Caldwell

FOR IMMEDIATE RELEASE

THE CALDWELL PARTNERS INTERNATIONAL ISSUES FISCAL 2019 SECOND QUARTER FINANCIAL RESULTS

- **Second quarter revenue of $15.3 million.**
- **Second quarter operating profit of $23 thousand.**
- **Board declares 29th consecutive quarterly dividend.**

Toronto – April 3, 2019 – Retained executive search firm The Caldwell Partners International Inc. (TSX: CWL) today issued its financial results for the fiscal 2019 second quarter ended February 28, 2019. 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 February 28		Six Months Ended February 28	
	2019	**2018**	**2019**	**2018**
Professional fees	$14,543	$14,854	$29,712	$29,827
License fees	$374	$67	$591	$143
Direct expense reimbursements[1]	$411	-	$917	-
Revenues	$15,328	$14,921	$31,220	$29,970
Cost of sales	$11,926	$11,244	$23,504	$22,317
Reimbursed direct expenses[1]	$411	-	$917	-
Expenses	$2,968	$2,970	$6,347	$6,042
Operating profit	$23	$707	$452	$1,611
Investment income	$97	$2	$56	$4
Earnings before tax	$120	$709	$508	$1,615
Net earnings after tax[2]	$33	$270	$244	$680
Net earnings per share	$0.002	$0.013	$0.012	$0.033

1. *As a result of the implementation of IFRS 15, the Company now shows the gross amount of direct expenses billed and recovered from clients as revenue, with the gross amount incurred recorded as a cost of sales. Prior to the adoption of IFRS 15 direct expense reimbursements and reimbursed direct expenses were shown as a net zero amount within cost of sales. For further information, please refer to note 3 of consolidated interim financial statements for the second quarter ended February 28, 2019.*

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2. *As a result of new substantively enacted tax rate, the Company's US entity deferred tax balances were adjusted during the prior year's second quarter, resulting in additional deferred tax expense of $204. No such expense was incurred in the year.*

"The developing headwinds we experienced at the end of our first quarter continued into the beginning of our second quarter, as economic uncertainty and equity market volatility caused pause and hiring delays among our clients," said John Wallace, chief executive officer. "We have since seen a significant strengthening of new search engagements in the latter part of the second quarter, continuing to date in the third quarter."

Wallace added: "We remain focused on making strategic additions to our partner team in the geographies and industries that most strongly enhance our ability to serve our clients. The addition of Andrew Willson (London) and Jeremy Zeman (Chicago) added significant depth to our Industrial and Financial Services capabilities, while further strengthening our London team and establishing our presence in Chicago. Additionally, our most recent strategic affiliation with leading Sydney-based board and C-suite executive search firm Hattonneale was another major step forward for Caldwell, as we continue to build out our footprint and client capabilities in Asia Pacific."

"Along with partner hires, we continue to prudently expand our service lines in areas that can leverage the existing expertise of our search teams. We recently announced that we are now the largest licensed certified partner of The Predictive Index (PI), allowing us to integrate their suite of talent strategy and assessment tools with our search process, as well as sell and service the PI platform directly to our clients for their enterprise-wide use. This, in addition to our first quarter launches of Agile Talent's Diversity & Inclusion solution and Caldwell Advance, our mid-level search offering for emerging leaders and advancing professionals, will permit us to have an increasingly meaningful impact on our clients' overall talent strategy."

The Board of Directors today also declared the payment of a quarterly dividend of 2.25 cents per Common Share payable to holders of Common Shares of record on April 12, 2019, and to be paid on June 10, 2019.

Financial Highlights (all numbers expressed in $000s)

- Operating revenue:

  Second Quarter

  On a consolidated basis, Revenue, Net of Reimbursements for the quarter was approximately level with the prior year. Pressure on professional fees from lower search volumes was compensated for by a higher average fee, favourable movement in our IFRS 15 balances and an early termination payment received from our Latin American licensee:

  - Professional fees for the second quarter of fiscal 2019 were $14,543. The application of IFRS 15 resulted in a $522 increase in professional fees during the quarter. Excluding the IFRS 15 impact, professional fees decreased 5.6% (a decline of 9.1% excluding a favourable 3.5% variance from exchange rate fluctuations) from the comparable period last year to $14,021 (2018: $14,854).

