



## Solving Workforce Challenges Every Day

Bank of America/Merrill Lynch  
7<sup>th</sup> Annual Services Conference  
New York, NY

May 21, 2013



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The information provided in this presentation (both written and oral) relating to future events are subject to risks and uncertainties, such as competition; changing market and economic conditions; currency fluctuations; changes in laws and regulations, including tax laws, and other factors discussed in the company's SEC filings. These documents contain and identify important factors that could cause actual results to differ materially from those contained in our projections or forward-looking statements.

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# 1946-2013

**STAFFING**  
**Kelly Girl®**



**GLOBAL  
WORKFORCE  
SOLUTIONS**  
**Free Agent**

- Strategic Partnerships
- Solutions
- Supply Chain



Our annual **Kelly Global Workforce Index™** captures labor market trends from approximately 165,000 participants across more than 30 countries.

Achieved leading NPS® scores and recognized as **best-in-class** by clients and candidates.

Kelly Educational Staffing® is the largest provider of instructional and non-instructional staff in the U.S.

# PROFILE

Introduced  
**The Talent Project**  
iPad® app  
in 2011.

We serve **99%** of the  
**Fortune 100™**

William Russell  
Kelly pioneers  
the modern staffing  
industry by founding  
the Russell Kelly Office  
Service in 1946 in  
**Detroit, MI.**

Chief  
Executive

**BEST COMPANIES  
FOR LEADERS**

**2013**

Recognized by  
**WORKFORCE**  
magazine  
as among  
the major  
forces that  
have shaped  
employment  
in the last  
80 years.

Large  
Customer  
Strategy

2013  
**100**  
**The Global Outsourcing**  
**IAOP**

International Association of  
Outsourcers Award

Kelly OCG selected in the  
Leader\* Category for The 2013  
Global Outsourcing 100\*  
service providers list

2012 revenue  
**\$5.5 BILLION**

The world's leading  
scientific workforce  
solutions provider—  
more than

**9,500+**  
professionals placed each year.

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**KELLY**  
SERVICES

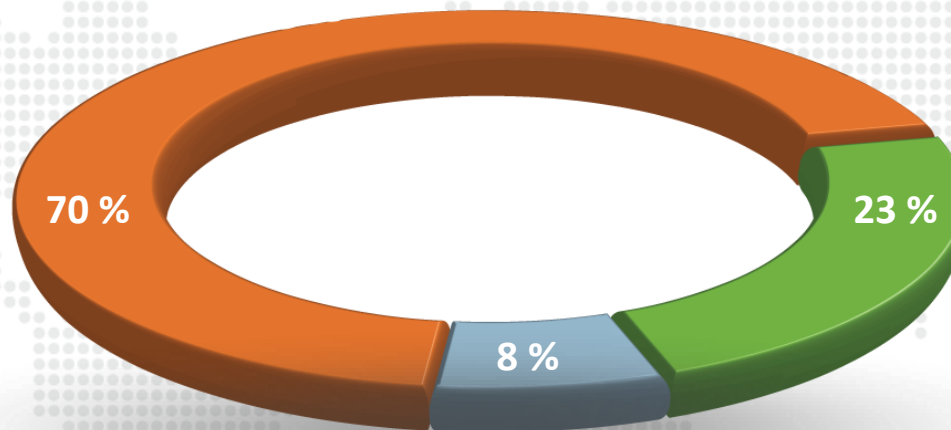


## Commercial Staffing Solutions

- Office Services
- Light Industrial
- Electronic Assembly
- Marketing
- Contact Center
- Educational Services

## Professional & Technical Specialties

- Scientific
- Engineering
- IT
- Financial
- Law
- Healthcare
- Creative Services



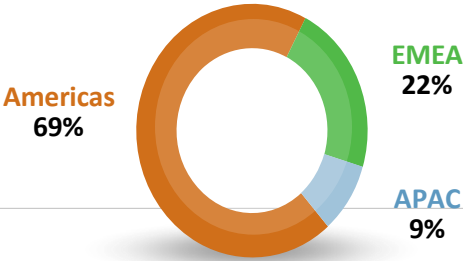
## Outsourcing & Consulting Group (KellyOCG®)

- Contingent Workforce Outsourcing (**CWO**)
- Recruitment Process Outsourcing (**RPO**)
- Business Process Outsourcing (**BPO**)
- Independent Contractor Services (**ICS**)
- Contact Center Outsourcing (**KellyConnect**)
- Executive Placement
- Career Transition and Outplacement





