



For Immediate Release

## Kelly Services® Reports Second Quarter Earnings

August 8, 2018

### *Financial Highlights*

- **Q2 revenue up 4.0%; up 3.0% in constant currency**
- **Q2 operating earnings on par with last year**
- **Q2 earnings/(loss) per share of (\$0.40), or \$0.54 on an adjusted basis, compared to \$0.47**

TROY, Mich., Aug. 08, 2018 (GLOBE NEWSWIRE) -- Kelly Services (Nasdaq: KELYA) (Nasdaq: KELYB), a global leader in providing workforce solutions, today announced results for the second quarter of 2018.

George S. Corona, President and Chief Executive Officer, announced revenue for the second quarter of 2018 totaled \$1.4 billion, a 4.0% increase, or 3.0% in constant currency, compared to the corresponding quarter of 2017. [Tweet This](#)

Earnings from operations for the second quarter of 2018 totaled \$20.4 million, compared to the \$20.3 million reported for the second quarter of 2017.

Diluted losses per share in the second quarter of 2018 were \$0.40 compared to earnings per share of \$0.47 in the second quarter of 2017. Included in earnings per share in the second quarter of 2018 is the unfavorable impact of \$0.94 due to the non-cash after-tax loss on our investment in Persol Holdings common stock. Effective in 2018, changes in the fair value of our investment in Persol Holdings common stock are reflected as gains or losses on our Consolidated Statement of Earnings below earnings from operations. Adjusted for the loss on Persol Holdings common stock net of tax, diluted earnings per share for the quarter were \$0.54.

"We are pleased to have delivered a good quarter in line with our outlook," said Kelly Services President and CEO George Corona. "Our top line revenue continued to grow, our gross profit rate increased over the prior year, and we made progress throughout the quarter in bringing expenses in line with the business environment. In spite of a tight labor market, our teams around the world executed well."

Kelly also reported that on August 8, its board of directors declared a dividend of \$0.075 per share. The dividend is payable August 31, 2018 to shareholders of record as of the close of business on August 21, 2018.

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 8 to review the results and answer questions. The call may be accessed in one of the following ways:

Via the Internet:

[kellyservices.com](http://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 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 maintain specified financial covenants in our bank facilities to continue to access credit markets, and other risks, uncertainties and factors discussed in this release and in the Company's filings with the Securities and Exchange Commission. Actual results may differ materially from any forward-looking statements contained herein, and we have no intention to update these statements.

## About Kelly Services®

As a global leader in providing workforce solutions, Kelly Services, Inc. (Nasdaq: KELYA, KELYB) and its subsidiaries, offer a comprehensive array of [outsourcing and consulting](#) services as well as world-class [staffing](#) on a temporary, temporary-to-hire, and direct-hire basis. Kelly® directly employs nearly 500,000 people around the world in addition to having a role in connecting thousands more with work through its global network of talent suppliers and partners. Revenue in 2017 was \$5.4 billion. Visit [kellyservices.com](http://kellyservices.com) and connect with us on [Facebook](#), [LinkedIn](#), and [Twitter](#).

KLYA-FIN

### ANALYST & MEDIA CONTACT:

James Polehna  
(248) 244-4586  
[james\\_polehna@kellyservices.com](mailto:james_polehna@kellyservices.com)

## KELLY SERVICES, INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF EARNINGS FOR THE 13 WEEKS ENDED JULY 1, 2018 AND JULY 2, 2017 (UNAUDITED)

(In millions of dollars except per share data)

