Press Release

Q3 2020: Strong profitability and cash flow driven by operational discipline

Amsterdam, 30 October 2020

Key points Q3 2020

- EBIT showed strong increase to EUR 10 million as costs savings (24%) exceeded gross profit decline (-15%)
- Continued cost savings and operational discipline prove agility and adaptability of business model
- Revenue down 16% yoy excluding fx impact
- Strong cash flow generation leads to cash position of EUR 130 million

Key points YTD 2020

- EBIT of EUR 19 million
- Revenue decrease ongoing business 7% (yoy) to EUR 690 million
- Continued strong free cash flow of EUR 38 million

Jilko Andringa, CEO of Brunel International N.V.: "*While the impact of COVID-19 in Q2 was less severe than expected, we experienced more pressure on our revenues in Q3. In today's challenging environment, we continued to perform strongly through operational discipline and cost savings. Brunel colleagues around the world showed a unique combination of discipline and entrepreneurship delivering high quality creative solutions to clients while operating with increased cost awareness. This resulted in a good profitability and cash flow generation.*

We have adjusted our organization in every region and aligned it to the current activity level. We still see growth in segments like Renewable Energy and Life Science, but Automotive and Oil & Gas are hit by the global crisis. Although the duration of the pandemic is unknown, our current organization and healthy pipeline of projects makes me very comfortable that we will experience accelerated profitable growth, once travel restrictions ease and our core markets in Europe start to recover.

In the past quarter, we celebrated our 45 years' anniversary. Ever since Jan Brand started Brunel 45 years ago, Brunellers around the world live by our values Integrity, Passion for People, Results Driven and Entrepreneurship, making Brunel a unique company. In every downturn we have managed to find new opportunities while we achieved new records in the following upturn, giving me great confidence in the future."

Brunel International (unaudited)

P&L amounts in EUR million	Q3 2020	Q3 2019	Δ%	YTD 2020	YTD 2019	Δ%
Revenue	209.6	259.7	**-19%** [a]	690.8	784.0	**-12%** [b]
Gross Profit	47.1	55.8	**-15%**	143.1	161.9	**-12%**
Gross margin	22.5%	21.5%		20.7%	20.7%	
Operating costs	37.0	48.5	**-24%** [c]	124.2	143.0	**-13%** [d]
EBIT	10.1	7.3	**37%**	18.9	18.9	**0%**
EBIT %	4.8%	2.8%		2.7%	2.4%	
Average directs	9,599	11,225	**-14%**	10,464	12,273	**-15%**
Average indirects	1,395	1,651	**-16%**	1,481	1,637	**-10%**
Ratio direct / Indirect	6.9	6.8		7.1	7.5	

a -16 % like-for-like

b -11 % like-for-like

c -22 % like-for-like

d -12 % like-for-like

Like-for-like is measured excluding the impact of currencies and acquisitions

Brunel

Q3 2020 results by division

P&L amounts in EUR million

Summary:

Revenue	Q3 2020	Q3 2019	Δ%	YTD 2020	YTD 2019	Δ%
DACH region	54.6	74.5	-27%	177.0	217.7	-19%
The Netherlands	45.5	49.4	-8%	142.7	155.7	-8%
Australasia	26.7	31.1	-14%	85.0	88.4	-4%
Middle East & India	25.0	29.5	-15%	88.7	85.1	4%
Americas	18.4	28.1	-35%	70.0	76.2	-8%
Rest of world	39.4	44.7	-12%	126.6	120.9	5%
Subtotal	**209.6**	**257.3**	**-19%**	**690.0**	**744.0**	**-7%**
BIS	0.0	2.4	-101%	0.8	40.0	-98%
Total	**209.6**	**259.7**	**-19%**	**690.8**	**784.0**	**-12%**

