



## Investor Presentation

# Sidoti Fall 2020 Investor Conference

September 24, 2020



## NON-GAAP MEASURES

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Management believes that the non-GAAP (Generally Accepted Accounting Principles) information excluding the 2020 and 2019 gains on the investment in Persol Holdings, the 2020 and 2019 restructuring accrual adjustments, and the 2019 gain on sale of assets are useful to understand the Company's fiscal 2020 financial performance and increases comparability. Specifically, Management believes that removing the impact of these items allows for a meaningful comparison of current period operating performance with the operating results of prior periods. Additionally, the Company does not acquire businesses on a predictable cycle and the terms of each acquisition are unique and may vary significantly. Management also believes that such measures are used by those analyzing performance of companies in the staffing industry to compare current performance to prior periods and to assess future performance. These non-GAAP measures may have limitations as analytical tools because they exclude items which can have a material impact on cash flow and earnings per share. As a result, Management considers these measures, along with reported results, when it reviews and evaluates the Company's financial performance. Management believes that these measures provide greater transparency to investors and provide insight into how Management is evaluating the Company's financial performance. Non-GAAP measures should not be considered a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP.




# SAFE HARBOR STATEMENT

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This release contains statements that are forward-looking in nature and, accordingly, are subject to risks and uncertainties. These factors include, but are not limited to, the recent novel coronavirus (COVID-19) outbreak, competitive market pressures including pricing and technology introductions and disruptions, changing market and economic conditions, our ability to achieve our business strategy, the risk of damage to our brand, the risk our intellectual property assets could be infringed upon or compromised, our ability to successfully develop new service offerings, our exposure to risks associated with services outside traditional staffing, including business process outsourcing and services connecting talent to independent work, our increasing dependency on third parties for the execution of critical functions, the risks associated with past and future acquisitions, exposure to risks associated with investments in equity affiliates including PersolKelly Pte. Ltd., material changes in demand from or loss of large corporate customers as well as changes in their buying practices, risks particular to doing business with government or government contractors, risks associated with conducting business in foreign countries, including foreign currency fluctuations, the exposure to potential market and currency exchange risks relating to our investment in Persol Holdings, risks associated with violations of anti-corruption, trade protection and other laws and regulations, availability of qualified full-time employees, availability of temporary workers with appropriate skills required by customers, liabilities for employment-related claims and losses, including class action lawsuits and collective actions, risks arising from failure to preserve the privacy of information entrusted to us or to meet our obligations under global privacy laws, the risk of cyberattacks or other breaches of network or information technology security, our ability to sustain critical business applications through our key data centers, our ability to effectively implement and manage our information technology projects, our ability to maintain adequate financial and management processes and controls, risk of potential impairment charges triggered by adverse industry developments or operational circumstances, unexpected changes in claim trends on workers' compensation, unemployment, disability and medical benefit plans, the impact of changes in laws and regulations (including federal, state and international tax laws), competition law risks, the risk of additional tax or unclaimed property liabilities in excess of our estimates, our ability to realize value from our tax credit and net operating loss carryforwards, our ability to maintain specified financial covenants in our bank facilities to continue to access credit markets, and other risks, uncertainties and factors discussed in this release and in the Company's filings with the Securities and Exchange Commission. Actual results may differ materially from any forward-looking statements contained herein, and we have no intention to update these statements.

# COVID-19 guiding principles



1

Prioritize the health and safety of our employees

2

Protect Kelly's financial position

3

Protect the employment of as many employees as possible

4

Meet the rapidly changing needs of talent and clients



# Understanding the world of work



# OUR MARKET

Kelly's addressable staffing and outsourcing market generates over \$650 billion\* of revenue worldwide.

|                                      |                                     |   |
|--------------------------------------|-------------------------------------|---|
| Science, Engineering<br>& Technology | US STAFFING<br>MARKET SIZE<br>\$43b | US OUTSOURCING<br>MARKET SIZE<br>\$23b  |
| Professional<br>& Industrial         | US STAFFING<br>MARKET SIZE<br>\$52b | US OUTSOURCING<br>MARKET SIZE<br>\$51b  |
| Education                            | US K-12<br>MARKET SIZE<br>\$6.1b    | U.S. Education Adjacencies (Early Childhood Ed.,<br>Higher Ed., Speech Therapy/Paraprofessionals)<br>MARKET SIZE<br>\$13.8b |
| OCG                                  | GLOBAL MSP<br>MARKET SIZE<br>\$5b   | GLOBAL RPO<br>MARKET SIZE<br>\$7b   |

Market size data is 2019e in USD, except Global Staffing (2018).  
STEM and Professional & Industrial Outsourcing includes BPO or BPS.  
STEM outsourcing includes only Science and Engineering.  
OCG includes MSP, RPO and PPO  
Data sources: SIA, Nelson Hall, Kelly Education

# 74 YEARS OF INDUSTRY LEADERSHIP

## Leading

staffing provider  
in targeted U.S.  
specialties.

## Largest

provider of K-12  
educational  
staffing in U.S.

## Top 5

science,  
engineering and  
office talent  
provider in the  
U.S.

## Leading

managed services  
provider with  
\$8.3 billion  
spend under  
management.

## Delivering

staffing,  
outsourcing and  
consulting across  
Americas, EMEA  
and APAC.

## Supported

by 4,600+  
supplier partners  
globally.

## 90%

of Fortune  
100 companies  
use our services.

## Top 3

on Forbes' 2020 list  
of America's Best  
Professional  
Recruiting Firms



## Our Financial Journey





# OUR FINANCIAL JOURNEY: REVENUE

We have made progress over the past 5 years.

## REVENUE

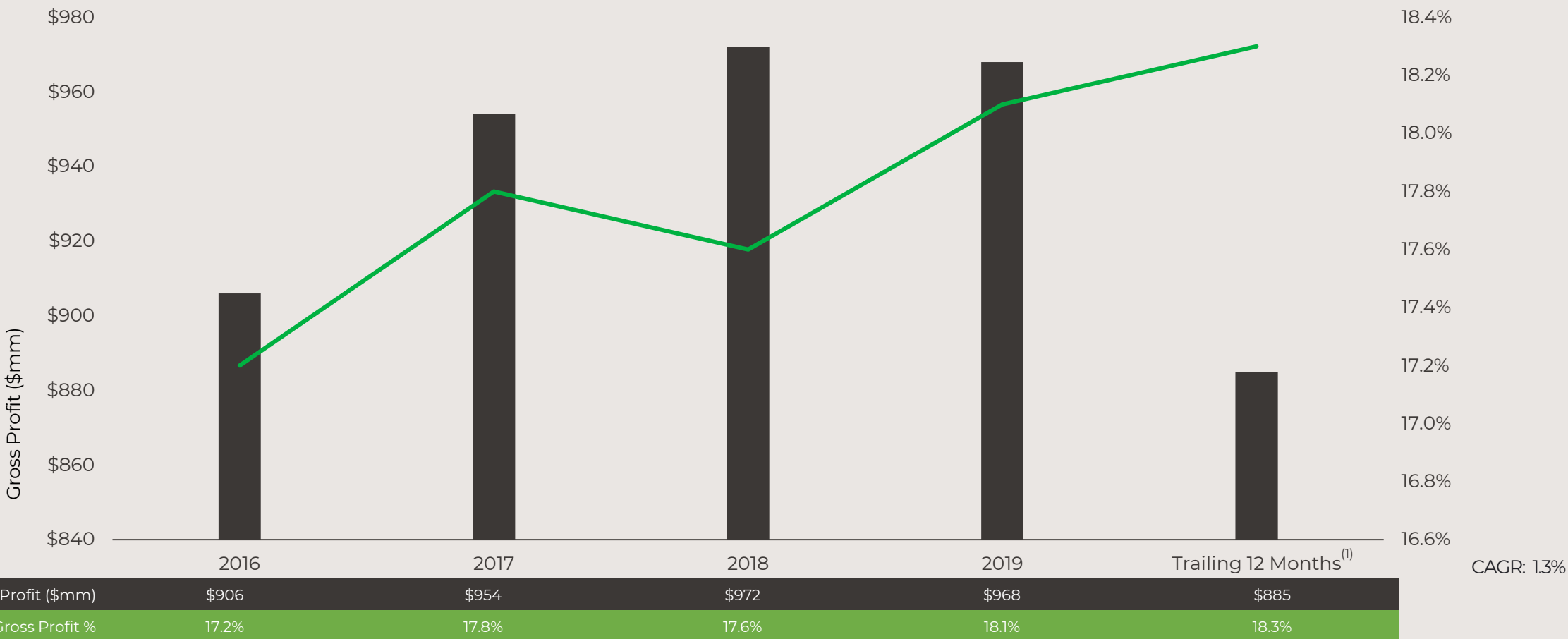


<sup>(1)</sup>Trailing 12 months includes Q3 2019 through Q2 2020.

# OUR FINANCIAL JOURNEY: GROSS PROFIT

We have made progress over the past 5 years.

