

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): August 7, 2019

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))

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.

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

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 and six months ended June 30, 2019. A copy of the press release is attached as exhibit 99.1 herein.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release dated August 7, 2019.
99.2	Presentation materials for August 7, 2019 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.

August 7, 2019

KELLY SERVICES, INC.

/s/ Olivier G. Thirot
Olivier G. Thirot

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

August 7, 2019

/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
SECOND QUARTER EARNINGS**

Financial Highlights

- Q2 revenue down 1.4%; down 0.2% in constant currency
- Q2 operating earnings up 71% from last year, up 10% excluding the gain on sale of assets
- Q2 earnings per share of \$2.12 compared to a loss of \$0.40, or \$0.72 compared to \$0.54 last year on an adjusted basis

TROY, MI (August 7, 2019) -- Kelly Services (Nasdaq: [KELYA](#)) (Nasdaq: [KELYB](#)), a global leader in providing workforce solutions, today announced results for the second quarter of 2019.

George S. Corona, President and Chief Executive Officer, announced revenue for the second quarter of 2019 totaled \$1.4 billion, a 1.4% decrease, or 0.2% in constant currency, compared to the corresponding quarter of 2018. Second quarter 2019 results include the impact of the January 2019 acquisitions of NextGen and Global Technology Associates, providers of specialty engineering talent to the U.S. telecommunications industry. Excluding the recent acquisitions, adjusted revenue declined 4.2% in the second quarter, or 3.1% in constant currency.

Earnings from operations for the second quarter of 2019 totaled \$34.8 million, compared to the \$20.4 million reported for the second quarter of 2018. Included in earnings from operations in the second quarter of 2019 is a \$12.3 million gain on sale of assets, primarily relating to the sale of unused land, and a \$0.6 million benefit from the reversal of a portion of the restructuring charge taken in Q1 related to revitalizing the Americas Staffing delivery model. Excluding the gain on sale of assets, restructuring charges and recent acquisitions, adjusted earnings from operations totaled \$17.7 million, down 14% compared to the same period in 2018.

Diluted earnings per share in the second quarter of 2019 were \$2.12 compared to a loss per share of \$0.40 in the second quarter of 2018. Included in earnings per share in the second quarter of 2019 is the favorable impact of \$1.07 due to the non-cash after-tax gain on our investment in Persol Holdings common stock compared to a loss of \$0.94 in the second quarter of 2018. Second quarter 2019 earnings per share also include the benefit of the gain on the sale of assets, net of tax of \$0.23. Adjusted for the net of tax impact of restructuring charges, recent acquisitions, gains and losses on Persol Holdings common stock and the gain on sale of assets, diluted earnings per share for the quarter were \$0.72 compared to \$0.54 in the corresponding quarter of 2018.

“We’re pleased with the growth in gross profit, earnings and the improved free cash flow we delivered during the second quarter,” said Kelly President and CEO George Corona. “We continued to effectively manage costs and successfully integrated our two recent acquisitions that are outperforming expectations and making a strong impact on our business,” he said. “Our focus for the remainder of the year is on advancing our specialty talent solutions strategy to further accelerate the growth of our business.”

Kelly also reported that on August 7, its board of directors declared a dividend of \$0.075 per share. The dividend is payable August 30, 2019 to shareholders of record as of the close of business on August 20, 2019.

In conjunction with its second quarter earnings release, Kelly Services has published a financial presentation on the [Investor Relations](#) page of our public website and will host a conference call at 9:00 a.m. (ET) on August 7 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:
U.S. 1 800 288-9626
International 1 651 291-5254
The pass code is Kelly Services

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 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 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 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 more than 500,000 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 2018 was \$5.5 billion. Visit kellyservices.com and let us help with what's next for you.

KLYA-FIN

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KELLY SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
FOR THE 13 WEEKS ENDED JUNE 30, 2019 AND JULY 1, 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>
Revenue from services	\$ 1,367.5	\$ 1,386.9	\$ (19.4)	(1.4) %	(0.2) %
Cost of services	1,123.5	1,146.4	(22.9)	(2.0)	
Gross profit	244.0	240.5	3.5	1.4	2.6
Selling, general and administrative expenses	221.5	220.1	1.4	0.6	1.6
Gain on sale of assets	12.3	—	12.3	NM	
Earnings from operations	34.8	20.4	14.4	70.7	
Gain (loss) on investment in Persol Holdings	61.2	(52.5)	113.7	NM	
Other income (expense), net	0.2	0.6	(0.4)	(51.7)	
Earnings (loss) before taxes and equity in net earnings (loss) of affiliate	96.2	(31.5)	127.7	NM	
Income tax expense (benefit)	12.7	(15.6)	28.3	181.3	
Net earnings (loss) before equity in net earnings (loss) of affiliate	83.5	(15.9)	99.4	NM	
Equity in net earnings (loss) of affiliate	0.3	0.5	(0.2)	(29.1)	
Net earnings (loss)	\$ 83.8	\$ (15.4)	\$ 99.2	NM	
Basic earnings (loss) per share	\$ 2.12	\$ (0.40)	\$ 2.52	NM	
Diluted earnings (loss) per share	\$ 2.12	\$ (0.40)	\$ 2.52	NM	

STATISTICS:

Permanent placement income (included in revenue from services)	\$ 15.7	\$ 17.3	\$ (1.6)	(9.7) %	(7.5) %
Gross profit rate	17.8 %	17.3 %	0.5 pts.		
Conversion rate	14.2	8.5	5.7		
% Return:					
Earnings from operations	2.5	1.5	1.0		
Net earnings (loss)	6.1	(1.1)	7.2		
Effective income tax rate	13.2 %	49.6 %	(36.4) pts.		
Average number of shares outstanding (millions):					
Basic	39.1	38.8			
Diluted	39.2	38.8			

KELLY SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
FOR THE 26 WEEKS ENDED JUNE 30, 2019 AND JULY 1, 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>
Revenue from services	\$ 2,750.1	\$ 2,756.8	\$ (6.7)	(0.2) %	1.3 %
Cost of services	2,254.5	2,278.1	(23.6)	(1.0)	
Gross profit	495.6	478.7	16.9	3.5	4.9
Selling, general and administrative expenses	456.3	446.3	10.0	2.2	3.6
Gain on sale of assets	12.3	—	12.3	NM	
Earnings from operations	51.6	32.4	19.2	59.3	
Gain (loss) on investment in Persol Holdings	74.4	(28.8)	103.2	NM	
Other income (expense), net	(0.9)	(1.1)	0.2	13.7	
Earnings before taxes and equity in net earnings (loss) of affiliate	125.1	2.5	122.6	NM	
Income tax expense (benefit)	19.1	(9.2)	28.3	307.2	
Net earnings before equity in net earnings (loss) of affiliate	106.0	11.7	94.3	NM	
Equity in net earnings (loss) of affiliate	(0.1)	2.0	(2.1)	(101.1)	
Net earnings	\$ 105.9	\$ 13.7	\$ 92.2	NM	
Basic earnings per share	\$ 2.69	\$ 0.35	\$ 2.34	NM	
Diluted earnings per share	\$ 2.68	\$ 0.35	\$ 2.33	NM	

