



Kelly Services, Inc. Third Quarter 2017

Investor Presentation

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.

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

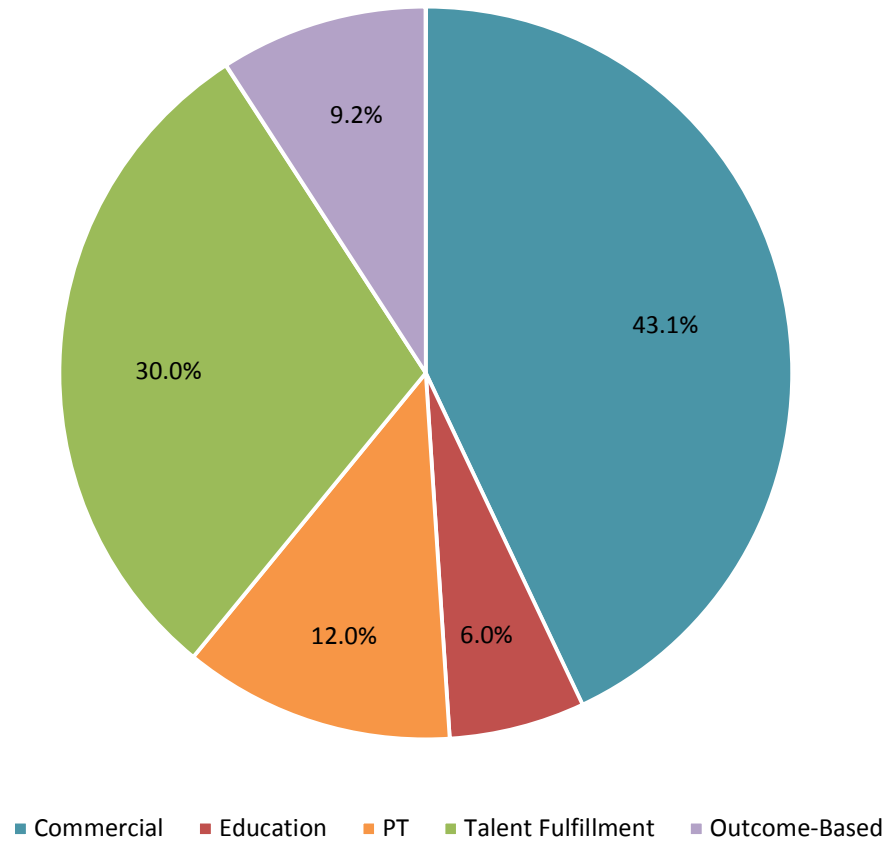
- Local/branch-delivered Commercial & PT staffing business in EMEA

GLOBAL TALENT SOLUTIONS (GTS) SEGMENT

- **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

Teresa Carroll, President –
Global Talent Solutions

2016 % of GP
Total Revenue: \$5.1 billion



Note: 2016 excludes 2016 results from APAC related to the deconsolidation.

Key Financial Performance Metrics

(As Reported)

<i>(\$ in millions)</i>	2014	2015	2016	Q3 2016 YTD	Q3 2017 YTD
GP \$ Growth <i>(in constant currency)</i>	2.1%	1.3%	(1.5)%	2.3%	1.7%
GP Rate	16.3%	16.7%	17.2%	17.1%	17.5%
Conversion Rate <i>(return on GP)</i>	2.4%	7.2%	7.0%	6.4%	7.9%
EPS Growth	(60.4)%	127.9%	121.6%	NM	(46.9)%
Average DSO	57	56	54	55	55
\$ Free Cash Flows	(\$91.7)	\$6.6	\$24.7	\$20.4	\$18.2

Key Financial Performance Metrics (Adjusted)

(\$ in millions)				Q3	Q3
	2014	2015	2016	2016 YTD	2017 YTD
GP \$ Growth (in constant currency)	3.2%	6.4%	⁽¹⁾ (0.5)%	⁽¹⁾ 4.5%	⁽⁴⁾ 6.5%
GP Rate	16.3%	16.7%	17.2%	17.1%	17.5%
Conversion Rate (return on GP)	⁽²⁾ 3.7%	7.2%	⁽²⁾ 7.4%	⁽²⁾ 6.9%	⁽²⁾ 8.3%
EPS Growth	⁽²⁾ (50)%	⁽²⁾ 72%	⁽¹⁾⁽²⁾⁽³⁾ 16.0%	⁽¹⁾⁽²⁾⁽³⁾ 121.7%	⁽²⁾⁽³⁾⁽⁴⁾ 56.7%
Average DSO	57	56	54	55	55
\$ Free Cash Flows	(\$91.7)	\$6.6	\$24.7	\$20.4	\$18.2

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

⁽²⁾Excluding 2013, 2014, 2016, and 2017 restructuring charges and 2013 impairment charges, as applicable.

