

**KELLY**



**Solving Workforce Challenges Every Day**

**Sidoti & Company, LLC**  
**Investor Road Show**



**September 9 – 11, 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



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.



International Association of Outsourcers Award

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

**\$5.5** 2012 revenue **\$\$\$ BILLION**



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

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

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**KELLY**  
SERVICES

# KELLY® Portfolio of Solutions

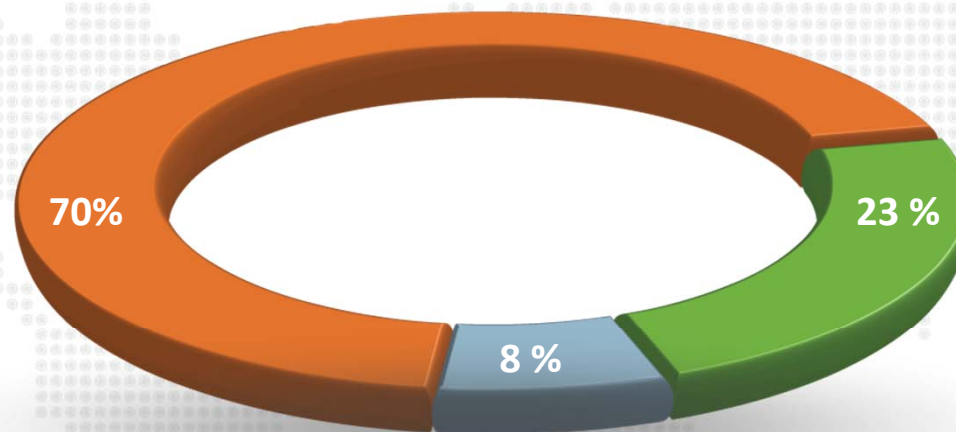


## Commercial Staffing Solutions

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

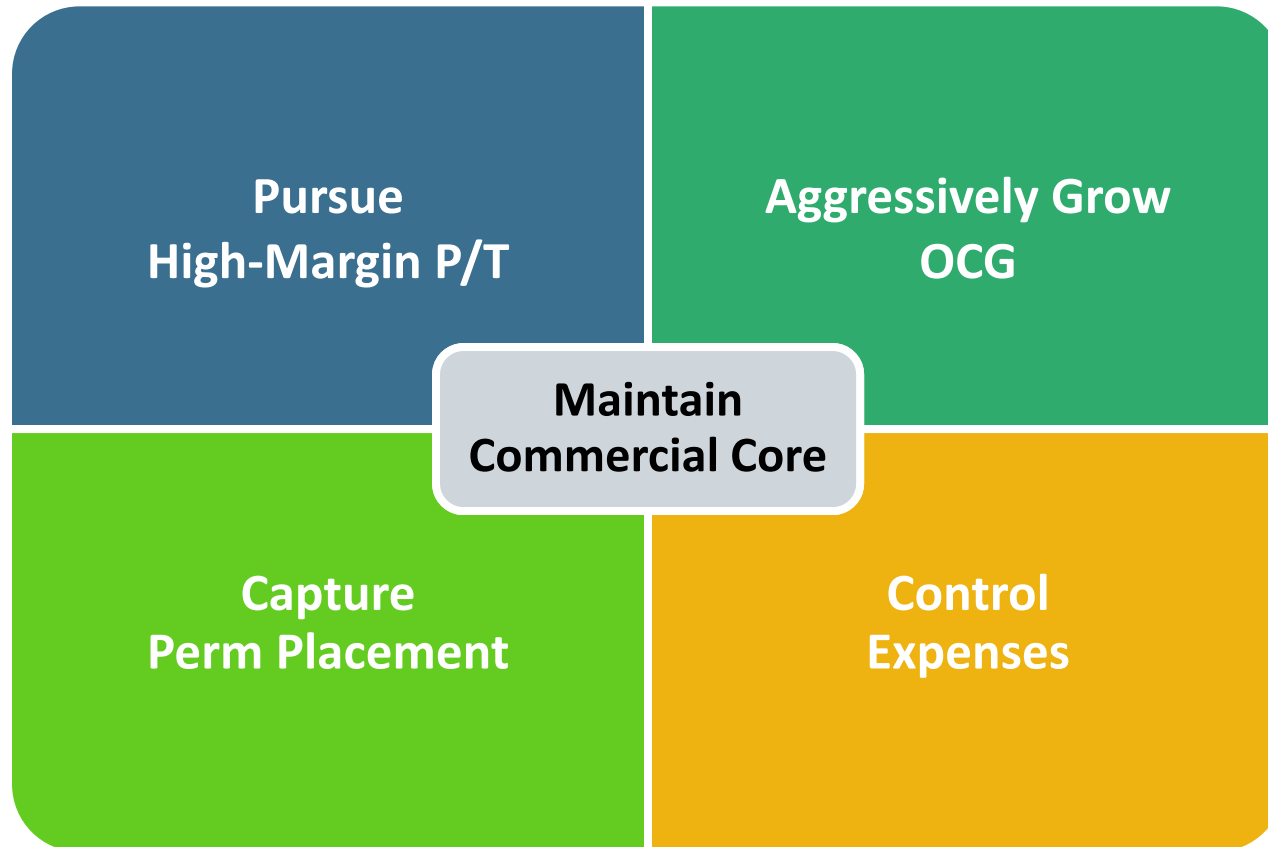
## Professional & Technical Specialties

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



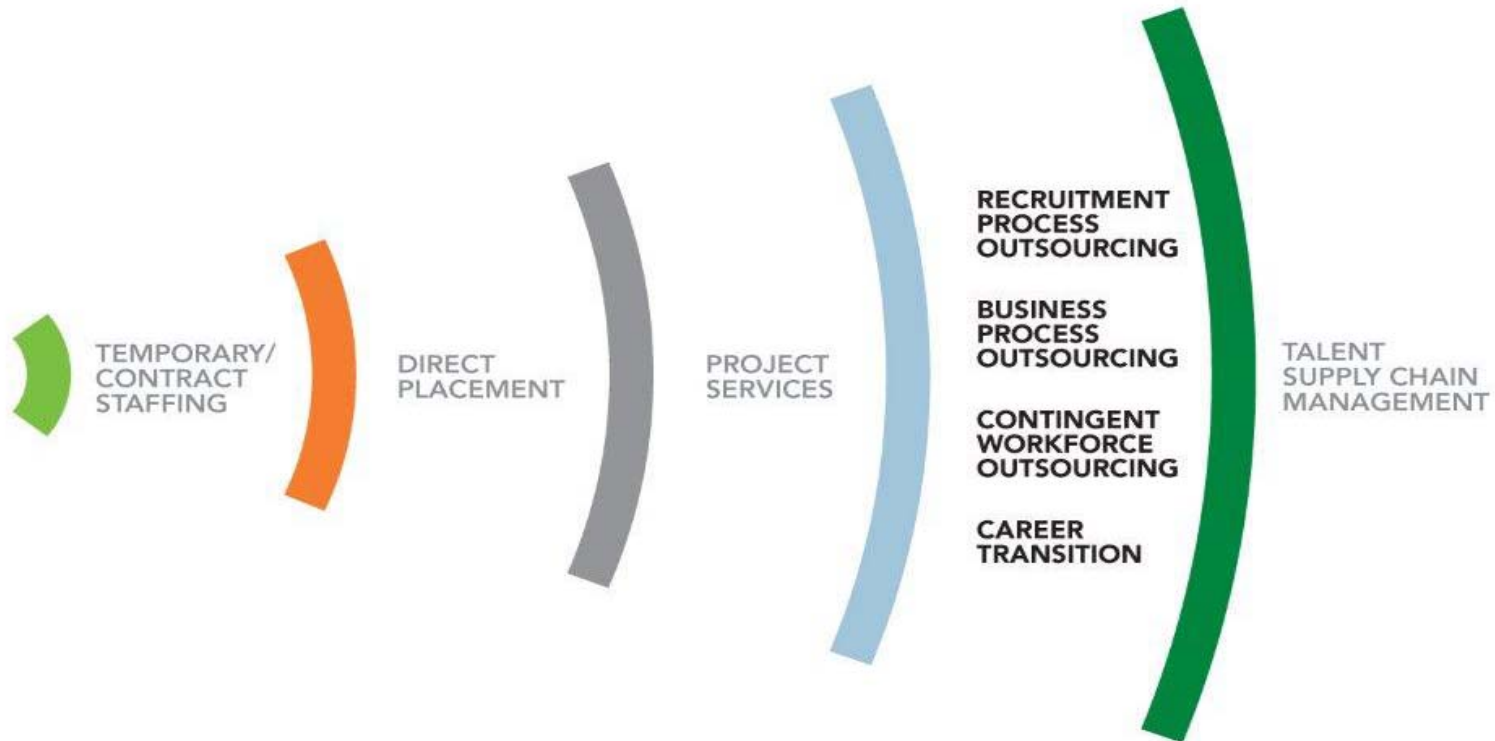
