



First Quarter 2018

Investor Presentation



CONNECTING PEOPLE.
ENRICHING LIVES.

Over 70 Years of Industry Leadership in Workforce Solutions



Revenues of **\$5.4 Billion**

#1 provider of K-12 educational staffing; Top 5 scientific, engineering and office/clerical workforce solutions provider in the U.S.



Leading managed services provider with **\$7.2 billion** spend under management

\$3.6+ billion with small, minority and women-owned businesses over 5 years



Global workforce solutions network

Staffing, outsourcing and advisory services delivered through operations across Americas and EMEA, and globally via 4,600+ supplier partners



Serving **95** of the Fortune 100 companies

Expertise spans wide array of industries and numerous talent management strategies

Our Merits

Globally recognized brand built upon decades of **service excellence and innovation**

Healthy balance sheet driven by focus on **free cash flow enhancement** provides flexibility for investment

Leadership team with **deep industry expertise** and commitment to **driving value for shareholders**

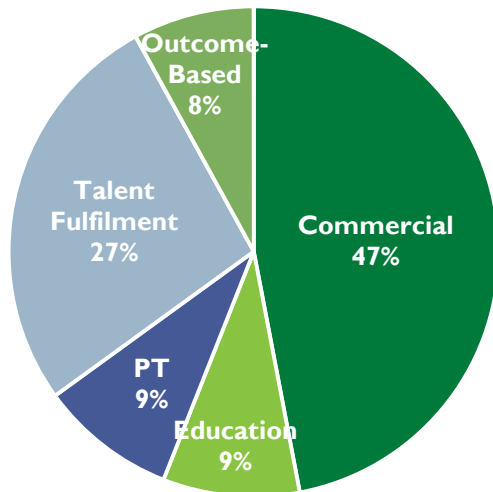
Focus on value added service offerings within **attractive, high-growth segments** where Kelly specializes

Long standing customer relationships with **95 of the Fortune 100 companies**; **best-in-class branch network** supporting small and medium-sized enterprises

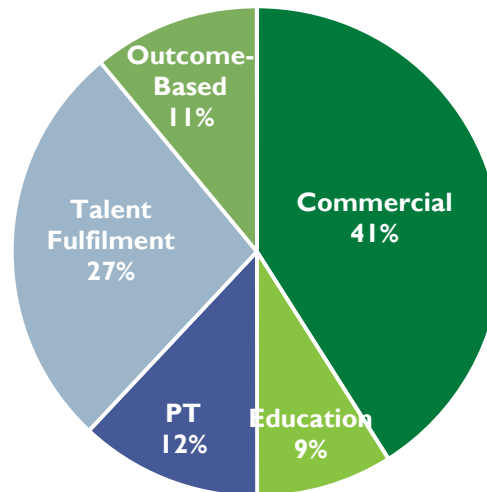
Demonstrated improvement in growth trends and **operational efficiency**

Focus on Value-Added Service Offerings

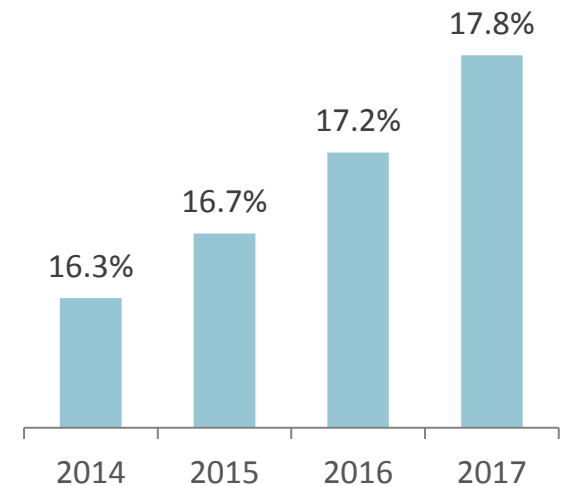
Q1 2018
Revenue Breakdown



Q1 2018
GP Breakdown



2014 – 2017
GP Rate



Focused investment in high growth, high margin segments (e.g., Outcome Based Services, PT, Education) over the last several years has led to outsized contribution to our bottom-line (+150bps gross margin expansion from '14-'17)

The Kelly Journey

Strong Improvement Over Past Two Years

2016:

- Even in the face of lower revenue, Kelly improved its GP rate 50 basis points and increased EPS by 122%. Kelly maintained a strong balance sheet, improved free cash flow, and ended the year debt free. In addition, APAC staffing operations transferred into a newly expanded JV, forming one of the largest workforce solutions companies in the Asia Pacific region.

2017:

- Kelly delivered sustained growth quarter after quarter, delivering a 41% increase in annual operating earnings on a like-for-like basis. A combination of strong top-line growth and good GP rate improvement yielded increased profitability across all operating segments, even as we invested in the talent and technology that are driving our company forward. Our conversion rate rose 160 basis points (excluding restructuring), another clear indicator that we are creating value along with driving volume.

Strategy in Action

As technology continues to drive rapid transformation throughout the marketplace, people are embracing new ways to work and businesses are looking for ways to adapt their approach to talent. As the world of work evolves, so too does Kelly's strategy. Our go-forward path is designed to help our candidates, our clients, and our company not only withstand the inevitable disruptions caused by technology, but turn them to advantages. In so doing, we will be able to deliver improved shareholder value and returns from a business that is focused on our strengths and committed to leading where we know we can win.

