

A young girl in a red and white striped shirt and black leggings is captured mid-air, jumping rope in a park. She has a joyful expression. In the background, another child is visible, also jumping rope. The scene is set outdoors with lush green trees and a bright sky.

# Healthy organic growth, margin improvement and excellent cash flow

Arcadis Q4 and full year results

17 February, 2022

# Disclaimer

Statements included in this presentation 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 there to) 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.

Part 1

# 2021 Performance key messages

Peter Oosterveer | Chief Executive Officer



# Sustained growth, strong financial performance, and on track to deliver strategic targets



## Market environment

- Strong market conditions in public and private sector
- Accelerated transition to Net Zero creates significant opportunities
  - Energy transition
  - Climate adaptation
  - Smart Mobility
  - Green places
- Environmental and PFAS remediation



## 2021 Full Year Results

- Organic revenue growth of 3.5%, 4.2% excluding Middle East
- Operating EBITA margin improved to 9.6% (2020: 9.1%)
- Strong free cash flow €234 million
- Organic backlog growth of 5.1%
- Dividend: €0.70; special dividend: €0.60



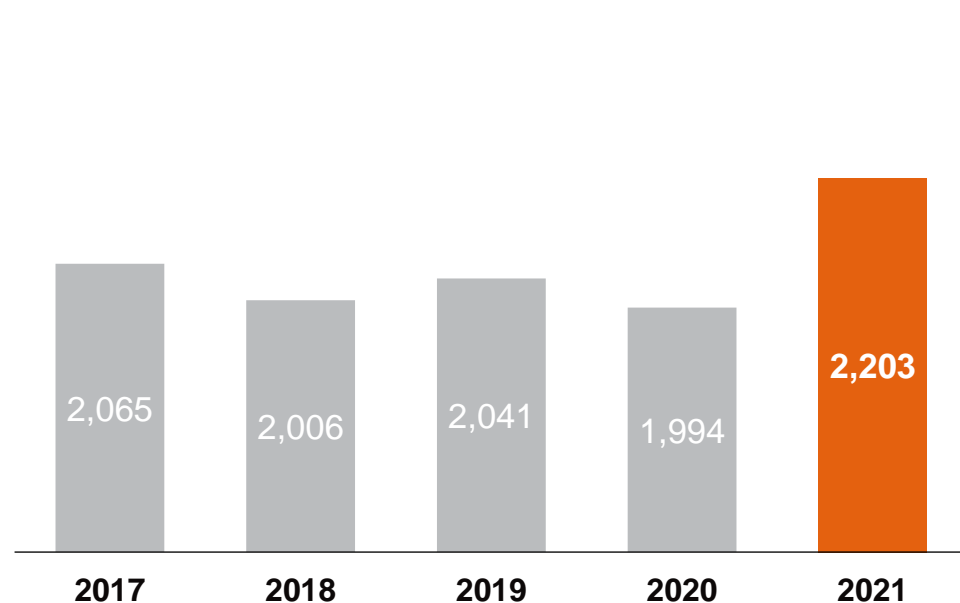
## Strategic progress

- Strengthening balance sheet
- Launched GBA's: Resilience, Places and Mobility
- Optimizing business portfolio
- Continued focus on full ESG spectrum
- On track to deliver strategic targets

