THIRD QUARTER 2018

TRADING UPDATE

Amsterdam, 24 October 2018

IMPROVING QUALITY OF LIFE

DISCLAIMER

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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.

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Q3 TRADING UPDATE

Third quarter highlights:

- Organic net revenue growth of 4% to €613 million (Q3 2017: €585 million)
- Organic operating EBITA growth of 1% to €45 million (Q3 2017: €45 million)
- Operating EBITA margin of 7.4% (Q3 2017: 7.7%)
- Net working capital improved to 18.1% (Q3 2017:19.8%), DSO to 89 days (Q3 2017: 96 days)

Year-to-date highlights:

- Net revenues €1,833 million; organic growth +4%
- Operating EBITA of €133 million; organic growth +1%
- Operating EBITA margin of 7.3% (Q3 2017: 7.4%)
- Net debt reduced to €468 million (Q3 2017: €492 million)
- Continued improvement of balance sheet and commitment to 30-40% dividend pay-out of net income of operations

Non-core clean energy assets Brazil (ALEN):

- Gas-to-gas plant operational, certified and has started limited delivery of gas to the market
- Final negotiations with several parties, including the Rio metropolitan utility gas company (CEG) on long term off-take contracts for the remaining renewable natural gas
- The loss from the associate in the quarter was €6 million
- Re-assessment of the business case led to an impairment and provision of in total €53 million

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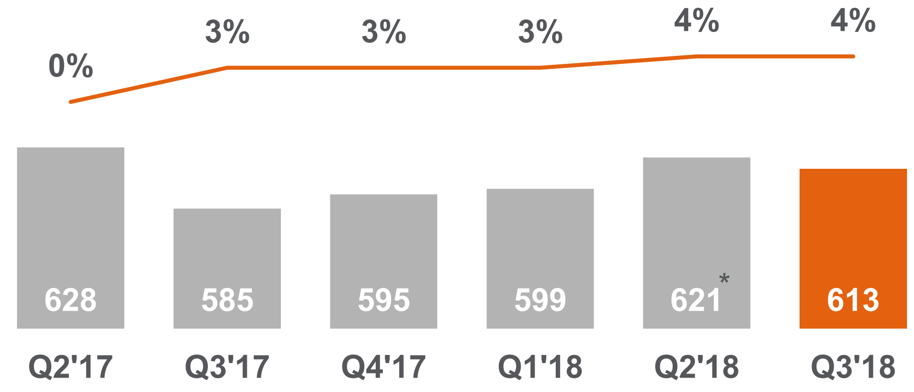
QUARTERLY **REVENUE AND OPERATING EBITA**

Net Revenues and organic growth

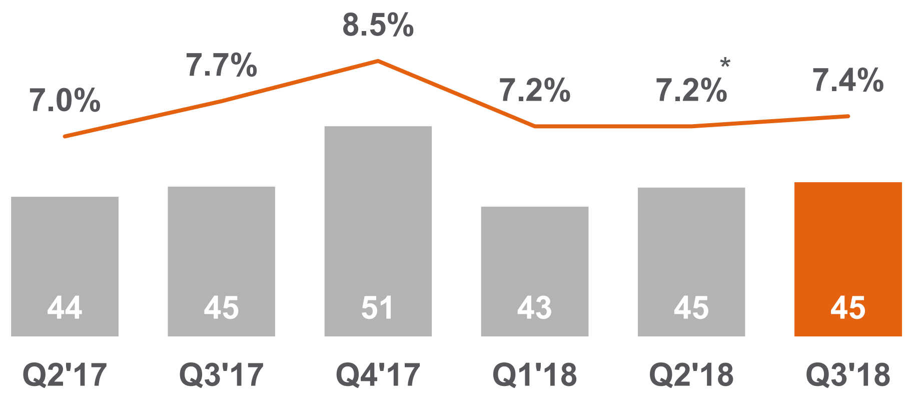
€ millions, %



- Organic net revenue growth of 4% in the third quarter, trending up from previous quarters led by North America, Continental Europe, the UK, Australia and CallisonRTKL
- Net revenues declined in the Middle East, Asia and Latin America

Operating EBITA (margin)

€ millions, %



- Operating EBITA in the quarter increased organically by 1% to €45 million, resulting in an operating EBITA margin of 7.4% (Q3 2017: 7.7%)
- The margin improved in North America, Continental Europe, the Middle East and Australia, which was offset by a decline in Asia (partly caused by a €1 million write-off), Latin America and CallisonRTKL

* Net Revenues 2018 Q2 restated from €602 million to €621 million, resulting in adjusted organic net revenue growth (%) and (operating) EBITA margin (%)

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THIRD QUARTER AND YEAR-TO-DATE OPERATING RESULTS

in € millions	THIRD QUARTER			YEAR-TO-DATE		
Period ended 30 September	2018	2017	change	2018	2017	change
Net revenues	613	585	5%	1,833	1,841	0%
Organic NR growth	*4%*			*4%*		
EBITDA	54	50	*8%*	153	149	*3%*
EBITA	43	40	*7%*	122	120	*2%*
EBITA margin	*7.0%*	*6.8%*		*6.7%*	*6.5%*	
Operating EBITA	45	45	1%	133	136	-2%
Operating EBITA margin	*7.4%*	*7.7%*		*7.3%*	*7.4%*	
Free cash flow	23	41		17	12	
Net working capital %				18.1%	19.8%	
Net debt				468	492	-5%
Backlog net revenues (billions)				2.0	2.0	
Backlog organic growth (year-to-date)				-6%		

