

Press Release

H1 2017: Disappointing half year, first signs of recovery

Amsterdam, 18 August 2017

Key points Q2 2017

- Revenue down by 18% to EUR 189 million
- EBIT down to EUR -1 million

Key points H1 2017

- Revenue down by 18% to EUR 385 million
- EBIT down to EUR 5 million

Brunel International (unaudited)

P&L amounts in EUR mill	lion							_
	Q2 2017	Q2 2016	Change %		H1 2017	H1 2016	Change %	
Revenue	188.9	231.2	-18%	а	385.3	469.6	-18%	b
Gross Profit	39.7	47.7	-17%		86.9	95.6	-9%	
Gross margin	21.0%	20.6%			22.6%	20.4%		
Operating costs	40.8	40.2	2%	С	82.4	79.0	4%	d
EBIT	-1.2	7.5	-116%		4.6	16.6	-73%	
EBIT %	-0.6%	3.2%			1.2%	3.5%		
Average directs	9,201	9,336	-1%		9,093	9,629	-6%	
Average indirects	1,496	1,500	0%		1,478	1,526	-3%	
Ratio direct / indirect	6.2	6.2			6.2	6.3		

a -19 % at constant currencies

d 4 % at constant currencies

b -19 % at constant currencies

c 2 % at constant currencies



H1 2017 results by division

Brunel Global Business (unaudited)

P&L amounts in EUR mi	llion							
	Q2 2017	Q2 2016	Change %		H1 2017	H1 2016	Change %	
Revenue	81.1	119.8	-32%	а	163.2	248.3	-34%	b
Gross Profit	9.2	13.3	-30%		18.7	27.3	-31%	
Gross margin	11.4%	11.1%			11.5%	11.1%		
Operating costs	11.3	12.7	-11%	С	22.7	25.0	-9%	d
EBIT	-2.0	0.6	-446%		-3.9	2.3	-270%	
EBIT %	-2.5%	0.5%			-2.4%	0.9%		
Average directs	4,418	4,656	-5%		4,351	4,911	-11%	
Average indirects	510	598	-15%		507	613	-17%	
Ratio direct / Indirect	8.7	7.8			8.6	8.0		

a -33 % at constant currencies

Key points Q2 2017

- Revenue down by 32% to EUR 81 million
- Gross margin 11.4%, up from 11.1% last year
- EBIT down by 446% to EUR -2 million

Key points H1 2017

- Revenue down by 34% to EUR 163 million
- Gross margin 11.5%, up from 11.1% last year
- EBIT down by 270% to EUR -4 million

Revenue

Revenue in Q2 decreased by 32% year on year, and 1% compared to Q1. The regions Americas, Middle East and Russia achieved growth compared to Q1, offset by a decline in Australia and South East Asia. In Australia and South East Asia, significant projects were largely completed in the course of Q2. We are working on several initiatives to speed up our diversification. We expect that some of these initiatives will start contributing in the second half of the year.

Gross profit

The gross margin increased slightly as a result of a change in the mix, both across the globe and between activities.

Operating costs

Cost savings in our existing business are partly offset by investments in new initiatives, as a result operating costs in Q2 decreased by 11%.

b -36 % at constant currencies

c- 12 % at constant currencies

d -12 % at constant currencies

Brunel

Brunel Europe (unaudited)

P&L amounts in EUR mill	ion					
	Q2 2017	Q2 2016	Change %	H1 2017	H1 2016	Change %
Revenue	107.8	111.4	-3%	222.1	221.3	0%
Gross Profit	30.4	34.4	-11%	68.2	68.4	0%
Gross margin	28.2%	30.9%		30.7%	30.9%	
Operating costs	27.3	24.8	10%	54.9	49.3	11%
EBIT	3.2	9.6	-67%	13.3	19.1	-30%
EBIT %	3.0%	8.6%		6.0%	8.6%	
Average directs	4,783	4,680	2%	4,742	4,718	1%
Average indirects	934	859	9%	921	870	6%
Ratio direct / Indirect	5.1	5.4		5.1	5.4	

