



## Kelly Services® Reports Fourth Quarter Earnings

February 13, 2019

### Financial Highlights

- **Q4 revenue down 0.5%; up 0.6% in constant currency**
- **Q4 operating earnings up 17% from last year**
- **Q4 earnings (loss) per share of \$(0.62), compared to \$0.45 last year or \$0.87 compared to \$0.80 on an adjusted basis**
- **Full year 2018 earnings from operations up 5% to \$87 million**

TROY, Mich., Feb. 13, 2019 (GLOBE NEWSWIRE) -- Kelly Services (Nasdaq: KELYA) (Nasdaq: KELYB), a global leader in providing workforce solutions, today announced results for the fourth quarter of 2018.

George S. Corona, President and Chief Executive Officer, announced revenue for the fourth quarter of 2018 totaled \$1.4 billion, a 0.5% decrease, or an increase of 0.6% in constant currency, compared to the corresponding quarter of 2017.

Earnings from operations for the fourth quarter of 2018 totaled \$33.1 million, compared to the \$28.4 million reported for the fourth quarter of 2017.

Diluted losses per share in the fourth quarter of 2018 were \$0.62 compared to earnings per share of \$0.45 in the fourth quarter of 2017. Included in the loss per share in the fourth quarter of 2018 is the unfavorable impact of \$1.49 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 non-cash after-tax loss on Persol Holdings common stock, diluted earnings per share for the quarter were \$0.87. Earnings per share in the fourth quarter of 2017 were unfavorably impacted by the \$0.35 non-cash, tax charge resulting from the Tax Cuts and Job Act and were \$0.80 on an adjusted basis.

Diluted earnings per share for the full year of 2018 were \$0.58 compared to \$1.81 for 2017. Full-year earnings per share for 2018 were unfavorably impacted by the \$1.69 non-cash after tax loss on Persol Holdings common stock. 2017 earnings per share were unfavorably impacted by the \$0.35 non-cash income tax charge resulting from the Tax Cuts and Jobs Act and by the \$0.04 restructuring charge, net of tax. On an adjusted basis, diluted earnings per share were \$2.27 in 2018 compared to \$2.20 in 2017. The impact of these adjustments are more fully described in our included reconciliation of non-GAAP measures.

"The company delivered a good quarter and a solid year in a challenging labor market," said Kelly Services President and Chief Executive Officer George S. Corona. "We are pleased with the flexibility and resourcefulness of our Kelly team members, and with the strategic investments we made in people, products and technology. We are optimistic about 2019, knowing these strategic investments will help us capitalize on the expanding specialty talent solutions markets, where there are abundant opportunities for growth and increased profitability."

In conjunction with its fourth 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 February 13 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 the 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 realize value from our tax credit and net operating loss carryforwards, 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 more than 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 2018 was \$5.5 billion. Visit [kellyservices.com](http://kellyservices.com) and connect with us on [Facebook](#), [LinkedIn](#), and [Twitter](#).

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**KELLY SERVICES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF EARNINGS**  
**FOR THE 13 WEEKS ENDED DECEMBER 30, 2018 AND DECEMBER 31, 2017**  
**(UNAUDITED)**

(In millions of dollars except per share data)

	<u>2018</u>	<u>2017</u>	<u>Change</u>	<u>% Change</u>	<u>CC % Change</u>
<b>Revenue from services</b>	\$ 1,414.7	\$ 1,422.3	\$ (7.6)	(0.5)%	0.6 %
Cost of services	<u>1,160.3</u>	<u>1,159.3</u>	<u>1.0</u>	0.1	
<b>Gross profit</b>	254.4	263.0	(8.6)	(3.3)	(2.3)
Selling, general and administrative expenses	<u>221.3</u>	<u>234.6</u>	<u>(13.3)</u>	(5.7)	(4.8)
<b>Earnings from operations</b>	33.1	28.4	4.7	16.7	
Loss on investment in Persol Holdings	(83.2)	—	(83.2)	(100.0)	
Other income, net	<u>1.2</u>	<u>0.9</u>	<u>0.3</u>	20.1	
<b>Earnings (loss) before taxes and equity in net earnings (loss) of affiliate</b>	(48.9)	29.3	(78.2)	NM	
Income tax (benefit) expense	<u>(23.8)</u>	<u>12.7</u>	<u>(36.5)</u>	(288.6)	
<b>Net earnings (loss) before equity in net earnings (loss) of affiliate</b>	(25.1)	16.6	(41.7)	NM	
Equity in net earnings (loss) of affiliate	<u>1.2</u>	<u>1.1</u>	<u>0.1</u>	10.8	
<b>Net earnings (loss)</b>	<u>\$ (23.9)</u>	<u>\$ 17.7</u>	<u>\$ (41.6)</u>	NM %	
<b>Basic earnings (loss) per share</b>	\$ (0.62)	\$ 0.46	\$ (1.08)	NM %	
<b>Diluted earnings (loss) per share</b>	\$ (0.62)	\$ 0.45	\$ (1.07)	NM %	

### STATISTICS:

Staffing fee-based income (included in revenue from services)	\$ 16.3	\$ 15.9	\$ 0.4	2.0 %	4.4 %
Gross profit rate	18.0 %	18.5 %	(0.5) pts.		

