

Leidschendam, the Netherlands, 27 February 2015

Fugro to focus on geotechnical and survey activities

Second half year better than expected; restructuring measures accelerated due to challenging market

- Fugro to focus on its core geotechnical and survey activities.
- Restructuring Seabed Geosolutions in progress and Fugro actively seeking options to reduce its stake.
- Process underway to find a partner to create a strong subsea services player. Options include a divestment of (part of) the subsea business.
- The results in 2014 were poor due to the strong deterioration of the oil and gas market and performance issues.
- Due to the poor results and to strengthen the balance sheet, Fugro will not pay a dividend for the year 2014.
- Performance improvement measures have been accelerated and are on track.
- 2nd half year EBIT margin (excluding impairments and write-offs) of 9.3% for the Geotechnical, Survey and Subsea divisions combined, compared to guidance of mid-single digit.
- Impairments and write-offs in the second half year of EUR 283.4 million versus guidance of EUR 200 – 250 million. Total impairments and write-offs for the year of EUR 630.0 million.
- Net debt to EBITDA at year end of 2.2 compared to requirement of below 3.5.
- Backlog of the Geotechnical and Survey divisions decreased 7.9% on a currency comparable basis, in line with market developments.

Key figures (x EUR million)	2014	2013
Revenue	2,572.2	2,424.0
<i>currency comparable growth</i>	5.9%	
EBITDA ¹ excluding impairments and write-offs	372.7	545.5
EBIT excluding impairments and write-offs	81.4	267.0
EBIT margin excluding impairments and write-offs (%)	3.2%	11.0%
Net result ²	(457.6)	224.2
Backlog next 12 months	1,575.5	1,723.5
Cash flow from operating activities	336.7	365.4

¹ EBITDA is EBIT before depreciation, amortisation (including amortisation on multi-client library), impairments related to goodwill, intangible assets, property, plant and equipment

² attributable to owners of the company (from continued operations)

Paul van Riel, CEO: “Today we present important portfolio changes, as part of the updated strategy ‘Building on strength’ presented in October. Clearly, the way forward for Fugro is to fully focus on its survey and geotechnical activities. We have been able to build our global market leading Geotechnical and Survey divisions into pillars of strength on the foundation of being an independent service provider. We will continue to build Fugro on the strength of these activities. We are actively seeking options to reduce our share in Seabed Geosolutions and the process is underway to find a partner for Subsea Services; options include a divestment of (part of) the subsea business.

To address the current challenging environment, we initiated a series of measures throughout the company, starting in the second quarter of 2014 to restore margins, improve cash flow and return on capital employed. These have been expedited and are on track. Our second half year results in our

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Geotechnical, Survey and Subsea Services divisions were satisfactory considering the market circumstances.

We anticipate a weak oil and gas market for some time to come, while the infrastructure and windfarm markets continue to provide good opportunities. Our plan for 2015 is clear: focus on profitability, cash flow and strengthening the balance sheet by implementing restructuring measures. Strategically, our main objective is to implement the announced portfolio changes to strengthen the company, simplify and reduce the cost of the organisation and improve operational performance. This will position the company well to benefit from recovery in the oil and gas market when the demand-supply balance is restored.”

Highlights 2nd half year

- Revenue increased by 5.6% at constant currencies.
- Improved performance in Geotechnical, Survey and Subsea Services leading to 9.3% EBIT margin for these divisions combined in the second half year compared to 7.0% in the first half of 2014 and mid-single digit guidance provided at the publication of the 3rd quarter trading update.
- The impairments in the second half year of EUR 283 million were slightly higher than guided.
- Additional measures implemented include fleet reductions in the Geotechnical and Survey divisions.
- Onshore geotechnical continued to perform well, but the margin was impacted by amortisation of capitalised backlog related to the Geofor acquisition.
- The margin in offshore geotechnical was substantially higher than in the first half year due to improved vessel utilisation.
- Survey margin performance was better than in the first half, related to improved geophysical survey results.
- Subsea Services' margin was at 6.9% substantially better than in same period last year, partly due to better performance in the construction support business line.
- In Geoscience, Seabed Geosolutions made a severe loss in line with the first half of the year, as guided.

Highlights full year

- Revenue of EUR 2,572.2 million; year-on-year growth at constant currencies of 5.9%.
- EBITDA excluding impairments and one-off write-offs of EUR 372.7 million.
- EBIT of EUR 81.4 million, excluding impairments and one-off write-offs, which represents a margin of 3.2% compared to 11.0% last year.
- EUR 336.7 million positive cash flow from operating activities; cash flow before financing of EUR 42.4 million.
- Solvency of 43% and net debt/ EBITDA (under amended definition) of 2.2 per year-end.
- Total impairments and write-offs of EUR 630.0 million, the majority related to the Geoscience division.
- Due to the poor 2014 results and to strengthen the balance sheet, Fugro will not pay a dividend for the year 2014.
- Backlog of the Geotechnical and Survey divisions decreased 7.9% on a currency comparable basis, in line with market developments.
- Onshore geotechnical performed well with 7.3% growth at constant currencies. Based on 2 acquisitions and organic growth, Fugro is now the market leading geotechnical player in Africa.
- Offshore geotechnical suffered from the weak oil and gas market, with the revenue mix shifting to lower margin shallow water work for wind farm development.
- Survey also impacted by weakened oil and gas market, especially the geophysical activities in Europe and the United States. The geospatial activities were restructured from a data collector into a high end solutions provider.
- Subsea Services successfully realised the next step in its multi-year margin improvement programme.

- In Geoscience, Seabed Geosolutions continued to be severely loss making; restructuring and corrective measures are underway. Multi-client sales suffered from the oil and gas market decline.

Operational performance per division

EBIT per division (x EUR million)	2014			2013		
	excluding impairments and write-offs			reported		
	1H	2H	FY	1H	2H	FY
Geotechnical	7.4%	6.8%	7.1%	11.8%	15.8%	13.9%
Survey	11.8%	13.4%	12.6%	18.1%	18.8%	18.5%
Subsea Services	(1.4%)	6.9%	3.3%	0.3%	4.3%	2.3%
Subtotal	7.0%	9.3%	8.2%	11.3%	14.1%	12.7%
Geoscience	(36.5%)	(33.9%)	(35.0%)	12.5%	(15.3%)	(4.0%)
<i>of which Seabed Geosolutions</i>	(48.3%)	(38.3%)	(42.6%)	(50.3%)	(42.8%)	(45.3%)
<i>of which multi-client</i>	(13.2%)	(13.2%)	(13.2%)	31.4%	13.6%	21.8%
Total	2.1%	4.1%	3.2%	11.4%	10.7%	11.0%

Portfolio

Fugro has decided to focus on its survey and geotechnical activities. In these activities Fugro has built up global, market leading positions as an independent service provider, and has a long track record of solid operational and financial performance. Therefore, Fugro is building on its strengths in these areas, focusing on preserving or further growing its market share and building on its leadership positions.

Fugro has the following objectives regarding its other activities:

- Fugro is actively seeking options to reduce its stake in Seabed Geosolutions.
- For Subsea Services, the process to find a partner to create a strong subsea services player is underway. Options include a divestment of (part of) the subsea business.

Both processes are in progress and formal discussions with interested parties will start shortly.

Cost reduction measures and performance improvement

In the course of the second quarter of 2014 Fugro started implementing significant measures to improve profitability and cash flow. These measures were stepped up as the market deteriorated.

Group

- Headcount reduction of around 6% for total Fugro (750 employees) in progress by restructuring and a hiring freeze. Most of the reductions will have been implemented by the first quarter of 2015.
- Group wide salary freeze with the exception of high inflation countries.
- Working capital reduction initiative, which has delivered EUR 45 million cash collection improvement ahead of plan, is being expanded.
- Group wide focus on capex reduction, including postponement of vessel renewal programme.
- Implementation of performance improvement initiatives including standardisation and project management and execution.



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Geotechnical division

- By the second quarter of 2015 the fleet will be reduced to 9 vessels, from 12 at the start of 2014.
- It has been decided to exit the well intervention market and Fugro is pursuing a sale of the Synergy vessel.
- To delever the balance sheet, Fugro expects to enter into sale/ charter back agreements for two new geotechnical vessels.

