



## Arcadis Global B.V.

### "Arcadis Q3 2025 Trading Update Conference Call"

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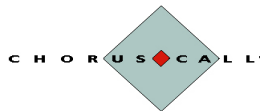
**Conductors:**

***Mr. Alan Brookes, Chief Executive Officer***

***Mr. Simon Crowe, 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 Third Quarter 2025 Trading Update.

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

Ms. Disch, you may now proceed.

CHRISTINE DISCH: Good day, everyone, and welcome to our 2025 Third Quarter trading update. My name is Christina Disch, and I am the Investor Relations Director. With me on this call are Alan Brookes, Arcadis' CEO; and Simon Crowe, our CFO. We will start with the presentation to 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 from the press release. Please note, the risks related to these statements are more fully described in the press release and on the company's website.

Now please over to you, Alan.

ALAN BROOKES: Thank you, Christine. Hello, and welcome, everybody, to our Trading Update for the Third Quarter of 2025. I'm delighted to welcome our new Chief Financial Officer, Simon Crowe to Arcadis. Simon joined us on September 15, bringing more than 30 years of international experience as a Group CFO across the New York Stock Exchange listed and private equity-

backed businesses. You'll hear more from Simon later in the call.

Arcadis has returned to organic growth this quarter as we committed in our Half Year results and has delivered a steady margin improvement quarter-by-quarter, reflecting consistent stable performance. We have increased our net revenues year-on-year by 1%, driven by continued strong demand for our services in North America and Continental Europe, with Germany and the Netherlands delivering particularly strong results.

Leading positions in high-growth markets such as energy, water, climate, and technology continued to perform well with a continuous shift of our portfolio to these solutions, while revenues were still somewhat impacted by softer market conditions in the U.K. and Australia.

Our net backlog totaled EUR3.5 billion with organic growth of 2% year-on-year. This was driven by strong order intake from water, energy, government, and technology clients, compensating for the winding down of some large projects in environmental restoration in the US, industrial manufacturing in Europe, and mobility in the U.K.

We saw some positive order intake in the U.K during the quarter, hinting at early signs of recovery. Our backlog quality has been reinforced by our discipline and project selectivity at the pursuit stage with an increased focus on key clients, margin-accretive solutions, and high-growth markets.

Margin this quarter was again strong, expanding year-on-year as a result of improved solutions from strategic initiatives, as well as earlier rightsizing actions, while we continue to invest strategically to support future growth and drive additional cost efficiencies, investing in AI and GEC resources to support delivery.

Now let's focus on our global business areas. First, Resilience. We saw continued positive momentum with 7% backlog growth year-on-year, driven by our leading market positions in water, climate, and energy. We have continued considerable demand in North America, Germany and the Netherlands.

The water market continued to deliver strong performance, most notably in the US. In water in the US, we were awarded a contract to develop a management system for the New York City's water and sewer operations, which includes managing data on installations, maintenance and identification of water service lines across the entire water distribution system.

In the U.K., the AMP8 cycle is ramping up slowly, while we have secured additional notable wins that I will touch on later.

In energy, our well-recognized expertise in grid reinforcement and expansion is delivering multiple sizable wins from electricity transmission and distribution clients. These include TenneT in the Netherlands, PECO in the U.S., and National Grid in the U.K.

Building on an already significant backlog, largely driven by Germany, our global efforts are now delivering further wins across our key markets. We are well positioned to capture growing opportunities in nuclear. This currently remains relatively small share of our portfolio.

The environmental restoration portfolio was affected by some contracts phasing down in the U.S. However, we expect to see recovery by H1 in 2026 as large projects for existing key clients have recently entered the pipeline.

Overall, the solutions mix and composition of our backlog has materially improved over the last year. And as a result, we have strengthened our position in strategic growth sectors and are driving a higher-margin project portfolio.

Turning now to Places. In Places, we have continued to pivot towards the higher growth markets and delivered 5% year-on-year backlog growth. Our integrated design and engineering solutions have seen their share of backlog expand to 16% for technology clients.

For our government and public facilities, we have witnessed signs of gradual recovery in the U.K. and strong health care wins across the portfolio. Pivoting to the growth areas, these have helped us to offset slowdown in industrial manufacturing that has been driven mostly by European clients taking longer to finalize large CapEx decisions alongside overall softness in the property and investment markets in Canada and the U.K..

In industrial manufacturing, we are positioned to take advantage of a major opportunity in the life sciences sector in the U.S. and additionally, in Ireland, we have secured a significant life sciences project in Dublin, reflecting our growing track record in biotech and pharmaceutical facilities.

The EUR14 million award covers the commissioning, qualification and validation scope for a major site upgrade and expansion. This builds on the recent EUR5 million design and data construction management success at the same site.

Momentum in data center remains strong, resulting in steady increase in technology client share in our total backlog. Globally, we are now involved in 225 data center projects, delivering 15 gigawatts of energy. The total data center market is estimated to be worth around EUR300 billion.

The design and engineering firms typically taking 10% to 15% of the investments, which translates to around a multibillion market for us. This is a clear demonstration of the buoyancy of this market and the bespoke solutions we are pioneering and why we are now adding sales capability to this important sector.

