Accelerated organic revenue growth, further margin and backlog improvement

Arcadis Q2 & HY 2021 Results

29th July, 2021

Image Credit: HS2 Ltd

Creating sustainable mobility.

Delivering net zero carbon rail station.

Project

HS2, Birmingham Curzon Street station, UK

Client

Mace-Dragados

Services

Design & Engineering

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

11 SUSTAINABLE CITIES AND COMMUNITIES

Image Credit: HS2 Ltd

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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

Q2 & HY 2021 results – key messages

Peter Oosterveer | Chief Executive Officer

Supporting energy transition.

Delivering U.S. wind-mill manufacturing facility.

Project

Factory for off-shore wind farms

Client

Siemens Gamesa Renewable Energy

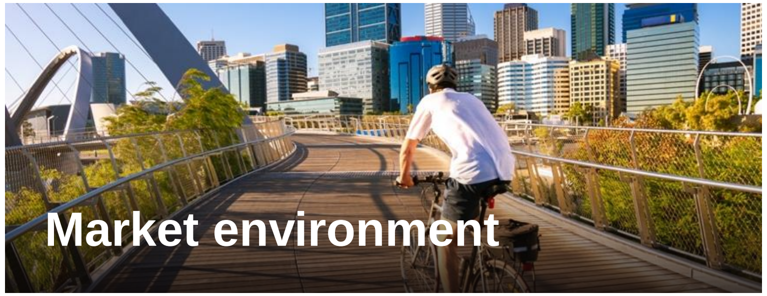
Services

Project & cost management

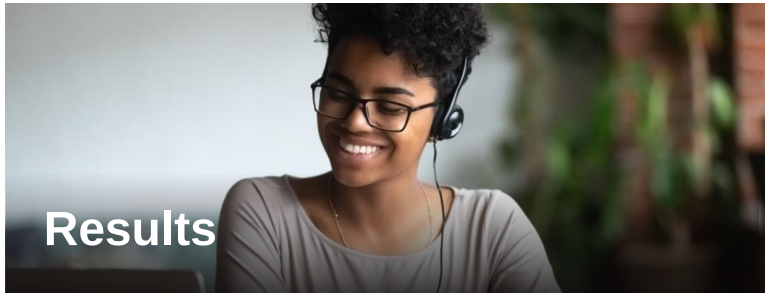
7 AFFORDABLE AND CLEAN ENERGY

13 CLIMATE ACTION

Accelerated organic revenue growth, further margin and backlog improvement

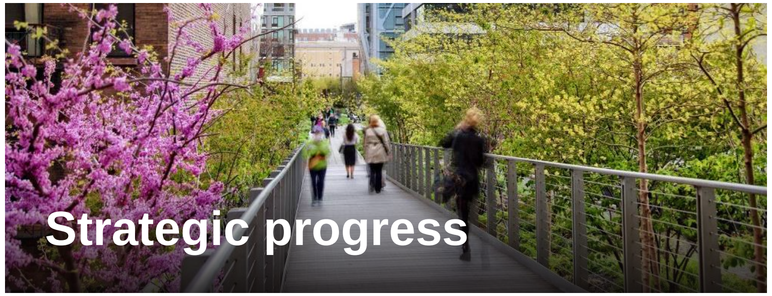


- Strong rebound of major economies creating positive business outlook
- Climate change, carbon reduction and increasing societal expectations drive client demand
- Capitalizing on public stimulus plans:
  - 14 new projects commissioned
  - > 80 projects in pipeline



Second quarter results

- Revenue growth of 5.7%; Operating EBITA margin improved to 9.2%
- Continued strong order intake
- Strong balance sheet with net debt/EBITDA ratio of 0.3x



- Increased demand for sustainable solutions for public and private clients
- Advancing our digital expertise and capabilities
- Implementing hybrid working

Delivering sustainable solutions to improve quality of life

Reducing carbon footprint

Sustainable solutions

Creating the UK's first carbon neutral bus station.