Survey division

- The aerial mapping business line has been drastically restructured. Personnel was reduced by 40% of aerial mapping staff. Eight local offices around the world were closed and the restructuring of the airborne fleet from 26 to 7 aircraft was completed in January 2015.
- The survey fleet capacity has been reduced by 7% by terminating or not extending charters.

Subsea Services division

- Stand-alone ROV business in Asia Pacific downsized.
- Downsizing diving activities in Brazil underway.

Seabed Geosolutions

- Leadership changes implemented.
- The organisation is being restructured with overhead cost reduction target of 30%.

Fugro confirms that these measures will contribute to:

- Improvement in EBIT margin by 5 – 6 % points over 2015 - 2016, with the majority of the improvement actions to be finalised in 2015.
- Reduced capital expenditure to a level of EUR 175 – 225 million annually.

In 2015, the company will limit its capital expenditure as much as possible and expects it to be below the mid-term guided range of EUR 175 – 225 million.

All divisions have developed additional contingency plans that can be executed as dictated by market developments. In the Geotechnical division, in 2015 the fleet can be reduced by another two vessels at limited cost. Similarly, in the Survey division, vessel capacity can be reduced strongly at limited cost. Staff and other operational cost will be reduced in line with such fleet reductions. In Subsea only one charter is expiring in 2015, which means that any further vessel reductions will come at a larger cost.

Strategy

Certain key drivers of our strategy have changed, and we have updated the strategy from a focus on growth to 'Building on Strength', targeting margin, cash flow and ROCE improvement. Key changes are:

Markets

The oil and gas market, after a long period of stability, rapidly deteriorated during the year. Fugro depends on the oil and gas market for close to 80% of its revenue. In the first half of the year the major oil companies began to push through capital discipline programmes. In the second half of 2014 the oil price went into a steep decline as the oil market got oversupplied, exacerbating the situation. Improvement of the oil and gas market requires the oil supply-demand balance to be restored, which will take some time.

Portfolio

Going forward, Fugro's portfolio will comprise its geotechnical and survey activities, in which Fugro holds world leading positions. With its unique combination of specialised equipment and people expertise Fugro covers the full range from data acquisition, processing, interpretation, visualisation, data management to consultancy and advice. Our innovative geo and engineering solutions empower our clients to plan, build, manage and decommission their assets in a safe and smart way.

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Organisation, performance improvement and R&D

The second part of our strategy is focused on improving our organisation, enhancing our long term performance and leveraging R&D and innovation. In 2014 we completed the implementation of the regional organisation, improved financial controls and set-up a dedicated and independent internal audit department.

The planned portfolio changes create further opportunity for streamlining the organisation, reducing cost and improving client focus.

We launched several performance improvement programmes in the group and the divisions. We are continuing to implement this part of our strategy, prioritising those elements that contribute to margin and cash flow improvement. These programmes complement the restructuring measures we are taking. Topics include working capital reduction, delivery excellence, procurement and reduction of project leakage by improving project management and standardisation.

R&D and innovation is key to Fugro's success, as our global market position depends on high-performance equipment, technologies, expertise and business processes. In 2014 we rolled out a remote surveying solution, an enhanced accuracy GPS solution and a standardised geotech lab software suite.

Market leadership: our key strategic driver for 'Building on Strength'

Fugro has achieved global market leadership in the offshore survey and geotechnical markets, and holds strong or leading positions in many of its onshore regional or local markets. Market leadership is the key strategic driver for Fugro and the main reason for the long term success and strength of our survey and geotechnical activities, as market leaders enjoy superior financial performance and are the most resilient in case of downturns. Fugro's market leadership is predicated on our purpose to provide independent services which give us access to all clients that are active in our markets.

The majority of our clients (including oil and gas companies) are developers, owners and operators of large infrastructure, industrial installations and buildings, on- and offshore. The site investigation data, information and advice Fugro provides are vital to the costing and design of their construction and installation projects. We are an independent service provider that has no further commercial or other interests in the projects of our clients. They can fully rely on the integrity and impartiality of the results and advice we provide, the confidentiality of data and results we keep on their behalf, and are assured there is no conflict of interest with respect to other parties involved in their projects.

Similarly, Fugro provides a broad range of quality control, inspection and monitoring services during and after construction and installation. Clients must be assured there is no conflict of interest with the project construction and installation contractors.

Finally, in turnkey integrated contracts with the end clients, Fugro also provides services directly to the designers and construction and installation contractors involved in such turnkey projects. In such cases, the contractors depend on Fugro to deliver its services confidentially, equally and to the same standards irrespective of the design and construction contractors that are involved.

Outlook

We expect the oil and gas market to remain challenging for some period of time. The infrastructure and offshore hydrographic non-oil and gas markets continue to provide good opportunities and should support achieving satisfactory results in these segments.

In 2014 Fugro started to implement a range of cost reduction measures and stepped up its performance improvement programmes for its oil and gas activities. In addition, capex is curtailed strongly. Contingency plans are in place to further reduce costs and vessel capacity, in case markets deteriorate beyond current expectations.

Fugro expects to generate strong cash flow before financing in 2015.

The mid – term outlook for 2017, as communicated on 29 October 2014, is unchanged.

HIGHLIGHTS INCOME STATEMENT - SECOND HALF YEAR

Revenue per division (x EUR million)	2HY 2014	2HY 2013	reported growth	currency comparable growth ¹
Geotechnical	409.4	367.4	11.4%	6.7%
Survey	463.8	457.7	1.3%	(2.8)%
Subsea Services	343.8	284.5	20.8%	15.1%
Subtotal	1,217.0	1,109.6	9.7%	4.9%
Geoscience	168.3	146.5	14.9%	10.8%
<i>of which Seabed Geosolutions</i>	127.8	80.4	59.0%	49.4%
<i>of which multi-client</i>	40.8	62.7	(34.9)%	(33.1)%
Total	1,385.3	1,256.1	10.3%	5.6%
Total excluding multi-client	1,344.5	1,193.4	12.7%	7.7%

¹ reported revenue adjusted for exchange rate effect

Total revenue increased by 5.6% at constant currencies, driven by Seabed Geosolutions, the Geotechnical and Subsea Services divisions. The increase in the Geotechnical division was related to a large Pemex well de-risking project in Mexico and to a lesser degree by acquisitions in onshore geotechnical. Survey revenue declined due to geospatial, where the reorganisation was completed, with steady workload in the geophysical business. The increase in the Subsea Services division was mainly caused by the large Great Western Flank project in Australia which was completed by year-end. In Geoscience, the revenue of Seabed Geosolutions increased due to higher activity in the shallow water and ocean bottom cable (SWOBC) business, partially offset by lower utilisation of the ocean bottom node (OBN) crews. Multi-client sales were significantly lower than last year, as especially oil companies' exploration budgets are under pressure.

EBIT per division (x EUR million)	2HY 2014				2HY 2013	
	reported		excluding impairments and write-offs		reported	
	EUR	margin	EUR	margin	EUR	margin
Geotechnical	(29.7)	(7.3)%	27.9	6.8%	58.0	15.8%
Survey	57.4	12.4%	62.1	13.4%	86.2	18.8%
Subsea Services	11.9	3.5%	23.5	6.8%	12.1	4.3%
Subtotal	39.6	3.3%	113.5	9.3%	156.3	14.1%
Geoscience	(266.5)	(158.3)%	(57.0)	(33.9)%	(22.4)	(15.3)%
<i>of which Seabed Geosolutions</i>	(181.9)	(142.3)%	(48.9)	(38.3)%	(34.4)	(42.8)%
<i>of which multi-client</i>	(68.8)	(168.6)%	(5.4)	(13.2)%	8.5	13.6%
Total	(226.9)	(16.4)%	56.5	4.1%	133.9	10.7%

Excluding impairments and write-offs, EBIT margin increased from 2.1% in the first half of 2014 to 4.1% in the second half of the year mainly due better performance in the Subsea Services division, and improved vessel utilisation in offshore geotechnical and Survey. The combined EBIT margin of the Geotechnical, Survey, and Subsea Services divisions improved from 7.0% in the first half to 9.3% in the second half of 2014. The loss in Seabed Geosolutions was in line with the first half year.

