FULL YEAR RESULTS 2017

Peter Oosterveer | CEO
Renier Vree | CFO
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Statements included in this presentation 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.
Jurgen Pullens – IR ARCADIS: Good morning everyone. My name is Jurgen Pullens, Director Investor Relations for ARCADIS. I would like to welcome you to this ARCADIS analyst conference call and webcast.

We are here to discuss the company results for the fourth quarter and the full year 2017, which were released this morning.

With us are Peter Oosterveer, CEO, and Renier Vree, CFO. We will start with a short presentation by Peter and Renier. Then we will open up for Q&A. You all received the presentation. It is also available through the ARCADIS website.

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Just a few words about the procedure before we start. We will begin with some formal remarks. We will 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 would like to call your attention to the risks, related to these statements, which are more and fully described in the press release and on the company’s website.

With these formalities out of the way, Peter, please begin!
Peter Oosterveer – CEO ARCADIS: Thanks, Jurgen, and good morning everyone. Thanks very much for your interest in ARCADIS.

Let me talk a little bit about the results we have been able to achieve in 2017 at a high level. Obviously, there will be room for more detail subsequent to my presentation and then, of course, in the QandA as well. Let me also share with you how that foundation, which we created in 2017, will help us going forward, particularly as it relates to 2018.

Let me start with what is likely for all of us one of the most significant measures to look at. We are proud to call it the performance improvement.
Let me just quickly go over all of them. They were of course also in the press release and I am sure that you paid attention to them. We are pleased to report that over the year, we have created organic growth which of course is an important measure. Particularly the fourth quarter, actually a very strong quarter in most of our regions, contributed to that improvement of 1% organic growth for the year.

The work we started to do at the beginning of the year, to really focus more strongly on our clients, the work that was done and that was led by Renier in simplifying the organisation and re-rate that focus on our clients, is starting to pay off. It makes us actually optimistic about the future as well, because we are obviously not going to lose that focus.

Looking at the EBITDA margin percentage we see an improvement there as well, from 7.1 last year to 7.6. This is driven by that focus but also by the cost reductions, which were also initiated by Renier at the beginning of the year. So, they both contributed to an improvement in the EBITDA-margin.

Last but not least, we are also proud to share with you that we have improved our free cash flow, which again is the result of the way the business performed, the way our projects actually performed, I should say.
This slide is a kind of looking back a little bit, but maybe more so looking forward to 2018. For those of you who attended the Capital Markets Day – and even if you were not – will probably have seen the left side of the slide during that meeting. In that meeting in London late November, we revealed our strategy and we built it around the three strategic pillars, the very first being people and culture, the one in the middle being innovation and growth, and the last being focus and performance.

Although it was in November that we presented all this – one could argue what we were able to do in the remaining time of 2017 – quite a bit of what we revealed at that time was already in progress. So, we have seen proof points of the strategy, particularly the focus on the pillars.

Let me just highlight a few for you. Needless to say – and that is why this slide called on track to deliver on our strategic commitments for the next three years – that we will continue to use the focus on these three pillars.

I have actually been very pleased with the way the organisation has responded to that simplification of our strategy. Of course, there is a reason why people responded in a favourable way. Let me go into the very first.

We shared with you in November that we felt that we needed to put stronger focus on our people. At the end of the day, that is the only thing we have in our company and somehow, in the last couple of years that focus was lost. Our people have obviously responded very positively to that increased focus. Needless to say they like it. So, we have made some really good progress in that area, but more work is still to be done.
We continue to reinvest in our people through for instance the ARCADIS Academy, which is our way of training and developing people, sharing their experiences.

The focus on global key clients has really allowed us to reap the benefits. We saw 17% growth in 2017, just simply on our global key clients. That is a result we are proud of and that gives us confidence that what we said to you in November that we would in fact double the growth on our key clients compared to what we would do on our non-key clients, is very feasible. 17% strongly suggests that what we said to you in November is not unachievable.

The momentum on revenue growth and maybe depending on where you come from, the single most significant bit of our growth story is that North America has returned to growth, after what was fundamentally three years of decline. I am now comfortable enough to tell you that I do not think that this is a one-off or an incident; I think that we are on track for that growth to continue. That definitely is very positive, given the significance of the North American market and the large percentage of that market, relative to the total of ARCADIS.

We also mentioned that as part of innovation, we will focus heavily on digital, which is probably the single biggest catalyst for the change the industry will see. I know that everyone will probably say that we are focusing on digital, but when I came to ARCADIS in May of last year, I was pleasantly surprised to see that we not only had a very strong focus but that we were also willing to invest in improving our digital capabilities. We have continued to do so. In the early part of 2017, we announced the acquisition of E2Managetech, which is an organisation largely focused on the US and that operates as a sort of intersection of data and environment. Needless to say, that environment is an important market for us and needless to say that data as a whole will turn out to be the biggest change agent we will see in our industry.

Even though it is not necessarily applicable to 2017 but we thought it would still be appropriate to share it with you and that is that we have announced another acquisition – a relatively small one – of a company this time in the UK focused heavily on data and digital. So, we will continue to push hard on digital and data because, as I said, I think that it is going to inevitably change the industry.

In terms of living our values of sustainability, we had some major project wins in Water resilience and Green Buildings. When you just follow societal developments in virtually all places in the world, you can easily see that this will continue to be a significant driver for us going forward. We are deeply into the effort to move sustainability from compliance to creating business opportunities because of the sustainability capabilities we have in the company.

Last but not least, in the category of focus and performance – the last pillar – some of these things were on the prior slides, so I am not going to repeat myself but I am still proud to say that our EBITA margin improved to 7.6%. Our net working capital improved and our DSO improved, so many positive signs all in all.

We are going to propose a dividend of EUR 0.47 per share to our shareholders in April. Because of our very good cash generation, our leverage ratio of course improved quite a bit as well and some of you have commented that this takes you out of the danger, which is
something I have not heard for some time. I heard that word repeatedly after I joined, but in the last part of last year and the early part of this year I had not heard that word again. Thank you for reminding me that this word was in use relative to ARCADIS not too long ago. We are proud that we were able to decrease our leverage ratio.

Last but not least – I suspect that we will probably get some questions on that later on – we are on track relative to Callison RTKL. We have announced that the market consultation process had started. That is a process that we kicked off in July of last year, which had a number of steps. We are very much working that whole project as per these steps, which means that if at the end of the day we will be successful in finding the right buyer for the right price, we could potentially close the sale towards the end of the second quarter or the beginning of the third quarter. So, we are very much on track relative to the activity for Callison RTKL.

With that overall and broad introduction, I am turning it over to Renier.

Renier Vree – CFO ARCADIS: Thank you, Peter, and good morning everybody. You see a picture of the Nike distribution centre, a sustainable building that uses renewable energy. This is an artist’s impression of a project we are very proud of.

Let’s turn to the financials for 2017.
Here, we see a comparison with 2016 as well as the fourth quarter. Peter already mentioned a number of the figures and I am not going to repeat that. The margin improvement clearly is a highlight.

