

ARCADIS N V
Form 6-K
March 06, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16

of the Securities Exchange Act of 1934

For the month of March 2007

Commission File Number: 000-22628

ARCADIS N.V.

(Translation of registrant's name into English)

Nieuwe Stationsstraat 10

6811 KS Arnhem

The Netherlands

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82- N/A

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PRESS RELEASE

ARCADIS: RECORD PROFIT AND STRONG REVENUE GROWTH

- Net income from operations rose 50%
- Gross revenue 23% higher at 1.2 billion, organic growth 10%
- Margin improved further to 9.4%
- Solid performance across the board, geographically and in all service areas
- Proposal to increase dividend to 1.00 per share
- Outlook for 2007 remains positive

Arnhem, the Netherlands March 5, 2007 ARCADIS (NASDAQ: ARCAF, Euronext: ARCAD), the international consultancy and engineering company, has achieved excellent results in 2006. Net income from operations rose 50% to 50.0 million. Per share this is 2.47 against 1.65 in 2005. This record result is attributable to strong organic growth, continued margin improvement and a solid contribution from acquisitions.

Gross revenue increased 23% to 1.2 billion. At 10%, organic growth was especially strong. The margin improved to 9.4% against 8.2% in 2005. Across the board performance was good. In all three service areas, organic growth was on or above target, while margins improved. Geographically, the profit gains were primarily strong in the Netherlands, the United States, and the United Kingdom.

ARCADIS proposes a cash dividend of 1.00 per share. This is more than 40% of net income from operations and over 50% more than the 0.66 per share over 2005.

After the acquisitions in 2005, the priority for 2006 was on the integration of the acquired companies. Despite this effort, the portfolio in our home markets was further strengthened in 2006 through six smaller acquisitions. With these acquisitions, we added more than 50 million in revenue and almost 500 employees. Acquisitions in the Netherlands and Belgium strengthened our position in the European environmental market. Belgium also completed an acquisition in the Walloon province, and in Germany we invested in water activities. Management services were expanded through the acquisitions of *Berkeley Consulting* in the United Kingdom and *PinnacleOne* in the United States.

CEO Harrie Noy about the results: Our strategy aimed at activities with more added value and growth potential, is reaping results. Thanks to the dedication and entrepreneurship of our people, we benefit from favorable market conditions. Internal cooperation to capitalize on market opportunities through synergy gives us a competitive edge. This was also clear from the recent assignment for water management in New Orleans. The combination of our strong U.S. presence and Dutch water expertise made the difference in winning this \$ 150 million IDIQ contract.

Key figures

| Amounts in 1 million, unless otherwise stated | Fourth Quarter | | | Full year | | | |
|---|----------------|-------------|-----------|---------------|-------------|-----------|----------|
| | 2006 | 2005 | Δ | 2006 | 2005 | Δ | |
| Gross revenue | 342 | 309 | 11 | % 1,233 | 1,001 | 23 | % |
| Ebita | 23.9 | 21.9 | 9 | % 78.8 | 60.4 | 30 | % |
| <i>Ebita recurring</i> | 23.9 | 20.9 | 14 | % 78.8 | 57.3 | 38 | % |
| Net income | 14.6 | 12.6 | 16 | % 44.9 | 33.4 | 34 | % |
| Net income per share (in)(1) | 0.72 | 0.62 | 16 | % 2.22 | 1.65 | 34 | % |
| Net income from operations(2) | 16.5 | 12.6 | 31 | % 50.0 | 33.4 | 50 | % |
| Ditto, per share (in)(1)(2) | 0.82 | 0.62 | 31 | % 2.47 | 1.65 | 50 | % |

(1) In 2006 based on 20.2 million shares outstanding (in 2005: 20.3 million)

(2) Excluding amortization and non-operational items

Fourth Quarter

The main difference when compared to the first three quarters was the fact that BBL, which was acquired at the end of September 2005, no longer caused an acquisition effect. Other developments from earlier quarters continued into the fourth quarter. Gross revenues grew by 11%. The contribution from acquisitions was 4%. This was offset by a negative currency effect of 4%, mainly caused by a decline of the U.S. dollar. Organic growth remained at the good level of 10% and particularly occurred in the Netherlands, the United States, the United Kingdom and Brazil.

