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## First Quarter 2013 Results

# HEIDRICK & STRUGGLES

May 9, 2013

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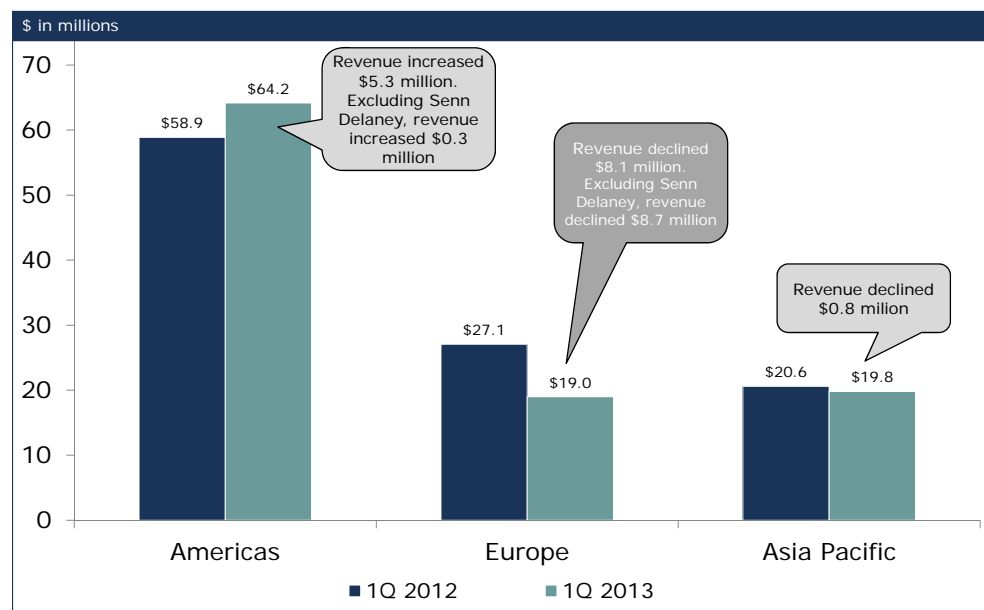
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### Safe Harbor Statement

The 2013 first quarter news release, conference call webcast, and the following slides contain forward-looking statements. . The forward-looking statements are based on current expectations, estimates, forecasts and projections about the industry in which we operate and management's beliefs and assumptions. Forward-looking statements may be identified by the use of words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," "projects," "forecasts," and similar expressions. Forward-looking statements are not guarantees of future performance and involve certain known and unknown risks, uncertainties and assumptions that are difficult to predict. Actual outcomes and results may differ materially from what is expressed, forecasted or implied in the forward-looking statements. Factors that may affect the outcome of the forward-looking statements include, among other things: our ability to attract, integrate, manage, and retain qualified executive search consultants; our ability to develop and maintain strong, long-term relationships with our clients; further declines in the global economy and our ability to execute successfully through business cycles; the timing, speed or robustness of any future economic recovery; social or political instability in markets where we operate; the impact of foreign currency exchange rate fluctuations; unfavorable tax law changes and tax authority rulings; price competition; the ability to forecast, on a quarterly basis, variable compensation accruals that ultimately are determined based on the achievement of annual results; our ability to realize our tax losses; the timing of the establishment or reversal of valuation allowance on deferred tax assets; the mix of profit and loss by country; our reliance on information management systems; any further impairment of our goodwill and other intangible assets; and the ability to align our cost structure and headcount with net revenue. Our reports filed with the U.S. Securities and Exchange Commission also include information on factors that may affect the outcome of forward-looking statements. We undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.



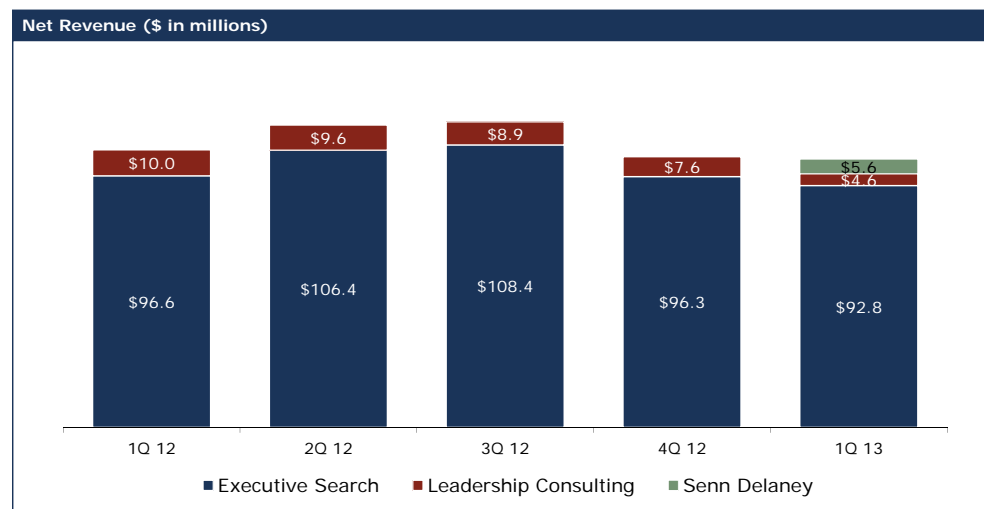
## Annual Net Revenue By Region



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## Net Revenue-- Executive Search, Leadership Consulting & Senn Delaney



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## the culture-shaping firm

Senn Delaney is widely recognized as the leading international authority and successful practitioner of culture shaping that enhances the spirit and performance of organizations.

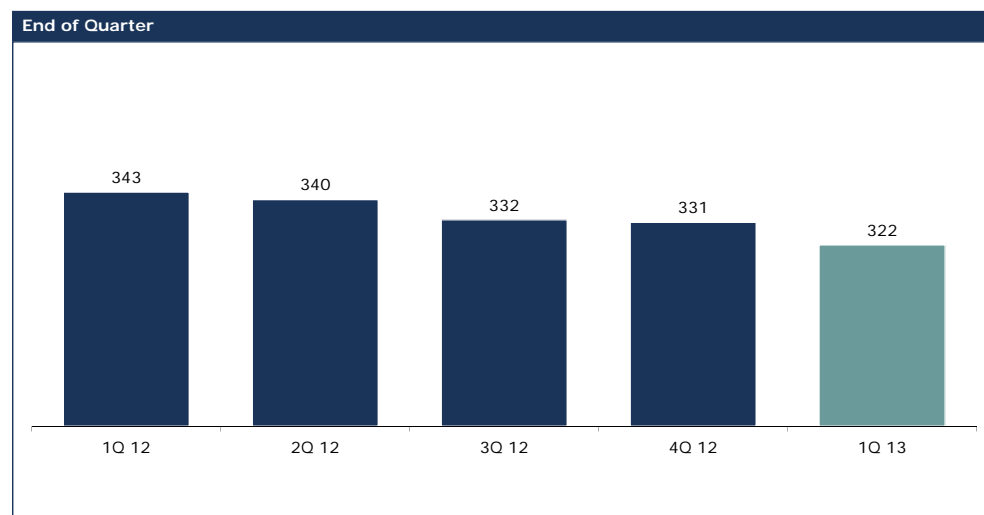
- Firm founded 34 years ago by Larry Senn (still active in the business) and Jim Delaney
- Was the first to focus exclusively on culture, and widely recognized as the premium brand
- Approximately 100 employees based in Huntington Beach, CA, with team in London
- Proven track record of successfully aligning senior teams and engaging entire organizations to create thriving, high-performance cultures
- Services the top level of leadership of Fortune 500 and Global 100 companies. Clients have included Limited Brands, Rolls Royce, CVS Caremark, Boeing, DTE Energy Company, T-Mobile and Yum! Brands
- Engagements often prompted by an organizational restructuring, leadership changes, changing business models, M&A, turnaround strategies, infrastructure or change initiatives

## Consolidated Net Revenue

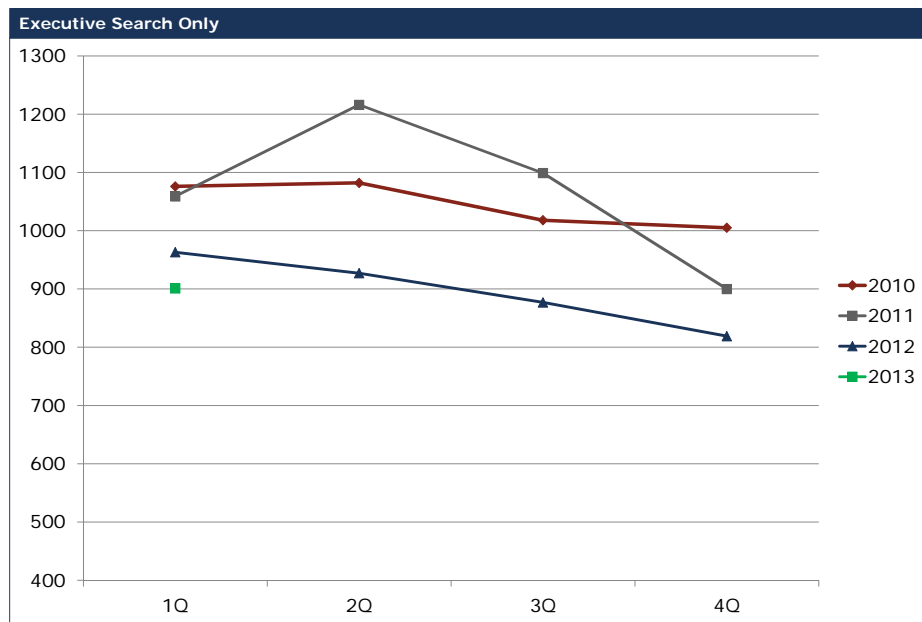
Net Revenue (including Senn Delaney beginning 1Q 13); \$ in millions



