

Leidschendam, the Netherlands, 8 March 2013

Fugro: Record results

Key figures (in EUR million)	31 December 2012	Change	31 December 2011
Revenue	2,165.0	16.5%	1,858.0
EBITDA	467.0	(3.1)%	481.9
EBIT	308.3	(12.4)%	352.0
Net result*	291.6	1.4%	287.6
Net margin (%)	10.8%		15.8%
Basic earnings per share (EUR)*	3.63	0.0%	3.63
Proposed dividend per share (EUR)*	2.00	33.3%	1.50
Cash flow	401.4	(7.0)%	431.5
Investments	261.7	(27.1)%	359.2

* Includes continued and discontinued operations

Business development

Major events in 2012 included the US election, continued unrest in the Arab world, the economic uncertainties in Europe and the USA and continued pressure on the European Union and the Euro. At the same time the oil price remained at a high level in line with the long term outlook for continued need for oil and gas. In 2012, as in 2011, the effects on Fugro were limited thanks to our position in the oil and gas market and our strategy to focus on providing a broad range of services across the value chain of our customers, and creating client-, regional-, and market diversity, all healthy differentiators for Fugro.

Fugro had a number of special events in 2012. We celebrated the 50th anniversary of the company and entered into the negotiations around the divestment of the majority of the activities of the Geoscience division. These negotiations resulted in a sales and purchase agreement with CGG in France. The transaction closed with effective date 31 January 2013. In addition, Fugro entered into the Seabed Geosolutions joint venture with CGG which closed 16 February 2013. Fugro has a 60% stake in this joint venture and has control. Further, it was decided that Fugro will review its strategy in order to optimise stakeholders' interests. This review is in progress and we will share the outcome with stakeholders in the course of the second half year 2013.

The demand for energy remained stable, as also reflected in oil prices of around USD 112 per barrel (Brent). As a result, and in order to compensate for depletion and meet the expected increase in future demand, the oil and gas industry has further increased its spending on global exploration and production. Oil and gas will remain important for decades. Although use of energy from renewable sources such as offshore wind farms is growing rapidly, it still only makes a small contribution globally. Also the impact of shale gas will be increasingly important for the world energy supply.

Many of Fugro's activities are related to energy. Global developments have resulted in an increasing demand for our services in various activities, but fell short of earlier expectations. This applies specifically to marine seismic surveys and subsea support services for offshore installations, where weak volumes in specific geographical regions are lower. Demand for offshore construction-related services picked up slightly during the year, but recent publications of companies operating in this part of the business indicate that recovery could be slower than originally anticipated.

The picture in non oil and gas sectors in which Fugro operates showed regional variations. Demand for services for large infrastructure projects in Europe and the United States, for example, remained weak. Although activities that largely depend on government funding, such as infrastructure, aerial mapping and construction, were generally under pressure in the 'old economies', we saw great opportunities in emerging areas like Kazakhstan and East Africa. Mining-related work recovered early 2012 after a few difficult years, but became quiet again after a short period of time.

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The growth in revenue continued. Fugro achieved record revenue (continued and discontinued business) for the year of EUR 2,952.7 million (2011: EUR 2,577.8 million). The increase was attributed to all divisions.

Continuing price pressure in a number of sectors resulted in a lower net profit margin (continued and discontinued business) of 9.9% (2011: 11.2%). In absolute terms, however, net profit for the year attributable to owners of the Company of EUR 291.6 million exceeded that of any previous year, including the IFRS related effects of the divestment in 2013, which are in balance insignificant on the net result of 2012. The net result after tax for the continued business is EUR 232.8 million (2011: EUR 293.9 million) and a net profit margin 10.8% (2011: 15.8%). The lower margin is primarily due to the short fall in Subsea services and OBN (first half year 2012).

Fugro's financial position is solid and was further secured early 2013 by the sale of the majority of the Geoscience division to CGG. At closing Fugro received some EUR 700 million in cash, which improved the financial situation even more and has a positive effect on the gearing.

Fugro's broad range of services enables the company to offer one-stop-shopping solutions to clients for complex projects. This applies both for new oil and gas developments, as well as large infrastructure projects such as harbour extensions and offshore wind farms. Fugro also has extensive capacity in equipment and expertise for the exploration of valuable mineral resources. We continue to work on expanding and improving our capabilities to provide single point, integrated solutions. This was a key driver for the company to implement a regional/global service line based organisation. The new organisation was launched at the start of 2012, and has quickly and successfully been adopted.

It is proposed that the dividend for 2012 be increased to EUR 2.00 per share (2011: EUR 1.50), consisting of a regular dividend of EUR 1.50 increased by a one-off extra dividend of EUR 0.50 in connection with the divestment of the Geoscience business. The total dividend of EUR 2.00 per share will be paid at the choice of the shareholder in cash or in shares. In case no choice is made, the dividend will be paid in shares.

Outlook

The continued business and operations in the year 2013 started off without significant issues, despite the continued uncertainties in global markets. On 31 January 2013, the divestment of the majority of the Geoscience division and on 16 February 2013 the establishment of the Seabed Geosolutions JV were successfully completed. A strategic initiative commenced early in the year to review the strategy of Fugro and to review the existing business portfolio, new niches and growth opportunities going forward. This is being done with support of an outside consulting firm.

Despite the divestment of exploration related activities, a significant part of the revenue is still generated from the oil and gas industry. With an estimated level of investment in 2013 of over USD 600 billion, an increase of some 6% from the 2012 figures, the oil and gas industry is planning for a continued high level of investment. Recent reports point to declining production outputs and decreasing reserves of some of the major international oil companies will drive continued investment in oil and gas projects. A stable oil price of around USD 110 per barrel (Brent) is above the threshold that drives new projects in the exploration and development in more frontier areas, including deeper water. With a well balanced portfolio of services including services to support deep water development and arctic activities, Fugro should continue to benefit from the investment the industry is projecting in the coming years.

Fugro's activities in the infrastructure and construction, water management and renewable energy markets are, amongst others, dependent on the world wide economy and how government deficits will impact public and private investment. Europe's efforts to continue to invest in offshore wind farms, an important market for Fugro, will continue with many European Union member states adopting policies to seriously change the energy mix over the next 20-30 years to reduce dependence on fossil fuels. Asia and the United States seem to be following this trend. Fugro's international footprint, the efforts to focus on the larger, more complex projects, bundling of services and maintaining leadership in data acquisition and consulting have created a robust competitive position in these markets for Fugro.

The International Energy Agency indicates that in the next decennia the world crude oil demand will continue to increase to approximately 90 million barrels per day (mb/d) in 2020 from approximately 85 million mb/d today. The supply of crude oil is impacted by the increasing depletion rates of existing oil fields. By 2020, expectation is that current production capacity will have declined by an estimated 25% due to depletion. In total 30% of new capacity will need to be added by 2020, a gigantic task. Meeting the growing demand for energy in the world will mostly come from an increased supply of natural gas. Together, those developments will require the industry to focus on maximising production from existing oil and gas fields and the exploration and development of new fields.

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The establishment of the Seabed Geosolutions JV, with services specifically aimed at development and production enhancement of existing oil and gas fields, provides unique solutions to support clients with these challenges.

The investments the oil and gas industry is making in subsea infrastructure, offshore production facilities and pipelines, will lead to a growing demand for subsea services, such as inspection, repair and maintenance (IRM). Fugro's survey and subsea business lines provide a global foot print that offers vessels, equipment like ROVs and AUVs and highly experienced staff to all regions in which our clients operate. Although expected investments in subsea in 2012 are lagging on the expectations earlier in the year, for most projects this merely indicates delays. Supply side and regulatory requirements such as in Australia and Brazil have caused significant upward pressure on costs. There is a natural slowing down of developments to cope with increasing cost.

Developing new oil and gas production requires investments in large oil and gas infrastructure projects, like on- and offshore pipelines, terminals, jetties and storage and processing facilities. These projects require services like bathymetric and terrestrial survey, near-, on- and offshore geotechnical soil investigation, geohazard analyses and foundation design as well as techniques for planning the optimum pipeline routes, across land or on the sea bottom. The geographic spread of the Survey and Geotechnical divisions supports the client at the front end of the development, up to involvement in the detailed design and working with the engineering and construction contractors locally. This provides the client with the ability to contract all earth related services to one company, a competitive advantage for Fugro.

With the divestment of the majority of the Geoscience division, Fugro's dependence on the mineral exploration market is much reduced. Mineral prices in general are expected to hold thanks to Far East demand and it is expected that this will continue to drive mine development. Fugro's techniques are used in the support of mining activities and will benefit Fugro land survey and geotechnical businesses which are key suppliers of these services to the world's mining companies.

