

An aerial photograph of a large, circular, multi-level structure, possibly a stadium or arena, with a central tower and surrounding walkways. The structure is set against a dark green background. The image is rotated 90 degrees clockwise. An orange graphic element, consisting of several overlapping shapes, is positioned over the lower-left portion of the image, partially obscuring the structure. The text "Strong operational performance & excellent free cash flow" is written in white on this orange background.

Strong operational performance & excellent free cash flow

Arcadis 2020 Q4 and full year results
18 February 2021

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.

Our response to COVID-19

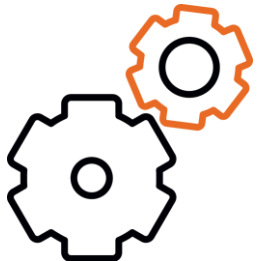
Significant action taken to protect our people



Arcadis responded with dedicated COVID-19 workstreams
e.g. people, client care, communications, travel, financial impact



90%
Working from home



0%
Change in # of FTE y-o-y

Our solutions supported clients in fighting COVID-19



Design for converting storage containers into COVID-19 treatment stations for US Army Corps of Engineers



Design for adaptable modular health-care solutions in UK

Shift in conversation with clients;
creating spaces that are healthy and resilient and
communicate wellness and wellbeing

Part 1

Operational Results

Peter Oosterveer | Chief Executive Officer

Redesigning Lancaster's
6-million-gallon-a-day water
treatment plant

Client
Services

City Of Lancaster, Ohio
Design & Engineering
Project & Cost Management



2020 full year results: strong margin and excellent free cash flow



- Arcadis continues to demonstrate resilience; key strategic targets for 2020 achieved
- Strong margin and excellent free cash flow
 - Institutionalized performance enhancements and actions initiated in Q1'20 resulted in strong overall margin performance
 - Excellent results North America
 - Cash program undertaken to reduce working capital
- Strong backlog positions us well for 2021



9.2%

Operating EBITA margin



€324 million

Free Cash Flow



5%

Organic Backlog growth

Delivered on strategy 2018-2020: “Creating A Sustainable Future”



People & Culture

Voluntary staff turnover

Voluntary staff turnover < Market

8.7%

Staff engagement

Improving annually



Brand

Top 5 Brand Awareness in markets we serve



Clients

Top Quartile performance for Client Experience ~



Innovation & Growth

Organic Revenue Growth (CAGR)

