

Press Release

H1 2014: EBIT increased by 32%, lower growth rate

Amsterdam, 14 August 2014

Key points Q2 2014

- Revenue up by 12% to EUR 341 million
- Gross margin at 16.9%,
- EBIT up by 8% to EUR 14.5 million

Key points H1 2014

- Revenue up by 13% to EUR 681 million
- Gross margin at 17.6%, up from 17.4% last year
- EBIT up by 32% to EUR 35.6 million

Brunel International (unaudited)

P&L amounts in EUR million

	Q2 2014	Q2 2013	Change %	H1 2014	H1 2013	Change %
Revenue	340.6	304.5	12% *	681.4	600.7	13% **
Gross Profit	57.7	52.1	11%	119.7	104.5	15%
Gross margin	16.9%	17.1%		17.6%	17.4%	
Operating cost	43.2	38.6	11%	84.1	77.6	7%
EBIT	14.5	13.5	8%	35.6	26.9	32%
EBIT %	4.3%	4.4%		5.2%	4.5%	
Average directs	11,845	11,013	8%	12,177	10,769	13%
Average indirects	1,603	1,502	7%	1,612	1,501	7%
Ratio direct / Indirect	7.4	7.3		7.6	7.2	

* 18% in constant currency

** 20% in constant currency

H1 2014 results by division

Brunel Oil & Gas (unaudited)

P&L amounts in EUR million

	Q2 2014	Q2 2013	Change %	H1 2014	H1 2013	Change %
Revenue	242.6	210.1	15% *	480.8	410.8	17% **
Gross Profit	28.7	22.8	26%	56.6	43.7	30%
Gross margin	11.8%	10.8%		11.8%	10.6%	
Operating cost	16.7	15.7	6%	32.4	29.6	9%
EBIT	12.0	7.1	68%	24.2	14.1	72%
EBIT %	4.9%	3.4%		5.0%	3.4%	
Average directs	7,343	6,698	10%	7,728	6,484	19%
Average indirects	766	681	12%	779	679	15%
Ratio direct / Indirect	9.6	9.8		9.9	9.5	

* 25% in constant currency

** 27% in constant currency

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

Key points Q2 2014

- Revenue up by 15% to EUR 243 million
- Gross margin 11.8% up from 10.8% last year
- EBIT up by 68% to EUR 12 million

Key points H1 2014

- Revenue up by 17% to EUR 481 million
- Gross margin 11.8% up from 10.6% last year
- EBIT up by 72% to EUR 24 million
- EBIT growth in Projects 133%, in Energy 57% in H1 2014

Brunel Energy (unaudited)

P&L amounts in EUR million

	Q2 2014	Q2 2013	Change %	H1 2014	H1 2013	Change %
Revenue	200.4	183.3	9%*	393.7	348.3	13% **
Gross Profit	24.6	20.2	22%	47.9	38.2	25%
Gross margin	12.3%	11.0%		12.2%	11.0%	
Operating cost	15.6	14.4	8%	30.3	26.9	13%
EBIT	9.0	5.8	55%	17.6	11.3	57%
EBIT %	4.5%	3.2%		4.5%	3.2%	
Average directs	6,846	6,279	9%	7,096	6,067	17%
Average indirects	736	649	13%	749	646	16%
Ratio direct / Indirect	9.3	9.7		9.5	9.4	

* 18% in constant currency

** 22% in constant currency

Revenue

Revenue continued to grow, but at a limited pace due to the developments in the industry and the geopolitical situation. In constant currencies, revenue increased by 22%. All regions achieved double digit growth (constant currencies), except the Americas, which had a flat revenue development. We did not yet see any direct impact from the circumstances in Russia.

Headcount increased by 17% over the first half year.

Gross Profit

A gross margin improvement of 1.3ppt to 12.3% in Q2 2014 represents a global margin improvement across all regions. The gross margin improvement combined with the growth in revenue drove the gross profit increase by 22% to EUR 25 million in Q2 2014.

Operating Costs

The continuous growth is supported by the hiring of additional staff, causing operating costs to increase by 13% in H1 2014.

