FUGRO

FULL YEAR REPORT 2019

Leidschendam, the Netherlands, 19 February 2020

Fugro 2019: Continued margin improvement and positive cash flow

- Adjusted EBIT margin of Fugro's core business improved to 4.2% from 1.9% last year; driven by improved performance of the marine business, in particular in the fast growing offshore wind market.
- Modest revenue growth, on top of a very strong increase in the previous year, due to selective tendering, prioritising profitability and cash flow over revenue growth.
- Cash flow from operating activities after investing improved strongly to EUR 58.3 million.
- Strong backlog growth of 9.9%, driven by Europe-Africa and Middle East & India.
- Net result was positive excluding previously announced specific items, mainly related to Southern Star arbitration and impairment on Seabed Geosolutions (held for sale).
- Net debt/EBITDA improved to 1.9.
- Fugro announces a comprehensive refinancing of its capital structure to extend its maturity profile.
- Outlook 2020: Fugro will continue to deliver on its Path to Profitable Growth strategy, capturing market opportunities, driving margin improvement and sustained free cash flow.

Key figures (x EUR million) *from continuing operations unless otherwise indicated*	**2019**	**pro-forma 2019**[1]	**2018**[2]	**H2 2019**	**pro-forma H2 2019**[1]	**H2 2018**
Revenue	1,631.3		1,552.8	834.5		818.7
comparable growth[3]	*2.7%*		*18.3%*	*0.0%*		*19.8%*
Adjusted EBITDA[4]	184.9	150.6	120.4	101.6	84.0	73.4
Adjusted EBIT[4]	68.0	64.3	29.5	44.7	41.3	28.4
Adjusted EBIT margin[4]	4.2%	3.9%	1.9%	5.4%	5.0%	3.5%
EBIT	25.6	21.9	23.8	8.8	5.4	24.6
Net result[6]	(39.6)	(32.1)	(38.9)	(22.0)	(20.3)	1.3
Net result incl. discontinued operations[6]	(108.5)	(102.3)	(51.1)	(22.5)	(22.1)	(10.6)
Backlog next 12 months	1,011.1		902.2	1,011.1		902.2
comparable growth[3]	*9.9%*		*10.0%*	*9.9%*		*10.0%*
Cash flow operating activities after investing	58.3	34.2	(21.2)	92.7	81.5	19.5
Cash flow operating activities after investing incl. disc. ops.	22.8	(2.9)	(33.4)	81.7	69.3	10.1
Net debt/EBITDA[5]	1.9		2.2	1.9		2.2

[1] Excluding impact of implementation of IFRS 16
[2] Figures have been adjusted to reflect Seabed Geosolutions as held for sale (discontinued)
[3] Corrected for currency effect and the divestment of the marine construction & installation activities in 2017
[4] Adjusted for onerous contract provisions, restructuring cost, impairment losses, and costs related to the Southern Star arbitration
[5] Covenant calculation includes Seabed Geosolutions
[6] Attributable to the owners of the company

Mark Heine, CEO: " I am pleased to announce a second year of recovery with continued revenue growth and margin expansion and strongly improved free cash flow. Revenue growth of 2.7% was modest but came on top of a very strong increase last year and was impacted by our focus on profitability and cash flow.

The marine business performed significantly better, as a result of higher activity levels, better pricing and disciplined cost management, thus benefiting from operating leverage. We are involved in site characterisation projects for offshore wind farms, all over the world, which is a clear example of the role we play in the energy transition. In oil and gas, we benefit from a return to healthy levels of offshore investments, including deep water.

As guided, margins in our late cyclical marine asset integrity business improved considerably, as a result of the measures taken earlier and a gradually improving market.

While our land asset integrity business showed a modest improvement, the overall land performance was disappointing. This was due to a combination of a challenging geopolitical and macroeconomic environment in certain key markets, and some underperforming services in specific countries. Although the impact of the restructuring measures that are being implemented is not yet visible in our results, I am confident that these will lead to improvements during the coming quarters and structurally higher margins going forward.

We have become a much more resilient company. By now, around 50% of our revenue is generated in offshore wind, hydrography and infrastructure. In a rapidly changing world, there are ample opportunities for us to contribute to the safe, sustainable and efficient development and operation of our clients' assets.

Furthermore, the recently announced divestment of Global Marine is expected to bring the total proceeds from our non-core stake to around USD 73 million, of which the majority will contribute to cash flow in 2020. The proceeds will be utilised to reduce Fugro's debt position."

Performance review 2019

Comparable revenue of Fugro's core business increased by 2.7%. Comparable revenue growth in the marine business was strong at 5.7%, on top of the exceptionally strong increase last year. This growth was driven by site characterisation for offshore wind farms and hydrography, especially in Europe-Africa and Americas. Revenue of the land business was down due to specific circumstances in Hong Kong, certain countries in the Middle East and the UK, countries where Fugro traditionally does well.