The public sector continued to deliver steady results, driven by sustained demand in health care and education. The contract with the U.K. government to deliver their prisons estate expansion program is also ramping up. We have also seen notable success with a large oil and gas client.

As we have been appointed to lead the architecture and design services across their global real estate portfolio covering EMEA, the Americas, and Asia Pacific. This strategic focus on high potential sectors is driving steady progress in our Places performance despite the ongoing headwinds.

Turning now to Mobility. The market here remains strong with increased policy clarity driving some investments and pipeline opportunities for us. The negative backlog development of minus 9% was driven by a very strong order intake in the Third Quarter last year.

At that time, we secured a number of major multiyear project wins, such as the Hudson Tunnel in New York and the Fraser River in Canada, leading to a significant step-up in our total backlog at that time. Furthermore, the mobility order intake is typically showing some lumpiness over the quarters with the first and last quarters typically being the strongest.

Looking at our global portfolio, some major infrastructure projects in the U.K. and Australia have been ramping down, while we have significantly invested in our positions in North America and Germany.

During this last quarter, we have seen substantial opportunities with clients such as Deutsche Bahn and multiple U.S. Departments of Transportation entering a growing pipeline. At the same time, we invested in resource alignment earlier in the year and continuous GEC expansion, which has given us the right

foundation for further growth expansion in the years to come.

One major project in highways was in Belgium, where we have been commissioned to carry out the full study assessment to improve the transport infrastructure between the Port of Antwerp and the R2 motorway north of the city, with the goal of stimulating economic growth, mobility and quality of life in the region.

In Germany, we were appointed to lead the electrification and modernization of the Marschbahn line between Hamburg and Seeth, as well as providing geotechnical and tunnel construction consulting services for approximately 30 kilometers of tunnel route in Berlin, as well as installing digital signal boxes on the Harz-Weser network. These successes demonstrate the value the increased capability of our enhanced rail business in Germany provides.

Another sector shown renewed momentum is aviation, where our backlog has doubled in the past year from a modest base. Arcadis is supporting CapEx and transformation programs across major airports through a cross GBA collaboration approach. We are particularly well positioned in the U.K. where we are working with three of London's major airports including the Gatwick expansion projects and we also see projects across Continental Europe.

Turning to our intelligence business our digital solutions in intelligence underpin all the GBAs and enhance our propositions to our clients. These continue to drive solid revenue growth. Enterprise asset

management continues to see strong demand in both the U.S. and the U.K., although we saw a decline in backlog due to the timing of new contract awards.

Our digital capabilities were highlighted by a significant win in the U.S., where we were appointed to deliver a technology blueprint for the Georgia Department of Transportation. There we will evaluate, prioritize, fund and deploy innovative technologies aimed at enhancing safety, operational efficiency and workforce development. The two-year project will focus on addressing key challenges including developing an adaptive strategy for the client to identify and adopt current and emerging technologies.

Demand for our Travel-IQ in North America remains strong. EDA Lite continues to gain traction across the water, government, technology, and property and investment sectors.

And last week we launched Climate Risk Nexus, a digital platform that helps organizations move beyond exposure analysis to plan, prioritize and invest in climate resiliency. Our resilience focused digital solutions including Climate Risk Nexus and Net Zero Catalyst are seeing growing demand with our clients.

We continue to enhance the value we deliver to clients through our expanding digital product suite. These are not standalone capabilities, but a core component part of our wider offer across our GBAs and continue to evolve as part of how we deliver smarter integrated solutions for our clients.

Turning now to the U.K. and Ireland. Last quarter I spoke about the state of the U.K. market and how in particular the freeing up of funds for public spending had slowed as the government finalized its spending review in June. Since then we are seeing good order intake development and a gradual increase in activity starting to take place with a number of projects in rail and public transport, housing, nuclear, highways and healthcare all coming to the market.

However, despite these promising shoots of recovery we remain cautious on the outlook given the economic uncertainty the U.K. continues to experience. The impact of the U.K. slowdown on the business is significant, a 2% reduction on total global Arcadis net revenue organic growth.

Healthcare is one of the sectors where we are starting to see considerable demand for our services and we secured a wide range of successes in hospitals. The AMP8 cycle is another funding stream that is now gradually starting to accelerate. We have secured two major wins with Thames Water, and Scottish and Southern Electric. Across the U.K., we are carrying out projects with 11 water companies, enabling the delivery of a record-breaking AMP8 investment cycle of some GBP96 billion, evidence of our range of expert services across the sector.

Our U.K. business advisory team is playing an increasingly important role in some of the U.K.'s most significant infrastructure projects, advising on major nuclear projects such as Sizewell C and other national

programs in addition to our work with the U.K. Atomic Energy Authority.

These projects reflect a stabilizing policy environment in the U.K. and a gradual increase in public sector investment. We are winning work but continue to be cautious about the U.K. outlook. With the annual budget approaching and broader economic conditions remaining subdued, we expect that most of the revenue will be realized later in 2026.

With that, I would now like to hand over to Simon, our CFO, to take us through the financial results from Q3.

SIMON CROWE:

Thank you, Alan. Good morning and good afternoon to everyone. I'm pleased to be joining for my first trading update as CFO of Arcadis. I look forward to building on the financial foundation established here and I'd like to thank Virginie and Willem.

