Altus Group Reports Fourth Quarter and Full Year 2016 Financial Results

Altus Analytics and CRE Consulting Delivered Over 35% Adjusted EBITDA Growth in 2016

TORONTO (February 23, 2017) - Altus Group Limited ("Altus Group" or “the Company”) (TSX: AIF), a leading provider of independent advisory services, software and data solutions to the global commercial real estate industry, announced today its financial and operating results for the fourth quarter and year ended December 31, 2016.

Full Year 2016 Highlights:

- Altus Analytics revenues increased 20.2% to $151.5 million, and Adjusted EBITDA increased 35.3% to $41.0 million; recurring revenues increased 23.4% to $111.9 million
- Property Tax revenues increased 12.9% to $151.2 million, and Adjusted EBITDA increased 43.9% to $40.1 million
- Consolidated revenues increased 6.4% to $442.9 million
- Consolidated Adjusted EBITDA increased 16.9% to $74.1 million
- Consolidated profit increased 54.3% to $14.3 million
- Adjusted earnings per share (“Adjusted EPS”) increased 17.3% to $1.15
- Adjusted EBITDA margin improved to 16.7% from 15.2% in 2015

Fourth Quarter 2016 Highlights:

- Altus Analytics revenues increased 15.1% to $42.2 million, and Adjusted EBITDA increased 40.0% to $11.8 million; recurring revenues increased 11.2% to $29.1 million
- Consolidated revenues increased 3.9% to $115.3 million
- Consolidated Adjusted EBITDA increased 13.6% to $22.1 million

“Our diversified business model continued to deliver steady topline growth in 2016 while our strong operational execution drove profitable growth and margin improvement,” said Robert Courteau, Chief Executive Officer at Altus Group. “I’m very pleased with the robust performance across all of our businesses and proud of the team’s outstanding execution during the year. As the CRE industry continues to embrace more technological innovation, we remain exceptionally well positioned to serve this market with our industry-standard analytics solutions and technology-enabled expert services.”

Summary of Operating and Financial Performance by Business Segment:

All amounts are in Canadian dollars and percentages are in comparison to the fourth quarter and twelve-month period of 2015.

Altus Analytics	Year ended Dec. 31,			Three months ended Dec. 31,		
In thousands of dollars	**2016**	2015	% Change	**2016**	2015	% Change
Revenues						
Recurring - Data & Software Subscriptions, Maintenance	$ 111,928	$ 90,735	23.4%	$ 29,115	$ 26,194	11.2%
Non-recurring - Licenses and Services	39,552	35,236	12.2%	13,120	10,490	25.1%
Revenues	$ 151,480	$ 125,971	20.2%	$ 42,235	$ 36,684	15.1%
Adjusted EBITDA*	$ 40,987	$ 30,294	35.3%	$ 11,818	$ 8,439	40.0%
Adjusted EBITDA Margin*	27.1%	24.0%		28.0%	23.0%	

Commercial Real Estate Consulting	Year ended Dec. 31,			Three months ended Dec. 31,		
In thousands of dollars	**2016**	2015	% Change	**2016**	2015	% Change
Revenues						
Property Tax	$ 151,155	$ 133,890	12.9%	$ 36,511	$ 35,302	3.4%
Valuation and Cost Advisory	96,109	90,283	6.5%	25,250	23,860	5.8%
Revenues	$ 247,264	$ 224,173	10.3%	$ 61,761	$ 59,162	4.4%
Adjusted EBITDA						
Property Tax	$ 40,091	$ 27,868	43.9%	$ 4,276	$ 5,030	(15.0%)
Valuation and Cost Advisory	12,059	10,432	15.6%	2,193	2,210	(0.8%)
Adjusted EBITDA*	$ 52,150	$ 38,300	36.2%	$ 6,469	$ 7,240	(10.6%)
Adjusted EBITDA Margin*	21.1%	17.1%		10.5%	12.2%	

