PRESS RELEASE

Leidschendam, the Netherlands, 11 August 2014

Fugro: Weak first half year 2014

Performance improvement initiatives in progress

Highlights

- First half-year revenue of EUR 1,186.9 million compared to EUR 1,167.9 million in first half of 2013. Year-on-year revenue growth at constant currencies of 6.2% or 7.9% excluding multi-client.
- Non-cash impairments and one-off write-offs of EUR 346.6 million due to weak results and the more challenging oil and gas market outlook. This was mostly related to the Geoscience division.
- EBIT margin, excluding non-cash impairments and one-off write-offs, was 2.1% which is significantly below last year. This was mainly due to poor performance across all divisions in the first quarter and continued losses in the Geoscience division in the first half year.
- Significant improvement of adjusted margin in the second quarter compared to the first quarter to the low-teens in the Geotechnical division and mid-teens in the Survey division.
- Excluding two exceptional incidents, the underlying margin in the Subsea division continues to develop positively.
- Performance improvement measures are in place and ongoing initiatives expedited.
- In the strategy implementation priority is being given to profitability and return on capital employed, whilst protecting market share.
- Cash flow generated from operating activities amounted to EUR 93.4 million.
- Financial position healthy with net debt/ EBITDA of 2.32.
- Backlog for the remainder of the year at EUR 1,210 million continues to be strong and is up 14.3% at constant currencies.

Paul van Riel, CEO: *'The particularly poor first quarter was followed by a much stronger quarter for the Geotechnical and Survey divisions. In the Subsea division, we are seeing a continued positive development of the margin when discounting for two exceptional incidents. In the second quarter the main disappointment were the high losses in the Geoscience division due to a weakened market and mobilisation delays in Seabed Geosolutions. A positive in the period was that Fugro further strengthened its position in emerging economies by completing the acquisition of two companies in Africa.*

We are facing a weakened oil and gas market, related to delays in large capital projects, and hence we have stepped up cost reduction and performance improvement initiatives at underperforming parts of our business. In our strategy implementation we are focusing on creating shareholder value by giving priority to margin and return on capital employed.

The actions currently being taken should further improve margin levels in the coming quarters and will position Fugro well to resume our growth initiatives when reserve replacement starts to come back on the agenda of the oil and gas companies.'

KEY FIGURES

The information in this press release is unaudited

Reported (x EUR million)	HY 2014	HY 2013
Revenue[1]	1,186.9	1,167.9
reported growth	1.6%	
currency comparable growth[2]	6.2%	
EBIT excluding impairment and write-offs	24.9	133.1
EBIT margin excluding impairments and write-offs	2.1%	11.4%
Net result[3]	(267.7)	109.4
Net result (including discontinued operations) [3]	(270.6)	314.3
Cash flow from operating activities	93.4	62.9
Capex	134.2	139.0
Capital employed	2,491.7	2,828.7
Return on capital employed	(5.9%)	8.4%
Net debt/ EBITDA (last 12 months)	2.32	1.29
Backlog remainder of the year	1,210	1,083

Excluding multi-client	HY 2014	HY 2013
Revenue (x EUR million)	1,151.8	1,113.8
reported growth	3.4%	
currency comparable growth[2]	7.9%	
EBIT margin excluding impairments and write-offs	2.6%	10.4%
EBIT margin	(17.2%)	10.4%
Return on capital employed	(3.4%)	8.4%

1 multi-client sales HY 2013: excluding sales in January 2013 (EUR 13 million) which were reported as discontinued
2 reported revenue adjusted for exchange rate effect (including any revenue impact from acquisitions and/or disposals)
3 profit for the period attributable to owners of the company
Refer to appendix 1 for a further explanation on the presentation of results

DEVELOPMENTS

The oil and gas market, from which Fugro generates around 75% of its revenue, has moved from a phase with emphasis on reserve replacement into a phase with emphasis on capital discipline. Oil companies, in particular the major international oil companies, are scrutinising their longer term projects and the growth of E&P spending by these companies has slowed. This is impacting certain business areas of Fugro, where it is resulting in project delays and even a few cancellations, more uncertainty on timing of project awards and start-up and price pressure. Fugro is countering these developments with stepped up emphasis on performance improvement. In addition, significant weakening of the seismic market is resulting in a drop in sales and significant reduction of profitability of the multi-client business.

The other important market for Fugro is infrastructure. The outlook for this market is unchanged: no or low growth in Europe and North America and good opportunities in the emerging economies. In the infrastructure market, Fugro continues with its growth plans.

