

# Colliers International Group Inc.

Third Quarter 2016 Financial Results

October 28, 2016



# Forward-Looking Statements

Certain statements included herein constitute “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following: general economic and business conditions, which will, among other things, impact demand for the Company’s services, service industry conditions and capacity; the ability of the Company to implement its business strategy, including the Company’s ability to acquire suitable acquisition candidates on acceptable terms and successfully integrate newly acquired businesses with its existing businesses; changes in or the failure to comply with government regulations (especially safety and environmental laws and regulations); and other factors which are described in the Company’s filings with the Canadian securities regulators and the U.S. Securities and Exchange Commission.

## **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.

# Third Quarter 2016

- Operating results for third quarter
  - Very strong Q3 2015 results made for tough comparison
  - Challenging market conditions in the UK and Western Europe
  - Change in revenue mix impacted margins in Americas and EMEA
  - Strong internal growth in Asia Pacific region
  
- Completed three acquisitions during quarter
  - Michigan – Full service firm in Western Michigan
  - New York Tri-state Region – Long Island leasing and sales brokerage firm
  - France – Asset management and investment advisory services firm with €2 billion of assets under management
  
- Appointed Canada's Former Prime Minister Stephen Harper to the Board of Directors

# Third Quarter 2016 Results Summary

(US\$ millions, except per share amounts)

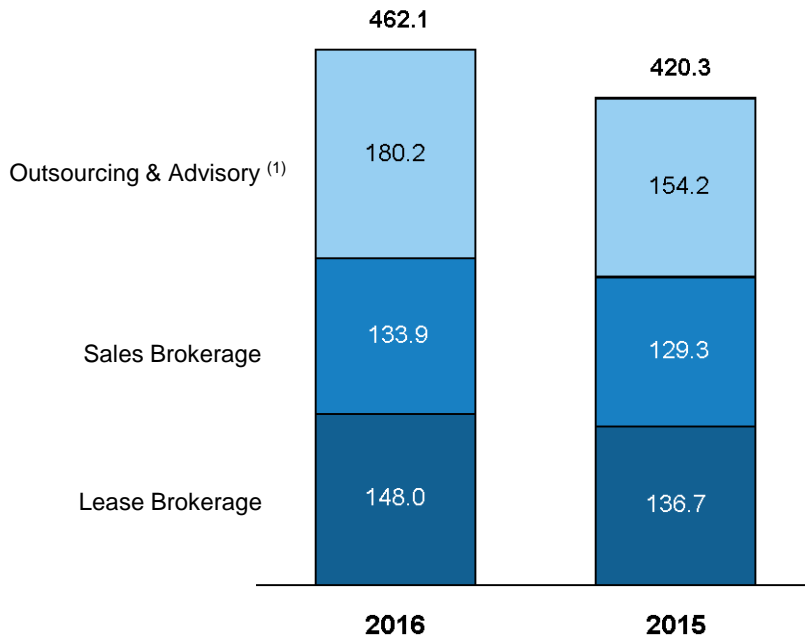
	Q3 2016	Q3 2015	% Change over Q3 2015	
			USD	LC
Revenue	462.1	420.3	10%	11%
Adjusted EBITDA	37.6	43.0	(13%)	(13%)
<i>Adjusted EBITDA Margin</i>	8.1%	10.2%		
Adjusted EPS	0.40	0.52	(23%)	
GAAP Operating Earnings	23.6	29.8	(21%)	
<i>GAAP Operating Earnings Margin</i>	5.1%	7.1%		
GAAP EPS from continuing operations	0.24	0.20	20%	

	YTD 2016	YTD 2015	% Change over YTD 2015	
			USD	LC
Revenue	1,320.7	1,165.9	13%	16%
Adjusted EBITDA	112.6	102.2	10%	13%
<i>Adjusted EBITDA Margin</i>	8.5%	8.8%		
Adjusted EPS	1.22	1.21	1%	
GAAP Operating Earnings	70.1	15.4	NM	
<i>GAAP Operating Earnings Margin</i>	5.3%	1.3%		
GAAP EPS from continuing operations	0.61	(0.37)	NM	

