Presentation

Joost Slooten: Ladies and gentlemen, good afternoon and good morning. My name is Joost Slooten, I am the Director of Investor Relations for ARCADIS. I’d like to welcome you to the ARCADIS analysts’ meeting and conference call. We are here to discuss the Company’s second quarter and first half year results for 2006, which were announced this morning. Presenting the figures today are Harrie Noy, CEO, and Ben van der Klift CFO for the Company.

Just a few words about procedures before we start. We will begin with formal remarks. We call your attention that, in today’s session, management may reiterate forward-looking statements, which were made in the press release.

In accordance with the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995, we’d like to call your attention to the risks related to these statements, which are more fully described in the press release and in the Company’s filings with the SEC.

With these formalities out of the way, Harrie, please begin.

Harrie Noy: Thank you Joost. Welcome everybody to this analysts’ meeting, on the occasion of the presentation of the ARCADIS half year results and the results of the second quarter. We all welcome you here in Antwerp, this very historical city. And we like to present you, later this afternoon, our Belgium operations under the leadership of our Belgium CEO Ludo Smans, who is presently on this meeting as well. Ludo is sitting over there. We have other -- two other colleagues from Belgium present during this meeting, Jan Smans the Financial Director of ARCADIS Belgium, at the back of the room, and Daan Esch, the Communications Manager for ARCADIS Belgium.

I also would like to welcome the listeners to this webcast, because as ARCADIS intends to comply as much as possible, with the Tabaksblat code this analyst meeting is webcasted over the web. And we know that several analysts that couldn’t attend the meeting today attend this meeting by webcasting.
Let me start to present the second quarter results, and the half year results to you. I think that ARCADIS has presented strong results over the first half year. Gross revenue was up 27% compared to one year ago. And what was even more important that we could show a healthy organic growth of 8% in the first half.

Basically, organic growth was at a good level in all three market segments. In all the three market segments where ARCADIS operates, organic growth was at the targeted level, or above the targeted level, which is quite positive.

What is also positive is that, we were able to improve our margins in the first half year, from 7% in the first half last year, to 8.6% in the first half this year.

Net income from operations grew with 60%, which is also, I think, a good achievement. And what was also quite positive is that, in the marketplace in the United States, we were able to acquire $80m in gross revenue in new GRiP contracts.

And last, but not least, the integration with BBL is making good progress. We are preparing, this year, the organizational integration of BBL. We are focusing a lot on creating synergy, especially top line synergy with BBL. And up until now we have concluded roughly $25m in contracts that we acquired, because of synergy with BBL. So, all in all, the strategy to enhance growth within ARCADIS is yielding results.

This slide gives an overview over the performance in the second quarter. I will not go through all the figures, because you can read them. But I would like to highlight a few figures. EBITA grew with 27% to €19.2m. What was even more important, EBITA recurring, the recurring impact was not so much in 2006, but appeared in 2005, when we had the one-time booking, because of the sale of some businesses. And that resulted in a booking, in the second quarter last year, of €2m. So taking that into account, the recurring EBITA increased with 47%.

Net income increased with 18% that’s net income, under IFRS. But we used to exclude several items from net income to give a better picture of how operations actually are developing. The three items excluded in net income from operations, that’s the booking from the sale of assets. The second that’s excluded is the amortization related to previous acquisitions. And the third item that we exclude is the impact of financial instruments.

Those three items are really non-operational item and, to a certain extent, that disturbed the view of the development of the business itself. And that’s the very reason why we tend to focus quite a bit on net income from operations. And net income from operations increased in the second quarter with 60%, which is, I think, showing that ARCADIS developed quite well in the second quarter.

Looking at the first half year, net income from operations amounted to €21.2m with a gross revenue increase of 27% to €581m in the first half year. Recurring EBITA grew
with a bit more than 50%. And if we look at net income from operations that increased at the same pace as in the second quarter, with some 60%.

One of the drivers behind this development is, basically, the continuation of the favorable developments that we have seen in the first quarter as well. One of those favorable developments I would like to highlight a bit, which is the market recovery in the Dutch marketplace.

As you know, the Dutch market circumstances were pretty poor in 2003/2004. The Dutch market started recovering in the second half last year and we, by then, expected that the Dutch market would gradual recover further in 2006. What we have seen in the first half is that the recovery of the Dutch marketplace actually is faster and stronger than we had initially expected. And that’s most clearly reflected in the level of organic growth in the first half, in the Dutch market, which amounted to 9%.

In making an interpretation of the 9%, you should be aware of the fact that this includes the impact of facility management contract with DSM Sabic that we concluded in the fourth quarter last year. That contract became operational as from the first quarter this year, and has a strong impact on growth of revenues in the first half in The Netherlands.

But even if we look at the other market segments, infrastructure and environment, we still see that organic growth is at a good level. In the infrastructure market, organic growth amounted in the first half to 6%, which is a strong improvement to the situation that we had in 2005, when we still had an organic decline in infrastructure.

In 2003 and 2004 the business went down with about 15%. Last year the decline was about 5% and this year, in the first half, we see an increase of 6%, which shows that the market is really recovering, and is in much better shape than it was last year.

What are the main reasons for this improvement? First of all, we see a continuation of high investments levels in the improvement and maintenance of rail infrastructure. As you know, ARCADIS has specialized capabilities in that field. There is a strong need to improve the rail infrastructure in The Netherlands and that’s definitely contributing to growth in the Dutch market.

Secondly, we see much more public/private partnership initiatives. We have been discussing those initiatives for many years, but that was only talking. And what we see now there are real serious initiatives by the government, to invest in infrastructure projects, but also in facilities, through private financed initiatives.

We are involved with several of them, of course, the Zuidas, where we do the feasibility study on behalf of the client. But we also involved in the second Coentunnel, which is a major infrastructure project where we are now in one of the three contractors that have been selected to make a final offer for that project.
As I mentioned, it’s not only infrastructure projects that are being tendered through PPS [sic - see presentation], but also public facilities, are more and more tendered by using this concept. For example, a big military facility in Utrecht is now in process of being structured through a PPS [sic - see presentation] initiative.

The third point which I would like to mention is that we see more outsourcing by the Ministry of Public Works. In the past the Ministry of Public Works did most of the work themselves, especially, in the preparation projects, but they have a new policy in place, since a couple of years, and this policy means that they focus on policy preparation. And they delegate the actual implementation of those policies to the market as much as possible.

And that’s [the additional] opportunities for companies like ARCADIS. And we recently announced that we got a contract for the upgrading of three major highways in The Netherlands - the A50, the A12, and the A28. And that shows that this outsourcing trend of the Ministry of Public Works is really serious.