Kelly's Portfolio of Solutions and Operating Segments

Americas Staffing

- Local branch network in the U.S., Puerto Rico, Canada, Mexico, and Brazil, delivers high-touch Commercial & PT staffing solutions
- Longstanding relationships with small and medium-sized enterprises across North America
- Market leading educational staffing platform operating under the KES brand
- Top 5 position in scientific, engineering and office/clerical staffing

International Staffing

- Local/branch-delivered Commercial & PT staffing business in EMEA provides services to customers across Top 15 major European markets
- Network of 4,600+ providers deliver talent to global and local customers alike
- PersolKelly Asia Pacific JV serves the APAC regions with staffing solutions, and benefits from Persol's world-class leadership in these markets

Global Talent Solutions

- Talent Fulfillment businesses: Contingent Workforce Outsourcing (CWO), Payroll Process Outsourcing (PPO), Recruitment Process Outsourcing (RPO), Centrally Delivered Staffing
- Delivers outcome-based services focused around STEM, call center management, legal and advisory services for the talent supply chain

Peter Quigley, President – Global Staffing

Teresa Carroll, President – Global Talent Solutions

Americas Staffing Journey



TARGETED RECRUITMENT AND SALES PLANS

Strong sales and talent pipelines aligned with chosen niches



INCREASED ONSITE PRESENCE

Embedded relationships leading to local/regional account growth



CRITICAL MASS IN TARGETED MARKETS

Strong base of niche recruiters and sales resources in top markets



MARKET LEADER IN U.S. EDUCATIONAL STAFFING

#1 provider of K-12 educational staffing, including largest school districts

Our Q1 Progress:

Americas Staffing revenue was up 5% over last year. A slowing growth in light industrial, the decision to exit certain accounts due to pricing discipline, a challenging candidate market, and a pick-up in customer hiring of temporary employees contributed to a slower growth rate in our Commercial Staffing product, while revenue in our Professional and Technical Specialties increased 8% year over year, continuing last quarter's accelerated sequential and YOY growth in those specialties.

Revenue in Kelly Educational Staffing increased 18% YOY, bolstered by our September 2017 acquisition of Teachers On Call.

We entered 2018 with more onsite relationships than brick-and-mortar branch offices in the U.S. – a first for this segment.

With moderate top-line growth and a shift in business mix, the Americas Staffing segment achieved an operating profit of \$16.1 million in the quarter, compared to \$21.2 in the previous year.

International Staffing Journey



Profitable recruitment and delivery platforms in countries with the largest staffing markets



Industry leading cross-country sourcing expertise



Brand recognition in chosen industry verticals and specialties



Employer of choice for consultants and recruiters



Large Global Sales accounts presence in large markets

Our Q1 Progress:

Revenue in International Staffing increased 9% in constant currency year over year. Permanent placement revenue for the quarter was up 11% year over year in constant currency. While the GP rate declined as a one-time benefit anniversaried, the segment continued to manage costs effectively across the region. International Staffing's operating profit for the quarter was \$5.0 million, compared to \$5.2 million last year.

Asia Pacific JV:

In July 2016 we expanded our strategic relationship with PERSOL HOLDINGS and transferred our APAC staffing operations into the PersolKelly Asia Pacific joint venture, forming one of the largest workforce solutions companies in the Asia Pacific region. The JV provides accelerated growth opportunities, larger workforce solutions presence, and enhanced competitive positioning. OCG remains wholly-owned by Kelly in APAC.

Global Talent Solutions (GTS) Journey



LEADING PROVIDER OF TALENT SUPPLY CHAIN MANAGEMENT

Hired to design holistic solutions across all talent categories



HIGH-PERFORMING SALES AND DELIVERY TEAMS

Working seamlessly to deliver client-centered, profitable solutions



TRUSTED TALENT ADVISOR TO WORLD'S TOP FIRMS

Viewed as a strategic partner by senior stakeholders in our clients' business



HIGH-PERFORMING CENTRALIZED RECRUITING TEAMS

Capable of adapting to all solutions/models



EFFICIENT, EFFECTIVE DELIVERY TEAMS

Leveraging centralization and technology

Our Q1 Progress:

GTS revenue was flat year over year, as increases in our KellyConnect, Business Process Outsourcing, Contingent Workforce Outsourcing, and Recruitment Process Outsourcing products were offset by declines in our Centrally Delivered Staffing and Payroll Process Outsourcing products.

The GTS segment's gross profit rate was up 30 basis points year over year, to 18.9%. GP growth was driven primarily by continued momentum and strong results in both our KellyConnect and BPO products as a result of program expansions and new BPO wins. GP declines in Centrally Delivered Staffing and Payroll Process Outsourcing were partially offset by continued double-digit GP increases in our CWO product, as well as double-digit GP growth this quarter in RPO. All told, GTS's first quarter operating profit was \$16.0 million, up 5% YOY, but down 7% excluding last year's Q1 restructuring charges.

How We're Going to Grow

Focused Strategy

Our plan centers on four strategic pillars:

- Being the destination for top talent
- Leading in our chosen markets via scale or specialization
- Embracing the future of work
- Investing in technology for innovation and efficiency

What this Means to:

Our Customers:

We will have more profit to invest in the best workforce solutions for our clients, and will be able to connect them with the best talent to help them execute their business strategies.

Our Business:

We will transform Kelly into a leading talent solutions company that excels in all of its chosen specialties.

Our Employees:

Increased profitability will enable us to reward high-performing employees, who can take pride in being part of a company that connects people with work in ways that enrich their lives.

Our Shareholders:

Kelly's shareholders will be rewarded with healthier returns from a more profitable company.

Capital Allocation Priorities

- Maintain dividend and consider future increases based on sustained operating performance
- Focused investment in attractive areas of business where Kelly has opportunities to realize growth, generate efficiencies and capture market share
 - Organic investments in technology solutions to support and accelerate growth
 - Opportunistic acquisitions that can provide new technologies, talent and enhancements to growth and profitability
- Share repurchases to be evaluated on an ongoing basis



Performance Update

First Quarter 2018



Q1 2018 Key Financial Performance Metrics

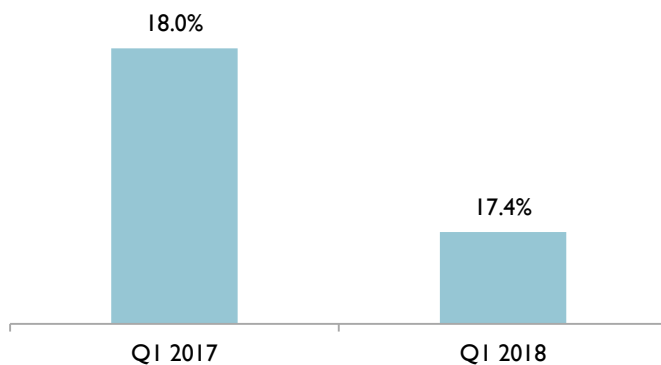
	Reported	Adjusted
Gross Profit Rate	17.4% Down 60bps	17.4% Down 60bps
Conversion Rate ⁽¹⁾	5.0% Down 210bps	5.0% Down 310bps
Free Cash Flow Growth	Down \$30.5M	Down \$30.5M
Earnings per Share ⁽²⁾	\$0.74 Up 138.7%	\$0.32 Down 8.6%

