Press Release

Q2 2019: Continued double digit revenue and EBIT growth (excluding one-off), results impacted by loss on contract in new activities

Amsterdam, 2 August 2019

Key points Q2 2019

- Revenue up by 17% to EUR 258 million
- EBIT (excluding one-off) up by 21% to EUR 5 million
- EBIT EUR 0.5 million negative due to one-off loss of 5.5 million

Key points H1 2019

- Revenue up by 20% to EUR 524 million
- EBIT (excluding one-off) up by 51% to EUR 17 million, reported EBIT up by 3% to EUR 12 million

Jilko Andringa, CEO of Brunel International N.V.: "*We continued to outperform in key markets like Germany and Middle East & India. However, we also incurred a one-off loss in the USA.*

In line with our entrepreneurial spirit, we started an entity to build up new project capabilities in Texas. With this new entity, we won many new projects. One of the initial projects did not go as planned and resulted in a loss. As painful as this is, we used the learnings of this project to improve our team, processes and controls. Supported by the improved settings, this new activity delivers profitable revenue growth.

In the DACH region, we continued to grow, while we experienced some impact from the weakness in the Automotive Industry. This has not reduced headcount and productivity, as we continued to focus on other growth markets, in line with our strategy of diversification. In the Netherlands, despite a revenue decline, we were able to realize a higher EBIT than Q2 last year, as a result of operational control and cost savings.

Overall, Brunel realized strong growth in most of its regions in the first half of 2019. Outside of Europe, we see project activity and our pipeline increasing. Taking into account some project ramp-up time this will lead to continued growth in revenue and profitability".

Brunel International (unaudited)

P&L amounts in EUR million

	Q2 2019	Q2 2018	Δ%		H1 2019	H1 2018	Δ%	
Revenue	258.1	221.3	**17%**	a	524.2	435.1	**20%**	b
Gross Profit	47.0	48.7	**-3%**		106.1	98.7	**8%**	
Gross margin	18.2%	22.0%			20.2%	22.7%		
Operating costs	47.5	44.6	**7%**	c	94.5	87.4	**8%**	d
EBIT	-0.5	4.1			11.6	11.3	**3%**	
EBIT %	-0.2%	1.8%			2.2%	2.6%		
Average directs	12,607	11,889	**6%**		12,797	11,558	**11%**	
Average indirects	1,650	1,539	**7%**		1,630	1,533	**6%**	
Ratio direct / Indirect	7.6	7.7			7.9	7.5		

a 15 % at constant currencies

b 18 % at constant currencies

c 6 % at constant currencies

d 7 % at constant currencies

H1 2019 results by division

P&L amounts in EUR million

Summary:

Revenue	**Q2 2019**	**Q2 2018**	**Δ%**	**H1 2019**	**H1 2018**	**Δ%**
DACH region	69.6	65.8	6%	143.2	130.0	10%
The Netherlands	51.9	54.1	-4%	106.3	110.3	-4%
Australasia	28.6	28.3	1%	57.3	56.0	2%
Middle East & India	28.6	20.3	41%	55.6	39.5	41%
Rest of world	79.4	52.9	50%	161.9	99.4	63%
Total	**258.1**	**221.3**	**17%**	**524.2**	**435.1**	**20%**

EBIT	**Q2 2019**	**Q2 2018**	**Δ%**	**H1 2019**	**H1 2018**	**Δ%**
DACH region	4.3	4.7	-8%	12.8	10.4	24%
The Netherlands	1.6	1.1	39%	4.4	5.3	-18%
Australasia	-0.4	-0.5	23%	-1.0	-0.5	-91%
Middle East & India	2.3	1.7	37%	5.2	3.4	51%
Rest of world	-6.6	-0.4	-1426%	-6.0	-2.3	-160%
Unallocated	-1.7	-2.4	32%	-3.8	-5.0	23%
Total	**-0.5**	**4.1**	**-112%**	**11.6**	**11.3**	**3%**

