PRESS RELEASE

Leidschendam, the Netherlands, 4 August 2016

Fugro HY 2016: Ongoing decline oil & gas market continues to impact results

Relentless focus on positive cash flow and strengthening market leading positions

- Year-on-year revenue decline of 26.9% or 24.5% on a currency comparable basis in line with the market.
- EBIT margin (excluding exceptional items) decreased to 0.2% due to steep decline in activity and strong pricing pressure.
- Agreement reached to divest the Asia Pacific subsea services business, in line with strategy to focus on core activities.
- Additional measures implemented to reduce third party and personnel costs in line with lower volumes.
- Deteriorated market conditions led to non-cash impairments and other exceptional items of EUR 151.7 million.
- Cash flow from operating activities after investments of EUR 67 million, including proceeds from the sale and lease back of a geotechnical vessel and the sale of the CGG term loan.
- Net debt to EBITDA of 1.8 compared to covenant requirement of below 3.0.
- Outlook 2016: positive cash flow from operating activities after investments, further reduction of cost base and negative low single digit EBIT margin (excluding exceptional items) expected for the full year.

Key figures (x EUR million)	**HY 2016**	**HY 2015**
Revenue	904.9	1,237.7
currency comparable growth	*(24.5%)*	*(7.3%)*
EBITDA[1] excluding exceptional items [2]	98.9	197.7
EBIT excluding exceptional items[2]	1.4	70.4
EBIT margin excluding exceptional items (%)[2]	0.2%	5.7%
Net result	(202.1)	(9.9)
Backlog next 12 months	1,065.2	1,506.8
currency comparable growth	*(26.3%)*	*(23.9%)*
Cash flow from operating activities after investments	66.8	121.8
Net debt/ EBITDA[3]	1.8	2.0

The information in this report is unaudited

1 EBITDA is EBIT before depreciation, amortisation (including amortisation on multi-client library) and impairments related to goodwill, other intangible assets, property, plant and equipment
2 Impairments, onerous contract charges and restructuring costs of EUR 151.7 million in HY2016 compared to EUR 26.0 million in HY2015
3 Refer to Annual report 2015 for definition EBITDA for covenant purposes

Paul van Riel, CEO: "*In the first half of this year, budgets of our oil & gas clients again declined significantly, with new projects being deferred or cancelled and strong price pressure as a result of overcapacity. We are continuing to adjust our cost base and capacity to market reality. This enables us to largely counter the lower volumes; the strong rate reductions, however, result in severe margin pressure. The building, infrastructure and power markets continue to provide good opportunities except in the countries that are hit hard by low oil and gas and other commodity prices.*

I am pleased that we reached an agreement on the divestment of our Asia Pacific subsea business. That fits in our strategy to focus on our core business while the minority stake we obtain in the acquiring entity allows us to participate in the benefits once the market recovers.

Our key priorities remain generating positive cash flow to delever the balance sheet and a further strengthening of our market leading positions. The price reductions and efficiency gains throughout the supply chain are significantly lowering the oil price required to justify investments. In combination with increasing evidence that a balance between oil supply and demand will be achieved in the course of next *year, this is expected to spur project approvals, also in a lower oil price environment. It is, however, still uncertain when this will have positive impact on our business."*

Cost reduction measures and performance improvement

Fugro continues to align the organisation to lower activity levels and to counter price pressure by further adjusting its cost and resource base. Key measures taken in the first half year are:

- Personnel was reduced by 585. Ongoing restructuring is expected to result in a total headcount reduction of at least 1,000 in 2016. Including last year's reduction of 1,577, personnel has by now been reduced by more than 15% in total and by around 35% in the businesses most exposed to the oil and gas market.
- Third party expenses (excluding exceptional items) related to vessel charters, subcontractors and other operational costs were reduced by 27.5% or 25.0% on a currency comparable basis, in line with the revenue decline.
- Year-to-date, the active fleet was further reduced by 5 vessels. For the remainder of the year, more reductions will be made as needed.
- Compared to year-end 2015, days of revenue outstanding was marginally lowered to 99 days. However, pressure from clients to extend payment terms continues.
- In order to realise further efficiency gains, Seabed Geosolutions is investing in its proprietary, innovative Manta 'nodes on a rope' technology to have a crew operational in the first half of 2017.

