HALF-YEAR REPORT

Leidschendam, the Netherlands, 29 July 2020

Fugro results reflect quick response to Covid-19 and strong growth in offshore wind

- Second quarter revenue declined by 19.3% due to Covid-19 and downturn in oil and gas markets, partly offset by strong growth in offshore wind.
- Due to decisive and immediate cost reductions, robust EBIT margin of 7.4% in the second quarter.
- Recovery of order intake during second quarter, resulting in backlog growth of 1.1%.
- Non-cash impairment of Seabed Geosolutions' assets in second quarter by EUR 40.3 million.
- Net debt/EBITDA improved to 1.7 compared to 1.9 at year-end 2019.
- Revolving credit facility extended to September 2021; review of refinancing options ongoing.
- Outlook 2020: second half-year EBIT(DA) expected to improve compared to the first half-year. For the full year, Fugro expects a positive free cash flow.

Key figures (x EUR million) ***from continuing operations unless otherwise indicated***[1]	H1 2020	H1 2019	Q2 2020	Q2 2019
Revenue	707.4	796.9	349.0	441.1
comparable growth[2]	*(10.3%)*	*5.7%*	*(19.3%)*	*5.3%*
Adjusted EBITDA[3]	61.3	83.3	54.1	68.7
Adjusted EBIT[3]	4.3	23.3	25.8	39.7
Adjusted EBIT margin[3]	0.6%	2.9%	7.4%	9.0%
EBIT	(10.7)	16.8	15.8	36.2
Net result[4]	(51.6)	(17.6)		
Net result incl. discontinued operations[4]	(113.1)	(86.0)		
Backlog next 12 months	845.2	856.3	845.2	856.3
comparable growth[2]	*1.1%*	*0.5%*	1.1%	*0.5%*
Cash flow operating activities after investing	18.2	(34.4)	39.7	(16.1)
Cash flow operating activities after investing incl. disc. ops.	15.5	(58.9)	33.0	(25.2)
Net debt/EBITDA[5]	1.7	2.8	1.7	2.8

1 Seabed Geosolutions is held for sale
2 Corrected for currency effect
3 Adjusted for restructuring costs (EUR 8.2 million), impairment losses (EUR 3.4 million) and certain other costs (EUR 3.4 million); all amounts relate to EBIT impact in H1 2020
4 Attributable to the owners of the company
5 Covenant calculation includes Seabed Geosolutions and excludes the impact of IFRS 16

Mark Heine, CEO: "The past months were dominated by the pandemic and the actions we took to deal with this unprecedented situation. Our first priority was and continues to be the health and safety of our employees. In many countries people are working from home, and at times marine crews were confronted with longer rotation periods and specific mitigation measures such as pre-boarding quarantines. Despite these operational complexities and in close cooperation with clients we have been able to continue working on the majority of our projects. In fact, this period has clearly demonstrated the value of our advanced remote and automated solutions, supporting clients in their critical operations.

To protect our profitability and liquidity, we have acted quickly and decisively by implementing a comprehensive cost and capex reduction programme. This enabled us to improve our EBIT margin in the second quarter in very challenging market circumstances. For the second half-year, we target an improvement in our EBIT compared to *the first half, increasingly benefiting from cost measures, assuming no material impact from additional Covid-19 developments.*

Even in the current tough macro environment, our offshore wind business grew by 40% in the second quarter. This shows our leading position in this market and flexibility to shift our assets and capabilities to new growth markets. During the first half year, we have both completed and won numerous prestigious site characterisation projects for offshore wind throughout the world. This is in line with our strategy to further grow in this market and become less dependent on the oil and gas market.

For the coming quarters, our management agenda is clear: preserve the health and wellbeing of our employees and other stakeholders, continue to implement cost and capex reductions, complete the turnaround of the underperforming land business, ensure the refinancing, and divest Seabed Geosolutions. In the meanwhile, we continue to enhance our service delivery with new market leading digital solutions."

Performance review

Especially during the second quarter, Fugro's revenue was impacted by the dual challenge of the Covid-19 pandemic and the declining oil price, leading to clients reducing activity levels and spending. Revenue declined across all regions, business lines, and most market segments. In particular oil and gas decreased strongly, by 29%, partially offset by an exceptionally strong growth in offshore wind of 40%. As a result, oil and gas represented 42% of Fugro's business, while offshore wind, infrastructure and nautical markets together generated 54% of revenues.

From the start of the pandemic, taking guidance from medical experts, Fugro has been taking appropriate measures to keep its employees safe and healthy. This includes the obvious restrictions regarding non-essential travel, with international travel almost coming to a standstill. For those working at project sites, the company has put additional mitigating measures in place, and marine staff follows strict crew-change protocols, including quarantine prior to mobilisation or crew rotation. Despite increased operational complexities, Fugro has been able to adapt its processes and work procedures very quickly to this new reality and continue its operations effectively. This was supported by an increasing demand for Fugro's remote operations and communications tools.

In March, when it became clear that the pandemic and deterioration of the oil and gas market would seriously impact Fugro's business, the company started implementing a program to significantly reduce costs. This includes minimising the use of short-term charters, third party equipment and contracted personnel, price reductions, a hiring and salary freeze, cut on executive pay, measures to reduce the workforce by up to 10%, reducing overhead costs and further optimising service offering through rationalisation of the company's geographical footprint. Based on these actions, Fugro targets annualised savings of EUR 120 million, of which approximately EUR 25 million has been realised in the second quarter. Furthermore, the company has applied for government support in various countries, resulting in approximately EUR 6 million other income in the first half-year.

Helped by these cost savings, the adjusted EBIT margin in the second quarter amounted to 7.4%, a strong improvement compared to the first quarter margin of minus 6%. As a result, the first half-year EBIT margin was marginally positive, with further improvement expected in the second half-year.

After very low levels in March and April, order intake recovered during May and June, resulting in a growth of the 12-month backlog by 1.1%.

In the first half-year, cash flow from operating activities after investing was EUR 18.2 million thanks to a positive operational free cash flow in the second quarter and the proceeds from the sale of Global Marine of EUR 49.9 million. In the first quarter, which is typically a relatively slow season, free cash flow was negative, amplified by the impact of the pandemic and the payment of the Southern Star arbitration settlement (EUR 24.1 million). Working capital as a percentage of 12 months rolling revenue was 12.0% at the end of June, compared to 15.1% a year ago, in part related to delayed tax payments through government support programs. Days of revenue outstanding was within the target range at 94 days per the end of June compared to last year at 87 days. Cash flow from discontinued operations after investing was minus EUR 2.7 million.

Net debt at the end of the quarter was EUR 593.1 million (including Seabed Geosolutions), compared to EUR 666.3 million at year-end 2019, thanks to EUR 81.8 million proceeds from the sub-10 equity placement completed in February 2020 and EUR 49.9 million proceeds from the Global Marine divestment. Excluding the impact of IFRS 16, net debt decreased to EUR 442.9 million compared to EUR 503.3 million at year-end 2019. Net debt/EBITDA improved to 1.7 compared to 1.9 at the end of 2019.

Liquidity is good with EUR 370 million in cash and available facilities, supported by the sub-10 equity placement and the Global Marine divestment proceeds.

Refinancing

Fugro has obtained unanimous lender agreement to extend the maturity of the revolving credit facility to September 2021. This provides the company greater flexibility to arrange its refinancing. Terms and conditions remain materially unchanged, except for the inclusion of a positive pledge that will be triggered under certain conditions, namely if the refinancing is not completed prior to 31 March 2021 or if a covenant breach under the revolving credit facility agreement would occur before that date.

Together with its financial advisor, the company is evaluating possible refinancing alternatives to address the balance sheet, and expects to make substantial progress over the next 3 to 6 months.

During the first half-year Fugro repurchased a nominal amount of EUR 39.1 million of the 2021 convertible, at a discount.

Review by business

Marine

Key figures excluding specific items (x EUR million)	**H1 2020**	**H1 2019**	**comparable growth[1]**
Revenue	499.2	562.9	(10.0%)
EBITDA	51.6	67.9	
EBIT	6.2	20.0	
EBIT margin	1.2%	3.6%	
Backlog next 12 months	567.8	582.6	0.4%
Capital employed	778.1	956.6	

[1] Corrected for currency effect

- After a 3.4% growth in the first quarter, revenue declined by 20.3% in the second quarter resulting in a 10.0% decline in the first half year. Both site characterisation and asset integrity were impacted by the pandemic, although the former to a lesser extent thanks to the strong growth in offshore wind projects. Overall vessel utilisation was 60% compared to 73% in the first half of 2019.

