Brunel

Brunel reports continued strong revenue and EBIT growth

Amsterdam, 29 July 2022 – Brunel International N.V. (Brunel; BRNL), a global provider of flexible workforce solutions and expertise, today announced its second quarter 2022 results.

Key points Q2 2022

- Revenue up 35% to EUR 289 million, 19% like-for-like;
- EBIT up 31% to EUR 10.0 million, 24% like-for-like;
- Strategy execution ahead of plan: continued strong headcount growth;
- Divestment of Russian operations completed;
- Taylor Hopkinson integration on track, resulting in accelerated growth.

Key points H1 2022

- Revenue up 32% to EUR 564 million, 19% like-for-like;
- EBIT up 40% to EUR 25.7 million, 35% growth like-for-like;
- Gross profit increase of 25% compared to H1 2021.

Jilko Andringa, CEO of Brunel International N.V.:

"Following the strong start in the first quarter of the year, we continued on our growth path and have delivered another strong quarter with double digit like-for-like revenue and EBIT growth. Our growth is visible across all regions with Asia and Australia showing a particularly strong acceleration. We have successfully developed a capability structure, with new and upgraded solutions that fit the future needs of our chosen client segments. This leads to profitable growth, both today and for the quarters and years to come.

According to plan, we completed the earlier announced sale of our Russian operations to local management. We like to thank our former colleagues for their commitment and contributions over the last 20 years.

In addition, we are close to completing the post-merger integration of Taylor Hopkinson. The number of projects in the renewable energy market is increasing very rapidly. Our new colleagues from Taylor Hopkinson continue to outperform their plan, strengthening our position in this market. We also see growth accelerating in our other energy markets, and mining.

Besides a strong growth of our contribution to the energy transition, we are also making progress on other ESG targets. Our Brunel Foundation arranged that we planted a tree in the Brunel Foundation Forest for each Bruneller in the world. Combined with several other joint initiatives with clients and stakeholders, the Brunel Foundation Forest now has 15,000 new trees planted. With our other ESG initiatives and our commitment to be a net zero emission company this year, we aim to contribute to our client's energy transition and to a more sustainable world.

We continue to see increased demand for specialists for many pioneering projects. The future ahead is bright, our chosen markets show high levels of investment and we are confident we have the right team in place to deliver upon our plans, and more."

ESG strategy

Our diversification strategy with a primary focus on the renewables sector is testament to our commitment to contribute to our clients' energy transition.

Consistent with our commitments to a more sustainable world and our updated ESG strategy we are accelerating our efforts to reduce our CO_2 emission, whilst we continue to offset the remainder. Our largest region DACH has implemented a 100% electrical vehicle policy as per this quarter for their lease fleet, well ahead of the original deadline of 2025.

Brunel International (unaudited)

P&L amounts in EUR million	Q2 2022	Q2 2021	Δ%	H1 2022	H1 2021	Δ%
Revenue	289.1	214.1	**35%** [a]	563.7	427.1	**32%** [d]
Gross Profit	59.0	47.5	**24%**	120.9	96.8	**25%**
Gross margin	20.4%	22.2%		21.4%	22.7%	
Operating costs	48.0	39.9	**20%** [b]	93.1	78.5	**19%** [e]
Operating result	11.0	7.6	**46%**	27.8	18.3	**52%**
Earn out related share based payments*	1.0	-		2.1	-	
EBIT	10.0	7.6	**31%** [c]	25.7	18.3	**40%** [f]

EBIT %	3.5%	3.6%		4.6%	4.3%	
Average directs	11,356	9,626	**18%**	11,295	9,458	**19%**
Average indirects	1,446	1,299	**11%**	1,441	1,305	**10%**
Ratio direct / indirect	7.9	7.4		7.8	7.2	

a 19 % at like-for-like *d 19 % at like-for-like*

b 9 % at like-for-like *e 8 % at like-for-like*

c 24 % at like-for-like *f 35 % at like-for-like*

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

**Relates to the acquisition related expenses for Taylor Hopkinson*

H1 2022 results by division
P&L amounts in EUR million

Summary:

Revenue	**Q2 2022**	**Q2 2021**	**Δ%**	**H1 2022**	**H1 2021**	**Δ%**
DACH region	55.1	53.4	3%	113.5	109.2	4%
The Netherlands	45.9	45.0	2%	94.8	92.1	3%
Australasia	39.6	24.7	60%	73.6	49.9	47%
Middle East & India	34.9	25.0	40%	65.8	50.2	31%
Americas	35.2	23.5	50%	67.7	43.8	55%
Rest of world	78.4	42.5	85%	148.4	81.9	81%
Total	**289.1**	**214.1**	**35%**	**563.7**	**427.1**	**32%**

EBIT	**Q2 2022**	**Q2 2021**	**Δ%**	**H1 2022**	**H1 2021**	**Δ%**
DACH region	3.8	3.4	11%	10.6	9.4	14%
The Netherlands	2.7	3.2	-16%	7.9	7.3	9%
Australasia	0.8	0.2	325%	1.0	0.2	369%
Middle East & India	3.1	2.1	49%	6.2	4.5	37%
Americas	0.5	0.2	147%	0.9	0.1	1390%
Rest of world	2.1	1.6	35%	5.0	2.9	75%
Unallocated	-3.0	-3.0	1%	-5.9	-5.9	0%
Total	**10.0**	**7.6**	**31%**	**25.7**	**18.3**	**40%**

In Q2 2022 the Group's revenue increased by 35% or EUR 75 million y-o-y, driven by all regions, with the largest growth in Rest of World and Australasia. Within Rest of World, Asia and Taylor Hopkinson are the largest contributors. The energy transition and the current high commodity prices result in a strong increase in project activity in our energy and mining markets. In traditional energy, a huge number of final investment decisions (FID) is expected for this year, promising a very high activity level for the years to come. In renewable energy, the market growth continues to accelerate, as expected, but also due an increased need to speed up the energy transition due to the current circumstances.

The gross margin decreased by 1.8 percentage points in Q2 2022, mainly due to a change in the mix between low to modest growth, higher margin business in Europe and fast growth, lower margin business in the other regions.

The leverage effect of strong growth in combination with our cost management resulted in an EBIT increase of 31% or EUR 2.4 million y-o-y. Like-for-like, EBIT increased by 24%.

PERFORMANCE BY REGION

DACH region (unaudited)

P&L amounts in EUR million

	Q2 2022	**Q2 2021**	**Δ%**	**H1 2022**	**H1 2021**	**Δ%**
Revenue	55.1	53.4	**3%**	113.5	109.2	**4%**
Gross Profit	18.4	17.6	**5%**	39.5	37.2	**6%**
Gross margin	33.5%	32.9%		34.8%	34.0%	
Operating costs	14.6	14.2	**3%**	28.9	27.8	**4%**

EBIT	3.8	3.4	**11%**	10.6	9.4	**14%**
EBIT %	6.8%	6.3%		9.4%	8.6%	
Average directs	2,014	1,935	**4%**	1,999	1,918	**4%**
Average indirects	402	385	**4%**	395	381	**4%**
Ratio direct / indirect	5.0	5.0		5.1	5.0	

The **DACH** region includes Germany, Switzerland, Austria and Czech Republic. Revenue in the region increased by 3% mainly driven by higher rates and headcount, partly offset by a lower productivity due to illness. In Q2 the Omicron wave in Germany is visible in the illness rates, and limiting the increase in gross margin to 0.6 percentage points.

Headcount as of 30 June was 2,033.

Working days Germany:

	Q1	Q2	Q3	Q4	FY
2022	64	60	66	62	252
2021	63	60	66	65	254

Brunel Netherlands (unaudited)

P&L amounts in EUR million	Q2 2022	Q2 2021	Δ%	H1 2022	H1 2021	Δ%
Revenue	45.9	45.0	**2%**	94.8	92.1	**3%**
Gross Profit	12.7	12.6	**1%**	27.6	26.1	**6%**
Gross margin	27.6%	27.9%		29.1%	28.3%	
Operating costs	10.0	9.4	**6%**	19.7	18.8	**5%**
EBIT	2.7	3.2	**-16%**	7.9	7.3	**9%**
EBIT %	5.9%	7.2%		8.3%	7.9%	
Average directs	1,669	1,720	**-3%**	1,673	1,727	**-3%**
Average indirects	278	277	**0%**	277	289	**-4%**
Ratio direct / indirect	6.0	6.2		6.0	6.0	

In **The Netherlands** the revenue growth of 2% is driven by higher rates, partially offset by a lower headcount. The gross margin decreased with 0.3 percentage points as we witnessed higher illness rates in Q2 2022. Operating costs increased due to a higher spend on marketing and events.