In the fourth quarter, three companies were acquired: BCT and Ecolas in Belgium and *PinnacleOne* in the United States. The latter fits our aim to offer global services to international real estate investors. For that purpose the ARCADIS Worldwide Project Consulting initiative was launched in October 2006.

Recurring Ebita rose 14%. Acquisitions contributed 4%; the currency effect was 4% negative. The organic increase was 14%. In Brazil, the first carbon credits were delivered from the biogas installation on the Bandeirantes solid waste site near Sao Paulo. This contributed 0.6 million to the result.

The lower tax rate in part resulted from a lower corporate tax rate in the Netherlands, as per 1-1-2007 resulting in a lowering of the net deferred tax liability (one-off) by 1.0 million.

Full year

Gross revenue increased 23%. The contribution from acquisitions and divestments on balance was 14%, the currency effect was nil. At 10%, organic growth was well over the target of 5%. Especially the Netherlands, the United States and Brazil, and to a lesser extent France and the United Kingdom contributed to the increase. The organic revenue increase of more than 10% in the Netherlands is clear proof that we benefited from the market recovery.

Ebita grew to 78.8 million. In 2005 Ebita was positively impacted by book gains and adjustments of pension plans in the Netherlands. Excluding these effects, recurring Ebita rose 38%. The contribution from acquisitions was 24%, the currency effect was nil. The organic increase of 14% was mainly the result of a profit improvement in the Netherlands and continued strong performance in the United States and Brazil.

The margin (Ebita as a percentage of net revenue) again improved considerably and totaled 9.4%. This was the result of portfolio changes, acquisitions higher in the value chain and efficiency improvements. With this result an important step was made towards the recently introduced new margin goal of 10%. The strongest improvement took place in infrastructure: from 7.1% in 2005 to 8.4% in 2006. The other segments also saw margin improvements, in environment to 12.0% (2005: 11.0%) and in facilities to 7.3% (2005: 7.0%).

Financing charges rose as a result of investments in acquisitions. Excluding the net interest rate and currency hedging, financing charges rose to 4.6 million (2005: 3.6 million). This includes a one-off interest gain of 0.5 million. In 2006 the financing structure was optimized through the introduction of group financing. This has a positive effect on interest charges.

The effective tax rate declined to 30.2% (2005: 32.2%), partly as a result of the earlier noted reduction in deferred taxes. The contribution from associated companies was lower as a result of delays in new sales contracts for a number of energy projects in Brazil. Minority interest fell sharply, in part as a result of Brazil (ARCADIS share 50.01%) where the result out of our own activities increased, but not enough to offset the decline that occurred in non-consolidated energy projects. In addition, ownership interests were expanded or sold elsewhere.

Cash flow, investments and balance sheet

The cash flow from operational activities rose considerably to 86 million (2005: 67 million). After deduction of 18 million for replacement investments, a free cash flow of more than 68 million remains (2005: 52 million).

An amount of 53 million was invested in acquisitions of which 30 million relates to goodwill and 11 million to identifiable intangible assets.

Organic growth and acquisitions pushed the balance sheet total up to 736 million (2005: 650 million). Despite the investments in acquisitions, net debt went down from 52 million to 45 million. Balance sheet ratios remained solid. Net debt to Ebitda was 0.4 (2005: 0.6); the interest coverage remained 17.

Developments per service area

The figures stated below relate to gross revenue developments and, unless otherwise noted, discuss the comparison between the full years 2006 and 2005.

