Altus Group Reports First Quarter 2019 Financial Results

Altus Analytics Delivers 15% Revenue and 19% Adjusted EBITDA Growth

TORONTO (May 8, 2019) - 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 first quarter ended March 31, 2019. (*All financial results are in comparison to the prior year*.)

First Quarter 2019 Summary:

- Consolidated revenues were $128.0 million, up 2.7%
- Consolidated loss, in accordance with IFRS, was $0.4 million, a $1.9 million improvement from last year
- Consolidated loss, in accordance with IFRS, was $0.01 per share basic and diluted, compared to $0.06 per share, basic and diluted, loss in the same period in 2018
- Consolidated adjusted EBITDA[1] was $13.9 million, down 10.5% reflecting quarterly variability of the Property Tax business and product development investments at Altus Analytics
- Adjusted earnings per share[2] ("adjusted EPS") was $0.23, in line with the same period in 2018
- Altus Analytics revenues increased 15.4% to $46.8 million and adjusted EBITDA[1] increased by 19.3% to $9.8 million
- Altus Analytics recurring revenues[3] (*as defined below*) grew 23.0% to $36.4 million
- Commercial Real Estate ("CRE") Consulting revenues were down moderately to $70.7 million and adjusted EBITDA[1] was $12.1 million, down by 22.8% reflecting quarterly variability of the Property Tax business

"We're pleased with the robust financial and operating performance in the first quarter, providing us with a good start to the year," commented Robert Courteau, Chief Executive Officer at Altus Group. "The momentum we have had over the last three quarters with strong, double-digit recurring revenue growth at Altus Analytics is a solid indicator of progress against our strategic initiative to drive a higher mix of recurring revenues. Given our leading market position and the strength of our pipeline of appeals, we remain well positioned for our Property Tax business to deliver record revenues this year."

[1]The Company's definition of adjusted Earnings before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA"), a non-GAAP measure used to measure financial performance, has been modified subsequent to the adoption of IFRS 16, Leases, on January 1, 2019, to adjust for the effects of occupancy costs calculated on a consistent basis to 2018.

[2]The Company's definition of Adjusted EPS, a non-GAAP measure used to measure financial performance, has been modified subsequent to the adoption of IFRS 16, Leases, on January 1, 2019, to adjust for the effects of occupancy costs calculated on a consistent basis to 2018, and depreciation of right-of-use assets and finance costs related to leases recorded in accordance with IFRS 16.

[3]Recurring revenues, a non-GAAP measure, 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 first quarter of 2018, as applicable.

CONSOLIDATED		Quarter ended March 31,	
In thousands of dollars	**2019**	2018	% Change
Revenues	$ 127,998	$ 124,690	2.7%
Adjusted EBITDA[1]	$ 13,884	$ 15,508	(10.5)%
Adjusted EBITDA[1] Margin	10.8%	12.4%	
Profit (loss)	$ (435)	$ (2,327)	
Earnings (loss) per share:			
Basic	$(0.01)	$(0.06)	
Adjusted	$0.23	$0.23	-
Dividends declared per share	$0.15	$0.15	

Altus Analytics		Quarter ended March 31,	
In thousands of dollars	**2019**	2018	% Change
Revenues	$ 46,781	$ 40,536	15.4%
Adjusted EBITDA[1]	$ 9,821	$ 8,230	19.3%
Adjusted EBITDA[1] Margin	21.0%	20.3%	

CRE Consulting		Quarter ended March 31,	
In thousands of dollars	**2019**	2018	% Change
Revenues			
Property Tax	$ 44,698	$ 48,619	(8.1%)
Valuation and Cost Advisory	25,975	25,249	2.9%
Revenues	$ 70,673	$ 73,868	(4.3%)
Adjusted EBITDA[1]			
Property Tax	$ 9,598	$ 13,073	(26.6%)
Valuation and Cost Advisory	2,500	2,595	(3.7%)
Adjusted EBITDA[1]	$ 12,098	$ 15,668	(22.8%)
Adjusted EBITDA[1] Margin			
Property Tax	21.5%	26.9%	
Valuation and Cost Advisory	9.6%	10.3%	
Adjusted EBITDA[1] Margin	17.1%	21.2%	