Secondly, non-operating costs were EUR 25 million for the year. They were EUR 29 million in 2016. These EUR 25 million can be broken down in EUR 20 million for restructuring, basically Brazil and France. Those are the two main areas where this money was applied. The other part was M&A, which had to do with the two acquisitions that Peter mentioned, but also the project for Callison RTKL, and finally the divestments we did in 2017. You may recall that we had the Infra-business in the Czech Republic, which we sold earlier in the year. But also in Brunei we sold our business, which had some cost to come with that.

I will come back to the working capital, which decreased. Our back log improved organically by 2 percentage points. The absolute number came down, but there is a significant currency effect between December 2017 and 2016. Particularly the US dollar is 9% lower.
If we turn to the more detail P&L, net income and earnings per share, it is important to mention two exceptional items in 2016, one being the release of a provision from an acquisition done in 2014 of EUR 90 million, which was a gain in the fourth quarter of 2016. The other one was an impairment charge, so that ended up in amortisation costs, related to Brazil in 2016. That is important to be able to make a good like-for-like comparison.

Then you see that the number of the EBIT went up 14%. If you take into account financing expenses, they increased because on the one hand debt was lower and also the weaker US dollar helped there. Also, the overall interest percentage was slightly up because of the rising interest rates in the US.

The income tax rate was basically flat, 19% in 2016 and just under 20% in 2017. This was much lower than we thought earlier in the year, because here the tax reform helped us. Since ARCADIS has significant net tax [no sound] and that led to EUR 30 million reduction of the deferred tax position and hence again in the net income.

There was a loss in [...] energy activities in Brazil and I have a slide later on to explain that in a bit more detail.

Overall, earnings per share were up and if you look through that, it is really because of the underlying performance that improved, which then allows us to increase the dividend.
If we look back to the year 2017 on a quarterly basis, we see that results progressed through the year with organic net revenue growth sustained at 3% in the fourth quarter, as it was in the third quarter. In the fourth quarters all regions contributed to this, except for Latin America and the Middle East. That means that a big part of our business is doing well, making the full year organic growth 1% and, as Peter already said, North America being a key swing factor in that, where after three years of decline now being able to report 2% growth.

Also important to call out is that Continental Europe, the UK and Australia did well. If we look at the margin, 8.5% in the fourth quarter, which is a number we have not seen for a while. Here, in comparison with the year before, North America and Continental Europe and also Latin America contributed, bringing the full year number to 7.6%. The key differences with the prior year were also North America and Continental Europe, as well as Asia, while the margin in the Middle East was lower. Also there, I will say a few more words later.
Looking at the cash statement, we see free cash flow up over 20% to EUR 98 million. The main contributor is the higher profit that we generated. Also here, the one-offs from 2016 play a role in the comparison, but ultimately it was a pretty straightforward cash flow generation, whereby also the capital expenditures were lower because the number of office renovations could be slowed down after the big investments we made in the prior years.
The cash flow in combination with EBITDA and net debt is shown on this page, where you see that in the first half of the year we typically have a negative free cash flow. It was less negative in 2017 than in prior years. I just mentioned the numbers for the full year. The EBITDA was stable at EUR 100 million but do not forget that this EUR 90 million release from that provision was in the number for the second half of 2016.

Net debt ended at EUR 416 million and that brings the average net debt – we take the June and December net debt and then divide it over the EBITDA for four quarters – at 2.3. The sport number for December is a ratio of 2.1.

**Balance Sheet**

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<td>Assets</td>
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<td>364</td>
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<td>Total</td>
<td>2,707</td>
<td>2,801</td>
<td>Total</td>
<td>2,707</td>
<td>2,807</td>
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- Balance sheet impacted by lower USD (-14%) and GBP (-4%)
- Portion of long-term debt moved to short term as €197 million Bank Loan Terms and USPP’s are due to expire in 2018
- Net debt / EBITDA covenant leverage ratio improved to 2.3 (2016: 2.5), the year-end ratio improved to 2.1 (2016: 2.3)

On this slide you see some more details of the balance sheet. Obviously, a big impact from currency movements: the dollar 14% lower and also the British pound with a 4% impact, reducing the size of our balance sheet.

Another category where you see a shift compared to the prior year is in the debt because about EUR 200 million of our long-term debt has become short-term debt as there the terms come up for renewal in 2018. It has to do with a bank loan as well as the US private placements.
Then, some more details on the working capital. Working capital finished at 16.9%, as said earlier, which is the lowest in three years. The largest contribution to the reduction came from Continental Europe. If we look at the cash collection where we remain to have a priority, is in the Middle East, particularly in Saudi Arabia but also in Qatar we had good progress during 2017.

DSO dropped to 88 days, so a 3-days drop compared to the end of 2016 and also here, Continental Europe contributed as well as Latin America.
It is also important to provide some more details on our receivables, which you see on this slide, with a breakdown in the various categories of ageing. Two large items have our highest attention. One is in Saudi Arabia, as just mentioned, where we have completed projects in 2016 and we are making progress in getting payments but there are still substantial amounts outstanding. I can give some more colour on that. Some of these payments are in progress. We can also see that it moves from the municipal level to the provincial and the federal level and then ultimately to the ministry of Finance that has to make those payments. So, we can see from the information from the clients and the government offices that this progress is being made. However, we did not receive that cash yet. That is to come in 2018.

The second is an oil and gas project in North America, which was also mentioned at the half year results, where part of the fees are to be paid by insurance. It still requires time to have that split exactly defined.

If we look at the provision movement, we see the amount of provisions we have set aside went from EUR 58 million at the end of 2016 to EUR 57 million, so a slightly higher percentage in terms of the total receivables. You see the main movements there, the fact that we wrote off – we utilised EUR 11 million but we also added through the P&L EUR 11 million through that provision. Then, there was a small currency impact included as well.
Here, you see that EUR 200 million of debt is expiring around the middle of 2018. We are considering various options. You can imagine that if it would come to a divestment of Callison RTKL, it will be taken into account in how to deal with the outstanding debt. The average interest expense was 3.2% last year, so slightly higher for the reason as mentioned of the interest rates in the United States.

Let me give some more details about the results per segment, starting with the Americas.
Here, we have 6,800 people. You see some more details here about the clients that we have and the 31% of revenues that this segment makes up.

When we look at the financials, we see that for the whole year there was 2% organic decline in revenues. That is really a tale of two stories: the growth story for North America – the 2%, as indicated earlier – and the decline of another 26% in Latin America. For the third year in a row there was a significant decline in the revenues of Latin America. In Q4, the organic growth in North America was even 3%, which all four business lines contributed.

The operating EBITA improved 31% and that was because North America improved its margins from 7.1% to 8.1%. I think it is important to mention that in the fourth quarter that Latin America was very close to the break-even level. As a consequence also from the Brazilian economy gaining traction the order book becomes filled up again, while the costs have come down significantly. Also in North America the back log increased even 5% organically, which also is a good indication for further growth expected in 2018.