>GDP growth in our markets
Key Clients 2x overall growth

2%
7%

Innovation

Revenues using BIM level 2



Sustainability

Revenues relating to Arcadis relevant SDGs



Focus & Performance

Margin

Operating EBITA: 8.5% -9.5%

9.2%

Net Working Capital and DSO

NWC <17% of gross revenues
DSO < 85 days

12.6%
66

Return

Return on Invested Capital >10%

10%

Dividend pay-out ratio

30-40% of Net Income from Operations

40%

Leverage

Net Debt / EBITDA: 1.0-2.0

0.7x



Sustainability



Part 2

Financial Results

Virginie Duperat | Chief Financial Officer

Supporting HS2 in meeting its net zero carbon ambitions

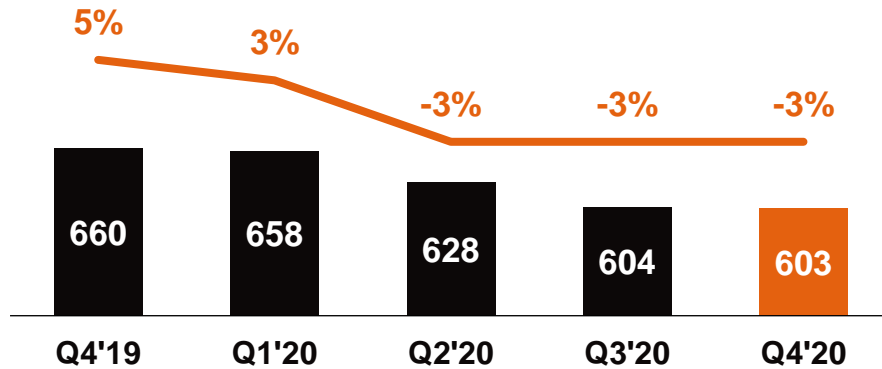
Client Services

HS2 Consultancy

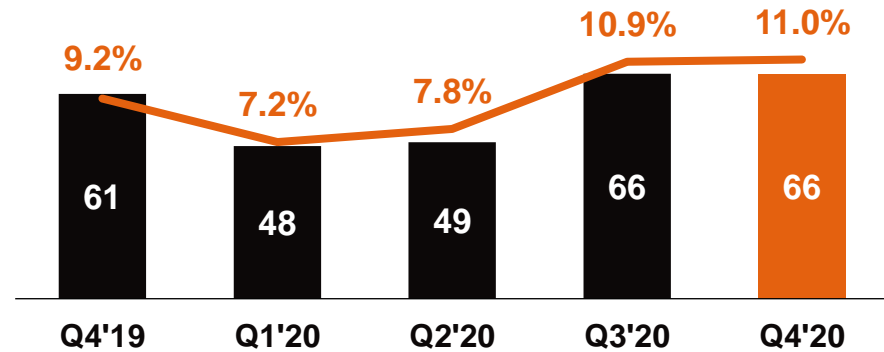


Strong fourth quarter performance

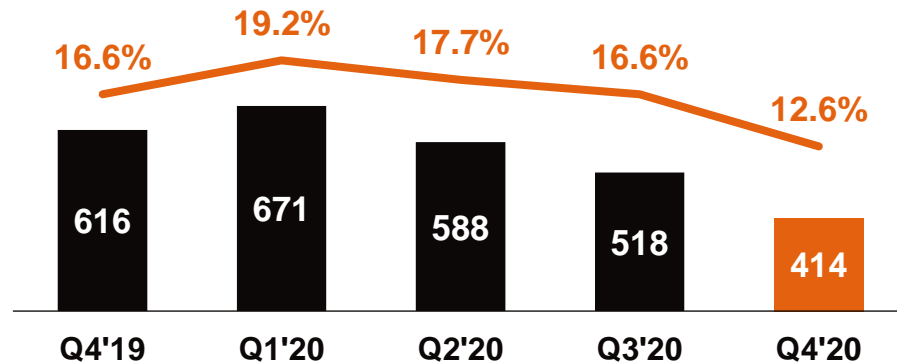
Net Revenues and organic growth
€ millions, %



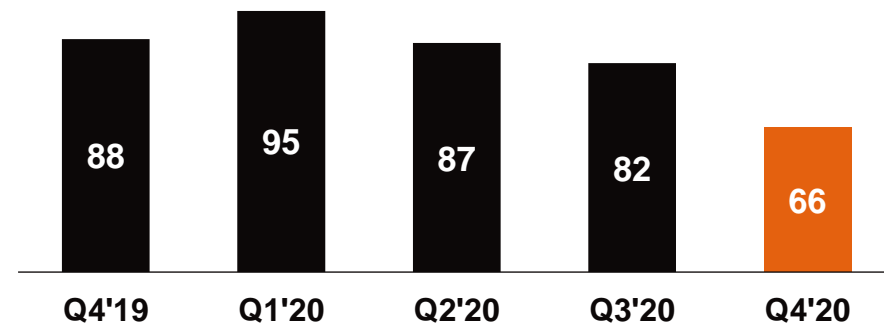
Operating EBITA (margin)
€ millions, %



Net Working Capital
EUR millions, %



Days Sales Outstanding
Days



Excellent full year results and strong organic backlog growth

€2.5_{bn}

Net Revenue

-1.5%

Organic Net Revenue growth

€229_M

(€213M)

Operating EBITA

9.2%

(8.2%)

Operating EBITA %

€1.49

(€1.36)

EPS*

5%

Organic Backlog growth y-o-y



Advise on resilience and sustainability improvements

Client Services

Port Authority New York Consultancy



Support on UK's largest retail electric vehicle charging network

Client Services

Tesco, UK Consultancy and Project & cost management

* Earnings per share: based on Net Income from Operations (NIfo)

Americas: continued revenue growth and margin improvement

Full year

35% of total net revenues	2020	2019	Change
Gross revenues	1,370	1,394	-2%
Net revenues	876	860	2%
Organic growth (%)	5%		
Operating EBITA	102	71	42%
Operating EBITA margin	11.6%	8.3%	

