

# Colliers International Group Inc.

Second Quarter 2017 Financial Results

August 1, 2017



# Forward-Looking Statements

This presentation includes or may include forward-looking statements. Forward-looking statements include the Company's financial performance outlook and statements regarding goals, beliefs, strategies, objectives, plans or current expectations. These statements involve known and unknown risks, uncertainties and other factors which may cause the actual results to be materially different from any future results, performance or achievements contemplated in the forward-looking statements. Such factors include: economic conditions, especially as they relate to commercial and consumer credit conditions and business spending; commercial real estate property values, vacancy rates and general conditions of financial liquidity for real estate transactions; the effects of changes in foreign exchange rates in relation to the US dollar on Canadian dollar, Australian dollar, UK pound sterling and Euro denominated revenues and expenses; competition in markets served by the Company; labor shortages or increases in commission, wage and benefit costs; disruptions or security failures in information technology systems; and political conditions or events, including elections, referenda, changes to international trade and immigration policies and any outbreak or escalation of terrorism or hostilities.

Additional factors and explanatory information are identified in the Company's Annual Information Form for the year ended December 31, 2016 under the heading "Risk Factors" (which factors are adopted herein and a copy of which can be obtained at [www.sedar.com](http://www.sedar.com)) and other periodic filings with Canadian and US securities regulators. Forward looking statements contained in this presentation are made as of the date hereof and are subject to change. All forward-looking statements in this press release are qualified by these cautionary statements. Except as required by applicable law, Colliers undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

## Non-GAAP measures

This presentation makes reference to the non-GAAP measures Adjusted EBITDA and Adjusted EPS. Please refer to Appendix for reconciliations to GAAP measures.

## Second Quarter 2017 Results

- Revenue up 13% (15% in local currency) and solid increase to earnings
- Completed acquisition of Colliers Minneapolis-St. Paul, further strengthening operations in the US Midwest, bringing the number of acquisitions completed year-to-date to five
- Declared semi-annual dividend of US\$0.05 per common share

# Second Quarter 2017 Results Summary

(US\$ millions, except per share amounts)

	Q2 2017	Q2 2016	% Change over Q2 2016	
			USD	LC <sup>(1)</sup>
Revenue	544.2	482.5	13%	15%
Adjusted EBITDA	59.6	52.8	13%	16%
<i>Adjusted EBITDA Margin</i>	11.0%	10.9%		
Adjusted EPS	0.76	0.63	21%	
GAAP Operating Earnings	40.6	37.6	8%	
<i>GAAP Operating Earnings Margin</i>	7.5%	7.8%		
GAAP EPS	0.28	0.55	-49%	

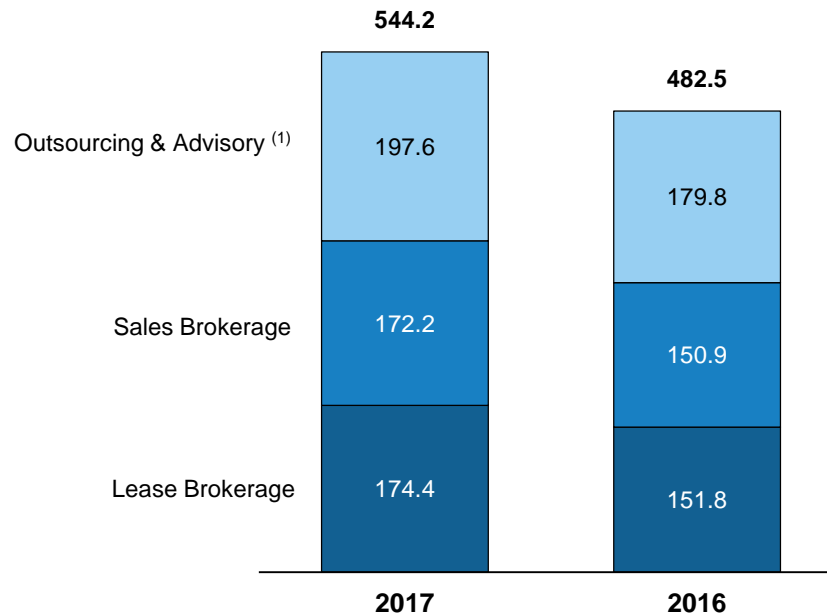
	YTD 2017	YTD 2016	% Change over YTD 2016	
			USD	LC <sup>(1)</sup>
Revenue	967.1	858.6	13%	14%
Adjusted EBITDA	88.9	75.0	19%	21%
<i>Adjusted EBITDA Margin</i>	9.2%	8.7%		
Adjusted EPS	1.09	0.82	33%	
GAAP Operating Earnings	51.5	46.5	11%	
<i>GAAP Operating Earnings Margin</i>	5.3%	5.4%		
GAAP EPS	0.28	0.37	-24%	

(1) Local currency ("LC") basis, excluding the effects of foreign currency exchange rate fluctuations.

