PARTICIPANTS

Corporate Participants

Joost Slooten – Director-Investor Relations
Harrie L.J. Noy – Chief Executive Officer & Chairman-Executive Board
Renier Vree – Chief Financial Officer

Other Participants

Kris Kippers – Analyst, Petercam SA/NV
Philip Scholte – Analyst, Rabo Securities NV
Dirk Verbiesen – Analyst, Kempen & Co. NV (Securities)
Eugene D. Klerk – Analyst, Credit Suisse Securities (Europe) Ltd.
Quirijn Mulder – Analyst, ING Bank NV (Broker)

MANAGEMENT DISCUSSION SECTION

Operator: Thank you for standing by and welcome to the ARCADIS Q3 2011 Earnings Results Analyst Call. At this time, all participants are in a listen-only mode. There will be a presentation followed by a question-and-answer session. [Operator Instructions] I must advise you this conference is being recorded today, Thursday, the 3rd of November, 2011. And now I will turn the conference over to your speaker today, Mr. Joost Slooten, please go ahead sir.

Joost Slooten, Director-Investor Relations

Thank you, operator. Good morning and good afternoon. My name is Mr. Joost Slooten, I’m the Director of Investor Relations for ARCADIS. I would like to welcome you to this ARCADIS conference call.

We are here to discuss the company’s results for the third quarter 2011, which were released this morning. With us here on the presentation today are Harrie Noy, Chief Executive Officer and Renier Vree, Chief Financial Officer who will discuss the Q3 results with you and answer any questions you may have about them. The PowerPoint presentation that are being used in today’s call are available through the Publication & Presentation section of the ARCADIS Investor website for which the address is www.arcadis.com/investors. Again, that address is www.arcadis.com/investors.

Just a few words about procedures before we start; we will begin with formal remarks and I would like to call your attention to the fact that in today’s session management may reiterate forward-looking statements, which were made in the press release. We’d like to call your attention to the risks related to this press release – to these statements, which are more fully described in the company’s risk management reports which are also available on the website.

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

Harrie L.J. Noy, Chief Executive Officer & Chairman-Executive Board

Thank you, Joost, and welcome everybody to this ARCADIS third quarter conference call. I will start briefly on the first slide. As mentioned – as noticed earlier today, the overall developments in the third quarter were in line with the recent trading updates that we issued in relation to the merger
with EC Harris. Organic revenue growth, we came out at 3% a positive in the present market circumstances. Overall gross revenue declined by 3% due to the currency impacts and divestments. Net income from operations was 5% lower due to the currency effects as well and losses in Poland compared to the previous conference call. Underlying EBITA margin recovered to target level of 10%, also due to measures taken earlier this year. And for the income from the outlook for full year, we expect full year net income from operations to be around the level of 2010. Looking at developments overall, we can see that the strong performance in the United States environmental market and Brazil, Chile and at RTKL particularly in Asia compensates for lower government spending in Europe and United States.

Going to the next slide, giving you the main points in the third quarter of 2011 and I think that’s really a benefit from the vertical strength of our business across different continents and that’s I think the main reason why we’re able to maintain organic growth at a good level. The strong performance that we have seen earlier this year in the emerging markets, particularly in Brazil and Chile, but also in Asia continues. On the other hand, we did see also ongoing government austerity in both the United States and in Europe.

Looking at the different market segments, we announced in the third quarter that organic growth in environment is accelerating. It came out in the quarter on a net revenue basis at 12%. The positive developments that we have seen earlier in the United States continued in the quarter and the acceleration basically came from strong growth in Brazil and Chile where we do a lot of environmental work in relation to the infrastructure investment in those countries. But we see also private sector demand from Europe picking up, which also contributed to the acceleration of growth in the environmental market in the third quarter.

The infrastructure market remains strong despite the impact of the austerity programs in Europe. The infrastructure market is even stronger and that is due to the very strong growth in both Brazil and Chile. We also have seen higher demand for project – for project and program management services in the transportation market and that is also showing growth in infrastructure in the U.K., in Germany and also the United States.

Water is bottoming out, we had four quarters of organic decline – accelerating organic decline actually but in the third quarter of this year it’s bottoming out at the level that we showed in the second quarter of this year and that’s because we see a slight recovery in the Netherlands but we also get work from industrial clients. We have got several major contacts for multinational industrial customers and that’s also helping with the bottoming out in our Water business.

Buildings is somewhat volatile. What we have seen in the third quarter that the public sector remained soft and actually contributed to a bit more negative picture than in the second quarter. And that’s also based on the fact that RTKL continues with Asia and the Middle East, but some major projects in the United States are finished and as a result RTKL showed in the quarter a slight negative decline, but we expect that RTKL will be back on track pretty soon again.

And of course the main point in the third quarter is the merger with EC Harris which brings us a leading global position in program and project management. I’ll come back on the merger of EC Harris later on during the presentation.

So having said that, I would like to give over the call to Renier, our CFO, Renier, please go ahead.

Renier Vree, Chief Financial Officer

Yes. Thank you, Harrie. I’m on page six now of the presentation, where you see some key figures for the quarter summarized. And you see that revenues declined by about 3% on a gross basis and a little bit less at 2% for net revenues. EBITA down 10% and income from operations declined 5%
and the fact that that decline is less than the decline in EBITA is also caused by the fact that now about 100% of the activities in Brazil are for the consulting business.

On the next page, you see the same overview then for the year-to-date figures. Actually the gross revenue is 2% down compared to last year, while net revenues, is up. Main reason for that is that ARCADIS AQUAmen was a big user of services of sub contractors. EBITA up by about 12%, and if you adjust for the sale of ARCADIS AQUAmen still up by 4% and income from operations and earnings per share both increased one percentage points. The currency effect for the full year and year to date are both for revenues as well as EBITA, 4%.

On page – next page, you see the graph that we show you every quarter with the development of net revenues overtime. So you will see graphically what Harrie just explained that the environmental business is accelerating and because of developments in the U.S., Brazil and Chile, which we are very happy with. We see that the infrastructure activities remain at a high level and continue to grow at a good rate indicating that developments in South America outweighed the negative developments in Europe for infrastructure.

The next line, the yellow one is for buildings, buildings declined compared to previous quarter and we see that public spending in – for instance the Netherlands and the management developments of RTKL in the U.S., lowered the rate of growth for buildings. And finally Water is stabilizing, although the U.S. is still in decline and we see pick up elsewhere like in the Netherlands.

