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Brunel International N.V. Q1 Results 2026

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Maarten Verbeek
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Simon van Oppen
Kepler Cheuvreux; Analyst

PRESENTATION:

Operator^ Ladies and gentlemen, thank you for joining us, and welcome to the Brunel International First Quarter Results 2026. After today's prepared remarks, we will host a question and answer session.

I will now hand the conference over to Peter de Laat, Chief Executive Officer at Brunel. Please go ahead.

Peter de Laat^ Thank you very much. Welcome, and good morning, everybody, to our results call for the first quarter of 2026, and let's dive immediately into it.

We started the year as we also mentioned in our Q4 call, with the normal drop at the change of the year and returning to the run rate of EUR 300 million revenue pretty fast. In January and February, we had pretty strong months.

And the actual results for the quarter were slightly ahead of our expectations. We guided for a further improvement of the trends that we saw in Q4, so that was 4% decrease in revenue and 15% in EBIT. But we had not expected that we would already return to growth in revenue and EBIT in the first quarter.

So very pleased with that, and, especially, of course, taking into account all the events that happened in the Middle East and that partly impacted March. And I would like now to hand it over to Toine to go more into detail.

Toine van Doremalen^ Yes. Thank you, Peter. Good morning, everyone. Let me dive a bit deeper into the results by region, as well as the overall P&L.

As Peter already mentioned, we finished around EUR 300 million for the quarter. Still a decrease on a reported basis, but, again, taking into account specifically exchange rates, we grew by 1%.

On exchange rates, specifically at the end of Q1 last year, exchange rates changed quite a bit, in particular the U.S. dollar, which impacts our business in many regions, whether it is U.S. dollar-based or linked to the U.S. dollar. That difference will run out over the coming months. So, returning to growth in total, perm revenue also returned to growth. We did see a 38% increase organically there, and we're very pleased to see that after a difficult Q1 last year.

If you look at the regional split, all regions contributed to organic growth, except the Netherlands, where we did see challenging market circumstances, and we will dive a bit deeper into that later. Gross profit declined by 5% on a reported basis and by 1% organically, whereby we did see some margin challenges, specifically in Germany. We will also come back to that later.

In addition, the regional mix is partly contributing, as we see that the European business is a bit smaller than in prior years, while the global business is bigger, which shows a margin difference. Operating costs, as already indicated before, have been reduced quite significantly over the last few quarters. We continue to see that in the current results, but that is then partly offset by targeted investments in various countries to push sales and business development going forward.

The cost reduction plans also had a positive impact on our direct-to-indirect ratio. And obviously, if you add all of that, it shows a positive impact on EBIT. Here as well, the same as for revenue, all regions contributed based on margin and OpEx, except for the Netherlands given the conditions, and we'll get back to that later.

Next, the split between revenue and gross profit, as you can see on this slide, is more or less the same as in prior years.

Diving a bit deeper into the DACH region, as we indicated in our prior call, we expected to return to growth in Germany, and we're very happy that we could also show that in the Q1 results. You can see a 7% increase. There is no working day impact, and that is mainly driven by the increase in direct headcount in the region. Gross margin reduced by about 5%, reflecting general margin pressure in the market, but also deliberate choices to go after higher-volume business. With certain customers, we see supplier-based consolidation, and we have opted to go for that higher volume and gain a bigger share of wallet, but at the expense of margin.

What you can also see in the graph is that margin pressure was there for most of last year, specifically starting in Q2. We expect the comparables to become a bit easier. In the meantime, we've also adjusted our cost base quite significantly in Germany. That should support further EBIT improvement in the quarters to come, with underlying EBIT increasing by 15% on the back of that cost reduction.

Moving on to the Netherlands, this was a challenging quarter. Revenue declined by 24%, also with no working day impact. Gross margin actually improved a bit, although we did see quite some cost increases. We were also able to increase our day rates.

On operating costs, we have been working to reduce them in line with lower activity. However, that did not happen quickly enough to offset the margin decline and, with that, EBIT decreased by 75%. Measures are being taken. Peter, you have been the interim managing director for the last few quarters, so maybe you can give a bit more color on the Dutch situation.

