



Kelly Services, Inc. Northcoast Research Investor Meetings

June 21-22, 2017

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, 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.



SNAPSHOT 2017

Nasdaq®: KELYA, KELYB



SERVING **95**
of the Fortune 100 companies

4,600
supplier partners
around the globe

Global network

- Life Sciences & Healthcare
- Energy
- Financial & Business Services
- Industrial & Manufacturing
- Retail & Consumer Goods

Industry focus



\$7.2 BILLION
2016 spend under management



2016 revenue:
\$5.3 BILLION



Nearly
500,000
directly employed
around the world



STAFFING Kelly Girl®

William Russell Kelly pioneers the modern staffing industry by founding the Russell Kelly Office Service in 1946

GLOBAL WORKFORCE SOLUTIONS

Strategic Customer Partnerships

KellyOCG® pioneers applying supply chain strategies to talent

Talent
Supply Chain
Management

\$3.6+ billion

in spend with small-, minority-, and women-owned businesses within the last 5 years. And during that time, diverse supplier spend has averaged 32% of total company expenditures.



Kelly Educational Staffing®

3+ MILLION
assignments filled in 2016

2016 record-setting revenue:

\$314+ MILLION



The world's leading scientific workforce solutions provider—

11,000+

professionals placed each year



The Global Outsourcing 100

6 years in a row on the Global Outsourcing 100® list! 2017 honors include recognition for sustained excellence, awards and certifications, and programs for corporate social responsibility.



Kelly ranks **#8** out of 47,000 companies in the FlexJobs® database that offer

telecommuting opportunities on a full-time, part-time, and freelance basis.

KELLY
SERVICES

Americas Staffing

- Branch-Based
 - Commercial
 - Professional
 - Technical
 - Educational Services

International Staffing

- Branch-Based
 - Commercial
 - Professional
 - Technical

Global Talent Solutions

- Talent Fulfillment businesses:
Contingent Workforce Outsourcing (CWO),
Payroll Process Outsourcing (PPO),
Recruitment Process Outsourcing (RPO),
Centrally Delivered Staffing
- Outcome Based Services:
Business Process Outsourcing (BPO),
KellyConnect,
Kelly Legal Managed Services,
Advisory Services

Q1 2017 OPERATING EARNINGS



The Kelly[®] Journey: Our Strategy in Action



Kelly's vision is to become the world's best workforce solutions provider. As we strive toward achieving that vision, we are transforming how our company works. We are becoming a faster, smarter, more market-focused organization. We are investing in the areas where Kelly is the very best, and forming new supply chains and partnerships where we aren't the best or can't grow quickly enough.

Together, we are reimagining the solutions company of the future while staying true to our core strengths.

WHERE WE WERE

2015

2015 was a year of focused execution and return on our investments. With our new operating models in place, we delivered full-year revenue growth of 4.7%; drove operating earnings up to \$67 million, nearly doubling the \$34 million in adjusted earnings we reported in 2014; and dropped nearly 70% of our GP dollar growth to the bottom line.

2016

2016 was a year of progress. 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 APAC JV, forming one of the largest workforce solutions companies in the Asia Pacific region. This progress confirms that Kelly's strategy is yielding results.

Here's a look at our journey, where we plan to be in the future, and how we plan to get there.

CHANGING THE SHAPE OF OUR COMPANY



On January 2, 2017, Kelly changed its reporting segments to reflect the distinct ways we deliver services to customers, and how we are organized internally. Our 3 reporting segments – Americas Staffing, International Staffing, and Global Talent Solutions – are more tightly aligned with our clients' buying behaviors and Kelly's growth strategies than ever before.

HOW WE'RE GOING TO GROW

- Sell, recruit, and deliver staffing in the specialties and local markets where we can win through scale or specialization.
- Design and deliver innovative higher-margin solutions across our GTS accounts.
- Expand our talent supply chain management capabilities and our supplier network so we don't have to rely on a physical presence.
- Implement systems and models that make processes more efficient and people more productive.



LOOKING AHEAD IN KELLY'S EVOLUTION



A more **productive** workforce

A more **balanced** portfolio

A more **profitable** company

A more **competitive** total shareholder return

WHAT THIS MEANS TO:

› OUR CUSTOMERS

We'll have more profit to invest in the best talent solutions for our clients, and we'll be able to connect them with workforces designed around their business strategies.

› OUR BUSINESS

We will transform Kelly into a leading global workforce 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 designed around their lives.

› OUR SHAREHOLDERS

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

AMERICAS STAFFING SEGMENT

- Local/branch-delivered Commercial & PT staffing business in U.S., Puerto Rico, Canada, Mexico, and Brazil
- Kelly Educational Staffing

Peter Quigley, President –
Global Staffing

INTERNATIONAL STAFFING SEGMENT

- Local/branch-delivered staffing business in EMEA

GLOBAL TALENT SOLUTIONS (GTS) SEGMENT

- **Talent Fulfilment** business: Global CWO, PPO, and RPO; and Centralized Staffing in the U.S., Canada, and Puerto Rico
- **Outcome-Based Services** business: BPO, KellyConnect, Kelly Legal Managed Services, and Advisory Services

Teresa Carroll, President –
Global Talent Solutions

Americas Staffing Journey



TARGETED RECRUITMENT AND SALES PLANS

Strong sales and talent pipelines aligned with chosen niches



CRITICAL MASS IN TARGETED MARKETS

Strong base of niche recruiters and sales resources in top markets



INCREASED ONSITE PRESENCE

Embedded relationships leading to local/regional account growth



MARKET LEADER IN U.S. EDUCATIONAL STAFFING

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

DELIVERING STAFFING THROUGH OUR BRANCH NETWORKS

BE THE VERY BEST STAFFING COMPANY, IN OUR CHOSEN SPECIALTIES, IN THE MARKETS THAT WE CHOOSE TO SERVE

Focus on growing profitable local and mid-market accounts.

