

## Press Release

### Brunel stops activities in BIS Earnings outlook substantially adjusted downwards

Amsterdam, 22 October 2019

- **BIS activities are loss-making and causing one-off costs**
- **Profitability further under pressure due to the performance in the Netherlands and expected tougher conditions in Germany**

After careful consideration, Brunel has decided to stop Brunel Industrial Services (BIS) in Texas, US. Since 2017, BIS has worked on various construction and maintenance projects, including large projects in shale oil & gas. As announced in Brunel's Q2 results this August, we encountered issues with a project for a water treatment plant, which we won in 2018, leading to a one-off loss of EUR 5.5 million. We replaced the general manager and rebuild the organization, but at the same time we saw the market for shale oil & gas experiencing a slowdown with changing clients' behavior in their contracting model from T&M to fixed pricing. As a consequence, our BIS-activities in Q3 were at a very low level, causing a disbalance with our organizational capacity and resulting in significant operational losses. After a thorough re-evaluation of the strategic rationale of this business, it was decided to stop the BIS-activities as soon as practicable. Until then, existing commitments, including the water treatment plant project, will be delivered on in close collaboration with the client for an optimal outcome. All commitments are expected to be delivered and finalized in Q2 2020. Brunel has no similar contracts anywhere else in the world.

#### **Outlook**

We expect that the operational losses for BIS in the second half of the year will amount to EUR 9 million. Additionally, we will encounter one-off costs of EUR 8 million to cease activities and speed up the finalization of current projects.

At the same time, the performance in the Netherlands is still hindered by the scarcity in specialized IT and Engineering talent. To improve profitability, we are speeding up our activities to start 2020 with a leaner organization from top to bottom, with full focus on the newly identified growth areas. In Germany, more automotive projects are being stopped than forecasted, and although this only has a limited impact on revenue growth, it does decrease the profitability of our business due to a slightly higher bench in Q4.

While we reiterate our revenue outlook for the full year and continue to expect revenue to be between EUR 1.025 billion and EUR 1.075 billion, our EBIT will be significantly impacted and is expected to be between EUR 15 million and EUR 20 million for the full year 2019. Further details of the third quarter results will be released on November 1, 2019.

Not for publication

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## **Financial Calendar**

1 November 2019

Trading update for the third quarter 2019

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