Geomatics		Quarter ended March 31,	
In thousands of dollars	**2019**	2018	% Change
Revenues	$ 10,650	$ 10,446	2.0%
Adjusted EBITDA[1]	$ 461	$ 50	822.0%
Adjusted EBITDA[1] Margin	4.3%	0.5%	

On a consolidated basis, first quarter revenues grew 2.7% year-over-year to $128.0 million and adjusted EBITDA[1] decreased by 10.5% to $13.9 million. Exchange rate movements against the Canadian dollar, namely the U.S. and U.K. currencies, benefitted consolidated revenues by 1.3% and adjusted EBITDA[1] by 3.6%. Acquisitions contributed 1.7% to revenue growth in the first quarter.

Consolidated Profit (Loss), in accordance with IFRS, was $(0.4) million compared to $(2.3) million in the same period in 2018, impacted by lower adjusted EBITDA[1], incremental depreciation of $3.7 million and finance costs of $0.7 million on the implementation of IFRS 16, *Leases*, offset by a decrease in amortization of intangibles, restructuring costs not occurring in the period, and an increase in income tax recovery. Profit (loss) was $(0.01) per share basic and diluted, compared to $(0.06) per share, basic and diluted, in the same period in 2018.

Adjusted EPS[2] was $0.23 in the first quarter, in line with the first quarter of 2018.

Altus Analytics revenues increased 15.4% to $46.8 million, driven by double-digit growth from both ARGUS Software and Appraisal Management. ARGUS Software benefitted primarily from strong subscription revenues and higher maintenance revenues supported by an average 97% maintenance renewal rate for ARGUS Enterprise. Consistent with the 2018 trend, the mix of software revenues from subscriptions contracts was higher than from upfront perpetual license sales (which were down year over year). The higher subscription revenues included growth from on-premise AE subscription contracts, AOD, ARGUS Taliance and ARGUS Voyanta. ARGUS Software consulting and education service revenues were also up year over year. Growth at Appraisal Management was driven by existing customer growth in the U.S., new customer wins, and higher revenues from international markets. Due diligence revenues were down year over year. The acquisition of Taliance added 5.3% to revenues. Recurring revenues[3], *as defined above*, grew 23.0% to $36.4 million. Although adjusted EBITDA[1] improved on strong earnings contribution from Appraisal Management, the ongoing software product development investments continued to impact total Altus Analytics earnings. While the Company continues to invest in product development, management expects to reduce expense growth in the second half of the year. Changes in the exchange rates against the Canadian dollar benefitted revenues by 3.5% and adjusted EBITDA[1] by 6.2%.

CRE Consulting revenues decreased by 4.3% to $70.7 million while adjusted EBITDA[1] decreased 22.8% to $12.1 million, primarily impacted by a decrease in revenues from the Property Tax business as contingency revenues have a direct impact on earnings. Consistent with management's expectations, Property Tax revenues decreased 8.1% to $44.7 million, and adjusted EBITDA[1] decreased by 26.6% to $9.6 million. Property Tax performance reflects the ongoing impact of the process changes in Ontario and the U.K. that have caused a deferral of anticipated contingency revenues, partly offset by stronger performance in the U.S. Although appeal settlement volumes continue to increase sequentially, settlement activity levels were below prior year. Also on a comparative basis, Q1 2018 benefitted from record performance in Western Canada due to unexpected property value increases which did not reoccur to the same levels, and Manitoba is off-cycle in the first part of this year. Management continues to expect 2019 to be a record revenue year for Property Tax, driven by an anticipated rebound of case settlement activity from Ontario and the U.K. later in the year. Valuation and Cost Advisory revenues increased by 2.9% to $26.0 million, led by the Cost practice, and adjusted EBITDA[1] decreased by 3.7% to $2.5 million. Changes in the exchange rates against the Canadian dollar had a negligible impact to CRE Consulting revenues and adjusted EBITDA[1].

Geomatics' performance continues to be impacted by ongoing market challenges; revenues improved by 2.0% to $10.7 million, and adjusted EBITDA[1] improved meaningfully to $0.5 million benefitting from improved operating efficiencies. Following various cost cutting and optimization initiatives undertaken in 2018, management expects Geomatics to remain profitable for the remainder of 2019.

