
Fourth Quarter and 2013 Results

HEIDRICK & STRUGGLES

February 25, 2014

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Safe Harbor Statement

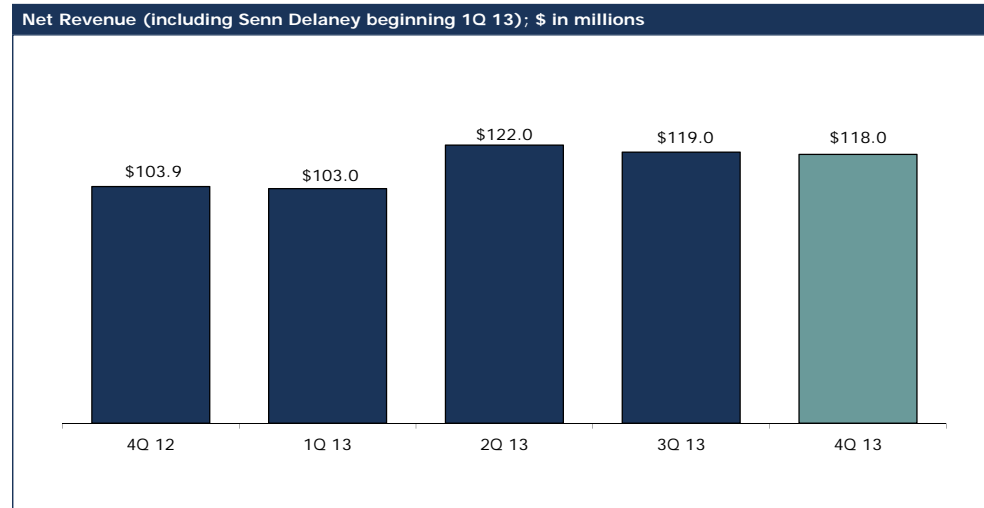
The 2013 fourth quarter news release, conference call webcast, and the following slides contain forward-looking statements. The forward-looking statements are based on current expectations, estimates, forecasts and projections about the industry in which we operate and management's beliefs and assumptions. 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.



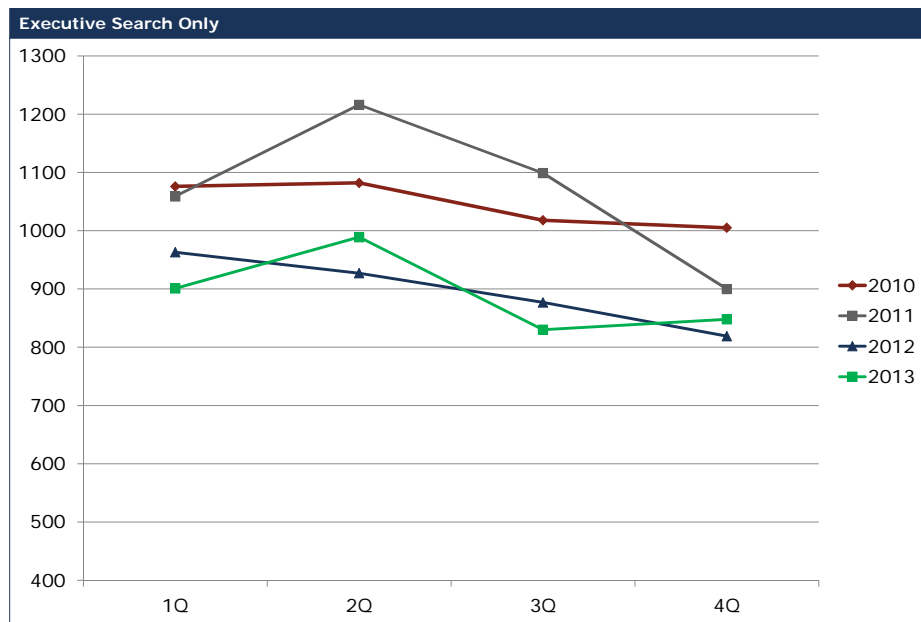
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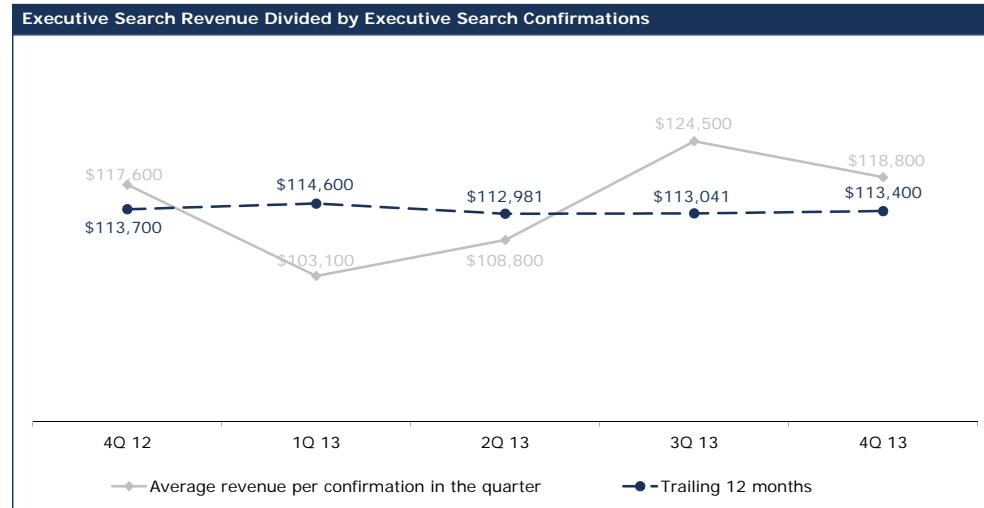
Consolidated Net Revenue