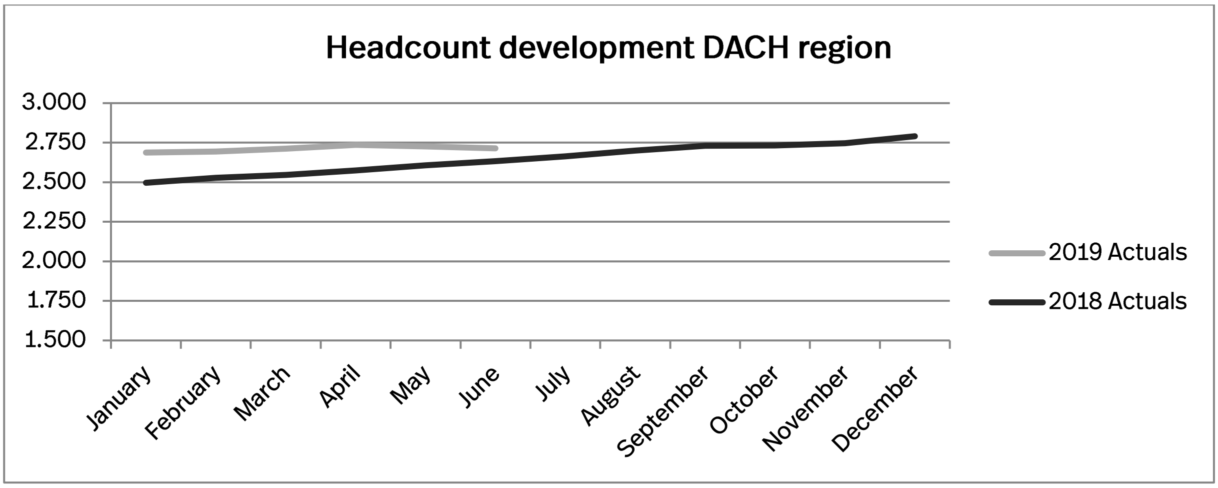
DACH region (unaudited)

P&L amounts in EUR million	Q2 2019	Q2 2018	Δ%	H1 2019	H1 2018	Δ%
Revenue	69.6	65.8	**6%**	143.2	130.0	**10%**
Gross Profit	20.6	20.1	**2%**	45.4	40.7	**11%**
Gross margin	29.6%	30.6%		31.7%	31.3%	
Operating costs	16.3	15.4	**6%**	32.6	30.3	**8%**
EBIT	4.3	4.7	**-8%**	12.8	10.4	**24%**
EBIT %	6.2%	7.1%		9.0%	8.0%	
Average directs	2,725	2,606	**5%**	2,712	2,565	**6%**
Average indirects	516	476	**8%**	509	474	**7%**
Ratio direct / Indirect	5.3	5.5		5.3	5.4	

Revenue

This region includes Germany, Switzerland, Austria and Czech Republic. In Q2 we started to experience some slowdown in the Automotive market, but have been able to balance this through our diversification approach and found projects for our specialists in other market segments.

Revenue per working day increased by 7% in Q2, despite a slightly lower productivity due to vacation. In H1 revenue per working day increased by 11%. Headcount at 30 June 2019 is 3% above last year's headcount and we experienced a 3-4% price increase through the first half of 2019.



Working days

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

Gross Profit

The gross margin adjusted for working days in Q2 is 30.6% (Q2 2018: 30.6%). The gross margin adjusted for working days in H1 is 32.2% (H1 2018: 31.3%). Adjusted for working days, the gross profit in Q2 increased by 7%, or EUR 1.5 million.

Operating costs

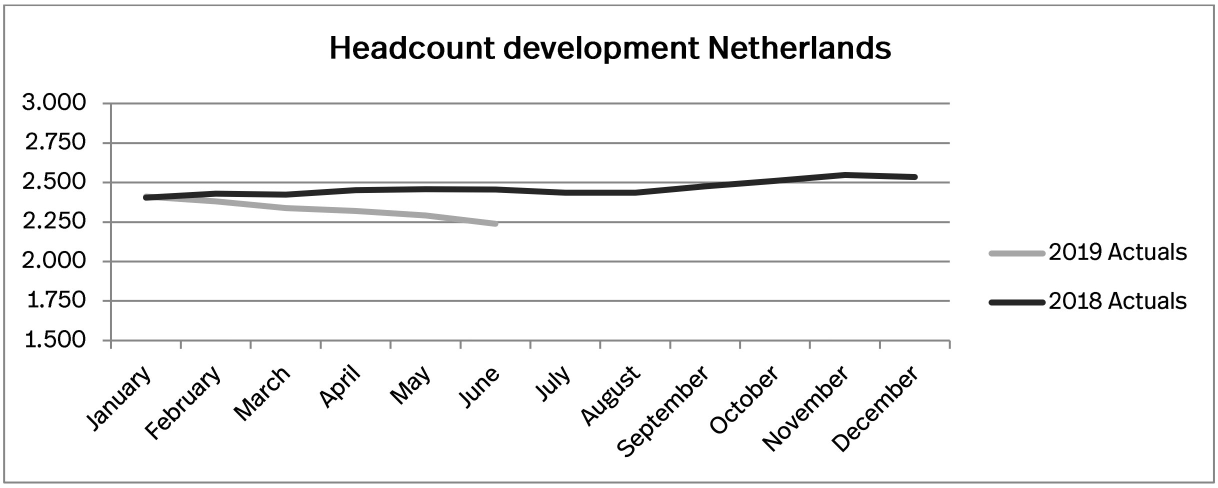
Operating costs in Q2 increased by 6% mainly driven by continued investments in our commercial organization.

