

Arcadis

Creating a sustainable future

Our strategy, actions and results

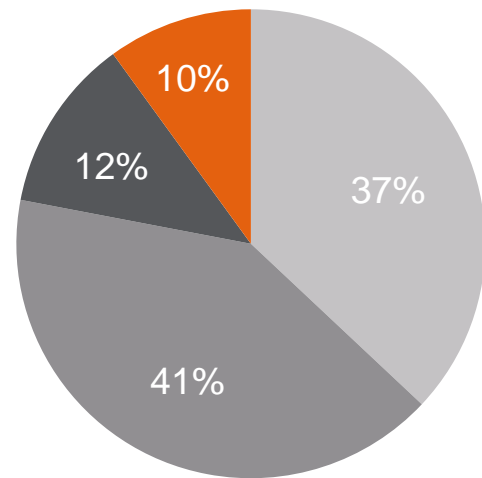
Jurgen Pullens, Investor Relations Director

ProBeleggen 8 June 2018



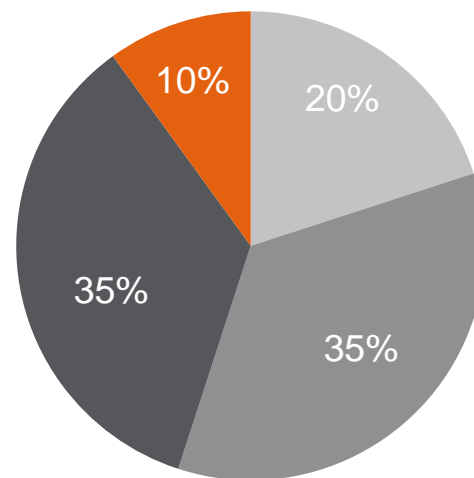
ARCADIS AT A GLANCE – well diversified

GROSS REVENUE BREAKDOWN BY SEGMENT



- Americas
- Europe & Middle East
- Asia Pacific
- CallisonRTKL

GROSS REVENUE BREAKDOWN BY SERVICE



- Consultancy
- Program, Project & Cost management
- Design & Engineering
- Architectural Design

Global market position: Top-3 in Design & Consultancy

€ 3.3 bn

2016 GROSS REVENUE

~ 27,000

PEOPLE WORLDWIDE

30,000+

PROJECTS ANNUALLY

70+

COUNTRIES WHERE ARCADIS DELIVERS PROJECTS

THE ARCADIS JOURNEY



OUR EXPERTISE TO CREATE A SUSTAINABLE FUTURE

INFRASTRUCTURE (24% gross revenues)

AIRPORT SOLUTIONS

HIGHWAYS AND INTELLIGENT TRANSPORT SYSTEMS

RAIL AND URBAN TRANSPORT

MINING

PORTS AND INDUSTRIAL INFRASTRUCTURE

WATER (13% gross revenues)

WATER MANAGEMENT

WATER FOR INDUSTRY

WATER CONVEYANCE

WATER SUPPLY AND TREATMENT

LOCAL STRENGTH, GLOBAL REACH

ENVIRONMENT (25% gross revenues)

ENVIRONMENTAL CONSTRUCTION SERVICES

STRATEGIC ENVIRONMENTAL CONSULTING

SITE EVALUATION AND RESTORATION

ENVIRONMENTAL PLANNING

BUILDINGS (38% gross revenues)

PERFORMANCE DRIVEN DESIGN

BUSINESS ADVISORY

COMMERCIALLY LED PROGRAM MANAGEMENT

CONTRACT SOLUTIONS

MASTER PLANNING AND SUSTAINABLE URBAN DEVELOPMENT

ARCHITECTURE & DESIGN

DUTCH EXPERTISE FOR FUTURE FLOOD PROTECTION

EAST SIDE COASTAL RESILIENCY

New York, US



Impact

- Arcadis designs resilient infrastructure in New York City, protecting 200,000 residents and 21,000 businesses.
- Addresses flood protection following Superstorm Sandy.
- A range of multifunctional resilience solutions were integrated with neighborhood and community amenities.



