

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): February 13, 2020

KELLY SERVICES, INC.

(Exact name of Registrant as specified in its charter)

Delaware  
(State or other  
jurisdiction of  
incorporation)

0-1088  
(Commission  
File Number)

38-1510762  
(IRS Employer  
Identification  
Number)

999 West Big Beaver Road, Troy, Michigan 48084

(Address of principal executive offices)  
(Zip Code)

(248) 362-4444

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbols	Name of each exchange on which registered
Class A Common	KELYA	NASDAQ Global Market
Class B Common	KELYB	NASDAQ Global Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 2.02. Results of Operations and Financial Condition**

Kelly Services, Inc. (the "Company") today released financial information containing highlighted financial data for the three months and year ended December 29, 2019. A copy of the press release is attached as exhibit 99.1 herein.

**Item 9.01. Financial Statements and Exhibits**

(d) Exhibits

<b><u>Exhibit No.</u></b>	<b><u>Description</u></b>
<a href="#"><u>99.1</u></a>	Press Release dated February 13, 2020.
<a href="#"><u>99.2</u></a>	Presentation materials for February 13, 2020 conference call.
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data file because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

February 13, 2020

KELLY SERVICES, INC.

/s/ Olivier G. Thiot  
Olivier G. Thiot

Executive Vice President and Chief Financial Officer  
(Principal Financial Officer)

February 13, 2020

/s/ Laura S. Lockhart  
Laura S. Lockhart

Vice President, Corporate Controller and  
Chief Accounting Officer  
(Principal Accounting Officer)

**EXHIBIT INDEX**

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**KELLY SERVICES® REPORTS**  
**FOURTH QUARTER AND FULL YEAR EARNINGS**

**Financial Highlights**

- Q4 revenue down 5.4%; down 5.2% in constant currency
- Q4 operating earnings of \$13.1 million, including a \$15.8 million asset impairment charge, compared to \$33.1 million last year
- Q4 earnings (loss) per share of \$0.43, compared to (\$0.62) last year or \$0.67 compared to \$0.87 on an adjusted basis
- Full year 2019 earnings from operations down 6.5% to \$81.8 million

TROY, Mich. (February 13, 2020) -- Kelly Services (Nasdaq: [KELYA](#)) (Nasdaq: [KELYB](#)), a global leader in providing workforce solutions, today announced results for the fourth quarter and full year of 2019.

Peter Quigley, president and chief executive officer, announced revenue for the fourth quarter of 2019 totaled \$1.3 billion, a 5.4% decrease, or 5.2% in constant currency, compared to the corresponding quarter of 2018.

Earnings from operations for the fourth quarter of 2019 totaled \$13.1 million, compared to the \$33.1 million reported for the fourth quarter of 2018. The 2019 fourth quarter results include a \$15.8 million impairment charge related to a technology development project.

Diluted earnings per share in the fourth quarter of 2019 were \$0.43 compared to a loss per share of \$0.62 in the fourth quarter of 2018. Included in the earnings per share in the fourth quarter of 2019 was a \$0.30 impairment charge, net of tax and a \$0.01 gain, net of tax on Persol Holdings common stock. Included in the loss per share in the fourth quarter of 2018 is the unfavorable impact of \$1.49 due to the non-cash after-tax loss on Kelly's investment in Persol Holdings common stock.

Diluted earnings per share for the full year 2019 were \$2.84 compared to \$0.58 for 2018. Full-year earnings per share for 2019 were unfavorably impacted \$0.40 by the after-tax impact of asset impairments and restructuring charges, and were favorably impacted \$1.08 by the after-tax gain on Persol common stock, the gain on sale of assets, and the impact of recent acquisitions. Full-year earnings per share for 2018 were unfavorably impacted by the \$1.69 non-cash after-tax loss on Persol Holdings common stock. On an adjusted basis, diluted earnings per share were \$2.16 in 2019 compared to \$2.27 in 2018. The impacts of these adjustments are more fully described in the included reconciliation of non-GAAP measures.

"Q4 continued the underlying dynamics we saw in Q3, including a weaker manufacturing sector, economic headwinds in Europe, and disruption from the 2019 restructuring of our U.S. operations," noted Quigley. "The efficiencies we've gained are already bringing us increased agility and we have delivered good GP rate improvement, however, we have not yet delivered on top-line growth." Quigley has made returning to growth a top priority since becoming CEO, while also taking other significant steps in his first 120 days: the sale and lease-back of the company's HQ building to free up capital; the acquisition of Insight to further strengthen Kelly Education's leading U.S. market position; the appointment of Kelly's first-ever Chief Growth Officer; deployment of new front-office technology in the U.S. and Europe; and other actions designed to accelerate Kelly's shift toward a more responsive, tech-enabled delivery model.

Today, Quigley announced three additional changes designed to accelerate growth and intensify Kelly's specialty focus:

- The company will be managed by specialty: Professional & Industrial (formerly Commercial); Education; STEM (including Science, Engineering, and IT); OCG; and International. Each specialty will be led by a president, reporting directly to Quigley, who will work to accelerate each specialty's top- and bottom-line results.

- Kelly will accelerate its M&A initiatives as part of an ambitious program to drive financial performance through growth in higher-margin businesses, focusing its capital allocations on investments and acquisitions that align with the company's specialty solutions strategy.
- Kelly will share growth targets via its growth map, providing regular updates on progress against key financial goals the company intends to achieve.

"There's no question there are a lot of positive changes underway at Kelly," stated Quigley. "Although they're at different stages of progress, they are necessary to address market challenges head-on, modernize our delivery models, leverage more agile operations, open new doors for organic and inorganic growth, and put us on a path to becoming a specialty talent company that delivers results for clients, talent, and shareholders."

Kelly also reported that on February 12, its board of directors declared a dividend of \$0.075 per share. The dividend is payable March 9, 2020 to shareholders of record as of the close of business on February 24, 2020.

In conjunction with its fourth quarter and full year earnings release, Kelly Services has published a financial presentation on the Investor Relations page of its public website and will host a conference call at 9:00 a.m. (ET) on February 13 to review the results and answer questions. The call may be accessed in one of the following ways:

Via the Internet:  
kellyservices.com

Via the Telephone (**new process**)  
(877) 692-8955 (toll free) or (234) 720-6979 (caller paid)  
**Enter access code 5728672**  
**After the prompt, please enter "#"**

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, 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 Asia Pacific, 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.

**About Kelly Services®**

Kelly Services, Inc. (Nasdaq: KELYA, KELYB) connects talented people to companies in need of their skills in areas including Science, Engineering, Education, Office, Contact Center, Light Industrial, and more. We're always thinking about what's next in the evolving world of work, and we help people ditch the script on old ways of thinking and embrace the value of all workstyles in the workplace. We directly employ approximately 440,000 people around the world, and we connect thousands more with work through our global network of talent suppliers and partners in our outsourcing and consulting practice. Revenue in 2019 was \$5.4 billion. Visit [kellyservices.com](http://kellyservices.com) and let us help with what's next for you.

KLYA-FIN

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**MEDIA CONTACT:**

Jane Stehney  
(248) 574-9800  
[stehnja@kellyservices.com](mailto:stehnja@kellyservices.com)

**ANALYST CONTACT:**

James Polehna  
(248) 244-4586  
[james.polehna@kellyservices.com](mailto:james.polehna@kellyservices.com)

**KELLY SERVICES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF EARNINGS**  
**FOR THE 13 WEEKS ENDED DECEMBER 29, 2019 AND DECEMBER 30, 2018**  
**(UNAUDITED)**

(In millions of dollars except per share data)

	<u>2019</u>	<u>2018</u>	<u>Change</u>	<u>% Change</u>	<u>CC % Change</u>
<b>Revenue from services</b>	\$ 1,337.8	\$ 1,414.7	\$ (76.9)	(5.4) %	(5.2) %
Cost of services	1,092.7	1,160.3	(67.6)	(5.8)	
<b>Gross profit</b>	245.1	254.4	(9.3)	(3.7)	(3.4)
Selling, general and administrative expenses	216.2	221.3	(5.1)	(2.3)	(2.1)
Asset impairment charge	15.8	—	15.8	NM	
<b>Earnings from operations</b>	13.1	33.1	(20.0)	(60.5)	
Gain (loss) on investment in Persol Holdings	0.7	(83.2)	83.9	NM	
Other income (expense), net	(0.1)	1.2	(1.3)	(110.6)	
<b>Earnings (loss) before taxes and equity in net earnings (loss) of affiliate</b>	13.7	(48.9)	62.6	NM	
Income tax (benefit) expense	(5.9)	(23.8)	17.9	75.2	
<b>Net earnings (loss) before equity in net earnings (loss) of affiliate</b>	19.6	(25.1)	44.7	NM	
Equity in net earnings (loss) of affiliate	(2.6)	1.2	(3.8)	NM	
<b>Net earnings (loss)</b>	<u>\$ 17.0</u>	<u>\$ (23.9)</u>	<u>\$ 40.9</u>	NM %	
<b>Basic earnings (loss) per share</b>	\$ 0.43	\$ (0.62)	\$ 1.05	NM %	
<b>Diluted earnings (loss) per share</b>	\$ 0.43	\$ (0.62)	\$ 1.05	NM %	
<b>STATISTICS:</b>					
Staffing fee-based income (included in revenue from services)	\$ 13.4	\$ 16.3	\$ (2.9)	(17.7) %	(17.2) %
Gross profit rate	18.3 %	18.0 %	0.3 pts.		
Conversion rate	5.3	13.0	(7.7)		
% Return:					
Earnings from operations	1.0	2.3	(1.3)		
Net earnings (loss)	1.3	(1.7)	3.0		
Effective income tax rate	(43.2) %	48.8 %	(92.0) pts.		
Average number of shares outstanding (millions):					
Basic	39.1	38.9			
Diluted	39.3	38.9			