PERFORMANCE IMPROVEMENT MEASURES

To deal with the margin pressure resulting from the changes in the oil and gas market, Fugro has stepped up its performance improvement initiatives. Underperforming parts of divisions are identified and will be fixed, disposed of, or closed down. The following initiatives are in progress:

- To improve performance of Seabed Geosolutions:
  - the modular Trilobit node crew has been demobilised
  - the electromagnetic activities have been closed down
  - the offices in Norway have been restructured.
- The aerial mapping business, which is part of the Survey division, is loss making (EUR 9 million in the first half of 2014) and is being restructured. In May, a reorganisation was initiated, reducing the number of offices and the number of personnel by around 25%.
- Performance on some long term Subsea contracts is unsatisfactory. When these contracts come up for renewal or extension, Fugro requires improved terms and conditions. If these are not achieved, and alternative deployment of assets and staff is not feasible, Fugro will restructure the operating units involved.
- Fugro is exploring options for the use of the Synergy vessel in the well intervention market.
- Fugro will reduce the number of separate legal entities and will move from end-to-end decentralised functional support in operating companies to country level shared service centres to reduce organisational cost and complexity and to improve collaboration, control and efficiency.
- Working capital, especially days of sales outstanding, requires significant improvement. The company has engaged a specialist consultant to support the improvement program. Clear areas of improvement have been identified and will be rolled out in the coming quarters.

STRATEGY

Fugro is reviewing elements of its strategy and will report on this at the upcoming Capital Markets Day in October. Key elements under consideration are:

- In light of the challenging market, the alternatives for Seabed Geosolutions are being reviewed. A key option is to transform its operations to a modular deployment model that results in a more flexible cost structure. This will reduce the effects of utilisation swings. Dependent on the development of the market, this transformation could be expedited, which would trigger restructuring charges and impairments.
- The Subsea business is gradually improving in line with the strategy update. Fugro will continue to focus the subsea activities on those market segments where synergies with other parts of Fugro exist.
- Capital expenditure is being reviewed to bring it in line with changing market conditions. Several new vessels will be postponed. This will result in a significant reduction of expansion capex from the earlier anticipated level of around EUR 225 million per year.
- When Fugro introduced its strategy update last year, it set strategic targets on growth, margin and return on capital employed. In view of the weakened oil and gas market, the priority has been shifted to margin improvement and returns enhancement whilst protecting market share. The strategic targets are being reviewed to take this into account.
- The impact of the cost saving and working capital improvement programs, that are part of the performance improvement measures, will also be incorporated into the strategic targets for margin and return on capital employed.

ACQUISITIONS

Roames

The Australian company Roames specialises in high-resolution mapping services and solutions for the electric power distribution sector. With this acquisition, Fugro acquired advanced technology that can be used to build improved, cost efficient 3D mapping solutions also for additional business areas, and internationally. This acquisition supports the repositioning of Fugro's Geospatial business line (part of the Survey division) to becoming a solutions provider as opposed to a data acquisition provider.

RailData

RailData (the Netherlands) specialises in the measurement of absolute and relative position of railway tracks and has developed a unique device that measures data in three dimensions. The acquisition fits with the strategy of the Survey division to build market share in corridor mapping. RailData generated revenues of EUR 1.2 million in 2013.

Earth Resources

Earth Resources is a drilling contractor providing specialised exploration drilling for mining operations and water wells and geotechnical drilling. The company is based in South Africa and is also active in other countries in Africa. In 2013, the company generated revenue of about EUR 5 million.

Geofor

Geofor is an onshore/ near shore geotechnical company which delivers drilling services and has highly specialised engineers and geologists in the fields of geotechnical consulting, hydrology, and land survey. With this acquisition, Fugro strengthened its presence in the Central Africa region and the French speaking African countries. The company has over 25 years of experience in infrastructure and water supply projects. In 2013, the company generated revenue of about EUR 25 million.

ORGANISATION

As part of its strategy to improve controls and performance, Fugro is strengthening its organisation by increasing regional cooperation and building an improved support organisation. Highlights are:

- A key step in the strategy is to implement a regional organisation to support collaboration, improve consistency and quality of services, provide better control and win more large projects. This will be completed before year end.
- To strengthen the financial function, the following has been achieved:
  - To further professionalise the internal audit function, a Head of Internal Audit has been appointed.
  - The corporate controlling team has been strengthened and the regional controlling team has been aligned with the new regional set-up.
  - A corporate treasurer will start in the fourth quarter.
  - The implementation of a new financial consolidation system is on track and will be launched at the end of this year.
  - The design of an internal control self-assessment framework is nearly complete and will be rolled out in the course of the fourth quarter.
  - The agent compliance program has been strengthened, and now includes an independent check of agents by a third party and includes a bi-annual agent self-assessment.
- The implementation of a single, centrally managed HR information system is well underway and is progressing according to plan; 54% of the Fugro employees are now on board.
- The company has revised its Code of Conduct; the new version will be launched in the third quarter.

