

Arcadis

Investor Deck

September 2022



A man with long hair and a beard, wearing a mustard-colored jacket over a striped shirt and light-colored pants, is walking a small white dog on a leash. They are walking on a paved path in a modern urban setting. In the foreground, there is a large, dense green bush with white flowers. The background features a modern building with large glass windows and a white wall. The overall atmosphere is calm and contemporary.

2022 Half year and second quarter results

Summary of results

Strong growth and improved performance

Second quarter 2022 results:

Organic net revenue growth accelerates¹⁾

8.1%

Strong backlog underlines client demand¹⁾

5.9%

Operating EBITA margin improved

9.3% (last year: 9.1%)

Global Business Areas

Resilience

Second quarter 2022 results:

CLIENT DEMAND

- Environmental restoration: remediation oil & gas clients, tightening regulation PFAS
- Water optimization: digital twins, energy efficiency, water savings
- Climate adaptation & Energy Transition and Advisory

Organic net revenue growth

8.5%

Organic backlog growth *year on year*

5.5%

CASE STUDY



Climate mitigation & carbon neutrality for City of New York

Client
New York City Economic Development Corporation (NYCEDC) | US

Global Business Areas

Places

Second quarter 2022 results:

CLIENT DEMAND

- Net Zero Facilities and Intelligent Buildings
- Industrial Manufacturing:
 - Life Sciences
 - Automotive
 - Technology
- Resilient public transport facilities

Organic net revenue growth

5.1%

Organic backlog growth *year on year*

3.1%

CASE STUDY



**Designing a 130,000 sq. ft.
electric vehicle charger
gigafactory**

Client
Wallbox | Texas, US

Global Business Areas

Mobility

Second quarter 2022 results:

CLIENT DEMAND

- Connected Highways and Intelligent Rail: efficiency & reliability of travel, reducing disruption and congestion
- New Mobility, e.g.: EV wiring charging network development
- Airports: increased operational flexibility

Organic net revenue growth

11.1%

Organic backlog growth *year on year*

11.9%

CASE STUDY



Scaling fleet electrification knowledge to Australia

Partnership with Shenzhen Bus Group.

Client
Australian government | China and Australia

Good growth and margin improvement

Half year 2022 results

€1,418M

(HY'21: €1,276M)

Net Revenue

6.9%

**Organic Net
Revenue growth¹⁾**

€133M

(HY'21: €116 M)

Operating EBITA

9.3%

(HY'21: 9.1%)

**Operating EBITA
margin**

13.3%

(HY'21: 14.3%)

**Net Working Capital
%**

€283M

(HY'21: €368M)

Net Debt



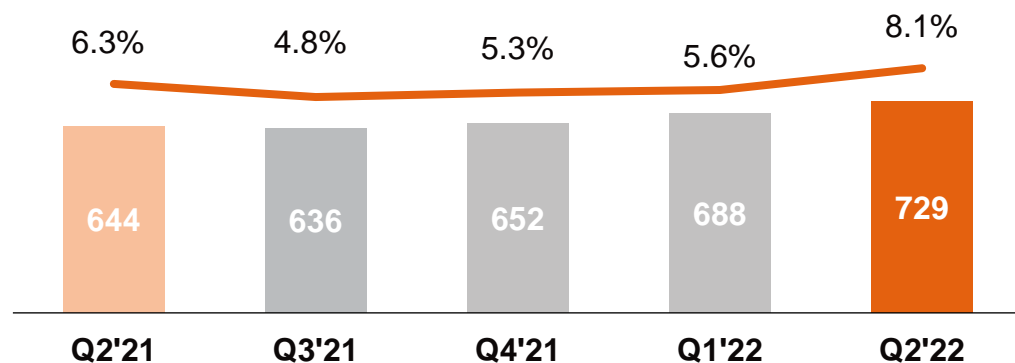
2021 figures have been restated in accordance with IAS 8

¹⁾ Underlying growth excluding the impact of currency movements, acquisitions or footprint reductions, such as the Middle East, winddowns or divestments

