



Arcadis Global B.V.

Arcadis First Quarter 2024 Trading Update Conference Call

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Conductors:

Mr. Alan Brookes, Chief Executive Officer

Ms. Virginie Duperat-Vergne, Chief Financial Officer

Ms. Christine Disch, IR Director

Conference Call Conducted by Chorus Call Hellas



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OPERATOR: Ladies and Gentlemen, thank you for standing by. I am Gelly your Chorus Call operator.

Welcome and thank you for joining the ARCADIS conference call and Live Webcast to present and discuss the First Quarter 2024 Trading Update.

All participants will be in a listen only mode and the conference is being recorded. The presentation will be followed by a question and answer session.

At this time, I would like to turn the conference over to Ms. Christine Disch, Investor Relations Director.

Ms. Disch, you may now proceed.

DISCH C: Thank you, Gelly. Good morning and good afternoon everyone, and welcome to our webcast. My name is Christine Disch, Investor Relations Director at Arcadis. We are here to discuss Arcadis First Quarter 2024 results which were released this morning. With us on the call are Alan Brookes, CEO, and Virginie Duperat, CFO.

We will start with the presentation by Alan and Virginie, which will be followed by Q&A. We would like to call your attention to the fact that in today's session management may reiterate forward-looking statements which were made in the press release. Please note any of the risks related to these statements, are more fully described in the press release, on the company's website and at the end of today's presentation.

With these formalities out of the way, Alan, over to you.

BROOKES A: Thank you, Christine, and good morning, good afternoon, everybody, and a warm welcome to everyone joining us on the call today. Arcadis has delivered another strong quarter, driven by significant project wins and continued client demand, particularly for our sustainable and digitally enabled solutions, which are driving collaboration across our GBAs.

Net Revenues continued to increase year-on-year, up 4.4% organically to EUR 968 million. We also saw significant wins from our key client program, driven by investment programs, particularly in North America and in Europe. Our order intake for the quarter was up 6% year-on-year to EUR 1.1 billion. Organic backlog was up 4.9% year-on-year to a record high of EUR 3.3 billion, and our operating margin increased to 10.7% for the quarter, up from 9.8% last year. Increased selectivity in our project choices, as part of our strategy is already materializing in improved margin performance and backlog quality, while our significant project wins provide greater visibility of our future performance.

Now, let us turn to our GBAs. Starting with resilience, we continue to see strong momentum. Our market leading position, particularly around environmental restoration, water and energy transition, is driving order intake in line with growing demand for more sustainable and climate resilient solutions across our global markets. We are seeing significant water wins driving growth, notably in the U.K. with the start of the new AMP8 or asset management plan cycle, which provides frameworks from 2025 to 2030.

This signals an influx of new investments across the U.K.'s water industry. As we already have long-term relationships with 9 out of the 11 U.K. water and wastewater companies, AMP8 is likely to secure many years of future revenues. For example, recent wins in the U.K. include Thames Water and Southwest Water, where through the use of digital tools and cutting-edge design solutions, we will support the delivery of new capital investment programs. This includes water treatment works and reservoirs, that will help address scarcity challenges and ensure the quality of supply of clean drinking water to millions of people across the U.K.

Across all sectors, our clients are tackling environmental and regulatory challenges, including the need to attain net zero and minimize the effects of climate change. These are critical focus areas for investments, and we are seeing a strong pipeline of demand for our water optimization solutions, to help address these challenges.

Equally, the tightening of U.S. lead and copper legislation is also contributing to ongoing demand for our water optimization solutions, and with stricter regulation from the U.S. Environmental Protection Agency, driving enforced investments into avoiding PFAS liabilities, client demand for our environmental remediation solutions continues to rise, benefiting our pipeline.

Finally, when it comes to the energy transition, we are meeting the EU Green Deal targets and expansion of grid infrastructure is critical, so we are focused on aligning to these targets and driving demand for our smart grid solutions, which are helping to pave the way to a green

transition through offshore wind and renewable energy solutions. Our work with clients such as the transmission operator Amprion in Germany is critical to achieving this goal.