Brunel Netherlands (unaudited)

P&L amounts in EUR million	Q2 2019	Q2 2018	Δ%	H1 2019	H1 2018	Δ%
Revenue	51.9	54.1	**-4%**	106.3	110.3	**-4%**
Gross Profit	13.2	14.2	**-7%**	28.3	31.2	**-9%**
Gross margin	25.4%	26.3%		26.6%	28.2%	
Operating costs	11.6	13.1	**-11%**	23.9	25.9	**-8%**
EBIT	1.6	1.1	**39%**	4.4	5.3	**-18%**
EBIT %	3.0%	2.1%		4.1%	4.8%	
Average directs	2,284	2,455	**-7%**	2,330	2,437	**-4%**
Average indirects	417	434	**-4%**	423	428	**-1%**
Ratio direct / Indirect	5.5	5.7		5.5	5.7	

Revenue

Revenue per working day in **the Netherlands** decreased by 6% in Q2. This decline is caused by clients actively taking over our professionals, in combination with challenges to recruit new professionals due to the scarcity in the labour market.



Working days

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

Gross Profit

The gross margin adjusted for working days in Q2 is 24.3% (Q2 2018: 26.3%). The decline in gross margin is mainly caused, as in Q1, by a higher bench and margin pressure. In June the bench returned to a normal level of 4%.

Operating costs

In Q2 the operating costs decreased by EUR 1.5 million as a result of cost saving initiatives and the costs related to digital market initiatives we incurred in 2018.

Australasia (unaudited)

P&L amounts in EUR million	Q2 2019	Q2 2018	Δ%		H1 2019	H1 2018	Δ%	
Revenue	28.6	28.3	**1%**	a	57.3	56.0	**2%**	b
Gross Profit	2.4	2.2	**7%**		4.7	4.6	**3%**	
Gross margin	8.3%	7.8%			8.2%	8.2%		
Operating costs	2.8	2.7	**4%**	c	5.7	5.1	**12%**	d
EBIT	-0.4	-0.5	**23%**		-1.0	-0.5	**-91%**	
EBIT %	-1.4%	-1.8%			-1.7%	-0.9%		
Average directs	908	932	**-3%**		908	928	**-2%**	
Average indirects	85	75	**13%**		85	76	**11%**	
Ratio direct / Indirect	10.7	12.5			10.7	12.2		

a 3 % at constant currencies

b 3 % at constant currencies

c 2 % at constant currencies

d 12 % at constant currencies

Revenue

Australasia includes Australia and Papua New Guinea. Australasia managed to achieve limited growth, even despite a challenging and competitive environment in the mining sector. The growth is mainly driven by our traditional services in the Oil & Gas sector.

Gross Profit

The improved gross margin is mainly the result of our diversification in mining and other types of services.

Operating costs

The increased operating costs reflect our investments in diversification and the sales team.

Middle East & India (unaudited)

P&L amounts in EUR million	Q2 2019	Q2 2018	Δ%		H1 2019	H1 2018	Δ%	
Revenue	28.6	20.3	**41%**	a	55.6	39.5	**41%**	b
Gross Profit	5.2	3.6	**43%**		10.0	7.0	**43%**	
Gross margin	18.0%	17.8%			17.9%	17.6%		
Operating costs	2.9	1.9	**53%**	c	4.8	3.6	**33%**	d
EBIT	2.3	1.7	**37%**		5.2	3.4	**51%**	
EBIT %	8.0%	8.2%			9.3%	8.7%		
Average directs	3,697	3,105	**19%**		3,815	2,749	**39%**	
Average indirects	137	114	**21%**		133	113	**18%**	
Ratio direct / Indirect	27.0	27.3			28.6	24.3		

a 35 % at constant currencies

b 33 % at constant currencies

c 42 % at constant currencies

d 29 % at constant currencies

Revenue

We achieved another very strong quarter in Kuwait, Qatar and India. We continue to see a strong pipeline of work and we expanded by opening new offices in India, and setting up businesses in Oman and Abu Dhabi.

