

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): May 11, 2016

KELLY SERVICES, INC.

(Exact name of Registrant as specified in its charter)

DELAWARE
(State or other
jurisdiction of
incorporation)

0-1088
(Commission
File Number)

38-1510762
(IRS Employer
Identification
Number)

999 WEST BIG BEAVER ROAD, TROY, MICHIGAN 48084

(Address of principal executive offices)
(Zip Code)

(248) 362-4444

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition

Kelly Services, Inc. (the “Company”) today released financial information containing highlighted financial data for the three months ended April 3, 2016. A copy of the press release is attached as exhibit 99.1 herein.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

99.1 Press Release dated May 11, 2016.

99.2 Presentation materials for May 11, 2016 conference call.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

May 11, 2016

KELLY SERVICES, INC.

/s/ Olivier G. Thirot
Olivier G. Thirot

Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

May 11, 2016

/s/ Laura S. Lockhart
Laura S. Lockhart

Vice President, Corporate Controller and
Chief Accounting Officer
(Principal Accounting Officer)

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release dated May 11, 2016
99.2	Presentation materials for May 11, 2016 conference call



**KELLY SERVICES® REPORTS
EARNINGS AND REVENUE GAINS IN FIRST QUARTER 2016
AND ANNOUNCES INCREASED DIVIDEND**

First Quarter Highlights

- Earnings from operations \$14.7 million, up 22% year-over-year
- Earnings per share of \$0.29 versus \$0.10, a 190% increase
- Total Company revenue up 5% in constant currency
- GP up 60 basis points to 17.3%

TROY, MI (May 11, 2016) -- Kelly Services (Nasdaq: [KELYA](#)) (Nasdaq: [KELYB](#)), a global leader in providing workforce solutions, today announced results for the first quarter of 2016.

Carl T. Camden, President and Chief Executive Officer, announced revenue for the first quarter of 2016 totaled \$1.3 billion, a 2.2% increase (a 4.6% increase on a constant currency basis) compared to the corresponding quarter of 2015.

Earnings from operations for the first quarter of 2016 totaled \$14.7 million, compared to \$12.1 million reported for the first quarter of 2015.

Diluted earnings per share in the first quarter of 2016 were \$0.29 compared to \$0.10 per share in the first quarter of 2015. Included in diluted earnings per share for the first quarter of 2016 is a \$0.07 improvement related to reinstatement of the Work Opportunity Credit. Excluding this item, diluted earnings per share for the first quarter of 2016 were \$0.22 per share.

Commenting on the first quarter, Camden stated, "We are pleased with Kelly's ability to deliver solid increases in revenue, GP, and earnings in the first quarter, as we operated with improved efficiency and a heightened focus on profitability. Our investments in PT and OCG continue to yield results as we expand Kelly's role as a trusted talent advisor to our clients worldwide."

Kelly also reported that on May 10, its board of directors declared a dividend of \$0.075 per share. The dividend is payable June 7 to shareholders of record as of the close of business on May 23, and represents a 50% increase. "We are very pleased that our strong, sustained operating results in 2015 gave us the ability to deliver this increase and to enhance shareholder value," said Camden, "and with 2016 off to a solid start, we move forward with confidence."

In conjunction with its first 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 May 11 to review the results and answer questions. The call may be accessed in one of the following ways:

Via the Telephone:

U.S. 1 800 288-9626

International 1 651 291-5254

The pass code is Kelly Services

Via the Internet:

The call is also available via the internet through the Kelly Services website:

www.kellyservices.com

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.

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. In 2016, the Company is commemorating 70 years of industry leadership. Kelly® has a role in managing employment opportunities for more than one million workers around the globe by employing 550,000 of these individuals directly with the remaining workers engaged through its talent supply chain network of supplier partners. Revenue in 2015 was \$5.5 billion. Visit kellyservices.com and connect with us on [Facebook](#), [LinkedIn](#), & [Twitter](#).