- ***Infrastructure***

Gross revenue grew 7%. Acquisitions and divestments on balance caused a 3% decline. The currency effect was 1%. At 9%, the organic growth was considerably higher than in past years. In the Netherlands, the market showed strong improvement as a result of a more solid economy, increased outsourcing by the government and an increase in PPP initiatives. The United States also saw strong growth, particularly in the transportation and water markets. The cooling down of the U.S. housing market does cause some pressure on the land development activities. In Brazil, market conditions remained favorable while activities again increased considerably.

- ***Environment***

At almost 50%, growth in the environmental service area was the strongest. Of this growth 43% was a result of acquisitions. The currency effect was a negative 2%. The organic growth of 8% mainly came from the United States, where \$ 94 million in new GRiP® assignments were won, resulting in a growth in the GRiP® backlog to more than \$ 290 million. In part as a result of the synergy with BBL, gross revenue for multinational clients rose 15%. In Europe the activities grew mainly in the Netherlands and the United Kingdom.

- ***Facilities***

The increase in gross revenue was 27%, of which 11% as a result of acquisitions and divestments. The 16% organic growth was influenced by the facility management contract with DSM/Sabic that includes a large subcontractor component. Excluding this contract, organic growth was 9%. Higher investments in real estate resulted in increased demand for project management in the United Kingdom, the Netherlands and Germany. Activities also grew in Belgium and France. As a result of reduction in detailed engineering in Germany, gross revenue there declined, but the margin is expected to improve.

Outlook

Economic growth in Europe creates room for investments by governments and private sector companies. The number of PPP initiatives is growing internationally, allowing for infrastructure bottlenecks to be fixed more quickly with private funding. In the Netherlands, demand for integrated area development is on the rise, while Belgium and France have large investments in the pipeline. Because of the availability of European funding, the market in Central Europe will remain attractive. Brazil also expects favorable market conditions. The IDIQ contract that was won in New Orleans early in 2007 will produce additional revenues.

The increased attention for environmental issues and climate change is positive for the environmental market. The backlog in GRiP® is large and the interest for this approach in combination with redevelopment is growing, also in Europe. The trend among multinational companies to outsource more work to international service providers offers a lot of opportunity to expand and diversify the services for private sector firms. In facilities, growth will come from project management and cost consulting. The recently launched Worldwide Project Consulting initiative (WwPC), was well received in the market.

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CEO Noy concludes: The outlook for ARCADIS continues to be positive. Market conditions are favorable and offer ample opportunity to create further growth through synergy based on our strong home market positions. We continue to focus on higher added value activities and a strong client oriented approach. Acquisitions are high on the priority list. Barring unforeseen circumstances we expect continued growth in revenues and income for 2007.

ARCADIS is an international company providing consultancy, engineering and management services in infrastructure, environment and facilities, to enhance mobility, sustainability and quality of life. ARCADIS develops, designs, implements, maintains and operates projects for companies and governments. With more than 11,000 employees and over \$ 1.5 billion in gross revenue, the Company has an extensive international network that is supported by strong local market positions.

Except for historical information contained herein, the statements in this release are forward-looking statements that are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve known and unknown risks and uncertainties that may cause the company's actual results in future periods to differ materially from forecasted results. Those risks include, among others, risks associated with possible changes in environmental legislation and risks with regard to the Company's ability to acquire and execute projects. These and other risks are described in ARCADIS' filings with the Securities and Exchange Commission over the last 12 months, copies of which will be available from the SEC or may be obtained upon request from the Company.

