Next generation thinking, sustainable delivery

2019 Q4 & FY Results

Sustained revenue growth and improved margin

Amsterdam, 13 February 2020

Peter Oosterveer (CEO) & Sarah Kuijlaars (CFO)

Sustained revenue growth and improved margin

- Continued growth on the back of megatrends urbanization, sustainability and digitalization;
  - 3% organic net revenue growth
  - 18% increase in operating EBITA to €209 million, margin improved to 8.1% (2018:7.3%)
- Improvement areas Asia, Middle East and Latin America delivered better results
- Growth investments in sustainable solutions and digital offerings
- People First focus improves voluntary employee turnover

FULL YEAR 2019 RESULTS

On track to achieve strategic targets

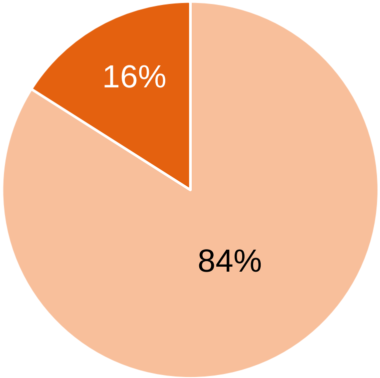
Full year

In € millions [1]	2019	2018	Change
Gross revenues	3,473	3,256	7%
Net Revenues	**2,577**	**2,440**	**6%**
Organic Growth %	**3%**		
EBITDA	235	204	15%
EBITDA margin %	9.1%	8.4%	
Operation EBITA [2]	**209**	**177**	**18%**
Operating EBITA margin %	**8.1%**	**7.3%**	
Free cash flow	97	149	-35%
Net working capital %	16.6%	15.1%	
Net debt	310	342	
Backlog net revenues (bn)	2.0	2.0	2%
Backlog organic growth	0%	-4%	

1) *All figures based on IAS 17*
2) *Excluding acquisition, restructuring and integration-related costs*

Continued growth on the back off mega trends and actions taken

Total Net Revenue



Key Markets
Improvement areas

Key Markets

84% of net revenues

- North America
- Continental Europe
- The UK
- Australia
- CallisonRTKL

Improvement areas

16% of net revenues

- Middle East
- Asia
- Latin America

	Organic NR growth %	Operating EBITA %	DSO
Key Markets	4%	8.7% (8.7%)	79 (67)
Improvement areas	0%	7.1% (1.0%)	148 (163)

Between brackets figures 2018

Continued strong performance in key markets

4%
Organic NR %

8.7%
(8.7%)
Operating EBITA

79
(67)
DSO

North America

- Diligent implementation of growth strategy whilst containing indirect cost
- Further improvement of voluntary employee turnover rate to 9.4%

Continental Europe

- MEPC adherence delivered more predictable performance
- Urbanization, infrastructure, energy transition and climate resiliency strong drivers for further growth

United Kingdom

- Excellent foundation and reputation supported growth and margin improvement during Brexit uncertainty
- Government plans £120bn infrastructure spending

Australia

- Focused execution of strategic plan and optimized use of profit levers created ‘Best in class’ growth, margin and cash conversion
- Continued strong infrastructure pipeline

CallisonRTKL

- New leadership team transforming the business
- Focus on clients, people and improving operating performance

Between brackets figures 2018

Improved results following actions identified last year

Region	Org. NR %	Op. EBITA	DSO
Middle East	-10%	7% (-3%)	200 (265)
Asia	1%	9% (5%)	135 (125)
Latin America	16%	5% (-2%)	99 (120)

Middle East

- Selectivity towards specific services and limited number of countries has paid off
- Working capital exposure reduced

Asia

- Leadership changes and simplification of organizational structure created significant margin improvement and first organic growth in 4 years
- Exited from Taiwan, Indonesia, Korea and abandoned D&E services in China

Latin America

- Leadership changes and organizational adjustments created ‘fit for purpose’ operation
- Excellent performance in Environment and turnaround in Infrastructure

Between brackets figures 2018

PFAS: innovation in remediation

PFAS are one of the world's biggest emerging contaminants endangering humans & the environment

