

# Press Release

## H1 2016: Continued impact of declining Oil & Gas market partly offset by strong performance in Europe

Amsterdam, 19 August 2016

### Key points Q2 2016

- Revenue down by 27% to EUR 231 million
- Gross margin at 20.6%, up from 17.1%
- EBIT down by 19% to EUR 8 million

### Key points H1 2016

- Revenue down by 28% to EUR 470 million
- Gross margin at 20.4%, up from 17.5%
- EBIT down by 29% to EUR 17 million

### Brunel International (unaudited)

#### P&L amounts in EUR million

	Q2 2016	Q2 2015	Change %	H1 2016	H1 2015	Change %
Revenue	231.2	317.1	-27% <sup>a</sup>	469.6	650.8	-28% <sup>b</sup>
Gross Profit	47.7	54.3	-12%	95.6	113.6	-16%
Gross Margin	20.6%	17.1%		20.4%	17.5%	
Operating costs	40.2	45.1	-11% <sup>c</sup>	79.0	90.1	-12% <sup>d</sup>
EBIT	7.5	9.2	-19%	16.6	23.5	-29%
EBIT %	3.2%	2.9%		3.5%	3.6%	
Average directs	9,336	10,983	-15%	9,629	11,171	-14%
Average indirects	1,500	1,677	-11%	1,526	1,648	-7%
Ratio direct/indirect	6.2	6.5	-5%	6.3	6.8	-7%

<sup>a</sup> -25% in constant currency (cc)

<sup>b</sup> -26% in cc

<sup>c</sup> -10% in cc

<sup>d</sup> -11% in cc

## H1 2016 results by division

### Brunel Energy (unaudited)

#### P&L amounts in EUR million

	Q2 2016	Q2 2015	Change %	H1 2016	H1 2015	Change %
Revenue	119.8	220.8	-46% <sup>a</sup>	248.3	452.5	-45% <sup>b</sup>
Gross Profit	13.3	26.6	-50%	27.3	53.0	-48%
Gross Margin	11.1%	12.1%		11.1%	11.7%	
Operating costs	12.7	17.0	-25% <sup>c</sup>	25.0	35.5	-30% <sup>d</sup>
EBIT	0.6	9.6	-94%	2.3	17.5	-87%
EBIT %	0.5%	4.3%		0.9%	3.9%	
Average directs	4,656	6,544	-29%	4,911	6,739	-27%
Average indirects	598	778	-23%	613	752	-18%
Ratio direct/indirect	7.8	8.4		8.0	9.0	

<sup>a</sup> -43% in cc

<sup>b</sup> -42% in cc

<sup>c</sup> -22% in cc

<sup>d</sup> -27% in cc

#### Key points Q2 2016

- Revenue down by 46% to EUR 120 million
- Gross margin 11.1%, down from 12.1% last year
- EBIT down by 94% to EUR 1 million

#### Key points H1 2016

- Revenue down by 45% to EUR 248 million
- Gross margin 11.1%, down from 11.7% last year
- EBIT down by 87% to EUR 2 million

#### Revenue

Revenue in Q2 decreased by 46% year on year, and 7% compared to Q1. Our clients continue to delay and terminate projects and to reduce the number of staff. The focus in the industry on capex cuts and cost savings keeps influencing our business significantly. Consequently our headcount decreased by 29%. The decline in revenue is also affected by reductions of our contractors' rates.

#### Gross profit

Due to the nature of our contracts, the increased price pressure so far only has had limited effect on our rates, resulting in a decline in gross margin. Adjusted for negative currency effects (mainly by the appreciating Ruble), the gross margin for Q2 is 11.3%. In combination with the lower top line, gross profit dropped by 50% to EUR 13 million. The impact of the price pressure on our existing business is likely to increase in the near future.

*Operating costs*

We continue to right size our organisation. Overhead decreased by 25%, mainly driven by the reduction of internal staff costs, following the ongoing efficiency programme and investments in operating efficiencies. Q2's overhead expenses included EUR 1 million of one off expenses for redundancies and doubtful debt.

*EBIT*

As a consequence of the decrease in activities, EBIT declined to EUR 0.6 million for Q2.