Adjusted EBITDA amounted to EUR 184.9 million and showed a significant improvement, also excluding the EUR 34.3 million effect of the implementation of IFRS 16. Marine performed significantly better, benefitting from operating leverage as a result of higher activity levels, better pricing and disciplined cost management. Fugro is implementing restructuring measures to improve profitability of the land business.

Net result of the core business, adjusted for specific items of EUR 42.4 million, was positive. The specific items include the earlier announced EUR 24.1 million Southern Star arbitration outcome, related legal costs of EUR 5.9 million and various other items. Last year, the specific items amounted to EUR 5.7 million.

Net result from discontinued operations (predominantly Seabed Geosolutions) amounted to a loss of EUR 68.9 million. This was mostly related to a EUR 76.2 million impairment (of which EUR 61.4 million was in the first half year), execution issues on three projects in the first half year, and under-utilisation of one crew in the fourth quarter. In the fourth quarter, Fugro entered into an agreement to acquire CGG's 40% shareholding in Seabed and to terminate the Seabed joint venture agreement in exchange for a cash consideration of EUR 31.3 million to Fugro. A gain amounting to EUR 9.8 million was recorded as specific item in discontinued operations, while the remainder was accounted for in equity.

Cash flow from operating activities after investing from continuing operations of EUR 58.3 million includes EUR 24.1 million related to the implementation of IFRS 16 and excludes the EUR 31.3 million payment from CGG. Cash flow was positively impacted by improved profitability and disciplined working capital management, partially offset by higher capital expenditures.

Net debt at the end of 2019 including Seabed Geosolutions was EUR 666.3 million including EUR 163.0 million impact from the implementation of IFRS 16. Excluding the impact of IFRS 16, net debt remained stable at EUR 503.3 million compared to EUR 505.5 million at the end of 2018. Driven by the improvement in EBITDA, net debt/EBITDA improved to 1.9 at the end of 2019 compared to 2.2 at the end of 2018.

In January 2020, the sale of Global Marine, in which Fugro holds a 23.6% stake, was announced. The majority of Fugro's share of the net proceeds of approximately USD 73 million in total, is expected to be received in the first quarter of 2020. The proceeds will be utilised to reduce Fugro's debt position.

Refinancing

Fugro anticipates refinancing its capital structure. Further details are announced in today's press release 'Fugro announces a refinancing of its capital structure'.

The Foundation Continuity Fugro (*Stichting Continuiteit Fugro*) has agreed to terminate the call option agreements which provided the Foundation with a right to exercise a call option on preference shares in relation to Fugro's Curacao based subsidiaries, Fugro Consultants International N.V. and Fugro Finance International N.V. in certain specific circumstances. The termination is subject to the refinancing being completed. For more information on the call option arrangement Fugro refers to its annual report 2018, 'protective measures' on pages 68-69.

Review by business

Marine

Key figures, adjusted[1] **(x EUR million)**	**2019**	**pro forma 2019**[2]	**2018**	**H2 2019**	**pro forma H2 019**[2]	**H2 2018**
Revenue	1,171.6		1,085.9	608.7		582.8
comparable growth[3]	*5.7%*		*27.4%*	*2.5%*		*28.4%*
EBITDA	160.0	135.4	92.1	92.1	78.9	58.7
EBIT	66.5	63.7	19.5	46.5	43.4	22.2
EBIT margin	5.7%	5.4%	1.8%	7.6%	7.1%	3.8%
Backlog next 12 months	704.0		618.8	704.0		618.8
comparable growth[3]	*11.6%*		*13.6%*	*11.6%*		*13.6%*
Capital employed	869.1	872.3	852.5	869.1	872.3	852.5

[1] EBIT(DA) adjusted for specific items; previously called 'EBIT(DA) excluding exceptional items'
[2] Excluding impact of implementation of IFRS 16
[3] Corrected for currency effect and the divestment of the marine construction & installation activities in 2017

- With 5.7%, revenue growth marine activity was strong, on top of the exceptionally strong increase last year, driven by site characterisation activities for offshore wind farms and hydrography, especially in Europe-Africa and Americas. Marine asset integrity revenue decreased slightly, despite good growth in three of the four regions, as a result of the rationalisation of the business line in Asia Pacific. Vessel utilisation was 72%, in line with last year's 73%, combined with an increase in seasonal charters.
- Higher activity levels, better pricing and disciplined cost management resulted in strongly improved margins. The rationalisation measures in the asset integrity business in Asia Pacific have paid off with margins improving from break-even to mid-single digit. In the comparable period last year, EBIT of marine included a one-off positive effect of EUR 5.1 million, mainly due to changing the Dutch pension to a defined contribution plan.
- The 12 month backlog is up, both in site characterisation and asset integrity.