Client:
Leicester City Council

Driving city-wide resilience

Sustainable solutions

Reducing New York's flood risk.

Client:
New York City Department of Environmental Protection

Innovative mobility solutions

Sustainable solutions

Creating optimized and sustainable transportation for citizens.

Client:
Land Transport Authority, Singapore

Advancing our digital expertise and capabilities

Arcadis Gen AppliedInsight

Water Artificial Intelligence Pipe Predictor

Predicting failure and optimizing maintenance for water assets.

Digital leadership

Field Now

Environmental digital data collection program

Digital leadership

Instant data transparency for clients.

Client:
Public and private clients in Environment in US, UK and Latin America

Intelligent Buildings

Agile workspace software

Improving the experience, health, wellbeing and productivity for users.

Digital leadership

Arcadis London office

Type of clients:
Large global banking, commercial and industrial property clients

Growing our business through focus & scale

Continued **backlog growth**

H1 2021 results:

€1.4 billion
Order intake

4%
Organic backlog growth

1.1
Book-to-Bill

Scaling our innovation globally

PFAS remediation

PFAS services growing at 40% annually.

Part 2

Financial Results

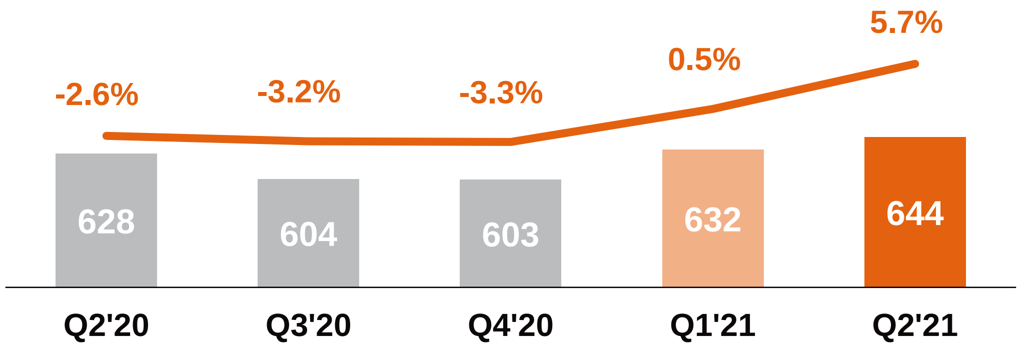
Virginie Duperat | Chief Financial Officer

Supporting energy transition at the Port of Rotterdam

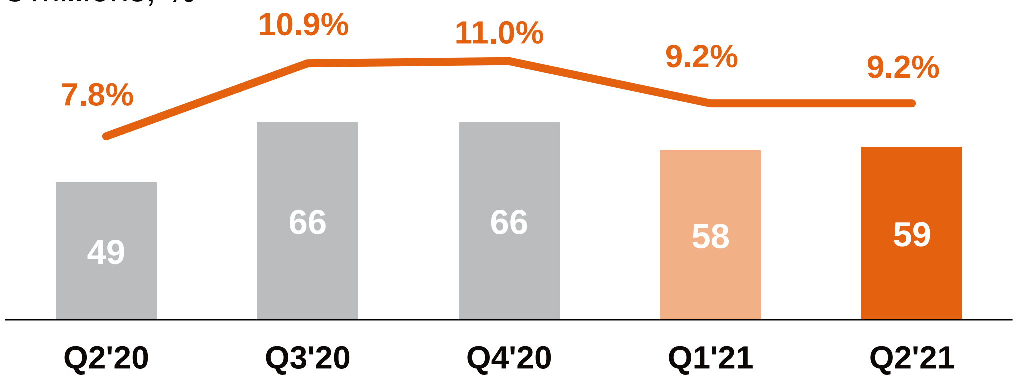
Project
Delta Corridor, Rotterdam
Client
Ministry of Infrastructure and Water
Services
Project & Cost management

