Altus Group Reports Third Quarter 2018 Financial Results

Altus Analytics Delivers Strong Growth in Recurring Revenues

TORONTO (November 7, 2018) - Altus Group Limited ("Altus Group" or "the Company") (TSX: AIF), a leading provider of software, data solutions and independent advisory services to the global commercial real estate industry, announced today its financial and operating results for the third quarter ended September 30, 2018.

Third Quarter 2018 Summary:

- Consolidated revenues were $120.6 million, up 3.0%
- Consolidated adjusted EBITDA was $16.5 million, down 29.2% reflecting quarterly variability of the Property Tax business and product development investments at Altus Analytics
- Altus Analytics revenues increased 9.1% to $44.1 million and adjusted EBITDA decreased by 14.7% to $10.1 million reflecting continued investments
- Altus Analytics recurring* revenues (*as defined below*) grew 22.7% to $34.2 million
- Commercial Real Estate ("CRE") Consulting revenues were up moderately to $65.3 million and adjusted EBITDA was $11.2 million, down by 41.2% reflecting quarterly variability of the Property Tax business
- Consolidated loss, in accordance with IFRS, was $1.7 million
- Adjusted earnings per share ("adjusted EPS") decreased 35.3% to $0.22
- Acquired Taliance Group SAS ("Taliance"), enhancing Altus Analytics offerings with global cloud-based solutions for alternative investment market

"We're pleased that our ongoing investments in the modernization of our offerings continue to drive sustained topline growth with rising recurring revenues while significantly enhancing our value proposition for clients," commented Robert Courteau, Chief Executive Officer at Altus Group. "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."

**Recurring revenues represent revenues related to software and data subscriptions, maintenance for perpetual licenses and appraisal management solutions, where the contract value for software subscriptions is recognized ratably over the contract term. Consistent with recurring revenues disclosed in prior years, this depicts the economics of renewable contracts.*

Summary of Operating and Financial Performance by Business Segment:

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

CONSOLIDATED	Three months ended Sept. 30,			Nine months ended Sept. 30,		
In thousands of dollars, except for per share amounts	**2018**	2017(1)	% Change	**2018**	2017(1)	% Change
Revenues	$ 120,636	$ 117,072	3.0%	$ 379,544	$ 354,245	7.1%
Adjusted EBITDA	$ 16,504	$ 23,310	(29.2%)	$ 55,783	$ 60,696	(8.1%)
Adjusted EBITDA Margin	13.7%	19.9%		14.7%	17.1%	
Profit (loss)	$ (1,723)	$ 7,327	(123.5%)	$ (3,720)	$ 112,805	(103.3%)
Earnings (loss) per share:						
Basic	($0.04)	$0.19	(121.1%)	($0.10)	$2.98	(103.4%)
Adjusted	$0.22	$0.34	(35.3%)	$0.84	$0.96	(12.5%)

(1) Restated for the impact of IFRS 15.

Altus Analytics	Three months ended Sept. 30,			Nine months ended Sept. 30,		
In thousands of dollars	**2018**	2017[1]	% Change	**2018**	2017[1]	% Change
Revenues	$ 44,094	$ 40,411	9.1%	$ 131,602	$ 126,178	4.3%
Adjusted EBITDA	$ 10,102	$ 11,843	(14.7%)	$ 31,202	$ 40,090	(22.2%)
Adjusted EBITDA Margin	22.9%	29.3%		23.7%	31.8%	