(1) Adjusted excludes 2017 restructuring charges

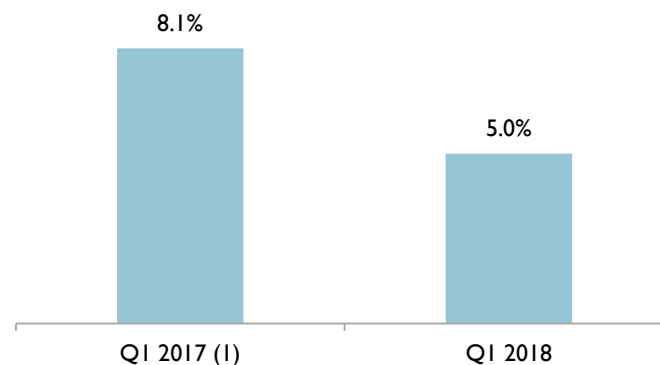
(2) Adjusted excludes 2017 restructuring charges and the 2018 gain on investment in Persol Holdings

Key Financial Performance Metrics (Adjusted)

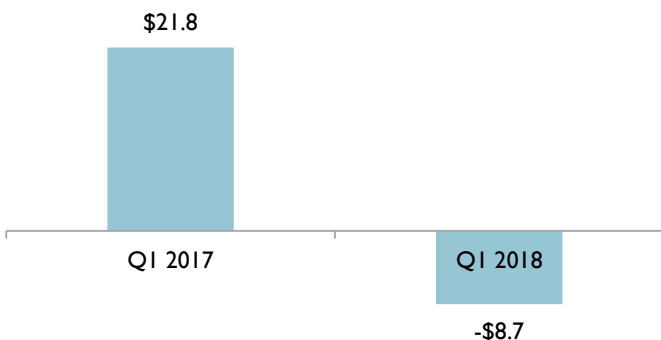
Gross Profit Rate



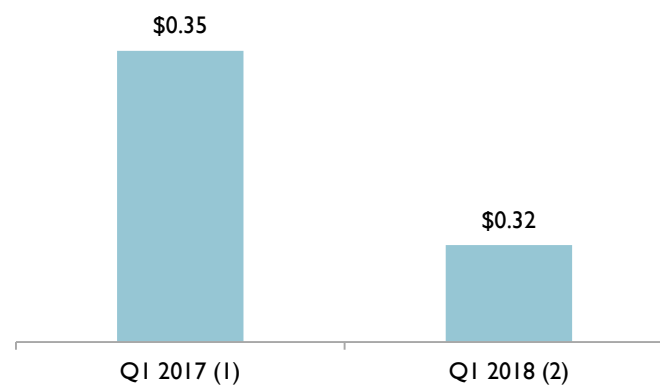
Conversion Rate



Free Cash Flow (millions)



Earnings Per Share



(1) Excludes restructuring
(2) Excludes gain on investment in Persol Holdings

Developments and Initiatives Driving Improvement



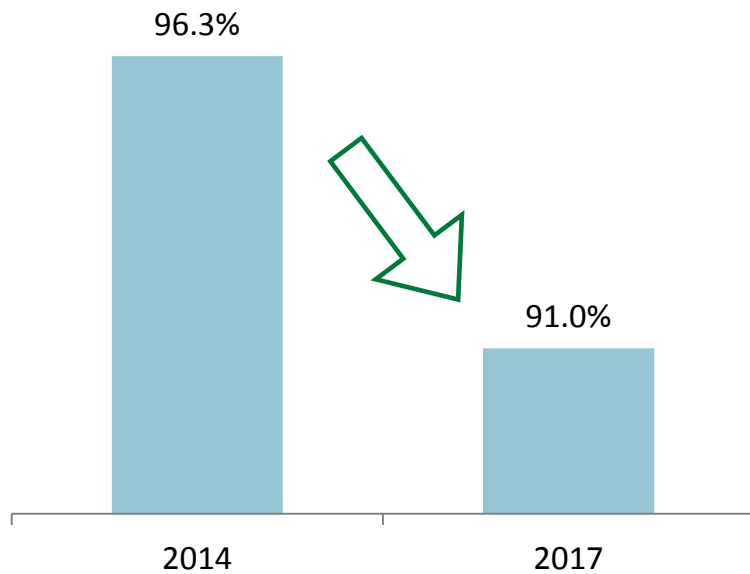
- Acquired Teachers On Call (6th largest educational staffing firm in the U.S.) in September 2017
- Further strengthens Kelly's #1 leadership position in the K-12 staffing market
- Complements KES geographic footprint and opens doors for new services and revenue, including early child care centers



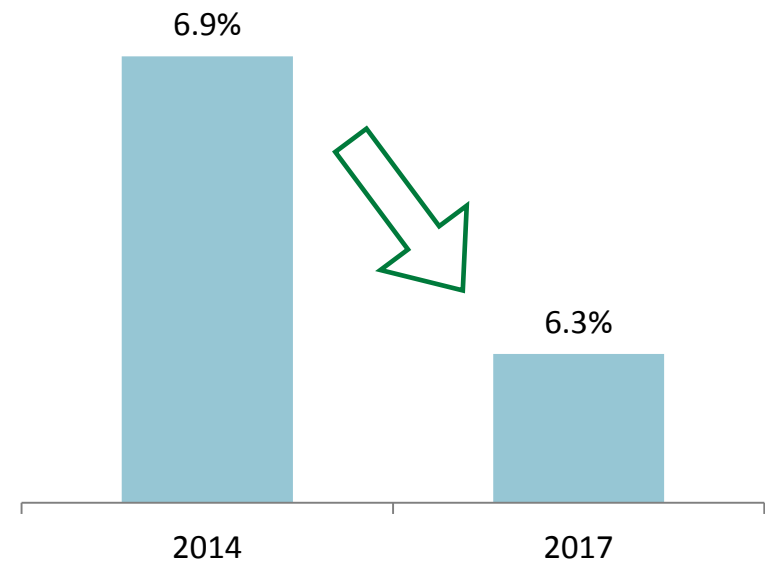
- Formed partnership with InGenesis in sale of US healthcare staffing business in Q1 2018
- Partnership allowed Kelly to monetize business and deploy resources towards other areas where Kelly has scale or specialization