So, moving on to places. Government stimulus packages in Europe and North America are contributing to significant opportunities in our pipeline. Despite some market headwinds in Q1, with uncertainties around interest rates and forthcoming elections, we did see numerous investment programs ramping up through the quarter. Under the CHIPS Act, EUR 8.5 billion was funded directly to one of our key clients, Intel, and early last week, U.S. chipmaker Micron Technology announced it is set to receive more than \$13 billion in government funding and loans, to help build memory chip factories in New York and Idaho.

Our technology clients are also ramping up investments on the back of growth in generative AI, which resulted in data center wins in the quarter in France and in Germany. Changing regulations and shifting customer priorities are also driving sustained global demand from net zero solutions, as clients love to create efficiencies and maximize the potential opportunity of their built assets. The U.S. government has announced more than \$104 million in funding to advance net zero projects at federal facilities.

We are seeing similar activity in the EU, where recently announced Energy Performance of Buildings Directive mandates a 22% reduction in energy use from buildings by 2035. This underscores the imperative on both sides of the Atlantic towards achieving clean energy and climate goals.

In line with this, we are working closely with our clients globally to deliver solutions focused on reducing harmful emissions through the decarbonization of buildings.

One such example of this work is the U.K. Government Property Agency. We have recently been appointed as part of a three-year framework to support a major program of activity around retrofitting government workplaces, driving net zero and cost-effective design across its entire work base estate. This new contract reinforces not only our commitment to making more sustainable project choices, but also aligns with our Places strategy to obtain more strategic partnerships with local governments, marking the start of a solid pipeline of opportunities for the Second Half of the year. Given the diversity of our Places portfolio and range of complementary services, we are well placed to capitalize on the numerous opportunities presented by the government investment programs.

Next, if we look to mobility, again, we are seeing large investment programs driving national funding allocations for many of our key clients with large project wins, particularly in North America, contributing to strong First Quarter results. Here, we are leveraging our global expertise to grow market share in the design and engineering of major highway, rail, and transit projects.

One such example is our win as delivery partner for the \$16 billion Hudson Tunnel Project. As the largest infrastructure project in the U.S., it is expected to receive nearly \$12 billion of federal funding, the largest investment in mass transit projects in modern history. The Hudson Tunnel will improve capacity, reliability, and resiliency of

rail transit along one of the busiest sections of the Northeast Corridor and we will be bringing our extensive global tunnelling, rail, and transit expertise to support the delivery of this nation-shaping megaproject.

Another large key client investment program which will have a positive impact on our pipeline over the coming years includes Network Rail's 45 billion five-year Control Period 7 rail improvement plan for the UK. This puts climate change high on the agenda and will build on our expertise in delivering cost effective, efficient, and safe rail and transit solutions.

And in Canada, Ontario is investing more than 70 billion over the next decade to transform public transit in the province. This includes the largest subway expansion in Canadian history, where Arcadis is working as lead designer on critical projects including the Ontario Line, the Eglinton Crosstown West Extension, and the Yonge North Subway Extension. These are game-changing projects, and mark another milestone in the delivery of reliable, rapid transit to communities across the Greater Toronto Area.

And finally, turning to our fourth global business area, Intelligence. Our comprehensive digital products and solutions are increasingly maximizing value for clients, as they look to us to help build efficiencies and improve the performance of their asset portfolio. The digitization of infrastructure has marked a transformative shift in how we work with clients to design, build, manage and maintain the transport network. This digital transformation enhances efficiency, sustainability, and safety, and will enable real-time data monitoring to manage mobility. Our

strong market propositions are helping to position us firmly in this space.

Our diverse portfolio of products, such as CurbIQ and Enterprise Decision Analytics or EDA, offer our clients ongoing support in asset operations. They provide us with an opportunity to tap into the large operation expenditure of our clients, offering long-term visibility on our revenue streams. We continue to expand market share with new large client wins.

In North America, recent wins include the cities of West Hollywood and Kirkland in Washington. Here, the roll-out of our CurbIQ solution is continuing to reinforce our position as a global digital leader in providing smart curb-side management solutions, and major EDA wins are driving revenue growth and securing our pipeline into the Second Half of the year.

