

Leidschendam, the Netherlands, 29 April 2015

Fugro Q1 2015 trading update

Overall improved margin but decreasing backlog reflecting challenging oil and gas market

Highlights

- Year-on-year revenue decline of 2.1% on a currency comparable basis.
- EBIT margin improved compared to the relatively weak first quarter of 2014.
- Seabed Geosolutions reported a small positive result, driven by restructuring and improved utilisation.
- Cost reduction and performance improvement measures on track; additional measures will be implemented to align capacity to a further decline of the oil and gas market.
- Planned portfolio changes progressing, both in relation to Subsea Services and Fugro's stake in Seabed Geosolutions.
- Positive cash flow from operating activities after investments.
- Net debt to EBITDA of 2.2 compared to requirement of below 3.25, despite adverse effect of stronger USD on debt position.
- Backlog for the next 12 months of the Geotechnical and Survey divisions relative to the first quarter of 2014 down by 15.7% at constant currencies, reflecting market developments.

Key figures (x EUR million) ¹	Q1 2015	Q1 2014	reported growth	currency comparable growth
Revenue	594.3	535.5	11.0%	(2.1%)
Backlog remainder of the year	1,410.3	1,571.3	(10.2%)	(23.0%)
Backlog next 12 months	1,610.2	1,802.3	(10.7%)	(23.3%)

¹ unaudited figures

Paul van Riel, CEO:

“Despite the challenging oil and gas market, we are able to report an overall margin increase. This was partly due to achieving profitability in Seabed Geosolutions as a result of restructuring in combination with improved utilisation. The drop in backlog however is a clear signal of the continuing downturn in the oil and gas market. We are reducing our fleet, headcount and costs as planned. In light of oil and gas market developments and reduced visibility, we have decided to implement additional cost reduction measures during the remainder of the year. Through these measures, we remain confident about our ability to deliver strong cash flow and strengthen the balance sheet.”

We have been able to build our global market leading Geotechnical and Survey divisions into pillars of strength for Fugro on the foundation of being an independent service provider. Strategically, the way forward is to focus on our geotechnical and survey activities.”



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Cost reduction and performance improvement measures

The cost reduction and performance improvement measures are on track. Highlights are:

- The headcount reduction program is on schedule, with a net reduction of around 300 employees.
- Fleet reductions are progressing as planned.
- Capex curtailment is progressing as per plan and capex was substantially below the comparable period last year.
- The working capital reduction initiative, with an emphasis on reduction in receivables, will be expanded further to cover 2/3rd of receivables.
- Turnaround at Seabed Geosolutions is progressing according to plan.

Additional measures will be implemented during the remainder of the year to reduce cost further:

- In the Geotechnical division, the fleet will be reduced at limited costs to seven by year-end compared to the previous plan of a reduction to nine vessels.
- In the Survey division, vessel capacity will be further lowered by 10-15% at limited cost. Staff and other operational costs will be reduced in line with these fleet adjustments.

Q1 operational review

Geotechnical division

(x EUR million)	Q1 2015	Q1 2014	reported growth	currency comparable growth
Revenue	186.0	168.9	10.1%	(2.8%)
Backlog remainder of the year	438.2	445.5	(1.6%)	(15.5%)
Backlog next 12 months	487.9	485.0	0.6%	(13.9%)

- Onshore revenue increased by 0.4% at constant currencies to EUR 120.1 million. Revenue in emerging markets developed positively. The margin decreased year-on-year due to set-backs on some of the larger projects.
- Offshore revenue decreased by 8.1% at constant currencies to EUR 65.9 million, due to reduced spending by oil and gas companies. The margin was better than the same period last year, when Fugro experienced operational issues on the Pemex well services project and uncompensated weather stand-by on windfarm projects.
- Overall margin improved relative to the weak margin in the comparable period last year.
- Resources within the offshore business line are being re-aligned with the oil and gas market. The fleet has been reduced to 10 vessels from 11 per end of 2014. The fleet will be reduced further to a fleet of seven fully owned vessels by year-end. In addition, we are targeting a sale of the Fugro Synergy.
- The process for the sale/charter back of the Fugro Voyager and Fugro Scout vessels is ongoing.
- Backlog for the next 12 months declined by 13.9% at constant currencies. While the onshore backlog continues to grow (+ 14.5%), offshore shows a very strong drop (- 45.6%) reflecting a combination of the relatively strong backlog a year ago and postponements, scope reductions and lower visibility as clients tend to commit to work on shorter time horizons.



