PRESS RELEASE

Arcadis reports 7% lower net income from operations

Half-year:
- €1,678 million in gross revenues (-1%). Net revenues €1,263 million, organically -3% due to Brazil and North America, partly compensated by Continental Europe, the UK and Australia
- EBITA of €88.0 million (H1 2015: €91.5 million)
- Operating EBITA of €97.6 million (H1 2015: €115.8 million)
- Non-operating costs €9.6 million (H1 2015: €24.3 million)
- Net income from operations €54.9 million (H1 2015: €59.2 million)
- Free cash flow minus €62.1 million (H1 2015: minus €29.8 million); working capital increased to 19.9% (H1 2015: 18.8%), mainly due to the Middle East
- Backlog €2.3 billion (+1% organically), driven by developed markets (+8 to 12%) compensating for Emerging Markets decline (-11%), representing 11 months of revenues

Second quarter:
- Organic net revenue decline of 3% due to challenging conditions in Emerging Markets and North America, as it goes through its transformation
- EBITA of €41.4 million (Q2 2015: €40.2 million). Last year’s EBITA included €13.9 million one-off project cost overruns

Outlook:
Arcadis expects the tough conditions experienced in the first half year to continue in the second half of 2016:
- Emerging Markets: Brazil deep recession, Asia slowdown, Middle East spending cuts
- North America: continued business transformation
- Economic uncertainty due to Brexit

More favorable conditions exist in a number of our end-markets, including Continental Europe and Australia.

In line with emerging corporate governance, Arcadis will not provide further guidance.

Improving quality of life
Key figures

<table>
<thead>
<tr>
<th>Period ended 30 June</th>
<th>Half Year</th>
<th>Change</th>
<th>Second Quarter</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
<td>2015</td>
<td>2016</td>
<td>2015</td>
</tr>
<tr>
<td>Gross revenues</td>
<td>1,678</td>
<td>1,693</td>
<td>-1%</td>
<td>-1%</td>
</tr>
<tr>
<td>Organic growth</td>
<td>0%</td>
<td>-2%</td>
<td>-2%</td>
<td>-2%</td>
</tr>
<tr>
<td>Net revenues</td>
<td>1,263</td>
<td>1,318</td>
<td>-4%</td>
<td>-4%</td>
</tr>
<tr>
<td>Organic growth</td>
<td>-3%</td>
<td>-3%</td>
<td>-3%</td>
<td>-3%</td>
</tr>
<tr>
<td>EBITA</td>
<td>88.0</td>
<td>91.5</td>
<td>-4%</td>
<td>-4%</td>
</tr>
<tr>
<td>EBITA margin</td>
<td>7.0%</td>
<td>6.9%</td>
<td>6.6%</td>
<td>6.1%</td>
</tr>
<tr>
<td>Operating EBITA</td>
<td>97.6</td>
<td>115.8</td>
<td>-16%</td>
<td>-16%</td>
</tr>
<tr>
<td>Operating EBITA margin</td>
<td>7.7%</td>
<td>8.8%</td>
<td>7.3%</td>
<td>7.9%</td>
</tr>
<tr>
<td>Net income</td>
<td>39.7</td>
<td>40.5</td>
<td>-2%</td>
<td>-2%</td>
</tr>
<tr>
<td>Net income per share (in €)</td>
<td>0.48</td>
<td>0.49</td>
<td>-2%</td>
<td></td>
</tr>
<tr>
<td>Net income from operations</td>
<td>54.9</td>
<td>59.2</td>
<td>-7%</td>
<td></td>
</tr>
<tr>
<td>Net income from operations per share (in €)</td>
<td>0.66</td>
<td>0.72</td>
<td>-8%</td>
<td></td>
</tr>
<tr>
<td>Avg. number of outstanding shares (millions)</td>
<td>83.4</td>
<td>82.0</td>
<td>+2%</td>
<td></td>
</tr>
<tr>
<td>Free cash flow</td>
<td>-62.1</td>
<td>-29.8</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

1) Excluding acquisition, restructuring and integration-related costs
2) Excluding one-off project cost overruns of €13.9 million, the operating EBITA in Q2 2015 was €66.3 million (EBITA margin: 9.8%) and €129.7 million (9.7%) in H1 2015

Amsterdam, 27 July 2016 – Arcadis (EURONEXT: ARCAD), the leading global Design & Consultancy firm for natural and built assets, reported a 3% organic decrease in net revenues for the first half of 2016. The decrease was mainly due to a 38% drop of organic revenues in Brazil, driven by the severe recession, and lower revenues in North America, partly compensated by organic growth in Continental Europe, the UK and Australia. Net income from operations in the first half year of 2016 was €54.9 million, a decrease of 7% versus 2015.

