



FOR IMMEDIATE RELEASE

## THE CALDWELL PARTNERS INTERNATIONAL ISSUES FISCAL 2018 THIRD QUARTER FINANCIAL RESULTS

- Third quarter revenue of \$18 million.
- Operating profit of \$1.3 million.
- Board declares 26<sup>th</sup> consecutive quarterly dividend.

Toronto - July 10, 2018 - Retained executive search firm The Caldwell Partners International Inc. (TSX: CWL) today issued its financial results for the fiscal 2018 third quarter ended May 31, 2018. 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)

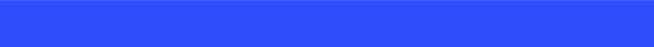
	Three Months Ended May 31		Nine Months Ended May 31	
	2018	2017	2018	2017
Professional fees	\$17,942	\$14,443	\$47,769	\$41,737
License fees	\$86	\$81	\$229	\$218
Revenues	\$18,028	\$14,524	\$47,998	\$41,955
Cost of sales	\$13,099	\$10,771	\$35,416	\$30,717
Expenses	\$3,648	\$3,131	\$9,690	\$8,911
Operating profit	\$1,281	\$622	\$2,892	\$2,327
Investment income (loss) from marketable securities	\$2	(\$142)	\$6	(\$142)
Earnings before tax	\$1,283	\$480	\$2,898	\$2,185
Net earnings after tax (1)	\$987	\$224	\$1,667	\$1,253
Net earnings per share	\$0.048	\$0.011	\$0.082	\$0.062

1. As a result of the new substantively enacted tax rate, the Company's US entity deferred tax balances were adjusted during the second quarter, resulting in additional deferred tax expense of \$204 during the nine-month period ending May 31, 2018. No such expense was incurred in the prior year.

"This was an outstanding quarter, bringing the firm to a new high-water mark for revenue," said John Wallace, chief executive officer. "Our search teams throughout our geographic

165 Avenue Road  
Suite 600  
Toronto, ON M5R3S4  
+1 (416) 920-7702

[caldwellpartners.com](http://caldwellpartners.com)



regions drove strong growth in both search volume and the value of assignments, despite pressure from foreign currency rates. We are especially pleased with the quarterly profit of our UK operations. With the largest level of new bookings and revenue in a single quarter in our history, we are positioned well for the fourth quarter. The significant increase in volume and our sustained focus on strategic additions to our partner team is creating search execution support needs, for which we will continue to hire in the fourth quarter.”


Wallace continued: “There is a lot of positive momentum inside our firm right now - our updated brand has been very well received since its debut, and we are excited about the recent expansion of our Agile Talent offering with the launch of our Value Creation Advisory Solution. We have an exceptional team of talented professionals at every level, all working towards a common goal - to provide value to our clients and shareholders - and it shows.”

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 19, 2018 and to be paid on September 13, 2018.

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

- Operating revenue:

### *Third Quarter*

- Professional fees for the third quarter of 2018 increased 24.2% (up 28.2% excluding an unfavourable 4% variance from exchange rate fluctuations) over the comparable period last year to \$17,942 (2017: \$14,443).
    - Third quarter professional fees in the US were up 22.8% (up 28.9% excluding an unfavourable 6.1% variance from exchange rate fluctuations) to \$13,492 (2017: \$10,988). This was the result of increases in the Average Number of Partners, Number of Assignments per Partner and Average Fee per Assignment.
    - Third quarter professional fees in Canada were up 10.0% to \$3,527 (2017: \$3,205). A higher Average Fee per Assignment and a higher Number of Assignments per Partner were partially offset by a lower Average Number of Partners.
    - Third quarter professional fees in Europe were up 269.2% (up 252.7% excluding a favourable 16.5% variance from exchange rate fluctuations) to \$923 (2017: \$250), with a lower Number of Assignments per Partner being more than offset by a higher Average Number of Partners and a significantly higher Average Fee per Assignment.
  - License fees from our licensees in Latin America and New Zealand for the use of the Caldwell brand and intellectual property for the 2018 third quarter were \$86 (2017: \$81).
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### *Year to date*

