

Leidschendam, the Netherlands, 10 March 2011

Fugro: Revenue growth in gradually improving markets

Key figures (in EUR million)	31 December 2010	Change	31 December 2009
Revenue	2,280.4	11.1%	2,053.0
EBITDA	561.1	1.8%	551.1
EBIT	351.5	(4.3%)	367.4
Net result	272.2	3.3%	263.4
Net margin (%)	11.9		12.8
Basic earnings per share (EUR)	3.47	0.3%	3.46
Proposed dividend per share (EUR)	1.50		1.50
Cash flow	489.8	7.2%	456.8
Investments	443.8		320.4

Business development

In the course of 2010 economic recovery gradually started in some regions, in particular in the Far East, resulting in an increasing demand for energy. This has led to a higher price of oil and an increase in the global exploration and production expenditure of the oil and gas industry. As a large part of Fugro's activities is related to this sector, the effect of the foregoing was also noticeable in our activities.

In the first half of 2010 revenues were flat compared to the first half of the previous year, but over the second half of 2010 growth was resumed and revenues increased by 22% compared to the second half of 2009.

In other sectors where Fugro operates, there were regional variations in the demand for our services, with Europe showing stagnation in demand for services for large infrastructure projects and a low interest for mining related work in Africa. Elsewhere the demand for these services held up reasonably well or showed gradual recovery.

Price pressure continues in segments with an oversupply of available capacity, such as in marine seismic and offshore construction support. New capacity additions in the marine seismic market still exceed the growth in demand. For offshore construction related work the hiatus of new project start-ups in late 2008 has led to fewer projects entering the construction phase in the current period.

Under these market circumstances Fugro has continued to focus on cost control and keeping the utilisation of capacity up by means of competitive pricing in some sectors.

This has resulted in a somewhat lower net profit margin of 11.9% in 2010 (2009: 12.8%). Revenue of EUR 2,280.4 million exceeded that of any previous year. All three divisions showed growth in revenue and were profitable.

Fugro's financial position is solid and underpins plans for further growth in the medium term, both organically and through acquisitions. The fleet renewal/expansion program for marine seismic work was completed during the year. Expansion and renewal plans for vessels are in place for the Geotechnical and Survey divisions.

Fugro's broad range of services enables the company to offer one-stop-shopping solutions to clients for complex projects. This applies for new oil and gas developments as well as for large infrastructure projects such as harbour extensions and offshore wind farms.

Fugro collects, processes and interprets data related to the earth's surface and soil composition and provides advice based on the results. As an extension to these activities, Fugro provides services such as precise positioning, construction materials testing, reservoir engineering and data management. Fugro's operations have been organised into three divisions: Geotechnical, Survey and Geoscience. Fugro is listed on Euronext Amsterdam and is included in the AEX-Index. Fugro has approximately 13,500 employees in more than fifty countries.

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Outlook

Most of Fugro's revenues derive from the oil and gas industry. Such services are provided throughout the life cycle of oil and gas fields and contribute 73% of annual revenue. As a service provider, the price of oil, as such, has no direct impact on Fugro's income, but energy prices can certainly affect the behaviour of Fugro's clients with regard to their investments. Investments for exploration and new developments are driven by expectations regarding future demand and the price of oil and gas.

With an improving economic situation in several regions of the world, the demand for oil and gas is increasing, which is also reflected in the recovery of the price of oil from below USD 40 per barrel (Brent) at the start of 2009 to over USD 90 per barrel in early 2011. The oil price recently further inflated due to the political turmoil in North Africa and the Middle East.

According to external reports, global E&P investments are expected to have increased by around 11% in the year 2010. Further increases of 12-15% are projected for 2011, bringing the global total investment budgets to a record high of USD 490 billion. These projections are based on an expected average oil price of USD 77 per barrel (Brent) for 2011. The average oil price was USD 58 in 2009 and USD 70 in 2010. The indications are that NOCs (National Oil Companies) will continue their high level of investment and that, in particular, the large international oil companies will increase their expenditure in 2011.

Worldwide, the decrease in production from existing fields through depletion is 6 to 8% annually. This means that even without growth in demand, there is a continuous need for exploration and new developments.

The investment horizon is an important issue and must take account of the fact that for new larger offshore oil and gas fields, the time that passes between the decision to develop a field and the actual start of production is several years. Considering the lead time required to put new fields into production, the need for continuous investment in production capacity is less sensitive to short term economic developments. Fugro's involvement in the subsea servicing of installations (inspection, repair and maintenance or IRM) has gradually increased over the last few years and these activities are less sensitive to oil price fluctuations, as maintenance on producing fields is, in any case, a necessity.

The majority of Fugro's services to the oil and gas industry are provided by Offshore Geotechnics, Offshore Survey, Subsea Services, Information Services and Seismic Services.

In other segments where Fugro is active, like larger infrastructure projects, there are indications of a further recovery during the course of the coming year in a number of regions. These activities include transportation projects (such as roads and ports), coastal protection, pipelines and water management. The onshore and nearshore geotechnical activities, as well as aerial mapping activities in Geospatial, are involved in this. Fugro's decentralised organisational structure, with local operating companies, enables the company to respond quickly to changes in demand for infrastructure services that have a national or regional character.

Due to the sharp fall in prices for minerals and the heavy dependence of smaller clients on external financing for projects, a strong decline in the demand for mineral exploration services occurred in 2009. During the second half of 2010 a gradual improvement in the demand for these services took place.

In addition to the influence of market demand, the exchange rates of the US dollar, the Norwegian kroner and the British pound compared to the Euro are important. The majority of Fugro's revenue corresponds to costs in the same currency. However, the translation to Euros can be of influence in the reporting of results, which is in Euros. In addition to currency exchange fluctuations, another factor which creates uncertainty is political instability, which can lead to the stagnation of projects.

Economic developments over the last two years have resulted in less tension in the labour market and more manageable costs of services from third parties, such as the transport of equipment and the short-term charter of vessels.

In 2010 Fugro benefited from the cost reduction measures taken in 2009 and several measures will continue to control cost such as:

- restrictions on new investments, unless profitable in the short term or strategically important;
- flexibility in hired capacity, such as chartered vessels and freelance staff;
- further optimisation of operational efficiency.