Strategy

In combination with the ongoing restructuring, we are executing on our 'Building on Strength' strategy. Highlights for the first half year are:

- Today, Fugro has signed an agreement to divest its Asia Pacific subsea services business. This is consistent with its strategy to focus on its core geotechnical and survey activities. With this transaction the company largely exits the marine construction and installation market.
- The previously announced integration of Fugro's geophysical survey and offshore geotechnical activities into one integrated site characterisation proposition is well underway. The main purpose of this new business proposition is to better serve clients, whilst also becoming more efficient.
- To further enhance internal cooperation and realise additional cost efficiencies, Fugro is implementing shared service centres and continues to reduce the number of legal entities.

Operational review

Revenue per division (x EUR million)	**HY 2016**	**HY 2015**	**reported growth**	**currency comparable growth[1]**
Geotechnical	314.6	382.2	(17.7%)	(15.9%)
Survey	333.2	419.5	(20.6%)	(17.7%)
Subsea Services	153.7	239.0	(35.7%)	(31.4%)
Geoscience	103.4	197.0	(47.5%)	(47.5%)
of which Seabed Geosolutions	*103.4*	*177.7*	*(41.8%)*	*(41.8%)*
of which other[1]	-	*19.3*	-	-
Total	**904.9**	**1,237.7**	**(26.9%)**	**(24.5%)**

[1] including multi-client data library, which was sold per 30 June 2015

Total revenue decreased by 24.5% at constant currencies. Geotechnical revenue decreased due to continuing decline in demand for site characterisation services in the oil & gas sector. The revenue for the Survey division was well below last year mainly due to a reduction in seasonal positioning services and construction support activity and lower rates for geophysical work. In the second quarter, the vessel utilisation for site characterisation services in both divisions was good, reflecting Fugro's strong market position.

The decline in revenue in Seabed Geosolutions was mainly driven by the reduced workload. Revenue in Subsea Services deteriorated as a result of weakness in the European (North Sea) and Asia Pacific regions.

EBIT per division (x EUR million)	**HY 2016**				**HY 2015**			
	reported		**excluding exceptional items**		**reported**		**excluding exceptional items**	
	EUR	**margin**	**EUR**	**margin**	**EUR**	**margin**	**EUR**	**margin**
Geotechnical	(66.4)	(21.1%)	5.0	1.6%	10.1	2.6%	13.8	3.6%
Survey	3.9	1.2%	6.6	2.0%	49.1	11.7%	52.3	12.5%
Subsea Services	(59.8)	(38.9%)	(31.0)	(20.2%)	(1.4)	(0.6%)	(9.4)	(3.9%)
Geoscience	(28.0)	(27.1%)	20.8	20.1%	(13.4)	(6.8%)	13.7	7.0%
of which Seabed Geosolutions	*(7.8)*	*(7.5%)*	*21.0*	*20.3%*	*27.1*	*15.3%*	*14.5*	*8.2%*
of which other[1]	*(20.2)*	*-*	*(0.2)*	*-*	*(40.5)*	*(209.8%)*	*(0.8)*	*(4.1%)*
Total	**(150.3)**	**(16.6%)**	**1.4**	**0.2%**	**44.4**	**3.6%**	**70.4**	**5.7%**

[1] including multi-client data library, which was sold per 30 June 2015

EBIT excluding exceptional items decreased from EUR 70.4 million in the first half-year of 2015 to EUR 1.4 million in the first half of 2016. Except for Seabed Geosolutions, all divisions reported a decrease in EBIT and margin, as ongoing reduction in activity levels and pricing cannot be fully offset by cost reductions. Survey EBIT margin (excluding exceptional items) decreased significantly, especially due to clients' strong pressure on rates.
At Subsea Services, the revenue decline, in combination with high operating leverage, was the main cause of the strong drop in margin. Despite the current low level of activity, Seabed Geosolutions reported an EBIT of EUR 21.0 million due to a solid operational performance and the positive one-off operational effect of EUR 11.3 million as a result of the release of a provision related to the purchase of the vessel Hugin Explorer.