STATISTICS:

Permanent placement income (included in revenue from services)	\$ 31.6	\$ 33.9	\$ (2.3)	(6.8) %	(3.8) %
Gross profit rate	18.0 %	17.4 %	0.6 pts.		
Conversion rate	10.4	6.8	3.6		
% Return:					
Earnings from operations	1.9	1.2	0.7		
Net earnings	3.9	0.5	3.4		
Effective income tax rate	15.3 %	(366.2) %	381.5 pts.		
Average number of shares outstanding (millions):					
Basic	39.0	38.7			
Diluted	39.2	38.8			

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

Second Quarter

	2019	2018	% Change	CC % Change
Americas Staffing				
Revenue from services	\$ 597.6	\$ 604.0	(1.0) %	(0.9) %
Gross profit	108.8	108.5	0.2	0.4
SG&A expenses excluding restructuring charges	93.8	90.7	3.4	3.6
Restructuring charges	(0.6)	—	NM	NM
Total SG&A expenses	93.2	90.7	2.7	3.0
Earnings from operations	15.6	17.8	(12.4)	
Earnings from operations excluding restructuring charges	15.0	17.8	(15.8)	
Gross profit rate	18.2 %	18.0 %	0.2 pts.	
Conversion rate	14.3	16.4	(2.1)	
Conversion rate excluding restructuring charges	13.8	16.4	(2.6)	
Return on sales	2.6	2.9	(0.3)	
Return on sales excluding restructuring charges	2.5	2.9	(0.4)	
Global Talent Solutions				
Revenue from services	\$ 505.9	\$ 500.7	1.0 %	1.4 %
Gross profit	99.7	92.7	7.5	8.2
Total SG&A expenses	74.3	75.0	(0.9)	(0.2)
Earnings from operations	25.4	17.7	43.0	
Gross profit rate	19.7 %	18.5 %	1.2 pts.	
Conversion rate	25.4	19.1	6.3	
Return on sales	5.0	3.5	1.5	
International Staffing				
Revenue from services	\$ 268.1	\$ 286.6	(6.5) %	(1.8) %
Gross profit	36.1	39.9	(9.4)	(4.8)
Total SG&A expenses	32.6	33.5	(2.6)	1.9
Earnings from operations	3.5	6.4	(44.8)	
Gross profit rate	13.5 %	13.9 %	(0.4) pts.	
Conversion rate	9.7	16.0	(6.3)	
Return on sales	1.3	2.2	(0.9)	

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

June Year to Date

	2019	2018	% Change	CC % Change
Americas Staffing				
Revenue from services	\$ 1,224.1	\$ 1,208.3	1.3 %	1.6 %
Gross profit	226.0	216.5	4.4	4.7
SG&A expenses excluding restructuring charges	188.7	182.6	3.3	3.6
Restructuring charges	5.7	—	NM	NM
Total SG&A expenses	194.4	182.6	6.4	6.8
Earnings from operations	31.6	33.9	(6.6)	
Earnings from operations excluding restructuring charges	37.3	33.9	10.2	
Gross profit rate	18.5 %	17.9 %	0.6 pts.	
Conversion rate	14.0	15.6	(1.6)	
Conversion rate excluding restructuring charges	16.5	15.6	0.9	
Return on sales	2.6	2.8	(0.2)	
Return on sales excluding restructuring charges	3.1	2.8	0.3	
Global Talent Solutions				
Revenue from services	\$ 1,006.9	\$ 986.5	2.1 %	2.5 %
Gross profit	200.1	184.5	8.5	9.3
Total SG&A expenses	149.0	150.8	(1.2)	(0.4)
Earnings from operations	51.1	33.7	51.4	
Gross profit rate	19.9 %	18.7 %	1.2 pts.	
Conversion rate	25.5	18.3	7.2	
Return on sales	5.1	3.4	1.7	
International Staffing				
Revenue from services	\$ 527.0	\$ 571.3	(7.8) %	(1.6) %
Gross profit	70.7	79.0	(10.5)	(4.5)
Total SG&A expenses	63.9	67.6	(5.5)	0.4
Earnings from operations	6.8	11.4	(40.0)	
Gross profit rate	13.4 %	13.8 %	(0.4) pts.	
Conversion rate	9.6	14.4	(4.8)	
Return on sales	1.3	2.0	(0.7)	

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

	June 30, 2019	Dec. 30, 2018	July 1, 2018
Current Assets			
Cash and equivalents	\$ 37.2	\$ 35.3	\$ 33.9
Trade accounts receivable, less allowances of \$12.1, \$13.2, and \$13.1, respectively	1,273.6	1,293.3	1,248.9
Prepaid expenses and other current assets	82.1	71.9	64.5
Total current assets	1,392.9	1,400.5	1,347.3
Noncurrent Assets			
Property and equipment, net	83.4	86.3	84.7
Operating lease right-of-use assets	66.9	—	—
Deferred taxes	217.5	198.7	191.7
Goodwill	127.8	107.3	107.3
Investment in Persol Holdings	213.7	135.1	203.2
Investment in equity affiliate	122.0	121.3	122.0
Other assets	318.1	265.2	278.4
Total noncurrent assets	1,149.4	913.9	987.3
Total Assets	\$ 2,542.3	\$ 2,314.4	\$ 2,334.6
Current Liabilities			
Short-term borrowings	\$ 19.3	\$ 2.2	\$ 1.7
Accounts payable and accrued liabilities	513.7	540.6	505.5
Operating lease liabilities	20.3	—	—
Accrued payroll and related taxes	283.5	266.0	284.7
Accrued workers' compensation and other claims	25.1	26.0	25.3
Income and other taxes	69.2	62.7	60.7
Total current liabilities	931.1	897.5	877.9
Noncurrent Liabilities			
Operating lease liabilities	49.3	—	—
Accrued workers' compensation and other claims	48.8	50.5	49.2
Accrued retirement benefits	178.0	162.9	182.2
Other long-term liabilities	66.9	44.0	64.4
Total noncurrent liabilities	343.0	257.4	295.8
Stockholders' Equity			
Common stock	40.1	40.1	40.1
Treasury stock	(21.5)	(26.0)	(27.4)
Paid-in capital	23.2	24.4	23.4
Earnings invested in the business	1,238.1	1,138.1	1,134.8
Accumulated other comprehensive income (loss)	(11.7)	(17.1)	(10.0)
Total stockholders' equity	1,268.2	1,159.5	1,160.9
Total Liabilities and Stockholders' Equity	\$ 2,542.3	\$ 2,314.4	\$ 2,334.6