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Survey division

(x EUR million)	Q1 2015	Q1 2014	reported growth	currency comparable growth
Revenue	190.3	195.8	(2.8%)	(13.4%)
Backlog remainder of the year	509.2	515.2	(1.2%)	(13.3%)
Backlog next 12 months	588.8	624.2	(5.7%)	(17.1%)

- Revenue decreased by 13.4% at constant currencies. The general downturn in the market resulted in significantly lower oil and gas related geophysical revenue, in particular in Europe and Africa. This was partly offset by a high workload in the hydrography and cable route survey market. The challenging oil and gas market also led to lower revenues for construction support and metocean. The positioning business continues to hold up well.
- The margin was somewhat lower compared to last year as a consequence of the challenging market resulting in pricing pressure and lower utilisation.
- The performance improvement measures and personnel reductions are on track. One vessel was retired during the quarter and a new vessel was delivered (Fugro Americas). Fleet capacity will be reduced by a further 10-15% in the course of the year.
- The search for the missing MH370 airplane will be extended for another year. Currently three vessels, as well as our most advanced autonomous underwater vehicle, are operational in the area.
- On a currency comparable basis, the backlog for the coming 12 months is down by 17.1%, partly due to the transfer of contracts to non-consolidated joint ventures and in line with the reduction of the oil and gas market. We expect good utilisation in the upcoming two quarters.

Subsea Services division

(x EUR million)	Q1 2015	Q1 2014	reported growth	currency comparable growth
Revenue	127.6	108.2	17.9%	1.8%
Backlog remainder of the year	265.2	419.0	(36.7%)	(44.0%)
Backlog next 12 months	300.0	465.5	(35.6%)	(42.6%)

- Currency comparable revenue growth of 1.8% compared to last year due to continuation of strong construction support and installation work in Europe.
- Margin was better than the same period last year mainly due to higher vessel utilisation in Europe and Africa in a traditionally weak first quarter.
- Backlog for the next 12 months is 42.6% lower on a currency comparable basis. When adjusting for the large Great Western flank project, currency comparable backlog decreased by 26.9%.
- A charter which will come up for renewal in the second quarter will not be extended.
- The planned headcount decrease, including the downsizing of the diving activities in Brazil and project specific reductions in Asia-Pacific, has been largely implemented during the quarter.



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Geoscience division

(x EUR million)	Q1 2015	Q1 2014	reported growth	currency comparable growth
Revenue	90.4	62.6	44.4%	28.3%
of which Seabed Geosolutions	86.4	39.6	118.2%	92.4%
of which multi-client sales	4.0	23.0	(82.6%)	(82.1%)
Backlog remainder of the year Seabed Geosolutions	197.7	188.4	4.9%	(18.7%)
Backlog next 12 months Seabed Geosolutions	233.5	224.4	4.1%	(19.5%)

Seabed Geosolutions

- Revenue increased by 92.4% at constant currencies, driven by a higher activity level in the shallow water and ocean bottom cable (SW & OBC) businesses. Per the end of the quarter most crews were active, including the ocean bottom node (OBN) crew in Brazil, which started after a delay due to permitting issues.
- Seabed Geosolutions reported a small positive result owing to higher revenue, lower costs and improved operational performance on all projects.
- The overhead cost reduction program is delivering as per plan and is expected to generate full savings towards the end of the third quarter of 2015.
- The backlog for the next 12 months decreased by 19.5% driven by a lower secured backlog in OBC. Seabed secured a large OBN contract, running from the fourth quarter of 2015 into the second quarter of 2016.

Multi-client

- Sales of multi-client seismic data were EUR 19 million lower, mainly due to the significant, market-wide reduction in exploration spending. Clients spend the minimum budget to comply with their work programs. In addition, sales during the first quarter last year were relatively high related to the 22nd Norwegian licencing round.
- The relatively low revenue, combined with linear and forced amortisation on top of sales amortisation, resulted in a sharply negative margin compared to a positive margin in the same period last year.

Outlook

We expect the oil and gas market to remain challenging for some period of time. The infrastructure and offshore hydrographic and wind farm markets continue to provide good opportunities and should support achieving satisfactory results in these segments.

In 2014 Fugro started to implement a range of cost reduction measures and performance improvement programmes. These have been stepped up further. In addition, capex is curtailed strongly. Based on these measures, Fugro expects to generate strong cash flow from operating activities after investments in 2015.

The mid-term outlook for 2017 is unchanged.



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Conference call

Fugro will host an analyst and investor call today at 12:00 CET. Dial- in details:
Netherlands +31 (0)20 713 2998, UK +44 (0)20 3427 1913, USA +1 646 254 3367.
Conference code: 3626690. The call will be audio cast live via our website

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Fugro creates value by acquiring and interpreting earth and engineering data and providing associated consulting services to support clients with their design and construction of infrastructure and buildings. Fugro also supports clients with the installation, repair and maintenance of their subsea infrastructure. Fugro is an independent service provider.

Fugro works around the globe, predominantly in energy and infrastructure markets offshore and onshore employing approximately 13,500 employees in over seventy countries. In 2014 Fugro's revenue amounted to EUR 2.6 billion; Fugro is listed on Euronext Amsterdam.

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