Page nine, shows you the development of the recurring EBITA in the third quarter over the last five years and that would be more interesting from the next page where you see how we have moved from the EBITA in 2010 of €35.1 million to the level of €31.8 in 2011. And the breakdown of currencies had a negative impact of 6% and this time acquisitions and divestments balance out. Carbon credits were slightly better this quarter €300,000 compared to no credits in 2010. Energy projects, in Europe a gain of €1.3 million in Q3 2010, while this year there was loss of €300,000 for the energy projects in Brazil.

Reorganization charges then were slightly higher at €2 million than the €1.5 million of last year. And if you take all the elements into account you can see that the organic underlying EBITA slightly improved and which is a consequence of a return to profitability in the United Kingdom after the measures we have taken there in the previous quarters. As well as improved profitability in North and South America. And because of the decline in revenues result in Europe are lower and in particularly Poland had an impact on that in the third quarter.

On page 11, the same overview is made for the developments over the first nine months of this year. Main difference as to the previous page is that energy projects have a very big impact, but I think we record – in the second quarter we recorded €9.5 million of gains. The quarterly divestment and that is of course a large impact in making the numbers comparable.

Overall, the integration and reorganization charges were much higher in Q2 and therefore compared to last year and the first nine months, reorganization charges are almost €6 million higher. If you then look at the underlying EBITA, there is a slight decline of 1% and the reasons are basically the same as that were mentioned for the third quarter.

Page 12 shows you the development of the underlying margin, so here we report the EBITA margins excluding the effects of energy projects, the carbon credits and reorganization charges so making the margin as clean as possible. And we are very happy that for Q3, we can report that we are back at a level of 10%, which is a recovery as you can see from the developments in the first two quarters of this year. And that is a consequence of the turnaround in the U.K. and the cost measures that were taken to adjust our capacity in a few countries, but also due to overhead across the Europe and in the United States.
On page 13, we see some more financial details. Already mentioned carbon credits and financing charges were €6.1 million in the quarter. The increase is a consequence of the fact that we pay for the acquisition of remaining shares of consulting business in Brazil. And so after the refinancing our interest rates went up compared to what the financing charges were before. The tax rate in the quarter was 30.7% that's based on the expected tax rate for the full year of 27%, because we had used a rate of 25.5% in the first six months as a consequence that the tax rate in Q3 has been mentioned 30.7%.

Tax rate rather compared to our previous indication after the first six months, because of the mix of countries where the EBITA comes from. More profits coming from U.S. for instance leads to a higher average tax rate. I already mentioned to you that the minority interest provision has changed with the acquisition of a lot of the shares of the consulting business in Brazil.

In the next page, you see how the net income from operations and earnings per share has developed over the last five years, which is a trend we are pleased with. Also the balance sheet and its mention about debt is on the page number 15.

Working capital increased to 17.9% at the end of September, which is two percentage points higher than we were at the end of Q3 2010. Two important reasons there to mention, one is that, ARCADIS AQUIEN was running at a very low level of working capital. And also working capital is calculated based on the closing rates of the quarter. And the U.S. dollar was very strong at the end of the quarter than the average rate for the revenues, which is in the numerator. And those two impacts – those two explain about 1% of the change.

We believe that our working capital increased comparably by about one percentage point and like we explained to you before, we are rolling out a program to improve our accounts receivable and management and where early status are visible in a number of countries but also there are still a number of accounts that we expect to report considerable improvements in the quarters to come.

Our net debt position is €314 million also here the impact of the acquisition of the shares of Logos is included, which means that the ratio of net debt over EBITA and that's calculated as we have agreed with the banks, which means at the end of September, we take the net acquisition at the end of September and the end of March and then take the average is 1.6, a twitch higher than it was at the end of September 2010. And I think you will know that in the fourth quarter ARCADIS always records a strong difference in cash flow and therefore we also expect that this ratio will improve in the fourth quarter.

Well, we move now into the business lines, I’m on page 17 with the information for the business line infrastructure. Organically, on growth revenues year-to-date infrastructure grew by five percentage points and even at 8% for net revenues. You’ll see that South America continues to do well – very well because of the investments that our clients make in mining projects and energy projects. And there is an austerity program around Europe, which we see in quite a few countries like in the Netherlands, Belgium and the Czech Republic. And particularly in this quarter we saw that, as part of the exception to the rule that governments are safeguarding the large end austerity projects because there a number of highway projects were delayed. But we and – I think the construction company bidders were expecting that those projects will to be restarted. In the meantime, we have to accept that slightly other projects will restart and we have now to adapt our capacity to deal with the cancellation of those highway projects.

In the U.S., Germany and also the U.K. we see a growth in infrastructure activities as well as in France. Two of our main projects wins were shared with you, contract leases in the last months, one is the contract win for the geo physical work for the Metro Line In Paris, and so we’ll be hoping for like four years, as well as a very large contract win for a project of VALE in Malaysia, which in this case has a value of $44 million, which is managed through our operations in Brazil and which has a duration of two years.
In the Water business, the organic development of growth revenues has been negative by 10% and our net revenues decline being 6%, which is stable development compared to the second quarter. We still see the impact of the winding down of the New Orleans project which is next to nearly completed. In the U.S. as reported before the fact that governments are struggling with their budget means that there are more procedural issues around the delivery of projects and the start of it. Luckily it’s not getting worse but the situation there remains difficult.

Also in Europe we see that austerity programs are affecting the market. Also we were pleased to see that in the Netherlands in the third quarter the water activities starting to pick up. Also the large water contracts with the multinational industries are a prime category that we see positive developments in. These are projects for instance for the cooling of the processes of industries or waste water or all the projects around the energy projection of our clients. And a big project we won earlier in Q3, a waste water contract to protect the Chesapeake Bay in Maryland and to improve the water quality there. A project which is worth about $15 million and is expected to last approximately five years.

The Environmental business share grew 11% organically on growth revenues and 9% with especially net revenues which is an acceleration compared to the previous quarters, even 12% as Harrie mentioned in the third quarter. Our strong hold in the U.S. became even stronger as an outcome of increased demand from the private sector and also success we have compared to some of our competitors and outsourcing by our clients. South America also reports improved growth on the environmental activities on the back of the projects in mining and for energy. In Europe, the government is scaling down activities especially on environmental impact assessments, but in the private sector, industrial clients are increasing their demand and we see that for instance in France and Germany, but also very clearly in the U.K. where we took measures, as we reported to you before in the previous quarters, to bring that business back on a growing and profitable track. Project the whole year was in California, a contract to modernize two harbor terminals in Long Beach, and also a $30 million remuneration contract for a utility client in the western part of the U.S., which will be keeping us busy there for a year-and-a-half.

