

# Annual Results 2006

Harrie Noy, CEO  
March 2007



# Record profit; gross revenue € 1.2 billion

Net income from operations increases 50%

Gross revenue 23% higher; of which 10% organic

Margin improves further to 9.4%

Solid performance across the board

Dividend proposal: € 1.00 per share (2005: € 0.66)

Outlook 2007 continues to be positive

*Focus on added value and growth works*

# Income 4th quarter 2006: € 16.5 million

*No more acquisition effect from BBL*

	<u>2006</u>	<u>2005</u>	<u>△</u>
Gross revenue	342	309	11%
EBITA <sup>3)</sup>	23.9	21.9	9%
EBITA recurring	23.9	20.9	14%
Net income from operations <sup>1)</sup>	16.5	12.6	31%
Ditto per share <sup>1,2)</sup>	0.82	0.62	31%

Currency effect: -4%, mainly as a result of decline US \$

1. Before amortization and non-recurring items
2. 2006 based on 20.2 million shares outstanding (2005: 20.3 million)
3. In 2005 impacted by book profit and pension gains

# Positive trends continued in 4th quarter

Organic growth 10%, mainly from Netherlands, U.S., U.K. and Brazil

In environment, organic growth back to good level: more than 9%

Three new acquisitions: two in Belgium and one in the U.S.

Launch ARCADIS Worldwide Project Consulting

Organic increase EBITA 14%

Carbon credits Brazil: €0.6 million

Bandeirantes solid waste  
site near Sao Paulo



# Income full year 2006: € 50.0 million

	<u>2006</u>	<u>2005</u>	<u>△</u>	<u>currency</u>
Gross revenue	1,233	1,001	23%	23%
EBITA <sup>3)</sup>	78.8	60.4	30%	
EBITA recurring	78.8	57.3	38%	38%
Net income from operations <sup>1)</sup>	50.0	33.4	50%	51%
Ditto per share <sup>1,2)</sup>	2.47	1.65	50%	

Currency effect on an annual basis was nil

1. Before amortization and non-recurring items
2. 2006 based on 20.2 million shares outstanding (2005: 20.3 million)
3. In 2005 impacted by book profit and pension gains

# Highlights

Solid recovery Dutch market: organic growth > 10%

Continued good performance in U.S. and Brazil

In Europe, healthy growth in France and the U.K.

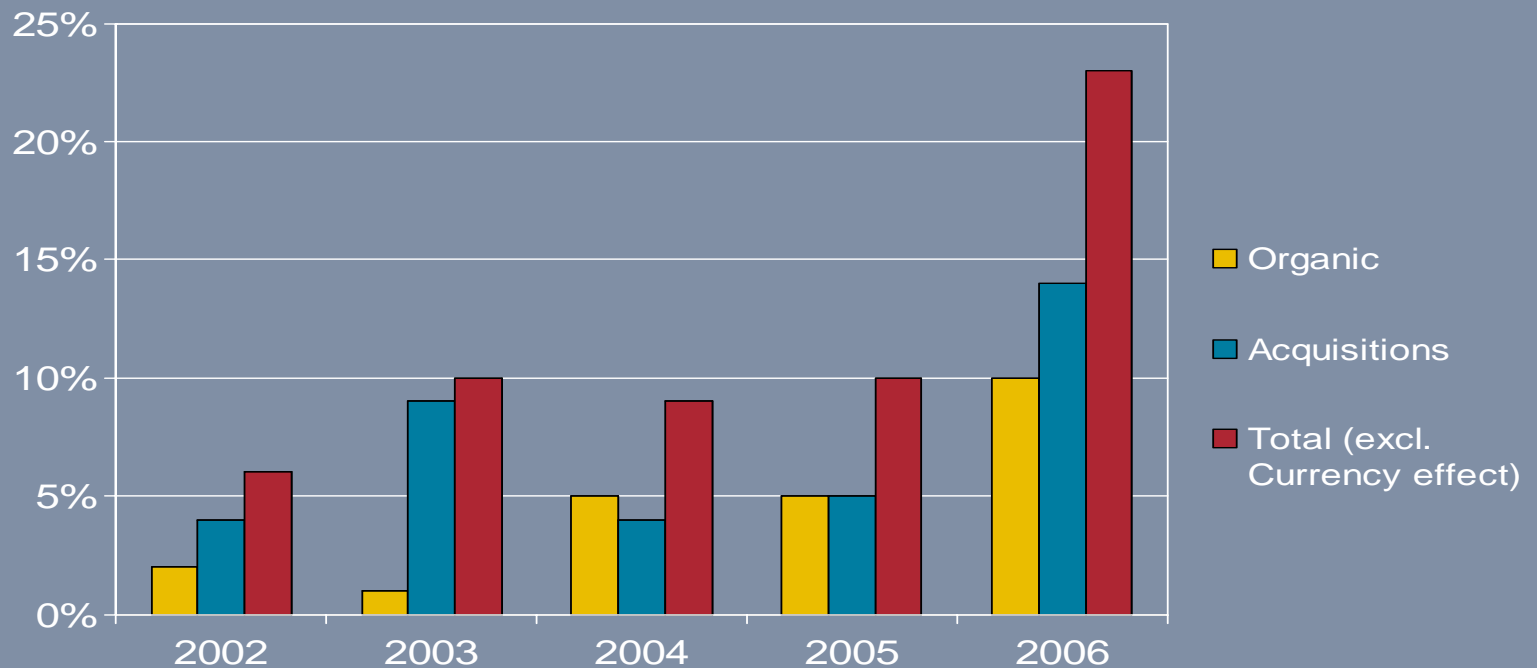
Excellent contribution from acquisitions, especially BBL and AYH

Integration BBL is progressing well

- *Client focused business model as basis*
- *On the way to a divisional structure for future expansion*
- *Synergy both in the U.S. and International*

