

Leidschendam, the Netherlands, 6 August 2015

Fugro HY 2015: Improved results under continued challenging market circumstances

Increased margin pressure expected in second half year

- Year-on-year revenue growth of 4.3%; decline of 7.3% on a currency comparable basis.
- EBIT margin (excluding exceptional items) increased to 5.7% from 2.1% in the same period last year, mainly driven by the strong improvement at Seabed Geosolutions and somewhat higher margin at Survey and offshore Geotechnical.
- Divestment of the non-core multi-client data library completed with net proceeds of EUR 101.9 million.
- Cash flow from operating activities after investments of EUR 121.8 million, driven by the proceeds from the sale of the multi-client data library, improved working capital and lower investment levels.
- Balance sheet strengthened; net debt to EBITDA improved to 2.0 compared to covenant requirement of below 3.0.
- In line with market developments, backlog for the next 12 months is down by 23.9% on a currency comparable basis compared to a year ago and by 4.4% compared to the end of the first quarter of this year.
- Fugro expects to realise a lower EBIT in the second half of 2015, compared to the second half of 2014 (excluding exceptional items), mainly related to Subsea Services, which is confronted with a significant decline in backlog in combination with high operational leverage.

Key figures (x EUR million)	HY 2015	HY 2014
Revenue	1,237.7	1,186.9
<i>currency comparable growth</i>	<i>(7.3%)</i>	<i>6.2%</i>
EBITDA ¹ excluding exceptional items ²	197.7	147.1
EBIT excluding exceptional items ²	70.4	24.9
EBIT margin excluding exceptional items (%) ²	5.7%	2.1%
Net result	(9.9)	(270.6)
Backlog next 12 months	1,506.8	1,775.0
<i>currency comparable growth</i>	<i>(23.9%)</i>	<i>9.9%</i>
Cash flow from operating activities after investments	121.8	(88.7)
Net debt/ EBITDA ³	2.0	2.3

The information in this report is unaudited

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

2 Impairments, onerous contract charges, restructuring costs and write-off receivables of EUR 26.0 million in HY2015 compared to EUR 346.6 million in HY2014

3 Refer to Annual report 2014 for definition EBITDA for covenant purposes and page 22 of the half-year report

Paul van Riel, CEO: *"We have made good progress with the implementation of our 2015 management agenda: focus on profitability, cash flow and strengthening of the balance sheet. We are pleased with the completion of the divestment of the multi-client library. The other planned portfolio changes are ongoing and are taking more time under the current market circumstances. The further deterioration of the oil and gas market has resulted in reductions of our customers' project budgets, causing revenue decline and margin pressure for oil services companies such as Fugro. We do not expect the market to recover in the foreseeable future. We are managing through this downturn by proactively reducing costs and implementing performance improvement measures. This has resulted in an improved margin, in particular in Seabed Geosolutions and also in Survey and offshore Geotechnical.*

We have won several important new contracts. This includes the site investigation work on one of Europe's largest infrastructure projects: the Fehmarnbelt Link tunnel between Denmark and Germany, where the client requires independent advice for the design and execution of this important construction project.

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We continue to align the organisation to market circumstances. This is supporting us in getting through the downturn and in positioning the company well to benefit from recovery in the oil and gas market when the supply demand balance is restored.”

Operational review

The general downturn in the oil and gas market has resulted in pressure on work volume and pricing for oil services companies. This has negatively impacted revenue, except for Seabed Geosolutions. At Seabed Geosolutions, revenue increased strongly. The lower volumes in oil and gas were partly offset by a higher workload in other market sectors.

To counter the downturn in the oil and gas market and to protect margin, a series of measures were announced and implementation is on track. The year-on-year margin improvement was driven by the turnaround at Seabed Geosolutions, due to a higher level of activity, good execution and lower costs as the result of the restructuring efforts. The Survey and offshore Geotechnical margins were slightly higher. At Subsea Services, the steep revenue decline, in combination with high operating leverage, has resulted in a loss despite the positive impact of the cost reduction and performance improvement measures.

Notwithstanding the positive EBIT development, the higher interest expenses and relatively high income tax expenses, have resulted in a small net loss.