In the Buildings business, revenues declined organically by 3% year-to-date and 2% on a net revenue basis and you remember that ARCADIS AQUAEN was included in this business line. And late last year in December, we acquired activities of Rise in the United States, which our activity is high in the value chain, and then are part of the business line buildings. We continue to see successes of RTKL in Asia and the Middle East projects in retail, commercial real estate and healthcare, but different than the previous quarters, the U.S. has been in decline for RTKL in the third quarter, which means that RTKL as a company has a slight decline of revenues.

Government austerity measures also impact the buildings sector in the Netherlands, the U.K. and the U.S., somewhat compensated by growth of private sector clients in Germany, for instance the airport we have been working in Berlin and Belgium where we have a number of projects in Brussels and in France. And about the successes in buildings work that RTKL has designed a large department store in Korea for Hyundai, which was opened recently.

On page 21, you can see how our client mix continues to shift to the private sector. Over the first nine months of last year the private sector accounted for 45% of our revenues. In the meantime this is over 50% or 51% as of now over the first nine months this year. And the main area of growth has been the clients in the mining sector and energy. While the reduction has been particularly in the public sector, which went down from 36% to 30% and was especially seen in clients in municipal governments as well as the work we are doing for the central government.

And with that, Harrie, I’ll give the mic back to you.
Harrie L.J. Noy, Chief Executive Officer & Chairman-Executive Board

Thanks, Renier. I will shortly summarize the merger with EC Harris. We’ve got an extended presentation on the day the merger was announced which we will be summarizing to bring you up to speed with aspects of this major strategic step for our firm.

The slide on page 23 gives you an overview of the EC Harris as a leading project management consultancy company in terms of the services that EC Harris provides. It’s about strategic and advisory services, project consultancy service, project and cost management, program management and managing large investment program for clients and they are also able to handle – do transactional support. As to when properties are being transferred they do a kind of due diligence in assets that are to be transferred, sometimes they buy out sometimes they sell in these types of transactions.

EC Harris is working across market sectors, provides management for buildings, plants, infrastructure projects, water facilities, henceforth what we call built assets and commercial, corporate, utility and public markets. The company is London-based, but we have offices across Europe, the Middle East and Asia, a small presence in the United States as well, but the focus is only Europe, Middle East and Asia. The company has an excellent reputation. It’s really a Tier A brand and in that respect, it fits very well in the acquisitions that we have done in the past which are also Tier A companies and the company has a 100 year history.

Gross revenues for the full year 2011 ending on the 30th of April, 2011, were €290 million and net revenues for the same year €254 million. And profitability is at a level of 7% and there we are talking about EBITA as a percentage of net revenue and the company has about 2,600 staff.

Moving to the next slide, which gives another view of the portfolio of the company. On the left side, the breakdown of the gross revenue per business segments and you can read the numbers and the figures. So, Property 44% that will work for Energy and Manufacturing clients 6%, Water market about 5%. The public sector which is mainly the public sector buildings, including healthcare, including education, those types of facilities is about 25%. Transportation is 17%, the transportation is mainly aviation and railways and only to a very limited extent highways.

The company also worked for the oil and gas industry and some chemical companies and that’s about 3% of revenues. On the right side the geographical distribution, 57% in the U.K. one-third of the business in the Middle East and Asia and a bit over 10% in other European countries outside the U.K.

The next slide is – gives you an overview on revenues and profitability of EC Harris in the recent past. We have added this slide because we got several questions from your side on these figures, and particularly profitability is of course normalized because EC Harris is a partnership. We report profitability differently. As we’ve said a lot of attention for profitability during due diligence and this fits the group picture of the development of profitability over the past five years.

On the left side revenue development, there you can see the revenue was strongly growing in the period of 2007 to 2009. As of 2010 the company was impacted by the downturn in the property market, and keep in mind that when I talk about 2009 and that’s equity book year ending at April 30th of 2009. So most of the development in 2009 was regarding 2008. So currently in 2008.

So 2009 was the year with the highest revenue, and then in 2010, which is basically 2009 the ending of 30th of April 2010, in that year revenues were down pretty slow, they are about 20% and picking up slightly again in 2011. Then that is also reflected in profitability, highest profitability in 2009 with margins at about 8.3% and then of course due to the downturn in the property market profitability went down to a little bit over 6% in 2010 and recovering – on the back of a recovering revenue development recovering to around 7% in 2011.
The picture on the right chart shows you actually two things. First of all the company has been able to manage quite a good downturn because building with revenue that’s goes down by 20% and then still maintaining profitability at relatively good levels is I think a good signal with respect to how the company has managed through the downturn. And secondly of course in the good times the margin was somewhere between 8% and 8.5% but still not meeting our margin target, but of course the company is wanting to expand geographically which is pretty costly and being part of ARCADIS we see ample opportunities to increase efficiency also by combining obviously office network of EC Harris with the office network of ARCADIS. And then of course the opportunity to move gradually to 10% margin that we have as a target margin for EC Harris going forward.

The next slide refers to the transaction highlights. I think that’s all familiar, EBITA multiple in line with multiple of debt and the recent large acquisitions takes into account the net present value of tax benefit of the goodwill amortization and the cash amount is not disclosed because the consolidation includes 3 million newly issued ARCADIS shares with a 12-month lock-up period for the shares.

We have taken off a pension deficit – limited pension deficit which is included in the enterprise value of the company and we mentioned before that pension deficit is now £15 million. We came through this acquisition through our existing credit facilities. We remain conservatively financed with net debt to EBITA ratio which we expect to be below 2 at the end of 2011.

The merger will be accretive to earnings per share as of 2012, basically net income from operations. We see substantial scope for market and operational synergies. And our goal is to bring the margin to the level of 10% in a period of three years also depending on how the economy will develop. And in the mean time the partners of EC Harris have agreed to the merger all voted almost unanimously. Out of the 183 partners, 182 voted in favor, so that shows that the merger is very well supported by the EC Harris partners. And as we get the excitement on opportunities that we will have to get in the markets also including many synergy opportunities. And closing is anticipated tomorrow, that’s a bit depending on whether we have all documents finished, so if we can’t close tomorrow we will close on Monday.

