

## PRESS RELEASE

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### ARCADIS TRADING UPDATE Q3 2021

#### Continued strong organic revenue growth and further strengthened balance sheet

- Sustained strong client demand driven by climate change, energy transition and urbanization
- Organic net revenue growth of 4.1% to €636 million
- Operating EBITA margin of 10.1%
- Net working capital of 14.0% and DSO of 74 days
- Free cash flow of €75 million
- Organic backlog growth year-over-year of 3.1%
- Successfully re-financed credit facilities into one sustainability-linked, syndicated Revolving Credit Facility of €500 million
- Arcadis improves *Sustainalytics* 2021 score and again ranks number one in the 'Construction & Engineering' category, featuring 292 companies

**Amsterdam, 28 October 2021 – Arcadis (EURONEXT: ARCAD), the leading global Design & Consultancy organization for natural and built assets, reports an organic net revenue growth of 4.1% and solid operating EBITA margin of 10.1% for the third quarter. The company was successful in strengthening its balance sheet, with a lower net debt of €47 million.**

**Peter Oosterveer, CEO Arcadis, comments:** “We continue to see strong demand from clients to help mitigate the impact of climate change. We have supported them design and develop energy transition projects and create sustainable assets and livable communities, all of which enabled us to deliver robust overall performance. To accelerate our strategy and even better leverage the global scale of our expertise and asset knowledge, as well as to drive greater efficiency, we are gradually organizing ourselves in three global business areas, Resilience, Places and Mobility”.

“In September, we announced our commitment to accelerate the transition to a net zero world, by rapidly reducing our operational carbon footprint and reach net zero emissions by no later than 2035. An important tenet of our strategy is to put sustainability at the heart of all the solutions we provide, which is why we announced the launch of our global Sustainability Advisory Services, allowing us to consolidate our global capabilities and bring the very best of Arcadis to all our clients. We are steadfast to mitigate the impacts of climate change by offering smarter, cleaner, and greener solutions to our clients and the improved score from *Sustainalytics*, ranking Arcadis as number one in our sector, confirms that we are on the right path”.

“The increased investments from both public and private sector clients in growth areas such as smart mobility solutions, green places, energy transition and climate change resilience projects create a positive business outlook for the future and will enable Arcadis to secure new projects and maintain a healthy pipeline of opportunities. This, combined with our organic net revenue growth, continued robust performance and strong backlog gives me confidence in our ability to deliver the strategic targets we have set for 2023.”

## REVIEW OF PERFORMANCE

### KEY FIGURES

in € millions Period ended 30 September	THIRD QUARTER			YEAR-TO-DATE		
	2021	2020	change	2021	2020	change
Gross revenues	829	781	6%	2,489	2,484	0%
<b>Net revenues</b>	636	604	5%	1,912	1,890	1%
<i>Organic growth</i>	4.1%	-3.2%		3.4%	-0.9%	
<b>EBITDA</b>	86	92	-7%	258	246	5%
<i>EBITDA margin</i>	13.5%	15.2%		13.5%	13.0%	
Adjusted EBITDA <sup>1)</sup>	70	74	-5%	204	187	9%
EBITA	61	63	-4%	176	155	13%
<i>EBITA margin</i>	9.6%	10.5%		9.2%	8.2%	
<b>Operating EBITA<sup>2)</sup></b>	64	66	-3%	181	163	11%
<b>Operating EBITA margin</b>	10.1%	10.9%		9.5%	8.6%	
Free cash flow <sup>1)</sup>	75	119		105	200	
Net working capital %	14.0%	16.6%				
Days sales outstanding	74	82				
Net debt <sup>1)</sup>	47	195				
Backlog net revenues (billions)	2.1	2.0				
Backlog organic growth (y-o-y)	3.1%			3.7%		

<sup>1)</sup> Excluding IFRS 16 impact, used for Net Debt / EBITDA and Free Cash Flow calculation

<sup>2)</sup> Excluding restructuring, acquisition & divestment costs

## REVENUES BY SEGMENT

### AMERICAS

(35% of net revenues)

in € millions Period ended 30 September	THIRD QUARTER			YEAR-TO-DATE		
	2021	2020	change	2021	2020	change
Gross revenues	339	323	5%	1,008	1,036	-3%
Net revenues	222	218	2%	655	671	-2%
<i>Organic growth</i>	3%			4%		

Organic net revenue growth increased supported by all business lines. Order intakes remains robust with significant sustainable and digital project wins in Los Angeles (L.A. Metro) and New York (wastewater treatment plants). Our key priority is to retain and attract talent and to expand the usage of our Global Excellence Centers.

Outstanding organic net revenue growth in Latin America, driven predominantly by infrastructure work in Brazil.

### EUROPE & MIDDLE EAST (EME)

(46% of net revenues)

in € millions Period ended 30 September	THIRD QUARTER			YEAR-TO-DATE		
	2021	2020	change	2021	2020	change
Gross revenues	349	318	10%	1,068	993	7%
Net revenues	292	265	10%	900	838	7%
<i>Organic growth</i>	7%			7%		

Organic net revenue growth in EME was mainly driven by significant growth in the UK and several countries in Continental Europe, compensating for an expected and planned modest decline in the Middle East, driven by our decision to reduce our footprint in this region.

The UK's strong performance continued this quarter with excellent organic net revenue growth driven by key clients and sustainability related projects in all business lines. Significant project wins included a commercial partner role for the transformative Oxford-Cambridge railway link and contract framework wins for National Highways.