Land

Key figures, adjusted[1] (x EUR million)	2019	pro forma 2019[2]	2018	H2 2019	pro forma H2 2019[2]	H2 2018
Revenue	459.7		466.9	225.7		235.9
comparable growth[3]	*(3.8%)*		*1.5%*	*(6.1%)*		*2.7%*
EBITDA	24.9	15.2	28.3	9.5	5.1	14.7
EBIT	1.5	0.6	10.0	(1.8)	(2.1)	6.2
EBIT margin	0.3%	0.1%	2.1%	(0.8%)	(0.9%)	2.6%
Backlog next 12 months	307.1		283.4	307.1		283.4
comparable growth[3]	*6.3%*		*2.7%*	*6.3%*		*2.7%*
Capital employed	227.8	228.1	219.9	227.8	228.1	219.9

1 EBIT(DA) adjusted for specific items; previously called 'EBIT(DA) excluding exceptional items'
2 Excluding impact of implementation of IFRS 16
3 Corrected for currency effect

- Asset integrity revenues increased slightly, while site characterisation revenue was down, related to specific circumstances in Hong Kong, certain countries in the Middle East and the UK. Restructuring aimed at closing down underperforming activities also impacted revenues.
- Site characterisation margin was below last year in line with revenue development, whilst asset integrity results improved marginally to around break-even. To improve profitability, Fugro has stepped up restructuring efforts to address low margin services in a number of countries. In the comparable period last year, EBIT included a one-off positive effect of EUR 2.7 million, mainly due to changing the Dutch pension to a defined contribution plan.
- Site characterisation backlog is up strongly, while asset integrity shows a slight decline.

Review by region

Europe-Africa

Key figures, adjusted[1] (x EUR million)	2019	pro forma 2019[2]	2018	H2 2019	pro forma H2 2019[2]	H2 2018
Revenue	682.2		649.7	343.7		331.6
comparable growth[3]	*4.9%*		*15.2%*	*3.5%*		*13.4%*
EBIT	71.4	68.6	35.4	35.6	33.9	28.1
EBIT margin	10.5%	10.1%	5.4%	10.4%	9.9%	8.5%
Backlog next 12 months	386.3		297.1	386.3		297.1
comparable growth[3]	*27.2%*		*(1.7%)*	*27.2%*		*(1.7%)*

1 EBIT adjusted for specific items; previously called 'EBIT excluding exceptional items'
2 Excluding impact of implementation of IFRS 16
3 Corrected for currency effect and the divestment of the marine construction & installation activities in 2017

- Revenue growth was fully driven by the marine activities, partially offset by a decline in land. Growth in marine mainly came from site characterisation, in particular for offshore wind farms, and to a lesser extent from asset integrity. Improved price levels in combination with an increase in activity levels contributed to this growth. The decline in land was mainly caused by delays in project awards and reduction on work scopes on certain key projects, particularly in the UK.
- Overall, the EBIT margin almost doubled compared to 2018, mainly contributed by marine, whilst land was in line with previous year despite lower activity levels. The improvement was particularly strong in marine site characterisation, benefitting from operating leverage, and improved pricing. Margin of marine asset integrity improved as well.
- Solid outlook in 2020 with double digit backlog growth across both land and marine.
- Significant recent project awards include a contract for geotechnical and geophysical survey in relation to the Pecan field offshore Ghana for Aker Energy, a geotechnical site investigation contract for a wind farm in the

North Sea, a nearshore site investigation for the Lynetteholmen megaproject in Copenhagen, and an onshore site investigation project for Linde Gas in East Russia.

Americas

Key figures, adjusted[1] (x EUR million)	**2019**	**pro forma 2019[2]**	**2018**	**H2 2019**	**pro forma H2 2019[2]**	**H2 2018**
Revenue	411.6		334.5	218.1		177.0
comparable growth[3]	*17.9%*		*5.4%*	*18.7%*		*8.8%*
EBIT	(11.4)	(11.6)	0.1	2.6	2.4	(2.4)
EBIT margin	(2.8%)	(2.8%)	0.0%	1.2%	1.1%	(1.4%)
Backlog next 12 months	272.0		284.9	272.0		284.9
comparable growth[3]	*(6.4%)*		*40.2%*	*(6.4%)*		*40.2%*

1 EBIT adjusted for specific items; previously called 'EBIT excluding exceptional items'
2 Excluding impact of implementation of IFRS 16
3 Corrected for currency effect

- Revenue growth was particularly strong, driven by high offshore wind activity levels on the east coast of the US and the growth of land activities in the US and South America.
- Profitability was disappointing, especially in relation to the revenue growth. In marine, results were impacted by a difficult and loss-making start of the year, with delayed vessel maintenance and unforeseen repair costs. compounded by additional charter expenses. The second half of the year was marginally profitable, somewhat impacted by unforeseen vessel downtime. In land, overall profitability of projects was too low primarily due to an overrun on two site characterisation projects, and competitive bidding on infrastructure projects. For the full year, the land margin was flat.
- Backlog was down mainly in marine asset integrity and land site characterisation. The decline in marine asset integrity resulted from the expiration of a diving support contract in Brazil in the course of the year. The drop in land site characterisation is mainly caused by the delay of two large projects in California.
- Significant contract awards include geophysical surveys for the Atlantic Shores and Mayflower wind farms, an award from Exxon Mobil in Brazil for a geophysical study, a five year contract by the National Oceanic and Atmospheric Administration for hydrographic services and a contract with the Department of Transportation of the State of North Carolina relating to pavement and asset management surveys and advice.

