ARCADIS to merge Davis Langdon & Seah

Creating a platform for growth in Asia

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Agenda

1. About Davis Langdon & Seah (DLS)
2. Transaction highlights
3. Creating a platform for growth in Asian markets
4. Landmark projects DLS
5. Summary
6. Q&A
About
Davis Langdon &
Seah
Leading cost and project management consultancy in Asia

• Well established, premier brand in Asia
• Strongly focused on cost consultancy and project management
• Other services include cost engineering for oil & gas industry, due
diligence advisory services and dispute resolution/litigation support
• Clients are primarily local/international property developers, government
agencies, public utilities, financial institutions and corporations in the
hotel and resort, technology, petroleum and communications sectors
• 2011 Revenues US$125 million with 2,800 people
• Normalized profitability well above ARCADIS target level of 10% (EBITA
as % of net revenue)
• Nr 1 in Asia and Nr 1 or 2 in each of its markets
• Aligned values with ARCADIS
Longstanding heritage, >75 years in Asia

• 1934: Founded in Singapore by Mr. MongHee Seah (one of Asia’s first chartered quantity surveyors)
• 1949: Hong Kong
• 1972: Indonesia
• 1986: Mainland China
• 1990: Philippines
• 1990: Thailand
• 1995: Vietnam
• 2000: Korea
• 2004: India
• Affiliates in Malaysia (1934) and Brunei (1965)
Unparalleled footprint across Asia

Country | Offices
---|---
China | 14
HK/Macau | 2
Singapore | 1
Philippines | 1
Thailand | 1
Indonesia | 3
Vietnam | 2
Korea | 1
India | 6
Malaysia Brunei | 6
Well diversified geographical presence
Based on number of people
Strong growth of revenues and profits

Davis Langdon & Seah - Turnover and EBIT for 2006 - 2011

Turnover - in US$ million

2006 2007 2008 2009 2010 2011

EBIT - in US$ Million

Turnover

Normalized EBIT
Market offers excellent growth opportunities

- China continues to provide strong growth
  - Short term slow down in Residential, returning to approx. 10% p.a.
  - Other markets, including Retail/Office/Energy/Industry and Social infrastructure/Healthcare/Leisure/Tourism expected to grow 10-15% p.a.

- Hong Kong moderate growth
  - Retail/Office/Industrial flat short term, expected to grow to 5% p.a.
  - Social infrastructure/healthcare/leisure/tourism expected to grow 5% p.a.

- Singapore mature market: low growth

- Mid tier markets offer strong growth: Indonesia (~20%), India (~15%), Philippines (~10%)
  - Residential and commercial/retail investments
  - Social infrastructure for rising middle classes

- A number of markets offer medium growth:
  - Thailand and South Korea: approx. 5% in both residential and non residential
  - Vietnam: short term slowdown but mid term growth potential of 10-15%
  - Brunei: low single digit growth
Transaction highlights
Main deal terms

- Transaction consideration consisting of an undisclosed cash amount and 2.2 million newly issued ARCADIS shares to the DLS partners
  - Lock-up periods of 12 – 36 months
- Valuation takes into account higher growth rates in Asian markets
- Cash consideration funded through existing credit facilities
- Financial profile ARCADIS will remain conservative
  - Transaction impacts net debt/EBITDA ratio by 0.2 to 0.3
- Substantial scope for synergies
- Immediately accretive to earnings per share
  - based on net income from operations
Strong commitment from management

- Company was owned by 15 International and 42 Local Partners
- All partners will stay with the company as 15 Regional Directors and 42 Country Directors
- Current Chairman Joseph Lee becomes CEO and member of ARCADIS Senior Management Committee
- Management team consisting of 15 Regional Directors
- Incentive scheme focused on continued strong performance
- All directors have become shareholder in ARCADIS
- Non compete/non solicitation agreements for 2 – 3 years
- Part of consideration in bonus shares for non directors
- 750,000 options for key staff with vesting period of 3 years
Creating a strong growth platform in Asia
Balanced portfolio

Combined revenues: €2.4 billion (pro forma FY 2011, incl. ECH and DLS)

**Business lines**
- Buildings: 28%
- Infrastructure: 26%
- Water: 14%
- Environment: 32%

**Geography**
- United States: 41%
- Netherlands: 14%
- UK: 10%
- Emerging markets: 22%
- Rest of Europe: 13%

Geography based on project location
Strong basis for future growth
With 33% of staff in emerging markets
Strategic benefits ARCADIS

