Leidschendam, the Netherlands, 22 February 2018

Fugro FY 2017: Results in line with expectations
Oil and gas market stabilising after challenging 2017; growth in other markets

Highlights full year

- Year-on-year revenue decline of 15.7% or 13.2% on a currency comparable basis with low-single digit decline in the fourth quarter. Revenue from non-oil and gas markets increased by 9.4%.
- EBIT margin (excluding exceptional items) decreased to -2.1% mainly due to low utilisation APAC, incidental operational issues and price pressure in the Marine division, and lower activity levels at Seabed Geosolutions. The margin of the Land division improved. EBIT margin for the group was higher in the second half than in the first half year.
- Net cash from operations was EUR 24.4 million and net investments were EUR 74.9 million, resulting in cash flow of -EUR 50.5 million. In the second half year, cash flow was EUR 15.6 million positive.
- Net debt/EBITDA of 1.9, well below covenant requirement of maximum 3.0.
- Backlog for the next 12 months is down 7.3% on a currency and portfolio comparable basis compared to a year ago, and up by 9.1% compared to the third quarter of 2017.
- Outlook 2018: As the oil and gas market is stabilising and other markets are growing, Fugro expects stabilising revenue, an improved EBIT margin and a positive cash flow from operating activities after investments.

Key figures (x EUR million)	**Full year 2017**	**Full year 2016**
Revenue	1,497.4	1,775.9
currency comparable growth[1]	*(13.2%)*	*(22.7%)*
EBITDA (excluding exceptional items[2])	100.8	189.5
EBIT (excluding exceptional items[2])	(32.1)	8.5
EBIT margin (excluding exceptional items[2])	(2.1%)	0.5%
Net result	(159.9)	(308.9)
Backlog next 12 months	927.8	1,169.6
currency comparable growth[1]	*(7.3%)*	*(11.6%)*
Cash flow from operating activities after investments	(50.5)	186.1
Net debt/EBITDA	1.9	1.1

1 Revenue growth corrected for currency effect; 2017 backlog growth corrected for currency effect and for portfolio changes related to the marine construction & installation activities
2 Onerous contract provisions, restructuring cost, impairment losses, and other exceptional items totalling EUR 19.6 million compared to EUR 227.2 million in 2016

Paul van Riel, CEO*: "The year 2017 was the fourth of an exceptionally deep downturn in offshore oil and gas services, our largest market, and we continued to adjust our capacity and costs to market reality. With an organic 9% revenue increase we were successful in growing in our other markets.*

We made good progress with our strategic agenda. We successfully regrouped our survey, geotechnical and subsea activities in two divisions, Land and Marine, and built a more client centric organisation. We have improved our capabilities to deliver integrated service solutions to clients and are now able to better leverage internal synergies. In the fourth quarter we achieved our objective of divesting the non-core marine construction and installation activities.

The number of final investment decisions in our offshore oil and gas market is increasing, which is an early indicator of rising activity levels. Our other markets are expected to grow further as the world economy is strong and our solutions are required to support the energy transition and sustainable urbanisation. Based on these developments we expect our results to improve after a particularly challenging 2017."

Cost reduction and performance improvement measures

At the publication of the first half year results, a set of measures with an annualised contribution to EBITDA of EUR 50 to 70 million was announced. This programme is on track. The most significant measures that have been implemented are:

- Divestment of the marine cable laying and trenching business
- Early termination of long-term charter agreements of two remaining construction and installation vessels
- Significant improvement in the charter terms and conditions of two inspection, repair and maintenance vessels
- Retirement of two old owned vessels in the fourth quarter
- Headcount reduction of 308 employees in the second half year to 10,044 at year-end.

Part of the financial benefit of these measures has been realised in the second half of 2017, though the largest part will contribute to 2018 EBITDA improvement.

Strategy

Since the launch of the Building on Strength strategy in 2014, Fugro has been transformed from a group of locally managed operating companies to an integrated, more efficient organisation. As per 2017, the company is managed through two main divisions, Marine and Land. Both offer integrated services to clients from site characterisation and asset integrity business lines which are uniformly set up across the divisions and regions. Client reactions have been positive to Fugro's improved capabilities to deliver large, integrated, multi-disciplinary projects.

