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## Third Quarter 2013 Results

# HEIDRICK & STRUGGLES

October 29, 2013

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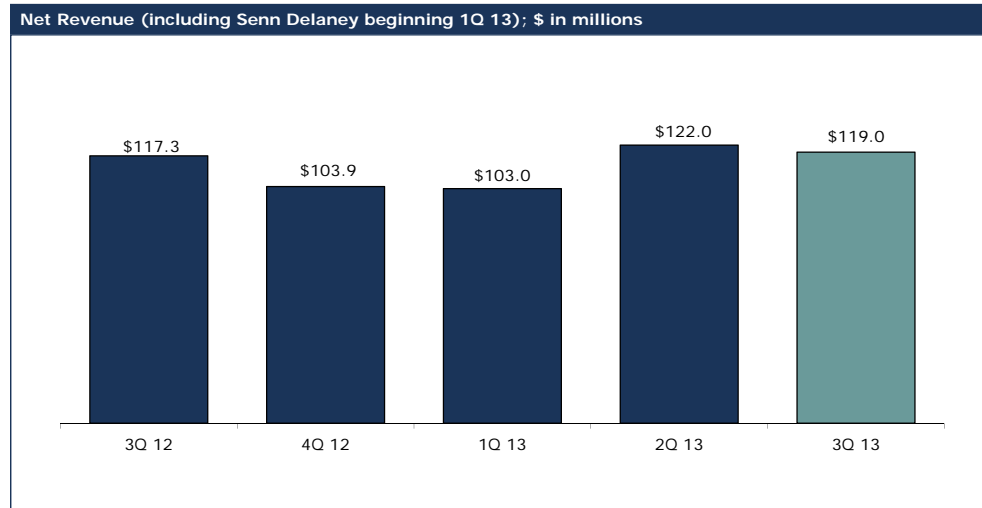
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### Safe Harbor Statement

The 2013 third 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. For more information on the factors that could affect the outcome of forward-looking statements, refer to our Annual Report on Form 10-K for the year ended December 31, 2012, under Risk Factors in Item 1A. We caution the reader that the list of factors may not be exhaustive. We undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.



## Consolidated Net Revenue

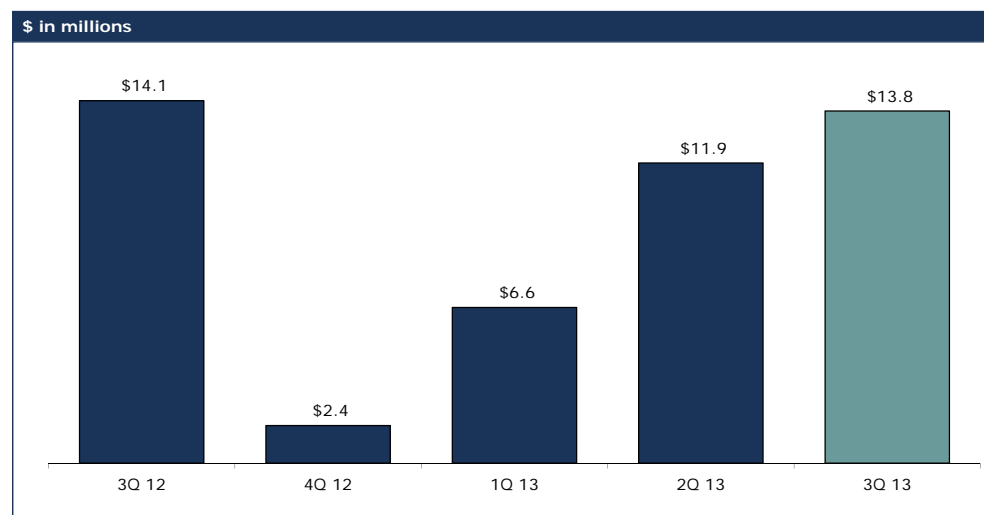


## Adjusted EBITDA Margin

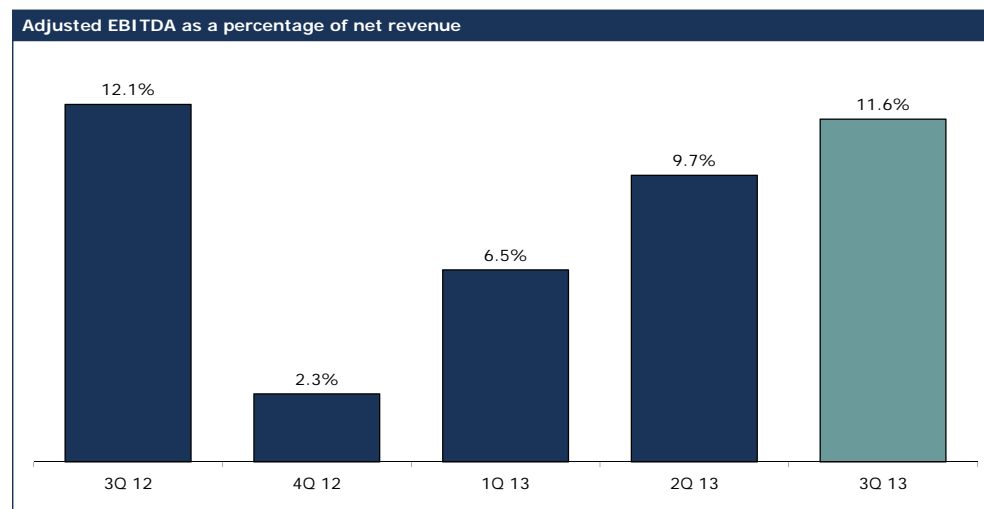
We define Adjusted EBITDA as earnings before interest, taxes, depreciation, intangible amortization, stock-based compensation amortization, compensation expense associated with Senn Delaney retention awards, Senn Delaney earnout accretion, restructuring charges, and other non-operating income or expense.