AN **ENERGY NEUTRAL** STORAGE AND OFFICE COMPLEX

NIKE DISTRIBUTION CENTER

Belgium



Impact

- The 150,000 m² complex is energy-neutral, using low-energy lighting, closed water loops, green roofs and walls, and environmentally friendly hybrid robot cranes.
- Arcadis provided structural and infrastructural engineering, support on biodiversity and LEED, and secured environmental permits.
- Awarded “Best Industrial and Logistics Development” at MIPIM awards 2017 in Cannes.



INTEGRATED WATER MANAGEMENT OF SPONGE CITY

WUHAN SPONGE CITY

Wuhan, China



Impact

- Arcadis is principal consultant for Sponge City in Wuhan, providing technical, policy and program management advisory.
- Our approach holds, cleans and drains water, ecologically-friendly.
- Outcome is a city more resilient to climate change and natural disasters by blending green infrastructure & flood control to reduce flood damage and improve quality of life.



DESIGN FOR **BIGGEST PUBLIC TRANSPORT PROJECT**

SYDNEY METRO

Sydney, Australia

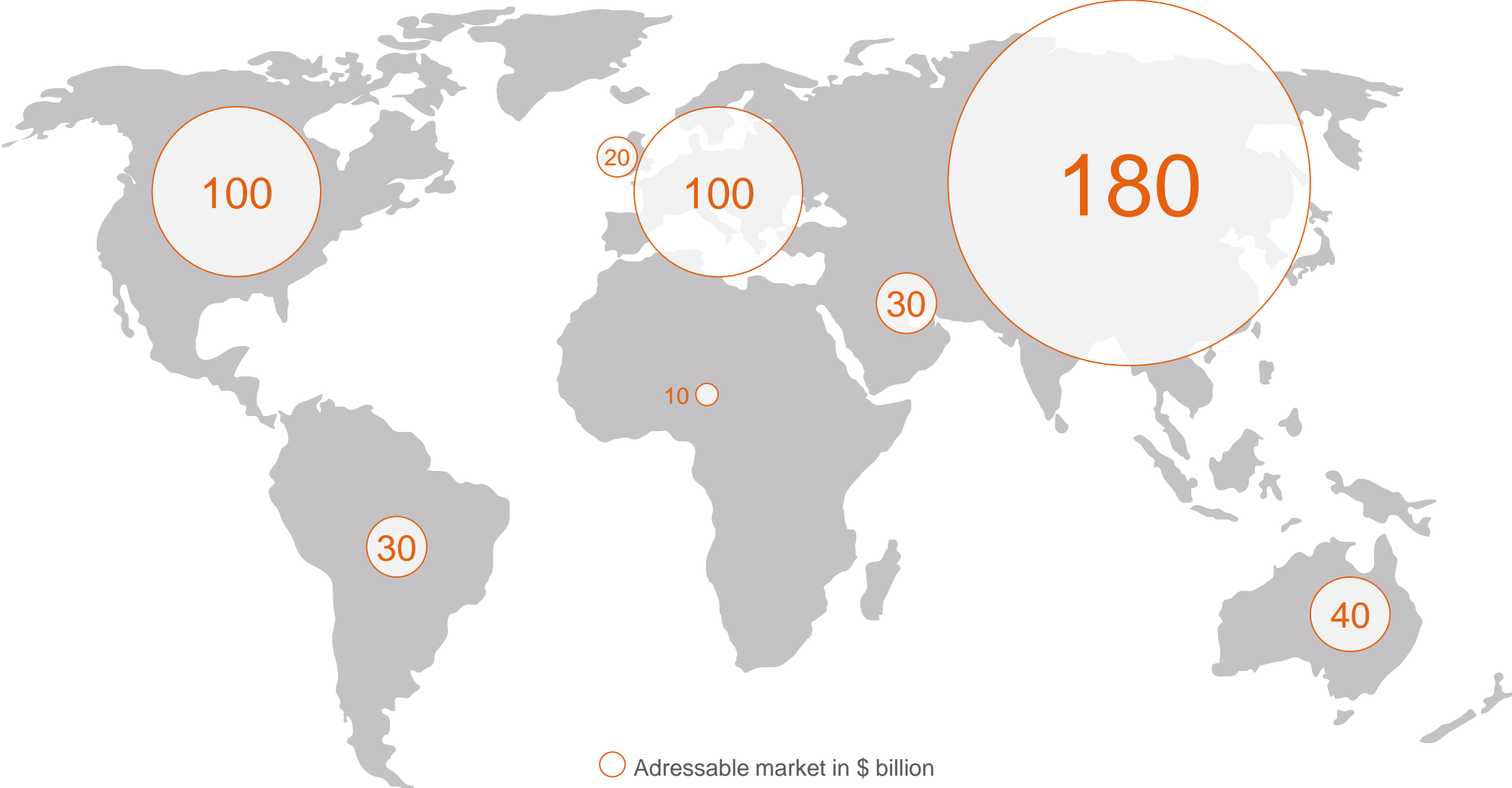


Impact

- Arcadis appointed as lead designer for stage 2 of the Sydney Metro project, the biggest transport project with the longest railway tunnels ever built in Australia.
- Broad multidisciplinary expertise was critical to solving issues around constructability and programming.
- The extended metro network includes 31 new underground stations, 66km of new metro rail and a train every four minutes during peak times.



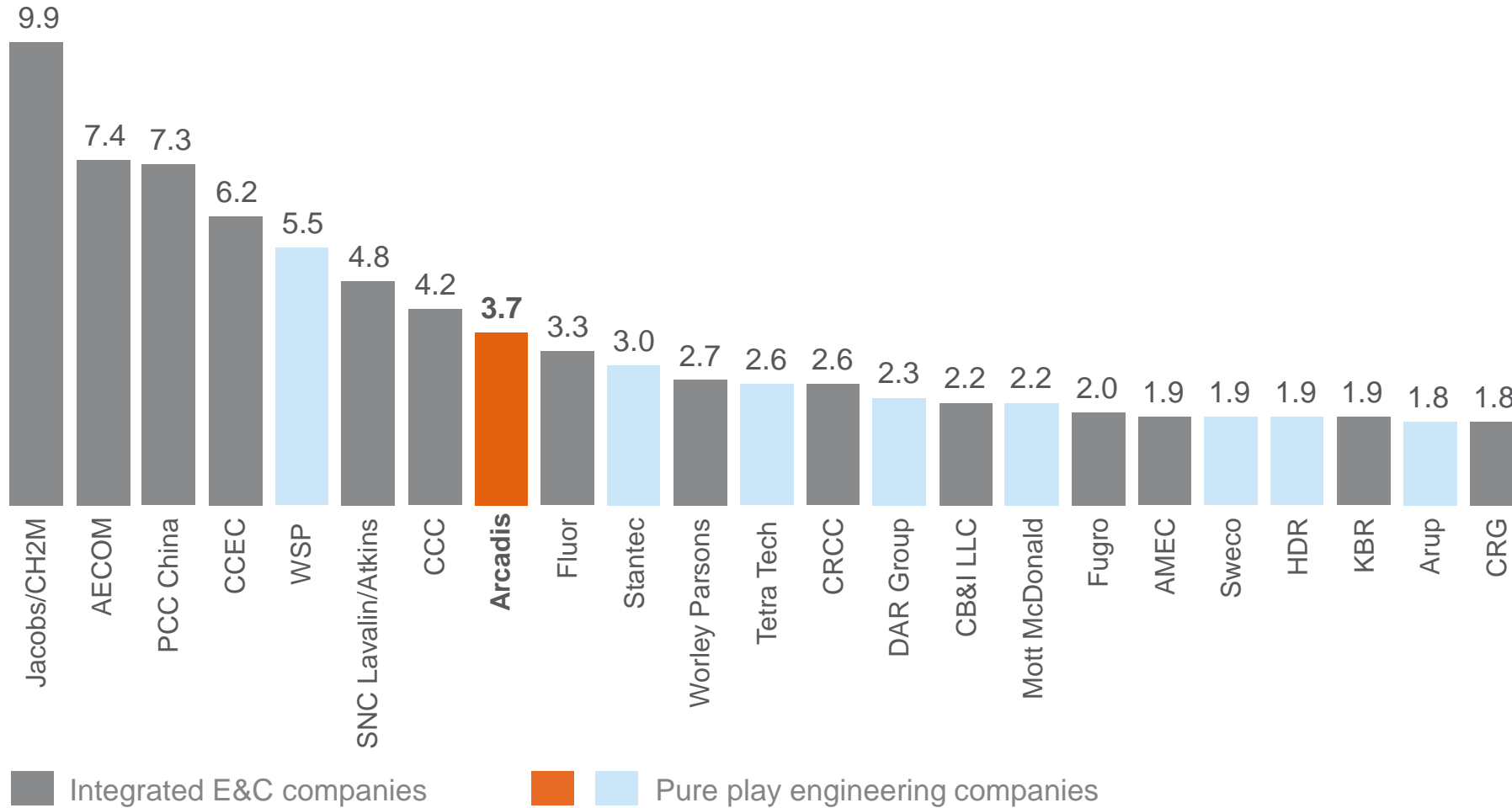
A GLOBAL MARKET OF ~\$500 BILLION, GROWING IN LINE WITH GDP