⁽³⁾Excluding 2016 gain from the Joint Venture transaction.

⁽⁴⁾Excluding 2016 APAC operations.

- Maintain Dividend and consider future increases based on sustained operating performance
- Investments in strategic areas of business, with focus on HR solutions where Kelly maintains a market leadership position
- Investments in technology solutions to support and accelerate growth
- Buy back
 - Nothing currently planned

- Acquired Teachers On Call (6th largest educational staffing firm in the U.S.) in September
- 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
- Delivers a complete education talent management solution across a broader set of talent needs, including early child care centers

- Delivers a fully scalable talent platform across all of Kelly's staffing businesses in the US, Canada, and Puerto Rico
- Drives collaboration, productivity, and efficiency across the recruitment organization
- Enables Kelly to quickly adapt to future recruitment technologies and online talent platforms
- Enhances the candidate experience and Kelly's position as an employer of choice

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.
- Leverage our talent supply chain management capabilities and global 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

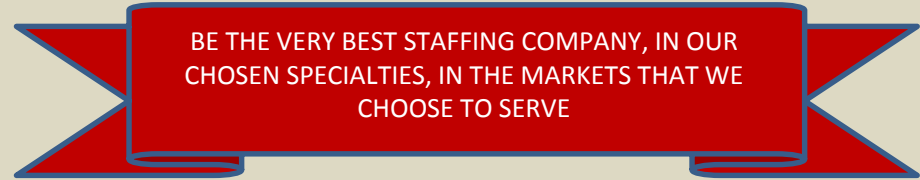
Increased profitability will enable us to reward high-performing employees, who can take pride in being part of a company that connects people with work designed around their lives.

› OUR SHAREHOLDERS

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

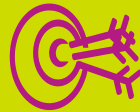
Americas Staffing Journey

DELIVERING STAFFING THROUGH OUR BRANCH NETWORKS



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



Focus on growing profitable local and mid-market accounts.

Continue to grow Kelly Educational Staffing.

Leverage Kelly's shared service models to drive efficiency.

Americas Staffing increased its focus in Q3 and continued to deliver growth in our targeted local markets. Revenue was up 7% YOY, with top-line growth across Commercial and KES specialties.

Americas GP was down 50 bps YOY and operating profit dipped in Q3, due to our intentional investments in sales and recruiting to align with increased demand, along with performance-based compensation.



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

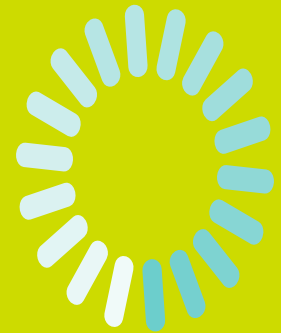
BE THE VERY BEST RECRUITMENT COMPANY AND STAFFING PARTNER IN THE EUROPEAN MARKETS THAT WE SERVE.

- 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 Q3 PROGRESS

Revenue in International Staffing increased 10% in constant currency year over year, driven by growth in Commercial Staffing across Europe. Fee-based income for the quarter was up 8% year-over-year in constant currency. International Staffing's operating profit for the quarter was \$7.2 million, up 57% over 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

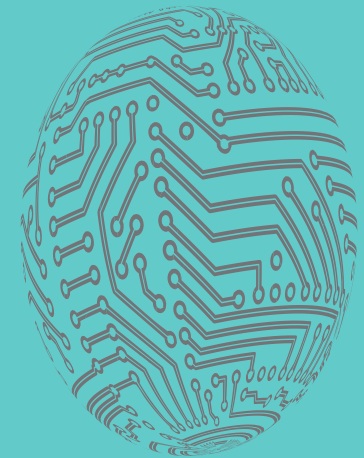
Use a talent supply chain management framework to solve clients' workforce challenges.

- › Design the best Talent Fulfillment 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 Q3 PROGRESS

We continued to implement new programs and expand existing programs in the GTS segment. Talent Fulfillment was up slightly in Q3, while we saw strong double-digit growth in Outcome-Based Services, particularly BPO and KellyConnect.

Overall, GTS GP was up 110 bps over last year, and quarterly operating profit was \$20.8 million, up 30% over a year ago.



Q3/2017 FINANCIAL REVIEW*

PROGRESS REPORT ON KELLY'S THIRD QUARTER

Q3 was an eventful and successful quarter that continued to build on the momentum of the first half of the year. Kelly acquired Teachers On Call, a leading educational staffing company, to further strengthen its leadership position in the K-12 market, announced a planned digital talent platform implementation, and faced unprecedented weather events in the U.S. Through it all, Kelly's solid performance demonstrated its continued ability to grow the top line, operate with increased efficiency, and deliver a solid return to shareholders, all while continuing to invest in the future.