Geomatics	Year ended Dec. 31,			Three months ended Dec. 31,		
In thousands of dollars	**2016**	2015	% Change	**2016**	2015	% Change
Revenues	$ 45,082	$ 67,199	(32.9%)	$ 11,549	$ 15,370	(24.9%)
Adjusted EBITDA*	$ (868)	$ 10,062	(108.6%)	$ 185	$ 1,154	(84.0%)
Adjusted EBITDA Margin*	(1.9%)	15.0%		1.6%	7.5%	

Consolidated	Year ended Dec. 31,			Three months ended Dec. 31,		
In thousands of dollars	**2016**	2015	% Change	**2016**	2015	% Change
Revenues	$ 442,891	$ 416,413	6.4%	$ 115,334	$ 110,961	3.9%
Adjusted EBITDA*	$ 74,088	$ 63,382	16.9%	$ 22,120	$ 19,465	13.6%
Adjusted EBITDA Margin*	16.7%	15.2%		19.2%	17.5%	

**Q4 margin includes bonuses which were accrued in quarterly corporate costs in the previous three quarters.*

<u>2016 Review:</u>

On a consolidated basis, 2016 revenues continued to grow steadily, increasing 6.4% year-over-year to $442.9 million while Adjusted EBITDA grew by 16.9% to $74.1 million, notwithstanding the macroeconomic headwinds from Geomatics. Excluding Geomatics, revenue growth was 13.9%. Growth in 2016 was driven by the strong performance at Altus Analytics and at the Property Tax practice under CRE Consulting. Exchange rate movements against the Canadian dollar benefited consolidated revenues by 0.2% and Adjusted EBITDA by 1.1%. Acquisitions contributed 1.7% to revenues and 3.6% to Adjusted EBITDA. Indicative of the Company's global growth initiatives, 54% of Altus Group's revenues were derived from outside of Canada in 2016, compared to 47% in 2015.

Consolidated profit, in accordance with IFRS, was $14.3 million, up 54.3% from $9.2 million in 2015. On a per share basis, it was $0.39 per share basic, and $0.38 per share diluted, compared to $0.28 and $0.27 respectively in 2015. In addition to the strong growth in Adjusted EBITDA, profit also benefitted from lower intangibles amortization, net finance costs (income) and a gain on the partial deemed disposition of the Company's investment in Real Matters Inc., partially offset by an impairment charge of $12.5 million recorded on the Geomatics business in the third quarter, and higher income tax expense.

Adjusted EPS was $1.15, up 17.3% from $0.98 in 2015.

Altus Analytics sustained its strong growth, increasing revenues by 20.2% to $151.5 million, with a 23.4% increase in recurring revenues to $111.9 million. The performance in 2016 was driven by higher ARGUS Enterprise ("AE") sales (both license and subscriptions), higher maintenance and subscription revenues, and increased appraisal management engagements (from current and new customers). Adjusted EBITDA increased by 35.3% to $41.0 million, reflecting the higher revenues and cost savings from restructuring activities undertaken during the year. Altus Analytics Adjusted EBITDA margins improved to 27.1% from 24.0% in 2015. Changes in the exchange rate against the Canadian dollar benefitted revenues by 1.1% and Adjusted EBITDA by 2.5%.

The **CRE Consulting** business segment also experienced strong, double-digit growth in 2016. CRE Consulting revenues grew by 10.3% to $247.3 million and Adjusted EBITDA grew by 36.2% to $52.2 million. Property Tax was a key contributor to the annual growth, where revenues increased by 12.9% to $151.2 million while Valuation and Cost Advisory revenues were up by 6.5% to $96.1 million. The notable growth at Property Tax was driven by strong organic and acquisitive growth in the U.S., and healthy organic growth in Canada. The Valuation and Cost Advisory practices benefited from diversification strategies in their key geographical markets. Adjusted EBITDA increased 36.2% to $52.2 million, driven by a 43.9% growth at Property Tax which delivered $40.1 million in Adjusted EBITDA; Valuation and Cost Advisory Adjusted EBITDA increased 15.6% to $12.1 million. Overall, CRE Consulting Adjusted EBITDA margins improved to 21.1% from 17.1% in 2015. Changes in the exchange rate against the Canadian dollar impacted revenues by (0.2%) and Adjusted EBITDA by (0.1%).