Continue to grow Kelly Educational Staffing.

Leverage Kelly's shared service models to drive efficiency.

OUR PROGRESS

With centralized staffing moved into our new GTS segment, Americas Staffing increased its focus in Q1, delivered good cost control, and ran the business more tightly in line with growth expectations. Revenue was up 3% YOY, expenses were flat, and the GP rate increased 20 bps. Kelly Educational Staffing delivered 16% revenue growth in Q1. All told, Americas Staffing Q1 operating profit was up 24% over last year.



International Staffing Journey

OBJECTIVES/FUTURE STATE



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



Industry leading cross-country sourcing expertise



Brand recognition in chosen industry verticals and niches



Employer of choice for consultants and recruiters



Large Global Sales accounts presence in large markets

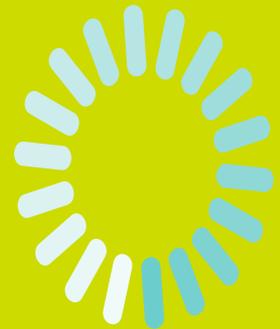
BE THE VERY BEST RECRUITMENT COMPANY AND STAFFING PARTNER IN THE EUROPEAN MARKETS THAT WE SERVE.

- Scale up temp business in Large Accounts.
- Centralize recruitment and sourcing in large markets to boost productivity and collaboration.
- Lead through Strategic Niche & Industry Vertical approach in all markets.
- Improve return on investments and profitability.



OUR Q1 PROGRESS

When we exclude the results of the APAC staffing business in 2016, revenue in International Staffing increased 8% compared to prior year, driven by growth in Commercial staffing across Europe. Fee-based income for the first quarter was up 5% year-over-year, and GP also improved. Netting everything out, International Staffing's operating profit was \$5.2 million compared to \$2.2 million a year ago.



Asia Pacific JV

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

Global Talent Solutions Journey

OBJECTIVES/FUTURE STATE



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

TRANSFORMING TO A WORKFORCE SOLUTIONS LEADER

Use a talent supply chain management framework to solve clients' workforce challenges.

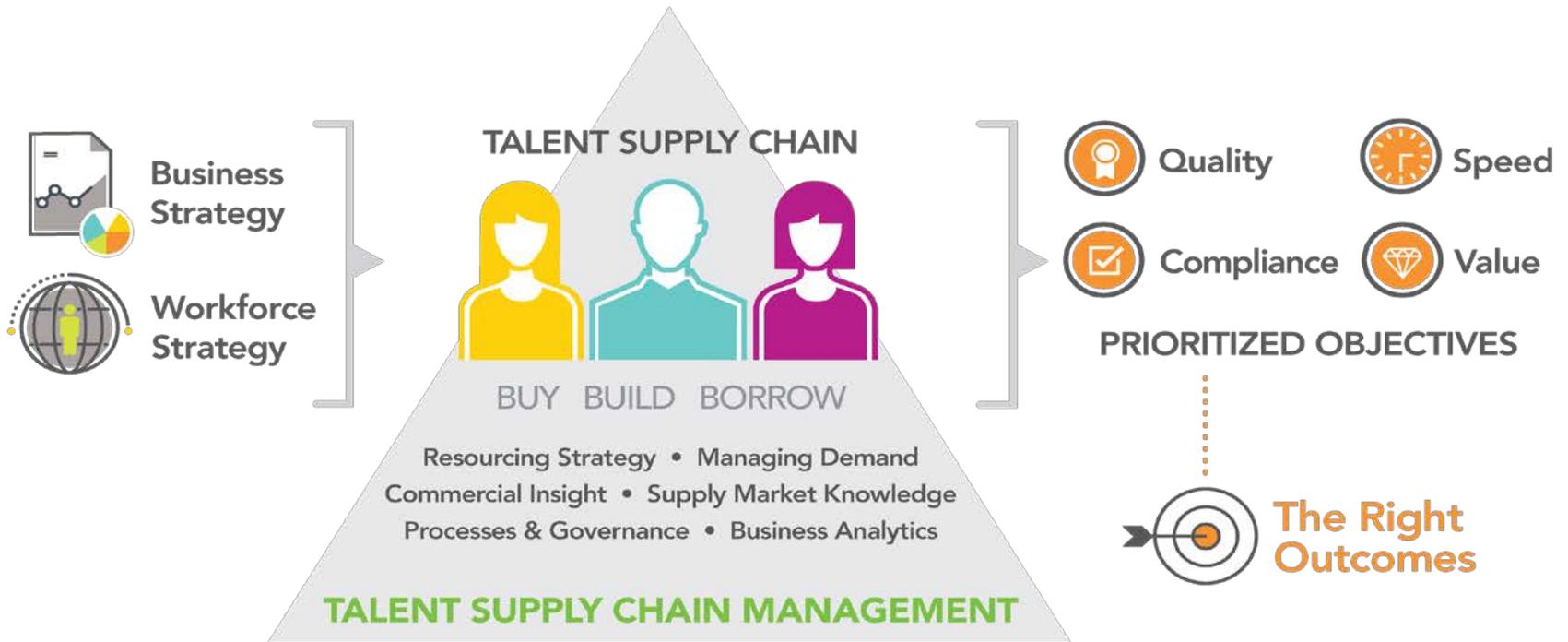
- Design the best Talent Fulfilment and Outcome-Based Services in the industry
- Sell with a consultative, client-first approach.
- Create efficient service delivery and account management models.
- Deliver workforce solutions that align with clients' business priorities.

