

# HEIDRICK & STRUGGLES

## FIRST QUARTER 2020 RESULTS

APRIL 27, 2020

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## SAFE HARBOR STATEMENT

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The 2020 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, the impacts, direct and indirect, of the COVID-19 pandemic on our business, our consultants and employees, and the overall economy; 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.

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# FIRST QUARTER 2020 CONSOLIDATED RESULTS

## 2020 FIRST QUARTER HIGHLIGHTS

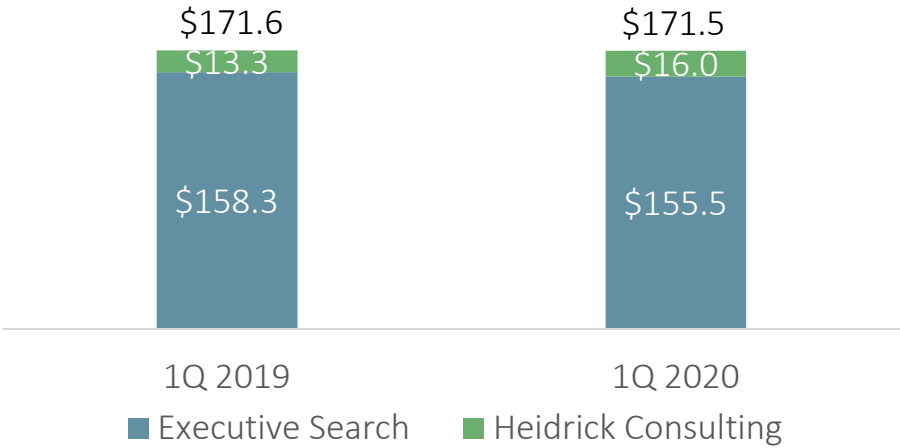
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- First quarter net revenue of \$171.5 million was in-line with record prior year results of \$171.6 million
- Operating income grew 10.7% to \$18.2 million compared to \$16.4 million in 2019
- Adjusted EBITDA grew 14.6% over prior year period to \$23.6 million
- Operating margin expanded 100 basis points to 10.6% compared to 9.6% in last year's first quarter
- Adjusted EBITDA margin expanded 180 basis points to 13.8%
- General and administrative expense, as a percent of net revenue, improved 120 basis points to 18.8% from 20.0% in the prior year period
- Ended the first quarter with \$322 million of liquidity
- Declared \$0.15 per share cash dividend

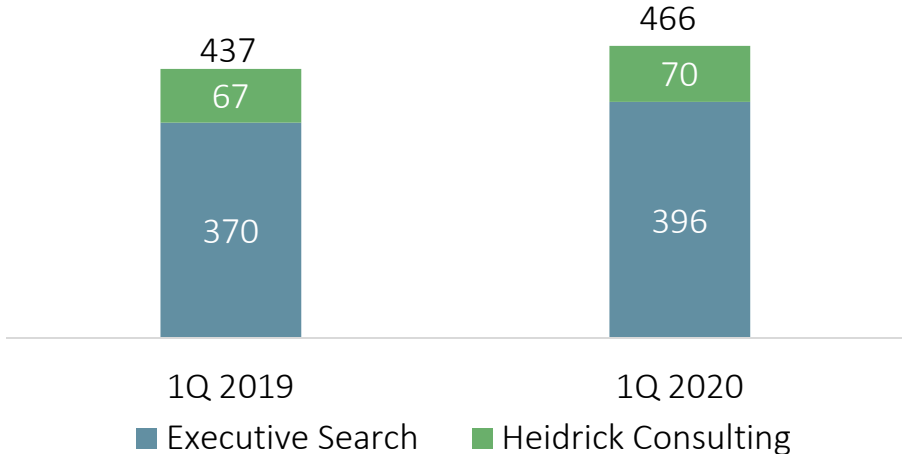
# FIRST QUARTER 2020 FINANCIAL HIGHLIGHTS

