

Continued strong client demand and improved operational performance

Arcadis Second Quarter & Half Year 2023 Results

Analyst Conference Call, July 27th, 2023

Alan Brookes	CEO
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Christine Disch	IR Director

Part 1

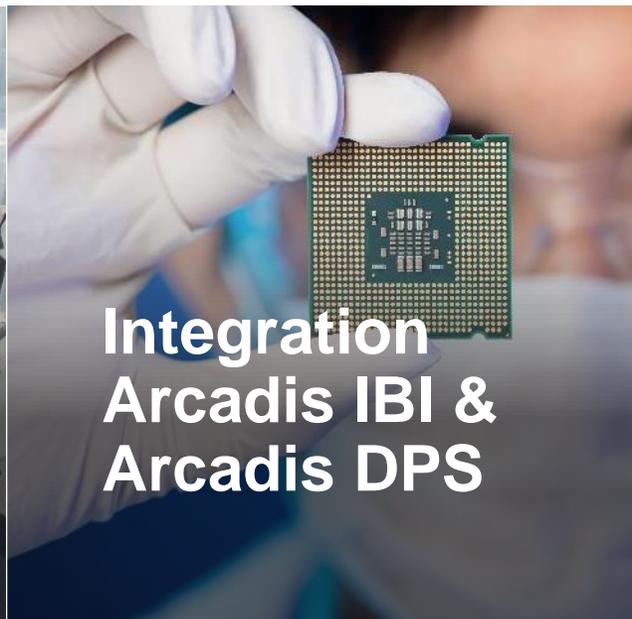
Q2 and Half Year 2023 Results

Alan Brookes | Chief Executive Officer

First 50 days



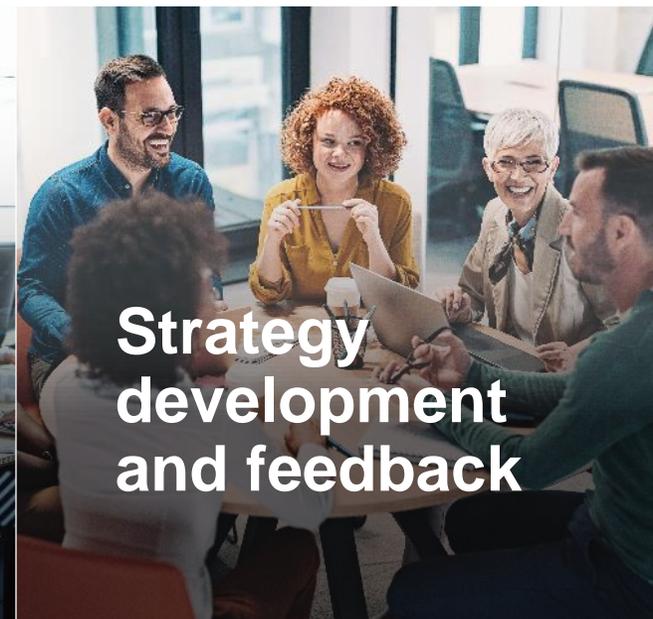
Key Client engagement



Integration
Arcadis IBI &
Arcadis DPS



On track to
deliver strategic
targets set for
2023



Strategy
development
and feedback

Save the date

Capital Markets Day

16 November, London

Summary of results

Strong results from continued client demand and improved operational performance

Second quarter 2023 results

Net Revenue
+30% (YoY) to:
€945M

Order intake
+36% (YoY) to:
€976M

Net Backlog at:
€3,249M

Operating EBITA margin¹⁾ improved to:
9.8%
 (last year 9.3%)

Voluntary Turnover²⁾
12.6%
 (last year 15.9%)

1) Excluding acquisition, restructuring and non-operating integration-related costs

2) Excluding Middle East as these operations are being wound down

Significant wins in the quarter accelerate revenue synergies and add to already strong pipeline



Places, Resilience, Arcadis DPS
Design of the US' largest solar panel manufacturing facility

