PRESS RELEASE

Leidschendam, the Netherlands, 29 July 2020

Fugro results reflect quick response to Covid-19 and strong growth in offshore wind

- Second quarter revenue declined by 19.3% due to Covid-19 and downturn in oil and gas markets, partly offset by strong growth in offshore wind.
- Due to decisive and immediate cost reductions, robust EBIT margin of 7.4% in the second quarter.
- Recovery of order intake during second quarter, resulting in backlog growth of 1.1%.
- Non-cash impairment of Seabed Geosolutions' assets in second quarter by EUR 40.3 million.
- Net debt/EBITDA improved to 1.7 compared to 1.9 at year-end 2019.
- Revolving credit facility extended to September 2021; review of refinancing options ongoing.
- Outlook 2020: second half-year EBIT(DA) expected to improve compared to the first half-year. For the full year, Fugro expects a positive free cash flow.

Key figures (x EUR million) ***from continuing operations unless otherwise indicated***[1]	**H1 2020**	**H1 2019**	**Q2 2020**	**Q2 2019**
Revenue	707.4	796.9	349.0	441.1
comparable growth[2]	*(10.3%)*	*5.7%*	*(19.3%)*	*5.3%*
Adjusted EBITDA[3]	61.3	83.3	54.1	68.7
Adjusted EBIT[3]	4.3	23.3	25.8	39.7
Adjusted EBIT margin[3]	0.6%	2.9%	7.4%	9.0%
EBIT	(10.7)	16.8	15.8	36.2
Net result[4]	(51.6)	(17.6)		
Net result incl. discontinued operations[4]	(113.1)	(86.0)		
Backlog next 12 months	845.2	856.3	845.2	856.3
comparable growth[2]	*1.1%*	*0.5%*	1.1%	*0.5%*
Cash flow operating activities after investing	18.2	(34.4)	39.7	(16.1)
Cash flow operating activities after investing incl. disc. ops.	15.5	(58.9)	33.0	(25.2)
Net debt/EBITDA[5]	1.7	2.8	1.7	2.8

1 Seabed Geosolutions is held for sale
2 Corrected for currency effect
3 Adjusted for restructuring costs (EUR 8.2 million), impairment losses (EUR 3.4 million) and certain other costs (EUR 3.4 million); all amounts relate to EBIT impact in H1 2020
4 Attributable to the owners of the company
5 Covenant calculation includes Seabed Geosolutions and excludes the impact of IFRS 16

Mark Heine, CEO: "The past months were dominated by the pandemic and the actions we took to deal with this unprecedented situation. Our first priority was and continues to be the health and safety of our employees. In many countries people are working from home, and at times marine crews were confronted with longer rotation periods and specific mitigation measures such as pre-boarding quarantines. Despite these operational complexities and in close cooperation with clients we have been able to continue working on the majority of our projects. In fact, this period has clearly demonstrated the value of our advanced remote and automated solutions, supporting clients in their critical operations.

To protect our profitability and liquidity, we have acted quickly and decisively by implementing a comprehensive cost and capex reduction programme. This enabled us to improve our EBIT margin in the second quarter in very challenging market circumstances. For the second half-year, we target an improvement in our EBIT compared to *the first half, increasingly benefiting from cost measures, assuming no material impact from additional Covid-19 developments.*

Even in the current tough macro environment, our offshore wind business grew by 40% in the second quarter. This shows our leading position in this market and flexibility to shift our assets and capabilities to new growth markets. During the first half year, we have both completed and won numerous prestigious site characterisation projects for offshore wind throughout the world. This is in line with our strategy to further grow in this market and become less dependent on the oil and gas market.

For the coming quarters, our management agenda is clear: preserve the health and wellbeing of our employees and other stakeholders, continue to implement cost and capex reductions, complete the turnaround of the underperforming land business, ensure the refinancing, and divest Seabed Geosolutions. In the meanwhile, we continue to enhance our service delivery with new market leading digital solutions."

