)	35,075	33,627
Non-controlling interests	66	525
PROFIT FOR THE PERIOD	**35,141**	**34,152**

EARNINGS PER SHARE (IN €)

Basic earnings per share	9	0.41	0.40
Diluted earnings per share	9	0.40	0.39

The notes on page 15 to 25 are an integral part of these consolidated interim financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six-month period ended 30 June

In € thousands	Note	2018	2017
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX			
PROFIT FOR THE PERIOD		35,141	34,152
ITEMS THAT MAY BE SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS:			
Exchange rate differences for foreign operations		12,797	(51,503)
Effective portion of changes in fair value of cash flow hedges		77	943
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS:			
Changes related to post-employment benefit obligations	16	4,194	–
Other changes		1,862	–
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX		**18,930**	**(50,560)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**54,071**	**(16,408)**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity holders of the Company		54,834	(16,962)
Non-controlling interests		(763)	554
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**54,071**	**(16,408)**

The notes on page 15 to 25 are an integral part of these consolidated interim financial statements

NON-GAAP PERFORMANCE MEASURE

In € thousands	Note	2018	2017
NET INCOME FROM OPERATIONS[1]			
Profit for the period attributable to equity holders (net income)		35,075	33,627
Amortization identifiable intangible assets, net of taxes		8,070	12,383
Valuation changes of aquisition-related provisions, net of tax		–	–
M&A costs		401	360
Lovinklaan employee share purchase plan[2]		850	851
NET INCOME FROM OPERATIONS		**44,396**	**47,221**
NET INCOME FROM OPERATIONS PER SHARE[1] (IN €)			
Basic earnings per share	9	0.51	0.55
Diluted earnings per share	9	0.50	0.55

1 Non-GAAP performance measure, to provide transparency on the underlying performance of our business. Reference is made to the Annual Integrated Report 2017 for the definition as used by Arcadis

2 The Lovinklaan employee share purchase plan is controlled by the Lovinklaan Foundation and the Company has no influence on this scheme. Accordingly, the Company treats the related share-based expenses as non-operational

CONSOLIDATED BALANCE SHEET

before allocation of profit

In € thousands	Note	2018 30 JUNE	2017 31 DECEMBER
ASSETS			
NON-CURRENT ASSETS			
Intangible assets and goodwill	10	1,094,075	1,074,262
Property, plant & equipment		95,234	92,643
Investments accounted for using the equity method	3, 11	29,811	22,807
Other investments		587	607
Deferred tax assets	3	35,500	33,310
Pension assets for funded schemes in surplus	16	–	1,754
Derivatives		2,409	3,892
Other non-current assets		29,687	28,921
TOTAL NON-CURRENT ASSETS		**1,287,303**	**1,258,196**
CURRENT ASSETS			
Inventories		254	236
Derivatives		7,543	6,088
Trade receivables	3, 12	551,455	579,135
Work in progress (unbilled receivables)	3, 13	557,766	486,352
Corporate tax receivables		26,497	25,165
Other current assets		89,005	79,819
Assets classified as held for sale		–	4,417
Cash and cash equivalents	14	241,195	267,942
TOTAL CURRENT ASSETS		**1,473,715**	**1,449,154**
TOTAL ASSETS		**2,761,018**	**2,707,350**

	Note	2018 30 JUNE	2017 31 DECEMBER
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	15	**1,008,741**	**977,886**
Non-controlling interests		1,478	2,691
TOTAL EQUITY		**1,010,219**	**980,577**
NON-CURRENT LIABILITIES			
Provisions for employee benefits	16	44,043	50,896
Provisions for other liabilities and charges	17	27,237	26,699
Deferred tax liabilities		65,628	66,909
Loans and borrowings	18	384,350	474,429
Derivatives		1,179	1,134
TOTAL NON-CURRENT LIABILITIES		**522,437**	**620,067**
CURRENT LIABILITIES			
Work in progress (billing in excess of cost)	3, 13	288,223	284,198
Current portion of provisions	17	13,692	15,031
Corporate tax liabilities		25,290	31,753
Current portion of loans and short-term borrowings	18	328,286	214,266
Derivatives		13,786	5,418
Bank overdrafts		4,474	1,805
Accounts payable, accrued expenses and other current liabilities	3	554,611	552,971
Liabilities classified as held for sale		–	1,264
TOTAL CURRENT LIABILITIES		**1,228,362**	**1,106,706**
TOTAL LIABILITIES		**1,750,799**	**1,726,773**
TOTAL EQUITY AND LIABILITIES		**2,761,018**	**2,707,350**

