Maximizing Impact

Arcadis Capital Markets Day

19 November 2020
Disclaimer

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The forward-looking statements are based upon our current expectations, plans, estimates, assumptions and beliefs that involve numerous risks and uncertainties. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control. Although we believe that the expectations reflected in such forward-looking statements are based on reasonable assumptions, our actual results and performance could differ materially from those set forth in the forward-looking statements.
Agenda

1. Arcadis at a glance
   Peter Oosterveer

2. Strategic progress 2017-2020
   Peter Oosterveer

3. Mega trends and Market impacts
   Mary Ann Hopkins

4. Strategy 2021-2023: Maximizing Impact
   Peter Oosterveer

5. Sustainability & Digital Leadership
   Stephan Ritter

6. Strategy in action: Business Areas
   Alan Brookes

7. Financial framework and Capital Allocation
   Virginie Duperat

8. Wrap-up
   Peter Oosterveer

Break
10 minutes
Our world has changed… but we continued to deliver.

Continued strong focus on our clients and Health & Safety.

Agility and digital skillset allowed rapid adjustment.

Client focus and culture of care created resilience.

90% of our people working from home.
Arcadis at a glance

Peter Oosterveer | Chief Executive Officer
Arcadis at a glance – well diversified

- Fourth largest Design/Engineering & Consulting firm
- €600+ billion market annually (excl. Construction)
- Services provided during all phases of asset creation

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**Geographies**
- 9% Callison RTKL
- 44% Europe & Middle East
- 14% Asia Pacific
- 33% Americas

**Businesses**
- 12% Water
- 40% Buildings
- 24% Environment
- 24% Infrastructure

**Clients**
- 20% Regulated
- 55% Private industrial
- 25% Public
- 25% Program, project & cost management

**Services**
- 33% Design & engineering
- 34% Program, project & cost management
- 25% Consultancy
- 8% Architectural design

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- Gross Revenues: €3.5 bn
- People Globally: ~28,000
- Projects Annually: 35,000+

In our industry
Sustainalytics
ESG Risk Rating score
Our solutions are delivered cross sector

**Infrastructure** (24% net revenues)
- Airport Solutions
- Highways and Intelligent Transport Systems
- Ports and Industrial Infrastructure
- Rail and Urban Transport
- Mining

**Water** (12% net revenues)
- Water Management
- Water for Industry
- Water Conveyance
- Water Supply and Treatment

**Environment** (24% net revenues)
- Environmental construction Services
- Strategic Environmental Consulting
- Site Evaluation and Restoration
- Environmental Planning

**Buildings** (40% net revenues)
- Performance Driven Design
- Business Advisory
- Program Management
- Masterplanning and Sustainable Urban Development
- Architecture and Design

Local Expertise, Global Reach

All percentages based on 2019 full year net revenues

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Part 2:

Strategic progress: 2017–2020

Peter Oosterveer | Chief Executive Officer
Creating a Sustainable Future
Through our Strategic Pillars

People & Culture
• People First and be the employer of choice
• Create an environment where all our people can be their best
• Recruit and retain the workforce of the future

Innovation & Growth
• Grow through providing integrated and sustainable solutions for our clients
• Be a digital frontrunner
• Local expertise, global reach

Focus & Performance
• Focus on where we can lead
• Deliver client and project excellence
• Increase use of Global Excellence Centres
Results of “Creating A Sustainable Future”
Strategy 2017–2020

People & Culture*

Voluntary staff turnover
Voluntary staff turnover < Market 9.4%

Staff engagement
Improving annually

Brand
Top 5 Brand Awareness in markets we serve

Clients
Top Quartile performance for Client Experience

Innovation & Growth

Organic Revenue Growth
> GDP growth in our markets | CAGR 2%
Key clients 2x overall growth | CAGR 7%

Innovation
Digital adoption by our people and clients | Revenues using BIM level 2 42%

