Operator: Good day ladies and gentlemen and welcome to the Arcadis Third Quarter 2010 Conference Call. For your information today’s conference is being recorded. At this time I’d like to hand the conference over to Mr. Joost Slooten. Please go ahead sir.

Joost Slooten: Thank you Marian. Good afternoon and good morning. My name is Joost Slooten, I’m the Director of Investor Relations for Arcadis. I’d like to welcome you to this Arcadis Conference Call. We are here to discuss the company’s announcements of the Third Quarter Results 2010 and Strategy Update which were released this morning. With us during the presentation are Harrie Noy, Chief Executive Officer; and Renier Vree, Chief Financial Officer who will discuss results and answer your questions. The PowerPoint presentation being used during today’s call is available through the investor section of the Arcadis website to which the address is www.arcadis.com/investors.

Just a few words about procedures before we start. We will begin with formal remarks and 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’d like to call your attention to the risks related 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 Noy: Thank you Joost and welcome everybody to this Arcadis conference call. I will first start with the total overview and then Renier Vree, our CFO will take over to guide you through the details of the results in the third quarter and the third quarter year to date.
I will go to slide number 3 which highlights the key elements of our performance in the third quarter 2010 and I’m very glad to report that performance in the third quarter of 2010 was in line with expectations. Gross revenues were up 7%, net revenues were up 2% organically in line with the expectation that we have given earlier that we expected organic growth to return in the second half of this year; and the good thing is that all of our business lines contributed to this organic growth of our net revenues. Net income from operations was 5% higher. Our margin remained at a good level despite more challenging markets in Europe. On the other side the environmental market was strong especially in the United States. RTKL showed considerable growth and recovered from the downturn much faster and stronger than we expected, and also Brazil and Chile continue to do very well contributing to growth in the quarter. For the full year 2010 we expect a slight profit increase in line with the expectation that we have given at the end of the second quarter. We also have finalised the update of our strategy and we have come up with a strategy for the year 2013 and within that framework we have maintained our goals for growth and margin. Later on in this presentation I will guide you through the details of that strategy update.

For now I will give the floor to Renier to guide you through the third quarter results. Renier.

Renier Vree: Thank you Harrie. Good afternoon ladies and gentlemen, it’s a pleasure to be with you again. I’m now on slide number 5 which shows us that gross revenues increased 7% in the quarter to €503 million while net revenues improved by 9%. In that growth there’s a portion of the 7% impact from positive currency developments especially from the stronger US dollar as well as Brazilian real. EBITDA improved by 18%, we took out the one-off charge in 2009 third quarter which was related to the share participation charge, then the recurring EBITDA increased by 10% this quarter. Our net income from operations improved by 5% as did the earnings per share which is less than the EBITDA increase because of the higher financing charges related to the position of our portfolio as well as a currency effect on the US dollar especially.

Let’s go to the next slide and see what it brings us after nine months and you will see that our growth revenues for the period January-September over €1.4 billion which is up 12% while net revenues increased by 14% to over €1 billion. In that the currency impact is 4%. Our EBITDA
improved 12% on a recurring basis for the same reason as mentioned on the quarterly results by 9%. Net income from operations grew by 8% as a consequence of the higher EBITDA and also higher financing charges and taking into account the increased number of shares this meant an increase of 1%.

Let’s zoom in on the development of the gross revenues on slide number 7. It may look a bit strange that you see no bars in the column for Q3 2010 but the reason is that the organic growth was exactly 0% as was the impact of acquisitions and divestments. Last year we had a large energy product in Brazil which was completed in Q4 which is important to take into account when looking at the development of the gross revenues. Therefore I think it’s more relevant now to switch to the slide on net revenues on the next page and the development of net revenues. You will see that all four business lines have increased organically after a volatile period. That’s the first time since the third quarter 2008 that all our business lines contributed to growth. We will give you more details of the business lines including the outlook later on in the presentation but I also would like to draw your attention to the line before the business line buildings where you can see that we had a significant suffering during the recession and now also the buildings business is able to report positive growth for the third quarter.

I’m going to move to slide number 9 which shows the recurring EBITDA for the last five years where you see that the EBITDA increased by 10% as mentioned earlier and that the EBITDA margin in the quarter was 10.1% which is equal to the margin we have realised in the third quarter of 2009.

On the next slide you see more details of how the EBITDA development from last year to this year occurred. There’s an impact of +9% from currency, a slight negative impact from acquisitions and divestments; and then a 4% gain for energy projects. That is the impact in Brazil of the sale of the first part of the energy portfolio as we mentioned to you also in previous calls. Then the net autonomous impact of the EBITDA development is a slight decline of 2%. In this EBITDA development result, the US, Brazil, Chile and also RTKL were better than they were last year, obviously an impact that the profitability of Europe declined somewhat because of a decline in revenues and also price pressure we face in the marketplace. This quarter we have no
benefit from the carbon credits, otherwise a still small positive impact in 2009. Restructuring charges were €1.5 million which is an equivalent amount of €3 million in 2009.

Then on the next slide you see there that the margin that we have realised stayed at a good level and here we take out the impact from the energy projects operationally but also losses and gains on civil projects and you see that margin for the third quarter is 9.9%. Year to date reorganisation and integration costs were 4.8 million, accumulating less than the same period last year. Costs were controlled well over this period because net revenues increased in Q3 by 9% as reported to you, a cost increase by 8% so that shows that our focus on the availability of our staff and focus on overhead management has again paid off.

Moving to the next slide number 12 where I would like to mention to you that although we had no revenues from carbon credits this quarter the process to obtain those revenues is proceeding as we have expected and in the fourth quarter we expect to see a contribution from carbon credits to resume. The financing charges year to date were €13.7 million which is more than last year because of the financing we have done for the acquisition of Malcolm Pirnie and also because most of our debt is in US dollars for which the interest charges are now translated into a higher exchange rate. The tax rate year to date is 33.5% while last year the rate after nine months was 36.5% and it’s important to mention here that in the fourth quarter of 2009 we calculated a rate of 24.7% because of a number of tax benefits that were included by then, while we have this year already included those benefits in the estimate for the full year and therefore we expect that the tax rate for the full year will be close to where we are year to date which is also very close to the level we had last year of 33.4% and I think it is important to mention to you in relation to the outlook for the full year about income from operations that we mentioned before. Income from associates was also higher as was the impact of minority interest as a consequence of the improved performance of our Brazilian operations.

Then I move on to slide number 13 where you see that our net income from operations improved by 8% to almost €55 million year to date and taking into account the increased number of shares after the acquisition of Malcolm Pirnie, our earnings per share increased to €0.83 for the first nine months.
On the next slide you see that our balance sheet remains healthy. We have reduced our net debt further in the third quarter. This also has to do with the fact that the US dollar rate was in this quarter lower than the rate we had at the end of June and we stay with a net debt over EBITDA ratio of 1.5 well below the level that we have agreed with the banks to stay under of 3 and you know that we don’t want to go over a level of 2 to make sure we keep our flexibility to operate in Arcadis.

