

# Press Release

## Brunel International N.V.: Continued growth in revenue and further strengthening of the global network.

Amsterdam, 27 February 2015

### Key points Q4 2014

- Revenue up 5% to EUR 357 million
- Gross margin at 18.4%, down from 18.7%
- EBIT down by 17% to EUR 19 million

### Key points FY 2014

- Revenue up 8% to EUR 1,387 million and gross profit up by 8% to EUR 249 million
- Gross margin stable at 18.0%
- EBIT up 3% to EUR 75 million
- Net profit down 2% to EUR 49 million
- Proposed dividend EUR 0.70 per share (2013: EUR 0.55 per share)

### Brunel International (unaudited)

P&L amounts in EUR million

	Q4 2014	Q4 2013	Change %	FY 2014	FY 2013	Change %
Revenue	356.7	339.6	5% *	1,386.6	1,283.4	8% **
Gross Profit	65.6	63.6	3%	249.0	230.7	8%
Gross margin	18.4%	18.7%		18.0%	18.0%	
Operating costs	46.5	40.8	14%	174.3	158.4	10%
EBIT	19.1	22.8	-17%	74.7	72.3	3%
EBIT %	5.3%	6.7%		5.4%	5.6%	
Average directs	12,041	11,927	1%	12,101	11,573	5%
Average indirects	1,663	1,513	10%	1,624	1,500	8%
Ratio direct / Indirect	7.2	7.9		7.5	7.7	

\* In constant currency 2%

\*\* In constant currency 10%

## **Q4 2014 results**

### *Revenue*

Revenue in the fourth quarter improved by 5% compared to Q4 2013 to EUR 357 million, mainly driven by Brunel Netherlands and the Oil & Gas division. Brunel Netherlands' main growth driver is the Finance business, while the Engineering business line stayed behind. The Energy division's growth in the Q4 is mainly exchange result driven, while revenue in constant currencies slightly dropped. The Projects division had a successful quarter, generating 21% growth. Revenue in Germany dropped by 2%.

YoY revenue for the Group grew by 8% to EUR 1,387 million, again mainly driven by the Energy division (+7%), the Projects Division (+27%) and Brunel Netherlands (+10%), while Germany remained flat.

Average direct headcount grew by 5% to over 12,000.

### *Gross Profit*

Q4's gross margin slightly dropped to 18.4% from 18.7% in Q4 2013, mainly as a result of the drop in gross margin in The Netherlands due to a change in the revenue mix and continued price pressure.

YoY gross margin stayed flat compared to 2013 at 18.0%, coming to a gross profit of EUR 249 million. Gross margin in Europe dropped caused by a changing revenue mix and pricing pressure, while Energy's gross margin increased, helped by foreign exchange results.

### *Operating Costs*

Operating costs in Q4 2014 increased compared Q4 2013 by 14%, to EUR 47 million, driven by strengthening of the commercial organisation during the year, increased marketing costs and increased IT costs driven by the further roll out of the Global IT infrastructure.

YoY operating costs increased by increased by 10% to EUR 174 million, caused by the same drivers.

### *EBIT*

Following the increased costs base, QoQ EBIT dropped by 17% to EUR 19 million (5.3% EBIT margin).

YoY EBIT grew by 3% to EUR 75 million.

## Q4 2014 results by division

### Brunel Oil & Gas (unaudited)

P&L amounts in EUR million

	Q4 2014	Q4 2013	Change %	FY 2014	FY 2013	Change %
Revenue	254.2	239.4	6% *	981.7	894.4	10% **
Gross Profit	32.6	30.1	8%	118.0	101.9	16%
Gross margin	12.8%	12.6%		12.0%	11.4%	
Operating costs	18.9	17.2	10%	68.5	62.0	10%
EBIT	13.7	12.9	6%	49.5	39.9	24%
EBIT %	5.4%	5.4%		5.0%	4.5%	
Average directs	7,473	7,419	1%	7,624	7,213	6%
Average indirects	785	718	9%	771	702	10%
Ratio direct / Indirect	9.5	10.3		9.9	10.2	

\* In constant currency 2%

\*\* In constant currency 12%

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

### Brunel Energy (unaudited)

P&L amounts in EUR million

	Q4 2014	Q4 2013	Change %	FY 2014	FY 2013	Change %
Revenue	210.1	203.0	4% *	806.0	755.7	7% **
Gross Profit	28.4	26.4	8%	100.4	88.7	13%
Gross margin	13.5%	13.0%		12.5%	11.7%	
Operating costs	17.6	15.8	11%	63.8	56.8	12%
EBIT	10.8	10.6	2%	36.6	31.9	15%
EBIT %	5.1%	5.2%		4.5%	4.2%	
Average directs	6,954	6,901	1%	7,013	6,741	4%
Average indirects	757	687	10%	745	670	11%
Ratio direct / Indirect	9.2	10.0		9.4	10.0	

\* In constant currency -1%

\*\* In constant currency 9%

#### Revenue

Revenue increased by 4% in the Energy division in Q4 to EUR 210 million, although the growth is largely foreign exchange result driven. Revenue pressure is felt in the Americas, where the decrease in headcount in Q2 following cancelled oil sands projects and capex cuts is still impacting this region. The majority of the other regions continued to grow compared to Q4 2013.

