

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 4, 2016

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))

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 January 3, 2016. A copy of the press release is attached as exhibit 99.1 herein.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

- 99.1 Press Release dated February 4, 2016.
- 99.2 Presentation materials for February 4, 2016 conference call.

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 4, 2016

KELLY SERVICES, INC.

/s/ Olivier G. Thiot
Olivier G. Thiot

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

February 4, 2016

/s/ Laura S. Lockhart
Laura S. Lockhart

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

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release dated February 4, 2016
99.2	Presentation materials for February 4, 2016 conference call



 For Immediate Release

KELLY SERVICES® REPORTS
STRONG FINISH TO THE YEAR AND SOLID 2015 RESULTS

Fourth Quarter Highlights

- Earnings from operations triple from a year ago, excluding restructuring
- Earnings per share of \$0.88 versus \$0.54, excluding restructuring, a 63% increase year-over-year
- OCG segment revenue up 14% year-over-year (up 16% in constant currency)
- Total Company revenue up 3% year-over-year (up 7% in constant currency)

TROY, MI (February 4, 2016) -- Kelly Services (Nasdaq: [KELYA](#)) (Nasdaq: [KELYB](#)), a global leader in providing workforce solutions, today announced results for the fourth quarter and full year of 2015.

Carl T. Camden, President and Chief Executive Officer, announced revenue for the fourth quarter of 2015 totaled \$1.5 billion, a 3% increase (a 7% increase on a constant currency basis) compared to the corresponding quarter of 2014. Revenue for the full year totaled \$5.5 billion, a 1% decrease (a 5% increase on a constant currency basis) compared to the prior year. Fourth quarter 2015 and fiscal 2015 include 14 and 53 weeks, respectively.

Earnings from operations for the fourth quarter of 2015 totaled \$26.5 million, compared to \$2.6 million reported for the fourth quarter of 2014. The results of operations in the fourth quarter of 2014 included restructuring charges of \$6.2 million. Excluding the restructuring charges, earnings from operations were \$8.8 million in the fourth quarter of 2014.

Earnings from operations for the full year of 2015 totaled \$66.7 million compared to \$21.9 million in 2014. Included in the results from operations for 2014 are restructuring charges of \$12.0 million. Excluding this item, earnings from operations were \$33.9 million in 2014.

Diluted earnings per share in the fourth quarter of 2015 were \$0.88 compared to \$0.44 per share in the fourth quarter of 2014. Included in diluted earnings per share for the fourth quarter of 2014 are restructuring charges of \$0.10 per share. Excluding this item, diluted earnings per share for the fourth quarter of 2014 were \$0.54 per share.

Diluted earnings per share for the full year of 2015 were \$1.39 compared to \$0.61 per share in 2014. The diluted earnings per share for 2014 included restructuring charges of \$0.19 per share. Excluding this item, diluted earnings per share for 2014 were \$0.81 per share.

Commenting on the fourth quarter, Camden stated, "Kelly's fourth quarter performance capped off a year of solid earnings growth, and we are very pleased with our strong operating leverage and strategic execution throughout 2015. All told, excluding the 2014 restructuring charges, we dropped nearly 70% of our full-year constant currency GP dollar growth to the bottom line. Kelly has entered 2016 as a more efficient organization keenly focused on profitability...and we expect our investments in PT and OCG to continue yielding results as we expand Kelly's role as a trusted talent advisor to our clients worldwide."

In conjunction with its fourth quarter and full year earnings release, Kelly Services has published a financial presentation regarding the fourth quarter and full year results on the Investor Relations page of our public website and will host a conference call at 9:00 a.m. (ET) on February 4, to review the results and answer questions. The call may be accessed in one of the following ways:

Via the Telephone:

U.S. 1 800 288-9626
International 1 651 291-5254

The pass code is Kelly Services

Via the Internet:

The call is also available via the internet through the Kelly Services website:

www.kellyservices.com

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, changing market and economic conditions, our ability to achieve our business strategy, the risk of damage to our brand, the risk our intellectual 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, 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, material changes in demand from or loss of large corporate customers, risks associated with conducting business in foreign countries, including foreign currency fluctuations, availability of full-time employees to lead complex talent supply chain sales and operations, availability of temporary workers with appropriate skills required by customers, liabilities for employment-related claims and losses, including class action lawsuits and collective actions, the risk of cyber attacks or other breaches of network or information technology security as well as risks associated with compliance on data privacy, our ability to sustain critical business applications through our key data centers, our ability to effectively implement and manage our information technology programs, our ability to maintain adequate financial and management processes and controls, impairment charges triggered by adverse industry developments or operational circumstances, unexpected changes in claim trends on workers' compensation, disability and medical benefit plans, the impact of the Patient Protection and Affordable Care Act on our business, the impact of changes in laws and regulations (including federal, state and international tax laws), the risk of additional tax or unclaimed property liabilities in excess of our estimates, 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®

As a global leader in providing workforce solutions, Kelly Services, Inc. (Nasdaq: KELYA, KELYB) and its subsidiaries, offer a comprehensive array of outsourcing and consulting services as well as world-class staffing on a temporary, temporary-to-hire, and direct-hire basis. Kelly® has a role in managing employment opportunities for more than one million workers around the globe by employing 550,000 of these individuals directly with the remaining workers engaged through its talent supply chain network of supplier partners. Revenue in 2015 was \$5.5 billion. Visit kellyservices.com and connect with us on [Facebook](#), [LinkedIn](#), & [Twitter](#).

