

HEIDRICK & STRUGGLES

FIRST QUARTER 2019 RESULTS

April 29, 2019

SAFE HARBOR STATEMENT

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FIRST QUARTER 2019 CONSOLIDATED RESULTS

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FINANCIAL HIGHLIGHTS OF 2019 FIRST QUARTER RESULTS

- Net revenue increased 7.2% (10.0% on constant currency basis) to \$171.6 million compared to \$160.1 million in the 2018 first quarter
- Executive Search net revenue grew 8.6% (11.4% on constant currency basis) to \$158.3 million, with Americas growing 15.1%, Asia Pacific increasing 6.7%, and Europe down 6.0%, but all three regions up on a constant currency basis
- Produced 24.9% growth in operating income to \$16.4 million and expanded operating margin to 9.6% compared to 8.2% in last year's first quarter
- Net income improved to \$12.1 million and diluted EPS was \$0.62, compared to 2018 first quarter net income of \$10.2 million and diluted EPS of \$0.53
- First quarter cash dividend increased to \$0.15 per share from \$0.13 per share

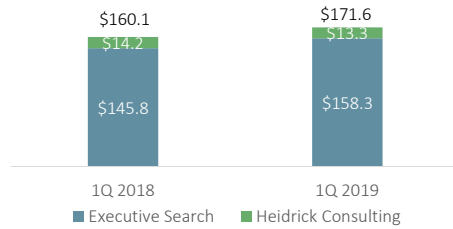
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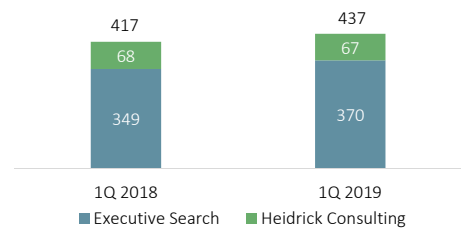
FIRST QUARTER 2019 FINANCIAL HIGHLIGHTS

\$ in millions except Diluted EPS

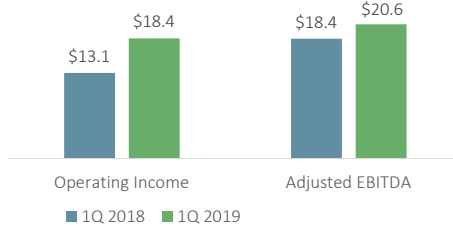
7.2% Growth in Consolidated Net Revenue



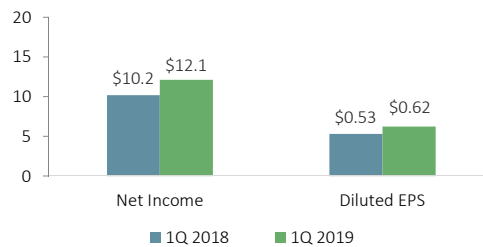
Growth in Consultant Headcount



Improving Profitability



Improved Net Income & EPS

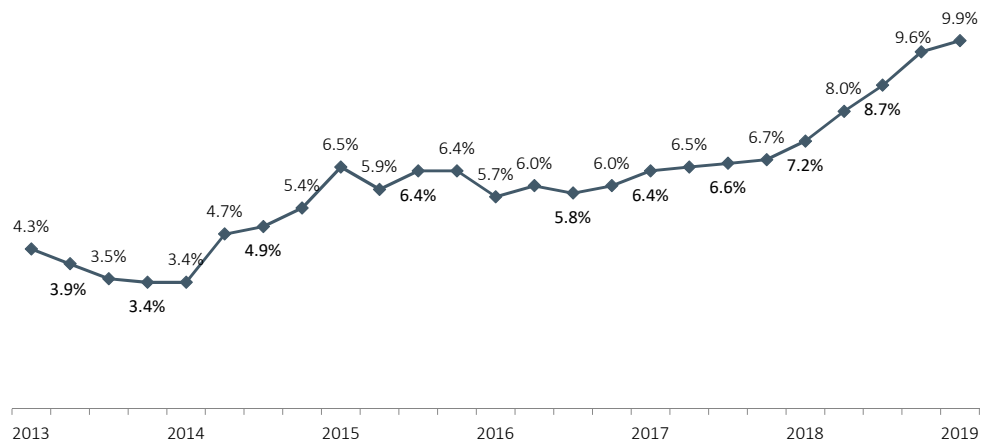


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MEANINGFUL OPERATING MARGIN EXPANSION

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Operating margins were adjusted to exclude restructuring & impairment charges in 2011, 2012 and 2017

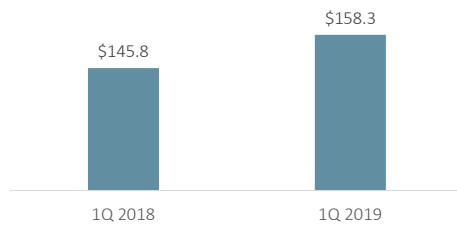
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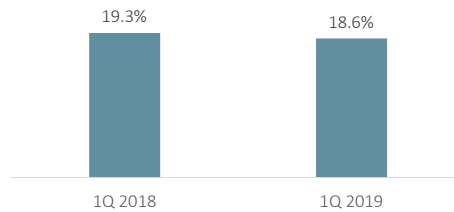
EXECUTIVE SEARCH – 1Q 2019 FINANCIAL HIGHLIGHTS

\$ in millions

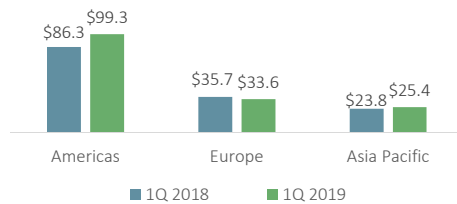
8.6% Growth in Net Revenue



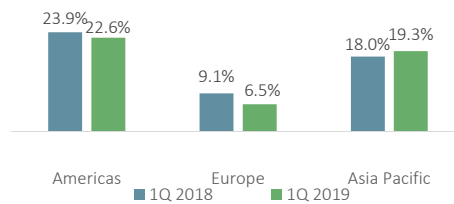
Operating Margin



Good Revenue Growth in Americas and Asia Pacific



Operating Margin

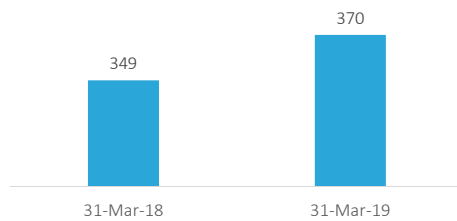


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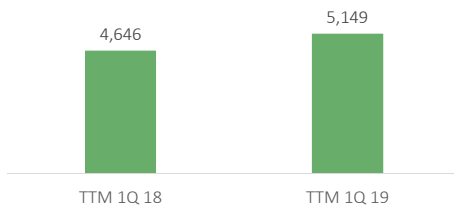
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EXECUTIVE SEARCH OPERATIONAL HIGHLIGHTS