# Second Quarter 2017 Consolidated Revenues

(US\$ millions)

Q2 Revenue

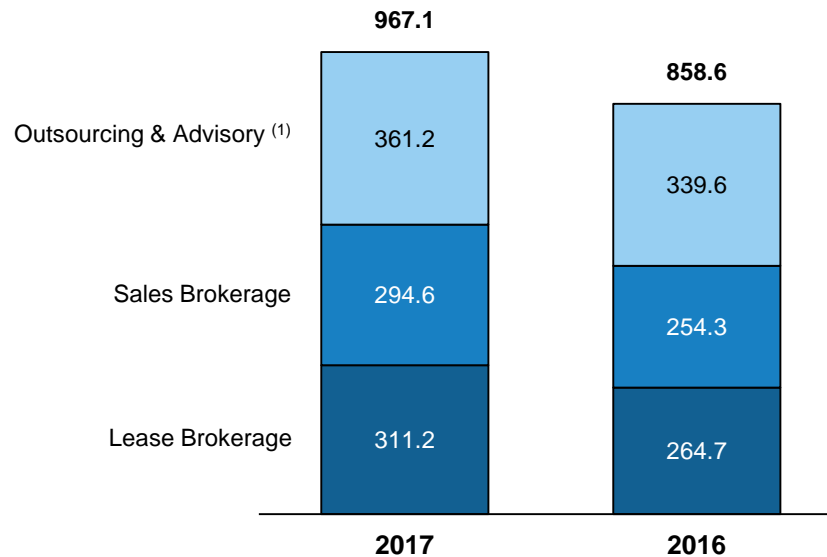


% Change over Q2 2016	USD	LC
Outsourcing & Advisory	10%	13%
Sales Brokerage	14%	15%
Lease Brokerage	15%	16%
<b>Total</b>	<b>13%</b>	<b>15%</b>

Revenue Mix	Q2 2017	Q2 2016
Outsourcing & Advisory	36%	37%
Sales Brokerage	32%	31%
Lease Brokerage	32%	32%
<b>Total</b>	<b>100%</b>	<b>100%</b>

# Year To Date 2017 Consolidated Revenues (US\$ millions)

## YTD Revenue

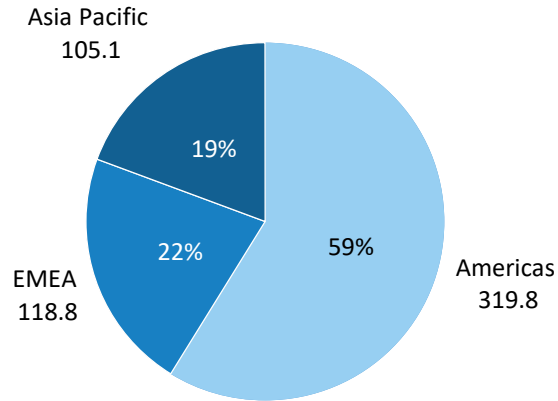


% Change over YTD 2016	USD	LC
Outsourcing & Advisory	6%	8%
Sales Brokerage	16%	16%
Lease Brokerage	18%	19%
<b>Total</b>	<b>13%</b>	<b>14%</b>

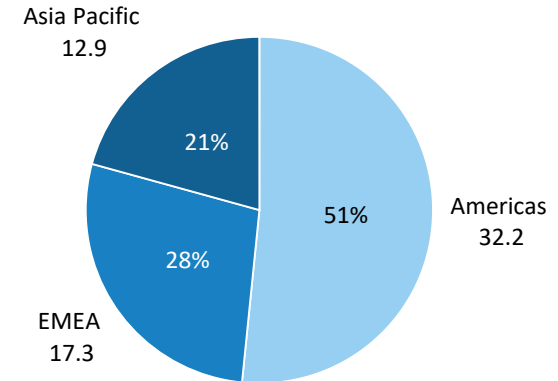
Revenue Mix	2017 YTD	2016 YTD
Outsourcing & Advisory	37%	39%
Sales Brokerage	31%	30%
Lease Brokerage	32%	31%
<b>Total</b>	<b>100%</b>	<b>100%</b>

