FUGRO

Leidschendam, the Netherlands, 3 August 2017

HY 2017: Slower than anticipated bottoming out of oil and gas market impacts results

Growth in building & infrastructure and power segments

- Year-on-year revenue decline of 14.5% on a currency comparable basis, reflecting ongoing underinvestment in the offshore oil and gas market. The decline was less than during the last two years.
- EBIT margin (excluding exceptional items) declined to - 3.3%, mainly caused by continued price pressure in the Marine division and low utilisation at Seabed Geosolutions; marine asset integrity and land businesses improved compared to prior year.
- Additional measures being implemented to streamline business processes and further reduce cost, in order to restore profitability.
- Negative cash flow of EUR 66.1 million was to a large extent related to seasonality. Cash flow in the comparable period last year was negative EUR 44.3 million excluding EUR 111.1 million proceeds from certain asset disposals.
- Net debt/EBITDA of 2.2, well below covenant requirement of under 3.0.
- Backlog for the next 12 months is bottoming out with a decrease of 5.5% on a currency comparable basis compared to a year ago and 2.4% compared to the end of March.
- Outlook 2017: For the full year Fugro anticipates a decrease in revenue, however less severe than during the first half. The EBIT margin is expected to improve significantly during the second half year compared to the first, resulting in a negative low single digit margin (excluding exceptional items) for the full year. Cash flow from operating activities after investments is anticipated to be positive excluding the purchase of the REM Etive vessel (at conditions significantly more beneficial than a renewed charter agreement).

Key figures (x EUR million)	**HY 2017**	**HY 2016**
Revenue	774.3	904.9
currency comparable growth	*(14.5%)*	*(24.5%)*
EBITDA[1] excluding exceptional items [2]	46.6	98.9
EBIT excluding exceptional items[2]	(25.3)	1.4
EBIT margin excluding exceptional items (%)[2]	(3.3%)	0.2%
Net result	(96.4)	(202.1)
Backlog next 12 months	971.2	1,065.2
currency comparable growth	*(5.5%)*	*(26.3%)*
Cash flow from operating activities after investments[3]	(66.1)	66.8
Net debt/ EBITDA[1]	2.2	1.8

The information in this report is unaudited

1 Refer to annual report 2016 for definition of EBITDA and EBITDA for covenant purposes.
2 Impairments, onerous contract charges and restructuring costs of EUR 25.3 million in HY2017 compared to EUR 151.7 million in HY 2016 (EBIT impact).
3 HY 2016 cash flow of EUR 66.8 million includes EUR 111.1 million proceeds from certain asset disposals.

Paul van Riel, CEO: *"The offshore oil and gas market continued to decline resulting in a tough first half of 2017. Marine site characterisation activities performed below last year mainly due to pricing pressure, and currently utilisation at Seabed Geosolutions is low. The marine asset integrity business showed an improved performance at close to break-even level.*

Our non-oil and gas related activities in markets such as building & infrastructure and power, by now amount to 40% of revenue. The results in these market segments were generally stable or improved. In particular, building and infrastructure in the Land division showed strong growth while we also benefit from a growing offshore wind farm market. Further growth of these businesses continues to be a key focus area.

We are seeing early signs of moving into a more stable environment. The marine site characterisation and marine asset integrity backlog, excluding construction and installation activities, is growing, supported by signals of increased tender activity. The pipeline of potential projects for Seabed Geosolutions is solid.

In order to restore profitability we are implementing additional measures, including significant cost savings, adjusting pricing strategies and focusing on innovative, higher margin services. This will already start to contribute to improved performance in the second half of this year.”

Cost reduction and performance improvement measures

Fugro continues to implement cost reduction and performance improvement measures to counter the continued challenging market conditions. In the first half of 2017:

- Headcount was reduced by 178 employees to 10,352.
- Third party expenses (excluding exceptional items) were further reduced by 9.6% on a currency comparable basis.
- Working capital at half-year improved from 15.2% to 12.6% of revenue. Days of revenue outstanding improved to 92 days compared to 99 at the end of June 2016 and was unchanged compared to year-end 2016.
- Capex continues to be curtailed strongly; the increase compared to last year by EUR 12.4 million to EUR 43.1 million was mainly due to investments in Seabed Geosolutions’ Manta® nodes.
- The rationalisation of operating companies is progressing according to plan. Since the beginning of 2016, 70 legal entities have been closed or merged into country organisations.

Additional measures are being taken to restore profitability, including:

- Improving terms and conditions and (early) termination of vessel charter agreements.
- Two older vessels will be retired in the second half of the year.
- The acquisition of the REM Etive vessel, following the award of two multi-year inspection, repair and maintenance (IRM) contracts earlier in the year, at significantly more beneficial financial conditions than charter renewal.
- Down-manning of vessels and vessel support enabled by standardisation and application of new technologies.
- Further FTE reduction and more flexible staffing to deal with seasonality.
- Further streamlining of the organisation by standardising work processes, further reducing the number of legal entities and consolidation of support functions into shared service centers.

In total, cost savings and performance improvement measures are expected to result in an annualised contribution to EBITDA of EUR 50 to 70 million, most of which will be realised in the coming 12 months.

In addition, financial performance will be further improved by the ongoing implementation of Fugro’s ‘Building on Strength’ strategy. This includes continued investment in innovation to develop differentiating, higher margin services as well as new ways of working (including digitisation of workflows) that will lower cost of operations. Fugro is also investing in improving commercial capabilities in contracting and pricing and enhancing account management to benefit more from Fugro’s unique, global capability to deliver large, multi-disciplinary projects.

Operational review

Revenue per division (x EUR million)	**HY 2017**	**HY 2016**	**reported growth**	**currency comparable growth**
Marine	467.2	551.7	(15.3%)	(15.5%)
Land	245.7	249.8	(1.6%)	(1.0%)
Geoscience	61.4	103.4	(40.6%)	(41.9%)
Total	**774.3**	**904.9**	**(14.4%)**	**(14.5%)**

Group revenue decreased by 14.5% at constant currencies. The Marine division faced continuing price pressure. Overall vessel utilisation was slightly better than last year, driven by the Asset Integrity business line.

Vessel utilisation in the Site Characterisation business line was around the same level as last year. In the Land division, growth in the Site Characterisation business line was offset by a decline in the Asset Integrity business line. Revenue in Geoscience declined by 41.9% with only two crews active during the first quarter and one during the second quarter.