OUTLOOK

Barring unforeseen circumstances, based on a strong backlog, the combined revenue of the Geotechnical, Survey and Subsea divisions is expected to continue to grow in the second half of this year relative to the comparable period last year. The combined EBIT margin of these three divisions is expected to improve from 7.0% (excluding the impairments and write-offs) in the first half-year of 2014 to the low teens in the second half of the year. The margin is expected to come in below the second half of 2013, when the margin was 14.1%, due to mix effects (less deep and ultra-deep water and higher share of lower margin wind farm work), ongoing margin pressure in certain parts of the Survey market and increased uncertainty on project timing and somewhat lower utilisation.

The market for Geoscience, both for Seabed Geosolutions and multi-client sales, is uncertain. Barring unforeseen circumstances, the revenue contribution from the Geoscience division is expected to grow in the second half of this year, and the margin should improve compared to the second half of 2013 and the first half of 2014. This outlook is based on reasonable utilisation of our resources in Seabed Geosolutions. If this is not achieved, the transformation to a full modular deployment model may be expedited which could lead to restructuring charges and impairments.

HIGHLIGHTS INCOME STATEMENT

Revenue

Revenue per division (x EUR million)	HY 2014	HY 2013	Reported growth	Currency comparable growth [1]
Geotechnical	365.6	335.1	9.1%	13.1%
Survey	424.2	442.2	(4.1%)	0.8%[3]
Subsea Services	264.6	289.4	(8.6%)	(4.9%)
Geoscience	132.5	101.2	30.4%	38.2%
of which Seabed Geosolutions	97.3	40.0	-	-
of which multi-client [2]	35.1	54.1	(35.1%)	(30.1%)
Total	**1,186.9**	**1,167.9**	**1.6%**	**6.2%**
Total excluding multi-client	**1,151.8**	**1,113.8**	**3.4%**	**7.9%**

1 reported revenue adjusted for exchange rate effect (including revenue from acquisitions and/or disposals)
2 multi-client sales HY 2013: excluding sales in January 2013 (EUR 13 million) which were reported as discontinued
3 4.8% when excluding EUR 16.6 million revenue contribution in HY13 from Chinese joint venture

Total revenues excluding multi-client increased by 7.9% at constant currency, mainly driven by the Geoscience and Geotechnical divisions. The increase in the Geotechnical division was driven by both onshore and offshore revenue growth. Revenue growth at Survey was impacted by the deconsolidation of the Chinese joint venture. Excluding this effect, revenue growth would have been 4.8% at constant currencies. Subsea Services revenue was impacted by an engine fire on the largest vessel in the fleet and a diver's strike in Brazil, which led to project interruptions. In Geoscience, revenue of Seabed Geosolutions increased due to increased utilisation of the ocean bottom cable (OBC) crews, partially offset by lower utilisation of the ocean bottom node (OBN) crews. Multi-client sales were significantly lower than last year.

Revenue growth HY 2014 compared to HY 2013	organic	exchange rate	acquisitions	disposals/ deconsoli-dations	total
Total	6.1%	(4.6%)	1.5%	(1.4%)	1.6%
Total excluding multi-client	7.9%	(4.6%)	1.6%	(1.5%)	3.4%

EBIT

EBIT per division (x EUR million)	HY 2014				HY 2013	
	reported		excluding impairments and write-offs		reported	
	EUR	margin	EUR	margin	EUR	margin
Geotechnical	12.7	3.5%	27.0	7.4%	39.7	11.8%
Survey	6.0	1.4%	50.0	11.8%	80.0	18.1%
Subsea Services	(48.4)	(18.3%)	(3.7)	(1.4%)	0.8	0.3%
Geoscience	(292.0)	-	(48.4)	(36.5%)	12.6	12.5%
of which Seabed Geosolutions	(172.5)	-	(47.0)	(48.3%)	*(20.1)*	*(50.3%)*
of which multi-client	*(123.2)*	-	(4.6)	(13.2%)	*17.0*	*31.4%*
Total	**(321.7)**	**(27.1%)**	**24.9**	**2.1%**	**133.1**	**11.4%**

EBIT was strongly impacted by non-cash impairments and one-off write-offs of EUR 346.6 million. Excluding these items, EBIT amounted to EUR 24.9 million compared to EUR 133.1 million last year. Excluding multi-client, it decreased from EUR 116.1 million to EUR 29.5 million.

In addition to the effects mentioned above, other significant items have impacted the divisional results as outlined in the Divisional Highlights. The first half year of 2013 included a positive effect of significant items of EUR 13.0 million (the sale of the technology licence of EUR 18.5 million in Geoscience partly offset by advisory costs of EUR 5.5 million).