\$ in millions except Diluted EPS

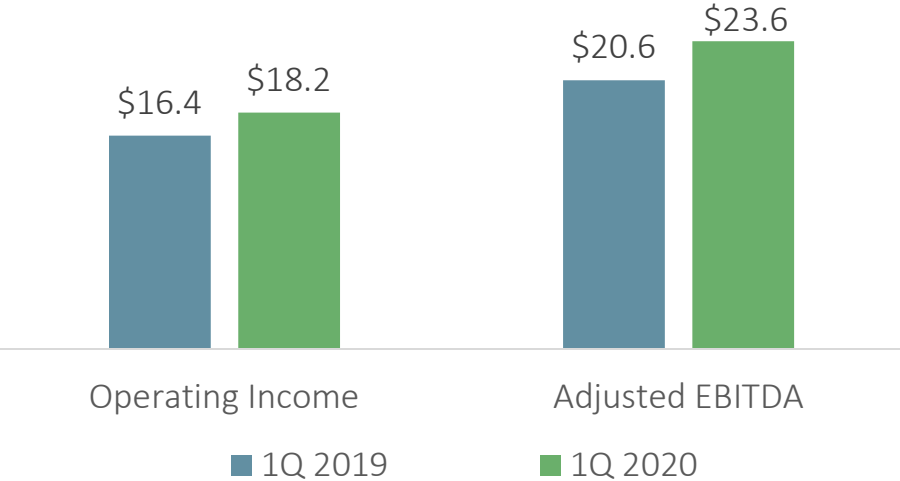
## Consolidated Net Revenue



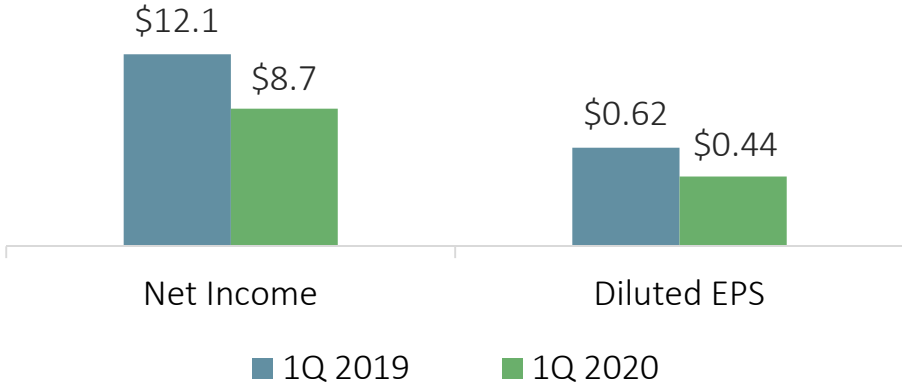
## Consultant Headcount



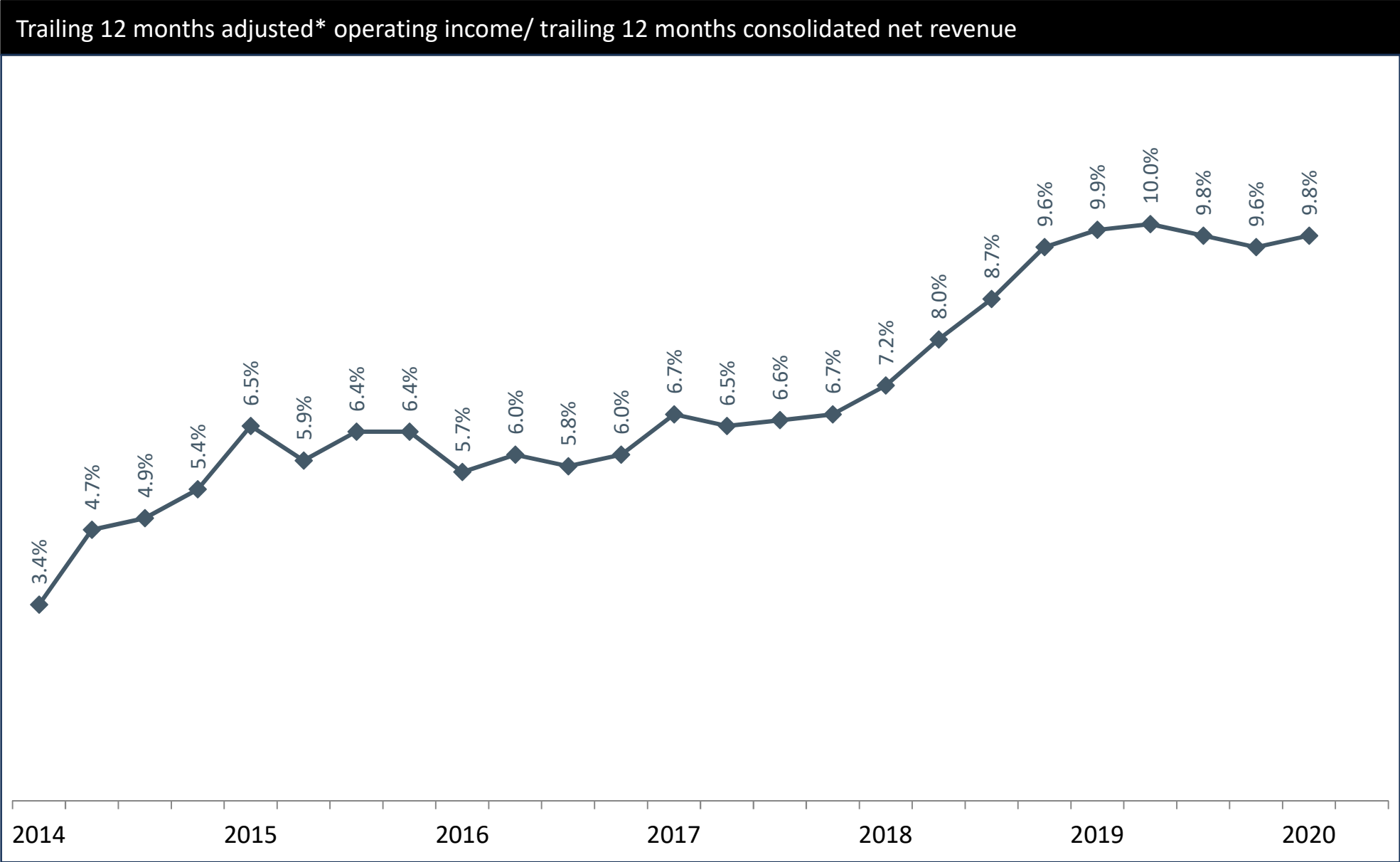
## Profitability



## Net Income & EPS



# TRAILING 12-MONTH