Good morning and good afternoon. My name is Joost Slooten. I'm the Director of Investor relations for Arcadis.

I'd like to welcome you to this Arcadis analyst call. We're here to discuss the company's third quarter trading update which was released this morning. With us, during the meeting are Neil McArthur, Chief Executive Officer, and Renier Vree, Chief Financial Officer.

The PowerPoint presentation that's used is available to the investor section of the Arcadis website which the address is www.arcadis.com/investors.

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

And with these formalities out of the way, Neil, please begin.

Thank you, Joost, and welcome everybody. I'm now turning to page four of the presentation.

We delivered solid third quarter results and we're well positioned as Arcadis for growth with a record backlog and the recent acquisitions that we'll talk some more about.

In the quarter, In the third quarter, we saw a small decline in organic net revenue growth by minus 1%. And if we exclude North America, and I'm sure we'll come back to that in some of the Q&A, we've actually delivered 4% organic growth in the rest of the world in the quarter.

Operating margin, EBITA margin, remains strong at 10.4%. Our backlog is up 2% organically reaching record levels for the company following a series of significant contract wins and I think it's important to note that historically, Q3 is generally slower in terms of backlog development so we're particularly pleased to be able to report a 2% organic growth in backlog in the third quarter giving us confidence for 2015.
ONEurope is very much on track to meet our 10% operating margin target by the fourth quarter and we'll come back and talk a little bit about that in more detail. Free cash flow was strong in the quarter at EUR64 million. And then as you know, we've successfully completed after the quarter closed, the acquisitions of Hyder, Callison and Franz, which together increased our annual revenue run rate by more than EUR500 million.

Turning now to page five, year to date, through the first three quarters, organic growth of net revenue are margins ahead of last year. Gross revenues are flat versus last year. Organic net revenue growth is 1% and if we exclude North America and the rest of the world, we're very confident that the investments that we've been making in the first half of the year and through the third quarter for organic growth are beginning to pay off.

And outside of North America, we've demonstrated year-to-date 5% organic net revenue growth with growth occurring in Asia and Middle East, UK, and Continental Europe.

Operating margin is at 10.1% up from 9.7% through the third quarter in 2013. At the first nine months, free cash flow increase to EUR52 million, a significant increase over the first nine months in 2013. And our backlog, as we talked about not just in the third quarter but year to date is up at 6%, creating a record backlog level for the company.

Turning now to page six. A few strategic highlights for the quarter. First of all, as I mentioned, we completed after the quarter closed the three acquisitions that were announced. Hyder Consulting, Callison and Franz and those accelerate our strategy implementation for our sustainable growth performance and collaboration strategy.

In Asia, we have our ONEAsia operating model bringing together EC Harris and Langdon and Seah and RTKL now we move to the market together and with one organization for EC Harris and Langdon and Seah with Kenneth Poon appointed as the CEO of Arcadis in Asia as of the first of January but clearly with a new leadership group planning the joint plan for 2015 as we speak.

In Continental Europe, operating margins further improved to 8% in the quarter. And Erik Blokhuis, as you will have also noticed, an internal appointment as CEO of Arcadis in Continental Europe allowing Stephan Ritter to focus on his full board responsibilities as part of the executive board.

On page seven, Continental Europe, very much on track. Again, organic net revenue in the quarter of 2% in the third quarter year to date, 3% organic growth driven by success with our multi-national clients.

Our operating margin in the quarter, 8% in Europe. Year to date 7.8% and that's the significant improvement over 2013 year to date of 4.4%. And we've also progressed our Performance Excellence initiative in Europe with further margin enhancement expected for 2015. And higher net revenue backlog year to date is 6%.

So very much towards the end of what I would call the turnaround of our business in Europe as we mentioned in the first quarter 2013. And we're on track to meet our 10% operating margin target in the fourth quarter of 2014.

Before we get on the results, maybe just spend a little bit of time on Hyder first and then Callison. So turning to page eight, Hyder Consulting PLC, part of Arcadis since the end of the day Thursday last week; 4,600 very talented professionals in design and engineering active across the UK, Middle East, Germany, Asia, and Australia.

A little bit of an update on the business. Third quarter, they also have a record order book with strong order intake from Australia which was one of the issues that we remember caused a disruption in the share price which allowed Arcadis to find a way to create value for our shareholders through the acquisition process.

And Middle East market remains good with significant infrastructure opportunities particularly in Saudi Arabia. The UK continues to perform well particularly in rail where a lot of government infrastructure spending is taking place.

And some recent wins. Design of the East West link project in Melbourne road project and then upgrading of London and Manchester Victoria stations are quite substantial design and engineering contracts. Over on the right, you can see some of the pictures of some of the more recent Hyder projects, Paddington Bridge and London Bridge station in the UK.

If we turn now to page nine, the acquisition of Callison, 1,000 people high level architecture and interior design consultancy with offices in the United States, in China, Europe, the Middle East and Mexico.

Business update for Callison. Again, revenue growth in Q3 driven by Asia and positive development of the US commercial market like we've also seen with RTKL.
Recent wins, despite only being part of Arcadis since last week, we have our first win together. $3 million design expansion of a Medical Institute in the US. And then for Callison themselves, a large relation design project in Korea. And over on the right, you can see both the architectural master planning type work that they've done in Qatar and the interior design work for the Porsche dealerships across China.

Now with that, I'll come back towards the end and talk a little bit more about what this platform means for sustainable growth for Arcadis and the outlook. And I like to hand it over to Renier Vree to take us through the financials.

Renier Vree - Arcadis NV - CFO

Yes. Thank you, Neil.

Let me move you to page 11 where you see our organic growth. As mentioned, in the third quarter, we have minus 1%. The declines were affected in two places. North America was down and as mentioned, also the mining sector in South America have negative development that is over growth in the rest of the world, by 4% in the third quarter.

Moving down to page 12 with an overview of our main financial metrics, the currency effect in this quarter was very close to zero. We have strengthening of the British pound which was offset by a weaker US dollar and a weaker Chilean peso.

The different between EBITA and operating EBITA is two elements and they're at the bottom two bullet points of the page. One is the restructure and integration charges. This is a growth of EUR1.6 million mostly related to Europe. Largely, this amount was much higher when we were in the middle of the implementation of the new operating model in Europe and the acquisition-related charges the other way around. And last year, we didn't have charges. And this year at 7.3 million related to the acquisitions of Hyder and Callison. All in all bringing the margin to 10.4%.

On the next page, you see the development in absolute amounts of our operating EBITA where, as mentioned, the currency effect is very limited as well as the acquisition effect that has some impact from the inProjects acquisition in Asia that happened at the beginning of this year. And organically, the lower returns in North and Latin America, two of our high margin businesses have their impact and could not be fully compensated by improvement we have seen in the margins in both Continental Europe and in the UK.

