Press Release

Leidschendam, the Netherlands, 19 October 2020

This Q3 2020 trading update, which was originally planned for 30 October 2020, is issued today in support of the proposed comprehensive refinancing announcement, including a plan to raise equity to strengthen the company's balance sheet, details thereof are included in a separate press release.

Q3 2020 trading update: improved EBIT margin and full-year outlook

- Revenue in the third quarter declined by 15.8% on a currency comparable basis due to the impact of Covid-19 and the related downturn in oil and gas markets, partly offset by strong growth in the offshore wind market
- Continued diversification in Fugro's business; in the third quarter, 66% of revenue was generated in offshore wind, infrastructure, nautical and other non-oil and gas related markets, up from 48% in FY 2019
- Improved adjusted EBIT margin[1] of 11.2%, compared to 9.5% in the same quarter last year
- Cash flow from operating activities after investing of EUR 39.7 million
- Good liquidity with around EUR 400 million in cash and available facilities as at 30 September 2020
- Solid 12 month backlog of EUR 841.8 million, which represents a 3.7% year-on-year decrease; with growth in three of the four business lines, offset by a decline in the marine asset integrity business line
- Non-cash impairment expected of around EUR 30 million in Seabed Geosolutions (held for sale)
- Net debt/EBITDA of 1.8 as per 30 September 2020[2]
- Improved full-year 2020 outlook with expected adjusted EBITDA of around EUR 150 million, adjusted EBIT of around EUR 40 million and a positive free cash flow
- Fugro also announced today in a separate press release a proposed comprehensive refinancing, including a plan to raise capital through an equity issuance

Key figures (x EUR million) ***from continuing operations***[1] **unaudited**	YTD 2020	**YTD 2019**	Q3 2020	**Q3 2019**
Revenue	1,068.2	1,241.0	360.7	444.2
comparable growth[2]	*(12.3%)*		*(15.8%)*	
Adjusted EBITDA[3]	128.8	153.4	67.5	70.1
Adjusted EBIT[3]	44.7	65.4	40.4	42.1
Adjusted EBIT margin[3]	4.2%	5.3%	11.2%	9.5%
EBIT	23.9	56.6	34.6	39.8
Backlog next 12 months	841.8	934.1	841.8	934.1
comparable growth[2]	*(3.7%)*		*(3.7%)*	

1 Excluding Seabed Geosolutions, which is held for sale
2 Corrected for currency effect
3 Adjusted for onerous contract provisions, restructuring cost, impairment losses and certain adviser- and other costs or gains

Mark Heine, CEO: *"Since the start of the pandemic, we have been able to operate within the constraints of Covid-19. While maintaining health and safety as a first priority, we have continued operations for the vast majority of our projects. Thanks to our comprehensive cost reduction programme, in combination with continued strong growth of our offshore wind business, the third quarter results show a year-on-year improvement of our adjusted*

[1]Adjusted for onerous contract provisions, restructuring cost, impairment losses (EBIT only) and certain adviser- and other costs or gains
2 Covenant calculated, pre-IFRS16, net debt not including convertible bonds and including Seabed Geosolutions (held for Sale)

EBIT margin, despite the revenue decline, resulting in an improved full-year adjusted EBITDA outlook of around EUR 150 million.

Offshore wind grew this quarter by 42%, making it a key market for Fugro, with 30% of our revenue. This quarter, two-thirds of group revenues was generated in non-oil and gas related activities. This is fully in line with our strategy to diversify further towards markets where we can support as well as benefit from the energy transition, climate change adaptation and sustainable infrastructure development.

Our recent performance under difficult circumstances reflects our leading market positions and has shown our flexibility to shift our versatile assets and capabilities to new growth markets. In order to grow our margins, we will continue to implement our rigorous cost reduction program and complete the turnaround of the underperforming land business.

The need for sustainable development and climate change adaptation across the globe leads to increased spending on renewable power and electricity networks, subsea cables, coastal defense, hydrography and freshwater projects, creating ample opportunities for Fugro. This supports our mid-term targets, in combination with continued disciplined management of our cost base, working capital and liquidity, value-based pricing and digital transformation to increase efficiency.

The contemplated comprehensive refinancing will provide us with increased flexibility to deliver on our Path to Profitable Growth strategy."

Review third quarter 2020

Despite the turbulent market in 2020 to date, Fugro has been able to adapt its processes and work procedures very quickly and to continue its operations for the vast majority of its projects. Currency comparable revenue declined by 15.8% to EUR 360.7 million, as a result of the operational challenges caused by the Covid-19 pandemic and especially the related reduced spending by oil and gas clients. The revenue in the oil and gas market declined by 43% whilst offshore wind grew by 42%.