CONSOLIDATED OPERATING MARGIN\*

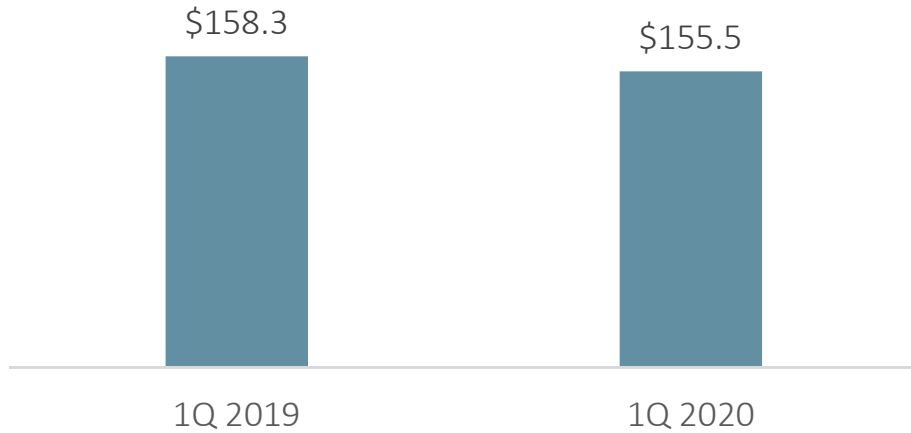


\* Operating margins adjusted to exclude restructuring & impairment charges in 2011, 2012, 2017 and 2019

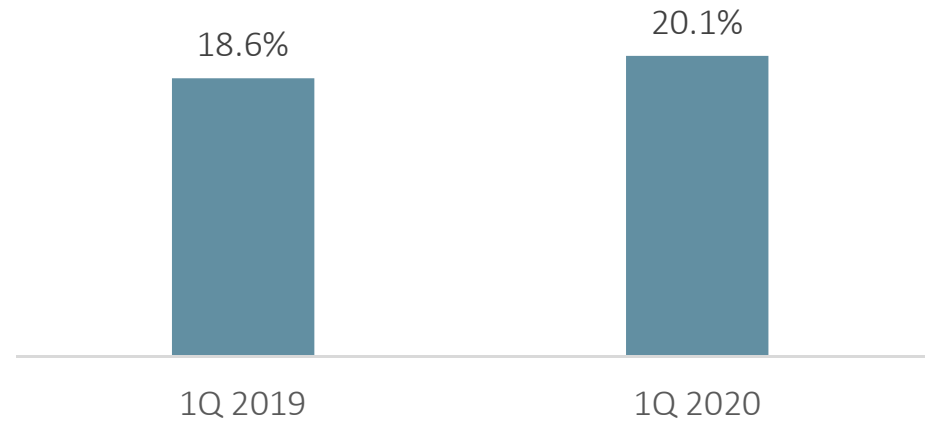
# EXECUTIVE SEARCH – 1Q 2020 FINANCIAL HIGHLIGHTS