Last, but not least, given the need for new investments, both infrastructure and facilities, we see a strong demand for project management and cost consultancy. As you remember, we acquired in 2003, PRC a company that is totally specialized in project management and cost consultancy. And we see also, given this need for those types of services, strong development within that company.

Last point that I would like to mention is that we acquired, at the beginning of the second quarter, a small company, specialized in environmental remediation, with the aim to strengthen our position in the Dutch marketplace, but also in the European marketplace, because we intend to use that technology all over Europe.

Next slide shows you the development of EBIT, or EBITA, I have to say, over the first half, over the last six years. And you see a positive development resulting in a recurring EBITA of €35.3m in the first half of 2006. The percentages that you see with respect to the margin, led to the first half year figures, so this is not on an annual basis, also not for the previous year. These are all half year figures. And, as you know, there is a kind of a seasonal pattern in the margin development of ARCADIS.

If we look to the strong increase of about 50% of EBITA in the first half, then, we see the distribution of the sources of EBITA growth on this slide. So EBITA, as reported, is €25.4m in 2005. We had a non-recurring item of €2m, based on the booking of the sale of some assets, which resulted last year in a recurring EBITA of €23.4m.

If we look to the increase, then 4% increase is caused by currency impact, of course, the currency impact given the increase of the dollar and the Brazilian real in the first half. 34% is caused by acquisition and divestments, and 13% is caused by organic growth.

If you compare the 13% with the 8% increase -- organic increase in revenues, then there you can conclude that also organically the margins of ARCADIS improved. And this
organic improvement of EBITA mainly comes from better performances in the United States, Brazil and, of course, the recovery of the Dutch market.

Next slide shows net income from operations and earnings per share. And that picture is also on a half year basis, and reflects positive development of ARCADIS over the past couple of years.

Let me give you an overview of the developments in the different service areas. First slide, gives you an overview of organic growth in the different service areas. Between brackets is organic growth, and without brackets is total growth.

Infrastructure market, organic growth amounts to 6% compared to our target of 4% to 6%, so at the high end of our growth target. The Environment organic growth amounted to 10%, just in the middle of our target 8% to 12%, as you know. And for buildings or Facilities, organic growth amounted to 13% which is over our target of 5% to 10%. So what you see is that, in all three market segments we show organic growth on, or above, the targets that we have defined for those market segments.

The pie on the bottom right, shows the distribution of revenues over the different market segments. And compared with a year ago, you can see the strong increase in our Environmental business, it increased from about 26% 27% of the total business to 37%, which is a strong increase. And Infrastructure decreased from about 55% to 45%, so you could say that ARCADIS has a more balanced portfolio, through the divestments and investments that we have made over the past years.

Infrastructure a decline in total revenues, and that decline is totally caused by the divestments of last year. Remember that we divested last year our interest in Grupo EP in Spain, a company that was mainly active in the infrastructure market, and that divestment caused the decline of 2% in the first half.

We have seen continued strong growth in the Infrastructure market in Brazil, caused by investments in both mining and energy sectors. We doubled our business in Brazil in Infrastructure last year and the favorable development of last year has continued in the first half of this year.

Also in the United States a continued positive developments. We see a decline in growth levels in our land development practice, caused by the increase of interest levels in the United States. But that’s more than compensated, by growth in transportation, caused by the U.S. Federal SAFETEA Act that has a positive impact on the market, and that compensates more than the decline in growth in the land development practice.

Of course, the market recovery in The Netherlands contributes, and we saw also a healthy growth, continued growth in France, where both PPP projects, but also investments at Rail infrastructure support growth.
Poland is a bit of a different story. We have had good order intake in Poland over the past year, resulting in a strong backlog. But all kinds of procedures, mainly administrative procedures, caused delay in the start up of these projects and had a negative impact, both on revenues and EBIT, in the first half of '06.

Environment - quite positive development in the first half, resulting in almost doubling the revenues compared to one year ago and, of course, a strong increase in the environmental practice is, to a large extent, due to the acquisition of BBL and Greystone last year.

But also saw good organic growth, supported by continued strong developments in the United States, driven by our GRiP program. But also traditional work, for companies in the United States, is still developing favorably.

As mentioned, we had some $80m order intake in GRiP projects in the second quarter, resulting in a backlog of $300m at the end of the second quarter, which is quite a bit higher than the backlog that we reported by the end of last year, which was at the level of $250m.

In Europe we are also doing quite well, especially in the U.K. and The Netherlands. Growth in the Environmental market was at a good level. And in the meantime we have installed a European team to strengthen further growth in the Environmental market in Europe.

We are very strong in Environment in the United States. We think we can leverage both our technology and our client relationships to Europe and further extend our position in the Environmental market, especially, with industrial clients.

Also Brazil and Chile also doing quite well, mainly driven by the need for consultancy in mining.

Facilities - almost 30% growth in total - also supported by the acquisition of AYH in the U.K. last year. AYH, by the way, was involved in the project management for the new Arsenal Stadium. That stadium is finished, the work for that stadium has finished. You have all seen, of course, the game where -- the farewell game of Dennis Bergkamp that took place in this beautiful stadium. And every time that you see the stadium you should think this is a project managed by ARCADIS. You knew that, of course.

Our Facility management also contributes to growth, driven by the DSM Sabic contract. See a good investment climate in Belgium, France and Brazil resulting in strong growth in the Facilities segment. And we reduced our bad performing detailed engineering activities in Germany. The process already started in the first quarter was finished in the second quarter. That had, of course, a negative impact on organic growth in this segment.

Well, that gives a kind of overview of how ARCADIS performed over the past half year. Before going to the outlook, I would like to say a few words about the past five years,
and the results of ARCADIS in the past five years, to give you a picture where the Company stands now.

As you will recall, because most of you were already in place in 2000, we revised our strategy in 2000. That was based on a very simple situation. We had the idea that, the international expansion of the Company had been very successful but, unfortunately, that has not been reflected in our stock performance. Our stock was stable, stable as a rock so to speak.

However, stock and the shares of our competitors increased in value, ARCADIS shares were lagging behind. And we were well aware of the fact that, if we would continue in the same way, we were more or less walking into a dead-end street.

So we introduced a strategy which was very clearly focused on value creation. It was based on a number of our competitors, and what our competitors did differently than ARCADIS. And we concluded that our competitors, especially our successful competitors, had a more focused strategy, produced more organic growth, higher margins. That was basically the simple conclusion.