Solution **Industrial Manufacturing**
 Client **CubicPV | US**



Places, Arcadis DPS
Project management & execution resources for facilities

Solution **Engineering, Project Management**
 Client **Semiconductor client**



Places, Arcadis IBI
Masterplanning for expansion of holiday resorts center

Solution **Architecture, Design & Engineering**
 Client **Global Real Estate client**

Global Business Areas: Resilience

Strong momentum, growth and outlook driven by continued high client demand

Second quarter 2023 results

QUARTER SUMMARY

- **Environmental Restoration:** demand remains strong with digital innovation as a differentiator (green metrics analytics)
- **Water optimization:** federal spending up on large infra projects (related to “lead and copper” rule requirements)
- **Energy Transition:** launch of Arcadis Energy Transition Academy

Net Revenues (Q2, yoy)

+13% at €346M

Organic growth¹⁾: 11.4%

Order intake (Q2, yoy)

+23% at €356M



Biodiversity leader in NL: Restoring flora & fauna in Dutch rivers

Solution
Client

Nature-Based Solutions (NBS)
Dutch Water Authority | NL

Global Business Areas: **Places**

Delivering on repositioned portfolio while successfully integrating acquisitions

Second quarter 2023 results

QUARTER SUMMARY

- US stimulus attracts newcomers to **industrial manufacturing** market; we provide support with “First Time Through” (FTT) Planning
- Carbon management continues to be a key focus area
- **Net Zero & Intelligent buildings:** Ecosystem partnerships (e.g. Honeywell) on energy optimization

Net Revenues (Q2, yoy)

+58% at €372M

Organic growth¹⁾: 2.7%

Order intake (Q2, yoy)

+59% at €385M

PROJECT EXAMPLE



Honeywell collaboration:
Reduce carbon emissions and cut energy use in commercial buildings worldwide

Solution
 Clients

Net Zero & Intelligent Buildings
>300 buildings for real estate clients globally

Global Business Areas: **Mobility**

Increased demand driving growing pipeline of opportunities

Second quarter 2023 results

QUARTER SUMMARY

- **Connected Highways and Intelligent Rail:** growing innovation and complexities are addressed with our (data) solutions
- US and Australian demand for **New Mobility** services accelerates as clients benefit from federal funding

Net Revenues (Q2, yoy)

+9% at €204M

Organic growth¹): 11.3%

Order intake (Q2, yoy)

+16% at €212M

PROJECT EXAMPLE



Support to shape policies on Advanced Air Mobility services

Solution
Client

**New Mobility
San Diego Association of Governments (SANDAG) | US**

Global Business Areas: **Intelligence**

Differentiating through combining digital innovation and engineering services

Second quarter 2023 results

QUARTER SUMMARY

- Solid demand for **Traffic, Transit and Travel solutions** from large Key Clients
- **Enterprise Decision Analytics:** Good synergy wins in US
- **Cross GBA collaboration drives good wins:** Enterprise Decision Analytics, sustainable asset investment and programs, combined with GBA design & consulting capabilities

Net Revenues (Q2)

€23 million

Order intake (Q2)

€23 million

PROJECT EXAMPLE



Mobility & Intelligence:
Integrating real-time availability with parking payments

Solution
Client

**Combining HotSpot & CurbiQ
Mobility clients in North America**

Part 2

Financial Results

Virginie Duperat-Vergne | Chief Financial Officer



Improved performance across key metrics

Half year 2023 results

€1,886M

(H1'22: €1,418M)

Net Revenue

10.6%

Organic Net Revenue growth¹⁾

€185M

(H1'22: €133M)

Operating EBITA²⁾

9.8%

(H1'22: 9.3%)

Operating EBITA margin

12.4%

(H1'22: 13.3%)

Net Working Capital %

€1,186M

(2022: €1,005M)