OUR Q1 PROGRESS

We took steps to optimize our delivery models in Q1 in both centralized staffing and OCG operations...and we implemented new programs, expanded existing programs, and hired additional global sales resources to support further growth in the GTS segment. All told, GTS's first quarter operating profit was \$15.3 million, up 12% year over year (and up 26% excluding restructuring). We will continue to make intentional investments to increase top and bottom line growth.



CONNECTING TALENT TO THE WORLD OF WORK™



Q1/2017 FINANCIAL REVIEW*

PROGRESS REPORT ON KELLY'S FIRST QUARTER

Kelly's Q1 results marked a solid start to the year. The Company returned to top-line growth, delivered healthy operating earnings, and provided solid returns for shareholders, all demonstrating Kelly's commitment to accelerating profitability in the year ahead. Kelly continues to make progress against its long-term strategy, moving forward with confidence as a company prepared to respond to market trends and committed to maintaining a relentless pursuit of profitable growth.

A WORD ABOUT KELLY'S NEW SEGMENTS

Effective January 2, 2017, Kelly realigned its business into three segments to reflect customer buying behavior and the Company's operational structure.

- **Americas Staffing (AMER)** is local/branch-delivered staffing business in the U.S., Puerto Rico, Canada, Mexico, and Brazil.
- **Global Talent Solutions (GTS)** includes Kelly's global OCG business, and centralized staffing operations in the U.S., Canada, and Puerto Rico.
- **International Staffing (INT)** includes the results of EMEA staffing business.

Q1 OPERATING EARNINGS



GP \$ TRACKING

- ▲ AMER GP \$ UP 4.6%
- ▲ GTS GP \$ UP 6.1%
- ▲ INT[†] GP \$ UP 12.8%

AMERICAS STAFFING

Q1 AMER GP \$ = \$105.3M

Commercial staffing and Professional/Technical Specialties revenue each increased 1% YOY in Q1, and KES reported 16% YOY revenue growth. The segment's Q1 GP rate increased 20 basis points YOY.



GLOBAL TALENT SOLUTIONS

Q1 GTS GP \$ = \$90.5M

In Q1, GP grew 2% in Talent Fulfillment, fueled by new programs in CWO. GP in Outcome Based Services increased 24% YOY, driven by growth in KellyConnect and BPO. Excluding restructuring, overall operating profit in GTS increased 26% YOY.



INTERNATIONAL STAFFING[†]

Q1 INT GP \$ = \$36.4M

Revenue increased 8% YOY in Q1, driven by growth across Europe. Perm staffing fees increased 5% YOY.



REVENUE

\$1.3B

▼ 4.4%

▲ 2.6%[†]

GROSS PROFIT

18.0%

▲ 70 BASIS PTS

▲ 80 BASIS PTS[†]

EARNINGS FROM OPS

\$16.4M

▲ \$1.7M

▲ \$8.6M^{††}

RETURN ON GP "CONVERSION RATE"

7.1%

▲ 80 BASIS PTS

▲ 340 BASIS PTS^{††}

EPS

\$0.31

▲ 6.9%

▲ 84.2%^{††}

ROS (FROM OPERATIONS)

1.3%

▲ 20 BASIS PTS

▲ 70 BASIS PTS^{††}

*All comparisons are year over year
[†]Excluding Q1 2017 restructuring charges
^{††}Excluding APAC staffing operations from Q1 2016 results
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company strategy yielding results

- Returned to top-line growth
- Improved GP rate
- Improved conversion rate
- Strengthened financial position



solid execution in every segment

- Good cost control
- Adjusted resources to align with growth
- Strategic, targeted investments



every segment delivering growth

- Americas Staffing operating profit up 24%
- International Staffing operating profit more than doubled
- GTS operating profit up 26%

- Revenue up 2.5% to 3.5% YOY
- Gross profit rate up YOY, but slightly down sequentially
- SG&A up 2.5% to 3.5% YOY

- Revenue down 1% to flat YOY
 - No significant foreign exchange impact expected
 - Excluding the impact of the APAC results in the first half of 2016, revenue up 3.0% to 4.0%
- Gross profit rate up YOY
- SG&A down 1% to flat YOY
 - Excluding APAC results in the first half of 2016, SG&A up 3.0% to 4.0%
- Annual tax rate in mid-20% range, including impact of Work Opportunity Credits

Key Financial Performance Metrics

(As Reported)

(\$ in millions)

	2014	2015	2016
GP \$ Growth <i>(in constant currency)</i>	2.1%	1.3%	(1.5)%
GP Rate	16.3%	16.7%	17.2%
Conversion Rate <i>(return on GP)</i>	2.4%	7.2%	7.0%
EPS Growth	(60.4)%	127.9%	121.6%
Average DSO	57	56	54
\$ Free Cash Flows	(\$91.7)	\$6.6	\$24.7

Key Financial Performance Metrics (Adjusted)

(\$ in millions)