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As the recovery of the world economy seems to gain further momentum, the sectors on which Fugro focuses, particularly energy, construction, transport, minerals and water, should offer good opportunities for further growth.

The expansion and broadening of activities through acquisitions will also remain part of the strategy. More realistic company valuations than have been the case in some sectors in recent years, may enhance these opportunities.

Fugro is expecting a gradual further improvement in a number of market sectors in which it is active. This is supported by good tender activity in several sectors and an improving backlog compared to the situation a year ago. Nevertheless, a tighter pricing environment is likely to linger on for a while in sectors like marine seismic. The relatively harsh winter in the northern hemisphere has also delayed onshore construction related work in some countries, such as the USA.

Revenues began to increase in the second half of 2010, resulting in the highest revenue on a half year basis so far achieved by Fugro in such period. Partly on basis of this, further growth in revenue is expected for 2011 in comparison to the previous year. It looks that demand for our services will gradually further recover in the course of the year. This will create room to optimise utilisation of available capacity and possibly some price recovery in sectors under pressure.

In view of the uncertainties and volatility in market developments and given the short-term nature of a number of our projects, as in previous years, we will first publish a quantitative forecast for the entire year in August 2011, at the time of the publication of the 2011 half-yearly report.

Acquisitions

Reasons for acquisitions include obtaining new or additional technology or increasing market share. The annual revenue of the acquired companies in 2010 amounts to EUR 44 million (excluding the minority interest of 30% in Fugro Jacques GeoSurveys Inc.). The total cost of the acquisitions completed in 2010 was EUR 63.0 million (including Fugro Jacques GeoSurveys Inc.).

Capacity planning

A large part of Fugro's revenue is generated by offering niche services in related markets by combining state-of-the-art technology and knowledge on a global scale.

Over the years Fugro has achieved a leading position in several niche markets, and in order to be able to maintain such positions it requires continuous development, upgrading and advancement of the technologies used. To optimise efficiency, Fugro uses a lot of equipment that is developed in-house, based on the company's operational experience. Maintaining the ownership of such equipment is part of Fugro's strategy. This is underpinned by an ongoing long term investment program in key assets such as purpose-build vessels and operational equipment.

In order to maintain flexibility, part of the vessel fleet capacity is based on long and short term charters, in particular for those activities that can be performed from more standardised vessels.

The charter term of a number of vessels will expire in the course of 2011. Extensions of charters will be considered taking into account the backlog and prospects for future work. Fugro also uses vessels that are chartered on a project-by-project basis.

In the course of 2010 the following changes took place in the vessel fleet:

Geotechnical division

At mid-year an eight year old DP vessel was bought and renamed Fugro Adventurer. The vessel operates in the Middle East region for geotechnical investigations, but is also suitable for survey and ROV work.

An order was placed for two new build DP vessels for geotechnical work in deepwater.

Survey division

At the end of the first quarter a new build survey vessel, the Fugro Searcher, commenced service. A sister vessel, the Fugro Galaxy, will be delivered in March 2011. Furthermore, an order for two survey vessels was placed in the course of the year, supplemented by a third vessel towards the year end. These vessels will operate in various regions, with one of them expected to be stationed in Brazil.

At the start of 2010, one older chartered ROV support vessel was replaced by a chartered new build. At year-end, one chartered vessel was returned to the owners at the expiry of the charter term.

Towards the year-end three ROV vessels were added to the fleet through the acquisition of RUE.

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Geoscience division

With the delivery of the new build seismic vessels Geo Caspian (chartered) and Geo Coral (owned) the expansion of the seismic fleet was completed. Fugro bought the Geo Celtic, which already was under long term charter. The Seisquest was chartered for a limited period starting at the end of the first quarter in 2010.

Scheduled fleet expansion

Fugro has placed orders for seven additional new build vessels to become operational in the period 2011 through 2013. All vessels will be owned and are designed to Fugro's specifications. The financing is covered by existing facilities and expected future operating cash flows.

Financial

Revenue and cost development

In 2010 revenue reached EUR 2,280.4 million, an increase of 11.1% compared to the EUR 2,053.0 million in 2009.

Revenue increased 6.0% due to organic growth and by 0.4% as a result of acquisitions. The foreign currency effect was positive 4.7%.

Organic growth of 6.0% was achieved despite the fact that Fugro continued to face price pressure in a number of market segments where there is more capacity in the market than demand can absorb. The marine seismic activities (division Geoscience) and the subsea activities (division Survey) suffered the most from this.

The average revenue growth over a ten year period is about two thirds organic growth, with one third from acquisitions. The foreign currency effect over the same period is not material.

Also in 2010, Fugro spent much attention to optimising business efficiency and reducing costs as much as possible. One of the key related decision points is that of continuation or termination of charter agreements.

Third party costs amounted to EUR 765.6 million in 2010 (2009: EUR 624.4 million). This represents an increase of EUR 141.2 million. Third party costs as a percentage of revenue were 33.6% (2009: 30.4%) and include EUR 88.8 million expenses associated with seismic and geologic data libraries (2009: EUR 64.0 million).

As in 2009, managing the workforce was a focus in 2010. The size of the workforce was carefully evaluated and actively adapted to the demand in services. This meant that in some activities the number of employees was reduced and that in case of growth in activities more staff was hired, as was the case in Brazil.

The average cost per employee was EUR 53,789, an increase of 12.0% compared to 2009 (EUR 48,046). The majority of this increase is related to foreign currency effects. Total personnel expenses in the year amounted to EUR 723.1 million (2009: EUR 652.8 million), an increase of 10.8%. This is 31.7% as a percentage of revenue, which is almost the same as in 2009 (31.8%).

Depreciation of tangible fixed assets increased from EUR 173.6 million to EUR 201.5 million in 2010, an increase of 16.1%, which is a result of capacity expansion and concerns mainly the vessel fleet (including related operational equipment) and ROVs. The depreciation of tangible fixed assets is 8.8% of revenue (2009: 8.5%).

