PRESS RELEASE

Leidschendam, the Netherlands, 1 August 2018

Fugro HY 2018: strong revenue growth and improved EBIT

Continued competitive offshore market conditions

- Revenue growth of 16.6% on comparable basis mainly driven by renewables, oil & gas and building & infrastructure.
- EBIT margin turns positive as a result of significantly improved EBIT in the Marine division.
- Cash flow from operating activities after investments is negative, resulting from strong revenue growth and related working capital increase.
- Net debt/EBITDA of 2.5; expected to improve towards year-end.
- Continued backlog growth on a comparable basis.
- Outlook 2018: Fugro expects revenue growth on a comparable basis, a marginally positive EBIT margin and positive cash flow from operating activities after investments dependent on revenue growth and the related working capital requirements.
- Strategy update to be presented November 2018.

Key figures (x EUR million)	**HY 2018**	**HY 2017**
Revenue	797.4	774.3
comparable growth[1]	16.6%	(14.5%)
EBITDA (excluding exceptional items[2])	56.7	46.6
EBIT (excluding exceptional items[2])	4.0	(25.3)
EBIT margin (excluding exceptional items[2])	0.5%	(3.3%)
Net result	(40.5)	(96.4)
Backlog next 12 months	943.0	971.2
comparable growth[1]	3.1%	(5.5%)
Cash flow from operating activities after investments	(43.5)	(66.1)
Net debt/EBITDA	2.5	2.2

The information in this report is unaudited. Refer to annual report 2017 for definition of EBITDA for covenant purposes.

[1] Corrected for currency effect (of around - 7% on revenues and - 2% on backlog) and for portfolio changes related to the divestment of the marine construction and installation activities in 2017

[2] Onerous contract provisions, restructuring cost, impairment losses, and other exceptional items totalling EUR 0.5 million compared to EUR 25.3 million in HY 2017 (EBIT impact)

Øystein Løseth, CEO: *"In the second quarter revenue growth increased substantially driven by strong growth in offshore wind, growth in the building & infrastructure market and a gradually recovering oil and gas market. Oil companies are starting to increase their investment levels in order to meet future demand. This is reflected in strong growth of the early cyclical marine site characterisation activities. In the offshore wind market, where Fugro has strong positions, we benefit from large projects in the North Sea, the United States and Asia. Strong revenue growth, in combination with last years' cost reduction measures, has resulted in improved profitability. We are still working on low margin contracts, secured at the bottom of the oil and gas market. We do see some price recovery, however overall the offshore market is still oversupplied, resulting in a continued challenging pricing environment.*

I have spent the past months getting to know our business, people and clients around the world, in order to understand their needs and priorities. It is clear that Fugro has a strong brand and technological platform, professional and motivated people and a unique ability to provide integrated services on a global scale.
I believe Fugro is well positioned to capture profitable growth in the years ahead.

With Fugro's current 'Building on Strength' strategy four years underway and in light of changing market circumstances and long term trends, Fugro will provide a strategy update in November. In that update we will address both the needed improvement in our performance and our long term vision."

Operational review

Revenue per division (x EUR million)	HY 2018	HY 2017	reported growth	comparable growth[1]
Marine	503.1	467.2	7.7%	26.3%
Land	231.0	245.7	(6.0%)	0.3%
Geoscience	63.3	61.4	3.1%	14.2%
Total	**797.4**	**774.3**	**3.0%**	**16.6%**

[1]Corrected for currency effect (of around - 7% at group level) and for portfolio changes related to the divestment of the marine construction and installation activities in 2017

After three years of decline, group revenue increased again, led by the Marine and Geoscience divisions. At 30.3%, comparable revenue growth was particularly strong in the second quarter.

During the period under review, revenue of the Marine division was boosted by the global development of the offshore wind market in combination with a recovering oil and gas market. Seabed Geosolutions executed three projects compared to two projects last year, resulting in a double digit comparable growth of the Geoscience division. In the Land division, site characterisation revenue grew, whilst asset integrity declined.

EBIT per division (x EUR million)	HY 2018				HY 2017			
	reported		excluding exceptional items		reported		excluding exceptional items	
	EUR	margin	EUR	margin	EUR	margin	EUR	margin
Marine	(2.6)	(0.5%)	(1.9)	(0.4%)	(56.4)	(12.1%)	(37.3)	(8.0%)
Land	2.6	1.1%	3.8	1.6%	6.3	2.6%	12.0	4.9%
Geoscience	3.5	5.5%	2.1	3.3%	(0.5)	(0.8%)	0.0	0.0%
Total	**3.5**	**0.4%**	**4.0**	**0.5%**	**(50.6)**	**(6.5%)**	**(25.3)**	**(3.3%)**

EBIT margin (excluding exceptional items) turned positive mainly as result of revenue growth and cost savings. The improvement was largest in the Marine division, which was close to break even, compared to a EUR 37.3 million loss in the comparable period last year. The lower EBIT for the Land division was partly related to the fact that the comparable period last year included a positive EUR 6.1 million operational one-off from a contractual settlement in the comparable period last year. In the Geoscience division, an improved EBIT resulting from revenue growth and a positive EUR 5.2 million one-off from the sale of some spare cable assets, was partly offset by weather related delays at the BHP project in Trinidad.