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Compared to the same period last year, all divisions, except Subsea Services, reported a decrease in margins due to weak operational performance, pricing pressure, less high-end work in offshore geotechnical and geophysical survey. The results of onshore geotechnical were lower than last year mainly due to amortisation of capitalised backlog related to the Geofor acquisition. The EBIT margin of the Subsea Services division improved due to profit improvement initiatives and better performance in the construction support business line. Seabed Geosolutions experienced unacceptably high losses as a result of low utilisation of ocean bottom nodes and project losses in the ocean bottom cable projects mainly because of very competitive bidding on one large project.

Non cash-impairments and one-off write-offs in 2HY (x EUR million)	Geotechnical	Survey	Subsea Services	Geoscience	total
<i>Goodwill</i>	-	-	-	58.7	58.7
<i>Intangibles multi-client data library</i>	-	-	-	61.1	61.1
<i>Property, plant and equipment</i>	54.7	1.6	(3.2)	20.6	73.7
<i>Other intangibles</i>	(0.3)	0.4	-	7.3	7.4
Total impairments	54.4	2.0	(3.2)	147.7	200.9
Restructuring costs	1.6	1.8	-	-	3.4
Onerous contract provision	-	-	14.5	43.3	57.8
Write-off receivables	1.6	0.9	0.3	18.5	21.3
Total	57.6	4.7	11.6	209.5	283.4

In addition to the EUR 346.6 million non-cash impairments and one-off write-offs reported in the first half of the year, Fugro accounted for additional non-cash impairments and one-offs in the fourth quarter of EUR 283.4 million. The impairments in the second half year were somewhat higher than guided at the publication of the Q3 trading update mainly due to a specific onerous contract provision in Seabed Geosolutions. The individual items are explained as part of the highlights income statement – full year on page 9.

HIGHLIGHTS INCOME STATEMENT - FULL YEAR

Revenue

Revenue per division (x EUR million)	2014	2013	reported growth	currency comparable growth ¹
Geotechnical	775.0	702.5	10.3%	9.7%
Survey	888.0	899.9	(1.3%)	(1.0%)
Subsea Services	608.4	573.9	6.0%	5.1%
Geoscience	300.8	247.7	21.4%	22.1%
<i>of which Seabed Geosolutions</i>	225.1	120.4	87.0%	85.1%
<i>of which multi-client²</i>	75.9	116.8	(35.0%)	(31.8%)
Total	2,572.2	2,424.0	6.1%	5.9%
Total excluding multi-client	2,496.3	2,307.2	8.2%	7.8%

¹ reported revenue adjusted for exchange rate effect

² multi-client sales 2013: excluding sales in January 2013 (EUR 13 million) which were reported as discontinued

Total revenue increased by 5.9% at constant currencies, driven by Seabed Geosolutions and the

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Geotechnical and Subsea Services divisions. The increase in the Geotechnical division was related to a large Pemex well de-risking project in Mexico and to a lesser degree by acquisitions in onshore and organic growth in both onshore and offshore activities. The revenue decline at Survey was related to the deconsolidation of the joint venture with China Oilfield Services Ltd. Excluding this effect, revenue growth of Survey would have been 1.7% at constant currencies. The increase in revenue in the Subsea Services division was mainly driven by the large Great Western Flank project in Australia which was completed by year-end. In Geoscience, revenue of Seabed Geosolutions increased due to higher activity in the shallow water and ocean bottom cable (SWOBC) business, partially offset by lower utilisation of the ocean bottom node (OBN) crews. Multi-client sales were significantly lower than last year, as especially oil companies' exploration budgets are under pressure.

EBIT

EBIT per division (x EUR million)	2014				2013	
	reported		excluding impairments and write-offs		reported	
	EUR	margin	EUR	margin	EUR	margin
Geotechnical	(17.0)	(2.2%)	54.9	7.1%	97.7	13.9%
Survey	63.4	7.1%	112.1	12.6%	166.2	18.5%
Subsea Services	(36.5)	(6.0%)	19.8	3.3%	12.9	2.3%
Geoscience	(558.5)	(185.7%)	(105.4)	(35.0%)	(9.8)	(4.0%)
<i>of which Seabed Geosolutions</i>	(354.4)	(157.4%)	(95.9)	(42.6%)	(54.5)	(45.3%)
<i>of which multi-client</i>	(192.0)	(253.0%)	(10.0)	(13.2%)	25.5	21.8%
Total	(548.6)	(21.3%)	81.4	3.2%	267.0	11.0%

EBIT, excluding impairments and one-off write-offs, amounted to EUR 81.4 million compared to EUR 267.0 million last year. All divisions, except Subsea Services, reported a decrease in margins due to weak operational performance, pricing pressure, less high-end work in offshore geotechnical and geophysical survey, and losses in aerial mapping. The onshore geotechnical activities delivered a solid margin though somewhat below prior year. The EBIT margin of the Subsea Services division increased due to profit improvement initiatives and better performance in the construction support business line. Seabed Geosolutions experienced unacceptably high losses as a result of low utilisation of ocean bottom nodes and project losses in the ocean bottom cable projects mainly because of project start-up issues and very competitive bidding on one large project.

More information on the performance per division can be found in the divisional highlights section (appendix 2).

Non cash-impairments and one-off write-offs (x EUR million)	Geotechnical	Survey	Subsea Services	Geoscience	total
Goodwill	-	38.3	-	175.7	214.0
Intangibles multi-client data library	-	-	-	175.7	175.7
Property, plant and equipment	63.6	4.3	14.7	21.6	104.2
Other intangibles	-	2.0	-	13.1	15.1
Total impairments	63.6	44.6	14.7	386.1	509.0
Restructuring cost	1.6	1.8	-	-	3.4
Onerous contract provision	-	-	40.5	43.3	83.8
Write-off receivables	6.6	2.3	1.2	23.7	33.8
Total	71.8	48.7	56.4	453.1	630.0

The total non-cash impairments and one-off write-offs amounted to EUR 630.0 million:

- Goodwill Seabed Geosolutions: disappointing sales and negative results, due to the deteriorated market outlook, a slower start of the business than anticipated and difficult operational circumstances (Geoscience).
- Goodwill geospatial services: continued losses for aerial mapping (Survey).
- Intangible assets multi-client data libraries: lagging sales due to delays in licensing rounds and deteriorating oil and gas exploration market (Geoscience).
- Property plant and equipment:
 - vessels: as a result of the decision to divest the Fugro Synergy vessel in challenging market conditions (Geotechnical).
 - trenching equipment: weak backlog and pricing pressure (Subsea Services).
 - other assets: due to expected decline in market circumstances and subsequent underutilisation (Survey and Geoscience).
- Restructuring costs: costs relating to restructuring of aerial mapping (Survey) and Geotechnical.
- Onerous contracts: provisions for long term leases on two Subsea vessels in addition to loss making service contracts in Brazil (Subsea Services) and Seabed Geosolutions (Geoscience).
- Receivables: Additional bad debt provisions for certain customers that were not compliant with long term overdue payment arrangements and in particular a non-trade receivable in the Geoscience division related to insolvency proceedings.

Net result

Result (x EUR million)	2014	2013
EBIT	(548.6)	267.0
Net finance income/ (costs)	(34.5)	(7.0)
Share of profit/ (loss) in equity accounted investees	(9.6)	4.9
Income tax gain/ (expense)	45.0	(51.1)
Non-controlling interests	90.1	10.4
Net result	(457.6)	224.2
Discontinued operations ¹	(1.3)	204.1
Net result (including discontinued operations)	(458.9)	428.3

¹ Related to sale in 2013 of majority of Geoscience division to CGG: addition to provision for tax indemnities and warranties and release of a pension provision in 2014. The 2013 result includes the transaction result on this sale.

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Net finance income/ (costs)

Finance income/ (costs) (x EUR million)	2014	2013
Interest income	10.0	15.3
Interest expenses	(36.3)	(27.1)
Net change in financial assets	(10.7)	0.5
Exchange rate variances	2.5	4.3
Finance expenses	(44.5)	(22.3)
Net finance income/ (costs)	(34.5)	(7.0)

The higher interest expenses of EUR 9.2 million is resulting from a higher outstanding debt position. The decrease of EUR 11.2 million in net change in financial assets is mainly related to the revaluation of the Seabed warrant.