# Second Quarter Geographic Split (US\$ millions)

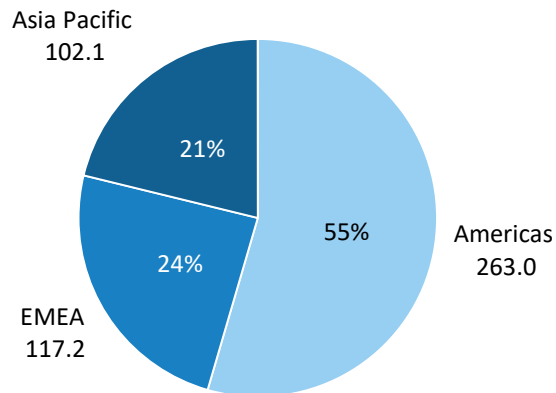
**Q2 2017 Revenue**



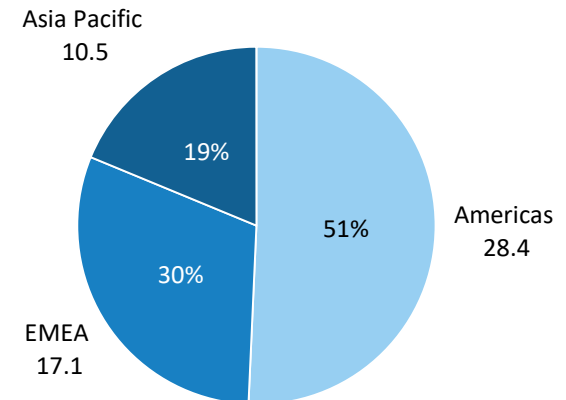
**Q2 2017 Adjusted EBITDA<sup>(1)</sup>**



**Q2 2016 Revenue**



**Q2 2016 Adjusted EBITDA<sup>(2)</sup>**



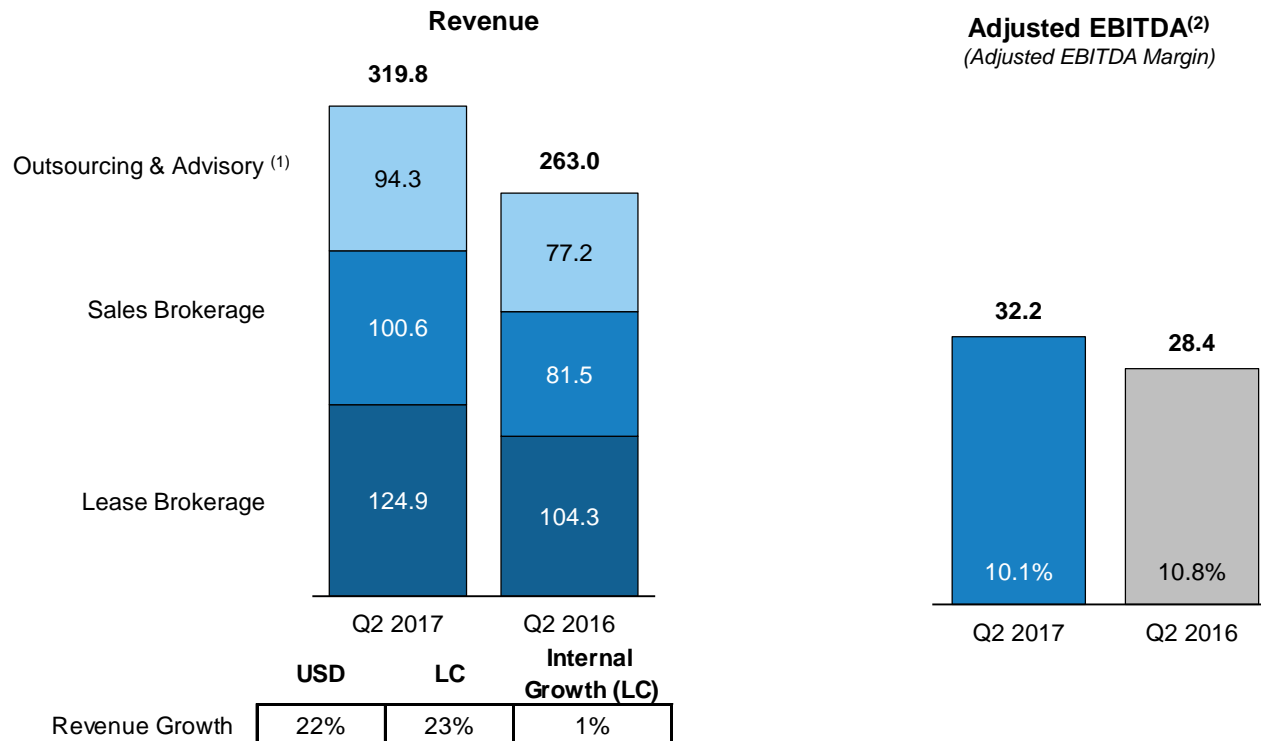
(1) Q2 2017 GAAP Operating Earnings: \$22.2M Americas, \$11.6M EMEA, \$11.4M Asia Pacific

