

Altus Group Reports Third Quarter 2016 Financial Results

Altus Analytics and CRE Consulting Continues to Drive Double-Digit Adjusted EBITDA Growth

TORONTO (November 3, 2016) - 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 third quarter ended September 30, 2016.

Third Quarter 2016 Summary:

- Altus Analytics revenues increased 12.2% to \$36.2 million, and Adjusted EBITDA increased 28.4% to \$10.6 million
 - Recurring revenues increased 14.6% to \$27.4 million
- CRE Consulting revenues increased 18.0% to \$62.8 million, and Adjusted EBITDA increased 96.4% to \$18.1 million
 - Property Tax revenues increased 24.1% to \$38.7 million, and Adjusted EBITDA increased 140.2% to \$14.0 million
 - Valuation and Cost Advisory revenues increased 9.2% to \$24.1 million, and Adjusted EBITDA increased 20.2% to \$4.0 million
- Geomatics' Adjusted EBITDA was \$0.6 million, after incurring \$0.4 million in severance costs
- Consolidated revenues increased 8.5% to \$110.9 million
- Consolidated Adjusted EBITDA increased 39.2% to \$21.3 million
- Consolidated loss, in accordance with IFRS, was \$5.1 million as a result of a \$12.5 million non-cash impairment charge on Geomatics' goodwill
- Adjusted earnings per share ("Adjusted EPS") increased by 40.9% to \$0.31

"The team executed on all fronts during the third quarter, allowing us to deliver solid consolidated financial performance with double-digit Adjusted EBITDA growth, continued strength in recurring revenues, and higher margins at our core business segments, Altus Analytics and CRE Consulting," said Robert Courteau, Chief Executive Officer at Altus Group. "We see additional opportunity for our technology-enabled services across all our business lines. The CRE market is becoming increasingly institutionalized and requires greater transparency, creating growing demand for our leading analytics offerings, software and consulting services. We remain well positioned to capitalize on the attractive global market opportunity ahead of us."



Summary of Operating and Financial Performance by Business Segment:

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

Altus Analytics	Three months ended Sept. 30,			Nine months ended Sept. 30,		
<i>In thousands of dollars</i>	2016	2015	% Change	2016	2015	% Change
Revenues						
Recurring - Data & Software Subscriptions, Maintenance	\$ 27,440	\$ 23,939	14.6%	\$ 82,813	\$ 64,541	28.3%
Non-recurring - Licenses and Services	8,802	8,352	5.4%	26,432	24,746	6.8%
Revenues	\$ 36,242	\$ 32,291	12.2%	\$ 109,245	\$ 89,287	22.4%
Adjusted EBITDA	\$ 10,585	\$ 8,246	28.4%	\$ 29,169	\$ 21,855	33.5%
Adjusted EBITDA Margin	29.2%	25.5%		26.7%	24.5%	

Commercial Real Estate Consulting	Three months ended Sept. 30,			Nine months ended Sept. 30,		
<i>In thousands of dollars</i>	2016	2015	% Change	2016	2015	% Change
Revenues						
Property Tax	\$ 38,651	\$ 31,137	24.1%	\$ 114,644	\$ 98,588	16.3%
Valuation and Cost Advisory	24,110	22,069	9.2%	70,859	66,423	6.7%
Revenues	\$ 62,761	\$ 53,206	18.0%	\$ 185,503	\$ 165,011	12.4%
Adjusted EBITDA						
Property Tax	\$ 14,030	\$ 5,842	140.2%	\$ 35,815	\$ 22,838	56.8%
Valuation and Cost Advisory	4,024	3,349	20.2%	9,866	8,222	20.0%
Adjusted EBITDA	\$ 18,054	\$ 9,191	96.4%	\$ 45,681	\$ 31,060	47.1%
Adjusted EBITDA Margin	28.8%	17.3%		24.6%	18.8%	

Geomatics	Three months ended Sept 30,			Nine months ended Sept. 30,		
<i>In thousands of dollars</i>	2016	2015	% Change	2016	2015	% Change
Revenues	\$ 12,118	\$ 17,020	(28.8%)	\$ 33,533	\$ 51,829	(35.3%)
Adjusted EBITDA	\$ 639	\$ 3,490	(81.7%)	\$ (1,053)	\$ 8,908	(111.8%)
Adjusted EBITDA Margin	5.3%	20.5%		(3.1%)	17.2%	

Consolidated	Three months ended Sept 30,			Nine months ended Sept. 30,		
<i>In thousands of dollars</i>	2016	2015	% Change	2016	2015	% Change
Revenues	\$ 110,899	\$ 102,234	8.5%	\$ 327,557	\$ 305,452	7.2%
Adjusted EBITDA	\$ 21,298	\$ 15,303	39.2%	\$ 51,968	\$ 43,917	18.3%
Adjusted EBITDA Margin	19.2%	15.0%		15.9%	14.4%	



On a consolidated basis, third quarter revenues continued to steadily grow, increasing 8.5% year-over-year to \$110.9 million while Adjusted EBITDA grew by 39.2% to \$21.3 million. The strong performance resulted from continued growth at Altus Analytics and strong performance at Property Tax. Excluding Geomatics, organic revenue growth was 13.8%. Exchange rate movements against the Canadian dollar impacted consolidated revenues by (1.5%) and Adjusted EBITDA by (0.1%). Acquisitions contributed 1.7% to revenues, and 6.3% to Adjusted EBITDA.