Peter de Laat^ Yes, happy to do so. Let me start with the new managing director for the Netherlands, Emlyn Van Der Wal, who started in April. She is currently implementing the updated strategy for the Netherlands. That is necessary because, as Toine mentioned, market conditions are challenging, but there are also internal areas for improvement.

Over the last couple of years, we have been pretty successful, especially in the public sector and financial services. Those markets are currently the most challenged, and we lost a fair bit of market share in engineering, which we need to regain. That is part of our focus on the strategy going forward, together with more dedication to the delivery of candidates. So that is all in progress. Looking forward, what you can see here is that, also for the Netherlands, the comparables will become easier in the course of this year.

Toine van Doremalen^ Okay. Thank you, Peter, for that update. Moving on to Australasia, the region had a good quarter. We saw revenue increase by 3% organically, while margin improved by about one percentage point year-on-year. In combination with cost control, underlying EBIT improved by 26% organically.

Moving on to the Middle East. As Peter already mentioned, the Middle East went through a difficult quarter. The first two months were good, but March is where the volatility started, with geopolitical uncertainty.

In Q1, the impact was still relatively limited. It is also good to say that we are very proud of what the team has done in the Middle East to manage through this situation, both with our indirect staff and specifically with our direct staff. The specialists have also been very committed to customers, and many stayed in the region to support them through this difficult phase.

As such, the impact on our current business in Q1 was relatively limited. Of course, there is quite some uncertainty, and we also see some delays in the start of new projects, which is not surprising. Overall, revenue still increased by 9%. Sorry, Peter, you wanted to add something?

Peter de Laat^ Yes, I do. What is clearly visible is a slight drop in headcount, and it is remarkable that it is only a slight drop in March.

Toine van Doremalen^ Yes.

Peter de Laat^ Particularly the people working offshore in the Strait of Hormuz have been demobilized to protect them and keep them safe. But the impact so far is limited, and we have not seen any further decline since March.

Toine van Doremalen^ Yes, correct. We will get back to the Middle East situation in a bit more detail later to give some more color. But again, as mentioned, Q1 was good, and EBIT remained organically more or less flat compared to last year, at 7% of revenue overall.

Moving on to the Americas, here we also had a good quarter, with revenue up 3% reported and 13% organically. Again, the U.S. dollar worked quite significantly against us over the last year, but still a good performance. Perm revenue also improved, which supported gross margins. Operating costs increased, reflecting targeted investments in business development and sales, given the future growth potential we see there. All in all, underlying EBIT increased by 6% and by 70% organically.

Moving on to Asia, the region showed some decline in organic revenue. It is good to mention that there is always quite some mix difference in our business, specifically also in Asia. Depending on the project, sometimes we take the full revenue at a slightly lower margin, while for other services we recognize part of the revenue at a higher margin percentage. In this case, we focused on higher-value activities, which meant that gross profit and gross margin increased by about three points, but at the expense of a higher top line.

On operating costs, here as well, we have seen quite some investments, given the potential we see in the region. Operating costs increased by 19%, but EBIT also increased by 19% organically. So here as well, it was a good quarter for the region.

The rest of the world, which is a combination of our Europe and Africa business, Belgium and Taylor Hopkinson, also had a good quarter. In Q1, we saw a recovery in perm revenue, specifically in our global renewables business, so we're happy to see that. That increased both revenue and gross profit on a reported and organic basis. Operating costs decreased on the back of the cost savings we implemented last year, and EBIT turned positive, from about half a million negative last year to half a million positive this year.

Peter de Laat^ Maybe good to highlight: if you look at the headcount graph, headcount is significantly lower, especially at the start of the year compared to last year. That is the result of stopping our activities in Kazakhstan in the fourth quarter of last year.

Toine van Doremalen^ Yes, that is a good addition. Thank you. For Brunel overall, I have highlighted most of the elements already. It is also good to show that the underlying EBIT percentage was equal to last year at 2.7%, which is a good starting point for the rest of the year.