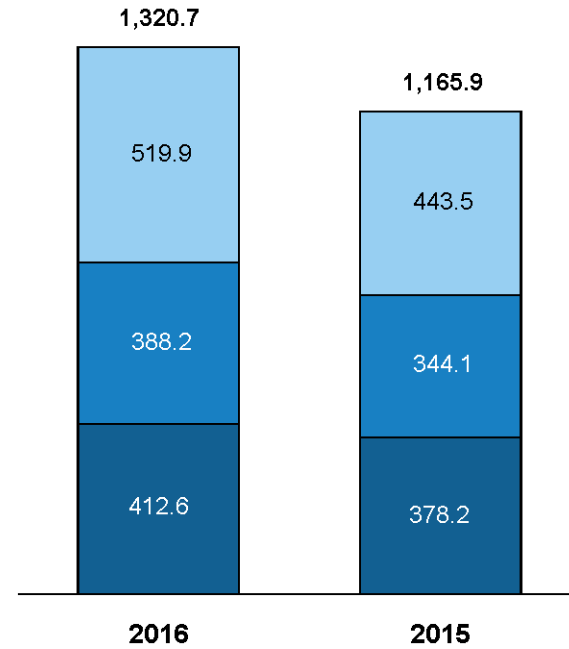
# Third Quarter 2016 Consolidated Revenues

(US\$ millions)

Q3 Revenue



YTD Revenue

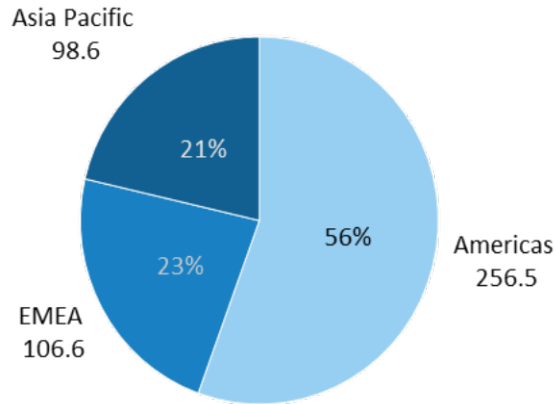


% Change over Q3 2015	USD	LC
Outsourcing & Advisory	17%	18%
Sales Brokerage	4%	3%
Lease Brokerage	8%	9%
<b>Total</b>	<b>10%</b>	<b>11%</b>

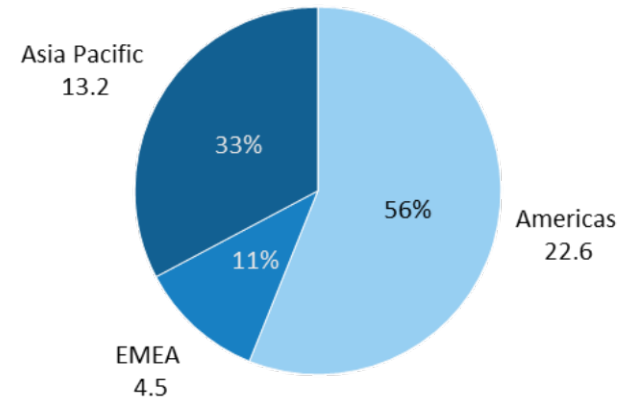
% Change over YTD 2015	USD	LC
Outsourcing & Advisory	17%	20%
Sales Brokerage	13%	15%
Lease Brokerage	9%	11%
<b>Total</b>	<b>13%</b>	<b>16%</b>