With that I would like to switch to explain to you the performance of the various business lines. Most of the information in the figures we use are year to date numbers unless we specifically mention numbers for the quarter. On slide number 16 you see there the performance of infrastructure where organically the gross revenues declined by 5% while net revenues see an improvement of 2%. Gross revenues as mentioned earlier has to do with the decline there that we finish the subcontracting of some large power plants in Brazil at the end of last year. In Europe we see that local governments are working on balancing their budgets, therefore we see pressure on the funding available for projects. After an earlier decline in infrastructure in the US we see now that the US is stabilising its performance in infrastructure while in Brazil and Chile we see a very strong growth not only because the economy is doing well but because the private companies, our clients there make very significant investments in infrastructure in the mining and energy sector.

Then we will go to the next page about the Water business line. We see there that organic gross revenues grew by 1% while the total revenues improved by 67% mostly as a consequence of the acquisition of Malcolm Pirnie. Net revenues grew by 4% year to date which is a combination of an increased level of activities which is slowing a bit in both Europe and the US for the same reason as mentioned for infrastructure. We repeat here a contract we have won in California for the Delta Stewardship Council for water management and also in the UK we have a few new contracts in place for the water business.

On the next slide on the Environmental business we can report that revenues have grown by 12%, organically by 1%. Also here the acquisition impact is from Malcolm Pirnie which also has an environmental business line. The development of net revenues has been flat year to date. Within the quarter we saw a significant pick-up, you already heard that from Harrie about the
Environmental business in the United States. On the other hand in Europe there was a decline in the environmental activities again because of reduced government spending because the private sector hasn’t picked up growth activities so far. We did win a large contract for the US Army to serve them in a number of countries in Europe which we are very proud of. Finally on the business line buildings, here we see that year to date gross revenues have declined by 4%, organically by 6% and gross 7% on a net basis but in the quarter organic net revenues increased by 2% which is especially a consequence of a strong recovery in RTKL which has been able to win significant projects in Asia and the Middle East which helped them to recover from their slowdown in the United States. In Germany we see an increased demand for project management activities, not others for hospitals. Also the UK showed some improvement in their building activities. Finally we are acquired the company AHS in Beijing which helps us to strengthen our position for RTKL in China to grow in the healthcare sector and also in other activities in China.

With that Harrie I’ll give it back to you.

Harrie Noy: Thank you Renier. I’m going to touch upon the outlook first and then go with you to the strategy update. That brings me to slide 21, first of all the outlook for each of the business segments in which we operate. Infrastructure can be characterised based by growth is weakening. We have to be aware of the fact that many projects in infrastructure are based in multi-year programmes with committed financing, so the weakening of the growth that we are seeing is mainly coming from local governments and central governments that we are involved in big projects for which financing is committed and that impact is up until now more limited. We have seen that new governments in the Netherlands is phasing out the funds for strengthening the economic structure of the country and that fund was used to a large extent for infrastructure projects, investments in major infrastructure projects and given the fact that that fund is phasing out we do not see a short term impact because the phasing out will not have an impact on existing projects there that are in our backlog. On the other hand we see more the use of public-private partnerships, that’s also part of the government plan in the Netherlands but not in the Netherlands we see more use of public-private partnerships, we see that actually in other parts of Europe as well and also the United States there’s a strong drive towards public-private partnerships as an alternative for public financing of infrastructure
projects. Brazil and Chile are expected to continue their strong performance. We have had strong order intake both in Brazil and Chile and that strong order intake that we have seen over the past few months is a solid basis for continued growth of our business and infrastructure in those countries.

Water we expect to be relatively stable because financing is based on specific water charges. We might see in the short term some impact of US government spending but in general we think that that market is relatively stable for the reason I just mentioned. Also strong underlying drivers: the need for clean water, climate change both driving water treatment and water management activities. We acquired Malcolm Pirnie last year and we have seen quite a strong amount of synergies with Malcolm Pirnie both in the United States and internationally and that’s also a strong basis for our activities going forward.

The Environmental business, we expect a gradual recovery of that business based on the fact that the recovery of the economy leads to an increase in demand from the private sector. We have seen that already in the United States and we expect that with some delay that’s also going to happen in Europe. We see also a plan towards outsourcing of portfolios and vendor reduction and that gives us an opportunity to gain market share. This year we have won only a limited number of GRiP contracts, that’s not because we lost tending processes, but that’s just because there are not that many GRiP contracts in the market at this point in time, nevertheless we are involved in several of those types of processes and the pipeline with potential GRiP projects is well filled and we expect that somewhere over the coming period we are going to see the impact of those projects in the pipeline in our order book.

In Buildings the situation is improving, not so much in the commercial property market in Europe and the United States. That market is stable albeit at a low level, but the backlog of RTKL is healthy due to Asia and the Middle East and we expect that trend to continue. We acquired AHS as Renier just explained and that gives us also additional opportunities in healthcare, especially in China where a big investment programme is being implemented for new hospital facilities.
That brings me to the next slide, the outlook for 2010. Looking at the impact of the economy, that’s positive on environment and buildings. On the other hand we have the impact of the government austerity programmes and that causes some uncertainty particularly for our infrastructure business in Europe. Nevertheless our backlog is healthy and up 6% from year end 2009. That includes a slight slowdown in the third quarter. We’re not concerned about it because that’s in line with the developments that we usually see in the third quarter. It’s the quarter in which we have the holiday period and we are not the only ones that are on holiday but also our clients are on holiday and that usually has some impact on the backlog. That’s what we have seen this year as well. Our backlog as I mentioned up 6% from year end 2009 and if we look at the different market segments then Infrastructure is up 9% compared to year end 2009, Water is up 3% compared to year end 2009, Environment 5% up and Buildings is again up by 7% showing that we have a particularly strong order intake in Buildings in the third quarter.

Maintaining our margins remains a clear priority for Arcadis where we have to take measures, we will continue to take measures to adjust our cost base in line with the revenues that we expect. Synergy with Malcolm Pirnie is contributing to growth and as of 2011 also will create operational benefits. We continue with expanding our business through acquisitions within the framework of our updated strategy and for the full year 2010 we expect a slight increase of 0-5% of net income from operations and that outlook is in line with the outlook that we have provided after the second quarter. Keep in mind the remark that Renier made about tax that has a strong impact in the fourth quarter and if you compare the expectation for the fourth quarter with the results of the first nine months, the tax impact has a big impact, so you have to take that into account.

That brings me to the next slide and I’m going to take you through the strategy update that we have gone through over the past half year. In going through that strategy update, in making that strategy update we first evaluated our strategy over the past five years and we concluded in the past five years our strategy has been pretty successful and worked out very well.

The next slide shows you the development of gross revenue and net income from operations over the last five years, 2004 to 2009. Over that five year period Arcadis was able to show a
compounded average growth rate of gross revenues of 15% and a compounded average growth rate of net income from operations of more than 25%.