The notes on page 15 to 25 are an integral part of these consolidated interim financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In € thousands	Note	Share capital	Share premium	Hedging reserve	Translation reserve	Retained earnings	Shareholders' equity	Non-controlling interests	Total equity
		Attributable to equity holders of the Company							
BALANCE AT 1 JANUARY 2017		**1,721**	**372,560**	**(3,285)**	**2,607**	**625,466**	**999,069**	**2,647**	**1,001,716**
Profit for the period		–	–	–	–	33,627	33,627	525	34,152
OTHER COMPREHENSIVE INCOME:									
Exchange rate differences		–	–	202	(51,734)	–	(51,532)	29	(51,503)
Effective portion of changes in fair value of cash flow hedges		–	–	784	–	–	784	–	784
Taxes related to effective portion of changes in fair value of cash flow hedges		–	–	159	–	–	159	–	159
Re-measurements on post-employment benefit obligations		–	–	–	–	–	–	–	–
Taxes related to re-measurements on post-employment benefit obligations		–	–	–	–	–	–	–	–
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAXES		–	–	**1,145**	**(51,734)**	–	**(50,589)**	**29**	**(50,560)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		–	–	**1,145**	**(51,734)**	**33,627**	**(16,962)**	**554**	**(16,408)**
TRANSACTIONS WITH OWNERS OF THE COMPANY:									
Acquisitions		–	–	–	–	–	–	–	–
Dividends to shareholders		–	(21,002)	–	–	(15,476)	(36,478)	–	(36,478)
Issuance of shares		27	20,975	–	–	–	21,002	–	21,002
Share-based compensation		–	–	–	–	6,258	6,258	–	6,258
Taxes related to share-based compensation		–	–	–	–	33	33	–	33
Purchase of own shares		–	–	–	–	–	–	–	–
Share options exercised		–	–	–	–	749	749	–	749
TOTAL TRANSACTIONS WITH OWNERS OF THE COMPANY		**27**	**(27)**	–	–	**(8,436)**	**(8,436)**	–	**(8,436)**
BALANCE AT 30 JUNE 2017		**1,748**	**372,533**	**(2,140)**	**(49,127)**	**650,657**	**973,671**	**3,201**	**976,872**
BALANCE AT 31 DECEMBER 2017		**1,748**	**372,533**	**(1,525)**	**(89,058)**	**694,188**	**977,886**	**2,691**	**980,577**
Impact of changes in accounting policies	3	–	–	–	–	**(5,262)**	**(5,262)**	–	**(5,262)**
BALANCE AT 1 JANUARY 2018		**1,748**	**372,533**	**(1,525)**	**(89,058)**	**688,926**	**972,624**	**2,691**	**975,315**
Profit for the period		–	–	–	–	35,075	35,075	66	35,141
OTHER COMPREHENSIVE INCOME:									
Exchange rate differences		–	–	–	12,825	–	12,825	(28)	12,797
Effective portion of changes in fair value of cash flow hedges		–	–	58	–	–	58	–	58
Taxes related to effective portion of changes in fair value of cash flow hedges		–	–	19	–	–	19	–	19
Re-measurements on post-employment benefit obligations	16	–	–	–	–	4,119	4,119	–	4,119
Taxes related to re-measurements on post-employment benefit obligations	16	–	–	–	–	75	75	–	75
Other changes		–	–	–	–	2,663	2,663	(801)	1,862
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAXES		–	–	**77**	**12,825**	**6,857**	**19,759**	**(829)**	**18,930**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		–	–	**77**	**12,825**	**41,932**	**54,834**	**(763)**	**54,071**
TRANSACTIONS WITH OWNERS OF THE COMPANY:									
Acquisitions		–	–	–	–	–	–	–	–
Dividends to shareholders	15	–	(26,716)	–	–	(13,693)	(40,409)	(450)	(40,859)
Issuance of shares	15	32	26,684	–	–	–	26,716	–	26,716
Share-based compensation	6	–	–	–	–	2,352	2,352	–	2,352
Taxes related to share-based compensation		–	–	–	–	341	341	–	341
Purchase of own shares	15	–	–	–	–	(10,307)	(10,307)	–	(10,307)
Share options exercised		–	–	–	–	2,590	2,590	–	2,590
TOTAL TRANSACTIONS WITH OWNERS OF THE COMPANY		**32**	**(32)**	–	–	**(18,717)**	**(18,717)**	**(450)**	**(19,167)**
BALANCE AT 30 JUNE 2018		**1,780**	**372,501**	**(1,448)**	**(76,233)**	**712,141**	**1,008,741**	**1,478**	**1,010,219**

The notes on page 15 to 25 are an integral part of these consolidated interim financial statements

CONSOLIDATED CASH FLOW STATEMENT

for the six-month period ended 30 June

In € thousands	Note	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
PROFIT FOR THE PERIOD		35,141	34,152
ADJUSTMENTS FOR:			
Depreciation and amortization		20,479	19,330
Amortization other identifiable intangible assets		11,348	15,947
Income taxes	8	14,154	15,602
Net finance expense	7	14,280	12,282
Result from Investments accounted for using the equity method		4,522	2,428
ADJUSTED PROFIT FOR THE PERIOD (EBITDA)		**99,924**	**99,741**
Change in Inventories		(17)	5
Change in Work in progress (unbilled receivables)		(65,121)	(41,467)
Change in Trade receivables		34,879	28,548
Change in Work in progress (billing in excess of costs)		350	(35,020)
Change in Accounts payable		(31,527)	(22,493)
CHANGE IN NET WORKING CAPITAL		**(61,436)**	**(70,427)**
Change in Other receivables		1,911	(33,783)
Change in Current liabilities		13,428	28,287
CHANGE IN OTHER WORKING CAPITAL		**15,339**	**(5,496)**
Change in Provisions		(4,813)	(10,141)
Share-based compensation	6	2,693	6,258
Change in operational derivatives		(11)	(582)
Settlement of operational derivatives		49	(86)
Dividend received		20	608
Interest received		8,411	6,114
Interest paid		(19,768)	(18,620)
Corporate tax paid		(21,334)	(11,176)
NET CASH FROM OPERATING ACTIVITIES	(A)	**19,074**	**(3,807)**