### Consultant Headcount Excluding Senn Delaney

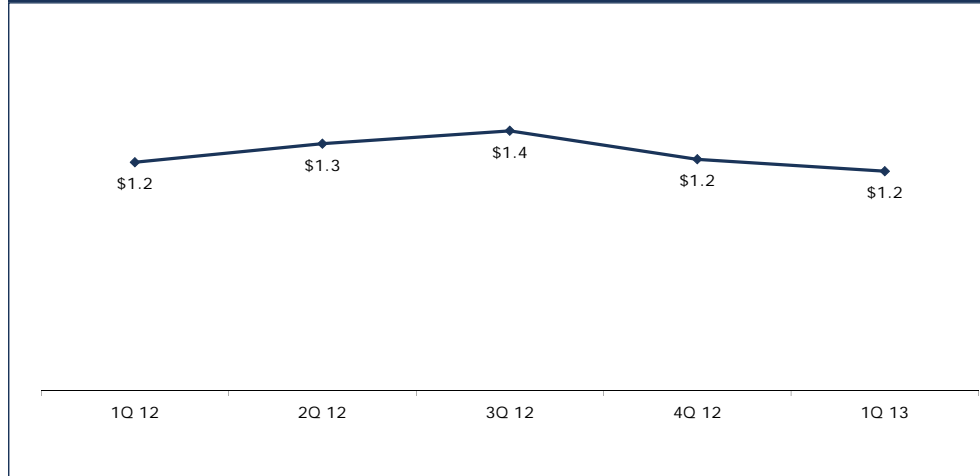


### Executive Search Confirmations



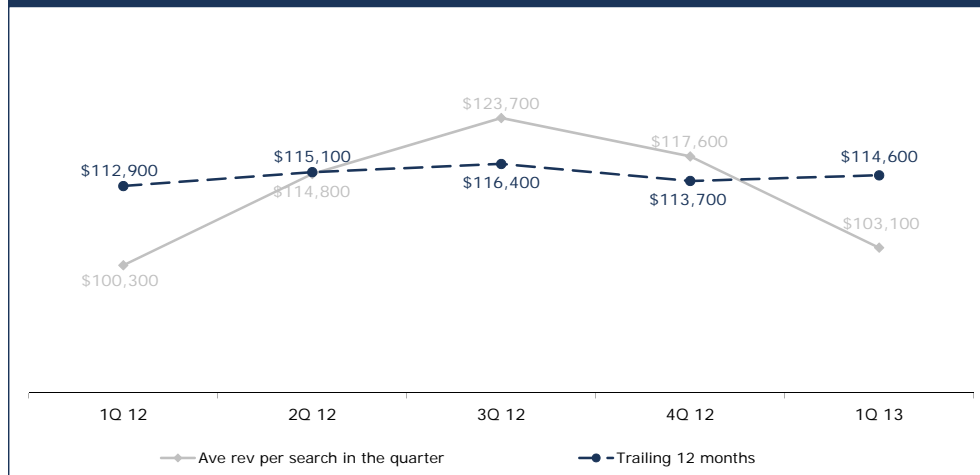
## Productivity: Net Revenue (excluding Senn Delaney) per Consultant

Net revenue in Quarter per Average Consultants in Quarter, Annualized (\$ in millions)

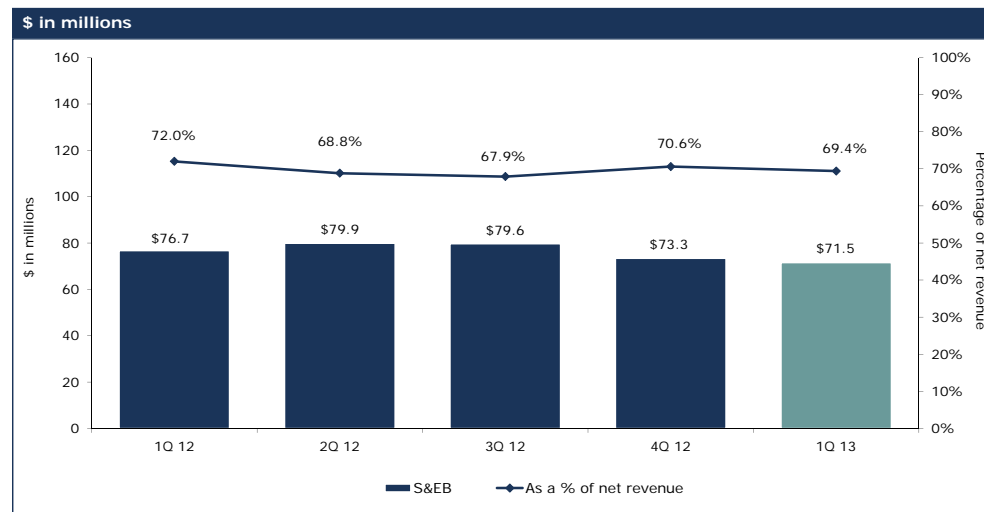


## Average Revenue Per Executive Search

Executive Search Revenue Divided by Executive Search Confirmations



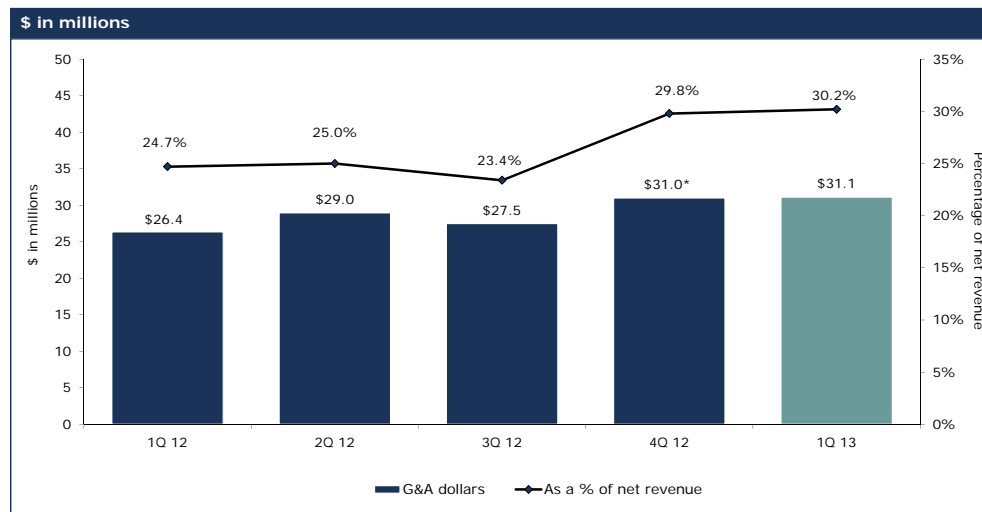
## Salaries & Employee Benefits Expense



## Salaries & Employee Benefits Analysis

\$ in millions-- numbers may not foot due to rounding	1Q 2013	1Q 2012	change
<b>Cash Compensation Expense</b>			
Fixed salaries & employee benefits	59.1	60.4	(1.3)
Variable/ bonus related	11.3	14.9	(3.6)
<b>Total Cash Compensation Expense</b>	<b>\$ 70.5</b>	<b>\$ 75.3</b>	<b>\$ (4.9)</b>
<b>Equity Compensation Expense (fixed)</b>			
Stock-based compensation (RSU/PSU)	1.0	1.4	(0.3)
<b>Total Equity Compensation Expense</b>	<b>\$ 1.0</b>	<b>\$ 1.4</b>	<b>\$ (0.3)</b>
<b>Total Salaries &amp; Employee Benefits Expense</b>	<b>\$ 71.5</b>	<b>\$ 76.7</b>	<b>\$ (5.2)</b>
<b>As a percent of salaries &amp; employee benefits expense:</b>			
Fixed compensation	84%	81%	
Discretionary compensation	16%	19%	