Turning to the next page, gross profit by vertical. What is good to highlight here is that mobility, of which Germany is a large part, is down. But given the growth in total DACH, that is offset by other verticals, so we're happy to see that the diversification is continuing to work there.

You can also see in the gross profit development of public sector and financial services that this is specifically in the Netherlands, where we are dealing with the market circumstances that Peter also highlighted earlier.

Turning to cash flow and cash position, free cash flow was about negative EUR 19 million in Q1, which is slightly better than the negative cash flow last year. This reflects the usual seasonal outflow in the first quarter that we see in our business.

The net cash balance was around EUR 14 million, compared to about EUR 32 million at the end of 2025. This is again linked to the negative free cash flow I just mentioned, and includes about EUR 11 million in restricted cash. We also said we would give some more color on the Middle East, so Peter, maybe you can add some color here.

Peter de Laat^ Yes, thanks. What we saw in March is that we had to stop a small group of people to keep them safe. Once again, there is no further decline in headcount at the moment. It is, of course, hard to predict how that will develop going forward.

That also means the growth we expected for this region is not materializing yet, because we are not onboarding new people due to the restrictions. That is the short-term impact. We also see a potential risk of these events impacting other markets through higher energy prices. Germany is most likely to be the country most impacted, given its high energy intensity and high energy prices.

We are not seeing that yet. But if you look at reports on the macroeconomic conditions in Germany, that is flagged many times. Longer term, we mainly see a positive for Brunel. First of all, significant rebuilding will be needed, especially in Qatar. These are facilities that we helped construct initially, so we are also very well positioned to contribute to the rebuilding.

The other part is that this, once again, made the world realize that energy security is very important. Europe had already announced plans to invest more in offshore wind before the conflict in the Middle East started, and we expect that could be accelerated. The same applies to Qatar's energy dependency, which could accelerate planned projects in, for instance, Papua New Guinea and Mozambique. Overall, a greater focus on energy security could have a positive impact on our medium- to longer-term activities.

That brings me to the outlook for Q2. We expect the current trend to continue, meaning organic EBIT growth in most regions and a still challenging market in the Netherlands. The development in the Netherlands and Germany will be supported by easier comparables in the course of the year. But, of course, a lot will also depend on what happens in the Middle East.

The Middle East will see a slightly weaker trend than Q1, obviously because of the offboarding that happened in March. Overall, in Q2, we will see the normal seasonality from public holidays impacting profitability, specifically in that quarter. That brings us to the Q&A, so we are happy to take any questions.

Operator^ We will now begin the question and answer session. Please stand by while we compile the Q&A roster. Your first question comes from the line of Konrad Zomer with ABN AMRO. Your line is now open. Please go ahead.

Konrad Zomer^ Hi. Good morning, gentlemen. My first question is on your indirect headcount. I think it was great to see the 1% organic revenue growth in Q1. At the same time, during Q1, you also reduced your indirect headcount in, literally, every region you report on. How do you look at it now and what do you think is going to happen in the next few quarters? Do you think indirect headcount will return to growth, or do you think there is more effect from the cost saving measures you put in place in recent quarters? Thank you.

Peter de Laat^ Thanks. The biggest decrease in indirect headcount year-on-year was obviously in the DACH region. Since that region is returning to growth, I do not expect any further decreases there. Pretty much the same applies to most other regions, which are also showing growth and see plenty of opportunities in the market. The only area where we still have some uncertainty is the Netherlands, where it depends on how quickly we can return to growth. So overall, I do not expect any further decrease in the total number of indirects. We will slowly start to reinvest, especially in more salespeople.

Konrad Zomer^ Right. Okay. And then, my second question on the Dutch market, new management coming in. Have they been given carte blanche to do whatever they think is necessary, or do you think you would like to keep the franchise as it is, but just more efficient, lower costs, maybe, I don't know, some more focus into different regions? But can you just give us a bit more insight into the options that new management has to potentially restructure the business?

