

Press Release

Brunel International N.V.: “Strong fourth quarter in Europe; rightsizing the Energy organisation”

Amsterdam, 4 March 2016

Key points Q4 2015

- Revenue down by 19% to EUR 287 million
- Gross margin up to 20.1% from 18.4%
- Operating costs down by 14% to EUR 40 million; 21% down in Energy
- EBIT down by 7% to EUR 18 million

Key points FY 2015

- Revenue down by 11% at EUR 1,229 million
- Gross margin at 18.7% from 18.0%
- Operating costs flat at EUR 174 million, down by EUR 4 million in constant currencies
- EBIT down by 25% to EUR 56 million
- Net profit at EUR 38 million
- Proposed dividend EUR 0.75 per share (2014: EUR 0.70) and a super dividend of EUR 0.75 per share

Brunel International (unaudited)

P&L amounts in EUR million

	Q4 2015	Q4 2014	Change %	FY 2015	FY 2014	Change %
Revenue	287.2	356.7	-19%	1,228.9	1,386.6	-11%
Gross Profit	57.6	65.6	-12%	230.0	249.0	-8%
Gross margin	20.1%	18.4%		18.7%	18.0%	
Operating costs	40.0	46.5	-14%	173.9	174.3	0%
EBIT	17.6	19.1	-7%	56.1	74.7	-25%
EBIT %	6.1%	5.3%		4.6%	5.4%	
Average direct	10,604	12,041	-12%	10,894	12,101	-10%
Average indirect	1,539	1,663	-7%	1,601	1,624	-1%
Ratio direct / Indirect	6.9	7.2		6.8	7.5	

^a -16% at constant currencies

^b -3% at constant currencies

^c -22% at constant currencies

^d -16% at constant currencies

Q4 2015 results

Revenue

Two top line trends are visible in the fourth quarter: the European top line continued to increase, with a strong increase in The Netherlands and Germany back to growth after three consecutive quarters of revenue decrease. Adjusted for the additional working days, revenue growth for Europe is 8%. The top line in the Oil & Gas division however continued to decrease, in line with the expectations and following the negative sentiment in Oil & Gas.

Gross Profit

As a result of the change in business mix with relatively high margins in Europe compared to Oil & Gas, the gross margin improved by 1.7ppt to 20.1%.

Operating Costs

We have been able to reduce the operating costs by 14% in the fourth quarter. Our Global IT implementation has been rolled out progressively, enabling us to improve service levels and become more efficient and cost effective. In addition, following the downturn in the Oil & Gas division, we have taken various fine tuning measures including redundancies to align the organisation with the reduced business volume. On top of that, our marketing spend has been reduced.

EBIT

The same trend is visible in the profitability, where EBIT in Europe grew significantly, while the drop in Oil & Gas was strong too. Overall EBIT decreased by 7% to EUR 18 million in the fourth quarter.

Q4 2014 results by division

Brunel Oil & Gas (unaudited)

P&L amounts in EUR million

	Q4 2015	Q4 2014	Change %	FY 2015	FY 2014	Change %
Revenue	174.3	254.2	-31%	813.7	981.7	-17%
Gross Profit	20.2	32.6	-38%	96.3	118.0	-18%
Gross margin	11.6%	12.8%		11.8%	12.0%	
Operating costs	15.1	18.9	-20%	67.3	68.5	-2%
EBIT	5.0	13.7	-63%	29.0	49.5	-41%
EBIT %	2.9%	5.4%		3.6%	5.0%	
Average directs	5,808	7,473	-22%	6,333	7,624	-17%
Average indirects	649	785	-17%	707	771	-8%
Ratio direct / Indirect	9.0	9.5		9.0	9.9	

^a -23% at constant currencies

^b -8% at constant currencies

^c -35% at constant currencies

^d -23% at constant currencies

The Oil & Gas division consist of the Energy division and the Projects division.