The next slide shows you organic growth because we have focused over the past years quite a bit on organic growth based on our client focus programme and based on stimulating cooperation within the company to the little synergies and despite the crisis that has impacted our business as of 2008 we were able to show average organic growth over the past five years of a bit over 6%.

This brings me to the next slide. We also made quite a number of acquisitions over the past five years to add value to our business and also to add value for our shareholders. We have added more than €800 million in revenues through acquisitions but on the other hand we have also divested businesses, businesses that did not fit in our strategy, businesses that did not show the growth we were expecting and also businesses that did not meet our margin standards. All in all we divested about €140 million in revenues. The most important acquisitions over the past five years certainly have been BBL, the environmental company based in the US that joined us in order to be able to deliver service to their clients internationally as well; RTKL, the architectural design and master planning company based in the US but also active very much internationally and benefiting from the developments in the Far East and the Middle East; and the last one has been Malcolm Pirnie acquired last year adding basically strong water capabilities to our portfolio.

The strong underlying trend in our acquisitions has been the shift towards services higher in the value chain. That was an important part of our strategy and that has driven many of those acquisitions that we have completed over the past period of time. Through the merger with Malcolm Pirnie we have added Water as a new business line and through that acquisition of Malcolm Pirnie we are also in the top 10 in the United States, a defined strategic objective of Arcadis to be in the top 10 in the United States whereas we want to be in the top 5 in most other countries. Through these developments we have also been able to strengthen our global position in the marketplace considerably. What is I think also good to mention is that partly through those acquisitions we have been able to create many synergies and I think that has been the basis for creating quite a bit of added value through those acquisitions because it’s not
only the business that we have added but these businesses have grown additionally being part of Arcadis because we were able to create a lot of synergies through the companies that joined Arcadis.

The next slide, number 27 shows that in the last five years our margin has also strongly improved and despite the economic downturn we have been able to maintain our margin above the target level of 10%. Margin last year was 10.2% and in the last quarter in 2010 the margin was 10.1%, so up until now despite the impact of the economic crisis we have been able to maintain our margin at a level of at least 10% which is our target under our present strategy.

Going to the next slide which shows you the key elements of our success, first of all we benefit from a good spread of our activities in terms of geography, in terms of client types and in terms of business lines, very helpful particularly in the present economic conditions. That’s certainly one of the elements that has guided us through the present economic times. We have been able to produce solid organic growth through client focus on internal synergies. We have had a consistent focus on higher added value services. We have done quite a number of acquisitions that fit our strategy and really add value. We have been able to reduce working capital and we benefit from strong management and excellent people throughout our organisation. So these elements that have driven our success over the past five years, these elements remain key in our updated strategy.

As I mentioned we have updated our strategy not for a specific reason. We have updated our strategy as part of our planning process and our planning process includes a three year strategy update and as we did our last update in 2007 we have gone through an update again in 2010. It’s quite a serious process, for many people within Arcadis very involved and that process was also assisted by an outside consultant that provided us also with an outside view of where we are and where we could and should go as a company.

Our updated strategy has received the title: Leadership, Balance and Growth and I will explain that to you in a minute. Going to the next slide we also evaluated our market, with the help of that external consultant we did quite an extensive investigation in the four markets and the opportunities that are offered by those markets and although the markets are expected to grow
lower than previous years, we still expect that for the period to come market growth will be well above a growth of GDP. We made a distinction between Europe and North America on the one hand and emerging markets on the other hand. In Europe and North America market growth is expected to be in the range of 4-5% on average between the four market segments in which we operate while the emerging markets are expected to grow with 5-10% over the period to come. So our markets are still pretty promising and growth is well above GDP growth.

That growth is supported by long term trends which are visible on the next slide. Urbanisation is continuing, mobility is creating strong demand for infrastructure, sustainability is an important driver in all our markets, renewable energy creates a lot of opportunities, the demand for clean water is definitely an issue and climate change is driving demand for water management. So the underlying drivers in the markets in which Arcadis is active are pretty positive and create a lot of opportunities for our business.

The next slide shows you our overall ambition which is in line with the ambition of our current strategy, so our ambition remains building leadership positions in each of our four business lines. That was already our ambition but given the success of our present strategy, our new and updated strategy is a kind of logical continuation of the strategy that was in place.

What does that ambition mean, that’s the next slide? First of all we want to be recognised as a top player in specific fields within each of those business lines. We have defined those fields and I’ll come back to that when we go through the different business lines. When we talk about leadership it’s about size of course so we want to grow our business in each of the business lines; but it’s also about excellence, both operational excellence and technical excellence, so we want to deliver high quality services to our clients and also be recognised as a leader based on the quality of the services that we provide to our clients. In terms of growth and profitability we want to be in the upper quartile of our industry in terms of growth and profitability. We continue to focus on higher added value services so that remains an important driver of our strategy going forward. We want to be perceived by people that look to a company to work for as an employer of choice, so we want to create conditions for our people to grow and to have a good career within the company and we want sustainability to be an important differentiator in our business. In terms of positioning we are positioning as creating balance because we think
that balance is beyond sustainability, it’s actually creating a balance between the needs of our clients and the requirements from the environment. That’s balance and that’s the ultimate way of filling in the concept of sustainability.

In terms of our growth targets we have maintained the growth target of 15% for total growth and for the period to come we expect 5-7% to be organic, so the goal for organic growth is 5-7% and our margin target is maintained at least 10%.

Next slide giving you an overview of the key elements to realise our ambition. First of all we continue to focus on key clients, so we continue rigorously executing our client focus programme, running our business on a client basis much more than on a project basis. That includes focusing on key clients through account management and leveraging the relationships that we have with those key customers across the globe and it also includes core selling with existing clients, so a client focused programme and moving more to a client focused business model is an important element to realise our ambition.

The second point is leveraging our capabilities globally. We have many specialised capabilities within Arcadis and we want to leverage those capabilities across countries in order to increase our position in the marketplace. Although acquisitions could provide additional capabilities Malcolm Pirnie is a good example. Through Malcolm Pirnie we acquired specialised water treatment capabilities that we can further leverage through our delivery platform.

The third element is grow selected emerging markets which includes expanding our position in Brazil and Chile and which also includes further growing and building up our position in Asia and the Middle East. That’s not only important because of the market opportunities which are being offered by those markets. It’s also important in order to get a delivery platform in those parts of the world, to deliver the specialised services that we have within Arcadis. The element that you’ve seen on the bottom of the slide, branding and positioning, organisation and people, knowledge management & IT, we have developed plans for each of those items in order to support our strategy in each of the four business lines.
That brings me to the next slide, a few words about the different business lines and infrastructure ambition is to be a recognised global player, leading in selected segments, providing integrated solutions based on strong home market positions.