Clearly, we've had a very adverse reaction to the quarterly results that we announced this morning. I want to talk to you about the key actions that we are taking to address our challenges. So let me first take you through our Third Quarter performance, after which I will share my observations and talk about our action plan.

So starting with the Third Quarter. We've returned to organic growth of 1%, reflecting good demand across key geographies, particularly in North America, Germany and the Netherlands. This quarter, we saw a sizable negative FX impact of about EUR40 million, driven by the translation of our U.S. dollar results.

Our operating EBITDA margin expanded further to 11.6%, up 20 basis points from Q3 last year, demonstrating some cost discipline, the benefits of rightsizing measures implemented earlier in the year and a focus on more disciplined project selectivity. We have continued to invest in strategic initiatives such as standardization, the global excellence centers and the key client program.

Free cash flow for the quarter was EUR80 million, which was below last year, driven by a higher working capital position. This was caused by two things. Firstly, some projects awaiting key milestones before we can build. And secondly, the further rollout of the Oracle ERP system in North America causing delays -- thanks.

Apologies, everyone. I think we -- our line dropped out. I'll just go back to, free cash flow for the quarter was EUR80 million, which was below last year, driven by a higher working capital position, and this was caused by two things. Firstly, some projects awaiting key milestones before we can build. And secondly, the further rollout of the Oracle ERP system in North America, causing delays in billings of project invoices.

As a result, days sales outstanding rose to 73 days, up from 67 days last year. This is a temporary issue and it's not where we want to be. I'm very disappointed. I'm driving the business to get our net working capital down towards 11% as soon as possible.

Over the past two weeks, I've spoken to over 200 senior sales, operations and finance personnel to drive billing and cash collection. We've identified areas

where our billing discipline has not been at the level where it needs to be, particularly in some geographies.

I've made this a personal priority and have been engaging directly across the organization to reinforce the importance of timely invoicing and collections. I'm looking to bring our working capital levels back to where they should be by the end of the year.

Our net debt position remains well within our target range at 1.8 times, reflecting our ongoing focus on cash generation and disciplined capital allocation with our share buyback progressing as planned. Net debt has increased by approximately EUR240 million since the year-end, and this is due to payments of the dividend, two small acquisitions and our free cash flow.

Turning now to the GBA performance. We continue to see momentum in several of our core markets, though some areas remain more challenging. Our resilience business delivered organic net revenue growth of 3.8% for the quarter. Demand remains healthy, particularly in North America, Germany and the Netherlands with continued service expansion and momentum in our water, energy and climate solutions. We're also seeing high demand for our water and energy solutions in the data center sector, which is contributing to growth.

In the U.S., large environmental restoration projects are phasing out as planned in Q4 and are expected to be substantially complete by the end of 2025. We are expecting to see a recovery in H1 2026 as large projects with existing key clients have recently entered the pipeline.

Places saw a continued decline of 3%, largely driven by ongoing softness in the property and investment markets in Canada and the U.K. In industrial manufacturing, while we are well positioned in the life sciences sector in the U.S., which is contributing to backlog growth, our European clients have deferred some of their large capital investment decisions.

That said, we're making good progress in areas such as data centers and revenue growth from the KUA acquisition that is now materializing. This enables expanded service offerings in Germany and unlocks additional revenue opportunities at attractive margins.

Mobility grew its net revenue organically by 1.9%, with large projects in the U.S. and Canada ramping up as planned. Recent wins in the U.K. helped offset the impact of large project wind-downs in that market, whereas the Australian market remains subdued.

Intelligence delivered strong organic net revenue growth of 10.8%, driven by Enterprise Asset Management, Travel IQ and Hotspot solutions, particularly in North America and the U.K. While backlog was impacted by the timing of certain awards, our EDA Lite solution is gaining traction and we remain confident in the pipeline ahead.

In summary, while we continue to see good demand and growth in key areas, we are also proactively managing volatility in certain markets. Our diversified portfolio and disciplined approach position us well to navigate these dynamics and drive sustainable growth and margin expansion.

Turning to the next slide. Having just arrived and with some experience delivering value creation plans, I'm taking a fresh look at Arcadis and see many opportunities to energize our organization. I'm not yet ready to outline the costs and benefits, but I do see positive upside potential.

I've already started focusing on top line growth and taking cost out and I'll present the impact of these at the Full Year results in early '26. The global market for our services is there and we should rightfully be taking our share of the opportunities.

On the growth side, we're looking to sharpen our commercial approach. We plan to increase the number of key client sales professionals and put the right incentivization structures in place to drive cross-selling and upsell with our most important clients. We can do so much more for these clients. We're investing in automation to improve our win rates by using AI to help us with our pursuit and bid processes and we're ramping this up as we speak in order to capitalize on the significant numbers of opportunities.

I want us to get better at cross-border sharing of resources. We need to better incentivize this going forward. We have a deep talent pool and want our clients to benefit from that, wherever they are. I am also focused on billability, which is a big opportunity as a margin enhancer. People are now receiving regular updates on the individual billability scores and our delivery teams are driving this hard.