Share of profit/ (loss) of equity accounted investees

The share of profit in equity accounted investees decreased by EUR 14.5 million, resulting in a loss of EUR 9.6 million (net of tax). This was related to operating losses in an equity accounted investee reported by Seabed Geosolutions and a loss in a geotechnical joint venture held in the Americas, partially offset by a profit in the joint venture with China Oilfield Services Limited. Up to August 2013, the results of this joint venture were fully consolidated.

Income tax (expense)/ gain

Tax (x EUR million)	2014	2013
Tax before impairments and one-off write offs	(35.7)	(51.1)
Tax on impairments and one-off write offs	80.7	-
Total tax	45.0	(51.1)
Effective tax rate	7.6%	19.3%

The income tax gain is EUR 45.0 million, which is mainly a result of the reported EBIT loss. The effective tax rate for 2014 amounts to 7.6% (gain on a loss) compared to 19.3% (on a profit) last year. This is impacted by the loss in Seabed Geosolutions with limited tax credits and the non-deductibility of the goodwill impairments in The Netherlands and the United Kingdom.

Non-controlling interest

The loss attributable to the non-controlling interests of Fugro's subsidiaries amounted to EUR 90.1 million compared to EUR 10.4 million in last year. The higher loss is mainly related to Seabed Geosolutions, in which CGG has a 40% interest.

HIGHLIGHTS BALANCE SHEET AND CASH FLOW

Goodwill and other intangible assets

The carrying amount of goodwill was EUR 575.5 million at year-end 2014, compared to EUR 725.4 million at year-end 2013. The decrease was mainly related to impairments for an amount of EUR 214.0 million. Additions to goodwill amounted to EUR 31.3 million and were mainly a result of four acquisitions. In addition, there was a positive effect of EUR 15.9 million of foreign exchange rates on the balance sheet for the goodwill.

Multi-client data libraries

The net book value at the end of 2014 amounted to EUR 147.5 million (31 December 2013: EUR 366.4 million); of this decline EUR 175.7 million was caused by impairments, EUR 69.5 million by regular

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(straight line and sales related) amortisation and EUR 8.2 million by positive currency effects, partly offset by EUR 20.9 million additions related to internally developed assets. Of the net book value, 81% is related to 3D data.

The impairment of the multi-client library was due to a reduced sales outlook following the deterioration of the oil and gas market. Should sales and the sales outlook come down further, this might lead to further impairment.

Since the divestment of the majority of the Geoscience division in 2013, Fugro's investment in the marine streamer seismic multi-client libraries is limited to reprocessing and special processing to update and enhance the sales potential of the data sets in the library.

Working capital

Working capital (x EUR million)	2014	2013
Working capital	423.1	411.4
Working capital as a % of full year revenue	16.4%	17.0%
<i>Inventories</i>	34.3	27.6
<i>Trade and other receivables</i>	976.5	867.5
<i>Trade and other payables</i>	(587.7)	(483.7)
Days revenue outstanding (DRO)	103	109

Working capital as a percentage of full year revenue improved from 17.0% to 16.4%.

- Trade and other receivables increased by EUR 109.0 million on the back of higher revenue (19.5% revenue growth in the fourth quarter).
- Improvement in days revenue outstanding from 109 days to 103 days driven by the working capital improvement initiative that resulted in accelerated cash collection. This 6 day improvement is equivalent to EUR 45 million reduction in working capital.
- Trade and other payables increased by EUR 104.0 million on the back of higher revenue and related increased project activity as well as higher capital expenditure.

(Return on) capital employed

(x EUR million)	2014	2013
Capital employed	2,230.6	2,638.6
ROCE %	1.3%	8.3%

Refer to appendix 3 for a further explanation on the presentation of results

Capital employed decreased from EUR 2,638.6 million to EUR 2,230.6 million per year-end 2014. This decline is mainly driven by the non-cash impairments and one-off write-offs for an amount of EUR 557.0 million (after tax), partly offset by an increase in property, plant, and equipment related to the delivery of three new build vessels, additional equipment purchases, and the new geotechnical office in The Netherlands.

Return on capital employed (excluding impairments and one-offs) was 1.3% in 2014 compared to 8.3% in 2013. The decline mostly relates to the lower net operating profit after tax.

Capital expenditure

Capital expenditure (x EUR million)	2016 committed	2015 committed	2014 realised	2013 realised
Maintenance capex (required)	80.0	80.0	92.7	78.9
Capex major assets (including assets under construction)	10.0	45.0	187.5	174.5
Total capex	90.0	125.0	280.2	253.4

Capital expenditure increased by EUR 26.8 million compared to the same period last year. It mainly consisted of capital expenditures for vessels, ROVs, equipment and the new geotechnical services office in the Netherlands (Nootdorp). Three new Survey vessels started operations during the course of 2014. Currently, committed capex for 2015 is EUR 125.0 million. The capex for major assets is mainly for commitments for fleet renewal and expansion and related equipment. In 2015, the company will limit its capital expenditure as much as possible and expects it to be below the mid-term guided range of EUR 175 – 225 million.

Committed fleet renewal/ expansion	type of vessel	expected start operations
Fugro Aquarius	Subsea	Q2 2015
Fugro Americas	Survey	Q1 2015
Fugro Scout	Geotechnical	Q2 2015
Fugro Venturer	Survey	Q2 2016

Cash flow

Cash flow (x EUR million)	2014	2013
Net cash from operating activities	336.7	365.4
Net cash flow from investing activities	(294.3)	471.3
Cash flow before financing	42.4	836.7
Net cash from financing activities	33.2	(635.2)
Net cash movement	75.6	201.5

- Cash flow from operating activities was positive EUR 336.7 million though EUR 28.7 million below last year fully driven by lower profit for the period, partly offset by EUR 127.4 million more cash from improved working capital management.
- Cash outflow from investing activities of EUR 294.3 million, mainly related to capital expenditure and acquisitions for EUR 63.9 million partially offset by repayment of one installment of the vendor loan to CGG. Last year, the cash proceeds from the sale of the majority of the Geoscience division (EUR 792.8 million) were part of the cash flow from investing activities.
- This year, cash outflow from financing activities related to payment of dividends (EUR 54.7 million) and anti-dilutive stock dividend repurchase of own shares (EUR 74.3 million), offset by increased borrowings (EUR 157.6 million). Last year proceeds from the majority of the divestment of the Geoscience division were used for debt reduction and dividend payments.

Financial position

Net debt to EBITDA was 2.2 per the end of the year; compared to the adjusted covenant requirement of below 3.5. The fixed coverage ratio, for which the adjusted covenant requirement is > 2.0, stood at 2.9.

Liquidity and solvency remain strong. The solvency ratio stood at 42.6% per the end of the year, well in excess of the 33 1/3% per the lender agreement. In the course of the second half of the year, the



pressure on EBITDA created a situation of tightness under the net leverage and fixed charge cover covenants, under the revolving credit facility and US private placement notes. Fugro agreed with its lenders on a temporary adjustment of these covenant ratios and on an amendment of the definitions, providing the company with additional headroom. Maximum net leverage has been increased up to and including March 2015, and the minimum fixed charge cover has been lowered up to and including March 2016. For more details on the covenants and the temporary adjustments, see appendix 5.

Certain additional conditions have been agreed with the lenders for the duration of the relief period. Dividend payment in 2016 (over the year 2015) is conditional on covenant compliance at original levels, based on the amended definitions. The majority of any divestment proceeds will be applied to debt reduction.

Dividend

Due to the disappointing results and in order to strengthen the balance sheet, Fugro will not propose a dividend over the year 2014.