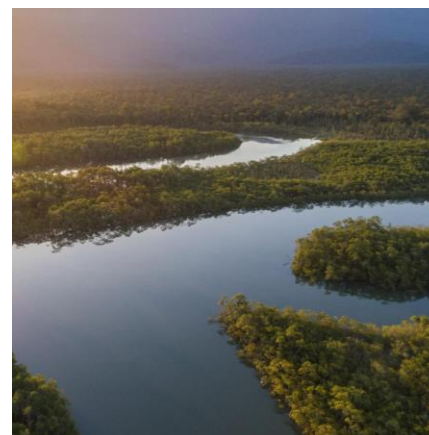
# Record high backlog of €2.2 billion

## Backlog Net Revenue

€ millions



## Recent Key Client wins



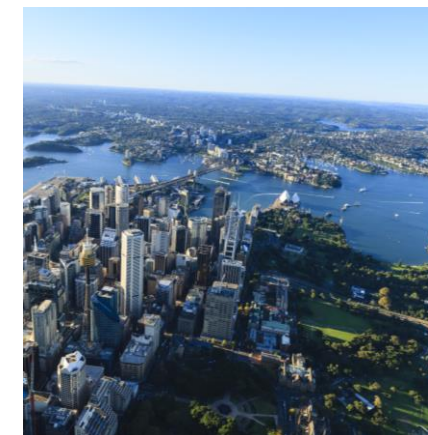
**Providing safe and clean land and water**

US Army Corps Of Engineers, Alabama



**Delivering Global capital program**

Global financial client



**Reducing traffic congestion in Sydney**

New South Wales Government, Australia

**5.1%**

(7.3% excl. ME)

**2021 YoY Organic Backlog growth %**

**1.04**

**2021 Book to Bill**

Part 2

# Q4 and full year 2021 results

Virginie Duperat | Chief Financial Officer

# Excellent cash flow and margin improvement

**€2,565M**

(€2,494M)

**Net Revenue**

**3.5%**

(4.2% excluding Middle East)

**Organic Net Revenue growth**

**9.6%**

(9.1%)

**Operating EBITA margin<sup>1)</sup>**

**€234M**

(€324M)

**Free Cash Flow**

**€168M**

(€326M)

**Net Debt**

**5.1%**

(5.1%)

**Organic Backlog growth**

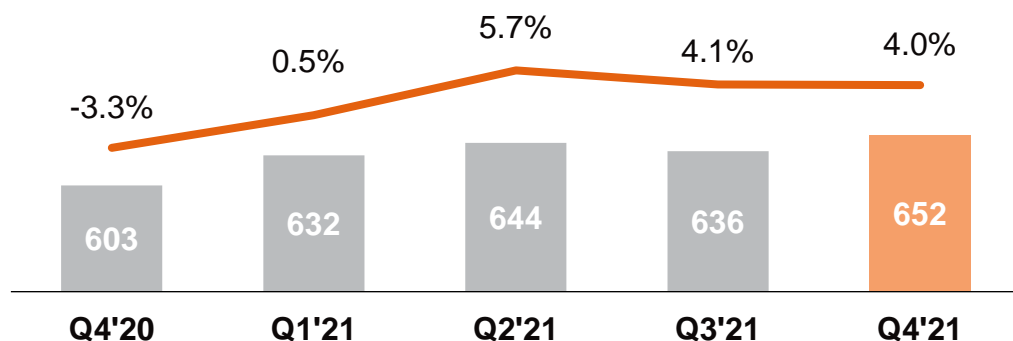


<sup>1)</sup> Figures restated in accordance with IAS8 for comparability purposes

# Sustained revenue growth

## Net Revenues and organic growth

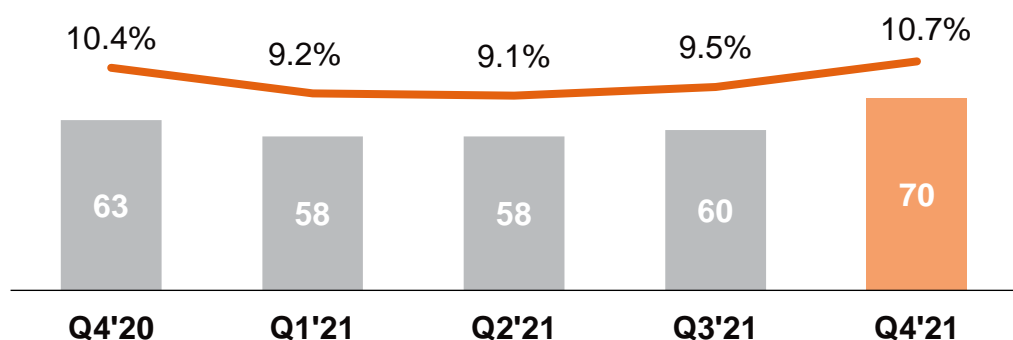
€ millions, %



- **Organic growth improved to 4.0%, or 5.3% excluding the Middle East**

## Operating EBITA (margin)<sup>1,2)</sup>

€ millions, %



- **Operating margin improved to 10.7% in fourth quarter, driven by continued strong performance in the Americas and strong improvement in EME**