KLYA-FIN

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KELLY SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
FOR THE 14 WEEKS ENDED JANUARY 3, 2016 AND 13 WEEKS ENDED DECEMBER 28, 2014
(UNAUDITED)

(In millions of dollars except per share data)

	<u>2015</u>	<u>2014</u>	<u>Change</u>	<u>% Change</u>	<u>CC % Change</u>
Revenue from services	\$ 1,461.6	\$ 1,425.0	\$ 36.6	2.6 %	7.3 %
Cost of services	1,212.1	1,192.4	19.7	1.7	
Gross profit	249.5	232.6	16.9	7.2	11.7
Selling, general and administrative expenses	223.0	230.0	(7.0)	(3.1)	0.5
Earnings from operations	26.5	2.6	23.9	NM	
Other expense, net	0.7	1.1	(0.4)	(40.9)	
Earnings before taxes	25.8	1.5	24.3	NM	
Income tax (benefit) expense	(8.4)	(15.5)	7.1	46.1	
Net earnings	\$ 34.2	\$ 17.0	\$ 17.2	99.5 %	
Basic earnings per share	\$ 0.88	\$ 0.44	\$ 0.44	100.0 %	
Diluted earnings per share	\$ 0.88	\$ 0.44	\$ 0.44	100.0 %	

STATISTICS:

Gross profit rate	17.1 %	16.3 %	0.8 pts.		
Selling, general and administrative expenses:					
% of revenue	15.3	16.1	(0.8)		
% of gross profit	89.4	98.8	(9.4)		
% Return:					
Earnings from operations	1.8	0.2	1.6		
Earnings before taxes	1.8	0.1	1.7		
Net earnings	2.3	1.2	1.1		
Effective income tax rate	(32.4) %	(949.7) %	917.3 pts.		
Average number of shares outstanding (millions):					
Basic	38.0	37.7			
Diluted	38.0	37.7			
Shares adjusted for nonvested restricted awards (millions):					
Basic	38.9	38.9			
Diluted	38.9	38.9			

KELLY SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
FOR THE 53 WEEKS ENDED JANUARY 3, 2016 AND 52 WEEKS ENDED DECEMBER 28, 2014
(UNAUDITED)

(In millions of dollars except per share data)

	<u>2015</u>	<u>2014</u>	<u>Change</u>	<u>% Change</u>	<u>CC % Change</u>
Revenue from services	\$ 5,518.2	\$ 5,562.7	\$ (44.5)	(0.8) %	4.7 %
Cost of services	4,597.9	4,654.3	(56.4)	(1.2)	
Gross profit	920.3	908.4	11.9	1.3	6.4
Selling, general and administrative expenses	853.6	886.5	(32.9)	(3.7)	0.8
Earnings from operations	66.7	21.9	44.8	206.2	
Other expense, net	4.2	5.3	(1.1)	(19.9)	
Earnings before taxes	62.5	16.6	45.9	277.4	
Income tax expense (benefit)	8.7	(7.1)	15.8	221.4	
Net earnings	<u>\$ 53.8</u>	<u>\$ 23.7</u>	<u>\$ 30.1</u>	126.9 %	
Basic earnings per share	\$ 1.39	\$ 0.61	\$ 0.78	127.9 %	
Diluted earnings per share	\$ 1.39	\$ 0.61	\$ 0.78	127.9 %	

STATISTICS:

Gross profit rate	16.7 %	16.3 %	0.4 pts.
Selling, general and administrative expenses:			
% of revenue	15.5	15.9	(0.4)
% of gross profit	92.8	97.6	(4.8)
% Return:			
Earnings from operations	1.2	0.4	0.8
Earnings before taxes	1.1	0.3	0.8
Net earnings	1.0	0.4	0.6
Effective income tax rate	13.9 %	(43.2) %	57.1 pts.
Average number of shares outstanding (millions):			
Basic	37.8	37.5	
Diluted	37.9	37.5	
Shares adjusted for nonvested restricted awards (millions):			
Basic	38.8	38.6	
Diluted	38.9	38.6	

KELLY SERVICES, INC. AND SUBSIDIARIES
RESULTS OF OPERATIONS BY SEGMENT
(UNAUDITED)

(In millions of dollars)

	Fourth Quarter			
	2015 (14 Wks)	2014 (13 Wks)	% Change	CC % Change
AMERICAS				
Commercial				
Revenue from services	\$ 696.1	\$ 694.5	0.2 %	2.7 %
Staffing fee-based income included in revenue from services	3.7	4.0	(5.5)	(3.2)
Gross profit	110.0	99.6	10.3	12.5
Gross profit rate	15.8 %	14.4 %	1.4 pts.	
PT				
Revenue from services	\$ 250.1	\$ 232.9	7.4 %	7.8 %
Staffing fee-based income included in revenue from services	4.5	3.9	17.0	18.7
Gross profit	43.0	37.5	14.5	15.0
Gross profit rate	17.2 %	16.1 %	1.1 pts.	
Total Americas				
Revenue from services	\$ 946.2	\$ 927.4	2.0 %	4.0 %
Staffing fee-based income included in revenue from services	8.2	7.9	5.6	7.7
Gross profit	153.0	137.1	11.4	13.2
Total SG&A expenses	116.8	113.9	2.5	4.4
Earnings from operations	36.2	23.2	55.2	
Gross profit rate	16.2 %	14.8 %	1.4 pts.	
Expense rates:				
% of revenue	12.3	12.3	—	
% of gross profit	76.3	83.0	(6.7)	
Return on sales	3.8	2.5	1.3	
EMEA				
Commercial				
Revenue from services	\$ 200.5	\$ 204.5	(2.0) %	10.8 %
Staffing fee-based income included in revenue from services	3.3	3.3	(0.8)	15.8
Gross profit	27.5	29.6	(6.9)	5.7
Gross profit rate	13.7 %	14.4 %	(0.7) pts.	
PT				
Revenue from services	\$ 44.7	\$ 44.8	(0.3) %	12.3 %
Staffing fee-based income included in revenue from services	2.4	2.8	(17.9)	(3.7)
Gross profit	9.4	9.6	(3.4)	10.3
Gross profit rate	21.0 %	21.7 %	(0.7) pts.	
Total EMEA				
Revenue from services	\$ 245.2	\$ 249.3	(1.7) %	11.1 %
Staffing fee-based income included in revenue from services	5.7	6.1	(8.6)	6.9
Gross profit	36.9	39.2	(6.1)	6.8
Total SG&A expenses	29.7	36.4	(18.4)	(8.2)
Earnings from operations	7.2	2.8	152.4	
Gross profit rate	15.0 %	15.7 %	(0.7) pts.	
Expense rates:				
% of revenue	12.1	14.6	(2.5)	
% of gross profit	80.6	92.8	(12.2)	
Return on sales	2.9	1.1	1.8	

