

## Appendix to the press release 2 August 2019

### Interim figures first half 2019

#### Financial Highlights for the period ended 30 June (unaudited) (EUR '000)

	H1 2019	H1 2018	Δ%
Revenue	524,244	435,101	20%
Gross Profit	106,146	98,671	8%
EBIT	11,594	11,283	3%
Group result after tax	5,080	5,013	1%
Non-controlling interests	500	-416	220%
Net income for the year	5,580	4,597	21%
Gross profit as % of revenue	20%	23%	
Net result as % of revenue	1%	1%	

#### Workforce

Average directs (average-YTD)	12,797	11,558	11%
Average indirects (average-YTD)	1,630	1,533	6%
<b>Total</b>	<b>14,427</b>	<b>13,091</b>	<b>10%</b>
Direct employees (period end)	12,556	12,146	3%
Indirect employees (period end)	1,658	1,542	8%
<b>Total</b>	<b>14,214</b>	<b>13,688</b>	<b>4%</b>

#### Earnings per share (in euro)

Earnings per share for ordinary shareholders	0.11	0.09	
Diluted earnings per share	0.11	0.09	
Weighted average number of ordinary shares for the purpose of basic earnings per share	50,574,624	50,502,124	
Weighted average number of ordinary shares for the purpose of diluted earnings per share	50,574,624	50,894,124	

**Consolidated profit & loss account for the period ended 30 June (unaudited)**  
(EUR '000)

	<b>H1 2019</b>	<b>H1 2018</b>	<b>Δ%</b>
Revenue	524,244	435,101	20%
Direct personnel expenses	418,098	336,430	24%
<b>Gross Profit</b>	<b>106,146</b>	<b>98,671</b>	<b>8%</b>
Staff expenses	62,593	54,800	14%
Depreciation and amortisation	11,279	3,524	220%
Other expenses	20,680	29,064	-29%
<b>Total operating costs</b>	<b>94,552</b>	<b>87,388</b>	<b>8%</b>
<b>EBIT</b>	<b>11,594</b>	<b>11,283</b>	<b>3%</b>
Financial income and expenses	-1,018	-290	-251%
<b>Group result before tax</b>	<b>10,577</b>	<b>10,993</b>	<b>-4%</b>
Income tax	5,497	5,980	-8%
<b>Group result after tax</b>	<b>5,080</b>	<b>5,013</b>	<b>1%</b>
 <b><u>Attributable to:</u></b>			
Net income attributable to equity holders of the parent (ordinary shares)	5,580	4,597	21%
Net income attributable to non-controlling interest	-500	416	-220%
<b>Group result after tax</b>	<b>5,080</b>	<b>5,013</b>	<b>1%</b>

**Consolidated statement of comprehensive income for the period ended 30 June (unaudited)**  
(EUR '000)

	H1 2019	H1 2018
<b>Net income</b>	<b>5,080</b>	<b>5,013</b>
<b>Other comprehensive income</b>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences arising on translation of foreign operations	2,759	-522
Income tax relating to components of other comprehensive income	-84	-114
Total other comprehensive income (net of tax)	<u>2,675</u>	<u>-636</u>
<b>Total comprehensive income</b>	<b><u>7,755</u></b>	<b><u>4,377</u></b>
 <b>Attributable to:</b>		
Ordinary shareholders	8,232	3,966
Minority interests	-477	411
<b>Total comprehensive income</b>	<b>7,755</b>	<b>4,377</b>

**Consolidated balance sheet (unaudited)**  
(EUR '000)

	30 June 2019	31 December 2018
<b>Non-current assets</b>		
Goodwill	8,531	8,492
Other intangible assets	12,153	13,096
Right-of-use assets	43,310	-
Property, plant and equipment	7,333	7,263
Deferred income tax assets	14,657	14,428
<b>Total non-current assets</b>	<b>85,984</b>	<b>43,279</b>
<b>Current assets</b>		
Trade and other receivables	284,038	243,939
Income tax receivables	3,111	2,284
Cash and cash equivalents	60,651	106,019
<b>Total current assets</b>	<b>347,800</b>	<b>352,242</b>
<b>Total assets</b>	<b>433,784</b>	<b>395,521</b>
<b>Non-current liabilities</b>		
Provisions	3,236	4,476
Deferred income tax liabilities	359	397
Lease liability - non-current portion	29,517	-
Long-term liabilities	683	1,324
<b>Total non-current liabilities</b>	<b>33,795</b>	<b>6,197</b>
<b>Current liabilities</b>		
Lease liability - current portion	14,141	-
Current liabilities	107,283	104,763
Income tax payables	869	1,122
<b>Total current liabilities</b>	<b>122,293</b>	<b>105,885</b>
<b>Total liabilities</b>	<b>156,088</b>	<b>112,082</b>
<b>Net assets</b>	<b>277,696</b>	<b>283,439</b>
<b>Group equity</b>		
Share capital	1,517	1,517
Share premium	86,145	86,145
Reserves	185,943	174,533
Unappropriated result	5,580	20,571
Non-controlling interest	-1,489	673
<b>Total equity</b>	<b>277,696</b>	<b>283,439</b>