CRE Consulting	Three months ended Sept. 30,			Nine months ended Sept. 30,		
In thousands of dollars	**2018**	2017[1]	% Change	**2018**	2017[1]	% Change
Revenues						
Property Tax	$ 38,946	$ 39,385	(1.1%)	$ 137,624	$ 116,724	17.9%
Valuation and Cost Advisory	26,380	24,867	6.1%	78,632	75,078	4.7%
Revenues	$ 65,326	$ 64,252	1.7%	$ 216,256	$ 191,802	12.7%
Adjusted EBITDA						
Property Tax	$ 7,214	$ 15,355	(53.0%)	$ 35,705	$ 35,282	1.2%
Valuation and Cost Advisory	3,973	3,664	8.4%	10,278	9,245	11.2%
Adjusted EBITDA	$ 11,187	$ 19,019	(41.2%)	$ 45,983	$ 44,527	3.3%
Adjusted EBITDA Margin	17.1%	29.6%		21.3%	23.2%	

Geomatics	Three months ended Sept. 30,			Nine months ended Sept. 30,		
In thousands of dollars	**2018**	2017[1]	% Change	**2018**	2017[1]	% Change
Revenues	$ 11,338	$ 12,580	(9.9%)	$ 32,151	$ 36,947	(13.0%)
Adjusted EBITDA	$ 1,812	$ 1,489	21.7%	$ 2,721	$ 3,461	(21.4%)
Adjusted EBITDA Margin	16.0%	11.8%		8.5%	9.4%	

On a consolidated basis, third quarter revenues grew 3.0% year-over-year to $120.6 million while adjusted EBITDA decreased by 29.2% to $16.5 million. Exchange rate movements against the Canadian dollar, namely the U.S. and U.K. currencies, impacted consolidated revenues by 1.9% and adjusted EBITDA by 3.2%. Acquisitions contributed 3.9% to revenue growth.

Consolidated Profit (loss), in accordance with IFRS, was down 123.5% to $(1.7) million compared to $7.3 million in the same period in 2017, impacted by lower adjusted EBITDA, increased employee compensation expenses and amortization of intangibles from recent acquisitions, offset by a decrease in income tax expense. Profit (loss) was $(0.04) per share basic and diluted, compared to $0.19 per share, basic and diluted, in the same period in 2017.

Adjusted EPS was $0.22 in the third quarter, down 35.3% compared to $0.34 in the third quarter of 2017.

Altus Analytics continued to deliver robust performance with revenues increasing 9.1% to $44.1 million. Revenue growth was driven by higher license subscriptions, maintenance and appraisal management revenues, including the acquisition of Taliance which added 3.3% to revenues, offset by lower perpetual license revenues. Due diligence revenues were also lower in the quarter. Recurring revenues, *as defined above*, grew 22.7% to $34.2 million. Adjusted EBITDA decreased by 14.7% to $10.1 million, impacted by increased investments for software product development activities, including cloud functionality and the integration of Taliance. Changes in the exchange rates against the Canadian dollar impacted revenues by 3.6% and adjusted EBITDA by 3.6%. Looking out into the fourth quarter of 2018 and the first quarter of 2019, given the strength of the engagement and product pipeline, management expects Altus Analytics revenues to grow, in percentage terms, in the mid-teens to low twenties range.

CRE Consulting revenues increased moderately to $65.3 million while adjusted EBITDA decreased 41.2% to $11.2 million, impacted by quarterly variability at Property Tax. Property Tax revenues decreased 1.1% to $38.9 million while adjusted EBITDA decreased by 53.0% to $7.2 million. Despite the additional revenues provided by CVS (acquired in November 2017), financial performance was impacted by process changes in Ontario and the U.K. that has caused a deferral in case settlements in the current appeal cycle. However, management expects to return to normalized settlement volumes in Ontario and increasing volumes in the U.K., and accordingly expect record revenues in Property Tax in 2019. Valuation and Cost Advisory revenues increased by 6.1% to $26.4 million, and adjusted EBITDA improved by 8.4% to $4.0 million. Changes in the exchange rates against the Canadian dollar impacted CRE Consulting revenues by 1.3% and adjusted EBITDA by 1.6%.