So we said, okay, if that’s the case, then we have to introduce a strategy that focuses much more on organic growth, by developing synergy within ARCADIS. And we have to reap the benefits of the investments that have been made in the 90’s. We have to focus on higher margins, higher added value services. And, as far as acquisitions are concerned, we are not going to extend internationally anymore. We are going to focus on those countries where we have built up strong positions and we are going to strengthen those positions through further acquisitions.

So the goal was more focus, more focus, more focus and that should, at the end of the day, result in higher earnings growth. And we called that internally “unlocking the hidden value of ARCADIS”. And we felt that the Company had -- has at least a good staff as our competitors and that we had to use those excellent capabilities of our staff to create more value, to build a better basis for the future development of the Company.

First of all we started to focus on three market segments, Infrastructure, Facilities and Environment. We had a quite diverse portfolio, and we organized this portfolio into three market segments. And in the meantime we also have divested some businesses that didn’t fit within those market segments. And, in those days we had -- in 2000 we had about €800m in revenues, and this year we will be close to €1.2b in revenues.

In the meantime there has been a strong shift in our portfolio. We acquired some businesses. Over the past five years, we acquired about €400m in gross revenues, of which about half in 2005. And all those acquisitions fitted within our strategy, which meant it would clearly strengthen our home market position, or it was strengthening the different business lines that we were focusing on.
We did also some divestments, especially in the Dutch marketplace, where we had a very diversified portfolio, where we brought much more in line with the three market segments that ARCADIS focused on internationally. So we divested part of the contracting businesses. We divested of our real estate valuation businesses etc. We also divested detailed engineering businesses. So in total, over the whole period, we divested nearly €150m revenues, through divestment, of which about €100m last year. So a strong program to focus the Company more on its core capabilities.

We also introduced an organic growth target of 5% and a total growth target of 10%. And initially, organic growth actually declined, and that was caused by the development in the Dutch Infrastructure market. It was caused by the fact that we did a lot of work in the United States, in Facilities for the automotive industry, and national investments in automotive were not made.

And thirdly in 2000, we still had telecommunications of about €50m, and the telecom had to be reduced as well, because the market went down strongly in that business. So that was -- that caused, initially, a strong decline in organic growth.

As from 2004 we have been able to achieve our target, 5% 2004, 5% 2005 and first half of 2006 we are at the level of 8%. So, obviously, we are now in a phase that we have been able to accelerate organic growth.

Facilities was the segment where ARCADIS had most of its difficulties, and where margins were relatively low. So the Facilities we divested detailed engineering, and we’ve started focusing on higher added value services. We acquired several businesses Homola in Germany, PRC in The Netherlands, AYH in the U.K. and CDG a small company in the United States. All these companies focused very much on project and program management services, services with higher added value.

We also started a facility management business in a joint venture with Aqumen. And in the meantime we have several big contracts that support growth in our facility management business.

The goal of this shift was, obviously, to increase our margin, and our margin improved considerably. The figure on the left is on an annual basis. And as you know, our margin, last year, amounted to 8.2% and, based on questions from your side, we have announced that we are in the process of reevaluating our margin target. We have discussions with our senior management ongoing and I expect to announce the results of that discussion in the course of this year.

Part of our program to improve profitability, was to focus on cash, because we felt that we used too much cash to operate our business and we introduced a program to reduce working capital. And actually in six consecutive years, also in 2000, we were able to reduce working capital substantially. And we used that reduced working capital, to invest in expansion of the companies through acquisitions. And when you do the right acquisitions that obviously contributes to value creation.
Our balance sheet is still strong, although we invested last year a substantial amount of money in expanding the Company through acquisition. You have seen the amount in our annual report. I think it was about €120m in total. And so still an investment program last year. And, nevertheless, our net debt at the end of last year amounted to €52m, which shows that ARCADIS still has ample room to invest. And this morning, based on a question of a journalist, I have said that I think that ARCADIS has at least an amount of €100m to invest but probably even more, because €100m we would be still quite comfortable with the level of debt that ARCADIS would assume.

Geographic distribution has changed. In 2000 the Company was still less -- still 39% of its revenues from The Netherlands. That changed considerably, its now 26%. The United States has grown, all the European countries have grown, which means that if you look from a distance that ARCADIS now, roughly, is 50% European and 50% United States plus Brazil. Of course, the rest of the world is mostly -- although it’s mostly Brazil.

As you might have noticed, we also changed our positioning. That’s real stuff for people that are experts in communications, so Joost played a big role in changing our position. We felt that we were still too much seen externally, both by customers and by investors, as an engineering company, producing kind of commodity stuff. And we felt that given the focus of the Company on added value services, we should have less project focus and much more client focus, much more -- much less technical focus, and much more focus on value creation and those types of things. These are all driven, based on the power and creativity of our staff.

That’s also why we introduced this new tagline, Imagine the result, imagination, creativity and those types of things, but also very much focused on creating results for our clients, creating added value for our clients. Because when we are able to create added value, most clients are willing to share part of that added value with us, and that results in good margins.

This is what we ultimately achieved, we unlocked some hidden value so to speak. There are two conclusions from this slide actually. The first conclusion is that our industry, overall, did much better than the general stock market, because you see the list of our competitors, the 10 -- the nine competitors that are part of our peer group. And all our competitors, all our competitors have done better than the general market since July 2000.

And the second conclusion, also pretty obvious, ARCADIS was able to out-compete all of the competitors that we selected in 2000 and that we envied in 2000 because of their better performance than ARCADIS.

This is also quite interesting because, except for the stock price, it’s also about liquidity, as you know. And liquidity of the ARCADIS stock increased substantially. You see both the number of shares and the volume. 2005 shows already a strong improvement in liquidity. And 2006, the six months, the half year is already double the total volume, both in terms of the total volume in euros compared to last year. That’s, of course, also caused
by the fact that share price increased strongly. But full year in money terms is more than
double the volume last year in the total year.

On the right side you see the free float. In 2000 we had a free float of over 35%. And
65% of our stock was with investors that owned more than 5% in the Company. And
that’s been reduced. Now the 5% holdings and we have now a free float of 64% which is,
of course, also a basis for an improvement in the liquidity of the shares.

So, ARCADIS is well positioned. We have a good position to continue the favorable
development of the Company. Global prints are favorable to ARCADIS. We see these
good market conditions at this moment. Last year we revised our strategy, and we
developed a strategy for each of the three market segments, implying choices for growth.
And we have defined ambition goal -- ambitious goals for each of those market segments.

This is a summary. Infrastructure, we want to extend our strong local positions and create
additional growth in the specialties that we have selected - rail infrastructure and bridges
and tunnels. That should result in growth of 4% to 6%.