\$ in millions-- numbers may not foot due to rounding	3Q 2013	3Q 2012	change	9 mos 2013	9 mos 2012	change
<b>Operating Income</b>	\$ 8.4	\$ 10.2	\$ (1.8)	\$ 14.5	\$ 20.1	\$ (5.6)
<b>Adjustments</b>						
Salaries and employee benefits						
Stock-based compensation amortization	0.3	1.3	-1.0	2.5	3.9	-1.5
Senn Delaney retention awards	0.6	-	0.6	1.8	-	1.8
General and administrative expenses						
Depreciation	2.6	2.5	0.1	7.7	7.4	0.3
Intangible amortization	1.5	0.2	1.3	4.4	0.5	3.8
Senn Delaney earnout accretion	0.5	-	0.5	1.6	-	1.6
Restructuring	-	-	-	-	0.8	0.8
<b>Adjusted EBITDA</b>	\$ 13.8	\$ 14.1	\$ (0.4)	\$ 32.3	\$ 32.8	\$ (0.5)
<b>Adjusted EBITDA Margin (as % of net revenue)</b>	11.6%	12.1%		9.4%	9.6%	

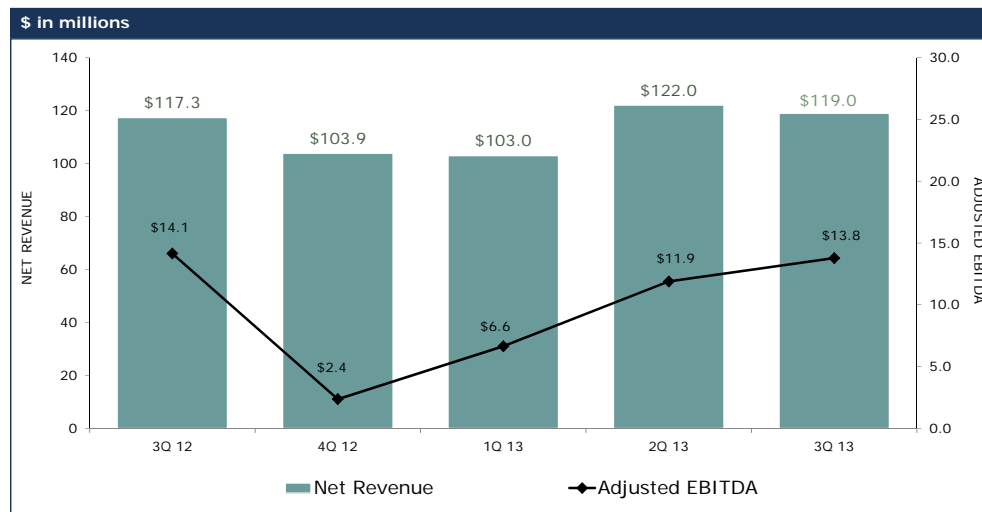
### Quarterly Adjusted EBITDA



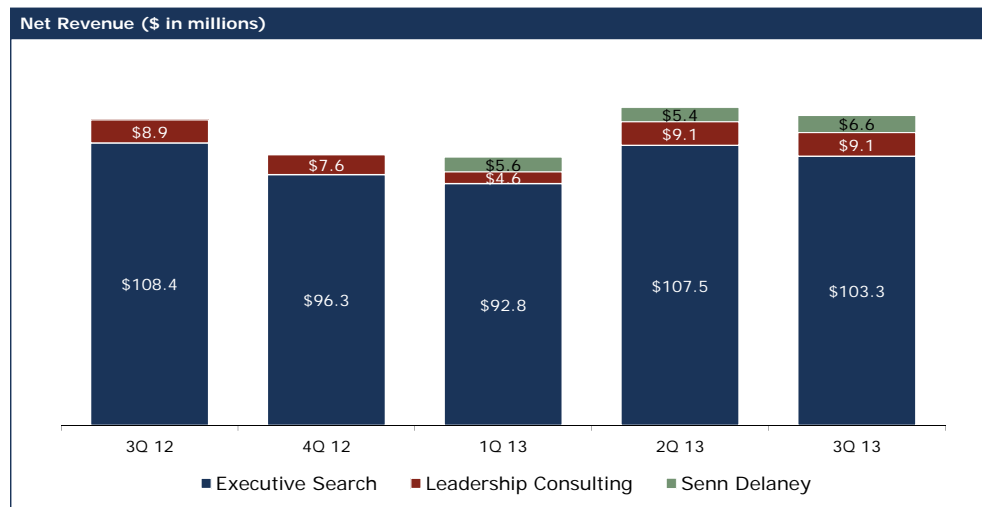
### Quarterly Adjusted EBITDA Margin



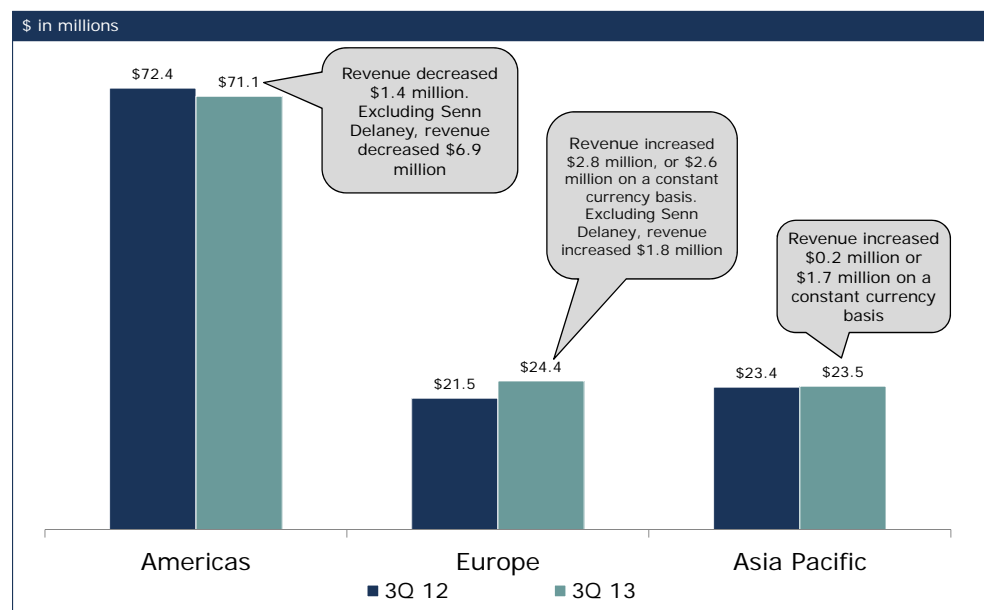
## Net Revenue and Adjusted EBITDA



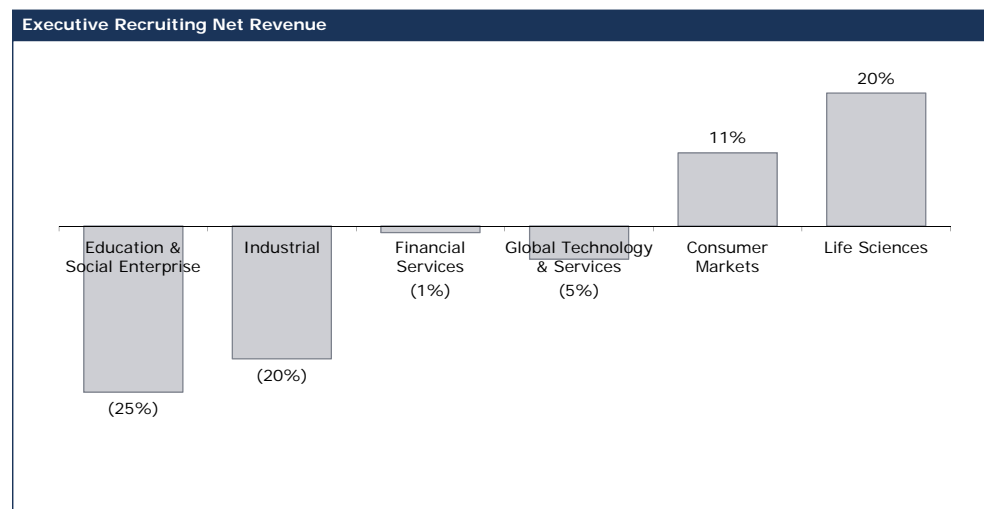
## Net Revenue-- Executive Search, Leadership Consulting & Senn Delaney



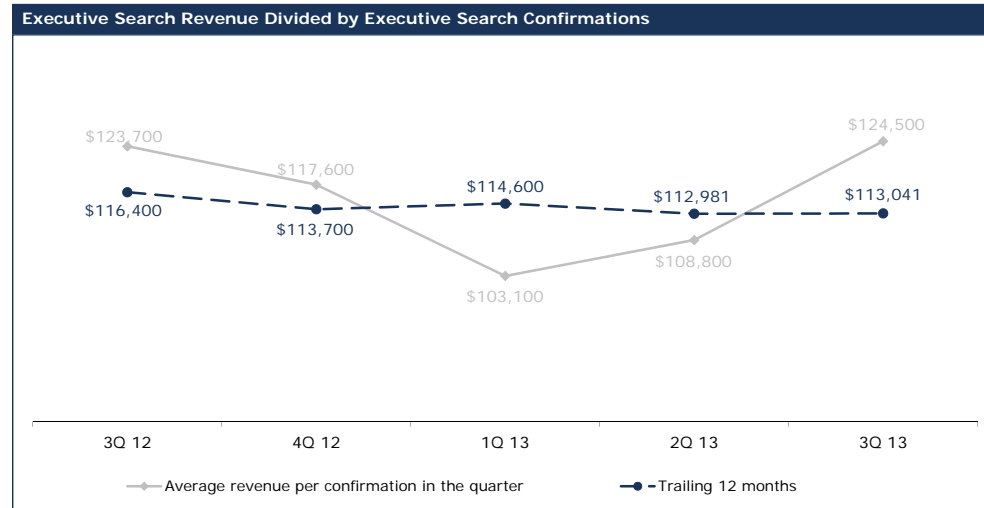
## Annual Net Revenue By Region



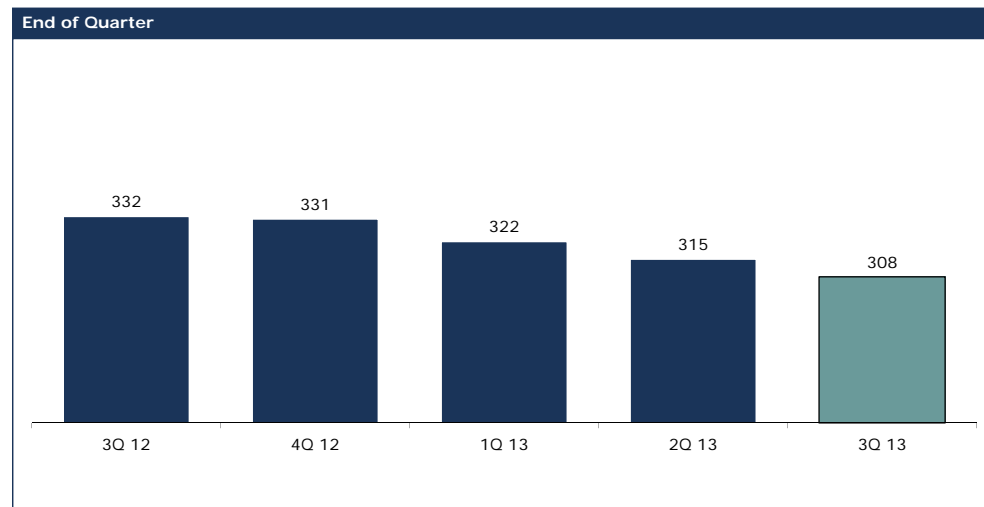
## 3Q 2013 Compared to 3Q 2012 by Executive Search Industry Practice