Accelerated revenue and backlog growth

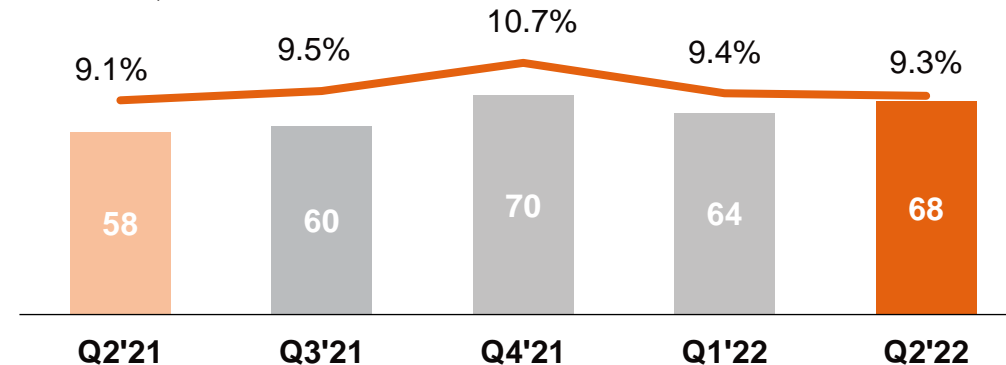
Net Revenues and Organic Growth¹⁾

€ millions, %



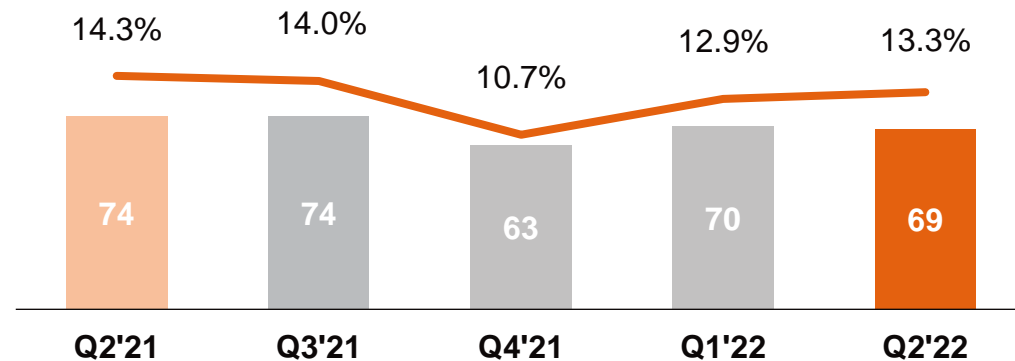
Operating EBITA (margin)²⁾

€ millions, %



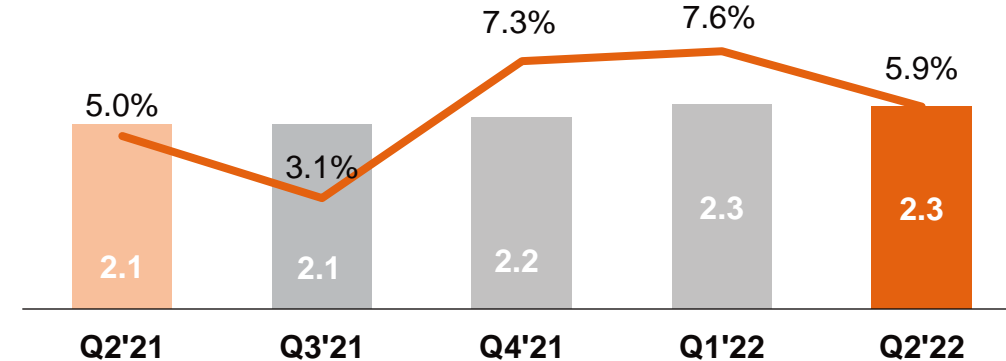
Days Sales Outstanding and Net Working Capital (%)