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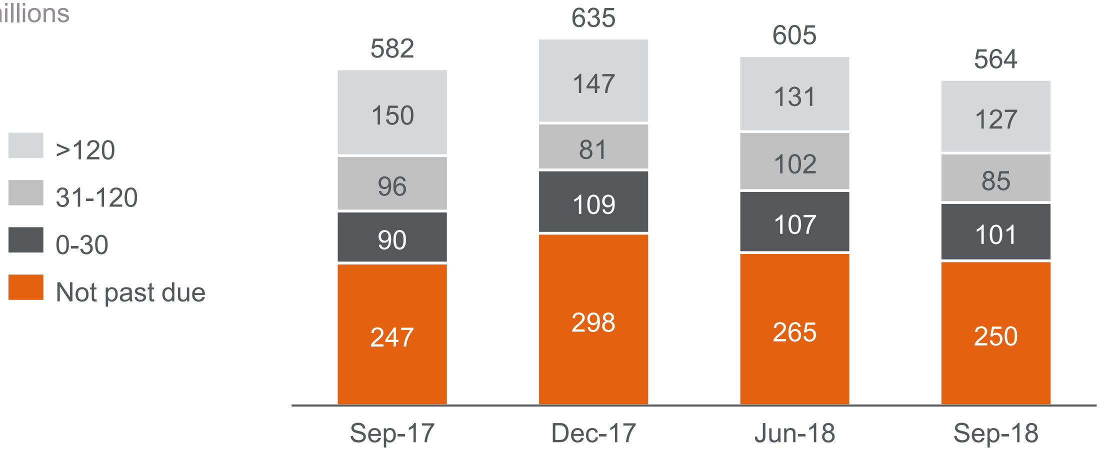
IMPROVEMENT IN AGEING OF RECEIVABLES, WORKING CAPITAL AND DSO

Ageing of Gross receivables

€ millions



	Sep-17	Dec-17	Jun-18	Sep-18
Gross Receivables	**582**	**635**	**605**	**564**
Provision Receivables	-51	-57	-56	-55
Provision %	8.8%	8.9%	9.3%	9.8%
Trade Receivables [1)]	**531**	**578**	**549**	**509**
Net Work In Progress	280	202	270	281
Net Trade Receivables	**811**	**780**	**819**	**790**
Accounts payables	-203	-237	-204	-205
Net Working Capital	**608**	**543**	**615**	**585**
Net Working Capital %	**19.8%**	**16.9%**	**18.8%**	**18.1%**
DSO	**96**	**88**	**91**	**89**

- Gross receivables at €564 million, improvement:
  - vs. Q2: €40 million, reduction across all ageing buckets
  - YoY: €18 million, driven by reduction long overdues Middle East

- Net Working Capital improved to 18.1% and DSO down 7 days YoY to 89 days; largely driven by collection efforts of overdue receivables

1) Excluding receivables from associates

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THIRD QUARTER SEGMENT REVENUE

Net revenues in € millions	THIRD QUARTER 2018	2017	Org growth %
Americas	191	181	6%
Europe & Middle East	281	264	5%
Asia Pacific	85	87	1%
CallisonRTKL	56	53	5%
Total	**613**	**585**	**4%**

Americas North America: +7%, driven by all businesses
Latin America: -4%, further deterioration Brazilian economy, uncertainty surrounding presidential elections

EME UK: +12%, driven by large infrastructure projects
Continental Europe: +4%, spread across most countries
Middle East: -11%, strategic re-orientation and higher selectivity

Asia Pacific Australia: +6%, infrastructure, buildings and environmental projects across major urban areas
Asia: -2%, leadership changes made, simplified organizational structure. Finalizing portfolio review

CallisonRTKL +5%; back to growth, benefitted from the strong order intake in the second quarter

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NON-CORE ENERGY ASSETS BRAZIL (ALEN) RE-ASSESSMENT

Re-assessment

in € millions	2018 Q2	2018 Q3	Loss for the quarter Q3	
On-balance sheet net investment	22	0	-22	*shareholder loans*
Off-balance sheet corp guarantees	86	78		*FX effects*
On-balance sheet provisions (IFRS 9)	-5	-23	-18	
Net exposure	**103**	**55**		
additional shareholder loans in Q3 (including FX effects)			-13	
Fair value adjustment			**-53**	
Loss from associate			-6	
Total P&L effect			**-59**	

- Gas-to-gas plant operational, certified and started limited delivery gas to market
- Final negotiations with several parties, including the Rio metropolitan utility gas company (CEG) on long-term off-take contracts for the remaining renewable natural gas
- Large power plant in commissioning
- Re-assessment of business case required considering delays in progress, increasing costs and assumed lower contract prices

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SUMMARY ON TRACK TO DELIVER ON STRATEGIC FRAMEWORK

Strengths to build on

- Structural changes created foundation for sustainable strong performance in North America
- Brand recognition in the UK outweighs headwind caused by Brexit uncertainty
- Presence and track record in Continental Europe provides potential for stable growth
- Selectivity and client focus generates strong results in Australia
- Re-energized CallisonRTKL to deliver on revised strategic plan

Opportunities for improvement

- Portfolio realignment/selectivity in the Middle East will enable improved results going forward
- Asia leadership changes, organizational simplification and portfolio assessment creates stronger and more focused platform
- Stability post Brazilian elections to create business improvements

PRIORITIES AND OUTLOOK

Our priorities for the remainder of 2018

- Build on the growth momentum in North America, Continental Europe, the UK and Australia
- Improve performance and finalize portfolio analysis for Asia
- Continue strong cash collection
- Complete gas-to-power facilities and conclude off-take contracts for renewable natural gas. Initiate divestment process of all non-core clean energy assets

Revised outlook 2018

- Arcadis confirms organic net revenue growth and expects EBITDA in line with 2017

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