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

Key points Q2 2017

- Revenue down by 3% to EUR 108 million
- Gross margin 28.2%, down from 30.9% last year
- EBIT down by 67% to EUR 3 million

Key points H1 2017

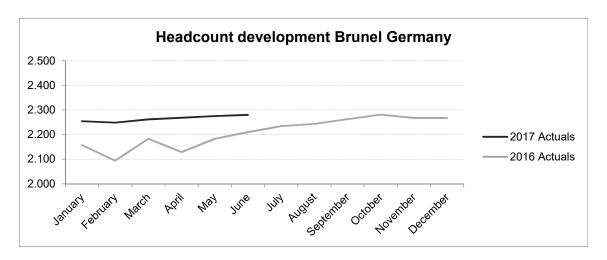
- Revenue up by 1 million to 222 million
- Gross margin 30.7%, down from 30.9% last year
- EBIT down by 30% to EUR 13 million

Brunel Germany (unaudited)

P&L amounts in EUR mill	ion					
	Q2 2017	Q2 2016	Change %	H1 2017	H1 2016	Change %
Revenue	52.0	52.9	-2%	108.3	102.5	6%
Gross Profit	16.4	18.9	-13%	37.3	35.8	4%
Gross margin	31.5%	35.7%		34.4%	34.9%	
Operating costs	13.5	12.6	6%	27.2	24.5	11%
EBIT	2.9	6.3	-54%	10.1	11.3	-11%
EBIT %	5.6%	11.9%		9.3%	11.0%	
Average directs	2,274	2,174	5%	2,265	2,160	5%
Average indirects	423	405	4%	412	416	-1%
Ratio direct / Indirect	5.4	5.4		5.5	5.2	

Revenue

On 1 April, the new law came into effect and to comply we had to renew our union trade agreement. Some of our customers have suspended us as supplier until we had our new union trade agreement in place, what caused a temporary hiccup in the growth. We finalized the renewal at the end of July. This renewed agreement offers us a strong competitive advantage. Revenue per working day increased by 3%. Headcount at 30 June 2017 is 3% above last year's headcount.



Working days

	Q1	Q2	Q3	Q4	FY
2017	65	59	65	60	249
2016	62	62	66	62	252

Gross Profit

Gross margin adjusted for working days is 34.8% (2016: 35.7%). Additional price pressure is mainly due to volumetric customers.

Operating costs

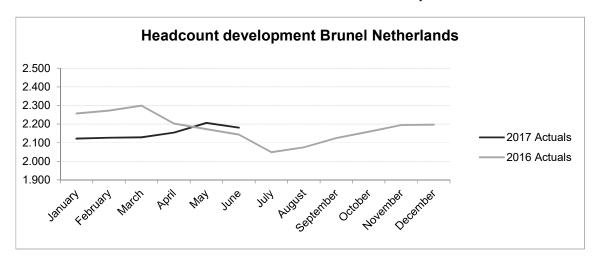
Operating costs in H1 increased with 11% mainly driven by strengthening the commercial organization to facilitate further growth.

Brunel Netherlands (unaudited)

P&L amounts in EUR mill	ion					
	Q2 2017	Q2 2016	Change %	H1 2017	H1 2016	Change %
Revenue	46.6	49.2	-5%	94.5	100.9	-6%
Gross Profit	12.3	13.4	-9%	26.6	28.5	-6%
Gross margin	26.3%	27.3%		28.2%	28.2%	
Operating costs	11.6	10.2	14%	23.5	20.7	13%
EBIT	0.6	3.2	-81%	3.2	7.7	-59%
EBIT %	1.3%	6.5%		3.3%	7.6%	
Average directs	2,181	2,173	0%	2,153	2,224	-3%
Average indirects	437	381	15%	437	381	15%
Ratio direct / Indirect	5.0	5.7		4.9	5.8	

Revenue

The revenue development is a mix of a decline in freelancers (impact -10%) and growth in own employees (impact +5%). Q2 2017 had one less working day compared to last year. Revenue per working day decreased by 4%. The growth in Engineering and Legal is more than offset by the decline in the other business lines. Headcount at 30 June 2017 is 2% above last year's headcount.