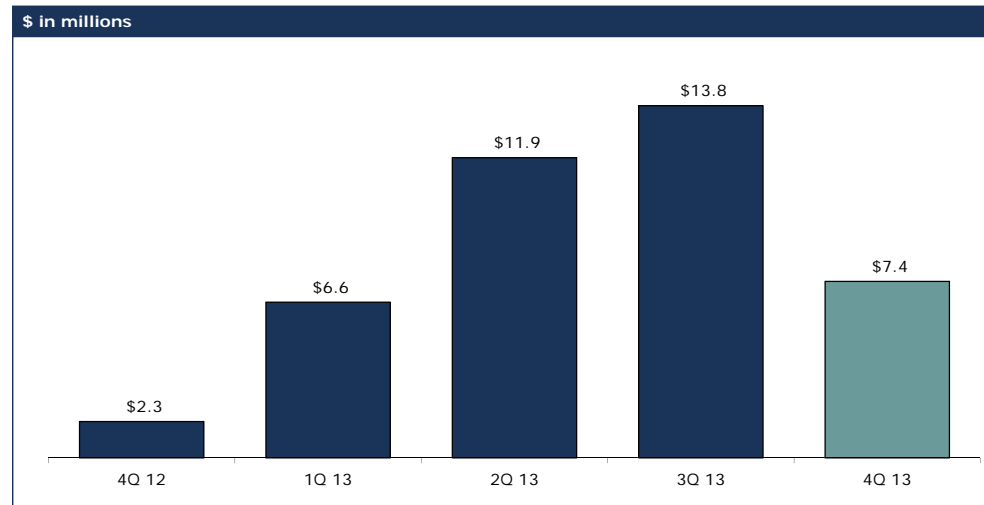
Executive Search Confirmations



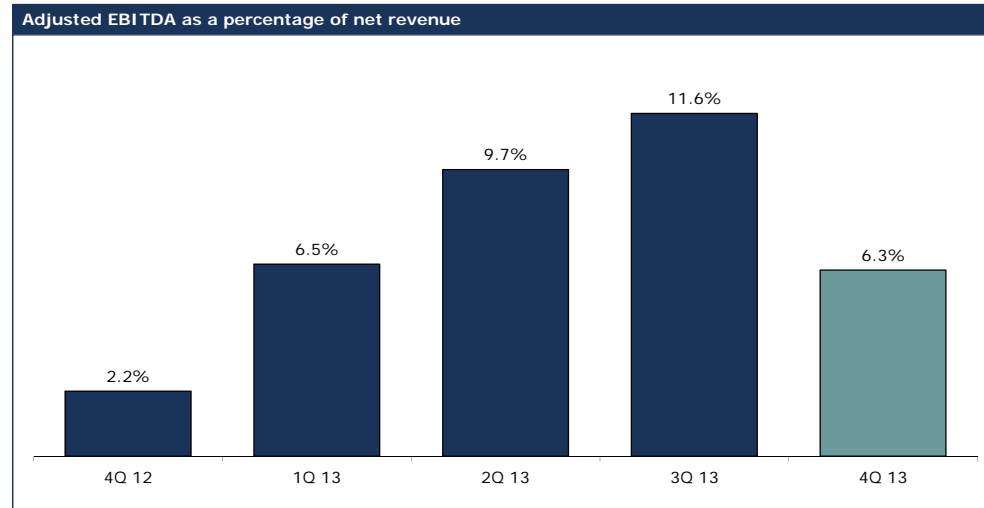
Average Revenue Per Executive Search



Quarterly Adjusted EBITDA



Quarterly Adjusted EBITDA Margin



Adjusted EBITDA Margin

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

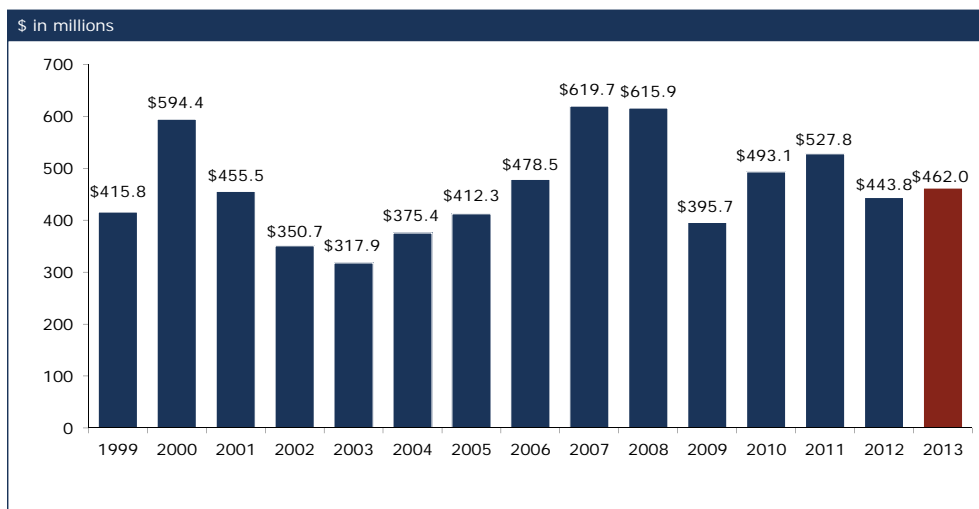
3 months ended December 31,			
\$ in millions - numbers may not foot due to rounding			
	2013	2012	change
Operating Income/(Loss)	\$ 1.1	\$ (0.5)	\$ 1.6
Adjustments			
Salaries and employee benefits			
Stock-based compensation expense	1.0	0.1	0.9
Senn Delaney retention awards	0.6	-	0.6
General and administrative expenses			
Depreciation	2.8	2.6	0.2
Intangible amortization	1.5	0.1	1.4
Senn Delaney earnout accretion	0.5	-	0.5
Restructuring	-	-	-
Adjusted EBITDA	\$ 7.4	\$ 2.3	\$ 5.1
Adjusted EBITDA Margin (as % of net revenue)	6.3%	2.2%	

2013 Results

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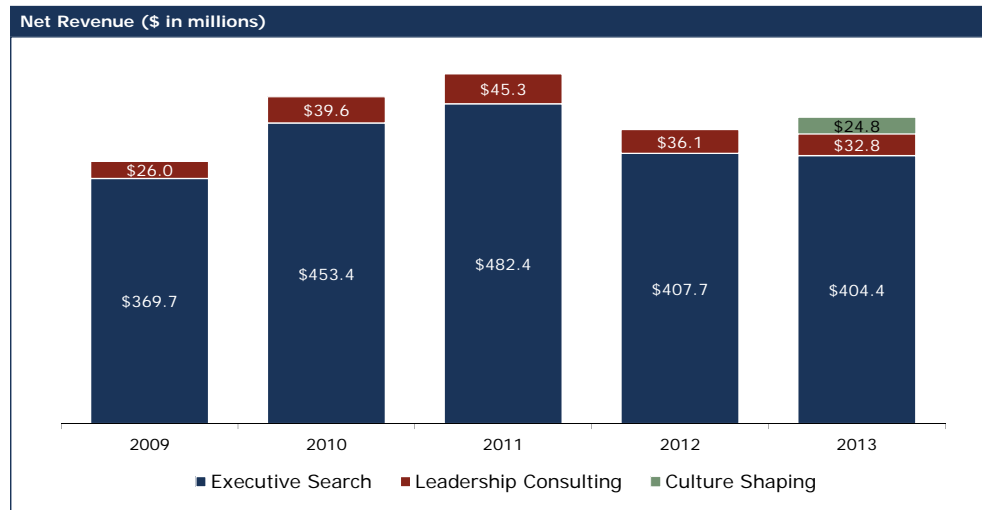
Consolidated Net Revenue (excludes reimbursements)



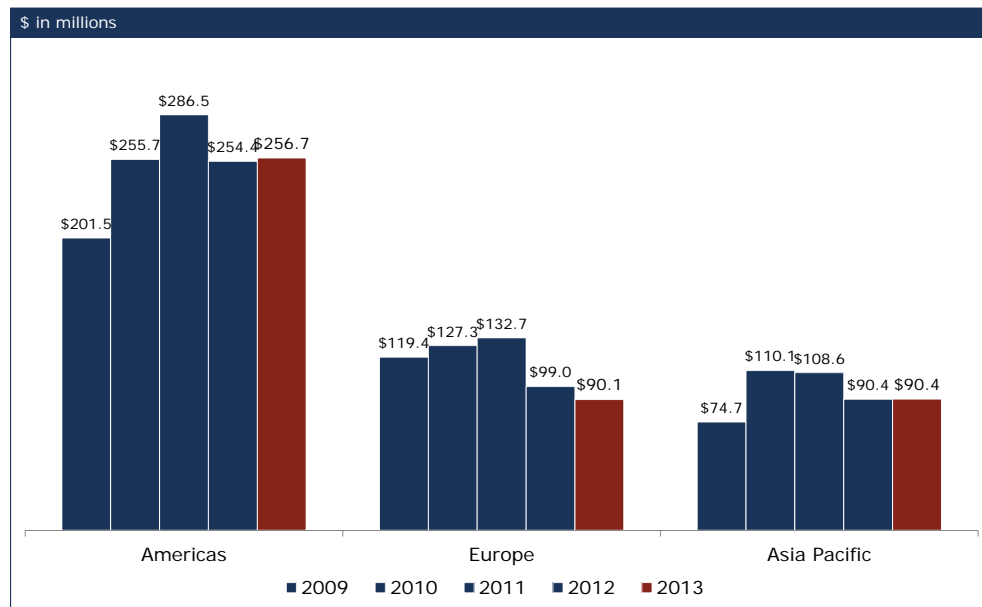
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Executive Search, Leadership Consulting & Culture Shaping