    The decrease in professional fees is attributable to a lower Number of

Assignments per Partner at 2.3 (2018: 2.7) resulting in a decrease in number of assignments to 89 (2018: 104) partially offset by a higher Average Number of Partners at 39.3 compared to 38.0 in the prior year period and an increase in Average Fee per Assignment to $163 ($158 excluding the IFRS 15 impact) (2018: $143).

On a segment basis, $10,594 of professional fees were generated from the US (2018: $10,489), $3,763 from Canada (2018: $3,799) and $186 from Europe (2018: $566).

- License fees from our licensees in Australia, Latin America and New Zealand for the use of the Caldwell Partners brand and intellectual property for the fiscal 2019 second quarter were $374 (2018: $67). Effective February 28, 2019, the Company and CPGroup announced they had mutually agreed to end their licensing relationship. As part of the agreement for early termination, the licensee made a one-time payment to the Company for $218, reflected in the quarter and year to date fees. Within total license fees, license fees from CPGroup including the termination payment for the three months ended February 28, 2019 were $320 (2018: $51).

- Direct expenses incurred and billed to clients during the fiscal 2019 second quarter were $411 (2018: $416, with the revenue billed and cost of sale amounts presented as net zero).

Year to date

On a consolidated basis, Revenue, Net of Reimbursements year to date was up slightly from the prior year. Lower search volumes were more than covered in by a higher average fee, favourable movement in our IFRS 15 balances and the early termination payment received from our Latin American licensee.

- Professional fees for the first six months of 2019 were $29,712. The application of IFRS 15 resulted in a $160 increase in professional fees during the period. Excluding the IFRS 15 impact, professional fees decreased 0.9% (a decline of 4.1% excluding a favourable 3.2% variance from exchange rate fluctuations) over the comparable period last year to $29,552 (2018: $29,827).

  The decrease in year-to-date professional fees was the result of a decrease in the Number of Assignments per Partner to 5.0 (2018: 5.8) which resulted in a decrease in the total Number of Assignments to 197 (2018: 218) partially offset by increases in the Average Number of Partners at 39.3 compared to 37.9 in the prior year and an increase in Average Fee to $151 ($150 excluding the IFRS 15 impact) (2018: $137).

  On a segment basis, $21,480 of professional fees was generated from the US (2018: $22,034), $7,576 from Canada (2018: $7,183) and $656 from Europe (2018: $610).

- Year to date licence fees for the six months ended February 28, 2019 were $591 (2018: $143). Effective February 28, 2019, the Company and CPGroup announced they had mutually agreed to end their licensing relationship. As part of the agreement for early termination, the licensee made a one-time payment to the Company for $218, reflected in the quarter and year to date fees. Within total license fees, license fees from CPGroup including the termination payment for the six months ended February 28, 2019 were $497 (2018: $108).

- Year to date direct expenses incurred and billed to clients were $917 (2018: $771, with the revenue billed and cost of sale amounts presented as net zero).

- Operating profit:

  Second Quarter

  - Operating profit for the second quarter of 2019 was $23. The adoption of IFRS 15 resulted in a $261 increase in operating profit in the quarter. Excluding the IFRS 15 impact, operating profit decreased $945 to a loss of $238 (2018: profit of $707). This $945 decrease came from lower revenue ($526) and a higher cost of sales ($421) partially offset by lower expenses ($2) arising from the variances discussed below. Exchange rate variances had a net unfavourable impact of $49 to the operating profit results.
  - A concentration of professional fees brought in by partners in higher grid levels, deficits with partners whose draws exceeded commissions and search team staffing hires made during the second half of the prior year contributed to the higher cost of sales. Should those partners carrying deficits at the end of the quarter generate higher levels of revenue during the remainder of the fiscal year, it is possible some amount of the deficits may be recouped, resulting in lower compensation as a percentage of revenue.
  - Expenses in the second quarter decreased by 0.1% or $2 over the same period in the prior year to $2,968 (2018: $2,970). Excluding exchange rate variances, expenses decreased $128 or 4.3% over the same period last year. This constant currency decrease resulted from the timing of our current quarter partner conference occurring later in the prior year ($330) and current period legal costs from pursuit of a claim against a former client ($415) offset by reductions in management bonus accruals ($359) and performance share-based compensation expense ($460) on lower operating results to established targets with other net favourable variances of ($54).
  - On a segment basis, $1,030 of profit was generated from Canada ($792 net of intercompany license fee revenue) which was offset partially by operating losses in the US of $541 ($303 net of intercompany license fees) and Europe of $466.

  Year to date

  - Operating profit for the first six months of 2019 was $452. The adoption of IFRS 15 resulted in a year to date $80 increase in operating profit. Excluding the IFRS 15 impact, operating profit decreased $1,239 to $372 (2018: $1,611). The $1,239 decrease was the result of a higher cost of sales ($1,107) and higher expenses ($305) arising from the variances discussed below partially offset by slightly higher revenue ($173) versus the comparable period in the prior year. Exchange rate variances had a net unfavourable impact of $31 to the operating profit results.

- Costs of sales was higher on the same variances drivers discussed in the preceding quarterly discussion.
- Expenses for the first six months of the year increased 5.0% or $305 over the prior year to $6,347 (2018: $6,042). Excluding exchange rate variances of $184, expenses on a constant currency basis increased $121 or 2.0% over the same period last year. Constant currency cost increases resulted from an increase in legal expenses discussed in the quarter ($429), the cost of our annual partner conference held in the second quarter this year, but in the third quarter of the previous year ($374) and a net increase across other categories ($1). These unfavourable variances were partially offset by decreases in management bonus accruals resulting from not meeting current year operational targets ($329), lower share-based compensation expense caused by not meeting operational targets ($179) and lower expenses related to firm-wide search team practice meetings for business development and training that were held during the second quarter in the previous year but scheduled for future periods in the current year ($175).
- On a segment basis, expenses were $4,378 from the US ($4,862 less the $484 in intercompany licence fees), $1,644 from Canada and $325 from Europe.

- Net earnings after tax:

  - On December 22, 2017, the US tax reform ("Tax Cuts and Jobs Act") was substantively enacted and reduced the maximum federal corporate income tax rate for the company's US entity from 35% to 21%. In fiscal 2018, a hybrid rate derived from the previous and new tax rates was applied to US taxable income. The Company’s US entity deferred tax balances were adjusted to reflect the lower tax rate to be utilized in future periods resulting in a net deferred tax expense of $204 for the three and six month periods ending February 28, 2018. In the current year, the new, lower tax rate is applied.

  - There was a net income tax expense of $87 in the second quarter of 2019 (2018: $439). On a segment basis, Canada had an income tax expense of $202 (2018: $224) and the US income tax recovery of $115 (2018: $215 expense). The UK recognized no income tax recovery based on a history of operating losses (2018: $nil). Within these results, the adoption of IFRS 15 increased income tax expense by $70 during the quarter.

    For the six months ended February 28, 2019 income tax expense was $264 (2018: $935). On a segment basis, Canada had an income tax expense of $413 (2018: $370), the US income tax recovery of $149 (2018: $565 expense) and no income tax recovery was recognized in the UK (2018: $nil). The adoption of IFRS 15 increased income tax expense by $22 in the first six months of 2019.

– Second quarter net income was $33 ($0.002 per share), as compared to $270 ($0.013 per share) in the comparable period a year earlier. The adoption of IFRS 9 resulted in an $88 increase ($0.004 per share) in net income on the quarter. The adoption of IFRS 15 resulted in a $191 increase ($0.010 per share) in net income on the quarter. Excluding these adjustments, net profit decreased $516 to a loss of $246 ($0.012 per share) on the quarter.

