

FOURTH QUARTER & 2016 FINANCIAL RESULTS

February 27, 2017

HEIDRICK & STRUGGLES

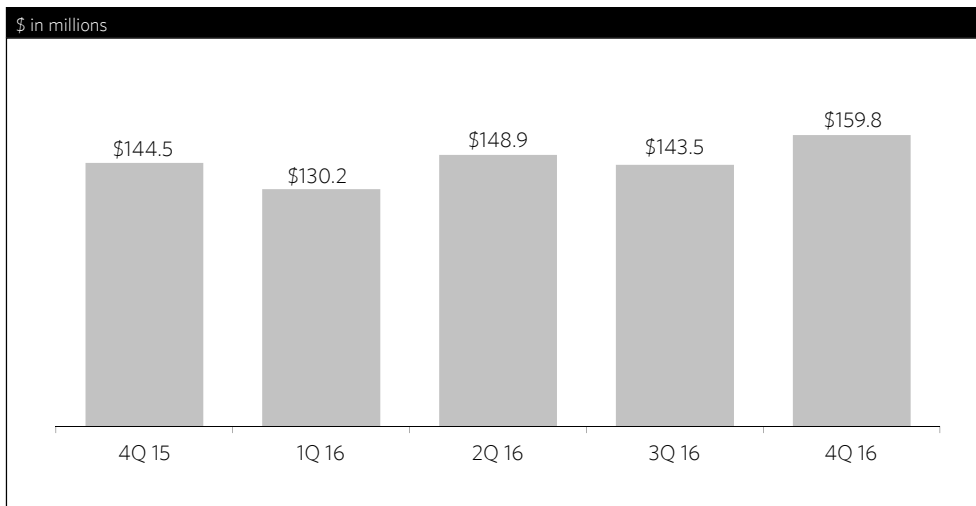
SAFE HARBOR STATEMENT

The 2016 fourth 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, manage and retain qualified executive search consultants and senior leaders; our ability to develop and maintain strong, long-term relationships with our clients; declines in the global economy and our ability to execute successfully through business cycles; the timing, speed or robustness of any future economic recovery; social or political instability in markets where we operate; the impact of the U.K. referendum to leave the European Union (Brexit); the impact of foreign currency exchange rate fluctuations; unfavorable tax law changes and tax authority rulings; price competition; the ability to forecast, on a quarterly basis, variable compensation accruals that ultimately are determined based on the achievement of annual results; our ability to utilize our tax losses; the timing of the establishment or reversal of valuation allowances on deferred tax assets; the mix of profit and loss by country; our reliance on information management systems; any impairment of our goodwill and other intangible assets; and the ability to align our cost structure and headcount with net revenue. 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, 2015, 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.

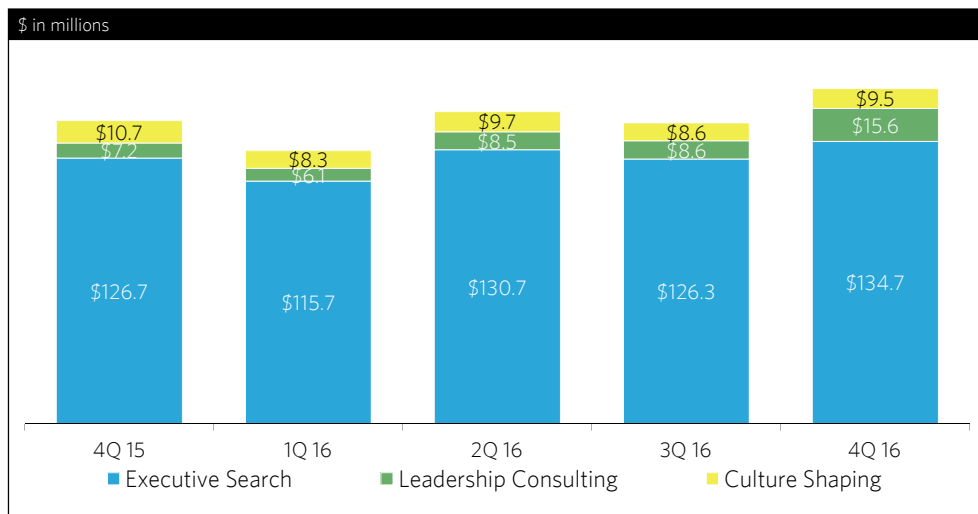


FOURTH QUARTER 2016 CONSOLIDATED RESULTS

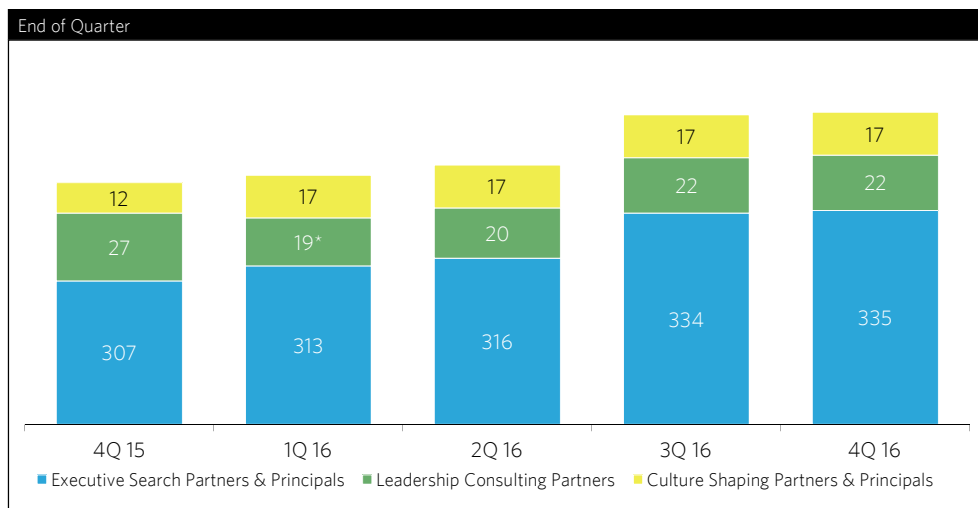
QUARTERLY CONSOLIDATED NET REVENUE



QUARTERLY NET REVENUE BY BUSINESS SERVICE

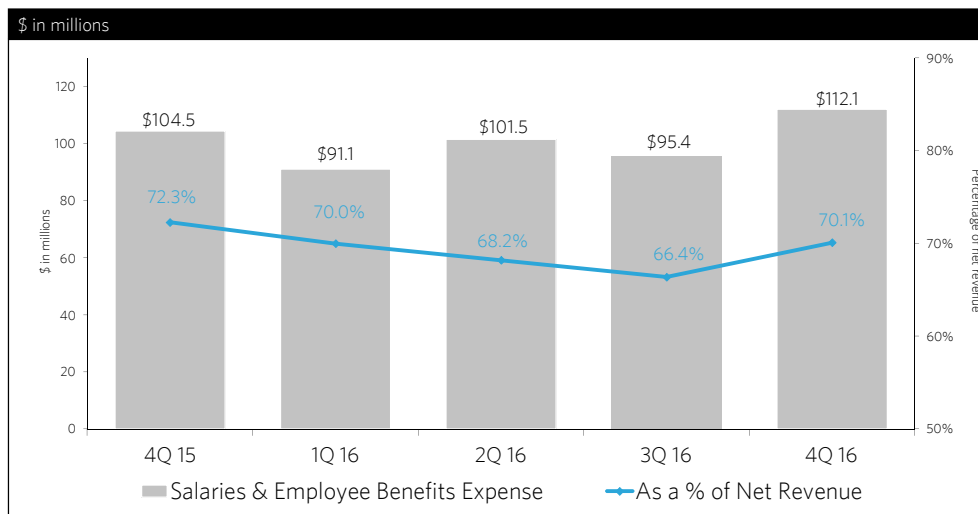


CONSULTANT HEADCOUNT

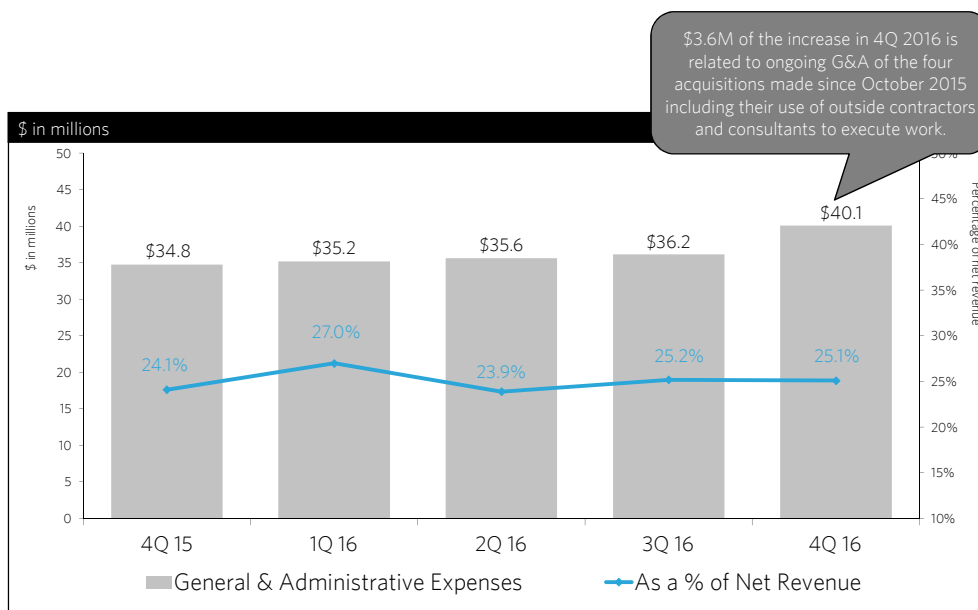


*Beginning January 1, 2016, the definition of Leadership Consulting consultants was changed to reflect only Partners, resulting in the reclassification of six Principal consultants out of consultant headcount.