Geomatics' performance continued to be impacted by ongoing market challenges however cost cutting initiatives undertaken in the first quarter yielded improved earnings. Revenues declined by 9.9% to $11.3 million, however adjusted EBITDA improved by 21.7% to $1.8 million, resulting in healthier (year-over-year and sequential) adjusted EBITDA margins of 16.0%.

Corporate Costs were $6.6 million, compared to $9.0 million in the same period in 2017. The decrease in corporate costs is mainly a result of lower variable compensation and the benefits of a media tax credit.

At the end of the third quarter, Altus Group's balance sheet remained strong, reinforcing the Company's financial flexibility to pursue its growth strategy. During the second quarter, the Company disposed of its investment in Real Matters Inc. and used the net proceeds of approximately $54.0 million to pay down its bank debt. As at October 2, 2018, bank debt stood at $131.1 million, representing a funded debt to EBITDA leverage ratio of 1.72 times (compared to 2.28 times as at June 30, 2018).

Q3 2018 Results Conference Call & Webcast

Date:	Wednesday, November 7, 2018
Time:	5:00 p.m. (ET)
Webcast:	altusgroup.com (under the Investor Relations tab)
Live Call:	1- 800-273-9672 (toll-free) or 416-340-2218 (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 software, data solutions and independent advisory services 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: engagement and product pipeline opportunities in Altus Analytics will result in associated definitive agreements; settlement volumes in Property Tax will occur on a timely basis and that assessment authorities will process appeals in a manner consistent with expectations; 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; engagement and product pipeline opportunities do not result in sufficient definitive agreements; property tax assessment regulators do not process appeals in a manner consistent with expectations; 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.

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, 2018 and 2017
(Unaudited)

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

	Three months ended September 30		Nine months ended September 30	
	2018	Restated (Note 2) 2017	**2018**	Restated (Note 2) 2017
Revenues	**$ 120,636**	$ 117,072	**$ 379,544**	$ 354,245
Expenses				
Employee compensation	**78,043**	70,159	**243,564**	219,142
Occupancy	**5,290**	5,095	**15,941**	15,163
Office and other operating	**23,684**	20,729	**71,134**	64,834
Amortization of intangibles	**10,538**	6,602	**31,959**	20,367
Depreciation of property, plant and equipment	**2,097**	1,811	**5,901**	5,120
Acquisition and related transition costs (income)	**184**	302	**2,257**	1,170
Share of (profit) loss of associates	**-**	-	**-**	2,420
Restructuring costs	**(184)**	181	**6,458**	4,739
(Gain) loss on investments	**(42)**	-	**(81)**	(115,179)
Finance costs (income), net	**1,738**	454	**4,856**	2,352
Profit (loss) before income taxes	**(712)**	11,739	**(2,445)**	134,117
Income tax expense (recovery)	**1,011**	4,412	**1,275**	21,312
Profit (loss) for the period attributable to equity holders	**$ (1,723)**	$ 7,327	**$ (3,720)**	$ 112,805
Other comprehensive income (loss):				
Items that may be reclassified to profit or loss in subsequent periods:				
Currency translation differences	**(5,513)**	(8,587)	**3,543**	(15,171)
Share of other comprehensive income (loss) of associates	**-**	-	**-**	(46)
Change in fair value of available-for-sale investments	**-**	(368)	**-**	(21,640)
Items that are not reclassified to profit or loss in subsequent periods:				
Change in fair value through other comprehensive income investment reserves	**(4,705)**	-	**(44,351)**	-
Other comprehensive income (loss), net of tax	**(10,218)**	(8,955)	**(40,808)**	(36,857)
Total comprehensive income (loss) for the period, net of tax, attributable to equity holders	**$ (11,941)**	$ (1,628)	**$ (44,528)**	$ 75,948
Earnings (loss) per share attributable to the equity holders of the Company during the period				
Basic earnings (loss) per share	**$(0.04)**	$0.19	**$(0.10)**	$2.98
Diluted earnings (loss) per share	**$(0.04)**	$0.19	**$(0.10)**	$2.93

