

2020 Q2 & HY Results

Solid results and excellent free cash flow

Next generation thinking | Sustainable delivery

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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.

Solid results and excellent free cash flow in the second quarter

- Sustained focus on resilience: keeping our people safe and supporting our clients
- Measures to reduce costs and improve cash collection paying off
- Solid operating EBITA of €49 million despite modest revenue decline
- Operating margin 7.8% (Q2'19: 7.7%), year to date: 7.6% (H1'19: 7.7%)
- Excellent free cash flow of €165 million (Q2'19: €60 million), year to date at €81 million (H1'19: €8 million)
 - Significant reduction of working capital and improved invoicing efficiency US
- Demonstrated ability to adapt to current challenges, stable backlog and well diversified portfolio

Immediate and significant action to protect our people and secure business continuity

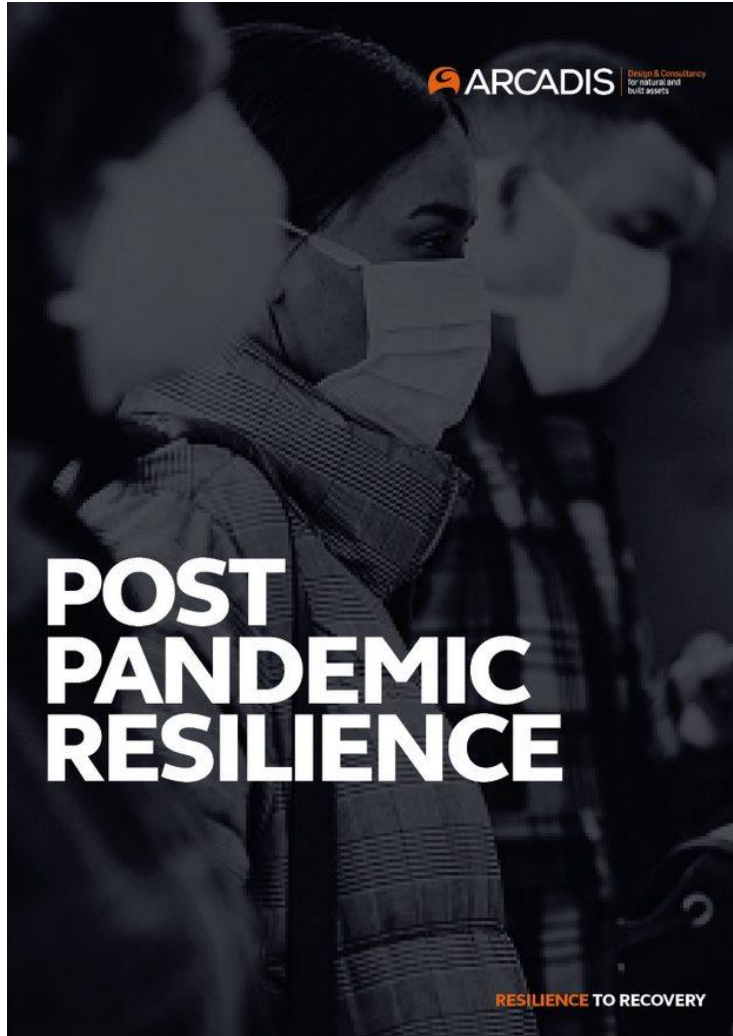
Eight COVID-19 workstreams established early March:



90%

of our people work from home, supporting our clients using digital platforms

COVID-19: Resilience to recovery



In our work with private and public sector clients we focus on the following five principles for enhancing resilience:



People



Design



Planning



Digital



Sustainability

“Our thinking about resilience is evolving, and it closely links to the sustainability agenda. Ultimately, becoming more sustainable will make our global society more resilient”

UNITED KINGDOM

Integral part in HS2, one of Britain's largest infrastructural projects



Jurgen Pullens
Director IR



Ensuring continuity of work, with increased cash collection efforts

First half year

In € millions	H1'20	H1'19	Change
Gross revenues	1,703	1,707	0%
Net revenues	1,286	1,275	1%
<i>Organic growth %</i>	0%	2%	
EBITDA	154	149	3%
EBITDA margin	12.0%	11.7%	
Adjusted EBITDA ¹	113	112	1%
Operating EBITA ²	97	98	-1%
<i>Operating EBITA margin %</i>	7.6%	7.7%	
Free cash flow	81	8	
Net working capital (%)	17.7%	16.2%	
Net debt	316	378	
Leverage ratio	1.3x	1.6x	
Backlog net revenues (billions)	2.0	2.1	
Backlog organic growth (year to date)	2%	3%	