<sup>1)</sup> Excluding acquisition, restructuring and integration-related costs

<sup>2)</sup> Figures restated in accordance with IAS8 for comparability purposes



# Americas

## Sustained growth and strong financial results

### Full year

<b>34% of total net revenues</b>	<b>2021</b>	<b>2020<sup>1)</sup></b>	<b>Change</b>
Gross revenues	1,372	1,370	0%
Net revenues	884	876	1%
<b>Organic growth (%)</b>	<b>5.2%</b>		
Operating EBITA	97	102	-5%
<b>Operating EBITA margin</b>	<b>11.0%</b>	<b>11.6%</b>	

<b>Fourth quarter</b>	<b>2021</b>	<b>2020</b>	<b>Change</b>
Gross revenues	364	335	9%
Net revenues	229	205	12%
<b>Organic growth (%)</b>	<b>8.1%</b>		

### North America

- Strong market conditions in private and federal sector drive growth
- Organic growth in all business lines
- Margin slightly lower from non-recurring Covid-19 benefits in 2020

### Latin America

- Excellent organic growth driven by Infrastructure and Environment



## Support to reach zero-emissions goals

Client  
NJ TRANSIT

Services  
Consultancy

<sup>1)</sup> Figures restated in accordance with IAS8 for comparability purposes

## Europe & Middle East

# Excellent performance UK, improvements Continental Europe



### Full year

47% of total net revenues	2021	2020	Change
Gross revenues	1,448	1,339	8%
Net revenues	1,201	1,119	7%
<b>Organic growth (%)</b>	<b>5.6%</b>		
Operating EBITA	121	88	38%
<b>Operating EBITA margin</b>	<b>10.1%</b>	<b>7.9%</b>	

Fourth quarter	2021	2020	Change
Gross revenues	381	346	10%
Net revenues	301	282	7%
<b>Organic growth (%)</b>	<b>2.7%</b>		

### Europe

- Infrastructure development and energy transition main areas of growth
- Margin improvement due to higher revenue and improved portfolio of projects

### Middle East

- Planned revenue decline in Middle East due to footprint reduction
- Full year organic net revenue growth excluding Middle East at 7.7%



## Drive Bristol's regeneration

### Client

**Bristol City Council**

### Services

**Project & Cost management; Capital plan delivery**

1) Figures restated in accordance with IAS8 for comparability purposes

## Asia Pacific

# Strong performance Australia, COVID-19 impact Asia except China

### Full year

13% of total net revenues	2021	2020 <sup>1)</sup>	Change
Gross revenues	362	358	1%
Net revenues	334	323	3%
<b>Organic growth (%)</b>	<b>2.0%</b>		
Operating EBITA	27	34	-21%
<b>Operating EBITA margin</b>	<b>8.0%</b>	<b>10.5%</b>	

Fourth quarter	2021	2020	Change
Gross revenues	93	88	6%
Net revenues	87	79	10%
<b>Organic growth (%)</b>	<b>7.0%</b>		

### Asia

- Good growth in China; rest of Asia impacted by COVID-19
- Margin affected by prolonged lockdowns and losses on a few projects

### Australia

- Organic growth, continued strong operating margin and excellent order intake



## Building a sustainable community in the heart of Hong Kong

### Client

Henderson Land Development Company

### Services

Project & cost management

<sup>1)</sup> Figures restated in accordance with IAS8 for comparability purposes