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KELLY SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
FOR THE 13 WEEKS ENDED APRIL 3, 2016 AND MARCH 29, 2015
(UNAUDITED)

(In millions of dollars except per share data)

	<u>2016</u>	<u>2015</u>	<u>Change</u>	<u>% Change</u>	<u>CC % Change</u>
Revenue from services	\$ 1,349.1	\$ 1,320.6	\$ 28.5	2.2 %	4.6 %
Cost of services	1,116.4	1,100.3	16.1	1.5	
Gross profit	232.7	220.3	12.4	5.6	7.7
Selling, general and administrative expenses	218.0	208.2	9.8	4.7	6.7
Earnings from operations	14.7	12.1	2.6	21.5	
Other expense, net	0.8	2.5	(1.7)	(69.4)	
Earnings before taxes	13.9	9.6	4.3	45.3	
Income tax expense	2.7	5.9	(3.2)	(53.8)	
Net earnings	<u>\$ 11.2</u>	<u>\$ 3.7</u>	<u>\$ 7.5</u>	200.9 %	
Basic earnings per share	\$ 0.29	\$ 0.10	\$ 0.19	190.0 %	
Diluted earnings per share	\$ 0.29	\$ 0.10	\$ 0.19	190.0 %	

STATISTICS:

Gross profit rate	17.3 %	16.7 %	0.6 pts.		
Selling, general and administrative expenses:					
% of revenue	16.2	15.8	0.4		
% of gross profit	93.7	94.5	(0.8)		
% Return:					
Earnings from operations	1.1	0.9	0.2		
Earnings before taxes	1.0	0.7	0.3		
Net earnings	0.8	0.3	0.5		
Effective income tax rate	19.4 %	61.1 %	(41.7) pts.		
Average number of shares outstanding (millions):					
Basic	38.0	37.7			
Diluted	38.2	37.8			
Shares adjusted for nonvested restricted awards (millions):					
Basic	38.9	38.8			
Diluted	39.1	38.8			

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

First Quarter

	2016	2015	% Change	CC % Change
AMERICAS				
Commercial				
Revenue from services	\$ 648.6	\$ 641.4	1.1 %	3.1 %
Staffing fee-based income included in revenue from services	3.6	3.5	3.1	4.3
Gross profit	102.1	97.8	4.4	5.9
Gross profit rate	15.7 %	15.3 %	0.4 pts.	
PT				
Revenue from services	\$ 237.1	\$ 232.8	1.8 %	2.1 %
Staffing fee-based income included in revenue from services	5.0	3.5	40.8	43.3
Gross profit	41.6	38.9	6.9	7.3
Gross profit rate	17.6 %	16.7 %	0.9 pts.	
Total Americas				
Revenue from services	\$ 885.7	\$ 874.2	1.3 %	2.9 %
Staffing fee-based income included in revenue from services	8.6	7.0	22.1	23.9
Gross profit	143.7	136.7	5.1	6.3
Total SG&A expenses	116.6	113.5	2.7	3.9
Earnings from operations	27.1	23.2	16.8	
Gross profit rate	16.2 %	15.6 %	0.6 pts.	
Expense rates:				
% of revenue	13.2	13.0	0.2	
% of gross profit	81.2	83.0	(1.8)	
Return on sales	3.1	2.7	0.4	
EMEA				
Commercial				
Revenue from services	\$ 175.5	\$ 178.3	(1.6) %	2.9 %
Staffing fee-based income included in revenue from services	3.4	3.5	(2.8)	2.4
Gross profit	23.6	24.6	(4.3)	—
Gross profit rate	13.4 %	13.8 %	(0.4) pts.	
PT				
Revenue from services	\$ 41.6	\$ 40.3	3.1 %	7.3 %
Staffing fee-based income included in revenue from services	2.6	2.6	3.4	9.5
Gross profit	8.7	8.7	0.8	5.4
Gross profit rate	21.0 %	21.5 %	(0.5) pts.	
Total EMEA				
Revenue from services	\$ 217.1	\$ 218.6	(0.7) %	3.7 %
Staffing fee-based income included in revenue from services	6.0	6.1	(0.2)	5.4
Gross profit	32.3	33.3	(3.0)	1.4
Total SG&A expenses	30.3	33.5	(9.4)	(5.4)
Earnings from operations	2.0	(0.2)	NM	
Gross profit rate	14.9 %	15.2 %	(0.3) pts.	
Expense rates:				
% of revenue	14.0	15.3	(1.3)	
% of gross profit	93.8	100.5	(6.7)	
Return on sales	0.9	(0.1)	1.0	