## Commercial Staffing



## Professional & Technical Specialties



## OCG



70% Revenue  
 63% Gross Profit

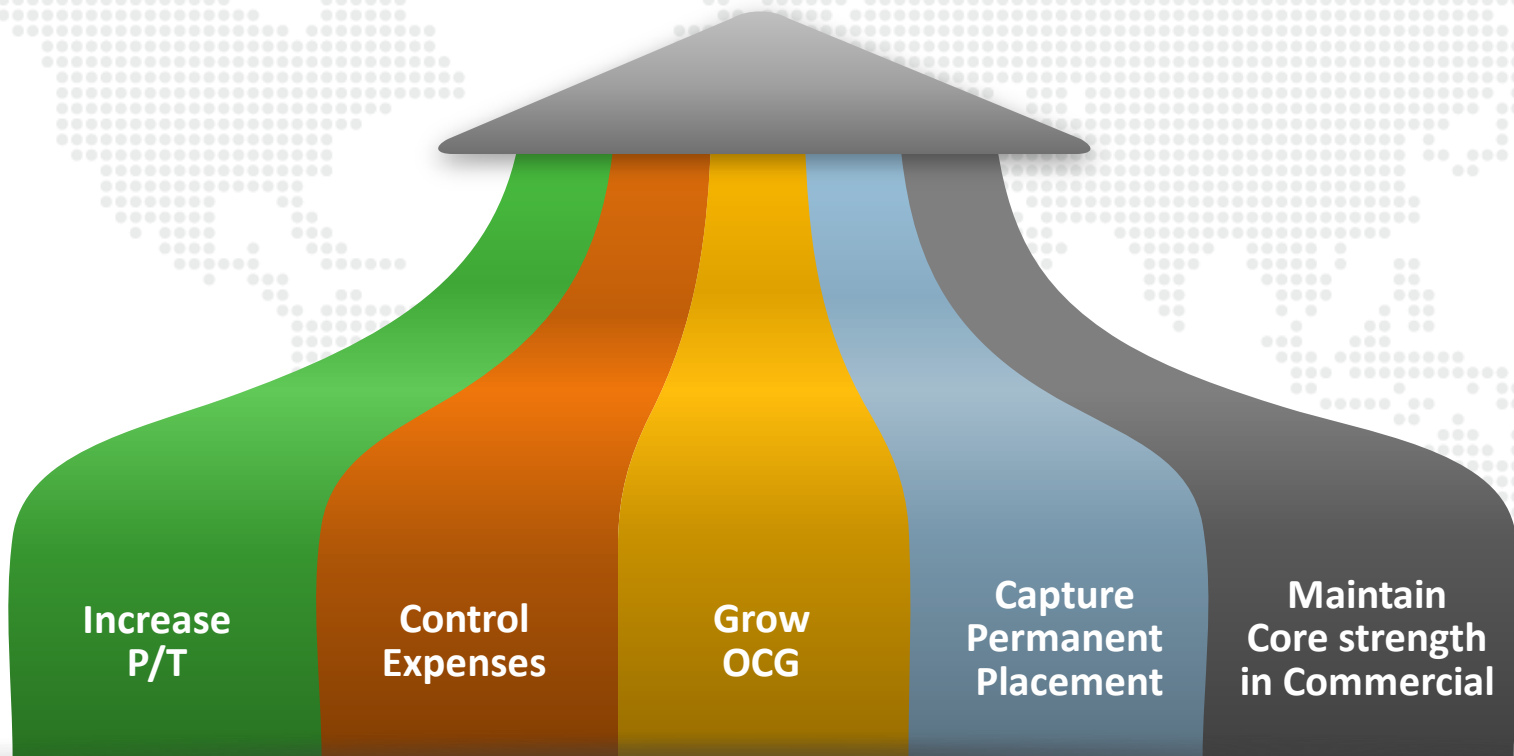
23% Revenue  
 25% Gross Profit

8% Revenue  
 12% Gross Profit



***TO CREATE SHAREHOLDER VALUE BY DELIVERING A  
COMPETITIVE PROFIT VIA THE BEST WORKFORCE  
SOLUTIONS AND TALENT IN THE INDUSTRY.***

## Competitive ROS





- Market-driven
- Competitive
- Effective





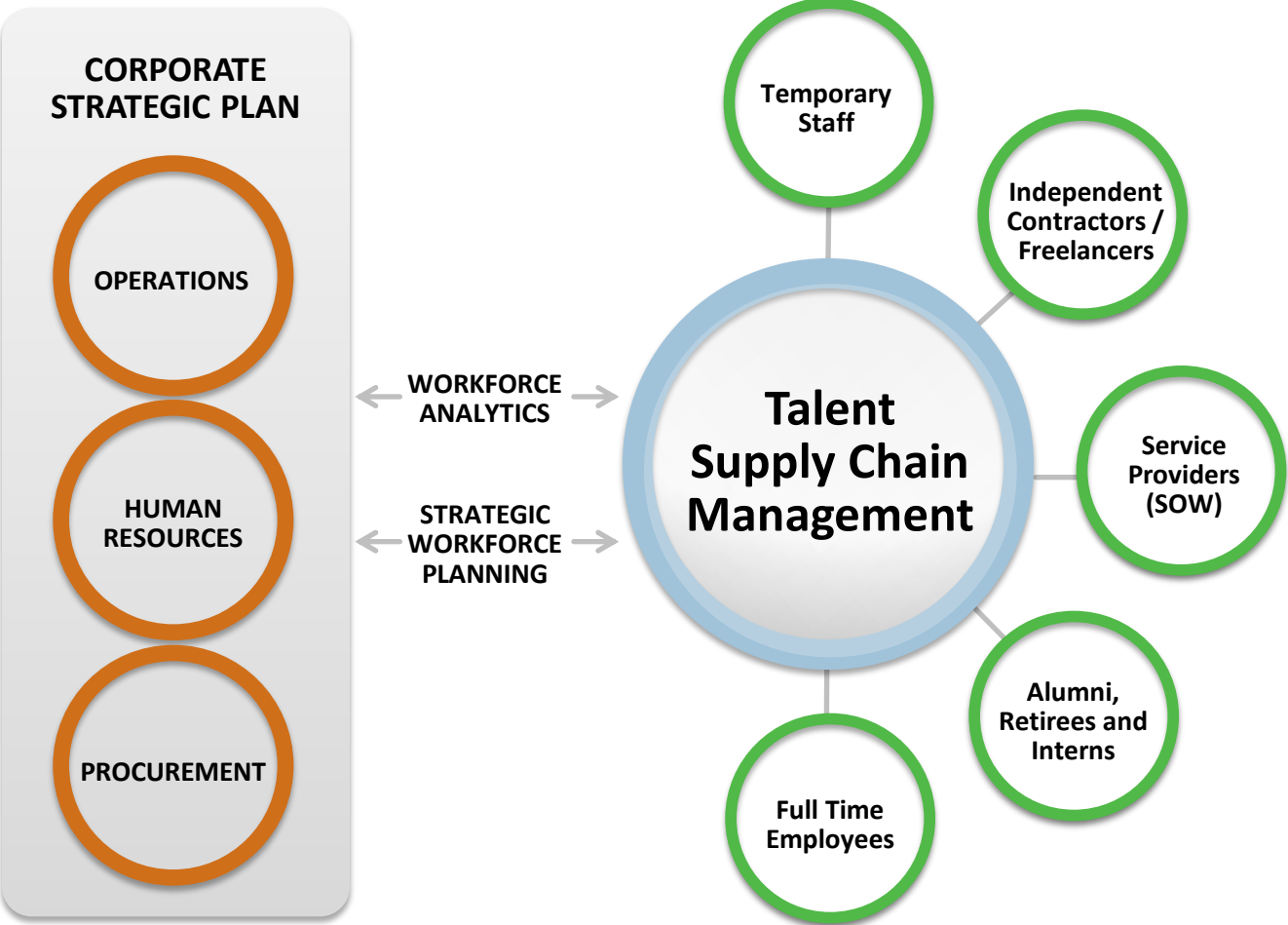
# The New Employment Landscape



- **Greater comfort** around use of flexible staffing models
- **Increasing acceptance** of free agents and contractual employment by companies and candidates
- **Shift in demand** for contingent labor play to Kelly's strengths and experience – particularly serving large companies
- **Desire** for more comprehensive workforce management solutions



# Talent Management Strategy: What Customers Need






# Q1/2013 FINANCIAL REVIEW

## PROGRESS REPORT ON KELLY'S FIRST QUARTER\*

The first quarter of 2013 was marked by a sluggish global recovery that continues to constrain hiring and apply pressure on staffing revenues, direct-hire fees, and margins. Despite the tough economic environment, Kelly's Q1 results exceeded expectations—delivering progress in key strategic areas.