Fugro is expecting a strengthening of activity in most market sectors in which it operates. This is supported by current tender activity and an improving backlog. Fugro has been able to significantly enhance its financial position as a result of the divestment of the majority of the Geoscience division on 31 January 2013. The proceeds of the divestment and the continued long term financing provides financially required resources for future investment opportunities to expand and broaden activities both organically and through acquisitions.

As in previous years, we will first publish a quantitative outlook for 2013 in August, at the time of the publication of the 2013 half-yearly report.

Divestment majority Geoscience division and closing Seabed Geosolutions joint venture with CGG

Fugro and CGG announced on 24 September 2012 that they signed an agreement under which CGG acquired Fugro's Geoscience division, excluding the marine streamer seismic multi client library and ocean bottom nodes business, for a total cash consideration of EUR 1.2 billion.

The transaction, which was closed with effective date 31 January 2013, is a result of Fugro's review of all options regarding its marine streamer seismic data acquisition business and associated activities that it announced in May 2012. This divestment allows Fugro to exit the capital intensive and volatile marine streamer seismic segment of the oil and gas exploration market where it does not have a leading market position.

Further to the transaction, Fugro and CGG formed three strategic partnerships:

- The formation of the Seabed Geosolutions joint venture – the global leader in seabed geophysics, which was closed on 16 February 2013. This joint venture includes Fugro's and CGG's ocean bottom nodes businesses and CGG's transition zone, ocean bottom cable and permanent reservoir monitoring activities. Fugro agreed to make a cash payment of EUR 225 million to CGG in order to achieve a 60% controlling interest in the joint venture. By combining the strengths of both companies, the Seabed Geosolutions joint venture will have an immediate market leading position in seabed geophysical activities, and will benefit from a good synergy with Fugro's subsea activities.

The formation of the Seabed Geosolutions joint venture increases exposure to the development and extended production phase in the life cycle of oil and gas fields, which is typically characterised by stable, long term service contracts.

- Fugro and CGG have agreed to enter into a non-exclusive sales and marketing agreement, operated by CGG for sale of the part of the Fugro marine streamer seismic multi-client library. Revenues will benefit from the larger combined global sales force and broad range of client contacts of the partners. All multi-client personnel have transferred to CGG. Fugro retains the right to sell all or parts of the library to other parties. This provides Fugro with maximum flexibility to unlock the value of its library. Except for reprocessing to keep the library fresh

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and finishing a small number of projects, Fugro does not anticipate further significant investing in its marine streamer multi-client library.

- A global strategic technological and commercial partnership under which CGG and Fugro grant each other preferred supplier status for selected products and services required for the operation of their respective businesses. Parties will also pursue opportunities related to the launch of new technologies. The partnership will provide revenue enhancing opportunities to both Fugro and CGG, and will benefit from the leading positions both parties have in their respective markets.

The purchase price of EUR 1.2 billion was settled on closing on 31 January 2013. As part of the transaction, Fugro agreed to grant CGG a vendor loan of EUR 225 million, which is drawn in two tranches (EUR 125 million on closing of the main transaction on 31 January 2013 and EUR 100 million after closing of the airborne part, which will take a few months longer as some administrative steps need to be concluded as well as government approval to transfer some parts of the equipment). An amount of some EUR 700 million has been received in cash. The transaction involves the transfer of 2,430 well qualified Fugro employees.

In 2013 Fugro will report the net result following the divestment of the majority of the Geoscience activities. The net profit after tax on the transaction is provisionally calculated at approximately EUR 200 million.

This amount was calculated using certain assumptions with respect to the deferred closing of Airborne, taxes, accumulated translation reserve and the expected outcome of the post completion process, including the outcome of Capital expenditure review and working capital balance balances per 31 January 2013. The amount mentioned may therefore deviate from the actual outcome to be reported later this year.

The divestment is consistent with Fugro's strategy to build strong market positions across the exploration, development and production phases of the oil and gas industry. With a much stronger balance sheet, Fugro will continue to focus on growth opportunities in its core, market-leading and less volatile geotechnical and survey businesses, expects to grow the Seabed Geosolutions joint venture and will put a lot of emphasis on turning around the subsea business.

Acquisitions

In 2012 Fugro completed four acquisitions. Reasons for acquisitions include obtaining new or additional technology and increasing market share. The annual revenue of the companies acquired in 2012 amounts to EUR 25.1 million. The total cost of the acquisitions completed in 2012 was EUR 27.5 million.

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 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.

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.

Fugro has placed as announced earlier, orders for five newly built vessels to become operational in the period 2013 through 2014. All vessels will be owned and designed to Fugro's specifications.

In the course of 2012 the following changes took place in the vessel fleet:

Geotechnical division

The construction of two new deepwater vessels as replacement vessels will be completed in 2013. A number of vessels were chartered for short periods to meet peak workloads.

Survey division

A new built survey vessel, the Fugro Equator, commenced services in the third quarter of 2012. The fleet was further expanded through the acquisition of two 2nd hand vessels (Fugro Equinox and Fugro Supporter) during the

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last quarter of 2012. In Subsea Services, vessels continue to be mainly chartered for medium to long term durations and only one own ROV support vessel, intended for the Brazilian market, is under construction.

The financing of the vessels is covered by existing facilities and expected future operating cash flows.

Financial

Financial accounting review and results summary

This year we paid special attention to our accounts. The Geoscience transaction was complex, involving a mix of a large number of operating companies around the world and asset transfers. It also led to the requirement to split our accounts into continued and discontinued operations. Next to additional audit work performed by our statutory auditors KPMG, PwC was engaged to support the company in this process.

In addition, mid-December we were confronted with an event that required specific attention. We received a whistleblower letter with allegations concerning elements of the company's financial reporting. The Supervisory Board and Board of Management took immediate action. We informed KPMG, our statutory auditors, and the company also immediately engaged law firm De Brauw Blackstone Westbroek to lead and carry out an in-depth, independent investigation into the allegations of the whistleblower. In turn they engaged Deloitte Forensic & Dispute Services to support the investigation. The investigation was carried out under the supervision of our Supervisory Board. Given the fact the allegations concerned elements of the company's financial reporting, KPMG expanded its team and the company engaged an additional support team from PwC to assist with enhanced financial closing procedures.

The independent investigation led by De Brauw Blackstone Westbroek was completed shortly prior to the publication of the Annual Report 2012 and the Financial Statements 2012. There were no material adverse findings from the investigation and the enhanced financial closing procedures did not result in any material adverse consequences for our Financial Statements 2012. The Supervisory Board has consented with the Financial Statements 2012 and KPMG has issued an unqualified auditor's report on these financial statements.

We are pleased we have been able to complete the Financial Statements 2012 and Annual Report 2012 without delay. The company is grateful to our internal teams and the external teams from KPMG, PwC, De Brauw Blackstone Westbroek and Deloitte for the truly extraordinary effort they put in.

The high degree of scrutiny has brought to light areas where our financial processes can be improved. We will quickly start implementation and expect to have most work done by the end of 2013. Further steps will also be taken for the longer term, for example the implementation of an expanded IT solution to facilitate business and financial management and control. Requirements and an implementation plan will follow the outcome of an analysis of the roles of the central-regional-local elements of our organisation. This analysis is part of the strategy review we are undertaking.

General

As a result of the divestment of the majority of the Geoscience business to CGG, which was closed with the effective date of 31 January 2013, Fugro reports the financial information related to this divestment as assets held for sale. Where needed Fugro supplies information in this report for both the company as a whole (continued and discontinued business) and for the continued business only. Without explicit remarks all information in this section relates to continued business.

Net result

The profit for the period (continued and discontinued) is impacted by a number of special items, such as:

- The sale of the financial investment in EMGS shares for an amount of approximately EUR 60 million has resulted in a post tax gain of EUR 10 million. This has been recorded in the line finance income.
- A loan to Expro AX-S Technology had to be impaired as the company went into receivership; the amount of EUR 22 million has been recorded in other expenses.
- The net realisable value testing and cost analysis of the multi-client data libraries has resulted in a write off of EUR 20 million. This has been recorded in third party costs.
- In 2012 Fugro entered into a finance lease as lessor for the Geo Pacific, which resulted in a finance lease gain of EUR 17 million. This is presented in the line profit for the period from discontinued operations.
- The held for sale assets were no longer amortized and depreciated as of 4 September. This has a positive effect of EUR 31 million (post income tax) on the profit for the period from discontinued operations.
- A deferred tax asset in Norway had to be written down due to the classification of the Geoscience business as held for sale, this has negatively impacted the profit for the period from discontinued operations with EUR 30 million (post income tax).