Sustainability
Revenues relating to Arcadis relevant SDGs 79%

Focus & Performance*

Margin
Operating EBITA: 8.5% -9.5% 8.6%

Net Working Capital and DSO
NWC <17% of gross revenues DSO < 85 days 16.6% 82

Return
Return on Invested Capital >10% 7.5%

Dividend pay-out ratio
30 - 40% of Net Income from Operations 40%**

Leverage
Net Debt / EBITDA: 1.0-2.0 1.2x

* Based on 2020 Q3 YTD results, IFRS 16
** No dividend paid over 2019

Capital Markets Day – November 2020
Created a solid foundation for growth …

…of a more profitable, low risk business delivering predictable performance

**Strengths**
- Legacy issues resolved, performance predictable and balance sheet strengthened
- Strong focus on key businesses, leadership positions in core markets
- Expertise, experience and ESG resume
- Anchored performances enhancements
  - “Make Every Project Count” program
  - Global Excellence Centres
  - Key Clients program

**Opportunities**
- Capitalize on global megatrends in core markets:
  - Urbanization
  - Climate change
  - Digitalization
  - Societal Expectations
- Leverage and scale capabilities for global utilization
- Accelerate Arcadis GEN
- Further benefit from performance enhancements
  - “Make Every Project Count” program
  - Global Excellence Centres
  - Key Clients program
  - “New normal”
Part 3:
Mega trends and Market impacts

Mary Ann Hopkins | Chief Growth Officer
Global Mega Trends Affecting our Markets

Urbanization

Digitalization

Climate Change

Societal Expectations

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Urbanization puts tremendous pressure on city resources, its citizens and the environment.

- 3 million people: Moving to cities every week will live in cities by 2050
- 70% of the world's population
- >60% of the land projected to become urban by 2030 is yet to be built
- $2.1 trillion US unfunded infrastructure gap for both new capacity and upgrades
- Congestion of traffic will increase by ~15% compared to today
- 221 cities with >1 million citizens in China by 2023

70% of the world’s population will live in cities by 2050.

By 2023, 221 cities with over 1 million citizens will exist in China.

Traffic congestion is expected to increase by approximately 15% compared to today.

The US faces a $2.1 trillion unfunded infrastructure gap for both new capacity and upgrades.

3 million people move to cities every week.
Urbanization is driving the need for sustainable and smart solutions across our markets.

The Mobility Market will increasing demand for public transit such as light rail and high-speed rail.

The Water Market in the US needs investments of $632B over the next decade.

The Buildings Market is increasingly relying on smart, inclusive and sustainable practices.

Arcadis is providing program management for the implementation of Advanced Metering Infrastructure (AMI) for the Mesa, Arizona Smart City program, aimed at optimizing utility usage.
Climate Change is severely impacting our way of life.

- Predicted sea level rise and significant loss of coastal areas.
- Increase in average global temperatures and severity of droughts affecting food supply.
- Increased severity of storms and property damage.
- Water scarcity increasing in many parts of the world, while increased inland flooding in others.
Climate Change is a global imperative that requires significant investments by governments and industry.

**Investing in Energy Transition**
>$1T committed in renewable power capacity over the next decade

**Electrifying Fleets**
Bus, logistic, police fleets are being electrified creating demand for charging infrastructure

**Protecting Coastal Communities**
In the US will require $400B in the next 20 years

Arcadis is supporting development of the 2023 update to Louisiana’s Comprehensive Master Plan for a Sustainable Coast.
Digitalization puts services directly in the hands of users and data at the center of business models.

**Technology Companies**
represent 5 of the top 7 Global companies in market cap.

**Retail ecommerce**
sales will increase by >50% towards 2023 requiring distribution centers and efficient transportation.

**Data Center**
demand and supporting green energy solutions is exploding.
Digitalization of clients’ needs is spurring investments in digital services and products.

Icon Water in Australia used the Arcadis GEN Enterprise Decision Analytics Solution to develop an analytics-led approach for maintenance and investment decisions.

