

Strong revenue and backlog growth combined with margin expansion Full-year outlook reconfirmed

The publication of this H1 2022 press release, originally planned for 28 July 2022, has been brought forward to support the launch of Fugro's new financing package (reference is made to separate press release).

- Ongoing growth in revenue supported by particularly high client demand for renewables services.
- Overall EBIT margin improved despite inflationary and supply chain pressures, which mainly impacted the marine business in the second quarter.
- Operating cash flow increase offset by higher capital expenditure, resulting in negative free cash flow.
- The 12-month backlog is up 21.7%, supported by all business lines and regions.
- Outlook full-year 2022 reconfirmed: continued revenue growth and further margin expansion.

Key figures (x EUR million) unaudited	Q2 2022	Q2 2021	H1 2022	H1 2021
Revenue	467.7	389.5	833.0	673.3
<i>comparable growth¹</i>	12.8%	14.1%	17.2%	(1.8%)
EBITDA ²	70.6	59.8	97.5	72.9
EBIT ²	40.7	31.7	38.0	16.7
EBIT margin ²	8.7%	8.1%	4.6%	2.5%
Net result			29.4	17.2
Cash flow from operating activities after investing (free cash flow) ³	(67.6)	(5.6)	(74.8)	(52.5)
Backlog next 12 months	1,104.7	863.4	1,104.7	863.4
<i>comparable growth¹</i>	21.7%	3.3%	21.7%	3.3%

1. Corrected for currency effect

2. Adjusted for specific items with a total impact of EUR (3.8) million on EBIT in H1 2022

3. Including discontinued operations

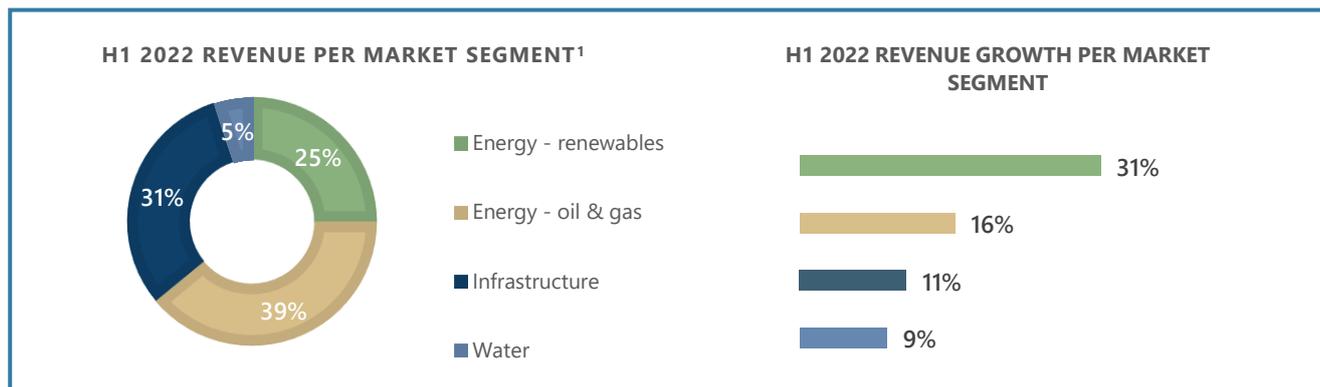
Mark Heine, CEO: "Against a backdrop of geopolitical uncertainty and volatile markets, we are experiencing high client demand for energy transition and climate change adaptation solutions across the globe. In particular for offshore wind developments, activity levels are high. Due to the tragic war in Ukraine, energy security is now also firmly on the agenda of countries worldwide and supports our traditional energy activities. Notable recent awards include site investigations for Denmark's largest offshore wind farm Thor and for the Hung Shui Kiu/Ha Tsuen New Development Area in Hong Kong and the creation of a 3D elevation model to support Ireland's coastal resilience. By now, over 60% of our revenue is generated from offshore wind, infrastructure and water related projects.

Our EBIT margin improved, and I am pleased that, in addition to Europe-Africa, the Americas, Asia Pacific and Middle East & India are contributing again to group performance. Overall, we have seen another solid step up in the operational performance of our land business. At the same time, the uncertain macro-economic environment, intensified by the war in the Ukraine has resulted in a sharp increase in inflationary and supply chain pressures during the past months, especially in marine. However, in good cooperation with our clients, we have managed to partially mitigate the impact of these unprecedented price increases.