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.

Q3 OPERATING EARNINGS



GP \$ TRACKING

- ▲ AMER GP \$ UP 4.1%
- ▲ GTS GP \$ UP 7.9%
- ▲ INT* GP \$ UP 7.7%

AMERICAS STAFFING

Q3 AMER GP \$ = **\$98.8M**

Commercial staffing revenue was up 8% YOY. KES delivered 6% revenue growth, which was impacted by the U.S. hurricanes. The segment's overall GP rate decreased 50 basis points, mainly due to business mix.



GLOBAL TALENT SOLUTIONS

Q3 GTS GP \$ = **\$93.0M**

Overall GTS gross profit was up 8% YOY in Q3. GP was up 2% in Talent Fulfillment, driven by new CWO programs and YOY GP growth in RPO. GP was up 33% in Outcome Based Services, primarily due to continued momentum in KellyConnect and BPO.



INTERNATIONAL STAFFING

Q3 INT GP \$ = **\$39.5M**

In Q3, the segment's overall operating profit increased 57% YOY. Revenue increased 10% in constant currency and was driven by increased demand across Europe. The GP rate was down 40 basis points due to customer mix.



REVENUE

\$1.3B

▲ 6.5%

▲ 5.3%*

GROSS PROFIT

17.4%

▲ 20 BASIS PTS

EARNINGS FROM OPS

\$18.2M

▼ \$0.6M

RETURN ON GP "CONVERSION RATE"

7.9%

▼ 80 BASIS PTS

EPS

\$0.58

▼ 71.8%

▲ 31.8%†

ROS (FROM OPERATIONS)

1.4%

▼ 10 BASIS PTS

*All comparisons are year over year
 †Comparisons represented in constant currency
 ‡Excluding after-tax gain on APAC JV transaction in Q3 2016
 © 2017 Kelly Services, Inc. R11/8



continued top-line growth

- Revenue up 6.5% despite multiple natural disasters
- GP rate up 20 bps



investments in our future

- Acquired Teachers On Call
- Signed agreement with Erecruit
- Added resources to align with growth