	2018	2017	Change	% Change	CC % Change
<b>Revenue from services</b>	\$ 1,386.9	\$ 1,333.6	\$ 53.3	4.0 %	3.0 %
Cost of services	1,146.4	1,104.8	41.6	3.8	
<b>Gross profit</b>	240.5	228.8	11.7	5.1	4.2
Selling, general and administrative expenses	220.1	208.5	11.6	5.6	4.9
<b>Earnings from operations</b>	20.4	20.3	0.1	0.1	
Loss on investment in Persol Holdings	(52.5 )	—	(52.5 )	(100.0 )	
Other income (expense), net	0.6	(0.5 )	1.1	209.5	
<b>Earnings (loss) before taxes and equity in net earnings (loss) of affiliate</b>	(31.5 )	19.8	(51.3 )	NM	
Income tax (benefit) expense	(15.6 )	1.5	(17.1 )	NM	
<b>Net earnings (loss) before equity in net earnings (loss) of affiliate</b>	(15.9 )	18.3	(34.2 )	NM	
Equity in net earnings (loss) of affiliate	0.5	0.4	0.1	35.9	
<b>Net earnings (loss)</b>	\$ (15.4 )	\$ 18.7	\$ (34.1 )	NM%	
<b>Basic earnings (loss) per share</b>	\$ (0.40 )	\$ 0.48	\$ (0.88 )	NM%	
<b>Diluted earnings (loss) per share</b>	\$ (0.40 )	\$ 0.47	\$ (0.87 )	NM%	

### STATISTICS:

Permanent placement income (included in revenue from services)	\$ 17.3	\$ 13.7	\$ 3.6	25.7 %	24.1 %
Gross profit rate	17.3	% 17.2	% 0.1	pts.	
Conversion rate	8.5	8.9	(0.4 )		
% Return:					
Earnings from operations	1.5	1.5	—		
Net earnings (loss)	(1.1 )	1.4	(2.5 )		
Effective income tax rate	49.6 %	7.6 %	42.0	pts.	

Average number of shares outstanding (millions):

Basic	38.8	38.3
Diluted	38.8	38.8

**KELLY SERVICES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF EARNINGS**  
**FOR THE 26 WEEKS ENDED JULY 1, 2018 AND JULY 2, 2017**  
**(UNAUDITED)**

(In millions of dollars except per share data)

	2018	2017	Change	% Change	CC % Change
<b>Revenue from services</b>	\$ 2,756.8	\$ 2,623.3	\$ 133.5	5.1 %	3.2 %
Cost of services	2,278.1	2,162.9	115.2	5.3	
<b>Gross profit</b>	478.7	460.4	18.3	4.0	2.3
Selling, general and administrative expenses	446.3	423.7	22.6	5.3	3.9
<b>Earnings from operations</b>	32.4	36.7	(4.3 )	(11.7 )	
Loss on investment in Persol Holdings	(28.8 )	—	(28.8 )	(100.0 )	
Other expense, net	(1.1 )	(2.1 )	1.0	49.2	
<b>Earnings before taxes and equity in net earnings (loss) of affiliate</b>	2.5	34.6	(32.1 )	(92.7 )	
Income tax (benefit) expense	(9.2 )	4.2	(13.4 )	(319.2 )	
<b>Net earnings before equity in net earnings (loss) of affiliate</b>	11.7	30.4	(18.7 )	(61.3 )	
Equity in net earnings (loss) of affiliate	2.0	0.5	1.5	288.4	
<b>Net earnings</b>	\$ 13.7	\$ 30.9	\$ (17.2 )	(55.6 )%	
<b>Basic earnings per share</b>	\$ 0.35	\$ 0.79	\$ (0.44 )	(55.7 )%	
<b>Diluted earnings per share</b>	\$ 0.35	\$ 0.78	\$ (0.43 )	(55.1 )%	

**STATISTICS:**

Permanent placement income (included in revenue from services)	\$ 33.9	\$ 27.2	\$ 6.7	24.4 %	20.6 %
Gross profit rate	17.4 %	17.6 %	(0.2 )	pts.	
Conversion rate	6.8	8.0	(1.2 )		
% Return:					
Earnings from operations	1.2	1.4	(0.2 )		
Net earnings	0.5	1.2	(0.7 )		
Effective income tax rate	(366.2 )%	12.2 %	(378.4 )	pts.	
Average number of shares outstanding (millions):					
Basic	38.7	38.3			
Diluted	38.8	38.7			