EBIT per division (x EUR million)	**HY 2017**				**HY 2016**			
	reported		**excluding exceptional items**		**reported**		**excluding exceptional items**	
	EUR	**margin**	**EUR**	**margin**	**EUR**	**margin**	**EUR**	**margin**
Marine	(56.4)	(12.1%)	(37.3)	(8.0%)	(106.5)	(19.3%)	(22.0)	(4.0%)
Land	6.3	2.6%	12.0	4.9%	(15.8)	(6.3%)	2.6	1.0%
Geoscience	(0.5)	(0.8%)	0.0	0.0%	(28.0)	(27.1%)	20.8	20.1%
Total	**(50.6)**	**(6.5%)**	**(25.3)**	**(3.3%)**	**(150.3)**	**(16.6%)**	**1.4**	**0.2%**

EBIT excluding exceptional items decreased from EUR 1.4 million to negative EUR 25.3 million. The decline in EBIT and margin in the Marine division was mainly driven by lower rates and some incidental operational issues and project delays in the Site Characterisation business line, with a total impact of around EUR 5 million. The number of large projects in the Asia Pacific region was limited and activity levels in the Gulf of Mexico were low. EBIT of the Land division improved, mainly driven by higher work volumes in the Middle East and Europe, reduced losses in the Asset Integrity business line and a positive one-off operational effect of EUR 6.1 million. Low utilisation at Seabed Geosolutions resulted in a strong decline in EBIT for the Geoscience division. In addition, last year's EBIT included a positive one-off operational effect of EUR 11.3 million related to the conversion of a vessel charter agreement.

Exceptional items Gain/ (loss) (x EUR million)	**Marine**	**Land**	**Geoscience**	**Total**
Onerous contract provision	(15.4)	-	-	(15.4)
Restructuring costs	(3.7)	(3.7)	(0.5)	(7.9)
EBITDA impact HY 2017	**(19.1)**	**(3.7)**	**(0.5)**	**(23.3)**
Impairment losses	-	(2.0)	-	(2.0)
EBIT impact HY 2017	**(19.1)**	**(5.7)**	**(0.5)**	**(25.3)**
EBITDA impact HY 2016	(4.3)	(5.5)	(5.2)	(15.0)
EBIT impact HY 2016	(84.5)	(18.4)	(48.8)	(151.7)

EBIT was impacted by exceptional items of EUR 25.3 million, mainly consisting of:

- Onerous contracts provision for anticipated under-utilisation or early termination of chartered vessels.
- Restructuring costs, mostly incurred for companywide headcount reductions.

Financial position

Cash flow from operating activities after investments was negative EUR 66.1 million, to a large extent caused by a seasonal increase in working capital required for the higher activity level in the summer season. Cash flow in the comparable period last year was negative EUR 44.3 million excluding EUR 111.1 million from certain asset disposals.

Due to seasonality, working capital increased from 10.9% of revenue at year-end 2016 to 12.6% at the end of June 2017. This was a strong performance compared with first half of last year when working capital was

at 15.2% of revenue. Days of revenue outstanding improved to 92 days compared to 99 at the end of June 2016 and was unchanged compared to year-end 2016.

Net debt increased from EUR 351.1 million at year-end 2016 to EUR 433.5 million, partly as a result of the seasonal increase in working capital. In addition, it includes EUR 14.2 million related to exchange rate differences and to amortisation related to voluntary early repayments on US private placements.

Due to lower EBITDA and increased net debt, net debt/EBITDA increased to 2.2 at the end of June compared to 1.1 at year-end 2016 and a requirement of under 3.0. The fixed charge cover was 2.3 compared to 2.4 at year-end 2016 and a requirement of above 1.8.

Outlook

For the full year 2017 Fugro anticipates a decrease in revenue, however less severe than during the first half. This expectation is supported by a bottoming out of Fugro's backlog since mid-2016.

The EBIT margin is expected to improve significantly during the second half year compared to the first half, resulting in a negative low single digit margin (excluding exceptional items) for the full year. Capex is expected to be around EUR 100 million. Cash flow from operating activities after investments is anticipated to be positive excluding the purchase of the REM Etive vessel (at conditions significantly more beneficial than a renewed charter agreement).

Fugro expects continued growth in the building & infrastructure, offshore wind and mining markets, driven by a global economic growth, population growth, urbanisation and an ongoing shift towards renewable energy.

Operational review per division

Marine division

Key figures (amounts x EUR million)	**HY 2017**	**HY 2016**
Revenue	467.2	551.7
reported growth (%)	*(15.3%)*	*(26.4%)*
currency comparable growth (%)	*(15.5%)*	*(23.2%)*
EBITDA excluding exceptional items	11.6	38.6
EBIT excluding exceptional items	(37.3)	(22.0)
EBIT margin excluding exceptional items (%)	(8.0%)	(4.0%)
EBIT	(56.4)	(106.5)
EBIT margin (%)	(12.1%)	(19.3%)
Capital employed	873.4	1,073.7
Backlog remainder of the year	410.9	450.5
Backlog next 12 months	606.0	675.8

- Revenue decreased by 15.5% at constant currencies to EUR 467.2 million. The market remains intensely competitive, particularly in the oil and gas segment. Due to the over-supply in the current market, vessel day-rates remain under pressure. Overall vessel utilisation was slightly better than last year, mainly in the Asset Integrity business line with some large projects in the United Kingdom, Brazil and Asia Pacific. In the second quarter results were impacted by some project delays and incidental operational issues with a total impact of around EUR 5 million, resulting in an EBIT around break-even.
- EBIT was negatively impacted by EUR 19.1 million of exceptional items, principally caused by an onerous contract provision for anticipated under-utilisation or early termination of chartered vessels.
- Revenue for the Site Characterisation business line decreased by 24.7% at constant currencies to EUR 183.5 million. In the Asia Pacific region the number of large projects was limited and in the Gulf of Mexico activity levels were at a historic low point, apart from a number of seep surveys (searching for

natural leakages of hydrocarbons). This was partly offset by reasonable market circumstances in the Middle East and increasing work volumes in Europe. EBIT was negative and below same period last year.
- Revenue for the Asset Integrity business line dropped by 8.2% at constant currencies to EUR 283.7 million. EBIT was near break-even and above the same period in 2016, thanks to better results in Europe and a continuing strong performance in the Middle East.
- The following vessels were added to the fleet:
  - Fugro Venturer, the last of the purpose-built new survey vessels ordered before the downturn, commenced its first project in Europe.
  - Southern Star was chartered as per June 2017 to help service a number of long term IRM contracts in Southeast Asia, of which two were won in the first quarter of this year. The vessel is more versatile than the Havila Harmony, which charter was terminated in the fourth quarter of 2016.
- Significant project awards in the second quarter include:
  - A two-year contract for the identification of unexploded ordnance in the Borssele wind farm zone off the Dutch coast.
  - A geophysical and geotechnical survey for Deepwater Wind's wind farm off the east coast of the USA.
  - Various site surveys for both Shell and BP in Trinidad and Tobago.
  - Six hydrographic survey contracts to improve maritime safety in Papua New Guinea.
  - A two-year contract extension from Petrobras to provide comprehensive IRM and pipeline inspection services in Brazil using the Fugro Aquarius.
- Capital employed decreased significantly compared to same period last year due to impairments in the second half of 2016, lower working capital and currency movements.
- Compared to mid-2016, the 12-month backlog is down 7.0% on a currency comparable basis. Site characterisation backlog increased by 13.6% to EUR 235.8 million as a result of better prospects in Asia Pacific and several deep-water seep surveys, particularly in the Americas and Asia Pacific. Asset integrity backlog dropped by 16.6% to EUR 370.2 million. This is mainly the result of the completion of large construction and installation jobs in Europe and Asia Pacific; in the core asset integrity business (excluding construction and installation) the backlog grew by around 2%.

