PRESS RELEASE

Leidschendam, the Netherlands, 30 October 2017

Trading update Q3 2017: low single digit EBIT margin in a stabilising oil and gas market

- Year-on-year revenue decline of 19.5% on a currency comparable basis, to a large extent driven by lack of activity at Seabed Geosolutions.
- EBIT margin was low single digit, compared to mid-single digit in the same period last year. Results were below expectations due to lower revenue, mainly caused by technical downtime of some vessels, mainly in Europe, and hurricanes in the Americas, negatively impacting EBIT by around EUR 10 million.
- Agreement reached to divest the non-core trenching and cable-laying business.
- Net debt/EBITDA of 2.9 within covenant requirement to not exceed 3.0; expected to improve in the fourth quarter.
- As a matter of financial prudency, today Fugro launches a subordinated convertible bond of EUR 100 million. Proceeds will be offered to the USPP noteholders for early repayment. Pro forma net debt/EBITDA per the end of September is 1.8 including assumed proceeds of EUR 100 million from this bond.
- Backlog for the next 12 months, excluding the non-core marine construction and installation business, decreased by 5.6% on a currency comparable basis. Backlog in the early cycle Marine Site Characterisation business line increased 11.1%.
- Outlook 2017: For the full year Fugro anticipates a double-digit decrease in revenue, with only a single digit decrease in the fourth quarter. The EBIT margin (excluding exceptional items) is expected to improve during the second half of the year compared to the first, resulting in a negative low-single digit margin for the full year. Cash flow from operating activities after investments will be negative for the full year mainly as a result of the later than anticipated start of a Seabed Geosolutions project, pushing the related cash collection into early 2018.

Key figures (x EUR million) unaudited	**Q3 2017**	**Q3 2016**	**reported growth**	**comparable growth***
Revenue	364.0	474.1	(23.2%)	(19.5%)
Backlog remainder of the year	348.9	365.6	(4.6%)	9.7%
Backlog next 12 months	867.2	1,055.1	(17.8%)	(5.6%)
Net debt/ EBITDA	2.9	1.8		

*Revenue corrected for currency effect; backlog corrected for currency effect and for portfolio changes related to marine construction & installation activities

Paul van Riel, CEO*: "The offshore oil and gas market appears to be reaching its inflection point. The backlog in our early cyclical marine site characterisation business is up, which is an important early indicator. We are also growing in the building & infrastructure market and have strong positions in the renewables market with good potential for further growth.*

This quarter, results were unfortunately impacted by technical downtime of some vessels and hurricanes. The agreement reached in the quarter to divest the trenching business is an important step in aligning our portfolio with the 'Building on Strength' strategy and is accretive to results.

We continue to relentlessly implement cost reduction and performance improvement measures to restore results and generate positive cash flow going forward. At the same time we are investing in delivery excellence and innovation to enhance our position with clients."

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 third quarter:

- Headcount was reduced by a further 102 employees to 10,250.
- Third party expenses (excluding exceptional items) were further reduced by 15.9% on a currency comparable basis.
- Working capital decreased to 12.9% of revenue from 15.1% in the same period last year.
- Capex was EUR 40.3 million (year-to-date EUR 83.4 million), which is significantly higher than current run rate due to the purchase of the REM Etive vessel and investments in Seabed Geosolutions' Manta® nodes.

As announced at the publication of the half-year results, additional measures are taken to restore profitability, including:

- Significant improvement in the charter terms and conditions of two IRM vessels active in the marine Asset Integrity business line, one of which has been completed in the third quarter and the other is expected to be completed shortly.
- Divestment of the non-core cable-laying and trenching business.
- Winding down of the two remaining long term chartered construction and installation vessels in the fourth quarter.
- Retirement of two old owned vessels from the fleet in the fourth quarter.
- Down-manning of vessels and vessel support enabled by standardisation and application of new technologies.
- 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 during the coming quarters.