In 2017, Fugro achieved its strategic objective of divesting the installation and construction part of the subsea market. On 30 November, Fugro divested its marine cable laying and trenching assets to Global Marine Holdings, a leading global supplier of subsea cable installation and maintenance services, in return for a 23.6% shareholding. Fugro now participates in a more diversified business in which cable installation services are complemented with long-term telecom cable and windfarm maintenance services and sales of subsea telecom systems. In addition, the long-term charter agreements of the two remaining installation and construction vessels were terminated early.

A key strategic driver for Fugro is to work across different markets, as this improves resilience. In 2017, non-oil and gas revenue increased to 43% of total revenue because of growth in building & infrastructure, renewables, power and nautical markets, and a decline in oil and gas revenue. Fugro targets a balanced market exposure through continued growth in non-oil and gas markets, supported by population growth, urbanisation in coastal areas, energy transition and mitigation of the impact of climate change. At the same time, the company will continue to benefit from its activities in oil and gas which is expected to remain the key source of energy for the coming decades next to the increasing share of renewables to meet global energy demand.

Operational review - second half year

Revenue per division (x EUR million)	**2HY 2017**	**2HY 2016**	**reported growth**	**currency comparable growth**
Marine	480.1	544.4	(11.8%)	(7.0%)
Land	230.3	257.0	(10.4%)	(4.8%)
Geoscience	12.7	69.6	(81.8%)	(76.3%)
Total	**723.1**	**871.0**	**(17.0%)**	**(11.9%)**

Revenue decreased by 11.9% on a currency comparable basis, with a 2.8% decline in the fourth quarter.

EBIT per division (x EUR million)	2HY 2017				2HY 2016			
	reported		excluding exceptional items		reported		excluding exceptional items	
	EUR	margin	EUR	margin	EUR	margin	EUR	margin
Marine	(0.1)	(0.0%)	(6.0)	(1.2%)	(54.4)	(10.0%)	3.2	0.6%
Land	9.4	4.1%	9.4	4.1%	(4.3)	(1.7%)	4.0	1.6%
Geoscience	(10.4)	(81.9%)	(10.2)	(80.3%)	(9.7)	(13.9%)	(0.1)	(0.1%)
Total	**(1.1)**	**(0.2%)**	**(6.8)**	**(0.9%)**	**(68.4)**	**(7.9%)**	**7.1**	**0.8%**

EBIT margin (excluding exceptional items) was -0.9% compared to 0.8% in the second half of 2016 and -3.3% in the first half of 2017. The EBIT loss of the Marine division was much lower than during the first half (-EUR 6.0 million compared to -EUR 37.3 million) largely as a result of measures to bring costs in line with revenue, including staff cuts and rationalisation of the vessel fleet and office locations, and lower depreciation. The EBIT of the Land division increased largely as the result of improved performance in Europe and reduced losses in Africa. EBIT of Geoscience was impacted by very low utilisation at Seabed Geosolutions in the second half of 2017.

See appendix 4 for a full overview of the exceptional items in the second half of 2017.

Operational review - full year

Revenue per division (x EUR million)	2017	2016	reported growth	currency comparable growth
Marine	947.3	1,096.1	(13.6%)	(11.3%)
Land	476.0	506.8	(6.1%)	(3.0%)
Geoscience	74.1	173.0	(57.2%)	(55.7%)
Total	**1,497.4**	**1,775.9**	**(15.7%)**	**(13.2%)**

Revenue decreased by 13.2% at constant currencies caused by over-capacity and pricing pressure in the oil and gas market. In 2017, revenue from oil and gas decreased by 16.3% in Marine and 47.3% in Land. Revenue from other markets increased by 9.4%, supported by favourable economic conditions and a few relatively large projects in power and infrastructure.

EBIT per division (x EUR million)	2017				2016			
	reported		excluding exceptional items		reported		excluding exceptional items	
	EUR	margin	EUR	margin	EUR	margin	EUR	margin
Marine	(56.5)	(6.0%)	(43.3)	(4.6%)	(160.9)	(14.7%)	(18.8)	(1.7%)
Land	15.7	3.3%	21.4	4.5%	(20.1)	(4.0%)	6.6	1.3%
Geoscience	(10.9)	(14.7%)	(10.2)	(13.8%)	(37.7)	(21.8%)	20.7	12.0%
Total	**(51.7)**	**(3.5%)**	**(32.1)**	**(2.1%)**	**(218.7)**	**(12.3%)**	**8.5**	**0.5%**

EBIT margin (excluding exceptional items) decreased from 0.5% to a loss of 2.1% mainly due to price pressure and incidental operational issues in the Marine division, and a lower activity level at Seabed Geosolutions. EBIT for the Land division was significantly above last year, reflecting improved profitability and a positive one-off of EUR 6.1 million from a contractual settlement.