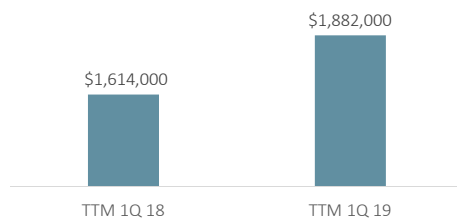
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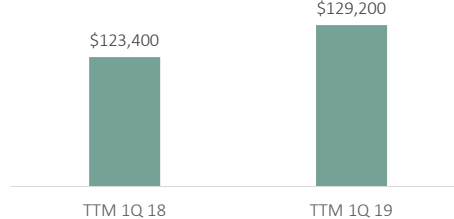
Increase in Executive Search Confirmations



Improving Consultant Productivity



Growth in Average Revenue per Executive Search

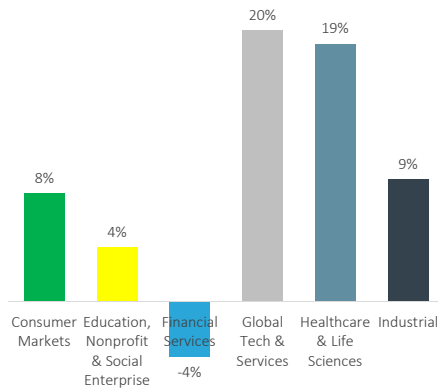


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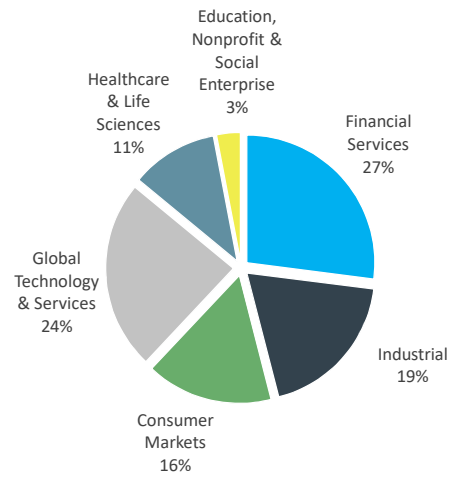
DIVERSIFIED MIX OF BUSINESS CONTRIBUTES TO GROWTH IN SEARCH

Year-over-Year Growth in Industry Practice Billings



1Q 2019 vs. 1Q 2018

Diversified Mix of Industry Practice Billings



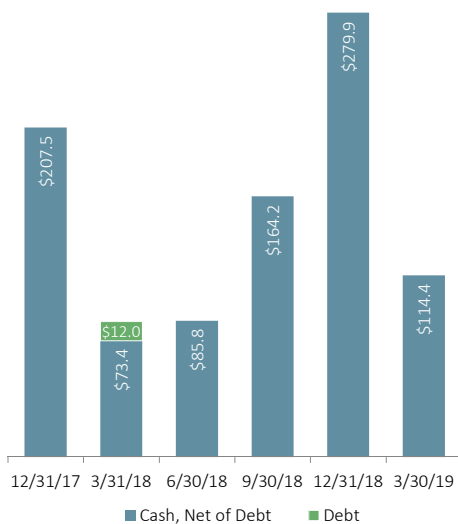
As a % of total practice billings in 1Q 2019

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STRONG & FLEXIBLE BALANCE SHEET

Cash & Cash Equivalents (\$ in millions)



Cash Flow (\$ in millions)

For the Quarter Ended:	March 31, 2019	March 31, 2018
Net cash used in operating activities	\$155.3	\$137.5

2019 First Quarter Uses of Cash

- \$14 million in compensation related to the portion of consultant bonuses that are deferred each year.
- Approximately \$185 million in variable compensation related to 2018 performance.
- Approximately \$5 million related to taxes for vesting RSUs
- First quarter cash dividend of \$0.15 per share, or approximately \$2.9 million.

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2019 OUTLOOK AND INITIATIVES

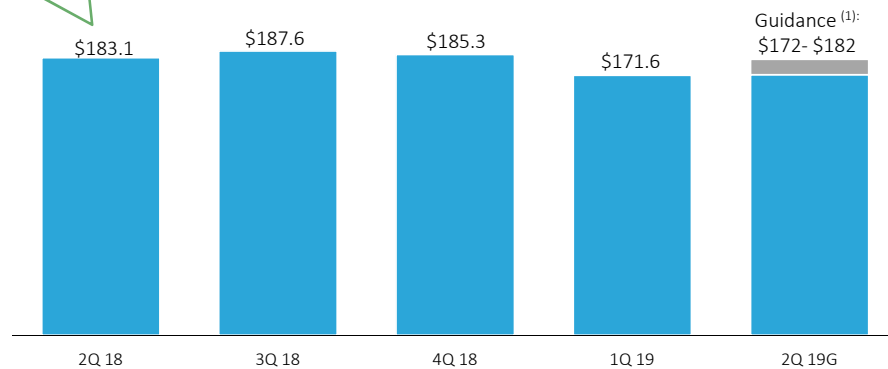
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GUIDANCE: 2Q 2019 NET REVENUE (EXCLUDES REIMBURSEMENTS)

\$ in millions

The midpoint for revenue guidance for 2Q 18 was \$165M, but driven by an unusually high number of upticks, net revenue ended up at \$183.1M.



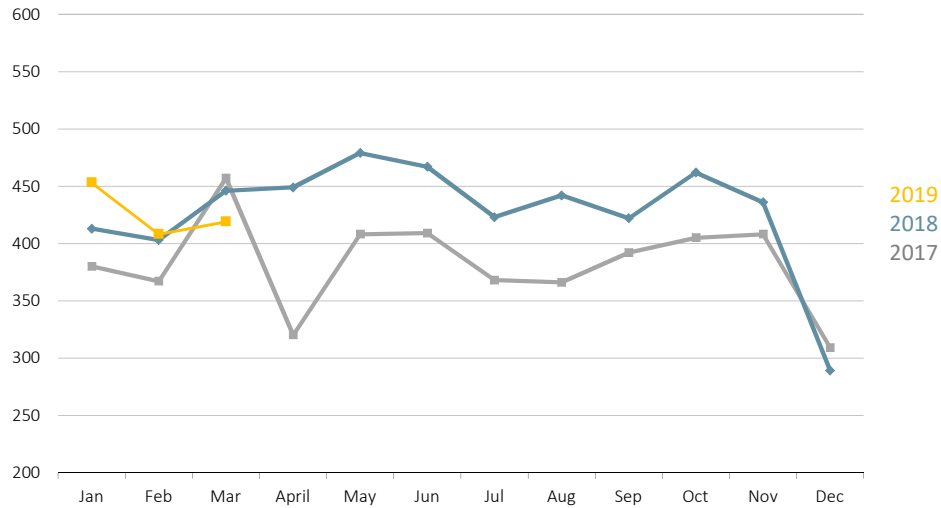
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WORLDWIDE MONTHLY SEARCH CONFIRMATION TRENDS

Executive Search Confirmations



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KEY INITIATIVES IN 2019 SHOULD SUPPORT ADDITIONAL GROWTH

1

Grow scale and impact of both Search and Consulting

2

Collaborate across the enterprise: Search and Consulting

3

Deliver premium service experience to our clients
Implement the Heidrick Way

4

Continue cost containment initiatives

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APPENDIX

ADJUSTED EBITDA MARGIN – FIRST QUARTER 2019

We define Adjusted EBITDA as earnings before interest, taxes, depreciation, intangible amortization, equity-settled stock based compensation expense, acquisition-related earnout accretion, restructuring and impairment charges, and other non-operating income or expense.