Days, %



Net Backlog and Organic Backlog growth (year-on-year)¹⁾

€ millions, %

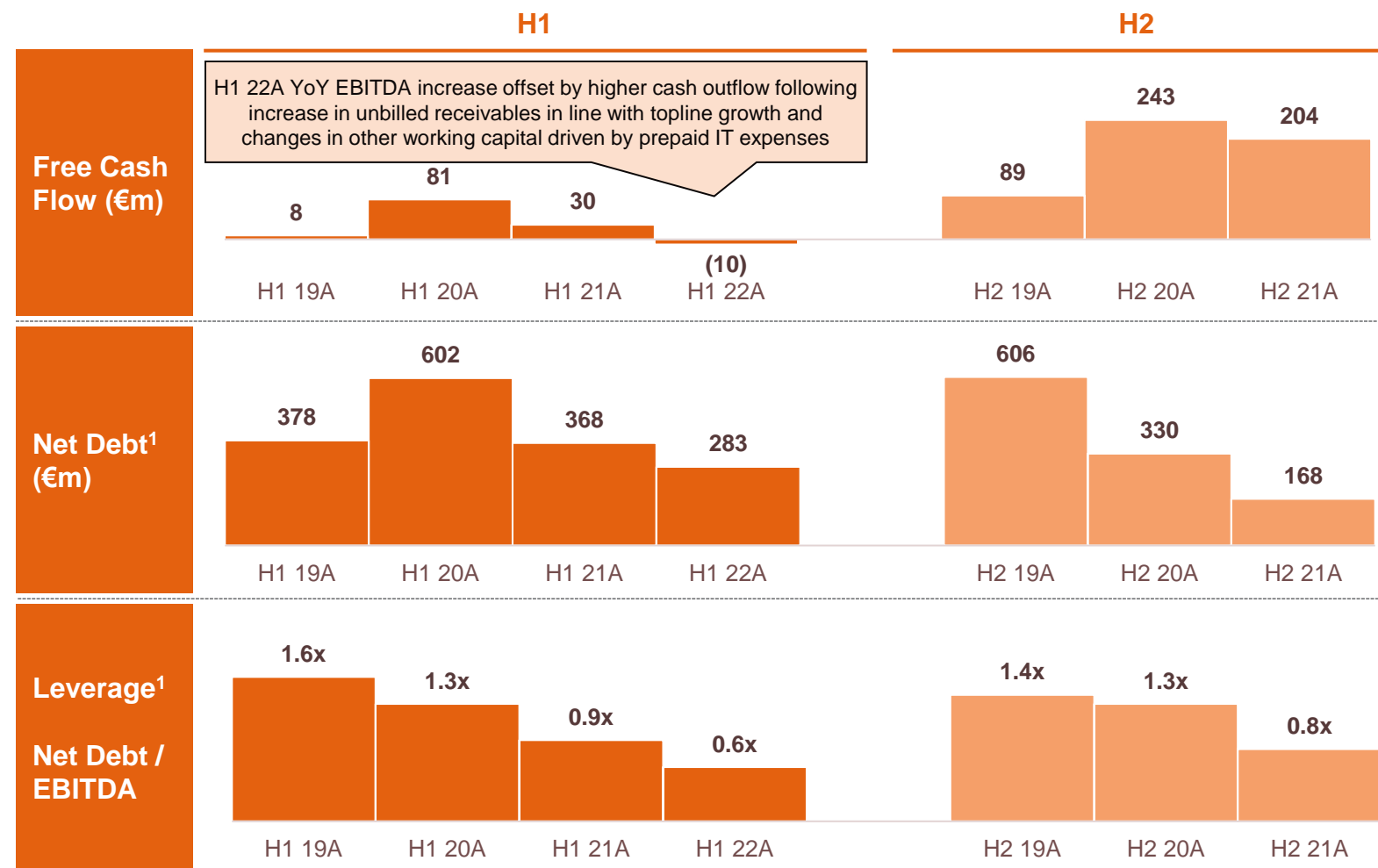


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¹⁾ Underlying growth excluding the impact of currency movements, acquisitions or footprint reductions, such as the Middle East, winddowns or divestments

²⁾ Excluding acquisition, restructuring and integration-related costs

Arcadis has significantly strengthened its balance sheet and de-levered over past 2 years on the back of strong performance




Free Cash Flow profile with the largest proportion of cash coming in during the second half of each year.