Real time asset data collection to enable optimized asset management strategies.

Advanced Analytics of their enterprise data to provide insights.

Enterprise approaches with access anytime/anywhere to their data.
Societal Expectations

Stakeholders are demanding companies and governments to act with integrity and create a resilient, sustainable and inclusive future.

- **European green deal**
  Provides funding for €1T in Sustainable investments in the next decade

- **China’s intent to achieve carbon neutrality by 2060**
  Creates the world’s biggest market for low carbon technology

- **European sustainable funds**
  Grew with 58% to €670B of assets (2019)

- **World Economic Forum**
  Released set of Stakeholder Capitalism Metrics to align companies’ ESG reporting

- **Amazon**
  Donated $27M to organizations supporting social justice and equality
Societal expectations will fuel the ESG agenda of governments and businesses and drive investments in the Environmental and Sustainability markets.
Strategy 2021–2023: Maximizing Impact

Peter Oosterveer | Chief Executive Officer
Foundation of new strategy: building on our strengths

Mega trends will drive client’s demands toward the full strength of Arcadis’ resume and services
Maximizing Impact: Accelerate ability to meet increasing demand
Impact through Sustainable Solutions

• Provide as integral part of all solutions to clients
• Leveraging global wealth of expertise and skills
• Creating resilient and effective assets
• Maximizing the passion of all Arcadians
Impact through Sustainable Solutions

- Provide as integral part of all solutions to clients
- Leveraging global wealth of expertise and skills
- Creating resilient and effective assets
- Maximizing the passion of all Arcadians

Impact through Digital Leadership

- Provide products and services, building on Arcadis Gen
- Leveraging and expanding digital platforms and capabilities
- Continuing with selected investments in capabilities
- Enabling all Arcadians to further upskill and deliver digitalized services

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Capital Markets Day – November 2020
Impact through Sustainable Solutions

• Provide as Integral part of all solutions to clients
• Leveraging global wealth of expertise and skills
• Creating resilient and effective assets
• Maximizing the passion of all Arcadians

Impact through Focus & Scale

• Provide expertise where we have a right to play and an opportunity to win
• Leveraging the global scale of asset knowledge
• Focusing on three global business areas
  1. Resilience
  2. Places
  3. Mobility
• Integrating and maximizing Global Excellence Centers

Impact through Digital Leadership

• Provide products and services, building on Arcadis Gen
• Leveraging and expanding digital platforms and capabilities
• Continuing with selected investments in capabilities
• Enabling all Arcadians to further upskill and deliver digitalized services
Accelerate strategy to maximize impact
Maximizing Impact for all stakeholders

Clients
Expectation
Certainty of sustainable, resilient and effective solutions

Society
Expectation
Necessity to help solve major societal challenges

People
Expectation
Variety of exciting, sustainable and impactful projects

Shareholders
Expectation
Delivery of predictable and profitable growth

Expectations of all
An organization with a strong purpose, valuing people and enabling personal development
Addressing climate change, supporting urbanization and solving inequality
Improving quality of life and making the world a better place
Leveraging global experiences and acting in a socially responsible manner, showing the way in ESG advocacy and leadership
Delivering sustainable and human centric solutions in an effective and digitalized way
Break

10 minutes
**Sustainability creates value across stakeholders**

**Shifting client and end user expectations**

Client requirements to drive ESG in value chain present opportunities for Arcadis to lead

“To us, sustainable returns are at least equally important as financial returns. They go hand in hand, you cannot have one without the other.”

Chief Sustainability Officer of one of our Chemical & Life Science clients

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**Investors increasingly demand ESG progress**

Global sustainability & ESG investment tops $30T, up 68% from 2014 and tenfold from 2004

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APG

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**People choosing sustainable companies**

A purpose-driven organization drives loyalty and reduces turnover by 25-50%

“At the root of sustainability is equal opportunities for all, so that we protect the planet and its resources for future generations.”