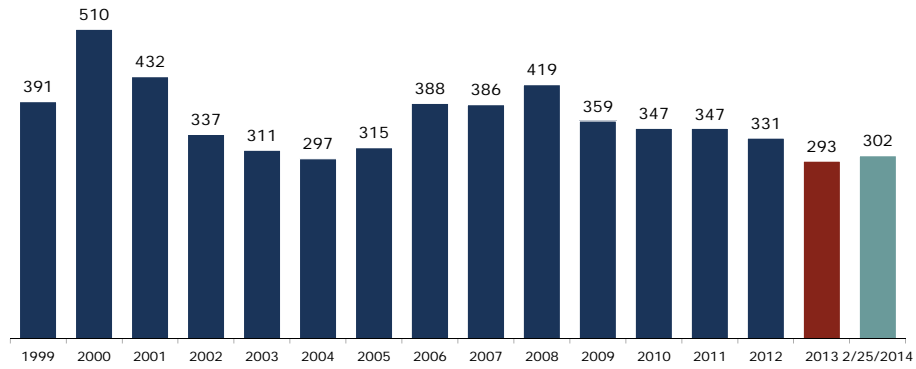


Annual Net Revenue By Region-Executive Search, including Leadership Consulting



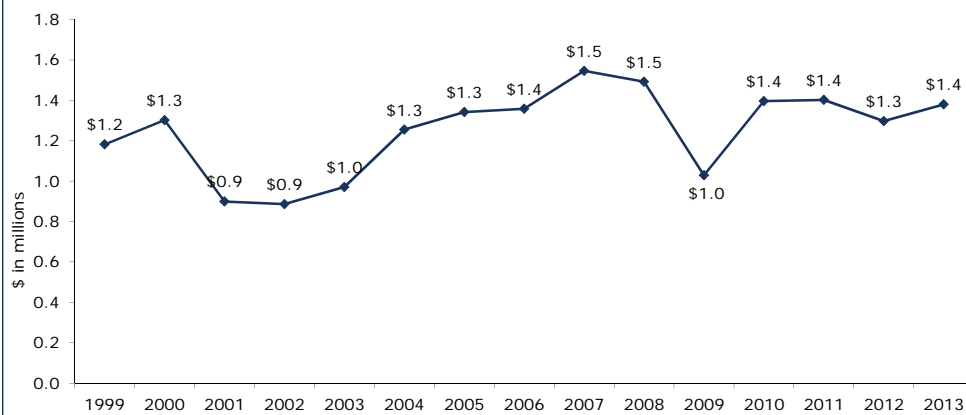
Worldwide Consultant Headcount at Year-End

Executive Search, including Leadership Consulting Partner/ Principal Headcount



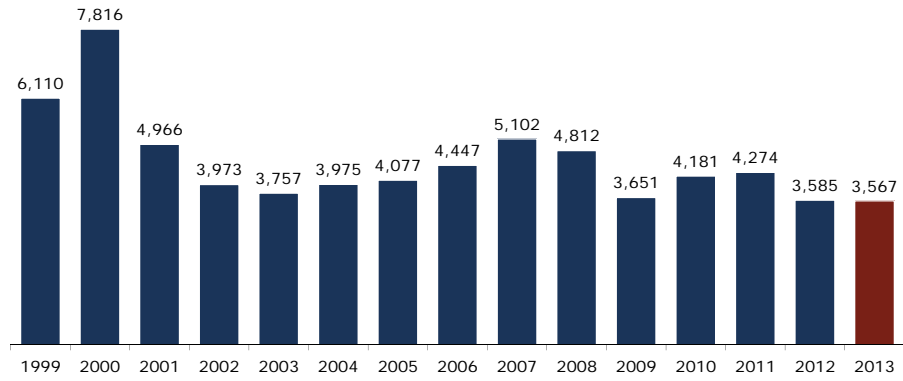
Productivity for Executive Search & Leadership Consulting Consultants

Net revenue per average number of Executive Search & Leadership Consulting consultants (\$ in millions)



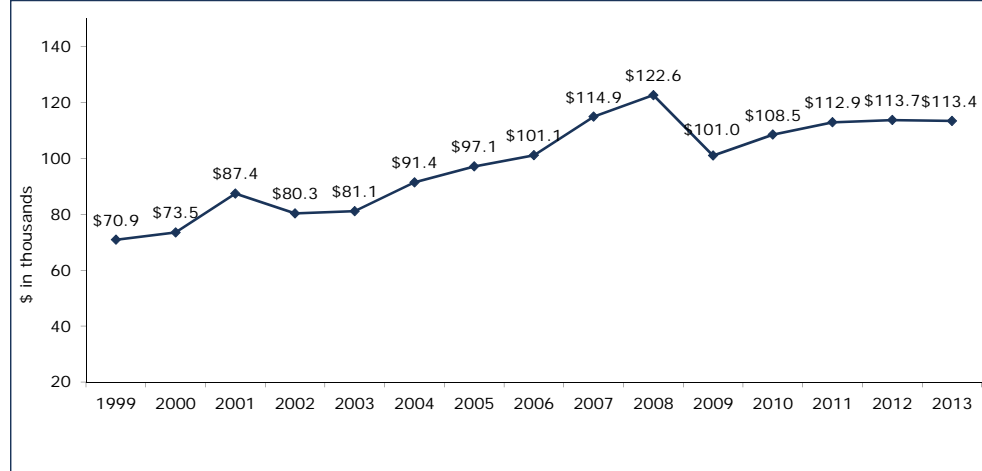
Executive Search Confirmations

Signed Contracts for Executive Searches



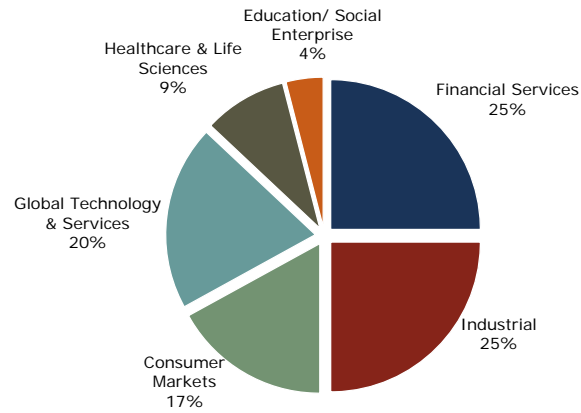
Average Fee Per Executive Search

Net revenue per executive search confirmations (\$ in thousands)



Broad Industry Group Mix ⁽¹⁾

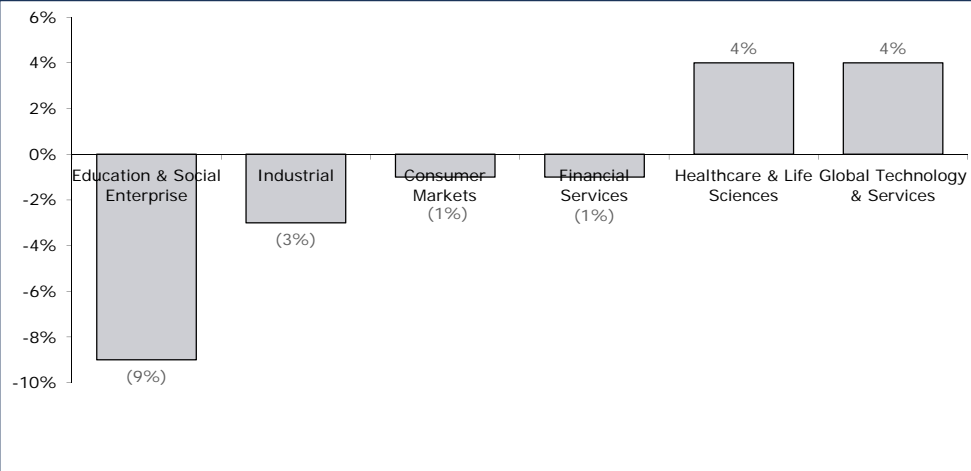
Executive Recruiting Net Revenue by Practice



