

This is How Fugro Responds to the COVID-19 Pandemic



Fugro's first priority is to protect the health and safety of employees, partners and clients, the company states. The company is therefore taking appropriate measures to ensure business continuity. Current liquidity is strong with over €400 million in cash and available facilities. A cost and CAPEX reduction programme is being implemented and Fugro has withdrawn its earlier guidance for 2020.

Fugro is taking several measures during the COVID-19 pandemic to keep its employees, partners and clients safe and healthy while ensuring service delivery. Restrictions are in place regarding non-essential travel and international travel has almost come to a standstill. For those working at operating sites, the company has put additional health and safety measures in place. Offshore work is generally subject to quarantine prior to

mobilization. Furthermore, Fugro is reaching out to its clients and partners on a regular basis in order to understand their plans, challenges and measures, and is available to support them where possible.

Pandemic and Oil Price

Mark Heine, Fugro's CEO, commented: "Our priorities in this complex environment are clear: preserve the health and well-being of our people and those of other stakeholders, ensure business continuity and reduce costs and CAPEX in order to protect liquidity and profitability. We have a strong and committed team in place that is dealing with this unprecedented situation. I am impressed by the professional behaviour and dedication of all our colleagues, especially those who work in the field or on board one of our vessels. Although our backlog is still solid, our business operations will be impacted, especially given the combination of the pandemic with the recent sharp decline in the oil price. We are continuously analysing scenarios and are implementing mitigating measures."

Business Impact

Despite strong efforts to keep operations going, some projects cannot be executed as originally planned due to increasing travel restrictions and country lockdowns, which are impacting the business, particularly in the Europe-Africa region. The impact of the virus is compounded by spending cuts recently announced by the oil and gas companies which are due to the sharp decline in the oil price. At the same time, offshore wind is anticipated to show continued growth, though somewhat less than assumed at the start of this year. The pandemic may result in a decline in building and infrastructure activities, Fugro expects, which could be partly compensated by government initiatives for additional infrastructure investment programmes.

Mitigating Measures

Fugro is taking decisive and immediate action to mitigate the impact of the above factors on its business. The company is implementing a programme to significantly reduce costs and capital expenditure, with the aim of realizing cash savings. This includes minimizing the hire of short-term charters, implementing a hiring and salary freeze and measures to reduce the workforce. These are painful measures that are necessary as a result of the dual impact of the COVID-19 pandemic and the low oil price environment. Furthermore, Fugro is assessing all available possibilities for government support to bridge this difficult period. Current liquidity is good with over €400 million available in cash and committed facilities, the company says.

Guidance for 2020

At this stage, it is impossible to forecast the magnitude and duration of the impact of the virus and oil price development given the limited visibility on how this global crisis will unfold. Fugro has therefore withdrawn its earlier guidance for 2020 and will provide further information on 30 April, with the publication of its first-quarter trading update.