Sharp increase in working capital need in FY19 following ERP implementation in North America. Catch up on invoicing and cash collection delivered in H1 2020

1.5-2.5x Target Leverage Net Debt / EBITDA

¹⁾ Based on Average Net Debt as of Q2 and Q4 per the financial covenant definition.

An aerial photograph of a city skyline, likely Minneapolis, featuring a river, a bridge, and various buildings. The text is overlaid on the left side of the image.

Arcadis acquires IBI Group

July 2022

IBI Group: highly attractive technology-driven design firm with significant synergy potential to Arcadis

Description of IBI Group

- **Technology-driven design firm** founded in 1974, Canada
- Provides **architecture, engineering, planning, systems and technology services**
- **Leader** in creating advanced urban environments, with intelligent systems, sustainable buildings and efficient infrastructure
- Strong technology capabilities with **Intelligence** business segment driving continued growth and recurring revenue

Project example for IBI INFRASTRUCTURE
Creating vibrant, technology driven environments



**Design of Calgary's green line corridor:
42 km's of transit service**

C\$19.5

Cash consideration of
C\$19.5 per share at
30% premium¹⁾

€664M

**Transaction
Enterprise Value²⁾**

9.6x

**EV / EBITDA
multiple³⁾**

€15M

**Expected annual
cost synergies**

3,500+

Employees

€333M

**2021 FY Net
revenues IBI Group**

1. Compared to share price of 14.98 as of market close on 15-Jul-2022 2. Based on 0.7609 CAD/EUR FX as of 15-Jul-2022. 3. EV/EBITDA multiple adjusted for C\$15m of run-rate cost synergies

Acquisition of IBI Group: Fully aligns with our strategy



Development of new digitally enabled client solutions through the creation of a fourth Arcadis Global Business Area “Intelligence”



Highly complementary combination strengthening all Arcadis GBAs in North America



Strengthened position in highly attractive Canadian market



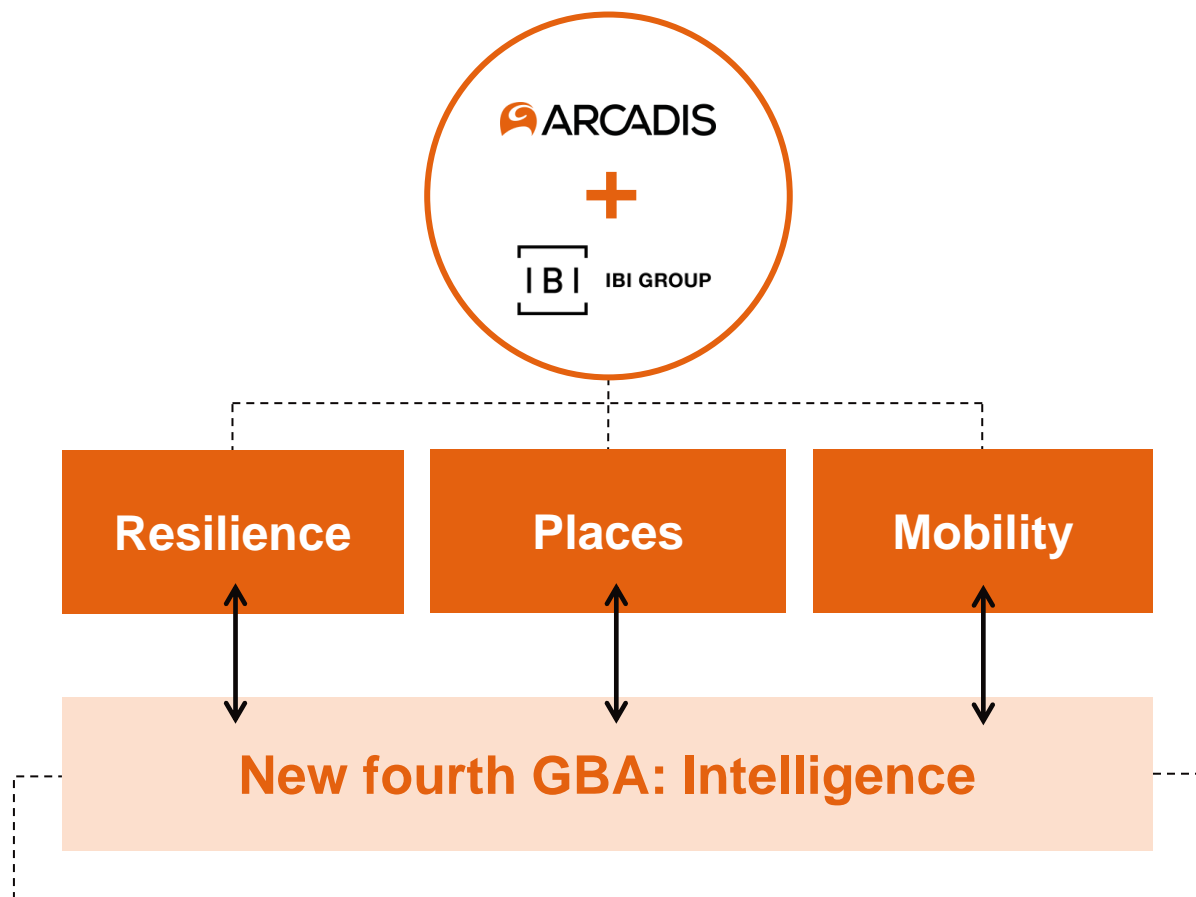
Enhances capabilities and offering in Places



