Altus Group Reports Second Quarter 2018 Financial Results

Altus Group continues to deliver on its key strategic imperatives with investments in cloud and growth in Property Tax

TORONTO (August 7, 2018) - 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 second quarter ended June 30, 2018.

Second Quarter 2018 Highlights:

- In comparison to Q2 2017:
  - Consolidated revenues increased 5.0% to $134.2 million
  - Consolidated profit (loss), in accordance with IFRS, was $0.3 million
  - Consolidated Adjusted EBITDA decreased 1.0% to $23.8 million
  - Altus Analytics revenues increased 1.0% to $47.0 million
  - Property Tax revenues increased 13.4% to $50.1 million
- Made significant progress with the development of our first AE cloud application with an expected release in the fourth quarter
- Added comprehensive investment management capabilities to our product solutions portfolio with the acquisition of Taliance and further expanding our presence in Europe

"We are making great progress towards our growth objectives while maintaining a focus on profitability," said Robert Courteau, Chief Executive Officer at Altus Group. "Our recent investments in the cloud, the modernization of our expert services, and recent acquisitions position us extremely well for robust growth and margin expansion as we continue to expand our geographic footprint with the world's largest players in the CRE market."

Summary of Operating and Financial Performance by Business Segment:

All amounts are in Canadian dollars and percentages are in comparison to the second quarter of 2017.

Consolidated	**Three months ended June 30,**			**Six months ended June 30,**		
In thousands of dollars	**2018**	2017 [1]	% Change	**2018**	2017 [1]	% Change
Revenues	$ 134,218	$ 127,880	5.0%	$ 258,908	$ 237,173	9.2%
Adjusted EBITDA	$ 23,771	$ 24,017	(1.0%)	$ 39,279	$ 37,386	5.1%
Adjusted EBITDA Margin	17.7%	18.8%		15.2%	15.8%	

(1) Restated for the impact of IFRS 15.

Altus Analytics	**Three months ended June 30,**			**Six months ended June 30,**		
In thousands of dollars	**2018**	2017 (1)	% Change	**2018**	2017 (1)	% Change
Revenues	$ 46,972	$ 46,497	1.0%	$ 87,508	$ 85,767	2.0%
Adjusted EBITDA	$ 12,870	$ 15,496	(16.9%)	$ 21,100	$ 28,247	(25.3%)
Adjusted EBITDA Margin	27.4%	33.3%		24.1%	32.9%	

(1) Restated for the impact of IFRS 15.

Commercial Real Estate Consulting	**Three months ended June 30,**			**Six months ended June 30,**		
In thousands of dollars	**2018**	2017 (1)	% Change	**2018**	2017 (1)	% Change
Revenues						
Property Tax	$ 50,059	$ 44,127	13.4%	$ 98,678	$ 77,339	27.6%
Valuation and Cost Advisory	27,003	25,697	5.1%	52,252	50,211	4.1%
Revenues	$ 77,062	$ 69,824	10.4%	$ 150,930	$ 127,550	18.3%
Adjusted EBITDA						
Property Tax	$ 15,418	$ 15,706	(1.8%)	$ 28,491	$ 19,927	43.0%
Valuation and Cost Advisory	3,710	2,692	37.8%	6,305	5,581	13.0%
Adjusted EBITDA	$ 19,128	$ 18,398	4.0%	$ 34,796	$ 25,508	36.4%
Adjusted EBITDA Margin	24.8%	26.3%		23.1%	20.0%	

(1) Restated for the impact of IFRS 15.

Geomatics	**Three months ended June 30,**			**Six months ended June 30,**		
In thousands of dollars	**2018**	2017 (1)	% Change	**2018**	2017 (1)	% Change
Revenues	$ 10,367	$ 11,775	(12.0%)	$ 20,813	$ 24,367	(14.6%)
Adjusted EBITDA	$ 859	$ 726	18.3%	$ 909	$ 1,972	(53.9%)
Adjusted EBITDA Margin	8.3%	6.2%		4.4%	8.1%	

(1) Restated for the impact of IFRS 15.

Second Quarter 2018 Review:

On a consolidated basis, second quarter revenues increased 5.0% to $134.2 million and Adjusted EBITDA decreased by 1.0% to $23.8 million. Exchange rate movements against the Canadian dollar impacted consolidated revenues by (1.5%) and Adjusted EBITDA by (3.0%).

Consolidated profit (loss) during the second quarter, in accordance with IFRS, was $0.3 million or $0.01 per share on a basic and diluted basis, compared to $104.9 million or $2.75 per share, basic, and $2.72 per share, diluted, during the same period in 2017, due to an accounting gain on the partial deemed disposition and re-measurement of retained interest in the Company's investment in Real Matters Inc. during the second quarter of 2017.

Adjusted EPS was $0.40 in the second quarter, unchanged when compared to the second quarter of 2017.

