



FOR IMMEDIATE RELEASE

**The Caldwell Partners International
Issues Fiscal 2018 First Quarter Financial Results**

- **First quarter revenue of \$15.0 million.**
- **Operating profit of \$0.9 million.**
- **Board declares twenty-fourth consecutive quarterly dividend.**

Toronto, Ontario– January 11, 2018 – Retained executive search firm The Caldwell Partners International Inc. (TSX: CWL) today issued its financial results for the fiscal 2018 first quarter ended November 30, 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 November 30	
	2017	2016
Professional fees	\$14,973	\$13,629
Investment income	-	-
License fee revenue	\$76	\$75
Operating revenue	\$15,049	\$13,704
Cost of sales	\$11,073	\$10,221
Expenses	\$3,072	\$2,384
Operating profit	\$904	\$1,099
Investment income from marketable securities	\$2	-
Earnings before tax	\$906	\$1,099
Net earnings after tax	\$410	\$762
Net earnings per share	\$0.020	\$0.038

“The Caldwell Partners team delivered a strong performance in the first quarter,” said John Wallace, chief executive officer. “The overall economic outlook remains healthy, as we continue to experience solid search demand, notwithstanding our unbalanced performance from geography to geography. We saw robust revenue growth in the US this quarter, which augmented our somewhat

-muted results in Canada and continued financial investments in the establishment and growth of the UK. While we do anticipate unevenness from quarter to quarter and from our geographic regions, our partners are collectively performing strongly, with search volumes and pricing holding steady.”

Wallace continued: “As we continue to grow our presence, and to further respond to our client’s needs and requirements, it has become imperative to address the need to add supplemental breadth and depth to our existing teams, in order to continue to enhance our overall capabilities. As such, we will be placing incremental attention in the coming months and quarters on the recruitment of Partners and teams, with a particular emphasis in the United States.”

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 January 23, 2018 and to be paid on March 19, 2018.

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

- Operating revenue:
 - Professional fees for the first quarter of 2018 increased 9.9% (an increase of 14.4% excluding an unfavourable 4.5% variance from exchange rate fluctuations) over the comparable period last year to \$14,973 (2017: \$13,629).
 - The increase in professional fees is attributable to a slightly higher Average Number of Partners at 38.0 compared to 37.8 in the prior year period and an increase in Average Fee per Assignment to \$131 (2017: \$117) partially offset by a lower Number of Assignments per Partner from 3.1 to 3.0 resulting in a decrease in number of assignments to 114 (2017: 116).
 - First quarter professional fees in the US were up 20.8% (up 27.3% excluding an unfavourable 6.5% variance from exchange rate fluctuations) to \$11,545 (2017: \$9,557). The gain was the result of increases in the Number of Assignments per Partner, the Average Number of Partners and the Average Fee per Assignment.
 - First quarter professional fees in Canada were down 5.7% to \$3,384 (2017: \$3,589). A higher Average Fee per Assignment was more than offset by a lower Number of Partners and a lower Number of Assignments per Partner.
 - First quarter professional fees in Europe were down 90.9% (down 91.0% excluding a 0.1% favourable variance from exchange rate fluctuations) to \$44 (2017: \$483). The addition of one new partner in the second half of 2017 and another late in the current period resulted in a higher Number of Partners, offset by a significantly lower Number of Assignments per Partner and Average Fee per Assignment.
 - 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 first quarter were \$76 (2017: \$75).

- Operating profit:
 - For the first quarter of 2018, higher revenue (\$1,345) more than offset by the combination of higher cost of sales (\$852) and higher expenses (\$688) resulted in a decrease in operating profit of \$195 to \$904 (2017: \$1,099) over the comparable period in the prior year. Excluding exchange rate variances, operating profit decreased \$124 to \$975.
 - First quarter cost of sales increased 8.3% (12.9% excluding a favourable 4.6% variance from exchange rate fluctuations), or \$852 to \$11,073 (2017: \$10,221).
 - Expenses in the first quarter increased 28.9% or \$688 over the same period in the prior year to \$3,072 (2017: \$2,384). Excluding exchange rate variances, expenses increased \$787 or 33.0% over the same period last year. This constant currency increase was the result of increases in share-based compensation expense caused from an increase in the share price in the current year versus a decline in the share price in the same period last year (\$328), firm-wide search team practice meetings for business development and training being held during the period in the current period but not in the prior year (\$165), a reduction in the final Hawksmoor acquisition (UK – 2014) 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 marketing expenses related to our brand update initiative (\$100), increased partner recruitment expenses (\$68), increased business development costs (\$65) and general increases across other categories (\$38). These unfavourable variances were partially offset by decreases in legal fees (\$70) and increases in foreign exchange gains on intercompany loans and US dollar bank account balances (\$22).
 - On a segment basis, \$1,101 of profit was from the US (\$1,366 net of intercompany license fees), \$299 of profit was from Canada (\$34 net of intercompany license fee revenue) and Europe’s operating loss was \$496. The year over year decrease in operating profit of \$195 came from decreases in Canada of \$139 and Europe of \$430, partially offset by an increase in the US of \$374.
- Net earnings after tax:
 - First quarter net income was \$410 (\$0.020 per share), as compared to \$762 (\$0.038 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, 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; and any potential impairment of our acquired goodwill and intangible assets. 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 \$000s Canadian)*