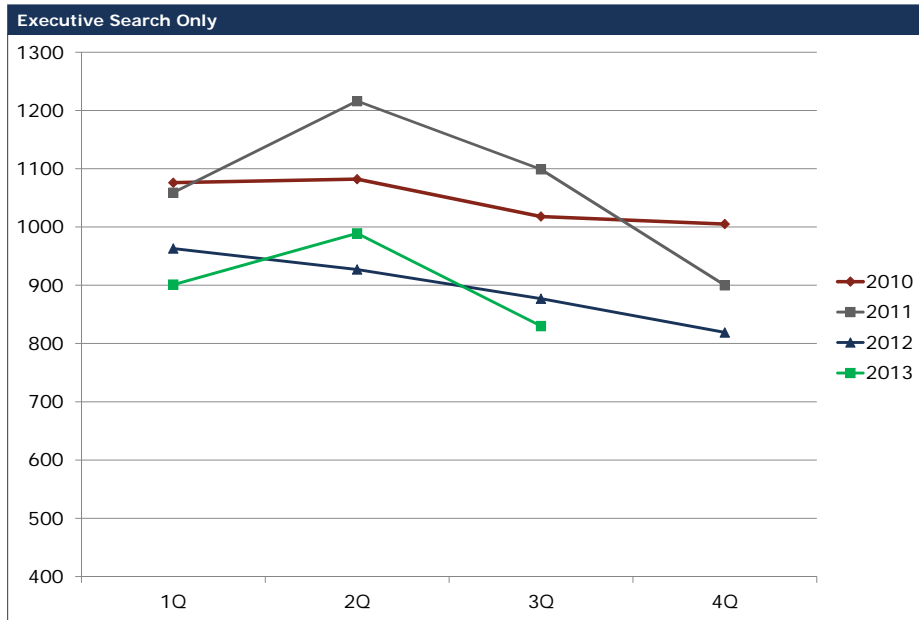
## Average Revenue Per Executive Search



## Consultant Headcount Excluding Senn Delaney



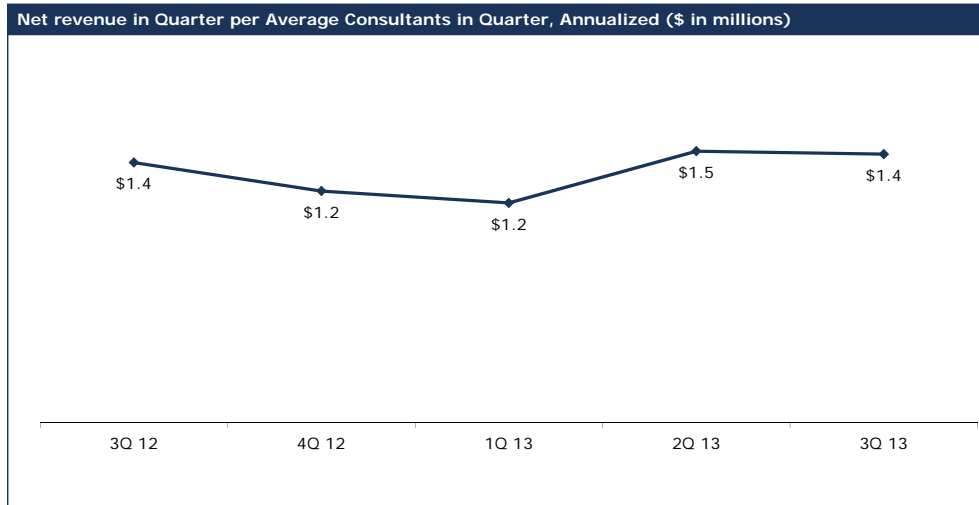
## Executive Search Confirmations



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12

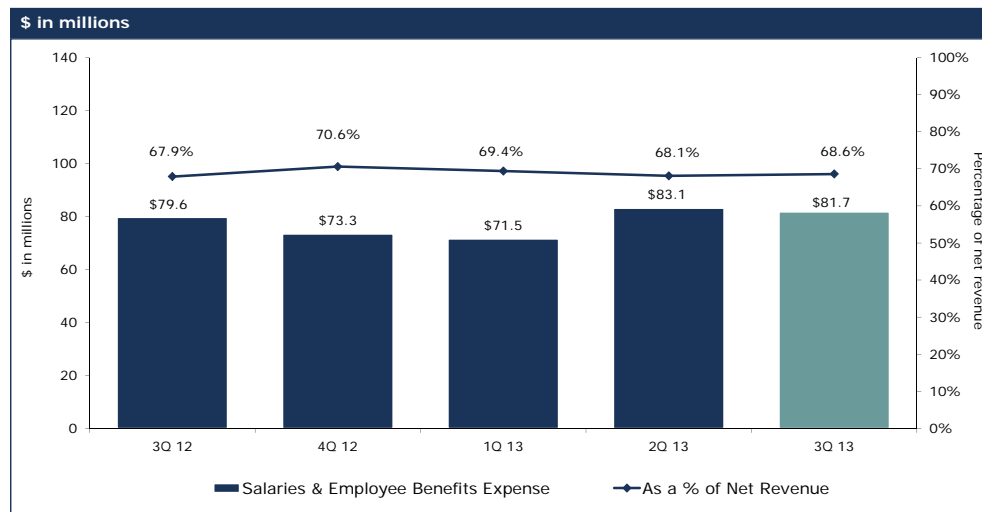
## Productivity: Net Revenue (excluding Senn Delaney) per Consultant