## Outsourcing & Consulting Group (KellyOCG®)

- 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






# KELLY Evolution of Workforce Solutions





# KELLY Business Process Outsourcing (BPO)



Revenue \$40M  
up 32%  
year-over-year

## BPO delivers


- Integrates operational management
- Formalized systems and procedures
- Unbiased equipment and technology evaluations
- Employee retention and productivity programs
- Scalability for seasonal workloads

## Outsourced functions include

- Professional & Administrative
- Logistics
- Health Science
- Clinical Research and Regulatory Affairs
- Manufacturing
- Engineering
- Scientific Laboratory



# KELLY. Contingent Workforce Outsourcing (CWO)



Revenue up 25%  
year-over-year

## CWO delivers

- Contingent talent management
- Data analytics, labor market insight
- Access to highly qualified suppliers
- Minimized risk for clients
- Managed Service Provider (MSP) capabilities

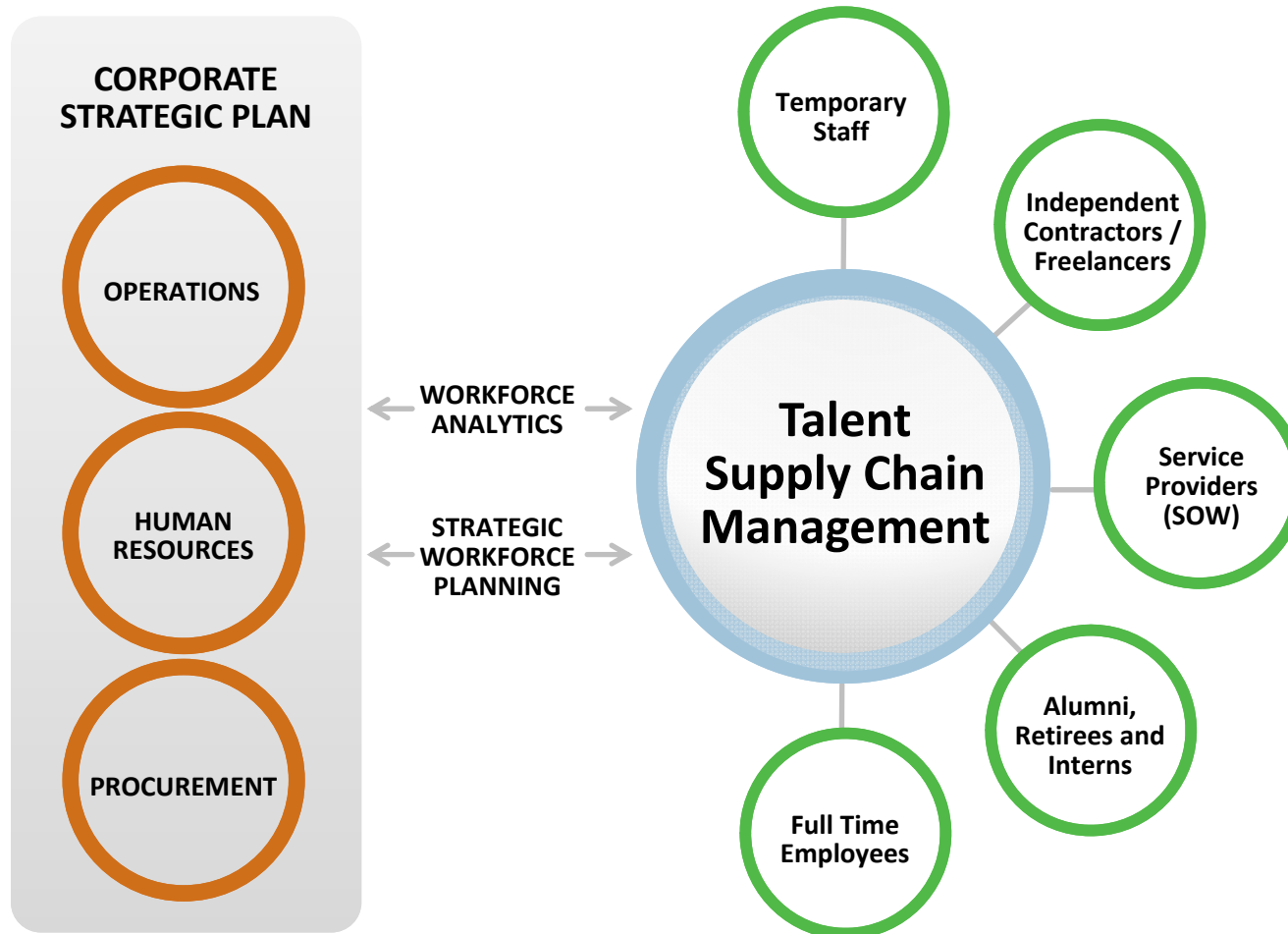
## Managed Service Provider (MSP) provides