Global partnerships

evocra WATER SOLUTIONS:EVOLVED

ABS Materials

- Multi-billion global market potential
- Arcadis addressable market; €500+ million gross revenues annually
- Arcadis has significant expertise for >15 years, with projects at >400 client sites in 12 countries
- Arcadis' global, comprehensive PFAS services:
  - Strategic environmental consultancy
  - Assessment and remediation
- Arcadis approach;
  - PFAS global expertise center clients' point of contact
  - Continued training and development programs

Arcadis Gen: digitally connect our clients with their built & natural assets

ARCADIS gen

- Sectors: Rail, Highways, Water, Energy, Aviation
- Footprint: UK, Europe, Australia, North America, Asia
- 200 FTE

Recent wins

Transport for London

Improve frequency and reliability of services to accommodate London's rapidly growing population

AMTRAK

Ensure safe and reliable mobility for 33 million passengers

- **Digitally focused, global entity, to accelerate Arcadis' digital transformation and propositions to clients**
- **Scalable digital products and solutions:**
  - **Enterprise Asset Management**
  - **Asset Performance Management**
  - **Asset investment Planning**
  - **And... rapidly developing digital products**
- **Brings together asset knowledge and advanced analytics capabilities**

A 130-year heritage of sustainability-focused outcomes to clients

SUSTAINALYTICS — Score from 70 to 73

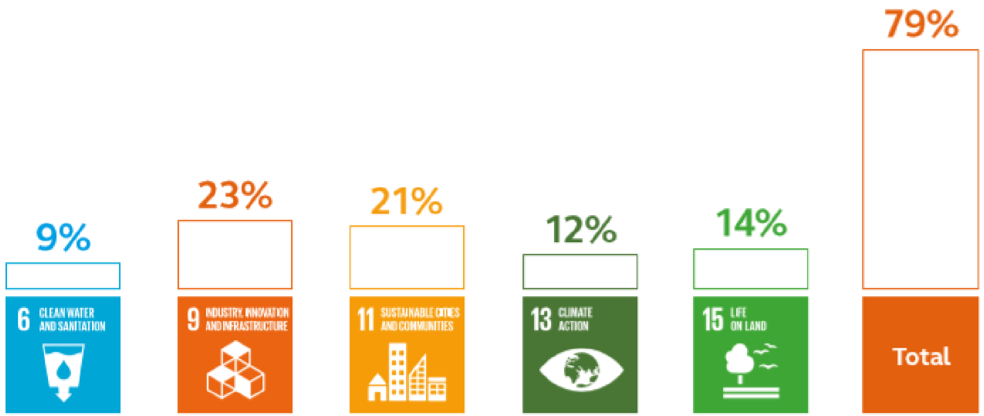
Reduced carbon footprint by 30% from our 2014 benchmark

UN-HABITAT Shelter — Celebrating 10-year collaboration

OVER MORGEN — Acquisition in urban planning & energy transition

wbcsd — Peter Oosterveer member Executive Committee

- Within the Arcadis project related activities, our contributions focus around five SDGs
- 79% of our net revenues have a positive contribution to the 5 SDGs relevant for Arcadis



IJMUIDEN, THE NETHERLANDS
“IJMUIDEN VER”

