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Q4 and Full Year Results 2025

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CORPORATE SPEAKERS:

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Brunel International NV; Chief Financial Officer

PARTICIPANTS:

Konrad Zomer

ABM AMRO; Senior Equity Research Analyst

Maarten Verbeek

The Idea; Founder

Simon Van Oppen

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PRESENTATION:

Operator^ Hello everyone. And welcome to the Brunel International N.V. Q4 and Full Year Results 2025. (Operator Instructions)

I will now hand over to your host, Peter de Laat, CEO, to begin. Please go ahead.

Peter de Laat^ Thank you. Good morning everybody. And thank you for joining this call for our fourth quarter and full year '25 results.

And let's dive directly into it.

If you look at the summary, you have the operational items. Financially, we had a pretty stable quarter compared to the previous quarters in '25. But underneath and operationally, we made a lot of progress.

We completed the last part of our cost-saving program that we announced earlier in '25 and managed to find another item for cost saving, and Toine will dive in more into that.

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But we also successfully completed our AI pilot in Germany for a big client. It's an AI solution focused on recruitment and matching, and we successfully completed the pilot and we're now rolling it out to other regions as well. Very proud of that.

And then now I will leave it to Toine to tell more about the financial performance.

Toine van Doremalen^ Thank you, Peter. Good morning, everyone. Thank you for dialing in.

In terms of financial performance, starting with revenue. That decreased 10% year-on-year reported, but organically, negative 4% which is at least an improvement in the trend compared to Q3, where we reported negative 7% organically, and also for the full year we've reported 7% decline organically.

Then gross profit obviously also declined in line with revenue, but we also did see still some margin pressure, specifically in our European businesses, and I'll come back to that later.

Operating costs, as Peter already mentioned, we have been successful in executing our cost programs. Of course, we had the 2024 cost program which was fully completed already in 2025. And then we announced EUR 10 million in the second half of the year which was completed, and also now in Q4, we are targeting another EUR 10 million in cost savings which will partly impact still in 2026. But at the same time we will also use those cost savings to reinvest in the business, most specifically in business development in existing and new verticals.

Also the direct -- indirect ratio, we stabilized and even improved slightly compared to last year. And of course, taking everything into account we had a negative impact on the profitability, negative 15% organic, impacted by the lower revenue and partly offset by the cost savings.

Maybe good to highlight here is that in the split between the regions, that specifically European businesses are still a bit struggling compared to last year. We do see some stabilization, and we'll talk about it later.

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But then the global businesses, from Australasia up to the rest of the world, if you look at it together for revenue, we see growth in Q4 which was more favorable compared to the first half of 2025, and also EBIT-wise, we did see an improvement year-on-year.

So with that, we dive a bit deeper into the performance by region. This shows then the distribution for revenue, but let me just go to the regions directly.

Let's go to DACH. This region still showed a decline, 16.5% decline in revenue per working day in quarter four year-on-year, which is reflecting the market softness. At the same time, we do see also underlying stabilization, even saw improvements, that we'll talk about later.

Gross margin declines in line with revenue, and that was a combination of lower perm which, of course, has a 100% margin, but also an impact by productivity and margin related -- market-related margin pressure.

Underlying EBIT was slightly above zero, and it's the combination of all that I mentioned.

Then on the next slide, you see some more details related to the DACH region.

I think I've mentioned most of this, may be good to highlight here from OpEx expenses where we're at EUR 15 million in Q1 2024, and we've reduced that to EUR 11 million in the quarter in Q4 2025. So that's a significant reduction that we see in the numbers.

Moving over to the Netherlands.

Also here, we did still experience a decline, also given some of the regulatory environment with equal pay and pension regulation that is impacting and, in general, also soft market for permanent placements.

What we did see, however, is that we were able to price some of the inflation that we see into our margins and prices. So that was good.

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Gross margin still declined, and also OpEx, where we tightened OpEx given the market circumstances.

I think I've highlighted most of the numbers on here. Already, if we can then go to Australasia.

Here we did still see a decline in revenue as well as in gross profit. However the margin improved, and we've explained this before that, in late 2024, we decided to deliberately shift away from lower-margin business. So yes, it impacts the top line, but we do see slowly but surely improvements in the margin.

Also then combined with OpEx expenses, we do see for the full year improving, but with a slight decline still in Q4. And we did have a project that we won in defense that will come online in the second half of 2026.