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

	Fourth Quarter			
	2015 (14 Wks)	2014 (13 Wks)	% Change	CC % Change
APAC				
Commercial				
Revenue from services	\$ 88.1	\$ 91.3	(3.5) %	11.3 %
Staffing fee-based income included in revenue from services	1.3	2.0	(34.0)	(26.1)
Gross profit	10.4	11.8	(12.1)	1.0
Gross profit rate	11.8 %	12.9 %	(1.1) pts.	
PT				
Revenue from services	\$ 9.8	\$ 11.2	(12.7) %	0.6 %
Staffing fee-based income included in revenue from services	1.2	2.0	(38.0)	(27.5)
Gross profit	2.4	3.3	(28.7)	(17.4)
Gross profit rate	24.5 %	29.9 %	(5.4) pts.	
Total APAC				
Revenue from services	\$ 97.9	\$ 102.5	(4.5) %	10.1 %
Staffing fee-based income included in revenue from services	2.5	4.0	(36.0)	(26.8)
Gross profit	12.8	15.1	(15.7)	(3.1)
Total SG&A expenses	11.2	13.1	(13.8)	(1.4)
Earnings from operations	1.6	2.0	(27.5)	
Gross profit rate	13.0 %	14.8 %	(1.8) pts.	
Expense rates:				
% of revenue	11.4	12.7	(1.3)	
% of gross profit	87.8	85.8	2.0	
Return on sales	1.6	2.1	(0.5)	
OCG				
Revenue from services	\$ 187.5	\$ 164.7	13.8 %	15.6 %
Gross profit	48.0	42.3	13.8	16.1
Total SG&A expenses	34.0	32.6	4.0	6.4
Earnings from operations	14.0	9.7	47.1	
Gross profit rate	25.6 %	25.6 %	— pts.	
Expense rates:				
% of revenue	18.1	19.8	(1.7)	
% of gross profit	70.7	77.4	(6.7)	
Return on sales	7.5	5.8	1.7	

KELLY SERVICES, INC. AND SUBSIDIARIES
RESULTS OF OPERATIONS BY SEGMENT
(UNAUDITED)

(In millions of dollars)

	December Year to Date			
	2015 (53 Wks)	2014 (52 Wks)	% Change	CC % Change
AMERICAS				
Commercial				
Revenue from services	\$ 2,604.3	\$ 2,609.6	(0.2) %	2.0 %
Staffing fee-based income included in revenue from services	14.5	14.4	1.0	3.5
Gross profit	400.3	379.6	5.4	7.4
Gross profit rate	15.4 %	14.5 %	0.9 pts.	
PT				
Revenue from services	\$ 971.9	\$ 956.0	1.7 %	2.1 %
Staffing fee-based income included in revenue from services	17.6	15.6	13.0	14.1
Gross profit	165.0	155.9	5.9	6.3
Gross profit rate	17.0 %	16.3 %	0.7 pts.	
Total Americas				
Revenue from services	\$ 3,576.2	\$ 3,565.6	0.3 %	2.0 %
Staffing fee-based income included in revenue from services	32.1	30.0	7.2	9.0
Gross profit	565.3	535.5	5.5	7.1
Total SG&A expenses	456.6	446.8	2.2	3.7
Earnings from operations	108.7	88.7	22.7	
Gross profit rate	15.8 %	15.0 %	0.8 pts.	
Expense rates:				
% of revenue	12.8	12.5	0.3	
% of gross profit	80.8	83.5	(2.7)	
Return on sales	3.0	2.5	0.5	
EMEA				
Commercial				
Revenue from services	\$ 773.5	\$ 894.7	(13.6) %	2.7 %
Staffing fee-based income included in revenue from services	13.2	17.3	(23.7)	(5.8)
Gross profit	106.6	130.6	(18.4)	(2.9)
Gross profit rate	13.8 %	14.6 %	(0.8) pts.	
PT				
Revenue from services	\$ 171.5	\$ 190.3	(9.8) %	6.5 %
Staffing fee-based income included in revenue from services	10.1	13.5	(25.7)	(8.8)
Gross profit	36.6	42.9	(14.8)	2.0
Gross profit rate	21.3 %	22.6 %	(1.3) pts.	
Total EMEA				
Revenue from services	\$ 945.0	\$ 1,085.0	(12.9) %	3.4 %
Staffing fee-based income included in revenue from services	23.3	30.8	(24.5)	(7.1)
Gross profit	143.2	173.5	(17.5)	(1.7)
SG&A expenses excluding restructuring charges	129.2	160.6	(19.6)	(5.0)
Restructuring charges	—	0.8	(100.0)	—
Total SG&A expenses	129.2	161.4	(20.0)	(5.5)
Earnings from operations	14.0	12.1	16.1	
Earnings from operations excluding restructuring charges	14.0	12.9	8.8	
Gross profit rate	15.2 %	16.0 %	(0.8) pts.	
Expense rates (excluding restructuring charges):				
% of revenue	13.7	14.8	(1.1)	
% of gross profit	90.2	92.5	(2.3)	
Return on sales (excluding restructuring charges)	1.5	1.2	0.3	