Working days

	Q1	Q2	Q3	Q4	FY
 2017	65	61	65	63	254
2016	63	62	66	64	255

Gross Profit

The gross margin adjusted for working days is 27.5% (2016: 27.3%). The increase in gross margin due to the change in mix is largely offset by a lower productivity.

Operating costs

The operating costs increased due to continuous investment in sales force and technology.



Effective tax rate

The effective tax rate in the first half year of 2017 is 75.6%. Due to the seasonality in Europe our tax rate is higher in the first half of the year. For the full year, we project the effective tax rate to come down significantly.

Risk profile

Reference is made to our 2016 Annual Report (pages 57 - 75). 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 decreased to EUR 127 million, due to the seasonality and the dividend payment in June.

Outlook for 2017

The Netherlands will return to revenue growth from Q3 onwards, and Germany will continue to grow. For Global Business we expect revenue to remain flat for the next couple of months until the impact of our initiatives becomes visible. There is some uncertainty around the timing of the first revenues from these initiatives, but we expect to achieve an EBIT of at least EUR 15 million for the full year.

Jan Arie van Barneveld, CEO of Brunel International N.V.: "We knew the first half year would be tough, but we have reached the bottom of the trough sooner than expected. Our actual performance has been improving day by day. With Europe on a growth track, and all the initiatives in Global Business, I'm confident that we will return to sustainable growth pretty quickly"

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, 18 August 2017 Brunel International N.V.

Jan Arie van Barneveld (CEO) Peter de Laat (CFO)



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 10,000 employees and annual revenue of EUR 0.9 billion (2016). 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

3 November 2017 Trading update Q3 2017

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.



Appendix to the press release 18 August 2017 Interim figures first half 2017

Financial Highlights for the period ended 30 June (unaudited)

(EUR 1000)	H1 2017	H1 2016	Change %
Revenue	385,323	469,646	-18%
Gross Profit	86,932	95,635	-9%
EBIT	4,555	16,613	-73%
Group result after tax	674	8,778	-92%
Non-controlling interests	-175	-337	-48%
Net income for the year	499	8,441	-94%
Gross profit as % of revenue	22.6%	20.4%	-
Net result as % of revenue	0.1%	1.8%	-
<u>Workforce</u>			
Average directs (average-YTD)	9,093	9,629	-6%
Average indirects (average-YTD)	1,478	1,526	-3%
Total	10,571	11,155	-5%
Direct employees (period end)	9,260	9,206	1%
Indirect employees (period end)	1,492	1,509	-1%
Total	10,752	10,715	0%
Earnings per share (in euro)			
Earnings per share for ordinary	0.01	0.17	
shareholders Diluted earnings per share	0.01	0.17	
Weighted average number of ordinary shares for the purpose of basic earnings per share	50,421,624	50,185,624	
Weighted average number of ordinary shares for the purpose of diluted earnings per share	51,120,624	50,487,624	



Consolidated profit & loss account for the period ended 30 June (unaudited)

Revenue 385,323 Direct personnel expenses 298,391 Gross Profit 86,932	469,646 374,011 95,635 50,905	-18% -20% -9%
• • •	95,635	
Gross Profit 86,932	•	-9%
	50,905	
Indirect personnel expenses 52,833		4%
Depreciation and amortisation 4,132	4,113	0%
Other expenses 25,412	24,004	6%
Total operating costs 82,377	79,022	4%
EBIT 4,555	16,613	-73%
Financial income and expense -992	-1,405	-29%
Share of profit of investments accounted for using the equity method	-1,064	-25%
Group result before tax 2,765	14,144	-80%
Tax 2,091	5,366	-61%
Group result after tax 674	8,778	-92%
Attributable to:		
Net income attributable to equity holders of the parent (ordinary shares) 499	8,441	-94%
Net income attributable to non-controlling interest 175	337	-94% -48%
Group result after tax 674	8,778	-92%



Consolidated statement of comprehensive income for the period ended 30 June (unaudited)

