

18

Annual report

Brunel International N.V.

Brunel



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CEO statement



Drs. J.T. (Jilko) Andringa

Brunel's 43rd and my first year was in many aspects a very good year. Thanks to the hard work of all our professionals and the colleagues in our offices, growth returned and accelerated in many regions throughout the year. We ended the year with almost 13,000 professionals working on projects at our local and global clients. This is a record for Brunel in the 43 year history!

Together with my fellow board-member Peter de Laat and with our global leadership team, we updated the strategy

and set clear goals for the future: maintain and grow client, contractor and internal employee satisfaction at high levels and break more old (financial) records in the years to come.

We build the strategy on the clear differentiators Brunel has to offer for our clients and colleagues. Our strong brand and our values help all colleagues to deliver excellent service and to find entrepreneurial and unique solution for the changing needs of our clients.



Frankfurt

07:06

Thomas Lindner, Branch Manager
Frankfurt, starts his day by bringing
his son to day-care.



Reflecting on 2018, I want to thank all colleagues that helped me to get introduced and inducted into Brunel. Special thanks to Jan Arie van Barneveld who, after having been the CEO for 18 years, invited me into 'his Brunel world' and handed over the role with a double feeling: pride on creating a successful multinational under his leadership, but also sadness for leaving the company and the teams he loves so much. In the role in the non-executive board, his Brunel experience and knowledge is very helpful and it keeps him connected to Brunel.

It was also the year of Team Brunel. Our sailing team started the Volvo Ocean Race in 2017 with somewhat disappointing results, but completely turned this around in 2018 and won 3 of the last 5 legs. The experience and leadership of our captain Bouwe Bekking, the talent of the team members, the entrepreneurship in the shore crew to consistently find improvements, are all aligned with Brunel's way of working. The finish in Scheveningen was unique because of the super close competition after 9 months of sailing, but also because of the 4,000 registered guests we hosted during this finish week. It was a great way for me to get to know Jan Brand and his family better. As the most fanatic and known supporters of Team Brunel, they showed me their drive for the 'Team' and for the company Brunel. Thanks for your inspiration.

To follow the course of Team Brunel for all our Brunel teams in the coming years, we will execute the strategy to create more profitable growth and to create a more sustainable world for professionals and future professionals. Through utilizing our excellent local leadership and their teams, in combination with improved global collaboration, we can service our clients in their local and global needs in chosen sectors. With new investments to develop the skills and experiences of our professionals and internal teams further, we are confident that Brunel will set new records.

Jilko Andringa

CEO

In this year's annual report, our camera followed four different colleagues from the offices of Frankfurt, Houston, Mumbai and Singapore. These colleagues represent Brunel's global team that combines the best functional global expertise with deep, local knowledge of the most promising markets.





Corporate profile

Brunel was founded in 1975 by the graduated engineer Jan Brand. Starting with the placement of a single fellow engineer, the foundation was laid for what became a global provider of business services that specialises in the flexible placement of professionals. Over the years, the company has continued to grow and diversify, but has always maintained Jan Brand's original focus: placing highly qualified, mainly technical, specialists.

Regional perspectives

Brunel serves the world market from main regional perspectives. On one hand, we focus on traditional secondment in Europe, and more specifically Germany, The Netherlands, Belgium, Switzerland, Czech Republic and Austria. On the other hand, we aim our services at different regional environment and a diverse range of verticals. Examples include our focus on the worldwide oil & gas and natural resources industries, and on the international automotive, rail, aerospace, telecom and pharmacy sectors.

Access to excellence

In everything we do, we follow our firmly-rooted cultural values: eagerness, result-driven and operational excellence. This allows us to provide added value for clients in both business and government sectors, by meeting their knowledge and project capacity needs in a highly effective way. Brunel stands out from its competitors through its superior services, which centre on high-quality account management and recruitment management, and our in-depth knowledge of the relevant market segments and related disciplines.

A truly global business

Today Brunel is an international group with a strong global brand. Operating from its own international network of 117 branch offices in 44 countries, we have over 14,500 employees and an annual revenue of EUR 915 million (2018).

Brunel International N.V. is listed on Euronext Amsterdam and included in the Amsterdam Small Cap Index (AScX).





Drs. J.T. (Jilko) Andringa (l) and Drs. P.A. (Peter) de Laat (r)

Management of Brunel

Drs. J.T. (Jilko) Andringa

Chief Executive Officer, male (1966)

Jilko Andringa was appointed Chief Executive Officer of Brunel International N.V. on 7 December 2017.

His most recent position before transferring to Brunel was as President Northern Europe of ManpowerGroup. Before that Jilko Andringa held management positions at Randstad.

Andringa started his career at Exxon (Esso) Benelux. He completed his major in Business Economics and Marketing at the Rijksuniversiteit Groningen.

Other directorships: member of the supervisory board of EW Facility Services.

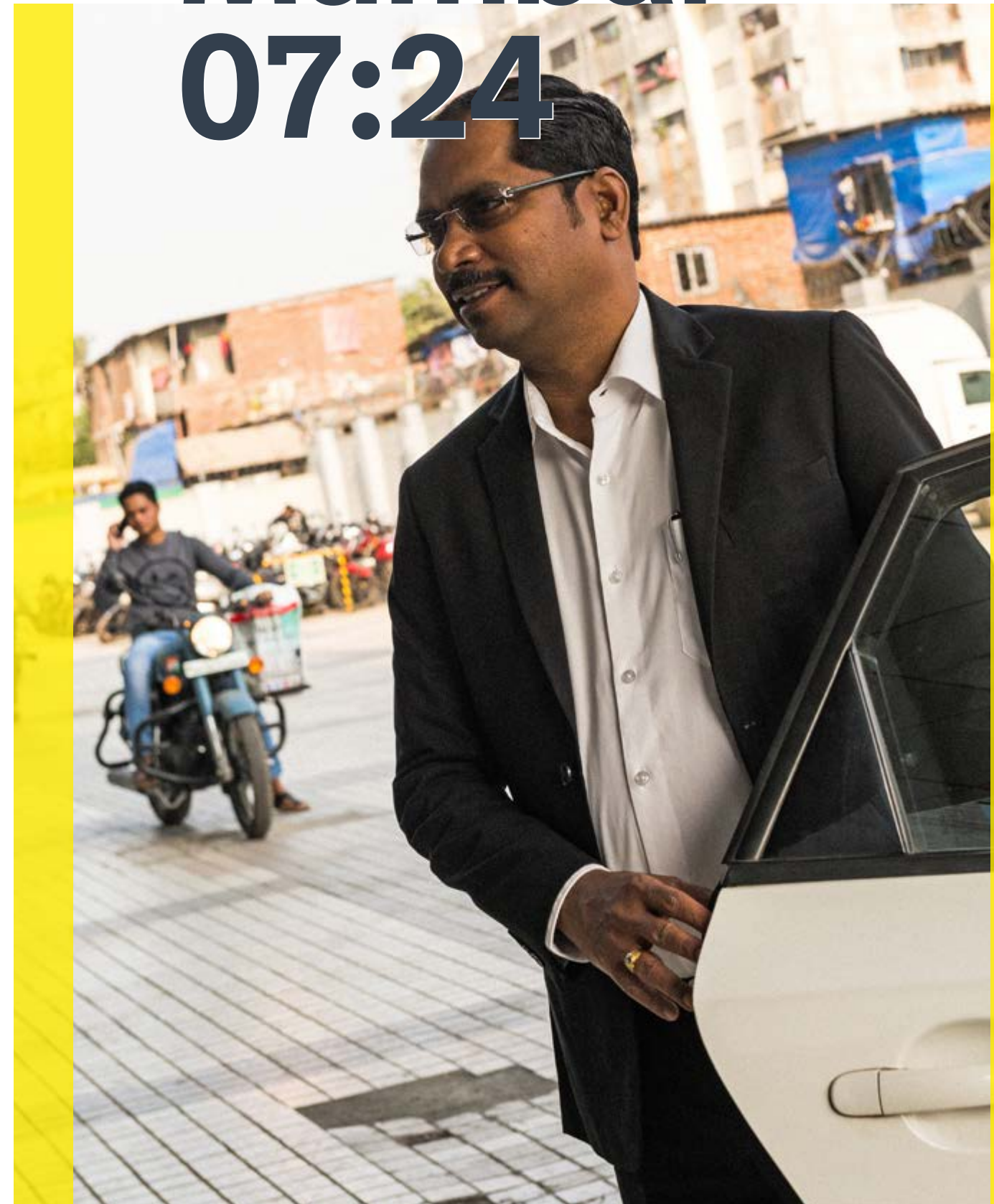
Drs. P.A. (Peter) de Laat, RA

Chief Financial Officer, male (1972)

Peter de Laat was appointed Chief Financial Officer of Brunel International N.V. on 1 May 2014.

After having obtained his Master Degree in Business Economics, Peter de Laat worked for sixteen years with Deloitte Accountants and was amongst others member of the team responsible for the audit of Brunel. In 2012 De Laat joined Brunel and from April 2013 held the position of Director Finance and Control.

Mumbai 07:24



Deena Dhayalan, General Manager India, wakes up early to make his way through Mumbai's traffic.



Financial highlights

3

EUR million, unless stated otherwise

	2018	2017
Profit		
Revenue	915	790
Gross Profit	209	183
Operating costs	175	165
Operating profit (EBIT)	34	18
Result before tax	32	15
Tax	11	7
Group result after tax	22	8
Net income	21	8
Ratios		
Change in revenue on previous year	15.8%	-10.7%
Gross margin	22.8%	23.1%
Operating profit / Revenue	3.7%	2.3%
Group result after tax / Revenue	2.4%	1.0%
Balance		
Working capital	245	233
Group equity	283	269
Balance sheet total	396	379
Net cash flow	(19)	(16)
Ratios		
Shareholders' equity / total assets	71.7%	71.0%
Current assets / current liabilities	3.27	3.21
Workforce		
Employees total (average)	13,499	11,086
Employees direct (average)	11,955	9,589
Employees indirect (average)	1,544	1,497
Employees total (year end)	14,538	12,104
Employees direct (year end)	12,942	10,573
Employees indirect (year end)	1,596	1,531
Shares in EUR		
Earnings per share	0.41	0.15
Shareholders equity per share	5.59	5.33
Dividend per share	0.25	0.15
Highest price	16.55	16.87
Lowest price	10.23	10.85
Closing price at 31 December	10.92	15.20



Report from the supervisory board

We hereby present the report of the supervisory board for the year 2018.

Annual accounts 2018

The annual accounts and the notes thereto have been audited by PricewaterhouseCoopers Accountants N.V., who provided an unqualified audit opinion. The supervisory board supports the proposal of the board of directors to declare a dividend of EUR 0.25 per share. The annual accounts will be presented at the general meeting of shareholders on 16 May 2019. We recommend the general meeting of shareholders to adopt the annual accounts and discharge the members of the board of directors.

Position and major topics 2018

Main topics for 2018 were the CEO transition, the strategy update and execution, the digital strategy, efficiency and managing the strong growth.

CEO transition

Acknowledging the complex nature of succession, the supervisory board took a comprehensive approach to transitioning the CEO. In addition to the 3-months onboarding program, not only the strategical, financial and operational goals but also cultural, political and personal expectations of the new leader were discussed. It is the opinion of the supervisory board that a solid path towards productive relationships between the CEO and key stakeholders is established.

Changes to the supervisory board

Mr Van Barneveld was appointed member of the supervisory board as per 1 March 2018. On 14 May 2018 Mr Van Doorn stepped down as member of the supervisory board after serving for twelve years, five of which he served as chairman. We thank Mr Van Doorn for his commitment to Brunel and his insights and valued contribution to the supervisory board. Mr Van Doorn is succeeded by Mr Schouwenaar who chairs the supervisory board. Mr Spee has taken over Mr Schouwenaar's duties as chairman of the audit committee.

Strategy for long-term value creation and strategy execution

In the spring of 2018, a separate strategy meeting has been held in which the strategic plan has been discussed and adopted. During the year, the supervisory board discussed frequently with the board of directors to test that the original assumptions behind the strategy still hold and to monitor the implementation of the strategic plan. Developments in new business initiatives were closely followed.

Other topics covered

Besides these items, and the periodical financial performance reviews, topics discussed during the year under review were: risk assessment and risk management, fraud risk, the group's





from left to right: Drs. J.J.B.M. (Just) Spee, Drs. A. (Aat) Schouwenaar and Drs. J.A. (Jan Arie) van Barneveld

working capital, cash position, privacy and cybersecurity. These discussions included presentations by the board of directors on strategy, operations and financial performance. The national and international laws and regulations relating to the company cover areas such as employment, work permits, health and safety, anti-bribery and corruption, foreign exchange and taxes. The supervisory board has discussed how compliance with relevant laws and regulations can be ensured.

Non-compliance is reported via the periodic consultation with the supervisory board. The supervisory board obtains

information from the board of directors regarding the extent and nature of various regulations and how compliance is monitored internally.

The supervisory board also attended the finish of the Volvo Ocean Race in The Hague. After a puls-pounding race the Team Brunel has finished in third place overall in the Volvo Ocean Race. We look back to a great finish event in The Hague. The group equity/total assets solvency ratio of the company is 71.7 % and the cash position is healthy. The objective to fund the projected organic growth from its own resources is achievable.

Composition of the supervisory board

Drs. A. (Aat) Schouwenaar
chairman
(b. 1946, male, Dutch)

Appointed:
AGM May 2001

Current term:
2017-2019

Former main directorship:
chairman of the management board and CEO of Endemol B.V.

Other directorships:
vice-chairman of the supervisory board of Asito Dienstengroep S.E.
member of the supervisory board of Stadion Amsterdam N.V.
member of the supervisory board of Dutch Star Companies ONE N.V.

Drs. J.J.B.M. (Just) Spee
vice-chairman
(b. 1965, male, Dutch)

Appointed:
AGM May 2017

Current term:
2017 - 2021

Former main directorship:
CEO of Endemol B.V.
CEO of Stage Entertainment B.V.

Other directorships:
chairman of the supervisory board of Attractiepark & Camping Duinrell B.V.
vice-chairman of the supervisory board of Stichting OLVG
member of the supervisory board of Asito Dienstengroep S.E.
member of the supervisory board of CTS Eventim AG & Co. KGaA
member of the supervisory board of Panther Media Group Limited
member of the supervisory board of Stichting Nederlands Comite Unicef
member of the advisory board of Redevco B.V.

Drs. J.A. (Jan Arie) van Barneveld
supervisory board member
(b. 1950, male Dutch)

Appointed:
EGM December 2017 as per 1 March 2018

Current term:
2018 - 2022

Former main directorship:
CEO of Brunel International N.V.

Other directorships:
member of the supervisory board of Museum Boijmans Van Beuningen
chairman of the supervisory board of B&S Group S.a.r.l
member of the advisory board of Boels Topholding B.V.



Houston 07:35

Lisa Matthews, Operations Manager,
takes her dog Pip for a walk in the early
mornings to beat the Houston heat.



Corporate governance

The members of the board of directors and supervisory board are responsible for compliance with the Dutch corporate governance code (the 'Code') and maintaining the corporate governance structure. They are collectively accountable towards these issues to the general meeting of shareholders.

Once a year, compliance with the best practice provisions of the Code is discussed with the board of directors.

Appointment and selection

The members of the supervisory board are appointed for a term of four years and may thereafter be reappointed for another four-year period. They may then subsequently be reappointed again for a period of two years, which appointment may be extended by at most two years. Candidates nominated for appointment or reappointment must meet the criteria as shown in the drawn-up profile.

In deviation of best practice provision 2.2.2 of the Code, the annual general meeting of shareholders of 11 May 2017 reappointed Mr Schouwenaar for an additional term of two years in addition to his term of sixteen years, because of Mr Schouwenaar's specific expertise and the phase Brunel was in.

In the five years prior to his appointment as member of the supervisory board, Mr Van Barneveld was director of the

company and is therefore not considered independent within the meaning of best practice provision 2.1.8 of the Code. The supervisory board is of the opinion that his personal qualities and acquired knowledge and insight into the company and the specific markets in which Brunel operates are retained for the company. Mr Van Barneveld fits the profile drawn up by the supervisory board and is suitable for the performance of the duties of a member of the supervisory board.

There is currently no female representation on the supervisory board, with the result that we do not meet our objectives on diversity. However, the diversity of the boards has always been a part of the selection process of new members, to ensure a diverse board composition when possible within the required profile.



Attendance to the meetings

Supervisory board members' meeting attendance 2018.

Supervisory board members	Supervisory board	Audit committee	Remuneration committee
Ir. D (Daan) van Doorn	3/3		1/1
Drs. A. (Aat) Schouwenaar	7/7*	5/5	1/1
Drs. J.J.B.M. (Just) Spee	7/7	3/3	1/1
Drs J.A. (Jan Arie) Van Barneveld	6/6	3/3	0/0**

* In 2018, the supervisory board held seven scheduled meetings, all of which were attended by the entire board of directors and supervisory board. The supervisory board further held seven closed meetings that were not attended by the board of directors.

** Mr Van Doorn resigned on 14 May 2018 and Mr Van Barneveld was appointed per 1 March 2018 after the remuneration committee meeting took place. As from August all supervisory board members are member of the audit committee.

Committees

According to the guidelines of the Code, Brunel is not obliged to set up separate audit, remuneration and selection & appointment committees. However, Brunel has had an audit committee since 2001 and has opted to retain the structure. Since August 2018 all members of the supervisory board are also member of the audit committee. The complete supervisory board also serves as the remuneration and selection & appointment committees. By-laws and terms of reference for both the supervisory board and its committees are posted on the company's website.

Evaluation of the board of directors

The performance of the board of directors as a whole, and of its individual members, has been reviewed. Mr. De Laat, the Group's CFO, was reappointed for 4 years in the AGM of 14 May 2018.

Self-evaluation of the supervisory board

At a private meeting, the supervisory board reflected on its own performance and that of its individual members. In its own estimation, and in accordance with best practice provision 2.1.4 of the Code, the supervisory board has a balanced

composition of knowledge and experience. The results of the self-evaluation led to the conclusion that the supervisory board continues to function well. The composition of the supervisory board is such that the members are able to operate independently and critically vis-à-vis one another, the management board, and any particular interests involved within the meaning of best practice provisions 2.1.7, 2.1.8 and 2.1.9 of the Code.

Remuneration committee

This committee, chaired by Mr Spee, oversees the remuneration policy to be pursued with regard to the board of directors, assesses remuneration, including the short-term and long-term bonuses of the members of the board of directors, and prepares the remuneration report. The remuneration committee submits the proposal to the supervisory board concerning the remuneration of individual members of the board of directors.

The proposal is drawn up in accordance with the remuneration policy that has been established and will, in any event, cover the remuneration structure, the amount of the fixed and variable remuneration components, the applicable performance criteria, the scenario analyses that are carried out and the pay ratios within the company and its affiliated enterprise. The remuneration committee met once in 2018.

Remuneration policy

The remuneration policy remains unchanged with the provision that following best practice provision 3.1.2 of the Code, the pay ratios within the company and its affiliated enterprise are taken into consideration. The supervisory board believes that the remuneration policy expedites the short-term operational performance and the objectives for the strategy for long-term value creation within the meaning of best practice provision 1.1.1 of the Code.

The remuneration of the members of the board of directors is compliant with the Dutch Management and Supervision Act ('Wet Bestuur & Toezicht'), including the applicable requirements for claw back procedures on bonus. Their severance pay is limited to one year's salary. They have no entitlement to severance pay if the director terminates the agreement early or is guilty of seriously culpable or negligent conduct.

The remuneration structure for the board of directors is designed to balance short-term operational performance with the long-term objectives of the company, with due regard for the risks to which variable remuneration may expose the enterprise.

Before the remuneration policy as a whole is determined, and the level of remuneration of individual board members is fixed, scenario analysis are made of the variable remuneration components and the consequences that they could have on



Singapore

07:36

the level of remuneration of the board members. In determining the level and structure of the remuneration of board members, both financial and non-financial indicators relevant to the long-term objectives of the company are taken into account. The remuneration package, following the adoption of the remuneration policy, contains three components: base salary, short-term variable component and long-term variable component.

The variable component of the total remuneration package is performance related. It consists of short- and long-term components. Performance targets and conditions are derived from our strategy and annual business plans. The targets are assigned prior to the relevant year and the supervisory board assesses realisation after year-end. The short-term incentive compensation is paid in cash. The short-term bonus scheme for the members of the board of directors rewards both financial performance and non-financial individual performance.

Both elements are weighted equally. The quantitative targets (budget, sales, margin, profitability, EBIT and control of working capital) reflect the financial parameters considered by the supervisory board to be critical with regard to the realisation of Brunel's strategic objectives.

The supervisory board ensures that the targets agreed are both challenging and realistic.

For commercial and competition-related considerations, Brunel does not wish to publish the targets that have been agreed upon. The short-term bonus may not exceed 75% of the fixed annual salary of the chief executive officer. For other board members the maximum bonus opportunity is 50% of the fixed annual salary. The realisation of each financial or individual target can independently result in bonus payment. The supervisory board allocates the bonus based on the achievement of the targets of members of the board of directors and determines the associated pay-out.

The remuneration report outlines the remuneration policy, provides a description of implementation of the remuneration policy in 2018, and sets out the remuneration of the members of the board of directors. The remuneration policy and remuneration report are posted on the company's website.

Audit committee

The supervisory board, the board of directors, the internal auditor and the external independent auditor are represented in the audit committee meetings. The supervisory board selects the external independent auditor. The audit committee has a supervisory role regarding the integrity of the internal and external financial reports of the company, risk management, and information technology.

The audit committee met five times in 2018: prior to the publication of the

Alvin Santos, Site Coordinator,
starts his day in Singapore fresh
with some exercise.



full-year 2017 figures, prior to announcing the quarterly results and to discussing the external independent auditor's audit plan for 2018 and interim findings.

The discussion on the scope of the audit included 2018 key audit matters as identified by the external independent auditor.

Recurring items for the audit committee meetings such as risk assessment and risk management, tax compliance, IT systems, internal controls, compliance with laws and regulations, and the quality of the finance function were discussed. Furthermore, the set up and performance of the commercial team, that monitors and strengthens contractual risk management, has been evaluated.

Appointment of external independent auditor annual accounts 2019

It will be proposed to the Annual Shareholders Meeting on 16 May 2019 that PricewaterhouseCoopers Accountants N.V. will be our external independent auditor for the annual accounts of 2019.

Internal control

From an internal control perspective, Brunel is organised in regions and countries. In each region and country, a financial controller is responsible for internal control for the activities in his/her area. These financial controllers meet with the CFO on a monthly basis. Furthermore, compensation and hiring/dismissal of

these financial controllers is the responsibility of the CFO in order to provide sufficient independence towards local general managers. Besides the local controllers, Brunel has a separate team of controllers in Amsterdam in the Corporate Finance and Control (CFC) department. Core competences are auditing, reporting and controlling. The majority of the CFC team members has worked with a big four audit firm before joining Brunel. In addition to group reporting, CFC performs internal control activities, both in desktop reviews and during site visits. CFC members visit all entities at least once every two years and visit significant or high risk entities multiple times in a year. CFC also provides the group with accounting manuals and guidelines for internal control procedures, as well as a multiday global meeting with the local financial controllers.

Internal audit function

In March 2018, Brunel has implemented an internal audit role. The internal auditor reports to the audit committee. The purpose of Brunel's internal audit function is to provide independent, objective assurance and consulting services designed to add value and improve Brunel's operations. The mission of internal audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight. The internal audit function helps Brunel accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness

of governance, risk management, and control processes. The Head Internal Audit reports functionally to the audit committee and administratively (i.e., day-to-day operations) to the board of directors.

Risk and internal risk management systems

During 2018 the audit committee also discussed with the board of directors the updated risk assessment that was performed by the board of directors in cooperation with commercial management and the regional financial controllers. This concerns risks associated with the strategy and the nature of the business, and the way that the board of directors monitors the design and operation of the internal risk management systems. Risk assessment and risk management systems are being further embedded in the reporting structure to support decision making and achieving of strategic objectives in the coming years. The operational and strategic risks related to the company are described in the section "Risks, risk management and control systems" of this annual report.

Information and communication technology

In 2018, an update on the IT strategy was discussed as well as developments on existing IT infrastructure. Also the impact and risks of the implementation of the GDPR and the ability of our IT infrastructure to support this implementation were discussed.

Financial reporting

The board of directors informed the supervisory board on the processes for the preparation of the financial reports and how the quality of the financial reporting is monitored. On the basis of this and the report of the external independent auditor, the supervisory board believes the board of directors adequately interprets its responsibility for the quality of the financial information.

Dialogue with the external independent auditor

The audit committee has discussed the annual accounts, annual report, supervisory board report, management letter and risk management policy with the board of directors and the external independent auditor. The supervisory board assessed the independence of the auditor. It was concluded that threats to independence are absent. The supervisory board believes that the external independent auditor provided the supervisory board with all relevant information in order to exercise its supervisory responsibilities.

Relationship with shareholders

The supervisory board discussed with the board of directors how to take into account the interests of shareholders as well as the issues raised by shareholders at the last annual general meeting of shareholders. The supervisory board believes that the company acted in a constructive and careful way regarding the shareholders' interests.



Frankfurt

08:54



Thomas drives through Frankfurt's centre on his way to the Brunel office. Some of the best views in the city are from the bridges he crosses.

Others

The supervisory board approved the operational and financial objectives of the company, and also approved the strategy designed to achieve the objectives and the preconditions associated with that strategy.

The supervisory board endorsed the board of directors' efforts on corporate social responsibility and the particular aspects that are relevant to the enterprise.

Furthermore, no matters occurred which under the law, the statutes or the Code require the approval of the supervisory board.

Amsterdam, 15 February 2019

The supervisory board

A. Schouwenaar
chairman

J.J.B.M. Spee
vice-chairman

Conflicts of interest

In 2018, no matters occurred involving conflicts of interest of directors, supervisory board members, shareholders and/or external independent auditor that are of material significance to the company and/or the respective directors, members, shareholders and/or external independent auditor. Information on related party transactions is included under note 22 to the annual accounts.

J.A. van Barneveld



Report from the board of directors

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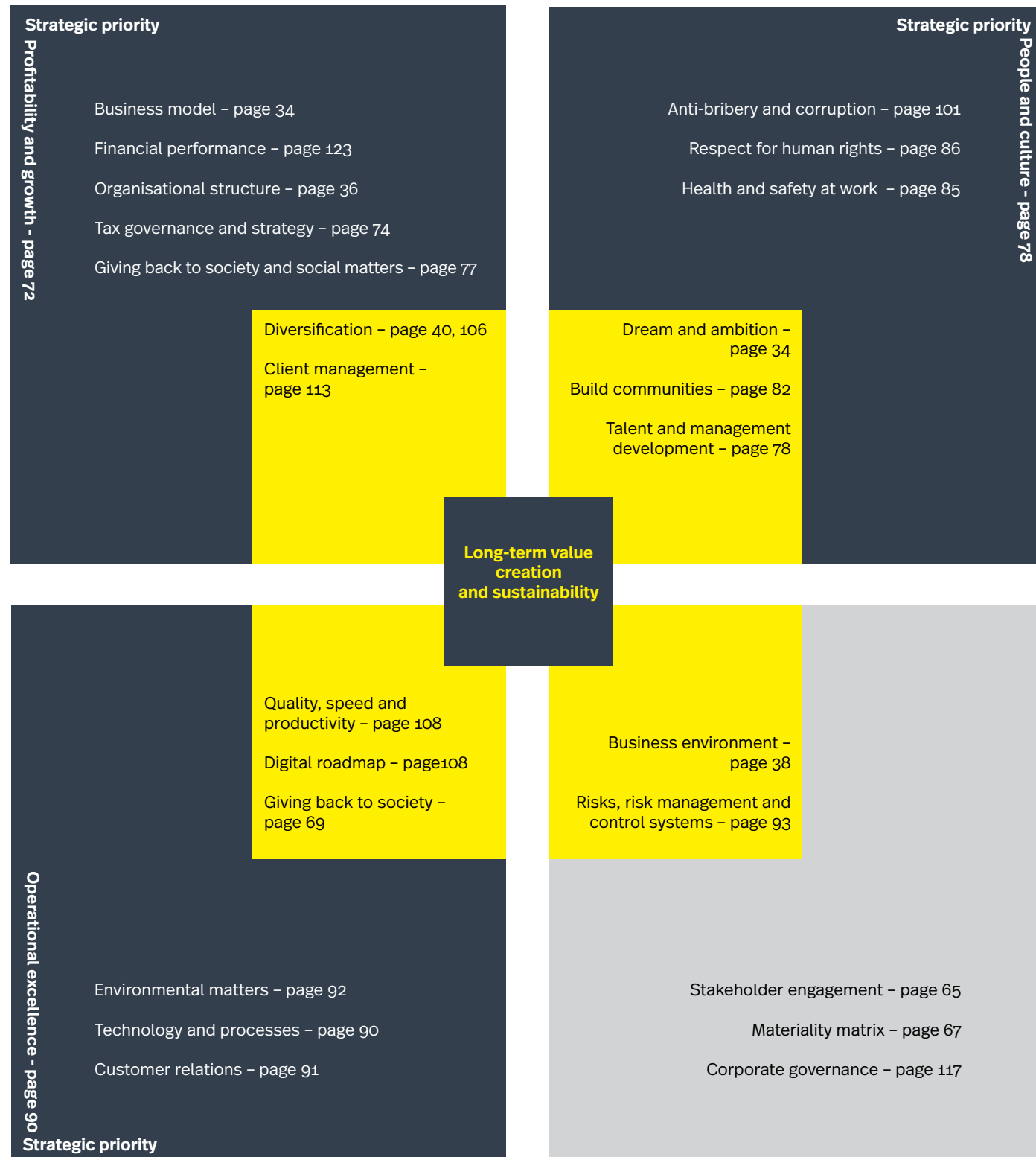
Long-term value creation through a sustainable strategy

Brunel is a people-centric company. It specialises in flexible work for specialists with a professional or university education. Headquartered in the Netherlands, Brunel operates internationally. Fourteen thousand five hundred people, comprising nearly one hundred different nationalities, work at local and international businesses for and on behalf of Brunel worldwide. Brunel is responsible for each of these people - to provide them good terms of employment, safety, security and to support them in their career development.

Looking forward we aspire to have a leading people culture everywhere in the world. This means recruiting and retaining outstanding people, engaging them to feel enthused by their work and colleagues, accommodating them with flexibility to achieve their professional and personal aspirations, offering training and coaching all our people need to enrich their career development and deliver the best results and services. This culture is reflected well in our code of conduct and core values led by examples of the board of directors. The board of directors monitors the effectiveness and compliance with code of conduct through frequent engagement with different stakeholders as described in the "stakeholder group and relevant matters".

We believe Brunel should be ran with a long-term view and a sustainable strategy. Our approach is to take into account the views of Brunel stakeholders and our own understanding of the company's impact on wider society. Therefore, sustainability means to us being in business for the long term. In particular, to achieve a sustainable financial performance and profitable growth so that we can continue to reward shareholders and employees, to facilitate the long-term employability of specialists and professionals, to build long-lasting relationships with customers and suppliers, to pay taxes and duties in the countries that we operate and to invest in communities for further growth. Only then do we have a sustainable business, able to attract and retain the capitals we need from our stakeholders (namely, financial capital, human capital, intellectual capital, social and relationship capital) to continue to operate.





Mumbai

09:17



First things first, Deena meets with his team to discuss new opportunities in the Indian market.



OUR VISION AND MISSION



Team Brunel is a unique professional community for all its stakeholders

Dream - our passionate and result-driven internal employees make sure that talented specialists along with industry leading clients, gravitate towards Brunel. United in moving people forward; we pair talent with projects, so both can reach their full potential in the fast changing marketplace

Ambition - Brunel delivers stakeholder satisfaction and record revenues and profitability.

OUR CORE VALUES



Entrepreneurship – global and local capabilities
Integrity – for all our people and contracts
Results-driven- keep improving
Passion for people

Business model

Our mission, vision and core values define what Brunel is trying to achieve and how we want to conduct business. Brunel's business model has resulted in quality service delivery, manageable risks, and generally a business that sustains growth and creates value for its stakeholders.

CAPITALS WE USE TO DO BUSINESS



HUMAN CAPITAL

Passionate and result-driven internal employees are critical element to provide quality services to clients and career advancement opportunities for specialists
Talented specialists focus on deliverables, innovation and creativity

FINANCIAL CAPITAL

1997 listed on the Stock Exchange
Solid balance sheet to support growth strategy with limited need for external financing
Track record of good returns on capital investments

INTELLECTUAL CAPITAL

Worldwide operations with global scale of efficiency
Local expertise, sensitivity and responsiveness to national differences
Knowledge of global clients and talent pools
Streamlining process to improve productivity, efficiency and regulatory compliance

MANUFACTURED CAPITAL

Robust Information Technology (IT) (applications and infrastructure) connecting all Brunel entities worldwide to meet business objectives in terms of availability, resilience and reliability
Established 7 regional hubs to facilitate 117 branch offices in 44 countries across 6 continents
Alternate operating facilities and solutions to ensure business continuity

SOCIAL AND RELATIONSHIP CAPITAL

A long-lasting, global brand

1975 started up in the Netherlands
1980's first foreign office in Belgium
1990's founded Brunel Energy in Asia, Americas, Europe
Early 2000's working on global supplier agreements

Clients

Over 40 years of working experience with industry leading clients from more than 35 areas of specialisms

Culture

A deep root of engineering culture
Culture of compliance
Commit to high standards of integrity
Effective corporate governance and risk management

Communities

Focus on developing local employment
Build professional communities

HOW WE CREATE VALUE



Invest in

Strategic positioning

Becoming a leading specialist in chosen global specialisms and build accounts, knowledge, community & specialists

Innovation

Providing added value in selected specialisms through distinctive knowledge and solutions

Operational excellence

Improving quality, speed and productivity through lean approach for high quality to clients and lower cost for delivery, digital process tools and KPI steering

Digitalisation

Creating Digital roadmap (e.g. Investing in digital tools) to drive client and professional connectivity, improve service quality and delivery time

Learning & development

Improving talent attraction, development & retention through HR agenda with talent planning, management development and succession planning

In order to attract and retain the assets to continue to operate:

As a sustainable business

Generate profit and cash flow to ensure sustainable financial growth

As a business partner

Get the things done
Provide clients and projects the access to a flexible and specialised knowledge base in order to meet the rising global service demand and break down today's technical boundaries

As an employer

Accommodate specialists and professionals with challenging assignments, competitive benefits and professional networks.
Take care all related administrative and operational processes so they can focus on advancing the skills make them standout.

As a corporate citizen

Respect fundamental human rights in the employment market and safeguarding ethical behaviour, it extends to cultivating future generation and giving back to society at large.

SERVICES WE DELIVER



Workforce solutions

Consultancy

Project management

Co-sourcing (IT)

Training

Service and work contracts

Project staffing

Resourcing solutions

Talent scouting

Talent Resourcing

Contractor recruitment
Permanent recruitment
Offshore manning
Master service provider

Global care and mobility

Onboarding and offboarding
Payroll and taxation
Visas, work permits and logistics
Welcome support and in-country services
Medical, liability and travel insurances
HSE services and emergency response
Compliance

Project resourcing

Vendor inspection
Commissioning
Operations & maintenance

IN THE VERTICALS OF:



Oil and gas

Renewables

Automotive

Infrastructure

Mining

Offshore

Engineering

OUTCOME OF OUR BUSINESS



Profitability and growth

During this year, achieved the growth in revenue of € 915 million, EBIT of € 34 million and a dividend to shareholders of € 0,25 per share

Highly skilled workforce

By the end of 2018, we are employing over 14,500 international and local employees with technical background in the countries where we operate in, alongside investment in the training and well-being of staff and local community

Stakeholder satisfaction

Engage stakeholder groups and create long-term value and satisfaction for our employees, contractors and clients

Contributions to corporate, social and environmental initiatives

We help create a better future for professionals and a better planet for future professionals



Organisational structure

Regional approach

Brunel has increased focus on regional activities and profitability. As a result, we have stopped reporting “Global Business” and start with reporting our largest regions separately (DACH, The Netherlands, Middle East & India, Australasia, and Rest of the World). The global leadership team has been build and it consists of the regional directors of the largest regions

complemented with the client management, vertical, human resources, marketing, IT, finance and legal leaders. These leaders report directly to the Board that consists of the CEO and CFO. This transformation aims to ensure our business will fully utilise its assets to execute its strategy successfully and prepare for next stage of growth.

Centralised support functions

Brunel has constructed a global infrastructure connecting all continents via regional hubs - Amsterdam, Bremen, Doha, Houston, Rotterdam, Perth and Singapore by sharing financial and commercial resources. This structure allows commercial activity, business development, account management and recruitment to be 100% externally focused on clients and candidates, while being fully supported by strong function-driven regional hubs. It helps to oversee and manage the potential pitfalls of

a bold sales organisation such as risk management and internal control. In the new organisational structure, the global leadership team has been completed with additional roles and the existing roles will be further leveraged to execute Brunel’s strategy.

		Board of directors (CEO, CFO)								
Global and regional steering	Local ownership	DACH Region	The Netherlands	Middle East & India	Australasia	Rest of the World				
					Europe & Africa	Russia & Caspian area	Asia	Americas	Belgium	
		Germany Austria Switzerland Czech Republic		UAE Iraq, Kurdistan Oman Qatar Kuwait India	Australia Papua New Guinea SES Labour Solutions Denmark France Italy Norway Nigeria Albania Greece Romania Spain Angola Mozambique	The Netherlands UK Denmark France Italy Norway Nigeria Albania Greece Romania Spain Angola Mozambique	Russia Kazakhstan	Singapore China Japan South Korea Vietnam Brunei Thailand Malaysia Indonesia Myanmar	USA Mexico Canada Brazil	

		Board of directors (CEO, CFO)									
Global support function	Regional support function	Regional leadership									
		Regional hubs - Amsterdam, Bremen, Doha, Houston, Rotterdam, Perth and Singapore									
		Strategic Client Organisation	Global Commercial	Corporate Finance & Control	Corporate Legal & Compliance	Global HR	Global Marketing	Global IT	Global Verticals	Global M&A	
		Commercial team	Operations	Finance	HR	Marketing	IT				



Business environment

Macroeconomics & industry cycles	See "Regional environment snapshots"- page 40
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	Trends	Risks*	Opportunities**	What do we do?
Talent market	<ul style="list-style-type: none"> Greater flexibility and mobility Broader skills gap Shortage of specialists Technology transforms talents behaviour in job markets – rise of the open talent marketplaces and gig economy 	<ul style="list-style-type: none"> Uncertain of changing (immigration) regulation and other regulatory environment in local markets War for highly-skilled talents and specialists 	<ul style="list-style-type: none"> Advance Brunel's global network to offer integrated global mobility service solutions Actively adopting technology to improve productivity Access to global talent pool 	<ul style="list-style-type: none"> "Driver for growth – quality of our people & management" page 78 "Risks, risk management and control systems – Human capital risk" page 110

	Trends	Risks	Opportunities	What do we do?
Client trends	<ul style="list-style-type: none"> Add flexibility to workforce and cost base Outsource HR functions and labour-intensive activities Total offering of services with fewer suppliers Strict compliance Technology is adopted by clients with significant impact on their business practices; increases clients' need of understanding Employment-related data analysis 	<ul style="list-style-type: none"> Increasing requirement on service speed and quality Stricter tender process and power in contract negotiation process Margin pressure and liabilities 	<ul style="list-style-type: none"> Open up strategic dialogues with existing clients to help them manage skilled flexible workforce and provide a total talent solution Brunel's market position gives a competitive advantage when win new clients who are adopting the new trend Compliance as a service 	<ul style="list-style-type: none"> "Directions for growth – by adding new services" page 72 "Risks, risk management and control systems – contract negotiation and management" page 113

Global business environment indicators

Brunel operates in a world of constant changes and we keep monitoring the set of business environment indicators on this page. The ongoing global mega trend of digitalisation influences Brunel's way of

doing business. It transforms the industries we are operating in, disrupts the current market, and marks behavioural changes of clients and talents. We embrace digital disruption and work with the trend rather than against it.

* The risks are described in detail as "key aspects" of Brunel's top risks in the "Risks, risk management and control system".

** The opportunities are in line with the opportunities described in the "Strategy" and processed as inputs in order to generate new accents of each strategic objective.

	Trends	Risks	Opportunities	What do we do?
Competition	<ul style="list-style-type: none"> Generic manpower companies working towards specialisation Niche players expand global coverage Industry consolidation Technology lowers the boundary to offer staffing services especially in immature markets Fast growing human cloud platform modules 	<ul style="list-style-type: none"> Margin pressure Service delivery Attract and retain skilled people Reputation 	<ul style="list-style-type: none"> Increase penetration rate of recruitment service in markets where Brunel has strong presence Innovation and client centric services 	<ul style="list-style-type: none"> "Risks, risk management and control system – Competition" page 107

	Trends	Risks	Opportunities	What do we do?
New technology	<ul style="list-style-type: none"> Agility is the new norm Focusing more on data quality Apply Artificial Intelligence to enhance decision making, e.g. in staffing industry Companies are integrating their core business functionalities with their parties and their platforms to create new digital ecosystems 	<ul style="list-style-type: none"> Shortage of human intelligence to apply technology properly Digital disruption 	<ul style="list-style-type: none"> Service solution innovation Unleash the benefits of Brunel's IT infrastructure Brunel's expertise, comprehensive market, knowledge and human intelligence drives better results when apply technology for clients and candidates 	<ul style="list-style-type: none"> "Drivers for growth – IT infrastructure" page 90 "Risks, risk management and control system – IT and digital risks" page 108

	Trends	Risks	Opportunities	What do we do?
Evolving regulatory landscape	<ul style="list-style-type: none"> Adverse regulatory environment in local labour market regarding to flexible labour and immigration policy CSR is moving from voluntary initiative to a required component for businesses in many countries Technology triggers the regulators to shape the new rules of the game – e.g. to enhance individuals' privacy related rights and raise a higher standard of international companies' business practices 	<ul style="list-style-type: none"> Direct impact on the costs of our clients Higher compliance risks and costs Reputation damage 	<ul style="list-style-type: none"> Enhance the culture of compliance Offer compliance as a service Participate in constructive social dialogue to find the appropriate balance of regulations on our industry services 	<ul style="list-style-type: none"> "Risks, risk management and control system – Non-compliance with laws, regulations, local standards and codes" page 111

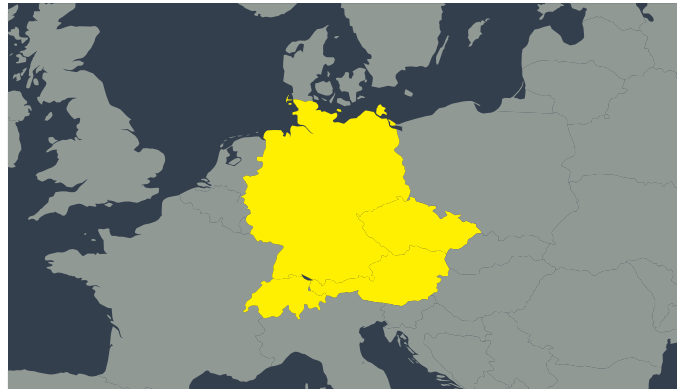


Regional environment snapshots*

Part of our business, such as local business activities of Finance and IT in the Netherlands and Engineering in Germany are mainly driven by GDP development. While other markets require additional vertical analysis, such as the capital investment in the vertical, besides understanding the general business indicators.