A notable example is our most recent win in the Ontario Ministry of Transport, a five-year deal where we will be working with the MTO to consolidate numerous assets into one centralized Asset Management System, including highways and bridges, lighting, traffic signals, overhead signs, Northern airports, and intelligent transport systems.

This marks the largest EDA contract for Arcadis to date. It will help the MTO uphold the safety and performance of Ontario's transport system and help streamline and optimize investment planning, improve operational efficiencies, and reduce environmental impact. This is a great example of how Arcadis is combining digital and human intelligence to consistently deliver value to our clients.

As I have touched on already, the materialization of large investment programs is driving significant project wins for Arcadis. These are large multi-year contracts and are improving our long-term performance visibility. Recorded order intake into date corresponds to the initial milestones only of these projects, as indicated on the slide here.

Whether it is funding from the Infrastructure Investment Act to accelerate the Gateway Program in New York and New Jersey or in the UK's AMP8 water cycle prioritizing funding to Southwest Water to tackle climate change, Arcadis is in a leading position to benefit and provide solutions for clients.

Let's take Canada for example. Our deep asset management capabilities combined with ready-to-deploy digital tools are proving a major advantage for clients, including Infrastructure Ontario. They are investing more than EUR 180 billion over the next 10 years in highways, transits and other infrastructure. This is the most ambitious capital program in Ontario's history and Arcadis, through the acquisition of IBI, is in a prime position to capitalize on the opportunity.

And with that, I would now like to hand over to Virginie to talk through the financial results in a little more detail.

DUPERAT V:

Thank you, Alan, and good morning, good afternoon, everyone. In the First Quarter of 2024, we delivered a strong set of results with growth in our key markets driving improved performance across key metrics. Our Net Revenues increased to EUR 968 million in Q1.

Organic growth was 4.4% with a good performance in the United States and Europe, offset by the repositioning efforts at Arcadis DPS in China, and by 1.2 fewer working days in the quarter. When excluding the negative working day impact, organic growth, revenue growth stood at 6.2% for the quarter. Order intake continued to increase to EUR 1.1 billion in Q1 with 6% organic growth year-on-year, resulting in a very solid book-to-bill of 1.17x, and I will expand on this strong performance shortly.

Operating EBITA was EUR 104 million in the First Quarter, up 12% year-on-year. Margin improvement momentum continued with our operating EBITA margin at 10.7%, up from 9.8% last year, and driven by operational leverage, cost synergies, and wind-downs in the quarter. When excluding wind-downs, this margin stood at 11% versus 10.4% last year.

We maintained our disciplined Net Working Capital Management, reducing DSO to 64 days from 67 days last year. As a result, our free cash and flow of EUR 97 million outperformed last year, while including the first interest payment on our inaugural Eurobond issued in February 2023. Free cash flow was in line with the seasonal pattern.

Now, let's look at the growth trends in our global business areas. Our good organic Net Revenue Growth of 4.4% for the Group in the First Quarter was driven by continued solid momentum in resilience, mobility, and intelligence offsetting performance in Places. In the First Quarter, Resilience saw good organic revenue growth across all markets, especially in North America, and in the UK. Order intake in the quarter was driven by environmental

restoration, water, and energy transition. We have very good revenue visibility for the remainder of the year.

Places Net Revenue slightly declined organically by 1.1%, reflecting the combination of three elements. First, we saw lower working days across all our geographies, but Canada, which is material to Places, was more impacted than others, losing three working days year-on-year. Excluding working day impact, Organic Net Revenue Growth for Places would have been positive at 1.2%. Then, while we saw strong revenue growth in North America, France, and Germany, this was offset by number two, the effects of our strategically focusing on core competencies in Arcadis DPS, and number three, the repositioning of our China operations to project management.

Mobility saw continued strong performance across all key markets including North America, the UK, Australia and Europe, with the US being a standout performer. Government investment programs are ramping up, which resulted in several sizable wins in the quarter.

And finally, in Intelligence, we saw good growth driven by North America. We continue to invest in our global business areas to foster more effective collaboration, which is integral to driving for future Revenue Growth. Here, the pipeline is promising with significant EDA and CurbIQ opportunities, stemming from cross GBA collaboration. Overall, our diverse portfolio enables us to leverage our specialized knowledge to provide a full suite of global services to our clients, further strengthened by increased collaboration across our GBA.