In € thousands	Note	2018	2017
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments in (in)tangible assets		(25,592)	(27,134)
Proceeds from sale of (in)tangible assets		911	2,482
Investments in consolidated companies	5	(7,945)	(508)
Proceeds from sale of consolidated companies		–	–
Investments in associates and joint ventures		(16,208)	(10,816)
Proceeds from sale of associates and joint ventures		–	9,716
Investments in other non-current assets and other investments		(1,814)	(1,662)
Proceeds from (sale of) other non-current assets and other investments		1,217	3,239
NET CASH (USED IN)/ FROM INVESTING ACTIVITIES	(B)	**(49,431)**	**(24,683)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from exercise of options		2,588	749
Proceeds from issuance of shares	15	–	–
Purchase of own shares	15	(10,307)	–
Settlement of financing derivatives		8,594	(636)
New long-term loans and borrowings	18	65	–
Repayment of long-term loans and borrowings	18	(75,199)	–
New short-term borrowings	18	138,510	100,000
Repayment of short-term borrowings	18	(51,080)	(49,200)
Dividends paid		(14,177)	(16,328)
NET CASH (USED IN)/ FROM FINANCING ACTIVITIES	(C)	**(1,006)**	**34,585**
NET CHANGE IN CASH AND CASH EQUIVALENTS LESS BANK OVERDRAFTS	(A+B+C)	**(31,363)**	**6,095**
Exchange rate differences		1,947	(725)
Cash and cash equivalents less Bank overdrafts at 1 January		266,137	259,167
CASH AND CASH EQUIVALENTS LESS BANK OVERDRAFTS AT 30 JUNE		**236,721**	**264,537**

The notes on page 15 to 25 are an integral part of these consolidated interim financial statements

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Arcadis NV is a public company organized under Dutch law. Its statutory seat is Amsterdam and its principal office is located in Amsterdam, the Netherlands.

Arcadis NV, and its consolidated subsidiaries ('Arcadis', 'the Group' or 'the Company'), is the leading global Design & Consultancy firm for natural and built assets. Applying deep market sector insights and collective design, consultancy, engineering, project and management services, the Company works in partnership with clients to deliver exceptional and sustainable outcomes throughout the lifecycle of their natural and built assets.

The consolidated interim financial statements as at and for the six-month period ended 30 June 2018 include the interim financial statements of Arcadis NV, its subsidiaries, and the interests in associates and jointly controlled entities.

The consolidated interim financial statements are unaudited.

2 BASIS OF PREPARATION

STATEMENT OF COMPLIANCE

The consolidated interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting', and should be read in conjunction with the annual consolidated financial statements as at and for the year ended 31 December 2017, which have been prepared in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The consolidated interim financial statements do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2017.

The consolidated interim financial statements are to be read in conjunction with the consolidated financial statements 2017, which are available upon request from the Company's registrered office at Gustav Mahlerplein 97-103, 1082 MS Amsterdam, the Netherlands, or at www.arcadis.com.

All amounts in this report are in thousands of euros, unless otherwise stated.

The consolidated interim financial statements authorized for issue by the Executive Board and Supervisory Board on 25 July 2018.

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied and methods of computation used in preparing these consolidated interim financial statements are the same as those applied in the Company's consolidated financial statements as at and for the year ended 31 December 2017, except for the adoption of IFRS 9 and IFRS 15 (see note 3). For the policy for recognising and measuring income taxes see note 8.

ACCOUNTING ESTIMATES AND MANAGEMENT JUDGEMENTS

The preparation of the consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses as well as the information disclosed. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2017, with additional estimates applied in relation to IFRS 9 (see note 3).

SEASONALITY

There is no significant seasonal pattern included in the year-to-date figures, since the Company's activities are hardly subject to seasonality.

COMPARATIVE FIGURES

No material events occurred that resulted in an amendment of the comparative figures. IFRS 9 and IFRS 15 are applied modified retrospectively, with no restatement of the 2017 closing balance but adjustments in the 2018 opening balance (see note 3).

EXCHANGE RATES APPLIED

In €: Average	H1 2018	FY 2017	H1 2017
US Dollar ('USD')	0.83	0.89	0.93
Pound Sterling ('GBP')	1.14	1.14	1.16
Chinese Yuan Renminbi ('CNY')	0.13	0.13	0.13
Brazilian Real ('BRL')	0.24	0.28	0.29
United Arab Emirates Dirham ('AED')	0.22	0.24	0.25

In €: Period-end	2018 30 JUNE	2017 31 DEC	2017 30 JUNE
US Dollar ('USD')	0.85	0.83	0.90
Pound Sterling ('GBP')	1.13	1.12	1.14
Chinese Yuan Renminbi ('CNY')	0.13	0.12	0.13
Brazilian Real ('BRL')	0.23	0.25	0.27
United Arab Emirates Dirham ('AED')	0.23	0.23	0.24

The exchange rates applied during the Q1, Q2 and Q3 closes are determined ahead of the period-end dates, and may therefore differ from the actual spot rates as at the reporting date. Applying spot-rates as at 30 June 2018 on our balance sheet would have a lowering effect on our asset base of €3.7 million, €3 million on equity and €0.7 million on liabilities, mainly due to a change in the USD rate. The impact on the consolidated income statement is insignificant as the effect on the average exchange rate for the half-year is limited.

RECENT ACCOUNTING DEVELOPMENTS

As at 1 January 2018 several new standards, amendements to standards and interpretations became effective for annual periods beginning on or after 1 January 2018. The impact on the opening balance is disclosed in note 3. For the impact of new standards not yet effective see below.