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- Positive net effect of other provisions, releases, extra ordinary advisory fees amount to some EUR 10 million;
- Positive net effect of recognising deferred tax assets amounts to EUR 16 million.

Revenue and cost development

In 2012 revenue on a continued basis reached EUR 2,165.0 million, an increase of 16.5% compared to the EUR 1,858.0 million in 2011.

Revenue increased 5.3% due to organic growth and by 4.9% as a result of acquisitions. The foreign currency effect was 6.3% positive. Organic growth of 5.3% 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 subsea activities (division Survey) suffered the most from this. The continuing weakness of the world wide economy in a number of countries also played a role.

The average revenue growth over a ten year period is about two-thirds organic growth, and one-third from acquisitions. The average foreign currency effect over the same period is 1.5% negative.

Also in 2012, Fugro spent much attention to optimising business efficiency and reducing costs as much as possible. Third party costs amounted to EUR 793.3 million in 2012 (2011: EUR 617.1 million). This represents an increase of EUR 176.2 million. Third party costs as a percentage of revenue were 36.6% (2011: 33.2%) and include EUR 143 million expenses associated with seismic and geologic data libraries (2011: EUR 69.1 million). As in past years, managing the workforce was a focus point in 2012. 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 in growth areas more staff was hired.

The average cost per employee was EUR 57,929, an increase of 9.4% compared to 2011 (EUR 52,962) mostly caused by currency effects. Total personnel expenses in the year amounted to EUR 692.9 million (2011: EUR 603.0 million), an increase of 14.9%. Staff costs were 32.0% as a percentage of revenue, which is somewhat lower than in 2011 (32.5%).

Depreciation of tangible fixed assets increased from EUR 127.2 million to EUR 155.6 million in 2012, an increase of 22.3%, 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 was 7.2% of revenue (2011: 6.8%).

Other expenses amounted to EUR 226.6 million in 2012 (2011: EUR 177.6 million), an increase of 27.6%. As a percentage of revenue these costs are 10.5% (2011: 9.6%). Other expenses include a variety of different costs, which cannot be allocated directly to projects, such as repair and maintenance, occupancy, insurances, etc. The other expenses 2012 included the write off on a minority participation in Expro AX-S Technology that went into receivership in 2012 for an amount of EUR 21.7 million.

Net result

The profit for the period (continued and discontinued) attributable to the owners of the company increased by 1.4% to EUR 291.6 million (2011: EUR 287.6 million). The basic earnings per share (continued and discontinued) amount to EUR 3.63 (2011: EUR 3.63).

The net result of the continued business is EUR 232.8 million (2011: EUR 293.9 million), a decrease of 20.8%. The basic earnings per share (continued) amount to EUR 2.90 (2011: EUR 3.71).

EBIT

The result from continuing operating activities (EBIT) amounted to EUR 308.3 million (2011: EUR 352.0 million), a decrease of 12.4%. The EBIT in 2012 was negatively influenced by the overcapacity in the subsea market where continuing price pressure and delays in the execution of projects was encountered. In addition the in 2011 acquired OBN business had no work in the first half of the year. At the moment these operations have good utilisation. EBIT was also negatively impacted by EUR 143 million related to the seismic libraries (2011: EUR 69.1 million) as well as by the incidental write off of EUR 21.7 million caused by the receivership of a technology company in which Fugro held a minority stake. In 2012, EUR 235 million in sales was generated from the seismic libraries (2011: EUR 156 million).

EBITDA

The earnings before interest, tax, depreciation and amortisation on a continuing basis amounted to EUR 467.0 million (2011: EUR 481.9 million), a decrease of 3.1%.

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Foreign currency

In 2012, the average US dollar exchange rate increased to EUR 0.78 (2011: EUR 0.71), the average exchange rate of the British pound increased to EUR 1.23 (2011: EUR 1.15) and the average exchange rate of the Norwegian kroner increased to EUR 0.134 (2011: EUR 0.129). As a result of fluctuations during the year, the net foreign exchange effect in the profit and loss account in 2012 was negative EUR 10.1 million (2011: positive EUR 12.9 million).

Exchange differences were caused by the variance in exchange rates between the entry date of trade receivables and the moment of receipt, the revaluation of balance sheet positions and the realised exchange differences on foreign currency transactions.

The foreign exchange effect was EUR 10.8 million positive on the equity per 31 December 2012 (2011: EUR 2.0 million positive). Amongst others as a result of further optimising net investment hedges, the effect on equity was limited.

Cash flow

In 2012, the cash flow amounted to EUR 401.4 million (2011: EUR 431.5 million), a decrease of 7.0 %. 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 5.00 (2011: EUR 5.45), an increase of 8.3%.

Investments

As indicated before, Fugro will continue to invest in its vessel fleet and equipment in the coming years to support future growth. This will predominantly be done in the Geotechnical and Survey divisions and in the Subsea Geosolutions joint venture. In the Survey and Geotechnical divisions, 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 2012 investments can be specified as follows (x EUR million):

Maintenance capex	73.2
Capacity expansion	111.1
Total investments	184.3
Movement in assets under construction (mainly vessels and ROVs)	74.0
Subtotal	258.3
Assets from acquisitions	3.4
Total	261.7

Each year, Fugro is investing in order to maintain the existing capacity. In 2012, the maintenance capex amounted to EUR 73.2 million (2011: EUR 95.0 million). Replacement investments in 2012 were limited to those which were unavoidable.

The investments in 2012 include the vessels Fugro Australis, Fugro Equator and Fugro Brasilis. Investments in 2013 and 2014 are, as yet, not identified apart from the delivery of the Fugro Voyager, Fugro Scout and the ordered ROV vessel in Brazil.

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Net finance costs

The net finance costs amounted to EUR 15.1 million in 2012 (2011: gain EUR 8.5 million). The analysis is as follows (x EUR million):

	2012	2011
Change in fair value financial assets	(12.3)	(6.0)
Net interest charge	17.9	7.2
Foreign currency effects	10.1	(12.9)
Other	(0.6)	3.2
Total costs (gain)	15.1	(8.5)

The effect on the sale of the Electro Magnetic Geoservices ASA (EMGS) investment is presented under change in fair value (EUR 10.1 million gain).

The net interest charge increased in 2012 mainly because of a higher use of bank facilities. The interest cover (EBIT/net interest charge) is 17 (2011: 49). This is a high coverage, substantially above the financial objective of more than 5.

The foreign currency effect in 2012 was EUR 10.1 negative (2011: EUR 12.9 positive). In 2012, in general foreign currencies strengthened against the Euro.

Taxes

In 2012, income tax expense amounted to EUR 49.5 million (2011: EUR 63.5 million). The effective tax rate in 2012 amounted to 16.9% (2011: 17.2%). The change in geographical spread of taxable profits in 2012 compared to 2011 resulted in a reduction of the average domestic tax rate applicable. It is expected that the future tax charge will be around 20%.

Intangible assets (goodwill)

In 2012, the addition to goodwill resulting from acquisitions amounted to EUR 23.0 million (2011: EUR 171.6 million). The addition is mainly a result of four acquisitions in 2012. There was a positive foreign exchange effect in 2012 of EUR 8.2 million (2011: positive EUR 7.4 million) on the balance sheet for the goodwill. An amount of EUR 227.1 million was reclassified to assets held for sale. An adjustment of EUR 10.6 million was made due to finalisation of the purchase price allocation procedures prior year.

Goodwill is not amortised, but is tested at least once a year for impairment. In 2012, as in 2011, this did not result in adjustments.

Balance sheet ratios

Solvency at the end of 2012 was 46.9% (ultimo 2011: 42.9%). The solvency ratio objective is to be at least 33¹/₃%. At the end of 2012 the current ratio was 2.0 (2011: 1.7). Gearing amounted to 66% (2011: 73%).

Working capital amounted to EUR 722.9 million at the end of 2012 (2011: EUR 521.0 million). The change can be analysed as follows (x EUR million):

	31 December 2012	31 December 2011	Change
Inventories	479.8	345.7	134.1
Trade and other receivables	837.6	707.6	130.0
Trade and other payables	(389.6)	(394.7)	5.1
Net cash and cash equivalents	(129.9)	(6.7)	(123.2)
Other	(75.0)	(130.9)	55.9
Total	722.9	521.0	201.9

The increase in inventories value is mainly caused by building up the 3-D multi-client seismic library. After the divestment there will be small additions to the seismic data library on committed projects and other than some reprocessing. The change in other is mainly caused by the higher loan repayment balance in 2011.