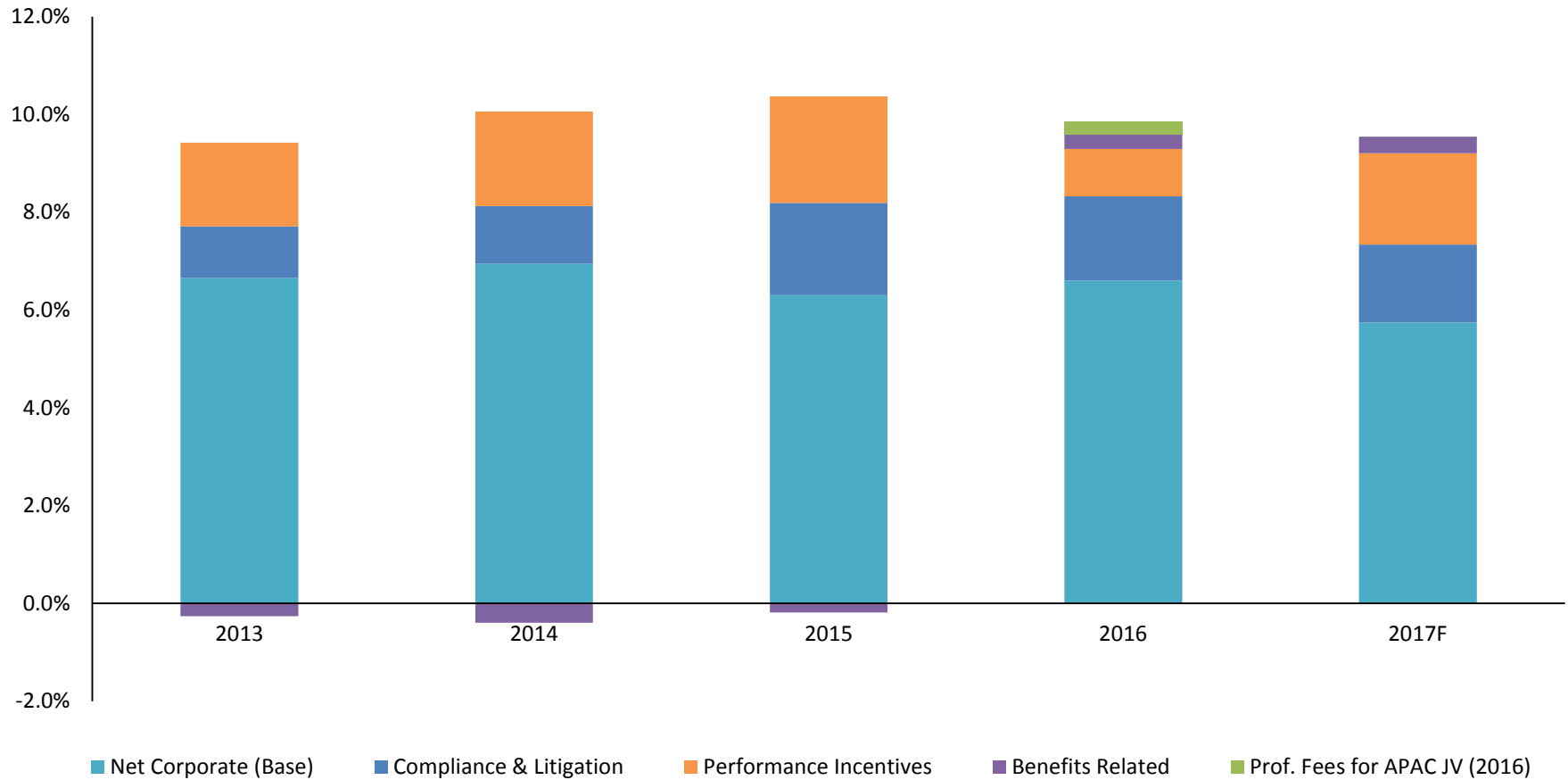


every segment delivering growth

- Americas Staffing revenue up 7%
- International Staffing operating profit up 57%
- GTS operating profit up 30%

- Revenue up 8% to 9% YOY
 - 200 basis point improvement due to currency
 - 120 basis point impact from acquisition of Teachers On Call
- Gross profit rate consistent YOY
- SG&A up 4.5% to 5.5% YOY
 - Approximately half of increase is a result of higher performance based incentive compensation expenses and acquisition of Teachers On Call
- Annual tax rate in mid-single digits

Total Corporate as a % of Gross Profit



Excluding Restructuring & Impairment Charges

Third Quarter 2017 Financial Summary



	Actual Results	Change	Constant Currency Change ⁽¹⁾
Revenue	\$1.3B	6.5%	5.3%
GP %	17.4%	20 bps	
Earnings from Operations	\$18.2M	(2.9)%	(6.0)%
ROS %	1.4%	(10) bps	
EPS ⁽²⁾	\$0.58	(\$1.48)	