**KELLY SERVICES, INC. AND SUBSIDIARIES**

**RESULTS OF OPERATIONS BY SEGMENT  
(UNAUDITED)**

(In millions of dollars)

**Second Quarter**

	<b>2018</b>		<b>2017</b>		<b>% Change</b>		<b>CC % Change</b>	
<b>AMERICAS STAFFING</b>								
Revenue from services	\$ 604.0		\$ 575.6		4.9	%	5.2	%
Gross profit	108.5		103.8		4.5		4.7	
Total SG&A expenses	90.7		83.4		8.7		8.9	
Earnings from operations	17.8		20.4		(12.8)	)		
Gross profit rate	18.0	%	18.0	%	—	pts.		
Conversion rate	16.4		19.7		(3.3)	)		
Return on sales	2.9		3.5		(0.6)	)		
<b>GLOBAL TALENT SOLUTIONS</b>								
Revenue from services	\$ 500.7		\$ 505.5		(0.9)	)%	(1.2)	)%
Gross profit	92.7		88.7		4.5		4.0	
Total SG&A expenses	75.0		73.4		2.2		1.8	
Earnings from operations	17.7		15.3		15.9			
Gross profit rate	18.5	%	17.5	%	1.0	pts.		
Conversion rate	19.1		17.2		1.9			
Return on sales	3.5		3.0		0.5			
<b>INTERNATIONAL STAFFING</b>								
Revenue from services	\$ 286.6		\$ 256.8		11.6	%	6.6	%
Gross profit	39.9		36.8		8.3		3.5	
Total SG&A expenses	33.5		32.7		2.4		(1.3)	)
Earnings from operations	6.4		4.1		54.2			
Gross profit rate	13.9	%	14.3	%	(0.4)	)pts.		
Conversion rate	16.0		11.2		4.8			
Return on sales	2.2		1.6		0.6			

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

(In millions of dollars)

**June Year to Date**

	<b>2018</b>		<b>2017</b>		<b>% Change</b>		<b>CC % Change</b>	
<b>AMERICAS STAFFING</b>								
Revenue from services	\$ 1,208.3		\$ 1,148.7		5.2	%	5.1	%
Gross profit	216.5		209.1		3.6		3.5	
SG&A expenses excluding restructuring charges	182.6		167.1		9.3		9.2	
Restructuring charges	—		0.4		(100.0)	)	(100.0)	)
Total SG&A expenses	182.6		167.5		9.1		9.0	
Earnings from operations	33.9		41.6		(18.6)	)		
Earnings from operations excluding restructuring charges	33.9		42.0		(19.3)	)		
Gross profit rate	17.9	%	18.2	%	(0.3)	)pts.		
Conversion rate	15.6		19.9		(4.3)	)		
Conversion rate excluding restructuring charges	15.6		20.1		(4.5)	)		
Return on sales	2.8		3.6		(0.8)	)		
Return on sales excluding restructuring charges	2.8		3.7		(0.9)	)		

**GLOBAL TALENT SOLUTIONS**

Revenue from services	\$ 986.5	\$ 992.8	(0.6 )%	(1.0 )%
Gross profit	184.5	179.2	3.0	2.2
SG&A expenses excluding restructuring charges	150.8	146.6	2.9	2.0
Restructuring charges	—	2.0	(100.0 )	(100.0 )
Total SG&A expenses	150.8	148.6	1.5	0.6
Earnings from operations	33.7	30.6	10.4	
Earnings from operations excluding restructuring charges	33.7	32.6	3.7	
Gross profit rate	18.7	% 18.0	% 0.7	pts.
Conversion rate	18.3	17.1	1.2	
Conversion rate excluding restructuring charges	18.3	18.2	0.1	
Return on sales	3.4	3.1	0.3	
Return on sales excluding restructuring charges	3.4	3.3	0.1	