## GROSS PROFIT

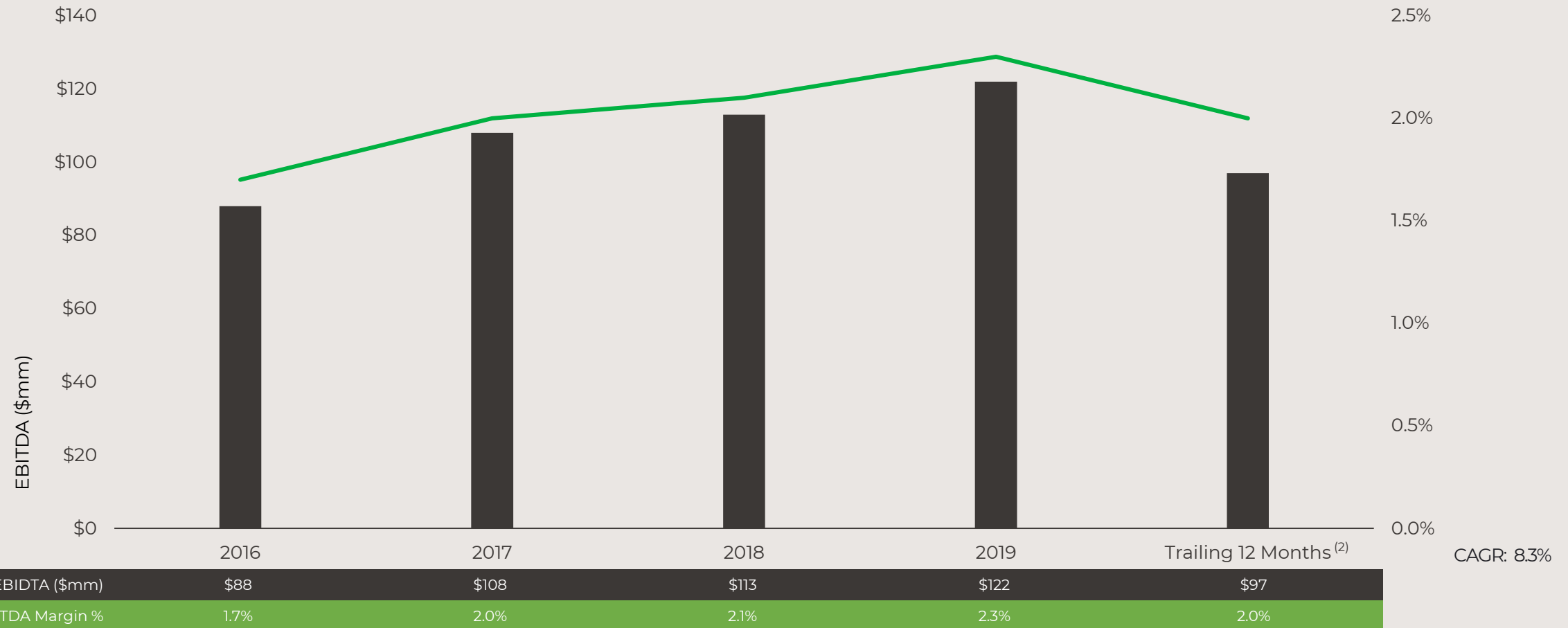


<sup>(1)</sup>Trailing 12 months includes Q3 2019 through Q2 2020.

# OUR FINANCIAL JOURNEY: ADJUSTED EBITDA

We have made progress over the past 5 years.

ADJUSTED EBITDA<sup>(1)</sup>



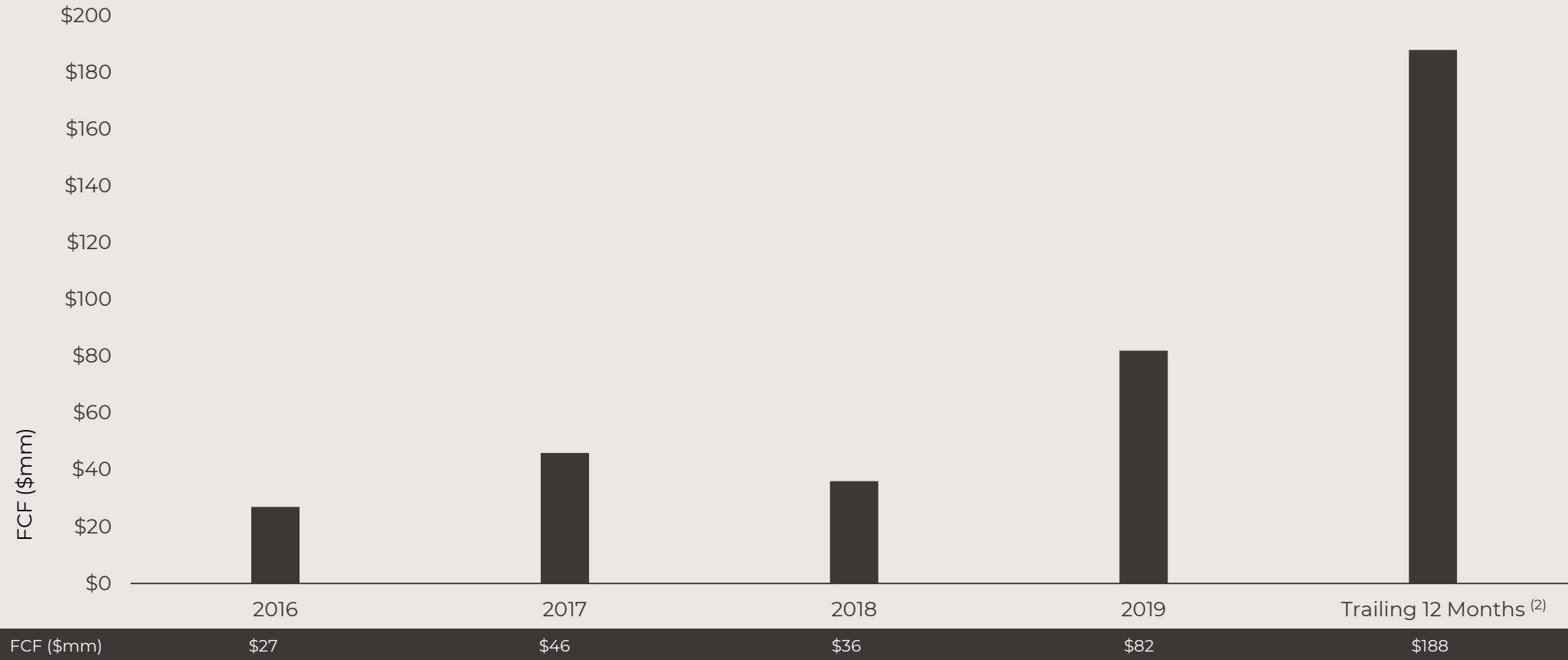
<sup>(1)</sup>Adjusted EBITDA excludes from Net Income: (1) equity in earnings of affiliate, (2) income taxes, (3) other income or expenses net, (4) Persol related gains or losses, (5) gains or losses on asset sales, (6) asset impairment charges, (7) restructuring expenses and (8) depreciation & amortization.

<sup>(2)</sup>Trailing 12 months includes Q3 2019 through Q2 2020.

# OUR FINANCIAL JOURNEY: FREE CASH FLOW

We have made progress over the past 5 years.

FREE CASH FLOW<sup>(1)</sup>



<sup>(1)</sup>Free Cash Flow is defined as net cash from operating activities minus capital expenditures.

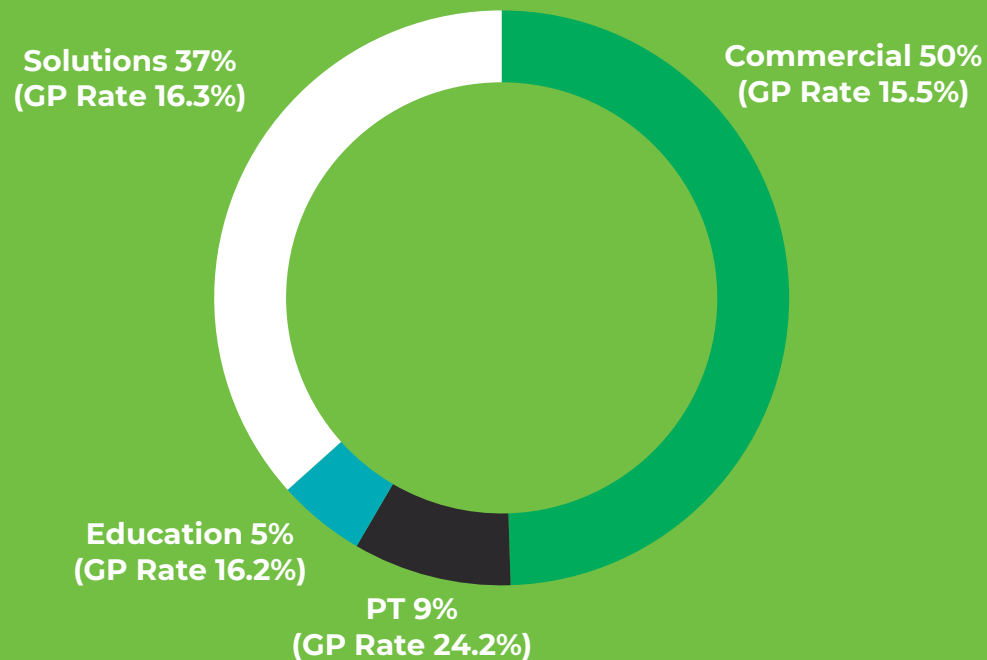
<sup>(2)</sup> Trailing 12 months includes Q3 2019 through Q2 2020.