BACKLOG

Backlog per division for next 12 months (x EUR million)	2014	2013	reported growth	currency comparable growth ¹
Geotechnical	486.1	495.5	(1.9%)	(8.3%)
Survey	586.3	599.0	(2.1%)	(7.5%)
Subsea Services	282.9	419.6	(32.6%)	(37.3%)
Geoscience (Seabed Geosolutions) ²	220.2	209.4	5.1%	(6.4%)
Total	1,575.5	1,723.5	(8.6%)	(14.8%)

1 reported revenue adjusted for exchange rate effect

2 for Seabed only contracts in-hand are included. The 2013 numbers have been adjusted accordingly

The backlog for the next 12 months is down 14.8% on a currency comparable basis, mainly related to the completion of the large Subsea Great Western Flank project in Australia in the second half of 2014, the completion of a large offshore well intervention geotechnical project in Mexico and more Survey contracts in non-consolidated joint ventures. Adjusted for the Great Western Flank project, Subsea Services' currency comparable backlog decreased by 12.5% and Fugro's backlog decreased by 8.7%. The onshore geotechnical backlog is strong and overall the backlog is in line with market developments.

Of this backlog, 67% comprises awarded orders (including uncompleted parts of on-going projects and contracts awarded but not yet started) and 33% relates to projects that are highly likely to be awarded. This is comparable to last year. Under the current market conditions confirmed work can, however, be subject to further delays and scope reductions and even cancellations.



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Press call and analyst meeting

At 09.30 hours, Fugro will host a media call. At 13.30 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.

Financial calendar

27 February 2015	Publication of the 2014 annual results (7.00 CET)
6 March 2015	Publication 2014 Annual Report
29 April 2015	Publication Q1 trading update
30 April 2015	Annual General Meeting

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Appendices

1. Key Figures
2. Highlights divisions
3. Presentation of results
4. Consolidated financial statements
5. Covenant requirements

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 seventy countries. In 2014 Fugro's revenue amounted to EUR 2.6 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). 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.

APPENDIX 1: KEY FIGURES

Reported (x EUR million)	2014	2013
Revenue ¹	2,572.2	2,424.0
<i>reported growth</i>	6.1%	
<i>currency comparable growth</i>	5.9%	
EBITDA ² excluding impairments and write-offs	372.7	545.5
EBIT	(548.6)	267.0
EBIT excluding impairments and write-offs	81.4	267.0
EBIT margin excluding impairments and write-offs (%)	3.2%	11.0%
Net result	(457.6)	224.2
Net result (including discontinued operations)	(458.9)	428.3
Backlog next 12 months	1,575.5	1,723.5
Cash flow from operating activities	336.7	365.4
Cash flow before financing	42.4	836.7
Capex	280.2	253.4
Capital employed	2,230.6	2,638.6
Return on capital employed (%)	1.3%	8.3%
Net debt/ EBITDA ³	2.2	1.5
Earnings per share	(5.65)	2.77
Earnings per share (including discontinued operations)	(5.67)	5.29
Dividend per share for the year under review	0.00	1.50
Number of employees (at year-end)	13,537	12,591

Excluding multi-client	2014	2013
Revenue (x EUR million)	2,496.3	2,307.2
<i>reported growth</i>	8.2%	
<i>currency comparable growth</i>	7.8%	
EBIT margin excluding impairments and write-offs (%)	3.5%	10.5%
Return on capital employed (%)	1.5%	9.0%

1 multi-client sales 2013: excluding sales in January 2013 (EUR 13 million) which were reported as discontinued

2 EBIT before depreciation, amortisation (including amortisation on the multi-client library) and impairments related to goodwill, intangible assets, PP&E and other write-offs

3 Net debt/ EBITDA for 2014 is based on the adjusted definition, 2013 is as-reported last year

Refer to appendix 3 for a further explanation on the presentation of results

APPENDIX 2: HIGHLIGHTS DIVISIONS

Geotechnical division

Key figures (amounts x EUR million)	2014	2013
Revenue	775.0	702.5
<i>reported growth</i>	10.3%	
<i>currency comparable growth</i>	9.7%	
EBIT	(17.0)	97.7
EBIT excluding impairments & write-offs ¹	54.9	97.7
EBIT margin excluding impairments & write-offs ¹	7.1%	13.9%
Depreciation and amortisation of (in)tangible fixed assets	55.9	44.4
Capital employed	779.6	675.2
Backlog next 12 months	486.1	495.5

¹ see page 9 for explanation on impairments and write-offs
Refer to appendix 3 for a further explanation on the presentation of results

General highlights

- Onshore activities reported a solid performance in the traditional infrastructure and energy markets. The growth was driven by the Middle East and the emerging Caspian and African markets where resources are being repositioned while the traditional markets in Hong Kong and Americas performed solidly.
- The offshore activities endured a weak performance that resulted from project delays, cancellations in the oil and gas market and shallow water wind farm work with lower margins that formed a larger part of the revenue mix.
- The Fugro Synergy conducted a deep-water well de-risking program on a year-long contract for Pemex in Mexico. This first-off project experienced operational issues but completed drilling to over 700 meters below seabed in 3,000 meters of water depth.
- In Africa, Earth Resources and Geofor were acquired mid-2014 to grow Fugro's local presence and gain critical mass in the growing sub-Saharan region. This fits with Fugro's strategy to develop business in the emerging economies worldwide.
- The division is continuing to strengthen and grow its global geoconsulting practice to better position its services for early involvement in large complex projects.
- Backlog for the next 12 months is EUR 486.1 million which is 8% below last year on a currency comparable basis, in part related to the completion of the large Pemex project. The onshore geotechnical backlog is strong and the offshore geotechnical backlog is satisfactory in view of the market developments.

Financial performance

- Onshore revenue grew by 7.3% at constant currencies to EUR 452.3 million, driven by growth in the Middle East, Africa and Caspian regions. Of the total revenue growth, 3.8% was related to the acquisitions in Africa. The margin was lower than last year mainly due to amortisation of capitalised backlog related to the Geofor acquisition and less jack-up barge projects globally.
- Offshore revenue increased by 13.3% at constant currencies to EUR 322.7 million which was driven by the large Pemex project using the Synergy. The business reported weak overall results due to operational issues on the Pemex project, unfavourable revenue mix with a low volume of high margin deep-water work, lower margins on shallow water wind farm work, weather setbacks in the first quarter leading to uncompensated downtime and cancelled projects in Russia.

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- Capital employed at year-end was EUR 779.6 million and 15% higher than 2013 due to the acquisitions in Africa and the capital expenditures for the new build vessels Fugro Voyager and Fugro Scout.

Performance improvement and cost reduction measures

- The offshore business is being realigned globally in line with the current market trends. One chartered vessel has been terminated in the third quarter of 2014 and two more charters will be terminated early 2015. By then, the fleet will be reduced to 9 vessels, from 12 at the start of 2014.
- It has been decided to exit the well intervention market. As a consequence, Fugro targets a sale of the Fugro Synergy vessel.
- To improve cash flow and delever the balance sheet, Fugro is underway with sale/ charter back agreements for the new vessels Fugro Voyager and Fugro Scout.
- The investment programme has been significantly reduced by postponing the build of two replacement vessels.
- Contingency plans can be executed if the market further deteriorates. The fleet can be reduced by another two vessels at limited cost and staff would be reduced accordingly.

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Survey division

Key figures (amounts x EUR million)	2014	2013
Revenue	888.0	899.9
<i>reported growth</i>	(1.3%)	
<i>currency comparable growth</i>	(1.0%)	
EBIT	63.4	166.2
EBIT excluding impairments & write-offs ¹	112.1	166.2
EBIT margin excluding impairments & write-offs ¹	12.6%	18.5%
Depreciation and amortisation of (in)tangible fixed assets	65.0	60.1
Capital employed	621.7	632.4
Backlog next 12 months	586.3	599.0

¹ see page 9 for explanation on impairments and write-offs
Refer to appendix 3 for a further explanation on the presentation of results

Business highlights

- Weak market demand, increased competition and project delays in particular in Europe and North America for high-end geophysical surveys in the pre-FID oil and gas segment.
- Positioning, metocean and construction support showed a continuing good performance.
- The R&D organisation has increased its focus on innovative solutions to help customers improve their efficiency.
- The underwater search program for the missing Malaysia Airlines flight MH370 started with the Fugro Equator gathering a bathymetric survey data of the search area. In the meantime, two more vessels have become involved in the search, including the deployment of the most modern and recently acquired autonomous underwater vehicle.
- Three new survey vessels were added to the fleet (Fugro Proteus, Pioneer and Frontier). They have immediately been deployed on projects and the performance of this new type of versatile survey vessel is very good.
- Two acquisitions (Roames and RailData) were completed and fully integrated to support the restructuring of the geospatial business line around client applications.
- To strengthen its position in Africa, the division expanded its office in Angola with warehouse and laboratory facilities, and new offices in East Africa and Ghana, in conjunction with the Geotechnical division.
- On a currency comparable basis, backlog for the coming 12 months is down by 7.5%, partly due to the transfer of contracts to non-consolidated joint ventures. The backlog is satisfactory in view of the challenging market circumstances.

