

HEIDRICK & STRUGGLES

Heidrick & Struggles International, Inc.
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Chicago, IL 60606
312 469 1200 www.heidrick.com

WE HELP OUR CLIENTS
CHANGE THE WORLD,
ONE LEADERSHIP TEAM
AT A TIME.®

Our Worldwide Locations

AMERICAS	EUROPE	ASIA PACIFIC	AFRICA / MIDDLE EAST
Atlanta	Amsterdam	Bangalore	Johannesburg
Boston	Bremen	Bangkok	Dubai
Calgary	Brussels	Beijing	
Chicago	Copenhagen	Hong Kong	
Costa Mesa	Dublin	Melbourne	
Dallas	Düsseldorf	Mumbai	
Florham Park	Frankfurt	New Delhi	
Houston	Helsinki	Perth	
Los Angeles	Istanbul	Seoul	
Menlo Park	Lisbon	Shanghai	
Mexico City	London	Singapore	
Miami	Madrid	Sydney	
Minneapolis	Milan	Tokyo	
New York	Moscow		
Philadelphia	Munich		
San Francisco	Paris		
São Paulo	Stockholm		
Toronto	Warsaw		
Washington, D.C.	Zürich		

Heidrick & Struggles 2018 Annual Report

HEIDRICK & STRUGGLES

2018 Annual Report

accelerate+transform

FELLOW SHAREHOLDERS:

Leaders and organizations that are successful in today's operating environment of constant change and uncertainty have the ability to ACCELERATE their business performance and TRANSFORM with agility. It doesn't matter a company's size or scope, leaders globally are navigating the same issues. We work alongside our clients' as their trusted leadership advisors to help them build the leaders, teams, organizations, and cultures they need to thrive in this new era. We are continuously guided by our purpose – to help our clients change the world, one leadership team at a time.

2018 was a great year for Heidrick & Struggles and its shareholders on many levels. We were front and center on the most relevant leadership issues including succession planning, diversity and inclusion, and culture. We were the first firm in our industry to publicly commit to diversity in our board of director searches, recognizing that diverse leadership is a business imperative. Financially, we achieved a number of records and company milestones. We also made meaningful progress in accelerating our own transformation to become a data-driven leadership advisory firm, introducing new tech-enabled tools and services and further expanding our range of talent and human capital solutions.

Net revenue of \$716 million, up 15% compared to 2017, was a company record in our 65-year history. This was the sixth year in a row of year-over-year revenue growth. This growth was driven by our Executive Search business, where net revenue of \$653 million increased 18% compared to last year. 2018 was a pivotal year for our other business, Heidrick Consulting, where we combined our former Leadership Consulting and Culture Shaping businesses and began offering clients a single, integrated line of advisory services.

We reduced General and Administrative expenses to under 20% of net revenue, increased operating income to \$68.9 million, achieved operating margin of 9.6%, and delivered diluted earnings per share of \$2.52 – all of these the best in 11 years. Earlier this year, as a reflection of our strong cash position and confidence in the future, we increased our quarterly cash dividend to \$0.15 cents per share, an increase of more than 15%.

Key to having achieved these results in 2018 was our steadfast focus on four business priorities that we communicated last year – to increase the scale and impact of our two businesses, to increase cross-enterprise collaboration, to drive a premium, data-driven, tech-enabled service experience for our clients, and to maintain a focus on streamlining our cost structure.

These four priorities will continue to drive our business strategy for 2019. We will continue to hire new consultants selectively, focusing on the growth markets and healthy economies where we want to have a larger presence, while maintaining our commitment to develop and promote internally. I am especially energized by our focus on further enhancing the premium service experience we deliver to our clients – one that differentiates us from our competitors.

As part of these efforts, last year we finished rolling out new data-driven, tech-enabled assessment tools and platforms to better serve our clients and help them accelerate their performance. The response, internally and externally, has been incredibly positive. We are improving the efficiency of our searches and developing more in-depth assessments of candidates, while capturing a formidable collection of leadership data points.

I am also excited about the growth opportunity for Heidrick Consulting. As a result of our training and development initiatives in 2018, we have a much stronger collaborative relationship between Search and Consulting and are bringing greater value to our clients seeking holistic leadership advisory services. Recent investments we made in thought leadership and new solutions in the areas of Digital Acceleration and Organizational Simplicity are in strong demand in the market.

I want to thank our employees around the globe for their hard work and many contributions. I would also like to thank our Board of Directors for their continued support and guidance. Our vision is to serve our clients as their trusted leadership advisors, combining distinctive, diverse, data-driven and technology-enabled talent, leadership and culture solutions to accelerate their performance. We look forward to continuing our momentum in 2019 and are excited about the potential for our future.

Sincerely,



Krishnan Rajagopalan
President and Chief Executive Officer

EXECUTIVE OFFICERS

Krishnan Rajagopalan
President and
Chief Executive Officer

Kamau Coar
General Counsel and
Corporate Secretary

Michael M. Cullen
Chief Operating Officer

Mark R. Harris
Chief Financial Officer

Sarah Payne
Chief Human Resources Officer

BOARD OF DIRECTORS

Elizabeth L. Axelrod *(3)
Vice President,
Employee Experience,
Airbnb, Inc.

Clare M. Chapman *(2) (3+)
Former Group People Director,
BT Group

Gary E. Knell *(2+) (3)
Chairman,
National Geographic Partners

Lyle Logan *(1) (2)
Lead Independent Director
Executive Vice President
and Managing Director,
Global Financial Institutions Group,
Northern Trust Company

T. Willem Mesdag *(1+) (3)
Founder and Managing Partner,
Red Mountain Capital Partners

Krishnan Rajagopalan
President and
Chief Executive Officer,
Heidrick & Struggles

Stacey Rauch *(1)
Director (Senior Partner) Emeritus,
McKinsey & Company

Adam H. Warby *(1)
Chief Executive Officer,
Avanade Inc.

Tracy R. Wolstencroft
President and
Chief Executive Officer,
National Geographic Society

* Independent Director
(1) Member, Audit and Finance Committee
(2) Member, Nominating and Board
Governance Committee
(3) Member, Human Resources and
Compensation Committee
+ denotes committee chair

Annual Meeting

The annual meeting of shareholders will be held on Thursday, May 23, 2019 at 9 a.m. CDT, at Willis Tower, 233 South Wacker Drive, 34th Floor, Tower House Conference Center, Chicago, Illinois

Stock Transfer Agent and Registrar

For address changes, account consolidation, registration changes, stock holdings and lost stock certificates, please contact:
Computershare / BNY Mellon
Shareholder Services
480 Washington Boulevard
Jersey City, NJ 07310-1900
866 892 5631

Shareholders can also obtain account information through Investor Service Direct at: www.bnymellon.com/shareowner/isd

Independent Registered Public Accounting Firm

RSM US LLP, Chicago, Illinois

Exchange Listing

Our common stock has been listed on the Nasdaq Global Select Market under the Symbol HSII since our initial public offering in April 1999.

SEC Filings & Investor Contact Information

Filings with the Securities and Exchange Commission and other investor information are available through our website at www.heidrick.com, or by request to the Investor Relations Department by mail at our corporate headquarters address, by email at investorrelations@heidrick.com or by telephone at 312 496 1774.

Corporate Governance

Visit the Who We Are section of our website at www.heidrick.com to see our corporate governance documents, including the Code of Business Conduct, Corporate Governance Guidelines, Director Independence Standards and Charters of our Audit and Finance Committee, Nominating and Board Governance Committee and Human Resources and Compensation Committee.

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