1) Excluding IFRS 16 impact, used for net debt/EBITDA and FCF calculation

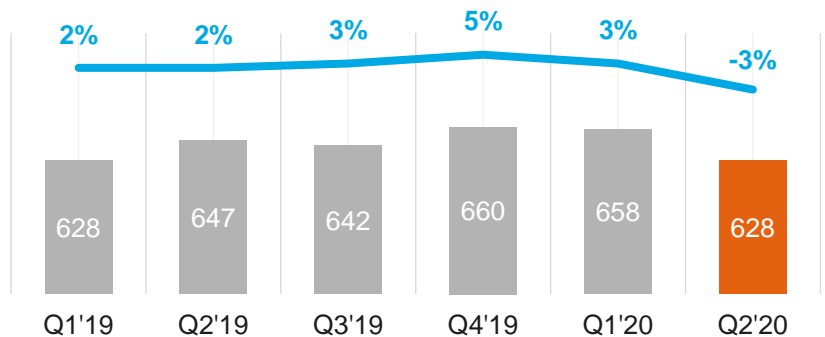
2) Excluding restructuring, acquisition and divestment costs



Solid Q2 results despite modest revenue decline, significant reduction of working capital

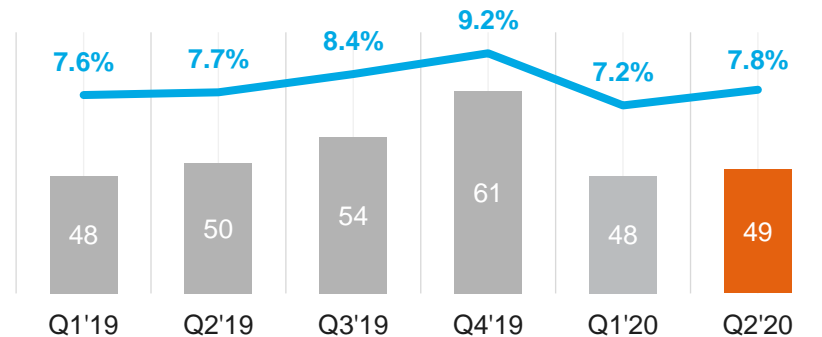
Net Revenues and organic growth

€ millions, %



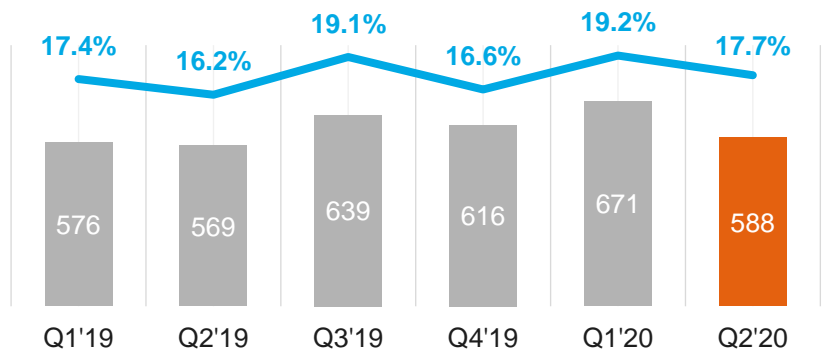
Operating EBITA (margin)