The next slide gives you an overview of how we aim to achieve that ambition, targets infrastructure of organic growth of 3-5%, margin target 8-9%. Three pillars to achieve our ambition: first of all organic growth by leveraging capabilities. You see the capabilities mentioned on the slide. The second pillar is organic growth by building up on our local presence and you see the key markets that we further want to develop locally. In terms of being a recognised global player we have identified two sub-markets where we think we would be able to achieve a global recognisable position: it’s either mining or transportation and if we want to achieve a globally recognised position in infrastructure we would have to do acquisitions that would support either mining or transportation. Work sharing and offshoring is important particularly for infrastructure and we have initiatives in place in order to offshore part of our engineering work to low cost countries.

This brings me to Water. Our ambition in Water is to build a leading position based on our long standing experience both in water management and water treatment and our integrated approach to the water cycle in current core and selected new markets.

What does that mean? The targets again for growth are 5-7%, margin target 10-11%. Again three pillars. First of all we want to expand water treatment in the United States and we have identified a number of big cities and regions where we are going to focus upon. Secondly we want to leverage water management capabilities from the Netherlands both to the United States and to other European countries and Brazil; and thirdly we want to expand our water capabilities to selected new regions. The focus initially will be on Brazil, Chile and the Middle East and on Europe we focus on the Netherlands and Belgium particularly for treatment capabilities, not so much waste water treatment capabilities but drinking water treatment capabilities because we see good opportunities in those two countries to use Malcolm Pirnie’s experience to gain part of the market. As far as Asia is concerned we still have to determine our strategic options and that’s largely dependent on our ability to build a delivery platform in that country. So for Water we have a strategy in place and as of 1st January the CEO of Malcolm
Pirnie will be our Global Director for Water and he will also be the person who is going to lead our water strategy, lead our water team in order to implement the strategic objectives that we have identified.

That brings me to Environment. Our ambition is to be the leading global environmental services provider based on a strong client focused approach delivering high-value added services to key multinational, national and local clients. It seems a bit the same as the ambition that we had in place but this ambition goes actually beyond our existing ambition because our existing ambition was focusing on the private sector and we have now widened our ambition to the overall environmental market and we think we can achieve over the coming period a leading global position in the environmental market overall.

That brings me to the next slide, the strategy. The organic growth target is 7-9%, margin is 12-13%, again three pillars: grow our business in current geographies. You can see what we have identified as key elements of it. The second point is build selected new geographies. We have identified Canada, Asia and Australia as the key areas where we can expand our environmental business and we have to improve the mix. We are very strong in soil and groundwater contamination and remediation but we have identified a number of services where we want to expand what we call D-4 which stands for deactivation, decontamination, decommissioning and demolition services; EPP which stands for environmental planning and permitting services; and SEC which stands for strategic environmental consultancy. I think these are capabilities that we have in place but we want to expand in these services. The same is true for sustainability and renewable energy and where we have strong position with oil and gas clients we think we can add to our portfolio of services in the upstream oil and gas world and also services for the offshore oil and gas world.

That brings me to the Buildings ambition. Our ambition is to be a global partner of choice leading in all our market sectors based on a top 5 position in buildings design and project management services, so on Buildings we maintain our existing focus which is on high level architectural design services on the one hand and project and programme management services on the other hand supported by specialised engineering services. Targets in Buildings are organic growth 5-7%, margin 10-11%, again three pillars. Focus for the near term will be on
healthcare and workplace because we think that these segments offer the best opportunities for growth. We want to expand our front-end capabilities particularly in program management and master planning & workplace strategy; and we want to further expand our business in Asia, the Middle East and Brazil. Also in Brazil we have identified several opportunities also based on the strong position that we already have in that market.

Of course the next slide Mergers & Acquisitions continues to play an important role to achieve our goals. We see that consolidation in our industry is accelerating and we want to play an active role in that consolidation process. Looking to acquisitions, four potential drivers: the addition of specific capabilities, leverageable capabilities that fit in our strategy; new geographies to capture high growth and I’ve mentioned the areas that we are going to focus on; new geographies to serve our multinational clients, we’ve mentioned those as well; and as a result of those acquisitions we also want to further strengthen our offshoring capabilities to low cost countries. We have a preference for larger acquisitions to fulfil multiple goals at the same time.

That brings me to the last slide, the summary of our strategy for 2011-2013. That strategy builds on our successful track record. Our ambitious goals have been maintained: growth 15%, margin at least 10%. We want to organically outperform market growth and we have defined a target of 5-7% for the period 2011-2013 also taking into account what’s going on with governments especially in Europe. We have a clear plan and a clear target for each of the business lines including Water. We are further expanding into emerging markets. We are actively pursuing acquisitions in a consolidating industry and we aim at becoming a leading global brand, attractive for clients and staff; so Arcadis is building leadership, balance and growth.

That brings me to the end of the presentation and that means that we are now ready to take any of your questions.

Operator: Thank you. If you would like to ask a question please press *1 on your telephone keypad. Please ensure the mute function on your telephone is switched off to allow your signal to reach our equipment. If you find that your question has been answered you may remove
yourself from the queue by pressing *2. Again please press *1 to ask a question. We’ll pause for just a moment to allow everyone to signal for questions.

We’ll take the first question from Teun Teeuwisse from ABN AMRO. Please go ahead.

Teun Teeuwisse: Good afternoon gentlemen, it’s Teun Teeuwisse of ABN AMRO. I have a few questions, first of all on your outlook for the fourth quarter where you guide for income from operations to grow by 0-5%. Until now for the first nine months you reported a 7.7% increase, so this would imply that you expect net income from operations to decline in the fourth quarter and along with that I was wondering, you said that you expected to recover the losses in the Brazilian hydro power in the second half of the year, you now reported 1.5 million benefit so can we expect a 3 million benefit in the fourth quarter? Then a second question would be on Q4 as well. Do you expect any more restructuring or integration charges and do the Malcolm Pirnie integration charges still stand as you guided them before? Then a question on your strategy update because I’m wondering if your new growth target takes into account that historically and if we take this year into account as well you reported less than 5.5% organic growth, so is that one of the reasons why you have lowered your organic growth target and does it also take into account that you may have to accept lower growth rates to be able to maintain your margin or in other words that you have to skip contracts where margin pressure is too high? Finally on your strategic update is it correct that you do not plan any acquisitions in the environmental business and I was wondering if you still plan to divest Brazilian biogas and hydro power business? Those were my questions, thank you.

Harrie Noy: A whole lot of questions. We are still trying to write your questions down to be able to give the right answers. Renier, maybe you can highlight the outlook questions?

Renier Vree: That’s fine. Yes, you’re correct, the outlook for the whole year is to have income from operations have an increase of between 0-5%. Year to date we are above the 5% and the reason that you don’t see that back in our outlook is indeed the tax rate that you mentioned, that last year in Q4 the tax charges were way below normal to create the average tax rate for the year that was in the end applicable for 2009. So if you take the tax impact out of the equation I think you will see that we expect a normal development of our underlying
performance. On the second question on the losses of the hydro power plants in Brazil, we indeed are actively working on the divestment of the plants and we expect to see a positive impact from that also in the fourth quarter of this year.