### AGGRESSIVELY GROW PT

Although the higher-end PT market in the Americas is showing signs of softening, Americas PT fees delivered double-digit revenue growth. EMEA PT revenue outperformed top regional competitors.

-  **AMER** GP \$ FLAT
-  **EMEA** GP \$ DOWN 5%
-  **APAC** GP \$ DOWN 36%

**2013 GOAL:**  
EARN 25% OF KELLY'S GP FROM PT

**Q1 RESULT:** 25%

### TRANSFORM OCG

OCG delivered a \$1.7 million profit. Strong revenue growth in BPO (up 30%) and CWO fee revenue (up 42%) support our talent supply chain management strategy.



**2013 GOAL:**  
EARN 13% OF KELLY'S GP FROM OCG

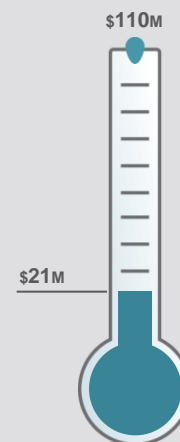
**Q1 RESULT:** 12%

### INCREASE PLACEMENT FEES

Employers remain reluctant to hire full-time in light of uncertain economic conditions. Nevertheless, Americas Q1 placement fees grew 13% YOY, 17% sequentially.

**2013 GOAL:**  
INCREASE FEES BY 14.7% (\$110M)

**Q1 RESULT:** \$21M

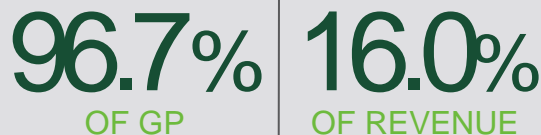


### CONTROL EXPENSES

Kelly is choosing to make strategic investments in PT, centralized operations, and technology to support long-term growth. YOY expenses were up only slightly.

**2013 GOAL:**  
KEEP EXPENSES TO 92.2% OF GP

Q1 RESULT:



### LEVERAGE COMMERCIAL

**2013 GOAL:**  
GROW REVENUE FASTER THAN THE MARKET

**Q1 RESULT:**

Americas Commercial revenue lagged the regional market average as top competitors benefitted from larger presence in Latin America. EMEA Commercial revenue outperformed the market average. APAC revenue was below market average.



### REVENUE

**\$1.3B**  
▼ 3%

### GROSS PROFIT

**16.5%**  
FLAT

### EXPENSES

**\$210M**  
▲ .6%

### EARNINGS FROM OPS

**\$7.1M**  
▼ \$7.6M

### EPS\*\*

**.34¢**  
▲ 42%

### ROS\*\*\*

**.5%**  
▼ 60 BASIS PTS

\*All comparisons are year over year. Revenue and expense comparisons are on a constant currency basis. Placement fees represented in U.S. GAAP.

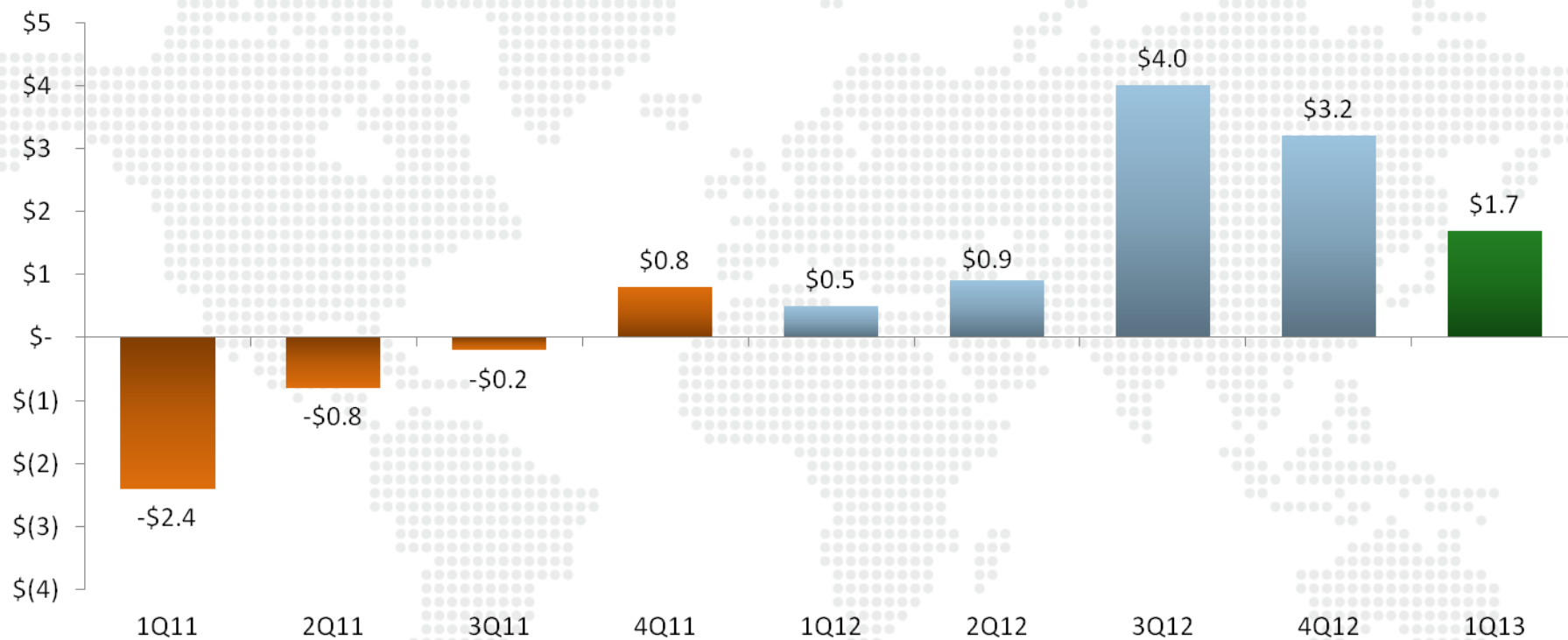
\*\*From continuing operations

\*\*\*From operations



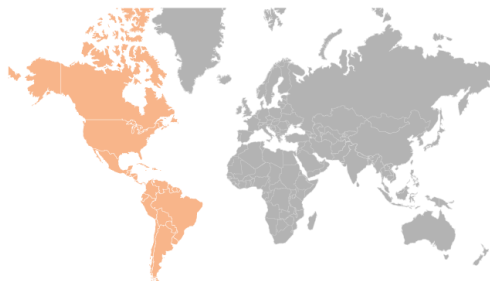
OCG Profit/Loss

(in millions)