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Multi client seismic libraries

The seismic and geological data libraries were not part of the sale of the majority of the Geoscience activities to CGG. Fugro has retained ownership of the existing libraries. The net book value of the marine streamer multi client seismic libraries at the end of 2012 amounted to EUR 458.5 million (31 December 2011: EUR 333.8 million). Some 90% of the net book value of the libraries is related to recently acquired 3-D data. The geographical split of the net book value is as follows:

- Norway 31%
- Australia 47%
- Rest of the world 22%

Virtually no data acquired during or before 2009 is valued on the balance sheet. The net realisable value has been analysed in detail and this review has confirmed that the book value as per 31 December 2012 is supported by the current status of the offshore oil and gas exploration market. Management estimates for net sales proceeds of the relevant libraries have been used, taking into account past experience and an assessment of future prospects for the areas involved. Management reviews the net realisable value twice a year.

In order to determine the net realisable value Fugro uses the following model:

- 2-D: – Three years straight line reduction (to zero) in carrying value.
 - In addition 75% of each sale is considered as additional amortisation.
- 3-D: – A fixed percentage of each sale as sales amortisation. This % is set based on the combination of cost and sales outlook.
 - In case of low sales, there will be a forced amortisation of up to 20% per year of the data set cost. This means that the net book value of the data set will be reduced to zero five years at the latest after the start of amortisation.

The sales amortisation of the 3D data sets is between 75 and 90% of each sale. If there is an impairment trigger Fugro will impair data sets faster than per the above mentioned model. In 2012, management wrote off 3 small uncompleted projects in Norway with a net book value of EUR 7 million that will not be continued. In addition the company reassessed the key cost base elements of the data sets in the library, leading to an adjustment of EUR 13 million. No further adjustments followed from the net realisable value assessment.

In 2012 Fugro generated EUR 235 million in sales from the seismic libraries (2011: EUR 156 million). The amortisation and certain write downs and adjustments in 2012 amounted to EUR 143 million (2011: EUR 69 million). The average amortisation rate was 54%, reflecting good tale of new data with remaining book value.

Norway performed very strongly this year on the back of new licensing rounds and high exploration interest. The revenue breakdown is as follows:

(x EUR 1 mln)	2012	2011
Norway	156.7	97.9
Australia	35.5	26.6
Rest of the world	43.0	31.7

Of importance is to mention that data confidentiality in Australia extends over 15 years and even longer in the USA. Norway is 10 years. The period of data confidentiality is the length of time over which the data retains its full commercial multi client value.

The marine streamer seismic multi client libraries were not part of the sale of the majority of the Geoscience activities to CGG. Fugro retains full ownership of the libraries. CGG has taken over all of the sales force for this activity and will market the Fugro 3D library on behalf of Fugro and will receive a broker fee for this activity. Fugro anticipates making a similar arrangement for the 2D library with another multi client player. The Fugro and CGG libraries have very little overlap and the combined libraries will be attractive for clients. Fugro, as owner of the data sets, in addition has the right to sell the library in parts or as a whole to interested parties.

Except for completing certain data acquisition projects, Fugro's investment in the marine streamer seismic multi client libraries as from 2013 onwards will be limited to activities like reprocessing and special processing to update and enhance the sales potential of the data sets in the library. In particular in the next couple of years Fugro

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expects to benefit from a strong cash inflow from sales of its data sets. Sales thereafter are expected to continue over the full life time of the various data sets, but in aggregate are expected to taper off towards the end of the life time of the library.

It is anticipated that the newly formed (majority owned and consolidated) 'Seabed Geosolutions' joint venture with CGG will acquire new multi client data sets, which will result in building up a new seabed multi client data library. The development of the size and value of this library cannot be indicated at this stage.

Financing

In the second half of 2011 Fugro was refinanced. Fugro reached agreement with 27 US and UK based investors with respect to so called US Private Placement loans (USPP) with a value expressed in US dollars of 909 million. The original currencies are US dollar 750 million, EUR 35 million and British pound 67.5 million. The loans have a maturity of 7, 10 and 12 years and have an average coupon of some 4.5%.

Fugro also reached agreement in 2011 with a number of individual banks for committed facilities up to a total value of EUR 775 million for 5 years. These facilities were made available by eight internationally operating banks. The interest is based on a grid and is Euribor plus 130 BPS.

The loans and facilities include, amongst others, the following covenants:

- EBITDA / interest > 2.5
- Debt / EBITDA < 3.0
- Solvency > 33⅓%

On closing of the transaction with CGG Fugro received some EUR 700 million cash from CGG. This provides Fugro with ample funds to finance future expansion.

Dividend proposal

It is proposed to increase the dividend for 2012 to EUR 2.00 per share, consisting of a regular dividend of EUR 1.50 increased by a one-off extra dividend of EUR 0.50 in connection with the divestment of the Geoscience business. The total dividend of EUR 2.00 per share will be paid at the choice of the shareholder in cash or in shares.

In case no choice is made, the dividend will be paid in shares. The proposed regular dividend of EUR 1.50 equates to a pay-out ratio of 42% of the net result. The total dividend of EUR 2.00 equates to a pay-out ratio of 56% of the net result.

Backlog

At the beginning of 2013 the backlog (from continued business) of work to be carried out during the year amounted to EUR 1,514.2 million.

The proportion of definite orders is 58% (beginning 2012: 55%). The backlog calculation is based on year-end exchange rates in EUR and is 4.9% higher than at the beginning of 2012. Of the increase in backlog, 0.3% (negative) is related to foreign currency effects. The backlog has increased as a result of somewhat improving market circumstances and for a small part through acquisitions. Delays of new projects, last minute awards and lower prices still have an effect on the volume of the backlog. This mainly relates to the marine seismic activities.

Over the long term the order backlog of work to be carried out typically equaled about eight months revenue. The current backlog equals some seven months of revenue for the year.

Market developments and trends

Trends

Fugro aligns its services to its key private and public sectors, providing support and resources tailored to the specific needs of each. The diversity of the sectors ranging from oil and gas renewables to infrastructure and building ensures that Fugro's dependency on a single market is limited, which supports a balanced growth and continued profitability.

At the beginning of 2013 the long term drivers for the American economy are more positive. The shale gas and oil revolution is driving new growth to the economy and large companies are seen to be moving back to the US, attracted by low energy cost. In Europe, the effects of government austerity measures and reluctance of banks to

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provide capital for industry investments suggest that recovery in Europe is further out in the future. Large developing economies like those of China, India and Brazil are still set for growth albeit somewhat reduced relative to the levels seen in the last decade.

The oil and gas market

The global energy landscape is undergoing fundamental long term changes, driven by increased unconventional oil and gas production, the retreat from nuclear power in some countries, and the continued rapid growth of renewables such as wind and solar. Global oil supply will further be influenced significantly by the revitalisation of Iraq's oil production. Saudi Arabia has already turned down substantial spare production capacity in order to bolster the oil price. Long term oil and gas demand growth and the need to compensate for depletion imply that a healthy market is expected over the long term.

The consensus in the market suggests that 2013 is set for another year where sluggish economic performance in the west on the one hand, and geopolitical pressures supporting high prices on the other hand, will keep each other in balance. The Brent price average for 2013 is predicted at USD 110 per barrel, marginally down from an average of USD 112 in 2012. Upstream investments of the industry in 2013 are planned to be 6% up outside the USA and broadly equal to the previous year in the USA. Global rig count is down from earlier years. However, the total length of wells drilled in 2013 is again poised to grow, thanks to higher efficiency in modern drilling. Areas for growth are oil shale plays in the USA, large gas and LNG developments in East Africa and the Eastern Mediterranean, deep water developments in Brazil and arctic developments in Alaska and Greenland.

Fugro has long term customer relationships and regional presence where investments are planned. Examples are awards to Fugro of large contracts in Mozambique and strong local presence in Alaska.

Fugro is involved throughout most of the life cycle of oil and gas fields. This cycle lasts for several decades starting with the search for new fields and continuing with investigations and surveys related to the design and construction of the facilities required to bring new fields into production. During the further life of the field inspection, repair and maintenance of subsea facilities and improving production are activities that are required on a regular basis, with decommissioning as the final activity.

Each phase in the life cycle of an oil field has its own dynamics in terms of activity volatility, supply demand, price dynamics and competition. With the divestment of the majority of the geoscience division and establishment of the Seabed Geosolutions joint venture, Fugro's dependence on the early exploration phase shifts towards more activities in the development and field production phases. They are less volatile and longer lasting. Fugro is well positioned to benefit from increases in investments by oil and gas companies in these parts of the field life cycle.

The Macondo oil spill in the Gulf of Mexico which in that area significantly delayed development in 2011 and the early part of 2012 is now largely behind us. With a new regulatory framework in hand, oil companies have resumed exploration activities in 2012 which are expected to continue and eventually lead to new field developments and production.