STANDARD	IFRS 16
	Leases
IMPLEMENTATION DATE	1 January 2019, with early adoption permitted
ENDORSED BY THE EU	Yes
IMPACT	IFRS 16 replaces the existing guidance in IAS 17 'Leases' and significantly changes how the Group, as lessee, accounts for its operating lease contracts. Standard is endorsed by Europenian Union and will be implemented from 1 January 2019. Based on the current status of our impact assessment the Company expects to bring on balance a significant numer of operating lease contracts (see note 19), mainly for buildings, lease cars and IT assets. Therefore the following impact is expected upon transition to IFRS 16: • Assets and liabilities of the Group are expected to increase with the net present value of future lease payments • Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) will increase as the lease payments will be presented as depreciation and net finance expense rather than operational cost • Operating cash flow will increase and investing and financing cash flow will decrease as the lease payments will no longer be considered as operational • Arcadis does not expect changes to its business model and lease or buy decisions following this standard • Adherence to covenants is not impacted since these are 'lease-adjusted' In the first six months of 2018, the Company continued with the assessment of contracts that may contain a lease and captured the relevant variables for accounting. The Company also selected and implemented an IT tool to facilitate calculations and accounting. In the second half of 2018 the Company continues the development of calculation models and will conclude on the accounting impact. The current estimate is that the balance sheet impact will be lower than the off-balance sheet lease commitments due to exemptions that can be applied according to the standard (e.g. small tickets, short duration leases) and the lease portfolio being stable. This new standard will be applied modified retrospectively by Arcadis as from the effective date 1 January 2019 with impact through opening equity of 1 January 2019.

3 CHANGES IN ACCOUNTING POLICIES

As from 1 January 2018, IFRS 9 and IFRS 15 were generally adopted without restating comparative information. The impact of the new standards is recognized in the opening balance sheet of 1 January 2018.

The table below summarizes the adjustments recognized for each individual account. Accounts that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail by standard below.

In € thousands	31 DEC 2017	Impact IFRS 9	Impact IFRS 15	1 JAN 2018
NON-CURRENT ASSETS				
Investments accounted for using the equity method	22,807	(885)	–	21,922
Deferred tax assets	33,310	1,723	82	35,115
CURRENT ASSETS				
Trade receivables	579,135	(1,080)	–	578,055
Work in progress (unbilled receivables)	486,352	(179)	(309)	485,864
CURRENT LIABILITIIES				
Accounts payable, accrued expenses and other current liabilities	552,971	4,841	–	557,812
SHAREHOLDERS' EQUITY				
Total equity attributable to equity holders of the Company	977,886	(5,262)	(227)	972,397

IFRS 9 - IMPACT OF ADOPTION

On 1 January 2018 (the date of initial application of IFRS 9), the Company assessed which business models apply to the financial assets held by the group and has classified its financial instruments into the appropriate IFRS 9 categories. As a result of this no reclassifications needed to be recognized. In addition the Company concluded that there is no impact on the Company's hedge accounting policy.

The opening balance is only impacted by the Expected Credit Losses (ECL), for which a simplified approach has been used based on a lifetime expected loss allowance for Trade receivables (individually non-impaired items), Work in progress (Unbilled receivables minus Billing in excess of cost) and Corporate guarantees (excluding ALEN related guarantees). For the Net investment in ALEN and Corporate guarantees relating to ALEN a Probability of Default (PD) of 5,75% has been applied as at 1 January 2018 and 30 June 2018.

To measure the Expected Credit Losses, the positions have been grouped based on the shared credit risk characteristics and days past due. As Work in progress has substantially the same risk characteristics as Trade receivables, the Company concluded that the loss rates for Trade receivables are a reasonable approximation of the loss rates for Work in progress. Given a lack of independent evidence to substantiate lower recoverability, the Loss Given Default has been determined at 100%.

In summary, the loss allowance for Trade receivables and Work in progress as at 1 January 2018 was determined as follows:

In € thousands	Current	More than 30 days past due	More than 90 days past due	More than 120 days past due	TOTAL
Expected loss rate[1]	0.15%	0.10%	0.23%	0.59%	0.22%
Gross carrying amount	397,721	63,769	13,825	96,472	571,787
Expected Credit Loss	592	65	32	569	1,258

1 Weighted average loss rate for the Group. Regional loss rates (in a range of 0.1% - 2.0%) have been applied to individual positions

The remeasurement of the expected credit loss on Trade receivables and Work in progress in the first six months of 2018 amounted to € 0.1 million profit recognized in the consolidated income statement in Other operational costs, and for the Net investment in ALEN and Corporate guarantees to €0.6 million expense in Finance expenses.

IFRS 15 - IMPACT OF ADOPTION

As disclosed in the consolidated financial statements 2017, the impact of IFRS 15 is limited. Inherent to the type of business, Arcadis' customers benefit over time from customer specific services. Recognition of revenue over time is continued to be applied and revenue is measured based on actual deliveries and stages of completion for work performed.

For a limited number of contracts the Company concluded that multiple instead of single performance obligations needed to be recognized under IFRS 15, resulting in an opening balance adjustment of €0.3 million on Work in progress. The impact on the consolidated income statement in the first six months of 2018 is clearly immaterial.

4 SEGMENT REPORTING

OPERATING AND REPORTABLE SEGMENTS

Following IFRS 8, the Company has the following segments as at 30 June 2018:

OPERATING SEGMENT	REPORTABLE SEGMENT
Americas	Americas (Americas)
Europe & Middle East	Europe & Middle East (EME)
Asia Pacific	Asia Pacific (APAC)
CallisonRTKL	CallisonRTKL

RECONCILIATION EBITA

The reconciliation of EBITA to total profit before income tax is as follows:

In € thousands	H1 2018	H1 2017
EBITA for reportable segments	80,590	77,729
Corporate and unallocated amounts	(1,144)	2,682
Amortization other intangible assets	(11,348)	(15,947)
OPERATING INCOME	**68,098**	**64,464**
Net finance expense	(14,281)	(12,282)
Results from investments accounted for using the equity method	(4,522)	(2,428)
PROFIT BEFORE INCOME TAX	**49,295**	**49,754**

GEOGRAPHICAL INFORMATION

Geographical information differs from the segment information in this note due to CallisonRTKL, which is included in a separate reportable segment, but is geographically represented in all the geographical regions listed below.