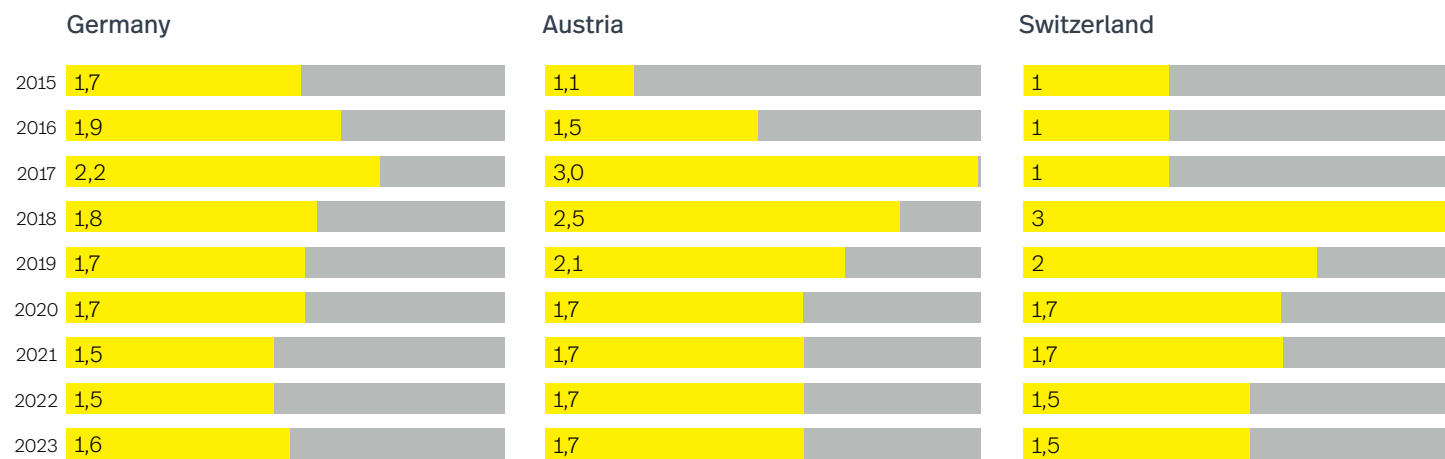
Region DACH

Germany, Austria, Switzerland, Czech Republic



Macroeconomic overview (till 2023)

Real GDP growth, % y-o-y



Source: IBGE, IMF, Statistica Canada, Fitch Solutions, BEA

Macroeconomic outlook 2019

Germany: despite a tight labour market and relatively robust real GDP growth in the first part of 2018, lingering Sino-American trade disputes, the US threat to impose tariffs on auto imports from the EU and Brexit-related uncertainties seem to have taken a toll on German exports and business sentiment. Against this backdrop, analysts have revised Germany's real GDP

forecasts for 2019 and 2020 downwards to 1.2% and 1.4% respectively, from 1.7% and 1.8% previously. This revision largely reflects a poorer outlook for export growth and household spending.

Austria: following a period of above-trend growth, we expect Austria's economy to cool in 2019, as capacity constraints emerge and external demand softens.

Switzerland: while we expect economic growth to slow in Switzerland in 2019, downside risks from a 'no deal' Brexit and global trade tensions present the biggest threats given the country's high exposure to international trade and the global financial system.

Czech Republic: economic growth is projected to remain strong in 2019,

although it will slow down. Increasing wages and low unemployment will keep household consumption growth high. Private investment will stay robust, in particular in housing and manufacturing. Export growth will continue to be solid. However, labour shortages will remain a bottleneck to higher economic growth.

* This commentary is produced by Fitch Solutions Macro Research and is not a comment about Fitch Ratings' Credit Opinions or Credit Ratings. Nor is any of the background obtained from, or in conjunction with, Fitch Ratings credit analysts.

Opportunities to watch

Mining



Limited opportunities

Germany's mining sector remains one of the largest in Europe, particularly due to abundant lignite (thermal coal) reserves.

Hostile government policy towards coal mining in order to achieve a 40% reduction in carbon emissions compared to 1990, will mean coal production is forecasted to fall drastically over the coming years.

Renewables



Very attractive

Germany will remain Europe's frontrunner for renewables capacity development, owing to the robust support from the German government. The phase-out of nuclear power capacity by 2022, a deteriorating operating environment for coal generation and weak scope for gas power investment means that wind and solar development will remain the driver of power sector growth in Germany over the coming decade. As a result, renewables generation will be the growth outperformer of the German power sector at close to 5% y-o-y from 2019 to 2027.

The growth outlook for Austria's non-hydropower renewable energy sector remains broadly positive. The country has a relatively attractive feed-in tariff (FiT) scheme. Transmission networks are relatively developed and the country continues to make investments to improve and develop grid infrastructure. Switzerland's ambitious renewable energy targets and the use of FiTs have had a positive impact on renewables growth in Switzerland, and utilities are continually investing in alternatives to established nuclear and hydropower sources. We forecast a total of 1.7GW of renewables capacity to be added between end-2018 and 2028, with distributed solar capacity dominating renewables investment.

Infrastructure



Attractive

Transport infrastructure will be a bright spot in Germany's construction industry, with the city of Berlin planning to expand its tram networks, metro networks (U-Bahn) and S-Bahn lines, offering opportunities for private investors.

The rail sector is the primary target of infrastructure investment in Switzerland and boasts the most expansive project pipeline, encompassing both domestic and cross-border connections. The roads sector also attracts a significant amount of investments, notably in expansion and upgrade works.

In Austria, construction industry growth will be driven by committed government and EU spending in transport infrastructure, as well as strong activity in residential construction, supported by private investment.

Oil & gas



Decent - limited opportunities

Germany is unlikely to see major new exploration activity given the limited resource potential and the current environment of enhanced fiscal discipline by international oil companies. This lack of reserve replenishment threatens the longer term viability of domestic production.

Automotive



Very attractive

The automotive sector is the backbone industry in Germany, and the German automotive industry is a global lead. Germany is also one of the strongest countries in the world when it comes to high-tech automotive products, including autonomous driving technology. In the coming years, Germany will continue to grow industry turnover and increase R&D investments. Higher demand of workforce in aspects of both quantity and quality is expected.



Frankfurt

10:04

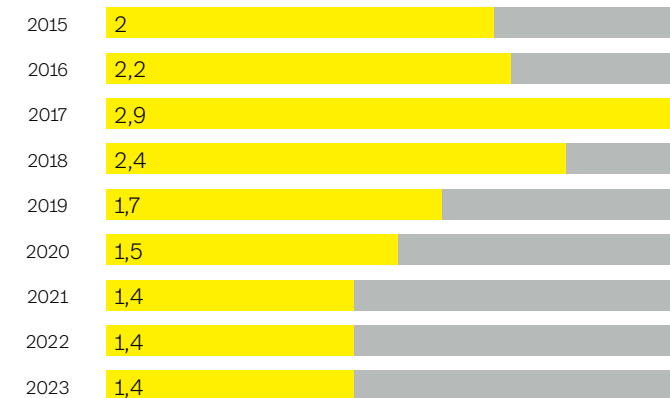
Every week, Thomas meets with his team one-on-one to discuss that week's challenges and opportunity.



The Netherlands

Macroeconomic overview (till 2023)

Real GDP growth, % y-o-y



Source: IBGE, IMF, Statistica Canada, Fitch Solutions, BEA



Macroeconomic outlook 2019

The Netherlands: capacity constraints and softening of external demand will ease output growth in the Netherlands in 2019, although a sharper slowdown could hurt the highly levered housing market.

Opportunities to watch

Mining



Limited opportunities

Limited opportunities

Renewables



Decent

The government is supportive of development of renewables capacity, with 3.5GW of offshore wind power planned for 2023. Renewable electricity is set to be the Dutch power sector's growth driver with little development in other forms of power capacity. However the negative public opinion and NIMBYism makes it hard to find suitable onshore wind locations, while slow growth in electricity consumption limits the scope for new project developments.

Infrastructure



Attractive

The construction sector in the Netherlands will remain among the most dynamic in Western Europe with a significant range of opportunities for investment across the transport, energy and residential/non-residential sectors. A well-established and high quality infrastructure network is already in place, which will limit long-term demand for new infrastructure and limit cap growth and investment opportunities.

Oil & gas



Decent

In January 2018, Tulip Oil made an FID on the Q10 gas field offshore the Netherlands. First gas is expected in 2019. Commercialisation of the Ruby discovery will likely go forward, and the appraisal of adjacent prospects, providing upside risk to our gas production outlook over the coming quarters. Low exploration and development activity may not be revived due to maturity of the area and lack of potential upside.



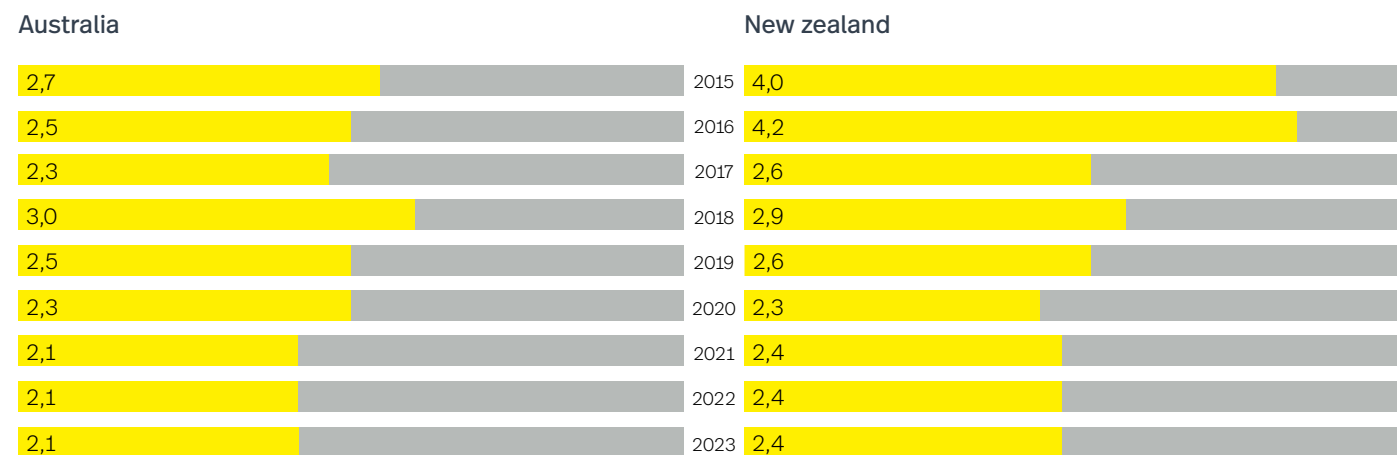
Australasia

Australia, New Zealand, Papua New Guinea



Macroeconomic overview (till 2023)

Real GDP growth, % y-o-y



Source: IBGE, IMF, Statistica Canada, Fitch Solutions, BEA

Macroeconomic outlook 2019

Australia: the growth is expected to slow to 2.5% in 2019 from 3.0% in 2018 due to slowing mining export growth and a deceleration in private investment growth.

New Zealand: weakening investment growth will likely continue to act as a drag to New Zealand's overall economic growth amid still-poor business confidence, despite an easing of lending restrictions in the housing market.

Papua New Guinea: we are forecasting Papua New Guinea's real GDP growth to accelerate to 3.0% in 2019, as the recovery of LNG production in the months following the earthquake help boost exports (on a year-on-year basis), while investment will likely benefit from slight improvements in the supply of foreign currency, which came from the successful bond issuance in September 2018.

Opportunities to watch

Mining



Very attractive Australia's mining industry will see solid value growth over the coming years, as rising mineral prices, particularly copper, gold and zinc, prompt project development. The country's mining industry value is expected to increase from USD120bn in 2018 to USD159bn by 2022. Factors enabling the country's regional outperformance include a positive business environment, rich mineral deposits and supportive infrastructure.

Miners will face growing pressure to reduce their environmental footprints. Corporate taxes for foreign investors remain higher than other countries, and it seems unlikely that the government will succeed in reducing the rates in the near future.

Renewables



Decent Growth will be driven by individual states in Australia - notably Tasmania, South Australia and Australian Capital Territory - that have adopted more supportive renewable energy policies and are deploying state-funded projects. We forecast non-hydro renewables capacity to increase by an annual average of 7.2% between 2018 and 2027, totaling just under 24GW in 2027. The outlook for Australia's renewable energy sector will remain clouded by the uncertain policy environment in the country and a general lack of government support for the sector.

Infrastructure



Very attractive Australia will be an outperformer among developed countries. The government's 10-year infrastructure programme will be the main driver of growth of the construction industry. However falling house prices will weigh on growth of the residential construction sector.

New Zealand's residential construction sector to drive the construction market in the next few years. However shortage of skilled labour, rising cost of materials and tighter bank lending are risks to the construction industry.

Oil & gas



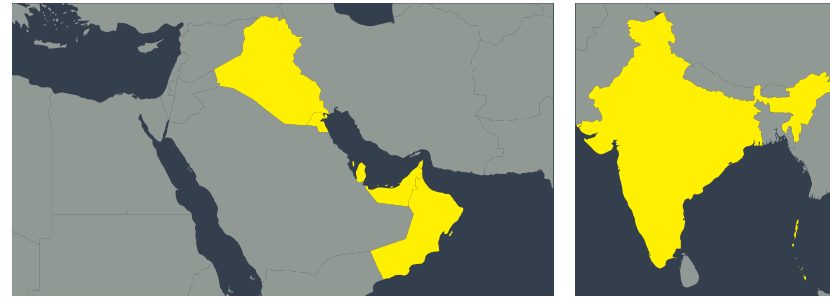
Attractive Australia's multi-billion dollar mega LNG projects pipeline, which had attracted more than USD200bn in capital investment and underpinned a more than six-fold increase in its LNG exports over the past three decades, is approaching its end and we expect the growth in its gas production and LNG exports to inevitably slow over the coming years. Growth in the mid-2020s will be driven by lower-cost, lower-risk brownfield developments, with seven out of nine active LNG projects in Australia already having identified new gas sources to backfill declining output capacity.

PNG's natural gas production and LNG exports are both set to double over the 10-year forecast period, supported by planned expansions of the existing PNG LNG project based off gas from the P'nyang and Elk-Antelope gas fields. Ample supply additions globally will keep LNG prices floored over the next few quarters, although downside risk for PNG is limited, due to existing contracts.



Middle East & India

Kuwait, Iraq, Qatar, UAE, Oman, India



Macroeconomic overview (till 2023)

Real GDP growth, % y-o-y

	Kuwait	Iraq	Qatar	UAE	India
2015	0,6	3,8	3,6	5,1	8,1
2016	2,9	9,6	2,2	3,0	7,2
2017	-3,5	10	1,6	0,8	6,7
2018	2,7	0,8	2,3	2,8	7,1
2019	3,1	3,2	2,5	3,0	7,1
2020	3,6	3,4	2,4	3,4	6,7
2021	2,5	3,0	3,5	3,0	6,6
2022	3,0	3,4	3,6	3,3	6,5
2023	3,0	3,6	2,7	3,4	6,5

Source: IBGE, IMF, Statistica Canada, Fitch Solutions, BEA

Macroeconomic outlook 2019

Kuwait: fiscal stimulus, not least on major capital projects, should underpin domestic demand and accelerate growth, but OPEC/non-OPEC oil output cuts will cap potential gains. A weak operational environment poses risks to the implementation of infrastructure projects, and will also keep foreign investment flows weak.

Iraq: a weak oil sector will see growth decelerating in 2019, but the slowdown will be strongly mitigated by expansionary fiscal policy. Elevated political risks like the continued threats of social unrest in the country's south and a still-active Islamic State in the north, could put more significant downward pressure on growth.

Qatar: robust construction activity ahead of the 2022 FIFA World Cup and government-led non-hydrocarbon sector development will underpin higher growth, but a weak hydrocarbons sector will mitigate gains.

UAE: fiscal stimulus in Abu Dhabi and Expo 2020 in Dubai will see non-oil economic activity increase in 2019, generating a modest uptick in real GDP growth. Protracted weak oil prices could see OPEC production cuts extended into 2019, which would suppress headline growth.

India: economy is expected to grow by 7.1% in FY2019/20 steady from FY2018/19, due to high post-election spending and accelerating credit growth from a recovering banking sector to offset the external headwinds from slowing global demand.

Opportunities to watch

Mining



Limited opportunities

Governments in Middle East will continue to strive to attract investment in their mining sectors with supportive regulation and incentives. Nevertheless, political instability will keep foreign investment at bay compared to other regions, ensuring state-owned miners' dominance of the sector in the coming years.

India's mining sector will see solid growth, primarily boosted by the country's positive reforms and vast mineral reserves. Red tape and bureaucracy plague the sector, along with high mining royalties, policy discontinuity and growing environmental and social opposition to mining.

Renewables



Attractive

Solar power is expected to become the biggest source of renewable energy in the region, as capacity in the sector expands by more than 700% between end-2017 and 2027, compared to a 210% capacity increase in wind capacity over the same timeframe. The sector will only comprise 3% of total power generation by 2028, a marginal increase from the 1% we estimate for 2018. The main reason for this is the abundance of gas reserves in the region, which will ensure that natural gas-fired power makes up more than 70% of total regional power generation over the coming decade.

Outperformer in the region is India as the country aims to curb its rapidly increasing reliance on coal-free power in order to reverse deteriorating air quality. UAE also shows a strong initial project pipeline in the solar segment and government commitment to the sector.

Infrastructure



Very attractive

The region will register the fastest construction industry growth of any region globally in 2019, averaging 7.5% y-o-y. Over the medium term, the industry will continue to see strong growth, averaging 6.8% y-o-y from 2019-2022. The region remains a relatively high risk region to finance, construct, and operate infrastructure assets, impeding the successful delivery of the region's robust infrastructure project pipeline.

Oil & gas



Very attractive

The region will continue investing heavily in its energy sector to meet rising domestic demand and support export-oriented revenue. Upstream investments will face increased competition from the downstream and petrochemicals as national oil companies (NOCs) strategically reorient their spending. NOCs will continue to drive investment, although the private sector has a growing role to play. Many Middle Eastern assets are other attractive prospects for foreign and private players while recovering global capex increases the funds available for investment. Oil will dominate maintenance capital, but growth capital has increasingly swung towards gas, to diversify the power mix, reduce reliance on imports and free up oil for export.

Automotive



Attractive

India - In many ways India is an archetype for emerging markets in regions such as Latin America, Southeast Asia and Africa. India is specialising in two wheelers and small vehicles. In the future, India is expected to maintain a hub for frugal engineering to develop products that cost a fraction but offer enough value to attract demand. Indian IT and auto-component players also have the first-mover advantage of supporting automobile manufacturers to embed software in their vehicles. India is also known as a hub for low-cost, high-quality managerial talent, many global companies are also leveraging local talent for driving innovation through R&D centers.



Americas

USA, Canada, Mexico, Brazil



Macroeconomic overview (till 2023)

Real GDP growth, % y-o-y

Brazil		Canada		USA	
-3,5	2015	0,9	2015	2,9	2015
-3,5	2016	1,5	2016	1,6	2016
1,9	2017	3,1	2017	2,2	2017
1,3	2018	2,3	2018	3,2	2018
2,4	2019	1,9	2019	2,5	2019
2,4	2020	1,7	2020	1,9	2020
2,3	2021	1,7	2021	1,8	2021
2,6	2022	1,7	2022	1,8	2022
2,8	2023	1,7	2023	1,9	2023

Source: IBGE, IMF, Statistica Canada, Fitch Solutions, BEA

Macroeconomic outlook 2019

Brazil: economy will likely strengthen in the coming months, as greater clarity over policy direction will support business sentiment and investment.

Canada: economy will slow in 2019 as robust levels of private consumption and soaring energy sector production grind lower to sustainable levels.

USA: economy growth outlook remains constructive due to a tightening labour market, a continued recovery in private investment and expansionary fiscal.

Opportunities to watch

Mining



Very attractive

The Americas region features in global top 10 markets in terms of number of mining projects in the pipeline (with Canada in 2nd place, USA in the 3rd, Mexico in the 7th and Brazil in the 8th).

Renewables



Very attractive

USA, Brazil, Canada and Mexico rank amongst the global top 10 fastest expanding renewables markets. The US market is expected to see significant expansion and offer notable investment opportunities in the solar and wind power segments. The US nascent shows notable developments coupled with a large pipeline of planned projects in the market. The Brazilian power industry will offer long-term opportunities over the coming decade while the economy performs over the next four years will have crucial impact on the power industry. Canada remains promising outlook of renewables capacity growth.

Infrastructure



Attractive

USA, Brazil, Canada and Mexico rank amongst global top 20 countries with the most infrastructure projects and positive investment outlook. The US construction industry will see moderate growth over the coming years supported by investment across transport, energy and utilities as well as residential and non-residential construction. In Canada, investment in 2019 will be largely supported by government funding of large -scale infrastructure projects and non-residential construction. Transport sector will be a leading driver of overall investment in Canada over the coming years. In Brazil, transport infrastructure segment should see an acceleration in growth in 2019.

Oil & gas



Very attractive

In the US, companies will continue to position themselves for the next phase of the shale development cycle, by capping spending to create a more solid financial foundation and secure shareholder returns. In Canada, a deficit of midstream capacity will sustain a discount of domestic grades of crude and gas. This will limit revenue growth and force producers to expand their efforts toward boosting efficiencies. In 2019, diversified producers will expand their budgets by the largest margin at 5.1% y-o-y, reaching USD31.8bn. Capital expenditure into Brazilian traditional oil projects will add up to \$47.2bn over the three-year period, while heavy oil fields will require \$6.2bn over the same period. Investments into gas projects in Brazil will total \$1.1bn in upstream capital expenditure by 2020.

Automotive



Attractive

USA is the world's second biggest automotive market for vehicle sales and production, and is home to many global vehicle and auto parts manufactures. The automotive industry is also at the forefront of innovation. New R&D initiatives are transforming the industry to better respond to the opportunities of the 21st century. With an open investment policy, a large consumer market, a highly skilled workforce, available infrastructure, and local and state government incentives, USA is the premier market of business opportunities for Brunel.



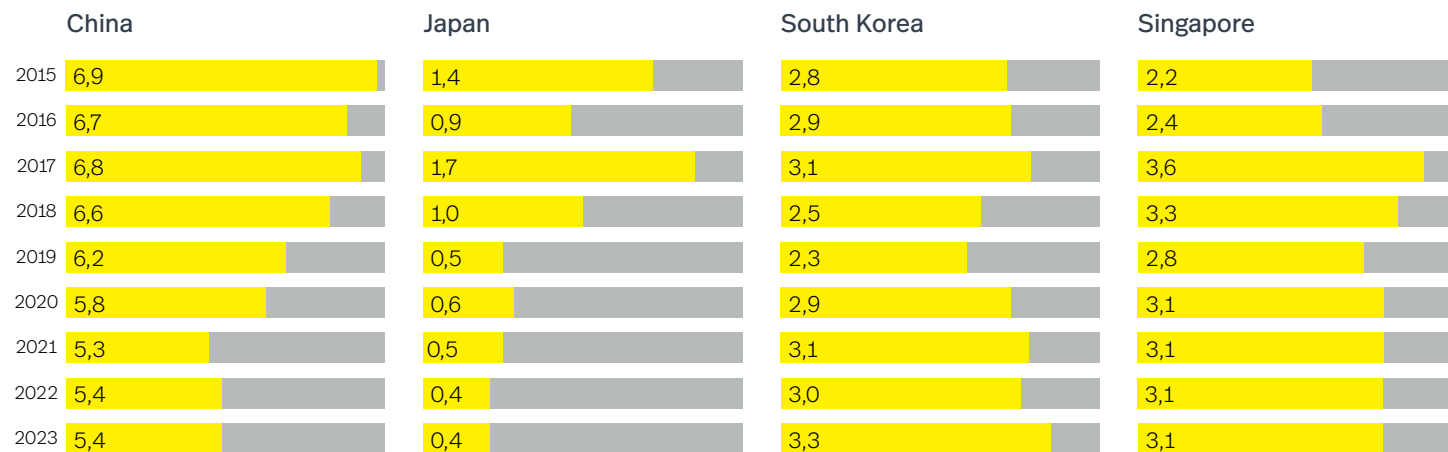
Asia

China (incl. Hong Kong), Japan, Korea, Singapore, Vietnam, Malaysia, Indonesia, Thailand, Brunei, Myanmar



Macroeconomic overview (till 2023)

Real GDP growth, % y-o-y



Source: IBGE, IMF, Statistica Canada, Fitch Solutions, BEA

Macroeconomic outlook 2019

China: economic momentum is slowing in China and growth to slow to 6.4% in 2019 due to a re-escalation of trade tensions with the US following the end of truce on March 1.

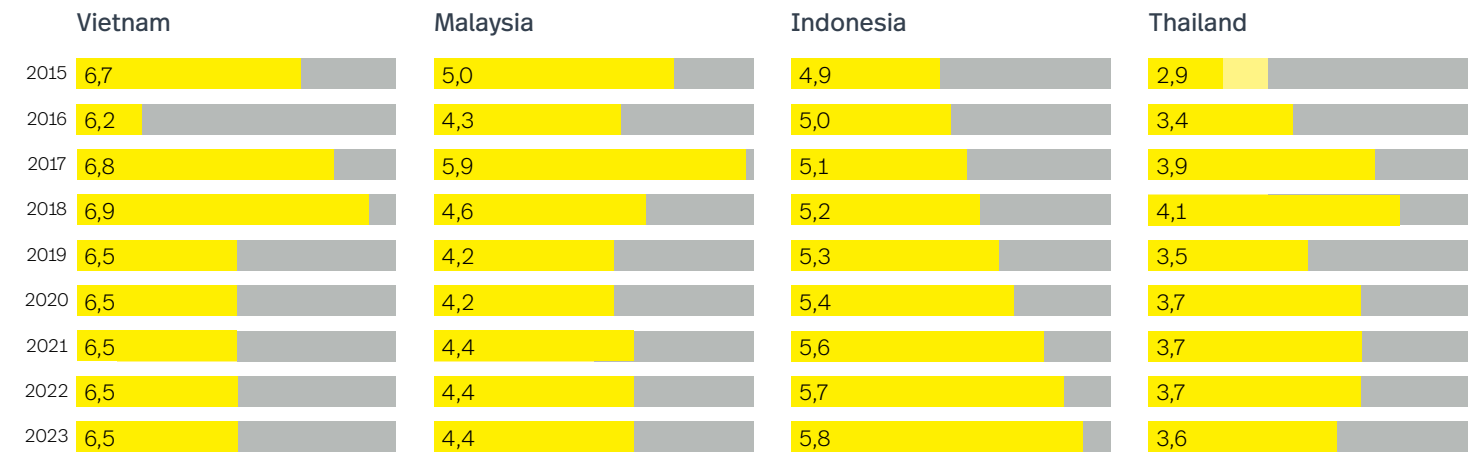
Japan: Japan's growth is likely to be subdued in 2019 as it faces challenges over the coming quarters from a decline in consumer confidence, impending sales tax hike in October 2019, and continued uncertainty stemming from rising US protectionism.

South Korea: South Korea's growth will likely disappoint in 2019 due to continued downside pressure on investment activity due to paring back of capacity by manufacturers and curbs on the housing market, weaker labour market owing to the minimum wage hike, as well as external headwinds.

Singapore: cooling global growth and trade, higher borrowing costs and weakness in the residential property market likely dampen Singapore's economic activity, informing the real GDP growth forecast of 2.8% in 2019 (from 3.3% in 2018).

Macroeconomic overview (till 2023)

Real GDP growth, % y-o-y



Source: IBGE, IMF, Statistica Canada, Fitch Solutions, BEA

Macroeconomic outlook 2019

Vietnam: real GDP growth is to slow to 6.5% in 2019 due to rising trade protectionism and tighter financial conditions but note that it will remain one of the region's fastest growing economies.

Malaysia: Malaysia's economic growth to slow to 4.2% in 2019 from 4.6% in 2018 as investment growth comes under pressure by the cancellation of foreign-funded infrastructure projects such as the East Coast Rail Link and continued external weakness.

Indonesia: the Indonesian government's populist policies ahead of the April 2019 elections will support consumption growth in 2019, but this will likely be negated by a further tightening of monetary conditions globally, escalating trade concerns, and rising oil prices.

Thailand: Thailand's real GDP growth to moderate to 3.5% in 2019 from 4.1% in 2018 due to mounting external headwinds, a weaker investment outlook for the manufacturing sector and rising political risks stemming from social instability as the elections that have to be held by May 2019 draw closer.



Opportunities to watch

Mining



Very attractive

Asia's mining sector continues to boast the greatest rewards globally with positive business environments, rich mineral deposits, supportive infrastructure and political stability relative to other regions.

The Asian mining landscape will feel the brunt of volatile commodity prices and rising global risks in 2019. Trade tensions between the US and China will be the overarching risk generator while the latter continues to balance industrial reform with economic growth. Despite the availability of high grade resources and low labour costs, key countries will also continue to face challenges from policy uncertainty, resource nationalism and environmental protection.

Investment hotspots for mining projects are China, Japan, South Korea, Malaysia, Indonesia, Thailand, Myanmar, Vietnam.

Renewables



Very attractive

Non-hydropower renewables power generation is likely to grow more than double over the coming decade. Asia will remain the dominant region globally in terms of installed renewables capacity over the next 10 years, primarily due to the vast market size of China - accounting for 45% of global renewables capacity additions leading up to 2027.

Coal generation will remain robust in emerging Asian economies. There is still a lack of concrete policies in place to encourage the deployment of renewable energy in Korea and Japan's limited progress in awarding project under its auctions mechanism project cautious long-term outlook for renewables sector growth in this region.

China, Japan, Korea, Thailand and Indonesia are top picks to watch in this region.

Infrastructure



Attractive

We are moderately bullish on the Asian construction industry with our outlook supported by government policies that encourage spending on infrastructure, as well as China's Belt and Road Initiative (BRI). This factor is particularly relevant to frontier markets, where tight fiscal positions are an impediment to further expansion of the construction industry and governments turn to China to finance infrastructure projects.

The region will see heightened political risk, with general elections taking place in the key markets of Thailand and Indonesia. The rise of populists in government will threaten policy continuity, hence adding a layer of uncertainty to growth of the construction industry as the elections take place.

Frontier markets are Myanmar, Vietnam, Indonesia, China and Thailand. Singapore's construction industry will be supported by megaprojects (airport, port, waste management and rail) over the next 10 years. Short term growth will mainly be supported by construction related to the 2020 Tokyo Olympics, upgrading and maintenance of existing infrastructure. Long term growth will be driven by construction activities relating to the replacement aging infrastructure.

Houston 10:30



Lisa jumps into action for a client audit. Making sure everything in terms of safety, logistics, training and support structure are in order is one of her favourite aspects of the job.



Singapore

11:55

Alvin works hard to make sure clients and contractors are satisfied. This means regular meetings with the Operations Department.



Opportunities to watch

Oil & gas



Attractive

Capex among Asia's oil and gas companies is set to increase for the third consecutive year in 2019. Asia's upstream growth will focus primarily on the expansion of natural gas resources. With growing demand for natural gas, Asia will continue being a focal point of competition for market share in the LNG space.

China will lead the way in volume with investment in shale gas, coal bed methane and conventional resources. Vietnam presents another clear winner in the coming years with significant growth in gas production.

Automotive



Attractive

The automotive industry in China is growing, but it has become a lot more competitive and many analysts see a period of slower market growth ahead than last a few years. China's automotive sector could face a period of overcapacity which would compound difficulties for OEMs in what is already a very competitive market. Japan and South Korea remain investment hotspot in the coming years thanks to their supportive business environment, R&D capacity and established infrastructure. The industry also shows a lot of specialisation which is increasingly becoming segment specific as countries are finding its niche. The Chinese market is specialising in components, Thailand in pick-up trucks and passenger cars and Indonesia in utility vehicles.



Russia & Caspian area

Russia, Kazakhstan



Macroeconomic overview (till 2023)

Real GDP growth, % y-o-y

Russia		Kazakhstan	
-2,8	2015	1,2	
-0,2	2016	1,1	
1,5	2017	4,0	
1,6	2018	3,9	
1,4	2019	3,8	
1,3	2020	3,7	
1,6	2021	4,0	
1,5	2022	4,1	
1,5	2023	4,2	

Source: IBGE, IMF, Statistica Canada, Fitch Solutions, BEA

Macroeconomic outlook 2019

Russia: Russia's economic recovery will continue to lose momentum over the coming quarters, while risks to growth will remain tilted to the downside on the back of growing tensions with the West and the prospect of additional sanctions on the country.

Kazakhstan: although Kazakhstan is making efforts to diversify its hydrocarbon dependent economy, real GDP growth will continue to be driven by domestic crude production and global oil price dynamics. With year-on-year price and production gains levelling off, economic growth will moderate but outperform regional averages.

Opportunities to watch

Mining



Decent

Russia has one of the largest and most diverse resource bases in the world with untapped deposits of gold, coal, iron ore, nickel, palladium and platinum, among others.

The domestic regulatory environment (Strategic Investment Law) is very restrictive towards foreign investment, leading to a mining sector that is largely dominated by domestic miners. Other challenges include a weak and bureaucratic legal system, as well as financing trouble stemming from US-backed sanctions.

Renewables



Decent - limited opportunities

Russia and Kazakhstan represent a very small share of the total renewables capacity in the Central and Eastern Europe. International renewables firms setting up local production capacity bodes well for the development of new renewables projects and local content requirements. However subsidised gas and coal supplies have led to artificially low generating costs, which have also discouraged investment in non-hydro renewable electricity. Risk of additional political sanctions could dampen investor sentiment

The government of Kazakhstan has set out its National Green Growth Plan, which is designed to develop renewable energy by adding 1,040MW of capacity to the grid by 2020. While total contribution of renewables is still small, it is showing some growth potential over the coming years. Despite government plans and renewables growth, investment will most likely remain focused on conventional thermal energy. High levels of corruption also present.

Infrastructure



Attractive

Higher oil prices over the next half decade will drive strong construction sector growth in Russia. An acceleration in economic growth is likely to support investment levels more broadly, while Chinese investors are also likely to continue funding infrastructure projects in Russia in line with the Belt & Road initiative

Oil & gas



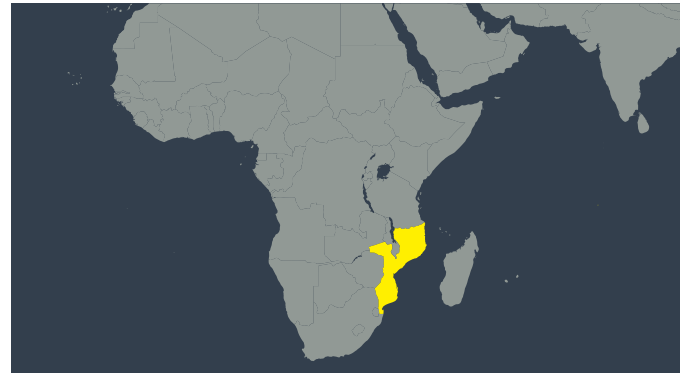
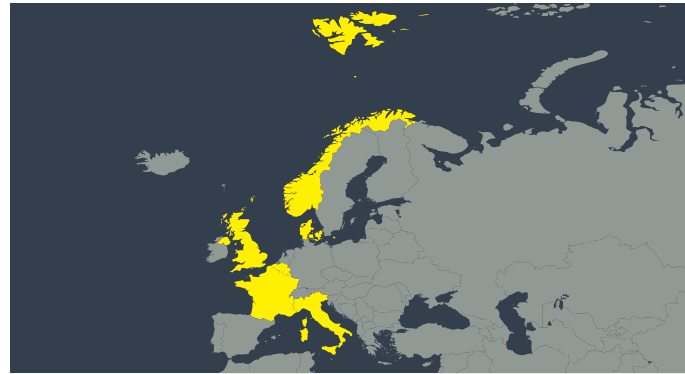
Very attractive

A newly signed deal between Caspian nations regarding the division of natural resources in the region may provide limited upside to future exploration. The deal will help remove some barriers to exploration, although it falls short of seabed division, which would be far more positive for future exploratory work. Several huge offshore projects have started up over the past 2 years, with Shah Deniz 2 off the Azerbaijani coast and Kashagan in the North East Kazakh area both indicative of the resource potential of the region.



Europe (other countries) and Africa

UK, Denmark, France, Italy, Norway, Belgium, Mozambique



Macroeconomic overview (till 2023)

Real GDP growth, % y-o-y

	UK	Denmark	France	Italy
2015	2,3	1,6	1,1	1,0
2016	1,9	2,0	1,2	0,9
2017	1,8	2,3	2,2	1,5
2018	1,4	1,5	1,6	0,9
2019	1,5	1,9	1,7	0,8
2020	1,6	1,7	1,5	0,7
2021	1,7	1,3	1,5	0,6
2022	1,7	1,3	1,5	0,7
2023	1,7	1,3	1,4	0,5

Source: IBGE, IMF, Statistica Canada, Fitch Solutions, BEA

Macroeconomic outlook 2019

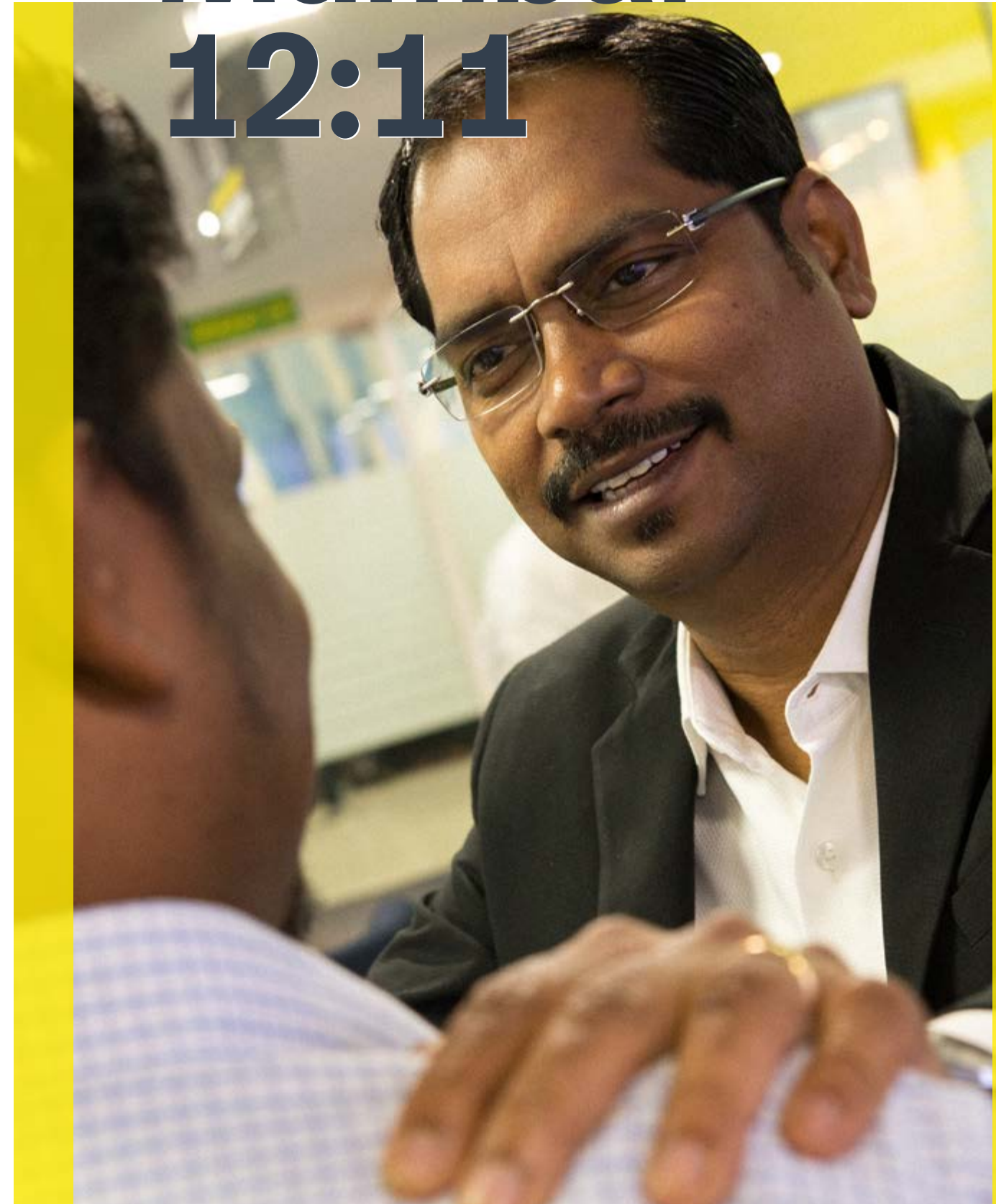
UK: we forecast real GDP growth to come in at 1.4% in 2018, 1.5% in 2019 and 1.6% in 2020. Q318 above-trend growth will unlikely continue in 2019. Lingering Brexit uncertainties will continue to weigh on corporate investment activity, while weakening consumer confidence will rein in private spending.

