
Press release

Leidschendam, Netherlands, 14 November 2023

Fugro presents strategy update Towards Full Potential

Major global trends bolster Fugro's profitable growth ambitions towards 2027

- Increasing need for Geo-data insights in the energy, infrastructure and water markets leads to significant opportunities
- Fugro is well positioned as the global Geo-data leader to take advantage of the energy transition, massive infrastructure investments and climate change adaptation
- Updated strategy centred around three priorities:
 - Grow and transform current business
 - Expand into developing segments
 - Increase recurring revenues with Geo-data as a service
- Ambitions supported by updated financial targets for 2027:
 - EBIT margin of 11-15%
 - Free cash flow as percentage of revenue of 6-9%¹
 - Return on capital employed >15%
- Efficient asset management with disciplined capital allocation focused on:
 - Investment in gradual shift of its asset base towards asset lighter and low carbon solutions, while ensuring sufficient capacity for future demand
 - Strong balance sheet
 - Annual dividend payments

Mark Heine, CEO: *"Over the past years, we have successfully transitioned into a resilient, highly diversified company with significantly improved results. We have created a solid foundation for future growth and we are ready to capture the exciting opportunities in our markets."*

We are living in rapidly evolving times with big societal challenges, resulting in strong demand for Geo-data. Fugro has been supporting clients across the globe for over six decades by turning data on (sub)surface conditions into practical insights for safe and efficient design, construction and maintenance of assets. With our unique map, model and monitor solutions we offer project critical insights into the built and natural environment, in line with our purpose to help create a safe and liveable world and our pledge to support UN's Sustainable Development Goals.

Fugro's updated strategy builds on our highly skilled people, market-agnostic assets and innovative scalable technology. Whilst capturing the growth in our markets, we will continue to implement more efficient and safer ways of working, with lower emissions, and a faster and better delivery of our value-adding solutions."

Strategy

Fugro has updated its strategic agenda with three priorities:

1) Grow and transform current business

Fugro targets profitable growth in its core markets by:

- Further expanding resources, including people, and solutions
- Transforming capabilities, including ongoing digitalisation of operations and further roll-out of uncrewed vessels and remote operations
- Optimising business performance by focusing on execution excellence, commercially, operationally and financially

2) Expand into developing segments

Fugro is targeting a further expansion into developing segments with a large requirement for Geo-data:

- Ocean health and coastal resilience; both part of the existing water market
- Carbon capture, utilisation and storage (CCUS)

3) Build recurring revenue with Geo-data as a service

Fugro will expand on its existing solutions through scalable technology, ie its data platform VirGeo®, and hardware with data subscription, such as Fugro's Lidar buoys.

Mid-term targets

Fugro expects revenue growth from an annual level of EUR 2.1 billion today to EUR 3.0-3.5 billion in 2027. The main drivers for the projected margin expansion are volume growth, value-based pricing, operational leverage, strict cost management, and improvement in business mix towards higher margin and recurring revenue.

| | Target 2027 | Current performance |
|-----------|---|--------------------------------|
| Financial | EBIT margin of 11-15% | 9.9% (LTM Sep 2023) |
| | Free cash flow of 6-9% ¹ | 5.1% (LTM Sep 2023) |
| | Return on capital employed >15% | 15.4% (LTM Sep 2023) |
| | Net promotor score >50 ² | 56 (H1 2023) |
| People | 25-30% women in senior management | 20% (H1 2023) |
| | <8% voluntary turnover rate | 10% (H1 2023) |
| | >30 employee net promotor score | 19 (H1 2023) |
| Planet | EUR 1 billion revenue from renewables | EUR 0.6 billion (LTM Jun 2023) |
| | 25% reduction CO ₂ emissions intensity of owned vessels vs. 2020 | 16% reduction (H1 2023) |

¹ Cash flow from operating activities after investing activities, as percentage of revenue, before leases

² Based on ~1,200 responses

Capital allocation

To achieve its strategic priorities, Fugro will continue to invest in a gradual shift of its asset base towards asset lighter and low carbon solutions, while at the same time ensuring capacity to cater for future demand. This results in capital expenditure of an average of EUR 200 - 250 million per year till 2027. This comprises EUR 100 - 125 million to sustain the business (mainly maintenance) and EUR 100 - 150 million discretionary capex to grow with the market, transform capabilities, optimise business performance and drive carbon reduction. All discretionary investments are subject to strict return requirements, enabling Fugro to invest in growing the current business as well as invest in the future, driving value creation for stakeholders.

In order to maintain its strong balance sheet through the cycle, Fugro targets a net leverage of below 1.5x (H1 2023: 0.7x). Fugro intends to pay annual dividend with a pay-out policy of 25-45% of net result. For full year 2023, Fugro intends to resume dividends with a pay-out EUR 0.40 per share subject to shareholder approval.

Capital Markets Day

Presentations in Amsterdam will start today at 13 CET. The presentations can be followed through live webcast via <https://www.fugro.com/investors/results-and-publications/capital-markets-day-2023>

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 10000 talented people in 57 countries, Fugro serves clients around the globe, predominantly in the energy and infrastructure industries, both offshore and onshore. In 2022, revenue amounted to EUR 1.8 billion. Fugro is listed on Euronext Amsterdam.

This press release contains information that qualifies, or may qualify as inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation.



This announcement may contain forward-looking statements. Forward-looking statements are statements that are not historical facts, including (but not limited to) statements expressing or implying Fugro's beliefs, expectations, intentions, forecasts, estimates or predictions (and the assumptions underlying them). Forward-looking statements necessarily involve risks and uncertainties. The actual future results and situations may therefore differ materially from those expressed or implied in any forward-looking statements. Such differences may be caused by various factors (including, but not limited to, developments in the oil & gas industry and related markets, currency risks and unexpected operational setbacks). Any forward-looking statements contained in this announcement are based on information currently available to Fugro's management. Fugro assumes no obligation to in each case make a public announcement if there are changes in that information or if there are otherwise changes or developments in respect of the forward-looking statements in this announcement.