Mr. Slooten: Good morning or good afternoon. My name is Joost Slooten and I am the Director of 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’s Q1 2015 trading update, which was released this morning. With us during the meeting are Neil McArthur, Chief Executive Officer, and Renier Vree, Chief Financial Officer. The PowerPoint presentation that is used is available through the investor section of the ARCADIS website, for which the address is www.arcadis.com/investors.
Just a few words about procedures before we start. We will begin with formal remarks. We 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 fully described in the press release and on the company’s webcast.

With these formalities out of the way, Neil, please begin!
Mr. McArthur: Thank you, Joost. Thank you all for joining the call.
I am going to give some opening remarks and an overview of Q1, followed by Renier Vree, our Chief Financial Officer, who will take us through the trading results for the first quarter. I will come back and talk about our strategic progress and the outlook for the rest of the year. Then we will follow that with Q&A.

ARCADIS delivers strong Q1 growth and confirms full year outlook

- Strong increase in gross revenues of +40% and net revenues of +42% driven by acquisitions and currency effects
- Organic net revenue growth was up +2%, driven by Middle East, Continental Europe, UK and Asia
- Integration of Hyder, Callison and Canadian activities well on track
- Operating EBITA increased by +35%, excluding Hyder, operating margin of 9.6% in line with last year (9.8%). Including Hyder operating margin was 9.1%
- Free cash flow in the quarter lower than last year due to increased working capital
- Backlog up +7% due to currency effects

During the quarter significant leadership time and effort was devoted to the integration processes of Callison, Hyder and our Canadian activities. In the period, we onboarded 6,000 talented people all across the globe, approximately 30% additional headcount for ARCADIS. Those integration teams created the market strategies in each one of their regions. They define how we will operate successfully together. The have put in new leadership teams in place with the best person for each of the new roles and they are now running as integrated ARCADIS businesses.

We have also made good progress on our other 2015 leadership priorities -- I will speak a little bit more about that later on today -- performance excellence focussed on quick wins in three of our biggest geographies, the North-American transformation is underway and good progress has been made under new leadership.

A disappointment was Brazil, which suffers from project delays caused by a national slow-down in procurement processes due to the integrity issues in the oil and gas industry. ARCADIS is adjusting to that reality quickly.
Working capital was seasonally higher, also impacted by acquisitions and continuing slow collections in Latin America. We are addressing this by implementing ARCADIS controls in the acquired entities and reinforcing invoicing and collection procedures throughout the company.

Against this background, ARCADIS delivers a solid set of results for the quarter and confirms the full-year outlook.

In the quarter, a strong increase in gross revenues, up 40%, with net revenues being up 42% driven by acquisitions and currency effects.

Organic net revenue growth was up 2%, driven by the Middle East, Continental Europe, the UK and Asia. This is the second quarter-on-quarter improvement in organic growth that we have delivered.

The integration of Hyder, Callison and our Canadian activities is well on track.

Our operating EBITA increased by 35% and excluding Hyder. The operating margin of 9.8% is in line with last year at 9.6%. Including Hyder, the operating margin was 9.1%.

Free cash flow in the quarter was lower than last year, due to increased working capital.

The backlog is up 7%, due to currency effects.

With that, I would like to hand over to Renier Vree, our CFO, to give the trading results for the first quarter. Renier?
Mr. Vree: Thank you very much, Neil. Let's move to page 7 of the presentation.
Here you see graphically displayed what Neil just said on the second quarter of improving organic growth of our net revenues. The contribution came from the Middle East, Continental Europe, the UK and Asia, partly offset with declines we have recorded in Latin America and North America.

Let me give you some more details of our results.
Here, you see the overall increase in revenues of 40% in gross and 42% in net revenues. 28% of the net revenue growth came from acquisitions. The currency effect was 12% and the remaining 2% was organic growth.

The currency effect on EBITA and gross revenue was in the same ball park of 12%.

The operating EBITA was EUR 59.4 million and there was EUR 12 million in the quarter of non-operating cost. Of these EUR 12 million approximately EUR 7 million were related to restructuring but that means performance excellence initiatives and the consequences of those in Continental Europe and North America, and EUR 5 million of integration charges. Those are mostly related to the integration of Hyder in regions like the UK, the Middle East and Germany.

If we exclude the impact of Hyder – Hyder runs at a lower margin than ARCADIS – and also take into account that Hyder realised a small loss in Germany, the margin without the impact of Hyder would be 9.8%.
This shows the development in our operating EBITA in a different way: from EUR 44 million to EUR 59 million this year. You see the positive impact of currency of 12% and also the impact from acquisitions of 23% on EBITA and basically a flat development in organic growth.
Operating margin lowered by Hyder

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
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<th>2015</th>
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<tbody>
<tr>
<td>Q1</td>
<td>9.2%</td>
<td>9.3%</td>
<td>9.1%</td>
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<tr>
<td>Q2</td>
<td>9.0%</td>
<td>10.3%</td>
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<tr>
<td>Q3</td>
<td>10.9%</td>
<td>10.4%</td>
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<tr>
<td>Q4</td>
<td>10.8%</td>
<td>10.6%</td>
<td></td>
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<tr>
<td>Year</td>
<td>10.0%</td>
<td>10.1%</td>
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</table>

1. Operating margin B EBITA (excluding tax, restructuring and integration-related costs) % of revenues
2. Operating EBITA margin is before excluding Hydro

Here you see an overview of the last main quarters for ARCADIS and how the operating margin has developed, so excluding the impact from acquisitions, restructuring and integration-related charges.
On this page we have information about the cash flow and working capital. The working capital at quarter-end was 22.3% and a free cash flow for the quarter of -EUR 68 million. Working capital was clearly higher than it was one year ago, due to the impact of acquisitions and also, as you probably know, the seasonally higher impact of working capital growth in the first quarter from the way our business operates. The impact of the collections were slower in Latin America. That was also felt here.

The integration of Hyder and Callison and the transformation of America had an impact on the invoicing and collection process. If we take this all together, looking into Q3 and beyond to and give a bit more detail on what Neil just mentioned, we are implementing the ARCADIS working capital controls and processes. They are very well defined. We are moving people, we are implementing systems and we give training to the staff at Hyder and Callison to make improvements in those two parts of the company.