Strong growth among multinational clients: 15% organic

# Organic growth to a higher level



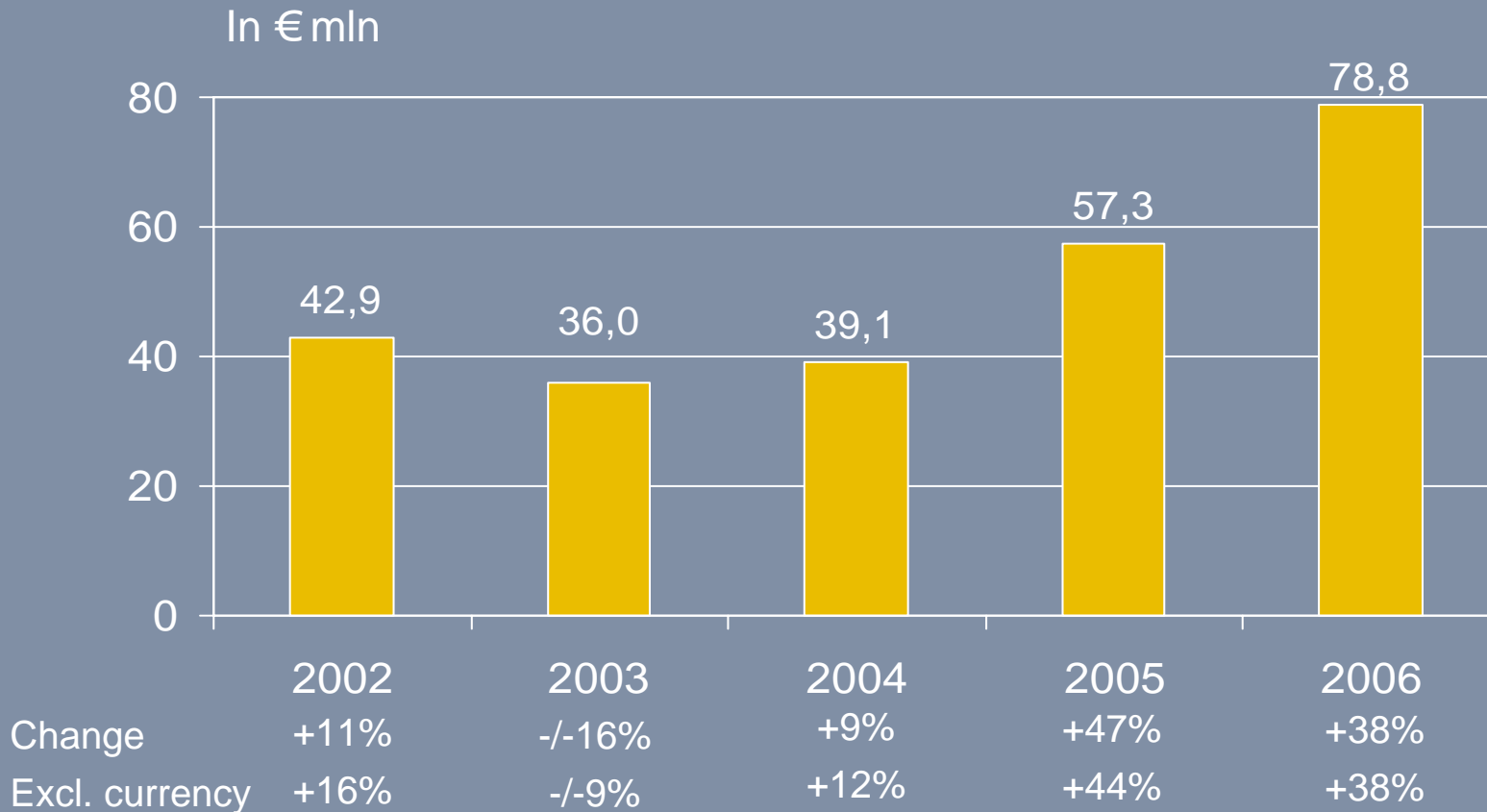
Currency	-3%	-3%	-3%	+1%	0%
Gain on sale	+2%	+0%	+1%	-0%	0%

# Further strengthening through acquisitions

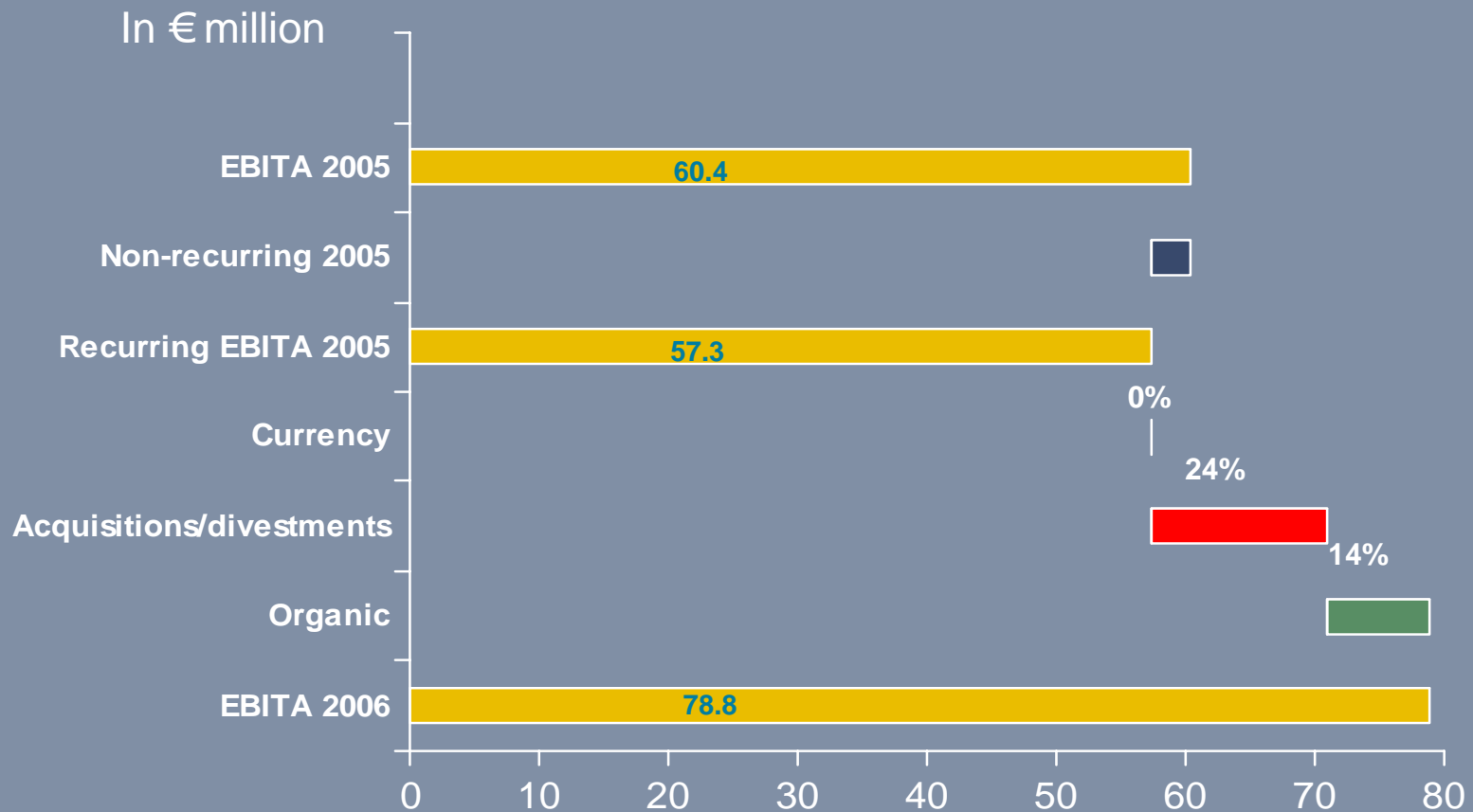
<i>Acquisitions 2006</i>		<i>Cons. from</i>	<i>Revenue in € million</i>	<i>People</i>
• Environment NL	In Situ Technieken	4.1.06	1.5	10
• Water Germany	Dresdner Grundwasser	7.1.06	1.5	20
• Management services U.K.	Berkeley Consulting	8.1.06	10	100
• Environment Belgium	Ecolas	10.1.06	6	60
• Walloon Belgium	BCT	10.1.06	6	65
• Management services U.S.	PinnacleOne	11.1.06	28	230
<i>Total</i>			<i>53</i>	<i>485</i>