Geomatics' performance continued to be impacted by challenging market conditions in the oil and gas sector. Revenues declined 32.9% to $45.1 million, and Adjusted EBITDA declined 108.6% to $(0.9) million, after incurring $1.6 million in severance costs to adjust operating capacity to match market conditions.

Corporate costs were $18.2 million in 2016, compared to $15.3 million in 2015. The increase in corporate costs was mainly due to added headcount in support of strategic initiatives in information technology and talent management and higher variable compensation. As a percentage of revenues, corporate costs remained steady at approximately 4%.

At the end of the year, Altus Group's balance sheet remained strong, giving the Company financial flexibility to pursue its growth strategy. The Company's bank debt was $117.0 million, representing a funded debt to EBITDA leverage ratio of 1.53 times, compared to 1.92 times at the end of 2015.

Fourth Quarter 2016 Review:

On a consolidated basis, fourth quarter revenues increased 3.9% to $115.3 million and Adjusted EBITDA increased by 13.6% to $22.1 million. Excluding Geomatics, revenue growth was 8.6%. Exchange rate movements against the Canadian dollar impacted consolidated revenues by (2.0%) and Adjusted EBITDA by 0.8%. Acquisitions contributed 0.5% to revenues and 0.6% to Adjusted EBITDA in the fourth quarter.

Consolidated profit, in accordance with IFRS, was $8.9 million or $0.24 per share basic and $0.23 per share diluted, compared to $6.5 million and $0.18 per share basic and diluted during the same period in 2015.

Adjusted EPS was $0.38 in the fourth quarter, up 22.6% compared to $0.31 in the fourth quarter of 2015.

Altus Analytics continued to grow at double-digit rates, with revenues increasing 15.1% to $42.2 million, including an 11.2% increase to $29.1 million in recurring revenues. Recurring revenue growth was driven by increased subscriptions for AE and higher revenues from maintenance and appraisal management. Non-recurring revenue growth was led by strong license sales and implementation services. Adjusted EBITDA increased by 40.0% to $11.8 million, reflecting the higher revenues and cost savings from restructuring activities undertaken during the year. Changes in the exchange rate against the Canadian dollar impacted revenues by (2.6%) and Adjusted EBITDA by 0.8%.

The **CRE Consulting** revenues increased 4.4% to $61.8 million, including a 3.4% increase to $36.5 million at Property Tax, and a 5.8% increase to $25.3 million at Valuation and Cost Advisory. Property Tax experienced stronger performance in the U.K., but lower revenues in Canada due to timing of case settlements and large one-time contingency settlements in 2015. Valuation and Cost Advisory revenues had steady performance in Canada, with an improvement in Asia in Cost Advisory. Adjusted EBITDA for CRE Consulting decreased by 10.6% to $6.5 million, largely driven by a 15.0% decline to $4.3 million at Property Tax; Valuation and Cost Advisory Adjusted EBITDA was down 0.8% to $2.2 million. The decline at Property Tax in the fourth quarter reflects the allocation of higher variable compensation in the quarter as a result of the much stronger annual performance. Changes in the exchange rate against the Canadian dollar impacted revenues by (2.1%) and Adjusted EBITDA by 1.3%.

Geomatics' performance continued to be impacted by challenging market conditions in the oil and gas sector. Revenues declined 24.9% to $11.5 million, and Adjusted EBITDA declined 84.0% to $0.2 million. During the fourth quarter, the Company further reduced staff positons to better align capacity to market conditions, resulting in $0.5 million of employee severance costs.

Corporate costs (recovery) were ($3.6) million in the fourth quarter, compared to ($2.6) million in the same period in 2015. The Company's bonuses, which are recorded in the Corporate segment for the first nine months of the year, are finalized and allocated to the business units in the fourth quarter and resulted in a recovery.

