

Leidschendam, the Netherlands, 25 February 2019

Fugro FY 2018: strong revenue growth and EBIT improvement

- Revenue growth of 19.2% on comparable basis, driven by Fugro's key markets oil and gas, offshore wind and infrastructure. All divisions showed growth, in particular Marine.
- EBIT turned positive thanks to significantly improved profitability of the early cyclical marine site characterisation activities.
- Seabed results impacted by specific project execution issues in the fourth quarter.
- Break-even cash flow excluding the impact of higher working capital given the strong revenue growth.
- Net debt/EBITDA of 2.2, well within covenant requirement.
- Double digit year-on-year comparable backlog growth thanks to strong order intake in the fourth quarter.
- Outlook 2019: Continued revenue growth, further improvement of EBIT margin and positive cash flow from operating activities after investments.
- To implement 'Path to Profitable Growth' strategy, Fugro will simplify its top management structure.

Key figures (x EUR million)	FY 2018	FY 2017
Revenue	1,650.0	1,497.4
comparable growth ¹	19.2%	(13.2%)
EBITDA (excluding exceptional items ²)	117.8	100.8
EBIT (excluding exceptional items ²)	13.1	(32.1)
EBIT margin (excluding exceptional items ²)	0.8%	(2.1%)
Net result	(51.1)	(159.9)
Backlog next 12 months	1,041.5	927.8
comparable growth ¹	11.6%	(7.3%)
Cash flow from operating activities after investments	(33.4)	(50.5)
Net debt/EBITDA	2.2	1.9

Refer to annual report 2017 for definition of EBITDA for covenant purposes.

¹ Corrected for currency effect (of around - 4% on revenues and +1% on backlog) and for portfolio changes related to the divestment of the marine construction and installation activities in 2017

² Onerous contract provisions, restructuring cost, impairment losses, and other exceptional items totalling EUR 4.3 million compared to EUR 19.6 million in 2017 (EBIT impact)

Mark Heine, CEO: *"The year 2018 marks a turning point in our results. With our market leading positions, we have benefited from the gradual recovery of the oil and gas market and the ongoing expansion of offshore wind, which were the key drivers behind the sharp growth and improving prices in early cyclical marine site characterisation activities. This resulted in a strong increase in revenue and profitability, partly offset by disappointing results in Seabed and lagging profitability of our late cyclical marine asset integrity services.*

Our updated strategy 'Path to Profitable Growth' is the basis for further improvement of our profitability by capturing the upturn in energy and infrastructure, differentiating by integrated digital solutions and leveraging our core expertise in new growth markets. We continue to look for divestment opportunities of our non-core assets. To accelerate strategy implementation and further increase efficiencies we have decided to simplify the top structure by introducing a regional model with four regions, directly reporting to the Board of Management. In addition, an executive leadership team will be established which comprises, besides the Board of Management, the Regional Group Directors and several functional directors. This enhances alignment in our organisation and creates more focus on our strategic and operational priorities."

PRESS RELEASE

Strategy implementation

Since the launch in November 2018, Fugro has been making good progress with the implementation of the 'Path to Profitable Growth' strategy. The upturn in the offshore energy market is already visible in Fugro's 2018 results. The digitalisation initiatives are progressing as planned and are already generating return. The recent award of the California Waterfix contract illustrates Fugro's ability to leverage its core capabilities in new growth markets.

To create more focus on strategic and operational priorities and as a logical next step in Fugro's drive towards offering integrated solutions, Fugro will simplify its top-management structure. The Land and Marine divisions will be integrated at the top-level. Instead of two divisions represented in five regions there will be four integrated regions, effectively removing a management layer. Within the regions, the current business line structure will be maintained: marine site characterisation, marine asset integrity, land site characterisation and land asset integrity.

In addition to the Board of Management, an executive leadership team will be established. This team will consist of the four Regional Group Directors, a Group Director Digital Transformation & Innovation, the Group Director Human Resources and the General Counsel. The Board of Management will continue to consist of three members. As CEO, Mark Heine will be the chairman of both the executive leadership team and the Board of Management. Brice Bouffard, currently Director Land, will become Chief Development Officer with a dedicated focus on the portfolio of services, the global business lines, sales & marketing and operational excellence. Paul Verhagen will continue in his position as CFO, responsible for finance, IT and procurement.

Operational review – second half year

Revenue per division (x EUR million)	2HY 2018	2HY 2017	reported growth	comparable growth ¹
Marine	582.8	480.1	21.4%	28.4%
Land	235.9	230.3	2.4%	2.7%
Geoscience	33.9	12.7	166.9%	140.0%
Total	852.6	723.1	17.9%	22.0%

¹Adjusted for currency effect (negligible in the second half-year) and portfolio changes related to the divestment of the marine construction and installation activities in 2017

In line with the first half of the year, revenue growth was driven by the Marine and Geoscience divisions and to a lesser extent by the Land division. Revenue of the Marine division was boosted by Fugro's strong, increasingly global, market positions in the offshore wind market, in combination with a gradually recovering oil and gas market. Revenue growth was also strong at Geoscience, where Seabed Geosolutions experienced a higher activity level than in the same period last year.