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13

## Salaries & Employee Benefits Expense

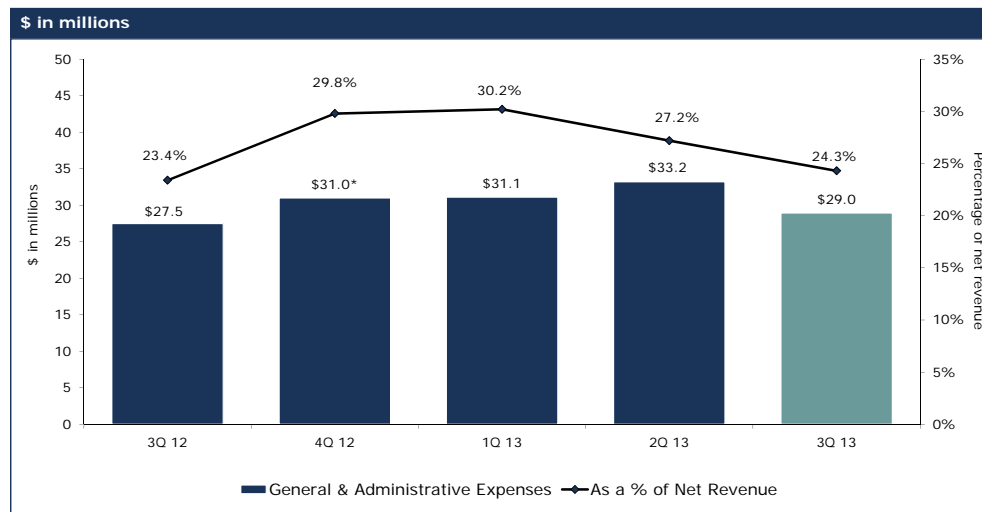


## Salaries & Employee Benefits Expense Analysis

\$ in millions-- numbers may not foot due to rounding			
	3Q 2013	3Q 2012	change
<b>Cash Compensation Expense</b>			
Fixed salaries & employee benefits	56.6	56.8	(0.2)
Variable/ bonus related	24.7	21.5	3.2
<b>Total Cash Compensation Expense</b>	<b>\$ 81.4</b>	<b>\$ 78.3</b>	<b>\$ 3.0</b>
<b>Equity Compensation Expense (fixed)</b>			
Stock-based compensation (RSU/PSU)	0.3	1.3	(1.0)
<b>Total Equity Compensation Expense</b>	<b>\$ 0.3</b>	<b>\$ 1.3</b>	<b>\$ (1.0)</b>
<b>Total Salaries &amp; Employee Benefits Expense</b>	<b>\$ 81.7</b>	<b>\$ 79.6</b>	<b>\$ 2.0</b>
<b>As a percent of salaries &amp; employee benefits expense:</b>			
Fixed compensation	70%	73%	
Discretionary compensation	30%	27%	