In the YoY development, the Americas are the only exception. All other regions show continued growth, leading to 2014 FY revenue of EUR 806 million (+7%).

#### Gross Profit

We did not yet see a margin decrease in Q4. Due to the foreign exchange effects, the gross margin improved slightly to 13.5% in Q4.

The gross margin also improved YoY. This improvement is seen across the regions and represents a 0.8ppt increase to 12.5%. Combined with the revenue growth, the gross margin increase lead to a gross profit increase of EUR 100 million (+13%).

*Operating Costs*

Operating costs increased by 11% to EUR 18 million in the quarter, mainly driven by additional staff costs caused by the growing sales organisation and increased marketing costs, offset by a reduction in the write off of bad debts.

YOY a trend comparable to QoQ is seen, leading to a 12% higher operating expenses at EUR 64 million.

*EBIT*

The leverage effect of the growing Energy business resulted in YoY EBIT growth of 15% at EUR 37 million (4.5% EBIT margin). Quarter on Quarter EBIT growth was 2%.

**Brunel Projects (unaudited)**

P&L amounts in EUR million

	<b>Q4 2014</b>	<b>Q4 2013</b>	<b>Change %</b>	<b>FY 2014</b>	<b>FY 2013</b>	<b>Change %</b>
Revenue	44.1	36.4	<b>21% *</b>	175.6	138.7	<b>27% **</b>
Gross Profit	4.1	3.7	<b>12%</b>	17.6	13.2	<b>34%</b>
Gross margin	9.4%	10.1%		10.0%	9.5%	
Operating costs	1.2	1.4	<b>-16%</b>	4.6	5.2	<b>-11%</b>
EBIT	2.9	2.3	<b>25%</b>	13.0	8.0	<b>61%</b>
EBIT %	6.6%	6.4%		7.4%	5.8%	
Average directs	520	518	<b>0%</b>	611	472	<b>29%</b>
Average indirects	27	31	<b>-11%</b>	26	32	<b>-19%</b>
Ratio direct / Indirect	19.1	16.8		23.5	14.8	

\* In constant currency 19%

\*\* In constant currency 34%

*Revenue*

Revenue increased in the fourth quarter by 21%, where revenue is driven by three large offshore Projects in Australia.

YOY revenue increased by 27% to EUR 176 million, when Gorgon was the largest project, followed by Wheatstone.

*Gross Profit*

YOY gross margin increased as a result of low margin project termination payments in 2013.

*Operating Costs*

As a result of efficiency gains in the Projects division, overhead costs reduced by 11% YOY.

*EBIT*

Driven by the top-line growth and strengthened by the overhead reductions, EBIT grew by 25% and 61% QoQ and YOY respectively. YoY EBIT margin was 7.4% in 2014.

## Brunel Europe (unaudited)

P&L amounts in EUR million

	Q4 2014	Q4 2013	Change %	FY 2014	FY 2013	Change %
Revenue	102.5	100.3	2%	404.9	389.0	4%
Gross Profit	33.0	33.5	-2%	131.1	128.8	2%
Gross margin	32.2%	33.5%		32.4%	33.1%	
Operating costs	25.1	21.2	19%	95.7	86.6	11%
EBIT	7.9	12.3	-36%	35.4	42.2	-16%
EBIT %	7.7%	12.2%		8.8%	10.8%	
Average directs	4,568	4,508	1%	4,477	4,360	3%
Average indirects	878	795	10%	853	798	7%
Ratio direct / Indirect	5.2	5.7		5.2	5.5	

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 2014	Q4 2013	Change %	FY 2014	FY 2013	Change %
Revenue	48.6	49.6	-2%	201.7	201.5	0%
Gross Profit	17.8	17.6	1%	73.4	73.2	0%
Gross margin	36.7%	35.6%		36.4%	36.3%	
Operating costs	12.8	10.7	20%	49.3	45.3	9%
EBIT	5.0	6.9	-28%	24.1	27.9	-14%
EBIT %	10.3%	14.0%		11.9%	13.9%	
Average directs	2,164	2,239	-3%	2,171	2,194	-1%
Average indirects	449	403	11%	428	399	7%
Ratio direct / Indirect	4.8	5.6		5.1	5.5	

### Revenue

Revenue in Germany dropped by 2% to EUR 49 million in Q4. After growth in Q1, revenue dropped three consecutive quarters. To counter the disappointing revenue trend, the management team has been restructured and is focussing on further improving the sales organisation.

