

Brunel reports continued margin expansion and profit acceleration in Q2 2021

Amsterdam, 30 July 2021 - Brunel International N.V. (Brunel; BRNL), a global provider of flexible workforce solutions and expertise today announced its second quarter (Q2) 2021 results.

Key points Q2 2021

- | Gross Profit increase of 14% compared to Q2 2020;
- | Gross margin increased by 3.3 percentage points to 22.2%;
- | EBIT increased strongly to EUR 7.6 million;
- | Revenue of EUR 214 million down 3%, with positive month-on-month trend;
- | All regions profitable.

Key points H1 2021

- | Gross margin increased by 2.5 percentage points to 22.7%;
- | Cost savings of EUR 8.7 million add to EBIT growth, up 108% to EUR 18.3 million
- | Net profit up to EUR 11.3 million, an increase of earnings per share by 347% to EUR 0.22;
- | Strong cash position maintained at EUR 129.9 million.

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

"Building on our strong performance in Q1, the second quarter underlined the resilience of our business model. All regions are now profitable and margins are improving across the board. This is driven by our strategic focus on higher added value for our clients as we help them manage the fundamental and ongoing shift to a more sustainable world. We are capitalizing on our key focus areas of specialization, diversification, disciplined execution and capabilities building.

While the ongoing restrictions of COVID-19 still limit travel in a number of regions, our Q2 gross profit increased versus last year due to stronger focus of productivity and rates. Almost all regions achieved a higher gross margin. Combined with strict cost management and operational excellence, this brings our EBIT up to healthy levels.

Revenue is growing month on month in multiple regions, supporting the growth plans we presented at our capital markets day. Our Brunellers are eager to take the company to the next stage of growth and despite the delays in easing of COVID-19 restrictions, I am confident that we will return to topline growth in the second half of 2021, providing the fundament for high single digit growth in the years to come."

Brunel International (unaudited)

P&L amounts in EUR million

	Q2 2021	Q2 2020	Δ%	H1 2021	H1 2020	Δ%
Revenue	214.1	220.4	-3% ^a	427.1	476.2	-10% ^b
Gross Profit	47.5	41.6	14%	96.8	96.0	1%
Gross margin	22.2%	18.9%		22.7%	20.2%	
Operating costs	39.9	40.8	-2% ^c	78.5	87.2	-10% ^d
EBIT	7.6	0.8	889%	18.3	8.8	108%
EBIT %	3.6%	0.4%		4.3%	1.9%	
Average directs	9,626	10,345	-7%	9,458	10,896	-13%
Average indirects	1,299	1,480	-12%	1,305	1,524	-14%
Ratio direct / indirect	7.4	7.0		7.2	7.2	

a -1 % at constant currencies

b -8 % at constant currencies

c -1 % at constant currencies

d -9 % at constant currencies

H1 2021 results by division

P&L amounts in EUR million

Summary:

Revenue	Q2 2021	Q2 2020	Δ%	H1 2021	H1 2020	Δ%
DACH region	53.4	52.8	1%	109.2	122.4	-11%
The Netherlands	45.0	46.4	-3%	92.1	97.2	-5%
Australasia	24.7	28.4	-13%	49.9	58.4	-14%
Middle East & India	25.0	30.0	-16%	50.2	63.7	-21%
Americas	23.5	22.8	3%	43.8	51.3	-15%
Rest of world	42.5	40.0	6%	81.9	82.4	-1%
Unallocated	0.0	0.1	-100%	0.0	0.9	-100%
Total	214.1	220.4	-3%	427.1	476.2	-10%

Gross Profit	Q2 2021	Q2 2020	Δ%	H1 2021	H1 2020	Δ%
DACH region	17.6	14.3	23%	37.2	35.6	4%
The Netherlands	12.6	11.5	10%	26.1	25.6	2%
Australasia	2.6	2.2	18%	5.0	4.8	5%
Middle East & India	4.0	4.5	-12%	8.1	10.4	-22%
Americas	3.0	2.5	22%	5.6	5.7	0%
Rest of world	7.7	6.7	16%	14.8	14.0	6%
Total	47.5	41.6	14%	96.8	96.0	1%

EBIT	Q2 2021	Q2 2020	Δ%	H1 2021	H1 2020	Δ%
DACH region	3.4	-0.6		9.4	3.4	176%
The Netherlands	3.2	1.7	93%	7.3	4.9	49%
Australasia	0.2	-0.3		0.2	-0.3	
Middle East & India	2.1	1.9	12%	4.5	5.1	-12%
Americas	0.2	-0.7		0.1	-1.4	
Rest of world	1.6	0.8	83%	2.9	1.9	51%
Unallocated	-3.0	-2.0	-49%	-5.9	-4.7	-25%
Total	7.6	0.8	889%	18.3	8.8	108%

In Q2 2021, the **Group's** revenue decreased by 3% or EUR 6.3 million y-o-y, and was flat compared to Q1 2021. Higher rates, higher productivity, and one additional working day resulted in a gross margin of 22.2%. This is a strong increase of 3.3 percentage point versus Q2 2020. All regions are profitable and total EBIT increased by EUR 6.8 million compared to Q2 2020.