Gross Profit

The gross margin is in line with 2018 and varies based on the relative share of project business versus traditional manpower offerings.

Operating costs

The increase in operating costs is the result of the investments we made in our organisation to support continued strong growth. As a result of the implementation of IFRS 16, an amount of EUR 0.8 million is now recorded under operating costs, which was previously recorded in cost of sales.

Rest of world (unaudited)

P&L amounts in EUR million	Q2 2019	Q2 2018	Δ%		H1 2019	H1 2018	Δ%	
Revenue	79.4	52.9	**50%**	a	161.9	99.4	**63%**	b
Gross Profit	5.8	8.5	**-32%**		17.8	15.3	**17%**	
Gross margin	7.2%	16.1%			11.0%	15.4%		
Operating costs	12.4	8.9	**39%**	c	23.8	17.6	**35%**	d
EBIT	-6.6	-0.4			-6.0	-2.3	**-160%**	
EBIT %	-8.3%	-0.8%			-3.7%	-2.3%		
Average directs	2,992	2,791	**7%**		3,033	2,880	**5%**	
Average indirects	443	386	**15%**		429	387	**11%**	
Ratio direct / Indirect	6.8	7.2			7.1	7.4		

a 44 % at constant currencies

b 57 % at constant currencies

c 35 % at constant currencies

d 32 % at constant currencies

Revenue

Rest of World includes Americas, Russia, Belgium and Asia. The Americas show significant growth, also driven by the entrance to the shale market we obtained with our new activities in Texas. Excluding a one-off loss the Americas has returned to profitability in H1 2019.
In Asia, we see activities on the yards increasing.

Gross Profit

The gross margin decreased significantly due to the lump sum project in the USA. Adjusted for this loss, the gross margin amounts 14.2%, down 1.9 ppt., due to a change in the mix of countries and services.

Operating costs

The operating costs increased to support further growth throughout these regions.

New activities in Texas

In 2017, we started Brunel Industry Services (BIS) in Pasadena, Texas. These activities have provided us access to the shale market and are currently one of the strong drivers of growth, and EBIT contribution.

We encountered a one-off loss on a project for a water treatment plant. After a successful fixed price contract for the maintenance of water treatment tanks in 2017, we were granted a second project in July 2018. This was a EUR 12 million fixed price project for a water treatment plant, based on the design and engineering of our client. Work on this project started in September 2018 and even though we experienced a backlog, project management seemed in control, and the project appeared successful by year-end 2018.

In June 2019, at 55% completion, our new experienced BIS leader and his team had to determine that the project had not advanced as expected. A re-estimate resulted in a EUR 5.5 million loss for the total project until completion which is scheduled in Q1 2020. The loss is recognised in the Q2 results.

The re-estimate is made up of many components, from missing parts in the initial bid, inefficiencies in the performance of the team, resulting in a lack of progress, disadvantageous renegotiations with subcontractors and insufficient project management.

We have replaced the general manager of Brunel Industry Services (BIS), strengthened the organisation, improved processes and procedures, and reduced our risk-appetite in the acceptance of new projects to prevent this type of incidents to occur in the future. Brunel does not have any similar type of contracts anywhere in the world.

Effective tax rate
The effective tax rate in the first half year of 2019 is 52.0% (2018 at 54.4%). Due to the seasonality in our businesses in the Netherlands DACH region and the negative impact from the one-off loss in the USA in Q2, we expect the effective tax rate for the full year to come down significantly to around 35%.

Risk profile
Reference is made to our 2018 Annual Report (pages 93 - 116). 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 60.6 million in line with our expectations, due to the increased working capital as a result of growth, our normal seasonality in our cash flow and the dividend payment in June.

Outlook for 2019
In the DACH region, we expect limited growth in the remainder of the year, with increased profitability. Cost savings in the Netherlands will result in an improved EBIT, despite a decline in revenue. The Middle East will continue its strong performance, whilst the strong growth in the Rest of the World will support a return to profitability in the course of the second half of 2019.

For the full year we expect revenue between EUR 1,025 billion and 1,075 billion and normalized EBIT between EUR 43.5 million and EUR 48.5 million. Including the one-off loss of EUR 5.5 million, we expect the full year EBIT to end up between 38 million and 43 million.

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, 2 August 2019
Brunel International N.V.

Jilko Andringa (CEO)
Peter de Laat (CFO)

Not for publication

For further information:

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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, Global offshore, Operations & Maintenance, Renewable Energy, Automotive, Mining and Infrastructure.