Significant revenue and cost synergies

Creating a new 4th GBA to Maximize Our Digital Impact

Role of the 4th GBA



Intelligence GBA



Our Combined GBA Structure Will Allow Clients to Benefit from Our High Complementarity and Strengthens our Position in North America

Resilience



~38%

- Climate resilience
- Energy transition
- Water optimization
- Sustainable operations

41%

- (Waste) water engineering
- Land engineering
- Environmental services

Places



~37%

- Design & engineering
- Project & cost mgmt
- CallisonRTKL
- Net zero industries & communities

34%

- Urban planning
- Smart cities
- Placemaking
- Structural & electrical engineering
- Architecture

Mobility



~22%

- Intelligent rail & transit
- Integrated airports
- Connected highways
- Resilient ports

25%

- Transport planning
- Transport engineering
- Transport management

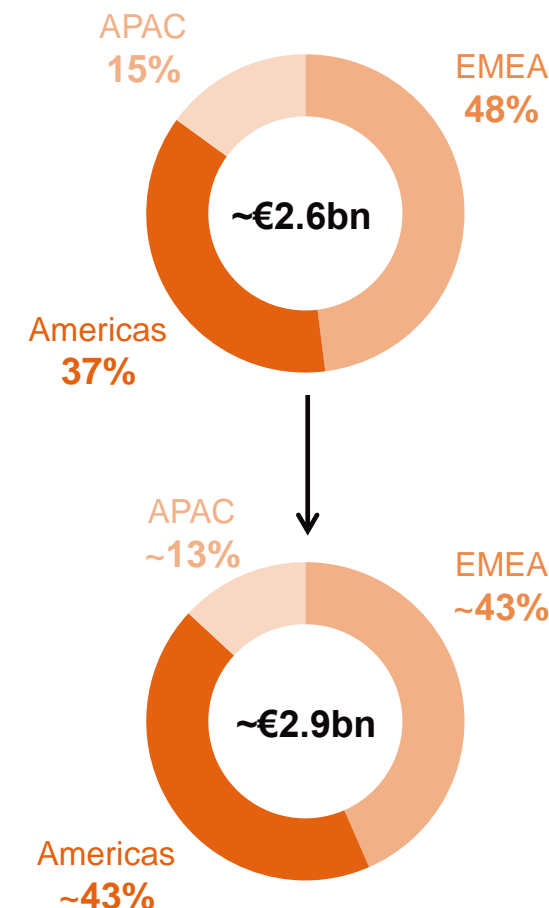
Intelligence



~3%

- SaaS: Gen products
- SaaP: Gen projects (TFL / Amtrack)
- Hydronet

- SaaS products (eg. TravelQ, CurbIQ)
- Software and systems design
- System integration