Exceptional items (X EUR million), full year **Gain/ (loss)**	**Marine**	**Land**	**Geoscience**	**Total**
Onerous contract provision	(17.0)	(0.6)	-	**(17.6)**
Restructuring costs	(5.8)	(5.7)	(0.7)	**(12.2)**
Other	7.6	2.8	-	**10.4**
EBITDA impact 2017	**(15.2)**	**(3.5)**	**(0.7)**	**(19.4)**
Impairments	2.0	(2.2)	-	**(0.2)**
EBIT impact 2017	**(13.2)**	**(5.7)**	**(0.7)**	**(19.6)**
EBITDA impact 2016	(15.6)	(12.7)	(6.2)	(34.5)
EBIT impact 2016	(142.1)	(26.7)	(58.4)	(227.2)

EBIT was impacted by exceptional items in total EUR 19.6 million. Key items were:
- Onerous contract provision: mostly fees in connection to the early termination of two long term construction and installation vessel charters
- Restructuring costs
- Other: gain on the proceeds from the sale of an office building in the United Kingdom
- Impairments: reversal of impairments on the divested trenching and cable laying assets, offset by impairments on some specific vessels and equipment.

Financial position

Net cash from operations was EUR 24.4 million and net investments were EUR 74.9 million, resulting in cash flow of -EUR 50.5 million. Working capital was well managed, resulting in a decline in days of revenue outstanding from 92 to 85 days. As a percentage of revenue, working capital was 11.0%.

Net debt increased from EUR 351.0 million to EUR 430.4 million, primarily as the result of the negative cash flow and the exchange rate impact on cash positions.

On 2 November, subordinated convertible bonds were successfully issued with proceeds of EUR 100 million. The proceeds were used for full repayment of the outstanding United States private placement loans, leading to reduced interest expenses and extension of the debt maturity profile.

The debt component of the subordinated convertible bonds and related interest costs are excluded from the covenant ratios, creating additional headroom. The subordinated convertible bonds (EUR 190 million maturing in 2021 and EUR 100 million maturing in 2024) contain a debt component of EUR 243.2 million and an equity component of EUR 37.5 million as at 31 December 2017. This results in a net debt for covenant purposes of EUR 187.2 million as at 31 December 2017.

Fugro is well within its covenants. Net debt/EBITDA was 1.9 at year-end 2017 compared to 2.9 at the end of September and a covenant requirement of maximum 3.0. The fixed charge cover improved to 2.2 compared to 1.9 at the end of September 2017 and a covenant requirement of at least 1.8 as a result of reduced interest and lease expenses.

In December 2017, after the placement of the EUR 100 million subordinated convertible bonds, the additional covenants agreed with the owner of two geotechnical vessels (following the issue of the EUR 190 million subordinated unsecured convertible bonds in October 2016) were adjusted as follows:
- total net debt excluding the debt component of the EUR 100 million subordinated convertible bonds should not exceed EUR 400 million
- consolidated EBITDA should be at least EUR 90 million (EUR 100 million from the third quarter of 2018 onwards).

Dividend

Due to the negative net result, Fugro will not propose to pay a dividend over the year 2017.

Outlook

The oil and gas market is stabilising. Oil prices have risen to above US$ 60 per barrel Brent and clients are increasingly taking final investment decisions regarding new offshore field developments. As there is still overcapacity in the market, it is uncertain at what pace the challenging pricing environment in oil field services will improve. 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.

As the oil and gas market is stabilising and other markets are growing, Fugro expects stabilising revenue, an improved EBIT margin and a positive cash flow from operating activities after investments. Capex is expected to be around EUR 80 million.