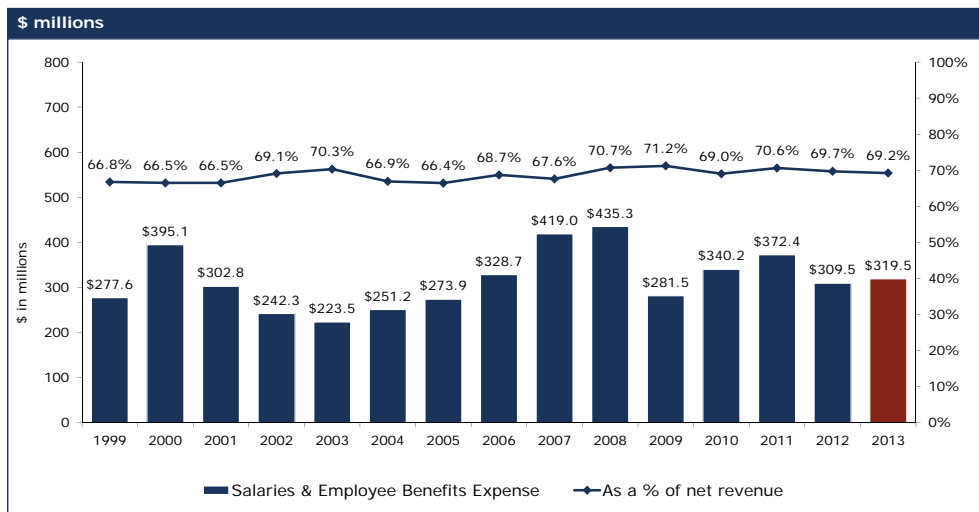
⁽¹⁾ Industry practice revenue as percentage of total net revenue in 2013. Numbers may not add due to rounding.

2013 Compared to 2012 by Industry Practice

Executive Recruiting Net Revenue Growth (Decline)



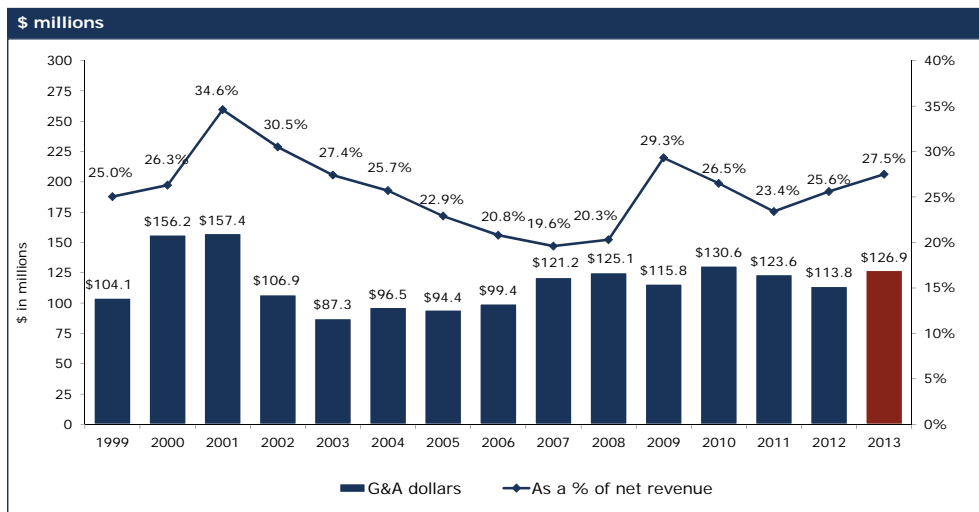
Salaries & Employee Benefits



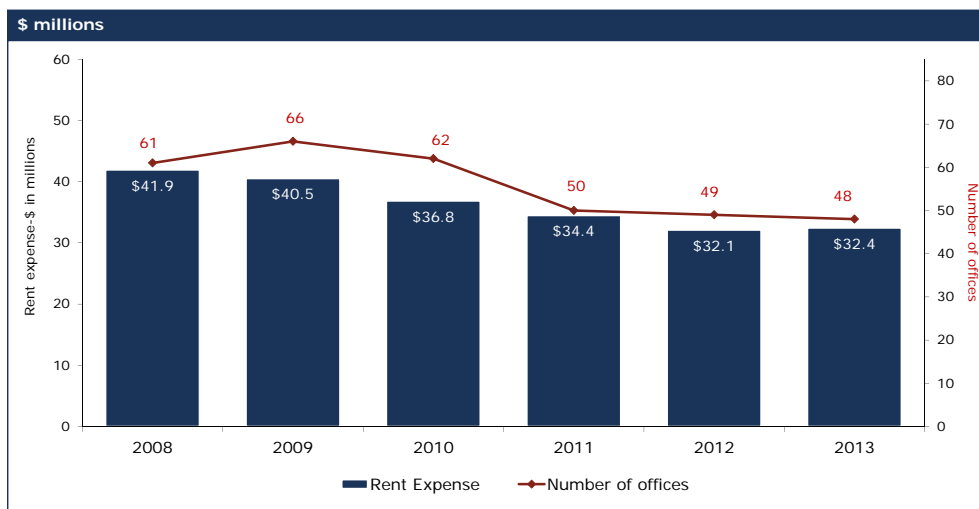
Salaries & Employee Benefits Analysis

\$ in millions/	For the twelve month period ended December 31,		
	2013	2012	change
Cash Compensation Expense			
Fixed salaries & employee benefits	226.8	230.2	(3.4)
Variable/ bonus related	89.3	75.3	14.0
Total Cash Compensation Expense	\$ 316.1	\$ 305.4	\$ 10.6
Equity Compensation Expense (fixed)			
RSU/PSU expense (prior year bonus, service & retention awards)	3.4	4.1	(0.6)
Options	0.0	0.0	0.0
Total Equity Compensation Expense	\$ 3.4	\$ 4.1	\$ (0.6)
Total Salaries & Employee Benefits Expense	\$ 319.5	\$ 309.5	\$ 10.0
As a percent of salaries & employee benefits expense:			
Fixed compensation	72%	76%	
Discretionary compensation	28%	24%	

General & Administrative



Rent Expense*



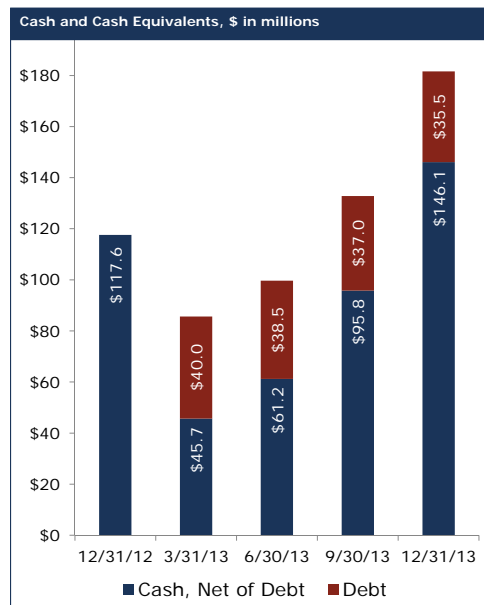
*Includes the base rent, operating expenses and real estate taxes, and the costs of equipment leases.

