

HEIDRICK & STRUGGLES

FIRST QUARTER 2021 RESULTS

April 26, 2021

SAFE HARBOR STATEMENT

The 2021 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, the impacts, direct and indirect, of the COVID-19 pandemic on our business, our consultants and employees, and the overall economy; leadership changes, our ability to attract, integrate, develop, manage and retain qualified consultants and senior leaders; our ability to prevent our consultants from taking our clients with them to another firm; our ability to maintain our professional reputation and brand name; the fact that our net revenue may be affected by adverse economic conditions; our clients' ability to restrict us from recruiting their employees; the aggressive competition we face; our heavy reliance on information management systems; the fact that we face the risk of liability in the services we perform; the fact that data security, data privacy and data protection laws and other evolving regulations and cross-border data transfer restrictions may limit the use of our services and adversely affect our business; social, political, regulatory and legal risks in markets where we operate; the impact of foreign currency exchange rate fluctuations; the fact that we may not be able to align our cost structure with net revenue; unfavorable tax law changes and tax authority rulings; our ability to realize our tax losses; the timing of the establishment or reversal of valuation allowance on deferred tax assets; any impairment of our goodwill, other intangible assets and other long-lived assets; our ability to execute and integrate future acquisitions; the fact that we have anti-takeover provisions that make an acquisition of us difficult and expensive; our ability to access additional credit; and the increased cybersecurity requirements, vulnerabilities, threats and more sophisticated and targeted cyber-related attacks that could pose a risk to our systems, networks, solutions, services and data. We undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