Now on page 14, year to date, operating results also here, organic net revenue growth, organically flat and plus 1% year to date for net revenues. The currency effect year to date is a minus 2% for gross and minus 3% for net revenues and for EBITA the strong euro is still impacting our year to date figures and EBITA of 1% compared to the first nine months last year and operating EBITA of EUR4 million of that restructuring charges year to date this year at EUR7.1 million, about half of the level we spent in 2013. Again, Europe being the main factor in this and acquisition-related charges year-to-date at just over 11 million compared to only EUR1 million last year, again, for Callison and Hyder.

On the next, page 15, the analysis of the operating EBITA year to date with the currency effect from the weaker Brazilian real and the US dollar ultimately now acquisition affect and the organization growth driven by the margin improvements we have seen in Continental Europe and in the UK.

Turning to page 16 where you see 11 quarters of our operating margin in one overview next to the greening master plan in Hong Kong showing that the operating margin also remains strong in the third quarter of this year and that's being quite strong over the last 11 quarters.

On page 17, an overview of working capital and free cash flow. Working capital moved up just over 1% at this point compared to September in 2013. The reason is that we see that mining clients are delaying payments and sometimes it also happens despite the pre-agreed terms of contract with them and we see with some oil and gas clients, the work in progress increased because of milestone-based project payments. These have lead to an increase of working capital. On the other hand, we see in Continental Europe a good decline of working capital and is now moving much closer to the average for the company.

The free cash flow is significantly higher on one hand because of profits and the working capital has a slightly negative impact but also due to the phasing of payments of taxes and other costs slightly more favorable this year than it has been in the 2013.

That brings us to the balance sheet on page 18 into view where our net debt at the end of September increased to EUR333 million. Important to mention that that includes the investment we already made in Hyder shares, 25% of the Hyder shares already bought have been paid for in the third quarter that amounts to EUR94 million.
If we look at the net debt to EBITDA ratio at the end of September, it's going to get 1.5. And the EBITDA here excludes the contribution of Hyder since we only paid for a part of the shares. And the average ratio where we take the March and September here is 1.4, the same as last year. And if you look at the graph, it would have been at 1.1 at the end of September without the investments in the Hyder shares and by year end, it would even have been at one or below without making any further acquisitions.

The financing profile has been updated following the agreements on the funding for Hyder and Callison. You see there that we remain well diversified in our sources of funds. There are bank loans, there's a revolving credit facility, there are the private placement, privately placed bonds with US investors, and also the bridge loan for Hyder.

Debt loan, we have an agreement that we have 12 months before we have to take out - ultimately to take out that bridge and we're going to extend it, optionally, by 6 months if we could see a need for that which was also disclosed in the scheme document related to the Hyder transaction. But also the maturity of the loans in time, I think, looks strong.

Let me take you through the individual business lines on the next pages. Page 20, a nice picture of the Tower Bridge in London. One of the Hyder projects.

And on 21, more details of the business line infrastructure. Here, we saw a strong growth of backlog of 9% and it was helped by the positive developments we saw in the Middle East, UK and Continental Europe. Also here, investments in transportation are a key driver by offset by decline in mining in Latin America.

Growth in North America including the work we do for the High-Speed Rail project in California. It's also one of the recent wins of about which we have issued a press release some time ago and that will be with a five-year project for us.

With Ferrous in Brazil, we won a significant contract for mining; $60 million in which we are a 60% consortium partner also indicating that the mining activities will start to grow again and we won two Latin America aviation contracts following the work we did on the Sao Paulo airport. We also won a big project in Lima, Peru, for which we will work for various parts of Arcadis.

And on water on the next pages including a view of "The big U," a large project that we have designed in terms of design stage for flood protection of New York in the competition with other firms. The overall water business has a modest decline.

We did strong growth in emerging markets and particularly in Brazil. Much significant, we won projects which we are fulfilling with SABESP that was offset by the decrease in North America. We see that municipalities are spending less on the waste water treatment.

Backlog grew 1% to which all regions have contributed except for North America. Another recent win was the project study into flood barriers in Gothenburg in Sweden and a water project management database for public client in the Middle East. And as you know, water is an extremely strategic project in the Middle East and it's also why we showed a picture of the strategic water reservoir in Qatar to the right.

Moving on to environment on page 25, we saw a decline in revenue due to the tough market conditions in the US which the main reason for that and also in the UK. Business has not easy. Main reason for that, the increased because of less work being available in the public sector.

On the other hand, we saw growth in continental Europe in environment where we won projects with multi-national clients like in automotive and some financial institutions.

Backlog grew 4%. And important also here to mention that of the large projects, we have one in the US, only the task orders that we have received against those contract are included in our backlog. So we don't include the whole contract value, only when we have the task order which means that we can proceed with fulfilling the work on the project.

And some of the big wins shown below on the page is the Vandenberg Air Force Base. A project we have been working on for more than two years to win it. And another large one, also an environmental restoration project.

Finally, the business line buildings with a nice picture of the Burj Khalifa in Dubai, also one of the Hyder projects. Building showed strong growth with revenue being up in all regions. In the Middle East, the growth came from high levels of capital investments that take place but also here, Europe show growth from business advisory work for multi-national clients and works all the due diligence for transactions that take place.

In the UK, growth continues from new project developments and that includes also work outside London like in Birmingham and Manchester. In Asia and North America, growth also came from architectural solutions such as in healthcare and commercial real estate and the overall backlog growth of buildings with plus 7%.
And to the right, you see two projects of Callison. The first one, the Lotte Center in Hanoi and a Burberry flagship store in Chicago.

A recent win and we issued a press release about the big project for the NAM in the north of the Netherlands where significant work has needs to happen with the earthquake damage repairs a deal beyond 5-year project for us. Also a significant win in Hawaii where we are involved in large development called the Ala Moana Center.

And with that Neil, hand it back over to you.

Neil McArthur - Arcadis NV - CEO

Thanks, Renier.

Turning now to page 29, the recent acquisitions of both Hyder and Callison accelerate our sustainable growth performance and collaboration strategy. If you look at both Hyder and Callison, they expand our core business particularly Hyder in the UK and Callison in the US and China.

If you look at the emerging markets, Hyder has a very strong presence in the Middle East and in Asia. And, in fact, Callison both the Middle East and China, particularly which together with RTKL make us the number one international design in architectural firm in China.

If you look at our big urban clients initiative, Hyder brings strong capabilities in London, in Doha, in Jeddah and in Shanghai so four of our 12 big urban clients. And if you look at Callison, similarly, they bring capabilities in four, Los Angeles, New York, London and Shanghai.