Accelerated organic revenue growth in Q2

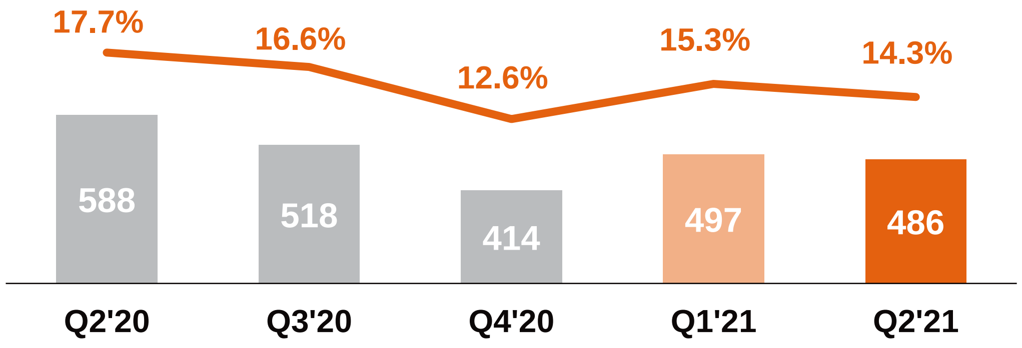
Net Revenues and organic growth
€ millions, %



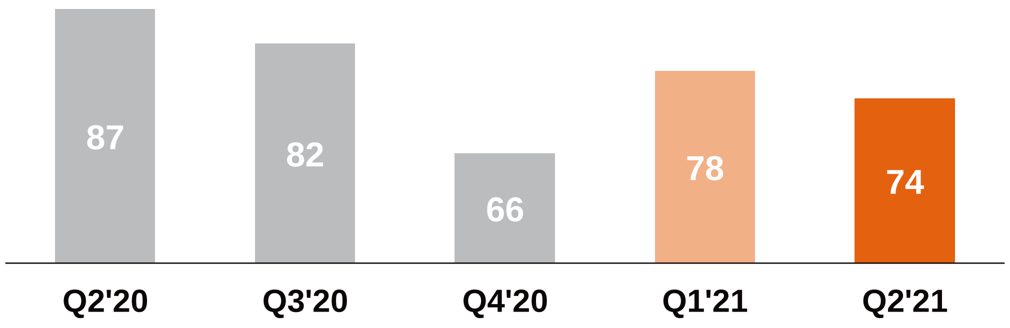
Operating EBITA (margin)[1)]
€ millions, %