Net Debt

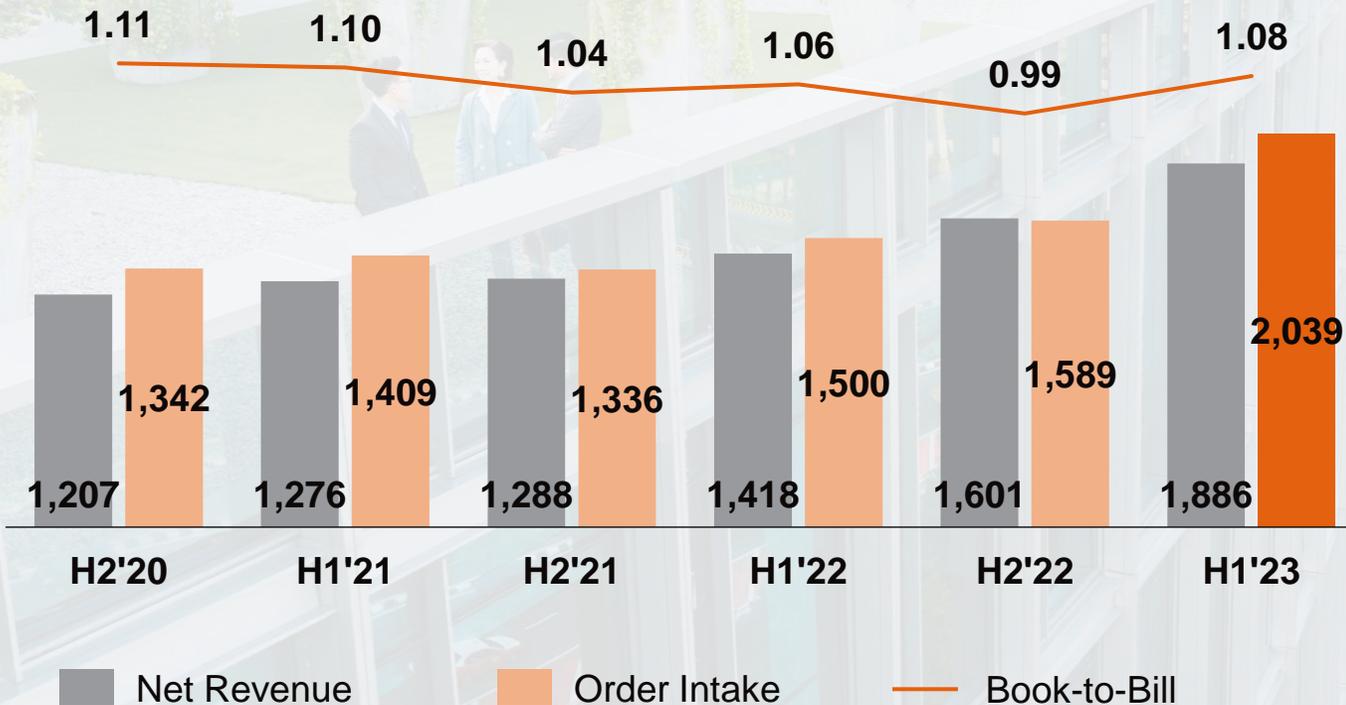
- Continued strong growth: Net Revenues **+33%** year on year
 - Currency impact: -1.1% (US and C\$)
 - Strong growth at Arcadis IBI and Arcadis DPS
- Operating EBITA: **+40%** year on year, margin at **9.8%** (9.3%)
 - Strong improvement while successfully integrating acquisitions
 - Continued investment in development of our people
- Disciplined Net Working Capital management, Days Sales Outstanding reduced to 66 days (Q2'22: 69 days)
- Bridge loan refinancing process completed following successful issuance of Schuldschein loan

¹⁾ This excludes the impact of currency movements, acquisitions, divestments, and footprint reductions (such as the Middle East)

²⁾ Excluding acquisition, restructuring and non-operating integration-related costs