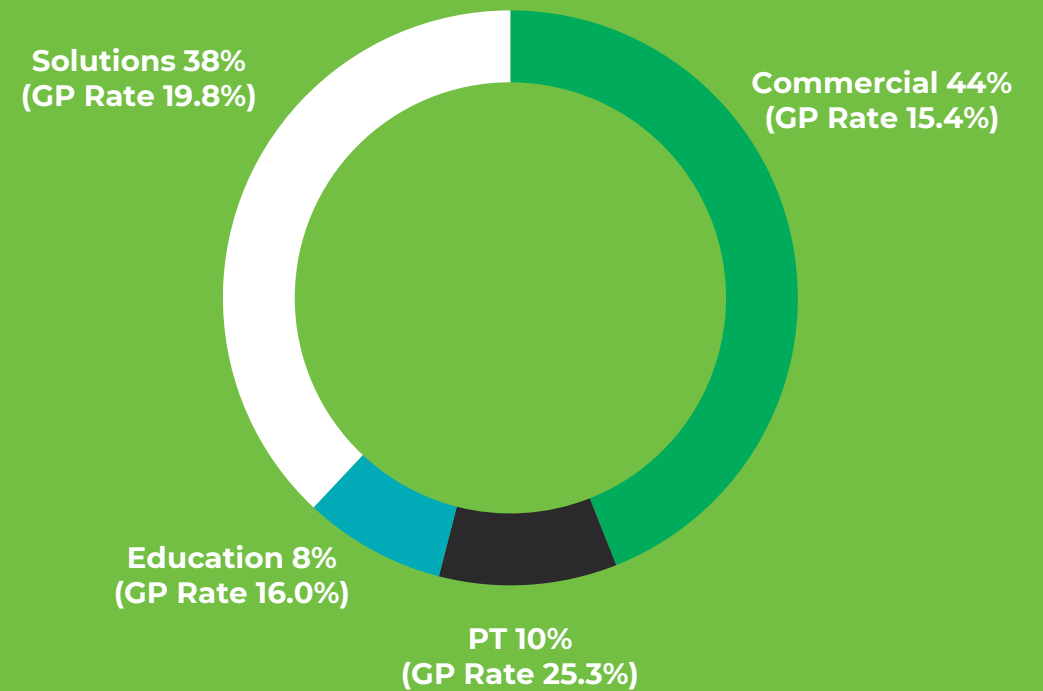
# REBALANCING OUR PORTFOLIO

We began moving toward a more specialty growth 5 years ago.

## FY 2015A Revenue Mix



## FY 2019A Revenue Mix

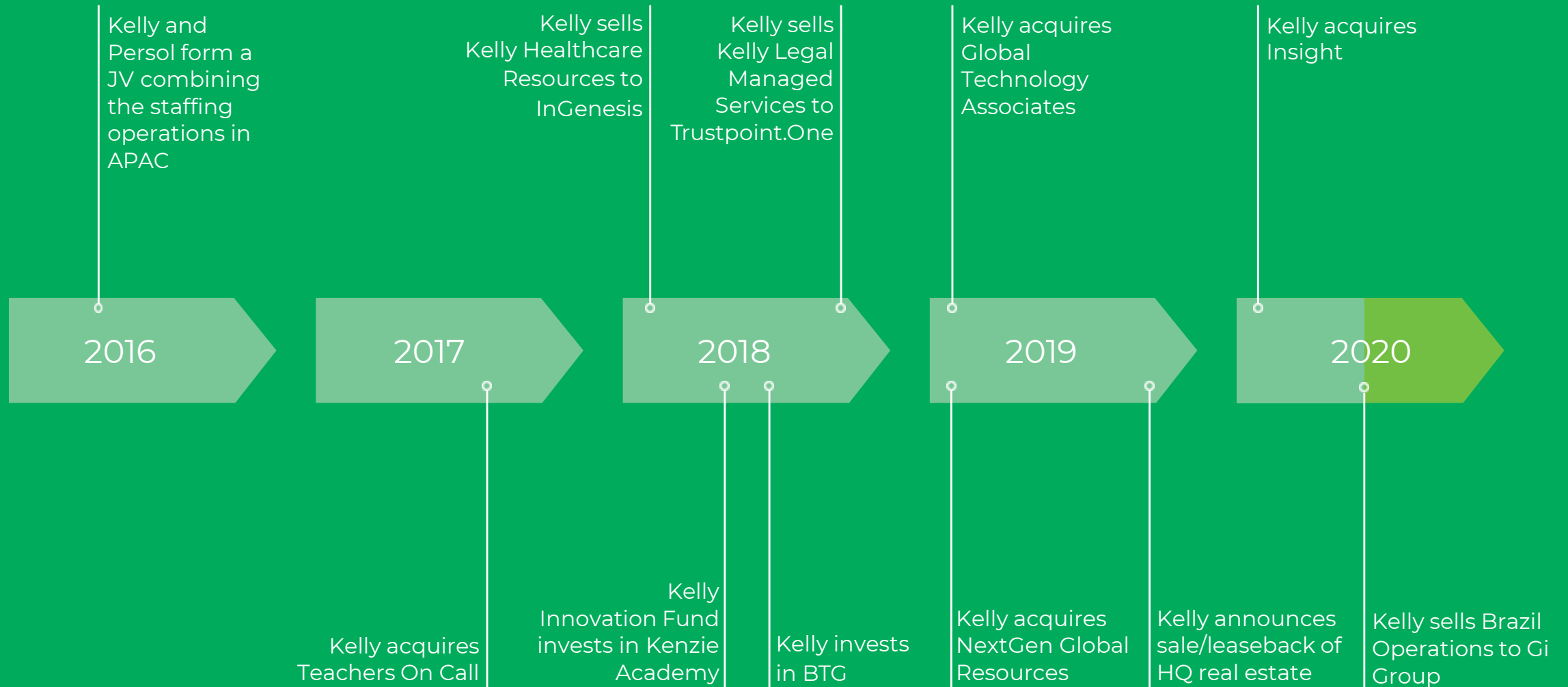


All results are global except Education, which is US only.

Note: in 2020 we are maintaining 3 reporting segments through Q2: Americas Staffing; International Staffing; Global Talent Solutions. Kelly will transition to five specialty business units beginning in Q3 2020: Professional & Industrial; International; OCG; Science, Engineering & Technology; and Education.

# PORTFOLIO PROGRESS

We are increasing M&A and non-core divestitures to increase our focus on specialization.



# GROWTH INITIATIVES

We are accelerating changes to drive sustainable, profitable growth as a specialty talent company.

## Transform Organization

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- New operating model: 5 specialty business units
- More responsive, tech-enabled delivery model
- New front office technology
- Refreshed logo and head-turning campaigns

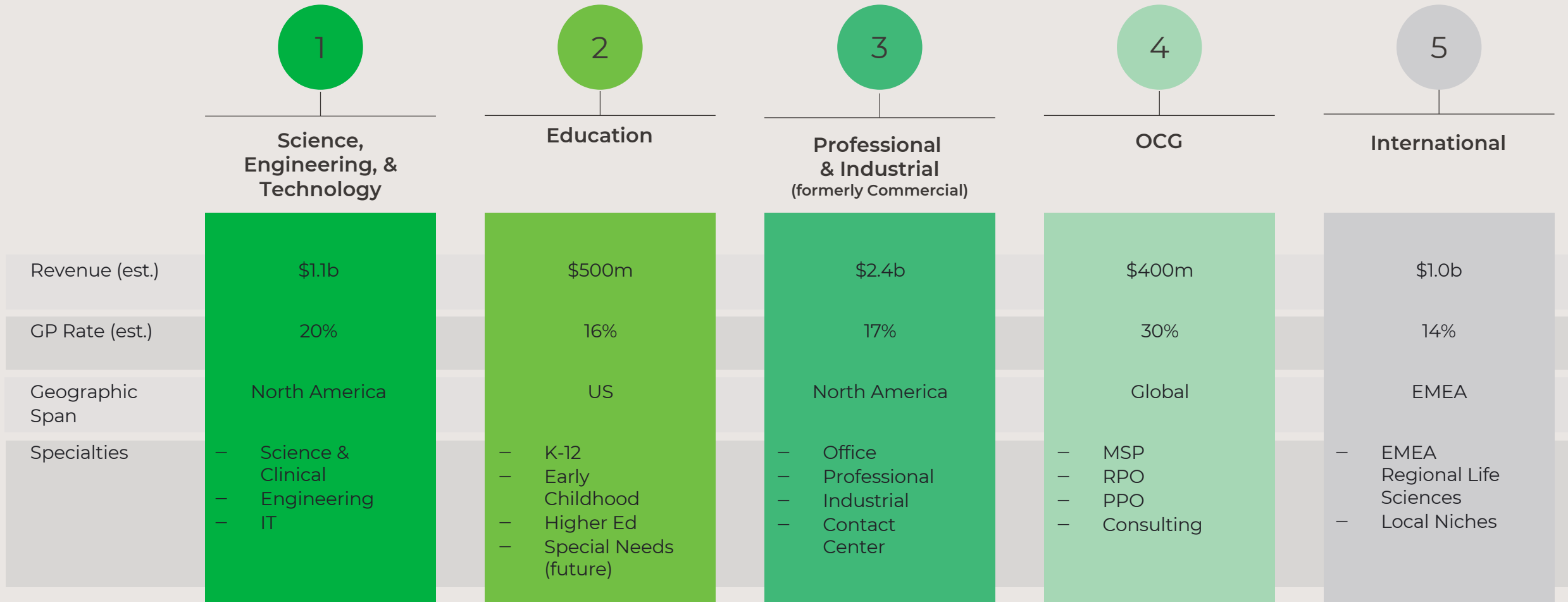
## Accelerate Growth

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- Aggressive inorganic growth strategy
- Targeted divestitures
- Investment in high-performing growth platforms
- Repurposing of non-core assets
- Optimization of resources
- More aggressive retail focus

# A MODEL FOR GROWTH

We have redesigned our operating model to drive profitable growth in our chosen specialties.