Arcadis CEO Neil McArthur: “As expected, the first half of 2016 remained challenging for the Emerging Markets and for our North American business as it goes through its transformation to restore growth and profitability. We are still facing a deep recession in Brazil, while parts of Asia are showing lower demand. A sustained lower oil price is affecting spending on social infrastructure in the Middle East, as well as with our Oil & Gas clients. In the UK, the Brexit has led to delayed investments in the building sector, while our infrastructure business continues to grow. We experienced more favourable conditions for our Continental European and Australian businesses, which, together with the UK, continued to deliver organic growth, also benefitting from strong growth in our infrastructure business due to the Hyder acquisition. Overall net revenues declined organically with 3%, and EBITA decreased by 4%, driven by Brazil and our North American business. Net working capital continues to receive strong attention but was impacted by the Middle East which, as highlighted earlier, will have an impact through the middle of 2017. We are pleased with our sustained strong backlog, particularly in the developed markets, representing 11 months’ work, demonstrating our ability to successfully serve our clients with our value propositions.

Our leadership priorities remain unchanged. We will continue to be entrepreneurial in exploring growth opportunities and taking cost measures, including our Performance Excellence program in response to market conditions.”
Review of performance for the first half year

Net revenues in the first half year amounted to €1,263 million and were impacted by an organic decline of 3%. The decrease in net revenues was mainly due to a 38% organic decline in Brazil driven by the severe recession, and lower revenues in North America. This was partly compensated by organic revenue growth in Continental Europe, the UK and Australia.

EBITA decreased 4% and included €9.6 million in restructuring and integration charges (H1 2015: €24.3 million). Our global workforce was reduced by 3% versus June 2015 (~900 FTEs). The number of employees in the regions fell by ~1,400 FTEs (-5%), while Global Design added ~500 FTEs (+45%).

Operating EBITA decreased by 16% to €97.6 million (H1 2015: €115.8 million). The operating EBITA margin was 7.7% (H1 2015: 8.8%), mainly due to an operating loss in Brazil of €0.5 million (H1 2015: +€9.1 million) and a lower operating EBITA from North America of €32.2 million (H1 2015: €38.7 million, including €13.9 million one-off project cost overruns), offsetting the contributions from the Performance Excellence program and integration synergies.

The effective tax rate was 25.0% (H1 2015: 25.0%). Financing charges were higher compared with last year at €13.3 million (H1 2015: €10.3 million), due to higher interest rates following long-term refinancing. Income from associated companies was a loss of €1.6 million (H1 2015: loss of €1.8 million), related to non-core energy assets in Brazil.

Net income declined 2% to €39.7 million or €0.48 per share, compared to €40.5 million or €0.49 per share in the first half of 2015. Net income from operations decreased 7% to €54.9 million (H1 2015: €59.2 million) or €0.66 per share (H1 2015: €0.72).

Cash flow, working capital and balance sheet

During the second quarter the level of working capital increased to 19.9% of gross revenues (Q2 2015: 18.8%), due to large milestone driven projects and slower payments in the Middle East. The average days sales outstanding increased from 88 to 97 days, due to an increase in Emerging Markets and, to a lesser extent, in Continental Europe and the UK. Collections during the second half of the year will be important to deliver a strong cash flow, particularly in the Middle East. The lower EBITA and the increase of working capital resulted in a negative free cash flow of minus €62.1 million compared to minus €29.8 million in the first half of 2015. Net debt at the end of June was €587 million (H1 2015: €623 million).

Based on the average net debt for December 2015 and June 2016, our covenant leverage ratio was 2.2 (H1 2015: 2.4).

Review of performance for the second quarter

Organic net revenue growth in the UK, Continental Europe and Australia was offset by declines due to challenging market conditions in the Emerging Markets, and for our North American business as it goes through its transformation. Overall, net revenues decreased by 4%, organically minus 3%. EBITA increased by 3% to €41.4 million with an EBITA margin of 6.6%. Operating EBITA was €46.2 million, 12% lower than in the second quarter of 2015 (Q2 2015: €52.4 million). The operating EBITA margin was 7.3% (Q2 2015: 7.9%), mainly due to a lower operating EBITA in North America and Brazil.