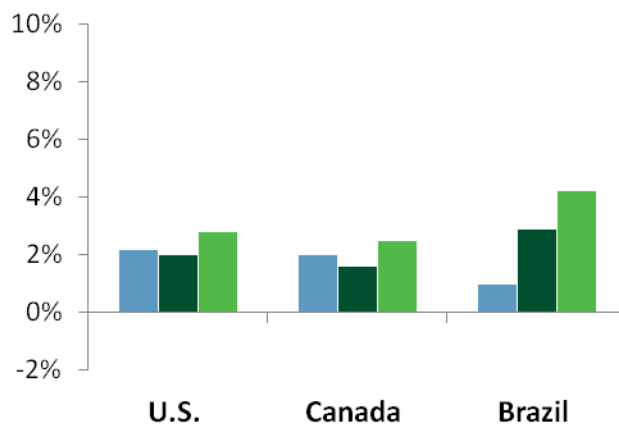




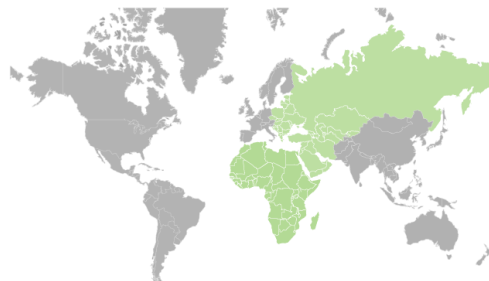
## Americas



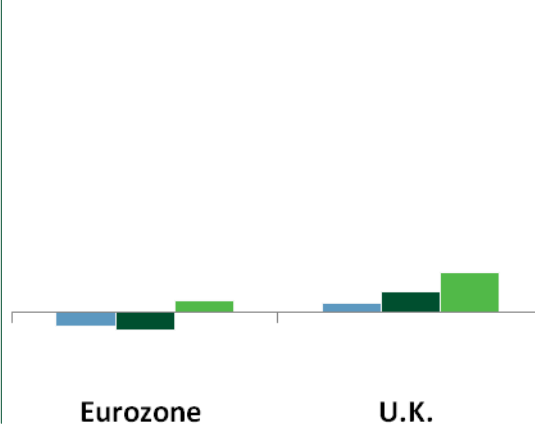
Modest job gains expected to continue



## EMEA



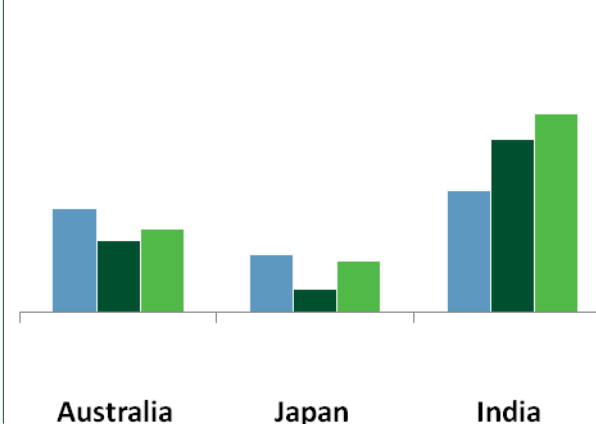
Recessionary conditions impacting demand for talent



## APAC



Developing economies driving growth in the region



2012



2013 (p)



2014 (p)





- Revenue down 2% YOY; up 2%-4% sequentially
- Gross Profit flat vs. 2012
- SG&A up 5% YOY; flat sequentially
- Increased investments in PT and OCG
- Cost Control
- Annual Tax rate 10%