Corporate Costs were $8.5 million, comparable to $8.4 million in the same period in 2018. Corporate costs as a percentage of revenues were 6.6%, compared to 6.8% in the same period in 2018.

Altus Group's balance sheet remains strong, reinforcing the Company's financial flexibility to pursue its growth strategy. At the end of the first quarter, bank debt stood at $142.4 million, representing a funded debt to EBITDA leverage ratio of 2.01 times (compared to 1.79 times at the end of 2018). As at March 31, 2019, cash and cash equivalents was $37.5 million (compared to $48.7 million as at December 31, 2018).

Q1 2019 Results Conference Call & Webcast

Date:	Wednesday, May 8, 2019
Time:	5:00 p.m. (ET)
Webcast:	altusgroup.com (under the Investor Relations tab)
Live Call:	1-800-273-9672 (toll-free) or 416-340-2216 (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 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 commercial 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 occupancy costs calculated on a consistent basis to 2018, finance costs (income), amortization of intangibles, depreciation of property, plant and equipment, depreciation of right-of-use assets, acquisition and related transition costs (income), restructuring costs, 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 derivative 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. Subsequent to the adoption of IFRS 16, on January 1, 2019, the measurement of Adjusted EBITDA has been modified to reflect occupancy costs on a consistent basis as 2018. Adjusted EBITDA margin represents the percentage factor of Adjusted EBITDA to revenues.

Adjusted Earnings (Loss) per Share, ("Adjusted EPS"), represents basic earnings (loss) per share adjusted for the effects of occupancy costs calculated on a consistent basis to 2018, depreciation of right-of-use assets, finance costs (income), net - leases, amortization of intangibles acquired as part of business acquisitions, net of changes in fair value of related equity derivatives, acquisition and related transition costs (income), restructuring costs, 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 derivative 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. The basic weighted average number of shares is adjusted for the effects of weighted average number of restricted shares. 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", "anticipate", "believe", "plan", "would", "could", "remain" 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 most recent MD&A (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.

Certain information in this press release may be considered as "financial outlook" within the meaning of applicable securities legislation. The purpose of this financial outlook is to provide readers with disclosure regarding Altus Group's reasonable expectations as to the anticipated results of its proposed business activities for the periods indicated. Readers are cautioned that the financial outlook may not be appropriate for other purposes.

FOR FURTHER INFORMATION PLEASE CONTACT:

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Interim Condensed Consolidated Statements of Comprehensive Income (Loss)
For the Three Months Ended March 31, 2019 and 2018
(Unaudited)

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

	Three months ended March 31	
	2019	2018
Revenues	**$ 127,998**	$ 124,690
Expenses		
Employee compensation	**86,593**	82,109
Occupancy	**1,813**	5,407
Office and other operating	**24,617**	22,623
Depreciation of right-of-use assets	**3,650**	-
Depreciation of property, plant and equipment	**1,916**	1,809
Amortization of intangibles	**8,427**	10,735
Acquisition and related transition costs (income)	**(18)**	734
Restructuring costs	**-**	2,853
(Gain) loss on investments	**(107)**	(85)
Finance costs (income), net - leases	**732**	-
Finance costs (income), net - other	**1,650**	1,428
Profit (loss) before income taxes	**(1,275)**	(2,923)
Income tax expense (recovery)	**(840)**	(596)
Profit (loss) for the period attributable to shareholders	**$ (435)**	$ (2,327)
Other comprehensive income (loss):		
Items that may be reclassified to profit or loss in subsequent periods:		
Currency translation differences	**(5,074)**	8,003
Items that are not reclassified to profit or loss in subsequent periods:		
Change in FVOCI investment reserves	**(126)**	(25,254)
Other comprehensive income (loss), net of tax	**(5,200)**	(17,251)
Total comprehensive income (loss) for the period, net of tax, attributable to shareholders	**$ (5,635)**	$ (19,578)

Earnings (loss) per share attributable to the shareholders of the Company during the period		
Basic earnings (loss) per share	**$(0.01)**	$(0.06)
Diluted earnings (loss) per share	**$(0.01)**	$(0.06)