Adjusted EBITDA Margin

We define Adjusted EBITDA as earnings before interest, taxes, depreciation, intangible amortization, stock-based compensation expense, 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			
	2013	2012	change
Operating Income	\$ 15.6	\$ 19.6	\$ (4.1)
Adjustments			
Salaries and employee benefits			
Stock-based compensation expense	3.4	4.1	(0.6)
Senn Delaney retention awards	2.3	-	2.3
General and administrative expenses			
Depreciation	10.4	10.0	0.5
Intangible amortization	5.8	0.6	5.2
Senn Delaney earnout accretion	2.1	-	2.1
Restructuring	-	0.8	(0.8)
Adjusted EBITDA	\$ 39.7	\$ 35.1	\$ 4.6
Adjusted EBITDA Margin (as % of net revenue)	8.6%	7.9%	

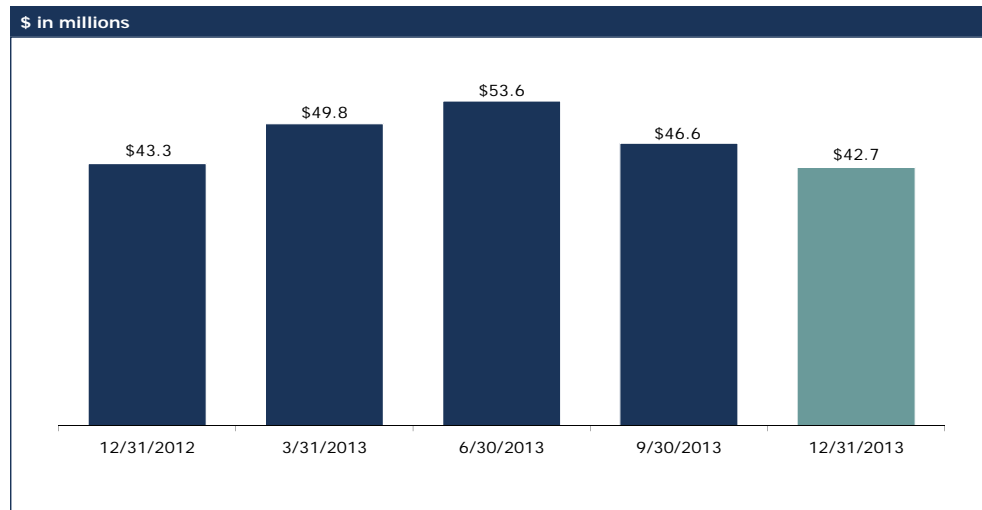
Cash Position



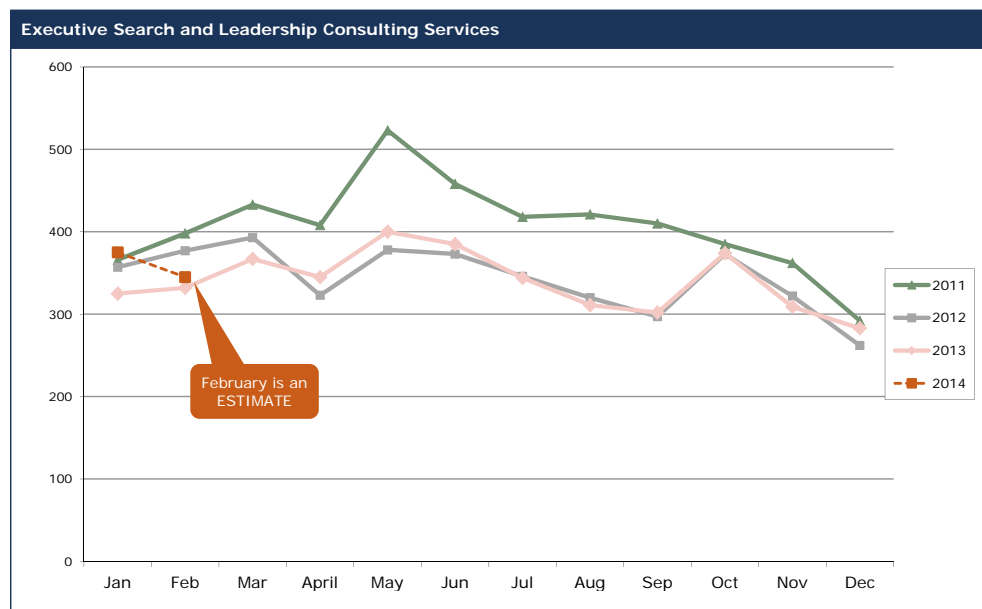
\$ in millions		
For the Quarter Ended:	Dec 31, 2013	Dec 31, 2012
Net cash provided by operating activities	\$55.9	\$55.7
For the Twelve Months Ended:	Dec 31, 2013	Dec 31, 2012
Net cash provided by operating activities	\$44.0	\$12.5

Backlog

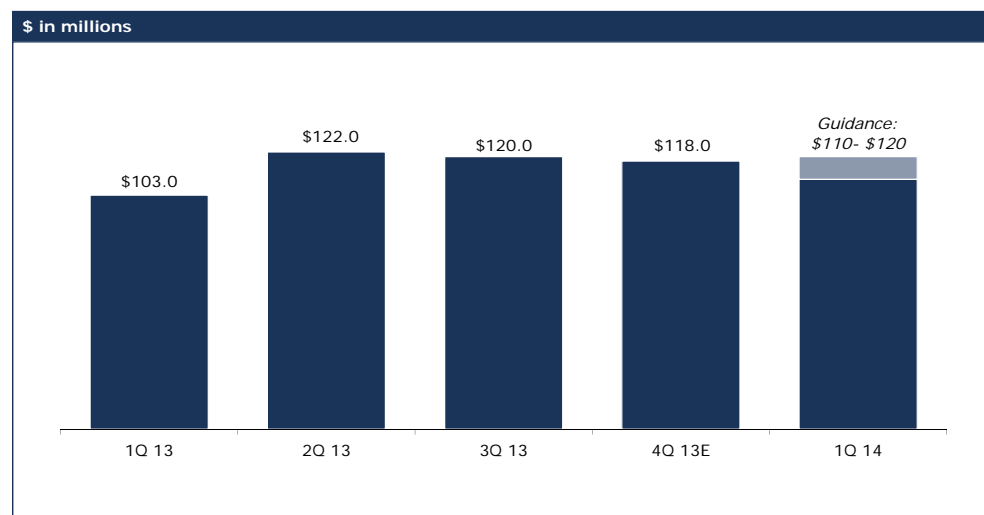
Backlog is comprised of contractual billings for Executive Searches that will be recognized as revenue in the future. It does not include Leadership Consulting or Culture Shaping.



Worldwide Confirmations – Monthly

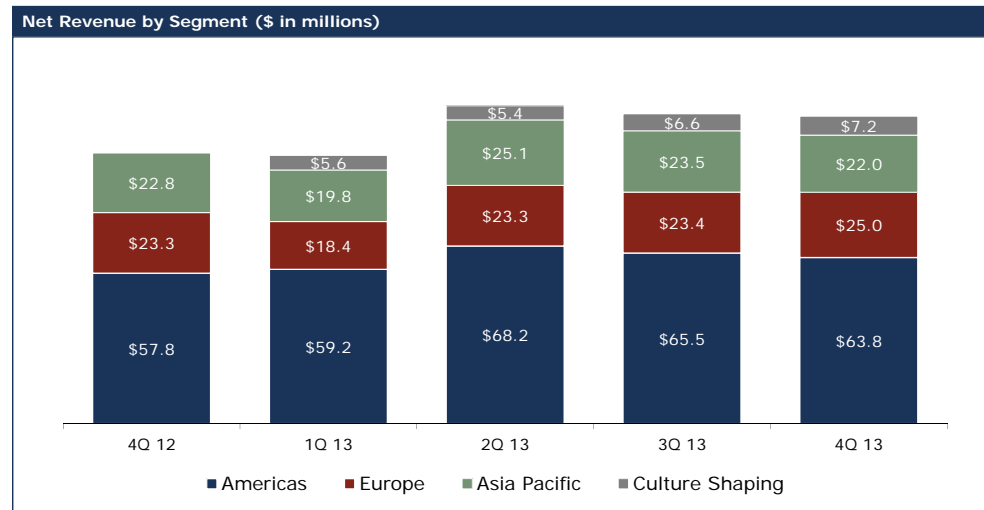


Guidance: 2014 1Q Net Revenue (excludes reimbursements)