% of combined 2021 Net Revenue

% of Arcadis 2021 Net Revenues

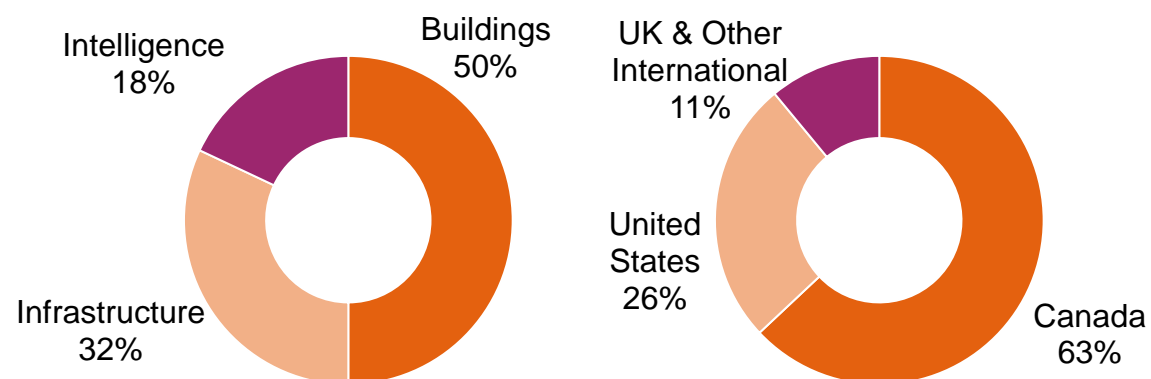
Appendix



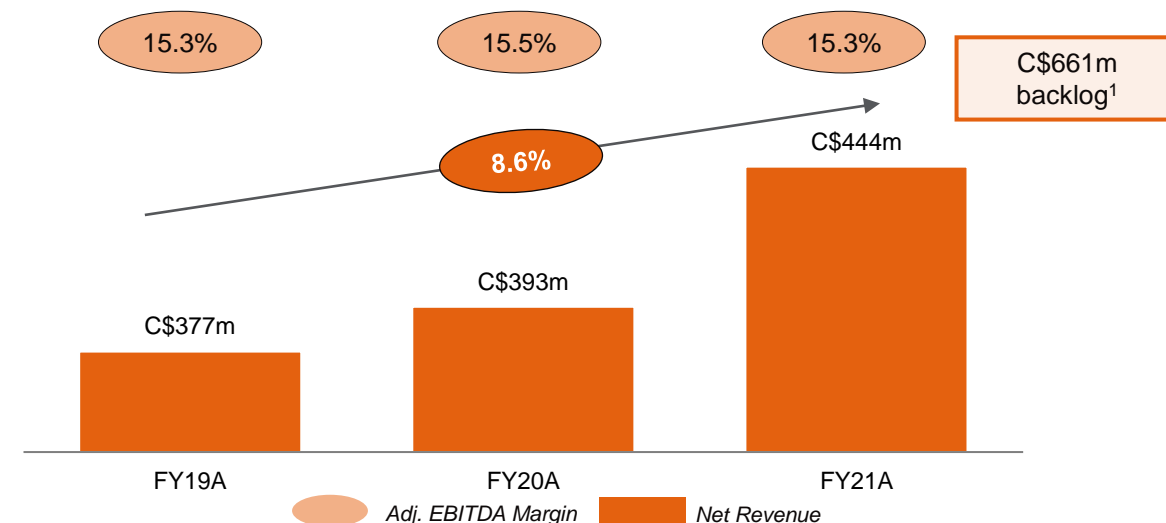
IBI group financials

Strong Track Record of Growth and a Diversified Revenue Profile

2021A Net Revenues



Sector Leading Financial Profile



1. Backlog as per Q1-2022.

Arcadis Resilience Performance

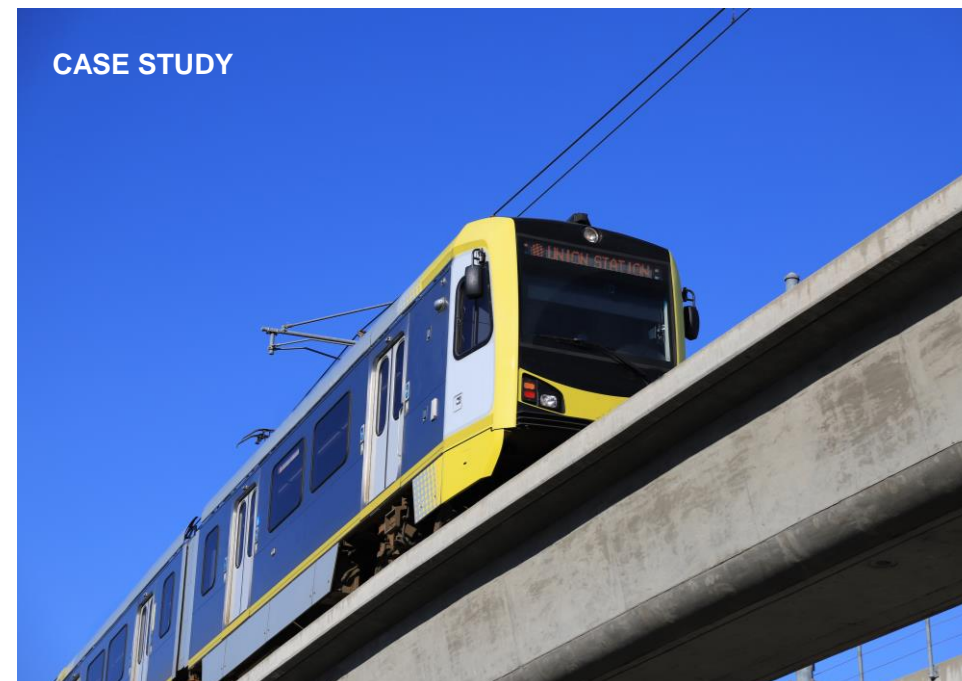
Solid growth and strong financial results

Resilience 42% of net revenues

in € millions	Half year			Second quarter		
Period ended 30 June 2022	2022	2021	change	2022	2021	change
Net revenues	589	513	14.9%	308	261	17.8%
Organic net revenue growth (%) ¹⁾	7.7%			8.5%		
Operating EBITA	60	55	7.8%			
Operating EBITA margin (%)	10.1%	10.8%				
Backlog organic growth (YoY) ¹⁾	5.5%					

- Very solid revenue and backlog growth, driven by public & private clients in North America, UK, Australia and Brazil
- Good margin, driven by North America and Europe, in line with our strategic margin target set for 2023 of >10%
- Increased investments in Digital Solutions and People

CASE STUDY



Driving the ESG plan for L.A. Metro

Client
Los Angeles County Metropolitan Transportation Authority |
US

Arcadis Places Performance

Good revenue growth for second quarter, improved margin

Places

33% of net revenues

in € millions	Half year			Second quarter		
Period ended 30 June 2022	2022	2021	change	2022	2021	change
Net revenues	463	447	3.7%	235	228	3.1%
Organic net revenue growth (%) ¹⁾	3.1%			5.1%		
Operating EBITA	41	30	36%			
Operating EBITA margin (%)	8.9%	6.8%				
Backlog organic growth (YoY) ¹⁾	3.1%					

- Good revenue and backlog growth driven by UK, North America and Australia, hampered by COVID-19 lockdown in China, and CallisonRTKL getting back on track
- Very strong margin from UK and North America. Improved margin for Europe, Australia, and Asia. Last year impacted by projects losses in Asia
- Healthy pipeline of opportunities across a resilient client and solutions portfolio