Q4 & FY 2016 Results Conference Call & Webcast	
Date:	Thursday, February 23, 2017
Time:	5:00 p.m. (ET)
Webcast:	altusgroup.com (under the Investors tab)
Live Call:	1- 866-223-7781 (toll-free) or 416-340-2216 (Toronto area)
Replay:	A replay of the call will be available via the webcast at altusgroup.com

About Altus Group Limited

Altus Group Limited is a leading provider of independent advisory services, software and data solutions to the global commercial real estate industry. Our businesses, Altus Analytics and Altus Expert Services, reflect decades of experience, a range of expertise, and technology-enabled capabilities. Our solutions empower clients to analyze, gain insight and recognize value on their real estate investments. Headquartered in Canada, we have approximately 2,300 employees around the world, with operations in North America, Europe and Asia Pacific. Our clients include some of the world's largest real estate industry participants across a variety of sectors. Altus Group pays a quarterly dividend of $0.15 per share and our securities are traded on the TSX under the symbols AIF and AIF.DB.A.

For more information on Altus Group, please visit: www.altusgroup.com.

Non-IFRS Measures

Altus Group uses certain non-IFRS measures as indicators of financial performance. Readers are cautioned that they are not defined performance measures under IFRS and may differ from similar computations as reported by other similar entities and, accordingly, may not be comparable to financial measures as reported by those entities. We believe that these measures are useful supplemental measures that may assist investors in assessing an investment in our shares and provide more insight into our performance.

Adjusted Earnings before Interest, Taxes, Depreciation and Amortization, ("Adjusted EBITDA"), represents operating profit (loss) adjusted for the effects of amortization of intangibles, depreciation of property, plant and equipment, acquisition related expenses (income), restructuring costs, share of profit (loss) of associates, unrealized foreign exchange gains (losses), gains (losses) on disposal of property, plant and equipment, gains (losses) on sale of certain business assets, impairment charges, non-cash Executive Compensation Plan costs, gains (losses) on hedging transactions, gains (losses) on equity derivatives net of mark-to-market adjustments on related restricted share units ("RSUs") and deferred share units ("DSUs") being hedged and other costs or income of a non-operating and/or non-recurring nature. Adjusted EBITDA margin is Adjusted EBITDA divided by revenues.

Adjusted Earnings (Loss) per Share, ("Adjusted EPS"), represents basic earnings per share adjusted for the effects of amortization of intangibles acquired as part of business acquisitions, non-cash finance costs (income) related to the revaluation of amounts payable to U.K. unitholders, net of changes in fair value of related equity derivatives, distributions related to amounts payable to U.K. unitholders, acquisition related expenses (income), restructuring costs, share of profit (loss) of associates, unrealized foreign exchange gains (losses), gains (losses) on disposal of property, plant and equipment, gains (losses) on sale of certain business assets, interest accretion on contingent consideration payables, impairment charges, non-cash Executive Compensation Plan costs, gains (losses) on hedging transactions, gains (losses) on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs being hedged and other costs or income of a non-operating and/or non-recurring nature. All of the adjustments are made net of tax.

Forward-Looking Information

Certain information in this press release may constitute "forward-looking information" within the meaning of applicable securities legislation. All information contained in this press release, other than statements of current and historical fact, is forward-looking information. Forward-looking information includes, but is not limited to, the discussion of our business and operating initiatives, focuses and strategies, our expectations of future performance for our various business units and our consolidated financial results, and our expectations with respect to cash flows and liquidity. Generally, forward-looking information can be identified by use of words such as "may", "will", "expect", "believe", "plan", "would", "could" and other similar terminology. All of the forward-looking information in this press release is qualified by this cautionary statement.

Forward-looking information is not, and cannot be, a guarantee of future results or events. Forward-looking information is based on, among other things, opinions, assumptions, estimates and analyses that, while considered reasonable by us at the date the forward-looking information is provided, inherently are subject to significant risks, uncertainties, contingencies and other factors that may cause actual results, performance or achievements, industry results or events to be materially different from those expressed or implied by the forward-looking information. The material factors or assumptions that we identified and were applied by us in drawing conclusions or making forecasts or projections set out in the forward-looking information include, but are not limited to: the successful execution of our business strategies; consistent and stable economic conditions or conditions in the financial markets; consistent and stable legislation in the various countries in which we operate; no disruptive changes in the technology environment; the opportunity to acquire accretive businesses; the successful integration of acquired businesses; and the continued availability of qualified professionals.