Other expenses amounted to EUR 252.5 million in 2010 (2009: EUR 249.1 million), an increase of 1.4%. As a percentage of revenue these costs are 11.1% (2009: 12.1%). Other expenses include a variety of different costs, which cannot be allocated directly to projects, such as repair and maintenance, occupancy, insurances, etc. As a result of strict cost control of these items Fugro was able to continue savings realised in 2009 into 2010.

Net result

The net result increased by 3.3% to EUR 272.2 million (2009: EUR 263.4 million). The basic earnings per share amounts to EUR 3.47 (2009: EUR 3.46). Measured over the last five years, the financial objective of an average increase of earnings per share of 10% per annum was exceeded.

The net result includes a change in the fair value of the conversion feature attached to the convertible loan to Electro Magnetic GeoServices ASA (EMGS) of EUR 22.3 million before tax. This change is largely caused by the strong increase of the share price of EMGS in the last few days of December 2010. The net effect after tax is EUR 16 million.

Except for the above-mentioned item, there are no nonrecurring items that significantly impacted the net result.

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Results from operating activities (EBIT)

The result from operating activities (EBIT) amounted to EUR 351.5 million (2009: EUR 367.4 million), a decrease of 4.3%. The EBIT as a percentage of revenue clearly improved in the second half of 2010 resulting in an EBIT of 15.4% over the full year (2009: 17.9%). This means that the decline in EBIT with more than twenty per cent over the first six months, caused by, amongst others, bad weather conditions in early 2010, was largely mitigated.

EBITDA

The earnings before interest, tax, depreciation and amortisation amounted to EUR 561.1 million (2009: EUR 551.1 million), an increase of 1.8%.

Foreign currency

During 2010, the average US dollar exchange rate increased to EUR 0.76 (2009: 0.72), the average exchange rate of the British pound increased to EUR 1.17 (2009: EUR 1.13) and the average exchange rate of the Norwegian kroner increased to EUR 0.125 (2009: EUR 0.115).

As a result of the various fluctuations, the net foreign exchange effect in the profit and loss account in 2010 was negative EUR 5.1 million (2009: negative EUR 13.4 million). Exchange losses were largely caused by the difference in exchange rates between the entry date of trade receivables and the moment of receipt.

In the balance sheet, valuations were influenced by foreign currency effects at year-end. The US dollar and the British pound played an important role. However, also currencies like the Australian dollar and the Canadian dollar had a higher value at the end of 2010 compared to the end of 2009.

The foreign currency effect was EUR 108 million positive on the equity per 31 December 2010 (2009: positive EUR 48 million).

Cash flow

In 2010, the cash flow amounted to EUR 489.8 million (2009: EUR 456.8 million), an increase of 7.2%. Cash flow is defined as the profit for the period plus depreciation and amortisation. The expected future cash flow will enable the company to remain within the current financing covenants and to finance the committed investments. The cash flow per share equates to EUR 6.25 (2009: EUR 5.99), an increase of 4.3%. The financial growth target for the cash flow of on average 10% per annum was amply achieved measured over the last five years.

Investments

In the past years, Fugro has invested considerably in the expansion of seismic capacity. In 2010, this program was concluded with the introduction of the Geo Caspian and the Geo Coral into service. As indicated before, Fugro will continue to invest in its vessel fleet in the coming years to support future growth. This will predominantly be done in the Geotechnical and Survey divisions. Here, older vessels will be replaced and capacity will be added if market conditions allow. In particular deep water market opportunities will be considered in this decision-making.

The 2010 investments can be specified as follows (x EUR million):

Maintenance capex	81.2
Capacity expansion	362.6
Total investments	443.8
Movement in assets under construction (mainly vessels and ROVs)	(44.8)
Subtotal	399.0
Assets of acquisitions	2.9
Total	401.9

Each year, Fugro is investing in order to maintain the existing capacity. In 2010, the maintenance capex amounted to EUR 81.2 million (2009: EUR 70.4 million). As in 2009, replacement investments in 2010 were limited to those which were unavoidable.

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Net finance costs

The net finance gain amounted to EUR 6.2 million in 2010 (2009: costs EUR 20.4 million). The analysis is as follows (x EUR million):

	2010	2009
Change in fair value financial assets	22.3	(1.6)
Net interest charge	(12.1)	(7.7)
Foreign currency effects	(5.1)	(13.4)
Other	1.1	2.3
Total gain (costs)	6.2	(20.4)

The change in fair value of financial assets relates to the value of the convertible feature attached to the convertible loan supplied to Electro Magnetic GeoServices ASA (EMGS), which increased because of the higher value of the EMGS shares. This was especially the case in the last days of December 2010.

The net interest charge increased in 2010 mainly because of a higher use of bank facilities. The interest cover (EBIT/ net interest expenses) is 29 (2009: 48). This is a high coverage, substantially above the financial objective of more than 5.

Taxes

In 2010, income tax expense amounted to EUR 78.5 million (2009: 74.4 million), an increase of 5.5%. The effective tax rate in 2010 amounted to 21.9% (2009: 21.4%). A low tax charge is targeted through the geographical spread of projects.

Balance sheet ratios

Solvency at the end of 2010 was 48.8% (ultimo 2009: 50.2%). The solvency ratio objective is to be at least 30-35%. At the end of 2010 the current ratio was 1.3 (2009: 1.2). Gearing amounted to 54% (2009: 42%). The higher gearing is mainly caused by higher financing, required for the investment to build up the seismic data library. The solvency and gearing underline Fugro's healthy balance sheet.

In July 2010, Fugro granted a loan to Electro Magnetic GeoServices ASA (EMGS) of US dollar 20 million. The loan has a maturity of 3.5 years, carries an interest rate of Libor plus 8% and is secured by the income of a contract for Pemex which EMGS is presently carrying out.

Working capital amounted to EUR 253.2 million at the end of 2010 (2009: EUR 140.3 million). The change can be analysed as follows (x EUR million):

	31 December 2010	31 December 2009	Change
Inventories	219,0	80,6	138,4
Unbilled revenue	221,4	154,4	67,0
Trade receivables	444,1	328,4	115,7
Trade and other payables	(474,2)	(350,0)	(124,2)
Net cash and cash equivalents	(218,9)	(59,8)	(159,1)
Other	61,8	(13,3)	75,1
Total	253,2	140,3	112,9

The higher 'inventories' value is mainly caused by building up the 3D multi-client seismic library.