The geographical information is as follows:

	Net revenues by origin		(In)tangible assets	
in € millions	H1 2018	H1 2017	30 JUNE 2018	31 DEC 2017
Americas	435	481	403	457
Europe & Middle East	586	582	535	520
Asia Pacific	181	193	190	190
TOTAL	**1,202**	**1,256**	**1,128**	**1,167**

In € millions	Americas	EME	APAC	CallisonRTKL	Eliminations	TOTAL SEGMENTS	Corporate and unallocated amounts	TOTAL CONSOLIDATED
H1 2018								
External gross revenues	551.2	707.8	185.9	140.8	–	1,585.7	–	1,585.7
Inter-segment revenues	1.1	5.0	1.6	2.6	(10.3)	–	–	–
TOTAL GROSS REVENUES	**552.3**	**712.8**	**187.5**	**143.4**	**(10.3)**	**1,585.7**	–	**1,585.7**
EBITA[1]	26.6	34.9	10.8	8.2	–	80.5	(1.1)	79.4
TOTAL ASSETS	**743.8**	**1,126.2**	**483.6**	**330.7**	–	**2,684.3**	**76.7**	**2,761.0**
TOTAL LIABILITIES	**731.3**	**482.5**	**156.8**	**92.5**	–	**1,463.1**	**287.7**	**1,750.8**

1 Non-GAAP performance measure, to provide transparency on the underlying performance of our business. Reference is made to the Annual Integrated Report 2017 for the definition as used by Arcadis

In € millions	Americas	EME	APAC	CallisonRTKL	Eliminations	TOTAL SEGMENTS	Corporate and unallocated amounts	TOTAL CONSOLIDATED
H1 2017								
External gross revenues	598.4	685.4	196.0	168.3	–	1,648.1	–	1,648.1
Inter-segment revenues	1.7	3.6	2.2	3.7	(11.2)	–	–	–
TOTAL GROSS REVENUES	**600.1**	**689.0**	**198.2**	**172.0**	**(11.2)**	**1,648.1**	–	**1,648.1**
EBITA[1]	16.7	35.6	13.4	12.0	–	77.7	2.7	80.4
TOTAL ASSETS	**810.7**	**1,137.3**	**475.0**	**309.4**	–	**2,732.4**	**87.3**	**2,819.7**
TOTAL LIABILITIES	**560.2**	**428.8**	**181.0**	**116.2**	–	**1,286.2**	**556.6**	**1,842.8**

1 Non-GAAP performance measure, to provide transparency on the underlying performance of our business. Reference is made to the Annual Integrated Report 2017 for the definition as used by Arcadis

5 CONSOLIDATED INTERESTS

On 2 January 2018, Arcadis acquired all shares in SEAMS, a UK based software and analytics firm. Together with SEAMS, Arcadis will be able to provide clients with an unique blend of technical and asset knowledge combined with advanced analytics.

The total consideration paid for the business combination amounted to £13 million. The fair value of the deferred consideration recognized in the balance sheet as at 30 June 2018 amounts to £5.0 million (of which £1.7 million earn-out). The Net identifiable asset acquired amounted to £3.5 million and the Goodwill to £9.5 million. The Purchase Price Allocation accounting as at 30 June 2018 is provisional and will be completed in the second half of 2018.

In July 2017, Arcadis completed the acquisition of E2 ManageTech. The acquisition accounting has been completed in 2018 without any measurement-period adjustments in the first half of 2018. The acquisition was not material for the Group.

There are no other material changes in consolidated interests in the six-month period ended 30 June 2018.

6 SHARE-BASED COMPENSATION

LONG-TERM INCENTIVE PLANS

To stimulate the realization of long-term Company goals and objectives, Arcadis NV uses Long-Term Incentive Plans (LTIPs).

Since 2014, securities under LTIPs are solely granted in the form of Restricted Share Units (RSUs) and represent an equal number of ordinary shares, subject to meeting the applicable vesting conditions. The RSUs will be converted into ordinary shares on the vesting date, and are delivered as soon as practical thereafter.

The performance shares are granted conditionally and depend on achieving certain performance measures after a period of three years.

RESTRICTED SHARE UNIT (RSUs) GRANTED IN 2018

In the first six months of 2018, the following number of RSUs have been granted under the 2014 LTIP:

	Number of RSUs	Grant date	Vesting date	Share price at grant date	Average fair value at grant date[1]
Grant	697,522	26 April 2018	26 April 2021	€15.75	€11.85

1 Average fair value at grant date of RSUs for management and key staff

LTIP COSTS RECOGNIZED DURING 2018

The costs of the conditional performance shares are spread over the three-year vesting period and are included in 'Personnel costs'.

In the first six months of 2018, an amount of €1.8 million (H1 2017: €5.4 million) is included for the share based compensations granted to employees in 2018, 2017, 2016 and 2015 under the different LTIPs. This is excluding an amount of €0.8 million (H1 2017: €0.8 million) relating to the Employee Share Purchase Plan (ESPP), which is controlled by Lovinklaan Foundation.

7 NET FINANCE EXPENSE

Net finance expense increased from €12.3 million to €14.3 million, driven by increases in US floating rates on debt as well as some hedge ineffectiveness but that has been partially offset by a weaker EUR/USD when translating USD interest into Euros. The first six months of 2018 also include an expense of €0.6 million to reflect the impact of potential credit losses on corporate guarantees and the net investment in ALEN according to IFRS 9. Finance income for the period only consists of interest income, finance expense for the period includes interest expense of €12.9 million and net foreign currency loss of €1.4 million.

Arcadis utilizes notional cash pools, in which large debit and credit balances both attract significant amounts of interest income and expense that are separately disclosed. In 2018 interest income on US cash pools was €3.5 million (H1 2017: €2.6 million) and interest expense was €3.5 million (H1 2017: €2.6 million).