- Despite the considerable revenue decline, EBIT margin in the second quarter recovered to low double digit from a high single digit negative in the first quarter. On a half-year basis, the lower EBIT margin was mainly driven by Europe-Africa, caused by adverse weather conditions in the first quarter, operational complexities due to Covid-19 and the revenue decline which couldn't be fully mitigated by cost reductions. Overall, asset integrity margin was slightly up.
- Backlog grew slightly; an increase in site characterisation was partly offset by a decline in asset integrity.

Land

Key figures excluding specific items (x EUR million)	H1 2020	H1 2019	comparable growth[1]
Revenue	208.2	234.0	(11.2%)
EBITDA	9.7	15.4	
EBIT	(1.9)	3.3	
EBIT margin	(0.9%)	1.4%	
Backlog next 12 months	277.4	273.7	2.4%
Capital employed	221.8	226.6	

[1] Corrected for currency effect

- The revenue decline in the first quarter of 5% was followed by a further decline of 16.9% in the second quarter. Revenue decreased in all regions, with the exception of Middle East & India. The decline was particularly large in Europe-Africa and the Americas due to operational complexities and project delays caused by Covid-19.
- The earlier communicated restructuring of underperforming services in specific countries, has been stepped up with cost reductions to compensate for lower revenues. As a result, despite the current Covid situation, EBIT margin improved or was in line with the first half of 2019 in Europe-Africa, Asia Pacific and Middle East & India. In the Americas, the margin further deteriorated due to significantly lower revenues, mostly caused by Covid-19 related project delays.
- Both site characterisation and asset integrity backlogs increased.

Review by region

Europe-Africa

Key figures excluding specific items (x EUR million)	H1 2020	H1 2019	comparable growth[1]
Revenue	290.3	338.5	(12.7%)
EBIT	7.6	35.7	
EBIT margin	2.6%	10.5%	
Backlog next 12 months	355.6	348.1	4.8%

[1] Corrected for currency effect

- The revenue decline was driven by the impact of Covid-19, less work in oil and gas in the two marine business lines and several storms in the North Sea at the start of the year. This was partly mitigated by strong growth in offshore wind site characterisation projects. Land site characterisation and asset integrity were below last year due to project delays, caused by Covid-19 albeit with improved performance in May and June.
- After a loss making first quarter, the EBIT margin significantly improved in the second quarter on the back of cost reductions. Although delays and cancellations in oil and gas projects affected marine results, a shift in the project portfolio to offshore wind site characterisation mitigated the margin and volume decline.

- With the exception of marine asset integrity, backlog increased in all four business lines, reflecting two large offshore wind awards and new awards in the land site characterisation business.
- Significant awards in the quarter include two sizeable offshore wind site characterisation projects, one for Vattenfall's Norfolk Vanguard and Boreas developments and one for Scottish Power's East Anglia Hub, and a contract from Network Rail in the UK for a survey of a major part of their Western Route network.

Americas

Key figures excluding specific items (x EUR million)	**H1 2020**	**H1 2019**	**comparable growth[1]**
Revenue	172.1	193.5	(10.2%)
EBIT	(10.2)	(14.0)	
EBIT margin	(5.9%)	(7.2%)	
Backlog next 12 months	223.5	244.0	(3.5%)

[1] Corrected for currency effect

- Revenue declined in all four business lines except in marine site characterisation thanks to high offshore wind activity levels. The decline was particularly strong in the land business, caused by project postponements, cancellations and portfolio rationalisation.
- Despite lower revenue, marine results were up considerably, due to strong performance on projects on the East Coast of the US and Mexico. The poor performance of land, both in the first and the second quarter, is being addressed by a reorganisation to structurally improve margins.
- An increase in marine site characterisation backlog was offset by a decrease in asset integrity backlog due to lower oil and gas activity levels. Land site characterisation was affected by cancellations and delays of new projects due the Covid-19 related challenges.
- Recent significant awards include site characterisation programmes for the Sunrise and Atlantic Shores wind developments, a contract with Subtec for shallow water geophysical and geotechnical services for PEMEX, and a combination of several multi-year awards in the US and Canada for road and pavement projects, coastal services, and power transmission and distribution solutions.

Asia Pacific

Key figures excluding specific items (x EUR million)	**H1 2020**	**H1 2019**	**comparable growth[1]**
Revenue	147.4	158.3	(6.3%)
EBIT	(1.6)	(6.0)	
EBIT margin	(1.1%)	(3.8%)	
Backlog next 12 months	175.3	166.4	5.0%

[1] Corrected for currency effect

- After a strong increase in the first quarter, second quarter revenue was down significantly as a result of Covid-19 restrictions and projects being deferred to later in the year or 2021, impacting specifically the marine business. Revenue in land was stable.
- The margin improved as a result of stringent cost measures and government support.
- Backlog increased mainly on the back of a gradual reopening of the borders in China and in the rest of the region.
- Significant contracts include a multi-year monitoring contract for infrastructure in Singapore, a site characterisation project for the Hai Long offshore wind park in Taiwan and a consultancy contract for CLP Power's transmission network in Hong Kong ('Super Typhoon Phase 2').

Middle East & India

Key figures excluding specific items (x EUR million)	H1 2020	H1 2019	comparable growth[1]
Revenue	97.6	106.6	(9.2%)
EBIT	8.5	7.6	
EBIT margin	8.7%	7.1%	
Backlog next 12 months	90.8	97.8	(7.7%)

[1] Corrected for currency effect

- Revenue declined in marine while the land activities grew. Marine asset integrity was significantly lower due to a reduction in diving services, while site characterisation was impacted by low utilisation of two vessels in the first quarter. Land site characterisation revenue was up, driven by a nearshore ground campaign for a bridge development in Maldives and a nearshore program for a large NOC in the UAE.
- EBIT improved in all business lines except marine site characterisation due to the slow first quarter. Marine asset integrity showed an improved result as a direct result of cost reduction initiatives and portfolio rationalisation. The EBIT margin in land strongly improved on the back of revenue growth coupled with reorganisation benefits and good operational performance. With the exception of land site characterisation, backlog was down in all business lines due to a low order intake in the second quarter, as clients are cautious in the current uncertain market environment.
- Significant awards in the quarter include a near and onshore geotechnical investigation for the Red Sea Project and consultancy works for Doha airport.

Held for sale: Seabed Geosolutions

Fugro's stake in Seabed Geosolutions is classified as 'held for sale' as per 30 June 2019 and is no longer part of Fugro's continuing operations.

Key figures excluding specific items (x EUR million)	H1 2020	H1 2019	comparable growth[1]
Revenue	60.6	73.2	(18.8%)
EBIT	11.4	(19.6)	
EBIT margin	18.8%	(26.8%)	
Backlog next 12 months	44.8	90.1	(50.8%)
Capital employed	25.3	81.2	

[1] Corrected for currency effect

- In the first half-year, Seabed operated up to three crews. Two projects were completed in the Gulf of Mexico, while the third crew was working on the S-79 project in the Middle East until it was suddenly terminated in April, with a significant impact on first half year result. Manta® technology continued to perform exceptionally well. Adjusted EBIT improved as a result of good project execution and a gain of around EUR 5 million related to shallow water cable assets.
- The pandemic has severely affected Seabed. In addition to the termination of the S-79 project, a project in Brazil, which was due to start in the second quarter, was postponed by the client.
- To adapt to this drop in activity, Seabed has reduced its work force by around 50% while other fixed costs and discretionary expenses were also significantly reduced. Restructuring costs amounted to EUR 4.2 million.
- In June 2020, an impairment of Seabed's assets of EUR 40.3 million was recognised. This reflects an adjustment to Seabed's market value given the current volatility and low visibility. In addition, the termination of the S-79 project triggered one-off project charges of EUR 24.8 million (as already announced in the first quarter trading update) and the earlier than anticipated buy back of Manta® nodes, pre-financed by our partner for the duration of the project.

- The aforementioned project in Brazil is currently anticipated to start later this year. Seabed expects this complex market environment to continue well into 2021 but is encouraged by signs of strength in production related markets such as the Gulf of Mexico and Brazil.
- Depending on revenue development, EBIT(DA) could turn negative up to EUR 10 million in the second half year.