And then if we look in terms of natural resources, Hyder has capabilities on the business advisory side and the power side on natural resources and environment and then on business advisory with Callison, it's their ability to advise on the retail side with clients. Both companies have good program and project management capabilities, both Hyder and Callison.

And then in terms of design, Hyder brings very, very strong world-class capabilities in rail and metro and as evidence by the work that they're doing and you're seeing from some of the photographs that Renier has showed you.

Also in road, in each of the geographies. In fact, the biggest contract they have is together in Ashghal in Qatar, in Doha in Qatar, around the Doha expressway and road developments there.

Water treatment is also a core design capability from Hyder that fits very well with Arcadis' capabilities. In building the surround design and engineering and as Renier showed the Burj Al Khalifa, the detail, the engineering and design of the world's current tallest building at 836 meters was done by Hyder.

And then finally, in terms of design, they have a unique business model leveraging their design excellence centers where 20% of their people today are in India, in the Philippines or in Jordan, providing lower cost but high quality design and engineering services as an integral part of client teams helping clients in the UK, in the Middle East, in Asia, and in Australia.

And through that business model, they've been able to figure out which conceptual engineering design skills need to be close to the client, which schematic skills need to be next to the client and which schematic and detailed engineering capabilities can be moved to a design excellence center where you get economies of scale and economies in terms of the capabilities that you're developing and the knowledge sharing and development at a lower cost. And they've done that very, very effectively.

Similarly with Callison, there's a big tick in terms of our priorities for design and in this case around architectural design where they're a leader in the field - the leader in retail and a very strong player which gives us a leading position in commercial and makes huge developments together with RTKL. And again, they have a business model using design excellence centers in their case in doing work in Mexico for the US where they're able to do that at lower cost serving their clients and giving margin expansion and the same in Asia where more of their work is actually done in China for Chinese clients with an overlay of international capabilities, partly explaining the higher margin that they have versus architectural design team today. So a very, very strong fit with our strategy in terms of focus group priorities.

Turning now to page 30. This leads us both by geography on the left-hand side and by global business line on the right-hand side and the shape of how Arcadis has changed in the last three years.
First point to note is we've gone from 2 billion in gross revenue to what will be pro forma 3 billion in gross revenue. If you look at the significant growth that we have in the emerging markets which is the red shading from 14% to 26% of our gross revenue pro forma and also the UK growing from 5% to 14% of our overall gross revenues and that's important because those are very two very strong growth markets the expected continued large infrastructure spending to drive infrastructure in the UK and the amount of property work that's being developed in the UK for inward investment for our investors not just in London but also now emerging in places like Manchester and Birmingham.

We're well positioned for those growth markets for the future and you can see that North America in absolute terms still an important part of our mix but we're getting more of a balance as we become more global.

If you look on the right-hand side, same gross revenue but this time is split by the four global business lines where if you look the light blue shading at the top, there's been strong growth in buildings when you look at what we've done over the last three years with EC Harris, with Langdon and Seah and with Callison and now with Hyder. That's going to 31% of our gross revenues. And if you look at the growth in infrastructure, the absolute level of growth is now being driven in infrastructure by the acquisition of Hyder. So very different profile that we have now over the last three years with strong growth from EUR2 billion to EUR3 billion.

And if we turn now to page 31, we now have 28,000 talented professionals and true global reach. North America, as I've said, still very important for us. Latin America is Brazil and Chile primarily to date. UK, now a very significant presence with upwards of 3,500 people in the UK. Continental Europe now operating as a region together.

But everything east of continental Europe is essentially new in the last three years for Arcadis. We had around 250 people in Asia when I joined three years ago. And today, we now have a really strong presence in a growing market in the Middle East and a leading position in Asia with approximately 6,000 people across Asia. And now with Hyder, we have a great set of capabilities to build a stronger Arcadis business and serve our multi-national clients from the base that we now have in Australia.

So that's 9,000 people that have been added and very talented people with triple A brand and well-managed companies over the last three years east of continental Europe.

So then, turning to the outlook, on page 33. Well, the headline says it all. Updated leadership priorities for 2014. The first five bullet points are unchanged. So we are very much focused on completing the transformation and we will deliver our 10% operating margin commitment in Q4.

Investing for increased organic growth. Well, I've talked about that. We're very happy with the investments that we've been making in the first half of this year. We're beginning to see that bear fruit outside of North America at 5% organic growth year to date. We're going to continue to drive performance excellence and culture of continuous improvement to raise margins and cash flow and year to date, both margins and cash flow are up versus year to date last year.

Strengthening collaboration by evolving our operating model business steering and culture. That's translating into a record backlog through greater collaboration and higher win rates.

I put a bracket around focus M&A on expanding our core and 7 growth priorities. We've just talked about that. We've invested half a billion euros for growth in the last month so that's less priority now, so in brackets for the rest of 2014.

We're initiating North American performance excellence program. I just want to take maybe a minute to talk a little bit more about that. The focus there is a return to growth while maintaining strong margin.

So just let me give a flavor of the capital of the things that we're already working on the North American performance excellence program. If we take our client portfolio, we're very much refocusing that to what we call high growth and high value clients cutting the tail of smaller, less profitable clients and we're focusing on what we're calling must win strategic pursuits.

And that is really bearing fruit for us now as we announced that the mid-year point, we're in final contract and negotiations with a number of larger environmental projects and in fact we have won five out of the six must winds in the environment space that we've gone after in the last two quarters and we're very happy that we can start to see that bear fruit in the backlog of which, I think, Renier stated there's only 10% of it has made its way into the formal heard backlog but that gives us strong confidence about the return to growth in 2015.

Another initiative that we are very much looking at is if you look on a global basis, the difference between our gross revenue and our net revenue, that is EUR500 million that are scaled today. That is work that is subcontracted and we believe that having a different strategy for how we subcontract that work that we can do that in the more effective and efficient way leading to margin expansion profitability for us.
And then in terms of growth, focusing on investing for growth. So you've seen some of that also come through new into wins where we're investing to grow program management capabilities in North America and bring our global capabilities to bear when we do that successfully, we win big time like we have done on the first high-speed rail link in California. Also, we see increasing work in business advisory, supporting M&A work and also corporate portfolios and focusing on our MNC clients, bringing the full range of capabilities of Arcadis to bear.

And there are quite a number of initiatives that we have under performance excellence that gives us strong confidence that we will return to growth in 2015 while maintaining strong margins in our North American business.

Final priority, clearly, as I've said, we just spent half a billion euros so commencing the combination of both Hyder and Callison with Arcadis. And we will use the proven process of co-creation that we've used very successfully with larger merges over the last three years so ETEP in Brazil, EC Harris and Langdon and Seah.