8 INCOME TAXES

Income tax expense is recognized based on management's estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the six-month period ended 30 June 2018 is 26.3%[1] (H1 2017: 29.9%). The lower rate was mainly due to the decrease of the US statutory tax rate and a lower amount of unrecognized losses in comparison with prior year.

1 Income taxes divided by profit before income tax, excluding results from investments accounted for using the equity method

9 EARNINGS PER SHARE

For calculating the earnings per share, the following numbers of average shares were used:

Number of shares	H1 2018	H1 2017
Average number of issued shares	87,738,264	86,198,260
Average number of treasury shares	(1,262,668)	(1,180,259)
TOTAL AVERAGE NUMBER OF ORDINARY OUTSTANDING SHARES	**86,475,596**	**85,018,001**
Average number of potentially dilutive shares	1,716,592	1,047,866
TOTAL AVERAGE NUMBER OF DILUTED SHARES	**88,192,188**	**86,065,867**

The average number of potentially dilutive shares are based on the average share price in the period on the Euronext Amsterdam Stock Exchange and the options that were in the money. For the calculation of earnings per share, no distinction is made between the different classes of shares.

The total earnings of the Group and the earnings per share are as follows:

In € thousands	H1 2018	H1 2017
Net income	35,075	33,627
Net income from operations[1]	44,396	47,221

1 Non-GAAP performance measure, to provide transparency on the underlying performance of our business. Reference is made to the Annual Integrated Report 2017 for the definition as used by Arcadis

In €	H1 2018	H1 2017
EARNINGS PER SHARE/ DILUTED EARNINGS PER SHARE		
Net income	0.41/0.40	0.40/0.39
Net income from operations[1]	0.51/0.50	0.55/0.55

1 Non-GAAP performance measure, to provide transparency on the underlying performance of our business. Reference is made to the Annual Integrated Report 2017 for the definition as used by Arcadis

10 INTANGIBLE ASSETS AND GOODWILL

Lower than expected operating results of Latin America in the first half year of 2018, in combination with limited headroom, has triggered an analysis of the impact on the goodwill for the Latin America Cash Generating Unit (CGU). The current economic outlook and market perspective for our services in Latin America did not require an adjustment of the estimates for 2019 and thereafter as included in the goodwill impairment test as at 31 December 2017. As a result there is still headroom as at 30 June 2018. Taking into account our financial planning cycle in the fourth quarter, we will update the goodwill impairment analysis as part of the year-end procedures for our annual accounts.

The increase in intangible assets includes investments of €9.7 million in the first six months of 2018 in Software, which mainly related to the implementation of the Arcadis Way.

11 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The most significant investments in associates and joint ventures are the same as reported in the consolidated financial statements as at and for year ended 31 December 2017.

ARCADIS LOGOS ENERGIA S.A. (ALEN)

As disclosed in the consolidated financial statements 2017, Arcadis Logos Energia S.A. (ALEN) is a material associate, which holds investments in several renewable energy assets in Brazil.

The tables below summarizes the net exposure relating to ALEN on the balance sheet of Arcadis and the movements in the first six months of 2018. As Arcadis considers its shareholder loans part of the net investment, the Group continued to recogize its share in the operational losses in the first six months of 2018 even after total equity value became negative during 2017.

In € thousands	Arcadis Logos Energia S.A.
NET EXPOSURE AT 31 DECEMBER 2017	**15,389**
Impact IFRS 9 - Net investment	(885)
Impact IFRS 9 - Corporate guarantees	(4,799)
NET EXPOSURE AT 1 JANUARY 2018	**9,705**
Operational result (Arcadis' share)	(4,727)
New loans	16,666
Exchange rate differences	(3,788)
Remeasurement Expected Credit Loss	(641)
NET EXPOSURE AT 30 JUNE 2018	**17,215**

Investments accounted for using the equity method	22,186
Accounts payable, accrued expenses and other current liabilities	(4,971)
TOTAL	**17,215**

The Group provided guarantees to the lenders of ALEN for an amount of €86 million as at 30 June 2018. Arcadis is therefore exposed to the risk of ALEN (or an ALEN subsidiary) running into financial difficulty that might trigger a default on debt that would, in turn, result in the relevant lender(s) claiming repayment from the Group. In return for the guarantees Arcadis received cross guarantees from the other shareholders.

The loss allowance on ALEN related guarantees in the opening balance of 1 January 2018 (see note 3), includes a loss allowance of €4.8 million on the corporate guarantees to the lenders of ALEN. Including the remeasurement in the first six months of 2018, the total loss allowance as at 30 June 2018 amounts to €5.0 million.

12 TRADE RECEIVABLES

Trade receivables include items maturing within one year.

In € thousands	30 JUNE 2018	31 DEC 2017
Trade receivables	604,801	634,876
Provision for trade receivables (individually impaired bad debt)	(55,395)	(56,714)
Provision for trade receivables (Expected Credit Loss)	(968)	–
Receivables from associates	3,017	973
TOTAL TRADE RECEIVABLES	**551,455**	**579,135**

PROVISION FOR TRADE RECEIVABLES

The total provision for Trade receivables has developed as follows in the six-month period ended 30 June 2018:

In € thousands	
BALANCE AT 31 DECEMBER 2017	**56,714**
Impact IFRS 9	1,080
BALANCE AT 1 JANUARY 2018	**57,794**
Additions charged to profit or loss	6,878
Release of unused amounts	(4,443)
Utilizations	(4,076)
Remeasurement Expected Credit Loss	(112)
Exchange rate differences	322
BALANCE AT 30 JUNE 2018	**56,363**

The ageing of Trade receivables and the related provision, excluding Receivables from associates, at reporting date is:

