



# Investor Roadshow – New York Northcoast Research

March 18, 2015

**KELLY**<sup>®</sup>  
SERVICES

## Safe Harbor Statement

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.

# 1946-2015

## STAFFING Kelly Girl®

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



## GLOBAL WORKFORCE SOLUTIONS Free Agent

- Strategic Partnerships
- Solutions
- Supply Chain



Our annual **Kelly Global Workforce Index™** captures labor market trends from approximately 200,000 participants across more than 30 countries.

Chief  
Executive

**BEST COMPANIES  
FOR LEADERS**

**2013**

**BEST  
of  
Staffing®  
CLIENT  
SATISFACTION  
2014**

Recognized by Inavero for delivering service to clients that is well above industry benchmarks.

# PROFILE

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

Introduced iPad® apps!

**The Talent Project** for clients in 2011

**WorkWire™** for candidates in 2014

The world's leading scientific workforce solutions provider—nearly

**11,**   
professionals placed each year.

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

**\$5.6** <sup>\$\$\$</sup> 2014 revenue  
**BILLION**

We serve **97%** of the **Fortune 100™**

2014  
**The Global Outsourcing®**  
**100**  
IAOP

International Association of Outsourcers Award

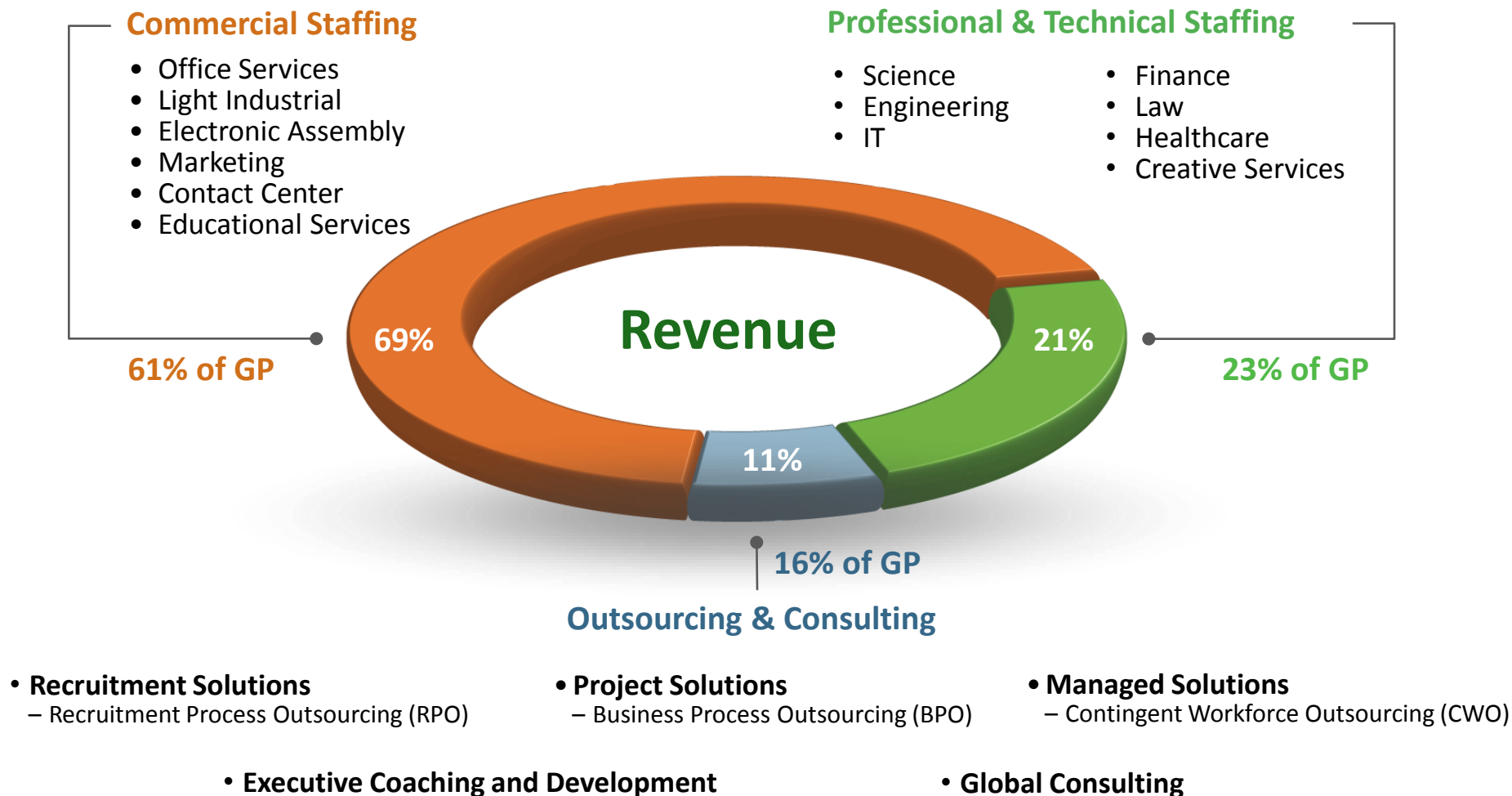
KellyOCG® ranked **#4** in the Leader Category for The 2014 Global Outsourcing 100® service providers list.

