



**FOR IMMEDIATE RELEASE:**

**The Caldwell Partners International Issues Fiscal 2017  
Fourth Quarter and Full Year Financial Results**

- Annual revenue of \$57.8 million
- Operating profit of \$3.1 million
- Board declares twenty-third consecutive quarterly dividend of 2.0 cents

**Toronto, Ontario– November 9, 2017** – Retained executive search firm The Caldwell Partners International Inc. (TSX: CWL) today issued its financial results for the fiscal 2017 fourth quarter and year ended August 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 August 31		Year Ended August 31	
	2017	2016	2017	2016
Professional fees	\$15,758	\$15,712	\$57,495	\$57,618
Investment income	-	-	-	\$877
License fee revenue	\$92	\$64	\$310	\$253
Operating revenue	\$15,850	\$15,776	\$57,805	\$58,748
Cost of sales	\$11,588	\$11,447	\$42,305	\$44,604
Expenses <sup>1</sup>	\$3,476	\$4,291	\$12,387	\$12,866
Operating profit	\$786	\$37	\$3,113	\$1,278
Investment income from marketable securities	\$180	-	\$38	\$404
Earnings before tax	\$966	\$37	\$3,151	\$1,682
Net earnings after tax	\$704	\$ (57)	\$1,957	\$881
Net earnings per share	\$0.034	\$ (0.003)	\$0.096	\$0.044

1. During the fourth quarter and full year of 2016, the Company recorded charges totalling \$1,009 with \$759 related to the sublease and relocation of our New York office premises and \$250 of separation costs associated with aligning our support staff structure to current-state business needs.

“We are pleased with our team’s performance in both the quarter and the full year,” said John Wallace, chief executive officer. “Our Canadian team had a significant rebound from last year’s

challenges, the US saw higher search volumes in a steady economic environment, the UK team's two new partners will contribute favourably towards profitability in the coming year, and we are seeing increased traction in cross-border collaboration with our colleagues in Latin America and New Zealand. We have a strong and well-functioning team overall, and the seven new partner teams in Stamford, New York, Miami, Atlanta and London have further expanded our ability to make our clients better, more competitive and more successful by connecting them with transformational talent."

Wallace continued: "We believe the results we were able to deliver are reflective of the manner in which we are running this firm – balancing growth through the continued investment in the firm with profitability that allows us to reward our shareholders with a sustainable dividend."

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 November 20, 2017 and to be paid on December 15, 2017.

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

- Operating revenue:

#### *Fourth quarter:*

- Professional fees for the fourth quarter of 2017 increased 0.3% (0.9% excluding an unfavourable 0.6% variance from exchange rate fluctuations) over the comparable period last year to \$15,758 (2016: \$15,712).
- The positive impact of a higher Average Number of Partners at 39.5 compared to 38.5 in the prior year period and higher productivity per partner was partially offset by a lower Average Fee. The Number of Assignments per Partner increased to 2.8 (2016: 2.4), resulting in an increase in the total Number of Assignments to 112 (2016: 94). The Average Fee per Assignment decreased to \$141 (2016: \$167).
  - Fourth quarter professional fees in the US were down 13.0% (12.3% excluding an unfavourable 0.7% variance from exchange rate fluctuations) to \$10,492 (2016: \$12,063). Increases in both the Average Number of Partners and Number of Assignments per Partner were more than offset by a decrease in the Average Fee per Assignment during the period.
  - Fourth quarter professional fees in Canada were up 61.9% to \$5,079 (2016: \$3,139). The impact of a slightly lower Average Number of Partners was more than offset by a higher Number of Assignments per Partner and a higher Average Fee per Assignment. Two specific assignments generating Professional Fees in excess of \$800 drove professional fees and the Average Fee per Assignment in the current year quarter.
  - Fourth quarter professional fees in Europe were down 63.3% (down 59.4% excluding an unfavourable 3.9% variance from exchange rate fluctuations) to \$187 (2016: \$509). 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. Despite a new partner being hired near the end of the current year third quarter, there was still a decrease during the quarter in the Average Number of Partners, exacerbated by a decrease in the Number of Assignments per Partner and only partially offset by an increase in the Average Fee per Assignment.