Equally important is our focus on cost and cash discipline. I want to make sure we move delivery and support functions to the global excellence centers where we can, cutting complexity and streamlining processes globally to drive out more costs.

We're also investing in our people, ensuring top talent is rewarded and retained through the improved performance management and recognition of those who deliver results. All of this is designed to sustain strong cash flow generation, disciplined capital allocation and maximize shareholder value as we deliver sustainable, profitable growth for our stakeholders. And with that, let me now hand back to Alan to wrap up our trading presentation.

ALAN BROOKES:

Thank you, Simon. Let me wrap up with a few takeaways from today's update. First, our solid performance this quarter reaffirms the fundamental strength of our business. We've returned to organic growth, expanded our margins year-on-year even with the modest growth and we have done this whilst continuing to invest in the capabilities that will drive our future performance.

Second, we're seeing continued strong performance in the high-growth sectors where we hold leading positions, energy, water, climate and technology. Our disciplined approach to portfolio repositioning is working and our strategic initiatives are driving further operational efficiencies and a sharper, more client-focused sales approach.

Finally, supported by the actions discussed today, we are making solid progress and we remain focused on adding attractive projects to our pipeline, driving high-quality backlog, executing in a disciplined way, getting our cash in and investing in our people and technology, positioning us well for profitable growth. And with that, I'll now hand back to the operator for any questions.

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

DAVID KERSTENS: Hi, good morning – good afternoon gentlemen. I have two questions from me, please. First on the U.K. Why have you become more cautious on the U.K.? You have seen more order intake in the Third Quarter, but it seems your revenue is still down around 8%, in line with the First Half. And this has now pushed back this revenue recovery towards 2026. What is driving that more cautious stance on the U.K. outlook, please?

ALAN BROOKES: Thanks, David. Let me take that one. I think we're only saying really that we do see signs of recovery now, both in terms of all the contracts that we've won following the spending review and there are many, whether they be in rail, health, the prisons and we've won, obviously, the contracts through AMP8.

Why we just say we're cautious is the U.K. annual budget is next month and we're just waiting to see the outcome there. And therefore, it's just our sort of view that there'll be a slow buildup still through into next year. And that's why we're just highlighting some cautious approach there.

So we'd rather be cautious than sort of gung ho, if you like, in terms of our outlook. So that's the reason we referenced caution. But the actual wins are significant across the board actually and across all our GBAs.

DAVID KERSTENS: And that brings me to the second question. When you look at the order intake in the quarter, it was obviously down against a tough comparative, but also down sequentially, I think, below the 1 billion mark on average over the last three quarters. What is driving that sequential decline in order intake with the U.K. actually going up?

ALAN BROOKES: Yes. I think when you look at our order intake, some of it can be quite lumpy, like if you look at mobility, for example, the mobility GBA, typically there's a good pipeline of large projects, but I call them lumpy because they land in a very significant. Normally, for the mobility GBA, it's Q1 and Q4 when those land.

I think also what we're seeing is in places across the world, we're waiting on a number of contracts. We see good pipeline coming through, particularly in Life Sciences now, and we've seen other pipeline converting most recently. But again, what we're seeing is some of the clients are pushing out some of the contracts, like I mentioned in Europe with the sort of semiconductor industrial manufacturing.

We're just waiting on those to land. So it's more of a timing issue for us across the GBAs. The outlook for us remains positive. And I think we want to see now the conversion coming through, but it mainly is driven by the lumpiness in mobility.

OPERATOR: Thank you. The next question is from the line of Natasha Brilliant with UBS. Please go ahead.

NATASHA BRILLIANT: Thank you very much for taking my questions. My first one is just on the working capital. And you talked about some projects waiting on key milestones. Is that just a timing issue of like one or two weeks or why is that an issue in this quarter rather than other quarters given the sort of project nature of your business?

And then linked to that on the ERP rollout point, can you just give us a bit more color on the changes that you're making and when you think that billing process will be back to normal? Is it Q4? Or is that a 2026 point? And then my second question -- sorry, do that one first, then I'll do my second one?

SIMON CROWE: Sorry, Natasha. Sorry. Hi, Simon here. Thank you for your question. It's all right, Natasha. All of these are temporary issues. Look, there are some big projects that are just waiting for some milestones to be reached. I think that's very soon. We're driving very hard to get those milestones and get those bills out.

So that's the first thing. Yes, I mean, we've got a diverse portfolio across the world, across different service lines, across different customers, across different contracts. So we've just seen that lumpiness in Q3. In terms of ERP, yes, we've been rolling out various versions of Oracle. We've had some -- we made some changes and that's just caused some delays.

People have had their eyes on getting their hours into Oracle from other systems and making the change.

And they haven't had their eyes on the ball, which is billing and collecting the cash. So as I said in my prepared remarks, this is a temporary issue. This should resolve itself in Q4.

We're pushing really, really hard. I've spoken to over 200 of our key people. They have obviously spoken to all of their people. I think we've got a call tomorrow with 4,000 of our project managers or a cross-section of those, certainly, where we'll be pushing that message as well.