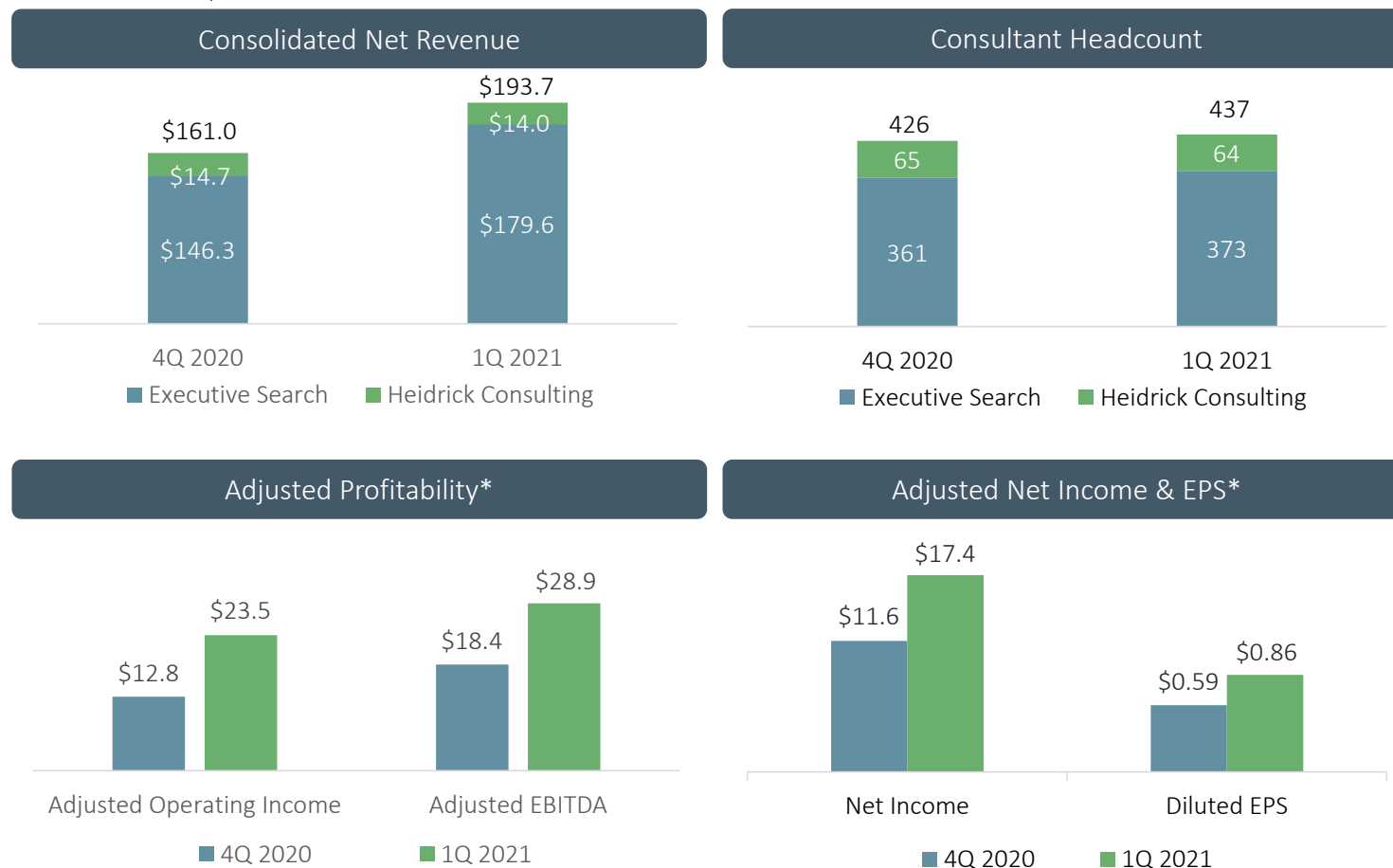
FIRST QUARTER CONSOLIDATED RESULTS

2021 FIRST QUARTER HIGHLIGHTS

- Record net revenue (revenue before reimbursements) of \$193.7 million increased \$22.2 million, or 12.9%, from \$171.5 million in the 2020 first quarter and increased \$32.7 million, or 20.3%, from \$161.0 in the 2020 fourth quarter.
- Operating income, before adjustments, of \$19.6 million and operating margin of 10.1% include a restructuring charge of \$3.9 million, as anticipated. In the 2020 first quarter, operating income was \$18.2 million and operating margin was 10.6%.
- Adjusted operating income, before restructuring, of \$23.5 million increased \$5.3 million, or 29.3%, from \$18.2 million in last year's first quarter and adjusted operating margin of 12.1% increased 150 basis points.
- Net income of \$14.8 million and diluted earnings per share of \$0.74 includes restructuring charge. In the 2020 first quarter, net income was \$8.7 million and diluted earnings per share was \$0.44.
- Adjusted net income of \$17.4 million more than doubled from the 2020 first quarter and adjusted diluted earnings per share of \$0.86 increased 95.5% from last year's first quarter. Adjusted net income increased 49.7% from \$11.6 million in the 2020 fourth quarter and adjusted diluted earnings per share increased 45.8% sequentially.
- General and administrative expenses improved \$3.4 million, or 10.6%, from last year's first quarter and improved 390 basis points to 14.9% of revenue.
- Adjusted EBITDA of \$28.9 million increased \$5.3 million from \$23.6 million in the 2020 first quarter and adjusted EBITDA margin increased 110 basis points to 14.9% from 13.8%.

FIRST QUARTER 2021 FINANCIAL HIGHLIGHTS (SEQUENTIAL COMPARISON)

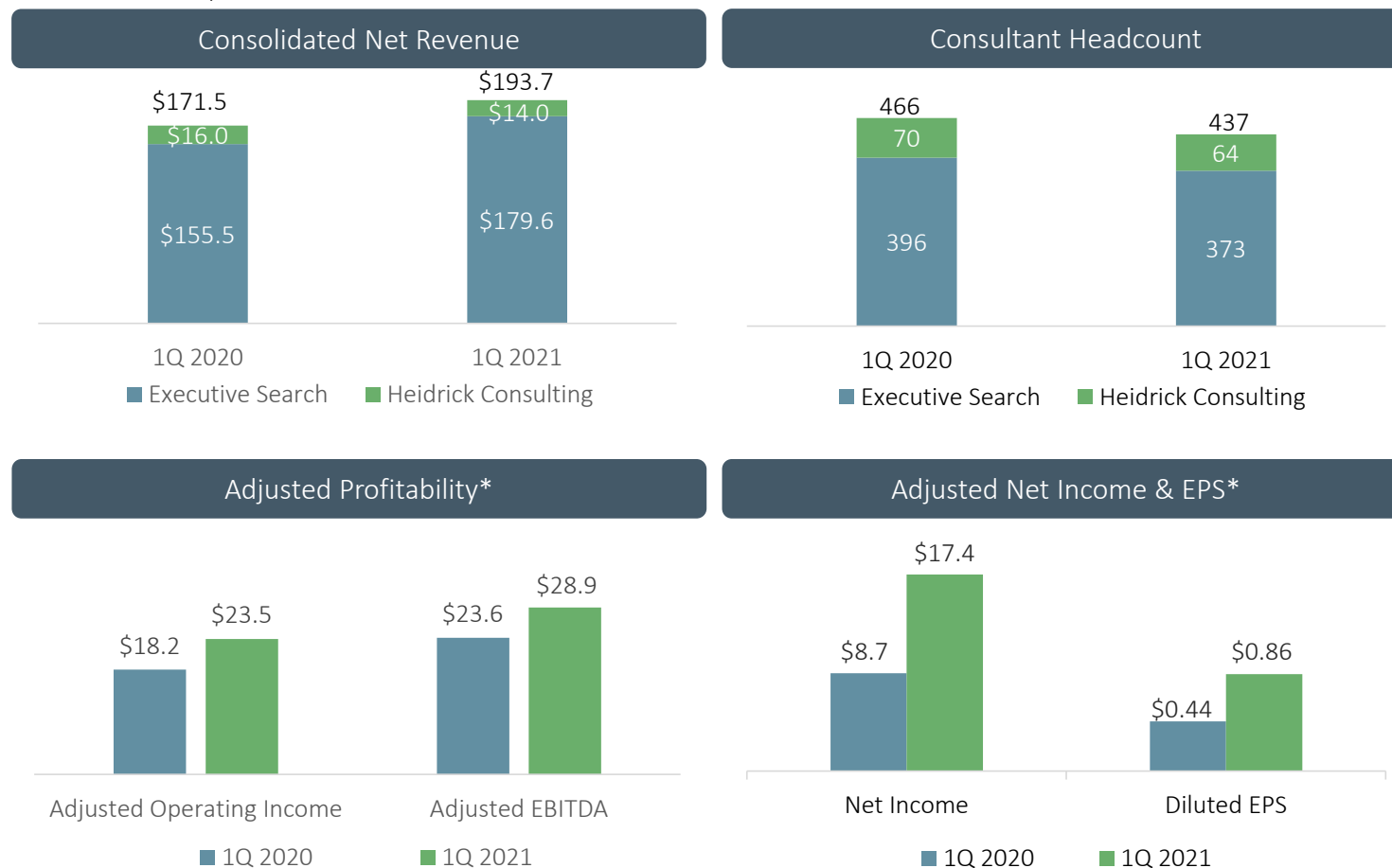
\$ in millions except Diluted EPS



* Refer to appendix for a reconciliation of non-GAAP measures.