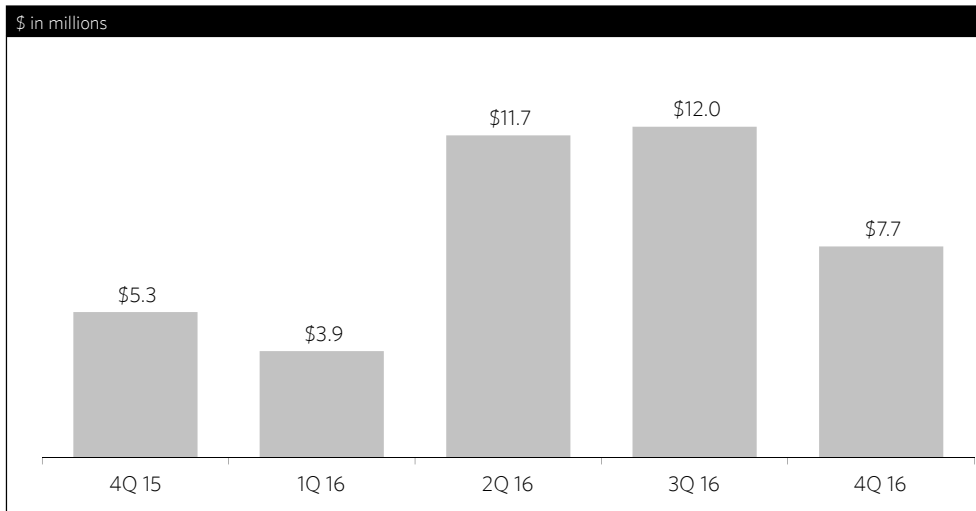
SALARIES & EMPLOYEE BENEFITS EXPENSE



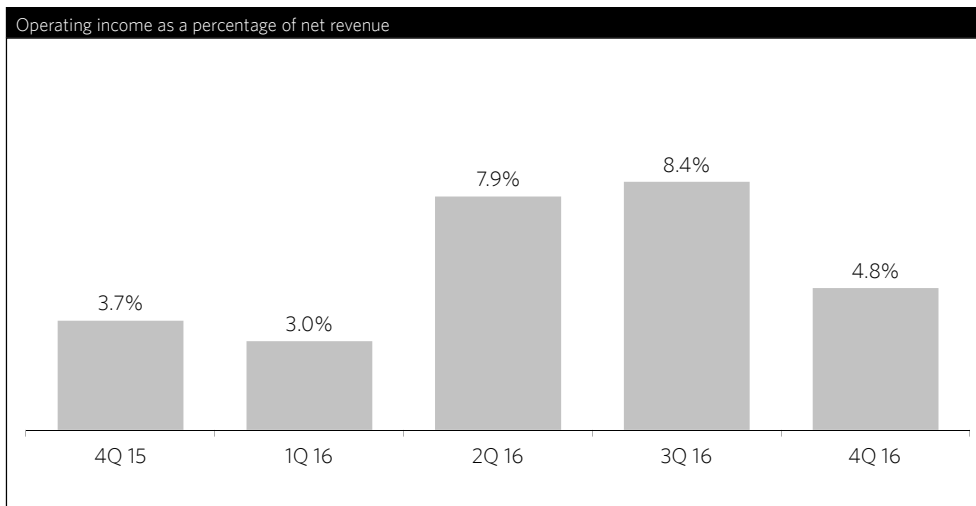
GENERAL & ADMINISTRATIVE EXPENSES



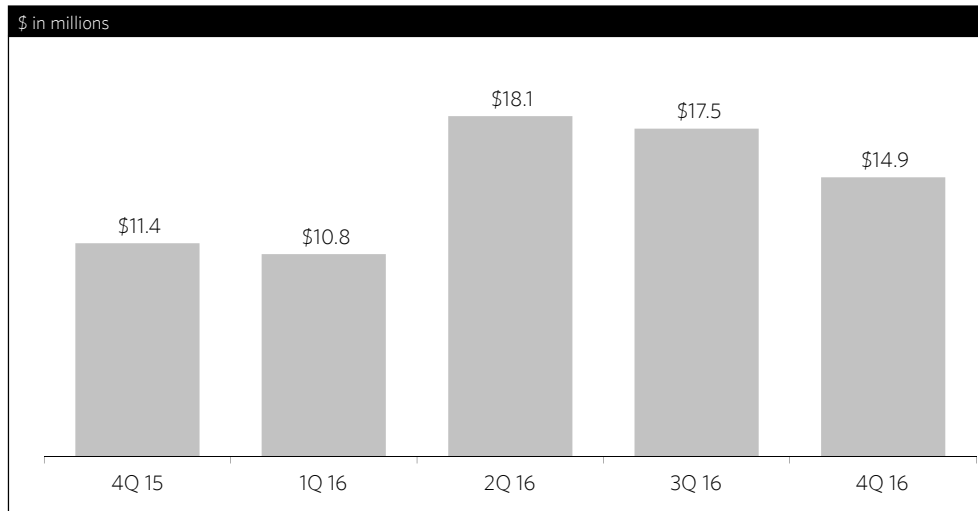
QUARTERLY OPERATING INCOME



QUARTERLY OPERATING MARGIN

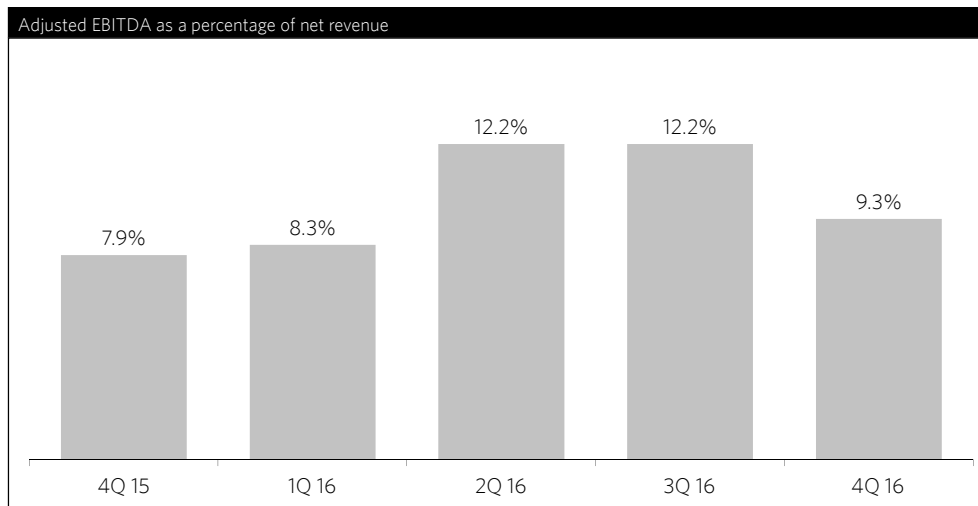


QUARTERLY ADJUSTED EBITDA⁽¹⁾



⁽¹⁾Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP financial measures which the company believes are useful to management and meaningful to investors because they provide insight into the ongoing operating results of the company's core business. A reconciliation to Operating Income is provided on Slide 12.

QUARTERLY ADJUSTED EBITDA MARGIN⁽¹⁾



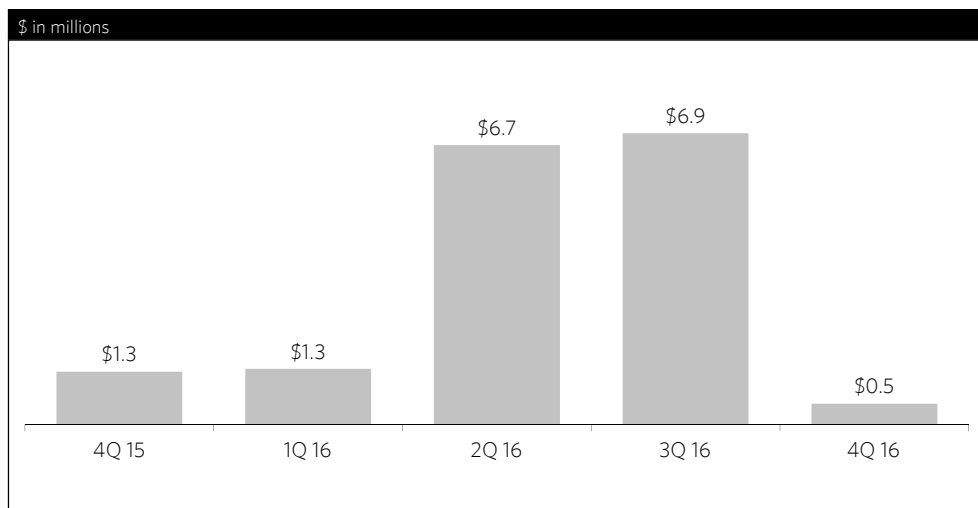
⁽¹⁾Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP financial measures which the company believes are useful to management and meaningful to investors because they provide insight into the ongoing operating results of the company's core business. A reconciliation to Operating Income is provided on Slide 12.