- Comprehensive strategic direction
- Direct and indirect cost reductions
- Optimized supplier base
- Process improvement
- Forward thinking/ best practice sharing

Second Quarter 2013



# KELLY Talent Supply Chain Management

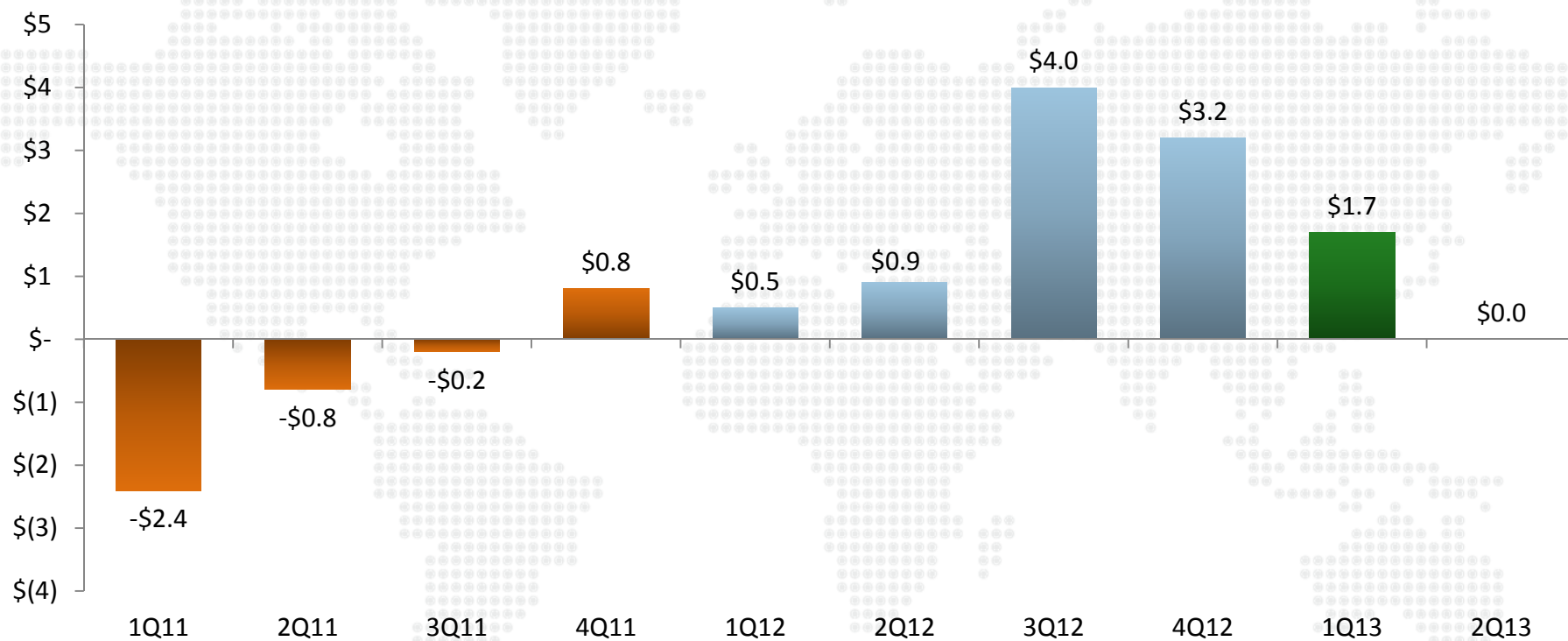


# KELLY OCG Growth



OCG Profit/Loss

(in millions)



\*Excluding Restructuring & Impairment Charges.




# KELLY<sup>®</sup> Q2/2013 FINANCIAL REVIEW

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

The second quarter of 2013 was marked by a persistently sluggish economic environment. Nevertheless, Kelly's operational performance remained solid. Kelly continued to deliver strong OCG revenue, pursue higher margin professional and technical solutions, and control expenses while making targeted investments that support long-term growth.

### AGGRESSIVELY GROW PT

Slow and uneven growth rates are impacting PT opportunities globally. Kelly continues to pursue higher end PT staffing to drive a more profitable business mix and grow GP dollars.

-  **AMER** GP \$ UP 4%
-  **EMEA** GP \$ DOWN 3%
-  **APAC** GP \$ DOWN 30%

**Q2 RESULT:**  
25% OF KELLY'S GP CAME FROM PT

### TRANSFORM OCG

OCG continues to realize nice operating leverage. Revenue drivers were BPO (up 32%) and CWO fees (up 25%). The decline in GP was primarily due to the cost of services incurred to ramp up a large customer program ahead of the revenue stream.