Continued Improvements in Cost Efficiencies

Total SG&A as % of Gross Profit

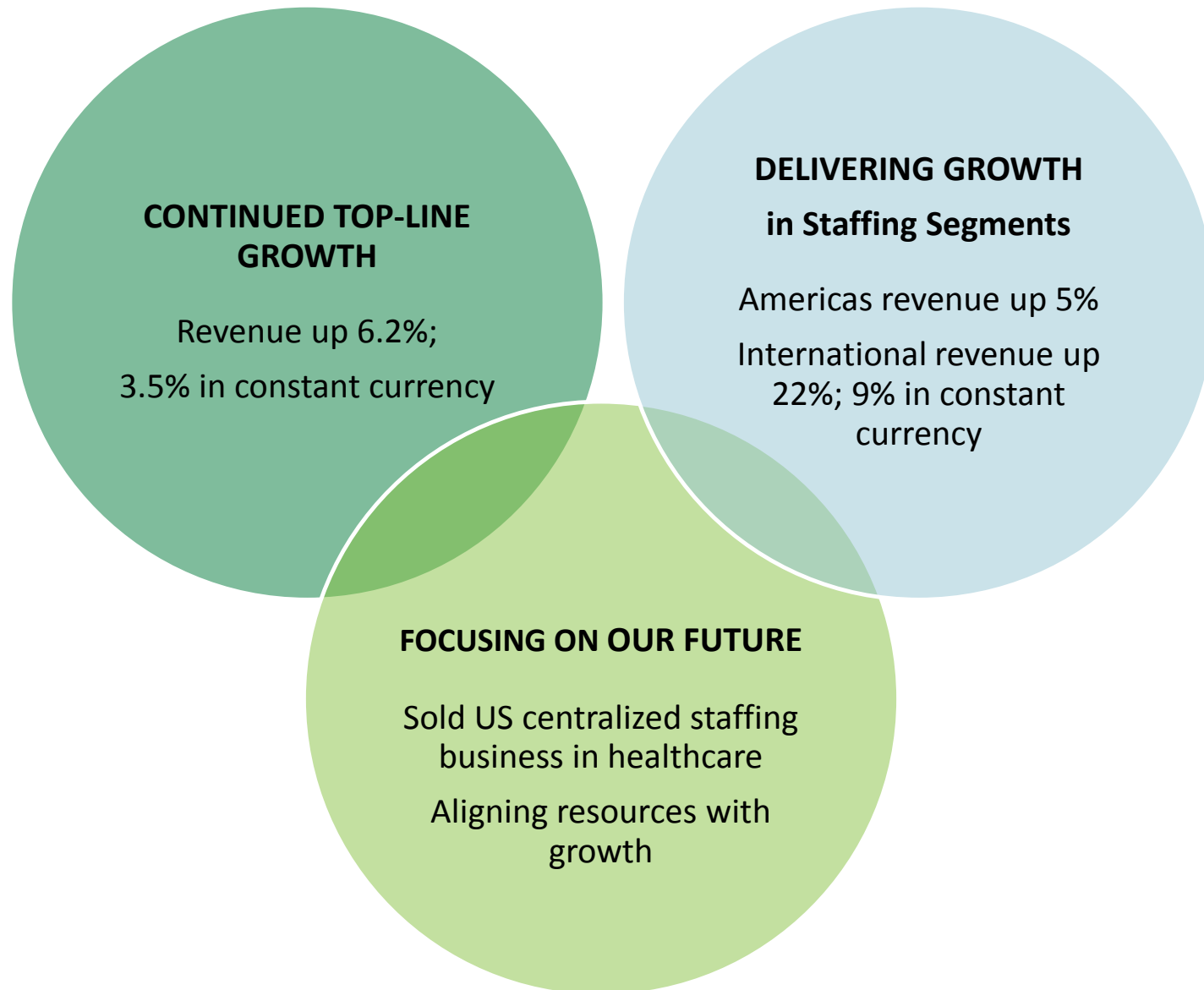


Net Corporate Expense as % of Gross Profit



Excludes restructuring charges

First Quarter Takeaways

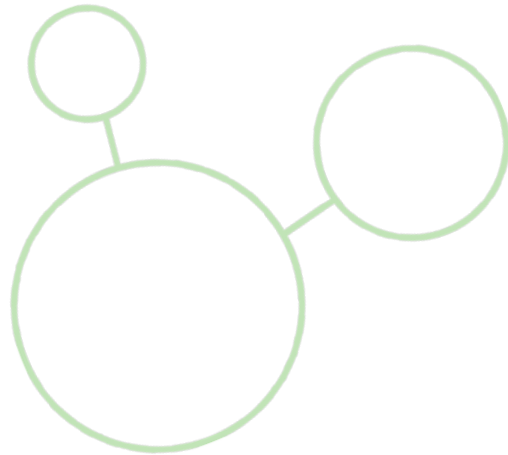


Outlook – Second Quarter 2018

- Revenue up 5% to 6% YOY
 - 200 basis point improvement due to currency
 - Includes impact from acquisition of Teachers On Call, net of the sale of our healthcare staffing business
 - Impact of revenue recognition not expected to be material
- Gross profit rate up YOY and up slightly sequentially
- SG&A up 7% to 8% YOY
 - Mainly driven by investments in Americas Staffing resources which started in Q2 last year
- Annual tax rate in low teens
 - Reflects impact of Tax Cuts and Jobs Act
- Impact of the new standard related to accounting for equity investments effective in Q1 2018 is recognized below Earnings from Operations and is not included in the 2018 Outlook

