

Altus Group Reports Third Quarter 2019 Financial Results

Delivers Double-Digit Topline and Earnings Growth in Consolidated Results

TORONTO (November 7, 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 third quarter ended September 30, 2019.

Third Quarter 2019 Summary:

All amounts are in Canadian dollars and percentages are in comparison to the same period in 2018.

- Consolidated revenues were \$137.0 million, up 13.6%
- Consolidated profit, in accordance with IFRS, was \$5.0 million, a \$6.7 million improvement
- Consolidated profit, in accordance with IFRS, was \$0.13 per share basic and \$0.12 per share diluted, compared to (\$0.04) per share, basic and diluted
- Consolidated adjusted EBITDA¹ was \$19.8 million, up 20.1%
- Adjusted earnings per share² ("adjusted EPS") was \$0.30, compared to \$0.22
- Altus Analytics revenues increased 14.4% to \$50.4 million and adjusted EBITDA¹ increased 3.2% to \$10.4 million
- Altus Analytics recurring revenues³ (*as defined below*) grew 12.0% to \$38.3 million
- Commercial Real Estate ("CRE") Consulting revenues increased 17.0% to \$76.4 million and adjusted EBITDA¹ increased by 66.1% to \$18.6 million

"We are very pleased with the sustained, double-digit topline and earnings growth in our consolidated results in the third quarter driven by another solid quarter at our Property Tax business and robust performance at Altus Analytics where recurring revenues grew 12% year over year," said Robert Courteau, Chief Executive Officer at Altus Group. "Having just launched the first cloud-enabled version of ARGUS Enterprise less than three months ago, we are very encouraged by the feedback and experience from the numerous clients who are now on our cloud platform. Our clients can now gain value from the enhanced investment visibility through more extensive collaboration across their teams and better utilization of their data. We remain on track with our transition plan to achieve our target of reaching over 90% of our Altus Analytics revenues to be recurring by the end of 2021."



Summary of Operating and Financial Performance by Business Segment:

All amounts are in Canadian dollars and percentages are in comparison to the same period in 2018, as applicable.

CONSOLIDATED	Three months ended Sept. 30,			Nine months ended Sept. 30,		
<i>In thousands of dollars, except for per share amounts</i>	2019	2018	% Change	2019	2018	% Change
Revenues	\$ 136,994	\$ 120,636	13.6%	\$ 418,646	\$ 379,544	10.3%
Adjusted EBITDA ¹	\$ 19,820	\$ 16,504	20.1%	\$ 64,674	\$ 55,783	15.9%
Adjusted EBITDA ¹ Margin	14.5%	13.7%		15.4%	14.7%	
Profit (loss)	\$ 5,036	\$(1,723)	392.3%	\$ 17,922	\$ (3,720)	581.8%
Earnings (loss) per share:						
Basic	\$0.13	(\$0.04)	425.0%	\$0.46	(\$0.10)	560.0%
Adjusted	\$0.30	\$0.22	36.4%	\$1.04	\$0.84	23.8%

Altus Analytics	Three months ended Sept. 30,			Nine months ended Sept. 30,		
<i>In thousands of dollars</i>	2019	2018	% Change	2019	2018	% Change
Revenues	\$ 50,426	\$ 44,094	14.4%	\$ 147,370	\$ 131,602	12.0%
Adjusted EBITDA ¹	\$ 10,430	\$ 10,102	3.2%	\$ 31,457	\$ 31,202	0.8%
Adjusted EBITDA ¹ Margin	20.7%	22.9%		21.3%	23.7%	

CRE Consulting	Three months ended Sept. 30,			Nine months ended Sept. 30,		
<i>In thousands of dollars</i>	2019	2018	% Change	2019	2018	% Change
Revenues						
Property Tax	\$ 49,263	\$ 38,946	26.5%	\$ 159,249	\$ 137,624	15.7%
Valuation and Cost Advisory	27,183	26,380	3.0%	80,936	78,632	2.9%
Revenues	\$ 76,446	\$ 65,326	17.0%	\$ 240,185	\$ 216,256	11.1%
Adjusted EBITDA¹						
Property Tax	\$ 14,766	\$ 7,214	104.7%	\$ 52,880	\$ 35,705	48.1%
Valuation and Cost Advisory	3,812	3,973	(4.1%)	9,797	10,278	(4.7%)
Adjusted EBITDA ¹	\$ 18,578	\$ 11,187	66.1%	\$ 62,677	\$ 45,983	36.3%
Adjusted EBITDA¹ Margin	24.3%	17.1%		26.1%	21.3%	