Due to deteriorated market circumstances, additional impairments and other exceptional items have been taken for a total amount of EUR 151.7 million.

- Onerous contracts: predominantly a reversal of a provision due to better project performance at Seabed Geosolutions.
- Restructuring costs: related to companywide headcount reductions.
- Other: mainly the transaction loss of EUR 12.0 million on the sale of the CGG term loan.
- Non-cash impairments:
  - Equipment: the well-intervention and geotechnical vessel Fugro Synergy, the seafloor drills, a subsea construction support vessel and the ocean bottom cables (Seabed Geosolutions).
  - Goodwill: Seabed Geosolutions, remaining goodwill of Subsea Services and of the onshore geotechnical Africa region.
  - Intangible assets: the impairment loss on the profit sharing agreement with Finder (geoscience other) and on a geotechnical software application.

As a result of these impairments, headroom for certain business and assets is limited.

Exceptional items (x EUR million), first half of 2016							
Gain/ (loss)	**Geotechnical**	**Survey**	**Subsea**	**Geoscience**	*Of which Seabed Geosolutions*	*Of which other*[1]	**Total**
Onerous contract provision	(0.2)	(0.5)	0.6	8.3	*8.3*	-	**8.2**
Restructuring costs	(3.6)	(2.2)	(1.2)	(1.5)	*(1.5)*	-	**(8.5)**
Other	(2.7)	-	-	(12.0)	-	*(12.0)*	**(14.7)**
EBITDA impact HY 2016	**(6.5)**	**(2.7)**	**(0.6)**	**(5.2)**	***6.8***	***(12.0)***	**(15.0)**
Impairment losses	(64.9)	-	(28.2)	(43.6)	*(35.6)*	*(8.0)*	**(136.7)**
EBIT impact HY 2016	**(71.4)**	**(2.7)**	**(28.8)**	**(48.8)**	***(28.8)***	***(20.0)***	**(151.7)**
EBITDA impact HY 2015	(2.8)	(1.1)	8.6	11.1	*12.6*	*(1.5)*	**15.8**
EBIT impact HY 2015	(3.7)	(3.2)	8.0	(27.1)	*12.6*	*(39.7)*	**(26.0)**

[1] including multi-client data library, which was sold per 30 June 2015

Financial position

Cash flow from operating activities after investments was EUR 66.8 million, including EUR 48.6 million proceeds from the sale and lease back of a geotechnical vessel and EUR 62.5 million from the sale of the CGG term loan.

Net debt was reduced from EUR 534.7 million at the end of 2015 to EUR 466.9 million per the end of June 2016 mainly as a result of positive cash flow from operating activities after investments. In first half-year 2016, EBITDA was lower than in the comparable period last year and as a result, net debt/EBITDA was 1.8 at the end of the quarter compared to 1.6 at the end of 2015 and a covenant requirement of below 3.0. The fixed charge cover was 2.5 compared to 3.1 at the end of 2015 and a requirement of above 1.8.

Outlook

The timing of the recovery of the oil services market remains uncertain. During the past months, clients' budgets again declined significantly, putting further pressure on activity. The effects of the cuts in exploration and production spending are now clearly visible in falling oil production. With demand remaining strong, it is anticipated that the supply-demand balance will be restored in the course of next year. The price reductions and efficiency gains being achieved throughout the supply chain are significantly lowering the oil price required to justify investments. This is expected to spur project approvals, also in a lower oil price environment. It is still uncertain when this will positively impact our business.

In the building, infrastructure and power markets, Fugro sees good opportunities except in the countries that are hit hard by low oil and gas and other commodity prices.