Peter de Laat^ Yes, nice question. Between the two options you provided, I think it is more towards carte blanche than the second option. But there is one key condition: we need to win market share in engineering again. That is our profile, that is our history, and we want to be one of the leading companies in the engineering space. So, kind of carte blanche, but with a focus on engineering.

Konrad Zomer^ Right. Okay. And then my last question for now is on the Middle East. I think you had an outstanding performance in Q1. But clearly, the unrest of the war only started in March, and you indicate that there are some delay in projects for Q2.

Can you maybe help us a little bit in quantifying the impact it might have on your revenues? Because, obviously, if all comes to a standstill, then the impact is a lot bigger than if there's just a little bit of like delay in projects. Just how severe is the current situation for the 2,000 people you employ in the Middle East. Thank you.

Peter de Laat^ Yes. Like I said, we have offboarded just over 100 people so far, and at the moment, it remains at that level. Full revenue for the quarter was EUR 43 million, and the March run rate was just over EUR 10 million in revenue. Based on the situation today, I expect it to remain at that level. I do not see any further offboarding, but, on the other hand, I also do not see any additions coming in soon.

Konrad Zomer^ Right. Okay. Thank you.

Operator^ Your next question comes from the line of Marc Zwartsenburg with ING. Your line is now open. Please go ahead.

Marc Zwartsenburg^ Yes, good morning. A question on the announced cost savings. So you mentioned the EUR 20 million and the EUR 10 million reinvestments. How much of that EUR 10 million have already, as a run rate, been visible in Q1? So we get a bit of a feel for what we still can expect to come.

But, and a bit linked to that, you mentioned also investments in some of the global businesses where the costs are then up double digit. Well, actually, if you look at margin, it is just turning back to a bit more normalized margin that you start investing already. How can we -- is it part of that reinvestment of that EUR 10 million that you mentioned, or is it on top? And why would you invest so quickly, as I would

expect that, give the lower margin that you still have, that you -- that you would have some overcapacity that there will be a bit more operational leverage in the model? Can you help me with that?

Toine van Doremalen^ Yes. Thanks, Marc. Good morning. In terms of the EUR 10 million OpEx savings, about half has already been reinvested, while the other half will come into the year gradually. Obviously, we will remain vigilant on those investments, depending on how the business develops, specifically given the geopolitical situation. So, we are watching that closely.

With this uncertainty, we will be mindful about where we invest. I mentioned the Americas, for example, where we see opportunities, and in Australia, where we have already made investments. Those regions are growing and performing well. In regions where we have more concerns about market performance, such as Germany and the Middle East, we will phase investments until we have more certainty.

Marc Zwartsenburg^ You mean half of your investments of the EUR 10 million is invested?

Toine van Doremalen^ That is correct. It is included in the Q1 run rate.

Marc Zwartsenburg^ Yes. And then the savings on the other half is EUR 10 million savings. How much is in -- already on Q1 (multiple speakers) --

Toine van Doremalen^ Basically, all the savings are already there, Marc. We took out virtually all the costs in Q3 and Q4, with very limited further headcount reductions in Q1.

Marc Zwartsenburg^ Okay. So this is a bit of run rate going forward?

Toine van Doremalen^ Correct.

Marc Zwartsenburg^ A little OpEx

Toine van Doremalen^ Correct.

Marc Zwartsenburg^ And then maybe on Germany, you're back to growth, but you also see pressure on the growth margin. Can you explain a bit more what the pressure on the growth margin is? Is that because you're moving into areas where the growth margin is simply lower, like a mixed effect, or is it that you're taking -- is that, in general, just pricing pressure, or are you taking -- accepting a bit lower margin for volume? Can you maybe give a bit more color on what's going on there?

Peter de Laat^ It is a bit of the last two items. We recognize that the German market overall is still pretty challenging, and the clients that are still hiring understand that very well. So they use that to their advantage to put pressure on pricing.

