

Arcadis First Quarter 2024 Trading Update

Continued client demand driving strong pipeline while delivering significant margin expansion

- Significant multi-year project wins resulted in an order intake of €1,129 million, organically up by 6.0%, with investment programs increasingly contributing
- Record backlog net revenues at €3,316 million
- Net revenues of €968 million, organically up by 4.4% despite 1.2 fewer working days
- Operating EBITA margin increased to 10.7% (Q1 '23: 9.8%)

Amsterdam, 30 April 2024 – Arcadis, the world’s leading company delivering data-driven sustainable design, engineering, and consultancy solutions for natural and built assets, secured significant multi-year project wins and delivers continued profitable growth in the first quarter of 2024; with Net Revenues of €968 million and an improved operating EBITA of 10.7% (Q1'23: 9.8%).

Alan Brookes, CEO Arcadis, said: “Arcadis delivered another strong quarter with significant multi-year project wins and continued margin expansion. Client demand was particularly strong in environmental remediation, energy transition, rail and highways, with projects funded by large investment programs increasingly contributing to our backlog and securing revenues for years to come. The need for our complementary and integrated set of sustainable and digitally enabled services continues to drive increased levels of business collaboration. Our long-standing relationships, global expertise and complementary services allow us to enhance our leading market positions. I am convinced that with the talent and expertise within the organization, we are well positioned to seize the market momentum and deliver profitable growth.”

KEY FIGURES

in € millions	First Quarter		
Period ended 31 March 2024	2024	2023	change
Net revenues	968	940	3%
Organic growth (%) ¹⁾	4.4%	12.3%	
Operating EBITDA ²⁾	131	120	8%
Operating EBITDA margin (%)	13.5%	12.8%	
EBITA	97	87	11%
EBITA margin (%)	10.0%	9.2%	
Operating EBITA ²⁾	104	92	12%
Operating EBITA margin (%)	10.7%	9.8%	
Net Working Capital (%) ³⁾	11.6%	12.1%	
Days Sales Outstanding (days) ³⁾	64	67	
Free Cash Flow ⁴⁾	-97	-108	
Net Debt	963	1,072	-10%
Order intake	1,129	1,062	6%
Organic order intake (%) ¹⁾	6.0%	10.5%	
Book-to-Bill ⁵⁾	1.17	1.13	3%
Backlog net revenues	3,316	3,192	4%
Backlog organic growth (% , qtd) ¹⁾	4.8%	3.9%	
Backlog organic growth (% , yoy) ¹⁾	4.9%	4.3%	

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 31 Dec. 2022 (in accordance with IFRS 3.49)

⁴⁾Free Cash Flow: Cash Flow from Operations adjusted for Capex and Lease liabilities

⁵⁾Order Intake / Net Revenue

INCOME STATEMENT

Net revenues totaled €968 million and increased organically by 4.4%, despite 1.2 fewer working days in the quarter compared to last year. Growth was solid in most markets while North American growth was outstanding. We saw continued strong momentum in Resilience, Mobility and Intelligence, while project choices at Places during 2023 resulted in lower growth for this quarter. The operating EBITA margin improved to 10.7% (Q1'23: 9.8%) driven by operating leverage, cost synergies, and the Middle East winddown.

ORDER INTAKE & BACKLOG

Order intake was strong in the quarter, growing organically by 6.0% to €1,129 million, resulting in a strong book-to-bill of 1.17x, and a record backlog of €3,316 million (Q1'23: €3,192 million). The strong order intake reflected continued solid client demand for Resilience and Mobility solutions, offsetting lower intake at Places due to project selectivity. We continue to see ample opportunities in our project pipeline or “soft” backlog, while we enhance the positions in our high-growth end markets and seize the opportunities from stimulus-driven investments.

BALANCE SHEET & CASH FLOW

Net working capital as a percentage of annualized gross revenues improved to 11.6% (Q1'23: 12.1%¹⁾) and Days Sales Outstanding (DSO) was 64 days (Q1'23: 67 days¹⁾). As a result of disciplined working capital management, free cash flow in the quarter was €-97 million (Q1'23: €-108 million), in line with seasonal trends, despite the first interest payment of €24 million on our Eurobond issued February 2023.