Land division

Key figures (amounts x EUR million)	**HY 2017**	**HY 2016**
Revenue	245.7	249.8
reported growth (%)	(1.6%)	(14.3%)
currency comparable growth (%)	(1.0%)	(12.3%)
EBITDA excluding exceptional items	22.9	15.1
EBIT excluding exceptional items	12.0	2.6
EBIT margin excluding exceptional items (%)	4.9%	1.0%
EBIT	6.3	(15.8)
EBIT margin (%)	2.6%	(6.3%)
Capital employed	263.3	264.1
Backlog remainder of the year	206.7	229.8
Backlog next 12 months	299.6	335.4

- Divisional revenue for the half-year declined by 1.0% at constant currencies. EBIT (excluding exceptional items) was significantly above the same period last year, reflecting improved profitability in Europe, Middle East and Africa. It includes a positive one-off operational effect of EUR 6.1 million from a contractual settlement.
- Site Characterisation business line revenue increased by 3.6% at constant currencies to EUR 190.0 million. This was realised by increased work scope on the Hong Kong third runway project and higher activity levels in Middle East and Europe. The EBIT margin is high single digit and higher than the same period last year as a result of the aforementioned contractual settlement and improved profitability in Europe and Africa, partly offset by weaker performance in the Americas due to declining activity on LNG facilities.
- Asset Integrity business line revenue decreased by 14.6% at constant currencies to EUR 55.6 million, mainly as a consequence of reduced oil & gas infrastructure activity in Australia. The road and rail

transport and power sectors all experienced comparable or slightly higher revenue, especially for large state highway surveys in the USA. Overall EBIT margin was low single digit negative but considerably improved compared to last year, mainly driven by strong results in the Americas.
- Significant project awards in the latest quarter included:
  - Two new site characterisation contracts at Sirius Minerals' polyhalite project in North Yorkshire, United Kingdom, resulting in a detailed assessment of geological conditions to 500 metres depth.
  - A partnership agreement with the City of Amsterdam to provide consulting services in support of large scale home building targets until 2021 and possibly beyond.
  - A two-year framework contract to survey the electricity transmission assets of Swissgrid using Fugro's innovative digital asset inspection and modelling solutions.
- Backlog for the next 12 months is down 7.6% on a currency comparable basis. The site characterisation backlog decreased by 5.0%, caused by a decline in projects for LNG facilities in North America, ongoing restructuring in Africa and as backlog on two large nuclear power plant projects in Europe is not fully replaced. Backlog in the Middle East and Asia increased. The asset integrity backlog decreased by 15.5%, caused by reduced oil & gas infrastructure activity and the completion of a large traditional aerial mapping project in Europe.

Geoscience division

The Geoscience division almost fully consists of Fugro's 60% stake in Seabed Geosolutions (100% consolidated). It also covers some indirect interests in Australian exploration projects, via Finder Exploration.

Key figures (amounts x EUR million)	**HY 2017**	**HY 2016**
Revenue	61.4	103.4
reported growth (%)	(40.6%)	(47.5%)
currency comparable growth (%)	(41.9%)	(47.5%)
EBITDA excluding exceptional items	12.1	45.2
EBIT excluding exceptional items	0.0	20.8
EBIT margin excluding exceptional items (%)	0.0%	20.1%
EBIT	(0.5)	(28.0)*
EBIT margin (%)	(0.8%)	(27.1%)*
Capital employed	131.1	143.2
Backlog remainder of the year	33.9	54.0
Backlog next 12 months	65.6	54.0

* including a transaction loss of EUR 12.0 million on the sale of the CGG term loan and EUR 8 million impairment loss on the profit sharing agreement with Finder

- Revenue declined by 41.9% at constant currencies as a result of low utilisation, with only two crews active during the first quarter and one (shallow water) crew during the second quarter. By the end of June, this shallow water crew had completed its operations in the United Arab Emirates for ADNOC. At the end of September/early October, the Case Abyss ocean bottom node crew is expected to start a reservoir monitoring survey in Brazil, as a follow up to the first survey on the same location in 2015.
- Despite low utilisation, Seabed Geosolutions realised a break-even EBIT (excluding exceptional items), thanks to a robust operational project performance and further cost reductions initiated early in the year. Last year's EBIT (excluding exceptional items) included a positive one-off operational benefit of EUR 11.3 million for the release of a provision related to the purchase of the vessel Hugin Explorer.
- Compared to mid-2016, the 12-month backlog increased by 25.9% on a currency comparable basis. A solid pipeline of potential projects is in place.
- In June, Seabed Geosolutions was awarded the industry's largest ever ocean bottom node survey, spanning more than 1,600 km2, valued at around USD 90 million. For this survey in the Santos Basin in Brazil, which is expected to start early 2018, Seabed will use its new Manta® node technology and associated efficiency enhancing technologies.

Press call and analyst meeting

Today at 7:30 o'clock CET, Fugro will host a media/wire call. At 12:30 o'clock CET, Fugro will host an analyst meeting in Hilton Amsterdam, Apollolaan 138 which can be followed via a video webcast accessible via www.fugro.com.

Financial calendar

30 October 2017	Trading update third quarter 2017 (7:00 CET)
22 February 2018	Publication 2017 annual results (7:00 CET)

Fugro is the world's leading, independent provider of geo-intelligence and asset integrity solutions. Fugro acquires and analyses data on topography and the subsurface, soil composition, meteorological and environmental conditions, and provides related advice. With its geo-intelligence and asset integrity solutions Fugro supports the safe, efficient and sustainable development and operation of buildings, industrial facilities and infrastructure and the exploration and development of natural resources.

Fugro works around the globe, predominantly in energy and infrastructure markets offshore and onshore, employing approximately 10,500 people in around 60 countries. In 2016, revenue amounted to EUR 1.8 billion. The company is listed on Euronext Amsterdam.

Regulated information
This press release contains information that qualifies, or may qualify as inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation.

Cautionary statement regarding forward-looking statements
This press release may contain forward-looking statements. Forward-looking statements are statements that are not historical facts, including (but not limited to) statements expressing or implying Fugro's beliefs, expectations, intentions, forecasts, estimates or predictions (and the assumptions underlying them). Forward-looking statements necessarily involve risks and uncertainties. The actual future results and situations may therefore differ materially from those expressed or implied in any forward-looking statements. Such differences may be caused by various factors (including, but not limited to, developments in the oil and gas industry and related markets, currency risks and unexpected operational setbacks). Any forward-looking statements contained in this press release are based on information currently available to Fugro's management. Fugro assumes no obligation to in each case make a public announcement if there are changes in that information or if there are otherwise changes or developments in respect of the forward-looking statements in this press release.