Operational review per division - full year

Marine division

Key figures (amounts x EUR million)	**2017**	**2016**
Revenue	947.3	1,096.1
currency comparable growth (%)[1]	*(11.3%)*	*(20.9%)*
EBITDA excluding exceptional items	47.8	98.1
EBIT excluding exceptional items	(43.3)	(18.8)
EBIT margin excluding exceptional items (%)	(4.6%)	(1.7%)
EBIT	(56.5)	(160.9)
EBIT margin (%)	(6.0%)	(14.7%)
Capital employed	820.6	974.0
Backlog next 12 months[1]	545.3	719.8
currency comparable growth (%)[1]	*(7.6%)*	*(9.8%)*
Number of employees (at year-end)	5,053	5,327

1 Revenue growth corrected for currency effect; 2017 backlog growth corrected for currency effect and for portfolio changes related to the marine construction & installation activities

- Revenue decreased by 11.3% at constant currencies caused by over-capacity and pricing pressure in the oil and gas market.
- EBIT (before exceptional items) declined with EUR 24.5 million to a loss of EUR 43.3 million in a highly competitive market. As reported in the half-year report and third quarter trading update, EBIT was also affected by incidental operational issues and resulting project delays with a total impact of around EUR 15 million.
- EBIT improved from a loss of EUR 37.3 million in the first half to a loss of EUR 6.0 million in the second half, largely due to measures to bring the cost base in line with revenues, including staff cuts and rationalisation of the vessel fleet and office locations.
- During the fourth quarter, the following specific actions to rationalise vessels and equipment were taken:

- Fugro Symphony, two trenchers and two remotely operated vehicles were transferred to Global Marine Holdings as part of the divestment of the construction and installation assets
- The long-term charters for the construction and installation vessels Fugro Saltire (Europe) and Southern Ocean (Asia Pacific) were terminated early
- Bucentaur (geotechnical vessel) was scrapped and Fugro Navigator (geophysical vessel) was sold.

▪ Revenues for the Site Characterisation business line decreased by 15.2% at constant currencies to EUR 390.0 million. EBIT was strongly negative, mainly due to the adverse impact of the operational issues (notably in Europe), low utilisation in Asia Pacific and price pressure.
▪ Revenue for the Asset Integrity business line declined by 8.3% at constant currencies to EUR 557.3 million. Due to stronger utilisation in the second half of the year, EBIT recovered to a positive low single digit margin for the full year, compared to a small loss in 2016.
▪ Significant contract awards in recent months include:
  - A multi-year rig positioning contract from Statoil in the North Sea
  - Two site characterisation contracts awarded by the Norwegian Public Roads Administration related to marine sections of the E39 road project
  - A three-year contract by ONGC for site characterisation surveys offshore India
  - A contract with Ørsted for geotechnical investigations for two large scale offshore wind projects on the East coast of the USA
  - An award by Guangzhou Marine Geological Survey for the fifth offshore gas hydrate investigation since 2007
  - The successful search for the Australian submarine HMAS AE1 which vanished 103 years ago near Papua New Guinea.
▪ Capital employed declined to EUR 820.6 million compared to 974.0 million, for the most part as a result lower working capital, depreciation and currency translation effect.
▪ The 12-month backlog increased compared to the previous quarter, for both site characterisation and asset integrity by 9.4% respectively 10.4% on a currency comparable basis excluding the divested non-core construction and installation business. The year-on-year backlog declined by 7.6%.

Land division

Key figures (amounts x EUR million)	**2017**	**2016**
Revenue	476.0	506.8
*currency comparable growth (%)**	*(3.0%)*	*(8.5%)*
EBITDA excluding exceptional items	42.4	29.3
EBIT excluding exceptional items	21.4	6.6
EBIT margin excluding exceptional items (%)	4.5%	1.3%
EBIT	15.7	(20.1)
EBIT margin (%)	3.3%	(4.0%)
Capital employed	218.9	231.2
Backlog next 12 months	273.6	356.4
*currency comparable growth (%)**	(17.0%)	(3.0%)
Number of employees (at year-end)	4,804	5,002

▪ Divisional revenue declined by 3.0% at constant currencies. A 10% growth in non-oil and gas revenue was more than offset by a 47% decline in revenue from oil and gas related activities, which by now are down to only 12% of divisional revenue. EBIT (excluding exceptional items) was significantly above the same period last year, reflecting improved profitability in Europe, Middle East and reduced losses in Africa. It includes a positive one-off operational effect of EUR 6.1 million from a contractual settlement.
▪ Site Characterisation business line revenue was flat at constant currencies at EUR 370.5 million. The EBIT margin is mid-single digit and higher than last year.
▪ Asset Integrity business line revenue decreased by 12.5% at constant currencies to EUR 105.5 million mainly as a consequence of reduced oil and gas infrastructure activity. EBIT was breakeven and improved significantly compared to last year.