€ millions, %



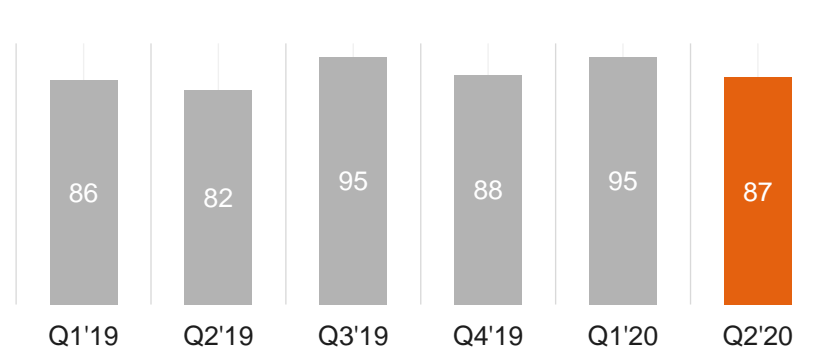
Net Working Capital

%



Days Sales Outstanding

Days



Improved income from operations

First half year

In € millions	H1'20	H1'19	Change
EBITA	92	91	1%
Amortization & impairment	-8	-8	0%
EBIT	84	83	2%
Net finance expense	-16	-19	-16%
Taxes on income	-24	-22	-24%
Normalized income tax rate ¹	34%	35%	n/a
Expected credit loss on shareholder loans & corp. guarantees	17	-5	n/a
Minority interest	0	-1	n/a
Net income	62	37	68%
Net income from operations ²	53	46	14%
NIfO per share (in €)³	0.59	0.53	11%

- 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: 89.2 million (2019: 87.9 million)



Measures to improve billing and collection process paying off

First half year

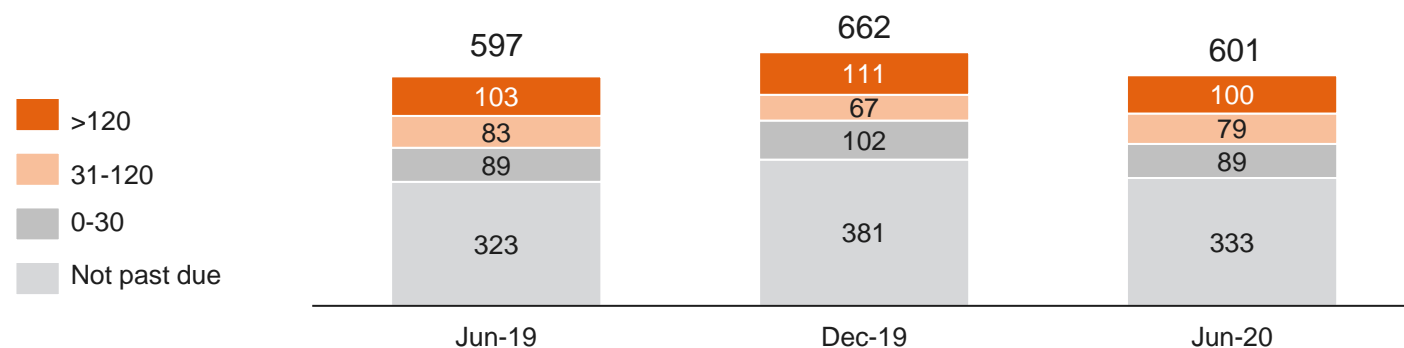
In € millions	H1'20	H1'19
EBITDA	154	149
Lease expenses	-41	-37
Adjusted EBITDA¹	113	112
Changes in net working capital	+16	-45
Changes in other working capital	+2	-9
Tax paid	-22	-20
Net interest paid	-13	-13
Other	+1	+3
Cash flow from operating activities	97	28
Capital expenditures	-16	-20
Free cash flow	81	8

- Net working capital improved from additional measures and increased invoicing efficiency in the US
- Other working capital includes:
 - Engineering software license renewal (-€24 million in Q1)
 - COVID-19 VAT and wage tax deferral (~€33 million in Q2)

1) Excluding IFRS 16 impact, used for net debt/EBITDA and FCF calculation

Significant catch-up in trade receivables and WIP

€ millions	Jun-19	% for GR	Dec-19	% for GR	Jun-20	% for GR
Gross receivables	597		662		601	
Provisions	-57		-60		-55	
Provisions %	9%		9%		9%	
Trade receivables¹	541	15%	602	16%	546	16%
Contract assets	613		670		616	
Contract liabilities	-259		-285		-274	
Prov. onerous contracts	-98		-91		-93	
Net Work in Progress	256	7%	294	8%	249	7%
Accounts Payables	-228	-6%	-280	-8%	-208	-6%
Net Working Capital (%)²	569	16.2%	616	16.6%	588	17.7%