EBIT per division (x EUR million)	2HY 2018				2HY 2017			
	reported		excluding exceptional items		reported		excluding exceptional items	
	EUR	margin	EUR	margin	EUR	margin	EUR	margin
Marine	20.2	3.5%	23.0	3.9%	(0.1)	(0.0%)	(6.0)	(1.2%)
Land	5.2	2.2%	6.2	2.6%	9.4	4.1%	9.4	4.1%
Geoscience	(20.1)	(59.3%)	(20.1)	(59.3%)	(10.4)	(81.9%)	(10.2)	(80.3%)
Total	5.3	0.6%	9.1	1.1%	(1.1)	(0.2%)	(6.8)	(0.9%)

EBIT margin (excluding exceptional items) turned positive, thanks to the strongly improved performance of the early cyclical marine site characterisation activities, as a result of better asset utilisation and an improved

PRESS RELEASE

pricing environment of the geophysical and geotechnical market. EBIT of Geoscience was significantly impacted by project execution issues on two contracts, in the Gulf of Mexico and the Middle East.

EBIT included a one-off positive effect of EUR 7.8 million mainly due to changing the Dutch pension to a defined contribution plan.

Operational review – full year

Revenue per division (x EUR million)	2018	2017	reported growth	comparable growth ¹
Marine	1,085.9	947.3	14.6%	27.4%
Land	466.9	476.0	(1.9%)	1.5%
Geoscience	97.2	74.1	31.2%	35.7%
Total	1,650.0	1,497.4	10.2%	19.2%

¹Corrected for currency effect (of around - 4% at group level) and for portfolio changes related to the divestment of the marine construction and installation activities in 2017

After three years of decline, group revenue increased again, mainly led by the Marine and Geoscience divisions. Marine revenue grew strongly thanks to global growth in Fugro's oil and gas related activities and an even larger growth in its offshore wind business, particularly in Europe and the Americas. The comparable revenue growth of the Land division was driven by site characterisation, whilst asset integrity declined. Seabed Geosolutions executed more projects than last year.

EBIT per division (x EUR million)	2018				2017			
	reported		excluding exceptional items		reported		excluding exceptional items	
	EUR	margin	EUR	margin	EUR	margin	EUR	margin
Marine	17.6	1.6%	21.1	1.9%	(56.5)	(6.0%)	(43.3)	(4.6%)
Land	7.8	1.7%	10.0	2.1%	15.7	3.3%	21.4	4.5%
Geoscience	(16.6)	(17.1%)	(18.0)	(18.5%)	(10.9)	(14.7%)	(10.2)	(13.8%)
Total	8.8	0.5%	13.1	0.8%	(51.7)	(3.5%)	(32.1)	(2.1%)

EBIT (excluding exceptional items) improved strongly, driven by a significantly higher result of the early cyclical marine site characterisation business. The lower EBIT for the Land division is partly explained by a positive EUR 6.1 million one-off from a contractual settlement in 2017 and reduced results in the asset integrity business due to lower revenues, partly resulting from poor weather conditions. In the Geoscience division, Seabed Geosolution's profitability was disappointing, due to project execution issues on two contracts, mainly in the fourth quarter.

Financial position

Excluding the impact of increased working capital, cash flow was break-even, a significant improvement compared to 2017. At year-end, working capital as a percentage of 12 months rolling revenue improved to 11.6% compared to 15.0% at the end of September and 11.0% at the end of 2017. The strong revenue growth resulted in additional working capital needs, which was the main reason that cash flow from operating activities after investments was negative. Strong cash collection in the fourth quarter resulted in 86 days of revenue outstanding, down from 91 days at the end of September and close to the level at the end of 2017 (85 days).

Net debt/EBITDA ratio improved to 2.2 compared to 2.5 in the previous quarter. Net debt amounted to EUR 505.5 million, compared to EUR 513.2 million at the end of September and EUR 430.4 million at the end of 2017. The year-on-year increase was caused by higher working capital resulting from strong revenue growth, devaluation of foreign cash balances and the accretion of interest on the convertible bonds.

PRESS RELEASE

At year-end 2018, the solvency ratio was 34.4%. To facilitate Fugro's growth and as a matter of prudence, an amendment on the solvency covenant requirement was agreed upon for the multicurrency revolving credit facility and certain lease arrangements with the owner of two geotechnical vessels, adjusting the requirement to >27.5% (instead of >33.33%) until maturity of the facility and for the remaining lease term.