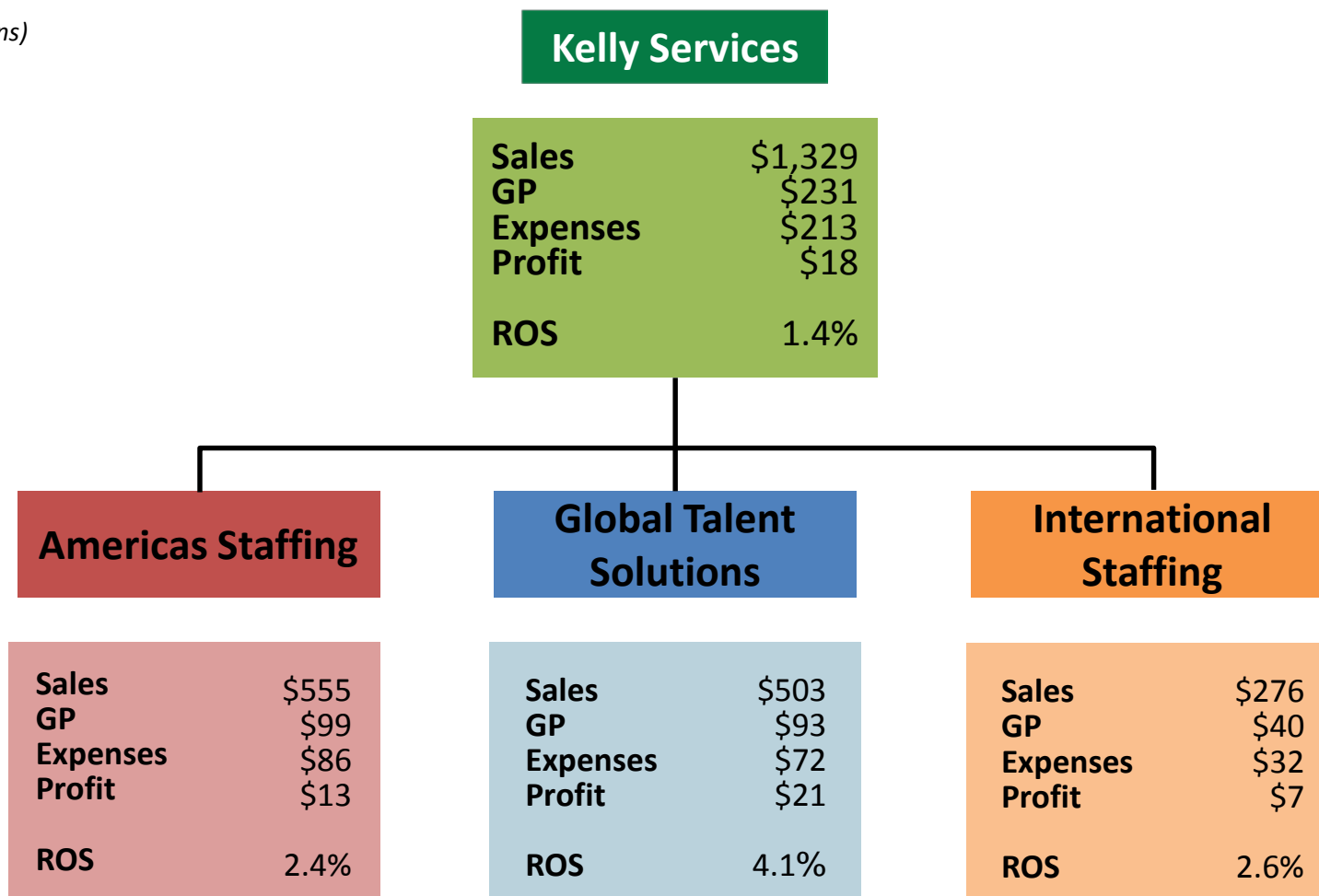
- Revenue increase reflects solid growth in Americas and International Staffing
- Continued GP rate improvement reflects on-going structural progress, as we move to higher margin solutions in GTS, partially offset by margin rate declines in Americas and International Staffing due to business mix
- Earnings from operations reflects solid GP growth, offset by the addition of resources to support market opportunities and higher performance based incentives
- Excluding the impact of the gain on APAC JV transaction, EPS improved by \$0.14 or 32%

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

⁽²⁾Change includes \$87.2 million gain on investment, \$63.7 million net of income taxes expense or \$1.62 per share, in 2016.

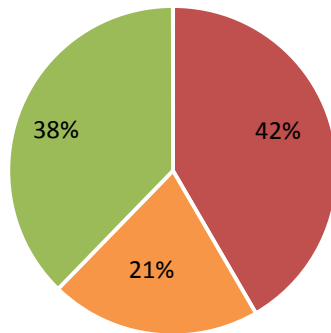
Third Quarter 2017 Operations Summary

(\$ in millions)



Third Quarter 2017 Revenue Growth

Business Mix



■ Americas Staffing ■ International Staffing ■ Global Talent Solutions

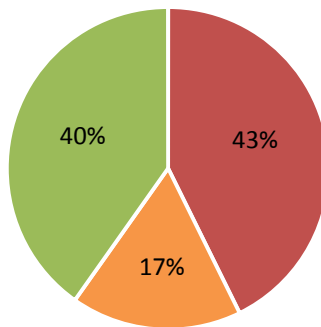
YoY Growth



- Americas staffing revenues reflect continued solid top-line growth, primarily in light industrial staffing
- International staffing delivered strong growth across the regions in Europe