**Consolidated statement of changes in shareholders' equity (unaudited)**  
(EUR '000)

	2019			2018		
	Attributable to ordinary shareholders	Non-controlling interest	Total	Attributable to ordinary shareholders	Non-controlling interest	Total
<b>Balance at 1 January</b>	<b>282,766</b>	<b>673</b>	<b>283,439</b>	<b>268,832</b>	<b>136</b>	<b>268,968</b>
Net income	5,580	-500	5,080	4,597	416	5,013
Exchange differences arising on translation of foreign operations	2,736	23	2,759	-517	-5	-522
Income tax relating to components of other comprehensive income	-84		-84	-114		-114
<b>Total comprehensive income</b>	<b>8,232</b>	<b>-477</b>	<b>7,755</b>	<b>3,966</b>	<b>411</b>	<b>4,377</b>
Cash dividend	-12,644	-1,685	-14,329	-7,586	-405	-7,991
Appropriation of result						
Change in IFRS accounting policies	831		831			
Share based payments						
Option rights exercised				2,362		2,362
<b>Balance at 30 June</b>	<b>279,185</b>	<b>-1,489</b>	<b>277,696</b>	<b>267,574</b>	<b>142</b>	<b>267,716</b>

**Consolidated Cash flow statement (unaudited)**  
(EUR '000)

\* € 1,000

	<b>Actual H1 2019</b>	<b>Actual H1 2018</b>
<b>Cash flow from operating activities</b>		
Result before tax	10,577	10,994
Adjustments for:		
Depreciation and amortisation	11,279	3,524
Interest income	-236	-257
Interest expense	719	66
Share of loss/(profit) from associates	0	0
Other non-cash expenses	29	-21
Share based payments	0	0
Changes in:		
Receivables	-40,123	-28,737
Provisions	314	-474
Long-term liabilities	0	-72
Current liabilities	340	1,779
	<b>-39,469</b>	<b>-27,504</b>
Income tax paid	-7,490	-3,681
Interest paid	-26	-19
Interest received	125	210
<b>Cash flow from operating activities</b>	<b>-24,492</b>	<b>-16,688</b>
<b>Cash flow from investing activities</b>		
Additions to property, plant and equipment	-1,249	-1,523
Additions to intangible fixed assets	-1,570	-2,485
Disposals of property, plant and equipment	3	34
Disposals of intangible assets	0	0
Acquisition of subsidiaries	0	0
	<b>-2,816</b>	<b>-3,974</b>
<b>Cash flow from financial operations</b>		
Issue of new shares	0	2,362
Dividend non-controlling interest	0	-405
Dividend ordinary shareholders	-11,878	-6,448
Repayments of lease liabilities	-7,180	0
	<b>-19,058</b>	<b>-4,491</b>
<b>Total cash flow</b>	<b>-46,366</b>	<b>-25,153</b>
Cash position at 1 January	106,019	125,668
Exchange rate fluctuations	998	-590
<b>Cash position at 30 June</b>	<b>60,651</b>	<b>99,925</b>

## **Notes to the condensed consolidated financial statements for the period ended 30 June (unaudited)**

### **Reporting entity**

Brunel International N.V. is a public limited liability company incorporated and domiciled in The Netherlands and listed on Euronext Amsterdam.

The consolidated interim financial statements of Brunel International N.V. as at and for the six-month period ended 30 June 2019 include the company and its subsidiaries (together called 'the Group').

### **Significant events – New activities in Texas**

In 2017, we started Brunel Industry Services (BIS) in Pasadena, Texas. These activities have provided us access to the shale market and are currently one of the strong drivers of growth, and EBIT contribution.