Financial performance

- Currency comparable revenue declined by 1.0% driven by low vessel utilisation and low production in aerial mapping, terrestrial surveys and geophysics in North America and Europe. In addition, the joint venture with China Oilfield Services Limited was deconsolidated per 23 August 2013; when adjusting for this, currency comparable revenue growth would have been 1.7% positive.
- The subdued revenue development and pricing pressure in some of the business lines and the losses in aerial mapping resulted in the strong decline in margin. The margin (excluding impairments and write-offs) in the second half of the year was 1.6 percentage points higher than in the first half of the year, related to the low utilisation of assets in the first quarter.
- Capital employed decreased by 2% mainly due to the goodwill impairment on geospatial services.

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Performance improvement and cost reduction measures

- The loss making aerial mapping business has been drastically restructured. Around 250 FTE were made redundant (40% of aerial mapping staff) and 8 offices were closed.
- The divestment of the aircraft fleet has been completed. The fleet has been reduced from 26 at the end of 2013 to 7 by the end of January 2015. This completes the transformation to an asset light business model.
- The survey fleet capacity has been reduced by 7% by terminating or not extending charters.
- In the light of the current market conditions, Survey strongly reduced further fleet expansion and renewals.
- The division has contingency plans in place. Vessel capacity can be further reduced at limited costs should market conditions deteriorate further.

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Subsea Services division

Key figures (amounts x EUR million)	2014	2013
Revenue	608.4	573.9
<i>reported growth</i>	6.0%	
<i>currency comparable growth</i>	5.1%	
EBIT	(36.5)	12.9
EBIT excluding impairments & write-offs ¹	19.8	12.9
EBIT margin excluding impairments & write-offs ¹	3.3%	2.3%
Depreciation and amortisation of (in)tangible fixed assets	51.4	53.2
Capital employed	578.5	584.4
Backlog next 12 months	283.0	420.0

¹ see page 9 for explanation on impairments and write-offs
Refer to appendix 3 for a further explanation on the presentation of results

General highlights

- The business is being reoriented to generate a greater share of its revenue from client's opex budgets relative to capex budgets.
- The fleet is gradually converging towards a backbone of vessels capable of carrying out IRRM (inspection, repair, replace and maintenance) activities across regions.
- The workclass ROV fleet has achieved a level of 95% own-built, contributing to increased capital efficiency and effectiveness.
- At the end of the second quarter the division was confronted with two significant incidents: an engine room fire on the largest vessel in the fleet and a strike of 3 diving crews in Brazil. Both incidents were resolved early July.
- The relatively poor vessel utilisation in the first quarter was partially offset in the fourth quarter with overall utilisation for the year ending at a level similar to last years'.
- Performance in Europe over the full year was good with strong construction support activities.
- The large Great Western Flank (GWF) project for Woodside in Australia was successfully completed, while the Shell Malaysia inspection, repair and maintenance program is now fully operational.
- The backlog for the next 12 months is down 37.3% at constant currencies, which can be largely explained by the completion of the exceptional GWF project. Excluding this project, the backlog decline is 12.5% at constant currencies. In general, the backlog weakened in line with the deteriorating offshore market.

Financial performance

- Revenue increased by 5.1% at constant exchange rates mainly driven by the GWF project.
- When adjusting for the impairments and write-offs, EBIT for the year increased from EUR 12.9 million (2.3% margin) million to EUR 19.8 million (3.3% margin). The last three quarters showed a solid recovery from a poor first quarter on a seasonally adjusted basis. Additionally, the fire and diver's strike ultimately had a combined negative effect on EBIT of EUR 8 million.

Performance improvement and cost reduction measures

- Steady progress was made with the profit improvement plan. Ongoing profit improvement activities emphasise contract and project management.
- Continued low utilisation of the stand-alone ROV fleet in Asia Pacific led to downsizing of these operations in the fourth quarter.
- Downsizing diving activities in Brazil underway.

Geoscience division

Key figures (amounts x EUR million)	2014	2013
Revenue ¹	300.8	247.7
<i>Reported growth</i>	21.4%	
<i>currency comparable growth</i>	22.1%	
Revenue ¹	300.8	247.7
<i>of which Seabed Geosolutions²</i>	225.1	120.4
<i>of which multi-client</i>	75.9	116.8
EBIT	(558.5)	(9.8) ³
<i>of which Seabed Geosolutions</i>	(354.4)	(54.5)
<i>of which multi-client</i>	(192.0)	25.5
EBIT excluding impairments & write-offs ⁴	(105.4)	(9.8) ³
<i>of which Seabed Geosolutions</i>	(95.9)	(54.5)
<i>of which multi-client</i>	(10.0)	25.5
EBIT margin excluding impairments & write-offs ⁴	(35.0%)	(4.0%) ³
<i>of which Seabed Geosolutions</i>	(42.6%)	(45.3%)
<i>of which multi-client</i>	(13.2%)	21.8%
Depreciation and amortisation of (in)tangible fixed assets	118.9	120.8
<i>of which Seabed Geosolutions</i>	49.0	29.8
<i>of which multi-client</i>	69.5	88.4
Capital employed	250.7	746.7
<i>of which Seabed Geosolutions</i>	87.0	359.6
<i>of which multi-client</i>	150.8	347.7
Backlog next 12 months (Seabed only) ⁵	220.2	209.4

1 multi-client sales 2013 exclude the sales in January (EUR 13 million) which were reported as discontinued

2 Seabed Geosolutions: 100% consolidated basis; started operations on 16 February 2013

3 includes EUR 18.5 million for sale of technology licence

4 see page 9 for explanation on impairments and write-offs

5 includes only contracts in hand; 2013 numbers adjusted accordingly

Refer to appendix 3 for a further explanation on the presentation of results

General highlights Seabed Geosolutions

- Market conditions were tough for seismic activities, although development budgets, which represent the largest part of the Seabed market, were less affected than exploration budgets.
- During the period under review, 3 SWOBC (shallow water and ocean bottom cable) crews were active in United Arab Emirates, Malaysia and Mexico. In Malaysia, an extension was awarded to a running contract, keeping the crew occupied into the second quarter of 2015.
- Significant EBIT losses, including an onerous contract provision, were incurred on the Pemex project in Mexico because of very competitive bidding, delays and project execution issues.
- OBN (ocean bottom node) activity was minimal with both the Case Abyss and Trilobit crews facing unplanned idle time. The modular Trilobit crew has been demobilised until market conditions improve, and the Case Abyss crew is expected to start in March 2015 with the recently awarded Petrobras contract in Brazil.

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- Good backlog for the next 6-9 months with projects ongoing for Pemex, Petronas and ADNOC. The recently awarded Petrobras project is expected to start early 2015.
- Fugro is seeking a divestment of its stake in Seabed Geosolutions, following a review of strategic options.

Financial performance Seabed Geosolutions

- Revenue of Seabed Geosolutions almost doubled from EUR 120.4 million to EUR 225.1 million. This is mostly related to higher activity in the SWOBC business in which two projects have been generating revenue compared to no activity in 2013.
- Unacceptably high EBIT losses, mainly due to project losses on certain OBC projects (mobilisation delays, cost overruns and low production and very competitive bidding on one large project) and under-utilisation of ocean bottom nodes and technical issues.
- The challenging market conditions and project losses have triggered impairments and one-offs and onerous contract provisions of EUR 258.6 million in total.
- The decline in capital employed mainly relates to the impairments taken during the period under review.

Performance improvement and cost reduction measures

- Leadership changes have been implemented.
- Operational improvement programs on all field activities.
- Project management has been strengthened significantly with new senior project management with required experience and expertise.
- Further business restructuring to reduce overhead costs by 30% underway.
- Improved and highly selective tendering with focus on margins.