Source: IHS, GWI

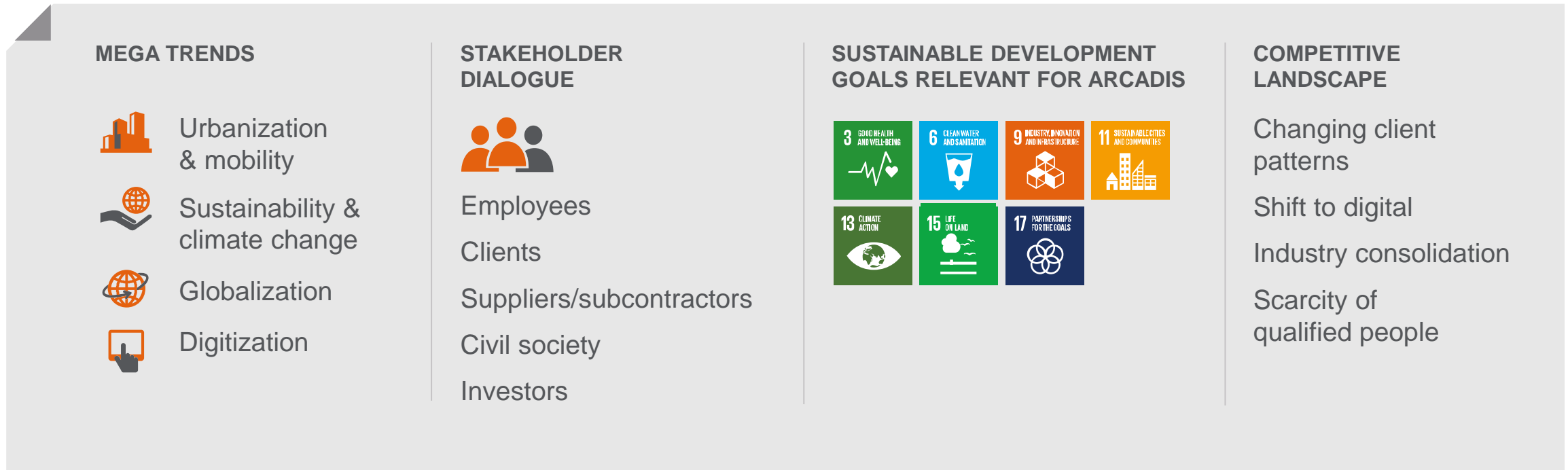
A STRONG GLOBAL MARKET POSITION

In US\$ billion of engineering revenues



ENR 2017 ranking based on 2016 revenues, adjusted for recently announced acquisitions

OUR STRATEGIC CONTEXT



OUR POSITIONING:

Design and Consultancy for

- **Sustainable and resilient cities**
- **Smart infrastructural solutions**
- **Future-proof industries**

A SUSTAINABLE FUTURE THROUGH OUR STRATEGIC PILLARS



PEOPLE & CULTURE

- Create an environment where all our people can be their best
- Recruit and retain the workforce the future



INNOVATION & GROWTH

- Grow through providing integrated and sustainable solutions for our clients
- Be a digital frontrunner



FOCUS & PERFORMANCE

- Focus on where we can lead
- Deliver client and project excellence

OUR STRATEGIC FRAMEWORK 2018 - 2020



PEOPLE & CULTURE

- **Voluntary staff turnover**
Voluntary staff turnover < Market
- **Staff engagement**
Engagement score improving annually
- **Brand**
Top 5 Brand Awareness in markets we serve
- **Clients**
Top Quartile performance for Client Experience