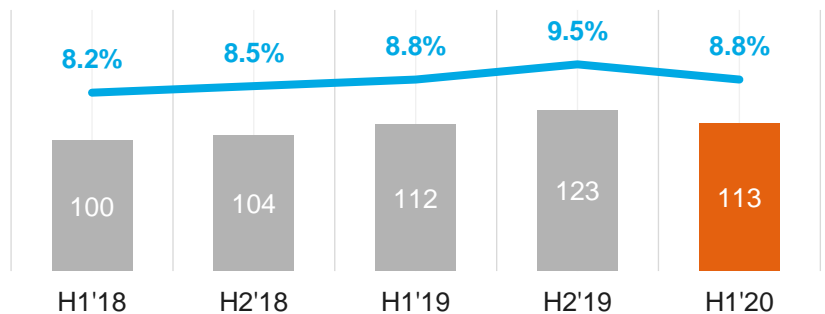
1) Excluding receivables from associates
 2) Based on annualized Q2 Gross Revenues

- Strong cash collection in Q2
- Catch up in WIP compared to Y/E from improved invoicing efficiency US
- Accounts Payables reduced
- Receivables and ageing in line with June '19

Strong financial flexibility leads to further improved balance sheet

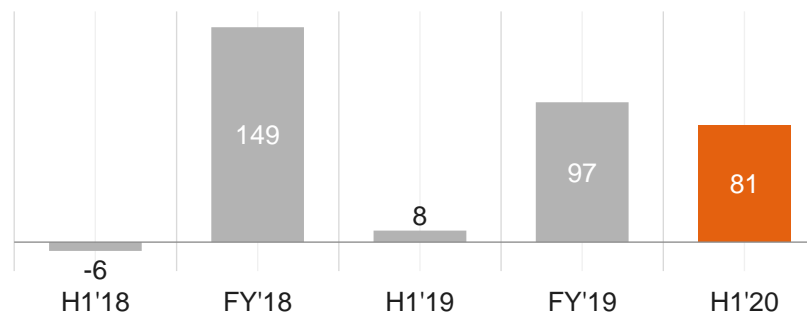
Adjusted EBITDA Margin¹

€ millions, %



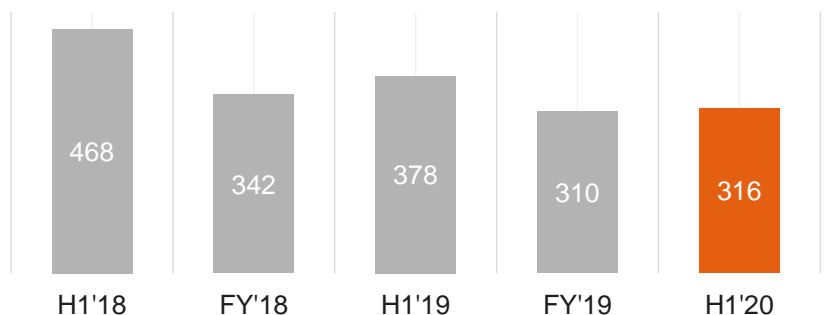
Free Cash Flow

€ millions



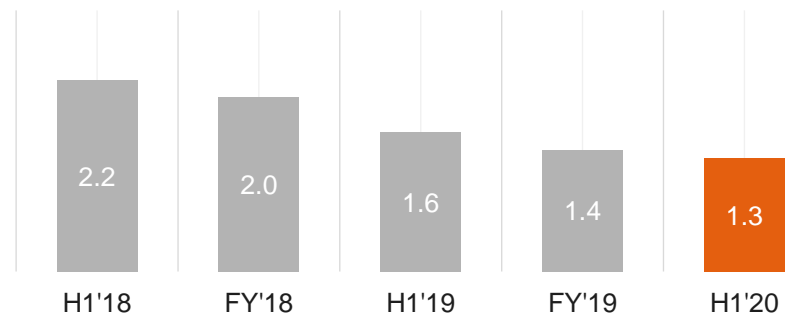
Net Debt¹

€ millions



Average net debt / adjusted EBITDA¹

Calculated using bank covenant methodology



1) Based on IAS 17: average net debt / adjusted EBITDA calculated according to bank covenants (interest bearing debt minus all cash and cash equivalents, lease liabilities excluded)