Outlook

The Covid-19 pandemic is expected to continue to impact societies and thus economic activity in the coming quarters. Although it is impossible to forecast the magnitude and duration of the impact, and we have to remain cautious given the related uncertainties, visibility has improved. Offshore wind, in which Fugro has a strong position and reputation, is anticipated to show continued growth. The infrastructure and nautical markets are strongly dependent on governmental budgets. As a result of numerous investment programs, growth in the infrastructure markets is expected to resume as of 2021, after a stagnation in 2020. The oil and gas market is expected to remain volatile during the remainder of 2020 and likely into 2021.

In the longer term, population growth and urbanisation are driving the growth of the energy, infrastructure and water markets, leading to increased spending on renewable power and electricity networks, subsea telecom cables, coastal defense, hydrography and freshwater development projects. This will create ample opportunities for Fugro.

For the full-year 2020, Fugro expects that during the second half-year EBIT(DA) will improve compared to the first half-year, increasingly benefiting from cost measures, despite ongoing revenue decline compared to last year. In addition, the company expects a positive free cash flow, including an amount of capital expenditure of EUR 60-70 million. This assumes that there will be no material impact from additional Covid-19 developments.

Webcast

At 12:30 CET, Fugro will host an analyst meeting in the form of a video webcast which can be followed via https://www.fugro.com/investors/results-and-publications/quarterly-results. Analysts can dial in via +31 (0)20 703 8211 or +44 (0)330 336 9125 with conference ID: 8319762. Please note that there might be a delay between the phone connection and the webcast.

Financial calendar

30 October 2020	Publication third quarter 2020 trading update (7.00 CET)
19 February 2021	Publication 2020 annual results (7.00 CET)

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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 lifecycle. Employing approximately 9,500 talented people in 61 countries, Fugro serves clients around the globe, predominantly in the energy and infrastructure industries, both offshore and onshore. In 2019, revenue amounted to EUR 1.6 billion. The company 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 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'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.

Highlights income statement – continuing operations

Result (x EUR million)	H1 2020	H1 2019
Adjusted EBITDA	61.3	83.3
Depreciation	(56.0)	(58.1)
Amortisation	(1.0)	(1.8)
Adjusted EBIT	4.3	23.3
Specific items on EBIT	(15.0)	(6.5)
EBIT	(10.7)	16.8
Net finance income/ (costs)	(25.3)	(28.9)
Share of profit/ (loss) in equity accounted investees	3.9	1.5
Income tax gain/ (expense)	(18.7)	(5.4)
(Gain)/ loss on non-controlling interests from continuing operations	(0.8)	(1.6)
Net result from continuing operations	**(51.6)**	**(17.6)**
Result from discontinued operations	(61.5)	(79.4)
(Gain)/ loss on non-controlling interests from discontinued operations		11.0
Net result including discontinued operations	**(113.1)**	**(86.0)**

Specific items

In the period under review, specific items were composed of EUR 8.2 million restructuring costs, EUR 3.4 million impairments and EUR 3.4 million certain other costs.

Net finance costs

Finance income/ (costs) (x EUR million)	H1 2020	H1 2019
Finance income	0.3	2.2
Interest expenses	(21.6)	(26.8)
Exchange rate variances	(4.0)	(4.3)
Finance expenses	(25.6)	(31.1)
Net finance costs from continuing operations	**(25.3)**	**(28.9)**
Net finance costs from discontinued operations	(1.9)	(0.3)

Finance expenses decreased by EUR 5.5 million or 17.7% to EUR 25.6 million due to lower average outstanding amount for the revolving credit facility and lower interest on lease liabilities due to termination of Southern Star in the first quarter of 2019. The negative exchange rate variances in both years were mainly the result of the devaluation of the Angolan Kwanza.

Share of profit/ (loss) of equity accounted investees

The share of profit of equity-accounted investees was EUR 3.9 million compared to EUR 1.5 million in 2019. It mainly comprises the results of joint ventures, including the joint venture with China Oilfield Services Limited, and Fugro's interest in Global Marine Holdings.

Income tax gain/ (expense)

The income tax expense increase of EUR 13.3 million was mainly driven by a EUR 14.6 million write down of deferred tax assets in Americas to reflect the uncertainties of today's market conditions.

(Gain)/loss on non-controlling interests from continuing operations
The EUR 0.8 million gain attributable to non-controlling interest mainly consists of the profit of a subsidiary in the Middle East.

Result from discontinued operations
Net result from discontinued operations amounted to a loss of EUR 61.5 million. EBIT was severely impacted by a EUR 40.3 million impairment on Seabed Geosolutions' assets. In addition, the sudden and early termination of the S-79 project in the Middle East triggered one-off project charges of EUR 24.8 million, and restructuring costs amounted to EUR 4.2 million.

Highlights balance sheet and cash flow – from continuing operations

Working capital

Working capital (x EUR million)	**H1 2020**	**H1 2019**
Working capital from continuing operations	184.9	243.4
Working capital as % of last 12 months revenue	12.0%	15.1%
Inventories	29.7	31.6
Trade and other receivables	478.5	557.4
Trade and other payables	(323.3)	(345.6)
Days revenue outstanding (DRO)	94	87
Working capital from discontinued operations	(9.3)	(19.3)

Working capital as a percentage of 12 months rolling revenue was 12.0% at the end of June compared to 15.1% a year ago, reflecting timely billing and good collection of receivables. In addition, at June 2020, working capital was favourably impacted by deferred payments for tax, social security and pension premiums, with a total impact of around EUR 20 million.

Capital expenditure

(x EUR million)	**H1 2020**	**H1 2019**
Maintenance capex	27.5	16.6
Other capex (including fixed assets under construction)	17.7	23.7
Capex from continuing operations	**45.2**	**40.3**
Capex from discontinued operations	2.4	19.8

Capital expenditure increased from EUR 40.3 million to EUR 45.2 million, as a result of increased dry-docking activity.

Cash flow from continuing operations

Cash flow (x EUR million)	**H1 2020**	**H1 2019**
Cash flow from operating activities	14.6	(5.4)
Cash flow from investing activities	3.6	(29.0)
Cash flow from operating activities after investing	18.2	(34.4)
Cash flow from financing activities	106.9	(54.0)
Net cash movement	**125.1**	**(88.4)**

Cash flow generated from operating activities improved as a result of disciplined working capital management. The increase in cash flow used in investing activities was primarily driven by proceeds from the sale of Global Marine.

Cash flow from financing activities was an inflow of EUR 106.9 million compared to an outflow of EUR 54.0 million in the comparable period last year, mainly as a result of proceeds from the sub-10 equity placement and additional drawings under the revolving credit facility.

Cash flow from discontinued operations

Cash flow (x EUR million)	H1 2020	H1 2019
Cash flow from operating activities	0.9	(4.0)
Cash flow from investing activities	(3.5)	(20.5)
Cash flow from operating activities after investing	(2.6)	(24.5)
Cash flow from financing activities	8.0	24.9
Net cash movement	**5.4**	**0.4**

The net cash movement from discontinued operations amounted to EUR 5.4 million as a result of lower capex and additional funding from Fugro. Cash flow from financing was impacted by the earlier than planned buy back of Manta® nodes which were pre-financed by Seabed's local partner in the S-79 project, resulting in cash outflow from financing activities of EUR 17.5 million and a similar reduction of debt.

Risk management

In its annual report 2019, Fugro extensively describes the company's risk management process, including its appetite for the various risk categories and the risk factors that could adversely affect its business and financial performance. Due to the impact of the Covid-19 pandemic and its consequences, there is a risk that execution of the strategy proves more difficult than expected and necessary additional changes in the organisation are needed or take longer than anticipated. The risk management process is monitored closely by the Executive Leadership Team, and several aspects have already been successfully implemented. In the period under review, Fugro has not identified other risk categories or risk factors than mentioned in the annual report 2019, which might result in pressure on revenues and income. Additional risks not known to the company, or currently believed not to be material, may occur and could later turn out to have material impact on its business, financial objectives or capital resources. In order to monitor and address risks a proactive approach in risk management is further enhanced. A comprehensive assessment to address Fugro's strategic, operational, financial and compliance risks is ongoing in all levels of the company. The Board of Management holds ultimate responsibility for risk management within the company and determines the appropriate risk appetite.