## Kelly Services

Sales	\$ 1,315
GP	\$ 217
Expenses	\$ 210
Profit	\$ 7
ROS	0.5%

### Americas

Sales	\$ 889
GP	\$ 134
Expenses	\$ 109
Profit	\$ 25
ROS	2.8%

### EMEA

Sales	\$ 245
GP	\$ 42
Expenses	\$ 42
Profit	\$ -
ROS	(0.1)%

### APAC

Sales	\$ 92
GP	\$ 15
Expenses	\$ 16
Profit	\$ (1)
ROS	(1.0)%

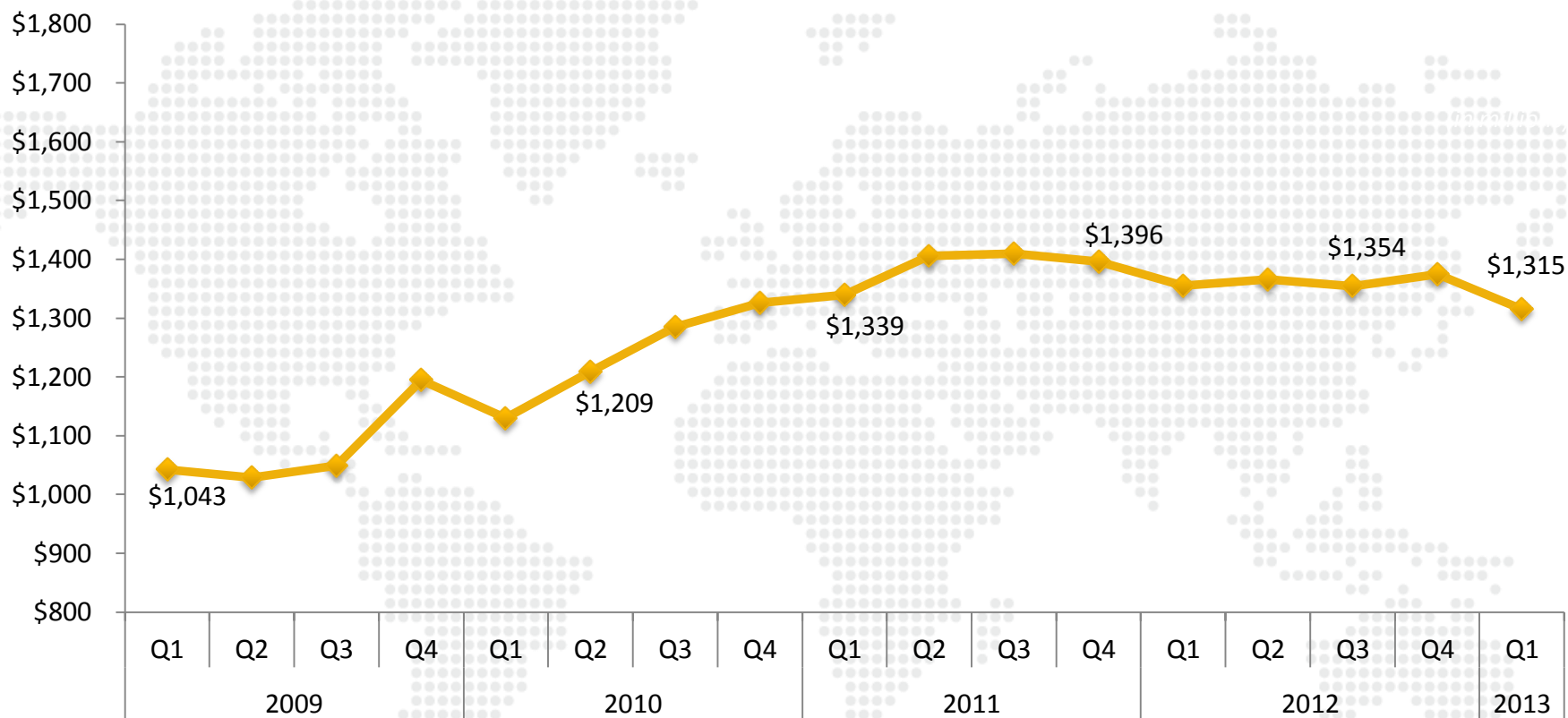
### OCG

Sales	\$ 99
GP	\$ 27
Expenses	\$ 25
Profit	\$ 2
ROS	1.7%

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(in \$millions USD)



(in millions)

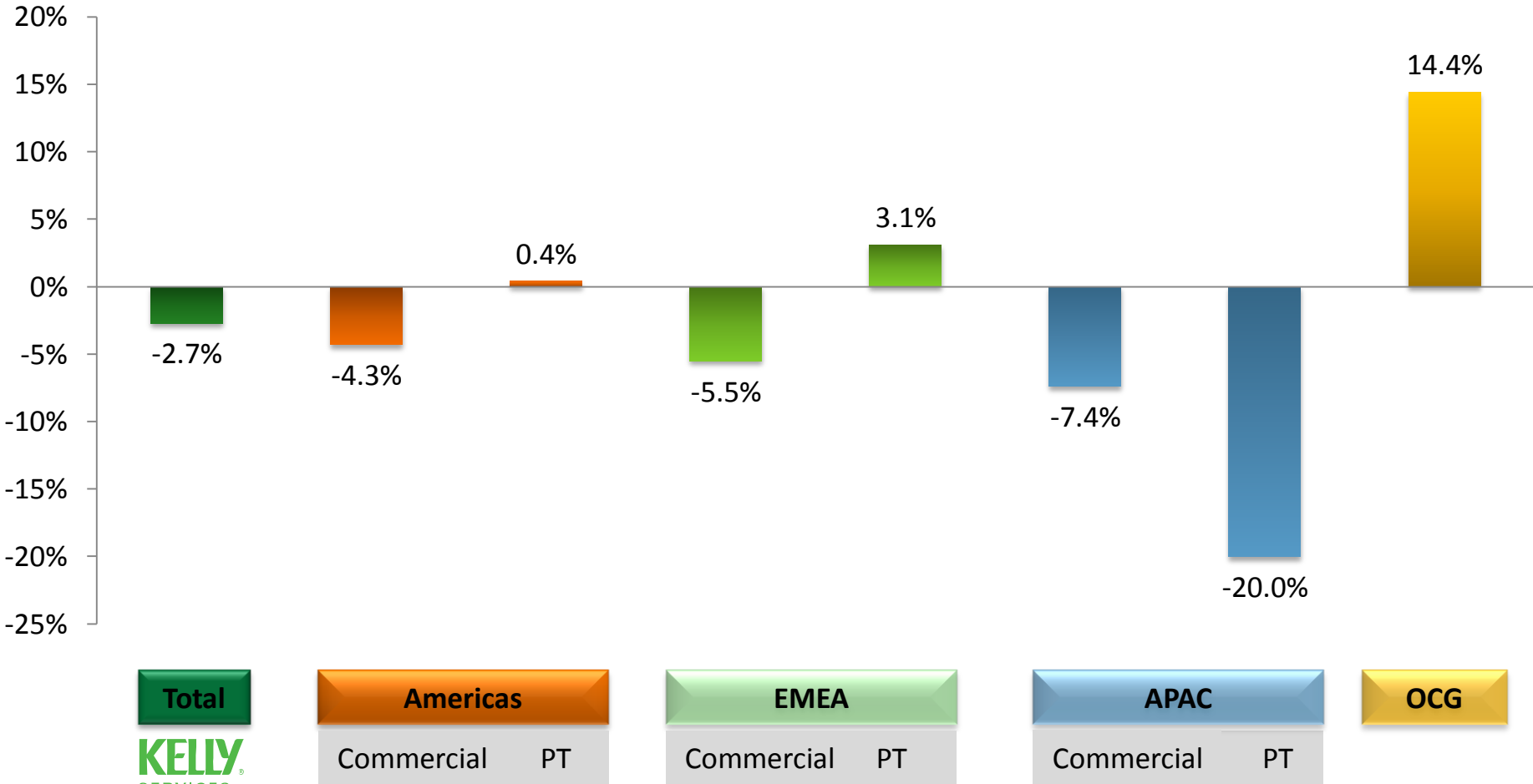


\*Note: Fourth quarter of 2009 included a 14th week (53 weeks for the year). The impact on the revenue was about 4 – 5%.