We currently operate in 3 reporting segments: Americas Staffing, International Staffing and Global Talent Solutions. Kelly size and margin profiles are based on 2019 estimates, with the exception of Education which includes the Q1 2020 acquisition of Insight, until we transition to the five specialty business units in mid-2020.



# CAPITAL DEPLOYMENT

## Cash priorities

Discipline and focused investment to drive organic growth

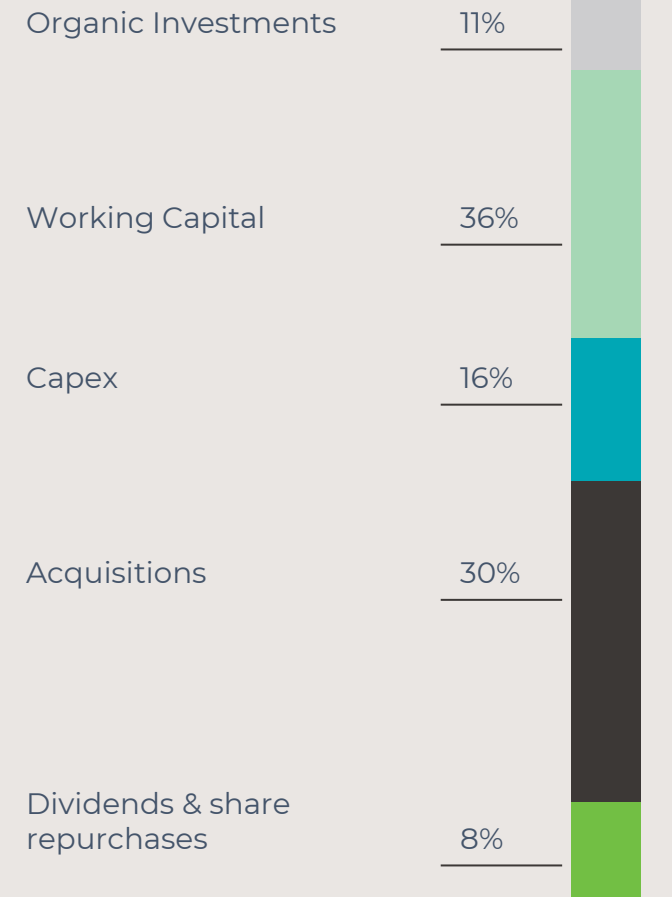
Acquisitions and investments that align with strategy and financial targets

Grow dividend in line with earnings

Opportunistic share repurchases

## Cash Flow Deployment

2017-2019



Total Deployed  
**\$460mm**

# CAPITAL STRUCTURE

We have clear Board-approved M&A and investment strategy goals.

## Debt Capacity

- Adequate capacity to execute strategy
- Total capacity of \$350mm recently renewed
- Significant potential to increase capacity due to our healthy balance sheet

## Free Cash Flow (FCF)

- Solid, predictable FCF from operations
- FCF largely funding M&A to date and will help in future
- Assume the DEBT/ LTM EBITDA leverage is not higher than 2.0 on a long-term basis
- We expect to generate slightly more FCF in 2020 to 2022 than we did from 2017 - 2019

## Additional Accelerators

- Kelly has potential additional sources of capital, which if monetized, have the ability to provide greater than \$200mm in additional funding should the right inorganic properties become available.
- Our APAC JV and Persol Holdings equity assets, while creating value, do not generate EBITDA.

# KELLY GROWTH MAP

Drive revenue growth and significantly improve profitability by accelerating organic growth and investing in strategic acquisitions

|  | 2016-2019 <sup>(1)(2)</sup>                            | Accelerators  |
|--|--|---|
| <b>Revenue Growth (CAGR%)</b>                  | 0.5%   | Organic: Growth initiatives<br>Inorganic: Accelerating acquisitions                                 |
| <b>Gross Profit Margin %</b>                   | 2019 GP Margin: 18.1%<br>3 year improvement: +90bps    | Organic: Continued momentum of structural improvements<br>Inorganic: Continued progress through M&A |
| <b>Adjusted EBITDA Margin % <sup>(2)</sup></b> | 2019 EBITDA Margin: 2.3%<br>3 year improvement: +60bps | Ramp up growth through inorganic leverage   |

Note:

- (1) 3 year revenue growth and improvement between year end 2016 and year end 2019
- (2) Adjusted EBITDA excludes from Net Income: (1) equity in earnings of affiliate, (2) income taxes, (3) other income or expenses net, (4) Persol related gains or losses, (5) gains or losses on asset sales, (6) asset impairment charges, (7) restructuring expenses and (8) depreciation & amortization.

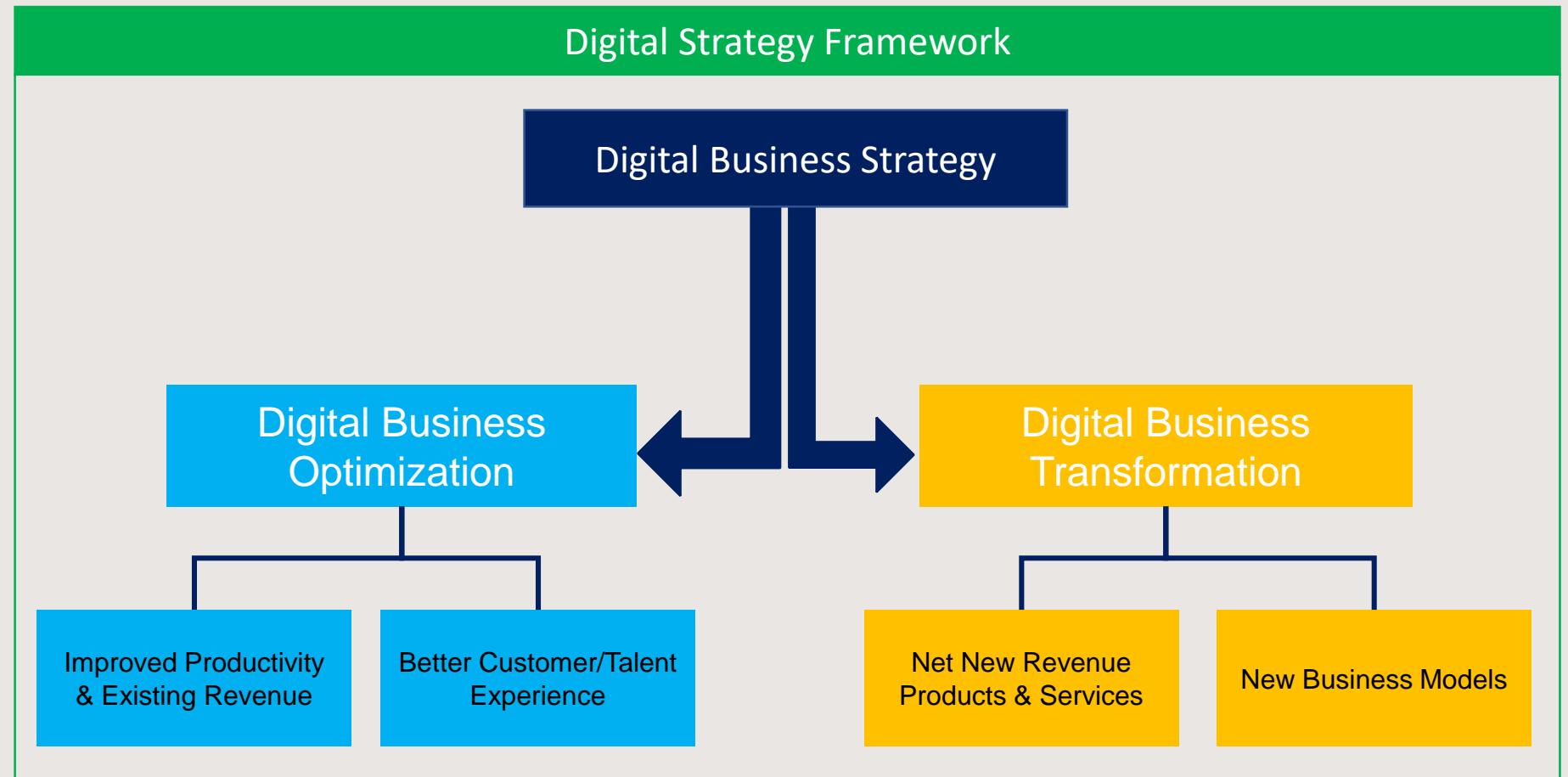
Where people and  
technology meet





# DIGITAL STRATEGY FRAMEWORK

In order to deliver on our Digital Business Strategy, we must do both: Digital Optimization and Digital Business Transformation



# Current technology investments



## Efficiency

- Applicant tracking and CRM system
- Recruiter artificial intelligence with conversational assistance

## Talent Innovation

- Mobile app and talent portal
- Workforce self-scheduling
- Piloting blockchain technology

## Transformation

- Data-driven insights powered by AI and machine learning
- Market-leading visualization platforms
- Digital partnerships
- Zero Trust Cloud

Investing in talent/  
Putting people at the  
heart of our growth



# The most recognized talent brand in the U.S.\*

We have achieved this with a relentless focus on understanding what talent is looking for.

And by knowing how to reach and engage with talent.