Arcadian Rachel Barratt, Senior Consultant UK & Ireland

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1) Global Sustainable Investment Alliance, 2018

2) Deloitte
Our DNA is built on sustainability

In our **roots**
Founded in 1888 as the Association for Wasteland Redevelopment.

In our **logo**
The fire salamander requires a balance between clean water, healthy air and clean soil to survive.

In our **name**
“Arcadis” is derived from Arcadia: the finest place on earth to live.

Our **purpose**

- 2010 Partnership
- 2014 Membership
- 2018 Sustainability Steering Committee
- 2018 Sustainability in ELT remuneration
- 2018 Integrated sustainability in financing schemes
- 2019 79% of revenues linked to selected SDGs
- 2019 Local sparks community programs
- 2019 Sustainalytics score: 73
- 2020 Sustainalytics score: 78
How we deliver on our purpose

**Business operations**
We embed ESG best practices into our operations, demonstrate continuous improvements and transparently reporting on our performance.

This is our…
*License to operate*

**People & Communities**
We cultivate a workforce that is diverse, inclusive, and empowered to create a more sustainable world, improving quality of life in communities so that all people can thrive.

This is our…
*Responsible engagement*

**Client Solutions**
We provide solutions that address our clients’ greatest challenges and deliver sustainable outcomes that positively impact people, planet, and prosperity.

This is how…
*We differentiate*
Sustainable business operations

**Lead in ESG rankings**

#1 in industry
ESG Risk rating score: 17.9 “Leader”

**ecovadis**
In top 5% in industry
64 points

**Drive inclusion & engagement**

Ambassador of workplace pride

**Voluntary staff turnover**

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>15%</td>
<td>9%</td>
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</table>

Women in workforce as % of total

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>37%</td>
<td>38%</td>
</tr>
</tbody>
</table>

**Drive emissions reductions**

Carbon footprint\(^1\) (MT CO\(_2\) per FTE)

Down 33% to 2.55 MT
(2014-2019)

**Non-financial targets 2023**

Continue to lead ESG rankings within our industry

**Voluntary staff turnover <10%**

Diversity women in workforce: >40%

People engagement: improving annually

Reduce emissions aligned with a 1.5°C science-based target before 2030

Carbon neutral operations investing in high quality, certified abatement and compensation programs from 2020

\(^1\) For all material scope 1, 2, and 3 emissions

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People & Communities

Active thought leadership contributor since 2014
Executive Committee member since 2019

Empowering our people with Expedition DNA to accelerate sustainable development

Inspiring passion discovery in communities

Promoting conservation, health and resilience in communities

15,434 = 56%
Total No. of participants in Base Camp
Total % of our workforce

10-year partnership, 120 global missions, with participation of 2,200 Arcadians

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Maximizing impact through sustainability-driven solutions

Arcadis holding patent on sustainable soil remediation “TISR”

Fact: 50% reduction in life cycle costs vs. the conventional technologies

Clients
Multiple clients, Global (20+ projects worldwide)

Service
D&E and Project Management

Designing bicycle connections in one of the worlds most congested city

Client
L.A. Dept. of Transportation, US

Service
Consultancy & Digital services

Designing sustainable office for Triodos Bank

Client
Triodos Bank, The Netherlands

Service
D&E and Project Management

Facts:
bio-based, re-used materials, energy neutral, closed water circuit
Part 5:
Sustainability & Digital Leadership

Stephan Ritter | Chief Innovation Officer
Continuing Digital leadership

Building a Technology Platform
We continue to invest in our technology foundation to digitalize our core business and to build digital solutions and products.

Rethink the way we work
We develop and engage our people and partners to innovate towards end users and clients needs.