Multi-client data library

- Client interest for the seismic data library was hampered by the general decline of the exploration market and by delays in exploration licencing rounds.
- Multi-client sales were significantly lower than last year, despite strong Norwegian sales in the first quarter relating to previous year's 22nd licencing round.
- In Australia the Phoenix South-1 discovery resulted in improved sales in the fourth quarter. Fugro has a 10% indirect interest in this significant discovery.
- The EBIT loss from multi-client activities was caused by relatively low revenue, combined with linear and forced amortisation on top of sales amortisation.
- The impairment charge of EUR 175.7 million was related to the lagging sales and deteriorating exploration market.

APPENDIX 3: 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.
- The 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.

Definition (return on) capital employed

Capital employed is defined as total equity plus net interest bearing debt minus the interest bearing CGG vendor loan and related warrant. (The vendor loan relates to the divestment of the majority of the Geoscience business.)

Return on capital employed (ROCE) is defined as NOPAT as a percentage of a three point average capital employed. The three points consist of the last three reporting periods. The non-cash impairments and one-offs (post-tax) are added back both in the NOPAT as well as the capital employed for the same period.

Net interest bearing debt

Net interest bearing debt comprises loans and borrowings, bank overdraft minus cash and cash equivalents.

Change in presentation of the multi-client data libraries amortisation

In 2013, Fugro changed the accounting policy for its multi-client data libraries to report these as intangible assets. In 2014, Fugro decided to present the amortisation on the multi-client data libraries as amortisation costs in the consolidated statement of comprehensive income of the financial statements 2014. In 2014, the amortisation on the multi-client data libraries amounted to EUR 69.6 million (2013: EUR 88.0 million) and has been included in the total amortisation in the P&L of EUR 90.9 million (2013: EUR 99.4 million). Previously, these amortisation costs on the multi-client data library were also reported as amortisation, but under third party costs.

The company considers this presentation as more relevant as the costs are directly related to intangible assets. This change does not have an effect on the carrying amounts of the multi-client data libraries, nor on equity, nor on profit/ (loss) for the period, and nor on the 'earnings per share'. Furthermore, this change does not affect the calculation of the EBITDA for the purpose of the covenant requirements. The comparative numbers have been adjusted for comparison purposes.

Definition EBITDA

Result from operating activities before interest, taxation, depreciation, amortisation and impairments related to goodwill, intangible fixed assets and property and plant & equipment.

Definition EBITDA for covenant requirements (amended per year-end 2014)

Reported EBITDA for the period adjusted by:

- Including pre-acquisition profit / (loss) from businesses acquired
- Excluding profit / (loss) from businesses disposed of, for the period for which they formed part of the group
- Excluding profit / (loss) on disposal of property, plant and equipment

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- Provided that the aforementioned are not related to the Seabed business
- Restructuring costs, onerous contract provisions, early termination costs, accounts receivable write-downs up to certain agreed thresholds

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 make working capital independent from the financing structure of the company. This is in line with common business practice.

Days of revenue outstanding (DRO)

Trade receivables plus the unbilled revenue minus advances expressed as a number of days. The number of days is calculated backwards based on monthly revenue. Fugro considers this definition as more appropriate and in line with business practice, as the previous definition was calculated based on the year-to-date revenue and did not reflect the seasonality factor.

APPENDIX 4: FINANCIAL STATEMENTS

The condensed full year 2014 numbers are derived from the 2014 financial statements. The financial statements have not yet been published and still have to be adopted by the Annual General Meeting. KPMG Accountants N.V. has issued an unqualified auditor’s opinion on these financial statements. The financial statements will be published on 6 March 2015.

Consolidated statement of comprehensive income

(EUR x million)		
	2014	2013
Revenue	2,572.2	2,424.0
Third party costs ¹	(1,227.0)	(915.4)
Net revenue own services (revenue less third party costs)	1,345.2	1,508.6
Other income	19.1	54.1
Personnel expenses	(820.3)	(743.1)
Depreciation	(200.4)	(179.0)
Amortisation ¹	(90.9)	(99.4)
Impairments	(509.0)	-
Other expenses	(292.3)	(274.2)
Results from operating activities (EBIT)	(548.6)	267.0
Finance income	12.5	20.1
Finance expenses	(47.0)	(27.1)
Net finance income/(costs)	(34.5)	(7.0)
Share of profit/(loss) of equity-accounted investees (net of income tax)	(9.6)	4.9
Profit before income tax	(592.7)	264.9
Income tax (expense)/gain	45.0	(51.1)
Profit/(loss) for the period from continuing operations, net of income tax	(547.7)	213.8
Profit/(loss) for the period from discontinued operations, net of income tax	(1.3)	204.1
Profit/(loss) for the period	(549.0)	417.9

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(EUR x million)		
	2014	2013
Attributable to:		
Owners of the company (net result)	(458.9)	428.3
Non-controlling interests	(90.1)	(10.4)
Profit/(loss) for the period	(549.0)	417.9
Basic earnings per share from continuing and discontinued operations (attributable to owners of the company during the period)		
From continuing operations (EUR)	(5.65)	2.77
From discontinued operations (EUR)	(0.02)	2.52
From profit/(loss) for the period	(5.67)	5.29
Diluted earnings per share from continuing and discontinued operations (attributable to owners of the company during the period)		
From continuing operations (EUR)	(5.63)	2.76
From discontinued operations (EUR)	(0.02)	2.51
From profit/(loss) for the period	(5.65)	5.27
Profit/(loss) for the period	(549.0)	417.9
Other comprehensive income		
<i>Items that will not be reclassified to profit or loss</i>		
Defined benefit plan actuarial gains/(losses)	(18.8)	(5.2)
Total items that will not be reclassified to profit or loss	(18.8)	(5.2)
<i>Items that may be reclassified subsequently to profit or loss</i>		
Foreign currency translation differences of foreign operations	152.5	(207.3)
Foreign currency translation differences of equity-accounted investees	2.7	(0.3)
Net change in fair value of hedge of net investment in foreign operations	(75.8)	26.8
Net change in fair value of cash flow hedges transferred to profit or loss	0.2	0.7
Net change in fair value of available-for-sale financial assets	(0.8)	(0.1)
Net change in translation reserve transferred to profit or loss due to disposal	-	10.8
Total items that may be reclassified subsequently to profit or loss	78.8	(169.4)

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(EUR x million)		
	2014	2013
Total other comprehensive income (net of income tax)	60.0	(174.6)
Total comprehensive income for the period	(489.0)	243.3
Total comprehensive income for the period	(489.0)	243.3
Attributable to:		
Owners of the company	(401.8)	259.8
Non-controlling interests	(87.2)	(16.5)
Total comprehensive income for the period	(489.0)	243.3
Total comprehensive income attributable to owners of the company arises from:		
Continuing operations	(400.5)	45.4
Discontinued operations	(1.3)	214.4
	(401.8)	259.8

1 amortisation multi-client data libraries are presented as amortisation as of 1 January 2014. Previously, these costs formed part of third party costs (see appendix 3 for explanation). The comparative numbers have been adjusted.