And remember, with EC Harris, they were a partnership that had margins around 7% and we committed to bring them to 10% within three years and we did that within the two-year timeframe. So well ahead of schedule and while delivering good organic growth from EC Harris.

And we've done that by a very diligent process but also a relatively fast process where we jointly co-create the strategy from the combination. Clearly, we have views on that outside before the acquisitions of Hyder and Callison we completed, but we now need to work with the management teams to make that real and from the go-to market strategies, we then evolve into how we want to operate in a combined way with those acquired companies and then we do the execution plan of bringing that to the bottom line in terms of revenue growth at which market sectors and which clients and then any cost synergies that we have in our business case.

And all of that is done in an accelerated way as we've proven that we can do that with EC Harris and ETEP in the past. And as I say, each process is lead by an executive board member in the case of Callison that is Stephanie Hottenhuis who is responsible for RTKL and also for the global business line building. Stephanie has been leading Langdon and Seah integration and together with myself was the steering committee from the Arcadis side on project create with EC Harris and has been very, very successful.

In terms of Hyder, that would be led from the Arcadis side by Stephan Ritter, co-chaired by Ivor Catto, the CEO of Hyder and I will be part of that steering committee as well.

So as I say, slightly updated set of priorities for the remaining quarter for 2014 but very much focused on creating the value from the acquisitions that we've got while continuing on our journey to improve our margins and cash flow while putting our US business back on a growth trajectory.

So turning now to page 34, the outlook for 2014. Third quarter backlog up2% organically and 6% year to date creating a record backlog level for the company. And as Reneir said, for the environmental wins, only about 10% of that has made its way into the hard backlog. So this bodes well for a return to growth in North America in 2015.

2014 net revenues, we're out looking to be approximately 5% higher than in 2013. And net income from operations in 2014 expected to be approximately 10% higher than in 2013 barring unforeseen circumstances and our current activities will contribute around 6% and the recent acquisitions, we expect, will contribute around 4%.

Q U E S T I O N  A N D  A N S W E R

Joost Slooten - Arcadis NV - IR Director

And with that, operator, we'd like to open up the call for questions, please.

Operator

Thank you. If you would like to ask a question, at this stage, please press star one on your telephone keypad. Please ensure that the mute function on your telephone is switched off to allow your signal to reach our equipment. If you find that your question has already been answered, you may remove yourself from the queue by pressing star two.

Again, please press star one to ask a question. We will pause just for a moment to allow everyone to signal.
We are now going to take our first question from Bjorn Krook from ABN AMRO. Please go ahead, sir, your line is open.

Bjorn Krook - ABN AMRO - Analyst

Good morning. Good afternoon, everybody.

A couple of things. In the, first of all, on the US. Obviously, you must be a bit disappointed with the minus 7% as well. Can you update us just on the current feel you have on the market and if there's any, you know, lead up from the federal market that could put these competitors back in their own place?

And given the order book strength that you've seen and your order intake? Will we see an improvement for the remainder of 2014 or will we have to wait in 2015? And then on that - on the performance excellence, I was a bit intrigued about your remark about margin expansion potential in US. Can you give some more color on that?

Neil McArthur - Arcadis NV - CEO

Yes. Sure. Why don't we address both of those, Bjorn.

So, minus 7% as we've been guiding for, we have seen a continued competition in the environmental market in the US. So that we see will continue. As I've said, we've initiated this performance excellence initiative and not just in the US but also in other areas of our business.

And that's beginning to bear fruit and the most obvious part of that is what we've been able to describe to you now as significant wins in the environmental space where, as I've said, we focus on the bigger pursuit that we absolutely want to win, we have won five out of six of those and that's finding its way into the hard backlog as we speak which gives us strong confidence that we will return to growth in 2015. We're actually going out to hire people starting in November for that growth in environment in the US in 2015 but it will no longer have an impact on the business in 2014. And that's what we're guiding for at mid-year as well.

And in terms of margin expansion, if you could imagine the EUR500 million that we subcontract on the global basis. The vast majority of that is in the US with our environmental business and that even if we make a small improvement there, there's a substantial margin improvement that we should be looking to bring back to the bottom line and that's only one of a number of initiatives that we have initiated in North America at the moment. And as I commented at the mid-year point, we will give a more extensive briefing on where we stand on performance excellence which is one of the three legs of our strategy. We have sustainable growth and we have a core of everything we do performance and collaboration. We'll give a very extensive briefing on performance excellence and what we've been doing at our annual results.

Bjorn Krook - ABN AMRO - Analyst

Okay. And the market in general, Neil? Are you seeing more federal work coming back to the market that gets people out of the private market or is that - is that a situation that is persisting?

Neil McArthur - Arcadis NV - CEO

That's a situation that's persisting. But as I've said, we have looked at which clients are high-valued to Arcadis, high growth to Arcadis, which ones are absolutely what we call a strategy pursuit that we must win. And with that laser-beam focus, we've been able to deliver five out of the six that we've gone after, which I think is a fantastic testament to the turnaround in our client-facing activities in our environmental business. But given the time to start those projects, that's no longer going to have an impact in 2014 but it will in 2015.

Bjork Krook

Okay. I have two more questions, if I may.

If I did the math correctly, the margins at the half-year stage were down 20 basis points if you exclude Europe. And in Q3, I calculate that the margin is down 90 basis points excluding Europe. Clearly, the US environment and the mining business in Latin have a negative impact on the mix. But is there also something else going on? Are you still investing more in your people or is this something I should worry about on the margin side?
Renier Vree - Arcadis NV - CFO

No, Bjorn. This is Renier.

No, I would say there is no reason to worry and I think that also the EBITA we have reported for the third quarter year-to-date indicates for that. There is the pickup in Europe indeed as well in the UK. And then because of the lower revenues of two high margin businesses in environment North America as well as mining South America, that also dilutes the margin percentage that plays a role in the overall performance, obviously.

Bjorn Krook - ABN AMRO - Analyst

Okay. So it's more a mix effect than there was something on the price pressure side or something else?

Renier Vree - Arcadis NV - CFO

Yes. I would say on price pressure, that's not something that we are overly concerned with. In North America, markets are competitive. There projects are as we have explained also the allocations are often split into smaller pieces by the clients because they also noticed they have more choice between suppliers to do the work and that means that they have to spend more work approved on client development to win the work. But the overall price levels specifically are also talking for North America. We don't see there an important change in levels.