Teun Teeuwisse: Do you still expect that you will recover the full loss that you recorded earlier in the year?

Renier Vree: I think it should be pretty close to that number.

Teun Teeuwisse: Ok, but that benefit will also be included in your income from operations, right?

Renier Vree: That’s correct. Then about restructuring charges in the fourth quarter, we have for the last quarters taken action but necessarily to adjust capacity including the corporate integration charges for Malcolm Pirnie. We expect that also to continue in Q4 and I think as also mentioned last time the outlook for the Malcolm Pirnie charges is on the low end of the band that was indicated before.

Harrie Noy: The expectation for the restructuring charges in the fourth quarter is higher than the restructuring charges that we had in the fourth quarter last year. In the fourth quarter last year we did not have that much restructuring charges and we will have more restructuring charges also because of the integration of Malcolm Pirnie in the fourth quarter of this year. Keep in mind that the benefits we get from Brazil, we only get net income from operations, 50% of them.

Teun Teeuwisse: Yes, I realise that.

Harrie Noy: Then with respect to the organic growth target, we lowered it a bit especially taking into account the fact that we are still in the aftermath of the economic downturn and also taking into account the uncertainty that is caused by let’s say the government budget issues and the effect that might have on especially the infrastructure market. So I think in the long run we see opportunities to increase our organic growth target again, but for the period to come which is the period 2011-2013 we have lowered the organic growth target to include the two impacts
that I just mentioned. It’s indeed right what you say, our priority is for margin which means that
could eventually have also some impact on our organic growth and so we don’t want to enter
into a type of competition where we just go for the lowest price in order to get the work on the
shelf. That’s not our policy. We want to focus on work where we can have decent margins and
maintain our margin target and improve the level of 10%.

Teun Teeuwisse: But you still expect to beat the market growth rates you mentioned in the press
release, the 4-5% for mature markets and 5-10% for emerging markets?

Harrie Noy: That’s true. Then going to acquisitions, you concluded from my presentation that we
would not focus on environment to do any additional acquisitions. That’s not totally true. If we
would have good opportunities to expand our business in environment then we would certainly
look seriously at those opportunities from two angles. First of all we would look to
opportunities that would contribute to our goal to expand our business mix to the services that I
mentioned; and secondly we would also look at opportunities that would bring us into
geographical markets where we see pretty strong demand from our multinational customers, so
for example Canada is a good example. We are already organically expanding into the Canadian
market because it offers very good opportunities for multinational customers, partly also
customers in the mining area. Many of those customers have big environmental issues and
given the strong provision that we have in environment we think we can help them. So in
Canada we aim for organic growth as with the United States but if we would have good
opportunities to acquire a company that could accelerate growth in that marketplace we would
certainly look at that as well. As far as biogas is concerned, you’re right, our goal is to focus on
Brazil on the consultancy and engineering market. That market offers so much opportunities at
this point in time and also looking to the period ahead that we want to be more focused in our
business and that’s the reason that we are looking for partners for biogas that could let’s say in
combination with our own activities get more value out of that operation.

Teun Teeuwisse: Alright, thank you very much.

Operator: The next question comes from Philip Scholte from Rabobank.
Philip Scholte: Yes, good afternoon, Philip Scholte, Rabobank. First of all you are guiding on the strategic framework for 2011. Does that actually mean you are already targeting something like at least 5% organic growth for 2011? Secondly on the margin, I know that the margin target is more than 10% and I’ve asked the question before but do you still see significant upside potential in that margin as you rightly state that in a lot of downturn you actually manage to maintain that margin around 10 in a growing environment with the mix you are targeting, I would say there is still significant upside in there. Would you confirm that and did you think about raising that margin target in this new strategic framework?

Harrie Noy: We have defined within the framework of the strategy update, we have defined the new target for organic growth. That’s basically a target that applies for the whole period and there could be years within the period where the actual organic growth would be lower than the target and there could be years in the period where organic growth would be higher than the target and what you would expect more logically that if there is a year that it would be lower than the target then it’s probably 2011 and if there would be opportunities to do better than the target then it’s probably later in that period and that has everything to do with the fact that we are still in the aftermath of the economic downturn. So the target applies to every year but I think it’s still too early to expect at least a 5% organic growth for 2011, at least that’s not the message that we want to convey with these targets. We are still also finalising our plan for 2011 so I think it’s too early to give any specific guidance with respect to 2011. Then our margin target of at least 10%, is there upside potential and if we think about raising the margin target, actually if you look to the targets that we have defined for each of the business lines then you might have seen that the target for Water is now 10-11% while Water before was included in infrastructure with a target of 8-9%. Given the fact that water is a bit less than half of the former infrastructure business we actually let’s say on balance have kind of raised the target for those four business lines. The reason that we – and we certainly had the discussion that you were referring to – the reason that we did not raise the margin target for the period 2011-2013 is that we are still let’s say in the last phase of the economic downturn and we are still facing the fact that especially in Europe we have to cope with the budget cuts from the government. For those two reasons we decided to stay where we are and to have a margin target of at least 10%. I think in the longer run if markets would be stable and if the impact of the government budget
cuts is behind us then given what we have shown during the downturn I support your feeling that there is upside in our margins in the longer term.

Philip Scholte: Right, thank you. May I have two short follow-ups also on the strategic plan. When you look at Infra in expanding your positions in home markets. Do you consider the US to be a home market on Infra and can you comment a bit on the strategy or the possibilities to grow the environmental business in Europe because obviously it’s largely a US business while Europe is a bit more fragmented but you would actually expect that synergy to be a bit higher for environment to make a quick penetration in there?

Harrie Noy: First of all we definitely will look at how to deal with the infrastructure market in the United States. When Water was still part of Infrastructure we said we want to expand in the Infrastructure market in the US and that’s what we to a certain extent have done through expanding in Water, but now we have water separated out and have transportation left and our position in transportation in the United States marketplace is much more a regional position than a national position. So we are pretty strong in Georgia, in the region around Atlanta. We have some positions in the Mid West and we are a bit in Florida and we have a small position in Texas. Those are the main places where we have a position in transportation and when we look to potentially expanding our position in the United States, the goal would be not to increase just on a regional basis. If we would expand in the infrastructure market in the US then that should also help giving Arcadis a global position in the infrastructure market, so then we would look at capabilities and a position in the US infrastructure market that would also be helpful in expanding that business outside the US. So that would be our goal. So it depends to a large extent on let’s say the potential to expand in transportation or in mining, to develop that type of global position. As far as the environment in Europe is concerned there’s definitely also opportunities to grow our environmental business in Europe also through acquisitions also making use of the client base that we have in the United States. The point is I think at this point in time that there is a difference in the development of the private sector in the US and in Europe. The private sector in the US is ahead in the recovery compared to what’s going on in Europe, so where we see quite an increase in demand from the private sector in the United States we don’t see that yet in Europe. We expect that in Europe as well but we don’t see it at this point in time.
Philip Scholte: Right, thank you very much.