EBIT	Q3 2020	Q3 2019	Δ%	YTD 2020	YTD 2019	Δ%
DACH region	6.8	10.7	-36%	10.2	23.5	-57%
The Netherlands	3.0	2.7	12%	7.8	7.0	11%
Australasia	0.1	-0.3	154%	-0.2	-1.2	87%
Middle East & India	2.0	2.6	-21%	7.1	7.7	-8%
Americas	-0.5	-0.8	37%	-1.9	-0.5	-308%
Rest of world	1.1	0.5	119%	3.0	-0.1	
Unallocated	-2.0	-1.4	-40%	-6.4	-5.7	-13%
Subtotal	**10.5**	**13.9**	**-25%**	**19.6**	**30.8**	**-36%**
BIS	-0.3	-6.5	94%	-0.7	-11.8	94%
Total	**10.2**	**7.3**	**37%**	**19.0**	**18.9**	**0%**

The decrease in revenue compared to Q2 was slightly higher than expected due to the weakening of the US-dollar. The fx impact on gross profit and EBIT is minimal, since cost of sales and operating cost have a similar impact as revenue.

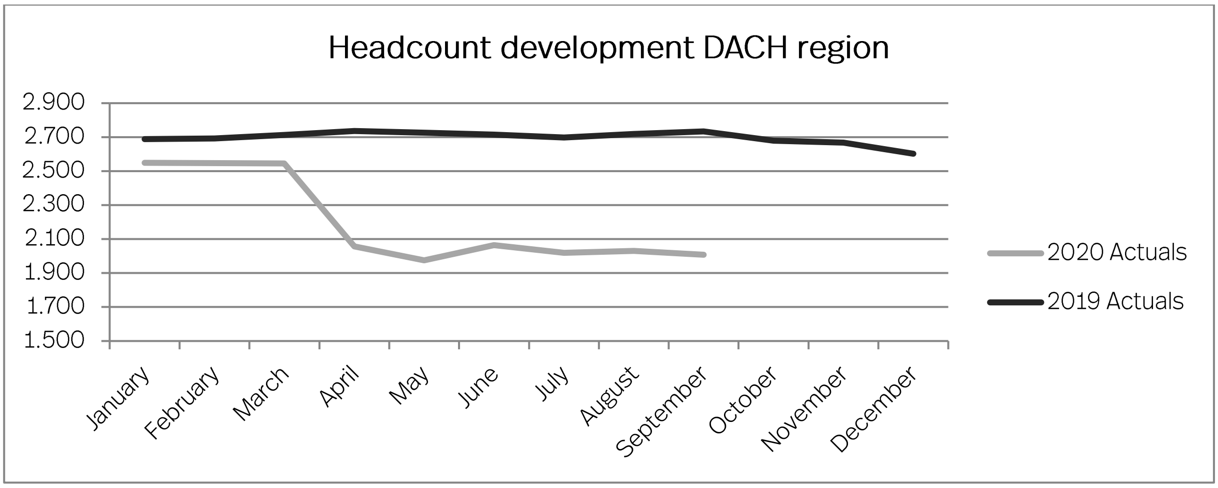
The productivity in DACH and the Netherlands of our specialists was at a normal level and thus higher than expected under the current circumstances. As a result, EBIT for Q3 was significantly higher than in Q2.

DACH region (unaudited)

P&L amounts in EUR million	Q3 2020	Q3 2019	Δ%	YTD 2020	YTD 2019	Δ%
Revenue	54.6	74.5	**-27%**	177.0	217.7	**-19%**
Gross Profit	19.6	27.1	**-28%**	55.2	72.5	**-24%**
Gross margin	35.8%	36.3%		31.2%	33.3%	
Operating costs	12.8	16.4	**-22%**	45.0	49.0	**-8%**
EBIT	6.8	10.7	**-36%**	10.2	23.5	**-57%**
EBIT %	12.4%	14.3%		5.8%	10.8%	
Average directs	2,019	2,717	**-26%**	2,200	2,713	**-19%**
Average indirects	432	518	**-16%**	475	512	**-7%**
Ratio direct / Indirect	4.7	5.2		4.6	5.3	

Revenue

As announced in our Q2 results, we do not yet see a recovery in the DACH region yet. Our headcount and revenue development remained stable. In August, the German government announced the extension until the end of 2021 of the short-time working scheme (Kurzarbeit). At the moment, we are still applying the short-time working scheme for 200 of our specialists.