Asia Pacific

Key figures, adjusted[1] (x EUR million)	**2019**	**pro forma 2019[2]**	**2018**	**H2 2019**	**pro forma H2 2019[2]**	**H2 2018**
Revenue	331.3		364.4	173.0		199.4
comparable growth[3]	*(11.4%)*		*42.7%*	*(15.1%)*		*42.0%*
EBIT	1.4	1.0	(18.9)	7.4	6.2	(3.1)
EBIT margin	0.4%	0.3%	(5.2%)	4.3%	3.6%	(1.6%)
Backlog next 12 months	219.5		217.2	219.5		217.2
comparable growth[3]	*(0.3%)*		*(2.1%)*	*(0.3%)*		*(2.1%)*

1 EBIT adjusted for specific items; previously called 'EBIT excluding exceptional items'
2 Excluding impact of implementation of IFRS 16
3 Corrected for currency effect and the divestment of the marine construction & installation activities in 2017

- The revenue decline was largely the result of the rationalisation of the marine asset integrity business, which includes more selective tendering, reduced capacity with one vessel re-positioned to Europe-Africa and the early termination of the Southern Star vessel in the beginning of the year. Land site characterisation declined, predominantly as a result of a challenging Hong Kong market.
- The marine EBIT margin improved strongly and turned positive as a result of improved utilisation, selective tendering with better pricing and cost reduction measures. Land site characterisation margin was lower due to lower revenue in challenging market conditions. Land asset integrity margin showed a slight improvement.

- The backlog was flat with growth in land offset by a decline in marine. In marine, the decline is mainly the result of reduced vessel capacity in both business lines. In land, the backlog increased, driven amongst others by the Hong Kong airport third runway project and asset integrity wins in the power market.
- Significant recent contract awards include the land site characterisation contract for the Airport Authority Hong Kong. For land asset integrity, two Australian power contracts were secured.

Middle East & India

Key figures, adjusted[1] **(x EUR million)**	**2019**	**pro forma 2019**[2]	**2018**	**H2 2019**	**pro forma H2 2019**[2]	**H2 2018**
Revenue	206.1		204.2	99.5		110.7
comparable growth[3]	*(3.5%)*		*16.0%*	*(12.8%)*		26.2%
EBIT	6.6	6.3	12.9	(1.0)	(1.2)	5.8
EBIT margin	3.2%	3.1%	6.3%	(1.0%)	(1.2%)	5.2%
Backlog next 12 months	133.3		103.0	133.3		103.0
comparable growth3[4]	*27.2%*		*11.5%*	*27.2%*		*11.5%*

[1] EBIT adjusted for specific items; previously called 'EBIT excluding exceptional items'
[2] Excluding impact of implementation of IFRS 16
[3] Corrected for currency effect

- Revenue declined in marine site characterisation due to low utilisation of one of the vessels. Marine asset integrity revenue was up due to higher activity in positioning and construction support. Land site characterisation revenue was impacted by the ongoing restructuring measures in certain countries and challenging circumstances in core infrastructure markets.
- The margin was impacted by the revenue decline, in combination with some underperforming services in Oman, Qatar and UAE, which are being restructured. For the full year, the marine margin improved slightly, driven by site characterisation.
- The 12-months backlog increased significantly due to both marine and land awards, mainly in the UAE.
- Significant contract awards in the quarter include a sizeable survey contract, providing a fully turnkey solution involving all marine and nearshore services for a leading national oil company, and work under a long term Qatargas contract.

Held for sale: Seabed Geosolutions

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

Key figures, adjusted[1] **(x EUR million)**	**2019**	**pro forma 2019**[2]	**2018**	**H2 2019**	**pro forma H2 2019**[2]	**H2 2018**
Revenue	135.6		97.2	62.4		33.9
comparable growth[3]	*31.7%*		35.7%	77.1%		140.0%
EBITDA	(10.9)	(12.8)	(2.6)	(0.6)	(2.2)	(12.3)
EBIT	(20.5)	(22.0)	(16.4)	(0.9)	(2.3)	(19.3)
EBIT margin	(15.1%)	(16.2%)	(16.9%)	(1.4%)	(3.7%)	(56.9%)
Backlog next 12 months	110.1		139.3	110.1		139.3
comparable growth[3]	*(21.0%)*		*27.9%*	*(21.0%)*		*27.9%*
Capital employed	86.1		135.5	86.1		135.5