## General & Administrative Expenses



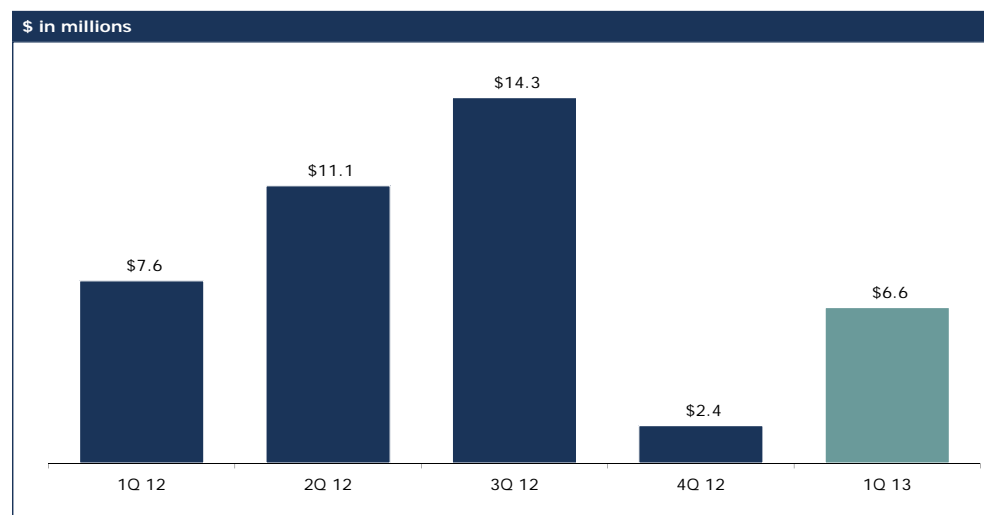
\* Includes \$1.7 million of costs related to acquisition of Senn Delaney

## Adjusted EBITDA Margin

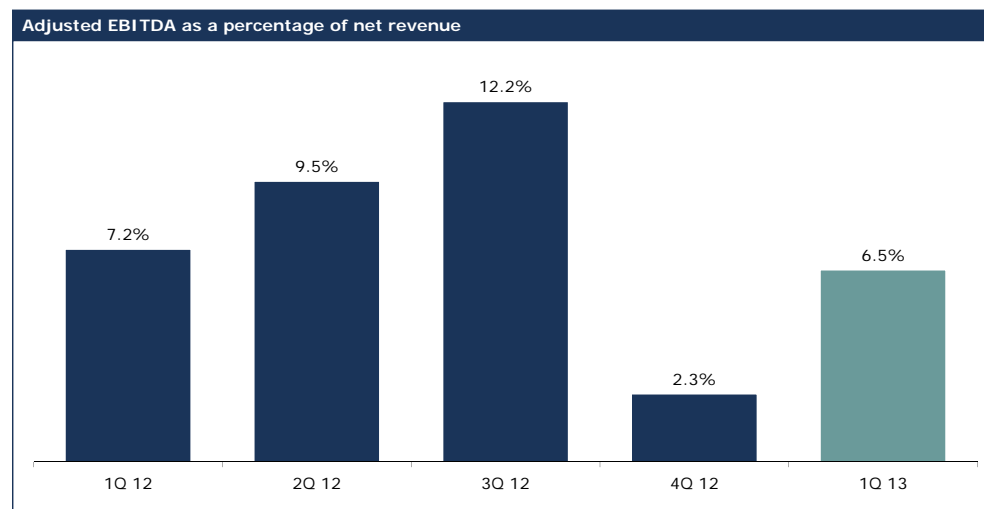
We define Adjusted EBITDA as earnings before interest, taxes, depreciation, intangible amortization, stock-based compensation amortization, compensation expense associated with Senn Delaney retention awards, Senn Delaney earnout accretion, restructuring charges, and other non-operating income or expense.

\$ in millions-- numbers may not foot due to rounding			
	1Q 2013	1Q 2012	change
<b>Operating Income</b>	\$ 0.4	\$ 3.2	\$ (2.8)
<b>Adjustments</b>			
Salaries and employee benefits			
Stock-based compensation amortization	1.0	1.4	(0.3)
Senn Delaney retention awards	0.6	0.0	0.6
General and administrative expenses			
Depreciation	2.7	2.6	0.1
Intangible amortization	1.5	0.2	1.3
Senn Delaney earnout accretion	0.5	0.0	0.5
Restructuring charges	0.0	0.3	(0.3)
<b>Adjusted EBITDA</b>	\$ 6.6	\$ 7.6	\$ (1.0)
<b>Adjusted EBITDA Margin</b>	6.5%	7.2%	