Conversion rate	13.0	10.8	2.2
% Return:			
Earnings from operations	2.3	2.0	0.3
Net earnings (loss)	(1.7)	1.2	(2.9)
Effective income tax rate	48.8 %	43.2 %	5.6 pts.
Average number of shares outstanding (millions):			
Basic	38.9	38.4	
Diluted	38.9	39.2	

**KELLY SERVICES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF EARNINGS**  
**FOR THE 52 WEEKS ENDED DECEMBER 30, 2018 AND DECEMBER 31, 2017**  
**(UNAUDITED)**

(In millions of dollars except per share data)

	<u>2018</u>	<u>2017</u>	<u>Change</u>	<u>%</u> <u>Change</u>	<u>CC %</u> <u>Change</u>
<b>Revenue from services</b>	\$ 5,513.9	\$ 5,374.4	\$ 139.5	2.6 %	2.2 %
Cost of services	<u>4,541.7</u>	<u>4,420.3</u>	<u>121.4</u>	2.7	
<b>Gross profit</b>	972.2	954.1	18.1	1.9	1.6
Selling, general and administrative expenses	<u>884.8</u>	<u>870.8</u>	<u>14.0</u>	1.6	1.4
<b>Earnings from operations</b>	87.4	83.3	4.1	5.0	
Loss on investment in Persol Holdings	(96.2)	—	(96.2)	(100.0)	
Other expense, net	<u>(0.6)</u>	<u>(1.6)</u>	<u>1.0</u>	58.7	
<b>Earnings (loss) before taxes and equity in net earnings (loss) of affiliate</b>	(9.4)	81.7	(91.1)	NM	
Income tax (benefit) expense	<u>(27.1)</u>	<u>12.8</u>	<u>(39.9)</u>	(312.1)	
<b>Net earnings before equity in net earnings (loss) of affiliate</b>	17.7	68.9	(51.2)	(74.2)	
Equity in net earnings (loss) of affiliate	<u>5.2</u>	<u>2.7</u>	<u>2.5</u>	92.1	
<b>Net earnings</b>	<u>\$ 22.9</u>	<u>\$ 71.6</u>	<u>\$ (48.7)</u>	(68.0) %	
<b>Basic earnings per share</b>	\$ 0.59	\$ 1.84	\$ (1.25)	(67.9) %	
<b>Diluted earnings per share</b>	\$ 0.58	\$ 1.81	\$ (1.23)	(68.0) %	

**STATISTICS:**

Staffing fee-based income (included in revenue from services)	\$ 68.6	\$ 57.3	\$ 11.3	19.6 %	19.0 %
Gross profit rate	17.6 %	17.8 %	(0.2) pts.		
Conversion rate	9.0	8.7	0.3		

% Return:			
Earnings from operations	1.6	1.5	0.1
Net earnings	0.4	1.3	(0.9)
Effective income tax rate	289.2 %	15.7 %	273.5 pts.
Average number of shares outstanding (millions):			
Basic	38.8	38.3	
Diluted	39.1	39.0	

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

**Fourth Quarter**

	<u>2018</u>	<u>2017</u>	<u>% Change</u>	<u>CC % Change</u>
<b>Americas Staffing</b>				
Revenue from services	\$ 647.6	\$ 642.4	0.8 %	1.4 %
Gross profit	118.8	121.2	(2.0)	(1.5)
Total SG&A expenses	90.4	93.4	(3.3)	(2.8)
Earnings from operations	28.4	27.8	2.7	
Gross profit rate	18.3 %	18.9 %	(0.6) pts.	
Conversion rate	23.9	22.8	1.1	
Return on sales	4.4	4.3	0.1	
<b>Global Talent Solutions</b>				
Revenue from services	\$ 503.3	\$ 503.1	— %	0.3 %
Gross profit	99.3	101.5	(2.2)	(1.7)
Total SG&A expenses	72.5	75.9	(4.4)	(3.9)
Earnings from operations	26.8	25.6	4.4	
Gross profit rate	19.7 %	20.2 %	(0.5) pts.	
Conversion rate	27.0	25.3	1.7	
Return on sales	5.3	5.1	0.2	
<b>International Staffing</b>				
Revenue from services	\$ 268.1	\$ 282.2	(5.0) %	(1.4) %
Gross profit	36.9	41.0	(9.8)	(6.3)
Total SG&A expenses	33.1	35.4	(6.1)	(2.7)
Earnings from operations	3.8	5.6	(33.1)	
Gross profit rate	13.8 %	14.5 %	(0.7) pts.	
Conversion rate	10.2	13.8	(3.6)	
Return on sales	1.4	2.0	(0.6)	