Harrie Noy: You’re welcome.

Operator: The next question comes from Kris Kippers from Petercam.

Kris Kippers: Good afternoon, thanks for taking my call. I’ve got two questions. Firstly looking at the margin pressure that you indeed see what is in some markets and looking at the divestments you’ve already done in view of your trading up exercise which is continuously of course, are you currently considering divestments which you were not considering say 18 months or two years ago which could become significant in the quarters ahead? Secondly back to your strategy, looking at the priorities you gave it is indeed a client focused strategy with a focus on new markets and also emerging markets but if you would have to choose between entering new markets or entering emerging markets what would be the favourite one and moreover what would be the price you would be willing to pay? Would you go for the excessive multiples on that side or would you consider joint ventures again? Can you give some comments on that? Thank you.

Harrie Noy: First of all your first question with respect to divestments, we always look at potential divestments both from a strategic perspective and also from a performance perspective and we continue to do that and we don’t have let’s say any specific plans to disclose at this point in time but we are continuously looking at possibilities to update our portfolio also through divestments where focus is definitely also an important point that we want to achieve. With respect to the priorities I did not fully understand your question where it concerns new markets, first new geographies, what do you mean?

Kris Kippers: Yes, just wondering on that one, I suppose you would have the option to go into new emerging markets or just leveraging your scale in a new market but not necessarily an emerging market. What would be your preferred choice at this point in time and related to that what were the multiples that you would be willing to pay? Normally Arcadis is quite good at paying
not too hefty prices for that so I was just wondering whether this can continue in view of this renewed strategy?

Harrie Noy: I think we have both goals, so we have a goal to leverage specialised expertise in the markets where we are active, and we have a goal to expand our business in a focused way in certain emerging markets. I understand your question was with respect to multiples particularly in relation to those emerging markets and multiples of course also are always a kind of reflection of the growth expectation in markets, so in that sense emerging markets usually require a bit more financial firepower in order to be successful. Are we going to pay excessive multiples as you mentioned it? No, I don’t think that is neither our goal nor our ambition. Our ambition is to create value for our shareholders so we want a return on the capital invested of 15% at least, also taking into account of course the growth in the markets in which we entered and that usually means that we are a bit conservative in terms of multiples that we are willing to pay.

Kris Kippers: Just to follow up on that on the emerging flavour and paying multiples, would you consider to do it on your own balance sheet or would you continuously consider joint ventures as well because for example in Brazil that is going quite well whereas in Asia you’re perhaps more reluctant doing so.

Harrie Noy: Yes, I would say that would all depend on the situation. I think we will definitely have a preference for a majority in order to be able to leverage knowledge more or less seamlessly, so that would be the preference, but let’s say it’s all a bit depending on the situation and sometimes there might be a kind of step by step approach in order to achieve your goal, so it depends a bit on the situation I think.

Kris Kippers: Ok, perfect, thank you.

Harrie Noy: You’re welcome.

Operator: The next question comes from Dirk Verbiesen from Kempen. Please go ahead.
Dirk Verbiesen: Good afternoon gentlemen, some questions from my side as well. To start with the order book and the trends you’ve seen, you say in the press release also that it saw some decline in the third quarter. Could you say something on the balance of the pricing of the new contracts you’re adding to the portfolio and especially the difference within the US projects you’re winning these days and in Europe. One of your peers today said that it’s quite challenging these days in Europe with pressure on margins across the board and also according to their view you also had competitors, so could you shed some light on those remarks? On acquisitions maybe a follow-up on what you said earlier but nevertheless with the more ambitious targets in this respect on adding revenues by acquisitions over the coming years, should we see bigger deals going forward or a continuation of sizeable deals combined with add-ons here and there in certain regions or businesses? That’s my second question. Third question, forgive me for that but could you repeat growth or at least the changes in the order book you saw in the first nine months in the four segments?

Harrie Noy: Renier, would you take the first question and the last one?

Renier Vree: Yes Dirk, good afternoon. The development in the order book, where we stand at the end of September is that the order book of Infrastructure is 9% higher, so the Water business is 3% higher, the Environmental business 5% higher and the Buildings business line is 7% above the level at the end of last year. So on average that comes to 6%. You’re correct, that means a 2% decline that we have seen in the third quarter and as mentioned by Harrie that’s not something we are terribly worried about. That seasonal pattern we have also seen in prior years and given the insight we have on the pipeline we have reason to believe that we’ll see a pick up of the order book in the current quarter. As far as pricing is concerned there is indeed a differentiation visible in the margins in the order book between the US and Europe, margins in the US are more stable, there’s less price pressure there. In Europe pressure is feasible but not at a level where we see dramatic changes in that. It’s more that we see...we have to work harder to bring in the orders but we also know what we have to do in terms of cost management and making sure we maximise availability to make sure that we maintain our profit margins. That’s also the way we are able to deal with the situation so that at the end of the day even if orders and projects are being brought in at margins that at first glance are lower than before, with the actions we take it doesn’t mean that our profitability is to suffer from it. Acquisitions Harrie?
Harrie Noy: With respect to acquisitions whether we focus on the bigger deals or sizeable add-ons, I don’t know what the difference is between bigger deals and sizeable deals because in my view what we did with Malcolm Pirnie was a bigger deal, but anyhow, our preference is definitely to make those kinds of steps we have taken when we did Malcolm Pirnie because that has an impact. Of course it also means that you have to make a big indication effort particularly with Malcolm Pirnie because it was a big acquisition in a market where Arcadis has already a presence and the integration of Malcolm Pirnie is well on track, but don’t underestimate the tremendous effort our US management has to make to integrate that business within their own organisation or with their own organisation. Systems have to be integrated, salary systems have to be integrated, bonus programmes have to be integrated, benefit programmes have to be integrated, all these types of things; and the organisation has to be integrated. So it’s a major effort and we’ve put a lot of energy into it in order to make sure that we at the end of the day will reap the benefits of the combined organisation. That costs money, as of I think the middle of next year we probably are going to reap the benefits also in terms of cost savings because then we have also integrated the corporate structures and corporate structures will only be integrated as of let’s say the second half of next year. We have just recently started the corporate integration. We expect to finalise that process somewhere in the first half of next year. I mentioned this because it sounds like the acquisition will have a big impact but nevertheless we have to deal with them properly in order to reap the benefits, but when you have big acquisitions you can put really focused efforts on them and the whole organisation is focused on it and that to a certain extent makes it easier to be successful with those acquisitions. So I would say we focus on sizeable bigger deals in combination with add-ons. Does that help?