Inherent in the forward-looking information are known and unknown risks, uncertainties and other factors that could cause our actual results, performance or achievements, or industry results, to differ materially from any results, performance or achievements expressed or implied by such forward-looking information. Those risks, uncertainties and other factors that could cause actual results to differ materially from the forward-looking information include, but are not limited to: general state of the economy; currency risk; oil and gas sector; ability to maintain profitability and manage growth; commercial real estate market; competition in the industry; ability to attract and retain professionals; information from multiple sources; reliance on larger enterprise transactions with longer and less predictable sales cycles; success of new product introductions; ability to respond to technological change and develop products on a timely basis; protection of intellectual property or defending against claims of intellectual property rights of others; ability to implement technology strategy and ensure workforce adoption; information technology governance and security, including cyber security; acquisitions; fixed-price and contingency engagements; appraisal and appraisal management mandates; Canadian multi-residential market; weather; legislative and regulatory changes; customer concentration and loss of material clients; interest rate risk; credit risk; income tax matters; revenue and cash flow volatility; health and safety hazards; performance of contractual obligations and client satisfaction; risk of legal proceedings; insurance limits; ability to meet solvency requirements to pay dividends; leverage and restrictive covenants; unpredictability and volatility of common share price; capital investment; and issuance of additional common shares diluting existing shareholders' interests, as well as those described in Altus Group's publicly filed documents, including the MD&A for the year ended December 31, 2016 (which are available on SEDAR at www.sedar.com).

Given these risks, uncertainties and other factors, investors should not place undue reliance on forward-looking information as a prediction of actual results. The forward-looking information reflects management's current expectations and beliefs regarding future events and operating performance and is based on information currently available to management. Although we have attempted to identify important factors that could cause actual results to differ materially from the forward-looking information contained herein, there are other factors that could cause results not to be as anticipated, estimated or intended. The forward-looking information contained herein is current as of the date of this press release and, except as required under applicable law, we do not undertake to update or revise it to reflect new events or circumstances. Additionally, we undertake no obligation to comment on analyses, expectations or statements made by third parties in respect of Altus Group, our financial or operating results, or our securities.

FOR FURTHER INFORMATION PLEASE CONTACT:
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Consolidated Statements of Comprehensive Income (Loss)
For the Years Ended December 31, 2016 and 2015
(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

	For the year ended December 31, 2016	For the year ended December 31, 2015
Revenues	**$ 442,891**	$ 416,413
Expenses		
Employee compensation	**274,195**	260,345
Occupancy	**19,959**	18,551
Office and other operating	**79,817**	76,058
Amortization of intangibles	**26,197**	33,040
Depreciation of property, plant and equipment	**7,233**	7,017
Acquisition related expenses (income)	**621**	(429)
Share of (profit) loss of associates	**2,617**	1,270
Restructuring costs	**4,059**	2,694
(Gain) loss on sale of certain business assets	**(9,935)**	(3,483)
Impairment charge	**12,500**	-
Operating profit (loss)	**25,628**	21,350
Finance costs (income), net	**4,549**	11,253
Profit (loss) before income taxes	**21,079**	10,097
Income tax expense (recovery)	**6,811**	848
Profit (loss) for the year attributable to equity holders	**$ 14,268**	$ 9,249
Other comprehensive income (loss):		
Items that may be reclassified to profit or loss in subsequent periods:		
Cash flow hedges	**-**	468
Currency translation differences	**(12,408)**	36,612
Share of other comprehensive income (loss) of associates	**(1,369)**	1,118
Other comprehensive income (loss), net of tax	**(13,777)**	38,198
Total comprehensive income (loss) for the year, net of tax, attributable to equity holders	**$ 491**	$ 47,447
Earnings (loss) per share attributable to the equity holders of the Company during the year		
Basic earnings (loss) per share	**$0.39**	$0.28
Diluted earnings (loss) per share	**$0.38**	$0.27

Consolidated Balance Sheets
As at December 31, 2016 and 2015
(Expressed in Thousands of Canadian Dollars)