So, let us now move to the next slide to talk about order intake. In the First Quarter, our order intake grew organically by 4.8% quarter-to-date, to a record EUR 1.1 billion, outperforming our 4.4% Organic Net Revenue Growth and resulting in a strong book-to-bill of 1.17x, and a record backlog of EUR 3.3 billion. If we have a look in our various businesses, this strong order intake and backlog development was a result of the continued solid client demand in Resilience and Mobility, where we are well positioned to seize the right projects and drive profitable growth.

In Places, we showed flat backlog development over the quarter, with some repositioning towards government and tech clients, further away from the property and investment market. Client demand for intelligence products and services remained strong. We continue to see ample opportunities in our project pipeline of soft backlog, and continue to strengthen our presence in our high growth end markets, while taking advantage of the investment programs benefiting our clients.

And with that, I will hand back to Alan for wrap up and concluding remarks.

BROOKES A:

Thank you, Virginie. So, to wrap up this presentation, I would conclude by saying we're off to a good start for the year, reflected in sizable wins in Resilience and Mobility. Major investment programs are increasingly contributing to our order intake and pipeline with many of our key clients being in scope. Project selectivity and repositioning efforts in places have resulted in a higher quality backlog and continued margin expansion.

Looking ahead, we have a balanced and diversified portfolio of services and solutions. Strong client relationships, long-term visibility, abundance of talents, and a high-quality pipeline will drive further profitable growth. We remain well-positioned to capitalize on market opportunities and enhance our leading position in target growth markets.

Thank you for listening. I will now hand back to the operator to open up for any questions.

OPERATOR: The first question is from the line of Jain Sangita with KeyBanc Capital Markets.

DWYER A: This is Alex on for Sangita this morning, thanks for taking our questions. Can I start with – could you talk about the role that Arcadis could play in the recent EPA rules on PFAS remediation? Have you seen an increase in customer discussions now that the rules are in place? And when do you think we could see backlog for these projects?

BROOKES A: Thank you. I think PFAS looks really strong for the future. I think also when you see the EPA, as you say, limiting PFAS in drinking water, the 9 billion spend anticipated, of which 1 billion coming from the IIJA, will certainly start, I think, to really have an impact. We're anticipating inquiries coming through pretty fast now, and obviously PFAS is already a leading area for us, but this, we feel, will really enhance the impact of what we are doing. So, I would say we will probably get involved, first of all, in the identification and investigation into the impact of PFAS into the drinking water, and then sampling, which is where we're strong and have some bespoke techniques.

So, I would say, first of all, what we'll see is a first push into investigation and sampling, and then look at what actions can be taken with this incredibly, shall I say, resilience toxic contaminants to see how best we can deal with it. So, I would say we're in a good position. We're well known in the water companies across the U.S., and I would say we should start seeing inquiries pretty soon now given this piece of legislation, which, obviously, is very positive for us.

DWYER A: Thank you. That's very helpful. And can you talk about the different geographies in Mobility between North America with the IIJAA, the U.K. with the elections coming up, and Continental Europe? I just wanted to get a sense -- a better sense on where you're seeing the most award flow this year.

BROOKES A: I think the North America is extremely strong for us. I think in Mobility, we're particularly seeing, in Canada, I referenced a number of areas in Canada already in terms of what we are seeing. Obviously in the U.S. itself, I think, I mentioned the Hudson Tunnel. Well, obviously that will make a significant impact. We have a very, very strong and healthy pipeline in Mobility across California with the high-speed rail, also the Netherlands rail in Europe.

And as you say, I think this is coming through really strongly with the aging infrastructure of the IIJAA. We haven't seen, I don't think, even the largest parts coming through for Mobility, but we already have an extremely strong pipeline for this year and beyond because these projects go on over several years.

Your second point's on the U.S. election, obviously, we referenced the water companies. They are not impacted by the U.K. elections. I think in Mobility in particular, we will see a continuation of work, particularly with the projects we've already won in the U.K. We're tracking what happens against the new governments in things like the high-speed rail.