Financial position

Cash flow from operating activities after investments was negative resulting from strong revenue growth and related working capital increase. Excluding the impact of increased working capital, cash flow was positive and significantly improved compared to the same period last year. Due to the strong revenue growth in the last quarter, working capital as a percentage of 12 months rolling revenue increased from 13.3% at the end of March to 14.6% at the end of June. Days of revenue outstanding reached 88 days, compared to 92 at the end of June last year and 85 at the end of last year.

Net debt/EBITDA ratio was 2.5, unchanged compared to last quarter and compared to 1.9 at the end of 2017. Net debt increased to EUR 501.9 million from EUR 430.4 million at the end of 2017. The increase was due to increased working capital resulting from strong revenue growth in the second quarter and adverse currency effects on cash balances. The net debt/EBITDA ratio is expected to improve towards year-end, based on improved results and lower working capital at year-end.

In the second quarter the net debt ceiling covenant with the owner of two geotechnical vessels was adjusted as a matter of financial prudency, in order to create additional headroom for increased activity and potential adverse currency translation effects.

Outlook

The offshore wind market continues to grow and the offshore oil and gas market is gradually recovering. Clients are increasingly taking final investment decisions regarding new offshore field developments. As there is still overcapacity in the oil field services market, it is uncertain at what pace the challenging pricing environment in this market will improve. In the building and infrastructure market Fugro expects continued growth, driven by a strong global economy, population growth and urbanisation.

Supported by an increased backlog in hand, Fugro expects revenue growth and a marginally positive EBIT margin. Fugro also expects a positive cash flow from operating activities after investments, yet this will depend on revenue growth and the related working capital requirement at year-end. Capex is expected to be around EUR 80 million.

Operational review per division

Marine division

Key figures (in EUR million)	HY 2018	HY 2017
Revenue	503.1	467.2
reported growth (%)	7.7%	(15.3%)
comparable growth (%)[1]	26.3%	(16.1%)
EBITDA excluding exceptional items	34.2	11.6
EBIT excluding exceptional items	(1.9)	(37.3)
EBIT margin excluding exceptional items (%)	(0.4%)	(8.0%)
EBIT	(2.6)	(56.4)
EBIT margin (%)	(0.5%)	(12.1%)
Capital employed	873.0	873.4
Backlog remainder of the year	423.2	410.9
Backlog next 12 months	577.7	606.0

1 Revenue and backlog growth corrected for currency effect (of around - 7% and -2% respectively) and for portfolio changes related to the divestment of the construction and installation activities in 2017.

- Revenue increased by 26.3% on a comparable basis to EUR 503.1 million. Utilisation of owned and long term chartered vessels increased by 5 percentage points year-on-year. Especially site characterisation projects required additional capacity, which was partially covered by seasonal spot-charters.
- EBIT margin improved significantly versus last year and was near break-even. Most regions contributed to this, driven by cost reduction and efficiency programs initiated last year, lower depreciation and better asset utilisation.
- Site characterisation revenue increased by 44.2% at constant currencies to EUR 249.6 million reflecting improved activity levels in oil and gas field developments and rising offshore wind activities globally, in particular in Europe. The EBIT margin was close to break-even, compared to a significant loss in the same period last year.
- The asset integrity comparable revenue increased by 12.8% to EUR 253.5 million due to more work under existing long-term contracts in Asia Pacific. EBIT was marginally positive.
- Significant project awards in the second quarter include:
  - Two asset integrity services contracts for Petrobras in Brazil in support of exploration and production activities.

  - Geotechnical characterisation at the Hornsea Two wind farm site in the North Sea, following previous contracts for geophysical investigation services.
  - Various offshore wind site characterisation projects in France, UK and USA; all integrated geotechnical, geophysical and UXO related work packages.
  - Geophysical and geotechnical site survey for the Merakes field in the East Sepinggan block, offshore East Kalimantan, Indonesia.
- Backlog for the next 12 months increased by 4.5% on a comparable basis year-on-year, comprising a 11.5% improvement in site characterisation projects to EUR 259.9 million, with particularly strong growth in the Americas. Asset integrity showed a slight decrease of 0.6% to EUR 317.8 million, as a result of continued oversupply and the completion of a large project in Africa.

