Altus Group Reports First Quarter 2017 Financial Results

Altus Analytics Delivered 43.8% Adjusted EBITDA Growth and 32.3% Margins

TORONTO (May 4, 2017) - Altus Group Limited ("Altus Group" or "the Company") (TSX: AIF), a leading provider of independent advisory services, software and data solutions to the global commercial real estate industry, announced today its financial and operating results for the first quarter ended March 31, 2017.

Q1 2017 Summary:

- Consolidated revenues increased 2.4% to $109.2 million
- Consolidated adjusted EBITDA increased 7.2% to $13.3 million
- Altus Analytics revenues increased 6.8% to $39.2 million, and adjusted EBITDA increased 43.8% to $12.7 million
- Commercial Real Estate ("CRE") Consulting revenues were down modestly by 1.2% to $57.7 million and adjusted EBITDA was down 31.8% to $7.1 million reflecting quarterly variability associated with Property Tax
- Geomatics returned to profitability posting $1.2 million in adjusted EBITDA while revenues increased by 6.5% to $12.6 million
- Consolidated profit, in accordance with IFRS, improved from a loss to $0.5 million
- Adjusted earnings per share ("adjusted EPS") increased 15.8% to $0.22

"Continued growth at Altus Analytics, improved performance at Geomatics, and strong performance from our Valuation and Cost Advisory business contributed to the robust results achieved in the first quarter," said Robert Courteau, Chief Executive Officer at Altus Group. "Underpinning the strong customer demand for our analytics solutions and expert services, our diversified business model continues to deliver consistent improvement in our consolidated financial performance."

Summary of Operating and Financial Performance by Business Segment:

All amounts are in Canadian dollars and percentages are in comparison to the first quarter of 2016.

Altus Analytics					**Quarter ended March 31,**
In thousands of dollars		**2017**		2016	% Change
Revenues					
Recurring - Data & Software Subscriptions, Maintenance	$	29,174	$	27,665	5.5%
Non-recurring - Licenses and Services		10,010		9,019	11.0%
Revenues	$	39,184	$	36,684	6.8%
Adjusted EBITDA	$	12,665	$	8,807	43.8%
Adjusted EBITDA Margin		32.3%		24.0%	

Commercial Real Estate Consulting					Quarter ended March 31,
In thousands of dollars		**2017**		2016	% Change
Revenues					
Property Tax	$	33,212	$	35,746	(7.1%)
Valuation and Cost Advisory		24,514		22,683	8.1%
Revenues	$	57,726	$	58,429	(1.2%)
Adjusted EBITDA					
Property Tax	$	4,221	$	7,941	(46.8%)
Valuation and Cost Advisory		2,889		2,486	16.2%
Adjusted EBITDA	$	7,110	$	10,427	(31.8%)
Adjusted EBITDA Margin		12.3%		17.8%	

Geomatics					Quarter ended March 31,
In thousands of dollars		**2017**		2016	% Change
Revenues	$	12,592	$	11,827	6.5%
Adjusted EBITDA	$	1,246	$	(644)	293.5%
Adjusted EBITDA Margin		9.9%		(5.4%)	

Consolidated					Quarter ended March 31,
In thousands of dollars		**2017**		2016	% Change
Revenues	$	109,207	$	106,688	2.4%
Adjusted EBITDA	$	13,283	$	12,393	7.2%
Adjusted EBITDA Margin		12.2%		11.6%	

On a consolidated basis, first quarter revenues grew 2.4% year-over-year to $109.2 million while adjusted EBITDA increased by 7.2% to $13.3 million. Exchange rate movements against the Canadian dollar, namely the U.S. and U.K. currencies, impacted consolidated revenues by (2.7%) and adjusted EBITDA by (0.9%). Acquisitions contributed 1.0% to revenues.

Consolidated profit, in accordance with IFRS, was $0.5 million or $0.01 per share basic and diluted, compared to ($2.2) million and ($0.06) per share basic and diluted during the same period in 2016.