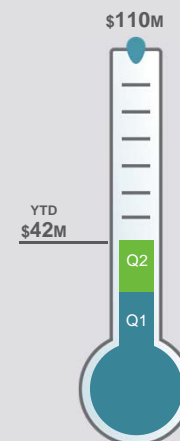


**Q2 RESULT:**  
12% OF KELLY'S GP CAME FROM OCG

### INCREASE PLACEMENT FEES

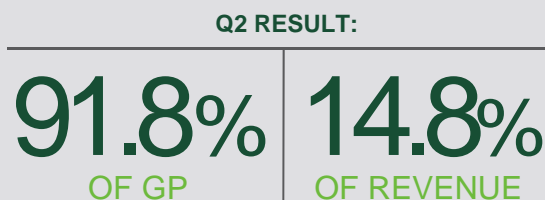
Economic uncertainty continues to put significant restraint on placement fees worldwide.

**Q2 RESULT:**  
PLACEMENT FEES  
TOTALLED \$21M



### CONTROL EXPENSES

Kelly continues to make targeted strategic investments for long-term growth. Keeping tight control over expenses and making additional expense cuts in Q2 helped offset those investments.



### LEVERAGE COMMERCIAL

GROW REVENUE FASTER THAN THE MARKET

**Q2 RESULT:**  
**Americas** Commercial revenue lagged the regional market average. **EMEA** Commercial revenue outperformed the market average. **APAC** Commercial revenue was below market average; however, it showed notable sequential improvement.



**REVENUE**  
**\$1.4B**  
FLAT

**GROSS PROFIT**  
**16.1%**  
▼ 20 BASIS PTS

**EXPENSES<sup>†</sup>**  
**\$202M**  
FLAT

**EARNINGS FROM OPS<sup>†</sup>**  
**\$18.9M**  
▼ \$2.7M

**EPS<sup>\*\*†</sup>**  
**.33¢**  
▼ 3%

**ROS<sup>\*\*\*</sup>**  
**1.2%**  
▼ 50 BASIS PTS

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

\*\*From continuing operations.

\*\*\*From operations.

†Excluding restructuring and impairment charges.

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## KELLY Q3 2013 Outlook



- Revenue flat to up 2% YOY; flat sequentially
- Gross Profit down 70 basis points vs. 2012;  
flat sequentially
- SG&A up 1% to 3% YOY and sequentially
- Increased investments in PT and OCG
- Cost Control
- Annual Tax Rate 10%





# KELLY Operations Summary: Q2 2013



## Kelly Services

Sales	\$ 1367
GP	\$ 221
Expenses	\$ 203
Profit	\$ 16
ROS	1.2%

### Americas

Sales	\$ 908
GP	\$ 135
Expenses	\$ 104
Profit	\$ 32

ROS 3.5%

### EMEA

Sales	\$ 263
GP	\$ 44
Expenses	\$ 40
Profit	\$ 4

ROS 1.7%

### APAC

Sales	\$ 98
GP	\$ 16
Expenses	\$ 15
Profit	\$ 1

ROS 0.9%

### OCG

Sales	\$ 110
GP	\$ 26
Expenses	\$ 26
Profit	\$ (3)

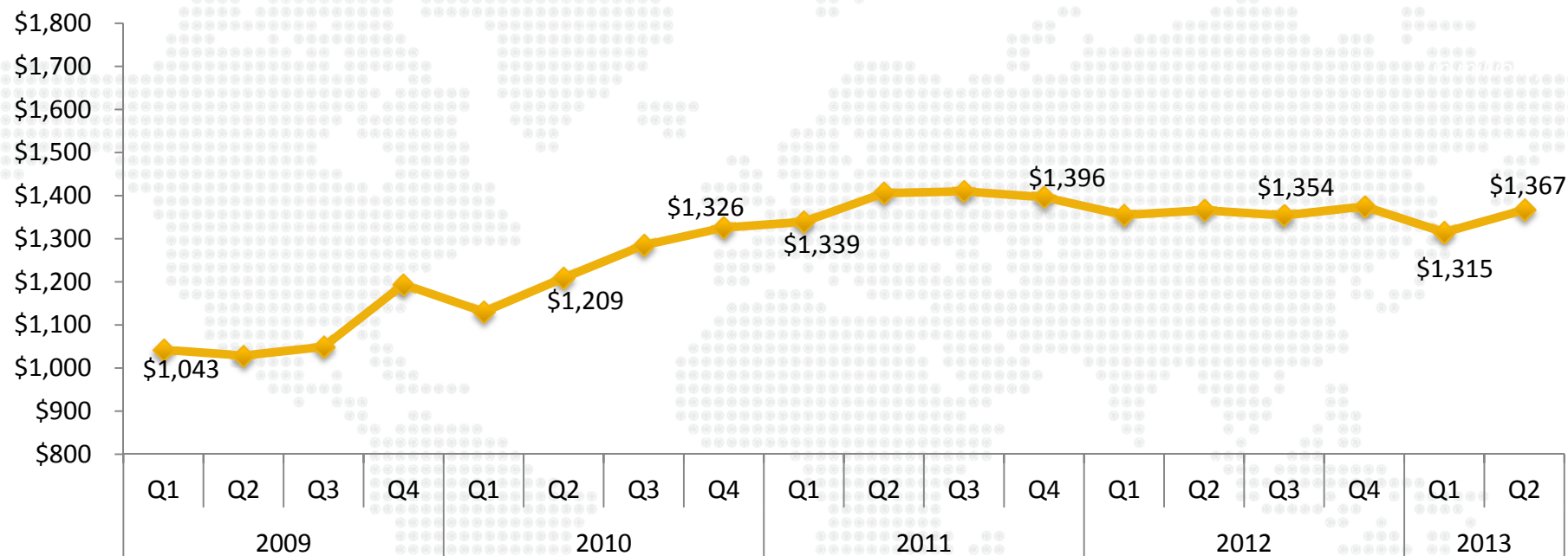
ROS (2.2)%

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(in \$millions USD)