**KELLY SERVICES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF EARNINGS**  
**FOR THE 52 WEEKS ENDED DECEMBER 29, 2019 AND DECEMBER 30, 2018**  
**(UNAUDITED)**

(In millions of dollars except per share data)

	<u>2019</u>	<u>2018</u>	<u>Change</u>	<u>% Change</u>	<u>CC % Change</u>
<b>Revenue from services</b>	\$ 5,355.6	\$ 5,513.9	\$ (158.3)	(2.9) %	(1.9) %
Cost of services	4,387.2	4,541.7	(154.5)	(3.4)	
<b>Gross profit</b>	968.4	972.2	(3.8)	(0.4)	0.5
Selling, general and administrative expenses	883.1	884.8	(1.7)	(0.2)	0.7
Gain on sale of assets	(12.3)	—	(12.3)	NM	
Asset impairment charge	15.8	—	15.8	NM	
<b>Earnings from operations</b>	81.8	87.4	(5.6)	(6.5)	
Gain (loss) on investment in Persol Holdings	35.8	(96.2)	132.0	NM	
Other income (expense), net	(1.2)	(0.6)	(0.6)	(86.9)	
<b>Earnings (loss) before taxes and equity in net earnings (loss) of affiliate</b>	116.4	(9.4)	125.8	NM	
Income tax expense (benefit)	0.4	(27.1)	27.5	101.3	
<b>Net earnings (loss) before equity in net earnings (loss) of affiliate</b>	116.0	17.7	98.3	NM	
Equity in net earnings (loss) of affiliate	(3.6)	5.2	(8.8)	NM	
<b>Net earnings</b>	<u>\$ 112.4</u>	<u>\$ 22.9</u>	<u>\$ 89.5</u>	390.2 %	
<b>Basic earnings per share</b>	\$ 2.85	\$ 0.59	\$ 2.26	383.1 %	
<b>Diluted earnings per share</b>	\$ 2.84	\$ 0.58	\$ 2.26	389.7 %	
<b>STATISTICS:</b>					
Staffing fee-based income (included in revenue from services)	\$ 60.1	\$ 68.6	\$ (8.5)	(12.5) %	(10.6) %
Gross profit rate	18.1 %	17.6 %	0.5 pts.		
Conversion rate	8.4	9.0	(0.6)		
<b>% Return:</b>					
Earnings from operations	1.5	1.6	(0.1)		
Net earnings	2.1	0.4	1.7		
Effective income tax rate	0.3 %	289.2 %	(288.9) pts.		
<b>Average number of shares outstanding (millions):</b>					
Basic	39.1	38.8			
Diluted	39.2	39.1			

**KELLY SERVICES, INC. AND SUBSIDIARIES**  
**RESULTS OF OPERATIONS BY SEGMENT**  
**(UNAUDITED)**  
(In millions of dollars)

**Fourth Quarter**

	2019	2018	% Change	CC % Change
<b>Americas Staffing</b>				
Revenue from services	\$ 580.0	\$ 647.6	(10.4) %	(10.5) %
Gross profit	109.6	118.8	(7.8)	(7.8)
SG&A expenses excluding restructuring charges	88.6	90.4	(2.0)	(2.0)
Restructuring charges	(0.1)	—	NM	NM
Total SG&A expenses	88.5	90.4	(2.1)	(2.1)
Earnings from operations	21.1	28.4	(25.8)	
Earnings from operations excluding restructuring charges	21.0	28.4	(26.2)	
Gross profit rate	18.9 %	18.3 %	0.6 pts.	
Conversion rate	19.3	23.9	(4.6)	
Conversion rate excluding restructuring charges	19.1	23.9	(4.8)	
Return on sales	3.6	4.4	(0.8)	
Return on sales excluding restructuring charges	3.6	4.4	(0.8)	
<b>Global Talent Solutions</b>				
Revenue from services	\$ 515.1	\$ 503.3	2.3 %	2.4 %
Gross profit	100.8	99.3	1.5	1.7
Total SG&A expenses	72.9	72.5	0.5	0.6
Earnings from operations	27.9	26.8	4.2	
Gross profit rate	19.6 %	19.7 %	(0.1) pts.	
Conversion rate	27.7	27.0	0.7	
Return on sales	5.4	5.3	0.1	
<b>International Staffing</b>				
Revenue from services	\$ 246.0	\$ 268.1	(8.2) %	(7.1) %
Gross profit	35.1	36.9	(4.9)	(3.5)
Total SG&A expenses	30.2	33.1	(9.0)	(7.8)
Earnings from operations	4.9	3.8	30.8	
Gross profit rate	14.3 %	13.8 %	0.5 pts.	
Conversion rate	14.1	10.2	3.9	
Return on sales	2.0	1.4	0.6	

**KELLY SERVICES, INC. AND SUBSIDIARIES**  
**RESULTS OF OPERATIONS BY SEGMENT**  
**(UNAUDITED)**  
(In millions of dollars)

**December Year to Date**

	2019	2018	% Change	CC % Change
<b>Americas Staffing</b>				
Revenue from services	\$ 2,320.1	\$ 2,417.7	(4.0) %	(3.8) %
Gross profit	429.5	441.3	(2.7)	(2.5)
SG&A expenses excluding restructuring charges	367.2	364.2	0.8	1.0
Restructuring charges	5.5	—	NM	NM
Total SG&A expenses	372.7	364.2	2.3	2.6
Earnings from operations	56.8	77.1	(26.3)	
Earnings from operations excluding restructuring charges	62.3	77.1	(19.2)	
Gross profit rate	18.5 %	18.3 %	0.2 pts.	
Conversion rate	13.2	17.5	(4.3)	
Conversion rate excluding restructuring charges	14.5	17.5	(3.0)	
Return on sales	2.4	3.2	(0.8)	
Return on sales excluding restructuring charges	2.7	3.2	(0.5)	
<b>Global Talent Solutions</b>				
Revenue from services	\$ 2,024.5	\$ 1,997.4	1.4 %	1.6 %
Gross profit	400.5	381.1	5.1	5.6
Total SG&A expenses	293.1	296.5	(1.2)	(0.6)
Earnings from operations	107.4	84.6	26.9	
Gross profit rate	19.8 %	19.1 %	0.7 pts.	
Conversion rate	26.8	22.2	4.6	
Return on sales	5.3	4.2	1.1	
<b>International Staffing</b>				
Revenue from services	\$ 1,025.9	\$ 1,116.6	(8.1) %	(4.0) %
Gross profit	140.5	152.3	(7.7)	(3.6)
Total SG&A expenses	125.3	132.3	(5.3)	(1.2)
Earnings from operations	15.2	20.0	(24.1)	
Gross profit rate	13.7 %	13.6 %	0.1 pts.	
Conversion rate	10.8	13.2	(2.4)	
Return on sales	1.5	1.8	(0.3)	