	<i>As at</i>	
	<i>November 30</i>	<i>August 31</i>
	<i>2017</i>	<i>2017</i>
Assets		
Current assets		
Cash and cash equivalents	9,455	10,917
Marketable securities	5,107	5,048
Accounts receivable	9,289	9,393
Prepaid expenses and other current assets	1,656	1,848
	<u>25,507</u>	<u>27,206</u>
Non-current assets		
Restricted cash	136	133
Marketable securities	177	172
Advances	379	503
Property and equipment	1,649	1,699
Intangible assets	160	178
Goodwill	2,913	2,761
Deferred income taxes	1,691	1,650
Total assets	<u>32,612</u>	<u>34,302</u>
Liabilities		
Current liabilities		
Accounts payable	2,133	2,044
Compensation payable	14,110	15,896
Dividends payable	408	408
Income taxes payable	969	636
Deferred revenue	227	1,107
	<u>17,847</u>	<u>20,091</u>
Non-current liabilities		
Compensation payable	1,178	958
Provisions	125	133
	<u>19,150</u>	<u>21,182</u>
Equity attributable to owners of the Company		
Share capital	7,515	7,515
Contributed surplus	14,995	14,992
Accumulated other comprehensive income	1,187	850
Deficit	(10,235)	(10,237)
Total equity	<u>13,462</u>	<u>13,120</u>
Total liabilities and equity	<u>32,612</u>	<u>34,302</u>

THE CALDWELL PARTNERS INTERNATIONAL INC.

CONSOLIDATED INTERIM STATEMENTS OF EARNINGS

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

	Three months ended November 30	
	2017	2016
Revenues		
Professional fees	14,973	13,629
License fees	76	75
	<hr/> 15,049	<hr/> 13,704
Cost of sales	11,073	10,221
Gross profit	<hr/> 3,976	<hr/> 3,483
Expenses		
General and administrative	2,813	2,256
Sales and marketing	329	177
Foreign exchange gain	(70)	(49)
	<hr/> 3,072	<hr/> 2,384
Operating profit	904	1,099
Investment income	2	-
Earnings before income taxes	906	1,099
Income taxes	496	337
Net earnings for the period attributable to owners of the Company	<hr/> 410	<hr/> 762
Earnings per share		
Basic and diluted	0.020	0.038

CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE EARNINGS

(unaudited - in \$000s Canadian)

	Three months ended November 30	
	2017	2016
Net earnings for the period	410	762
Other comprehensive income:		
Items that may be reclassified subsequently to net earnings		
Unrealized gain on marketable securities	59	38
Cumulative translation adjustment	278	85
Comprehensive earnings for the period attributable to owners of the Company	<hr/> 747	<hr/> 885

THE CALDWELL PARTNERS INTERNATIONAL INC.

CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

(unaudited - in \$000s Canadian)

	Accumulated Other Comprehensive Income (Loss)					
	Deficit	Share Capital	Contributed Surplus	Cumulative Translation Adjustment	Unrealized Gains on Marketable Securities	Total Equity
Balance - September 1, 2016	(10,572)	7,295	15,025	842	337	12,927
Net earnings for the three month period ended November 30, 2016	762	-	-	-	-	762
Dividend payments declared	(403)	-	-	-	-	(403)
Change in unrealized gains on marketable securities available for sale	-	-	-	-	38	38
Change in cumulative translation adjustment	-	-	-	85	-	85
Balance - November 30, 2016	(10,213)	7,295	15,025	927	375	13,409
Balance - September 1, 2017	(10,237)	7,515	14,992	428	422	13,120
Net earnings for the three month period ended November 30, 2017	410	-	-	-	-	410
Dividend payments declared	(408)	-	-	-	-	(408)
Share based payment expense	-	-	3	-	-	3
Change in unrealized gains on marketable securities available for sale	-	-	-	-	59	59
Change in cumulative translation adjustment	-	-	-	278	-	278
Balance - November 30, 2017	(10,235)	7,515	14,995	706	481	13,462

THE CALDWELL PARTNERS INTERNATIONAL INC.

CONSOLIDATED INTERIM STATEMENTS OF CASH FLOW

(unaudited - in \$000s Canadian)

	Three months ended	
	November 30	
	2017	2016
Cash flow provided by (used in)		
Operating activities		
Net earnings for the period	410	762
Add (deduct) items not affecting cash		
Depreciation	130	127
Amortization	22	23
Amortization of advances	208	183
Share based payment expense	3	-
Unrealized foreign exchange on subsidiary loans	(86)	(56)
Reduction in marketable securities following assignment to partner	-	432
Decrease in provisions	(7)	-
Change in fair value of contingent consideration	-	(116)
Decrease in deferred revenue	(884)	(279)
Increase (decrease) in cash settled share-based compensation payable	220	(259)
Decrease in accounts receivable	295	1,932
Decrease in prepaid expenses and other assets	163	329
Increase (decrease) in accounts payable	62	(349)
Decrease in compensation payable	(1,970)	(771)
Increase (decrease) in income taxes payable	329	(86)
Payment of contingent consideration	-	(181)
Net cash (used in) provided by operating activities	(1,105)	1,691
Investing activities		
Repayment of advances	-	350
Additions to property and equipment	(50)	(167)
Net cash (used in) provided by investing activities	(50)	183
Financing activities		
Dividend payments	(408)	(403)
Net cash used in financing activities	(408)	(403)
Effect of exchange rate changes on cash and cash equivalents	101	151
Net (decrease) increase in cash and cash equivalents	(1,462)	1,622
Cash and cash equivalents, beginning of period	10,917	8,422
Cash and cash equivalents, end of period	9,455	10,044