Press release

Leidschendam, the Netherlands, 22 April 2021

Q1 2021: Fugro shows margin resilience despite continued Covid-impact

Growth expected to resume in the course of the second quarter

- Slightly improved EBIT margin in a seasonally weak quarter
- Revenue decline of 17.2% in the quarter, fully driven by the impact of Covid and a strong related decline in oil & gas activities, partly offset by revenue growth in other market segments
- Cost reduction programme, initiated last year, fully implemented by now, resulting in annualised savings of around EUR 130 million
- Divestment Seabed Geosolutions announced; transaction expected to be completed by mid-2021
- Good order intake results in EUR 875.7 million backlog, in line with first quarter of 2020, and with an increasing share from renewables, infrastructure and nautical activities
- Outlook 2021: revenue growth is expected to resume in the course of the second quarter. For the full-year, Fugro expects a modest margin improvement.

Key figures (x EUR million) *from continuing operations* *unaudited*	**Q1 2021**	**Q1 2020**	**Comparable growth**[1]
Revenue	283.8	358.4	(17.2%)
Adjusted EBITDA[2]	13.1	7.2	
Adjusted EBIT[2]	(14.9)	(21.5)	
Adjusted EBIT margin[2]	(5.3%)	(6.0%)	
EBIT	(15.5)	(26.5)	
Cash flow from operating activities after investing	(45.3)	(21.5)	
Backlog next 12 months	875.7	890.0	(0.9%)

[1] Corrected for currency effect
[2] Adjusted for onerous contract provisions, restructuring cost and impairment losses

Mark Heine, CEO: *"This quarter, our revenue was again strongly affected by the pandemic and the related decline in oil and gas activity levels. This is evident in comparison with the first quarter of 2020, when the initial Covid impact became visible only towards the end of the quarter. At the same time, our results demonstrate once again our resilient operating model and increasingly diversified portfolio, with an increasing revenue share from renewables, infrastructure and nautical activities. We were able to slightly improve our margin in the seasonally weak first quarter. This was largely due to the comprehensive cost reduction programme which was initiated immediately after the outbreak of the pandemic and which is now fully effective.*

Based on the good order intake this quarter, we anticipate that revenue will start to grow again in the second quarter. Furthermore we expect a modest margin improvement for the full year.

Backed by the knowledge, experience and commitment of our staff, the innovative solutions we provide and our increasingly diversified customer base, we will make our way back to our Path to Profitable Growth. In line with our 2021 management agenda, we have recently announced the divestment of Seabed Geosolutions and we expect to complete this transaction mid-2021. Furthermore, we are determined to deliver: ongoing focus on costs and cash flow generation; completion of the turnaround of the land business; further strengthening of operational and commercial excellence and employee engagement; enhancing our service delivery with new market leading digital and remote solutions; and implementing our ambition to achieve net-zero emissions in 2035.

Barbara Geelen is scheduled to start as our new CFO after approval from the EGM on 12 May, securing a smooth handover from Paul Verhagen."

Review Q1 2021

The revenue decline of 17.2% was fully related to marine, where both site characterisation and asset integrity suffered from low activity levels in the oil & gas market and Covid related complexities and delays. On the other hand, land activities grew.

The revenue decline was fully offset by significantly lower third party costs, and personnel and other operating expenses. The cost savings programme which was initiated last year immediately after the outbreak of the pandemic is by now fully implemented, resulting in annualised savings of around EUR 130 million. In a seasonally weak quarter, EBIT improved slightly, by EUR 6.6 million, to minus 14.9 million.

Good order intake in the quarter in Europe-Africa, Americas and Asia Pacific resulted in a 12-months backlog of EUR 875.7 million.

In the seasonally slow first quarter, cash flow from operating activities after investing was minus EUR 45.3 million, mainly due to higher working capital which was driven by an increase in the number of days of revenue outstanding (DRO) to 97, from a very strong performance of 83 days at year-end 2020. The DRO was similar to the first quarter of last year. Last year's cash flow benefitted from a positive EUR 10 million net contribution from the divestment of Global Marine and the Southern Star arbitration settlement. Working capital as a percentage of 12 months revenue was 11.6% at the end of March, compared to 11.2% a year ago. Cash flow from discontinued operations (Seabed Geosolutions) after investing was EUR 0.5 million.