**KELLY SERVICES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**(UNAUDITED)**  
(In millions of dollars)

	Dec. 29, 2019	Dec. 30, 2018
<b>Current Assets</b>		
Cash and equivalents	\$ 25.8	\$ 35.3
Trade accounts receivable, less allowances of \$12.9 and \$13.2, respectively	1,282.2	1,293.3
Prepaid expenses and other current assets	76.5	71.9
Properties held for sale	21.2	—
<b>Total current assets</b>	<b>1,405.7</b>	<b>1,400.5</b>
<b>Noncurrent Assets</b>		
Property and equipment, net	43.1	86.3
Operating lease right-of-use assets	60.4	—
Deferred taxes	229.1	198.7
Goodwill, net	127.8	107.3
Investment in Persol Holdings	173.2	135.1
Investment in equity affiliate	117.2	121.3
Other assets	324.1	265.2
<b>Total noncurrent assets</b>	<b>1,074.9</b>	<b>913.9</b>
<b>Total Assets</b>	<b>\$ 2,480.6</b>	<b>\$ 2,314.4</b>
<b>Current Liabilities</b>		
Short-term borrowings	\$ 1.9	\$ 2.2
Accounts payable and accrued liabilities	503.6	540.6
Operating lease liabilities	20.1	—
Accrued payroll and related taxes	267.6	266.0
Accrued workers' compensation and other claims	25.7	26.0
Income and other taxes	65.2	62.7
<b>Total current liabilities</b>	<b>884.1</b>	<b>897.5</b>
<b>Noncurrent Liabilities</b>		
Operating lease liabilities	43.3	—
Accrued workers' compensation and other claims	45.8	50.5
Accrued retirement benefits	187.4	162.9
Other long-term liabilities	55.5	44.0
<b>Total noncurrent liabilities</b>	<b>332.0</b>	<b>257.4</b>
<b>Stockholders' Equity</b>		
Common stock	40.1	40.1
Treasury stock	(20.9)	(26.0)
Paid-in capital	22.5	24.4
Earnings invested in the business	1,238.6	1,138.1
Accumulated other comprehensive income (loss)	(15.8)	(17.1)
<b>Total stockholders' equity</b>	<b>1,264.5</b>	<b>1,159.5</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 2,480.6</b>	<b>\$ 2,314.4</b>
<b>Statistics:</b>		
Working Capital	\$ 521.6	\$ 503.0
Current Ratio	1.6	1.6
Debt-to-capital %	0.1 %	0.2 %
Global Days Sales Outstanding	58	55
Year-to-Date Free Cash Flow	\$ 82.2	\$ 35.8

**KELLY SERVICES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE 52 WEEKS ENDED DECEMBER 29, 2019 AND DECEMBER 30, 2018**  
**(UNAUDITED)**  
(In millions of dollars)

	2019	2018
<b>Cash flows from operating activities:</b>		
Net earnings	\$ 112.4	\$ 22.9
Adjustments to reconcile net earnings to net cash from operating activities:		
Depreciation and amortization	31.6	26.2
Operating lease asset amortization	22.3	—
Provision for bad debts	4.1	3.0
Stock-based compensation	5.6	8.1
Deferred income taxes	(18.3)	(47.5)
(Gain) loss on investment in Persol Holdings	(35.8)	96.2
(Gain) on sale of assets	(12.3)	—
Asset impairment charge	15.8	—
Equity in net (earnings) loss of Persol Kelly Asia Pacific	3.6	(5.2)
Other, net	(0.4)	(0.8)
Changes in operating assets and liabilities, net of acquisitions	(26.4)	(41.5)
<b>Net cash from operating activities</b>	<b>102.2</b>	<b>61.4</b>
<b>Cash flows from investing activities:</b>		
Capital expenditures	(20.0)	(25.6)
Acquisition of companies, net of cash received	(86.4)	—
Investment in equity securities	(1.0)	(5.0)
Loans to equity affiliate	(4.4)	(7.0)
Proceeds from sale of assets	13.8	—
Proceeds from company-owned life insurance	3.0	7.9
Other investing activities	0.7	(0.1)
<b>Net cash used in investing activities</b>	<b>(94.3)</b>	<b>(29.8)</b>
<b>Cash flows from financing activities:</b>		
Net change in short-term borrowings	(0.3)	(7.8)
Financing lease payments	(0.7)	—
Dividend payments	(11.9)	(11.8)
Payments of tax withholding for restricted shares	(2.5)	(6.9)
Other financing activities	(0.7)	—
<b>Net cash used in financing activities</b>	<b>(16.1)</b>	<b>(26.5)</b>
<b>Effect of exchange rates on cash, cash equivalents and restricted cash</b>	<b>(0.9)</b>	<b>(1.9)</b>
<b>Net change in cash, cash equivalents and restricted cash</b>	<b>(9.1)</b>	<b>3.2</b>
<b>Cash, cash equivalents and restricted cash at beginning of year</b>	<b>40.1</b>	<b>36.9</b>
<b>Cash, cash equivalents and restricted cash at end of year</b>	<b>\$ 31.0</b>	<b>\$ 40.1</b>

**KELLY SERVICES, INC. AND SUBSIDIARIES**  
**REVENUE FROM SERVICES**  
**(UNAUDITED)**  
(In millions of dollars)

**Fourth Quarter (Americas, International and GTS)**

	<u>2019</u>	<u>2018</u>	<u>% Change</u>	<u>CC % Change</u>
<b>Americas</b>				
United States	\$ 979.1	\$ 1,031.6	(5.1) %	(5.1) %
Canada	35.3	34.8	1.2	1.2
Mexico	34.0	32.3	5.2	2.1
Puerto Rico	17.0	22.4	(24.5)	(24.5)
Brazil	9.0	8.6	6.3	13.1
<b>Total Americas</b>	<u>1,074.4</u>	<u>1,129.7</u>	(4.9)	(4.9)
<b>EMEA</b>				
France	60.0	66.2	(9.3)	(6.5)
Switzerland	50.7	56.4	(10.0)	(10.5)
Portugal	44.3	46.4	(4.7)	(1.8)
Russia	33.5	24.7	35.7	29.8
United Kingdom	21.5	23.2	(7.5)	(7.4)
Italy	16.1	19.4	(16.9)	(14.4)
Germany	9.1	12.1	(24.7)	(22.4)
Ireland	5.0	10.3	(52.2)	(50.8)
Other	16.0	21.0	(23.7)	(19.8)
<b>Total EMEA</b>	<u>256.2</u>	<u>279.7</u>	(8.4)	(7.2)
<b>Total APAC</b>	<u>7.2</u>	<u>5.3</u>	35.5	39.8
<b>Total Kelly Services, Inc.</b>	<u>\$ 1,337.8</u>	<u>\$ 1,414.7</u>	(5.4) %	(5.2) %

**KELLY SERVICES, INC. AND SUBSIDIARIES**  
**REVENUE FROM SERVICES**  
**(UNAUDITED)**  
(In millions of dollars)

**December Year to Date (Americas, International and GTS)**

	<u>2019</u>	<u>2018</u>	<u>% Change</u>	<u>CC % Change</u>
<b>Americas</b>				
United States	\$ 3,892.5	\$ 3,930.0	(1.0) %	(1.0) %
Canada	136.1	142.4	(4.5)	(2.2)
Mexico	123.6	125.0	(1.1)	(1.1)
Puerto Rico	74.6	96.6	(22.8)	(22.8)
Brazil	34.1	35.2	(2.9)	6.1
<b>Total Americas</b>	<u>4,260.9</u>	<u>4,329.2</u>	(1.6)	(1.4)
<b>EMEA</b>				
France	248.6	278.9	(10.9)	(5.9)
Switzerland	200.7	212.7	(5.6)	(4.1)
Portugal	179.8	196.9	(8.7)	(3.7)
Russia	117.6	100.4	17.2	20.4
United Kingdom	103.1	108.8	(5.3)	(0.6)
Italy	75.9	77.5	(2.0)	3.5
Germany	41.6	57.1	(27.1)	(23.1)
Ireland	33.1	44.6	(25.9)	(21.5)
Other	67.5	85.6	(21.1)	(15.8)
<b>Total EMEA</b>	<u>1,067.9</u>	<u>1,162.5</u>	(8.1)	(4.0)
<b>Total APAC</b>	<u>26.8</u>	<u>22.2</u>	20.6	27.7
<b>Total Kelly Services, Inc.</b>	<u>\$ 5,355.6</u>	<u>\$ 5,513.9</u>	(2.9) %	(1.9) %

**KELLY SERVICES, INC. AND SUBSIDIARIES**  
**RECONCILIATION OF NON-GAAP MEASURES**  
**FOURTH QUARTER**  
**(UNAUDITED)**  
(In millions of dollars)

	2019				2018	
	As Reported	Restructuring <sup>(2)</sup>	Acquisitions <sup>(3)</sup>	Adjusted	As Reported	
<b>Revenue from Services:</b>						
Americas Staffing	\$ 580.0	\$ —	\$ (15.4)	\$ 564.6	\$ 647.6	\$ 647.6
Global Talent Solutions	515.1	—	(14.6)	500.5	503.3	503.3
International Staffing	246.0	—	—	246.0	268.1	268.1
Intersegment	(3.3)	—	—	(3.3)	(4.3)	(4.3)
<b>Total Company</b>	<b>\$ 1,337.8</b>	<b>\$ —</b>	<b>\$ (30.0)</b>	<b>\$ 1,307.8</b>	<b>\$ 1,414.7</b>	<b>\$ 1,414.7</b>