- Significant project awards in recent months include:
  - Site characterisation contract at a major power generation complex in the Philippines
  - Geotechnical site investigation and related consulting work on two major road expansion projects in the United Kingdom
  - Five-year framework contract for asset integrity services for an oil and gas operator in the Middle East
  - Two large contracts for site investigation and geoconsulting work for a public sector client in Qatar, amongst others in connection to the FIFA World Cup 2022
- Capital employed decreased due to improved cash collection resulting in lower working capital.
- Backlog for the next 12 months is down 17.0% on a currency comparable basis; this decline is spread more or less equally over the two business lines. It is mostly the consequence of the finalisation of a few larger projects (a large nuclear power plant in Europe and the third runway in Hong Kong) and the replacement by more smaller, short-turn around work, which leads to lower backlog visibility. Backlog for the division compared to previous quarter was virtually stable.

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 (amounts x EUR million)	**2017**	**2016**
Revenue	74.1	173.0
currency comparable growth	*(55.7%)*	*(52.4%)*
EBITDA (excluding exceptional items)	10.6	62.1
EBIT (excluding exceptional items)	(10.2)	20.7
EBIT margin (excluding exceptional items)	(13.8%)	12.0%
EBIT	(10.9)	(37.7)
EBIT margin	(14.7%)	(21.8%)
Capital employed	144.6	136.0
Backlog next 12 months	108.9	93.4
currency comparable growth	31.9%	(41.7%)
Number of employees (at year-end)	187	201

- Revenue declined by 55.7% at constant currencies because of low utilisation, with only two crews active during the first half-year and an idle third quarter. After a permitting delay, the ocean bottom node crew started early December 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.
- EBIT was negative due to the low activity levels, partly offset by robust operational project performance and further cost reductions. Last year's EBIT included a positive one-off operational benefit of EUR 11.3 million for the release of a provision in connection to the purchase of the vessel Hugin Explorer.
- Capital employed increased due to higher (less negative) working capital as a consequence of a later start of the Lula project.
- Towards the end of the second quarter of 2018, Seabed Geosolutions is expected to start the industry's largest ever ocean bottom node survey in the Santos Basin in Brazil, using its Manta® technology.
- With the recent introduction of its new Manta® node technology as well as efficiency enhancing technologies, Seabed Geosolutions is well positioned to benefit from a high level of tender activity in almost all key ocean bottom seismic markets with a solid pipeline of large projects.
- The backlog for the next 12 months increased by 31.9% on a currency comparable basis. During the fourth quarter of 2017, Seabed Geosolutions secured OBN projects in West Africa as well as in Trinidad and Tobago, both due to start in the first quarter of 2018.

Press call and analyst meeting

Today at 7:30 CET, Fugro will host a news wire/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.

Financial calendar

2 March 2018	Publication annual report
26 April 2018	Publication Q1 2018 trading update
26 April 2018	Annual general meeting of shareholders

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.

HIGHLIGHTS INCOME STATEMENT

Net result

Result (x EUR million)	2017	2016
EBIT	**(51.7)**	**(218.7)**
Net finance income/ (costs)	(70.7)	(70.9)
Share of profit/ (loss) in equity accounted investees	4.7	(2.2)
Income tax gain/ (expense)	(47.6)	(9.2)
(Gain)/ loss on non-controlling interests	0.3	(7.9)
Net result	**(165.0)**	**(308.9)**
Profit/ (loss) from discontinued operations	5.1	-
Net result (including discontinued operations)	**(159.9)**	**(308.9)**

Finance income/ (costs)

Finance income/ (costs) (x EUR million)	2017	2016
Finance income	**5.4**	**8.9**
Interest expenses	(48.0)	(65.0)
Net change in fair value of financial assets	0.1	(0.3)
Exchange rate variances	(28.2)	(14.5)
Finance expenses	**(76.1)**	**(79.8)**
Net finance costs	**(70.7)**	**(70.9)**

The decrease in the finance income is mainly related to less interest income as a consequence of the sale of the CGG vendor loan in 2016. Interest expenses decreased from EUR 65.0 million to EUR 48.0, mainly as a result of the changes in debt mix with a lower average interest rate. The EUR 48.0 million interest expenses in 2017 included EUR 24.0 million consisting of accelerated amortisation of capitalised amendment fees, fee payments in connection with the early repayments of the US private placement loans, and accrued interest as a consequence of the amortised interest accounting relating to the convertible bonds.