ADJUSTED EBITDA MARGIN

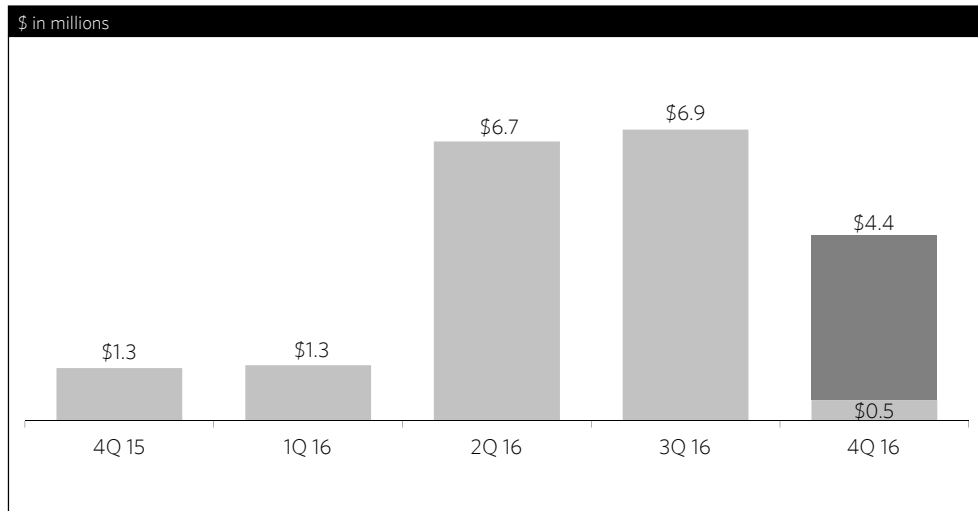
We define Adjusted EBITDA as earnings before interest, taxes, depreciation, intangible amortization, stock-based compensation expense, compensation expense associated with Senn Delaney retention awards, acquisition-related earnout accretion, and other non-operating income or expense.

3 months ended December 31,			
\$ in millions-- numbers may not foot due to rounding	2016	2015	change
Net Income	\$ 0.5	\$ 1.3	\$ (0.8)
Interest, net	\$ (0.1)	\$ (0.2)	
Other, net	\$ (1.9)	\$ 0.7	
Provision for income taxes	\$ 9.1	\$ 3.5	
Operating Income	\$ 7.7	\$ 5.3	\$ 2.4
Adjustments			
Salaries and employee benefits			
Stock-based compensation expense	1.3	1.4	(0.1)
Senn Delaney retention awards	0.6	0.5	0.6
General and administrative expenses			
Depreciation	2.4	2.3	0.1
Intangible amortization	2.4	1.4	1.0
Earnout accretion	0.4	0.4	0.0
Adjusted EBITDA	\$ 14.9	\$ 11.4	\$ 3.5
Adjusted EBITDA Margin (as % of net revenue)	9.3%	7.9%	

QUARTERLY NET INCOME

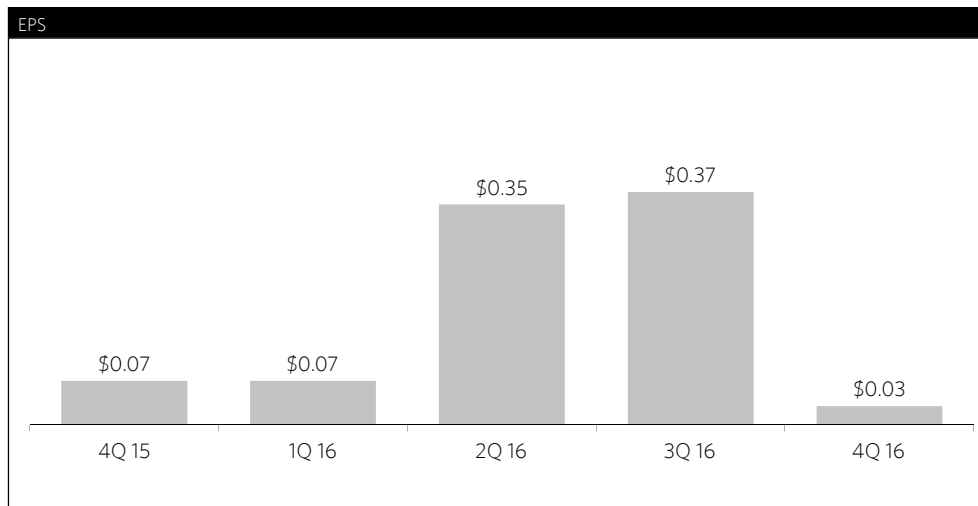


QUARTERLY NET INCOME

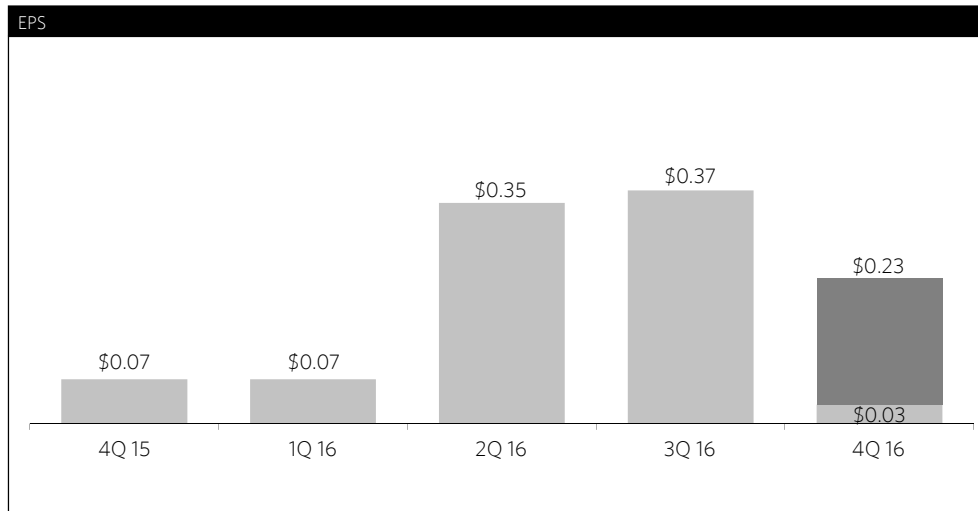


* In the 2016 fourth quarter, the company's EPS was impacted by an unusually high effective tax rate, 94.9%. The company repatriated dividends from foreign operations to the United States. This resulted in additional book tax expense which will be offset by utilizing foreign tax credits. The company also recorded several other non-recurring tax items which also contributed to the high effective tax rate. Adjusting for these one-time tax items, the company's tax rate would have been 54% in the 2016 fourth quarter and Adjusted Net Income would have been \$4.4 million.