GERMANY

Supporting TenneT in Germany's energy transition



Peter Oosterveer
CEO



Americas: continued growth and margin improvement

First half year

35% of net revenues	2020	2019	Change
Gross revenues	712	679	5%
Net revenues	452	426	6%
Organic growth (%)	4%		
Operating EBITA	41	37	11%
Operating EBITA margin	9.0%	8.8%	

Second quarter	2020	2019	Change
Gross revenues	350	360	-3%
Net revenues	226	222	2%
Organic growth (%)	1%		

- North America: operational performance and margin improved
 - Environment: solid performance despite revenue decline from COVID-19
 - Water: sound organic growth and strong pipeline of opportunities
 - Infrastructure: significant growth due to long-term public projects
- Latin America: stable margins, continued organic growth and strong backlog driven by Infrastructure in Brazil



Galveston, USA

Technical support for the U.S. Army Corps of Engineers on multiple projects along Texas coast

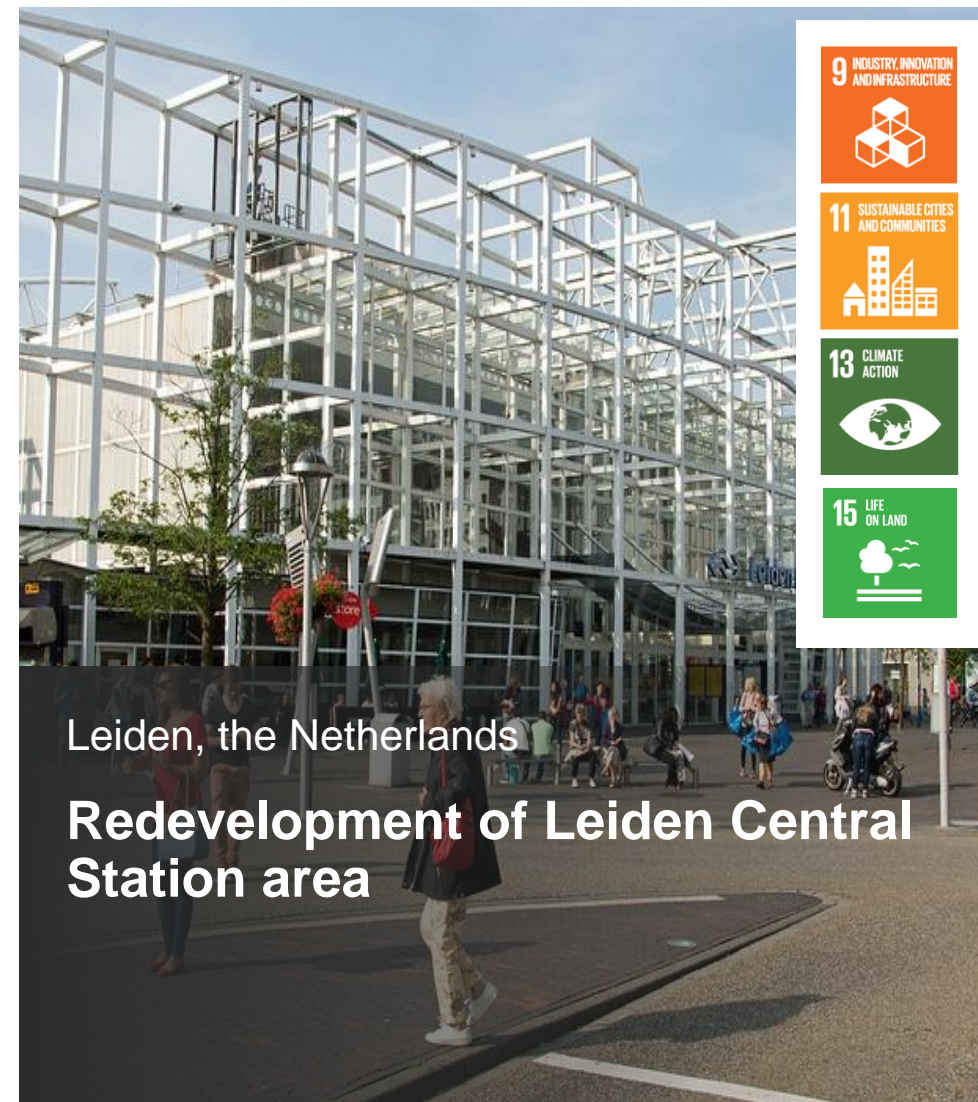
Europe & Middle East: solid performance in larger markets