(EUR '	(000)
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EUR 000)	H1 2017	H1 2016
Net income	674	8,778
Other comprehensive income Items that may be reclassified subsequently to profit or loss		
Exchange differences arising on translation of foreign operations	-7,891	-2,260
Income tax relating to components of other comprehensive income	383	531
Total other comprehensive income (net of tax)	-7,508	-1,729
Total comprehensive income	-6,834	7,049
Attributable to:		
Ordinary shareholders	-7,060	6,744
Non-controlling interest	226	305
Total comprehensive income	-6,834	7,049



Consolidated balance sheet (unaudited)

(EUR '000)	30 June 2017		31 Decemb	31 December 2016	
Non-current assets					
Goodwill	4,172		4,265		
Other intangible assets	11,897		13,905		
Property, plant and equipment	7,013		7,301		
Financial assets	-		-		
Deferred income tax assets	11,286		10,563		
Total non-current assets		34,368		36,034	
Current assets					
Trade and other receivables	188,607		204,506		
Income tax receivables	10,814		9,922		
Cash and cash equivalents	126,556		149,233		
Total current assets		325,977		363,661	
Total assets		360,345		399,695	
Non-current liabilities					
Provisions	789		603		
Deferred income tax liabilities	553		553		
Long-term liabilities	834		922		
Total non-current liabilities		2,176		2,078	
Current liabilities					
Current liabilities	90,895		100,785		
Income tax payables	747		3,146		
Total current liabilities		91,642		103,931	
Total liabilities		93,818		106,009	
Net assets		266,527		293,686	
Group equity					
Share capital	1,513		1,512		
Share premium	83,787		83,548		
Reserves	181,767		198,042		
Unappropriated result	499		10,050		
Non-controlling interest	211		534		
Total equity		266,527		293,686	



Consolidated statement of changes in shareholders' equity (unaudited)

(2011 000)	2017			2016		
	Attributable to ordinary shareholders	Non- controlling interest	Total	Attributable to ordinary shareholders	Non- controlling interest	Total
Balance at 1 January	293,152	534	293,686	347,271	456	347,727
Net income Exchange differences arising on translation of	499	175	674	8,441	337	8,778
foreign operations Income tax relating to components of other	-7,942	51	-7,891	-2,228	-32	-2,260
comprehensive income	383		383	531	0	531
Total comprehensive income	-7,060	226	-6,834	6,744	305	7,049
Cash dividend	-20,172	-549	-20,721	-75,500	-386	-75,886
Share based payments	157		157	300	0	300
Option rights exercised	240		240	6,645	0	6,645
Balance at 30 June	266,316	211	266,527	285,460	375	285,835



Consolidated Cash flow statement (unaudited)

Lor (000)	H1 2017	H1 2016
Cash flow from operating activities		
Result before tax	2,765	14,144
Adjustments for:		
Depreciation and amortisation	4,132	4,113
Interest income	-328	-378
Interest expense	51	45
Share of loss/(profit) from associates	798	1,064
Other non-cash expenses	676	628
Share based payments	457	1,200
Changes in:		
Receivables	5,036	19,411
Provisions	-	240
Long-term liabilities	-88	-
Current liabilities	-2,842	-2,535
	10,657	37,932
Income Tax paid	-7,696	-12,643
Interest paid	-102	-46
Interest received	293	375
Cash flow from operating activities	3,155	25,618
Cash flow from investing activities		
Additions to property, plant and equipment	-1,029	-593
Additions to intangible fixed assets	-908	-2,907
Disposals of property, plant and equipment	-41	72
	-1,978	-3,428
Cash flow from financial activities		
Issue of new shares	240	6,645
Dividend non-controlling interest	-549	-386
Dividend ordinary shareholders	-18,922	-70,835
	-19,231	-64,577
Total cash flow	-18,054	-42,387
Cash position at 1 January	149,233	180,037
Exchange rate fluctuations	-4,623	-694
Cash position at 30 June	126,556	136,956



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 2017 include the company and its subsidiaries (together called 'the Group').

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 2016.

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 2016.