	30 JUNE 2018			31 DEC 2017	
In € thousands	Gross receivable[1]	Provision (individually impaired)	Provision (ECL)	Gross receivable[1]	Provision bad debt
Not past due	265,045	(2,319)	(275)	297,247	(2,241)
Past due 0 - 30 days	106,620	(679)	(108)	109,363	(754)
Past due 31 - 120 days	101,816	(2,162)	(115)	80,870	(1,565)
More than 120 days past due	131,320	(50,235)	(470)	147,396	(52,154)
TOTAL	**604,801**	**(55,395)**	**(968)**	**634,876**	**(56,714)**

1 Excluding receivables from associates

13 WORK IN PROGRESS

Costs and estimated earnings on uncompleted service and construction contracts are as follows:

In € thousands	30 JUNE 2018 Unbilled receivables	Billing in excess of cost	Net Work in progress	31 DEC 2017 Unbilled receivables	Billing in excess of cost	Net Work in progress
COST						
Cost incurred plus estimated earnings	4,985,992	2,812,373	7,798,365	5,573,861	2,961,550	8,535,411
Expected Credit Loss allowance	(199)	–	(199)	–	–	–
Billing to date	(4,428,027)	(3,100,596)	(7,528,623)	(5,087,509)	(3,245,748)	(8,333,258)
TOTAL WORK IN PROGRESS	**557,766**	**(288,223)**	**269,543**	**486,352**	**(284,198)**	**202,153**

14 CASH AND CASH EQUIVALENTS

Restricted cash and cash equivalents amounting to € 28.5 million mainly comprises of cash balances held in China, India and Mozambique, where Arcadis has control over these balances, however, repatriation may be limited due to local regulatory requirements or restrictions.

As at 31 December 2017 the amount reported of €108.5 million was based on the ability to repatriate local cash balances within five working days. This has now been brought in line with industry practice, which together with amounts repatriated during the period, has resulted in lower cash balances classified as restricted

15 EQUITY ATTRIBUTABLE TO EQUITY HOLDERS

The development of the number of shares issued/ outstanding in the six-month period ended 30 June 2018 is presented in the table below.

Number of shares	Ordinary shares	Priority shares	Treasury stock	Total issued shares
AT 31 DECEMBER 2017	**86,463,058**	**600**	**944,153**	**87,407,811**
Shares issued (stock dividend)	1,608,094	–	–	1,608,094
Repurchased shares	(580,958)	–	580,958	–
Exercised shares and options	182,354	–	(182,354)	–
AT 30 JUNE 2018	**87,672,548**	**600**	**1,342,757**	**89,015,905**

PURCHASE OF SHARES

The Executive Board may, as mandated by the General Meeting of Shareholders and with approval from the Supervisory Board and Stichting Prioriteit Arcadis NV, purchase fully paid-up shares in Arcadis NV.

DIVIDENDS

Dividend for the year ended 31 December 2017 was paid in May 2018. Based on the number of shares outstanding and a declared dividend of €0.47 per share, the total dividend amounted to €40.4 million (including €258 for preference and priority shares). An amount of €13.7 million was paid in cash and €26.7 million in stock.

16 PROVISIONS FOR EMPLOYEE BENEFITS

Due to a decrease in the discount rate, combined with lower inflation and lower pensions increases, a remeasurement of €4.1 million is recognized in Other Comprehensive Income in the six-month period ended 30 June 2018 mainly relating to the pension schemes in the UK. Other remeasurements of the net defined benefit liability/ asset are not considered material.

17 PROVISIONS FOR OTHER LIABILITIES AND CHARGES

The movements in the Provision for other liabilities and charges in the six-month period ended 30 June 2018 are as follows:

In € thousands	Restructuring	Litigation	Other	TOTAL
BALANCE AT 31 DECEMBER 2017	**4,235**	**23,916**	**7,423**	**35,574**
Additions	4,874	1,978	508	7,360
PPA	–	–	–	–
Amounts used	(4,100)	(392)	–	(4,492)
Release of unused amounts	(281)	(1,951)	(1,723)	(3,955)
Reclassifications	–	(53)	2,171	2,118
Exchange rate differences	2	(165)	15	(148)
BALANCE AT 30 JUNE 2018	**4,730**	**23,333**	**8,394**	**36,457**
Non-current	598	20,033	6,606	27,237
Current	4,132	3,300	1,788	9,220
TOTAL	**4,730**	**23,333**	**8,394**	**36,457**

18 LOANS AND BORROWINGS

Loans and borrowings as at period-end are as follows:

In € thousands	INTEREST RATES BETWEEN	30 JUNE 2018	31 DEC 2017
Bank loans	1.3% - 5.0%	198,852	194,427
Loan notes issued to financial institutions	1.7% - 5.1%	374,930	445,841
Financial lease contracts	3.0% - 4.0%	120	85
Other long-term debt[1]	3.0% - 6.9%	8,734	7,262
Short term borrowings	0.8% - 1.0%	130,000	41,080
TOTAL LOANS AND BORROWINGS		**712,636**	**688,695**

Current[2]	328,286	214,266
Non-current	384,350	474,429
TOTAL	**712,636**	**688,695**

1 Including retentions and expected after-payments not due within one year, amounting to €7.9 million (31 dec 2017: €6.5 million)
2 Excluding after-payments for acquisitions

The movement in non-current loans and borrowings is as follows:

In € thousands	
BALANCE AT 31 DECEMBER 2017	**474,429**
New debt	65
Accrued interest	–
Redemptions	(2,950)
Reclassification from non-current to current position other long term	(97,054)
PPA	5,654
Exchange rate differences	4,206
BALANCE AT 30 JUNE 2018	**384,350**