Cost reduction measures and performance improvement

The cost reduction and performance improvement measures, which were stepped up in the course of the first half year, are on track. Highlights are:

- The headcount reduction program is on schedule, with a gross reduction of 755 employees in targeted areas (compared to the end of 2014) partially offset by hires in specific growth areas, such as the Middle East, resulting in a net reduction of 616.
- The vessel fleet reduction is progressing in line with plan. The geotechnical fleet has been reduced by one vessel and will be further reduced at limited costs to seven by year-end. Before year-end, the survey fleet capacity will be further reduced by 10-15% compared to December 2014. In the first half of the year the Subsea Services division successfully terminated 1 long-term charter early, with another reduction of 1 charter anticipated before year-end.
- Capital expenditure was curtailed to EUR 87.6 million from EUR 134.2 million in the comparable period last year, in line with the 2015 target of just below the mid-term range of EUR 175 – 225 million.
- The working capital reduction initiative launched last year resulted in a reduction in days revenue outstanding to 99 days from 108 in the same period last year and 103 days at the end of 2014.
- The turnaround at Seabed Geosolutions is progressing ahead of plan.

As the market has become more challenging in the second quarter, additional measures are being implemented:

- Further headcount reduction of 200 employees in the coming half year, in particular in the Subsea Services and Geotechnical divisions.
- An expedited transition of the remaining 30% of Fugro's vessels to central fleet management will result in additional cost savings and operational performance improvements from standardisation, cost efficient crewing and central procurement.

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Operational review per division

Geotechnical division

Key figures (amounts x EUR million)	HY 2015	HY 2014
Revenue	382.2	365.6
<i>reported growth (%)</i>	4.5%	9.1%
<i>currency comparable growth (%)</i>	(7.8%)	13.1%
EBITDA excluding exceptional items	38.5	48.8
EBIT excluding exceptional items	13.8	27.0
EBIT margin excluding exceptional items (%)	3.6%	7.4%
EBIT	10.1	12.7
EBIT margin (%)	2.6%	3.5%
Capital employed	789.4	753.5
Backlog remainder of the year	348.7	372.8
Backlog next 12 months	455.6	499.4

- Revenue decreased by 7.8% at constant currencies.
- Onshore revenue decreased by 2.2% at constant currencies to EUR 243.5 million. Margin decreased significantly compared to last year due to underperformance on two relatively large projects and slow progress in Africa, where the expected growth has not materialised yet. In that region, reduced income from oil and gas and other commodities resulted in delays of some large infrastructure projects. This was partly offset by better performance in the Middle-East.
- Offshore revenue decreased by 16.1% at constant currencies to EUR 138.7 million due to the deterioration of the oil and gas market. The margin was slightly better than the comparable period last year when performance was impacted by poor weather in Europe and operational issues.
- EBIT was negatively impacted by EUR 3.7 million exceptional items, mainly related to restructuring charges and an onerous contract provision.
- The offshore fleet was reduced to 10 vessels per the end of June from 11 at the start of the year to further re-align with market conditions. The fleet will be reduced to 7 owned vessels by year-end.
- The intended sale and charter back of two geotechnical vessels is progressing. The divestment of the Synergy vessel will take more time.
- Fugro's first seafloor drill successfully completed a deepwater campaign in the Gulf of Mexico. The second seafloor drill is being commissioned and will be positioned in Australia.
- Fugro was awarded a large geotechnical and geophysical programme by ExxonMobil Alaska LNG, a large offshore geotechnical programme extension in East Africa and a multi-well intervention campaign in the Gulf of Mexico using the Synergy. In July, Fugro won the early site investigation work on one of Europe's largest infrastructure projects: the Fehmarnbelt Link tunnel between Denmark and Germany.
- Backlog for the next 12 months is 18.6% below last year on a currency comparable basis. The onshore backlog continues to grow (+ 5.2%) to EUR 311.7 million globally while offshore displays a strong drop (- 45.3%) both on a currency comparable basis resulting from a relatively high backlog last year, project delays, scope reductions and lower visibility as clients are committing to work at shorter notice.

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Survey division

Key figures (amounts x EUR million)	HY 2015	HY 2014
Revenue	419.5	424.2
<i>reported growth (%)</i>	<i>(1.1%)</i>	<i>(4.1%)</i>
<i>currency comparable growth (%)</i>	<i>(11.9%)</i>	<i>0.8%</i>
EBITDA excluding exceptional items	88.3	80.5
EBIT excluding exceptional items	52.3	50.0
EBIT margin excluding exceptional items (%)	12.5%	11.8%
EBIT	49.1	6.0
EBIT margin (%)	11.7%	1.4%
Capital employed	697.1	584.0
Backlog remainder of the year	375.0	405.5
Backlog next 12 months	566.4	640.4