And on top of that, we see a further professionalization in that market performing better, so supplier consolidation that Toine already mentioned, and where we deliberately look at all options, whether we

want to participate or not. So there is some overall price pressure, but also some deliberate decisions to win in supplier consolidation. And the biggest impact is in the last part at the moment

Marc Zwartsenburg^ And how should we think about the growth in Germany going forward? Because you have said you're a bit mindful of the knock-over effect of Germany from the Middle East situation. But, looking at the current trends, some of your pipeline and expected starts and stops, what should we see a further acceleration of the growth?

Peter de Laat^ Unfortunately not. We did have a very strong start to the year, supported by supplier consolidation. But we have seen headcount stabilize pretty soon after the conflict in the Middle East started. So it is stabilizing, but that still means our growth will increase year-on-year because of the easier comparables.

Marc Zwartsenburg^ Okay. And then, on the Netherlands. The top line decline is quite severe. Your volume decline in terms of people is 27% and volumes, I guess, even higher, hours worked. It's so severe, if you look at your headcount decline, yes, that's not near that number, of course, otherwise you kill your growth. But how would you look at that going forward?

Would you keep the headcount as it is at the moment or would you take further actions on top of the EUR 10 million cost savings that you already announced to further improve the profitability in the Netherlands? Because, yes, margin, of course, is not Brunel-like, I would say.

Peter de Laat^ Yes, fully agree. I have to give you the same answer as before: it depends on how quickly we can turn the business around. There is still plenty of opportunity in the Dutch market, even with our existing client base. We just need to be more successful in capturing those opportunities.

Marc Zwartsenburg^ So for now, no further cost savings, I would assume then? You will first get the MD the chance to get the output trend?

Peter de Laat^ Yes, that's a nicer way to phrase it.

Marc Zwartsenburg^ Okay. All right. All right, that's it. Thank you.

Operator^ Your next question comes from the line of Maarten Verbeek with The IDEA! Your line is now open. Please go ahead.

Maarten Verbeek^ Good morning, Peter, Toine. It's Maarten of The IDEA! A couple of questions from my side, please. Firstly, I mean, you did provide an answer, but I couldn't hear it well. Development in the rest of the world, whereby your revenue increased quite nicely, but the average number of directs declined by 18%. You commented on it, but I couldn't hear it well. So could you give a bit more color on that?

Peter de Laat^ Yes, that's an easy one. We stopped our activities in Kazakhstan in Q4, where we had roughly 300 directs working. As a result, the number of directs dropped by around 300. These were specialists at a relatively low day rate, which is why the revenue impact is much lower than the headcount impact.

Maarten Verbeek^ Okay, got it. Secondly, when we look at the permanent recruitment, up 38% against a drop of minus 50 in the first quarter of last year. So how would you characterize the permanent recruitment market at this stage? Is it really getting a bit better or is it because of those very easy comparisons? You showed its growth, but, still, it's a -- it's a difficult dual [ph] market.

Peter de Laat^ Unfortunately, it is the last part. The strong growth we achieved in Q1 is mainly due to the very weak Q1 we had last year. There are no strong further improvements, as the EUR 4.5 million is not significantly higher than what we achieved in Q2 and Q4 last year.

Maarten Verbeek^ You started recording or presenting permanent improvements just for a couple of years [ph] now. In a -- on a normal situation, how much of your revenue would stem from permanent improvements?

Peter de Laat^ Then, it's easier to look at that as a percentage of GP, because, compared to revenue it will always be very minimal. But, we're aiming for that it should contribute around 15% of our GP.

Maarten Verbeek^ 1-5? Okay.

Peter de Laat^ Yes.

Maarten Verbeek^ And then, lastly, just to get back to Middle East and India, just to get a bit more feel for your revenue exposure. You mentioned that you are active in five countries over there, Qatar, Kuwait, Dubai, Iraq and India. If we just look at those three, Qatar, Kuwait and Dubai, how much percentage of your Middle East revenue does that represent?

Peter de Laat^ Yes. India is roughly 5% of the revenue of the region. So the 95% has exposure to the conflict in the Middle East.

Maarten Verbeek^ Okay. Okay. That's it for my side. Thank you very much.

Toine van Doremalen^ Thank you.

Operator^ Your next question comes from the line of Simon van Oppen with Kepler Cheuvreux. Your line is now open. Please go ahead.

