

Fugro Divests Asia Pacific Subsea Services Business to Shelf Subsea

Fugro NV (Fugro) and Shelf Subsea Holdings UK Ltd (Shelf Subsea) have signed an agreement under which Shelf Subsea will acquire the Fugro subsea services business in Asia Pacific for approximately EUR14 million cash and a significant issuance of around 25% equity in Shelf Subsea to Fugro. The regional director Asia Pacific for Fugro's Subsea Services division, Colin McGinnis, will become the chief executive officer of Shelf Subsea.

The Shelf Subsea business was formed in 2015 by private equity investors SCF Partners, Viburnum Funds and senior management, and generated revenue in 2015 of around AUD40 million (EUR27 million). It operates from offices in Perth and Singapore and upon closing of this transaction will become a leading subsea services player in the Asia Pacific region providing inspection, repair, maintenance (IRM), light installation, air and saturation diving services and construction support. All Fugro subsea staff in Asia Pacific will transfer to Shelf Subsea.

As part of the transaction, Fugro will become an approximately 25% shareholder in Shelf Subsea. This creates the opportunity for Fugro to share in value creation at Shelf Subsea. It will strengthen the relationship between the companies as the transaction also encompasses a service agreement for Fugro survey and the provision of other Fugro services to Shelf Subsea.

The transaction involves the transfer of 3 vessel charter contracts, 1 owned vessel, 18 remotely operated vehicles and 285 Fugro employees located in offices in Perth and Singapore. The transaction is subject to customary closing conditions. The expectation is that the transaction will be closed within the coming months.

Focus on Geotechnical and Survey Business

A key element of Fugro's 'Building on Strength' strategy is to focus on its geotechnical and survey businesses and to adjust its portfolio accordingly. As a consequence, Fugro explored the divestment of its heavier subsea services activities. Within Fugro's subsea portfolio, its Asia Pacific business is the largest provider of IRM, light installation and construction support services from larger vessels. Hence, with this transaction, Fugro has taken a major step in adjusting its business portfolio in line with its strategy.