# CallisonRTKL

## Repositioning the business

### Full year

6% of total net revenues	2021	2020 <sup>1)</sup>	Change
Gross revenues	196	236	-17%
Net revenues	146	176	-17%
<b>Organic growth (%)</b>	<b>-15.2%</b>		
Operating EBITA	1	1	-12%
<b>Operating EBITA margin</b>	<b>0.8%</b>	<b>0.8%</b>	

Fourth quarter	2021	2020	Change
Gross revenues	52	51	2%
Net revenues	36	38	-5%
<b>Organic growth (%)</b>	<b>-14.6%</b>		

- COVID-19 impact still felt in retail and commercial sector, especially in Asia
- Successful implementation of rigorous project review process
- Cost reduction plan implemented, including restructuring in U.S. and Asia
- Real estate footprint reduction, mainly in U.S.
- Total turnaround and restructuring costs in 2021: ~€10 million

<sup>1)</sup> Figures restated in accordance with IAS8 for comparability purposes



## Creating 100,000 sq. ft. care centre

**Client**  
University of Miami

**Services**  
Design

## Strong performance generating 35% EPS growth

In € millions <sup>1)</sup>	2021	2020	change
<b>EBITA</b>	<b>237</b>	<b>221</b>	8%
Amortization & impairment <sup>2)</sup>	-11	-141	
<b>EBIT</b>	<b>226</b>	<b>80</b>	
Net finance expense	-19	-27	
Taxes on income	-52	-55	
Normalized income tax rate	25%	33%	
Income from associates	11	1	
Expected Credit Loss on shareholder loans and guarantees	1	20	
Minority interest	0	1	
<b>Net Income</b>	<b>168</b>	<b>19</b>	
<b>Net Income from Operations (NifO)<sup>3)</sup></b>	<b>175</b>	<b>130</b>	35%
EPS (NifO per share) <sup>4)</sup>	1.96	1.44	35%

<sup>1)</sup> Figures restated in accordance with IAS8

<sup>2)</sup> 2020 included a goodwill impairment charge of EUR of €119 million and was related to the Middle East and CallisonRTKL

<sup>3)</sup> Corrected for non-recurring items (e.g. acquisition & restructuring costs, expected credit loss and impairment charges)

<sup>4)</sup> Average number of shares 2021: 89.4 million (2020: 89.6 million)