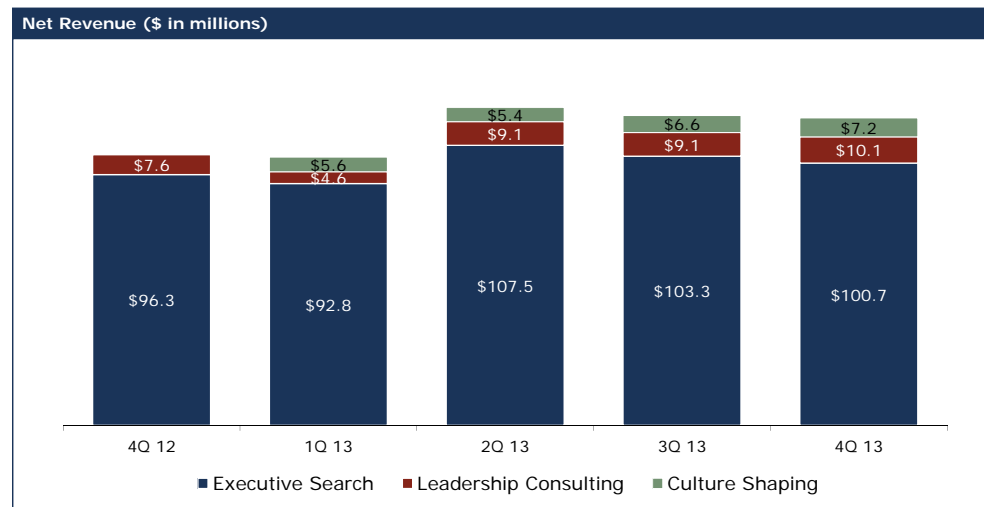


Additional Slides
2013 Fourth Quarter

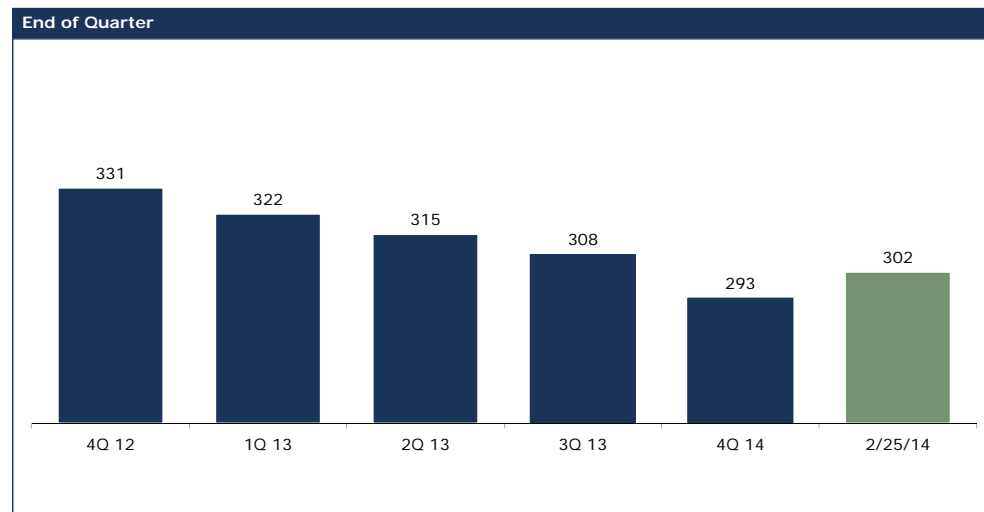
Segmented Net Revenue



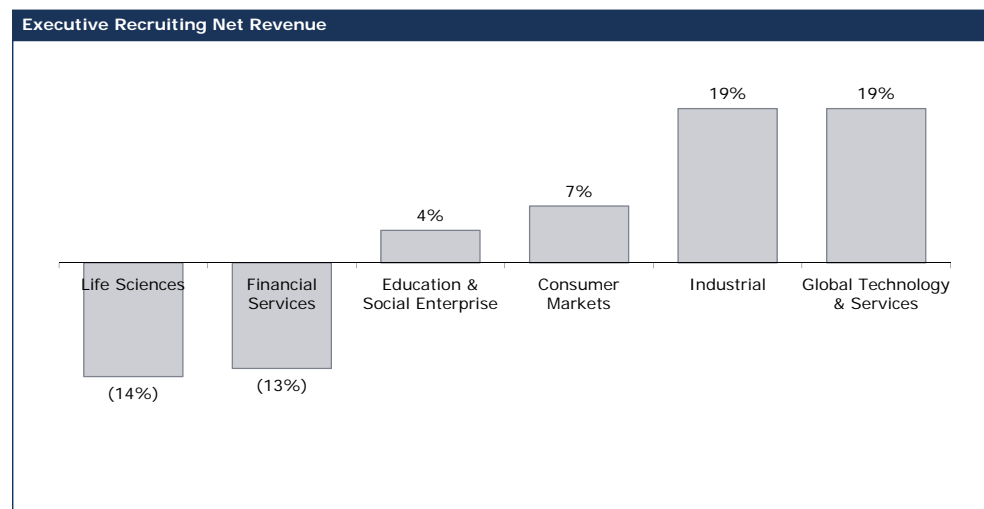
Executive Search, Leadership Consulting & Culture Shaping Services



Consultant Headcount – Executive Search, including Leadership Consulting

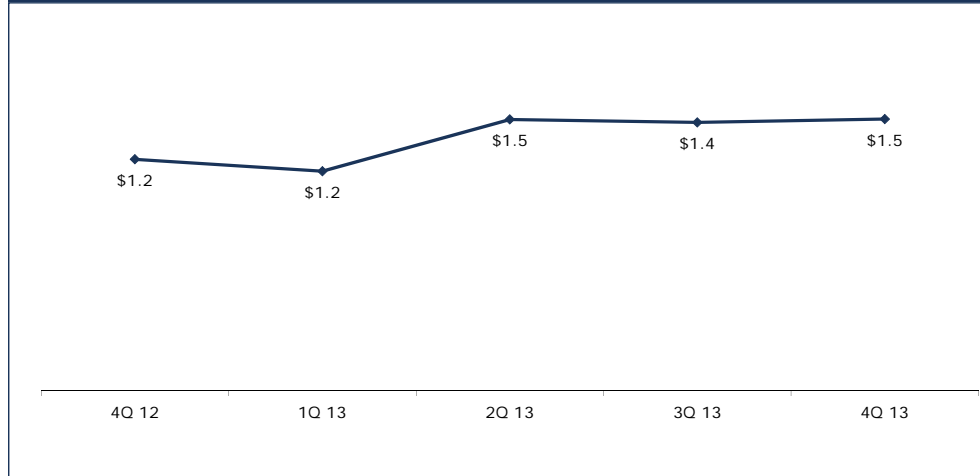


4Q 2013 Compared to 4Q 2012 by Executive Search Industry Practice



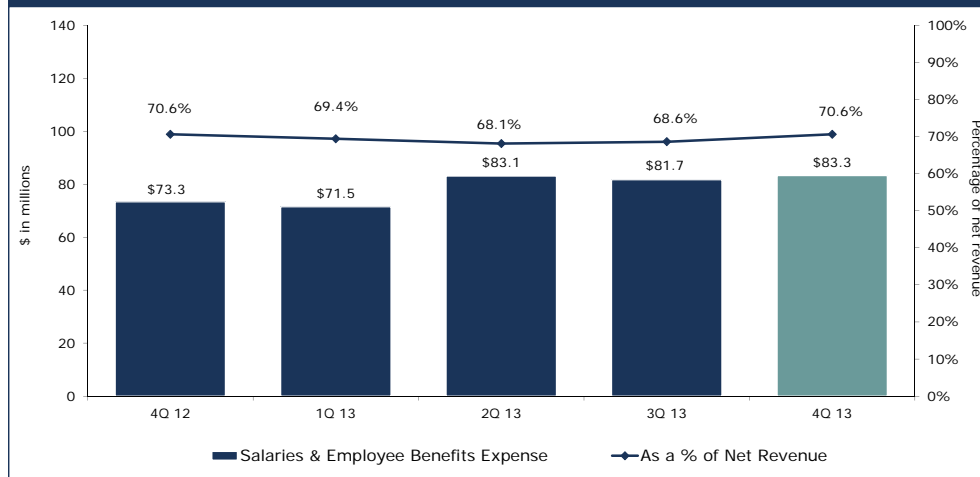
Productivity for Executive Search & Leadership Consulting Consultants