Order intake exceeds revenue for H1, resulting in book to bill of 1.08

Order Intake, Net Revenue and Book-to-Bill
€ millions



- Record net revenue levels in H1'23 from strong organic growth¹⁾ and acquisitions Arcadis IBI and Arcadis DPS
- Record order intake in H1'23 resulted in a net revenue backlog of €3.2 billion and a Book-to-Bill of 1.08 for H1'23
- Organic backlog growth¹⁾: 5.0% YtD (Q2'22: 3.6%) and 1.1% QtD (Q2'22: -0.9%), well above last year

1) Excluding the impact of currency movements, acquisitions, divestments, and footprint reductions (such as the Middle East)

36% of net revenues

€ millions period ended 30 June 2023	Half year			Second quarter		
	2023	2022	change	2023	2022	change
Net revenues	678	589	15%	346	308	13%
Organic NR growth (%) ¹⁾	12.6%			11.4%		
Operating EBITA ²⁾	76	60	27%			
Operating EBITA margin (%)	11.2%	10.1%				
Order intake	779	628	24%	356	290	23%
Net revenues in backlog	999	842	19%			
Backlog organic growth (qtd) ¹⁾	0.8%	-2.4%				
Backlog organic growth (ytd) ¹⁾	10.9%	4.5%				

- Strong revenue and backlog growth driven by strong momentum
- Backlog development in the quarter beats seasonal pattern
- Margin improvement driven by North America
- Continued investments in digital products and partnerships e.g. in smart water management

Good revenue growth and improved margin

40% of net revenues

€ millions period ended 30 June 2023	Half year			Second quarter		
	2023	2022	change	2023	2022	change
Net revenues	760	463	64%	372	235	58%
Organic NR growth (%) ¹⁾	5.0%			2.7%		
Operating EBITA ²⁾	70	41	69%			
Operating EBITA margin (%)	9.2%	8.9%				
Order intake	792	502	58%	385	243	59%
Net revenues in backlog	1,574	968	63%			
Backlog organic growth (qtd) ¹⁾	0.9%	-0.1%				
Backlog organic growth (ytd) ¹⁾	2.2%	3.6%				

- Good revenue and backlog growth driven by North America, UK and Continental Europe
- Selective order intake at Arcadis DPS
- Continued soft market conditions in China
- Margin improvement driven by Arcadis IBI's strong position in North America and Industrial Manufacturing performance in Continental Europe
- Excluding Middle East, operating EBITA margin at 9.9% for H1'23

Mobility

Continued strong client demand, underlying margin improvement

22% of net revenues

€ millions period ended 30 June 2023	Half year			Second quarter		
	2023	2022	change	2023	2022	change
Net revenues	403	366	10%	204	187	9%
Organic NR growth (%) ¹⁾	13.5%			11.3%		
Operating EBITA ²⁾	38	35	9%			
Operating EBITA margin (%)	9.4%	9.5%				
Order intake	423	370	14%	212	183	16%
Net revenues in backlog	560	521	7%			
Backlog organic growth (qtd) ¹⁾	2.1%	0.3%				
Backlog organic growth (ytd) ¹⁾	3.9%	2.0%				

- Good order intake momentum driven by North America and Continental Europe
- Stimulus driving investments in upgrading of infrastructure assets in US and Australia
- Strong margins in North America, Continental Europe, and Australia
- Excluding Middle East, operating EBITA margin at 10.3% for H1'23

Intelligence

Focus on cross GBA collaboration to provide greater digital value to clients

2% of net revenues

	Half year	Q2
€ millions period ended 30 June 2023	2023	2023
Net revenues	45	23
Operating EBITA ²⁾	4	
Operating EBITA margin (%)	9.6%	
Order intake	45	23
Net revenues in backlog	115	
Backlog organic growth (qtd) ¹⁾	0.2%	
Backlog organic growth (ytd) ¹⁾	0.2%	

- Good synergy wins with Key Clients and revenue growth from digital solutions and software products
- Investments in continued product development, integration and organizational set-up
- Strong backlog and pipeline of opportunities from continued cross GBA collaboration