CASE STUDY



Sustainable city development for second largest UK city

Client
Birmingham City Council | UK

Arcadis Mobility Performance

Very strong results driven by larger markets

Mobility 25% of net revenues

in € millions	Half year			Second quarter		
Period ended 30 June 2022	2022	2021	change	2022	2021	change
Net revenues	366	317	15.4%	187	155	20.2%
Organic net revenue growth (%) ¹⁾	10.2%			11.1%		
Operating EBITA	35	33	6.6%			
Operating EBITA margin (%)	9.5%	10.3%				
Backlog organic growth (YoY) ¹⁾	11.9%					

- Very strong revenue and backlog growth, particularly for public and private clients in the UK and Australia, but also driven by North America and Continental Europe
- Strong margin at core markets, slightly offset by performance Greater China
- Increased investments in Digital Solutions and People, as well as the ramp up of large projects



Improving traffic operations and reliability in Atlanta

Client
Georgia Department of Transportation | US

Strong operational performance

Generating 16% EPS growth

In € millions	H1 2022	H1 2021 ³⁾	change
EBITA	130	113	14%
Amortization & impairment	-5	-6	
EBIT	125	108	16%
Net finance expense	-6	-13	
Taxes on income	-34	-20	
Effective income tax rate ¹⁾	28%	20%	
Exp. credit gain (loss) shareholder loans & corp. guarant.	0	1	
Minority interest	0	1	
Net Income	86	77	12%
Net Income from Operations (NlFO)¹⁾	93	80	16%
EPS (NlFO per share)²⁾	1.04	0.89	

¹⁾ Corrected for non-recurring items (e.g. acquisition & restructuring costs, expected credit loss and impairments)

²⁾ Average number of shares H1 2022: 89.2 million (H1 2020: 89.6 million)

³⁾ 2021 figures have been restated in accordance with IAS 8



14%

EBITA growth



€93 million

Net Income from Operations



€1.04

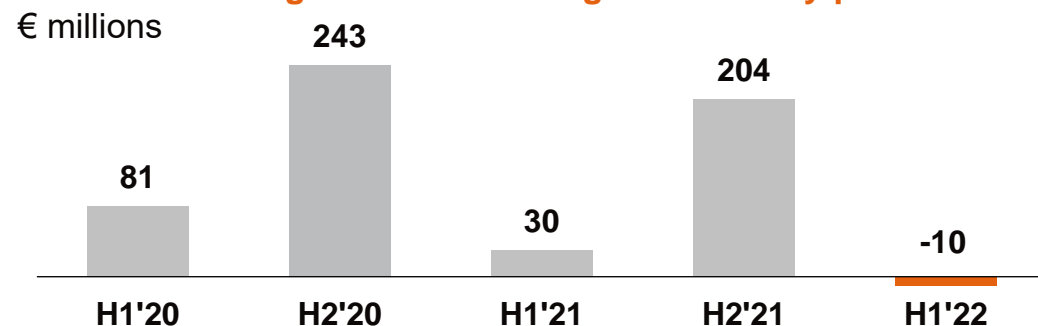
EPS (NlFO per share)

Sound cash management supporting seasonal FCF generation

In € millions	2022	2021 ¹⁾
EBITDA	178	165
Changes in net working capital	-113	-61
Changes in other working capital	-17	17
Tax paid	-21	-33
Net interest paid	-5	-8
Other	15	3
Cash flow from operating activities	38	83
Capital expenditures	-13	-15
Payment of lease liabilities	-35	-38
Free cash flow	-10	29

¹⁾ 2021 figures have been restated in accordance with IAS 8

Free Cash Flow generation with high seasonality pattern



- Lower Net Working starting point 2022 has led to higher cash outflow compared to 2021
- Sharp increase in gross revenue June 2022 drives higher unbilled receivables
- Changes in other working capital driven by prepaid IT expenses

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 <ul style="list-style-type: none"> Dividend: 30-40% of Net Income from Operations <ul style="list-style-type: none"> no dilution Additional returns when appropriate Net debt/EBITDA between 1.5 and 2.5x 	

Non-financial targets

Voluntary staff turnover < 10%	Staff engagement Improving annually
Brand Top 3 Brand Strength Index	Diversity Women in workforce >40%
Carbon footprint <ul style="list-style-type: none"> 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 	