Fugro annually invests in new seismic and geological data at its own risk and expense (multi-client), which is recognised on the balance sheet under 'inventories'. Such a data library is normal for companies that carry out this type of services. The data library contains valuable information that is offered and sold to various interested parties and which can retain its profit potential for several years.

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With the launch of the seismic vessel the Geo Coral, Fugro concluded a multi-year program to build up a 'state of the art' 3D seismic fleet. Following the increasing interest for multi-client 3D projects Fugro started late 2009 to use part of the newly available capacity to build up a 3D library in addition to the 2D library. The first 3D multi-client projects were completed in the course of 2010.

The seismic and geological data libraries are measured at the lower of cost and net realisable value. As it is expected that sales lead to a lower net realisable value of the seismic and geological data, the expected decrease in value is taken into account at the moment of each sale transaction in the financial year. Fugro evaluates the net realisable value on a regular basis and reassesses the net realisable value at each reporting date.

Based on historical as well as forecasted sales of data, management currently assesses that 3D data sets will no longer generate sales after a five year period (2D data sets: three year period).

Virtually no data acquired during or before 2008 is valued on the balance sheet. At the year end, the total net book value of the library amounted to EUR 204.5 million (2009: EUR 68.5 million) of which EUR 199 million is related to marine seismic (2009: EUR 62 million).

The current market situation for multi-client data and the selective attitude of potential customers concerning geographic location of the collected data has been taken into account in the valuations of the data library.

The data library's balance sheet valuation has increased compared to the end of 2009, mainly because of a number of large projects carried out offshore Australia, for which good pre-commitments were received. This underlines the interest of oil and gas companies in this specific data.

In 2010, some EUR 218 million new data was added to the libraries. About EUR 186 million of sales of seismic data was recognised as revenue.

At the end of 2008, Fugro recognised a EUR 25 million impairment allowance in respect of, amongst others, trade receivables and unbilled revenue as a consequence of the financial crisis. In respect of trade receivables and unbilled revenues about EUR 4 million was charged against the allowance in the years 2009 and 2010. At the end of 2010 an evaluation of remaining potential risks was done. A total amount of EUR 15 million for specifically identified issues has been maintained.

Dividend proposal

It is proposed that the dividend for 2010 be maintained at EUR 1.50 per share (2009: EUR 1.50), to be paid at the option of the holder:

- in cash, or
- in (certificates of) shares.

If no choice is made, the dividend will be paid in (certificates of) shares.

The proposed dividend equates to a pay-out percentage of 43.7% of the net result.

Backlog

At the beginning of 2011 the backlog of work to be carried out during the year amounted to EUR 1,553.2 million (beginning of 2010: EUR 1,364.0 million). The proportion of definite orders is 58% (beginning 2010: 53%). The backlog calculation is based on year-end exchange rates in EUR and is 13.9% higher than at the beginning of 2010. Of the increase in backlog, 8.7% is related to foreign currency effects. The backlog has increased as a result of somewhat improving market circumstances. Delays in the firm commitment of new projects, last minute awards and lower prices still have an effect on the volume of the backlog. This is mainly the consequence of the generally improved availability of service capacity, unlike in years previous to the start of the economic downturn. This is in particular the case for marine seismic activities.

The order backlog of work to be carried out equals about eight months revenue.

Market and developments

Trends

In 2010 the effects of the economic slowdown resulting from the financial crisis were still impacting most of the markets in which Fugro is active. Nevertheless, in the course of the year some positive changes became noticeable in some sectors. In particular, the slowdown in demand for oil and gas related activities bottomed out.

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By way of its position in the international markets in which it operates and the mix of its clients, Fugro was reasonably protected against, but not immune to, the consequences of the worldwide crisis. In particular, the effects continued to be felt in the first half of the year.

The oil and gas market

From mid-year 2010 onwards the price of oil gradually increased to over USD 90 per barrel (Brent) at the end of the year. External reports indicate that on the basis of growing global demand the price of oil is expected to stay above USD 80 per barrel (Brent). This level seems to be comfortable for the industry and in the course of 2010 oil companies started to step up activities. This is reflected in recent external market reviews that indicate that after a decline of about 15% in global investments in 2009, the oil and gas industry stepped up expenditure by some 11% in 2010. Further double digit growth is expected for 2011. It was largely national oil companies that kept up their levels of investment during the economic recession. In 2011 growth is expected to come, in particular, from large international oil companies.

Increasingly, as a consequence of implementing the strategy to provide a broad range of related services, Fugro is involved throughout the life cycle of oil and gas fields. This cycle can last for several decades. It starts with the search for fields, continues with investigations and surveys related to the design and construction of the structures required to bring new fields into production, to maintaining and improving production from existing fields and, finally, decommissioning. Fugro will therefore be able to benefit from increases in investments by oil and gas companies, irrespective of where they are being made in the field life cycle. In years to come, large investments will be required to maintain sufficient oil and gas production in the longer term. The majority of these investments will be for offshore fields.

Many of the exploration and development activities, especially those related to deepwater projects, take place in the Gulf of Mexico, West Africa and Brazil. Other regions that continue to be very active are the Middle East, the northern part of the North Sea and parts of Asia, India and Australia. There is also a continuing interest in detailed reservoir information from existing fields to enable production levels to be maintained for as long as possible, and to extract the maximum volume of available oil and gas.

The Macondo oil spill in the Gulf of Mexico delayed ongoing developments in that area and it is still unclear what the effects for the near future will be, as new regulations for future development are still under review.

Demand for gas is creating a global growth market. The demand is increasingly met by production of liquefied natural gas (LNG), which can be transported over sea as well as local shale gas production onshore. High energy prices are helping to make the development of gas fields located at considerable distance from the user markets more attractive. This is especially applicable in the Middle East where there are considerable gas reserves within transportation distance of India, China, Japan and Europe. Large-scale developments are also taking place in countries that have been exporting gas for some time, such as Australia, Nigeria and Indonesia.