### Quarterly Adjusted EBITDA

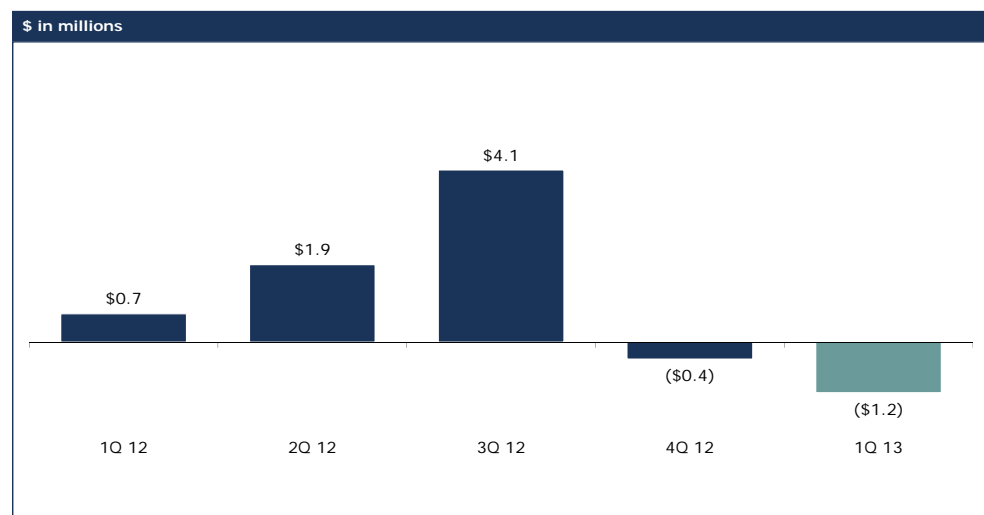


### Quarterly Adjusted EBITDA Margin

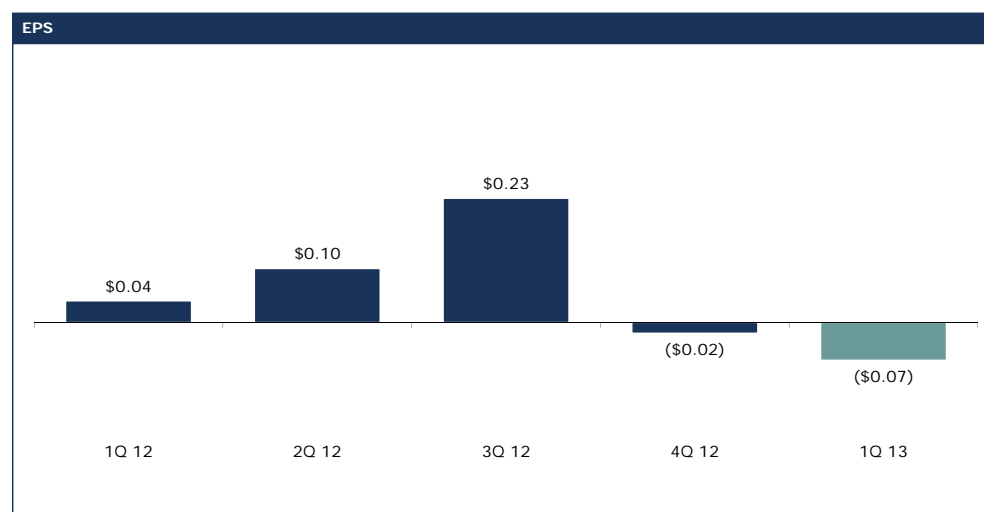




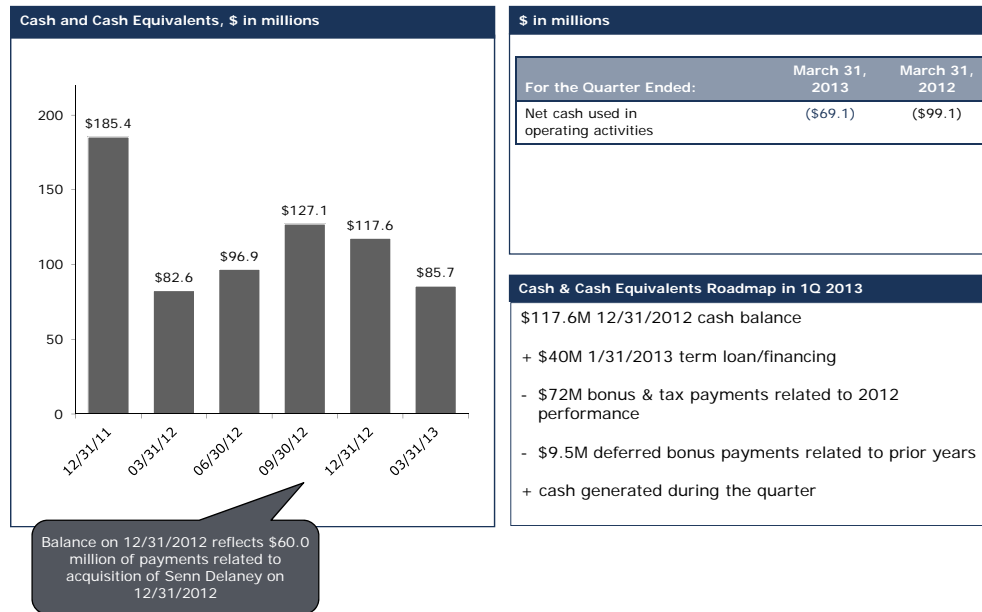
### Quarterly Net Income/Loss



### Quarterly Net Income/Loss Per Diluted Share



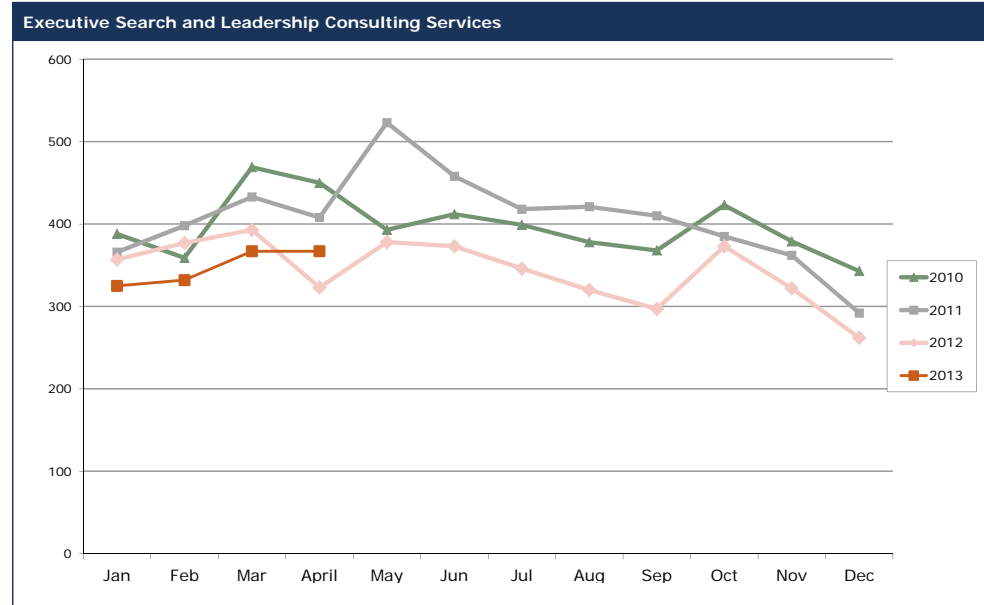
## Cash Position



## Backlog



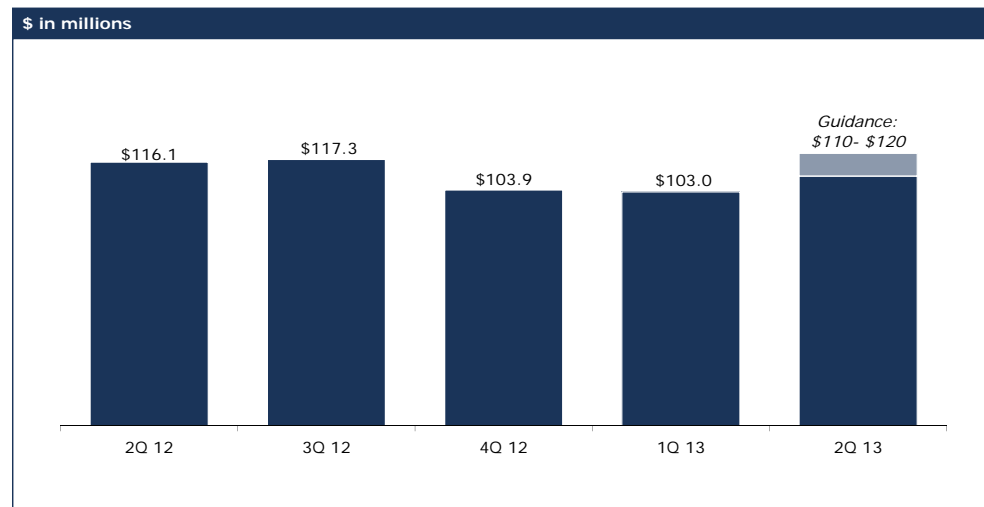
## Worldwide Confirmations – Monthly



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## Guidance: 2013 2Q Net Revenue (excludes reimbursements)



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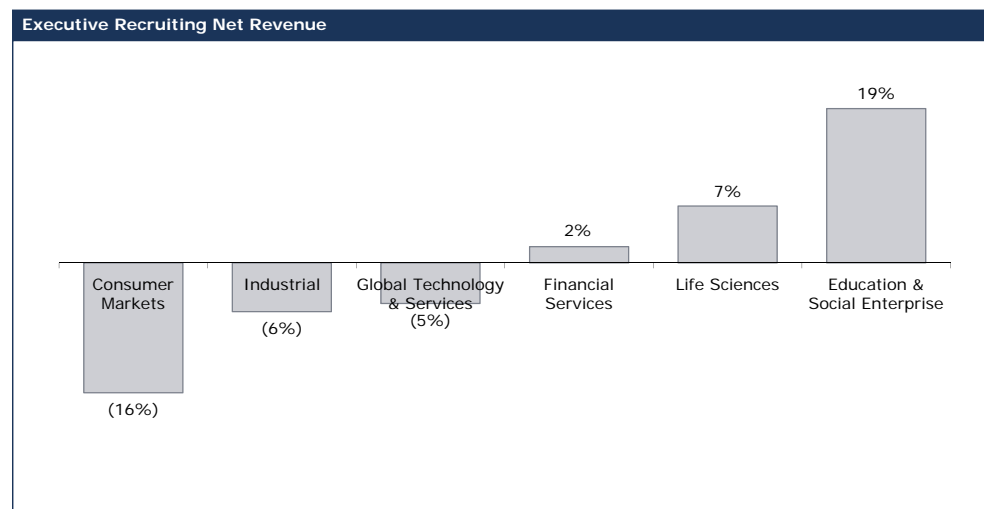
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## Appendix

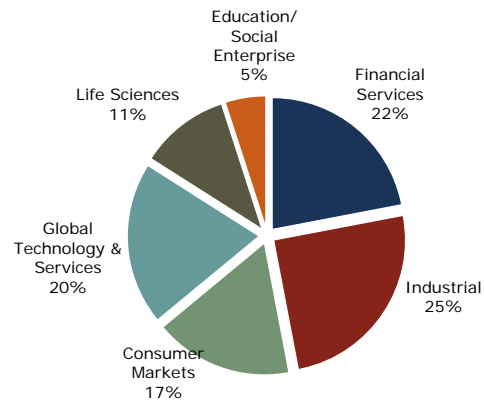
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### 1Q 2013 Compared to 1Q 2012 by Industry Practice- Executive Recruiting



## Broad Industry Group Mix <sup>(1)</sup>

### Executive Recruiting Net Revenue by Practice



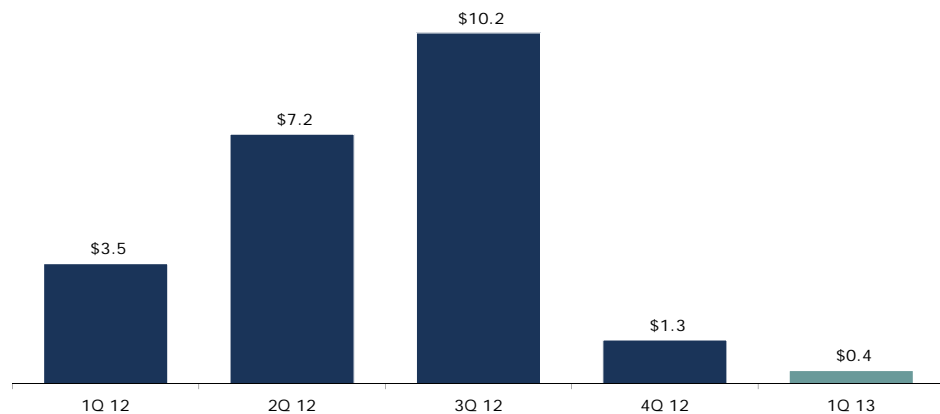
<sup>(1)</sup> Industry practice revenue as percentage of total net revenue in 2013 1Q. Numbers may not add due to rounding.

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## Quarterly Operating Income\*

\$ in millions

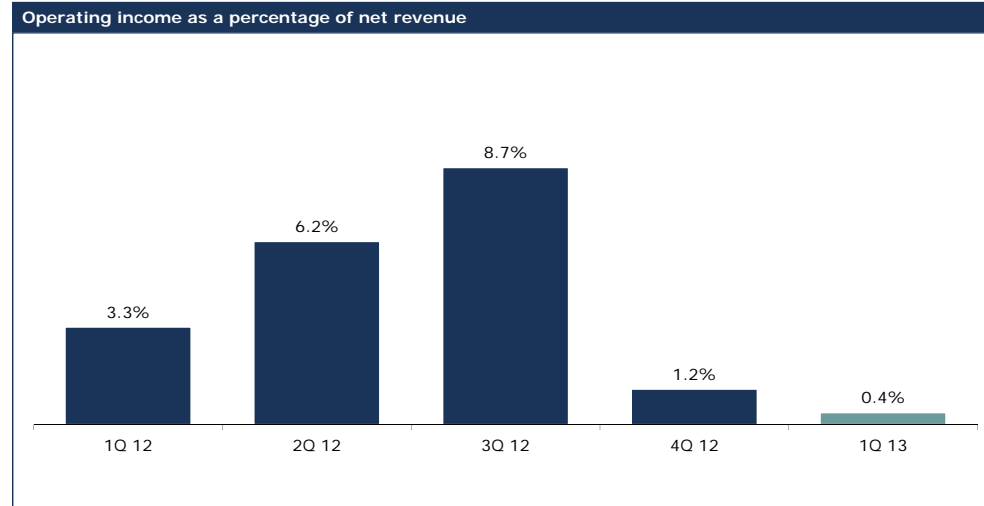


(\* Excluding restructuring charges in 1Q 12 and 2Q 12. And excluding \$1.7 million of costs in 4Q 12 related to the acquisition of Senn Delaney.