# Third Quarter Geographic Split (US\$ millions)

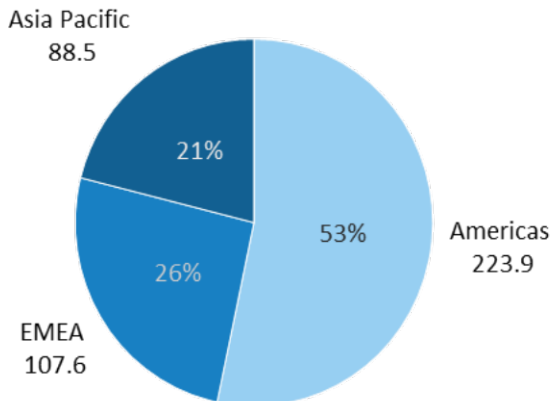
**Q3 2016 Revenue**



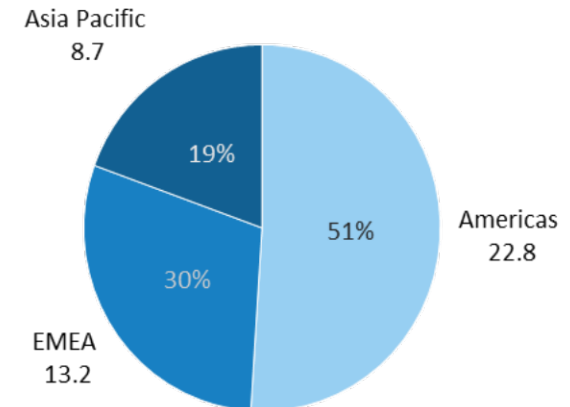
**Q3 2016 Adjusted EBITDA<sup>(1)</sup>**



**Q3 2015 Revenue**



**Q3 2015 Adjusted EBITDA<sup>(2)</sup>**



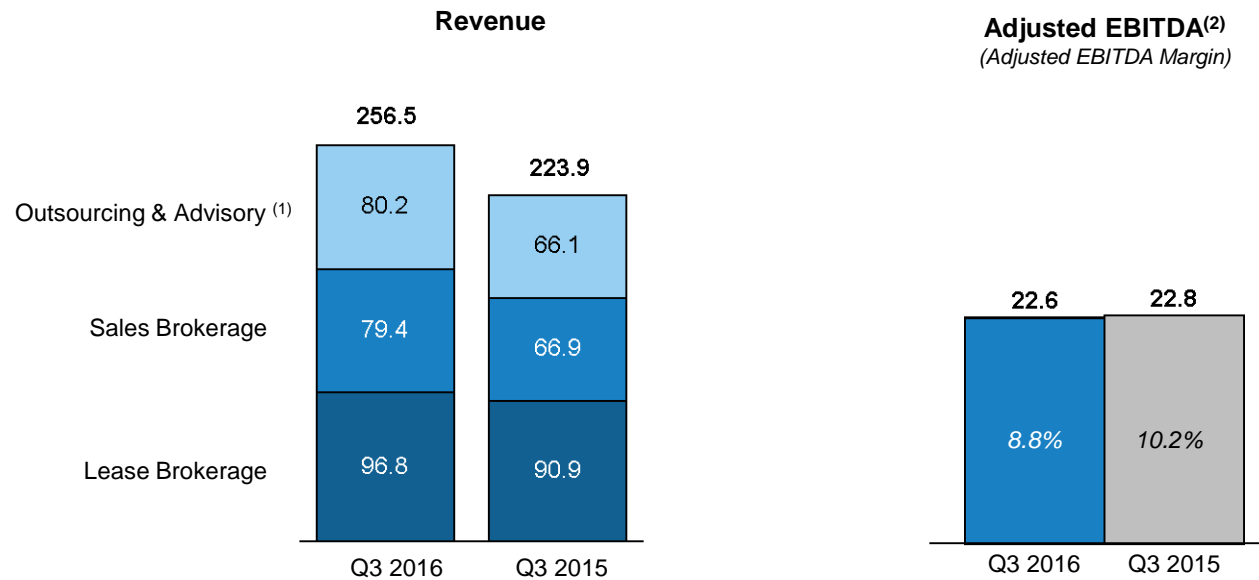
(1) Q3 2016 GAAP Operating Earnings: \$22.6M Americas, \$4.5M EMEA, \$13.1M Asia Pacific

(2) Q3 2015 GAAP Operating Earnings: \$17.9M Americas, \$8.5M EMEA, \$6.8M Asia Pacific

# Americas

## (US\$ millions)

- Internal revenue flat relative to strong results in prior year quarter
- Adjusted EBITDA margin impacted by a reduction in broker productivity resulting from smaller average brokerage transaction sizes, as well as a greater proportion of more stable Outsourcing & Advisory revenues which generate lower margins.