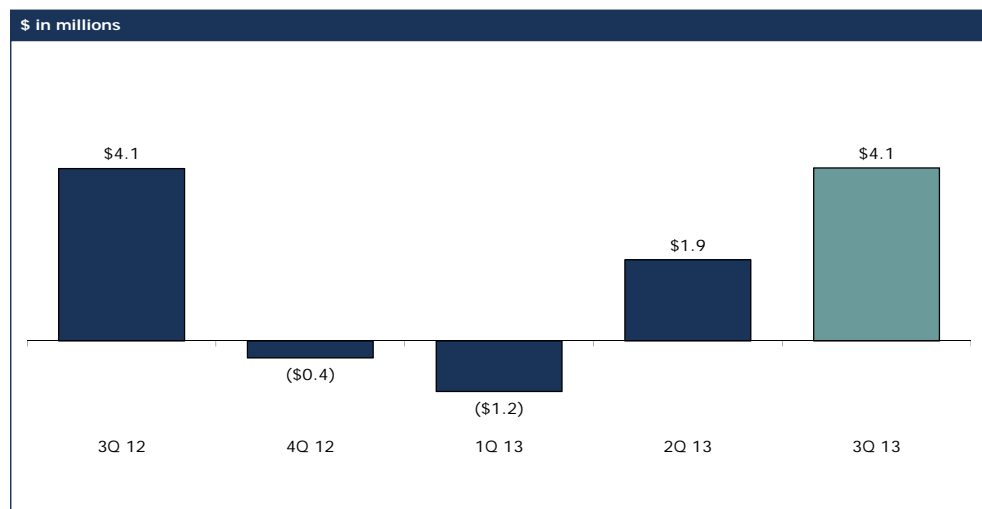


## General & Administrative Expenses

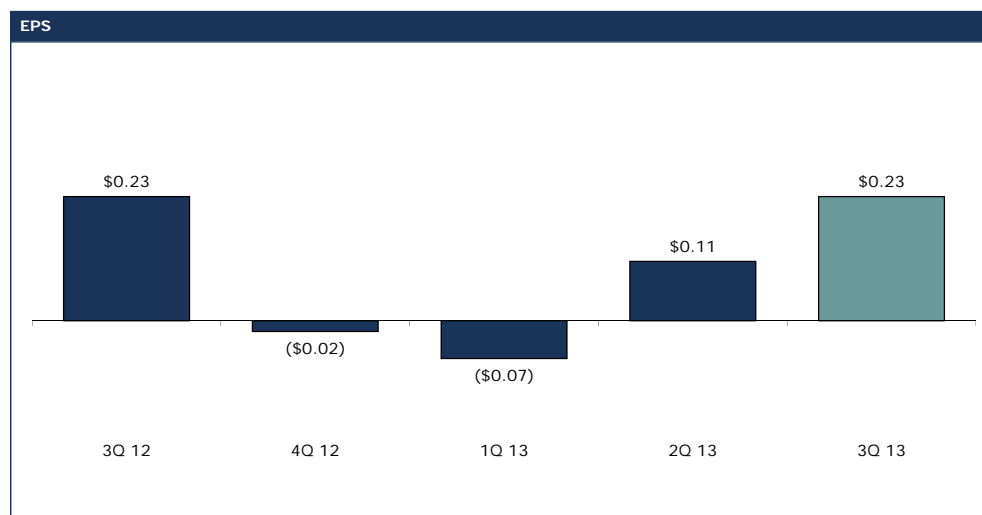


\* 4Q 12 G&A expenses include \$1.7 million of costs related to acquisition of Senn Delaney