So obviously the slowdown in HS2 has not materialized as we thought, even in the projects we've won. We are not impacted by Phase 2, which was cancelled, but even the work on Phase 1 has increased because of that decision. Both governments are looking in different ways at bridging the north-south divide. So, I don't see the election actually impacting our work on rail in the U.K.

Across Continental Europe, Mobility again remains strong. We've seen significant opportunities in Germany and in France in rail, and I think we will continue to see progress in Europe across a number of different areas. With the different work that we're doing, I think we can -- we'll continue to see opportunities still arise in Mobility, in particular, across the whole of Continental Europe.

So, Mobility will be a very strong business for us going into the future and already has one of the strongest pipelines that goes over many years, which is what I was referencing in terms of looking at the visibility for the years ahead.

DWYER A: Thank you. I'll hop back in the queue.

BROOKES A: Okay. Thank you.

OPERATOR: The next question is from the line of Kerstens David with Jefferies. Please go ahead.

KERSTENS D: Thank you for taking my question. I wanted to ask about the global excellence centers. Could you please provide some color on the recent pricing trends for the services offered by the GECs? And how successful are you increasing the contribution of the GECs on projects from 10% to 20% as you outlined in the Capital Markets Day recently?

DUPERAT V: Hi David, maybe I'll take this question. So, global excellence centers for the moment, you know, are progressing on the pace of what we expected earlier and what we have developed based on the previous cycle. So, we are already around 11% as we speak, and that's where we are. Obviously, we rather expect an acceleration on that part over the second part, I would say, of this strategic cycle because a large part, you know, will come with the opening of an additional center that we are working on at the moment.

So, margin expansion at the moment is rather coming from operating leverage, from cost synergies as we explained earlier, and from the progressive, you know, prediction of the impact of Middle East.

KERSTENS D: Okay, understood. I'll jump back in the queue for the next question. Thank you.

DUPERAT V: Thanks, David.

OPERATOR: The next question is from the line of Samoy Kristof with KBC Securities. Please go ahead.

SAMOY K: Hi, thank you for taking my questions. First question, you touched upon it, but I did not understand it very well. Can you disclose what the margin would be excluding the wind-

down of the Middle East? And secondly, regarding the quality of the backlog and the ongoing repositioning in Places, at the time of the Capital Markets Day, you communicated that over 50% or 50% of backlog had margins in excess of the medium-term targets. Could you give some color at what level you are right now? Thank you.

DUPERAT V:

Thank you, Kristof. So, margin out of Middle East is 11% for the quarter, and needs to be compared to 10.4% last year. So that's for the first question. On the portfolio of project, we are progressing on that one. You know, we've not been out with different figures. I think you know that it takes also a bit of time. So, at the moment we are on the right track, but I would stay with my 50% of the backlog as we speak, not because, you know, this is absolutely where it is, but I think, you know, that's the right way of looking at the profile. Obviously, definitely one of the reason of not taking, you know, too many things in China is also coming.

We know about the potential dilution in the portfolio. So then, we are clearly shifting from cost and commercial management to project management, which comes with higher margin. And also, you know, that comes with a fewer opportunities because we also generally work over there with international clients, at least you know, Chinese clients exposed to international way of working, which is more in our strategy.

And on the DPS side, part of it is not only, you know, on the quality per se of the backlog. A large part of it is that, but the rest is also on what is our core business, where we

want to focus, and part of the projects that were initially taken by DPS in terms of what they were executing are not in the core competencies that we want to see going on developing and the reason why is important maybe also something to highlight.

In 2022, we closed, and we sold a few businesses that we thought were not strategic. And this quarter, for example, we closed Switzerland for Arcadis DPS where we were also. So that obviously is also, you know, revenue which is missing more or less compared to last year?

SAMOY K: Okay, thank you.

OPERATOR: The next question is from the line of Drijver Martijn with ODDO ABN AMRO. Please go ahead.

DRIJVER M: Yes, thank you operator. My first question is for Virginie. You were relatively cautious when we talked about working capital improvements when the 2023 results were presented. And now these are significantly better year-on-year. Do you think you can maintain that improved performance from working capital throughout the year 2024 or was there some sort of one-off element in Q1?