**TOP  
100  
WORKPLACES  
2014**

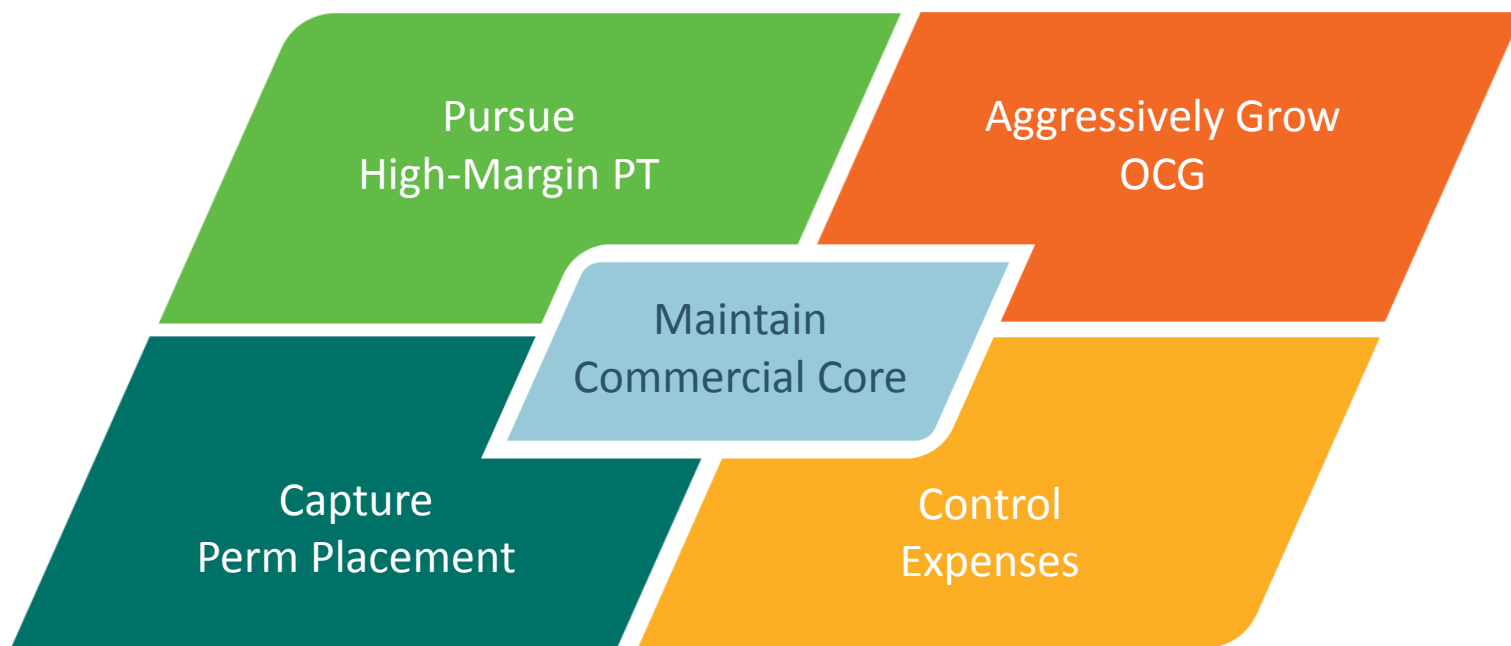
Detroit Free Press  
A GANNETT COMPANY

Named one of Michigan's top workplaces two years in a row based on employee surveys conducted by WorkPlace Dynamics, LLC.

# Portfolio of Solutions



## Kelly's Strategy: 2015



## 2014 Investment Scorecard

### U.S. Local PT Model

- Created national recruiting centers led by specialty recruiters (vs. ops leaders)
- Realigned PT recruiters by niche (vs. geography)
- Hired additional niche PT sales resources
- Completed customized training and new performance standards for all PT recruiters/sales staff

### U.S. Large Account Model

- Completed transition of targeted large accounts into centralized model
- Increased number of specialty recruiters
- Implemented aggressive performance requirements for recruiters
- Aligned recruiting and sales verticals to drive rapid PT growth

### Talent Supply Chain

- Expanded IC/Statement of Work solution to meet increased demand for project-based work
- Developed supply chain analytics to provide market insight to customers
- Closed the gap in our ability to design truly global solutions across 50+ countries

### Technology Updates

- Improved billing process for large accounts using OCG
- Completed Phase 1 of revamped front-office system
- Put non-critical updates on hold to control expenses

## 2014 Restructuring Plan

- Streamlined U.S. Operations by closing 52 U.S. branches
- Simplified management structure at all levels
- Optimized large account delivery structure
- Simplified world headquarters operations
- Continued to align OCG more efficiently against ROI

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**= \$35M taken out of 2015 cost base**

## Local Account PT Growth Strategy

- **Focus on markets where we're most likely to succeed**
- **Use niche-specific sales teams to win higher-margin PT business**
- **Use national network of specialty recruiters to create higher-skilled talent pipelines in IT, Engineering, Science, Finance**
  - Strong communities of product-dedicated recruiters
  - Proven expert leaders for all specialties
  - Proactive vs. reactive recruiting approach
  - Clear process for attracting and retaining top PT talent
  - Aggressive metrics for tracking recruiter performance



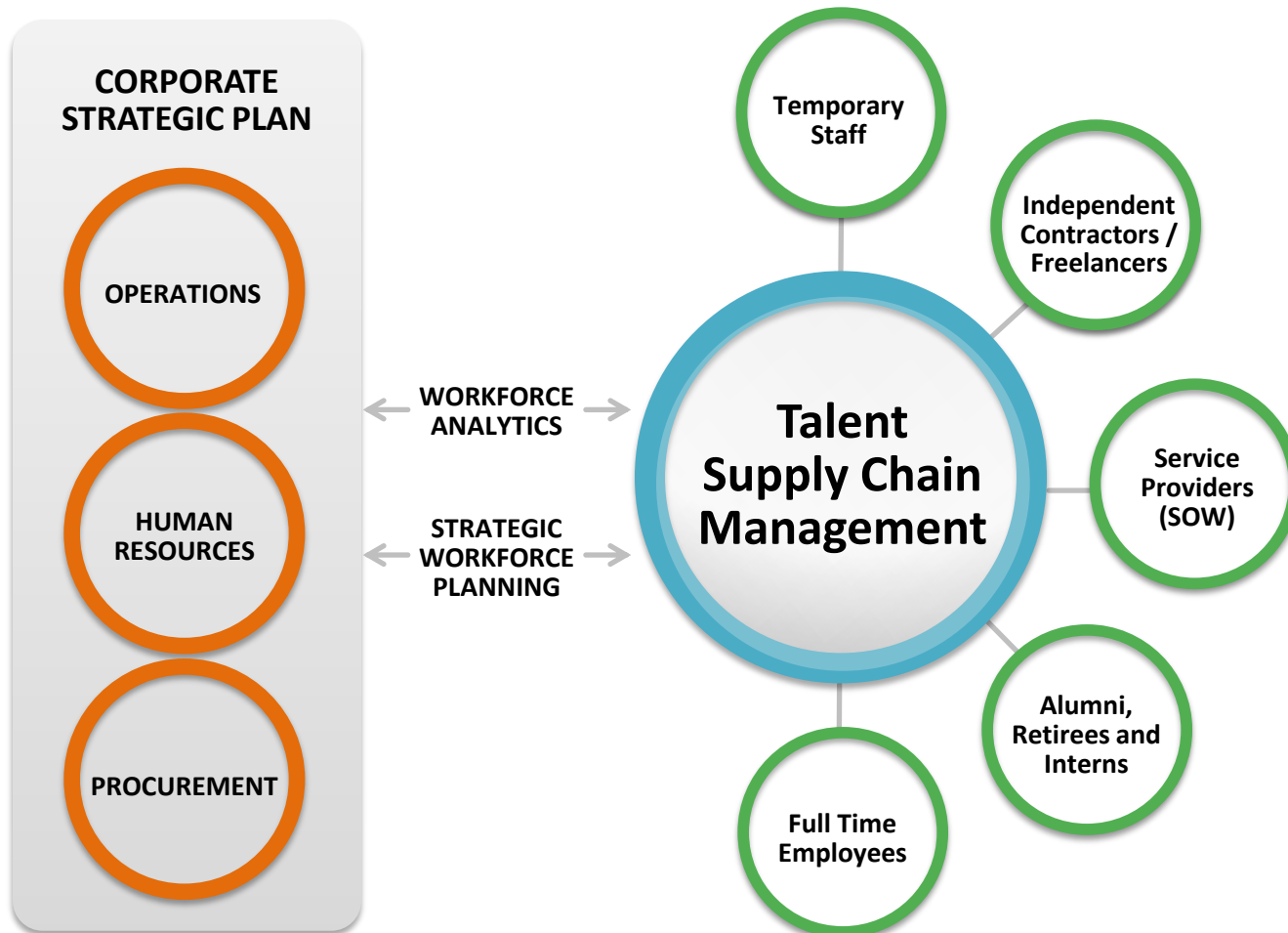
## Large Account PT Growth Strategy

- **Optimize our centralized model**
  - More than \$1B revenue now centralized
  - Streamlined processes and service delivery
  - Efficiencies of scale, improved productivity
- **Leverage relationships with established Kelly clients**
  - Visibility into higher-margin PT opportunities
  - Recruiting and sales verticals aligned to drive PT growth
- **Diversify PT portfolio across numerous large accounts**
  - Reduces exposure to volatility
- **Increase PT fill rates in vendor-neutral accounts**
  - Higher number of PT orders flowing to Kelly through OCG-managed programs