STATISTICS:			
Working Capital	\$ 461.8	\$ 503.0	\$ 469.4
Current Ratio	1.5	1.6	1.5
Debt-to-capital %	1.5 %	0.2 %	0.1 %
Global Days Sales Outstanding	57	55	55
Year-to-Date Free Cash Flow	\$ 64.8	\$ 35.8	\$ 22.9

KELLY SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE 26 WEEKS ENDED JUNE 30, 2019 AND JULY 1, 2018
(UNAUDITED)
(In millions of dollars)

	2019	2018
Cash flows from operating activities:		
Net earnings	\$ 105.9	\$ 13.7
Adjustments to reconcile net earnings to net cash from operating activities:		
Depreciation and amortization	15.6	12.9
Operating lease asset amortization	11.5	—
Provision for bad debts	1.8	1.5
Stock-based compensation	5.2	4.7
(Gain) loss on investment in Persol Holdings	(74.4)	28.8
(Gain) loss on sale of assets	(12.3)	—
Equity in net (earnings) loss of Persol Kelly Asia Pacific	0.1	(2.0)
Other, net	(0.6)	(0.6)
Changes in operating assets and liabilities, net of acquisitions	20.7	(25.8)
Net cash from operating activities	73.5	33.2
Cash flows from investing activities:		
Capital expenditures	(8.7)	(10.3)
Acquisition of companies, net of cash received	(86.4)	—
Proceeds from sale of assets	13.8	—
Proceeds from company-owned life insurance	3.0	—
Other investing activities	(1.3)	(0.6)
Net cash used in investing activities	(79.6)	(10.9)
Cash flows from financing activities:		
Net change in short-term borrowings	17.1	(8.4)
Dividend payments	(5.9)	(5.9)
Payments of tax withholding for stock awards	(2.3)	(6.2)
Other financing activities	(0.3)	—
Net cash from (used in) financing activities	8.6	(20.5)
Effect of exchange rates on cash, cash equivalents and restricted cash	(0.1)	(0.1)
Net change in cash, cash equivalents and restricted cash	2.4	1.7
Cash, cash equivalents and restricted cash at beginning of period	40.1	36.9
Cash, cash equivalents and restricted cash at end of period	\$ 42.5	\$ 38.6

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

Second Quarter (Americas, International and GTS)

	2019	2018	% Change	CC % Change
Americas				
United States	\$ 991.3	\$ 981.2	1.0 %	1.0 %
Canada	33.2	37.0	(10.4)	(7.2)
Mexico	29.7	30.0	(1.2)	(2.9)
Puerto Rico	19.6	26.2	(25.0)	(25.0)
Brazil	8.2	9.0	(9.3)	3.0
Total Americas	1,082.0	1,083.4	(0.1)	—
EMEA				
France	64.6	72.0	(10.2)	(4.8)
Switzerland	49.9	52.8	(5.6)	(4.0)
Portugal	46.7	51.2	(8.9)	(3.4)
United Kingdom	30.5	28.5	7.0	13.3
Russia	28.8	25.6	12.8	17.2
Italy	20.7	19.3	7.5	13.7
Ireland	10.9	11.7	(6.8)	(1.2)
Germany	9.9	14.8	(33.7)	(29.7)
Other	16.9	22.0	(23.0)	(17.8)
Total EMEA	278.9	297.9	(6.3)	(1.6)
Total APAC	6.6	5.6	18.1	26.3
Total Kelly Services, Inc.	\$ 1,367.5	\$ 1,386.9	(1.4) %	(0.2) %

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

June Year to Date (Americas, International and GTS)

	<u>2019</u>	<u>2018</u>	<u>% Change</u>	<u>CC % Change</u>
Americas				
United States	\$ 2,010.2	\$ 1,955.9	2.8 %	2.8 %
Canada	66.2	70.6	(6.2)	(2.1)
Mexico	57.2	60.4	(5.4)	(5.1)
Puerto Rico	38.8	46.0	(15.7)	(15.7)
Brazil	16.7	18.5	(9.8)	3.7
Total Americas	<u>2,189.1</u>	<u>2,151.4</u>	1.7	2.0
EMEA				
France	128.9	143.9	(10.4)	(4.0)
Switzerland	99.4	102.5	(3.0)	0.3
Portugal	91.5	102.3	(10.6)	(4.3)
United Kingdom	56.7	57.5	(1.4)	4.8
Russia	54.2	51.7	5.0	14.9
Italy	41.3	39.8	3.9	11.2
Ireland	21.0	23.0	(8.6)	(2.1)
Germany	21.0	31.2	(32.9)	(28.0)
Other	34.9	42.8	(18.4)	(11.9)
Total EMEA	<u>548.9</u>	<u>594.7</u>	(7.7)	(1.6)
Total APAC	<u>12.1</u>	<u>10.7</u>	13.7	22.8
Total Kelly Services, Inc.	<u>\$ 2,750.1</u>	<u>\$ 2,756.8</u>	(0.2) %	1.3 %

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

	2019				2018	
	As Reported	Restructuring ⁽²⁾	Acquisitions ⁽³⁾	Adjusted	As Reported	
Revenue from Services:						
Americas Staffing	\$ 597.6	\$ —	\$ (22.7)	\$ 574.9	\$ 604.0	\$ 604.0
Global Talent Solutions	505.9	—	(16.7)	489.2	500.7	500.7
International Staffing	268.1	—	—	268.1	286.6	286.6
Intersegment	(4.1)	—	—	(4.1)	(4.4)	(4.4)
Total Company	\$ 1,367.5	\$ —	\$ (39.4)	\$ 1,328.1	\$ 1,386.9	\$ 1,386.9