We reconfirm our full-year outlook of growth and further margin expansion. The strength of Fugro's end-markets and our unique positioning is emphasised by clients seeking to secure capacity, also beyond the coming 12 months. Overall, we are making good progress on our Path to Profitable Growth strategy, targeting further improvements in our margin and cash generation through higher pricing, increasing asset utilisation, disciplined cost management, operational excellence and digital transformation."

Performance review

First half-year revenue was up by 17.2% on a currency comparable basis driven by growth in all markets¹, in particular renewables.



The utilisation of Fugro's owned and long-term chartered fleet was 67% in the first half-year versus 69% in the comparable period last year due to a relatively large number of scheduled dry dockings in the first quarter, and to the related increase in the number of short-term charters. The EBIT margin improved to 4.6% compared to 2.5% last year and was driven by the site characterisation activities, especially in land, which continues its upward trajectory.

In the second quarter, revenue grew by 12.8%. Oil and gas related revenue growth was flat year-on-year, after an increase in the first quarter. Vessel utilisation was 74%, compared to 71% in the second quarter of 2021. The group's EBIT margin improved despite higher cost levels and supply chain pressures, which mainly impacted Fugro's marine business. The inflationary pressure for Fugro was most significant for fuel, charters and third-party personnel; supply chain challenges resulted in some delays in vessel mobilisations.

First-half operational cash flow increased, countered by EUR 65.2 million capital expenditure due to a higher number of scheduled dry dockings this year and the major conversion of the Fugro Quest to a geotechnical vessel. As a result, free cash flow amounted to negative EUR 74.9 million. Working capital as a percentage of 12 months revenue was 15.7 at the end of June, versus 16.1 a year ago; days of revenue outstanding was 89 versus 92. Net debt amounted to EUR 389.2 million compared to EUR 292.7 million at year-end 2021. Net debt/EBITDA amounted to 2.0x.

The 12-month backlog increased by 21.7%, supported by all regions. The share of renewables in the orderbook is growing and higher than the current 25% revenue share.

¹ In 2022, 'nautical' was changed to 'water'. This now also encompasses water infrastructure and water resource management services, which were previously included in infrastructure, while telecom cables was moved to infrastructure. In addition, 'other' is now largely included in infrastructure.

Recent project awards

- Europe-Africa: site investigations for offshore wind farms in the UK (Norfolk Boreas and MarramWind), Ireland (Arklow Bank Wind) and Germany (Gennaker); a five-year framework agreement with Energinet to develop a digital twin of their transmission network in Denmark.
- Americas: a geotechnical site investigation at one of the newly acquired New York Bight offshore wind lease areas; detailed studies for the proposed expansion of the Cameron LNG terminal in Louisiana and a multi-year contract for New Mexico Department of Transportation for roadway and pavement condition surveys for multiple airports.
- Asia Pacific: site investigations for three offshore wind contracts in Japan and for a floating wind farm near Ulsan in South Korea, a cable route survey in Japan, a subsea inspection campaign in New Zealand and various land site investigation contracts in Hong Kong.
- Middle East & India: follow-on projects for the NEOM city development in the Middle East.

Outlook 2022

Fugro reconfirms the full-year outlook of continued revenue growth and further margin expansion. Management will continue to actively manage any impacts of geopolitical uncertainties, inflationary and supply chain pressures, and remains focused on further margin expansion towards the 2023-2024 mid-term targets of an EBIT margin of 8-12% and a free cash flow of 4-7%, on the back of higher pricing, increasing asset utilisation, disciplined cost management, operational excellence and digital transformation. To support the anticipated growth and the major conversion of the Fugro Quest vessel, full-year capex is now estimated at around EUR 110 million.