Non cash-impairments and one-off write-offs (x EUR million)					
	Geotechnical	Survey	Subsea Services	Geoscience	Total
Goodwill Seabed				117.0	117.0
Intangibles multi-client data library				114.6	114.6
Property, plant and equipment	9.0	2.7	17.9	1.0	30.6
Goodwill Geospatial Services		38.3			38.3
Other intangibles	0.3	1.6		5.8	7.7
Total impairments	**9.3**	**42.6**	**17.9**	**238.4**	**308.2**
Onerous contract provision			26.0		26.0
Write-off receivables	5.0	1.4	0.8	5.2	12.4
Total	**14.3**	**44.0**	**44.7**	**243.6**	**346.6**

The total non-cash impairments and one-off write-offs amount to EUR 346.6 million. The reasons for the impairments and write-offs are as follows:

- Goodwill Seabed: disappointing sales and negative results, due to a deteriorated market outlook, a slower start of the business than anticipated and difficult operational circumstances.
- Intangible assets multi-client data libraries: lagging sales due to delays in licensing rounds and a deteriorating oil and gas exploration market.

- Property plant and equipment:
  - trenching equipment: absence of firm contracts beyond 2014 and anticipated overcapacity in this market and resulting pricing pressure (Subsea Services).
  - other assets: due to expected decline in market circumstances and subsequent underutilisation (other divisions).
- Goodwill Geospatial Services: second loss making year for aerial mapping in combination with a deteriorated market outlook.
- Onerous contracts: a provision was accounted for a long term lease on a Subsea support vessel in addition to two loss making service contracts in Brazil.
- Receivables: Additional provisions were taken on bad debts, in particular related to a customer involved in insolvency proceedings and certain customers that were not compliant with long term overdue payment arrangements

(x EUR million)	**HY 2014**	**HY 2013**
EBIT	(321.7)	133.1
Net finance income/ (costs)	(19.3)	2.0
Share of profit in equity accounted investees	(5.1)	4.6
Income tax (expense)/ gain	51.8	(29.5)
Non-controlling interests	26.6	(0.8)
Net result	(267.7)	109.4

Net finance costs

The increase in net finance costs is driven by an increase in exchange rate variances of EUR - 10.4 million and a decrease of EUR 6.8 million mainly related to the revaluation of the warrant as part of the vendor loan to CGG.

Share of profit/ (loss) of equity accounted investees

The share of profit in equity accounted investees decreased by EUR 9.7 million, resulting in a loss of EUR 5.1 million. This result was related to the loss of an equity accounted investee reported by Seabed Geosolutions, partially offset by a profit in equity accounted investees held by the joint venture in China. For the first half of last year the results of this joint venture were not reported under equity accounted investees, as the results were still fully consolidated.

Income tax (expense) / gain

The income tax gain is EUR 51.8 million, which is attributable to the reported EBIT loss in the first half-year. The effective tax rate for the first half year 2014 amounts to 15.0% (on a loss) compared to 21.1% (on a profit) last year. Most of the non-cash impairments and one-off write-offs are tax deductible except for the goodwill impairments in The Netherlands and the United Kingdom.

Non-controlling interest

In the first half-year a loss (EUR 26.6 million) was reported on non-controlling interest compared to a gain (EUR 0.8 million) last year. The main driver of this result is the loss reported in Seabed Geosolutions in which Fugro has a 60% controlling interest. In addition, last year the figures included the joint venture with China Oilfield Services Limited which is now reported under equity accounted investees.

Net result
Net result was EUR 267.7 million negative, and net result including discontinued operations was EUR 270.6 million negative. The difference can be explained by an addition to the provision for tax indemnities and warranties related to the sale of the majority of the Geoscience division to CGG.

HIGHLIGHTS BALANCE SHEET AND CASH FLOW

(x EUR million)	HY 2014	HY 2013
Working capital	**445.5**	**676.1**
Inventories	*33.7*	*25.0*
trade and other receivables	*962.8*	*1,126.4*
trade and other payables	*(551.0)*	*(475.3)*
Days of sales outstanding	**116**	**116**

The 34.1% decrease in working capital was mainly related to a decrease in trade and other receivables and an increase in trade and other payables, as follows:

- Trade and other receivables decreased by EUR 163.6 million of which EUR 102.6 million is explained by early repayments received from CGG on the vendor loan. In addition, as at 30 June 2013 receivables amounting to EUR 18.5 million were included in the trade and other receivables regarding the sale of certain technology licenses, which were subsequently received.
- Trade and other payables increased by EUR 75.7 million mainly driven by the acquisition of Geofor, the share buyback program, and increased project activity.
- Inventory consists mainly of vessel fuel, and consumables and spares which increased by EUR 8.7 million compared to last year.

Capital expenditure (x EUR million)	HY 2014	HY 2013
Maintenance capex	49.8	48.7
Capex major assets	45.7	39.6
Capex major assets under construction	38.7	50.7
Total capex	**134.2**	**139.0**

Capital expenditure was similar to last year. It mainly consisted of capital expenditures for new built vessels, equipment and the new built geotechnical services office in the Netherlands (Nootdorp). The actual and expected start dates of operations of the new built vessels are outlined below. One vessel has started operation in the second quarter and the remaining vessels are expected to start operations towards the end of this year.