(2) Q2 2016 GAAP Operating Earnings: \$22.6M Americas, \$11.7M EMEA, \$9.1M Asia Pacific

# Americas

## (US\$ millions)

- Revenues up 23% in local currencies, with 22% growth from recent acquisitions and 1% from internal growth
- Internal growth impacted by a modest decline in US Sales and Lease Brokerage revenues where transaction volume was flat and average transaction size was down slightly
- Adjusted EBITDA up 14%, impacted by (i) recent investments in people to strengthen operations and add service line capabilities and (ii) revenue mix



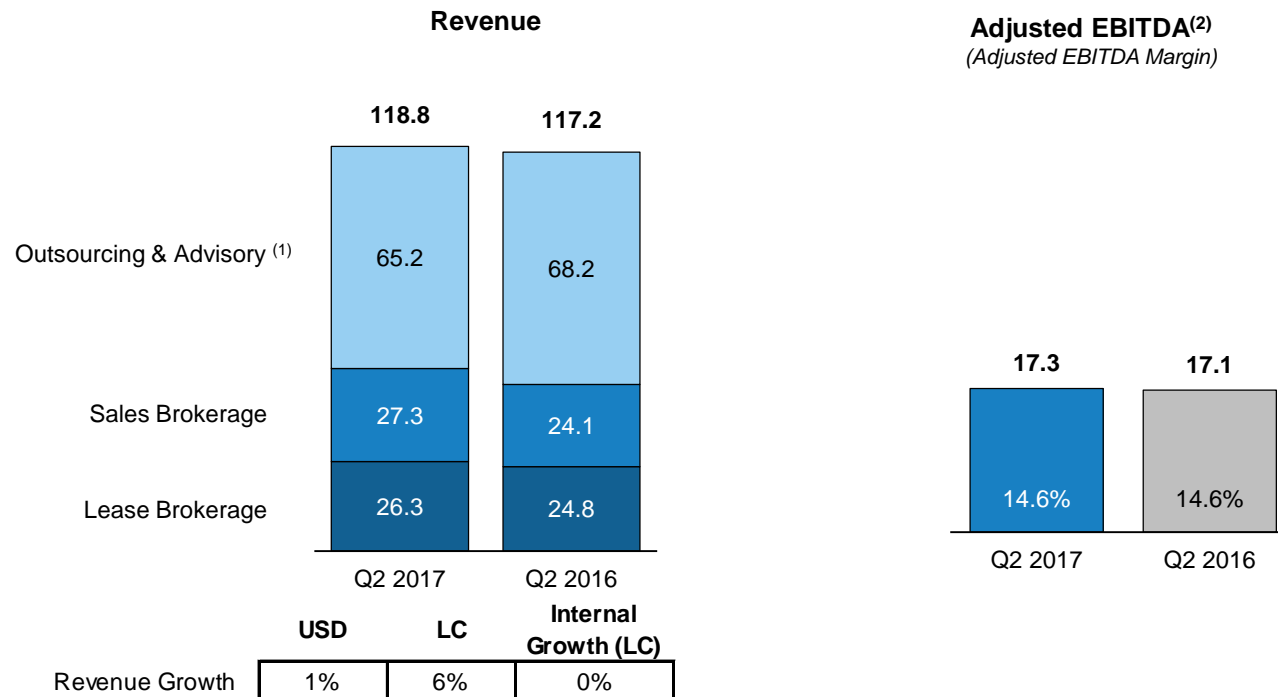
(1) Outsourcing & Advisory services include: Corporate Solutions, Valuation & Advisory Services, Property and Asset Management Services, Project Management, Workplace Solutions, Property Marketing and Research Services.  
 (2) GAAP Operating Earnings: Q2 2017 \$22.2M at 6.9% margin ; Q2 2016 \$22.6M at 8.6% margin



