PRESS RELEASE

Arcadis N.V.
Gustav Mahlerplein 97-103
P.O. Box 7895
1008 AB Amsterdam
The Netherlands
Tel +31 20 2011 011
www.arcadis.com

ARCADIS TRADING UPDATE Q3 2019
Continued revenue growth and margin improvement

Operational:
- Strong performance in North America, the Netherlands and Australia
- Further margin improvements in Asia and Latin America
- Significant project win in digital solutions in the UK
- Further strengthening of global environmental expertise for innovative PFAS treatment technology

Third quarter financials:
- Organic net revenue growth of 3% to €642 million (Q3 2018: €613 million)
- Operating EBITA increased by 17% to €53 million (Q3 2018: €45 million), resulting in an improved margin of 8.3% (Q3 2018: 7.4%)
- Free cash flow of €4 million (Q3 2018: €23 million), temporarily held back by the implementation of the new Oracle Cloud solution in North America

Year-to-date financials:
- Net revenues €1,917 million; organic growth +2%
- Operating EBITA margin improved to 7.8% (2018: 7.3%)
- EBITDA increased by 14% to €174 million (2018: €153 million)
- Net debt further reduced to €386 million (2018: €468 million), free cash flow at €12 million (2018: €17 million)

Amsterdam, 24 October 2019 – Arcadis (EURONEXT: ARCAD), the leading global Design & Consultancy organization for natural and built assets, reports organic net revenue growth of 3%. Operating EBITA increased by 17% to €53 million resulting in a margin improvement to 8.3%, up from 7.4% last year. The higher results came from continued strong performance in North America, the Netherlands and Australia and further improvements in Asia and Latin America.

Peter Oosterveer, CEO Arcadis, comments: “I am pleased with the continued strong performance in North America, the Netherlands and Australia, and equally pleased with the further improvements resulting from the measures we took in Latin America and Asia. Our results in the UK are solid, but we see that the ongoing Brexit uncertainty impacts the timing of infrastructure and buildings projects. The implementation of the new Oracle Cloud solution in North America, which went live in late July, has created a delay in our cash generation of around €50 million, however the actions we have taken will allow us to remedy the situation in the fourth quarter.

Good progress was made on our Innovation & Growth agenda. Our efforts to accelerate the upscaling of digital solutions resulted in a significant contract win with Transport for London to digitally improve frequency and reliability of London Underground. We also see that the market for environmental consultancy services continues to grow. With the signed heads of agreement with Evocra, an Australian based water solutions company, we are further strengthening our global environmental expertise. By using their internationally patented processes we can offer additional solutions to remove PFAS from contaminated water, which complements our existing suite of PFAS solutions. This provides us with a differentiated solution for one of the world’s biggest emerging contaminants that endangers environment and health & safety of humans.

Our strategy of “Creating a sustainable future” sets a clear path on long-term value creation and we see that our efforts are contributing to the achievement of the targets set for 2020.”

KEY FIGURES (EXCL. IFRS 16)

in € millions Period ended 30 September	THIRD QUARTER 2019	 2018	 change	YEAR-TO-DATE 2019	 2018	 change
Gross revenues	836	808	3%	2,544	2,394	6%
Net revenues	642	613	5%	1,917	1,833	5%
Organic growth	*3%*			*2%*		
EBITDA	63	54	17%	174	153	14%
EBITDA margin	*9.8%*	*8.8%*		*9.1%*	*8.3%*	
EBITA	50	43	17%	140	122	15%
EBITA margin	*7.8%*	*7.0%*		*7.3%*	*6.7%*	
Operating EBITA[1)]	53	45	17%	150	133	12%
Operating EBITA margin	*8.3%*	*7.4%*		*7.8%*	*7.3%*	
Free cash flow	4	23		12	17	
Net working capital %	19.1%	18.1%				
Days sales outstanding	95	89				
Net debt	386	468				
Backlog net revenues (billions)	2.0	2.0				
Backlog organic growth (year-to date)				-3%	-6%	

[1)] *Excluding acquisition, restructuring and integration-related costs*

IFRS 16: APPROACH AND IMPACT

The 2019 and 2018 figures in this press release are based on IAS 17, for comparison reasons. The interim 2019 financial statements based on IFRS16, including transition disclosures, can be found on the Arcadis website. The impact on EBITA year-to-date is immaterial.

REVIEW OF PERFORMANCE

REVENUES BY SEGMENT

AMERICAS

(33% of net revenues)

in € millions Period ended 30 September	THIRD QUARTER 2019	 2018	 change	YEAR-TO-DATE 2019	 2018	 change
Gross revenues	326	301	*9%*	1,005	852	*18%*
Net revenues	215	191	*12%*	640	557	*15%*
Organic growth	*9%*			9%		

Organic net revenue growth was 7% in North America and 20% in Latin America. The organic revenue growth in North America was driven by strong performance in Environment and Water. The revenue in Latin America increased due to growth in environmental consultancy and a better overall business environment.