The negative exchange rate variances of EUR 28.2 million are mostly caused by the strengthening of the Euro.

Share of profit/ (loss) of equity accounted investees
The profit in equity accounted investees of EUR 4.7 million (net of tax) is mostly related to the joint ventures with China Oilfield Services Limited, Wavewalker B.V. and in Azerbaijan and Iraq.

Income tax gain/ (expense)

Tax (x EUR million)	2017	2016
Tax excluding exceptional items	(47.9)	(13.2)
Tax on exceptional items	0.3	4.0
Total tax	**(47.6)**	**(9.2)**

Income tax expense was driven by taxable profits in certain countries. In addition, in a number of jurisdictions no deferred tax assets were recognised for current year tax losses and previously recognised deferred tax assets were partially written down because of recoverability risk with a significant impact in the USA. Furthermore, the effect of domestic tax rate change on the deferred tax asset in the USA was EUR 9.4 million.

(Gain)/loss on non-controlling interests
The loss attributable to non-controlling interests was EUR 0.3 million and was mostly the result of the negative result in Seabed Geosolutions, offset by the profit of a subsidiary in the Middle East. The decrease

compared to last year is mainly caused by Seabed Geosolutions, in which CGG has a 40% interest and was profitable in 2016.

Profit/ (loss) from discontinued operations
The profit from discontinued operations is related to the release of provision for tax indemnities and warranties connected to the sale of majority of the Geoscience business to CGG in 2013.

HIGHLIGHTS BALANCE SHEET AND CASH FLOW

Intangible assets
The change in intangible assets from EUR 393.5 million to EUR 372.3 million was mainly related to a decrease in goodwill by EUR 20.4 million, driven by foreign currency translation differences.

Working capital

Working capital (x EUR million)	**2017**	**2016**
Working capital	164.9	192.9
Working capital as % of last 12 months revenue	11.0%	10.9%
Inventories	*30.5*	*22.1*
Trade and other receivables	*477.0*	*546.2*
Trade and other payables	*(342.6)*	*(375.4)*
Days revenue outstanding (DRO)	85	92

Working capital as a percentage of revenue was broadly in line with prior year. Fugro managed to further improve days of revenue outstanding by 7 days through improved billing and cash collection. The year-on-year revenue decline in the fourth quarter of 9.5% was the other main reason for the decline in receivables and payables.

Return on capital employed

(x EUR million)	**2017**	**2016**
Capital employed	1,184.1	1,341.2
Return on capital employed, ROCE (%)[1]	(3.3%)	(0.7%)

[1] ROCE is excluding exceptional items; NOPAT last 12 months (applying domestic weighted average tax rate); capital employed the average of last three reporting periods

The decrease in capital employed is the result of lower working capital, decrease of deferred tax assets, capex significantly below depreciation plus amortisation and currency translation effects. The return on capital employed was below last year due to increased net operating losses.

Capital expenditure

Capital expenditure (x EUR million)	**2017**	**2016**
Maintenance capex	37.0	33.2
Other capex (including fixed assets under construction)	71.0	59.3
Total capex	**108.0**	**92.5**

Capital expenditure increased from EUR 92.5 million to EUR 108.0 million and included the purchase of the REM Etive vessel, including equipment, for EUR 23.6 million and EUR 17.0 million on the new ocean bottom nodes for Seabed Geosolutions. Other capital expenditure was almost entirely related to regular maintenance and project equipment.

Cash flow

Cash flow (x EUR million)	2017	2016
Cash flow from operating activities	24.4	130.8
Cash flow from investing activities	(74.9)	55.3
Cash flow from operating activities after investments	**(50.5)**	**186.1**
Cash flow used in financing activities	53.6	(228.0)
Net cash movement	**3.1**	**(41.9)**

Cash outflow from operating activities after investments of EUR 50.5 million was the result of a reduction in cash generated from operating activities and an increase in capex, partly offset by the proceeds from the sale and lease back of an office building in United Kingdom. Last year's cash flow included proceeds from the sale of the CGG term loan (EUR 62.5 million) and the sale and leaseback of a geotechnical vessel (EUR 48.6 million).

