

### **Financial targets**

Fugro's target is to achieve, under comparable economic circumstances, a structural increase in earnings per share for its shareholders. Fugro's long-term policy is aimed at generating a steady growth in net result based on increasing revenue.

Important financial targets are:

- growth in earnings per share averaging 10% per annum;
- strong cash flow with an average annual growth per share of 10%;
- maintaining a healthy balance sheet and solvency (30 to 35%);
- interest cover (EBIT/Interest) of more than 5.

Fugro's financial strategy is aimed at the utilisation and/ or optimisation of:

- the ratio between risk and return of the various business activities;
- the ratio between shareholders' equity and short-term/long-term borrowings;
- the use of both public and private capital markets;
- the duration and phasing of the different financing components.

### **Strategy**

Fugro aims at achieving equilibrium between its various activities in order to be able to meet its targets. Fugro strives for a balance between services related to exploration, development and production activities for the oil and gas industry, and those related to other markets, such as mining and construction. This also results in a balance between offshore and onshore activities. Moreover, Fugro strives for a good geographical spread. This diverse range of related activities reduces Fugro's sensitivity to market fluctuations in a particular sector. As an independent service provider, Fugro provides a broad spread of services to its clients. This also contributes to a good control of business risks.

Fugro strives for growth, both organically and through acquisitions. To achieve organic growth Fugro invests in equipment and human capital. Organic growth is also achieved by actively developing new technologies and services.

In the most important market sector – oil and gas – the spread of Fugro's services across the exploration, development and production phases is a key factor. This means Fugro provides services in many phases of the (20 – 30 year) life-cycle of an oil or gas field. Avoiding dependence on one phase of this market or single group of clients is an essential component of Fugro's strategy. The result is a business that is less cyclical.

Profit margins vary per activity depending on the specific market circumstances. The target profit margin for the more risky or capital intensive activities is higher than the overall company average.

The long-term aim is to achieve robust but controlled profit growth through:

- a broad but cohesive services portfolio;
- the manner in which Fugro is financed;
- the market-oriented international organizational structure;

- continuous development and training of employees;
- specific investments in equipment and technology;
- management focus on increasing net result.

Fugro strives to improve profitability with a focus on core activities and niche markets by:

- increasing operational scale;
- building strong market positions;
- continuing research and development;
- cooperation and development for and with clients;
- being selective about the projects that are taken on;
- acquiring companies with a high added-value.

The favourable market conditions of recent years enabled Fugro to perform well above its set targets, resulting in a doubling of revenue over the period 2005 – 2008 and a net profit margin that has increased to around 13%. The market situation has been negatively influenced by the global economic downturn, resulting in a slight reduction in both revenue and net profit in 2009. The uncertainties regarding the global economy still remain entering into 2010.

### **Market positions**

Fugro's strategy is based primarily on securing and, where possible, expanding strong market positions. Complementing and broadening its package of closely related services is a primary objective. Growth in adjacent sectors, by responding actively and flexible to market developments and client needs, is also an important component of the strategy.

On land, Fugro's major clients are governments, industry and construction companies in local and regional markets. In these markets Fugro holds strong regional positions. At sea, the major clients are oil and gas companies, and offshore contractors that operate in a global market. Fugro has a leading position in offshore survey and offshore geotechnical activities. In other market segments, like mining and precise positioning, Fugro holds leading market positions in niche markets with a large variety of clients.

### **Acquisitions**

To broaden its base and ensure continued sustainable growth, Fugro usually completes a number of acquisitions each year. Generally these serve to strengthen or achieve good market positions or to obtain special technologies. Because acquisitions always involve an element of risk, a thorough and extensive due diligence is carried out before the decision to acquire a company is taken. This limits the risks considerably. Acquisition evaluation is based not only on financial criteria but also on:

- added-value for Fugro;
- cohesion with Fugro's activities and services;
- match with Fugro's culture;
- growth potential;
- a good position in a niche market or region;
- technical and management qualities; and
- risk profile.

### **Research and development**

Research and development is of strategic importance to Fugro. The search for ways to expand and improve services to clients is unceasing and cooperation with clients plays a major role in this. Many new ideas are generated through joint development projects. Development of specific measuring equipment and analytical methods also plays an important role. Each year Fugro spends an estimated 3% of revenue on research and development. Some of this expense is incurred as part of the execution of projects.

### **Cooperation and scale advantages**

Effective cooperation between Fugro's business units is promoted at various levels. Critical mass is also a key factor for the successful execution of large assignments. Capacity utilisation and cooperation are optimized through the exchange of equipment, employees and expertise between the various activities and by extensive employee training. Fugro promotes technological renewal by clustering the knowledge available within and outside the Group. The integration of information systems and the utilisation of scale advantages enhance the service provided to clients.