- License fees from our affiliations in Latin America and New Zealand for the use of the Caldwell Partners brand and intellectual property were \$92 (2016: \$64) for the fourth quarter.

*Full year:*

- Professional fees for the year decreased 0.2% (an increase of 0.4% excluding an unfavourable 0.6% variance from exchange rate fluctuations) over the comparable period last year to \$57,495 (2016: \$57,618).
- A slightly lower Average Number of Partners at 37.5 compared to 38.0 in the prior year and a lower Average Fee per Assignment were partially offset by higher productivity per partner. The Average Fee per Assignment decreased to \$133 (2016: \$150). The year-to-date Number of Assignments per Partner increased to 11.5 (2016: 10.1), resulting in an increase in the total Number of Assignments to 432 (2016: 383).

- Operating profit:

*Fourth quarter:*

- For the 2017 fourth quarter, higher revenue (\$74) and lower expenses (\$816) partially offset by higher cost of sales (\$141) resulted in an increase in operating profit of \$749 over the comparable period in the prior year to \$786 (2016: \$37). Exchange rate variances accounted for net reduction of \$47 in operating profit relative to the rates in effect in the prior year period.
  - Fourth quarter cost of sales increased 1.2% or \$141 to \$11,588 (1.8% excluding a favourable 0.6% variance from exchange rate fluctuations) from \$11,447.
  - Fourth quarter expenses decreased 19.0% or \$816 from the prior year comparable period to \$3,476 (2016: \$4,292). Excluding exchange rate variances of \$15, expenses on a constant currency basis decreased \$831 or 19.3% versus the same period last year. During the fourth quarter of the previous year we incurred certain expenses in connection with reducing the fixed costs of the Company. This included charges of \$759 related to the sublease and relocation of our New York office premises and \$250 of separation costs associated with aligning our support staff structure to current-state business needs. Adjusting for the charges taken as well as the foreign exchange variances, the remaining expenses increased \$178 on a constant currency basis or 5.6% over the same period last year.

- On a segment basis, the fourth quarter operating profit of \$786 came from the US producing \$216 (\$450 income excluding the impact of intercompany license fees), Canada \$712 (\$478, excluding intercompany license fee revenue) and Europe generating an operating loss of \$142.

*Full year:*

- For the 2017 full year, lower revenue (\$943) more than offset by decreases in cost of sales (\$2,299) and expenses (\$479) resulted in an increase in operating profit of \$1,835 to \$3,113 (2016: \$1,278). Exchange rate variances accounted for a net \$23 increase in operating profit relative to the rates in effect in the prior year.
  - Cost of sales for the year decreased 5.2% to \$42,305 (4.5% excluding a favourable 0.7% variance from exchange rate fluctuations) from \$44,604. As a percentage of professional revenue, cost of sales decreased to 73.6%, down \$2,299 or 2.7% of professional revenue from 76.3% in the same period last year. Lower partner compensation (down 1.1% as a percentage of professional revenue) was driven by lower variable commission tiers in the current year compensation plan compared to the prior year lower partner support personnel compensation (down 1.7% as a percentage of professional revenue). These favourable variances were partially offset by slightly higher costs of search delivery materials (up 0.1% as a percentage of professional revenue).
  - Full year expenses decreased 3.7% or \$479 over the prior year to \$12,387 (2016: \$12,866). Excluding exchange rate variances of \$119, remaining expenses on a constant currency basis decreased \$360 or 2.8% over the same period last year. The decrease includes the charges taken in the fourth quarter of 2016 discussed above of \$759 in constant currency related to the sublease and relocation of our New York office space as well as the separation costs of \$250. Adjusting for the charges taken as well as the foreign exchange variances, year over year expenses increased \$649 on a constant currency basis, or 5.5%.
- On a segment basis, full year operating profit of \$3,113 came from operating profit in the US of \$1,900 (\$2,835 net of intercompany license fees) and operating profit in Canada of \$1,701 (\$766 net of intercompany license fee revenue) being offset by an operating loss in Europe of \$488.
- Net earnings:
  - Fourth quarter net earnings were \$704 (\$0.034 per share) in 2017, as compared to a net loss of \$57 (\$0.003 per share) in the comparable period a year earlier.
  - The full year net earnings after tax were \$1,957 (\$0.096 per share) in 2017, versus \$881 (\$0.044 per share) in 2016.