So, it's very much a temporary issue. I'm disappointed. It's not where we want to be. I'm not satisfied. Obviously, as the new CFO, that's a great present for me coming in on my first few weeks here. I'm determined to sort it out and drive that down to that 11%. So, we're totally on it, totally focused, and that's where we are.

**NATASHA BRILLIANT:** Okay, perfect. Very clear. Thank you. And then my second question for probably also for you is on capital allocation. Obviously, the share buyback announced has been a change in strategy to what's been talked about year-to-date. So just to give us a bit more color on the thinking behind that. Obviously, the low share price contributes, I'm sure. But also does that change your stance on M&A and the types of deals that you might be looking at?

**SIMON CROWE:** Yes. Thanks, Natasha. No, it hasn't changed our stance on M&A. I'd say as the new person, capital allocation is really important. We've -- we saw an opportunity to do a buyback. That made a lot of sense to us, given, as

you said, the price and the valuation of our shares. It's a modest buyback. That's going very well. We'll continue to do that.

But we'll continue to look opportunistic M&A. We're very aware of our multiple and things and sectors and places where we should and shouldn't be looking. But things come in all the time. We analyse them, we evaluate them. I could -- I would hope that we could do some bolt-ons, some more bolt-ons like KUA and WSP, smaller things.

But again, I'm not committing you to -- I'm not committing us to anything. It will be very much driven by the business, where do we need to add to our service lines, where do we need to add to certain geographies and just be very cautious and very disciplined as we think about those acquisitions.

But I think it's an important part of our strategy and nothing has really changed there. We just saw an opportunity to do a share buyback, but we'll continue to evaluate and assess acquisitions and opportunities as they come up and be very disciplined.

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

MARTIJN DEN DRIJVER: Yes, thank you, operator. My first question is for Simon again on the net working capital. You mentioned we'll get them where they should be at year-end. I assume that the 11% is a target for 2026. But what level do you think it should be at year-end? That would be question one.

And linked to that, just a small follow-up. I know that the current Oracle implementation regarded mainly IBI. There is still the second part, which is DPS, which was currently planned for this coming quarter or next one. Maybe a bit of color on the DPS change. And then I'll get to my second question later.

SIMON CROWE: Sure. Thank you very much for those questions. Yes, look, I'm -- we're driving down towards that 11% target by the year-end. We're determined to -- we're monitoring it almost on a daily basis now. As I said, I've made it a personal priority.

So we continue to push everyone to get billing, to get collecting, to look at overdue and to get the cash in the door. So, you know, I'm feeling confident about getting down towards that 11% target. We're pushing on every button that we can, and we are monitoring it very, very regularly. So, I'm confident on that.

On Oracle, look, I'm probably going to take a little bit of time, days and weeks, not months, but I want to look at Oracle and how we're using it. How we've rolled it out in the past, some of the lessons learned. I did do an Oracle -- yes, I did...

ALAN BROOKES: Implementation.

SIMON CROWE: Thank you. I did an Oracle implementation at my last company, and that was very successful. We did that in about 8 months to 2,500 people, and we got paid and we were able to pay people. So I'm going to try and bring some of the lessons learned there in terms of

making sure we've got the right people. We've got the right training.

We've got the right discipline. We've got the right backfill. So that people can focus on what they need to focus on and not try and do implementations off the side of their desk. I'm not saying that's what we're doing here at all. I'm just being very clear that I'm learning from the past.

And hopefully, we can improve the way that we do implement Oracle here, which means that people can keep their eyes on the prize, which is collecting the cash, sending the bills out, winning the work, delivering the work and don't get distracted by ultimately what is the system and a tool that should be helping us and serve our customers.

ALAN BROOKES: Yes. Maybe I can just add something to that, Martijn, if you don't mind. And that is, for us, it's important that we do get the business on Oracle, not just the financial management to be able to understand the whole business readily and quickly, but also a number of the other areas that we're looking at, such as the resource management and the better resource management that Simon referred to in his speech, that relies on the Oracle system.

And you touched on DPS, but that was always planned later in the year. We want to conclude IBI before we went to impact the sort of APM part of our business, which is actually smaller and relatively more straightforward, but we'll take all the lessons learned into that rollout.

SIMON CROWE: Yes. Thanks, Alan.

MARTIJN DEN DRIJVER: Okay. Understood. And my second question is for you, Alan. Going into -- going back to the Q2 analyst call, you basically gave a phasing for the second half, which was a strengthening in Q3 over Q2. Q4 is strengthening versus Q3, an exit that would actually go towards the mid-single-digit that you were at that time expecting for 2026. Does that expectation still stand? And if not, what is the more reasonable assessment today?

ALAN BROOKES: Thanks, Martijn. And my easy and quick answer to that is, yes, it still stands. So -- but let me just explain. I think what we're looking at, we said we would continue to build up through modest growth in Q3 and into Q4, and that's what we expect.

Obviously, Simon, outlined a number of actions that we've started now and will continue to drive, and that really will take us into 2026, where we still expect to see that sort of mid-single-digit growth building through the year in 2026. So that's still our intention going forward.

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

LUUK VAN BEEK: Yes. Good afternoon. Thank you for taking my questions. So first, on the attitude of the customers, you mentioned that for some new awards, they are more hesitant, but also do you also see a change in response towards, say, the small fill-in orders that you can use to optimise your utilisation?