	2019				2018	
	As Reported	Restructuring ⁽²⁾	Acquisitions ⁽³⁾	Adjusted	As Reported	
Gross Profit:						
Americas Staffing	\$ 108.8	\$ —	\$ (7.0)	\$ 101.8	\$ 108.5	\$ 108.5
Global Talent Solutions	99.7	—	(4.1)	95.6	92.7	92.7
International Staffing	36.1	—	—	36.1	39.9	39.9
Intersegment	(0.6)	—	—	(0.6)	(0.6)	(0.6)
Total Company	\$ 244.0	\$ —	\$ (11.1)	\$ 232.9	\$ 240.5	\$ 240.5

	2019				2018	
	As Reported	Restructuring ⁽²⁾	Acquisitions ⁽³⁾	Adjusted	As Reported	
SG&A Expenses:						
Americas Staffing	\$ 93.2	\$ 0.6	\$ (5.0)	\$ 88.8	\$ 90.7	\$ 90.7
Global Talent Solutions	74.3	—	(1.9)	72.4	75.0	75.0
International Staffing	32.6	—	—	32.6	33.5	33.5
Corporate	22.0	—	—	22.0	21.5	21.5
Intersegment	(0.6)	—	—	(0.6)	(0.6)	(0.6)
Total Company	\$ 221.5	\$ 0.6	\$ (6.9)	\$ 215.2	\$ 220.1	\$ 220.1

	2019				2018	
	As Reported	Restructuring ⁽²⁾	Acquisitions ⁽³⁾	Gain on sale of assets ⁽⁴⁾	Adjusted	As Reported
Earnings from Operations:						
Americas Staffing	\$ 15.6	\$ (0.6)	\$ (2.0)	\$ —	\$ 13.0	\$ 17.8
Global Talent Solutions	25.4	—	(2.2)	—	23.2	17.7
International Staffing	3.5	—	—	—	3.5	6.4
Corporate	(9.7)	—	—	(12.3)	(22.0)	(21.5)
Total Company	\$ 34.8	\$ (0.6)	\$ (4.2)	\$ (12.3)	\$ 17.7	\$ 20.4

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

	2019				2018	
	As Reported	Restructuring ⁽²⁾	Acquisitions ⁽³⁾	Adjusted	As Reported	
Revenue from Services:						
Americas Staffing	\$ 1,224.1	\$ —	\$ (42.9)	\$ 1,181.2	\$ 1,208.3	
Global Talent Solutions	1,006.9	—	(32.4)	974.5	986.5	
International Staffing	527.0	—	—	527.0	571.3	
Intersegment	(7.9)	—	—	(7.9)	(9.3)	
Total Company	\$ 2,750.1	\$ —	\$ (75.3)	\$ 2,674.8	\$ 2,756.8	

	2019				2018	
	As Reported	Restructuring ⁽²⁾	Acquisitions ⁽³⁾	Adjusted	As Reported	
Gross Profit:						
Americas Staffing	\$ 226.0	\$ —	\$ (13.2)	\$ 212.8	\$ 216.5	
Global Talent Solutions	200.1	—	(7.0)	193.1	184.5	
International Staffing	70.7	—	—	70.7	79.0	
Intersegment	(1.2)	—	—	(1.2)	(1.3)	
Total Company	\$ 495.6	\$ —	\$ (20.2)	\$ 475.4	\$ 478.7	

	2019				2018	
	As Reported	Restructuring ⁽²⁾	Acquisitions ⁽³⁾	Adjusted	As Reported	
SG&A Expenses:						
Americas Staffing	\$ 194.4	\$ (5.7)	\$ (10.0)	\$ 178.7	\$ 182.6	
Global Talent Solutions	149.0	—	(3.7)	145.3	150.8	
International Staffing	63.9	—	—	63.9	67.6	
Corporate	50.2	—	—	50.2	46.6	
Intersegment	(1.2)	—	—	(1.2)	(1.3)	
Total Company	\$ 456.3	\$ (5.7)	\$ (13.7)	\$ 436.9	\$ 446.3	

	2019					2018	
	As Reported	Restructuring ⁽²⁾	Acquisitions ⁽³⁾	Gain on sale of assets ⁽⁴⁾	Adjusted	As Reported	
Earnings from Operations:							
Americas Staffing	\$ 31.6	\$ 5.7	\$ (3.2)	\$ —	\$ 34.1	\$ 33.9	
Global Talent Solutions	51.1	—	(3.3)	—	47.8	33.7	
International Staffing	6.8	—	—	—	6.8	11.4	
Corporate	(37.9)	—	—	(12.3)	(50.2)	(46.6)	
Total Company	\$ 51.6	\$ 5.7	\$ (6.5)	\$ (12.3)	\$ 38.5	\$ 32.4	

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

(In millions of dollars except per share data)

	Second Quarter		June Year to Date	
	2019	2018	2019	2018
Income tax expense (benefit)	\$ 12.7	\$ (15.6)	\$ 19.1	\$ (9.2)
Tax expense on investment in Persol Holdings ⁽¹⁾	(18.7)	16.2	(22.8)	8.9
Tax expense on restructuring charges ⁽²⁾	(0.1)	—	1.5	—
Tax expense on acquisitions ⁽³⁾	(1.0)	—	(1.6)	—
Tax expense on gain on sale of assets ⁽⁴⁾	(3.3)	—	(3.3)	—
Adjusted income tax expense (benefit)	\$ (10.4)	\$ 0.6	\$ (7.1)	\$ (0.3)

	Second Quarter		June Year to Date	
	2019	2018	2019	2018
Net earnings (loss)	\$ 83.8	\$ (15.4)	\$ 105.9	\$ 13.7
(Gain) loss on investment in Persol Holdings, net of taxes ⁽¹⁾	(42.5)	36.3	(51.6)	19.9
Restructuring charges, net of taxes ⁽²⁾	(0.5)	—	4.2	—
Net earnings from acquisitions ⁽³⁾	(3.2)	—	(4.9)	—
Gain on sale of assets, net of taxes ⁽⁴⁾	(9.0)	—	(9.0)	—
Adjusted net earnings	\$ 28.6	\$ 20.9	\$ 44.6	\$ 33.6

	Second Quarter		June Year to Date	
	2019	2018	2019	2018
	Per Share		Per Share	
Net earnings (loss)	\$ 2.12	\$ (0.40)	\$ 2.68	\$ 0.35
(Gain) loss on investment in Persol Holdings, net of taxes ⁽¹⁾	(1.07)	0.94	(1.31)	0.51
Restructuring charges, net of taxes ⁽²⁾	(0.01)	—	0.11	—
Acquisitions, net of taxes ⁽³⁾	(0.08)	—	(0.12)	—
Gain on sale of assets, net of taxes ⁽⁴⁾	(0.23)	—	(0.23)	—
Adjusted net earnings	\$ 0.72	\$ 0.54	\$ 1.13	\$ 0.86

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, and the 2019 gain on sale of assets 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.