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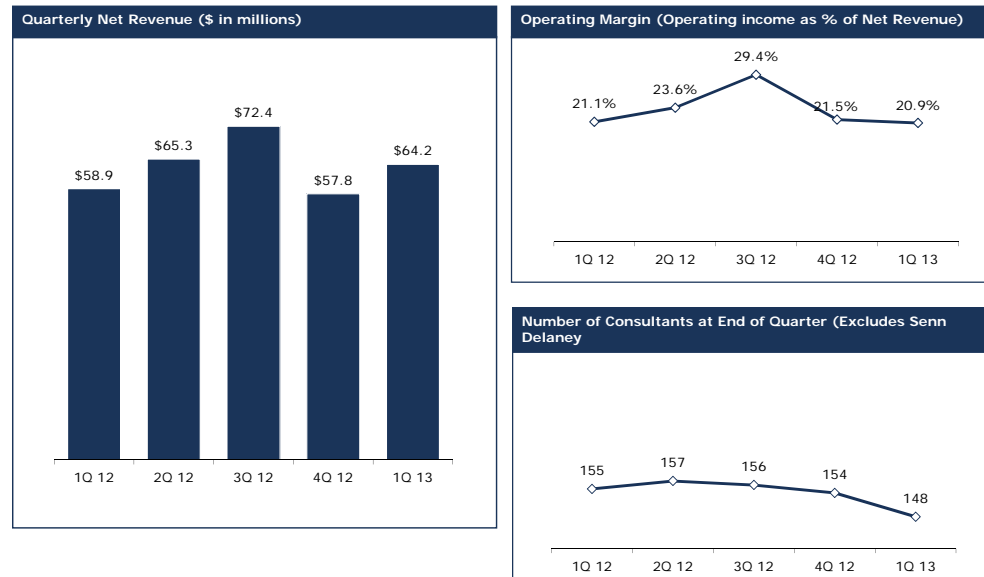
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## Quarterly Operating Margin



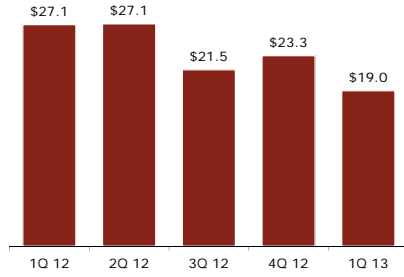
(\* Excluding restructuring charges in 1Q 12 and 2Q 12. And excluding \$1.7 million of costs in 4Q 12 related to the acquisition of Senn Delaney.

## Americas

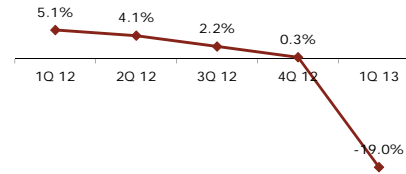


## Europe

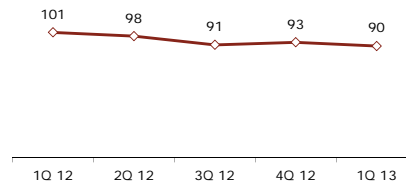
Quarterly Net Revenue (\$ in millions)



Operating Margin (Operating income as % of Net Revenue)



Number of Consultants at End of Quarter (Excludes Senn Delaney)

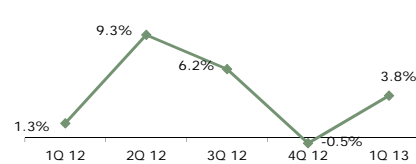


## Asia Pacific

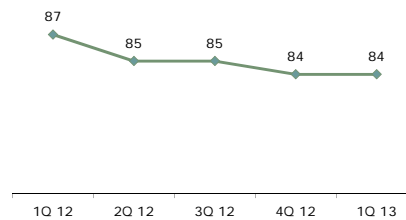
Quarterly Net Revenue (\$ in millions)



Operating Margin (Operating income as % of Net Revenue)



Number of Consultants at End of Quarter (Excludes Senn Delaney)



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## Annual Results

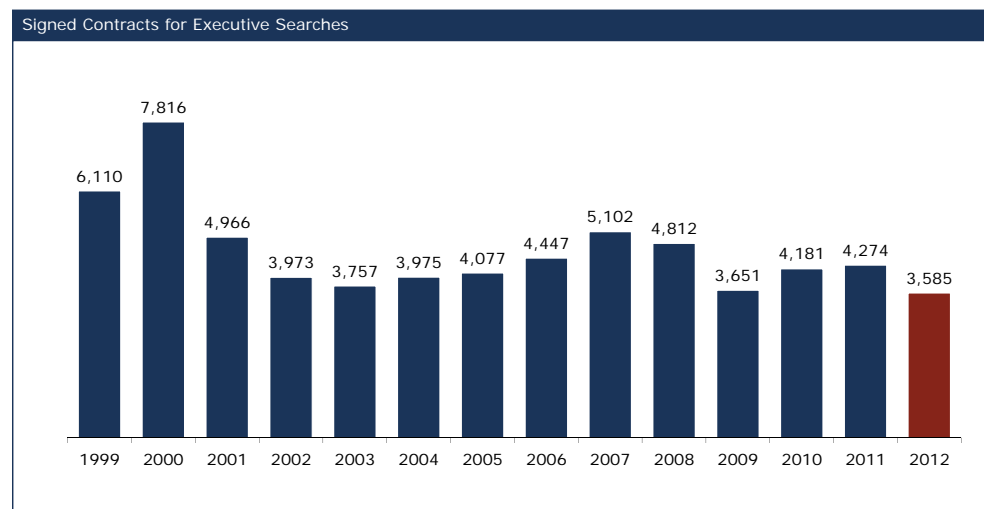
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## Search Confirmations

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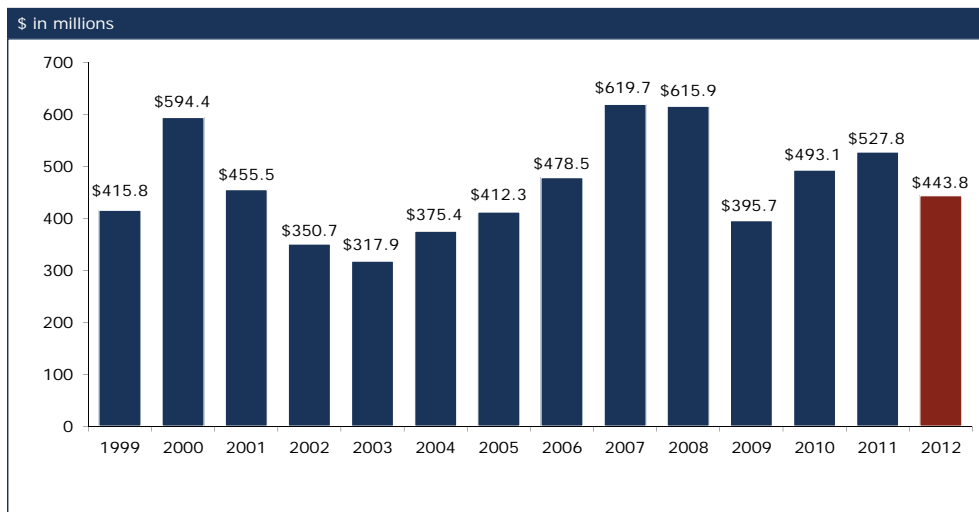


