



Leidschendam, the Netherlands, 2 May 2017

Q1 2017 trading update: results impacted by continued decline in offshore oil and gas market
Outlook 2017 unchanged

- Year-on-year revenue decline of 14.6% or 16.3% on a currency comparable basis, which is less severe than last year, reflecting continued underinvestment in the offshore oil and gas market.
- Negative high-single digit EBIT margin (excluding exceptional items) in seasonally weak first quarter, compounded by the impact of challenging market conditions.
- Net debt/EBITDA of 1.3 well below covenant requirement of under 3.0.
- Backlog for the next 12 months has stabilised since mid-2016. Compared to the same quarter last year, backlog decreased by 12.9% on a currency comparable basis.
- Outlook 2017: For the first half of the year Fugro continues to anticipate a significant decline in revenue, however less severe than in the same period of 2016, and a negative low single digit EBIT margin (excluding exceptional items). Revenue decline is expected to bottom out towards the latter part of the year. Full year cash flow is expected to be positive.

Key figures (x EUR million) unaudited	Q1 2017	Q1 2016	reported growth	currency comparable growth
Revenue	376.7	441.1	(14.6%)	(16.3%)
Backlog remainder of the year	961.3	1,054.7	(8.9%)	(11.1%)
Backlog next 12 months	1,051.9	1,175.8	(10.5%)	(12.9%)
Net debt/EBITDA	1.3	1.7		

Paul van Riel, CEO: *‘At the release of the full-year 2016 results we guided for a tough first half of 2017. In line with this, we experienced a seasonally weak first quarter which was further impacted by work volume reduction and price pressure due to continued underinvestment in the offshore oil and gas market.*

We are addressing these still challenging market circumstances by continuing to reduce our cost base, improve efficiency, differentiate our service offering and invest in innovation to improve our competitive position. In combination with our strong global presence and technological capabilities this allows us to expand our market leading positions.

Our revenue in the building and infrastructure market grew, supported by a strengthening global economy. We are also benefiting from our very strong position in the growing offshore wind farm market, which has begun to expand globally from its North Sea nucleus.

We are pleased to see that the backlog is stable since mid-2016. This indicates the decline of revenue from the oil and gas market may bottom out towards year end.’

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Operational summary

This is the start of the fourth consecutive year of an exceptionally deep downturn in the oil and gas services market, resulting in a further decline of oil and gas related revenue, especially in the Marine division. On the other hand, revenue of the Land division grew, driven by the building & infrastructure and power markets.

The Marine division was the most impacted by the tough oil & gas market conditions, resulting in a negative margin, below last year. The margin of the Land division improved and turned positive due to revenue growth and performance improvement measures. The Geoscience division (Seabed Geosolutions) generated a positive margin, although lower than in the comparable period last year, when revenue was substantially higher.

Fugro started the year operating in its new Marine / Land / Geoscience organisational structure, designed to provide more integrated and cost-effective solutions to its clients. Over 2017 benefits of the reorganisation will continue to accrue by:

- Completing the integration of the inspection, repair and maintenance services coming from the previous Subsea Services division into the new Asset Integrity business line within the Marine division.
- Capturing the synergies from having all marine assets under a single marine division, and, similarly, all land assets under a single land division.
- Implementing further opportunities to standardise and improve operational efficiency.

Clients' reactions on the new organisational set-up have been very positive, as indeed it has strengthened Fugro's ability to more effectively provide integrated geo-intelligence and asset integrity solutions.

The Marine division has been working successfully on creating a leading position in the growing market for offshore hydrocarbon seep surveys based on its advanced vessels, equipment and know-how. This has resulted in recent awards of key projects in the Gulf of Mexico, Myanmar and Kenya.

Cost reduction and performance improvement measures

Fugro continues to implement cost reduction and performance improvement measures as required by the continued challenging market conditions:

- Third party expenses were further reduced by 10.9% on a currency comparable basis.
- During the quarter, headcount was reduced by 223 employees to 10,307.
- Working capital improved further. Days of revenue outstanding was reduced to 91 days compared to 92 days at year-end 2016 and 100 days at the end of March 2016.
- Capex continues to be strongly curtailed albeit capex in the first quarter (EUR 20.7 million) was above same period last year among others due to dry-docks and investment in Manta™ nodes for Seabed Geosolutions.
- For the marine installation and construction activities, Fugro will continue to pursue partnerships or divestment, as these do not fit its strategy of providing asset integrity solutions.
- The rationalisation of operating companies is progressing according to plan. Since the beginning of 2016, 60 legal entities were closed and merged into country organisations.