Positive disruption
We build scalable Saas products, connecting our asset knowledge with scalable business models.
Building a technology platform to deliver digital solutions & products

**Foundation**
Investing into a common technology platform

- Cloud Services and Hosting
- Common Security standards
- Consistent Enterprise and Data Architecture

**Acceleration**
Enables Standardization and Automation
… to capture, connect and store data to accelerate scalability

**Differentiation**

Deliver Digital Solutions
- Improved client experience
- Digitized Service Delivery
- Margin enhancement

Deliver Scalable Products
- Digital product as self-service (Arcadis GEN)
- Recurring and scalable revenue
- Evolving our business model

- Digital Twins
- Standard Tools & Data Pools
- Connected Data
- Enterprise Asset Management
- Applied Insights
- Invest Smart
- Enterprise Decision Analytics
Rethinking the way we work

Growing our People

• Creating a common framework and language, so all our people can proactively contribute
• People engagement: Expedition DNA. Voluntary participation rate: 56%

Innovation

• Focus on three lenses: Desirability, Viability, Feasibility
• Co-creation with clients and ecosystems partners (20 start-ups with Techstars)
• Innovation framework (400+ internal ideas captured to date)

Increasing efficiency and productivity

• Standardize core services and functions
• Global Excellence Centres leading
• (Re) Use data for improved client solutions
Positive disruption

- Act as a catalyst and accelerate dual transformation
- Develop new business models faster and scale globally
- Position us closer to technology and start-up ecosystems
- Harness a common platform to deliver standardized products
- Drive differentiated client and shareholder value
- Recurring and scalable revenue

Products:

- Applied Insight
  - Optimizing investments to meet constraints arising from COVID-19
    - UK Water Utility client

- Invest Smart
  - Smart investment decisions in new property portfolios, ensuring high-quality due diligence work
    - European Financial Institution

- Enterprise Decision Analytics
  - Ensuring high quality, low-cost drinking water for 4.3M customers
    - Severn Trent Water

- Enterprise Asset Management
  - 40% cost savings to reinvest in to improved rail service
    - US Rail client

Bold, disruptive, agile = accelerated growth

Connecting asset knowledge and client network with scalable business models
Strategy in action: Business Areas

Alan Brookes | Chief Operating Officer
Business areas at a glance

Resilience
Protecting our environment and water resources and powering our world for future generations

Key solutions
- Climate resilience
- Energy transition
- Water optimization
- Environmental Restoration
- Sustainable Operations
- Enviro-social Permitting

41% of Net Revenues 10,000 FTE Clients: 50% Public 50% Private

Places
Creating and managing sustainable places where people live, work and thrive

Key solutions
- Design & Engineering and Project & Cost Management
- Sustainable Asset Management
- New technologies
- Net zero industries & communities

37% of Net Revenues 11,000 FTE Clients: 35% Public 65% Private

Mobility
Developing sustainable and innovative solutions to transform the way we move around and between our cities

Key solutions
- Design & Engineering and Project & Cost Management
- Sustainable Asset Management
- Mobility management
- New Technologies

22% of Net Revenues 7,000 FTE Clients: 55% Public 45% Private

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Our global expertise

Total Net Revenues: EUR 2.6BN

Size of pie charts representable for 2019 Net Revenues
Impact through Resilience

The capacity to prepare and respond to change in the environment, technology and society.

A unified, global approach allows us to better address challenges – across climate, water, energy, regulatory requirements, and other environmental matters:

Resilience from planning to design, program management, and operational performance.
Resilience
creating value through…

<table>
<thead>
<tr>
<th>Trends</th>
<th>Clients needs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Climate Change</td>
<td>Safe, reliable and sustainable energy</td>
</tr>
<tr>
<td>Societal Expectations</td>
<td>Restore natural assets and remove emerging contaminants (e.g. PFAS)</td>
</tr>
<tr>
<td>Urbanization</td>
<td>Water management of clean and reliable water supplies</td>
</tr>
</tbody>
</table>

Strategic priorities

- Energy transition in the EU and UK
- Leverage US remediation expertise to grow Europe, UK, and Asia business
- Digitally-enabled water supply

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Doubling-down on the Energy transition

Developing a strategy and implementation program to transition Amsterdam from natural gas to renewables by 2040.