INNOVATION & GROWTH

- **Organic Revenue Growth**
 - Surpass GDP growth in our markets
 - Revenue growth for key clients 2 times overall growth
- **Innovation**
Digital adoption by our people and clients
- **Sustainability**
Significantly contribute to UN Sustainable Development Goals

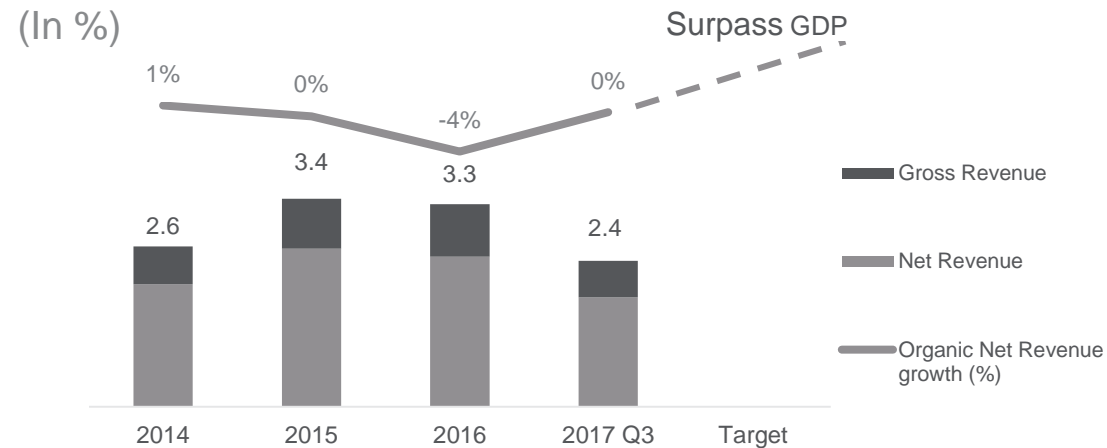


FOCUS & PERFORMANCE

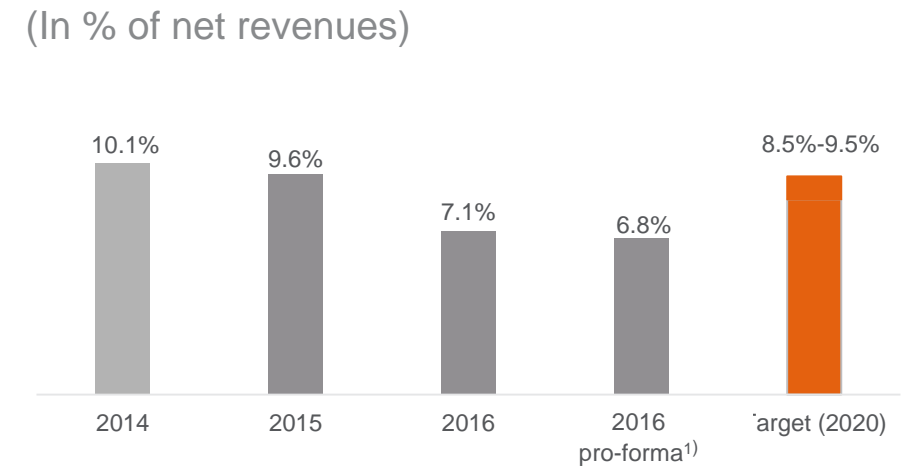
- **Margin**
Operating EBITA trending to 8.5% - 9.5% of net revenues in 2020
- **Net Working Capital/DSO**
 - NWC <17% of gross revenues
 - DSO < 85 days
- **Return**
Return on invested capital >10%
- **Dividend**
30 - 40% of Net Income from Operations
- **Leverage**
Net Debt/EBITDA between approximately 1.0 and 2.0