## OCG Growth Strategy

- **Expand talent supply chain solutions**
  - **Meet growing need for Independent Contractors/Statement of Work**
    - Meet increased demand for project-based solutions
  - **Deliver supply chain analytics**
    - Provide customers market insights into labor supply & demand
  - **Apply our global supply chain expertise**
    - Provide solutions customized to the regulatory requirements of 50+ countries
- **Leverage opportunities within existing large accounts**
  - Large companies looking for holistic talent management solutions
- **Apply a talent supply chain management approach**
  - Creates opportunities across entire spectrum of workforce solutions

# Talent Supply Chain Management



# Q4/2014 FINANCIAL REVIEW

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

Q4 wrapped up a year of aggressive investments and change at Kelly. Highlights for the quarter include record-setting OCG operating profit, encouraging trends in PT growth, and strong Americas Commercial revenue. Solid progress in key strategic areas confirms that the Company's investments are gaining traction necessary for growth in large and local accounts and OCG practice areas.

### AGGRESSIVELY GROW PT

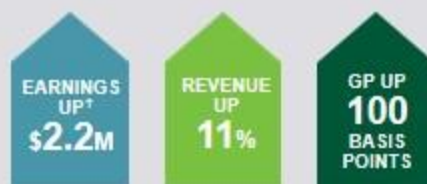
In Q4, PT revenue grew 3% in EMEA and 27% in APAC. Although revenue declined 1% in the Americas, positive trends in order volume indicate investments are gaining traction.



Q4 RESULT: PT GP TOTALED \$51M

### TRANSFORM OCG

OCG delivered double-digit growth in both GP and revenue in Q4, as well as a record-setting \$9.7M operating profit. YOY revenue increased 8% in RPO, 4% in CWO, and 23% in BPO. YOY GP increased 24% in RPO, 6% in CWO, and 25% in BPO.



Q4 RESULT: OCG GP TOTALED \$42M

### INCREASE STAFFING PERM PLACEMENT FEES

For the second consecutive quarter, Americas placement fees were in the spotlight, increasing 5% in PT and 17% in Commercial YOY. In EMEA, weak market conditions across the region contributed to an overall YOY fee decline of 13%. Fees also declined 3% YOY in APAC.

Q4 RESULT:  
PLACEMENT FEES TOTALED \$18M

REVENUE  
**\$1.4B**  
▲ 6%

GROSS PROFIT  
**16.3%**  
▼ 40 BASIS PTS

EXPENSES<sup>†</sup>  
**\$224M**  
▲ 1%

EARNINGS FROM OPS<sup>†</sup>  
**\$8.8M**  
▼ \$1.1M

EPS<sup>\*\*\*†</sup>  
**.54¢**  
▲ 20%

ROS  
(FROM OPERATION \$)  
**.2%**  
▼ 50 BASIS PTS

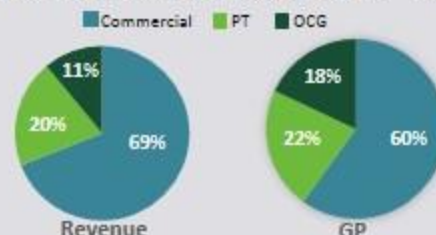
### EXPENSE UPDATE

Kelly continued to make investments in OCG practice areas and large and local account delivery strategies throughout Q4.

Q4 RESULT:

**98.8%** OF GP      **16.1%** OF REVENUE

### GLOBAL REVENUE & GP MIX



\*All comparisons are year over year. Revenue comparisons are on a constant currency basis, with the exception of OCG. GP dollars represented in U.S. GAAP.

\*\*From continuing operations.

† Excluding restructuring and impairment charges.

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# 2014 YEAR IN REVIEW

## PROGRESS REPORT ON KELLY'S STRATEGIC PERFORMANCE\*

2014 was a year of important, fast-paced change at Kelly, with aggressive investments in PT specialties, OCG practice areas, and centralized large account delivery. As expected, these investments affected earnings and ROS for the year. The Company's improved performance throughout the year—which included signs that investments are gaining traction—confirms that its strategy is on track, and that Kelly is better aligned to capitalize on encouraging U.S. market conditions in the year ahead in both staffing and OCG.

### AGGRESSIVELY GROW PT

YOY PT revenue grew 8% in EMEA and 9% in APAC. In the Americas, the PT gross profit rate increased 30 basis points.



RESULT: PT GP TOTALED \$212M

### TRANSFORM OCG

Revenue for the year increased 16% in BPO, 16% in CWO, and 17% in RPO. While OCG's overall performance was solid for the year, GP and earnings were impacted by investments made to continue capturing growth opportunities.



RESULT: OCG GP TOTALED \$143M

### INCREASE STAFFING PERM PLACEMENT FEES

In the Americas, placement fees increased 10% in Commercial and 8% in PT, supporting signs of economic progress throughout the region. Economic factors had an impact on fees in EMEA and APAC, which declined 7% and 9%, respectively.

RESULT:  
PLACEMENT FEES TOTALED \$76M

REVENUE  
**\$5.6B**  
▲ 4%

GROSS PROFIT  
**16.3%**  
▼ 10 BASIS PTS

EXPENSES†  
**\$875M**  
▲ 5%

EARNINGS FROM OPS†  
**\$33.9M**  
▼ \$22.7M

EPS\*\*\*†  
**.81¢**  
▼ 50%

ROS  
(FROM OPERATION \$)  
**.4%**  
▼ 60 BASIS PTS

### EXPENSE UPDATE

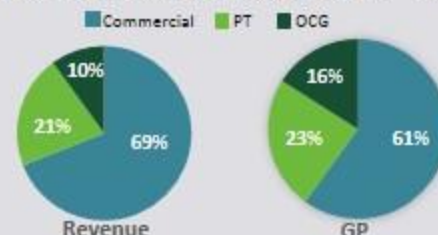
While Kelly made aggressive investments throughout the year to better align operating models and OCG resources against its strategy, expenses remained in line with guidance and increased 5% YOY, excluding restructuring charges.

RESULT:

**97.6%** OF GP

**15.9%** OF REVENUE

### GLOBAL REVENUE & GP MIX



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\*\*From continuing operations.