Denmark: the Danish economy will remain on a healthy trajectory in 2019, with strong private consumption helping to offset weakening external demand. That said, the possibility of a Social Democratic minority government after the June general election presents downside risks to the country's outlook

France: with the economy set to enter a mature stage of its growth cycle, a slight rebound from the Yellow Vests fallout remains on the cards as President Macron's fiscal concessions will significantly boost household purchasing power in 2019.

Italy: the Italian economy is at significant risk of entering a recession in early 2019, with leading economic indicators suggesting stagnation or contraction. Political risk stemming from the untested populist administration is leading businesses to postpone investment and hiring decisions until a clearer outlook emerges.

Mumbai 12:11



Deena knows the role of a manager is more than just business - it's about the people!



Houston 12:38



Lisa aligns her team with the needs of the client.
That's what being a strategic partner is all about: knowing
how to enable our clients and employees to excel!

Macroeconomic overview (till 2023)

Real GDP growth, % y-o-y

	Norway	Belgium	Mozambique
2015	2,0	1,4	6,6
2016	1,1	1,2	3,8
2017	1,8	1,7	3,7
2018	2,2	1,5	3,5
2019	2,0	1,3	3,9
2020	1,8	1,3	4,8
2021	1,8	1,3	5,8
2022	1,8	1,3	6,9
2023	1,8	1,3	10,7

Macroeconomic outlook 2019

Norway: the Norwegian economy will most likely slowdown in 2019, as growth most likely reached a cyclical peak in 2018. Barring a major collapse in oil prices, a strong consumer outlook will underpin a solid economic performance.

Belgium: weaker economic activity among Belgium's primary trading partners in the Eurozone will weigh on real GDP growth as domestic demand will struggle to pick up the slack from weaker external demand.

Mozambique: while we expect Mozambique's real GDP growth to accelerate from an estimated 3.5% in 2018 to 3.9% in 2019, an ongoing lack of foreign aid following the 2016 hidden debt crisis means that growth will remain below long-term averages, while scope for renewed external budgetary support will remain limited in the short term.



Opportunities to watch

Mining



Limited opportunities

High costs, restrictive regulations, a weak project pipeline and conservative company strategies will continue to drag on mining sector growth in Europe. On a more positive note, we expect Europe to maintain its position at the forefront of implementing technology in mining, as a result of a highly skilled workforce and high levels of connectivity.

Mozambique's coal sector will drive mining industry value growth over the coming years as demand from key customer, India, will remain sustained. Mozambique's underdeveloped logistics infrastructure and a weak long-term global coal price outlook threaten to limit the country's coal mining sector growth

Renewables



Attractive

We forecast renewable energy capacity in the Western Europe region to expand by a net 163GW between end-2018 and 2028, with France and the United Kingdom making up 21% and 11% of the total. As the region transitions away from attractive subsidy support mechanisms such as feed-in-tariffs to competitive auctions to procure new renewables capacity, we expect annual average y-o-y% capacity growth to slow to 4.4% between 2019 and 2028, compared to an equivalent 12% between 2010 and 2018.

The government is targeting 60% electrification rates by 2020 and new President Lourenço has made promises of economic reform, including breaking up industry monopolies and tackling corruption. Renewable projects already being planned. Low electrification rates and a large section of the population being dispersed and rural makes the development of renewable energy microgrids feasible, owing to the relatively short periods it can be deployed. However corruption levels still remain high.

Infrastructure



Attractive

Western Europe will see strong investment in energy and utilities infrastructure over the coming years, driven by efforts to reduce carbon emissions in the power sector and the need to modernise ageing water infrastructure across the region. Brexit remains a major source of uncertainty for the UK in particular and the wider European construction sector in general.

Business environment reforms are making the market more appealing for infrastructure investment, with a large project pipeline across transport and energy and utilities offering opportunities. The development of coal mining and LNG facilities over the next decade will create demand for supporting infrastructure, offering investment opportunities. However the government's ability to support infrastructure projects is closely tied to oil price performance, while Chinese firms have a dominant position in the market.

Oil & gas



Attractive

Capital spending among the world's largest oil and gas companies is set for a second consecutive year of growth in 2019. In the region of Europe & Africa, there will be a mild increase in capex growth for 2019 as companies seek to increase shareholder confidence and boost profitability by maintaining spending levels alongside increased efficiency gains.

Mozambique turns into a major LNG exporter from mid-2020s. FID expected in 2019 on Anadarko-operated Area.



Singapore

13:09

Lunchtime! Avin sits down with his colleagues for a catch-up.



Stakeholders and material issues

Reporting principles and purpose

Following the Integrated Reporting Framework (IIRC), identifying material issues is an important step to present Brunel's performance in relation to broader concepts of sustainability. We aim to provide a concise, accurate and comprehensive view of Brunel's operations, performance and relevant material issues. It should help explain to all stakeholders, the significance of various aspects of social, economic and governance performance on Brunel's ability to create long-term value.

Definition

Material issues are those issues we believe have, or will have, a significant long-term impact on our profitability, people, culture and operations.

Scope and boundary

We only report information if it is defined as material or if mandatory to be disclosed following legal requirements. This reporting scope covers main participations of Brunel International N.V. (see the list of participations on page 149).

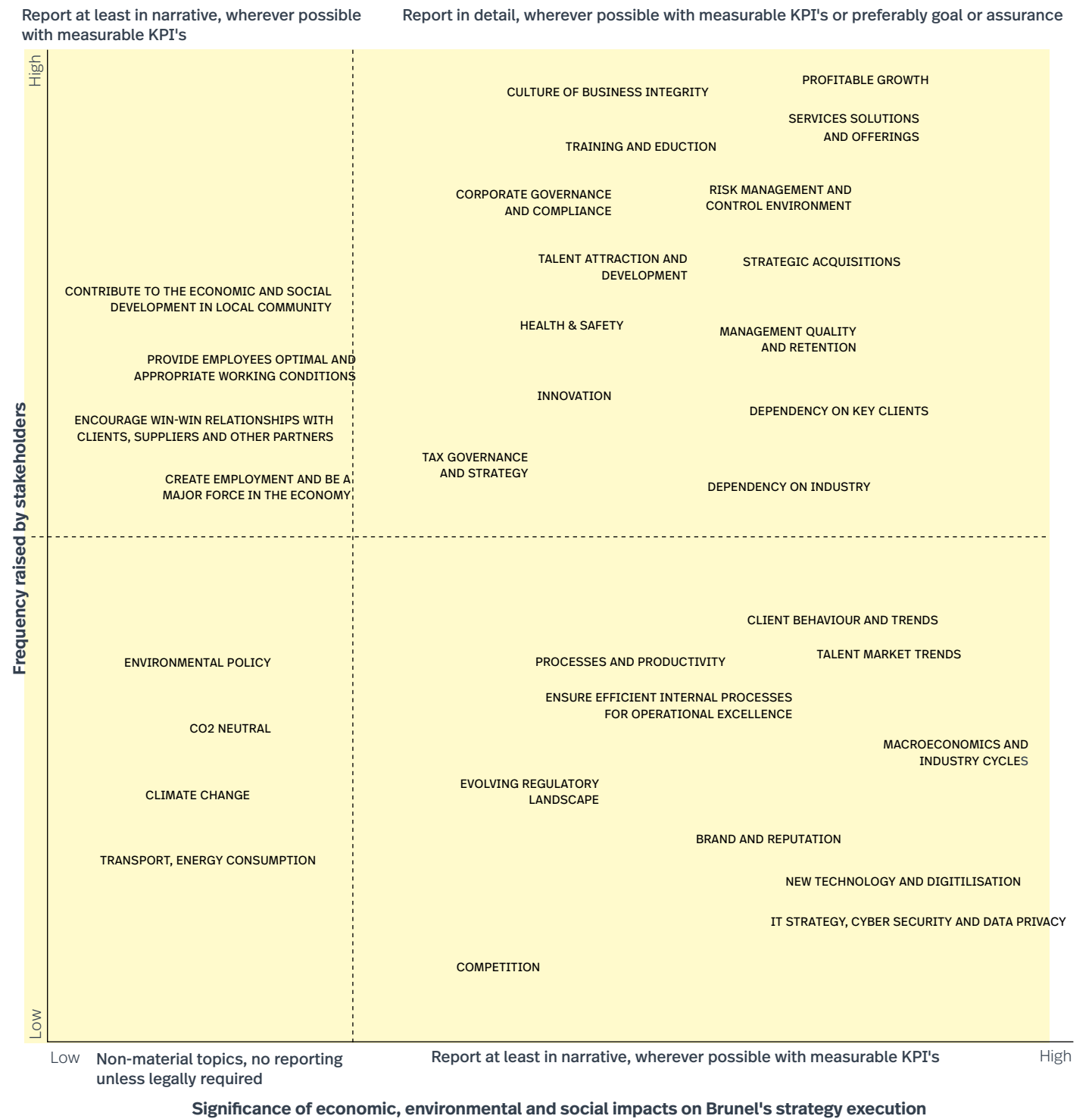
Stakeholder group and relevant matters

	Stakeholder group	Why we engage	How we engage	Areas of interest	What do we do?
Manage closely	Employees (specialists & professionals)		Employee surveys, Formal or informal social events and meetings, Work Council, Intranet, B-app, Receiving feedback.	Access to information; Attention and recognition, Training & education opportunities, Ethics & Culture, Job security, Career advancement, Salaries & benefits.	Management communication, Performance reviews, Investing in our culture and brand, training, education and develop programmes, Business integrity, Respect human rights, Top Benefits packages.
	Clients	These stakeholders make up the company, providing human capital, financial capital, intellectual capital and demand our services to make Brunel's business possible.	Client events, surveys and meetings, Site visits, Tenders, contracts and service agreements, Client research and ratings. Media scanning, Net Promoter Score.	Price and performance, Liability, Full service offering, On time delivery and quality of services, (Tax) compliance.	Manage client relations, Encourage innovation, Provide in-house consultation, Offer added value, Cross-sell of services, Client on-boarding programme and service assessment meetings.
	Shareholders & investors		Investors roadshows, General meeting of shareholders, Teleconferences and analysts' meetings.	Growth in the share price, Brunel's reputation, Strategic direction, Management succession, Corporate governance and ethics, CSR.	Annual review of strategy and risk assessment, Remuneration committee assessment and review policy, Disclosure of reliable financials, Provide consistent financial growth. Enhance business ethics.
	Candidates		Candidates' events, Social media and marketing campaigns, Workshops, Receiving feedback	Job opportunities, Job market information, Privacy and data protection	Mentoring programmes for students, Apprenticeship, Talent scouting.
Keep informed	Government & regulators	This stakeholder impacts the operational and regulatory environment in which we deliver services.	Governments' and regulatory bodies' publications, consultations and workshops, Media scanning.	Governance, compliance and remuneration practices, Contribution to economy and job creation, On time payment tax duties, Professionalism, impact on community.	Comply with laws and regulations, Tax compliance. Embed compliancy in our culture. Provide employment of over 14,500 people annually.
Keep satisfied	Community	This stakeholder is impacted by our services and has the ability to affect our reputation.	Active participation in community, Media Scanning.	Local employment, economic, environmental and social contribution, CSR.	Brunel Foundation, Sponsorships and donations, active participation in engineering sectors, Partnership with universities to develop younger generation.
Monitor	Peers	This stakeholder impacts the sector reputation, practices and environment in which we operate.	Industry focus meetings and publications, Media Scanning.	Industry benchmark, competitiveness of Brunel.	Competitive intelligence.

Materiality determination process



Materiality matrix



Connectivity matrix

Categories	Material matters	Content in this report	
External material matters from our business environment	Client behaviour and trends	Business environment - page 38	
	Talent market trends	Strategy action: diversification - page 106	
	Macroeconomics and industry cycles		
	New Technology and data privacy		
	Evolving regulatory landscape Competition		
Internal material matters relevant to our growth strategy	Profitability and growth	Profitable growth Strategic objective: concentrating on profitable growth- page 72 Performance - page 123	
		Dependency on key clients Risks, risk management and control systems - page 112	
		Dependency on industry Strategy action: client management - page 113	
		Strategic acquisitions Risks, risk management and control systems - page 106	
		Create employment and be a major force in the economy Strategy action: giving back to society - page 69	
		Tax governance and strategy	
	People and culture	Training and education	Employee matters - page 79
		Management quality and retention	Strategy action: talent and management development - page 80
		Health and safety	Health and safety at work - page 85
		Brand and reputation	Dream and ambition - page 34 Strategic objective: building a solid reputation of having good quality resources and being an industry shaper - page 78
		Provide employees optimal and appropriate working conditions	Human rights - page 86
		Contribute to the economic and social development in local community Make a positive impact on society - page 76	
	Operational excellence	Ensure efficient internal processes for operational excellence	Strategic objective: achieving operational excellence - page 90
Processes and productivity		Strategy action: quality, speed and productivity - page 108	
Services solutions and offerings			
Innovation		Strategic objective: concentrating on profitable growth - page 72	
	Encourage win-win relationships with clients, suppliers and other partners Managing customer relations - page 91 Strategy action: digital roadmap - page 108		
	Risk management and control environment Risks, risk management and control systems - page 93		
Governance	Corporate governance and compliance	Report from supervisory board - page 16 Corporate governance - page 117	
	Culture of business integrity	Risks, risk management and control systems - page 93	
Non-material issues, no reporting unless legally required	Environmental policy	Environmental matters - page 92	
	CO2 neutral	Strategy action: giving back to society - page 69	
	Climate change		
	Transport, energy consumption		

Strategy

Regardless of the uncertain and dynamic environment we are operating in, Brunel maintains its growth strategy as a priority. It is vital that we make wise choices about where and how to compete in order to grow at a reasonably fast pace as a specialist in both the global market and lucrative niches.

The formula for growth

To grow successfully and sustainably, we must at the very least meet the following three conditions:

- have a clear direction and be prepared to make choices in terms of markets and positioning - directions for growth
- continue to increase our capacities at the right moment, at the appropriate rate and in the right directions - drivers for growth
- improve our organisation and IT infrastructures continuously - infrastructure for growth

Sustainability in broad terms

Brunel defines sustainability as managing our financial, social and environmental risks, obligations and opportunities continuously and strategically, with the aim of

- maximising the creation of shared value for our shareholders, stakeholders and society at large;
- identifying, preventing and mitigating possible adverse impacts.

In broad terms, Brunel's sustainability agenda covers the topics of labour and employment practices, combating bribery and corruption, social matters and community development, environmental matters, respect for human rights and good tax governance. Depending on different maturity and nature of our operations, our CSR process has been primarily decentralised and driven by local business' initiatives, especially in some small-sized entities the process is informal and intuitive.

New accent 2018-2023 : giving back to society at large

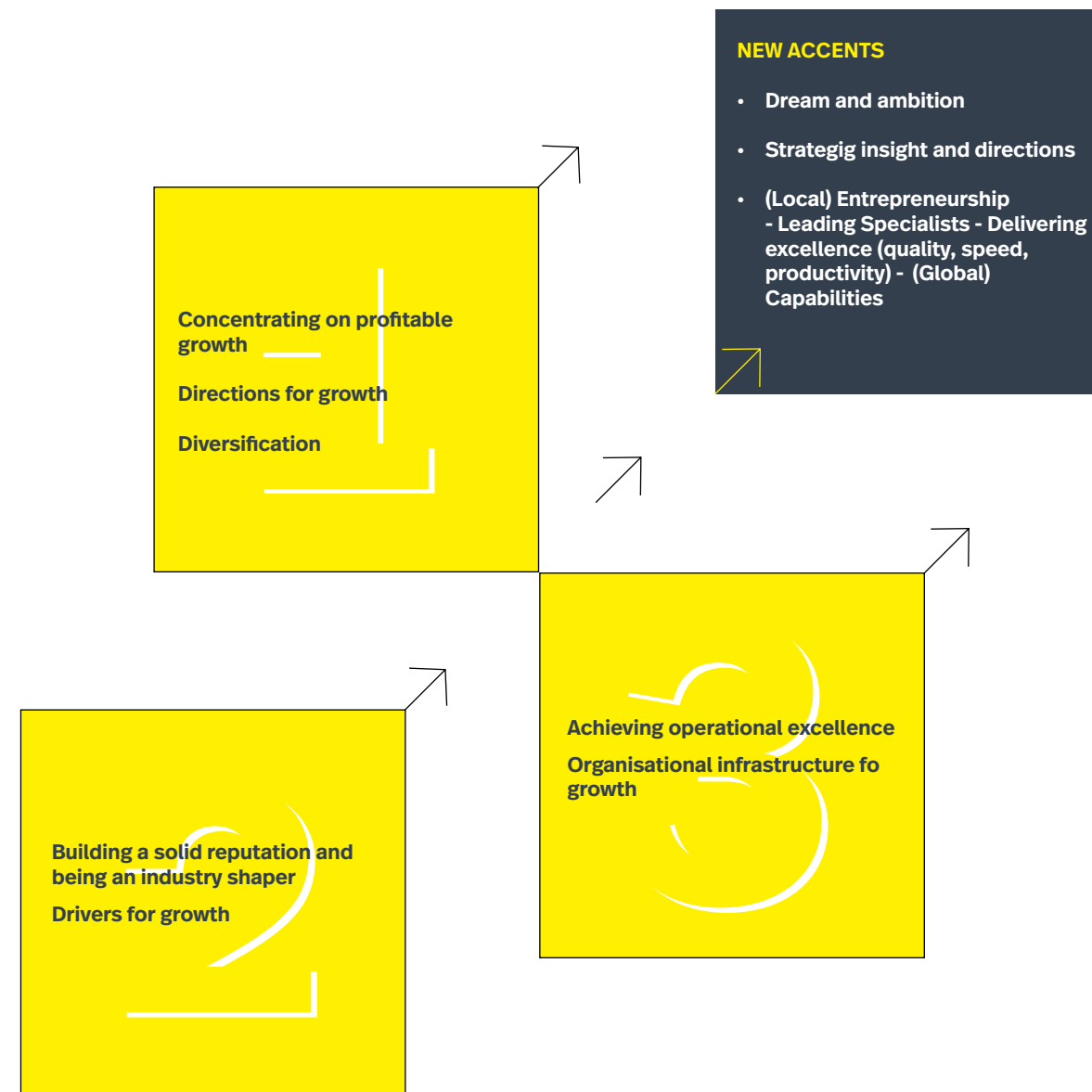
Brunel have updated our group sustainability agenda in order to give back to society on a large scale. In particular, we support the UN sustainable development goals (SDGs) by:

1. helping future, young and senior professionals with a distance to the labour market,
2. and helping increase environmental consciousness and sustainability by raising awareness for clean seas and our own environmental footprint.

Brunel helps to create a better future for professionals and a better planet for future professionals.

Strategic objectives:

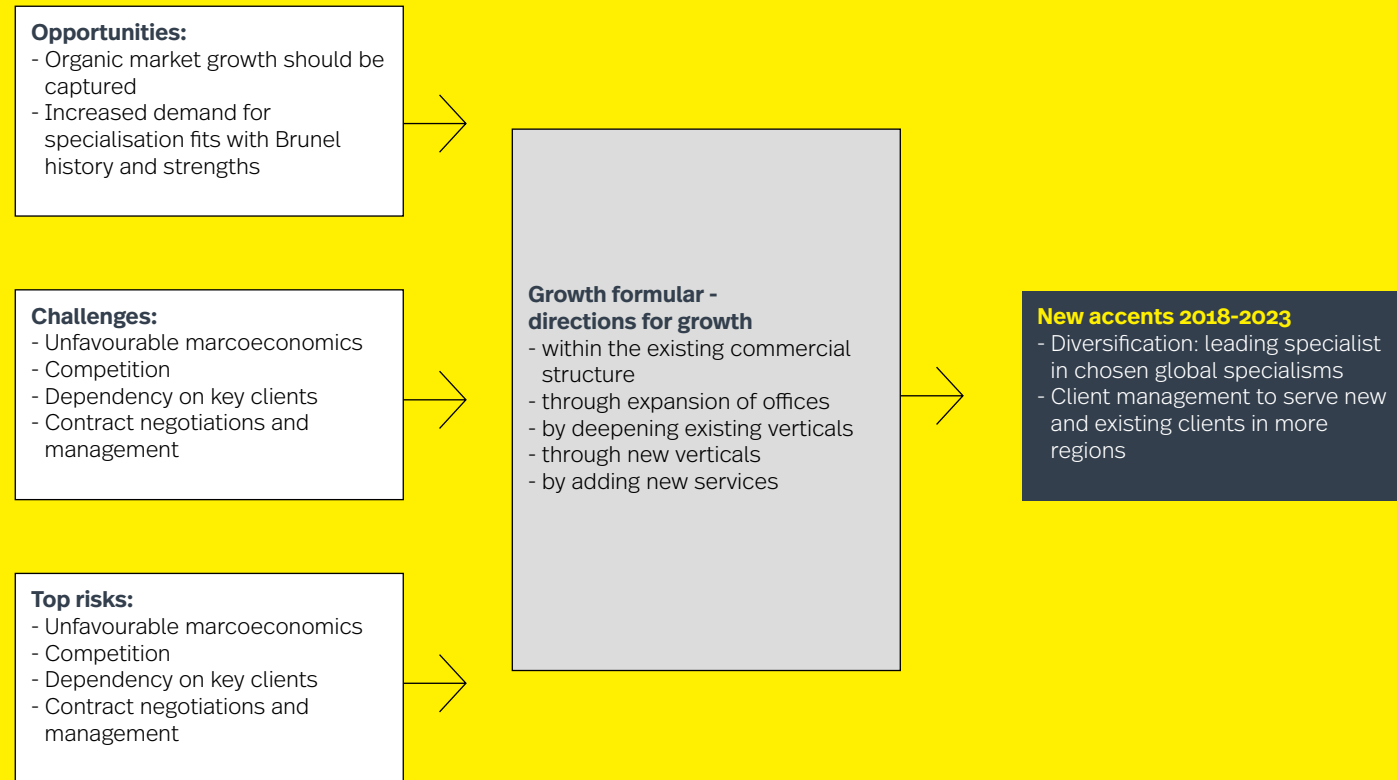
To help us move forward towards achieving our goals we added some clear new accents in 2018:



Strategy action items:



1. Strategic objective: concentrating on profitable growth



Frankfurt 13:24



Thomas calls the team together for a quick announcement. Staying informed of what happens locally and globally is the first step toward collaboration.

Profitability and growth

Through the past 40 years, the brand of Brunel has become a clear differentiator. Clients and employees recognise Brunel as an entrepreneurial partner, with high ethical standards, created and operated by creative and result-driven colleagues who have a 'passion for people'. To serve our local and multinational clients with their global/local needs, Brunel created a global footprint, with a regional structure for local relevance and entrepreneurship. Through the cycle, this footprint has been kept in place for the biggest part and is now an important pillar for future growth.

These differentiators provides Brunel the agility to adjust our organisation successfully to new opportunities. We diversified our business utilising our capabilities and infrastructure to find new growth opportunities and to decrease our dependency on the oil & gas market. This resulted in promising positions in specific specialisms, such as mining, infrastructure, construction & maintenance and renewable energy. We will use these local capabilities to create a network of global specialisms. We will invest in growing our differentiators and in bringing local expertise from one region to other regions.

This could be accelerated through add-on acquisitions. Brunel offers a diverse portfolio of services globally. Brunel has shifted away from reactive filling vacancies and servicing nominees for our clients. It focuses more on project partnership, solution consultancy and helps clients realise their strategic goals. Recently we have successfully extended global master service agreements with a few key clients as their strategic suppliers for periods of another four or five year. In addition to these clients, many of our multinational clients we serve in a limited number of

countries or in specific specialties. We will use these strong local relationships to expand our service delivery to more regions and verticals.

Make a positive impact on society

Being responsible not only means creating sustainable financial returns for shareholders. It also requires providing sustainable value for other stakeholder groups as a knowledge partner, a resource provider, a growth facilitator and in general contributing to society as a major force of employment creation in the economy.



Local employment

In some of our operating markets, there has been a focus on attracting existing local expertise and, where necessary, bringing in international specialists to train and develop the local talents of the future. Our operations in Kazakhstan, Papua New Guinea and Thailand are good examples of maximising local employment opportunities to build local economic growth. For example, Brunel Thailand has provided in 3,613 local engineering employment opportunities during 2018.

Tax governance and strategy

Pursuing a transparent and honest tax policy is part of doing business for Brunel. Our tax strategy supports the business strategy of delivering stakeholder satisfaction and achieving sustainable growth. It aligns with Brunel's core value – integrity, which means living up to the letter as well as the spirit of external requirements from regulators and the law. This level of corporate integrity is therefore demonstrated in all ways in which Brunel conducts itself globally: in dealing with all our stakeholder groups – customers, suppliers, employees, shareholders, regulators and the society. Our tax approach also considers the sustainability strategy – the tax we pay is a critical financial resource to help achieve our sustainability agenda – which has updated based on the framework of UN SDGs.

As such, our tax structure follows our business and Brunel has no evasive tax-structure, and does not use tax havens for tax avoidance. Complying with tax laws and paying fair share of taxes is an important part of our corporate social responsibility since it contributes to provide the basic building blocks for economic growth in the countries we operate in, even more so in the developing countries. We do not only pay a substantial amount of corporate income tax. We also pay significant amounts on other taxes such as wage taxes, withholding taxes and VAT. Due to the nature of our business, wage tax is an important area for us, both for compliance as well as for the significance of the amounts.

Since tax compliance is an important part of our service delivery, it is our policy to manage effectively risk and to comply with all applicable tax laws, rules and regulations. Transactions conducted between group and companies located in different countries are in line with the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises and other local transfer pricing regulations. The aim is to comply with the letter as well as the spirit of the law.

Therefore, we employ qualified and experience tax personnel; have appropriate tax policies and procedures in place; assess tax risks regularly in risk assessment process; subject tax risk management to the same policies, procedures and controls that govern financial reporting risk management; engage reputable tax advisors at local and group level to provide advisory and compliance services. We strive to establish an open and transparent relationship with the tax authorities in all countries we operate in to provide certainty with respect to tax matters and to ensure our compliance with tax regulations. In the Netherlands Brunel engages with the Dutch tax authorities through regular meetings, calls and correspondence which includes discussing the tax impacts of potential future events, such as a business restructure, in advance. This constructive cooperation and real time working results in transparency as well as faster and greater clarity on Brunel's positions. To achieve consistency, CFO monitors all significant dealings with tax authorities.

We comply with the OECD BEPS (Base Erosion and Profit Shifting) requirements, including preparing master files and country-by-country reporting. Country-by-country reporting will probably result in more discussions with tax authorities. We understand external country-by-country reporting and local transfer pricing files will provide more insight for local tax contributions. The disclosures in the

annual accounts on our corporate income tax rate, as well as the actual paid corporate income tax reflect our tax policy execution.

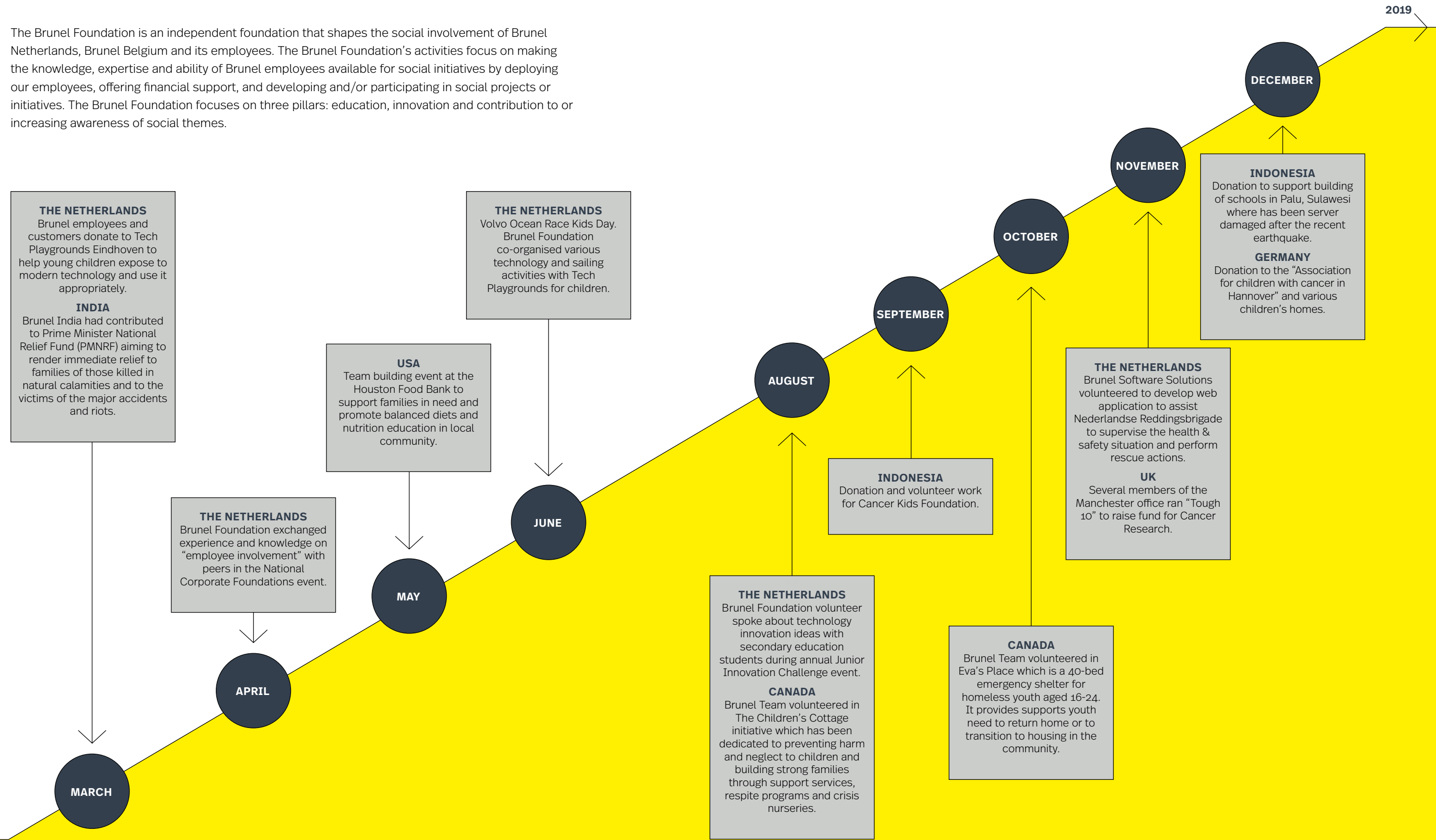
We promote open, transparent working relationships with tax authorities and early engagement in advance of undertaking transactions and filing tax returns. For example we engaged with the Dutch tax authorities through meetings, calls and correspondence which includes discussing the tax impacts of potential future events.. This constructive cooperation and real time working results in transparency as well as faster and greater clarity on Brunel's positions.

Brunel published its tax strategy policy on www.brunelinternational.net.



Brunel Foundation and charity activities

The Brunel Foundation is an independent foundation that shapes the social involvement of Brunel Netherlands, Brunel Belgium and its employees. The Brunel Foundation's activities focus on making the knowledge, expertise and ability of Brunel employees available for social initiatives by deploying our employees, offering financial support, and developing and/or participating in social projects or initiatives. The Brunel Foundation focuses on three pillars: education, innovation and contribution to or increasing awareness of social themes.



2. Strategic objective: building a solid reputation and being an industry shaper



People and culture

As the business evolves, in 2018 Brunel has incorporated additional elements into our mission and vision statements. This sharpens our corporate image as a predominantly technical, active worldwide specialist and a unique professional community for all its stakeholders. Brunel's culture and core values remain constant – entrepreneurship, integrity, result-driven, passion for people.

High recognition as a specialist is vital in differentiating us from the competition. Successfully implementing complex technical or logistical projects also sets us apart as a specialist and a credible provider of high quality services. Such profile makes us both attractive and better

positioned in the on-going battle for clients and talents.

To attract the best talent for our clients we will invest in specialised communities where our (future) employees can find their next exciting job, where they can up-skill themselves to grow their employability in the fast changing world of work and where they can connect with peers. The Brunel Academy is an important initiative in this focus area. To attract and develop the best internal talent we will create a human resources agenda that drives a broad portfolio of internal initiatives like talent development, management development programs, diversity agenda, and succession planning and employee engagement.

Employee matters

Training, education and talent development

Developing our people and future talents is an important way for Brunel to promote sustainability. For us, people development is all about attracting talent to ensure growth, providing people opportunities to

their career advancement and company leadership, retaining talents with high performance and promoting communication, knowledge sharing and inter-relation between divisions and offices.

Brunel is always a learning journey

The year 2018 was under the guideline of how to optimize and sustain the Brunel learning journey in DACH. Taken the past as lesson learnt by listening to the organisation BRUNEL DACH consequently redesigned the learning environment and the flanking processes. Digitalization and competency-focused diagnostics in recruiting and development were also key in this.

Starting with the BRUNEL 3600 Experience as new 6-month trainee-ship in sales directly followed then by a new designed, blended onboarding learning process.

The BRUNEL ACCELETOR then picks senior account Manager up to engage them for new business and further, sustainable growth. Fit4Future as a 4-month concept gives deep insights BEFORE taking over a leadership role in sales. The BRUNEL CLUB as an additional program rewards outstanding performance of colleagues from any business unit in DACH. This reinforces our network and inspires by focusing our corporate values and their wildly important goals.



Mumbai

14:18

Competing for the best individual sellers

Next to the annual Target Control which focused on achieving sales targets through teamwork, Brunel Netherlands also organises Where Best Meets Excellence competition. Approximately 25 best sellers go exclusively for a long weekend trip and weekly the best sellers can win weekly prize. The competition keeps our sales force enthusiastic and gives best performers a big platform to be recognised by Brunel organisation.

All Brunel entities in 2018 have carried training and development related programmes, this includes but is not limited to tailored onboarding and induction programme, recruitment & sales

training, Lean methodology orientation, industry updates, labour law, HR partnership, taxes, compliance, commercial awareness, quality assurance and audit related training and workshops.

Average training hours* per employee worldwide 2018

Total 2018	26
By category	
Commercial employees**	31.4
Non-commercial employees***	15.9

* The training hours reported in 2018 only apply to 1,544 indirect employees (average).

** Commercial employees refer to employees who involve in the business development, recruitment or sales processes.

*** Non-commercial employees refer to employees who do not involve in the business development, recruitment or sales processes, but in the processes of operations, finance etc.

Outlook - Human capital agenda 2019-2023

Brunel has upgraded its global Human capital agenda in 2018 as an important pillar of the updated global strategy. The agenda addresses the topics of succession planning, talent retention,

leadership development, and skills availability and employee engagement. It aims to providing people opportunities to development both professionally and personally. See "Human capital risk" on page 110 for detailed information.

Getting to know our CEO
over lunch - all in a day of
Deena's work.



Professional community

The Netherlands As a professional secondment company and one of the market leaders in the Netherlands, Brunel has started the initiative of the **Association for professional secondment** (“Vereniging van Detacheerders Nederland”) together with a number of secondment companies. Through this association, Brunel is able to represent the interests of the secondment branch properly and at the right level.

Brunel Campus Recruitment works closely with universities to promote technology and engineering in the young generation. In 2018, Brunel team “Bouw & Infra” sponsored the **Civil Engineering Tour 2018** a study trip to Singapore organised by the Avans University of Applied Sciences for fourth-year Civil Engineering students.

Brunel is the main partner of **YES! Delft Students**. Last year Brunel has co-organised several agile workshops and scrum training for the management team to this student association.

Brunel Netherlands formed a partnership with the **Royal Institute of Engineers (KIVI)**, the professional association of engineers in The Netherlands since 2015. The business line Brunel Engineering offers engineers opportunities to become a certified Chartered or Incorporated Engineer which supports the career advancement of our engineers and raises the profile of their engineering profession. .

Brunel offers a jump-start for (technical) talents via **traineeship programs** in the fields of Banking & Insurance, Online Marketing, BIM Engineer, Inspection Consultancy, Rail & Infrastructure, Industrial Automation, Maintenance, IT, Government Lawyer and etc. These programs contain Brunel’s work experience gained from clients and offer comprehensive guidance and networking opportunities to the (technical) talents.

Brunel DACH collaborates with the German engineering organisation, the **Association of German Engineers (VDI)** since 2019. It supports the association with lectures on technology and science, valuable soft skills workshops and job application training, courses and network meetings. For exceptional engineering students, we also provide them a company mentor and internship opportunities.

Since 2006, Brunel DACH has been sponsoring the **Formula Student Germany** event where ten racing teams design and build a single seat formula race car. Brunel sponsors the racing teams to participate in training programs on business topics such as generating sales strategies and offers them hands-on opportunities in our development centres of Brunel Car Synergies.

Brunel Russia collaborates with local universities to provide internship for students in Brunel offices with possible further employment. Students obtain professional orientation for the career start. In addition, Brunel Russia also contributes to state employment service in frame of handicapped people employment.

Brunel UK offers career advice at the University of Manchester to 40 chemical engineering students as a guest speaker. As a frequent activity to the local community, Brunel will continue advising engineering students at the university and will also be involved in their mentoring programme.

Together with a client based in London, Brunel UK hosted a one day workshop for high school graduates on job hunting skills. This workshop covers cv writing, interview techniques and how to create a LinkedIn profile and harness social media when applying for jobs.

Houston

14:36

Lisa meets a client for lunch.
Sometimes it's good to discuss
business in an informal setting.



Health and safety at work

Brunel's safety vision is that we believe that every individual has the right to work and live in a safe environment. At Brunel, we do everything we can to create such an environment based on the principles of care, trust, learning, ownership and accountability.

Brunel Netherlands has a policy on workplace health and safety. It identifies shared responsibility of Brunel and the individual employees for occupational health and safety, emergency response, accident reporting and registration, as well as preventive measures. For entities in The Netherlands, Brunel has a policy reflecting the Dutch law for sick employees setting out the rights and obligations of Brunel.

Brunel DACH has a manual to give its employees general explanation on how to deal with hazards at the workplace. It identifies work-related accidents and emergency response plans and is part of the onboarding programme for new employees. Other policies and procedures regarding health and safety e.g. workplace inspection are available on our intranet. Brunel DACH also implements an annual refresher health and safety training. The safety manager monitors and helps employees to complete the mandatory refresher.

All other Brunel entities have global health, safety and environment (HSE) Systems for both contractors and employees. Policies

and procedures of emergency response, incident management, medical fitness and injury management are in place. The standards of health and safety may differ from country to country, sector to sector, and even in job to job. Therefore, besides implementing Brunel's own HSE system, we actively engage our clients at an early stage to clarify HSE laws and requirements to implement client or sector specific standards.

Security issues and conflict zones remain HSE topics relevant for certain Brunel regions, such as Africa and Asia. High-risk areas are present in those regions, with (frequent) conflicts taking place. Brunel has policies and procedures to safeguard the security of our employees in these high-risk areas.

Brunel business units take initiatives to implement and update health and safety related policies and monitor relevant KPIs. Considering the different stakeholder requirements, companies' activities and the outcome of these policies, the health and safety implementation in Europe is relatively comparable. In this annual report, we disclose two KPIs of absenteeism rates of Brunel DACH and Brunel Netherlands.



	Brunel DACH	Brunel Netherlands
Absenteeism rate of directs	4.02%	3.74%
Absenteeism rate of indirects	3.52%	4.23%

Respecting human rights

One of Brunel's core value is passion for people. This means that we recognise our responsibility to respect the human rights of all stakeholders across our value chain. We are committed to actively assess potential human rights impacts and take action where needed to ensure our impacts on people's lives are as positive as possible.

At the group level, we take into account the rights covering the eight fundamental human rights as International Labour Organisation (ILO) identified and

elaborated in the ILO conventions. Brunel endorses all eight fundamental ILO conventions. Instead of managing human rights as a stand-alone issue, Brunel makes specific reference to comply with them in various Brunel policies, such as code of conduct, equal opportunity policy, HSE policy, fitness for work and privacy policy. These policies are available on our intranet and in our employee handbook.

In this year's annual report, we report on the human rights most applicable to Brunel throughout this report and additionally in this paragraph:

Topics	Content in this report
Freedom of association and right to collective bargaining	page 87
Forced labour / modern slavery (including bonded labour)	page 87
The elimination of discrimination in respect of	
Employment and occupation	page 87
Effective abolition of child labour	page 88
Just work: living wage and social security	page 88
Health and safety, security issues and conflict zones	page 88
Privacy and data protection	page 102

Freedom of association and right to collective bargaining

Brunel respects the right of its workers and employees to form and join organisations of their choice as we consider this an integral part of a free and open society. We also comply with countries' legal requirements.

Brunel's operations vary in size, culture and industry. We have experienced different types of labour or industry union relationships. This means in some countries or industries, unions are more active than in others. Therefore, we do not have a group policy but rather a general positive attitude towards trade union relationships. Based on mutual respect, Brunel is open to labour union activities, acknowledges the global rights of workers to form labour unions and join the labour union of their choice, and agrees to ensure that union independence and pluralism are maintained.

To improve the quality of the working relationship and minimise conflicts, we respect employees' collective bargaining right and promote regular communication. Brunel DACH entered into a collective labour agreement with Ver.di, a German trade union, effective as of January 2004 onwards. This agreement applies to the employment relationships with Brunel employees through their employment contracts. On 1 April 2017, the Equal Pay Act came into force in Germany. We have finalised our union trade agreement

renewal by the end of July 2017 to comply with the law. This renewed agreement provides us a strong competitive advantage in the German markets.

In Australia, our local entity has formed enterprise agreements with various industries and workers unions under the Fair Work Act framework. These agreements include matters such as salary rates, employment conditions, consultation process, dispute resolution procedures, and deductions from wages for any purpose authorised by an employee. The agreement implementation is a part of HR management plan specific to each project.