QUARTERLY NET INCOME PER DILUTED SHARE



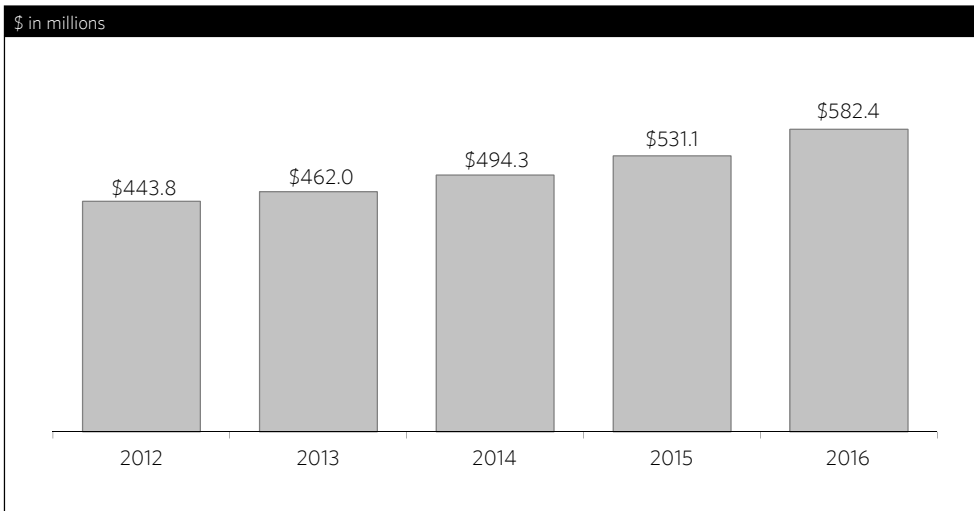
QUARTERLY NET INCOME PER DILUTED SHARE



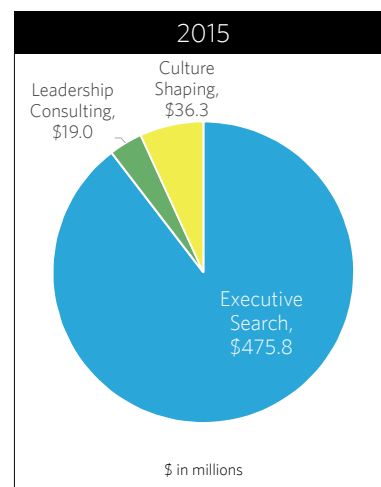
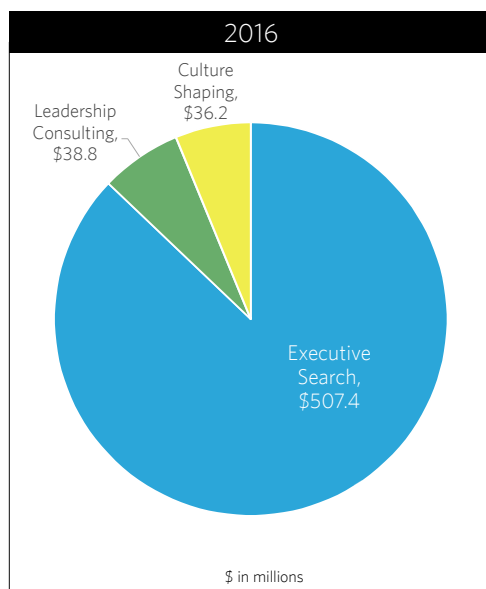
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2016 CONSOLIDATED RESULTS

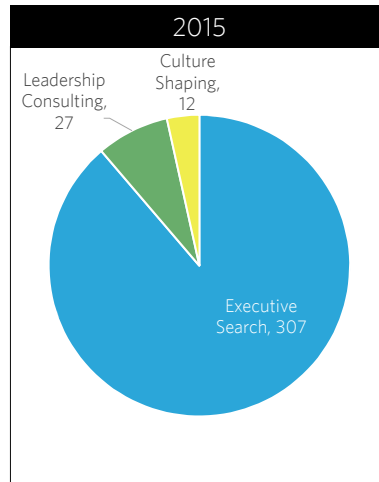
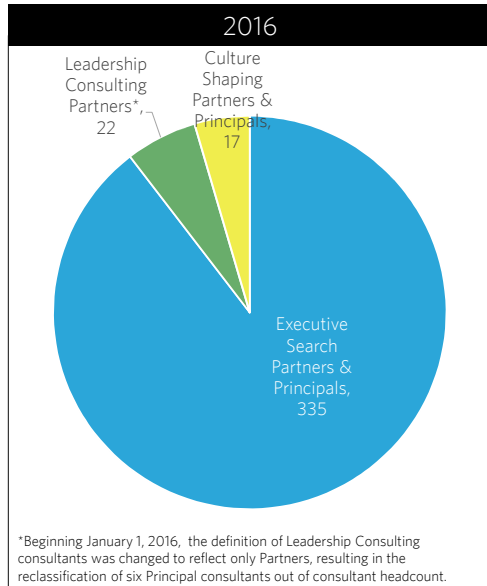
CONSOLIDATED NET REVENUE (excludes reimbursements)