	2019				2018	
	As Reported	Restructuring <sup>(2)</sup>	Acquisitions <sup>(3)</sup>	Adjusted	As Reported	
<b>Gross Profit:</b>						
Americas Staffing	\$ 109.6	\$ —	\$ (5.0)	\$ 104.6	\$ 118.8	\$ 118.8
Global Talent Solutions	100.8	—	(3.3)	97.5	99.3	99.3
International Staffing	35.1	—	—	35.1	36.9	36.9
Intersegment	(0.4)	—	—	(0.4)	(0.6)	(0.6)
<b>Total Company</b>	<b>\$ 245.1</b>	<b>\$ —</b>	<b>\$ (8.3)</b>	<b>\$ 236.8</b>	<b>\$ 254.4</b>	<b>\$ 254.4</b>

	2019				2018	
	As Reported	Restructuring <sup>(2)</sup>	Acquisitions <sup>(3)</sup>	Adjusted	As Reported	
<b>SG&amp;A Expenses:</b>						
Americas Staffing	\$ 88.5	\$ 0.1	\$ (4.0)	\$ 84.6	\$ 90.4	\$ 90.4
Global Talent Solutions	72.9	—	(1.9)	71.0	72.5	72.5
International Staffing	30.2	—	—	30.2	33.1	33.1
Corporate	25.0	—	—	25.0	25.9	25.9
Intersegment	(0.4)	—	—	(0.4)	(0.6)	(0.6)
<b>Total Company</b>	<b>\$ 216.2</b>	<b>\$ 0.1</b>	<b>\$ (5.9)</b>	<b>\$ 210.4</b>	<b>\$ 221.3</b>	<b>\$ 221.3</b>

	2019					2018	
	As Reported	Restructuring <sup>(2)</sup>	Acquisitions <sup>(3)</sup>	Asset Impairment Charge <sup>(5)</sup>	Adjusted	As Reported	
<b>Earnings from Operations:</b>							
Americas Staffing	\$ 21.1	\$ (0.1)	\$ (1.0)	\$ —	\$ 20.0	\$ 28.4	\$ 28.4
Global Talent Solutions	27.9	—	(1.4)	—	26.5	26.8	26.8
International Staffing	4.9	—	—	—	4.9	3.8	3.8
Corporate	(40.8)	—	—	15.8	(25.0)	(25.9)	(25.9)
<b>Total Company</b>	<b>\$ 13.1</b>	<b>\$ (0.1)</b>	<b>\$ (2.4)</b>	<b>\$ 15.8</b>	<b>\$ 26.4</b>	<b>\$ 33.1</b>	<b>\$ 33.1</b>



**KELLY SERVICES, INC. AND SUBSIDIARIES**  
**RECONCILIATION OF NON-GAAP MEASURES (continued)**  
**DECEMBER YEAR TO DATE**  
**(UNAUDITED)**  
(In millions of dollars)

	2019				2018	
	As Reported	Restructuring <sup>(2)</sup>	Acquisitions <sup>(3)</sup>	Adjusted	As Reported	
<b>Revenue from Services:</b>						
Americas Staffing	\$ 2,320.1	\$ —	\$ (78.3)	\$ 2,241.8	\$ 2,417.7	\$ 2,417.7
Global Talent Solutions	2,024.5	—	(62.8)	1,961.7	1,997.4	1,997.4
International Staffing	1,025.9	—	—	1,025.9	1,116.6	1,116.6
Intersegment	(14.9)	—	—	(14.9)	(17.8)	(17.8)
<b>Total Company</b>	<b>\$ 5,355.6</b>	<b>\$ —</b>	<b>\$ (141.1)</b>	<b>\$ 5,214.5</b>	<b>\$ 5,513.9</b>	<b>\$ 5,513.9</b>

	2019				2018	
	As Reported	Restructuring <sup>(2)</sup>	Acquisitions <sup>(3)</sup>	Adjusted	As Reported	
<b>Gross Profit:</b>						
Americas Staffing	\$ 429.5	\$ —	\$ (24.8)	\$ 404.7	\$ 441.3	\$ 441.3
Global Talent Solutions	400.5	—	(13.6)	386.9	381.1	381.1
International Staffing	140.5	—	—	140.5	152.3	152.3
Intersegment	(2.1)	—	—	(2.1)	(2.5)	(2.5)
<b>Total Company</b>	<b>\$ 968.4</b>	<b>\$ —</b>	<b>\$ (38.4)</b>	<b>\$ 930.0</b>	<b>\$ 972.2</b>	<b>\$ 972.2</b>

	2019				2018	
	As Reported	Restructuring <sup>(2)</sup>	Acquisitions <sup>(3)</sup>	Adjusted	As Reported	
<b>SG&amp;A Expenses:</b>						
Americas Staffing	\$ 372.7	\$ (5.5)	\$ (18.9)	\$ 348.3	\$ 364.2	\$ 364.2
Global Talent Solutions	293.1	—	(7.6)	285.5	296.5	296.5
International Staffing	125.3	—	—	125.3	132.3	132.3
Corporate	94.1	—	—	94.1	94.3	94.3
Intersegment	(2.1)	—	—	(2.1)	(2.5)	(2.5)
<b>Total Company</b>	<b>\$ 883.1</b>	<b>\$ (5.5)</b>	<b>\$ (26.5)</b>	<b>\$ 851.1</b>	<b>\$ 884.8</b>	<b>\$ 884.8</b>

	2019						2018	
	As Reported	Restructuring <sup>(2)</sup>	Acquisitions <sup>(3)</sup>	Gain on sale of assets <sup>(4)</sup>	Asset Impairment Charge <sup>(5)</sup>	Adjusted	As Reported	
<b>Earnings from Operations:</b>								
Americas Staffing	\$ 56.8	\$ 5.5	\$ (5.9)	\$ —	\$ —	\$ 56.4	\$ 56.4	\$ 77.1
Global Talent Solutions	107.4	—	(6.0)	—	—	101.4	101.4	84.6
International Staffing	15.2	—	—	—	—	15.2	15.2	20.0
Corporate	(97.6)	—	—	(12.3)	15.8	(94.1)	(94.1)	(94.3)
<b>Total Company</b>	<b>\$ 81.8</b>	<b>\$ 5.5</b>	<b>\$ (11.9)</b>	<b>\$ (12.3)</b>	<b>\$ 15.8</b>	<b>\$ 78.9</b>	<b>\$ 78.9</b>	<b>\$ 87.4</b>

**KELLY SERVICES, INC. AND SUBSIDIARIES**  
**RECONCILIATION OF NON-GAAP MEASURES (continued)**  
**(UNAUDITED)**

(In millions of dollars except per share data)

	Fourth Quarter		December Year to Date	
	2019	2018	2019	2018
Income tax expense (benefit)	\$ (5.9)	\$ (23.8)	\$ 0.4	\$ (27.1)
Taxes on investment in Persol Holdings(1)	(0.3)	25.4	(11.0)	29.4
Taxes on restructuring charges(2)	(0.1)	—	1.4	—
Taxes on acquisitions(3)	(0.6)	—	(3.0)	—
Taxes on gain on sale of assets(4)	—	—	(3.3)	—
Taxes on asset impairment charge(5)	4.0	—	4.0	—
Adjusted income tax expense (benefit)	<u>\$ (2.9)</u>	<u>\$ 1.6</u>	<u>\$ (11.5)</u>	<u>\$ 2.3</u>

	Fourth Quarter		December Year to Date	
	2019	2018	2019	2018
Net earnings (loss)	\$ 17.0	\$ (23.9)	\$ 112.4	\$ 22.9
(Gain) loss on investment in Persol Holdings, net of taxes(1)	(0.4)	57.8	(24.8)	66.8
Restructuring charges, net of taxes(2)	—	—	4.1	—
Net earnings from acquisitions(3)	(1.9)	—	(9.0)	—
Gain on sale of assets, net of taxes(4)	—	—	(9.0)	—
Asset impairment charge, net of taxes(5)	11.8	—	11.8	—
Adjusted net earnings	<u>\$ 26.5</u>	<u>\$ 33.9</u>	<u>\$ 85.5</u>	<u>\$ 89.7</u>

	Fourth Quarter		December Year to Date	
	2019	2018	2019	2018
	Per Share		Per Share	
Net earnings (loss)	\$ 0.43	\$ (0.62)	\$ 2.84	\$ 0.58
(Gain) loss on investment in Persol Holdings, net of taxes(1)	(0.01)	1.49	(0.63)	1.69
Restructuring charges, net of taxes(2)	—	—	0.10	—
Acquisitions, net of taxes(3)	(0.04)	—	(0.22)	—
Gain on sale of assets, net of taxes(4)	—	—	(0.23)	—
Asset impairment charge, net of taxes(5)	0.30	—	0.30	—
Adjusted net earnings	<u>\$ 0.67</u>	<u>\$ 0.87</u>	<u>\$ 2.16</u>	<u>\$ 2.27</u>

Note: Earnings per share amounts for each quarter are required to be computed independently and may not equal the amounts computed for the total year.