Forced labour / modern slavery (including bonded labour)

Within the company, applicable labour standards must be observed. Brunel and its business partners will not, under any circumstances, make use of forced labour, child labour, modern slavery or any labour in violation of the ILO conventions. Brunel has addressed this topic in its code of conduct. Brunel is determined to keep developing its approach towards preventing forced labour.

The elimination of discrimination in respect of employment and occupation

Brunel does not tolerate improper conduct such as discrimination, harassment and workplace bullying. Brunel naturally complies with non-discrimination regulations, for example, the Equal



Singapore

14:49

Payment Act in Germany mentioned earlier. Additionally, all employees are required to comply with policies, procedures, and systems of work including Brunel's equal opportunity, anti-discrimination, bullying and harassment standard.

Effective abolition of child labour

We endorse the ILO principle of the effective abolition of child labour. This principle means ensuring that every girl and boy has the opportunity to develop physically and mentally to her or his full potential. Its aim is to stop all work by children that jeopardises their education and development. Considering the business model of Brunel focuses on working with technical graduates and experienced employees, the risk of violating this principle in Brunel's business is very insignificant.

Just work: living wage and social security

As an employer, Brunel provides employment benefits like medical insurances, which cover the medical expenses, paid sick leave, annual leave and end of service benefits as required by applicable local laws. We also provide additional benefits, not prescribed by law, such as return tickets to employees' base countries. In the Middle East, the majority of our employees are expats and they are entitled to such additional benefits. We offer life insurance to employees, accidental death and dismemberment insurance depending on specific assignments.

Brunel's business targets highly educated or skilled workforce. Therefore, we offer competitive salaries in every country where we operate in, including India and countries in Africa and South East Asia. This contributes to offering our employees a high standard of living.

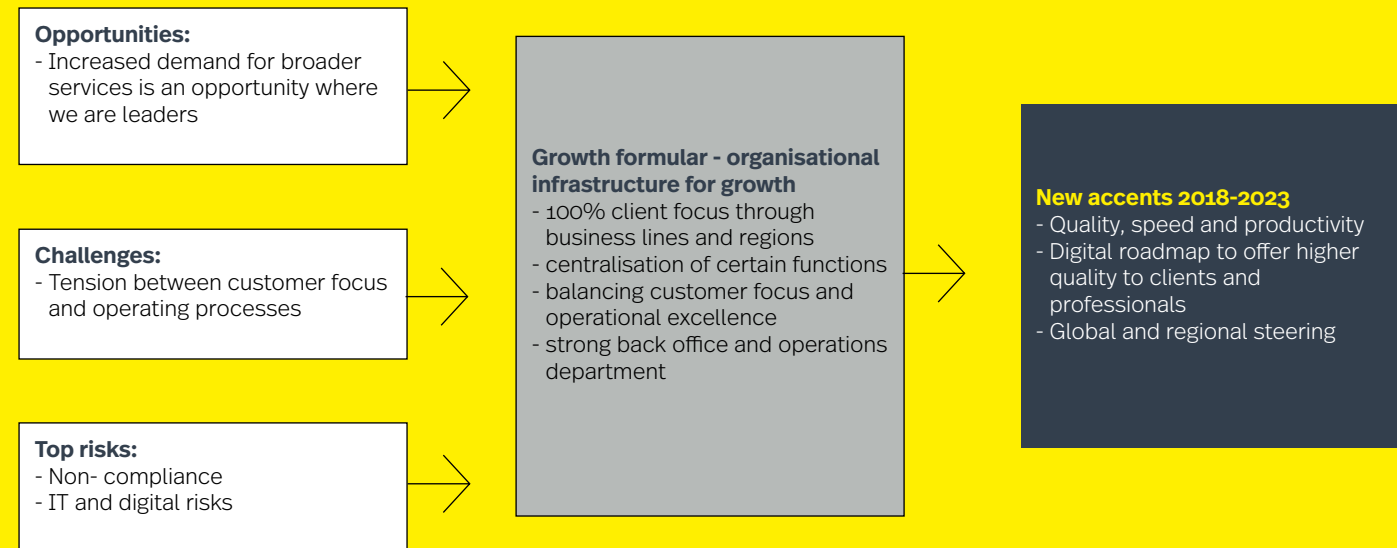
Non-compliance with labour laws, regulations and legal standards of the countries we operate in, is a top compliance risk for Brunel (refer to the section of "Risk, risk management and control system" page 111). Besides addressing the concerning topics of labour rights in our corporate policies, our local operations take the initiative to monitor, review, report and adapt to relevant changes in rules and regulations. In case of non-compliance and misconduct, the issues are discussed in management meetings and reported through regular internal reporting procedures.



A quick stop at the local market
for some fresh produce at the end
of Alvir's lunch break.



3. Strategic objective: achieving operational excellence



Operational excellence

Brunel defines operational excellence as achieving deep commercial know-how, efficient business processes, increased productivity, improved customer responsiveness and cost minimisation throughout our organisation as a whole. To achieve this, we need motivated and committed employees. They must rely on an effective management system implemented company-wide and evolving digital strategy.

Brunel has constructed a global infrastructure connecting all continents via regional hubs - Amsterdam, Bremen, Doha, Perth, Houston, Rotterdam and Singapore by sharing financial and commercial resources. This structure allows

commercial activity, business development, account management and recruitment to be 100% externally focused on clients and candidates, while being fully supported by strong function-driven regional hubs. It helps to oversee and manage the potential pitfalls of a bold sales organisation such as risk management and internal control.

To move forward, quality and speed of our activities remain an important differentiator in our markets. The existing global infrastructure, combined with digital process tools and artificial intelligence will enable us to improve the speed and quality of our services, whilst increasing efficiency we will update the quality and efficiency of our processes and solutions through 'lean' methodology.

We continuously enhance existing IT systems to optimise efficiency and ensure standardisation around the globe. This IT infrastructure covers business development, account management, recruitment, finance and pay rolling, financial reporting and consolidation. Such functional IT infrastructure helps to minimise the business disruption during Brunel global business' restructuring process.

Brunel recognizes digital technology as an important enabler for innovations. Digital transformation brings forth unmatched opportunities and capabilities for growth and value creation. Brunel in The Netherlands has invested significantly in creating and fine-tuning digital capabilities. These capabilities vary from advanced sourcing solutions to online platforms to bring clients and candidates together. We are now at a stage that these solutions can gradually be implemented globally and developed further.

Managing customer relations

Managing customer relations is an aspect of the quality assurance specifically focusing on customer retention and ultimately driving sales growth. For instance, in Brunel DACH, related policies and procedures are in place covering topics such as customer expectation, customer experience and customer satisfaction. Every year, Brunel Netherlands engages clients in stakeholder dialogue to collect their opinions, share knowledge

and discuss challenges. Since 2016, Brunel has been developing a series of "meet & inspire" meetings, which are knowledge related customer events with the aim of highlighting a specific topic or theme that Brunel's service contributes to or offers solution for. This initiative helps Brunel to improve its customer relations by bringing customers together and promoting transparent communication. Candidates' opinions on Brunel are also an important reflection of Brunel's service. Brunel invites candidates to share their feedback after their first intake. Detailed customer feedbacks is disclosed in Brunel Netherlands CSR report.

As a means to achieve our strategic objectives in the next 5 years, Brunel has committed to Net Promoter Score (NPS) as our most important KPI reflecting customer satisfaction. NPS is the KPI for measuring customer satisfaction for Brunel around the globe. Following this KPI, a global NPS project under the name Voice of the Customer has been launched in Q3 2018. For Brunel, the scope of the "customer" extends from clients to specialists and professionals.

In Q4 2018 we've started measuring NPS amongst Direct Employees for almost all countries in which Brunel is operating. In 2019 more NPS surveys are planned for all countries around the globe. Customer & client satisfaction surveys are planned during beginning of placement and at the end of placements. We aim to further



improve our service by listening to our customers and create maximum customer value. As a part of this project Brunel will continuously engage in customer satisfaction surveys worldwide. In 2019, based on the results and insight, KPI dashboards will be presented and plans for improvements will be initiated.

Environmental matters

Due to the nature of Brunel's operations, Brunel's business services are among the 'clean' sectors with an emphasis on human capital related aspects. Our impact on the environment is small compared to many other industries whose operations rely on manufactured capitals and natural resources. Our approach to environmental matters is to manage and reduce the environmental impact of Brunel's people. In practice, we have developed two principles to manage our environmental footprint:

1. respecting and supporting our clients and communicating to move towards a low carbon economy

This principle mainly applies to our direct employees (89% of our total workforce) who work in clients' offices and project sites. Brunel's clients are active in different industries, each of which has different environmental standards. The vast majority of Brunel clients has developed their own environmental policies and procedures. Brunel's people commit to respect and follow clients' policies and procedures to

operate sustainability. In April 2018, Brunel Qatar office actively volunteered in client's "Beach Clean-Up" initiative in the northern beach of Ras Laffan Industrial City. Brunel Middle East and India is committed to the preservation of natural environment in the region and promote health, education and community initiatives.

2. managing our internal operations to work in an environmentally responsible manner

This principle covers paper use, commuting, energy consumption (incl. for the IT infrastructure), waste and use of cleaning agents. Brunel's environmental policies primarily relate to operational impact caused by indirect employees. Around 60% of our indirect employees are located in The Netherlands and Germany. The remaining 40% are scattered over 35 different countries where it is not practical to implement a centralised policy. Brunel Netherlands and Brunel DACH have developed and implemented environmental policies to manage their indirect employees' operational impact on environment. In 2018 these entities made continuous improvement, such as:

- Most offices of Brunel Belgium and Brunel Netherlands changed office lighting into energy-friendly LED office lighting and added detection sensors. This change is expected to save up to 70% energy.
- Brunel Netherlands adjusted the lease car policy with selecting sustainable car

suppliers and adding options to drive electric cars.

- Brunel Netherlands integrated the theme of "Turn the Tide on Plastic" into annual sales competition 2018. During the kick-off, the competition participants went "plastic fishing" in the Amsterdam canals via Plastic Whale company, first professional plastic fishing company in the world.

By the end of year, Brunel Netherlands maintained the certificate of "MVO Prestatieladder", level 3. The detailed planet policy, plan and outcome are available in Brunel Netherlands MVO annual reports www.brunel.nl/nl-nl/mvo. Brunel DACH's environmental management system is certified under DIN EN ISO 14001. This is a certificate on operating an environmental

management system and a responsible handling of all resources, including the KPIs on energy (electricity, gas), water, waste, CO2 emissions of the vehicles and paper printout.

We have not identified any material risks on environmental policy, as environmental issues are in general not material to the Brunel group. In the end of 2018 we renewed our commitment to sustainable development through Brunel Global Sustainability Program as a key strategic action. This program aligns with the United Nations' Sustainable Development Goals and promotes a sustainable planet. Initiatives such as CSR Scorecard and building Brunel Sustainable Planet Community will be further fine-tuned in 2019.

Risks, risk management and control systems

Approach to risk management

The board of directors is accountable for risk management associated with Brunel's strategy and activities. The responsibilities to identify and manage risks lie within Brunel's entities, supported by regional financial control function and CFC department. The board of directors reviews the risk management framework and assesses company's top risks on a regular basis, followed by communication and action among different levels and functions within Brunel. The board of

directors discusses annually Brunel's risk management framework and company risks with the audit committee, the supervisory board and the external independent auditor. Adequate risk management and internal control systems are present in all Brunel entities.

Brunel believes risk management is a value creating activity and aims at long-term sustainable management of its business activities. The board of directors considers the ability to control strategic, operational,



Frankfurt

15:12

Frankfurt Central is the cities bustling hub and a regular meeting point for 'Thomas' clients coming from out of town.



compliance, commercial, financial reporting and financial risks crucial for achieving set targets and the continuity of the company. As the business contexts evolves, in 2018 Brunel has incorporated additional elements into its mission and vision statement, as well as updated global strategy and strategy action items. Therefore, the board of directors has revaluated Brunel's risk appetite to align with strategy and re-assessed key risks which may impact the achievement of this strategy. Reducing risks of fraud attempts including phishing email, impersonating, hacking, and diversion theft remains important on the board's agenda. The board of directors has set up and implemented fraud attempts or incidents reporting procedure and discussed this topic in depth during the annual controllers meeting. IT security measures and other control measures (e.g. raising employee awareness) to minimise the fraud risk have been reflected in the updated Brunel IT strategy.

During this reporting cycle, the results of risk management activities led to the conclusion that Brunel did not encounter failings in the effectiveness of the internal risk management and control systems. The board of directors has not identified any material risk and uncertainties that are relevant to the expectation of Brunel's continuity for the period of twelve months after the preparation of this report.

Risk appetite

The board of directors defines the risk appetite of Brunel i.e. the level of risk that Brunel is willing to take to achieve its objectives, and sets the risk appetite by our strategy, code of conduct, company values, authority schedules and policies.

When update Brunel's strategy this year, the board of directors has considered the associated additional risks of increasing our added value services or the work our specialists could perform. However, this increase of calculated risk appetite is still within our moderate risk tolerance of strategic risk. Therefore, Brunel's risk appetite of strategic risks does not change. Risk appetite of the other risk categories remains the same and fully aligned with Brunel's strategy, mission, vision and core values.



Our risk appetite differs by types of risks:

Risk category	Risk description	Risk appetite
Strategic risks (S)	Risks which affect or are created by Brunel's business strategy and could affect Brunel's long-term positioning and performance	Low - moderate
Operational risks (O)	Risks which affect Brunel's ability to execute its strategic plan	Low - moderate
Compliance risks (C)	Risks of non-compliance with laws, regulations, local standards, Brune's code of conduct	Zero tolerance
Financial and reporting risks (F)	Risks include areas such as financial reporting, valuation, currency, liquidity and impairment risks	Low

Risk management framework

Brunel has adopted the Enterprise Risk Management framework of the Sponsoring Organisations of the Treadway Commission (COSO-ERM) which covers eight risk management elements identified in that model (see Annual Report 2017). In 2018, we have implemented the revised guidance of COSO ERM – Integrating Strategy and Performance 2017 to further integrate Brunel's risk management system in the normal business processes and activities, including the mission, vision and core values.

The 2017 COSO ERM framework deals with risks and opportunities affecting value creation or preservation. The Framework itself is a set of principles organised into five interrelated components:

1. Governance and culture
 2. Strategy and objective setting
 3. Performance
 4. Review and revision
 5. Information communication and reporting
- 1. Governance and culture**
Both governance and culture are needed for effective enterprise risk management. For Brunel, as a company listed on the Amsterdam Stock Exchange, the primary references for good corporate governance are Dutch law, the Dutch Corporate Governance Code, and its 2016 update. Brunel's risk management is part of the governance structure. This has resulted in

a generally accepted code of conduct, whistleblower procedure, compliance training for new employees, and refresher courses for existing employees and training-on-the-job programmes.

The board of directors is accountable and responsible for risk oversight and possess the required skills, experience and business knowledge. Periodically the board of directors – together with a controller from CFC if required – visits the operating companies to facilitate complex decision-making, to control financial progress and to monitor realisation of the business objectives.

2. Strategy and objective setting

The Board of Director has considered risks from changes in business context, internal and external stakeholders' interests, various aspects and implications of strategy need to be considered when setting strategy. The risk appetite statement has also been considered during strategy setting, communicated across the organisation. The Board has establishes strategy action items that align with and support the strategy at various levels of the business, and align with risk appetite.

3. Performance

Brunel strives to ensure that all potential internal and external events that could affect successful execution of its strategy are identified. This risk identification process has considered

risk arising from changes in business context and risks currently existing but not yet known.

In 2018 the board of directors has discussed risk management during the strategy update process and assessed key risks in Brunel Global Leadership Team quarterly meetings, annual controllers meeting and regional management quarter review meetings. In addition, various CFC meetings, business review meetings and the budget meetings with division leadership also contribute to assessing potential impact and occurrence likelihood to identified risks on the company. The risks listed in this section are our main, material and company-specific risks. With this information, Brunel is able to determine how to manage its risks and select its risk responses such as avoiding, accepting, reducing and/or sharing the risks. The set of actions that Brunel has developed aligns with our risk appetite.

4. Review and revision

The review and revision component focuses on monitoring risk management performance. Effective monitoring provides insight into the relationship between risk and performance. All Brunel divisions are subject to general policy, rules and procedures aimed at controlling our risks. The established policies, procedures, control and monitoring activities include but are not limited to the following:



Mumbai

15:18

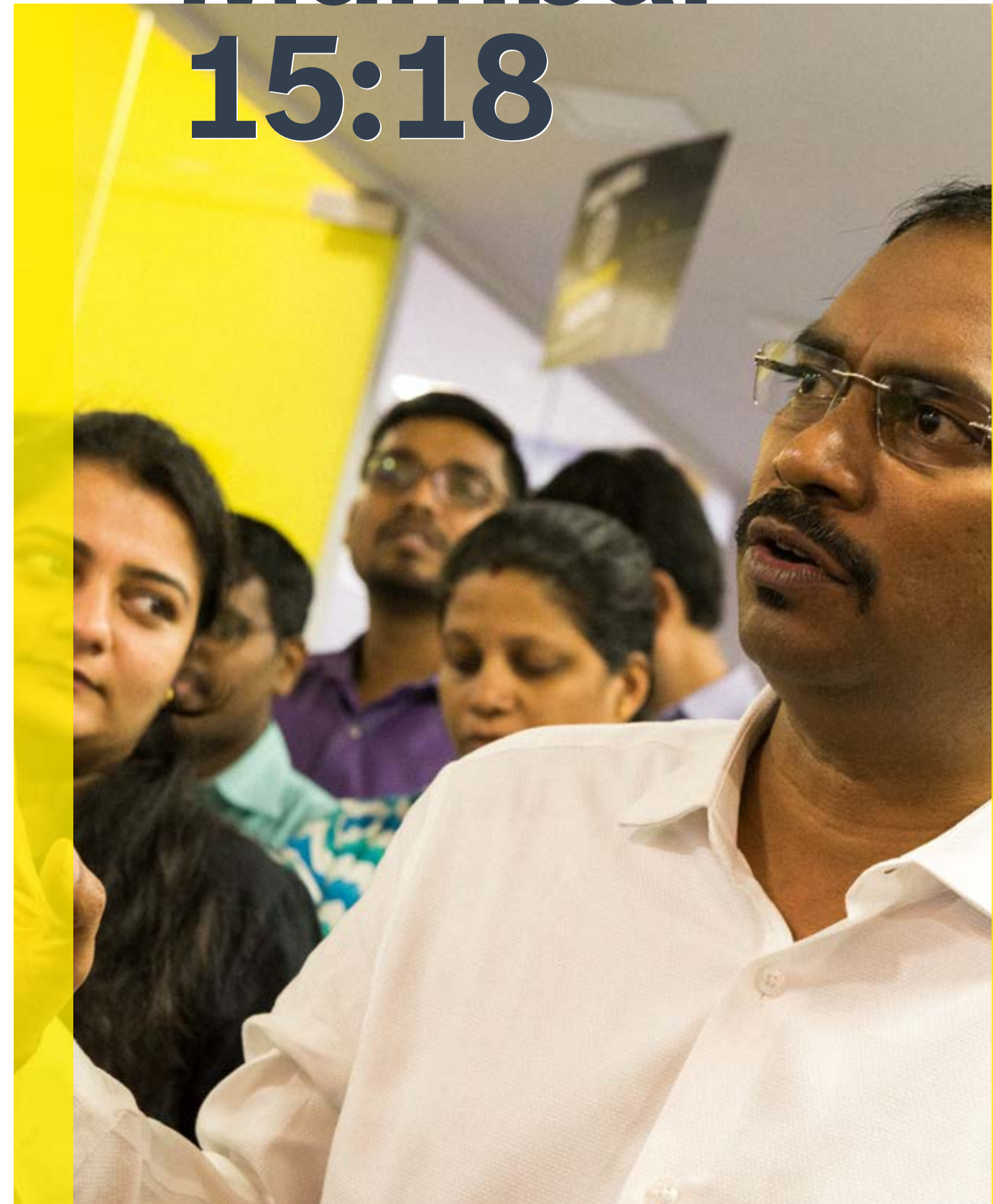
Risk category	Risk management
Strategic risk	Strategy updates Annual business reviews
Operational risk	Uniform IT systems Contracting procedures Weekly KPI reporting Monthly management reporting Quarterly business reviews Site visits Insurances
Compliance risk	Reporting & disclosures Legal counselling Anti-bribery & corruption Training Contract approval policy and procedure Internal control via business control
Financial risk	Uniform IT systems Accounting & control manual Internal control via business control CFC department Monthly reporting Quarterly reviews Treasury Audit

Strategy updates: the board of directors reviews Brunel's strategy periodically, at least every three years or when developments require a review of the strategy.

Annual business reviews: Brunel reviews all businesses at least annually during the budget cycle. The budgets are prepared by all entities and supported by the CFC department. The board of directors discuss with local management about their business strategy, budget planning and the main opportunities and threats for

achieving the budget. After approval by the supervisory board, the budgets are used to set targets for local management. The board of directors maintains a list of key performance indicators that need to be achieved in order to successfully execute Brunel's strategy.

Uniform IT-systems: Brunel has established a globally centralised IT- infrastructure and unified applications for key business processes across entities worldwide. This global setup implies all commercial and compliancy information is stored and



Deena calls the team together for a stand-up to make sure everyone is aligned in their activities and the corporate strategy.



accessible in one secured environment. Key business processes are connected through customised system interfaces and enable us to replace manual controls by automated controls. The IT organisation also places great emphasis on segregation of duties across all IT functions. This further enhances Brunel's internal control system when manage third party related potential financial risks.

Contracting procedures: for each region the appointed risk manager monitors the regional and local contracting procedures. This risk manager has been selected based on his/her experience in contracting and compliance with tax, other legislation and client requirements. All agreements or binding offerings are reviewed by the risk manager to determine the risk factor. Risk depends on a number of factors such as margin, location, services and insurance requirements. Every high-risk contract has to be reviewed by the global commercial team (which includes corporate legal) and has to be approved by the global commercial director. The global commercial director reports to the board of directors on significant and high risk contracts at least on a monthly basis. The global commercial team organises annual commercial meeting to share knowledge with each other and discuss commercial related topics.

Reporting: Brunel has the following reports in place to maintain full insight in performance and strategy execution:

- weekly KPI reporting
- monthly management reporting, including all relevant commercial activities
- monthly financial reporting
- quarterly updated rolling forecasts
- non-financial KPI reporting

The board of directors review all reports regularly. At least each quarter the board of directors, supported by the CFC department discusses these management reports with local managements.

Insurances: Brunel has an insurance manual in place, including insurance policies in the fields of employment relationships, liabilities and business continuity.

Accounting and control manual: this manual includes, besides reporting policies, valuation principles and definitions:

- the main internal control activities
- authorisation rules
- procedures on tax compliance
- contracting procedures
- treasury procedures

Anti-bribery and corruption policy and training: Brunel operates worldwide including in countries with medium to high bribery and corruption risks. It is our policy to conduct all of our business in an honest and ethical manner. We take a zero tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships and implementing and enforcing effective systems to counter bribery. Brunel has been a full member of TRACE International since 2013 and complies with global anti-corruption laws.

In Brunel's anti-bribery and corruption policy, we have identified the following particular inherent risks for our business: facilitation payments, gifts, hospitality, agents and enhanced commission. To address these particular risks we have drafted and put in place procedures to mitigate identified risk, such as training on the anti-bribery and corruption policy for new starters and annual refresher training. The board of directors communicates Brunel's culture of integrity to all individuals working at all levels regularly, for example in the CEO Blog.

Individuals working at Brunel are encouraged to raise concerns about any issue or suspicion of malpractice at the earliest possible stage by following the whistleblowing procedure. To further facilitate open communication and protect whistleblowers, Brunel has launched a new

misconduct reporting system in 2017. It is available worldwide, 24 hours a day, 365 days a year. Individuals can share their concerns anonymously and the information can be submitted in multiple languages. Brunel is committed to protecting the privacy of everyone involved in the SpeakUp process. Any personal data obtained as part of the procedure is processed in line with the Brunel privacy policies and used for the purposes explained in the whistleblower policy or to comply with the law.

80% of total number of new starters worldwide completed integrity training on the policies and procedures during their induction programme. 80% of total number of Brunel employees worldwide completed Integrity Annual Refresher training.

No incidents of corruption have been identified during 2018.



Privacy and data protection

Privacy is a fundamental human right we respect. It is also an essential cultural element for Brunel to be a reliable business partner and earn the confidence of our people. Data and personal data is very relevant to Brunel's core business especially in the global trends of digital transformation and data-driven innovation. Brunel commits to the GDPR standard as our guiding principles of data protection. Brunel started building its culture of privacy since 2017 and further enhanced user management by implementing policies and procedures to reduce human errors and active monitoring data center environment and maintain it up-to-date. Moreover, we keep raising the awareness of privacy risks among our employees when handle personal data in different business processes ("IT and digital related risks" page 108).

Monitoring: monitoring the adequacy and effectiveness of internal risk management and control systems is an ongoing improvement process. Monitoring activities are arranged in periodic consultation between the board of directors and local managers, and through frequent contact between the CFC department and local financial management. These discussions are partly based on the weekly operational and monthly financial reports.

- Corporate Finance & Control (CFC)

CFC is an independent department consisting of controllers with an auditing, controlling or consulting background. The department reports directly to the board of directors. Main activities include, amongst others, reviewing monthly reports of all entities, monitoring tax compliance and frequently visiting our operating entities. During these visits various relevant

subjects such as accuracy of monthly reporting and compliance with policies and procedures is verified.

All operating entities of Brunel are visited at least once every two years, and significant entities are visited at least three times a year. In addition, CFC advises local management in terms of possible improvements to their internal risk management and control systems.

Led by CFC, Brunel has set up a renewed and more comprehensive internal control framework. This framework proves to add value when it is used to spot opportunities to standardise procedures, to identify efficiencies and when it creates a basis for an internal audit department to test the operating effectiveness of controls.

- Internal audit

To further ensure the effectiveness of Brunel's internal control system and risk management framework, an independent internal audit function has been formalised in 2018 to provide assurance to the audit committee and senior management in line with internal audit plan. The internal audit function adopts a risk-based approach to determine the areas that requires management attention to further improve the quality of processes within the businesses of Brunel.

- External audit

The external independent auditor is responsible for auditing the annual financial statements. The auditor reports findings in the form of management letters at group level or individual operating companies and reports directly to the audit committee. The external independent auditor attends the meetings of the audit committee at which the annual accounts are adopted. He also attends – and is authorised to address – the general meeting of shareholders.

5. Information and communication

The information and communication policy for internal risk management and control systems is aimed at acceptance and implementation at all organisational levels. Relevant information on Brunel's main risks is clearly communicated throughout the organisation. Effective communication also

occurs in a broader sense, flowing down, across, and up the entity. Various types of business deliberations are carried out. Every year Brunel's financial community holds an international meeting, attended by the CFO, CFC department and all regional financial controllers, to discuss best practices and the latest developments in financial management and internal controls, and subsequently to implement and document these company-wide.

Top risks and risk trends

In order to focus on controls effectiveness of the current environment, Brunel assesses residual risk which is defined as the level of risk assuming existing responses operate according to design. The resulting impact could comprise a material direct or indirect adverse effect on Brunel's business, operations, volumes, financial condition and performance, reputation and/or other interests. On page 105 we identify and discuss our top company-specific risks, the risk trends through 2018 and our risk response plan. The risks listed and the response plans are not exhaustive and may be adjusted from time to time.

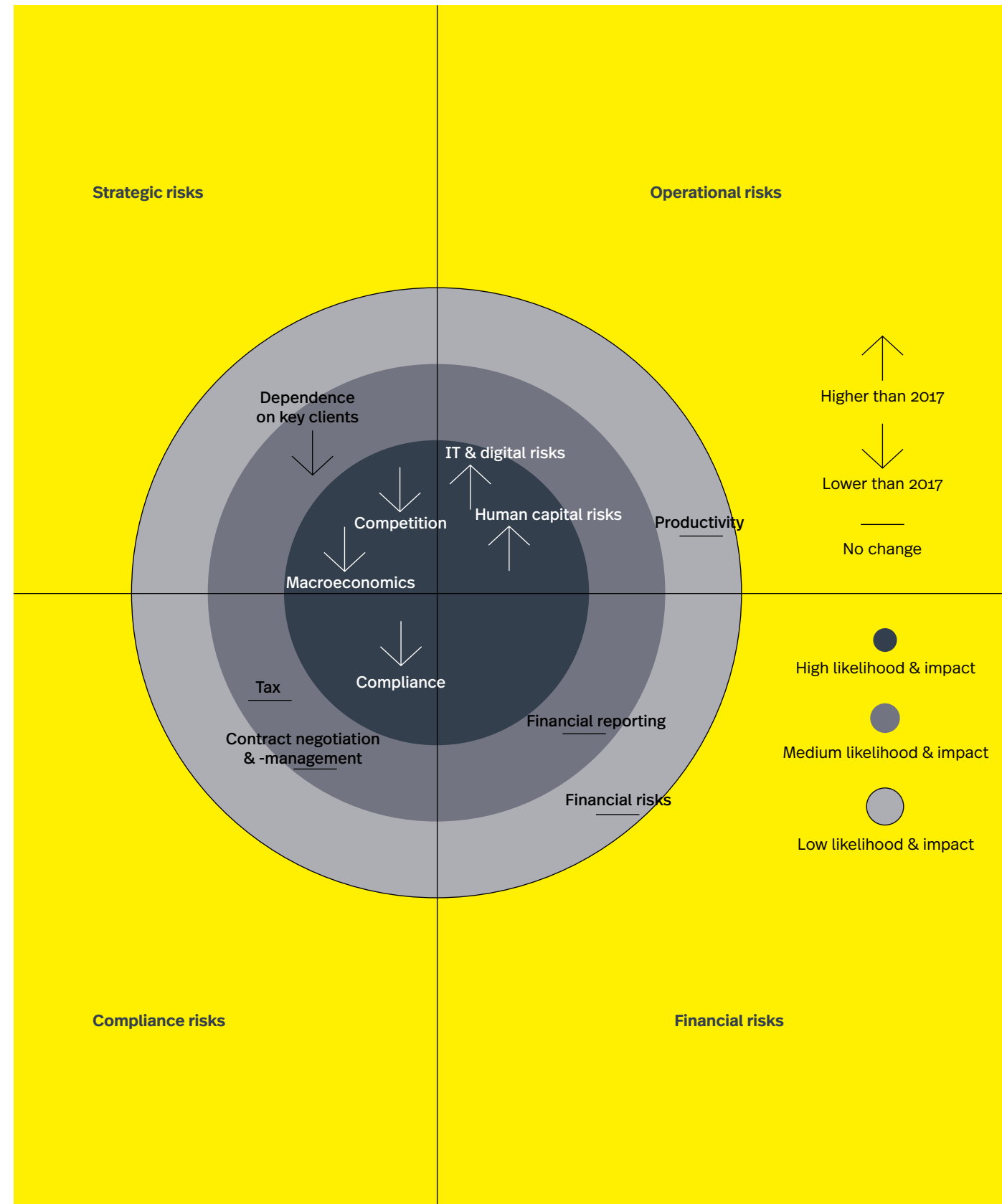


Houston 15:46

Working for an international company means business is always open somewhere. Lisa calls her colleagues in Sydney to discuss relocation services.



Risk trends



Risk with high likelihood & impact		Key aspects
Unfavourable macro-economic conditions / geo political situation (S) Unfavourable macro-economic conditions and inability to deal with these conditions affecting the business resulting in pressure on growth and margins. Adverse and instable local economic, political and social conditions may result in lost sales, lost opportunities, increased costs, health and safety threat to our employees and increased risk of non-compliance. Historically Brunel has high dependency on the Oil & gas industry, making us vulnerable to reduced capex spend in the sector. The business in Europe is highly dependent on the economic cycle.		<ul style="list-style-type: none"> • Dependency on countries – Brunel is dependent on the economic cycle and the geo-political situation of the countries where it is active. • Dependency on industries – still a large share of Brunel's business is generated in the Oil & gas business, it is dependent on developments in this industry.
Mitigating measures	Application in 2018	Implementation in progress
Expand / monitor client base	Target Control (see "competition") Via annual Target Control programs in Brunel Netherlands, Brunel DACH and Brunel Belgium, the whole sales organisation is focused on expanding our customer base and winning new clients.	XTarget Control Recognition program for countries outside Brunel Netherlands, Brunel DACH and Brunel Belgium.
New ventures	Successful post-acquisition integration The acquisitions of SES Labour Solutions in Australia, global mobility service of Celsium in UK have successfully completed in 2017. In post-acquisition phase (2018), these businesses have successfully integrated into Brunel' culture, business strategy, operational and administrative processes. Starting from 2019 Brunel expects to realise the value and benefits of these new ventures.	Brunel is exploring new acquisition opportunities A dedicated Acquisition & Strategy Officer has started early 2019 to execute this program. Strategy action item: vertical approach
Review locations	New locations The board of directors and regional management is continuously exploring interesting viable business operations in "new" countries. New offices in Vietnam, Mexico and Mozambique are already up running. We are continuously reviewing the countries in which we do business and their geo-political events, to assess whether we should continue to do business in the respective countries.	Create profitable growth in chosen global verticals: Oil & gas, Global offshore, Engineering, Renewable energy, Automotive, Mining, Infrastructure The chosen vertical will be organised on a global level and led by a Vertical Leader Vertical specialism should align with Brunel capabilities, client base and infrastructure
Maintain flexibility in cost structure globally	Own employees versus contractors In order to minimise the downside risk of adverse economic conditions, Brunel manages the share of contractors versus own employees in the European business. As the margin on contractors is significantly lower, the right mix needs to be carefully managed. This is monitored via our monthly KPI reporting. This cost structure is also adopted in the business outside Europe. Flexible contracts All starters (both internal and external employees) with Brunel are hired on a temporary contract, and depending on their performance, are offered a longer term contract. Moreover, we keep using leasing office space worldwide instead of buying to maintain flexibility and free up capital.	
New vertical approach	Diversification To reduce exposure to Oil & gas, achieved through diversification, whilst fully benefitting from recovery in Oil & gas.	

Risk with high likelihood & impact		Key aspects
Competition (S) Actions of existing international and local competitors or new types of competitors on segments of Brunel could impair the organisation's competitive advantage and could negatively impact the financial performance.		<ul style="list-style-type: none"> • Margin pressure – intense competition puts pressure on our margins • Service delivery – Competition will try to match and beat our service quality • Reputation – Reputational damage for Brunel will drive our clients to the competition • Inadequate internal communication – developments within our competition (amongst others), unknown within our organisation, might impact our business.
Mitigating measures	Application in 2018	Implementation in progress
Innovation	Further rolled out Talent Acquisition Centre (TAC) GRC in UK adopted the TAC concept to improve recruitment methods and efficiency. TAC offers internal traineeship for other Brunel entities in order to set up local TAC teams in their own entities. TAC teams in USA for automotive recruitment is already in place. Germany and Asia are the next to come. Concluded Pack pilot programme successful Pack's success has already enabled us to integrate the strategy and technology developed during the pilot across parts of the organisation. With the conclusion of the pilot, Pack's activities in the student market will be suspended. Current focus is to further implement learnings from the pilot within Brunel. No further activities and investment in the field of research and development have been conducted.	TAC Further understand global Talent Market Intelligence context (e.g. introducing and developing European/Global Recruitment Dashboard) Further build up international sourcing capabilities Integrate global talent engagement solution including internal Wizard and external talent acquisition platforms. Strategy action item: increase added value in selected specialisms
Quality and efficiency	Successful ERP upgrade We have successfully upgraded our ERP system for USA, Asia and Europe & Africa regions to support further automation and improving efficiencies. Further improvement on commercial management Commercial teams have been set-up per region and act as focal points of contact for any tenders (FFI / RFP / RFQ and any new or amended client contracts) that come out of their respective regions. In 2018 improved contract approval procedure, risk analysis and assessment process, and intercompany procedure have been fully implemented globally. The commercial team has also rolled out commercial training for key sales staff to improve the proposition. Embedded compliance culture into service quality upgrade We have upgraded our business processes and services with the latest compliance standards (e.g. GDPR, equal pay) and delivered to our clients and employees. This gives us a better proposition in the market to distinguish ourselves from competition. Lean approach In the second half of 2018, introduced lean approach to GLT and a few Brunel entities aiming to provide a new way to think about how to organise our activities to improve continuously.	With our detailed knowledge of the markets we operate in, we are capable of increasing our added value to our clients and specialists. This helps us to achieve maintain market niche and differentiate from competition. Strategy action item: quality, speed and productivity Quality and speed of our activities remain an important differentiator in our markets. We have a strong IT infrastructure. This infrastructure, combined with digital process tools and artificial intelligence will enable us to improve our services, whilst increasing efficiency. We will update the quality and efficiency of our processes and solutions through 'lean' methodology. Strategy action item: vertical approach Gather, analyse and share competition intelligence is a key knowledge component of the vertical program. The vertical leaders and local vertical team will conduct global, regional and local competitor analysis in selected verticals.
Knowledge sharing	Competitors study Annually CFC prepares the competitors study on the financial performance of our competitors. This information is shared with regional leaders and financial controllers.	



Singapore 16:04

Risk with high likelihood & impact		Key aspects
IT and digital risks (“IT related risks” in 2017) (O) Information Technology Risks are abundant and increasing. Risk of cyber-attacks, phishing and other related fraudulent attempts, data fraud or theft, information mismanagement privacy and data protection are continuously increasing. The impact of any of those risk can have severe reputational, financial and operational impact. In 2018, expand the definition of “IT related risks” to “IT and digital risk” which includes IT risks and other risks during digital transformation.		<ul style="list-style-type: none"> • Cyber and security risks • Privacy and data protection – include risks of data leakage and inappropriate handling of personal data • Operations – include risks arising due to inadequate controls in the operating procedures • Technology related risks – include scalability, compatibility and accuracy of the functionality of the implemented technology • Resilience – risk of disruption in operations or unavailability of services, due to high dependency on tightly coupled technology
Mitigating measures	Application in 2018	Implementation in progress
Security	Actively detect cyber-attacks and upgrade security Implemented URL scanning in emails to prevent phishing sites Implemented mobile device management in July and August for all devices In progress to implement 2 way authentication for all logon in Brunel environment (internal and external) In progress to implement separate networks and a SOC per datacentre	Adopt cloud solutions Upgrade network to improve connectivity Outsource infrastructure operations Continue GDPR compliance program development Upgrade and implementation <ul style="list-style-type: none"> • Continue ERP upgrade • Payroll software implementation Brunel DACH • Time writing software implementation
Privacy and data protection	GDPR compliance program Data clean up on all drives and systems in Europe New privacy statement and cookie statements Data Management and data breach policies Implemented consumer rights (data insight, data portability and data deletion) (Automatic) Consent management for Europe (28 days, without consent, 2 years with consent) 3 different data databases (DACH, Rest of Europe, Global) Review and changes of authorization access Implemented E-learning Privacy and Security awareness trainings and all employees in Europe have been trained.	Implement digital strategy <ul style="list-style-type: none"> • GIT will transform to an agile organisation and shift strategic focus from the internal business process to the external world of candidates and clients. • Implement business intelligence tools, i.e. power bi, tableau, IA tooling service desk • Mobile time writing Brunel Europe • Matching algorithms
Business continuity	Upgrade and implementation ERP NL/DACH/BE upgrade to 2017 completed, ERP EU/US upgrade to 2016 completed Wizard implementation for Brunel Czech Completion of technical and functional requirements of time writing software related changes Website optimisations Upgrade MyBrunel and go live in Brunel Netherlands & Belgium	
Digital transformation	Enhanced TAC's data analytics capacities for recruitment	



Visiting clients and maintaining relationships is a core aspect of Alvin's work. Regular meetings make sure our services are up to the highest standard.



Risk with high likelihood & impact		Key aspects
<p>Human capital risk (“Attraction and retention of key personnel” in 2017) (O) The potential for inadequate succession of key personnel in (senior) management functions due to a lack of structural attention for succession planning combined with a small top management basis and the scarcity of qualified managers within the organisation. The scarcity of qualified internal staff could limit further growth and as we are just able to manage the existing business. Inability to attract and retain specialists to staff clients’ projects due to a shortage of qualified people on the labour market. In 2018, expand the definition of this current risk to “Human capital risk” which includes succession planning, talent retention, but also aspects of employee engagement, talent development, skills availability and turnover. The scope of the talent covers both internal employees and talented specialists.</p>		<ul style="list-style-type: none"> • Retain and develop our key people • Talent planning and development • Knowledge sharing • Employee engagement • Skill availability and competence in house • Internal employees and talented specialists • Brand, reputation and positioning
Mitigating measures	Application in 2018	Implementation in progress
Global agenda of HR Strategy	Global HR Leader Assign an experienced HR expert to develop and lead Brunel global HR agenda. Started in June '18 Updated strategic action Talent and management development was introduced as one of the eight strategic actions.	Brunel Master Academy A 2 year international development program consists of 16-20 senior/ country management, start from January 2019. Professional selection tools and processes Support Management with the right tools, e.g. Talent Matrix, Succession Sheet etc. to identify, assess and develop talents and plan succession
Leadership development	Develop leadership development plan	TAC Further understand global Talent Market Intelligence context (e.g. introducing and developing European/Global Recruitment Dashboard) Further build up international sourcing capabilities Integrate global talent engagement solution including internal Wizard and external talent acquisition platforms. Roll out online assessment tool Use the tool to support development and selection processes on GLT and GLT -1 level globally; integrate it into hiring and selection processes HR summit Organise a HR summit for regional HR managers to build the HR community Digital communication platform Use Microsoft Teams for effective communication within the community Strategy action item: Brunel Professional Community To attract the best talent for our clients we will invest in specialised communities where our (future) employees can find their next exciting job, where they can up-skill themselves to grow their employability in the fast changing world of work and where they can connect with peers. The Brunel Academy is an important initiative in this focus area. MeyerMonitor 2018 support Share regional and team results and support local meetings to deeply understand outcome via eLearning modules. Monitor execution Continuously monitor regional action plan execution
Talent planning & Succession planning	Training programs Programs in place: induction programme, Business school programme for executives, training programme for the sales organisation, TOP (NL) and Die Besten (Germany), Raising Standards and a training programme for Indirect staff. Bonus and option plan Brunel has a bonus plan for all its indirect staff, where different programme exist for both commercial and non-commercial staff. For key employees, Brunel also has a share-option scheme. Specialist program and traineeship Within the Brunel Netherlands, all business lines start the specialist program and traineeship program where young starters are offered a development program to become subject matter expert. This offers them the opportunity to grow within the assignments provide through Brunel.	
Pro-active approach of future candidates	Further rolled out TAC Integrated TAC concept into GRC in UK to improve recruitment methods and efficiency. TAC has already providing internal traineeship for other Brunel entities in order to set up local TAC teams in their own entities. TAC has already set up in USA for automotive recruitment, Germany and in the initiating phase in Asia.	
Online assessment	Pilot online assessment tool Introduced a cloud based and fully automated tool for measurement of personality, intelligence, career drives and learning agility	
HR community Forming community	Global HR Leader reached to regional and local HR managers to give support and guidance	
Build community	Promoting engineering culture	
MeyerMonitor	MeyerMonitor 2018 Annual employee survey used to keep track of Brunel’s developments as a global organisation and to set the right priorities to improve our organisational capabilities. This year the survey was also available in German. MeyerMonitor action plans Based on the survey results 2017, the regions create action plans that support global strategy.	
Internal communication	Enhance corporate communication function Set up the Brunel Ambassador Group and GLT to share internal business wins, departmental initiatives, leadership views by providing blogs and vlogs on new internal communication platform.	