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

First Quarter

	2016	2015	% Change	CC % Change
APAC				
Commercial				
Revenue from services	\$ 82.8	\$ 85.6	(3.3) %	4.8 %
Staffing fee-based income included in revenue from services	1.2	1.5	(17.9)	(11.4)
Gross profit	13.0	13.0	0.5	6.3
Gross profit rate	15.8 %	15.2 %	0.6 pts.	
PT				
Revenue from services	\$ 9.1	\$ 10.5	(12.9) %	(6.1) %
Staffing fee-based income included in revenue from services	1.4	1.6	(13.1)	(5.3)
Gross profit	2.5	2.9	(13.4)	(6.2)
Gross profit rate	27.4 %	27.5 %	(0.1) pts.	
Total APAC				
Revenue from services	\$ 91.9	\$ 96.1	(4.4) %	3.6 %
Staffing fee-based income included in revenue from services	2.6	3.1	(15.4)	(8.2)
Gross profit	15.5	15.9	(2.0)	4.0
Total SG&A expenses	11.1	12.1	(8.6)	(1.4)
Earnings from operations	4.4	3.8	19.2	
Gross profit rate	16.9 %	16.5 %	0.4 pts.	
Expense rates:				
% of revenue	12.1	12.6	(0.5)	
% of gross profit	71.3	76.4	(5.1)	
Return on sales	4.9	3.9	1.0	
OCG				
Revenue from services	\$ 168.2	\$ 149.5	12.5 %	13.4 %
Gross profit	42.3	35.5	19.1	20.3
Total SG&A expenses	36.9	32.7	12.9	14.4
Earnings from operations	5.4	2.8	89.6	
Gross profit rate	25.1 %	23.8 %	1.3 pts.	
Expense rates:				
% of revenue	21.9	21.9	—	
% of gross profit	87.2	92.0	(4.8)	
Return on sales	3.2	1.9	1.3	

KELLY SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)
(In millions of dollars)

	April 3, 2016	Jan. 3, 2016	March 29, 2015
Current Assets			
Cash and equivalents	\$ 46.4	\$ 42.2	\$ 49.4
Trade accounts receivable, less allowances of \$11.6, \$10.5 and \$11.5, respectively	1,168.8	1,139.1	1,099.3
Prepaid expenses and other current assets	53.0	45.8	52.0
Deferred taxes	—	—	32.4
Total current assets	1,268.2	1,227.1	1,233.1
Property and Equipment, Net	85.7	88.9	89.8
Noncurrent Deferred Taxes	193.6	189.3	147.9
Goodwill, Net	90.3	90.3	90.3
Other Assets	340.6	344.0	305.2
Total Assets	\$ 1,978.4	\$ 1,939.6	\$ 1,866.3
Current Liabilities			
Short-term borrowings	\$ 39.3	\$ 55.5	\$ 80.6
Accounts payable and accrued liabilities	437.4	405.5	344.4
Accrued payroll and related taxes	277.6	268.1	292.8
Accrued insurance	27.0	26.7	26.7
Income and other taxes	57.8	60.0	64.6
Total current liabilities	839.1	815.8	809.1
Noncurrent Liabilities			
Accrued insurance	40.5	40.0	43.5
Accrued retirement benefits	145.2	141.0	144.9
Other long-term liabilities	42.8	47.4	37.7
Total noncurrent liabilities	228.5	228.4	226.1
Stockholders' Equity			
Common stock	40.1	40.1	40.1
Treasury stock	(43.7)	(44.3)	(49.7)
Paid-in capital	27.4	25.4	25.9
Earnings invested in the business	822.8	813.5	769.2
Accumulated other comprehensive income	64.2	60.7	45.6
Total stockholders' equity	910.8	895.4	831.1
Total Liabilities and Stockholders' Equity	\$ 1,978.4	\$ 1,939.6	\$ 1,866.3
STATISTICS:			
Working Capital	\$ 429.1	\$ 411.3	\$ 424.0
Current Ratio	1.5	1.5	1.5
Debt-to-capital %	4.1 %	5.8 %	8.8 %
Global Days Sales Outstanding	55	54	57