Altus Analytics revenues increased by 1.0% to $47.0 million. Revenue growth would have been 3.9% if the impact from foreign exchange movements was excluded. ARGUS product software revenues were flat for the quarter as compared to the second quarter of 2017, during which we saw historical high sales of AE, significantly impacted by conversions due to the end of DCF support. Due diligence assignments were lower in the quarter impacting revenues. Recurring revenues were $32.6 million, up 6.1% from the same period in 2017. Movements in the exchange rate against the Canadian dollar impacted revenues by (2.9%).

Adjusted EBITDA was $12.9 million for the three months ended June 30, 2018, down 16.9% or $2.6 million from $15.5 million in the same period in 2017. Changes in foreign exchange impacted Adjusted EBITDA by (3.9%). Adjusted EBITDA decreased because of higher expenses related to the significant incremental investments for ARGUS product development activities.

The **CRE Consulting** revenues increased 10.4% to $77.1 million. Property Tax revenues increased by 13.4%, primarily due to strong organic and acquisitive growth from the U.K. Property Tax practice. In Ontario, the Company has a strong pipeline of work, however, new scheduling processes put in place by the assessment authorities is causing deferral of appeals settlements. Exchange rate fluctuations impacted Property Tax revenues by (0.8%). Valuation and Cost Advisory revenues increased by 5.1% on stronger performance from the global Cost practice, which experienced growth in both Canada and Australia. Changes in exchange rates impacted CRE Consulting revenues by (0.7%). Adjusted EBITDA was $19.1 million for the quarter ended June 30, 2018, up 4.0% from the same period in 2017, largely driven by an increase in earnings from the Valuation and Cost Advisory business. Changes in exchange rates impacted CRE Consulting Adjusted EBITDA by (0.6%).

Geomatics' revenues were lower by 12.0% at $10.4 million, while Adjusted EBITDA increased 18.3% to $0.9 million. Earnings improved on headcount reductions.

Corporate costs (recovery) were $9.1 million in the second quarter, compared to $10.6 million in the same period in 2017. During the quarter, corporate costs decreased on lower technology related spend and lower variable compensation.

At the end of the second 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 $189.2 million, representing a funded debt to EBITDA leverage ratio of 2.28 times, compared to 1.84 times at December 31, 2017. Also, the Company's cash and cash equivalents stood at $48.0 million at the end of the second quarter.

Q2 2018 Results Conference Call & Webcast

Date:	Tuesday, August 7, 2018
Time:	5:00 p.m. (ET)
Webcast:	altusgroup.com (under the Investors tab)
Live Call:	1-800-273-9672 (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 2,500 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. Altus Group pays a quarterly dividend of $0.15 per share and our shares are traded on the TSX under the symbol AIF.

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, and do not have any standardized meaning, 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 profit (loss) before income taxes adjusted for the effects of finance costs (income), amortization of intangibles, depreciation of property, plant and equipment, acquisition and related transition costs (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 investments, 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 (loss) 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, acquisition and related transition costs (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 investments, 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; ability to maintain profitability and manage growth; commercial real estate market; competition in the industry; acquisitions; oil and gas sector; 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; 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 financial 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, 2017 (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.

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Interim Condensed Consolidated Statements of Comprehensive Income (Loss)
For the Three and Six Months Ended June 30, 2018 and 2017
(Unaudited)

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

	Three months ended June 30		Six months ended June 30	
	2018	Restated (Note 2) 2017	**2018**	Restated (Note 2) 2017
Revenues	**$ 134,218**	$ 127,880	**$ 258,908**	$ 237,173
Expenses				
Employee compensation	**83,412**	77,621	**165,521**	148,983
Occupancy	**5,244**	5,051	**10,651**	10,068
Office and other operating	**24,827**	23,186	**47,450**	44,105
Amortization of intangibles	**10,686**	7,171	**21,421**	13,765
Depreciation of property, plant and equipment	**1,995**	1,725	**3,804**	3,309
Acquisition and related transition costs (income)	**1,339**	574	**2,073**	868
Share of (profit) loss of associates	**-**	1,288	**-**	2,420
Restructuring costs	**3,789**	3,563	**6,642**	4,558
(Gain) loss on investments	**46**	(115,671)	**(39)**	(115,179)
Finance costs (income), net	**1,690**	650	**3,118**	1,898
Profit (loss) before income taxes	**1,190**	122,722	**(1,733)**	122,378
Income tax expense (recovery)	**860**	17,795	**264**	16,900
Profit (loss) for the period attributable to equity holders	**$ 330**	$ 104,927	**$ (1,997)**	$ 105,478
Other comprehensive income (loss):				
Items that may be reclassified to profit or loss in subsequent periods:				
Currency translation differences	**1,053**	(4,879)	**9,056**	(6,584)
Share of other comprehensive income (loss) of associates	**-**	37	**-**	(46)
Change in fair value of available-for-sale investments	**-**	(21,272)	**-**	(21,272)
Items that are not reclassified to profit or loss in subsequent periods:				
Change in fair value through other comprehensive income investment reserves	**(14,392)**	-	**(39,646)**	-
Other comprehensive income (loss), net of tax	**(13,339)**	(26,114)	**(30,590)**	(27,902)
Total comprehensive income (loss) for the period, net of tax, attributable to equity holders	**$ (13,009)**	$ 78,813	**$ (32,587)**	$ 77,576
Earnings (loss) per share attributable to the equity holders of the Company during the period				
Basic earnings (loss) per share	**$0.01**	$2.75	**$(0.05)**	$2.80
Diluted earnings (loss) per share	**$0.01**	$2.72	**$(0.05)**	$2.76

