

MESSAGE FROM THE CEO



Dear reader,

This was the fourth consecutive year of an exceptionally deep downturn in offshore oil and gas services, currently our largest market. The impact of the 25% lower oil and gas related revenue could not be fully compensated by continued capacity and cost reduction measures, and an organic 9% revenue increase in our other markets (most notably building & infrastructure, renewables and power). We ended 2017 with an operational margin of -2%.

Working safely is key to all Fugro's operations. We spend a lot of time and effort in training and improving safety awareness. Yet, sadly, in 2017 we suffered a fatality. We must and will continue to address safety, as our ultimate goal is zero serious incidents.

For 2018 we anticipate improved results. For the first time since the start of the downturn in the offshore oil and gas market, we see signs of stabilisation, and our other markets are expected to grow further as the world economy is strong. In addition, we will benefit from the implementation of our new client centric organisation and from the portfolio and performance measures taken in 2017.

MEASURES

The offshore oil and gas services market, from which we generated 57% of our 2017 revenue, declined further as our clients continued to reduce offshore spending, resulting in continued overcapacity and price pressure. At the publication of the first half results we announced a set of measures with an annualised contribution to EBITDA of EUR 50 to 70 million. The programme is on track. Part of the financial benefit of these measures has been realised in the second half of 2017 though the largest part will contribute to 2018 EBITDA improvement.

The most notable measure is the divestment of our marine cable trenching assets on 30 November in return for a 23.6% shareholding in Global Marine. In addition, we early terminated the long-term charter agreements for the two remaining installation and construction vessels. This means we have also achieved our strategic portfolio objective of ending our active participation in the installation and construction part of the subsea market.

Unfortunately, we also had to further cut back on staff, be it less severely than in prior years. Over 2017 we reduced headcount by 486.

STRATEGY

Since the launch of our 'Building on Strength' strategy in 2014, we have transformed our organisation from a locally managed operating company structure into an integrated and efficient organisation. As per 2017, the company is managed through two main divisions, Marine and Land. Both offer integrated services to clients from site characterisation and asset integrity business lines which are uniformly set up across the divisions and regions. Client reactions have been positive, as it has clearly strengthened Fugro's ability to effectively provide integrated, standardised solutions across the globe.

A key strategic driver for Fugro is to work across different markets, as this improves resilience. In 2017, non-oil and gas represented 43% of total revenue because of growth in building & infrastructure, renewables, power and nautical markets on the one hand, and a decline in the oil and gas market on the other hand. Fugro targets a balanced market exposure through continued growth in non-oil and gas markets, supported by population growth, urbanisation in coastal areas, energy transition and mitigation of the impact of climate change. At the same time, the company will

continue to benefit from its activities in the oil and gas which is expected to remain the key source of energy for the coming decades next to the increasing share of renewables to meet global energy demand.

OUR ROLE IN SOCIETY

Over the coming decades, the megatrends mentioned above will lead to increased demand for renewable energy, water, natural resources, buildings and infrastructure. Fugro's services are essential for the development and management of the required resources and assets. Growing demand for our services in these areas provides a solid foundation on which we can achieve our purpose: to contribute to a safe and liveable world.

Growing sustainably requires balancing short and long-term interests of our stakeholders and integrating social and environmental factors into our decision making. In 2017, we further embedded the most relevant topics for the company and its stakeholders into a sustainability framework. Based on our strategy and organisation, we also formulated our long-term value creation model. We firmly believe that being a sustainable company will support our long-term success and economic performance.

DEVELOPMENTS FOR 2018

Overall we anticipate that our markets will improve. The offshore oil and gas market shows signs of stabilising as the oil price has moved to within a range that supports current investment levels. The market for offshore wind is strong, supported by technology development and supply chain efficiency that has brought costs down to levels at which government support is hardly needed. The global economy is expected to develop positively in 2018, which is especially supportive of our building and infrastructure and power related activities.

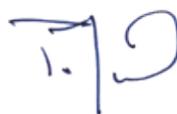
We will continue to implement our Building on Strength strategy. Our current strategic priorities are to enhance client focus by professionalising account management and broaden its range of differentiated and innovative value propositions, strengthen staff engagement, improve delivery excellence by digitalisation, and further enhance organisational performance. We will also continue with our drive to grow in markets outside oil and gas as it supports our purpose and our objective to create robustness by having a balanced exposure to multiple markets.

We anticipate that these efforts, backed by a stabilising oil and gas market and positive outlook for the other market segments, will result in stabilising revenue, an improved EBIT margin and a positive cash flow from operating activities after investments.

A PERSONAL NOTE

I will retire at the 2018 annual general meeting at the end of my term. Looking back at the past five years, I realise how profoundly we've transformed the company to deal with changing customer needs, globalisation and the downturn in the oil and gas market, and to take on opportunities in a world that needs solutions to support population growth and tackle climate change.

I am very grateful to all employees for their trust, tremendous daily efforts to serve our clients and their contributions to transforming Fugro and making it a stronger and better company that can fulfill its purpose. Working with and building Team Fugro has been the key motivator for me in my years at the company. I am also grateful to our many other stakeholders for their continued support during the past challenging years. We are now moving into a more stable oil and gas environment and our other markets are growing, and I am sure Fugro will make the most of the available opportunities. I hand over with confidence to my successor Øystein Løseth and wish him and Team Fugro all success in the next phase of the Fugro journey.



Paul van Riel
Chairman of the Board of Management
Chief Executive Officer