

Leidschendam, the Netherlands, 26 April 2019

Trading update Q1 2019: Fugro reports continued revenue growth
Seasonally weak quarter, outlook for full year 2019 unchanged

- Revenue increased by 9.3% mainly in offshore wind and oil and gas markets.
- In a seasonally weak first quarter, EBIT margin was mid-single digit negative and below last year. Improved results in marine site characterisation were offset by lower results in marine asset integrity and Seabed Geosolutions.
- Net debt/EBITDA was 2.8 and is expected to improve in the course of this year, to a level at year-end below that of December 2018.
- Marine site characterisation and land asset integrity backlog grew, whilst it declined in marine asset integrity and land site characterisation. Overall, the quality of the backlog improved.
- Outlook 2019 unchanged: continued revenue growth, further improvement of EBIT margin and positive cash flow from operating activities after investments.

As per 1 January 2019, Fugro applies the new lease accounting standard IFRS 16. An indication of the consequences is given at the end of this press release.

Key figures (in EUR million) unaudited	Q1 2019	Q1 2018	reported growth	comparable growth ¹
Revenue	395.0	350.4	12.7%	9.3%
Backlog remainder of the year	949.0	872.8	8.7%	3.7%
Backlog next 12 months	1030.1	963.6	6.9%	2.0%

¹ Corrected for currency effect.

Mark Heine, CEO: 'We realised further growth in our site characterisation services for offshore wind developments and oil and gas projects. We are also benefiting from higher revenue in new growth markets whilst in our Land business the asset integrity services are picking up. Despite the continued growth of revenues, EBIT in the quarter was below expectations, mainly due to Seabed Geosolutions which still suffered from previously reported challenges at two projects, and deferred vessel maintenance after a busy fourth quarter of 2018.

Nevertheless, I am positive about the remainder of this year. Our site characterisation activities in offshore wind and in oil and gas will continue to grow and moreover, prices are improving. In line with our Path to Profitable Growth strategy, we are increasingly focusing on activities with better margins, improving the quality of the backlog. For our marine asset integrity activities we will benefit from restructuring in selected areas, while the market conditions are gradually improving. Seabed Geosolutions should benefit from improved market conditions and more favourable contracts in the second half of the year. We are committed to achieve a year-on-year margin improvement for all our activities for the full year 2019. Similarly, we remain committed to generating positive cash flow amongst others by strict working capital management.

As announced, we will simplify the top-management structure from the first of May with clear targets aimed at capitalising on our position as the world's leading Geo-Data specialist.'

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Operational review per division

Marine division

(in EUR million)	Q1 2019	Q1 2018	reported growth	comparable growth ¹
Revenue	244.2	216.2	13.0%	10.4%
Backlog remainder of the year	602.8	542.2	11.2%	6.8%
Backlog next 12 months	639.4	587.9	8.8%	4.6%

¹ Corrected for currency effect.

- Revenue increased by 10.4% to EUR 244.2 million on a comparable basis, driven by Fugro's leading position in oil and gas and offshore wind, particularly in Europe and the Americas. Revenue in new growth markets, such as hydrography and coastal protection, also showed a significant increase. Vessel utilisation was 66%, in line with the same period last year, partly caused by delayed maintenance after a busy fourth quarter of 2018. In order to execute the work, several short term charters were used instead.
- EBIT margin improved to mid-single digit negative. Results improved in most regions.
- Site characterisation revenue increased by 20.3% at constant currencies to EUR 132.4 million. The asset integrity revenue increased by 0.6% to EUR 111.8 million. The site characterisation EBIT margin improved compared to last year, while the late cyclical asset integrity EBIT margin declined compared to the same period last year.
- In March, Fugro handed back the long term charter Southern Star in relation to serious technical failures and grave design flaws. This is now subject to arbitration.
- Significant contract awards in the quarter include:
 - An award from TenneT for the detection and removal of unexploded ordnance at an offshore wind farm development in Dutch coastal waters.
 - Various site characterisation projects for Sunrise, Revolution and Bay State wind farms off the East coast of the USA.
 - Following previous work, an award for Ørsted's Hornsea wind farm in the North Sea, comprising geophysical and unexploded ordnance surveys of 165 wind turbine locations and inter-array cables.
 - Two-year remotely operated vehicle (ROV) and tooling services contract with ConocoPhillips in the North Sea to assist with drill support completion and well abandonment operations.
 - Cable route survey from Europe to the USA for Alcatel Submarine Networks.
 - Three-year ROV support vessel contract for Petrobras in Brazil.
- Backlog for the next 12 months increased by 4.6% on a comparable basis, consisting of an increase in site characterisation by 31.2% to EUR 340.5 million, mostly driven by offshore windfarm projects. Asset integrity declined by 14.7% to EUR 298.9 million due to increased focus on margin, expiration of a diving contract in Brazil and cancellation of projects planned to be executed by the Southern Star.

Land division

(in EUR million)	Q1 2019	Q1 2018	reported growth	comparable growth ¹
Revenue	111.6	109.8	1.6%	(1.8%)
Backlog remainder of the year	250.1	244.2	2.4%	(2.2%)
Backlog next 12 months	280.4	271.6	3.2%	(1.5%)

¹ Corrected for currency effect

- Revenue decreased by 1.8% at constant currencies. In the traditionally low season, EBIT margin was low single digit negative and slightly below last year.