\$ in millions

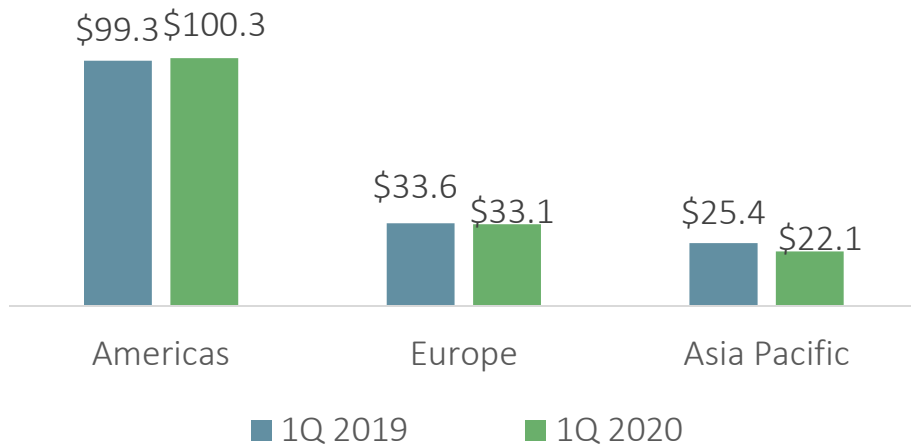
## Net Revenue



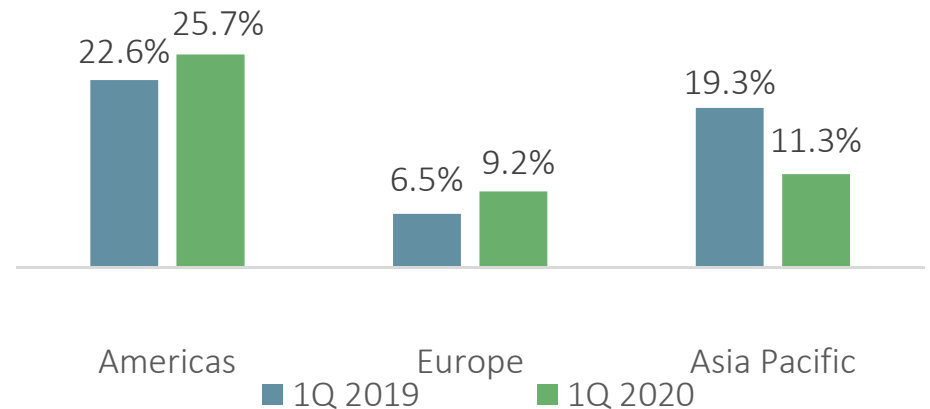
## Operating Margin



## Net Revenue by Region

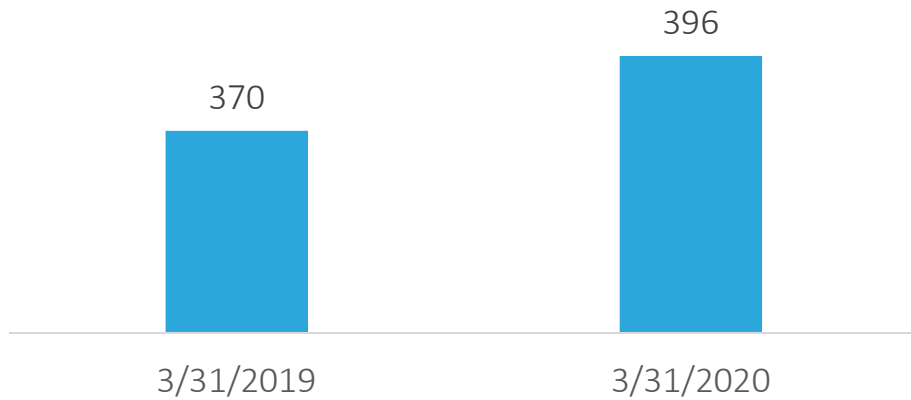