Net Working Capital (%)
EUR millions, %



Days Sales Outstanding
Days



1) Excluding acquisition, restructuring and integration-related costs

First half year results

Solid operating margin and strong leverage ratio

€1,276M
(H1'20: €1,286M)
Net Revenue

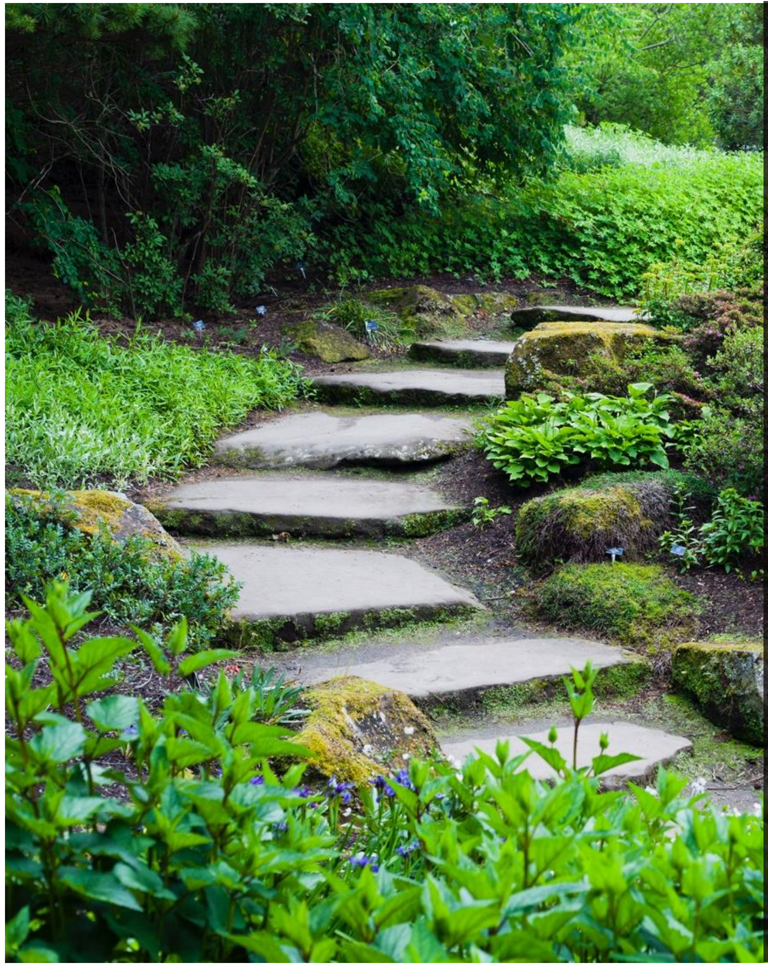
3.0%
Organic Net Revenue growth

€117M
(H1'20: €97M)
Operating EBITA

9.2%
(H1'20: 7.6%)
Operating EBITA margin

€30M
(H1'20: €81M)
Free Cash Flow[1)]

0.3x
(H1'20: 1.3x)
Average Net debt / Adjusted EBITDA[1)]



Scaling our innovation globally

Making net zero a reality for our clients

Delivering **>1,200** hydrogen powered houses in the Netherlands

Reduce carbon footprint of Royal Botanic garden Edinburgh by **12%**

1) Free Cash Flow and Net debt / EBITDA are calculated based on IAS 17: lease liabilities are excluded

Americas
Sustained growth and very strong financial results

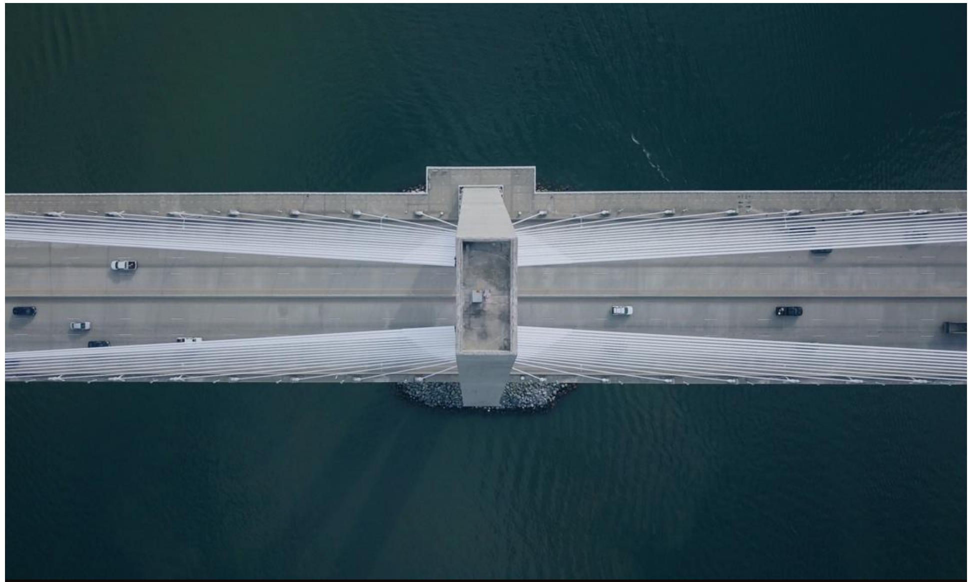
First half year

34% of total net revenues	2021	2020	Change
Gross revenues	669	712	-6%
Net revenues	432	452	-4%
Organic growth (%)	**5%**		
Operating EBITA	50	41	22%
Operating EBITA margin	**11.5%**	**9.0%**	