PERFORMANCE BY REGION**DACH region
(unaudited)**

P&L amounts in
EUR million

	Q2 2021	Q2 2020	Δ%	H1 2021	H1 2020	Δ%
Revenue	53.4	52.8	1%	109.2	122.4	-11%
Gross Profit	17.6	14.3	23%	37.2	35.6	4%
Gross margin	32.9%	27.1%		34.0%	29.1%	
Operating costs	14.2	14.9	-5%	27.8	32.2	-14%
EBIT	3.4	-0.6		9.4	3.4	176%
EBIT %	6.3%	-1.2%		8.6%	2.8%	
Average directs	1,935	2,032	-5%	1,918	2,290	-16%
Average indirects	385	481	-20%	381	496	-23%

Ratio direct / indirect	5.0	4.2	5.0	4.6
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Revenue per working day in **DACH** decreased by 0.5%, mainly driven by a 5% lower headcount, while both rates and productivity were higher over the quarter. This led to a significant increase in gross margin adjusted for working days to 31.8% in Q2 2021 (Q2 2020: 27.1%).

The number of specialists in short-time working reduced from 75 in Q1 2021 to 9 at the end of Q2 2021.

Headcount as of 30 June was 1,946.

Working days Germany:

	Q1	Q2	Q3	Q4	FY
2021	63	60	66	65	254
2020	64	59	66	65	254

Netherlands (unaudited)

P&L amounts in
EUR million

	Q2 2021	Q2 2020	Δ%	H1 2021	H1 2020	Δ%
Revenue	45.0	46.4	-3%	92.1	97.2	-5%
Gross Profit	12.6	11.5	10%	26.1	25.6	2%
Gross margin	27.9%	24.7%		28.3%	26.3%	
Operating costs	9.4	9.8	-4%	18.8	20.7	-9%
EBIT	3.2	1.7	93%	7.3	4.9	49%
EBIT %	7.2%	3.6%		7.9%	5.0%	
Average directs	1,720	1,899	-9%	1,727	1,957	-12%
Average indirects	277	343	-19%	289	355	-19%
Ratio direct / Indirect	6.2	5.5		6.0	5.5	

Revenue per working day in **The Netherlands** decreased by 4.6%, with a stable headcount through the quarter. The y-o-y development is impacted by the low added value activities we stopped in Q1. The business line Legal continued its strong performance. Gross margin adjusted for working days increased to 27.1% in Q2 2021 (Q2 2020: 24.7%), mainly driven by higher rates and a higher productivity. EBIT increased by 93% as a result of higher gross profit and lower operating cost.

Headcount as of 30 June was 1,718.

Working days per Q 2021 / 2020:

	Q1	Q2	Q3	Q4	FY
2021	63	61	66	66	256
2020	64	60	66	65	255

Australasia (unaudited)

P&L amounts in
EUR million

	Q2 2021	Q2 2020	Δ%	H1 2021	H1 2020	Δ%
Revenue	24.7	28.4	-13% ^a	49.9	58.4	-14% ^b
Gross Profit	2.6	2.2	18%	5.0	4.8	5%
Gross margin	10.6%	7.8%		10.0%	8.2%	
Operating costs	2.4	2.5	-4% ^c	4.8	5.1	-6% ^d
EBIT	0.2	-0.3		0.2	-0.3	
EBIT %	0.8%	-0.9%		0.4%	-0.5%	
Average directs	958	1,040	-8%	932	1,049	-11%
Average indirects	87	83	4%	85	82	3%
Ratio direct / indirect	11.0	12.5		11.0	12.7	

a -15 % at constant

currencies

b -18 % at constant

currencies

c -4 % at constant

currencies

d -9 % at constant

currencies

Australasia includes Australia and Papua New Guinea. The focus on higher added value activities has resulted in a considerable increase in gross margin. Supported by tight cost control, EBIT for the region has turned positive. In PNG we continue to be hindered by the restrictions to mobilize expats.