REALISTIC TARGETS BASED ON STRATEGIC DRIVERS

REVENUES (€M) AND ORGANIC GROWTH



OPERATING MARGIN



¹⁾ Pro-forma: excluding CallisonRTKL

Growth drivers

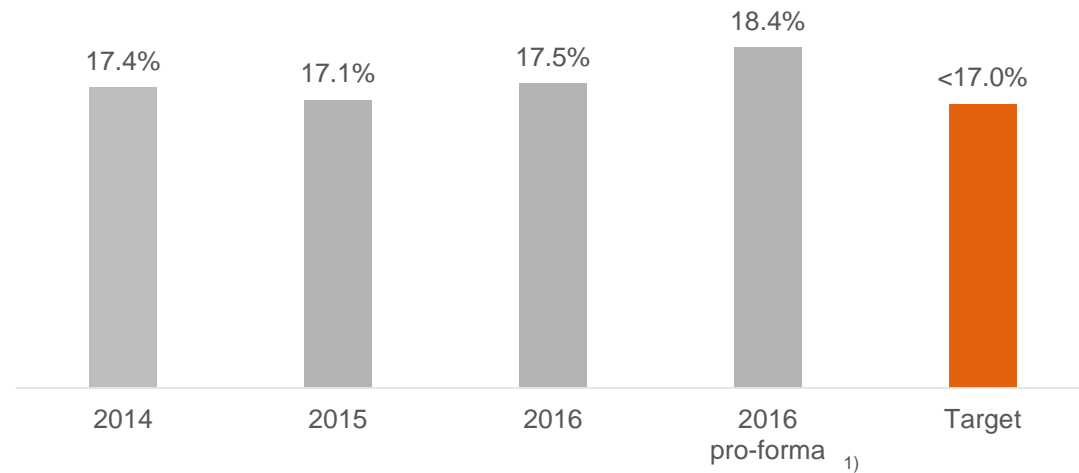
- Increasing demand end-markets
- Focus on higher growth clients
- Big Urban Client program
- Digital Solutions
- Partnerships

Margin drivers

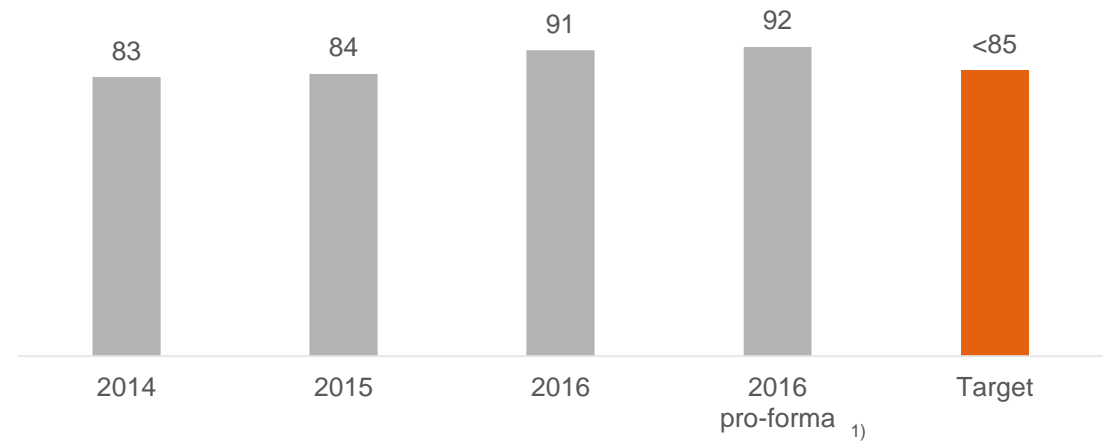
- Focus on higher margin activities
- De-prioritize underperforming businesses
- Improving project delivery
- Expand Global Excellence Centers
- Enabled by Arcadis Way

FOCUS ON CASHFLOW TO IMPLEMENT STRATEGIC ROADMAP...