Second quarter	2021	2020	Change
Gross revenues	349	350	-1%
Net revenues	223	226	-2%
Organic growth (%)	**7%**		

North America
- Organic growth in all business lines despite 2 working days less
- Operating margin improved due to higher efficiency
- Stimulus plans translating into real opportunities

Latin America
- Excellent organic growth driven by Infrastructure



Upgrade U.S. Infrastructure

Client
Calcasieu Bridge, Los Angeles Department of Transportation

Services
Project & Cost management and consultancy

Europe & Middle East
Outstanding performance UK

First half year

48% of total net revenues	**2021**	**2020**	**Change**
Gross revenues	718	676	6%
Net revenues	609	573	6%
Organic growth (%)	**6%**		
Operating EBITA	55	40	39%
Operating EBITA margin	**9.1%**	**7.0%**	

Second quarter	**2021**	**2020**	**Change**
Gross revenues	360	324	11%
Net revenues	303	271	12%
Organic growth (%)	**10%**		

- Excellent Q2 revenue growth driven by significant growth in the UK
- Steady growth and solid performance Continental Europe
- Planned revenue decline in Middle East due to footprint reduction
- Operating margin further improved due to higher revenue, improved portfolio of projects and lower operational costs
- Well positioned for public stimulus plans

Delivering a world class cancer research facility

Client
Christies NHS Trust and the University of Manchester, UK

Services
Project & Cost management

Asia Pacific

Solid performance in Australia, COVID-19 impact in Asia

First half year

12% of total net revenues	**2021**	**2020**	**Change**
Gross revenues	173	182	-5%
Net revenues	159	164	-3%
Organic growth (%)	**-3%**		
Operating EBITA	8	10	-14%
Operating EBITA margin	**5.3%**	**6.0%**	

Second quarter	**2021**	**2020**	**Change**
Gross revenues	89	94	-5%
Net revenues	82	84	-3%
Organic growth (%)	**-2%**		

Asia

- Revenues impacted by sustained lockdowns in most countries except China
- Margin impacted due to lower revenue and losses on a few projects

Australia

- Continued strong operating margin despite modest revenue decline

Applying digital solutions to large mixed-use projects

Client
Hong Kong Housing Society

Services
Project & Cost management

CallisonRTKL

In the initial phase of recovery

First half year

6% of total net revenues	2021	2020	Change
Gross revenues	99	133	-25%
Net revenues	76	98	-22%
Organic growth (%)	**-15%**		
Operating EBITA	4	7	-43%
Operating EBITA margin	**5.0%**	**6.8%**	

Second quarter	2021	2020	Change
Gross revenues	51	63	-19%
Net revenues	37	47	-20%
Organic growth (%)	**-11%**		

- COVID-19 impact still felt in retail and commercial sector, especially in Asia
- Order intake improving in the US
- Book-to-bill greater than one for the total business

Creating state of the art clinics

Client
Saint Francis Health System
Services
Design

Strong EBITA performance
generating 52% EPS growth

In € millions	H1 2021	H1 2020	change
EBITA	**115**	**92**	**25%**
Amortization & impairment	-6	-8	
EBIT	**109**	**84**	**30%**
Net finance expense	-13	-16	
Taxes on income	-20	-24	
Normalized income tax rate[1)]	21%	34%	
Exp. credit gain (loss) shareholder loans & corp. guarant.	1	17	
Minority interest	1	0	
Net Income	**78**	**62**	**26%**
Net Income from Operations (NIfO)[1)]	**81**	**53**	**53%**
EPS (NIfO per share)[2)]	0.90	0.59	52%