Strong operational performance

Generating 10% EPS growth year on year

In € millions	H1 2023	H1 2022	change
EBITA	169	130	30%
Amortization & impairment (including PPA effect)	-19	-5	
EBIT	150	125	19%
Net finance expense	-27	-6	
Taxes on income	-43	-34	
Effective income tax rate ¹⁾	35%	28%	
Net Income	80	86	-8%
Net Income from Operations (NifO)¹⁾	103	93	11%
EPS (NifO per share) ²⁾	1.15	1.04	10%

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

2) Average number of shares H1 2023: 89.7 million (H1 2022: 89.2 million)



30%

EBITA growth



€103 million

Net Income from Operations

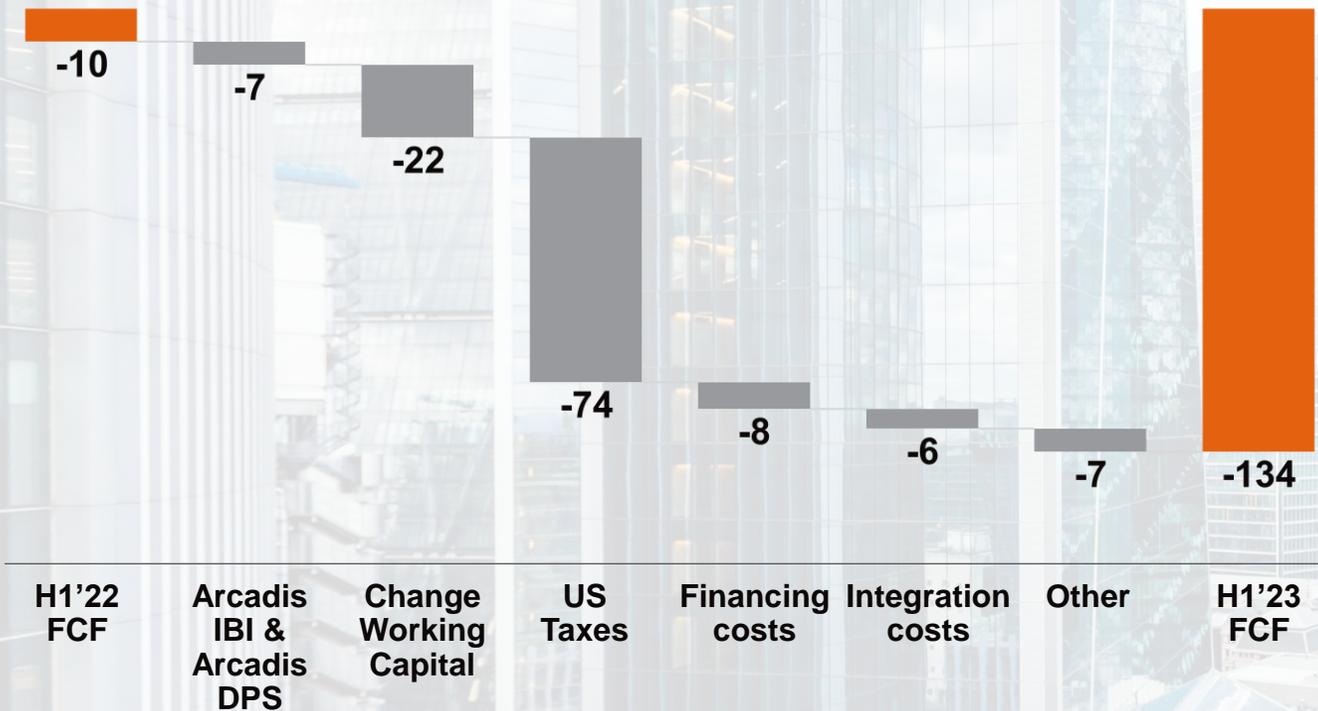


10%

EPS (NifO per share) growth

Strong growth and seasonality reflected in FCF

Free Cash Flow bridge H1'22 – H1'23
€ millions

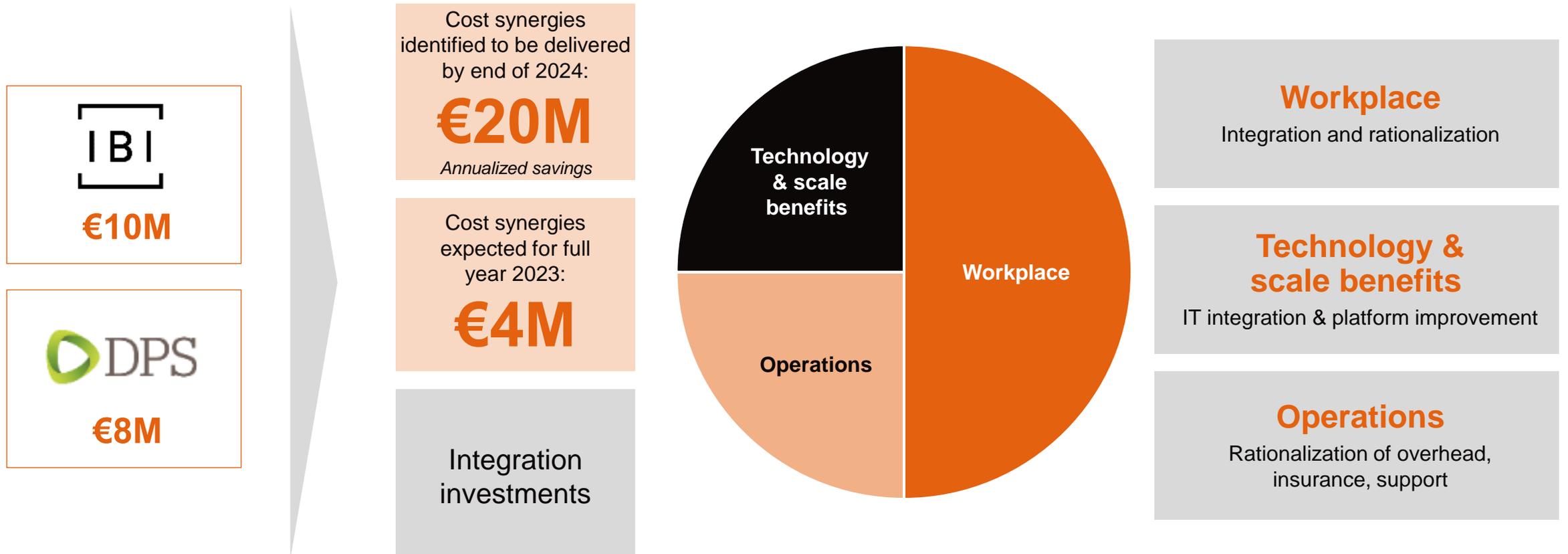


- Free Cash Flow generation in line with seasonality and impacted by:
 - Financing of accelerated growth
 - Changes in US tax law
- FCF in the quarter of €-26 million, in line last year's €41 million when excluding cash out related to US taxes

Integration of Arcadis IBI and Arcadis DPS

Cost synergies identified already above target, delivery on track

Cost synergies of €20 million currently identified, above target of €18 million initially communicated



Part 3

Wrap up

Alan Brookes | Chief Executive Officer

Key takeaways

Strong results, integration on track

- **Excellent performance, continued strong demand**
 - Global Operating Model continues to drive revenue growth and margin improvement
- **Integration to be completed by year-end**
 - Synergy wins materializing
 - Identified cost synergies exceeding initial target