Shortly summarizing the strategic rationale for the merger and first of all as you really go we have in our strategy as a goal to become a top five player in project and program management services. A goal that we announced in our most recent strategy update and with it, the merger with EC Harris we achieved the goal. We achieved the goal of acquiring a global leadership position in project management and related services, quite important because as a leader in this field we can definitely position ourselves much better with our clients than we could do before. Second point is that, our strategy is very much focused on higher value services and if you have a census of a built asset conservancy approach which is very similar to what we have had with ARCADIS, with our – from the high-end value services. So also in that respect I think that is an excellent strategic fit.

Thirdly as a consequence of the fact that we are now a leader in project management and related consolidation services with we have maintained opportunity to get involved in the management investment programs. We see that clients are outsourcing the management of those management investment programs that with EC Harris we get a much better opportunity to get involved in those programs. And now we can think about management investment programs focused on one particular project or a combination of projects that sometimes an investment program also includes the rollout of, for example retail stores in India, or the roll out of retail stores in China, which has EC Harris support programs and with ARCADIS and the global network that ARCADIS provides we surely can strengthen our position in that respect.

We also get a strong foothold in Asia based on the 30 year history in their patent world and an established position in the Middle East. And that’s quite important because if we look to the type of services that eventually will give us a very strong position in Asia that is exactly the types of
services that EC Harris provides, that are quite important to build our position in Asia. It’s difficult to enter the market through infrastructure, the environmental market during the existing model and does not exist yet – I’m certain that it didn’t exist yet and the water market has the same as the infrastructure market. So entering the market on the buildings side particularly with projects in cost management, will eventually give us an opportunity to spread our activities over to the other market segments.

The next element is the home market position in the U.K. We are looking already for a period of 15 years to build up a stronger position in the U.K. That has never been easy, but EC Harris we get that position and it’s not only important because of the position in U.K. itself. It’s also important because many multinational companies have a strong presence in the U.K. as well. And it’s difficult to imagine that ARCADIS will be able to deliver service to multinational companies across the globe without having a strong position in the U.K. So this is definitely of a strengthening our multinational clients program considerably, and as I mentioned EC Harris has a well established brand, Tier A brand and key leadership in ARCADIS.

The next slide gives you an overview of our combined portfolio, combined revenues by €2.3 billion. On the left side the combined business lines and on the right side the combined geography. 43% of our revenues come from the U.S. and about closer to 20% coming from the rest of the world, and about 38% coming from Europe of which 15% in Netherlands, 10% in the U.K. and 13% of the rest of Europe.

That brings me to the outlook. Here is the outlook per market segment. First of all infrastructure, we expect that a strong growth from South America will continue to offset the decline in Europe. Pressure on government budgets in Europe and the United States will continue particularly at the local level, central governments [ph] good earth (36:19) must continue with large projects because there that will be an impact on our interest – interest rate of business but that will be compensated we think by strong demand in South America, which in Brazil will be driven also by the initiatives to host the Olympic Games in 2016.

European governments not much, as I mentioned to spare large projects also involving public-private partnerships approaches for those types of projects that is definitely true in France, where besides the project that we recently acquired, we have several major initiatives in the pipeline, but that is also true I think for the major projects in Belgium and in the Netherlands. We have a healthy backlog in place, and those projects that we have in our backlog are also financed, so financing is in for those projects and these projects are expected to continue. We don't expect an improvement – we do not expect an improvement in local markets which means that let's say in the near future pricing pressures will continue.

Then going to in private for Water and water we also see the impact and continue to see the impact of tight government budgets, whereas we see more private sector opportunities. We have established several initiatives to get more from private sector clients and that has already – has had already an impact in the third quarter on our revenue. Also because interest of industrial customers for water services is increasing and I’m talking about industrial companies and also about mining companies. Several mining companies are highly dependent for the new investment programs on the availability of water and the use of water and with the knowledge and capabilities that we have available, we can assist them in that respect.

In the United States, the focus will be on the renewal and expansion and efficiency improvements particularly in large cities. Keep in mind that water is utility, and as utility character of water provides solid basis for future investments. And we see the growth opportunity in South America particularly on the mining side, in the Middle East because of the water scarcity and we have some very good programs running in the Middle East and we expect that our business will be expanded also based on contracts that we see in the pipeline. And as I mentioned, we see good opportunities in the industrial water market, where the interest in our services is increasing.
Environment, we expect continued growth. ARCADIS has a very strong competitive position in that market. We see companies outsourcing their environmental portfolio of combining sites in bigger projects, which gives us definitely a competitive advantage and that allows us to increase our market share. Our pipeline is well filled with large GRIP projects, and we said it already for a few quarters. We see a number of projects in the pipeline. It’s a good time before these can materialize quickly. So we are confident that certain of these projects will materialize in the future and then we will announce a major impact on our backlog. Growth in Brazil and Chile is expected to continue, as is the private sector demand in the European marketplace.

In Buildings, EC Harris adds considerable strength. Commercial and property market is stable. Obviously the demand for renovation of existing properties is growing. RTKL continues its focus on further international expansion. As I just mentioned, we have a little bit of a slight dip in RTKL’s revenues in the third quarter. The pipeline with projects is well filled and we think that we can compensate for the finishing of several large projects pretty soon.

Pressure on public markets is expected to continue while on the other hand corporate investments are increasing and we have several major framework contracts in place with corporate clients and we see EC in those types of framework contracts is continuing. And with EC Harris in place, we have definitely ample opportunities in that respect.

Moving to the outlook for 2011. Our backlog is strong despite a slight decline in the third quarter, that’s a typical seasonal decline. It’s usually taking place in the third quarter. It was also took place in the third quarter last year. And the slight decline means a decline in the third quarter of 3%. Year-to-date after the second quarter backlog was stable compared to the beginning of this year, which means that including the decline of 3% in the third quarter, overall backlog is down compared to the beginning of the year with 3%.

Looking at the different market segments. The third quarter year-to-date decline in infrastructure is 6%, but keep in mind that we had a very strong order intake in 2010. I think the order intake in 2010 was so strong that backlog in 2010 grew by more than 20% in infrastructure and in that respect the minus 6% difference in the third quarter is not that worrisome. Water is minus 4% third quarter year-to-date and environment is stable third quarter year-to-date compared to the beginning of the year and buildings is minus 2% for third quarter year-to-date compared to the beginning of the year.