Brunel Energy (unaudited)

P&L amounts in EUR million

	Q4 2015	Q4 2014	Change %	FY 2015	FY 2014	Change %
Revenue	150.7	210.1	-28%	696.6	806.0	-14%
Gross Profit	17.6	28.4	-38%	83.8	100.4	-16%
Gross margin	11.7%	13.5%		12.0%	12.5%	
Operating costs	14.0	17.7	-21%	63.1	63.8	-1%
EBIT	3.6	10.8	-66%	20.7	36.6	-43%
EBIT %	2.4%	5.1%		3.0%	4.5%	
Average directs	5,506	6,954	-21%	5,905	7,013	-16%
Average indirects	626	757	-17%	683	745	-8%
Ratio direct / Indirect	8.8	9.2		8.6	9.4	

^a -21% at constant currencies

^b -8% at constant currencies

^c -33% at constant currencies

^d -24% at constant currencies

Revenue

The downward trend in the Energy division continued in the fourth quarter. Our operations in the Americas and Europe & Africa have felt the downturn in the oil price first, since the main up stream projects are initiated in these regions and therefore project delays, capex cuts and headcount reductions by our clients are felt here in an early stage of the Oil & Gas project cycle. Since Oil & Gas projects are in a later development stage in South East Asia and Australia, we expect a delayed headcount reduction in these regions. In the Middle East however, projects generally have a cost advantage, causing the projects to continue and leaving headcount and top line relatively flat.

Gross Profit

Driven by positive foreign exchange results, the gross margin has been incidentally relatively high in Q4 2014. The current gross margin is more in line with our general business.

Operating Costs

Following the negative top line trend, we have strongly focused on reducing our overhead in the Energy division. Headcount has been reduced significantly compared to December 2014, ending at 166 indirect employees less in December 2015. Both the more efficient operations in our back office due to continued investments in the IT structure and the reduced workload due to the reduced number of contractors enabled us to run our operations more effectively at lower costs. Therefore, we were able to bring our overhead down by 24% in constant currencies.

The full impact of the restructuring will be seen from Q1 2016 onwards.

EBIT

The fact that the EBIT dropped to EUR 4 million (65%), is partly caused by the fact that part of the cost savings have only become effective during the fourth quarter.

Brunel Projects (unaudited)

P&L amounts in EUR million

	Q4 2015	Q4 2014	Change %	FY 2015	FY 2014	Change %
Revenue	23.7	44.1	-46% ^c	117.0	175.6	-33% ^a
Gross Profit	2.6	4.1	-38%	12.5	17.6	-29%
Gross margin	10.8%	9.4%		10.7%	10.0%	
Operating costs	1.1	1.2	-6% ^c	4.2	4.6	-10% ^b
EBIT	1.4	2.9	-51%	8.3	13.0	-36%
EBIT %	6.0%	6.6%		7.1%	7.4%	
Average directs	303	520	-42%	428	611	-30%
Average indirects	23	27	-17%	24	26	-8%
Ratio direct / Indirect	13.5	19.1		17.8	23.5	

^a -33% at constant currencies

^b -11% at constant currencies

^c -45% at constant currencies

^d -4% at constant currencies

Revenue

One of the main projects in the Projects division has been completed in the fourth quarter, leaving only one major project running from Q1 2016 onwards. By the start of 2015 one of the three main projects reduced in seize significantly, having the most impact year on year in the fourth quarter.

EBIT

Despite the volume reduction and following the overhead cost, we were still able to realise an EBIT margin of 6%.

Due to the reduced size of the Projects division, we will not report this division separately anymore going forward.

Brunel Europe (unaudited)

P&L amounts in EUR million

	Q4 2015	Q4 2014	Change %	FY 2015	FY 2014	Change %
Revenue	112.9	102.5	10%	415.3	404.9	3%
Gross Profit	37.1	33.0	13%	133.4	131.1	2%
Gross margin	32.9%	32.2%		32.1%	32.4%	
Operating costs	23.8	25.1	-5%	99.0	95.7	4%
EBIT	13.4	7.9	69%	34.4	35.4	-3%
EBIT %	11.8%	7.7%		8.3%	8.8%	
Average directs	4,796	4,568	5%	4,561	4,477	2%
Average indirects	890	878	1%	894	853	5%
Ratio direct / Indirect	5.4	5.2		5.1	5.2	

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

Brunel Germany (unaudited)

P&L amounts in EUR million

	Q4 2015	Q4 2014	Change %	FY 2015	FY 2014	Change %
Revenue	50.8	48.6	4%	196.4	201.7	-3%
Gross Profit	18.4	17.8	3%	70.1	73.4	-5%
Gross margin	36.2%	36.7%		35.7%	36.4%	
Operating costs	11.9	12.8	-7%	50.7	49.3	3%
EBIT	6.5	5.0	30%	19.4	24.1	-19%
EBIT %	12.8%	10.3%		9.9%	11.9%	
Average directs	2,139	2,164	-1%	2,074	2,171	-4%
Average indirects	426	449	-5%	439	428	3%
Ratio direct / Indirect	5.0	4.8		4.7	5.1	

Revenue

The business in Germany is back on the growth track, breaking a three quarter negative revenue trend. Adjusted for two additional working days, revenue increased by 1%. Our sales organisation is optimising the use of our IT infrastructure and management has become stable and has found the right growth path again. After a difficult start of the year, headcount has shown a continuous growth pattern from May onwards.