- Revenue decreased by 11.9% at constant currencies driven by the general downturn in the oil and gas market across the world. This resulted in significantly lower oil and gas related geophysical revenue, in particular in Europe, partly offset by a high workload in the non-oil and gas related hydrography and cable route survey market. Lower spend by oil companies also led to lower construction support and metocean revenue. The positioning business continues to perform well.
- Compared to last year, the margin improved slightly as a result of better performance in Asia Pacific and Africa as well as improved results in geospatial benefiting from last year's restructuring efforts. Lower utilisation and continuous pricing pressure affected the margin.
- Exceptional items negatively impacted EBIT in the first half of 2015 by EUR 3.2 million, and relate to personnel redundancy cost and impairment on a vessel which will be retired in the second half of the year.
- The performance improvement measures and personnel reductions are on track. Good progress has been made with the 2015 fleet capacity reduction by a further 10-15% (compared to December 2014).
- Several seep study projects (for the identification of hydrocarbon potential based on the sampling and analysis of natural oil and gas seeps from the seabed) were awarded for a number of clients across the world covering areas in Mexico, South America, Asia and Australia. The existing construction support contract with McDermott in the Middle East was extended by three-years. In addition, Fugro won a contract for the gathering of information about soil, meteorological and oceanographic conditions at the offshore Borssele wind farm area in The Netherlands. This information will be used by the Dutch Ministry of Economic Affairs in upcoming tender procedures for the construction of the wind farm sites.
- On a currency comparable basis, the backlog for the coming 12 months is down by 19.4%, in line with the reduction of the oil and gas market.

Subsea Services division

Key figures (amounts x EUR million)	HY 2015	HY 2014
Revenue	239.0	264.6
<i>reported growth (%)</i>	<i>(9.7%)</i>	<i>(8.6%)</i>
<i>currency comparable growth (%)</i>	<i>(21.4%)</i>	<i>(4.9%)</i>
EBITDA excluding exceptional items	16.9	21.1
EBIT excluding exceptional items	(9.4)	(3.7)
EBIT margin excluding exceptional items (%)	(3.9%)	(1.4%)
EBIT	(1.4)	(48.4)
EBIT margin (%)	(0.6%)	(18.3%)
Capital employed	597.8	576.8
Backlog remainder of the year	179.9	297.1
Backlog next 12 months	276.3	434.5

- Revenue decreased by 21.4% at constant currencies after relatively high revenues in the first half of 2014, driven by the deterioration of the subsea services market and in line with the backlog development.
- The steep revenue decline, in combination with high operating leverage, has resulted in significant margin pressure. Activity levels in inspection and trenching were low in Europe and Africa. In the Middle East and

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Asia-Pacific regions, asset utilisation was down compared to the comparable period last year. In Brazil, results improved as a result of better operational performance of two dive support vessels.

- Exceptional items positively impacted EBIT in the first half of 2015 by EUR 8.0 million, due to the reversal of an onerous contract provision of EUR 8.9 million as a result of agreement reached with the owner for the early termination of a chartered vessel.
- In the first half of the year the Subsea Services division successfully terminated 1 long-term charter early, with another reduction of 1 charter anticipated before year-end.
- Backlog for the next 12 months is 40.8% lower on a currency comparable basis compared to last year. This is comparable to the first quarter, and is partially explained by the particularly high backlog last year.
- Further headcount reductions are being implemented to right-size the organisation to market conditions and the ROV fleet is being rationalised.

Geoscience division

The Geoscience division is almost exclusively composed of Fugro's stake in the Seabed Geosolutions joint venture and the multi-client data libraries.

Seabed Geosolutions

Key figures (amounts x EUR million)	HY 2015	HY 2014
Revenue	177.7	97.3
<i>reported growth (%)</i>	82.6%	143.3%
<i>currency comparable growth (%)</i>	66.3%	119.7%
EBITDA excluding exceptional items	36.7	(29.2)
EBIT excluding exceptional items	14.5	(47.0)
EBIT margin excluding exceptional items (%)	8.2%	(48.3%)
EBIT	27.1	(172.5)
EBIT margin (%)	15.3%	(177.3%)
Capital employed	144.2	243.7
Backlog remainder of the year	140.3	123.7
Backlog next 12 months	208.5	200.7