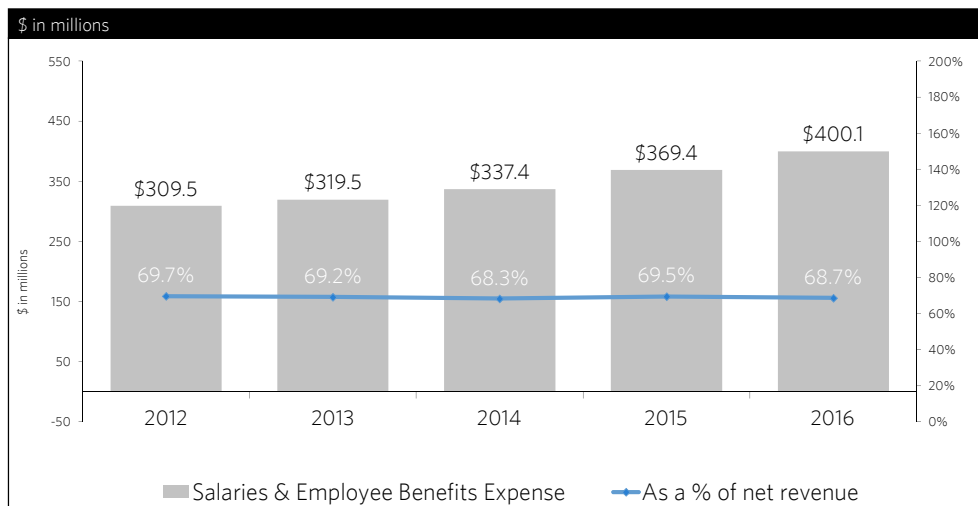
SEGMENTED NET REVENUE



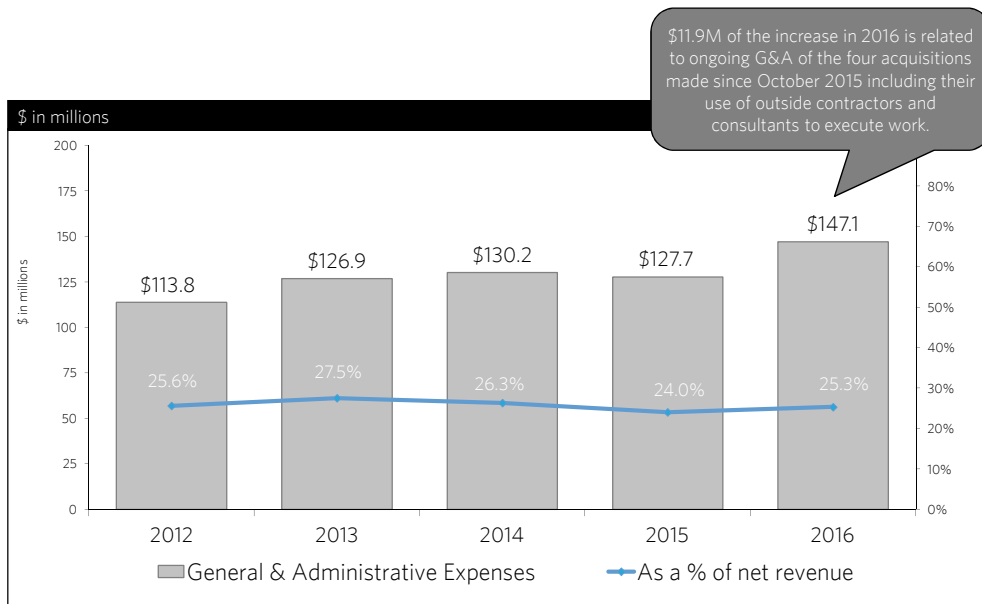
CONSULTANT HEADCOUNT BY SERVICE LINE



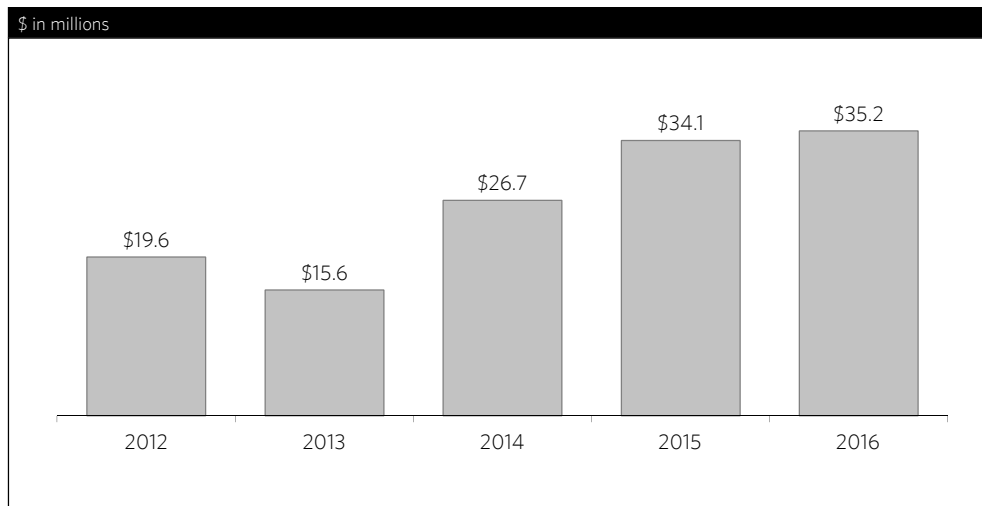
SALARIES & EMPLOYEE BENEFITS EXPENSE



GENERAL & ADMINISTRATIVE EXPENSE

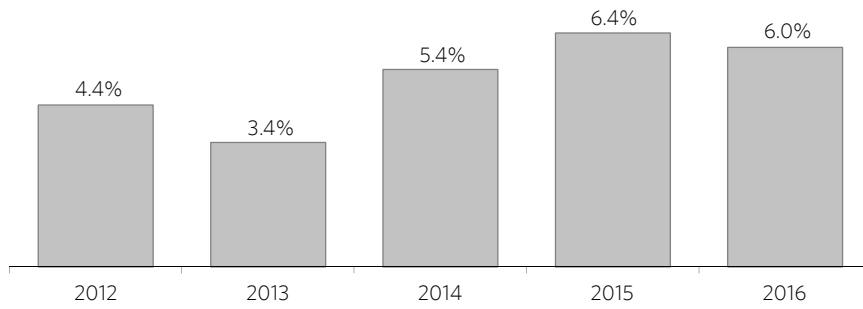


ANNUAL OPERATING INCOME



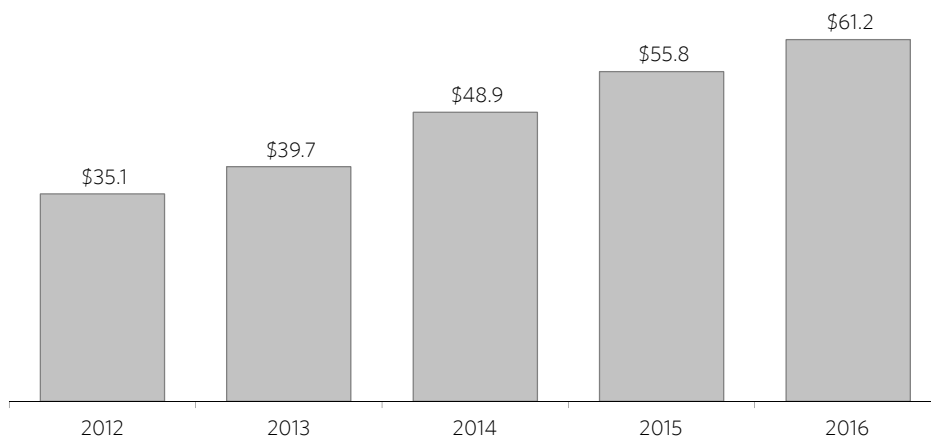
OPERATING MARGIN

Operating income as a percentage of net revenue



ANNUAL ADJUSTED EBITDA⁽¹⁾

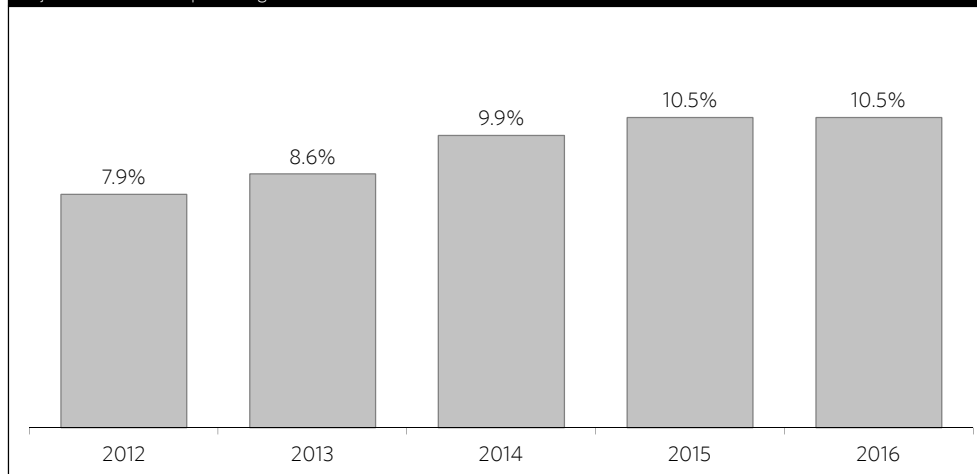
\$ in millions



⁽¹⁾Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP financial measures which the company believes are useful to management and meaningful to investors because they provide insight into the ongoing operating results of the company's core business. A reconciliation to Operating Income is provided on Slide 27.

ANNUAL ADJUSTED EBITDA MARGIN⁽¹⁾

Adjusted EBITDA as a percentage of net revenue



⁽¹⁾Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP financial measures which the company believes are useful to management and meaningful to investors because they provide insight into the ongoing operating results of the company's core business. A reconciliation to Operating Income is provided on Slide 27.

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ADJUSTED EBITDA MARGIN

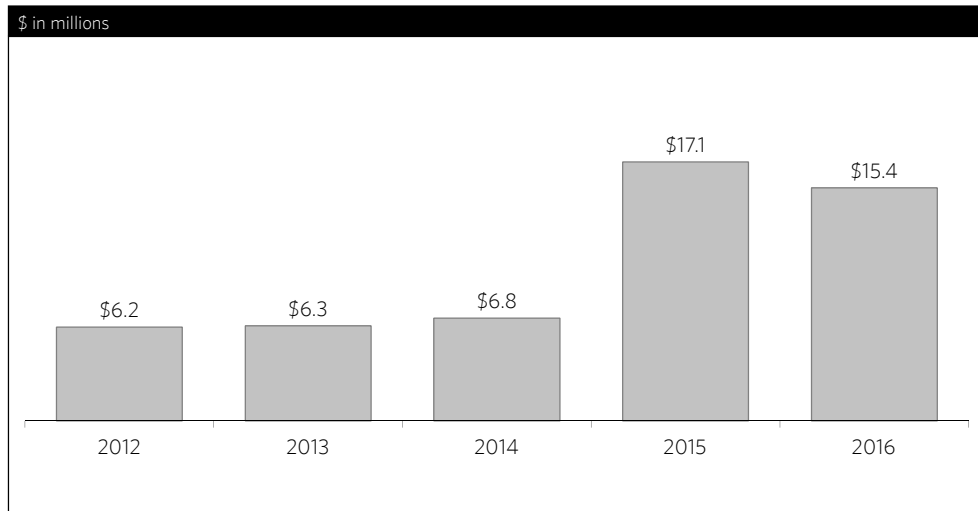
We define Adjusted EBITDA as earnings before interest, taxes, depreciation, intangible amortization, stock-based compensation expense, compensation expense associated with Senn Delaney retention awards, acquisition-related earnout accretion, and other non-operating income or expense.

\$ in millions-- numbers may not foot due to rounding			
	2016	2015	change
Net Income	\$ 15.4	\$ 17.1	\$ (1.7)
Interest, net	\$ (0.2)	\$ 0.1	
Other, net	\$ (2.3)	\$ 2.4	
Provision for income taxes	\$ 22.4	\$ 14.4	
Operating Income	\$ 35.2	\$ 34.1	\$ 1.2
Adjustments			
Salaries and employee benefits			
Stock-based compensation expense	5.8	4.6	1.2
Senn Delaney retention awards	3.0	2.2	0.8
General and administrative expenses			
Depreciation	9.4	8.8	0.6
Intangible amortization	7.1	4.9	2.2
Earnout accretion	0.6	1.3	(0.7)
Adjusted EBITDA	\$ 61.2	\$ 55.8	\$ 5.4
Adjusted EBITDA Margin (as % of net revenue)	10.5%	10.5%	

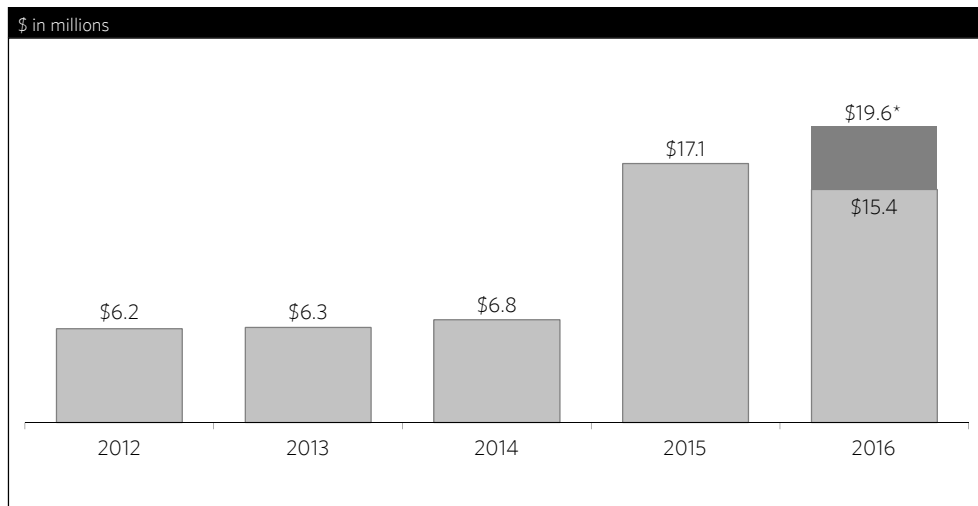
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NET INCOME