In Environment, we want to extend remediation services to be a global leader in that
market. And we are actually a global leader in remediation services, especially, for
industrial clients. And we want to leverage the relationship with multi-nationals to create
further growth. And that should result in a growth of 8% to 12%.

In Facilities we very much focused on project management. And we want to be a
benchmark project management firm, especially also, for international property investors.
And we want to expand in facility management.

We also will continue with acquisitions this year, as I mentioned before, in a somewhat
lower pace than in 2006, just because the integration of BBL has the first priority this
year. Looking at those acquisitions, an important priority remains strengthening our home
market positions in the United States, Europe and Brazil.

Secondly we want to strengthen, what we call the growth platforms. That’s a specialties
that we have identified, for which the markets are good, and which ARCADIS has
already strong positions, which is a rail, tunnels, bridges remediation and project
management.

And as far as geographic expansion is concerned, we looked into an expansion of Asia,
which is probably the most important one from a geographical point of view. And in
Europe we looked to certain specific areas in Romania, as an extension to Eastern Europe.
And Northern Italy, because we look -- we get lots of questions from our multi-national
clients to be supported in the Northern part of Italy.

And besides that, we also look for larger opportunities. So we -- smaller acquisitions are
fine, because smaller acquisitions can usually fill in nice gaps that we have in our
portfolio, or could be a very good opportunity to strengthen further specific positions in
certain countries. On the other hand, with BBL, we have seen that bigger acquisitions also have a bigger impact. And when these are good acquisitions, they can really contribute to the growth of the Company.

The prospects, to finalize with, the markets are expected to continue to be favorable for ARCADIS. I don’t want to go through everything, but as mentioned in Europe, more private investment through PPP initiatives. The United States transportation market is driven by SAFETEA, and we saw also quite some good opportunities in New Orleans, where we are very well positioned for a protection against future high water levels. And we expect investment in Brazil to remain at a good level, as long as the price of the raw materials is at a high level.

In Environment, GRiP is a solid base for continued growth. Synergy with BBL, I already mentioned that we are quite successful over the past half year. And also in Europe and Latin America we see good opportunities to extend our environmental services.

Facilities - outsourcing trends with many orders of facilities, and good opportunities with international property investors.

So, all in all, our outlook for the full year is positive, we are well positioned. Synergy is contributing to growth. We remain focused on higher added value services. Integration of BBL is a priority but that will also cost some money this year. We also have to comply with SOX 404, as you know. And we estimate a total -- the total out of pocket expenses, for those reasons, at a level of €3m to €4m.

We continue with our acquisition policy, but this year at a lower pace. And we have issued our outlook with respect to net income from operations, and that’s an increase of 30% to 35%, of course, barring unforeseen circumstances. So ARCADIS is well on track.

Thank you. We are now ready to take any of your questions.

Questions and Answers

Harrie Noy: Yes.

Thijs Hovers – ABN AMRO Bank: Three questions, if I could. Thank you. I have a few questions, maybe starting on the BBL integration. What can you say a bit more about this process? What are you exactly doing? What’s the few million spend on? What does it bring you? In other words what can we expect? Secondly, the buoyant markets. Is this reflected in any cost inflation on the personnel side? Finally on acquisitions, two items on this, one I missed, but maybe its -- there’s a good reason for it. Northern Europe is an area to expand in. We see some of your peers their performances in that area obviously that’s an appealing market as well.
And maybe finally, what do you see on the pricing of acquisitions? You’ve always been able to pay decent multiples, what’s going on there?
Harrie Noy: Let me start with the integration of BBL. When we talked about the integration of BBL, you have to be aware that we have talked about [applications for two professional services organization], so two organizations or professionals that have to be fully integrated.

And why do we need to fully integrate those organizations? Because these organizations now our initial existing organization in that respect from BBL, we both work for industrial clients in the environment market. So to a certain extent BBL clients were target clients for the ARCADIS people and the reverse. So we have to fully integrate organizations. And that has to be prepared, of course.

So we started with team building, we started with building a common vision and strategy. Those processes have been finished and everybody has been very positive. And we have now developed a shared vision how we want to develop the environmental market in the future. Based on that we now -- we have now started working on, lets say, the organizational structure. And that will be finished by the end of this year. And then the actual implementation will be done in the fourth quarter this year, and the first quarter next year. So there will be some impact next year as well.

Why is that? It’s simply because if you integrate those organizations fully, you also have to use one financial and administrative system. And the best moment to go to a new financial system, an integrated financial system, is January 1. So that’s the reason why January 1, is [currently] the moment that we integrate the two organizations.

It will be a step by step process, so it will not be a big bang. It will be a step by step process, because our U.S. management is very much focused on maintaining a good level of profitability and not having this integration process -- not having these -- having a disruptive impact on our profitability.

There will be -- so the focus, the focus in the first year, has been on preparing this organizational integration and on developing synergy, top line synergy. And as I’ve mentioned, we have been able to acquire close to $25m in synergy contracts, synergy contracts or contracts that we have acquired. That’s in cooperation between the two organizations that we wouldn’t have been able to acquire if we wouldn’t have been part of ARCADIS.

And the synergies both in the United States, but also outside the United States, especially through leveraging local national clients that BBL worked for in the past, that they couldn’t serve outside the United States that they are now being able to serve outside the United States as well.

If you look to the impact of the organizational integration, there will be -- ultimately, there will be two impacts. First of all there will be an overhead impact. And secondly, we are going to combine offices.
I do not expect serious cost synergies in 2007. Why not? Because there will be still a lot of efforts needed, and we need those people to actually integrate the organization. We talk about IT, we talk about human resources, we talk about benefits, we talk systems, all those types of things that have to be integrated that we need resources for that. So in 2007 I do not expect -- maybe in the last half of 2007 or the last quarter of 2007 it could start having an impact, but its definitely not yet.

After 2007 there could be cost synergies as well, both because we are able to be more efficient in terms of overhead. And secondly, because we are going to reduce and combine offices, because both BBL and ARCADIS had 40 to 45 offices in the United States and sometimes even, in an individual case, at the other end of -- the other side of the street. So when those lease terms are finished, we will obviously look for possibilities to combine offices because of that. That helps, also, the cooperation between people.

Does that answer your question sufficiently?

Thijs Hovers – ABN AMRO Bank: Yes. And maybe one additional question on this. The cross-selling then the €25m, or what would be the desirable number for ’07 and ’08?

Harrie Noy: We had a target identified for 2006, which was €10m. Let me start -- let’s start with the target that we think we can achieve. And the year is only half of its way. And we already have more than doubled this target, so to speak. So we have not identified yet, a specific target for 2007 and 2008. It will definitely be part of the budgeting process, to the budgeting process is at the point of start.