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ARCADIS NV

CONSOLIDATED STATEMENT OF INCOME

| Amounts in millions, except per share amounts | Fourth quarter 2006 | Fourth quarter 2005 | Full year 2006 | Full year 2005 |
|--|---------------------|---------------------|----------------|----------------|
| Gross revenue | 341.5 | 308.8 | 1,233.0 | 1,001.1 |
| Materials, services of third parties | 117.6 | 100.5 | 395.6 | 297.8 |
| Net revenue | 223.9 | 208.3 | 837.4 | 703.3 |
| Operational cost | 195.2 | 182.6 | 740.9 | 627.7 |
| Depreciation | 4.8 | 3.8 | 17.7 | 15.2 |
| EBITA | 23.9 | 21.9 | 78.8 | 60.4 |
| Amortization identifiable intangible assets | 3.2 | 4.0 | 8.3 | 6.0 |
| Operating income | 20.7 | 17.9 | 70.5 | 54.4 |
| Financial items | (1.5) | 0.5 | (3.5) | (1.8) |
| Associates | (0.1) | 1.2 | (0.5) | 1.4 |
| Income before taxes | 19.1 | 19.6 | 66.5 | 54.0 |
| Taxes | (4.4) | (5.6) | (20.1) | (17.4) |
| Income after taxes | 14.7 | 14.0 | 46.4 | 36.6 |
| Attributable to: | | | | |
| Net income (Equity holders of the parent) | 14.6 | 12.6 | 44.9 | 33.4 |
| Minority interest | 0.1 | 1.4 | 1.5 | 3.2 |
| Net income | 14.6 | 12.6 | 44.9 | 33.4 |
| Amortization identifiable intangible assets | 2.1 | 2.0 | 5.9 | 4.1 |
| Effects of financial instruments | (0.2) | (1.2) | (0.8) | (1.2) |
| Non-recurring effects | | (0.8) | | (2.9) |
| Net income from operations | 16.5 | 12.6 | 50.0 | 33.4 |
| Net income per share | 0.72 | 0.62 | 2.22 | 1.65 |
| Net income per share diluted | 0.69 | 0.60 | 2.13 | 1.60 |
| Net income from operations per share | 0.82 | 0.62 | 2.47 | 1.65 |
| Net income from operations per share diluted | 0.78 | 0.60 | 2.37 | 1.60 |
| Shares outstanding (in thousands) | 20,209 | 20,260 | 20,234 | 20,261 |

Net income per share is based on the weighted average number of outstanding shares.

ARCADIS NV

CONDENSED CONSOLIDATED BALANCE SHEET

| Amounts in millions | December 31, 2006 | December 31, 2005 |
|--|-------------------|-------------------|
| ASSETS | | |
| Non-current assets | 234.7 | 217.1 |
| Current assets | 501.8 | 433.0 |
| TOTAL | 736.5 | 650.1 |
| LIABILITIES AND SHAREHOLDERS EQUITY | | |
| Current liabilities | 370.3 | 303.8 |
| Non-current liabilities | 165.5 | 158.2 |
| Minority interest | 11.8 | 11.9 |
| Shareholders equity | 188.9 | 176.2 |
| TOTAL | 736.5 | 650.1 |

CHANGES IN SHAREHOLDERS EQUITY

| Amounts in millions | Share capital | Additional paid-in capital | Reserve exchange rate differences | Retained earnings | Shareholders equity |
|--|---------------|----------------------------|-----------------------------------|-------------------|---------------------|
| Shareholders equity at January 1, 2005 | 1.0 | 37.7 | (3.6) | 101.3 | 136.4 |
| Changes: | | | | | |
| Net income current period | | | | 33.4 | 33.4 |
| Expenses granted options | | | | 3.5 | 3.5 |
| Options exercised | | | | 2.6 | 2.6 |
| Purchase own stock | | | | (6.6) | (6.6) |
| Dividends to shareholders | | | | (9.7) | (9.7) |
| Additional paid-in capital | | 6.5 | | | 6.5 |
| Other changes | | | | 0.1 | 0.1 |
| Exchange rate differences | | | 10.0 | | 10.0 |
| Shareholders equity at December 31, 2005 | 1.0 | 44.2 | 6.4 | 124.6 | 176.2 |
| Shareholders equity at January 1, 2006 | 1.0 | 44.2 | 6.4 | 124.6 | 176.2 |
| Changes: | | | | | |
| Net income current period | | | | 44.9 | 44.9 |
| Expenses granted options net of taxes | | | | 8.2 | 8.2 |
| Options exercised | | | | 4.6 | 4.6 |
| Purchase own stock | | | | (17.6) | (17.6) |
| Dividends to shareholders | | | | (13.4) | (13.4) |
| Other changes | | | | | |
| Exchange rate differences | | | (14.0) | | (14.0) |
| Shareholders equity at December 31, 2006 | 1.0 | 44.2 | (7.6) | 151.3 | 188.9 |