Performance review

Especially during the second quarter, Fugro's revenue was impacted by the dual challenge of the Covid-19 pandemic and the declining oil price, leading to clients reducing activity levels and spending. Revenue declined across all regions, business lines, and most market segments. In particular oil and gas decreased strongly, by 29%, partially offset by an exceptionally strong growth in offshore wind of 40%. As a result, oil and gas represented 42% of Fugro's business, while offshore wind, infrastructure and nautical markets together generated 54% of revenues.

From the start of the pandemic, taking guidance from medical experts, Fugro has been taking appropriate measures to keep its employees safe and healthy. This includes the obvious restrictions regarding non-essential travel, with international travel almost coming to a standstill. For those working at project sites, the company has put additional mitigating measures in place, and marine staff follows strict crew-change protocols, including quarantine prior to mobilisation or crew rotation. Despite increased operational complexities, Fugro has been able to adapt its processes and work procedures very quickly to this new reality and continue its operations effectively. This was supported by an increasing demand for Fugro's remote operations and communications tools.

In March, when it became clear that the pandemic and deterioration of the oil and gas market would seriously impact Fugro's business, the company started implementing a program to significantly reduce costs. This includes minimising the use of short-term charters, third party equipment and contracted personnel, price reductions, a hiring and salary freeze, cut on executive pay, measures to reduce the workforce by up to 10%, reducing overhead costs and further optimising service offering through rationalisation of the company's geographical footprint. Based on these actions, Fugro targets annualised savings of EUR 120 million, of which approximately EUR 25 million has been realised in the second quarter. Furthermore, the company has applied for government support in various countries, resulting in approximately EUR 6 million other income in the first half-year.

Helped by these cost savings, the adjusted EBIT margin in the second quarter amounted to 7.4%, a strong improvement compared to the first quarter margin of minus 6%. As a result, the first half-year EBIT margin was marginally positive, with further improvement expected in the second half-year.

After very low levels in March and April, order intake recovered during May and June, resulting in a growth of the 12-month backlog by 1.1%.

In the first half-year, cash flow from operating activities after investing was EUR 18.2 million thanks to a positive operational free cash flow in the second quarter and the proceeds from the sale of Global Marine of EUR 49.9 million. In the first quarter, which is typically a relatively slow season, free cash flow was negative, amplified by the impact of the pandemic and the payment of the Southern Star arbitration settlement (EUR 24.1 million). Working capital as a percentage of 12 months rolling revenue was 12.0% at the end of June, compared to 15.1% a year ago, in part related to delayed tax payments through government support programs. Days of revenue outstanding was within the target range at 94 days per the end of June compared to last year at 87 days. Cash flow from discontinued operations after investing was minus EUR 2.7 million.

Net debt at the end of the quarter was EUR 593.1 million (including Seabed Geosolutions), compared to EUR 666.3 million at year-end 2019, thanks to EUR 81.8 million proceeds from the sub-10 equity placement completed in February 2020 and EUR 49.9 million proceeds from the Global Marine divestment. Excluding the impact of IFRS 16, net debt decreased to EUR 442.9 million compared to EUR 503.3 million at year-end 2019. Net debt/EBITDA improved to 1.7 compared to 1.9 at the end of 2019.

Liquidity is good with EUR 370 million in cash and available facilities, supported by the sub-10 equity placement and the Global Marine divestment proceeds.

Refinancing

Fugro has obtained unanimous lender agreement to extend the maturity of the revolving credit facility to September 2021. This provides the company greater flexibility to arrange its refinancing. Terms and conditions remain materially unchanged, except for the inclusion of a positive pledge that will be triggered under certain conditions, namely if the refinancing is not completed prior to 31 March 2021 or if a covenant breach under the revolving credit facility agreement would occur before that date.

Together with its financial advisor, the company is evaluating possible refinancing alternatives to address the balance sheet, and expects to make substantial progress over the next 3 to 6 months.