Second question was about wage inflation. And, of course, there is wage inflation but, given the market circumstances, I expect that the increase in wages can be compensated by higher fees.

Acquisitions and Northern Europe is not specifically on our list. And that’s just because, from a strategic perspective, we have different priorities. For example, for ARCADIS it would be more important to expand in the U.S. -- to further expand in the U.S. infrastructure market than to add another geography.

Does it mean that we would not be interested in Northern Europe, when there would be a specific opportunity? Yes, then we would be interested to expand in Northern Europe as well. But then it should be an excellent opportunity at a decent price. And when such an opportunity would arise in Northern Europe, then we would definitely seriously look at it.

Pricing, pricing is going up. I can’t be sure but, unfortunately, because some competitors seem to have deep pockets. At least use deep pockets to pay a lot of money for certain acquisitions. And that has -- that drives the prices up. Nevertheless, we usually -- most of the acquisitions, where we have been successful, is because we like the company that we acquire, because we like management, because the Company has a good reputation and so on, and they like us. So its -- so we usually try to come in a situation where we
negotiate on a one-to-one basis, based on strategic considerations. And usually that works quite well in a people’s business.

Edwin de Jong – SNS Securities: I have three questions. Could you expand a little more on the situation in Poland? The second question is how is -- our growth of our European GRiP going, GRiP in Europe, I should say, and the search for an Asian partner, you were looking for an Asian partner. And the third question is about the carbon credits. A couple of months ago you said there were going to be some revenues on the sale of carbon credits, and I was looking on it how it is now?

Harrie Noy: The situation in Poland, I think there is not that much to add compared to what I have already mentioned. Order intake has been at a high level over the past year. Unfortunately, we can’t start with those projects, infrastructure projects I am talking about, given the administrative procedures.

It has to do with two issues. First of all there is a new Polish government, as you have noted. And this new Polish government appoints new representatives at all important positions in Polish government and that causes delay.

And secondly, Poland has introduced some legislation, some environmental legislation last year that causes also delays, caused also a lot of procedures. You could say it caused an additional work for ARCADIS. It gives some additional work for us, but by far not enough to compensate for the delay that you see in the infrastructure projects that’s caused by this environmental legislation.

So we -- at this moment we expect that this impact will gradually disappear over the second half but that’s, of course, not 100% sure. We recently acquired the rail infrastructure project, and that project can be dealt with and can be produced immediately, so that’s at least a positive thing.

As for GRiP in Europe, as I mentioned we have now a European team in place, which basically means that we have a coordinated marketing effort, also for GRiP projects in Europe. And what we also try to do, through that European GRiP team, is to use our specialized resources more effectively.

You can imagine, compare Europe with the United States, in the United States we have a few very specialized people that operate for the whole of the United States. In Europe we have also several very specialized people in the environmental field. But they work now more on a country-by-country basis that or a European level.

And we want to up-scale our environmental position in Europe, by using our resources more effectively and that’s why we have installed this European environmental team. They also coordinate the acquisition of GRiP projects. We have had, up until now, one success in Poland and we have several projects in the pipeline.
But what you sometimes see is that -- and that’s what we have now just already with GRiP® projects that, at a very late moment, the client changes the project in a [regular] project. Because then he gets an idea of the premium, the risk premium that we have to pay for transferring the risk to ARCADIS, because that causes a premium. And sometimes the client concludes that he can better bear the risk himself instead of paying premium to ARCADIS. Okay that’s fine.

And then you see directly that we get a good competitive position with that client, account management concept that’s why we are the one that re-negotiate with about the project. But at the end of the day that gives us the contract on a regular basis, which is fine as well.

Asian partner, not much progress to report. We are talking with several companies but you need a lot of patience to gain confidence.

Carbon credits, we announced that we -- previously that we have sold 1m carbon credits for 2006 and 2007. And those will be delivered, partly in 2006, partly in 2007 at the price, at the term price per the end of 2007. And that price is being determined at the moment of delivery, so to speak. And we expect some of those carbon credits to be sold this year that’s included in the estimate that we have given. That’s included in the outlook.

Edwin de Jong SNS Securities: But were there already revenues in Q2?

Harrie Noy: No, we have no revenues at the moment. That is included in the outlook for the total year.

Ralf Jacobs: Ralf Jacobs, Rabo Securities. Good day. I have, basically, three questions. First of all in terms of organic growth could you compare the first quarter, and the second quarter of ’06? Have you seen any change in trends in any of the -- of the industries?

Secondly, on GRiP you did great in the second quarter - $80m in new contracts. Was there any catalyst for that market to open up in the second quarter? And what do you expect for the remaining second half of the year?

And maybe third question on Brazil. Especially as we see the energy projects some start-up problems, could you give some clarification and maybe give some forecast on that going forward? Thanks.

Harrie Noy: Organic growth, first quarter compared to second quarter, I would say that, all in all, developments in the second quarter were quite in line with the developments in the first quarter already, no major changes. You always have to be aware of the fact that certain specific events, on a quarter basis, in specific markets not [as cyclical] can have a relatively big impact.

As we always have to look at more or less through those quarters to see what are the underlying developments and is -- are there really new things taking place, or is it a kind
of continuation of what we have seen before. And I would say that in general, the developments are actually good, growth in first quarter has continued in the second quarter.

I mentioned this propelling of the land development market in the United States, which I think we already mentioned in the first quarter as well. That’s continuing based on the high interest rates. It doesn’t mean that we don’t grow in that market any more. But the very strong growth that we have seen in the past few years is slowing down a bit.

Keep in mind that ARCADIS is involved in land development work and work mainly in the “sun belt” states, like Arizona and Florida. And those states are the states where usually investment levels in land development are high even under, let’s say, more worse economic circumstances. And that’s to a large extent compensated also by transportation work.

Keep in mind also that the facility management contract with DSM has temporarily impacted. Of course, if the contract continues but the impact on the growth will be in 2005 and will end in 2006. And we will need a new contracted facility management to create additional growth in facility management.

Then about organic growth, the $80m, is there any catalyst? No I don’t see any specific catalyst in that respect. Sometimes it goes up and down. We hardly had any GRiP contracts in the first quarter. We had $80m in the second quarter. And which shows you that this is sometimes easily -- not easy to predict.

And the $80m, the $26m contract, the Picatinny contract that we announced a week ago for the U.S. Army base is included. We couldn’t disclose it earlier because you usually need permission from the client to disclose the contract. But it’s included in that $80m. So there’s one GRiP contract for the military included in the $80m, and the remainder are commercial GRiPs usually combined with redevelopment for other purposes.