Risk with high likelihood & impact		Key aspects
<p>Compliance (C) Non-compliance with laws, regulations, and local standards (including tax) due to potential insufficient knowledge on the provisions of specific jurisdictions or due to provisions being open for interpretations resulting in penalties and / or reputational damage.</p>		To prevent financial and reputational damage, Brunel complies with various regulations on the following topics, <ul style="list-style-type: none"> • Tax • HR • Legal • Health & Safety • Anti-bribery and corruption • Financial reporting
Mitigating measures	Application in 2018	Implementation in progress
Increase and retain compliance knowledge	Provide regular trainings and update session to key personnel about changes in rules and regulations	Remain a compliance culture and a core value
Monitoring of risks / internal control	Formalise internal audit function The Head of internal audit function is in place. The internal audit has been discussed and approved. Formalise and implement (new) 3rd party due diligence procedure globally Brunel also has to comply with global and local legislation, according to which Brunel is responsible for the actions of its business partners, i.e. their agents, consultants, suppliers, joint-venture partners, or any individual or entity that has some form of business relationship with the Brunel organisation.	Brunel has always and will always maintain a strong corporate compliance culture, especially preventing illegal practices such as bribery and collusion in our industries and operation locations.
Increase communication of business integrity	Communication and knowledge sharing Annual (compliance) knowledge sharing meetings for commercial staff and financial controllers Regular update on compliance training material, e.g. privacy, security and anti-bribery etc.	
IT systems	Regular upgrade of ERP and CRM to optimise and standardise our sales and finance processes. Appoint Data Protection Officers and manage Brunel GDPR compliance program and other global privacy regulations. Authorization matrix / security level creates higher level of information accuracy. Standardisation of IT system access rights based on employees business roles.	



Risk with high likelihood & impact		Key aspects
Dependency on key clients (S) The ability to grow is highly dependent on key clients and their willingness to continue to do business with Brunel.		<ul style="list-style-type: none"> • Dependency on clients – since we have a few very large clients, the loss of one of these key accounts will damage our business. • Complacency – In the past, a large part of our business had been “given” to us by our large accounts, creating a complacent culture. This might increase our dependency on key accounts.
Mitigating measures	Application in 2018	Implementation in progress
Expand / monitor client base	Target Control (see “competition”) Via annual Target Control programs in Brunel Netherlands, Brunel DACH and Brunel Belgium, the whole sales organisation is focused on expanding our customer base and winning new clients.	XTarget Control – recognition program for countries outside Brunel Netherlands, Brunel DACH and Brunel Belgium. Strategy action item: quality, speed and productivity Quality and speed of our activities remain an important differentiator in our markets. We have a strong IT infrastructure. This infrastructure, combined with digital process tools and artificial intelligence will enable us to improve our services, whilst increasing efficiency. We will update the quality and efficiency of our processes and solutions through ‘lean’ methodology.
Quality and efficiency	Embedded compliance culture into service quality upgrade We have upgraded our business processes and services with the latest compliance standards (e.g. GDPR) and delivered to our clients and employees. This gives us a better proposition in the market to distinguish ourselves from competition. Lean approach In the second half of 2018, introduced lean approach to GLT and a few Brunel entities aiming to provide a new way to think about how to organise our activities to improve continuously.	Voice of customers Adopt Net promotor score as KPI for measuring customer experience Strategy action item: increase added value in selected specialisms, including relevant services With our detailed knowledge of the markets we operate in, we are capable of increasing our added value to our clients and specialists. We are also willing to increase our added value by assuming more risks for the services we offer or the work our specialists perform.
Innovation	Added value We have demonstrated our capabilities in this area, amongst others, in our automotive testing centre in Germany and our recently started construction and maintenance activities in the USA.	
KPIs	KPIs The share of top 50 clients is included in our quarterly reporting. We monitor on an ad hoc basis the share of our key clients as a percentage of total revenue – non financial KPIs	
New vertical approach	Vertical approach To reduce exposure to Oil & gas, achieved through diversification, whilst fully benefitting from recovery in Oil & gas.	Strategy action item: implement vertical approach Create profitable growth in chosen global verticals: Oil & gas, Global offshore, Engineering, Renewable energy, Automotive, Mining, Infrastructure The chosen vertical will be organised on a global level and led by a Vertical Leader Vertical specialism should align with Brunel capabilities, client base and infrastructure.

Risk with medium likelihood & impact		Key aspects
Contract negotiations & management The potential of entering into burdensome, unenforceable or unfavourable contract terms or contracts that lack clear definition of business arrangements resulting in non-compliance with contract terms and increased costs. Due to the focus on further growth and our expanding client base the risk of entering in these contract has increased.		<ul style="list-style-type: none"> • Margin – Burdensome and unfavourable contracts might cause margin pressure • Liabilities – Burdensome and unfavourable contracts might cause margin pressure.
Mitigating measures	Application in 2018	Implementation in progress
Commercial team	Further improvement on commercial management Commercial teams have been set-up per region and act as focal points of contact for any tenders (FFI / RFP / RFQ and any new or amended client contracts) that come out of their respective regions. In 2018 improved contract approval procedure, risk analysis and assessment process, and intercompany procedure have been fully implemented globally.	Strategy action item: client management to serve new and existing clients in more regions Brunel continuously updates our service portfolio in line with expansion of specialisms and increased responsibilities.
Awareness	Improve awareness of client contract creation <ul style="list-style-type: none"> • In sales operations and finance departments • Among different regions (for global contracts) • Standardisation of contract templates. Contracts obligations management Improve visibility and control (fulfilment, expirations, renewals, key events tracking.)	
Strategic partnership	Assign Strategic Client Organisation Leader	



Frankfurt

16:15



Thomas discusses the added benefit of Brunel as a strategic partner over coffee. What he really wants to know is what the client's needs are.

Risk with medium likelihood & impact		Key aspects
Tax (C) Brunel operates worldwide which exposes the group to various jurisdictions and complex tax systems. Considering the type of business, taxation is a large part of our costs. As compliance is one of the most important parts of our service, tax compliance is therefore one of the major business risks within Brunel.		I. Additional cost. II.Reputation damage.
Depending on jurisdictions, tax rules as well as interpretations can be subject to changes, which can expose Brunel to additional tax costs		
Mitigating measures	Application in 2018	Implementation in progress
Formal procedures and monitoring systems around tax compliance	Updated procedures are distributed to all local offices. Depending on the sort of taxation, monitoring takes place by the commercial team, the payroll team and regional finance departments. CFC reviews all tax positions on a monthly basis and handles all tax regulation with a worldwide coverage. All new tax matters are directly reported to the CFO.	The group has a very basic structure of transfer pricing services. These services are limited to management, legal and administrative support and IT support. All of these services are part of the normal business functionalities within a global entity and are recharged based on usage. Brunel has not structured the organisation to achieve tax advantages. It is important for regional financial controllers to understand any differences between the local reporting method and the IFRS reporting method in order to ensure the proper treatment for tax reporting purposes. Generating awareness and ensuring understanding the nuances between the different book methods, e.g. via training, enhanced internal communication, will become more important in the coming years to improve our tax risk management. Other risk mitigating measures also include, for example, implementing a central online document storage solution to digitise tax files. This aims to enhance internal control on the local tax filing processes and ensure all processes are executed accurately and in a timely manner.
Engage reputable tax advisors	We have seen changes in tax laws and interpretations in especially developing countries we operate. The attitude of local tax authorities has become more opportunistic or even aggressive. This manifests itself in unexpected tax claims, a disproportionate amount of tax audits, and a tax authority that is not open to resolving disputes without going to court. To minimise these tax risks, we have engaged reputable tax advisors to ensure compliance.	
Training	Encourage relevant employees to take tax compliance trainings and seminars to keep Brunel's local knowledge up-to-date.	



Risk with medium likelihood & impact

Financial reporting (F)

The main measure to control the quality of the financial reporting, and prevent unintentional or intentional errors is internal control. Brunel continuously standardise and uniform processes and procedures. As a result, more group wide controls has been implemented, as well as sharing of best practices. We are also monitoring the market trends to be able to quickly respond to changes in the control environment. We have implemented a financial consolidation application in 2016 that enables us to interface data directly from the source and get more detailed insight in the financials of our operations.

Risk with low likelihood & impact

Productivity (O)

This applies specifically to the secondment business in Europe, where employment contracts are based on contractual agreements with clients. Potential early termination of deployed employees can result in loss of productivity. Productivity is measured on a daily basis and reported on a weekly basis, so that corrective actions can be taken in a timely manner.

Financial risks (F)

Brunel has always had exceptionally high solvency rates. The company does not use any long-term credit lines and boosts favourable liquidity positions and bank facilities that accommodate the day-to-day management of the working capital. Our strong balance sheet has been proved by both clients and employees to be an advantage during the industry downturn.

Brunel is considered as a solid partner in business and our assets include a limited amount of goodwill. As a result, impairment risks and the associated deterioration of the solvency level are highly unlikely. Brunel's most important financial assets are its account receivables, spread over more than two thousand clients. Despite internal procedures, uncollectible debts cannot be ruled out. However, the risk of a material erosion of operating profit is very small.

Brunel does incur currency risks. The main currency risk is the translation risks in connection with our accounts receivable positions and foreign participations. In the ordinary course of business, revenues and expenses are often stated in the same currency, which help reduce the effect of exchange rate differences. However, some (developing) countries have implemented mandatory use of local currencies to protect their economies. This can increase our currency risk due to the international nature of our clients and contractors.

Further information is included in on pages 160 to 161 of the annual accounts.

Corporate governance

Brunel's understanding of corporate governance is based on applicable laws, the rules and regulations applicable to companies listed on the NYSE Euronext Amsterdam stock exchange and the Dutch corporate governance code (the "Code"). The Code contains principles and best practices on the governance of listed companies and their accountability to their shareholders on this topic. The full text of the Code is available on www.mccg.nl.

Compliance and continuation

This chapter describes the principal aspects of Brunel's corporate governance structure and how the Code is applied. If applicable, explanations for deviating from the Code's best practice stipulations are provided.

The board of directors and supervisory board are responsible for maintaining the corporate governance structure and for ensuring compliance with that structure. They render joint account on these issues to the general meeting of shareholders.

The supervisory board and board of directors' regulations are published on the company's website. The key aspects of Brunel's corporate governance structure and compliance with the Code will be submitted for discussion at the 2019 annual general meeting for discussion on a separate agenda item.

The corporate governance structure at

Brunel International N.V. and the deviations from the Code are based on current conditions and views within Brunel. Conditions may change which may lead to adjustments in the structure and in the way in which Brunel International N.V. complies with the Code. Every substantial change to the corporate governance structure of the company will be submitted to the general meeting of shareholders for discussion on a separate agenda item.

Brunel's view and strategy on the central feature of long-term value creation and the realisation thereof, are explained in the report of the board of directors.

The board of directors' report also describes the company's risk appetite and the integration of risk management and internal control systems into the work processes.

Diversity

Currently all seats in the supervisory board and the board of directors are held by men.

Brunel aims progressively for a balanced distribution of seats in the supervisory board and the board of directors, with at least 30% of the seats occupied by women and at least 30% by men. The supervisory board is of the opinion that gender is only one element of diversity, and that experience, background, knowledge, skills and insight are equally

important and relevant criteria in selecting new members. At the same time, the supervisory board believes that also the team dynamics and the specific structure of Brunel should be taken into consideration.

Brunel considers diversity in age and nationality inappropriate for the formulation of a specific objective. However, Brunel acknowledges that experience and wisdom come with the years and that young people have the most potential when it comes to being open to new developments.

Against this background, the main priority is always to recommend, nominate and appoint the most suitable candidate for the position. With this in mind, Brunel strives gradually for a mixed composition of the supervisory board and the board of directors on the aspects of diversity that are relevant to the company.

Board of directors

Tasked with the management of the company, the board of directors is responsible for setting Brunel's mission, vision, strategy and focus on long-term value creation; execution of its implementation; taking responsibility for Brunel's overall results, and addressing corporate responsibility issues. The board of directors operates in accordance with the interests of Brunel International N.V. and is to that end required to consider all appropriate interests associated with the

company. The board of directors is responsible for complying with all relevant primary and secondary legislation, the risk profile associated with the strategy, the corporate responsibility issues relevant to the company, its financing, and its external communications.

The board of directors is required to report developments on the abovementioned subjects to, and discuss the internal risk management and control systems with, Brunel's supervisory board and its audit committee.

Supervisory board

Brunel International N.V.'s articles of association determine that the supervisory board consists of a minimum of three members. The supervisory board determines the number of its members.

The supervisory board is charged with supervising the board of directors and the general course of affairs of Brunel, as well as advising the board of directors. The supervisory board evaluates the corporate structure and the control mechanisms established by the board of directors. In performing its duties the supervisory board takes into account the relevant interest of the company's stakeholders, and, to that end, consider all appropriate interests associated with the company.

Members of the supervisory board perform their duties without mandate and independent of any particular interest in

the business of the company.

The supervisory board is responsible for the quality of its own performance and for this purpose annually reviews its performance. The responsibility for proper performance of its duties is vested in the supervisory board as a whole.

Brunel ensures that there are structured reporting lines to the supervisory board. The audit committee assists the supervisory board in fulfilling its supervisory responsibilities for the integrity of the financial reporting process, the system of internal business controls and risk management, the external audit process, the external independent auditor's qualifications, independence and performance.

The chairman of the supervisory board ensures the proper functioning of the board and its committees and acts on behalf of the supervisory board as the main contact for the board of directors.

The vice-chairman replaces the chairman when required and acts as contact for the other board members concerning the functioning of the chairman.

The supervisory board regulations and the resignation schedule are posted on the company's website, www.brunelinternational.net.

Structure and shares

The authorised capital of Brunel International N.V. is EUR 5,998,000 divided into 199,600,000 ordinary shares and one priority share. The par value of the ordinary shares is EUR 0.03 each. On 31 December 2018 the number of outstanding shares was 50,574,624.

Priority share

The priority share, which has a par value of EUR 10,000, has been issued to Stichting Prioriteit Brunel, subject to the condition precedent that the majority shareholder loses its majority share in Brunel International N.V.'s share capital. The priority share will be fully paid up as soon as the issue becomes unconditional. The protective stipulations are included in the articles of association of Brunel International N.V. and are posted on the company's website.

Major shareholder

According to The Netherlands Authority for the Financial Markets (AFM) register on notification of substantial holdings, Brunel founder Mr J. Brand directly or indirectly holds a capital interest of 58.52%, with corresponding voting rights.

Annual general meeting of shareholders

Brunel International N.V. is required to hold an annual general meeting of shareholders within six months after the end of the financial year in order to, among other things, adopt the annual accounts and to decide on any proposal concerning



Mumbai

17:43

dividends. Further to Dutch law, the release from liability of the members of the board of directors and release from the liability of supervisory board members for the performance of their respective duties during the financial year are also agenda items for this meeting.

Voting rights

Each shareholder has the right to attend general meetings of shareholders, either in person or by written or electronic proxy, to address the meeting and to exercise voting rights, subject to the provisions of Brunel International N.V.'s articles of association. An eligible shareholder has the aforementioned rights if registered as shareholder on the applicable record date as set by the board of directors. Each of the shares in Brunel International N.V.'s share capital carries the right to cast one vote. Unless otherwise required by Dutch law or Brunel International N.V.'s articles of association, resolutions are passed by a simple majority of votes cast by the shareholders present or represented at the meeting.

Auditor

On 14 May 2018 the annual general meeting of shareholders charged the external independent auditor with the task of auditing Brunel International N.V.'s annual accounts.

Delegation

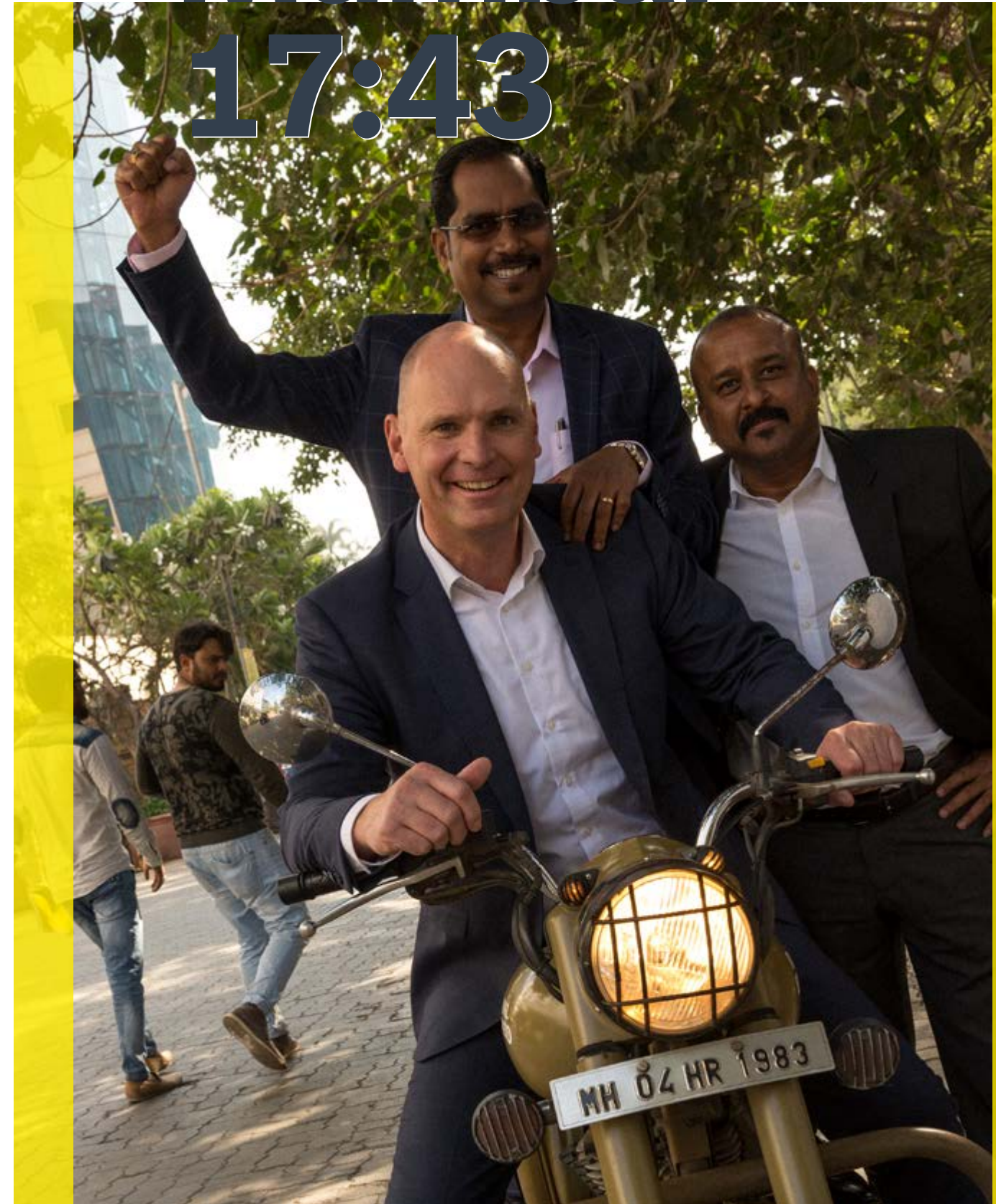
On 14 May 2018 the annual general meeting of shareholders authorised the

board of directors for a period of 18 months to issue (rights) to shares and to restrict or exclude shareholders' preemption rights, with due observance of the law and articles of association (which require the approval of the supervisory board). The authorisation is limited to 5% of Brunel International N.V.'s issued share capital, as at the date of issue. A new authorisation will be submitted for approval to the annual general meeting of shareholders of 16 May 2019.

On 14 May 2018 the annual general meeting of shareholders also authorised the board of directors for a period of 18 months to acquire own shares with due observance of the law and the articles of association (which require the approval of the supervisory board) to the maximum of 10% of the issued share capital of Brunel International N.V., by means of stock market purchases or in any other way, at prices lying within the bandwidth of 10% above and 10% below the Euronext Amsterdam opening price for the company's shares on the day of the purchase, or, in default thereof, the most recent prices registered. A new authorisation will be submitted for approval to the annual general meeting of shareholders of 16 May 2019.

Amendment to the articles of association

Amendment to Brunel International N.V.'s articles of association can take place upon a proposal of the board of directors approved by the supervisory board and



Deena couldn't resist our CEO's request to try out this vintage Royal Enfield bike with Vish, our Regional Director Middle East & India.



adopted by the general meeting of shareholders. A proposal to amend the articles of association must be stated in a notice convening a general meeting of shareholders. The proposal shall be passed upon an absolute majority of the votes cast in the general meeting of shareholders.

Governance statement

The corporate governance statement can be found on the company's website www.brunelinternational.net.

Deviations from the Dutch corporate governance code

Best practice provision 2.2.2

After having reached the maximum term of appointment to the supervisory board, Mr Schouwenaar was reappointed for an extra term in 2013 and 2015. In order to secure continuity and effective succession within the supervisory board the annual general meeting reappointed Mr Schouwenaar at 11 May 2017 for an additional term of two years.

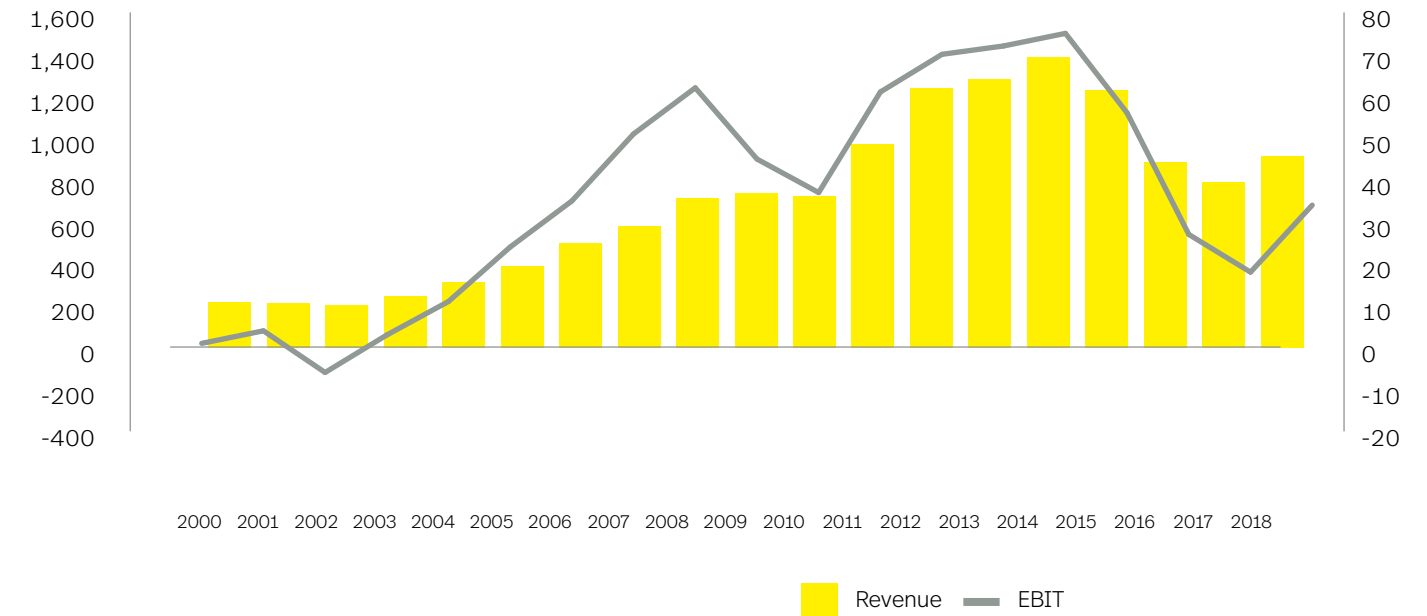
Best practice provision 4.2.3

Information for analysts, shareholders, the press and other parties in the financial markets is provided in accordance with the relevant recommendations in the Code. However, Brunel does not entirely comply with the public nature of meetings, for example through transmission on the internet, as we believe this implies a disproportionate burden for our organisation.

Best practice provision 4.3.3

In 2005, the general meeting of shareholders decided to discontinue the adoption of the rules applicable to the full two-tier board structure ("structuurregime"). The supervisory board was granted the right to submit a binding nomination in the case of the appointment of directors and supervisory directors. In deviation from best practice provision 4.3.3. such nomination may only be rejected by the general meeting of shareholders by means of a two-thirds majority of votes cast, representing more than half the issued capital. These criteria were prescribed as the supervisory board considered it necessary, in light of Brunel's specific circumstances, to ensure that its position is as strong as possible in the current structure.

Brunel International Revenue and EBIT development



Performance

Brunel International

2018 has been an exciting year. The strong economic situation supported the 2018 performance in our European markets, resulting in record headcounts and revenues in Q4. Both DACH and The Netherlands achieved 13% growth. DACH was also able to strongly increase its profitability. And in the course of the year, also other regions started contributing. All the initiatives resulting from the diversification strategy, combined with the first signs of improvement in Oil & gas led to accelerating growth in almost all regions in the world.

The gross margin decreased from 23.1% to 22.8% mainly because of a change in the mix between Europe and all the other regions, partly offset by increasing margins in most of the other regions.

Despite the strong growth, overhead expenses only increased by 6%. The effective tax rate for 2018 ended at

33.7%, mainly because more entities returned to profitability. As a result, EBIT almost doubled compared to 2017 and EPS increased by 169% to € 0.41.

The direct headcount increased from 10,573 at 31 December 2017 to 12,942 at 31 December 2018, whereas the indirect headcount increased from 1,531 to 1,596. For 2019 we expect continued growth in all regions.

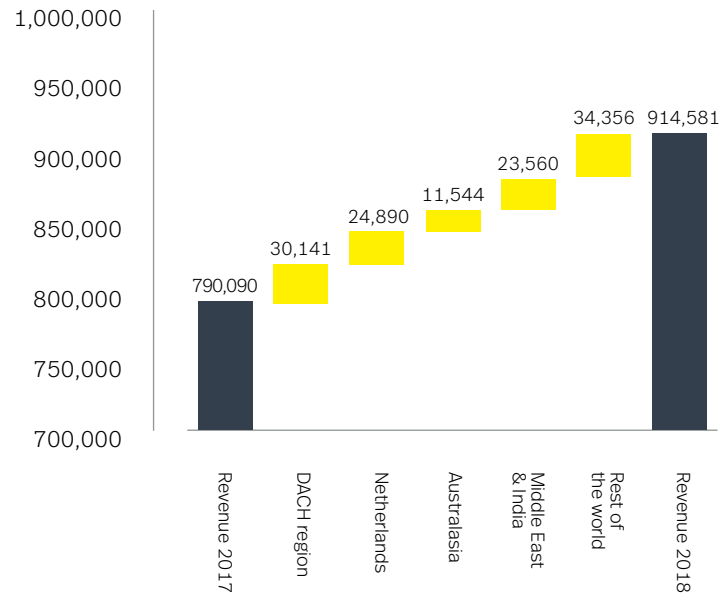
Balance sheet

Working capital increased by 5%, as a result of the strong growth. The average days outstanding increased by 6%. Goodwill and acquisition related intangibles decreased by EUR 1 million due to amortisation and exchange results.

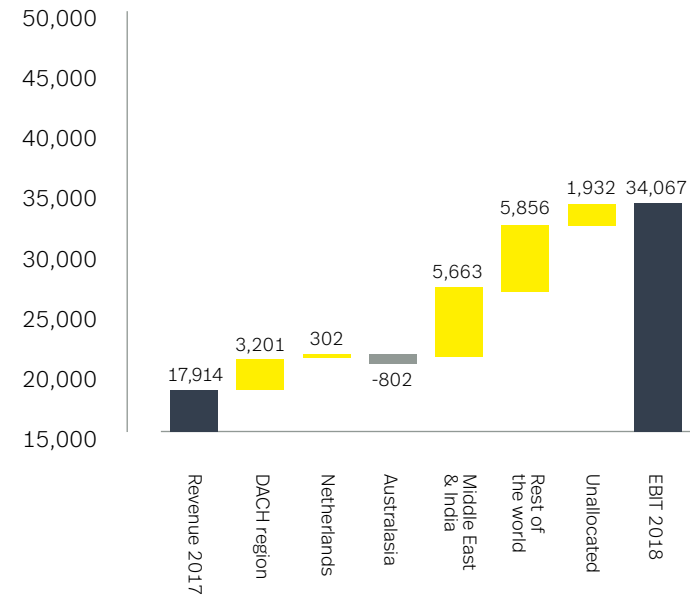
At the end of 2019 we will rent a new facility for Car Synergies in Germany. Other investments will be at a similar level as in 2018.



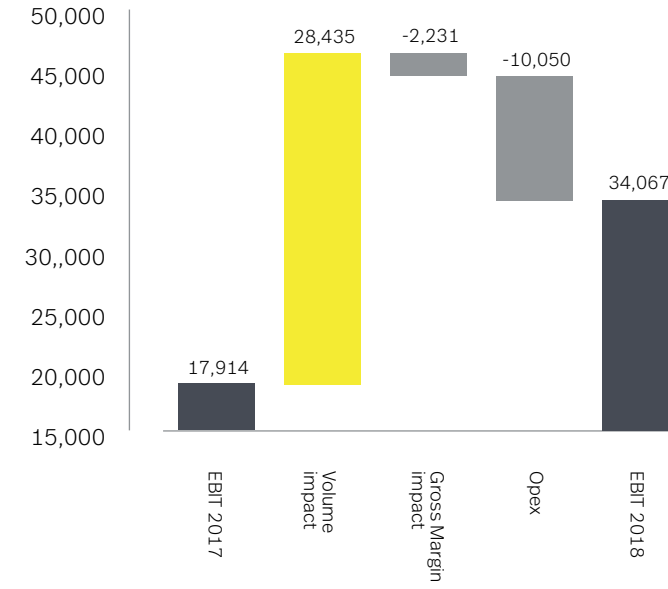
Revenue bridge Brunel International N.V.



EBIT bridge

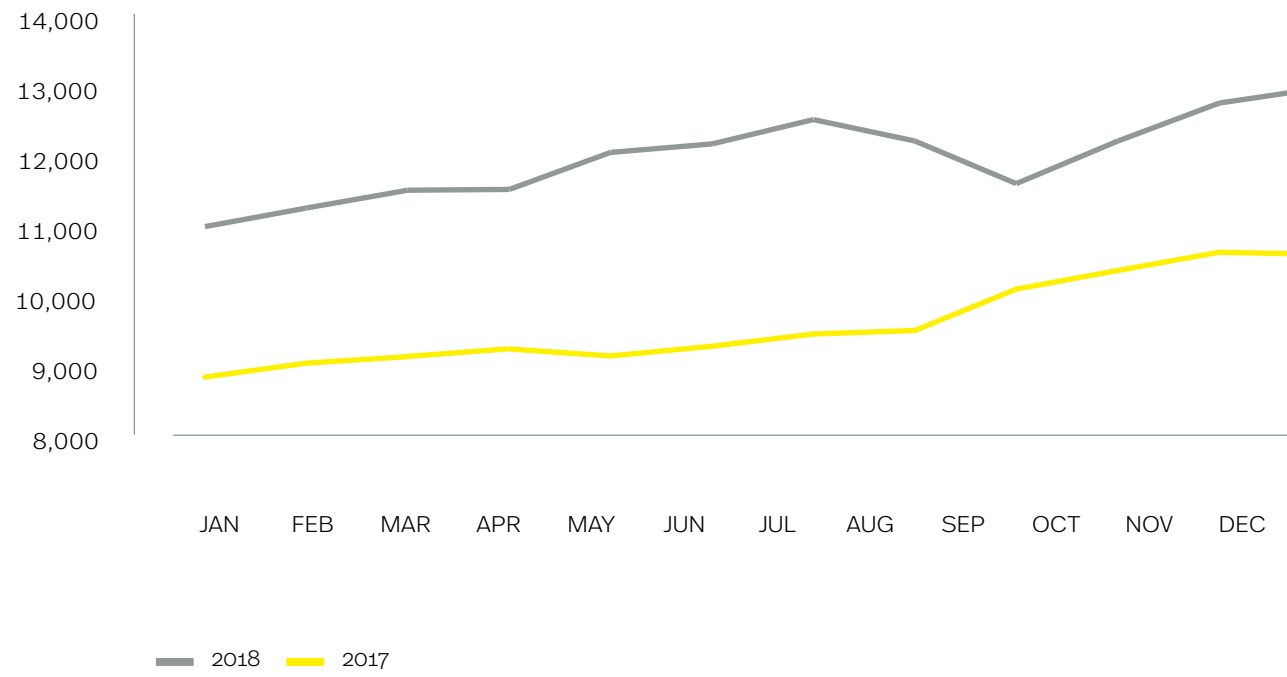


EBIT

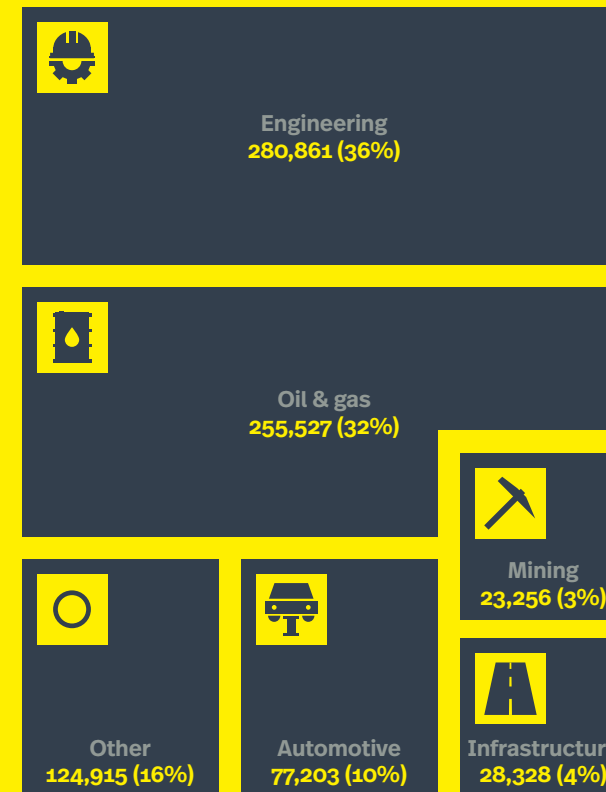


■ Total ■ Increase ■ Decrease

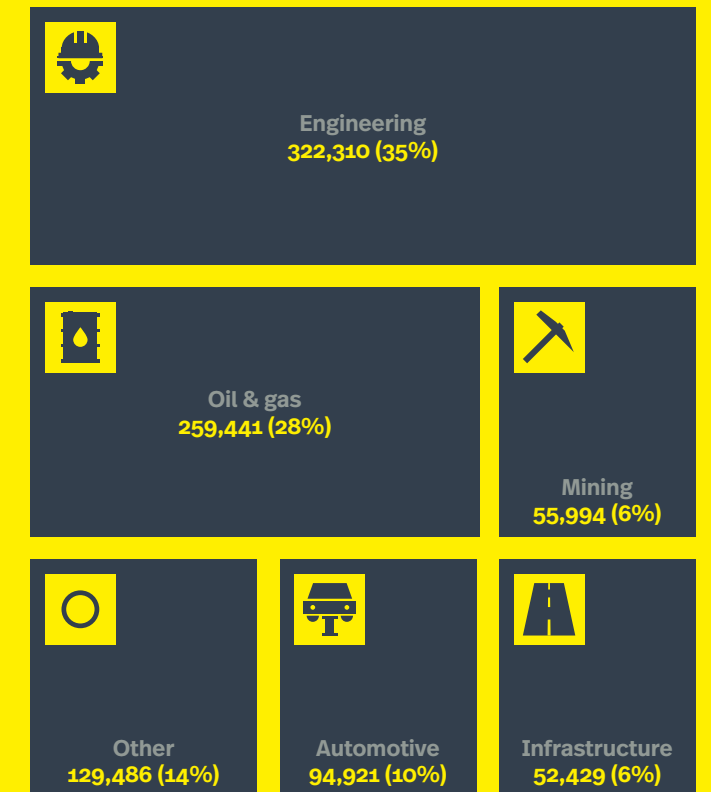
Headcount development



Vertical revenue 2017 - 790,090 million



Vertical revenue 2018 - 914,581 million



Houston

18:45

At the end of the day, it's time for Lisa to touch base with her team. Going through what happened today and what's happening tomorrow makes sure everyone is up to date and ready to excel!



DACH region

This region includes Germany with both its secondment and projects business, Switzerland, Austria and Czech Republic. After a slow start of the year, headcount and revenue growth accelerated. Our organisation in Germany has proven to be able to quickly and professionally adjust to changes in the market with the careful implementation of the equal pay regulations. The reform of the Law on Temporary Employment came into force on 01 April 2017. The basis for the remuneration of all employees is the company collective agreement in force

with ver.di. The salaries of our direct staff had to be adjusted. We have also been able to pass these increases on to our clients, so as a result revenue increased, but gross margin decreased by approximately 1% vs 2017. In the course of the first half year the gross margin stabilised at this level.

30 September 2018 was the first time that the 18-month limitation for temporary staffing was reached under the new law conditions. Our German organisation has been able to maintain the majority of these employees and find appealing jobs at other clients for them.

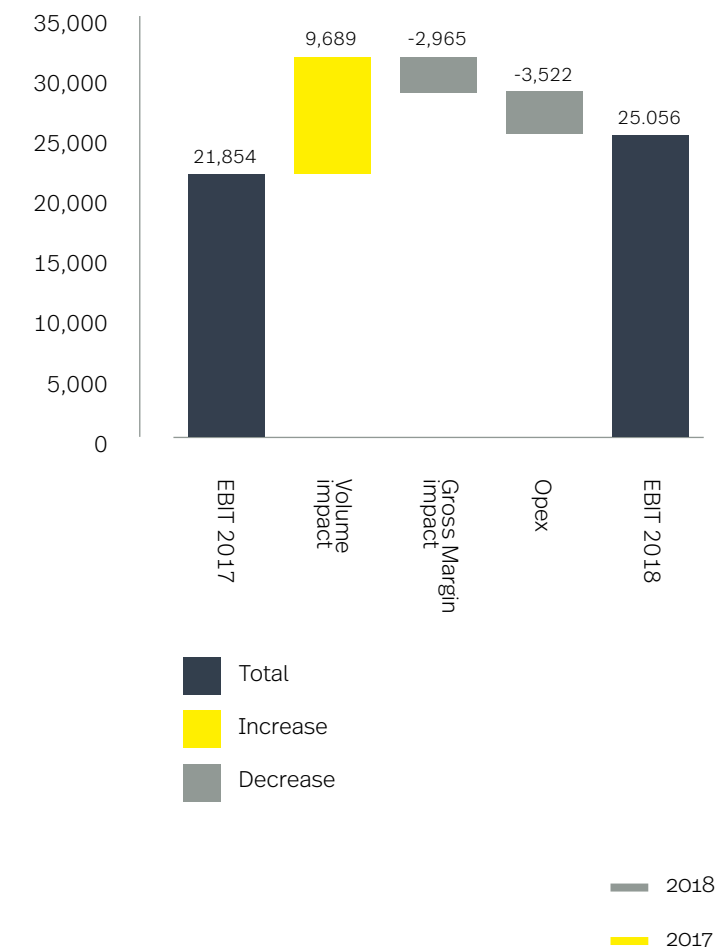
The DACH region achieved a record headcount and revenue, with a revenue increase of 13%. The increase in gross profit was slightly lower, due to the aforementioned impact of equal pay, and due to lower productivity in our automotive testing and competence centres. After a restructuring, productivity of these centres was back at normal levels from September onwards. Following that, the continued growth in our main activities and normal productivity in the competence centres resulted in a strong increase in profitability.

Operating expenses increased by 6%, mainly due to further investments in the sales force to support continued growth.