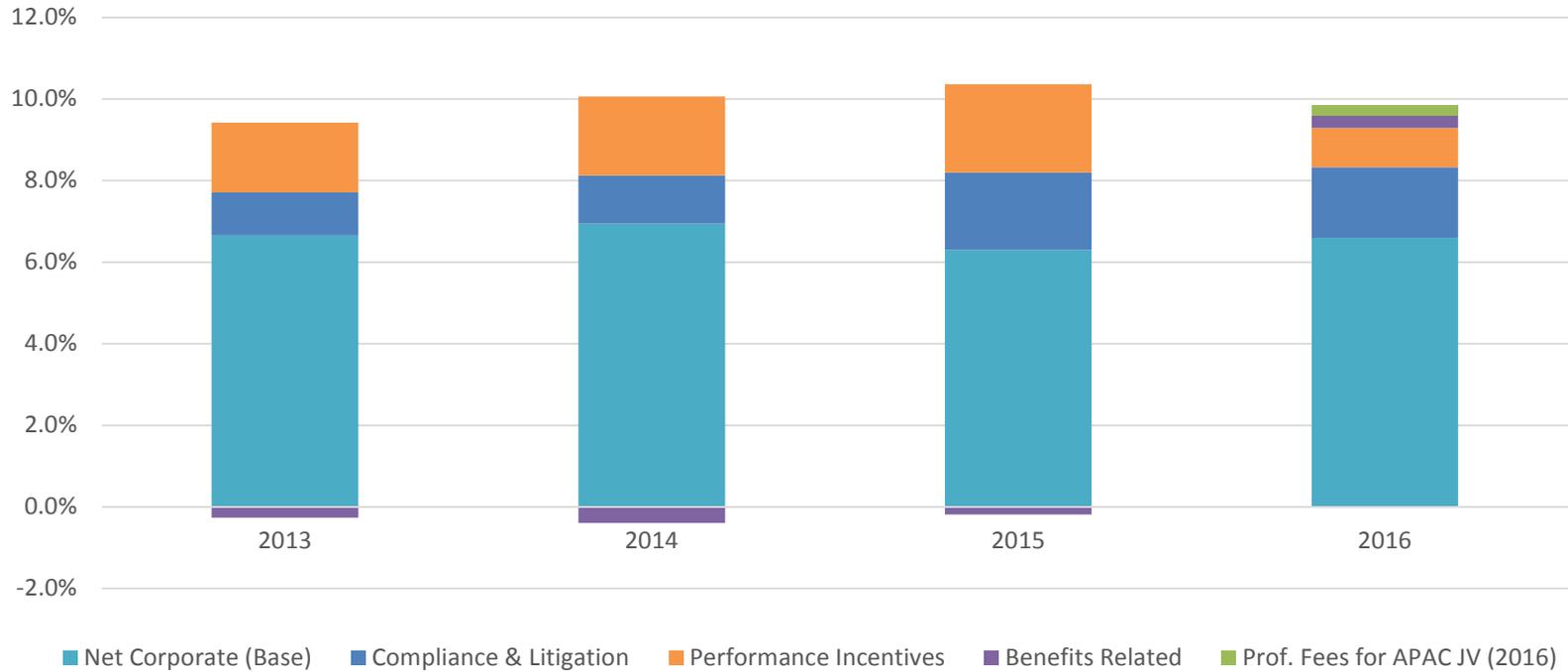
	2014	2015	2016
GP \$ Growth (<i>in constant currency</i>)	3.2%	6.4%	⁽¹⁾ (0.5)%
GP Rate	16.3%	16.7%	17.2%
Conversion Rate (<i>return on GP</i>)	⁽²⁾ 3.7%	7.2%	⁽²⁾ 7.4%
EPS Growth	⁽²⁾ (50)%	⁽²⁾ 72%	⁽²⁾⁽³⁾ 16.0%
Average DSO	57	56	54
\$ Free Cash Flows	(\$91.7)	\$6.6	\$24.7

⁽¹⁾Excluding APAC staffing operations for second half of 2015.

⁽²⁾Excluding 2013, 2014 and 2016 restructuring charges and 2013 impairment charges, as applicable.

⁽³⁾Excluding 2016 gain from the Joint Venture transaction and APAC staffing operations for second half of 2015.

Total Corporate as a % of Gross Profit



Excluding Restructuring & Impairment Charges

First Quarter 2017 Financial Summary



	<u>Actual Results</u>	<u>Change</u>	<u>Constant Currency Change⁽¹⁾</u>
Revenue	\$1.3B	(4.4)%	(4.2)%
GP %	18.0%	70 bps	
Earnings from Operations	\$16.4M	11.2%	11.8%
ROS %	1.3%	20 bps	
EPS	\$0.31	\$0.02	

- Results reflect the deconsolidation of APAC at the beginning of Q3 2016 and \$2.4 million of restructuring expenses in the first quarter of 2017
- Continued GP rate improvement, partially driven by one-time items
- Earnings from operations increased by 11% including the impact of the \$2.4 million of restructuring expenses

⁽¹⁾Constant Currency represent year-over-year changes resulting from translating 2017 financial data into USD using 2016 exchange rates.