	USD	LC	Internal Growth (LC)
Revenue Growth	15%	15%	0%

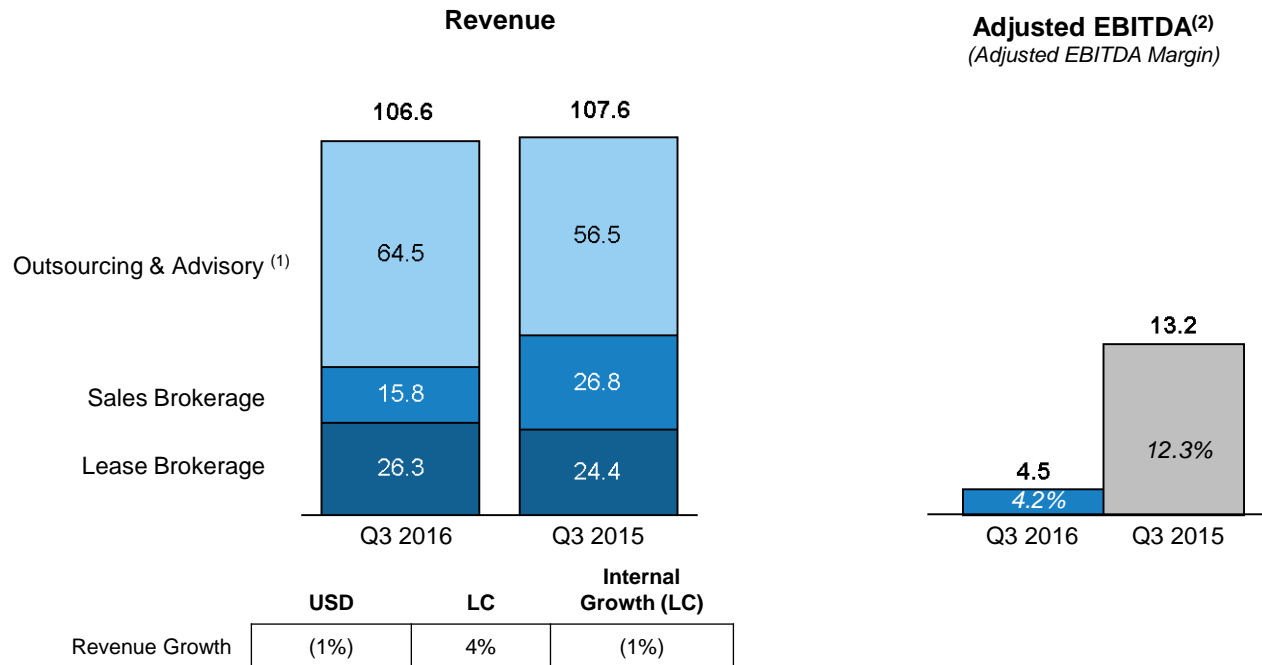
(1) Outsourcing & Advisory services include: Corporate Solutions, Valuation & Advisory Services, Property and Asset Management Services, Project Management, Workplace Solutions, Property Marketing and Research Services.

(2) GAAP Operating Earnings: Q3 2016 \$16.3M at 6.4% margin ; Q3 2015 \$17.9M at 8.0% margin

# EMEA

(US\$ millions)

- 1% internal revenue decline in local currencies
- Internal revenues were impacted by a decline in Sales Brokerage, reflecting both the strong comparative quarter in 2015 and the effect of the June 2016 “Brexit” referendum, largely offset by a 15% increase in Outsourcing and Advisory revenues
- Adjusted EBITDA was down from prior year quarter, impacted primarily by a change in 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.