If you look at the following slide, specifically for the full year, we see here the revenue decline. The margin is improving year-on-year slightly. And also the profitability is improving year-on-year from 3% in 2024 to 3.4% in 2025.

Middle East is one of our regions that continues to grow year-on-year, and has a healthy pipeline. We achieved an organic revenue growth of 10% in the quarter and also year-on-year we grew organically 5%. Gross margins declined in Q4 which is a change in business mix. Having said that, for the full year, we see that as stable compared to the year before. And underlying EBIT slightly declined.

Also here we do see an impact of currency as many of the currencies in the Middle East are pegged to the U.S. dollar. Underlying or organically, we did grow 3% in our profitability.

And for the full year also here, you can see that the profitability improved at 3% and, organically, that's even 9% corrected for currency impact. And then the top line, the revenue, negative 1% reported is organically plus 5%.

The Americas, they reported a decrease of 3%. Obviously the U.S. dollar is heavily impacting year-on-year and organically, we achieved a 5% increase. Gross margins also

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improved even with 15% year-on-year which is also partly in the mix. Underlying EBIT declined in the quarter.

We had a very strong quarter, Q4 2024. And if you look at the full year, we do see an improvement in profitability. You see that on the next slide, where you can see, although the underlying EBIT, it shows reported negative 2% organically, it's plus 6% if you correct for the U.S. dollar. And also revenue-wise, it shows negative 3%, but it is plus 3% organically if you correct for the currency impact.

Then Asia.

Asia finished the year very strong after a little bit more difficult start early in the year. They finished in Q3 and Q4 pretty strong.

In Q4, organic growth of 7%. Margin improved even with 1.9 percentage points and also the underlying EBIT improved given the growth in revenue margin, but also with good cost control.

And if you then look at the next slide for the full year, negative 7% growth which is negative 2% organically. But again, the second half of the year is much better than the first half. And also profitability-wise, we finished the year with 4.7% compared to 4.4% in 2024.

So Asia was a strong performer, specifically in the second half of the year.

Then the rest of world, and just to remind you, that's a combination of Europe and Africa, Belgium and also Taylor Hopkinson.

In the quarter, we did show a plus 3% organic growth which is a combination of, at the one hand, a still slow renewal business, specifically in perm, but that's an offset in the contracted business also in Europe and Africa where we did have some good projects that showed growth during the year.

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Cost savings were well under control also in this region. And we returned this region back to profitability in Q3 and Q4 which you can also see on the next slide. Again, soft or weak start in the first half, but a stronger finish in Q3 and Q4 for the rest of world.

Then if you look at total Brunel, we finished, rounded at EUR 300 million. So for the last three quarters or four quarters, we were in the EUR 300 million. We see a stabilization of our revenue, and we'll talk more about the outlook.

The year-on-year negative 10% in Q4 is actually organically negative 4%. So also there, we do see some improvements.

And then also here in the cost savings, we have seen significant cost savings throughout the year, and we have discussed that pretty lengthy, and the profitability is negative 15% organically in Q4 which is actually comparing to about negative 30% in the quarters before organically. So we see some stabilization improvement in the underlying trends.

That is the gross profit by vertical. More or less the same trends. Maybe good to highlight here that in Q4, we did see a positive organic development in both conventional energy as well as renewable energy. So that also here, we see the positive developments in the global business also in our core verticals.

Then if we look beyond the regions beyond adjusted EBIT, also good to highlight the other elements in our reported P&L.

Obviously we have spoken about the one-off costs. It'll be good explain here that there's three main buckets.

One is the write-off of a receivable, as we highlighted in Q3. That's a bit over EUR 4 million.

Then in Q4, we booked an acquisition-related one-off cost of EUR 3.4 million, and that is basically related to our commissioning and engineering business in Singapore where we did see some good growth during 2025 in certain projects related to that, we adjusted the earnout. And that is the majority of the EUR 3.4 million that we showed here.

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And then we still had also about EUR 14 million in one-off costs related to restructuring. We have highlighted that before and that's related to the various cost restructuring programs that we have spoken about.

Then in Q4, it totals EUR 9 million. And also here, I've highlighted the main components already.

Financial income, about EUR 5 million. EUR 1 million of that is related to currency and EUR 4 million is related to interest which is lower than the year before. And then the tax is relatively high. We've spoken about this also in prior quarters, there were quite some impact of withholding taxes and also nondeductible losses related to our one-off costs.