So usually -- that’s definitely a driver for the GRiP program in the commercial sector. All the industrial sites they have lots of redevelopment potential. The owner can’t sell the site because it’s polluted, its contaminated, and with the GRiP the risk for the -- for cleaning up and for the contamination has been covered. And then the site becomes suitable for redevelopment. That’s definitely the driver in that market.

Brazil, the Brazilian market is doing very fine. But, unfortunately, we have to report the asset share of companies on a separate line, because if not then we wouldn’t discuss this issue. But Brazil is doing quite well. But given the fact that it’s a separate line item, we have to explain it.

We were involved, through a minority participations, in two or three energy projects. This does not include Biogas. Biogas is consolidated. We have a one third ownership through ARCADIS Logos which is consolidated, because it’s in line with our consolidation principles.
But we have several -- two or three energy projects where we have minority stakes. These are not consolidated. These are in the line asset shares of companies. We had contracts to deliver energy until the end of ’04, beginning of ’05 those contracts have stopped. In the last quarter, of last year, we were able to acquire new contracts to deliver energy. But in starting up these contracts we had more delays than initially expected and that cost, cost but no revenues, and that’s why we had this negative impact.

I expect for the remainder of this year that the situation will improve, because those plants are operating but not at a level -- they will not contribute at a level that we have seen in the second quarter for associate or associated companies last year. Last year we had quite a strong impact in the second half. And that strong impact in the second half will be lower. I don’t expect a negative impact, but not the strong positive impact that we have seen in the second half last year.

Ralf Jacobs: Maybe one more follow up on that, that’s basically your organic growth first half. You mentioned DSM Sabic. Can you tell us something about maybe any potential new contracts being won by ARCADIS in the near future?

Harrie Noy: Then, I must make a distinction between big contracts and expansion contracts. Of course, we are having discussions with several clients about big contracts, not only in The Netherlands but also outside The Netherlands, because it’s definitely an interesting market. And Ludo Smans can tell a bit about developments in the Belgium market, for example, in this respect later on this afternoon.

And big contracts - you get them or you don’t get them. And usually it takes some time before you get them. It can take one or two years before you acquire those contracts. But we are having discussions with several potential clients, and at a certain point in time I expect that we can fully expand [by] bigger contracts.

For the short term it’s more interesting to look at extensions of existing contracts. For example, we extended our contract, our [winter] contract with Phillips by adding new sites. We initially -- we have 650,000 square meters with Phillips and in the meantime we have acquired new facilities that have been added to the original contract. And that also contributes to growth. And to a certain extent it’s more convenient, because usually you don’t need to take over lots of staff, and you can create more efficiency within your own operations.

Dirk Verbiesen Van Lanschot Bankiers: I have some questions on the benchmark, you are starting and you are already getting more optimistic, also in the second quarter. But I am a bit curious about the things we read, and the things we hear on this air pollution legislation, still some rumors and some announcement and some delays on big projects. You are saying you are involved with some big projects, what is the actual status of these big major projects and prospects that you are working on? Because it’s also important when they are actually under construction I think, as a project manager maybe?
Harrie Noy: And what kind of project are you referring to?

Dirk Verbiesen: Like the second Coentunnel. What I’d like to establish is there something, is there a threat that is still ahead of us? Or do you think it is overrated in the current importance of issues?

Harrie Noy: As far as I know we are still working on those tendering procedures according to the schedule that has been provided to the client. As I mentioned for the second Coentunnel we have been selected as part of one of three consortia that allow in this, let’s say, definitive offer phase. And I don’t know whether there could be an impact of this legislation. I don’t know. I haven’t heard about it --

Dirk Verbiesen: So I have it --

Harrie Noy: That doesn’t mean that it wouldn’t take place.

Dirk Verbiesen: But what’s your reason for your optimism? Is it the general market conditions or --

Harrie Noy: Yes I think what the reason for the optimism is that the government, after many years being very hesitant to bring projects to the market under this new concept, now seems to be pretty serious in pushing this concept. I think every project, which has an investment value of more than 125m or something like that, there the government institution has to consider the PPS.

Why is that interesting? Because it gives -- it brings additional money into the market. The government cannot spend everything by themselves and allowing for private sector money to -- for those kinds of projects it creates additional momentum in the marketplace. And that's the reason why I put a bit of emphasis on it. It's additional market and that's good for everybody.

Dirk Verbiesen: General market conditions and?

Harrie Noy: Yes, as I mentioned it is general market conditions. I think in general you can see that the economy is -- the Dutch market is improving. That's kind of the general market condition that's now better than a couple of years ago.

And then for specific market segments, I've mentioned why ARCADIS is optimistic. And we have very specialized position in Europe that's driving growth. And I think the strength with one of the main clients in the United States is the Ministry of Public Works is also positive for our industry. So general, I don't know the general, but these are good - - these are active trends that impact our market positively.

Dirk Verbiesen: Another question on the additional costs this year with the consolidated integration of BBL and the Sarbanes-Oxley. Could you give us some indication what the
split up between these in this amount [the 3m, 4m] maybe [inaudible] Sarbanes-Oxley legislation [inaudible] the regulation for that. Maybe as a reformed character looking ahead or is it a one time thing really.

Ben van der Klift: Well, if you look at it I think, more or less, 40% I think has to do with the integration and the 60% with SOX. And SOX is partly recurring if you look at Sarbanes-Oxley implementations, if you look at the statistics, they say that, well, the first year you are at a level of let's say, 100% and the next year can be half more or less. And we feel [that soon we’ll] find it out, because it's a new experience for us, but we will gain efficiency next year. And now we are implementing new procedures -- well, you only do that once of course.

Dirk Verbiesen: A last question on the competitive environment. You've been pretty successful in your Group model and also in the inflow of new projects. Start of year I remember correctly you said that you're pretty optimistic on the potential inflow from army projects in your Group because they were lagging in 2005. What are the prospects at the moment?

And also in the competitive environment, how were the last six months. Has it been deteriorating or are you still pretty strong in your argument there?

Harrie Noy: As far as these GRiP projects from DoD, Department of Defense, are concerned there has been, of course, a strong order inflow in 2003, 2004. There has been hardly any order inflow in 2005. Not because we lost tenders, but just because Ministry of Defense didn't issue any tenders.

We have recently won the Picatinny, which is one of the first projects that came in the marketplace and we have -- since then, since 2005 we've hardly lost projects. Maybe a few smaller ones, but there's not been a very strong flow of contracts in the marketplace from the DoD. And the big one that was on the marketplace we won, Picatinny.