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

(In millions of dollars)

December Year to Date

	2018	2017	% Change	CC % Change
<b>Americas Staffing</b>				
Revenue from services	\$ 2,417.7	\$ 2,345.9	3.1 %	3.4 %
Gross profit	441.3	429.1	2.9	3.1
SG&A expenses excluding restructuring charges	364.2	346.0	5.2	5.5
Restructuring charges	—	0.4	(100.0)	(100.0)
Total SG&A expenses	364.2	346.4	5.1	5.4
Earnings from operations	77.1	82.7	(6.7)	
Earnings from operations excluding restructuring charges	77.1	83.1	(7.1)	
Gross profit rate	18.3 %	18.3 %	— pts.	
Conversion rate	17.5	19.3	(1.8)	
Conversion rate excluding restructuring charges	17.5	19.3	(1.8)	
Return on sales	3.2	3.5	(0.3)	
Return on sales excluding restructuring charges	3.2	3.5	(0.3)	
<b>Global Talent Solutions</b>				
Revenue from services	\$ 1,997.4	\$ 1,998.9	(0.1) %	(0.1) %
Gross profit	381.1	373.7	2.0	1.8
SG&A expenses excluding restructuring charges	296.5	294.7	0.6	0.4
Restructuring charges	—	2.0	(100.0)	(100.0)
Total SG&A expenses	296.5	296.7	—	(0.2)
Earnings from operations	84.6	77.0	9.8	
Earnings from operations excluding restructuring charges	84.6	79.0	7.1	
Gross profit rate	19.1 %	18.7 %	0.4 pts.	
Conversion rate	22.2	20.6	1.6	
Conversion rate excluding restructuring charges	22.2	21.1	1.1	
Return on sales	4.2	3.9	0.3	
Return on sales excluding restructuring charges	4.2	4.0	0.2	
<b>International Staffing</b>				
Revenue from services	\$ 1,116.6	\$ 1,048.2	6.5 %	4.0 %
Gross profit	152.3	153.7	(0.9)	(3.2)
Total SG&A expenses	132.3	131.6	0.5	(1.4)
Earnings from operations	20.0	22.1	(9.5)	
Gross profit rate	13.6 %	14.7 %	(1.1) pts.	
Conversion rate	13.2	14.4	(1.2)	
Return on sales	1.8	2.1	(0.3)	

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

(In millions of dollars)

**Dec. 30, 2018**

**Dec. 31, 2017**

**Current Assets**

Cash and equivalents	\$	35.3	\$	32.5
Trade accounts receivable, less allowances of \$13.2 and \$12.9, respectively		1,293.3		1,286.7
Prepaid expenses and other current assets		71.9		65.1
Total current assets		<u>1,400.5</u>		<u>1,384.3</u>
<b>Noncurrent Assets</b>				
Property and equipment, net		86.3		86.1
Deferred taxes		198.7		183.4
Goodwill, net		107.3		107.1
Investment in Persol Holdings		135.1		228.1
Investment in equity affiliate		121.3		117.4
Other assets		265.2		271.8
Total noncurrent assets		<u>913.9</u>		<u>993.9</u>
<b>Total Assets</b>	\$	<u><u>2,314.4</u></u>	\$	<u><u>2,378.2</u></u>
<b>Current Liabilities</b>				
Short-term borrowings	\$	2.2	\$	10.2
Accounts payable and accrued liabilities		540.6		537.7
Accrued payroll and related taxes		266.0		287.4
Accrued workers' compensation and other claims		26.0		25.7
Income and other taxes		62.7		65.2
Total current liabilities		<u>897.5</u>		<u>926.2</u>
<b>Noncurrent Liabilities</b>				
Accrued workers' compensation and other claims		50.5		49.9
Accrued retirement benefits		162.9		178.1
Other long-term liabilities		44.0		72.5
Total noncurrent liabilities		<u>257.4</u>		<u>300.5</u>
<b>Stockholders' Equity</b>				
Common stock		40.1		40.1
Treasury stock		(26.0)		(35.2)
Paid-in capital		24.4		32.2
Earnings invested in the business		1,138.1		983.6
Accumulated other comprehensive income (loss)		(17.1)		130.8
Total stockholders' equity		<u>1,159.5</u>		<u>1,151.5</u>
<b>Total Liabilities and Stockholders' Equity</b>	\$	<u><u>2,314.4</u></u>	\$	<u><u>2,378.2</u></u>
<b>Statistics:</b>				
Working Capital	\$	503.0	\$	458.1
Current Ratio		1.6		1.5
Debt-to-capital %		0.2	%	0.9
Global Days Sales Outstanding		55		55
Year-to-Date Free Cash Flow	\$	35.8	\$	46.2