Bjorn Krook - ABN AMRO - Analyst

Okay. And then my final question is on Latin America. We have this, you know, pullback in the mining companies for a while already. Can you just let us know when the big contracts for Vale, for instance, in Mozambique and in Asia have actually ended. So how long will this still be a drag? And I see some --

Neil McArthur - Arcadis NV - CEO

I can just say that. Those have ended, Bjorn, so the work in Mozambique, in Oman, and Malaysia have ended or the work has been brought down to a skeleton crew that is not contributing in a measurable way to our revenues.

Bjorn Krook - ABN AMRO - Analyst

Okay. But we will see the impact of that still in a couple of quarters, right? In the comparison?

Neil McArthur - Arcadis NV - CEO

Well, in the third quarter, it was very small. In the second quarter, there were still some impact. There will be a little bit of impact in Q4, maybe Q1, but it's not very significant there.

Bjorn Krook - ABN AMRO - Analyst

Okay. And on that industry specifically? Could I see some bigger contracts being signed? You mentioned Ferrous as a big contract. Is activity generally picking up in mining or are we still in a (inaudible) situation? I know it's all price dependence but --

Neil McArthur - Arcadis NV - CEO

I would say the market is not changing significantly. There is work out there and I think what we have seen is that the most exciting projects went our way so we are quite pleased that the head rate we have had on the big opportunities in South America and I think we also tend to work for the larger companies and the most complex projects which typically are let at risk than the smaller project or new project in other areas.
So I think also our position in the mining sector has served us well in the choice of clients.

Bjork Krook

Okay.

Neil McArthur - Arcadis NV - CEO

Okay. And very successful in pursuing other infrastructure projects across Latin America to make up for the slowdown in mining has affected Arcadis and we've been very successful this Lima airport design and engineering project management for the new terminal Lima airport which we've won based on, again, our different operating model of Arcadis where we bring our aviation and our program management and our track record to bear on that project in Lima.

Bjork Krook

Yes. That's the BAA skill your transferring to other countries? Right?

Neil McArthur - Arcadis NV - CEO

That and what we have now done in Brazil very successfully with the Sao Paulo Airport expansion as well. Okay.

Bjork Krook

I lend the floor now to somebody else. Thank you.

Operator

We are now going to take our next question from Philip Scholte from Rabobank. Please go ahead. Your line is open.

Philip Scholte - Rabobank Equity Research - Analyst

Yes. Good afternoon, everybody.

On Continental Europe, I'm sure you have - you meet the 10% margin target. But can you say something about 2015? You are talking about further initiatives to improve the margin. Is it fair to assume that the 10% is also a four-year target for that segment?

My second question is around the synergies of Hyder. Are you maybe already willing as it has now finalized to breakdown the target as synergies of GBP15 million in maybe top line and cost synergies?

And the third question is on your outlook, the net income from operations. You obviously exclude the acquisition charges from that guidance but then on net level. So are you willing to share with us the net impact in Q3 of the 7.3 million acquisition cost you have made?

Neil McArthur - Arcadis NV - CEO

Okay. Let me take the first couple as a started, Philip. And in terms of the margin in Europe and, as you know, we said our margin in our transformation when our firm-wide target was 10%. And we've adjusted our targets now to greater than 11% over the three-year period.
Europe is a significant proportion of our business. So over the three-year period, we would expect Europe to continue their journey of margin improvement to a greater than the 11% delivered operating margin in Europe in over the period that remains in our three years.

Now, we're very confident given the performance excellence work that we've been doing that in Europe there are also opportunities first, for the modifier model and to achieve that greater than 11% operating margin target in the remaining period of the three years.

Philip Scholte - Rabobank Equity Research - Analyst

All right.

Renier Vree - Arcadis NV - CFO

The second question on Hyder, we can be pretty short about that. We have disclosed the GBP15 million or EUR19 million of synergies that we expect to realize with Hyder by the end of 2016 on a run rate basis. We know started the co-creation team as Neil explained so we're going to much more detail workout the plans to drive for the revenue and cost synergies. And at this moment, there is no news to mention about that.

And you're correct on the net income operations. The definition that also we, the company applies at acquisition rated charges are added back to income from operations. Most of the charges for Callison and Hyder have been incurred through the third quarter but as this is a trading update and I think we already got quite a way in giving additional details, I would like to leave it at that.

Philip Scholte - Rabobank Equity Research - Analyst

But if I may, in the first half, the growth impact was largely same as the net impact on acquisition cost. I mean --

Renier Vree - Arcadis NV - CFO

Okay. Is that what you mean?

Philip Scholte - Rabobank Equity Research - Analyst

Yes.

Renier Vree - Arcadis NV - CFO

I think the taxation at acquisition-related charges are in the Netherlands not deductible for tax purposes.

Philip Scholte - Rabobank Equity Research - Analyst

Okay. So we exclude the full [7.3] million?

Renier Vree - Arcadis NV - CFO

I think that's a logical consequence from previous statements.

Philip Scholte - Rabobank Equity Research - Analyst

Right. Right. Okay. Thank you very much.
Luuk van Beek - Petercam Bank N.V. - Analyst

Yes. Thank you. I've two questions. One, there is some microeconomic fear about a slowdown in emerging markets. Can you give an update on what you're seeing on markets around in the current quarter with also your order intake in the general markets sentiment that you see around you?

And the second question is on the refinancing of the bridge loan to which you alluded in the presentation when you announced the acquisition of Hyder, you indicated that you considered to use equity to do that. Can you say anything about your current look at that situation?

Neil McArthur - Arcadis NV - CEO

Let me take the first question, Luuk. Emerging markets. The Middle East continues to be a very strong growth market for ourselves and what we see for Hyder with their business with 2,200 people now. We have a real presence across the life cycle of those asset classes and we expect to continue to drive growth and good margin in the Middle East.

And in Asia, we see, again, strong growth in revenue. We see strong growth in our order book in Asia, also in China and maybe to preempt a question about concerns around the residential market in China, the vast majority of what we do is not residential with Langdon and Seah and also on the architectural side, we see revenue growth through the third quarter in China.

And so in Asia, again, we see strong growth and good margin opportunities. And then we get to Latin America where I think Renier explained about the situation with mining other than the mining side, we see good opportunities for growth in water in Brazil which is growing significantly for us through the leading position that we have through the acquisition of ETEP two years ago now and which is a fantastic position for us because of the water need in Brazil.

And then we've grown organically our environmental business very much focusing on the multinational clients now also in Brazil and that is almost making up for the decline on the infrastructure mining side.

Renier Vree - Arcadis NV - CFO

Okay. On refinancing, there is no news to mention there. What we already said at the point of acquiring Hyder or announcing the intended acquisition of Hyder but I'm happy to repeat it which is that including the acquisitions, our leverage ratio will go up significantly by paying for those acquisitions and that we have the bridge financing in place specifically for Hyder. And as you indeed refer to for a period up to 18 months to take out that bridge and as we are looking at the equity and/or debt instruments to take it out and we, of course, keep good eye on how markets are developing and opportunities that are being presented to us to decide how we're going to do that.