Overall, DSO dropped by 2 days to 84.
As we said, we give some details on the Brazilian clean energy assets. Here, ARCADIS owns 49.99% of ARCADIS Logos Energia. That entity has equity stakes in six biogas plants. We have also shared that with you before. They are all in Brazil. Those biogas plants convert landfill gas, so the concession is to get landfill gas from the landfill, convert that either into gas as a natural gas substitute or in electricity, so power. This is one of the most effective ways to reduce greenhouse gas emissions which is also in Brazil a very important topic.

We shared with you earlier that we have reassessed that business, because we have tried to sell that earlier but it ultimately did not work out for the best way to optimise the value. They reached the conclusion that we should invest in the business and complete the investments in those plans, the ones that were not completed yet, which would require 20 million of investment by ARCADIS. That is on track. You see the picture in the top left of one of the major gas plants. There was a loss of 12 million, which is significant, which is recorded in the second half year for this. The main reason was that this gas plant was transferred from one landfill to another landfill. One landfill did not have enough gas production, so the organisation moved it, relocated it to the largest landfill to make sure that in the next many, many years there will be sufficient gas coming out of it. But during that time of course, there is no gas production so no revenues, with only the cost to run the operations and transfer the plant. That relocation is advancing well and we expect that by the end of this quarter the plant will be operational. Also, the investments in some of the other plants that produce power should come on steam in the course of the first half year. Then that would then set us up, so that in the second half year we can then initiate the divestment process for all of the biogas plants.
Then moving to Europe and the Middle East, with over 13,000 of our people and 46% of revenues. 4% organic growth was realised, both in the fourth quarter as well as for the whole year, whereby Continental Europe grew 6% and the UK even 7%. That compensated for a decline of 10% in the Middle East. When we look at the margins, then Continental Europe had a good margin improvement to 7.3%, so 50 basis points more than the year before. The main driver of the growth and of the margin is the private sector, which also generated some nice orders towards the end of the year for 2018.

**EUROPE & MIDDLE EAST SEGMENT 2017 RESULTS**

- Organic growth of 4% consists of 6% increase in Continental Europe, 7% in the UK, compensating a 10% decrease in the Middle East
- Operating margin in Continental Europe improved to 7.3% (2016: 6.8%). The private sector drove growth in revenues and order intake
- UK operating margin at 9.2% (2016: 10.0%) due to a high level of bidding activity. Backlog up 30% after winning many strategic pursuits
- Middle East operating margin declined to 4.7% (2016: 5.0%). Backlog came down due to selective bidding and lower demand
- DSO improved by 4 days with Continental Europe and the UK around 28 days; Middle East DSO at ~250 days remains a priority
In the UK the margin was 9.2%, a good margin although a bit lower than it was in 2016. The main reason here is the high level of bidding activity. Particularly on the infrastructure side for rail there were some very large packages coming on the market, so for quite a while many of our people have been busy on that bidding. We won many of them and that also means, that the backlog increased by 36 percentage points, therefore making it possible that in 2018 the billable rate will further increase.

In the Middle East we had, as mentioned, a decline of revenues. Selective bidding is a main part of that but also the market itself is slowing down, for instance in Qatar. Also, the margin declined to 4.7%. That was 8.6% the year before. Also here, the prudency we apply on the projects there, given sometimes the uncertainties in the way how to deal with the clients in that region, played a role in that margin development.

DSO improved by four days. Continental Europe and the UK are around 70 days and the Middle East is still high, at 250 days, which is therefore still a priority for management.

Then shifting to Asia Pacific, 14% of our revenues, with 5,700 of ARCADIS people. We saw growth here of 2% for the full year and 8% in the fourth quarter organically. Australia did well with 12% growth and you have seen during the year some announcements around infrastructure wins, like for the Sydney and Melbourne metro, where our organisation was very successful through global cooperation to win these projects.
Asia had a softer start of the year but they also returned to growth in the fourth quarter. As mentioned earlier, we decided to divest the Brunei business. It was a relatively small business, very oil and gas dependent and we did not think it fitted with the portfolio of ARCADIS. As part of the effort to focus our activities, we decided to divest this business.

The margin in Asia improved slightly. Australia was a bit lower and that had to do with some of the underperforming projects earlier in the year, which we reported about in the half year results.

The back log was up in the second half year in Asia and also Australia had good back log developments. Overall, that segment had 6% growth of its backlog organically, with a stable DSO.
We have 1,700 people at Callison RTKL and 9% of net revenues. As you may remember, Callison RTKL is active in commercial real estate but also in retail business, workplace and health care. These are the four main practises in this activity, with most of the revenues being made in America – 53% -- but also Europe, the Middle East, and Asia are important for that business.

**FLS SEGMENT 2017 RESULTS**

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY 2017</th>
<th>FY 2016</th>
<th>Change</th>
<th>Q1 2017</th>
<th>Q4 2016</th>
<th>Change</th>
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<tr>
<td>Net revenues</td>
<td>520</td>
<td>521</td>
<td>-0.2%</td>
<td>73</td>
<td>61</td>
<td>-10.0%</td>
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<tr>
<td>Organic growth</td>
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<td>-3%</td>
<td>0%</td>
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<tr>
<td>EBITA</td>
<td>2.0%</td>
<td>2.2%</td>
<td>-10%</td>
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<tr>
<td>Operating EBITA(1)</td>
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<td>2.2%</td>
<td>0%</td>
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<tr>
<td>Operating EBITA margin</td>
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<td>20.4%</td>
<td>-0.5%</td>
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<tr>
<td>Net profit</td>
<td>75</td>
<td>77</td>
<td>-2.6%</td>
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(1) Operating EBITA is the earnings before interest, taxes, depreciation and amortization before non-operating items

- Organic decline of 3% largely driven by adverse developments in US commercial real estate and healthcare markets
- Organic revenues flat in Q1 after a weak Q3, supported by China
- Operating EBITA margin improved to 20.4% after cost measures taken earlier in the year
- DSO improved by 5 days
- Market consultation process for Callison RTKL started to assess viability of sale

Revenues declined organically by 3%, although it was flat in the fourth quarter. The decline early in the year was because the US market had slowed down around commercial real estate
and also health care had weaker markets. In the fourth quarter the improvement came particularly from China, which had a strong quarter. The margin of Callison RTKL is at 10.4% and it indicates that the cost actions taken to deal with a lower top line were effective, with also DSO coming down by five days. As Peter mentioned, we have started the market consultation process for this business to see if a sale is a viable option.

Then, I hand it over back to you, Peter.

Peter Oosterveer – CEO ARCADIS: Thanks, Renier. Here we see a very appropriate and applicable picture. I talked about sustainability in my introduction and this is the type of project that ARCADIS and probably very few others extremely well because of our capability, our heritage and our track record. It is also appropriate that we use an example in the US because since we won this project we have seen additional wins in the US. Also there, there is a realisation that resilient cities need to be protected against climate change. So, a very applicable picture here.
I have not talked much about the markets but I would like to spend a minute on the markets, because at the end of the day, whether we like it or not, our markets will have a big influence on what we can achieve.