ARCADIS NV

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

| Amounts in millions | Full year 2006 | Full year 2005 |
|-----------------------------------|-------------------|-------------------|
| Net income | 44.9 | 33.4 |
| Depreciation and amortization | 26.0 | 21.2 |
| Gross cash flow | 70.9 | 54.6 |
| Net working capital | 11.2 | 11.6 |
| Other changes | 4.3 | 0.6 |
| Total operational cash flow | 86.4 | 66.8 |
| Investments/divestments (net) in: | | |
| (In)tangible fixed assets | (18.4) | (14.9) |
| Acquisitions/divestments | (46.1) | (66.5) |
| Financial assets | (4.4) | (3.7) |
| Total investing activities | (68.9) | (85.1) |
| Total financing activities | 10.1 | 44.0 |
| Change in cash and equivalents | 27.6 | 25.7 |
| Cash at January 1 | 73.9 | 48.2 |
| Cash at balance sheet date | 101.5 | 73.9 |

ATTACHMENT TO PRESS RELEASE ANNUAL RESULTS 2006 OF ARCADIS NV

Geographical information*Gross revenue*

| in euro millions | 2006 | 2005 |
|--------------------------|-------|-------|
| Netherlands | 323 | 288 |
| Other European countries | 278 | 267 |
| United States | 518 | 349 |
| Rest of world | 114 | 97 |
| Total | 1,233 | 1,001 |

Ebita recurring

| | 2006 | 2005 |
|--------------------------|------|------|
| Netherlands | 17.4 | 12.5 |
| Other European countries | 18.8 | 18.1 |
| United States | 34.8 | 20.9 |
| Rest of world | 7.8 | 5.8 |
| Total | 78.8 | 57.3 |

Margin

| | 2006 | 2005 |
|--------------------------|--------|--------|
| Netherlands | 7.8 % | 5.9 % |
| Other European countries | 8.3 % | 8.7 % |
| United States | 10.5 % | 9.0 % |
| Rest of world | 14.0 % | 12.1 % |
| Total | 9.4 % | 8.2 % |

Activity mix (gross revenue)

| | 2006 | 2005 |
|--------------------------|-------|-------|
| Netherlands | 26 % | 29 % |
| Other European countries | 23 % | 26 % |
| United States | 42 % | 35 % |
| Rest of world | 9 % | 10 % |
| Total | 100 % | 100 % |

Information about service areas*Gross revenue*

| in euro millions | 2006 | 2005 |
|------------------|-------|-------|
| Infrastructure | 562 | 528 |
| Environment | 465 | 311 |
| Facilities | 206 | 162 |
| Total | 1,233 | 1,001 |

Margin

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| | 2006 | | 2005 | |
|----------------|------|---|------|---|
| Infrastructure | 8.4 | % | 7.1 | % |
| Environment | 12.0 | % | 11.0 | % |
| Facilities | 7.3 | % | 7.0 | % |
| Total | 9.4 | % | 8.2 | % |

Activity mix (gross revenue)

| | 2006 | | 2005 | |
|----------------|------|---|------|---|
| Infrastructure | 45 | % | 53 | % |
| Environment | 38 | % | 31 | % |
| Facilities | 17 | % | 16 | % |
| Total | 100 | % | 100 | % |

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ARCADIS N.V.

Date: March 6, 2007

By:

/s/ H.L.J. Noy
H.L.J. Noy
Chairman Executive Board
