Creating a global leader in the water market

ARCADIS plans to merge with Malcolm Pirnie

25 June 2009
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Transaction highlights
Transaction highlights

• Malcolm Pirnie is a premier brand in infrastructure consulting and engineering services for the water market and for environmental services in the US
  – USD 392 million gross revenues (2008); USD 294 million net revenues (75% of gross)
  – EBITA margin close to ARCADIS overall target EBITA margin of 10%
  – water consultancy and engineering represents 71% of gross revenues
  – employs over 1,700 staff

• Leveraging Malcolm Pirnie’s unique water capabilities to develop a significant position in the global water market which is expected to grow strongly as clean water and water quality are becoming increasingly important issues

• Merger is the result of long term ongoing discussions between the two companies

• Malcolm Pirnie management to stay on to develop the business further

• ARCADIS 2008 pro forma gross revenues increase by 16%; combined > 15,000 staff
Transaction highlights - strong strategic rationale

• Creating new global Water business line within ARCADIS
  – representing 17% of combined revenues
  – number 7 position in the highly attractive global water market

• Significantly strengthening our Environmental market position
  – number 1 position for private sector clients

• Further expanding into US Infrastructure market
  – entering into top 10 in the US design, consultancy and engineering market
  – more balanced services portfolio
  – increased ability to benefit from US stimulus package (‘Obama’)

• Complimentary client base in the US
  – Malcolm Pirnie’s predominately public sector client base balances our private sector client base
  – increased visibility of combined revenues
Transaction highlights

- Transaction consideration consisting of $135 million in cash and 5.74 million newly issued ARCADIS shares to Malcolm Pirnie shareholders and key employees
  - 6 month lock-up period for shares with incentives to hold them at least 18 months

- Implied enterprise value $220 million; EBITA multiple in line with recent larger acquisitions by ARCADIS
  - based on closing share price ARCADIS on Wednesday 24 June 2009
  - multiple has been adjusted for USD 26m net present value of tax benefit of goodwill amortization and excludes synergies

- Financial profile will remain conservative with net debt/EBITDA ratio below 2x at closing

- Substantial scope for market and operational synergies

- Immediately accretive to earnings per share (based on net income from operations)

- Major Malcolm Pirnie shareholders signed irrevocables representing 48% of the share capital

- Closing anticipated in July 2009, subject to Malcolm Pirnie shareholder approval
Transaction funding has been committed

- The transaction will be partly funded through a 3 year USD 130 million debt facility

- In addition ARCADIS has secured USD 50m Forward Start Facility to refinance first redemption of existing facility in March 2011
  - as a consequence the first redemption / refinancing will be in July 2012

- Current lenders RBS, ING and Rabobank support the transaction and have each committed to a third of the facility

- Financial covenants remain unchanged at Net debt/EBITDA < 3.0x
About Malcolm Pirnie
One of the largest firms in the US focused exclusively on water and environmental issues

- Roots going back to 1895

- Initially provided advisory services to address water borne diseases and water supply challenges to major municipalities, including New York City and Paris
  - designed US’ first modern filtration plant eradicating cholera and typhoid in New York

- Today the company provides consulting and engineering services in the water and environmental markets, with a focus on high added value services

- Malcolm Pirnie has focused strategy to become global leader in water and environmental markets
  - creating sustainable environment while protecting public health and welfare

- Very strong brand in the industry
A leader in the water and environmental markets

• Malcolm Pirnie’s 2008 gross revenues were USD 392 million, mainly from the U.S.

• Also active internationally in the Asia-Pacific region, Middle East, Puerto Rico and Chile – less than 5% of 2008 gross revenues

• Malcolm Pirnie is active in various segments of the water market including Water and Wastewater Treatment, Water Resources Management, and Management Consultancy, including Strategic Planning

• Malcolm Pirnie provides various environmental services related to Solid Waste, Hazardous Waste, Remediation, Environmental Planning and Permitting

• Malcolm Pirnie employs over 1,700 staff in more than 60 offices and is represented in most of the top 20 major metropolitan areas of the United States
Malcolm Pirnie predominantly active in the water market

2008 gross revenue breakdown per business segment

- Water Consultancy and Engineering: 71%
- Environmental: 29%

2008 gross revenue breakdown per client type

- Municipal: 70%
- Industrial: 13%
- Federal: 17%
- Other: 0%

2008 Gross Revenues USD 392 million / EUR 280 million

USD/EUR exchange rate of 0.714
Creating a leading position in the water and environmental markets
Global water market shows attractive long term growth prospects

- Global spending in water market is estimated at USD 325 billion and is expected to increase significantly in long term

- Global market for water consulting and engineering is conservatively estimated at USD 12 – 15 billion,
  - growth estimated at 5-10% p.a.,
  - some developing markets show growth > 10% p.a.