# Development EBITA

Excluding non-recurring items

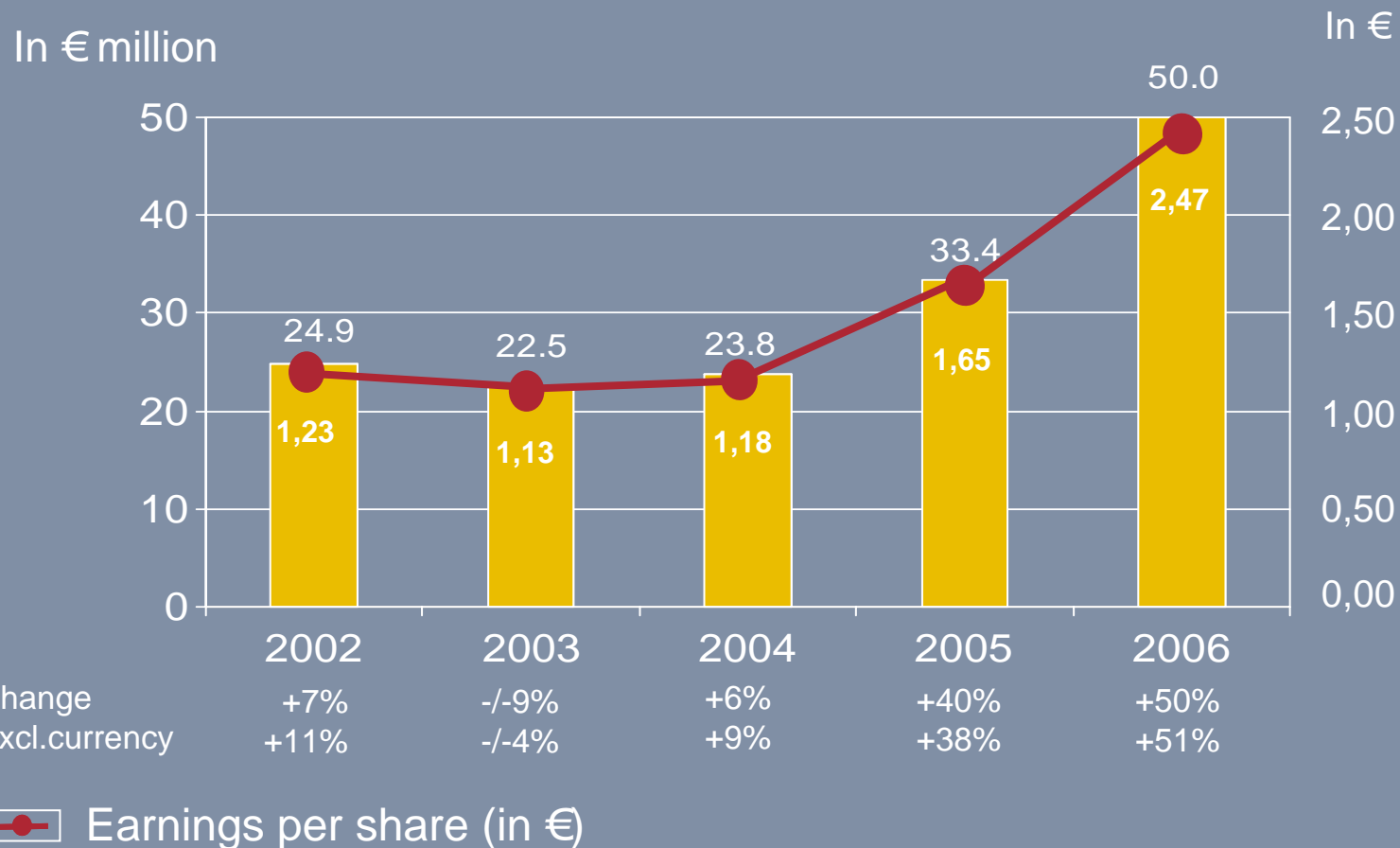


# Analysis strong EBITA growth



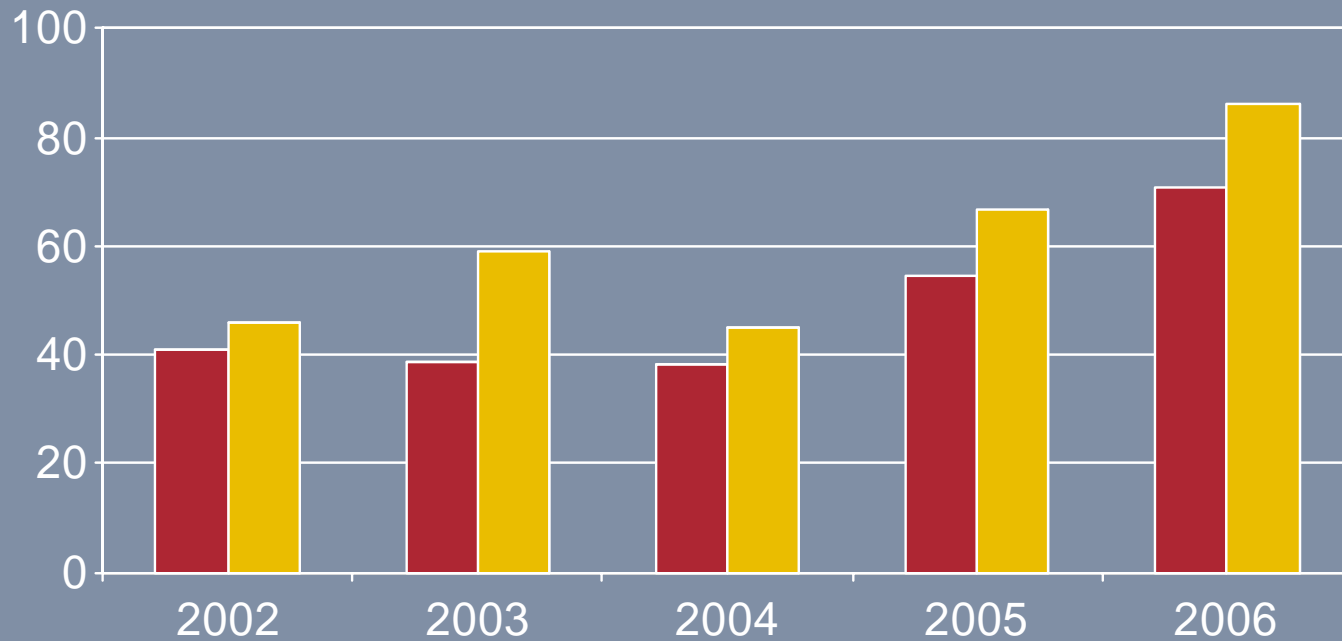
# Net income from operations and EPS

Before amortization; excluding non-recurring



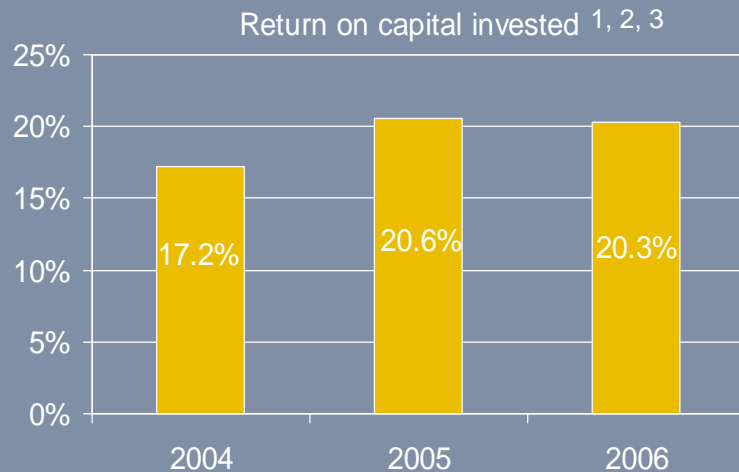
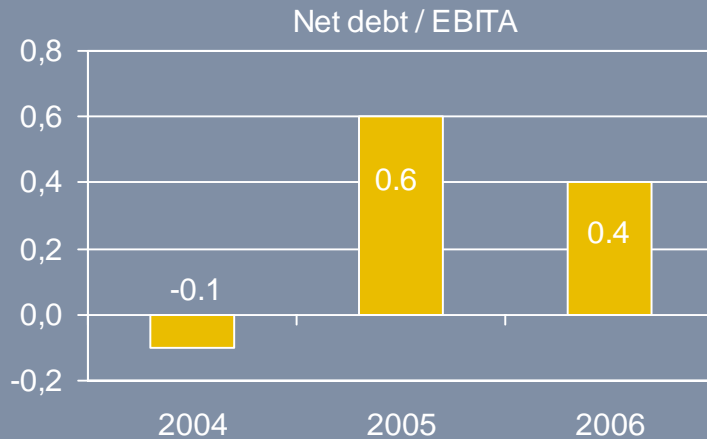
# Cash flow at very high level

In € million



■ Cash flow: net income + depreciation    ■ Cash flow from operating activities

# Balance sheet and return



## *Balance sheet healthy*

Working capital 12.5% (2005: 12.7%)