Support in producing 4,000 Mega-watt renewable energy

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

11 SUSTAINABLE CITIES AND COMMUNITIES

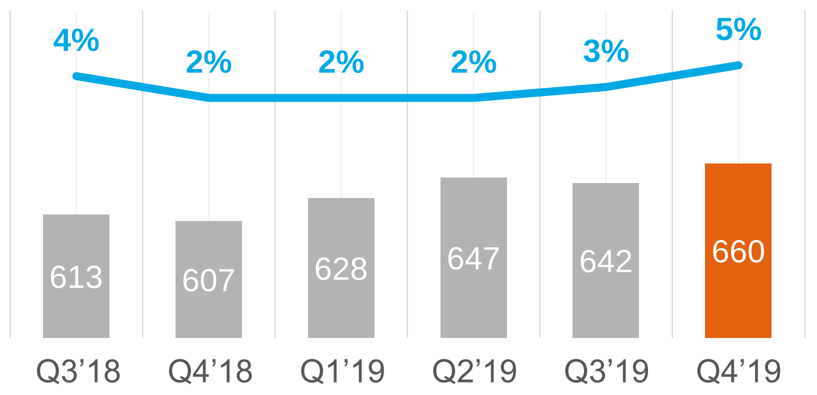
15 LIFE ON LAND

13 CLIMATE ACTION

Sustained revenue growth and operating margin improvement

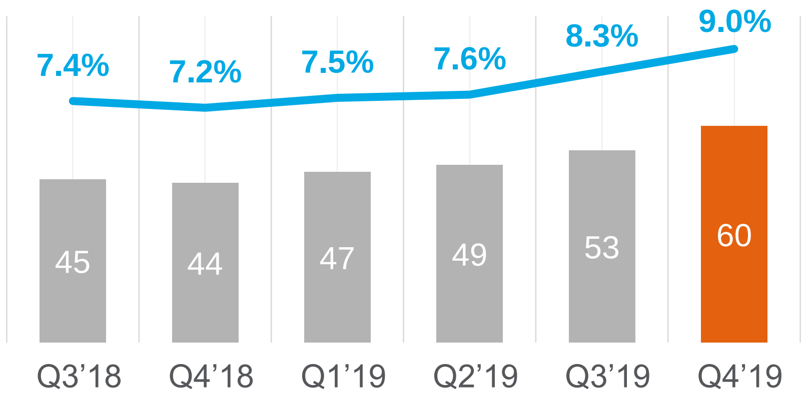
Net Revenues and organic growth 1)

€ millions, %



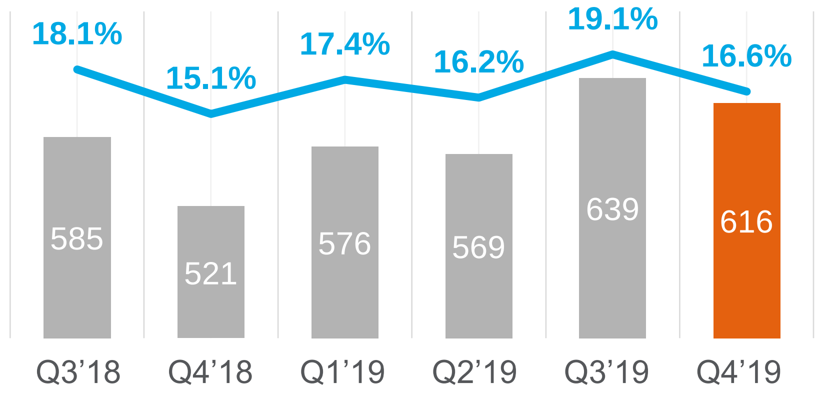
Operating EBITA (margin) 1)

€ millions, %



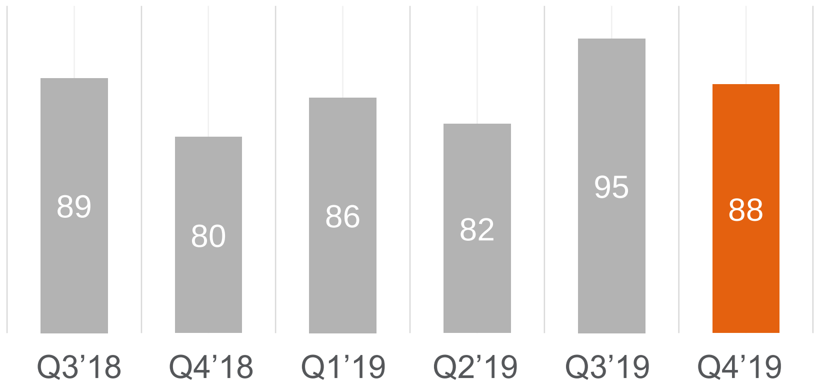
Net Working Capital

%



Days Sales Outstanding

Days



1) *All figures based on IAS 17*

Increase in Net Income from Operations and Dividend

Full year

In € millions [1]	2019	2018	Change
EBITDA	**235**	**204**	15%
Depreciation	-46	-43	8%
EBITA	**189**	**162**	17%
Amortization & impairment	-17	-63	-74%
EBIT	**172**	**98**	75%
Net finance expense	-30	-27	10%
Taxes on income	-41	-30	35%
Normalized income tax rate [2]	27%	27%	
Expected credit loss on shareholder loans and corporate guarantees	-82	-54	
Minority interest	-3	-1	168%
Net income	**18**	**-27**	
Net income from operations [3]	**125**	**88**	43%
EPS [4]	0.20	-0.31	
EPS from operations [4]	1.42	1.01	41%
Dividend (proposal) per share (€)	0.56	0.47	19%

1) *All figures based on IAS 17*
2) *Excluding Expected Credit Loss relating to ALEN and goodwill impairment (2018)*
3) *Corrected for non-recurring items (e.g. acquisition & restructuring costs, expected credit loss and impairment)*
4) *Average number of shares 2019: 88.4 million (2018: 87.1 million)*

Cash flow held back by Oracle implementation in the U.S.