# KELLY Revenue by Quarter



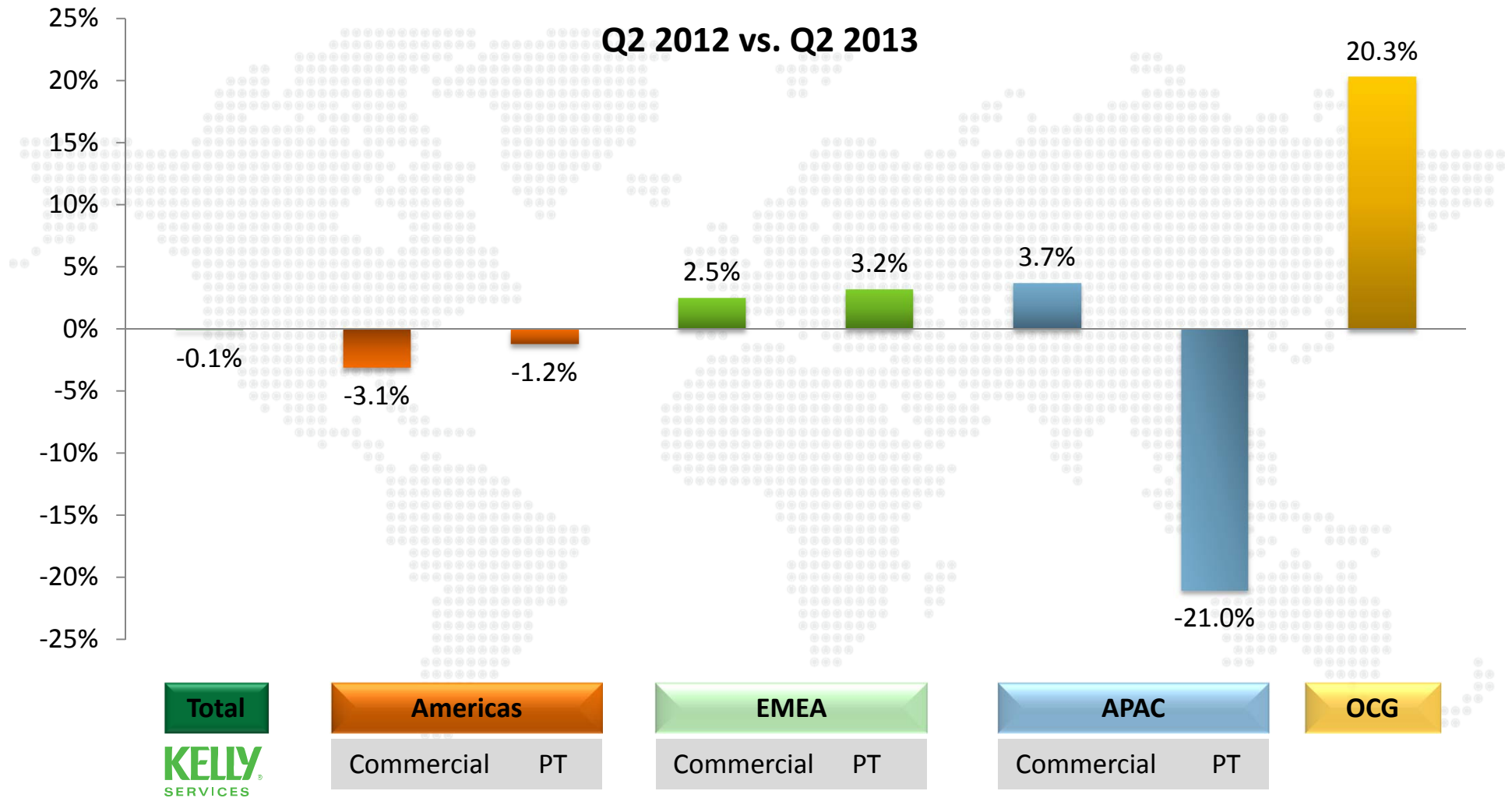
(in millions)



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



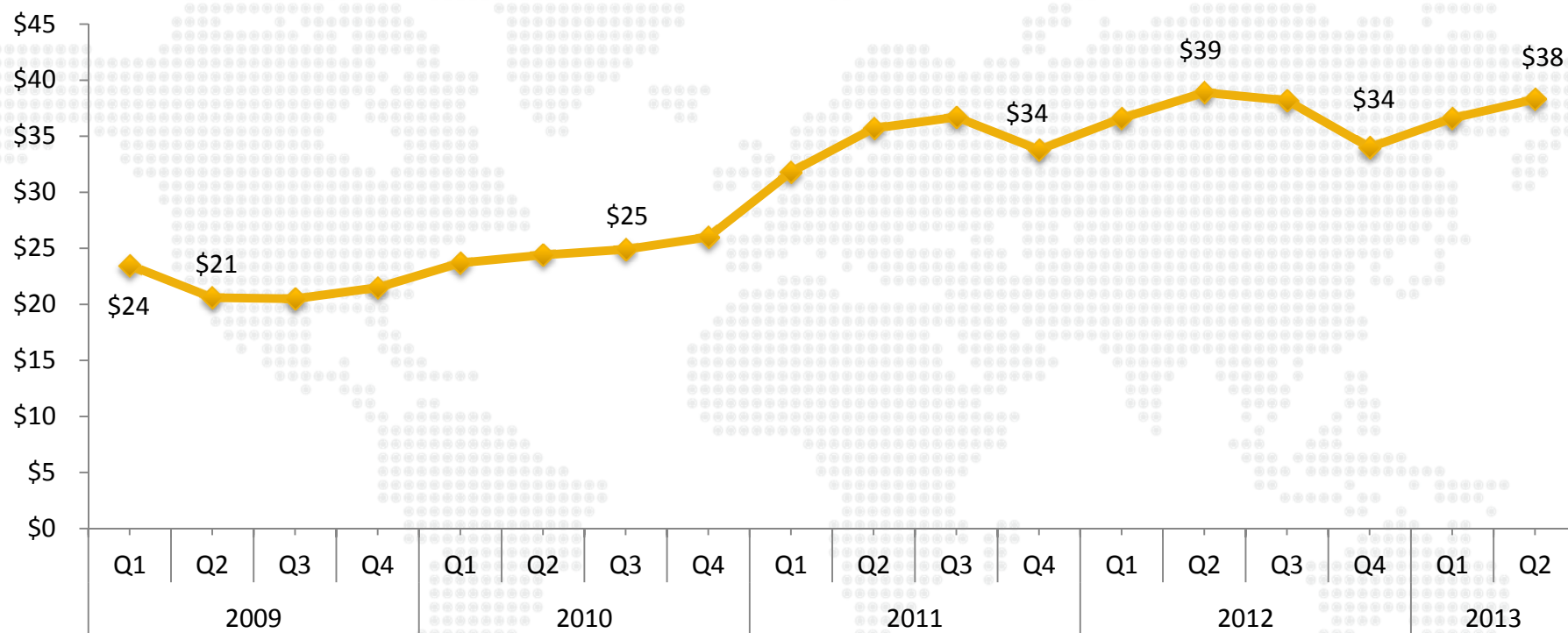
# Constant Currency Revenue Growth by Segment