	December 31, 2016	December 31, 2015
Assets		
Current assets		
Cash and cash equivalents	$ **43,673**	$ 19,604
Trade receivables and other	**137,398**	134,501
Income taxes recoverable	**4,530**	794
Derivative financial instruments	**622**	33
	186,223	154,932
Non-current assets		
Trade receivables and other	**613**	594
Derivative financial instruments	**3,414**	43
Investment in associates	**23,190**	17,447
Deferred income taxes	**21,962**	19,712
Property, plant and equipment	**26,647**	30,778
Intangibles	**108,205**	134,872
Goodwill	**220,597**	239,346
	404,628	442,792
Total Assets	$ **590,851**	$ 597,724
Liabilities		
Current liabilities		
Trade payables and other	$ **91,573**	$ 81,282
Income taxes payable	**5,099**	1,015
Borrowings	**7,000**	2,129
Amounts payable to unitholders	**851**	-
	104,523	84,426
Non-current liabilities		
Trade payables and other	**18,924**	13,890
Borrowings	**116,935**	134,302
Derivative financial instruments	**501**	1,398
Deferred income taxes	**9,375**	10,586
Amounts payable to unitholders	**-**	2,527
	145,735	162,703
Total Liabilities	**250,258**	247,129
Shareholders' Equity		
Share capital	**460,003**	452,472
Equity component of convertible debentures	**231**	312
Contributed surplus	**18,476**	14,084
Accumulated other comprehensive income (loss)	**46,781**	60,558
Deficit	**(184,898)**	(176,831)
Total Shareholders' Equity	**340,593**	350,595
Total Liabilities and Shareholders' Equity	$ **590,851**	$ 597,724

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2016 and 2015
(Expressed in Thousands of Canadian Dollars)

	For the year ended December 31, 2016	For the year ended December 31, 2015
Cash flows from operating activities		
Profit (loss) before income taxes	$ 21,079	$ 10,097
Adjustments for:		
Amortization of intangibles	26,197	33,040
Depreciation of property, plant and equipment	7,233	7,017
Amortization of lease inducements	(262)	318
Amortization of capitalized software development costs	523	526
Tax credits recorded through employee compensation	(133)	(18)
Finance costs (income), net	4,549	11,253
Share-based compensation	7,123	5,946
Unrealized foreign exchange (gain) loss	1,793	(1,678)
(Gain) loss on sale of certain business assets	(9,935)	(3,483)
(Gain) loss on disposal of property, plant and equipment	118	420
(Gain) loss on equity derivatives	(3,960)	207
Share of (profit) loss of associates	2,617	1,270
Impairment charge	12,500	-
Net changes in operating working capital	11,740	(1,681)
Net cash generated by (used in) operations	81,182	63,234
Less: interest paid	(4,246)	(7,205)
Less: income taxes paid	(10,410)	(8,606)
Add: income taxes received	710	714
Net cash provided by (used in) operating activities	67,236	48,137
Cash flows from financing activities		
Proceeds from exercise of options	1,452	4,013
Redemption of Altus UK LLP Class B and D units	(2,062)	(187)
Financing fees paid	(86)	(1,269)
Proceeds from borrowings	6,000	10,000
Repayment of borrowings	(17,153)	(13,914)
Dividends paid	(18,548)	(16,493)
Treasury shares purchased under the Restricted Share Plan	(3,589)	(3,112)
Interest paid to Altus UK LLP Class B and D unitholders	(32)	(98)
Net cash provided by (used in) financing activities	(34,018)	(21,060)
Cash flows from investing activities		
Purchase of intangibles	(2,597)	(1,739)
Purchase of property, plant and equipment	(4,230)	(12,320)
Proceeds from disposal of property, plant and equipment	481	159
Acquisitions	(1,715)	(12,960)
Net cash provided by (used in) investing activities	(8,061)	(26,860)
Effect of foreign currency translation	(1,088)	1,935
Net increase (decrease) in cash and cash equivalents	24,069	2,152
Cash and cash equivalents		
Beginning of year	19,604	17,452
End of year	$ 43,673	$ 19,604