**KELLY SERVICES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE 52 WEEKS ENDED DECEMBER 30, 2018 AND DECEMBER 31, 2017**  
**(UNAUDITED)**  
(In millions of dollars)

	<u>2018</u>	<u>2017</u>
<b>Cash flows from operating activities:</b>		
Net earnings	\$ 22.9	\$ 71.6
Adjustments to reconcile net earnings to net cash from operating activities:		
Depreciation and amortization	26.2	22.7
Provision for bad debts	3.0	5.6
Stock-based compensation	8.1	9.1
Loss on investment in Persol Holdings	96.2	—
Equity in net earnings of PersolKelly Asia Pacific	(5.2)	(2.7)
Other, net	(0.8)	0.2
Changes in operating assets and liabilities, net of acquisition	<u>(89.0)</u>	<u>(35.7)</u>
<b>Net cash from operating activities</b>	<u>61.4</u>	<u>70.8</u>
<b>Cash flows from investing activities:</b>		
Capital expenditures	(25.6)	(24.6)
Acquisition of company, net of cash received	—	(37.2)
Investment in equity securities	(5.0)	—
(Loan to) proceeds from repayment of loan to equity affiliate	(7.0)	0.6
Proceeds from company-owned life insurance	7.9	—
Other investing activities	<u>(0.1)</u>	<u>0.2</u>
<b>Net cash used in investing activities</b>	<u>(29.8)</u>	<u>(61.0)</u>
<b>Cash flows from financing activities:</b>		
Net change in short-term borrowings	(7.8)	10.1
Dividend payments	(11.8)	(11.6)
Payments of tax withholding for restricted shares	(6.9)	(1.8)
Other financing activities	<u>—</u>	<u>(0.1)</u>
<b>Net cash used in financing activities</b>	<u>(26.5)</u>	<u>(3.4)</u>
<b>Effect of exchange rates on cash, cash equivalents and restricted cash</b>	<u>(1.9)</u>	<u>(3.8)</u>
<b>Net change in cash, cash equivalents and restricted cash</b>	3.2	2.6
<b>Cash, cash equivalents and restricted cash at beginning of year</b>	<u>36.9</u>	<u>34.3</u>
<b>Cash, cash equivalents and restricted cash at end of year</b>	<u>\$ 40.1</u>	<u>\$ 36.9</u>

**KELLY SERVICES, INC. AND SUBSIDIARIES**  
**REVENUE FROM SERVICES**  
**(UNAUDITED)**  
(In millions of dollars)

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

	<u>2018</u>		<u>2017</u>		<u>% Change</u>		<u>CC % Change</u>	
<b>Americas</b>								
United States	\$	1,031.6	\$	1,027.8	0.4	%	0.4	%
Canada		34.8		34.5	1.2		5.1	

Mexico	32.3	33.8	(4.4)	(0.1)
Puerto Rico	22.4	17.1	31.0	31.0
Brazil	8.6	10.3	(16.4)	1.5
<b>Total Americas</b>	<u>1,129.7</u>	<u>1,123.5</u>	0.6	1.0
<b>EMEA</b>				
France	66.2	75.0	(11.8)	(8.9)
Switzerland	56.4	55.6	1.2	2.2
Portugal	46.4	52.0	(10.7)	(7.8)
Russia	24.7	23.9	2.9	17.2
United Kingdom	23.2	24.4	(4.9)	(1.9)
Italy	19.4	16.6	16.6	20.4
Germany	12.1	16.6	(27.3)	(25.0)
Ireland	10.3	8.6	20.5	24.3
Norway	8.0	8.4	(4.0)	(0.7)
Other	13.0	13.0	0.4	4.5
<b>Total EMEA</b>	<u>279.7</u>	<u>294.1</u>	(4.9)	(1.4)
<b>Total APAC</b>	5.3	4.7	12.4	20.7
<b>Total Kelly Services, Inc.</b>	<u>\$ 1,414.7</u>	<u>\$ 1,422.3</u>	(0.5) %	0.6 %