Business lines - Key figures excluding specific items (x EUR million)		H1 2022	H1 2021
Marine	Revenue	579.0	467.2
	<i>comparable growth¹</i>	<i>17.8%</i>	<i>(6.4%)</i>
	EBITDA	70.4	60.3
	EBIT	21.7	14.2
	EBIT margin	3.8%	3.0%
	Backlog next 12 months	779.6	585.2
	<i>comparable growth¹</i>	<i>27.3%</i>	<i>0.5%</i>
Land	Revenue	254.0	206.1
	<i>comparable growth¹</i>	<i>15.9%</i>	<i>10.3%</i>
	EBITDA	27.1	12.6
	EBIT	16.3	2.6
	EBIT margin	6.4%	1.2%
	Backlog next 12 months	325.1	278.2
	<i>comparable growth¹</i>	<i>10.0%</i>	<i>9.5%</i>

Review by region

Europe-Africa

Key figures excluding specific items (x EUR million)	H1 2022	H1 2021	comparable growth ¹
Revenue	357.3	319.8	10.8%
EBIT	26.7	32.2	
EBIT margin	7.5%	10.1%	
Backlog next 12 months	510.4	377.2	36.2%

1. Corrected for currency effect

- Revenues grew by 10.8% with a double-digit growth in marine, due to a higher number of vessel days and increasing prices. Land site characterisation reported good growth, notably in Germany and the United Kingdom.
- EBIT declined as a result of some delays in projects, extended vessel mobilisations and dry dockings, and higher fuel prices.
- Continued growth in renewables projects supports a significant growth in the marine backlog. Land site characterisation was supported by the Gennaker nearshore windfarm project in the Baltic sea.

Americas

Key figures excluding specific items (x EUR million)	H1 2022	H1 2021	comparable growth ¹
Revenue	216.6	150.2	30.0%
EBIT	(0.8)	(10.6)	
EBIT margin	(0.4%)	(7.1%)	
Backlog next 12 months	288.1	231.1	12.1%

1. Corrected for currency effect

- Revenue increased by 30.0%, supported by all business lines, most notably marine site characterisation thanks to strong client demand for offshore wind solutions. In addition, multiple previously postponed projects in land site characterisation got underway.
- EBIT improved to around break-even thanks to operational leverage driven by marine geophysical operations, positioning services in the Gulf of Mexico and land site characterisation in Mexico and Guyana. Supply chain difficulties resulted in the delayed start of a large geotechnical survey on the US East Coast.
- The 12-months backlog increased by 12.1%; marine site characterisation was up mainly as a result of renewables contracts. In addition, land backlog increased in nearshore, geoconsulting, and road surveys.

Asia Pacific

Key figures excluding specific items (x EUR million)	H1 2022	H1 2021	comparable growth ¹
Revenue	155.1	139.9	4.2%
EBIT	11.3	(3.8)	
EBIT margin	7.3%	(2.7%)	
Backlog next 12 months	198.1	166.3	9.4%

1. Corrected for currency effect

- The region reported a strong increase particularly in marine asset integrity.
- The EBIT margin improved significantly with all business lines contributing, as the impact from Covid diminished throughout the region. Marine and land site characterisation saw a good increase compared to a challenged first half of last year, with strong execution and additional work on nearshore wind projects.
- The 9.4% increase in the backlog is mainly related to marine site characterisation.

Middle East & India

Key figures excluding specific items (x EUR million)	H1 2022	H1 2021	comparable growth ¹
Revenue	104.0	63.4	48.4%
EBIT	0.8	(1.1)	
EBIT margin	0.8%	(1.7%)	
Backlog next 12 months	108.1	88.8	8.3%

1. Corrected for currency effect

- Revenue increased sharply in first half-year across the region. Marine site characterisation benefitted from increased activity levels in the Gulf and land site characterisation saw increased work on large infrastructure projects including the Mali-Thilafushi bridge in the Maldives and NEOM city development in Saudi Arabia.
- The EBIT improvement on the back of higher revenues was limited due to some extended periods of vessel standby caused by exceptional poor weather, client delays and relatively high third-party expenses. Land site characterisation saw significantly improved margins due to good project performance and innovations.
- Backlog increased in all business lines except for marine asset integrity.

Analyst call/ webcast

On 26 July 2022 at 11:00 CET, Fugro will host an analyst meeting accessible through a video webcast via <https://www.fugro.com/investors/results-and-publications/quarterly-results>.

Financial calendar

28 July 2022	Publication H1 2022 report
28 October 2022	Publication third quarter 2022 trading update
23 February 2023	Publication 2022 annual results

For more information

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About Fugro

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 life cycle.

Employing approximately 9000 talented people in 59 countries, Fugro serves clients around the globe, predominantly in the energy and infrastructure industries, both offshore and onshore. In 2021, revenue amounted to EUR 1.5 billion. Fugro is listed on Euronext Amsterdam.

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