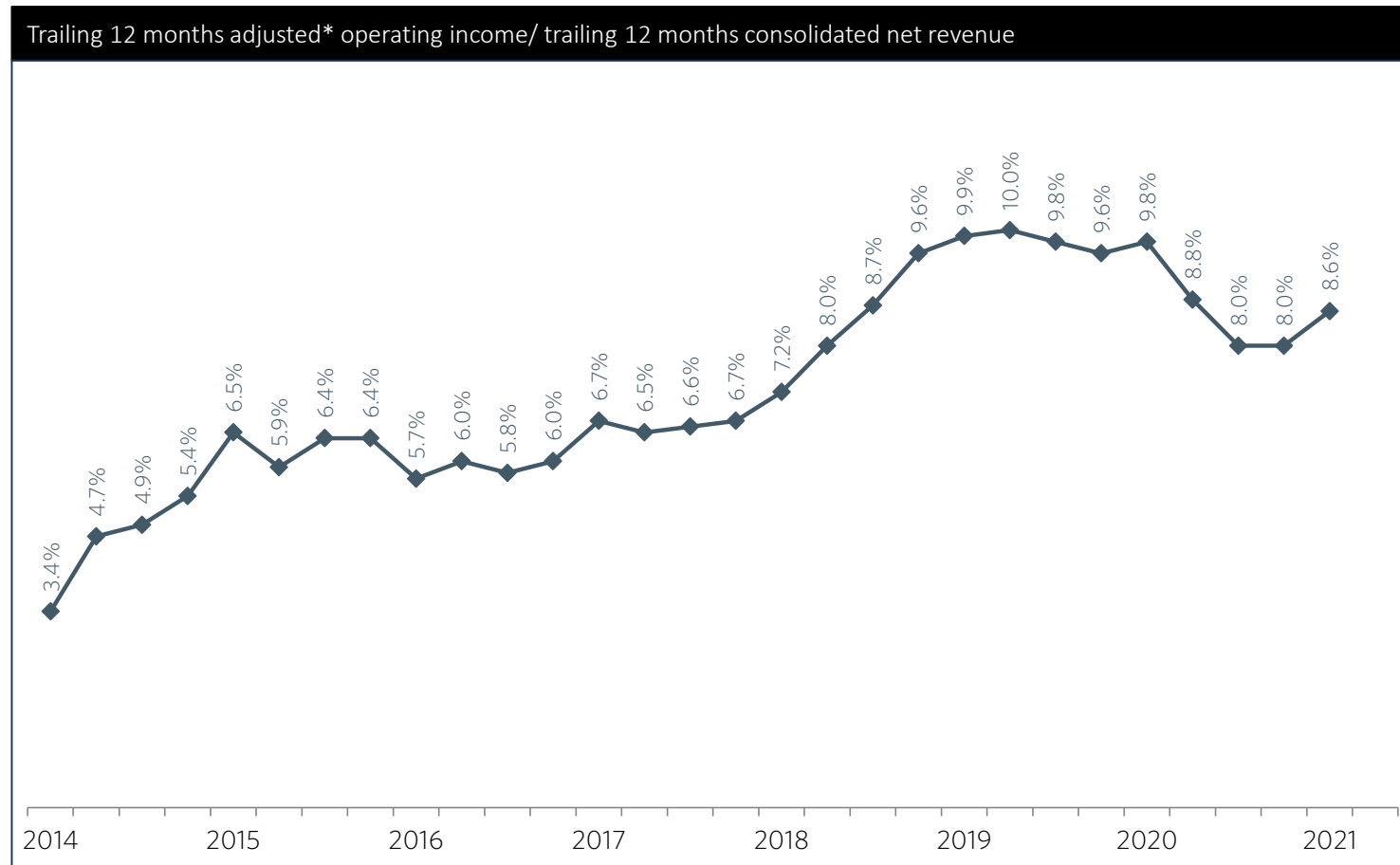
FIRST QUARTER 2021 FINANCIAL HIGHLIGHTS (YEAR-OVER-YEAR COMPARISON)

\$ in millions except Diluted EPS



* Refer to appendix for a reconciliation of non-GAAP measures.