- Professional fees for the first nine months of 2018 increased 14.5% (18.4% excluding an unfavourable 3.9% variance from exchange rate fluctuations) over the comparable period last year to \$47,769 (2017: \$41,737).
    - Year to date professional fees in the US were up 14.0% (up 19.6% excluding an unfavourable 5.6% variance from exchange rate fluctuations) to \$35,526 (2017: \$31,166). This was the result of increases in the Average Number of Partners, Number of Assignments per Partner and Average Fee per Assignment.
    - Year to date professional fees in Canada were up 9.6% to \$10,710 (2017: \$9,773), with a higher Average Fee per Assignment and a higher Number of Assignments per Partner being partially offset by a lower Average Number of Partners.
    - Year to date professional fees in Europe were up 92.1% (up 83.2% excluding a favourable 8.9% variance from exchange rate fluctuations) to \$1,533 (2017: \$798), with a lower Number of Assignments per Partner being more than offset by the higher Average Number of Partners and higher Average Fee per Assignment.
  - Year to date license fees for the nine-month period ended May 31, 2018 were \$229 (2017: \$218).
- Operating profit:

### *Third Quarter*

- For the third quarter of 2018, increased revenue (\$3,504), partially offset by increased cost of sales (\$2,328) and expenses (\$517) increased operating profit by \$659 to \$1,281 (2017: \$622).
- Third quarter cost of sales increased 21.6% (25.9% excluding a favourable 4.3% variance from exchange rate fluctuations), or \$2,328 to \$13,099 (2017: \$10,771).
- Expenses in the third quarter increased 16.5% or \$517 over the same period in the prior year to \$3,648 (2017: \$3,131). Excluding exchange rate variances, expenses increased \$603 or 19.3% over the same period last year. This constant currency increase was the result of expenses from our partner conference held in the current quarter this year versus the second quarter in the prior year (\$376), higher bonus accruals on firm performance (\$94), foreign exchange losses on intercompany loans and US dollar bank account balances in the current period versus gains in the prior period (\$65), increased marketing costs due to brand update initiative (\$62) and a net increase across other expense categories (\$6).
- Excluding exchange rate variances, operating profit increased \$695 to \$1,317. On a segment basis, \$621 of operating profit was from the US (\$926 net of intercompany license fees), \$388 of operating profit was from Canada (\$83 net of intercompany license fees) and \$272 was from Europe.

### *Year to date*

- Year to date, higher revenue (\$6,043), partially offset by higher cost of sales (\$4,699) and expenses (\$779) increased operating profit by \$565 to \$2,892 (2017: \$2,327).
  - Year to date cost of sales increased 15.3% (19.5% excluding a favourable 4.2% variance from exchange rate fluctuations), or \$4,699 to \$35,416 (2017: \$30,717).
  - Year to date expenses increased \$779 over the same period in the prior year to \$9,690 (2017: \$8,911). Excluding exchange rate variances, expenses increased \$1,020 or 11.4% over the same period last year. Constant currency increases were the result of share-based compensation expense caused by an increase in the share price in the current year versus a decline in the share price in the same period last year (\$225), increased marketing expenses related to our brand update initiative that is now complete (\$210), firm-wide search team practice meetings for business development and training being held during the current year but not in the prior year (\$182), a reduction in the final Hawksmoor acquisition earn-out amount payable recognized in the prior year with no such reduction in the current year as the amount was fully settled (\$115), increased business development costs on higher revenue (\$113), and net general increases across other categories (\$175).
- Excluding exchange rate variances, operating profit increased \$716 to \$3,043. On a segment basis, \$1,710 of operating profit was from the US (\$2,513 net of intercompany license fees), \$1,566 of operating profit was from Canada (\$763 net of intercompany license fee revenue) and Europe's operating loss was \$383.
- Net earnings after tax:
  - Third quarter net income was \$987 (\$0.048 per share), as compared to \$224 (\$0.011 per share) in the comparable period a year earlier.
  - Year-to-date net income was \$1,667 (\$0.082 per share), as compared to \$1,253 (\$0.062 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](http://www.sedar.com).