Land division

Key figures (in EUR million)	**HY 2018**	**HY 2017**
Revenue	231.0	245.7
reported growth (%)	(6.0%)	(1.6%)
comparable growth (%)[1]	0.3%	(1.0%)
EBITDA excluding exceptional items	13.6	22.9
EBIT excluding exceptional items	3.8	12.0
EBIT margin excluding exceptional items (%)	1.6%	4.9%
EBIT	2.6	6.3
EBIT margin (%)	1.1%	2.6%
Capital employed	208.3	263.3
Backlog remainder of the year	191.8	206.7
Backlog next 12 months	273.6	299.6

[1] Revenue and backlog growth corrected for currency effect (of around - 6% and -1% respectively)

- Revenue was flat at constant currencies. Growth in building & infrastructure and mining was offset by a decrease in oil and gas activities which went down from 11% to 7% of total revenue. The decline in EBIT (excluding exceptional items) was partly related to a positive one-off operational effect of EUR 6.1 million from a contractual settlement in the comparable period last year.
- Site characterisation revenue increased by 3.5% at constant currencies to EUR 183.9 million driven by increased activity in Europe. EBIT margin was mid-single digit and slightly higher than last year when the aforementioned settlement is excluded. This improvement was the result of increased revenue in Europe and reduced losses in Africa.
- Asset integrity revenue decreased by 10.3% at constant currencies to EUR 47.1 million mostly due to unfavourable weather conditions in the USA and Australia. EBIT margin was high single digit negative and below last year as a result of the lower revenue.
- Significant project awards in the second quarter included:
  - On and nearshore site investigation services for the design and engineering phases of the high-end tourism development “Pristine”, part of Saudi Arabia’s Red Sea development program.
  - Nearshore site characterisation work for the expansion of a port in Madagascar.
  - Additional site characterisation work for the third runway of Heathrow Airport in the UK.
- Backlog for the next 12 months is down by 7.3% at constant currencies compared to last year and by 2.4% compared to last quarter. Site characterisation decreased by 8.7%, mostly as a consequence of the finalisation of several large projects being replaced by shorter duration projects, which leads to lower visibility in the 12 month backlog. Asset integrity backlog has decreased slightly.

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 (in EUR million)	HY 2018	HY 2017
Revenue	63.3	61.4
reported growth (%)	3.1%	(40.6%)
comparable growth (%)[1]	14.2%	(41.9%)
EBITDA excluding exceptional items	8.9	12.1
EBIT excluding exceptional items	2.1	0.0
EBIT margin excluding exceptional items (%)	3.3%	0.0%
EBIT	3.5	(0.5)
EBIT margin (%)	5.5%	(0.8%)
Capital employed	155.9	131.1
Backlog remainder of the year	55.3	33.9
Backlog next 12 months	91.7	65.6

[1] Revenue and backlog growth corrected for currency effect (of around - 10% and 0% respectively)

- Revenue increased by 14.2% at constant currencies, driven by a higher activity level in the ocean bottom node (OBN) business. Two node crews have been active since the beginning of the year. One crew finalised the Lula project for Petrobras in the Santos basin and thereafter executed a 4D monitor project for Shell in Nigeria. The other crew worked on the BHP project in Trinidad.
- EBITDA decreased slightly mainly due to weather related delays at the BHP project in Trinidad, partially offset by a EUR 5.2 million one-off from the sale of some spare cable assets.
- EBIT was slightly positive due to lower depreciation.
- The 4D survey in deep water Gulf of Mexico will commence in the third quarter, and the shallow water crew is expected to start its Middle East project in the fourth quarter. The OBN survey in Petrobras' Santos basin on the Buzios field was delayed by the client; the Manta® node crew is currently anticipated to start with this project in October.
- The 12-month backlog increased by 39.6% on a currency comparable basis. The pipeline of potential projects remains solid with significant tendering activity, reflecting the increased appetite for ocean bottom seismic technology.

Press call and analyst meeting

Today at 10:00 CET, Fugro will host a news media call. At 12:30 CET, Fugro will host an analyst meeting in Hilton Amsterdam, Apollolaan 138 in Amsterdam which can be followed as video webcast via www.fugro.com.

For the half-year report 2018 see https://www.fugro.com/investors/results-and-publications/quarterly-results

Financial calendar

26 October 2018	Publication third quarter trading update
25 February 2019	Publication 2018 annual results (7.00 CET)

For more information

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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 10,000 people in 65 countries. In 2017, revenue amounted to EUR 1.5 billion. The company is listed on Euronext Amsterdam.

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.

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