Operational review per division

Marine division

(x EUR million)	Q1 2017	Q1 2016	reported growth	currency comparable growth
Revenue	211.0	261.2	(19.2%)	(21.2%)
Backlog remainder of the year	597.5	652.1	(8.4%)	(10.4%)
Backlog next 12 months	655.1	727.0	(9.9%)	(12.1%)

- The first quarter is traditionally weak for the marine business due to seasonality. This was amplified by the continued underinvestment in offshore projects. The EBIT margin for the division was negative (excluding exceptional items) and declined compared to the comparable period last year. This was caused by generally lower rates, less volume and the low utilisation of the high-cost construction and installation vessels.
- Revenue of the Site Characterisation business line decreased by 24.6% at constant currencies to EUR 90.4 million. EBIT was negative and lower than last year due to limited work in the North Sea and Gulf of Mexico, partially compensated by positive results in Asia Pacific and the Middle East.
- Revenue of the Asset Integrity business line dropped by 18.5% at constant currencies to EUR 120.6 million and the EBIT margin was negative, below the same period in 2016. This was due to low vessel utilisation in the construction and installation segment. Higher utilisation is expected in the summer period. The core asset integrity activities performed largely in line with last year.
- Significant project awards in the quarter include:
 - a five year inspection, repair & maintenance (IRM) contract with INPEX in the Timor Sea and another three year framework agreement for similar services in Asia Pacific.
 - marine site characterisation work for Exxon in Guyana.
 - the next phase of the Mareano hydrographic survey in the Barents Sea to the north of Norway.
- Fugro has taken the option to acquire the REM Etime vessel, following the two recently awarded multi-year IRM contracts as purchase is significantly more beneficial than charter renewal. This purchase will take place in the second quarter.
- Compared to mid-2016, the 12-month backlog is slightly down on a currency comparable basis. The backlog is 12.1% lower versus the end of March 2016, primarily due to reduced construction and installation activity and limited work in the Gulf of Mexico.

Land division

(x EUR million)	Q1 2017	Q1 2016	reported growth	currency comparable growth
Revenue	121.4	116.9	3.8%	3.0%
Backlog remainder of the year	308.1	322.2	(4.4%)	(6.6%)
Backlog next 12 months	341.1	368.4	(7.4%)	(9.7%)

- Divisional revenue for the first quarter increased by 3.0% at constant currencies. In the traditionally low season, profitability improved to a marginally positive EBIT margin (excluding exceptional items).
- Revenue of the Site Characterisation business line increased by 7.8% at constant currencies to EUR 93.0 million. This was achieved by a larger work scope on the Hong Kong Airport third runway project, a high level of materials testing work in the Middle East and work on two large nuclear power projects in the United Kingdom. The EBIT margin was positive and slightly higher than in the first quarter of 2016, driven by revenue growth and reduced losses in Africa.

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- Revenue of the Asset Integrity business line decreased by 10.6% at constant currencies to EUR 28.4 million, mainly driven by reduced activity for oil and gas infrastructure in Australia. EBIT margin was negative, although slightly better than prior year due to an improved revenue mix.
- Significant project awards in the quarter include:
 - a two-year survey related to the planning and supervision of mineral exploration in the province of Punjab, Pakistan.
 - a multi-year site characterisation and monitoring services contract for the Zuidasdok project, an integrated motorway and railway expansion project in Amsterdam, the Netherlands.
- Compared to mid-2016, the 12-month backlog has been stable on a currency comparable basis. Versus the end of March 2016, it is down by 9.7%. Backlog decreased in Africa because of the ongoing restructuring and in Europe where mid-term visibility declined as backlog on three long term and large projects was not fully replaced. Backlog in the Middle East and Asia increased.

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.