HIGHLIGHTS INCOME STATEMENT

Net result

Result (x EUR million)	HY 2017	HY 2016
EBIT	**(50.6)**	**(150.3)**
Net finance costs	(34.8)	(42.9)
Share of profit/ (loss) of equity accounted investees	2.1	(0.3)
Income tax gain/ (expense)	(10.8)	(0.7)
(Gain)/ loss on non-controlling interests	(2.3)	(7.9)
Net result	**(96.4)**	**(202.1)**

Net finance cost

Finance income/ (costs) (x EUR million)	HY 2017	HY 2016
Interest income	2.5	4.5
Dividend income on financial assets	0.1	0.0
Exchange rate variances	0.0	1.3
Finance income	**2.6**	**5.8**
Interest expenses	(20.6)	(27.1)
Net change in fair value of financial assets	-	(0.1)
Exchange rate variances	(16.8)	(21.5)
Finance expenses	**(37.4)**	**(48.7)**
Net finance costs	**(34.8)**	**(42.9)**

The interest expense consists of EUR 14.1 million interest on outstanding loans and EUR 6.5 million other expenses for a large part related to (accelerated) amortisation of capitalised transaction fees caused by early repayment on US private placement loans. Interest expenses on outstanding loans decreased as a result of a lower level of outstanding debt and a lower average interest rate as a result of replacing part of the US private placement loans by the convertible bonds and a higher draw down under the multicurrency revolving credit facility.

Share of profit/ (loss) of equity accounted investees

The share of profit in equity accounted investees was EUR 2.1 million (net of tax) as all joint ventures reported profits over the first half of the year. Last year included losses for two joint ventures.

Income tax (expense)/gain

Tax (x EUR million)	HY 2017	HY 2016
Tax excluding exceptional items	(11.0)	(3.3)
Tax on exceptional items	0.2	2.6
Total tax	**(10.8)**	**(0.7)**

Income tax expense was EUR 10.8 million compared to EUR 0.7 million last year. This increase was mainly driven by taxable profits in certain countries, while in a number of jurisdictions no deferred tax assets were recognised for current year tax losses because of recoverability risk.

(Gain)/loss on non-controlling interest

The EUR 2.3 million positive result attributable to non-controlling interest mainly consists of the profit of a subsidiary in the Middle East partly offset by a loss in Seabed Geosolutions.

HIGHLIGHTS BALANCE SHEET AND CASH FLOW

Goodwill and other intangible assets

Goodwill decreased compared to year-end 2016 by EUR 14.3 million to EUR 329.6 million, which was due to foreign currency translation differences. Other intangible assets increased by EUR 0.2 million to EUR 49.8 million.

Working capital

Working capital (x EUR million)	**HY 2017**	**HY 2016**
Working capital	207.2	309.3
Working capital as a % of last 12 months revenue	12.6%	15.2%
Inventories	*21.4*	26.8
Trade and other receivables	*531.3*	639.3
Trade and other payables	*(345.5)*	(356.8)
Days revenue outstanding (DRO)	92	99

Working capital significantly improved compared to last year, both in absolute terms and as a percentage of revenue. Despite increasing pressure from customers to extend payment terms the company has succeeded in reducing days of revenue outstanding by 7 days, mainly due to faster invoicing.

(Return on) capital employed

(x EUR million)	**HY 2017**	**HY 2016**
Capital employed	1,267.8	1,481.0
Return on capital employed, ROCE (%)[1]	(2.5%)	1.5%

1 ROCE is before exceptional items; NOPAT last 12 months (applying domestic weighted average tax rate); capital employed is the average of last three reporting periods

The decrease in capital employed is mainly caused by the reduction in working capital and impairment losses recognised in the second half of 2016.

Capital expenditure

Capital expenditure (x EUR million)	**HY 2017**	**HY 2016**
Maintenance capex	17.0	17.6
Capex major assets (including assets under construction)	26.1	13.1
Total capex	**43.1**	**30.7**

Capex amounted to EUR 43.1 million, which is EUR 12.4 million higher than the same period last year. The increase is due to investments in the Manta® nodes in Seabed Geosolutions. In July, the purchase of the REM Etive, an IRM vessel, was finalised.

Cash flow

Cash flow (x EUR million)	HY 2017	HY 2016
Net cash from operating activities	(28.8)	(22.0)
Net cash flow from investing activities	(37.3)	88.8
Cash flow from operating activities after investments	**(66.1)**	**66.8**
Net cash from financing activities	47.2	(97.9)
Net cash movement	**(18.9)**	(31.1)

Cash flow from operating activities was negative EUR 28.8 million fully caused by a seasonal increase in working capital of EUR 29.1 million required for the higher activity level in the summer season.

Cash flow from investing activities was negative EUR 37.3 million fully driven by capital expenditures. Last year's cash flow included the proceeds from the sale of the CGG term loan and the sale and leaseback of a geotechnical vessel for EUR 111.1 million in total.

RISK MANAGEMENT

In its annual report 2016, Fugro extensively describes the company's risk management process, including the risk appetite for risk categories and the risk factors that could adversely affect its business and financial performance. Approximately 60% of Fugro's business is exposed to the oil and gas market and the company is acting on the prolonged and harsh market downturn by focusing on cash flow and implementing cost and performance improvement measures. Fugro is further focused on growing its business in non-oil and gas markets. Continued highly competitive conditions as a result of an oversupplied oil and gas market have resulted in strong margin deterioration. Furthermore, customers are shifting more risk to the suppliers, increasing the risk profiles of projects, without a proportional increase in rewards. Fugro has not identified other risk categories or risk factors, which might result in pressure on revenues and income. Additional risks not known to the company, or currently believed not to be material, may occur and could later turn out to have material impact on its business, financial objectives or capital resources.

BOARD OF MANAGEMENT DECLARATION

Pursuant to section 5:25d, paragraph 2 sub c of the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht)

The Board of Management hereby declares that, to the best of their knowledge, the consolidated interim financial statements in this half-year report 2017 have been prepared in accordance with IAS 34 'Interim Financial Reporting' and give a true and fair view of the assets, liabilities, financial position and the result of Fugro N.V. and its consolidated companies included in the consolidation. As a whole, the interim management report in this half-year report 2017 gives a fair review of the information required pursuant to section 5:25d, subsections 8 and 9 of the Dutch Financial Markets Supervision Act.

Leidschendam, 2 August 2017
P. van Riel, Chairman Board of Management/Chief Executive Officer
P.A.H. Verhagen, Chief Financial Officer
M.R.F. Heine, Director Marine division
B.M. Bouffard, Director Land division

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS 2017

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Consolidated statement of comprehensive income