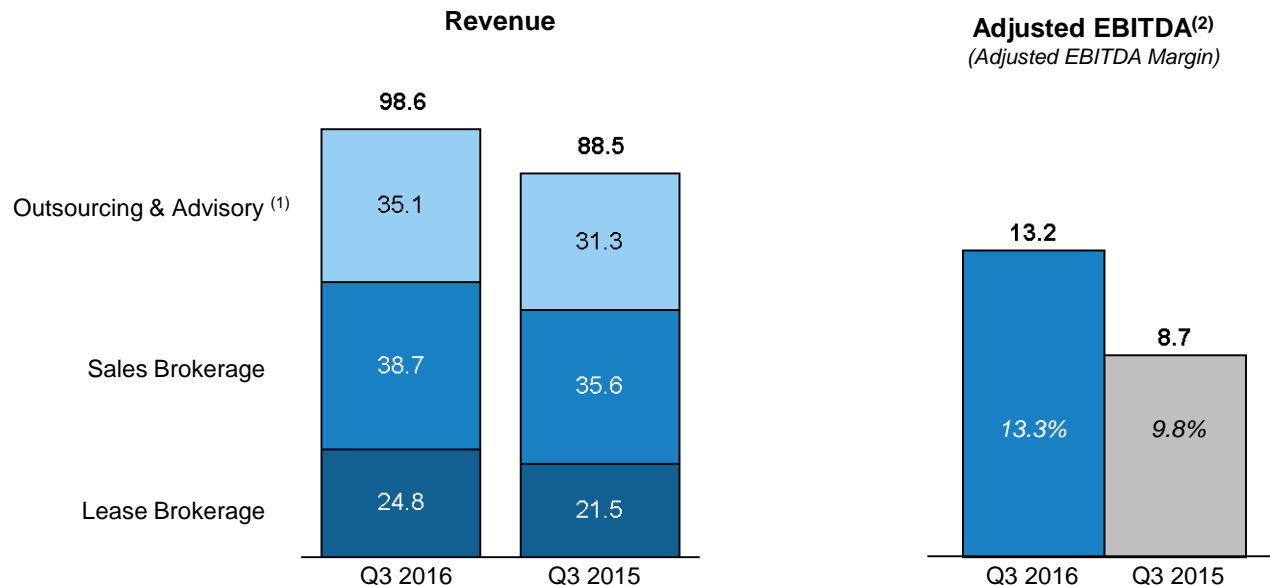
(2) GAAP Operating Earnings (Loss): Q3 2016 (\$0.4M) at -0.3% margin ; Q3 2015 \$8.5M at 7.9% margin



# Asia Pacific

## (US\$ millions)

- 9% revenue growth in local currencies, entirely from internal growth
- All three service lines contributed to growth
- Prior year quarter results impacted by recruiting costs and transaction costs for an acquisition that was ultimately not completed



	USD	LC	Internal Growth (LC)
Revenue Growth	11%	9%	9%

(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: Q3 2016 \$11.6M at 11.8% margin ; Q3 2015 \$6.8M at 7.7% margin

# Capitalization & Capital Allocation Overview

## (US\$ millions)

	September 30, 2016	December 31, 2015
Cash	\$ 108.9	\$ 116.2
Total Debt	335.8	260.9
Net Debt	\$ 226.9	\$ 144.8
Redeemable non-controlling interests	132.7	139.6
Shareholders' equity	184.9	149.5
Total capitalization	\$ 544.5	\$ 433.9
Net debt / pro forma adjusted EBITDA	1.1	0.8

	3 Months Ended	
	September 30, 2016	September 30, 2015
Capital Expenditures	\$ 5.6	\$ 4.5
Acquisition Spend <sup>(1)</sup>	\$ 36.3	\$ 16.3