EBIT

The leverage effect of the growing business in Energy is reflected in the 55% increased EBIT to EUR 9 million, leading to an EBIT margin of 4.5% in Q2 2014.

Brunel Projects (unaudited)

P&L amounts in EUR million

	Q2 2014	Q2 2013	Change %	H1 2014	H1 2013	Change %
Revenue	42.2	26.8	57%	87.1	62.5	39%
Gross Profit	4.1	2.6	61%	8.8	5.4	62%
Gross margin	9.8%	9.5%		10.1%	8.7%	
Operating cost	1.1	1.3	-15%	2.2	2.6	-15%
EBIT	3.0	1.3	122%	6.6	2.8	133%
EBIT %	7.1%	5.0%		7.6%	4.5%	
Average directs	497	419	19%	632	417	52%
Average indirects	30	33	-9%	30	33	-9%
Ratio direct / Indirect	16.8	12.8		21.1	12.6	

Revenue

Q2 2014 was a very successful quarter for the projects division, also due to a weak Q2 in 2013. For the remainder of 2014, the project activity will gradually slow down.

Gross Profit

The gross margin increased to 10.1% in H1 2014; the margin in H1 2013 was relatively low as a result of low margin termination payments for the completion of a large project in Q1 2013. The margin in Q2 2014 has been relatively stable compared to Q2 2013.

Operating Costs

Operating costs decreased to EUR 2.2 million in H1 2014, mainly driven by the reduction of the indirect headcount.

EBIT

Driven by the revenue and margin improvement in 2014 and strengthened by the overhead reduction, EBIT increased by 133% and 122% in H1 2014 and Q2 2014 respectively.

Brunel Europe (unaudited)

P&L amounts in EUR million

	Q2 2014	Q2 2013	Change %	H1 2014	H1 2013	Change %
Revenue	98.0	94.4	4%	200.6	189.9	6%
Gross Profit	29.0	29.3	-1%	63.1	60.8	4%
Gross margin	29.6%	31.1%		31.5%	32.0%	
Operating cost	23.5	21.7	8%	46.7	42.9	9%
EBIT	5.5	7.6	-28%	16.4	17.9	-9%
EBIT %	5.6%	8.1%		8.2%	9.4%	
Average directs	4,501	4,316	4%	4,449	4,286	4%
Average indirects	837	821	2%	833	822	1%
Ratio direct / Indirect	5.4	5.3		5.3	5.2	

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

Key points Q2 2014

- Revenue up by 4% to EUR 98 million
- Gross margin 29.6% down from 31.1% last year
- EBIT down by 28% to EUR 6 million

Key points H1 2014

- Revenue up by 6% to EUR 201 million
- Gross margin 31.5% down from 32.0% last year
- EBIT down by 9% to EUR 16 million
- Strong increase in The Netherlands, marginal revenue increase in Germany
- EBIT dropped in Germany by 9%, in The Netherlands by 4%

Brunel Germany (unaudited)

P&L amounts in EUR million

	Q2 2014	Q2 2013	Change %	H1 2014	H1 2013	Change %
Revenue	48.8	49.3	-1%	100.2	98.7	2%
Gross Profit	16.1	17.0	-5%	35.0	34.9	0%
Gross margin	33.0%	34.5%		34.9%	35.4%	
Operating cost	11.9	11.4	4%	23.8	22.5	6%
EBIT	4.2	5.6	-24%	11.2	12.4	-9%
EBIT %	8.7%	11.3%		11.2%	12.6%	
Average directs	2,186	2,176	0%	2,174	2,161	1%
Average indirects	415	410	1%	413	411	0%
Ratio direct / Indirect	5.3	5.3		5.3	5.3	

Revenue

The first half year of 2014 Germany continued to grow by 2% to EUR 100 million. However, comparing Q2 2014 to Q2 2013, Germany could not continue its growth path and revenue decreased compared to Q2 2013 by 1%. The number of headcount remained flat in 2014. The June 2014 headcount is slightly below the June 2013 headcount.

Gross Profit

Comparing H1 2014 to H1 2013, the revenue increase was offset by a gross margin decrease by 0.5ppt to 34.9% as a result of lower productivity of the direct employees, leading to a flat gross profit development. However, in Q2 2014 the revenue decrease was strengthened by the gross margin drop by 1.5ppt to 33.0%, mainly caused by one less working day.