Backlog for the next 12 months at constant currencies is down, in line with the market, by 26.3% compared to a year ago and by 9.5% compared to the previous quarter, in particular at Seabed Geosolutions.

Our key focus areas are unchanged: cash flow generation, deleveraging of the balance sheet, and strengthening our market leading positions. For 2016, we expect a positive cash flow from operating activities after investments. Capital expenditure will be curtailed around EUR 100 million. We continue to implement measures to further reduce our cost base and to adjust the organisation to realise further efficiencies. However, the overcapacity in the market and the resulting strong price pressure lead to ongoing year-on-year double-digit revenue decline, which cannot be fully offset by the implemented cost reductions.

This is expected to result in a negative low single digit EBIT margin (excluding exceptional items) for the full year.

Operational review per division

Geotechnical division

Key figures (amounts x EUR million)	**HY 2016**	**HY 2015**
Revenue	314.6	382.2
reported growth (%)	*(17.7%)*	*4.5%*
currency comparable growth (%)	*(15.9%)*	*(7.8%)*
EBITDA excluding exceptional items	26.8	38.5
EBIT excluding exceptional items	5.0	13.8
EBIT margin excluding exceptional items (%)	1.6%	3.6%
EBIT	(66.4)	10.1
EBIT margin (%)	(21.1%)	2.6%
Capital employed	498.0	789.4
Backlog remainder of the year	278.8	348.7
Backlog next 12 months	384.2	455.6

- Revenue for the half-year decreased by 15.9% at constant currencies to EUR 314.6 million. The EBIT margin (excluding exceptional items) turned positive after a loss in the first quarter but was lower compared to the same period last year due to continuing decline in demand for site characterisation services for oil and gas clients.
- Onshore revenue declined by 12.3% at constant currencies to EUR 208.8 million, caused by revenue declines in particular in the Middle-East, Americas and Africa, mainly related to the oil and gas market. The low single digit margin was in line with the comparable period last year. Whilst the first quarter margin was marginally lower year-on-year, the second quarter margin was well ahead of the second quarter of last year. With a 20% personnel reduction since the start of the year, the reorganisation in Africa is progressing.
- Offshore revenue dropped by 22.1% at constant currencies to EUR 105.8 million. However, Fugro's market share further increased. The EBIT margin (excluding exceptional items) was negative low single digit and below last year. The second quarter was better than the first quarter, driven by improved vessel utilisation.
- The EBIT as reported was negatively impacted by EUR 71.4 million of exceptional items mainly related to impairments on the well-intervention and geotechnical vessel Fugro Synergy, seafloor drills, and the remaining goodwill of onshore Africa.
- Progress of cost reduction measures in the first half-year:
  - Fugro Synergy is warm-stacked until industry conditions improve.
  - Headcount has been reduced by 279 since the beginning of the year.
  - Third party costs have been reduced by 26.6%.
- The division was awarded a USD 26 million contract by ONGC. The site characterisation activities, on the East Coast of India, are expected to start at the end of the third quarter. Other significant contracts awarded in recent months include a geotechnical site investigation at Hollandse Kust (Zuid) Wind Farm Zone in the Netherlands, and a geotechnical and geophysical program for an energy company offshore West Africa. In the onshore market, project wins include site investigation work for the Hong Kong airport third runway.
- Backlog for the next 12 months is down 12.8% on a currency comparable basis. The onshore backlog decreased by 5.7% mainly in Americas and Africa while backlog in Europe and the Middle-East improved. Offshore backlog decreased by 28.0%, mainly in the Gulf of Mexico and for deep water projects in general.