(EUR x million) Unaudited	Six months ended 30 June	
	2017	**2016**
Revenue	**774.3**	**904.9**
Third party costs	(327.9)	(341.4)
Net revenue own services (revenue less third party costs)	**446.4**	**563.5**
Other income	12.1	24.2
Personnel expenses	(330.2)	(358.8)
Depreciation	(68.6)	(92.9)
Amortisation	(3.3)	(4.6)
Impairments	(2.0)	(136.7)
Other expenses	(105.0)	(145.0)
Results from operating activities (EBIT)	**(50.6)**	**(150.3)**
Finance income	2.6	5.8
Finance expenses	(37.4)	(48.7)
Net finance income/(expenses)	**(34.8)**	**(42.9)**
Share of profit/(loss) of equity-accounted investees, net of income tax	2.1	(0.3)
Profit/(loss) before income tax	**(83.3)**	**(193.5)**
Income tax gain/(expense)	(10.8)	(0.7)
Profit/(loss) for the period	**(94.1)**	**(194.2)**
Attributable to owners of the company (net result)	(96.4)	(202.1)
Attributable to non-controlling interests	2.3	7.9
Earnings per share from operations (attributable to owners of the company during the period)	**(1.19)**	**(2.50)**
Basic and diluted earnings per share	(1.19)	(2.50)
Profit/(loss) for the period	(94.1)	(194.2)
Other comprehensive income		
Defined benefit plan actuarial gains/(losses)	13.6	(21.7)
Total items that will not be reclassified to profit or loss	**13.6**	**(21.7)**
Foreign currency translation differences of foreign operations	(84.7)	(17.1)
Foreign currency translation differences of equity-accounted investees	(1.4)	(1.2)
Net change in fair value of hedge of net investment in foreign operations	11.7	15.7
Net change in fair value of cash flow hedges transferred to profit or loss	0.1	0.2
Net change in fair value of available- for-sale financial assets	0.0	0.0
Total items that may be reclassified subsequently to profit or loss	**(74.3)**	**(2.4)**
Total other comprehensive income (net of income tax)	**(60.7)**	**(24.1)**
Total comprehensive income /(loss) for the period	**(154.8)**	**(218.3)**
Attributable to owners of the company	(152.8)	(226.6)
Attributable to non-controlling interests	(2.0)	8.3

The notes on pages 17 to 24 are an integral part of these condensed consolidated interim financial statements.

Consolidated statement of financial position

(EUR x million) Unaudited	30 June 2017	31 December 2016
Assets		
Property, plant and equipment	729.3	805.9
Intangible assets	379.4	393.5
Investments in equity-accounted investees	14.7	20.1
Other investments	33.1	33.8
Deferred tax assets	74.5	80.6
Total non-current assets	**1,231.0**	**1,333.9**
Inventories	21.4	22.1
Trade and other receivables	531.3	546.2
Current tax assets	15.6	22.7
Cash and cash equivalents	205.5	248.5
Assets classified as held for sale	1.0	1.0
Total current assets	**774.8**	**840.5**
Total assets	**2,005.8**	**2,174.4**
Equity		
Share capital	4.2	4.2
Share premium	431.2	431.2
Other reserves	(419.1)	(349.1)
Retained earnings	863.6	1,157.4
Unappropriated result	(96.4)	(308.9)
Total equity attributable to owners of the company	**783.5**	**934.8**
Non-controlling interests	50.8	55.3
Total equity	**834.3**	**990.1**
Liabilities		
Loans and borrowings	631.1	573.5
Employee benefits	76.6	95.5
Provisions for other liabilities and charges	26.0	26.8
Deferred tax liabilities	1.8	1.7
Total non-current liabilities	**735.5**	**697.5**
Bank overdraft	1.3	4.0
Loans and borrowings	6.5	22.0
Trade and other payables	345.5	375.4
Provisions for other liabilities and charges	21.9	14.8
Other taxes and social security charges	31.8	36.7
Current tax liabilities	29.0	33.9
Total current liabilities	**436.0**	**486.8**
Total liabilities	**1,171.5**	**1,184.3**
Total equity and liabilities	**2,005.8**	**2,174.4**

The notes on pages 17 to 24 are an integral part of these condensed consolidated interim financial statements.

Consolidated statement of changes in equity

(EUR x million)

Unaudited	Share capital	Share premium	Translation reserve	Hedging reserve	Reserve for own shares	Equity component of convertible bond	Retained earnings	Unappropriated result	Total	Non-controlling interest	Total equity
Balance at 1 January 2017	4.2	431.2	(20.7)	(0.1)	(354.0)	25.7	1,157.4	(308.9)	934.8	55.3	990.1
Total comprehensive income for the period: profit/(loss)								(96.4)	(96.4)	2.3	(94.1)
Other comprehensive income											
Foreign currency translation differences of foreign operations			(80.4)						(80.4)	(4.3)	(84.7)
Foreign currency translation differences of equity-accounted investees			(1.4)						(1.4)		(1.4)
Net change in fair value of hedge of net investment in foreign operations			11.7						11.7		11.7
Defined benefit plan actuarial gains/(losses)							13.6		13.6		13.6
Net change in fair value of cash flow hedges transferred to profit or loss				0.1					0.1		0.1
Net change in fair value of available-for-sale financial assets							0.0		0.0		0.0
Total other comprehensive income (net of income tax)			(70.1)	0.1			13.6		(56.4)	(4.3)	(60.7)
Total comprehensive income for the period			(70.1)	0.1			13.6	(96.4)	(152.8)	(2.0)	(154.8)
Transactions with owners of the company, recognised directly in equity											
Contributions by and distribution to owners:											
Share-based payments							1.5		1.5		1.5
Addition to/ (reduction of) reserves							(308.9)	308.9	–		–
Contributions by shareholders										–	–
Dividends to shareholders										(2.5)	(2.5)
Total contributions by and distribution to owners of the company							**(307.4)**	**308.9**	**1.5**	**(2.5)**	**(1.0)**
Balance at 30 June 2017	**4.2**	**431.2**	**(90.8)**	**–**	**(354.0)**	**25.7**	**863.6**	**(96.4)**	**783.5**	**50.8**	**834.3**
Balance at 1 January 2016	4.2	431.2	(48.0)	(0.4)	(353.9)	-	1,537.1	(372.5)	1,197.7	36.7	1,234.4

											(EUR x million)
Unaudited	**Share capital**	**Share premium**	**Translation reserve**	**Hedging reserve**	**Reserve for own shares**	**Equity component of convertible bond**	**Retained earnings**	**Unappro-priated result**	**Total**	**Non-controlling interest**	**Total equity**
Total comprehensive income for the period: profit/(loss)								(202.1)	(202.1)	7.9	(194.2)
Other comprehensive income											
Foreign currency translation differences of foreign operations			(17.5)						(17.5)	0.4	(17.1)
Foreign currency translation differences of equity-accounted investees			(1.2)						(1.2)		(1.2)
Net change in fair value of hedge of net investment in foreign operations			15.7						15.7		15.7
Defined benefit plan actuarial gains/(losses)							(21.7)		(21.7)		(21.7)
Net change in fair value of cash flow hedges transferred to profit or loss				0.2					0.2		0.2
Total other comprehensive income (net of income tax)			**(3.0)**	**0.2**			**(21.7)**		**(24.5)**	**0.4**	**(24.1)**
Total comprehensive income for the period			**(3.0)**	**0.2**			**(21.7)**	**(202.1)**	**(226.6)**	**8.3**	**(218.3)**
Transactions with owners of the company, recognised directly in equity											
Contributions by and distribution to owners:											
Share-based payments							3.6		3.6		3.6
Addition to/ (reduction of) reserves							(372.5)	372.5	–		–
Dividends to shareholder										(5.5)	(5.5)
Total contributions by and distribution to owners of the company							**(368.9)**	**372.5**	**3.6**	**(5.5)**	**(1.9)**
Balance at 30 June 2016	**4.2**	**431.2**	**(51.0)**	**(0.2)**	**(353.9)**	**-**	**1,146.5**	**(202.1)**	**974.7**	**39.5**	**1,014.2**

The notes on pages 17 to 24 are an integral part of these condensed consolidated interim financial statements.