# EMEA

## (US\$ millions)

- 6% growth from recent acquisitions and flat internal revenues
- Internal revenues impacted by a decline in Outsourcing & Advisory activity, particularly in France with several large project management assignments in the prior year quarter involving the supply and installation of materials at lower margins than other service lines
- Foreign exchange headwinds of 5% negatively affected results on a US dollar basis, primarily UK pound sterling



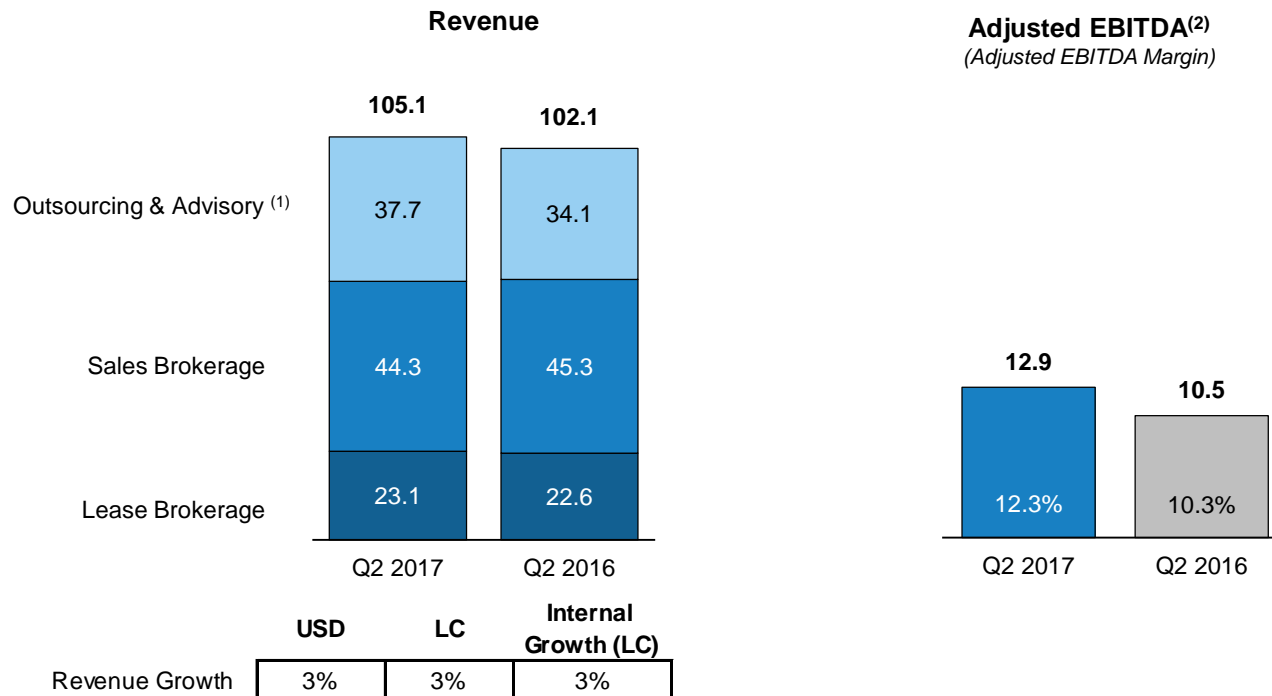
(1) Outsourcing & Advisory services include: Corporate Solutions, Valuation & Advisory Services, Property and Asset Management Services, Project Management, Workplace Solutions, Property Marketing and Research Services.

(2) GAAP Operating Earnings: Q2 2017 \$11.6M at 9.8% margin ; Q2 2016 \$11.7M at 10.0% margin

# Asia Pacific

## (US\$ millions)

- 3% revenue growth in local currencies, all from internal growth
- Internal growth was driven by strong Outsourcing & Advisory revenues offset by modest decline in Sales Brokerage due to several transactions in Australia in the prior year quarter
- Adjusted EBITDA reflects benefit of operating leverage in several Asian markets



(1) Outsourcing & Advisory services include: Corporate Solutions, Valuation & Advisory Services, Property and Asset Management Services, Project Management, Workplace Solutions, Property Marketing and Research Services.