Survey division

Key figures (amounts x EUR million)	HY 2016	HY 2015
Revenue	333.2	419.5
reported growth (%)	*(20.6%)*	*(1.1%)*
currency comparable growth (%)	*(17.7%)*	*(11.9%)*
EBITDA excluding exceptional items	36.0	88.3
EBIT excluding exceptional items	6.6	52.3
EBIT margin excluding exceptional items (%)	2.0%	12.5%
EBIT	3.9	49.1
EBIT margin (%)	1.2%	11.7%
Capital employed	560.3	697.1
Backlog remainder of the year	253.3	375.0
Backlog next 12 months	405.7	566.4

- Revenue for the half-year decreased by 17.7% at constant currencies to EUR 333.2 million and reflects the continuing deterioration of the global oil & gas services sector. The Americas and Europe have been affected the most, while the Middle East has held up well.
- With reduced capacity, the vessel utilisation for geophysical work is good and even higher than in the same period last year. Fugro's market share for survey activities is growing. However, rates are down significantly as a consequence of oversupply in the market.
- Positioning services related to rig moves have declined steeply due to the stacking of rigs and very low activity levels in the North Sea and Gulf of Mexico. Construction support activity also strongly reduced compared to same period last year as less field development work is currently executed. Metocean services held up relatively well.
- The EBIT margin (excluding exceptional items) came down to low single digit, especially due to strong pressure on rates resulting from overcapacity.
- Progress cost reduction measures in the first half-year:
  - Headcount was reduced by another 285 largely in the Americas.
  - Capacity was reduced further by stacking two vessels and retiring one vessel.
  - Third party costs were reduced by 10.8%.
- The division was awarded a major metocean contract in Brazil for QGEP (Queiroz Galvão Exploration & Production). In West Africa, site characterisation work was secured for Kosmos (in Mauritania and Senegal) and the construction support contract for Total in Angola was extended for another three years. In the North Sea, a number of contracts for windfarm developments and oil & gas production fields were secured. The Norwegian Public Roads Administration awarded Fugro a contract for environmental measurements in connection with the planned Coastal Highway Route E39. The agreement will run over a period of 12 years at 12 sites.
- Backlog for the next 12 months is down 25.8% on a currency comparable basis, partly caused by the completion of the major Red Sea project and the finalisation of the MH370 search program (expected around the end of the third quarter of 2016) and as a result of the price erosion and reduced investments from our clients.

Subsea Services division

Key figures (amounts x EUR million)	HY 2016	HY 2015
Revenue	153.7	239.0
reported growth (%)	*(35.7%)*	*(9.7%)*
currency comparable growth (%)	*(31.4%)*	*(21.4%)*
EBITDA excluding exceptional items	(9.1)	16.9
EBIT excluding exceptional items	(31.0)	(9.4)
EBIT margin excluding exceptional items (%)	(20.2%)	(3.9%)
EBIT	(59.8)	(1.4)
EBIT margin (%)	(38.9%)	(0.6%)
Capital employed	279.5	597.8
Backlog remainder of the year	148.1	179.9
Backlog next 12 months	221.3	276.3

- Fugro has reached an agreement under which Shelf Subsea Services will acquire the Fugro Subsea Services business in Asia Pacific for a cash consideration of AUD 20 million (around EUR 14 million) and an equity share of around 25% in Shelf Subsea Services. The business includes 3 vessel charter contracts, 1 owned vessel and 18 remotely operated vehicles. As at 30 June 2016, the Asia Pacific subsea business had a net book value of EUR 22 million. The expectation is that the transaction will be closed within three months.
- Revenue for the half-year decreased by EUR 75.0 million at constant currencies. The decline was mainly driven by the deterioration of the North Sea and Asia Pacific markets.
- The revenue decline, in combination with high operating leverage, resulted in a steep loss. Brazil generated a positive EBIT reflecting enhanced fleet operations and the start of the Fugro Aquarius contract.
- EBIT was negatively impacted by EUR 28.8 million exceptional items, mainly caused by non-cash impairments of the remaining goodwill and EUR 10.6 million related to a vessel as part of the divestment of the Asia Pacific subsea services business.
- Progress cost reduction measures in the first half-year:
  - In the first quarter, the fleet was reduced by one long-term chartered vessel.
  - Third party costs were reduced by 22.7%.
- The Middle East region has received two recent project awards, from Saipem and McDermott for providing ROVs to support construction and pipelay operations. Fugro has also been awarded a three-year contract for integrity management support and intervention works for Det Norske in the Norwegian sector of the North Sea. In June, three new trenching contracts for oil and gas clients in the North Sea were secured.
- Backlog for the next 12 months is 13.3% lower on a currency comparable basis.

