



FOR IMMEDIATE RELEASE

**The Caldwell Partners International
Issues Fiscal 2017 Third Quarter Financial Results**

- **Third quarter revenue of \$14,524,000.**
- **Operating profit of \$622,000.**
- **Board declares twenty-second consecutive quarterly dividend of 2.0 cents.**

Toronto, Ontario– July 5, 2017 – Retained executive search firm The Caldwell Partners International Inc. (TSX: CWL) today issued its financial results for the fiscal 2017 third quarter ended May 31, 2017. All references to quarters or years are for the fiscal periods unless otherwise noted and all currency amounts are in Canadian dollars.

Financial Highlights (in \$000s except per share amounts)

	Three Months Ended May 31		Nine Months Ended May 31	
	2017	2016	2017	2016
Professional fees	\$14,443	\$13,680	\$41,737	\$41,906
Investment income	-	\$90	-	\$877
License fees	\$81	\$57	\$218	\$189
Revenues	\$14,524	\$13,827	\$41,955	\$42,972
Cost of sales	\$10,771	\$10,596	\$30,717	\$33,157
Expenses (1)	\$3,131	\$2,551	\$8,911	\$8,573
Operating profit	\$622	\$680	\$2,327	\$1,242
Investment (loss) income from marketable securities	(\$142)	-	(\$142)	\$404
Earnings before tax	\$480	\$680	\$2,185	\$1,646
Net earnings after tax	\$224	\$339	\$1,253	\$939
Net earnings per share	\$0.011	\$0.017	\$0.062	\$0.046

“We continue to focus on growing our firm in a way that will serve to make our clients better, more competitive and more successful,” said John Wallace, chief executive officer. “We have found that

keeping our clients at the centre of our strategy has been the catalyst for our growth and the driver behind our position as one of the fastest-growing search firms in our space and category.”

Wallace continued: “We added five new high calibre partners to our team during the third quarter and a sixth partner subsequent to quarter-end. This brings the number of partners in our wholly-owned offices to 40 – a new high water mark for the firm. We will continue to make strategic additions to the firm where it will expand the products and services that we are able to provide to our clients and to the benefit of our shareholders.”

The Board of Directors today also declared the payment of a quarterly dividend of 2.0 cents per Common Share payable to holders of Common Shares of record on July 14, 2017 and to be paid on September 8, 2017.

Financial Highlights (all numbers expressed in \$000s)

- Operating revenue:

Third Quarter

- Professional fees for the third quarter of 2017 increased 5.6% (2.8% excluding a 2.8% variance from exchange rate fluctuations) over the comparable period last year to \$14,443 (2016: \$13,680).
 - Third quarter professional fees in the US were up 6.6% (up 2.8% excluding a 3.8% variance from exchange rate fluctuations) to \$10,988 (2016: \$10,305). Increases in the Number of Assignments per Partner and Average Fee per Assignment were partially offset by a lower Average Number of Partners.
 - Third quarter professional fees in Canada were up 6.1% to \$3,205 (2016: \$3,020). A higher Average Number of Partners and higher Number of Assignments per Partner were partially offset by a lower Average Fee per Assignment.
 - Third quarter professional fees in Europe were down 29.6% (down 23.6% excluding a 6.0% variance from exchange rate fluctuations) to \$250 (2016: \$355). During the fourth quarter of fiscal 2016 and first quarter of fiscal 2017, two partners, whose aggregate related costs were significantly higher than the revenue produced, left the firm and corresponding reductions were made to the support staff. As a result, there was a significant decrease during the quarter in the Average Number of Partners, exacerbated by a decrease in Average Fee per Assignment and partially offset by an increase in the Number of Assignments per Partner.
- Investment income pertains to realized gains on equity positions taken in client companies as part of our professional fees. During fiscal 2016, the firm monetized an equity position obtained in a prior period. This monetization resulted in the

recognition of \$877 of investment income recorded during the second quarter (\$787) and third quarter (\$90) of fiscal 2016.

- License fees from our licensees in Latin America and New Zealand for the use of the Caldwell Partners brand and intellectual property for the 2017 third quarter were \$81 (2016: \$57).