Operational review per division

Marine division

(x EUR million)	Q3 2017	Q3 2016	reported growth	comparable growth*
Revenue	251.6	295.9	(15.0%)	(11.4%)
Backlog remainder of the year*	200.3	220.6	(9.2%)	12.6%
Backlog next 12 months*	508.2	646.8	(21.4%)	(3.0%)

*Revenue corrected for currency effect; backlog corrected for currency effect and for portfolio changes related to marine construction & installation activities

- Revenue for the quarter decreased by 11.4% at constant currencies to EUR 251.6 million. Vessel utilisation was similar to last year. Pricing remains competitive due to over-supply. The low-single digit EBIT margin was slightly below last year.
- Site characterisation revenue dropped by 18.4% at constant currencies to EUR 100.3 million. The EBIT margin improved quarter-on-quarter, however it was low-single digit negative and below the same period last year. Mainly in Europe, the division was faced with technical down time of some vessels and the late availability of a chartered vessel, leading to project delays. Most of these issues have been resolved. Activities were also hampered by the impact of hurricanes in the Americas.

The total impact of the technical downtime and hurricanes was around EUR 10 million. Results were positive in all regions, except in Asia Pacific, due to lower utilisation of the geophysical fleet.

- Asset integrity revenue decreased by 6.0% at constant currencies to EUR 151.3 million. The high-single digit EBIT margin improved compared to the same period in 2016. Results in Europe and in the Middle East improved, while Asia Pacific was faced with the later start of a long term IRM contract.
- Significant project awards in the third quarter include:
  - A large multi-site site characterisation survey, including geo-consulting for Pemex in Mexico.
  - A one-year extension for one of the tripartite IRM vessels in Brazil.
  - Two IRM contracts on the North West Shelf of Western Australia, deploying the Rem Etive vessel.
- Backlog for the next 12 months, excluding the non-core construction and installation business, decreased by 3.0%. Site characterisation backlog grew by 11.1% to EUR 196.8 million. Asset integrity backlog, excluding the non-core construction and installation business, was EUR 308.7 million, which is 10.2% lower.

Land division

(x EUR million)	Q3 2017	Q3 2016	reported growth	comparable growth*
Revenue	115.4	126.5	(8.8%)	(4.7%)
Backlog remainder of the year	115.5	124.5	(7.2%)	(4.4%)
Backlog next 12 months	279.7	342.9	(18.4%)	(15.8%)

*Corrected for currency effect

- Divisional revenue declined as decreasing oil and gas activity in North America and Australia could not be fully offset by increasing activity in the building & infrastructure and power segments. The mid-single digit EBIT margin was slightly up versus the same period last year as overall profitability in Europe, Middle East and Africa improved.
- Site characterisation revenue decreased by 3.4% to EUR 89.9 million due to declining activity levels on LNG facilities in North America partly offset by higher revenue from large infrastructure projects in Europe and the Middle East. The EBIT margin was mid-single digit and similar to the same period last year as lower revenue in the Americas was offset by improvements in all other regions.
- Asset integrity revenue decreased by 9.0% to EUR 25.6 million as a result of reduced oil and gas activity in Australia and the USA. Last year’s revenue also included a large traditional aerial mapping project in Turkey. The road, rail transport and power sectors all experienced comparable or slightly higher revenue, especially for large state highway surveys in the USA. The EBIT margin was low single digit and improved compared to last year on the back of cost management measures.
- Significant project awards in the quarter included:
  - Hail and Ghasha project in the Middle East for ADNOC, involving nearshore bathymetric surveys and the collection and analysis of soil samples for new oil and gas installations.
  - Heathrow Airport third runway site investigation work in the United Kingdom.
  - Three large framework contracts for road inspection in the USA.
  - Aerial digital inspection of the power network of SP Energy Networks in Scotland and Wales.
- Backlog for the next 12 months is down 15.8% at constant currencies compared to last year. Site characterisation backlog decreased by 15.3%, caused by a decline in projects for oil and gas facilities in North America. In addition, backlog on two large nuclear power plant projects in Europe was not fully replaced. Backlog in the Middle East increased. Asset integrity backlog dropped by 17.5%, caused by continued focus on higher margin sectors, reduced oil & gas activity and the completion of the large traditional aerial mapping project mentioned above.