Client: City of Amsterdam, Netherlands
Services: Consultancy
Leverage our remediation expertise globally

Airport PFAS remediation. Cleaning sewer system and surface water after PFAS contamination from firefighting substrate.

Client: Confidential, Brisbane, Australia

Services: Consultancy
Deliver digitally-enabled safe water supply

Support water district to optimize reliability and energy management.

Client:
Tarrant Regional Water Group, Texas, U.S.

Services:
Consultancy / Program, project & cost management
Impact through Places

Places are spaces or townscapes which people use or occupy.

They include facilities people live and work in, such as residential, schools, hospitals, data centres and distribution depots, and transportation hubs such as rail and bus station buildings.
Places creating value through…

**Trends**

**Climate Change**
Buildings generate up to 40% of annual global GHG emissions

**Clients needs**
Creation and operation of spaces which comply with and surpass regulations

**Digitalization**
The smart buildings global market grows 4x faster (12% CAGR) than industry standard

**Clients needs**
Flexible and efficient places, designed and delivered in an digital manner

**Urbanization**
Population growth creates higher demands on the places we live, work, and play in

**Clients needs**
Reduced life cycle cost for highly productive new and existing assets

**Strategic priorities**

**Program management:** reducing carbon over the life cycle

**Smart building asset management**
to improve delivery, efficiency and client experience

**Scale and/or repurpose existing assets and optimize life cycle cost**
Reduce waste and improve energy efficiency over the life cycle

Developed strategies to reduce construction waste by 75% and applied sustainable energy sources to improve efficiency.

Client: SRE Group, San Francisco, U.S.
Services: Consultancy / Digital products & services
Deployed integrated real-time data platform and provided services to support large scale refurbishment program.

Client: Costa Coffee

Services: Digital products & services / Program, project & cost management
Digitalize existing assets to optimize lifecycle cost

Applied life cycle analysis and modelling to optimize asset management, reduce cost and improve end user experience.

Client: University of Manchester, UK

Services: Digital products & services / Consultancy
Impact through Mobility

Mobility seeks to design, realize and manage assets that optimize the mobility of people and goods (e.g. roads, heavy & light rail, airports and ports)
## Mobility focus; creating value through…

<table>
<thead>
<tr>
<th>Trends</th>
<th>Clients needs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Climate Change</strong></td>
<td>Extreme weather conditions require different and complex mobility needs</td>
</tr>
<tr>
<td></td>
<td>Efficient and fast delivery of complex mobility assets through use of technology</td>
</tr>
<tr>
<td><strong>Digitalization</strong></td>
<td>Urbanisation will require optimized and energy efficient public transport</td>
</tr>
<tr>
<td></td>
<td>Asset life cycle cost optimization and smart upgrade investments</td>
</tr>
<tr>
<td><strong>Urbanization</strong></td>
<td>Traffic congestion will increase dramatically in urban areas</td>
</tr>
<tr>
<td></td>
<td>Mobility solutions reducing congestion and lowering carbon footprint</td>
</tr>
</tbody>
</table>

### Strategic priorities

- **Efficient delivery through standardizing & automating our design and engineering**
- **Deliver predictive asset management solutions to improve safety, sustainability and compliance**
- **Focus on sustainable mobility technologies & Mobility as a Service**

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Capital Markets Day – November 2020
Efficient delivery through standardizing & automating our design and engineering

Help Georgia to reduce congestion, cut commute times and improve safety.

Client: Georgia Department of Transportation

Services: Design & Engineering / Digital products & services
Improve availability, safety and sustainability of assets

Deployed our asset and safety management solution for all nine London Underground lines and London Tramlink to optimize asset management.

Client: Transport for London, London, UK
Services: Consultancy / Digital products & services
First MaaS (Mobility as a Service) app of the Netherlands: shared mobility services to reduce congestion in Amsterdam business area.

Services:
Digital products & services

Provide sustainable mobility technologies and service
Summary

Global Business Areas: accelerated ability to address client needs resulting from megatrends

Benefits Global Business Areas for...