**INTERNATIONAL STAFFING**

Revenue from services	\$ 571.3	\$ 490.4	16.5	% 7.7	%
Gross profit	79.0	73.2	7.8	(0.3 )	
Total SG&A expenses	67.6	63.9	5.8	(1.4 )	
Earnings from operations	11.4	9.3	21.2		
Gross profit rate	13.8	% 14.9	% (1.1 )	pts.	
Conversion rate	14.4	12.8	1.6		
Return on sales	2.0	1.9	0.1		

**KELLY SERVICES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**(UNAUDITED)**

(In millions of dollars)

	July 1, 2018	Dec. 31, 2017	July 2, 2017
<b>Current Assets</b>			
Cash and equivalents	\$ 33.9	\$ 32.5	\$ 60.8
Trade accounts receivable, less allowances of \$13.1, \$12.9, and \$12.7 respectively	1,248.9	1,286.7	1,188.1
Prepaid expenses and other current assets	64.5	65.1	61.8
Total current assets	1,347.3	1,384.3	1,310.7
<b>Noncurrent Assets</b>			
Property and equipment, net	84.7	86.1	81.5
Deferred taxes	191.7	183.4	185.8
Goodwill	107.3	107.1	88.4
Investment in Persol Holdings	203.2	228.1	170.7
Investment in equity affiliate	122.0	117.4	115.2
Other assets	278.4	271.8	231.8
Total noncurrent assets	987.3	993.9	873.4
<b>Total Assets</b>	<b>\$ 2,334.6</b>	<b>\$ 2,378.2</b>	<b>\$ 2,184.1</b>
<b>Current Liabilities</b>			
Short-term borrowings	\$ 1.7	\$ 10.2	\$ 0.7
Accounts payable and accrued liabilities	505.5	537.7	476.1
Accrued payroll and related taxes	284.7	287.4	286.4
Accrued insurance	25.3	25.7	22.8
Income and other taxes	60.7	65.2	57.0
Total current liabilities	877.9	926.2	843.0
<b>Noncurrent Liabilities</b>			
Accrued insurance	49.2	49.9	44.2
Accrued retirement benefits	182.2	178.1	170.1

Other long-term liabilities	64.4		72.5		53.4
Total noncurrent liabilities	295.8		300.5		267.7
<b>Stockholders' Equity</b>					
Common stock	40.1		40.1		40.1
Treasury stock	(27.4	)	(35.2	)	(37.6
Paid-in capital	23.4		32.2		31.1
Earnings invested in the business	1,134.8		983.6		948.7
Accumulated other comprehensive income	(10.0	)	130.8		91.1
Total stockholders' equity	1,160.9		1,151.5		1,073.4
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 2,334.6</b>		<b>\$ 2,378.2</b>		<b>\$ 2,184.1</b>
<b>STATISTICS:</b>					
Working Capital	\$ 469.4		\$ 458.1		\$ 467.7
Current Ratio	1.5		1.5		1.6
Debt-to-capital %	0.1	%	0.9	%	0.1
Global Days Sales Outstanding	55		55		55
Year-to-Date Free Cash Flow	\$ 22.9		\$ 46.2		\$ 37.1

**KELLY SERVICES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE 26 WEEKS ENDED JULY 1, 2018 AND JULY 2, 2017**  
**(UNAUDITED)**  
(In millions of dollars)