**KELLY SERVICES, INC. AND SUBSIDIARIES**  
**RECONCILIATION OF NON-GAAP MEASURES**  
**(UNAUDITED)**

Management believes that the non-GAAP (Generally Accepted Accounting Principles) information excluding the 2019 and 2018 gains and losses on the investment in Persol Holdings, the 2019 restructuring charges, the 2019 acquisitions, the 2019 gain on sale of assets and the 2019 asset impairment charge are useful to understand the Company's fiscal 2019 financial performance and increases comparability. Specifically, Management believes that removing the impact of these items allows for a more meaningful comparison of current period operating performance with the operating results of prior periods. 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.

- (1) The gains and losses on the investment in Persol Holdings represent the change in fair value of the investment during the period presented and the related tax expense and benefit.
- (2) Restructuring charges in 2019 represent severance costs primarily related to U.S. branch-based staffing operations.
- (3) NextGen and GTA were acquired on January 2, 2019, and were included in the reported results of operations of Americas Staffing and GTS segments, respectively, from the date of acquisition.
- (4) Gain on sale of assets primarily represents the excess of the proceeds over the cost of an unused parcel of land located near the Company headquarters sold during the second quarter of 2019.
- (5) Asset impairment charge represents the write-off of previously capitalized costs associated with a U.S. front and middle office technology development project that we determined we would not complete in order to enhance and expand a technology platform already in existence.



FOURTH QUARTER AND FULL YEAR 2019  
WHAT'S **NEXT.**

**KELLY**®

# FOURTH QUARTER 2019 TAKEAWAYS

## PRESSURE ON REVENUE GROWTH IN A MORE CHALLENGING ENVIRONMENT

Revenue down 5.4%;  
Down 5.2% in constant  
currency<sup>(1)</sup>

## PROFITS

Earnings from  
Operations, excluding  
asset impairment  
charge<sup>(2)</sup>, was \$28.9  
million, down 12.9%

## FOCUSING ON OUR FUTURE

Unlocking capital to  
invest in growth  
platforms by entering  
Corporate Campus  
sales and leaseback  
transaction

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<sup>(1)</sup>Constant Currency represents year-over-year changes resulting from translating 2019 financial data into USD using 2018 exchange rates.

<sup>(2)</sup>Asset impairment charge of \$15.8 million, \$11.8 million net of tax or \$0.30 per share in 2019.

# FOURTH QUARTER 2019 FINANCIAL SUMMARY

	<u>Actual Results</u>	<u>Change</u>	<u>Constant Currency Change<sup>(1)</sup></u>
Revenue	\$1.3B	(5.4%)	(5.2%)
GP %	18.3%	30 bps	
Earnings from Operations	\$13.1M	(60.5%)	(60.0%)
ROS %	1.0%	(130) bps	
EPS	\$0.43	\$1.05	

- Revenue declined in Americas Staffing and International Staffing segments in the face of a weakening manufacturing sector in the U.S. and softening demand in Europe, respectively. GTS returned to revenue growth in the fourth quarter
- GP rate improved from the impact of higher margin acquisitions and structural improvement in product mix, partially offset by lower perm fees
- Earnings from Operations declined primarily due to a \$15.8 million asset impairment charge related to a technology development project and the impact of lower revenues in Americas Staffing
- 2019 Q4 EPS includes a \$0.30 impact from the asset impairment charge. Also driving the change is the \$1.49 loss on equity investment in 2018 compared to a \$0.01 gain in 2019

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<sup>(1)</sup>Constant Currency represents year-over-year changes resulting from translating 2019 financial data into USD using 2018 exchange rates.



# FOURTH QUARTER 2019 FINANCIAL SUMMARY

(Excluding Gain/Loss on Investment in Persol Holdings, Acquisitions, Asset Impairment Charge, and Restructuring)

	<u>Actual Results</u>	<u>Change</u>	<u>Constant Currency Change<sup>(4)</sup></u>
Revenue <sup>(1)</sup>	\$1.3B	(7.6%)	(7.3%)
GP % <sup>(1)</sup>	18.1%	10 bps	
Earnings from Operations <sup>(1),(2)</sup>	\$26.4M	(20.2%)	(19.7%)
ROS % <sup>(1),(2)</sup>	2.0%	(30) bps	
EPS <sup>(1),(2),(3)</sup>	\$0.67	(\$0.20)	

- Revenue declined in all three segments in the face of a weakening manufacturing sector in the U.S. and softening demand in Europe
- GP rate increased due to improved customer and product mix, partially offset by lower perm placement fees
- Earnings from Operations declined as the effect of declining revenues was only partially offset by a slight increase in GP rate and reduced expenses from lower performance-based incentive expenses and efforts to align costs with GP trends
- EPS declined on lower earnings

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<sup>(1)</sup>Excludes 2019 results from the NextGen and GTA acquisitions, which were acquired on January 2, 2019, and were included in the reported results of operations in Americas Staffing and GTS, respectively.

<sup>(2)</sup>Change excludes:

- \$15.8 million asset impairment charge, \$11.8 million net of tax or \$0.30 per share in Q4 2019; and
- \$0.1 million of restructuring accrual credit adjustment, \$0.0 million net of tax or \$0.00 per share in Q4 2019.

<sup>(3)</sup>Excludes a \$0.7 million gain on investment in Persol Holdings, \$0.4 million net of tax or \$0.01 per share in Q4 2019 and \$83.2 million loss on investment in Persol Holdings, \$57.8 million net of tax or \$1.49 per share in Q4 2018.

<sup>(4)</sup>Constant Currency represents year-over-year changes resulting from translating 2019 financial data into USD using 2018 exchange rates.



# FULL YEAR 2019 FINANCIAL SUMMARY

	<u>Actual Results</u>	<u>Change</u>	<u>Constant Currency Change<sup>(1)</sup></u>
Revenue	\$5.4B	(2.9%)	(1.9%)
GP %	18.1%	50 bps	
Earnings from Operations	\$81.8M	(6.5%)	(5.0%)
ROS %	1.5%	(10) bps	
EPS	\$2.84	\$2.26	

- Revenue declined in Americas Staffing and International Staffing in the face of a weakening manufacturing sector in the U.S. and softening demand in Europe, respectively. GTS revenue improved year-over-year
- GP rate improved from the impact of higher margin acquisitions and structural improvement in product mix in GTS
- Earnings from Operations declined compared to last year as a higher GP rate on lower revenue resulted in lower gross profit. The decline was partially offset by lower performance-based incentive expenses and expense control efforts. Asset impairment and restructuring charges were partially offset by gain on sale of assets
- EPS favorably impacted by a \$0.63 gain on equity investment in 2019 compared to a \$1.69 loss in 2018

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<sup>(1)</sup>Constant Currency represents year-over-year changes resulting from translating 2019 financial data into USD using 2018 exchange rates.



# FULL YEAR 2019 FINANCIAL SUMMARY

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

	Actual Results	Change	Constant Currency Change <sup>(4)</sup>
Revenue <sup>(1)</sup>	\$5.2B	(5.4%)	(4.4%)
GP % <sup>(1)</sup>	17.8%	20 bps	
Earnings from Operations <sup>(1),(2)</sup>	\$78.9M	(9.7%)	(8.1%)
ROS % <sup>(1),(2)</sup>	1.5%	(10) bps	
EPS <sup>(1),(2),(3)</sup>	\$2.16	(\$0.11)	

- Revenue declined in Americas Staffing and International Staffing in the face of a weakening manufacturing sector in the U.S. and softening demand in Europe, respectively
- GP rate improved due to structural improvement in product mix in GTS, partially offset by lower perm fees
- Earnings from Operations declined as the effect of declining revenues was only partially offset by improving GP rate and reduced expenses from lower performance-based incentive expenses and efforts to align costs with revenue trends
- EPS declined on lower earnings

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<sup>(1)</sup>Excludes 2019 results from the NextGen and GTA acquisitions, which were acquired on January 2, 2019, and were included in the reported results of operations in Americas Staffing and GTS, respectively.

<sup>(2)</sup>Change excludes:

- 2019 asset impairment charge of \$15.8 million, \$11.8 million net of tax or \$0.30 per share; and
- 2019 restructuring charges of \$5.5 million, \$4.1 million net of tax or \$0.10 per share.

<sup>(3)</sup>Change excludes:

- 2019 gain on investment in Persol Holdings of \$35.8 million, \$24.8 million net of tax or \$0.63 per share; and
- 2018 loss on investment in Persol Holdings of \$96.2 million, \$66.8 million net of tax or \$1.69 per share.