Full year

In € millions [1]	2019	2018
EBITDA	**235**	**204**
Changes in net working capital	-85	31
Changes in other working capital	36	38
Tax paid	-34	-35
Net interest paid	-25	-22
Other	16	-2
Cash flow from operations activities	**143**	**214**
Capital Expenditures	-46	-65
Free cash flow	**97**	**149**

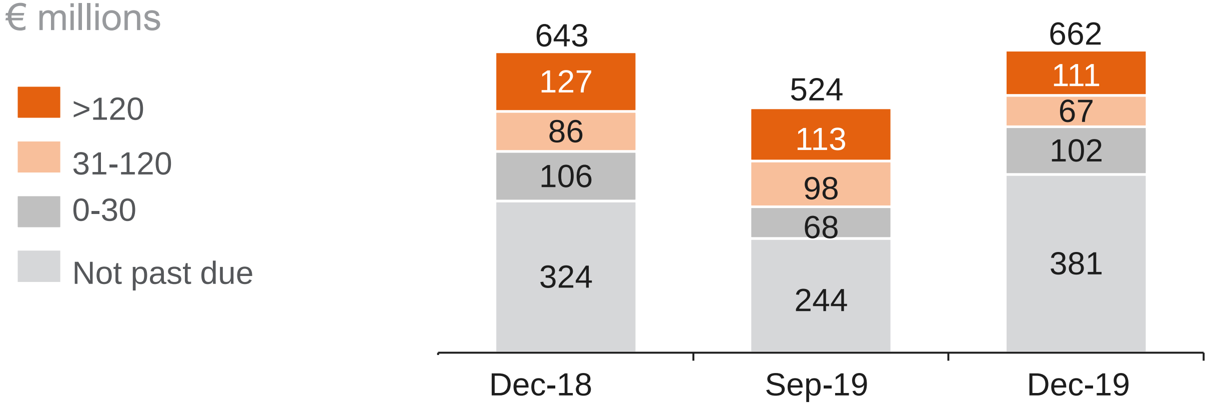
- Return to normalized working capital levels after Oracle implementation U.S. takes more time than earlier anticipated
- NWC impacted by 8% gross revenue growth in Q4’19
- Other NWC driven by higher accruals for employee benefits
- Other includes €10 million ALEN orderly wind down
- Capex control led to 30% reduction

1) *All figures based on IAS 17*

Return to normalized working capital levels in due course

€ millions	Dec-18	% of GR*	Sep-19	% of GR*	Dec-19	% of GR*
Gross receivables	**643**		**524**		**662**	
Provisions	-61		-58		-60	
Provisions %	10%		11%		9%	
Trade receivables	**582**	*17%*	**465**	*14%*	**602**	*16%*
Unbilled receivables	464	*13%*	690	*21%*	600	*16%*
Billing in excess of costs	-290	*-8%*	-283	*-8%*	-305	*-8%*
Net Work in Progress	174	*5%*	406	*12%*	294	*8%*
Accounts Payables	-236	*-7%*	-232	*-7%*	-280	*-7%*
Net Working Capital (%)	**521**	**15.1%**	**639**	**19.1%**	**616**	**16.6%**