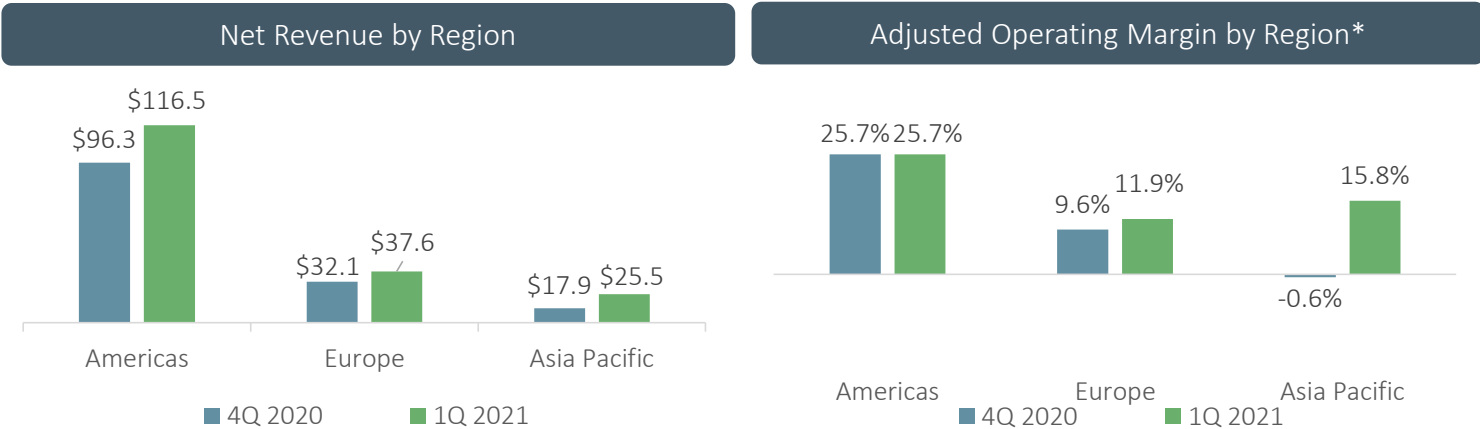
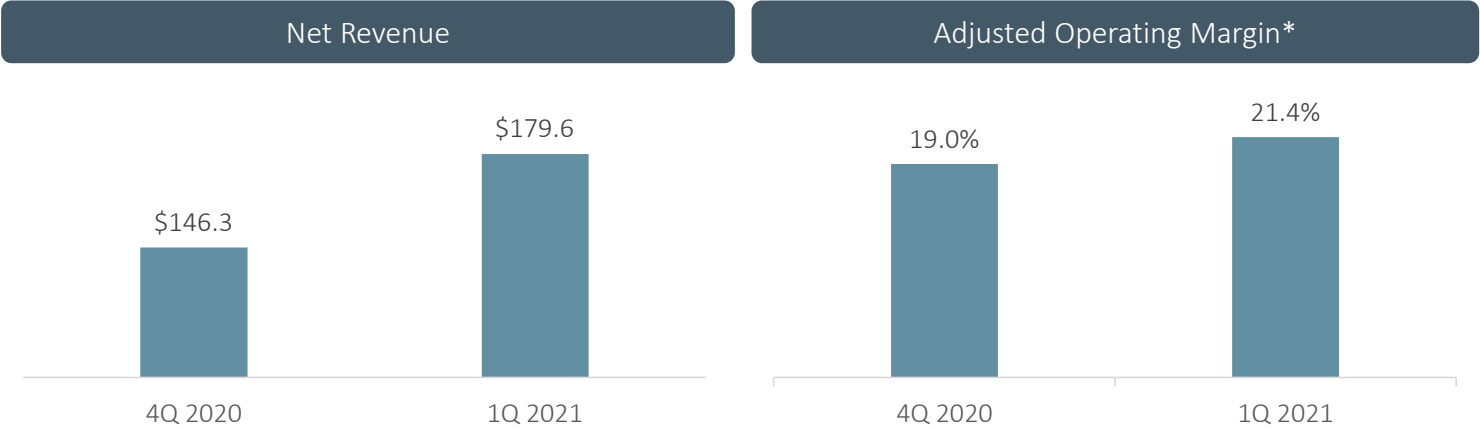
TRAILING 12-MONTH CONSOLIDATED OPERATING MARGIN*



* Operating margins adjusted to exclude restructuring & impairment charges

EXECUTIVE SEARCH – 1Q 2021 FINANCIAL HIGHLIGHTS (SEQUENTIAL COMPARISON)

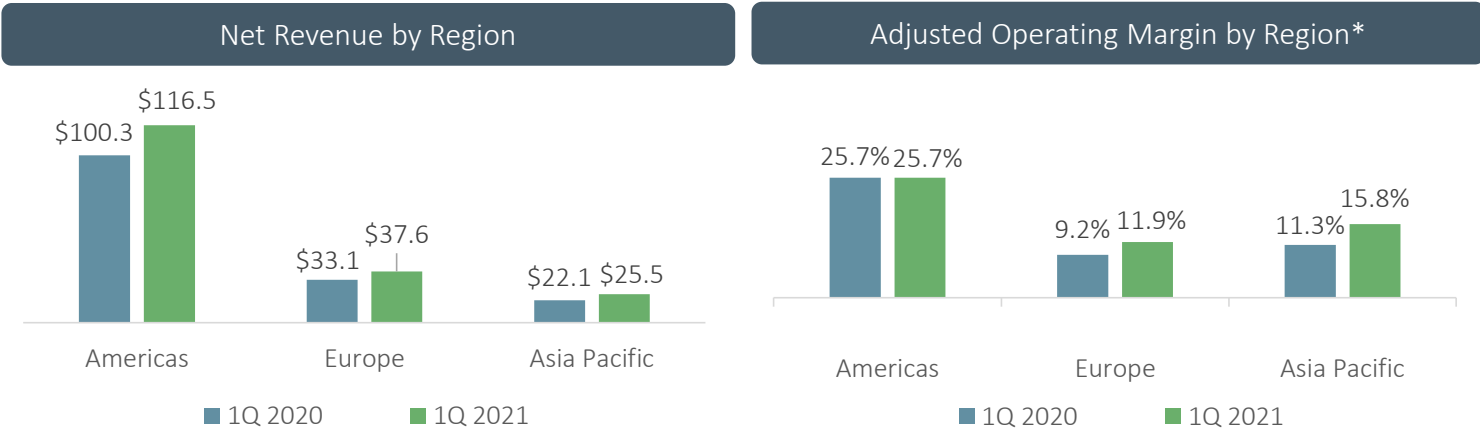
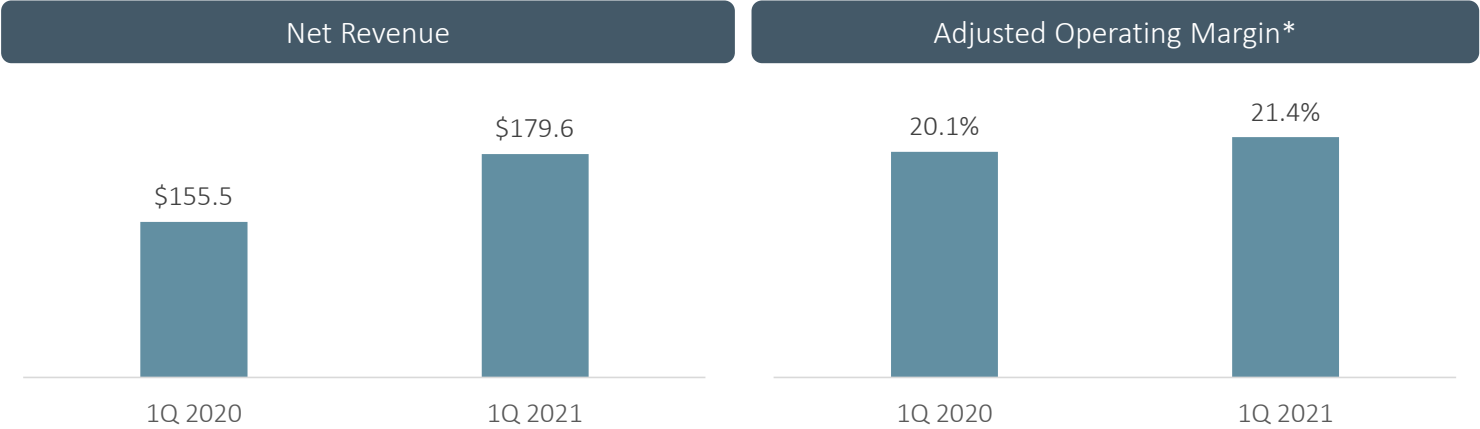
\$ in millions