EUROPE & MIDDLE EAST

(44% of net revenues)

in € millions Period ended 30 September	THIRD QUARTER 2019	 2018	 change	YEAR-TO-DATE 2019	 2018	 change
Gross revenues	329	336	*-2%*	1,021	1,044	*-2%*
Net revenues	278	281	*-1%*	851	867	*-2%*
Organic growth	*0%*			*-1%*		

An organic net revenue growth increase of 3% in Continental Europe and the UK, was offset by a 17% decrease in the Middle East due to continued selective bidding. Growth in Continental

Europe was driven by environment and water consultancy in the Netherlands, but also by contribution from Germany and Belgium. The performance in the UK continued to be solid despite the ongoing Brexit uncertainty, which is impacting the timing of infrastructure and buildings projects.

ASIA PACIFIC

(14% of net revenues)

in € millions Period ended 30 September	THIRD QUARTER 2019	 2018	 change	YEAR-TO-DATE 2019	 2018	 change
Gross revenues	102	92	*10%*	290	278	*4%*
Net revenues	94	85	*10%*	259	249	*4%*
Organic growth	*6%*			*2%*		

Organic net revenue growth in Asia was slightly positive driven by growth in China and Hong Kong. As part of our focus on core activities we have finalized the divestment of the Indonesian activities. In Australia the organic net revenue growth was 13%, driven by the ramp-up of large projects in Infrastructure.

CALLISONRTKL

(9% of net revenues)

in € millions Period ended 30 September	THIRD QUARTER 2019	 2018	 change	YEAR-TO-DATE 2019	 2018	 change
Gross revenues	80	79	*0%*	228	220	*4%*
Net revenues	56	56	*0%*	167	161	*4%*
Organic growth	*-5%*			*-2%*		

Organic net revenues declined by 5%. CallisonRTKL is reshaping for future success under new leadership, positive signs are that voluntary employee turnover has come down and new top architects were hired.

OPERATING EBITA

Operating EBITA in the quarter increased by 17% to €53 million, resulting in an operating EBITA margin of 8.3% (Q3 2018: 7.4%). The margin increase was driven by continued improvement in the Americas, better performance in the Netherlands, Asia Pacific, and on average one more working day. Non-operating costs were €3 million, compared to €2 million in Q3 2018.

CASH FLOW, WORKING CAPITAL AND BALANCE SHEET

Free cash flow in the third quarter was €4 million (Q3 2018: €23 million), while year-to-date free cash flow was €12 million (2018: €17 million). The lower cash flow in the quarter was temporarily held back by the implementation of the new Oracle Cloud solution in North America, with a delay in cash generation of around €50 million. This was also the main reason for the increase in net working capital as a percentage of gross revenues to 19.1% (Q3 2018: 18.1%), and the days sales outstanding to 95 days (Q3 2018: 89 days). We have taken actions that will allow us to remedy the situation in the fourth quarter. Net debt at the end of September was €386 million, significantly lower than last year (Q3 2018: €468 million).

BACKLOG

Backlog at the end of September 2019 was €2.0 billion (Q3 2018: €2.0 billion), representing 9 months of revenues. Year-to-date organic backlog decreased by 3% (Q3 2018: -6%), due to continued selective focus on a higher quality of backlog, as well as due to the ongoing Brexit uncertainty.

NON-CORE CLEAN ENERGY ASSETS BRAZIL (ALEN)

The gas delivery is increasing steadily towards the contracted volume by the end of the year. The largest gas-to-power plant is fully operational, delivering maximum capacity to the grid. The last gas-to-power plant is under construction, with completion and commissioning expected to start in the first quarter of 2020.

The divestment process is advancing, and non-binding offers have been received in October. The next step in the process has commenced with the due diligence by the selected investors. We continue to aspire to have an agreement in 2019 but recognize that negotiations may extend into the subsequent quarter.

-End of press release-

FINANCIAL CALENDAR

13 February 2020 - Q4 and full year results 2019

FOR FURTHER INFORMATION PLEASE CONTACT:

ARCADIS INVESTOR RELATIONS

Jurgen Pullens
Mobile: +31 6 51599483
E-mail: jurgen.pullens@arcadis.com

ARCADIS CORPORATE COMMUNICATIONS

Jochem Binst
Mobile: +32 471202679
E-mail: jochem.binst@arcadis.com

CONFERENCE CALL ANALYSTS AND INVESTORS

Peter Oosterveer (CEO) and Sarah Kuijlaars (CFO) will host a conference call for analysts and institutional investors at Thursday 24 October, 2019 10:00 a.m. CET to discuss the third quarter results. A live audio webcast of the conference call can be accessed via the investor relations section on the company's website at https://www.arcadis.com/en/global/investors/.

ABOUT ARCADIS

Arcadis is a leading global Design & Consultancy organization for natural and built assets. Applying our deep market sector insights and collective design, consultancy, engineering, project and management services we work in partnership with our clients to deliver exceptional and sustainable outcomes throughout the lifecycle of their natural and built assets. We are 27,000 people, active in over 70 countries that generate €3.3 billion in revenues. We support UN-Habitat with knowledge and expertise to improve the quality of life in rapidly growing cities around the world. www.arcadis.com.

REGULATED INFORMATION

This press release contains information that qualifies or may qualify as inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation.

FORWARD LOOKING STATEMENTS

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