During the first half-year Fugro repurchased a nominal amount of EUR 39.1 million of the 2021 convertible, at a discount.

Review by business

Marine

Key figures excluding specific items (x EUR million)	**H1 2020**	**H1 2019**	**comparable growth[1]**
Revenue	499.2	562.9	(10.0%)
EBITDA	51.6	67.9	
EBIT	6.2	20.0	
EBIT margin	1.2%	3.6%	
Backlog next 12 months	567.8	582.6	0.4%
Capital employed	778.1	956.6	

[1] Corrected for currency effect

- After a 3.4% growth in the first quarter, revenue declined by 20.3% in the second quarter resulting in a 10.0% decline in the first half year. Both site characterisation and asset integrity were impacted by the pandemic, although the former to a lesser extent thanks to the strong growth in offshore wind projects. Overall vessel utilisation was 60% compared to 73% in the first half of 2019.

- Despite the considerable revenue decline, EBIT margin in the second quarter recovered to low double digit from a high single digit negative in the first quarter. On a half-year basis, the lower EBIT margin was mainly driven by Europe-Africa, caused by adverse weather conditions in the first quarter, operational complexities due to Covid-19 and the revenue decline which couldn't be fully mitigated by cost reductions. Overall, asset integrity margin was slightly up.
- Backlog grew slightly; an increase in site characterisation was partly offset by a decline in asset integrity.

Land

Key figures excluding specific items (x EUR million)	H1 2020	H1 2019	comparable growth[1]
Revenue	208.2	234.0	(11.2%)
EBITDA	9.7	15.4	
EBIT	(1.9)	3.3	
EBIT margin	(0.9%)	1.4%	
Backlog next 12 months	277.4	273.7	2.4%
Capital employed	221.8	226.6	

[1] Corrected for currency effect

- The revenue decline in the first quarter of 5% was followed by a further decline of 16.9% in the second quarter. Revenue decreased in all regions, with the exception of Middle East & India. The decline was particularly large in Europe-Africa and the Americas due to operational complexities and project delays caused by Covid-19.
- The earlier communicated restructuring of underperforming services in specific countries, has been stepped up with cost reductions to compensate for lower revenues. As a result, despite the current Covid situation, EBIT margin improved or was in line with the first half of 2019 in Europe-Africa, Asia Pacific and Middle East & India. In the Americas, the margin further deteriorated due to significantly lower revenues, mostly caused by Covid-19 related project delays.
- Both site characterisation and asset integrity backlogs increased.

Review by region

Europe-Africa

Key figures excluding specific items (x EUR million)	H1 2020	H1 2019	comparable growth[1]
Revenue	290.3	338.5	(12.7%)
EBIT	7.6	35.7	
EBIT margin	2.6%	10.5%	
Backlog next 12 months	355.6	348.1	4.8%

[1] Corrected for currency effect

- The revenue decline was driven by the impact of Covid-19, less work in oil and gas in the two marine business lines and several storms in the North Sea at the start of the year. This was partly mitigated by strong growth in offshore wind site characterisation projects. Land site characterisation and asset integrity were below last year due to project delays, caused by Covid-19 albeit with improved performance in May and June.
- After a loss making first quarter, the EBIT margin significantly improved in the second quarter on the back of cost reductions. Although delays and cancellations in oil and gas projects affected marine results, a shift in the project portfolio to offshore wind site characterisation mitigated the margin and volume decline.

- With the exception of marine asset integrity, backlog increased in all four business lines, reflecting two large offshore wind awards and new awards in the land site characterisation business.
- Significant awards in the quarter include two sizeable offshore wind site characterisation projects, one for Vattenfall's Norfolk Vanguard and Boreas developments and one for Scottish Power's East Anglia Hub, and a contract from Network Rail in the UK for a survey of a major part of their Western Route network.