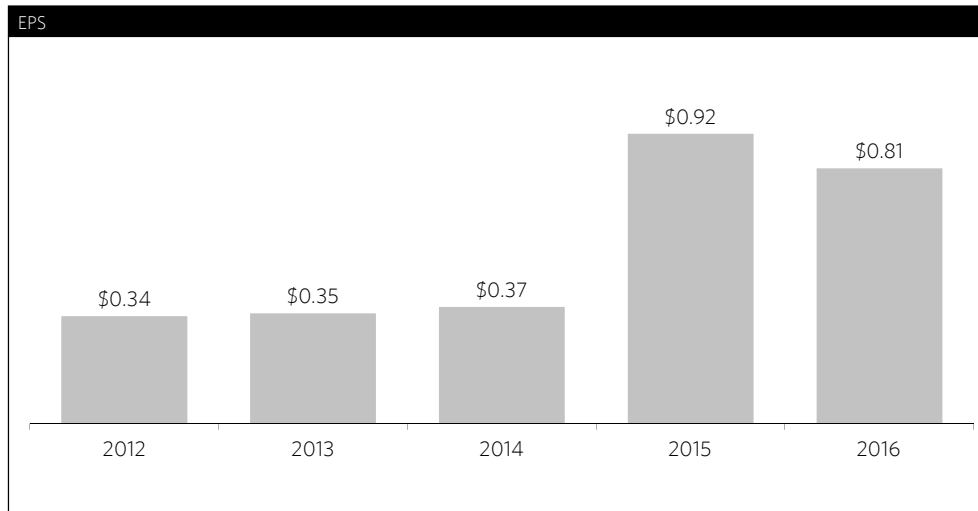


NET INCOME

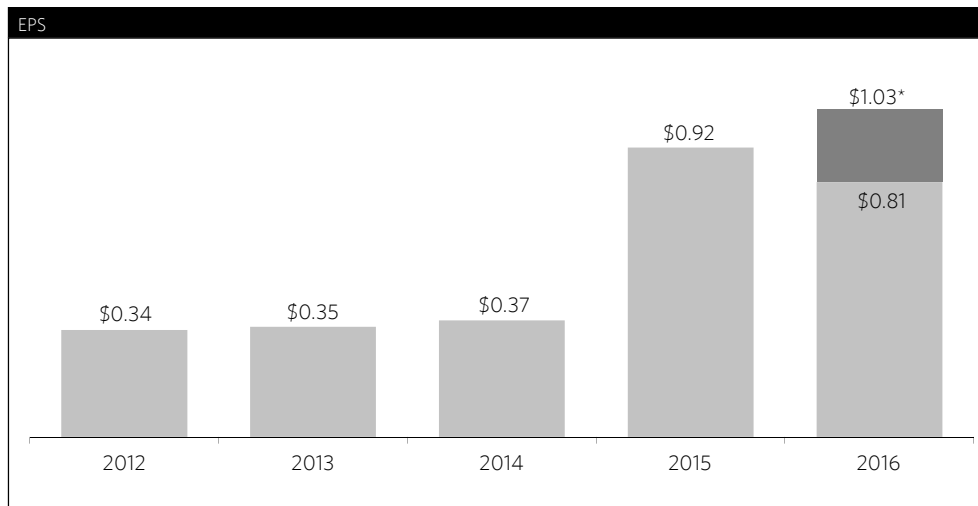


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NET INCOME PER DILUTED SHARE

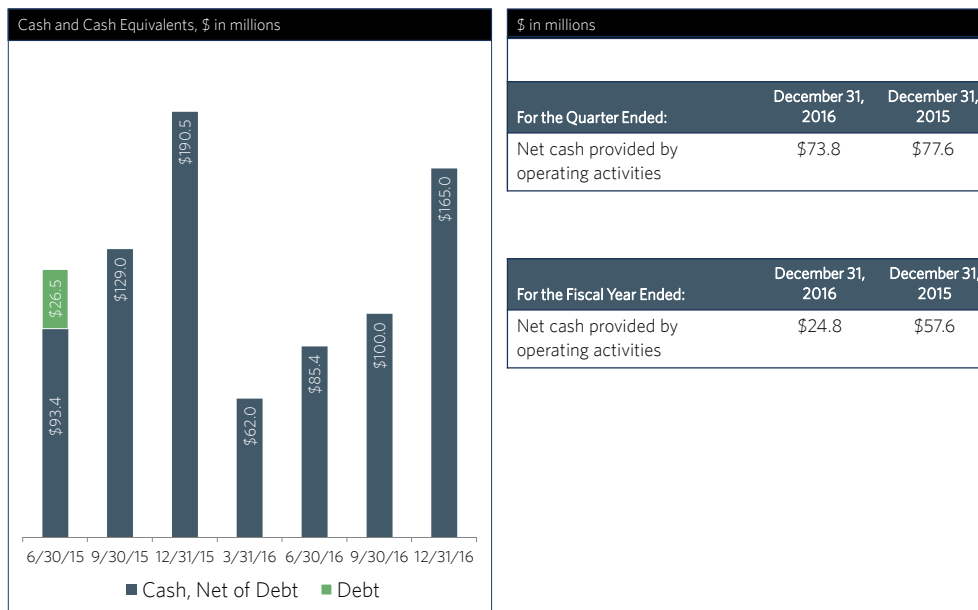


NET INCOME PER DILUTED SHARE



* In the 2016 fourth quarter, the company's EPS was impacted by an unusually high effective tax rate, 94.9%. The company repatriated dividends from foreign operations to the United States. This resulted in additional book tax expense which will be offset by utilizing foreign tax credits. The company also recorded several other non-recurring tax items which also contributed to the high effective tax rate. Adjusting for these one-time tax items, the company's tax rate would have been 48% in 2016 and Adjusted Diluted Earnings Per Share would have been \$1.03.

CASH POSITION



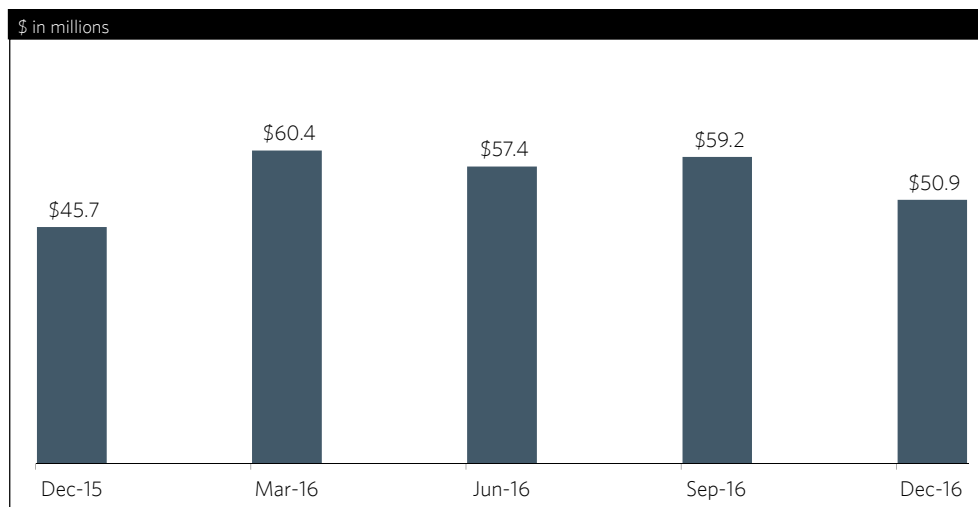
\$ in millions

	December 31, 2016	December 31, 2015
For the Quarter Ended:		
Net cash provided by operating activities	\$73.8	\$77.6

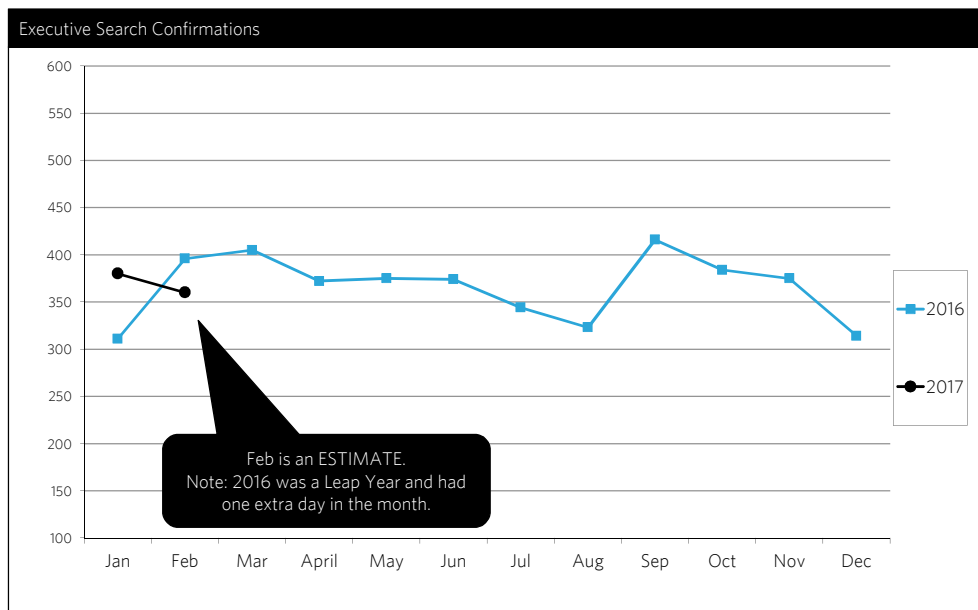
	December 31, 2016	December 31, 2015
For the Fiscal Year Ended:		
Net cash provided by operating activities	\$24.8	\$57.6