DUPERAT V: Martijn, thanks for the question. Working cap definitely we had a very good performance in terms of billing and cash collection in the quarter and that helps monitoring the seasonal patterns that we always usually see. That's obviously the objective to go on maintaining where it is.

As I said, I think that being around 10 plus by the end of the year is a nice thing to be in. And in the course of the year obviously as we know we re-increase again in Q1. Probably will be a bit lower in Q2 due to the increased

seasonal pattern and get back on track Q3- Q4. So, if I'm moving into a 10%, 15% bracket, I'm happy.

DRIJVER M:

Got it. And my second question, you mentioned selectivity, operational leverage. Obviously, the cost synergies from the integration are coming in. When do you think that the effects of a self-help program like digitization and automation which, of course, material is going to kick in?

And second to that, is there an update you want to give on those integration costs? I think the target was EUR 15 million for 2024, but perhaps that is something that you can update right now?

BROOKES A:

I'll take that one, Martijn, if you don't mind. I think we're in the process now of looking at our sort of digital and human intelligence plan and that includes standardization, automation. We've captured what we can standardize. Now, we've got the standardization of processes, and we're looking at the roll-out of automation. That will really start to impact us in 2025. So, that's when we expect to see the results coming through there for us next year as part of our further improvements in margin.

On the integration, we are well placed in achieving our EUR 20 million target for the year and that's what we expect to do. We're also very pleased to see EUR 300 million in our pipeline of opportunities from the acquisitions. So, again, really see some benefits starting to flow which we anticipate to see the conversions now in those. I won't go into the details right now, but you can imagine also with the Chips Act and the impacts of the data centers and the IJJA and these are all starting to look much more positive in our pipeline as the money flows. So, yes, we're pleased

with the position we're in and we will be achieving what we set out to do.

DRIJVER M: Okay, just to follow-up on that last statement, and you also showed in the -- in your presentation and the Chips Act and all those programs when should we or where can we expect DPS to return to positive growth? And if you can, on top of that, where do you think you are in terms of the upswing in that reshoring trend in semis?

BROOKES A: I think if you look at the Chips Act, \$8.5 billion coming through to Intel. We're also seeing opportunity looking at Texas Instruments, the Micron, Samsung, these are all starting to flow now, and these are projects that are receiving funding. We added to, if you like, the different sort of areas that I just said, like data centers and so on coming through. And we've also seen an uptick in the pharmaceutical client.

So, these opportunities have started to flow. We expect to see them in the second half of the year land, and we would expect DPS to start moving into real positive territory, therefore, in '25. That would be our sort of plan for future action. So, we see a good plan ahead of us and we wish to maintain in those project conversions our balanced focus on Revenue Growth with good margins.

So, we are pleased that the margins we are securing now. So, that balance is starting to work for us already, but I would say '25 in answer to your question, as those all convert into solid revenue flow.

DRIJVER M: Okay. Great. I will join back in the queue. Thank you.

BROOKES A: Thank you.

OPERATOR: The next question is from the line of Mulder Quirijn with ING Bank. Please go ahead.

MULDER Q: Good afternoon. Good morning, everyone. Questions from my side, two of them. I think, with DPS when do you think in 2024 the effective -- the divestment or let me say that the effect of the non-core business will fade out? Do you see that during the year or is that mostly at the end of the year only?

The second question about the new lease. Can you update us on the situation and how much drag is on the EBIT in the First Quarter of 2024?

DUPERAT V: Quirijn, on your DPS question, I think that the negative impact on what we are closing here and there will probably go on impacting us for the rest of the year. Alan just mentioned about the expectations around some projects coming back in H2 with ramp-up effects and such that is to be filled and fueling the P&L in '25. That's the way we see it.

On Middle East, Middle East at the moment is still impacting us, obviously. As we said, without it, it's 11% compared to the 10.7%. So, I think that additional 0.3% of impact is what you can keep for the rest of the year.

MULDER Q: And 2025 is still in the planning to have close down Middle East?

DUPERAT V: Yes. And it is progressing well, because we don't have any more operation on the ground, on the supervision and things like this.

MULDER Q: Okay. Thank you.

DUPERAT V: Thanks Quirijin.