Government budgets in the United States and in Europe are under pressure and that will continue for the time being. Private sector spending is expected to increase. Emerging markets offer ample opportunities and then we’re talking about Brazil and Chile but also Asia and Middle East. Acquisitions remain on the agenda, so we have now completed EC Harris and in the past and now concurrently we started to focus on the invitation of that company and we didn’t do any major acquisitions for previous two years. That will not be our policy with respect to EC Harris. Of course with EC Harris we also focused on a proper indication of the company in order to keep the benefits – the synergy benefits. First, with respect to revenues and later on also with respect to cost synergies, but given the opportunity we see to further expand the company. We continue to have acquisitions on our agenda with a focus on the emerging markets. And I think that EC Harris is also making us more attractive for companies particularly in Asia to join us.

We continue to see a weak market in Poland. We expect that initially that road projects that were stopped will continue again in the fourth quarter. But we don’t expect any more and we also see higher taxes and financing charges and that has resulted in slightly adjusted outlook for the full year 2011. We now expect net income from operations to be around the level of 2010 and excluding the gain from the sale of AAFM, excluding the consolidation of ECH, excluding also the acquisition costs related to ECH and unforeseen circumstances. It includes by the way, as we have mentioned before, the contribution from the sale of biogas projects in Brazil, that’s included in the outlook because we still except that sale to materialize before the end of the year.
Having said that, we will finish the presentation and we are now ready to take any of your questions.

Joost Slooten, Director-Investor Relations

Operator?
Operator: Can you hear me?

Joost Slooten, Director-Investor Relations

Yes.
Operator: Okay.

Joost Slooten, Director-Investor Relations

Please open up for questions.
QUESTION AND ANSWER SECTION


<Q – Kris Kippers – Petercam SA/NV>: Yes. Good afternoon. Couple of questions. One, again on the fact that you indeed now reconsolidated the kind of the acquisition in emerging markets, this morning was on the press release mentioned. So you can reconfirm indeed that you are looking at M&A, but you have preferences for Asia or for LatAm, I think recently there were some contracts announced already in Brazil regarding the Olympics. I was wondering whether ARCADIS was already receiving there some orders. Whether you can confirm that yes or no? And secondly, I have a question regarding the change in the underlying taxes. It is of course a little bit negative due to the fact that U.S. performed quite well but does this also imply that at the end of Q2 you actually for some other reasons – other regions to do materially better or so in the next country. So what has altered this? Do you guys expect, for example, Europe to be better?

And then of course, the question again on EC Harris that the statement now and with the slides showing on the EBIT, historically, it would imply indeed that it would mainly come from the cost side in the short-term. That you would get that margin up say 100, 200 basis points and the remainder from the cross selling, is that a fair assumption? And then the one question remaining for the Q4, do you still expect some restructuring as well again €2 million as in Q3? Thank you.

<A>: First we have a question.

<A – Harrie Noy – Arcadis NV>: Yes. We indeed reconfirm as we continue to look at emerging acquisitions. I think I answered this also when we had the conference call the day that we announced the merger with EC Harris and as I said before – before we announced the merger with EC Harris, there were three priorities. First priority was looking forward in the emerging markets which included Latin America particularly Brazil and Asia. Second priority was consolidation in Europe, preferably giving us also position in Asia and the Middle east and certain niche acquisitions. With EC Harris we have fulfilled that second priority that I mentioned, which means that going forward the focus is definitely on merger and acquisition in the emerging markets. And when we talk about emerging markets it is both Latin America, particularly Brazil and Asia and in both geographies we are in discussion with several targets.

It is difficult to say and to predict how discussions will evolve and what will come first, but that’s definitely a priority – a high priority to see whether we can expand the company in those geographies. With respect to the Olympics we do not have any contract gains I think at this time – moment but we are involved in several vendor procedures, qualification procedures and so on. And so, we think that we are going to benefit from the huge investments that have to take place in order to facilitate the Olympics in 2016. The taxes I leave it to you Renier.

<A – Renier Vree – Arcadis NV>: Yes, Kris. Tax rate indeed we have compared to our expectation it significantly we have at end on the first half year. Maybe you don’t have to – Poland has actually a very low corporate tax rate and we will see – as you just saw that Poland turned more negative than we had expected. On the other hand the U.S. is doing very well and the dollar strengthened compared to where we were at the end of the first half. So those two essentially are just the mathematical average tax rate went up. So that’s the reason -

<Q – Kris Kippers – Petercam SA/NV>: Okay.

<A – Renier Vree – Arcadis NV>: Why it went from 25.5% to 27%.

<Q – Kris Kippers – Petercam SA/NV>: So, there’s no reasonable difference for example compared to the H1 expectations of regional developments mainly in Western Europe for example?
<A – Renier Vree – Arcadis NV>: No. No significant differences that we just defined for that region in other tax rate.


<A – Harrie Noy – Arcadis NV>: Okay. And your assumption with respect to EC Harris, I think was quite well. You saw our margin improvements compared to where the company was last year. Their fiscal 2011 the margin improvement should come let’s say in the order of magnitude I think that you mentioned 1% to 2% from cost savings and the remainder from synergies.

<Q – Kris Kippers – Petercam SA/NV>: Yes.

<A – Harrie Noy – Arcadis NV>: The reflecting charge I think we still expect a bit of this looking at the fourth quarter, but not to be extent that was included in the fourth quarter of last year.


Operator: Your next question comes from Philip Scholte from Rabo Bank. Please ask your question.

<Q – Philip Scholte – Rabo Securities NV>: Yes. Good afternoon, gentlemen. First of all on Poland, can you maybe quantify the losses you are suffering there, is that a multi-million number or can you give us a bit more clarity on that? And the second one maybe I forgot or I missed it. Can you say whether there are any covenants on the private placements you did in the U.S.?

<A – Renier Vree – Arcadis NV>: Hi, Philip. Well as far as Poland is concerned I think these losses at sizes around €2 million that we recorded in the third quarter and compared with the gain we had last year, so then you get a better idea of the size that we are talking about. But we are expecting also in Q4 Poland will not have been turned around completely yet also in Q4, we anticipate that Poland will have an impact – negative impact on our EBITA.

As far as the private placement in the U.S. is concerned, the covenants we have in place there are exactly the same as the covenants we have with our banks for our revolving credit facility and bank loans. So we have with all our lenders the same covenants in place and the loan covenant that is relevant here is the ratio of net debt over EBITDA.