In making my tours and talking to people including our clients, I can only be optimistic. The markets in which we operate are definitely strong and here are megatrends that will actually help us further with these markets.

Urbanisation is probably the single biggest one. I said in November that right now about 56% of the world population lives in cities. That is supposed to go to 62% in the next 20-25 years. That does not seem like a big increase but that increase actually amounts to 800 million people who will be in need of many, many things: housing, infrastructure, education, and so on and so forth. Clearly, the megatrend of urbanisation and the associated mobility – mobility will of course be a big factor in it as well – will definitely open up lots of opportunities.

It is appropriate for us to also mention sustainability here. Increasingly we see our clients and in fact our shareholders having more and more focus on making sure that what we do makes a positive and a sustainable impact on society as well.

In terms of competitive landscape, client patterns continue to change whereby clients in some places at least, have a tendency to try and allocate more risk on projects to companies like ourselves.

But probably the single biggest change in the competitive landscape – I cannot mention this enough – is the move to digital. Our industry – I am not talking only about ARCADIS – is not a
frontrunner in terms of using digital but I do not think we can keep that reputation much longer. The industry is going to significantly change as a result of data and digital.

Last but not least, the scarcity of qualified people. That is an issue in some places. The good thing about ARCADIS is that we operate in many places, so we have an opportunity to offset that disadvantage in some places where scarcity of resources is an issue by using resources in other places. If you think for instance about our Global Excellence Centres, scarcity of resources in India is much less of an issue if you get one million people coming out of universities every single year. That is the case in India. So, there you do not see those issues.

All in all, our positioning is to be the leading design and consultancy for sustainable and resilient cities, again, with the emphasis on 'cities'. But not only cities, also smart infrastructure solutions and future industries for our clients.

A SUSTAINABLE FUTURE THROUGH OUR STRATEGIC PILLARS

- **PEOPLE & CULTURE**
  - Create an environment where our people can be at their best
  - Recruit, develop and retain the workforce of the future

- **INNOVATION & GROWTH**
  - Grow through providing integrated and sustainable solutions to our clients
  - Be a digital frontrunner

- **FOCUS & PERFORMANCE**
  - Focus on where we can lead
  - Deliver client and project excellence

Again, the strategic pillars, people and culture, innovation and growth, focus and performance: they were introduced back in November to all of you. They were also introduced at the same time to our employees. I am very pleased with the momentum and attraction we have created. I see these pillars no re-occurring in many different places, so people have really embraced the pillars. Not only people and culture, which is an obvious one, but clearly also drive for innovation and now focus and performance. The key words here are of course ‘focus’ and ‘performance’; focus on making sure that we focus ourselves on the right clients, in the right regions and on the right opportunities and through that focus we actually perform better on our projects. There, clearly, we have significant opportunity for further improvement.
So, delivering sustainable value. This is almost a repeat from the very first slide, but then looking ahead a little bit more. The first was more looking at what we had done in 2017. Obviously, we are not done yet; we still have a road to go and we still have ways to improve ourselves as well.

What you see here is fundamentally what we presented you back in November, so our commitment in terms of organic growth. We want to surpass the GDP and in fact, we want to double that growth for key clients, as I mentioned before. We are on track to move our operating EBITDA margin to anywhere between 8.5% and 9.5% by 2020 and then of course we will continue to improve on our net working capital and our Days Sales Outstanding.

The ways to do that is to focus again on the right clients and particularly key clients, to also focus ourselves on those activities which will give us an adequate return for the effort, so higher-margin activities. Probably the single biggest opportunity we have available to ourselves is to improve our project delivery. I mentioned this back in July when we here. I mentioned that in the Capital Markets Day and I suspect you will hear me mention that many more times in the foreseeable future.

Another opportunity we clearly have available is our Global Excellence Centres, which right now make up about 10% of our total population and has significant opportunity for growth. If we use that right, then we are not just creating growth in the Global Excellence Centres but we will also be able to create growth in those organisations and those centres in the Western world that cooperate with the Global Excellence Centres.

So the outlook, just to summarise it. We will continue to use our strategy, as I think you would expect us to do. We think that we have a very positive market outlook so being diligent and disciplined in deploying and implementing the strategy and capitalising on the opportunities
that markets have available to us will allow us to meet the commitments we made back in November.

As the press release also suggested, we expect that in 2018 we will obviously make a start with that. We see plenty of opportunity to continue to grow our revenues organically and to improve our operating margin throughout this year.

**Priorities 2018**

- Deliver **financial objectives** as per the strategic framework 2018-2020
- **Select** projects, businesses and geographies where we can lead
- Improve **project delivery**
- Invest in **people and culture** to build the workforce of the future
- Innovate to become a **digital frontrunner** in the industry
- Contribute significantly to the UN **Sustainable Development Goals**
- Conclude the strategic review process of **CallisonRTKL**

To wrap it all up, I am not going to repeat each and every bullet, because several of them were already discussed as we went through the presentation.

But of course, the very first priority for all of us in ARCADIS is to deliver on the commitments we made in terms of our financial performance as per our strategic framework. I can assure you that everyone is definitely focused on just doing that.

One way to do it is to again make sure that we select the right geographies, the right clients, the right projects and that also means that we will have to make some choices. That means that we will not focus on some clients or some projects. We will not pursue those anymore if they do not provide us with the adequate return that we expect to get.

I talked about the opportunities we have available to ourselves to improve our project delivery. We will continue to invest in our people. At the end of the day, they will make a difference.

I talked about innovation, about the sustainable development goals we want to contribute to and then, as we also mentioned, we plan to conclude the strategic review process for Callison RTKL in 2018, which is a process we started back in 2017.
At the bottom line, I am really pleased with our performance in 2017 but I am probably equally pleased or equally excited with our opportunity going forward. I can now say after nine months in ARCADIS that I have a firm grasp on our capabilities, on our improvement opportunities and that feeds into that optimism.

With that, we are ready to take your questions.
QUESTIONS AND ANSWERS

Hans Pluijgers – Kepler

Good morning, a few questions from my side. First of all, in the US you indicate that across the board you see an improvement but could you give some background on what you see in the market and how you internally your performance is doing? What are the key drivers you believe that result in that improvement in the performance?

Secondly, on Australia. You indicate you have some execution with some projects in the first half but if I look at the margin on Asia Pac level I see comparable pressure on the margin in H1 and in H2. Is it ahead on the full year then? How should I look at that?

Then on Brazil, where you had stabilisation and almost break-even. Could you give some feeling on the different segments how that is performing?

My last question is on the payables. There is quite a significant decline in the total payable number but could you give some feeling on the DPO? How is this developing? The currency of course also has quite a significant impact there. Is the DPO trending down? Could you give some flavour there?

Peter Oosterveer – CEO ARCADIS: Let me take the first two questions and then I will ask Renier to take the last two.