Consolidated statement of cash flows

(EUR x million) Unaudited	Six months ended 30 June	
	2017	2016
Cash flows from operating activities		
Profit/(loss) for the period	(94.1)	(194.2)
Adjustments for:		
Depreciation and amortisation	72.0	97.5
Impairments	2.0	136.7
Write-off long term receivables	-	12.0
Share of (profit)/ loss of equity-accounted investees, net of income tax	(2.3)	0.3
Gain on sale of property, plant and equipment	(1.4)	(4.2)
Equity settled share-based payments	1.5	3.6
Change in provisions for other liabilities and charges and employee benefits	4.0	(24.7)
Income tax expense	10.8	0.7
Income tax paid	(6.3)	(12.9)
Net finance (income)/expenses	34.7	42.9
Interest paid	(20.6)	(45.5)
Operating cash flows before changes in working capital	**0.3**	**12.2**
Change in inventories	-	2.2
Change in trade and other receivables	5.1	70.7
Change in trade and other payables	(34.2)	(107.1)
Changes in working capital	**(29.1)**	**(34.2)**
Net cash generated from operating activities	**(28.8)**	**(22.0)**
Cash flows from investing activities		
Proceeds from sale of interests in business, net of cash disposed of	-	62.5
Proceeds from sale of property, plant and equipment	2.7	5.3
Proceeds from sale & leaseback transaction of property, plant and equipment	-	48.6
Acquisition of intangible assets	(2.6)	(5.5)
Internally developed intangible assets	(3.3)	(2.7)
Capital expenditures on property, plant and equipment	(43.1)	(30.7)
Interest received	2.5	6.8
Dividends received	5.6	4.5
Repayment of long-term loans	0.9	-
Net cash provided (used in)/ from investing activities	**(37.3)**	**88.8**
Cash flows from operating activities after investing activities	**(66.1)**	**66.8**
Cash flows from financing activities		
Proceeds from the issue of loans and borrowings	151.1	-
Transaction costs relating to loans and borrowings	(0.1)	(0.2)
Repayment of borrowings	(98.3)	(92.2)
Dividends paid	(2.5)	(5.5)
Payments of finance lease liability	(3.0)	
Net cash provided from/ (used in) financing activities	**47.2**	**(97.9)**
Change in cash flows from operations	**(18.9)**	**(31.1)**
Net increase/(decrease) in cash and cash equivalents	(18.9)	(31.1)
Cash and cash equivalents at 1 January	244.4	283.1
Effect of exchange rate fluctuations on cash held	(21.3)	(6.7)
Cash and cash equivalents at period-end	**204.2**	**245.3**
Cash and cash equivalents	205.5	250.3
Bank overdraft	(1.3)	(5.5)
Cash and cash equivalents (as held for sale)	-	1.5
Bank overdraft (as held for sale)	-	(1.0)

The notes on pages 17 to 24 are an integral part of these condensed consolidated interim financial statements.

Notes to the condensed consolidated interim financial statements

General

Fugro N.V., hereinafter to be referred to as ‘Fugro’ or ‘the company’, has its corporate seat in Leidschendam, the Netherlands. The address of the company’s principal office is Veurse Achterweg 10, 2264 SG Leidschendam, The Netherlands. The condensed consolidated interim financial statements of Fugro as at and for the six months ended 30 June 2017 include Fugro and its subsidiaries (together referred to as the ‘group’) and the group’s interests in equity-accounted investees.

Fugro is the world’s leading, independent provider of geo-intelligence and asset integrity solutions for large facilities, infrastructure and natural resources. Fugro provides the technical data and information required to design, construct and maintain its clients’ structures and infrastructure in a safe, reliable and efficient manner. Fugro employs approximately 10,500 employees in around 60 countries. With its services Fugro contributes to a safe and liveable world. Fugro is listed on Euronext Amsterdam.

Basis of preparation

These condensed consolidated interim financial statements for the six months ended 30 June 2017 have been prepared in accordance with IAS 34, ´Interim Financial Reporting´. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of Fugro N.V. as at and for the year ended 31 December 2016, which has been prepared in accordance with IFRS as endorsed by European Union. The Annual Report 2016 (including the consolidated financial statements as at and for the year ended 31 December 2016) of Fugro is available upon request at the Fugro office, Veurse Achterweg 10, Leidschendam and also available at www.fugro.com. The official language for the financial statements is the English language as approved by the Annual General Meeting of Shareholders on 10 May 2011.

On 2 August 2017, the Board of Management authorised the condensed consolidated interim financial statements for issue. Publication is on 3 August 2017. The condensed consolidated interim financial statements have been reviewed, not audited.

Significant accounting policies

The accounting policies applied by the group in these condensed consolidated interim financial statements are the same accounting policies and methods of computation as those applied by the group in its consolidated financial statements as at and for the year ended 31 December 2016, unless stated otherwise.

New standards and interpretations

Certain new accounting standards have been published that are not mandatory for these condensed consolidated interim financial statements and have not been early adopted by the Group. The impact of these new standards has been addressed and set out in the tables below.

The Group has performed an impact assessment of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers. This assessment is based on currently available information. New information from further detailed analyses or additional reasonable and supportable information may be made available to the Group up to the date of mandatory application. Accordingly, the Group’s impact assessment may change up to that date. The outcome of these assessments has been shared with the board of management, the audit committee and the external auditors.

IFRS 9 Financial Instruments

Nature of change:	IFRS 9 introduces (1) new classification and measurement requirements for financial assets and liabilities, (2) a new expected loss impairment model and (3) new hedge accounting requirements.
Impact:	Classification and measurement: Fugro concludes that all material financial assets and liabilities will continue to be measured on the same basis as currently applied under IAS 39 (mainly amortised cost). Impairment: IFRS 9 requires the Group to record expected credit losses on long-term loans, deposits and other long-term receivables either on a 12-month or lifetime basis. The Group will apply the simplified approach to recognise lifetime expected credit losses on trade and other receivables (including unbilled revenue from contracts with customers). Hedge accounting: The Group does not engage in material hedging transactions with derivatives. The Group hedges foreign currency exposure for net investments in certain foreign operations with certain financial liabilities as hedging instruments. The Group anticipates continuing the aforementioned hedging relationships upon application of IFRS 9. Impact: The Group does not expect the impact of the adoption of IFRS 9 on its consolidated financial statements to be material.
Mandatory application date:	Must be applied for financial years commencing on or after 1 January 2018 (endorsed by the EU).