Americas

Key figures excluding specific items (x EUR million)	H1 2020	H1 2019	comparable growth[1]
Revenue	172.1	193.5	(10.2%)
EBIT	(10.2)	(14.0)	
EBIT margin	(5.9%)	(7.2%)	
Backlog next 12 months	223.5	244.0	(3.5%)

[1] Corrected for currency effect

- Revenue declined in all four business lines except in marine site characterisation thanks to high offshore wind activity levels. The decline was particularly strong in the land business, caused by project postponements, cancellations and portfolio rationalisation.
- Despite lower revenue, marine results were up considerably, due to strong performance on projects on the East Coast of the US and Mexico. The poor performance of land, both in the first and the second quarter, is being addressed by a reorganisation to structurally improve margins.
- An increase in marine site characterisation backlog was offset by a decrease in asset integrity backlog due to lower oil and gas activity levels. Land site characterisation was affected by cancellations and delays of new projects due the Covid-19 related challenges.
- Recent significant awards include site characterisation programmes for the Sunrise and Atlantic Shores wind developments, a contract with Subtec for shallow water geophysical and geotechnical services for PEMEX, and a combination of several multi-year awards in the US and Canada for road and pavement projects, coastal services, and power transmission and distribution solutions.

Asia Pacific

Key figures excluding specific items (x EUR million)	H1 2020	H1 2019	comparable growth[1]
Revenue	147.4	158.3	(6.3%)
EBIT	(1.6)	(6.0)	
EBIT margin	(1.1%)	(3.8%)	
Backlog next 12 months	175.3	166.4	5.0%

[1] Corrected for currency effect

- After a strong increase in the first quarter, second quarter revenue was down significantly as a result of Covid-19 restrictions and projects being deferred to later in the year or 2021, impacting specifically the marine business. Revenue in land was stable.
- The margin improved as a result of stringent cost measures and government support.
- Backlog increased mainly on the back of a gradual reopening of the borders in China and in the rest of the region.
- Significant contracts include a multi-year monitoring contract for infrastructure in Singapore, a site characterisation project for the Hai Long offshore wind park in Taiwan and a consultancy contract for CLP Power's transmission network in Hong Kong ('Super Typhoon Phase 2').

Middle East & India

Key figures excluding specific items (x EUR million)	H1 2020	H1 2019	comparable growth[1]
Revenue	97.6	106.6	(9.2%)
EBIT	8.5	7.6	
EBIT margin	8.7%	7.1%	
Backlog next 12 months	90.8	97.8	(7.7%)

[1] Corrected for currency effect

- Revenue declined in marine while the land activities grew. Marine asset integrity was significantly lower due to a reduction in diving services, while site characterisation was impacted by low utilisation of two vessels in the first quarter. Land site characterisation revenue was up, driven by a nearshore ground campaign for a bridge development in Maldives and a nearshore program for a large NOC in the UAE.
- EBIT improved in all business lines except marine site characterisation due to the slow first quarter. Marine asset integrity showed an improved result as a direct result of cost reduction initiatives and portfolio rationalisation. The EBIT margin in land strongly improved on the back of revenue growth coupled with reorganisation benefits and good operational performance. With the exception of land site characterisation, backlog was down in all business lines due to a low order intake in the second quarter, as clients are cautious in the current uncertain market environment.
- Significant awards in the quarter include a near and onshore geotechnical investigation for the Red Sea Project and consultancy works for Doha airport.

Held for sale: Seabed Geosolutions

Fugro's stake in Seabed Geosolutions is classified as 'held for sale' as per 30 June 2019 and is no longer part of Fugro's continuing operations.

