PRESS RELEASE

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Q1 2016 trading update: ongoing challenging oil and gas market continues to impact Fugro results

Positive cash flow and reduced net debt

- Year-on-year revenue decline of 25.8% or 23.4% on a currency comparable basis, in line with oil and gas market developments.
- Negative low single digit EBIT margin in traditionally weak first quarter as a result of ongoing challenging market conditions.
- Positive cash flow from operating activities after investments (including proceeds from sale and lease back of a geotechnical vessel).
- Further reduction of net debt; net debt/EBITDA of 1.7 compared to covenant requirement of below 3.0.
- In April, agreement reached on sale of CGG USD 90 million term loan for around USD 71 million (EUR 63 million), to be fully applied to debt reduction.
- Backlog for the next 12 months decreased by 22.3% on currency comparable basis compared to a year ago and by 8.6% compared to the previous quarter.
- Outlook 2016: positive cash flow, further reduction of cost base and severe pressure on margins.

Key figures (x EUR million) unaudited	**Q1 2016**	**Q1 2015**	**reported growth**	**currency comparable growth**
Revenue	441.1	594.3	(25.8%)	(23.4%)
Backlog remainder of the year	1,054.7	1,410.3	(25.2%)	(20.5%)
Backlog next 12 months	1,175.8	1,610.2	(27.0%)	(22.3%)
Net debt/ EBITDA	1.7	2.2		

Paul van Riel, CEO:

“The exceptionally deep downturn in oil and gas services has by now entered its third year. We had already guided for a very difficult 2016, and during the past months our clients’ exploration and production budgets again declined significantly. We are therefore anticipating strong revenue decline and severe margin pressure. We are continuing to adjust our cost base and capacity to market reality. Generating positive cash flow is our number one priority.

Also under these tough market circumstances we are executing on our strategy and we are successful in strengthening our market leadership positions. The non-oil and gas related building, infrastructure and power markets continue to provide good opportunities in several regions. In the oil and gas market, there is increasing evidence that fundamentals are moving back towards balance. In recent months, the oil price has gradually increased from its lowest point early this year but it is uncertain when this will have a positive impact on our business. Overall, the company is well positioned to benefit from the recovery in the market when the supply-demand balance is restored and markets start to recover.”

Operational review

The contraction in the oil and gas market (74% of Fugro's business) continued in the first quarter. Year-on-year revenue decline was 23.4% due to both lower activity levels and pricing pressure. The infrastructure market is holding up except in the countries that are hit hard by low oil and gas and other commodity prices.

Fugro realised a negative low single digit EBIT margin in the traditionally weak first quarter, compared to a slightly positive margin in the comparable period last year. The main driver was a substantial loss at Subsea Services, caused by a 47.0% revenue decline in combination with a relatively high fixed cost base. In addition, a 27.9% decline in offshore geotechnical revenues resulted in a loss for this activity.

Despite increased pressure from clients to extend payment terms, days of revenue outstanding was reduced to 100 days compared to 102 days at year-end 2015.

Cost reduction and performance improvement measures

Fugro continues to adjust its cost base and capacity to the market reality:

- Headcount reductions have been stepped up. Compared to year-end 2015, personnel count was reduced by another 363 employees. Compared to the first quarter of 2015, headcount was 1,664 lower (13% of total personnel and up to 27% in the businesses most exposed to the oil and gas market). Headcount will be reduced further by around 600 in the coming quarters.
- Third party expenses for the group were reduced by 24.6% or 22.7% on a currency comparable basis, broadly in line with the revenue decline.
- This quarter, the subsea fleet was reduced by one long term charter.
- In the second quarter we plan to retire two older survey vessels and stack another survey vessel. Unless new work is identified, in the second half of the year two geotechnical vessels will be stacked and additional reductions of the survey fleet will be implemented.
- Capex curtailment is progressing according to plan.

