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Fugro divests Asia Pacific subsea services business to Shelf Subsea

- Divestment achieves an important strategic objective for Fugro
- Fugro acquires equity interest of around 25% in Shelf Subsea in addition to receiving cash proceeds of AUS 20 million (around EUR 14 million)
- Transfer of 1 owned vessel, 3 chartered vessels and 18 ROVs
- Transfer of approximately 285 Fugro employees
- Transfer of Fugro subsea offices in Perth and Singapore

Fugro NV (Fugro) and Shelf Subsea Holdings UK Ltd (Shelf Subsea) announce today that they have signed an agreement under which Shelf Subsea will acquire the Fugro subsea services business in Asia Pacific for approximately EUR 14 million cash and a significant issuance of around 25% equity in Shelf Subsea to Fugro. With this divestment, Fugro takes another important step in its strategy to focus on its core survey and geotechnical business.

Transaction overview

With this agreement Fugro will divest its subsea services business in Asia Pacific to Shelf Subsea. The Shelf Subsea business was formed in 2015 by private equity investors SCF Partners, Viburnum Funds and senior management, and generated revenue in 2015 of around AUD 40 million (EUR 27 million). It operates from offices in Perth and Singapore and upon closing of this transaction will become a leading subsea services player in the Asia Pacific region providing inspection, repair, maintenance (IRM), light installation, air and saturation diving services and construction support. All Fugro subsea staff in Asia Pacific will transfer to Shelf Subsea and the Regional Director Asia Pacific for Fugro's Subsea Services division, Colin McGinnis, will become the Chief Executive Officer of Shelf Subsea.

As part of the transaction, Fugro will become an approximately 25% shareholder in Shelf Subsea. This creates the opportunity for Fugro to share in value creation at Shelf Subsea. It will strengthen the relationship between the companies as the transaction also encompasses a service agreement for Fugro survey and the provision of other Fugro services to Shelf Subsea.

Strategy execution

A key element of Fugro's 'Building on Strength' strategy is to focus on its geotechnical and survey businesses and to adjust its portfolio accordingly. As a consequence, Fugro explored the divestment of its heavier subsea services activities. Within Fugro's subsea portfolio, its Asia Pacific business is the largest provider of IRM, light installation and construction support services from larger vessels. Hence, with this transaction, Fugro has taken a major step in adjusting its business portfolio in line with its strategy.

Financial information

Revenue in 2015 of Fugro's Asia Pacific subsea services business was EUR 142 million. The book value of the related net assets was EUR 22 million (as per 30 June 2016). An impairment of EUR 10.6 million was recorded as at 30 June in connection with the business being classified as held for sale, and the anticipated transaction consideration.

The transaction involves the transfer of 3 vessel charter contracts, 1 owned vessel, 18 remotely operated vehicles and 285 Fugro employees located in offices in Perth and Singapore.



Paul van Riel, CEO Fugro: *“The transaction represents an important strategic step for Fugro to focus our portfolio around our core geotechnical, survey and related businesses. We are pleased to have acquired a stake in Shelf Subsea going forward to retain upside on our investment and to cement the relationship between our companies. Within the relationship, Fugro and Shelf Subsea will provide services to each other as applicable.*

We believe Shelf Subsea will provide excellent long term opportunities for our highly qualified management and staff that are transferring. We also believe clients will benefit from Shelf’s increased capability which sees the provision of subsea services as its core mission. We are looking forward to working with Shelf Subsea and contributing to its successful development.”

John Edwards, Chairman Shelf Subsea *“The acquisition of the APAC subsea business of Fugro and the companies’ future relationship are very complementary to our existing capabilities and will see the combined entity become a leading independent subsea contractor in this region, well positioned to take advantage of anticipated improving market conditions.*

Timing and conditions

The transaction is subject to customary closing conditions. The expectation is that the transaction will be closed within the coming months.

For more information:

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Fugro is the world’s leading, independent provider of geo-intelligence and asset integrity solutions for large constructions, infrastructure and natural resources. We collect data on topography, soil composition and environmental conditions, both onshore and offshore. We organise the acquired data and add value through processing, interpretation and visualisation. In addition, we provide geo-related design, asset inspection and integrity advice. Our services play a critical role in the entire lifecycle of our clients’ construction and infrastructure projects.

Fugro works around the globe, predominantly in energy and infrastructure markets offshore and onshore employing approximately 11,500 employees in around sixty countries. In 2015 Fugro’s revenue amounted to EUR 2.4 billion; Fugro is listed on Euronext Amsterdam.