KELLY SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE 13 WEEKS ENDED APRIL 3, 2016 AND MARCH 29, 2015

(UNAUDITED)

(In millions of dollars)

	2016	2015
Cash flows from operating activities:		
Net earnings	\$ 11.2	\$ 3.7
Noncash adjustments:		
Depreciation and amortization	5.6	5.5
Provision for bad debts	1.7	1.2
Stock-based compensation	2.7	1.2
Other, net	(0.1)	(0.6)
Changes in operating assets and liabilities	(0.9)	(27.4)
Net cash from (used in) operating activities	20.2	(16.4)
Cash flows from investing activities:		
Capital expenditures	(1.5)	(2.6)
Other investing activities	(0.3)	(0.2)
Net cash used in investing activities	(1.8)	(2.8)
Cash flows from financing activities:		
Net change in short-term borrowings	(16.4)	(11.0)
Dividend payments	(1.9)	(1.9)
Net cash used in financing activities	(18.3)	(12.9)
Effect of exchange rates on cash and equivalents	4.1	(1.6)
Net change in cash and equivalents	4.2	(33.7)
Cash and equivalents at beginning of period	42.2	83.1
Cash and equivalents at end of period	\$ 46.4	\$ 49.4

KELLY SERVICES, INC. AND SUBSIDIARIES

REVENUE FROM SERVICES

(UNAUDITED)

(In millions of dollars)

First Quarter (Commercial, PT and OCG)

	2016	2015	% Change	CC % Change
Americas				
United States	\$ 934.7	\$ 883.0	5.9 %	5.9 %
Canada	34.5	42.7	(19.0)	(10.6)
Mexico	26.6	31.9	(16.8)	0.4
Puerto Rico	22.5	24.8	(9.5)	(9.5)
Brazil	10.0	13.9	(28.2)	5.4
Total Americas	<u>1,028.3</u>	<u>996.3</u>	3.2	4.6
EMEA				
France	56.5	56.4	0.2	2.6
Switzerland	46.6	48.1	(3.1)	0.9
Portugal	33.7	31.3	7.5	10.2
United Kingdom	23.6	23.6	(0.1)	6.0
Germany	15.4	13.4	15.1	18.0
Russia	14.0	18.2	(23.1)	(9.1)
Italy	13.4	12.5	7.1	9.1
Norway	7.6	9.4	(18.8)	(9.2)
Other	13.7	11.0	24.2	27.5
Total EMEA	<u>224.5</u>	<u>223.9</u>	0.3	4.7
APAC				
Singapore	31.8	31.3	1.5	4.7
Australia	28.5	30.4	(6.5)	2.0
Malaysia	13.2	15.5	(14.2)	(1.1)
New Zealand	9.7	10.5	(7.9)	4.5
Other	13.1	12.7	3.6	12.8
Total APAC	<u>96.3</u>	<u>100.4</u>	(4.1)	4.0
Total Kelly Services, Inc.	<u>\$ 1,349.1</u>	<u>\$ 1,320.6</u>	2.2 %	4.6 %



May 11, 2016



Kelly Services, Inc.
First Quarter 2016



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.