Aggregate maturities of non-current loans and borrowings are as follows:

In € thousands	30 JUNE 2018	31 DEC 2017
2019	10,013	104,180
2020	129,358	127,874
2021	93,940	91,608
2022	111,065	110,790
2023	39,974	39,975
BALANCE AT PERIOD-END	**384,350**	**474,429**

The movement in short term debts and current portion of long term debts is as follows:

In € thousands	
BALANCE AT 31 DECEMBER 2017	**214,266**
New debt	140,000
Redemptions	(125,384)
PPA	–
From long-term to current position other long term	94,933
Exchange rate differences	4,471
BALANCE AT 30 JUNE 2018	**328,286**

19 CAPITAL AND FINANCIAL RISK MANAGEMENT

In the six-month period ended 30 June 2018 there were no changes in the Company's financial risk management objectives and policies, and in the nature and extent of risks arising from financial instruments compared to prior year.

FAIR VALUE

The carrying amount of financial assets and financial liabilities is a reasonable approximation of fair value. There are only non-material differences between the carrying amount and fair value for both the non-current and current part of the loans and borrowings. These differences are comparable to the differences as disclosed in the consolidated financial statements 2017.

The financial instruments carried at fair value are analyzed by valuation method, using the following levels:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities;
- **Level 2:** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- **Level 3:** inputs for the assets or liability that are not based on observable market data (unobservable inputs).

All financial instruments carried at fair value within the Company are categorized in Level 2. The valuation techniques and the inputs used in the fair value measurement did not change in the first six months of 2018 compared to prior year.

The fair value of the Company's loans and borrowings has been estimated based on quoted market prices for the same or similar loans or on the current rates offered to the Company for debt with similar maturities.

20 COMMITMENTS AND CONTINGENT LIABILITIES

The commitments as at 30 june 2018 for operating lease contracts, drawn/ utilized guarantees and other commitments are summarized below.

In € thousands	30 JUNE 2018	31 DEC 2017
Less than 1 year	88,532	93,048
1 - 5 years	208,400	209,758
More than 5 years	33,294	30,104
OPERATING LEASE CONTRACTS	**330,226**	**332,910**
Bank guarantees	176,325	201,591
Corporate guarantees	179,201	176,445
Eliminations	(92,754)	(92,443)
GUARANTEES	**262,772**	**285,593**
Other commitments	33,848	34,118
TOTAL	**626,846**	**652,621**

OPERATING LEASES

Operating leases as at 30 June 2018 do not significantly differ (in nature) from the Company's operating leases as at 31 December 2017.

GUARANTEES

The tables below summarize the outstanding corporate and bank guarantees. They reflect only items that have been drawn or utilized that are not already on the balance sheet.

In € millions	Corporate guarantees	Bank guarantees	Eliminations[1]	TOTAL
Debt facility financing	114.1	–	(27.7)	86.4
Bank guarantee financing	53.0	176.3	(53.0)	176.3
Other	12.1	–	(12.1)	–
BALANCE AT 30 JUNE 2018	**179.2**	**176.3**	**(92.8)**	**262.7**

1 To avoid double-counting and the overstatement of contingent obligations, only one instance of any off-balance sheet item is reported, e.g. if Arcadis NV has provided a corporate guarantee for a local bank guarantee facility, any claim for payment by a client on an outstanding bank guarantee can only be honoured once.

In € millions	Corporate guarantees	Bank guarantees	Eliminations[1]	TOTAL
Debt facility financing	108.7	–	(24.6)	84.1
Bank guarantee financing	55.2	201.6	(55.2)	201.6
Other	12.6	–	(12.6)	–
BALANCE AT 31 DECEMBER 2017	**176.5**	**201.6**	**(92.4)**	**285.7**

1 To avoid double-counting and the overstatement of contingent obligations, only one instance of any off-balance sheet item is reported, e.g. if Arcadis NV has provided a corporate guarantee for a local bank guarantee facility, any claim for payment by a client on an outstanding bank guarantee can only be honoured once.

Corporate guarantee obligations as at 30 June 2018 could rise from €179.2 million to a maximum of €199.3 million if full use is made of all local bank guarantee facilities that are supported by Corporate guarantees (31 December 2017: €176.5 million and €197.4 million). Currently only part of these local bank guarantee facilities have been used.

OTHER COMMITMENTS

Other commitments as at 30 June 2018 do not significantly differ (in nature) from the Company's other commitments as at 31 December 2017.

CONTINGENT LIABILITIES

In the first six months of 2018 the Company was involved in various legal and regulatory claims and proceedings as a result of its normal course of business, either as plaintiff or defendant. Provisions are recognized only when management believes it is probable that Arcadis will be held liable, the amount is reasonably estimable, and the claim has not been insured.

21 RELATED PARTY TRANSACTIONS

From time to time Arcadis enters into related party transactions. These transactions are conducted on an at arm's length basis with terms comparable to transactions with third parties. Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated on consolidation.

The nature of the related party transactions conducted in the six-month period ended 30 June 2018 does in substance not deviate from the transactions as reflected in the consolidated financial statements as at and for the year ended 31 December 2017.

The Company was no party to any material transaction or loans with parties who hold at least 10% of the shares in Arcadis NV.

22 EVENTS AFTER THE BALANCE SHEET DATE

There were no material events after 30 June 2018 that would have changed the judgment and analysis by management of the financial condition of the Company as at 30 June 2018, or the profit for the six-month period ended 30 June 2018.

On 10 July 2018 Arcadis announced that following a strategic review of CallisonRTKL the Company concluded that the most attractive option for all stakeholders was to continue to operate the business as a separate division within Arcadis.

Amsterdam, the Netherlands, 25 July 2018

The Executive Board

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