Positive outlook, clear priorities

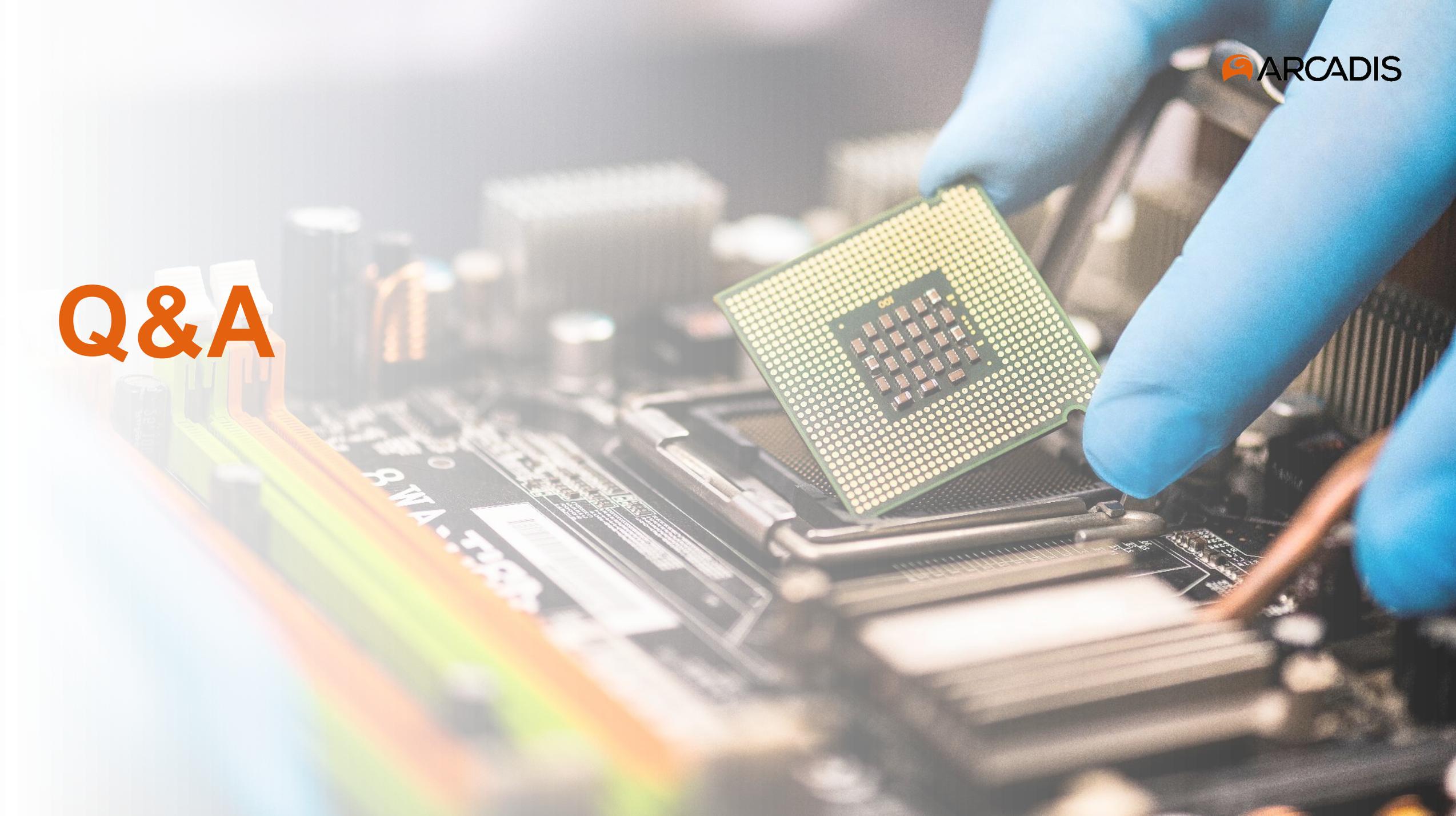
- **Strong pipeline**
 - Well positioned to capitalize on significant market opportunities
- **On track to deliver 2023 targets**
- **Preparations for next strategic cycle progressing well**

Save the date

Capital Markets Day

16 November, London

Q&A



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