Ageing of gross receivables
€ millions



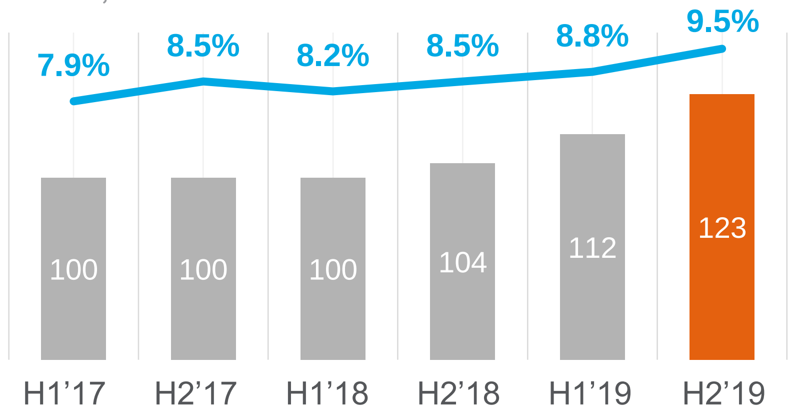
- Progress made in Q4 in North America:
  - Trade receivables normalized
  - Unbilled receivables significantly reduced
  - Monthly billing rate higher than gross revenue
- Working capital and cash collection remains top priority
- Ageing > 31 days overdue improved year-on-year by 16% or €35 million

** Based on annualized Q4 2019 Gross Revenues*

Continued strengthening of the balance sheet

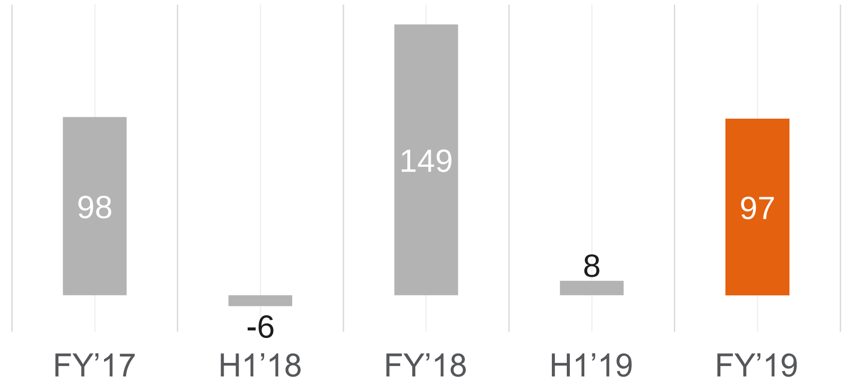
EBITDA Margin 1)

€ millions, %



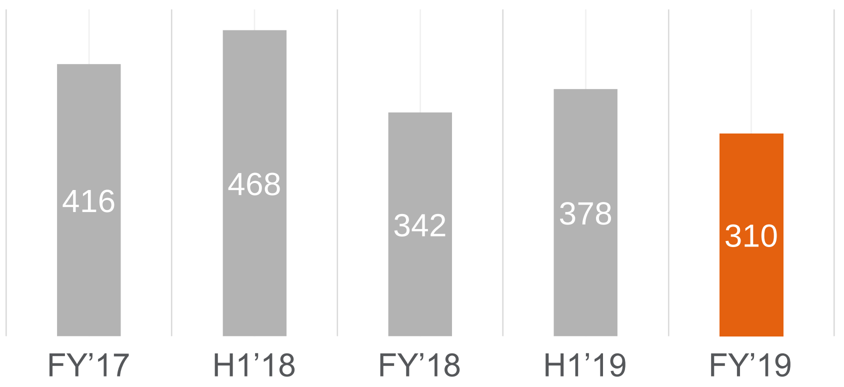
Free Cash Flow 1)

€ millions



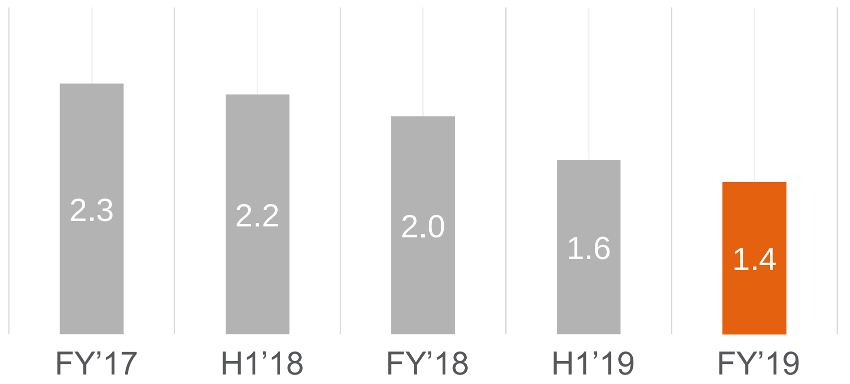
Net Debt 1)

€ millions



Average net debt / EBITDA 1)