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

	December Year to Date			
	2015 (53 Wks)	2014 (52 Wks)	% Change	CC % Change
APAC				
Commercial				
Revenue from services	\$ 347.2	\$ 351.8	(1.3) %	12.6 %
Staffing fee-based income included in revenue from services	6.0	7.9	(23.8)	(14.7)
Gross profit	45.3	47.5	(4.6)	8.3
Gross profit rate	13.0 %	13.5 %	(0.5) pts.	
PT				
Revenue from services	\$ 40.5	\$ 40.4	0.4 %	14.9 %
Staffing fee-based income included in revenue from services	5.6	7.8	(27.3)	(17.9)
Gross profit	10.5	12.7	(17.6)	(6.3)
Gross profit rate	26.0 %	31.6 %	(5.6) pts.	
Total APAC				
Revenue from services	\$ 387.7	\$ 392.2	(1.1) %	12.9 %
Staffing fee-based income included in revenue from services	11.6	15.7	(25.5)	(16.3)
Gross profit	55.8	60.2	(7.4)	5.2
SG&A expenses excluding restructuring charges	46.7	56.4	(17.0)	(5.9)
Restructuring charges	—	1.3	(100.0)	—
Total SG&A expenses	46.7	57.7	(19.0)	(8.1)
Earnings from operations	9.1	2.5	261.6	
Earnings from operations excluding restructuring charges	9.1	3.8	134.2	
Gross profit rate	14.4 %	15.4 %	(1.0) pts.	
Expense rates (excluding restructuring charges):				
% of revenue	12.1	14.4	(2.3)	
% of gross profit	83.9	93.6	(9.7)	
Return on sales (excluding restructuring charges)	2.3	1.0	1.3	
OCC				
Revenue from services	\$ 673.8	\$ 586.8	14.8 %	16.6 %
Gross profit	160.6	143.6	11.9	14.2
Total SG&A expenses	132.1	127.3	3.7	6.4
Earnings from operations	28.5	16.3	75.8	
Gross profit rate	23.8 %	24.5 %	(0.7) pts.	
Expense rates:				
% of revenue	19.6	21.7	(2.1)	
% of gross profit	82.2	88.7	(6.5)	
Return on sales	4.2	2.8	1.4	

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

	Jan. 3, 2016	Dec. 28, 2014
Current Assets		
Cash and equivalents	\$ 42.2	\$ 83.1
Trade accounts receivable, less allowances of \$10.5 and \$10.7, respectively	1,139.1	1,122.8
Prepaid expenses and other current assets	45.8	47.9
Deferred taxes	—	34.4
Total current assets	1,227.1	1,288.2
Property and Equipment, Net	88.9	93.0
Noncurrent Deferred Taxes	189.3	146.3
Goodwill, Net	90.3	90.3
Other Assets	344.0	300.1
Total Assets	\$ 1,939.6	\$ 1,917.9
Current Liabilities		
Short-term borrowings	\$ 55.5	\$ 91.9
Accounts payable and accrued liabilities	405.5	364.0
Accrued payroll and related taxes	268.1	308.5
Accrued insurance	26.7	26.9
Income and other taxes	60.0	68.8
Total current liabilities	815.8	860.1
Noncurrent Liabilities		
Accrued insurance	40.0	43.9
Accrued retirement benefits	141.0	140.8
Other long-term liabilities	47.4	39.4
Total noncurrent liabilities	228.4	224.1
Stockholders' Equity		
Common stock	40.1	40.1
Treasury stock	(44.3)	(49.8)
Paid-in capital	25.4	24.9
Earnings invested in the business	813.5	767.4
Accumulated other comprehensive income	60.7	51.1
Total stockholders' equity	895.4	833.7
Total Liabilities and Stockholders' Equity	\$ 1,939.6	\$ 1,917.9

STATISTICS:

Working Capital	\$ 411.3	\$ 428.1
Current Ratio	1.5	1.5
Debt-to-capital %	5.8 %	9.9 %
Global Days Sales Outstanding	54	54

KELLY SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE 53 WEEKS ENDED JANUARY 3, 2016 AND 52 WEEKS ENDED DECEMBER 28, 2014
(UNAUDITED)
(In millions of dollars)

	2015	2014
Cash flows from operating activities:		
Net earnings	\$ 53.8	\$ 23.7
Noncash adjustments:		
Depreciation and amortization	22.3	21.7
Provision for bad debts	3.7	5.3
Stock-based compensation	6.1	5.3
Other, net	(4.7)	(2.2)
Changes in operating assets and liabilities	(57.7)	(123.8)
Net cash from (used in) operating activities	23.5	(70.0)
Cash flows from investing activities:		
Capital expenditures	(16.9)	(21.7)
Investment in equity affiliate	(0.5)	(5.7)
Other investing activities	(0.2)	0.2
Net cash used in investing activities	(17.6)	(27.2)
Cash flows from financing activities:		
Net change in short-term borrowings	(34.7)	63.9
Dividend payments	(7.7)	(7.6)
Other financing activities	0.2	0.3
Net cash (used in) from financing activities	(42.2)	56.6
Effect of exchange rates on cash and equivalents	(4.6)	(2.0)
Net change in cash and equivalents	(40.9)	(42.6)
Cash and equivalents at beginning of period	83.1	125.7
Cash and equivalents at end of period	\$ 42.2	\$ 83.1

KELLY SERVICES, INC. AND SUBSIDIARIES

REVENUE FROM SERVICES

(UNAUDITED)

(In millions of dollars)

Fourth Quarter (Commercial, PT and OCG)

	2015 (14 Wks)	2014 (13 Wks)	% Change	CC % Change
Americas				
United States	\$ 998.8	\$ 933.9	6.9 %	6.9 %
Canada	38.0	50.0	(24.0)	(11.0)
Mexico	35.3	36.7	(3.9)	16.3
Puerto Rico	24.7	26.6	(7.1)	(7.1)
Brazil	8.7	13.9	(37.5)	(1.7)
Total Americas	1,105.5	1,061.1	4.2	6.0
EMEA				
France	65.6	66.4	(1.1)	12.8
Switzerland	55.5	57.8	(4.0)	(1.3)
Portugal	33.8	32.4	4.2	18.9
United Kingdom	26.7	23.2	15.1	20.3
Russia	18.2	20.9	(12.9)	22.2
Germany	16.2	16.8	(4.0)	9.5
Italy	14.5	13.9	3.9	18.7
Norway	9.7	11.9	(18.1)	2.1
Other	13.0	13.6	(4.4)	9.4
Total EMEA	253.2	256.9	(1.4)	11.3
APAC				
Singapore	33.0	32.7	0.7	9.5
Australia	31.1	32.6	(4.6)	13.5
Malaysia	14.1	16.2	(12.7)	11.4
New Zealand	11.2	13.2	(14.5)	0.4
Other	13.5	12.3	9.2	19.5
Total APAC	102.9	107.0	(3.8)	11.0
Total Kelly Services, Inc.	\$ 1,461.6	\$ 1,425.0	2.6 %	7.3 %

KELLY SERVICES, INC. AND SUBSIDIARIES

REVENUE FROM SERVICES

(UNAUDITED)