In the US, you are right to recognise that we have done quite well. As I mentioned in my comments, it is not something we expect to be an incident or a one-off. I think we are optimistic enough and we have seen enough now to continue to see solid opportunities and solid growth in the US. What is contributing to it? In July we mentioned that we made some significant management changes. Sometimes, that is where it starts and, in our case, I would say that is where it probably has started as well. These changes – and now I have another six months under my belt – were indeed the catalyst for creating the change we have now seen in our performance.

If you then look at the next level down, you see that in fact all our four businesses have contributed to that improvement, including Water in the fourth quarter. That was the one that was probably lagging a little bit. We already mentioned back in July that Infrastructure was doing quite well, not just for the first time. In fact, it is now three years whereby it has shown double-digit growth. I think that opportunity will continue to exist. Infrastructure in the bigger scheme of things for us in the US is not the biggest market, so I think there is definitely more upside. I would say the management changes, the focus on our clients – some of the things
we did globally but probably had a bigger impact on the US – have really contributed to what I think is now sustained improvement.

On Asia Pacific, Renier made a reference that we had some issues on executing at the beginning of the year. It had largely to do with the last bit of the implementation of the Oracle-system, The ARCADIS way. As you might recall, Australia was the first larger region, which was subject to the implementation. Subsequent to Australia, we now had had many more regions implementing the Oracle system, but clearly the growing pains tend to be a little higher with those regions who are first in line. That is what Australia clearly was. I think we have that largely under control. There is still room for further improvement but the attention the Oracle system implementation took diverted people a little bit away from focus on improving project delivery.

Renier Vree – CFO ARCADIS: Maybe to add, in the second half year both for Asia and Australia margins were higher than in the first half year for both regions within that segment.

Hans Pluijgers – Kepler: Yes, but that was also visible in the previous year. So, the decline year on year in the margin was comparable. So, is there a seasonal impact then that the margins are always better in the second half?

Renier Vree – CFO ARCADIS: For Australia, there is quite a seasonal impact because with summer and winter being different here, they tend to have their highest activities at different times than us. So indeed, there is some seasonality.

Hans Pluijgers – Kepler: But is that an additional reason why in the second half the margin was also under pressure despite the very high growth?

Renier Vree – CFO ARCADIS: In the second half of 2017 the operating margins in Australia were good.

Hans Pluijgers – Kepler: They improved year on year?

Renier Vree – CFO ARCADIS: They were the highest we have in ARCADIS. We were very pleased with the margin of Australia in the second half year.

On Brazil, what we finally started to see there is that the private sector is coming back to life. In previous conversations we said that in the public sector you could see spending still [sound off] private sector, which is most important for ARCADIS when it comes to Brazil. That was very slow. In the environmental side we have seen for the last year and a half or so particular work on environmental projects for due diligence, because there is a lot of M&A activity in the country and then we do the environmental and technical due diligence. Now, we have seen also that the more typical project management and to some design engineering projects are starting to come back in the market and therefore, the backlog improved. With the significantly reduced headcount – it dropped another 400 people during 2017; we are now to 860 and originally over 3,000 if we go back three years in time – we are confident that we have skilled
the organisation to the right level and that now it is a matter of making sure we execute with that staff the projects in the market. Pricing is not great, so in that sense I do not expect the margins to suddenly become very attractive as they have been in the past, but the significant 'bleeding' that we have seen in Brazil should basically be over by now. Chili is more stable right now and Peru is actually a good market that has improved its performance.

On your last question, on DPO: it is not a measurement we have in place but of course that has to do both with subcontractors as well as the cost for which you would have invoicing. I am not aware of anything unusual or specific happening around payables. Indeed, there is a currency effect but the focus we have in terms of cash flow and working capital is about our receivables and work in progress and that is also where the reduction came from. So, in terms of payable percentage, if you would calculate that, there is no change that I am aware of.

- **Luc van Beek – Bank Degroof Petercam**

First, another question on Brazil. You talked about a better order intake. Could we expect to see that already in revenues in Q1 or will that translate in the course of the year?

**Renier Vree – CFO ARCADIS:** Definitely. We have seen that order intake happening and therefore, productivity is up. We still have less people now than we had one year ago, so it does not mean that we will see growth numbers but in terms of bottom line it will be better, we expect, already in the first quarter than it was one year ago.

**Luc van Beek – Bank Degroof Petercam:** Okay. And then a question about Callison RTKL. You are now talking about a sale. Would that necessarily be a 100% sale or would you consider a scenario where you would keep an involvement to keep synergies with the rest of the business?

**Peter Oosterveer – CEO ARCADIS:** When we started the process, which you rightfully described as a strategic review process we looked at different options but we did not at a partial sale. So, it will be unlikely that would change that course. It was never part of our initial assessment and again, we will probably not change that.

**Luc van Beek – Bank Degroof Petercam:** Then a question about the restructuring, which was mainly in France and Brazil last year. I think those programmes are now over. Is there anything that we should expect for the coming year, any regions where you see imbalances that need to be addressed?

**Peter Oosterveer – CEO ARCADIS:** In Europe, France, it is not completely over. So, there is still some work there in terms of restructuring continuing. But there are no other significant restructuring programs currently happening in the company.
Luc van Beek – Bank Degroof Petercam: And then finally on the Clean Energy assets in Brazil. You say that in Q1 it will be operational. Should there be any further financial impact in Q1?

Peter Oosterveer – CEO ARCADIS: As I said, the gas plant will come up to steam towards the end of the quarter and the gas-to-power plant to produce electricity is more in the second quarter. So, there will still be some losses in the first half year but far less than what we have seen in the last part of 2017.

Luc van Beek – Bank Degroof Petercam: That is clear. Thank you.

- Philip Ngotho – ABN AMRO

My first questions are on working capital, maybe to start with the Days Sales Outstanding. In the Middle East you indicated that was above 250 days, so quite long. At the same time you are saying you are quite confident that you will get paid. At what point will you actually decide that it is enough and that you will probably not get paid and take a write-down? We have seen with other companies as well that they have been taking write-downs in the Middle East if they have not been paid after one year or so.

I am a bit surprised about the statements about the payables outstanding but it is not a specific item or KPI. If I remember correctly, last year you mentioned in your press release that would readjust your payments policy through align it with industry practices. I cannot recall the exact statement but it is one of the press releases. Other than that, if you just look at the Days Payable Outstanding, according to my calculations it is actually increasing now to 111 days versus your historical average pre-2014 of around 80 days. The industry is also at 80 days. How confident are you that you are able to keep this level of DPO?