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

	September 30, 2018	Restated (Note 2) December 31, 2017
Assets		
Current assets		
Cash and cash equivalents	$ 93,045	$ 28,070
Trade receivables and other	145,889	143,667
Income taxes recoverable	4,719	5,680
Derivative financial instruments	1,488	1,021
	245,141	178,438
Non-current assets		
Trade receivables and other	3,536	4,967
Derivative financial instruments	3,160	6,029
Investments	4,450	108,073
Deferred income taxes	16,779	15,285
Property, plant and equipment	31,926	30,374
Intangibles	119,534	132,959
Goodwill	273,435	249,990
	452,820	547,677
Total Assets	$ 697,961	$ 726,115
Liabilities		
Current liabilities		
Trade payables and other	$ 91,429	$ 101,454
Income taxes payable	6,288	2,887
Borrowings	362	661
Derivative financial instruments	-	918
	98,079	105,920
Non-current liabilities		
Trade payables and other	37,672	30,422
Borrowings	185,028	150,135
Deferred income taxes	16,409	27,576
	239,109	208,133
Total Liabilities	337,188	314,053
Shareholders' Equity		
Share capital	489,482	479,181
Contributed surplus	19,827	18,550
Accumulated other comprehensive income (loss)	40,405	10,402
Deficit	(188,941)	(96,071)
Total Shareholders' Equity	360,773	412,062
Total Liabilities and Shareholders' Equity	$ 697,961	$ 726,115

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

	Nine months ended September 30	
		Restated (Note 2)
	2018	2017
Cash flows from operating activities		
Profit (loss) before income taxes	**$ (2,445)**	$ 134,117
Adjustments for:		
Amortization of intangibles	**31,959**	20,367
Depreciation of property, plant and equipment	**5,901**	5,120
Amortization of lease inducements	**422**	(753)
Amortization of capitalized software development costs	**-**	264
Finance costs (income), net	**4,856**	2,352
Share-based compensation	**7,037**	5,824
Unrealized foreign exchange (gain) loss	**(576)**	809
(Gain) loss on investments	**(81)**	(115,179)
(Gain) loss on disposal of property, plant and equipment and intangibles	**1,144**	627
(Gain) loss on equity derivatives and currency forward contracts	**1,633**	(337)
Share of (profit) loss of associates	**-**	2,420
Net changes in operating working capital	**(4,967)**	(5,012)
Net cash generated by (used in) operations	**44,883**	50,619
Less: interest paid	**(4,177)**	(2,998)
Less: income taxes paid	**(10,655)**	(11,711)
Add: income taxes received	**4,537**	1,822
Net cash provided by (used in) operating activities	**34,588**	37,732
Cash flows from financing activities		
Proceeds from exercise of options	**842**	2,841
Redemption of Altus UK LLP Class B and D units	**-**	(883)
Proceeds from borrowings	**50,701**	43,407
Repayment of borrowings	**(16,498)**	(20,521)
Dividends paid	**(14,702)**	(16,648)
Treasury shares purchased under the Restricted Share Plan	**(2,966)**	(3,588)
Net cash provided by (used in) financing activities	**17,377**	4,608
Cash flows from investing activities		
Purchase of investments	**(3,622)**	(4,522)
Purchase of intangibles	**(650)**	(421)
Purchase of property, plant and equipment	**(8,293)**	(7,104)
Proceeds from disposal of property, plant and equipment and intangibles	**200**	341
Proceeds from disposal of investment	**54,173**	-
Acquisitions, net of cash acquired	**(27,192)**	(15,275)
Net cash provided by (used in) investing activities	**14,616**	(26,981)
Effect of foreign currency translation	**(1,606)**	(2,763)
Net increase (decrease) in cash and cash equivalents	**64,975**	12,596
Cash and cash equivalents		
Beginning of period	**28,070**	43,673
End of period	**$ 93,045**	$ 56,269