First Quarter 2017 Financial Summary

(Excluding APAC & Restructuring)



	<u>Actual Results</u>	<u>Change⁽¹⁾</u>	<u>Constant Currency Change⁽²⁾</u>
Revenue	\$1.3B	2.6%	2.9%
GP %	18.0%	80 bps	
Earnings from Operations	\$18.8M	82.6%	83.6%
ROS %	1.5%	70 bps	
EPS	\$ 0.35	\$ 0.16	

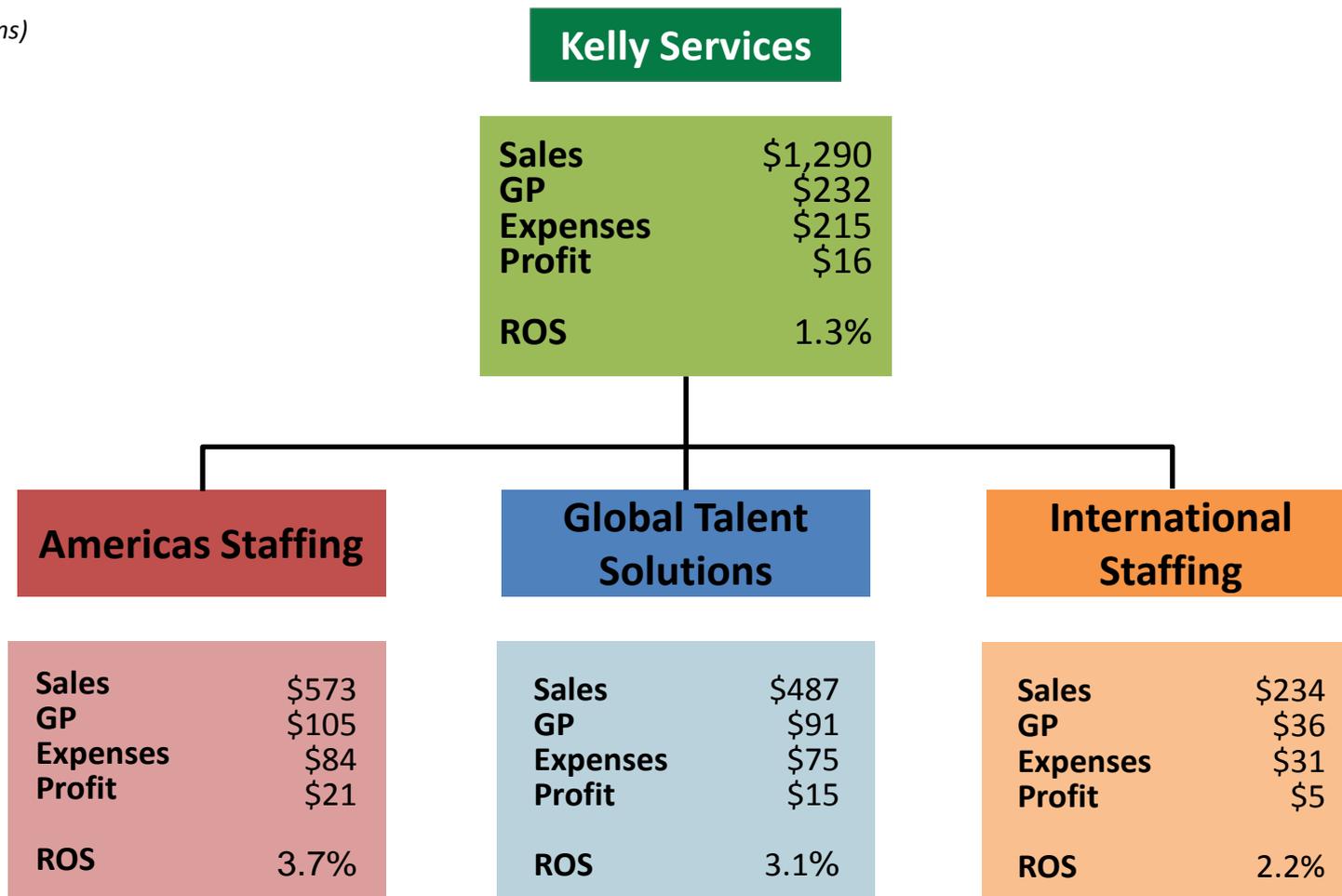
- Revenue growth reflects the growth in our staffing business in the Americas and International, partially offset by a slight decline in GTS revenue
- Earnings from operations increased more than 80% and improved in all three operating segments
- EPS growth reflects improving top-line growth, GP rate improvement, and expense control

⁽¹⁾ Excludes 2016 results from APAC related to the deconsolidation, and \$2.4 million of restructuring charges, \$1.7 million net of tax or \$0.04 per share in Q1 2017.

⁽²⁾ Constant Currency represent year-over-year changes resulting from translating 2017 financial data into USD using 2016 exchange rates.

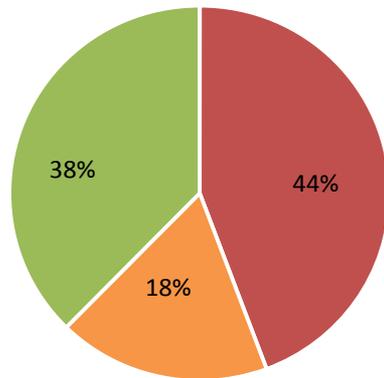
First Quarter 2017 Operations Summary

(\$ in millions)