IFRS 15 Revenue from Contracts with Customers

Nature of change:	The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled. The standard introduces a five-step approach to revenue recognition. An entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required.
Impact:	The Group is in the business of providing geo-intelligence and asset integrity solutions. These services are typically sold in a bundled package of services. Currently the Group recognises such revenues according to the percentage of completion method. Under IFRS 15, the Group anticipates to continue recognising revenue for those bundled packages of services (i.e. one performance obligation) over time. No material measurement transition differences are expected. Impact: The Group does not expect material recognition and measurement differences upon transition to IFRS 15. The Group is currently implementing system changes, policies and procedures to collect and disclose the required information.
Mandatory application date:	Must be applied for financial years commencing on or after 1 January 2018 (endorsed by the EU).

IFRS 16 Leases

Nature of change:	IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for financial leases under IAS 17. IFRS 16 includes two recognition exemptions for lessees – leases of 'low-value' assets and short-term leases. At commencement of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessor accounting will remain substantially unchanged from current standards. IFRS 16 requires more extensive disclosures.

Impact:	The Group anticipates total assets, total liabilities, EBITDA and operating cash flows to increase upon transition to IFRS 16. The expense profile in profit and loss will be front-loaded, due to higher interest expenses in early years on the lease liability. The Group has commenced with its IFRS 16 transition impact assessment. It is not practicable to provide a reasonable estimate of the financial effect until the Group prepares this assessment, which is expected to be completed in further course of 2018.
Mandatory application date:	Mandatory for financial years commencing on or after 1 January 2019. Endorsement by the EU is currently expected in fourth quarter of 2017.

Certain other new standards, interpretations, improvements and amendments issued by the IASB have not (yet) been endorsed by the EU (i.e. IFRS 17, IAS 7, IFRS 12, IAS 12, IFRIC 22 and 23). Fugro is in the process of further assessing the effects of applying these new standards, improvements and amendments on the Group's financial statements. There are no other new standards and interpretations published and endorsed in the first half year of 2017 which could be applicable for the group.

Estimates

Preparation of the condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.
In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimating uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2016.

Operating segments

In 2016, Fugro decided to regroup the geotechnical, survey and subsea services activities into Marine and Land divisions, with the aim to better serve the increasing demand from customers for integrated services. The organisational structure, management structure and internal reporting structure have changed accordingly as of 2017. The Geoscience division remains unchanged.

Based on Fugro's evaluation on how the company allocates resources and analyses performance in the new organisational structure, the company has revised the presentation of its operating segments by the identification of three operating and reportable segments: Marine, Land and Geoscience. The performance of the Marine, Land and Geoscience divisions are separately reported to and reviewed by the Board of Management (as the Chief Operating Decision Maker: CODM). Previously, there were four operating and reportable segments: Geotechnical, Survey, Subsea Services and Geoscience. The comparative figures of segment information have been restated accordingly for comparison purposes.

Likewise, following the change in organisational, management and internal reporting structure, Fugro has reassessed the (groups of) cash-generating units to which goodwill has been allocated. As of 2017, for the purpose of goodwill impairment testing, Fugro allocates goodwill to the following cash-generating units (CGU): Marine, Land and Seabed Geosolutions. These CGU's represent the lowest level within the Group at which goodwill is monitored for internal management purposes and are not larger than the Group's operating segments as disclosed above. The revised goodwill CGU structure did not give rise to any goodwill impairments. As from 2017, the Marine CGU with allocated goodwill comprises the former offshore Survey and offshore Geotechnical CGU's. Geospatial Services, onshore Geotechnical Middle East &

India/Asia Pacific and onshore Geotechnical Americas CGU's all with goodwill form part of the Land CGU as from 2017.

Information about reportable segments for the six months ended 30 June, unless stated otherwise

(EUR x million)		Marine		Land		Geoscience		Total
	2017	2016	2017	2016	2017	2016	2017	2016
Segment revenue	497.7	603.0	253.0	264.5	61.4	103.4	812.1	970.9
Of which inter-segment revenue	30.5	51.3	7.3	14.7	-	-	37.8	66.0
Revenue	467.2	551.7	245.7	249.8	61.4	103.4	774.3	904.9
Impairments *	-	(80.2)	(2.0)	(12.9)	-	(43.6)	(2.0)	(136.7)
Result from operating activities (EBIT)	(56.4)	(106.5)	6.3	(15.8)	(0.5)	(28.0)	(50.6)	(150.3)
Reportable segment profit/(loss) before income tax	(82.2)	(138.0)	1.6	(22.2)	(2.7)	(33.3)	(83.3)	(193.5)
Total reportable segment assets								
30 June 2017 and 31 December 2016	1,335.9	1,450.6	422.9	451.9	247.0	271.9	2,005.8	2,174.4
Total reportable segment liabilities								
30 June 2017 and 31 December 2016	876.6	828.4	198.5	224.3	96.4	131.6	1,171.5	1,184.3

* impairments form part of the reportable segment profit/(loss) before income tax. Refer to disclosure note Impairments below.

Seasonality of operations

Fugro's revenue in the second half is similar to the revenue generated in the first half of the calendar year.

Impairments

Fugro tests its assets for impairment on a yearly basis and whenever there is an indication that the assets might be impaired. For the first six months of 2017, impairments for a total amount of EUR 2.0 million have been identified, which relate to certain equipment within the Land division.

Last year the following impairments were reported:

(EUR x million)	Six months ended 30 June*
	2016
Goodwill Seabed Geosolutions	20.5
Goodwill Subsea Services	17.7
Goodwill onshore Geotechnical Europe/Africa	12.9
Multi-client data libraries (MCDL) and Finder	8.0
Property, plant and equipment (PP&E)	70.1
Other intangibles	7.5
Total impairments	136.7

*As from 2017, the Subsea Services division has been integrated in the Marine division and the onshore geotechnical activities form part of the Land division. Last year, an amount of EUR 55.1 million of PP&E impairments was related to the offshore geotechnical activities. The impairment of other intangibles was fully related to the offshore geotechnical activities. As from 2017, the offshore geotechnical activities form part of the Marine division.

Provisions for other liabilities and charges

In the first six months of 2017, EUR 15.8 million has been added to the onerous contract provision. In the same period an amount of EUR 6.7 million was used from the provision and an amount of EUR 0.4 million was reversed. Restructuring costs amounted to EUR 7.9 million and EUR 8.5 million has been paid in first six months of 2017. There are no further significant other movements to be noted. The current portion of the provision for other liabilities and charges amounts to EUR 21.9 million as at 30 June 2017, of which EUR 6.7 million and EUR 15.1 million is related to restructuring and onerous contracts respectively.

Taxes

Effective tax rate
Current income tax expense is based on the estimated taxable profit for the interim periods, adjusted for significant non-deductible items in the interim periods. The group's consolidated effective tax rate for the six months ended 30 June 2017 is 13.0% negative (first six months of 2016: 0.4% negative). The decrease in the negative effective tax rate is mainly driven by changes in geographical composition of taxable income and losses and certain unrecognised tax losses. The income tax recognised in other comprehensive income for the defined benefit actuarial gains & losses and foreign currency translation differences amounts to EUR 2.2 million expense (first six months of 2016: EUR 4.4 million benefit) and EUR 5.8 million expense (first six months of 2016: EUR 2.5 million expense) respectively. No further income tax has been recognised in other comprehensive income.