* Refer to appendix for a reconciliation of non-GAAP measures.

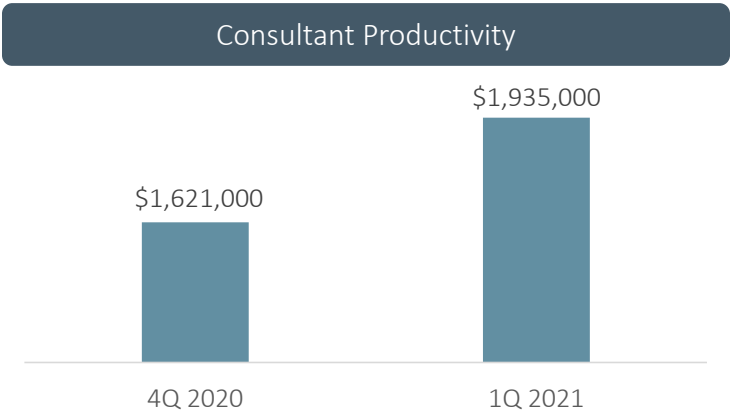
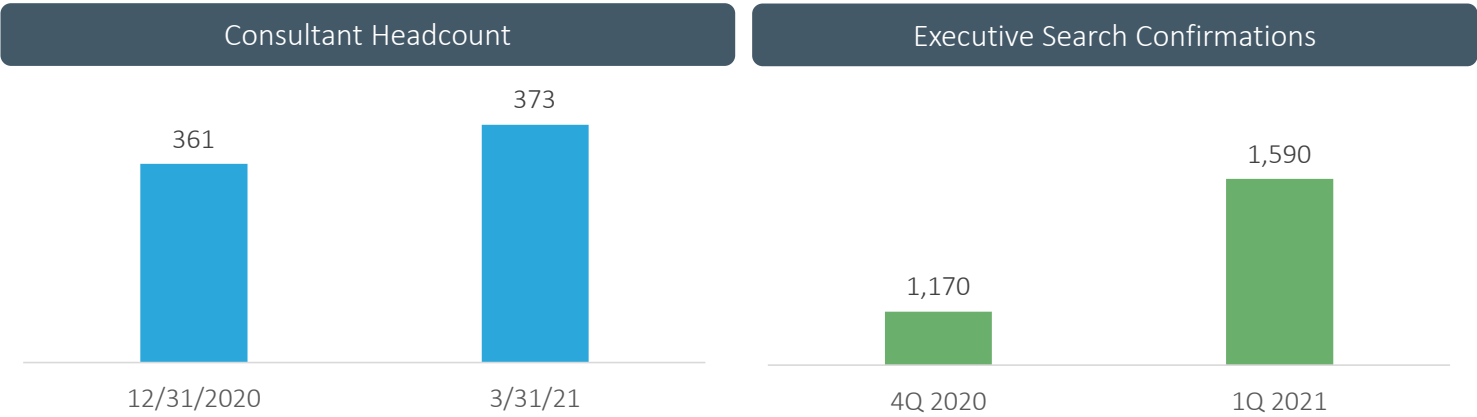
EXECUTIVE SEARCH – 1Q 2021 FINANCIAL HIGHLIGHTS (YEAR-OVER-YEAR COMPARISON)