First half year

44% of net revenues	2020	2019	Change
Gross revenues	676	692	-2%
Net revenues	573	574	0%
Organic growth (%)	-1%		
Operating EBITA	40	38	5%
Operating EBITA margin	7.0%	6.7%	

Second quarter	2020	2019	Change
Gross revenues	324	345	-6%
Net revenues	271	283	-4%
Organic growth (%)	-4%		

- Continental Europe: solid performance in the Netherlands, higher order intake public clients; revenue growth in Germany; modest revenue decline in other countries
- UK: marginal revenue growth, major project wins in Infrastructure and Water and some decline in Buildings
- Middle East: modest revenue decline due to COVID-19 and impact low oil price



Leiden, the Netherlands

Redevelopment of Leiden Central Station area

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

First half year

13% of net revenues	2020	2019	Change
Gross revenues	182	188	-3%
Net revenues	164	165	-1%
Organic growth (%)	2%		
Operating EBITA	10	13	-22%
Operating EBITA margin	6.0%	7.6%	

Second quarter

	2020	2019	Change
Gross revenues	94	98	-4%
Net revenues	84	86	-2%
Organic growth (%)	2%		

- Greater China has returned to more normalized situation, but COVID-19 impact remains in some smaller countries in Asia
- Australia: excellent revenue growth and operating EBITA margins due to work for major infrastructure projects



Hangzhou, China

Supporting Alibaba in creating their new high-tech campus

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



11 SUSTAINABLE CITIES AND COMMUNITIES



CallisonRTKL: COVID-19 severely impacting sector

First half year

8% of net revenues	2020	2019	Change
Gross revenues	133	148	-11%
Net revenues	98	111	-12%
Organic growth (%)	-13%		
Operating EBITA	7	10	-30%
Operating EBITA margin	6.8%	8.6%	

Second quarter	2020	2019	Change
Gross revenues	63	76	-17%
Net revenues	47	57	-18%
Organic growth (%)	-18%		

- Retail sector most affected, business in China on path to recovery
- Cost control measures taken to mitigate the impact of COVID-19



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

11 SUSTAINABLE CITIES AND COMMUNITIES

Texas, USA

Architectural design for largest military medical facility in the US

New unit Arcadis Gen delivers first operational product to clients

Recently launched product: Universal Visual Optimizer



- Our first Software as a Service (SaaS) web app: powerful, fast and simple. Setup in days, results in hours
- Helps organizations optimize and visualize investment priorities and project portfolios
- Created at pace based on client requests for an investment planning tool to support post-pandemic recovery

Clients



- Arcadis entity focused on rapid development of scalable digital products. Accelerating our digital transformation and client propositions
- **Sectors:** Aviation, Buildings, Energy, Highways, Rail, Water
- **Footprint:** UK, Europe, Australia, North America, Asia
- 215 FTE
- **Products and solutions across the asset lifecycle:**
 - Plan: Asset investment planning and decision support analytics
 - Deliver: Program management and cost control solutions
 - Operate & Maintain: Enterprise asset management solutions

Strong ability to adapt to COVID-19 reality

- Actions implemented to secure business continuity, reduce cost and preserve cash have paid off
- COVID-19 impact underscores importance for societies to invest in resilience and sustainability
- Embracing resiliency thinking as an opportunity for change
- Continue investments in our people, sustainable solutions and digital offerings
- Demonstrated ability to adapt to COVID-19, created solid results in H1, provides confidence for our performance in H2
- Future position strong due to quality of our people, well diversified portfolio for public and private clients, and strong financial position

Arcadis.

Improving quality of life.