# KELLY Fee Income by Quarter



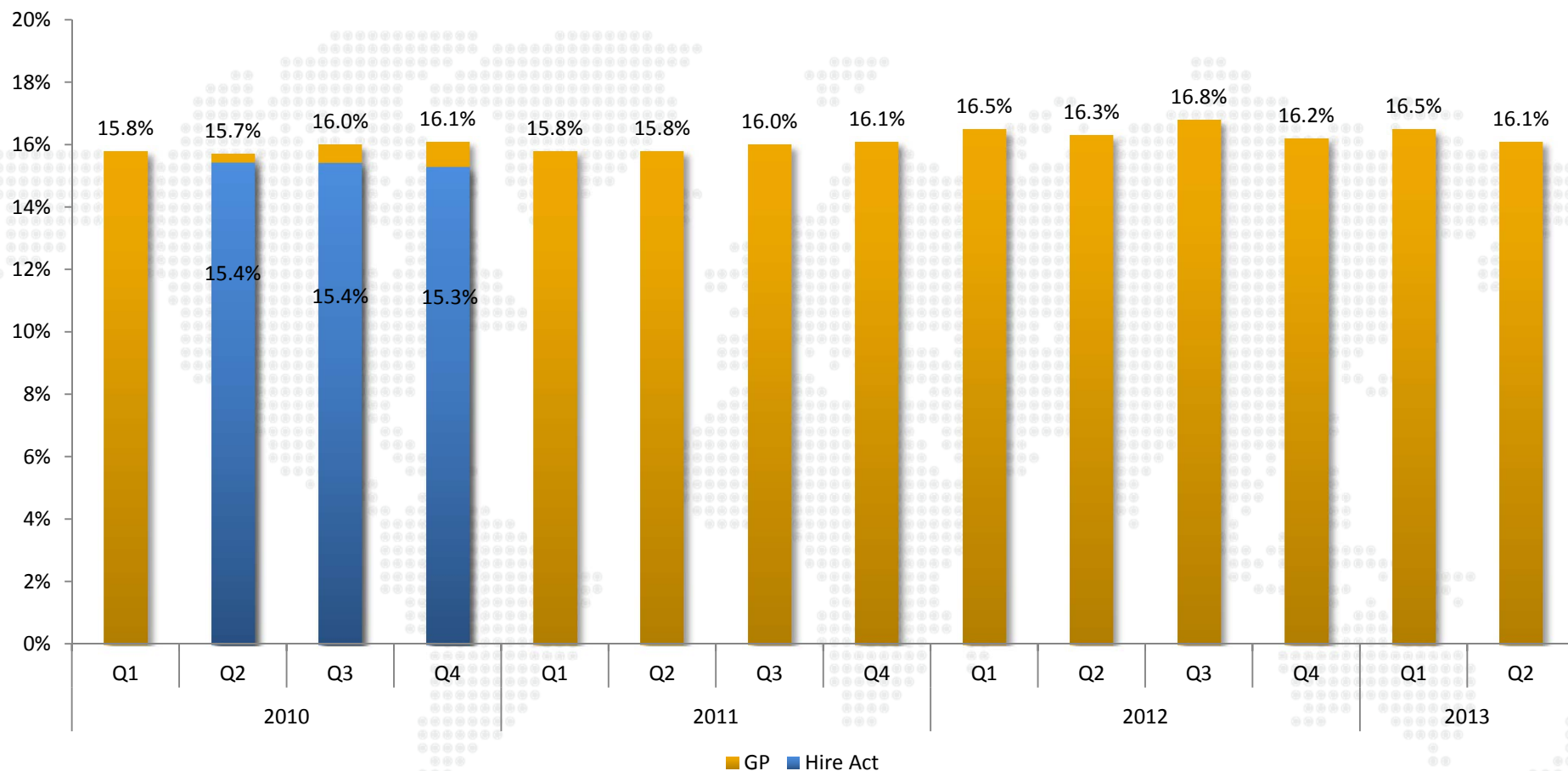
(in millions)