Operational review per division

Geotechnical division

(x EUR million)	Q1 2016	Q1 2015	reported growth	currency comparable growth
Revenue	144.7	186.0	(22.2%)	(19.7%)
Backlog remainder of the year	371.7	438.2	(15.2%)	(10.9%)
Backlog next 12 months	411.5	487.9	(15.7%)	(11.4%)

- Revenue decreased by 19.7% at constant currencies to EUR 144.7 million. The EBIT margin was low single digit negative compared to a slightly positive margin in the same period last year.
- Onshore revenue declined by 15.2% at constant currencies to EUR 97.7 million, in part due to lower government spending on infrastructure projects in the Middle East. The onshore margin was around break-even, which is slightly below the comparable period last year. Asia Pacific had a strong quarter. The reorganisation in Africa is expected to be completed in the first half of 2016.
- Offshore revenue dropped by 27.9% at constant currencies to EUR 47.0 million. The EBIT margin was negative and below the same period last year when vessel utilisation was higher. The Fugro Synergy completed a large site characterisation project in the Gulf of Mexico while the other vessels were active in the North Sea, East & West Africa and the Middle East. A large scientific drilling campaign in Asia-Pacific started at the end of the quarter.

- Contracts awarded in the quarter included the next phase of the geotechnical and geophysical programme for ExxonMobil Alaska LNG, the Aberdeen Bay wind farm project in the North Sea and onshore building and infrastructure programs in the UK.
- Backlog for the next 12 months is 11.4% down on a currency comparable basis. The onshore backlog decreased by 6.2%, generally related to backlog consumption in the US (mainly LNG related projects), partly compensated by a good infrastructure and power project portfolio in Europe. Compared to the fourth quarter of 2015, the onshore backlog increased by 4.5%. Year-on-year, offshore backlog decreased by 24.1% resulting from fewer new deep water oil and gas projects globally.

Survey division

(x EUR million)	**Q1 2016**	**Q1 2015**	**reported growth**	**currency comparable growth**
Revenue	170.3	190.3	(10.5%)	(7.7%)
Backlog remainder of the year	374.0	509.2	(26.6%)	(22.0%)
Backlog next 12 months	436.9	588.8	(25.8%)	(21.2%)

- Revenue decreased by 7.7% at constant currencies. Especially pre-FID work related to site characterisation and metocean services showed a decrease compared to the first quarter last year. As anticipated, the European market experienced the largest decrease in workload. In general, market share is growing in very challenging market conditions.
- The mid-single digit margin was lower than in the comparable period last year. Vessel fleet utilisation was better than last year but at lower rates. Performance was slightly better in the Middle East and Africa.
- New contract awards in the quarter include the Technip Kaombo project in Angola. In Egypt, the survey and subsea contract with Gupco was extended and a service contract for the Pharaonic Petroleum Company was secured. The division continued to work on the MH370 search and on the large Mexican seep survey for TGS. The innovative Roames asset inspection and modelling solution for power utility networks is gaining further traction.
- The backlog for the coming 12 months is down by 21.2% at constant currencies, reflecting the very challenging market, the near-completion of a major hydrographic survey project in the Middle East region and the expectation that the search program for the MH370 airplane will be discontinued in the middle of this year.

Subsea Services division

(x EUR million)	Q1 2016	Q1 2015	reported growth	currency comparable growth
Revenue	63.1	127.6	(50.5%)	(47.0%)
Backlog remainder of the year	228.6	265.2	(13.8%)	(6.1%)
Backlog next 12 months	247.0	300.0	(17.7%)	(10.1%)

- Revenue decreased by 47.0% at constant currencies compared to last year. The decline was driven by the deterioration of the North Sea market for inspection, repair and maintenance, and of the Asia-Pacific market.
- The revenue decline, in combination with high operating leverage, resulted in a considerable negative EBIT. In Brazil, results improved driven by better operational performance. Overall, both vessel and ROV utilisation were low for the quarter.

- This quarter, the fleet was reduced by one long-term chartered vessel as per plan and there will be four other vessel charters ending in 2017. The ROV fleet will continue to be rationalised through the year to fit market conditions.
- Fugro Aquarius has been awarded a one year inspection, repair and maintenance contract in Brazil starting in April 2016. Other recent awards include one by BHP Billiton Petroleum for the Pyrenees, a 5 year inspection contract with Maersk Oil and Gas and an 18 month drill support contract with ONGC in India.
- Backlog for the next 12 months is 10.1% lower on a currency comparable basis.