Cash flow from financing activities of EUR 53.6 million was largely related to the placement of the subordinated convertible bonds and drawings under the revolving credit facility, used to repay the US private placement loans.

Appendix 1: Consolidated statement of comprehensive income

(EUR x million)		
	2017	**2016**
Revenue	**1,497.4**	**1,775.9**
Third party costs	(621.9)	(678.8)
Net revenue own services (revenue less third party costs)	**875.5**	**1,097.1**
Other income	31.8	30.4
Personnel expenses	(629.6)	(694.4)
Depreciation	(126.9)	(172.4)
Amortisation	(6.1)	(8.6)
Impairments	(0.2)	(192.7)
Other expenses	(196.2)	(278.1)
Results from operating activities (EBIT)	**(51.7)**	**(218.7)**
Finance income	*5.4*	*8.9*
Finance expenses	*(76.1)*	*(79.8)*
Net finance income/(costs)	(70.7)	(70.9)
Share of profit/(loss) of equity-accounted investees (net of income tax)	4.7	(2.2)
Profit before income tax	**(117.7)**	**(291.8)**
Income tax (expense)/gain	(47.6)	(9.2)
Profit/(loss) for the period from continuing operations	**(165.3)**	**(301.0)**
Profit/(loss) for the period from discontinued operations	5.0	-
Profit/(loss) for the period	**(160.3)**	**(301.0)**
Attributable to owners of the company (net result)	(159.9)	(308.9)
Attributable to non-controlling interests	(0.4)	7.9
Earnings per share from operations (attributable to owners of the company during the period)		
Basic and diluted earnings per share from continuing operations (EUR)	(2.04)	(3.82)
Basic and diluted earnings per share from discontinued operations (EUR)	0.06	-
Profit/(loss) for the period	**(160.3)**	**(301.0)**
Other comprehensive income		
Defined benefit plan actuarial gains/(losses)	17.0	(14.1)
Total items that will not be reclassified to profit or loss	**17.0**	**(14.1)**
Foreign currency translation differences of foreign operations	(116.5)	26.9
Foreign currency translation differences of equity-accounted investees	(0.8)	(1.4)
Net change in fair value of hedge of net investment in foreign operations	16.2	5.1
Net change in fair value of cash flow hedges transferred to profit or loss	0.1	0.3
Net change in fair value of available-for-sale financial assets	0.2	0.0
Total items that may be reclassified subsequently to profit or loss	**(100.8)**	**30.9**
Total other comprehensive income for the period (net of tax)	**(83.8)**	16.8
Total comprehensive income/(loss) for the period	**(244.1)**	**(284.2)**
Attributable to owners of the company	(237.7)	(295.4)
Attributable to non-controlling interests	(6.4)	11.2
Total comprehensive income/(loss) for the period	**(244.1)**	**(284.2)**
Total comprehensive income attributable to owners of the company arises from:		
Continuing operations	(242.8)	(295.4)
Discontinued operations	5.0	
	(237.7)	**(295.4)**

Appendix 2: Consolidated statement of financial position

(EUR x million)	31 December 2017	31 December 2016
Assets		
Property, plant and equipment	643.7	806.0
Intangible assets	372.3	393.5
Investments in equity-accounted investees	69.7	20.1
Other investments	31.2	33.7
Deferred tax assets	39.4	80.6
Total non-current assets	**1,156.3**	**1,333.9**
Inventories	30.6	22.1
Trade and other receivables	476.9	546.2
Current tax assets	16.1	22.7
Cash and cash equivalents	213.6	248.5
Assets classified as held for sale	4.8	1.0
Total current assets	**742.0**	**840.5**
Total assets	**1,898.3**	**2,174.4**
Equity		
Share capital	4.2	4.2
Share premium	431.2	431.2
Other reserves	(432.2)	(349.1)
Retained earnings	868.8	1,157.4
Unappropriated result	(159.9)	(308.9)
Total equity attributable to owners of the company	**712.1**	**934.8**
Non-controlling interests	41.6	55.3
Total equity	**753.7**	**990.1**
Liabilities		
Loans and borrowings	634.9	573.5
Employee benefits	68.9	95.5
Provisions for other liabilities and charges	17.1	26.8
Deferred tax liabilities	1.2	1.7
Total non-current liabilities	**722.1**	**697.5**
Bank overdraft	2.6	4.0
Loans and borrowings	6.5	22.0
Trade and other payables	342.6	375.4
Provisions for other liabilities and charges	8.0	14.8
Other taxes and social security charges	35.4	36.7
Current tax liabilities	27.4	33.9
Total current liabilities	**422.5**	**486.8**
Total liabilities	**1,144.6**	**1,184.3**
Total equity and liabilities	**1,898.3**	**2,174.4**

