PRESS RELEASE

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Fugro Q3 2014 trading and strategy update

Results significantly below expectations; full focus on restoring margin and cash

Highlights[1] Q3

- Rapid deterioration of the oil and gas market.
- Mid-single digit EBIT margin for the third quarter, which was slightly above the second quarter and significantly below the same quarter last year. The combined margin of the Geotechnical, Survey and Subsea Services divisions was in the low teens; continued losses in the Geoscience division.
- Expected non-cash impairments and one-offs, in the range of EUR 200 - 250 million, mainly in the Geoscience division.
- Growth in the backlog for the coming 12 months has flattened and stands at EUR 1,700 million, or 1% below last year at constant currencies.
- Outlook 2014: due to deteriorated market conditions resulting in project delays, postponements, cancellations and price pressure in its oil gas and gas markets, Fugro expects to achieve a mid-single digit EBIT margin (excluding impairments and one-offs) for the combined Geotechnical, Survey and Subsea business in the second half of the year. For Seabed Geosolutions Fugro expects continued losses around the level of the first half of the year. For multi-client visibility is very low.
- Due to the poor results and in order to strengthen the balance sheet, Fugro does not expect to pay a dividend over the year 2014.

Highlights strategy update and action plan

- Compelling long-term potential but challenging mid-term market conditions
- Geotechnical and Survey divisions continue to provide a sound core
- Updated strategy ‘Building on Strength’ to restore margins, improve ROCE and sustain strong cash flow generation
    - improvement in EBIT margin by 5 – 6 % points over the next 2 years, with the majority of the improvement actions to be finalised in 2015
    - reduced expansion and replacement investments and M&A by EUR 125 - 225 million annually
    - EUR 50 – 100 million working capital improvement in 2015
- Strategy adjusted to reflect new reality in the oil and gas market
- For Subsea Services, focus increasingly on client opex and consider partnerships to build a global IRRM market leader
- For Seabed Geosolutions, full focus is on the turn-around and exploring strategic alternatives
- Fugro mid-term targets have been updated.

[1] All results unaudited.

Paul van Riel, CEO:

This quarter we have been faced by a rapid deterioration of our oil and gas markets resulting in project delays, postponements and cancellations, as IOCs and large independents continue to cut back on investments, exacerbated by the significant drop in oil price. The poor results and the further weakening of the market outlook are triggering additional impairments.

We have stepped up our cost reduction and performance improvement initiatives to focus on restoring margin and cash flow. We are cutting back on capex and acquisitions and will improve working capital to ensure positive free cash flow. We expect no dividend payment over 2014.

We have reviewed our portfolio. The Geotechnical and Survey divisions continue to provide a sound core. We are transforming Subsea Services to focus on inspection, repair, replacement and maintenance (IRRM), and will consider partnerships to build a global opex focused IRRM leader. In Seabed Geosolutions full focus is on the turn around, while in parallel we will explore strategic alternatives.

I am confident we can weather this storm by our actions to align the organisation to the current oil and gas market reality. We anticipate a weak oil and gas market for some time while our infrastructure markets provide good opportunities. In the oil and gas market, rising depletion and demand growth will at some point bring reserve replacement back on the agenda. Fugro is well positioned for such a return due to the business improvements we are implementing and our strong leadership positions.

Q3 operational review

Revenue, excluding multi-client sales, increased by 4.2%, or 1.4% at constant currencies compared to the same quarter previous year. The EBIT margin for the quarter was mid-single digit, which was slightly above the second quarter, but significantly below the comparable period last year. The combined margin of Geotechnical, Survey and Subsea Services divisions was in the low teens; losses in the Geoscience division continued. The decline in the margin compared to the third quarter last year was caused by:

- project delays, postponements, cuts in work scope for awarded projects and cancellations
- price pressure and less high-end work, mainly in offshore geotechnical and geophysical surveys
- low utilisation of ocean bottom nodes and project losses in the ocean bottom cable projects in Seabed Geosolutions
- very low multi-client sales

In addition to the EUR 346.6 million non-cash impairments and one-off write-offs reported in the first half of the year, Fugro expects to book additional non-cash impairments and one-offs in the fourth quarter in the range of around EUR 200 - 250 million. This is a consequence of the lower than expected results and deteriorated market outlook. It is mainly related to the Geoscience division (both Seabed and the multi-client library). Furthermore it includes a partial write-down of the Synergy vessel and other write-downs.