BACKLOG

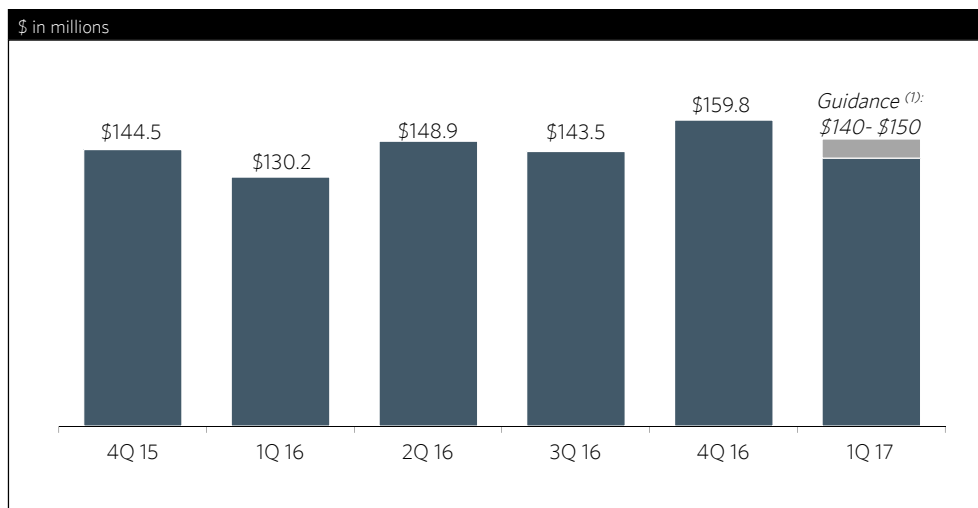
Backlog is comprised of contractual billings for Executive Searches that will be recognized as revenue in the future. It does not include Leadership Consulting or Culture Shaping.



WORLDWIDE MONTHLY CONFIRMATION TRENDS



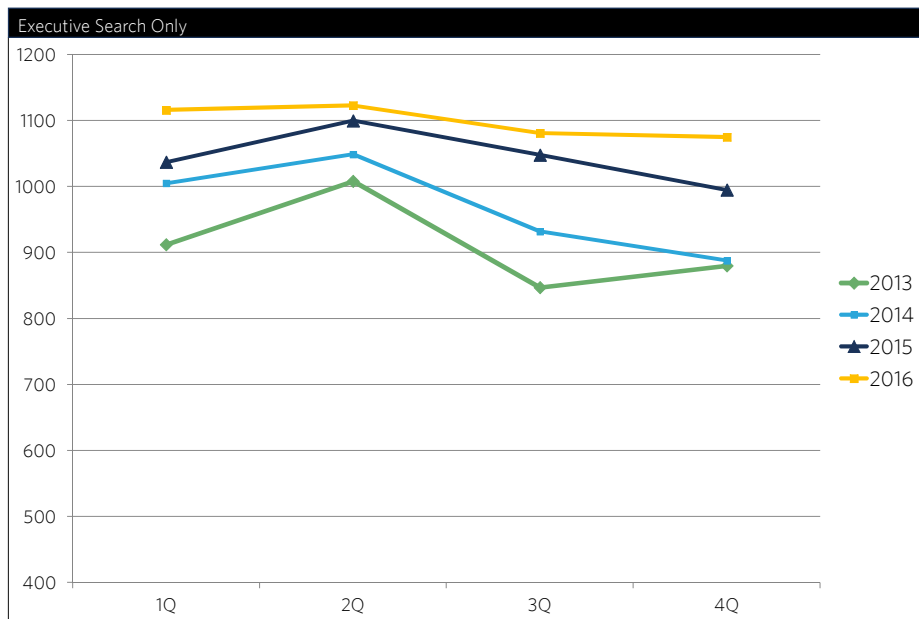
GUIDANCE: 1Q 2017 NET REVENUE (excludes reimbursements)



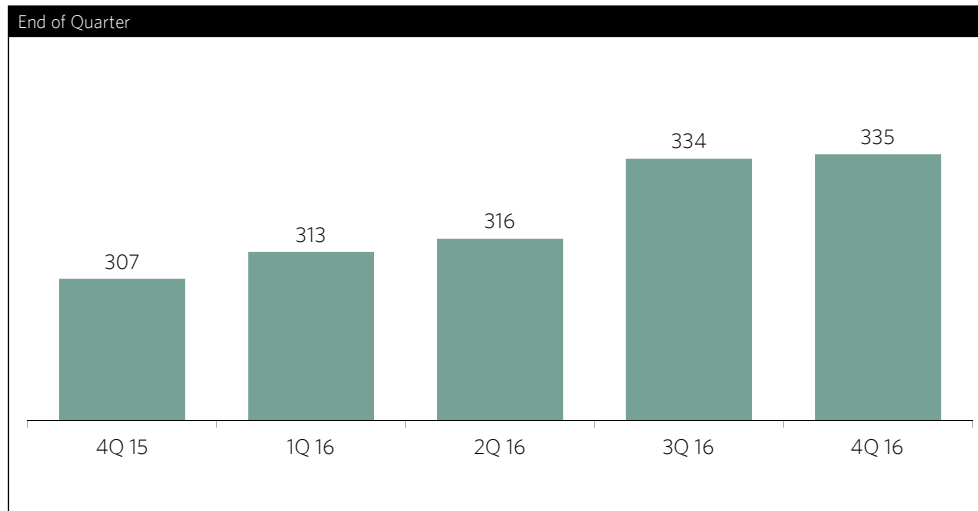
⁽¹⁾This forecast is based on the average currency rates in December 2016 reflects, among other factors, management's assumptions for the anticipated volume of new Executive Search confirmations, Leadership Consulting assignments and Culture Shaping services, the current backlog, consultant productivity, consultant retention, and the seasonality of the business.