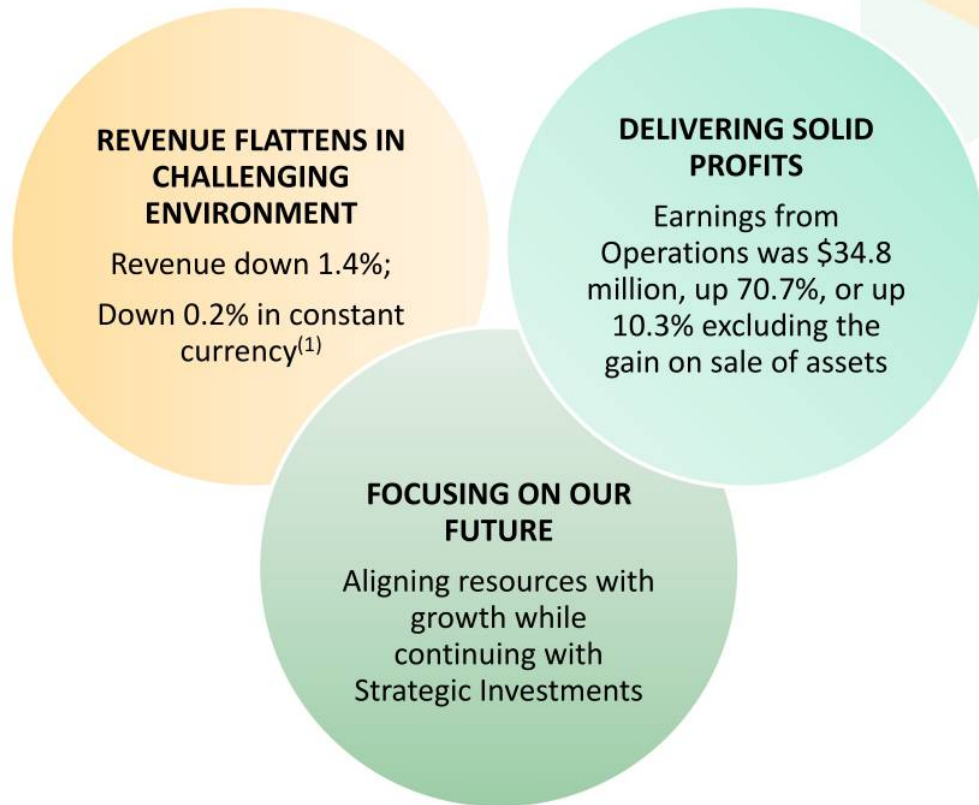
- (1) The gains on the investment in Persol Holdings represent the change in fair value of the investment during the period presented and the related tax expense.
- (2) Restructuring charges in 2019 represent severance costs primarily related to U.S. branch-based staffing operations.
- (3) NextGen and 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.



SECOND QUARTER 2019
WHAT'S **NEXT.**

KELLY®

SECOND QUARTER 2019 TAKEAWAYS



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

SECOND QUARTER 2019 FINANCIAL SUMMARY

	<u>Actual Results</u>	<u>Change</u>	<u>Constant Currency Change⁽¹⁾</u>
Revenue	\$1.4B	(1.4%)	(0.2%)
GP %	17.8%	50 bps	
Earnings from Operations	\$34.8M	70.7%	73.0%
ROS %	2.5%	100 bps	
EPS	\$2.12	\$2.52	

- Revenue growth reflects lower revenue in International Staffing and Americas Staffing, which includes the acquisition of NextGen, which was partially offset by modest growth in Global Talent Solutions (GTS), which includes the acquisition of GTA
- GP rate improves from the impact of higher margin acquisitions, structural improvement in product mix in GTS and lower employee related costs in GTS, partially offset by the impact of higher employee related costs in Americas Staffing
- Earnings from Operations improved compared to last year as a higher GP rate on slightly less revenue delivered improved gross profit, which was combined with expense control efforts to deliver improving expense leverage. Included in Earnings from Operations is a \$12.3 million gain on sale of assets, primarily related to the sale of unused land
- EPS includes \$1.07 non-cash impact from gain on equity investment compared to a \$0.94 loss in Q2 2018

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

KELLY
WHAT'S NEXT.

SECOND QUARTER 2019 FINANCIAL SUMMARY

(Excluding Gain on investment in Persol Holdings, Acquisitions, Gain on sale of assets and Restructuring)

	Actual Results	Change	Constant Currency Change ⁽⁴⁾
Revenue ⁽¹⁾	\$1.3B	(4.2%)	(3.1%)
GP % ⁽¹⁾	17.5%	20 bps	
Earnings from Operations ^{(1),(2)}	\$17.7M	(13.8%)	(11.5%)
ROS % ^{(1),(2)}	1.3%	(20) bps	
EPS ^{(1),(2),(3)}	\$0.72	\$0.18	

- Revenue declined in constant currency in all three segments in the face of a challenging environment in the U.S. and softening demand in Europe
- GP rate improves on structural improvement in product mix and lower employee related costs in GTS, partially offset by higher workers compensation in Americas Staffing, the impact of customer mix in International Staffing, as well as, lower staffing placement fees
- Earnings from Operations declined as the impact of declining revenues was only partially offset by the impact of a higher GP rate and reduced expenses from efforts to align costs with GP trends
- EPS improves primarily due to a lower effective tax rate, including the impact of the release of deferred tax valuation allowances

⁽¹⁾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.

⁽²⁾Excludes gain on sale of assets of \$12.3 million, \$9.0 million net of tax, or \$0.23 per share and a \$0.6 million of restructuring accrual adjustment, \$0.5 million net of tax or \$0.01 per share in Q2 2019.

⁽³⁾Excludes \$61.2 million gain on investment in Persol Holdings, \$42.3 million net of tax or \$1.07 per share in Q2 2019 and \$52.5 million loss on investment in Persol Holdings, \$36.3 million net of tax or \$0.94 per share in Q2 2018.