Headcount as of 30 June was 1,673.

Working days per Q 2022 / 2021:

	Q1	Q2	Q3	Q4	FY
2022	64	61	66	64	255
2021	63	61	66	66	256

Australasia (unaudited)

P&L amounts in EUR million	Q2 2022	Q2 2021	Δ%	H1 2022	H1 2021	Δ%
Revenue	39.6	24.7	**60%** a	73.6	49.9	**47%** d
Gross Profit	4.0	2.6	**51%**	7.0	5.0	**41%**
Gross margin	10.0%	10.6%		9.6%	10.0%	
Operating costs	3.2	2.4	**33%** b	6.0	4.8	**25%** e
EBIT	0.8	0.2	**325%** c	1.0	0.2	**369%** f
EBIT %	2.0%	0.8%		1.3%	0.4%	
Average directs	1,351	958	**41%**	1,303	932	**40%**
Average indirects	105	87	**21%**	103	85	**21%**
Ratio direct / indirect	12.9	11.0		12.7	11.0	

a 50 % like-for-like

b 24 % like-for-like

c 281 % like-for-like

d 41 % at like-for-like

e 23 % at like-for-like

f 312 % at like-for-like

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

Australasia includes Australia and Papua New Guinea. We saw strong growth in this region which is the result of the investments made in our organisation, markets opening up for expats again and a favourable currency effect. Gross margin decreased slightly due to changes in the client mix, while EBIT % increased due to leverage effects in the operating costs base.

Middle East & India (unaudited)

P&L amounts in EUR million	Q2 2022	Q2 2021	Δ%	H1 2022	H1 2021	Δ%
Revenue	34.9	25.0	**40%** a	65.8	50.2	**31%** d
Gross Profit	5.5	4.0	**39%**	10.7	8.1	**33%**
Gross margin	15.7%	15.8%		16.3%	16.1%	
Operating costs	2.4	1.9	**26%** b	4.5	3.6	**25%** e
EBIT	3.1	2.1	**49%** c	6.2	4.5	**37%** f
EBIT %	9.0%	8.4%		9.4%	9.0%	
Average directs	2,205	2,022	**9%**	2,192	2,050	**7%**
Average indirects	133	125	**7%**	132	125	**5%**
Ratio direct / indirect	16.5	16.2		16.7	16.4	

a 24 % like-for-like *d 19 % at like-for-like*
b 15 % like-for-like *e 18 % at like-for-like*
c 31 % like-for-like *f 23 % at like-for-like*
Like-for-like is measured excluding the impact of currencies and acquisitions

Middle East & India includes Qatar, Kuwait, Dubai, Oman, Kurdistan, Iraq and India. We continue to see growth in almost all countries from new projects and extensions in the region, with only Kuwait trailing slightly. Our existing organisation is capable to manage this growth efficiently, resulting in an increase in EBIT %.

Americas (unaudited)

P&L amounts in EUR million	Q2 2022	Q2 2021	Δ%	H1 2022	H1 2021	Δ%
Revenue	35.2	23.5	**50%** a	67.7	43.8	**55%** d
Gross Profit	4.8	3.0	**60%**	9.0	5.6	**60%**
Gross margin	13.7%	12.8%		13.3%	12.9%	
Operating costs	4.3	2.8	**54%** b	8.1	5.5	**47%** e
EBIT	0.5	0.2	**147%** c	0.9	0.1	**1390%** f
EBIT %	1.5%	0.9%		1.4%	0.1%	
Average directs	906	826	**10%**	883	793	**11%**
Average indirects	121	102	**18%**	118	101	**16%**
Ratio direct / indirect	7.5	8.1		7.5	7.8	

a 33 % like-for-like *d 40 % at like-for-like*
b 37 % like-for-like *e 32 % at like-for-like*
c 119 % like-for-like *f 1132 % at like-for-like*
Like-for-like is measured excluding the impact of currencies and acquisitions

In the **Americas** we continue to see strong growth in our main markets USA, Canada and Brazil. The growth is mainly driven by higher rates, new project wins and a favourable currency effect. EBIT % shows and upward trend, driven by the revenue and margin increase.