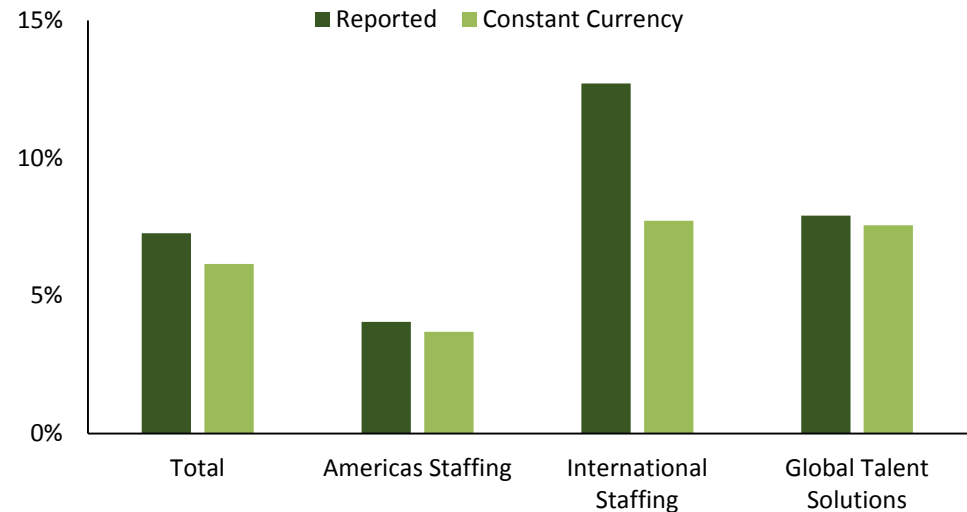
Third Quarter 2017 Gross Profit Growth

Business Mix



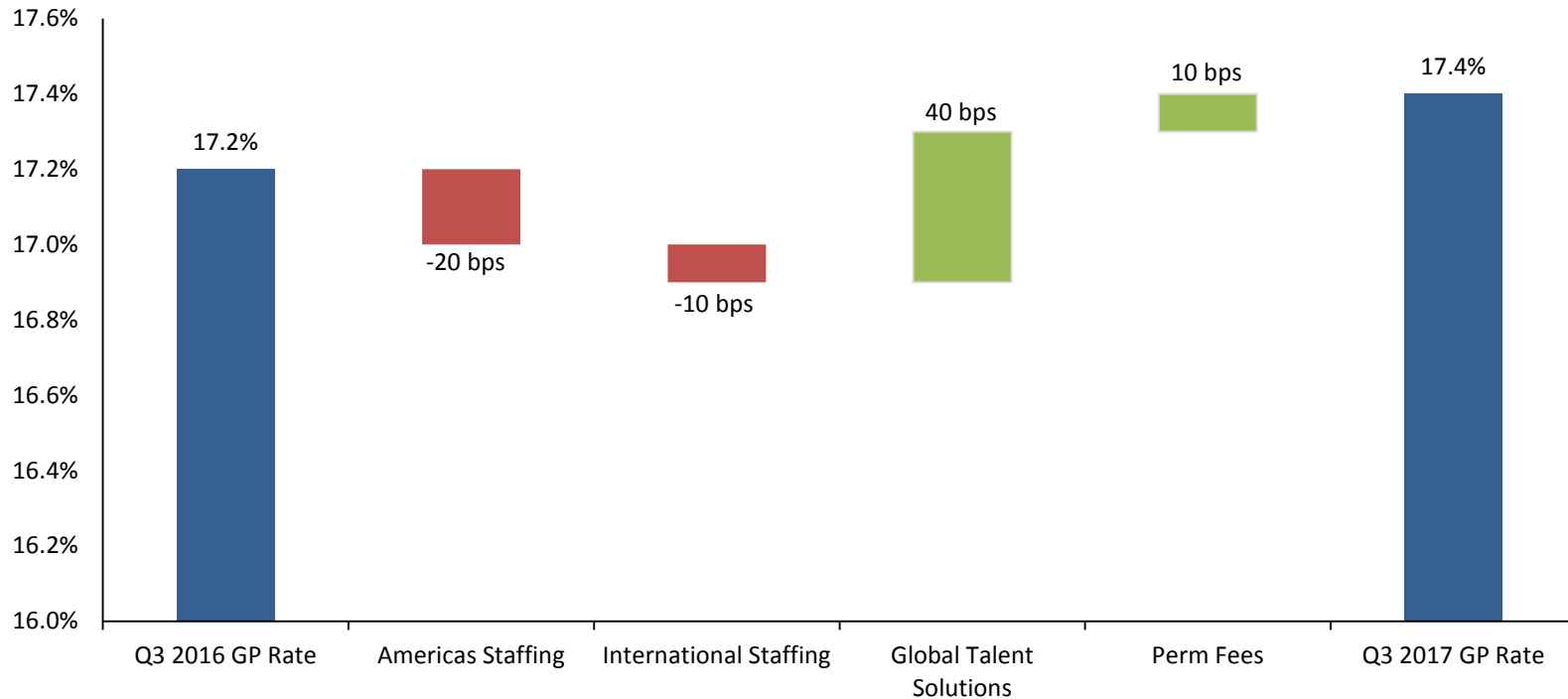
■ Americas Staffing ■ International Staffing ■ Global Talent Solutions

YoY Growth



- 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 increase reflects solid GP rate improvement on modest revenue growth