<Q – Philip Scholte – Rabo Securities NV>: All right, where it still stands at 3.5.

<A – Renier Vree – Arcadis NV>: Well it has been – our maximum net debt – our lenders allow us to be at the level of 3. At an average of the midyear and end of the year and that has not changed already.

<Q – Philip Scholte – Rabo Securities NV>: Right. All right. Thank you.

<A – Harrie Noy – Arcadis NV>: The average number for the percent is the average of the 30th of June and the 31st of December.

<Q – Philip Scholte – Rabo Securities NV>: All right. All right. And then probably on a pro forma basis for any acquisitions?

<A – Renier Vree – Arcadis NV>: That’s correct. For acquisitions we take annualized numbers than we do on acquisition. So the EBITDA rolls in over an annualized basis and of course the debt is – whatever it is on allotment of an acquisition.
<Q – Philip Scholte – Rabo Securities NV>: Right. All right. And a short follow-up – or a short follow-up of another question actually is on the soft margin I should say, the 10% EBITA margins underlying for the full year, do you still believe that is achievable?

<A – Renier Vree – Arcadis NV>: Well, I think we are probably happy to get in the – the third quarter, we went up to 10% from say 9.5% average for the first half and the measures that we have taken are really visible there. Q4 is usually our strongest quarter. I think last year – what you saw from the presentation, our margin was 11.5% in Q4. So I give you the math, so now if you also do 11.5% in Q4 of this year, this would be very, very strong. We probably are just shy of 10% for the full year, so we haven’t given up on it, but we have to have a very strong quarter to achieve that.


<A – Harrie Noy – Arcadis NV>: And we have also of course adjusted our outlook in terms of net income from operations a bit. In general that’s what we did after the second quarter and that’s mainly due to I think below the EBIT line, a bit of gross profit is worse than we expected at the end of the second quarter. That’s also impacting our margin, and as Renier mentioned, the impact that we’ve had in the second quarter and will not this be in the fourth quarter – for the fourth quarter we continue to expect negative impact from Poland. And the difference with the expectations that we have after second quarter, was that – after the second quarter that’s still reason to assume that these projects were picking up again in the third and the fourth quarter and that didn’t happen. So I expect instead of these projects picking up – starting up again. We don’t see any activity, and that’s the reason why it has immediate impact and also and indirect impact because we had to adjust capacity.


Operator: The next question comes from Dirk Verbiesen from Kempen. Please ask your question.

<Q – Dirk Verbiesen – Kempen & Co. NV (Securities)>: Yes. Good afternoon. Could you remind me on the balance of the consolidation effect of EC Harris and the acquisition costs where that leads to for the fourth quarter and is it included on balance in your outlook as well? And then a further question on the trends in the order book in the third quarter. It partially is I think it’s seasonal, as we also saw modest decline in the third quarter last year, for just certain trends in the second quarter and first quarter. Is that the same this year or do you see big differences compared to other seasonal – if it’s seasonal trends from years. And on the environment could you remind me of the geographical split especially Europe and U.S. in terms of exposure. Thank you very much.

<A – Harrie Noy – Arcadis NV>: Okay. Going back to your first question, because we mentioned for the EC Harris as well as acquisition costs and that both have also not included in the outlook. So in the outlook we have not included the consolidation effect of EC Harris and we have not included the acquisition costs related to EC Harris these shares. But there will -

<Q – Dirk Verbiesen – Kempen & Co. NV (Securities)>: Okay. Sorry it’s just excluded from the guidance, okay.

<A – Harrie Noy – Arcadis NV>: Yes, excluded from the guidance. And if you want to have an indication I expect that because we’re talking about two months.

<Q – Dirk Verbiesen – Kempen & Co. NV (Securities)>: Yes.

<A – Harrie Noy – Arcadis NV>: So I expect that clearly acquisition costs to be higher than the consolidation impact at the EBIT level.

<Q – Dirk Verbiesen – Kempen & Co. NV (Securities)>: Okay.
So we have considerable acquisition costs.

It was about $4 million is that correct or I think when -

Yes. $4 million.

Okay.

It might even a bit higher, so it’s a considerable amount. And also the company itself has of course demanded for the acquisition. And that’s the reason it’s difficult to predict, so okay, let’s leave it out and let’s look at the outlook without such impacts included. Then the order book you referred to the seasonal trends. Seasonal impact of course we looked at the seasonal impact last year as well at that similar order of magnitude than the impact that we see this year.

So about 2 percentage points.

Yes. This year is 3 percentage points. I think, last year it was similar to what is was this year.

Yes. Okay.

Environment kind of geographical split, I think about 70% of our business is coming from the United States and the remainder is coming from South America and Europe with also really strong growth in South America. And that’s one of the reasons that the growth in environment has accelerated in the third quarter. And so in the United States, we really had growth in environment more or less at the same level as the growth that we had seen in the second quarter to the acceleration actually comes from South America where we do a lot of environmental work in relation to those major infrastructure projects both in Brazil and Chile. They have to think about for example environmental impact assessments to be made to the hydro power plants and to energy projects in Chile, those types of things that contributed to growth in environmental. And we have seen a pickup of private sector spending in Europe and a very strong impact in the U.K. where our business concluded strongly in the third quarter, but also in countries like Germany and France we had quite a positive impact from private sector spending.

Okay. Thank you.

You’re welcome

Your next question comes from Bjorn Krook from RBS. Please ask your question.

Good afternoon, guys. I got a couple of question – questions. You correctly remarked that we’ve been hearing about a strong pipeline for GRiP projects over the last couple of quarters. Could you share with us some details on why those contracts are not lending? Then on the water contracts, you’ve announced some large water contracts in U.S. as you mentioned in your press release. Has work on those contracts already started or is there somehow a delay also due to revenue development? And then on the costs related to adjusting the company in Poland, is there any breakdown you can give on the restructuring charges that you need to take there? And then finally, can you remind me of when we will see the end of the impact of new holdings running off? That’s it from me.

Yes. First of all with the respect to the GRiP projects and why are these projects not landing? I think you have to see it within the framework of developments in the
marketplace. Because what's happening is that clients are looking at outsourcing the portfolio sites that’s kind of a new development that started with BP I think in 2009, if I recall correctly it was the first contract that we acquired where a company combined a number of environmental contaminated facts in a portfolio. In that case it was 650 sites a major contract. And that’s, that’s a trend that we see and it allows us to get involved in really major remediation programs for a portfolio company of that size and that’s what we have in the pipeline. For clients that you have in terms of subscription that’s a new approach. So it’s the first time that they’re dealing with such in a partnership. And I think that’s the reason why it takes more time than we initially expected.