# Constant Currency Revenue Growth by Segment



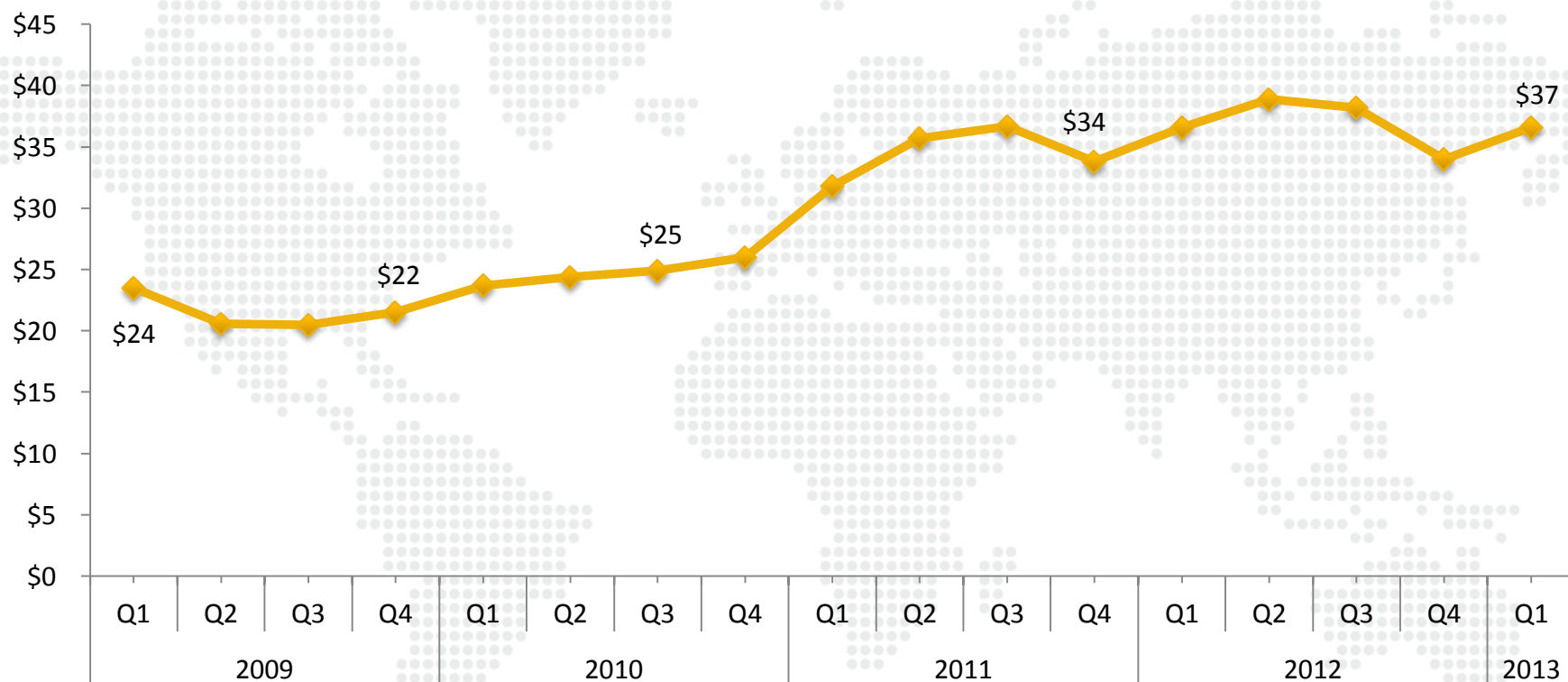
Q1 2012 vs. Q1 2013



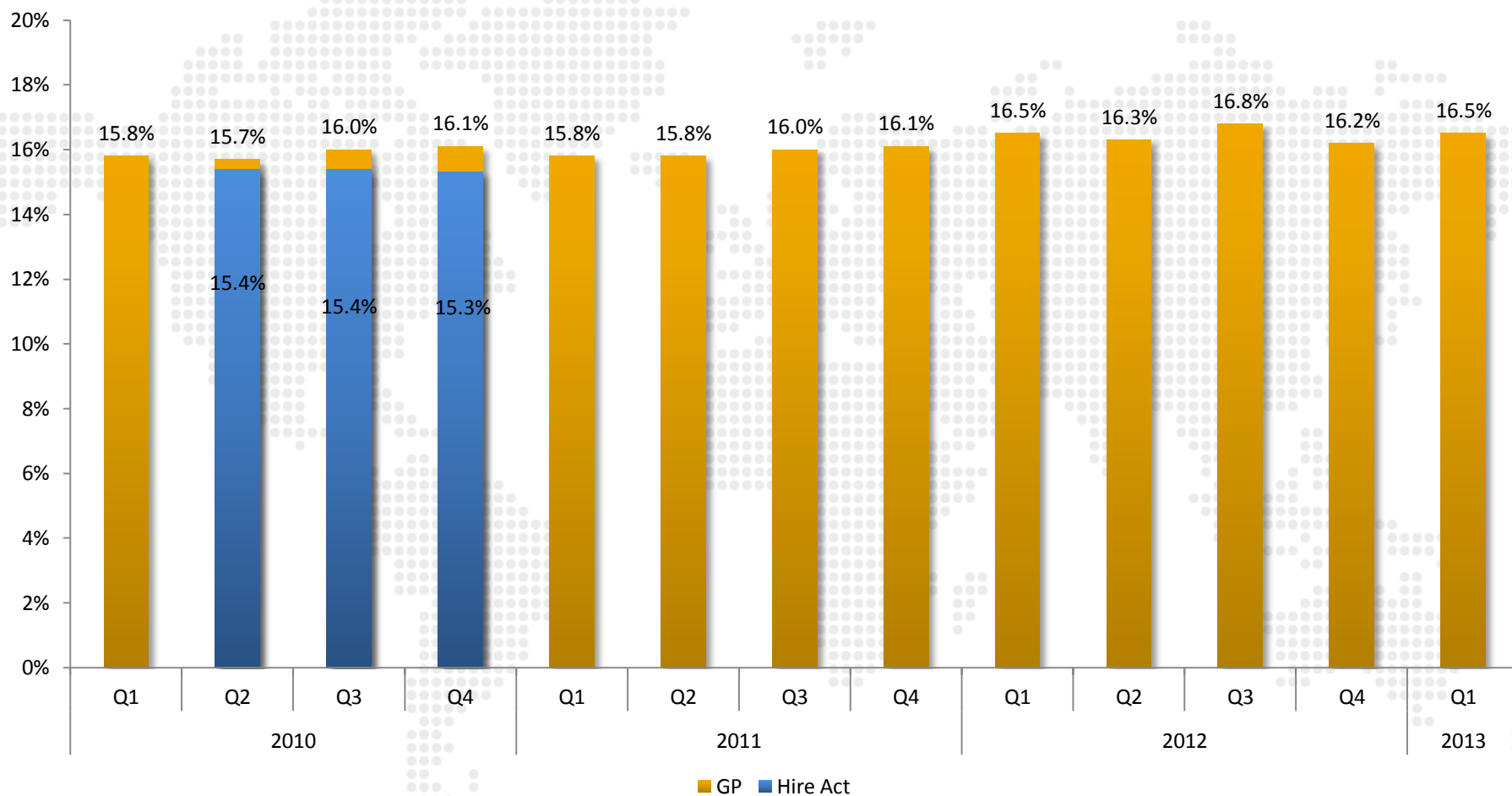




(in millions)