\$ in millions

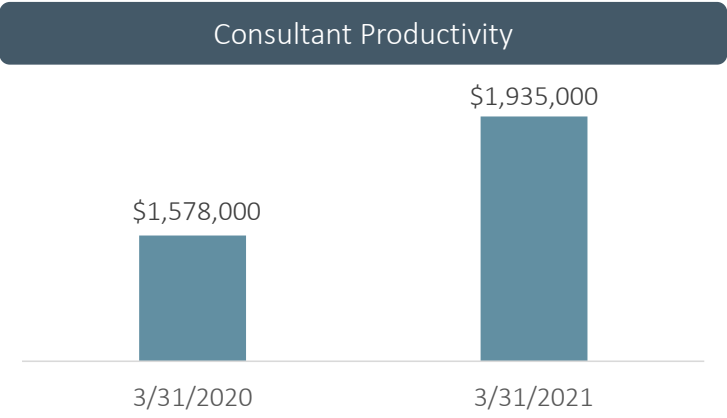
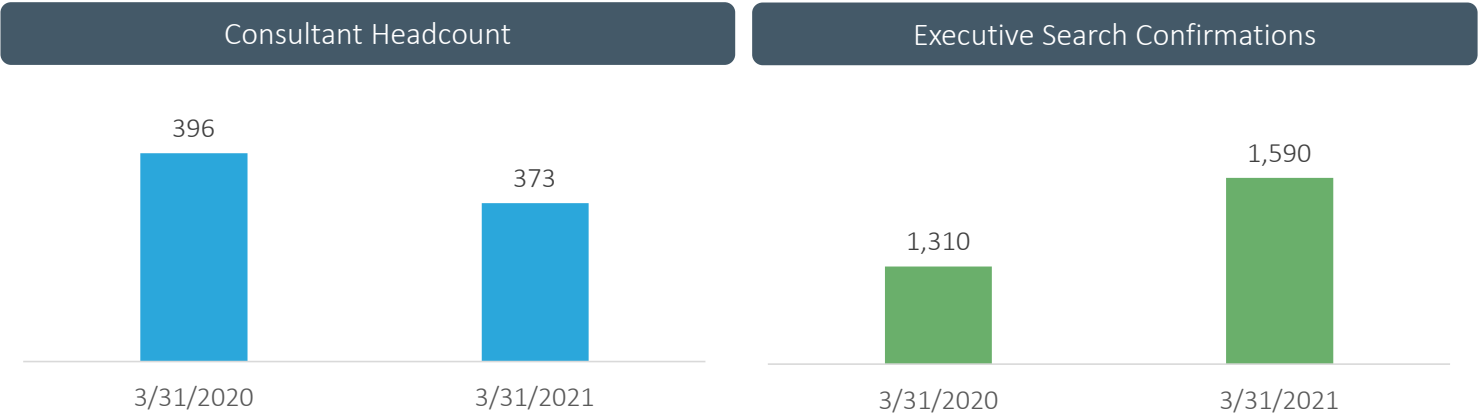


* Refer to appendix for a reconciliation of non-GAAP measures.

EXECUTIVE SEARCH OPERATIONAL HIGHLIGHTS (SEQUENTIAL COMPARISON)

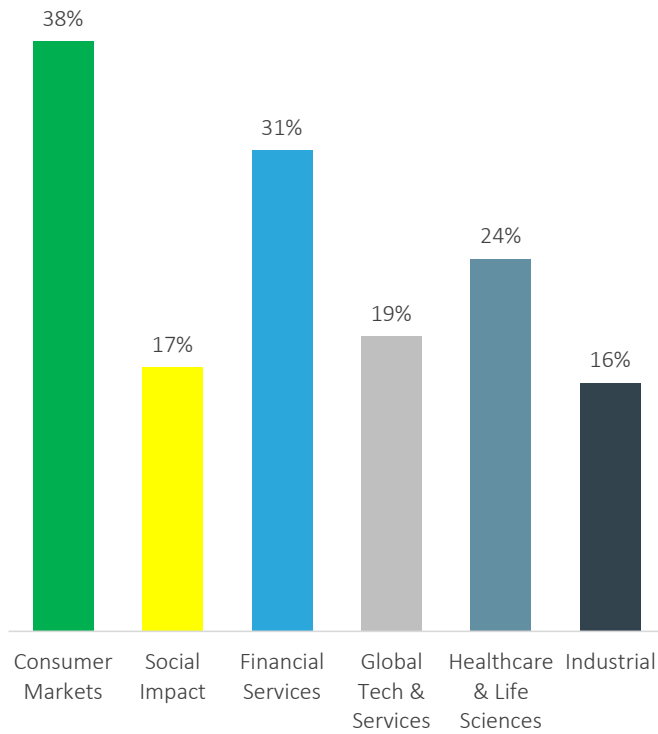


EXECUTIVE SEARCH OPERATIONAL HIGHLIGHTS (YEAR-OVER-YEAR COMPARISON)



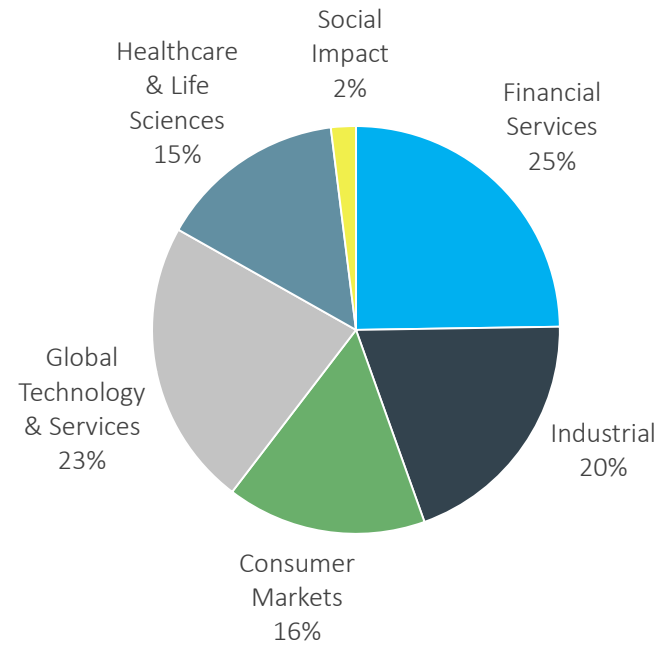
DIVERSIFIED MIX OF BUSINESS IN SEARCH (SEQUENTIAL COMPARISON)