Adjusted EPS was $0.22 in the first quarter, up 15.8% compared to $0.19 in the first quarter of 2016.

Altus Analytics continued to deliver robust growth despite encountering some currency headwinds, with revenues increasing 6.8% to $39.2 million. Excluding the impact from currency, revenues grew by 10.9%. Recurring revenues increased by 5.5% to $29.2 million driven by increased ARGUS Enterprise and ARGUS On Demand subscriptions, increased software maintenance, and growth in appraisal management. Non-recurring revenues grew by 11.0% to $10.0 million, driven primarily by increased services revenues. Excluding the impact from currency, recurring revenue growth was 9.6% and non-recurring revenue growth was 15.1%. Adjusted EBITDA increased by 43.8% to $12.7 million, reflecting the higher revenues, the benefits of the restructuring activities undertaken in 2016, and a one-time benefit of an approximate $0.4 million media tax credit received for the Canadian market data solutions. Changes in the exchange rate against the Canadian dollar impacted revenues by (4.1%) and adjusted EBITDA by (0.7%).

CRE Consulting revenues were down modestly by 1.2% to $57.7 million and adjusted EBITDA was down 31.8% to $7.1 million. Following an exceptionally strong first quarter last year, Property Tax revenues declined 7.1% to $33.2 million. Several factors impacted performance, including the typical cyclical variability associated with the commencement of two new assessment cycles, in Ontario and the U.K. During the early stages of new cycles, resources are mainly focused on reviewing assessed property values and filing appeals. Settlements of the appeals with the taxing authorities occur in subsequent periods. Additionally, the Company had lower contingency revenues in the U.S. compared to the first quarter in 2016, and the 2017 revenues from the U.K. operations were adversely impacted by the decline in value of the pound sterling. Excluding the impact from the currency, Property Tax revenues were down moderately by 3.2%. Valuation and Cost Advisory revenues increased by 8.1% to $24.5 million driven by double-digit growth at Cost. Adjusted EBITDA decreased 31.8% to $7.1 million, primarily due to lower revenues at Property Tax and increased operating costs related to appeal fees in Ontario that were paid on behalf of clients, but which are expected to be recovered in future quarters. Changes in the exchange rate against the Canadian dollar affected CRE Consulting revenues by (2.3%) and adjusted EBITDA by (0.5%).

Geomatics' performance continued to be impacted by challenging market conditions in the oil and gas sector, although early indicators of increasing activity levels, combined with the cost cutting initiatives undertaken in 2016, yielded improved performance. Revenues improved by 6.5% to $12.6 million, and adjusted EBITDA improved by 293.5% to $1.2 million, resulting in healthier adjusted EBITDA margins of 9.9%.

Corporate costs were $7.7 million, compared to $6.2 million in the same period in 2016. The increase in corporate costs was mainly due to higher variable compensation and certain growth investments in people and systems to modernize corporate functions.

At the end of the first quarter, Altus Group's balance sheet remained strong, giving the Company the financial flexibility to pursue its growth strategy. The Company's bank debt was $138.7 million, representing a funded debt to EBITDA leverage ratio of 1.76 times, compared to 1.53 times at December 31, 2016. Also, the Company's cash and cash equivalents stood at $38.9 million at the end of the first quarter.

Q1 2017 Results Conference Call & Webcast

Date:	Thursday, May 4, 2017
Time:	5:00 p.m. (ET)
Webcast:	altusgroup.com (under the Investors tab)
Live Call:	1- 866-223-7781 (toll-free) or 416-340-2216 (Toronto area)
Replay:	A replay of the call will be available via the webcast at altusgroup.com

About Altus Group Limited

Altus Group Limited is a leading provider of independent advisory services, software and data solutions to the global commercial real estate industry. Our businesses, Altus Analytics and Altus Expert Services, reflect decades of experience, a range of expertise, and technology-enabled capabilities. Our solutions empower clients to analyze, gain insight and recognize value on their real estate investments. Headquartered in Canada, we have approximately 2,300 employees around the world, with operations in North America, Europe and Asia Pacific. Our clients include some of the world's largest real estate industry participants across a variety of sectors. Altus Group pays a quarterly dividend of $0.15 per share and our shares are traded on the TSX under the symbol AIF.