Board of Management declaration

Pursuant to section 5:25d, paragraph 2 sub c of the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht)

The Board of Management hereby declares that, to the best of their knowledge, the consolidated interim financial statements in this half-year report 2020 have been prepared in accordance with IAS 34 'Interim Financial Reporting' and give a true and fair view of the assets, liabilities, financial position and the result of Fugro N.V. and its consolidated companies included in the consolidation. As a whole, the interim management report in this half-year report 2020 gives a fair view of the information required pursuant to section 5:25d, subsections 8 and 9 of the Dutch Financial Markets Supervision Act.

Leidschendam, 28 July 2020
M.R.F. Heine, Chairman Board of Management/Chief Executive Officer
P.A.H. Verhagen, Chief Financial Officer

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS 2020

Consolidated statement of comprehensive income

For the six month period ended 30 June

Notes	(x EUR million) unaudited	2020	2019
	Continuing operations		
8	Revenue	**707.4**	**796.9**
	Third party costs	(270.6)	(323.7)
	Net revenue own services[1]	436.8	473.2
	Other income	10.5	7.2
	Personnel expenses	(309.8)	(319.6)
	Depreciation	(56.0)	(58.1)
	Amortisation	(1.0)	(1.8)
	Impairments	(3.3)	(0.2)
	Other expenses	(87.9)	(83.9)
	Results from operating activities (EBIT[1])	**(10.7)**	**16.8**
	Finance income	0.3	2.2
	Finance expenses	(25.6)	(31.1)
	Net finance income/(expenses)	**(25.3)**	**(28.9)**
24	Share of profit/(loss) of equity-accounted investees (net of income tax)	3.9	1.5
	Profit/(loss) before income tax	**(32.1)**	**(10.6)**
12	Income tax (expense)/gain	(18.7)	(5.4)
	Profit/(loss) for the period from continuing operations	**(50.8)**	**(16.0)**
10	Profit/(loss) for the period from discontinued operations	(61.5)	(79.4)
	Profit/(loss) for the period	**(112.3)**	**(95.4)**
	Attributable to:		
	Owners of the company (net result)	(113.1)	(86.0)
	Non-controlling interests	0.8	(9.4)
	Earnings per share (Euro)		
	Basic and diluted earnings per share	(1.31)	(1.06)
	Basic and diluted earnings per share from continuing operations	(0.59)	(0.20)
	Profit/(loss) for the period	(112.3)	(95.4)
	Defined benefit plan actuarial gains/(losses)	(6.5)	(6.2)
	Total items that will not be reclassified to profit or loss	**(6.5)**	**(6.2)**
	Foreign currency translation differences of foreign operations	(20.0)	12.3
	Foreign currency translation differences of equity-accounted investees	(0.9)	-
	Net change in fair value of hedge of net investment in foreign operations	-	(2.1)
	Total items that may be reclassified subsequently to profit or loss	**(20.9)**	**10.2**
	Other comprehensive income/(loss) for the period	**(27.4)**	**4.0**

Total comprehensive income/(loss) for the period	**(139.7)**	**(91.4)**
Attributable to:		
Owners of the company	(140.5)	(82.4)
Non-controlling interests	0.8	(9.0)
Total comprehensive income/(loss) attributable to owners of the company arising from:		
Continuing operations	(80.4)	(5.3)
Discontinued operations	(60.1)	(77.1)

[1] Non-GAAP performance measure. Reference is made to the glossary of the annual report 2019.

Consolidated statement of financial position

Notes	(x EUR million) unaudited	30 June 2020	31 December 2019
	Assets		
13	Property, plant and equipment	547.0	564.3
14	Right-of-use assets	149.4	160.5
15	Intangible assets including goodwill	283.8	288.6
16	Investments in equity-accounted investees	33.4	76.9
	Other investments	30.7	30.9
12	Deferred tax assets	37.0	50.5
	Total non-current assets	**1,081.3**	**1,171.7**
	Inventories	29.7	29.7
17	Trade and other receivables	478.5	485.7
	Current tax assets	13.1	14.8
	Cash and cash equivalents	311.5	201.1
10	Assets classified as held for sale	89.2	153.3
	Total current assets	**922.0**	**884.6**
	Total assets	**2,003.3**	**2,056.3**
18	**Equity**		
	Total equity attributable to owners of the company	**540.1**	597.3
	Non-controlling interests	10.0	10.6
	Total equity	**550.1**	**607.9**
	Liabilities		
19	Loans and borrowings	758.2	687.5
14	Lease liabilities	125.0	134.7
	Employee benefits	73.7	72.2
11	Provisions	14.9	17.8
	Deferred tax liabilities	2.3	1.8
	Total non-current liabilities	**974.1**	**914.0**
	Bank overdraft	1.6	2.6
19	Loans and borrowings	1.5	-
14	Lease liabilities	21.8	22.9
17	Trade and other payables	323.3	361.3
11	Provisions	7.2	3.4
	Current tax liabilities	25.0	26.1
	Other taxes and social security charges	49.8	37.9
		430.2	**454.2**
10	Liabilities classified as held for sale	48.9	80.2
	Total current liabilities	**479.1**	**534.4**
	Total liabilities	**1,453.2**	**1,448.4**
	Total equity and liabilities	**2,003.3**	**2,056.3**

Consolidated statement of changes in equity

For the six month period ended 30 June

Notes	(x EUR million) unaudited	Share capital	Share premium	Translation reserve	Reserve for own shares	Equity component of convertible bond	Retained earnings	Unappro-priated result	Total	Non-controlling interest	Total equity
	Balance at 1 January 2020	**4.2**	**431.3**	**(101.2)**	**(160.8)**	**38.0**	**494.3**	**(108.5)**	**597.3**	**10.6**	**607.9**
	Profit or (loss)	-	-	-	-	-	-	(113.1)	(113.1)	0.8	(112.3)
	Other comprehensive income	-	-	(20.9)	-	-	(6.5)	-	(27.4)	-	(27.4)
	Total comprehensive income/(loss) for the period	-	-	**(20.9)**	-	-	**(6.5)**	**(113.1)**	**(140.5)**	**0.8**	**(139.7)**
18	Issue of ordinary shares	0.4	81.3	-	-	-	(0.9)	-	80.8	-	80.8
	Share-based payments	-	-	-	-	-	2.5	-	2.5	-	2.5
	Share options exercised	-	-	-	1.9	-	(1.9)	-	-	-	-
	Addition to/(reduction of) reserves	-	-	-	-	-	(108.5)	108.5	-	-	-
	Transactions with non-controlling interests	-	-	-	-	-	-	-	-	0.7	**0.7**
	Dividends to shareholders	-	-	-	-	-	-	-	-	(2.1)	(2.1)
	Total contributions by and distributions to owners	**0.4**	**81.3**	-	**1.9**	-	**(108.8)**	**108.5**	**83.3**	**(1.4)**	**81.9**
	Balance at 30 June 2020	**4.6**	**512.6**	**(122.1)**	**(158.9)**	**38.0**	**379.0**	**(113.1)**	**540.1**	**10.0**	**550.1**

	Balance at 31 December 2018 as previously reported	**4.2**	**431.2**	**(117.6)**	**(354.0)**	**38.4**	**720.3**	**(51.0)**	**671.5**	**33.7**	**705.2**
18	Reclassification adjustment reserve for own shares	-	-	-	193.0	-	(193.0)	-	-	-	-
	Restated balance at 1 January 2019	**4.2**	**431.2**	**(117.6)**	**(161.0)**	**38.4**	**527.3**	**(51.0)**	**671.5**	**33.7**	**705.2**
	Profit or (loss)	-	-	-	-	-	-	(86.0)	(86.0)	(9.4)	(95.4)
	Other comprehensive income	-	-	9.8	-	-	(6.2)	-	3.6	0.4	4.0
	Total comprehensive income/(loss) for the period	**-**	**-**	**9.8**	**-**	**-**	**(6.2)**	**(86.0)**	**(82.4)**	**(9.0)**	**(91.4)**
	Share-based payments	-	-	-	-	-	2.8	-	2.8	-	2.8
	Share options exercised	-	-	-	0.2	-	(0.2)	-	-	-	-
	Addition to/(reduction of) reserves	-	-	-	-	-	(51.0)	51.0	-	-	-
	Transactions with non-controlling interests	-	-	-	-	-	-	-	-	-	-
	Dividends to shareholders	-	-	-	-	-	-	-	-	(2.1)	(2.1)
	Total contributions by and distributions to owners	**-**	**-**	**-**	**0.2**	**-**	**(48.4)**	**51.0**	**2.8**	**(2.1)**	**0.7**
	Restated balance at 30 June 2019	**4.2**	**431.2**	**(107.8)**	**(160.8)**	**38.4**	**472.7**	**(86.0)**	**591.9**	**22.6**	**614.5**