[1)] Corrected for non-recurring items (e.g. acquisition & restructuring costs, expected credit loss and impairment)
[2)] Average number of shares H1 2021: 89.6 million (H1 2020: 89.4 million)

25%
EBITA growth

€81 million
Net Income from Operations

€0.90
EPS (NIfO per share)

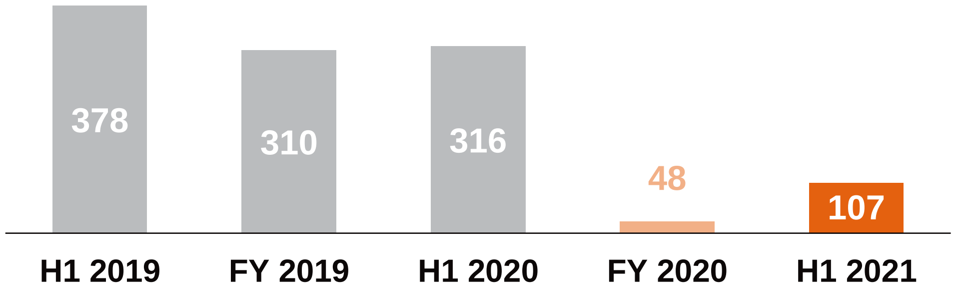
Strong financial position with room for investments

- **Free cash flow** for first half year solid at €30 million (H1 2020: €81 million)
  - Increase Net Working Capital: €62 million (H1 2020: €16 million decrease)
  - Capex: €22 million (H1 2020: €16 million)

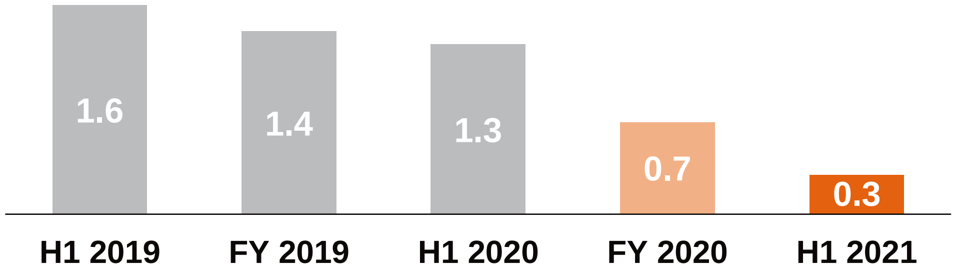
- **Net debt** significantly lower than H1 2020 driven by strong cash collection last 12 months
- **Share buy back**: €62 million and Dividend: €31 million (total H1 2020: €10 million)
- **Leverage ratio** further improved to 0.3x

- €36.0 million of floating rate Schuldschein loans and U.S. Private Placement note of $110.0 million at 5.1% repaid in Q2