2018 Outlook – Full Year

- Revenue up 5.5% to 6.5% YOY
 - 150 basis point improvement due to currency
 - Includes impact from acquisition of Teachers On Call, net of the sale of our healthcare staffing business
 - Impact of revenue recognition not expected to be material
- Gross profit rate flat YOY
- SG&A up 4.5% to 5.5% YOY
 - Includes impact of additional spending on technology and efficiency initiatives
- Annual tax rate in low teens
 - Reflects impact of Tax Cuts and Jobs Act
- Impact of the new standard related to accounting for equity investments effective in Q1 2018 is recognized below Earnings from Operations and is not included in the 2018 Outlook



Key Financial Information

First Quarter 2018



First Quarter 2018 Segment Financials

(\$ in millions)

Kelly Services

Sales	\$1,370
GP	\$238
Expenses	\$226
Profit	\$12
Return on Sales	0.9%

Americas Staffing

Sales	\$604
GP	\$108
Expenses	\$92
Profit	\$16
Return on Sales	2.7%

Global Talent Solutions

Sales	\$486
GP	\$92
Expenses	\$76
Profit	\$16
Return on Sales	3.3%

International Staffing

Sales	\$285
GP	\$39
Expenses	\$34
Profit	\$5
Return on Sales	1.7%

First Quarter 2018 Financial Summary

	<u>Actual Results</u>	<u>Change</u>	<u>Constant Currency Change⁽¹⁾</u>
Revenue	\$1.4B	6.2%	3.5%
GP %	17.4%	(60) bps	
Earnings from Operations	\$12.0M	(26.4)%	(31.4)%
ROS %	0.9%	(40) bps	
EPS	\$0.74	\$0.43	

- Revenue increase reflects continued, although slowing, growth in Americas Staffing and continued strong performance in International Staffing
- GP rate declines due to business mix in Americas Staffing and customer mix in International Staffing
- Earnings from operations declines as GP rate decreases and expenses increase
- EPS includes a \$0.42 favorable non-cash impact from realized gain on equity investment due to adoption of a required accounting standard

⁽¹⁾Constant Currency represent year-over-year changes resulting from translating 2018 financial data into USD using 2017 exchange rates.

First Quarter 2018 Financial Summary

(Excluding Gain on Investment in Persol Holdings and Restructuring)

	<u>Actual Results</u>	<u>Change</u>	<u>Constant Currency Change⁽²⁾</u>
Revenue	\$1.4B	6.2%	3.5%
GP %	17.4%	(60) bps	
Earnings from Operations	\$12.0M	(35.7)%	(40.0)%
ROS %	0.9%	(60) bps	
EPS ⁽¹⁾	\$0.32	\$(0.03)	

- Revenue increase reflects continued, although slowing, growth in Americas Staffing and strong performance in International Staffing
- GP rate declines due to business mix in Americas Staffing and customer mix in International Staffing
- Earnings from Operations, ROS % and EPS reflect the impact of lower GP rates and higher expenses

⁽¹⁾Excludes \$23.7 million gain on investment, \$16.4 million net of income tax expense or \$0.42 per share in Q1 2018, \$2.4 million of restructuring charges, \$1.7 million net of tax or \$0.04 per share in Q1 2017.

⁽²⁾Constant Currency represents year-over-year changes resulting from translating 2018 financial data into USD using 2017 exchange rates.

First Quarter 2018 EPS Summary

\$ in Millions except per share data

	First Quarter			
	2018		2017	
	Amount	Per Share	Amount	Per Share
Net earnings	\$ 29.1	\$ 0.74	\$ 12.2	\$ 0.31
Gain on investment in Persol Holdings, net of taxes ⁽¹⁾	(16.4)	(0.42)	-	-
Restructuring charges, net of taxes ⁽²⁾	-	-	1.7	0.04
Adjusted net earnings	<u>\$ 12.7</u>	\$ 0.32	<u>\$ 13.9</u>	\$ 0.35

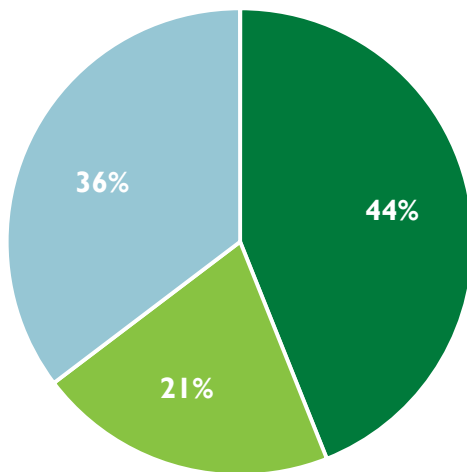
- As adjusted, net earnings and EPS decline as GP rates declines and expense increases more than offset revenue growth

⁽¹⁾Gain on investment in Persol Holdings of \$23.7 million, \$16.4 million net of tax or \$0.42 per share in Q1 2018.

⁽²⁾Restructuring charges, net of taxes include \$2.4 million of restructuring charges, \$1.7 million net of tax or \$0.04 per share in Q1 2017.