Consolidated statement of cash flows

For the six month period ended 30 June

Notes	(x EUR million) unaudited	2020	2019
	Continuing operations		
	Cash flows from operating activities		
	Profit/(loss) for the period	(50.8)	(16.0)
	Adjustments for:		
	Depreciation and amortisation	57.0	59.9
	Impairments	3.3	0.2
	Share of (profit)/loss of equity-accounted investees (net of income tax)	(3.9)	(1.5)
	Net gain on sale of property, plant and equipment	(0.9)	(2.9)
	Gain on termination of lease	-	(0.9)
	Equity-settled share-based payments	2.5	2.8
	Change in provisions and employee benefits	(3.2)	(3.8)
	Income tax expense/(gain)	18.6	5.4
	Income tax paid	(6.6)	(15.8)
	Finance income and expense	25.4	28.9
	Interest paid	(17.8)	(21.1)
	Operating cash flows before changes in working capital[1]	**23.6**	**35.2**
	Decrease (increase) in working capital:		
	• Change in inventories	(1.5)	(3.3)
	• Change in trade and other receivables	7.2	(62.5)
	• Change in trade and other payables	(14.7)	25.2
	Net cash generated from operating activities	**14.6**	**(5.4)**
	Cash flows from investing activities		
	Capital expenditures on property, plant and equipment	(45.2)	(39.8)
	Acquisition of and other additions to intangible assets	(0.4)	(1.3)
	Proceeds from sale of property, plant and equipment	1.8	5.9
	Disposal of intangible assets	0.1	4.5
16	Dividends received	51.5	1.7
15, 16	Acquisitions, net of cash acquired	(4.2)	-
	Net cash (used in)/from investing activities	**3.6**	**(29.0)**
	Cash flows from operating activities after investing activities[1]	**18.2**	**(34.4)**

	Cash flows from operating activities after investing activities[1]	**18.2**	**(34.4)**

	Cash flows from financing activities		
18	Proceeds from the issue of ordinary shares	81.8	-
18	Transaction costs on issue of shares	(0.9)	-
19	Proceeds from issue of long-term loans	74.0	-
	Transaction costs from repayment long-term loans	(0.7)	-
	Repayment of borrowings	(32.5)	(39.0)
	Dividends paid	(2.1)	(2.1)
	Payments of lease liability	(12.7)	(12.9)
	Net cash from/(used in) financing activities	**106.9**	**(54.0)**
	Net cash provided by/(used for) continuing operations	**125.1**	**(88.4)**
	Discontinued operations		
	Cash flows from operating activities	0.9	(4.0)
	Cash flows from investing activities	(3.5)	(20.5)
	Cash flows from financing activities	8.0	24.9
	Net cash provided by/(used for) discontinued operations	5.4	**0.4**
	Total net cash provided by/(used for) operations	**130.5**	**(88.0)**
	Effect of exchange rate fluctuations on cash held	(13.9)	1.9
	Cash and cash equivalents at 1 January	201.8	225.9
	Cash and cash equivalents at 30 June	**318.4**	**139.8**
	Presentation in the statement of financial position		
	Cash and cash equivalents	311.5	138.3
	Bank overdraft	(1.6)	(2.0)
	Cash and cash equivalents (classified as held for sale)	8.5	3.5

[1] Non-GAAP performance measure. Reference is made to the glossary of the annual report 2019.

Notes to the consolidated interim financial statements

1 General

Fugro N.V., hereinafter referred to as 'Fugro', 'the group', or 'the company', has its corporate seat and principal office at Veurse Achterweg 10, 2264 SG Leidschendam, the Netherlands. The condensed consolidated interim financial statements of Fugro as at and for the six months ended 30 June 2020 include Fugro and its subsidiaries (together referred to as the 'group') and the group's interests in equity-accounted investees.
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 lifecycle.
Employing approximately 9,500 talented people in 61 countries, Fugro serves clients around the globe, predominantly in the energy and infrastructure industries, both offshore and onshore.

2 Basis of preparation

These condensed consolidated interim financial statements for the six months ended 30 June 2020 have been prepared in accordance with IAS 34, ´Interim Financial Reporting´. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of Fugro N.V. as at and for the year ended 31 December 2019, which have been prepared in accordance with IFRS as endorsed by the European Union. The annual report 2019 (including the consolidated financial statements as at and for the year ended 31 December 2019) is available at www.fugro.com.

On 28 July 2020, the Board of Management authorised the condensed consolidated interim financial statements for issue. Publication is on 29 July 2020. The condensed consolidated interim financial statements have been reviewed, not audited.

3 Going concern

Management made an assessment of the company's ability to continue as a going concern. In performing this assessment, management considered factors that could indicate the presence of material uncertainties that may cast significant doubt upon the company's ability to continue as a going concern. Factors considered included: operating losses, the maturity of the revolving credit facility and convertible bonds in 2021, postponement of the refinancing on 28 February 2020, compliance with debt covenants and the ability to repay debt. In addition, management considered Covid-19 and the deteriorated oil and gas market which increased uncertainty. Fugro responded decisively by taking measures to ensure business continuity, significantly reduce cost and capital expenditure to protect liquidity and profitability. In addition Fugro and the involved banks agreed to extend the revolving credit facility from 2 May 2021 to 1 September 2021. Liquidity is around EUR 370 million in cash and available facilities at 30 June 2020 which, based on current cash-flow projections, is sufficient to cover cash requirements in the upcoming year.

Fugro 'stress tested' its going concern assessment and considered all available information about the future, at least twelve months after the reporting period. Management performed sensitivity analyses on the debt covenant requirements with satisfactory results, except for the consolidated EBITDA floor. This is an additional covenant requirement which was agreed upon with the owner of two geotechnical vessels. Fugro does not anticipate to meet that target as of 30 September 2020 and expects to receive a waiver. Sensitivity further

applies to the covenants related to the revolving credit facility, although to a lesser extent, again especially in the third quarter.
The sensitivity analyses are inherently judgmental and could be affected by amongst others developments in relation to Covid-19, the oil and gas and offshore wind market. Consequently, actual results may differ from the current forecast. Should a covenant breach occur, management anticipates to receive a waiver and expects a continuation of the revolving credit facility and vessel leases. This is also evidenced by the extension of the revolving credit facility, and the current support of the involved banks.

Fugro is currently evaluating its refinancing alternatives and expects to provide more clarity over the next three to six months. Reference is further made to the 'Refinancing' section in the half-year report above.

Based on the aforementioned mitigating measures and plans, management in its judgement concluded that there remain no material uncertainties that may cast significant doubt on the company's ability to continue as a going concern in the year subsequent to the date of these financial statements.

4 Significant accounting policies

The accounting policies in these condensed consolidated interim financial statements are the same as those applied by the group in its consolidated financial statements as at and for the year ended 31 December 2019, unless stated otherwise.

5 New standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for these condensed consolidated interim financial statements and have not been early adopted by the group. These new standards are either not material for Fugro and/or not applicable. Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the condensed consolidated interim financial statements of the group.

6 Estimates, judgements and uncertainties

The group's estimates, judgements, uncertainties and assumptions regarding the future were disclosed in the basis of preparation of the annual consolidated financial statements 2019. This assessment included impairment of non-financial assets, impairment of financial assets, leases, deferred tax, employee benefits and provisions. In preparing these condensed consolidated interim financial statements, management has updated these judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The nature, amount and impact of any changes in estimates of amounts reported in the 2019 annual financial statements are disclosed in the notes below.

7 Segment information

Information about reportable segments for the six months ended 30 June, unless stated otherwise

(x EUR million)	E-A		AM		APAC		MEI		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Segment revenue	317.5	372.2	184.9	206.8	167.8	173.0	103.0	114.3	**773.2**	866.3
Of which inter-segment revenue	27.2	33.7	12.8	13.3	20.4	14.7	5.4	7.7	**65.8**	69.4
Revenue	290.3	338.5	172.1	193.5	147.4	158.3	97.6	106.6	**707.4**	796.9

Impairments	-	-	(0.9)	-	(2.4)	(0.2)	-	-	**(3.3)**	(0.2)
Result from operating activities (EBIT)	3.9	34.9	(12.9)	(14.7)	(8.9)	(10.5)	7.2	7.1	**(10.7)**	16.8
Reportable segment profit/(loss) before income tax	(12.9)	15.8	(15.5)	(17.9)	(11.4)	(14.8)	7.7	6.3	**(32.1)**	(10.6)
Non – current assets										
30 June 2020 and 31 December 2019	565.0	616.6	185.7	213.1	198.7	204.5	131.9	137.4	1,081.3	1,171.6

8 Disaggregation of revenues

In the following tables, revenue has been specified by businesses and market segment.