Geoscience division

The Geoscience division almost exclusively consists of Fugro's 60% stake in Seabed Geosolutions (fully consolidated). The multi-client data libraries were sold per 30 June 2015. The indirect interests in Australian exploration projects, via Finder Exploration, have been retained.

Seabed Geosolutions

(x EUR million)	Q1 2016	Q1 2015	reported growth	currency comparable growth
Revenue	63.0	86.4	(27.1%)	(27.9%)
Backlog remainder of the year	80.4	197.7	(59.3%)	(57.1%)
Backlog next 12 months	80.4	233.5	(65.6%)	(63.6%)

- Revenue declined by 27.9% on a currency comparable basis driven by idleness of the two ocean bottom cable crews.
- In a competitive environment and despite the current low level of activity, the EBIT margin was in the low teens, in line with the comparable period last year. This reflects the impact of the restructuring plan engaged in 2015 as well as the continued strong operational performance.
- Both the shallow water crew in the Middle East and the ocean bottom node crew in Australia delivered robust operational results.
- Backlog for the next 12 months decreased by 63.6% at constant currencies. Several opportunities have been identified, but development of the backlog remains uncertain as tenders tend to be postponed.
- A two month project in the North Sea has been awarded for one of the ocean bottom node crews. The project is expected to start at the end of the second quarter.
- Mid-term, the Seabed market still holds significant potential and Seabed Geosolutions is well positioned to seize opportunities in the market.

Financial position

Cash flow from operating activities after investments was positive, including the EUR 47 million proceeds from the sale and lease back of the second geotechnical vessel (as already announced earlier this year).

Net debt was reduced, driven by the proceeds from the sale and lease back and a positive currency effect. As EBITDA was lower this quarter than in the comparable period last year, net debt/EBITDA was 1.7 at the end of the quarter, compared to 1.6 at the end of 2015 and a covenant requirement of below 3.0. The fixed charge cover was 2.8 compared to 3.1 at the end of 2015 and a requirement of above 1.8.

In April, Fugro reached a binding agreement to sell its CGG USD 90 million term loan. The proceeds, which will amount to around USD 71 million (EUR 63 million), will be fully applied to debt reduction. The proceeds are expected in the course of the second quarter of 2016. At that point in time, a related transaction loss of around EUR 13 million will be reported.

Outlook

The timing of the recovery of the oil services market remains uncertain. During the past months, clients' exploration and production budgets again declined significantly, putting further pressure on activity and pricing levels. For the foreseeable period, Fugro has to deal with the deteriorated market conditions.

Backlog at constant currencies is down 22.3% compared to a year ago and down 8.6% compared to the end of 2015. With clients delaying contract awards, visibility has dropped. In particular, backlog for Seabed Geosolutions continues to be under pressure, as tenders for new projects are being delayed.

Cost reduction and performance improvement measures are being stepped up to adapt to market circumstances. However, this cannot fully offset the ongoing year-on-year double-digit revenue decline, resulting in severe pressure on margins. Our key focus areas are unchanged: cash flow generation and deleveraging of the balance sheet. For 2016, we expect a positive cash flow from operating activities after investments.

Conference call and AGM

Fugro will host an analyst and investor call today at 08:00 CET. Dial-in details:
The Netherlands: +31(0)20 716 8250
United Kingdom: +44(0)20 3427 1928
Confirmation code: 2401203
The call will be audio cast live via our website: https://www.fugro.com/investors/results-and-publications/quarterly-results

At 14:00 CET, Fugro will host its Annual General Meeting which can be followed via video webcast accessible via https://www.fugro.com/about-fugro/corporate-governance/shareholder-meetings

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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 11,500 employees in around 60 countries. In 2015 Fugro's revenue amounted to around EUR 2.4 billion. Fugro is listed on Euronext Amsterdam.

Cautionary statement regarding forward-looking statements

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).

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