(2) GAAP Operating Earnings: Q2 2017 \$11.4M at 10.8% margin ; Q2 2016 \$9.1M at 8.9% margin

# Capitalization & Capital Allocation Overview

## (US\$ millions)

	June 30, 2017	December 31, 2016	June 30, 2016
Cash	\$ 123.0	\$ 113.1	\$ 96.7
Total Debt	427.4	262.5	339.5
Net Debt	\$ 304.4	\$ 149.4	\$ 242.8
Redeemable non-controlling interests	137.9	134.8	140.6
Shareholders' equity	235.9	212.5	168.6
Total capitalization	\$ 678.2	\$ 496.7	\$ 552.0
Net debt / pro forma adjusted EBITDA	1.3	0.7	1.2

### Highlights

- Net debt / pro forma adjusted EBITDA leverage reflects seasonal working capital utilization as well as year to date acquisition spend
- Anticipated capital expenditures of \$40-45 million for full year 2017

#### 3 Months Ended

	June 30, 2017	June 30, 2016
Capital Expenditures	\$ 13.8	\$ 6.5
Acquisition Spend <sup>(1)</sup>	\$ 27.2	\$ 14.3

#### 6 Months Ended

	June 30, 2017	June 30, 2016
Capital Expenditures	\$ 20.5	\$ 10.7
Acquisition Spend <sup>(1)</sup>	\$ 84.9	\$ 50.7

# Looking Ahead

- 2017 Outlook
  - Revenue pipelines for second half of year reflect sustained activity across all service lines
  - Generally stable conditions in most markets, despite ongoing geopolitical uncertainty
  - Despite interest rate increases in select regions, rates remain low and unlikely to increase materially in the foreseeable future
  - Low double-digit percentage revenue growth in local currency, given acquisitions completed year to date, including low single-digit percentage internal revenue growth
  - Adjusted EBITDA margin consistent with 2016
  - Low double digit percentage adjusted EPS growth
  
- 2017 Focus
  - Continue integration of recently acquired businesses
  - Continue to pursue prudent acquisitions
  - Continue to strengthen operations with select recruits in key markets and in key specialties
  - Continue to strategically invest in global platform

# Appendix

# Reconciliation of GAAP earnings to adjusted EBITDA

<i>(US\$ thousands)</i>	Three months ended		Six months ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Net earnings	\$ 25,522	\$ 23,756	\$ 31,029	\$ 27,787
Income tax	12,584	12,861	16,242	15,931
Other income, net	(807)	(1,220)	(2,036)	(1,820)
Interest expense, net	3,279	2,227	6,221	4,591
Operating earnings	40,578	37,624	51,456	46,489
Depreciation and amortization	14,381	10,616	26,408	21,649
Acquisition-related items	3,310	973	7,519	2,045
Restructuring costs	308	2,776	1,040	2,776
Stock-based compensation expense	1,030	806	2,473	2,018
Adjusted EBITDA	\$ 59,607	\$ 52,795	\$ 88,896	\$ 74,977

# Reconciliation of GAAP earnings to adjusted net earnings and adjusted earnings per share

<i>(US\$ thousands)</i>	Three months ended		Six months ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Net earnings	\$ 25,522	\$ 23,756	\$ 31,029	\$ 27,787
Non-controlling interest share of earnings	(5,003)	(5,559)	(7,116)	(7,973)
Amortization of intangible assets	7,915	4,792	13,965	10,428
Acquisition-related items	3,310	973	7,519	2,045
Restructuring costs	308	2,776	1,040	2,776
Stock-based compensation expense	1,030	806	2,473	2,018
Income tax on adjustments	(2,456)	(2,548)	(4,466)	(4,239)
Non-controlling interest on adjustments	(885)	(432)	(1,729)	(934)
Adjusted net earnings	<b>\$ 29,741</b>	<b>\$ 24,564</b>	<b>\$ 42,715</b>	<b>\$ 31,908</b>

<i>(US\$)</i>	Three months ended		Six months ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Diluted net earnings per common share	\$ 0.28	\$ 0.55	\$ 0.28	\$ 0.37
Non-controlling interest redemption increment	0.25	(0.08)	0.33	0.14
Amortization of intangible assets, net of tax	0.13	0.08	0.22	0.17
Acquisition-related items	0.08	0.02	0.18	0.05
Restructuring costs	-	0.04	0.02	0.04
Stock-based compensation expense, net of tax	0.02	0.02	0.06	0.05
Adjusted earnings per share	<b>\$ 0.76</b>	<b>\$ 0.63</b>	<b>\$ 1.09</b>	<b>\$ 0.82</b>