Committed fleet renewal/ expansion	Type of vessel	Expected/ actual start operations
Fugro Proteus	Survey	Q2 2014
Fugro Scout	Geotechnical	Q4 2014
Fugro Aquarius	Subsea	Q1 2015
Fugro Americas	Survey	Q4 2014
Fugro Pioneer	Survey	Q4 2014
Fugro Frontier	Survey	Q1 2015

Cash flow	HY 2014	HY 2013
Net cash from operating activities	93.4	62.9
Net cash flow from investing activities	(182.1)	578.1
Net cash from financing activities	49.6	(600.3)
Net cash movement	**(39.1)**	**40.7**

- Cash flow from operating activities increased by EUR 30.5 million compared to prior year, mainly related to changes in working capital. Last year's change in working capital was impacted by the first tranche of vendor loan (EUR 112.5 million) that was accounted for under other receivables. Cash flow from investing activities in the first half year mainly related to capex, as explained above, and acquisitions. Last year's number included the proceeds from the sale of the majority of the Geoscience division to CGG.
- This year, cash outflow from financing activities related to payment of dividends and repurchase of own shares, offset by increased borrowings. Last year proceeds from the majority of the divestment of the Geoscience division were used for repayment of borrowings and dividend payments.

Foreign currency

	HY 2014 End of June	HY 2014 Average	HY 2013 End of June	HY 2013 Average
US dollar	0.730	0.730	0.770	0.770
British pound	1.250	1.220	1.170	1.170
Australian dollar	0.690	0.670	0.710	0.770
Norwegian kroner	0.119	0.121	0.127	0.132

The currency translation difference related to foreign operations had a positive effect of EUR 35.7 million on equity per 30 June 2014 (30 June 2013: EUR 80.3 negative). The majority of the translation difference relates to the US dollar, Australian dollar, and Norwegian kroner.

BACKLOG

Backlog per division for remainder of the year (x EUR million)				
	HY 2014	**HY 2013**	**Reported growth**	**Currency comparable growth [1]**
Geotechnical	373	324	15.1%	17.5%
Survey	406	400	1.5%	3.9%
Subsea Services	297	238	24.8%	25.8%
Geoscience (Seabed Geosolutions) [2]	134	121	10.7%	17.0%
Total	**1,210**	**1,083**	**11.7%**	**14.3%**

1 reported revenue adjusted for exchange rate effect (including any revenue impact from acquisitions and/or disposals)
2 given the project sizes, a probability factor is applied to the backlog of projects that are likely to be awarded. The 2013 numbers have been adjusted accordingly

The backlog for the remainder of the year remains strong with 14.3% currency comparable growth compared to last year. Of this backlog, 73% comprises definite orders (including uncompleted parts of on-going projects and contracts awarded but not yet started) and 27% comprises projects that are highly likely to be awarded.

Backlog per division for next 12 months (x EUR million)				
	HY 2014	**HY 2013**	**Reported growth**	**Currency comparable growth**[1]
Geotechnical	499	449	11.1%	13.8%
Survey	640	591	8.3%	10.7%
Subsea Services	435	465	- 6.5%	- 5.5%
Geoscience (Seabed Geosolutions)[2]	248	193	28.5%	35.3%
Total	**1,822**	**1,698**	**7.3%**	**9.9%**

1 reported revenue adjusted for exchange rate effect (including any revenue impact from acquisitions and/or disposals)
2 given the project sizes, a probability factor is applied to the backlog of projects that are likely to be awarded. The 2013 numbers have been adjusted accordingly

The backlog for the next 12 months is 9.9% up on a currency comparable basis. The drop in backlog of the Subsea Services division is caused by the fact that in the Asia Pacific region the very large project on the Great Western Flank will end in the second half of 2014.

Of this backlog, 66% comprises definite orders (including uncompleted parts of on-going projects and contracts awarded but not yet started) and 34% projects that are highly likely to be awarded.

HIGHLIGHTS DIVISIONS

Geotechnical division

Key figures (amounts x EUR million)	HY 2014	HY 2013
Revenue	365.6	335.1
reported growth	9.1%	
currency comparable growth[1]	13.1%	
EBIT excluding impairments & write-offs[2]	27.0	39.7
EBIT margin excluding impairments & write-offs[2]	7.4%	11.8%
Depreciation of tangible fixed assets	(21.1)	(21.0)
Capital employed	753.5	645.7
Backlog remainder of the year	373	324

1 reported revenue adjusted for exchange rate effect (including any revenue impact from acquisitions and/or disposals)
2 see explanation impairments and write-offs on pages 7 and 8

General highlights

- The onshore activities reported a strong performance in the traditional infrastructure and energy markets. The growth was driven by the emerging Caspian and African markets.
- The offshore activities experienced a very challenging first quarter. Storms in the North Sea caused significant delays at several fixed price wind farm projects. These projects, mainly in shallow water, generated a significant number of non-compensated vessel days. In addition, the Fugro Synergy experienced operational issues over a 3 week period on a contract for Pemex in Mexico where deep water well de-risking was being performed for the first time.
- In Africa, Earth Resources and Geofor were acquired to grow Fugro's local presence and gain critical mass in the growing sub-Saharan region. In addition, offices were opened in Tanzania, Uganda and Ghana. This fits in our strategy to grow in the emerging economies.
- The division is continuing to build and consolidate its global consulting practice to better position its services for larger, complex multi-discipline projects.
- The vessel replacement program continued in the period as two older vessels were removed from service and were replaced by one long and one short term charter. The new built Fugro Scout was launched and is expected to start operations in the fourth quarter.

