

# Press Release

## Brunel Q4 and FY18 results: continued high revenue growth and strongly improved profit margins

Amsterdam, 15 February 2019

### Key points Q4 2018

- Revenue growth of 16% (yoy) to EUR 245 million over the quarter
- Strong EBIT improvement, growing 69% (yoy) to EUR 10.7 million with EBIT margin up by 1.4ppt to 4.4%
- All-time high number of 13,000 specialists and professionals.

### Key points full year 2018

- Revenue growth of 16% to EUR 915 million
- Excellent results in Middle East, India and Russia in multiple verticals
- Strong EBIT improvement, growing 90% (yoy) to EUR 34.1 million with EBIT margin up by 1.4ppt to 3.7%
- Earnings per share (EPS) up 173% to EUR 0.41
- Proposed dividend EUR 0.25 per share, versus EUR 0.15 in 2017

**Jilko Andringa, CEO of Brunel:** *“Brunel’s 43rd and my first year was in many aspects a very good year. Thanks to the hard work of all our professionals at our clients and the colleagues in our offices, growth returned and accelerated in many regions through the year. We ended the year with almost 13,000 professionals working on projects at our local and global clients. An all-time record for Brunel, proof that our strategy to diversify to adjacent vertical activities is starting to pay off. To follow the successful course and performance of Team Brunel during last year’s Volvo Ocean Race: we will continue to execute on our strategy to further improve our growth and profitability and to create a more sustainable world for professionals and future professionals. We have seen continued strong growth in January 2019, so we expect another exciting year!”*

**Brunel International (unaudited)**

P&amp;L amounts in EUR million

	<b>Q4 2018</b>	<b>Q4 2017</b>	<b>Δ%</b>	<b>FY 2018</b>	<b>FY 2017</b>	<b>Δ%</b>
Revenue	244.9	210.2	<b>16%</b> <sup>a</sup>	914.6	790.1	<b>16%</b> <sup>b</sup>
Gross Profit	55.4	49.4	<b>12%</b>	208.9	182.7	<b>14%</b>
Gross margin	22.6%	23.5%		22.8%	23.1%	
Operating costs	44.7	43.0	<b>4%</b> <sup>c</sup>	174.8	164.8	<b>6%</b> <sup>d</sup>
EBIT	10.7	6.4	<b>69%</b>	34.1	17.9	<b>90%</b>
EBIT %	4.4%	3.0%		3.7%	2.3%	
Average directs	12,618	10,505	<b>20%</b>	11,955	9,589	<b>25%</b>
Average indirects	1,570	1,533	<b>2%</b>	1,544	1,497	<b>3%</b>
Ratio direct / Indirect	8.0	6.9		7.7	6.4	
Earnings per share				0.41	0.15	<b>173%</b>
Dividend				0.25	0.15	<b>67%</b>

<sup>a</sup> 17 % like-for-like<sup>b</sup> 16 % like-for-like<sup>c</sup> 4 % like-for-like<sup>d</sup> 7 % like-for-like

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

**Q4 2018 and FY 2018 results by division**

P&amp;L amounts in EUR million

**Summary:**

<b>Revenue</b>	<b>Q4 2018</b>	<b>Q4 2017</b>	<b>Δ%</b>	<b>YTD 2018</b>	<b>YTD 2017</b>	<b>Δ%</b>
DACH region	68.1	59.7	14%	268.6	238.5	13%
The Netherlands	57.0	53.9	6%	220.1	195.3	13%
Australasia	27.6	31.9	-14%	113.9	102.4	11%
Middle East & India	25.1	17.8	41%	87.3	63.7	37%
Rest of world	67.0	46.9	43%	224.6	190.3	18%
<b>Total</b>	<b>244.9</b>	<b>210.2</b>	<b>16%</b>	<b>914.6</b>	<b>790.1</b>	<b>16%</b>
<b>EBIT</b>	<b>Q4 2018</b>	<b>Q4 2017</b>	<b>Δ%</b>	<b>YTD 2018</b>	<b>YTD 2017</b>	<b>Δ%</b>
DACH region	6.2	3.4	80%	25.1	21.9	15%
The Netherlands	3.3	5.3	-37%	11.6	11.3	3%
Australasia	-0.3	0.8	-134%	-0.8	0.0	-6683%
Middle East & India	2.5	1.0	155%	8.0	2.3	243%
Rest of world	0.6	-2.0	127%	-1.5	-7.8	81%
Unallocated	-1.6	-2.1	27%	-8.4	-9.8	15%
<b>Total</b>	<b>10.7</b>	<b>6.4</b>	<b>69%</b>	<b>34.1</b>	<b>17.9</b>	<b>90%</b>

The **Group's** revenue in Q4 increased by 16%, which was fully organically.