Calculated using bank covenant methodology



1) *All figures based on IAS 17*

FULL YEAR 2019 RESULTS

Americas: best results since 2015

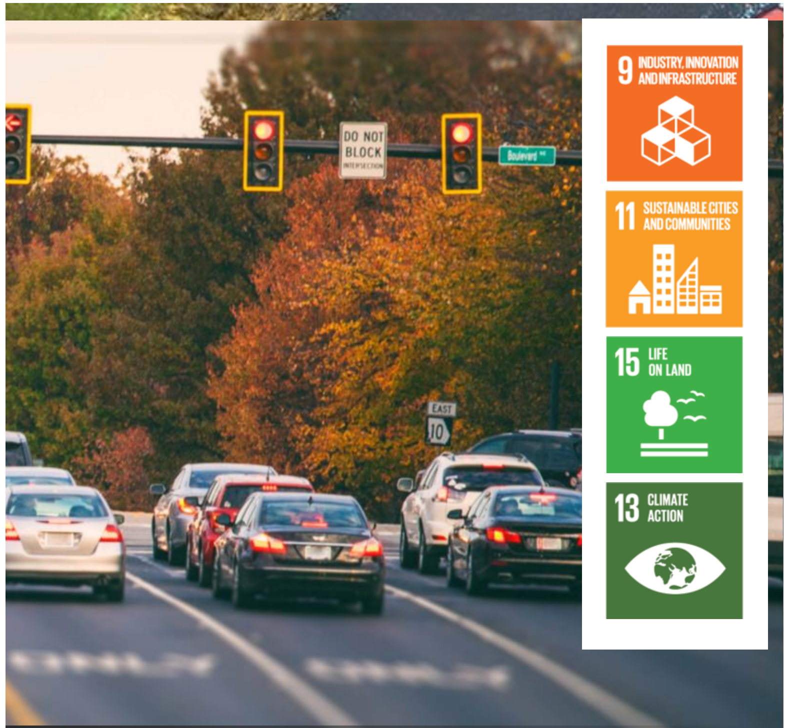
Full year 1)

33% of net revenues	2019	2018	change
Gross revenues	1,394	1,186	18%
Net Revenues	860	755	14%
Organic Growth %	**9%**		
Operating EBITA	70.5	54.9	28%
Operating EBITA margin	**8.2%**	**7.3%**	

Fourth quarter

	2019	2018	change
Gross revenues	390	334	17%
Net Revenues	219	199	10%
Organic Growth %	**7%**		

- North America improved performance driven by all business lines
  - 8% organic growth, operating margin improved to 9.2%
  - Strong market reflected in backlog and pipeline
  - Voluntary turnover rate further improved to 9.4% (2018: 9.9%)
- 16% organic growth in Latin America, operating margin 5.3% (2018: -1.8%)



GEORGIA, USA

Reduce congestion & commute times, and improve safety through digital solutions

1) *All figures based on IAS 17*

Europe & Middle East: strong fourth quarter in all regions

Full year [1)]

44% of net revenues	2019	2018	change
Gross revenues	1,390	1,392	0%
Net Revenues	1,145	1,133	1%
Organic Growth %	**1%**		
Operating EBITA	87.0	77.4	12%
Operating EBITA margin	**7.6%**	**6.8%**	

Fourth quarter

	2019	2018	change
Gross revenues	369	349	6%
Net Revenues	294	267	10%
Organic Growth %	**7%**		

- In Continental Europe, private sector demand is strong and government spending on the rise (energy transition). Strong performance in the Netherlands
- Despite Brexit uncertainties, the UK grew revenues and improved margin to 8.8% across activities; backlog increased with 4%
- Our selective approach in the Middle East affected revenue growth but is leading to margin improvement. Organic growth returned in the last quarter

1) *All figures based on IAS 17*

FULL YEAR 2019 RESULTS

Asia Pacific: step change in operating margin

Full year [1)]

14% of net revenues	2019	2018	change
Gross revenues	388	375	3%
Net Revenues	350	331	6%
Organic Growth %	**3%**		
Operating EBITA	34.9	25.4	37%
Operating EBITA margin	**10.0%**	**7.7%**	

Fourth quarter

	2019	2018	change
Gross revenues	98	97	1%
Net Revenues	91	82	11%
Organic Growth %	**9%**		