Headcount as of September 30th was 2,007 (2019: 2,735)

Working days Germany:

	Q1	Q2	Q3	Q4	FY
2020	64	59	66	65	254
2019	63	59	66	62	250

Gross profit

Due to the extension of the short-time working scheme and less holidays being taken by our specialists, our productivity remained strong and stable. The gross margin in Q3 was slightly down by 0.5 ppt, mainly due to severance cost. The YTD gross margin adjusted for working days was 30.9% (2019: 33.3%).

Operating costs

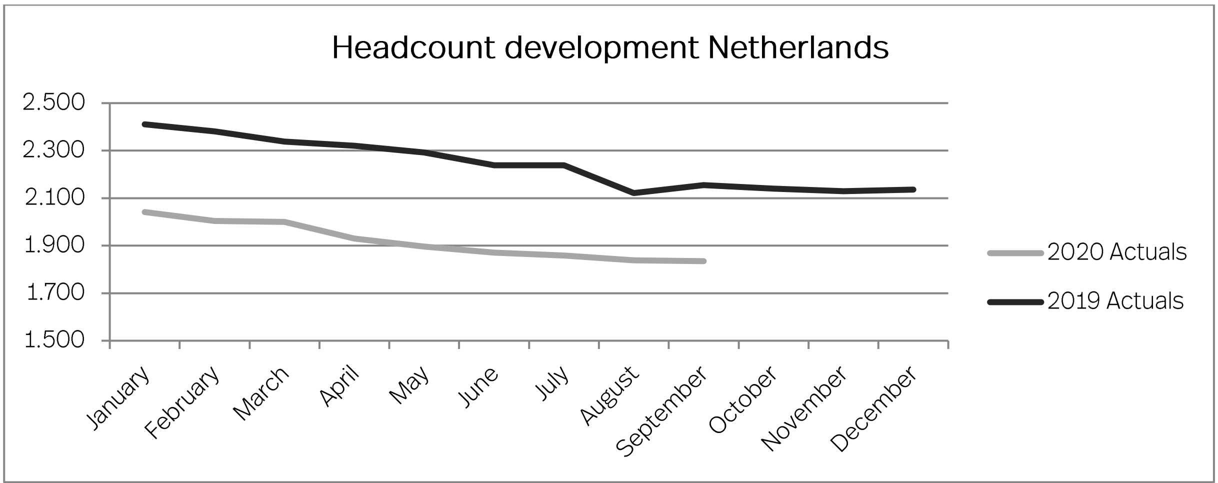
In Q3 the operating costs decreased by 22% mainly due to cost saving initiatives and restructuring initiatives implemented in Q2. Throughout the quarter, we also applied the short-time working scheme for a small group of our internal employees. We have ended this at the end of Q3.

Brunel Netherlands (unaudited)

P&L amounts in EUR million	**Q3 2020**	**Q3 2019**	**Δ%**	**YTD 2020**	**YTD 2019**	**Δ%**
Revenue	45.5	49.4	**-8%**	142.7	155.7	**-8%**
Gross Profit	12.4	13.8	**-10%**	37.9	42.1	**-10%**
Gross margin	27.2%	27.9%		26.6%	27.0%	
Operating costs	9.4	11.1	**-15%**	30.1	35.1	**-14%**
EBIT	3.0	2.7	**12%**	7.8	7.0	**11%**
EBIT %	6.5%	5.4%		5.5%	4.5%	
Average directs	1,844	2,172	**-15%**	1,919	2,277	**-16%**
Average indirects	327	405	**-19%**	346	417	**-17%**
Ratio direct / Indirect	5.6	5.4		5.6	5.5	

Revenue

The revenue trend remained stable in Q3, as a result of a decrease in the number of specialists, partly offset by higher rates. The decline was across all business lines except for Legal, in which we continued to achieve growth.



Headcount as of September 30th was 1,835 (2019: 2,155)

Working days per Q 2020 / 2019:

	Q1	Q2	Q3	Q4	FY
2020	64	60	66	65	255
2019	63	62	66	64	255

Gross Profit

The gross margin was down 0.7 ppt in Q3. This is the result of an increase in the proportion of freelancers, who have a lower margin compared to own employees. The YTD gross margin adjusted for working days decreased by 0.1 ppt to 26.9%.