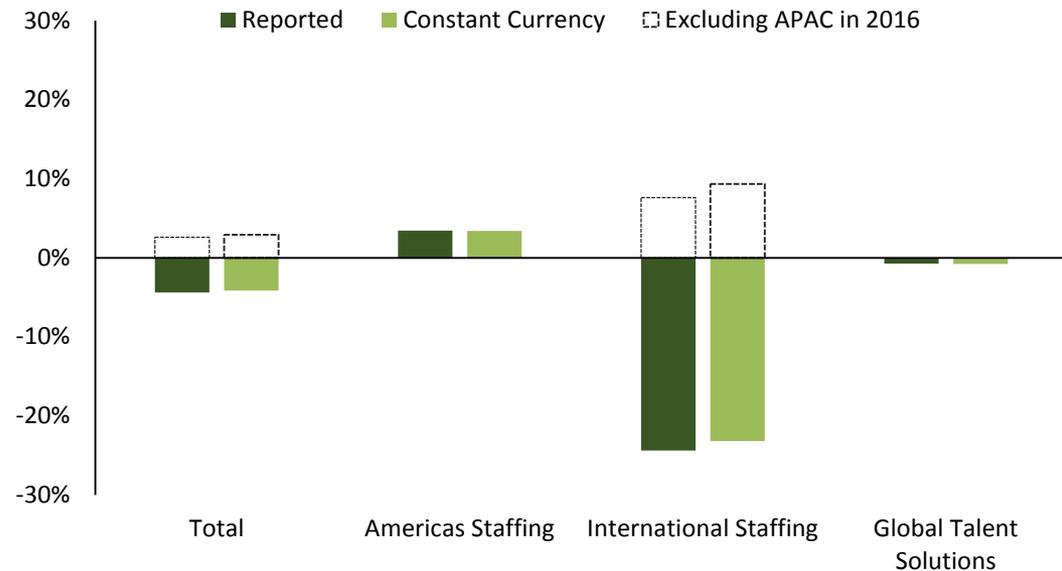
First Quarter 2017 Revenue Growth

Business Mix



■ Americas Staffing ■ International Staffing ■ Global Talent Solutions

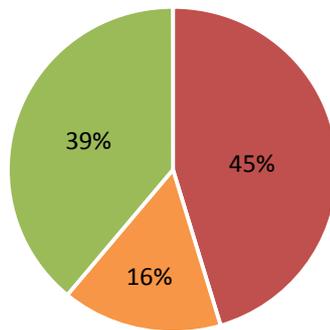
YoY Growth



- Americas staffing revenues reflect a return to top-line growth
- International staffing is impacted by the deconsolidation of APAC staffing at the end of 2016. Excluding APAC staffing, the segment grew revenue at 8%

First Quarter 2017 Gross Profit Growth

Business Mix



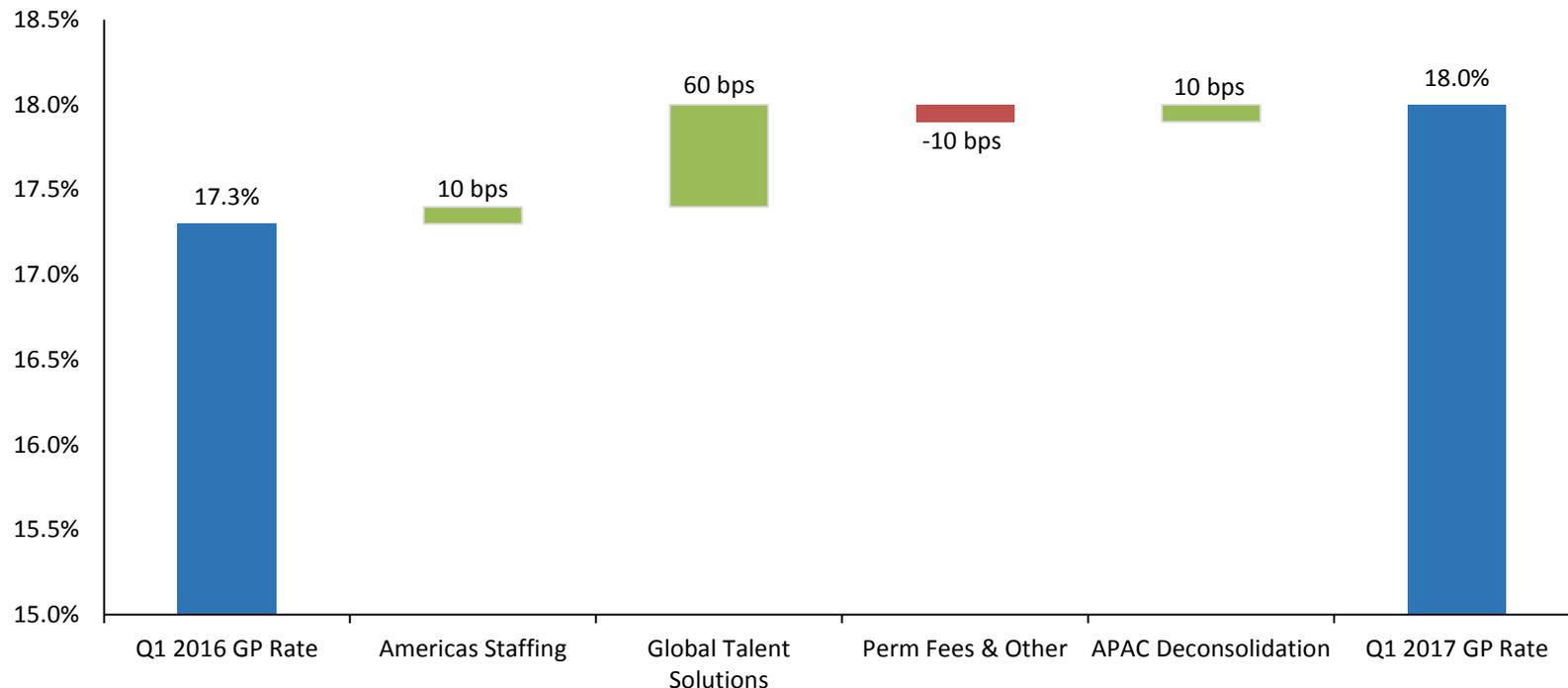
■ Americas Staffing ■ International Staffing ■ Global Talent Solutions