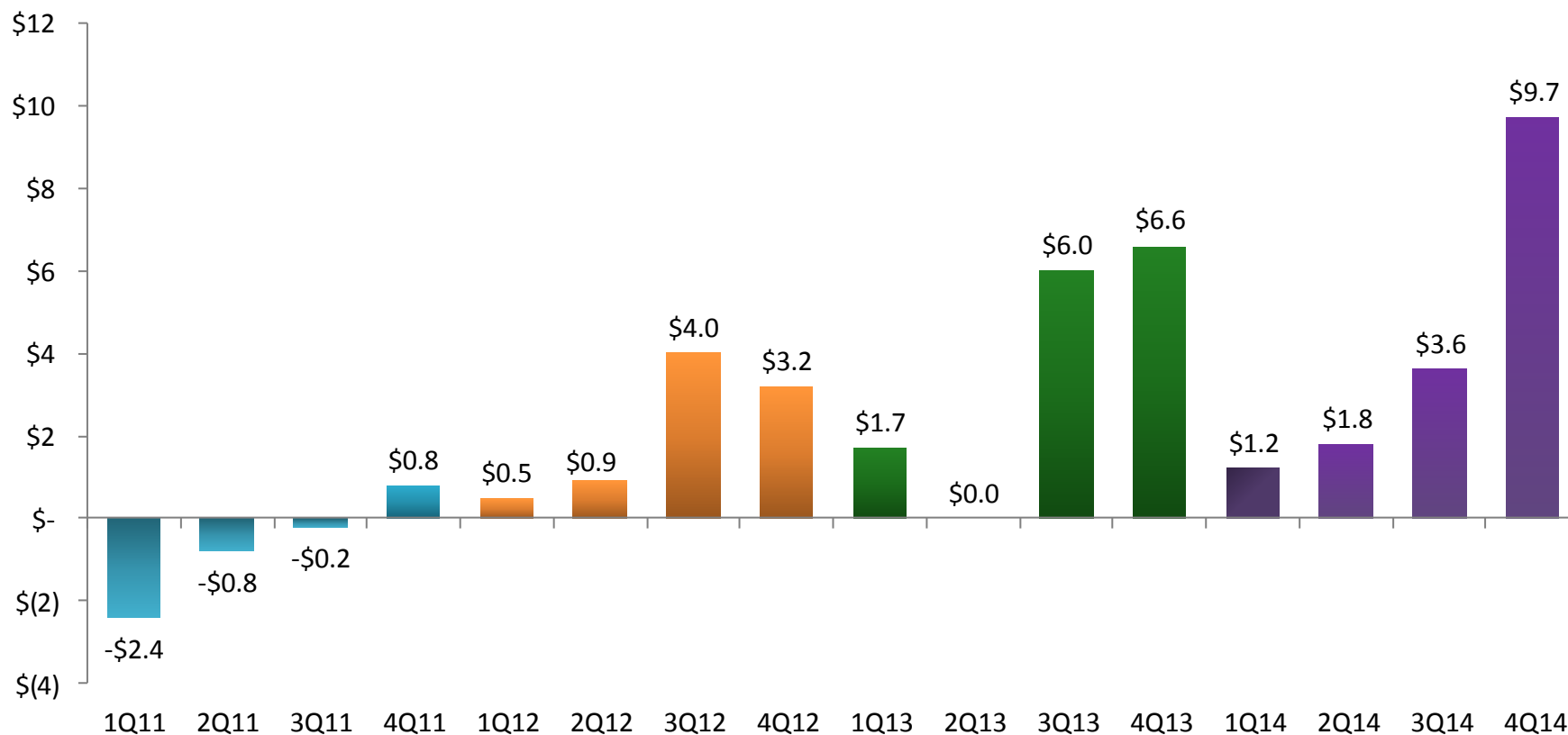
† Excluding restructuring and impairment charges.

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# OCG Growth

## OCG Earnings from Operations

(in millions)

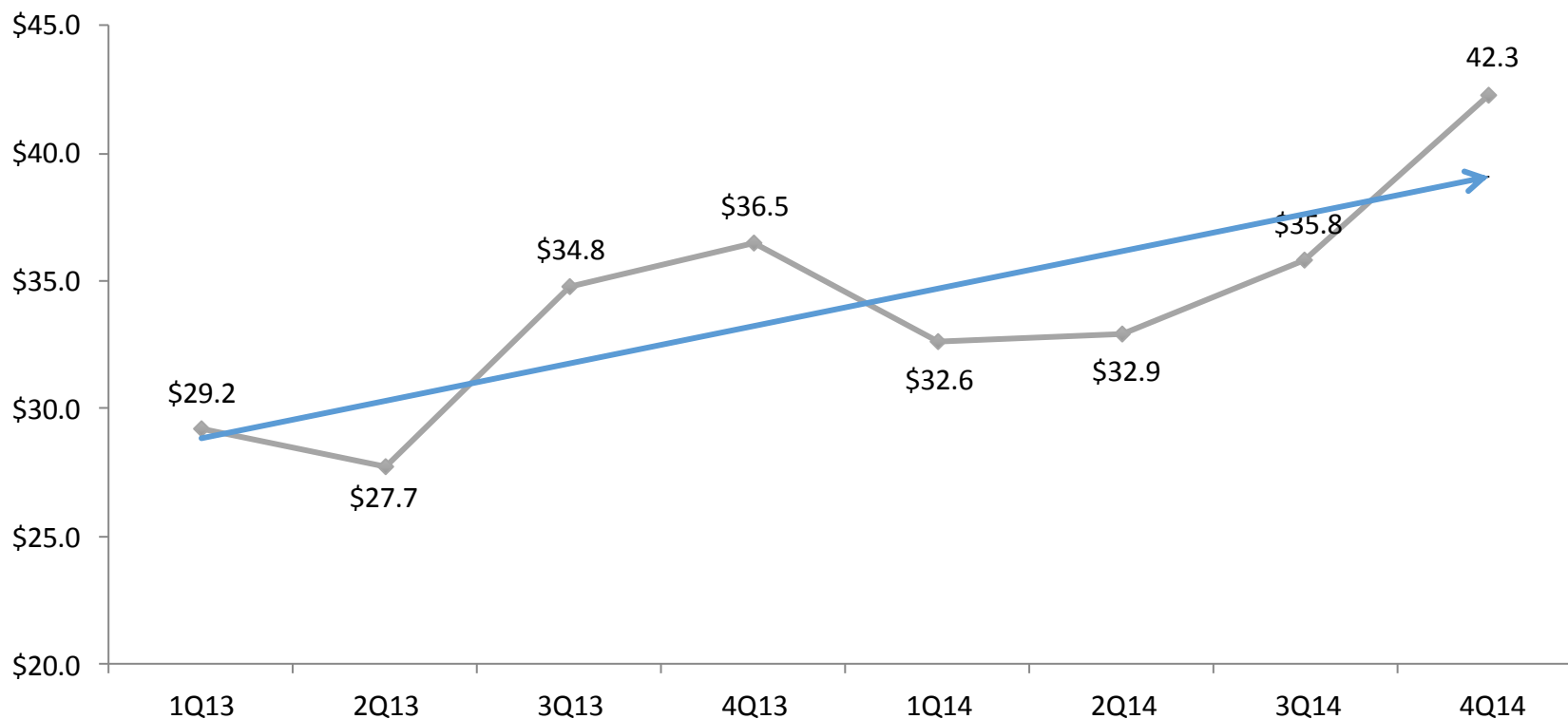


\*Excluding Restructuring & Impairment Charges.