Year to date

- Professional fees for the first nine months of 2017 decreased 0.4% (an increase of 0.3% excluding a 0.7% variance from exchange rate fluctuations) over the comparable period last year to \$41,737 (2016: \$41,906).
 - Year to date professional fees in the US were up 0.2% (up 0.6% excluding a 0.4% variance from exchange rate fluctuations) to \$31,166 (2016: \$31,106). A lower Average Fee per Assignment and a lower Average Number of Partners was more than offset by an increase in the Number of Assignments per Partner.
 - Year to date professional fees in Canada were up 7.1% to \$9,773 (2016: \$9,122), similarly caused by a higher Average Number of Partners and higher Number of Assignments per Partner being partially offset by a lower Average Fee per Assignment.
 - Year to date professional fees in Europe were down 52.4% (down 43.4% excluding an 9.0% variance from exchange rate fluctuations) to \$798 (2016: \$1,678), with the lower Number of Assignments per Partner and lower Average Number of Partners being only slightly offset by a higher Average Fee per Assignment, for the reasons noted above.
- License fees from our licensees in Latin America and New Zealand for the use of the Caldwell Partners brand and intellectual property for the nine-month period ended May 31, 2017 were \$218 (2016: \$189).

- Operating profit:

Third Quarter

- For the third quarter of 2017, higher revenue (\$697) was more than offset by higher cost of sales (\$175) and higher expenses (\$580). This resulted in a decrease in operating profit by \$58 to \$622 over the comparable period in the prior year (2016: \$680). Exchange rate variances relative to the prior year period had a favourable impact of \$134 on operating profit.
- Higher expenses were the result of increases in share-based compensation expense caused by increases in the share price in the current year compared with share price declines in the previous year and increases in management operating performance bonus accruals based on achievement of performance targets in the current year

versus non-attainment in the prior year, partially offset by general decreases across other categories.

- On a segment basis, \$500 of operating profit was from the US (\$746 net of intercompany license fees), \$216 (a loss of \$30 net of intercompany license fees) of operating profit was from Canada and Europe's operating loss was \$94

Year to date

- Year to date, lower revenue (\$1,017) was more than offset by lower cost of sales (\$2,440) and net of higher expenses (\$338). The net of these changes was an increase in operating profit of \$1,085 to \$2,327 (2016: \$1,242). Exchange rate variances relative to the prior year period had a favourable impact of \$66 on operating profit.
 - Higher expenses were driven by increases in management operating performance bonus accruals based on achievement of performance targets in the current year versus non-attainment in the prior year and increases in share-based compensation expense caused by increases in the share price in the current year compared with share price declines in the previous year. These increases were offset by a reduction in the contingent consideration payable related to the Hawksmoor acquisition based on final earn-out achievement calculations and net lower expenses in other cost categories.
 - On a segment basis, \$1,684 of operating profit was from the US (\$2,384 net of intercompany license fees), \$989 of operating profit was from Canada (\$288 net of intercompany license fee revenue) and Europe's operating loss was \$346.
- Net earnings after tax:
 - For the third quarter of 2017, we reported investment losses of \$142 representing capital losses on the sale of marketable securities compared to the prior year when there were no sales. Year to date, investment losses are \$142 compared to investment income of \$404 in the prior year.
 - Third quarter net income was \$224 (\$0.011 per share), as compared to \$339 (\$0.017 per share) in the comparable period a year earlier.
 - Year-to-date net income was \$1,253 (\$0.062 per share), as compared to \$939 (\$0.046 per share) in the comparable period a year earlier.

Average Number of Partners, Professional Fees per Partner, Number of Assignments, Number of Assignments per Partner and Average Fee per Assignment do not have any standardized meaning under IFRS and may not be comparable to measures presented by other companies. These operating measures are used by the Company to analyze its results. Please refer to section "Non-

GAAP Financial Measures and Other Operating Measures” in the Company’s MD&A for a definition of these terms.

For a complete discussion of the quarterly financial results, please see the company’s Management Discussion and Analysis posted on SEDAR at www.sedar.com

About Caldwell Partners

Caldwell Partners is a leading international provider of executive search and has been for more than 45 years. As one of the world’s most trusted advisors in executive search, the firm has a sterling reputation built on successful searches for boards, chief and senior executives, and selected functional experts. With offices and partners across North America, Europe, Latin America and Asia Pacific, the firm takes pride in delivering an unmatched level of service and expertise to its clients.