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 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](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, 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; and volatility of the market price and volume of common shares. 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 & Analysts:**

Chris Beck, CPA, Chief Financial Officer  
The Caldwell Partners International  
[cbeck@caldwellpartners.com](mailto:cbeck@caldwellpartners.com)  
+1.617.934.1843

**Media:**

Caroline Lomot, Director of Marketing  
The Caldwell Partners International  
[clomot@caldwellpartners.com](mailto:clomot@caldwellpartners.com)  
+1.516.830.3535

# THE CALDWELL PARTNERS INTERNATIONAL INC.

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in \$000s Canadian)

	<i>As at</i> <i>August 31</i> <i>2017</i>	<i>As at</i> <i>August 31</i> <i>2016</i>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	10,917	8,422
Marketable securities	5,048	5,056
Accounts receivable	9,393	10,031
Prepaid expenses and other assets	1,848	2,416
	<u>27,206</u>	<u>25,925</u>
Non-current assets		
Restricted cash	133	187
Marketable securities	172	573
Advances	503	502
Property and equipment	1,699	1,838
Intangible assets	178	279
Goodwill	2,761	2,920
Deferred income taxes	1,650	2,475
	<u>34,302</u>	<u>34,699</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable	2,044	2,384
Compensation payable	15,896	16,125
Dividends payable	408	403
Income taxes payable	636	513
Contingent consideration	-	289
Deferred revenue	1,107	1,187
	<u>20,091</u>	<u>20,901</u>
Non-current liabilities		
Compensation payable	958	687
Provisions	133	184
	<u>21,182</u>	<u>21,772</u>
Equity attributable to owners of the Company		
Share capital	7,515	7,295
Contributed surplus	14,992	15,025
Accumulated other comprehensive income	850	1,179
Deficit	(10,237)	(10,572)
Total equity	<u>13,120</u>	<u>12,927</u>
Total liabilities and equity	<u>34,302</u>	<u>34,699</u>

# THE CALDWELL PARTNERS INTERNATIONAL INC.

## CONSOLIDATED STATEMENTS OF EARNINGS

(in \$000s Canadian, except per share amounts)

	Twelve months ended	
	August 31	
	2017	2016
Revenues		
Professional fees	57,495	57,618
Investment income	-	877
Licence fees	310	253
	57,805	58,748
Cost of sales	42,305	44,604
Gross profit	15,500	14,144
Expenses		
General and administrative	11,210	11,682
Sales and marketing	1,173	1,144
Foreign exchange loss	4	40
	12,387	12,866
Operating profit	3,113	1,278
Investment income	38	404
Earnings before income taxes	3,151	1,682
Income taxes	1,194	801
Net earnings for the year attributable to owners of the Company	1,957	881
Earnings per share		
Basic	\$0.096	\$0.044
Diluted	\$0.096	\$0.043

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS

(in \$000s Canadian)

	Twelve months ended	
	August 31	
	2017	2016
Net earnings for the year	1,957	881
Other comprehensive income:		
Items that may be reclassified subsequently to net earnings		
Realization of gains on marketable securities included in net earnings	(38)	(403)
Unrealized gain (loss) on marketable securities	123	(100)
Cumulative translation adjustment	(414)	(430)
Comprehensive earnings (loss) for the year attributable to owners of the Company	1,628	(52)



# THE CALDWELL PARTNERS INTERNATIONAL INC.

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in \$000s Canadian)