Incorporated in 1975, Brunel has since become a global company with over 14,000 employees and annual revenue of EUR 0.9 billion (2018). 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

1 November 2019	Trading update for the third quarter 2019

Appendix to the press release 2 August 2019

Interim figures first half 2019

Financial Highlights for the period ended 30 June (unaudited)
(EUR '000)

	H1 2019	**H1 2018**	**Δ%**
Revenue	524,244	435,101	*20%*
Gross Profit	106,146	98,671	*8%*
EBIT	11,594	11,283	*3%*
Group result after tax	5,080	5,013	*1%*
Non-controlling interests	500	-416	*220%*
Net income for the year	5,580	4,597	*21%*
Gross profit as % of revenue	20%	23%	
Net result as % of revenue	1%	1%	

<u>Workforce</u>

Average directs (average-YTD)	12,797	11,558	*11%*
Average indirects (average-YTD)	1,630	1,533	*6%*
Total	**14,427**	**13,091**	***10%***
Direct employees (period end)	12,556	12,146	*3%*
Indirect employees (period end)	1,658	1,542	*8%*
Total	**14,214**	**13,688**	***4%***

<u>Earnings per share (in euro)</u>

Earnings per share for ordinary shareholders	0.11	0.09
Diluted earnings per share	0.11	0.09
Weighted average number of ordinary shares for the purpose of basic earnings per share	50,574,624	50,502,124
Weighted average number of ordinary shares for the purpose of diluted earnings per share	50,574,624	50,894,124

Consolidated profit & loss account for the period ended 30 June (unaudited)
(EUR '000)

	H1 2019	**H1 2018**	**Δ%**
Revenue	524,244	435,101	*20%*
Direct personnel expenses	418,098	336,430	*24%*
Gross Profit	**106,146**	**98,671**	***8%***
Staff expenses	62,593	54,800	*14%*
Depreciation and amortisation	11,279	3,524	*220%*
Other expenses	20,680	29,064	*-29%*
Total operating costs	**94,552**	**87,388**	***8%***
EBIT	**11,594**	**11,283**	***3%***
Financial income and expenses	-1,018	-290	*-251%*
Group result before tax	**10,577**	**10,993**	**-4%**
Income tax	5,497	5,980	*-8%*
Group result after tax	5,080	5,013	1%

Attributable to:

Net income attributable to equity holders of the parent (ordinary shares)	5,580	4,597	*21%*
Net income attributable to non-controlling interest	-500	416	*-220%*
Group result after tax	**5,080**	**5,013**	***1%***

Consolidated statement of comprehensive income for the period ended 30 June (unaudited)
(EUR '000)

	H1 2019	H1 2018
Net income	**5,080**	**5,013**
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Exchange differences arising on translation of foreign operations	2,759	-522
Income tax relating to components of other comprehensive income	-84	-114
Total other comprehensive income (net of tax)	2,675	-636
Total comprehensive income	**7,755**	**4,377**
Attributable to:		
Ordinary shareholders	8,232	3,966
Minority interests	-477	411
Total comprehensive income	**7,755**	**4,377**

Consolidated balance sheet (unaudited)
(EUR '000)

	30 June 2019		31 December 2018	
Non-current assets				
Goodwill	8,531		8,492	
Other intangible assets	12,153		13,096	
Right-of-use assets	43,310		-	
Property, plant and equipment	7,333		7,263	
Deferred income tax assets	14,657		14,428	
Total non-current assets		**85,984**		**43,279**
Current assets				
Trade and other receivables	284,038		243,939	
Income tax receivables	3,111		2,284	
Cash and cash equivalents	60,651		106,019	
Total current assets		**347,800**		**352,242**
Total assets		**433,784**		**395,521**
Non-current liabilities				
Provisions	3,236		4,476	
Deferred income tax liabilities	359		397	
Lease liability - non-current portion	29,517		-	
Long-term liabilities	683		1,324	
Total non-current liabilities		**33,795**		**6,197**
Current liabilities				
Lease liability - current portion	14,141		-	
Current liabilities	107,283		104,763	
Income tax payables	869		1,122	
Total current liabilities		**122,293**		**105,885**
Total liabilities		**156,088**		**112,082**
Net assets		**277,696**		**283,439**
Group equity				
Share capital	1,517		1,517	
Share premium	86,145		86,145	
Reserves	185,943		174,533	
Unappropriated result	5,580		20,571	
Non-controlling interest	-1,489		673	
Total equity		**277,696**		**283,439**