Revenue by businesses

(x EUR million)	**Six months ended 30 June 2020**	**Six months ended 30 June 2019**
Marine	499.2	562.9
Land	208.2	234.0
Total	**707.4**	**796.9**

Revenue by market segment

(x EUR million)	**Six months ended 30 June 2020**	**Six months ended 30 June 2019**
Oil and gas	339.4	409.7
Infrastructure	160.3	190.9
Renewables	130.9	100.0
Nautical	48.8	56.5
Other	28.0	39.8
Total	**707.4**	**796.9**

9 Seasonality of operations

Fugro's revenue in the second half of the year is broadly in line with the revenue generated in the first half of the calendar year (ignoring market developments).

10 Disposal group classified as held for sale and discontinued operations

Seabed Geosolutions has been presented as a disposal group held for sale and a discontinued operation since 30 June 2019. The unanticipated delay in the planned divestment was caused by circumstances beyond the control of the company (i.e. Covid-19 and deteriorated oil and gas market). As part of Fugro's Path to Profitable Growth strategy, Fugro took action to respond to the change in circumstances and continues to pursue divestment of its stake in Seabed Geosolutions, which is still being actively marketed at a price that is reasonable given the change in circumstances. Fugro has stepped up its efforts to divest Seabed's business and had several meetings and negotiations with certain interested potential buyers. Fugro closely monitors the progress on this planned divestment and still considers it is highly probable that substantially all Seabed's business will be sold within one year.

As described above, Seabed Geosolutions business continues to be classified as a disposal group held for sale and a discontinued operation as of 30 June 2020. The consolidated statement of comprehensive income below presents the discontinued operations on a stand-alone basis.

(x EUR million)	Six months ended 30 June 2020	Six months ended 30 June 2019
From discontinued operations		
Revenue	60.6	73.2
Third party costs	(48.9)	(58.3)
Other income	5.8	-
Personnel expenses	(12.1)	(17.0)
Depreciation and amortisation	-	(9.4)
(Impairment)/Reversal of impairment	(44.3)	(61.4)
Other expenses	(19.1)	(8.2)
Results from operating activities (EBIT)	**(58.0)**	**(81.1)**
Finance expenses	(1.9)	(0.4)
Income tax gain/(expense)	(1.6)	(0.3)
Profit/(loss) for the period from discontinued operations	**(61.5)**	**(81.8)**
Basic and diluted earnings per share from discontinued operations	(0.72)	(0.86)

Upon the classification as held for sale in 2019, an impairment loss of EUR 61.4 million (in the caption 'loss from discontinued operations') was recognised on the Seabed Geosolutions disposal group. This impairment was fully allocated to goodwill. Upon remeasurement of the disposal group to fair value less cost of disposal at 30 June 2020, a further impairment loss of EUR 40.3 million was recognised. This impairment was (allocated to intangible assets (EUR 6.2 million) and property, plant and equipment (EUR 34.1 million). It should be noted that this valuation could be subject to further adjustment if the outlook would further deteriorate or improve in the second half of 2020. A further impairment of EUR 4.0 million was recognised with respect to the right-of-use assets.

The cumulative amount recognised in other comprehensive income for foreign currency translation differences in respect of discontinued operations amounts to a gain of EUR 1.4 million for the first six months of 2020 (first six months 2019: EUR 3.2 million).

The assets and liabilities comprising the disposal group classified as held for sale are as follows:

(x EUR million)	30 June 2020	31 December 2019
Assets classified as held for sale		
Property, plant and equipment[1]	47.8	73.3
Right-of-use assets	3.9	7.4
Intangible assets	9.2	14.1
Inventories	0.7	1.8
Trade and other receivables	19.0	51.2
Current tax assets	0.1	2.2
Cash and cash equivalents	8.5	3.3
Total assets classified as held for sale	**89.2**	**153.3**
Liabilities classified as held for sale		

Loans and borrowings	-	16.8
Provisions	10.9	-
Employee benefits	1.1	1.1
Lease liabilities	5.2	6.1
Trade and other payables	29.0	53.7
Other taxes and social security charges	1.1	0.6
Current tax liabilities	1.6	1.9
Total liabilities classified as held for sale	**48.9**	**80.2**

[1] Property, plant and equipment includes an amount of EUR 5.7 million relating to a building and aircraft in Australia classified as held for sale at 30 June 2020.

The cash flows associated with discontinued operations are as follows:

(x EUR million)	**Six months ended 30 June 2020**	**Six months ended 30 June 2019**
Cash flows from discontinued operations		
Net cash (used in) / from operating activities	0.9	(4.0)
Net cash (used in) / from investing activities	(3.5)	(20.5)
Net cash (used in) / from financing activities	8.0	24.9
Net increase in cash and cash equivalents from discontinued operations	5.4	**0.4**

11 Provisions and contingencies

In the first six months of 2020, an amount of EUR 8.1 million has been added to the restructuring provision and EUR 4.5 million has been paid for restructuring costs. The current portion of the provision for other liabilities and charges amounts to EUR 7.2 million as at 30 June 2020 (31 December 2019: EUR 3.4 million), of which EUR 5.2 million is related to restructuring.

12 Taxes

Effective tax rate

Current income tax expense is based on the estimated taxable profit for the interim periods, adjusted for significant non-deductible items in the interim periods. The group's consolidated effective tax rate for continuing operations for the six months ended 30 June 2020 is 57.9% negative (first six months of 2019: 50.9% negative). The decrease in the negative effective tax rate is mainly driven by changes in geographical composition of taxable income and losses, certain unrecognised tax losses and deferred tax asset impairment. The income tax recognised in other comprehensive income for the defined benefit actuarial gains & losses and foreign currency translation differences amounts to EUR 2,4 million benefit (first six months of 2019: EUR 0.6 million benefit) and EUR 2.6 million cost (first six months of 2019: EUR 0.4 million benefit) respectively. No further income tax has been recognised in other comprehensive income. A deferred tax asset for net operating losses was impaired for an amount of EUR 14.6 million in the Americas region, following adverse actual outcomes against business plan and a history of operating losses. The remaining carrying amount (after impairment) of this deferred tax asset as at 30 June 2020 is EUR 6.6 million and could be subject to further adjustment if the outlook would further deteriorate or improve in the second half of 2020.

13 Property, plant and equipment

Acquisitions and disposals

In the first six months of 2020, the group acquired assets (under construction) with a cost value of EUR 45.2 million (first six months of 2019: EUR 60.1 million). Assets with a carrying amount of

EUR 1.1 million were disposed of in the first six months of 2020 (first six months of 2019: EUR 3.0 million), resulting in a net gain on disposal of EUR 0.9 million (first six months of 2019: net gain of EUR 2.9 million), which forms part of other income in the consolidated interim statement of comprehensive income.

14 Leases

Depreciation of right-of-use assets during the first half of 2020 was EUR 14.4 million (first half of 2019: EUR 16.3 million). Additions to right-of-use assets during the first six months of 2020 were EUR 9.3 million (first six months of 2019: EUR 4.2 million). The group recognised lease expenses from short-term leases of EUR 57.8 million and variable lease payments of EUR 0.0 million in the first six months ended 30 June 2020 (first six months 2019: EUR 55.2 million and EUR 0.3 million respectively). There were no material rent concessions during the first half of 2020.

15 Intangible assets including goodwill

(x EUR million)	Goodwill	E&E (Finder)	Software	Other	Total
Carrying amount at 1 January 2020	**268.0**	**16.6**	**1.2**	**2.8**	**288.6**
Changes in carrying amount:					
Additions (*)	0.4	0.3	0.1	0.1	0.9
Amortisation	-	-	(0.6)	(0.4)	(1.0)
Effect of movements in foreign exchange rates	(4.3)	(0.3)	(0.1)	-	(4.7)
Total changes	**(3.9)**	**-**	**(0.6)**	**(0.3)**	**(4.8)**
Carrying amount at 30 June 2020	**264.1**	**16.6**	**0.6**	**2.5**	**283.8**

(*) On 3 March 2020, Fugro acquired a 100% share in Orex SC, which includes a 66.5% share in Labomosan SA in exchange for a cash consideration of EUR 6.5 million. The purchase price allocation of this individually immaterial acquisition resulted in goodwill of EUR 0.4 million.