	9 Months Ended	
	September 30, 2016	September 30, 2015
Capital Expenditures	\$ 16.2	\$ 15.8
Acquisition Spend <sup>(1)</sup>	\$ 87.0	\$ 39.6

### Highlights

- \$525 million multi-currency credit facility put in place on June 1, 2015 with 5 year term
- Net debt leverage of 1.1 at September 30, 2016, down from 1.3 at September 30, 2015
- Anticipated capital expenditures of \$29-32 million for full year 2016

# Looking Ahead

- Q4 Outlook
  - Revenue pipelines strong, but some uncertainty around completion and timing
  - Expect both revenues and profits to exceed the record results achieved in Q4 2015
  
- Q4 Focus
  - Continue to pursue select recruits in key markets
  - Continue to strategically invest in global platform
  - Continue to closely monitor activity levels in the UK

# Appendix

# Reconciliation of GAAP earnings to adjusted EBITDA

<i>(US\$ thousands)</i>	Three months ended		Nine months ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Net earnings (loss) from continuing operations	\$ 13,461	\$ 18,414	\$ 41,250	\$ (2,904)
Income tax	8,207	9,226	24,138	12,076
Other income, net	(362)	(461)	(2,183)	(287)
Interest expense, net	2,321	2,631	6,913	6,522
Operating earnings (loss)	23,627	29,810	70,118	15,407
Depreciation and amortization	11,390	9,794	33,038	28,068
Acquisition-related items	352	1,655	2,397	3,696
Spin-off stock-based compensation costs	-	-	-	35,400
Spin-off transaction costs	-	1,013	-	14,147
Corporate costs allocated to spin-off	-	-	-	2,010
Restructuring costs	1,804	-	4,580	-
Stock-based compensation expense	471	771	2,489	3,463
Adjusted EBITDA	\$ 37,645	\$ 43,043	\$ 112,622	\$ 102,191

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

<i>(US\$ thousands)</i>	Three months ended		Nine months ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Net earnings (loss) from continuing operations	\$ 13,461	\$ 18,414	\$ 41,250	\$ (2,903)
Non-controlling interest share of earnings	(3,286)	(4,566)	(11,259)	(13,386)
Amortization of intangible assets	5,192	4,311	15,619	11,943
Acquisition-related items	352	1,655	2,397	3,696
Spin-off stock-based compensation costs	-	-	-	35,400
Spin-off transaction costs	-	1,013	-	14,147
Corporate costs allocated to spin-off	-	-	-	2,048
Restructuring costs	1,804	-	4,580	-
Stock-based compensation expense	471	771	2,489	3,463
Income tax on adjustments	(2,117)	(1,597)	(6,356)	(9,067)
Non-controlling interest on adjustments	(399)	-	(1,332)	(163)
<b>Adjusted net earnings</b>	<b>\$ 15,478</b>	<b>\$ 20,001</b>	<b>\$ 47,388</b>	<b>\$ 45,178</b>

<i>(US\$)</i>	Three months ended		Nine months ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Diluted net earnings (loss) per share from continuing operations	\$ 0.24	\$ 0.20	\$ 0.61	\$ (0.37)
Non-controlling interest redemption increment	0.02	0.16	0.16	(0.08)
Amortization of intangible assets, net of tax	0.09	0.08	0.25	0.22
Acquisition-related items	0.01	0.04	0.06	0.10
Spin-off stock-based compensation costs	-	-	-	0.95
Spin-off transaction costs, net of tax	-	0.02	-	0.27
Corporate costs allocated to spin-off, net of tax	-	-	-	0.04
Restructuring costs, net of tax	0.03	-	0.08	-
Stock-based compensation expense, net of tax	0.01	0.02	0.06	0.08
<b>Adjusted earnings per share</b>	<b>\$ 0.40</b>	<b>\$ 0.52</b>	<b>\$ 1.22</b>	<b>\$ 1.21</b>