Consolidated statement of changes in shareholders' equity (unaudited)
(EUR '000)

	2019			2018		
	Attributable to ordinary shareholders	Non-controlling interest	Total	Attributable to ordinary shareholders	Non-controlling interest	Total
Balance at 1 January	**282,766**	**673**	**283,439**	**268,832**	**136**	**268,968**
Net income	5,580	-500	5,080	4,597	416	5,013
Exchange differences arising on translation of foreign operations	2,736	23	2,759	-517	-5	-522
Income tax relating to components of other comprehensive income	-84		-84	-114		-114
Total comprehensive income	8,232	-477	7,755	3,966	411	4,377
Cash dividend	-12,644	-1,685	-14,329	-7,586	-405	-7,991
Appropriation of result						
Change in IFRS accounting policies	831		831			
Share based payments						
Option rights exercised				2,362		2,362
Balance at 30 June	**279,185**	**-1,489**	**277,696**	**267,574**	**142**	**267,716**

Consolidated Cash flow statement (unaudited)
(EUR '000)

* € 1,000	**Actual H1 2019**	**Actual H1 2018**
Cash flow from operating activities		
Result before tax	10,577	10,994
Adjustments for:		
Depreciation and amortisation	11,279	3,524
Interest income	-236	-257
Interest expense	719	66
Share of loss/(profit) from associates	0	0
Other non-cash expenses	29	-21
Share based payments	0	0
Changes in:		
Receivables	-40,123	-28,737
Provisions	314	-474
Long-term liabilities	0	-72
Current liabilities	340	1,779
	-39,469	**-27,504**
Income tax paid	-7,490	-3,681
Interest paid	-26	-19
Interest received	125	210
Cash flow from operating activities	**-24,492**	**-16,688**
Cash flow from investing activities		
Additions to property, plant and equipment	-1,249	-1,523
Additions to intangible fixed assets	-1,570	-2,485
Disposals of property, plant and equipment	3	34
Disposals of intangible assets	0	0
Acquisition of subsidiaries	0	0
	-2,816	**-3,974**
Cash flow from financial operations		
Issue of new shares	0	2,362
Dividend non-controlling interest	0	-405
Dividend ordinary shareholders	-11,878	-6,448
Repayments of lease liabilities	-7,180	0
	-19,058	**-4,491**
Total cash flow	**-46,366**	**-25,153**
Cash position at 1 January	106,019	125,668
Exchange rate fluctuations	998	-590
Cash position at 30 June	**60,651**	**99,925**

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 2019 include the company and its subsidiaries (together called 'the Group').

Significant events – New activities in Texas
In 2017, we started Brunel Industry Services (BIS) in Pasadena, Texas. These activities have provided us access to the shale market and are currently one of the strong drivers of growth, and EBIT contribution.

We encountered a one-off loss on a project for a water treatment plant. After a successful fixed price contract for the maintenance of water treatment tanks in 2017, we were granted a second project in July 2018. This was a EUR 12 million fixed price project for a water treatment plant, based on the design and engineering of our client. Work on this project started in September 2018 and even though we experienced a backlog, project management seemed in control, and the project appeared successful by year-end 2018.

In June 2019, at 55% completion, our new experienced BIS leader and his team had to determine that the project had not advanced as expected. A re-estimate resulted in a EUR 5.5 million loss for the total project until completion which is scheduled in Q1 2020. The loss is recognised in the Q2 results.

The re-estimate is made up of many components, from missing parts in the initial bid, inefficiencies in the performance of the team, resulting in a lack of progress, disadvantageous renegotiations with subcontractors and insufficient project management.

We have replaced the general manager of Brunel Industry Services (BIS), strengthened the organisation, improved processes and procedures, and reduced our risk-appetite in the acceptance of new projects to prevent this type of incidents to occur in the future. Brunel does not have any similar type of contracts anywhere in the world.

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 2018, except for the change in accounting policy disclosed below.

Change in accounting policy for leases
Brunel applies IFRS 16 ‘Leases’ as of January 1, 2019, using the modified retrospective approach by recognizing the cumulative effect of initially applying the standard in the opening balance sheet as at January 1, 2019. This means that comparative information has not been restated.

The group has elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying IAS 17 and Interpretation 4 Determining whether an Arrangement contains a lease.