Obviously the percentage is very high at 62.6%, but it also is a function of the fact that profit is relatively low. And with that, the percentage shows a bigger swing than maybe in normal years.

Then the cash flow, EUR 22.4 million in the quarter, comparing to EUR 38 million the year before. Maybe good to remind that in 2024, we came from our higher days outstanding. So we did show a significant reduction. And of course, also business results, we're at that moment better. So that's the main reason for the difference.

And then the net cash balance at the end of the year was close to EUR 32 million, compared to close to EUR 65 million in 2024. And the difference is for the same reason of lower net results and also some difference in collections whereby specifically 2024 showed very high collections.

And just to remind you that we have, apart from the net cash on the balance sheet, also still sufficient funding availability through, amongst others, our committed credit facility.

If we then go to dividends, we've decided here to show some continuation of the dividend payouts in prior years, meaning that we did not only pay out the reported profitability which is EUR 0.06 per share, but we also issued a super dividend of EUR 0.29 per share. And that basically reflects the correction for one-off costs that I mentioned including the tax impact thereof -- and then the combination of that is \$0.35 per share.

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With that, I'm handing it over back to you, Peter.

Peter de Laat^ And to this note, this will not impact our cash position to do future M&A or facilitate our further growth because of the credit facilities we have in place.

Then on to the outlook.

So for the last three quarters, we reported roughly EUR 300 million revenue. So that's our current run rate. And that's including the unfavorable development of exchange rates, the U.S. dollar and the currencies in the Middle East that are linked to that.

Typically, we see a change of the year where we have a slight drop in run rate, and we have seen the same this year. But we will return to the EUR 300 million run rate pretty soon, supported by a strong start of the year in Germany.

There are a couple of elements driving that for Germany.

First of all, we have easier comparatives because we had a very weak change of the year last year in Germany, and this year it was a normal change of the year. We see the underlying activities increasing, and we were successful in a supplier consolidation process with one of our clients where we managed to take over a nice group of people that will support our business going forward.

On the other hand, the Netherlands is still facing all the changes in legislation that are happening in the Netherlands. It started with the tighter control on the use of freelancers, that's impacting especially our clients' willingness to work with freelancers and it's impacting that part of our business. And we should also see the price increases following the new collective labor agreement for our business including the inclusion of the pension element there which will drive our cost up and is causing a slowdown in the markets.

But having said that, we will return to the EUR 300 million pretty soon. That also means that we are cautiously optimistic for the rest of the year.

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And for the longer term, we are planning to provide the strategy update on the 12th of May, so in the second quarter.

And this concludes the part that we wanted to share. So we're now open to take any questions.

Operator^ (Operator Instructions) The first question goes to Konrad Zomer of ABN AMRO.

Konrad Zomer^ A few questions from me, please.

Firstly, on the additional restructuring charges, the additional EUR 10 million, can you specify to us in a bit more detail what's the main difference between this additional EUR 10 million and the EUR 10 million that you announced in Q2 last year?

Secondly is, if you could provide a little bit more clarity on the size and the details of the defense contract in Australia.

And then my last question is on net cash and dividend. Your net cash broadly halved last year. Your dividend obviously reflects the lower profitability. Your official dividend policy hasn't changed. But can you share with us how you look at dividends, particularly the regular part, the special part, looking forward, if profitability improves, what's going to happen to the likely dividend payments that you're going to pay over the next few years?

Peter de Laat^ Yes. Thanks, Konrad, for your questions. Do you want to take the first one?

Toine van Doremalen^ Yes. In terms of the cost reductions, indeed, we shared in Q2 the EUR 10 million, and Q4 another EUR 10 million. It's a continuation of our cost savings, specifically in our European businesses, where a combination of headcount but also office space that we are reducing. And in Q2, we also mentioned the closing of a test center in Germany. And last but not least, also in Q4, we closed our Kazakhstan operation in full given very low profitability.

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So it's a continuation of various items in the same countries basically. And as also mentioned in the press release, we will reinvest quite a big part of that second EUR 10 million also in new business development and other growth opportunities in existing and new verticals.

Peter de Laat^ Okay. Then I'll move on to the defense contract in Australia. We also mentioned that in the previous results call.

The overall client is looking for roughly 3,000 contractors over the next couple of years. And they will start hiring -- they already started the hiring process, but really slowly. And there are multiple agencies working on that contract.