We encountered a one-off loss on a project for a water treatment plant. After a successful fixed price contract for the maintenance of water treatment tanks in 2017, we were granted a second project in July 2018. This was a EUR 12 million fixed price project for a water treatment plant, based on the design and engineering of our client. Work on this project started in September 2018 and even though we experienced a backlog, project management seemed in control, and the project appeared successful by year-end 2018.

In June 2019, at 55% completion, our new experienced BIS leader and his team had to determine that the project had not advanced as expected. A re-estimate resulted in a EUR 5.5 million loss for the total project until completion which is scheduled in Q1 2020. The loss is recognised in the Q2 results.

The re-estimate is made up of many components, from missing parts in the initial bid, inefficiencies in the performance of the team, resulting in a lack of progress, disadvantageous renegotiations with subcontractors and insufficient project management.

We have replaced the general manager of Brunel Industry Services (BIS), strengthened the organisation, improved processes and procedures, and reduced our risk-appetite in the acceptance of new projects to prevent this type of incidents to occur in the future. Brunel does not have any similar type of contracts anywhere in the world.

### **Significant accounting policies**

These consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards and its interpretations issued by the International Accounting Standards Board (IASB), as adopted by the European Union (hereinafter: IFRS).

The accounting policies applied by the Group in these consolidated interim financial statements are unchanged from those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2018, except for the change in accounting policy disclosed below.

### **Change in accounting policy for leases**

Brunel applies IFRS 16 'Leases' as of January 1, 2019, using the modified retrospective approach by recognizing the cumulative effect of initially applying the standard in the opening balance sheet as at January 1, 2019. This means that comparative information has not been restated.

The group has elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying IAS 17 and Interpretation 4 Determining whether an Arrangement contains a lease.

The standard requires us to recognize a 'right of use' asset, representing our right to use the underlying asset and a liability, representing our obligation to make lease payments, for almost all lease contracts. The impact on the income statement is that former lease-operating expenses are replaced by depreciation and interest; as a result, key metrics such as operating costs and EBIT changed. Total

expenses (depreciation for 'right of use' assets and interest on lease liabilities) are higher in the earlier years of a typical lease and lower in the later years, in comparison with former accounting for operating leases. The main impact on the statement of cash flows is higher cash flows from operating activities, since cash payments for the principal part of the lease liability are classified in the net cash flow from financing activities.

The tax effect from the adjustments from IFRS 16 have been measured and recognized in the relevant period. The change in accounting policy resulted in the recognition of deferred income tax balances.

Reference is made to the below paragraph 'effects from implementation of IFRS 16 'Leases'', for further details.

### **Accounting policy for leases**

The Group has various lease arrangements for buildings (such as local head offices and branches), cars, and IT and other equipment. Lease terms are negotiated on an individual basis locally and furthermore subjected to domestic rules and regulations. This results in a wide range of different terms and conditions. At the inception of a lease contract, the Group assesses whether the contract conveys the right to control the use of an identified asset for a certain period in exchange for a consideration, in which case it is identified as a lease. The Group recognizes then a right of use asset and a lease liability at the lease commencement date. Lease related assets and liabilities are measured on a present value basis. Lease related assets and liabilities are subjected to re-measurement when either terms are modified or lease assumptions have changed. Such event results in the lease liability being re-measured to reflect the measurement of the present value of the remaining lease payments, discounted using the discount rate at the moment of the change. The lease assets are adjusted to reflect the change in the re-measured liabilities.

#### Right of use assets

Right of use assets are measured at costs and at the inception of the lease may include the following components:

- The initial measurement of the lease liability;
- Prepayments before commencement date of the lease;
- Initial direct costs;
- Costs to restore.

The right of use assets are reduced for lease incentives relating to the lease. The right of use assets are depreciated on a straight-line basis over the duration of the contract. In the event that the lease contract becomes onerous, the right of use asset is impaired for the part which has become onerous.

#### Lease liabilities

Lease liabilities include the net present value of the following components:

- Fixed payments excluding lease incentive receivables;
- Future contractually agreed fixed increases;
- Payments related to renewals or early termination, in case options to renew or for early termination are reasonably certain to be exercised.

The lease payments are discounted using the interest rate implicit in the lease. The discount rate that is used to calculate the present value reflects the interest rate applicable to the lease at inception of the contract. If such rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. The lease liabilities are subsequently increased by the interest costs on the lease liabilities and decreased by lease payments made.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are

leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Lease contracts entered into in a currency different than the local functional currency are subjected to periodically foreign currency revaluations which are recognized in the income statement in net finance costs.