(In millions of dollars)

December Year to Date (Commercial, PT and OCG)

	2015 (53 Wks)	2014 (52 Wks)	% Change	CC % Change
Americas				
United States	\$ 3,705.2	\$ 3,535.8	4.8 %	4.8 %
Canada	160.2	198.2	(19.2)	(6.9)
Mexico	130.5	139.0	(6.1)	11.9
Puerto Rico	99.9	105.0	(4.8)	(4.8)
Brazil	42.9	57.1	(24.9)	1.7
Total Americas	4,138.7	4,035.1	2.6	4.2
EMEA				
France	246.0	268.6	(8.4)	9.4
Switzerland	216.2	253.5	(14.7)	(10.3)
Portugal	132.5	124.8	6.2	27.0
United Kingdom	105.1	105.6	(0.4)	7.3
Russia	75.6	117.3	(35.5)	3.2
Germany	59.3	67.5	(12.3)	4.7
Italy	54.0	60.2	(10.3)	7.1
Norway	39.2	55.5	(29.5)	(9.6)
Other	45.8	64.5	(29.0)	(15.2)
Total EMEA	973.7	1,117.5	(12.9)	3.3
APAC				
Singapore	129.9	127.5	1.9	10.5
Australia	123.2	121.4	1.5	21.8
Malaysia	59.5	66.2	(10.1)	6.7
New Zealand	41.4	51.4	(19.4)	(4.4)
Other	51.8	43.6	18.6	26.9
Total APAC	405.8	410.1	(1.0)	13.1
Total Kelly Services, Inc.	\$ 5,518.2	\$ 5,562.7	(0.8) %	4.7 %

KELLY SERVICES, INC. AND SUBSIDIARIES
RECONCILIATION OF NON-GAAP MEASURES
FOR THE 14 WEEKS ENDED JANUARY 3, 2016 AND 13 WEEKS ENDED DECEMBER 28, 2014
(UNAUDITED)

(In millions of dollars except per share data)

	<u>2015</u>	<u>2014</u>	<u>% Change</u>
	<u>As reported</u>	<u>Adjusted Earnings</u>	
Revenue from services	\$ 1,461.6	\$ 1,425.0	2.6 %
Cost of services	1,212.1	1,192.4	1.7
Gross profit	249.5	232.6	7.2
SG&A expenses	223.0	223.8	(0.4)
Earnings from operations	26.5	8.8	196.7
Other expense, net	0.7	1.1	(40.9)
Earnings before taxes	25.8	7.7	229.2
Inc. tax (benefit) expense*	(8.4)	(13.1)	36.2
Net earnings	<u>\$ 34.2</u>	<u>\$ 20.8</u>	<u>63.1 %</u>
Earnings per share:			
Basic	\$ 0.88	\$ 0.54	63.0 %
Diluted	\$ 0.88	\$ 0.54	63.0 %

* Income tax benefit for the fourth quarters of 2015 and 2014 includes \$13.9 million and \$13.6 million, respectively, related to the retroactive reinstatement of work opportunity credits for the entire year.

	<u>2014</u>		
	<u>As reported</u>	<u>Restructuring Charges (Note 1)</u>	<u>Adjusted Earnings</u>
Revenue from services	\$ 1,425.0	\$ —	\$ 1,425.0
Cost of services	1,192.4	—	1,192.4
Gross profit	232.6	—	232.6
SG&A expenses	230.0	(6.2)	223.8
Earnings from operations	2.6	6.2	8.8
Other expense, net	1.1	—	1.1
Earnings before taxes	1.5	6.2	7.7
Inc. tax (benefit) expense	(15.5)	2.4	(13.1)
Net earnings	<u>\$ 17.0</u>	<u>\$ 3.8</u>	<u>\$ 20.8</u>
Earnings per share:			
Basic	\$ 0.44	\$ 0.10	\$ 0.54
Diluted	\$ 0.44	\$ 0.10	\$ 0.54

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
FOR THE 53 WEEKS ENDED JANUARY 3, 2016 AND 52 WEEKS ENDED DECEMBER 28, 2014
(UNAUDITED)

(In millions of dollars except per share data)

	2015		2014		% Change
	As reported		Adjusted Earnings		
Revenue from services	\$	5,518.2	\$	5,562.7	(0.8) %
Cost of services		4,597.9		4,654.3	(1.2)
Gross profit		920.3		908.4	1.3
SG&A expenses		853.6		874.5	(2.4)
Earnings from operations		66.7		33.9	97.2
Other expense, net		4.2		5.3	(19.9)
Earnings before taxes		62.5		28.6	118.6
Inc. tax expense (benefit)		8.7		(2.6)	432.2
Net earnings	\$	53.8	\$	31.2	72.4 %
Earnings per share:					
Basic	\$	1.39	\$	0.81	71.6 %
Diluted	\$	1.39	\$	0.81	71.6 %

	2014		
	As reported	Restructuring Charges (Note 1)	Adjusted Earnings
Revenue from services	\$	5,562.7	\$ — \$ 5,562.7
Cost of services	4,654.3	—	4,654.3
Gross profit	908.4	—	908.4
SG&A expenses	886.5	(12.0)	874.5
Earnings from operations	21.9	12.0	33.9
Other expense, net	5.3	—	5.3
Earnings before taxes	16.6	12.0	28.6
Inc. tax (benefit) expense	(7.1)	4.5	(2.6)
Net earnings	\$	23.7	\$ 7.5 \$ 31.2
Earnings per share:			
Basic	\$	0.61	\$ 0.19 \$ 0.81
Diluted	\$	0.61	\$ 0.19 \$ 0.81

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 restructuring charges is useful to understand the Company's financial performance and increases comparability. Specifically, Management believes that excluding this item 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) Restructuring charges in 2014 includes costs related to the U.S. management simplification restructuring plan, costs incurred for exiting the staffing business in Sweden, and costs related to closing branches in Australia and consolidating back office functions in Australia and New Zealand.