<sup>(4)</sup>Constant Currency represents year-over-year changes resulting from translating 2019 financial data into USD using 2018 exchange rates.



# FOURTH QUARTER 2019 EPS SUMMARY

\$ in millions except per share data

	Fourth Quarter			
	2019		2018	
	Amount	Per Share	Amount	Per Share
Net earnings (loss)	\$ 17.0	\$ 0.43	\$ (23.9)	\$ (0.62)
(Gain) loss on investment in Persol Holdings, net of taxes <sup>(1)</sup>	(0.4)	(0.01)	57.8	1.49
Net earnings from acquisitions <sup>(2)</sup>	(1.9)	(0.04)	-	-
Asset impairment charge, net of taxes <sup>(3)</sup>	11.8	0.30	-	-
Adjusted net earnings	<u>\$ 26.5</u>	<u>\$ 0.67</u>	<u>\$ 33.9</u>	<u>\$ 0.87</u>

- As adjusted, net earnings and EPS declined on lower earnings

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<sup>(1)</sup>Gain on investment in Persol Holdings of \$0.7 million, \$0.4 million net of tax or \$0.01 per share in Q4 2019 and loss on investment in Persol Holdings of \$83.2 million, \$57.8 million net of tax or \$1.49 per share in Q4 2018.

<sup>(2)</sup>NextGen and GTA were acquired on January 2, 2019, and were included in the reported results of operations of Americas Staffing and GTS segments, respectively, from the date of acquisition.

<sup>(3)</sup>Asset impairment charge of \$15.8 million, \$11.8 million net of tax or \$0.30 per share in Q4 2019.

# FULL YEAR 2019 EPS SUMMARY

\$ in millions except per share data

	Full Year			
	2019		2018	
	Amount	Per Share	Amount	Per Share
Net earnings	\$ 112.4	\$ 2.84	\$ 22.9	\$ 0.58
(Gain) loss on investment in Persol Holdings, net of taxes <sup>(1)</sup>	(24.8)	(0.63)	66.8	1.69
Restructuring charges, net of taxes <sup>(2)</sup>	4.1	0.10	-	-
Net earnings from acquisitions <sup>(3)</sup>	(9.0)	(0.22)	-	-
Gain on sale of assets, net of taxes <sup>(4)</sup>	(9.0)	(0.23)	-	-
Asset impairment charge, net of taxes <sup>(5)</sup>	11.8	0.30	-	-
Adjusted net earnings	<u>\$ 85.5</u>	<u>\$ 2.16</u>	<u>\$ 89.7</u>	<u>\$ 2.27</u>

- As adjusted, net earnings and EPS declined on lower earnings

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<sup>(1)</sup>Gain on investment in Persol Holdings of \$35.8 million, \$24.8 million net of tax or \$0.63 per share in 2019 and loss on investment in Persol Holdings of \$96.2 million, \$66.8 million net of tax or \$1.69 per share in 2018.

<sup>(2)</sup>Restructuring charges of \$5.5 million, \$4.1 million net of tax or \$0.10 per share.

<sup>(3)</sup>NextGen and GTA were acquired on January 2, 2019, and were included in the reported results of operations of Americas Staffing and GTS segments, respectively, from the date of acquisition.

<sup>(4)</sup>Gain on sale of assets of \$12.3 million, \$9.0 million net of tax or \$0.23 per share in 2019.

<sup>(5)</sup>Asset impairment charge of \$15.8 million, \$11.8 million net of tax or \$0.30 per share in 2019.

**KELLY**  
WHAT'S NEXT.

# FOURTH QUARTER 2019 ORGANIC REVENUE

\$ in millions

	Fourth Quarter					
	2019			2018		
	As Reported	Acquisitions <sup>(1)</sup>	Adjusted	As Reported	Change	Constant Currency Change <sup>(2)</sup>
Americas Staffing	\$ 580.0	\$ (15.4)	\$ 564.6	\$ 647.6	(12.8%)	(12.9%)
Global Talent Solutions	515.1	(14.6)	500.5	503.3	(0.6%)	(0.5%)
International Staffing	246.0	-	246.0	268.1	(8.2%)	(7.1%)
<b>Total Company</b>	<b>\$ 1,337.8</b>	<b>\$ (30.0)</b>	<b>\$ 1,307.8</b>	<b>\$ 1,414.7</b>	<b>(7.6%)</b>	<b>(7.3%)</b>

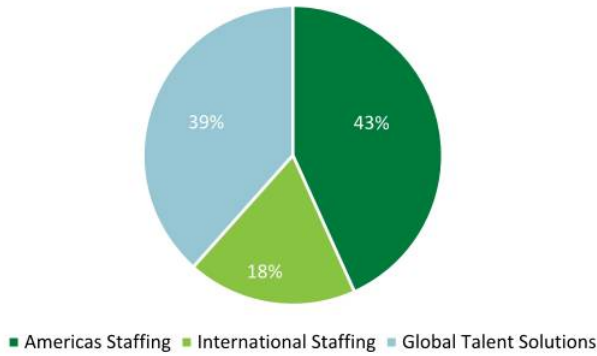
- Americas Staffing revenue reflects declines in light industrial, office services and professional/technical specialties. Education returned to year-over-year revenue growth in the fourth quarter
- GTS revenue reflects declines in centrally delivered staffing, partially offset by growth in outcome-based services
- International Staffing reflects declines in Western Europe, partially offset by growth in Eastern Europe
- Total Company revenue growth rate was unfavorably impacted by approximately 30 bps from the 2018 divestitures of our legal specialty practices, which is primarily reflected in GTS

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<sup>(1)</sup>Organic revenue growth in Q4 2019 excludes the impact of the NextGen and GTA acquisitions in the Americas Staffing and GTS segments, respectively.

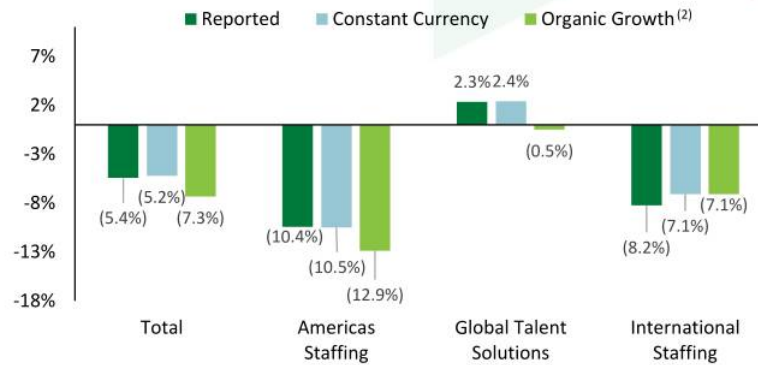
<sup>(2)</sup>Constant Currency represents year-over-year changes resulting from translating 2019 financial data into USD using 2018 exchange rates.

# FOURTH QUARTER 2019 REVENUE GROWTH

## Revenue Mix by Segment <sup>(1)</sup>



## Revenue Growth by Segment



- Americas Staffing revenue declined on lower volume in light industrial, office services, partially offset by increases in professional/technical specialties, which includes the impact of the NextGen acquisition, and Education
- GTS revenue growth includes the impact of the GTA acquisition in addition to organic growth in outcome-based services, however this growth was offset by declines in centrally delivered staffing
- International Staffing reflects declines in Western Europe, partially offset by growth in Eastern Europe

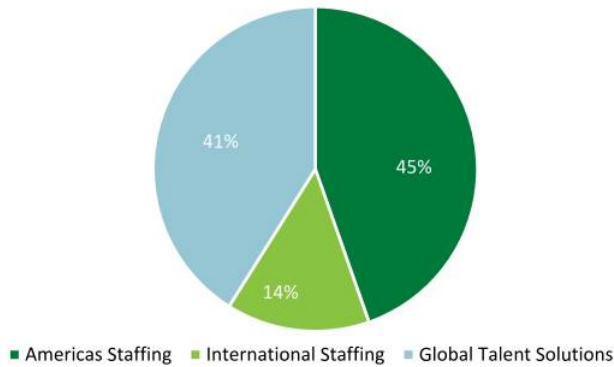
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<sup>(1)</sup>Revenue Mix by Segment includes the results from acquisitions.

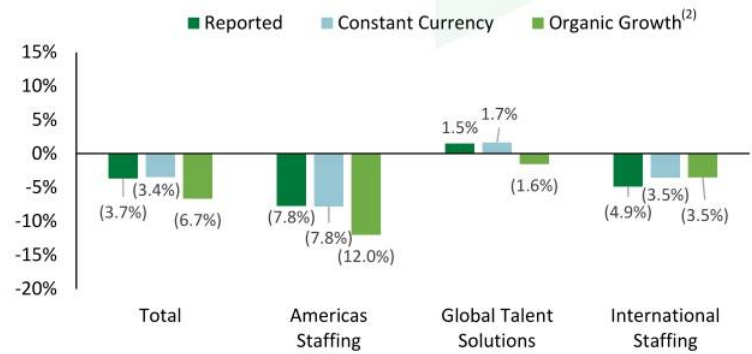
<sup>(2)</sup>Organic growth represents revenue growth excluding the results of acquisitions on a constant currency basis.