Consolidated statement of financial position

(EUR x million)	31 December 2014	31 December 2013
Assets		
Property, plant and equipment	1,198.0	1,129.9
Intangible assets	762.4	1,137.2
Investments in equity-accounted investees	34.6	52.7
Other investments	91.4	150.6
Deferred tax assets	105.2	49.6
Total non-current assets	2,191.6	2,520.0
Inventories	34.3	27.6
Trade and other receivables	976.5	867.5
Current tax assets	41.1	51.3
Cash and cash equivalents	322.2	164.2
Total current assets	1,374.1	1,110.6
Total assets	3,565.7	3,630.6

(EUR x million)	31 December 2014	31 December 2013
Equity		
Share capital	4.2	4.2
Share premium	431.2	431.2
Other reserves	(436.4)	(447.8)
Retained earnings	1,977.7	1,609.1
Unappropriated result	(458.9)	428.3
Total equity attributable to owners of the company	1,517.8	2,025.0
Non-controlling interests	(5.4)	85.9
Total equity	1,512.4	2,110.9
Liabilities		
Loans and borrowings	950.0	689.0
Employee benefits	116.1	95.0
Provisions for other liabilities and charges	61.0	0.2
Deferred tax liabilities	3.8	38.3
Total non-current liabilities	1,130.9	822.5
Bank overdraft	169.1	92.1
Loans and borrowings	4.1	31.6
Trade and other payables	587.7	483.7
Provisions for other liabilities and charges	56.9	-
Other taxes and social security charges	51.2	41.5
Current tax liabilities	53.4	48.3
Total current liabilities	922.4	697.2
Total liabilities	2,053.3	1,519.7
Total equity and liabilities	3,565.7	3,630.6

Consolidated statement of cash flows

(EUR x million)		
	2014	2013
Cash flows from operating activities		
Profit/(loss) for the period	(547.7)	213.8
Adjustments to reconcile profit/(loss) for the period to net cash generated by operating activities:		
Depreciation and amortisation (including multi-client data libraries)	291.3	278.4
Impairments	509.0	-
Write-off long term receivables	12.7	-
Share of profit of equity-accounted investees (net of income tax)	9.6	(4.9)
Gain on sale of property, plant and equipment	(4.2)	(2.1)
Equity-settled share-based payments	10.5	8.9
Change in provisions and employee benefits	104.5	2.2
Income tax expense/(gain)	(45.0)	51.1
Income tax paid	(30.6)	(69.7)
Finance income and expense	34.5	16.4
Interest paid	(37.4)	(30.8)
Operating cash flows before changes in working capital and provisions	307.2	463.3
Change in inventories	(3.8)	(4.1)
Change in trade and other receivables	(69.3)	(178.1)
Change in trade and other payables	102.6	84.3
Changes in working capital	29.5	(97.9)
Net cash generated from operating activities	336.7	365.4
Cash flows from investing activities		
Proceeds from sale of interests in business, net of cash disposed of	28.1	792.8
Acquisition of intangible assets	(12.2)	(6.7)
Internally developed intangible assets	(20.9)	(52.2)
Capital expenditures on property, plant and equipment	(274.1)	(253.3)
Proceeds from sale of property, plant and equipment	14.7	3.8
Acquisition of businesses, net of cash acquired	(63.9)	(23.1)
Proceeds from sale of other investments	11.2	1.0
Interest received	17.5	6.6
Dividends received	5.3	2.9
Acquisition of other investments	-	(0.3)
Net cash used in investing activities	(294.3)	471.3
Cash flows before financing activities	42.4	836.7

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(EUR x million)		
	2014	2013
Cash flows from financing activities		
Proceeds from issue of long-term loans	192.9	3.1
Transaction costs relating to loans and borrowings	(4.3)	-
Repurchase of own shares	(74.3)	(133.2)
Paid consideration for the exercise of share options	15.1	13.1
Proceeds from the sale of own shares	(6.2)	-
Repayment of borrowings	(35.3)	(435.6)
Dividends paid	(54.7)	(82.6)
Net cash used in financing activities	33.2	(635.2)
Change in cash flows from continuing operations	75.6	201.5
Cash flows from discontinued operations		
Cash flows from operating activities	-	(1.0)
Change in cash flows from discontinued operations	-	(1.0)
Net increase/(decrease) in cash and cash equivalents	75.6	200.5
Cash and cash equivalents at 1 January	72.1	(161.0)
Cash and cash equivalents transferred (as held for sale)	-	(13.9)
Bank overdraft transferred (as held for sale)	-	45.0
Effect of exchange rate fluctuations on cash held	5.4	1.5
Cash and cash equivalents at 31 December	153.1	72.1
Presentation in the statement of financial position		
Cash and cash equivalents	322.2	164.2
Bank overdraft	(169.1)	(92.1)
	153.1	72.1

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APPENDIX 5: COVENANT REQUIREMENTS

The committed multicurrency revolving credit facilities and the US private placement loans contain covenant requirements.

In the course of the second half of 2014, the pressure on EBITDA created a situation of tightness under the net leverage and fixed charge coverage covenants. Fugro agreed with its lenders on a temporary adjustment of these covenants and on an amendment of the definitions, providing the company with additional headroom.

Additional headroom has been created for net leverage until March 2015 and the fixed charge cover(age) up to and including March 2016 ('the relief period') according to the following schedule:

Test date	net leverage ¹		fixed charge coverage ²	
	original covenant	adjusted covenant	original covenant	adjusted covenant
December 2014	< 3.00x	< 3.50x	> 2.50x	> 2.00x
March 2015	NA	< 3.25x	NA	> 2.00x
June 2015	< 3.00x	< 3.00x	> 2.50x	> 2.00x
September 2015	NA	< 3.00x	NA	> 2.00x
December 2015	< 3.00x	< 3.00x	> 2.50x	> 2.25x
March 2016	NA	< 3.00x	NA	> 2.25x
June 2016 onwards	< 3.00x	< 3.00x	> 2.50x	> 2.50x

¹ Net Debt/ EBITDA (4 quarters rolling)

² EBITDA plus operating lease expense/ interest expense plus operating lease expense (4 quarters rolling)

In addition, the covenant definitions have been amended in order to bring the calculations in line with common practice:

- Permanent exclusion of uncalled performance bank guarantees from net debt calculation, subject to a cap (EUR 100 million) which is in excess of the current outstanding guarantees. Amounts in excess of the cap will be counted in the net debt/ EBITDA covenant calculation.
- Until the end of 2015, certain exceptional one-off items (exceptional Items) will be excluded from consolidated EBITDA up to certain agreed thresholds.

Adjusted consolidated EBITDA for purpose of the covenant calculations comprises the profit (or loss) from operations before interest expense, depreciation, amortisation and taxes, including any Exceptional Items incurred and adjusted by:

- Including pre-acquisition profit / (loss) from businesses acquired
- Excluding profit / (loss) from businesses disposed of, for the period for which they formed part of the Group
- Excluding profit / (loss) on disposal of property, plant and equipment
- Provided that the aforementioned are not related to the Seabed business

Exceptional Items consist of:

- Onerous contract charges
- Impairments
- Restructuring costs
- Write-off receivables
- Certain adviser and other costs (to the extent not capitalised as transaction costs on loans and borrowings)
- Early termination costs of loans and borrowings (not applicable for 2014)

Certain additional conditions have been agreed with the lenders for the duration of the relief period (until March 2016):

- Dividend payment in 2016 (over the year 2015) is conditional on covenant compliance at original levels
- The majority of any divestment proceeds will be applied for debt reduction
- Capital expenditures for the year ending 31 December 2015, shall not exceed EUR 180 million
- Minimum required borrowing of EUR 300 million during the relief period
- Total assets should be higher than total liabilities for Fugro Finance AG, as guarantor
- Quarterly covenant testing and reporting until December 2016.

The other covenants are:

- Equity > EUR 200 million (only applicable to USPP loans 2002)
- Solvency: Consolidated net worth / Balance sheet total > 1.0: 3.0
- Consolidated financial indebtedness of the subsidiaries <10% for the private placement loans and < 20% for the bank loans of the consolidated balance sheet total
- Declared dividend < 60% of the profit of the group for such financial year (dividend payment in 2016 (over the year 2015) is conditional on covenant compliance at original levels).

Fugro complies with all covenant requirements.

(EUR x million)	2014	2013 ¹
(Adjusted) consolidated EBITDA	366.2	460.7
Operating lease expense	149.4	152.0
Net interest expense	26.4	15.7
Fixed charge coverage > 2.0 per YE 2014	2.9	n/a
Fixed charge coverage > 2.5 per YE 2013	n/a	3.7
Net financial indebtedness (loans and borrowings less net cash)	801.0	648.5
Bank guarantees	-	52.2
Total	801.0	700.7
EBITDA coverage < 3.5 per YE 2014	2.2	n/a
EBITDA coverage < 3.0 per YE 2013	n/a	1.5
Consolidated net worth	1,517.8	2,025.0
Balance sheet total	3,565.7	3,630.6
Solvency > 33.33%	42.6%	55.8%
Margin indebtedness subsidiaries <10%	6.8%	3.8%
Dividend < 60% of the profit	0.0%	28.3%

¹ 2013 numbers as reported, including discontinued operations