Geomatics	Three months ended Sept. 30,			Nine months ended Sept. 30,		
<i>In thousands of dollars</i>	2019	2018	% Change	2019	2018	% Change
Revenues	\$ 10,207	\$ 11,338	(10.0%)	\$ 31,380	\$ 32,151	(2.4%)
Adjusted EBITDA	\$ 1,345	\$ 1,812	(25.8%)	\$ 2,796	\$ 2,721	2.8%
Adjusted EBITDA Margin	13.2%	16.0%		8.9%	8.5%	

On a consolidated basis, revenues grew 13.6% year-over-year to \$137.0 million and adjusted EBITDA¹ increased 20.1% to \$19.8 million. Changes in the exchange rates against the Canadian dollar impacted revenues by (0.5%) and benefitted adjusted EBITDA¹ by 0.6%. Acquisitions represented 3.5% of the 13.6% revenue growth in the third quarter.



Consolidated Profit, in accordance with IFRS, was \$5.0 million compared to (\$1.7) million in the same period in 2018, which in addition to the higher adjusted EBITDA¹, also improved as a result of lower amortization of intangibles, gains on derivatives, and a decrease in one-time non-operating costs incurred in 2018, partly offset by incremental depreciation and finance costs on the implementation of IFRS 16, as well as higher income tax expense on higher earnings. Profit was \$0.13 per share basic and \$0.12 per share diluted, compared to (\$0.04) per share, basic and diluted, in the same period in 2018.

Adjusted EPS² was \$0.30, compared to \$0.22 in the third quarter of 2018.

Altus Analytics revenues increased 14.4% to \$50.4 million, driven by growth from Appraisal Management solutions, increased software services from the acquisition of One11, and overall higher software revenues from growing subscription and maintenance revenues (supported by 97% maintenance renewal rates⁴ for its flagship ARGUS Enterprise (“AE”) product), offset by declining license sales revenues as the business transitions to a subscription model. The growth in Appraisal Management solutions was driven by existing customers adding more assets on the platform, new customer wins and growing revenues from international markets. Beginning in the third quarter of 2019, all AE software license sales to new customers were only sold on subscription terms, compared to the third quarter of 2018 when the majority of license sales were sold on perpetual terms; this transition caused lower revenues from software license sales in the quarter. The acquisition of One11 represented 9.1% of the 14.4% revenue growth. Recurring revenues³, *as defined below*, grew 12.0% to \$38.3 million. Adjusted EBITDA¹ grew 3.2% to \$10.4 million. Although investments in product development were higher in the third quarter of 2019 compared to prior year, investment spending has now started to level off on a sequential basis. Changes in the exchange rates against the Canadian dollar did not impact revenues and benefitted adjusted EBITDA¹ by 0.9%.

The Company remains well positioned to meet its guidance for the year, expecting total Altus Analytics revenue growth between 7% and 12% (and 16% to 19% recurring revenue³ growth) to achieve annual revenues between \$197 to \$205 million, with adjusted EBITDA margins between 17% and 20%, reflecting the run-rate of the 2018 investments and the shift to subscriptions in the second half of the year.

CRE Consulting revenues increased 17.0% to \$76.4 million and adjusted EBITDA¹ increased 66.1% to \$18.6 million, driven primarily by strong performance at Property Tax. Property Tax revenues increased 26.5% to \$49.3 million and adjusted EBITDA¹ increased 104.7% to \$14.8 million. Property Tax revenue and earnings grew due to sustained strong performance in the U.K., as well as double-digit growth in Canada. In the U.K., operations benefitted from the continuing settlement of 2017 list cases from a healthy backlog and in Canada, the growth in revenues was driven by a rebound of case settlements in Ontario as well as robust performance in Manitoba and Quebec. With \$159.2 million in revenues year to date, Management continues to expect 2019 to be a record revenue year for Property Tax. Valuation and Cost Advisory revenues increased by 3.0% to \$27.2 million, led by the Canadian Valuation practice, while adjusted EBITDA¹ decreased by 4.1% to \$3.8 million. Changes in the exchange rates against the Canadian dollar impacted revenues by (0.9%) and benefitted adjusted EBITDA¹ by 0.1%.