	<b>2018</b>	<b>2017</b>
<b>Cash flows from operating activities:</b>		
Net earnings	\$ 13.7	\$ 30.9
Noncash adjustments:		
Depreciation and amortization	12.9	10.6
Provision for bad debts	1.5	2.9
Stock-based compensation	4.7	4.2
Loss on investment in Persol Holdings	28.8	—
Other, net	(2.6	) (0.5
Changes in operating assets and liabilities	(25.8	) (3.7
<b>Net cash from operating activities</b>	<b>33.2</b>	<b>44.4</b>
<b>Cash flows from investing activities:</b>		
Capital expenditures	(10.3	) (7.3
Other investing activities	(0.6	) —
<b>Net cash used in investing activities</b>	<b>(10.9</b>	<b>) (7.3</b>
<b>Cash flows from financing activities:</b>		
Net change in short-term borrowings	(8.4	) 0.7
Dividend payments	(5.9	) (5.8
Payments of tax withholding for stock awards	(6.2	) (0.5
Other financing activities	—	(0.1
<b>Net cash used in financing activities</b>	<b>(20.5</b>	<b>) (5.7</b>
<b>Effect of exchange rates on cash, cash equivalents and restricted cash</b>	<b>(0.1</b>	<b>) (0.2</b>
<b>Net change in cash, cash equivalents and restricted cash</b>	<b>1.7</b>	<b>31.2</b>
<b>Cash, cash equivalents and restricted cash at beginning of period</b>	<b>36.9</b>	<b>34.3</b>

Cash, cash equivalents and restricted cash at end of period

\$ 38.6      \$ 65.5

**KELLY SERVICES, INC. AND SUBSIDIARIES**  
**REVENUE FROM SERVICES**  
**(UNAUDITED)**

(In millions of dollars)

**Second Quarter (Americas, International and GTS)**

	<b>2018</b>	<b>2017</b>	<b>% Change</b>		<b>CC % Change</b>	
<b>Americas</b>						
United States	\$ 981.2	\$ 970.1	1.1	%	1.1	%
Canada	37.0	34.6	6.8		2.6	
Mexico	30.0	28.3	6.2		11.4	
Puerto Rico	26.2	17.6	49.0		49.0	
Brazil	9.0	12.7	(29.1)	)	(22.6)	)
<b>Total Americas</b>	<b>1,083.4</b>	<b>1,063.3</b>	<b>1.9</b>		<b>2.0</b>	
<b>EMEA</b>						
France	72.0	68.3	5.2		(2.6)	)
Switzerland	52.8	53.9	(2.0)	)	(1.7)	)
Portugal	51.2	41.7	23.1		13.6	
United Kingdom	28.5	20.8	37.0		28.9	
Russia	25.6	24.0	6.5		15.4	
Italy	19.3	15.7	23.0		14.4	
Germany	14.8	14.6	0.5		(7.2)	)
Ireland	11.7	7.4	58.4		46.4	
Norway	9.2	8.4	10.4		4.3	
Other	12.8	11.0	16.0		8.1	
<b>Total EMEA</b>	<b>297.9</b>	<b>265.8</b>	<b>12.0</b>		<b>7.0</b>	
<b>Total APAC</b>	<b>5.6</b>	<b>4.5</b>	<b>24.2</b>		<b>23.0</b>	
<b>Total Kelly Services, Inc.</b>	<b>\$ 1,386.9</b>	<b>\$ 1,333.6</b>	<b>4.0</b>	<b>%</b>	<b>3.0</b>	<b>%</b>

**KELLY SERVICES, INC. AND SUBSIDIARIES**  
**REVENUE FROM SERVICES**  
**(UNAUDITED)**

(In millions of dollars)

**June Year to Date (Americas, International and GTS)**

	<b>2018</b>	<b>2017</b>	<b>% Change</b>		<b>CC % Change</b>	
<b>Americas</b>						
United States	\$ 1,955.9	\$ 1,925.7	1.6	%	1.6	%
Canada	70.6	68.7	2.7		(1.6)	)
Mexico	60.4	52.1	16.0		14.5	
Puerto Rico	46.0	35.3	30.6		30.6	
Brazil	18.5	26.0	(29.1)	)	(25.4)	)
<b>Total Americas</b>	<b>2,151.4</b>	<b>2,107.8</b>	<b>2.1</b>		<b>1.9</b>	
<b>EMEA</b>						
France	143.9	129.1	11.4		(0.1)	)
Switzerland	102.5	102.2	0.3		(2.3)	)