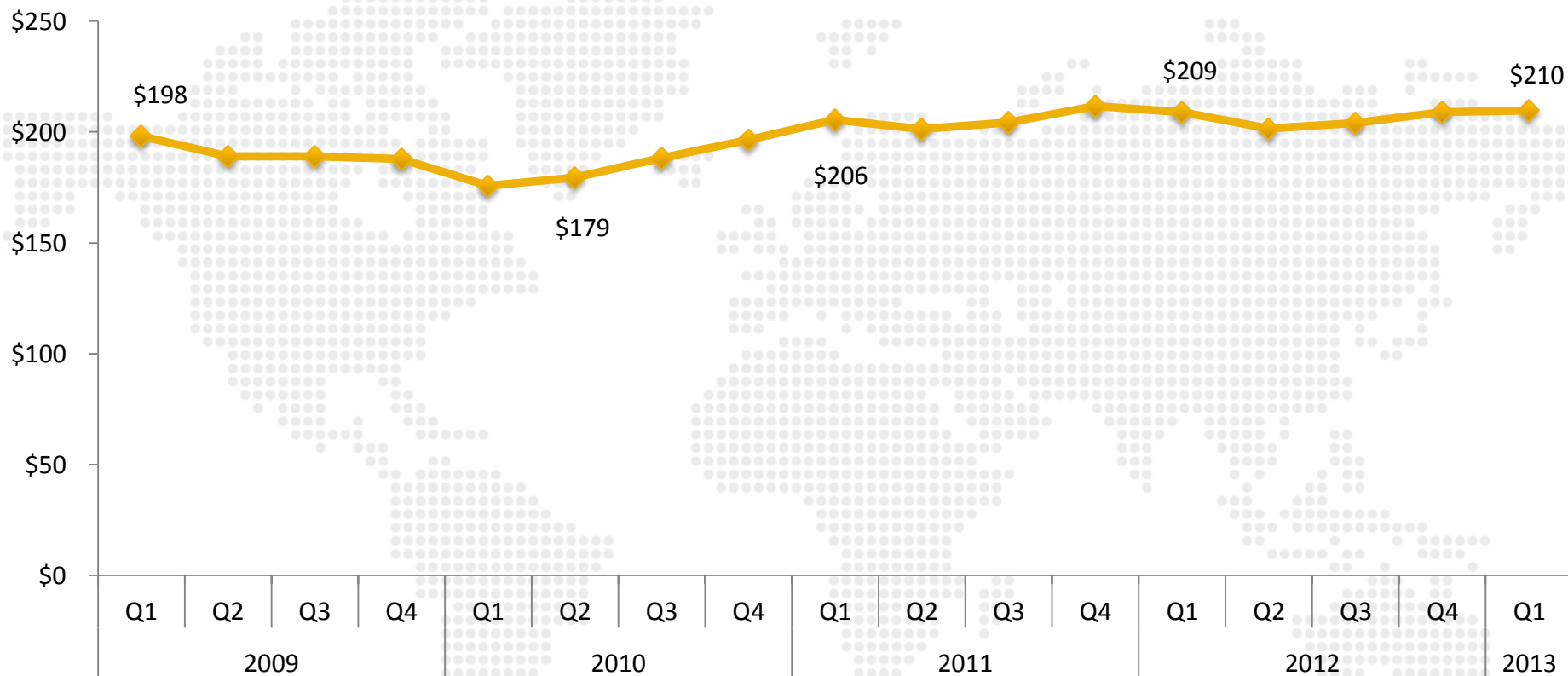


# Gross Profit Rate by Quarter





(in millions)

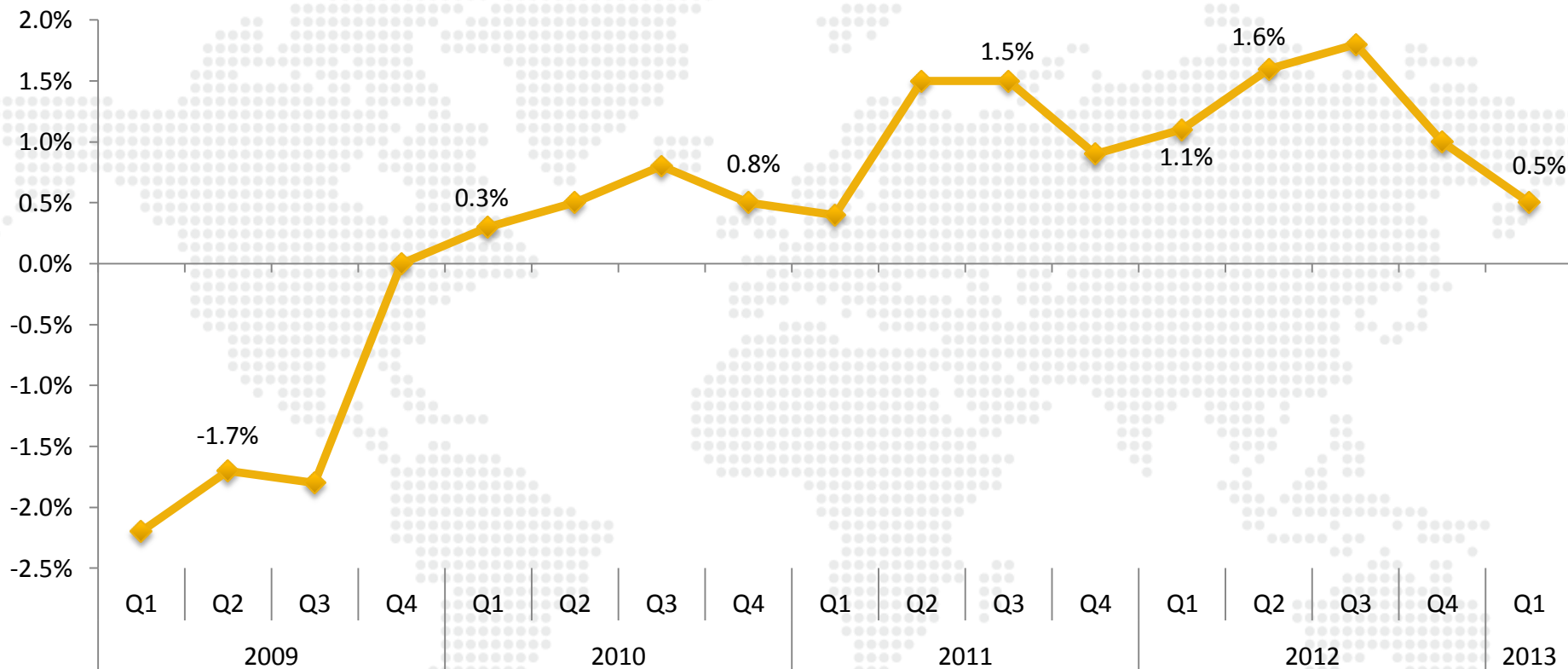


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\*Excluding Restructuring, Impairment & Certain Litigation Charges.