But at the moment, it's difficult to assess timing and what share of wallet we will be able to achieve that. But it's a nice opportunity, especially because it has higher requirements on our IT environment and compliance mechanisms.

We were able to meet those, and that's promising for our other activities in the defense industry as well.

On the net cash and dividends, of course, yes, our net cash position dropped because of the result and the dividends we paid out last year. But our cash generation should return to normal levels pretty soon, and that will also support our dividend policy going forward, that we will continue to pay similar dividends also for the years ahead of us.

Konrad Zomer^ So as a quick follow-up on that last answer, if you -- I mean you now look at the \$0.35 a share with the two dividends combined, if your underlying EPS goes back to previous levels, you will then pay out 60% to 100% of that underlying level and an order bonus dividend or the super dividend that is currently on top?

Peter de Laat^ Yes. That is correct.

Operator^ (Operator Instructions) We have another audio question from Maarten Verbeek from The Idea.

Maarten Verbeek^ It's Maarten Verbeek of The Idea.

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Firstly, referring to Konrad's question about the EUR 10 million savings, how much of that will be reinvested? Because you said will be half, will be more than that? So what will be the net savings we could expect from this second restructuring measure?

Toine van Doremalen^ Yes, I would say, Maarten, good morning. It's going to be a bit more than half of that EUR 10 million will be reinvested in the business during this year.

Peter de Laat^ And that's based on the current visibility.

For just an example, if the German business improves faster, then we will invest more in that business.

Maarten Verbeek^ Okay. Could you share more clarity or more color on the AI pilot you did in Germany and rollout? What kind of AI pilot was it? What sector? Can you tell a bit more about that?

Peter de Laat^ We did a pilot in the industrial sector, and it's mainly facilitating clients that use portals to share vacancies with us. So we have now an AI agent that's interfacing the vacancies to our system. And that's not so sophisticated because that's been there for quite a while.

But now the AI agents will also make the match with the candidates, reach out to the candidates to check if they're interested, and then come up with a proposal to the account manager for the three best candidates.

So it's matching the -- mapping the entire process. And after the account manager approves it, vacancies will be entered in the portal of the client again. And it has a couple of improvements for us.

First of all, it improves our speed, but it also allows us to work -- spend more time on talent pooling and making sure our database is 100% up to date. So that, yes, we can accelerate even further on the speed in the process.

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Maarten Verbeek^ Is this also one of the reasons why you were able to consolidate in the supply that you have taken over direct personnel, what you mentioned about the prospects for Germany?

Peter de Laat^ Not directly because this AI pilot was not live for that client. But overall, our service delivery and the quality of our systems, yes, did make us qualify for that consolidation process.

Maarten Verbeek^ Okay. And could you also -- you want to guide how many direct personnel you have taken over? As part of the consolidation?

Peter de Laat^ Yes. It's roughly 75, the net impact. And you can see that at the end of the year '25, our headcount in the DACH region is roughly still 300 below the previous year, and then returning to growth -- revenue growth in the course of -- over the course of this quarter means that we're taking a big step there against easier comparatives.

Maarten Verbeek^ Okay. And then two clarification questions. You mentioned the CMD is on May 12, because also in the press release, there was a date of May 19 quoted.

Toine van Doremalen^ No. It should be -- it's May 12, Maarten. Apologies for that.

Maarten Verbeek^ No problem. I hope it was a mistake, it wasn't 19, but that's something else.

Then on the EUR 3.4 million, you mentioned that it has -- with the commissioning in engineering in Singapore, but in the press release it's also being mentioned that it was related to Europe.

Peter de Laat^ Now, so let me explain that.

So we acquired a commissioning company in Singapore that managed to win the project in Europe.

Maarten Verbeek^ Okay. That's clear. You want to expand into defense and utility. Do you already have a presence in those sectors?

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Peter de Laat^ Absolutely. And we are already active in the defense industry in Germany for quite a while, for over five years now and presence with the bigger companies there. And we shared that we won the contract in Australia and also in other parts of the world.

We are, in the Netherlands, we also are cooperating with a couple of clients in that industry. And in other areas, we also see we're tendering for business.

That's defense and utilities. The bigger utilities company in the Netherlands have always -- have been our clients for a long time and we're winning those clients in Germany, and those were our first focused markets, and Australia, where we also have a good presence in that industry already.