Investments in acquisitions: € 53 million

Net debt: € 45 million (2005: € 52 million)

Shareholders' equity: € 189 million

## *Return on capital invested remains high*

<sup>1</sup>basis: average quarterly balance sheets

<sup>2</sup>basis: net interest bearing debt

<sup>3</sup>based on net income from operations

# The service areas

## Infrastructure

## Environment

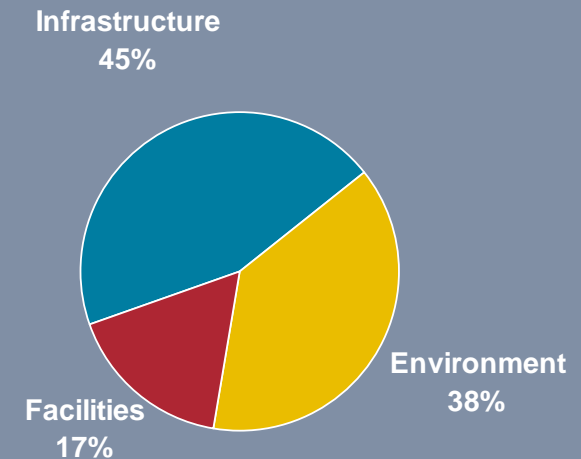
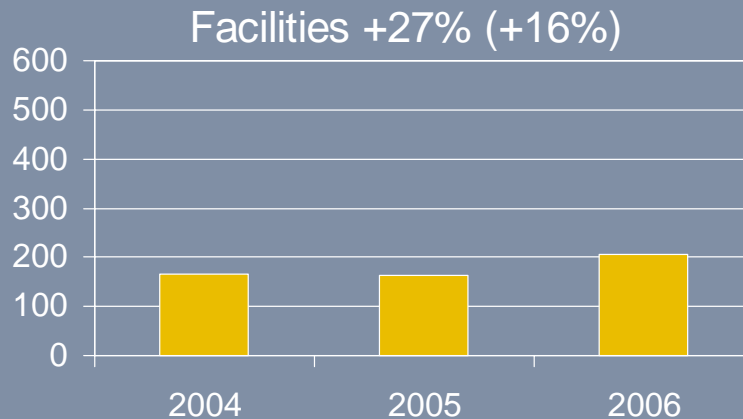
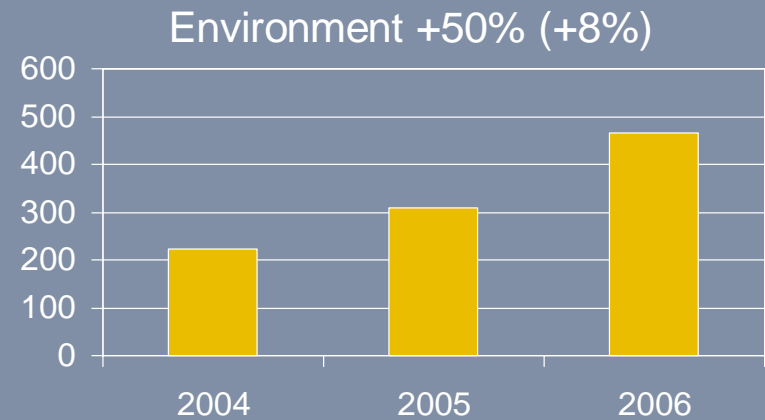
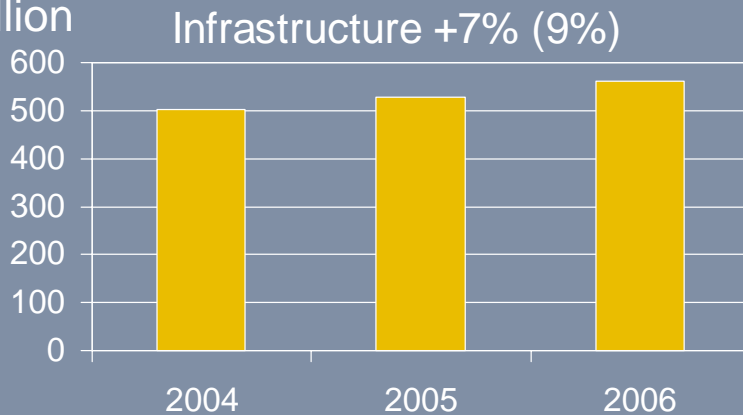
## Facilities