Consolidated loss, in accordance with IFRS, was \$5.1 million or \$0.14 per share basic and diluted, compared to \$0.7 million and \$0.02 per share basic and diluted during the same period in 2015. The loss increased as a result of a \$12.5 million goodwill impairment charge recorded on Geomatics and an increase in income tax expense, partially offset by decreased intangibles amortization and lower finance costs.

Adjusted EPS was \$0.31 in the third quarter, up 40.9% compared to \$0.22 in the third quarter of 2015.

Altus Analytics continued to deliver strong performance, with revenues increasing 12.2% to \$36.2 million. Altus Analytics recurring revenues experienced 14.6% growth to \$27.4 million as a result of increased subscriptions for ARGUS Enterprise, Voyanta and data products, as well as higher revenues from appraisal management. Growth in non-recurring revenues was primarily a result of strong sales of ARGUS software perpetual licenses and services. Adjusted EBITDA increased by 28.4% to \$10.6 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 (2.2%) and Adjusted EBITDA by 0.8%.

The **Commercial Real Estate (“CRE”) Consulting** business segment also experienced strong, double-digit revenue and Adjusted EBITDA growth during the quarter. Property Tax revenues increased 24.1% to \$38.7 million while Valuation and Cost Advisory revenues were up 9.2% to \$24.1 million. The increase in Property Tax revenues was driven by organic growth in Canada and a stronger seasonal peak in the U.S. compared to the prior year. The Valuation and Cost Advisory practices continue to benefit from diversifying their revenue sources in their key geographical markets. Adjusted EBITDA increased 96.4% to \$18.1 million. Changes in the exchange rate against the Canadian dollar affected revenues by (1.6%) and Adjusted EBITDA by (0.8%).

Geomatics’ performance continued to be impacted by challenging market conditions in the oil and gas sector. Revenues declined 28.8% to \$12.1 million, and Adjusted EBITDA declined 81.7% to \$0.6 million. During and after the quarter, the Company further reduced staff positions to better align capacity to market conditions, resulting in \$0.4 million of employee severance costs. A similar charge is expected in the fourth quarter of 2016. Also during the quarter, a non-cash impairment charge of \$12.5 million was taken on goodwill.

Corporate costs were \$8.0 million for the quarter ended September 30, 2016, compared to \$5.6 million in the same period in 2015. The increase in corporate costs was mainly due to higher variable compensation.

At the end of the third quarter, Altus Group’s balance sheet remained strong, giving the Company the financial flexibility to pursue its growth strategy. The Company’s bank debt was \$118.0 million, representing a funded debt to EBITDA leverage ratio of 1.60 times, compared to 1.78 times in the previous quarter.



Q3 2016 Results Conference Call & Webcast

Date:	Thursday, November 3, 2016
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 market 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, impairment charge and other costs or income of a non-operating and/or non-recurring nature.

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 UK unitholders, net of changes in fair value of related equity derivatives, distributions related to amounts payable to UK 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, impairment charge, 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 software 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; information technology governance and security; integration of acquisitions; fixed-price and contingency engagements; appraisal and appraisal management mandates; Canadian multi-residential market; weather; legislative and regulatory changes; customer concentration; interest rate risk; credit risk; income tax matters; revenue and cash flow volatility; operating risks; performance of obligations/maintenance of client satisfaction; risk of future 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 Annual Information Form for the year ended December 31, 2015 (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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Interim Condensed Consolidated Statements of Comprehensive Income (Loss) For the Three and Nine Months Ended September 30, 2016 and 2015 (Unaudited)

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

	Three months ended September 30		Nine months ended September 30	
	2016	2015	2016	2015
Revenues	\$ 110,899	\$ 102,234	\$ 327,557	\$ 305,452
Expenses				
Employee compensation	66,948	64,382	205,730	194,930
Occupancy	4,861	4,838	15,021	13,320
Office and other operating	18,254	19,045	59,215	54,893
Amortization of intangibles	6,172	8,597	19,902	25,573
Depreciation of property, plant and equipment	1,750	1,748	5,252	4,972
Acquisition related expenses (income)	174	249	(60)	573
Share of (profit) loss of associates	330	420	1,616	1,244
Restructuring costs	978	692	4,059	1,892
(Gain) loss on sale of certain business assets	-	-	(9,935)	(3,483)
Impairment charge	12,500	-	12,500	-
Operating profit (loss)	(1,068)	2,263	14,257	11,538
Finance costs (income), net	1,263	3,714	4,193	9,844
Profit (loss) before income taxes	(2,331)	(1,451)	10,064	1,694
Income tax expense (recovery)	2,740	(753)	4,688	(1,018)
Profit (loss) for the period attributable to equity holders	\$ (5,071)	\$ (698)	\$ 5,376	\$ 2,712
Other comprehensive income (loss):				
Items that may be reclassified to profit or loss in subsequent periods:				
Cash flow hedges	-	148	-	468
Currency translation differences	2,042	15,026	(15,790)	29,734
Share of other comprehensive income (loss) of associates	384	577	(664)	1,577
Other comprehensive income (loss), net of tax	2,426	15,751	(16,454)	31,779
Total comprehensive income (loss) for the period, net of tax, attributable to equity holders	\$ (2,645)	\$ 15,053	\$ (11,078)	\$ 34,491
Earnings (loss) per share attributable to the equity holders of the Company during the period				
Basic earnings (loss) per share	\$(0.14)	\$(0.02)	\$0.15	\$0.08
Diluted earnings (loss) per share	\$(0.14)	\$(0.02)	\$0.14	\$0.08