### DACH region (unaudited)

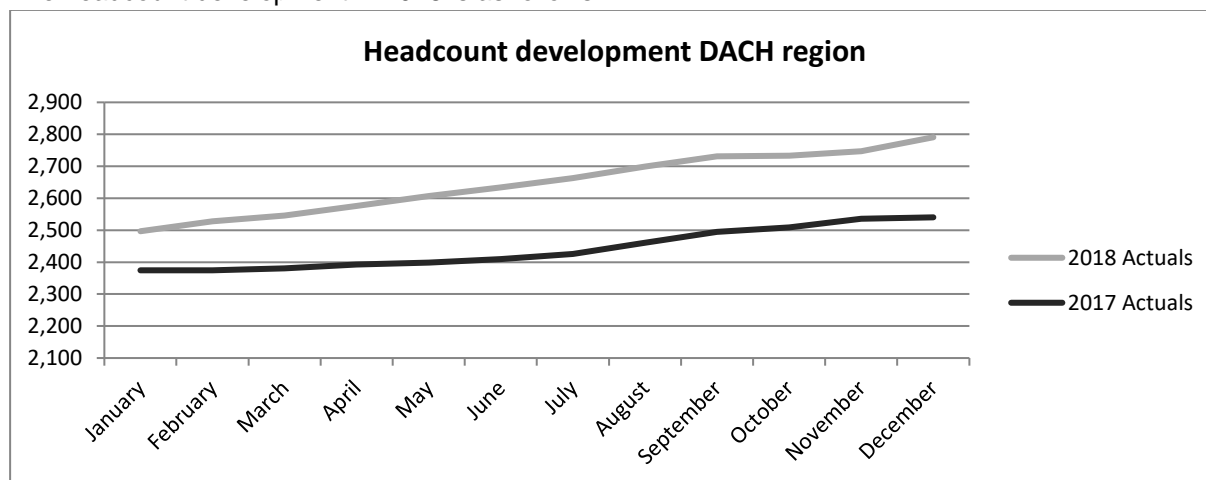
P&L amounts in EUR million

	Q4 2018	Q4 2017	Δ%	YTD 2018	YTD 2017	Δ%
Revenue	68.1	59.7	14%	268.6	238.5	13%
Gross Profit	21.8	18.5	18%	86.3	79.6	8%
Gross margin	32.0%	31.0%		32.1%	33.4%	
Operating costs	15.6	15.1	3%	61.2	57.7	6%
EBIT	6.2	3.4	80%	25.1	21.9	15%
EBIT %	9.1%	5.8%		9.3%	9.2%	
Average direct	2,757	2,528	9%	2,646	2,441	8%
Average indirect	484	457	6%	476	449	6%
Ratio direct / Indirect	5.7	5.5		5.6	5.4	

Our activities in the **DACH region** continued to show strong growth. Especially our organisation in Germany, the biggest contributor in this region, has proven to be able to quickly and professionally adjust to changes in the market, with the careful implementation of the equal pay regulations, whilst continuing to provide excellent services to our clients.

Revenue per working day increased by 11% in Q4. The gross margin adjusted for working days in Q4 is 30.1% (2017: 31.0%). The decrease was due to the introduction of equal pay, and has now stabilized at this level. The productivity in our competence center was on a normal level.

The headcount development in 2018 is as follows:



Direct headcount as of December 31<sup>th</sup> was 2,791 (2017: 2,390),

Working days:

	Q1	Q2	Q3	Q4	FY
2019	63	60	66	61	250
2018	63	60	65	62	250
2017	65	59	65	60	249

### Brunel Netherlands (unaudited)

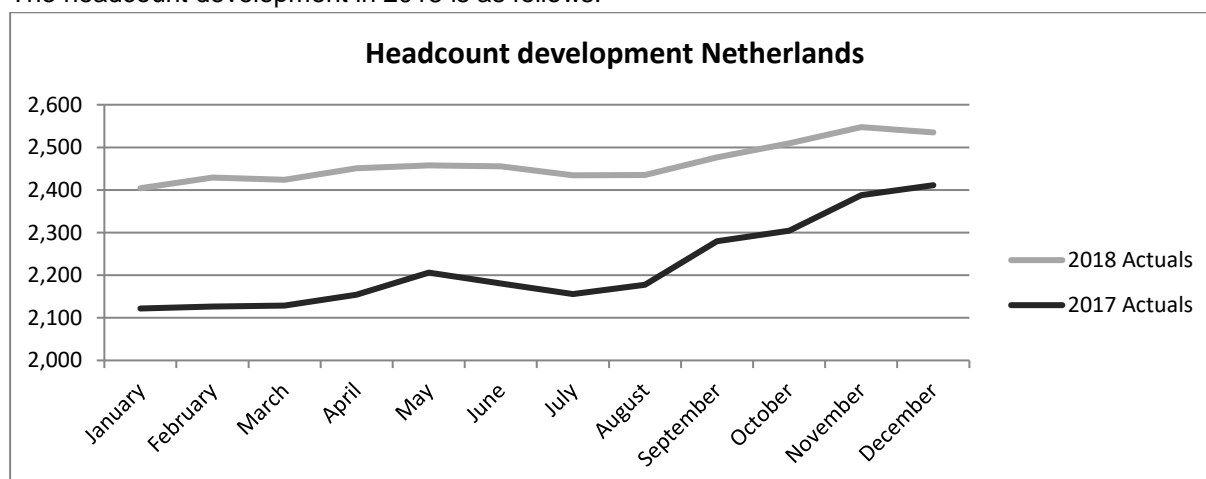
P&L amounts in EUR million

	Q4 2018	Q4 2017	Δ%	YTD 2018	YTD 2017	Δ%
Revenue	57.0	53.9	6%	220.1	195.3	13%
Gross Profit	15.8	16.7	-6%	62.3	57.3	9%
Gross margin	27.7%	31.0%		28.3%	29.3%	
Operating costs	12.5	11.4	10%	50.7	46.0	10%
EBIT	3.3	5.3	-37%	11.6	11.3	3%
EBIT %	5.8%	9.8%		5.3%	5.8%	
Average directs	2,531	2,368	7%	2,463	2,220	11%
Average indirects	447	430	4%	438	435	1%
Ratio direct / Indirect	5.7	5.5		5.6	5.1	

In The Netherlands we continued to grow, but we were unable to match the excellent performance of Q4 2017. Productivity decreased primarily on the back of an upfront hiring campaign of talented professionals and training initiatives in all our business lines, which will enable us to service the future HR needs of our clients. Vacation and illness percentages were up compared to Q4 2017. For the full year, almost all business lines achieved significant growth, and both Engineering and IT reached new records. This growth was partly offset by a decline in our business line Insurance & Banking, due to the changes in this market. We are confident that the actions we have taken in this business line will result in a return to growth in 2019.

Revenue per working day increased by 4% in Q4. The gross margin adjusted for working days in Q4 is 26.8% (2017: 31.0%). Gross margin decreased due to the lower productivity. Operating costs increased year on year due to continuous investments in technology and digital tools. For the full year, EUR 2.5 million of costs relating to digital market initiatives are non-recurring.

The headcount development in 2018 is as follows:



Direct headcount as of December 31<sup>th</sup> was 2,535 (2017: 2,411).

Working days:

	Q1	Q2	Q3	Q4	FY
2019	63	62	66	64	255
2018	64	61	65	64	254
2017	65	61	65	63	254

**Australasia (unaudited)**

P&amp;L amounts in EUR million

	<b>Q4 2018</b>	<b>Q4 2017</b>	<b>Δ%</b>	<b>YTD 2018</b>	<b>YTD 2017</b>	<b>Δ%</b>
Revenue	27.6	31.9	<b>-14%</b> <sup>a</sup>	113.9	102.4	<b>11%</b>
Gross Profit	2.9	3.7	<b>-23%</b>	9.9	9.0	<b>11%</b>
Gross margin	10.4%	11.7%		8.7%	8.7%	
Operating costs	3.2	2.9	<b>10%</b> <sup>c</sup>	10.7	9.0	<b>19%</b>
EBIT	-0.3	0.8	<b>-134%</b>	-0.8	0	
EBIT %	-1.0%	2.6%		-0.7%	0.0%	
Average direct	902	856	<b>5%</b>	919	601	<b>53%</b>
Average indirect	79	78	<b>1%</b>	78	71	<b>9%</b>
Ratio direct / Indirect	11.4	10.9		11.8	8.5	

*a -10% like-for-like**b -2% like-for-like**c 12 % like-for-like**d 13 % like-for-like**Like-for-like is measured excluding the impact of currencies and acquisitions*

Revenue in Australasia declined in Q4, mainly because one major client hired part of our professionals directly. Over the past 12 months, we have been actively working on new growth opportunities, which are now starting to contribute, and we expect a return to revenue growth in the course of 2019. Gross margin decreased due to a change in the mix: we have been successful in securing our positions following supplier consolidation efforts of some of our clients, but this has resulted in slightly lower margins.

Operating costs increased as a result of the preparation of our organisation for the recovery in the Oil & Gas industry that is expected in the course of 2019, as well as continued investments in new initiatives.