As it’s a bit of negotiation, a bit of can we do this, can we do that, well what are the risks involved or who is leading or who is taking care of those risks, how can we care for those, if we will get the project and so on? That given the fact that we were talking about major projects – the big projects that takes simply more time in order to get to an agreement with the client and so with several of those projects, we are in a negotiation phase and these negotiations take time. And I think it’s also in our interest to look at the risks because we evaluate those projects very carefully. So we will have to see whether it really comes out of the pipeline.

<Q>: But there are no delays or anything at the moment in that? Is it coming slower than you would have expected?

<A – Harrie Noy – Arcadis NV>: It’s taking longer than we expect, but not because of let’s say whatever issues at the client side but because of the fact that these are complex projects, big projects and it takes just a bit of time to evaluate those projects at the client side and to come to an agreement on how we deal with the risks involved in those projects.

<Q>: Okay. Thank you.

<A – Harrie Noy – Arcadis NV>: Then the water contracts we won several big contracts, water contracts earlier, these contracts have started. But in general, what you see in the marketplace that’s – that projects that we acquire takes longer before they get started up and that's absolutely what the general market conditions are. So the reason that we are seeing a slowdown in our water business is because this impact of these projects starting up slower but they are started earlier on, but the contracts themselves that we refer to in earlier press releases those contracts have been started.

<Q>: And why are they picking up slower there because I assume financing and everything is in place on the moment you send out a press release you would expect them to start off.

<A – Harrie Noy – Arcadis NV>: Yes. Well that is right for them to exactly – but if you have sufficient money available as municipality they took more pressure on it than – when there are certain budget constraints. Basically there is – basically for a municipality there is no reason to not to continue from an investment sense in water project because water projects are financed not from taxes but from special contribution from water.

<Q>: Yes.

<A – Harrie Noy – Arcadis NV>: And so the financing is set – keeping the fact that they have at the other side of the fence so much issues with their budget, they’re also hesitant with spending on the same side of the fence.

<Q>: Yes. Okay. And Poland restructuring charges?

<A – Harrie Noy – Arcadis NV>: Yes. That’s importantly a big issue in itself given because in Poland you can legally let people to finish that contract relatively quickly because you have fixed a maximum amount number of people that you can send home on a monthly basis, so that's
somewhat of a limited factor to doing it orderly. The second element of this is that the cost to layoff somebody in Poland is relatively low, so usually you have to pay only two months of salary, so it’s more an Anglo Saxon type of severance payment that people get than what we see in other parts of Europe. So in that sense it’s not some of the cost of adjusting capacity and that is a big concern for us.

<Q>: Total €2 million for that you mentioned this morning, there’s fairly little amount due further -

<A – Harrie Noy – Arcadis NV>: Yes. The €200,000 are – for Poland and there are [ph] half a million (1:05:11) maybe you get several amount of that size in Q4. And as far as New Orleans is concerned and that I think Q4 will be the last time we have to mention that in the comparison. Next year demands they will still be similar to begin with and with projects again it becomes in comparison with 2011 of course while that’s relevant.

<Q>: Okay. So -

<A – Renier Vree – Arcadis NV>: The effect is probably – this would be after the first quarter of next year.

<Q>: Okay. After Q1.

<A – Harrie Noy – Arcadis NV>: And then we follow up on the answer to the restructuring charge because there you might ask where is the amendment from the restructuring charge from and to a large extent coming from the United States where we have finalized the integration of the corporate structures because we have indicated that the corporate structures now are comparing the results of ARCADIS U.S. So we operate now as one organization also corporately. That is included of course also and we have reduced our capacity in the water market in the U.S. in order to sustain our margin.

<Q>: All right. Thank you very much.

Operator: The next question comes from Eugene Klerk from Credit Suisse. Please ask your question.

<Q – Eugene Klerk – Credit Suisse Securities (Europe) Ltd.>: Yes. Good afternoon, gentlemen. Two questions I guess, one is, can you give a breakdown of your first quarter revenues by region and the margin that you generated, everyday margins generated in those four regions? And secondly, I think when you presented the EC Harris acquisition you did indicate that at that time it wasn’t possible to get someone from EC Harris at the call but that would most likely be done in the third quarter release conference call, which is today. However I note that I haven’t heard anything from someone from EC Harris?

I’m just wondering why someone from EC Harris wasn’t at the call considering that this is such a major acquisition as you say. And then finally, today RPS came out with their IMS for the third quarter, I noted a particularly good performance in their water business, especially in the U.K. I was just wondering, whether you can give some indication as to what your exposure is to the U.K. water and what your strategy is towards that?

<A – Harrie Noy – Arcadis NV>: Okay. First of all, let me speak to the regions. I think the regional spread of revenues is same. It’s in line with the regional spread that has been disclosed as for the second quarter. And we don’t provide margins geographically on a quarterly basis so we will report on margins again both provisions line and for geography after the fourth quarter. Then with respect to EC Harris, we will have in fact the CEO of EC Harris to participate in the fourth quarter presentation, because then we have also the press conference that will make a big event. And that
will give you I think a good flavor of the type of business that EC Harris is doing and the type of projects that they are involved in.

Then with respect to the RPS, the water business in the U.K. we have a small presence in the water business in the U.K. already that gets strengthened through EC Harris and together we will have quite a strong position we think when it comes to project and program management for the major water programs that roll out in the U.K. after the three to five years.

<Q – Eugene Klerk – Credit Suisse Securities (Europe) Ltd.>: And just so to understand, EC Harris their exposure to the water business I think as far as your presentation was concerned was only 5% and the U.K. is 57%, so what exactly do they contribute that allows you to become a lot more significant in the U.K. for water that is?

<A – Harrie Noy – Arcadis NV>: It is the project management services and there are several major contracts being tendered over the next three to six months, and we think that together we are much better positioned for those major tenders and we are still focused particularly on program management services. Also what we intend to do is to build a team consisting of EC Harris people with some of our people in the U.K. together with our company people particularly that part of our company that same which focus on the strategic conservative bids.

That has also a lot of experience in increasing the efficiency of existing facilities, we plan to bring that knowledge into the team and we think that together with the project management capabilities at EC Harris we can really build extra offer for those clients who are tendering those major programs in the upcoming three to six months.