## Operating Margin by Region

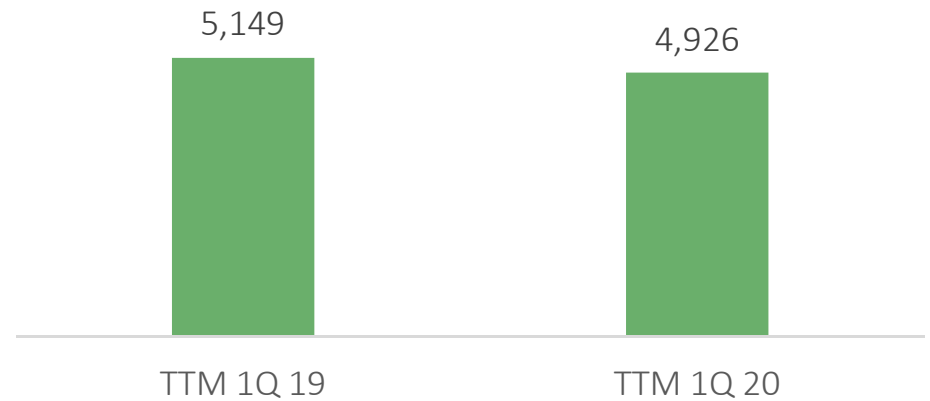


# EXECUTIVE SEARCH OPERATIONAL HIGHLIGHTS

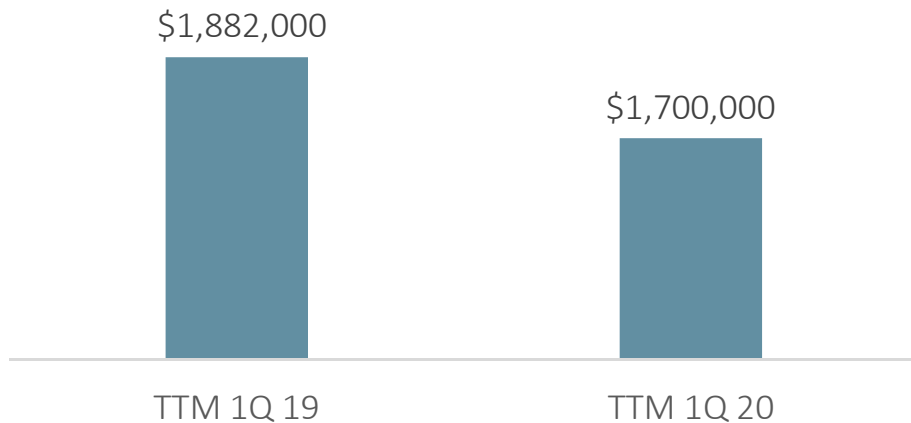
## Consultant Headcount



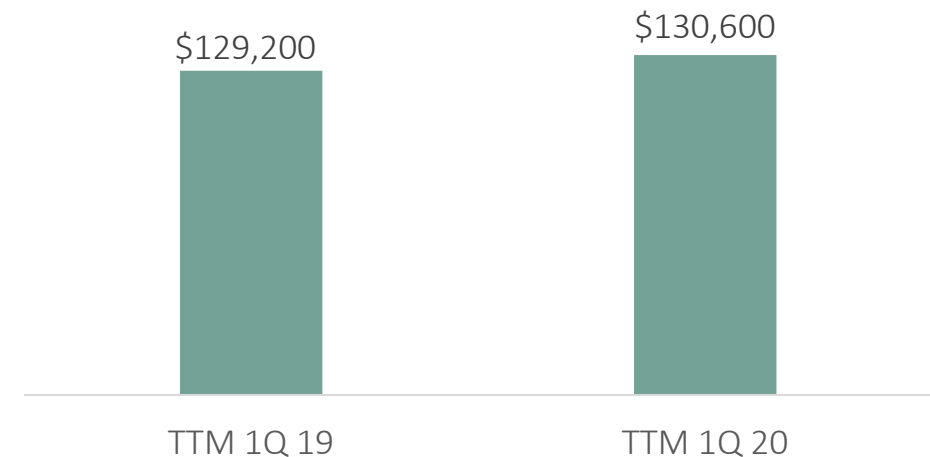