For more information on Altus Group, please visit: www.altusgroup.com.

Non-IFRS Measures

Altus Group uses certain non-IFRS measures as indicators of financial performance. Readers are cautioned that they are not defined performance measures under IFRS and may differ from similar computations as reported by other similar entities and, accordingly, may not be comparable to financial measures as reported by those entities. We believe that these measures are useful supplemental measures that may assist investors in assessing an investment in our shares and provide more insight into our performance.

Adjusted Earnings before Interest, Taxes, Depreciation and Amortization, ("Adjusted EBITDA"), represents operating profit (loss) adjusted for the effects of amortization of intangibles, depreciation of property, plant and equipment, acquisition related expenses (income), restructuring costs, share of profit (loss) of associates, unrealized foreign exchange gains (losses), gains (losses) on disposal of property, plant and equipment, gains (losses) on sale or deemed disposition of certain assets, impairment charges, non-cash Executive Compensation Plan costs, gains (losses) on hedging transactions, gains (losses) on equity derivatives net of mark-to-market adjustments on related restricted share units ("RSUs") and deferred share units ("DSUs") being hedged and other costs or income of a non-operating and/or non-recurring nature. Adjusted EBITDA margin is Adjusted EBITDA divided by revenues.

Adjusted Earnings (Loss) per Share, ("Adjusted EPS"), represents basic earnings per share adjusted for the effects of amortization of intangibles acquired as part of business acquisitions, non-cash finance costs (income) related to the revaluation of amounts payable to U.K. unitholders, net of changes in fair value of related equity derivatives, distributions related to amounts payable to U.K. unitholders, acquisition related expenses (income), restructuring costs, share of profit (loss) of associates, unrealized foreign exchange gains (losses), gains (losses) on disposal of property, plant and equipment, gains (losses) on sale or deemed disposition of certain assets, interest accretion on contingent consideration payables, impairment charges, non-cash Executive Compensation Plan costs, gains (losses) on hedging transactions, gains (losses) on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs being hedged and other costs or income of a non-operating and/or non-recurring nature. All of the adjustments are made net of tax.

Forward-Looking Information

Certain information in this press release may constitute "forward-looking information" within the meaning of applicable securities legislation. All information contained in this press release, other than statements of current and historical fact, is forward-looking information. Forward-looking information includes, but is not limited to, the discussion of our business and operating initiatives, focuses and strategies, our expectations of future performance for our various business units and our consolidated financial results, and our expectations with respect to cash flows and liquidity. Generally, forward-looking information can be identified by use of words such as "may", "will", "expect", "believe", "plan", "would", "could" and other similar terminology. All of the forward-looking information in this press release is qualified by this cautionary statement.

Forward-looking information is not, and cannot be, a guarantee of future results or events. Forward-looking information is based on, among other things, opinions, assumptions, estimates and analyses that, while considered reasonable by us at the date the forward-looking information is provided, inherently are subject to significant risks, uncertainties, contingencies and other factors that may cause actual *results, performance or achievements, industry results or events to be materially different from those expressed or implied by the forward-looking information. The material factors or assumptions that we identified and were applied by us in drawing conclusions or making forecasts or projections set out in the forward-looking information include, but are not limited to: the successful execution of our business strategies; consistent and stable economic conditions or conditions in the financial markets; consistent and stable legislation in the various countries in which we operate; no disruptive changes in the technology environment; the opportunity to acquire accretive businesses; the successful integration of acquired businesses; and the continued availability of qualified professionals.*