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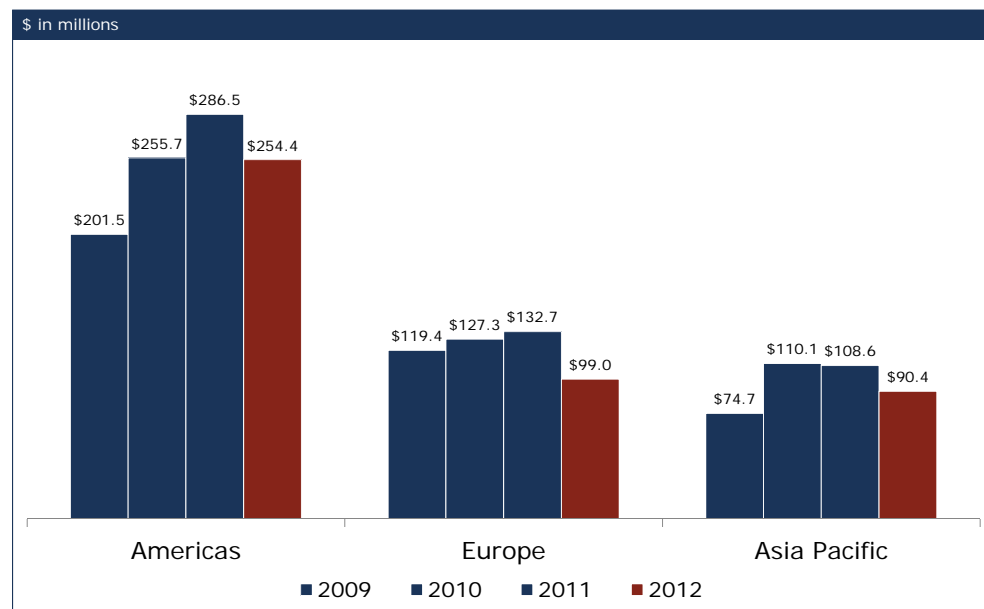
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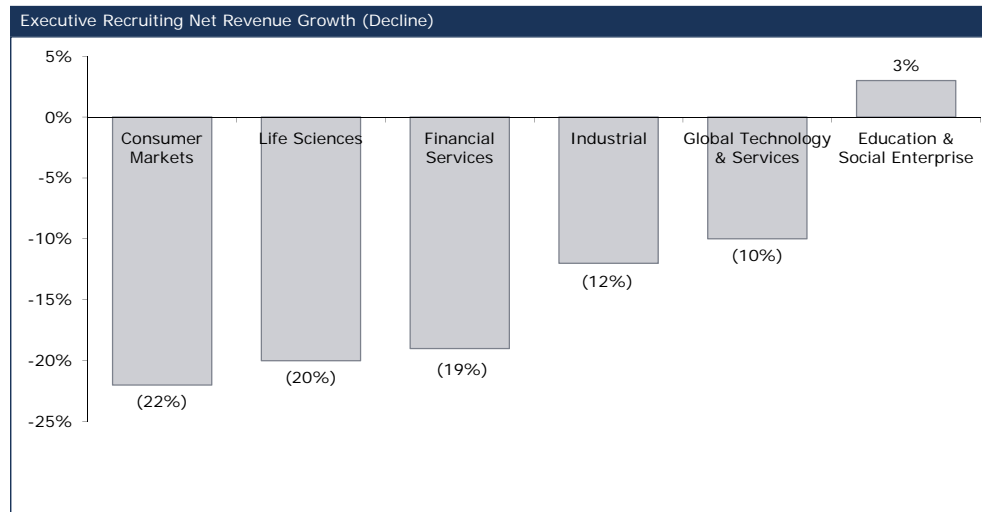
### Net Revenue (excludes reimbursements)



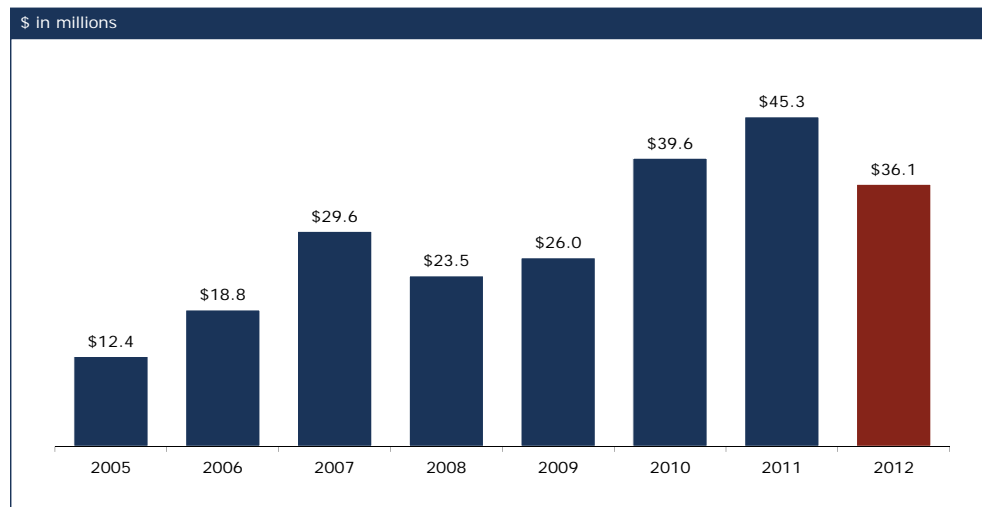
### Annual Net Revenue By Region



## 2012 Compared to 2011 by Industry Practice

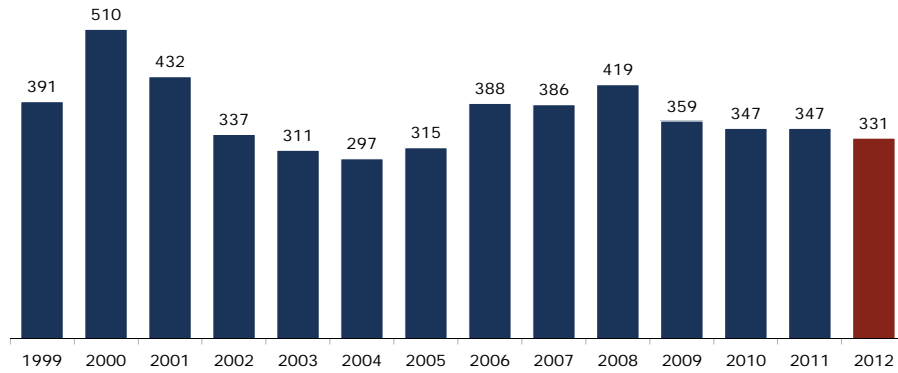


## Leadership Consulting Revenue



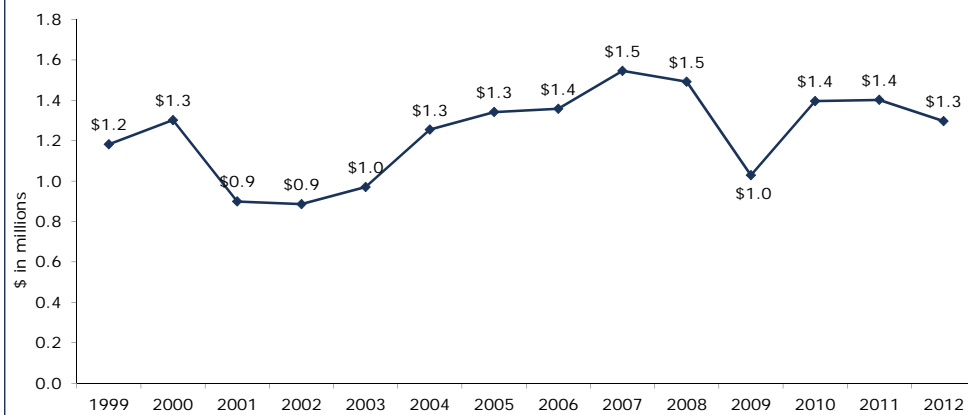
## Worldwide Consultant Headcount at Year-End