**KELLY SERVICES, INC. AND SUBSIDIARIES**  
**REVENUE FROM SERVICES**  
**(UNAUDITED)**  
(In millions of dollars)

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

	<u>2018</u>	<u>2017</u>	<u>% Change</u>	<u>CC % Change</u>
<b>Americas</b>				
United States	\$ 3,930.0	\$ 3,894.6	0.9 %	0.9 %
Canada	142.4	140.3	1.6	1.5
Mexico	125.0	118.8	5.2	7.5
Puerto Rico	96.6	68.3	41.5	41.5
Brazil	35.2	48.6	(27.6)	(18.6)
<b>Total Americas</b>	<u>4,329.2</u>	<u>4,270.6</u>	1.4	1.5
<b>EMEA</b>				
France	278.9	277.1	0.6	(3.7)
Switzerland	212.7	216.9	(2.0)	(2.4)
Portugal	196.9	176.0	11.9	6.9
United Kingdom	108.8	88.7	22.6	18.1
Russia	100.4	93.2	7.7	15.8
Italy	77.5	61.9	25.2	20.0
Germany	57.1	59.9	(4.7)	(9.3)
Ireland	44.6	32.0	39.5	33.4
Norway	34.4	33.3	3.3	1.8
Other	51.2	46.5	10.1	6.4
<b>Total EMEA</b>	<u>1,162.5</u>	<u>1,085.5</u>	7.1	4.5

<b>Total APAC</b>		22.2		18.3		21.4		24.3	
<b>Total Kelly Services, Inc.</b>	\$	<u>5,513.9</u>	\$	<u>5,374.4</u>		2.6	%	2.2	%

**KELLY SERVICES, INC. AND SUBSIDIARIES**  
**RECONCILIATION OF NON-GAAP MEASURES**  
**FOR THE 13 AND 52 WEEKS ENDED DECEMBER 30, 2018 AND DECEMBER 31, 2017**  
**(UNAUDITED)**

(In millions of dollars except per share data)

	<b>Fourth Quarter</b>		<b>December Year to Date</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Earnings from operations	\$ 33.1	\$ 28.4	\$ 87.4	\$ 83.3
Restructuring charges (Note 3)	—	—	—	2.4
Adjusted earnings from operations	\$ 33.1	\$ 28.4	\$ 87.4	\$ 85.7

	<b>Fourth Quarter</b>		<b>December Year to Date</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Income tax (benefit) expense	\$ (23.8)	\$ 12.7	\$ (27.1)	\$ 12.8
Tax benefit on investment in Persol Holdings (Note 1)	25.4	—	29.4	—
2017 U.S. tax law change (Note 2)	—	(13.9)	—	(13.9)
Tax expense on restructuring charges (Note 3)	—	—	—	0.7
Adjusted income tax expense (benefit)	\$ 1.6	\$ (1.2)	\$ 2.3	\$ (0.4)

	<b>Fourth Quarter</b>		<b>December Year to Date</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Net earnings (loss)	\$ (23.9)	\$ 17.7	\$ 22.9	\$ 71.6
Loss on investment in Persol Holdings, net of taxes (Note 1)	57.8	—	66.8	—
2017 U.S. tax law change (Note 2)	—	13.9	—	13.9
Restructuring charges, net of taxes (Note 3)	—	—	—	1.7
Adjusted net earnings	\$ 33.9	\$ 31.6	\$ 89.7	\$ 87.2

	<b>Fourth Quarter</b>		<b>December Year to Date</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Per Share</b>		<b>Per Share</b>	
Net earnings (loss)	\$ (0.62)	\$ 0.45	\$ 0.58	\$ 1.81
Loss on investment in Persol Holdings, net of taxes (Note 1)	1.49	—	1.69	—
2017 U.S. tax law change (Note 2)	—	0.35	—	0.35
Restructuring charges, net of taxes (Note 3)	—	—	—	0.04
Adjusted net earnings	\$ 0.87	\$ 0.80	\$ 2.27	\$ 2.20

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 2018 loss on investment in Persol Holdings, the effect of the 2017 U.S. tax law change and the 2017 restructuring charges 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) The loss on the investment in Persol Holdings in 2018 represents the change in fair value of the investment during the period presented and the related tax benefit.
- (2) 2017 U.S. tax law change represents the impact of revaluing net deferred tax assets as a result of the U.S. Tax Cuts and Jobs Act.
- (3) Restructuring charges in 2017 represent costs related primarily to optimizing our GTS service delivery models to deliver expected cost savings.

Source: Kelly Services, Inc.