PRESS RELEASE

Leidschendam, the Netherlands, 19 October 2016

The publication of this Q3 2016 trading update, originally planned for 31 October, has been brought forward to support the launch of a convertible bond (reference is made to separate press release), providing the market with full disclosure on ongoing trading conditions.

Q3 2016 trading update: Mid-single digit EBIT margin and good cash flow in continued difficult oil & gas market circumstances

- Mid-single digit EBIT margin achieved in challenging oil & gas market.
- Year-on-year revenue decline of 22.4% or 20.4% on a currency comparable basis.
- Good cash flow from operating activities after investments, reducing net debt by EUR 42 million in the quarter to EUR 425 million.
- Cost reductions well ahead of schedule.
- Fugro launches a subordinated convertible bond of approximately EUR 150 million with an increase option of up to EUR 40 million. The proceeds are expected to be used for early repayment of part of the United States Private Placement notes (USPP), resulting in reduced interest expense, additional headroom under the financial covenants and increased financial flexibility.
- Net debt/EBITDA of 1.8 compared to covenant requirement of below 3.0. Pro forma net debt/EBITDA of 1.2 including the assumed proceeds of EUR 150 million from the convertible bond.
- Backlog for the next 12 months decreased by 19.8% on a currency comparable basis compared to a year ago. Backlog was flat (+ 0.7%) compared to the previous quarter.
- Outlook for 2016 reconfirmed: positive cash flow from operating activities after investments, further reduction of cost base and negative low single digit EBIT margin (excluding exceptional items) although somewhat better than previously expected.

Key figures (x EUR million) unaudited	**Q3 2016**	**Q3 2015**	**reported growth**	**currency comparable growth**
Revenue	474.1	610.9	(22.4%)	(20.4%)
Backlog remainder of the year	365.6	500.9	(27.0%)	(26.0%)
Backlog next 12 months	1,055.1	1,341.7	(21.4%)	(19.8%)
Net debt/ EBITDA	1.8	2.0		

Paul van Riel, CEO*: "Fugro is coping with the tough oil and gas market conditions by focusing on market share, utilisation levels and continuous adjustment of cost base and capacity. As a result, we are generating good cash flow. EBIT margin in the quarter was supported by a solid performance in our renewables and building and infrastructure business.*

We are also making good progress with the implementation of our strategic roadmap. We are building a truly customer centric and more efficient organisation by combining our services into integrated value propositions for our customers. To achieve this we are regrouping our geotechnical, survey and subsea activities into site characterisation and asset integrity business lines within two divisions: Marine and Land."

Operational review

This is the third consecutive year of an exceptionally deep downturn in the oil and gas services market. This quarter, revenue declined by 20.4% on a currency comparable basis, driven by the continued challenging oil and gas market. The offshore wind farm market was strong and also generated work on two key projects outside of Europe. The building and infrastructure market was steady.

Fugro realised a mid-single digit EBIT margin, close to the comparable period last year, as the revenue decline was almost fully offset by cost reductions.

Days of revenue outstanding was reduced to 98 days compared to 102 days at year-end 2015 and 106 days at the end of September 2015. The improvement was primarily due to cash collection on some large projects with relatively long payment terms.

Cost reduction and performance improvement measures

The company continues to implement cost reduction and performance improvement measures as required by market conditions:

- Ongoing restructuring ahead of plan with a year-to-date reduction of 1,120 employees.
- Third party expenses (excluding exceptional items) related to vessel charters, subcontractors and other operational costs were reduced year-to-date by 27.1% or 24.5% on a currency comparable basis. This decrease was slightly larger than the revenue decline.
- Year-to-date, the active fleet has been reduced by 5 vessels. For the remainder of the year, more reductions will be made as needed.
- Capital expenditure year-to-date was limited to EUR 65.3 million compared to EUR 114.3 million in the comparable period last year.

Strategy

In combination with the ongoing restructuring, Fugro continues to implement its ‘Building on Strength’ strategy:

- Fugro is uniquely positioned to meet clients’ increasing demand for integrated services. To make the most of this opportunity and improve the efficiency of service delivery, Fugro is regrouping its survey, geotechnical and subsea services activities into Site Characterisation and Asset Integrity business lines. To capture operational synergies, these business lines will be managed within two divisions: Marine and Land. The Site Characterisation business line supports the planning, engineering design and construction of new structures and infrastructure. The Asset Integrity business line supports asset life cycle management for existing structures and infrastructure. This will result in a new reporting structure for the company as per 2017.
- As part of the regrouping into new business lines and divisions, Fugro is optimising its country level organisations by reducing the number of operating companies and forming shared service centres.
- Fugro is working towards closing of the divestment of its Asia Pacific subsea construction and installation business in the fourth quarter. The majority of the subsea activities in other regions concern inspection, repair and maintenance and drill support. These are an important part of Fugro’s marine asset integrity portfolio and will therefore be integrated in the Asset Integrity business line in the Marine division.