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



SECOND QUARTER 2019 EPS SUMMARY

\$ in millions except per share data

	Second Quarter			
	2019		2018	
	Amount	Per Share	Amount	Per Share
Net earnings (loss)	\$ 83.8	\$ 2.12	\$ (15.4)	\$ (0.40)
(Gain) loss on investment in Persol Holdings, net of taxes ⁽¹⁾	(42.5)	(1.07)	36.3	0.94
Restructuring charges, net of taxes ⁽²⁾	(0.5)	(0.01)	-	-
Net earnings from acquisitions ⁽³⁾	(3.2)	(0.08)	-	-
Gain on sale of assets, net of taxes ⁽⁴⁾	(9.0)	(0.23)	-	-
Adjusted net earnings	<u>\$ 28.6</u>	<u>\$ 0.72</u>	<u>\$ 20.9</u>	<u>\$ 0.54</u>

- As adjusted, net earnings and EPS increased primarily due to lower income tax expense from the release of deferred tax valuation allowances

⁽¹⁾Gain on investment in Persol Holdings of \$61.2 million, \$42.3 million net of tax or \$1.07 per share in Q2 2019 and loss on investment in Persol Holdings of \$52.5 million, \$36.3 million net of tax or \$0.94 per share in Q2 2018.

⁽²⁾Restructuring charges, net of taxes includes a \$0.6 million restructuring accrual adjustment, \$0.5 million net of tax or \$0.01 per share in Q2 2019.

⁽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 of \$12.3 million, \$9.0 million net of tax or \$0.23 per share in Q2 2019.



SECOND QUARTER 2019 ORGANIC REVENUE

\$ in millions

	Second Quarter					
	2019			2018		
	As Reported	Acquisitions ⁽¹⁾	Adjusted	As Reported	Change	Constant Currency Change ⁽²⁾
Americas Staffing	\$ 597.6	\$ (22.7)	\$ 574.9	\$ 604.0	(4.8%)	(4.6%)
Global Talent Solutions	505.9	(16.7)	489.2	500.7	(2.3%)	(2.0%)
International Staffing	268.1	-	268.1	286.6	(6.5%)	(1.8%)
Total Company	\$ 1,367.5	\$ (39.4)	\$ 1,328.1	\$ 1,386.9	(4.2%)	(3.1%)

- Americas Staffing revenue reflects declines in professional/technical specialties, light industrial and office services, partially offset by growth in educational staffing
- 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 impacted unfavorably by approximately 60 bps from the 2018 divestitures of our legal specialty practices, which is primarily reflected in GTS

⁽¹⁾Organic revenue in Q2 2019 excludes the impact of the NextGen and GTA acquisitions in the Americas Staffing and GTS segments, respectively.

⁽²⁾Constant Currency represent year-over-year changes resulting from translating 2019 financial data into USD using 2018 exchange rates.

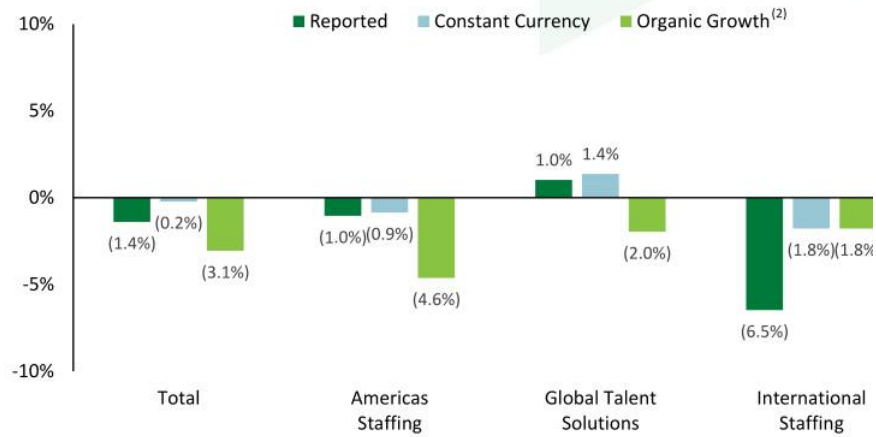
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SECOND QUARTER 2019 REVENUE GROWTH

Revenue Mix by Segment ⁽¹⁾



Revenue Growth by Segment



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

⁽¹⁾Revenue Mix by Segment includes the results from acquisitions.

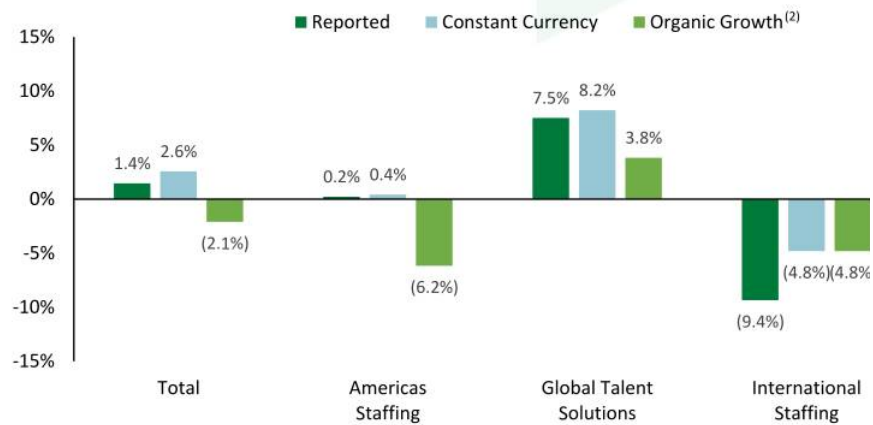
⁽²⁾Organic growth represents revenue growth excluding the results of acquisitions on a constant currency basis.