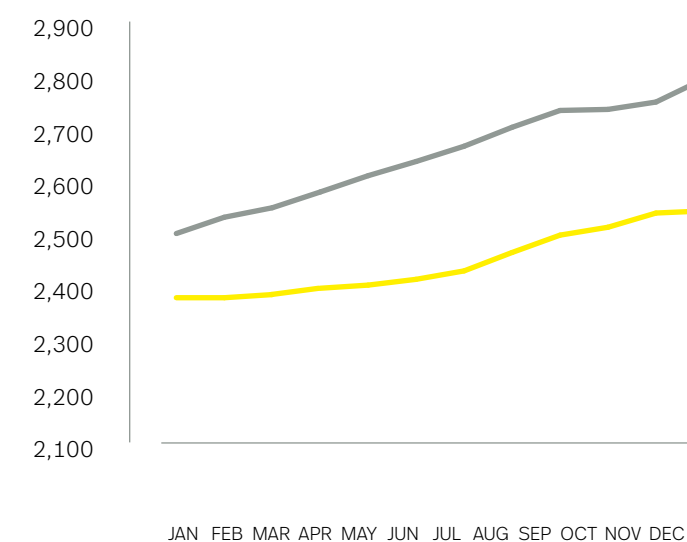
Outlook

We have ended 2018 at a higher headcount, and as a consequence start 2019 with considerable growth. The performance in Q4 2018 is very promising for 2019. We expect continued growth and improvement of profitability

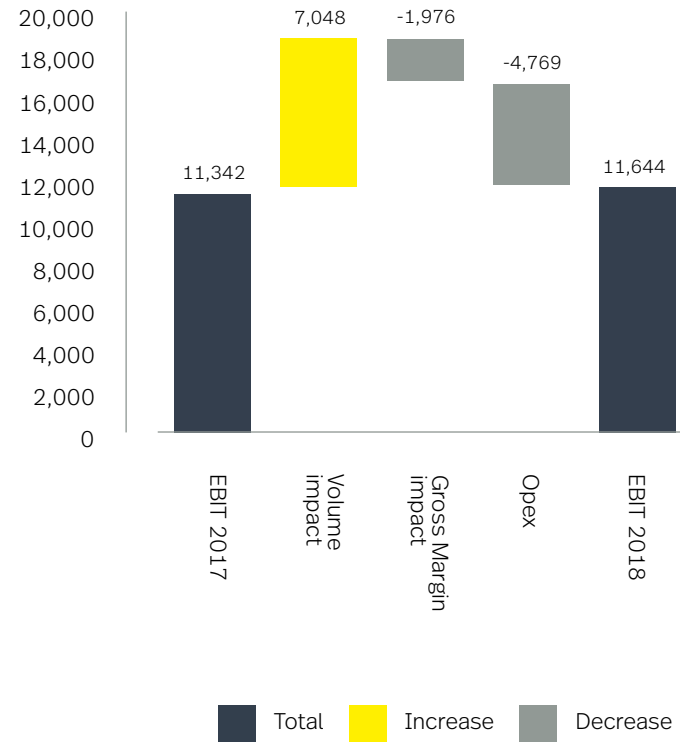
EBIT DACH region



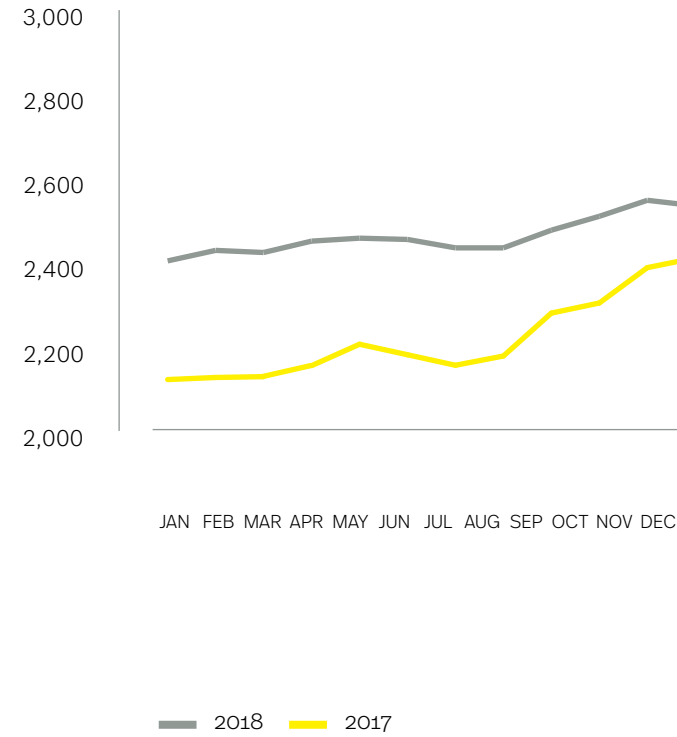
Headcount development



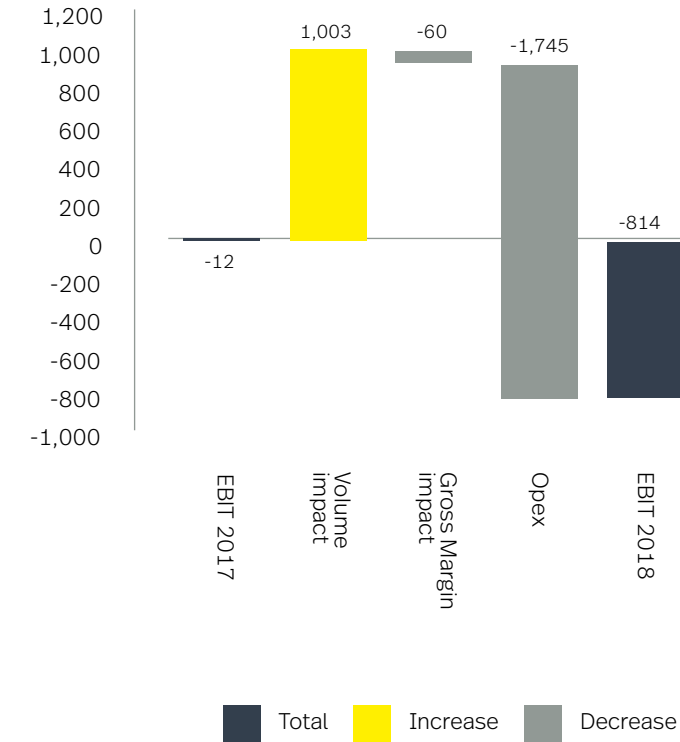
EBIT The Netherlands



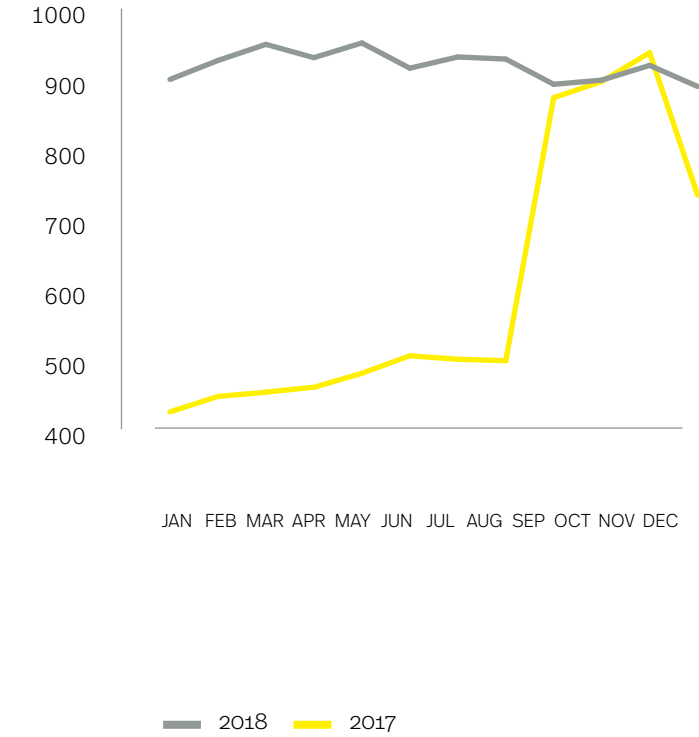
Headcount development



EBIT Australasia



Headcount development



The Netherlands

The Netherlands had a very strong start of 2018. All business lines, except Insurance & Banking, continued to grow in 2018. Revenue increased by 13%. The largest business lines Engineering and IT achieved new record headcounts in 2018. Insurance & Banking experienced a sharp decline in 2018 having to adjust to its changing market. In Q3 and Q4 we increased the number of proactively hired talented professionals and training initiatives in all our business lines. These initiatives reduced our productivity, and hence profitability especially in the related quarters. As a result, the gross margin for 2018 was slightly lower than in 2017, at 28.3%.

Operating expenses increased by 10%, mainly due to various investments in technology and digital tools. Most of these

investments have started to contribute. These investments included pilots in new markets. The pilot of our end to end platform 'Pack' in Amsterdam, has been concluded in Q4. The learnings of these pilots have been, and will be, integrated across Brunel, to further differentiate our added value and to create more efficiencies. The additional costs of these market initiatives in 2018 are EUR 2.5 million.

Outlook

We expect that all the initiatives taken in 2018 will help us to continue to grow, despite the challenging market conditions, although at a slightly lower pace. Profitability will increase, also supported by the absence of the EUR 2.5 million of cost for the pilots in new markets.

Australasia

Australasia includes Australia, New Zealand and Papua New Guinea. Revenue grew by 11%. Adjusted for the impact of last year's acquisition of the mining activities of SES Labour Solutions, revenue declined. In our existing activities in Australia, we continue to work on the finalisation and commissioning of large projects in Oil & gas that started years ago. The volume of these activities is decreasing, but we have been able to limit the impact by securing our positions in the supplier consolidation efforts of some of our clients, although at slightly lower margins. We see the level of activities in Oil & gas industry in Australasia increasing, but no significant new projects are expected to start before 2020.

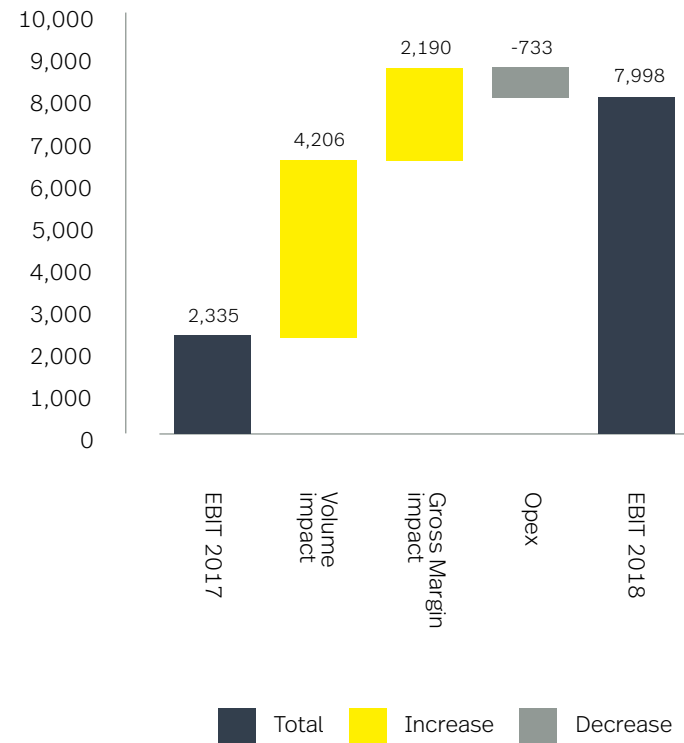
Operating costs increased by 20%, mainly due to the acquisition, but also due to investments in our organisation to prepare for the recovery in the Oil & gas industry that is expected to start in the course of 2019, as well as continued investments in new initiatives and new markets.

Outlook

We expect to be able to achieve moderate growth in 2019 and return to profitability.



EBIT Middle East & India



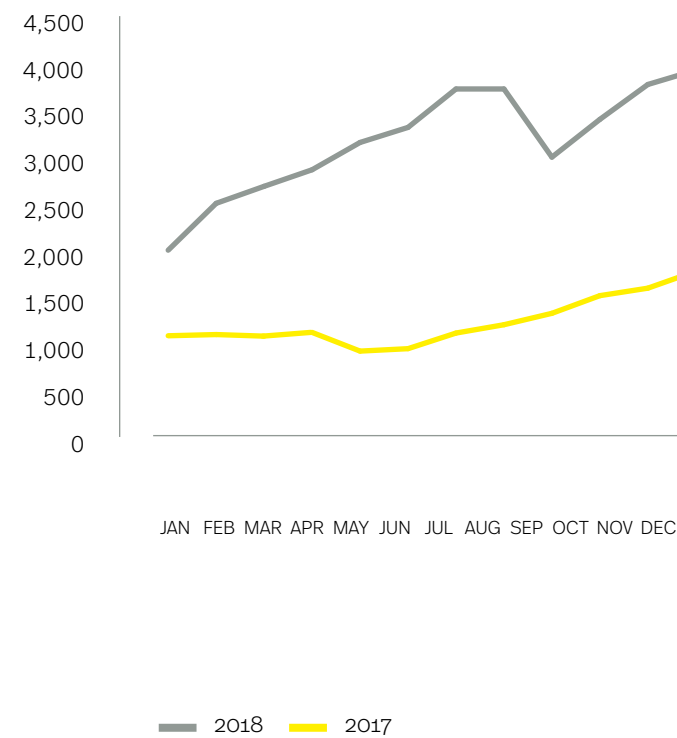
Middle East & India

Main countries in this region are Dubai, India, Kuwait and Qatar. This region demonstrated an amazing performance in 2018 and was able to more than double its headcount to almost 4,000. This resulted in a revenue growth of 37%. This very strong growth is the result of the footprint and capabilities we maintained in the downturn in combination with successes in diversification. Especially in Kuwait, Qatar and India we have won major projects, mostly involving technical specialists.

The gross margin has increased as a result of additional services we are delivering on our major projects.

Our existing organisation is able to manage this strong growth without any significant increases in operating cost.

Headcount development



Outlook

Our strong team in this region, in combination with all the opportunities will be able to continue the strong growth in 2019.

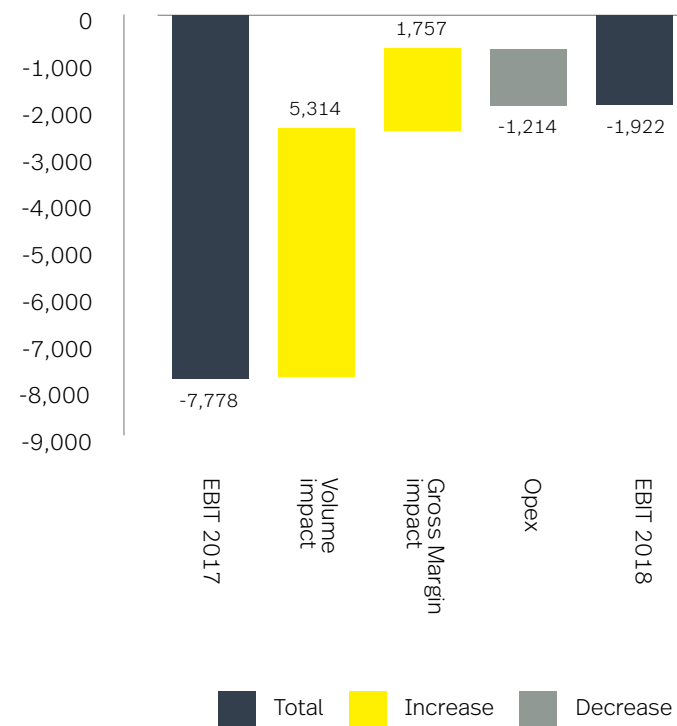
Singapore 18:59



Alvin transverse the busy Singapore subway system to his next appointment with friends.



EBIT rest of the World



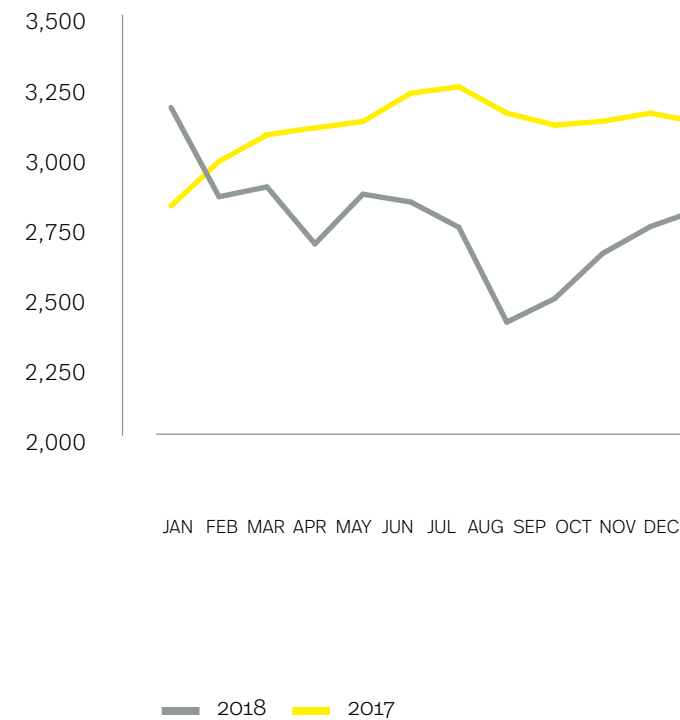
Rest of the World

Rest of World includes Americas, Russia, South East Asia and the remaining European countries. Revenue development has accelerated from a small decline in Q1 to 43% growth in Q4, resulting in an increase of 18% for 2018. Growth is especially driven by a superb performance in Russia and very strong growth in the Americas.

Russia was successful in winning significant projects in the high level of project activities in that area.

In the USA, we achieved strong growth in our traditional business in Oil & gas and Mining, but even more so in our shutdown and maintenance organisation that we started in 2017. This new activity is close to completing the first project successfully and profitable. We have also won a significant project in the Permian Basin in Texas, the biggest shale oil producing region in the

Headcount development



USA. With this entrance to the shale market we also decided to open an office there.

In South East Asia, we have not yet been able to compensate for the significant projects that were completed in the first half of 2017. Our core activities in Asia are 'late-cyclical', mainly relating to fabrication of heavy equipment and component on yards for the Oil & gas industry. We do see an increase in headcount on yards and engineering sites as a result of the many new Oil & gas projects.

Our existing organisations in these regions are able to manage the strong growth without any significant increases in operating cost.

Outlook

Russia and Americas will continue to achieve strong growth, and Asia is expected to start growing in 2019. As a result, we expect the rest of the world to be profitable in 2019.

In control statement

The board of directors is responsible for Brunel's risk management and control systems, and for reviewing its effectiveness. The internal risk management and control systems, as described earlier, are designed to manage the key risks that may prevent us from achieving our business objectives. However, the risk management and control systems cannot provide full assurance that all control gaps, material misstatements, cases of fraud, or violations of laws and regulations will be prevented.

In 2018, the board of directors reviewed and analysed the strategic, operational, financial & reporting and compliance risks to which the group was exposed, and it regularly reviewed the design and operational effectiveness of Brunel's risk management and control systems. The outcome of these reviews was shared with the Audit Committee and the supervisory board, and was discussed with our external independent auditor. Brunel's risk management and control systems should ensure consistent and reliable financial reporting, both internally and externally.

In accordance with the Dutch Corporate Governance Code, we have assessed the design and operational effectiveness of our internal risk management and control systems.

Based on the activities performed during 2018, and in accordance with best practice provision 1.4.3, the board of directors considers that:

- this report provides sufficient insights into any failings in the effectiveness of the internal risk management and control systems;
- the aforementioned systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies;
- based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis; and the report includes the conclusion that there are no material risks and uncertainties that are relevant to the expectation of the company's continuity for the period of twelve months after the preparation of this report.

Following section 5:25c, paragraph 2, under c of the Dutch Act on Financial Supervision (Wet op Financieel Toezicht) the members of the board of directors confirm that to the best of their knowledge:



Mumbai

19:10

Time to relax in good
company after a long day's
work for Deena.



These 2018 annual accounts give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole. This is in accordance with IFRS as endorsed by the EU.

This annual report gives a true and fair view of the company's position and the undertakings included in the consolidation taken as a whole as of 31 December 2018, and of the development and performance of the business for the financial year then ended. This annual report includes a description of the principal risks and uncertainties that the company faces.

Amsterdam, 15 February 2019

The board of directors

J.T. Andringa
CEO

P.A. de Laat
CFO



The Brunel share

6

Structure and shares

Brunel International N.V. is a public limited liability company. Its authorised capital is EUR 6 million, divided into 199.6 million ordinary shares and one priority share. The par value of the ordinary shares is EUR 0.03 each. The par value of the priority share is EUR 10,000. The priority share has not been issued.

Stock exchange listing

Brunel International N.V. ordinary shares are listed at the NYSE Euronext stock exchange in Amsterdam (ticker symbol BRNL). Since 2015, Brunel has been listed on the Amsterdam Small Cap Index (AScX). Since April 2011, options on Brunel shares have also been traded on NYSE Liffe, the derivatives market of NYSE Euronext.

Share capital

The total number of shares outstanding on 31 December 2018 is 50,574,624, giving a market capitalisation of EUR 767 million at that time. The number of shares outstanding at year-end 2017 was 50,429,624. The increase in the number of shares outstanding is due to the exercise of stock option rights.

Share option scheme

Up to 2014, option rights were granted to the members of the board of directors, under the articles of association. A note explaining these grants is included in the supervisory board's remuneration report, which is available on the company's website. Several senior management members were also granted option rights. In 2015 the share option scheme was revised to a share appreciation rights (SAR) scheme.

Interests

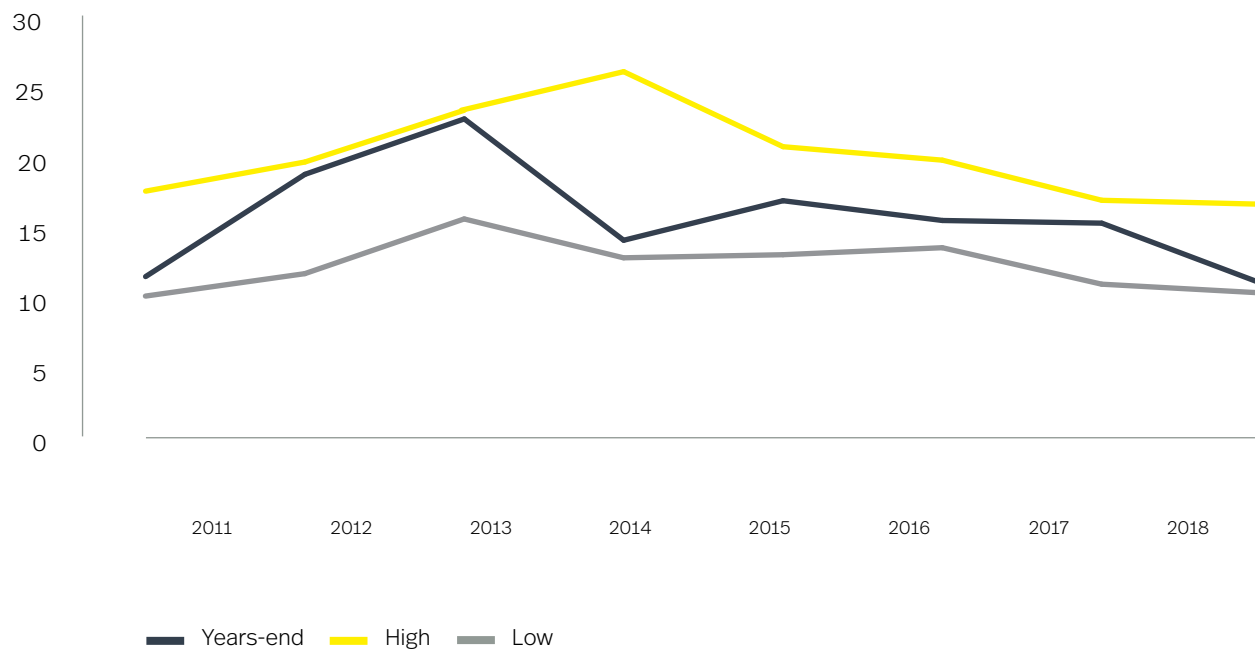
According to the AFM register on notification of substantial holdings, Mr J. Brand, the company's founder, directly or indirectly holds a capital interest of approximately 58.52%, with corresponding voting rights.



Shareprice development (EUR)



Brunel shareprice (EUR)



Frankfurt 19:37



Thomas knows the best meetings happen around the coffee machine.

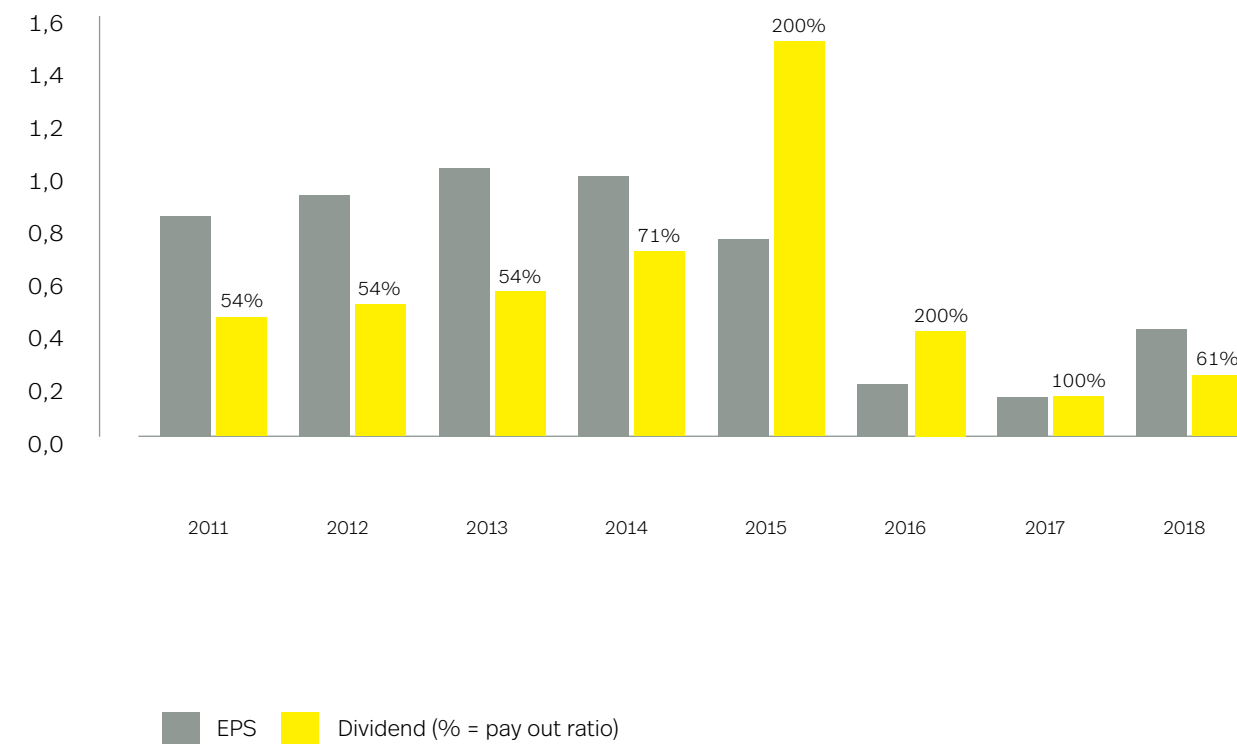


Houston 20:10

After work, it's time for Lisa to have dinner with an old friend.



Brunel earnings per share (EUR)



Dividend

For this year we propose to pay a dividend of EUR 0.25 per share to the general meeting of shareholders.

Financial calendar

3 May 2019	Trading update for the first quarter 2019
16 May 2019	Annual general meeting of shareholders
20 May 2019	Ex-dividend listing
7 June 2019	Dividend available for payment
2 August 2019	Publication half-year 2019 results
1 November 2019	Trading update for the third quarter 2019



Annual accounts

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|| Company financial statements

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Consolidated balance sheet as at 31 December 2018

x EUR 1,000, before profit appropriation

	31 December 2018	31 December 2017
Non-current assets		
Goodwill (2)	8,492	8,716
Other intangible assets (3)	13,096	12,956
Property, plant and equipment (4)	7,263	7,805
Financial fixed assets (5)	-	-
Deferred income tax assets (17)	14,428	11,763
Total non-current assets	43,279	41,240
Current assets		
Trade and other receivables (6)	243,939	204,759
Income tax receivables (17)	2,284	7,252
Cash and cash equivalents (7)	106,019	125,668
Total current assets	352,242	337,679
Total assets	395,521	378,919
Non-current liabilities		
Provisions (8)	4,476	1,670
Deferred income tax liabilities (17)	397	1,024
Long-term liabilities (9)	1,324	2,078
Total non-current liabilities	6,197	4,772
Current liabilities		
Current liabilities (10)	104,763	104,425
Income tax payables (17)	1,122	754
Total current liabilities	105,885	105,179
Total liabilities	112,082	109,951
Net assets	283,439	268,968
Group equity (11)		
Share capital	1,517	1,513
Share premium	86,145	83,787
Reserves	174,533	175,887
Unappropriated result	20,571	7,645
Non-controlling interest	673	136
Total equity	283,439	268,968

Consolidated profit and loss account for the year ended 31 December 2018

x EUR 1,000

	2018	2017
Revenue	914,581	790,090
Direct personnel expenses	-705,684	-607,397
Gross profit	208,897	182,693
Indirect personnel expenses (14)	-110,778	-103,439
Depreciation and amortisation (15)	-7,385	-7,994
Other expenses (16)	-56,667	-53,346
Total operating costs	-174,830	-164,779
Operating profit	34,067	17,914
Exchange differences	-704	-2,123
Interest income	540	680
Interest expenses	-778	-144
Financial income and expense	-942	-1,587
Share of result of investments accounted for using the equity method	-676	-1,744
Group result before tax	32,449	14,583
Tax (17)	-10,919	-6,739
Group result after tax	21,530	7,844
Net income attributable to equity holders of the parent (ordinary shares)	20,571	7,645
Net income attributable to non-controlling interest	959	199
Net income for the year	21,530	7,844
BASIC EARNINGS PER SHARE IN EURO (18)	0.41	0.15
DILUTED EARNINGS PER SHARE IN EURO (18)	0.40	0.15



Consolidated statement of comprehensive income for the year ended 31 December 2018

x EUR 1,000

	2018	2017
Net income	21,530	7,844
Other comprehensive income		
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS		
Exchange differences arising on translation of foreign operations	-1,035	-12,812
Income tax relating to components of other comprehensive income	-347	557
Total other comprehensive income (net of tax)	-1,382	-12,255
Total comprehensive income	20,148	-4,411
Attributable to:		
Ordinary shareholders	19,158	-4,545
Minority interests	990	134
Total comprehensive income	20,148	-4,411

Consolidated cash flow statement for the year ended 31 December 2018

x EUR 1,000

	2018	2017
Cash flow from operating activities		
Result before tax	32,449	14,583
Adjustments for:		
Depreciation and amortisation (15)	7,385	7,994
Interest income	-540	-680
Interest expense	778	144
Share of loss/(profit) from associates (5)	676	1,744
Other non-cash expenses (21)	45	909
Share based payments (12)	-498	151
Changes in:		
Receivables (19)	-47,445	-3,482
Provisions (8)	2,806	1,067
Long-term liabilities (9)	754	1,156
Current liabilities (20)	6,575	-134
	-37,310	-1,393
Income tax paid (17)	-9,171	-7,936
Interest paid	-249	-57
Interest received	448	503
Cash flow generated from operating activities	-5,987	15,962
Cash flow from investing activities		
Additions to property, plant and equipment (4)	-1,988	-2,944
Additions to intangible fixed assets (3)	-5,244	-2,887
Disposals of property, plant and equipment (4)	44	16
Disposals of intangible assets (3)	10	0
Acquisition of subsidiaries (1)	0	-6,053
Cash flow used in investing activities	-7,178	-11,868
Cash flow from financing activities		
Issue of new shares	2,362	240
Dividend non-controlling interest	-625	-532
Dividend ordinary shareholders	-7,586	-20,172
Cash flow used in financing activities	-5,849	-20,464
Total cash flow	-19,014	-16,370
Cash position at 1 January	125,668	149,233
Exchange rate fluctuations	-635	-7,195
Cash position at 31 December	106,019	125,668



Consolidated statement of changes in equity for the year ended 31 December 2018

x EUR 1,000

	Share Capital	Share Premium	Reserves			Unappropriated result	Attributable to ordinary share-holders	Non-controlling interest	Total
			Translation reserve	Share based payments	Retained earnings				
Balance at 1 January 2017	1,512	83,548	16,006	2,857	179,179	10,050	293,152	534	293,686
Net income						7,645	7,645	199	7,844
Exchange differences arising on translation of foreign operations			-12,747				-12,747	-65	-12,812
Income tax relating to components of other comprehensive income			557				557		557
Total comprehensive income			-12,190			7,645	-4,545	134	-4,411
Cash dividend (11)					-20,172		-20,172	-532	-20,704
Appropriation of result					10,050	-10,050			
Share based payments (12)				157			157		157
Option rights exercised (12)	1	239		-342	342		240		240
Balance at 31 December 2017	1,513	83,787	3,816	2,672	169,399	7,645	268,832	136	268,968
Net income						20,571	20,571	959	21,530
Exchange differences arising on translation of foreign operations			-1,066				-1,066	31	-1,035
Income tax relating to components of other comprehensive income			-347				-347		-347
Total comprehensive income			-1,413			20,571	19,158	990	20,148
Issue of shares								172	172
Cash dividend (11)					-7,586		-7,586	-625	-8,211
Appropriation of result					7,645	-7,645			
Share based payments (12)									
Option rights exercised (12)	4	2,358		-1,212	1,212		2,362		2,362
Balance at 31 December 2018	1,517	86,145	2,403	1,460	170,670	20,571	282,766	673	283,439

Participations

Brunel International N.V.'s main participations are listed below. These are included in the consolidated annual accounts of Brunel International N.V.. Unless otherwise stated, all these participations are, directly or indirectly, wholly-owned and Brunel has full or over half of the voting power. Some non-material participations are not included in the list.

Brunel Corporate B.V., Amsterdam, The Netherlands	Brunel Technical Services, Pte Ltd, Singapore
Brunel Energy Europe Staff B.V., Amsterdam, The Netherlands	Brunel International South East Asia PNG Limited Port Moresby, Papua New Guinea
Pack B.V., Amsterdam, The Netherlands	Brunel Energy Malaysia SDN BHD, Kuala Lumpur, Malaysia
Pretty Good knowledge B.V., (75%) Amsterdam, The Netherlands	Brunel Energy Korea Ltd, Ulsan, South Korea
Brunel CR B.V., Amsterdam, The Netherlands	Brunel Energy Hong Kong Ltd, Hong Kong, China
Brunel Nederland B.V., Rotterdam, The Netherlands	Brunel Hong Kong Ltd, Hong Kong, China
Brunel Energy Holding B.V., Rotterdam, The Netherlands	Brunel Consultancy Shanghai Ltd, Shanghai, China
Brunel Energy Europe B.V., Rotterdam, The Netherlands	Brunel Engineering (Dalian) Ltd. Dalian, China
Brunel Energy Nederland B.V., Rotterdam, The Netherlands	Brunel Technical Services Manpower Corporation, Makati City, Philippines
Brunel Engineering Consultants N.V., Mechelen, Belgium	Brunel Technical Services Philippines Inc, Makati City, Philippines
Brunel International UK Ltd, Glasgow, United Kingdom	Brunel Technical Services Thailand Ltd, Bangkok, Thailand
Celsius Ltd., Birmingham, United Kingdom	Brunel Energy (Thailand) Ltd, Bangkok, Thailand
Brunel Service GmbH & Co. KG, Bremen, Germany	Brunel Vietnam Company Ltd., Ho Chi Minh City, Vietnam
Brunel GmbH, Bremen, Germany	Brunel Myanmar Co. Ltd, Yangon, Myanmar
Car Synergies GmbH, Bochum, Germany	Brunel Energy Pty Ltd, Perth, Australia
Brunel International France Sarl, Paris, France	Brunel Technical Services Pty Ltd, Perth, Australia
Brunel Italia SRL, Milan, Italy	Brunel Construction & Maintenance Services Pty Ltd, Perth, Australia
Brunel Energy Norge AS, Stavanger, Norway	SES Labour Solutions Pty Ltd, Brisbane, Australia
Brunel Austria GmbH, Salzburg, Austria	SESLS Pty Ltd, Brisbane, Australia
Brunel Switzerland AG, Zürich, Switzerland	SES Industrial Pty Ltd, Brisbane, Australia
Brunel Polska Sp. Z.o.o., Wroclaw, Poland	SES Resources Pty Ltd, Brisbane, Australia
Brunel CZ s.r.o., Prague, Czech Republic	Brunel Energy Inc, Houston, United States of America
Brunel Romania Srl, Bucharest, Romania	Brunel Resources Inc, Houston, United States of America
Brunel Denmark ApS, Copenhagen, Denmark	Brunel Industry Services LLC, (75%) Houston, United States of America
Brunel Rus LLC, Moscow, Russia	Brunel Industrial & Pipeline Services LLC, (75%) Houston, United States of America
Brunel Private Employment Agency Ltd., Moscow, Russia	Wrap Insulation & Scaffolding Services LLC, (75%) Houston, United States of America
Brunel Recruitment Kazakhstan Atyrau LLP, Atyrau, Kazakhstan	Surge Electrical & Implementation Services LLC, (75%) Houston, United States of America
Brunel Energy Nigeria Ltd, Lagos, Nigeria	Houston, United States of America
Brunel Mozambique Lda, Maputo, Mozambique	Brunel Energy Canada Inc, Calgary, Canada
Brunel Energy LLC, Dubai, United Arab Emirates	Brunel Canada Ltd, Toronto, Canada
Brunel DMCC, Dubai, United Arab Emirates	Brunel Energy Servicos Ltda Brasil, Rio de Janeiro, Brazil
Brunel Oil & Gas Services WLL, (75%) Doha, Qatar	Brunel Mexico Sa de CV, Mexico City, Mexico
Brunel India Private Ltd, Mumbai, India	Brunel Muscat LLC Muscat, Oman
Brunel Energy Kuwait WLL, (75%) Farwania, Kuwait	
Ishtar Baghdad for General Services LLC, Baghdad, Iraq	
Brunel Technical Services Company (Kurdistan) LLC, Erbil, Iraq	
Brunel Energy Japan K.K., Tokyo, Japan	
Brunel International South East Asia Pte Ltd, Singapore	



Notes to the consolidated annual accounts

General information

Brunel International N.V., registered at the chamber of commerce under number 24261450, is a public limited liability company domiciled in Amsterdam, The Netherlands and listed on the Euronext Amsterdam. The head office of the company is located in Amsterdam, the address is:

John M. Keynesplein 33
1066 EP Amsterdam
The Netherlands

The consolidated annual accounts of Brunel include the company and its subsidiaries (together referred to as 'Brunel'). A summary of the main subsidiaries is included on page 149 of this report.

The annual accounts were signed and authorised for issue by the Board of Directors and released for publication on 15 February 2019. The annual accounts and the dividend proposal are subject to adoption by the general meeting of shareholders on 16 May 2019.

Unless stated otherwise all the information in these annual accounts is in thousands of Euro, which is the Company's functional currency. All financial information presented in Euro has been rounded to the nearest thousand.

Brunel's activities are mainly secondment, project management, recruitment and consultancy.

Statement of compliance

The annual accounts have been prepared in accordance with International Financial Reporting Standards (IFRS's) as adopted by the European Union and also comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code.

The annual accounts have been prepared under the historical cost convention, and financial assets and financial liabilities at fair value through profit and loss.

New and amended standards adopted by the group

The following new and revised IFRS's have been adopted in these consolidated annual accounts. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- IFRS 9, 'Financial Instruments'
- IFRS 15, 'Revenue from contracts with customers'
- IFRS 2, 'Classification and measurement of share-based payment transactions'
- Annual improvements to IFRS standards 2014-2016 cycle
- IFRIC 22, Foreign currency transactions and advance consideration

We assessed the impact of the IFRS 9 implementation and concluded that this merely impacts the allowance for bad debt. We have opted to use the simplified approach to determine the expected credit loss. Based on our assessment the use of the simplified approach did not materially impact the allowance and therefore no adjustments are needed to comparative numbers or opening retained earnings.

Refer to the table below for the assessment of the impact of IFRS 15:

Revenue type	Scope of the contract	Initial assessment of impact IFRS 15
Rendering of services	1 This relates to revenues realised by direct employees and direct contractors for hours charged to our clients.	No impact, since there is only one performance obligation, and that performance obligation is met by the hours worked by direct employees and direct contractors. Revenue is recognised based on the time worked.
	2. Secondment revenue relates to contracts where Brunel is the service provider (not the employer) and acts as an agent.	No impact as Brunel already recognised the net fee as revenue.
	3. Recruitment services	No impact, one clear performance obligation. Revenue is recognised when the service is provided (i.e. start date of the candidate).
	4. Reimbursable expenses	No impact, one clear performance obligation. Revenue is recognised as a gross amount (including true up) upon the receipt of a reimbursable claim.
Construction contracts	The performance obligation of construction contracts is to fulfil the engineering and construction & maintenance services as specified in the contract. Generally, fulfilling the performance obligation means enhancing an asset that is owned by the customer.	No impact as Brunel already recognised revenue over time and for (historical) contracts multiple performance obligations were not identified.

Variable considerations, contract costs are not applicable and discounts are not material. Based on our assessment there is no material impact on revenue recognition and therefore no adjustments are needed to comparative numbers or opening retained earnings.

IFRS 16 will be implemented per 2019 and will result in the recognition of almost all our leases on the balance sheet. Brunel has a significant number of lease contracts for buildings and cars that are currently accounted for under IAS 17 as operating leases. The following changes are expected upon transition to IFRS 16:

New and revised IFRSs issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2018 reporting periods and have not been adopted by the group. The group's assessment of the impact of these new standards and interpretations is set out below:

- IFRS 16, 'Leases' ¹
- Annual improvements to IFRS standards 2014-2016 cycle

¹ Effective for annual periods beginning on or after 1 January 2019

- The current distinction between operating and financing leases has been removed from IFRS 16. The standard requires us to recognise 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. Per 1 January 2019 the right of use asset is approximately EUR 41 million and the lease liability is approximately EUR 40 million, this is close to the net present value of future lease payments (refer to note 13. contingent liabilities for the future lease payments).