Middle East & India (unaudited)

P&L amounts in
EUR million

	Q2 2021	Q2 2020	Δ%	H1 2021	H1 2020	Δ%
Revenue	25.0	30.0	-16% ^a	50.2	63.7	-21% ^b
Gross Profit	4.0	4.5	-12%	8.1	10.4	-22%
Gross margin	15.8%	15.0%		16.1%	16.3%	
Operating costs	1.9	2.6	-27% ^c	3.6	5.3	-32% ^d
EBIT	2.1	1.9	12%	4.5	5.1	-12%
EBIT %	8.4%	6.3%		9.0%	8.0%	
Average directs	2,022	2,506	-19%	2,050	2,608	-21%
Average indirects	125	141	-11%	125	144	-13%
Ratio direct / Indirect	16.2	17.8		16.4	18.2	

a -10 % at constant

currencies

b -15 % at constant

currencies

c -24 % at constant

currencies

d -28 % at constant

currencies

In **Middle East & India** we continue to see a decrease in revenue, as several projects were completed, while we experienced a delay in the start of new won projects and currency effects. The travel restrictions have eased slightly in Qatar and the Emirates, but are still limiting our activities in Kuwait and India. The project pipeline remains healthy, and will drive strong growth when the travel restrictions ease. Operating cost remained at the same level as in Q1 2021, resulting from considerable cost savings y-o-y.

Americas (unaudited)

P&L amounts in
EUR million

	Q2 2021	Q2 2020	Δ%	H1 2021	H1 2020	Δ%
Revenue	23.5	22.8	3% ^a	43.8	51.3	-15% ^b
Gross Profit	3.0	2.5	22%	5.6	5.7	0%
Gross margin	12.8%	10.8%		12.9%	11.0%	
Operating costs	2.8	3.2	-13% ^c	5.5	7.1	-23% ^d
EBIT	0.2	-0.7		0.1	-1.4	
EBIT %	0.9%	-3.0%		0.1%	-2.8%	
Average directs	826	747	11%	793	812	-2%
Average indirects	102	102	0%	101	112	-10%
Ratio direct / Indirect	8.1	7.3		7.8	7.3	

a 8 % at constant

currencies

b -9 % at constant

currencies

c -7 % at constant

currencies

d -16 % at constant

currencies

Revenue growth in the **Americas** is mainly driven by the strong growth in Brazil and Canada, offsetting the decrease in revenue in the USA. Activities in the USA are still impacted by the current crisis. Gross margin increased by 2.0 ppt. mainly driven by higher margin projects in Canada and an increase in recruitment revenue. Supported by continued cost control, the region has returned to profitability.

Rest of world (unaudited)

P&L amounts in
EUR million

	Q2 2021	Q2 2020	Δ%	H1 2021	H1 2020	Δ%
Revenue	42.5	40.0	6% ^a	81.9	82.4	-1% ^b
Gross Profit	7.7	6.7	16%	14.8	14.0	6%
Gross margin	18.2%	16.7%		18.1%	17.0%	
Operating costs	6.1	5.9	3% ^c	11.9	12.1	-2% ^d
EBIT	1.6	0.8	83%	2.9	1.9	51%
EBIT %	3.7%	2.1%		3.5%	2.3%	
Average directs	2,164	2,105	3%	2,038	2,150	-5%
Average indirects	262	264	-1%	263	270	-3%
Ratio direct / Indirect	8.3	8.0		7.8	8.0	

a 16 % at constant

currencies

b 8 % at constant

currencies

c 10 % at constant

currencies

d 4 % at constant

currencies

Rest of world includes Asia, Russia & Caspian, Belgium and rest of Europe & Africa. The main driver of growth is Asia, more specifically China and Singapore. Europe & Africa again had a strong contribution and in Russia we see increased activity with new projects at higher margins. The region's growth in activity is partially offset by unfavourable exchange rate developments.

Tax and net profit

The effective tax rate in the first half year of 2021 was 32.4% (H1 2020 at 56.4%). We expect the effective tax rate for the full year to come down to around 30% (H1 2020: 38.5%). Net profit came in at EUR 11.3 million (H1 2020: EUR 2.5 million, reflecting an earnings per share of EUR 0.22 (H1 2020: EUR 0.05)).

Risk profile

Reference is made to our 2020 Annual Report (pages 64 - 80). 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 2021 stood at EUR 129.9 million (EUR 155.0 per 31 December 2020), of which EUR 17.0 million restricted (EUR 15.1 per 31 December 2020). The cash balance decreased compared to 31 December 2020 in line with the normal seasonality, the distribution of dividend and the share buyback program.

Outlook

We expect the current trend to continue in Q3 2021, supported by seasonality and additional working days, resulting in an increase in revenue and gross profit y-o-y and also 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, 30 July 2021
Brunel International N.V.

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

Attachment

| [Press Release Q2 2021.pdf](#)