

PRESS RELEASE

Arcadis Third Quarter 2024 Trading Update

Multi-year wins drive significant order intake, margin expansion continues

THIRD QUARTER RESULTS

- Multi-year project wins resulted in significant order intake of €1.3 billion, up 50% yoy, providing further visibility
- Net revenue of €962 million, good organic growth of 5.0%¹⁾
- Continued operating EBITA margin²⁾ expansion to 11.4% (Q3'23: 10.7%³⁾) from strategic initiatives
- Strong free cash flow generation of €134 million in the quarter (Q3'23: €117 million)

Amsterdam, 31 October 2024 – Arcadis, the world’s leading company delivering data-driven sustainable design, engineering, and consultancy solutions for natural and built assets, sees significant order intake of €1.3 billion from numerous large multi-year project wins. Net revenues of €962 million resulted in good organic growth of 5.0%, and continued progress on strategic initiatives drove operating EBITA margin expansion to 11.4% (Q3'23: 10.7%³⁾).

Alan Brookes, CEO Arcadis, said: “Arcadis has delivered another strong quarter with significant order intake mainly driven by large multi-year project wins, particularly in Mobility, providing further visibility on future performance. Client demand for a single delivery partner is accelerating, for instance for large infrastructure programs or for industrial manufacturing projects across different sectors. Arcadis successfully differentiates through its industry leading, global design & engineering experience, long-standing client relationships, and advisory expertise in sustainable operations, buildings and manufacturing processes. We continue to be selective in the projects we pursue while focusing on cross-selling to our Key Clients and leveraging our Global Excellence Centers to drive improved backlog quality and sustained margin expansion.”

KEY FIGURES*

in € millions

Period ended 30 September 2024	Third Quarter			Year-to-date		
	2024	2023	change	2024	2023	change
Gross revenues	1,239	1,237	0%	3,751	3,714	1%
Net revenues	962	932	3%	2,921	2,818	4%
Organic growth ¹⁾	5.0%	9.0%		5.1%	10.0%	
Operating EBITDA ²⁾	137	128	6%	408	369	11%
Operating EBITDA margin ²⁾	14.2%	13.8%		14.0%	13.1%	
Operating EBITA ²⁾³⁾	109	100	9%	327	284	15%
Operating EBITA margin ²⁾³⁾	11.4%	10.7%		11.2%	10.1%	
Net working capital (%) ^{3,4)}	12.7%	12.8%				
Days sales outstanding (days)	67	68				
Free cash flow ⁵⁾	134	117	14%	45	-18	
Net debt	886	1,080	-18%			
Order intake	1,250	832	50%	3,444	2,871	20%
Order intake organic growth (%) ¹⁾	50.3%	0.3%				
Book-to-bill ⁶⁾	1.30	0.89				
Backlog net revenues	3,588	3,144	14%			
Backlog organic growth (yoy) ¹⁾	18.0%	5.4%				
Backlog organic growth (ytd) ¹⁾	15.6%	1.6%				

* 2023 and 2024 results as presented in this press release are unaudited

1) Underlying growth excl. impact of FX, acquisitions, footprint reductions, winddowns or divestments

2) EBIT(D)A excluding restructuring, integration, acquisition, and divestment costs

3) 2023 revised to reflect the adjustments to the provisional opening balances of acquired entities recognized 30 June 2023 (in accordance with IFRS 3.49)

4) Net working capital %: net working capital / quarterly gross revenues annualized

5) Free cash flow: cash flow from operations adjusted for capex and lease liabilities

6) Book-to-bill: order intake / net revenues

PROFIT & LOSS ITEMS AND BACKLOG

Net revenues totaled €962 million with good organic growth of 5.0% driven by all Global Business Areas (GBAs) and mostly by the US, the UK and Germany. Revenue growth was particularly strong for mobility and industrial manufacturing clients, and our Climate Adaptation solutions. The improved operating EBITA margin of 11.4% was driven by continued operating leverage, an improved project portfolio and the materialization of cost synergies following the successful integration of IBI and DPS.

Multi-year wins resulted in significant order intake of €1.3 billion for the quarter driven by the large Mobility projects resulting in a backlog of €3.6 billion (Q3'23: €3.1 billion). Organic backlog growth was very strong at 18% year-on-year. Our long-term client relationships, global expertise in large programs and integrated cross-GBA service offering were some of the key differentiating factors in winning work. Whilst we continue to remain selective in our pursuit process, we see strong project pipeline growth on the back of stimulus driven client investments and increased demand for our services.

OPERATIONAL HIGHLIGHTS

RESILIENCE

(38% of net revenues)

in € millions Period ended 30 September 2024	Third Quarter			Year-to-date		
	2024	2023	change	2024	2023	change
Net revenues	361	328	10%	1,088	1,006	8%
Organic growth ¹⁾	6.9%	11.2%		8.1%	12.1%	
Order intake	333	328	2%	1,142	1,107	3%
Backlog net revenues	990	972	2%			
Backlog organic growth (yoy) ¹⁾	5.6%	12.0%				
Backlog organic growth (ytd) ¹⁾	4.8%	10.6%				

Strong revenue growth for Resilience was driven by Climate Adaptation, Energy Transition and Sustainable Operations, with the latter in particular supporting cross-GBA projects across our markets. We continued to be disciplined in our pursuit process, which is reflected in improved order intake quality. We see a strong pipeline of projects that are increasingly related to consultancy services such as environmental permitting and sustainable operations advisory. Resilience contributed to large project wins in Places and Mobility as our integrated offering combined with a strong sustainability profile was a clear differentiator.