The Caldwell Partners’ Common shares are listed on The Toronto Stock Exchange (TSX: CWL). Please visit our website at www.caldwellpartners.com for further information.

Forward-Looking Statements

Forward-looking statements in this document are based on current expectations that are subject to the significant risks and uncertainties cited. These forward-looking statements generally can be identified by use of statements that include phrases such as “believe,” “expect,” “anticipate,” “intend,” “plan,” “foresee,” “may,” “will,” “likely,” “estimates,” “potential,” “continue” or other similar words or phrases. Similarly, statements that describe our objectives, plans or goals also are forward-looking statements. The Company is subject to many factors that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statement including, but not limited to, the Company’s ability to attract and retain key personnel; the performance of the Canadian, US domestic and international economies; competition from other companies directly or indirectly engaged in executive search; the possibility of a significant shareholder impacting shareholder votes; foreign currency exchange rate risks; the Company’s ability to invest retained earnings in marketable securities and in short-term money market instruments to generate consistent investment income returns; volatility of the market price and volume of common shares; and legal matters. For more information on the factors that could affect the outcome of forward-looking statements, refer to the “Risk Factors” section of our Annual Information Form and other public filings (copies of which may be obtained at www.sedar.com). These factors should be considered carefully and the reader should not place undue reliance on the forward-looking statements. Although any forward-looking statements are based on what management currently believes to be reasonable assumptions, we cannot assure readers that actual results, performance or achievements will be consistent with these forward-looking statements, and management’s assumptions may prove to be incorrect. Except as required by Canadian securities laws, we do not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time by us or on our behalf; such statements speak only as of the date made. The forward-looking statements included herein are expressly qualified in their entirety by this cautionary language.

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THE CALDWELL PARTNERS INTERNATIONAL INC.

CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(unaudited - in \$Canadian)

	<i>As at</i> <i>May 31</i> <i>2017</i>	<i>As at</i> <i>August 31</i> <i>2016</i>
Assets		
Current assets		
Cash and cash-equivalents	7,574	8,422
Marketable securities	5,012	5,056
Accounts receivable	9,510	10,031
Prepaid expenses and other assets	1,924	2,416
	24,020	25,925
Non-current assets		
Restricted cash	143	187
Marketable securities	295	573
Advances	618	502
Property and equipment	1,879	1,838
Intangible assets	215	279
Goodwill	2,972	2,920
Deferred income taxes	2,542	2,475
Total assets	32,684	34,699
Liabilities		
Current liabilities		
Accounts payable	2,116	2,384
Compensation payable	14,056	16,125
Dividends payable	408	403
Income taxes payable	891	513
Contingent consideration	-	289
Deferred revenue	536	1,187
	18,007	20,901
Non-current liabilities		
Compensation payable	846	687
Provisions	154	184
	19,007	21,772
Equity attributable to owners of the Company		
Share capital	7,515	7,295
Contributed surplus	14,992	15,025
Accumulated other comprehensive income	1,702	1,179
Deficit	(10,532)	(10,572)
Total equity	13,677	12,927
Total liabilities and equity	32,684	34,699

THE CALDWELL PARTNERS INTERNATIONAL INC.

CONSOLIDATED INTERIM STATEMENTS OF EARNINGS

(unaudited - in \$Canadian)

	Three months ended		Nine months ended	
	May 31		May 31	
	2017	2016	2017	2016
Revenues				
Professional fees	14,443	13,680	41,737	41,906
Investment income	-	90	-	877
License fees	81	57	218	189
	14,524	13,827	41,955	42,972
Cost of sales	10,771	10,596	30,717	33,157
Gross profit	3,753	3,231	11,238	9,815
Expenses				
General and administrative	2,903	2,313	8,275	7,787
Sales & marketing	277	257	716	787
Foreign exchange gain	(49)	(19)	(80)	(1)
	3,131	2,551	8,911	8,573
Operating profit	622	680	2,327	1,242
Investment (loss) income	(142)	-	(142)	404
Earnings before income tax	480	680	2,185	1,646
Income tax	256	341	932	707
Net earnings for the period attributable to owners of the Company	224	339	1,253	939
Earnings per share				
Basic and diluted	\$0.011	\$0.017	\$0.062	\$0.046

CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE EARNINGS

(unaudited - in \$Canadian)

	Three months ended		Nine months ended	
	May 31		May 31	
	2017	2016	2017	2016
Net earnings for the period	224	339	1,253	939
Other comprehensive income:				
Items that may be reclassified subsequently to net income				
Realization of loss (gain) included in net earnings	142	-	142	(403)
Unrealized gain on marketable securities	37	142	190	114
Cumulative translation adjustment	219	(152)	191	(188)
Comprehensive earnings for the period attributable to owners of the Company	622	329	1,776	462

THE CALDWELL PARTNERS INTERNATIONAL INC.

CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

(unaudited - in \$Canadian)

	Deficit	Capital Stock	Contributed Surplus	Accumulated Other Comprehensive Income (Loss) Cumulative Translation Adjustment	Unrealized Gains on Marketable Securities	Total Equity
Balance - September 1, 2015	(9,843)	7,295	15,025	1,271	841	14,589
Net earnings for the nine month period ended May 31, 2016	939	-	-	-	-	939
Dividend payments declared	(1,209)	-	-	-	-	(1,209)
Realization of gains included in net income	-	-	-	-	(403)	(403)
Change in unrealized gain on marketable securities available for sale	-	-	-	-	114	114
Change in cumulative translation adjustment	-	-	-	(188)	-	(188)
Balance - May 31, 2016	(10,113)	7,295	15,025	1,083	552	13,842
Balance - September 1, 2016	(10,572)	7,295	15,025	841	338	12,927
Net earnings for the nine month period ended May 31, 2017	1,253	-	-	-	-	1,253
Dividend payments declared	(1,213)	-	-	-	-	(1,213)
Employee share option plan share issue	-	220	(33)	-	-	187
Realization of losses included in net earnings	-	-	-	-	142	142
Change in unrealized gain on marketable securities available for sale	-	-	-	-	190	190
Change in cumulative translation adjustment	-	-	-	191	-	191
Balance - May 31, 2017	(10,532)	7,515	14,992	1,032	670	13,677

THE CALDWELL PARTNERS INTERNATIONAL INC.**CONSOLIDATED INTERIM STATEMENTS OF CASH FLOW***(unaudited - in \$Canadian)*

	<i>Nine months ended</i>	
	<i>May 31</i>	
	<i>2017</i>	<i>2016</i>

Cash flow provided by (used in)		
Operating activities		
Net earnings for the period	1,253	939
Adjustments for:		
Depreciation	419	403
Amortization	71	71
Amortization of advances	566	775
Realization of capital loss (gain)	142	(403)
Change in fair value of contingent consideration	(109)	8
Unrealized foreign exchange on subsidiary loans	(89)	42
Increase (decrease) in long term incentive accrual	159	(450)
Decrease (increase) in marketable securities	432	(1,309)
Decrease in accounts receivable	706	225
Decrease (increase) in prepaid expenses and other assets	514	(98)
Decrease in accounts payable	(298)	(282)
Increase in income taxes payable	356	345
Decrease in compensation payable	(1,565)	(3,355)
Payment of contingent consideration	(181)	(254)
Payment of compensation payable	(709)	(449)
Decrease in deferred revenue	(644)	(114)
Decrease in provisions	(30)	-
Net cash provided by (used in) operating activities	993	(3,906)
Investment activities		
Proceeds from sale of marketable securities	101	3,171
Advances	(669)	(642)
Decrease in restricted cash	48	313
Additions to property and equipment	(426)	(267)
Net cash (used in) provided by investing activities	(946)	2,575
Financing activities		
Share issuance from employee share option plan	187	-
Share purchase and cancellation	-	(1,603)
Dividend payments	(1,208)	(1,231)
Net cash used in investing activities	(1,021)	(2,834)
Effect of exchange rate changes on cash and cash equivalents	126	247
Net decrease in cash and cash equivalents	(848)	(3,918)
Cash and cash equivalents, beginning of period	8,422	9,956
Cash and cash equivalents, end of period	7,574	6,038
