



Our strategic context: the world in which we operate

Global trends in our operating environment, what our stakeholders tell us, the Sustainable Development Goals, and our competitive landscape are all important contextual inputs for our strategic ambitions.



Arcadis is more than design and engineering – we are also a premier provider of consulting/advisory and environmental sustainability services. Together, our combined market exceeded \$1.5T in 2021 and is expected to grow at a CAGR of 6% reaching just over \$2T by 2026¹.

Within this market, the competitive landscape is characterized by:

- Many small enterprises with the top 20 global design firms holding <10% of the market.
- Differentiation based on technology and ecosystems that deliver efficiency, cost avoidance, and sustainability.
- Competition emerging in adjacent markets such as management consulting, real estate services, contracting, and digital startups.
- Market diversification focused on North America and Europe, followed by Asia Pacific and Latin America².

¹ The Business Research Company Global Market Model reporting & Arcadis analysis 2022

² ENR Top 150 Global Design Firms 2017 through 2022



Our 2021-2023 Strategy: ‘Maximizing Impact’

Our purpose is simple: improving quality of life, something that has never been more important. To live up to this, our strategy to maximize our impact on the biggest societal challenges is supported by our people and culture and aligned to three key themes.



People and culture

- Provide greater opportunities for all Arcadians
- Create a safe, respectful and inclusive workplace



Sustainability

- Embed as an integral part of everything we do
- Accelerating the transition to net zero



Digital leadership

- Transform delivery, operations, and decision making
- Evolve old business models



Focus and scale

- Provide expertise where we have a right to play
- Leverage the global scale of asset knowledge

These strategic themes drive our organizational commitments:

Engagement of our people, retention, diversity, safety, and privacy

Carbon footprint, sustainable development, environmental and business principal compliance

Process standardization and automation, digital revenue, data security

Organic growth and business performance



Maximizing Impact: Targets to deliver our ambition



Non-financial targets

Voluntary staff turnover
<10%

Staff engagement
Improving annually

Brand
Top 3 Brand Strength Index

Diversity
Women in total workforce
>40%

Carbon footprint

- Reduce emissions aligned with a 1.5°C science-based target before 2035
- In line with our Net Zero journey investing in high quality, certified abatement and compensation programs from 2020



Financial targets

Organic net revenue growth
Mid-single digit

Return on Net Working Capital
Operating EBITA/ Net Working Capital: 40-50%

Net Working Capital & DSO
NWC <15% of gross revenues/
DSO <75 days

Margin
Operating EBITA margin >10%

Return to shareholders

- Dividend: 30-40% of Net Income from operations
- No dilution
- Additional returns when appropriate
- Net debt/EBITDA between 1.5 and 2.5



Making Progress on our ‘Maximizing Impact’ strategy

Our strategy amplifies the role of our organization as a positive force in society. Since launching in 2021, we have advanced our commitments in the following ways.

GBA model fully operational

Effective from 1 January 2022 our Global Business Areas/ GBAs (Resilience, Places and Mobility) became the home of our previous regional business lines and solutions. We are already seeing growth in knowledge exchange around the world, with our clients benefitting from our collective best practices. Following the successful completion of the IBI Group acquisition in September, we also established our fourth GBA – Intelligence. The new GBA combines the best of IBI Group’s Intelligence segment and Arcadis Gen to create an attractive suite of data driven products and solutions to meet the ever-changing priorities of our clients.

Strategic repositioning achieved

The implementation of our global operating model proved to be successful over 2022 and accelerated the pace of organic growth in the current market environment. In addition, our strategic acquisitions of HydroNet (digital water), IBI Group (sustainable & digital/intelligent urbanism), Giftge Consult (energy transition) and DPS (sustainable manufacturing), strengthen our position in the market. Finally, we have driven operational efficiencies through the new GBA model and greater use of GECs, and by divesting operations that did not fit our priorities. The benefits this progress has delivered can be seen in the growing client demand for our digital products and sustainable solutions, highlighted by strong results and a record backlog.



HydroNET

GIFTGE
CONSULT

DPS
Better
Engineered
Solutions



Sustainability

- Acquisition of Giftge Consult strengthening further our position in the energy transition market
- Acquisition of DPS strengthening further our position in sustainable manufacturing – particularly Life Sciences and Chip Manufacturing
- Expanding our strength in strategic consultancy for sustainability across ESG strategy & reporting, resource optimization and value chain engagement



Digital leadership

- Acquisition of IBI Group in part serves as a digital accelerator, shaping the fourth GBA: “Intelligence”
- Investing in new digital solutions, such HydroNet and the Transportation Strategy Optimizer
- Driving standardization & automation of solutions to provide greater value to clients
- Strengthening our position in digital advisory, to support clients in their journey to transform



Focus and scale

- Focus on high growth end markets and geographical core markets and divesting non-core geographies and businesses
- GBA structure and Global Excellence Centers driving client focus, operational efficiencies and consistency in data management
- Strengthening of our market position in North America and UK/Europe through our acquisitions



New 'Intelligence' GBA to maximize our digital impact

We have combined the best of the IBI Group Intelligence and Arcadis Gen – to support the other GBAs with digital solution innovation and efficiency; and build recurring revenue with Software as a Service and Software as a Product.



Resilience



Places



Mobility



Intelligence

- Digital Client Solutions
- Innovation
- Driving Efficiency & Productivity
- Recurring Revenue

Attractive Suite of Combined Client Solutions