Since March 2020, when it became clear that the pandemic and the deterioration of the oil and gas market would seriously impact Fugro's business, Fugro has been implementing a comprehensive cost reduction programme, which includes a workforce reduction by around 10%, a reduction of overhead costs, a cut on executive pay and minimised usage of short-term charters. The implementation of this programme is on track to achieve around EUR 120 million of projected annualised savings.

Adjusted EBITDA in the quarter amounted to EUR 67.5 million, up from EUR 54.1 million in the second quarter of 2020 and only slightly lower than the EUR 70.1 million in the third quarter of 2019. Adjusted EBIT margin in the quarter improved to 11.2% compared to 7.4% in the second quarter of 2020 and 9.5% in the same quarter last year.

Fugro's 12 month backlog as at 30 September 2020 remains solid at EUR 841.8 million, which represents a 3.7% year-on-year decrease. Backlog growth in three of the four business lines was offset by a decline in the marine asset integrity business line.

Cash flow from operating activities after investing (continuing business) in the third quarter of 2020 was EUR 39.7 million, above the same period last year, as a result of good operational performance and disciplined capex and working capital management. Working capital as a percentage of 12 months rolling revenue was 12.3% at the end of September, compared to 16.1% a year ago. Days of revenue outstanding decreased to 86 days compared to 96 last year. Cash flow from discontinued operations after investing in the third quarter of 2020 was negative EUR 3 million.

The positive cash flow resulted in a net debt reduction to EUR 556.3 million (including Seabed Geosolutions) as per 30 September 2020, from EUR 593.1 million at half-year 2020 and EUR 666.3 million at year-end 2019. Excluding the impact of IFRS 16, net debt as per 30 September 2020 decreased to EUR 418.5 million compared to EUR 442.9 million at half-year 2020 and EUR 503.3 million at year-end 2019. Net debt/EBITDA for covenant calculations was 1.8 at the end of September. As already announced in the HY 2020 report, the EBITDA floor requirement related to the sale-and-lease back of two geotechnical vessels was waived. Liquidity as at 30 September 2020 is solid with around EUR 400 million in cash and available facilities.

Review by business

Marine

Key figures (x EUR million)	**Q3 2020**	**Q3 2019**	**comparable growth[1]**
Revenue	251.9	333.7	(21.9%)
Backlog next 12 months	558.7	639.3	(6.3%)

[1] Corrected for currency effect

- Both marine site characterisation and marine asset integrity were impacted by the pandemic and related downturn in oil and gas, although site characterisation to a lesser extent due to the strong increase of 42% in offshore wind projects. Vessel utilisation was 74% compared to 79% in the same period last year.
- Despite the revenue decline, marine reported a double-digit EBIT margin, slightly above last year, driven by a particular strong performance of the marine site characterisation business line.
- The asset integrity backlog declined, mainly due to the fact that this business line is still highly exposed to the oil and gas market. Furthermore, revenues were impacted by actions taken to rationalise the portfolio and improve profitability. Site characterisation backlog increased, benefitting from the strong growth in offshore wind activities.

Land

Key figures (x EUR million)	**Q3 2020**	**Q3 2019**	**comparable growth[1]**
Revenue	108.9	110.5	2.7%
Backlog next 12 months	283.1	294.8	2.1%

[1] Corrected for currency effect

- Both site characterisation and asset integrity revenue increased.
- The measures taken to turn around the land business performance are starting to pay off. As a result, land reported a mid-single digit EBIT margin in the quarter compared to break-even in the comparable period last year. Both site characterisation and asset integrity showed an EBIT margin improvement.
- Both business lines reported a year-on-year increase in the backlog position.

Review by region

Europe-Africa

Key figures (x EUR million)	Q3 2020	Q3 2019	comparable growth[1]
Revenue	167.9	182.8	(7.2%)
Backlog next 12 months	339.5	377.8	(6.7%)

[1] Corrected for currency effect

- The revenue decline was driven by marine asset integrity, which was impacted by less work in oil and gas. Marine site characterisation revenue grew marginally, as a result of strong growth in offshore wind for clients such as Vattenfall and Scottish Power, partly offset by reduced work for oil and gas clients. Land site characterisation was up with good execution on nearshore projects.
- Backlog decline in marine asset integrity offset by growth in all the other business lines.
- Significant awards in the quarter include a flood risk assessment in Romania for a large international development organisation and a geotechnical site investigation for CrossWind (Shell and Eneco Joint Venture) to support the development of the Hollandse Kust (noord) offshore wind farm off the Dutch coast.