# 8%

**EBITA growth**



# €175 million

**Net Income from Operations (NifO)**



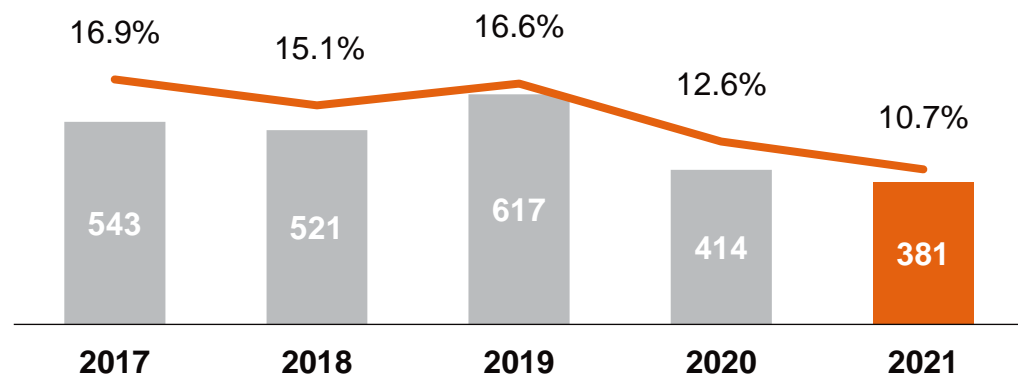
# €1.96

**EPS (NifO per share)**

# Disciplined balance sheet management

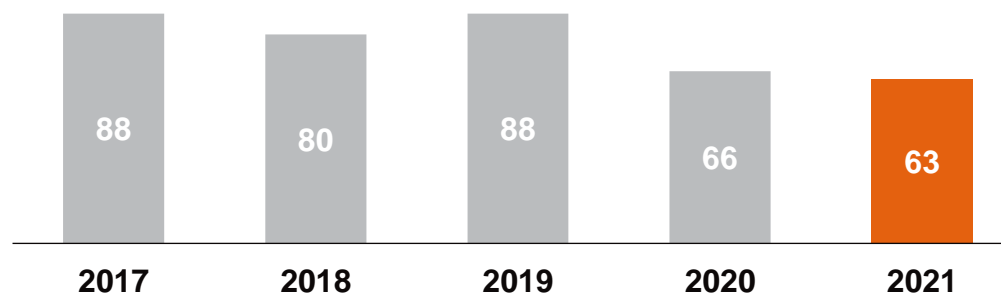
## Net Working Capital (%)<sup>1)</sup>

€ millions, %



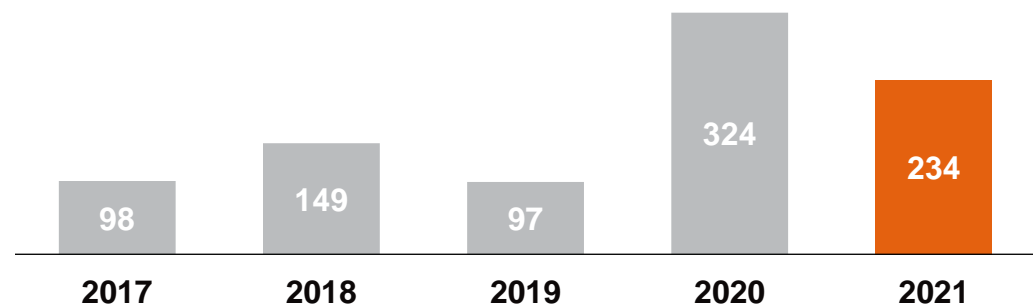
## Days Sales Outstanding

Days



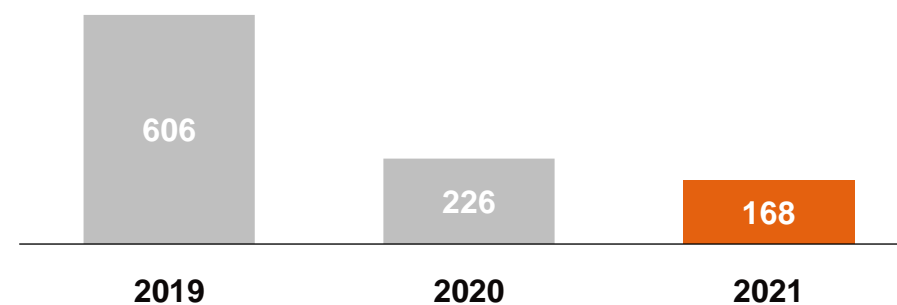
## Free Cash Flow

(€ million)



## Net Debt

(€ million)