Interim Condensed Consolidated Balance Sheets
As at March 31, 2019 and December 31, 2018
(Unaudited)
(Expressed in Thousands of Canadian Dollars)

	March 31, 2019	December 31, 2018
Assets		
Current assets		
Cash and cash equivalents	$ 37,519	$ 48,738
Trade receivables and other	154,200	154,298
Income taxes recoverable	6,479	6,021
Derivative financial instruments	205	478
	198,403	209,535
Non-current assets		
Trade receivables and other	2,822	8,975
Derivative financial instruments	1,664	614
Investments	11,592	4,903
Deferred tax assets	17,643	19,581
Right-of-use assets	68,347	-
Property, plant and equipment	30,911	33,197
Intangibles	105,001	114,894
Goodwill	264,034	266,483
	502,014	448,647
Total Assets	$ 700,417	$ 658,182
Liabilities		
Current liabilities		
Trade payables and other	$ 96,937	$ 117,520
Income taxes payable	1,575	6,802
Lease liabilities	11,817	192
Borrowings	2,081	666
	112,410	125,180
Non-current liabilities		
Trade payables and other	18,811	29,825
Lease liabilities	67,039	74
Borrowings	140,330	128,435
Deferred tax liabilities	14,637	16,242
	240,817	174,576
Total Liabilities	353,227	299,756
Shareholders' Equity		
Share capital	492,653	491,542
Contributed surplus	21,115	21,882
Accumulated other comprehensive income (loss)	49,358	54,558
Retained earnings (deficit)	(215,936)	(209,556)
Total Shareholders' Equity	347,190	358,426
Total Liabilities and Shareholders' Equity	$ 700,417	$ 658,182

Interim Condensed Consolidated Statements of Cash Flows
For the Three Months Ended March 31, 2019 and 2018
(Unaudited)
(Expressed in Thousands of Canadian Dollars)

	Three months ended March 31	
	2019	2018
Cash flows from operating activities		
Profit (loss) before income taxes	**$ (1,275)**	$ (2,923)
Adjustments for:		
Amortization of intangibles	**8,427**	10,735
Depreciation of property, plant and equipment	**1,916**	1,809
Depreciation of right-of-use assets	**3,650**	-
Amortization of lease inducements	**-**	(117)
Finance costs (income), net - leases	**732**	-
Finance costs (income), net - other	**1,650**	1,428
Share-based compensation	**2,299**	2,113
Unrealized foreign exchange (gain) loss	**494**	(1,049)
(Gain) loss on investments	**(107)**	(85)
(Gain) loss on disposal of property, plant and equipment and intangibles	**276**	379
(Gain) loss on equity derivatives and currency forward contracts	**(1,087)**	3,099
Net changes in operating working capital	**(18,613)**	(17,424)
Net cash generated by (used in) operations	**(1,638)**	(2,035)
Less: interest paid on borrowings	**(1,058)**	(1,206)
Less: interest paid on leases	**(732)**	-
Less: income taxes paid	**(6,236)**	(1,590)
Add: income taxes refunded	**1,546**	54
Net cash provided by (used in) operating activities	**(8,118)**	(4,777)
Cash flows from financing activities		
Proceeds from exercise of options	**313**	204
Proceeds from borrowings	**13,434**	13,081
Repayment of borrowings	**(231)**	(372)
Payments of principal on lease liabilities	**(2,869)**	-
Dividends paid	**(4,184)**	(5,186)
Treasury shares purchased under the Restricted Share Plan	**(4,268)**	(2,956)
Net cash provided by (used in) financing activities	**2,195**	4,771
Cash flows from investing activities		
Purchase of investments	**(303)**	(1,463)
Purchase of intangibles	**(62)**	(27)
Purchase of property, plant and equipment	**(1,320)**	(3,801)
Proceeds from disposal of property, plant and equipment and intangibles	**15**	-
Acquisitions, net of cash acquired	**-**	(3,073)
Net cash provided by (used in) investing activities	**(1,670)**	(8,364)
Effect of foreign currency translation	**(3,626)**	916
Net increase (decrease) in cash and cash equivalents	**(11,219)**	(7,454)
Cash and cash equivalents, beginning of period	**48,738**	28,070
Cash and cash equivalents, end of period	**$ 37,519**	$ 20,616