Simon van Oppen^ Good morning, gentlemen. I have a question on your activities in Asia. So, you delivered minus 2% organic growth in the first quarter against a relatively easy comparison base last year. And, yes, this is a break in the trend that we observed in the last two quarters of last year. Could you please highlight what caused this slowdown and what should we expect for the remainder of this year?

And then, secondly, I was wondering, since the European Union has quite ambitious plans when it comes to investments in renewable energy and offshore wind, how are you positioning your Taylor Hopkinson activities to benefit from the investments which are likely coming in the years ahead? Thank you.

Peter de Laat^ Yes. Let me start with Asia first. Fair observation on the revenue. As Toine already mentioned, the business mix is slightly different. For the largest part of our business, we report full revenue with a normalized margin. But we also have revenue where we only account for the fee business, because the structures are slightly different. The mix has changed compared to last year, which you can also see in the gross margin improvement. Gross profit actually continued to grow year-on-year, so it is much more a mix effect than a lower activity level. Then, the Taylor Hopkinson business -- yes. Sorry.

Simon van Oppen^ Sorry. Could you highlight what the mix changes are specifically in that market?

Peter de Laat^ Yes. The biggest where we only report fee is activities where we are not at the full employment of the specialists. So the specialists are employed by our clients. So that has a different risk profile, and hence, you don't have to account for the revenue or report on the revenue for that activity. So it's still, yes, around -- specialist working with our client, but with a slightly different risk profile.

Simon van Oppen^ I see. Thank you.

Peter de Laat^ And on the Taylor Hopkinson business, Europe has ambitious plans, but it also has a track record of being pretty slow in executing those plans. Unfortunately, we see that in the offshore wind industry as well. But we are very well-positioned with Taylor Hopkinson because we work with all the companies involved in that industry. So as soon as projects start there, you will also see that in our numbers.

Simon van Oppen^ Thank you. Thanks for the clarification.

Peter de Laat^ Yes.

Operator^ Your next question comes from the line of Konrad Zom
er with ABN AMRO. Your line is now open. Please go ahead.

Konrad Zomer^ Yes. Hi. I had just one follow-up on the Dutch performance. I remember that the pension charges went up as from the 1st of January, which, in itself, raised your bill rates. At the same -- I think you also mentioned that in your -- the first bit of your presentation. But I'm wondering how much negative impact did that have on demand for your people, because, obviously, with the 24% decline organically, the impact must have been quite severe? Is that one of the key reasons of the weak performance, or can you maybe clarify that a little bit more?

Peter de Laat^ Yes. The 24% is not too far off from the year-on-year performance we reported in Q4. So there is no additional impact from the pension part, although there was already a bit of that in Q4.

But there are a couple of developments impacting our business. The CLA, and therefore the pension and overall cost, is part of it. We also see an AI impact on demand in the financial services industry. And there is the impact of the freelance law, which started at the beginning of last year and resulted in a decrease in the number of freelancers we use over the course of 2025. So it is a combination of trends, not just the pension part.

Konrad Zomer^ Right. Right. But, the fact that temps have become more expensive versus permanent employees did not lead to an additional decline in demand.

Peter de Laat^ No, that is correct. But I would add “not yet,” because it does make temps much more expensive. So it could change the behavior of our clients.

Konrad Zomer^ Yes.

Peter de Laat^ And hence, why we want to focus more on the engineering business, where we expect that it will be less impacted.

Konrad Zomer^ Yes. Okay. Thank you.

Operator^ There are no further questions at this time. I will now turn the call back to Peter de Laat, CEO, for closing remarks.

Peter de Laat^ Thank you very much. Once again, we're pretty happy with the change in trends we observed in Q1, we managed to return to growth. And of course, for many reasons, hoping that the conflict in the Middle East will be settled really soon, and look forward to see all the long-term upsides that will provide materializing as soon as possible. So thank you very much, and see you soon.

Toine van Doremalen^ Thank you.

Operator^ This concludes today's call. Thank you for attending. You may now disconnect.

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