- Return to revenue growth in Asia of 1% and 3% in the quarter
- Asia operating margin improved to 8.8% as a result of turnaround
- The Coronavirus and the actions taken by the Chinese government will have an impact
- Strong organic growth in Australia of 7% and 21% in the quarter
- Australia operating margin improved to 13.3% on the back of higher billability

SINGAPORE

Improve mobility: 2,000 new charging points for electric car sharing service

1) *All figures based on IAS 17*

FULL YEAR 2019 RESULTS

CallisonRTKL: invest in turnaround

Full year [1)]

9% of net revenues	2019	2018	change
Gross revenues	301	301	0%
Net Revenues	222	220	1%
Organic Growth %	**-5%**		
Operating EBITA	17.0	19.4	-13%
Operating EBITA margin	**7.6%**	**8.8%**	

Fourth quarter

	2019	2018	change
Gross revenues	73	81	-10%
Net Revenues	56	59	-6%
Organic Growth %	**-12%**		

- CallisonRTKL steered through several headwinds in 2019, which impacted financial performance
- New operating model will improve profitability but takes time
- Backlog grew by 3% in the fourth quarter

MADRID, SPAIN

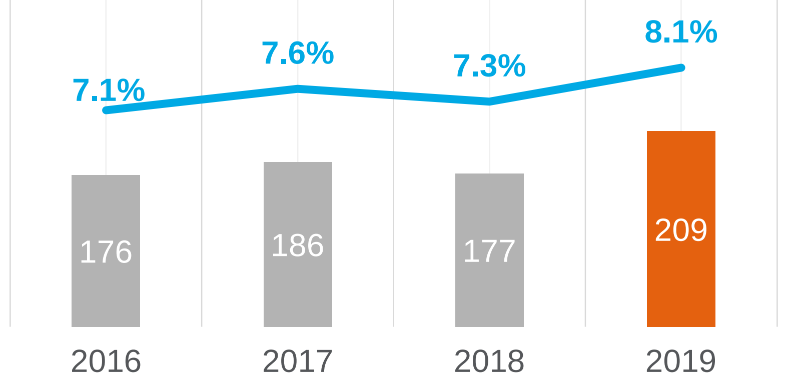
New design of 120-meter “Torre Europa”, reducing emissions by 31%

1) *All figures based on IAS 17*

Margin improvement and balance sheet strengthening

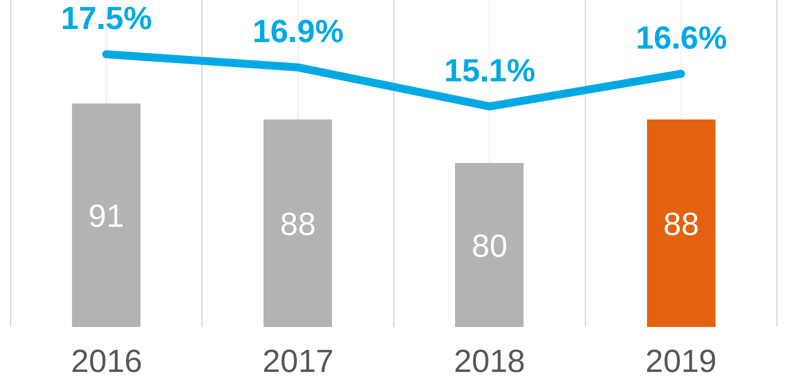
Operating EBITA (margin)