Luuk van Beek - Petercam Bank N.V. - Analyst

Okay. Thank you.

Joost van Beek - Theodoor Gilissen - Analyst

Thank you. Good afternoon.
A couple questions. Firstly, on cost related to the acquisitions and possibly to restructuring, do we need to expect more in the fourth quarter or has majority been taken so far?

Renier Vree - Arcadis NV - CFO

Okay. I can answer that directly. The most cost have been taken. There will be some cost for the finalization of the transaction and we have to apply strictly (inaudible) principles so there will be still some cost in the fourth quarter but that will be very small than what you have seen in the previous two quarters.

Joost van Beek - Theodoor Gilissen - Analyst

Yes. Okay. And then to get some feeling for pricing. If you look at those markets which has been weak recently such as US environmental market or the mining market, what has that done to the pricing levels of contracts in that market?

Renier Vree - Arcadis NV - CFO

Yes, I think I said it before on the environmental market and I think it also applies to the remaining market in South America that you see clients take more time to decide because they have also more and more choice. They tend to bring - make projects smaller and therefore negotiate on those smaller projects.

On our side, we have to spend more commercial effort to win the work with actual pricing, say, per hour or per project isn't changing much and that applies to the environmental business in North America. And we also see that for the mining work in South America.

Joost van Beek - Theodoor Gilissen - Analyst

All right. Then one final question. We've seen the oil price declining quite dramatically, yet it is not a segment is very important customer segment right now but maybe there could be sort of indirect effects because of lower income for countries like the Middle East. Do you see any risks there if the oil price continues to be low that there will be an impact for your business?

Neil McArthur - Arcadis NV - CEO

Well, clearly, countries will have a slightly lower cash flow driven by the oil price and but they have burning and pent up social infrastructure needs that they have committed to their people to deliver on in the case of Saudi Arabia. And so the moment we see no slowdown in that activity. And as I've said, we see the Middle East with Dubai, Abu Dhabi, Qatar and Saudi Arabia was the four countries that we're focusing on. Just continue a steady stream of good opportunities for further growth at this point in time.

Joost van Beek - Theodoor Gilissen - Analyst

All right. Thank you.

Operator

We are now going to take our next question from Andre Mulder from Kepler. Please go ahead, your line is open.

Andre Mulder - Kepler Capital Markets - Analyst

Hi. Good afternoon. Three questions. First question is can you give a bit of a breakdown on how this 5% growth in net revenues for the whole ‘14 is built up? You did that for a [net debt] but I also would like to know what the split is between acquisitions for ForEx and organic growth.
Secondly, looking at the development of the margin and Continental Europe, you reported 7.8% for the first half. You're reporting 8% for Q3 but year-to-date, it was still at 7.8%. So not much improvement there. Do you plan anything special to get to the 10% margin in Q4. And related to that, I think the 10% is the statement for the margin till we reach within Q4 so not over Q4.

Neil McArthur - Arcadis NV - CEO

Well, let me take the first one around the 5% growth in net revenue. That's actually organic growth in net revenue over --

Renier Vree - Arcadis NV - CFO

No, no, 5% is the nominal growth of the revenues which is a combination of the acquisitions, currency and organic effect. And the organic effect will be quite limited and I think also for the full year, Andre, the currency effect will also be limited. We are at a minus on currency through September. In Q3, it was close to zero. So in Q4, there will be some impact of currency which could go either way and that's why we also mentioned approximately 5%. But I think you can conclude from that that the acquisitions make up most of that 5%.

Neil McArthur - Arcadis NV - CEO

My apologies. I was interpreting the question, actually, as our organic growth outside of North America which is 5%.

Andre Mulder - Kepler Capital Markets - Analyst

Okay.

Neil McArthur - Arcadis NV - CEO

My apologies, Andre.

On the Continental European margin, it is very clear that our fourth quarter is generally our best in terms of margin performance if you look back over the years in Europe. We have, as you can imagine, very - a close reviews on our performance in one year and we're absolutely confident with everything that we see that we will be delivering our 10% operating margin in the fourth quarter in Europe.

Renier Vree - Arcadis NV - CFO

What will happen - what would add to that margin in Europe is the fact that we expect organic growth to continue in Continental Europe and also the full affect of some of the cost measures that were taken. We also see it's right through the bottom line in the fourth quarter.

Andre Mulder - Kepler Capital Markets - Analyst

So, again, you have expected to reach the margin within the quarter, not for the whole of the quarter?

Renier Vree - Arcadis NV - CFO

For the quarter. For the quarter of -- I mean, we don't go down to 1%. No, no, no. It's really the fourth quarter as a quarter. We expect to achieve 10%.

Andre Mulder - Kepler Capital Markets - Analyst
Okay. Okay. Last question, Joost already about asked his acquisition-related cost. Do we expect any restructuring charges there? You mentioned that in America, you're looking at the performance excellence program. Do you expect any extra cost from there? So what combined number would you see for Q4 in terms of restructuring charges?

Renier Vree - Arcadis NV - CFO

No, I don't think they'll be very significant. There are still some work to be completed in Europe. I don't think for North America we will see significant amounts of restructuring. We will be a little bit of impact maybe from adjustment that it shouldn't be too much. In '15, there could be some of that. And also, when it comes to the co-creation project with Callison and Hyder, overtime, maybe here and there, some offices that will have to be combined and we start to move people to the same locations.

So, overtime, there could be some restructuring for those initiatives but I don't think that will have significant impact in the fourth quarter.

Andre Mulder - Kepler Capital Markets - Analyst

Okay. Thanks.

Operator

We are now going to take our next question from Bjorn Krook. Please go ahead, your line is open.

Bjorn Krook - ABN AMRO - Analyst

Yes. Thank you. I have two follow-ups.

When will the first original Arcadis business actually be transferred to this design excellence centers? Because I can imagine that something can be done there, just in terms of timing and how big that can be. And you talked a number of times about record order book. Can you actually say something about the size of the order book in euro amounts or how many months of work you have on the board or how many months of feasibility you have just a bit more than it's up 6%?

Neil McArthur - Arcadis NV - CEO

Sure. On the first question, Bjorn, that is clearly one of the priorities and one of the work streams of our co-creation steering committee. So we have a team that is formed at that the steering committee were putting in place the teams in the regions and clearly one of those work streams is what we're calling work sharing and design excellence. That team will come up with the program of a pilot of moving design work to India and the Philippines.