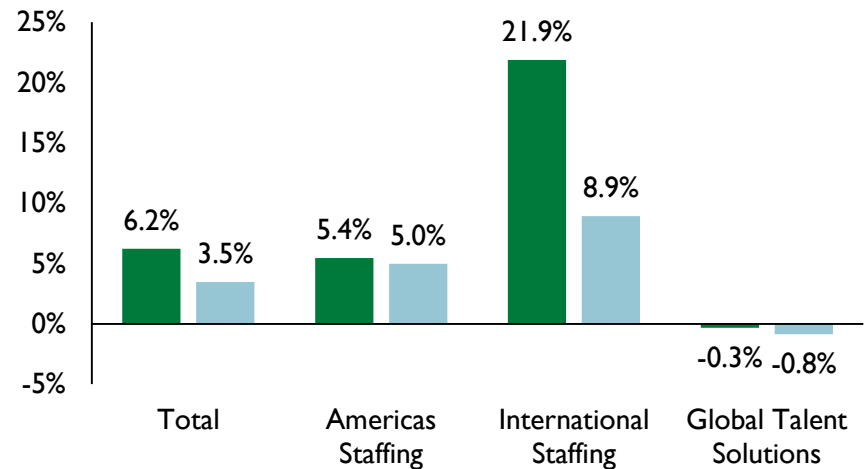
First Quarter 2018 Revenue Growth

Revenue Mix by Segment



■ Americas Staffing ■ International Staffing ■ Global Talent Solutions

Revenue Growth by Segment

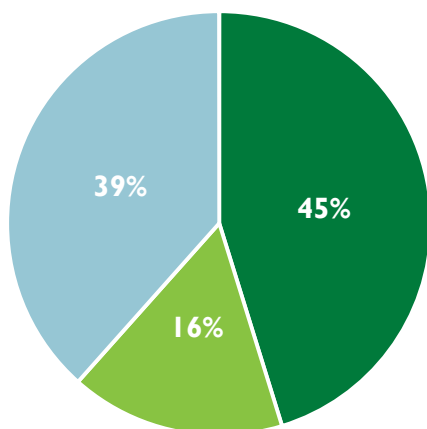


■ Reported ■ Constant Currency

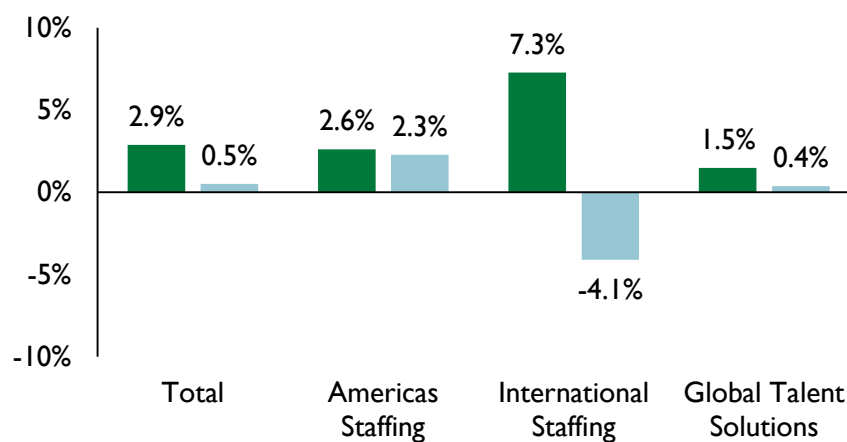
- Americas Staffing revenue reflects the impact of the Teachers On Call acquisition, accelerating growth in PT specialties and continuing, but slowing growth in Commercial
- International Staffing delivered strong growth across the regions in Europe

First Quarter 2018 Gross Profit Growth

Gross Profit Mix by Segment



Gross Profit Growth by Segment

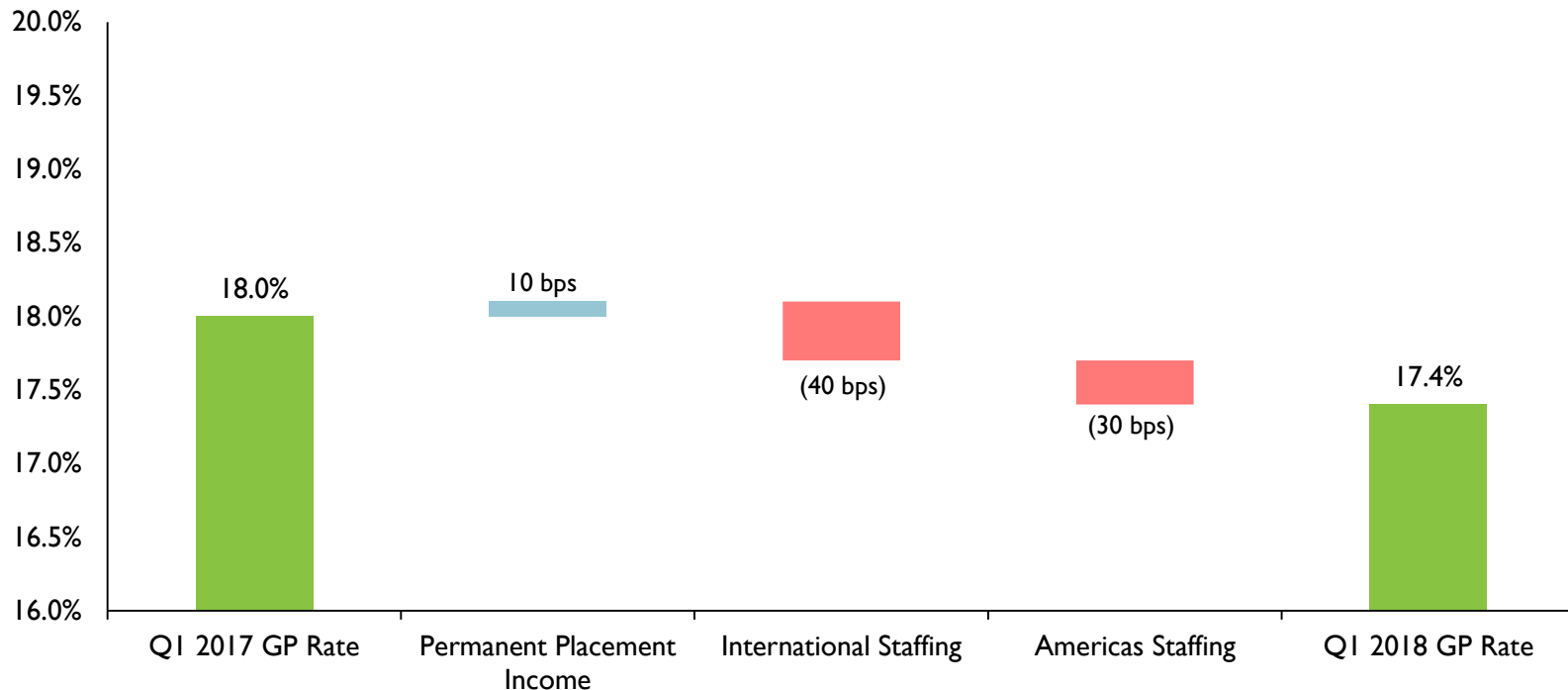


■ Americas Staffing ■ International Staffing ■ Global Talent Solutions

■ Reported ■ Constant Currency

- Americas Staffing and International Staffing GP progress reflects top-line growth, partially offset by GP rate declines due to changes in business mix
- GTS GP reflects GP rate improvement on slight revenue declines