\$ in millions-- numbers may not foot due to rounding	3 months ended March 31,		
	2019	2018	change
Net Income	\$ 12.1	\$ 10.2	\$ 1.9
Interest, net	(0.8)	(0.2)	
Other, net	(1.6)	0.4	
Provision for income taxes	6.8	2.7	
Operating Income	\$ 16.4	\$ 13.1	\$ 3.3
Adjustments			
Salaries and employee benefits			
Stock-based compensation expense	1.3	1.8	(0.4)
General and administrative expenses			
Depreciation	2.5	2.8	(0.3)
Intangible amortization	0.2	0.4	(0.1)
Earnout accretion	0.2	0.4	(0.2)
Adjusted EBITDA	\$ 20.6	\$ 18.4	\$ 2.2
Adjusted EBITDA Margin (as % of net revenue)	12.0%	11.5%	

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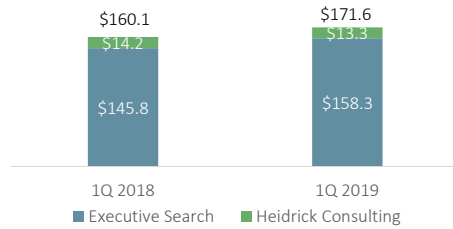
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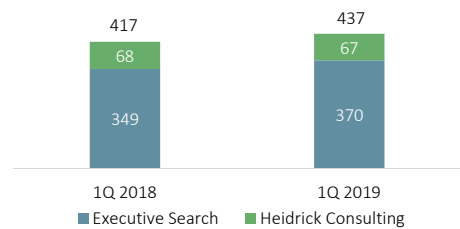
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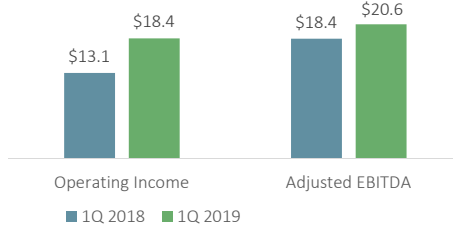
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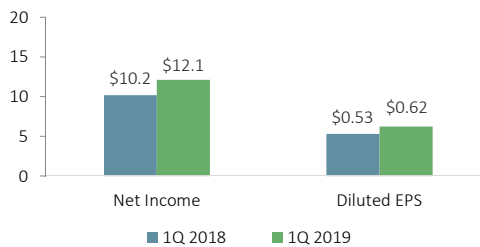
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Improving Profitability



Improved Net Income & EPS

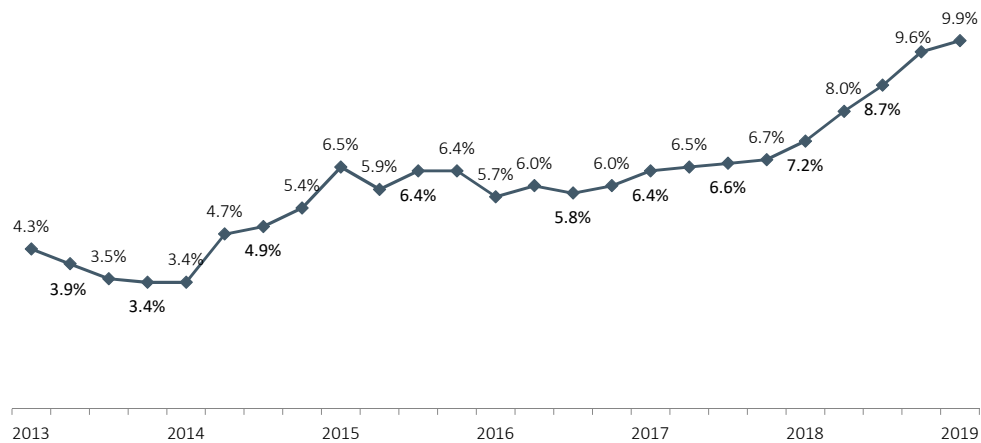


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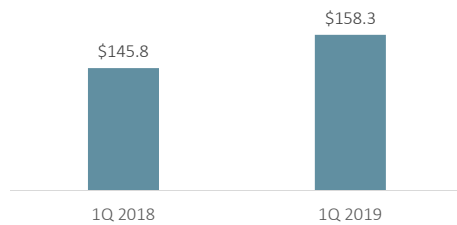
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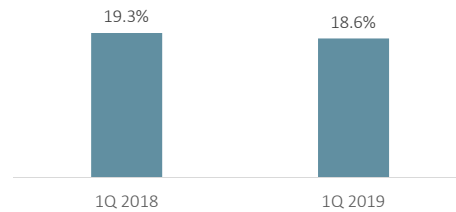
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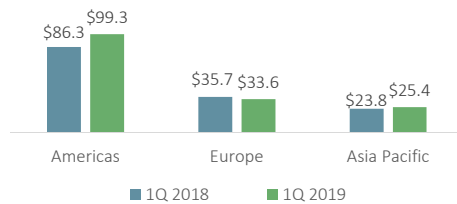
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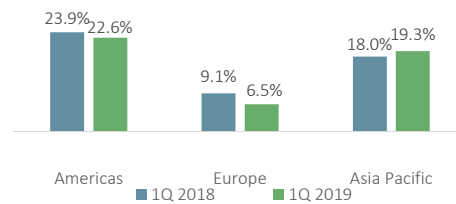
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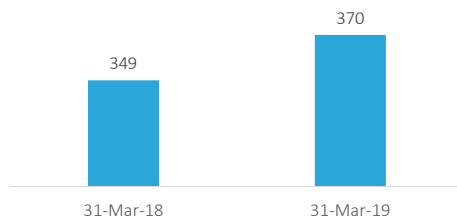


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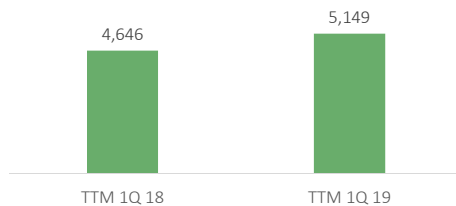
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EXECUTIVE SEARCH OPERATIONAL HIGHLIGHTS