The US shale gas market is stabilising, with drilling activity contracting, as a result of the continued depressed gas prices (USD 3.35 per TCF). Exploration and production of unconventional gas fields in Europe, Far East and Australia is slowly coming on the radar screen. The regulatory frame work, environmental concerns and the general dense population in Western Europe are not supporting large scale developments. Through not large, Fugro's exposure to shale oil and gas is increasing through survey and consulting services.

The increasing demand for gas, large scale expansion of LNG facilities in the Middle East, East Africa, Australia and Nigeria requires investments in large infrastructure projects, like pipelines, terminals, jetties, liquefaction facilities and liquid gas storage. These projects require bathymetric and terrestrial survey, near shore, on- and offshore geotechnical soil investigation, geohazard analysis and foundation design as well as techniques for planning the optimum pipeline route, across land or on the sea bed; all core services that Fugro supplies.

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 of around USD 110 per barrel (Brent). 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 2013 and the years beyond. About 73% of Fugro's activities is related to the oil and gas industry.

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The market for infrastructure projects

Infrastructure and construction related activities accounted for approximately 22% of Fugro's revenues in 2012. Fugro undertakes large contracts associated with land reclamation, (LNG and mining) harbour expansions, levees, tunnels, bridges, highways, pipelines and major building and construction works in for instance Hong Kong, Panama, Turkey, California and Western Australia.

Fugro is increasingly involved in planning and data collection in relation to flood defence systems and disaster recovery such as after major storms in the USA. Large infrastructural developments undertaken by national governments in preparation of international events such as the Olympic Games and World Championship Football are a growing part of Fugro land activities.

The company has strengthened its market position by supplying solutions that integrate data collection and earth science consulting, to our clients. This fulfils the customer's preference for contracting these services to a single, independent global service provider. With a focus on the larger infrastructure projects and by early positioning with the key players in the development of these projects, Fugro has been able to mitigate the impact of the global slowdown in infrastructure activity. Where stimulus programs such as in the USA initiated after the onset of the financial crisis in 2008 were an important source of revenue in the past few years, these have significantly been reduced in 2012 and more reduction is foreseen in 2013, due to the continued weakness of government finances in most OECD countries.

Mining and other market segments

The price of commodities such as copper, iron ore, coal and nickel were performing well in the early months of 2012, but continued global economic uncertainty led to a steep decline in commodity prices in the second part of 2012. Mining companies continued to be squeezed by falling commodity prices amid rising capital and operating expenses. In some parts of the world development and production of certain mining projects are also being threatened by an increase in resource nationalism and civil unrest. The afore mentioned trends caused hesitation in driving exploration and development of mineral resources. Hence demand for Fugro services in this sector reduced during 2012. Despite a lull in the last months of 2012, it is believed that demand for commodities will remain steady for the long term, propelled by strong growth in China and other emerging nations such as India and eventually Africa. Our exposure to mining will in the near future decrease as a result of the divestment of the airborne geophysical activities. Services in mining and these other niche markets accounted for 5% of Fugro's activities in 2012.

Fugro not only supplies services to the aforementioned markets but also to a number of other niche markets. These services include the sale of accurate positioning signals, route surveys for offshore telecommunication cables, and airborne mapping using laser and radar technology for governmental authorities and other public bodies.

Number of employees

At the end of 2012 the number of employees was 12,165 (2011: 11,495) excluding the geoscience staff transferring to CGG in January 2013 (2,430). In a number of business units reductions in staff were implemented during the year. The net effect of these reductions and new hires in business units where market conditions were favourable, was an addition of 453 employees. This was an increase of 217 staff through acquisitions. The average number of employees for the financial year on a continued basis was 11,961 (2011: 11,385), an increase of 5.1%. 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 some more freelancers were hired in 2012.

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 prior years, recruiting young talent was deemed critical in 2012. 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 projects. Fugro also actively invests in ensuring a healthy and safe work environment.

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Divisions

Geotechnical Division

Geotechnical division (x EUR million)	2012	2011
Revenue	723	670
Results from operating activities (EBIT)	99	96
Average invested capital (incl. acquisitions)	579	519
Depreciation of tangible fixed assets*	43	41
Results from operating activities (EBIT) as a % of revenue	14	14

* Fugro decided to allocate the depreciation of property, plant and equipment used by operating segments but managed as a central pool, to the reportable segment profit (or loss) before income tax of the respective operating segments. The comparative figures have been adjusted for comparative purposes

Revenues for the division increased by some 8% to EUR 723 million (2011: EUR 670 million). The onshore activities generated revenues of EUR 423 million (2011: 357 million) and the offshore business line contributed EUR 300 million (2011: EUR 313 million). Results from operating activities (EBIT) were EUR 99 million (2011: EUR 96 million) corresponding to an EBIT margin of 14% (2011: 14%).

The onshore geotechnical business performed strongly in a number of distinct traditional markets notably the Asia Pacific region, Africa and in the Middle East, and in emerging markets such as Turkey, Kazakhstan, Azerbaijan, Mozambique, Ghana and Qatar. In Mozambique, we are supporting frontier field development, pipeline route optimisation and terminal site selection including ports, rails and roads for a large LNG project using services from both the Survey and Geotechnical divisions. We acquired two internationally operating geotechnical drilling companies, EM Drilling (United Kingdom) and Mercatus Interport (Hungary), to support our growth in emerging markets. In Southeast Asia, we are complementing our core Hong Kong and Singapore based geotechnical activities by progressing expansion into Indonesia and Vietnam to develop infrastructure work. The areas for which the onshore geotechnical workload has fallen are in the United States and Western Europe where projects are generally government budget dependent. This specific type of activity is not expected to rebound in the short term and we have re-distributed technical staff and heavy equipment resources (CPTs and drill rigs) to accommodate the local market needs. Nearshore site investigation and installation activity continues to be driven primarily by the energy and resources sectors, and by the requirements of civil engineering infrastructure such as bridges, ports and harbour development. In order to operate more effectively in a wider selection of harsh coastal environments, Fugro and Van Oord jointly developed and operate a large walking jack-up barge called WaveWalker. This is an innovative jack-up that can be operated as a walking jack-up platform in rough seas, surf zones, beaches and other intertidal locations.

For the mining sector, we are providing geotechnical engineering during the installation of foundation systems at new oil sands mining operations in Western Canada and continue to expand our position in the metal mining market in Latin America. Our mining activity represents a growth market as we have significantly increased our geoscience capability and exposure which has translated into projects.

The offshore geotechnical activities benefited from stable oil prices that are driving investments in the energy sector globally. The oil and gas market remains our main source of revenue and provides relatively constant conditions for our offshore site investigation business. The United States and Mexico are moving forward with several offshore deepwater projects in the Gulf of Mexico as the Macondo era seems to be behind us. This year produced a significant amount of work offshore West Africa, Brazil and Australia above our normal activity. In early 2013, we will complete a large 2-year geotechnical program for Petrobras in Brazil. Globally, the deepwater and ultra-deepwater markets continue to grow as international companies move into new geographic regions such as offshore Africa, Brazil, China and Japan to develop complex projects suitable for Fugro's speciality geotechnical and geoscientific services.

The renewable (wind farm) market continues to grow in Europe where each country must target power generation from renewables and many include offshore wind. By virtue of early engagement through Fugro's environmental consultancy services, site investigations for wind turbines and corridors for power cable installations continued in northwest Europe particularly the UK and Germany with lesser interest in France and Denmark. However profit margins have suffered because this market is highly sensitive to political decisions on subsidy support and there is reluctance by the clients to bundle services for efficiency and cost savings. In the United States and a first, Fugro

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undertook a major geotechnical and geophysical program for an offshore wind power project at the design stage off the northeast coast.

To enter the seabed-based robotic drilling marketplace, Fugro formed a new joint venture company, Seafloor Geotec, LLC (SGL) with Gregg Marine of the United States. Robotic seabed soil investigations to 3,000 meters water depth complements Fugro's extensive fleet of geotechnical drilling vessels to provide a unique drilling option for oil and gas companies, mining companies and the scientific community.

The need for Fugro's specialised geotechnical expertise continues to grow as the complexity of the projects increases along with the remoteness and general lack of information in new areas. In support of our expanding international geoconsultancy services, we acquired Geoter in France. We are maintaining our involvement in geoscience research. In one example, to advance the understanding of gas hydrate potential around the world, the US Department of Energy (DoE) selected Fugro to develop plans to sample the gas hydrates that were identified during a DoE funded drilling expedition in the deepwater Gulf of Mexico in 2009 and to use seismic imaging and rock physics to better understand the gas hydrate reservoirs. Another unique project is our contract with the Titan-Micoperi consortium to drill offshore foundations for platforms that will contribute to the recovery of the Costa Concordia, the stricken cruise liner that sank just off the Italian coast in January 2012.