- Short term outlook flat; US market impacted by recession and some funding issues for municipalities

- US market expected to pick up in 2010 (+5%, source Farkas Berkowitz & Company, May ‘09)

- Strong drivers for long-term growth in the global water market
ARCADIS and Malcolm Pirnie number 7 in global water consultancy and engineering market

Estimated gross revenues in Water (USD m)

- Water consultancy and engineering market is still fragmented
- US players dominate the global market
- ARCADIS and Malcolm Pirnie will jointly have # 7 position globally
- Combined organisation will have strong competitive position on the back of Malcolm Pirnie’s water capabilities and ARCADIS’ global footprint
Major step forward in world’s largest market, the US

2008 gross revenues
ARCADIS

- United States: 23%
- The Netherlands: 22%
- Rest of Europe: 10%
- Rest of World: 10%

2008 pro forma gross revenue
ARCADIS and Malcolm Pirnie

- United States: 52%
- The Netherlands: 19%
- Rest of Europe: 9%
- Rest of World: 20%

EUR 1,740 m
USD 2,436 m

EUR 2,020 m
USD 2,828 m

USD/EUR exchange rate of 0.714
Water becomes new business line within ARCADIS

2008 gross revenues
ARCADIS

2008 gross revenues
Malcolm Pirnie

2008 pro forma gross revenue
ARCADIS and Malcolm Pirnie

2008 USD/EUR exchange rate of 0.714

EUR 1,740 m
USD 2,436 m

EUR 280 m
USD 392 m

EUR 2,020 m
USD 2,828 m
Tangible synergy potential

- **Business synergies focus on market opportunities**
  - Expansion internationally for Malcolm Pirnie through ARCADIS’ footprint
  - Expansion of US Federal government opportunities
  - Expansion of industrial client base to leverage services in US and internationally
  - Expansion of joint municipal client base and services

- **Operational synergies through increased efficiencies over time**

- **Other financial benefits**
  - USD 26 million expected net present value of tax benefits post transaction resulting from goodwill amortization
  - Potential for working capital improvements
Award winning capabilities in Water
Innovative, cost effective solutions

Project
• The Water Works and Sewer Board of the City of Birmingham, AL

Highlights
• Investigated treatment technologies
• Conducted simultaneous bench- and pilot-scale testing
• Identified an innovative, cost-effective approach to DBP precursor removal
• Modified existing GAC filters to create GAC biofilters

Awards
• Awarded the ACEC of AL Grand Prize, ACEC National Recognition, AAEE – Grand Award
Excellent design capabilities

Project
• Baldwin Water Works Plant Enhancements Cleveland Water Division

Highlights
• Renovated 80-year-old Baldwin Water Works Plant, a registered historic landmark
• Designed new facilities complementary to the plant’s historic nature
• Maintained treatment throughout construction, all while minimizing costs
• Engineered new state-of-the-art pretreatment facilities and modified plant hydraulics to permanently reverse flow through existing sedimentation basins

Awards
• Awarded the ACEC Ohio Outstanding Achievement Award, ACEC National Recognition
Energy efficiency built into projects

Project
- “Green” Building Helps Solve Environmental Challenges: City of Glendale, Arizona

Highlights
- State-of-the-art water reclamation facility/recharge project
- Incorporates an energy efficient, green building sustainable design approach
- Demonstrates practical application of innovative design concepts and materials
- Solves two distinct environmental challenges: maximizing scarce water resources and demand for affordable, effective wastewater treatment

Awards
- APWA Environmental project of the year, ACEC Arizona Merit Award, Arizona Dept. of Commerce Governor’s Award for Energy Efficiency
Summary
Transaction highlights – Summary

- Malcolm Pirnie is a premier brand in water and environmental services
- Creating a new global Water business line within ARCADIS
  - number 7 position in the highly attractive global water market
- Significantly strengthening the Environmental global market position
- Further expanding into US - entering into the top 10 in US design, consultancy and engineering market
  - more balanced services portfolio
  - increased ability to benefit from US stimulus package (‘Obama’)
- Complimentary client base resulting in more visibility on future revenues
- Continued sound financial profile: Net debt/EBITDA ratio will be below 2x and transaction will be immediately EPS accretive
- ARCADIS pro forma 2008 gross revenues EUR 2.0 billion and over 15,000 staff
Questions?