## Brunel Europe (unaudited)

### P&L amounts in EUR million

	Q2 2016	Q2 2015	Change %	H1 2016	H1 2015	Change %
Revenue	111.4	96.2	16%	221.3	198.3	12%
Gross Profit	34.4	27.7	24%	68.4	60.7	13%
Gross Margin	30.9%	28.8%		30.9%	30.6%	
Operating costs	24.8	25.6	-3%	49.3	50.1	-2%
EBIT	9.6	2.1	362%	19.1	10.6	80%
EBIT %	8.6%	2.2%		8.6%	5.4%	
Average directs	4,680	4,439	5%	4,718	4,432	5%
Average indirects	859	884	-3%	870	896	-3%
Ratio direct/indirect	5.4	5.0		5.4	5.0	

Brunel Europe consists of Brunel Germany, Brunel Netherlands, Brunel Belgium, Brunel Czech Republic, Brunel Switzerland and Brunel Austria.

### Key points Q2 2016

- Revenue up by 16% to EUR 111 million
- Gross margin 30.9%, up from 28.8% last year
- EBIT up by 362% to EUR 10 million
- Revenue Germany up 15%, revenue Netherlands up 14%

### Key points H1 2016

- Revenue up by 12% to EUR 221 million
- Gross margin 30.9%, up from 30.6% last year
- EBIT up by 80% to EUR 19 million

## Brunel Germany (unaudited)

### P&L amounts in EUR million

	<b>Q2 2016</b>	<b>Q2 2015</b>	<b>Change</b>	<b>H1 2016</b>	<b>H1 2015</b>	<b>Change</b>
			<b>%</b>			<b>%</b>
Revenue	52.9	45.9	<b>15%</b>	102.5	94.5	<b>8%</b>
Gross Profit	18.9	14.9	<b>27%</b>	35.8	31.9	<b>12%</b>
Gross Margin	35.7%	32.5%		34.9%	33.7%	
Operating costs	12.6	13.0	<b>-3%</b>	24.5	25.6	<b>-4%</b>
EBIT	6.3	1.9	<b>232%</b>	11.3	6.3	<b>79%</b>
EBIT %	11.9%	4.1%		11.0%	6.7%	
Average directs	2,174	2,012	<b>8%</b>	2,160	2,035	<b>6%</b>
Average indirects	405	447	<b>-9%</b>	416	449	<b>-7%</b>
Ratio direct/indirect	5.4	4.5		5.2	4.5	

#### *Revenue*

The limited growth in Q1 accelerated as projected in Q2 to double digit growth, helped by 2.7 additional working days. Revenue per working day increased by 10%. Our workforce continued to grow during the second quarter. June showed the strongest growth so far in this year.

#### *Gross Profit*

Gross profit increased by 27% following the revenue growth and higher gross margin. Adjusted for working days, the gross margin remained flat.

#### *EBIT*

The strong gross profit improvements combined with a limited overhead reduction increased EBIT to over EUR 6 million in Q2.

## Brunel Netherlands (unaudited)

### P&L amounts in EUR million

	Q2 2016	Q2 2015	Change %	H1 2016	H1 2015	Change %
Revenue	49.2	43.1	14%	100.9	88.4	14%
Gross Profit	13.4	11.2	20%	28.5	25.0	14%
Gross Margin	27.3%	25.9%		28.2%	28.3%	
Operating costs	10.2	10.5	-3%	20.7	20.3	2%
EBIT	3.2	0.7	360%	7.7	4.7	64%
EBIT %	6.5%	1.6%		7.6%	5.4%	
Average directs	2,173	2,078	5%	2,224	2,047	9%
Average indirects	381	367	4%	381	362	5%
Ratio direct/indirect	5.7	5.7		5.8	5.7	

#### Revenue

The growth in Q2 was helped by two additional working days. Revenue per working day increased by 10%. The business line IT was again a very strong performer comparing Q2 year on year, followed by the business line Marketing & Communications. Engineering and Finance remained flat. Finance is affected by the current state of affairs with some of the main players in the financial industry.