In Continental Europe we experienced steady organic net revenue growth. Our presence in several major countries positions us well for opportunities presented by public and private clients, related to climate and mobility challenges. This is illustrated by significant project wins including the decommissioning of 28 gas extraction plants for the NAM in the Netherlands, a ten-year contract for energy distributor TenneT to support the energy transition in Germany and a six-year contract to restore bridges and quays in Amsterdam.

## ASIA PACIFIC

(14% of net revenues)

in € millions Period ended 30 September	THIRD QUARTER			YEAR-TO-DATE		
	2021	2020	change	2021	2020	change
Gross revenues	96	88	10%	269	270	0%
Net revenues	88	80	10%	247	244	1%
<i>Organic growth</i>	7%			0%		

Revenues in Asia returned to good organic growth in the quarter, mainly driven by Greater China, while prolonged lockdowns and low vaccination rates continue to impact numerous Asian countries, such as Thailand, Vietnam or Malaysia. In Singapore, we were awarded a significant contract to help strengthen the resilience of the city state's rail network.

Australia reported good growth in the quarter, benefiting from Arcadis strong market position in infrastructure in major cities, despite repeated regional lockdowns.

## CALLISONRRTL

(5% of net revenues)

in € millions Period ended 30 September	THIRD QUARTER			YEAR-TO-DATE		
	2021	2020	change	2021	2020	change
Gross revenues	44	52	-15%	144	185	-22%
Net revenues	34	41	-16%	110	138	-20%
<i>Organic growth</i>	-17%			-15%		

Organic net revenues are still under pressure due to COVID-19, affecting mainly retail and commercial sectors, especially in Asia. However, CallisonRRTL did secure a number of transformational projects involving collaboration of several practice areas in the US and in China.

## NET REVENUES

Net revenues totaled €636 million and increased organically by 4.1%, and excluding the Middle East 4.8%, while the currency impact was 1%. For the first nine months, net revenues increased organically by 3.4% to €1.912 billion.

## OPERATING EBITA

Operating EBITA in the quarter decreased by 3% compared to last year, to €64 million (Q3 2020: €66 million). The operating EBITA margin of 10.1% decreased compared to Q3 last year (Q3 2020: 10.9%) due to a variety of COVID-19 measures taken last year. Non-operating costs were €3 million, compared to €2 million in Q3 2020.

Year-to-date the Operating EBITA increased by 11% to €181 million, and the operating EBITA margin improved from 8.6% to 9.5%.

## CASH FLOW, WORKING CAPITAL AND BALANCE SHEET

Free cash flow in the third quarter was solid at €75 million (Q3 2020: €119 million), leading to a year-to-date free cash flow of €105 million (2020: €200 million). In 2020, the full year free cash flow was exceptionally strong due to the cash program undertaken and a significant improvement in the invoicing process in the U.S. following the Oracle implementation.

Net working capital as a percentage of annualized gross revenues improved to 14.0% (Q3 2020: 16.6%) and Days Sales Outstanding decreased to 74 days (Q3 2020: 82 days), resulting from our ongoing focus on timely cash collection.

The balance sheet was further strengthened resulting in a significantly lower net debt of €47 million (Q3 2020: €195 million), mainly due to the strong cash collection.

Arcadis refinanced its credit facilities into a Sustainability-linked, syndicated Revolving Credit Facility of €500 million. The Sustainability-link allows Arcadis to benefit from an interest discount in case the ESG management score reported by Sustainalytics improves considerably. The lenders in the new Revolving Credit Facility remains the same group of reputable, international banks. The maturity of the new Revolving Credit Facility is October 2026, with two additional options to extend for one year. The terms and conditions have further improved due to the strong financial profile of Arcadis and the more accommodative market circumstances.

Arcadis commenced a share buyback program for 1.85 million shares on February 19, 2021. to cover existing obligations under employee incentive plans and commitments for stock dividend. the program was concluded on August 13, 2021. The 1.85 million shares have been repurchased at a volume-weighted average share price of €34.22, for a total consideration of €63.3 million. Arcadis cancelled 616,854 repurchased shares, which is the same amount as issued for the dividend payment in shares.

## BACKLOG

At the end of September 2021 backlog was €2.1 billion (Q3 2020: €2.0 billion), representing 10 months of net revenues. Organic backlog increased with 3.1% year-over-year, and 3.7% year-to-date.

## SUSTAINALYTICS

As announced on our Sustainability Day on September 30th, Arcadis is committed to accelerating the industry's transition to a net zero world, while improving quality of life for everyone. Our strategy, 'Maximizing Impact', lays out how we will embrace sustainability in all that we do. This includes our services and advice to clients, the way we operate our company, and how we engage with our people and communities.

*Sustainalytics* provides an independent, comprehensive assessment of how well companies are managing material environmental, social and governance (ESG) issues, and thus how well we are putting sustainability core in everything we do. On October 22<sup>nd</sup>, *Sustainalytics* published the new score for Arcadis. The ESG risk score further improved to 12.9, with which Arcadis is again leading the "Construction & Engineering" industry, featuring 292 companies.

## FOR FURTHER INFORMATION PLEASE CONTACT: ARCADIS INVESTOR RELATIONS

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## ANALYST MEETING

Arcadis will hold an analyst meeting and webcast to discuss the Q3 results for 2021. The analyst meeting will be held at 10.00 hours CET today. The webcast can be accessed via the investor relations section on the company's website at <https://www.arcadis.com/en/global/investors/>.

## 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](http://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.

## FORWARD LOOKING STATEMENTS

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.