SECOND QUARTER 2019 GROSS PROFIT GROWTH

Gross Profit Mix by Segment⁽¹⁾



Gross Profit Growth by Segment

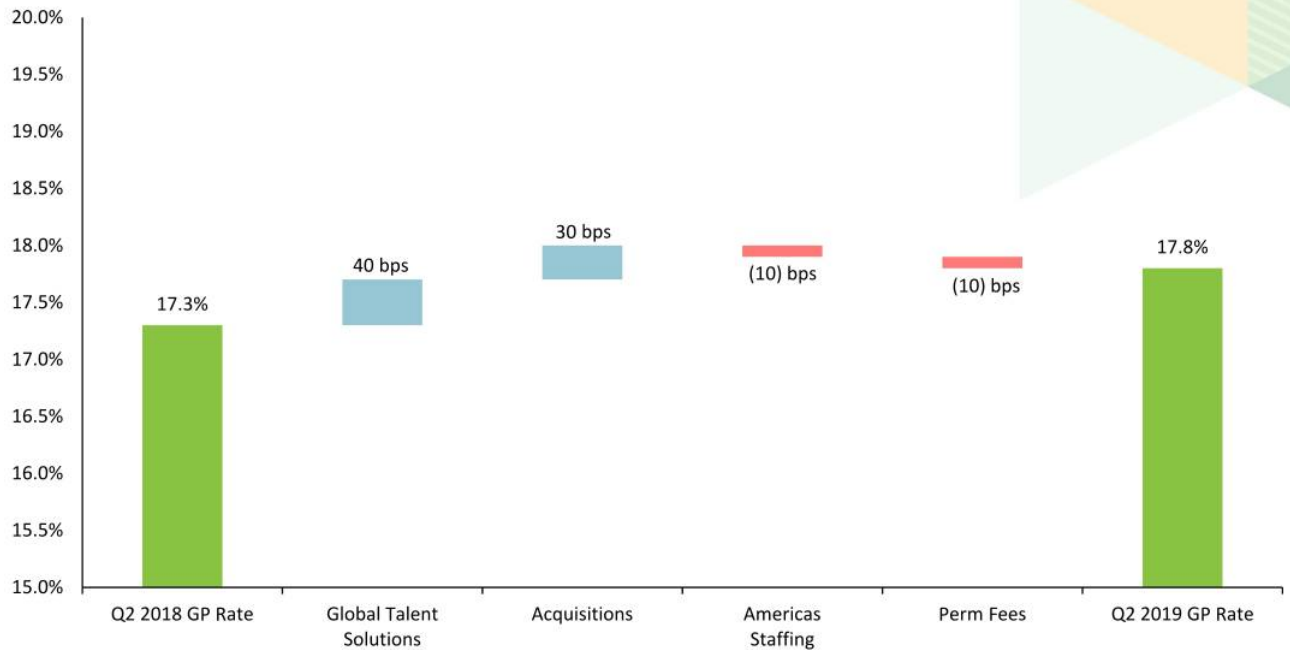


- Americas Staffing GP reflects the impact of the NextGen acquisition, partially offset by the impact of lower revenue and higher employee related costs
- GTS GP reflects the impact of the GTA acquisition, structural rate improvement from changes in product mix and lower employee related costs
- International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

⁽¹⁾Gross Profit Mix by Segment includes the results from acquisitions.

⁽²⁾Organic growth represents gross profit growth excluding the results of acquisitions on a constant currency basis.

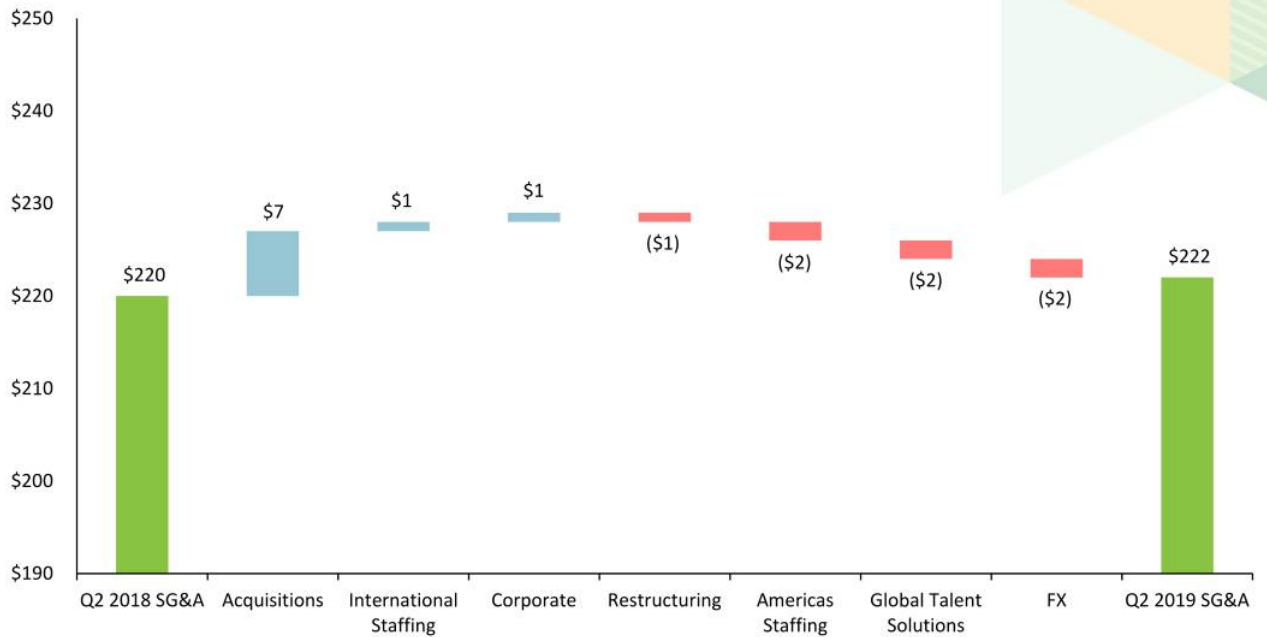
SECOND QUARTER 2019 GROSS PROFIT RATE GROWTH



- The acquisitions of NextGen and GTA, which are higher margin specialty businesses, improve overall GP rate
- GTS GP reflects structural GP rate improvement from product mix and lower employee related costs
- Americas Staffing year-over-year comparisons reflect higher employee related costs

SECOND QUARTER 2019 SG&A

\$ in millions



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

SECOND QUARTER 2019 CONVERSION RATE

\$ in millions

	2019			2018			Change (bps)
	Gross Profit	Earnings from Ops	Conversion Rate ⁽¹⁾	Gross Profit	Earnings from Ops	Conversion Rate ⁽¹⁾	
Americas Staffing	\$ 108.8	\$ 15.6	14.3%	\$ 108.5	\$ 17.8	16.4%	(21)
Global Talent Solutions	99.7	25.4	25.4%	92.7	17.7	19.1%	63
International Staffing	36.1	3.5	9.7%	39.9	6.4	16.0%	(63)
Total Company	\$ 244.0	\$ 34.8	14.2%	\$ 240.5	\$ 20.4	8.5%	57

- Americas Staffing conversion rate reflects the impact of lower revenue on gross profit as expense grew with the acquisition of NextGen in January 2019, partially offset by lower expenses as a result of 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 solid execution in the face of challenging revenue trends. Total Company conversion rate is positively impacted by 500 bps due to a \$12.3 million gain on sale of assets, primarily related to the sale of unused land

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

SECOND QUARTER 2019 CONVERSION RATE

(Excluding Acquisitions, Gain on sale of assets and Restructuring)