# FOURTH QUARTER 2019 GROSS PROFIT GROWTH

## Gross Profit Mix by Segment<sup>(1)</sup>



## Gross Profit Growth<sup>(1)</sup>

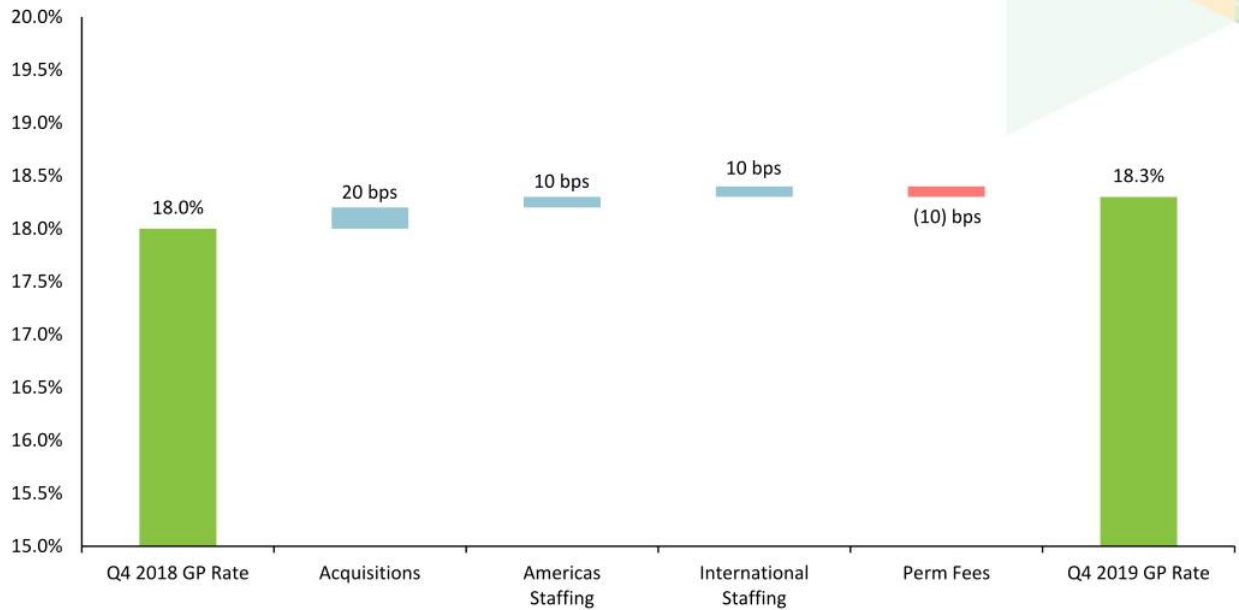


- Americas Staffing GP reflects the impact of lower revenue, partially offset by lower employee related costs and the impact of the NextGen acquisition
- GTS GP reflects the impact of the GTA acquisition and structural rate improvement from changes in product mix, partially offset by higher employee related costs
- International Staffing reflects the impact of lower revenue. GP rate improved, driven by customer mix

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

<sup>(2)</sup>Organic growth represents gross profit growth excluding acquisitions on a constant currency basis.

# FOURTH QUARTER 2019 GROSS PROFIT RATE GROWTH



- Overall GP rate improved due to the acquisitions of NextGen and GTA, which are higher margin specialty businesses
- Organically, GP rate improved 10 bps as the impact of improved customer and product mix was partially offset by lower perm fees

# FOURTH QUARTER 2019 SG&A

\$ in millions



- Acquisitions reflect the SG&A expenses of NextGen and GTA, acquired in January 2019
- Americas Staffing expenses were down due to lower performance-based compensation and lower salary expense as a result of the Q1 2019 restructuring actions in U.S. Operations
- International Staffing, GTS and Corporate expenses reflect continued cost management



# FOURTH QUARTER 2019 CONVERSION RATE

\$ in millions

	2019			2018			Change (bps)
	Gross Profit	Earnings from Ops	Conversion Rate <sup>(1)</sup>	Gross Profit	Earnings from Ops	Conversion Rate <sup>(1)</sup>	
Americas Staffing	\$ 109.6	\$ 21.1	19.3%	\$ 118.8	\$ 28.4	23.9%	(460)
Global Talent Solutions	100.8	27.9	27.7%	99.3	26.8	27.0%	70
International Staffing	35.1	4.9	14.1%	36.9	3.8	10.2%	390
<b>Total Company</b>	<b>\$ 245.1</b>	<b>\$ 13.1</b>	<b>5.3%</b>	<b>\$ 254.4</b>	<b>\$ 33.1</b>	<b>13.0%</b>	<b>(770)</b>

- Americas Staffing conversion rate reflects the impact of lower revenue on gross profit, partially offset by lower expenses as a result of lower performance-based incentive expense and Q1 restructuring actions
- GTS conversion rate reflects improving GP rate and effective cost management
- International Staffing conversion rate reflects declining GP, which was more than offset by effective cost management
- Total Company conversion rate reflects the impact of the \$15.8 million asset impairment charge and the impact of challenging revenue trends, which was partially offset by improving GP rate and expense containment

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<sup>(1)</sup>Conversion rate represents earnings from operations as a percentage of gross profit, or return on gross profit.

# FOURTH QUARTER 2019 CONVERSION RATE

(Excluding Acquisitions, Asset Impairment Charge, and Restructuring)

\$ in millions

	2019			2018			Change (bps)
	Gross Profit <sup>(1)</sup>	Earnings from Ops <sup>(1)(2)</sup>	Conversion Rate <sup>(3)</sup>	Gross Profit	Earnings from Ops	Conversion Rate <sup>(3)</sup>	
Americas Staffing	\$ 104.6	\$ 20.0	19.1%	\$ 118.8	\$ 28.4	23.9%	(480)
Global Talent Solutions	97.5	26.5	27.3%	99.3	26.8	27.0%	30
International Staffing	35.1	4.9	14.1%	36.9	3.8	10.2%	390
<b>Total Company</b>	<b>\$ 236.8</b>	<b>\$ 26.4</b>	<b>11.2%</b>	<b>\$ 254.4</b>	<b>\$ 33.1</b>	<b>13.0%</b>	<b>(180)</b>

- Americas Staffing conversion rate reflects the impact of lower revenue on gross profit, partially offset by lower expenses as a result of lower performance-based incentive expense and Q1 restructuring actions
- GTS conversion rate reflects effective cost management
- International Staffing conversion rate reflects declining GP, which was more than offset by effective cost management
- Total Company conversion rate improvement reflects the impact of challenging revenue trends, which was partially offset by expense containment

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<sup>(1)</sup>Excludes 2019 results related to the NextGen and GTA acquisitions in Americas Staffing and GTS, respectively.

<sup>(2)</sup>Excludes \$0.1 million of restructuring accrual credit adjustment, \$0.0 million net of tax or \$0.00 per share in Q4 2019 in Americas Staffing and a \$15.8 million asset impairment charge, \$11.8 million net of tax or \$0.30 per share in Q4 2019 in Corporate.

<sup>(3)</sup>Conversion rate represents earnings from operations as a percentage of gross profit, or return on gross profit.

# FULL YEAR 2019 CONVERSION RATE

\$ in millions

	2019			2018			Change (bps)
	Gross Profit	Earnings from Ops	Conversion Rate <sup>(1)</sup>	Gross Profit	Earnings from Ops	Conversion Rate <sup>(1)</sup>	
Americas Staffing	\$ 429.5	\$ 56.8	13.2%	\$ 441.3	\$ 77.1	17.5%	(430)
Global Talent Solutions	400.5	107.4	26.8%	381.1	84.6	22.2%	460
International Staffing	140.5	15.2	10.8%	152.3	20.0	13.2%	(240)
<b>Total Company</b>	<b>\$ 968.4</b>	<b>\$ 81.8</b>	<b>8.4%</b>	<b>\$ 972.2</b>	<b>\$ 87.4</b>	<b>9.0%</b>	<b>(60)</b>

- Americas Staffing conversion rate reflects the impact of lower revenue on gross profit, partially offset by lower expenses as a result of lower performance-based incentive expense and Q1 restructuring actions
- GTS conversion rate reflects improving GP rate and effective cost management
- International Staffing conversion rate reflects declining GP, partially offset by effective cost management
- Total Company conversion rate improvement reflects the impact of challenging revenue trends, which was partially offset by improving GP rate and expense containment

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<sup>(1)</sup>Conversion rate represents earnings from operations as a percentage of gross profit, or return on gross profit.

