

# Fugro Strong in Geotechnical and Survey

Fugro (The Netherlands) has reported its performance for its maritime activities in survey, geotechnical and subsea in the third quarter as solid. Seabed Geosolutions continues to lag behind, although seasonal demand resulted in high vessel utilisation. The backlog for the next 12 months is reported as solid and stronger compared with the end of the third quarter of 2012.

The oil and gas market, which is the main market in which Fugro operates, continues to be strong in most segments relevant to Fugro. Clients continue to invest in exploration and development of new fields and in enhancement of existing production. The second largest market for Fugro is infrastructure, where demand especially in the Middle and Far East, Africa and the Caspian region continues to be strong.

## Survey division

The Survey division put in another strong quarter. The newest addition to the vessel fleet, the Fugro Brasilis, has been well received by customers. Activity levels were high across all regions, in particular in Africa. The weak spot continues to be aerial mapping where low demand is creating a tough competitive environment, in particular in Europe and North America.

## Geotechnical division

The division put in a solid operational and financial performance for the quarter. Geoconsulting services continue to grow as a result of more technically demanding projects in frontier areas. Key new contracts were awarded such as the ultra-deep water contract for PEMEX in Mexico. The Fugro Voyager was delivered and will soon mobilise to its first project in Australia. The onshore activities are developing well in emerging markets such as East Africa, Qatar, Iraq, Kazakhstan and Azerbaijan. The US infrastructure market appears to be slowly improving, whereas Europe continues to lag behind.

## Subsea division

Revenues and profit margin were good for the quarter. In Europe and Africa the vessel utilisation was excellent, Asia-Pacific again contributed positively and performance in the Middle East and India continues to improve. In general, the improvement in ongoing business as announced as part of the Capital Markets Day (CMD) presentation is evolving as planned. The associated restructuring is progressing and addresses areas of weakness, such as West Africa diving. In the quarter, Fugro announced the agreement to acquire DCN Global, a Middle East based diving services specialist. With this acquisition, Fugro can now offer integrated subsea services in this market and also utilise DCN's expertise elsewhere in the world.

## Geoscience division

Revenues of Seabed Geosolutions, which started operations in February 2013, increased strongly in the third quarter compared to the second quarter with improving utilisation. The revenue growth is encouraging. Though a large project in the second quarter backlog did not materialise, tendering activity for seabed data acquisition continues to be strong.

Seabed Geosolutions continues to be loss-making as utilisation needs to improve further, in particular in the shallow water and ocean bottom cable activity. Sales of multi-client seismic data are developing more slowly than planned, mainly due to earlier reported delays in this year's Norwegian licensing round, with catch-up expected in the fourth quarter.

With the sale and transfer of its airborne activities in the quarter, Fugro has effectively completed the sale of the majority of its Geoscience activities to CGG (France).