Kelly Services, Inc.
Fourth Quarter 2015 Conference Call

February 4, 2016



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, changing market and economic conditions, our ability to achieve our business strategy, the risk of damage to our brand, the risk our intellectual 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, 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, material changes in demand from or loss of large corporate customers, risks associated with conducting business in foreign countries, including foreign currency fluctuations, availability of full-time employees to lead complex talent supply chain sales and operations, availability of temporary workers with appropriate skills required by customers, liabilities for employment-related claims and losses, including class action lawsuits and collective actions, the risk of cyber attacks or other breaches of network or information technology security as well as risks associated with compliance on data privacy, our ability to sustain critical business applications through our key data centers, our ability to effectively implement and manage our information technology programs, our ability to maintain adequate financial and management processes and controls, impairment charges triggered by adverse industry developments or operational circumstances, unexpected changes in claim trends on workers' compensation, disability and medical benefit plans, the impact of the Patient Protection and Affordable Care Act on our business, the impact of changes in laws and regulations (including federal, state and international tax laws), the risk of additional tax or unclaimed property liabilities in excess of our estimates, 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.

Fourth Quarter 2015 Highlights

- Earnings from Operations triple YOY*
 - Dropped more than 70% of constant currency GP growth to the bottom line*
- OCG revenue growth at 16% YOY in constant currency
- Branch-based PT revenue growth of 19%, excluding impact of 53rd week
- Earnings per share of \$0.88 versus \$0.54 in 2014*

*Excluding 2014 restructuring charges.

Fourth Quarter 2015 Financial Summary

	<u>Actual Results ⁽¹⁾</u>	<u>Change⁽²⁾</u>	<u>Constant Currency Change ⁽³⁾</u>
Revenue	\$1.5B	2.6%	7.3%
GP %	17.1%	80 bps	
Earnings from Operations	\$26.5M	196.7%	220.8%
ROS %	1.8%	120 bps	
EPS	\$0.88	\$0.34	

- Fourth quarter results represent solid GP rate improvement and continued operating leverage.
- Year-over-year revenue growth reflects an additional week as a result of the 53-week fiscal year – or about half of the constant currency revenue growth.

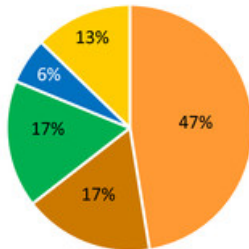
(1) Q4 2015 includes 14 weeks.

(2) Change from 2014 Actual results, excluding 2014 restructuring charges. EPS as adjusted was \$0.54.

(3) Constant Currency represent year-over-year changes resulting from translating 2015 financial data into USD using 2014 exchange rates.

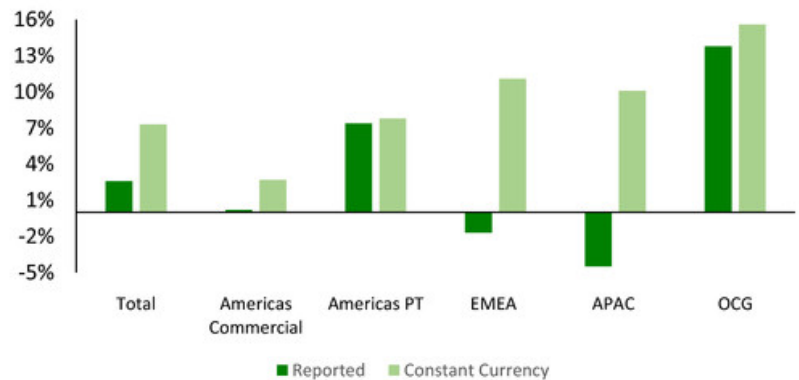
Fourth Quarter 2015 Revenue Growth

Business Mix



- Americas Commercial
- Americas PT
- EMEA
- APAC
- OCG

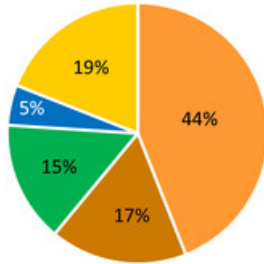
YOY Growth



- Overall revenue growth reflects an additional week of revenue due to the 53-week year – accounting for about half of the constant currency revenue growth.
- OCG Revenue growth at 14%, as reported, 16% in constant currency.
- Americas PT growth reflects strong double-digit growth in branch-delivered business, partially offset by headwinds in centralized accounts.
- EMEA and APAC constant currency growth continues despite uncertain economic conditions.