And my second question is about the margin expansion. You mentioned two positive, one negative factor. So positive mix effect and the rightsizing and negative the investments that you're doing into the business. Can you give a rough indication about the size of these three elements?

SIMON CROWE: Could you repeat the first question? We are sorry, we just -- you were breaking up a little bit. So, if you could repeat the first question, we'd appreciate that.

LUUK VAN BEEK: Yes. So the first question is about the attitude of customers towards, say, the small fill-in orders that you can use to optimize your efficiency, if they are also more hesitant on that or if that's...

ALAN BROOKES: Yes. I think on the smaller orders, what we're doing at the moment is maximising our framework agreements. We have quite a lot of, if you like, the MSAs and frameworks that we use to fill in. And what we've been doing on this is really starting to look at those frameworks, which we don't book until the orders come in.

But what we've done is by increasing our focus on the sales and the sales force, we're actually going in and actively pursuing into these frameworks. And that provides us going forward, a much greater degree of fill-in to the orders there.

So that's the approach that we've been taking. All our GBAs have been looking at this, but most notably in places, but also in some of the mobility areas to try and balance these big projects that we've got as we build

up to them. So, I think that will -- I think -- just on your second question.

SIMON CROWE: Could you repeat -- repeat again?

ALAN BROOKES: Yes. That broke up to us again. I'm awfully sorry, but I didn't quite catch it. Would you just -- you asked for about a breakdown, I think, on something, but we didn't catch the three areas.

LUUK VAN BEEK: Yes. On the margin expansion, you mentioned two positive factors, so the mix and the rightsizing. And one, say, negative effect of the investments. So can you roughly indicate how -- yeah, how big these three elements are compared to each other?

SIMON CROWE: Yes. I'm not sure we're going to get into that sort of level of detail. I think we're good on the mix and the right size. I'm going to be taking a look at the investments and making sure that they're absolutely appropriate to the growth that we need and the margin that we need. So, I think we're focused on mix. We're focused on rightsizing, and we will make sure that investments are there, but I really do want to take a good hard look at those.

ALAN BROOKES: And just one thing on the investments, I would say is, remember, what we've always said and we have continued to do this is the big investments we were making. And I'll just remind you, we said about the standardization and automation and the AI that we are investing in over 1,000 people looking at AI, the new GEC, these are areas that, obviously, we've been investing in this year.

That's why we feel when we get into 2026, it won't be the same level of investment. And that's the other side of what Simon is looking at now is the level that we need to make next year, which will be materially lower. And hence, we will not only get the payback, but we will have a lower level of investment next year.

LUUK VAN BEEK: Okay. Thank you.

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

QUIRIJN MULDER: Yes. Good afternoon, everyone. I have two questions from my side. First, with regard to the resilience business. How much of your organic growth was hit by the wind down? Can you give me some sort of breakdown in that activity and how to look at it forward when it is ended? Are we going to see over mid-single digits, for example?

My second question is with regard to the industrial, let me say, manufacturing etcetera. It looks like there's some weakness there if you look underlying. Can you maybe give an idea about how you're going to grow that business again, given the fact that you have put such a large bet on it on this activity to grow that rapidly in the coming years?

ALAN BROOKES: Okay. Thank you, Quirijn. On the resilience, the wind down is simply we had some big projects coming through for some major clients, particularly in the U.S. They're just rolling off now, but we've already found with the clients that there is a good pipeline coming on into next year. So actually with the pipeline, we're

expecting to see a pickup in H1 again next year and the resilience business is very firm on that with their key client relationships.

And on the industrial manufacturing, I guess there's a number of things. We've been pleased to see a slow, but significant pickup for us in the automotive sector and we expect to see that to continue. Now the automotive sector is getting clear on its production.

And then with the sort of APM facilities where we saw the industrial manufacturing not being as clear in terms of the semiconductors, we've been redeploying and realigning the workforce there into the data centers and the pharmaceutical markets and we've been re-skilling them, up-skilling them into those markets.

So actually, we've got a broader base of clients to work with and actually extend those skills. And that's actually creating more flexibility for us and more benefit than ever before. So very, very good, I think, for us going forward.

**SIMON CROWE:** And just to say as a new boy here, I'm quite excited about the whole data center pivot that we're making. It's across GBA, which is really interesting. We can bring a lot of our skills to bear across the services that we have, across the GBAs that we have. So obviously, it's early days. There's a lot of talk about it, but we're certainly realigning ourselves to that market and chasing that hard.

**QUIRIJN MULDER:** Okay. Thank you.

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

KRISTOF SAMOY: Good afternoon. Kristof Samoy. Thank you for taking my question. I just want to come back again on the outlook for the second year half and 2026. So it was already touched upon earlier in the call. At the time of the Second Quarter release, you guided for moderate growth in the second year half.

If I look at the guidance, which is company compiled consensus, so you're well aware of it. For the remainder of the year, this implies Fourth Quarter growth organically of 4.5%. Did I understand correctly earlier in the call because there were quite some technical hiccups that you only expect to go back to mid-single-digit organic growth in the course of 2026?