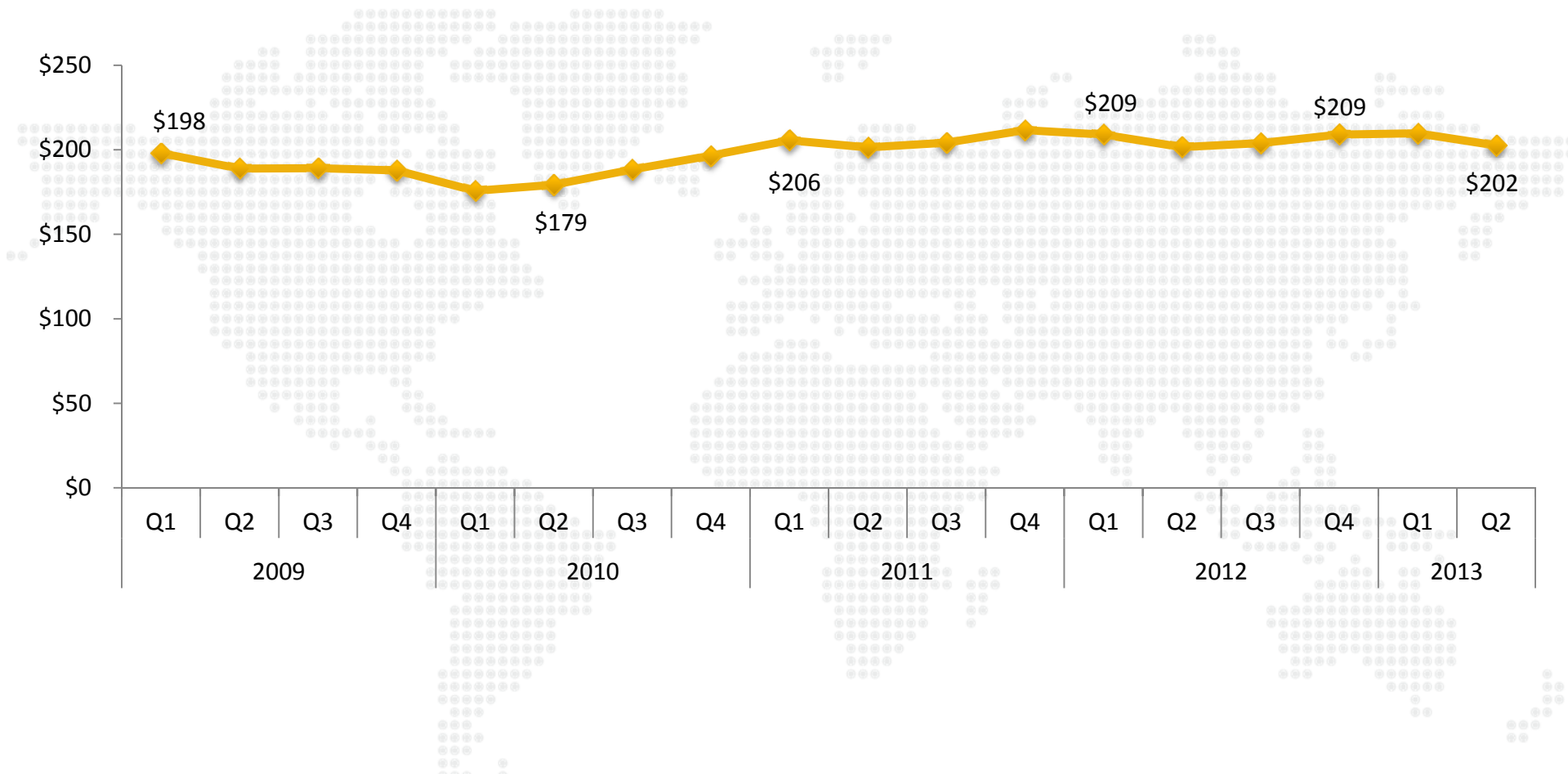
## Gross Profit Rate by Quarter



# KELLY Expense by Quarter



(in millions)

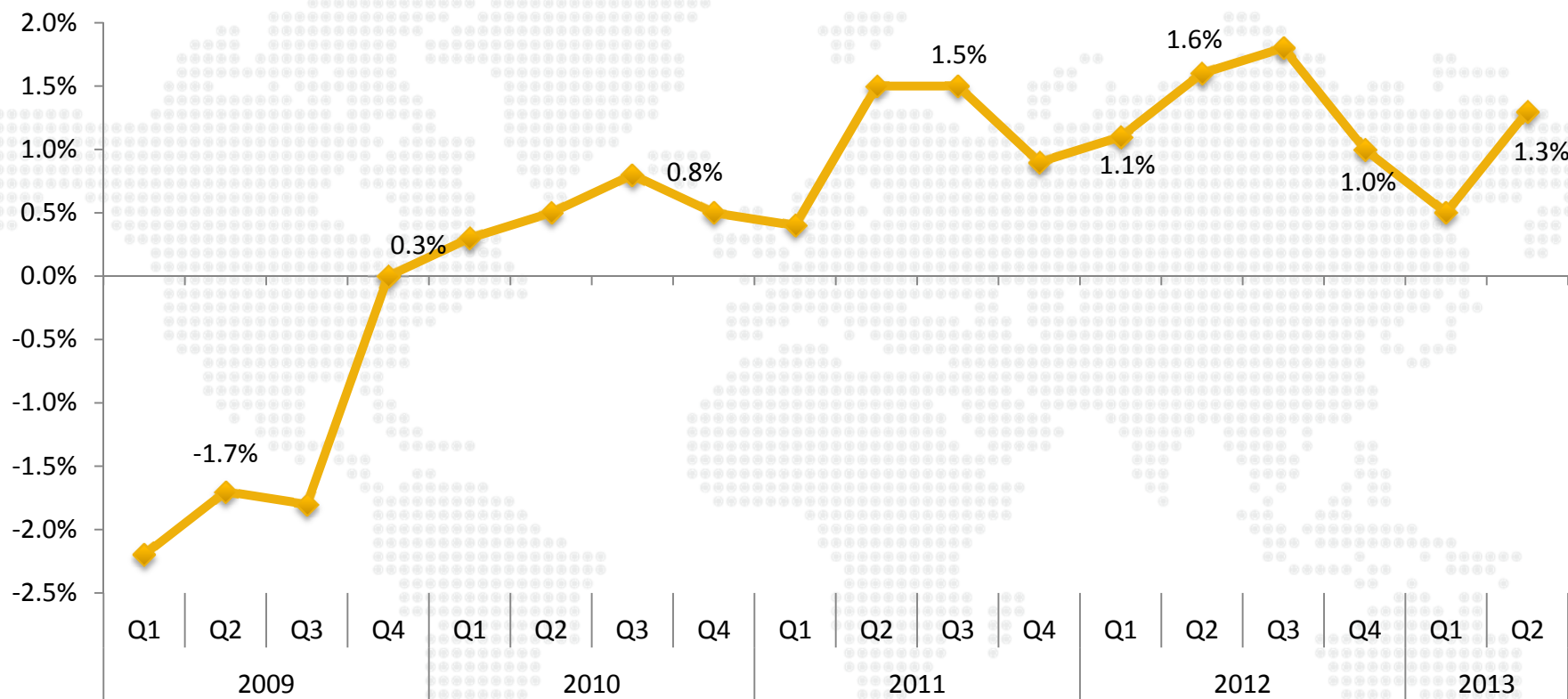


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 \*Excluding Restructuring, Impairment & Certain Litigation Charges.