Sequential Comparison of Industry Practice Billings



1Q 2021 vs. 4Q 2020

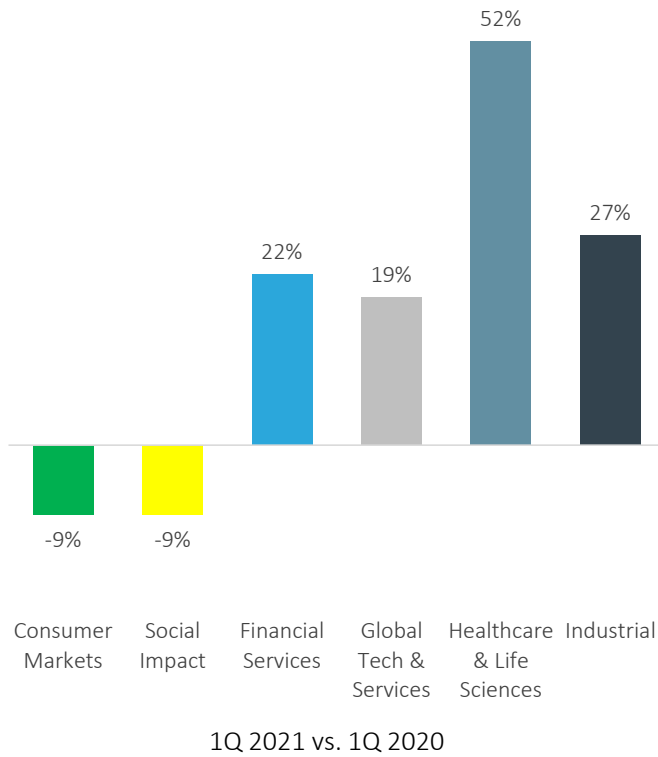
Diversified Mix of Industry Practice Billings



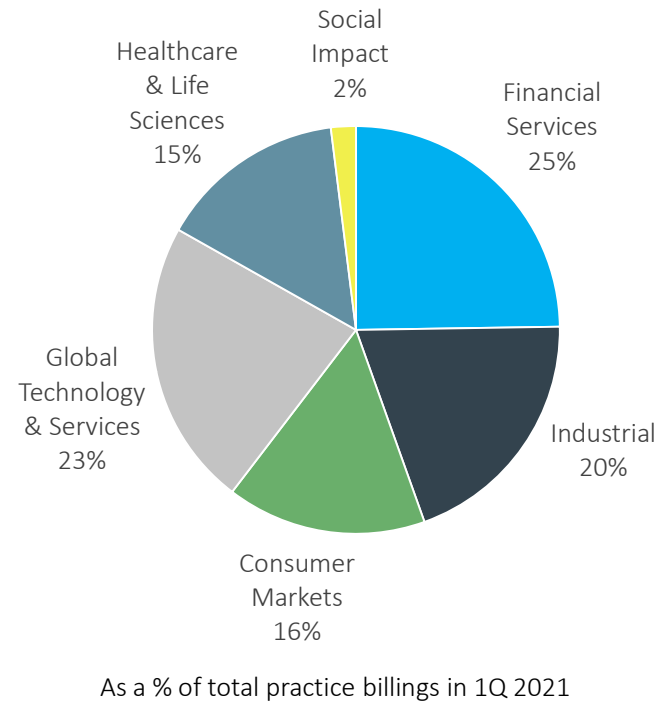
As a % of total practice billings in 1Q 2021

DIVERSIFIED MIX OF BUSINESS IN SEARCH

Year-Over-Year Comparison of Industry Practice Billings

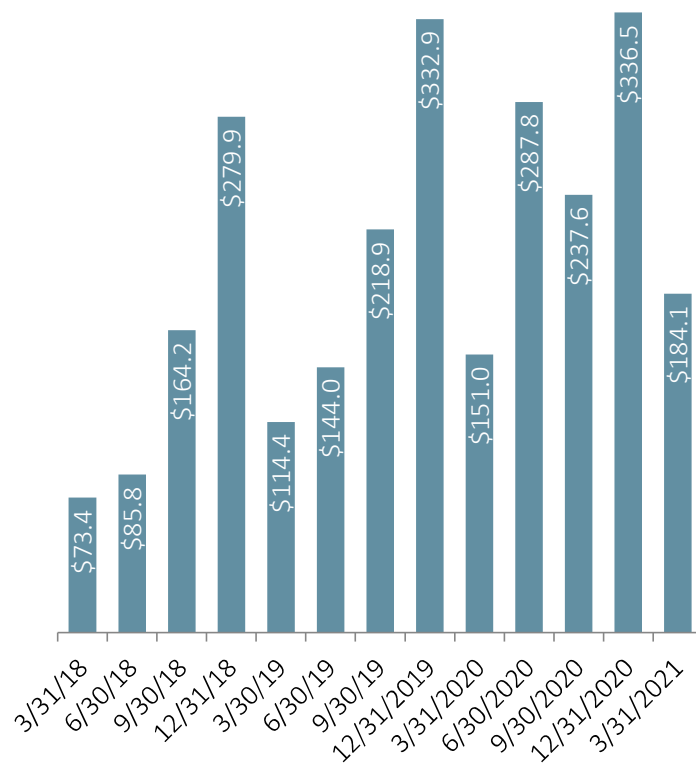


Diversified Mix of Industry Practice Billings



STRONG & FLEXIBLE BALANCE SHEET

Cash & Marketable Securities, Net of Debt (\$ in millions)