Maarten Verbeek^ Could you more or less indicate how much sales you do in both defense and utilities at this moment?

Peter de Laat^ Yes. Again, defense is still pretty small. It's roughly, of total group, EUR 15 million in revenue. And utility is probably the same size, but it also depends on the definition because it's a close connection to renewable energy in what we do. But we will update you more on that on the 12th of May.

Maarten Verbeek^ Okay. And then lastly, for the moment, when I look at gross profit, other, it quotes a negative of EUR 2.1 million. Could you clarify that?

Toine van Doremalen^ Yes. There were some corrections made related to prior quarters which happened which were booked in other.

Operator^ The next question goes to Simon Van Oppen of Kepler Cheuvreux.

Simon Van Oppen^ I have a question on your cost base in the Netherlands. Given the uncertainty still that employers have around engaging with freelancers, how do you look at your cost base in the Netherlands given this uncertainty? And yes, how much would you be able to cut costs if this is going to turn out more negatively than you initially expected?

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Toine van Doremalen^ Yes. So what you could see on the slides, we have, of course, reduced costs over the last quarters in the Netherlands, in line with the lower activity level. We will continue to be vigilant in terms of how the business develops. And we'll take measures where needed.

At the same time, we also want to make sure that we invest in growth and also the sectors that Peter just mentioned. So it's a bit of a balancing act, Simon, that we want to be careful with cost, at the same time also keep the capacity to grow.

Simon Van Oppen^ So do I understand correctly that you --

Peter de Laat^ Sorry. To elaborate on the ability to grow, we expect that we've now seen the final pieces of the changes in legislation, and that will impact the market for a couple more months, and then the market should normalize again.

Simon Van Oppen^ So do I understand correctly that you're now looking more into investing in the Netherlands rather than saving? And if so, into what first growth markets do you expect growth to continue?

Peter de Laat^ Investing versus saving, we're doing both because we're continuing to roll out our technology and AI tools and that will bring efficiencies.

On the other hand, we will invest in growing markets in the Netherlands. And the main areas at the moment are renewable energy, utilities and, still early days, but also defense industry.

Besides the construction industry, obviously who's already doing pretty well in the Netherlands.

Operator^ We currently have no further audio questions, so I'll hand back to Peter to go over any webcast questions.

Peter de Laat^ Okay.

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Operator^ It looks like we've just had one further audio question come through as a follow-up from Konrad Zomer of ABN AMRO.

Konrad Zomer^ Yes. Sorry for that short delay. Two more questions, please.

Firstly, do you have a feel yet for how much your bill rate might increase in the Netherlands because of the pension regulations?

And secondly, can you share with us what your internal message to your consultants and office staff is in terms of how you start the year 2026? Because from a distance, on the one hand, you're very, very good at reducing costs. You've made a lot of progress. You continue to save costs.

But on the other hand, you sound relatively optimistic in your guidance, you think that growth might return which might not necessarily be a market environment where you want to cut costs.

It's a bit of a mixed message, and I'm just wondering how you -- what is the sort of message that you get across to your internal personnel.

Peter de Laat^ So let me start with the second part first.

So our internal message pretty much '25 was a year of very hard work, where we made a lot of progress, but we don't see the financial reward in our results yet. But we see underlying improvements in opportunities with clients, in placements and all those elements.

So our internal message is, overall, very positive.

And then linked to the cost savings, we're not doing big reorganizations or big programs. This is more efficiency gains and smarter organizing.

So our message to the internal organization is pretty much very positive.

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Then the price increase in the Netherlands for professional staff is slightly different than companies that used to be on the -- or are on the general staffing CLA, because for professional staff, it's pretty much only the pension element, and our pension cost on average increases by roughly 8% to 10%. And based on what we've seen in January, we managed to pass on 5% to 6% of that to our clients. So an increase of sales rate of 5% to 6% year-on-year.

Operator^ Thank you. It looks like we have no further questions. I'll hand back to Peter for any closing comments.

Peter de Laat^ Yes. Thank you very much for joining this call.

I like Konrad's final question about the internal message because that's also what was included in the quote in my press release. We are optimistic, or cautiously optimistic, but at the moment, yes, it looks pretty promising for this year. And I hope to share more about that in the next call.

So thank you very much for your attention.

Toine van Doremalen^ Thank you.

Operator^ Thank you. This now concludes today's call. Thank you all for joining, and you may now disconnect your lines.