# KELLY Return on Sales by Quarter



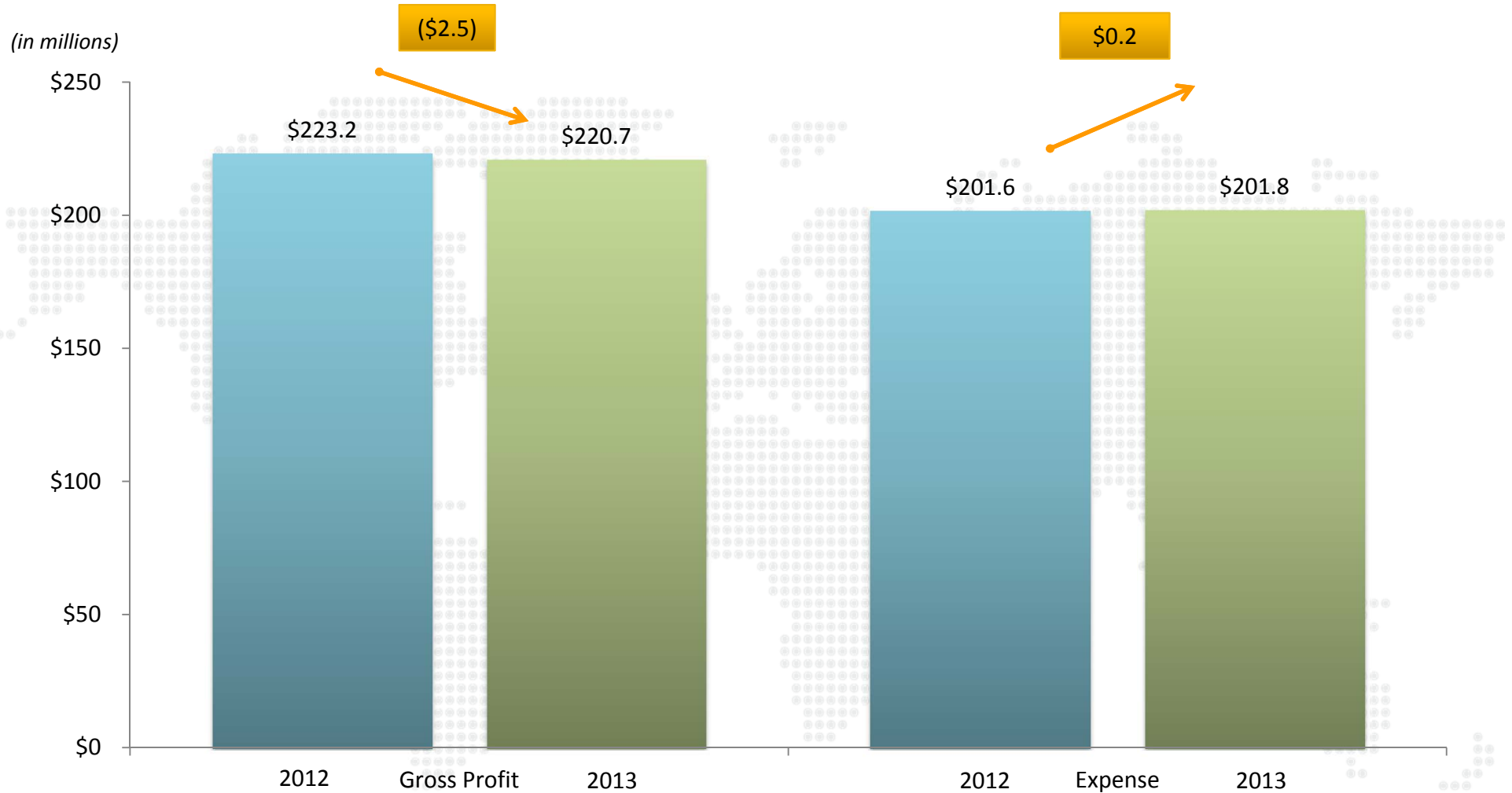
(in millions)



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\*Excluding Restructuring, Impairment & Certain Litigation Charges.



## Comparison of Gross Profit & Expense – Second Quarter



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\*Excluding Restructuring & Impairment Charges.



# KELLY Cash Flows: as of June 30, 2013



<i>(in millions)</i>		
	<u>2013</u>	<u>2012</u>
Net Income/(Loss)	\$ 22.9	\$ 24.6
Other Cash from Operating Activities	(37.1)	(18.7)
Capital Expenditures	(7.7)	(9.8)
<b>Free Cash Flow</b>	<b>\$ (21.9)</b>	<b>\$ (3.9)</b>
Borrowing	19.1	(7.8)
Other Financing Activities	-	-
<b>Available Cash Flow</b>	<b>\$ (2.8)</b>	<b>\$ (11.7)</b>
Dividends	(3.8)	(3.8)
Other	(0.2)	-
<b>Cash Used</b>	<b>\$ (6.8)</b>	<b>\$ (15.5)</b>
Effect of Exchange Rates	0.8	(0.3)
<b>Net Change in Cash</b>	<b>\$ (6.0)</b>	<b>\$ (15.8)</b>
<b>Cash at Period End</b>	<b>\$ 70.3</b>	<b>\$ 65.2</b>

# KELLY® Balance Sheet: Second Quarter



(in millions)

	2013	2012
Cash	\$ 70.3	\$ 65.2
Accounts Receivable	1,038.8	985.0
Other Current Assets	99.0	91.3
Total Current Assets	\$1,208.1	\$1,141.5
Long Term Assets	508.4	443.5
Total Assets	\$1,716.5	\$1,585.0
Short Term Debt	\$ 83.2	\$ 88.5
Other Current Liabilities	663.2	610.0
Total Current Liabilities	\$ 746.4	\$ 698.5
Other Long Term Liabilities	192.8	178.2
Equity	777.3	708.3
Total Liabilities and Equity	\$1,716.5	\$1,585.0
Working Capital	\$ 461.7	\$ 443.0
Net Cash	\$ (12.9)	\$ (23.3)
Debt-to-Total Capital	9.7%	11.1%

# KELLY Kelly Services: Company Contacts



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