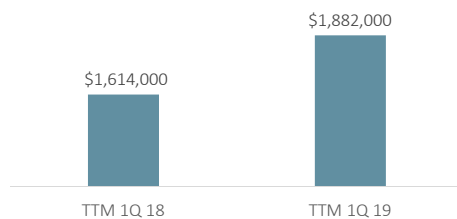
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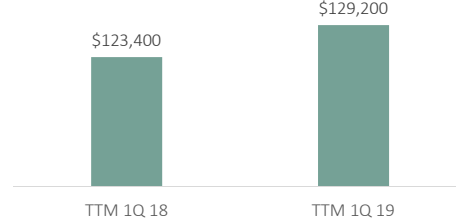
Increase in Executive Search Confirmations



Improving Consultant Productivity



Growth in Average Revenue per Executive Search

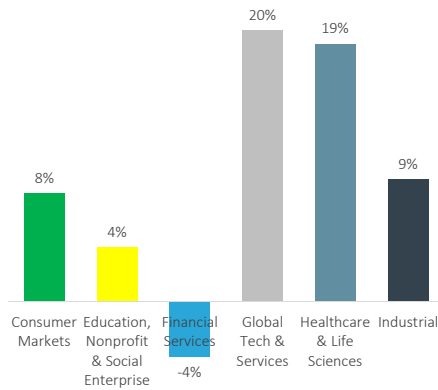


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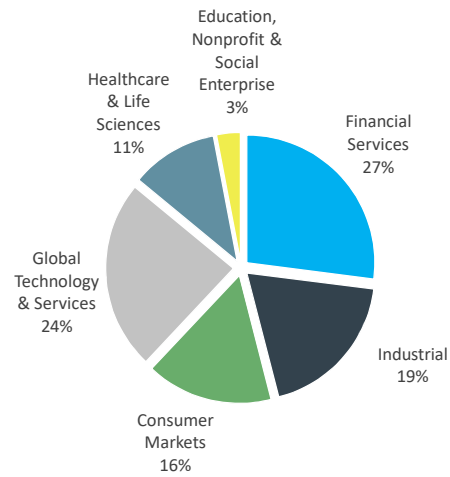
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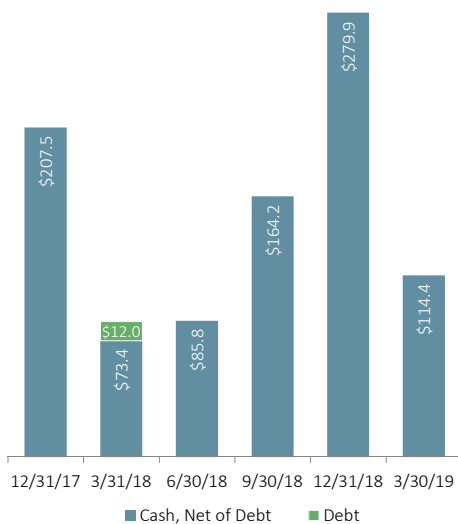
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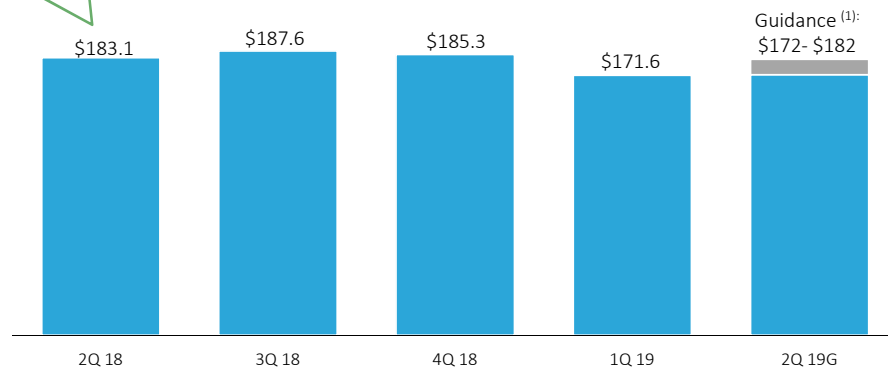
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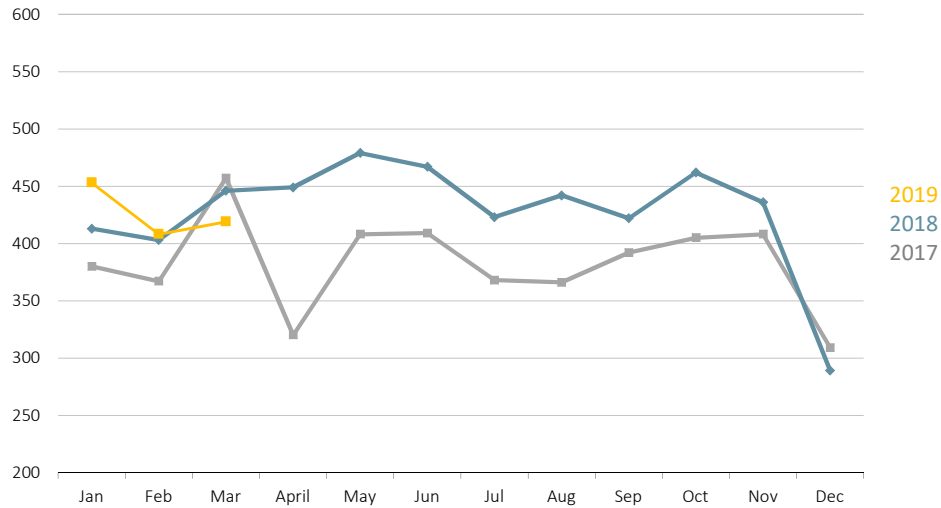
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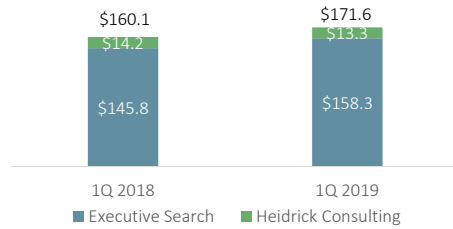
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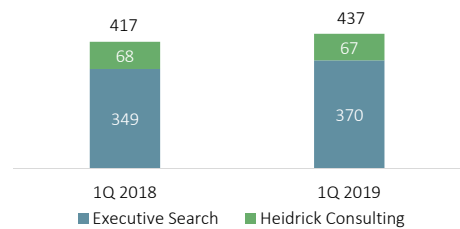
FIRST QUARTER 2019 FINANCIAL HIGHLIGHTS

