

Mid-term financial outlook

Based on the global and market trends as described in the Strategy chapter, we expect revenue from continuing operations of EUR 1.8–2.2 billion for the mid-term (2021–2023).

The implementation of our strategy will drive substantial improvements in profitability and cash flow generation, resulting in the following targets:

Mid-term targets (2021 – 2023)

	ROCE	EBIT (% of revenue)	Free cash flow (% of revenue)
Group	10–15%	8–12%	4–7%
Marine	> 10%	10–13%	
Land	> 10%	6–9%	

Drivers for the projected improvement in profitability are:

- Volume growth in combination with continued disciplined cost management, benefiting from operating leverage
- Price recovery, driven to a large extent by the oil and gas and renewables markets
- Improved productivity and operational excellence through:
 - Fully leveraging technology developments
 - Increasing efficiencies of transactional and businesses processes through digitalisation
 - Strengthening procurement
 - Increasing utilisation of assets and equipment
 - Further leveraging of the shared service centres.

Regarding capital allocation, Fugro prioritises deleveraging, reduction of net debt and free cash flow generation. In light of Fugro's current asset base and less capital intensive business model going forward, Fugro expects average annual capital expenditure of around EUR 80 to 110 million to support profitable organic growth (excluding Seabed Geosolutions; EUR 100 to 130 million including Seabed).

As a result of the projected result improvement and disciplined capital allocation including selective technology differentiating acquisitions and divestment of non-core assets, Fugro targets to generate positive free cash flow and significantly reduce total debt, deleveraging to a net debt/EBITDA ratio below 1.5x in the medium term, targeting a solid balance sheet through the cycle. Dividend payments will only be resumed once leverage allows.