SIMON CROWE: Look I think obviously, we made some statements back in the Capital Markets Day a number of years ago. I think we've returned to growth this quarter, which is positive. It's small, but we have returned to growth. Two out of our GBAs are growing, which is good and that's made a lot of progress. We'd obviously like to see them all.

We're all firing on all cylinders. And we're realigning our places to data and health and life sciences and we're doing all the right things and taking all the right actions. We're in the middle of our budget setting at the moment for next year. Obviously, we're optimistic about our pipeline, our backlog and executing well through the year.

So I think it's difficult to sort of put a pin in it and actually nail it down, but we're looking for that growth. We're looking for that margin expansion as we discussed at the Capital Markets Day. So look, you can see the consensus is out there. You can read that and make your own view. But we're driving hard for growth. We're driving hard for that margin expansion.

KRISTOF SAMOY: Okay. Thank you.

OPERATOR: The next question is from the line of Simon Van Oppen with Kepler Cheuvreux. Please go ahead.

SIMON VAN OPPEN: Hi, good afternoon. I would like to extend on the large projects awaiting milestone completion. Could you provide more detail on what kind of projects they are? And maybe as an extension to that, has there been any change in strategy towards taking on larger projects, which could potentially also increase risk? And it will be helpful to get a better sense of the dynamic and the underlying drivers?

SIMON CROWE: Yes. I mean most of those -- thanks for the question. Most of those large projects in Mobility. There's no change in our strategy there. They're larger projects. They have bigger milestones. And we know there's no change in the risk profile there either. We like the larger projects.

They typically come from our key clients. As you know, we've got a lot of couple of hundred key clients and they account for quite a large part of our revenue. We're looking to cross-sell to those clients other services. So no change in the strategy.

Just there's a couple of -- as Alan said earlier, Mobility tends to have big lumpy projects that come along and you have to sometimes wait for those milestone payments. But there's nothing particularly unusual. It's just hit us when we're doing some other things in Oracle. So that's just created this issue on WIP and cash collection. So that's where we are.

SIMON VAN OPPEN: So you would say that it's more due to the ERP implementation rather than the projects awaiting milestone completion? So it is related to that factor?

SIMON CROWE: It's both. Look, I've said it, I'll say it again. It's both of those things. The messages have gone out. The whole organization is focused on making sure we build. The whole organization is making sure we collect our cash. I'm watching that on a daily basis and tracking that and making sure we do that.

Not where we want to be at all, not the greatest thing for me as a new CFO to have to deal with, but we're dealing with it. We're on it. We're absolutely addressing it and we'll get back to normal levels and drive down to that 11% by the end of the year.

SIMON VAN OPPEN: Thank you very much.

OPERATOR: Our next question comes from the line of Chase Coughlan with Van Lanschot Kempfen. Please go ahead.

CHASE COUGHLAN: Hi, good afternoon and thank you for taking my questions. I have two. Firstly, Simon, you spoke about some of the growth drivers you identified as well as some potential cost saving areas. Given that, for example, increasing sales professionals might increase

opex next year, but you have some cost savings there as well. How should we view the 2026 EBITA margin target? Is that still intact or should that also be, let's say, updated as of Full Year results?

SIMON CROWE:

Look, we want to try and do this cost neutral or top line positive, EBITDA positive. So I'm acutely aware that if we spend more money, we need to find it from somewhere. And I'm confident there are cost savings across the business that we can use to fund the investment in sales and some of the other actions that I highlighted.

I'm not quite ready yet to come out with the costs and the benefits. But I can tell you one thing, we're driving our margin up. We're not driving it down. We're driving it up. We need to get that margin up. We need to focus on those better projects, which we have been doing. We need to focus on cost efficiency. So I'm not in the business of spending money just for the sake of it. I'm in the business of spending money to get the growth and get the margin up, but it's a bit early to say.

ALAN BROOKES:

Maybe just to add to that, I would just say we're very acutely aware in monitoring our sort of pipeline and backlog to make sure that the margins are increasing there. And with the cost out, this gives us the confidence that we will achieve our Capital Markets Day targets.

So yes, it's about sales because we can get the operational leverage by doing that, but we are clearly focused on what we said at the start of our Capital Markets Day strategy, which was being selective on our

projects and making sure that we acquire projects that have the right margin to start with going forward, which is why you can see even with the relatively modest growth, we still increase our margin.

CHASE COUGHLAN: Okay. Perfect. Very clear. Thank you. And then my second question, you also highlighted that you would like to drive win rate through automation, I guess, particularly regarding the bidding processes. I know several peers of yours are also pursuing this, particularly in North America.

So I'm just curious on, yeah, do you think you've lost potentially market share based on the lack of automation in this bidding process or how do you compare currently to some of your competitors' processes, if you have any sort of indication on that at all?

SIMON CROWE: Yeah. I mean -- Simon. I'll take that initially and then hand it over to Alan because he's far more experienced. But I think, no, we're driving automation. We're hoping to get AI to help us drive some of our bids. We've been working on a pursuit to project module, which we're hoping to roll out as we speak.

We think that will help us -- the win rate, I'd love to drive that up previous companies, we focused on that a lot. I think we need to get sharper on that win rate on that cross-sell and on the whole sales organization, hence, the reason we want to strengthen that organization going forward.