The YoY revenue remained flat at EUR 202 million, while average headcount slight dropped by 1%.

### Gross Profit

Germany's gross margin grew by 1.1ppt to 36.7% in Q4, driven by an improved productivity, offset by pricing pressure.

Gross margin remained almost flat at 36.4% YoY, leading to a gross profit of EUR 73 million.

### Operating Costs

Operating costs increased by 20% compared to Q4 2013; YoY operating costs increased by 9%. Main drivers of the increase are increased IT costs as a result of the implementation of the Global infrastructure, increased marketing costs and higher staff costs following an expanding sales organisation. The turnover in account managers appears to have normalized.

### EBIT

The higher cost base reduced EBIT QoQ by 28%; YoY EBIT dropped by 14%.

## Brunel Netherlands (unaudited)

P&L amounts in EUR million

	Q4 2014	Q4 2013	Change %	FY 2014	FY 2013	Change %
Revenue	46.4	43.9	6%	175.4	160.1	10%
Gross Profit	13.3	14.3	-7%	50.7	49.2	3%
Gross margin	28.7%	32.6%		28.9%	30.8%	
Operating costs	10.2	8.6	20%	38.9	34.1	14%
EBIT	3.1	5.7	-46%	11.8	15.1	-22%
EBIT %	6.6%	12.9%		6.7%	9.4%	
Average directs	2,068	1,937	7%	1,978	1,830	8%
Average indirects	350	325	8%	348	319	9%
Ratio direct / Indirect	5.9	6.0		5.7	5.7	

### Revenue

Revenue in Q4 2014 increased by 6% to EUR 46 million. The Finance business line continues to grow and is the dominant growth driver for Brunel Netherlands. Legal remained relatively flat over the quarter, while Engineering and IT showed dropping revenue.

Engineering had some turnover in account managers; part of management has been replaced to turnaround the revenue trend.

YoY Finance and Engineering show the same revenue trend as the quarterly development, while the Legal and IT business lines also grew YoY.

### Gross Profit

Both the QoQ and the YoY gross margin levels reduced (to 28.7% and 28.9% respectively), mainly as result of the changing revenue mix towards the Finance business line, which generates lower margins, and pricing pressure in the Dutch market.

### Operating Costs

During the year, the number of account managers increased as a result of Project 75, where 75 additional account managers were hired. This is the main driver of the increase in overhead costs of 20% in the fourth quarter and 14% YoY.

### EBIT

The increased cost level caused a 46% EBIT drop in Q4 and a 22% drop YoY.

**Effective tax rate**

In 2014 the effective tax rate increased to 4.0ppt to 35.1% (2013: 31.1%) mainly driven by changes in our profitability throughout the world (more profits in countries with a high tax rate) and reassessments of prior years.

**Cash position**

The December 2014 cash balance increase to EUR 125 million compared to EUR 90 million at the end of 2013. Working capital levels (excluding cash) have increased by EUR 9 million compared to last year.

**Dividend**

Brunel International N.V. proposes to increase the dividend by 27% to EUR 0.70 per share, based on the strong cash position, solid balance sheet and further improvements in the cash flow in 2015.

**Outlook**

The drop in the oil price is impacting the industry. At this moment, the impact on our Energy business is not too significant, and partly offset by changes in exchange rates. However, it's hard to predict the impact of the current cost reductions in this sector on our business for 2015. We therefor cannot provide an outlook for our Energy activities for 2015. In the Projects division two of the major projects will be completed in 2015, resulting in an expected significant drop in revenue in this division in 2015. Based on the current market conditions and economic developments, we expect growth in The Netherlands, and Germany to return to growth in the course of the year.

Jan Arie van Barneveld, CEO of Brunel International N.V.: *"Despite the turmoil on the Oil & Gas market due to the dropped oil price and the developments in the geo-political arena, Brunel again achieved top-line growth. The growth in The Netherlands, Energy and Projects confirms our strategy. At this moment, 2015 looks to be a challenging year, but I'm confident we will be able to turn these challenges into opportunities, as we always do".*

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 13,000 employees and annual revenue of EUR 1.4 billion (2014). The company is listed at Euronext Amsterdam N.V. For more information on Brunel International N.V. visit our website [www.brunelinternational.net](http://www.brunelinternational.net).

**Financial Calendar**

30 April 2015	Annual General Meeting of Shareholders
30 April 2015	Trading update for the first quarter 2015
5 May 2015	Ex-dividend listing
29 May 2015	Dividend available for payment
14 August 2015	Half year results 2015
30 November 2015	Trading update for the third quarter 2015

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