Rest of world (unaudited)

P&L amounts in EUR million	Q2 2022	Q2 2021	Δ%	H1 2022	H1 2021	Δ%
Revenue	78.4	42.5	**85%** a	148.4	81.9	**81%** d
Gross Profit	13.7	7.7	**77%**	27.0	14.8	**82%**
Gross margin	17.4%	18.2%		18.2%	18.1%	
Operating costs	10.6	6.1	**74%** b	19.9	11.9	**67%** e

Operating result	3.1	1.6	**89%**	7.1	2.9	**140%**
Earn out related share based payments*	1.0	-		2.1	-	
EBIT	2.1	1.6	**35%** c	5.0	2.9	**75%** f
EBIT %	2.7%	3.7%		3.4%	3.5%	
Average directs	3,212	2,164	**48%**	3,244	2,038	**59%**
Average indirects	348	262	**33%**	357	263	**36%**
Ratio direct / indirect	9.2	8.3		9.1	7.8	

a 26 % like-for-like *d 30 % at like-for-like*

b 9 % like-for-like *e 9 % at like-for-like*

c 35 % like-for-like *f 80 % at like-for-like*

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

**Relates to the acquisition related expenses for Taylor Hopkinson*

Rest of World includes Asia, Belgium, Taylor Hopkinson and rest of Europe & Africa. Growth in this region is mainly driven by a strong performance and favorable market circumstances in Asia and by the acquisition of Taylor Hopkinson, partially offset by the divestment of Russia. EBIT % was down due to the earn out expense relating to the Taylor Hopkinson acquisition.

Divestment of Russia

In June 2022 we finalized the transfer of our operations in Russia to local management. These activities contributed EUR 8 million in revenue and a breakeven EBIT in Q2. Due to the appreciation of the Russian Ruble, our net investment in these activities increased to EUR 19 million (from EUR 14 million at 31 March 2022). We agreed a gross purchase price of EUR 12 million, denominated in Russian Rubles to be received in four equal annual installments with the first payment being on 31 December 2023. The fair value of this receivable of EUR 12 million is determined at EUR 9 million as at 30 June 2022. As a result, and including the historic exchange losses of our Russian operations, we report a one-time loss of in total EUR 10 million on the divestment.

Tax and net profit

The effective tax rate for the six-month period ended on 30 June 2022 is 47.8%, mainly due to the non-deductible loss on the divestment of the Russian operations. Adjusted for this, the effective tax rate is 27.7% (H1 2021: 32.4%). We expect this adjusted effective tax rate for the full year to remain at this level (2021: 29.7%). Including the one-time loss on the divestment, net profit came in at EUR 6.2 million (H1 2021: EUR 11.3 million), reflecting an earnings per share of EUR 0.12 (H1 2021: EUR 0.22).

Risk profile

Reference is made to our 2021 Annual Report (pages 68 - 82). 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

The cash balance at 30 June 2022 was EUR 58.3 million (EUR 112.0 per 31 December 2021), of which EUR 19.1 million restricted (EUR 18.2 million per 31 December 2021). The decrease is mainly attributable to additional working capital requirements to support growth, the normal seasonality and the dividend payment in June. We have overdraft facilities in place to be able to fund continued growth or potential M&A activities.

Outlook

We anticipate the high demand from large customers for engineering power in renewables, energy and mining to continue in Q3 2022. Supported by seasonality and additional working days, this will result in an increase in Q3 revenue, gross profit and EBIT, both y-o-y and compared to Q2.

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
- 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, 29 July 2022
Brunel International N.V.

Jilko Andringa (CEO)
Peter de Laat (CFO)
Graeme Maude (COO)

Attachment:

- Press Release Q2 2022

Source: Brunel International NV