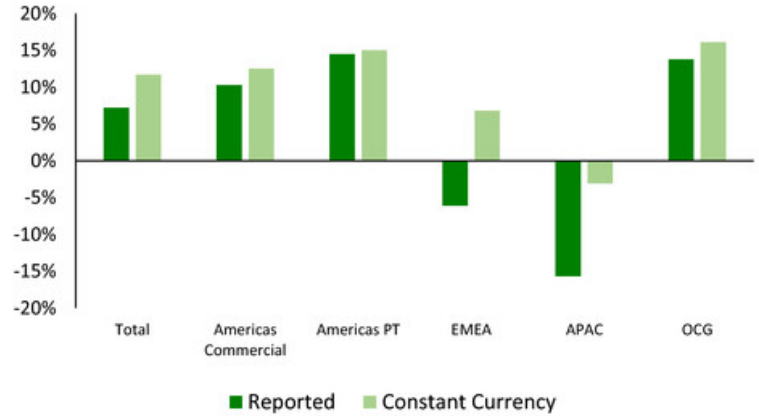
Fourth Quarter 2015 Gross Profit

Business Mix



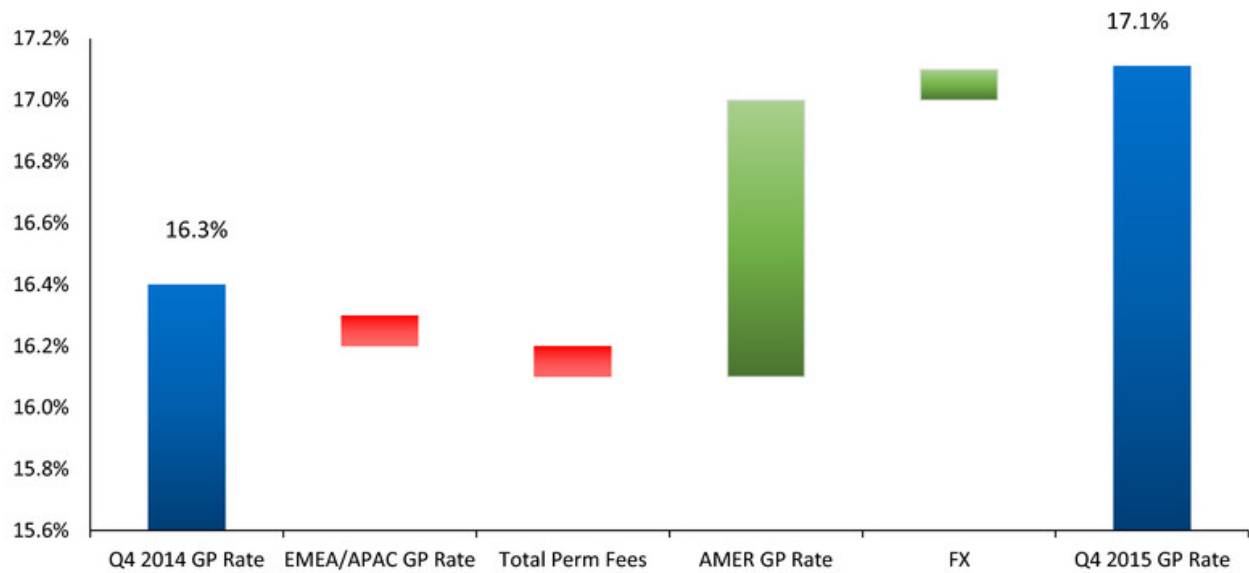
- Americas Commercial
- Americas PT
- EMEA
- APAC
- OCG

YOY Growth



- Americas Commercial and PT staffing, and OCG comprise 81% of total Company GP.
- GP Growth in the Americas represents increasing GP rate on modest revenue growth.
- OCG GP growth reflects continued CWO and BPO growth – from both new and existing business.
- EMEA reflects growth in temporary staffing business coupled with positive perm fee growth.
- APAC GP reflects softness in perm fees and lower temp GP rate due to increases in large account business.

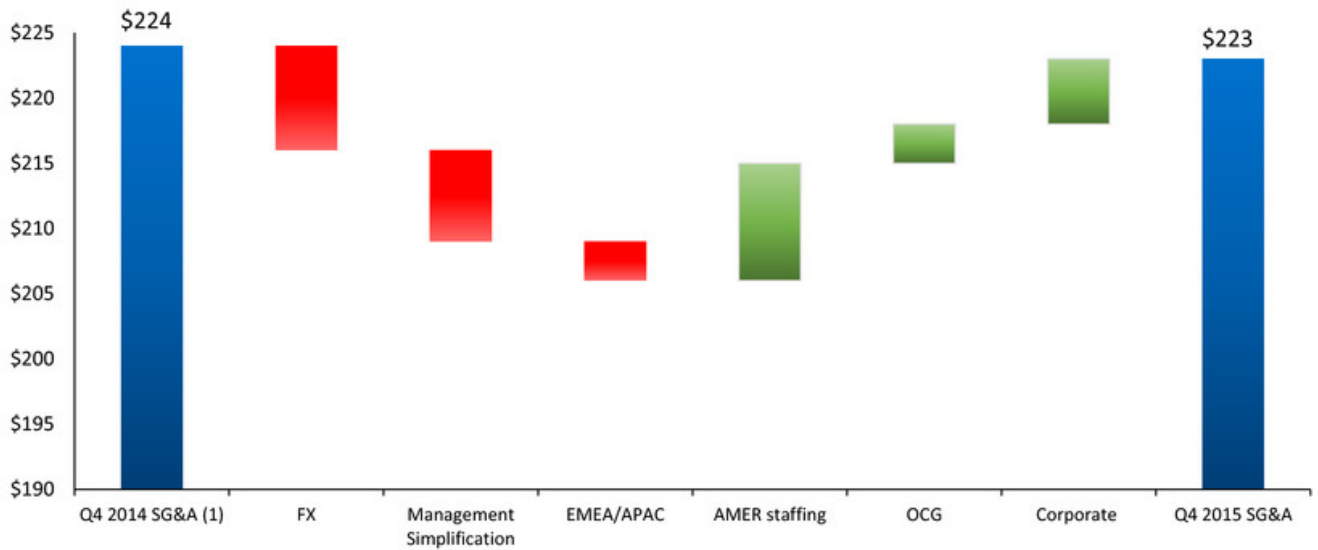
Fourth Quarter 2015 Gross Profit Rate



- Americas GP rate reflects management of temporary employee payroll taxes and other benefits costs.