As part of our fleet renewal program, construction of two deepwater geotechnical drilling vessels remained on schedule in India with delivery of the first vessel expected by mid-2013. Both vessels are specially designed and built for operating in the deepwater geotechnical market specifically in Southeast Asia and the Americas, in water depths up to 3,000 meters. The vessels will be equipped with Fugro's proprietary deepwater drilling and seabed investigation equipment.

In summary, the financial results ended the year close to expectations, slightly down in the onshore due to the current economic conditions and government related work while the offshore results were up slightly due to higher than expected work volumes. This clearly illustrates the benefits of the diversity of the group by working onshore and offshore as well as the geographical distribution of our capabilities. Our organisational structure enables us to work anywhere in the world on short notice and we excel at providing a full suite of geotechnical and geoscientific capabilities positioned globally to meet our client's needs.

Survey Division

Survey division (x EUR million)	2012	2011
Revenue	1,389	1,191
Results from operating activities (EBIT)	191	202
Average invested capital (incl. acquisitions)	1,170	952
Depreciation of tangible fixed assets*	100	81
Results from operating activities (EBIT) as a % of revenue	14	17

* Fugro decided to allocate the depreciation of property, plant and equipment used by operating segments but managed as a central pool, to the reportable segment profit (or loss) before income tax of the respective operating segments. The comparative figures have been adjusted for comparative purposes

In the year under review the Survey division achieved revenues of EUR 1,389 million (2011: EUR 1,191 million). The offshore survey business line generated EUR 731 million of revenue (2011: EUR 632 million). The subsea services business line added EUR 554 million (2011: EUR 440 million) and the geospatial activities contributed EUR 104 million (2011: EUR 119 million). The result from operating activities (EBIT) decreased by 6% to EUR 191 million (2011: EUR 202 million) equating to an EBIT margin of 14% (2011: 17%).

The Survey division activities continued to be dominated by the resource exploration and production industry, primarily related to oil and gas. Therefore the oil price and the prevailing investment climate remain key factors for this business on a global scale. However, our services also extend to renewables as well as a broad range of commercial, civil and telecommunication industries. Approximately 90% of activities relate to work offshore and shallow coastal areas around the globe. Our services extend from geophysical and geological surveys and basic sea bottom mapping to positioning services for a wide variety of applications and users as well as subsea services and intervention in support of the development of natural resources. As part of providing an encompassing service we include meteorological as well as oceanographic data acquisition and studies in our survey portfolio. Subsea Services include a range of underwater activities covering inspection, repair and maintenance (IRM) of subsea

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structures, supporting offshore construction contractors as well as drilling activities through a large fleet of remotely operated vehicles (ROV's) and a specialist fleet of support vessels. Onshore operations in the division include land and airborne surveys and mapping principally for infrastructure development but also increasingly the oil and gas industry. The division is established globally with offices at all major centres from which the oil and gas industry operates.

Offshore Survey enjoyed a particularly strong performance through the year right from the beginning with the usual peak operation quarters in mid year. After a two year hiatus as a result of the Macondo disaster in the Gulf of Mexico (GoM) the requirement for survey services in the deep water part began to return to normal by the first quarter of 2012. Survey performed particularly strong in Mexico and Canada including a prestigious airborne offshore laser mapping project in the Canadian arctic. Operations in Africa turned out particularly solid and we were able to strengthen our position in West Africa and build up a good position in the emerging East Africa region with a number of major awards that will continue into 2013. The successful completion of a 2 D survey in 2012 on Lake Tanganyika deserves special mention and signals a new oil province in the making, spanning all the Central African Lakes. With a large number of local offices in Africa, Fugro is well positioned to benefit from all African developments. The North Sea was likewise performing very well in all survey related activities and our new survey vessel fleet was in high demand. Middle East, India and the Caspian had solid performances throughout. An exception was the Asia Pacific region where we struggled for much of the year. We continued our path of vessel renewals by launching one more early in the year and at year-end still have seven under construction (including some smaller one's) with deliveries planned between 2013 and 2014. The new fleet has become a major differentiator in the market and clients are responding very well to availability of these purposely build vessels. We added another deep water AUV and have one more on order, making Fugro the largest commercial AUV operator worldwide.

The number of acquisitions for the division through the year was limited to EMU Ltd. in the UK. The company is specialised in environmental surveys, both in the offshore resource industry as in the renewables market and fitted well into the Fugro organisation. By the end of the year, we have consolidated all marine environmental activities in Fugro in a single entity which together have a significant footprint in the North West European markets and are set to grow the marine environmental business globally.

Subsea Services had a difficult year in 2012 with a rather variable performance regionally. In Northwest Europe we had a good performance overall but it was impacted by the collapse of a significant client for our vessel operations in the fourth quarter of 2012. The new trenching activities performed very well operationally. In West Africa, our activities focused on Nigeria and went well albeit under very competitive terms. Brazil did not live up to our expectations primarily due to late delivery of vessels by vessel companies that were outside our control. They are now operational and will contribute well in 2013. One remaining dive support vessel is on target to become operational during first half of 2013. The Middle East was a disappointment due to a combination of low activity and below standard operating performance on one large project.

Reorganisation has taken place and by the year-end we have seen significant pick up in activity throughout the region and into the Caspian. A strategic drive to develop our Indian capability has started to pay off and we move into 2013 with a record level of activity.

In Asia-Pacific we had a year of consolidation in both Perth and Singapore. While our vessel-based operations were close to expectations with a significant growth in Malaysia, our stand-alone ROV activities were at a low ebb for most of the year. Significant management effort coupled with the ROV fleet renewal strategy has turned that situation around and we enter 2013 with a more positive outlook. In 2012 we accelerated our ROV fleet replacement to ensure we operate a modern and reliable fleet of systems. This resulted in our year-end ROV count being essentially the same as at the end of 2011.

Geospatial Services activities include both terrestrial (ground based) survey services and a range of non-geophysical airborne mapping services and solutions. The business also includes satellite based remote sensing activities, using satellite data from third party sources. In 2012, market conditions for aerial imagery and LiDAR (laser based) data services particularly the deteriorated in most regions of the world. Due to budget constraints, the demand from governmental agencies in the USA, Europe and the Middle East for aerial imagery and laser generated digital terrain models remained particularly subdued. The second most important market sector (Infrastructure and Construction) was also generally weak. Even in Australia, the demand for airborne mapping services from the resource sector declined.

Given the challenging market conditions, Fugro has implemented further rationalisation measures to deal with weak geospatial activities in certain regions and drove rigorous efficiency measures.

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In contrast, the performance of terrestrial survey services developed positively in 2012 and in most areas generated excellent profit margins, particularly the onshore oil and gas sector in Australia, Middle East and North America. In Australia, terrestrial activities deployed on Barrow Island for the massive Gorgon project and continued large shale gas developments in the USA all contributed to the positive result. One exception was the Netherlands market for general land survey services which weakened due to a decline in the number of infrastructure and construction projects.

The global positioning signal services showed steady growth in all positioning product lines and generated outstanding revenue and profits. The positioning business serves well over two thousand high end construction vessels from all segments of the offshore sector, but also cruise vessels, merchant marine and research vessels. Fugro positioning specialists are also involved in the development of commercial services for the European Satellite Navigation Systems Galileo.

The group of Fugro services which operates under the umbrella of oceanography and meteorology performed beyond expectation in 2012 and was very busy throughout the year. Increasingly, this business is deriving its results from long term maintenance and support contracts of permanent monitoring systems deployed on large FPSO's, drill ships and mobile platforms.

Geoscience Division

Geoscience division (x EUR million)	2012	2011
Revenue	841	717
Results from operating activities (EBIT)	174	57
Average invested capital (incl. acquisitions)	1,381	1,207
Depreciation of tangible fixed assets*	71	94
Results from operating activities (EBIT) as a % of revenue	21	8

* Fugro decided to allocate the depreciation of property, plant and equipment used by operating segments but managed as a central pool, to the reportable segment profit (or loss) before income tax of the respective operating segments. The comparative figures have been adjusted for comparative purposes

In 2012 the Geoscience division (continued and discontinued) saw revenue increase by 17% to EUR 841 million (2011: EUR 717 million). The seismic services business line generated EUR 619 million (2011: EUR 507 million). The geophysical and geological services business line contributed EUR 222 million to the revenue (2011: EUR 210 million). Results from operating activities (EBIT) amounted to EUR 174 million (2011: EUR 57 million). This equates to an EBIT margin of 21% (2011: 8%).