Property, plant and equipment

Acquisitions, disposals and transfers to assets classified as held for sale
In the first six months of 2017, the group acquired assets (under construction) with a cost value of EUR 43.1 million (first six months of 2016: EUR 30.7 million). Assets with a carrying amount of EUR 1.3 million were disposed of in the first six months of 2017 (first six months of 2016: EUR 1.1 million), resulting in a net gain on disposal of EUR 1.4 million (first six months of 2016: net gain of EUR 4.2 million), which forms part of other income in the consolidated interim statement of comprehensive income. The assets held for sale relate to a building which sale is going to take place in further course of 2017.

Intangible assets

Goodwill
The goodwill decreased by EUR 14.3 million to EUR 329.6 million as at 30 June 2017 (31 December 2016: EUR 343.9 million), which is fully relating to foreign currency translation differences.

Shareholders' equity

At 30 June 2017, the number of outstanding ordinary shares was 84,572 thousand (31 December 2016: 84,572 thousand). No dividend has been paid in 2017 and 2016.

Loans and borrowings

(EUR x million)	**30 June 2017**	**31 December 2016**
Bank loans	388.9	243.5
Private placement loans	77.4	179.3
Subordinated unsecured convertible bonds in EUR	157.0	153.9
Finance lease liabilities	14.0	18.3
Other long term borrowings	0.3	0.5
Subtotal	**637.6**	**595.5**
Less: current portion of loans and borrowings	6.5	22.0
Total	**631.1**	**573.5**

The multicurrency revolving credit facility has been increased by EUR 75 million to EUR 575 million during the first six months of 2017. Rabobank and ING Bank N.V. provided EUR 17.25 million each. ABN AMRO Bank N.V. provided EUR 30 million. Credit Suisse and BNP Paribas S.A./N.V. have provided EUR 6 million and EUR 4.5 million respectively.

As can be concluded from the table below, at the last four quarters measurement, Fugro complies with all covenant requirements:

x EUR million)	Six months ended 30 June 2017
Adjusted consolidated EBITDA	127.4
Operating lease expense	74.9
Net interest expense	14.4
Margin fixed charge cover > 1.8	**2.3**
Net consolidated financial indebtedness (loans and borrowings less net cash)	276.5
Bank guarantees exceeding cap of € 250 million	-
Total	276.5
EBITDA coverage < 3.0	**2.2**
Consolidated net worth	783.5
Balance sheet total	2,005.8
Solvency > 33.33%	**39.1%**
Margin indebtedness subsidiaries <10%	1.7%
Financial indebtedness < EUR 55 million	15.7
Dividend < 60% of the profit	**-**

Last year, the table below summarised the covenant requirements based on the following covenants at the last four quarters measurement:

x EUR million)	Six months ended 30 June 2016
Adjusted consolidated EBITDA	259.4
Operating lease expense	92.5
Net interest expense	45.8
Margin fixed charge cover > 1.8	**2.5**
Net consolidated financial indebtedness (loans and borrowings less net cash)	466.6
Bank guarantees exceeding cap of € 250 million	-
Total	466.6
EBITDA coverage < 3.0	**1.8**
Consolidated net worth	974.7
Balance sheet total	2,358.3
Solvency > 33.33%	**41.3%**
Margin indebtedness subsidiaries <10%	3.0%
Financial indebtedness < EUR 55 million	6.8
Dividend < 60% of the profit	**-**

In connection with the issue of the subordinated unsecured convertible bonds in October 2016, two covenant requirements were introduced consisting of total net debt (including the subordinated unsecured convertible bonds) is at all times less than or equal to EUR 475 million and the consolidated EBITDA for each relevant period is not less than or equal to EUR 105 million. Fugro complies with these covenant requirements as per 30 June 2017.

Share-based payments

The share-based payments plans of Fugro N.V. can be divided into a long-term incentive plan (LTIP), which includes the annual grant of conditional performance awards, and a share option scheme, which includes the annual grant of unconditional options. For the first six months of 2017, an expense of EUR 1.5 million (first six months of 2016: EUR 3.6 million) relating to share-based payments has been recognised in profit or loss. In 2017, it was decided to shift the grant date under the long term incentive plan and share option scheme to the open period immediately following the publication of the annual report. Previously, performance awards and share options were granted at 31 December each year. Therefore no costs for performance shares and share options to be granted in 2018 are recognised in the profit or loss in the first six months of 2017.

Related parties

The Board of Management receives compensation in the form of short-term employee benefits, post-employment benefits and share-based payments (refer to previous note). The Board of Management received total compensation of EUR 2.0 million for the first six months of 2017 (first six months of 2016: EUR 2.7 million).

Capital commitments, contingencies and bank guarantees

By 31 December 2016, the group had entered into contractual obligations to purchase property, plant and equipment for EUR 6.8 million. During the first six months of 2017, EUR 6.7 million of these commitments resulted in additions to property, plant and equipment (including assets under construction). On 30 June 2017, the group has contractual obligations with a total value of EUR 19.8 million to purchase property, plant and equipment. As per 30 June 2017, Fugro has issued bank guarantees to customers for an amount of EUR 89.7 million (31 December 2016: EUR 96.0 million).

Financial risk management and financial instruments

Fugro's valuation processes

The group's finance department performs the valuations of financial assets and liabilities required for financial reporting purposes. The key inputs to the valuations are directly reported to the Chief Financial Officer. Changes in fair values in level 2 and level 3 are analysed at each reporting date. The carrying amount of the financial assets and liabilities is a reasonable approximation of fair value except for the following as reported in the table below as at 30 June 2017:

(x EUR million)	30 June 2017	
	Carrying amount	Fair value*
Private placement loans in USD	60.1	69.2
Private placement loans in EUR	17.3	22.4
Subordinated unsecured convertible bonds	157.0	160.0
Total	**234.4**	**251.6**
Unrecognised gains/(losses)		(17.2)

*The private placement loans carried at fair value are categorised within level 2 of the fair value hierarchy. The subordinated unsecured convertible bonds are classified as level 3 in the fair value hierarchy. The private placement loans in GPB have been fully repaid in the first six months of 2017.

Share of profit/(loss) of investments in equity-accounted investees

The share of results of investments in equity-accounted investees was EUR 2.1 million profit (first six months
of 2016: EUR 0.3 million loss).

Non-controlling interests

The profit attributable to non-controlling interests amounts to EUR 2.3 million (first six months of 2016: EUR 7.9 million).

Subsequent events

No further subsequent events have been identified.

Independent auditor's review report

To: the Supervisory Board and Shareholders of Fugro N.V.

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of Fugro N.V., Leidschendam that comprise the consolidated statement of financial position as at 30 June 2017, the consolidated statements of comprehensive income, changes in equity, and cash flows for the six-month period then ended, and the notes, comprising a summary of the significant accounting policies and other explanatory information.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope

We conducted our review in accordance with Dutch law including standard 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Dutch Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements for the six-month period ended 30 June 2017 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

Amsterdam, 2 August 2017

Ernst & Young Accountants LLP

Signed by A.A. van Eimeren