Fourth Quarter 2015 SG&A

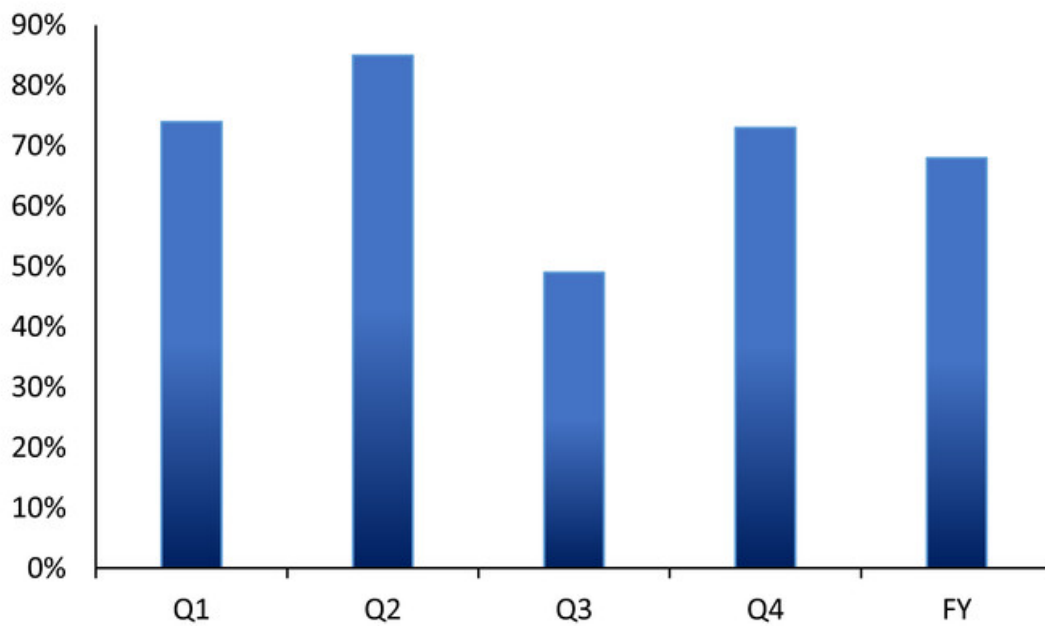
\$ in millions



- Americas staffing SG&A reflect increasing employee compensation expenses in branch-delivered business as a result of strong earnings growth.
- Corporate expense reflects the impact of litigation related expenses.

(1) Excludes 2014 restructuring charges.

Constant Currency Leverage - 2015



- 2015 constant currency leverage results reflect consistent focus in GP growth and effective cost management.

 Note: Constant currency leverage represents the constant currency earnings from operations year-over-year change divided by the constant currency gross profit year-over-year change.

See Press Release for further details on reported amounts.

Full Year Conversion Rate

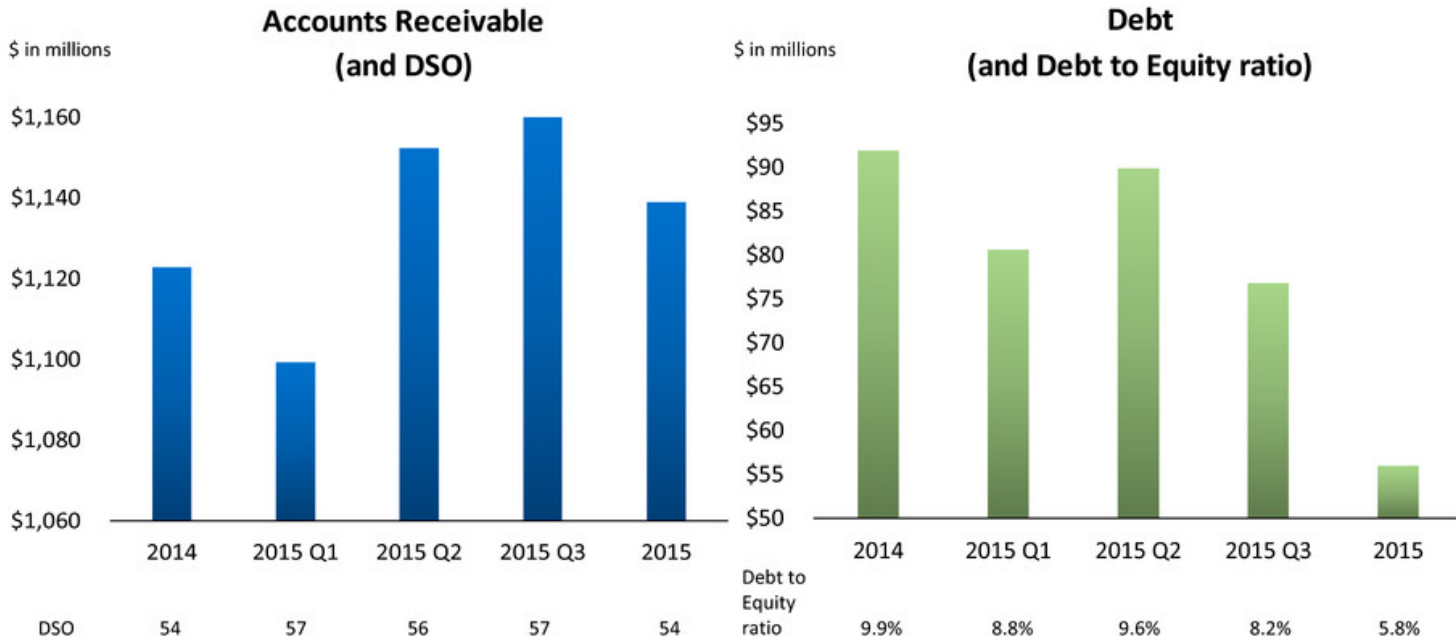
\$ in Millions	2015			2014			Change
	Gross Profit	Earnings from Operations	Conversion rate ⁽²⁾	Gross Profit	Earnings from Operations ⁽¹⁾	Conversion rate ⁽¹⁾⁽²⁾	
Americas	\$ 565.3	\$ 108.7	19.2%	\$ 535.5	\$ 88.7	16.6%	2.6%
EMEA	143.2	14.0	9.8%	173.5	12.9	7.4%	2.4%
APAC	55.8	9.1	16.3%	60.2	3.8	6.3%	10.0%
OCG	160.6	28.5	17.7%	143.6	16.3	11.4%	6.3%
Total Company	\$ 920.3	\$ 66.7	7.2%	\$ 908.4	\$ 33.9	3.7%	3.5%

- 2015 was a year of strong performance – and increasing Conversion rates – for all business units.
- Total Company Conversion rates nearly doubled.

(1) Excluding restructuring charges.

(2) Conversion rate represents earnings from operations as a percent of gross profit, or return on gross profit.

Fourth Quarter 2015 Balance Sheet Data



- DSO at 54 days is consistent with the same quarter a year ago.
- Debt to Equity ratio at 5.8% improved 4.1% from same period last year.

2016 Outlook – First Quarter

- Revenue up 4.5% to 5.5% YOY in constant currency
- Gross Profit Rate up YOY
- SG&A up 4% to 5% YOY
 - Down slightly on a sequential basis from Q4 2015
- Moderating operating leverage as a result of Q1's lower seasonal volume

2016 Outlook – Full Year

- Revenue up 3.5% to 4.5% YOY in constant currency
- Gross Profit Rate up slightly YOY
- SG&A up 2% to 3% YOY
- Annual tax rate at 20%, including impact Work Opportunity Credits ⁽¹⁾

(1) Reinstated in December 2015, and effective through 2019.