€ millions, %



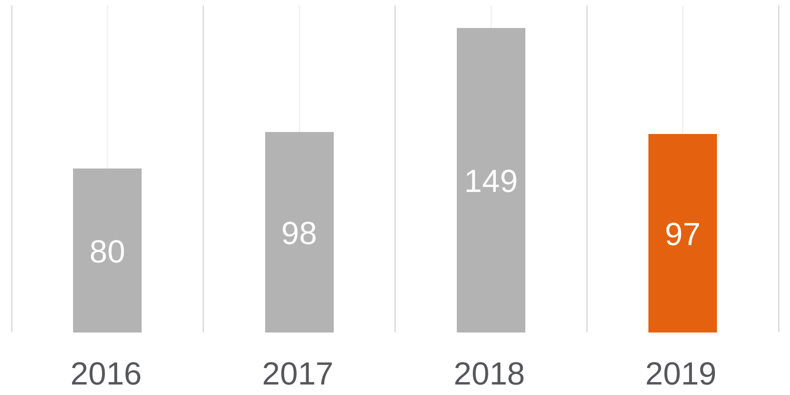
DRO (days) and Net Working Capital %

€ millions, %



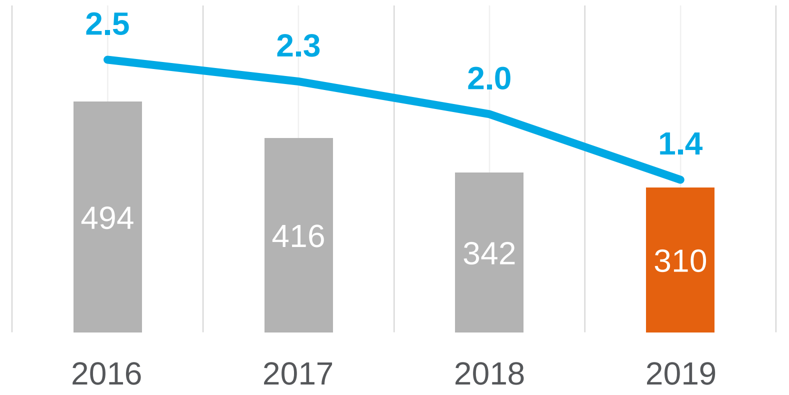
Free Cash Flow

€ millions



Net debt and Net Debt / EBITDA

€ millions



1) *All figures based on IAS 17*

ANTWERP, BELGIUM

Increasing Capacity Port Of Antwerp using 3D visualization

ARCADIS Design & Consultancy for natural and built assets

Delivery on our strategic priorities

Strategic priorities	Proof points 2019
People & Culture	▪ People First resulting in improved voluntary turnover to 13.5% (2018: 15.6%) ▪ Creating a culture with a growth mindset and a disciplined focus on the right clients, predictable project execution resulting in better financial performance
Innovation & Growth	▪ Launch of "Arcadis Gen" focused on developing digital products and services ▪ Growth from Key Clients at 9% ▪ Innovation in remediation
Focus & Performance	▪ Operating EBITA margin improved to 8.1% (2018: 7.3%) ▪ NWC % at 16.6% & DRO 88 days impacted by temporary arrears in North America ▪ Leverage ratio at year-end improved to 1.3 (2018: 1.7)

On track to achieve our targets set for 2020

- Growing market opportunities driven by global trends
  - Urbanization, sustainability, globalization and digitalization
- Our digital agenda creates more opportunities for new business and better returns
- Significant legacy issues have been resolved
- Operating performance is steadily improving
  - Make Every Project Count
  - Key Clients
  - Global Excellence Centers
- Intention to repurchase up to 3 million shares to cover employee incentive plans and stock dividend
- 2020 delivery year for goals set in our “Creating a sustainable future” strategy


ARCADIS
Design & Consultancy
for natural and
built assets
IMPROVING **QUALITY OF LIFE**

IFRS 16 impact

Accounting impact only, no net cash impact

P&L impact 2019 FY	IAS 17	IFRS 16	Delta
Gross revenues	**3,473**	**3,473**	**-**
Net revenues	2,577	2,577	-
EBITDA	**235**	**309**	**74**
EBITDA margin	9.1%	12%	2.9%
Depreciation	**-46**	**-117**	**-71**
EBITA	189	192	3
EBITA margin	**7.3%**	**7.5%**	**0.2%**
Non-operating costs	-20	-20	0
Operating EBITA	**209**	**213**	**4**
Operating EBITA margin	8.1%	8.2%	0.1%
Net finance expense	**-112**	**-122**	**-10**
Net income	12	18	6
Net income from ops	**125**	**120**	**-5**
NIfO / share	1.42	1.36	0.06

Balance sheet impact 2019	IAS 17	IFRS 16	Delta
Net debt	**310**	**601**	**+291**
Assets: right of use assets	0	267	+267
Liabilities: lease liabilities	0	291	+291

- 2020 Net debt Arcadis definition: Net debt according to bank covenants, hence excluding lease liabilities
- 2020 FCF Arcadis definition: Cash flow from operating activities minus (dis)(in)vestments in (in)tangible assets, MINUS lease payments
- The Net debt and FCF estimates for 2020 will therefore be fully comparable with prior years (based on IAS 17)