1

Segmentation based on deep understanding of people and work

2

Ground-breaking insights into the talent engagement journey

3

Industry-leading analytics and acquisition engine

4

Compelling content and story-telling that inspires and engages



\* 2019 3rd party research among 1000 US jobseekers.  
Awareness of Kelly at 73% (5-25 % points ahead of competition)



# OUR 5-POINT TALENT PROMISE

As champions of today's flexible and temporary workers, our 5-point talent promise confirms our commitment to those in search of a better way to work and live, and it applies to every employee we place on assignment.

## 01. **safety.**

We actively maintain high standards of workplace safety, data privacy, and fair pay.

## 02. **value.**

We recognize your value as a flexible/temporary worker – and more importantly, as a person. We expect our clients to do the same.

## 03. **well-being.**

We support your well-being through a variety of ways to work, perks, and work-related resources.

## 04. **investment.**

We invest our time, expertise, and resources in providing you with valuable work experiences and professional development.

## 05. **opportunity.**

We continually expand the number and quality of our job openings, creating new opportunities for you to thrive throughout your career.

# APPOINTMENT OF CHIEF TALENT OFFICER

Another industry first for Kelly.

- Different from the Chief HR role
- Focused exclusively on temporary talent
- Brings the voice of talent to the Kelly executive table
- Designed to create a differentiated experience that makes Kelly the career partner of choice
- Kelly wins in the market when we have the top talent
- Led by an industry veteran with 20+ years focused on temporary talent

**The best stories are  
told with passion**

# A LARGER SHARE OF VOICE

We've turned up the volume on our voice in the marketplace.

In Q2, TV and streaming media spots were launched for the first time in many years, re-introducing Kelly to companies and highlighting our specialty skill sets, array of services, and refreshed brand.



# RECOGNITION IN THE TALENT SPACE

We're turning heads.



Forbes ranked Kelly® **3rd on its 2020 list** of America's Best Professional Recruiting Firms – a list of the top 250 search firms that place positions with salaries of less than \$100,000.

Forbes partnered with Statista – a world-leading statistics portal and industry ranking provider – to survey and review:

- 26,000 external recruiters
- 5,400 job candidates or hiring managers
- 18,000 nominations





We're  
refreshing our  
brand to match  
our business  
ambitions.

# A STRATEGIC JOURNEY FOCUSED ON ACCELERATED GROWTH

## Building on a strong foundation

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- Industry innovator with track record of being first to market
- Most recognized talent brand in the U.S.
- Leading talent solutions provider in targeted U.S. specialties (education, STEM, talent, supply chain)

## New operating model designed for top line growth

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- Five newly defined business units sharpen our focus on talent and customer needs in each specialization (Science, Engineering & Technology, Education, Professional & Industrial, OCG, International)

## Strong financial position enabling our inorganic growth strategy

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- High-quality balance sheet
- Significant free cash flow generation
- Available debt financing







# WAYS OUR INDUSTRY MAKES MONEY

| Staffing  | Direct Hire   | Outcome Based  | Contingent Workforce Outsourcing   | Recruitment Process Outsourcing   |
|---|---|--|--|---|
| Mostly bill rate or markup contracts where we charge on a time and material basis for talent on assignment. | Charge a fee, normally a percent of annual salary, to place individuals who meet specific job requirements for our customers. | Typically charge a monthly management fee to outsource a customer's department, group, or function. Some engagements command a fee for an outcome or deliverable, such as a laboratory test or handling a call within a call center environment. | Fee based on percent of spend running through an entire managed service program where a supply chain is used to leverage cost and readily access available talent. | Fees are charged for outsourcing the hiring function of an organization to find specific talent. Fees can be in a variety of forms, such as per placement fee, sourcing fee, or monthly management fee. |

# The right model and mindset for growth

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We've set a new stage and pace for growth.

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Our new operating model is designed to accelerate specialty growth and profitability.

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We have streamlined our resources to support growth.

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Our aggressive investment strategy will drive additional inorganic growth.

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We understand talent and are transforming our go-to-market strategy.

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We are accountable for growth and are tracking our progress.



# INORGANIC GROWTH PRIORITIES

How we assess potential acquisitions.

| Strategic alignment  | Market dynamics and growth potential   | Profitability and returns  | Culture and capabilities   |
|--|--|--|--|
| <ul style="list-style-type: none"><li>• Accelerates our transformation into a specialty talent company</li><li>• Enhances or expands our value profile</li></ul> | <ul style="list-style-type: none"><li>• Greater penetration into fast-growing, high-margin specialty markets</li><li>• Platform for additional acquisition growth opportunities, accelerating our organic growth potential</li></ul> | <ul style="list-style-type: none"><li>• Robust top-line growth</li><li>• EBITDA profile</li><li>• Deal pricing discipline and execution focus to ensure attractive ROI</li></ul> | <ul style="list-style-type: none"><li>• Brings additional talent and expertise to Kelly</li><li>• Potential to thrive in a culture of agility, performance and innovation</li><li>• High ethics, integrity and sense of teamwork</li></ul> |

# SECOND QUARTER TAKEWAYS

COVID-19 pandemic impacts global economy and demand for our services

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- Q2 revenue down 28.7%, down 27.7% in constant currency<sup>(1)</sup>
  - June exit rate of 22.5% in constant currency reflects improvement, but uneven improvement in demand trends
- Education and light industrial staffing are the most impacted

Near-term COVID-19 pandemic response

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- Employed technology to facilitate remote work for nearly all full-time employees and deliver on our commitment to talent, customers, employees, and the communities we serve
- Initiated short-term cost reductions and took steps to preserve financial flexibility
- Responding to customers with traditional and unique solutions and preparing to return our talent to work in an environment in which COVID-19 mitigation efforts continue

Continued focus on our future

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- Deployed new front office platform to most U.S. Operations streamlining processes and workflows associated with recruiting, onboarding and reassigning talent, and enabling additional investments to enhance the experience of job seekers
- Launched the Kelly Talent Promise confirming our responsibility to workers in search of a better way to work
- As of July 1, 2020, operating as five specialty business units: Professional & Industrial; Science, Engineering and Technology; Education; Outsourcing & Consulting; and International

<sup>(1)</sup>Constant Currency represents year-over-year changes resulting from translating 2020 financial data into USD using 2019 exchange rates.



## RECENT ACQUISITION: INSIGHT

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- Education service staffing company with experience in partnering with school districts in Illinois, Massachusetts, New Jersey and Pennsylvania
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# SECOND QUARTER 2020 FINANCIAL SUMMARY

|                                 | <u>Actual Results</u> | <u>Change</u> | <u>Constant<br/>Currency<br/>Change<sup>(1)</sup></u> |
|---------------------------------|-----------------------|---------------|---|
| <b>Revenue</b>                  | \$1 .0B               | (28.7%)       | (27.7%)   |
| <b>Gross Profit %</b>           | 19.4%                 | 160 bps       |   |
| <b>Earnings from Operations</b> | \$11.1 M              | (68.2%)       | (67.5%)   |
| <b>Earnings Per Share</b>       | \$1 .04               | (\$1 .08)     |   |

- Revenue declined in all segments from decrease in demand related to the COVID-19 pandemic. Education and light industrial staffing were the most impacted
- GP rate improved on one-time or limited duration government stimulus and pandemic relief impacts, as well as lower employee-related costs and structural improvement in product mix, partially offset by lower perm fees
- Earnings from operations declined as the effect of declining revenues and gross profit was only partially offset by reduced expenses from efforts to align costs with GP trends and lower performance-based incentive expenses. 2019 results also included a \$12.3 million gain on sale of assets
- Q2 2020 EPS reflects lower earnings and includes a \$0.52 non-cash gain from the investment in Persol Holdings common stock, net of tax. Q2 2019 EPS includes an after-tax gain of \$1.07 from investment in Persol Holdings common stock and a \$0.23 gain on sale of assets, net of tax

<sup>(1)</sup>Constant Currency represents year-over-year changes resulting from translating 2020 financial data into USD using 2019 exchange rates.

# SECOND QUARTER 2020 FINANCIAL SUMMARY

(Excluding Gain/Loss on Investment in Persol Holdings, Gain on Sale of Assets and Restructuring)

|   | Actual Results | Change   | Constant<br>Currency<br>Change <sup>(3)</sup> |
|---|----------------|----------|---|
| <b>Revenue</b>                                | \$1.0B         | (28.7%)  | (27.7%)                                       |
| <b>Gross Profit %</b>                         | 19.4%          | 160 bps  |   |
| <b>Earnings from Operations<sup>(1)</sup></b> | \$10.9M        | (50.4%)  | (49.3%)                                       |
| <b>Earnings Per Share<sup>(1),(2)</sup></b>   | \$0.51         | (\$0.30) |   |

- Revenue declined in all segments from decrease in demand related to the COVID-19 pandemic. Education and light industrial staffing were the most impacted
- GP rate improved on one-time or limited duration government stimulus and pandemic relief impacts, as well as lower employee-related costs and structural improvement in product mix, partially offset by lower perm fees
- Earnings from operations declined as the effect of declining revenues and gross profit was only partially offset by reduced expenses from efforts to align costs with GP trends and lower performance-based incentive expenses
- EPS declined on lower earnings

<sup>(1)</sup>Change excludes:

- Gain on sale of assets of \$12.3 million, \$9.0 million net of tax or \$0.23 per share in Q2 2019.
- Restructuring accrual adjustments of \$0.2 million, \$0.2 million net of tax or \$0.00 per share in Q2 2020 and \$0.6 million, \$0.5 million net of tax or \$0.01 per share in Q2 2019.