\$ in millions except Diluted EPS

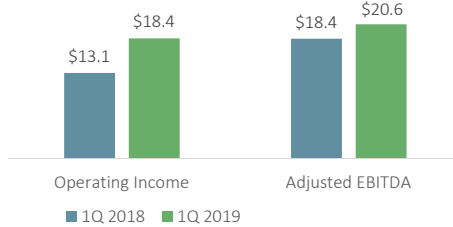
7.2% Growth in Consolidated Net Revenue



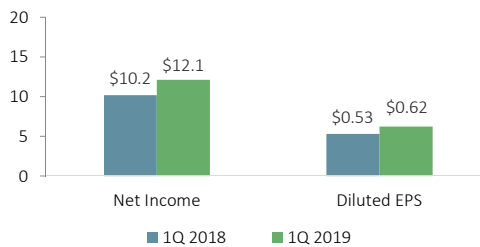
Growth in Consultant Headcount



Improving Profitability



Improved Net Income & EPS

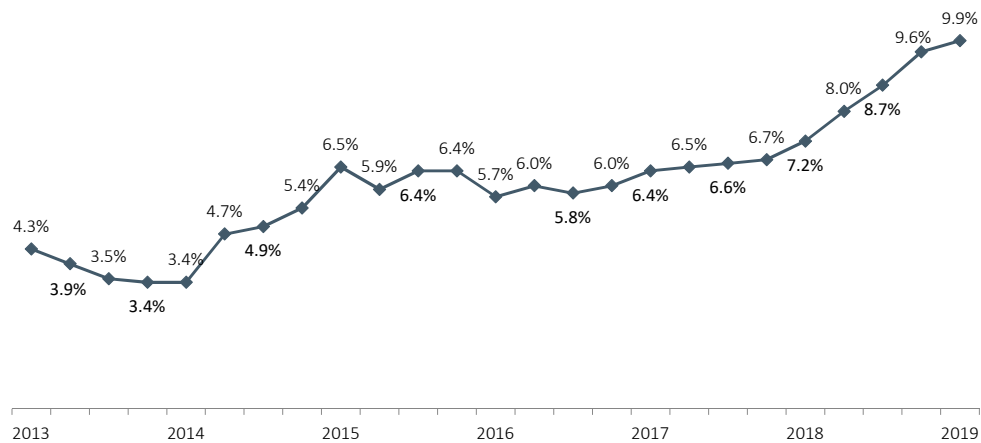


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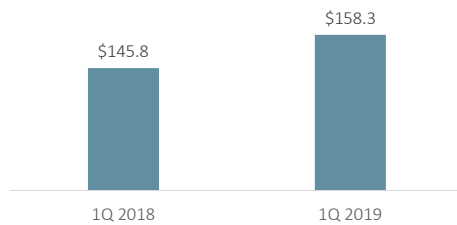
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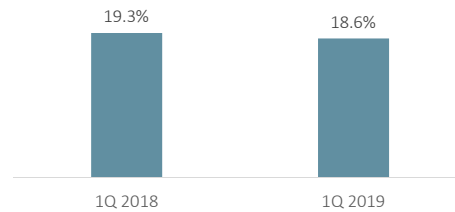
EXECUTIVE SEARCH – 1Q 2019 FINANCIAL HIGHLIGHTS

\$ in millions

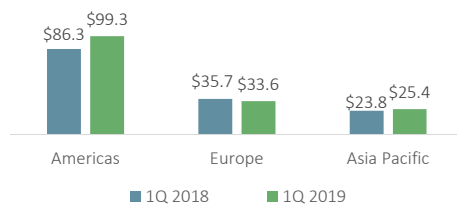
8.6% Growth in Net Revenue



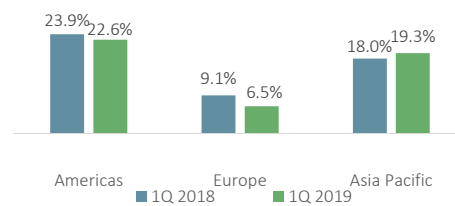
Operating Margin



Good Revenue Growth in Americas and Asia Pacific



Operating Margin

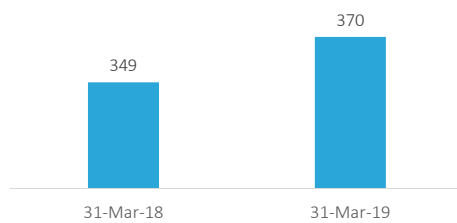


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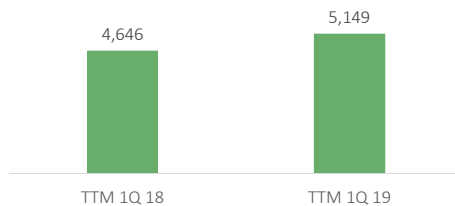
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EXECUTIVE SEARCH OPERATIONAL HIGHLIGHTS

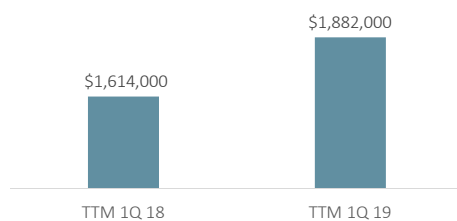
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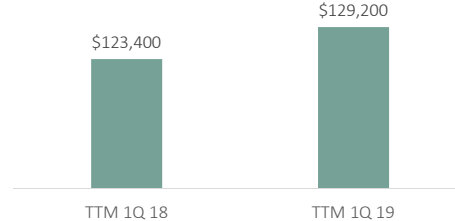
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Improving Consultant Productivity



Growth in Average Revenue per Executive Search

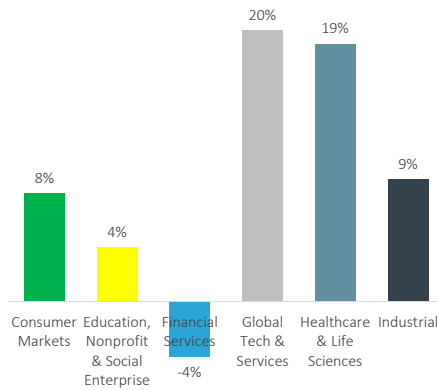


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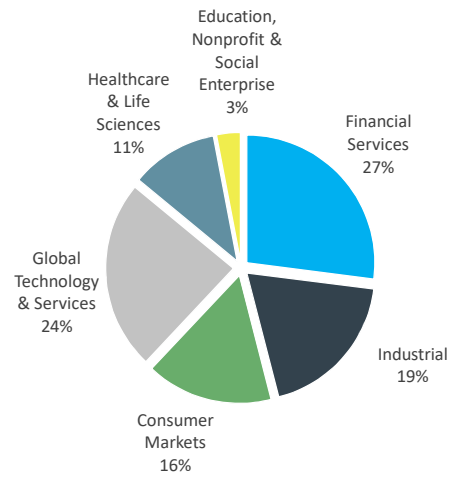
DIVERSIFIED MIX OF BUSINESS CONTRIBUTES TO GROWTH IN SEARCH