The group performed its annual goodwill impairment test in September 2019. The group's goodwill impairment test is based on value-in-use calculations. The methodology and key assumptions used to determine the recoverable amount for the different CGUs were disclosed in the consolidated annual financial statements 2019 together with the headroom and sensitivity analysis. The group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. As at 30 June 2020, the Covid-19 pandemic and deteriorated oil and gas market indicated a potential impairment of goodwill. The market capitalisation of the group was below the book value of its equity. Due to the aforementioned impairment triggers and ongoing economic uncertainty, management performed an impairment test as at 30 June 2020. This test did not result in an impairment, the goodwill allocated to CGU's as at 30 June 2020 was as follows:

(x EUR million)	Growth rate first year	Growth rate long-term	Pre-tax discount rate	Long-term EBIT margin %	Goodwill 30 June 2020
Europe-Africa	(1.1%)	1.4%	13.2%	7.0%	116.6
Americas	3.9%	1.4%	12.8%	8.4%	68.4
Asia Pacific	9.2%	1.4%	13.2%	5.7%	28.8
Middle East & India	2.6%	1.4%	13.3%	9.6%	50.3
Total					**264.1**

The goodwill allocated to CGU's as at 31 December 2019 was as follows:

(x EUR million)	Growth rate first year	Growth rate long-term	Pre-tax discount rate	Long-term EBIT margin %	Goodwill 31 December 2019
Europe-Africa	4.5%	2.0%	11.8%	9.3%	118.3
Americas	5.2%	2.0%	11.4%	9.8%	69.4
Asia Pacific	0.9%	2.0%	11.7%	6.4%	29.3
Middle East & India	3.5%	2.0%	11.8%	9.3%	51.0
Total					**268.0**

The goodwill sensitivity analysis as at 30 June 2020 is as follows:

		Change required in each key assumption for headroom to equal zero			
(x EUR million)	**Headroom**	**Growth rate first year**	**Growth rate long-term**	**Pre-tax discount rate**	**Long-term EBIT margin %**
Europe-Africa	40.0	(4.9%)	(1.4%)	1.2%	(1.4%)
Americas	49.3	(10.5%)	(2.5%)	2.0%	(2.2%)
Asia Pacific	56.6	(15.8%)	(5.9%)	4.5%	(3.3%)
Middle East & India	25.8	(9.7%)	(2.2%)	1.8%	(4.3%)
Total	171.7				

Total headroom decreased significantly from EUR 550 million as at 31 December to EUR 172 million as at 30 June 2020. The changes beyond those in the above table to assumptions used in the goodwill impairment test would, in isolation, lead to an impairment loss being recognised for the six months ended 30 June 2020.

16 Investments in equity accounted investees

Global Marine Holdings LLC (GMH), in which Fugro holds a 23.6% equity interest, sold its 100% share in Global Marine Group (GMG). In addition, GMH completed the sale of a 30% stake in Huawei Marine Networks to Hengtong Optic-Electric Co Ltd. The carrying amount of investments in equity accounted investees was reduced by EUR 49.9 million as a result of payments of dividends from the proceeds of the two divestments. GMH currently owns a 19% investment in Huawei Marine Networks, which is under a two-year put-option agreement.

On 13 February 2020, Fugro acquired a 49% interest in Sea-Kit International Limited in exchange for cash consideration and is accounted for as an (individually immaterial) associate.

17 Trade and other receivables, trade and other payables and cash & cash equivalents

Trade and other receivables amounting to EUR 478.5 million include unbilled revenue on (completed) contracts and trade receivables for the amount of EUR 159.0 million and EUR 254.8 million respectively as at 30 June 2020. Trade and other payables amounting to EUR 323.3 million include trade payables and advance instalments to work in progress for the amount of EUR 85.9 million and EUR 40.8 million respectively as at 30 June 2020. As at

30 June 2020, the cash and cash equivalents include EUR 17.9 million (31 December 2019: EUR 15.2 million) of Angolan kwanza's in Angola where exchange controls apply.

18 Shareholders' equity

On 19 February 2020, Fugro raised EUR 81.8 million through an accelerated bookbuild offering of new depositary receipts. The proceeds were used to refinance its capital structure. At 30 June 2020, the number of outstanding ordinary shares was 92,923 thousand (31 December 2019: 84,572 thousand) and the weighted average number of outstanding shares was 90,139 thousand.

Reserve for own shares:

Fugro purchases and sells own shares in relation to the share option scheme. Own shares which have been repurchased are held in treasury and are deducted from and presented within equity in a separate 'reserve for own shares' on a cost basis. Own shares are recorded at cost, representing the market price paid on the acquisition date. When reissued under the share option scheme, shares are removed from the reserve for own shares on a first-in, first-out (FIFO) basis. The difference between the cost and the cash received is recorded in retained earnings.

Up to 31 December 2019, shares reissued under the share option scheme were deducted from the reserve for own shares. However, these deductions were erroneously not made on a FIFO cost basis. The accounting policy on own shares has also been changed and the new policy was disclosed above. There are elements of both an error and a change in accounting policy, which could not be individually quantified. Accordingly, one retrospective reclassification adjustment between the reserve for own shares and retained earnings amounting to EUR 193.0 million was made on 1 January 2019. There is no impact on total equity or result. The information presented in the statement of financial position as of 1 January 2019 remains unchanged and was therefore not re-presented.

19 Loans and borrowings

(x EUR million)	30 June 2020	31 December 2019
Bank loans*	525.8	425.1
Subordinated unsecured convertible bonds in EUR 190 million **	142.5	175.3
Subordinated unsecured convertible bonds in EUR 100 million	88.3	87.1
Other loans and long-term borrowings	3.1	-
Sub-total	759.7	687.5
Less: current portion of loans and borrowings	1.5	-
Total	**758.2**	**687.5**

* The bank loans represent a 5-year multicurrency revolving credit facility (RCF) agreed upon on 3 December 2015. On 30 June 2020, the maturity date was extended to 1 September 2021, which shows the support of the lenders. The terms and conditions remained materially unchanged except for the inclusion of a positive pledge that will be triggered under certain conditions namely if the refinancing is not completed by the end of 31 March 2021, or if a covenant breach would occur before that date under the RCF agreement.

** During the first half of 2020, the group repurchased EUR 39.1 million (on a nominal basis) of its subordinated convertible bonds due 26 October 2021 at a discount. The consideration paid was allocated to the liability in full (i.e. there was no residual that was assigned to the equity component).

Based on the last four quarters, Fugro complies with all covenant requirements as at 30 June 2020:

(x EUR million)	Six months ended 30 June 2020
Adjusted consolidated EBITDA	126.2
Operating lease expense	36.4
Net interest expense	13.1
Margin fixed charge cover > 2.5	**3.3**
Net consolidated financial indebtedness (loans and borrowings less net cash)	212.2
Bank guarantees exceeding cap of € 250 million	-
Total	212.2
EBITDA coverage < 3.0	**1.7**
Consolidated net worth	545.4
Balance sheet total	1,860.7
Solvency > 27.5%	**29.3**
Financial indebtedness < EUR 55 million	6.5
Dividend < 60% of the profit	-

Last year, the numbers were as follows:

(x EUR million)	Six months ended 30 June 2019
Adjusted consolidated EBITDA	117.7
Operating lease expense	37.9
Net interest expense	13.9
Margin fixed charge cover > 2.5	**3.0**
Net consolidated financial indebtedness (loans and borrowings less net cash)	326.7
Bank guarantees exceeding cap of € 250 million	-
Total	326.7
EBITDA coverage < 3.0	**2.8**
Consolidated net worth	595.0
Balance sheet total	1,888.2
Solvency > 27.5%	**31.5**
Financial indebtedness < EUR 55 million	22.4
Dividend < 60% of the profit	-

These disclosures for covenant requirements have been prepared on the basis of frozen GAAP (i.e. excluding IFRS 16) and including the discontinued operations. However, the group's primary statements and notes (excluding this disclosure) are prepared in accordance with IFRS as endorsed by the European Union (i.e. including IFRS 16).