Americas

Key figures (x EUR million)	Q3 2020	Q3 2019	comparable growth[1]
Revenue	89.3	118.8	(18.5%)
Backlog next 12 months	237.2	251.5	6.7%

[1] Corrected for currency effect

- Revenue declined primarily in the marine asset integrity business line caused by an active Atlantic hurricane season adding to an already challenged oil and gas market in the Gulf of Mexico due to Covid-19. In addition, the land site characterisation business in the US was faced with ongoing project postponements and cancellations.
- The backlog increased in all business lines. Marine site characterisation backlog is driven by offshore wind developments and hydrography projects on the East Coast of the US, while land site characterisation is supported by new awards in Brazil.
- Recent significant awards include three long-term contracts by Petrobras for remotely operated vehicle (ROV) services, a contract for nautical charting by the Canadian Hydrographic Service over Lake Huron, a 4-year contract for annual roadway condition assessments in Saskatchewan, Canada and a 3-year contract by the State of Louisiana Coastal Protection and Restoration Authority for the provision of statewide survey services.

Asia Pacific

Key figures (x EUR million)	Q3 2020	Q3 2019	comparable growth[1]
Revenue	70.4	95.9	(24.8%)
Backlog next 12 months	168.5	199.0	(11.6%)

[1] Corrected for currency effect

- Revenue for marine asset integrity and especially marine site characterisation was below the same quarter last year, while land site characterisation and asset integrity revenue increased mainly as a result of the airport project in Hong Kong and the continuance of power contracts in Australia. The lower level of marine site characterisation activities is mainly related to Covid-19 and the deferral of the large marine survey for the Abadi liquefied natural gas project for INPEX in Indonesia which was originally planned for execution in 2020.

- Except for land asset integrity, backlog declined in the other business lines. The backlog decline in marine site characterisation was partially due to the removal of the sizeable INPEX Abadi LNG contract award, which has been deferred to 2022.
- Recent significant awards include marine site characterisation work as part of the Australian Government's HydroScheme Industry Partnership Program for charting the waters of South Australia's Gulf St Vincent and Investigator Strait. Awarded earlier but to be executed in the fourth quarter of 2020 is the seventh consecutive contract with Guangzhou Marine Geological Survey for gas hydrate investigation in China.

Middle East & India

Key figures (x EUR million)	Q3 2020	Q3 2019	comparable growth[1]
Revenue	33.2	46.7	(24.3%)
Backlog next 12 months	96.6	105.8	(2.3%)

[1] Corrected for currency effect

- Revenue declined in marine while the land activities grew. Marine asset integrity was significantly lower due to delays in various barge mobilisations in Saudi and Qatar affecting positioning and construction services. Furthermore, diving services were rationalised. Marine site characterisation was impacted by reduced utilisation of vessels in the Arabian Gulf due to maintenance. Land site characterisation revenue was up, driven by better than anticipated performance in several nearshore projects, including a bridge development in Maldives and a nearshore survey for a national oil company in the United Arab Emirates.
- With the exception of land site characterisation, backlog decreased in all business lines due to a low order intake in the second and third quarter, with several clients showing caution in the current uncertain market environment.
- Significant awards in the quarter include a near and onshore geotechnical investigation for the Red Sea Project and a 3-year contract to provide integrated survey services for ONGC in India, awarded for a fourth time in a row.

Held for sale: Seabed Geosolutions

Fugro's interest in Seabed Geosolutions is classified as 'held for sale' and as a discontinued operation as per half year 2019 and is therefore no longer part of group revenue and EBIT(DA) from continuing operations. The divestment process is ongoing.

Key figures (x EUR million)	Q3 2020	Q3 2019	comparable growth[1]
Revenue	0.0	38.2	-
Backlog next 12 months	42.0	90.8	(50.5%)

[1] Corrected for currency effect

- Following the termination of the S-79 project in the Middle East and the postponement of a significant project in Brazil, both as a direct result of the Covid-19 pandemic, no crews were active during the quarter.
- As indicated previously and to adapt to the sudden drop in activity due to the Covid-19 pandemic, Seabed has completed a major restructuring plan resulting in approximately 50% FTE reduction to limit the bottom-line impact of this idleness period.
- An impairment of around EUR 30 million on Seabed's assets is expected to be recognised in the period under review.
- The 12-month backlog decrease reflects the current market dynamics. Nevertheless, tendering activity remains solid in certain core markets especially in the US Gulf of Mexico and Brazil.