Dirk Verbiesen: Yes, that’s clear. I guess you mean that Malcolm Pirnie should act as a good example going forward. One remaining question if I may and it does reflect something on the 2011 outlook. Would you feel that it’s fair to assume that on an EBITDA level with the restructuring costs so far impacting the EBITDA this year and maybe something left for the fourth quarter combined with the return of carbon credit contributions that you could have a head start of around 10 million annualised leaving all things equal?
Renier Vree: That’s a lot of assumptions you are making there, so I would say we are currently very focused on making sure we bring in a stronger fourth quarter, that we increase the order book, get our costs well under control also for 2011 and you’re right, at the same time making the implementation of the projects in Brazil including the carbon credits for next year. All those initiatives also in line with the new, revised strategy added up together with the pressure we see from governments’ budgets into the margin for 2011, it’s I would say too early to give a clear guidance on.

Harrie Noy: Maybe an add-on remark, we discussed already a bit about Biogas, Biogas is produced in those carbon credits and at a certain point in time we might not own Biogas any more and then it’s also stopped with the carbon credits input.

Dirk Verbiesen: But you do expect a deal to be announced in this respect somewhere in 2011 with Biogas?

Harrie Noy: Yes, we are talking with parties that are seriously interested and that might have an impact on the Biogas business within the foreseeable future.

Dirk Verbiesen: Ok, thank you.

Harrie Noy: You’re welcome.

Operator: The next question comes from Jeroen van Harten from RBS.

Jeroen van Harten: Yes, good afternoon, Jeroen van Harten from RBS. One more question on the outlook, sorry to pester you with that but first of all you said in this call that your 2011 plans are not fully finalised yet, I can appreciate that but you are also saying in your presentation and in the press release that both Infra and Water are slowing down. Now these activities are currently growing at 2% and 4% on a net revenue basis if I’m not mistaken so my questions are with that regard and also thinking about 2011, where will this growth slow down to? Can you maintain a positive level you feel in these activities as far as the top line growth on net revenues is concerned? Secondly the more subdued growth in Infra we are facing right now, any insight
on timing of that more subdued growth would be welcome, for instance do you have let’s say a
more subdued growth outlook for 2011-2013 period, is that more or less based on your
concerns about 2011 or about the whole period we’re talking about? So that’s my question.

Renier Vree: Jeroen, thanks for your question. What we see in the Infrastructure and Water business
is different speeds around the world. In Europe we see there indeed a slowdown of the order
intake and therefore also we should expect a decline in those activities. As mentioned in the US
it’s flat and there’s maybe no reason why after the environmental pickup also the rest of the
economy to help us there in 2011; and last but not least we see in South America very, very
strong growth and a very positive outlook for the years to come. So if you weigh that altogether
it’s quite feasible that we remain in positive territory even if Europe would slow down further.
Of course there’s always the risk that we extrapolate the current trend too far in the future
where things may not be as positive or negative as one sees them today, I think that’s what your
last question is hinting at. I think today it’s not easy to predict how the exact impact will be of
the government austerity actions that are being taken. It’s just that plans are being slowed
down, will there not be any new plans at all? We don’t think that should be the case because
the demand for Infrastructure and projects is very, very high and I think you see also that the
call for different ways of financing it so that the government doesn’t have to fund it themselves
but that there are more private-public initiatives around the funding and then the operation of
the Infrastructure is going to make bigger inroads than it has so far. I think also in the planning
period of the strategy we can be optimistic that there will be a result from that trend as well.

Jeroen van Harten: I can appreciate that it is hard to forecast but if I am listening correctly to you
and please correct me if I’m wrong, is it that you’re saying growth in Infra, if emerging markets
continue to do well will stay above zero but perhaps below the indicated range for the
2011-2013 period but that a public-private partnership might push growth above that growth
range in 2012-2013. Is that a logical scenario?

Renier Vree: I think we would not be very reliable if we would give you today targets that we don’t
believe we can realise in the planning period. I think your summary is quite correct.

Jeroen van Harten: Ok, happy with that. Thanks gentlemen.
Harrie Noy: With respect to Brazil and Chile, I mentioned that today in a call I had with journalists that the market in Brazil and Chile is particularly strong at this point in time. I mentioned I think in August already that we had a kind of $130 million order intake over the past few months and there’s still quite a bit in the pipeline. The major challenge that we have in Brazil for example is how we can get all the new people in in order to produce all that work in the short term, so that market is really strong at this point in time and how that’s going to balance precisely with the developments in Europe, it’s very difficult to predict as Renier mentioned.

Jeroen van Harten: Ok, thank you very much.

Operator: The next question comes from Quirijn Mulder from ING.

Quirijn Mulder: Good afternoon gentlemen, Quirijn Mulder from ING. There were a couple of questions especially with regard to acquisitions etc. First of all with regard to 2010, is it very likely probably that there will be no acquisitions any more announced? Is that something that we can assume or are there surprises still possible? Secondly if I look at the acquisitions you have done, if I look at the same time at the targets, your target of 50% growth implies in my view organic growth of about 6%, 9% organic by acquisitions, that means in my view that the acquisitions will not be much larger than we have seen in the combination of BBL, RTKL and Malcolm Pirnie because it should be in the range of about €550-600 million in revenues based on 9% growth. Is that the right conclusion and can we expect somewhat more than the 9% if it is up to you? Then with regard to the margin targets, if I look at the breakdown of activities in 2010, 25% Infra, 20% Water, 35% Environmental Service and 20% billing then your margin target is the bottom of the individual margin targets, so is it right to assume that you have in mind to reach a higher margin than the 10% first of all given that fact that you are on let me say the Water integration is still taking place, in combination with the fact that of course your added value is much higher than it was a couple of years ago and then you also target 10%. Those were my questions for the moment on the strategic update.

Harrie Noy: Let me first answer your question with respect to acquisitions, first of all about 2010 are there any surprises possible? You know that we always like to surprise, but the likelihood of a
surprise in this field in 2010 is not very big. Then with respect to acquisitions, yes, I could follow
your reasoning because we are on target for again a growth of 5-7% and a total target of 15%,
that leaves let’s say on average 9% by acquisitions and that is the framework from which we
have looked at our strategic plan. Can we expect more than 9%? Yes, we aim for bigger
companies. We think that Arcadis can play an important role in the consolidation process that’s
ongoing and that we expect to accelerate, so if you would have an opportunity to do more than
that then we don’t feel hampered by the targets that we have in place. The targets give kind of
a general guideline where we want to be. Keep in mind that the 15% growth for the next three
years is in our view in general I think quite an ambitious target and we can only achieve that
target as you mentioned by doing sizeable acquisitions or bigger acquisitions, whatever you call
it and that’s our goal. Do we exclude anything bigger than the 9%? No we don’t. Your
calculation with respect to the margin is correct as well and the fact that we maintained the
margin at least at 10% is also taking into account the uncertainty with respect to the impact of
the government budget cuts especially in Europe, so we don’t want to give expectations in the
market that are difficult to fulfil and we have identified those targets for each of the individual
market segments because these are the targets that we apply to the businesses within Arcadis
in each of those market segments. When you add everything up there’s also a bit of uncertainty
because not everybody will achieve at the top of those markets at the same time, so there’s also
a bit of uncertainty particularly given where we are in our markets.