# Return on Sales by Quarter



(in millions)



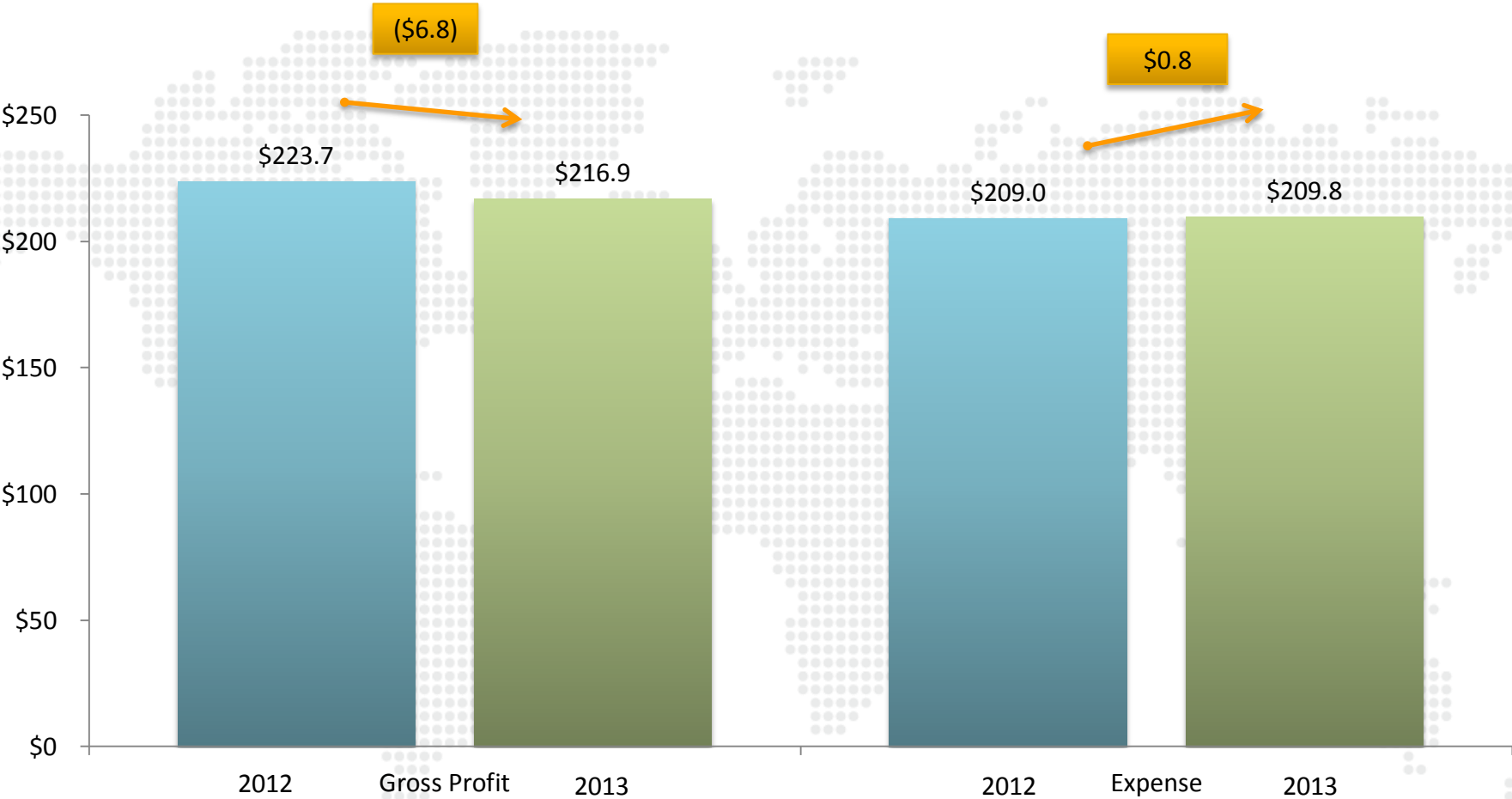
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\*Excluding Restructuring, Impairment & Certain Litigation Charges.



# Comparison of Gross Profit & Expense – First Quarter



(in millions)



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 \*Excluding Restructuring & Impairment Charges.



*(in millions)*

	<u>2013</u>	<u>2012</u>
<b>Net Income/(Loss)</b>	<b>\$ 12.9</b>	<b>\$ 9.6</b>
<b>Other Cash from Operating Activities</b>	<b>(7.0)</b>	<b>3.8</b>
<b>Capital Expenditures</b>	<b>(2.8)</b>	<b>(4.0)</b>
<b>Free Cash Flow</b>	<b>\$ 3.1</b>	<b>\$ 9.4</b>
<b>Borrowing</b>	<b>(13.7)</b>	<b>(2.3)</b>
<b>Other Financing Activities</b>	<b>-</b>	<b>-</b>
<b>Available Cash Flow</b>	<b>\$ (10.6)</b>	<b>\$ 7.1</b>
<b>Dividends</b>	<b>(1.9)</b>	<b>(1.9)</b>
<b>Other</b>	<b>0.2</b>	<b>(0.4)</b>
<b>Cash Used</b>	<b>\$ (12.3)</b>	<b>\$ 4.8</b>
<b>Effect of Exchange Rates</b>	<b>(1.9)</b>	<b>2.5</b>
<b>Net Change in Cash</b>	<b><u>\$ (14.2)</u></b>	<b><u>\$ 7.3</u></b>
<b>Cash at Period End</b>	<b>\$ 62.1</b>	<b>\$ 88.3</b>



<i>(in millions)</i>		
	2013	2012
Cash	\$ 62.1	\$ 88.3
Accounts Receivable	999.8	977.9
Other Current Assets	93.1	98.5
Total Current Assets	\$1,155.0	\$1,164.7
Long Term Assets	493.0	442.0
Total Assets	\$1,648.0	\$1,606.7
Short Term Debt	\$ 50.2	\$ 94.7
Other Current Liabilities	654.6	641.1
Total Current Liabilities	\$ 704.8	\$ 735.8
Other Long Term Liabilities	184.7	177.9
Equity	758.5	693.0
Total Liabilities and Equity	\$1,648.0	\$1,606.7
Working Capital	\$ 450.2	\$ 428.9
Net Cash	\$ 11.9	\$ (6.4)
Debt-to-Total Capital	6.2%	12.0%



# Kelly Services: Company Contacts



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