Peter Oosterveer – CEO ARCADIS: Let me take the first question. For the Middle East – particularly in Qatar and Saudi Arabia -- but also in other regions we look at those outstanding amounts client by client and project by project. What is important to decide on whether more provisions are needed – of course we have some provisions – is whether there is progress. On a number of projects we have seen payments coming in but on others not so much. It is not just that in these countries, as I tried to explain earlier, that you send an invoice and then the client will pay you. For instance, in Saudi Arabia it is a process where the municipal governments need to approve. Then it goes to the province and ultimately it ends up with the ministry of finance that needs to make the payment. They give insight in where the invoicing is going and when the payment is to be expected. Based on the insights we have in that, we are comfortable that this will happen in 2018. So, it is really the underlying progress that gives us the confidence. If that would reverse and not be an expectation we can continue to have, it would lead to a different conclusion but for now, we have reason to be positive about it.
On your second question: I said that the DPO is not the measurement. Our payment practices are not different than the industry’s. What plays a role in our payables is again the Middle East, where for a number of projects we have the pay-when-paid principle. Also that was shared with you. There were quite significant amounts that we owed to subcontractors who only get paid when the ultimate client has paid us. That is a significant amount in our balance sheet and of course that is there until we have been paid for the work we have done on the typical subcontracting for remediation work or for the laboratories, for rent or for whatever. I am certain that there is no difference in the way we handle suppliers than what has become practice in the industry and other industries.

**Philip Ngotho – ABN AMRO:** So, you are implying that regarding the DPOs it is only in the Middle East that it might be out of sync with the industry average?

**Renier Vree – CFO ARCADIS:** It is also not for the industry. I am sure that competitors or peers that have contracts in the Middle East where they use subcontractors have exactly the same principle/ the pay-when-paid principle is very common in the industry, so you do not have to pay your suppliers until you have been paid yourself. That is the way the contracts have been designed.

**Philip Ngotho – ABN AMRO:** Then another question. You made statements that you were happy with the progress that you are making on finding the replacement for a new CFO. Can you give us a bit more insight what you are referring to and whether it is going to be someone internally or externally? Anywhere in the process?

**Peter Oosterveer – CEO ARCADIS:** I fully understand that this is of interest to all of us and rightfully so but when Renier informed us about his decision – which was on 3rd January – we did not lose a bead to start the process to identify his successor. We had a timeline in our mind for the completion of that process. As you will appreciate, finding someone at this level is not something you do on a rainy Saturday afternoon. It takes a little bit more time. We said we are considering both internal and external candidates and that is what we have done in the process. The process not yet been completed but we expect it to be completed within the timeline we had in mind when we started it early January. By the time that we will have that process completed, you will be amongst the first to hear what the decision will be. Trust me.

**Philip Ngotho – ABN AMRO:** Can you say anything about the timeline? What did you have in mind?

**Peter Oosterveer – CEO ARCADIS:** I would rather not take a firm commitment on the timeline but it is very much going with what we had in mind when we started the process.

**Philip Ngotho – ABN AMRO:** Maybe one last question on just the overdue receivables of EUR 147 million. Can you just remind us how much is coming then? What part is from the US and what part is related to the Middle East, so the ones that are more than 120 days overdue?
Renier Vree – CFO ARCADIS: If you take those two items together, we are talking about some EUR 40 million.

Philip Ngotho – ABN AMRO: Just those two items together?

Renier Vree – CFO ARCADIS: Yes.

Philip Ngotho – ABN AMRO: But then there is still quite a big share, a large chunk of EUR 100 million that is unexplained in the system.

Renier Vree – CFO ARCADIS: Well, not explained on that slide but internally, of course we have that list by client, by project in fine detail. But those two are the two biggest ones.

Philip Ngotho – ABN AMRO: And is that EUR 100 million also mostly skewed towards the Middle East?

Renier Vree – CFO ARCADIS: No, that is much more spread around … it is a bit more skewed to emerging markets, as it always has been. You see that in Asia and in Latin America it is there. Some of it is in the Middle East, but it is not dominated by the Middle East.

Philip Ngotho – ABN AMRO: Thank you.

• Edwin de Jong – NIBC

I have a couple of questions, of course on Brazil again. So, you are investing quite a lot into the bio mass plants and you are going to sell them of course. Can you give us any idea of what has been invested over the years or what the book value is, to give us something of a grip on what the value of those assets could be?

Renier Vree – CFO ARCADIS: Well, the net asset value in the books of ARCADIS is EUR 14 million. So, that is a relatively low amount, also because the losses continue to be deducted from the investments. Therefore, the amount in the books is relatively small.

Edwin de Jong – NIBC: And you would expect to sell it at a couple times book, then?

Renier Vree – CFO ARCADIS: We expect to sell it at a profit, yes. But of course, there are also loans in the entities because these are typically leveraged assets, as you would expect in the Energy business.

Peter Oosterveer – CEO ARCADIS: Maybe it is good to add one more point, also as part of the investment. We had an external valuation done of those activities to help us confirm that
Edwin de Jong – NIBC: I think I leave it at that, for now.

Edwin de Jong – NIBC: Too bad!

There is much emphasis in the strategy on digital and rightfully so, I think. So, we have seen a couple of smaller acquisitions now. Are there larger targets in the markets? Could you say something on the M&A market in that specific field?

Peter Oosterveer – CEO ARCADIS: We do not have any larger targets on our list at this point in time. My expectation is also that this will probably not surface any time soon. That being said – and that is why the two acquisitions are relevant to us – the innovation which I expect to happen in the industry is not going to simply come from within. Innovation will need external forces, external catalysts as well. Hence, the two acquisitions we did. Without saying anything more specific, you can expect us to continue to do this sort of thing to enhance our digital capability. I can tell you that we are not looking at something of a really large scale at this point in time. I do not think that is what would be required at the end of the day.

Edwin de Jong – NIBC: But is there any larger company in that space?

Peter Oosterveer – CEO ARCADIS: There are of course the large digital companies. There are probably two levels. First there is the level that we largely control ourselves, which is to really digitise all our inner workings. You have heard about the Oracle-implementation but that is just part of it. But it is not the only part. Another part of it is to use building information, modelling or managing for the full 100%, for which we still have some ways to get there. In fact, that is for the industry as a whole. First of all, you convince yourself that you, as a service provider, are fully digital. The next step would be to really offer different business models, different offerings to the clients whereby you get paid for the service you provide, the value you provide as opposed to just for every man hour. That is the second part. There are companies who can help us with that second part but there is not one single company that I know off which would all of a sudden accelerate that whole process.

Edwin de Jong – NIBC: Clear. Somewhere this year 197 of USPP will be released. When will that be? Will that be in the first half of the year or in the second half?

Renier Vree – CFO ARCADIS: There are two elements. One is part of the USPP outstanding and another part is the bank term loan that is coming up for renewal. That will be in the middle of the year but not in the same month. One is at the end of the second quarter and one is at the beginning of the third quarter. But it is in the summer time.
Luc van Beek – Bank Degroof Petercam: Thanks.

Jurgen Pullens – IR ARCADIS: I understand there is a question in the conference call, so I would like to switch to the call. Please go ahead.

• Bart Cuypers – KBC Securities

I have a question on the long-term overdue receivables on which already quite a lot has been said. There is quite reduction in the total amount of net receivables but the long-term overdues increased still to a limited amount, despite the significant payments in Qatar. Is that due to only the moving of the government ladder in Saudi Arabia or are there some other aspects playing that the long-term overdues increased slightly?

Renier Vree – CFO ARCADIS: Ha Bart. Thanks for asking that question through technology. The only reason why the amount went up is because of the receivable in the US for this Oil and Gas project. That shifted to the bracket of over 120 days and because of that, the overall amount went up. Otherwise, it would have declined.