YoY Growth



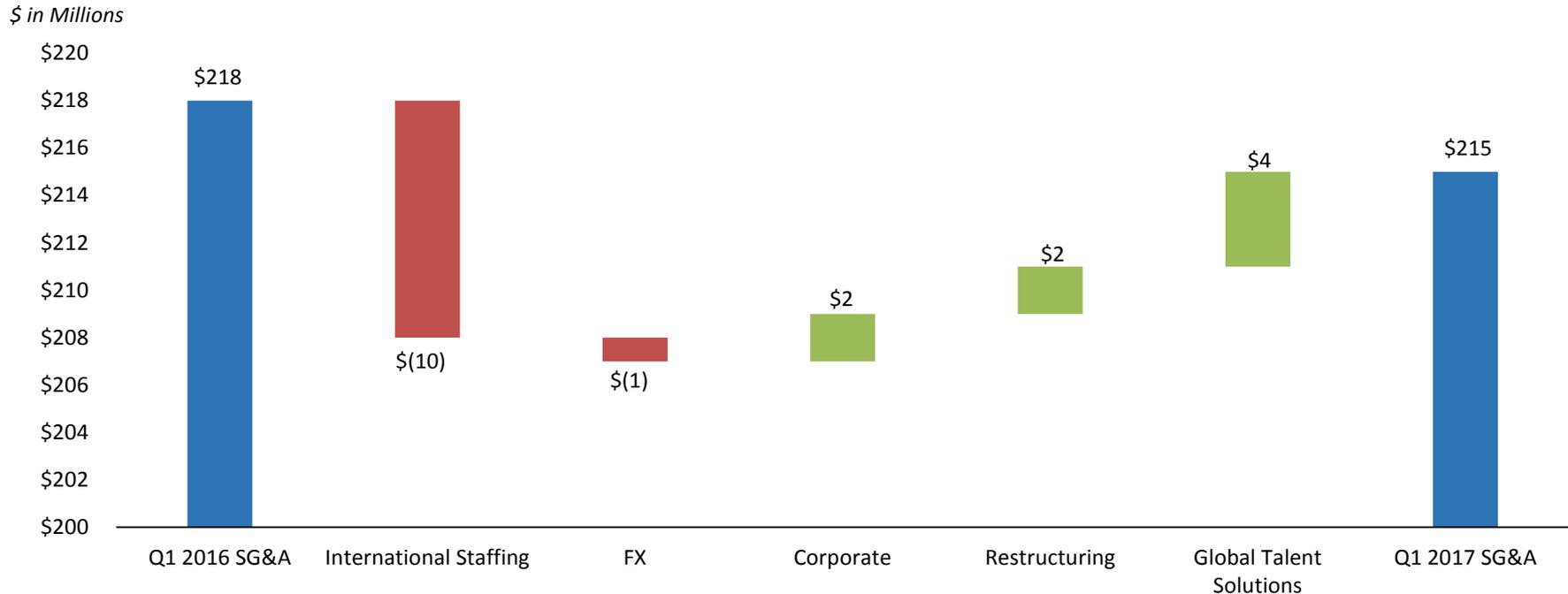
- Americas staffing GP reflects top-line growth, coupled with a 20 basis point GP rate improvement
- International staffing reflects the impact of the deconsolidation of the APAC staffing business. Excluding the impact, GP grew 13%
- GTS GP growth reflects strong GP rate improvement on flat revenue

First Quarter 2017 Gross Profit Rate



- Overall GP rate up due to the favorable impact related to improving GP rate in GTS and Americas Staffing as well as the APAC deconsolidation, partially offset by lower perm fees
- GTS GP rate improvement due to a favorable business and customer mix, as well as, a decrease in workers' compensation and other employee-related costs

First Quarter 2017 SG&A



- International staffing reflects the deconsolidation of our APAC business upon closing the APAC JV transaction in the third quarter of 2016
- Corporate expenses reflect higher performance-based compensation expenses
- Restructuring expenses primarily relate to costs to optimize the GTS delivery model
- GTS expense growth results from increasing salary expenses as well as costs related to additional sales resources

First Quarter 2017 Conversion Rate

\$ in Millions

	2017			2016			Change (bps)
	Gross Profit	Earnings from Ops	Conversion Rate ⁽¹⁾	Gross Profit	Earnings from Ops	Conversion Rate ⁽¹⁾	
Americas Staffing	\$ 105.3	\$ 21.2	20.1%	\$ 100.7	\$ 17.1	16.9%	320
Global Talent Solutions	90.5	15.3	16.9%	85.3	13.7	16.0%	90
International Staffing	36.4	5.2	14.4%	47.8	6.6	14.0%	40
Total Company	\$ 231.6	\$ 16.4	7.1%	\$ 232.7	\$ 14.7	6.3%	80

- APAC results are no longer included in the international staffing or total Company's gross profit or earnings from operations upon closing of the APAC JV transaction at the beginning of the third quarter of 2016

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

First Quarter 2017 Conversion Rate

(Excluding APAC & Restructuring)



\$ in Millions

	2017			2016			Change (bps)
	Gross Profit	Earnings from Ops	Conversion Rate ⁽²⁾	Gross Profit ⁽¹⁾	Earnings from Ops ⁽¹⁾	Conversion Rate ⁽²⁾	
Americas Staffing	\$ 105.3	\$ 21.6	20.5%	\$ 100.7	\$ 17.1	16.9%	360
Global Talent Solutions	90.5	17.3	19.1%	84.6	13.7	16.2%	290
International Staffing	36.4	5.2	14.4%	32.3	2.2	6.9%	750
Total Company	\$ 231.6	\$ 18.8	8.1%	\$ 216.4	\$ 10.2	4.7%	340

- Conversion rate improved in all business segments
- Overall Q1 conversion rate improved year-over-year to 8.1% (excluding restructuring expenses), and was up 340 bps from the prior year.