– Year-to-date net income was $244 ($0.012 per share), as compared to $680 ($0.033 per share) in the comparable period a year earlier. The adoption of IFRS 9 resulted in an $88 increase ($0.004 per share) in net income year to date. The adoption of IFRS 15 resulted in a $58 increase ($0.003 per share) year to date. Excluding these adjustments, net profit decreased $532 to $148 ($0.007 per share) year to date.

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

At Caldwell we believe *Talent Transforms*. As a leading provider of executive talent, we enable our clients to thrive and succeed by helping them identify, recruit and retain their best people. Our reputation–nearly 50 years in the making–has been built on transformative searches across functions and geographies at the very highest levels of management and operations. We leverage our skills and networks to also provide agile talent in the form of flexible and on-demand advisory solutions for companies looking for support in strategy and operations. With offices and partners across North America, Europe, Latin America and Asia Pacific, we take pride in delivering an unmatched level of service and expertise to our clients.

Caldwell's 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 US, Canadian 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; technological advances may significantly disrupt the labour market and weaken demand for human capital at a rapid rate; foreign currency exchange rate fluctuations; affiliation agreements may fail to renew or affiliates may be acquired; marketable securities valuation fluctuations; increasing dependence on third parties for the execution of critical functions; volatility of the market price and volume of our common shares; potential impairment of our acquired goodwill and intangible assets; and disruption as a result of actions of certain stockholders or potential acquirers of the Company. 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 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:

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THE CALDWELL PARTNERS INTERNATIONAL INC.

CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(unaudited - in $Canadian)

	As at February 28 2019	*As at August 31 2018*
Assets		
Current assets		
Cash and cash-equivalents	4,985	14,885
Marketable securities	5,687	5,654
Accounts receivable	8,915	10,858
Income taxes receivable	648	-
Unbilled revenue	2,820	-
Prepaid expenses and other assets	2,002	1,711
	25,057	33,108
Non-current assets		
Restricted cash	45	138
Marketable securities	139	137
Advances	648	146
Property and equipment	1,222	1,378
Intangible assets	47	92
Goodwill	2,948	2,885
Deferred income taxes	1,412	1,897
Total assets	31,518	39,781
Liabilities		
Current liabilities		
Accounts payable	2,813	2,693
Compensation payable	12,622	19,205
Dividends payable	459	408
Income taxes payable	-	1,409
Deferred revenue	-	438
	15,894	24,153
Non-current liabilities		
Compensation payable	916	1,615
Provisions	71	93
	16,881	25,861
Equity attributable to owners of the Company		
Share Capital	7,515	7,515
Contributed surplus	15,003	15,002
Accumulated other comprehensive income	538	1,257
Deficit	(8,419)	(9,854)
Total equity	14,637	13,920
Total liabilities and equity	31,518	39,781

THE CALDWELL PARTNERS INTERNATIONAL INC.

CONSOLIDATED INTERIM STATEMENTS OF EARNINGS

(unaudited - in $Canadian)

	Three months ended February 28		*Six months ended February 28*	
	2019	*2018*	*2019*	*2018*
Revenues				
Professional fees	14,543	14,854	29,712	29,827
License fees	374	67	591	143
Direct expense reimbursements	411	-	917	-
	15,328	14,921	31,220	29,969
Cost of sales	11,926	11,244	23,504	22,317
Reimbursed direct expenses	411	-	917	-
	12,337	11,244	24,421	22,317
Gross profit	2,991	3,677	6,799	7,653
Expenses				
General and administrative	2,767	2,735	5,843	5,548
Sales and marketing	251	240	543	569
Foreign exchange gain	(50)	(5)	(39)	(75)
	2,968	2,970	6,347	6,042
Operating profit	23	707	452	1,611
Investment income	97	2	56	4
Earnings before income tax	120	709	508	1,615
Income taxes	87	439	264	935
Net earnings for the period attributable to owners of the Company	33	270	244	680
Earnings per share				
Basic and diluted	$0.002	$0.013	$0.012	$0.033

CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE EARNINGS

(unaudited - in $Canadian)

	Three months ended February 28		*Six months ended February 28*	
	2019	*2018*	*2019*	*2018*
Net earnings for the period	33	270	244	680
Other comprehensive income:				
Items that may be reclassified subsequently to net earnings				
Gain on marketable securities	-	30	-	89
Cumulative translation adjustment	(70)	(33)	99	245
Comprehensive earnings for the period attributable to owners of the Company	(37)	267	343	1,014

THE CALDWELL PARTNERS INTERNATIONAL INC.

CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

(unaudited - in $Canadian)

	Deficit	Capital Stock	Contributed Surplus	Accumulated Other Comprehensive Income (Loss) Cumulative Translation Adjustment	Unrealized Gains on Marketable Securities	Total Equity
Balance - August 31, 2017	**(10,237)**	**7,515**	**14,992**	**428**	**422**	**13,120**
Net earnings for the three month period ended February 28, 2018	680	-	-	-	-	680
Dividend payments declared	(816)	-	-	-	-	(816)
Share based payment expense	-	-	5	-	-	5
Change in gains on marketable securities available for sale	-	-	-	-	89	89
Change in cumulative translation adjustment	-	-	-	245	-	245
Balance - February 28, 2018	**(10,373)**	**7,515**	**14,997**	**673**	**511**	**13,323**
Balance - August 31, 2018	**(9,854)**	**7,515**	**15,002**	**770**	**487**	**13,920**
Adoption of IFRS 9	818	-	-	-	(818)	-
Adoption of IFRS 15	1,291	-	-	-	-	1,291
Net earnings for the six month period ended February 28, 2019	244	-	-	-	-	244
Dividend payments declared	(918)	-	-	-	-	(918)
Share based payment expense	-	-	1	-	-	1
Change in cumulative translation adjustment	-	-	-	99	-	99
Balance - February 28, 2019	**(8,419)**	**7,515**	**15,003**	**869**	**(331)**	**14,637**

THE CALDWELL PARTNERS INTERNATIONAL INC.

CONSOLIDATED INTERIM STATEMENTS OF CASH FLOW

(unaudited - in $Canadian)

	Six months ended February 28	
	2019	*2018*
Cash flow provided by (used in)		
Operating Activities		
Net earnings for the period	244	680
Add (deduct) items not affecting cash		
Depreciation	256	262
Amortization	47	45
Amortization of advances	398	416
Gain on marketable securities classified as FVPL	(32)	-
Share based payment expense	1	5
Unrealized foreign exchange on subsidiary loans	(49)	(97)
Decrease in provisions	(22)	(19)
Decrease in deferred revenue	(434)	(642)
Increase in unbilled revenue	692	-
Decrease in deferred income taxes	-	204
Decrease (increase) in cash settled share-based compensation payable	(699)	8
Decrease (increase) in accounts receivable	2,091	(464)
Increase in income taxes receivable	(696)	-
Decrease (increase) in prepaid expenses and other assets	74	(39)
Increase in accounts payable	87	438
Decrease in compensation payable	(7,576)	(4,251)
Decrease in income taxes payable	(1,409)	(30)
Payment of cash settled share-based compensation	(943)	(553)
Net cash used in operating activities	(7,970)	(4,037)
Investment Activities		
Increase in marketable securities	-	(500)
Increase in advances	(1,234)	-
Decrease in restricted cash	94	-
Additions to property and equipment	(89)	(75)
Net cash used in investing activities	(1,229)	(575)
Financing Activities		
Dividend payments	(867)	(816)
Net cash used in financing activities	(867)	(816)
Effect of exchange rate changes on cash and cash equivalents	166	89
Net decrease in cash and cash equivalents	(9,900)	(5,339)
Cash and cash equivalents, beginning of period	14,885	10,917
Cash and cash equivalents, end of period	4,985	5,578

The net impact of opening balance sheet adjustments as a result of implementing IFRS 15 have been eliminated in the creation of the consolidated interim statements of cash flow.