Also in other regions of ARCADIS we are reinforcing our invoicing and collection procedures, such as in North America and Latin America, but also in the UK and the Middle East, where the Hyder activities were added to. They have the biggest impact on our cash flow.
Let's move into the business lines.

Infrastructure

- World-class intelligent and integrated road and rail transport solutions
- Specialties: stations, ports, airports, tunnels, bridges, large projects
Here, you see a nice picture of the Tower Bridge in London.

**Infrastructure: Strong growth driven by acquisitions**

(26% of gross revenues)

**Current developments**
- First sizeable synergy wins were booked
- Infrastructure benefited from the acquisition of Hyder across several geographies, including the UK and the Middle East
- Good organic net revenue growth in North America and Continental Europe offset by declines in Latin America

**Recent wins**
- Sydney Light Rail Project: A A$2.1 billion light rail connection from Circular Quay to the south-east including Moore Park and the University of NSW
- Hong Kong cross harbour tunnel: Detailed design for the 1.7 km rail tunnel crossing between Hung Hom at the Kowloon side to Causeway Bay at the island side
- Nanterre Station, France: Conceptual design, detailed design and construction site supervision

Here, you see the strong growth driven by the acquisitions in infrastructure. We were also able to realise our first sizeable synergy wins between the combined Hyder and ARCADIS teams. Infrastructure also benefitted from the acquisition of Hyder across the several geographies. That includes the UK and the Middle East, where particularly rail and Metro projects were growing.

The organic net revenue growth was good in North America and also in Continental Europe. There, we saw a decline in Latin America due to the earlier mentioned issues in that country.

Let me mention a few recent project wins. There is the Sydney Light Rail Project. The picture is shown in the top right corner. That is a EUR 2.1 billion project from the Circular Quay to the South East that includes the park connection and the university. Here, we play the role of an independent certifier.

Another example is a project we won in Hong Kong for the cross harbour tunnel. Here, we are responsible for the detailed design of that crossing between Hung Hom Park of Kowloon to Causeway Bay at the island side.
Finally, I would like to mention the Nanterre Station in France. That is a project that we have also done in many other places where we take responsibility for conceptual design, detailed design and also the supervision on the construction site.

Let's move on into Water.
Water: Return to growth
(14% of gross revenues)

Current developments
- Overall growth supported by addition of Hyder
- Organic development driven by a return to low growth in North America and by growth in the UK
- Middle East and Asia performed well, Latin America experienced a decline

Recent wins
- Program management services to Washington D.C.'s 1,900-mile sewer system, bringing innovation and industry-leading best practices
- Basic design for the sewage and wastewater treatment systems for Curitiba Metropolitan, Brazil
- Collection system model build out for Citizens Energy Group, Indianapolis, United States

Water has returned to growth. Overall, total growth was supported by the addition of Hyder, which has Water activities in the UK and in the Middle East.

Organic growth came from a return to low growth in North America -- which we are obviously pleased with -- and by growth that took place in the UK. The Middle East and Asia also performed well and for the same reason, we saw a decline happening in Latin America.

Some recent wins here in Water, Program Management Services related to the 1,900 mile sewer system in Washington D.C. an example for our outside the fence programme. That means that we take projects outside the water treatment facility where infrastructure is often aged where we then help to find and implement solutions for that.

The second is in Brazil where we do the basic design for a sewage and waste water treatment system. It is an integrated sanitation solution and that supports also the health of the people in that area.

Finally, a collection system, a build out of an extension for the Citizens Energy Group in the United States.
Environment

- World-class remediation consulting and technologies
- Compliance management, impact assessments, climate adaptation

Let me talk about the environmental activities of ARCADIS.

Environment: Acquisitions compensate organic decline
(24% of gross revenues)

Current developments
- Decline in environmental activities in North America slowed compared to previous quarters, where remediation market remained soft.
- The UK and Continental Europe were essentially flat.
- Acquisitions Franz and Hyder contribute to growth.
- Turnover in Brazil caused a decline.

Recent wins
- Sydney Rapid Transit Australia, Environmental Impact Assessment project.
- US Army Corps of Engineers, Task order for the Kansas City District for remediation project.
- Environmental Planning for an electricity grid expansion project in the UK.
Here, acquisitions compensated for organic decline of our revenues. In North America, we saw a decline of the environmental activities although it slowed compared to previous quarters. The remediation market in North America still remains soft, also impacted by the development in the oil and gas sector.

In the UK and Continental Europe we saw a stable development of our revenues. In Canada, we saw that the acquisition of Franz contributed and also the environmental activities that Hyder has in their activities contributed to overall growth of Environment. Also here, the turmoil in Brazil impacted our top line.

Three recent wins for Environment: one is also in Sydney, with the Rapid Transit Australia, where we do the environmental impact assessment as a typical ARCADIS solution, which we do as a service around the globe. Now, we have also done this in Australia.

There is a project with the US Army Corps of Engineers, in this case in Kansas City. That is also a sign of some of the pickup that we see in the federal market for remediation.

Finally, an environmental planning project for an electricity grid expansion project in the UK, which involves a significant volume of overhead lines and tunnels.

Our fourth business is Buildings.
**Buildings: Strong growth**
(36% of gross revenues)

**Current developments**
- Callison and Hyder contributed significantly to overall revenue growth.
- Good organic growth was achieved across all regions, although lower growth was delivered in Asia due to softer market conditions in China.

**Recent wins**
- Grace on Coronation, Town, Brisbane, Australia. Support to the conceptual design lead for the three residential towers.
- Enterprise framework agreement with Shell to provide services, contract services, real estate and site in motion studies on Shell projects and office locations across the world.
- Architectural and interior design for Nordstrom store in The Woodlands Mall, Texas, United States.

We saw strong growth in the Buildings business. Callison as well as Hyder contributed to this growth. Organically, we achieved growth across all our regions although we saw lower growth in Asia due to softer market conditions in China, as we already indicated at the prior call.