### Partner/ Principal Headcount

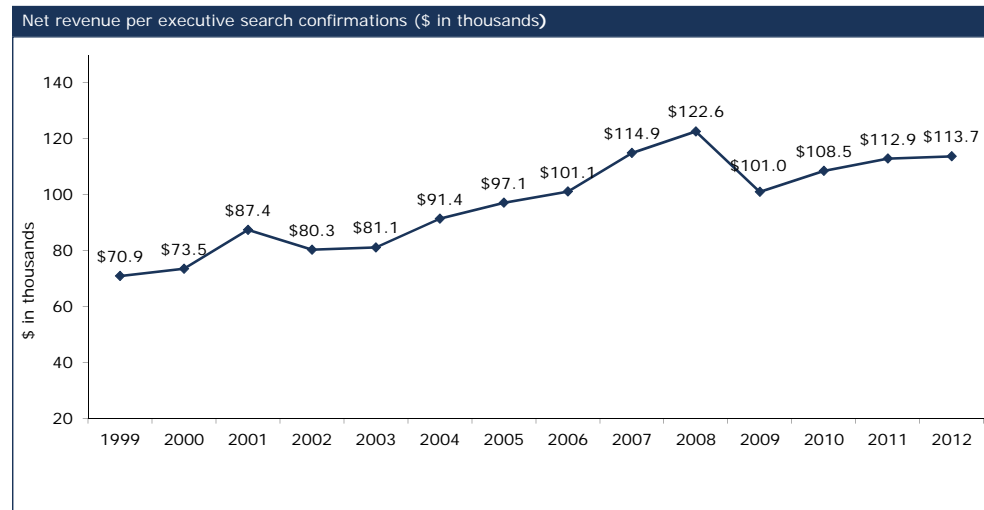


## Productivity

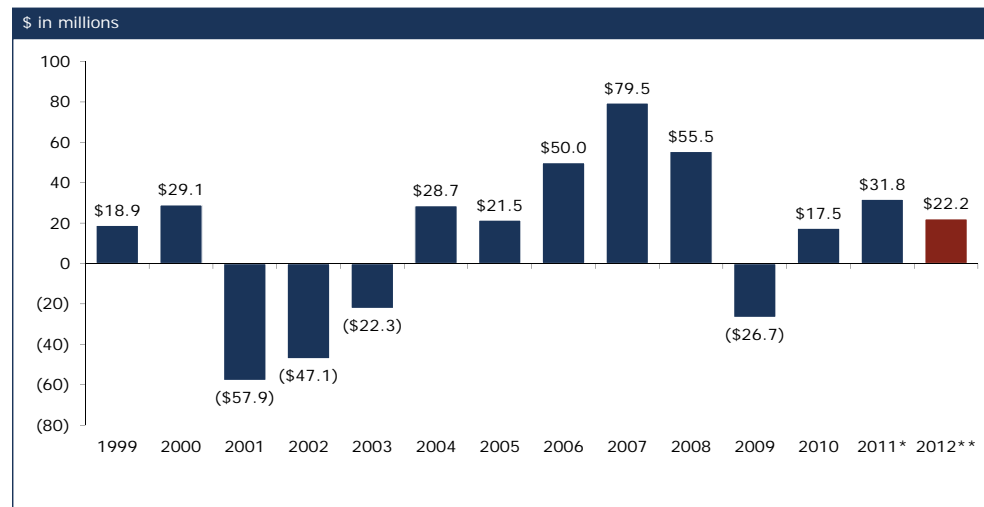
### Net revenue per average number of consultants (\$ in millions)



## Average Fee Per Executive Search



## Annual Operating Income GAAP results except where noted in 2011 and 2012

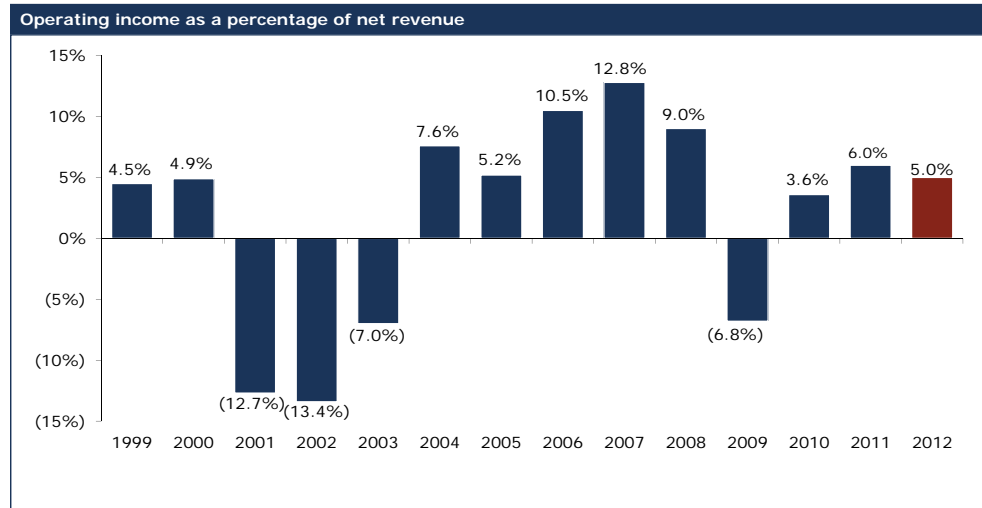


\* 2011 Operating Income excludes restructuring and impairment charges totaling \$42.7M

\*\* 2012 Operating Income excludes restructuring charges and costs associated with acquisition of Senn Delaney totaling \$2.6M

## Operating Margin

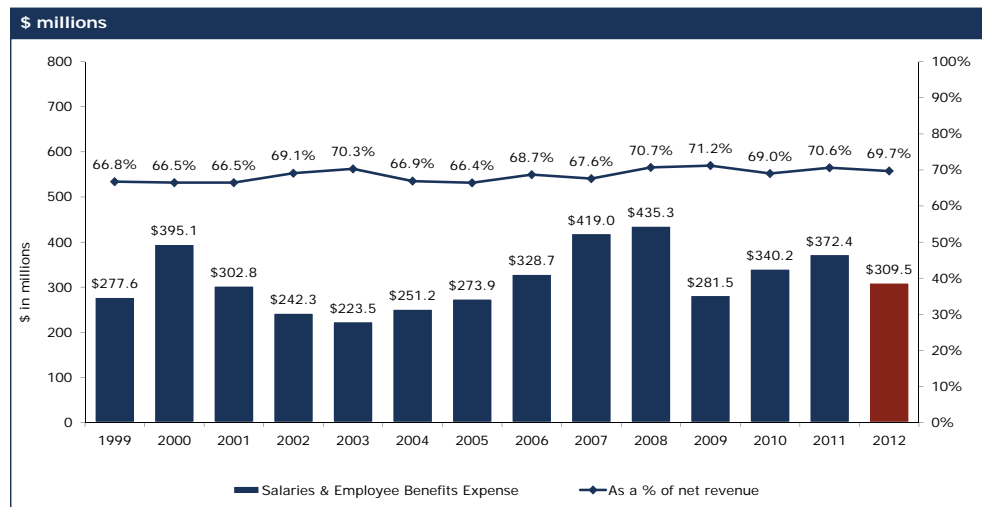
GAAP results except where noted in 2011 and 2012



\* 2011 Operating Income excludes restructuring and impairment charges totaling \$42.7M

\*\* 2012 Operating Income excludes restructuring charges and costs associated with acquisition of Senn Delaney totaling \$2.6M

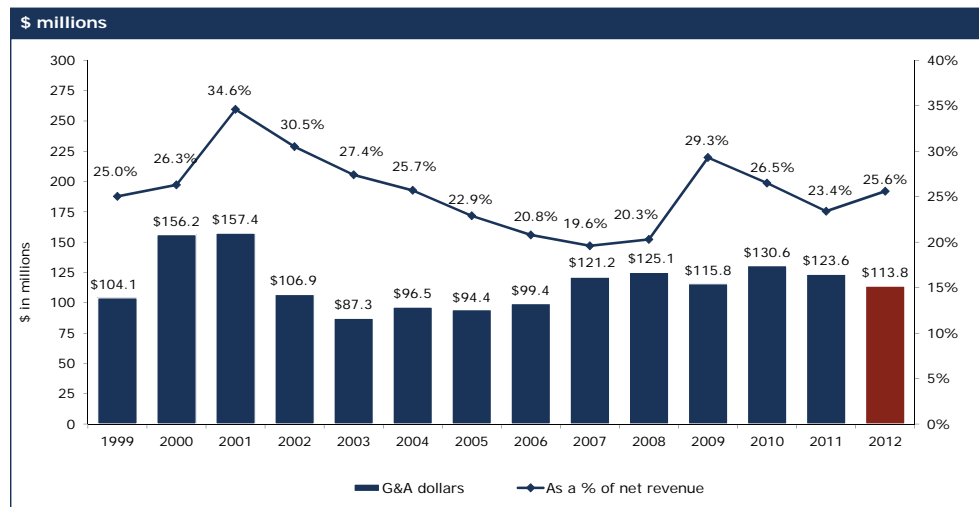
## Salaries & Employee Benefits



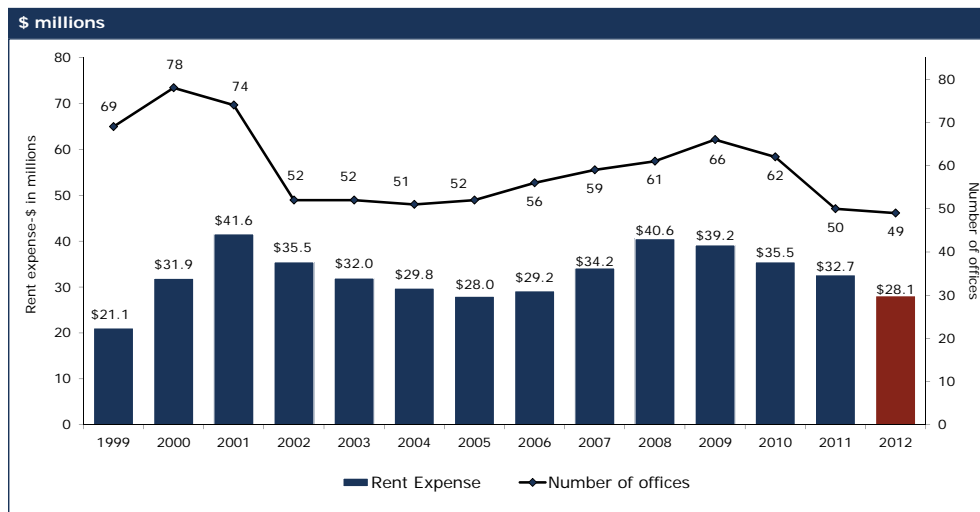
## Salaries & Employee Benefits Analysis