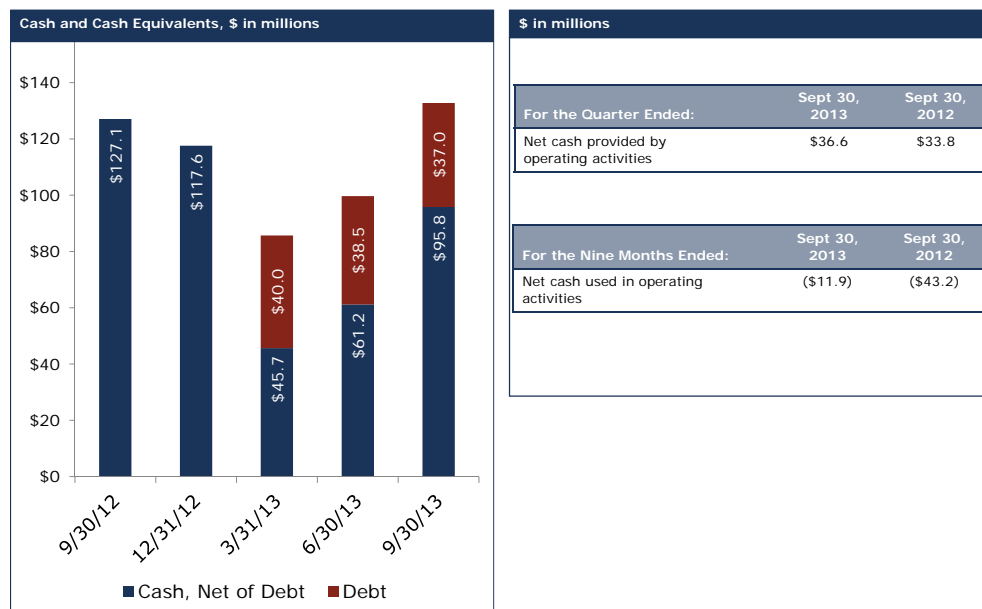
## Quarterly Net Income/Loss



## Quarterly Net Income/Loss Per Diluted Share

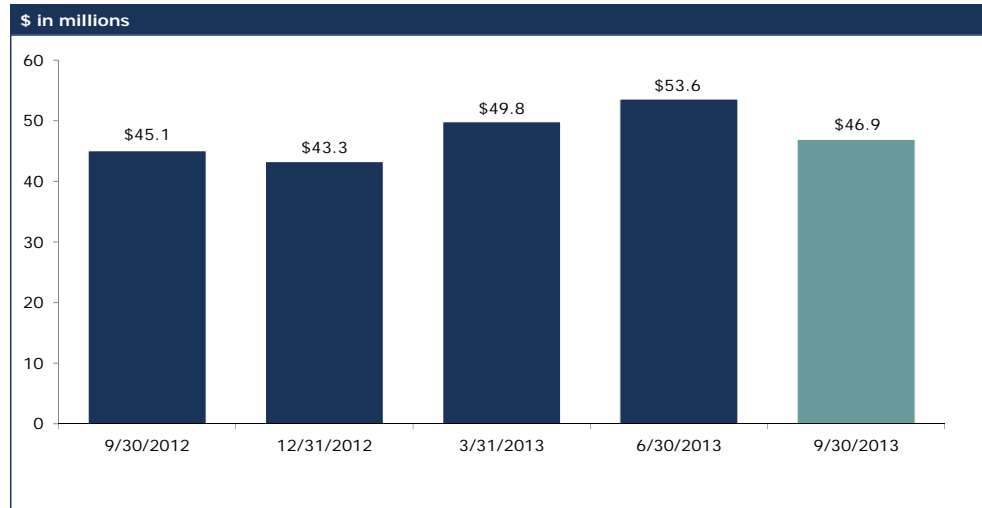


## Cash Position

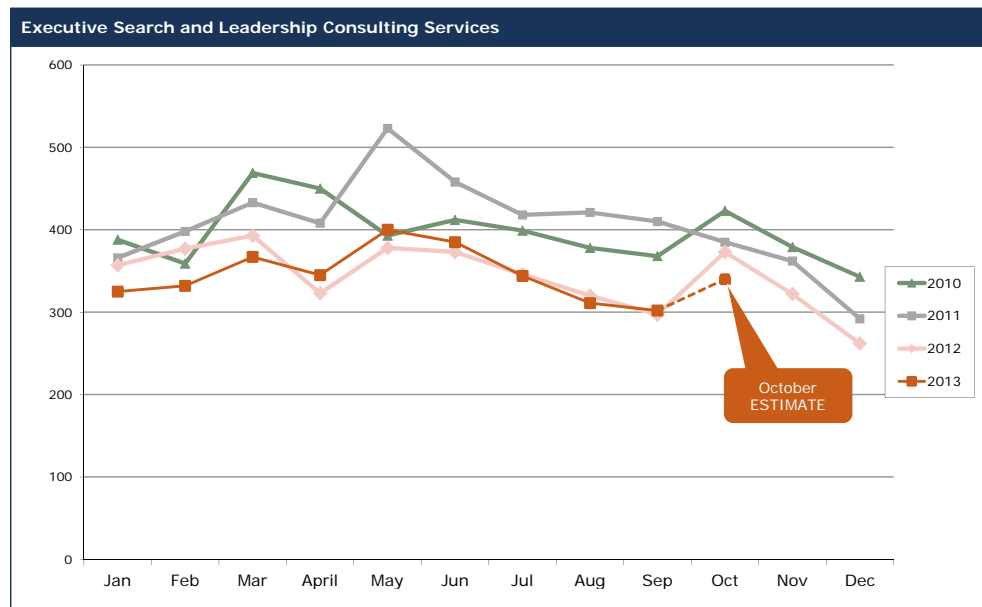


## Backlog

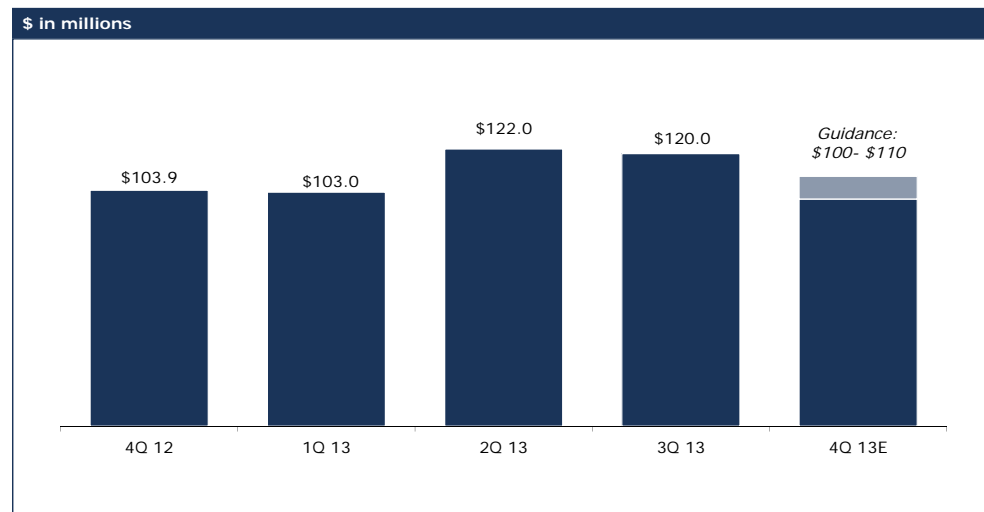
Backlog is comprised of contractual billings for Executive Searches that will be recognized as revenue in the future. It does not include Leadership Consulting or Senn Delaney.



## Worldwide Confirmations – Monthly



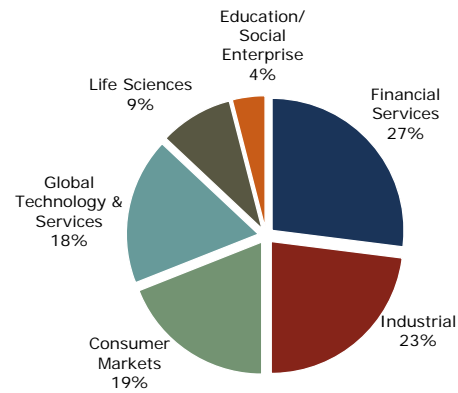
Guidance: 2013 3Q Net Revenue (excludes reimbursements)



## Appendix

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

### Executive Recruiting Net Revenue by Practice



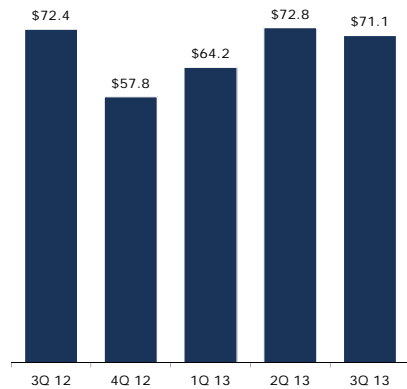
<sup>(1)</sup> Industry practice revenue as percentage of total net revenue in 2013 3Q. Numbers may not add due to rounding.

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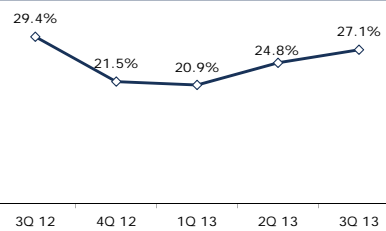
24

## Americas

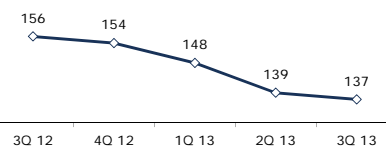
### Quarterly Net Revenue (\$ in millions)



### Operating Margin (Operating Income as % of Net Revenue)



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

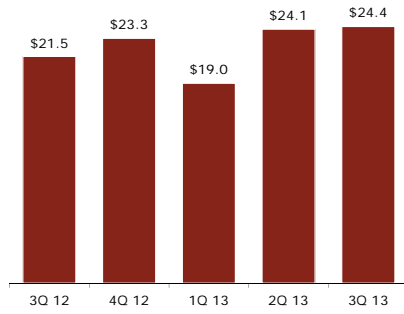


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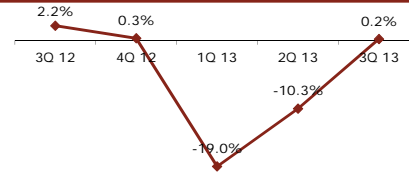
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## Europe