## Executive Search Confirmations



## Consultant Productivity



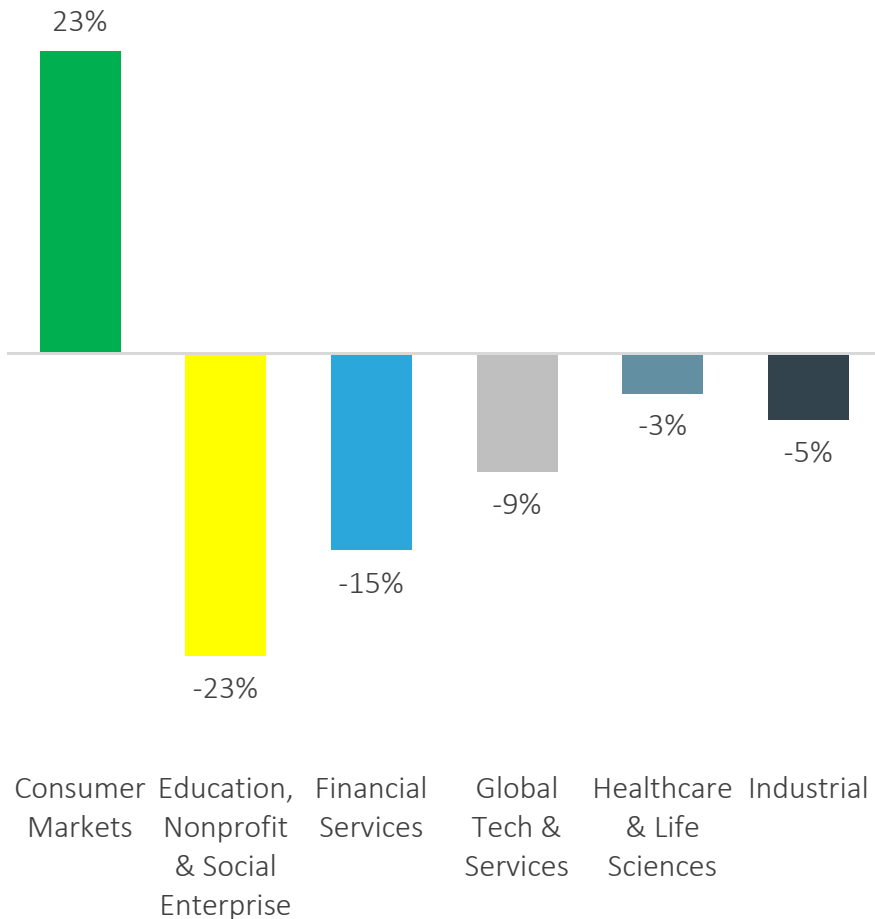
## Average Revenue per Executive Search





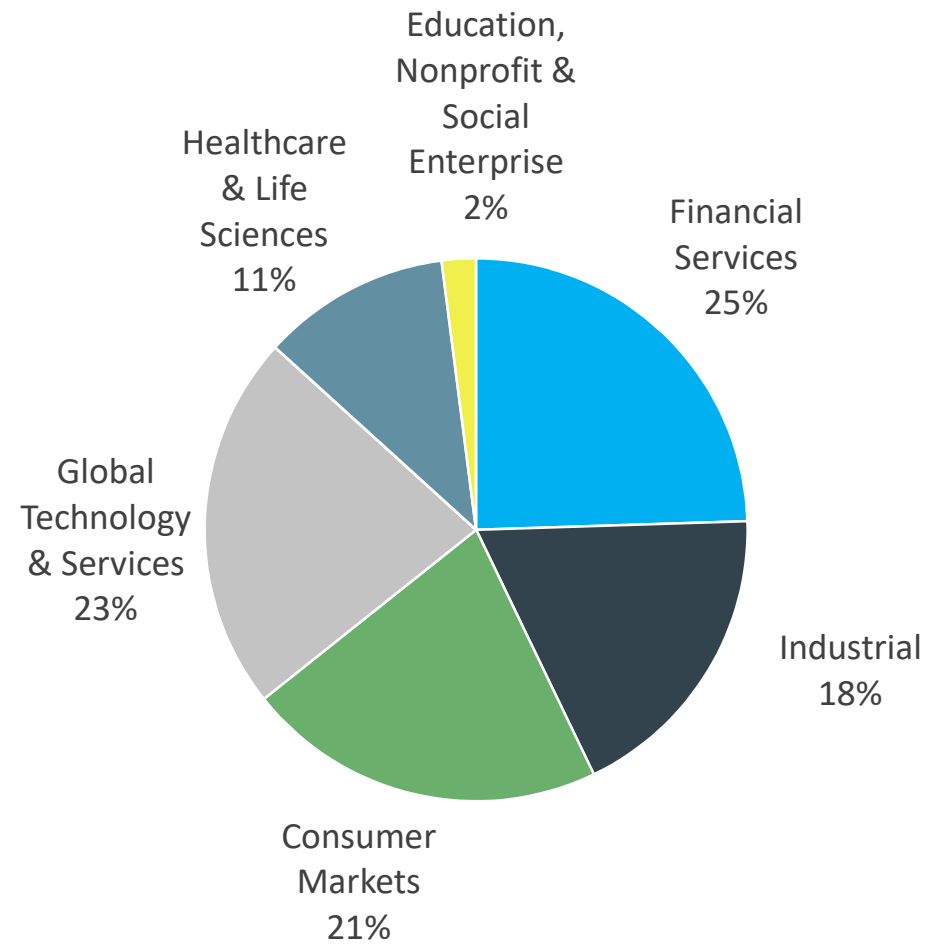