PLACES

(38% of net revenues)

in € millions Period ended 30 September 2024	Third Quarter			Year-to-date		
	2024	2023	change	2024	2023	change
Net revenues	363	378	-4%	1,114	1,137	-2%
Organic growth ¹⁾	2.7%	-0.1%		1.4%	3.3%	
Order intake	374	286	31%	1,225	1,078	14%
Backlog net revenues	1,565	1,508	4%			
Backlog organic growth (yoy) ¹⁾	7.1%	-0.7%				
Backlog organic growth (ytd) ¹⁾	5.8%	-3.9%				

Sustained revenue and strong backlog growth was driven by mobility and industrial manufacturing clients, mostly in Europe. Our sustainability credentials and strategic partnerships resulted in large project wins in industrial decarbonization. We continue to see good opportunities in our project pipeline driven by stimulus fund allocations, including public investments in universities and hospitals, and reshoring of industrial manufacturing facilities.

¹⁾ Underlying growth excl. impact of FX, acquisitions, footprint reductions, winddowns or divestments

MOBILITY

(22% of net revenues)

in € millions

Period ended 30 September 2024	Third Quarter			Year-to-date		
	2024	2023	change	2024	2023	change
Net revenues	215	204	6%	649	607	7%
Organic growth ¹⁾	6.0%	14.6%		7.1%	13.9%	
Order intake	518	191	172%	1,009	614	64%
Backlog net revenues	916	544	68%			
Backlog organic growth (yoy) ¹⁾	74.7%	4.8%				
Backlog organic growth (ytd) ¹⁾	63.2%	1.7%				

The significant order intake for Mobility resulted from large multi-year wins in North America, the Netherlands and Australia booked in the quarter. We were able to secure these wins on the back of strong client relationships, our integrated cross-GBA offering, and relevant global expertise from comparable programs such as HS2 and Lower Thames Crossing in the UK, the LA Regional Connector in the US, and the Rozelle Interchange tunnel in Australia. These projects will generate revenues for multiple years, providing further visibility on the future performance. This quarter's good revenue growth was driven by sizeable project delivery in the US, leveraging our European workforce's skillset and Global Excellence Center engagement.

INTELLIGENCE

(2% of net revenues)

in € millions

Period ended 30 September 2024	Third Quarter			Year-to-date		
	2024	2023	change	2024	2023	change
Net revenues	23	23	2%	70	67	3%
Organic growth ¹⁾	3.5%			4.0%		
Order intake	24	28	-15%	68	73	-7%
Backlog net revenues	118	121	-2%			
Backlog organic growth (yoy) ¹⁾	0.2%	14.2%				
Backlog organic growth (ytd) ¹⁾	-3.3%	5.1%				

Solid revenue growth in North America driven by our Enterprise Decision Analytics (EDA) solution. Integrating Intelligence solutions into our offerings from other GBAs continued to act as a strong differentiator, playing a pivotal role in winning large-scale projects, which was exemplified by the Fraser River Tunnel win. We continue to see ample opportunity to extend Intelligence products to other GBAs' clients, e.g. providing EDA for data centers or industrial manufacturing facilities.

BALANCE SHEET & CASH FLOW

Days sales outstanding improved to 67 days at the end of Q3'24 (Q3'23: 68 days). Net working capital as a percentage of annualized quarterly gross revenues was 12.7% (Q3'23: 12.8%²⁾). Free cash flow in the quarter was a positive €134 million resulting in €45 million for the first nine months (9M'23: €-18 million), from continued disciplined cash management and in line with seasonal trends. Net debt decreased to €886 million (Q3'23: €1,080 million³⁾).

2024-2026 STRATEGY "ACCELERATING A PLANET POSITIVE FUTURE"

On 16 November 2023, Arcadis presented its 2024-2026 Strategy "Accelerating a planet positive future" and its 2026 financial targets; these include: organic net revenue growth of mid to high single digits over the cycle, operating EBITA margin of 12.5% in 2026, Net Debt / Operating EBITDA of 1.5-2.5x with an Investment Grade credit rating and a dividend payout ratio of 30-40% of Net Income from Operations.

¹⁾ Underlying growth excl. impact of FX, acquisitions, footprint reductions, winddowns or divestments

²⁾ Net Working Capital % is calculation as total Net Working Capital / quarterly Gross Revenues annualized

³⁾ 2023 revised to reflect the adjustments to the provisional opening balances of acquired entities recognized 30 June 2023 (in accordance with IFRS 3.49)

FINANCIAL CALENDAR

- 13 February 2025 – Q4 & Full Year 2024 Results
- 7 May 2025 – Q1 2025 Trading Update
- 31 July 2025 – Q2 & Half Year 2025 Results
- 30 October 2025 – Q3 2025 Trading Update

Arcadis IR investor calendar: <https://www.arcadis.com/en/investors/investor-calendar>

ARCADIS INVESTOR RELATIONS

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ANALYST WEBCAST

Today at 14:00 CEST

<https://www.arcadis.com/en/investors/investor-calendar/2024/trading-update-q3-2024>

ABOUT ARCADIS

Arcadis is the world's leading company delivering data-driven sustainable design, engineering, and consultancy solutions for natural and built assets. We are more than 36,000 architects, data analysts, designers, engineers, project planners, water management and sustainability experts, all driven by our passion for improving quality of life. As part of our commitment to accelerating a planet positive future, we work with our clients to make sustainable project choices, combining digital and human innovation, and embracing future-focused skills across the environment, energy and water, buildings, transport, and infrastructure sectors. We operate in over 30 countries, and in 2023 reported €5.0 billion in gross revenues. 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.

DISCLAIMER

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.