¹⁾ 2023 revised to reflect the adjustments to the provisional opening balances of acquired entities recognized 31 Dec. 2022 (in accordance with IFRS 3.49)

PERFORMANCE BY GLOBAL BUSINESS AREAS

RESILIENCE

(37% of net revenues)

in € millions	First Quarter		
	2024	2023	change
Period ended 31 March 2024			
Net revenues	354	332	7%
Organic growth ¹⁾	8.2%	13.0%	
Order intake	449	423	6%
Backlog net revenues	1,063	980	8%
Backlog organic growth (% , qtd) ¹⁾	9.7%	10.0%	
Backlog organic growth (% , yoy) ¹⁾	10.8%	10.6%	

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

Resilience performed strongly across the board, with continued solid results in our largest markets, North America and the UK. Multiple significant wins in Water relating to AMP8 in UK, Environmental Restoration and Energy Transition have substantially contributed to the quarter's order intake and provide revenue visibility for the remainder of the year.

PLACES

(39% of net revenues)

in € millions Period ended 31 March 2024	First Quarter		
	2024	2023	change
Net revenues	374	388	-3%
Organic growth (%) ¹⁾	-1.1%	8.7%	
Order intake	383	407	-6%
Backlog net revenues	1,493	1,555	-4%
Backlog organic growth (% , qtd) ¹⁾	0.0%	1.3%	
Backlog organic growth (% , yoy) ¹⁾	-4.0%	-2.5%	

Good revenue growth in North America and Europe was offset by the effects of strategic refocus on core competencies at Arcadis DPS and repositioning of China towards project management for international clients. We saw good order intake in the quarter in Continental Europe, in particular in data center design for technology clients and retrofitting of federal client's assets such as national hospitals and universities. The pipeline is solid on the back of tightening regulation and investment programs, such as the EU Directive on Energy for Buildings and the US Chips Act.

MOBILITY

(22% of net revenues)

in € millions Period ended 31 March 2024	First Quarter		
	2024	2023	change
Net revenues	216	200	8%
Organic growth ¹⁾	8.2%	15.3%	
Order intake	273	211	30%
Backlog net revenues	637	545	17%
Backlog organic growth (% , qtd) ¹⁾	10.3%	1.8%	
Backlog organic growth (% , yoy) ¹⁾	18.5%	4.7%	

Mobility revenue growth continued to be strong across solutions with outstanding results for the US. Stellar backlog growth was driven by large wins in all key markets on the back of large government investment programs such as Hudson Tunnel Project of the Gateway Development Commission and California High-speed Rail in the US, and Ontario's Pape Tunnel Underground Stations in Canada. The pipeline remains strong driven by the need for efficient transportation systems and our sustainable, data-driven offerings. Global collaboration and the utilization of Global Excellence Centers (GECs) is positioning Arcadis well to win large projects.

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

INTELLIGENCE

(2% of net revenues)

in € millions

First Quarter

Period ended 31 March 2024	2024	2023	change
Net revenues	23	21	8%
Organic growth ¹⁾	7.2%		
Order intake	24	21	14%
Backlog net revenues	123	111	11%
Backlog organic growth (% , qtd) ¹⁾	0.3%	0.0%	
Backlog organic growth (% , yoy) ¹⁾	9.4%		

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

Good revenue growth was achieved especially in North America. Backlog growth was driven by order intake from large Key Clients, such as Ontario Ministry of Department for our Enterprise Decision Analytics (EDA) solution and Nevada Department of Transportation for multiple digital solutions including Travel-IQ. We continue to invest in collaboration with our other businesses, to leverage existing relationships and deliver a wide range of digital solutions and services to our clients.

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.

FINANCIAL CALENDAR

- 8 May 2024 – Annual General Meeting of Shareholders
- 25 July 2024 – Second quarter and half year 2024 results
- 31 October 2024 – Third quarter 2024 trading update

Please visit <https://www.arcadis.com/en/investors/investor-calendar> for more information on the upcoming investor events.

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-q1-2024>

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.

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