**Middle East & India (unaudited)**

P&amp;L amounts in EUR million

	<b>Q4 2018</b>	<b>Q4 2017</b>	<b>Δ%</b>	<b>YTD 2018</b>	<b>YTD 2017</b>	<b>Δ%</b>
Revenue	25.1	17.8	<b>41%</b> <sup>a</sup>	87.3	63.7	<b>37%</b>
Gross Profit	4.6	2.7	<b>67%</b>	15.6	9.2	<b>70%</b>
Gross margin	18.3%	15.4%		17.9%	14.4%	
Operating costs	2.1	1.7	<b>24%</b> <sup>c</sup>	7.6	6.9	<b>10%</b>
EBIT	2.5	1.0	<b>155%</b>	8.0	2.3	<b>243%</b>
EBIT %	10.0%	5.6%		9.2%	3.7%	
Average direct	3,696	1,625	<b>127%</b>	3,168	1,228	<b>158%</b>
Average indirects	121	110	<b>10%</b>	116	106	<b>9%</b>
Ratio direct / Indirect	30.5	14.8		27.3	11.5	

*a 38 % like-for-like**b 43% like-for-like**c 14% like-for-like**d 14 % like-for-like**Like-for-like is measured excluding the impact of currencies and acquisitions*

Middle East & India ended a very successful 2018 with the best quarter in Q4. The excellent performance in 2018, with a growth in professionals from 1,772 to just under 4,000, and a 37% growth in revenue, is the result of the diversification strategy that started early 2017. The strong team and organisation have been able to achieve a very high operational leverage, resulting in an EBIT of 10% for Q4.

The main contributors are India, Kuwait and Qatar, and most of the activities are project related. The recently won projects, in combination with all the activities in the region, will ensure continued growth in 2019.

## Rest of world (unaudited)

P&L amounts in EUR million

	Q4 2018	Q4 2017	Δ%	YTD 2018	YTD 2017	Δ%
Revenue	67.0	46.9	43% <sup>a</sup>	224.6	190.3	18%
Gross Profit	10.3	7.7	34%	34.7	27.7	25%
Gross margin	15.4%	16.4%		15.4%	14.5%	
Operating costs	9.7	9.7	0% <sup>c</sup>	36.2	35.5	2%
EBIT	0.6	-2.0	127%	-1.5	-7.8	81%
EBIT %	0.8%	-4.4%		-0.6%	-4.1%	
Average directs	2,733	3,128	-13%	2,759	3,098	-11%
Average indirects	390	405	-4%	384	384	0%
Ratio direct / Indirect	7.0	7.7		7.2	8.1	

a 44% like-for-like

b 18 % like-for-like

c 5% like-for-like

d 6% like-for-like

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

Rest of the World includes Americas, Russia, South East Asia and the rest of Europe. Growth continued to accelerate. Main drivers were Americas and Russia. The new project in the Permian Basin in Texas, the biggest shale oil producing region in the USA, showed strong growth since the start in October, despite adverse weather conditions. These conditions also slightly impacted our gross margin.

Russia continues to grow following the high level of project activities in that area. In South East Asia, we see an increase in headcount on yards and engineering sites as a result of the many new Oil & Gas projects.

### Effective tax rate

The effective tax rate decreased from 46.2% in 2017 to 33.7% in 2018, mainly because most countries have returned to profitability, and therefore created a positive mix effect.

### Cash position

The December 2018 cash balance amounted to EUR 106 million, a decrease of EUR 20 million compared to December 2017 due to higher working capital expenditures resulting from the growth of our activities.

### Dividend

We propose a dividend of EUR 0.25 per share, an increase of 67% compared to the EUR 0.15 per share over 2017. This corresponds with a pay-out ratio of 61%.

### Outlook

In 2018 we have continued to invest in the number of direct and indirect employees, in new activities and markets and in new technologies that will improve our operational effectiveness. On the back of these investments we are very well positioned to continue to benefit from favorable market developments. Moreover, the resulting higher starting headcount for 2019, in combination with further expected growth in our main markets will contribute to continued revenue growth, operational leverage and improved profitability.

Not for publication

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We connect the most talented professionals with leading clients in Oil & Gas, Global offshore, Operations & Maintenance, Renewable Energy, Automotive, Mining and Infrastructure.

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#### Financial Calendar

3 May 2019	Trading update for the first quarter 2019
16 May 2019	Annual General Meeting of Shareholders
20 May 2019	Ex dividend listing
7 June 2019	Dividend available for payment
2 August 2019	Half year results 2019
1 November 2019	Trading update for the third quarter 2019

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.