External publications indicate that oil companies base their economic viability calculations for most of their larger projects on a price of oil well below the current price level. Considering the long duration from start to finish of these kinds of projects and the current trend in the oil price, Fugro anticipates that its services will continue to be in demand in 2011 and the years beyond. About 73% of Fugro's activities is related to the oil and gas industry.

The market for Infrastructure projects

Infrastructure and construction related activities accounted for approximately 19% of Fugro's revenues in 2010. The uncertain economic situation is still noticeable in a number of these market segments. The residential market, for instance, has slowed down in several countries. This market is less important to Fugro, as it concentrates more on large infrastructure projects. In times of economic stagnation, (local) governments often accelerate such projects to boost the local economy. Fugro provides several services in this part of the market such as aerial surveying, water management, advice on foundations and road maintenance. In order to be involved in large infrastructure projects as early as possible, Fugro strives to make early contacts with the key players in the development of these projects.

In some countries, like the USA, stimulus programs are generating projects in which Fugro is participating. The uncertainty remains as to how far general economic developments will be able to support the activities by the time stimulus programs expire.

Fugro undertakes contracts associated with airports, land reclamation, (LNG) harbour expansions, levees, tunnels, bridges and major building and construction works all over the world. The company is strengthening its market position in this segment, as it has increasingly positioned itself as a supplier of integrated solutions. This fulfils

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customer's preference for handing over the responsibilities for a broad range of data acquisition and consultancy activities to a single, independent global service provider.

Mining

The majority of Fugro's mining related revenue comes from the exploration sector. This sector drastically reduced the level of investment in 2009. The private sector component is driven by the economic value of new sources of minerals. This is affected by mineral prices and by the planning assumptions and planning horizon of the mining companies. As the financial markets entered into difficulty during the financial crisis, potential sources of funding from equity and debt providers for explorers came under severe pressure. As a result of this, a significant decrease was seen in the activity of mining 'juniors'. On the basis of a better economic outlook, activities recovered somewhat in the later part of 2010 and governmental and semi-governmental organisations continued to carry out some projects. Such projects are regional mapping of geology and earth structures which are viewed as a strategic investment by governments and semi-governmental organisations such as international aid groups. These projects tend to be less dependent on short-term fluctuations in the price of minerals. Mining related activities accounted for 3% of Fugro's revenue in 2010.

Other market segments

Fugro not only supplies services to the aforementioned markets but also to a number of other niche markets. These services include precise positioning for machine guidance in agriculture, route surveys for offshore telecommunication cables, and airborne mapping using laser and radar technology for governmental authorities and other public bodies. Approximately 5% of annual revenue is generated by these segments. In general, these activities are more region-specific and related to specific economic activity.

Number of employees

At the end of 2010 the number of employees was 13,463 (2009: 13,482). In a number of business units reductions in staff amounting to 132 were implemented during the year. These reductions, in combination with the addition of 113 staff through acquisitions and the hiring of staff in business units where market circumstances were favourable, resulted in a decline of 19 employees overall. The average number of employees during the financial year was 13,444 (2009: 13,587), a decrease of 1.1%. Fugro also works with a large group of experienced and long serving freelance workers who are regularly deployed on a project basis. The use of freelance workers provides Fugro with the flexibility to respond to variations in manpower requirements. As a result of increasing demand slightly more freelancers were used in 2010.

Fugro mainly employs local employees and deploys a small number of expatriates.

Despite the global shortage of specialists, Fugro has been successful when it comes to recruiting experienced and professional employees. Increasingly, this is coordinated on a global basis. Fugro's recruitment success is helped by the global spread of its activities and the opportunities that Fugro can offer to innovative and entrepreneurial staff.

Fugro continues to invest in training and education in order to guarantee a high standard of services. Once again, as in 2009, recruiting young talent was deemed critical in 2010. In Fugro, new employees also get access to knowledge and experience through on-the-job training and by working together with experienced employees in small teams on existing projects. Fugro also actively invests in a healthy and safe work environment.

Divisions

Geotechnical division (x EUR million)	2010	2009
Revenue	664	536
Results from operating activities (EBIT)	104	94
Average invested capital	447	358
Depreciation of tangible fixed assets	35	29
Results from operating activities (EBIT) as % of revenue	16	18

The Geotechnical division's revenue increased by 24% to EUR 664 million (2009: EUR 536 million). Results from operating activities (EBIT) was EUR 104 million (2009: EUR 94 million) corresponding to 16% EBIT margin (2009: 18%).

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In comparison to 2009, the division experienced good revenue growth albeit with some reduction in margins. This was primarily due to some start-up issues with a new specialised geotechnical vessel, the Fugro Synergy, severe winter weather early in the year and increased work volumes in the wind farm market at lower margins.

In the onshore and near shore markets, the majority of the work is related to large infrastructure, oil and gas, energy, mining and water management projects. Developments in these geotechnical markets largely followed trends of the global economy. In the Asia-Pacific region the geotechnical markets picked up, led by a strong recovery in Hong Kong on the back of major spending on large infrastructure projects. In the Middle East local differences from country to country continued to exist, but generally the market in this region was good in 2010. Thanks to coordinated efforts throughout this region Fugro was able to capitalise on opportunities while optimising the utilisation of regional resources, equipment and personnel. In Europe we anticipated a tough year and pre-emptive steps were taken to ensure the region contributed positively to the results. In Africa, the operation in Nigeria benefited from some political stabilisation in the Niger Delta. In addition, near shore/onshore multi-discipline projects were carried out in some other African countries. In North America the organisational structure was streamlined in support of further growth and good results were achieved. The South American operations are concentrated in Brazil where revenues showed rapid growth, with room for further improvement of the results.

An emerging trend in the geotechnical markets is for large clients to spend more effort on mitigating construction and long term maintenance risks. As a result they are increasingly letting larger and more complex multi-disciplinary geotechnical projects. Being able to win and execute such projects is a key element of Fugro's strategy in geotechnics. Accordingly, in 2010 a start has been made to form larger regional entities that have the resources to handle such large project opportunities. In addition, specialty services in, for example, pile testing, engineering geophysics and geomonitoring are being globalised from their current more localised bases.