# Gross revenue: service areas

*Organic growth on/above target in all service areas*

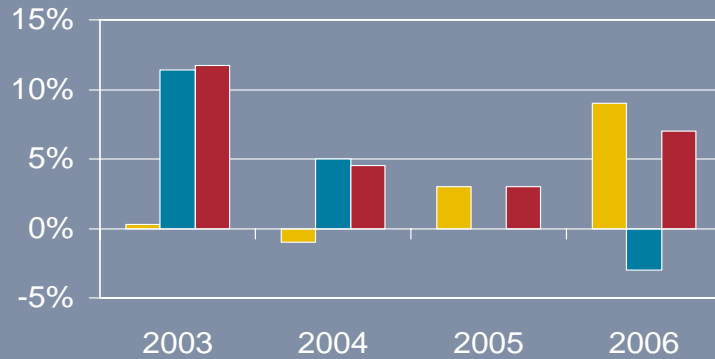
( ) = organic

In € million

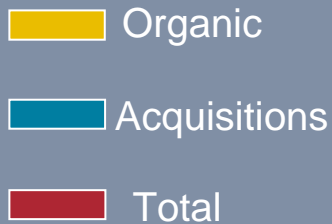
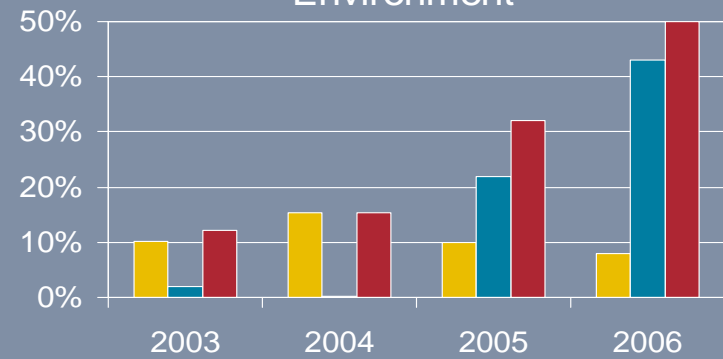


# Growth service areas (excl. currency effect)

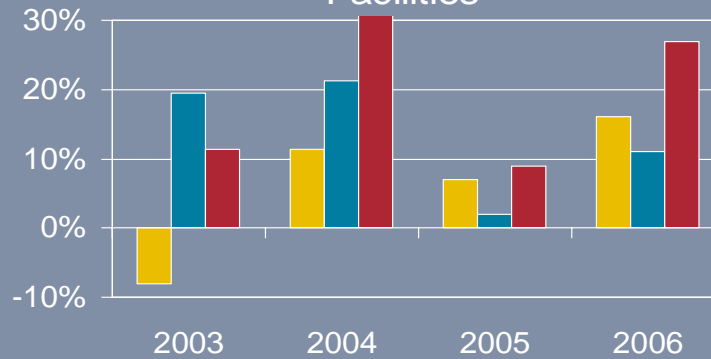
## Infrastructure



## Environment



## Facilities



# Infrastructure +7% (+9%)



- Organic growth to 9% (2005: 3%); effect acquisitions -3%
- Dutch growth 10%, more investment, breakthrough PPP, more outsourcing Department of Transportation
- U.S. growth transportation, water; pressure land development
- Again considerable increase activities in Brazil
- Temporarily less European growth, in part through delays Poland

# Environment +50% (+8%)



- Strong growth mainly from acquisitions BBL and Greystone
- Organic growth U.S. 11%, mainly front end services and GRiP®
- \$ 94 million new GRiP® work; backlog \$ 290 million
- 15% more revenues for multinationals also from synergy BBL
- Good growth contributions United Kingdom, Netherlands, Brazil