[1] EBIT(DA) adjusted for specific items; previously called 'EBIT(DA) excluding exceptional items'
[2] Excluding impact of implementation of IFRS 16
[3] Corrected for currency effect

- Up to four crews were active during the year. The shallow water crew was working until July and has since been demobilised and the ocean bottom cables have been sold. The first Manta® crew was occupied on the Buzios survey in Brazil until early in the fourth quarter before being repositioned to the Gulf of Mexico where it started a new project in December. After two projects in the Gulf of Mexico, the Case Abyss crew executed a project in West-Africa from August until November, and has since started on a new project in the Gulf of Mexico. The second Manta® crew, operating in partnership with Argas, started on the S-79 project in Saudi Arabia in July.

- As previously disclosed, in the first half of the year, EBIT was severely impacted by execution issues on three projects and the delayed start on the S-79 project. In the second half year, operational performance improved with good execution on projects in West-Africa and the Gulf of Mexico, though results were impacted by under-utilisation of the Case Abyss crew in the fourth quarter. All in all, results in the second half year were significantly better compared to both the second half of 2018 and the first half of 2019. Last year's second half results included a EUR 5.2 million positive one-off in relation to the sale of spare cables, while the second half of 2019 was positively impacted by around EUR 10 million as depreciation stopped as a result of 'held for sale' accounting.
- The decline in capital employed was mostly related to the non-cash impairment of EUR 76.2 million.
- In December 2019, Fugro entered into an agreement to acquire CGG's 40% shareholding in Seabed Geosolutions and to terminate the joint venture agreement effective as of December 30, 2019, in exchange for a cash consideration of USD 35.0 million, which was paid by CGG before year-end 2019.
- The pipeline of potential projects remains solid with significant tendering and leads in key markets. In October, Seabed was awarded a new Manta® node deep water project in Brazil, which is due to start in the second quarter of 2020. The S-79 project will continue until at least the first quarter of 2021.

Outlook

The outlook across Fugro's market segments is positive as offshore wind, oil and gas and infrastructure markets continue to grow. The offshore oil and gas market continues to grow despite geopolitical developments and concerns over reduced global economic growth. In the infrastructure market, Fugro expects continued growth, driven by population growth, urbanisation and ageing assets. The energy transition which is needed to reduce CO_2 emissions and mitigate climate change, is a strong driver for Fugro's services, particularly in the offshore wind market.

Outlook 2020: Fugro will continue to deliver on its Path to Profitable Growth strategy, capturing market opportunities, driving margin improvement and sustained free cash flow. Capex for continuing operations will be around EUR 90 million.

Press call and analyst meeting

Today at 7:30 CET, Fugro will host a news media call. At 12:00 CET, Fugro will host an analyst meeting in Hilton Amsterdam, Apollolaan 138 in Amsterdam which can be followed as video webcast via www.fugro.com.

Financial calendar

26 February 2020	Publication annual report 2019
30 April 2020	Publication first quarter 2020 trading update
	Annual general meeting of shareholders
29 July 2020	Publication half-year 2020 results

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 lifecycle.
Employing approximately 10,000 talented people in 65 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)	2019	pro forma 2019[1]	2018
Adjusted EBITDA[2]	184.9	150.6	120.4
Depreciation	(113.9)	(83.3)	(87.4)
Amortisation	(3.0)	(3.0)	(3.5)
Adjusted EBIT[2]	68.0	64.3	29.5
Specific items on EBIT	(42.4)	(42.4)	(5.7)
EBIT	25.6	21.9	23.8
Net finance income/ (costs)	(57.8)	(46.6)	(51.6)
Share of profit/ (loss) in equity accounted investees	9.2	9.2	8.8
Income tax gain/ (expense)	(13.8)	(13.8)	(16.8)
(Gain)/ loss on non-controlling interests from continuing operations	(2.8)	(2.8)	(3.1)
Net result from continuing operations	**(39.6)**	**(32.1)**	**(38.9)**
Result from discontinued operations	(85.6)	(84.3)	(19.4)
(Gain)/ loss on non-controlling interests from discontinued operations	16.7	16.7	7.2
Net result including discontinued operations	**(108.5)**	**(102.3)**	**(51.1)**

[1] Adjusted for the impact of the introduction of IFRS 16 per January 2019
[2] Previously called EBIT(DA) excluding exceptional items

Depreciation and amortisation

Depreciation expenses increased by EUR 26.5 million, which was primarily driven by the implementation of IFRS 16, as a result of which operating lease expense, which was recognised under the previous standard, was replaced by service costs, depreciation and interest expense.