Financial performance

- Onshore revenue grew by 6.8% to EUR 219 million from EUR 205 million. The increase in offshore revenue by 13.1%, from EUR 130 million to EUR 147 million, was mainly due to good utilisation of the Fugro Synergy.
- The onshore margin improved compared to last year, driven by the emerging Caspian and African markets.
- The performance of the offshore activities was very weak in the first quarter due to operational issues on a project in Mexico and excessive uncompensated weather standby on wind farm work. In addition, the shallow water wind farm work has lower margins than deep water work while forming a larger part of the mix.
- The second quarter performance was significantly better than the first quarter, especially in offshore. Excluding impairments and write-offs, the divisional margin was in the low teens, in line with last year.
- Capital employed was EUR 107.8 million higher due to the acquisitions in Africa and capital expenditure related to the new vessels Fugro Voyager and Fugro Scout.

Survey division

Key figures (amounts x EUR million)	HY 2014	HY 2013
Revenue	424.2	442.2
reported growth	(4.1%)	
currency comparable growth[1]	0.8%	
EBIT excluding impairments & write-offs [2]	50.0	80.0
EBIT margin excluding impairments & write-offs [2]	11.8%	18.1%
Depreciation of tangible fixed assets	(29.2)	(28.5)
Capital employed	584.0	608.4
Backlog remainder of the year	406	400

1 reported revenue adjusted for exchange rate effect (including any revenue impact from acquisitions and/or disposals)
2 see explanation impairments and write-offs on pages 7 and 8

Business highlights

- The division was faced with a lack of geophysical and geospatial projects especially in North America. This was related to the severe weather conditions during the first quarter, but also to lower client demand, increased competition and project delays.
- Positioning, metocean and construction support showed a continuing good performance.
- The loss making aerial mapping business is being restructured, where a new business model will strengthen competitiveness through higher efficiency and cost savings. In May, a reorganisation was initiated, reducing the number of offices and personnel by around 25%. Aerial mapping is expected to return to profitability in the second half of 2015.
- The Australian Transport Safety Bureau has awarded Fugro contracts for the underwater search for the missing Malaysia Airlines flight 370. In June, the Fugro Equator started a bathymetric survey of the search area. Late September, the Fugro Discovery is expected to begin the deep tow detailed search phase with the Fugro Equator joining shortly thereafter.
- The new purpose-built survey vessel, the Fugro Proteus, was delivered, on time and on budget, late June and will start on a project in the Red Sea soon. The other vessels scheduled for 2014, the Fugro Pioneer, Fugro Americas and Fugro Frontier, are on track to be delivered still this year.
- Two acquisitions were completed to strengthen the geospatial business line.
- To strengthen its position in Africa, the division opened an expanded office in Angola with warehouse and laboratory facilities, and new offices in East Africa and Ghana.

Financial performance

- Currency comparable revenue growth amounted to 0.8%. This relatively low growth was mainly caused by low vessel utilisation and low production in aerial mapping, terrestrial surveys and geophysics in North America. In addition, the joint venture with China Oilfield Services Limited was deconsolidated per 23 August 2013 (generating EUR 16.6 million revenue in the comparable period last year); when adjusting for this, currency comparable revenue growth would have been 4.8%.
- The subdued revenue growth, pricing pressure in some of the business lines and increased costs for training, new hires and third party staffing, resulted in the strong decline in margin. The loss in aerial mapping was EUR 9 million compared to a EUR 5 million loss a year ago.
- The margin (excluding impairments and write-offs) in the second quarter was in the mid teens, significantly higher than in the first quarter.
- Capital employed decreased by 4.0% mainly due to the impairment on geospatial services.