Recent wins: in the top right corner you see a picture of the Grace on Coronation project in Brisbane, Australia. We support the conceptual design of three residential towers. With Shell, one of our global multinational clients, we entered into an enterprise framework agreement for all kinds of services. Finally, we won another project for the Woodlands Mall in Texas, in the United States, with Nordstrom, one of the key clients of Callison. This includes architectural interior design, including lighting of their stores.

With that, Neil, I hand it back to you.
Mr. McArthur: Thank you, Renier!

2015 Leadership priorities aligned with our strategy

1. Deliver acquisition synergies through co-creation processes
   - Design to Lead: Callison
   - Evolve to Win: AECOM
   - Canada: Combine SENES and Franz into ARCADIS Canada

2. Performance Excellence
   - Deliver quick wins
   - Design changes required to further drive performance

3. Return North America to growth, improve margins
Just to remind everybody that we have very clear leadership priorities aligned with our strategy for 2015. That is delivering on the acquisition synergies through the co-creation processes of Callison, Hyder, SENES and Franz into ARCADIS Canada.

Secondly, on performance excellence, delivering not just the quick wins that we identified in 2014 for an impact in 2015 but also working in 2015 on the design changes required to further drive performance improvements in 2016 and beyond.

Thirdly, a return in North America to growth and improving the margins through our North American transformation.

I am going to spend a little bit of time on each one of those leadership priorities.

1. Acquisitions: Co-creation processes almost complete

<table>
<thead>
<tr>
<th>Go To Market Strategy</th>
<th>Hyder</th>
<th>Callison</th>
<th>Canada</th>
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<tr>
<td>Complete</td>
<td>Complete</td>
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<tr>
<th>Operating Model</th>
<th>Hyder</th>
<th>Callison</th>
<th>Canada</th>
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<tbody>
<tr>
<td>Defined, joint operation since March</td>
<td>Defined, joint operation from April</td>
<td>Defined, joint operation since March</td>
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<tr>
<th>Organization Leadership</th>
<th>Hyder</th>
<th>Callison</th>
<th>Canada</th>
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<tr>
<td>Detailed &amp; appointed</td>
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<table>
<thead>
<tr>
<th>Synergy Capture Plan</th>
<th>Hyder</th>
<th>Callison</th>
<th>Canada</th>
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<tbody>
<tr>
<td>On track: Finalized Q2</td>
<td>On track: Finalized Q2</td>
<td>On track: Finalized Q2</td>
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First of all, on the acquisitions. What we call the co-creation processes, the integration processes are almost complete. You can see there for Hyder, for Callison and for our Canadian activities and what we have been working on in the co-creation teams for deliverables that go to market strategies, the operating model, the organisation and top leadership and then the synergy capture plans.

In terms of defining jointly co-creating what is the go-to-market strategy for the combined entities in each one of the regions, that is complete.
Secondly, we have defined the operating model and our operating in a jointway either for March or for April, depending on being Hyder, Callison or Canada.

We have detailed the organisations’ structure and we have appointed the top leadership, the best person for each role from either entities.

The synergy capture plan, we are very much on track with the acquisition cases in all three co-creation processes and we will finalise these synergy capture plans at the end of the six months' period for the process, which is during Q2.

As you can understand, a lot of work has been done. Essentially in November-December, it was getting to know one another, getting to fully understand the capabilities from both sides. In January through March we have been working together on our joined future when significant leadership time and effort was devoted to these processes. That is now behind us and we can move forward, fully focused on our clients and the business operating as ARCADIS businesses.

2. Performance Excellence: Q1 focus on 3 larger regions

<table>
<thead>
<tr>
<th>Performance Drivers</th>
<th>Description</th>
<th>Q1 Focus</th>
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<tbody>
<tr>
<td>Project management</td>
<td>• Standardized approach to project management</td>
<td>• US, UK and Continental Europe</td>
</tr>
<tr>
<td></td>
<td>• Based on best practices</td>
<td>• Commenced design of updated project management training</td>
</tr>
<tr>
<td>Global design</td>
<td>• Drive organic growth by scaling Hyder global design model</td>
<td>• Defining pipeline of opportunities in Continental Europe, Architecture, Middle East, UK and US</td>
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<tr>
<td></td>
<td>• Staffed management &amp; engineering from most capable and cost-effective design excellence center</td>
<td>• Defined operating model</td>
</tr>
<tr>
<td>Resource optimization</td>
<td>• Improve flexibility and mobility of people</td>
<td>• Ongoing implementation of quick wins in US, UK and Continental Europe</td>
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<tr>
<td></td>
<td>• Create larger, more efficient resource pools</td>
<td></td>
</tr>
<tr>
<td>Procurement</td>
<td>• Improve approach to sub-contracting and overhead</td>
<td>• Search and hiring of key staff in US, UK and Continental Europe progressing</td>
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<tr>
<td></td>
<td>• Leverage state of ARCADIS globally</td>
<td></td>
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<tr>
<td>Workplace &amp; collaboration</td>
<td>• Apply global standards and improve footprint</td>
<td>• Defined global standards for offices</td>
</tr>
<tr>
<td></td>
<td>• Improve collaborative tools</td>
<td>• Completed review of US estate portfolio</td>
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This sheet is on performance excellence, the second of our three priorities for 2015. The focus has been on the three larger regions, on implementing those quick wins where, as Renier mentioned already, EUR 7 million have been spent on restructuring costs associated with performance excellence. On the left hand side of the page both the performance drivers and the description of what we are actually doing in defining those improvements
to our business, no change. In the last column you can see the focus that we have had during the first quarter. So, in project management it has all been about focusing on quick wins in the US, the UK and Continental Europe and then we have commenced the redesign of our project management training for roll-out later this year to our project managers around the globe.

Global design: we have clearly identified and defined the operating model, how we are bringing the Hyder model of global design excellence into ARCADIS. We are very busy defining those pipelines of opportunities, particularly in Continental Europe, architecture the Middle East, the UK and the US. We are seeing an increasing number of larger design contracts coming to the Executive Board where very clearly the percentage of global design excellence in those tenders is very clear and apparent.

Under resource optimisation: ongoing implementation of the quick wins in our three biggest regions, the US, the UK and Continental Europe.