# OCG Growth

(in millions)

OCG Gross Profit



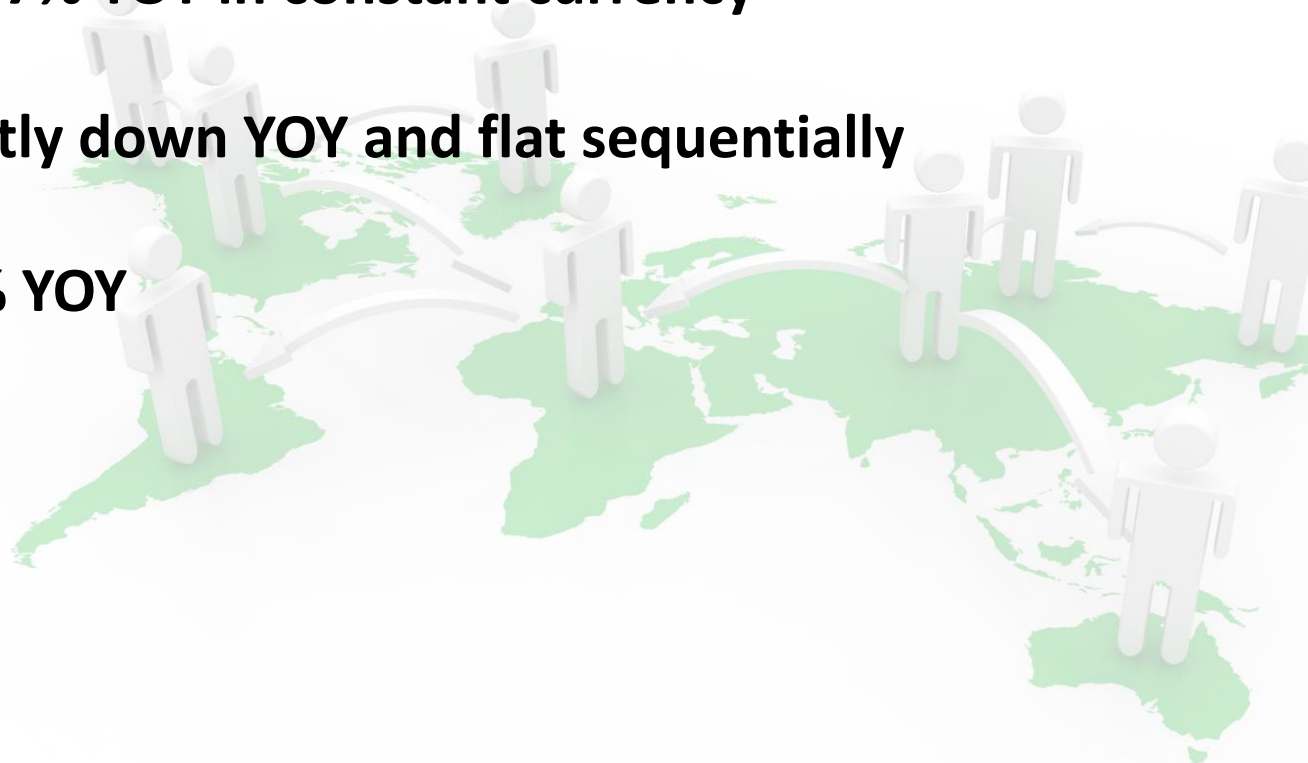
## 2015 Outlook

- Revenue up 6% - 8% YOY in constant currency
- Gross Profit relatively flat
- SG&A up 4% - 5% YOY
- Annual tax rate expected to be in the low 20% range, assuming renewal of Work Opportunity Credits; If WOC is not renewed, our rate is expected to be 20 percentage points higher



## Q1 2015 Outlook

- **Revenue up 6% - 7% YOY in constant currency**
- **Gross Profit slightly down YOY and flat sequentially**
- **SG&A up 3% - 4% YOY**



# Operations Summary: Q4 2014

## Kelly Services

<b>Sales</b>	\$ 1,425
<b>GP</b>	\$ 233
<b>Expenses</b>	\$ 224
<b>Profit</b>	\$ 9
<b>ROS</b>	0.6%

### Americas

<b>Sales</b>	\$ 927
<b>GP</b>	\$ 137
<b>Expenses</b>	\$ 114
<b>Profit</b>	\$ 23
<b>ROS</b>	2.5%

### EMEA

<b>Sales</b>	\$ 249
<b>GP</b>	\$ 39
<b>Expenses</b>	\$ 36
<b>Profit</b>	\$ 3
<b>ROS</b>	1.1%

### APAC

<b>Sales</b>	\$ 103
<b>GP</b>	\$ 15
<b>Expenses</b>	\$ 13
<b>Profit</b>	\$ 2
<b>ROS</b>	2.1%

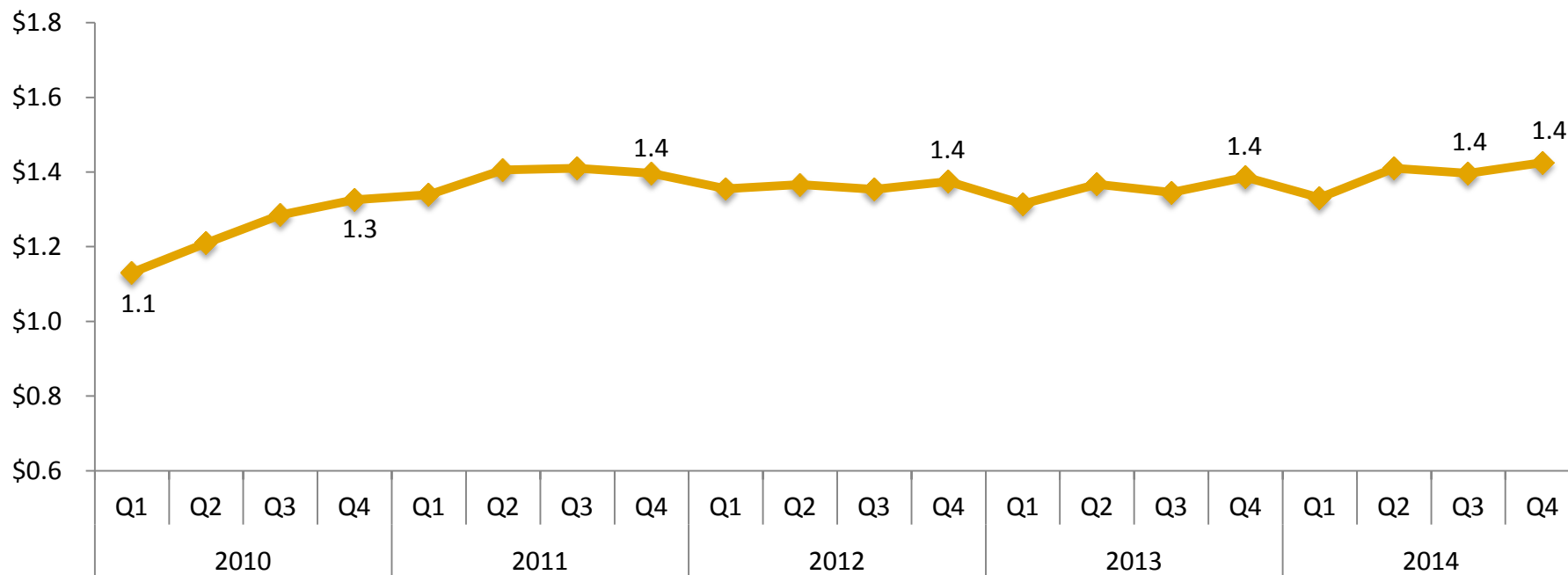
### OCG

<b>Sales</b>	\$ 165
<b>GP</b>	\$ 42
<b>Expenses</b>	\$ 33
<b>Profit</b>	\$ 10
<b>ROS</b>	5.8%