Bart Cuypers – KBC Securities: And then also a little question on the restructuring, on which already some things have been said. Brazil is starting to clear up again and then there is France, where still some restructuring is expected to be ongoing. Can you give a rough indication of how much of the restructuring that has been booked now – the EUR 20 million – is France and how much has been Brazil?

Renier Vree – CFO ARCADIS: I do not have the exact amounts. In the fourth quarter, France was the biggest piece. For the whole year, it was not just those two but they were dominating the expenses. Brazil was bigger than France in that sense. In that way, looking forward, the fact that Brazil will need no or very little restructuring money, votes well for the non-operating costs.

Bart Cuypers – KBC Securities: Thank you very much.

• Question

I have some follow-up questions on the last item, first of all with respect to the restructuring. You said that it will both be well for the non-normal costs but could you give some indications or guidance for the one-off costs for 2018, the last year you have been doing that?

Secondly, coming back to the over-120-days-dues: I understand that also a lot of governments are in there – you say not in the Middle East and in the US – but is there a turnover of clients in that? Is that a list with continuously new names or is it quite a stable list with the same
names? Also with respect to projects? Are there being payments on those 120-dues at the same time new ones are coming in? Could you give some feeling on that turnover there?

On the UK, you already indicated a strong order book. Could you give some flavour on how that will work out in growth, especially in the first half, for the UK? We saw already strong growth there last year but do you expect some pick-up in growth? You should have quite some visibility, especially for the first half. Could you give some feeling on that?

Peter Oosterveer – CEO ARCADIS: On guidance I do not think I can add a lot more to what I already said but what we expect is that it will be significantly lower in 2018 than it was in 2017.

In terms of the over-120-days: there is little turnover because in the end it is a number of clients that we are addressing. Sometimes you see one shifting like this Oil and Gas client into that bucket, because underneath there is a lot of focus on this and also progress made, but there are not many new clients suddenly arriving. Also, what Peter said earlier, the focus we have in working for the right clients and picking the right projects and even working in the right geographies, are helping in that respect. In the last half year, that process has become even more stringent than it already was prior to that.

Peter Oosterveer – CEO ARCADIS: We are positively and pleasantly surprised by our ongoing growth in the UK. This is for obvious reasons, because there is a bit of uncertainty hanging over that market that everyone knows and that is what will happen by the time the UK departs the European Union. That being said, so far, the impact has been negligible and the expectation for 2018 is that this will not change. We expect that 2018 for the UK will still be a pretty good year, in spite of that overhang on Brexit. If you would have asked me one year and a half ago – I was not here anyway – whether I would expect that to have any effect on our business I would probably have expected that it would have but we do not see that at this point in time.

Question: With respect to the project wins you have done over the last few months, a lot will start in the first half of 2018.

Peter Oosterveer – CEO ARCADIS: You are talking about new project wins?

Question: Yes.

Peter Oosterveer – CEO ARCADIS: Typically, the model is such that if you win a project, sometimes there can be a delay in starting it, but most of the projects start shortly after you announce the award. For sure.

If you look at your pipeline as well as what we see in our backlog this year, it certainly feeds into the optimism I expressed before.

•  [?] – KBC
I have a follow-up on the UK with regards to the buildings’ revenues. You mentioned in the full year press release that there was revenue growth, carried by Automotive and Commercial. In the first half year we are speaking about margin improvement because of cost actions but I do not read that back in the second half. Could you discuss specifically the Buildings market in the UK? I understand that Infra and Rail Infra will carry growth next year.

Peter Oosterveer – CEO ARCADIS: So the question is what we expect from the Buildings side?

[?] – KBC: Yes, can you discuss a little bit how the market is behaving currently.

Peter Oosterveer – CEO ARCADIS: Buildings in the case of the UK in particular is not just maybe the typical buildings. You are thinking about real estate but it actually includes other components of the market as well, for example the work we do for Jaguar Land Rover is in our Buildings business as well. That continues at a really nice tick. That being said, in the more traditional building side, we still see lots of money flowing into the country, which ultimately translates into buildings opportunities. Again, in 2018 we do not expect to see that to decrease.

[?] – KBC: Underlying, without cost measures, do you see margin improvement on that side as well?

Peter Oosterveer – CEO ARCADIS: I think the outlook for the UK is positive. We have seen the [Rand] going up; it is also from an inflation point of view a business where it is important that you make sure that your cost inflation is moved on to your clients, which is anyhow a topic we are addressing in a number of our markets to help expand our margin. That also applies to the UK.

• Maarten Van Beek – The Idea

Could you give some indication of how much capital expenditure you expect this year? Talking about capital expenditure: you are spending money in Brazil, in the energy facilities; how much do you still need to put in there?

You also mentioned the net asset value but also the loans, so exactly what is your total investments in the Energy assets over there?

You […] for tendering in the Middle East. What has exactly changed? Could you give more colour about expecting payment terms and whatever? Is that a new issue or a topic when you want to go for a deal?

In general, you mentioned that there is a good environment. Could you give some colour on the tariffs? Are you able to pass on higher tariffs for your people?
Renier Vree – CFO ARCADIS: On capital investments we have seen in 2017 a normalisation, because it has been a bit higher in the years before. So, as a proxy what is a realistic outlook for 2018? It should not be too different if I would have to model it. That is not the capital investment. The investment we are making in the associate is recorded as an investment in associates, so that is not recorded as a capital investment. Part of it was already invested in 2017 and the larger part is happening in the first quarter and some of it in the second quarter, but mostly in the first quarter. When I mentioned the net asset value, that is the net number. So, EUR 14 million is the net number that we have in our books for equity, which in fact is zero right now.

Peter Oosterveer – CEO ARCADIS: You had a question on the Middle East and the last question was on our ability to pass on increases in salaries.

Maarten Van Beek – The Idea: Tariffs to you clients.

Peter Oosterveer – CEO ARCADIS: Regarding the Middle East you asked what the change in the Middle East entails and what it ultimately would mean to us. What it does right now, is a much sharper focus on picking the right clients. The clients who have demonstrated to us that they have a habit of paying the people by the time the service has been provided. As you have seen, that will lead to declining revenue initially but it does not mean that you cannot find other clients in those regions who have that same behaviour and/or do more work for the clients who have already demonstrated that to you. So, I was fully prepared for that to have initially have a negative impact on the amount of work that we would win. That is what you expect people to do; you do not expect them to sign each and every contract, even if they know that the client is not paying. So, I was fully prepared for a temporary decline in revenue and profitability as well. Over time, that should go up. If it does not go up, then we need to ask ourselves whether this is still a place where we want to operate.

Your second question is whether we will be able to pass on increases to our clients. That is largely depending on the contracts. If you have a lump sum contract there is simply no chance because you sign up for a fixed price; if you have a cost-plus contract you have a clause in there that you can pass annual selling increases, if you are smart. The good thing about our work is that we have projects which take any many years. If you do not have that clause it can be painful, but most of our projects have a relatively limited duration, which does not exceed a year. Yes, you need to be smart but the issue is not a huge issue for us because of the nature of our work. If you only had a portfolio with projects of five years and more, which I am actually quite familiar with, then it can potentially be painful.