Fourth quarter	2020	2019	Change
Gross revenues	335	390	-14%
Net revenues	205	219	-6%
Organic growth (%)	4%		

- North America:
 - Organic growth in all core business lines
 - Climate resiliency and sustainability priority across all client sectors
 - Strategic programs contributing to margin improvement
- Latin America: continued improvement trend started in 2019



Support California to recover from catastrophic wildfires

Client **State of California**
Services **Consultancy**

Europe & Middle East: public and green investments continued at strength

Full year

45% of total net revenues	2020	2019	Change
Gross revenues	1,339	1,390	-4%
Net revenues	1,119	1,145	-2%
Organic growth (%)	-2%		
Operating EBITA	92	87	5%
Operating EBITA margin	8.2%	7.6%	

Fourth quarter	2020	2019	Change
Gross revenues	346	369	-6%
Net revenues	282	294	-4%
Organic growth (%)	-2%		

- Continental Europe: strong performance in the Netherlands, Germany and Belgium, offsetting project write offs in Europe South
- UK: solid performance and margin improvement. Revenue growth in Infrastructure, Environment and Water compensated for decline in Buildings
- Middle East: slight revenue decline, as a result of decision to reduce footprint



Optimizing production capacity for large dairy producer

Client Friesland Campina, The Netherlands
Services Design & Engineering, Consultancy

Asia Pacific: excellent performance in Australia, China on path to recovery

Full year

13% of total net revenues	2020	2019	Change
Gross revenues	358	388	-8%
Net revenues	323	350	-8%
Organic growth (%)	-4%		
Operating EBITA	34	35	-3%
Operating EBITA margin	10.6%	10.0%	

Fourth quarter	2020	2019	Change
Gross revenues	88	98	-10%
Net revenues	79	91	-14%
Organic growth (%)	-8%		

- Australia: strong performance due to revenue growth from large infrastructure projects in major cities and efficiency improvements
- Asia:
 - Good performance despite COVID-19 impacts in China early 2020
 - Diversification strategy progresses



Design of Sydney Gateway road project

Client Government of New South Wales
Services Design & Engineering

CallisonRTKL: pressure from COVID-19, preparing for market recovery

Full year

7% of total net revenues	2020	2019	Change
Gross revenues	236	301	-22%
Net revenues	176	222	-21%
Organic growth (%)	-19%		
Operating EBITA	1	19	-92%
Operating EBITA margin	0.8%	8.4%	

Fourth quarter	2020	2019	Change
Gross revenues	51	73	-31%
Net revenues	38	56	-32%
Organic growth (%)	-27%		

- High impact of COVID-19 on retail and entertainment sectors
- China continued to be relatively strong with new business from existing clients
- Limited impact of cost reduction measures as CallisonRTKL prepares for market recovery



Designing green & sustainable neighbourhood centers in Hangzhou

Client Hangzhou Qianjiang New City Construction Development

Services Design

Strong EBITA performance generating 10% EPS growth

In € millions	2020	2019	change
EBITA	224	192	17%
Amortization & impairment	-141	-17	-
EBIT	83	175	-53%
Net finance expense	-27	-40	-33%
Taxes on income	-55	-40	38%
Normalized income tax rate ¹⁾	33%	27%	-
Exp. credit gain (loss) shareholder loans & corp. guarant.	20	-82	-
Minority interest	1	-3	-
Net Income	22	12	78%
Net Income from Operations (NifO)²⁾	133	120	12%
EPS (NifO per share)³⁾	1.49	1.36	10%

¹⁾ Excluding Expected Credit Loss relating to ALEN and investments in associates and JV's

²⁾ Corrected for non-recurring items (e.g. acquisition & restructuring costs, expected credit loss and impairment)

³⁾ Average number of shares 2020: 89.6 million (2019: 88.4 million)



17%
EBITA growth



€133 million
Net Income from
Operations



€1.49
EPS (NifO per share)