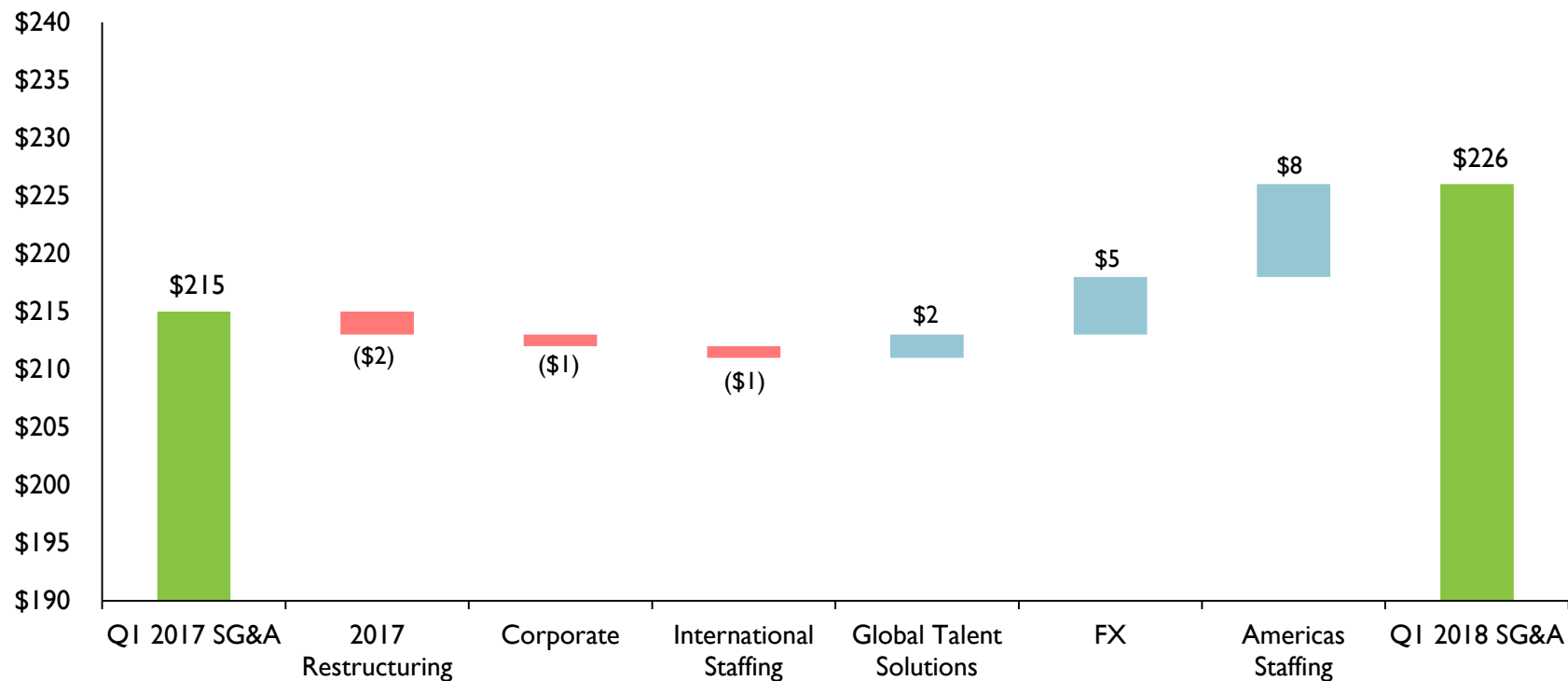
First Quarter 2018 Gross Profit Rate



- International Staffing GP rate reflects last year's one-time benefit from lower employee costs and the impact of unfavorable customer mix
- Americas Staffing reflects the impact of unfavorable business mix
- Higher perm fees in both Americas Staffing and International Staffing segments partially offset the decline in the GP rate

First Quarter 2018 SG&A

\$ in Millions



- Americas Staffing expenses were up due to additional sales and recruiting resources added starting in Q2 2017
- GTS expenses reflect additional costs from new customer wins partially offset by cost savings from last year's restructuring actions

First Quarter 2018 Conversion Rate

\$ in Millions

	2018			2017			Change (bps)
	Gross Profit	Earnings from Ops	Conversion Rate ⁽¹⁾	Gross Profit	Earnings from Ops	Conversion Rate ⁽¹⁾	
Americas Staffing	\$ 108.0	\$ 16.1	14.9%	\$ 105.3	\$ 21.2	20.1%	(520)
Global Talent Solutions	91.8	16.0	17.5%	90.5	15.3	16.9%	60
International Staffing	39.1	5.0	12.7%	36.4	5.2	14.4%	(170)
Total Company	\$ 238.2	\$ 12.0	5.0%	\$ 231.6	\$ 16.4	7.1%	(210)

- Americas Staffing conversion rate reflects the impact of GP rate declines and higher expenses
- GTS improves due to steady GP combined with lower expenses
- International Staffing conversion rate declines as 2017 GP was impacted by a favorable one-time employee benefit savings
- Total Company conversion rate decline reflects the impact of GP rate declines and higher expenses

⁽¹⁾Conversion rate represents earnings from operations as a percent of gross profit, or return on gross profit.

First Quarter 2018 Conversion Rate

(Excluding Restructuring)

\$ in Millions

	2018			2017			Change (bps)
	Gross Profit	Earnings from Ops	Conversion Rate ⁽¹⁾	Gross Profit	Earnings from Ops ⁽²⁾	Conversion Rate ⁽¹⁾	
Americas Staffing	\$ 108.0	\$ 16.1	14.9%	\$ 105.3	\$ 21.6	20.5%	(560)
Global Talent Solutions	91.8	16.0	17.5%	90.5	17.3	19.1%	(160)
International Staffing	39.1	5.0	12.7%	36.4	5.2	14.4%	(170)
Total Company	\$ 238.2	\$ 12.0	5.0%	\$ 231.6	\$ 18.8	8.1%	(310)

- Americas Staffing conversion rate reflects the impact of GP rate declines and higher expenses
- GTS declines due to steady GP combined with higher expenses
- International Staffing conversion rate declined as 2017 GP was impacted by a favorable one-time employee benefit savings
- Total Company conversion rate declines reflect the impact of GP rate declines and higher expenses

⁽¹⁾Conversion rate represents earnings from operations as a percent of gross profit, or return on gross profit.