Under the banner of the Geoscience division in 2012, Fugro clustered the provision of proprietary and multi-client data, technical and consulting services, and software and technical products associated with oil, gas and minerals exploration, development and production. The services include geophysical and geological data acquisition, processing, analysis and interpretation. During 2012 Fugro operated with one of the newest and most modern high capacity 3-D seismic fleets in the world. Fugro's fleet was active around the globe during 2012. However the marine seismic data acquisition segment continued to be under pressure during 2012 but performed better than in 2011. The activity experienced a strong summer season in the northern hemisphere leading to a better second half than expected at the start of the year and also did not experience the usual dip in activity in November/ December.

Seismic data processing activities continued to expand in 2012. As was the case in 2011, the reduced contribution from the marine seismic contract market has been largely offset by positive record results from multi-client seismic data sales which were strong across the portfolio, and in particular with respect to the Barents Sea data. Fugro continued to invest in the seismic libraries in 2012 and a total of 38,000 km² were acquired in Norway, the Netherlands, United Kingdom, United States and Australia. The largest surveys were acquired in the Norwegian Barents Sea and industry showed a very strong interest for the new data in this prolific region. Fugro also acquired almost 8,000 km² in the Joint Development Zone between Australia and Timor Leste with good funding from the industry. Fugro continued to invest in 2-D projects in the Barents Sea and Northern Brazil and almost 40,000 line km was added to the library. The growth in multi-client activity follows from the division's strategy to achieve a better balance between multi-client and contract business. After the divestment of the majority of the Geoscience division, the seismic libraries are being retained and represent a significant value to Fugro. The marketing agreement signed with CGG will secure income from this asset in the years to come.

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No acquisitions of corporate entities were executed in 2012 in the division. Considerable efforts and management time were spent on integrating the previous acquisitions of De Regt Marine Cables as well as the Ocean Bottom Node (OBN) business which was acquired from SeaBird Exploration in the fourth quarter of 2011. De Regt has continued to grow their general business as well as increasing their offering of specialised high tech cables. The OBN business had a difficult start as delays in awards resulted in a slow build-up of the order book. Since award of a long term contract for Chevron, the company has performed well and the seabed geophysics market continues to strengthen in parallel. The Chevron multi-year agreement will keep a crew busy until well into 2014.

The demand for high end geologic and geophysical interpretation and reservoir modeling services continued to be stable throughout the year. The subscription-based geological information business introduced Merlin+, designed to help oil and gas explorers determine if a given region has some of the key pre-requisites to harbour hydrocarbon reserves by modelling changes in the earth's structure over 100's of millions of years. General performance of the multi-client geophysical data and geologic product sales was again strong, with good demand across the range of products. Software product sales through corporate access agreements continued to develop well. New, long term corporate access agreements were entered into, amongst others, with the Kuwait Oil Company and Gazprom, the latter being a repeat customer.

The market for non-seismic geophysical services experienced a challenging year in 2012. Demand continued to be good from the oil and gas and governmental sectors, however the mining sector responded to global economic uncertainty with aggressive cost minimization efforts. Junior mining explorers had increasing difficulty accessing investment capital through the year. The major mining houses recalculated demand for their products and in many cases cut exploration departments and expenditures significantly. This resulted in overall demand for exploration services dropping through the year to levels approaching long term cyclical lows during the second half.

Highlights of activity included large airborne gravity surveys in South America and Africa as well as the conclusion of a large marine gravity survey in the Gulf of Mexico. In spite of the weak mining market, businesses continued to invest in specific R&D projects in areas of core technologies such as electromagnetic systems and gravity systems to maintain or improve their competitive position.

The cooperation with Electromagnetic Geoservices ASA (EMGS) for marine electromagnetic activities came to a conclusion and Fugro exited its equity position in the company. Fugro will continue to pursue developments in this market.

Geoscience going forward

With the recent divestment of the majority of the Geoscience division to CGG, Fugro will continue to have Geoscience-related activities in two areas – multi-client seismic data and the seabed geoscience JV with CGG. The former will be focused on realising the value of our retained multi-client library valued at EUR 458 million at year-end 2012. This includes a non-exclusive marketing and sales agreement with CGG. Although Fugro has no plans to invest in new data acquisition, targeted investments in re-processing existing data will be made from time to time to generate additional sales volume.

The seabed geoscience joint venture is called Seabed Geosolutions. Fugro and CGG retain full ownership of the business on a 60%/40% basis respectively. The company will focus on acquiring, processing and interpreting geoscience data on or near to the seabed, from the transition zone to the deep water environment. It is already the largest company in the world in this market segment and will benefit from access to parent company technical and commercial resources to support its growth.

Post balance sheet date events

On 28 January 2013, the Company and CGG completed a transaction under which CGG acquired Fugro's Geoscience division, excluding the multi client library and the Fugro ocean bottom nodes business.

The effective date of the transaction is 31 January 2013, with the exception of the Airborne activities and certain minor other assets which will be closed upon once all equipment license transfer and administrative authorizations have been received (expected to occur in 2013). The total transaction value amounts to EUR 1.2 billion on a cash and debt free basis. An amount of some EUR 700 million has been received in cash.

The expected net profit after tax on the transaction including the deferred closings is expected to amount to approximately EUR 200 million. This amount was calculated based on certain assumptions with respect to the deferred closing of Airborne, taxes, accumulated translation reserve and the expected outcome of the post completion process, including the outcome of Capital expenditure review and working capital balance balances per

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31 January 2013. The amount mentioned may therefore deviate from the actual outcome to be reported later this year.

Parties have agreed that part of the consideration will be satisfied in the form of a vendor loan from Fugro to CGG. On 31 January 2013 the vendor loan amounts to EUR 125 million and will increase to EUR 225 million upon the closing of the Airborne activities. The loan agreement carries interest of 5.5% and provides Fugro with collateral. The loan agreement also includes a repayment schedule that requires repayment of, at a minimum, half of the loan amount before the end of 2013 and the remainder, in annual repayments, before the end of 2018.

The multi client library, with a book value of EUR 458 million at 31 December 2012, remains with Fugro while all multi-client personnel have transferred to CGG as part of the transaction. After closing of the transaction Fugro will further limit the development of the multi-client library and any new investments will be made by CGG. Fugro completes two ongoing data acquisition projects and finishing some small project. As part of the transaction both parties entered into a non-exclusive sales and marketing agreement under which CGG will sell licenses to the multi-client library that is still owned by Fugro for a revenue based fee with respect to 3-D, another party will sell 2-D. Fugro will retain the right to enter into non-exclusive agreements with other parties as well as an outright sale of (all or parts of) the library.

Share options held by Fugro employees that will be transferred to CGG and were exercisable at completion can be exercised until 15 December 2013, after which date these options will expire, provided the exercising option holder is employed by a member of the CGG Group. If the employees joining CGG exercise these options after the transaction, Fugro is responsible for delivering the shares. The stock options that had not vested at completion of the transaction, will be replaced by a CGG phantom share option plan with the similar terms and conditions as Fugro's share option plan. If these options are exercised after vesting, CGG will pay the option holder the difference between Fugro's opening share price on the day of exercise and the exercise price of the option.

Furthermore Fugro entered into a strategic partnership with CGG, which includes a global technical and commercial agreement, under which CGG and Fugro grant each other preferred supplier status for services and equipment, which will be supplied on an arm's length basis.

Finally, Fugro and CGG also established a new entity, Seabed Geosolutions, which includes Fugro's and CGG's ocean bottom nodes business and CGG's transition zone, ocean bottom cable and permanent reservoir monitoring activities. This transaction was closed on 16 February 2013. In addition to the contribution of the ocean bottom nodes business to Seabed Geosolutions, Fugro has paid EUR 225 million to CGG with respect to Seabed Geosolutions. Subsequent to the closing, Fugro holds a 60% interest in Seabed Geosolutions and CGG holds a 40% interest. Fugro controls and will consolidate Seabed Geosolutions showing a minority interest for 40%.

The contribution by CGG of its ocean bottom nodes, transition zone, ocean bottom cable and permanent reservoir monitoring activities against a 40% interest in Seabed Geosolutions and EUR 225 million constitutes a business combination under IFRS. Fugro has not yet completed a purchase price allocation on this acquisition and the impact of this transaction on the fair value of the assets acquired and liabilities assumed is unknown at the date of these financial statements.

Composition Board of Management and Supervisory Board

As per 7 February 2013, Mr. F.J.G.M. Cremers has stepped down as vice-chairman of the Supervisory Board and as chairman of the Audit Committee. Mr. J.A. Colligan took over the chairmanship of the Audit Committee. Mr. H.L.J. Noy became member of the Audit Committee.