Year-over-Year Growth in Industry Practice Billings



1Q 2019 vs. 1Q 2018

Diversified Mix of Industry Practice Billings



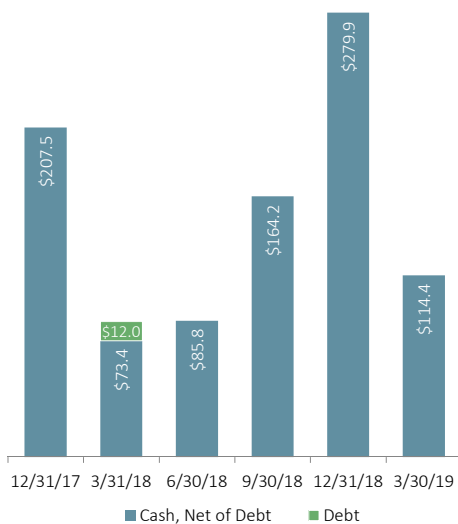
As a % of total practice billings in 1Q 2019

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STRONG & FLEXIBLE BALANCE SHEET

Cash & Cash Equivalents (\$ in millions)



Cash Flow (\$ in millions)

For the Quarter Ended:	March 31, 2019	March 31, 2018
Net cash used in operating activities	\$155.3	\$137.5

2019 First Quarter Uses of Cash

- \$14 million in compensation related to the portion of consultant bonuses that are deferred each year.
- Approximately \$185 million in variable compensation related to 2018 performance.
- Approximately \$5 million related to taxes for vesting RSUs
- First quarter cash dividend of \$0.15 per share, or approximately \$2.9 million.

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2019 OUTLOOK AND INITIATIVES

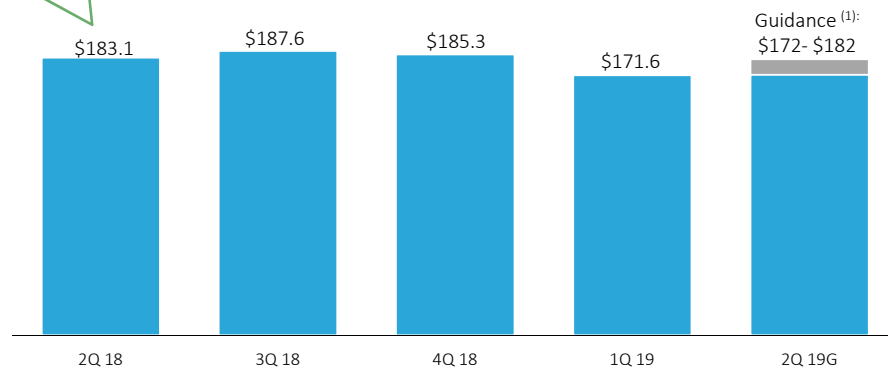
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GUIDANCE: 2Q 2019 NET REVENUE (EXCLUDES REIMBURSEMENTS)

\$ in millions

The midpoint for revenue guidance for 2Q 18 was \$165M, but driven by an unusually high number of upticks, net revenue ended up at \$183.1M.



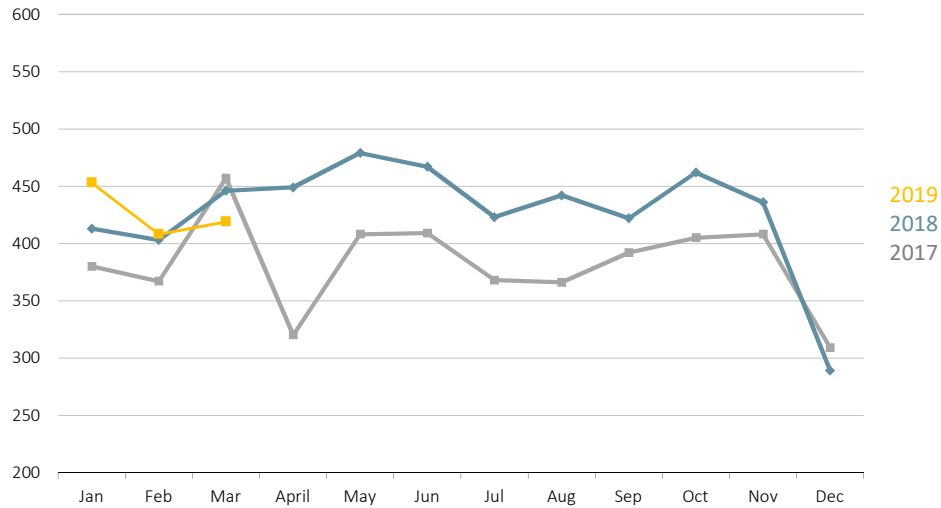
⁽¹⁾This forecast is based on the average currency rates in March 2019 and reflects, among other factors, management's assumptions for the anticipated volume of new Executive Search confirmations, Consulting assignments, the current backlog, consultant productivity, consultant retention, and the seasonality of the business.

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WORLDWIDE MONTHLY SEARCH CONFIRMATION TRENDS

Executive Search Confirmations



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KEY INITIATIVES IN 2019 SHOULD SUPPORT ADDITIONAL GROWTH

1

Grow scale and impact of both Search and Consulting

2

Collaborate across the enterprise: Search and Consulting

3

Deliver premium service experience to our clients
Implement the Heidrick Way

4

Continue cost containment initiatives

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APPENDIX

ADJUSTED EBITDA MARGIN – FIRST QUARTER 2019

We define Adjusted EBITDA as earnings before interest, taxes, depreciation, intangible amortization, equity-settled stock based compensation expense, acquisition-related earnout accretion, restructuring and impairment charges, and other non-operating income or expense.

\$ in millions-- numbers may not foot due to rounding	3 months ended March 31,		
	2019	2018	change
Net Income	\$ 12.1	\$ 10.2	\$ 1.9
Interest, net	(0.8)	(0.2)	
Other, net	(1.6)	0.4	
Provision for income taxes	6.8	2.7	
Operating Income	\$ 16.4	\$ 13.1	\$ 3.3
Adjustments			
Salaries and employee benefits			
Stock-based compensation expense	1.3	1.8	(0.4)
General and administrative expenses			
Depreciation	2.5	2.8	(0.3)
Intangible amortization	0.2	0.4	(0.1)
Earnout accretion	0.2	0.4	(0.2)
Adjusted EBITDA	\$ 20.6	\$ 18.4	\$ 2.2
Adjusted EBITDA Margin (as % of net revenue)	12.0%	11.5%	

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Julie Creed, VP Investor Relations & Real Estate
jcreed@heidrick.com
312-496-1774