- The impact on the income statement is that current operating expenses will be replaced by depreciation and interest and as a result, key metrics such as operating profit will change. 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 current accounting for operating leases. With the application of IFRS 16 in 2019 the increase in operating profit will be less than EUR 1 million.
- 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 as net cash flow from financing activities.

Principles of consolidation

The consolidated annual accounts include the financial information of Brunel International N.V. and its subsidiaries. Subsidiaries relate to companies controlled directly or indirectly by Brunel International N.V. These companies are listed on page 149. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The results of acquired or disposed companies are consolidated from the date which control is transferred and the date the control is ceased, respectively.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from Brunel's share therein. Non-controlling interests consist of the net equity value of those interests at the date of the original business combination and the non-controlling interests' share of changes in equity since the date of the combination. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is

attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Accounting principles for the valuation of assets and liabilities and determination of profit

Business combinations

All business combinations are accounted for by applying acquisition method. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the shares issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. When a company or business is acquired, the acquirer recognises goodwill as an asset. Goodwill is recognised for the future economic benefits arising from assets acquired that are not individually identified and separately recognised. The excess of the consideration transferred over the fair value of the identifiable net assets acquired is recorded as goodwill. Impairment of goodwill will be tested at least annually. An impairment loss recognised for goodwill is not reversed in a subsequent period. Changes in ownership interests in subsidiaries that do not result in loss of control are dealt with in equity.

All considerations transferred to acquiree are recorded at fair value as at the acquisition date; subsequent changes to the fair value of the contingent considerations classified as debt are recognised as expense or income.

All acquisition related costs are expensed and included in other expenses.

Goodwill

Goodwill is allocated to groups of cash-generating units for the purpose of impairment testing. The allocation is made to those groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Goodwill at acquisition date is measured as:

- The fair value of the consideration transferred, being the fair value of the assets given and liabilities incurred or assumed; plus
- The recognised amount of an non-controlling interests in the acquiree; plus
- The fair value of any previous equity interests in the acquiree (if the business combination is achieved in stages); less
- The fair value of identifiable assets acquired and liabilities assumed (including contingent liabilities).

When this difference is negative ('negative goodwill'), this amount is recognised directly in the other expenses.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

The recoverable amount is based on the higher of the fair value less cost of disposal and value in use. The value in use is determined by means of cash flow projections based on the actual operating results adjusted for non-cash items (mainly depreciation) and the expected future performance.

The latter is based on management's estimates and assumptions of revenue growth and development of operating margins, assessed with external data.

Acquisition-related intangible assets

Acquisition-related intangible assets (customer databases and trade names) that are acquired by Brunel and have definite useful lives are stated at cost less accumulated amortisation and impairment losses. When an intangible asset is acquired in a business combination, its cost is the fair value at the date of its acquisition. This cost is determined on a basis that reflects the estimated amount that the entity would have paid for the asset in an arm's length transaction between knowledgeable and willing parties, based on the best information available. If the fair value cannot be measured reliably, the asset is not recognised as a separate intangible asset, but is included in goodwill. Amortisation of acquisition-related intangible assets is charged to depreciation and amortisation on a straight-line basis over their estimated useful lives, from the date they are available for use. The residual values and useful lives are reviewed at each balance sheet date and adjusted, if appropriate. Refer to Note 3 Other intangible assets for further details.

Software

Acquired software (licenses) and developed software are stated at cost less accumulated amortisation and impairment losses. Expenditures in relation to the development of identifiable and unique software products used by Brunel, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets and amortised over their estimated useful lives. Capitalised costs include employee costs of software development and an appropriate portion of relevant overhead. Expenditures associated with maintaining computer software programs are recognised as an expense when incurred. Amortisation of software applications is charged to depreciation and amortization on a straight-line basis over their estimated useful lives, from the date they are available for use. The residual values and useful lives are reviewed at each balance sheet date and adjusted, if appropriate. Acquired computer



software licenses are amortised, using the straight line method, over their useful lives.

Property, plant and equipment

Property plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditures that are directly attributable to the acquisition of the assets. Depreciation of property, plant and equipment is charged to operating expenses on a straight-line basis over their estimated useful lives, from the date they are available for use. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within depreciation and amortisation in the profit and loss account.

Financial fixed assets

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The group's investment in associates includes goodwill identified on acquisition. This equity method includes the carrying amount of the investment together with all other long-term interests.

Funding in the company balance sheet is initially stated at fair value. Subsequent measurement is at amortised costs less provision for impairment.

Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable

amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Trade receivable and other receivables

Trade receivable and other receivables are initially stated at fair value. Subsequent measurement is at amortised costs less provision for impairment.

Contract assets and liabilities

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by Brunel exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

Provisions

Provisions are recognised for legally enforceable or constructive obligations as a result of a past event and for which the settlement is likely to require an outflow of resources and to the extent these can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at an interest rate that reflects the current market assessments of the time value of money and, where appropriate, the risks specific to the obligation.

Restoration provisions are recognised for rented real estate objects where Brunel is, after lease contract expiration, liable to bring the object back to its original state. Estimated amounts for legal claims are provided for at the lowest amount at which Brunel expects the claim to be reasonably settled. Provided amounts for legal claims are

categorised to be settled within one year after the balance sheet date, unless these are explicitly expected to be settled differently.

Pension obligations

The group operates various post-employment schemes, mostly defined contribution pension plans and one defined benefit plan. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The interest cost is calculated by applying the discount rate to the balance of the defined benefit obligation. This cost is included in employee benefit expense in the statement of profit or loss.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

Long-term liabilities

Long-term liabilities are recognised initially at fair value, net of transaction costs incurred. Long-term liabilities are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the long-term liabilities using the effective interest method.

Current liabilities

Current liabilities are initially stated at fair value and subsequently measured at amortised cost using the effective interest method.

Foreign currency and exchange differences

Monetary balance sheet items denominated in foreign currencies are translated at the rates of exchange prevailing at the balance sheet date; profit and loss account items are translated at the average rates during the financial year. Exchange differences relating to transactions in foreign currency are recorded in the exchange differences.

Exchange differences due to the consolidation of foreign companies are charged or credited directly in other comprehensive income to the translation reserve.

For the purpose of presenting consolidated annual accounts, the assets and liabilities of Brunel's foreign operations are translated into Euro using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period.

Functional and presentation currency

Brunel operates in countries with different currencies. All companies have, as their functional currency, the local currency of the country in which they operate, which is their primary economic environment. The functional currency of the parent company, as well as of a major portion of its subsidiaries, is the Euro.

The translation reserve comprises all translation differences arising from the translation of the net investment in activities in currencies other than the Euro. Such translation differences are recognised initially in other comprehensive income and presented in this separate component of shareholders' equity and recognised in the statement of comprehensive income on disposal of the net investment. The translation reserve also includes the tax effect on translation differences.

Share based payment

Brunel has a share based payment arrangement under which options are granted to the directors and senior management of the company. These options are settled in ordinary shares. The grant date fair value of these options is included in the



indirect personnel expenses. The expenses are credited to equity for the same amount. The fair value is calculated based on the Black-Scholes option valuation model. At each balance sheet date, Brunel revises its estimates of the number of options that are expected to become exercisable subject to continued employment based on this non-market vesting condition. The impact of the revision of original estimates, if any, is recognised in the indirect personnel expenses with a corresponding adjustment to equity.

The share-based payment reserve relates to options granted by Brunel to its employees under its share option plan.

Share appreciation rights (SAR)

In 2015 the option scheme has been replaced by a SAR scheme. The SAR granted to personnel are conditional and linked to performance targets for the year of allocation. The SAR scheme is a cash settled plan. The fair value of these SAR's is charged to the indirect personnel expenses from the grant date through vesting date linearly. The fair value of the SAR is determined at every year-end based on the Black and Scholes option valuation model. At each balance sheet date, Brunel revises its estimates of the number of SAR's that are expected to become exercisable subject to continued employment based on this non-market vesting condition. The impact of the revision of original estimates, if any, is recognised in the indirect personnel expenses with a corresponding entry to liabilities.

The SAR liability relates to SAR's granted by Brunel to its employees under its SAR scheme.

Revenue recognition

Brunel recognizes revenue for contracting and secondment over time as our customer simultaneously receives and consumes all of the benefits provided by Brunel. When Brunel is the principal in a transaction and thus controls a promised service (employment of contractors) before transferring that service to clients (hours worked), the transactions are recorded gross in the statement of comprehensive income. If Brunel

acts as an agent and is not the employer, revenues are reported on a net basis.

Recruitment revenue is recognized once the service has been completed, being in principle when the candidate starts and the customers starts to benefit from our services.

For construction contracts, we take on the responsibility for the execution (on top of supplying manpower). In some cases we create or enhance an asset that the customer controls as the assets is enhanced or created. In other cases we do not create an asset with an alternative use and we have an enforceable right to payment for performance completed to date. We recognize the construction contract revenue over time.

Variable consideration and contract cost are not applicable.

The revenue is measured at the transaction price agreed under the contract. While deferred payment terms may be agreed in rare circumstances, the deferral never exceeds four months. The transaction price is therefore not adjusted for the effects of a significant financing component.

The group does not expect to have any contracts where the period between the transfer of the promised services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

Rendering of services

Under rendering of services the performance obligation is providing temporary personnel. The following types of revenue are recognised;

- Contracting revenue (rendering of services) whereby hours or days worked at agreed rates during the financial reporting period are recognised as revenue.
- Reimbursable expenses related revenue in cases where Brunel acts as a principal are recognised as a gross amount (including true up) upon the receipt of a reimbursable claim.

- Recruitment revenue relate to revenue for the recruitment of employees for third parties.
- Other revenue such as in cases where Brunel acts as an agent, revenues are reported on a net basis, when the service is rendered.

Construction contracts

The performance obligation or construction contracts is to fulfil the engineering and construction & maintenance services as specified in the contract. Generally, fulfilling the performance obligation means enhancing an asset that is owned by the customer.

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent the total costs to fulfil a contract are incurred and that it is probable that these costs will be recoverable. When it is probable that total costs to fulfil the contract will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised. If the contract includes an hourly fee, revenue is recognised in the amount to which Brunel has a right to invoice. Customers are invoiced on a monthly basis and consideration is payable when invoiced.

Cost of sales

Cost of sales relate to costs attributed directly to the services provided.

Gross profit

Gross profit is defined as revenue minus cost of sales.

Exchange differences

Foreign currency transactions are translated into the functional currency at the exchange rate applicable at the date of the transactions. Currency translation differences resulting from the settlement of these transactions and the translation of the monetary assets and liabilities denominated in foreign currency at the balance sheet date are recognised as exchange differences in the exchange differences.

Foreign exchange differences relating to bank balances are recorded in the financial income and expense, other foreign exchange differences are recorded in the operating profit.

Interest income and expenses

Interest income comprises interest received on outstanding deposits and interest costs comprise interest due on funds drawn, calculated using the effective interest method.

Retirement benefit costs

All pension plans prevailing within Brunel are defined contribution plans, which are funded through payments to independent entities. Brunel has no legal or constructive obligations to pay further contributions if these separate entities do not hold sufficient assets to pay all employees the pension benefits relating to employee service in the current and prior periods. The regular contributions constitute net periodic costs for the year in which they are due and are included within direct and indirect personnel expenses.

Leasing

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivables as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.



Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes tax liabilities where appropriate on the basis of amounts expected to be paid to the tax authorities.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Brunel's liability for current tax is calculated using applicable rates.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the annual accounts and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is

settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to funding items charged or credited directly to equity, in which case the related deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Accounting principles for determining the consolidated cash flow statement

The cash flow statement has been prepared according to the indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments including paid or received interest, and items of income or expense associated with investing or financing cash flows.

Accounting principles for segment reporting

Operating segments have been identified on the basis of internal reports about components of the group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. Information reported to the group's chief operating decision maker is focused at components engaged in providing services in a particular economic environment from those of other segments. A geographical segment is engaged in providing services in a particular economic environment which are subject to risks and returns that are different from those segments operating in other economic environments.

In accordance with Brunel's regional approach we have adjusted our management structure in 2018. The main regions are: DACH (Germany, Austria, Switzerland and Czech Republic), The Netherlands,

Americas, Australasia, Europe & Africa, Middle East & India, Russia & Caspian area and South East Asia. This is the basis on which internal reports are provided to the chief operating decision maker for assessing performance and determining the allocation of resources within the Group. From 2018 onwards, all regions exceeding 10% of total revenue, EBIT or assets are reported separately. The remaining regions are combined in Rest of World.

Critical accounting estimates, assumptions and judgments

In the preparation of annual accounts, management makes certain critical accounting estimates and assumptions concerning the future. The resulting reported amounts will, by definition, rarely equal the related actual outcome. Estimates and judgments are continually evaluated and are based on historical experience and various other factors, including expectations of future events, which are believed to be reasonable under the circumstances. The following estimates, assumptions and judgments have an inherent significant risk of potentially causing material adjustments to the carrying amounts of assets and liabilities within the next financial year.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period or in the period of the revision and future periods if the revision affects both current and future periods.

Accounting for acquisitions

In 2017, Brunel made several acquisitions for which the purchase price allocation has been finalised during that year. Significant judgement from management is required to determine the fair value of the consideration transferred as well as the fair value of identifiable assets acquired and liabilities assumed at the acquisition date. The excess of the consideration transferred over the fair value of the identifiable net assets acquired is recorded as goodwill, refer to note 1.

Impairment of assets

Brunel tests whether intangible assets have suffered any impairment, in case of triggering events and at least annually for goodwill. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts of cash-generating units have been determined using, amongst other instruments, value-in-use calculations. These calculations require the use of estimates. Based on these impairment tests, impairment losses, if any, are identified. However, should the actual performance of these cash-generating units become materially worse compared to the performance based on the estimates, possible impairment losses could arise, or could deviate from the detected impairment losses. This impairment loss or deviation could have impact on the carrying amounts of the intangible assets. For the impairment testing of goodwill, refer to note 2.

Receivables

Brunel has receivables on third parties in numerous countries. These receivables include revenue to be invoiced. Significant judgment is required in determining the collectability of the receivables. When the expected payments are different from the fair value such differences will impact the valuation of the receivable. Hence an allowance for bad debts will be recognised, which will be deducted from the receivables. Refer to note 6.

Provisions

Due to the nature of provisions, a considerable part of their determination is based on estimates and/or judgments, including assumptions concerning the future. The actual outcome of these uncertain factors may be materially different from the estimates, causing differences with the estimated provisions. Hence, the differences between actual outcomes and the recorded provisions can impact results over the periods involved. The timing of outflow of resources to settle these obligations is subject to the same uncertain factors. Refer to note 8.



Income taxes

Brunel is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide deferred tax asset on, amongst other items, tax losses carry-forward. There are many uncertain factors that influence the amount of the tax losses carry-forward. Brunel recognises deferred tax assets on tax losses carry forward based on their best estimates. When the actual results are different from the amounts that were initially estimated, such differences will impact the income tax in the income statement and the deferred tax assets and/or deferred tax liabilities in the period in which these deviations occur.

Capital risk management

Brunel manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to stakeholders. The dividend policy of Brunel is aimed at maximising the distributions to shareholders, while reserving enough capital to ensure the ability to continue as a going concern and to fund planned growth. Brunel's strategy is to use existing cash and cash flows instead of long-term credit facilities to finance further growth. This typically leads to high solvency rates.

Financial risk management

Brunel's activities are exposed to a variety of financial risks, including foreign currency exchange rates and interest rates. Brunel's overall risk management program focuses to minimise potential adverse effects on the financial

performance of Brunel. This program is implemented and carried out under policies approved by the Board of Directors.

Liquidity risk

Brunel maintains sufficient cash to fund her ongoing operations. In addition there is the availability of funding through adequate internal credit facilities to minimise liquidity risk. Within Brunel derivative financial instruments are not used or hedging activities undertaken. The department Corporate Finance & Control monitors the worldwide cash position.

Foreign exchange risk

x EUR 1,000

Currency fluctuations affect the consolidated results, because a portion of the cash flow is generated in other currencies than Euro. Brunel limits the foreign exchange risk by maintaining a back-to-back policy, meaning that the management strives to have both income and expenses to be generated locally in the same currency. Due to the back-to-back policy, the foreign exchange risk of Brunel is limited to the exchange risk over the results in foreign currencies and the trade receivable and cash positions in foreign currencies. The foreign currencies that can have a material effect on the income statement of Brunel are the US dollar and the Australian dollar. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets 31 december		Liabilities 31 december	
	2018	2017	2018	2017
US Dollar	63,827	52,601	9,593	5,936
Australian Dollar	24,603	29,274	6,814	10,267
	88,430	81,875	16,407	16,203

The following table details the Group's sensitivity to a 10% increase and decrease in the Euro against the relevant foreign currencies. These percentages represent management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the

period end for a change in foreign currency rates. A positive number below indicates an increase in profit and other equity when the Euro weakens 10% against the relevant currency. For a 10% strengthening of the Euro against the relevant currency, there would be an equal and opposite impact on the profit and other equity, and the balances below would be negative.

	US dollar Impact		Australian dollar Impact	
	2018	2017	2018	2017
Profit or loss	-290	-372	-82	-29
Other equity	3,139	4,516	2,307	2,543
Total equity	2,849	4,144	2,225	2,514
Revenue	12,864	12,382	10,436	9,004

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. Brunel has no significant concentrations of credit risk. The most important balance sheet items that are imposed to credit risk are the trade and other receivables. The trade accounts receivable include an allowance for bad debts. Reference is made to note 6. Generally services are provided to large and financially strong companies. In order to minimise credit risk exposure Brunel intensively monitors the payment behaviour of their customers. Other policies limit the amount of credit exposure to any financial institution. Despite these internal procedures, uncollectible debts can not be ruled out, but the risk of a material erosion of the operating profit is small. As per 31 December 2018 the largest receivable against a single counterparty amounted EUR 8.5 million (31 December 2017: EUR 6.3 million). For 2018, largest revenue from

transactions with a single external customer amounted to EUR 47.8 million (2017: EUR 40.5 million).

Interest rate risk

Due to the nature of Brunel's business the operating cash flows are substantially independent of changes in market interest rates. Interest coverage is the leading parameter in managing interest exposure. Due to the capital structure of Brunel the interest paid and received are immaterial amounts and hence no material interest rate risk applies.



Notes to the consolidated balance sheet

X EUR 1,000, unless stated otherwise

1. Business combinations

Brunel has made no acquisitions during the year 2018.

During 2017, the following companies were acquired:

Business combinations

Company	Acquired % of Shares	Acquired # of shares	Acquisition date
SES Labour Solutions Pty Ltd	100%	100	31 August 2017
Celsius Ltd	100%	40	2 November 2017

The acquisitions are fully financed from the existing cash position.

SES Labour Solutions Pty Ltd is a specialist recruitment group supplying staffing solutions to the mining, oil & gas and construction sectors throughout Australia.

SES Labour Solutions Pty Ltd is the head of the group that includes three wholly owned subsidiaries:

- SESLS Pty Ltd
- SES Industrial Pty Ltd
- SES Resources Pty Ltd

Celsius Ltd, located in the UK, is a specialist in the field of global mobility. The acquisition amount is deemed insignificant.

The acquisitions supports Brunel's strategic direction to be the leader in specific segments of the international labour market. The goodwill is attributable to the workforce and the high profitability of SES Labour Solutions Pty Ltd. The goodwill in Australasia in Note 2 solely relates to the acquisition of SES Labour Solutions Pty Ltd in 2017.

In 2018 a part of the contingent consideration was paid to the former shareholders (refer to note 9 and 10) as related performance targets were realised.

2. Goodwill

Movements during the year:

	2018	2017
At cost at 1 January	8,968	4,254
Accumulated impairment and exchange rate movements	-252	11
Balance at 1 January	8,716	4,265
Changes in carrying amount:		
Additions	0	4,714
Exchange rate movements	-224	-263
Balance at 31 December	8,492	8,716
At cost at 31 December	8,968	8,968
Accumulated impairment and exchange rate movements	-476	-252
Balance at 31 December	8,492	8,716

In 2017 goodwill has been allocated for impairment testing purposes to two individual cash generating units:

	2017
Brunel Germany	2,844
Brunel Global Business	5,872
Balance at 31 December	8,716

After the change in segmentation the goodwill has been allocated for impairment testing purposes to three individual cash generating units. The comparative figures after the change in segmentation have been included on the next page:



	2018	2017
Brunel Americas	1,064	1,015
Brunel Australasia	4,355	4,596
Brunel DACH	2,844	2,844
Brunel Rest of World	229	261
Balance at 31 December	8,492	8,716

Impairment testing

In the financial year the company assessed the recoverable amount of goodwill. The recoverable amount of the main cash-generating units for which goodwill is capitalised is based on value in use. The value in use is determined by means of cash flow projections based on the actual operating results adjusted for non-cash items (mainly depreciation) and the expected future performance. The latter is based on management's estimates and assumptions of revenue growth and development of operating margins, assessed with external data. The forecasted cash flows have

been derived from the budget 2019.

The value in use of the main cash-generating unit resulted in no impairment compared to the carrying amount as at 31 December 2018.

Management has projected cash flow forecasts over a period of five years. The annual budget is used as a basis for the projection in the first year whereas key assumptions were applied for the extrapolation of the results to the period after the second year.

In 2017, the key assumptions for 2018-2022 used in calculation of the value in use for the significant cash generating unit Brunel Germany were:

	2017
Revenue growth	5%
Budgeted gross margin	33.4%
Overhead costs increase	2%
Terminal growth rate	0%
Pre tax discount factor	14%
Depreciations and investments plans	DEPRECIATIONS ARE USED FOR NEW OR REPLACING INVESTMENTS

In 2017, the key assumptions for 2018-2022 used in calculation of the value in use for the significant cash generating unit Brunel Global Business were:

	2017
Revenue growth	11%
Budgeted gross margin	12.0%
Overhead costs increase	2%
Terminal growth rate	1.5%
Pre tax discount factor	14%
Depreciations and investments plans	DEPRECIATIONS ARE USED FOR NEW OR REPLACING INVESTMENTS

Key assumptions for 2019-2023 used in calculation of the value in use for the significant cash generating unit Brunel Americas are:

	2018
Revenue growth	21%
Budgeted gross margin	13.9%
Overhead costs increase	5%
Terminal growth rate	1.5%
Pre tax discount factor	14.3%
Depreciations and investments plans	DEPRECIATIONS ARE USED FOR NEW OR REPLACING INVESTMENTS

Key assumptions for 2019-2023 used in calculation of the value in use for the significant cash generating unit Brunel Australasia are:

	2018
Revenue growth	10%
Budgeted gross margin	10.0%
Overhead costs increase	3%
Terminal growth rate	2.5%
Pre tax discount factor	13.7%
Depreciations and investments plans	DEPRECIATIONS ARE USED FOR NEW OR REPLACING INVESTMENTS



Key assumptions for 2019-2023 used in calculation of the value in use for the significant cash generating unit Brunel DACH are:

	2018
Revenue growth	5%
Budgeted gross margin	32.7%
Overhead costs increase	2%
Terminal growth rate	0%
Pre tax discount factor	13.0%
Depreciations and investments plans	DEPRECIATIONS ARE USED FOR NEW OR REPLACING INVESTMENTS

All cash generating units have substantial headroom available to cover variations in assumptions.

3. Other intangible assets

The other intangible assets consist of the following:

	2018	2017
Software	12,116	11,301
Trade names	82	138
Customer databases	898	1,517
Balance at 31 December	13,096	12,956

The amortisation rates are as follows:

- Software: 20-40% per annum
- Trade name SES Labour Solutions: 33.33% per annum
- Customer database SES Labour Solutions: 33.33% per annum

Residual values are considered to be zero.

Software

Movements during the year:

At cost at 1 January	32,087
Accumulated amortisation	-18,182
Balance at 1 January 2017	13,905
Changes in carrying amount:	
Additions	2,887
Through business combinations	12
Disposals	0
Amortisation	-5,483
Exchange rate	-20
Total changes 2017	-2,604
At cost at 31 December	33,709
Accumulated amortisation	-22,408
Balance at 31 December 2017	11,301
Changes in carrying amount:	
Additions	5,244
Through business combinations	0
Disposals	-10
Amortisation	-4,413
Exchange rate	-6
Total changes 2018	815
At cost at 31 December	31,860
Accumulated amortisation	-19,744
Balance at 31 December 2018	12,116

Software mainly includes financial and business supporting software acquired. The average remaining amortisation period is three years.

In 2018 a part of the software with an at cost value of EUR 7,093 (2017: 558) that was fully amortised has been written off from both the at cost value and the accumulated amortisation.



Trade names

	2018	2017
At cost at 1 January	155	965
Accumulated amortisation and impairment	-17	-965
Balance at 1 January	138	0
Changes in carrying amount:		
Additions	0	161
Amortisation	-50	-18
Exchange rate	-6	-5
Balance at 31 December	82	138
At cost at 31 December	155	155
Accumulated amortisation and impairment	-73	-17
Balance at 31 December	82	138

In 2017 the Trade name for For All Finance that was fully impaired has been written off from both the at cost value and the accumulated impairment. The addition in 2017 relates to the acquisition of SES Labour Solutions.

Customer databases

	2018	2017
At cost at 1 January	1,707	3,937
Accumulated amortisation and impairment	-190	-3,937
Balance at 1 January	1,517	0
Changes in carrying amount:		
Additions	0	1,774
Amortisation	-552	-197
Exchange rate	-66	-60
Balance at 31 December	898	1,577
At cost at 31 December	1,707	1,707
Accumulated amortisation and impairment	-809	-190
Balance at 31 December	898	1,517

In 2017 the Trade name for For All Finance that was fully impaired has been written off from both the at cost value and the accumulated impairment. The addition in 2017 relates to the acquisition of SES Labour Solutions.

4. Property, plant and equipment

Movements during the year:

	Office equipment	Computer systems	Total
At cost at 1 January	19,125	4,218	23,343
Accumulated depreciation	-12,702	-3,339	-16,041
Balance at 1 January 2017	6,423	879	7,301
Changes in carrying amount:			
Additions	2,429	515	2,944
Through business combinations	39	0	39
Disposals	-58	-6	-64
Depreciation	-1,943	-353	-2,296
Exchange rate	-100	-20	-120
Total changes 2017	367	136	504
At cost at 31 December	20,497	4,398	24,895
Accumulated depreciation	-13,707	-3,383	-17,090
Balance at 31 December 2017	6,790	1,015	7,805
Changes in carrying amount:			
Additions	1,615	374	1,989
Disposals	-139	-23	-162
Depreciation	-1,967	-403	-2,370
Exchange rate	5	-5	1
Total changes 2018	-486	-57	-542
At cost at 31 December	23,512	4,444	27,956
Accumulated depreciation	-17,207	-3,486	-20,693
Balance at 31 December 2018	6,304	958	7,263
Depreciation rate	20-40%	20-40%	20-40%



No leased items are included in property, plant and equipment. Residual values are considered to be zero. The carrying amount equals the estimated fair value of the assets.

In 2018 a part of the property, plant and equipment with an at cost value of EUR 2,504 (2017: EUR 386) that was fully depreciated has been written off from both the at cost value and the accumulated depreciation.

The tables below provide summarised financial information for the associate that is material to the group. The information disclosed reflects the amounts presented in the annual accounts of the relevant associate and not Brunel International

N.V.'s share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

5. Financial fixed assets

	2018	2017
Balance at 1 January	0	-2,514
Result for the year	0	-1,169
Exchange rate movements	0	357
Net assets at 31 December	0	-3,326
Impairment of receivables	0	-575
Reclass negative participations to receivables from associates	0	3,901
Balance at 31 December	0	0

Interest in associates

Set out below is the associates of the group as at 31 December 2018 which, in the opinion of the directors, are material to the group. The entity listed below has share capital consisting solely of ordinary shares, which are held directly by the

group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held. The associate is fully impaired, no further cash injections will be made, therefore there is no risk of further losses.

Name of entity	Country of incorporation	% of ownership interest		Nature of relationship	Measurement method	Carrying amount	
		2018	2017			2018	2017
IBR Soluções Limitada ⁽¹⁾	Angola	49%	49%	Associate	Equity method	0	0

⁽¹⁾ IBR Soluções Limitada is an associate of Brunel International N.V. operating in Angola.

	2018	2017
Current assets	1,135	2,835
Current liabilities	-4,724	-4,675
Long-term liabilities	-838	-1,486
Net assets at 31 December	-4,427	-3,326
	2018	2017
Opening net assets 1 January	-3,326	-2,514
Profit / (loss) for the period	-3,012	-1,169
Foreign exchange	1,911	357
Closing net assets at 31 December	-4,427	-3,326

Summarised statement of comprehensive income

	2018	2017
Revenue	36	643
Profit / (loss) for the period	-3,012	-1,169

As Brunel's interest in IBR Soluções Limitada has been impaired and no further cash injections will be made, additional losses are no longer recognised.



6. Trade and other receivables

	2018	2017
Trade accounts receivables	160,830	139,805
Prepayments	8,033	7,588
Accrued income	69,358	51,245
Other receivables	5,718	6,121
Balance at 31 December	243,939	204,759

All receivables have an expected term of less than one year. The carrying amount of these receivables equals the fair value. Prepayments and accrued income include a Nigerian withholding tax receivable of EUR 1,323 (2017: EUR 1,277) for which EUR 1,323 (2017: EUR 1,277) has been impaired.

The accrued income includes contract assets of EUR 3,447 (2017: EUR 996) related to fixed price contracts in the USA and Germany.

The group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on

shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2018 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The movement in this allowance is as follows:

	2018	2017
Balance at 1 January	2,438	7,834
Fully provided receivables which are written off	-984	-6,966
Change in allowance recognised in result	45	909
Exchange rate movements	44	661
Balance at 31 December	1,543	2,438

Ageing of past due trade accounts receivables is as follows:

	2018	2017
Trade accounts receivable - Not due	104.481	100.012
1-30 days - past due	36.103	25.262
31-60 days - past due	9.812	7.756
61-90 days - past due	5.605	3.603
91-120 days - past due	2.190	2.216
120+ days - past due	4.182	3.394
Balance at 31 December	162.373	142.243

The specific credit terms granted vary from 14-90 days. These terms are based on the general terms and conditions of Brunel and/or specific agreements with individual customers.

Generally services are provided to large and financially strong companies, which are mainly operating in the oil industry. In order to minimise credit risk exposure Brunel intensively monitors the payment behaviour of their customers based on specific agreements with individual customers and the credit worthiness of the customer. Based on historical behaviour of their customers Brunel does not expect any material write-offs.

The current assessment of the counterparty risk of our customers is that we do not expect any material write-offs. This assumption is based on the current payment behaviour of our clients. Additionally we are in frequent contact with clients that have amounts outstanding past the due date.

7. Cash and cash equivalents

This item consists mainly of bank balances, part of which EUR 20.0 million (2017: EUR 18.7 million) is not freely disposable on grounds of issued bank guarantees.

8. Provisions

	Pension obligation	Restoration provision	Legal claims	Illness	Total
Balance at 1 January	0	100	196	1,374	1,670
Reclassification	1,291	0	0	0	1,291
Additions	421	0	324	897	1,642
Withdrawals	0	0	54	0	54
Release	0	0	-181	0	-181
Balance at 31 December	1,712	100	393	2,271	4,476



The restoration provision represents the provision for returning rented real estate objects to the original state at the end of the lease contract. The estimate may vary as a result of the utilisation of the leased premises and sub-lease arrangements where applicable.

The majority of the non-current part of these provisions is expected to be settled within three

years of the balance sheet date.

The provision for illness represents the obligation for continuation of wage payment during extended periods of illness and disability.

The amounts recognised in the balance sheet and the movements in the defined benefit obligation over the year are as follows:

Pension obligation

Balance at 1 January	0
Reclassification	1,291
Current service cost	374
Interest expense/(income)	47
Balance at 31 December	1,712

The group operates a defined benefit pension plan in Germany under regulatory frameworks. This plan is a final salary pension plans, which provide benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement. In the plans, pensions in payment are generally updated in line with the retail price index. This is an unfunded plan and no plan assets are applicable. The main risks in relation to this

plan relate to the key variables in the actuarial calculations (i.e. changes in bonds yields, inflation risks and life expectancy).

In previous year, the liability was classified as a short-term liability. This year a reclassification was made to adequately reflect the nature of this liability.

Significant actuarial assumptions for the pension plan are:

	2018
Discount rate	2.22%
Salary growth rate	1.00%
Pension growth rate	1.75%

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in the related territory.

The sensitivity of the defined benefit obligation to changes in the principal assumption is:

Impact on defined benefit obligation

Discount rate -0.5%	+10%
Discount rate +0.5%	-9%

9. Long-term liabilities

	2018	2017
Liability for office rent-free period	648	749
Contingent consideration business combinations	676	1,329
Balance at 31 December	1,324	2,078

The liability for office rent-free period relates to our offices in The Netherlands. These amounts will expire within one to five years. The contingent consideration for business combinations relates to the acquisition

of SES Labour Solutions and is based on performance targets until mid-2020. The carrying amount of these liabilities equals the fair value.

10. Current liabilities

	2018	2017
Trade payables	16,804	18,938
Taxes and social security charges	35,481	34,168
Pensions	630	1,427
Accrued employee expenses	43,442	39,010
Contingent consideration business combinations	738	1,513
Accrued expenses	4,367	4,112
Other liabilities	3,301	5,257
Balance at 31 December	104,763	104,425



The contingent consideration for business combinations relates to the acquisition of SES Labour Solutions and is based on performance targets until mid-2020. The portion presented in current liabilities is the amount related to 2019.

Current liabilities have an expected term of less than one year. The majority of trade payables and taxes and social security charges are due within a range of 1-45 days.

The majority of the other liabilities and accrued employee expenses are due within a range of 1-180 days.

The carrying amount of these liabilities equals the fair value.

11. Group equity

The authorised capital is EUR 5,998,000 divided into one priority share with a nominal value of EUR 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 (2017: 50,429,624) with a value of EUR 1,517,239.

The movement in the number of issued shares is:

	2018	2017
Issued at 1 January	50,429,624	50,413,624
Issue of Shares	145,000	16,000
Issued at 31 December	50,574,624	50,429,624

Except for the translation reserve, all reserves are freely distributable. In 2017 the cash dividend was EUR 0.15 per share. The proposed dividend for 2018 will be EUR 0.25 per share. Further information is provided in the consolidated statement of changes in group equity on page 148 of this report.

The priority share, which has a par value of EUR 10,000 has been issued to Stichting Prioriteit Brunel, subject to the condition precedent that the

majority shareholder loses its majority share in Brunel International N.V.'s share capital. The priority share will be fully paid up as soon as the issue becomes unconditional. The protective stipulations are included in the Articles of Association of Brunel International N.V..

Non-controlling interest

The movement in non-controlling interest is as follows:

	2018	2017
Balance at 1 January	136	534
Result for the year	959	199
Issue of shares	172	0
Dividend	-530	-532
Exchange rate movements	-64	-65
Issued at 31 December	673	136

Set out below is summarised financial information for the main non-controlling interests that are material to

the group. The amounts disclosed for each subsidiary are before inter-company eliminations.

	Middle East & India		Other		Total	
	2018	2017	2018	2017	2018	2017
Non-current assets	635	350	46	51	681	401
Current assets	41,323	26,698	14,016	2,791	55,338	29,490
Current liabilities	-11,365	-6,126	-6,694	-1,980	-18,059	-8,106
Long-term liabilities	-22,311	-18,488	-12,174	-2,197	-34,485	-20,685
Net assets per 31 December	8,282	2,435	-4,806	-1,335	3,475	1,100
Accumulated NCI	1,874	470	-1,201	-334	673	136
Dividend paid to NCI	625	532	0	0	625	532
Revenue	60,449	37,698	19,154	589	79,602	38,287
Profit (loss)	7,202	2,187	-3,359	-1,392	3,843	795
Result allocated to NCI	1,798	547	-839	-348	959	199

Middle East & India includes the non-controlling interests in our entities in Kuwait (25%), Qatar (25%) and Oman (15%).

The other non-controlling interest mainly include the entities in the BIS-group in the USA.

12. Option rights

Outstanding options:

Year granted	2013	2014	Total
Outstanding at 1 January 2018	246,000	401,000	647,000
Exercised	-145,000	-	-145,000
Forfeited	-	-68,000	-68,000
Expired	-101,000	-	-101,000
Outstanding at 31 December 2018	-	333,000	333,000
Weighted average exercise prices in EUR	16.29	22.92	
Range of exercise prices in EUR	16.29	22.92	
Expiry date	1-15 March 2018	1 March - 1 March 2019	



Outstanding option rights J.A. van Barneveld

Year granted	2012	2013	2014	Total
1 January 2018	-	-	100,000	100,000
Exercised	-	-	-	-
Forfeited	-	-	-	-
31 December 2018	-	-	100,000	100,000
Exercise prices in EUR	-	-	22.92	

Option rights movement

	2018		2017	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at 1 January	647,000	20.40	733,000	20.25
Performance adjustment during the year	-	-	-	-
Exercised during the year	-145,000	16.29	-16,000	15.00
Forfeited during the year	-68,000	22.92	-70,000	20.08
Expired during the year	-101,000	16.29	-	-
Balance at 31 December	333,000	22.92	647,000	20.40

Share appreciation rights (SAR)

In 2015 the option scheme has been replaced by a SAR scheme. The SAR's granted to personnel are conditional and linked to performance targets for the year of allocation. The main performance targets are revenue and EBIT. The vesting period is three years. Options can be exercised during two years after vesting on condition that the employee is still in the service of the company. This last condition does not apply to the SAR's granted to the former CEO. The SAR scheme is a cash settled

plan. There is no incremental fair value as a result of the settlement method modification.

Due to the cash settlement method of the SAR's, the rights are subject to a mark-to-market valuation exercise to measure the fair value on the specific balance date. When (re)measuring the fair value on the latest reporting date, the expected life of the right is determined based on the expectation regarding exercise behaviour of the participants (in line with IFRS 2 B16-21).

Exercise behaviour is influenced by for example share price development. The grant date fair value of the SAR's is determined based on the Black and Scholes option valuation model. In this model the expected volatility is based on historical volatility for the corresponding periods of the Company shares (2.9% - 28.31%), the expected dividend yield is based on the dividend policy and set at 2.0%, an expected life of five years and a risk free interest in the range of -0.48% and -0.748%. The risk free interest is based on the yield of AAA rated EU government bonds with a maturity commensurate to the expected life of the respective award. The weighted average fair value of SAR's granted in 2018 amounts to EUR 2.79. During 2018 737,000 SAR's have been granted conditionally, 80,000 SAR's have been exercised and 629,500 SAR's were forfeited. At 31 December 2018 a total of 268,000 SAR's can be exercised. The total costs of the SAR scheme in 2018 recognised in the P&L amount to EUR -/498k. Per year end the total liability for the SAR scheme amounts to EUR 132k. Costs are spread over the period in which employees provide services. The total intrinsic value at the end of the period of liabilities related to vested share appreciation rights is nil (2017: nil).

Option rights

The options granted to personnel are conditional and linked to performance targets for the year of allocation. The main performance targets are revenue and EBIT. The vesting period is three years. Options can be exercised during two years after vesting on condition that the employee is still in the service of the company. The method of settlement can be sale of treasury shares or share issue.

All options are granted with an exercise price equal to the market price of the shares at the day of granting.

The options granted to the Board of Directors are conditional, meaning that they can be exercised after three years on condition that the applicable board member still holds the position. This last

condition does not apply to the 2014 series for the former CEO.

The weighted average share price at the date of exercise of options exercised in 2018 amounts to EUR 16.29 (2017: EUR 15.00). None of the members of the Board of Directors did exercise options in 2018. The costs for the equity settled option scheme for 2018 are EUR 0. The issue of shares related to the exercise of option rights led to an increase of the share capital of EUR 4k (2017: EUR 1k) and increase of the share premium of EUR 2.4 million (2017: EUR 0.2 million). The corresponding release of the share based payments reserve to the retained earnings amounted to EUR 1.2 million (2017: EUR 342k).

The reference dates are the date of granting, and precisely three years later. As per 31 December 2018 only the 2014 outstanding options can be exercised.

Shares will be issued by Brunel on the day of exercising the options. No financing arrangement is in place in relation to the share options granted. Brunel does not hold any treasury shares.



13. Contingent liabilities

Brunel has entered into long-term non-cancellable commitments under rent and lease contracts. Brunel leases all of its offices under operating lease arrangements. Some of the arrangements

include renewal options. Other lease commitments relate to company cars for which operational lease arrangements apply with commitments up till five years.

	2018	2017
Expire in year 1	15,679	15,162
Expire in years 2-5	25,082	27,868
Expire in years 6 and later	6,918	8,759
Balance at 31 December	47,679	51,789

Notes to the consolidated profit and loss account

x EUR 1,000, unless stated otherwise

14. Direct and indirect personnel expenses

The profit and loss account includes the following amounts:

	2018		2017	
	Direct	Indirect	Direct	Indirect
Salaries	499,812	76,115	446,378	72,394
Social charges	39,682	11,325	39,843	11,094
Pension charges	23,187	2,114	15,420	1,816
Other	143,003	21,224	105,756	18,135
Total	705,684	110,778	607,397	103,439

The pension schemes in the group can all be classified as defined contribution.

Remuneration of directors

The directors' remunerations charged to the results in 2018 (2017) are set out below:

	Short-term employee benefits			Other*	Share based payments	Total
	Salary	Bonus	Pension			
Board of directors:						
J.T. Andringa, CEO (as of 7 December 2017)	575 (48)	323 (-)	11 (1)	134 (187)	6 (2)	1,049 (238)
J.A. van Barneveld, former CEO	100 (600)	- (225)	- (6)	- (32)	-211 (-122)	-111 (741)
P.A. de Laat, CFO	400 (350)	180 (88)	9 (7)	- (10)	-100 (46)	489 (501)
Supervisory board:						
D. van Doorn (stepped down per 1 June 2018)	29 (70)	-	-	-	-	29 (70)
A. Schouwenaar	68 (64)	-	-	-	-	68 (64)
J. Spee (as of 12 May 2017)	61 (34)	-	-	-	-	61 (34)
J. Bout (stepped down per 15 March 2017)	- (13)	-	-	-	-	- (13)
J.A. van Barneveld (as of 1 March 2018)	46 (-)	-	-	-	-	46 (-)
	1,279 (1,179)	503 (313)	20 (14)	134 (229)	-305 (-74)	1,631 (1,661)

* Other benefits for Mr Andringa represents the transitional arrangement. Other benefits for 2017 for Mr Van Barneveld and Mr De Laat concern the compensation for the cap of the maximum amount of "pensionable income" at €100,000 that came into effect at 1 January 2015. The expected saving on pension premium for Brunel has been added to the salaries of the board members.