- Earnings from Operations of \$14.7 million, up 22% YOY
- OCG revenue up 13%
- US Branch-based PT revenue up 11%
- Earnings per share of \$0.29, up 190%

First Quarter 2016 Financial Summary



	<u>Actual Results</u>	<u>Change</u>	<u>Constant Currency Change⁽¹⁾</u>
Revenue	\$1.3B	2.2%	4.6%
GP %	17.3%	60 bps	
Earnings from Operations	\$14.7M	21.5%	25.2%
ROS %	1.1%	20 bps	
EPS	\$0.29	\$0.19	

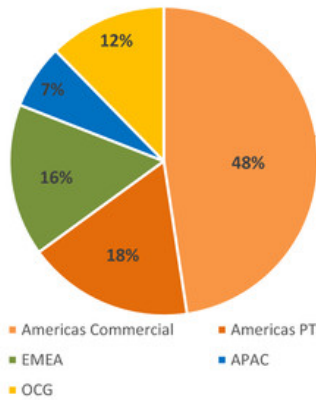
- First quarter results represent solid revenue growth, coupled with GP rate improvement
- EPS growth due to improvements in both operational performance and effective income tax rate

(1) Constant Currency represent year-over-year changes resulting from translating 2016 financial data into USD using 2015 exchange rates.

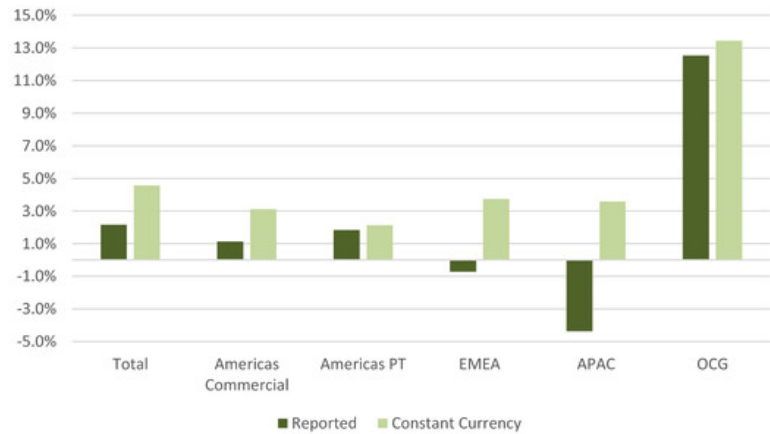
First Quarter 2016 Revenue Growth



Business Mix



YoY Growth

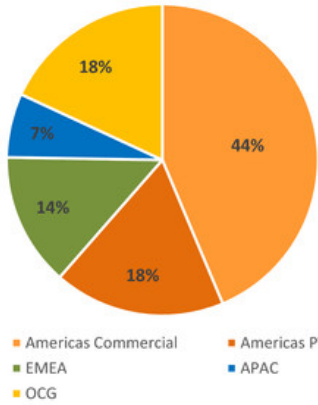


- Overall revenue growth of 4.6% as a result of positive trends across all businesses
- OCG continues to achieve double-digit revenue growth
- Americas PT growth is lead by strong branch-delivered business
- EMEA and APAC constant currency revenue growth continues despite uneven economic conditions