Net debt to EBITDA was 2.9 per the end of the quarter, including uncalled bank guarantees and one-offs, or 2.4 excluding these guarantees and one-offs; compared to the covenant requirement of below 3. The fixed coverage ratio, for which the covenant requirement is above 2.5, was 2.8 at the end of the quarter, or 3.0 excluding one-offs. Liquidity and solvency remain strong. The solvency ratio stands at 47% per the end of the quarter.

Growth in the backlog for the coming 12 months has flattened and stands at EUR 1,700 million or 1% below last year at constant currencies. Backlog for the remainder of 2014 is EUR 633 million.

For the third quarter review by division, see Appendix 1.

Updated strategy and action plan to improve margin and cash flow generation

Fugro's updated strategy, 'Building on Strength', is fully focused on improving profitability, return on capital and cash flow generation, while protecting our strong leadership positions. The company has reviewed its portfolio given the current market environment. The Geotechnical and Survey divisions will continue to provide a sound core to the company. For the Subsea division, Fugro will consider strategic partnerships to build a global IRRM market leader. For Seabed Geosolutions, strategic alternatives are being reviewed in parallel to the implementation of the turn-around program.

To address this year's unacceptable margin development, Fugro is further stepping up margin and cash flow generation improvement initiatives at both the group and divisional levels. While focusing on preserving our market share and leadership in the Geotechnical and Survey divisions, Fugro will:

- Review options for underperforming or subscale businesses
- Implement stepped-up performance improvement programmes across all divisions
- Continue our efforts towards organisational simplification and standardisation
- Focus on cash generation, by significantly scaling down investments and implementation of working capital improvement program.

In **Geotechnical**, Fugro will exit the well intervention market. Fugro will reduce the vessel fleet (short-term charters) and postpone fleet replacement investments. In addition, the offshore organisation will be realigned to current market conditions.

In **Survey**, Fugro has stepped-up the restructuring of the aerial mapping business to become an asset light geospatial solution provider by outsourcing aircraft operations. Fugro is also substantially reducing vessel fleet expansion and renewal plans.

In **Subsea Services**, the implementation of the performance improvement programme will be continued, next to increased focus on opex oriented IRRM (inspection, repair, replacement and maintenance), including the exploration of partnerships.

In **Seabed Geosolutions**, a significant restructuring is being carried out to transform the business into an efficient fully modular model, significantly reducing the risk of underutilisation. Further strong emphasis is being put on improving execution of current long term projects. In parallel, strategic alternatives will be explored.

In the **Fugro organisation** continued good progress is being made with its strategic development. The implementation of the cross-divisional regional organisation is almost complete. Progress is being made with building a strong support organisation, including finance & control, HR, R&D, IT, legal and HSSE. Fugro has identified quality improvements and efficiency gains that will be realised through further simplifying its organisation. Within the finance function, business controls are being improved and IT systems upgraded. Initiatives and actions to strengthen the organisation have been reprioritised to bring full focus on margin improvement.

Updated mid-term targets

The ongoing action plans are anticipated to generate:

- improvement in EBIT margin by 5 – 6 % points over the next 2 years, with the majority of the improvement actions to be finalised in 2015
- reduced expansion and replacement investments and M&A by EUR 125 - 225 million annually
- EUR 50 – 100 million working capital improvement in 2015

Fugro has updated its mid-term targets. The targets for 2017 (excluding multi-client) are:

EBIT margin for the group	8 – 12%
• Geotechnical onshore	8 – 11%
• Geotechnical offshore	11 – 15%
• Survey division	12 – 15%
• Subsea division	6 – 9%
• Seabed Geosolutions	5 – 10%
Return on Capital Employed[2] for the group	8 – 12%

The lower end of the range is based on the current challenging market conditions; the higher end of the range assumes a market improvement.