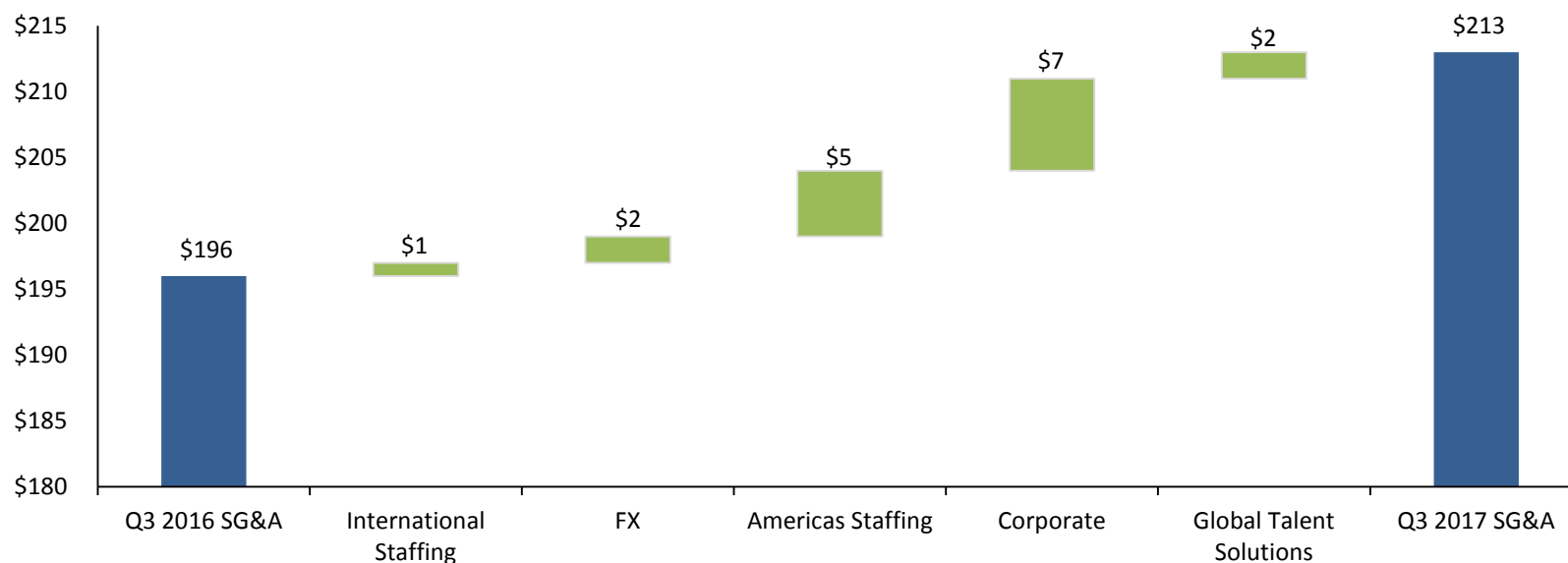
Third Quarter 2017 Gross Profit Rate



- Favorable impacts include an improving GP rate due to an improved mix of higher margin solutions in GTS and higher perm fees, primarily in International Staffing
- Americas Staffing and International temporary staffing rate declines due to changes in business mix

Third Quarter 2017 SG&A

\$ in Millions



- Corporate expenses primarily reflect higher performance based compensation expense and additional litigation related expenses
- Americas Staffing expenses were up due to additional sales resources to capitalize on market opportunities and increased performance based compensation expenses

Third 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	\$ 98.8	\$ 13.3	13.5%	\$ 95.0	\$ 14.3	15.0%	(150)
Global Talent Solutions	93.0	20.8	22.4%	86.2	16.0	18.5%	390
International Staffing	39.5	7.2	18.0%	35.0	4.5	12.9%	510
Total Company	\$ 230.7	\$ 18.2	7.9%	\$ 215.1	\$ 18.8	8.7%	(80)

- Americas Staffing conversion rate reflects additional resources to capitalize on market opportunities
- GTS improved by 390 bps and reflects impact of an improving GP rate and cost management efforts
- International staffing conversion rate improvement reflect strong GP growth combined with effective cost management
- Total Company conversion rate is also impacted by higher Corporate performance based incentive expenses and additional litigation related expenses

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

Cash Flows: as of October 1, 2017

(\$ in millions)

	2017	2016
Net income	\$ 53.9	\$ 101.0
Other cash from operating activities	(21.0)	(72.8)
Capital expenditures	(14.7)	(7.8)
Free cash flow	\$ 18.2	\$ 20.4
Borrowing	23.9	(47.8)
Available cash flow	\$ 42.1	\$ (27.4)
Dividends	(8.7)	(7.7)
Acquisition of company, net of cash received	(37.2)	-
Net cash proceeds from investment in TS Kelly Asia Pacific	-	18.8
Other	(1.2)	(2.1)
Cash used	\$ (5.0)	\$ (18.4)
Effect of exchange rates	(2.4)	3.8
Net change in cash	\$ (7.4)	\$ (14.6)
Cash at period end	\$ 22.2	\$ 27.6