\$ in millions/	For the twelve month period ended December 31,		
	2012	2011	change
<b>Cash Compensation Expense</b>			
Fixed salaries & employee benefits	230.2	259.9	(29.7)
Variable/ bonus related	75.3	107.0	(31.8)
<b>Total Cash Compensation Expense</b>	<b>\$ 305.4</b>	<b>\$ 366.9</b>	<b>\$ (61.5)</b>
<b>Equity Compensation Expense (fixed)</b>			
RSU/PSU expense (prior year bonus, service & retention awards)	4.1	5.4	(1.4)
Options	0.0	0.1	(0.1)
<b>Total Equity Compensation Expense</b>	<b>\$ 4.1</b>	<b>\$ 5.5</b>	<b>\$ (1.4)</b>
<b>Total Salaries &amp; Employee Benefits Expense</b>	<b>\$ 309.5</b>	<b>\$ 372.4</b>	<b>\$ (62.9)</b>
<b>As a percent of salaries &amp; employee benefits expense:</b>			
Fixed compensation	76%	71%	
Discretionary compensation	24%	29%	

## General & Administrative



## Rent Expense\*

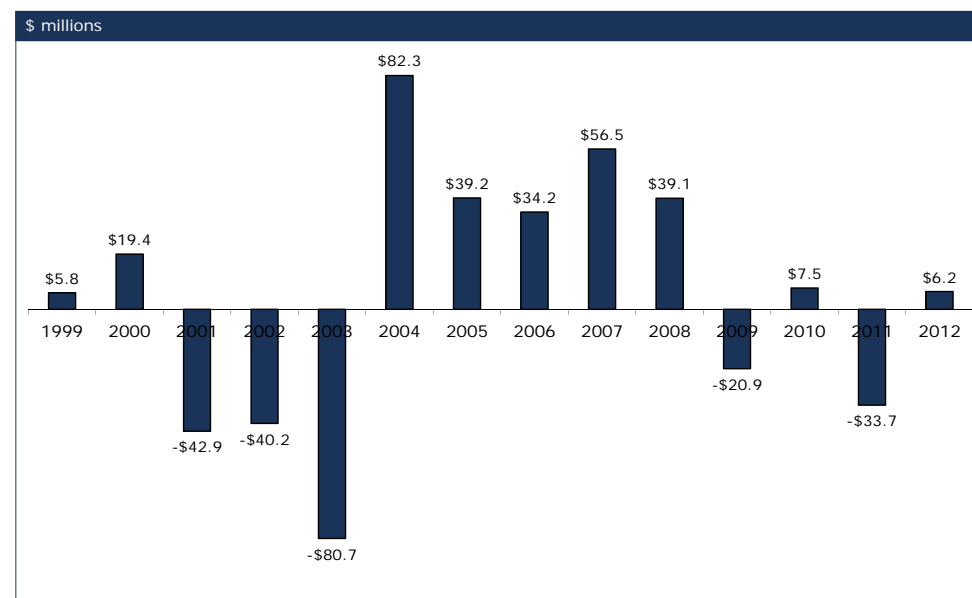


\*Includes the base rent, operating expenses and real estate taxes, and the costs of equipment leases.

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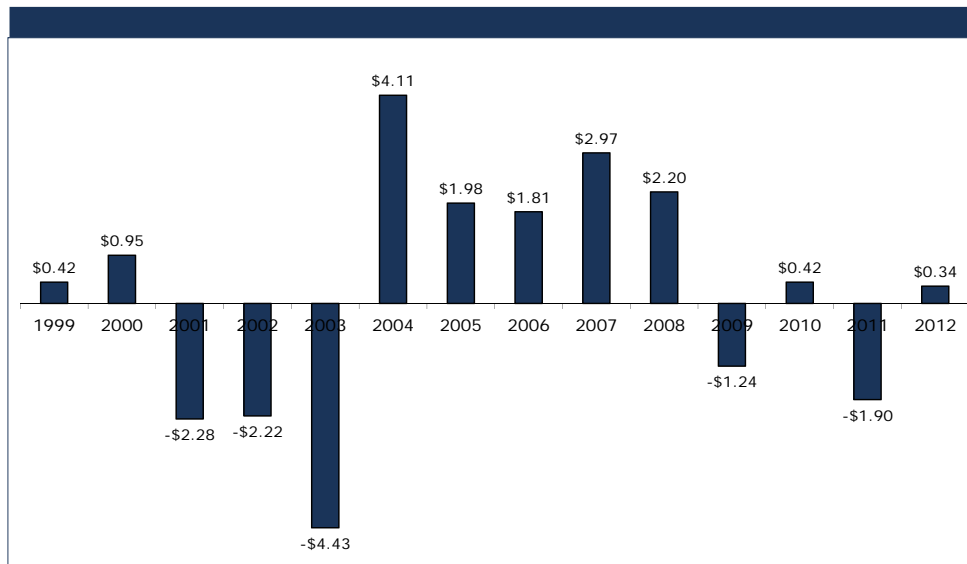
## Net Income



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## Diluted Earnings Per Share

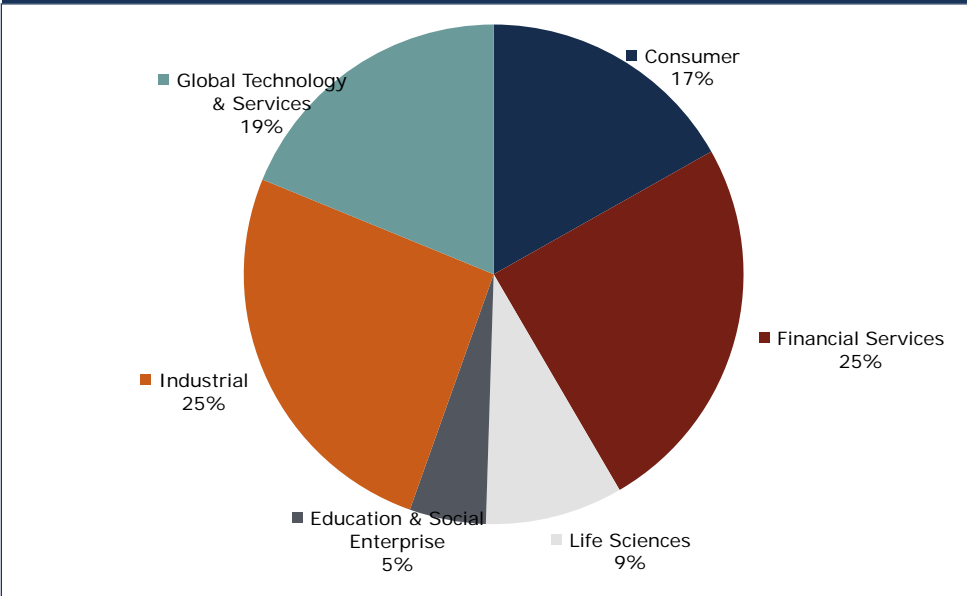


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## Broad Industry Group Mix

Revenue by industry practice as percentage of Executive Recruiting revenue in 2012. Numbers may not add due to rounding

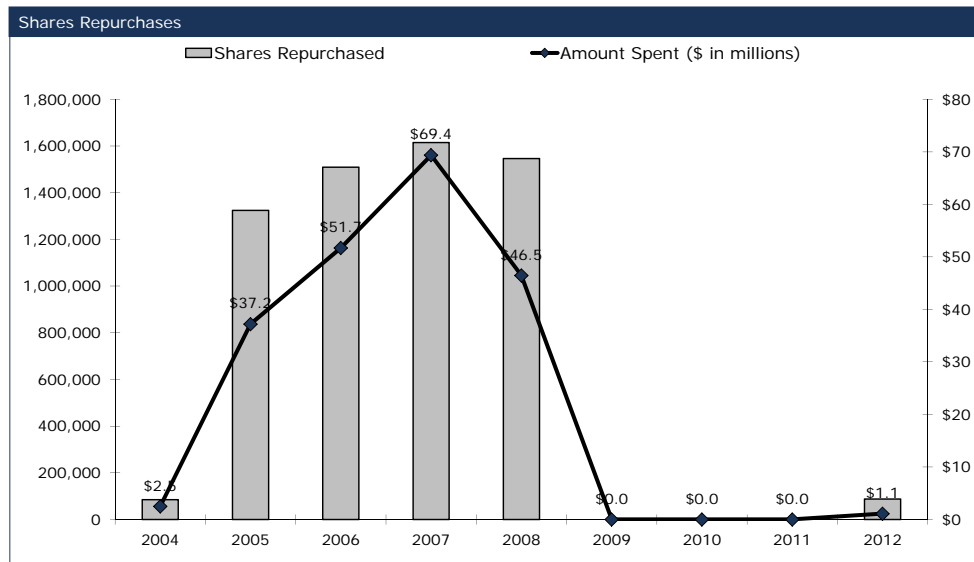


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## Share Repurchases



## Leadership Advisory

Being a leadership advisory firm is about being the only firm in the world that is viewed by our clients as the firm that provides a differentiated approach to helping clients achieve their business goals through the acquisition, alignment, retention, and development of the right leadership talent



## Heidrick & Struggles– A Leadership Advisor

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We help our clients mitigate their leadership risks by helping them answer three simple but critical questions:

Do we know what leadership and talent capability we require for our future success?

Do we know what leadership and talent capability we have in place already?

Do we know how to close the gaps and keep them closed?

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### **Julie Creed**

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