PRESS RELEASE

Arcadis trading update Q1 2016

- €846 million in gross revenues (+2%). Net revenues €634 million (-4%) due to the deep recession in Brazil, the ongoing transformation of our North American business and including -1% currency effect
- EBITA of €46.6 million, down -9% (Q1 2015: €51.3 million), mainly due to Brazil. Non-operating costs €4.8 million (Q1 2015: €12.1 million)
- EBITA of UK, Continental Europe, Asia and Australia above Q1 last year. North America lower, Middle East slightly lower
- Working capital reduced to 18.9% (Q1 2015: 20.7%)
- Backlog organically up +4%. Increase in North America, Continental Europe and the UK compensates for decline in Emerging Markets
- Update of internal assessment in Brazil

Arcadis CEO Neil McArthur: “As expected, we experienced tough conditions in Emerging Markets and for our business in North America, as it goes through its transformation. The deep recession in Brazil drove revenues lower and impacted our overall results. In North America, we saw increased competition with related price pressure, especially in the Environment business. Our transformation program in North America to improve growth and to increase profitability is ongoing. In the UK, Continental Europe, Asia and Australia our results were an improvement on last year. In the Middle-East, despite market headwinds, our EBITA results were close to Q1 2015. The increase in backlog demonstrates our ability to commercialize our value propositions and represents eleven months work.

Actions taken to improve working capital resulted in a significant improvement compared to the first quarter last year and we will continue to focus on a strong free cash flow. Our leadership teams remain agile in taking measures to be competitive, including capturing growth opportunities, delivering our Performance Excellence program and integration synergies.”

Update internal assessment Brazil

Following the request for information by the authorities with respect to the São Francisco project in December 2015, Arcadis initiated a diligent and thorough internal assessment with support of a forensic expert and external advisors at its subsidiary Arcadis Logos.

Arcadis' internal assessment has not shown indications of knowledge of, or involvement of Arcadis Logos in the wrongdoing by the construction companies alleged by the Federal authorities. Whilst the Federal investigation into the São Francisco project is still ongoing, Arcadis Logos has not received any new requests for information.

The internal assessment was broadened to cover several selected other projects and other aspects of the São Francisco project. As part of this assessment Arcadis identified specific compliance related findings. Arcadis is following up these findings with appropriate measures, including project and process reviews and enhanced training programs in Arcadis Logos. Arcadis underlines the importance of adherence to its general business principles and applicable laws and regulations.
Q1 2016 Financial results

<table>
<thead>
<tr>
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<th>Q1 2016</th>
<th>Q1 2015</th>
<th>Δ %</th>
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</thead>
<tbody>
<tr>
<td><strong>Gross revenues</strong></td>
<td>846</td>
<td>827</td>
<td>2%</td>
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<tr>
<td>Organic gross revenue growth</td>
<td>3%</td>
<td>1%</td>
<td></td>
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<tr>
<td><strong>Net revenues</strong></td>
<td>634</td>
<td>659</td>
<td>-4%</td>
</tr>
<tr>
<td>Organic net revenue growth</td>
<td>-3%</td>
<td>2%</td>
<td></td>
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<tr>
<td><strong>EBITA</strong></td>
<td>46.6</td>
<td>51.3</td>
<td>-9%</td>
</tr>
<tr>
<td><strong>EBITA margin</strong></td>
<td>7.4%</td>
<td>7.8%</td>
<td></td>
</tr>
<tr>
<td>Operating EBITA(^1)</td>
<td>51.4</td>
<td>63.4</td>
<td>-19%</td>
</tr>
<tr>
<td>Operating EBITA margin(^1)</td>
<td>8.1%</td>
<td>9.6%</td>
<td></td>
</tr>
<tr>
<td><strong>Net working capital %</strong></td>
<td>18.9%</td>
<td>20.7%</td>
<td></td>
</tr>
<tr>
<td>Backlog (organic growth)</td>
<td>4%</td>
<td>0%</td>
<td></td>
</tr>
</tbody>
</table>

\(^1\) Excluding acquisition, restructuring and integration-related costs

Review of performance for Q1 by region

- **North America** (34% of net revenues)

  Net revenues in North America declined due to increased competition and price pressure in the Environment business. In Water and Buildings revenues were stable, while Infrastructure revenues increased. EBITA was lower than last year. The transformation process initiated in 2015 will continue through 2016. An improvement in order backlog is noted as a result of implementing the new strategy and operating model.

- **Emerging Markets** (29% of net revenues)

  The decrease in net revenues was mainly due to a 38% organic decline in Brazil driven by the severe recession, also reducing EBITA by €6.7 million compared to Q1 2015. Revenues in Asia were slightly lower than last year, and higher in the Middle East and Australia Pacific mainly due to strong performances in Infrastructure and Buildings respectively. EBITA was lower than Q1 2015 due to a loss in Latin America, slightly lower results in the Middle East, and higher results in Asia and Australia Pacific.

- **Continental Europe** (20% of net revenues)

  Net revenues in Continental Europe were higher than Q1 2015 mainly due to growth in Buildings. Revenues in Infrastructure, Environment and Water were in line with last year. Overall good order-intake gives confidence for continued growth. EBITA increased compared to Q1 2015.

- **United Kingdom** (17% of net revenues)

  Net revenues grew organically with good growth in Infrastructure, benefitting from the successful integration of Hyder. In Buildings, revenues decreased due to a slowdown in the London market, related to investor uncertainty related to a potential Brexit. Revenues in Water and Environment increased. EBITA increased compared to Q1 2015.
Backlog

The backlog amounts to €2.4 billion, representing eleven months of net revenues. Backlog in revenues increased organically by +4%, with increases in North America, Continental Europe and the UK compensating for a decline in Emerging Markets.

Working capital

Net working capital in the quarter improved to 18.9% of gross revenues (Q1 2015: 20.7%), reflecting the effects of our working capital reduction program.

Leadership priorities 2016

Our leadership priorities for 2016 are:

- Delivering acquisition synergies: Complete the synergy capture plans
- Performance Excellence: Deliver 2016 savings and extend the program to remaining businesses
- Transform North America: Stay the course
- Brazil: Back on track
- Reduce working capital: Improve and sustain benefits
- Planned strategy update for beyond 2016

Outlook

- For the remainder of 2016 we expect continued tough conditions in Emerging Markets, and for our business in North America as it goes through its transformation
- More favorable conditions exist in a number of our end markets including the United Kingdom, Continental Europe and Australia
- Our financial priorities remain improving EBITA and delivering a strong free cash flow, barring unforeseen circumstances

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Arcadis announces that the Netherlands is its Home Member State for purposes of the EU Transparency Directive.

**Conference Call**
A conference call for analysts will be held at 10.00 hours CET today. Dial in details are available at +31 20 2011083

**About Arcadis**
Arcadis is the leading **global Design & Consultancy firm for natural and built assets**. Applying our deep market sector insights and collective design, consultancy, engineering, project and management services we work in partnership with our clients to deliver **exceptional and sustainable outcomes** throughout the lifecycle of their natural and built assets. We are 27,000 people active in over 70 countries that generate €3.4 billion in revenues. We support UN-Habitat with knowledge and expertise to improve the quality of life in rapidly growing cities around the world. [www.arcadis.com](http://www.arcadis.com)

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