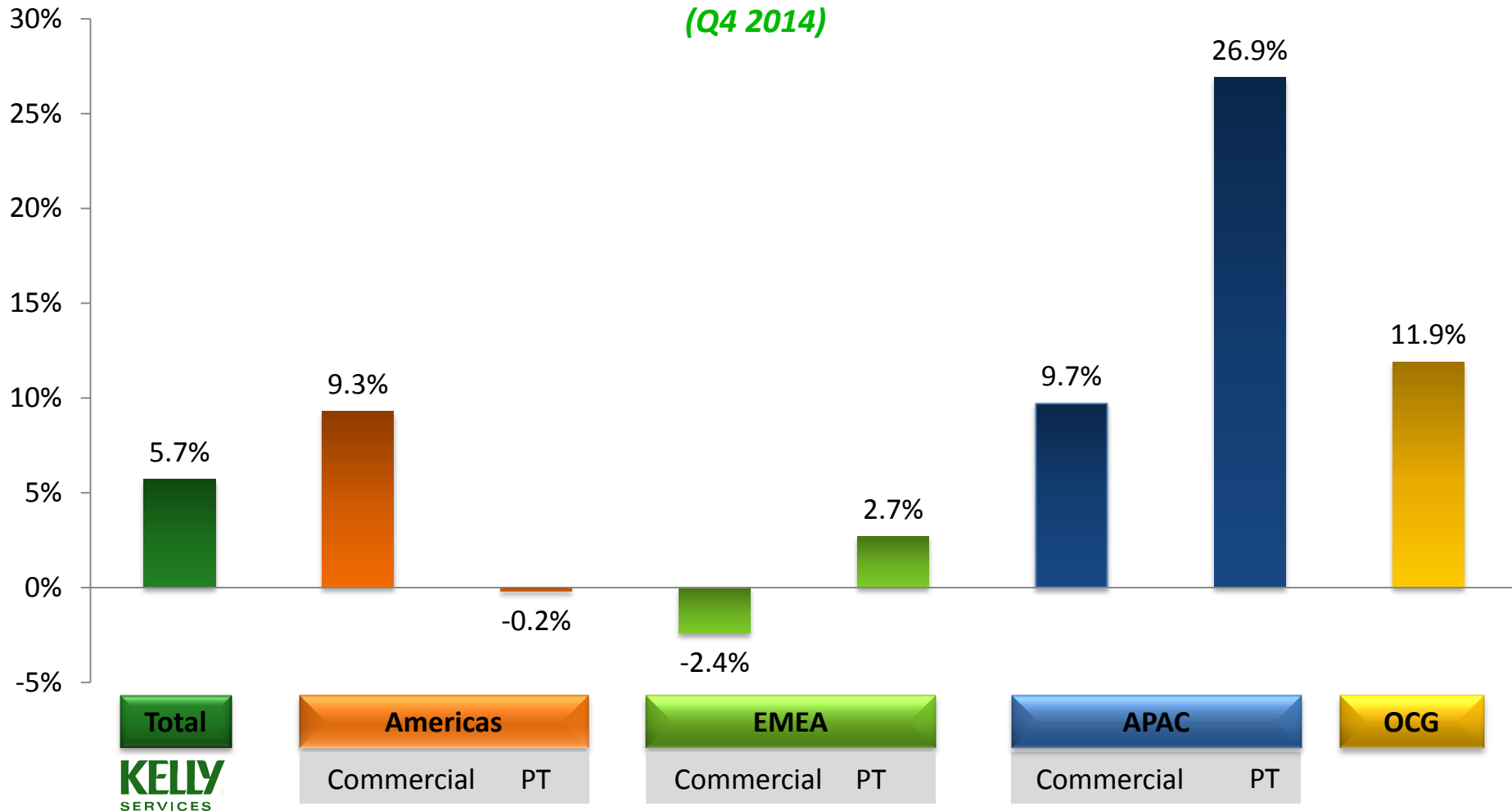
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(in \$millions USD; excluding restructuring)

# Revenue by Quarter

(in billions)