But, already, we're looking how we can jointly bid on projects together in order to make use of the design excellence center and the margin expansion opportunity that it creates for us and the growth opportunity that it creates for us. But I can't definitely say when the first project will be. But I'll tell you, we will announce it as soon --

Bjorn Krook - ABN AMRO - Analyst

Yes. Okay. Fair enough. And -- I'm sorry, go ahead.

Renier Vree - Arcadis NV - CFO

Yes. Yes. For the order book, your question, well, that is currently at the level of approximately 12 months of revenues. Where it has been in the past when it relates to revenues, where it has been higher than it has been for the last number of quarters. So the visibility in that sense has improved based on the recent wins.

Bjorn Krook - ABN AMRO - Analyst
A quick follow-up on my first question. So the shaping where do you see more from transferring the work to these design excellence centers, is that from being able to get a lower bidding price and thus growing faster or will we see that more in the margin side?

Neil McArthur - Arcadis NV - CEO

Well, it's both, Bjorn. And remember, Hyder went through a period of figuring out what they could keep with the client and what they could move so we have to understand that in great detail before we go through the same process. And then we have the opportunity not just in Europe where we do all the design work today but also where we don't do a lot of hardcore design engineering work such as in the US infrastructure and in water and even in buildings that we don't do today in North America which gives us an additional opportunity for growth, not just margin expansion but also --

Bjorn Krook - ABN AMRO - Analyst

Okay. I was looking for a bit of a balance between two but it will be what is a balance?

Neil McArthur - Arcadis NV - CEO

It will be a balance but we've got the - the team is going to work through that and the timeframe to get it all done as well. But we know that Hyder themselves and the design excellence capabilities can scale up quickly. They've done that to react to projects in the Middle East adding a couple of hundred people in the sort of six-week period whereas that would take half a year to a year to mobilize that people in Europe.

Bjorn Krook - ABN AMRO - Analyst

Okay. That's very clear. Thanks.

Operator

We are now going to take our next question from Edwin de Jong from SNS. Please go ahead, your line is open.

Edwin de Jong - SNS Securities - Analyst

Good afternoon, gentlemen. A few questions left. First of all, on the water division, has there been any more intake on the AMP6 program in the UK? Maybe a few words on that. And maybe also on the position of the water companies in the US which have been spending quite a lot less, how was that positioned now going forward?

And the second one is maybe a little add on to Bjorn’s question on the order book. We assume that the quality of the order book is increasing, could you give some more color on which areas the quality is really improving now?

Renier Vree - Arcadis NV - CFO

Okay. In terms of, let me do the US one. It's very clear that municipal government is still spending less on new water treatment facilities. And so as we've said, our team are focused on growth in two areas. One is outside of the water treatment fence in terms of water convincing so bringing sweet water to the treatment plant and distribution from it and dirty water to the sewage treatment works and then the affluent and clean water out of it.

And that's historically been a lower margin type business that we are creating a business model where we can create good margins from that for winning work. So that's one area of growth. And the second one is around bringing environmental and water capabilities together to serve the industrial clients across North America.

Neil McArthur - Arcadis NV - CEO
However, both of those are growing but not sufficiently to get us back into full growth mode in North American water because of the continued lower levels of funding from municipal government.

Now, the good news is that there is a pent-up demand for new work. So, for example, if you just take the Chicago water system, we're actually program managing 100 miles of replacement in that program and I think I'm right in saying that it's like 800 miles of system that needs to be replaced. And the funding for that is the issue so we're doing 100 at the moment but that is typical of the older cities in the US where infrastructure needs to be replaced and the funding, they need to find a way to get the funding done in order to make the replacements happen.

*Edwin de Jong - SNS Securities - Analyst*

There are no visibility on that that there might be, again, some funding in going into those water companies?

*Neil McArthur - Arcadis NV - CEO*

Well, the need is definitely there. I think it's the same thing that government struggle with also here in Europe is looking how to fund the infrastructure needs. And in fact, we hosted at the New York Stock Exchange that I was at with Minister Ploumen from the Dutch cabinet around private-public partnerships to create new ways of funding for infrastructure needs.

But it's a difficult nut to crack because the demand is there and they finance organizations and people willing to invest are looking for security of return which means that the revenue model for those investments has to be very clear upfront in order to make the investments happen. And if we can make those revenue models very clear and transparent upfront, then the investment will come. But we're not there yet.

*Edwin de Jong - SNS Securities - Analyst*

Clear. Clear.

*Renier Vree - Arcadis NV - CFO*

Well, I can be short on the UK because we have building backlog in the water business in the UK and that includes work we have done from the AMP6 program and as far as the quality of the order book is concerned in general, while we look at the order book and also at the pipelines of work that we are pursuing which is not yet in the official backlog and we are positive about both the volume of work that we see in the pipeline but also that the way the margins are developing.

*Edwin de Jong - SNS Securities - Analyst*

And is there a specific area where margins are improving better for more in other areas?

*Neil McArthur - Arcadis NV - CEO*

Well, I think the shift that we have been making over the last [year] have started to go more towards the advisory side of the business, now we tend to see that margins can be higher. So like in buildings in Europe as a good example, we're in a market which, well, I would say is overall not great, we have been able to find opportunities with clients for our services which are doing better prices than we saw before for the more extended work at that point in time.

*Edwin de Jong - SNS Securities - Analyst*

Okay. All right. Thank you.
We are now going to take our next question from Andre Mulder from Kepler. Please go ahead. Your line is open.

Andre Mulder - Kepler Capital Markets - Analyst

All right. One remaining question. Can you mention where you feel that net debts would be at the end of this year?

Renier Vree - Arcadis NV - CFO

Well, I'm not going to give a number but I think you know that our cash flow in the fourth quarter is always the highest in the year and I think also, this year, we expect a strong cash flow to be realized in the fourth quarter which will help to reduce our debt and of course the payments, we are - have been making for Callison and will be making for the remaining 75% of Hyder, we'll put a debt but not going to repeat that to give you a hard number for that, Andre. I hope you accept that.

Andre Mulder - Kepler Capital Markets - Analyst

Okay. Thanks.

Operator

We are now going to take our next question from Philip Scholte from Rabobank. Please go ahead, your line is open.

Philip Scholte - Rabobank Equity Research - Analyst

Yes. Sorry. A follow-up from my side as well. I'm looking at the comparison between the backlog organic growth. You are actually quite reporting consistently over the quarters and your organic net revenue growth in the quarters and there seems to be actually a disconnect between the two, at least over the last few years and a half. What are or could be the reason behind that you weren't actually you're not seem to transfer backlog growth into revenue growth? Or am I completely wrong in looking at it right that?