Outlook

The outlook across Fugro's market segments is positive as offshore wind, oil and gas and infrastructure markets continue to grow. The oil and gas market is recovering despite short term volatility related to geopolitical developments and concerns over reduced global economic growth. In the infrastructure market Fugro expects continued growth, driven by population growth and urbanisation. The high order intake in the last quarter of 2018, the solid backlog and latest market forecasts are supportive of the implementation of Fugro's strategic plan.

For 2019, Fugro expects continued revenue growth, further improvement of EBIT margin and positive cash flow from operating activities after investments. Capex is expected to be around EUR 90 million. The implementation of IFRS 16 is expected to have an upward impact of EUR 45 – 50 million on EBITDA and EUR 5 - 10 million on EBIT.

Operational review per division – full year

Marine division

Key figures (in EUR million)	2018	2017
Revenue	1,085.9	947.3
reported growth (%)	14.6%	(13.6%)
comparable growth (%) ¹	27.4%	(11.3%)
EBITDA excluding exceptional items	93.8	47.8
EBIT excluding exceptional items	21.1	(43.3)
EBIT margin excluding exceptional items (%)	1.9%	(4.6%)
EBIT	17.6	(56.5)
Capital employed	844.2	820.6
Backlog next 12 months	618.8	545.3
comparable growth (%) ¹	13.6%	(7.6%)
Number of employees (at year-end)	5,175	5,053

¹ Revenue and backlog growth corrected for currency effect (of around -4% and 0% respectively) and for portfolio changes related to the divestment of the construction and installation activities in 2017.

- Revenue increased year-on-year by 27.4% on a comparable basis, driven by Fugro's leading market shares in the oil and gas market and its increasingly global position in offshore wind, particularly in Europe and the Americas. Revenue in new growth markets, such as hydrography and coastal protection, also showed a significant increase.
- The utilisation of owned and long-term chartered vessels increased to 73% from 69% last year, complemented by spot charters in Europe, Middle East & India and Asia Pacific.
- EBIT recovered from a loss in 2017 to a positive margin of 1.9%, with an improvement in all regions, resulting from better asset utilisation and improved pricing in the geophysical and geotechnical markets.
- Site characterisation revenue increased significantly by 48.2% at constant currencies to EUR 563.9 million, capturing the upturn in the oil and gas and offshore wind markets. EBIT improved significantly to low single digit positive margin, compared to a double digit negative margin last year, driven by improved asset utilisation and a better pricing environment.
- The asset integrity comparable revenue increased by 10.9% to EUR 522.0 million, mainly due to growth in Asia Pacific. EBIT was marginally positive and deteriorated compared to last year, reflecting the sustained global over-supply and related challenging pricing environment of inspection, repair and maintenance and construction support services.
- Capital employed increased to EUR 844.2 million as a result of higher working capital needs from increased activity levels.
- Recent significant strategic and interesting project awards include:
 - A number of offshore wind farm site characterisation surveys on the East Coast of the USA, amongst others follow-on site investigations for Ørsted at its Ocean Wind site.
 - Geotechnical site investigation at the Hollandse Kust West offshore wind farm site.
 - Large geotechnical site characterisation project for ENI in Northern Mozambique, on the shore approach of the pipelines from the Mamba field.
 - Landmark survey campaign over the Turks and Caicos Islands, marking the first commercial success of Fugro's new rapid airborne mapping system.
 - Survey of the topography of the Polynesian island of Tuvalu, under the UN development program.
- Backlog for the next 12 months increased by 13.6% on a comparable basis, with 46.0% growth in site characterisation projects to EUR 313.7 million and a 7.1% decrease in the asset integrity business line, due to increased focus on profitability improvement.

PRESS RELEASE

Land division

Key figures (in EUR million)	2018	2017
Revenue	466.9	476.0
<i>reported growth (%)</i>	(1.9%)	(6.1%)
<i>comparable growth (%)¹</i>	1.5%	(3.0%)
EBITDA excluding exceptional items	28.2	42.4
EBIT excluding exceptional items	10.0	21.4
EBIT margin excluding exceptional items (%)	2.1%	4.5%
EBIT	7.8	15.7
Capital employed	223.2	218.9
Backlog next 12 months	283.4	273.6
<i>comparable growth (%)¹</i>	2.7%	(17.0%)
Number of employees (at year-end)	4,870	4,804

¹ Revenue and backlog growth corrected for currency effect (of around -3% and +1% respectively)