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- Site characterisation revenue decreased by 4.4% at constant currencies to EUR 87.8 million. Growth, particularly in North America, was more than offset by the completion of a large nearshore project in the United Kingdom at the end of the first quarter of 2018. EBIT margin was slightly positive and below last year because of lower revenue.
- Asset integrity revenue was up 8.9% to EUR 23.8 million driven by increased activity in North America. EBIT margin improved compared to last year but remained negative.
- Significant contract awards in the quarter include:
 - First phase of integrated site characterisation and engineering support to optimise design and minimise construction risks on the Sites water reservoir project in California, USA.
 - Digital inspection programme for vegetation and network assets for electric utility company Powerco, New Zealand.
 - Network Rail contract to survey major part of rail network in Wales, United Kingdom.
 - Five-year contract to undertake road pavement condition surveys for the Dutch Ministry of Infrastructure and Water Management.
- Backlog for the next 12 months slightly decreased by 1.5% at constant currencies. Site characterisation backlog decreased by 3.7%, mostly due to the weak infrastructure market in Hong Kong and less activity in Africa as a result of the restructuring. Asset integrity backlog increased by 5.2% mainly driven by the Americas.

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.

(in EUR million)	Q1 2019	Q1 2018	reported growth	comparable growth ¹
Revenue	39.2	24.4	60.7%	49.3%
Backlog remainder of the year	96.1	86.4	11.2%	1.2%
Backlog next 12 months	110.3	104.1	6.0%	(3.5%)

¹ Corrected for currency effect

- Strong revenue growth with three active crews in the quarter and one under mobilisation, compared to a relatively quiet first quarter last year.
- The EBIT margin was negative compared to a slightly positive margin in the same period last year. As previously disclosed, results were impacted by execution issues on the projects in the Gulf of Mexico (finalised in April) and the Middle East (completion expected in the second quarter) and by the competitively priced first Manta® node project in Brazil (completion expected in the third quarter).
- After completion of the current contracts, Seabed Geosolutions expects to benefit from improved market conditions and more favourable contracts in the second half of the year.
- The 12-month backlog decreased slightly on a comparable basis. While Seabed did not secure any new contract in the period, the pipeline of potential projects remains solid with significant tendering activity and solid leads, confirming the anticipated growth of the market.
- The S-79 project, a high-profile 3D ocean bottom node survey in the Red Sea, is scheduled to start in May and will utilise Seabed Geosolutions proprietary Manta nodes and deployment systems.

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Financial position

Cash flow from operating activities after investments was negative, mainly due to low results in the seasonally weak first quarter and a higher level of capex, amongst others caused by some delayed vessel maintenance after a busy fourth quarter last year and increased investments in Manta® nodes. Working capital was 11.4% of 12 months revenue, a minor improvement compared to the end of last year and below 13.3% per March 2018. Days of revenue outstanding was 92, versus a relatively low level of 86 at the end of last year and 93 per March 2018.

The net debt/EBITDA ratio increased to 2.8 from 2.2 at the end of 2018. This is within the covenant requirement of not exceeding 3.0. It is expected to improve in the course of this year, to a level at year-end below that of December 2018.

Outlook

The outlook across Fugro's market segments is positive as offshore wind, oil and gas and infrastructure markets continue to grow.

For 2019, Fugro expects continued revenue growth, further improvement of EBIT margin and positive cash flow (pre-IFRS 16) from operating activities after investments. Capex is expected to be around EUR 90 million.

Application of new lease accounting standard IFRS 16

As per 1 January 2019, Fugro applies the new accounting standard IFRS 16, which prescribes that leases have to be accounted for on the balance sheet. Fugro applies the 'modified retrospective approach', which means that it will not restate its comparative 2018 figures. In order to allow comparison of the 2019 numbers with previous years, key financial indicators will also be provided on a pre-IFRS 16 basis.

The implementation of IFRS 16 is expected to have an upward impact for 2019 of EUR 35-40 million on EBITDA, EUR 5-8 million on EBIT, EUR 30-35 million on cash flow from operating activities after investments and EUR 175 million on lease liabilities (per 31 March 2019). These amounts are subject to changes in the leased vessel fleet in particular.

New results segmentation

On 1 May, Fugro will implement its new top management structure, as announced on 25 February. As a result, 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. The Geoscience division remains unchanged.

As per the half-year 2019 results, Fugro will report according to the new segmentation. Well in advance, Fugro will publish restated historical numbers for comparative purposes.

Media and analyst calls

Fugro will host a media and wire call at 07:30 CET. The dial-in number for this call is +31 (0)20 703 8261 or +44(0)330 336 9411. The confirmation code is 1500255. At 08:00 CET, Fugro will host an analyst call. The dial-in numbers are the same and the confirmation code is 5686383. This call will be accessible via audio cast: <http://www.fugro.com/investors/results-and-publications/quarterly-results>

Financial calendar

31 July 2019 Publication half-year results 2019
25 October 2019 Publication third quarter 2019 trading update

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For more information

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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 press release may contain forward-looking statements. Forward-looking statements are statements that are not historical facts, including (but not limited to) statements expressing or implying Fugro's beliefs, expectations, intentions, forecasts, estimates or predictions (and the assumptions underlying them). Forward-looking statements necessarily involve risks and uncertainties. The actual future results and situations may therefore differ materially from those expressed or implied in any forward-looking statements. Such differences may be caused by various factors (including, but not limited to, developments in the oil and gas industry and related markets, currency risks and unexpected operational setbacks). Any forward-looking statements contained in this press release are based on information currently available to Fugro's management. Fugro assumes no obligation to in each case make a public announcement if there are changes in that information or if there are otherwise changes or developments in respect of the forward-looking statements in this press release.