OPERATOR: The next question is from the line of Beek Luuk with Degroof Petercam. Please go ahead.

BEEK L V: Yes, I have a follow-up question on Places where you probably see a mix shift towards more higher-value added projects. Is it already positively affecting your margin, or is there still too much of a negative operational leverage effect in some areas to offset that?

BROOKES ALAN: I think if you look at Places now, we said we've been selective overall with the different areas. We're seeing good signs now in the pipeline, we see good opportunity going forward, so I don't see much difference there, but if you look at the breakdown of Places, it is a very diverse business from lenders and investors, decarbonization, governments with housing, with health, which is also very strong for us, the industrial manufacturing I said before, pharmaceuticals coming back also have a strong presence in automotive manufacturing, and finally high tech, the data sensors, the semiconductors.

It's quite a balanced portfolio, so not overexposed any one area, and we feel now that we will see a positive impact as the different projects come to fruition. It's the one affected with the hesitancy around what Virginie said before, things like hesitancy over elections, also the fact that we saw the working days impact particularly in Canada, which is essentially a Places business. So, I would say we're seeing the turn, but it will be steady progress I would say here as we see the projects land that I've referred to already, as we see opportunities land, and then it will slowly come forward.

But Places is a strong business for us and well diverse. So, I would say steady progress and hopefully as we complete the work on China that Virginie said, complete the work on the Middle East, which is a place of business, and the selection continuation with DPS, then we will see the movements on margin progress, but they've had a decent Q1. So, I think in that in the sense of margin, we want to see the steady progress from the selective opportunities that we stated.

BEEK L V: Yes, I have one short follow-up question about the exceptional costs which were at EUR 7 million in Q1. Can you explain what programs were behind that and what types of things we should expect for the coming quarters?

DUPERAT V: So non-operating costs were merely about restructuring. As I mentioned, we have been closing Switzerland so then that came with some restructuring costs. We also had a few restructuring costs in China and in Middle East. So, I think, that there's a few potentially, a few other smaller bits of businesses or countries to come based on the acquired business, and then I think that the rest of the year we'll see equivalent impact.

BEEK L V: Okay, thank you.

OPERATOR: The next question is from the line of Ehlers Tim with Kepler Cheuvreux. Please go ahead.

EHLERS T: Yes, good afternoon, everyone. Thanks for taking my question. I have just one about Places. You mentioned in the presentation that adjusting for the negative market environment in Canada, the organic growth would -- actually would have been positive. Do you have some

insights into the Canadian market what we can expect for the rest of the year, and that we will eventually see stronger organic revenue growth for Places for the remainder of the year?

DUPERAT V: So, it's really about the number of days where they were working. So, it's not about the dynamism of the quarter or anything like this. It's just a mathematical impact that the number of working days that have been recorded in Q1 is lower year-on-year, and you need to expect a bit of a catch-up compared to last year, even if not everything in Q2, part of it in Q3.

So that's -- there is a -- when Easter is on one side or the other, and depending on what the bank holidays are, this is what is happening, but in fact that has nothing to do with the momentum of the business and the volume of the business that we see in the country. Canada for us remains a buoyant area, especially in Places where there are quite a number of potential projects and things happening. Does that help?

TIM EHLERS: Okay.

DUPERAT V: Does that help?

EHLERS T: Yes.

OPERATOR: Ladies and Gentlemen, thank you for your questions. I will now turn the conference over to Mr. Brookes for any closing comments. Thank you.

BROOKES A: Thank you, and thank you all for joining us on the call today. I'm actually delighted that Arcadis has delivered another strong quarter with client projects funded by large

government schemes increasingly contributing to our backlog and securing revenue actually for years to come given the size and scale of the multi-year investments we're now winning.

This quarter has seen some exciting new project wins. These clearly demonstrates our complementary and integrated set of sustainable and digitally-enabled services, which continue to drive collaboration across our global business areas. We know that the need for green, sustainable, and data-rich solutions remains high on our clients' agenda, and I am convinced that with the talent and expertise of our people, we are well positioned to capitalize on future growth opportunities.

And I look forward to sharing our results over the coming quarters, and I'd like to thank you again for joining us, and all the best for now. Thank you and goodbye.