Operational review per division

Geotechnical division

(x EUR million)	Q3 2016	Q3 2015	reported growth	currency comparable growth
Revenue	171.3	204.1	(16.1%)	(13.1%)
Backlog remainder of the year	141.4	162.4	(12.9%)	(10.8%)
Backlog next 12 months	372.8	385.0	(3.2%)	(0.2%)

- Revenue for the quarter decreased by 13.1% at constant currencies to EUR 171.3 million, primarily due to a decline in demand for services from oil and gas clients. The EBIT margin was mid-single digit, slightly above the second quarter of 2016 and the third quarter of 2015.
- Onshore revenue declined by 5.9% at constant currencies to EUR 108.4 million due to muted oil and gas activity, particularly in the USA. This was partially offset by good operational performance on nuclear projects in the UK, increasing work scope on the Hong Kong Airport runway expansion and a high level of site investigation work in the Middle East. The mid-single digit EBIT margin was higher than the third quarter of 2015. Performance was strong in Asia Pacific and improved in Europe whilst losses in Africa were reduced. These positive developments were partially offset by ongoing price pressure and volume reduction in oil and gas market related work.
- Offshore revenue dropped by 23.4% at constant currencies to EUR 62.9 million. Again this quarter, Fugro's market share was strong with good utilisation of resources, especially in Europe and Asia Pacific. The EBIT margin (excluding exceptional items) was low-double digit, above previous quarter but below the third quarter of 2015.
- Fugro was awarded two non-European offshore wind farm site investigations: one in Taiwan and one off the East Coast of the USA. Fugro secured a contract by a NOC in the Middle East for offshore site characterisation services. In addition, Fugro secured an extensive geotechnical site investigation campaign for "The Tower" in Dubai, which will be the tallest building in the world.
- On a currency comparable basis, backlog for the next 12 months is stable compared to the same period last year. The onshore backlog improved by 11.0%, driven mainly by an increase in the number of building & infrastructure and power projects in Europe. Offshore backlog decreased by 26.5%, mainly due to the depressed market in the Gulf of Mexico and the absence of deep water projects in general.

Survey division

(x EUR million)	Q3 2016	Q3 2015	reported growth	currency comparable growth
Revenue	159.4	215.0	(25.9%)	(24.7%)
Backlog remainder of the year	132.6	185.2	(28.4%)	(27.9%)
Backlog next 12 months	382.9	494.1	(22.5%)	(21.8%)

- Revenue for the quarter decreased by 24.7% at constant currencies to EUR 159.4 million. Due to relentless pressure by the global oil & gas companies to take cost out of the supply chain, the services sector continues to experience severe price deflation due to reduced work volumes. All regions are currently affected by this market downturn. Oil and gas projects are postponed and inspection and maintenance work delayed as long as feasible. Work volumes outside of oil and gas have increased, in particular for renewables and hydrography services.

- Similar to the first half of the year, vessel utilisation for geophysical work was good and even higher than in the same period last year. Fugro's market share for survey activities continues to be strong.
- The offshore wind farm market was strong, with also projects outside of Europe. Metocean services are holding up relatively well. However, positioning services revenue was impacted as the number of operational rigs offshore in the world declined further. The amount of construction support work remains low as less field development work is currently executed.
- The EBIT margin (excluding exceptional items) was mid-single digit, which was well below the third quarter of 2015, but higher than during the second quarter of 2016.
- During the quarter the active fleet was reduced by one vessel by warm-stacking the Fugro Discovery.
- The division was awarded several unexploded ordnance site surveys in the North Sea, amongst others for Tennet. In addition, the division continues its involvement in the Nord Stream 2 pipeline system through the Baltic Sea. In the Americas, Fugro was awarded a five year photogrammetric and LiDAR surveying and mapping contract by the US Army Corps of Engineers in Missouri.
- Backlog for the next 12 months is down 21.8% on a currency comparable basis, caused by the expected finalisation of the MH370 search by the end of 2016, price erosion and reduced investments from oil and gas clients.

Subsea Services division

(x EUR million)	Q3 2016	Q3 2015	reported growth	currency comparable growth
Revenue	91.7	107.1	(14.4%)	(10.7%)
Backlog remainder of the year	71.1	75.5	(5.8%)	(5.0%)
Backlog next 12 months	234.0	249.3	(6.1%)	(3.6%)

- Revenue for the quarter decreased by 10.7% at constant currencies to EUR 91.7 million. The decline is mainly caused by the deterioration of the North Sea and Asia Pacific construction support activities.
- The revenue decline, in combination with high operating leverage, resulted in a mid-single digit EBIT loss for the division, which is broadly in line with the same period last year but better than the second quarter of 2016. Brazil generated a positive EBIT reflecting operational performance improvement and ongoing work for the Fugro Aquarius.
- During the quarter the Rampion windfarm cable installation work started in the English Channel, keeping vessels Fugro Symphony, Fugro Saltire and a trenching system busy. Phase one will be completed in November, phase two starts again in March 2017.
- In the UK sector of the North Sea, several smaller contracts for inspection and drill support work were awarded. In Brazil, year-to-date, 5 out of 9 tri-partite contracts with Petrobras have come up for renewal of which 3 have been secured, while 1 contract was cancelled due to 'blocking' by a Brazilian flagged vessel. As per the end of September there are 6 active tri-partite contracts.
- Backlog for the next 12 months is 3.6% lower on a currency comparable basis.
- Fugro is working towards closing of the divestment of its Asia Pacific subsea construction and installation business in the fourth quarter.