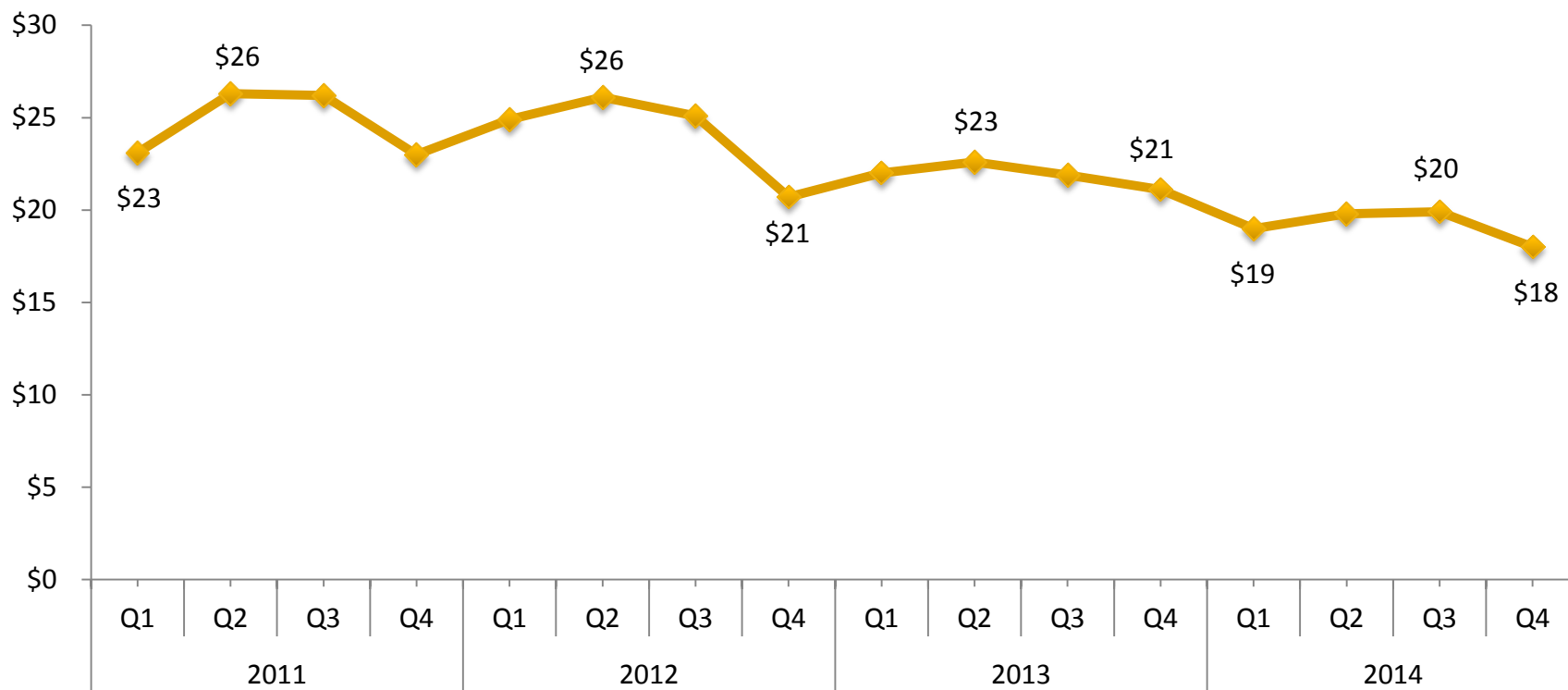


## Constant Currency Revenue Growth by Segment

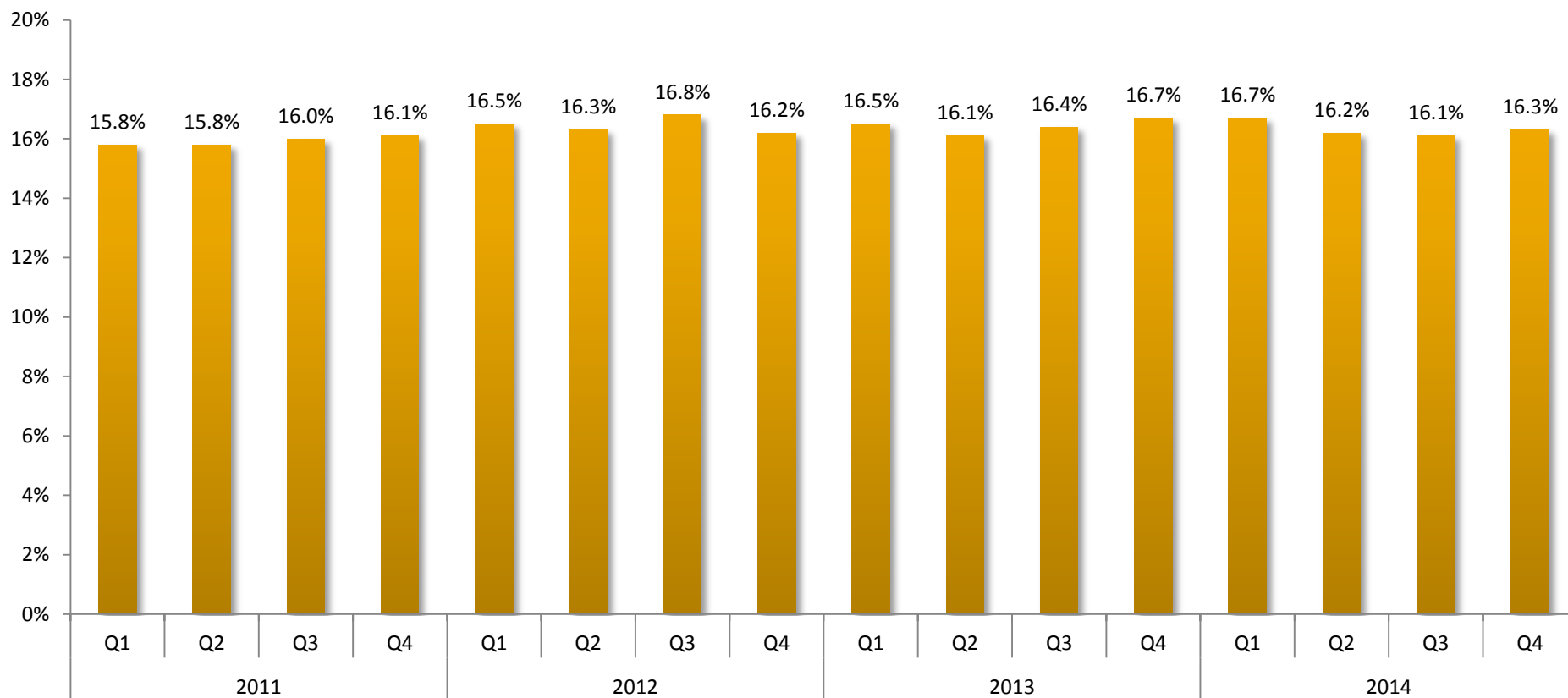


# Staffing Fee Income by Quarter

(in millions)



# Gross Profit Rate by Quarter



# Expense by Quarter

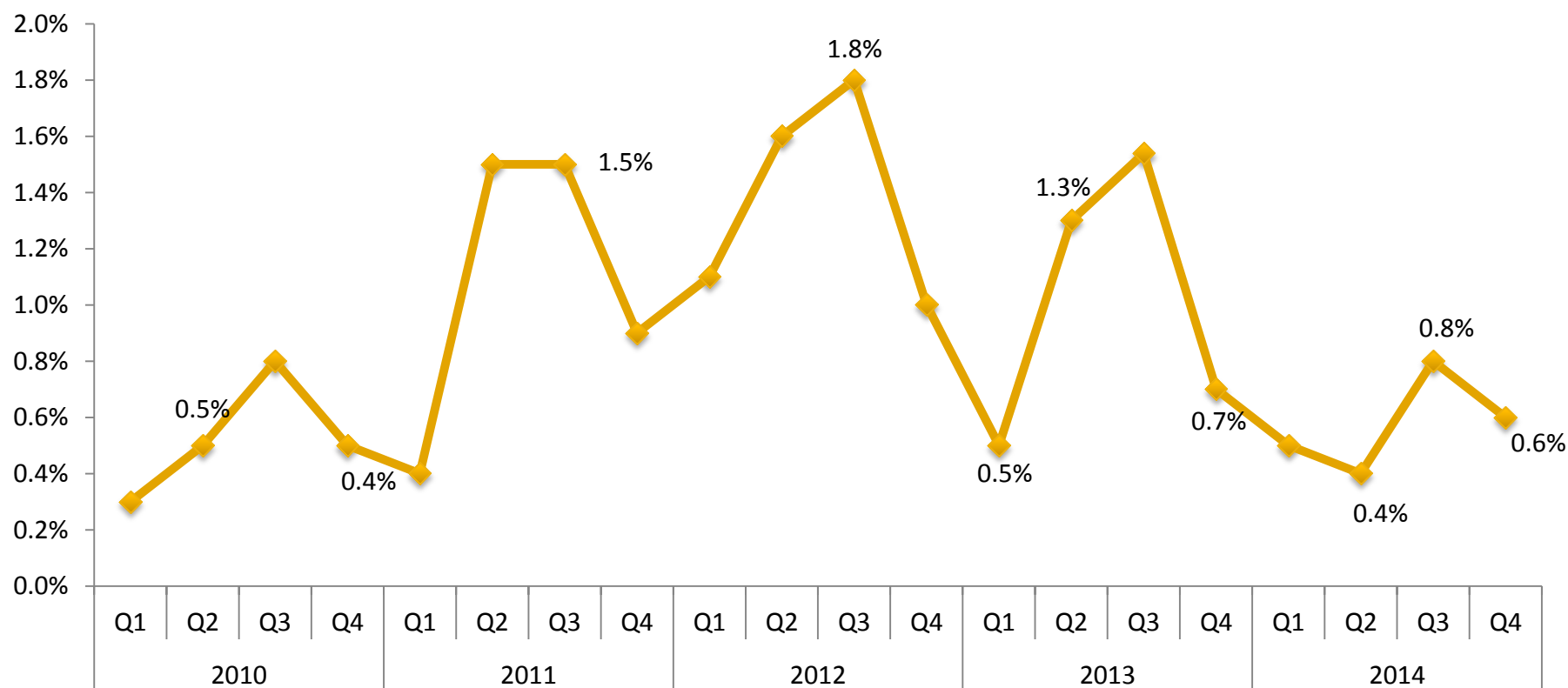
(in millions)



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 \*Excluding Restructuring, Impairment & Certain Litigation Charges.