Subsea Services division

Key figures (amounts x EUR million)	HY 2014	HY 2013
Revenue	264.6	289.4
reported growth	(8.6%)	
currency comparable growth[1]	(4.9%)	
EBIT excluding impairments & write-offs [2]	(3.7)	0.8
EBIT margin excluding impairments & write-offs [2]	(1.4%)	0.3%
Depreciation of tangible fixed assets	(24.6)	(25.8)
Capital employed	576.8	636.5
Backlog remainder of the year	297	238

1 reported revenue adjusted for exchange rate effect (including any revenue impact from acquisitions and/or disposals)
2 see explanation impairments and write-offs on pages 7 and 8

General highlights

- In the second quarter the division was confronted with two significant incidents: an engine room fire on the largest vessel in the fleet resulted in 7 weeks non-compensated downtime in Asia Pacific and a strike of 3 diving crews in Brazil that had an impact of 4 weeks. Both incidents were resolved in early July.
- Steady progress was made with the profit improvement plan. Ongoing profit improvement activities emphasise contract and project management. Optimised redistribution of the existing fleet is being considered. Year-on-year EBIT development, excluding impairments, write-offs and the above-mentioned incidents, shows steady positive progress.
- The division had a relatively low vessel utilisation in the first quarter due to adverse weather conditions in Europe and slow project initiation in Asia Pacific.
- Performance was good in the Middle East & India and in the global tooling business line. The trenching business was occupied with work at two wind farm sites and performed profitably.
- There was relatively low utilisation of the ROV fleet and air dive systems in Asia Pacific due to a slow construction market, which resulted in project delays.
- The Shell Malaysia inspection, repair and maintenance program started in the second quarter with two vessels. Similarly, project management and engineering on two installation projects were awarded in May by Woodside in Australia, and commenced in April.
- The backlog for the division for the remainder of the year is up 25.8% compared to a year ago, in part related to the Shell Malaysia IRM contract and additional scope on the large Woodside Great Western Flank project in Australia. However, the backlog for the coming 12 months is 6.5% lower, caused by the fact that the Great Western Flank will end. On this project a number of project specific third party vessels are contracted through Fugro.

Financial performance

- Revenue declined at constant exchange rates by 4.9%, mainly because of the relatively low vessel utilisation caused by adverse weather conditions in the first quarter and the down time caused by the engine room fire and diver's strike in the second quarter.
- The fire and diver's strike had a combined negative effect on EBIT of EUR 12 million. When adjusting for the impairments, write-offs and these significant items, EBIT for the half year increased from EUR 0.8 million to EUR 8.3 million, with an improved contribution from trenching on wind farm projects.
- Capital employed decreased by 9.4% mainly due to the impairments and write-offs.

Geoscience division

Key figures (amounts x EUR million)	HY 2014	HY 2013
Revenue[1]	132.5	101.2
Reported growth	30.9%	
currency comparable growth[2]	38.2%	
Revenue[1]	132.5	101.2
of which Seabed Geosolutions [3]	97.3	40.0
of which multi-client	35.1	54.1
EBIT excluding impairments & write-offs[5]	(48.4)	12.6[4]
of which Seabed Geosolutions	(47.0)	(20.1)
of which multi-client	(4.6)	17.0
EBIT margin excluding impairments & write-offs[5]	(36.5%)	12.5%[4]
of which Seabed Geosolutions	(48.3%)	(50.3%)
of which multi-client	(13.2%)	31.4%
Depreciation of tangible fixed assets	(12.9)	(9.4)
of which Seabed Geosolutions	(12.9)	(8.9)
of which multi-client		
Capital employed	577.4	938.1
of which Seabed Geosolutions	243.7	377.0
of which multi-client	245.3	400.2
Backlog remainder of the year (Seabed only)	134	121

1 multi-client sales HY 2013 exclude the sales in January (EUR 13 million) which were reported as discontinued
2 reported revenue adjusted for exchange rate effect (including any revenue impact from acquisitions and/or disposals)
3 Seabed Geosolutions: 100% consolidated; started operations on 16 February 2013
4 includes EUR 18.5 million for sale of technology licence
5 see explanation impairments and write-offs on pages 7 and 8

General highlights

- During the period under review the market circumstances for seismic activities have deteriorated following capex reductions at the oil majors.
- For Seabed Geosolutions, increasing utilisation and improving scheduling are key to profitability. Since the start of the company per 16 February 2013, converting market interest into contracts and executing them sequentially has proven to be challenging and taking much longer than expected.
- During the half year, mobilisation started on 2 large ocean bottom cable projects (OBC, data acquisition using seabed cables), one of which was delayed by the client. In May production began on the contract for Petronas in Malaysia, which will take about half a year to complete. The other crew started producing in July on a large project that will run well into 2015.
- The two ocean bottom node (OBN) crews were faced with unplanned idle time during the period under review. Currently one crew is active. The modular Trilobit crew has been demobilised until market conditions improve.
- Client interest for the seismic data library is hampered by the general decline of the exploration market and by delays in exploration licencing rounds.