- On 15 October 2020, Seabed was awarded two 4D ocean bottom node surveys in Brazil with a combined duration of around eight months; the first survey is estimated to start in the second quarter of 2021. In addition, a potential start in early 2021 of the postponed project in Brazil is under discussion.

Outlook

The impact of the Covid-19 pandemic is amplified by spending cuts of oil and gas companies due to the sharp decline in the oil price earlier this year; the resulting volatility is expected to continue into 2021. At the same time, offshore wind, in which Fugro has a strong position and reputation, is anticipated to show continued strong growth. The pandemic may in the short term result in a decline in infrastructure activities; on the other hand, as a result of numerous investment programs, growth in the infrastructure markets is expected to resume as of 2021, after a stagnation in 2020.

In the longer term, population growth and urbanisation in combination with the need for sustainable development and climate change adaptation will drive the growth of the energy, infrastructure and water markets, leading to increased spending on renewable power and electricity networks, subsea telecom cables, coastal defense, hydrography and freshwater development projects. This will create ample opportunities for Fugro.

Full-year 2020

For the full-year 2020, from continued operations, Fugro expects revenue of at least EUR 1.35 billion, representing a year-on-year currency comparable decline of around 10%. The impact of the revenue decline is expected to be mitigated by the ongoing comprehensive cost reduction programme, resulting in an adjusted EBITDA of around EUR 150 million and an adjusted EBIT of around EUR 40 million, which is an improvement compared to previous guidance, and a return on capital employed of around 4%. In addition, Fugro reconfirms its expectation of a positive free cash flow, taking into account capital expenditure of around EUR 70 million. This outlook assumes no material impact from additional Covid-19 developments.

In line with previous guidance, Fugro expects an adjusted EBIT(DA) for Seabed Geosolutions of around negative EUR 10 million in the second half of 2020, resulting in EBIT(DA) around break-even for the full year.

Mid-term targets

For the mid-term Fugro targets an EBIT margin of 8-12%, return on capital employed of 10-15% and a free cash flow of 4-7% of revenue, with expected revenues of EUR 1.6 to 2.0 billion and expected capital expenditures of EUR 80 to 110 million (excluding Seabed Geosolutions[3]). These mid-term targets are not linked to a particular year or period. Drivers for the targeted improvement in profitability are mid-term revenue growth on the back of further diversification through strong growth in renewables, disciplined management of the cost base, working capital and liquidity, value-based pricing and digital transformation to increase efficiency.

Analyst call

On 20 October 2020 at 10 CET, Fugro will host an analyst call. The dial-in numbers are +31 (0)20 7038261 or +44 (0)330 3369411 and the confirmation code is 7017065. This call will also be accessible via audio cast: http://www.fugro.com/investors/results-and-publications/quarterly-results

[3] Expected capex including Seabed Geosolutions would be EUR 100 to 130 million

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About Fugro

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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.

Forward Looking Statements

This announcement contains 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, targets, projections or predictions (and the assumptions underlying them). Without limitation, any statements including words such as “intend”, “expect”, “anticipate”, "target", “may”, “believe”, “plan”, “estimate” and other expressions which imply indications or predictions of future development or trends, and which are not based on historical facts, are forward-looking statements. Forward-looking statements necessarily involve known and unknown risks and uncertainties as they depend on future events and circumstances. Forward-looking statements do not guarantee future results or development and 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 announcement 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 announcement. Neither the Company nor any of its affiliates assumes any obligations to update any forward-looking statements.

Cautionary Statement

Neither this announcement nor any part of it is an offer to sell or a solicitation of any offer to buy any securities issued by Fugro N.V. (the “Company”) in the United States of America, Canada, Japan, Australia or any other jurisdiction.

Further, this announcement contains non-IFRS financial measures and ratios and non-financial operating data, which are not recognised measures of financial performance or liquidity under IFRS. The Company uses these measures as internal measures of performance to benchmark and compare against budget, the prior year and its latest internal forecasts. The Company believes these non-IFRS measures and non-financial operating data are useful and commonly used supplemental measures of financial performance, liquidity or financial position. The non-IFRS financial measures and non-financial operating data may not be indicative of the Company's historical operating results, nor are such measures meant to be predictive of the Company's future results. The presentation of the non-IFRS measures and non-financial operating data in this announcement should not be construed as an implication that the Company's future results will be unaffected by exceptional or non-recurring items.

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