# Return on Sales by Quarter

(in millions)

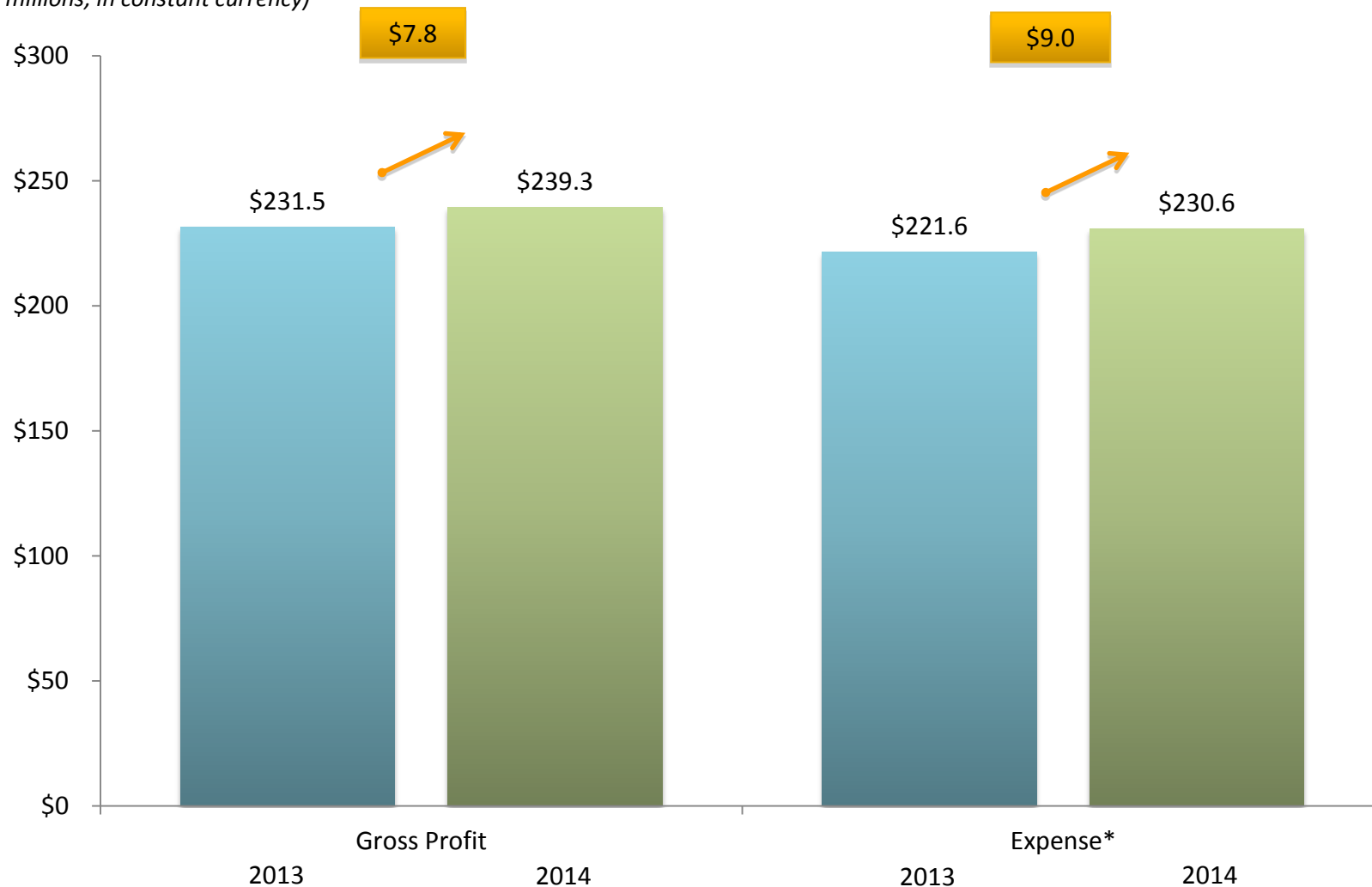


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\*Excluding Restructuring, Impairment & Certain Litigation Charges.



# Comparison of Gross Profit & Expense: Fourth Quarter

(in millions; in constant currency)



\*Excluding Restructuring

## Cash Flows: as of December 28, 2014

*(in millions)*

	2014	2013
Net Income/(Loss)	\$ 23.7	\$ 58.9
Other Cash (used in)/from Operating Activities	(93.7)	56.4
Capital Expenditures	(21.7)	(20.0)
Free Cash Flow	\$ (91.7)	\$ 95.3
Borrowing	63.9	(35.8)
Available Cash Flow	\$ (27.8)	\$ 59.5
Dividends	(7.6)	(7.6)
Other	(5.2)	(1.1)
Cash (used in)/Provided by	\$ (40.6)	\$ 50.8
Effect of Exchange Rates	(2.0)	(1.4)
Net Change in Cash	<u>\$ (42.6)</u>	<u>\$ 49.4</u>
Cash at Period End	\$ 83.1	\$ 125.7

# Balance Sheet: at December 28, 2014

(in millions)

	2014	2013
Cash	\$ 83.1	\$ 125.7
Accounts Receivable	1,122.8	1,023.1
Other Current Assets	82.3	87.7
<b>Total Current Assets</b>	<b>\$1,288.2</b>	<b>\$1,236.5</b>
Long Term Assets	629.7	562.1
<b>Total Assets</b>	<b>\$1,917.9</b>	<b>\$1,798.6</b>
Short Term Debt	\$ 91.9	\$ 28.3
Other Current Liabilities	768.2	733.7
<b>Total Current Liabilities</b>	<b>\$ 860.1</b>	<b>\$ 762.0</b>
Other Long Term Liabilities	224.1	214.0
Equity	833.7	822.6
<b>Total Liabilities and Equity</b>	<b>\$1,917.9</b>	<b>\$1,798.6</b>
Working Capital	\$ 428.1	\$ 474.5
Net Cash	\$ (8.8)	\$ 97.4
Debt-to-Total Capital	9.9%	3.3%



## Kelly Services: Company Contacts

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### **George Corona**

Executive Vice President & Chief Operating Officer  
248 244-5462

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### **Olivier Thiot**

Senior Vice President, Chief Accounting Officer & Controller  
248 244-4727

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### **James Polehna**

Vice President, Investor Relations & Corporate Secretary  
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[kellyservices.com](http://kellyservices.com)