# FULL YEAR 2019 CONVERSION RATE

(Excluding Acquisitions, Asset Impairment Charge, Restructuring, and Gain on Sale of Assets)

\$ in millions

	2019			2018			Change (bps)
	Gross Profit	Earnings from Ops <sup>(1)(2)</sup>	Conversion Rate <sup>(3)</sup>	Gross Profit	Earnings from Ops	Conversion Rate <sup>(3)</sup>	
Americas Staffing	\$ 404.7	\$ 56.4	13.9%	\$ 441.3	\$ 77.1	17.5%	(360)
Global Talent Solutions	386.9	101.4	26.2%	381.1	84.6	22.2%	400
International Staffing	140.5	15.2	10.8%	152.3	20.0	13.2%	(240)
<b>Total Company</b>	<b>\$ 930.0</b>	<b>\$ 78.9</b>	<b>8.5%</b>	<b>\$ 972.2</b>	<b>\$ 87.4</b>	<b>9.0%</b>	<b>(50)</b>

- Americas Staffing conversion rate reflects the impact of lower revenue on gross profit, partially offset by lower expenses as a result of lower performance-based incentive expense
- GTS conversion rate reflects improving GP rate and effective cost management
- International Staffing conversion rate reflects declining GP, partially offset by effective cost management
- Total Company conversion rate improvement reflects the impact of challenging revenue trends, which was partially offset by expense containment

<sup>(1)</sup>Excludes 2019 results related to the NextGen and GTA acquisitions in Americas Staffing and GTS, respectively.

<sup>(2)</sup>Excludes \$5.5 million of restructuring charges, \$4.1 million net of tax or \$0.10 per share in 2019 in Americas Staffing, a \$15.8 million asset impairment charge, \$11.8 million net of tax or \$0.30 per share in 2019 in Corporate and gain on sale of assets of \$12.3 million, \$9.0 million net of tax or \$0.23 per share in Corporate.

<sup>(3)</sup>Conversion rate represents earnings from operations as a percentage of gross profit, or return on gross profit.



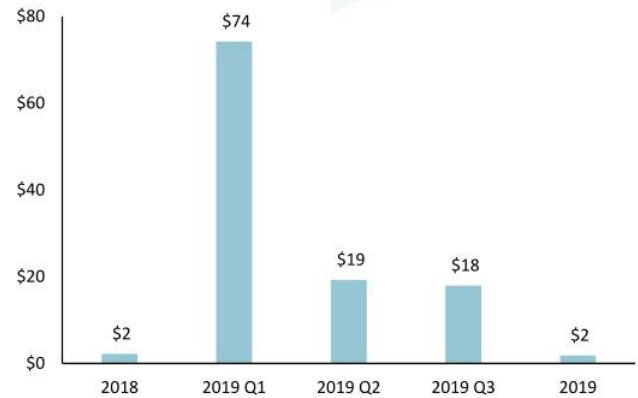
# FOURTH QUARTER 2019 BALANCE SHEET DATA

\$ in millions

## Accounts Receivable



## Debt

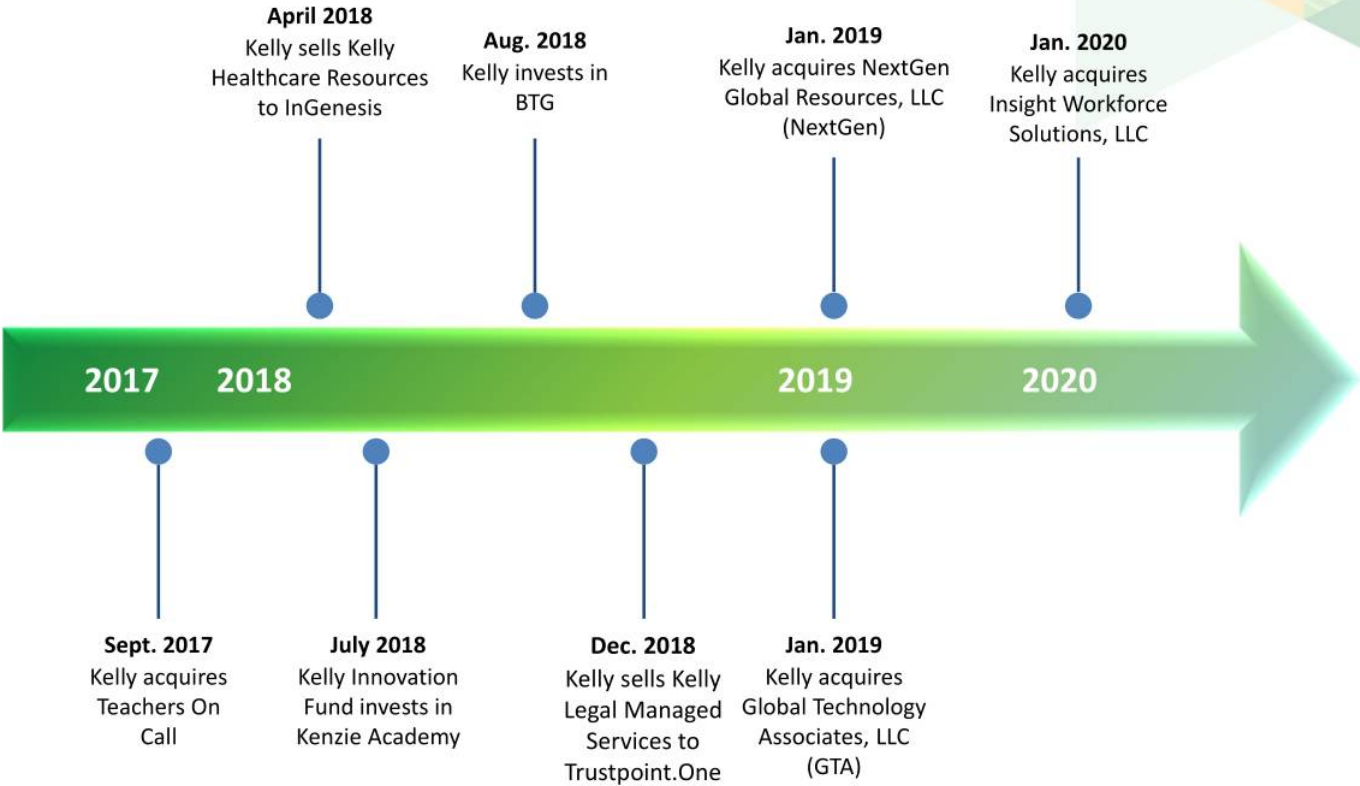


- Accounts Receivable reflects the impact of recent acquisitions. Including acquisitions, DSO is 58 days, up 3 days from a year ago due to increasing pressure from global customers and timing of customer payments at year-end
- Debt from borrowings used to fund the January 2019 NextGen and GTA acquisitions has been repaid

## OUTLOOK – FULL YEAR 2020

- Reported Revenue up 3% to 4% YOY
  - No significant impact due to currency
  - Improving progressively throughout the year, but Q1 expected to decline YOY
  - Includes 100 bps of inorganic growth from recent acquisition
- Gross profit rate up slightly
- SG&A up 2% to 3% YOY
- Full Year Effective Tax Rate in the low to mid-teens
  - Excluding the impact of Persol Holdings stock gains and losses
  - Includes benefit of Work Opportunity Tax Credit renewed for 2020

# KELLY STRATEGIC M&A ACTIONS: 2017 - PRESENT



## RECENT ACQUISITIONS: NEXTGEN, GTA & INSIGHT



### 2019

- Leading provider of telecommunications, wireless, and connected technology staffing solutions to Fortune 500 companies
- Works side-by-side with clients, across the U.S. and in select global markets, to meet the staffing challenges of the ever-changing tech landscape

- Leading provider of engineering, technology, and business consulting solutions and services in the telecommunications industry
- Provides telecommunication network design, implementation, testing optimization, and software development services
- Couples high-value engineering, technology, and business consulting services with proprietary software products and solutions

### 2020

- Education service staffing company with experience in partnering with school districts in Illinois, Massachusetts, New Jersey and Pennsylvania



## NON-GAAP MEASURES

Management believes that the non-GAAP (Generally Accepted Accounting Principles) information excluding the 2019 and 2018 gains and losses on the investment in Persol Holdings, the 2019 restructuring charges, the 2019 acquisitions, the 2019 gain on sale of assets and the 2019 asset impairment charge are useful to understand the Company's fiscal 2019 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. A reconciliation to the most comparable GAAP measures is included with our earnings release dated February 13, 2020 and is available on our Investor Relations website.

## SAFE HARBOR STATEMENT

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, 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 Asia Pacific, 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 the 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 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.