Outlook 2014

Due to deteriorated market conditions resulting in project delays, postponements, cancellations and price pressure in its oil gas and gas markets, Fugro expects to achieve a mid-single digit EBIT margin (excluding impairments and one-offs) for the combined Geotechnical, Survey and Subsea business in the second half of 2014 (excluding impairments). For Seabed Geosolutions Fugro expects continued losses around the level of the first half of the year. For multi-client visibility is very low.

Dividend

Due to the poor results and in order to strengthen the balance sheet, Fugro does not expect to pay a dividend over the year 2014.

Capital Markets Day

Starting at 10:30 o'clock UK time / 11.30 CET, Fugro will host a Capital Markets Day in London, where management will present its strategy update and a comprehensive action plan to improve margins and cash flow. The presentation can be followed through a video webcast accessible via www.fugro.com.

[2] Capital employed in respect of the ROCE calculation is defined as average total equity plus net interest bearing debt. ROCE is defined as NOPAT as a percentage of a three points average capital employed. The three points consist of the last three reporting periods. The vendor loan related to the divestment of the majority of the Geosciences business and the Seabed warrant are excluded.

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

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

Appendix 1 – Q3 operational review

Operational Q3 review by division

	Revenue per division (x EUR million)			
	Q3 2014	Q3 2013	Reported growth	Currency comparable growth
Geotechnical	204.1	190.2	7.3%	5.0%
Survey	228.7	249.9	- 8.5%	- 10.6%
Subsea Services	192.9	177.7	8.6%	4.3%
Geoscience	78.0	67.9	14.9%	12.9%
of which Seabed Geosolutions	70.4	46.7	50.7%	48.3%
of which multi-client	7.6	17.4	- 56.3%	- 57.0%
Total	**703.7**	**685.7**	**2.6%**	**0.0%**
Total excluding multi-client	**696.1**	**668.3**	**4.2%**	**1.4%**

Geotechnical division

- Currency comparable revenue growth was 5.0%, mainly driven by the offshore business line.
- The EBIT margin was mid- to high-single digit and was below last year and the second quarter. The decline was mainly caused by an unfavourable revenue mix with a low volume of higher margin deep-water work and a relatively high volume of low margin projects including wind farm work, and some cost overruns. The onshore geotechnical and geoconsulting businesses continue to perform well.
- The decision has been taken to exit the well-services market. Options for the commercial de-risking of the Synergy vessel are under investigation, including a possible sale.
- Two previously planned new built replacement vessels will be postponed. One chartered vessel has been returned this quarter and another one will be returned early next year, resulting in a combined annualised charter cost saving of approximately EUR 15 million.
- The 12-month backlog amounts to EUR 463 million. This is 2.4% lower than last year at constant currencies, compared to double-digit growth a quarter ago. This reflects the slow-down of the offshore geotechnical market.

Survey division

- Currency comparable revenue decline of 10.6%, compared to a strong third quarter last year. Adjusted for the deconsolidation of the joint venture with China Oilfield Services Limited, the currency comparable revenue decreased by 7.4%. This decline was caused by lower market demand for high-end geophysical surveys in the oil and gas segment in several regions, especially in North America, where the overall activity was very low.
- The EBIT margin in the third quarter was in the mid-teens in line with the previous quarter, but significantly below last year, mainly due to lower revenues, revenue mix effects and price pressure from oil and gas companies. The aerial mapping losses reduced compared to the first half of this

year as a result of the restructuring measures. The positioning, metocean and construction support business lines continue to perform well.
- Aerial mapping is going through a drastic restructuring process, which includes outsourcing aircraft operations to expedite the transformation to an asset light geospatial information provider.
- The 12 month backlog, amounting to EUR 645 million, stands at -1.9% at constant currencies, or - 0.1% when adjusting for the deconsolidation of the joint venture with China Oilfield Services Limited. This compares to a double-digit growth in the 12 month backlog at the half-year.