Clients
• Optimum access to global skills, capabilities and experience
• Delivery of best-in-class solutions
• Efficient service and product delivery

Arcadis
• More focused delivery where we have a right to play and an opportunity to win
• Increased opportunity to standardize, automate and digitalize
• Performance improvement which will be supplemental to Operational Efficiencies institutionalized in previous strategy cycle

Operation efficiencies will continue to provide upside potential:
• “Make Every Project Count” program
• Global Excellence Centers and Key Client program
• “New normal”

We can focus where we are strong

Addressing the opportunities for profitable growth
Part 7:

Financial Framework and Capital Allocation

Virginie Duperat | Chief Financial Officer
Creating a sustainable future: 2017–2020

Improved performance resulting from strategic priorities

Net Revenues and organic growth
€ millions, %

- 2017: 2,437
- 2018: 2,440
- 2019: 2,577
- Q3’20 YtD: 1,890

Operating EBITA (margin)
€ millions, %

- 2017: 186
- 2018: 177
- 2019 IFRS 16: 213
- Q3’20 YtD: 163

Days Sales Outstanding and Net Working Capital
days and %

- 2017: 88
- 2018: 80
- 2019: 88
- Q3’20 YtD: 82

- 1%
- 3%
- 3%
- -1%

- 7.6%
- 7.3%
- 8.2%
- 8.6%

- 16.9%
- 15.1%
- 16.6%
- 16.6%

- • Solid client demand in key end-markets
- • Successful key clients program
- • More digital solutions

- • “Make Every Project Count”
- • Better use of Global Excellence Centers
- • Addressed underperforming businesses

- • “Make Every Project Count”
- • Changed incentives including cash flow
- • Collection of overdue receivables
Creating a sustainable future: 2017–2020

Cash generation used to strengthen the balance sheet

Cash flow from operations
€ millions

<table>
<thead>
<tr>
<th>Year</th>
<th>Free cash flow</th>
<th>Capex</th>
<th>Total</th>
<th>Q3'20 YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>53</td>
<td>151</td>
<td>98</td>
<td>151</td>
</tr>
<tr>
<td>2018</td>
<td>65</td>
<td>149</td>
<td>149</td>
<td>214</td>
</tr>
<tr>
<td>2019</td>
<td>46</td>
<td>143</td>
<td>97</td>
<td>223</td>
</tr>
<tr>
<td>Q3'20 YTD</td>
<td>23</td>
<td></td>
<td></td>
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</tbody>
</table>

Usage of cash
€ millions

<table>
<thead>
<tr>
<th>Year</th>
<th>Dividend and Share buy back</th>
<th>ALEN</th>
<th>M&amp;A</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>15</td>
<td>18</td>
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<td>31</td>
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<tr>
<td>2018</td>
<td>30</td>
<td>55</td>
<td></td>
<td>85</td>
</tr>
<tr>
<td>2019</td>
<td>29</td>
<td>56</td>
<td></td>
<td>84</td>
</tr>
<tr>
<td>Q3'20 YTD</td>
<td>18</td>
<td>65</td>
<td></td>
<td>84</td>
</tr>
</tbody>
</table>

Net debt and Net debt / EBITDA *
€ millions

<table>
<thead>
<tr>
<th>Year</th>
<th>Net debt</th>
<th>Net debt / EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>416</td>
<td>2.3</td>
</tr>
<tr>
<td>2018</td>
<td>342</td>
<td>2.0</td>
</tr>
<tr>
<td>2019</td>
<td>310</td>
<td>1.4</td>
</tr>
<tr>
<td>Q3'20 YTD</td>
<td>195</td>
<td>1.2</td>
</tr>
</tbody>
</table>

- Focus on cash flow paid off
- Strict capex control (Covid-19)
- Divestments & small acquisitions
- Substantial cash was used for ALEN
- Cash used to strengthen balance sheet
- Achieved a robust capital structure