Net debt amounted to EUR 351.4 million compared to EUR 295.8 million at year-end 2020 (including Seabed Geosolutions). This increase was mainly the result of the increased working capital and related negative cash flow from operating activities after investing. All covenants were met; net debt/EBITDA remained stable over the quarter at 2.1. Liquidity is good with close to EUR 400 million in cash and available facilities.

Review by business

Marine

Key figures (x EUR million)	Q1 2021	Q1 2020	comparable growth[1]
Revenue	189.1	251.0	(24.1%)
Backlog next 12 months	592.3	605.5	(4.5%)

[1] Corrected for currency effect and portfolio effect from reclassification of nearshore infrastructure services from Land to Marine (with EUR 2.9 million revenue in Q1 2021)

- Both site characterisation and asset integrity revenue declined due to a weak oil & gas market and Covid, compounded by adverse weather conditions in Europe and the US. Efficient vessel management resulted in a significantly higher utilisation of Fugro's owned fleet (67% compared to 52% in the comparable period last year) and a considerably lower number of charters.
- EBIT improved despite the strong revenue decline, although still negative in a seasonally low first quarter.
- Backlog declined slightly as an increase in site characterisation caused by growth in offshore wind was offset by a decline in asset integrity, which is more exposed to the oil & gas market.

Land

Key figures (x EUR million)	Q1 2021	Q1 2020	comparable growth[1]
Revenue	94.7	107.4	0.7%
Backlog next 12 months	283.4	284.5	7.3%

[1] Corrected for currency effect and portfolio effect from the reclassification of nearshore infrastructure services (from Land to Marine with EUR 7.7 million revenue in Q1 2020)

- Site characterisation revenue increased slightly, and asset integrity declined, partially caused by portfolio rationalisation as part of the land turnaround plan.
- EBIT improved year-on-year to around break-even.
- Asset integrity backlog shows a healthy growth, while site characterisation is flat.

Review by region

Europe-Africa

Key figures (x EUR million)	Q1 2021	Q1 2020	comparable growth[1]
Revenue	133.0	143.7	(6.8%)
Backlog next 12 months	378.1	318.2	15.6%

[1] Corrected for currency effect

- Despite a better utilisation of owned vessels, performance was impacted by the pandemic and standby periods due to adverse weather in the UK, impacting in particular marine site characterisation revenue. Land asset integrity was up, due to the flood risk mapping project for the Worldbank in Romania.
- The backlog increase is driven by marine site characterisation, due to an improved outlook particularly in offshore wind, but also in oil and gas. Marine asset integrity backlog declined, mainly in satellite positioning. In land, backlog was up, caused by growth in asset integrity.
- Recent project awards include a contract with Energinet for preliminary studies to build the world's first energy island hub in Denmark, a site investigation and consultancy contract for the Wilhelmsburg tunnel in Hamburg and a shallow water site investigation for the Tipner West Regeneration project in the UK.

Americas

Key figures (x EUR million)	Q1 2021	Q1 2020	comparable growth[1]
Revenue	61.1	86.5	(21.3%)
Backlog next 12 months	231.3	242.6	1.6%

[1] Corrected for currency effect

- Revenue in marine saw a steep decline because of delayed awards for major projects, postponements and quarantine challenges, whereas work schedule in the US and Mexico was busy in the same quarter last year. A slight revenue increase in land site characterisation was fully offset by project delays in land asset integrity, related to the pandemic and extreme weather in the US.
- Backlog increased mainly because of marine asset integrity activities in the US, the ROV support vessel contract work in Brazil and increasing work in offshore wind on the East Coast of the US.
- Significant contract awards included a deep water site investigation project for Equinor off the coast of Newfoundland and Labrador; a South Fork Wind Farm unexploded ordnance investigation for Ørsted offshore Rhode Island, and a Geo-data contract for the Texas Department of Information Resources to support the state's Strategic Mapping Program.