On procurement, we are searching and hiring key staff in the US, the UK and Continental Europe and that is progressing well. This has not been an area of focus for us in the past with our previous country approach but we are now taking procurement on a more global basis. It is something that we are very much focused on, getting the right staff in place to help us with that.

Under workplace and collaboration, we have been through a process of defining the global standards for different types of offices around the world and we have completed the review of our US office portfolio.
3. North America: New leadership in place, two year transformation underway

GOAL: RETURN TO GROWTH, IMPROVE MARGINS >11%
- Implement growth strategy
- Maintain performance culture, improve global collaboration

<table>
<thead>
<tr>
<th>Strategic levers for change</th>
<th>Q1 Focus</th>
</tr>
</thead>
</table>
| Implement revised market approach | - High value, high growth clients, MMC and BUC
- Environment: Support client needs in complex and simple remediation
- Water: Focus on growth in conveyancing, industrial water and business advisory in addition to water treatment |
| Deliver Performance Excellence | - Implementing project management best practices
- Quick wins in resource optimization
- Detailed review of office portfolio |
| Evolve the operating model | - New CEO and COO fully onboarded and leading transformational change
- Simplifying operating model: Corporate and business lines
- New client development leadership |

Our third leadership priority is North America. The new leadership is in place and the two-year transformation is underway. Just to remind everybody again what the goal is: the goal is return to growth and improving our margins above 11%. We talked about the three strategic levers for change at the annual results presentation around implementing the revised market approach, delivering on performance excellence and evolving our operating model in North America, like we have successfully done in Continental Europe.

Again, what has been the focus in Q1: on the revised market approach it is focusing on those high-value high-growth MMC and big urban clients. In Environment it is supporting those evolving client needs in both complex and simple remediation. In Water, as Renier alluded to, there is also focus on outside the traditional water treatment on water conveyancing, industrial water and business advisory. In terms of performance excellence it is implementing the best practices in project management. It is quick wins in resource optimisation and it has been the extensive review of our office portfolio.

In terms of the operating model, the new CEO and COO are fully onboarded and leading the transformation of change. We are simplifying our operating model in support of more simple offerings that we have in terms of both corporate and the business lines. We have new client development leadership in terms of making sure that we are focused on the right opportunities with the right clients, moving forward.
Outlook confirmed: Significant increase in revenues and profit

- Good progress on our leadership priorities and a solid start to 2015:
  - Significant leadership time and effort devoted to the integration processes for Hyder, Callison and Canada (onboarding ~ 6,000 more people)
  - Performance Excellence focused on quick wins in 3 larger regions and designing 2016 benefits and beyond
  - North American transformation underway with good progress

- Backlog up 7% aided by currency effects, organically stable compared to year-end 2014

- With our strong market positions, strategic progress, recent acquisitions, currency effects, and performance excellence initiatives, we expect 2015 revenues and profit to increase significantly, barring unforeseen circumstances

We have made good progress on our leadership priorities and made a solid start to 2015. Just to reiterate again that significant leadership time and effort was devoted to the integration processes for Hyder, Callison and our Canadian activities, where we onboarded nearly 6,000 very talented people around the world, approximately 30% more headcount.

Performance excellence focused on the quick wins in our three larger regions and designing the 2016 benefits and beyond and the North American transformation is underway with good progress.

The backlog is up 7%, aided by currency effects and is organically stable compared to year-end 2014.

Just to reiterate, with our strong market positions, strategic progress, recent acquisitions, currency effects, and performance excellence initiatives, we expect 2015 revenues and profit to increase significantly, barring unforeseen circumstances.

With that, I would like to hand back to Joost Slooten.

Mr. Slooten: Thank you, Neil and Renier, for taking us through the presentation. We would now like to open it up for questions and answers.

With that, I would like to hand the floor over to Joost for QandA.
Mr. Slooten: Thank you, Neil. We will start with questions from the conference call and then we will go to questions in the webcast.

**Agenda**

**Trading update first quarter 2015**

- Neil McArthur, CEO
  - Q1 overview

- Renier Vree, CFO
  - Q1 trading results

- Neil McArthur, CEO
  - Strategic Progress
  - Outlook

  - Questions & Answers
• Bjorn Krook – ABN AMRO

Good afternoon, gentlemen, I have a couple of questions. It is good to start off with Brazil. Just to confirm: you are seeing delays there and not cancellations? I know it is tough to say but when do you actually expect the demand that is now being pushed forward to come to the market and how much of an impact will this have on your 5%-plus growth CAGR if this situation persists? I would imagine that it has a significant impact.

My second question is on the US market. How is that developing? We are hearing some positive macro news of course from the US on federal budgets coming back to the market. Is competition now moving back to the federal market out of the private market? So, a general update on the US.

I am slightly worried about the margins from acquisitions. If I do my math correctly, it is about EUR 130 million in net revenue, on which you make EUR 10 million in operation EBITA. That will point to a 7% margin, knowing that Callison has an above average group margin. That must mean that Hyder is making a very low margin. Could you talk us through that, especially because Q1 was dreadful last year for Hyder, which opened the door for the acquisition anyway. So, what is actually going on there? I will keep the rest of my questions for later on.

Mr. Vree: Thank you, Bjorn. Let’s first talk about Brazil. Yes, we do see delays. You see that projects that we know are coming to market are currently not coming to the market because of the issues in the country. Many contractors are implicated in that scandal that is happening in the country. The politicians are much more reluctant to take on new work. For us, it is an important country. It is 6% of our revenues and we have a leading position in that country. When you look at the public sector, there you also see that politicians are much more reluctant towards new work. For us, it is an important country. It is 6% of our revenues and we have a leading position in that country. It is good to mention that when we saw this slow-down happening we made adjustments. We have approximately 3,000 people in Brazil and around 250 of them have left because their projects have finished and no new projects became available. They have been rolled off from the payroll. It is our expectation that in the second quarter things start to normalise, meaning that the order intake should see an uptick and then the second half of the year will be more normal. That is the assumption we have in our outlook for the year. Of course, that also impacts the total outlook for ARCADIS.
Mr. McArthur: Thanks Renier, let me do the US. If we look at the guidance that we gave at the beginning of the year for North America, that still holds very true. Architecture and Buildings: we see good growth and we have seen that in the first quarter. The same goes for the Infrastructure business in North America. We are actually seeing a return to low growth, in Water a little earlier. We were seeing at the beginning of the year. We have seen a slowing of the decline in our Environmental business and we reinforce the guidance that we will return to low growth later in the year for Environment in North America.

