

Leidschendam, The Netherlands, 16 November 2012

## **FUGRO: LOW SEISMIC VESSEL UTILISATION AND WRITE-OFF IN SUBSEA KEY CAUSES OF LOWER OUTLOOK FOR 2012 NET RESULT AFTER TAX**

**Fugro expects, barring unforeseen circumstances, that the net result after tax for the full year 2012 will be around EUR 280 million (2011: EUR 287.6 million). This net result does not include the profit accruing from the divestment of the majority of the Geoscience division.**

The net profit after tax outlook for the full year 2012 takes into account the profit on the sale of Fugro's shareholding in Electromagnetic Geoservices ASA (EMGS) of EUR 10 million.

The revenue for the year is expected to increase to around EUR 2,900 million (2011: EUR 2,577.8 million). Of the revenue growth of about 12%, some 2% is expected to come from organic growth. The contribution from acquisitions is expected to be around 4%, with the remaining 6% coming from positive currency effects.

### Impact of the divestment of the majority of the Geoscience division

The main event in the third quarter was the announcement of the transaction with CGGVeritas involving the divestment of the majority of the Geoscience Division. This transaction is the conclusion of the strategic review of the marine streamer seismic data acquisition business and associated activities that was started in May 2012.

The key points of the transaction are:

- CGGVeritas will acquire Fugro's Geoscience division, excluding the multi-client library and the ocean bottom nodes business, for a total cash consideration of EUR 1.2 billion.
- Fugro and CGGVeritas are contributing their seabed (including ocean bottom nodes) businesses to a Seabed Geophysics joint venture. In addition Fugro is making a EUR 225 million cash payment to CGGVeritas to take a 60% controlling stake in the joint venture.
- Fugro continues to own its seismic multi-client data library, with staff transferring to CGGVeritas. CGGVeritas will support sales from the library under a non-exclusive sales and marketing agreement.
- Formation of a strategic partnership involving the inter-company supply of products and services and the pursuit of new business opportunities.

Fugro and CGGVeritas are making good progress on completing the transaction. Closing is expected around year end. CGGVeritas undertook a rights issue to raise funds for the transaction, and has confirmed its successful completion. Hence Fugro will not need to provide the vendor loan for the transaction and will receive the full consideration of EUR 1.2 billion in cash.

Within the Geoscience division, the announcement of the divestment has led to some client concern, in particular in the marine streamer seismic data acquisition business. This has resulted in a drop in backlog for this activity, and weak fleet utilisation is expected over the fourth quarter. This is a key reason for the reduced outlook on net profit after tax for the full year 2012. At the same time the company is maintaining discipline with the planned expansion of its multi-client library, where with the usual level of sales for the last part of the year and barring strong exchange rate fluctuations, the net book value will end around EUR 500 million. No further investments in the data base are foreseen post closing the transaction with CGGVeritas, except to honour existing commitments and reprocessing to improve the data in the multi-client seismic data base to support further sales. To date for this year, multi-client sales are ahead of expectations.

The delayed award of work for the newly acquired seabed node business also negatively impacts profitability in the Geoscience division for this year. For this activity, the future is positive, with around 20 months of backlog secured in the third quarter and the first project underway with a good contribution to profit. The seabed node business will form part of Fugro's contribution to the seabed JV with CGGVeritas.

*Fugro collects, processes and interprets data related to the earth's surface and soil composition and provides advice based on the results. As an extension to these activities, Fugro provides services such as precise positioning, construction materials testing, reservoir engineering and data management. Fugro's operations have been organised into three divisions: Geotechnical, Survey and Geoscience. Fugro is listed on Euronext Amsterdam and is included in the AEX-Index. Fugro has approximately 14,400 employees in more than sixty countries*

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Fugro N.V. - P.O. Box 41 - 2260 AA - Leidschendam - The Netherlands - Tel: +31 70 3111422 - Fax: +31 70 3202703 - Trade Register: nr 27120091 - VAT Nr: 0056 21 409 B01 - ir@fugro.com

## PRESS RELEASE

### Course of business Survey and Geotechnical business

The offshore survey business continues to perform well. This business is experiencing a positive impact of the modernisation of the fleet, with the addition of new, state-of-the-art purpose built marine survey vessels.

In subsea, the second business line in the Survey division, earlier signs of improvement have not yet materialised and the business line is experiencing a difficult year. Brazil is proving to be a difficult market. We are facing operational issues and project start-up delays which are taking time to resolve. In other areas of the world, notably the Middle East and Asia-Pacific, we are experiencing a slower than expected market recovery. This is leading to underutilisation of assets in these areas. These ongoing issues are compounded by a number of recent one-time incidents in operations and the write-off of a minority participation in a technology development company that went into receivership. The latter reduces the net profit after tax by around EUR 14 million.

The offshore geotechnical business is generally performing as expected, with results held back somewhat by vessel performance issues, in particular with the older vessels in the fleet. This will be resolved over the next two years as the previously ordered replacement vessels are launched.

In many areas of the world, the continuing global economic uncertainty is resulting in reduced and delayed government spending. This continues to negatively impact profit generation in our airborne geospatial business and onshore, government related geotechnical businesses. In contrast, in the oil and gas sector, both Geotechnical and Survey continue to perform well.

### Financial position

The financial position is healthy, with equity of about EUR 1.9 billion and net financial interest bearing debt of about EUR 1.6 billion.

The debt position will be strongly reduced by the proceeds from the sale of the majority of the Geoscience division. In addition the proceeds will be used to grow the company, both via acquisitions and through investment in new and additional capacity to boost organic growth.

It is presently foreseen that the dividend over 2012 will be kept at EUR 1.50 per share.

Fugro will publish its annual accounts for 2012 on Friday, 8 March 2013.

For further information:

Fugro N.V.

P. van Riel, Chairman Board of Management/CEO

Telephone +31 70 311 11 12

### **Cautionary Statement regarding Forward-Looking Statements**

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