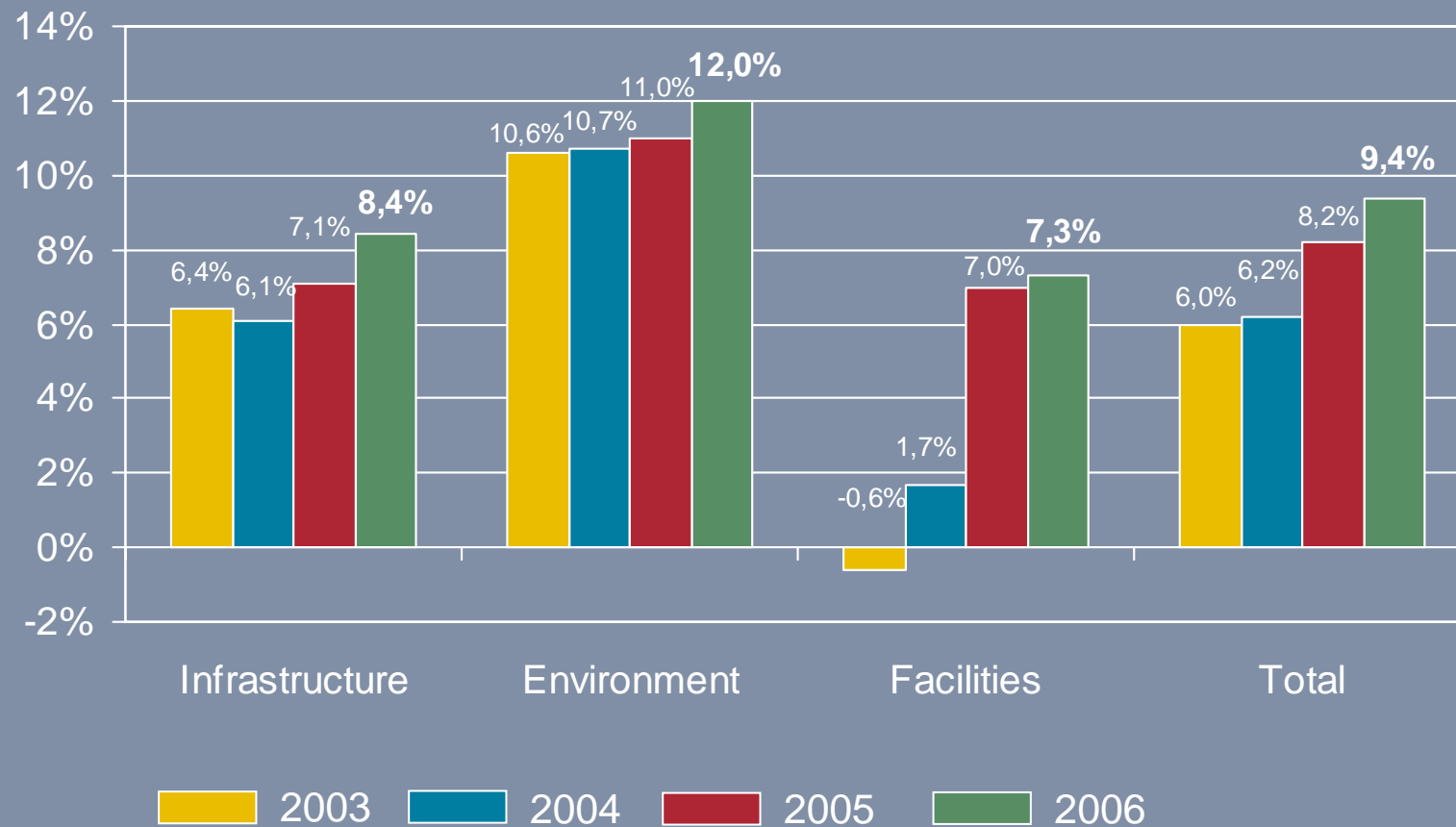
# Facilities +27% (+16%)



- Organic growth excluding DSM/Sabic contract 9%
- Contribution acquisitions 11%, mainly AYH
- ARCADIS Worldwide Project Consulting well received in market
- More project management demand U.K., Netherlands, Germany
- Reducing detailed engineering Germany; growth Belgium/France

# Margin improved in all service areas

*Recurring Ebita as % of net revenue*



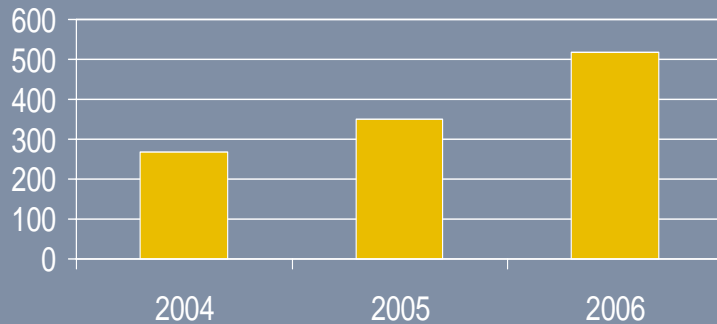
The regions  
United States  
Netherlands  
Other Europe  
Rest of the world

# Strong growth in most regions

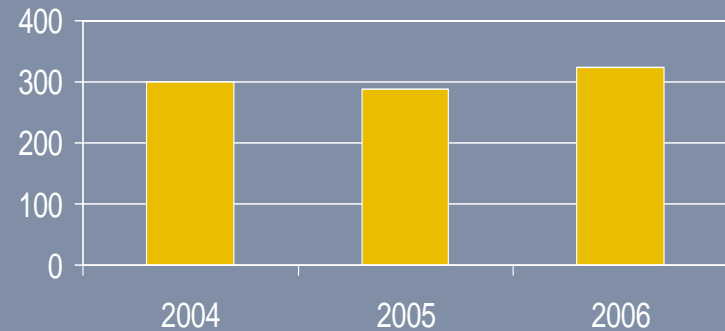
*Based on gross revenue*

In € million

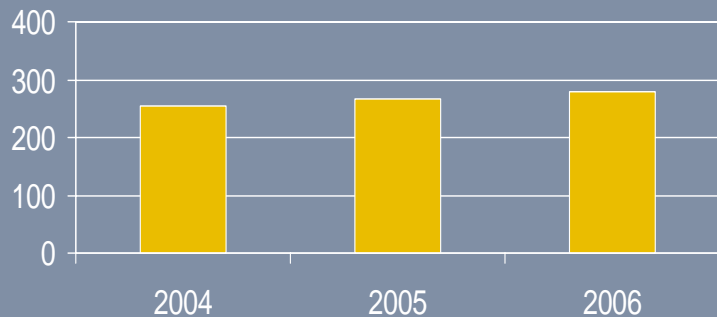
United States +49% (+12%)



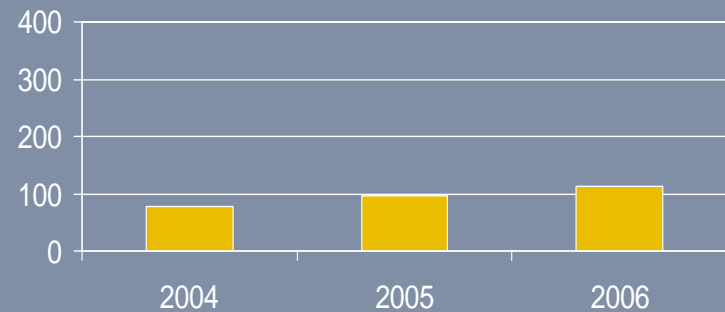
Netherlands +12% (+12%)



Other Europe +4% (+2%)



Rest of world +17% (+15%)