<sup>(2)</sup> Excludes gain on investment in Persol Holdings of \$29.6 million, \$20.6 million net of tax or \$0.52 per share in Q2 2020 and gain on investment in Persol Holdings of \$61.2 million, \$42.5 million net of tax or \$1.07 per share in Q2 2019.

<sup>(3)</sup>Constant Currency represents year-over-year changes resulting from translating 2020 financial data into USD using 2019 exchange rates.

# SECOND QUARTER 2020 EPS SUMMARY

*\$ in millions except per share data*

|   | Second Quarter |               |               |               |
|---|----------------|---------------|---------------|---------------|
|   | 2020           |               | 2019          |               |
|   | Amount         | Per Share     | Amount        | Per Share     |
| <b>Net earnings (loss)</b>  | \$41.1         | \$1.04        | \$83.8        | \$2.12        |
| <b>(Gain) loss on investment in Persol Holdings, net of taxes<sup>(1)</sup></b> | (20.6)         | (0.52)        | (42.5)        | (1.07)        |
| <b>Gain on sale of assets, net of taxes<sup>(2)</sup></b>                       | -              | -             | (9.00)        | (0.23)        |
| <b>Restructuring charges, net of taxes<sup>(3)</sup></b>                        | (0.2)          | -             | (0.5)         | (0.01)        |
| <b>Adjusted net earnings</b>  | <u>\$20.3</u>  | <u>\$0.51</u> | <u>\$31.8</u> | <u>\$0.81</u> |

- As adjusted, net earnings and EPS declined by 36% and 37%, respectively, on lower earnings from operations

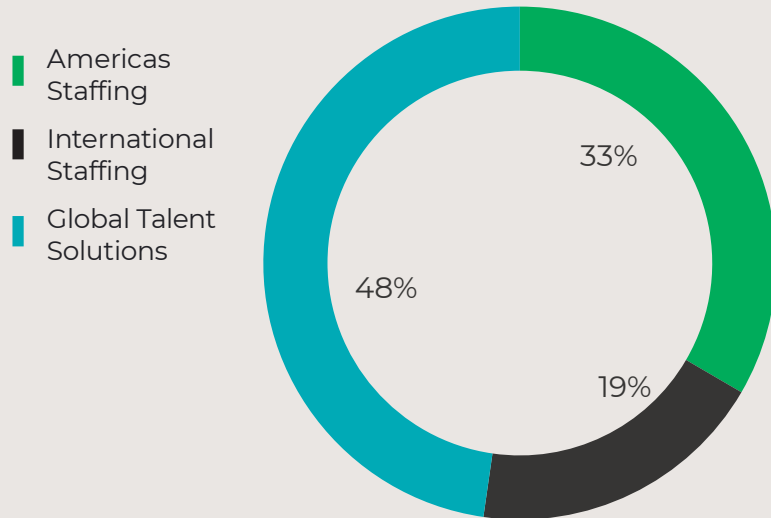
<sup>(1)</sup>Gain on investment in Persol Holdings of \$29.6 million, \$20.6 million net of tax or \$0.52 per share in Q2 2020 and gain on investment in Persol Holdings of \$61.2 million, \$42.5 million net of tax or \$1.07 per share in Q2 2019.

<sup>(2)</sup>Gain on sale of assets of \$12.3 million, \$9.0 million net of tax or \$0.23 per share in Q2 2019.

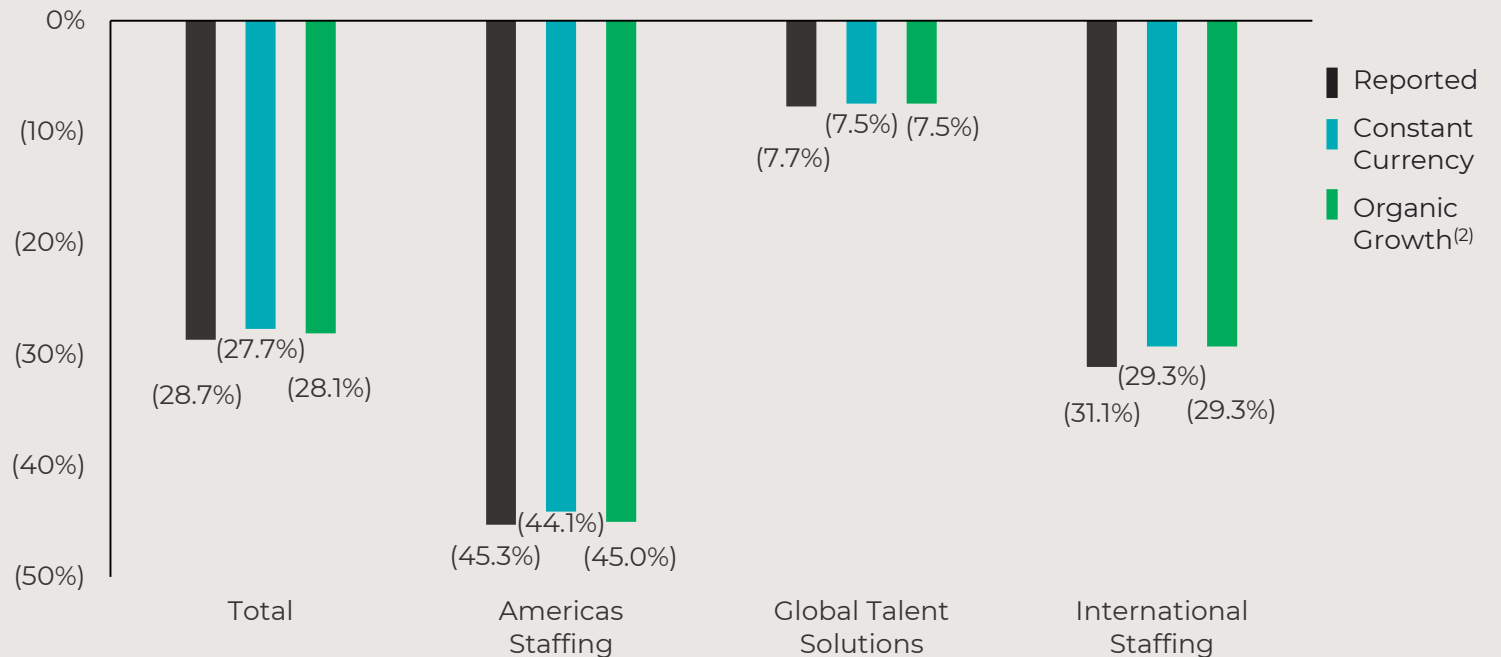
<sup>(3)</sup>Restructuring accrual adjustments of \$0.2 million, \$0.2 million net of tax or \$0.00 per share in Q2 2020 and \$0.6 million, \$0.5 million net of tax or \$0.01 per share in Q2 2019.

# SECOND QUARTER 2020 REVENUE GROWTH

REVENUE MIX BY SEGMENT<sup>(1)</sup>



REVENUE GROWTH BY SEGMENT



- Americas Staffing revenue declined on lower volume, particularly in education and light industrial, which were the most impacted by the COVID-19 pandemic
- GTS revenue includes declines in centrally delivered staffing, which were impacted by the COVID-19 pandemic, partially offset by increases in outcome-based services
- International Staffing reflects continued declines in market demand accelerated by the impact of COVID-19

<sup>(1)</sup>Revenue Mix by Segment includes the results from acquisition.

<sup>(2)</sup>Organic growth represents revenue growth excluding the results of acquisition on a constant currency basis.

# REVENUE TRENDS

Percent in Constant Currency<sup>(1)</sup>

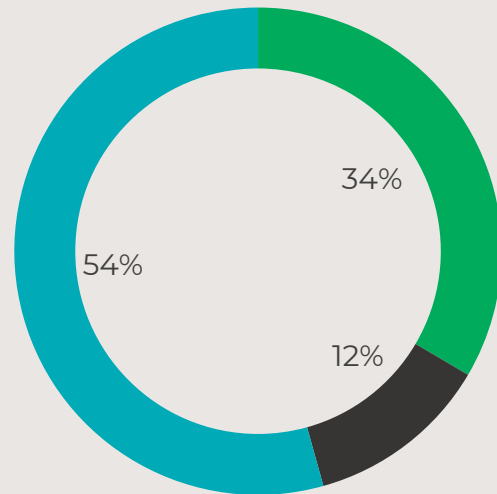
|                                | <b>Q2 2020</b> | <b>June 2020<br/>(Exit Rates)</b> |
|--------------------------------|----------------|-----------------------------------|
| <b>Total</b>                   | (27.7%)        | (22.5%)                           |
| <b>Americas Staffing</b>       | (44.1%)        | (33.6%)                           |
| <b>Global Talent Solutions</b> | (7.5%)         | (8.1%)                            |
| <b>International Staffing</b>  | (29.3%)        | (28.9%)                           |

<sup>(1)</sup>Constant Currency represents year-over-year changes resulting from translating 2020 financial data into USD using 2019 exchange rates.