Portugal	102.3	78.0	31.3	17.5	
United Kingdom	57.5	41.0	40.3	28.5	
Russia	51.7	46.8	10.5	13.5	
Italy	39.8	29.4	35.5	21.6	
Germany	31.2	27.8	12.0	0.1	
Ireland	23.0	15.1	51.8	36.0	
Norway	17.6	16.0	10.0	3.1	
Other	25.2	21.4	17.7	5.9	
<b>Total EMEA</b>	<b>594.7</b>	<b>506.8</b>	<b>17.3</b>	<b>8.4</b>	
<b>Total APAC</b>	<b>10.7</b>	<b>8.7</b>	<b>22.1</b>	<b>19.0</b>	
<b>Total Kelly Services, Inc.</b>	<b>\$ 2,756.8</b>	<b>\$ 2,623.3</b>	<b>5.1</b>	<b>% 3.2</b>	<b>%</b>

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

(In millions of dollars except per share data)

	<b>Second Quarter</b>		<b>June Year to Date</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Earnings from operations	\$ 20.4	\$ 20.3	\$ 32.4	\$ 36.7
Restructuring charges (Note 1)	—	—	—	2.4
Adjusted earnings from operations	\$ 20.4	\$ 20.3	\$ 32.4	\$ 39.1
	<b>Second Quarter</b>		<b>June Year to Date</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Income tax (benefit) expense	\$ (15.6 )	\$ 1.5	\$ (9.2 )	\$ 4.2
Tax benefit on investment in Persol Holdings (Note 2)	16.2	—	8.9	—
Tax expense on restructuring charges (Note 1)	—	—	—	0.7
Adjusted income tax expense (benefit)	\$ 0.6	\$ 1.5	\$ (0.3 )	\$ 4.9
	<b>Second Quarter</b>		<b>June Year to Date</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Net earnings (loss)	\$ (15.4 )	\$ 18.7	\$ 13.7	\$ 30.9
Loss on investment in Persol Holdings, net of taxes (Note 2)	36.3	—	19.9	—
Restructuring charges, net of taxes (Note 1)	—	—	—	1.7
Adjusted net earnings	\$ 20.9	\$ 18.7	\$ 33.6	\$ 32.6
	<b>Second Quarter</b>		<b>June Year to Date</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Per Share</b>		<b>Per Share</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Net earnings (loss)	\$ (0.40 )	\$ 0.47	\$ 0.35	\$ 0.78
Loss on investment in Persol Holdings, net of taxes (Note 2)	0.94	—	0.51	—
Restructuring charges, net of taxes (Note 1)	—	—	—	0.04
Adjusted net earnings	\$ 0.54	\$ 0.47	\$ 0.86	\$ 0.82

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 2017 restructuring charges and 2018 loss on investment in Persol Holdings is useful to understand the Company's fiscal 2018 financial performance and increases comparability. Specifically, Management believes that removing the impact of these items allows for a more meaningful comparison of current period operating performance with the operating results of prior periods. These non-GAAP measures may have limitations as analytical tools because they exclude



items which can have a material impact on cash flow and earnings per share. As a result, Management considers these measures, along with reported results, when it reviews and evaluates the Company's financial performance. Management believes that these measures provide greater transparency to investors and provide insight into how Management is evaluating the Company's financial performance. Non-GAAP measures should not be considered a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP.

- (1) Restructuring charges in 2017 represent costs related primarily to optimizing our GTS service delivery models to deliver expected cost savings.
- (2) Loss on investment in Persol Holdings in 2018 represents the change in fair value of the investment during the period presented and the related tax benefit.

 [Primary Logo](#)

Source: Kelly Services, Inc.