Subsea Services division

- Currency comparable revenue growth was 4.6% mainly driven by long-term projects on the Great Western Flank and the IRM campaign for Shell, both in the Asia Pacific region.
- EBIT margin improved compared to the previous quarter and was in line with last year. This was due to a particularly strong performance in the North Sea sector in construction support, including trenching.
- The action plan to improve profitability continues, supported by an increased focus on opex related IRRM activities.
- The 12 month backlog amounts to EUR 384 million and decreased by 0.3% at constant currencies compared to last year. Backlog for the remainder of the year shows an exceptionally strong growth at 74%, mainly related to the Great Western Flank project.

Geoscience division

Seabed Geosolutions:
- Currency comparable revenue growth amounted to 48.3% which was mainly driven by strong utilisation of three shallow water / ocean bottom cable (SWOBC) crews.
- Results were significantly worse than expected. EBIT losses continued, mainly due to project losses on the OBC projects and under-utilisation of ocean bottom nodes (OBN).
- The unacceptable results have triggered additional actions:
    - Leadership change has been implemented.
    - Strengthened project management and cost control on current projects
    - Operational production improvement
    - Accelerated restructuring to a fully modular business model with a more flexible cost structure
    - Further business restructuring to reduce costs
- The 12 month backlog amounts to EUR 207 million which is an increase of 4.8% compared to last year at constant currencies. A six month contract extension of around $ 70 million has recently been awarded by Petronas in Malaysia. In addition, a letter of award for OBN activities of around $ 100 million has just been won with Petrobras, starting at the beginning of 2015, with a second phase in 2016. Each phase will last approximately 5 months.

Multi-client:
- Multi-client revenues amounted to EUR 8 million, compared to EUR 17 million in the third quarter last year. Revenues declined in all regions due to further weakening of the seismic market.
- EBIT loss was due to the lower revenues, combined with linear and forced amortisation on top of sales amortisation.
- In the quarter the Phoenix South-1 discovery in Australia was made. Fugro has a 10% indirect interest in this significant discovery.

Backlog
Backlog for the coming 12 months at EUR 1,699.7 million is 0.9% below last year at constant currencies, compared to double-digit growth at the end of the previous quarter. The definite orders account for 66% of this backlog. The remaining 34% relates to orders that have a high likelihood of being awarded. Under the current market conditions confirmed work can, however, be subject to further delays and scope reductions and even cancellations as oil companies are increasingly scrutinising their E&P investment decisions, as the oil price has dropped significantly.

Backlog for the remainder of the year at EUR 633 million is up 17% at constant currencies. This is mainly related to a large project in Subsea. Definite orders account for 83% of the backlog. The remaining 17% has a high likelihood of being awarded. There is a risk of delays, also for the backlog for the remainder of the year.

	Backlog per division (x EUR million)					
	for next 3 months			**for next 12 months**		
	Q3 2014	**Q3 2013**	**Currency comparable growth (%)**	**Q3 2014**	**Q3 2013**	**Currency comparable growth (%)**
Geotechnical	178.3	174.3	- 1.7%	**463.4**	456.4	- 2,4%
Survey	215.4	197.6	5.2%	**645.2**	639.5	- 1.9%
Subsea Services	175.3	94.9	74.1%	**383.7**	365.5	- 0.3%
Geoscience (Seabed Geosolutions)	64.4	51.8	16.6%	**207.4**	185.6	4.8%
Total	633.4	518.6	16.6%	**1,699.7**	1,647.1	- 0.9%

Appendix 2 – Year-to-date revenue

	Revenue per division (x EUR million)			
	YTD 2014	**YTD 2013**	**Reported growth**	**Currency comparable growth**
Geotechnical	569.7	525.3	8.4%	10.1%
Survey	652.9	692.1	-5.7%	-3.3%
Subsea Services	457.5	466.6	-2.0%	-1.3%
Geoscience	210.5	169.6	24.1%	28.0%
of which Seabed Geosolutions	167.7	86.7	93.4%	98.3%
of which multi-client	42.7	71.5	-40.3%	-36.6%
Total	**1,890.6**	**1,853.6**	**2.0%**	**3.9%**
Total excluding multi-client	**1,847.9**	**1,782.1**	**3.7%**	**5.5%**