As of 30 June 2020, Fugro complied with the two additional covenant requirements which were agreed upon with the owner of two geotechnical vessels. The total net debt excluding the liability component of the EUR 100 million unsecured convertible bonds should not exceed EUR 530 million at the end of each quarter as of 30 June 2020. The originally agreed consolidated EBITDA for the 12 months ended should at least be EUR 125 million as per 30 June 2020. As mentioned above, Fugro complied with this covenant requirement as of 30 June 2020. Fugro is closely monitoring the covenant per 30 September 2020, as it might not meet this covenant and has already indicated this to the relevant parties. Fugro anticipates to receive a waiver for this.

Management performed a stress test on the debt covenants with satisfactory results, except for the consolidated EBITDA floor. It should be noted that debt covenant compliance is most sensitive for the consolidated EBITDA floor, one of the additional covenant requirements which were agreed upon with the owner of two geotechnical vessels, especially in the third quarter of 2020. Sensitivity further applies to the covenants related to the revolving credit facility, although to a lesser extent, again especially in the third quarter. The sensitivity analysis is inherently judgemental and uncertain. Actual results may differ and a breach of covenants could occur in the second half of 2020.

20 Share-based payments

The share-based payments plans of Fugro N.V. can be divided into a long-term incentive plan (LTIP), which includes the annual grant of conditional performance awards (as of 2018 shares only), and a share option scheme, which includes the annual grant of unconditional options. For the first six months of 2020, an expense of EUR 2.5 million (first six months of 2019: EUR 2.8 million) relating to share-based payments has been recognised in profit or loss.

21 Related parties

The key management compensation, based on amounts recognised in the statement of comprehensive income, is as follows:

(x EUR thousands)	Short-term employee benefits	Post-employment benefits	Severance	Share-based Payment (*)	Total six months ended 2020 (**)
Board of Management	710,669	143,406	-	438,771	1,292,846
Senior managers	1,225,096	127,736	-	245,137	1,597,969
Executive Leadership Team (sub-total)	**1,935,765**	**271,142**	**-**	**683,908**	**2,890,815**
Supervisory Board	190,550	-	-	-	190,550
Total	**2,126,315**	**271,142**	**-**	**683,908**	**3,081,365**

(*) Costs of share-based compensation are based on accounting standards (IFRS 2 expense).
(**) The six senior managers were part of the Executive Leadership Team during the first six months of 2020. Accordingly, their compensation for the entire six month period was included in the table above.

(x EUR million)	Short-term employee benefits	Post-employment benefits	Severance	Share-based Payment (*)	Total six months ended 2019 (**)
Board of Management	1,344,253	155,381	-	473,128	1,972,762
Senior managers	404,120	32,997	-	82,125	519,242
Executive Leadership Team (sub-total)	**1,748,373**	**188,378**	**-**	**555,253**	**2,492,004**
Supervisory Board	219,500	-	-	-	219,500
Total	**1,967,873**	**188,378**	**-**	**555,253**	**2,711,504**

(*) Costs of share-based compensation are based on accounting standards (IFRS 2 expense). The comparative information for the first half of 2019 was revised, to reflect the full IFRS expense for share-based compensation received by the members of the Board of Management.
(**) The six senior managers became part of Fugro's key management personnel as of 1 May 2019, i.e. the date the Executive Leadership Team became effective. Since the senior managers were not a related party in the period 1 January 2019 to 30 April 2019, their compensation for this period was excluded from the table above. The Board of Management and Supervisory Board were a related party during the six month period ended 30 June 2019 and therefore their compensation was included in the table above.

22 Capital commitments, contingencies and bank guarantees

As per 30 June 2020 and as per 31 December 2019, the group has no material contractual obligations to purchase property, plant and equipment. As per 30 June 2020, Fugro has issued bank guarantees to customers for an amount of EUR 93.6 million (31 December 2019: EUR 113.2 million).

23 Financial risk management and financial instruments

Fugro's valuation processes

The group's finance department performs the valuations of financial assets and liabilities required for financial reporting purposes. The key inputs to the valuations are directly reported to the Chief Financial Officer. Changes in fair values in level 2 and level 3 are analysed at each reporting date. The carrying amount of the financial assets and liabilities is a reasonable approximation of fair value except for the following as reported in the table below as at 30 June 2020.

Valuation of financial assets and liabilities (x EUR million)	Carrying amount	Fair value [1]
Subordinated unsecured convertible bonds	230.8	226.6
Unrecognised gains/(losses)		(4.2)

[1] The subordinated unsecured convertible bonds are classified as level 3 in the fair value hierarchy.

24 Subsequent events

No subsequent events have been identified.

Independent auditor's review report

To: the Supervisory Board and shareholders of Fugro N.V.

Our conclusion

We have reviewed the condensed consolidated interim financial statements included in the accompanying half-year report of Fugro N.V., based in Leidschendam, for the period from 1 January 2020 to 30 June 2020.

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements of Fugro N.V. for the period from 1 January 2020 to 30 June 2020, is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

The condensed consolidated interim financial statements comprise:

- The consolidated statement of financial position as at 30 June 2020
- The following consolidated statements for the period from 1 January 2020 to 30 June 2020: the statements of comprehensive income, changes in equity, and cash flows
- The notes comprising of a summary of the significant accounting policies and selected explanatory information

Basis for our conclusion

We conducted our review in accordance with Dutch law, including the Dutch Standard 2410, "Het beoordelen van tussentijdse financiële informatie door de accountant van de entiteit" (Review of interim financial information performed by the independent auditor of the entity). A review of interim financial information in accordance with the Dutch Standard 2410 is a limited assurance engagement. Our responsibilities under this standard are further described in the Our responsibilities for the review of the condensed consolidated interim financial statements section of our report.

We are independent of Fugro N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Emphasis of matter relating to uncertainty relating to current developments and going concern

The developments around the Covid-19 pandemic have a profound impact on people, society and on the economy. This impacts operational and financial performance of organisations and the assessment of the ability to continue as a going concern. The impact may continue to evolve, giving rise to complexity and inherent uncertainty. Fugro N.V. is confronted with this as well. More specifically the complexity and uncertainty are reflected in the development of the oil & gas market, which currently is an important market for Fugro.

The interim financial information and our review report thereon reflect the conditions at the time of preparation, including the uncertainty and the impact on significant assumptions and estimations. Relating to the significant assumptions and estimations we draw attention to Note 3 Going concern and Note 19 Loans and borrowings in the notes to the condensed consolidated interim financial statements that describes the sensitivities of forecasted debt covenant requirements. We further draw attention to the notes to the condensed consolidated interim financial statements in Note 6 Estimates, judgements and uncertainties; Note 10 Disposal group classified as held for sale and discontinued operations; Note 12 Taxes; and Note 15 Intangible assets including goodwill.

Our conclusion is not modified in respect of these matters.

Responsibilities of management and the supervisory board for the condensed consolidated interim financial statements

Management is responsible for the preparation and presentation of the condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the condensed consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

The Supervisory Board is responsible for overseeing the financial reporting process.

Our responsibilities for the review of the condensed consolidated interim financial statements

Our responsibility is to plan and perform the review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

The level of assurance obtained in a review engagement is substantially less than the level of assurance obtained in an audit conducted in accordance with the Dutch Standards on Auditing. Accordingly, we do not express an audit opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the review, in accordance with Dutch Standard 2410.
Our review included among others:

- Updating our understanding of Fugro N.V. and its environment, including its internal control, and the applicable financial reporting framework, in order to identify areas in the condensed consolidated interim financial statements where material misstatements are likely to arise due to fraud or error, designing and performing analytical and other review procedures to address those areas, and obtaining assurance evidence that is sufficient and appropriate to provide a basis for our conclusion
- Obtaining an understanding of internal control as it relates to the preparation of interim financial statements
- Making inquiries of management and others within the organisation
- Applying analytical procedures with respect to information included in the condensed consolidated interim financial statements
- Obtaining assurance evidence that the condensed consolidated interim financial statements agrees with, or reconciles to, Fugro N.V.'s underlying accounting records
- Evaluating the assurance evidence obtained
- Considering whether there have been any changes in accounting principles or in the methods of applying them and whether any new transactions have necessitated the application of a new accounting principle
- Considering whether management has identified all events that may require adjustment to or disclosure in the condensed consolidated interim financial statements

- Considering whether the condensed consolidated interim financial statements have been prepared in accordance with the applicable financial reporting framework and represents the underlying transactions free from material misstatement

Amsterdam, 28 July 2020

Ernst & Young Accountants LLP

Signed by A.A. van Eimeren