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FIRST QUARTER 2019 RESULTS

April 29, 2019

SAFE HARBOR STATEMENT

The 2019 first quarter news release, conference call webcast, and the following slides contain forward-looking statements. The forward-looking statements are based on current expectations, estimates, forecasts and projections about the industry in which we operate and management's beliefs and assumptions. Forward-looking statements may be identified by the use of words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," "projects," "forecasts," and similar expressions. Forward-looking statements are not guarantees of future performance and involve certain known and unknown risks, uncertainties and assumptions that are difficult to predict. Actual outcomes and results may differ materially from what is expressed, forecasted or implied in the forward-looking statements. Factors that may affect the outcome of the forward-looking statements include, among other things, leadership changes, our ability to attract, integrate, develop, manage and retain qualified consultants and senior leaders; our ability to prevent our consultants from taking our clients with them to another firm; our ability to maintain our professional reputation and brand name; the fact that our net revenue may be affected by adverse economic conditions; our clients' ability to restrict us from recruiting their employees; the aggressive competition we face; our heavy reliance on information management systems; the fact that we face the risk of liability in the services we perform; the fact that data security, data privacy and data protection laws and other evolving regulations and cross-border data transfer restrictions may limit the use of our services and adversely affect our business; social, political, regulatory and legal risks in markets where we operate; the impact of foreign currency exchange rate fluctuations; the fact that we may not be able to align our cost structure with net revenue; unfavorable tax law changes and tax authority rulings; our ability to realize our tax losses; the timing of the establishment or reversal of valuation allowance on deferred tax assets; any impairment of our goodwill, other intangible assets and other long-lived assets; our ability to execute and integrate future acquisitions; the fact that we have anti-takeover provisions that make an acquisition of us difficult and expensive; our ability to access additional credit; and the increased cybersecurity requirements, vulnerabilities, threats and more sophisticated and targeted cyber-related attacks that could pose a risk to our systems, networks, solutions, services and data. We undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise. For more information on the factors that could affect the outcome of forward-looking statements, refer to our Annual Report on Form 10-K for the year ended December 31, 2018, under Risk Factors in Item 1A, and our quarterly filings with the SEC. We caution the reader that the list of factors may not be exhaustive. We undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

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FIRST QUARTER 2019 CONSOLIDATED RESULTS

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FINANCIAL HIGHLIGHTS OF 2019 FIRST QUARTER RESULTS

- Net revenue increased 7.2% (10.0% on constant currency basis) to \$171.6 million compared to \$160.1 million in the 2018 first quarter
- Executive Search net revenue grew 8.6% (11.4% on constant currency basis) to \$158.3 million, with Americas growing 15.1%, Asia Pacific increasing 6.7%, and Europe down 6.0%, but all three regions up on a constant currency basis
- Produced 24.9% growth in operating income to \$16.4 million and expanded operating margin to 9.6% compared to 8.2% in last year's first quarter
- Net income improved to \$12.1 million and diluted EPS was \$0.62, compared to 2018 first quarter net income of \$10.2 million and diluted EPS of \$0.53
- First quarter cash dividend increased to \$0.15 per share from \$0.13 per share

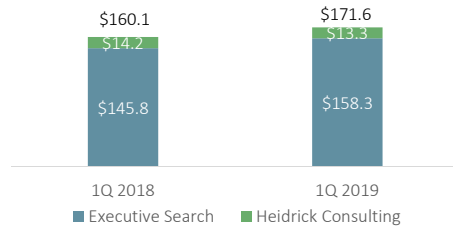
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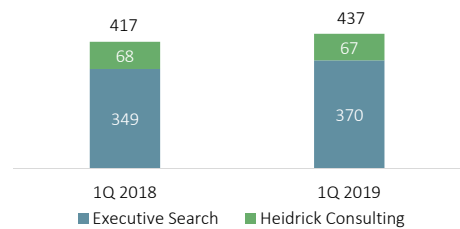
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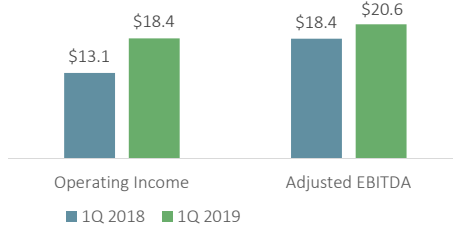
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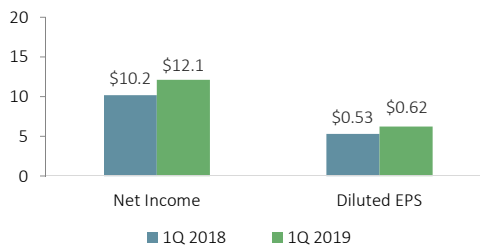
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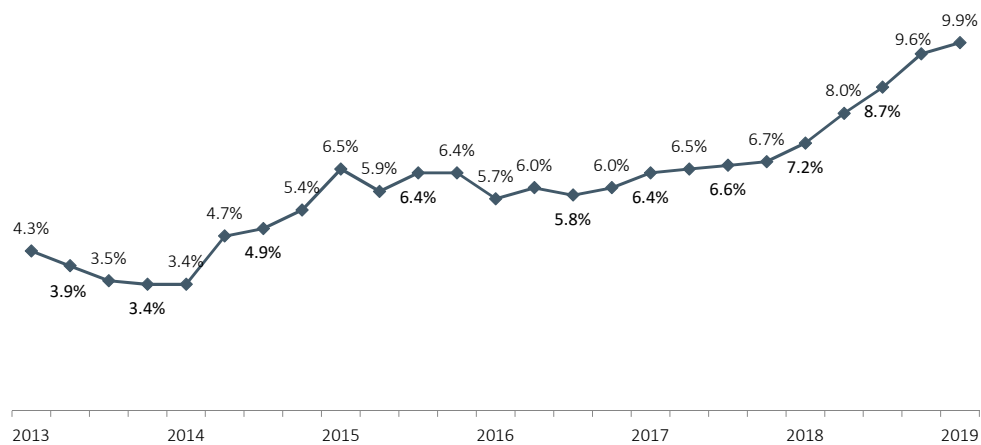


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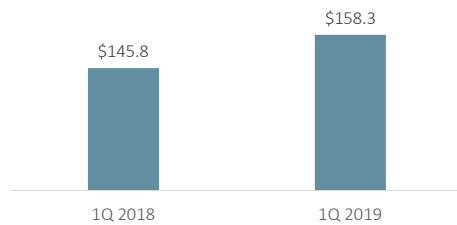
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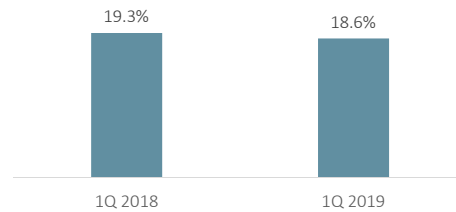
EXECUTIVE SEARCH – 1Q 2019 FINANCIAL HIGHLIGHTS