Appendix 3: Consolidated statement of cash flows

(EUR x million)	2017	2016
Cash flows from operating activities		
Profit/(loss) for the period	(165.3)	(301.0)
Adjustments for:		
Depreciation and amortisation	133.0	180.9
Impairments	0.2	192.7
Write-off long-term receivables	1.0	12.0
Share of (profit)/loss of equity-accounted investees (net of income tax)	(4.7)	2.2
Gain on sale of property, plant and equipment	(13.9)	(5.1)
Equity settled share-based payments	3.1	7.0
Change in provisions for other liabilities and charges and employee benefits	(3.5)	(35.5)
Income tax expense/(gain)	47.6	9.2
Income tax paid	(15.7)	(30.6)
Finance income and expense	70.7	70.9
Interest paid	(24.8)	(37.5)
Operating cash flows before changes in working capital	**27.7**	**65.2**
Change in inventories	(9.7)	7.6
Change in trade and other receivables	63.3	195.1
Change in trade and other payables	(56.9)	(137.1)
Changes in working capital	**(3.3)**	**65.6**
Net cash generated from operating activities	**24.4**	**130.8**
Cash flows from investing activities		
Proceeds from sale of interests in business, net of cash disposed of	-	62.5
Net proceeds from sale & leaseback transaction of property, plant and equipment	-	48.6
Acquisition of intangible assets	(5.9)	(6.0)
Other additions to intangible assets	(3.2)	(5.1)
Capital expenditures on property, plant and equipment	(108.0)	(68.6)
Proceeds from sale of property, plant and equipment	30.8	7.2
Acquisitions of investments in equity accounted investees	(3.8)	-
Interest received	5.4	11.1
Dividends received	8.8	5.6
Repayment of long-term loans	1.0	-
Net cash (used in)/from investing activities	**(74.9)**	**55.3**
Cash flows from operating activities after investing activities	**(50.5)**	**186.1**
Cash flows from financing activities		
Proceeds from issue of long-term loans	152.9	60.0
Proceeds from issue of subordinated unsecured convertible bonds	100.0	190.0
Transaction costs relating to loans and borrowings	(9.2)	(21.5)
Repayment of borrowings	(177.0)	(439.7)
Dividends paid	(7.3)	(10.0)
Payment of finance lease liability	(5.8)	(6.8)
Net cash from/(used in) financing activities	**53.6**	**(228.0)**
Change in cash flows from operations	**3.1**	**(41.9)**
Net increase/(decrease) in cash and cash equivalents	3.1	(41.9)
Cash and cash equivalents at 1 January	244.4	283.1
Effect of exchange rate fluctuations on cash held	(36.6)	3.2
Cash and cash equivalents at 31 December	**210.9**	**244.4**
Cash and cash equivalents	213.5	248.5
Bank overdraft	(2.6)	(4.1)

Appendix 4: Exceptional items second half year

Exceptional items (X EUR million), second half year Gain/ (loss)	**Marine**	**Land**	**Geoscience**	**Total**
Onerous contract provision	(1.6)	(0.6)	-	**(2.2)**
Restructuring costs	(2.1)	(2.0)	(0.2)	**(4.3)**
Other	7.6	2.8	-	**10.4**
EBITDA impact 2HY 2017	**3.9**	**0.2**	**(0.2)**	**3.9**
Impairments	2.0	(0.2)	-	**1.8**
EBIT impact 2HY 2017	**5.9**	**0.0**	**(0.2)**	**5.7**
EBITDA impact 2HY 2016	(11.3)	(7.2)	(1.0)	(19.5)
EBIT impact 2HY 2016	(57.6)	(8.3)	(9.6)	(75.5)