Interim Condensed Consolidated Balance Sheets
As at June 30, 2018 and December 31, 2017
(Unaudited)
(Expressed in Thousands of Canadian Dollars)

	June 30, 2018	Restated (Note 2) December 31, 2017
Assets		
Current assets		
Cash and cash equivalents	**$ 48,010**	$ 28,070
Trade receivables and other	**159,527**	143,667
Income taxes recoverable	**8,789**	5,680
Derivative financial instruments	**3,620**	1,021
	219,946	178,438
Non-current assets		
Trade receivables and other	**1,246**	4,967
Derivative financial instruments	**2,626**	6,029
Investments	**63,945**	108,073
Deferred income taxes	**15,419**	15,285
Property, plant and equipment	**33,019**	30,374
Intangibles	**120,050**	132,959
Goodwill	**257,397**	249,990
	493,702	547,677
Total Assets	**$ 713,648**	$ 726,115
Liabilities		
Current liabilities		
Trade payables and other	**$ 98,528**	$ 101,454
Income taxes payable	**1,287**	2,887
Borrowings	**460**	661
Derivative financial instruments	**-**	918
	100,275	105,920
Non-current liabilities		
Trade payables and other	**33,312**	30,422
Borrowings	**188,972**	150,135
Deferred income taxes	**19,278**	27,576
	241,562	208,133
Total Liabilities	**341,837**	314,053
Shareholders' Equity		
Share capital	**484,626**	479,181
Contributed surplus	**17,895**	18,550
Accumulated other comprehensive income (loss)	**(20,160)**	10,402
Deficit	**(110,550)**	(96,071)
Total Shareholders' Equity	**371,811**	412,062
Total Liabilities and Shareholders' Equity	**$ 713,648**	$ 726,115

Interim Condensed Consolidated Statements of Cash Flows
For the Six Months Ended June 30, 2018 and 2017
(Unaudited)
(Expressed in Thousands of Canadian Dollars)

	Six months ended June 30	
	2018	Restated (Note 2) 2017
Cash flows from operating activities		
Profit (loss) before income taxes	$ **(1,733)**	$ 122,378
Adjustments for:		
Amortization of intangibles	**21,421**	13,765
Depreciation of property, plant and equipment	**3,804**	3,309
Amortization of lease inducements	**142**	(487)
Amortization of capitalized software development costs	**-**	217
Finance costs (income), net	**3,118**	1,898
Share-based compensation	**4,512**	3,743
Unrealized foreign exchange (gain) loss	**(807)**	297
(Gain) loss on investments	**(39)**	(115,179)
(Gain) loss on disposal of property, plant and equipment	**1,092**	116
(Gain) loss on equity derivatives and currency forward contracts	**(100)**	1,103
Share of (profit) loss of associates	**-**	2,420
Net changes in operating working capital	**(14,655)**	(9,553)
Net cash generated by (used in) operations	**16,755**	24,027
Less: interest paid	**(2,580)**	(2,064)
Less: income taxes paid	**(8,360)**	(6,022)
Add: income taxes received	**981**	567
Net cash provided by (used in) operating activities	**6,796**	16,508
Cash flows from financing activities		
Proceeds from exercise of options	**456**	2,083
Redemption of Altus UK LLP Class B and D units	**-**	(883)
Proceeds from borrowings	**46,701**	38,407
Repayment of borrowings	**(8,352)**	(14,798)
Dividends paid	**(10,355)**	(11,087)
Treasury shares purchased under the Restricted Share Plan	**(2,966)**	(3,541)
Net cash provided by (used in) financing activities	**25,484**	10,181
Cash flows from investing activities		
Purchase of investments	**(1,487)**	(4,310)
Purchase of intangibles	**(354)**	(371)
Purchase of property, plant and equipment	**(6,788)**	(4,639)
Proceeds from disposal of property, plant and equipment and intangibles	**90**	312
Acquisitions, net of cash acquired	**(3,073)**	(15,275)
Net cash provided by (used in) investing activities	**(11,612)**	(24,283)
Effect of foreign currency translation	**(728)**	(471)
Net increase (decrease) in cash and cash equivalents	**19,940**	1,935
Cash and cash equivalents		
Beginning of period	**28,070**	43,673
End of period	$ **48,010**	$ 45,608