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



Salaries & Employee Benefits Expense

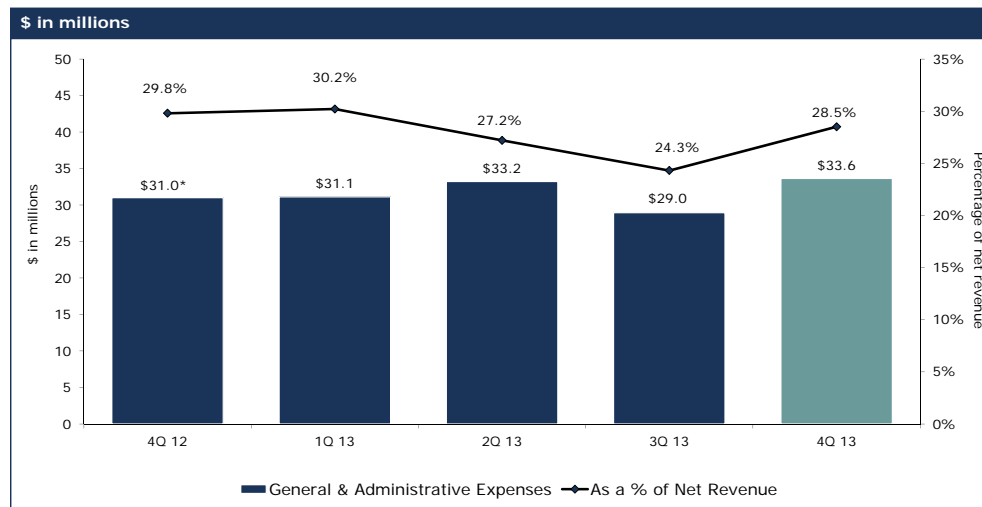
\$ in millions



Salaries & Employee Benefits Expense Analysis

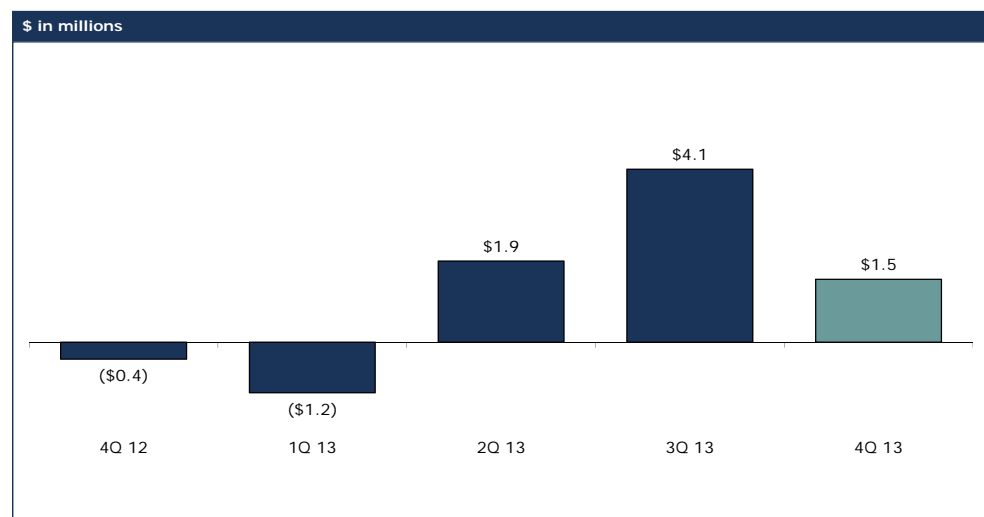
\$ in millions-- numbers may not foot due to rounding				
	4Q 2013	4Q 2012	change	
Cash Compensation Expense				
Fixed salaries & employee benefits	53.6	56.4	(2.8)	
Variable/ bonus related	28.7	16.8	11.9	
Total Cash Compensation Expense	\$ 82.3	\$ 73.2	\$ 9.1	
Equity Compensation Expense (fixed)				
Stock-based compensation (RSU/PSU)	1.0	0.1	0.9	
Total Equity Compensation Expense	\$ 1.0	\$ 0.1	\$ 0.9	
Total Salaries & Employee Benefits Expense	\$ 83.3	\$ 73.3	\$ 9.9	
As a percent of salaries & employee benefits expense:				
Fixed compensation	65%	77%		
Discretionary compensation	35%	23%		

General & Administrative Expenses

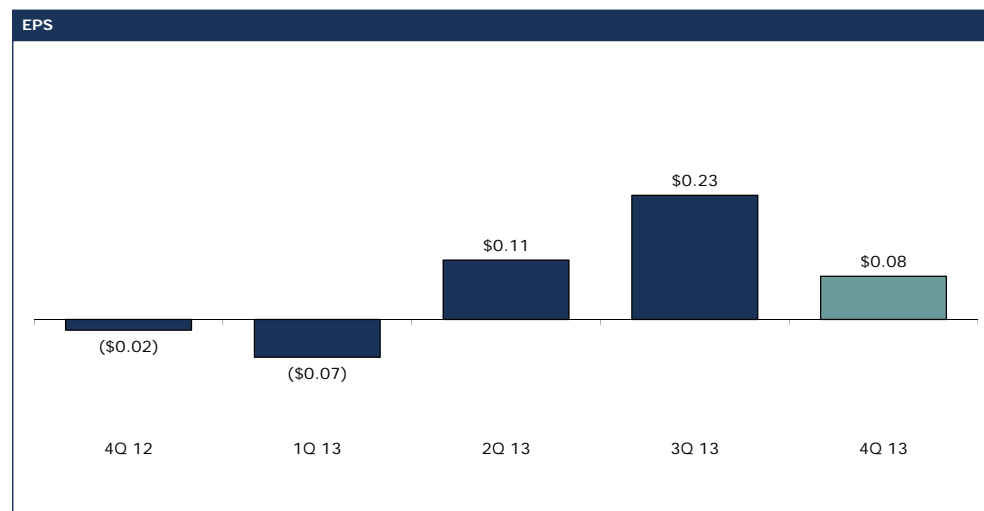


* 4Q 12 G&A expenses include \$1.7 million of costs related to acquisition of Senn Delaney

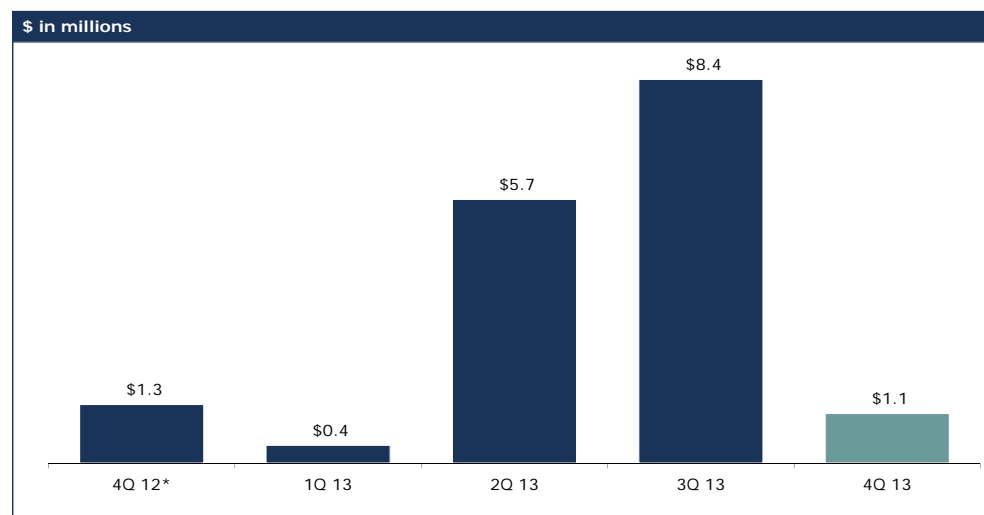
Quarterly Net Income/(Loss)