Financial performance

- Revenue of Seabed Geosolutions more than doubled from EUR 40.0 million to EUR 97.3 million. This is mostly related to higher activity in the SWOBC business (shallow water and ocean bottom cables) in which two projects have been generating revenue compared to no activity last year. The company started as per 16 February 2013.
- Multi-client sales were significantly lower than last year, despite a strong first quarter with strong Norwegian sales relating to last year's 22nd licencing round.
- Losses in Seabed Geosolutions, excluding impairments and write-offs, increased further compared to the last year. This was caused by underutilisation of the OBN and OBC crews and various operational issues, in part, weather-related. These operational issues were related to the learning curve with the new Trilobit technology and with handling multiple mobilisations simultaneously.
- The EBIT loss from multi-client activities was caused by lower revenue, combined with linear and forced amortisation on top of sales amortisation.
- The EBIT of the division in the comparable period last year included a EUR 18.5 million gain on the sale of technology licences.
- The decline in capital employed mainly relates to the impairments taken during the period under review.

Press call and analyst meeting
At 08.30 hours, Fugro will host a media call. At 13.00 hours Fugro will host an analyst meeting in Hilton Amsterdam, Apollolaan 138 in Amsterdam which can be followed through a video webcast accessible via www.fugro.com.

Half-year report 2014
The half-year report 2014, including the financial statements plus explanatory notes, is available on http://www.fugro.com/ir/rep2014.asp

Financial calendar

12 November 2014	Trading update third quarter 2014 (7.00 CET)
27 February 2015	Publication of the 2014 annual results (7.00 CET)

For more information:

Media
Rob Luijnenburg
r.luijnenburg@fugro.com
+31 70 31 11129

Investors
Catrien van Buttingha Wichers
c.vanbuttingha@fugro.com
+31 70 31 15335

Fugro creates value by acquiring and interpreting Earth and engineering data and providing associated consulting services to support clients with their design and construction of infrastructure and buildings. Fugro also supports clients with the installation, repair and maintenance of their subsea infrastructure.

Fugro works around the globe, predominantly in energy and infrastructure markets offshore and onshore employing approximately 13,500 employees in over sixty countries. In 2013 Fugro's revenue amounted to € 2.4 billion; Fugro is listed on Euronext Amsterdam and is included in the AEX-index.

Appendix 1: Presentation of results

Majority of the Geoscience activities sold per 31 January 2013

- Per 31 January 2013 Fugro sold its marine streamer seismic business to CGG
- Multi-client seismic library was retained by Fugro, but the related revenue (EUR 13 million in January 2013) was reported as discontinued up to and including 31 January 2013. As from 1 February 2013, multi-client revenue is included in continued operations.
- EBIT, net result and cash flow generated by multi-client business are part of continued operations during the entire period.
- Without explicit remarks, all figures in this press release relate to continued business and exclude January 2013 multi-client revenue.

Allocation of corporate expenses and finance income over the divisions

As per the 2013 annual results, formerly unallocated other corporate expenses and finance income have been allocated to the reported segment profit (or loss) pro-rate based on revenue. The historical numbers have been adjusted for comparison purposes.

Change in multi-client accounting policy

- To facilitate comparison with other companies with multi-client business, the book value of the library is presented as intangible asset rather than as inventory as disclosed in the annual report 2013
- This presentation change in the balance sheet has no impact on the results.

Definition (return on) capital employed

Capital employed in respect of the ROCE calculation is defined as average total equity plus net interest bearing debt. The vendor loan related to the divestment of the majority of the Geoscience business and the Seabed warrant are excluded. Return on capital employed (ROCE) is defined as NOPAT as a percentage of a three points average total equity plus net interest bearing debt. The three points consists of the last three reporting periods

Key figures excluding multi-client

These are provided for illustrative purpose as the multi-client activities are non-strategic going forward. The 2016 mid-term targets for the company are excluding multi-client.

Definition EBITDA and net debt/ EBITDA

- For the purpose of the bank covenants, net debt includes the bank guarantees.
- As a result of the change in accounting treatment of the multi-client library end 2013, the EBITDA calculation is amended to bring it in line with industry practice. This means that starting as per 30 June 2014, EBITDA comprises the result from operating activities before depreciation, amortisation (including amortisations of the multi-client data library) and impairments related to goodwill, intangibles and PP&E. The straight-line and sales-based amortisation of the multi-client data library as well as any one-off impairment of the library is now added back into EBITDA.

Change definition working capital

Working Capital is defined as the sum of inventories, trade and other receivables and trade and other payables. Previously, this was defined as current assets minus current liabilities. This adjustment was made to bring Working Capital independent from the financing structure of the company, which is in line with common business practice.

Appendix 2 – Quarterly revenue

Revenue per division (x EUR million)				
	Q2 2014	Q2 2013	Q1 2014	Q1 2013
Geotechnical	196.7	170.8	168.9	164.3
Survey	228.4	244.6	195.8	197.6
Subsea Services	156.4	182.8	108.2	106.6
Geoscience	69.9	85.3	62.6	15.9
of which Seabed Geosolutions	57.7	27.9	39.6	12.1
of which multi-client	12.1	53.1	23.0	1.0
of which other	0.1	4.3	--	2.8
Total	651.4	683.5	535.5	484.4
Total excluding multi-client	639.3	630.4	512.5	483.4