#### **Basis of preparation**

These consolidated interim financial statements have been condensed and prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting. These interim financial statements do not include all of the information required for annual financial statements, and should be read in conjunction with the annual report of the Group as at and for the year ended 31 December 2018.

#### **Estimates**

The preparation of consolidated interim financial statements requires the Group to make certain judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. In preparing these consolidated interim financial statements, the significant judgments, estimates and assumptions were the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2018.

#### **Fair value and fair value estimation**

The fair values of our monetary assets and liabilities as at 30 June 2019 are estimated to approximate their carrying value.

#### **Seasonality**

Our activities in Europe are affected by seasonal patterns. Revenue and contribution margins fluctuate per quarter in items such as the number of working days, public holidays and holiday periods. The business in Europe usually generates its strongest revenue and profits in the second half of the year.

#### **Effective tax rate**

The effective tax rate for the six-month period ended on 30 June 2019 is 52.0% (H1 2018: 54.4%), and is based on the estimated average annual tax rate for the whole year 2019 (actual effective tax rate for FY 2018: 33.7%).

#### **Share capital**

The authorised share capital is EUR 5,998,000, divided into one priority share with a nominal value of € 10,000 and 199.6 million ordinary shares with a nominal value of EUR 0.03. The subscribed capital consists of 50,574,624 ordinary shares.

Number of shares issued as at 31 December	50,574,624
Shares issued in period ended 30 June 2019	-
Number of shares issued as at 30 June 2019	50,574,624

#### **Dividend**

During the interim period, an ordinary dividend of EUR 0.25 per share was paid to the shareholders.

#### **Earnings per share**

The calculation of the basic and diluted earnings per share is based on the following data:

	H1 2019	H1 2018
Weighted average number of ordinary shares for the purpose of basic earnings per share	50,574,624	50,502,124
Effect of dilutive potential ordinary shares from share based payments	-	392,000
Weighted average number of ordinary shares for the purpose of diluted earnings per share	50,574,624	50,894,124

#### **Effects from implementation of IFRS 16 'Leases'**

As of January 1, 2019 the Group has recognized new right-of-use assets and respective lease liabilities of EUR 48 million. Operating lease obligation at December 31, 2018 was EUR 48 million. The difference to the lease liability value at initial application is mainly due to application of exemptions for short-term leases and leases of low-value items and discounting of the lease liability on one hand and the additions for extension options on the other hand.

#### Effects on balance sheet

Due to implementation of IFRS 16, changes were made in the opening balance as per January 1, 2019 where right-of-use assets and lease liabilities are recognized. The cumulative effect of EUR 831,000 of the initial application is added to retained earnings at January 1, 2019. Effects from implementation of IFRS 16 on the balance sheets are shown in the tables below:

	31 December 2018 (IAS 17)	Impact IFRS 16 adoption	1 January 2019 (IFRS 16)
<b>Non-current assets</b>			
Goodwill	8,492	-	8,492
Other intangible assets	13,096	-	13,096
Right-of-use assets	-	46,230	46,230
Property, plant and equipment	7,263	-	7,263
Financial assets	-	-	-
Deferred income tax assets	14,428	-	14,428
<b>Total non-current assets</b>	<b>43,279</b>	<b>46,230</b>	<b>89,509</b>
<b>Total current assets</b>	<b>352,242</b>	<b>-</b>	<b>352,242</b>
<b>Total assets</b>	<b>395,521</b>	<b>46,230</b>	<b>441,751</b>
<b>Non-current liabilities</b>			
Provisions	4,476	-	4,476
Deferred income tax liabilities	397	-	397
Lease liability - non-current portion	-	32,089	32,089
Long-term liabilities	1,324	-	1,324
<b>Total non-current liabilities</b>	<b>6,197</b>	<b>32,089</b>	<b>38,286</b>
<b>Current liabilities</b>			
Lease liability - current portion	-	14,141	14,141
Current liabilities	104,763	-831	103,932
Income tax payables	1,122	-	1,122
<b>Total current liabilities</b>	<b>105,885</b>	<b>13,310</b>	<b>119,195</b>
<b>Total liabilities</b>	<b>112,082</b>	<b>45,399</b>	<b>157,481</b>
<b>Net assets</b>	<b>283,439</b>	<b>831</b>	<b>284,270</b>
<b>Total equity</b>	<b>283,439</b>	<b>831</b>	<b>284,270</b>