Quirijn Mulder: My final question is on the strategic update. If I look at the former strategic update
and then your organic growth with regard to the environmental services was 12% and you will
go down 7-9%, so that is let me say a relatively big slowdown. There I’m somewhat puzzled
because environmental services for two thirds is private clients, so it’s not too much dependent
on the government spending. Can you elaborate on that?

Harrie Noy: You’re correct. Nevertheless we think that given that where we are in the cycle and
given the potential impact of governments this is a realistic target for the period to come. You
will have seen in the third quarter for example that although growth in the environmental
market in the United States was at a relatively high level, overall growth in environmental was
not exciting and that had to do with the fact that the cycle in Europe is lagging behind compared
to the cycle in the United States; and it had also to do with the fact that the impact of
government spending in Europe is not only visible in infrastructure but also in environment. These same type of elements are also reflected in the targets that we have set for the environmental business.

Quirijn Mulder: Ok, thank you. Then my last question on the business as such, have you seen the reports from different sites in the US after the elections that the Republicans are more looking for savings and saying that every spending for bridges and things are at the cost of the taxpayers’ money and might that have some impact on Arcadis in 2011 and 2012?

Harrie Noy: Given our business mix I would say the impact on our business would be limited. I’ve seen those reports as well so it’s a question whether this is going to materialise or whether this is just rhetoric but the potential impact on our business given our exposure to those markets in the US would be limited.

Quirijn Mulder: Ok, thank you very much.

Harrie Noy: You’re welcome.

Operator: As a reminder to ask a question please press *1. We’ll now take a follow-up question from Philip Scholte from Rabobank. Please go ahead.

Philip Scholte: I keep asking the question probably on the cost synergies of Malcolm Pirnie. We’re now one year after things happened. Can you try to specify a bit more your targeted cost savings related to Malcolm Pirnie; then also a question on M&A. Can you say something about...I dare to say it’s quite slow or silent around Arcadis being active in the M&A wave in the engineering industry? Is it irritating? Is it frustrating or is it disappointing, how should I say it? Is it increasingly difficult to come to a deal and can you shed some light on your thoughts around that. A third follow-up is a brief question on the Water EBIT margin right now. Can you say something about the last 12 months where that division is right now in terms of profitability?

Harrie Noy: First of all the cost synergies Renier.
Renier Vree: Yes, as far as the cost synergies are concerned when we look at Malcolm Pirnie we spend most time first to make sure we have the right business model and we create the revenue synergies, that’s going very well and is in place. We are currently in the middle of deciding on the corporate integration which means the back office, so finance, HR, legal, marketing to make sure that we create the most efficient structure that is feasible given our ambitions and way of working in the US. So at this point in time I’m not in a position to give you a firm number on this but I know that you will remain insistent, so I promise you that next time we talk we’ll have a more specific answer for you.

Philip Scholte: Right. That would be great.

Harrie Noy: The Water EBIT margin.

Renier Vree: You wanted to know what were our margins for Water, I think you have seen, we described that once a year. That also means that in our annual report over 2010 we will shed more light on the actual performance of the Water business, so it will be the beginning of next year.

Harrie Noy: Then the last question about M&A, whether we are frustrated. I can satisfy you in this respect, the level of frustration is not very big for two reasons: first of all we had a focus this year on the integration of Malcolm Pirnie and as I mentioned that’s definitely a huge effort and I’m very glad and also very proud that we are making very significant progress in that respect and that we will be able to reap the benefits of it. Keep in mind we don’t want to grow as fast as possible, that’s not the Arcadis philosophy. We want to be ambitious in terms of growth but we also want to make sure that the companies that integrate, that we acquire, that these companies are decently integrated within Arcadis so that we are able to reap the benefits. We think that approach in the long term is better for our shareholders. The second reason that I’m not frustrated is that we see ample opportunities in the marketplace where we see that the consolidation...would be willing to enter into discussions. It’s also critical in terms of the companies that we think would fit into Arcadis, also critical in terms of end markets that we think are still vulnerable in the short term, so we are critical and being frustrated would mean
being less critical and I think that would at the end of the day not be very helpful to continue our successful strategy.

Philip Scholte: Right, ok. Thank you.

Harrie Noy: I think that we might be at the end of the questions. If there is still a question we could go for one more question.

Operator: We’ll now take our last question from Robert van Overbeek from Cheuvreux. Please go ahead.

Robert van Overbeek: Yes, good afternoon. Just a follow-up question on the restructuring charges and integration costs. During the call you were guiding to the low end of the previous guidance range of 5-10 million. Is that only on integration costs, year to date we are at 0.3% but part is the integration costs, so are you talking about total integration and restructuring costs or purely on integration costs?

Renier Vree: We were looking here or talking about the specific out of pocket costs related to the integration of the Malcolm Pirnie company...

Harrie Noy: In combination with the restructuring process.

Renier Vree: Which of course includes restructuring costs if it requires people to leave the organisation, that’s part of the integration costs.

Robert van Overbeek: Because in the second quarter you reported that restructuring and integration costs were 2.6 million, so I was thinking that part of that is integration costs, so based on your answer you just gave, the reorganisation costs are also related to Malcolm Pirnie.

Harrie Noy: The costs that we disclosed is reorganisation costs plus integration costs, so part of the amounts that we mentioned in the press release with respect to restructuring is restructuring and part of that amount is integration costs with Malcolm Pirnie.
Renier Vree: For the integration costs with Malcolm Pirnie, last quarter we guided that that would be at the lower end of the $5-10 million that we indicated earlier.

Harrie Noy: But the amount is not restructuring related to Malcolm Pirnie. It’s two parts, it’s the integration costs on the one hand and restructuring costs in other businesses on the other hand.

Robert van Overbeek: Ok, so the 5-10 is related to integration?

Harrie Noy: Yes.

Robert van Overbeek: And year to date integration was?

Renier Vree: We haven’t disclosed that separately.

Robert van Overbeek: Ok. That makes it exciting for the analysts then.

Harrie Noy: Exactly, but it’s not all rocket science.

Robert van Overbeek: Ok.

Harrie Noy: With that question being finished I would like to close this Arcadis Analyst Conference Call. I would like to thank you all for your contribution to this conference call. We are in the process of the fourth quarter and we hope to meet you in our next analyst call which will be when we disclose our full year 2010 results and we hope that we can receive you all then in our new corporate headquarters at the Amsterdam Zuidas and then we will certainly have ample opportunity to discuss the developments in 2010 and the strategy going forward 2011-2013.

Thank you all for attending this conference call and I wish you a pleasant evening. Thank you.

Operator: Thank you. That will conclude today’s conference call. Thank you for your participation ladies and gentlemen, you may now disconnect.