Key figures excluding specific items (x EUR million)	H1 2020	H1 2019	comparable growth[1]
Revenue	60.6	73.2	(18.8%)
EBIT	11.4	(19.6)	
EBIT margin	18.8%	(26.8%)	
Backlog next 12 months	44.8	90.1	(50.8%)
Capital employed	25.3	81.2	

[1] Corrected for currency effect

- In the first half-year, Seabed operated up to three crews. Two projects were completed in the Gulf of Mexico, while the third crew was working on the S-79 project in the Middle East until it was suddenly terminated in April, with a significant impact on first half year result. Manta® technology continued to perform exceptionally well. Adjusted EBIT improved as a result of good project execution and a gain of around EUR 5 million related to shallow water cable assets.
- The pandemic has severely affected Seabed. In addition to the termination of the S-79 project, a project in Brazil, which was due to start in the second quarter, was postponed by the client.
- To adapt to this drop in activity, Seabed has reduced its work force by around 50% while other fixed costs and discretionary expenses were also significantly reduced. Restructuring costs amounted to EUR 4.2 million.
- In June 2020, an impairment of Seabed's assets of EUR 40.3 million was recognised. This reflects an adjustment to Seabed's market value given the current volatility and low visibility. In addition, the termination of the S-79 project triggered one-off project charges of EUR 24.8 million (as already announced in the first quarter trading update) and the earlier than anticipated buy back of Manta® nodes, pre-financed by our partner for the duration of the project.

- The aforementioned project in Brazil is currently anticipated to start later this year. Seabed expects this complex market environment to continue well into 2021 but is encouraged by signs of strength in production related markets such as the Gulf of Mexico and Brazil.
- Depending on revenue development, EBIT(DA) could turn negative up to EUR 10 million in the second half year.

Outlook

The Covid-19 pandemic is expected to continue to impact societies and thus economic activity in the coming quarters. Although it is impossible to forecast the magnitude and duration of the impact, and we have to remain cautious given the related uncertainties, visibility has improved. Offshore wind, in which Fugro has a strong position and reputation, is anticipated to show continued growth. The infrastructure and nautical markets are strongly dependent on governmental budgets. As a result of numerous investment programs, growth in the infrastructure markets is expected to resume as of 2021, after a stagnation in 2020. The oil and gas market is expected to remain volatile during the remainder of 2020 and likely into 2021.

In the longer term, population growth and urbanisation are driving the growth of the energy, infrastructure and water markets, leading to increased spending on renewable power and electricity networks, subsea telecom cables, coastal defense, hydrography and freshwater development projects. This will create ample opportunities for Fugro.

For the full-year 2020, Fugro expects that during the second half-year EBIT(DA) will improve compared to the first half-year, increasingly benefiting from cost measures, despite ongoing revenue decline compared to last year. In addition, the company expects a positive free cash flow, including an amount of capital expenditure of EUR 60-70 million. This assumes that there will be no material impact from additional Covid-19 developments.

Half-year report

For Fugro's half-year report 2020 see https://www.fugro.com/investors/results-and-publications/quarterly-results

Webcast

At 12:30 CET, Fugro will host an analyst meeting in the form of a video webcast which can be followed via https://www.fugro.com/investors/results-and-publications/quarterly-results. Analysts can dial in via +31 (0)20 703 8211 or +44 (0)330 336 9125 with conference ID: 8319762. Please note that there might be a delay between the phone connection and the webcast.

Financial calendar

30 October 2020	Publication third quarter 2020 trading update (7.00 CET)
19 February 2021	Publication 2020 annual results (7.00 CET)

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About Fugro

Fugro is the world's leading Geo-data specialist, collecting and analysing comprehensive information about the Earth and the structures built upon it. Adopting an integrated approach that incorporates acquisition and analysis of Geo-data and related advice, Fugro provides solutions. With expertise in site characterisation and asset integrity, clients are supported in the safe, sustainable and efficient design, construction and operation of their assets throughout the full lifecycle. Employing approximately 9,500 talented people in 61 countries, Fugro serves clients around the globe, predominantly in the energy and infrastructure industries, both offshore and onshore. In 2019, revenue amounted to EUR 1.6 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.

This announcement 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 announcement 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 announcement.