The standard requires us to recognize a 'right of use' asset, representing our right to use the underlying asset and a liability, representing our obligation to make lease payments, for almost all lease contracts. The impact on the income statement is that former lease-operating expenses are replaced by depreciation and interest; as a result, key metrics such as operating costs and EBIT changed. Total expenses (depreciation for 'right of use' assets and interest on lease liabilities) are higher in the earlier years of a typical lease and lower in the later years, in comparison with former accounting for operating leases. The main impact on the statement of cash flows is higher cash flows from operating activities, since cash payments for the principal part of the lease liability are classified in the net cash flow from financing activities.

The tax effect from the adjustments from IFRS 16 have been measured and recognized in the relevant period. The change in accounting policy resulted in the recognition of deferred income tax balances.

Reference is made to the below paragraph 'effects from implementation of IFRS 16 'Leases", for further details.

Accounting policy for leases
The Group has various lease arrangements for buildings (such as local head offices and branches), cars, and IT and other equipment. Lease terms are negotiated on an individual basis locally and furthermore subjected to domestic rules and regulations. This results in a wide range of different terms and conditions. At the inception of a lease contract, the Group assesses whether the contract conveys the right to control the use of an identified asset for a certain period in exchange for a consideration, in which case it is identified as a lease. The Group recognizes then a right of use asset and a lease liability at the lease commencement date. Lease related assets and liabilities are measured on a present value basis. Lease related assets and liabilities are subjected to re-measurement when either terms are modified or lease assumptions have changed. Such event results in the lease liability being re-measured to reflect the measurement of the present value of the remaining lease payments, discounted using the discount rate at the moment of the change. The lease assets are adjusted to reflect the change in the re-measured liabilities.

Right of use assets
Right of use assets are measured at costs and at the inception of the lease may include the following components:

• The initial measurement of the lease liability;
• Prepayments before commencement date of the lease;
• Initial direct costs;
• Costs to restore.

The right of use assets are reduced for lease incentives relating to the lease. The right of use assets are depreciated on a straight-line basis over the duration of the contract. In the event that the lease contract becomes onerous, the right of use asset is impaired for the part which has become onerous.

Lease liabilities
Lease liabilities include the net present value of the following components:

• Fixed payments excluding lease incentive receivables;
• Future contractually agreed fixed increases;
• Payments related to renewals or early termination, in case options to renew or for early termination are reasonably certain to be exercised.

The lease payments are discounted using the interest rate implicit in the lease. The discount rate that is used to calculate the present value reflects the interest rate applicable to the lease at inception of the contract. If such rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. The lease liabilities are subsequently increased by the interest costs on the lease liabilities and decreased by lease payments made.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Lease contracts entered into in a currency different than the local functional currency are subjected to periodically foreign currency revaluations which are recognized in the income statement in net finance costs.

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 2018.

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 2018.

Fair value and fair value estimation
The fair values of our monetary assets and liabilities as at 30 June 2019 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.

Effective tax rate
The effective tax rate for the six-month period ended on 30 June 2019 is 52.0% (H1 2018: 54.4%), and is based on the estimated average annual tax rate for the whole year 2019 (actual effective tax rate for FY 2018: 33.7%).

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 50,574,624 ordinary shares.

Number of shares issued as at 31 December	50,574,624
Shares issued in period ended 30 June 2019	-
Number of shares issued as at 30 June 2019	50,574,624

Dividend
During the interim period, an ordinary dividend of EUR 0.25 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 2019	**H1 2018**
Weighted average number of ordinary shares for the purpose of basic earnings per share	50,574,624	50,502,124
Effect of dilutive potential ordinary shares from share based payments	-	392,000
Weighted average number of ordinary shares for the purpose of diluted earnings per share	50,574,624	50,894,124

Effects from implementation of IFRS 16 ‘Leases’
As of January 1, 2019 the Group has recognized new right-of-use assets and respective lease liabilities of EUR 48 million. Operating lease obligation at December 31, 2018 was EUR 48 million. The difference to the lease liability value at initial application is mainly due to application of exemptions for short-term leases and leases of low-value items and discounting of the lease liability on one hand and the additions for extension options on the other hand.