With the recent successful sale of the majority of the Geoscience activities, the execution of the strategic review and the reinforcement of corporate functions, Fugro enters a new stage in its development. In this connection, Mr Jonkman has indicated that he would like to step down following the AGM in 2014. Mr. Jonkman served as CFO and member of the Board of Management of Fugro N.V. for 9 years during a period of strong growth of the company. The Supervisory Board has initiated the search for a successor and expects to be able to complete the process towards the end of 2013. After a transition period and the preparation of the 2013 financial statements, Mr Jonkman will transfer his duties to the new CFO. Thereafter he will be engaged in special projects at the request of the Chairman of the Board of Management.

As announced on 16 November 2013 the Supervisory Board proposes to appoint Mr. S.J. Thomson as a member of the Board of Management. Mr. Thomson (Australian national) joined Fugro in 2000 and has served in several positions including most recently Director of Geophysical Services and Geological Services. Prior to that Mr. Thomson held various positions in technical geosciences-related service companies. Mr. Thomson, after

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appointment by the AGM in May 2013, will join the Board of Management responsible for the Geoscience Division going forward and Subsea Services.

Mrs. M. Helmes is proposed for reappointment to the Supervisory Board at the AGM in May 2013. Mrs. Helmes holds a position as CFO of Celestio AG, Stuttgart, Germany and is a member of the Supervisory Board of Brocacef Holding N.V.

Explanation annual results 2012

At 09.30 hours, Fugro will host a press conference (in Dutch) to explain the annual results of 2012. 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 2012 is available on this website.

For further information:

Fugro N.V.

Telephone + 31 70 311 11 12

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)

	2012	2011
Continuing operations		
Revenue	2,164,996	1,858,043
Third party costs	(793,250)	(617,107)
Net revenue own services (revenue less third party costs)	1,371,746	1,240,936
Other income	14,806	21,591
Personnel expenses	(692,892)	(602,972)
Depreciation	(155,619)	(127,196)
Amortisation of intangible assets	(3,125)	(2,713)
Other expenses	(226,647)	(177,630)
Results from operating activities (EBIT)	308,269	352,016
Finance income	13,425	23,438
Finance expenses	(28,492)	(14,975)
Net finance income/(costs)	(15,067)	8,463
Share of profit/(loss) of equity-accounted investees (net of income tax)	(1,068)	4,642
Profit before income tax	292,134	365,121
Income tax expense	(49,502)	(63,535)
Profit for the period from continuing operations	242,632	301,586
Profit/(loss) for the period from discontinued operations	58,810	(6,316)
Profit for the period	301,442	295,270
Attributable to:		
Owners of the Company	291,573	287,595
Non-controlling interests	9,869	7,675
Profit for the period	301,442	295,270
Basic earnings per share from continuing and discontinued operations (attributable to owners of the Company during the period)	2.90	3.71
From continuing operations (EUR)	0.73	(0.08)
From discontinued operations (EUR)	3.63	3.63
From profit for the period		
Diluted earnings per share from continuing and discontinued operations (attributable to owners of the Company during the period)	2.87	3.66
From continuing operations (EUR)	0.73	(0.08)
From discontinued operations (EUR)	3.60	3.58
From profit for the period		

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Consolidated statement of comprehensive income (continued)

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

	2012	2011
Profit for the period	301,442	295,270
Other comprehensive income		
Defined benefit plan actuarial gains (losses)	1,972	(14,919)
Foreign currency translation differences of foreign operations	3,861	55,850
Foreign currency translation differences of equity-accounted investees	36	24
Net change in fair value of hedge of net investment in foreign operations	6,235	(53,218)
Net change in fair value of cash flow hedges transferred to profit or loss	773	1,034
Net change in fair value of available-for-sale financial assets	353	(1,899)
Total other comprehensive income for the period (net of tax)	13,230	(13,128)
Total comprehensive income for the period	314,672	282,142
Attributable to:		
Owners of the Company	305,451	273,810
Non-controlling interests	9,221	8,332
Total comprehensive income for the period	314,672	282,142
Total comprehensive income attributable to equity shareholders arises from:		
Continuing operations	244,998	286,464
Discontinued operations	60,453	(12,654)
	305,451	273,810

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Consolidated statement of financial position

As at 31 December (EUR x 1,000)

	2012	2011
Assets		
Property, plant and equipment	1,065,873	1,482,981
Intangible assets	555,722	782,386
Investments in equity-accounted investees	34,707	1,632
Other investments	19,337	59,247
Deferred tax assets	45,221	55,262
Total non-current assets	1,720,860	2,381,508
Inventories	479,822	364,875
Trade and other receivables	837,645	884,550
Current tax assets	27,500	60,278
Cash and cash equivalents	92,019	170,384
Assets classified as held for sale	1,011,870	-
Total current assets	2,448,856	1,480,087
Total assets	4,169,716	3,861,595
Equity		
Share capital	4,143	4,070
Share premium	431,312	431,385
Reserves	1,229,701	932,735
Unappropriated result	291,573	287,595
Total equity attributable to owners of the Company	1,956,729	1,655,785
Non-controlling interests	21,640	18,349
Total equity	1,978,369	1,674,134
Liabilities		
Loans and borrowings	1,166,734	1,215,173
Employee benefits	89,757	98,320
Provisions	1,165	4,215
Deferred tax liabilities	18,130	13,683
Total non-current liabilities	1,275,786	1,331,391
Bank overdraft	221,923	167,810
Loans and borrowings	10,814	79,776
Trade and other payables	389,553	512,692
Other taxes and social security charges	37,501	46,279
Current tax liabilities	54,239	49,513
Liabilities classified as held for sale	201,531	-
Total current liabilities	915,561	856,070
Total liabilities	2,191,347	2,187,461
Total equity and liabilities	4,169,716	3,861,595

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Fleet renewal / expansion		
Name of the vessel	Type of vessel	Expected start operations
Fugro Brasilis	Survey	Q2-2013
Fugro Voyager	Geotechnical	Q2-2013
Fugro Scout	Geotechnical	Q4-2013
Fugro Aquarius	Subsea	Q2-2014
Fugro Australis	Survey	Q3-2014

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Geotechnical division			
(EUR x million)	2012	2011	2010
Revenue Onshore geotechnical services	423	357	356
Revenue Offshore geotechnical services	300	313	308
Total	723	670	664
Results from operating activities (EBIT)	99	96	104
As a % of revenue	14	14	16
Depreciation of tangible fixed assets	43	41	35
Average invested capital (incl. acquisitions)	579	519	447
<i>Order backlog</i>	Jan 13	Jan 12	Jan 11
Onshore geotechnical services	246	257	230
Offshore geotechnical services	203	219	206
Total backlog	449	476	436

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Survey division			
(EUR x million)	2012	2011	2010
Revenue Offshore survey services	731	632	612
Revenue Subsea services	554	440	275
Revenue Geospatial services	104	119	122
Total	1,389	1,191	1,009
Results from operating activities (EBIT)	191	202	228
As a % of revenue	14	17	23
Depreciation of tangible fixed assets	100	81	51
Average invested capital (incl. acquisitions)	1,170	952	710
<i>Order backlog</i>	Jan 13	Jan 12	Jan 11
Offshore survey services	527	440	431
Subsea services	394	294	256
Geospatial services	77	75	96
Total backlog	998	809	783

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Geoscience division			
(EUR x million)	2012	2011	2010
Revenue Seismic services	619	507	403
Revenue Geophysical & Geological Services (including Information Services)	222	210	204
Total	841	717	607
Results from operating activities (EBIT)	174	57	101
As a % of revenue	21	8	17
Depreciation of tangible fixed assets	71	94	38
Average invested capital (incl. acquisitions)	1,381	1,207	902
<i>Order backlog</i>	Jan 13	Jan 12	Jan 11
Seismic services	-	-	223
Geoscience continued	67	79	111
Total backlog	67	79	334

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Acquisitions

Acquisitions within the Geotechnical division

- Geoter SAS, France, has a strong and well recognised expertise in geology, seismic hazard and risk assessment with an excellent reputation especially amongst French government departments, engineering firms and the nuclear industry.
- Mercatus Interport Kft, Hungary, is an independent drilling company with service offerings in the geotechnical mining and infrastructure projects.
- EM Drilling Ltd., United Kingdom is an independent drilling company with services offering in the geotechnical infrastructure projects.

Acquisitions within the Survey division

- EMU Ltd., United Kingdom, is an independent marine survey and environmental consultancy specialist. The company conducts ecological, geophysical, sediment sampling and hydrographical surveys, laboratory analysis, and provides environmental consulting and reporting services.