Mr Vree: When we look at the margin, I can see the calculation there that you made. I can confirm that the margin of Hyder was low in the quarter. We are talking mid-single digit. I can confirm that but then also be aware. We have 4,700 people that came with Hyder across multiple regions that get integrated into ARCADIS, that we bring into new teams and some of them to other offices. They have to work with new colleagues and sometimes also for different clients. So, there is a lot of turmoil as part of the integration process and because of that, we also moved as fast as we could. That impacted the billability in the quarter because underlying, when we look at the backlog of the business that came with Hyder. When we look at the quality of the people, the first synergy wins that are happening we are very confident that Hyder will do well. That we are going so quickly through the integration process, is that we have positioned together with the people from formally known as Hyder to be much more at a higher margin level in the quarters to come.

Mr. McArthur: And just building on that Renier, if you look back when we did the same with EC Harris, we went through a lot of leadership time devoted to the co-creation and the integration process in the first couple of quarters in 2012. When you look back at the impact that EC Harris had on our margins at the time, it was a signification dilution as well of nearly 1%. Over time, we have brought them back, within a two-year period, to the average of ARCADIS. We have always said that our acquisition plan is always to bring the acquired companies to the ARCADIS average and target over a three-year period. That remains the case. We see that path very clearly with Hyder. But we have to be also very realistic with everything that Renier said about these co-creation and integration processes. In the first two quarters there is a lot of disruption in the day-to-day business. Hence, we are figuring out how to work together and create those synergies and how we operate together. That is just very normal in an acquisition of this kind of size.

Bjorn Krook – ABN AMRO: Of course, I appreciate that. My point was actually that it is one year since the worst quarter in Hyder’s history. They have restructured themselves, you have taken over controls there and I presume there is organic growth at Hyder. Are you seeing an underlying improvement as well? For instance, a comment like still loss-making in Germany while there was already restructuring under Hyder. Is everything still going according to plan there?
Mr. Vree: Two comments. First of all, when we look at Hyder’s own business, yes, there was organic growth and in fact a higher organic than the rest of ARCADIS. So, in that sense it also shows that growth that will see going forward into our organic growth measurements. Secondly, yes, Germany was loss-giving. It was our view that the Hyder management had not gone far enough in addressing that situation. We have taken more and deeper cuts to adjust that business and make it future-proof. Our own plan for Hyder in the first quarter by the way: their delivery was very close to that plan. So, to us it shows that the steps we have taken were the right steps. We can also count on the improvements from here.

Bjorn Krook – ABN AMRO: Then the question that I asked about Brazil. How many quarters of this can you take before we have to really start to worry about the 5%-plus organic growth CAGR that you set as a target?

Mr. Vree: I do not want to go there. The way we run this with Brazil is that we are currently operating in a difficult market. We have taken the right measures in the first quarters. Headcount came down but margin remained at a good level, meaning around the ARCADIS group level, coming from a level above that. But it is still at a pretty attractive level. I am also sure that it is better than most if not all of our key competitors. We will manage Brazil according to its profitability and we will take their revenues as they come. At this point in time, I am not going to speculate on the impact, if that would take longer before it recovers.

Bjorn Krook – ABN AMRO: Thank you.

- Philip Scholte – Kempen & Co.

Good afternoon, everyone. The first question is on emerging markets in general as a group. Did that still achieve a positive organic growth?

My second question is on the backlog, being stable, corrected for FX That seems a bit weak, seasonally, if you also compare it to the last couple of years. Why is that, you believe? Can you provide some details or drivers on that?

My third question is on the new go-to-market approaches you have. This one is probably for Neil. Can you maybe give an example for the Middle East of what that new approach is? What has changed or which approach or which best practice did you take from Hyder or yourselves and what change that means for the business going forward?
Mr. McArthur: Your first question was on emerging markets. Yes, we have posted organic growth in the emerging markets.

Mr. Vree: When we look at the backlog: usually you are right because seasonally the first quarter tends to be a quarter where we have a pick-up in the backlog. The reason for it being lower is indeed the emerging markets. We have seen Continental Europe and the UK doing very well. We have seen North America, showing a stable backlog and then in the emerging markets we saw the impacts of what is going on in Brazil. But also in Asia, as indicated, we saw a reduction in the backlog. That is why the net impact was a stable backlog.

Mr. McArthur: On the go-to-market strategy for the Middle East, it is very clear that the process that we go through, which is having the joint leadership teams focus on which market development we believe that we can successfully drive revenue growth profitably. This means that we are looking at which countries in the Middle East -- they all have their idiosyncrasies -- and within those which market sectors we want to focus on and which clients and how we bring our capabilities together. So, we are very much aligned around four key geographies in the Middle East: the Kingdom of Saudi Arabia, Abu Dhabi, Dubai, and Qatar. We have very clear strategies for how we are going to drive growth there.

The second important part is how do we create synergies both on the client side and on the cost side as part of these. On the client synergy side I will give two very small examples in the Middle East. Hyder have a detail architectural design capability, which we can now use for RTKL in the Middle East. That kind of work, external to ARCADIS, is now brought in-house and done by Hyder.

The second example is again where Hyder as an engineering consultancy have looked for help on cost estimation of work, again external to ARCADIS. We have now brought that in-house to do that cost estimation work through the legacy capabilities of EC Harris and Landon & Seah. So very concrete and very pragmatic about how we are going to drive organic growth in the combined businesses.

Philip Scholte – Kempen & Co.: If I may, a short follow-up on that because Renier actually just said about Hyder and the impact on the billability that there were new offices or new clients. Is there really a shift going on in trying to bring the business formally known as Hyder to really make it do something different. The examples you just gave are more like a nice synergy in terms of combining activities but is there also going to be a shift in activities?

