

# CEO message

I am pleased with the solid improvement in our margin and operating cash flow, while we are investing in further growth to benefit from the significant opportunities in our markets. Ongoing high client demand for solutions in support of the energy transition, sustainable infrastructure and climate change adaptation, is resulting in a further diversification towards structural growth markets. Our sixty years of expertise and experience come together in our specialist workforce, leading market positions, global footprint, market agnostic asset base, and innovative digital solutions.

The margin expansion was driven by all regions. We realised a step change in the operational performance of the land business and, through improved pricing, we are mitigating the impacts of unprecedented inflationary pressures and supply chain challenges, in particular in the offshore environment. On the back of the 10% equity raise as part of the comprehensive sustainability-linked refinancing in July, our net leverage improved strongly, which will enable us to benefit from the opportunities in the market.

## **ENERGY TRANSITION AND ENERGY SECURITY**

Carbon reduction ambitions plus a growing need of many countries to reduce their reliance on imported fossil fuels are driving a sharp acceleration in many governments' ambitions regarding renewable power. Our Geo-data solutions play a key role in the energy transition, in particular through our site characterisation solutions for offshore wind farms; a market in which we have already been leading for 25 years. In 2022, related revenue was up by 42%, driven by numerous projects in Europe, the Americas and now

Asia as well. Our unique positioning is emphasized by clients seeking to secure capacity also beyond the coming 12 months.

Whilst the energy transition is gathering speed globally, this is a complex process which requires long term planning, huge investments and resources in times of scarcity against a backdrop of uncertain geopolitical and macro-economic times. Therefore, fossil fuels, in particular gas, will remain an important part of the energy mix for years to come. We have for example recently been contracted in relation to several LNG projects in the US and Mexico, and a deepwater gas development in Brunei. Still, the largest part of our revenue in the traditional energy markets is related to inspection services, enabling clients to keep their existing facilities operating safely and reliably.

## **CLIMATE CHANGE ADAPTATION AND SUSTAINABLE INFRASTRUCTURE**

Considering the increasing number of extreme weather events and rising temperatures globally,



In the year of our 60th anniversary, our purpose of creating a safe and liveable world is more relevant than ever before.

climate change is by now a real threat. In 2022, the world for example witnessed the devastation caused by extreme flooding in Pakistan and cyclone Ian in Florida. Coastal systems and low-lying areas are particularly at risk, signaling an increasing need for coastal zone management and flood protection measures. In 2022, we were awarded coastal resilience surveys in diverse geographies such as India's Andra Pradesh region, Papua New Guinea, the US Gulf of Mexico and Ireland. Climate change is also negatively impacting biodiversity and our oceans. I am proud to say that we are committed to 'the blue economy' by assisting in the building of a digital ecosystem, encompassing all types of ocean science data, amongst others through our strategic partnership with the Intergovernmental Oceanographic Commission of UNESCO.

With our capabilities and experience we can also contribute to urban resilience. In the past year, we have been involved in various projects around the globe, for example through site surveys for the development of artificial islands in Hong Kong's Central Waters and long-term contracts for 3D modelling of electricity network in New Zealand, UK and Denmark. We are uniquely positioned to take on large asset projects, and we aim for our digital ground models and subscription-based portals to become the backbone of clients' Geo-data decisions throughout the life cycle of their assets, with the ultimate goal of reducing overall costs of development and long-term operation.

#### HOW WE DO IT

Apart from driving our positive impact through the solutions that we offer, we are implementing our

ambitious net zero carbon reduction roadmap. By now, we are in the final stages of submitting science-based targets regarding our absolute CO<sub>2</sub> emission reduction ambitions. In 2022, we became signatory of the UN Global Compact, and we are further engaging with our suppliers about ESG topics. In light of the significant number of suppliers across the large number of countries in which we operate, this will entail a risk and impact-based engagement approach.

As the world's leading Geo-data specialist, we are committed to remain the most innovative Geo-data company. Our digitalisation and innovation agenda revolves around four themes: robotics, remote operations, analytics and insights. In 2022, we introduced several innovations, such as Fugro Blue Snake™, optimising geotechnical investigation for offshore wind cable routing; the 3D subsurface screening solution SWANS® which significantly accelerates site investigations on land, and TotaLite®, a continuous asset monitoring solution. We also opened our next generation remote operations centre in Australia and made further progress with the digitalisation of our Geo-data processing.

#### PEOPLE ARE AT THE HEART OF FUGRO

Ultimately it is not our technology or equipment; it is the sum of our people's collective talents, efforts, commitment and ability to work in teams which provides the foundation of our success. We invest in their development and careers, amongst others through technical, functional and leadership training programmes so they can understand new technologies, tools and business practices and thus build a sustainable future for themselves as well as for Fugro.

In today's tight labour markets, we remain successful in attracting talented people who feel connected to our values and purpose and who are dedicated to discovering and applying knowledge to meet the global challenges we are facing. We have a comprehensive diversity, equity and inclusion policy and related roadmap in place, which includes various groupwide initiatives such as unconscious bias training and the further roll-out of our female leadership programme.

The challenging environments in which we work put health and safety at the heart of everything we do. Despite the large number of new colleagues that have joined us in 2022 and high activity levels, we were able to maintain our safety performance with significant improvements in certain areas, including a steep reduction in the number of driving incidents following defensive driving trainings. We continued with our '3S Together' safety programme and to date, already close to 3000 colleagues have participated in half day in person workshops.

#### MANAGEMENT PRIORITIES AND OUTLOOK

For 2023, we are well positioned to make further progress towards our mid-term targets. At the same time, we want to capture the exciting opportunities in our markets, as our clients continue to rely on us for the execution of their current and future projects. Supported by a strong backlog at improved price levels, we are stepping up our investment levels. In the second half of the year, we plan to update the market

on our ambitions and roadmap for the next phase for the company.

In light of the high activity levels and tight labour markets, we continue to focus on improving project execution, our safety performance, as well as retention and people development.

We can look back on 2022 and be proud of what we have accomplished. In the year of our 60th anniversary,

we have demonstrated that our purpose of creating a safe and liveable world is more relevant than ever. I am particularly thankful for the unwavering enthusiasm, commitment and flexibility of Fugro's employees to delivering high quality services to our clients. I want to thank all my colleagues for all their hard work and a job well done. A special word of thanks for the colleagues that have been managing Fugro's tangible support for our Ukrainian colleagues and their families throughout this year.