EXECUTIVE SEARCH QUARTERLY RESULTS

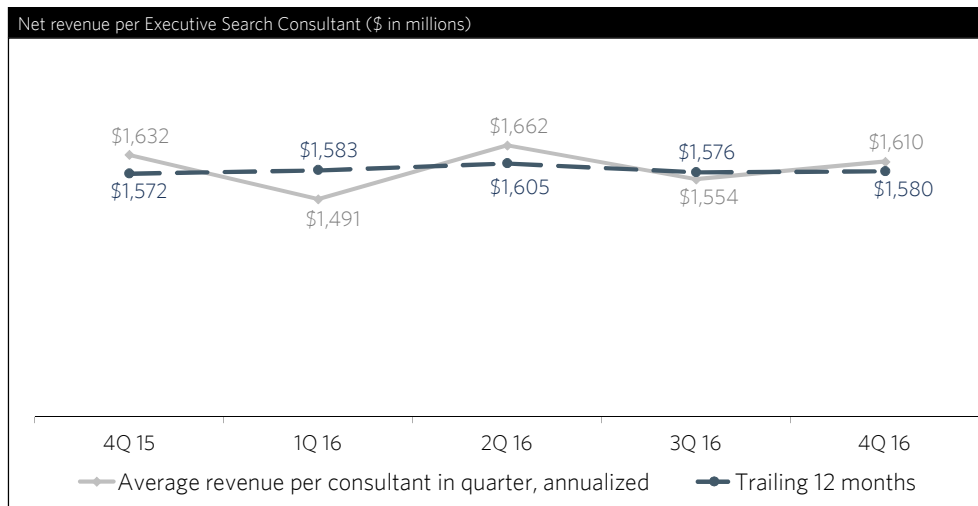
EXECUTIVE SEARCH CONFIRMATIONS



EXECUTIVE SEARCH CONSULTANT HEADCOUNT

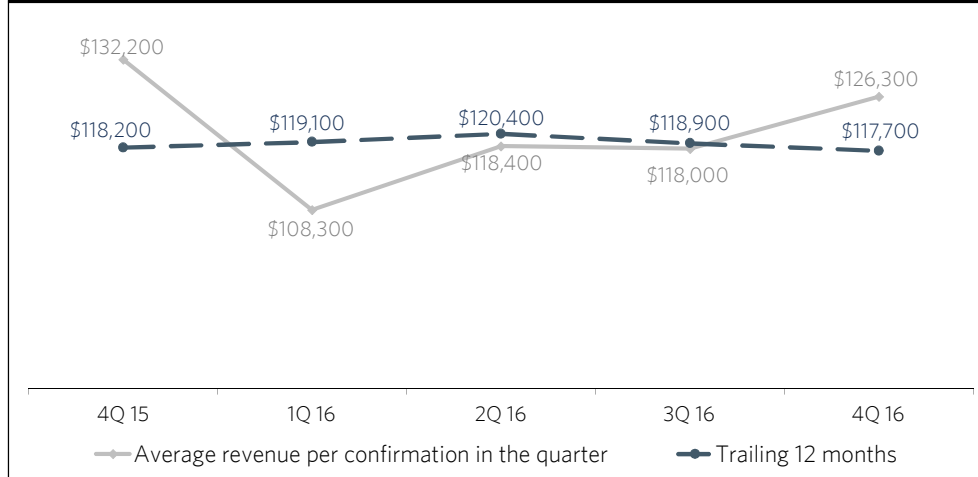


PRODUCTIVITY



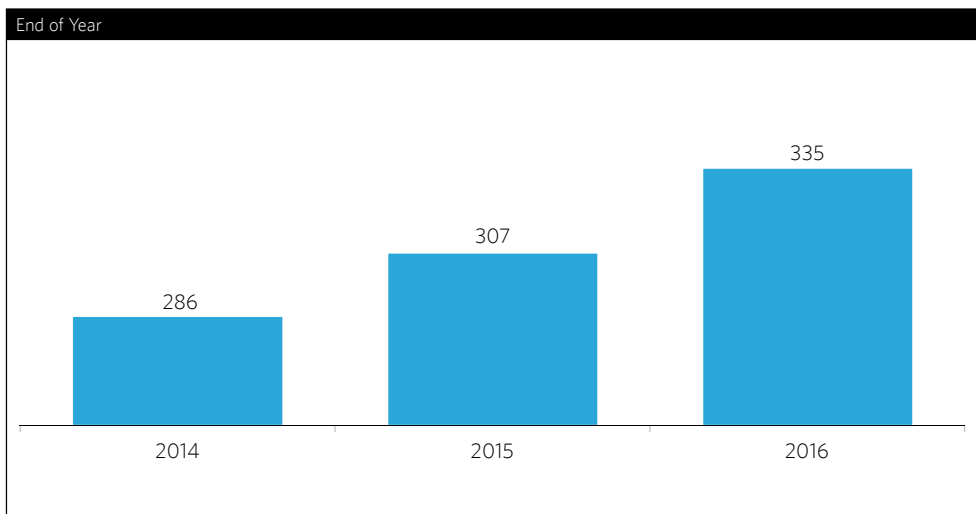
REVENUE PER EXECUTIVE SEARCH

Executive Search Revenue Divided by Executive Search Confirmations

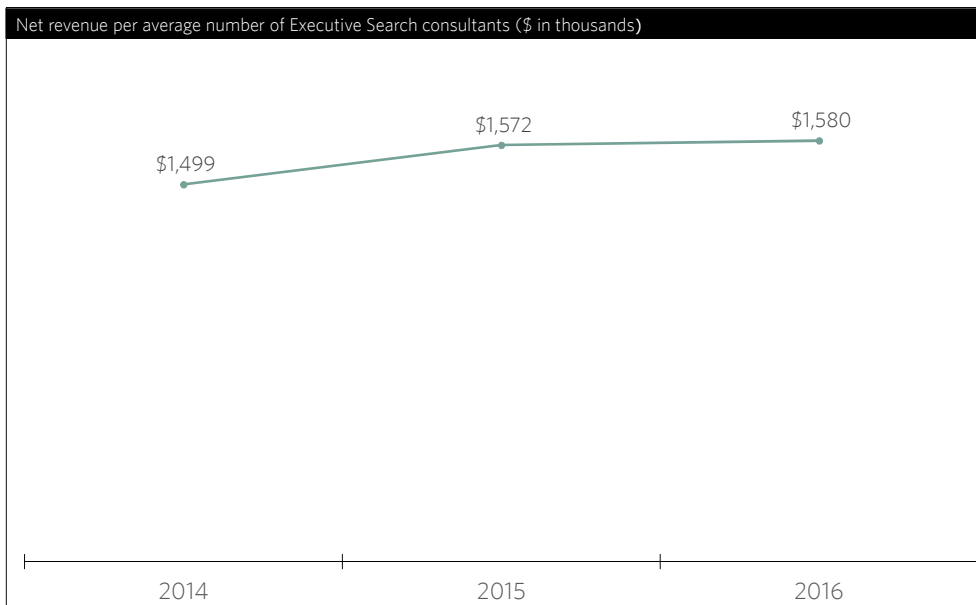


EXECUTIVE SEARCH ANNUAL RESULTS

EXECUTIVE SEARCH CONSULTANT HEADCOUNT

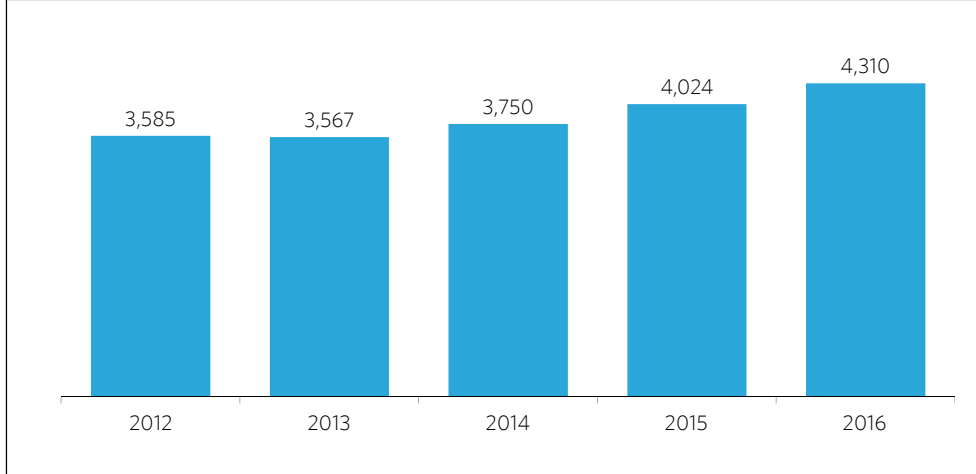


PRODUCTIVITY (\$ in thousands)



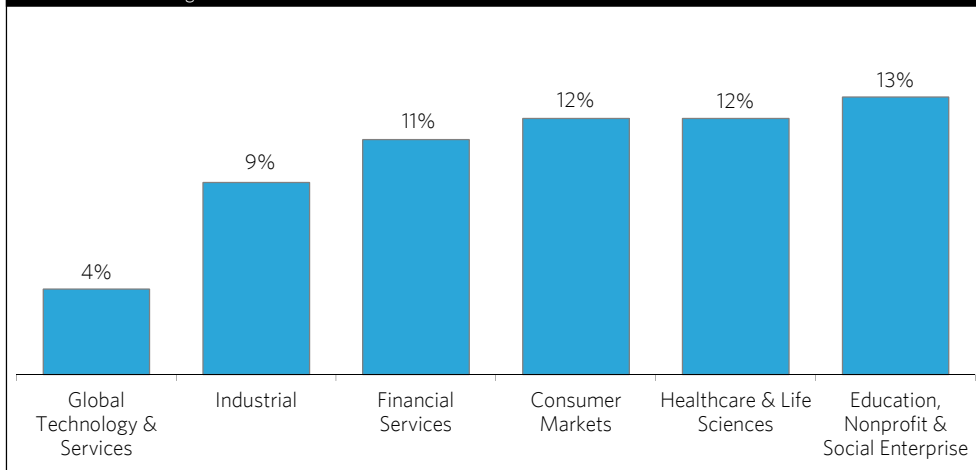
EXECUTIVE SEARCH CONFIRMATIONS

Signed Contracts for Executive Searches



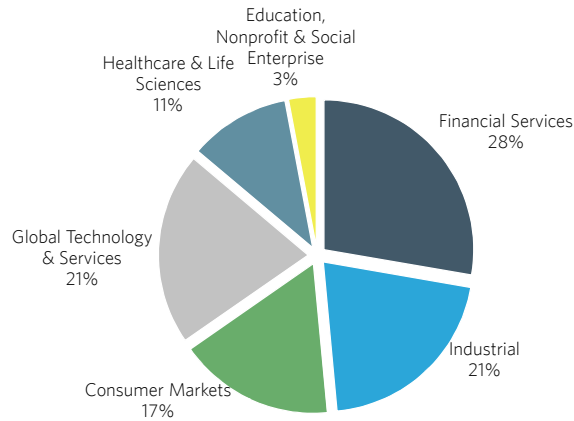
GROWTH IN INDUSTRY PRACTICE BILLINGS 2016 COMPARED TO 2015

Executive Search Billings



INDUSTRY PRACTICE GROUP MIX OF BILLINGS⁽¹⁾

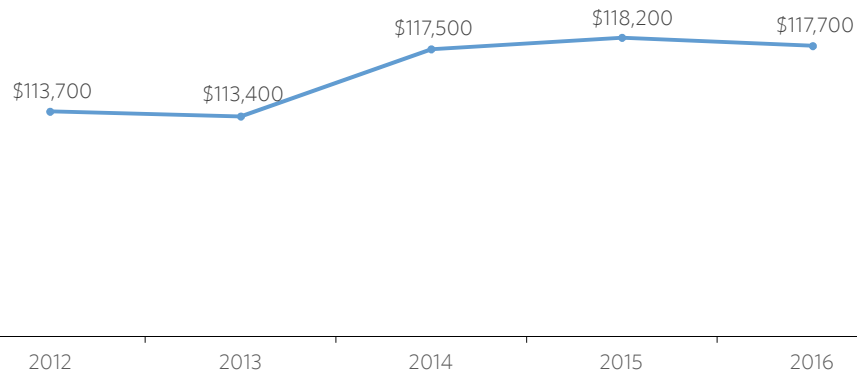
Executive Search Billings



(1) Industry practice billings as percentage of total Executive Search billings in 2016. Numbers may not add due to rounding.

AVERAGE REVENUE PER EXECUTIVE SEARCH

Executive Search Revenue Divided by Executive Search Confirmations



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