⁽²⁾Excludes \$2.4 million of restructuring charges in Q1 2017.

Cash Flows: as of April 1, 2018

<i>\$ in millions</i>	2018	2017
Net Income	\$29.1	\$12.2
Gain on investment in Persol Holdings	(23.7)	0.0
Other cash (used in)/from operating activities	(9.5)	12.4
Capital expenditures	(4.6)	(2.8)
Free cash flow	(\$8.7)	\$21.8
Borrowing	23.2	0.0
Available cash flow	\$14.5	\$21.8
Dividends	(2.9)	(2.9)
Other	(6.5)	(0.6)
Cash generated	\$5.1	\$18.3
Effect of exchange rates	(0.9)	(2.0)
Net change in cash	\$4.2	\$16.3
Cash at period end	\$41.1	\$50.6

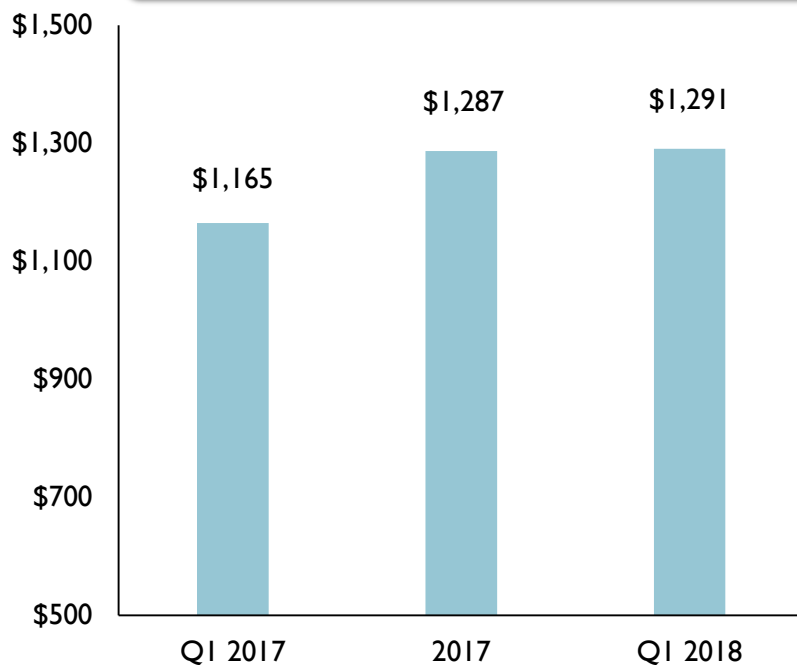
Balance Sheet: as of April 1, 2018

<i>\$ in millions</i>	2018	2017
Cash	\$36.6	\$46.0
Accounts Receivable	1,290.7	1,164.6
Other Current Assets	70.4	59.0
Total Current Assets	\$1,397.7	\$1,269.6
Long Term Assets	1,038.9	865.5
Total Assets	\$2,436.6	\$2,135.1
Short-Term Debt	33.4	-
Other Current Liabilities	900.8	825.4
Total Current Liabilities	\$934.2	\$825.4
Other Long Term Liabilities	311.1	260.0
Equity	1,191.3	1,049.7
Total Liabilities and Equity	\$2,436.6	\$2,135.1
Working Capital	\$463.5	\$444.2
Net Cash	3.2	46.0
Debt-to-Total Capital	2.7%	0.0%

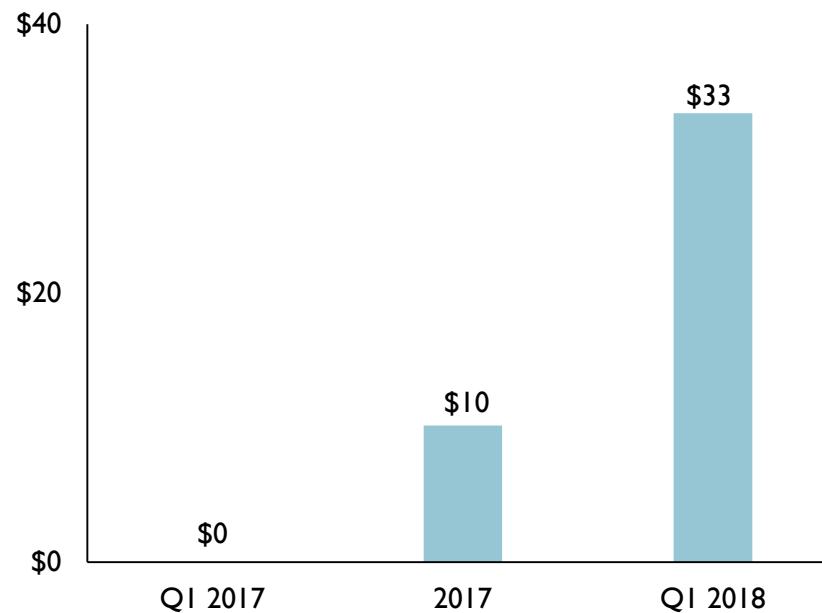
First Quarter 2018 Balance Sheet Data

\$ in Millions

Accounts Receivable



Net Debt



- DSO is up 2 days versus both Q1 2017 and year end due to market pressure for extended payment terms and customer mix
- Quarter end debt was \$33 million compared to \$10 million at year end

Non-GAAP Measures

Management believes that the non-GAAP (Generally Accepted Accounting Principles) information excluding the 2017 restructuring charges and 2018 gain on investment in Persol Holdings is useful to understand the Company's fiscal 2018 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. A reconciliation to the most comparable GAAP measures is included with our earnings release dated May 10, 2018 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, 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 TS Kelly 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, 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 cyber attacks 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 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, unemployment compensation, disability and medical benefit plans, 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.

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