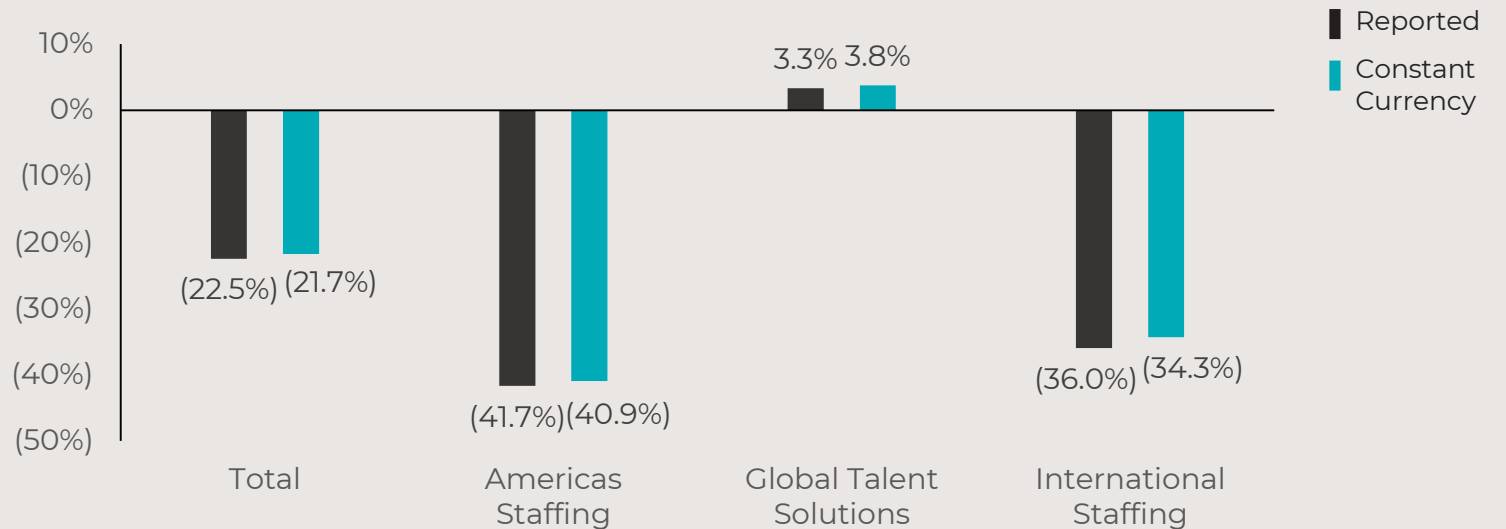
# SECOND QUARTER 2020 GROSS PROFIT GROWTH

GROSS PROFIT BY SEGMENT<sup>(1)</sup>

Americas Staffing  
International Staffing  
Global Talent Solutions



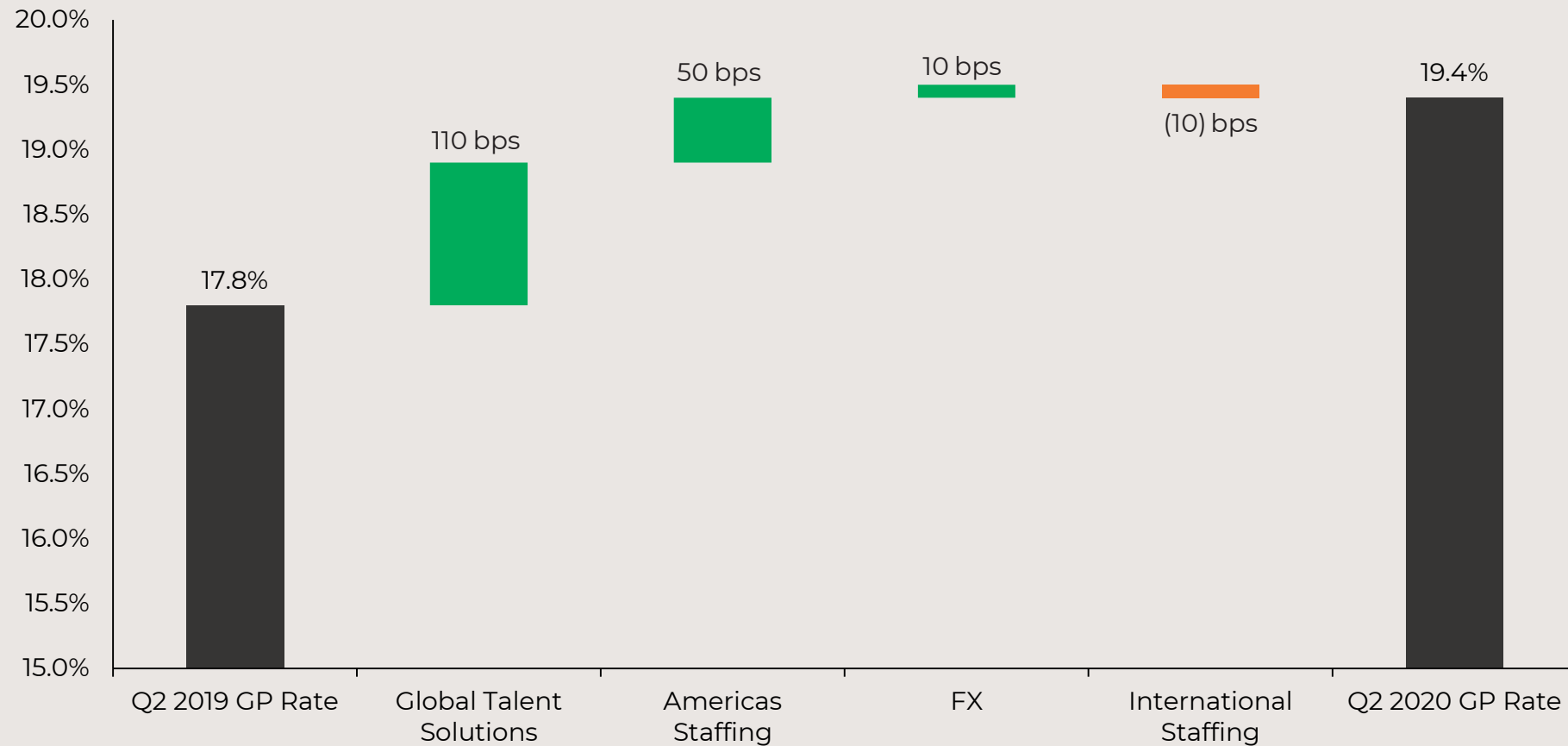
GROSS PROFIT GROWTH BY SEGMENT



- Americas Staffing GP reflects the impact of lower revenues, benefits from government stimulus and pandemic relief, and lower employee-related costs, which was partially offset by customer mix
- GTS GP reflects lower revenue offset by the benefits from government stimulus and pandemic relief, lower employee-related costs and the structural rate improvement from changes in product mix
- International Staffing reflects the impact of lower revenue, including perm fees and the impact of unfavorable customer mix

<sup>(1)</sup>Gross Profit Mix by Segment includes the results from acquisition.

# SECOND QUARTER 2020 GROSS PROFIT RATE GROWTH

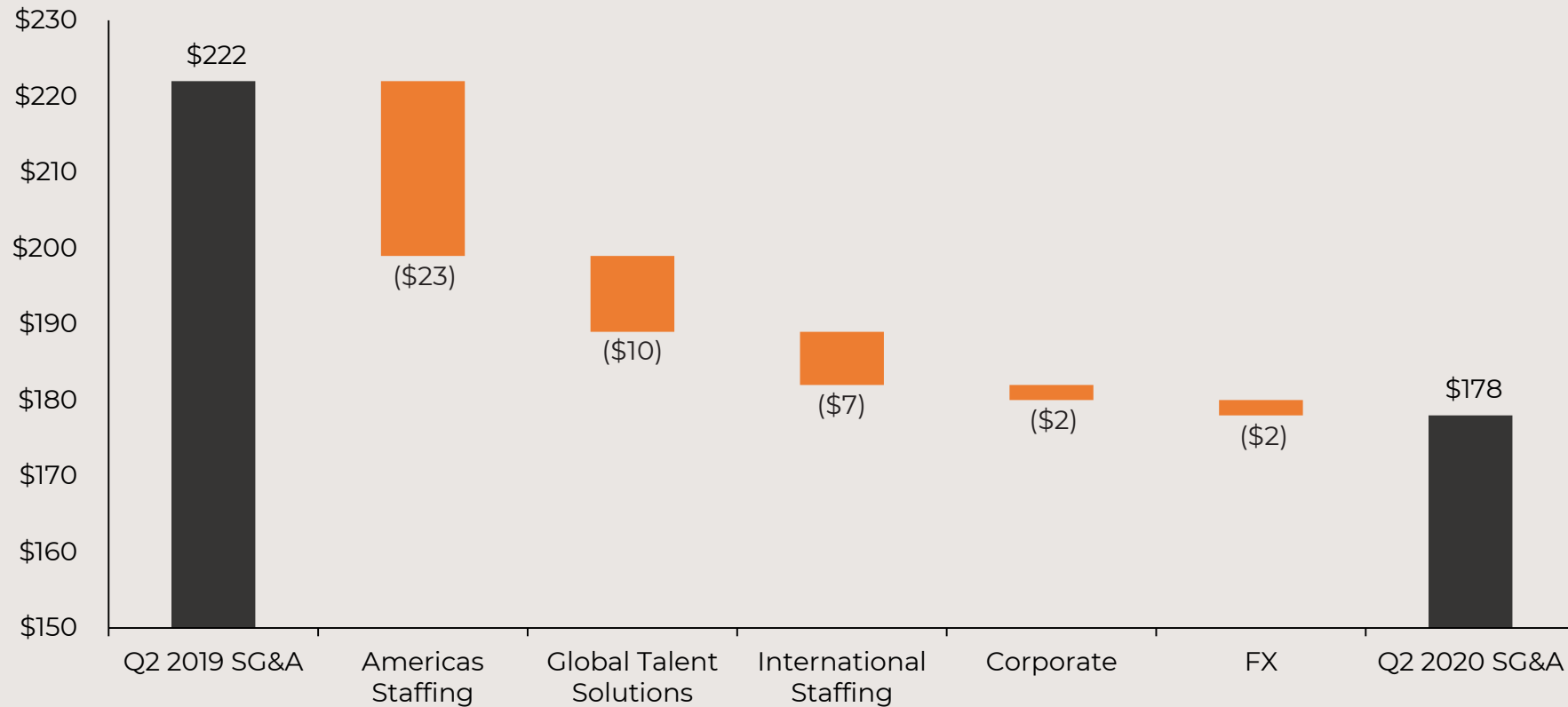


- Overall GP rate improved due to the benefit of government stimulus and pandemic relief and lower employee-related costs
- GTS GP rate improvement also reflects improved product mix