Geoscience division

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

(x EUR million)	Q3 2017	Q3 2016	reported growth	comparable growth*
Revenue	0.0	51.7	(100.0%)	(100.0%)
Backlog remainder of the year	33.1	20.5	61.5%	69.6%
Backlog next 12 months	79.3	65.4	21.3%	26.9%

*Corrected for currency effect

- By the end of June, the shallow water crew had completed its operations in the United Arab Emirates for ADNOC. Following this completion, no revenue was generated during the third quarter. After a permit related delay, the ocean bottom node crew recently started its reservoir monitoring survey at the Lula oil field in Brazil, as a follow up to the first survey on the same location in 2015.
- In the third quarter, Seabed Geosolutions was loss-making caused by an absence of revenues, mitigated by continued stringent cost saving measures.
- Compared to the same period last year, the 12-month backlog increased by 26.9% on a currency comparable basis. The pipeline of potential projects is solid, confirming an anticipated growth of the market in 2018.
- Early 2018, Seabed Geosolutions will start the industry's largest ever ocean bottom node survey in the Santos Basin in Brazil, for which it will use its new Manta® node technology and associated efficiency enhancing technologies.

Financial position

Cash flow from operating activities after investments was slightly positive. The outflow related to the purchase of the REM Etive vessel was largely offset by the proceeds from the sale and lease back of an office building in UK. An improvement in working capital contributed positively to the quarterly cash flow.

Working capital was 12.9% of revenue compared to 15.1% a year ago. Days of revenue outstanding was 101 days, up three days compared to 98 at the end of September 2016.

Net debt/EBITDA increased from 2.2 at the end of June to 2.9 at the end of September, within the covenant requirement of not exceeding 3.0, and is expected to improve in the fourth quarter of 2017. As a precautionary measure, Fugro obtained a waiver for this covenant for the third quarter. A waiver was also obtained for the minimum EBITDA requirement related to the sale and lease back of two geotechnical vessels, which Fugro did not meet per the end of the third quarter. The fixed charge cover was 1.9 compared to 2.3 at the end of June, fulfilling the covenant requirement not to fall below 1.8.

As a matter of financial prudency, today Fugro launches a subordinated convertible bond of EUR 100 million. The proceeds will be offered to the USPP noteholders for early repayment. The bond results in increased headroom under the financial covenants, increased financial flexibility, reduced interest expense and extension of the debt maturity profile. Pro forma net debt/EBITDA per the end of September amounts to 1.8 including the assumed proceeds of EUR 100 million from this bond.

Outlook

The company is seeing signs of a stabilising oil and gas environment. In the building & infrastructure and renewables markets Fugro expects continued growth, driven by global economic growth, population growth, urbanisation and an ongoing shift towards renewable energy.

For the full year 2017, Fugro anticipates a double-digit decrease in revenue, with only a single digit decrease in the fourth quarter. The EBIT margin (excluding exceptional items) is expected to improve during the second half of the year compared to the first, resulting in a negative low-single digit margin for the full year. Cash flow from operating activities after investments will be negative for the full year mainly as a result of the later than anticipated start of a Seabed Geosolutions project, pushing the related cash collection into early 2018. Capex will be around EUR 100 million.

Conference call

Fugro will host an analyst and investor call today at 09:00 CET. Dial-in details:
The Netherlands: +31(0)20 703 8261
United Kingdom: +44(0)330 336 9411
Confirmation code: 9867333
The call will be audio cast live via our website: http://www.fugro.com/investors/results-and-publications/quarterly-results

For more information
Catrien van Buttingha Wichers
c.vanbuttingha@fugro.com
T +31 70 31 15335 M +31 6 1095 4159

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.

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.