Geoscience division

The Geoscience division almost fully consists of Fugro's 60% stake in Seabed Geosolutions (fully consolidated). The multi-client data libraries were sold per 30 June 2015. The indirect interests in Australian exploration projects, via Finder Exploration, have been retained.

Seabed Geosolutions

Key figures (amounts x EUR million)	HY 2016	HY 2015
Revenue	103.4	177.7
reported growth (%)	*(41.8%)*	*82.6%*
currency comparable growth (%)	*(41.8%)*	*66.3%*
EBITDA excluding exceptional items	45.3	36.7
EBIT excluding exceptional items	21.0	14.5
EBIT margin excluding exceptional items (%)	20.3%	8.2%
EBIT	(7.8)	27.1
EBIT margin (%)	(7.5%)	15.3%
Capital employed	138.5	144.2
Backlog remainder of the year	54.0	140.3
Backlog next 12 months	54.0	208.5

- Revenue declined by 41.8% on a currency comparable basis driven by idleness of the two ocean bottom cable crews.
- Seabed Geosolutions operated two crews throughout the quarter, with the shallow water crew continuing its operations in the Middle East while the ocean bottom node crew successfully completed a large survey in Australia and moved to a two-month project in the North Sea where operations started late June.
- Over the next 12 months, Seabed Geosolutions will implement an innovative solution to significantly improve the efficiency of the ocean bottom node crew, by leveraging Fugro's latest ROV technologies to maximise node deployment rates in mid to deep water. The first results delivered on the current North Sea project are encouraging.
- EBIT (excluding exceptional items) increased due to a solid operational performance on ongoing projects and a positive one-off operational benefit of EUR 11.3 million. This one-off is the result of the conversion of the charter agreement for the Hugin Explorer vessel into a lease and purchase agreement[1]. The total cash out under the lease and purchase agreement is similar to the previous operational lease agreement, whilst Seabed Geosolutions will now become the owner of this efficient vessel.
- Seabed Geosolutions is restructuring to adapt the company structure to its current level of activity.
- EBIT was negatively impacted by EUR 28.8 million exceptional items, mainly driven by impairments on goodwill and equipment, partially compensated by the reversal of an onerous contract provision.
- Backlog for the next 12 months decreased by 74.4% at constant currencies. Several key opportunities have been identified and Seabed Geosolutions is well positioned to win them, but tenders tend to be postponed and some competitors are exhibiting unsustainable pricing strategies.
- Mid-term, the Seabed market holds significant potential, as it supports oil and gas production and optimal field development. Seabed Geosolutions intends to maintain its leadership position on this market and will therefore invest in its proprietary Manta 'nodes on a rope' technology with the objective to have a crew operational in the first half of 2017. It is anticipated that these nodes will deliver clear efficiency gains.

[1] EUR 13.9 million release of the asset retirement obligation provision minus EUR 2.6 million depreciation

Press call and analyst meeting

Today at 9:30 o'clock CET, Fugro will host a media call. At 13:00 o'clock CET, Fugro will host an analyst meeting in Hilton Amsterdam, Apollolaan 138 which can be followed via a video webcast accessible via www.fugro.com.

Financial calendar

31 October 2016	Trading update third quarter 2016 (7:00 CET)
24 February 2017	Publication 2016 annual results (7:00 CET)

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, employing approximately 11,500 employees in around 60 countries. In 2015 Fugro's revenue amounted to around EUR 2.4 billion. Fugro is listed on Euronext Amsterdam.

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.

Cautionary statement regarding forward-looking statements
This press release 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 press release 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 press release.