## **About Caldwell**

At Caldwell we believe *Talent Transforms*. As a leading provider of executive talent, we enable our clients to thrive and succeed by helping them identify, recruit and retain their best people. Our reputation-nearly 50 years in the making-has been built on transformative searches across

functions and geographies at the very highest levels of management and operations. We leverage our skills and networks to also provide agile talent in the form of flexible and on-demand advisory solutions for companies looking for support in strategy and operations. With offices and partners across North America, Europe, Latin America and Asia Pacific, we take pride in delivering an unmatched level of service and expertise to our clients.

Caldwell's Common shares are listed on The Toronto Stock Exchange (TSX: CWL). Please visit our website at [www.caldwellpartners.com](http://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, our ability to attract and retain key personnel; exposure to our Partners taking our clients with them to another firm; the performance of the Canadian, US and international economies; competition from other companies directly or indirectly engaged in executive search; liability risk in the services we perform; potential legal liability from clients, employees and candidates for employment; cybersecurity requirements, vulnerabilities, threats and attacks; damage to our brand reputation; our ability to align our cost structure to changes in our revenue; adverse tax law rulings; our ability to generate sufficient cash flow from operations to support our growth and maintain our dividend; foreign currency exchange rate fluctuations; marketable securities valuation fluctuations; volatility of the market price and volume of our common shares; any potential impairment of our acquired goodwill and intangible assets; and the risk associated with license fee agreement renewals. 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](http://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.*

For further information, please contact:

### Investors:

Chris Beck, CPA, Chief Operating and  
Financial Officer  
[cbeck@caldwellpartners.com](mailto:cbeck@caldwellpartners.com)  
+1 (617) 934-1843

### Media:

Caroline Lomot, Director of Marketing  
[clomot@caldwellpartners.com](mailto:clomot@caldwellpartners.com)  
+1 (516) 830-3535

# THE CALDWELL PARTNERS INTERNATIONAL INC.

## CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(unaudited - in \$000s Canadian)

	<i>As at</i>	<i>As at</i>
	<i>May 31</i>	<i>August 31</i>
	<i>2018</i>	<i>2017</i>
<b>Assets</b>		
Current assets		
Cash and cash-equivalents	10,460	10,917
Marketable securities	5,620	5,048
Accounts receivable	9,964	9,393
Prepaid expenses and other assets	1,929	1,848
	27,973	27,206
Non-current assets		
Restricted cash	137	133
Marketable securities	177	172
Advances	168	503
Property and equipment	1,480	1,699
Intangible assets	115	178
Goodwill	2,902	2,761
Deferred income taxes	1,488	1,650
Total assets	34,440	34,302
<b>Liabilities</b>		
Current liabilities		
Accounts payable	2,352	2,044
Compensation payable	15,813	15,896
Dividends payable	408	408
Income taxes payable	485	636
Deferred revenue	189	1,107
	19,247	20,091
Non-current liabilities		
Compensation payable	1,146	958
Provisions	105	133
	20,498	21,182
Equity attributable to owners of the Company		
Share Capital	7,515	7,515
Contributed surplus	15,000	14,992
Accumulated other comprehensive income	1,221	850
Deficit	(9,794)	(10,237)
Total equity	13,942	13,120
Total liabilities and equity	34,440	34,302

# THE CALDWELL PARTNERS INTERNATIONAL INC.

## CONSOLIDATED INTERIM STATEMENTS OF EARNINGS

(unaudited - in \$000s Canadian)

	Three months ended		Nine months ended	
	May 31		May 31	
	2018	2017	2018	2017
Revenues				
Professional fees	17,942	14,443	47,769	41,737
License fees	86	81	229	218
	18,028	14,524	47,998	41,955
Cost of sales	13,099	10,771	35,416	30,717
Gross profit	4,929	3,753	12,582	11,238
Expenses				
General and administrative	3,234	2,903	8,782	8,275
Sales and marketing	395	277	964	716
Foreign exchange (gain) loss	19	(49)	(56)	(80)
	3,648	3,131	9,690	8,911
Operating profit	1,281	622	2,892	2,327
Investment income (loss)	2	(142)	6	(142)
Earnings before income tax	1,283	480	2,898	2,185
Income tax expense	296	256	1,231	932
Net earnings for the period attributable to owners of the Company	987	224	1,667	1,253
Earnings per share				
Basic and diluted	\$0.048	\$0.011	\$0.082	\$0.062

## CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE EARNINGS

(unaudited - in \$000s Canadian)

	Three months ended		Nine months ended	
	May 31		May 31	
	2018	2017	2018	2017
Net earnings for the period	987	224	1,667	1,253
Other comprehensive income (loss):				
Realization of loss included in net income	-	142	-	142
Unrealized (loss) gain on marketable securities	(17)	37	72	190
Cumulative translation adjustment	53	219	299	191
Comprehensive earnings for the period attributable to owners of the Company	1,023	622	2,038	1,776

# THE CALDWELL PARTNERS INTERNATIONAL INC.

## CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

(unaudited - in \$000s Canadian)

	Accumulated Other Comprehensive Income					
	Deficit	Capital Stock	Contributed Surplus	Cumulative Translation Adjustment	Unrealized Gains on Marketable Securities	Total Equity
<b>Balance - September 1, 2016</b>	<b>(10,572)</b>	<b>7,295</b>	<b>15,025</b>	<b>841</b>	<b>338</b>	<b>12,927</b>
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
<b>Balance - May 31, 2017</b>	<b>(10,532)</b>	<b>7,515</b>	<b>14,992</b>	<b>1,032</b>	<b>670</b>	<b>13,677</b>
<b>Balance - September 1, 2017</b>	<b>(10,237)</b>	<b>7,515</b>	<b>14,992</b>	<b>428</b>	<b>422</b>	<b>13,120</b>
Net earnings for the nine month period ended May 31, 2018	1,667	-	-	-	-	1,667
Dividend payments declared	(1,224)	-	-	-	-	(1,224)
Share based payment expense	-	-	8	-	-	8
Change in unrealized gains on marketable securities available for sale	-	-	-	-	72	72
Change in cumulative translation adjustment	-	-	-	299	-	299
<b>Balance - May 31, 2018</b>	<b>(9,794)</b>	<b>7,515</b>	<b>15,000</b>	<b>727</b>	<b>494</b>	<b>13,942</b>



# THE CALDWELL PARTNERS INTERNATIONAL INC.

## CONSOLIDATED INTERIM STATEMENTS OF CASH FLOW

(unaudited - in \$000s Canadian)

	Nine months ended May 31	
	2018	2017
Cash flow provided by (used in)		
Operating Activities		
Net earnings for the period	1,667	1,253
Add (deduct) items not affecting cash		
Depreciation	399	419
Amortization	67	71
Amortization of advances	589	566
Realization of capital loss	-	142
Share based payment expense	8	-
Unrealized foreign exchange on subsidiary loans	(76)	(89)
Reduction in marketable securities following assignment to partner	-	432
Decrease in provisions	(29)	(30)
Decrease in deferred taxes	204	-
Change in fair value of contingent consideration	-	(109)
Decrease in deferred revenue	(927)	(644)
Increase in cash settled share-based compensation payable	189	159
(Increase) decrease in accounts receivable	(341)	706
(Increase) decrease in prepaid expenses and other assets	(276)	514
Increase (decrease) in accounts payable	271	(298)
(Decrease) increase in income taxes payable	(161)	356
Increase (decrease) in compensation payable	215	(1,565)
Payment of contingent consideration	-	(181)
Payment of cash settled share-based compensation	(553)	(709)
Net cash provided by operating activities	1,246	993
Investment Activities		
Proceeds from sale of marketable securities	-	101
Increase in marketable securities	(500)	-
Payment of advances	-	(669)
Decrease in restricted cash	-	48
Additions to property and equipment	(147)	(426)
Net cash used in investing activities	(647)	(946)
Financing Activities		
Share issuance from employee share option plan	-	187
Dividend payments	(1,224)	(1,208)
Net cash used in financing activities	(1,224)	(1,021)
Effect of exchange rate changes on cash and cash equivalents	168	126
Net decrease in cash and cash equivalents	(457)	(848)
Cash and cash equivalents, beginning of period	10,917	8,422
Cash and cash equivalents, end of period	10,460	7,574