# DIVERSIFIED MIX OF BUSINESS IN SEARCH

Year-over-Year Comparison of Industry Practice Billings



1Q 2020 vs. 1Q 2019

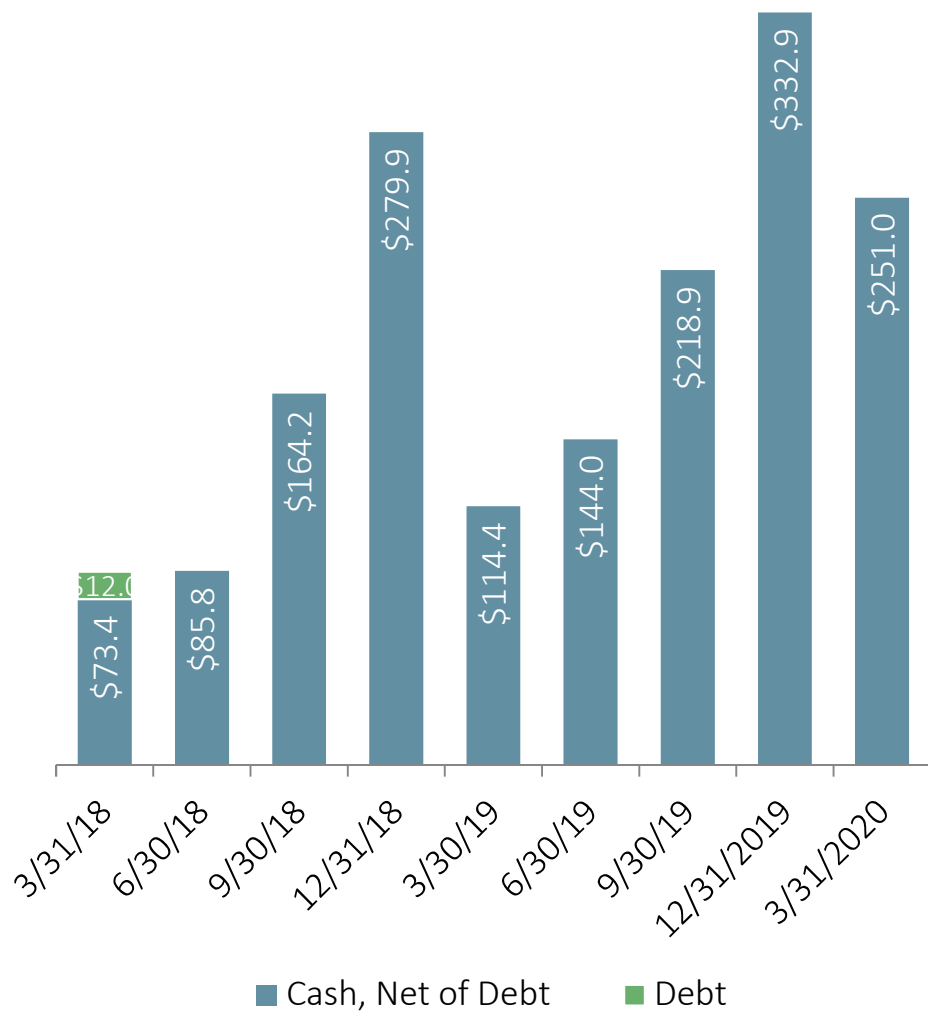
Diversified Mix of Industry Practice Billings



