

PRESS RELEASE

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Arcadis creates growth through acceleration of sustainable solutions

Strategy update confirms increasing client demand driven by climate change, urbanization, and societal expectations

- Maximizing impact for all stakeholders is key objective in 2021-2023 strategy
- Expecting increased growth opportunities resulting from urbanization, climate change, digitalization and societal expectations
- Strengthened foundation will enable growth and margin improvement
- New strategy will accelerate growth by:
 - Placing sustainability at the center of all client solutions
 - Leverage global scale and sharpen focus on areas of strength
 - Remain a digital frontrunner by expanding existing platforms and capabilities
- Key strategic targets for 2023:
 - Organic revenue growth: mid-single digit
 - Operating EBITA margin to exceed 10% in 2023
 - Women in workforce to exceed 40%
 - Continue to lead ESG rankings in engineering & consultancy industry
 - Reduce emissions aligned with a 1.5C science-based target before 2030

Amsterdam, 19 November 2020 – Arcadis (EURONEXT: ARCAD), expects growth opportunities due to increasing client demand driven by mega trends such as urbanization, climate change, digitalization and societal expectations. By putting sustainability at the center of all client solutions, Arcadis will accelerate revenue growth and improve its operating margin. With its existing portfolio of services, performance improvements resulting from the current strategy and strengthened financial foundation, the company is uniquely positioned to benefit from these global mega trends. As a result, Arcadis expects to achieve mid-single digit organic net revenue growth per year and operating EBITA margin to exceed 10% in 2023.

Peter Oosterveer, CEO Arcadis: “We are living in rapidly evolving times – from the current pandemic and its impact on economic growth, to climate change and societal expectations to eliminate inequality – placing a stronger emphasis on our strategic choices for the next three years. The megatrends that are impacting us, our societies, and our clients, present a great opportunity for us. They translate into growing client demand and Arcadis has the capabilities, the people, and the experience to fulfill these needs. Our new strategy sets us on the course to maximize our impact by developing resilient and future-proof solutions.

In the past three years our focus has been on strengthening the foundation and creating the springboard from which we can further accelerate our strategic direction. We will build on our strong heritage of specialized engineering & consultancy expertise in Environment, Water, Infrastructure, and Buildings to meet the growing client demand. Sustainability is in our DNA and will be an integral part of all client solutions. We will further leverage the global scale of our expertise by consolidating in three business areas: Resilience, Places and Mobility that offer the solutions that societies demand to create a sustainable future.

We will support our people with further upskilling and enable them to expand on the delivery of digitalized services and products building on Arcadis GEN, our digital incubator. The combination of expected demand growth, our very solid foundation and heritage, and evolving digital capabilities has allowed us to increase our guidance and has resulted in a set of realistic financial targets with mid-single digit organic net revenue growth per year with an operating EBITA margin of more than 10% by 2023.”

Accelerate strategy to maximize impact

The strategy update for the period 2021-2023 will be presented today during a virtual Capital Markets Day. Building on a strong foundation, Arcadis will accelerate its strategic direction to maximize impact for all stakeholders. This will be realized by:

1. Impact through sustainable solutions

Arcadis’ clients have an increasing demand for sustainable, resilient and effective solutions. They must be able to manage resources; develop infrastructure and build accessible places for people to live and work in, in a changing world. The strategic approach puts sustainability at the center of all client solutions.

2. Impact through digital leadership

Arcadis will remain a digital frontrunner in its industry by leveraging and expanding its digital platforms and capabilities. Building on its new entity Arcadis Gen, a digital incubator, it will provide additional products and services. Arcadis enables all its people to further upskill and deliver digitalized services.

3. Impact through Focus & scale

Arcadis will provide its expertise where it has a right to play and an opportunity to win. Focus will be where Arcadis is strongest. It will concentrate on three business areas: Resilience, Places and Mobility to better leverage the global scale of its expertise and asset knowledge as well as to drive efficiency.

STRATEGIC GUIDANCE 2021-2023

The update of Arcadis’ strategy has subsequently led to a new framework of raised targets for 2023 with objectives for all stakeholders. These realistic targets will lead to sustainable cash and value generation.

Financial objectives:

- Organic revenue growth: mid-single digit
- Operating EBITA margin to exceed 10% of net revenues in 2023 (Q3 YTD 2020: 8.6%)
- Net working capital as percentage of gross revenues: <15.0% (Q3 YTD 2020: 16.6%) and DSO (days sales outstanding): < 75 days (Q3 YTD 2020: 82 days).
- Return on net working capital between 40%-50% (2019: 34%)
- Leverage: Net debt/EBITDA excluding leases between 1.0 and 2.0 (Q3 YTD 2020: 1.2)

Non-financial objectives:

- Voluntary staff turnover: <10% (2019: 13.5%)
- Women in workforce: >40% (2019: 38%)
- Reduced emissions aligned with 1.5C science-based target initiative before 2030
- Carbon neutral operations: investing in high quality, certified abatement, and compensation programs from 2020
- Top-3 brand strength index in markets Arcadis serves
- Staff engagement: improving annually

Arcadis will execute the strategy with an efficient and robust capital structure and has fully embedded risk management in its operations.

Arcadis presents its strategy 2021 – 2023 in a period of high economic and health uncertainties due to the Covid-19 pandemic. The company has proven its ability show operational resilience during challenging circumstance, which was reflected in its latest quarterly results. These showed solid financial ratios including growing operating margin, strong cash flow and a decreasing debt level.

FOR FURTHER INFORMATION PLEASE CONTACT: ARCADIS INVESTOR RELATIONS

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THE CAPITAL MARKETS DAY VIRTUAL MEETING

Arcadis will hold a virtual video stream Capital Market Day event today from 09:30 am to 12:00 pm CET. Registration is possible the following link:

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ABOUT ARCADIS

Arcadis is a leading global Design & Consultancy organization for natural and built assets.

Applying our deep market sector insights and collective design, consultancy, engineering, project and management services we work in partnership with our clients to deliver exceptional and sustainable outcomes throughout the lifecycle of their natural and built assets. We are 28,000 people, active in over 70 countries that generate €3.5 billion in revenues. We support UN-Habitat with knowledge and expertise to improve the quality of life in rapidly growing cities around the world. 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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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.