NET WORKING CAPITAL AS % OF GROSS REVENUES



DSO IN DAYS



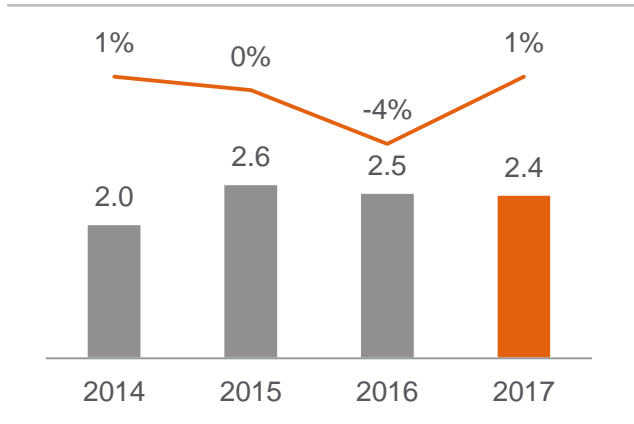
¹ Pro-forma: excluding CallisonRTKL

- Focus on clients with good payment behavior
- Better analysis, invoicing & collection enabled by Arcadis Way
- Train commercial skills of project managers through the Arcadis Academy
- Management incentives include Free Cash Flow metric
- Collect overdue receivables

PERFORMANCE IMPROVEMENT 2017

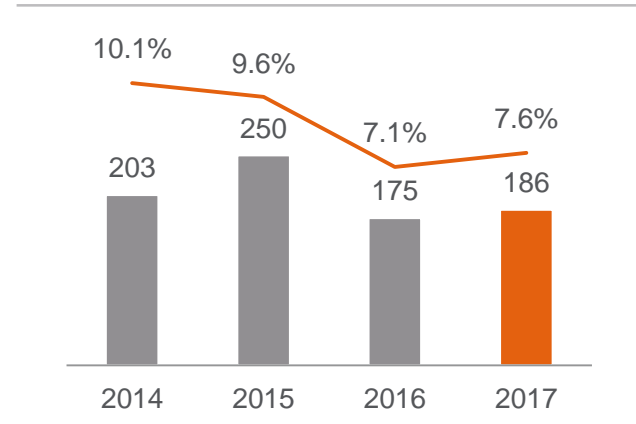
Net revenue & organic growth

€ millions and %



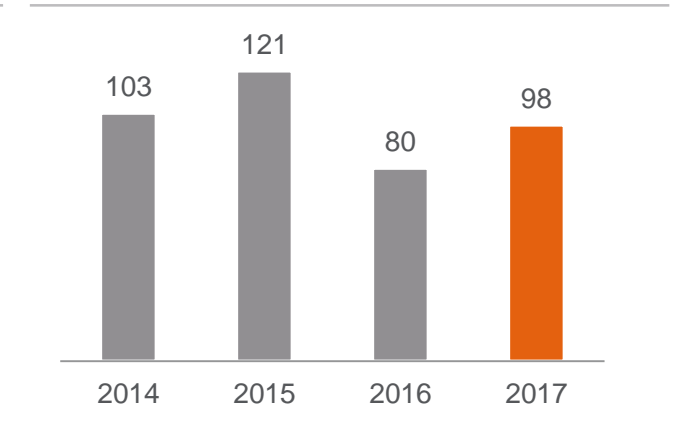
Operating EBITA (margin)

€ millions and %



Free cash flow

€ millions



Progress in 2017


Organic net revenue growth, resulting from increased client focus

Operating EBITA margin improved, driven by cost reductions


Free cash flow increased from improved business performance

ON TRACK TO DELIVER ON OUR 2018-2020 STRATEGIC PRIORITIES


STRATEGIC PRIORITIES



- Voluntary staff turnover
- Staff engagement
- Brand
- Clients



- Organic net revenue growth:
 - Surpass GDP growth in our markets
 - Revenue growth for key clients 2x overall growth
- Innovation: digital adoption by our people and clients
- Sustainability



- Operating EBITA margin of 8.5%-9.5%
- NWC < 17%, DSO < 85 days
- ROIC >10%
- Dividend: 30 - 40% of NIF0
- Leverage: Net Debt / EBITDA between ~1.0 and 2.0

PROOF POINTS 2017

- People first
- Continued investment in Arcadis Academy
- One brand, recognized thought leader
- Focus on Global Key Clients (17% growth in 2017)

- Revenue growth momentum
 - North America back to growth after 3 years of decline
-  
- Major project wins in water resilience and green buildings

- Operating EBITA margin improved to 7.6%
- NWC: 16.9%; DSO: 88 days
- ROIC increased to 7.3% (2016: 6.8%)
- Proposed dividend €0.47 / share, pay-out ratio: 40%
- Leverage ratio at 2.1 (2017 year-end)
- CallisonRTKL: market consultation process started

Arcadis.
Improving quality of life.