Mr. McArthur: If you look at the Kingdom of Saudi Arabia and if you go back historically, we would have RTKL pursuing healthcare work or commercial work there on their own, we would have EC Harris pursuing program management and business advisory work, and we
had Hyder working on design and engineering, for example in Jeddah, Saudi Arabia. When you bring those capabilities together, you can win work that no individual entity would have been able to win on their own. The best example so far of that is actually in the United Kingdom, where by bringing the infrastructure capabilities of Hyder together with the infrastructural of legacy ARCADIS and our tunnelling expertise together with business advisory and project cost management capabilities of EC Harris, we won the overall Crossrail 2 work in the United Kingdom, which is the second largest infrastructure project in the UK. So, that is an example of where we can bring the capabilities and go after new markets, that independent of one another we would not have been able to do. We do that not just in the UK but in the Middle East and in Australia Pacific.

Philip Scholte – Kempen & Co.: Thank you!

- Quirijn Mulder – ING

Good afternoon. My questions are on Australia. Can you give me some idea about the situation in Australia, excluding the Sydney story? Due to the political situation Hyder had some troubles, so is it moving up? Is the backlog increasing?

Then about the worldwide procurement: do you have any idea what cost savings you can reach with these measures in the coming years? What is your planning for that?

Mr. McArthur: We have not given specific targets externally on any of the five initiatives that we have, the performance drivers for the future. It is sufficient to say that if you look historically, we have had EUR 400 million to EUR 500 million between our gross and our net revenues. We gave the example at year-end that in Environment in the US: the subcontracting in our environmental work we had allowed the decision rights for how that was procured to reside at the project manager level, so relatively low down in the organisation. By taking a more strategic approach to working with pure vendors to provide those solutions and services for us, we believe that we can create a saving. Now, when you apply that to everything that we procure externally – I gave two examples just now around the detailed architectural design that were subcontracted historically by RTKL outside of ARCADIS or the case of cost estimation outside of Hyder – we can do these procurement processes in a different way, internally, and where we do decide to keep it external, to bundle that in a more strategic way to get savings. We apply that across all of our business. There is a substantial saving that we are going after over the next two to three years.

Mr. Vree: Then we come to Australia. Australia now makes up for approximately 3% of our net revenues. In the engineering and consulting industry the market is gradually improving and we also see that in our own numbers. Net revenue is up and the backlog has grown,
helped by capital investments that are taking place both at the federal level and at the state level. There is also a lot of synergy work, for instance around environmental activities, where a number of our global clients have a presence in Australia and would like ARCADIS to support them there. Also there, we are starting to see the first successes.

Quirijn Mulder – ING: And what about the MNC Program, given the decline in oil and gas? Could you give an update on your revenues’ development there?

Mr. McArthur: Oil and gas is around 6% directly of our revenues, Quirijn. What we were guiding for at the beginning of the year is that our oil and gas clients were telling us that they expected to see a 10% to 15% reduction. We have actually seen 20% to 30% reduction in order intake in oil and gas, in remediation this year. Clearly, that is something that we are picking up and backfilling with other market sectors where we see opportunities for growth.

Mr. Vree: Maybe I can mention a few of them, just to give some detail on that. For instance, we are working with contractors and financial institutions on real estate transactions. That is an area of growth. Also the automotive market sector is one where we are seeing growth around the world.

Quirijn Mulder – ING: Thank you!

- Dieter Furniere – KBC Securities

Good afternoon. My first question is on the margin. As was calculated before, could you confirm that excluding Hyder and Callison combined the operating EBITA margin was around 9.4%, in order to compare it a bit to the margin of last year?

Mr. Vree: I do not want to throw too many numbers around the table, Dieter. What we have said in our analysis is that the reported operating margin is 9.1%. If you take out Hyder – that is really the one that dilutes our margin – we would have been at 9.8%, also indicating that Callison is doing well. I would like to leave it at that.

Dieter Furniere – KBC Securities: But that made it more comparable because you did it at the full-year numbers.

My second question is linked to that. Given the decline you see now in the margins – 0.7% year-on-year – how comfortable are you, with all the initiatives that are being taken, that by the end of the year your full-year operating EBITA margin will be at the level you achieved last year?
Mr. McArthur: I think Renier was very clear in his remarks there. The plan that we had for the year took account of the fact that significant leadership time would be devoted to the integration process of Hyder, Callison, and our Canadian activities. When you take out the performance of Hyder, we are actually at 9.8% operating margin in the first quarter. Clearly, we have our plan for the rest of the year to come in line with guidance that we gave at the beginning of the year.

Dieter Furniere – KBC Securities: Clear.

My third question was more on the working capital. You clearly are initiating a lot of programs, especially for the acquired companies. Given your target that free cash flow covers the net income, I would assume that there should not really be outflows of working capital if you take the full year. Is that an expectation you have, that you could recover part of the cash outflows and make them inflows, or how should we see that given the free cash flow target?

Mr. Vree: That is indeed what we are doing. The integration level of the people in Hyder and Callison, the focus on the integration is on the receiving end in the ARCADIS organisations. We are aiming to make the improvement. What we have said earlier is that the working capital level that we are aiming for by year-end 2015 is lower than at year-end 2014 when it was at 18.8%. Obviously, that will help us a lot to have the cash flow exceeding our net income. We have seen it before. In 2013 we had a first quarter with a significant outflow. The company was a lot smaller. 2014 was better and now, we have a bit of a slow-down again. I am pretty confident that given the processes we have defined before, applying that knowledge, having people have their minds now much more at ease about they are going after with clients and with projects, and the invoicing and collection processing being back up to speed again, we will see it back in the numbers.

Dieter Furniere – KBC Securities: Finally, more a housekeeping question on the indication of the restructuring and integration charges. How do you expect these to evolve in the coming quarters? Should we bank on a similar figure as in the first quarter or are they more of a peak, since you are quickly stepping up your game and with all the programs? Could we have a bit of flavour on that?

Mr. Vree: The integration charges are around EUR 5 million in Q1. That is definitely a peak because that resembles the fast integration that we did. That should take off quickly from now on. The restructuring charges are at EUR 7 million. Performance excellence is happening around the company, focused on Continental Europe, the UK and North America. That will continue, so there I would expect also in the coming quarters that we continue to see one-off charges linked to the restructuring for performance excellence.