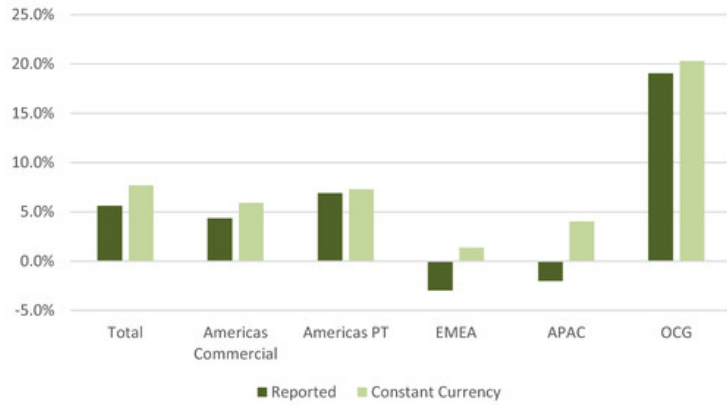
First Quarter 2016 Gross Profit Growth



Business Mix

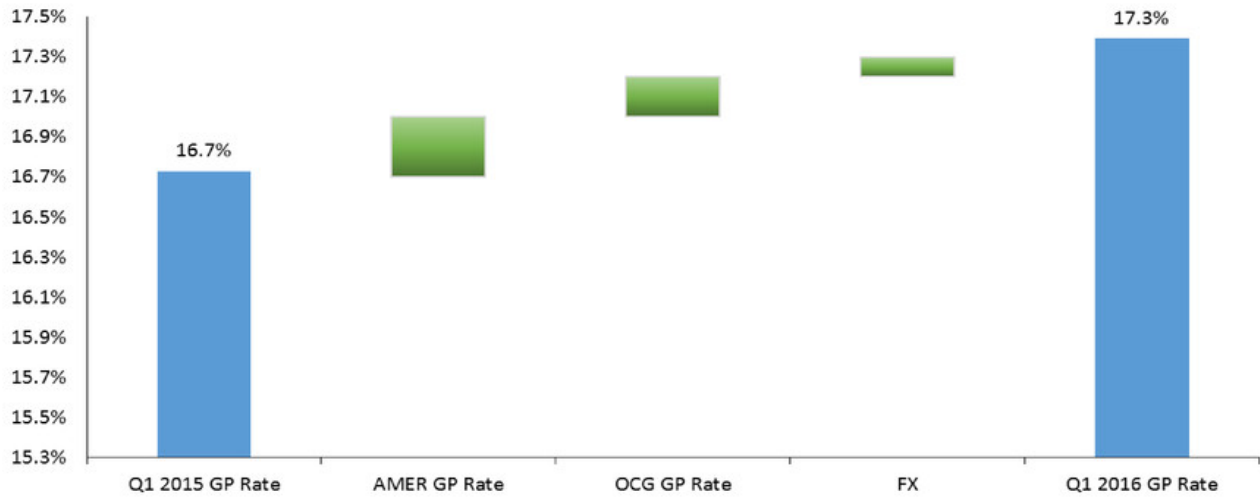


YoY Growth



- Americas Commercial and PT staffing, and OCG comprise 80% of total company GP
- GP growth in the Americas represents increasing GP rate on moderate revenue growth
- OCG GP growth reflects solid revenue growth in higher margin solutions
- EMEA GP reflects revenue growth and perm fee expansion, partially offset by customer mix
- APAC GP reflects revenue growth combined with wage credits in Singapore