Strong free cash flow sustained by group wide cash management program

In € millions	2020	2019
EBITDA	349	309
Lease expenses	-80	-70
Adjusted EBITDA¹	269	235
Changes in net working capital	168	-85
Changes in other working capital	6	37
Tax paid	-53	-34
Net interest paid	-20	-25
Other	-11	15
Cash flow from operating activities	359	143
Capital expenditures	-35	-46
Free cash flow	324	97

¹⁾ Excluding IFRS 16 impact, used for net debt/EBITDA and Free Cash Flow calculation

- Cash management program launched in Q1
- Oracle North America invoicing inefficiencies remedied
- Tax payment deferrals: €47 million
- Strict CAPEX management

Balance sheet significantly strengthened

In € millions

Assets	2020	2019	Equity & Liabilities	2020	2019
Intangible assets and goodwill	886	1,080	Total equity	910	965
Fixed assets	84	101	Debt	497	607
Right-of-use assets	256	267	Lease liabilities	278	291
Trade receivables ¹⁾	468	603	Contract liabilities (billing in excess) ¹⁾	296	285
Contract assets (unbilled receivables) ¹⁾	466	670	Provision for onerous contracts ¹⁾	40	91
Other assets	155	145	Accounts payable ¹⁾	183	279
Cash and cash equivalents	449	297	Other liabilities	560	645
Total assets	2,764	3,163	Total equity & liabilities	2,764	3,163

¹⁾ Net Working Capital item

²⁾ Net Working Capital calculation excludes €2 million receivables on associates

³⁾ Based on annualized Q4 2020 Gross Revenues



€414 million

(2019: € 616 million)

Net working Capital²⁾

12.6%

(2019: 16.6%)

Net working Capital %³⁾



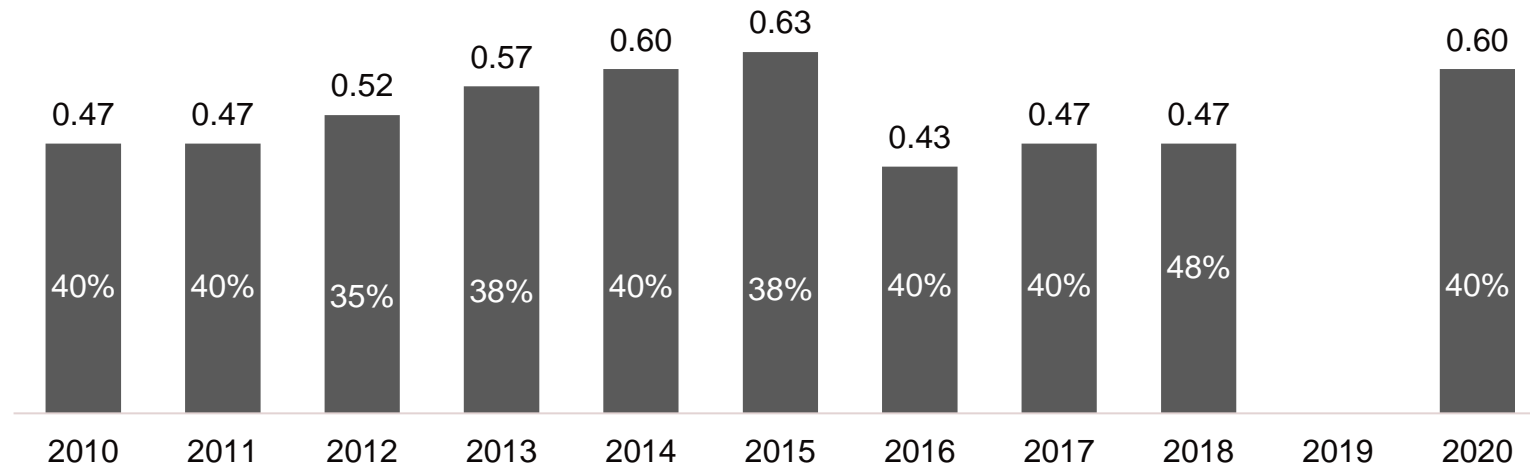
€48 million

(2019: €310 million)

Net Debt

Reinstalment of dividend in 2020

Dividend (€) and pay-out ratio (%)



- Dividend pay-out in cash or scrip option unchanged
- Extension of anti-dilutive Share Buy-Back program, additional repurchases of 1.85 million