As a % of total practice billings in 1Q 2020

# STRONG & FLEXIBLE BALANCE SHEET

## Cash & Marketable Securities (\$ in millions)



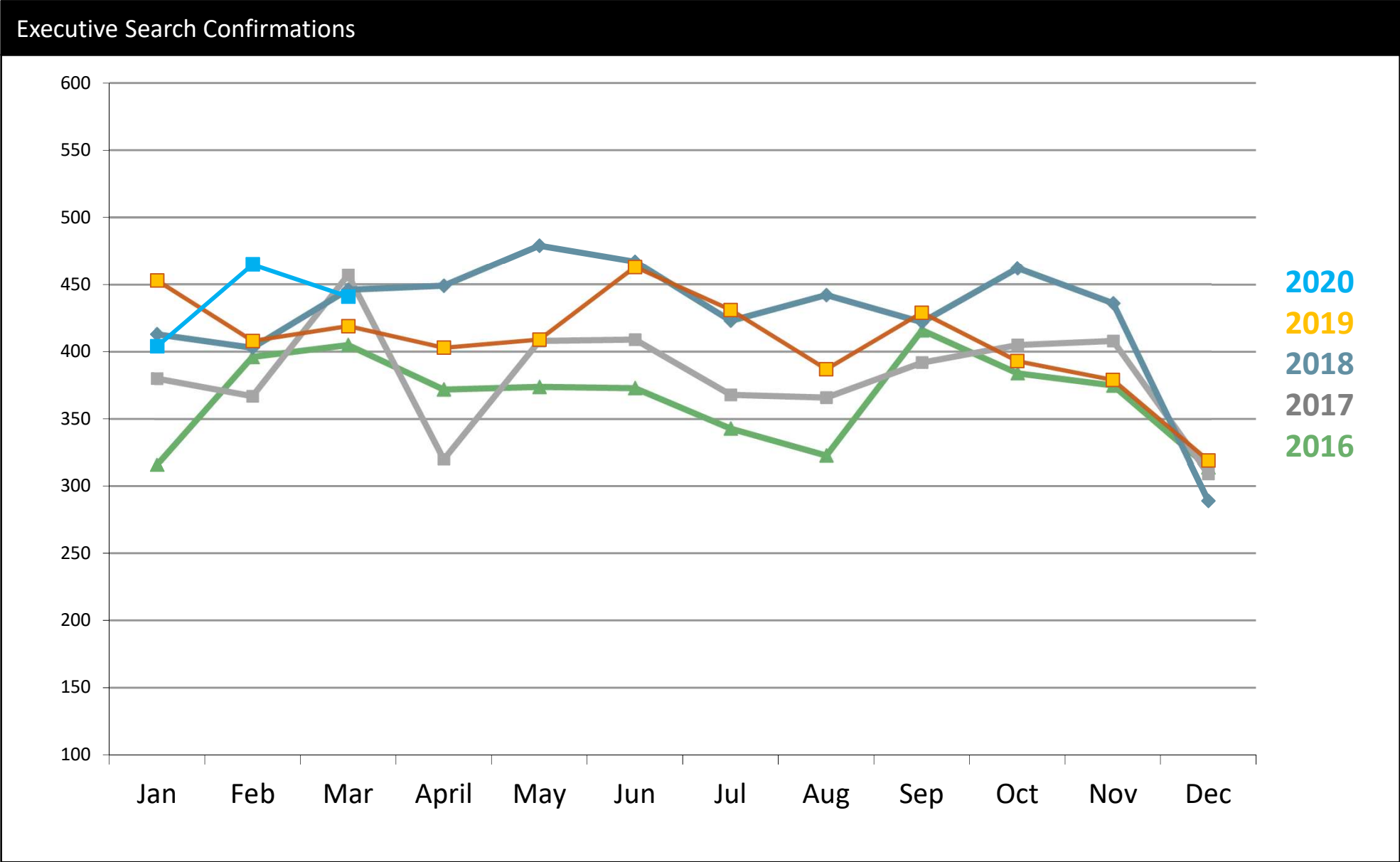
## Cash Flow (\$ in millions)

For the Quarter Ended:	March 31, 2020	March 31, 2019
Net cash used in operating activities	\$165.6	\$155.3

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# OUTLOOK AND INITIATIVES

# WORLDWIDE MONTHLY SEARCH CONFIRMATION TRENDS



## KEY INITIATIVES IN 2020 SHOULD SUPPORT ADDITIONAL GROWTH

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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

Invest in product teams and innovative offerings to drive future growth and shareholder value

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# APPENDIX

## ADJUSTED EBITDA MARGIN – FIRST QUARTER 2020

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

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2020</b>	<b>2019</b>
<b>Revenue before reimbursements (net revenue)</b>	\$ 171,481	\$ 171,594
<b>Net income</b>	8,666	12,087
Interest, net	(679)	(808)
Other, net	4,435	(1,643)
Provision for income taxes	5,730	6,755
<b>Operating income</b>	18,152	16,391
<b>Adjustments</b>		
Salaries and benefits		
Stock-based compensation expense	2,602	1,343
General and administrative expenses		
Depreciation	2,129	2,494
Intangible amortization	208	240
Earnout accretion	-	160
Acquisition contingent compensation	558	-
Total adjustments	5,497	4,237
<b>Adjusted EBITDA</b>	\$ 23,649	\$ 20,628
<b>Adjusted EBITDA Margin</b>	13.8%	12.0%

# HEIDRICK & STRUGGLES

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