Operating Costs

Operating costs in the first half year increased by 6%, mostly driven by additional staff and marketing costs. The growth in the net number of account managers is behind plan.

EBIT

EBIT decreased in the second quarter and in the first half 2014 by EUR 1 million, driven by a combination of a lower gross profit in Q2 and increased overhead. Year to date EBIT decreased by 9% to EUR 11 million.

Brunel Netherlands (unaudited)

P&L amounts in EUR million

	Q2 2014	Q2 2013	Change %	H1 2014	H1 2013	Change %
Revenue	42.4	38.5	10%	86.6	77.0	12%
Gross Profit	11.3	10.8	4%	24.9	22.7	10%
Gross margin	26.6%	28.1%		28.7%	29.4%	
Operating cost	9.8	8.5	15%	19.4	16.9	15%
EBIT	1.5	2.3	-36%	5.5	5.8	-4%
EBIT %	3.5%	6.0%		6.4%	7.5%	
Average directs	1,984	1,802	10%	1,947	1,782	9%
Average indirects	345	318	9%	341	318	7%
Ratio direct / Indirect	5.7	5.7		5.7	5.6	

Revenue

Revenue in The Netherlands continued to grow in the second quarter of 2014. The revenue increase in H1 2014 amounts to 12% to EUR 87 million. The drivers are the business lines Finance, ICT and Legal, with the demand for professionals in the banking and insurance sector fuelling the number of placements for Finance. Revenue growth exceeded the growth in average headcount due to a higher productivity in Q1 2014. Average headcount increased by 3% compared to Q1.

Gross Profit

Following the relative growth of the Finance business line, at lower margins compared to the other business lines, total gross margin decreased by 0.7ppt to 28.7% in H1 2014. In addition, the margin dropped as a result of increased share of freelancers with a lower margin compared to own employees. The margin reduction was offset by 1 additional working day in H1 2014. The growth in gross profit in H1 2014 by 10% to EUR 25 million was therefore mainly volume driven.

Operating Costs

In H1 2014 operating costs increased by EUR 2.5 million (15%), mainly as a result of increased staff costs, predominantly driven by the hiring of 75 new account managers to support the expected growth in the near future and additional marketing expenses.

EBIT

As a result of the investment in the sales force, the revenue rise has not yet been sufficient to improve the bottom line as well, leading to an EBIT reduction of 4% to EUR 5.5 million in H1 2014.

Effective tax rate

The effective tax rate has increased from 31.1% in FY 2013 to 33.3% in H1 2014. The negative impact of 2.2ppt is attributable to increased other taxes, mainly non refundable withholding taxes.

Risk profile

Reference is made to our 2013 Annual Report (pages 54 – 58). The reassessment of our risks, especially in the light of the geopolitical situation, has resulted in some adjustments to the likelihood and impact, but we did not identify any additional risks.

Cash position

Brunel's cash position remained strong compared to December 2013 at EUR 88 million, despite the dividend payment of EUR 27 million in June 2014.

Outlook for 2014

For the remainder of 2014, we expect revenue to be in line with H1 2014. The Netherlands will continue to grow, but we expect Energy to be temporary affected by the developments in the industry and the geopolitical situation. EBIT will slightly increase compared to H1 2014, mainly due to the seasonality in Europe, partly offset by the lower activity in Projects. As a result, we expect between 5% and 10% growth in revenue and EBIT for FY 2014.

Jan Arie van Barneveld, CEO of Brunel International N.V.: *"We are reporting good H1 2014 results, but we are very aware of the different challenges we are currently facing in various parts of our business. The awareness within Brunel and the initiatives taken so far give me confidence that we're on the right track for long term growth".*

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, 14 August 2014
Brunel International N.V.

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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 some 14,000 employees and annual revenue of EUR 1,283 million (2013). The company is listed at Euronext Amsterdam N.V. For more information on Brunel International N.V. visit our website www.brunel.net.

Financial Calendar

5 November 2014 Trading update for the third quarter 2014

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.