The table below shows the right-of-use asset value related lease liability per type of asset upon application of IFRS 16 and per 30 June 2019:

	30 June 2019	1 January 2019
Right of use asset - Property	36,566	38,825
Right of use asset - Cars	6,620	7,349
Right of use asset - Others	124	56
	<b>43,310</b>	<b>46,230</b>
Lease liability - Property	36,837	38,825
Lease liability - Cars	6,697	7,349
Lease liability - Others	124	56
	<b>43,658</b>	<b>46,230</b>

#### Effects on profit and loss account

The impact of this change in accounting policy for leases on our reported results is not significant: the positive impact on our reported EBIT per quarter for 2019 is approximately EUR 300,000. Effects from implementation of IFRS 16 on the profit and loss account are shown in the tables below:

	<b>Reported H1 2019 (IFRS 16)</b>	<b>Impact IFRS 16 adoption</b>	<b>H1 2019 (IAS 17)</b>
Revenue	524,244	-	524,244
Direct personnel expenses	418,098	1,169	419,267
<b>Gross Profit</b>	<b>106,146</b>	<b>-1,169</b>	<b>104,977</b>
Staff expenses	62,593	-	62,593
Depreciation and amortisation	11,279	-7,587	3,692
Other expenses	20,680	7,017	27,697
<b>Total operating costs</b>	<b>94,552</b>	<b>-570</b>	<b>93,982</b>
<b>EBIT</b>	<b>11,594</b>	<b>-599</b>	<b>10,995</b>
Financial income and expenses	-1,018	599	-419
<b>Group result before tax</b>	<b>10,577</b>	<b>-</b>	<b>10,577</b>
Income tax	5,497	-	5,497
<b>Group result after tax</b>	<b>5,080</b>	<b>-</b>	<b>5,080</b>

## Segment reporting (unaudited)

### Reportable segments (EUR '000)

	<u>Revenue</u>		<u>EBIT</u>		<u>Total assets</u>	
	H1 2019	H1 2018	H1 2019	H1 2018	H1 2019	H1 2018
DACH region	143,198	129,955	12,819	10,360	96,391	90,827
The Netherlands	106,344	110,297	4,376	5,306	60,051	58,669
Australasia	57,265	55,983	-951	-497	36,772	36,250
Middle East & India	55,585	39,485	5,174	3,418	67,103	48,782
Rest of world	161,852	99,381	-6,005	-2,313	163,912	114,475
Unallocated	-	-	-3,819	-4,991	9,555	27,711
<b>Total</b>	<b>524,244</b>	<b>435,101</b>	<b>11,594</b>	<b>11,283</b>	<b>433,784</b>	<b>376,714</b>

### Employees

The total number of direct and indirect employees with the group companies is set out below:

Average workforce	H1 2019		H1 2018	
	Direct	Indirect	Direct	Indirect
DACH region	2,712	509	2,565	474
The Netherlands	2,330	423	2,437	428
Australasia	908	85	928	76
Middle East & India	3,815	133	2,749	113
Rest of world	3,032	429	2,879	387
Unallocated	-	51	-	55
<b>Total</b>	<b>12,797</b>	<b>1,630</b>	<b>11,558</b>	<b>1,533</b>
<b>Total workforce</b>	<b>14,427</b>		<b>13,091</b>	

Workforce at 30 June	2019		2018	
	Direct	Indirect	Direct	Indirect
DACH region	2,714	524	2,634	478
The Netherlands	2,239	411	2,455	435
Australasia	930	83	915	74
Middle East & India	3,773	141	3,310	114
Rest of world	2,900	447	2,832	389
Unallocated	-	52	-	52
<b>Total</b>	<b>12,556</b>	<b>1,658</b>	<b>12,146</b>	<b>1,542</b>
<b>Total workforce</b>	<b>14,214</b>		<b>13,688</b>	

**Other segment information (unaudited)**  
(EUR '000)

	<b>Revenue</b>	
	<b>H1 2019</b>	<b>H1 2018</b>
Oil & Gas	204,677	145,408
Automotive	52,387	52,395
Infrastructure	32,128	23,155
Mining	28,593	25,440
Engineering	131,846	115,364
Other	74,613	73,339
<b>Total</b>	<b>524,244</b>	<b>435,101</b>