Although **Geomatics’** performance improved sequentially, revenues were down 10.0% year-over-year to \$10.2 million and adjusted EBITDA¹ was down 25.8% to \$1.3 million as the business was impacted by reduced activity levels in the oil and gas sector. Management continues to expect Geomatics to remain profitable for the remainder of 2019.



Corporate Costs were \$10.5 million, compared to \$6.6 million in the same period in 2018, reflecting higher accrual of variable compensation costs and various corporate initiatives to scale the business for growth. Corporate costs as a percentage of revenues were 7.7%, compared to 5.5% 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 second quarter, bank debt stood at \$146.0 million, representing a funded debt to EBITDA leverage ratio of 1.72 times (compared to 1.79 times at the end of 2018). As at September 30, 2019, cash and cash equivalents was \$56.0 million (compared to \$48.7 million as at December 31, 2018). The Company's credit facilities mature on April 28, 2020, and hence have been presented as current liabilities. Management is in the process of reviewing and renewing its bank credit facilities and expects to complete the process prior to maturity.

Q3 2019 Results Conference Call & Webcast

Date:	Thursday, November 7, 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.

Definitions & Notes

¹The 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.

²The 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.

⁴**Maintenance renewal rate**, a non-GAAP measure, represents the percentage of the available renewal opportunity in a fiscal period that renews, calculated on a dollar basis, excluding any growth in user count or product expansion.

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 Equity 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 Equity 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, including the guidance on financial expectations, 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”, “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 applied 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; subscription contracts and transition to the cloud; 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; issuance of additional common shares diluting existing shareholders' interests; and financial targets, as described in our MD&A for the quarter ended June 30, 2019 (which is 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 MD&A 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 including revenue guidance and expected Adjusted EBITDA margin and other targets and goals for Altus Analytics. 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 and Nine Months Ended September 30, 2019 and 2018 (Unaudited)

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

	Three months ended September 30		Nine months ended September 30	
	2019	2018	2019	2018
Revenues	\$ 136,994	\$ 120,636	\$ 418,646	\$ 379,544
Expenses				
Employee compensation	84,698	78,043	261,298	243,564
Occupancy	2,015	5,290	5,938	15,941
Office and other operating	27,589	23,684	80,609	71,134
Depreciation of right-of-use assets	3,273	-	10,222	-
Depreciation of property, plant and equipment	1,988	2,097	5,585	5,901
Amortization of intangibles	7,753	10,538	23,525	31,959
Acquisition and related transition costs (income)	85	184	238	2,257
Restructuring costs (recovery)	-	(184)	(453)	6,458
(Gain) loss on investments	(63)	(42)	(158)	(81)
Finance costs (income), net - leases	715	-	2,160	-
Finance costs (income), net - other	1,768	1,738	5,136	4,856
Profit (loss) before income taxes	7,173	(712)	24,546	(2,445)
Income tax expense (recovery)	2,137	1,011	6,624	1,275
Profit (loss) for the period attributable to shareholders	\$ 5,036	\$ (1,723)	\$ 17,922	\$ (3,720)
Other comprehensive income (loss):				
Items that may be reclassified to profit or loss in subsequent periods:				
Currency translation differences	(1,296)	(5,513)	(14,190)	3,543
Items that are not reclassified to profit or loss in subsequent periods:				
Change in fair value of FVOCI investments	566	(4,705)	1,737	(44,351)
Other comprehensive income (loss), net of tax	(730)	(10,218)	(12,453)	(40,808)
Total comprehensive income (loss) for the period, net of tax, attributable to shareholders	\$ 4,306	\$ (11,941)	\$ 5,469	\$ (44,528)
Earnings (loss) per share attributable to the shareholders of the Company during the period				
Basic earnings (loss) per share	\$0.13	\$(0.04)	\$0.46	\$(0.10)
Diluted earnings (loss) per share	\$0.12	\$(0.04)	\$0.45	\$(0.10)