Gross Profit

Gross margin was relatively stable compared to Q4 2014.

Operating Costs

Operating costs were down compared to last year by 7%, mainly as a result of lower staff costs, driven by a reduced number of indirect headcount.

EBIT

Driven by the top line growth in combination with the overhead reduction, EBIT for the quarter increased by 30% to EUR 7 million.

Brunel Netherlands (unaudited)

P&L amounts in EUR million

	Q4 2015	Q4 2014	Change %	FY 2015	FY 2014	Change %
Revenue	54.2	46.4	17%	188.4	175.4	7%
Gross Profit	16.9	13.3	27%	55.7	50.7	10%
Gross margin	31.1%	28.7%		29.6%	28.9%	
Operating costs	9.9	10.2	-3%	40.3	38.9	4%
EBIT	6.9	3.1	125%	15.4	11.8	31%
EBIT %	12.8%	6.6%		8.2%	6.7%	
Average directs	2,317	2,068	12%	2,143	1,978	8%
Average indirects	378	350	8%	370	348	6%
Ratio direct / Indirect	6.1	5.9		5.8	5.7	

Revenue

The Netherlands had its best quarter in the history of Brunel and the highest profitability in a quarter since 2007. Adjusted for one additional working day, revenue increased by 15%. Further headcount growth was realised in the IT, Finance and Legal business lines, while the Engineering headcount development was relatively flat during the year.

Gross Profit

The gross margin improved by 2.7ppt to 31.1% in Q4 2015, mainly driven by one additional working day and improved market conditions compared to Q4 2014.

Operating Costs

Operating costs were in line Q4 2015.

EBIT

The leverage effect of the strong headcount and revenue growth, in combination with margin improvement and flat overhead, drove EBIT to increase by 72% to EUR 14 million, reaching an EBIT margin of 12.8%.

Effective tax rate

In 2015 the effective tax rate decreased from 35.1% to 33.6%, mainly as a result of tax adjustments relating to prior years.

Cash position

The December 2015 cash balance amounted to EUR 180 million, mainly driven by strong cash flows, partly as a result of the slowing down of the Oil & Gas division, freeing up cash.

Dividend

At the current level of activities, a cash position of EUR 80 million at year end is sufficient to support our business and pay out dividend. As a result, at 31 December 2015 we have around EUR 100 million of excess cash. We decided not to distribute this entire amount to be able to act in case strategic opportunities arise in the near future. Therefore we propose an additional super dividend of EUR 0.75 per share, on top of the EUR 0.75 of profit distribution.

Outlook

We expect the growth in The Netherlands to continue strongly and the growth in Germany to improve further. Given the negative downward headcount development in 2015 in the Energy division, we expect the negative revenue trend to continue in 2016. The revenue in the Projects division will strongly reduce next year, predominantly after the second quarter.

Jan Arie van Barneveld, CEO of Brunel International N.V.: *"We are very satisfied with the results in our business in The Netherlands: highest headcount and revenue in the history of Brunel is a great milestone. We have put a lot of effort to optimise the sales organisation and are happy to safeguard the results of the investments in the growth in number and quality of our consultants. We are in the driver seat to keep this momentum going. In addition, we believe Germany's way back on the growth track is structural and will improve further.*

In our Energy business we have strategically restructured the operations in various regions and are optimising our organisation on the back of our global IT infrastructure. We are confident that these measures prepared us for the new reality in the Oil & Gas markets."

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 11,000 employees and annual revenue of EUR 1.3 billion (2015). 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

4 May 2016	Trading update for the first quarter 2016
17 May 2016	General meeting of shareholders
19 May 2016	Ex-dividend listing
14 June 2016	Dividend available for payment
19 August 2016	Half year results 2016
4 November 2016	Trading update for the third quarter 2016

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