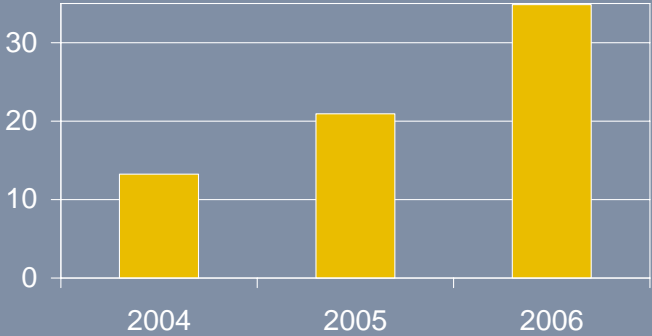


# Increase EBITA mainly in U.S. and Netherlands

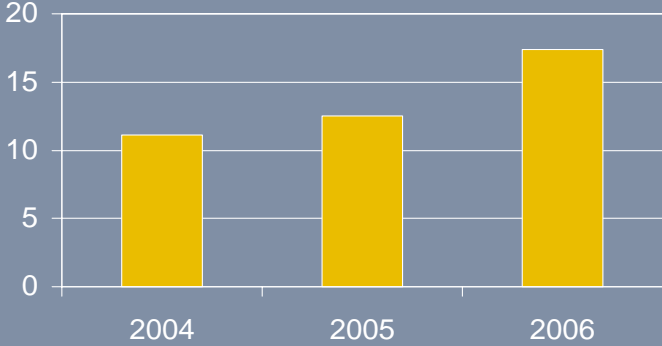
Excluding non-recurring effects

In € million

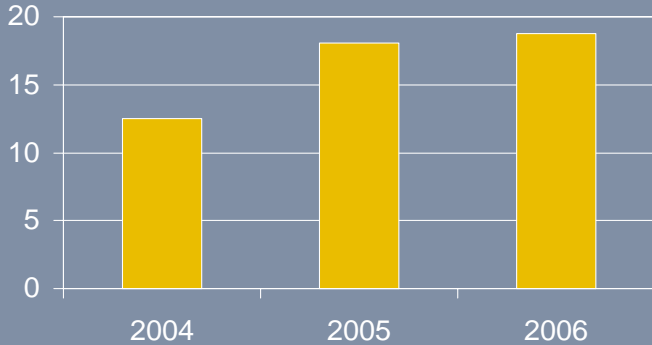
United States +66%



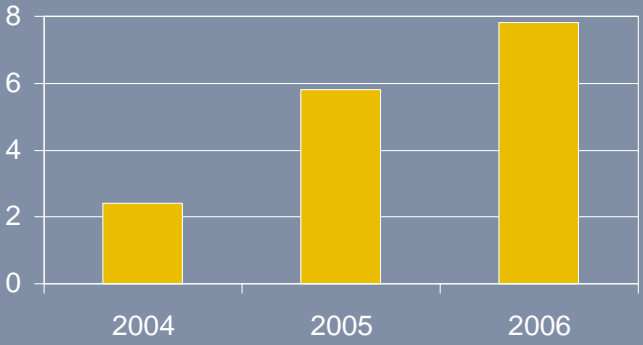
Netherlands +39%



Other Europe +4%

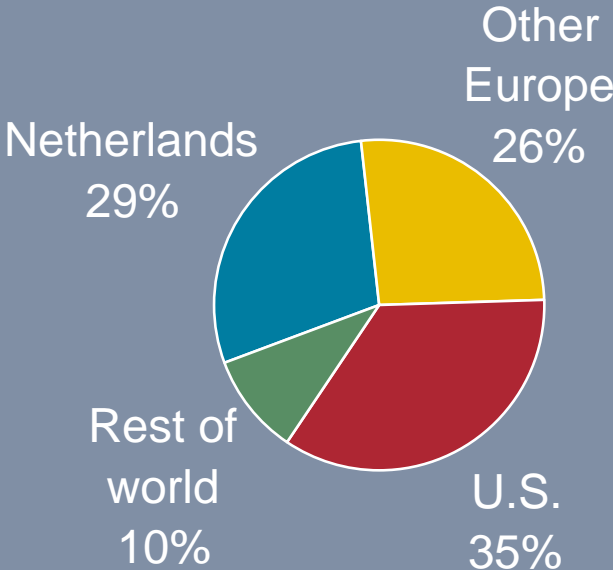


Rest of the world +34%

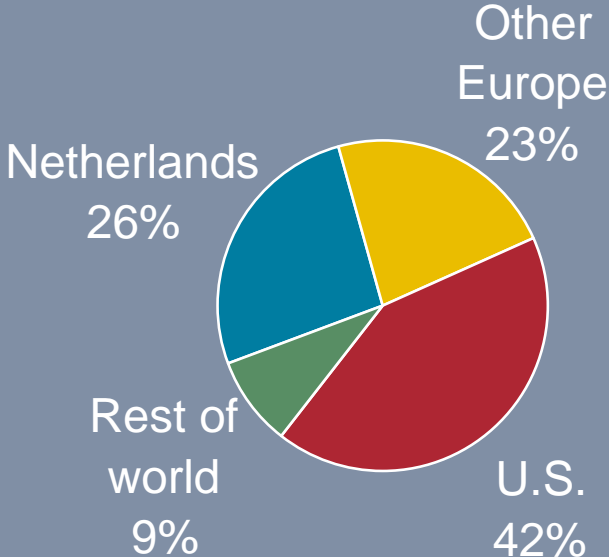


# Geographical position is shifting

2005



2006



# Strategy and outlook

# Strategy aimed at growth in three service areas

## **Infrastructure** *organic growth: 4-6%; margin 8-9%*

- Further expansion of strong home market positions
- Visible player in rail infrastructure, bridges and tunnels
- Strengthen in water and planning