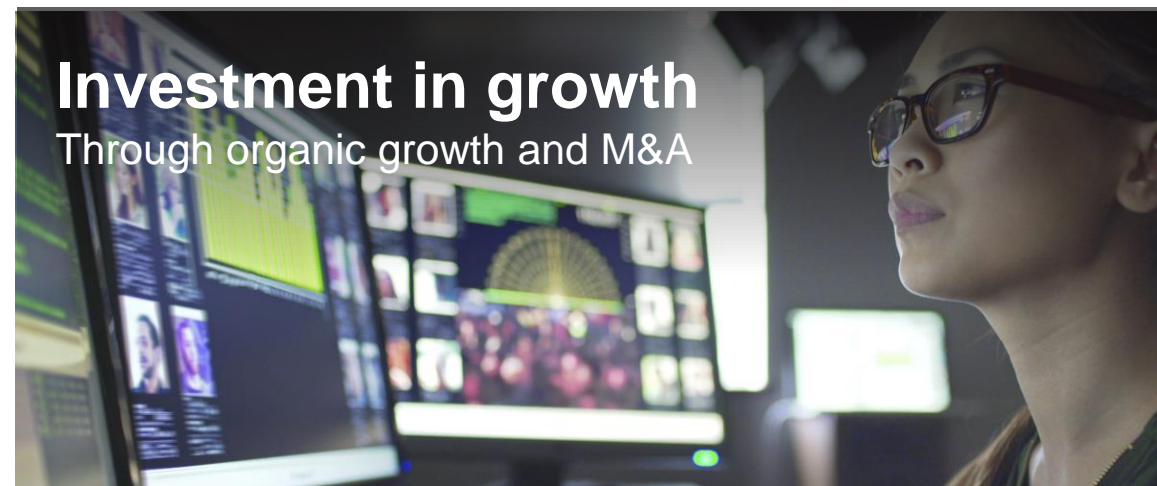
<sup>1)</sup> Net Working Capital % is based on annualized Q4 2021 Gross Revenues

# Capital allocation: return to shareholders combined with investment in growth



## Return to shareholders

- Intend to distribute a dividend of €0.70 per share (+36% vs. 2020)
- Our strong balance sheet allows us to distribute a special dividend of €0.60 per share



## Investment in growth

Through organic growth and M&A

- Annual capex of €40-60 million, to invest in Digital and Workplace
- Leaving ample room to perform bolt-on to medium sized acquisitions, such as;
  - HydroNet: Dutch Intelligent Water solutions provider

Part 3

# On track to deliver targets

Progress on strategic framework

Peter Oosterveer | Chief Executive Officer



# Maximizing Impact: Strategy 2021-2023



# Non-financial targets – performance in 2021

## People

- Headcount: 29k (+5%)
  - Global Excellence Centers: +13%
- Increased attrition from:
  - Market conditions Asia
  - Wind down Middle East
  - Turnaround CallisonRTKL
- North America and Europe: attrition 9% - 13%

### 14.9%

Voluntary turnover < 10%

### 38%

(2020: 38%)

Diversity: women in workforce > 40%

### +30

(2020: +28)

Staff engagement improving annually

## ESG performance

- Commitment to accelerate the transition to a Net Zero world:
  - Our target, approved by the Science Based Targets initiative (SBTi): reducing **74%** of emissions across Scopes 1-3 by **2035**
- Leading in ESG rankings

### -21%

(31K CO2 / FTE)

Carbon footprint for our material scope 1,2,3 emissions / FTE

### #1

Place in industry

Part 4

# Launch of the Global Business Areas: Resilience, Places and Mobility

Bringing the best of our collective expertise

Peter Oosterveer | Chief Executive Officer

# Global Business Areas

## to better serve the needs of our growing client base

- Address client needs
- Scale sustainable solutions and digital innovation
- Drive profitable growth through operational efficiencies:
  - MEPC
  - Global Excellence Centers
  - Key Client program
- Employer of choice

**Resilience**  
41% of Net Revenues

Operating EBITA margin:  
**10.9%**

### Strategic priorities

- Remediation expertise
- Clean water management
- PFAS removal
- Energy transition expertise
- Sustainability Advisory practice

**Places**  
34% of Net Revenues

Operating EBITA margin:  
**8.4%**

- Design & Engineering
- Smart building asset management
- Repurpose assets
- Optimize (life cycle) cost
- Carbon reduction advisory

**Mobility**  
25% of Net Revenues

Operating EBITA margin:  
**10.1%**

- Design & Engineering
- Mobility management
- Predictive asset management
- Automated design

# Summary

- Continued revenue growth and improved operating margin
- Accelerating the transition to a Net Zero world
- Continued progress in implementing our strategy of focus and scale, creating profitable growth
- Strong foundation, record backlog and a sustained pipeline of opportunities provides confidence to deliver on strategic targets



# Q&A