Specific items

Specific items (previously called exceptional items) related to the EUR 24.1 million Southern Star arbitration outcome, EUR 5.9 million related legal costs (both in marine Asia Pacific), various restructuring costs (EUR 7.0 million) and onerous contract charges (EUR 2.1 million).

Net finance costs

Finance income/ (costs) (x EUR million)	2019	pro forma 2019[1]	2018
Finance income	3.9	3.9	6.2
Interest expenses	(52.1)	(41.2)	(39.6)
Exchange rate variances	(9.6)	(9.5)	(18.2)
Finance expenses	**(61.7)**	(50.7)	(57.8)
Net finance costs from continuing operations	**(57.8)**	**(46.6)**	**(51.6)**
Net finance costs from discontinued operations	(1.1)	(1.1)	(1.1)

[1] Adjusted for the impact of the introduction of IFRS 16 per January 2019

Finance income decreased by EUR 2.2 million to EUR 4.0 million primarily as a result of lower interest income on outstanding bank balances and repayment of the Global Marine Holdings vendor loan in 2018.

Finance expenses increased by EUR 3.9 million or 6.7% to EUR 61.7 million as a result of the EUR 11.0 million impact of the implementation of IFRS 16 and higher average net debt over the period, partly offset by the lower average interest rates and an exchange rate impact which decreased from negative EUR 18.2 million to negative

EUR 9.6 million in 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 9.2 million compared to EUR 8.8 million in 2018. 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 decrease was mainly driven by taxable profits in certain countries and the recognition of previously unrecognised deferred tax losses.

The decrease of EUR 3.0 million or 17.9% decrease was mainly driven by changes in geographical composition of taxable income and the recognition of deferred tax assets related to certain previously unrecognised tax losses.

(Gain)/loss on non-controlling interests from continuing operations

The EUR 2.8 million gain was 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 68.9 million. In the first half of the year, EBIT was severely impacted by execution issues on three projects, leading to a significant negative operational result. In addition, result was affected by a EUR 76.2 million impairment, only partly offset by a gain of EUR 9.8 million on the transaction with CGG.

The impairment of EUR 76.2 million relates to goodwill (EUR 65.4 million) and other non-current assets. In the first half of the year, the majority of the goodwill, EUR 61.4 million, had already been impaired. These impairments relate to the estimation of the recoverable amount of Seabed Geosolutions to fair value less cost of disposal.

In December 2019, Fugro entered into an agreement to acquire CGG's 40% shareholding in Seabed Geosolutions and to terminate the joint venture agreement effective 30 December 2019, in exchange for a cash consideration of EUR 31.3 million, paid by CGG before year-end 2019. A gain amounting to EUR 9.8 million was recorded as specific item in discontinued operations, while the remainder was accounted for in equity.

Highlights balance sheet and cash flow – from continuing operations

Working capital

Working capital (x EUR million)	2019	pro forma 2019[1]	2018[2]
Working capital from continuing operations	154.1	155.8	190.6
Working capital as % of last 12 months revenue	9.5%	9.6%	11.6%
Inventories	29.7	29.7	29.3
Trade and other receivables	485.7	487.5	537.4
Trade and other payables	(361.3)	(361.4)	(376.1)
Days revenue outstanding (DRO)	88	88	86
Working capital from discontinued operations	(0.7)	(0.8)	-

[1] Adjusted for the impact of the introduction of IFRS 16 per January 2019
[2] 2018 figures are as reported and have not been restated to reflect Seabed as discontinued operations

Working capital as a percentage of 12 months rolling revenue was 9.5% at the end of 2019 compared to 11.6% a year ago, reflecting timely billing and good collection of receivables in addition to the impact of the outcome of the Southern Star arbitration, which was recorded as a payable (amount was paid in January). Days of revenue outstanding was 88 days, compared to 86 last year.

Capital expenditure

(x EUR million)	2019	2018
Maintenance capex	41.3	25.2
Other capex (including fixed assets under construction)	41.8	36.1
Capex from continuing operations	**83.1**	**61.3**
Capex from discontinued operations	23.1	11.4

Capital expenditure from continuing operations increased from EUR 61.3 million to EUR 83.1 million, as a result of higher activity levels and delayed capital expenditures that moved from 2018 to 2019 as a result of unexpected high activity in the fourth quarter of 2018.

Return on capital employed

Capital employed (x EUR million)	2019	pro forma 2019	2018
Capital employed[1]	1,096.9	1,100.4	1,207.9
Return on capital employed, ROCE (%)[1,2]	5.0%	-	0.2%

[1] 2018 figures are as reported and have not been restated to reflect Seabed as discontinued operations

[2] ROCE is calculated excluding exceptional items with NOPAT of the last 12 months (applying domestic weighted average tax rate) divided by capital employed (average of last three reporting periods).

Total capital employed decreased by EUR 111.0 million or 9.2% to EUR 1,096.9 million, primarily due to recognition of an impairment loss on Seabed of EUR 76.2 million and reduced level of working capital reflecting timely billing and good collection of receivables.