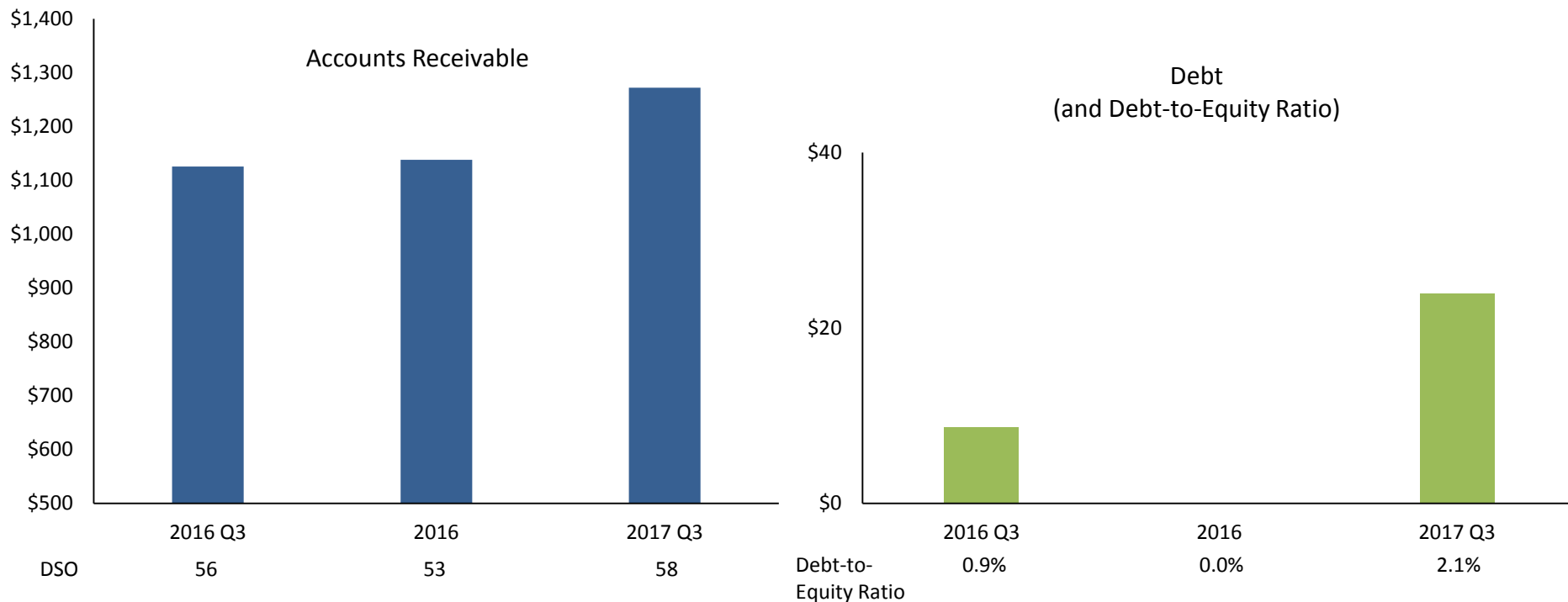
Balance Sheet: as of October 1, 2017

(\$ in millions)

	2017	2016
Cash	\$ 22.2	\$ 27.6
Accounts Receivable	1,271.7	1,125.8
Other Current Assets	70.0	53.0
Total Current Assets	\$1,363.9	\$1,206.4
Long Term Assets	972.8	832.9
Total Assets	\$2,336.7	\$2,039.3
Short-Term Debt	\$ 23.9	\$ 8.7
Other Current Liabilities	894.3	769.3
Total Current Liabilities	\$ 918.2	\$ 778.0
Other Long Term Liabilities	291.5	244.8
Equity	1,127.0	1,016.5
Total Liabilities and Equity	\$2,336.7	\$2,039.3
Working Capital	\$ 445.7	\$ 428.4
Net Cash	\$ (1.7)	\$ 18.9
Debt-to-Total Capital	2.1%	0.9%

Third Quarter 2017 Balance Sheet Data

\$ in Millions



- DSO is up 2 days versus the same period last year, and up 5 days from year end 2016. Q3 DSO reflects a seasonal increase related in our educational staffing business and the start of the school year
- Quarter end debt was \$24 million and reflects our cash paid for the Teachers On Call acquisition

Kelly Services: Company Contacts



George Corona
President & Chief Executive Officer
248 244-5462

Olivier Thiot
Senior Vice President & Chief Financial Officer
248 244-4727

James Polehna
Corporate Secretary
248 244-4586



kellyservices.com