(x EUR million)	Q1 2017	Q1 2016	reported growth	currency comparable growth
Revenue	44.3	63.0	(29.6%)	(31.9%)
Backlog remainder of the year	55.7	80.4	(30.7%)	(35.1%)
Backlog next 12 months	55.7	80.4	(30.7%)	(35.1%)

- Revenue declined by 31.9% at constant currencies with only two crews active during the quarter.
- The shallow water crew is continuing operations in the United Arab Emirates for ADNOC, while the ocean bottom node crew successfully completed a two-month 4D program in West Africa.
- Despite the low level of activity, Seabed Geosolutions generated a positive EBIT margin, though lower than prior year, due to a robust operational performance on both its shallow water and ocean bottom node crews and further cost reductions.
- Compared to mid-2016, the 12-month backlog has been stable on a currency comparable basis. Versus the end of March 2016, it decreased by 35.1%. However, mid-term visibility is improving with a solid pipeline of potential projects.
- Availability of its first Manta™ node technology crew in the third quarter of 2017 will reinforce Seabed Geosolutions' market position. The system leverages proprietary node technology, fully automated handling systems and innovative deployment methods, resulting in highly efficient operations in all survey configurations up to 3,000 metres.

Financial position

Cash flow from operating activities after investments in the quarter was marginally negative. Working capital performance was strong and improved compared to year end and same period last year. Days of revenue outstanding improved to 91 days compared to 92 at year-end 2016 and 100 at the end of March 2016.

Net debt/EBITDA was 1.3 at the end of the quarter, compared to 1.1 at year-end 2016 and a covenant requirement of below 3.0. The fixed charge cover was 2.3 compared to 2.4 at year-end 2016 and a requirement of above 1.8.



Outlook

As expected, the market for offshore related oil and gas services will show a further decline in the first half of the year. Towards the latter part of the year it is expected to bottom out as oil and gas companies move from a cost savings mode to cautious preparations for new investments. This expectation is supported by the stabilisation of Fugro's backlog since mid-2016.

The outlook for 2017 is unchanged. For the first half of the year, Fugro continues to anticipate a further significant decline of its revenue, however less severe than in 2016, and a negative low single digit EBIT margin. Towards the latter part of the year, the company expects a bottoming out of the revenue decline. For the full year, cash flow is expected to be positive, taking into account capex of around EUR 100 million.

Until the oil and gas market recovers, the company will continue to adjust its resources and cost base in line with activity levels.

In the building & infrastructure, offshore wind and mining markets, Fugro expects modest growth.

Conference call

Fugro will host an analyst and investor call today at 08:00 CET. Dial-in details:

The Netherlands: +31 (0)20 703 8261

United Kingdom: +44 (0)330 336 9411

Confirmation code: 7663802

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. 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 10,500 people in around 60 countries. In 2016, revenue amounted to EUR 1.8 billion. The company is listed on Euronext Amsterdam.

Cautionary statement regarding forward-looking statements

This announcement may contain forward-looking 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



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underlying assumptions). These statements necessarily involve risks and uncertainties. Actual future results and situations may therefore differ materially from those expressed or implied in any forward-looking statements. This 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.



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Appendix: New divisional structure as of 2017

As previously announced, Fugro has implemented a new organisational structure as per January 2017, designed to provide better and more cost-effective services to its clients.

Fugro's results are now reported in three divisions: Marine, Land and Geoscience.

Both the Marine and Land division consist of two business lines:

- Site Characterisation: the determination of ground and environmental conditions, to support planning and design of new structures and infrastructure.
- Asset Integrity: inspection and monitoring of existing constructions and infrastructure, to support asset life management.

The Geoscience division almost fully consists of Fugro's 60% stake in Seabed Geosolutions (100% consolidated).

Land division

Site characterisation

- Geotechnical investigation
- Geophysical surveys
- Near shore surveys
- Testing and monitoring
- Geoconsulting

Asset integrity

- Power, rail, road, land & property
- Oil and gas infrastructure

Marine division

Site characterisation

- Geotechnical investigation
- Geophysical surveys
- Hydrographic services
- Metocean measurement services
- Geoconsulting

Asset integrity

- Inspection, repair and maintenance
- Positioning signals and services
- Construction support
- Monitoring and forecasting
- Drill support
- Remote systems technology
- Construction and installation

Geoscience division

60% stake in Seabed Geosolutions

- For restated 2015 and 2016 results, see <https://www.fugro.com/investors/results-and-publications/financial-reporting-updates>
- For more background information about the new divisional structure, see pages 22-23 and 25-26 of the 2016 annual report.