Geoscience division

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

Seabed Geosolutions

(x EUR million)	Q3 2016	Q3 2015	reported growth	currency comparable growth
Revenue	51.7	84.9	(39.1%)	(39.2%)
Backlog remainder of the year	20.5	77.8	(73.7%)	(73.7%)
Backlog next 12 months	65.4	213.3	(69.3%)	(69.3%)

- Revenue declined by 39.2% at constant currencies due to lack of work for the two ocean bottom cable crews.
- Seabed Geolutions' other two crews were active. The shallow water crew is continuing operations in the United Arab Emirates for ADNOC for which a 9 month extension was recently secured. The ocean bottom node crew successfully completed a two-month 4D program in the North Sea.
- Despite the low level of activity, Seabed Geosolutions generated a double digit EBIT margin slightly above the same period last year, due to a robust operational performance on both its shallow water and ocean bottom node crews and further restructuring and cost reduction.
- The backlog for the next 12 months decreased by 69.3% at constant currencies, with visibility improving with the recent ADNOC award.
- With the Manta™ node technology and the deployment of additional efficiency enhancing solutions, Seabed Geosolutions expects to be able to deliver significant efficiency gains for its customers, accelerating the adoption of seabed seismic technologies and positioning the company as a credible alternative to high-end streamer solutions.

Financial position

Cash flow from operating activities after investments in the quarter was positive as a result of good operational performance, tightly managed capex and improvement in working capital. Compared to EUR 114.3 million in the comparable period last year, capital expenditure year-to-date was contained to EUR 65.3 million. This amount included EUR 23.9 million related to the conversion of the charter agreement for the Hugin Explorer into a lease and purchase agreement.

Net debt was reduced as a result of the positive cash flow from EUR 467 million to EUR 425 million. Net debt/EBITDA was 1.8 at the end of the quarter, compared to 1.8 at the end of June 2016 and a covenant requirement of below 3.0. The fixed charge cover was 2.6 compared to 2.5 at the end of June 2016 and a requirement of above 1.8.

Today, Fugro launches a subordinated convertible bond of approximately EUR 150 million with an increase option of up to EUR 40 million. The proceeds are expected to be used for early repayment of part of the United States Private Placement notes (USPP), resulting in reduced interest expense, additional headroom under the financial covenants and increased financial flexibility. The related bond amount and interest costs will be excluded from the covenant ratios. For further details reference is made to a separate press release issued today.

Outlook

According to general market consensus, spending by oil and gas companies for the full year 2016 will decline by around 25% in 2016, and is expected to bottom out in 2017. With demand for oil remaining strong, it is anticipated that the supply-demand balance will be restored in the course of next year. The significant price reductions and efficiency gains being achieved throughout the supply chain since 2014 are making (offshore) projects economically feasible at a lower oil price This is expected to spur project approvals, also in a 'lower for longer' oil price environment, which will benefit Fugro.

In the building, infrastructure and power markets, Fugro sees good opportunities.

Backlog for the next 12 months at constant currencies is down by 19.8% compared to a year ago, in particular at Seabed Geosolutions. Backlog was flat (+ 0.7%) compared to the previous quarter.

Fugro's key focus areas are unchanged: cash flow generation, deleveraging of the balance sheet, and strengthening of our market leading positions. For 2016, we expect a positive cash flow from operating activities after investments. Capex will be curtailed to around EUR 100 million. We continue to implement measures to further reduce our cost base 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 yet be fully offset by cost reductions. This is expected to result in a negative low single digit EBIT margin (excluding exceptional items) for the full year, although somewhat better than previously expected.

Conference call

Fugro will host an analyst and investor call today at 09:00 CET. Dial-in details:
The Netherlands: +31(0)20 703 8261
United Kingdom: +44(0)20 7026 5967
Confirmation code: 6805153
The call will be audio cast live via our website: http://www.fugro.com/investors/results-and-publications/quarterly-results

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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.

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 11,000 employees in around 60 countries. In 2015 Fugro's revenue amounted to around EUR 2.4 billion. Fugro is listed on Euronext Amsterdam.

may be caused by various factors (including, but not limited to, developments in oil and gas industry, currency risks and operational setbacks). Any forward-looking statements contained in this announcement are based on information currently available to 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.