- Revenue increased by 66.3% at constant currencies, driven by a high level of activity in both the shallow water and ocean bottom cable and ocean bottom node segments, and a robust operational performance.
- EBIT excluding exceptional items was positive as a result of project continuity, improved project execution and lower cost driven by the restructuring efforts.
- EBIT was positively impacted by EUR 12.6 million exceptional items in total, related to the reversal of an onerous contract provision, mainly as a result of contract amendments and better project performance, partly offset by EUR 4.1 million restructuring costs related to the cost reduction programme.
- A new contract in Asia Pacific was awarded for an amount of USD 55 million, securing half-a-year of activity for this crew. On 27 July, it was announced that ADNOC signed a variation order for a shallow water seabed survey. The survey, which follows the recent successful completion of the Hail-Shuweihat survey for the same client, will take around 12 months and has a value of around USD 125 million.
- The backlog for the next 12 months decreased by 14.8% at constant currencies (excluding the ADNOC variation order mentioned above).
- A significant turnaround in Seabed Geosolution has been achieved. It is expected that EBIT for the full year 2015 will be around breakeven compared to a severe loss in 2014. EBIT in the second half of the year will be lower than during the first half of the year due to higher than average mobilisation activity related to the start-up of new projects and some in-between project periods of underutilisation.

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Multi-client data library

Key figures (amounts x EUR million)	HY 2015	HY 2014
Revenue	19.3	35.1
<i>reported growth (%)</i>	<i>(45.0%)</i>	<i>(35.1%)</i>
<i>currency comparable growth (%)</i>	<i>(44.8%)</i>	<i>(30.1%)</i>
EBITDA excluding exceptional items	17.3	22.5
EBIT excluding exceptional items	(0.6)	(4.6)
EBIT margin excluding exceptional items (%)	(3.1%)	(13.2%)
EBIT	(39.7)	(123.2)
EBIT margin (%)	(205.7)	(351.0%)
Capital employed	0.7	245.3

- The divestment of the multi-client data library to Spectrum ASA resulted in net proceeds of EUR 101.9 million per 30 June 2015. The indirect interests, via Finder, in Australian exploration projects have been retained.
- Exceptional items consist of a non-cash impairment of EUR 37.7 million and a book loss of EUR 1.4 million on the divestment.
- Sales of multi-client seismic data were 44.8% lower at constant currencies, mainly due to the significant, market-wide reduction in exploration spending. Clients spend the minimum budget to comply with their work programs. In addition, sales during the first quarter last year were relatively high related to the 22nd Norwegian licencing round.
- EBIT excluding exceptional items was EUR 4.0 million higher than last year, as amortisation ceased per 1 May 2015 due to the sales process.

Financial position

Net debt decreased from EUR 800.9 million at year-end 2014 to EUR 733.7 million despite a EUR 67.6 million adverse effect of the stronger USD.

Positive cash flow from operating activities after investments of EUR 121.8 million, including the proceeds from the divestment of the multi-client data library, has been applied to debt reduction.

Working capital as a percentage of revenue decreased from 18.2% to 15.3%. This was mainly achieved by accelerated cash collection, resulting in 99 days of revenue outstanding compared to 108 days a year ago.

Net debt to EBITDA is 2.0 compared to the covenant requirement of below 3.0. The fixed charge cover stood at 2.8 compared to the requirement of above 2.0. The solvency ratio was 44.0% per the end of June, well in excess of the 33.33% per the lender agreement.

Outlook

The market for oil services (around 80% of Fugro's business) is expected to remain weak for the foreseeable future. The infrastructure, hydrographic and offshore wind farm markets continue to provide good opportunities. Backlog at constant exchange rate is down 23.9% compared to a year ago and down 4.4% compared to the end of the first quarter of 2015.

We have stepped-up our cost reduction measures and will continue to drive cost and capacity down in the second half of the year. This will partially offset the anticipated margin decline. Based on low visibility on the fourth quarter, we expect the second half year EBIT to be below the second half of last year (excluding exceptional items). This is mainly related to Subsea Services, which is confronted with a significant decline in backlog in combination with high operational leverage because of long term charters. For Seabed Geosolutions, we expect a significant improvement in EBIT compared to the second half of last year and around break-even EBIT for the full year.



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Fugro will continue to focus on cash flow generation. The company expects a positive cash flow from operating activities after investments for the full year 2015, also excluding the proceeds from the sale of the multi-client data library.

The mid-term outlook is unchanged but timing is dependent on a recovery of the oil and gas market.

For Half-Year Report 2015, including all financial details, www.fugro.com/investors/publications

Press call and analyst meeting

Today at 9:30 o'clock CET, Fugro will host a media call. At 13:00 o'clock CET, Fugro will host an analyst meeting in Hilton Amsterdam, Apollolaan 138 in Amsterdam which can be followed via a video webcast accessible via www.fugro.com.

Financial calendar

30 October 2015	Trading update third quarter 2015 (7:00 CET)
26 February 2016	Publication 2015 annual results (7:00 CET)

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 13,000 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.