- Leading platform for expansion in the Asian markets
- Better diversified geographical portfolio
- Expanded capabilities in cost and project management
- Global leadership in PM related services
- Local presence to service Multinational clients
- Access to many new (multinational) clients
- Adds premier brand and key Asian leadership
Strategic benefits DLS

- Access to experience and resources to further expand in consultancy and project and program management services
- Access to expanded capabilities – Environment, Water, Infrastructure, Technical expertise
- Diversification of services in Asian market
- Servicing DLS clients globally
- Access to ARCADIS Multinational Clients in Asia
- Brand value, financial strength and support of a successful public company
- Greater opportunities for key leaders and staff
Synergy opportunities

- Use DLS cost management capabilities for ARCADIS/ECH clients in Asia and Middle East
- Leveraging Built Asset Consultancy and Project Management to DLS clients
- Servicing DLS clients outside Asia
- Servicing ARCADIS multinational clients in Asia
- Selling ARCADIS services to DLS clients
- Use DLS footprint to expand in Environment and Water
Post merger actions

- DLS to take leadership role in Asia, as an operating company, reporting to the Executive Board
- Participation in ARCADIS Senior Management Committee
- Identify and prioritize market synergy opportunities
- Alignment of processes
- Combined strategy development for Asian markets
- Continuation of collaborative culture with focus on service excellence, staff development and profitability
- Profit sharing through significant incentive program
- Maintain ownership culture through ARCADIS shares and Employee Stock Purchase Program
Landmark projects DLS
Resorts World Sentosa - Singapore

- Major 6 hotel resort and leisure development
Marina Bay Financial Center - Singapore

- US$ 1.4 billion development
Shanghai International Financial Center

- Combined office/hotel project
Beijing China Central TV Tower

- 234 m height building
- 473,000 m² floor area
- Two offices towers linked at the top
- Designed by Rem Koolhaas
- In podium and basement recording studio’s etc.
Hong Kong International Airport

- Extensive involvement over the past decades
Hong Kong government projects
New Cruise Terminal

- Cruise Terminal Building and facilities at the southern tip of the former Kai Tak runway, ancillary commercial area and a landscaped deck
MGM Grand, Macau

- 5-star hotel, casino and resort
Central World Plaza, Bangkok

- 7-storey urban shopping experience
Parc1, Seoul

- 72-story & 58 story office towers & 24 story hotel
St. Regis Hotel & service apartments

Mixed development comprising of:

- 6 levels of Hotel Facilities
- 5 levels of Hotel Rooms
- 1 level of Mechanical & Electrical Floor
- 27 levels of Service Apartments
- 3 levels Basement and
- 3 levels Sub Basement
Zuellig Building – The Philippines

- A 34-story office tower which is the Philippine’s first Gold LEED Pre Certification for high rise office building
BVLGARI Resort and Spa, Bali, Indonesia

- 54 one-bedroom villas, 4 two-bedroom villas, 1 Bvlgari villa, a spa, a bar and a 36-seat restaurant
Microsoft campus, Hyderabad, India

- Third development of the 40 Acre Microsoft Campus in Hyderabad. 7 and 5 story buildings with external development works
Summary
DLS excellent platform for growth in Asia…

- Strategic rationale for both sides is strong
- Premier brand with unparalleled history and footprint across Asia
- Focused cost and project management capabilities
- Market opportunities are strong with excellent revenue synergies
- Revenues $125 million, 2,800 employees
- Deal terms: cash and 2.2 million shares, lock-up 12-18 months
- Financial profile ARCADIS remains conservative
- Accretive to EPS as of 2012
…strengthening global leadership for ARCADIS

- Revenues €2.4 billion, over 21,000 people of which 1/3 in emerging markets
- Global footprint: 3,900 staff in Asia/ME, 8,000 in Europe, 6,300 in US, 3,000 in South America
- Leading Global position in PM and Cost Consultancy
- Capacity to compete globally on program management for large investment programs
- Integrated offering and high end specialties
- Strong balance sheet and brand equity
- Entrepreneurial culture based on client focus and internal collaboration
- Greater opportunities; greater success
Questions?
Imagine the result

Thank you