\$ in millions

	2019			2018			Change (bps)
	Gross Profit ⁽¹⁾	Earnings from Ops ⁽¹⁾⁽²⁾	Conversion Rate ⁽³⁾	Gross Profit	Earnings from Ops	Conversion Rate ⁽³⁾	
Americas Staffing	\$ 101.8	\$ 13.0	12.7%	\$ 108.5	\$ 17.8	16.4%	(3)
Global Talent Solutions	95.6	23.2	24.1%	92.7	17.7	19.1%	50
International Staffing	36.1	3.5	9.7%	39.9	6.4	16.0%	(6)
Total Company	\$ 232.9	\$ 17.7	7.5%	\$ 240.5	\$ 20.4	8.5%	(10)

- Americas Staffing and International Staffing conversion rates reflect declining GP, partially offset by lower expenses resulting from Q1 restructuring actions
- GTS conversion rate reflects improving GP rate and effective cost management
- Total Company conversion rate improvement reflects an improving GP rate and solid cost management efforts amid challenging revenue trends

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

⁽²⁾Excludes gain on sale of assets of \$12.3 million, \$9.0 million net of tax, or \$0.23 per share in Corporate and a \$0.6 million of restructuring accrual adjustment, \$0.5 million net of tax or \$0.01 per share in Q2 2019 in Americas Staffing.

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

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SECOND QUARTER 2019 BALANCE SHEET DATA

\$ in millions



- Accounts Receivable reflects the impact of recent acquisitions. Including acquisitions, DSO is 57 days, up 2 days from a year ago and up 2 days from year end 2018
- Debt reflects borrowing on the Securitization Facility, which was used to fund the January 2019 NextGen and GTA acquisitions

⁽¹⁾Q2 2019 Accounts Receivable includes \$39 million of receivables related to acquisitions.

OUTLOOK – FULL YEAR 2019

- Reported Revenue from flat to up 1.0% YOY
 - 110 basis point unfavorable impact due to currency
 - Includes inorganic growth from recent acquisitions
 - Expected that growth accelerates in the second half of the year as Americas Staffing delivery model changes take effect

- Gross profit rate up 50 bps to 60 bps, resulting in a gross profit dollars increase of 3.0% to 4.5%
 - Includes acceleration expected from recent acquisitions

- SG&A up 1.5% to 2.5% YOY
 - Includes recent acquisitions and the impact of additional amortization of purchased intangible assets

- Effective income tax rate in the mid-teens

- Overall, conversion rate expected to improve

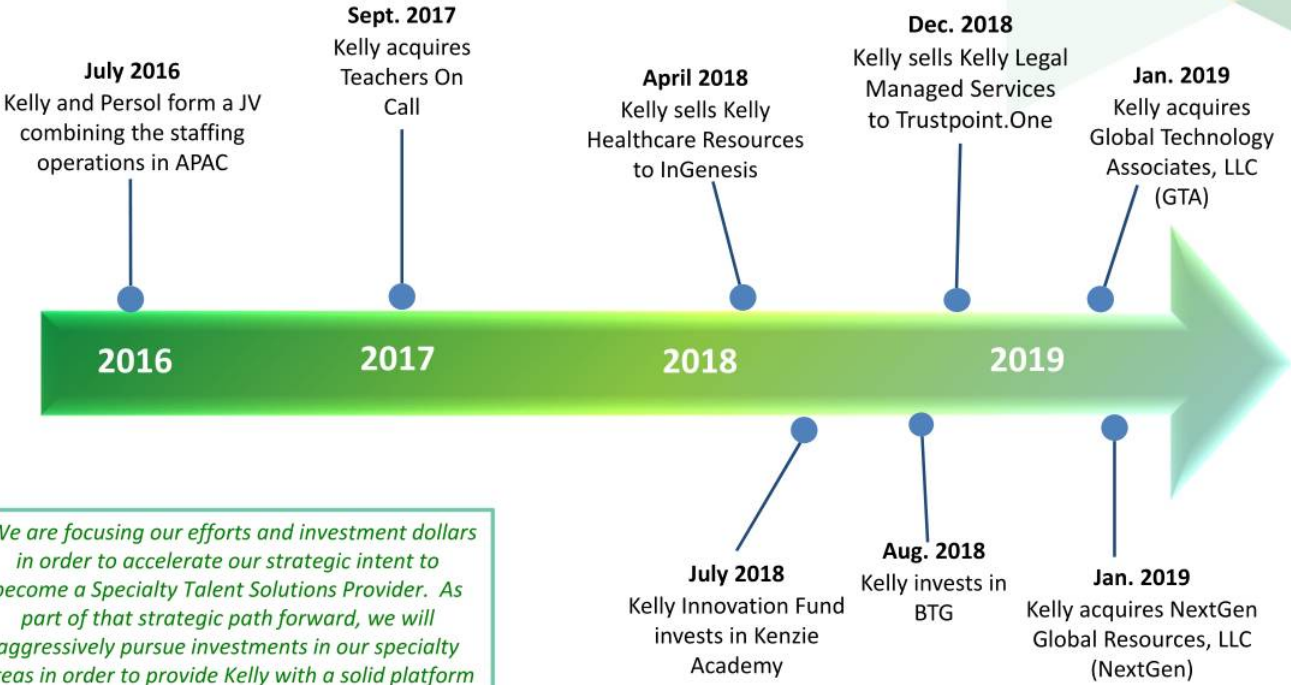
OUTLOOK – THIRD QUARTER 2019

- Reported Revenue from down 0.5% to up 0.5% YOY
 - 80 basis point unfavorable impact due to currency
 - Includes inorganic growth from recent acquisitions

- Gross profit rate up 40 bps to 50 bps, resulting in a gross profit dollars increase of 2.0% to 3.0%
 - Includes acceleration expected from recent acquisitions

- SG&A up 2.0% to 3.0% YOY
 - Includes recent acquisitions and the impact of additional amortization of purchased intangible assets

KELLY STRATEGIC M&A ACTIONS: 2016 - PRESENT



"We are focusing our efforts and investment dollars in order to accelerate our strategic intent to become a Specialty Talent Solutions Provider. As part of that strategic path forward, we will aggressively pursue investments in our specialty areas in order to provide Kelly with a solid platform for high-margin growth."

George Corona, President & CEO, Kelly Services



RECENT ACQUISITIONS NEXTGEN & GTA



- 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

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, and the 2019 gain on sale of assets 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 August 7, 2019 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 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 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 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.