Cash flow from continuing operations

Cash flow (x EUR million)	2019	pro forma 2019[1]	2018
Cash flow from operating activities	128.0	103.9	14.9
Cash flow from investing activities	(69.7)	(69.7)	(36.1)
Cash flow from operating activities after investing	58.3	34.2	(21.2)
Cash flow from financing activities	(114.9)	(90.8)	54.0
Net cash movement	**(56.6)**	**(56.6)**	**32.8**

[1] Adjusted for the impact of the introduction of IFRS 16 per January 2019.

Cash flow generated from operating activities improved significantly as a result of higher profitability, disciplined working capital management and the impact of the adoption of IFRS16. The increase in cash flow used in investing activities was primarily related to higher capital expenditures, up from a relatively low level in 2018.

Cash flow from financing activities was an outflow of EUR 114.9 million compared to an inflow of EUR 54.0 million in 2018, mainly as a result of repayments of debt, financing of Seabed Geosolutions and the lease liability repayment driven by the adoption of IFRS 16.

Cash flow from discontinued operations

Cash flow (x EUR million)	2019	pro forma 2019[1]	2018
Cash flow from operating activities	(16.4)	(14.8)	(2.2)
Cash flow from investing activities	(19.1)	(19.1)	(9.9)
Cash flow from operating activities after investing	(35.5)	(33.9)	(12.1)
Cash flow from financing activities	66.9	65.3	10.6
Net cash movement	**31.4**	**31.4**	**(1.5)**

[1] Adjusted for the impact of the introduction of IFRS 16 per January 2019.

The net cash movement from discontinued operations amounted to EUR 31.4 million as a result of lower profitability, higher capex, additional funding from Fugro and the EUR 31.3 million transaction related to the acquisition of CGG's 40% shareholding in Seabed Geosolutions.

Net debt

Net debt at the end of 2019 was EUR 666.3 million including Seabed Geosolutions and including EUR 163.0 million impact from the implementation of IFRS 16. Excluding the impact of IFRS 16, net debt remained stable at EUR 503.3 million compared to EUR 505.5 million at the end of 2018. Excluding Seabed Geosolutions and including the impact of IFRS 16, net debt was EUR 646.6 million at the end of 2019.

Consolidated statement of comprehensive income

(x EUR million) audited		
	2019	**2018***
Continuing operations		
Revenue	**1,631.3**	**1,552.8**
Third party costs	(654.2)	(672.7)
Net revenue own services (revenue less third party costs)	**977.1**	**880.1**
Other income	12.2	12.9
Personnel expenses	(640.3)	(599.1)
Depreciation	(113.9)	(87.4)
Amortisation	(3.0)	(3.5)
Impairments	(3.3)	0.3
Other expenses	(203.2)	(179.5)
Results from operating activities (EBIT)	**25.6**	**23.8**
Finance income	4.0	6.2
Finance expenses	(61.8)	(57.8)
Net finance income/(expenses)	**(57.8)**	**(51.6)**
Share of profit/(loss) of equity-accounted investees (net of income tax)	9.2	8.8
Profit/(loss) before income tax	**(23.0)**	**(19.0)**
Income tax gain/(expense)	(13.8)	(16.8)
Profit/(loss) for the period from continuing operations	(36.8)	(35.8)
Profit/(loss) for the period from discontinued operations	(85.6)	(19.4)
Profit/(loss) for the period	**(122.4)**	**(55.2)**
Attributable to owners of the company (net result)	(108.5)	(51.1)
Attributable to non-controlling interests	(13.9)	(4.1)
Basic and diluted earnings per share from continuing and discontinued operations (attributable to owners of the company)		
From continuing operations	(0.3)	(0.4)
From discontinued operations	(1.1)	(0.2)
From profit for the period	(1.3)	(0.6)
Profit/(loss) for the period	**(122.4)**	**(55.2)**
Other comprehensive income		
Defined benefit plan actuarial (losses)/gains	(16.9)	5.1
Total items that will not be reclassified to profit or loss	**(16.9)**	**5.1**
Foreign currency translation differences of foreign operations	23.5	5.2
Foreign currency translation differences of equity-accounted investees	(0.9)	0.8
Net change in fair value of hedge of net investment in foreign operations	(4.0)	(6.3)
Total items that may be reclassified subsequently to profit or loss	**18.6**	**(0.3)**
Total other comprehensive income for the period (net of tax)	1.7	4.8
Total comprehensive income/(loss) for the period	(120.7)	(50.4)
Attributable to owners of the company	(109.0)	(47.7)
Attributable to non-controlling interests	(11.7)	(2.7)
Total comprehensive income/(loss) attributable to owners of the company arising from:		
Continuing operations	(26.5)	(32.3)
Discontinued operations	(82.5)	(15.4)