What will happen in the near future, it's difficult to say. What we see is that the Ministry of Defense is still positive about this whole performance based contracting as they call it, where the one -- the party that gets the contract actually has an obligation to close the site within a limited period of time. And I think we are still pretty well positioned in that respect.

It doesn't mean that there isn't competition. There is definitely competition, because giving the success that ARCADIS had in 2003 and 2004 with our big contracts, you can tell that the competitors say hey, what's going on here, let's see whether we can get those contracts as well. But I think we have a pretty good competitive edge there. So competition is increasing in that field but, given the fact that's not easy to get insurance, and given the fact that ARCADIS has this technology, which most of our competitors do not have, I think we are well positioned.
Quirijn Mulder: Quirijn Mulder from ING. I have a couple of questions, I think five I have in here on my list. My first question is on the organic growth in Brazil. We know that you -- last year you doubled your personnel, so can you give an indication of organic growth? Is that also doubling that revenue?

In second place on the Dutch market, can you give the indication of book to bill ratio in the second quarter?

Harrie Noy: The what?

Quirijn Mulder: What I call the book to bill ratio for your Infra division. What's your order intake compared to your revenues there?

You spoke in the presentation about the EBIT development. And you said, okay, Brazil and The Netherlands and U.S. contributed to the higher EBIT in Infra. Was that also the case in terms of -- in the breakdown in EBIT margin development? My feeling is that Brazil might suffer somewhat because of the organic growth, might be not as fast as the growth of personnel. And especially in The Netherlands we have a leverage effect.

The fourth quarter -- the fourth question is, of course, about the margin target especially. Of course last year you already discussed your targets for revenue growth in your divisions. I'm still waiting for the margin targets for your divisions. I would like to know why it takes so long. It may be BBL but I'm interested in it.

And my last question is on acquisitions. You say okay we see a slow down in 2006. Can we expect the resumption of the speed in 2007? And given the share price if there's a big acquisition, maybe in U.S. Infra, can we expect an equity issue accompanied by the acquisitions like some of your competitors did? Those are my questions.

Harrie Noy: Good afternoon Mr. Mulder. A lot of questions. First of all about organic growth in Brazil. We -- what you usually see in a situation where a company is growing very strongly, is that it's difficult to get enough staff in to do all the work that you need to do based on the contracts that you have in place. So usually, in a fast growing situation, the number of staff is lagging behind and billability is very high, and that gives all a very positive impact on productivity and profitability.

So the assumption that, given the strong people intake, we would have now a low organic growth is not correct. So people are very billable. Productivity is a very high level in Brazil and we continue at good growth level. And we're not going to double this year in Brazil, because you can't double every year, simply because you can't manage to double a company every year. But developments are still quite favorable.

You have to be aware of the fact that this is highly dependent on the prices for raw materials because that drives, to a large extent, the economic situation in Brazil. So, as long as the global economy is doing relatively well, and the high level of volatility of prices remain in existence, I think the situation in Brazil will continue to be favorable.
And we have good organic growth. We are not going to maintain the levels that we saw last year. We not going to maintain the levels that we had in the first this year but we expect continued positive developments in Brazil.

The book to bill ratio, you're never too old to learn in this industry. That has to do with the backlog and has the backlog increased, is the [inaudible] of the backlog higher than the order intake or is it the reverse? In The Netherlands, in the first half, the order intake has been higher than what we have [burnt] in backlog. In other words the backlog has increased compared to the end of 2005.

Then, you mentioned that the positive organic impact in EBIT in the first half was caused by Brazil, United States and The Netherlands. You mentioned that this was in the Infrastructure segment, this is not the case, it's overall. The organic growth in EBIT is growth by -- some of organic growth in Brazil, the developments in the United States and, of course, the market recovery in The Netherlands. I don't know what to say more about it.

Quirijn Mulder: My question was about EBIT margin.

Harrie Noy: Margin. There's some details that I don't know. I wouldn't know the answer. Who'd know the answer?

The margin target, why does it take so long? Yes, that's because we want to go through a process that, at the end of the day, delivers the support of our senior management for the targets that we are going to issue. It's relatively simple if I would say, okay, we have a discussion our EB, and we ask them to come up with an advice, and that is always very ambitious and [he] set high margin targets. And then we go to our senior management and then we get --everyone says, this is not possible, this is not realistic and so on.

So we said no that's not the way how we're going to it. We're going to benchmark internally, we're going to benchmark externally. We're now going through a strategy review process, all the operating companies within ARCADIS. And based on that we will have a discussion in our senior management committee about what we think are feasible, challenging but feasible markets -- margins in the different market segments.

That's the process that we are going through. I think it's important to do so because we, at corporate level, we are not going to realize any of the margins, all being done in the operating companies and we definitely need the support of our senior management. And I think Ludo Smans can confirm that when he gives his explanation about the Belgian operations.

So I still stick to my promise, you'll get an answer this year but not now.

Then, the slowdown in 2006 about acquisitions. What about 2007? Yes, we definitively have the ambition to also use the present momentum in ARCADIS, but not just because
we want to do acquisitions, but only because we are able to do successful acquisitions. Which means acquisitions that we think contribute from a strategic point of view, acquisitions where we have confidence in management and acquisitions that fit within the financial criteria.

With financial criteria we need to a bit more flexible I think than we have been maybe in the past, just because it's a fact of life that prices are going up. And that's what we have to take into account. But we will still look for acquisitions that are value enhancing and not in the far future, but that are value enhancing in the near future.

Daan Esch: We have questions from the phone now.

Joost Slootenn: Okay.

Operator: At this time you have a question with Michel Aupers. You may proceed.

Michel Aupers: Hi good afternoon gentlemen, Michel Aupers, Fortis Bank. First of all I'd like to congratulate Harrie and his team with again an excellent set of results. I've a couple of follow up questions. The first is on Germany. Can you elaborate on the situation in Germany and what do you expect from the market?

Two, the utilization rate of the Company. Can you elaborate about the development of utilization rates of the employees?

Third, Facilities management. How big is this now in the total turnover? And what part of third party turnover is going to your P&L?

And my final question is about acquisitions, you mentioned the price. What is the criteria for you to do an acquisition?

Harrie Noy: Good afternoon Michel, glad that you are on the conference call. Just going through your questions, first about Germany.

German market circumstances are still, how will I say it, not very clear. We have some indications that in some the markets the market circumstances might improve, but it's definitely not a clear picture yet. And also the experience that we have had over past period of time makes me pretty cautious about any statement that would be very specific about what's going on in the German marketplace. Where we see --

Michel Aupers: an improvement?