40%

(% of Net Income from Operations)

Pay-out ratio % 2020



142%

(2017 Q4 – 2020 Q4)

Total Shareholder Return

Part 3

Wrap up

Peter Oosterveer | Chief Executive Officer

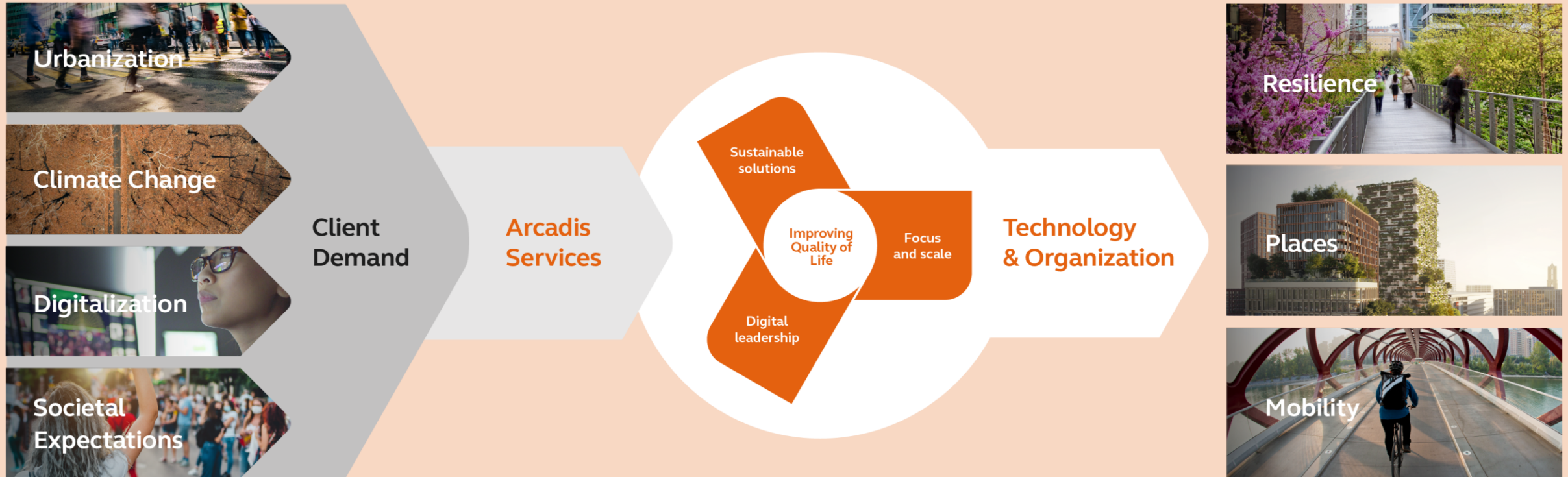
**Reducing construction
cost of BMW China
factory by 24%**

Client
Services

BMW
Project & cost management



Accelerate strategy to maximize impact



Maximizing Impact: Strategy 2021-2023



Financial targets

Organic Net Revenue Growth Mid-single digit	Margin Operating EBITA margin >10%
Net Working Capital & DSO NWC <15% of gross revenues DSO <75 days	Return on Net Working Capital Operating EBITA / Net Working Capital: 40-50%
Return to shareholders <ul style="list-style-type: none"> Dividend: 30-40% of Net Income from Operations <ul style="list-style-type: none"> no dilution Additional returns when appropriate Net debt/EBITDA between 1.0 and 2.0 	

Non-financial targets

Voluntary staff turnover < 10%	Staff engagement Improving annually
Brand Top 3 Brand Strength Index	Diversity Women in workforce >40%
Carbon footprint <ul style="list-style-type: none"> Reduce emissions aligned with a 1.5C science-based target before 2030 Carbon neutral operations investing in high quality, certified abatement and compensation programs from 2020 	



Well positioned for the future

Delivered very strong performance under challenging conditions

Legacy issues resolved

COVID-19 reinforced necessity for societies to invest in resilient and sustainable solutions

Arcadis well positioned to seize market opportunities:

- Strong financial position improved operational resilience and resilient backlog
- Global skills and capabilities in delivering digitized and sustainable solutions
- Investments in strategic priorities



Q&A