# SECOND QUARTER 2020 SG&A

*\$ in millions*

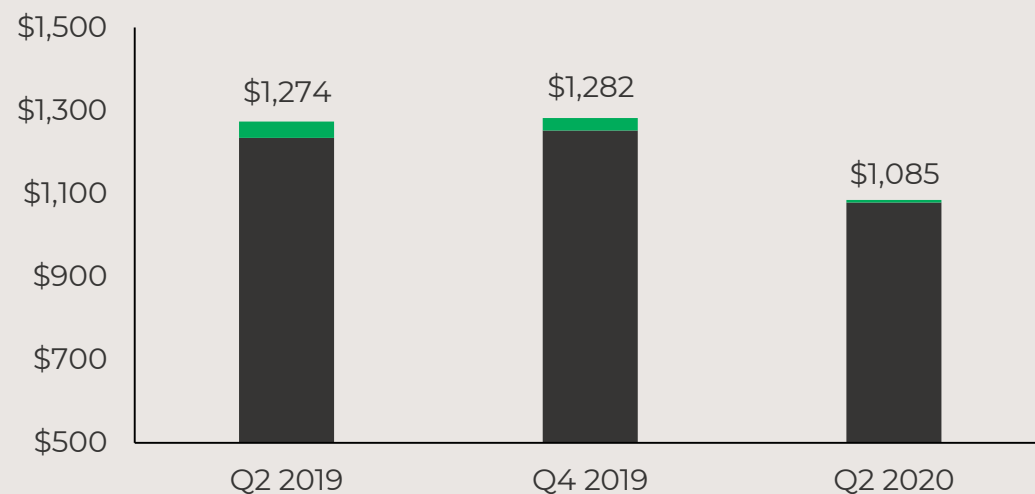


- Americas Staffing expenses were down due to temporary expense reduction efforts in response to the COVID-19 pandemic, lower performance-based compensation and lower salary expense as a result of the Q1 2019 restructuring actions in U.S. Operations
- SG&A was down for GTS and International Staffing due to the impact of temporary expense reduction efforts in response to COVID-19, as well as ongoing expense management efforts

# SECOND QUARTER 2020 BALANCE SHEET DATA

*\$ in millions*

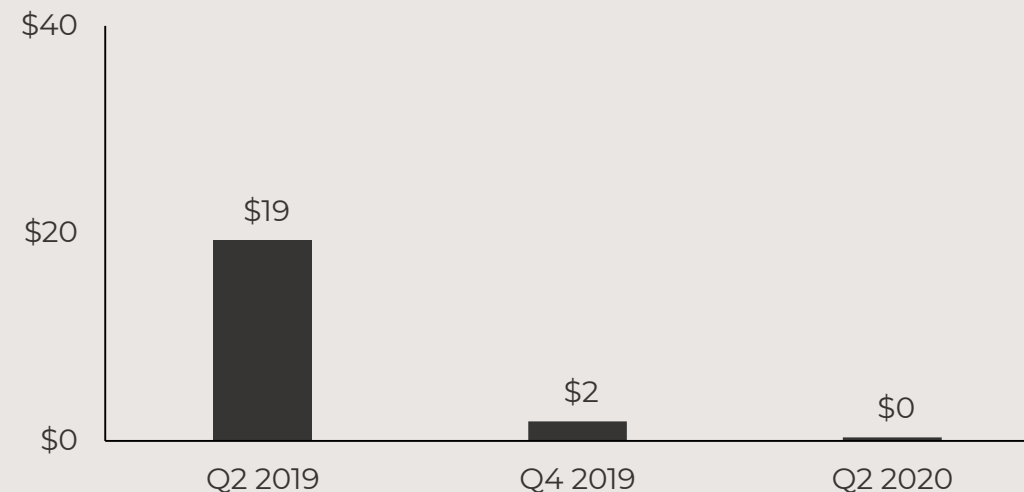
## ACCOUNTS RECEIVABLE



■ Excluding Acquisitions

■ Acquisitions

## SHORT-TERM BORROWINGS



- Accounts Receivable reflects the impact of the recent acquisition of Insight. Including the acquisition, DSO is 61 days, up 4 days from a year ago. The increase reflects the impact of customer cash management efforts, changes in customer mix and an acceleration of the seasonal decline in Education DSO to earlier in the year as a result of COVID related revenue impacts
- Ended the quarter with no debt and cash balances of \$216.2 million reflecting the reduction in working capital, primarily Accounts Receivable, as revenue declined in the quarter, the benefit of deferring certain payroll tax payments under the CARES Act, partially offset by the unfavorable impact on Accounts Receivable from higher DSO
  - U.S. credit facilities include a \$150 million securitization facility and a \$200 million revolving credit facility

# ADJUSTED EBITDA NON-GAAP RECONCILIATION

*\$ in millions*

|   | 2016          | 2017           | 2018           | 2019           | Trailing 12 Months <sup>(1)</sup> |
|---|---------------|----------------|----------------|----------------|-----------------------------------|
| Net Earnings  | \$120.8       | \$71.6         | \$22.9         | \$112.4        | (\$105.6)                         |
| Equity in net (earnings)/ loss of affiliate                 | (1.1)         | (2.7)          | (5.2)          | 3.6            | 6.3                               |
| Income tax expense (benefit)                                | 30.0          | 12.8           | (27.1)         | 0.4            | (54.0)                            |
| Other expense, net  | 0.7           | 1.6            | 0.6            | 1.2            | (4.0)                             |
| (Gain)/Loss on investment in Persol Holdings <sup>(2)</sup> | -             | -              | 96.2           | (35.8)         | 86.8                              |
| Gain on sale of assets <sup>(3)</sup>                       | (87.2)        | -              | -              | (12.3)         | (32.1)                            |
| Asset impairment charge <sup>(4)</sup>                      | -             | -              | -              | 15.8           | 163.5                             |
| Restructuring <sup>(5)</sup>                                | 3.4           | 2.4            | -              | 5.5            | 8.3                               |
| Depreciation & amortization                                 | 21.3          | 22.8           | 25.9           | 31.2           | 27.6                              |
| <b>Adjusted EBITDA</b>                                      | <b>\$87.9</b> | <b>\$108.5</b> | <b>\$113.3</b> | <b>\$122.0</b> | <b>\$96.8</b>                     |
| <b>Adjusted EBITDA Margin</b>                               | <b>1.7%</b>   | <b>2.0%</b>    | <b>2.1%</b>    | <b>2.3%</b>    | <b>2.0%</b>                       |

- Management uses Adjusted EBITDA and Adjusted EBITDA margin which Management believes is useful to compare operating performance compared to prior periods and uses it in conjunction with GAAP measures to assess performance. Our calculation of Adjusted EBITDA may not be consistent with similarly titled measures of other companies and should be used in conjunction with GAAP measurements.

<sup>(1)</sup>Trailing 12 months includes Q3 2019 through Q2 2020.

<sup>(2)</sup>Trailing 12 months loss on investment in Persol Holdings of \$86.8 million, gain on investment in Persol Holdings of \$35.8 million in 2019 and loss on investment in Persol Holdings of \$96.2 million in 2018 represents the changes in fair value of the investment.

<sup>(3)</sup>Trailing 12 months gain on sale of assets includes \$32.1 million for the sale of three of the four headquarters buildings in Q1 2020. 2019 Gain on sale of assets of \$12.3 million primarily represents the gain on sale of land. 2016 gain on sale of assets of \$87.2 million represents the fair value of the Company's retained investment in the JV, less the carrying value of net assets transferred to the JV.

<sup>(4)</sup>Trailing 12 months asset impairment charge of \$163.5 million includes a \$147.7 million goodwill impairment charge in Q1 2020 caused by a decline in the Company's common stock price as well as \$15.8 million asset impairment charge in 2019 for the write-off related to a technology development project. 2019 asset impairment charge of \$15.8 million represents the write-off related to a technology development project.

<sup>(5)</sup>Trailing 12 month restructuring charges of \$8.3 million includes \$8.7 million of restructuring charges in Q1 2020 in preparation for the new operating model, partially offset by restructuring adjustments in Q2 2020 and 2019. 2019 restructuring charges of \$5.5 million related to U.S. branch-based staffing operations, \$2.4 million in 2017 related to GTS service delivery models and \$3.4 million in 2016 related to Americas and International staffing operations.



**Peter Quigley**  
President & CEO

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[quiglpe@kellyservices.com](mailto:quiglpe@kellyservices.com)

**Olivier Thiot**  
EVP & CFO

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[Olivier.Thiot@kellyservices.com](mailto:Olivier.Thiot@kellyservices.com)

**James Polehna**  
SVP & Corporate Secretary

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[polehjm@kellyservices.com](mailto:polehjm@kellyservices.com)