- Mr Andringa has 4,000 shares in the company.
- Mr De Laat has 10,000 shares in the company.
- Mr Van Barneveld has 169,984 shares in the company, in addition to 100,000 share options.
- The other members of the supervisory board hold neither shares nor share options in the company.
- No loans and/or guarantees have been issued to members of the board of directors or supervisory board.



SAR rights of directors

Year granted	2014	2015	2016	2017	2018	Total
J.T. Andringa, CEO (as of 7 December 2017)	-	-	-	50,000	-	50,000
J.A. van Barneveld, former CEO	-	70,000	70,000	-	-	140,000
P.A. de Laat, CFO	20,000	50,000	50,000	30,000	50,000	200,000
Range of exercise prices in EUR	22.92	17.68	17.26	14.77-15.00	15.48	

Internal pay ratio

The pay ratio of CEO compensation compared to the average employee compensation during 2018:

	2018	2017
J.T. Andringa, CEO (as of 7 December 2017)	12.9	9.0
J.A. van Barneveld (up to 7 December 2017)	-	10.9

The internal pay ratio is calculated using the normalised annualised compensation for 2018 of EUR 915k, compared to the average compensation of all indirect employees. The average compensation of all indirect employees was calculated from the numbers as reported in Note 14 Direct and indirect personnel expenses and Note 23 Segment reporting,

resulting in an average compensation of EUR 71k for 2018.

15. Depreciation and amortisation

The costs for depreciation and amortisation in the profit and loss account consist of:

	2018	2017
Other intangible assets (3)	5,015	5,698
Property, plant and equipment (4)	2,370	2,296
Total	7,385	7,994

16. Other expenses

The 2018 other expenses amount to EUR 56.7 million (2017: EUR 53.3 million) and include EUR 15.7 million (2017: EUR 13.9 million) rental costs and

leasing costs. Furthermore, the other expenses comprise marketing expenses, IT expenses, office and other overhead costs.

Audit costs

	Pricewaterhouse Coopers Accountants N.V.	Member firms / affiliates	Total 2018	Pricewaterhouse Coopers Ac- countants N.V.	Member firms / affiliates	Total 2017
Audit of the financial statements	516	716	1,232	612	545	1,157
Other audit procedures	-	-	-	-	-	-
Tax services	-	205	205	-	143	143
Other non-audit fees	-	52	52	-	-	-
Total	516	973	1,489	612	688	1,300

The fees listed above relate to the procedures applied to the Company and its consolidated group entities by accounting firms and external independent auditors as referred to in Section 1, subsection 1 of the Audit Firms Supervision Act ('Wet toezicht accountantsorganisaties - Wta') as well as by Dutch and foreign-based accounting firms, including their tax services and advisory groups.

The audit fees relate to the audit of the 2018 annual accounts, regardless of whether the work was performed during the financial year.

Our independent auditor, PricewaterhouseCoopers Accountants N.V., has rendered, for the period to which our statutory audit relates, in addition to the audit of the statutory annual accounts the following services to the company and its controlled entities:

Other audit procedures required by law or regulatory requirements

- Services to provide assurance other than the audit of the (statutory) financial statements

Tax Services

- Tax compliance services

Other non-audit fees

- Audits of financial information for the purpose of tenders



17. Tax

	2018	2017
Current tax (Income) / expense	14,137	8,289
Deferred tax (Income) / expense	-3,218	-1,550
Tax (Income) / expense	10,919	6,739

In 2018, the effective tax rate on the result before tax is 33.7% (2017: 46.2%).

The reconciliation between the actual tax expense and the tax expense based on the Dutch corporate income tax rate (2018 and 2017: 25%) is as follows:

	2018		2017	
Income tax at Dutch corporate income tax rate	8,112	25.0%	3,646	25.0%
Permanent differences:				
Difference with foreign tax rates	2,490	7.7%	1,751	12.0%
Weighted average applicable tax rate	10,602	32.7%	5,397	37.0%
Adjustment previous years	-727	-2.2%	-537	-3.7%
Non-taxable items	1,441	4.4%	-791	-5.4%
Tax losses not recognised as deferred tax asset	1,103	3.4%	934	6.4%
Derecognition of deferred tax assets	579	1.8%	1,458	10.0%
Recognition of deferred tax assets	-2,145	-6.6%	0	0.0%
Rate adjustment deferred tax asset	650	2.0%	466	3.2%
Other taxes	-584	-1.8%	-188	-1.3%
Effective tax charge	10,919	33.7%	6,739	46.2%

The weighted average applicable tax rate and the effective tax rate are strongly affected by changes in the mix of results of subsidiaries in countries with different tax rates and/or systems.

Furthermore the effective tax rate is affected by the recognition of deferred tax assets. Countries with alternative minimum taxes had a relatively higher share in the results.

Movement schedule tax assets and liabilities

	Current	Deferred	Total
Balance at 1 January 2017			
Tax assets	9,922	10,563	20,485
Tax liability	-3,146	-553	-3,699
	6,776	10,010	16,786
Movements during the year			
Paid / received	7,936	0	7,936
Through profit and loss	-8,289	1,550	-6,739
Through business combinations	-132	-560	-692
Through other comprehensive income	557	0	557
Transfer from prepayments	-55	0	-55
Exchange rate adjustment	-295	-261	-556
	-278	729	451
Balance at 31 December 2017			
Tax assets	7,252	11,763	19,015
Tax liability	-754	-1,024	-1,778
	6,498	10,739	17,237
Movements during the year			
Paid / received	9,171	0	9,171
Through profit and loss	-14,137	3,217	-10,920
Through divestment	-314	0	-314
Through other comprehensive income	-347	0	-347
Transfer from prepayments	306	0	306
Exchange rate adjustment	-14	74	60
	-5,335	3,291	-2,044
Balance at 31 December 2018			
Tax assets	2,284	14,428	16,712
Tax liability	-1,122	-397	-1,519
	1,162	14,031	15,193

During the financial year an amount of EUR 347k was debited directly to other comprehensive income (2017: EUR -557k) for tax relating to foreign exchange results recorded in the other comprehensive income.

The deferred tax assets originate from accumulated tax losses (mainly from USA, Germany and Austria)

and temporary differences. Recognition of these assets are based on the forecasted results for the relevant group companies.

The deferred tax liabilities relate to temporary differences in the valuation of intangible assets that were a result of business combinations.



	Opening balance	Business Combinations (divestment)	Recognised in P&L	Exchange rate adjusted	Closing balance
<u>Movement of deferred tax positions in 2017:</u>					
Deferred tax assets					
Deferred tax assets in relation to:					
Temporary differences in allowance for doubtful debt	402	0	-136	-12	254
Temporary differences valuation other intangible assets	3,657	0	1,493	0	5,150
Temporary differences in accruals employee expenses	1,099	20	81	-72	1,128
	5,158	20	1,438	-84	6,532
Recognised tax losses	5,405	0	24	-198	5,231
Total deferred tax assets	10,563	20	1,462	-282	11,763
Deferred tax liabilities					
Deferred tax assets in relation to:					
Temporary differences valuation other intangible assets	0	-580	64	19	-497
Temporary differences in accruals employee expenses	-117	0	24	2	-91
Retained earnings from subsidiaries	-436	0	0	0	-436
Total deferred tax liabilities	-553	-580	88	21	-1,024
Total deferred tax assets and liabilities	10,010	-560	1,550	-261	10,739
<u>Movement of deferred tax positions in 2018:</u>					
Deferred tax assets					
Deferred tax assets in relation to:					
Temporary differences in allowance for doubtful debt	254	0	65	15	334
Temporary differences valuation other intangible assets	5,150	0	201	0	5,351
Temporary differences in accruals employee expenses	1,128	0	-4	-24	1,100
	6,532	0	262	-9	6,785
Recognised tax losses	5,231	0	2,342	70	7,643
Total deferred tax assets	11,763	0	2,604	61	14,428
Deferred tax liabilities					
Deferred tax assets in relation to:					
Temporary differences valuation other intangible assets	-497	0	171	22	-304
Temporary differences in accruals employee expenses	-91	0	6	-8	-93
Retained earnings from subsidiaries	-436	0	436	0	0
Total deferred tax liabilities	-1,024	0	613	14	-397
Total deferred tax assets and liabilities	10,739	0	3,217	75	14,031

Deferred tax assets amounting to EUR 7,643 (2017: EUR 5,231k) are dependent on future taxable profits in excess of the profits arising from the reversal of existing temporary differences. The part of deferred tax assets that is expected to be recovered within one year is estimated at EUR -8k. Unused tax losses for which no deferred tax assets

have been recognised amount to EUR 28,516k (2017: EUR 43,279k). All tax losses, either recognised or unrecognised can be offset with future profits. Dependant on the country EUR 3,495k of the unrecognised losses will expire within 5 years, the remainder can either be offset within 15 years or indefinitely.

18. Earnings per share

	2018	2017
Weighted average number of ordinary shares for the purpose of basic earnings per share	50,502,124	50,421,624
Effect of dilutive potential ordinary shares from share based payments	333,000	647,000
Weighted average number of ordinary shares for the purpose of diluted earnings per share	50,835,124	51,068,624
Net income for ordinary shareholders in EUR	20,570,509	7,644,703
Basic earnings per share in EUR	0.41	0.15
Diluted earnings per share in EUR	0.40	0.15

Notes to the consolidated cash flow statement

The majority of the items on the consolidated cash flow statement are, on an individual basis cross-referenced to the relevant notes on the consolidated income statement and balance sheet. For the remainder of the material items, the reconciliation between amounts included in the consolidated cash flow statement and related amounts in income statement and balance sheet are shown below.



19. Trade and other receivables

	2018	2017
Balance at 1 January	204,758	204,506
Change in allowance for bad debt	-45	-909
Change in receivables	47,445	3,482
Reclass negative participations to receivable associates	0	-1,744
Exchange rate movements	-8,219	-577
Balance at 31 December	243,939	204,758

20. Current liabilities

	2018	2017
Balance at 1 January	104,425	100,785
Change in current liabilities	-6,575	-4
Exchange rate movements	6,913	3,644
Balance at 31 December	104,763	104,425

21. Other non-cash expenses

The other non-cash expenses include the change in allowance for bad debts recognised in the result (Note 6) and the impairment of other receivables.

EUR 79) paid as consultancy fee to the majority shareholder of Brunel International N.V.

22. Transactions with related parties

The Board of Directors, the Supervisory Board, majority shareholder and participations are considered to be related parties. For information about the Directors' remuneration reference is made to note 14. Transactions with related parties were made on terms equivalent to those that prevail in arm's length transactions. Included under other operating expenses is an amount of EUR 79 (2017:

23. Segment reporting

x EUR 1,000, unless stated otherwise

Segment activities

Operating segments have been identified on the basis of internal reports about components of the group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. Information reported to the group's chief operating decision maker is focused at

components engaged in providing services in a particular economic environment from those of other segments. A geographical segment is engaged in providing services in a particular economic environment which are subject to risks and returns that are different from those segments operating in other economic environments.

In accordance with Brunel's regional approach we have adjusted our management structure in 2018. The main regions are: DACH (Germany, Austria, Switzerland and Czech Republic), The Netherlands,

Americas, Australasia, Europe & Africa, Middle East & India, Russia & Caspian area and South East Asia. This is the basis on which internal reports are provided to the chief operating decision maker for assessing performance and determining the allocation of resources within the Group. From 2018 onwards, all regions exceeding 10% of total revenue, EBIT or assets are reported separately. The remaining regions are combined in Rest of World.

Reportable segments

Segments	Revenue		Gross profit		Operating profit	
	2018	2017	2018	2017	2018	2017
DACH region	268,602	238,461	86,340	79,617	25,056	21,854
Netherlands	220,148	195,259	62,336	57,265	11,644	11,342
Australasia	113,945	102,401	9,899	8,956	-814	-12
Middle East & India	87,260	63,700	15,579	9,183	7,998	2,335
Rest of World	224,626	190,269	34,743	27,672	-1,461	-7,778
Unallocated	0	0	0	0	-8,356	-9,827
Total	914,581	790,090	208,897	182,693	34,067	17,914

In the segment Rest of World a revenue of EUR 16.9 million (2017: EUR 12.4 million) is generated in The Netherlands.

Segments	Balance sheet total		Non-current assets		Investment in IA & PPE	
	2018	2017	2018	2017	2018	2017
DACH region	85,561	79,835	5,805	7,566	709	1,103
Netherlands	58,543	63,129	2,969	4,731	1,840	2,497
Australasia	33,673	36,043	2,143	2,888	144	82
Middle East & India	55,618	44,124	849	463	481	238
Rest of World	135,947	108,446	15,011	11,515	641	410
Unallocated	26,179	47,342	16,501	14,077	3,418	1,501
Total	395,521	378,919	43,278	41,240	7,233	5,831



Segments	Tax expense		Current & Long-term liabilities		Depreciation and Amortisation	
	2018	2017	2018	2017	2018	2017
DACH region	8,620	3,003	21,685	20,133	894	1,110
Netherlands	3,695	2,916	36,985	33,689	1,673	1,348
Australasia	1,081	176	8,978	13,417	658	279
Middle East & India	-23	661	26,644	22,572	146	127
Rest of World	-594	2,254	16,876	14,088	605	659
Unallocated	-1,860	-2,271	914	6,053	3,409	4,471
Total	10,919	6,739	112,082	109,952	7,385	7,994

Employees

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

Average workforce

	2018		2017	
	Direct	Indirect	Direct	Indirect
DACH region	2,646	476	2,441	449
Netherlands	2,463	438	2,220	435
Australasia	919	78	601	71
Middle East & India	3,168	116	1,229	107
Rest of World	2,759	383	3,098	383
Unallocated	-	53	-	52
Total	11,955	1,544	9,589	1,497
Total workforce	13,499		11,086	

Workforce at 31 December

	2018		2017	
	Direct	Indirect	Direct	Indirect
DACH region	2,791	503	2,540	466
Netherlands	2,535	449	2,411	430
Australasia	889	79	734	80
Middle East & India	3,922	124	1,772	110
Rest of World	2,805	398	3,116	392
Unallocated	-	43	-	53
Total	12,942	1,596	10,573	1,531
Total workforce	14,538		12,104	



Company balance sheet as at 31 December 2018

x EUR 1,000, before profit appropriation

	31 December 2018	31 December 2017
Non-current assets		
Other intangible assets (24)	10,519	8,560
Property, plant & equipment (25)	132	161
Financial assets (26)	260,447	253,728
Deferred tax income assets	5,832	5,338
Total non-current assets	276,930	267,787
Current assets		
Trade and other receivables (27)	19,658	14,694
Income tax receivables	117	2,924
Cash and cash equivalents (28)	5,963	21,965
Total current assets	25,738	39,583
Total assets	302,668	307,370
Non-current liabilities		
Deferred income tax liabilities	0	436
Total non-current liabilities	0	436
Current liabilities		
Current liabilities (29)	19,902	38,103
Total current liabilities	19,902	38,103
Total liabilities	19,902	38,539
Net assets	282,766	268,832
Shareholders' equity (30)		
Share capital	1,517	1,513
Share premium	86,145	83,787
General reserve	171,610	172,071
Legal reserve	2,923	3,816
Unappropriated result	20,571	7,645
Total shareholders' equity	282,766	268,832

Company profit and loss account for the year ended 31 December 2018

x EUR 1,000

	2018	2017
Revenue (31)	16,574	13,171
Cost of sales	0	0
Gross Profit	16,574	13,171
Indirect personnel expenses	-8,359	-7,061
Depreciation and amortisation (24)(25)	-3,409	-4,471
Other expenses (33)	-13,160	-11,466
Total operating costs	-24,928	-22,998
Operating profit	-8,354	-9,827
Exchange differences	-7	-32
Interest income	218	162
Interest expenses	-13	-3
Financial income and expense	198	127
Share of profit of investments accounted for using the equity method (34)	26,868	15,074
Result before tax	18,712	5,374
Tax	1,859	2,271
Net result	20,571	7,645



Notes to the company balance sheet and profit and loss account

x EUR 1,000, unless stated otherwise

General

The annual accounts of Brunel International N.V. have been prepared using the option of section 362, subsection 8, of Book 2 of Dutch Civil Code, meaning that the accounting principles used are the same as for the consolidated annual accounts. Foreign currency has been translated, assets and liabilities have been valued, and net income has been determined, in accordance with the principles of valuation and determination of income on pages 150 until 161.

Financial assets

Subsidiaries of Brunel International N.V. are presented using the equity method. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. Brunel International N.V.'s investment in subsidiaries includes goodwill identified on acquisition. This equity method includes the carrying amount of the investment together with all other long-term interests.

24. Other intangible assets

This concerns software. Movements during the year:

	2018	2017
At cost at 1 January	27,096	26,257
Accumulated amortisation	-18,536	-14,671
Balance at 1 January	8,560	11,586
Changes in carrying amount		
Additions	5,312	839
Amortisation	-3,353	-3,865
Balance at 31 December	10,519	8,560
At cost at 31 December	25,315	27,096
Accumulated amortisation	-14,796	-18,536
Balance at 31 December	10,519	8,560

In 2018 a part of the software with an at cost value of EUR 7,093 (2017: 558) that was fully amortised has been written off from both the at cost value and the accumulated amortisation.

25. Property, plant & equipment

Movements during the year:

	2018	2017
At cost at 1 January	468	381
Accumulated depreciation	-307	-381
Balance at 1 January	161	0
Changes in carrying amount		
Additions	27	106
Transfer from/(to) group companies	0	103
Depreciation	-56	-48
Balance at 31 December	132	161
At cost at 31 December	302	468
Accumulated depreciation	-170	-307
Balance at 31 December	132	161

In 2018 a part of the property, plant and equipment with an at cost value of EUR 193 (2017: EUR 0) that was fully depreciated has been written off from both the at cost value and the accumulated depreciation.

26. Financial assets

The financial assets consist of the following:

	2018	2017
Subsidiaries	258,085	251,580
Funding of group companies	2,362	2,148
Balance at 31 December	260,447	253,728



Subsidiaries

Movements during the year:

	2018	2017
Balance at 1 January	251,580	275,222
Capital contributions	256,849	2,009
Profit for the year	26,868	15,074
Dividend payment	-278,048	-28,380
Reclass negative participations to funding of group companies	2,332	138
Exchange rate movements	-1,496	-12,483
Balance at 31 December	258,085	251,580

Funding of group companies

Movements during the year:

	2018	2017
Balance at 1 January	2,148	1,619
Reclass negative participations to funding of group companies	-2,332	-138
Repayments	0	-2,009
Additions	2,518	2,695
Exchange rate movements	28	-19
Balance at 31 December	2,362	2,148

The interest rate for funding of group companies is based on our global transfer pricing policy. The interest rate is around 5%. There are no repayment schedules as this depends on the cashflow of the group company. The fair value approximates the book value.

27. Trade and other receivables

	2018	2017
Group companies	14,431	10,206
Other receivables	5,227	4,488
Balance at 31 December	19,658	14,694

All trade and other receivables fall due within one year. The fair value approximates the book value.

28. Cash and cash equivalents

Cash at bank and in hand are freely disposable.

29. Current liabilities

	2018	2017
Group companies	17,497	31,373
Other liabilities	2,405	6,730
Balance at 31 December	19,902	38,103

All current liabilities fall due within one year. The fair value approximates the book value.



30. Shareholders' equity

Composition of and changes in shareholders' equity:

	Share Capital	Share Premium	Legal reserves		Unappropriated result	Total 2018	Total 2017	
			General Reserve	Translation reserve				
Balance at 1 January 2018	1.513	83.787	172.071	3.816	-	7.645	268.832	293.152
Exchange differences result				-1.413		-1.413	-12.190	
Result financial year					20.571	20.571	7.645	
Cash dividend (11)			-7.586			-7.586	-20.172	
Appropriation of result			7.645		-7.645	-	-	
Recognition of legal reserve			-520		520			
Share based payments (12)						-	157	
Option rights exercised (12)	4	2.358				2.362	240	
Balance at 31 December 2018	1.517	86.145	171.610	2.403	520	20.571	282.766	268.832

A legal reserve is recognised in connection with the capitalised cost of the internally developed software.

In the year under review the cash dividend per share was EUR 0.15 per share. The proposed dividend for 2018 will be EUR 0.25 per share.

Information on outstanding options is provided in the notes to the consolidated balance sheet. The details on the composition of and changes in the shareholder's equity of 2018 are disclosed in the consolidated statement of changes in group equity.

31. Revenue

The revenue in the company profit and loss account relates to management fees charged to group entities.

32. Employees

Salaries, social security charges and pension expenses amounted to EUR 4.7 million, EUR 0.3 million and EUR 0.2 million, respectively for 2018 (2017: expenses of EUR 4.0 million, EUR 0.5 million

and EUR 0.2 million, respectively). At the end of 2018 Brunel International N.V. employed 43 people (2017: 53), all in The Netherlands. On average Brunel International N.V. employed 53 people (2017: 53). Besides the Board of Directors and their personal assistants, these concern the group finance, legal, IT and HR department.

33. Other expenses

The 2018 other expenses amount to EUR 13.2 million (2017: EUR 11.5 million) and comprise IT expenses, marketing expenses, office and other overhead costs.

34. Result participations

	2018	2017
Profit group companies	26,868	15,074

Other

Disclosures of director's remuneration and audit fees are included in note 14 and 16 to the consolidated annual accounts.

Guarantees

The company has guaranteed the liabilities for its Dutch participations Brunel Nederland B.V. and Brunel Energy Holding B.V.. Brunel International N.V. has guaranteed towards Brunel GmbH its receivable on Brunel Car Synergies GmbH. At 31 December 2018 this receivable amounts to EUR 2 million (2017: EUR 2.7 million). Brunel International N.V. has guaranteed towards N.V. Nationale Borg-Maatschappij EUR 2 million (2017: EUR 1.1 million). No other guarantees have been provided (2017:

EUR 0.0 million). Brunel International N.V. has issued a letter of credit towards HSBC for the credit facility of Brunel India Private Ltd. The letter of credit amounts to EUR 3.5 million (2017: EUR 0.0 million).

Brunel International N.V. is part of the Dutch fiscal unity for corporate income taxes, as well as for value-added taxes. As a consequence, the company bears joint and several liabilities for the debts with respect to corporate income taxes and value-added taxes of the fiscal unities. The company settles corporate income taxes, based on the fiscal results before taxes of the subsidiaries belonging to the fiscal unity.

Amsterdam, 15 February 2019

The board of directors

J.T. Andringa
P.A. de Laat

The supervisory board

A. Schouwenaar
J. Spee
J.A. van Barneveld



8

Additional information

Events after balance sheet date

No events of interest to the group as a whole took place after the balance sheet date.

Profit appropriation according to the articles of association

Article 26.2 The board of directors determines the part of the Company's profits which will be added to the reserves, subject to the approval of the holder of the priority share*.

Article 26.3 The remaining part of the Company's profits is at the disposal of the shareholders for distribution of profit.

Proposed profit appropriation

It will be proposed to the general meeting of shareholders that a dividend of EUR 0.25 per share will be paid in cash.

Priority share

The priority share, which has a par value of EUR 10,000, has been issued to Stichting Prioriteit Brunel, subject to the condition precedent that the majority shareholder loses its majority share in Brunel International N.V.'s share capital. The priority share will be fully paid up as soon as the issue becomes unconditional. The protective stipulations are included in the articles of association of Brunel International N.V. and are posted on the company's website.

* Pursuant to Article 4.3, as long as the priority share is not subscribed, the rights attached to this share are exercised by the general meeting of shareholders



Independent auditor's report

To: the general meeting and supervisory board of Brunel International N.V.

Report on the financial statements 2018

Our opinion

In our opinion:

- Brunel International N.V.'s consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2018 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;
- Brunel International N.V.'s company financial statements give a true and fair view of the financial position of the Company as at 31 December 2018 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2018 of Brunel International N.V., Amsterdam ('the Company'). The financial statements include the consolidated financial statements of Brunel International N.V. together with its subsidiaries ('the Group') and the company financial statements. The consolidated financial statements comprise:

- the consolidated balance sheet as at 31 December 2018;
- the following statements for 2018: the consolidated profit and loss account, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement; and
- the notes, comprising significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company balance sheet as at 31 December 2018;
- the company profit and loss account for the year then ended;
- the notes, comprising the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of Brunel International N.V. in accordance with the European Regulation on specific requirements regarding statutory audit of public-interest entities, the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO - Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA - Code of Ethics for Professional Accountants, a regulation with respect to rules of professional conduct).

Our audit approach

Overview and context

Brunel International N.V. provides secondment, project management, temping, recruitment and consultancy

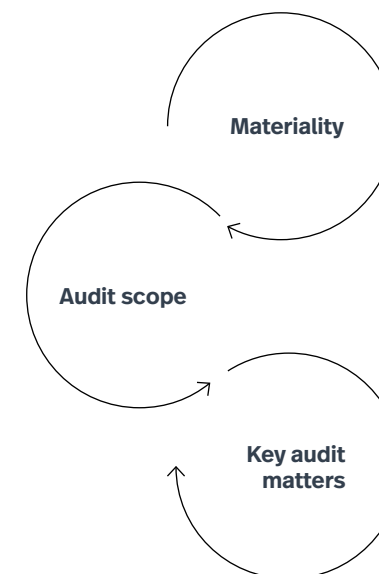
services. The Group comprises components in several regions throughout the world and therefore we considered our group audit scope and approach as set out in the section 'The scope of our group audit'. We paid specific attention to the areas of focus driven by the operations of the Group, as set out below.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the board of directors made important judgments, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In the paragraph 'Critical accounting estimates, assumptions and judgments' of the financial statements, the Company describes the areas of judgment in applying accounting policies and the key sources of estimation uncertainty. Given the significant estimation uncertainty and the related higher inherent risks of material misstatement in the recoverability of deferred tax assets in the US, we considered this to be a key audit matter. Furthermore, we identified the compliance with laws and regulations related to salaries of direct employees as a key audit matter considering its complexity and potential magnitude of a related misstatement. The key audit matters are further explained in the 'Key audit matters' section of this report.

Another area of focus was the implementation of the new EU-IFRS standards 15 'revenue recognition' and 9 'financial instruments' and management's impact assessment of IFRS 16 'leases' as disclosed in the paragraph 'New and revised IFRSs issued but not yet effective'. Given that there are no significant judgements made in applying these standards and given the limited impact on the financial statements, these are not considered to be a key audit matter. We ensured that the audit teams at both group and component level included the

appropriate skills and competences which are needed for the audit of an international company in the business services industry in which Brunel operates. We therefore included specialists in the areas of payroll, corporate income tax and IT and experts in the area of valuations with respect to the share based payments and the determination of the weighted average cost of capital, in our team.

The outline of our audit approach was as follows:



Materiality

- Overall materiality: €1,536,000 (2017: € 845,000).

Audit scope

- We conducted audit work on 15 components (2017: 18 components).
- Site visits were conducted to three countries: Qatar, Kuwait and the US.
- The Company uses regional shared service centres in several locations. As a consequence, the component teams audit processes served by those shared service centres centrally in the specific location.
- Audit coverage: 85% of consolidated revenue, 80% of consolidated total assets and 81% of consolidated EBIT.

Key audit matters

- Compliance with laws and regulations relating to salaries of direct employees.
- Valuation of the deferred tax assets in the US.



Materiality

The scope of our audit is influenced by the application of materiality, which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

Based on our professional judgment, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a

whole as set out in the table below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

Overall group materiality	€1,536,000 (2017: €845,000).
Basis for determining materiality	We used our professional judgment to determine overall materiality. As a basis for our judgment we used 4,5% of operating profit (equals to EBIT as reported by the Company).
Rationale for benchmark applied	We used operating profit as the primary benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of users of the financial statements. On this basis, we believe that operating profit is an important metric for the financial performance of the Company. As an amount, the materiality increased compared to last year due to the increase in operating profit of the Company.
Component materiality	To each component in our audit scope, we, based on our judgment, allocate materiality that is less than our overall group materiality. The range of materiality allocated across components was between €100,000 and €1,400,000.

We also take misstatements and/or possible misstatements into account that, in our judgment, are material for qualitative reasons.

We agreed with the supervisory board that we would report to them misstatements

identified during our audit above €75,000 (2017: €40,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit

Brunel International N.V. is the parent company of a group of entities. The financial information of this group is included in the consolidated financial statements of Brunel International N.V.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole, taking into account the management structure of the Group, the nature of operations of its components, the accounting processes and controls, and the markets in which the components of the Group operate. In establishing the overall group audit strategy and plan, we determined the type of work required to be performed at component level by the Group engagement team and by each component auditor.

We subjected two components to audits of their complete financial information, as those components are individually financially significant to the group. Additionally, thirteen components were selected for audits of their complete financial information based on our risk assessment and discussions with management to achieve an appropriate coverage on financial line items in the consolidated financial statements.

In total, in performing these procedures, we achieved the following coverage on the financial line items:

Revenue	85%
Total assets	80%
EBIT	81%

None of the remaining components represented more than 2% of total group revenue or total group assets. For those remaining components we performed, among other things, analytical procedures to corroborate our assessment that there were no significant risks of material misstatements within those components.

The Group's accounting process is structured around regional shared service centres and national accounting offices. The regional shared service centres maintain the accounting records and controls for different group entities ('components') in the region and report on behalf of local management to the head office finance team in Amsterdam through an integrated consolidation system.

The group engagement team performed the audit work for the Brunel International N.V. entity. For the components we used component auditors who are familiar with the local laws and regulations in each of the territories to perform audit work locally. Where component auditors performed the work, we determined the level of involvement we needed to have in their audit work to be able to conclude whether we had obtained sufficient



appropriate audit evidence as a basis for our opinion on the consolidated financial statements as a whole.

We issued instructions to the component audit teams in our audit scope. These instructions included amongst others our risk analysis, materiality and scope of the work. We explained to the component audit teams the structure of the group, developments that are relevant for the component auditors, the risks identified, the materiality levels to be applied and our global audit approach. We had individual calls with the significant and some specific component audit teams during the year including upon conclusion of their work. During these calls, we discussed the significant accounting and audit issues identified by the component auditors, the reports of the component auditors, the findings of their procedures and other matters, which could be of relevance for the consolidated financial statements. For the significant components we reviewed selected working papers of the component auditors.

The group engagement team visits the component teams on a rotational and risk basis, taking into consideration significance and specific country risks, including the risk of bribery and corruption. In the current year the group audit team visited the US, given the increase in revenue including fixed fee projects and the importance of the judgments involved in the recoverability of the deferred tax asset (refer to key audit matter 'Valuation of the deferred tax assets in the US').

Furthermore, we visited Qatar and Kuwait given the increase in revenue and the specific country risks, including the risk of bribery and corruption.

The group engagement team performed the audit work on the Global IT processes and controls, the general impact assessment made by management on IFRS 9, IFRS 15 and IFRS 16, the group consolidation, financial statement disclosures and a number of complex items at the head office. These included, valuation of goodwill, valuation of deferred tax assets and share based payments.

By performing the procedures above at components, combined with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence on the Group's financial information, as a whole, to provide a basis for our opinion on the financial statements.

Our focus on fraud

Our objectives

We assess and respond to the risk of fraud in the context of our audit of the financial statements. In this context and with reference to the sections on responsibilities in this report, our objectives in relation to fraud are:

- to identify and assess the risks of material misstatement of the financial statements due to fraud;

- to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate audit responses; and
- to respond appropriately to fraud or suspected fraud identified during the audit.

However, because of the characteristics of fraud, particularly those involving sophisticated and carefully organised schemes to conceal it, such as forgery, deliberate failure to record transactions and collusion, our audit might not detect instances of material fraud.

Our risk assessment

We obtained an understanding of the entity and its environment, including the entity's internal control. We made enquiries of group and local management, corporate legal, the internal audit function and the supervisory board. In addition, we considered other external and internal information. As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. Fraud risk factors are events or conditions, which indicate an incentive or pressure, an opportunity, or an attitude or rationalisation to commit fraud. We evaluated the fraud risk factors to consider whether those factors indicated a risk of material misstatement due to fraud.

As in all of our audits, we addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the board of directors that may represent a risk of material misstatement due to fraud.

Our response to the risk of fraud

We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls that mitigate fraud risks. In addition, we performed procedures, which include journal entry testing and evaluating accounting estimates for bias.

In particular, our procedures consisted of checking the results of whistleblowing and complaints procedures with the entity, evaluation of key estimates and judgments by management (including retrospective reviews of prior year's estimates) and data analysis of high-risk journal entries. Where we identified instances of unexpected journal entries or other risks through our data analytics, we performed additional audit procedures to address each identified risk. These procedures also included testing of transactions back to source information. We conducted specific audit procedures in relation to the risk of bribery and corruption across various countries of operation determined by a risk based process. We also incorporated an element of unpredictability in our audit.

We considered the outcome of our other



audit procedures and evaluated whether any findings or misstatements were indicative of fraud. If so, we reevaluate our assessment of fraud risk and its resulting impact on our audit procedures.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters identified by our audit and that we discussed. In this section, we describe the key audit matters and include a summary of the audit procedures we performed on those matters.

We addressed the key audit matters in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide separate opinions on these matters or on specific elements of the financial statements. Any comments or observations we made on the results of our procedures should be read in this context.

Last year we reported the key audit matter 'Accounting for acquisition of SES Labour Solutions Pty Ltd in Australia', because the Company acquired SES Labour Solutions Pty Ltd in Australia on 29 August 2017. As the purchase price allocation was finalised during 2017, this is not considered a key audit matter anymore.

Key audit matter	Our audit work and observations
<p>Compliance with laws and regulations relating to salaries of direct employees Brunel operates worldwide and has to comply with different laws and regulations in around 44 countries. Given the large number of territories and the regulatory environment in some of the countries in the Middle East, Asia and Africa, there is higher complexity for the Group to comply with the laws and regulations relating to salaries of direct employees. Furthermore, due to the nature of the business, small errors in the payments of wage tax and other payroll related charges may have a material impact on the financial statements. Hence, we focused on this risk of error due to non-compliance with applicable laws and regulations around payroll in these regions.</p>	<p>We evaluated controls on group level that were implemented to monitor compliance with laws and regulations. We combined testing on the effectiveness of local internal controls with substantive testing on the accuracy and completeness of gross versus net salary calculations, the accuracy of filings and payments for wage tax and other payroll related charges to fiscal authorities.</p> <p>We involved payroll specialists at local level to perform audit procedures and to test whether applicable local taxes and other charges were paid to the local tax. We also obtained and read correspondence with local fiscal authorities and tested the reconciliation between the salary administration and the finance administration in the different territories. There were no material differences noted.</p>
<p>Valuation of the deferred tax assets in the US Refer to note 17 in the financial statements</p> <p>Significant tax losses were incurred by Brunel US and significant impairments of the deferred tax assets have been recorded in prior years. During 2017 the deferred tax asset position related to Brunel US decreased to €0.7 million due to the change in the corporate income tax rate in the US from 35% to 21%, as well as the impact of currency and business developments. After a number of years of declining results, 2018 showed recovery. Multiple contracts were won and headcount increased. As a result management expects higher future taxable profits and recorded a deferred tax asset of €3,6 million.</p> <p>Due to the inherent level of uncertainty in the assumptions applied, the significance of the amount and the significant management judgment involved, we considered the valuation of the deferred tax asset in the US significant to our audit.</p> <p>The main assumptions in determining the deferred tax assets are estimates on revenue growth and margin development, strongly related to the developments in the worldwide oil market. Another factor is the ability to attract and maintain contractors.</p>	<p>We substantively tested the total amount of the fiscal losses available, amongst other by recalculating the taxable result and reconciliation with tax filings. We have challenged the assumptions applied in the valuation by management and used corporate income tax specialists to assist us. We determined whether the assumptions are substantiated by corroborative evidence. This was done by, amongst others, assessing the development of revenues, margins and productivity during the year and onwards, the validation of client contracts won that will impact the performance of 2019 and assessment of the project pipeline. We assessed the forecast used against the past performance, budget and business plans, local economic developments and external market information such as public announcements by large clients on their future investments and labor market developments. In addition, we considered the local expiry periods together with any applicable restrictions in recovery for this jurisdiction. We determined there is sufficient ('convincing') evidence for the underlying forecast that supports the recognition of the deferred tax asset under IFRS.</p> <p>Finally, we assessed the adequacy of the disclosures in note 17 of the financial statements. We noted no material findings.</p>



Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- the CEO statement, corporate profile of Brunel, financial highlights 2018, report from the supervisory board, report from the board of directors, the Brunel share, additional information, group financial record and worldwide offices;
- the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;

- contains the information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those performed in our audit of the financial statements.

The board of directors is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Our appointment

We were appointed as auditors of Brunel International N.V. on 15 August 2013 by the supervisory board following the passing of a resolution by the shareholders at the annual meeting held on 15 August 2013.

Our appointment has been renewed annually by shareholders representing a total period of uninterrupted engagement appointment of 6 years.

No prohibited non-audit services

To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in Article 5(1) of the European Regulation on specific requirements regarding statutory audit of public-interest entities.

Services rendered

The services, in addition to the audit, that we have provided to the Company and its controlled entities, for the period to which our statutory audit relates, are disclosed in note 16 to the financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of the board of directors and the supervisory board for the financial statements

The board of directors is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the board of directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board of directors is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the board of directors should prepare the financial statements using the going-concern basis of accounting unless the board of directors

either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The board of directors should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all misstatements. Misstatements



may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion. A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, 15 February 2019

PricewaterhouseCoopers Accountants N.V.
M.C. Bond RA

Appendix to our auditor's report on the financial statements 2018 of Brunel International N.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgment and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Concluding on the appropriateness of the board of directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the



company to cease to continue as a going concern.

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. In this respect, we also issue an additional report

to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the supervisory board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.



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Group financial record

x EUR million unless otherwise stated

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Profit											
Net revenue	914.6	790.1	884.9	1.228,9	1.386,6	1.283,4	1.236,5	972.4	720.9	738.4	714.2
Gross profit	208.9	182.7	187.1	230.0	249.0	230.7	223.4	189.5	152.0	151.8	167.0
Operating profit	34.1	17.9	26.8	56.1	74.7	72.3	70.0	60.9	37.3	45.1	62.1
Result before tax	32.4	14.6	24.2	56.7	75.4	72.5	69.4	61.7	38.4	44.7	62.5
Group result after tax	21.5	7.8	10.6	37.6	48.9	49.9	44.5	39.7	25.6	32.1	45.6
Net income	20.6	7.6	10.1	37.1	48.4	49.5	44.1	39.4	25.2	31.1	44.8
Cash flow (net profit + depreciations/impairment)	28.0	15.6	18.4	45.5	56.7	55.9	48.9	43.4	29.2	35.5	48.0
Depreciation and amortisation	7.4	8.0	8.3	8.4	7.8	6.0	4.5	3.7	3.6	3.4	3.2
Additions to tangible fixed assets	2.0	2.9	1.4	4.1	3.1	2.6	2.8	2.7	2.3	5.3	4.0
Workforce											
Average over the year	13,499	11,086	10,796	12,495	13,725	13,073	11,219	9,545	7,656	7,847	7,904
Balance sheet information											
Non-current assets	43.3	41.2	36.0	40.7	41.4	36.0	37.7	31.4	27.6	28.9	19.6
Working capital	246.4	232.5	259.7	310.4	290.8	246.1	228.1	202.8	175.0	152.5	144.6
Group equity	283.4	269.0	293.7	347.7	328.3	278.1	264.2	232.9	202.2	180.9	163.8
Balance sheet total	395.5	378.9	399.7	479.4	492.6	438.5	419.5	381.4	294.2	254.7	235.4
Ratios											
Change in revenue on previous year	15.8%	-10.7%	-28.0%	-11.4%	8.0%	3.8%	27.2%	34.9%	-2.4%	3.4%	23.2%
Gross profit/net revenue	22.8%	23.1%	21.1%	18.7%	18.0%	18.0%	18.1%	19.5%	21.1%	20.6%	23.4%
Operating profit/net revenue	3.7%	2.3%	3.0%	4.6%	5.4%	5.6%	5.7%	6.6%	5.2%	6.1%	8.7%
Group result/net revenue	2.4%	1.0%	1.2%	3.1%	3.5%	3.9%	3.6%	4.4%	3.6%	4.3%	6.4%
Group equity/total assets	71.7%	71.0%	73.5%	72.5%	66.5%	63.4%	62.9%	61.0%	68.7%	71.0%	69.6%
Current assets/current liabilities	3.33	3.21	3.50	3.42	2.81	2.57	2.48	2.38	2.91	3.08	3.03
Shares (in EUR)											
Earnings per share	0.41	0.15	0.20	0.75	0.99	1.02	0.93	0.85	0.55	0.68	0.98
Shareholders' equity per share	5.59	5.33	5.81	6.96	6.64	5.71	5.45	4.95	4.35	3.91	3.58
Dividend per share	0.25	0.15	0.40	1.50	0.70	0.55	0.50	0.45	0.40	0.40	0.40
Highest price	16.55	16.87	19.69	20.65	26.00	23.25	19.57	17.48	14.82	11.92	9.28
Lowest price	10.23	10.85	13.45	12.95	12.73	15.50	11.61	10.00	9.73	3.51	4.05
Closing price at 31 December	10.92	15.20	15.39	16.80	13.60	22.25	18.30	11.39	14.75	11.73	4.28

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Frankfurt

21:22

Frankfurt is a beauty at dusk and Thomas couldn't resist showing his client the sights. Recognise the bridge?



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21:47

At the end of it all, Lisa reflects on the day past and the day coming.



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Time for Alvin to unwind
amongst friends. Tomorrow a
new adventure begins!



Colophon

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