* Net debt/EBITDA based on IAS 17 excluding leases
Operating EBITA margin (%)

**Margin increase driven by growth and further performance enhancements**

**Organic growth:**
- Growing client demand end markets
- Continue successful key client program
- Enhance value proposition with sustainable solutions, globally leveraged and more digitized

**Operational efficiencies:**
- Achieve full speed return from “Make Every Project Count” program and benefit from geographic footprint refocus
- Further increase GEC utilization and use this capability to streamline work processes and quality across the organisation
- Simplify organization and embed structural cost savings (“new normal”):
  - Deliver 30% office cost reduction by 2023
  - Achieve carbon neutrality commitment
Continued focus on efficient working capital management and cash flow

**Revenue**
- Growing client demand end markets
- Continue successful key client program
- Focus and scale expertise

**Margins**
- Sustainable solutions, globally leveraged and more digitized
- Improving GEC utilization and improve project delivery “Make Every Project Count”
- Simplify organization and embedding structural cost savings (“new normal”)

**Cash**
- Progress “Make Every Project Count” program
- Improved commercial skills
- Strategic choices for key markets and clients

**Organic Revenue Growth**
- Mid-single digit

**Operating EBITA Margin**
- >10%

**Days sales outstanding**
- <75 days

**Net Working Capital**
- <15%

**Return on net working capital**
- 40-50%

**Sustainable cash generation**
Maximizing Impact: 2021–2023

... with a clear vision on allocating our capital

**Organic growth**

- Increased investment in digital
- Continue to invest in the Arcadis Way
- New ways of working

**M&A**

- Expand our global footprint aligned to our strategic priorities
- Strengthen our position as digital frontrunner

**Return to shareholders**

- Share buy back to avoid dilution
- Additional returns when appropriate
- Net debt/EBITDA* between 1 and 2

---

**Capabilities and investments in digital**
€40-60 million per annum

**Bolt-on to medium size acquisitions**
depending on opportunity

**Dividend**
Pay out ratio 30-40%

---

*Sustainable value creation

*Net debt/EBITDA based on IAS 17 excluding leases
Wrap up

Peter Oosterveer | Chief Executive Officer
### Maximizing Impact: Strategy 2021-2023

#### Financial targets

<table>
<thead>
<tr>
<th>Metric</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Organic Net Revenue Growth</strong></td>
<td>Mid-single digit</td>
</tr>
<tr>
<td><strong>Margin</strong></td>
<td>Operating EBITA margin &gt;10%</td>
</tr>
<tr>
<td><strong>Net Working Capital &amp; DSO</strong></td>
<td>NWC &lt;15% of gross revenues</td>
</tr>
<tr>
<td><strong>Return on Net Working Capital</strong></td>
<td>Operating EBITA / Net Working Capital: 40-50%</td>
</tr>
</tbody>
</table>
| **Return to shareholders**            | • Dividend: 30-40% of Net Income from Operations  
• no dilution                     
• Additional returns when appropriate  
• Net debt/EBITDA between 1.0 and 2.0 |

#### Non-financial targets

<table>
<thead>
<tr>
<th>Metric</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Voluntary staff turnover</strong></td>
<td>&lt; 10%</td>
</tr>
<tr>
<td><strong>Staff engagement</strong></td>
<td>Improving annually</td>
</tr>
<tr>
<td><strong>Brand</strong></td>
<td>Top 3 Brand Strength Index</td>
</tr>
<tr>
<td><strong>Diversity</strong></td>
<td>Women in workforce &gt;40%</td>
</tr>
</tbody>
</table>
| **Carbon footprint**                  | • 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 |
Maximizing Impact

1. We created a strong foundation and delivered on commitments
2. Megatrends drive increased Client demands
3. Accelerate our ability to meet increasing demands
4. Sustainability is the driver, Digitalization the enabler
5. Talent, focus and institutionalized operational efficiencies created performance
6. Financially strong
Q&A