Quarterly Net Income/(Loss) Per Diluted Share

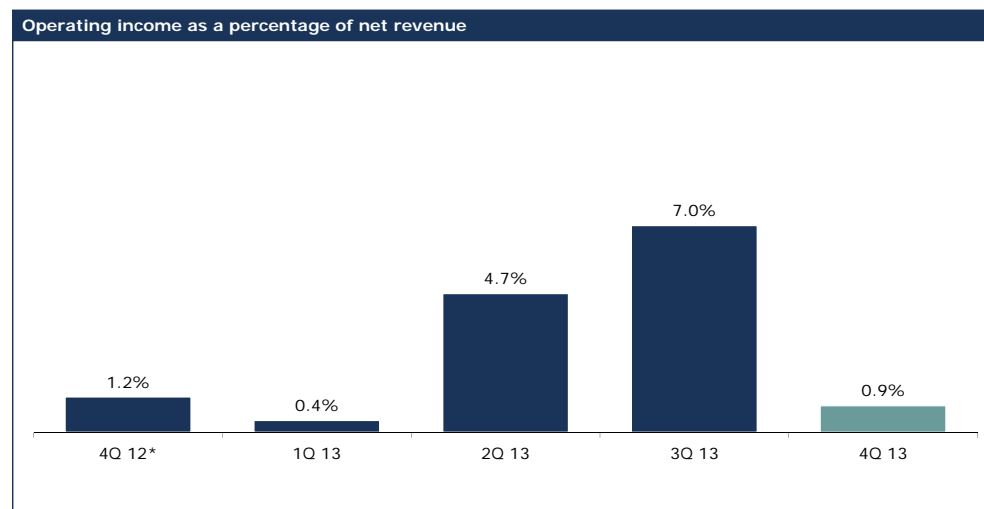


Quarterly Operating Income*



* Excluding \$1.7 million of costs in 4Q 12 related to the acquisition of Senn Delaney.

Quarterly Operating Margin



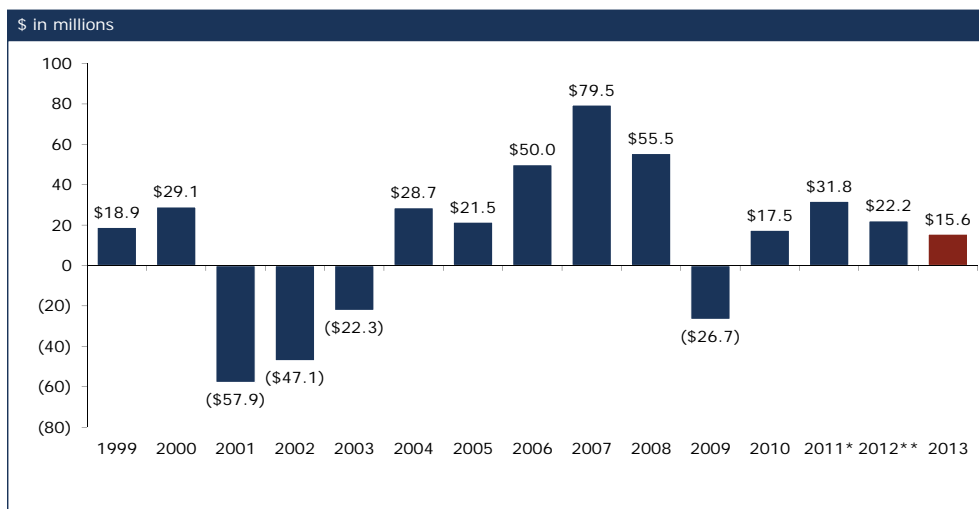
* Excluding \$1.7 million of costs in 4Q 12 related to the acquisition of Senn Delaney.

Additional Slides Annual Results

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Annual Operating Income/(Loss) GAAP results except where noted in 2011 and 2012



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

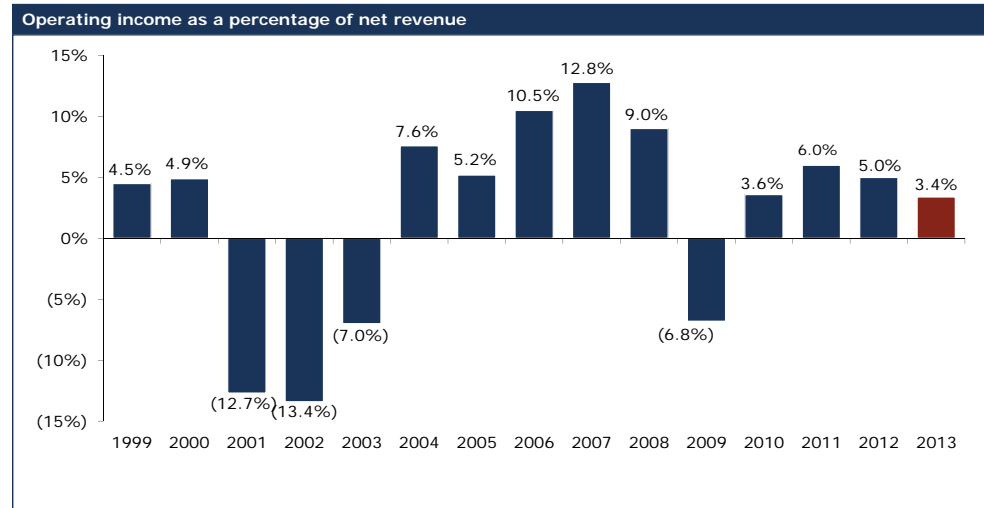
** 2012 Operating Income excludes restructuring charges and costs associated with acquisition of Senn Delaney totaling \$2.6M

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Operating Margin

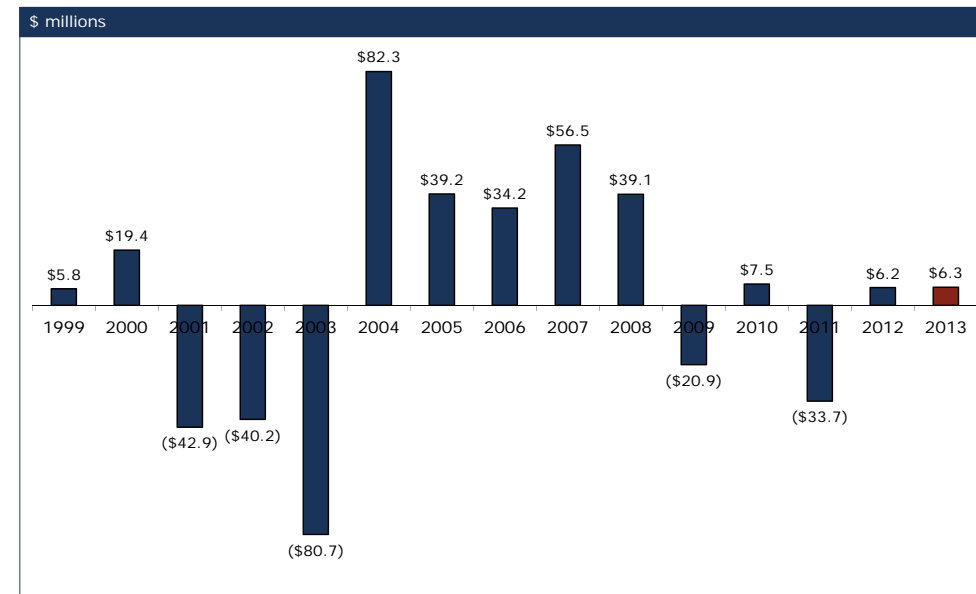
GAAP results except where noted in 2011 and 2012



* 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

Net Income/(Loss)



Diluted Earnings/(Loss) Per Share