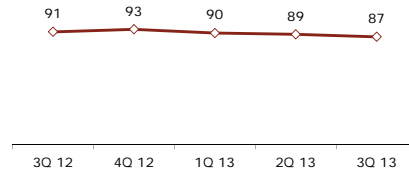
Quarterly Net Revenue (\$ in millions)



Operating Margin (Operating income as % of Net Revenue)



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

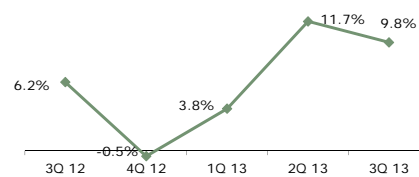


## Asia Pacific

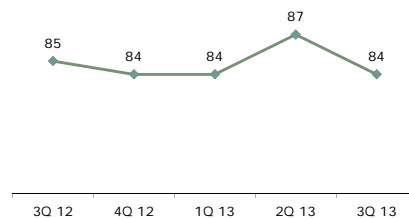
Quarterly Net Revenue (\$ in millions)



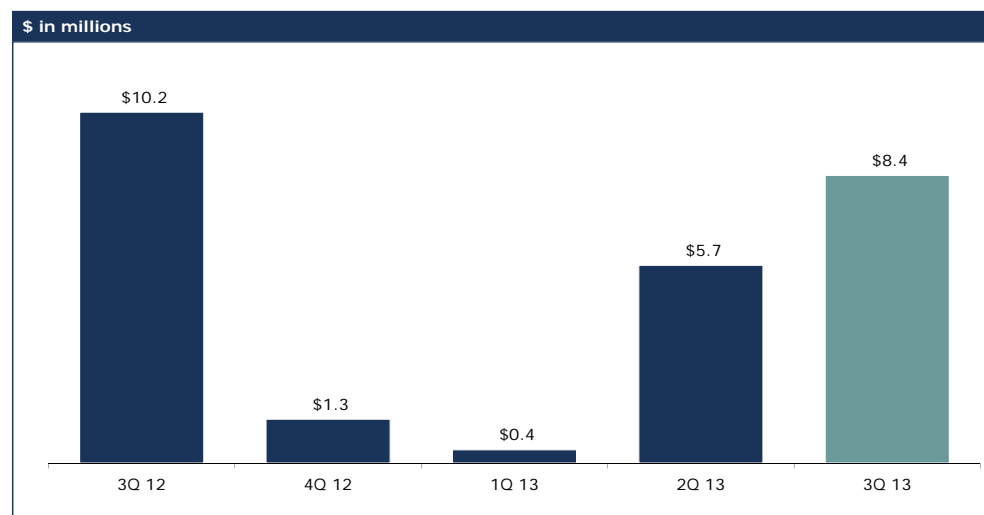
Operating Margin (Operating income as % of Net Revenue)



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

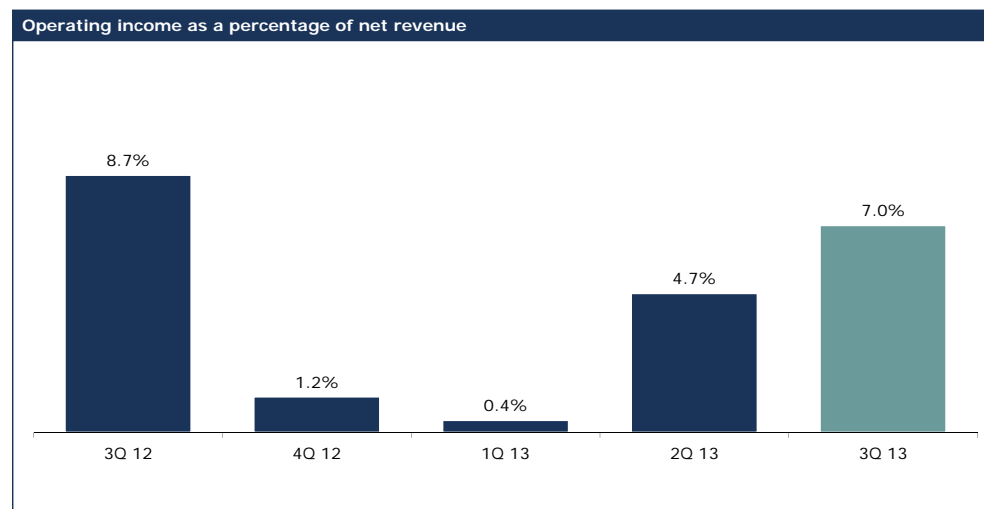


### Quarterly Operating Income\*



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

### Quarterly Operating Margin



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

## Nine Month Results

	Nine Months Ended September 30			
\$ in thousands	2013	2012	\$ change	% change
Revenue				
Revenue before reimbursements (net revenue)	\$ 343,992	\$ 339,903	\$ 4,089	1.2%
Reimbursements	14,148	16,517	(2,369)	-14.3%
Total revenue	358,140	356,420	1,720	0.5%
Operating Income	\$14,484	\$20,110	(5,626)	-28.0%
Adjustments				
Salaries & employee benefits				
Stock-based compensation amortization	2,475	3,936		
Senn Delaney retention awards	1,750	-		
General and Administrative expenses				
Depreciation	7,689	7,385		
Intangible amortization	4,357	548		
Senn Delaney earnout accretion	1,551	-		
Restructuring charges	-	810		
Total Adjustments	17,822	12,679		
Adjusted EBITDA (1)	\$ 32,306	\$ 32,789	(483)	-1.5%
Adjusted EBITDA Margin (1)	9.4%	9.6%		
(Adjusted EBITDA as % of net revenue)				

(1) 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.

## 2013 First Nine Months Compared to 2012 First Nine Months by Industry Practice