Inherent in the forward-looking information are known and unknown risks, uncertainties and other factors that could cause our actual results, performance or achievements, or industry results, to differ materially from any results, performance or achievements expressed or implied by such forward-looking information. Those risks, uncertainties and other factors that could cause actual results to differ materially from the forward-looking information include, but are not limited to: general state of the economy; currency risk; oil and gas sector; ability to maintain profitability and manage growth; commercial real estate market; competition in the industry; ability to attract and retain professionals; information from multiple sources; reliance on larger enterprise transactions with longer and less predictable sales cycles; success of new product introductions; ability to respond to technological change and develop products on a timely basis; protection of intellectual property or defending against claims of intellectual property rights of others; ability to implement technology strategy and ensure workforce adoption; information technology governance and security, including cyber security; acquisitions; fixed-price and contingency engagements; appraisal and appraisal management mandates; Canadian multi-residential market; weather; legislative and regulatory changes; customer concentration and loss of material clients; interest rate risk; credit risk; income tax matters; revenue and cash flow volatility; health and safety hazards; performance of contractual obligations and client satisfaction; risk of legal proceedings; insurance limits; ability to meet solvency requirements to pay dividends; leverage and restrictive covenants; unpredictability and volatility of common share price; capital investment; and issuance of additional common shares diluting existing shareholders' interests, as well as those described in Altus Group's publicly filed documents, including the MD&A for the year ended December 31, 2016 (which are available on SEDAR at www.sedar.com).

Given these risks, uncertainties and other factors, investors should not place undue reliance on forward-looking information as a prediction of actual results. The forward-looking information reflects management's current expectations and beliefs regarding future events and operating performance and is based on information currently available to management. Although we have attempted to identify important factors that could cause actual results to differ materially from the forward-looking information contained herein, there are other factors that could cause results not to be as anticipated, estimated or intended. The forward-looking information contained herein is current as of the date of this press release and, except as required under applicable law, we do not undertake to update or revise it to reflect new events or circumstances. Additionally, we undertake no obligation to comment on analyses, expectations or statements made by third parties in respect of Altus Group, our financial or operating results, or our securities.

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Interim Condensed Consolidated Statements of Comprehensive Income (Loss)
For the Three Months Ended March 31, 2017 and 2016
(Unaudited)
(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

	Three months ended March 31	
	2017	2016
Revenues	**$ 109,207**	$ 106,688
Expenses		
Employee compensation	**71,362**	70,913
Occupancy	**5,017**	5,216
Office and other operating	**20,919**	20,257
Amortization of intangibles	**6,594**	7,145
Depreciation of property, plant and equipment	**1,584**	1,767
Acquisition related expenses (income)	**294**	161
Share of (profit) loss of associates	**1,132**	1,112
Restructuring costs	**995**	1,710
(Gain) loss on sale or deemed disposition of certain assets	**492**	-
Operating profit (loss)	**818**	(1,593)
Finance costs (income), net	**1,248**	1,725
Profit (loss) before income taxes	**(430)**	(3,318)
Income tax expense (recovery)	**(923)**	(1,106)
Profit (loss) for the period attributable to equity holders	**$ 493**	$ (2,212)
Other comprehensive income (loss):		
Items that may be reclassified to profit or loss in subsequent periods:		
Currency translation differences	**(1,710)**	(15,690)
Share of other comprehensive income (loss) of associates	**(83)**	(709)
Other comprehensive income (loss), net of tax	**(1,793)**	(16,399)
Total comprehensive income (loss) for the period, net of tax, attributable to equity holders	**$ (1,300)**	$ (18,611)

Earnings (loss) per share attributable to the equity holders of the Company during the period		
Basic earnings (loss) per share	**$0.01**	$(0.06)
Diluted earnings (loss) per share	**$0.01**	$(0.06)

Interim Condensed Consolidated Balance Sheets
As at March 31, 2017 and December 31, 2016
(Unaudited)
(Expressed in Thousands of Canadian Dollars)