First Quarter 2016 Gross Profit Rate

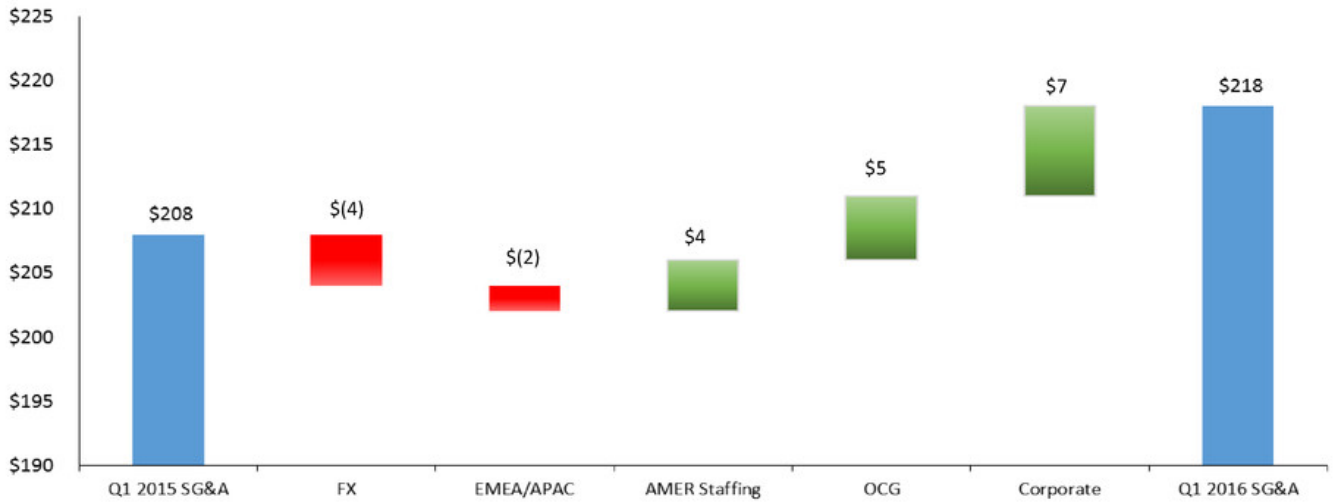


- Overall GP rate improvement from improving GP rates in both the Americas staffing and global OCG businesses
- Americas GP rate reflects continued management of temporary employee tax and benefit expenses
- OCG GP rate improvement due to growth in higher margin solutions

First Quarter 2016 SG&A



\$ in Millions



- Americas staffing SG&A reflects increased salary and benefits cost
- OCG expense growth results from increasing performance-based compensation and servicing costs for existing customer program expansions
- Corporate expense reflects one-time costs and unfavorable timing of certain benefit programs of \$6, including additional expenses related to our Management Retirement Plan, our Long-Term Incentive Plan, and our Long-Term Disability Plan

First Quarter 2016 Conversion Rate



\$ in Millions	2016			2015			Change
	Gross Profit	Earnings from Ops	Conversion Rate ⁽¹⁾	Gross Profit	Earnings from Ops	Conversion Rate ⁽¹⁾	
Americas	\$ 143.7	\$ 27.1	18.8%	\$ 136.7	\$ 23.2	17.0%	1.8%
EMEA	32.3	2.0	6.2%	33.3	(0.2)	-0.5%	6.7%
APAC	15.5	4.4	28.7%	15.9	3.8	23.6%	5.1%
OCG	42.3	5.4	12.8%	35.5	2.8	8.0%	4.8%
Total Company	\$ 232.7	\$ 14.7	6.3%	\$ 220.3	\$ 12.1	5.5%	0.8%

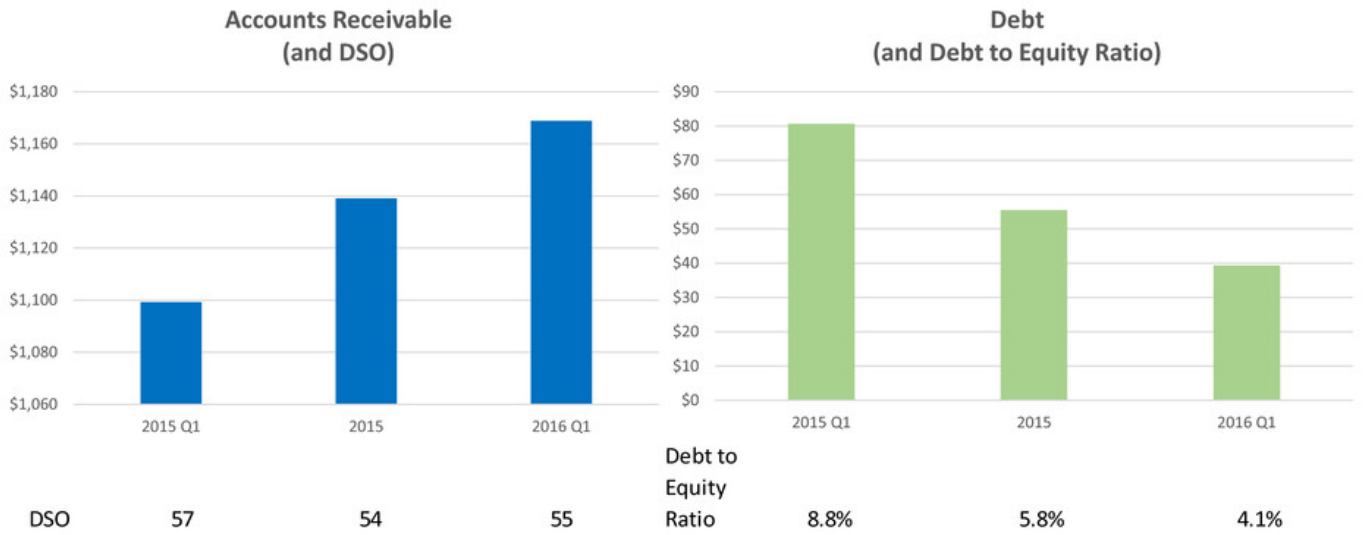
- Conversion rate improved across all businesses
- Q1 2016 Total Company Conversion rate reflects continued progress against goal to improve conversion rate on an ongoing basis