Interim Condensed Consolidated Balance Sheets As at September 30, 2016 and December 31, 2015 (Unaudited)

(Expressed in Thousands of Canadian Dollars)

	September 30, 2016	December 31, 2015
Assets		
Current assets		
Cash and cash equivalents	\$ 35,768	\$ 19,604
Trade receivables and other	128,419	134,501
Income taxes recoverable	2,610	794
Derivative financial instruments	543	33
	167,340	154,932
Non-current assets		
Trade receivables and other	602	594
Derivative financial instruments	2,933	43
Investment in associates	25,005	17,447
Deferred income taxes	20,690	19,712
Property, plant and equipment	26,765	30,778
Intangibles	112,873	134,872
Goodwill	219,635	239,346
	408,503	442,792
Total Assets	\$ 575,843	\$ 597,724
Liabilities		
Current liabilities		
Trade payables and other	\$ 78,619	\$ 81,282
Income taxes payable	4,158	1,015
Borrowings	7,665	2,129
Amounts payable to unitholders	804	-
	91,246	84,426
Non-current liabilities		
Trade payables and other	23,574	13,890
Borrowings	118,043	134,302
Derivative financial instruments	1,399	1,398
Deferred income taxes	10,794	10,586
Amounts payable to unitholders	-	2,527
	153,810	162,703
Total Liabilities	245,056	247,129
Shareholders' Equity		
Share capital	457,473	452,472
Equity component of convertible debentures	258	312
Contributed surplus	17,120	14,084
Accumulated other comprehensive income (loss)	44,104	60,558
Deficit	(188,168)	(176,831)
Total Shareholders' Equity	330,787	350,595
Total Liabilities and Shareholders' Equity	\$ 575,843	\$ 597,724



Interim Condensed Consolidated Statements of Cash Flows For the Nine Months Ended September 30, 2016 and 2015 (Unaudited)

(Expressed in Thousands of Canadian Dollars)

	Nine months ended September 30	
	2016	2015
Cash flows from operating activities		
Profit (loss) before income taxes	\$ 10,064	\$ 1,694
Adjustments for:		
Amortization of intangibles	19,902	25,573
Depreciation of property, plant and equipment	5,252	4,972
Amortization of lease inducements	(81)	423
Amortization of capitalized software development costs	395	390
Tax credits recorded through employee compensation	(133)	-
Finance costs (income), net	4,193	9,844
Share-based compensation	5,604	4,157
Unrealized foreign exchange (gain) loss	1,510	(993)
(Gain) loss on sale of certain business assets	(9,935)	(3,483)
(Gain) loss on disposal of property, plant and equipment	273	239
(Gain) loss on equity derivatives	(3,400)	5
Share of (profit) loss of associates	1,616	1,244
Impairment charge	12,500	-
Net changes in operating working capital	11,352	(2,055)
Net cash generated by (used in) operations	59,112	42,010
Less: interest paid	(2,831)	(5,437)
Less: income taxes paid	(5,275)	(7,687)
Add: income taxes received	648	701
Net cash provided by (used in) operating activities	51,654	29,587
Cash flows from financing activities		
Proceeds from exercise of options	908	1,306
Redemption of Altus UK LLP Class B and D units	(2,062)	(106)
Financing fees paid	(84)	(1,266)
Proceeds from borrowings	4,000	10,000
Repayment of borrowings	(13,910)	(11,230)
Dividends paid	(13,952)	(11,938)
Treasury shares purchased under the Restricted Share Plan	(3,589)	(3,069)
Interest paid to Altus UK LLP Class B and D unitholders	(32)	(77)
Net cash provided by (used in) financing activities	(28,721)	(16,380)
Cash flows from investing activities		
Purchase of intangibles	(1,521)	(1,260)
Purchase of property, plant and equipment	(2,348)	(6,904)
Proceeds from disposal of property, plant and equipment	210	85
Acquisitions	(1,715)	(6,599)
Net cash provided by (used in) investing activities	(5,374)	(14,678)
Effect of foreign currency translation	(1,395)	1,606
Net increase (decrease) in cash and cash equivalents	16,164	135
Cash and cash equivalents		
Beginning of period	19,604	17,452
End of period	\$ 35,768	\$ 17,587