In Q2 we have also seen the first effect of the implementation of new legislation for freelancers with the start of the transition period. The uncertainty around this transition period has led to different interpretations in our industry, where we appear to be more stringent. As a result, we have seen a considerable number of freelancers transferring to our competitors.

#### Gross Profit

Gross margin improved mainly as a result of the additional working days, partly offset by lower productivity due to training initiatives. In combination with the revenue growth, gross profit grew by 20%.

#### EBIT

The gross profit improvement drove the strong EBIT expansion, helped by a limited decrease of overhead.

## **Effective tax rate**

The effective tax rate in the first half year of 2016 is 37.9%, at the same level as the same period last year. For the full year we project the effective tax rate to come down.

## **Risk profile**

Reference is made to our 2015 Annual Report (pages 63 – 81). Reassessment of our earlier identified risks and the potential impact on occurrence has not resulted in required changes in our internal risk management and control systems.

## **Cash position**

Brunel's cash position remained strong compared to December 2015 at EUR 137 million, despite the dividend and super dividend payment in June 2016.

## **Outlook for 2016**

The difficult circumstances in the Energy market still cause uncertainty around the developments for the rest of the year, and will continue to impact our results. Our organisation continues to win new clients and projects, also outside Oil & Gas. However, these developments are not yet sufficient to compensate the decline in our existing business. We are adjusting our organisation and business model to the changing market circumstances.

In The Netherlands, our growth will be temporarily affected by the reduction in freelancers following the recent change in labour law, and we expect limited growth in the remainder of the year. We will continue to invest in our organisation by strengthening our sales force, but also by further improving our online sourcing capabilities.

In Germany we foresee continued strong growth.

For the full year, we expect revenue between EUR 850 million and EUR 900 million and EBIT between EUR 30 million and EUR 35 million.

Jan Arie van Barneveld, CEO of Brunel International N.V.: *“Our business in the Oil & Gas market remains very challenging, and at this moment we feel that this market will not improve in the coming twelve months. We continue to improve our operational performance and processes in Energy to remain profitable in this challenging environment. In the past Brunel has shown the capability to use difficult circumstances to make the company stronger, with Germany and The Netherlands being the most recent examples. I am very proud of our achievements in the German organisation, where we found the growth path again and I am confident we will stay on this track.”*

## Statement of the Board of Directors

The Board of Directors of Brunel International N.V. hereby declares that, to the best of its knowledge, the interim financial statements give a true and fair view of the assets, liabilities, financial position and result of Brunel International N.V. and the companies jointly included in the consolidation, and that the interim report gives a true and fair view of the information referred to in the eighth and, insofar as applicable, the ninth subsection of Section 5:25d of the Dutch Act on Financial Supervision and with reference to the section on related parties in the interim financial statements.

Amsterdam, 19 August 2016  
Brunel International N.V.

Jan Arie van Barneveld (CEO)  
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Not for publication

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Brunel International N.V. is an international service provider specialising in the flexible deployment of knowledge and capacity in the fields of Engineering, Oil & Gas, Aerospace, Automotive, ICT, Finance, Legal and Insurance & Banking. Services are provided in the form of Project Management, Secondment and Consultancy. Incorporated in 1975, Brunel has since become a global company with over 11,000 employees and annual revenue of EUR 1.2 billion (2015). The company is listed at Euronext Amsterdam N.V. For more information on Brunel International N.V. visit our website [www.brunelinternational.net](http://www.brunelinternational.net).

## Financial Calendar

4 November 2016      Trading update for the third quarter 2016

Certain statements in this document concern prognoses about the future financial condition and the results of operations of Brunel International N.V. as well as plans and objectives. Obviously, such prognoses involve risks and a degree of uncertainty since they concern future events and depend on circumstances that will apply then. Many factors may contribute to the actual results and developments differing from the prognoses made in this document. These factors include general economic conditions, a shortage on the job market, changes in the demand for (flexible) personnel, changes in employment legislation, future currency and interest fluctuations, future takeovers, acquisitions and disposals and the rate of technological developments. These prognoses therefore apply only on the date on which the document was compiled.