The offshore oil and gas market has continued in 2010 to provide the basis for the success of offshore geotechnical operations. Growth was concentrated in the areas of wind farm development activity and global geo-consulting markets.

The Macondo oil spill did not significantly affect our scheduled activities in the Gulf of Mexico, but there is still some concern for the future over the permitting process and the subsequent regional safety changes which will be forced on clients.

Deepwater development and related services continued to be buoyant in all regions. In 2010, deepwater projects were conducted in all major global oil and gas provinces and, based on external forecasts of expenditures for 2011, this trend is expected to continue. A significant portion of the backlog for 2011 is related to deepwater development projects.

The market for oil and gas projects in shallower water showed differences on a regional basis. The market in the Asia-Pacific region was weak in 2010 due to fewer projects than normal. Markets elsewhere were steady.

As in 2009, offshore wind farm work supplemented the mainstay oil and gas work. In 2010 we experienced more competition in shallow water work which has resulted in lower margins in this segment. This was partially compensated by a larger work volume.

In terms of development, a key objective in 2010 was to introduce the Fugro Synergy in the well services market, which has taken more time than originally planned. However, in the second half-year the vessel performed well on two complex projects offshore South Korea and Australia.

In 2010 two acquisitions were completed.

ERT (Scotland) Ltd. (United Kingdom) provides services to the global oil and gas, renewable energy and other industries. It conducts survey, monitoring, consulting and reporting activities supported by in-house chemical and biological laboratories.

Geo Pannon Kft and related company Statnamic Kft (Hungary) are service providers in the field of onshore geotechnical services. With these acquisitions the position in Central and South East Europe has been strengthened.

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Survey division (x EUR million)	2010	2009
Revenue	1,009	956
Results from operating activities (EBIT)	228	246
Average invested capital	710	578
Depreciation of tangible fixed assets	51	49
Results from operating activities (EBIT) as % of revenue	23	26

In the year under review the revenue of the Survey division increased by 5% to EUR 1,009 million (2009: EUR 956 million). The result from operating activities (EBIT) amounted to EUR 228 million (2009: EUR 246 million) equating to an EBIT margin of 23% (2009: 26%).

The Survey division's activities are largely dominated by the oil and gas industry, and the oil price and the prevailing investment climate are therefore key factors in the business. Much of the division's activities are related to work offshore, increasingly in deep water, as well as subsea services and intervention in support of the development of natural resources. The geospatial segment concentrates primarily on land and airborne surveys principally driven by government and infrastructure developments, but also includes an oil and gas related component.

Offshore Survey operates predominantly in the hydrocarbon resource industry with a small percentage of its activities in the telecommunication, the wind farm (renewables) and hydrographic charting markets. Broadly, the business line specialises in offshore and near shore survey solutions. A firm basis for all activities is the Fugro network of Global Positioning System (GPS) reference stations operated globally, forming the nucleus of positioning needed for survey activities, at sea, as well as on land and in the air. Safe and successful offshore construction operations for field developments, as well as pure exploration, rely on precise and reliable data concerning surface and subsurface locations. These are provided through detailed geophysical surveys and assessments, increasingly in collaboration with the Geotechnical division, offering coherent site assessments to industry. Coupled with these services, meteorological and oceanographic studies form an integral part. Using the expertise gained in the oil and gas business, Offshore Survey is using its knowledge in a variety of other applications that require sound knowledge of the marine environment. Offshore Survey had a good year in spite of the continued uncertainty in its primary industry.

The traditional Offshore Survey activities started somewhat slowly following 2009's global financial crisis, but soon made up for lost ground. The oil and gas business was dominated by the Macondo well accident in April, which raised uncertainty in the industry for most of the year and in some cases, prevails to this day. The impact for Offshore Survey turned out to be negligible thanks to a broad range of business segments covered on a global scale. With the tightening of oil company's budgets it was, however, noticeable that price pressures on part of services tendered continued. Vessel utilisation across the globe turned out to be strong as did the Autonomous Underwater Vehicle (AUV) fleet employed primarily in deep water developments.

The Subsea Services business performance varied around the world and between market sectors. A hiatus in the approval of offshore construction contracts in 2009 had an impact on the construction support market resulting in a shortage of new projects starting up in 2010. This had the effect of increasing the seasonality of activities with lower activity in the northern hemisphere winter seasons in particular. On the other hand there was a modest recovery in drill support activities compared to 2009 and inspection, repair and maintenance work held up well. Brazil achieved a strong performance but Europe and Africa fell behind expectations. Middle East showed a significant improvement towards the end of the year after a slow start, but the Asia Pacific operations had a difficult year. For the first part of the year in particular, ROV investments were concentrated on fleet upgrades and improvements with only a modest expansion. In the latter part of the year, a new build programme was started to bring systems to the market for anticipated growth, especially in Brazil. Construction of the new vessel Fugro Symphony is in progress and it will be delivered in May 2011. In advance of that, the oldest (chartered) North Sea based vessel was demobilised at the end of 2010 during the winter lull.

Subsea Services also operates predominantly in the oil and gas market providing a wide range of subsea services using a comprehensive fleet of ROVs and specialist ROV support vessels. Subsea market sectors covered are inspection, repair and maintenance of subsea structures, support of construction activities and support of hydrocarbon drilling operations. As with Offshore Survey, there has been an increase in activity in support of

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offshore wind farm installations. The services are supported by extensive in-house engineering capabilities which include provision and use of advanced engineering simulation technology.

Geospatial Services provides terrestrial (ground based) survey services and a range of airborne mapping solutions. The portfolio of services includes satellite based remote sensing capabilities using imagery from third party satellite operators. While much of Fugro's Geospatial business is project-based data acquisition and field services, the provision of valued added geospatial solutions is a rapidly expanding market sector and a growth opportunity for Fugro as well.