Cash Flow (\$ in millions)

For the Quarter Ended:	March 31, 2021	March 31, 2020
Net cash used in operating activities	\$142.6	\$165.6

OUTLOOK AND INITIATIVES

2021 GROWTH INITIATIVES

1

Grow scale and impact of both Search and Consulting, delivering a premium service experience and The Heidrick Way to clients

2

Expand development of leadership solutions and capabilities to address new and ongoing client imperatives

3

Invest in new product development and strategic expansion into adjacent/complementary areas, with innovative, tech-driven offerings to drive future growth and shareholder value

APPENDIX

ADJUSTED OPERATING INCOME BY SEGMENT

Three Months Ended March 31, 2021							
	Americas	Europe	Asia Pacific	Total Executive Search	Heidrick Consulting	Global Operations Support	Total
Revenue before reimbursements (net revenue)	\$ 116,506	\$ 37,643	\$ 25,469	\$ 179,618	\$ 14,038	\$ —	\$ 193,656
Operating income (loss)	\$ 26,256	\$ 4,540	\$ 4,144	\$ 34,940	\$ (4,710)	\$ (10,622)	\$ 19,608
Adjustments							
Restructuring charges	\$ 3,698	\$ (52)	\$ (124)	\$ 3,522	\$ 323	\$ 16	\$ 3,861
Total adjustments	\$ 3,698	\$ (52)	\$ (124)	\$ 3,522	\$ 323	\$ 16	\$ 3,861
Adjusted operating income (loss)	\$ 29,954	\$ 4,488	\$ 4,020	\$ 38,462	\$ (4,387)	\$ (10,606)	\$ 23,469
Operating margin	22.5 %	12.1 %	16.3 %	19.5 %	(33.6)%	(5.5)%	10.1 %
Adjusted operating margin	25.7 %	11.9 %	15.8 %	21.4 %	(31.3)%	(5.5)%	12.1 %

Three Months Ended March 31, 2020							
	Americas	Europe	Asia Pacific	Total Executive	Heidrick Consulting	Global Operations	Total
Revenue before reimbursements (net revenue)	\$ 100,301	\$ 33,082	\$ 22,070	\$ 155,453	\$ 16,028	\$ —	\$ 171,481
Operating income (loss)	\$ 25,732	\$ 3,049	\$ 2,502	\$ 31,283	\$ (4,092)	\$ (9,039)	\$ 18,152
Adjustments							
Restructuring charges	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Total adjustments	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Adjusted operating income (loss)	\$ 25,732	\$ 3,049	\$ 2,502	\$ 31,283	\$ (4,092)	\$ (9,039)	\$ 18,152
Operating margin	25.7 %	9.2 %	11.3 %	20.1 %	(25.5)%	(5.3)%	10.6 %
Adjusted operating margin	25.7 %	9.2 %	11.3 %	20.1 %	(25.5)%	(5.3)%	10.6 %

ADJUSTED OPERATING INCOME

We define Adjusted Operating Income as operating income excluding restructuring charges.

	Three Months Ended March 31,	
	2021	2020
Revenue before reimbursements (net revenue)	\$ 193,656	\$ 171,481
Operating income	19,608	18,152
Adjustments		
Restructuring charges ¹	3,861	—
Total adjustments	3,861	—
Adjusted operating income	<u>\$ 23,469</u>	<u>\$ 18,152</u>
Operating margin	10.1 %	10.6 %
Adjusted operating margin	12.1 %	10.6 %

¹ The Company incurred restructuring charges of approximately \$3.9 million across all operating segments for the three months ended March 31, 2021.

ADJUSTED NET INCOME & DILUTED EPS

We define Adjusted Net Income as net income excluding restructuring charges, net of tax.

	Three Months Ended March 31,	
	2021	2020
Net income	\$ 14,832	\$ 8,666
Adjustments		
Restructuring charges, net of tax ¹	2,574	—
Total adjustments	2,574	—
Adjusted net income	<u>\$ 17,406</u>	<u>\$ 8,666</u>
Weighted-average common shares outstanding		
Basic	19,387	19,192
Diluted	20,171	19,776
Earnings per common share		
Basic	\$ 0.77	\$ 0.45
Diluted	\$ 0.74	\$ 0.44
Adjusted earnings per common share		
Basic	\$ 0.90	\$ 0.45
Diluted	\$ 0.86	\$ 0.44

¹ The Company incurred restructuring charges of approximately \$3.9 million across all operating segments for the three months ended March 31, 2021.

ADJUSTED EBITDA MARGIN

We define Adjusted EBITDA as earnings before interest, taxes, depreciation, intangible amortization, equity-settled stock based compensation expense, acquisition-related contingent compensation, restructuring charges, and other non-operating income or expense.

	Three Months Ended March 31,	
	2021	2020
Revenue before reimbursements (net revenue)	\$ 193,656	\$ 171,481
Net income	14,832	8,666
Interest, net	(82)	(679)
Other, net	(3,082)	4,435
Provision for income taxes	7,940	5,730
Operating income	19,608	18,152
Adjustments		
Stock-based compensation expense	2,973	2,602
Depreciation	1,793	2,129
Intangible amortization	235	208
Acquisition contingent consideration	454	558
Restructuring charges	3,861	—
Total adjustments	9,316	5,497
Adjusted EBITDA	\$ 28,924	\$ 23,649
Adjusted EBITDA margin	14.9 %	13.8 %

HEIDRICK & STRUGGLES

Suzanne Rosenberg, VP Investor Relations

srosenberg@heidrick.com

212-551-0554

April 26, 2021