Renier Vree - Arcadis NV - CFO

No, no, no. You make a good point because we're now report a growth and backlog while our revenues were down in the third quarter, for instance, and I think there you see that clients tend to - when times are a bit more difficult, they you ask you to slowdown on some of the growth that you have won before you make an agreement that do this work in the next six months or nine months. Well, can you take two or three more months to do the work at the slower phase? So that had impact on our revenues ultimately.

Neil McArthur - Arcadis NV - CEO

And also, the start date for one work has been delayed the starting point with clients wanting to spread out their investment over different financial years as an example.

Renier Vree - Arcadis NV - CFO

And we also have seen that in some regions. You see also more short-term work so you're being asked can you mobilize some people to start next week on a project with of course you're not in backlog, would immediately be in revenues where you start executing and maybe you finish within a quarter. So also, these type of activities are more common these days.

Philip Scholte - Rabobank Equity Research - Analyst

Right. But that would say that actually revenue growth would be higher than backlog growth but I get your point, I guess. But that would mean --
Renier Vree - Arcadis NV - CFO

Take the Middle East, for instance, where you win - where we have won a large contract or the contract with them which will be in our fourth quarter backlog and when these are large projects that last multiple years, they extend the average duration of your backlog but it don’t immediately make you grow your organic revenues.

Philip Scholte - Rabobank Equity Research - Analyst

Right. Right. No, I get that. But that would mean that over the last year and a half, your overall backlog in an absolute sense have grown?

Neil McArthur - Arcadis NV - CEO

Yes. Our backlog has grown significant.

Renier Vree - Arcadis NV - CFO

Correct. Our backlog has grown.

Neil McArthur - Arcadis NV - CEO

Yes.

Renier Vree - Arcadis NV - CFO

It includes those remediation projects as part of the - that can be in there and some of those have been a long duration. So in type of contracts, they add to backlog. They may not be short term. That’s why this change in the market, we have clients along the short term a smaller project and also it impact that typically.

Philip Scholte - Rabobank Equity Research - Analyst

Right. Right. Okay. Thank you.

Operator

We are now going to take our next question from Dieter Furniere from KBC Securities. Please go ahead, your line is open.

Dieter Furniere - KBC Securities - Analyst

Yes, good afternoon. Only some minor questions. On working capital, could you give some flavor on the working capital? You take on on the new contracts, how it’s different from the current backlog. I think, especially for the environment contracts in North America?

And together with that, could you also guide us a bit on your working capital expectations for the full year ’14 and going forward and then also a question on your guidance and 6% net income from operations growth from the current operations, so ex-M&A. So if you would compare that to the historical 5% to 10% so it seems to be at a low end. Could you say what it would have been taken your currency expectations and net debt you had at the half year results and also what’s the main reason why we come at a low end? Is it because North America did a bit worse than you were expecting or where there some other reasons? Thank you.

Renier Vree - Arcadis NV - CFO
Okay. Well, when it comes to North America, in North America, I don't see significant changes in new contracts. We did see that in South America where mining clients just renegotiate at new contracts and sometimes effect decided to even deviate from agreements on existing contracts. So that's already in the current numbers for the third quarter.

In Q4, I expect capital will come down as it always - that's, of course, also the reason why cash flow tend to be strong in the fourth quarter and I think you know that we have this in the incentive system of all our leadership throughout the company. So it's everybody is focused on working capital. We have the measurement systems in place and that should also bear fruit in the fourth quarter.

I have principle which is that you should never be happy with working capital because working capital is a great tool to be focused on the business and make sure you spot issues early on.

So also for 2015, we will continue to be very focused on managing our working capital and even if sometimes there's headwind from the way contracts are being designed, it still means we have to work even harder on parts of the business where we can improve the way which we collect our money.

Another thing, of operations, you are correct, 6% as we have indicated which is comparable to that range of 5% to 10% at the year results so we are at the lower end of the range. I think currency impact is not that big. When we made the outlook for 2014, we already saw some changes in the currency but I think you also know that our financing cost are largely in US dollars so there's also the opposite effect from what you gained EBITA, part of you lose through higher financing costs. And it's the main reason that we are at the lower end of the previous guidance is the fact that revenues are lower than what we had indicated before because of North America, that effect is the full explanation.

Dieter Furniere - KBC Securities - Analyst

Okay. And to come back to the working capital, would you say with the delta you've seen in the third quarter that this will be carried throughout the year? So we would expect a higher working capital percentage in 2014 compared to 2013?

Renier Vree - Arcadis NV - CFO

Well, I'm afraid it's very hard to predict with that level of accuracy where we will exactly end by yearend. You're right, as you said, the step we have to take to achieve the same level as last year is a bigger one so that will be harder but I think I am not that prepared to say, well, we can achieve largely or we cannot. In the fourth quarter, we will work throughout the company very hard on bringing it down to the lowest possible point.

Dieter Furniere - KBC Securities - Analyst

Okay. Thanks.

Operator

And there are no further question on the queue. I would like to turn the call back to the presenter.

Joost Slooten - Arcadis NV - IR Director

Okay. Let's give it a little bit more time before we actually finalize. There might be more questions. We've had the experience, operator, that sometimes people don't know how to find the button.

Operator

As a reminder, if you wish to ask a question, please press star one on your telephone keypad. We will pause for a moment to allow everyone to signal.

Neil McArthur - Arcadis NV - CEO
Maybe, Joost, if I can say a few words to wrap this up. I just like to come back to a couple of key things that came through in the call today, although this is a trading update for Q3. I wanted to bring everybody's attention back to the backlog and the pipeline of opportunities that we have, give us confidence for a return to growth in North America in 2015 and through the work that we're doing on performance excellence that we will share with you the full annual results.

We have confidence in improving our margin across our business globally with particular emphasis on continuing to have strong margins in the US, improving in Europe and the rest of the world. And then positioning ourselves for growth and the track record that we've had in the major transformation that we've gone through so far over the last couple of years particularly with EC Harris in an accelerated timeframe to improve both growth and bottom line performance with EC Harris and the turnaround that we've done in Europe.

I mean, only a year and a half ago, we're at very low margin, single-digit, very low margins in Europe and negative growth. And today, we're in 3% organic growth year-to-date and 8% operating margin, well on track to get to 10%.

So I think we're building a record of being able to deliver on the guidance that we're giving for the businesses that we are putting into where we need to make sure that we bring them back to growth like North America. And with that, Joost --

Joost Slooten  -  Arcadis NV - IR Director

Yes. Okay. Thank you, Neil. And I thank all of you for participating and for your questions and we look forward to speaking with your again at the next event. Thank you.

Neil McArthur  -  Arcadis NV - CEO

Thank you.