* The profit or loss accounts related to the discontinued operations have been presented in the separate line item 'Profit/(loss) for the period from discontinued operations'

Consolidated statement of financial position

(x EUR million) audited	2019	2018
Assets		
Property, plant and equipment	564.3	620.0
Right-of-use assets	160.5	-
Intangible assets	288.6	377.0
Investments in equity-accounted investees	76.9	72.3
Other investments	30.9	28.9
Deferred tax assets	50.5	43.0
Total non-current assets	**1,171.7**	**1,141.2**
Inventories	29.7	29.3
Trade and other receivables	485.7	537.5
Current tax assets	14.8	9.3
Cash and cash equivalents	201.1	227.1
	731.3	**803.2**
Assets classified as held for sale	153.3	-
Total current assets	**884.6**	**803.2**
Total assets	**2,056.3**	**1,944.4**
Equity		
Total equity attributable to owners of the company	597.3	668.8
Non-controlling interests	10.6	33.7
Total equity	**607.9**	**702.5**
Liabilities		
Loans and borrowings	687.5	725.8
Lease liabilities	134.7	-
Employee benefits	72.3	50.1
Provisions for other liabilities and charges	17.8	17.8
Deferred tax liabilities	1.8	1.3
Total non-current liabilities	**914.1**	**795.0**
Bank overdraft	2.6	1.2
Loans and borrowings	-	5.6
Lease liabilities	22.9	-
Trade and other payables	361.3	376.1
Provisions for other liabilities and charges	3.4	3.3
Other taxes and social security charges	37.8	34.5
Current tax liabilities	26.1	26.2
	454.1	**446.9**
Liabilities classified as held for sale	80.2	-
Total current liabilities	**534.3**	**446.9**
Total liabilities	**1,448.4**	**1,241.9**
Total equity and liabilities	**2,056.3**	**1,944.4**

Consolidated statement of cash flows

(x EUR million) audited	2019	2018*
Cash flows from continuing operations		
Cash flows from operating activities		
Profit/(loss) for the period	(36.8)	(35.8)
Adjustments for:		
Depreciation and amortisation	116.9	90.9
Impairment/(Impairment reversals)	3.3	(0.3)
Share of (profit)/loss of equity-accounted investees (net of income tax)	(9.2)	(8.8)
Gain on sale of property, plant and equipment	(3.1)	(4.1)
Gain on termination of lease	(0.9)	-
Equity settled share-based payments	6.0	4.7
Change in provisions for other liabilities and charges and employee benefits	(2.9)	(20.9)
Income tax expense/(gain)	13.8	16.8
Income tax paid	(26.8)	(14.5)
Finance income and expense	57.8	51.6
Interest paid	(37.3)	(23.5)
Operating cash flows before changes in working capital	**80.8**	**56.1**
Change in inventories	(1.2)	2.1
Change in trade and other receivables	9.3	(47.7)
Change in trade and other payables	39.1	4.4
Changes in working capital	**47.2**	**(41.2)**
Net cash generated from operating activities	**128.0**	**14.9**
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	7.4	7.1
Acquisition of intangible assets	(2.8)	(4.8)
Capital expenditures on property, plant and equipment	(82.5)	(58.8)
Disposal of intangible assets	4.4	2.8
Interest received	-	0.5
Dividends received	3.8	6.9
Repayment of long-term loans	-	3.8
Repayment of vendor loan	-	6.4
Net cash (used in)/from investing activities	**(69.7)**	**(36.1)**
Cash flows from operating activities after investing	**58.3**	**(21.2)**
Cash flows from financing activities		
Proceeds from issue of long-term loans	-	60.6
Repayment of borrowings	(87.3)	(0.1)
Dividends paid	(3.1)	(3.8)
Payment of (finance) lease liabilities	(24.5)	(0.1)
Transactions with non-controlling interests	-	(2.6)
Net cash from/(used in) financing activities	**(114.9)**	**54.0**
Net increase/(decrease) in cash and cash equivalents from continuing operations	**(56.6)**	**32.8**
Cash flows from discontinued operations		
Cash flows from operating activities	(16.4)	(2.2)
Cash flows from investing activities	(19.1)	(10.0)

Cash flows from financing activities	66.9	10.6
Net increase/(decrease) in cash and cash equivalents from discontinued operations	**31.4**	**(1.6)**
Total net increase/(decrease) in cash and cash equivalents	(25.2)	31.2
Cash and cash equivalents at 1 January	225.9	210.9
Effect of exchange rate fluctuations on cash held	1.1	(16.2)
Cash and cash equivalents at 31 December	**201.8**	**225.9**
Cash and cash equivalents	201.1	227.1
Bank overdraft	(2.6)	(1.2)
Cash and cash equivalents (classified as held for sale)	3.3	-

*The consolidated statement of cashflows includes separate cash flows and cash balances of the discontinued operations