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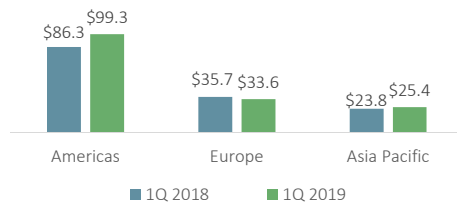
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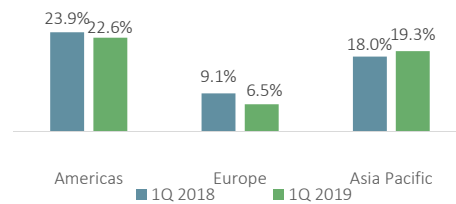
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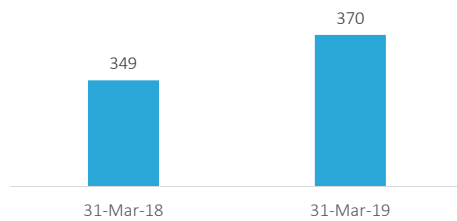


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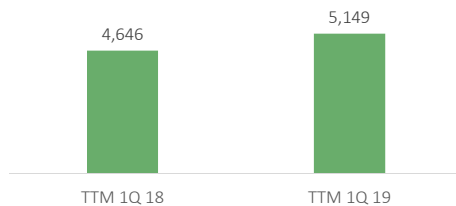
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EXECUTIVE SEARCH OPERATIONAL HIGHLIGHTS

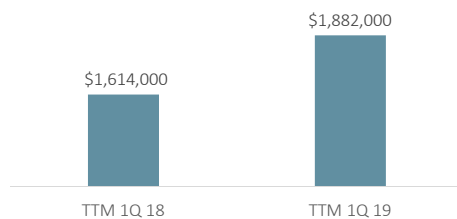
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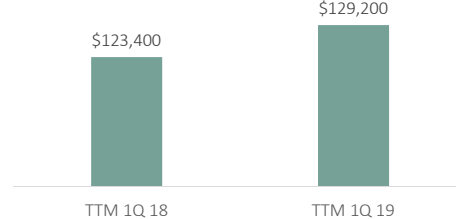
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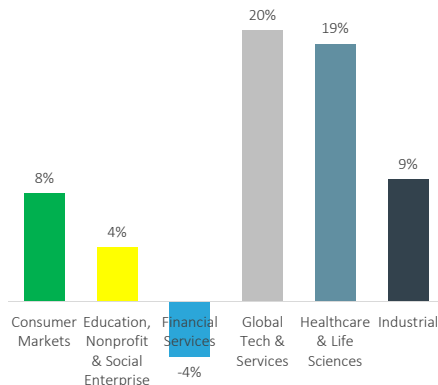


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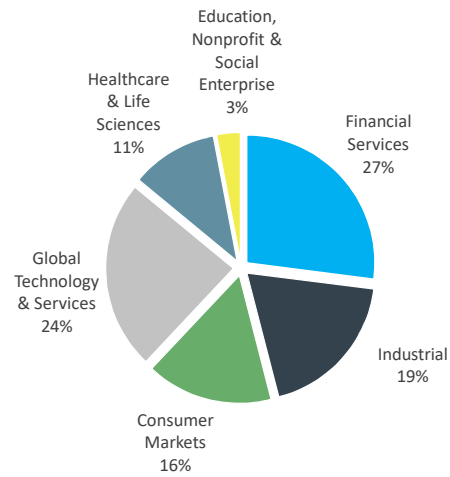
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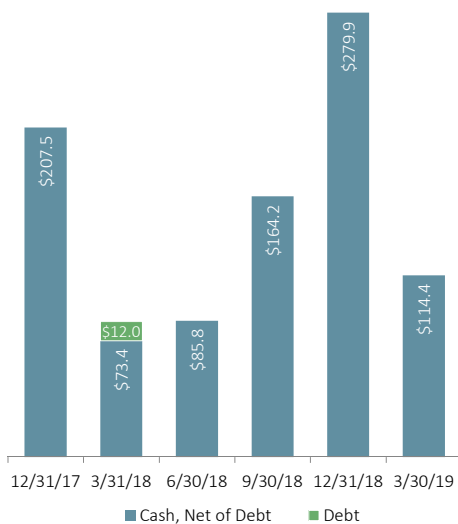
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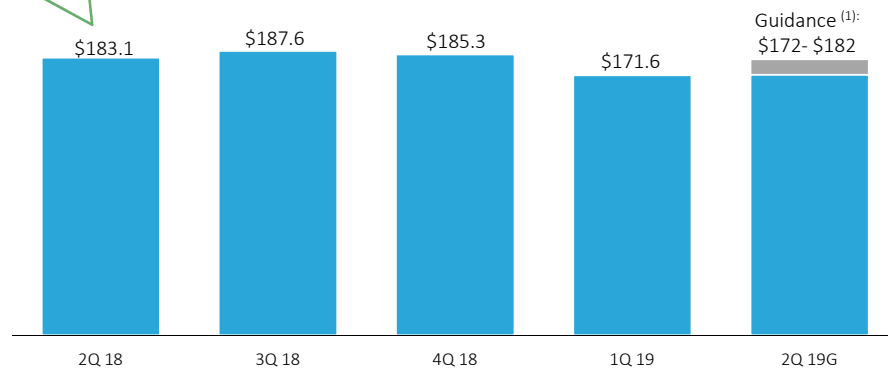
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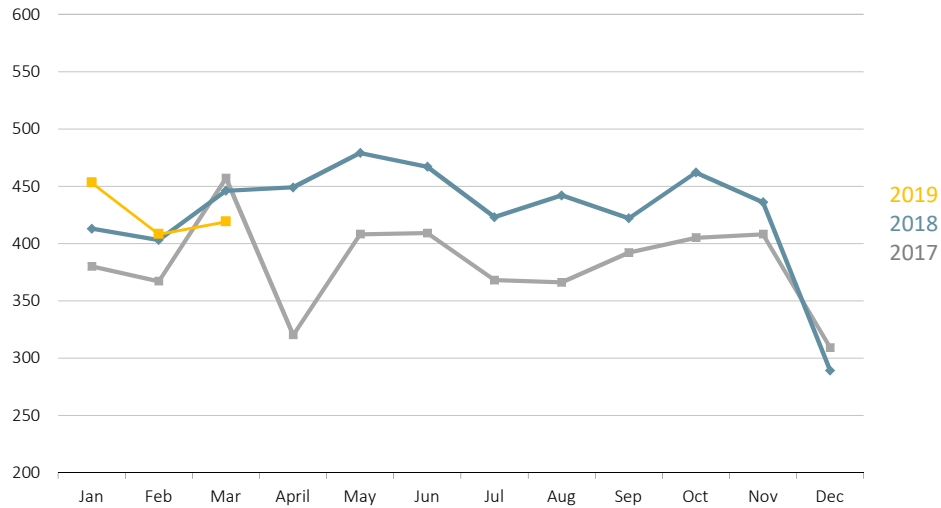
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