Harrie Noy: That's why I want to be a bit more specific. There are two areas where we see positive developments. That's first of all in the Environmental market. Our Environmental practice in Germany is doing quite well and is also growing. Is also producing and contributing to profitability.
And secondly is our project management business with Homola that had strong performance in the first half year. And where based on the present backlog position we expect the good development to continue also in the near future.

Infrastructure market is still poor and, as mentioned, we reduced the detailed design engineering business and actually we closed it down in the first half. And it has a negative impact on our revenues in the Germany.

Does that answer your question?

Michel Aupers: Yes, perfect.

Harrie Noy: Utilization rate. Our utilization rates within ARCADIS differ quite a bit. We don't measure for the whole group utilization rates, but in general I can say that utilization is quite good within most of our operating companies except for Poland, and that's caused by the delay in the start up of contracts that I already explained earlier on.

Facilities management, what part of revenues of third parties goes to ARCADIS? That's, of course, competitor sensitive information, which I can't disclose. What I can disclose is that usually with our Facilities management contracts we are partly based on fixed fee, and partly based on the basis of the cost reductions that we are able to achieve.

So that's to a certain extent an indirect answer to your question because those cost savings that we achieve are usually in the costs that we sub-contract to third parties and we get part of those cost savings. And that depends who are -- that can vary very much from contract to contract. So some contracts are very much performance based and then it's a high percentage of cost savings. Some contract is more a balanced mix between fixed costs that are being compensated compared to part of the cost savings.

What are the criteria for acquisitions? First of all, as I mentioned, we look to the strategic fit. Secondly, we look to the reputation of the company and quality of management. And thirdly, we used to use three different financial criteria. Acquisitions should be accretive, it should support the ARCADIS margins and our goals in that respect and thirdly, we expect an internal rate of return of an acquisition of 15%.

But that would make it certainly value enhancing and especially with respect to the IRR of 15%, we might be a bit more flexible because the range between, let's say, the minimum level where it would be value enhancing and the 15% is quite big. And in some cases we might be a bit more flexible with respect to the IRR criteria but still based on the assumption that the acquisition is value enhancing at the moment that we decide to do it.

Michel Aupers: Do you see pricing improvements?

Ben van der Klift: If we can take a price level of the new orders, there's no clear information that the price levels going up. But the backlog is increasing so perhaps you
we might expect if situation continues that that will be a positive effect price level but it is too soon to mention.

Joost Slooten: If there are no questions anymore. One small question, yes.

Ralf Jacobs: it's the first time we see Romania and North Italy mentioned, is that a coincidence or just new?

Harrie Noy: Yes, that's because we want to be consistent internally and externally. And we have discussions going on, especially, within the European framework, where we want to extend our business. We are already present in Romania, that's the basic reason why we entered Romania, to list where we have built up a presence in Eastern Europe. It was -- it's not done -- don't make it more important than it is.

And we already, for a period of time, quite some pressure internally to look at companies in Northern Italy because there are many multi-nationals that have offices or that have locations or sites over there. And given a strong [inaudible] we will seriously look. But we are not averse to making any deals in those areas.

It's not -- don't make it too important.

Quirijn Mulder: Are you going to keep your NASDAQ listing given the cost for SOX 404?

Harrie Noy: That's a question, of course, that we ask ourselves as well. For the short term it doesn't make any difference because it's not that easy to get rid of your obligations that are related to the NASDAQ quoting because, even if you would leave the NASDAQ, as long as we have 300 shareholders in the United States we have to comply with all the regulations. So for short term it doesn't make too much difference.

And there have always been two reasons to stick to the NASDAQ listing, although most of the liquidity is at Euronext. First of all, the valuation of companies in United States is always far much higher than our valuation. And if we would increase -- and if you could increase our exposure in U.S. marketplace the thought was that we would benefit from the valuation of U.S. peers. To a certain extent that argument has been diluted over the recent past because our valuation is now more up to standard so to speak.

And the second argument is that we still intend to increase our presence in the U.S. marketplace. We have now a very strong visible presence in the U.S. Environmental market. I think every competitor in the United States knows ARCADIS in Environment. And for all the big projects we are on the list. And also we have a leadership position in the U.S. Environmental marketplace.

We don't have such a position, for example, in the Infrastructure market. In the Infrastructure market is, to a large extent also, determined by local authorities that decided to pass those Infrastructure projects and that means that you need a local face. Of
course we have a local face, we work in the United States with local people, but being
listed in the United States helps in showing our commitment to being a local Company.

That's at least an argument that we always use. But at certain point in time you will need
to trade off these things and that's also what we have to discuss with our U.S.
management, how important it is for them to run their business.

The -- I must say that, when we started implementing SOX we said, okay, this is
something that we have to do. It doesn't make too much sense have local discussion about
things that have to be done. So we make the best out of it and let's see whether we can
use this to improve risk management in the Company so that we can benefit from the
investment that we have to make. And risk management is always something that can be
improved.

But if I look to the level of costs that actually is incurred in producing SOX, then I have
those discussions, I'm quite a bit worried about the level of cost because that a huge effort.
It's a huge effort. And given the effort that -- and all companies are complaining about it.
And we definitely complain about it and you have to clearly question well the added
value is in any relation to the investment that you make. But I think there will be a kind
of counter-veiling power in the United States to reduce the regulations and make it more
bearable.

Harrie Noy: Okay.

Joost Slooten: The last question from the call.

Operator: And you have a line from Arun Rambocus.

Arun Rambocus: Good afternoon gentlemen, Arun Rambocus from Kempen. I have one
question left. When we talk about the U.S. Infrastructure business you talk about that
especially the U.S. Safety Act has sort of saved your tunnel and road business over there.
Is this a temporary effect we can see and what about the underlying tunnel and road
business? Can you elaborate on that please? Thank you.

Harrie Noy: I wouldn't agree with your statement that the Safety Act more or less has
saved our transportation and tunneling business because I think that's too negatively
stated. It has actually had a positive impact on our transportation business and our
tunneling business because a lot of projects that were under delay, given all the
discussions that are ongoing about the Safety Act, all those uncertainties have
disappeared and that has had a very positive impact on the marketplace and that's where
we benefit from.

Will that continue? Yes, with the SAFETEA Act, it will be in place for the next six years,
so that the positive impact will be maintained. Of course, the time impact of disappearing
the uncertainty is only a one-time impact. But we still expect higher level in transportation of the coming years.

Arun Rambocus: Thank you very much.

Harry Noy: Given the fact that we have no questions anymore and that we have reached our time limit and we still have an interesting program to go, I would like to thank you for your attendance of this analysts’ meeting and conference call. Also thanks to the listeners to this conference call and we hope to meet you again when we present the '06 figure in March next year. Thank you all for attending.