Dieter Furniere – KBC Securities: Thank you!
• **Luuk van Beek – Petercam**

Good afternoon. First I have a question on Brazil because the revenue decline came as a bit of a surprise, probably also for you. To what extent have you been able to protect your margin in the first quarter? To what extent will you be flexible enough to maintain a decent margin level in the coming quarters, while maintaining sufficient capacity when the market picks up again? How is your visibility on the coming quarters?

My second question is on the working capital. Can you give an indication of what you will change versus the last couple of years when you were already strengthening your processes and your collecting procedures? Is it a special treatment for the new situation that is happening in Latin America or is anything changing that will drive lower working capital in the coming quarters? Do the slow payments in Latin America create an elevated risk of bad debt?

**Mr. Vree:** On Brazil I have said before that we have protected our margin in the first quarter because 250 people mean a lot of payroll and projects were completed. In Brazil it is quite difficult because people are part of a company during a project. When a project gets completed they either move on to a next project or leave the company. That is not a very disruptive process like it can be in other countries. That has helped us significantly to protect the margin in the first quarter. We will be flexible and also do that when necessary in the coming quarters. We hope it will not be necessary at the same pace as we have seen before but in case it needs to be done with ARCADIS margin protection is number one of our list of priorities. Visibility is not very good right now. I do not want to tell you anything different. That is also why we saw in Q1 that projects that were basically certain to get awarded and did not get awarded yet, given the situation in that country. So, we have taken it by the week to decide how quickly we have to go in adjusting our capacity to the market that we can see in terms of order book and also pipeline.

Working capital: we have quite clear processes, well documented. We have people that can give training to the various regions of the company. It is also important to mention the emerging markets. They have become a significantly larger part of the company. Brazil is clearly an example of that. The growth we have seen there is the same as in the Middle East. When we moved the people and now focus on it, we will start to see progress. We have seen the same in Continental Europe. We were there in 2013 and in the beginning of 2014 and we were very busy to change the organisations, have people in new roles and change the base of working. Then the organisation was much more focused on execution, winning the work and making sure to deliver the profit and the cash. We have seen working capital in Europe coming down gradually, quarter after quarter. I am confident that by
applying that same approach to other regions we are going to see the benefits of that. On top of that, the incentives of our leadership are tied to the improvements we make in working capital and cash flow. So also there, there is nobody in ARCADIS that does not take that as an important of his deliverables.

When it comes to LATAM, we have seen the continued slow collection. But do not forget, we were there for large companies with good credit ratings. That also did not get us worried about the risk for write-offs.

**Luc van Beek – Petercam:** Thank you.

- **Joost van Beek – Theodoor Gilissen**

Good afternoon. There are a few questions left, first a follow-up on the total cost of integration and the restructurings. These were about EUR 12 million in the first quarter, which was relatively high given the guidance that you gave at the Q4 presentation. I think it was around EUR 25 million. Do you believe these EUR 25 million is still an okay number or do you expect that more needs to be done?

**Mr. Vree:** Do not forget that these EUR 25 million were related for the restructuring for performance excellence. The EUR 7 million of the EUR 12 million should be related to these EUR 25 million. Then the integration charges for Hyder and Callison were outside the scope of performance excellence, so that stands. There is no change in what we were assuming at that point in time.

**Joost van Beek – Theodoor Gilissen:** And in terms of integration charges in the coming quarters?

**Mr. Vree:** Yes, these should go down rapidly because of all the work we have done in the first quarter. I expect to have still some costs in the next quarters but that will be significantly less than we have seen in this quarter.

**Joost van Beek – Theodoor Gilissen:** My next question is related to insure the payments of projects. Do you make use of that and how is that still possible in areas like Brazil, where the payment risk has increased?

**Mr. Vree:** Do you mean insurance for getting paid?

**Joost van Beek – Theodoor Gilissen:** Getting paid, indeed yes.

**Mr. Vree:** No, we typically do not do that. We do not have an insurance on our receivables.
Joost van Beek – Theodoor Gilissen: There has not been any cost for non-payments in the first quarter?

Mr. Vree: No, we have not seen anything unusual in that.

Joost van Beek – Theodoor Gilissen: Thank you.

• Bjorn Krook – ABN AMRO

I have a couple of follow-ups. On the order book you normally have a relatively conservative modus of assigned parts of a framework contract in there. Could you tell us a bit about how much of the framework contracts is included in the order book and what is left out?

My second follow-up is more on slides 23 and 24. I am very happy that you have detailed plans in place and that you are on track but in terms of timing, when do you expect to see some results of these plans and how will that progress further?

Then something more positive: in Continental Europe and the UK you must see a very strong acceleration of organic growth, taking into account that the US is still very negative and obviously Brazil not doing well. Can you tell us about what is driving the organic growth there? Is that only Buildings or is that throughout the whole range of services ARCADIS offers? How solid is that recovery there?

Mr. McArthur: Let me take the second question first. Remember, in all of the acquisitions that we have done we go through a very intense short period of co-creation where we emerge after six months with aligned strategies, an aligned operating model and with new leadership teams with the best persons involved and a very clear synergy capture plan, driven off revenue synergies or which specific clients do we expect to get more revenue from, and where do we see the cost synergies for the business with very clear responsibilities for that implementation. The one I am very clear on is that we are on track with our acquisition case synergies, as previously communicated to the market. The end of that six-month period is in the second quarter. We will share more of where we stand at the mid-year results but we are very confident that we are on track with those synergy capture plans that we will move into implementation or have moved in some cases already into implementation in the second quarter.

Bjorn Krook – ABN AMRO: So, at the half-year statements I can expect an actual number in terms of synergies that have been realised?
Mr. McArthur: Absolutely and also what the plan is for the remaining period within the range of guidance that we have given.

Bjorn Krook – ABN AMRO: Thank you.