Net debt[1)]
€ millions



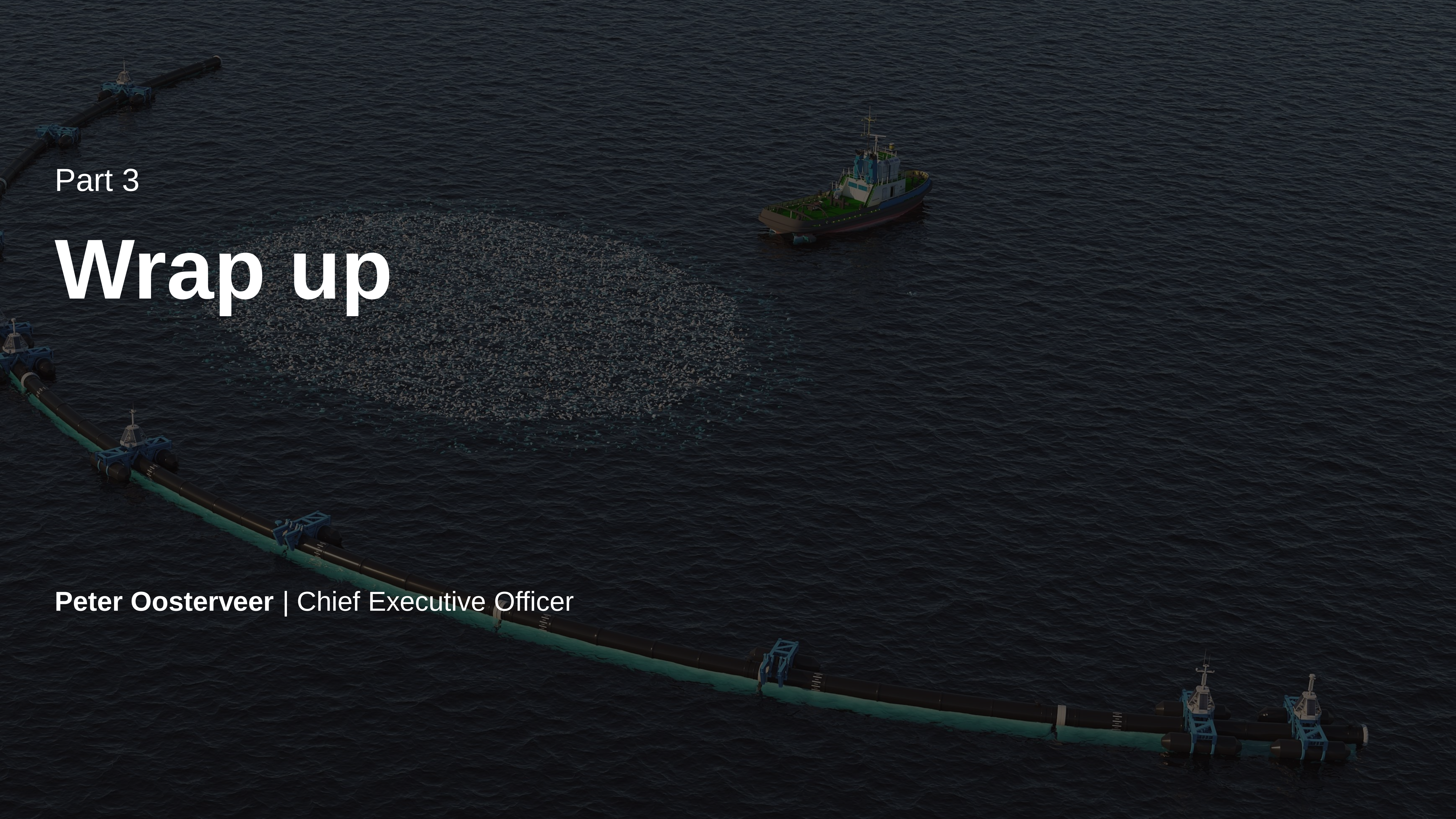
Average net debt / Adjusted EBITDA[1)]
Calculated using bank covenant methodology



1) (average) net debt and adjusted EBITDA are calculated according to bank covenants: lease liabilities are excluded