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 2016.

Fair value and fair value estimation

The fair values of our monetary assets and liabilities as at 30 June 2017 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.

Income tax charge

The effective tax rate for the six-month period ended on 30 June 2017 is 75.6% (H1 2016: 37.9%), and is based on the estimated average annual tax rate for the whole year 2017 (actual effective tax rate for FY 2016: 56.2%).



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 50,429,624 ordinary shares.

Number of shares issued as at 31 December	
2016	50,413,624
Shares issued in period ended 30 June 2017	16,000
Number of shares issued as at 30 June 2017	50,429,624

Dividend

During the interim period, an ordinary dividend of EUR 0.20 per share and an additional dividend of EUR 0.20 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 2017	H1 2016	
Weighted average number of ordinary shares for the purpose of basic earnings per share	50,421,624	50,185,624	
Effect of dilutive potential ordinary shares from share based payments	699,000	302,000	
Weighted average number of ordinary shares for the purpose of diluted earnings per share	51,120,624	50,487,624	



Segment reporting (unaudited)

Reportable segments

(EUR '000)

	Reven	<u>ue</u>	<u>EBIT</u>		Total as	<u>sets</u>
	H1 2017	H1 2016	H1 2017	H1 2016	H1 2017	H1 2016
-	1	I	ı	ı	ı	ı
Global Business *	163,182	248,343	(3,948)	2,318	194,651	246,215
Europo						
Europe						
Germany	108,349	102,484	10,073	11,260	68,886	63,360
Netherlands	94,511	100,919	3,159	7,714	47,166	45,417
Other regions	19,280	17,900	59	147	49,642	62,762
Total Europe	222,140	221,303	13,291	19,121	165,694	171,539
I localla cada d			(4.700)	(4.000)		
Unallocated	-	-	(4,789)	(4,826)	-	-
Total	385,323	469,646	4,555	16,613	360,345	417,754

^{*}Included in Global Business revenue is EUR 6 million (2016: EUR 6 million) revenue generated in The Netherlands.

Employees

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

Average workforce

· ·	H1 20	17	H1 2016		
	Direct	Indirect	Direct	Indirect	
Global Business	4,351	507	4,911	613	
Europe					
Germany	2,265	412	2,160	416	
Netherlands	2,153	437	2,224	381	
Other regions	324	72	334	73	
Total Europe	4,742	921	4,718	870	
Unallocated	-	50	-	43	
Total	9,093	1,478	9,629	1,526	
Total workforce	10,57	'1	11,15	5	

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Workforce at 30 June

	2017		2016	
	Direct	Indirect	Direct	Indirect
Global Business	4,463	507	4,511	596
Europe				
Germany	2,280	427	2,210	408
Netherlands	2,181	434	2,144	384
Other regions	336	71	341	74
Total Europe	4,797	932	4,695	866
Unallocated	-	53	_	47
Total	9,260	1,492	9,206	1,509
Total workforce	10,75	2	10,7	15



Other segment information (unaudited)

(EUR '000)

,	<u>Revenue</u>		<u>EBIT</u>		
	H1 2017	H1 2016	H1 2017	H1 2016	
	1	T.	ı	ı	
Engineering	161,434	149,278	11,814	14,060	
Global Business	163,182	248,343	(3,948)	2,318	
IT	33,794	34,680	11,814	3,047	
Unallocated	26,913	37,346	(15,125)	(2,812)	
Total	385,323	469,646	4,555	16,613	

Employees

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

Average workforce

	H1 2017		H1	2016
	Direct	Indirect	Direct	Indirect
	1	l	l	l
Engineering	3,328	597	3,127	574
Global Business	4,351	507	4,911	613
IT	770	116	780	112
Unallocated	644	258	811	227
Total	9,093	1,478	9,629	1,526

Workforce at 30 June

	2017		2016	3
	Direct	Indirect	Direct	Indirect
Engineering	3.365	609	3,181	571
Global Business	4,463	507	4,511	596
IT	763	118	780	114
Unallocated	669	258	734	228
Total	9,260	1,492	9,206	1,509