⁽¹⁾ Excludes 2016 results from APAC related to the deconsolidation, and \$2.4 million of restructuring charges in Q1 2017.

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

Cash Flows: as of April 2, 2017

(\$ in millions)

	2017	2016
Net income	\$ 12.2	\$ 11.2
Other cash from operating activities	12.1	9.0
Capital expenditures	(2.8)	(1.5)
Free cash flow	\$ 21.5	\$ 18.7
Borrowing	-	(16.4)
Available cash flow	\$ 21.5	\$ 2.3
Dividends	(2.9)	(1.9)
Other	(0.2)	(0.3)
Cash generated	\$ 18.4	\$ 0.1
Effect of exchange rates	(2.0)	4.1
Net change in cash	\$ 16.4	\$ 4.2
Cash at period end	\$ 46.0	\$ 46.4

Balance Sheet: as of April 2, 2017

(\$ in millions)

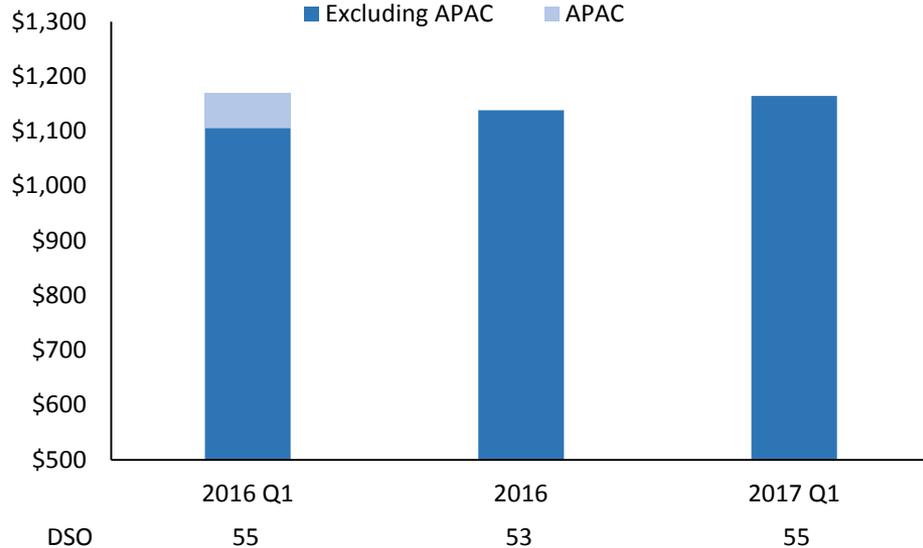
	2017	2016
Cash	\$ 46.0	\$ 46.4
Accounts Receivable	1,164.6	1,168.8
Other Current Assets	59.0	53.0
Total Current Assets	\$1,269.6	\$1,268.2
Long Term Assets	865.5	710.2
Total Assets	\$2,135.1	\$1,978.4
Short-Term Debt	\$ -	\$ 39.3
Other Current Liabilities	825.4	799.8
Total Current Liabilities	\$ 825.4	\$ 839.1
Other Long Term Liabilities	260.0	228.5
Equity	1,049.7	910.8
Total Liabilities and Equity	\$2,135.1	\$1,978.4
Working Capital	\$ 444.2	\$ 429.1
Net Cash	\$ 46.0	\$ 7.1
Debt-to-Total Capital	-%	4.1%

First Quarter 2017 Balance Sheet Data

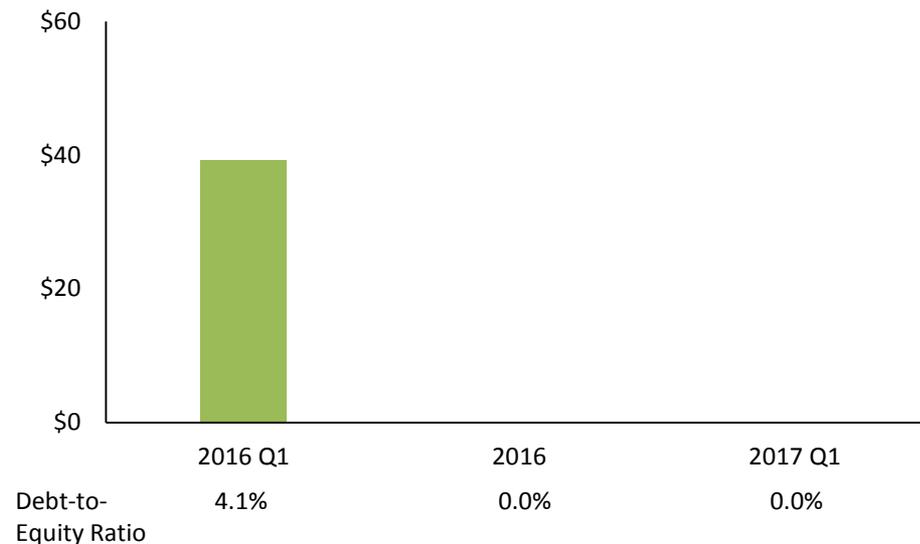
\$ in Millions

Accounts Receivable

■ Excluding APAC ■ APAC



Debt (and Debt-to-Equity Ratio)



- DSO is flat versus the same period last year and up sequentially due to seasonal fluctuations
- Continue to operate debt free

Kelly Services: Company Contacts



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