Operating costs

In Q3 the operating costs decreased by EUR 1.7 million, as a result of cost saving initiatives, including a reduction of indirect headcount executed in Q2.

Australasia (unaudited)

P&L amounts in EUR million	Q3 2020	Q3 2019	Δ%		YTD 2020	YTD 2019	Δ%	
Revenue	26.7	31.1	**-14%**	a	85.0	88.4	**-4%**	b
Gross Profit	2.4	2.6	**-6%**		7.2	7.3	**-1%**	
Gross margin	9.0%	8.3%			8.4%	8.2%		
Operating costs	2.3	2.9	**-21%**	c	7.4	8.5	**-13%**	d
EBIT	0.1	-0.3	**154%**		-0.2	-1.2	**87%**	
EBIT %	0.5%	-0.8%			-0.2%	-1.4%		
Average directs	936	906	**3%**		1,012	907	**12%**	
Average indirects	80	86	**-7%**		82	85	**-4%**	
Ratio direct / Indirect	11.7	10.5			12.4	10.7		

a -12 % like-for-like

b -0 % like-for-like

c -19 % like-for-like

d -11 % like-for-like

Like-for-like is measured excluding the impact of currencies and acquisitions

Revenue

Following a stable Q2, Australasia, which includes Australia and Papua New Guinea, has seen some impact of COVID-19 in Q3. Clients terminate contracts, are looking for salary reductions and a reduction of working hours (overtime) to achieve cost savings. Our activities in PNG continue to be hindered by the travel restrictions.

Gross Profit

The increased gross margin is the result of a change in the mix due to the lower revenue at Oil & Gas clients.

Operating costs

In Q3, the operating costs decreased by 21% as a result of continued cost saving initiatives. These cost savings helped us achieve a positive result for the quarter.

Middle East & India (unaudited)

P&L amounts in EUR million	Q3 2020	Q3 2019	Δ%	YTD 2020	YTD 2019	Δ%
Revenue	25.0	29.5	**-15%** [a]	88.7	85.1	**4%** [b]
Gross Profit	4.1	5.1	**-20%**	14.5	15.0	**-4%**
Gross margin	16.2%	17.2%		16.3%	17.7%	
Operating costs	2.1	2.5	**-16%** [c]	7.4	7.3	**1%** [d]
EBIT	2.0	2.6	**-21%**	7.1	7.7	**-8%**
EBIT %	8.0%	8.6%		8.0%	9.1%	
Average directs	2,089	2,605	**-20%**	2,435	3,411	**-29%**
Average indirects	130	142	**-9%**	139	136	**2%**
Ratio direct / Indirect	16.1	18.3		17.5	25.0	

a -8 % like-for-like

b 6 % like-for-like

c -12 % like-for-like

d 2 % like-for-like

Like-for-like is measured excluding the impact of currencies and acquisitions

Revenue

Following a positive development in Q2, the revenues in the Middle East & India were impacted by the weakening of the US dollar. Our strong development is hampered by our ability to mobilize specialists for new projects due to travel restrictions, whilst some of the existing projects are finalized. This resulted in a decrease in headcount and revenue for the period. Our pipeline continues to be healthy.

Gross Profit

The gross margin reduced somewhat due to a change in the mix of clients and some margin pressure.

Operating costs

Even though we still experienced growth in Q2, we started adapting the organisation in Middle East & India, anticipating the impact of the travel restrictions. Further cost measures lead to a decrease in operating costs of 16%.

Americas (unaudited)

P&L amounts in EUR million	Q3 2020	Q3 2019	Δ%		YTD 2020	YTD 2019	Δ%	
Revenue	18.4	28.1	**-35%**	a	70.0	76.2	**-8%**	b
Gross Profit	2.2	3.6	**-38%**		7.9	9.4	**-16%**	
Gross margin	12.1%	12.7%			11.3%	12.4%		
Operating costs	2.7	4.4	**-39%**	c	9.8	9.9	**-1%**	d
EBIT	-0.5	-0.8	**37%**		-1.9	-0.5	**-308%**	
EBIT %	-2.7%	-2.8%			-2.8%	-0.6%		
Average directs	689	886	**-22%**		771	846	**-9%**	
Average indirects	103	131	**-21%**		109	128	**-15%**	
Ratio direct / Indirect	6.7	6.8			7.1	6.6		

a -26 % like-for-like

b -4 % like-for-like

c -31 % like-for-like

d 3 % like-for-like

Like-for-like is measured excluding the impact of currencies and acquisitions

Revenue

Our activities in the US continue to be the most impacted by COVID-19 within our group, following a significant number of terminations at our clients. The devaluation of the US Dollar and Brazilian Real significantly impacted the revenue development in the region.