Developments by region
Figures below are for the first half year 2016 compared to the same period last year, unless otherwise stated

<table>
<thead>
<tr>
<th></th>
<th>North America</th>
<th>Emerging Markets</th>
<th>Continental Europe</th>
<th>United Kingdom</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross revenue growth</td>
<td>2%</td>
<td>-5%</td>
<td>0%</td>
<td>-1%</td>
</tr>
<tr>
<td>Of which:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Organic</td>
<td>-1%</td>
<td>-1%</td>
<td>0%</td>
<td>6%</td>
</tr>
<tr>
<td>Net revenue growth</td>
<td>-2%</td>
<td>-12%</td>
<td>4%</td>
<td>-3%</td>
</tr>
<tr>
<td>Of which:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Organic</td>
<td>-6%</td>
<td>-8%</td>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>Backlog growth (organic)</td>
<td>8%</td>
<td>-11%</td>
<td>12%</td>
<td>8%</td>
</tr>
</tbody>
</table>

Review for H1 by region

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

Net revenues in North America declined organically by 6%, driven by Environment, Water and Architecture, offsetting good growth in Infrastructure and Buildings. Good order intake from Arcadis Field Tech Solutions and in Water, together with a pick-up in Architecture, delivered 8% organic growth in backlog. EBITA decreased with 11% to €30.6 million (H1 2015: €34.3 million). Operating EBITA margin decreased to 7.6% from 8.9%. Operating margin declined due to a competitive Environmental market and maintaining capacity for anticipated pipeline projects in both Water and Architecture, which have now been converted into wins. The transformation program initiated in 2015 will continue.

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

The decrease in net revenues was mainly due to a 38% organic decline in Brazil driven by the severe recession. Revenues in Asia were lower than last year. In the Middle East revenues were stable with some margin pressure. Low oil prices continue to impact new projects and payments. In Australia Pacific, Arcadis’ global capabilities helped drive strong profitable organic growth, particularly in Infrastructure. EBITA decreased by 21% to €19.4 million (H1 2015: €24.7 million). Operating EBITA margin decreased from 7.9% to 6.4%, mainly due to an operating loss in Brazil of €0.5 million (H1 2015: +€9.1 million), partly compensated by an increase in Australia Pacific.

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

Net revenues in Continental Europe were 4% higher than H1 2015, mainly due to growth in Buildings and Infrastructure. Revenues in Environment and Water were in line with last year. Overall good order-intake gives confidence for continued growth. EBITA increased by 30% to €17.5 million (H1 2015: €13.5 million), benefiting from growth in revenues and restructuring measures taken in 2015. Operating EBITA margin decreased from 9.3% to 7.8%, mainly due to France and Belgium.
• **United Kingdom** (17% of net revenues)

Net revenues grew organically with good growth in Infrastructure, benefitting from the successful integration of Hyder, and continued Government spending. In Buildings, revenues decreased due to a slowdown in London, caused by Brexit-related delays in investment decisions. Revenues in Water increased due to good growth in business advisory, project management, and engineering. Revenues in Environment were higher, driven by increased demand for environmental planning. EBITA increased by 8% to €20.5 million (H1 2015: €19.0 million). The operating EBITA margin increased from 9.6% to 10.3%.

**Backlog**

Current backlog is €2.3 billion, representing 11 months of revenues. Backlog at the end of June grew 1% organically compared to December 2015. Growth was lower than at the end of Q1, due to cancellations in Brazil, Qatar, and China in Q2, which had an impact of -3%. Strong backlog growth in North America, Continental Europe and the UK compensated for a significant decline in Emerging Markets. On a business line basis, organic backlog grew in Environment, driven by North America, while in Buildings and Water the backlog was stable. Infrastructure backlog declined due to cancellations in Emerging Markets.

**Leadership priorities 2016**

Our leadership priorities remain:
  - Delivering acquisition synergies
  - Performance Excellence
  - Transform North America
  - Brazil
  - Reduce working capital
  - Planned strategy update for beyond 2016

---------

**For further information please contact:**

Arcadis Investor Relations
Jurgen Pullens
Telephone: +31 20 2011083
Mobile: +31 6 51599483
E-mail: jurgen.pullens@arcadis.com

Arcadis Group Communications
Jeremy Cohen
Mobile: +31 6 21639411
E-mail: jeremy.cohen@arcadis.com

Arcadis confirms that the Netherlands is its Home Member State for purposes of the EU Transparency Directive.
Conference Call
A conference call for analysts will be held at 10.00 hours CET today. Dial in details are available at +31 20 2011083.

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

This press release contains information that qualifies, or may qualify as inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation. Statements included in this press release that are not historical facts (including any statements concerning investment objectives, other plans and objectives of management for future operations or economic performance, or assumptions or forecasts related thereto) are forward looking statements. These statements are only predictions and are not guarantees. Actual events or the results of our operations could differ materially from those expressed or implied in the forward looking statements. Forward looking statements are typically identified by the use of terms such as “may,” “will,” “should,” “expect,” “could,” “intend,” “plan,” “anticipate,” “estimate,” “believe,” “continue,” “predict,” “potential” or the negative of such terms and other comparable terminology. The forward looking statements are based upon our current expectations, plans, estimates, assumptions and beliefs that involve numerous risks and uncertainties. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control. Although we believe that the expectations reflected in such forward looking statements are based on reasonable assumptions, our actual results and performance could differ materially from those set forth in the forward looking statements.