Mr. Vree: Your first question was on the backlog. You are correct; we are prudent in the way we calculate our backlog, so the framework agreements or projects that we have won without having the licence to proceed from the client are not included in that. An example is this remediation project in Kansas City that I mentioned. That is typically a task order within a framework. When we get a task order it gets added to the backlog and then of course also moved into revenues when we execute that project. There is no real change in that process and also some of the wins of last year, as we indicated on Environmental and Infrastructure projects, are now into the backlog when we get awards for the task orders during the year.

When it comes to the backlog in Continental Europe and the UK: no, it is not just Buildings. Buildings is doing best from the business lines there. It helped because of the fact that the private sector is the main driver of the growth. But also in the public sector we see a stable development. It is not that things have improved a lot there but as we were expecting the public sector does not go down any further. Therefore, also in Environment, in Infrastructure and in Water we see the backlog starting to improve.

Bjorn Krook – ABN AMRO: Can you put a number on the amount of framework contracts that is not included in the backlog?

Mr. Vree: It is hundreds of millions.

Bjorn Krook – ABN AMRO: Okay.

Mr. Vree: It is as precise as I can be today.

Bjorn Krook – ABN AMRO: That is good enough for me. Thank you.

Michel Aupers – Rabobank

Good afternoon. I have two small questions, one on the consolidation in the industry, which comes relatively rapidly. Can you provide some more insight in your acquisition pipeline and ambitions, going forward?

The second question is related to the integration. What are the main bottlenecks you see in the future regarding IT and reporting systems? What is the roadmap to integrate those acquisitions, also from an IT-perspective?
Mr. **McArthur**: Let me take the first question. Clearly, our strategy is sustainable growth, performance and collaboration. Sustainable growth, as you will remember, is expanding the core seven focused priorities for growth and then mergers and acquisitions. What we have also said very clearly, is that we spent EUR 0.5 billion in the fourth quarter of 2014 and our primary leadership priorities this year are around delivering the acquisition synergies, performance excellence and the transformation of North America. That is where our focus is for 2015.

Mr. **Vree**: When looking at integration and the bottlenecks: first of all reporting and then make the bridge between the system and acquired company has into the ARCADIS consolidated reporting system. That was already done in November of last year and that is going well. When it comes to the more business-related IT-systems, the first thing we do is making sure that we have people linked in our email system. So, in the first quarter of this year everybody within Hyder and Callison and Franz are now on the ARCADIS mail system. They are part of the tools we use to share documents and can act as a team. We can also use video and audio to link up with people from Hyder and Callison. You would not see a difference whether they were previously from Hyder or Callison or legacy ARCADIS staff.

The Hyder work is the ERP-system, the basic project management and resource planning system that we use. Then we take a more gradual look. It also depends a bit on the individual regions. We have log out schedules for the individual regions to bring the activities of the acquired companies into the ARCADIS systems. Most of that is happening in the course of this year. Some of it we will be doing in 2016 because there is no urgent need in a number of cases to do that.

**Michel Aupers – Rabobank**: That is clear. Coming back to my first question, we do not expect a larger acquisition for the remainder of the year?

Mr. **McArthur**: We never guide for when acquisitions could take place.

**Edwin de Jong – SNS Securities**

Good afternoon, there are two questions left, the first on Brazil. You have seen a sudden decrease of 15% in revenue in Q1. Could you give more colour on the numbers of the slowdown in revenue growth in Q3 and Q4 of last year? Do you have a feeling on the development there?

My second question is the same as Björn asked. If you see a decline in Brazil and in the US as well, the last part of the revenue base has an organic decrease of revenues. So, there
must be some regions with 10%-plus of organic growth numbers. I would like to know which regions these were.

Mr. McArthur: We can answer the second question first. We are prepared to share that we have got organic growth of 2%-plus and that is driven by the Middle East, Continental Europe, the UK and Asia. But we are not going to split that out any further.

Edwin de Jong – SNS Securities: So, you cannot provide more colour on which regions of those four was best?

Mr. Slooten: That is the level of detail that we are trying to avoid for the quarters, on one and three.

Mr. Vree: And on your question on Brazil, I do not have all the details of the second half of last year with me but I think we confirmed last year that Latin America was slightly down for the full year, basically flat to be more precise. There was some growth in the first half and there was some decline in the second half but I do not have the exact numbers here to answer your question. But the 15% of Q1 is against growth we had in the first quarter last year.

Edwin de Jong – SNS Securities: That is very clear. Thank you.

- Bjorn Krook – ABN AMRO

One sentence that peaked my interest is the slower growth that you see in Asia on China. Could you remind us of your exposure there and how that is actually impacting the business there?

Mr. Vree: We already guided for China in the fourth quarter of last year. The order intake is somewhat going down and we saw that back in the revenues this year. China continues to grow but at a lower rate than we have seen last year. I think there is a pretty correlation with the overall macro-trends for China and we see that back in the way our business is evolving.

Bjorn Krook – ABN AMRO: Thank you.

Mr. Slooten: As there are no more questions in the pipeline I would like to give it back to Neil McArthur for some closing remarks.
Mr. McArthur: Thank you, Joost. In summary, ARCADIS delivered solid results in the first quarter. We had strong growth with 42% of net revenue growth in the quarter and improving organic growth in the second quarter. Clearly, a disappointment was Brazil but as hopefully you have heard we are adjusting very quickly to that new reality. Working capital was seasonally higher but it was impacted by acquisitions and Latin America. As you have heard from Renier, we are implementing our ARCADIS controls on our acquired companies and we are reinforcing our policies and procedures on working capital.

We are happy on the progress made on our 2015 leadership priorities with, as we said, significant leadership time and effort devoted to the integration processes of Hyder, Callison and the Canadian activities, impacting 30% more people onboarded and where we spent around EUR 5 million on integration costs. Performance excellence, as we said, focus very much on the quick wins in the three largest regions, the UK, Continental Europe and North America. As Renier explained, we spent EUR 7 million in the first quarter on restructuring charges. Our North American transformation is well underway and we have made good progress under our new leadership. The outlook is confirmed with a significant increase in revenues and profit, barring unforeseen circumstances.

With that, I would like to thank everybody for taking the time to be with us this afternoon.

Mr. Slooten: Thank you, Neil, and thank you operator. We can close the call.

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End of call
Imagine the result