Gross Profit

Just like in the previous quarter, the gross margin and gross profit were impacted by a lower recruitment revenue. Adjusted for the impact of the lower recruitment revenue, the gross margin was at the same level as in Q3 2019.

Operating costs

The operating costs further decreased and are now 14% lower than in Q2, while we had also seen a 20% decline in Q2 compared to the previous quarter. This is largely the result of the full effect of the cost saving measures taken in that quarter.

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Rest of world (unaudited)

P&L amounts in EUR million

	Q3 2020	Q3 2019	Δ%	YTD 2020	YTD 2019	Δ%
Revenue	39.4	44.7	**-12%** [a]	126.6	120.9	**5%** [b]
Gross Profit	6.5	7.4	**-12%**	20.5	19.1	**7%**
Gross margin	16.6%	16.6%		16.2%	15.8%	
Operating costs	5.4	6.9	**-22%** [c]	17.5	19.2	**-9%** [d]
EBIT	1.1	0.5	**119%**	3.0	-0.1	**2356%**
EBIT %	2.7%	1.1%		2.4%	-0.1%	
Average directs	2,022	1,803	**12%**	2,107	1,813	**16%**
Average indirects	261	288	**-9%**	267	285	**-6%**
Ratio direct / Indirect	7.7	6.3		7.9	6.4	

a -6 % like-for-like

b 7 % like-for-like

c -17 % like-for-like

d -7 % like-for-like

Like-for-like is measured excluding the impact of currencies, acquisitions and discontinued operations

Revenue

Rest of World includes Russia & Caspian, Belgium and Asia. We still managed to achieve growth in China, but saw a decline in the other regions. The pipeline for Asia and Russia remains very healthy, but again this will only materialize once travel restrictions ease.

Gross Profit

The gross margin in the region in Q3 was in line with Q3 2019.

Operating costs

The operating costs in the rest of world decreased as a result of government relief plans in Asia and cost saving initiatives throughout the regions. As a result, EBIT for the quarter increased to EUR 1.1 million.

Cash position

In the first nine months of this year, we achieved a strong free cash flow of EUR 38 million. This results in a cash position of EUR 130 million (30 September 2019: EUR 82 million).

Outlook for 2020

At the moment, the headcount in DACH and the Netherlands is pretty stable, and we expect the normal seasonal pattern in the remainder of Q4.

For all other regions, we are still hindered by travel restrictions. With the increasing number of COVID-19 cases in many regions, we do not expect these to ease significantly in the remainder of the year. Although we have a healthy pipeline, this will delay the start and the contribution of new projects we have secured.

In line with our normal seasonality, revenue and profitability in Q4 will be lower than in Q3.

Not for publication

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Brunel International N.V. is a global provider of flexible workforce solutions and expertise. We deliver tailor made solutions like Recruitment, Global Mobility, Project Management, Secondment, Consultancy or scope of work for our clients, both on a global scale and on a local level. Our ability to help our clients beyond their expectations is a testament to our people and their entrepreneurial spirit, knowledge and results-driven approach. Our people are at the heart of everything we do.

We connect the most talented professionals with leading clients in Oil & Gas, Renewable Energy, Automotive, Mining, Life Sciences and Infrastructure.

Incorporated in 1975, Brunel has since become a global company with over 12,900 employees and annual revenue of EUR 1.0 billion (2019). The company is listed at Euronext Amsterdam N.V. For more information on Brunel International N.V. visit our website www.brunelinternational.net.

Financial Calendar

12 February 2021	Publication Full Year 2020 results
30 April 2021	Trading update for the first quarter 2021
11 May 2021	Annual general meeting of shareholders
30 July 2021	Publication half-year 2021 results
29 October 2021	Trading update for the third quarter 2021