Effects on balance sheet
Due to implementation of IFRS 16, changes were made in the opening balance as per January 1, 2019 where right-of-use assets and lease liabilities are recognized. The cumulative effect of EUR 831,000 of the initial application is added to retained earnings at January 1, 2019. Effects from implementation of IFRS 16 on the balance sheets are shown in the tables below:

	31 December 2018 (IAS 17)	**Impact IFRS 16 adoption**	**1 January 2019 (IFRS 16)**
Non-current assets			
Goodwill	8,492	-	8,492
Other intangible assets	13,096	-	13,096
Right-of-use assets	-	46,230	46,230
Property, plant and equipment	7,263	-	7,263
Financial assets	-	-	-
Deferred income tax assets	14,428	-	14,428
Total non-current assets	**43,279**	**46,230**	**89,509**
Total current assets	**352,242**	**-**	**352,242**
Total assets	**395,521**	**46,230**	**441,751**
Non-current liabilities			
Provisions	4,476	-	4,476
Deferred income tax liabilities	397	-	397
Lease liability - non-current portion	-	32,089	32,089
Long-term liabilities	1,324	-	1,324
Total non-current liabilities	**6,197**	**32,089**	**38,286**
Current liabilities			
Lease liability - current portion	-	14,141	14,141
Current liabilities	104,763	-831	103,932
Income tax payables	1,122	-	1,122
Total current liabilities	**105,885**	**13,310**	**119,195**
Total liabilities	**112,082**	**45,399**	**157,481**
Net assets	**283,439**	**831**	**284,270**
Total equity	**283,439**	**831**	**284,270**

The table below shows the right-of-use asset value related lease liability per type of asset upon application of IFRS 16 and per 30 June 2019:

	30 June 2019	1 January 2019
Right of use asset - Property	36,566	38,825
Right of use asset - Cars	6,620	7,349
Right of use asset - Others	124	56
	43,310	**46,230**
Lease liability - Property	36,837	38,825
Lease liability - Cars	6,697	7,349
Lease liability - Others	124	56
	43,658	**46,230**

Effects on profit and loss account

The impact of this change in accounting policy for leases on our reported results is not significant: the positive impact on our reported EBIT per quarter for 2019 is approximately EUR 300,000. Effects from implementation of IFRS 16 on the profit and loss account are shown in the tables below:

	Reported H1 2019 (IFRS 16)	Impact IFRS 16 adoption	H1 2019 (IAS 17)
Revenue	524,244	-	524,244
Direct personnel expenses	418,098	1,169	419,267
Gross Profit	**106,146**	**-1,169**	**104,977**
Staff expenses	62,593	-	62,593
Depreciation and amortisation	11,279	-7,587	3,692
Other expenses	20,680	7,017	27,697
Total operating costs	**94,552**	**-570**	**93,982**
EBIT	**11,594**	**-599**	**10,995**
Financial income and expenses	-1,018	599	-419
Group result before tax	**10,577**	**-**	**10,577**
Income tax	5,497	-	5,497
Group result after tax	5,080	-	5,080

Segment reporting (unaudited)

Reportable segments
(EUR '000)

	Revenue		EBIT		Total assets	
	H1 2019	**H1 2018**	**H1 2019**	**H1 2018**	**H1 2019**	**H1 2018**
DACH region	143,198	129,955	12,819	10,360	96,391	90,827
The Netherlands	106,344	110,297	4,376	5,306	60,051	58,669
Australasia	57,265	55,983	-951	-497	36,772	36,250
Middle East & India	55,585	39,485	5,174	3,418	67,103	48,782
Rest of world	161,852	99,381	-6,005	-2,313	163,912	114,475
Unallocated	-	-	-3,819	-4,991	9,555	27,711
Total	**524,244**	**435,101**	**11,594**	**11,283**	**433,784**	**376,714**

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

Average workforce	**H1 2019**		**H1 2018**	
	Direct	**Indirect**	**Direct**	**Indirect**
DACH region	2,712	509	2,565	474
The Netherlands	2,330	423	2,437	428
Australasia	908	85	928	76
Middle East & India	3,815	133	2,749	113
Rest of world	3,032	429	2,879	387
Unallocated	-	51	-	55
Total	**12,797**	**1,630**	**11,558**	**1,533**
Total workforce	**14,427**		**13,091**	

Workforce at 30 June	**2019**		**2018**	
	Direct	**Indirect**	**Direct**	**Indirect**
DACH region	2,714	524	2,634	478
The Netherlands	2,239	411	2,455	435
Australasia	930	83	915	74
Middle East & India	3,773	141	3,310	114
Rest of world	2,900	447	2,832	389
Unallocated	-	52	-	52
Total	**12,556**	**1,658**	**12,146**	**1,542**
Total workforce	**14,214**		**13,688**	

Other segment information (unaudited)
(EUR '000)

	Revenue	
	H1 2019	**H1 2018**
Oil & Gas	204,677	145,408
Automotive	52,387	52,395
Infrastructure	32,128	23,155
Mining	28,593	25,440
Engineering	131,846	115,364
Other	74,613	73,339
Total	**524,244**	**435,101**