

PRESS RELEASE

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ARCADIS TRADING UPDATE Q1 2021

Arcadis reports strong first quarter results and continued good order intake

- Continued strong demand from clients in Infrastructure, Water and Environment
- Net revenues at €632 million, organic growth of 0.5%, FX impact of -4.5%
- Order intake at €693 million, organic backlog growth at 3% quarter-to-date
- Operating EBITA increased with 21% to €58 million (Q1 2020: €48 million); resulting in a margin improvement to 9.2% (Q1 2020: 7.2%)
- Net working capital of 15.3% (Q1 2020: 19.2%); DSO of 78 days (Q1 2020: 95 days)
- Free cash flow improved to -€39 million (Q1 2020: -€84 million)

Amsterdam, April 20, 2021 – Arcadis (EURONEXT: ARCAD), the leading global Design & Consultancy organization for natural and built assets, reports improvements in operating EBITA of 21% to €58 million and in the operating EBITA margin to 9.2%. Main drivers are the strong performance in North America and the UK, as well as a recovery in China. Net revenues at €632 million were organically up 0.5%, whilst the foreign currency impact was -4.5% compared to Q1 2020. Order intake was again strong at €693 million, leading to an organic backlog growth of 3% quarter-to-date.

CEO STATEMENT

Peter Oosterveer, CEO comments: “I am pleased to report that we started 2021 strong, driven by the dedication of the more than 27,000 Arcadians who have continued to support our clients during the current pandemic. Working in close collaboration with our clients and our partners, we have advanced many projects and created ample new opportunities. Our business is demonstrating continued resilience and our institutionalized performance enhancements and the actions identified last year have created further margin improvement and strong order intake in the first quarter. Organic net revenue returned to growth and improved compared to the previous three quarters which, combined with our strong backlog, gives me confidence in our ability to create growth throughout the year, despite the still challenging environment.

As we have started to implement our new strategy, “Maximizing Impact”, we will obviously continue to focus on creating a lower carbon future and mitigating the impacts of climate change. This is clearly exemplified in the work we have won from both our public and private sector clients. Additionally, our recent wins in Infrastructure demonstrate our excellent position in capitalizing on the significant investments made in sustainable Infrastructure, in particular in Europe and the United States.”

KEY FIGURES

in € millions

Period ended March 31	2021	2020	change
Gross revenues	812	872	-7%
Net revenues	632	658	-4%
<i>FX impact</i>	-4.5%	1.2%	
<i>Organic growth</i>	0.5%	3.2%	
EBITDA	86	76	13%
Adjusted EBITDA ¹⁾	66	56	17%
EBITA	57	45	26%
<i>EBITA margin</i>	9.0%	6.8%	
Operating EBITA²⁾	58	48	21%
<i>Operating EBITA margin</i>	9.2%	7.2%	
Net working capital %	15.3%	19.2%	
Free cash flow	-39	-84	
Net debt ¹⁾	107	424	
Backlog net revenues (billions)	2.1	2.1	
Backlog organic growth (year-to-date)	3%	2%	

1) For bank covenant purposes the EBITDA and net debt are lease-adjusted

2) Excluding restructuring, acquisition & divestment cost

REVENUES BY SEGMENT

AMERICAS

(33% of net revenues)

in € millions

Period ended March 31	FIRST QUARTER				
	2021	2020	Total	Organic	FX
Gross revenues	321	362	-11%		
Net revenues	209	226	-7%	3%	-10%

Net revenues in North America were organically stable compared to last year, with growth in Infrastructure and Water for public sector clients compensating for a decline in Environment for private sector clients. In Latin America organic net revenue growth was strong, driven by infrastructure work in Brazil.

EUROPE & MIDDLE EAST

(49% of net revenues)

<i>in € millions</i>		FIRST QUARTER			
Period ended March 31	2021	2020	Total	Organic	FX
Gross revenues	359	352	2%		
Net revenues	306	302	1%	3%	-2%

Net revenues in Continental Europe were in line with last year. Revenue decline in the Netherlands was compensated by growth in Belgium, Poland and France.

Net revenues in the UK increased organically due to strong growth in Infrastructure, Water and Environment, compensating for a decline in Buildings.

Revenue in the Middle East showed a slightly further decline driven by our decision to reduce our footprint in this region.

ASIA PACIFIC

(12% of net revenues)

<i>in € millions</i>		FIRST QUARTER			
Period ended March 31	2021	2020	Total	Organic	FX
Gross revenues	84	88	-5%		
Net revenues	77	79	-3%	-4%	2%

Organic net revenue in Australia declined compared to last year due to delays of project awards in the latter part of 2020, which are now expected throughout this year. This decline was partly compensated by the delivery of organic growth in Asia, driven by the continued normalization of the economy in China.

CALLISONRTKL

(6% of net revenues)

<i>in € millions</i>		FIRST QUARTER			
Period ended March 31	2021	2020	Total	Organic	FX
Gross revenues	48	70	-30%		
Net revenues	39	51	-23%	-18%	-5%

Organic net revenues declined by 18%, affecting mainly retail and commercial sectors, which were severely impacted by COVID-19 with signs of recovery in Health Care.

OPERATING EBITA

Operating EBITA increased by 21% to €58 million (Q1 2020: €48 million), due to overall solid performance. The operating EBITA margin improved to 9.2% (Q1 2020: 7.2%); driven by margin improvement especially in North America and the UK, as well as recovery in China. Non-operating costs amounted to €1 million (Q1 2020: €3 million).

CASH FLOW AND WORKING CAPITAL

Free cash flow was -€39 million (Q1 2020: -€84million), due to the seasonal outflow and the partial repayment of COVID-19 permitted tax deferrals.

Net working capital as a percentage of gross revenues was 15.3% (Q1 2020: 19.2%) and days sales outstanding decreased to 78 days (Q1 2020: 95 days), resulting from our ongoing focus on timely cash collection.

Net debt of €107 million showed the seasonal increase during the quarter and was significantly lower than Q1 2020 (€424 million) due to the strong cash collection in the last 3 quarters.

ORDER INTAKE AND BACKLOG

Order intake was again strong at €693 million, especially in the Americas, the UK and Asia, resulting in a book-to-bill ratio of 1.1 in the quarter. Organic backlog increased with 3% quarter-to-date to €2.1 billion, representing 10 months of net revenues. There were no cancellations of projects with a material impact.

STRATEGIC PRIORITIES 2021-2023

The update of our strategy in November 2020 sets the course for us to maximize our impact by developing resilient and future-proof solutions and creating value for all of our stakeholders, clients, employees, shareholders and societies. This has also led to a new framework of improved targets for 2023 with both financial as well as non-financial objectives.

Financial objectives:

- Organic net revenue growth: mid-single digit
- Operating EBITA margin to exceed 10% of net revenues in 2023
- Net working capital as percentage of gross revenues: <15.0% and DSO (Days Sales Outstanding): <75 days
- Return on net working capital between 40%-50%
- Leverage: Net debt/EBITDA excluding leases between 1.0x and 2.0x

Non-financial objectives:

- Voluntary employee turnover: <10%
- Women in workforce: >40%
- 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

FINANCIAL CALENDAR 2021

29 April 2021	Annual General Meeting of Shareholders
29 July 2021	First half year results
28 October 2021	Trading update Q3

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 Q1 trading update 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 [Trading update Q1 2021 \(arcadis.com\)](#)

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.

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.