- Land revenue increased by 1.5% year-on-year at constant currencies, thanks to an increase in infrastructure projects that fully offset the decrease in oil and gas and power related activity. EBIT (excluding exceptional items) was below last year as a result of lower asset integrity results and a positive one-off operational effect of EUR 6.1 million from a contractual settlement in 2017.
- Site Characterisation revenue increased by 2.8% at constant currencies to EUR 367.9 million, mainly as a result of higher revenue in Europe. The mid-single digit EBIT margin was comparable to last year when the aforementioned contractual settlement is excluded. Increased profitability in Europe and the Americas was offset by lower performance in the Middle East, impacted by the economic and political environment in the region and some bad debt write offs.
- Asset Integrity revenue decreased by 3.2% at constant currencies to EUR 99.0 million, as a consequence of poor weather conditions in the USA, impacting the road business, and postponed awards in the rail business in Europe. As a result, EBIT margin was mid-single digit negative and below last year. Backlog however has significantly improved and represents a good base for 2019 growth.
- Recent significant project awards included:
 - Multi-year program for site characterisation and engineering support to optimise design and minimise construction risks on water supply infrastructure for the California WaterFix project in the USA.
 - Five-year framework agreement by Network Rail to carry out survey data acquisition and analysis to deliver highly accurate rail infrastructure information.
 - Geotechnical engineering and consulting contract for the Hong Kong government to investigate the risk of landslides and to recommend mitigation measures.
 - Follow-on contract for geotechnical investigation work on the A9 highway construction project in Scotland.
 - Road pavement condition assessment survey contract in the United Arab Emirates to support optimisation of the roadway maintenance program.
- Backlog for the next 12 months increased for the first time in eight quarters and is up 2.7% on a currency comparable basis. Site characterisation backlog is flat compared to last year and asset integrity backlog increased by 11.1%, mainly due to increased activity in the Americas.

PRESS RELEASE

Geoscience division

The Geoscience division almost fully consists of Fugro's 60% stake in Seabed Geosolutions (100% consolidated). It also includes some indirect interests in Australian exploration projects, via Finder Exploration.

Key figures (in EUR million)	2018	2017
Revenue	97.2	74.1
reported growth (%)	31.2%	(57.2%)
comparable growth (%) ¹	35.7%	(55.7%)
EBITDA excluding exceptional items	(4.2)	10.6
EBIT excluding exceptional items	(18.0)	(10.2)
EBIT margin excluding exceptional items (%)	(18.5%)	(13.8%)
EBIT	(16.6)	(10.9)
Capital employed	140.5	144.6
Backlog next 12 months	139.3	108.9
comparable growth (%) ¹	23.5%	31.9%
Number of employees (at year-end)	220	187

¹ Revenue and backlog growth corrected for currency effect

- Revenue increased by 35.7% at constant currencies, largely driven by a higher activity level in the ocean bottom node (OBN) business.
- At the end of 2018, Seabed Geosolutions was operating three crews compared to only one crew a year ago. The shallow water cable crew is working for ADNOC in the United Arab Emirates since December. The Manta® node crew started in November on the Buzios survey for Petrobras and the Case Abyss crew was busy in the Gulf of Mexico.
- The second half of 2018 was characterised by a number of challenges, resulting in a significant loss in the period. Idle periods and project execution issues including weather standby significantly impacted profitability of the contracts in the Gulf of Mexico and the Middle East. This will continue to impact Seabed's results over the remaining duration of these projects; mainly in the first quarter of 2019.
- After completion of the contracts in the Gulf of Mexico and the Middle East, Seabed Geosolutions expects to benefit from improved market conditions and more favourable contracts resulting in both better utilisation and improved margins.
- The 12-month backlog increased by 23.5% on a currency comparable basis. The pipeline of potential projects remains solid with significant tendering activity reflecting the increased appetite for ocean bottom seismic technology.
- The S-79 project, a significant 3D ocean bottom node survey in the Red Sea, is scheduled to start during the second quarter of 2019.

Press call and analyst meeting

Today at 7:30 CET, Fugro will host a news wire and media call. At 12:30 CET, Fugro will host an analyst meeting in Hilton Amsterdam, Apollolaan 138 in Amsterdam which will be webcast via <https://www.fugro.com/investors/results-and-publications/quarterly-results>.

Financial calendar

4 March 2019	Publication 2018 annual report
26 April 2019	Publication first quarter 2019 trading update
26 April 2019	Annual general meeting of shareholders

PRESS RELEASE

For more information

Media

Edward Legierse
e.legierse@fugro.com
+31 70 31 11129

Investors

Catrien van Buttingha Wichers
c.vanbuttingha@fugro.com
+31 70 31 15335
+31 6 1095 4159

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 10,000 talented people in 65 countries, Fugro serves clients around the globe, predominantly in the energy and infrastructure industries, both offshore and onshore. In 2018, revenue amounted to EUR 1.7 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.