## **Environment** *organic growth: 8-12%; margin 12-13%*

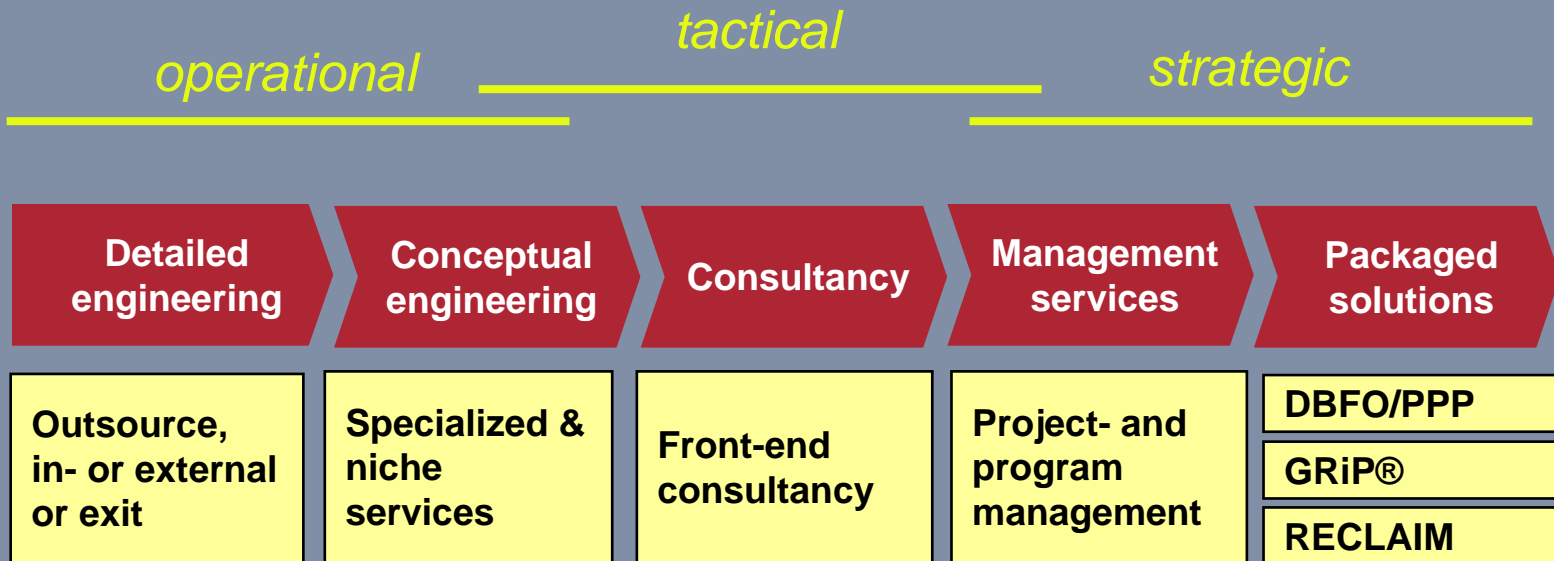
- Expand market leadership in soil remediation
- Strong growth in services for multinational customers
- Strengthen front-end consultancy services

## **Facilities** *organic growth: 5-10%; margin 10-11%*

- Benchmark project management company for international investors
- Expansion in facility management
- Strengthen services higher in the value chain

# Focus remains on higher added value

## Value chain



Higher added value leads to increased margins

In depth client relationships are essential for early involvement

# Acquisities are high on the priority list again

## Strengthening home market positions

- priority in United States and United Kingdom

## Strengthening the portfolio

- Expansion higher in the value chain
- Management services
- Rail, broadening in environment, water, planning services

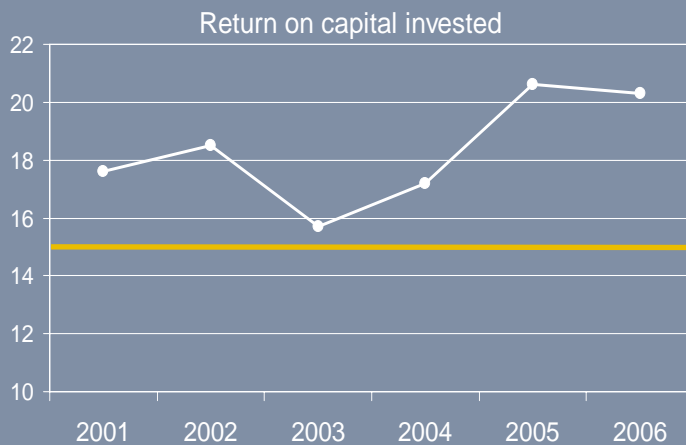
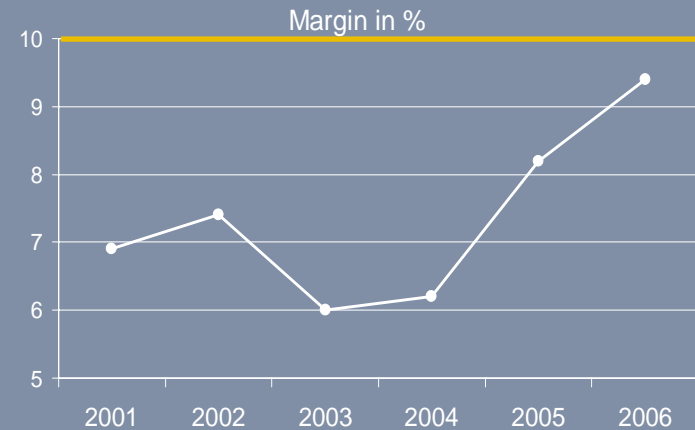
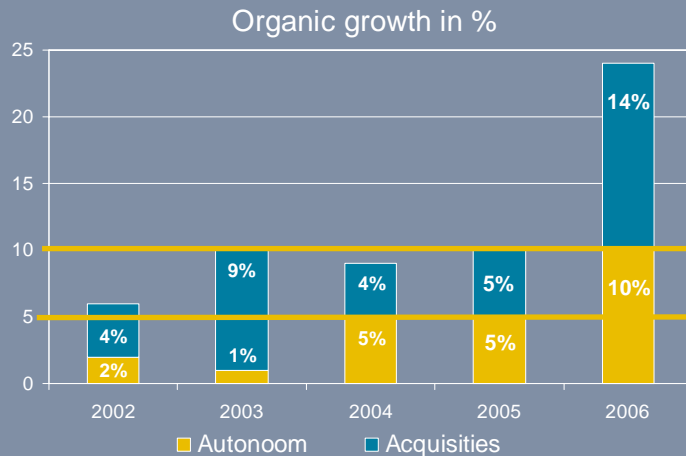
## Geographical expansion

- Asia
- Strengthening network: Rumania, Italy, Middle East

## Looking at larger acquisitions

# Results versus goals

Excluding currency effects, excluding non-recurring items



# Outlook per service area

## Infrastructure

- European market improves ➡ Belgium, Poland, France, Germany
- Dutch market strong: PPP, area development, outsourcing
- Additional work U.S. from New Orleans; Brazil continues strong

## Environment

- GRiP® good basis for growth in the U.S.
- In Europe a lot of interest in soil remediation with redevelopment
- Multinational clients offer ample opportunity

## Facilities

- Growing investment in real estate
- Growth in project management and cost consultancy
- Expansion of *Worldwide project consulting*

# Outlook 2007 remains positive

Market conditions are favorable

Opportunity for growth through synergy

Focus on higher added value and client orientation

Acquisitions are high on the priority list

Further growth in revenues and profit in 2007

(barring unforeseen circumstances)

*ARCADIS is well on track*

# Thank you