Concluding remarks

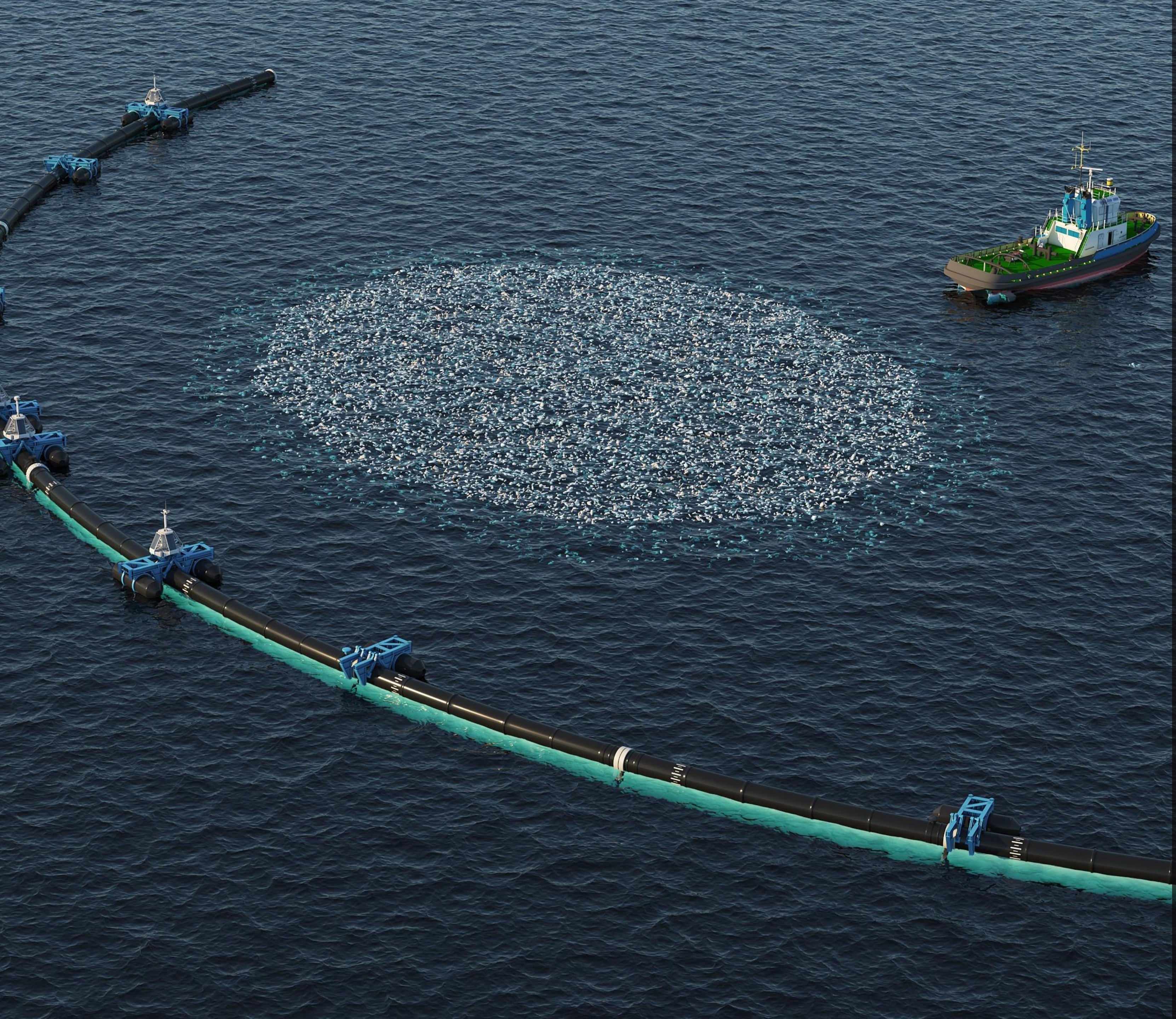
- **Accelerated organic growth** in Q2 and sustained strong order intake
- **Operating margin 9.2%** in first half year, with excellent performance in Americas and UK
- **Solid Free Cash Flow**
- **Strong financial position**; leverage ratio at 0.3x



Part 3

Wrap up

Peter Oosterveer | Chief Executive Officer



Support on cleaning oceans and rivers

Project

Environmental and Social Performance Management

Client

The Ocean Cleanup

Services

Project & Cost Management

6 CLEAN WATER AND SANITATION

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

13 CLIMATE ACTION

ARCADIS

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
- Dividend: 30-40% of Net Income from Operations
    - 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
- 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

Summary

- **Solid Operational performance**
  - Increase in revenue, improved margin and growth of backlog
- **Positive business outlook in major economies**
  - Climate change felt globally
  - Further increased demand for Sustainable solutions
- **Confidence in our ability to deliver strategic targets set for 2023**

Q&A