<Q – Eugene Klerk – Credit Suisse Securities (Europe) Ltd.>: Okay. And then just one final question, just to clarify what you said earlier is – so the expectation now is for the acquisition costs in Q4 to be most likely higher than the initially expected €4 million. That that would – just that would more than offset the EBIT contribution for November, December through consolidating EC Harris is that right?

<A – Harrie Noy – Arcadis NV>: Yes. Because I think we think that it runs in the amounts of about 7% and so if you account for that differential net revenue that we have disclosed as well and compared with the acquisition costs as I mentioned and it’s an easy calculation.

<Q – Eugene Klerk – Credit Suisse Securities (Europe) Ltd.>: Okay. Thank you.

Operator: Next question comes from Quirijn Mulder from ING. Please ask your question.

<Q – Quirijn Mulder – ING Bank NV (Broker)>: Yes. This is Quirijn Mulder from ING and I’ve in total six questions. Some are for more technical things. If you look at the business lines from EC Harris then you have activities not only in the Buildings segment but also in fact in water and for environmental maybe and of course also infra. I don’t know for a fact if it is also in the business lines you have already or you’re keeping EC Harris completely into the building segment this is my first question?

Second question about Poland, I still cannot understand the story because why has the Polish government has halted so much supported by the European Commission. Can they afford themselves to hold this sort of work given that they need to lay the ground let me say to make highways between Germany and Zürich here for example? And so the reason for me is why have you given up the activity? Have you given it up forever or do you for now as it will resume or will be resumed someday?

With regard to more technical questions RTKL, can you give some idea about the order intake? And also is RTKL the explanation for the minus 8% in net revenues in the third quarter we calculate
for? Does that remain there? Is the rest of the Buildings still growing at let me say somewhat flattrish? With regard to EC Harris in the beginning you had indicated some – about the business since 3rd May, 2011 until now. And of course, then with regard to the tax rate, can you give me an indication about the tax rate of EC Harris’ relationship to ARCADIS as a whole a bit? And for example do they have taxes for us in the U.K. as well to be used?

And of course the final question is about environmental services. Did you say the increase – the sharper increase in environmental services in the third quarter from let me say 8% in the second quarter in environmental service to 12% in the third quarter, is about 4% the acceleration. And if you take into account also that in environmental services in the Netherlands, which is also a part of environmental services in general that the growth of Brazil and France and U.K. is in the range of about 15% to 20%. Can you confirm that? That was my last question.

<A – Harrie Noy – Arcadis NV>: This was definitely a technical question.

<Q – Quirijn Mulder – ING Bank NV (Broker)>: Thank you.

<A – Harrie Noy – Arcadis NV>: First of all the business lines have we done consolidate at EC Harris, we definitely will consolidate EC Harris according to the markets in which the company operates and which means that the infrastructure activities will be consolidated during construction et cetera. The other activities will be consolidated and that, Buildings activities together with the activities for industrial plans those appears to be consolidated in Buildings.

And performance, yes, you are asking I would say to global dollar question, so to speak we remain focused on. Yes. That’s a very good question. But it is difficult to answer from our perspective. Looking at I noted that our first project is on hold and as I mentioned we were expecting that work would be resumed in the third and the fourth quarter but it didn’t happen. And the reason is that you have to profile in those projects so that’s exactly one the reasons. And secondly any new projects that we expect to come on to the market have been seriously delayed and then at a certain point in time you have to – going through your business, so to speak.

And we said okay we are going to hold those people off on the bench as we have to reduce our capacity, which doesn’t mean that we give up this market. So for the time being we have managed our capacity to bring it in line with existing market demand. We have – everyone of them is suffering in this respect but everybody that’s exiting the road market in Poland experience is the same problems. But the given the fact that we happen to be the market leader in that segment we were hit more than those that have only minor production in that market.

Then RTKL, the order intake of RTKL is developing quite favorably. It's actually up in the quarter compared to the end of the quarter – at the end of the second quarter. So that’s not – that’s not an issue. The issue it is that we have stopped. We’ve finished – I’ve to say we’ve finished several major projects in the U.S. when I talk about major projects I really talk about major projects and its difficult to use that capacity immediately for those projects that have come in. Not so much in our case as in other parts of the world.

So that has cost us a bit of a hiccup in the third quarter but we expect that will smooth out in the fourth quarter but certainly also in the first quarter of next year. So we don’t consider that to be a major issue given the healthy order intake that RTKL is experiencing. And then referring to minus 8% for Buildings in the third quarter I think that’s up to minus 6% in the third quarter on net revenue basis. But still at considerably solid with the figure that we reported in the second quarter but it’s not minus 8% in the third quarter.

Then EC Harris' performance as of May is in line with expectations and that means in line with leverages and actually as I've mentioned before we expect to complete – to perform in their 2012 which is ending at the 30th of April, 2012 and basically in line with 2011 with the balances that we
discussed I think during the conference call when we announced the acquisition. The tax rate, Renier?

<A – Renier Vree – Arcadis NV>: Thank you, Harrie. The tax rate of EC Harris, it will be hard to compare with the previous tax rate for that’s a partnership so basically it stayed out every year, all the profits to the partners when the partners declare it as income. So we have to also pro forma analysis of the tax rate there going forward and our analysis indicates that the rates we are going to apply in for the future will be very close to the rate that ARCADIS is also having right now. So I don’t expect a change in the tax rate for ARCADIS as a consequence of the acquisition. And also because it’s a partnership there are no situations of tax loss carry forwards that are applying here.

<A – Harrie Noy – Arcadis NV>: Then your question with respect to environment. In the quarter we had an environmental growth of about 12%, which was very accelerated compared to the growth rate in the previous quarter and the acceleration comes from Brazil and Chile on the one hand and from increased private sector spending in Europe. In Europe the biggest impact is certainly in the U.K. where we had strong growth in environmental and also in Chile and Brazil we have some growth. And the growth was even a bit stronger than you were mentioning.

<A – Joost Slooten – Arcadis NV>: Any other questions?

Operator: There are no further questions at this time.

Harrie L.J. Noy, Chief Executive Officer & Chairman-Executive Board

Okay. After the questions then I would like to finish this third quarter conference call. I want to thank you all for your participation and for your attention during this conference call and if you have any further issues or questions do not hesitate to contact our investor relations guy Joost Slooten. For now I want to close the conference call and I wish you a nice day. Thank you.

Operator: That does conclude our conference call today. Thank you for participating. You may disconnect.