In general, market conditions for Geospatial Services were challenging throughout 2010 and particularly so in Northwest Europe. Spending on general mapping services, engineering and infrastructure projects was adversely impacted by the global economic downturn, with project cancellations and cutbacks in both the public and private sectors. In Australia, the survey business benefited from a number of contract awards in the resource and infrastructure sectors and the outlook for the business in Australia remains good. Activity levels in the Middle East also started to recover in 2010. Furthermore, Fugro's Geospatial companies in the USA did benefit from stimulus spending by the federal government which included a major coastal mapping project along the West coast, both on- and offshore. Furthermore an increasingly amount of survey work is carried out for shale gas projects in Texas and Louisiana.

Two aerial mapping companies, Interra S.A. in Chile and its sister company Terralaser S.A. in Peru, were acquired by Fugro. These acquisitions provide a stepping stone into the South American market for all geospatial services, notably in the mining, energy and infrastructure sectors. At the end of the year Fugro acquired Riise Underwater Engineering AS (RUE), based in Norway, a provider of subsea engineering, ROV and diving services offshore and inshore to the oil and gas industry. The company operates two specially designed vessels in West Africa and one inshore vessel in Norway with both work class and observation class ROVs and a number of modular diving systems.

In Canada the remaining 30% minority interest in Fugro Jacques GeoSurveys Inc. was acquired. The company will be renamed to Fugro GeoSurveys Inc. and offers services for marine survey and geotechnical projects.

Geoscience division (x EUR million)	2010	2009
Revenue	607	561
Results from operating activities (EBIT)	101	106
Average invested capital	902	703
Depreciation of tangible fixed assets	38	32
Results from operating activities (EBIT) as % of revenue	17	19

In 2010 the Geoscience division saw revenue increase by 8% to EUR 607 million (2009: EUR 561 million). Results from operating activities (EBIT) amounted to EUR 101 million (2009: EUR 106 million). This equates to an EBIT margin of 17% (2009: 19%).

The Geoscience division is a leading provider of proprietary and multi-client data, and technical and consulting services associated with oil, gas and minerals exploration and development. The division's integrated services include data acquisition, processing, geological and geophysical interpretation in the discovery, characterisation and modelling of oil, gas and mineral prospects. The marine seismic data acquisition segment, which accounts for the majority of the revenue, was under pressure during 2010.

The total revenue in 2010 for Seismic Services amounted to EUR 403 million (2009: EUR 403 million). Marine seismic acquisition, predominantly applied to support oil and gas exploration, experienced a difficult year in 2010 due to a continued weak market. Results were negatively impacted by an overcapacity of seismic vessels, leading to price dumping by some of the players.

New multi-client 3D programs have been successfully developed and are gradually replacing the previous 2D focus.

The reduced contribution from the marine seismic contract market has been largely offset by positive results from multi-client seismic sales which were particularly strong in Norway, Australia and towards year-end in the Gulf of Mexico. The new large high-end 3D vessels in Fugro's fleet continue to support the 3D multi-client market and a



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number of key pre-committed 3D multiclient projects have been developed and launched in 2010. Two seismic new build vessels (Geo Caspian and Geo Coral) were delivered in 2010 and concluded Fugro's seismic fleet renewal and expansion plan. Fugro is the fourth largest seismic contractor in the industry and operates one of the newest and most modern high capacity seismic 3D fleets in the world.

During the year several 3D contracts were completed in various regions. An increasing amount of work was carried out along the coasts of East and West Africa. Furthermore projects in challenging environments in the Chukchi Sea and Barent Sea were successfully completed in the summer. In Australia a number of proprietary 3D surveys were performed in combination with ongoing contract work to build up Fugro's multi-client library in this area. The majority of 2D multi-client work took place in the North Sea.

At present Fugro's seismic fleet consists of nine 3D seismic vessels, one 2D seismic vessel and ten support vessels. Four 3D vessels are owned by Fugro, the other vessels are on charter with variable expiry dates and extension options.

The demand for high end geologic, geophysical interpretation and reservoir modelling services, and software products remained stable throughout the year with a number of good prospects for 2011. Performance of the multi-client geophysical data and geologic product sales was good, with strong demand from China, United Kingdom and Australia. The Corporate Access agreement with Pemex and Saudi Aramco and a large software sale to the Oil and National Gas Corporation in India were major milestones to further penetrate the geology and geophysical software market.

The market for General Geophysical Services recovered somewhat from the lows of 2009. Demand was well distributed across all major client groups: oil and gas, mining and government.

Although major commodity prices recovered through the year, exploration activity for mining did not reach pre-financial crisis levels due to continued tightness in capital markets. In some parts of the world there were encouraging signs of a return to capital availability for mining exploration, but it is expected this will be subject to some volatility in the future depending on the macroeconomic outlook. Demand for services covered the whole spectrum of techniques offered and utilisation of the aircraft fleet was generally good. The year was used for consolidation and improvement of operational efficiency. As part of this effort, new aircraft to upgrade the fleet commenced operations. The cooperation for marine electromagnetic work with EMGS, resulted in the first surveys carried out under the partnership.

Postbalance sheet date events

Acquisition

Early March 2011, Fugro has acquired 100% of the shares in TSmarine Group Holdings Pty Ltd (TSM) and its subsidiaries. TSM, with its headquarters in Perth Australia and subsidiaries in Singapore, Labuan (Malaysia) and Aberdeen (United Kingdom), is a specialist provider of subsea construction, IRM (inspection, repair and maintenance) and light well intervention. The company operates ROVs (Remotely Operated Vehicle) and diving services and has four high specification chartered vessels in its fleet.

The combination of Fugro's existing strength and its global network with TSM's business will lead to substantial synergies and will enable Fugro to strengthen its subsea services business in support of the offshore oil and gas industry, with a particular focus on Asia-Pacific and Europe-Africa.

TSM will be renamed Fugro-TSM and will be part of Fugro's Subsea Services Business Line. TSM management will continue to work in Fugro.

TSM's revenue amounts at present to over EUR 90 million per annum. The company has 70 permanent office-based professional staff and has up to 100 contract staff at any one time. The purchase price amounts to EUR 77 million. Quantitative information on the fair value of assets and liabilities acquired are not yet available and are therefore not disclosed at this stage.

(Re)appointments in the Annual General Meeting on 10 May 2011

The Supervisory Board has nominated Mr. J.A. Colligan for reappointment as member of the Supervisory Board for a period of four years.