	Deficit	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income (Loss) Cumulative Translation Adjustment	Unrealized Gains (Loss) on Marketable Securities	Total Equity
<b>Balance - August 31, 2015</b>	<b>(9,843)</b>	<b>7,295</b>	<b>15,025</b>	<b>1,272</b>	<b>840</b>	<b>14,589</b>
Net earnings for the year	881	-	-	-	-	881
Dividend payments declared	(1,610)	-	-	-	-	(1,610)
Realization of gains on marketable securities included in net earnings	-	-	-	-	(403)	(403)
Change in unrealized loss on marketable securities	-	-	-	-	(100)	(100)
Change in cumulative translation adjustment	-	-	-	(430)	-	(430)
<b>Balance - August 31, 2016</b>	<b>(10,572)</b>	<b>7,295</b>	<b>15,025</b>	<b>842</b>	<b>337</b>	<b>12,927</b>
Net earnings for the year	1,957	-	-	-	-	1,957
Dividend payments declared	(1,622)	-	-	-	-	(1,622)
Employee share option plan share issue	-	220	(33)	-	-	187
Realization of gains on marketable securities included in net earnings	-	-	-	-	(38)	(38)
Change in unrealized loss on marketable securities	-	-	-	-	123	123
Change in cumulative translation adjustment	-	-	-	(414)	-	(414)
<b>Balance - August 31, 2017</b>	<b>(10,237)</b>	<b>7,515</b>	<b>14,992</b>	<b>428</b>	<b>422</b>	<b>13,120</b>

# THE CALDWELL PARTNERS INTERNATIONAL

## CONSOLIDATED STATEMENTS OF CASH FLOW

(in \$000s Canadian)

	<i>Twelve months ended</i>	
	<i>August 31</i>	
	<i>2017</i>	<i>2016</i>
Cash flow provided by (used in)		
Operating activities		
Net earnings for the year	1,957	881
Adjustments for:		
Depreciation	559	539
Amortization	94	94
Amortization of advances	803	992
Realized gain on marketable securities	(38)	(403)
Change in fair value of contingent consideration	(109)	10
Unrealized foreign exchange on subsidiary loans	(12)	28
Non-cash professional fees received as equity	-	(1,121)
Reduction in marketable securities following assignment to partner	432	-
Decrease in deferred taxes	723	403
Increase (decrease) in cash settled share-based compensation	271	(377)
Loss on disposal of property and equipment	-	77
Decrease (increase) in accounts receivable	338	(1,916)
Decrease (increase) in prepaid expenses and other assets	759	(473)
(Decrease) increase in accounts payable	(277)	401
Increase (decrease) in compensation payable	929	(95)
Increase in income taxes payable	162	193
Payment of cash settled share-based compensation	(709)	(449)
Payment of contingent consideration	(181)	(254)
(Decrease) increase in deferred revenue	(65)	245
(Decrease) increase in provisions	(51)	184
<b>Net cash provided by (used in) operating activities</b>	<b>5,585</b>	<b>(1,041)</b>
Investing activities		
Proceeds from sale of marketable securities	1,101	3,171
Purchase of marketable securities	(1,000)	-
Payment of advances	(1,125)	(592)
Decrease in restricted cash	48	313
Additions to property and equipment	(469)	(414)
<b>Net cash (used in) provided by investing activities</b>	<b>(1,445)</b>	<b>2,478</b>
Financing activities		
Share issuance from employee share option plan	187	-
Share purchase and cancellation	-	(1,604)
Dividend payments	(1,622)	(1,633)
<b>Net cash used in financing activities</b>	<b>(1,435)</b>	<b>(3,237)</b>
Effect of exchange rate changes on cash and cash equivalents	(210)	266
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>2,495</b>	<b>(1,534)</b>
Cash and cash equivalents, beginning of year	8,422	9,956
<b>Cash and cash equivalents, end of year</b>	<b>10,917</b>	<b>8,422</b>