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

First Quarter 2016 Balance Sheet Data



\$ in Millions



- DSO improved two days versus the same period last year
- Debt to Equity ratio at 4.1% continues to improve from the same period a year ago



- Revenue up 3% to 4% YOY in constant currency
- Gross Profit Rate up 70 to 90 basis points YOY
- SG&A up 4% to 5% YOY in constant currency

- Revenue up 3.5% to 4.5% YOY in constant currency
- Gross Profit Rate up 30 to 50 basis points YOY
- SG&A up 3% to 4% YOY
- Annual tax rate in low 20% range, including impact of Work Opportunity Credits

(1) Full year outlook does not reflect the impact of the pending APAC Joint Venture transaction (TS Kelly Asia Pacific).

APPENDIX: TS KELLY ASIA PACIFIC JOINT VENTURE

- Joint Venture capitalizes on the strong reputation of Kelly Services as a leading talent provider in the region and on Temp Holdings' regional presence
 - Provides accelerated growth opportunities, larger workforce solutions presence, and enhanced competitive positioning
 - Expands on 14-year strategic partnership between Kelly and Temp Holdings
- TS Kelly Asia Pacific is expected to be the **largest workforce solutions company in the Asia Pacific region**
- Solidifies Kelly's focus on OCG solutions in the APAC market
 - Opportunity to accelerate investment in high growth market
 - Kelly's outsourcing and consulting group, KellyOCG, is not part of the joint venture and will continue to operate under the complete control of Kelly

- Expands scope from four geographies to twelve, with headquarters in Singapore
- Brings together established businesses with approximately \$500 million in revenue and 1,600 employees
 - **TS Kelly North Asia** – China, Hong Kong, Taiwan, South Korea
 - **Kelly Services** – Singapore, Malaysia, Australia, New Zealand, India, Indonesia, Thailand
 - **Capita** – Singapore and Malaysia
 - **First Alliances** – Vietnam
 - **Intelligence** – Indonesia, Vietnam, Singapore, Malaysia

- JV is formed through asset transfers from Kelly and Temp Holdings and an expected cash payment to Kelly
- Temp Holdings will own 51% with Kelly owning 49%
- Kelly will account for our 49% interest as an Equity Method Investment
 - APAC results will no longer be included in the individual lines of Kelly’s consolidated income statement or balance sheet
 - 49% share of income reflected as Income from Equity method investments (below Earnings from Operations), effective on the transaction closing date
 - » Will no longer be included as revenue, cost of service and SG&A expense
 - Equity method investment asset will be reported as a single line item on the balance sheet
 - Segment reporting will be reevaluated upon transaction closing
- Transaction not reflected in Kelly Services Q2 or Full-Year guidance
 - To be updated upon close of the transaction