Interim Condensed Consolidated Balance Sheets As at September 30, 2019 and December 31, 2018 (Unaudited)

(Expressed in Thousands of Canadian Dollars)

	September 30, 2019	December 31, 2018
Assets		
Current assets		
Cash and cash equivalents	\$ 56,014	\$ 48,738
Trade receivables and other	170,079	154,298
Income taxes recoverable	3,259	6,021
Derivative financial instruments	1,542	478
	230,894	209,535
Non-current assets		
Trade receivables and other	2,832	8,975
Derivative financial instruments	6,910	614
Investments	13,679	4,903
Deferred tax assets	19,348	19,581
Right-of-use assets	67,315	-
Property, plant and equipment	30,088	33,197
Intangibles	97,637	114,894
Goodwill	265,107	266,483
	502,916	448,647
Total Assets	\$ 733,810	\$ 658,182
Liabilities		
Current liabilities		
Trade payables and other	\$ 103,382	\$ 117,520
Income taxes payable	3,108	6,802
Lease liabilities	12,301	192
Borrowings	145,822	666
	264,613	125,180
Non-current liabilities		
Trade payables and other	26,280	29,825
Lease liabilities	67,067	74
Borrowings	352	128,435
Deferred tax liabilities	13,487	16,242
	107,186	174,576
Total Liabilities	371,799	299,756
Shareholders' Equity		
Share capital	507,448	491,542
Contributed surplus	22,036	21,882
Accumulated other comprehensive income (loss)	41,472	54,558
Retained earnings (deficit)	(208,945)	(209,556)
Total Shareholders' Equity	362,011	358,426
Total Liabilities and Shareholders' Equity	\$ 733,810	\$ 658,182



Interim Condensed Consolidated Statements of Cash Flows For the Nine Months Ended September 30, 2019 and 2018 (Unaudited)

(Expressed in Thousands of Canadian Dollars)

	Nine months ended September 30	
	2019	2018
Cash flows from operating activities		
Profit (loss) before income taxes	\$ 24,546	\$ (2,445)
Adjustments for:		
Amortization of intangibles	23,525	31,959
Depreciation of property, plant and equipment	5,585	5,901
Depreciation of right-of-use assets	10,222	-
Amortization of lease inducements	-	422
Finance costs (income), net - leases	2,160	-
Finance costs (income), net - other	5,136	4,856
Share-based compensation	7,277	7,037
Unrealized foreign exchange (gain) loss	1,379	(576)
(Gain) loss on investments	(158)	(81)
(Gain) loss on disposal of property, plant and equipment and intangibles	342	1,144
(Gain) loss on equity derivatives and currency forward contracts	(7,810)	1,633
Net changes in operating working capital	(27,732)	(4,967)
Net cash generated by (used in) operations	44,472	44,883
Less: interest paid on borrowings	(3,800)	(4,177)
Less: interest paid on leases	(2,160)	-
Less: income taxes paid	(12,848)	(10,655)
Add: income taxes refunded	2,761	4,537
Net cash provided by (used in) operating activities	28,425	34,588
Cash flows from financing activities		
Proceeds from exercise of options	6,366	842
Proceeds from borrowings	21,600	50,701
Repayment of borrowings	(4,848)	(16,498)
Payments of principal on lease liabilities	(8,732)	-
Dividends paid	(13,621)	(14,702)
Treasury shares purchased under the Restricted Share Plan	(5,353)	(2,966)
Net cash provided by (used in) financing activities	(4,588)	17,377
Cash flows from investing activities		
Purchase of investments	(620)	(3,622)
Purchase of intangibles	(149)	(650)
Purchase of property, plant and equipment	(4,610)	(8,293)
Proceeds from disposal of property, plant and equipment and intangibles	102	200
Proceeds from disposal of investment	-	54,173
Acquisitions, net of cash acquired	(11,654)	(27,192)
Net cash provided by (used in) investing activities	(16,931)	14,616
Effect of foreign currency translation	370	(1,606)
Net increase (decrease) in cash and cash equivalents	7,276	64,975
Cash and cash equivalents, beginning of period	48,738	28,070
Cash and cash equivalents, end of period	\$ 56,014	\$ 93,045