Asia Pacific

Key figures (x EUR million)	Q1 2021	Q1 2020	comparable growth[1]
Revenue	59.5	80.3	(23.7%)
Backlog next 12 months	175.1	210.8	(18.4%)

[1] Corrected for currency effect

- Revenue growth in land was offset by a strong decrease in marine, which was mainly caused by low activity levels in oil & gas, and Covid related complexities and delays in South East Asia. In marine asset integrity, there is a clear focus on smaller sized assets (autonomous vessels) and remote operations opportunities with lower revenue but increased margin potential.
- The backlog decreased mainly in marine site characterisation, as the comparable period last year still included the Abadi LNG survey for INPEX which has been deferred since. The backlog for land asset integrity was up on the back of a Western Power contract in Australia.
- Significant recent awards include a site investigation program for a floating offshore wind farm in South Korea, a third hydrography campaign as part of the HIPP contract in Australia; an inspection, repair and maintenance contract for PTTEP Malaysia, and an engineering survey for various fiber-optic submarine cable landings in the Philippines.

Middle East & India

Key figures (x EUR million)	Q1 2021	Q1 2020	comparable growth[1]
Revenue	30.2	47.9	(30.3%)
Backlog next 12 months	91.2	118.4	(19.0%)

[1] Corrected for currency effect

- In all business lines revenue was down, particularly in marine where reduced oil & gas market activity and some project delays led to lower vessel activity. Additionally, marine asset integrity revenue was down due to the wind-down of diving services since last year and lower demand for rig positioning services in Saudi Arabia and UAE. Land revenues were marginally impacted by a reduction in materials testing revenues in Saudi Arabia.
- Backlog was down due to the absence of key large projects compared to previous year, mostly impacting the marine business lines.
- Significant recent contract awards include an environmental survey for Energean's Karish development in Israel and an aerial drone survey for the Neom Megacity Spine infrastructure works in Saudi Arabia.

Held for sale: Seabed Geosolutions

Fugro's interest in Seabed Geosolutions is classified as 'held for sale' as per half year 2019 and therefore no longer part of group revenue and EBIT(DA) from continuing operations. The divestment to PXGEO was announced in March 2021 and the transaction is expected to be completed by mid-2021.

Key figures (x EUR million)	Q1 2021	Q1 2020	comparable growth[1]
Revenue	20.4	47.9	(52.7%)
Backlog next 12 months	17.6	52.5	(64.5%)

[1] Corrected for currency effect

- In the quarter, Seabed successfully restarted its operations with a large project in Brazil originally postponed due to the pandemic. Operational performance has been good and the project is anticipated to be finalised towards the end of May.

- On 30 March, Fugro reached a binding agreement with PXGEO to sell certain assets and the related business for USD 16 million (approximately EUR 14 million) in cash.
- The negative EBIT impact related to the transaction, resulting from restructuring and associated costs, is estimated at EUR 8 – 10 million and will materialise upon closing.
- The 12-month backlog relates to the remainder of the ongoing project in Brazil.

Outlook

In 2021, offshore wind is anticipated to show continued growth. Furthermore, in the infrastructure markets, growth is expected to resume as well, driven by government investments to fuel the economy. In the oil & gas market, there are early signs of a recovery, however to a certain extent dependent on the further development and impact of the pandemic on the society and economy.

Fugro anticipates a return to revenue growth in the course of the second quarter, in particular in renewables. For the full-year, Fugro expects a modest margin improvement. Capex for continuing operations will be around EUR 80-90 million.

Media and analyst calls

At 07:30 CET, Fugro will host a media call. The dial-in number is +31 (0)20 721 9251 with conference ID 1505712. At 08:30 CET, Fugro will host an analyst call. The dial-in numbers are +31 (0)20 703 8211 or +44 (0) 330 336 9125 with conference ID 1881270. This call will also be accessible via audio webcast: http://www.fugro.com/investors/results-and-publications/quarterly-results

Financial calendar

22 April 2021	Annual general meeting of shareholders (at 14:00 CET)
28 July 2021	Publication half-year 2021 results

For more information

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About Fugro

Fugro is the world's leading Geo-data specialist, collecting and analysing comprehensive information about the Earth and the structures built upon it. Adopting an integrated approach that incorporates acquisition and analysis of Geo-data and related advice, Fugro provides solutions. With expertise in site characterisation and asset integrity, clients are supported in the safe, sustainable and efficient design, construction and operation of their assets throughout the full life cycle.

Employing approximately 9000 talented people in 61 countries, Fugro serves clients around the globe, predominantly in the energy and infrastructure industries, both offshore and onshore. In 2020, revenue amounted to EUR 1.4 billion. Fugro is listed on Euronext Amsterdam.

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