But I don't think we've -- I don't think we're any particularly different from our competitors. Probably we're all at it. We're all -- we're trying to do the same sort of things, and there's no secret or any magic there. But we are doing it. We are getting on with it. We are taking the actions.

So that's the important thing and we're trying to optimize. We're trying to get the efficiencies. We're trying to -- bids take -- some of our bids take a long time to put together. So if we can get a little bit more efficient, that helps us free up time and hopefully get more people billing. Alan?

ALAN BROOKES: Yeah. I think the only thing to add to that is, it's our most senior people that get involved in bidding, which is why we started at the start of this year, looking at the standardization, automation of our bid process, the use of AI in the bid process.

Obviously, competitors and peers talk. And I would say, we are probably as good, if not right at the top of the tree in terms of leading on this, because we know exactly where we are and what we're doing. So we expect to roll this out in a very comprehensive way through -- from the start of next year.

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

DAVID KERSTENS: Hi. I just had a follow-up question about the U.S. market, please. Do you see any impact on your organic growth in the Fourth Quarter from the current shutdown? And I think there's also some noise on the

Hudson Tunnel Project that you referenced that might have been canceled. What is the impact on that? I understand it's a multiyear project, five years, 10 years. When is your work taking place, please? Thank you.

SIMON CROWE: A quick one on the shutdown from me before I hand over to Alan for the difficult one on Hudson. No, only kidding. No, the impact from the U.S. shutdown is minimal for us. We've got -- we work with states and it's a minimal impact. We've had a look at it and we're not seeing any material impact from that. And obviously, we'll be on it and collect anything that we do when they get back to work, but minimal impact.

ALAN BROOKES: Yeah. And just on the Hudson Tunnel in particular, it is a major project for us, but just to give you the update on that. I think the Gateway has significant financial resources from the states, as well as cash on hand. There was a recent payment in of \$665 million, which is funding this. So we don't see any issues with that.

The Gateway said it intends to respond to the government's request for assurances that the companies there are complying with all Federal laws in terms of hiring and promotion practices. We've already been audited on that and cleared. So we don't see any issues there.

And we expect the administrative review actually to be completed swiftly and not impact the project schedule or interrupt the operations. In fact, the U.S. Department of Transport Secretary, Sean Duffy, clearly stated recently that the administration did not want to

interrupt the Hudson Tunnel Project. So we remain confident on that project.

OPERATOR: Thank you. The next question is from Martijn Den Drijver with ODDO ABN AMRO. Please go ahead.

MARTIJN DEN DRIJVER: Yes. Thank you. Just building on that question on the U.S., I have exactly the same question, but I'm going to expand it a little, because you said most of the projects that we do are not Federally funded, state municipal. But sometimes these municipal projects and state projects do have a Federal funding component. So how confident are you about your backlog? Do you really see this shutdown and the Trump directives lashing out as a temporary issue or should we worry a little bit more?

And the second question that I had, the non-operating cost in this quarter, the EUR7 million, you mentioned that it was related to Australia and the U.K. If my memory serves me right, there were material non-operating costs in Q2 exactly for that same purpose. I thought they were completed. Is that the wrong impression?

ALAN BROOKES: Okay. Martijn, just on the first one then. On the Federal side, our work is at state level. And I think probably what you may be thinking about and we are watching is the shutdown for us, as Simon said, has no material impact.

However, we are conscious and cautious around monitoring any delay there might be in decision-making, for example, because some of the decisions

might come through the Federal Government agencies. So we need to just be careful on that. But at the moment, there's no material shutdown.

In fact, I mentioned in my speech, many of the departments of transportation across the different states are doing very well and we're picking up a lot of work from them. We're finding the states actually very active at the moment and it's good news for us. I would say one of our biggest growth potentials right now is the U.S. market itself. And maybe, Simon, I'll turn to you for the other question.

SIMON CROWE: Yeah. Thank you. Yeah. Look, the non-operating costs mainly in Q2, Q3 relate to redundancy, relate to cost out. If I see, as I do at the moment, more opportunity for cost out, then we'll see some more non-op costs. I'm afraid, that's just how it is.

But we're doing it because we believe it's the right thing to do for the business. It will make the business more efficient and ultimately, we will increase our top-line and reduce our costs. Look, we're moving to the GEC. That takes time and it takes effort, and we'll have to do the right thing. So you may see some more coming through in non-operating. And as I complete my review of the business, that's what we'll see.

OPERATOR: Thank you. Ladies and gentlemen, with this question, we conclude our Q&A session. I will now turn the conference over to Mr. Brookes for any closing comments. Thank you.

ALAN BROOKES: Thank you very much. And I just want to thank you all for your questions today, so we can drive into the clarity of the performance of Arcadis. We believe we delivered a solid performance this quarter, reaffirming the strength of our business, because we've managed both modest growth, we've been continuing our investment and we've actually really focused on doubling down on our growth markets there.

I want to close today by reiterating our confidence and continued focus on consistent execution of our strategy to accelerate profitable growth, supported by improving growth trends that we see, a growing backlog and pipeline of opportunity, and we will continue to expand our margin. Thank you all very much for joining us.