Philip Ngotho – ABN AMRO

I have a few follow-up questions. First of all, I just want to understand a bit better the contract that you have in the Middle East. You said that one of the reasons for the payables increasing was because you pay when you get paid. But what happens if theoretically you do not get
paid? Does that mean you still have to pay your suppliers or are you going to default on those payments? So, I would like to understand the contract structure there.

My other question is on the outstanding guarantees. I know you will probably publish it in your annual report but can you already give an indication of how that has developed at the end of 2017? We saw a tripling of outstanding guarantees over the last three years, whilst revenues increased only by 25% if you take the Hyder acquisition in account. So, maybe some colour on that as well would be nice.

The last question is on Callison RTKL. Can you give an indication on how the order book, the back log has developed in Q4? There was a decline of 10% over the year but how has that developed in Q4?

Peter Oosterveer – CEO ARCADIS: Let me take the Middle East first and then I will ask Renier to answer the other two questions. Pay when paid in the Middle East means exactly what it suggests: you do not pay your subcontractors or your vendors until you get paid yourself. We have a wide variety of contract in the Middle East. We have contracts whereby for instance we get paid for every hour but where we do not have an obligation to pay our subcontractors. They get directly paid by the client. There are situations where we have a lump sum contract and we have subcontractors and then we are responsible for the subcontractors but the principle of only paying the subcontractors when you get paid in the Middle East is a very common principle. Can I guarantee that on all 100% of our projects in the Middle East we have that clause in there? I would have to check all of them to make sure that this is the case but generally speaking, it is very common in the Middle East to have that principle in there. You only pay your subcontractor if you get paid yourself.

Philip Ngotho – ABN AMRO: But on these specific projects that are on top of mind, where you have a lot of focus on, I assume that you probably know those contracts quite well, 250 days of DSOs could actually mean there could be a write-down at one point. We just have to see what happens in 2018. At the same time, you have indicated also in the past, that by the end of 2017 or id 2017 you would get paid. We are now in 2018 and you still have not got them paid for some parts of the projects. So, I think it is a realistic assumption or probability that you might not get paid in the end. What would happen then on your payables? Would you still have to pay your subcontractors?

Peter Oosterveer – CEO ARCADIS: First of all, the risk that we do not get paid for in 2018 or, to say it differently, can I guarantee for 100% that we will get paid, is a bold statement. But the confidence Renier expressed is not just based on the feeling that we are getting further down the line but because of specific signals that payments are moving through the channels. I think you are specifically referring to the contracts in Saudi Arabia and that is what Renier also explained. I am not counting with a potential of not getting paid for these contracts in the Middle East. I am confident that we will get paid in 2018 for these contracts.

Philip Ngotho – ABN AMRO: But if not, then you would have to pay your subcontractors?
Peter Oosterveer – CEO ARCADIS: I do not know whether we would have to pay them at that point in time.

Philip Ngotho – ABN AMRO: That sounds like a very good contract!

Peter Oosterveer – CEO ARCADIS: That is what pay when paid actually suggests. If you do not get paid you do not pay your subcontractors.

Renier Vree – CFO ARCADIS: On guarantees: indeed, our annual report will be published on February 27 and in there many more details on that will be available. I know a few things from the top of mind. It did increase and the use guarantees is very much dependent on where you do business. In Continental Europe it is not very common to use guarantees on projects; maybe you need guarantees for rental contracts for the buildings you are in. In other regions – again, the Middle East – at the beginning of a project you have to give a bank guarantee for the size of that project. That is how it works in the industry in the Middle East. So, differences between regions are the main factor why some guarantees are higher. By the way, as you know, I have been with ARCADIS for eight years and I have never seen a guarantee being called anywhere in the world. It is a common feature in some parts of the world but not one which is activated in reality, at least not in the last eight years. In 2018, there will be some movements in guarantees but it will not be a very significant change compared to 2017.

Your last question was on Callison RTKL. In the fourth quarter there was a reduction in the order book.

Philip Ngotho – ABN AMRO: By how much?

Renier Vree – CFO ARCADIS: A few percentage points.

Philip Ngotho – ABN AMRO: Maybe just on the guarantees. Some peers report on it and others do not, but it is quite often a very important KPI for risk management to limit the outstanding guarantees. It seems like it is an important item to keep track of. So, you say that in 2017 it has increased and that is mainly because of the Middle East but at the same time revenues have declined in the Middle East?

Renier Vree – CFO ARCADIS: Yes, but the guarantees are given for the value of a contract. When a contract is finished and it is completely over with, then the guarantee is cancelled, given back. That is how the process works. Those things move up and down with the flow of the business with some time lag. We definitely manage it by the way. I do not want to give the impression that we get surprised with how guarantees work, but it is very region-specific. In other parts of the world guarantees are not an item that are part of the fact that a contract has been won.

Philip Ngotho – ABN AMRO: Thank you. Just to be clear: if you expect payments in the Middle East in 2018, then the guarantees will probably come down as well?
Renier Vree – CFO ARCADIS: Yes, definitely. Then the size of the business continues to come down in the Middle East as well.

• Maarten Van Beek – The Idea

If you would decide to sell Callison RTKL and you would get the proceeds, what would be your top priorities for using that amount of money?

Peter Oosterveer – CEO ARCADIS: We have not decided on anything relative to the proceeds of Callison RTKL in terms of allocating it to a particular target. As I said before, we will continue to look at opportunities to enhance our digital capability, so it is probably safe to assume that you will see us make some announcement in a digital space, but we have not made any decision yet on allocating the money, which might become available if we sell Callison RTKL.

• Mark Prins – ING

Regarding the growth of the back log in North America you said that all sectors are contributing in terms of your own activities. Where do you see growth coming from on your clients’ side? Is that private money, public money, stimulus programmes, private companies, certain sectors that are returning to spend money there? Can you elaborate on that?

Peter Oosterveer – CEO ARCADIS: The percentage is […] between private and public and we see spending in both categories and spend increasing in both categories as well. I know that sometimes people think that when the federal government do not make a decision on a particular plan, for instance the big infrastructure plan from the US government, you do not see any investments in infrastructure in the meantime. That is absolutely not the case. As we have said before, states and particular states like Texas, Georgia and California will continue to invest in their infrastructure. That is where we actually see most of our growth as well. So yes, would it be nice and good for us if the federal government would approve the infrastructure spend? It would certainly open up lots of potential but it is not as if we are sitting on the fence waiting for that to happen and do not have plenty of opportunities in the meantime. So, it is both private and public and the absence of for instance an approved plan on infrastructure from the federal government is not making us overly nervous.

Jurgen Pullens – IR ARCADIS: A last question? No? If there are no further questions, I would like to thank you for your participation and your presence here. I close the meeting. Thank you.
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