The Supervisory Board has also nominated Mr. W.S. Rainey for appointment as a member of the Board of Management for a period of four years. Mr. Rainey joined Fugro in 1981. He is the President of Fugro, Inc. in the United States and Chief Operating Officer (COO) of the business line Offshore Geotechnical Services since 2006.

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Explanation annual results 2010

At 09.30 hours, Fugro will host a press conference (in Dutch) to explain the annual results of 2010. This press conference will be webcast (www.fugro.com). At 12.00 hours the analyst's meeting (in English) will start. This meeting will also be webcast on www.fugro.com. A digital version of the Annual Report 2010 is available on this website.

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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 N.V.'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 N.V.'s management. Fugro N.V. 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.

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Consolidated statement of comprehensive income

For the year ended 31 December (EUR x 1,000)

	2010	2009
Revenue	2,280,391	2,052,988
Third party costs	(765,587)	(624,413)
Net revenue own services (revenue less third party costs)	1,514,804	1,428,575
Other income	21,902	24,440
Personnel expenses	(723,141)	(652,807)
Depreciation	(201,493)	(173,593)
Amortisation of intangible assets	(8,111)	(10,115)
Other expenses	(252,482)	(249,078)
Results from operating activities (EBIT)	351,479	367,422
Finance income	28,239	7,174
Finance expenses	(22,065)	(27,541)
Net finance income/(-costs)	6,174	(20,367)
Share of profit of equity-accounted investees (net of income tax)	1,018	422
Profit before income tax	358,671	347,477
Income tax expense	(78,518)	(74,412)
Profit for the period	280,153	273,065
Attributable to:		
Owners of the Company	272,219	263,410
Non-controlling interests	7,934	9,655
Profit for the period	280,153	273,065
Other comprehensive income		
Foreign currency translation differences of foreign operations	108,638	47,517
Foreign currency translation differences of equity-accounted investees	121	-
Net change in fair value of hedge of net investment in foreign operations	864	1,788
Defined benefit plan actuarial gains (and losses)	735	(10,449)
Net change in fair value of cash flow hedges transferred to profit or loss	1,034	1,034
Net change in fair value of available-for-sale financial assets	(438)	1,879
Total other comprehensive income for the period (net of tax)	110,954	41,769
Total comprehensive income for the period	391,107	314,834
Attributable to:		
Owners of the Company	382,289	305,342
Non-controlling interests	8,818	9,492
Total comprehensive income for the period	391,107	314,834
Basic earnings per share (EUR)	3.47	3.46
Diluted earnings per share (EUR)	3.42	3.42

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Consolidated statement of financial position

As at 31 December (EUR x 1,000)

	2010	2009
Assets		
Property, plant and equipment	1,291,314	1,043,227
Intangible assets	576,433	492,690
Investments in equity-accounted investees	7,836	1,359
Other investments	62,533	23,541
Deferred tax assets	18,891	25,677
Total non-current assets	1,957,007	1,586,494
Inventories	219,028	80,634
Trade and other receivables	803,241	572,010
Current tax assets	29,352	19,384
Cash and cash equivalents	81,363	107,795
Total current assets	1,132,984	779,823
Total assets	3,089,991	2,366,317
Equity		
Share capital	4,014	3,939
Share premium	431,441	431,441
Reserves	800,644	488,941
Unappropriated result	272,219	263,410
Total equity attributable to owners of the Company	1,508,318	1,187,731
Non-controlling interests	14,929	11,779
Total equity	1,523,247	1,199,510
Liabilities		
Loans and borrowings	590,862	441,339
Employee benefits	76,100	72,582
Provisions	5,204	6,240
Deferred tax liabilities	14,780	7,124
Total non-current liabilities	686,946	527,285
Bank overdraft	300,301	167,556
Loans and borrowings	23,658	25,826
Trade and other payables	474,208	350,043
Other taxes and social security charges	45,222	40,513
Current tax liabilities	36,409	55,584
Total current liabilities	879,798	639,522
Total liabilities	1,566,744	1,166,807
Total equity and liabilities	3,089,991	2,366,317

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Fleet renewal / expansion		
Name of the vessel	Type of vessel	Expected start of operation
Fugro Galaxy	Survey	Q1-2011
Fugro Symphony	ROV-support	Q2-2011
Fugro Equator	Survey	Q1-2012
Fugro Australis	Survey	Q2-2012
Fugro Voyager	Geotechnical	Q3-2012
Fugro Brasilis	Survey	Q4-2012
Fugro Scout	Geotechnical	Q1-2013

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Geotechnical division			
(EUR x million)	2010	2009	2008
Revenue Onshore geotechnical services	356	311	303
Revenue Offshore geotechnical services	308	225	238
Total	664	536	541
Results from operating activities (EBIT)	104	94	95
In % of revenue	16	18	18
Depreciation of tangible fixed assets	35	29	24
Average invested capital	447	358	254
Order backlog	Jan 11	Jan 10	Jan 09
Onshore geotechnical services	230	192	169
Offshore geotechnical services	206	199	174
Total backlog	436	391	343

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Survey division			
(EUR x million)	2010	2009	2008
Revenue Offshore survey services	612	559	600
Revenue Subsea services	275	277	241
Revenue Geospatial services	122	120	119
Total	1,009	956	960
Results from operating activities (EBIT)	228	246	235
In % of revenue	23	26	24
Depreciation of tangible fixed assets	51	49	43
Average invested capital	710	578	497
Order backlog	Jan 11	Jan 10	Jan 09
Offshore survey services	431	388	436
Subsea services	256	244	273
Geospatial services	96	84	96
Total backlog	783	716	805

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Geoscience division			
(EUR x million)	2010	2009	2008
Revenue Seismic services	403	403	465
Revenue Information services	99	85	82
Revenue General Geophysical services	105	73	107
Total	607	561	654
Results from operating activities (EBIT)	101	106	154
In % of revenue	17	19	24
Depreciation of tangible fixed assets	38	32	28
Average invested capital	902	703	583
Order backlog	Jan 11	Jan 10	Jan 09
Seismic services	223	164	357
Information services	49	45	35
General Geophysical services	62	47	60
Total backlog	334	256	452