	March 31, 2017	December 31, 2016
Assets		
Current assets		
Cash and cash equivalents	$ 38,920	$ 43,673
Trade receivables and other	130,602	137,398
Income taxes recoverable	6,636	4,530
Derivative financial instruments	-	622
	176,158	186,223
Non-current assets		
Trade receivables and other	4,715	613
Derivative financial instruments	3,394	3,414
Investment in associates	21,471	23,190
Deferred income taxes	21,030	21,962
Property, plant and equipment	25,374	26,647
Intangibles	116,710	108,205
Goodwill	228,085	220,597
	420,779	404,628
Total Assets	$ 596,937	$ 590,851
Liabilities		
Current liabilities		
Trade payables and other	$ 77,375	$ 91,573
Income taxes payable	4,295	5,099
Borrowings	10,990	7,000
Amounts payable to unitholders	-	851
	92,660	104,523
Non-current liabilities		
Trade payables and other	19,510	18,924
Borrowings	133,835	116,935
Derivative financial instruments	511	501
Deferred income taxes	12,749	9,375
	166,605	145,735
Total Liabilities	259,265	250,258
Shareholders' Equity		
Share capital	469,264	460,003
Equity component of convertible debentures	203	231
Contributed surplus	13,341	18,476
Accumulated other comprehensive income (loss)	44,988	46,781
Deficit	(190,124)	(184,898)
Total Shareholders' Equity	337,672	340,593
Total Liabilities and Shareholders' Equity	$ 596,937	$ 590,851

Interim Condensed Consolidated Statements of Cash Flows
For the Three Months Ended March 31, 2017 and 2016
(Unaudited)
(Expressed in Thousands of Canadian Dollars)

		Three months ended March 31		
		2017		2016
Cash flows from operating activities				
Profit (loss) before income taxes	$	**(430)**	$	(3,318)
Adjustments for:				
Amortization of intangibles		**6,594**		7,145
Depreciation of property, plant and equipment		**1,584**		1,767
Amortization of lease inducements		**(209)**		36
Amortization of capitalized software development costs		**127**		137
Finance costs (income), net		**1,248**		1,725
Share-based compensation		**1,886**		1,824
Unrealized foreign exchange (gain) loss		**(229)**		1,243
(Gain) loss on sale or deemed disposition of certain assets		**492**		-
(Gain) loss on disposal of property, plant and equipment		**319**		48
(Gain) loss on equity derivatives		**642**		(355)
Share of (profit) loss of associates		**1,132**		1,112
Net changes in operating working capital		**(11,810)**		3,113
Net cash generated by (used in) operations		**1,346**		14,477
Less: interest paid		**(931)**		(951)
Less: income taxes paid		**(1,903)**		(1,392)
Add: income taxes received		**191**		180
Net cash provided by (used in) operating activities		**(1,297)**		12,314
Cash flows from financing activities				
Proceeds from exercise of options		**1,183**		295
Redemption of Altus UK LLP Class D units		**(883)**		-
Financing fees paid		**-**		(55)
Proceeds from borrowings		**21,726**		-
Repayment of borrowings		**(244)**		(2,678)
Dividends paid		**(5,495)**		(4,630)
Treasury shares purchased under the Restricted Share Plan		**(3,540)**		-
Interest paid to Altus UK LLP Class B and D unitholders		**-**		(32)
Net cash provided by (used in) financing activities		**12,747**		(7,100)
Cash flows from investing activities				
Purchase of intangibles		**(208)**		(308)
Purchase of property, plant and equipment		**(622)**		(557)
Proceeds from disposal of property, plant and equipment		**29**		50
Acquisitions, net of cash acquired		**(15,273)**		-
Net cash provided by (used in) investing activities		**(16,074)**		(815)
Effect of foreign currency translation		**(129)**		(1,009)
Net increase (decrease) in cash and cash equivalents		**(4,753)**		3,390
Cash and cash equivalents				
Beginning of period		**43,673**		19,604
End of period	$	**38,920**	$	22,994