KELLY SERVICES

Fourth Quarter and Full Year 2018

February 13, 2019

CONNECTING PEOPLE.
ENRICHING LIVES.

Fourth Quarter Takeaways

MODEST TOP-LINE GROWTH[(1)]

in challenging talent supply environment

Revenue down 0.5%;

Up 0.6% in constant currency[(1)]

DELIVERING SOLID PROFITS

Earnings from Operations up 16.7% to $33.1 million

FOCUSING ON OUR FUTURE

Aligning resources with growth

Divested legal staffing and solutions business to further refine our focus

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[(1)]Constant Currency represents year-over-year changes resulting from translating 2018 financial data into USD using 2017 exchange rates.

Fourth Quarter 2018 Financial Summary

	Actual Results	Change	Constant Currency Change [1]
Revenue	$1.4B	(0.5%)	0.6%
GP %	18.0%	(50) bps	
Earnings from Operations	$33.1M	16.7%	18.2%
ROS %	2.3%	30 bps	
EPS	($0.62)	($1.07)	

- Revenue growth in constant currency reflects modest growth in Americas Staffing and Global Talent Solutions (GTS) in the face of a challenging talent environment in the U.S., partially offset by lower revenue in International Staffing
- GP rate declines on higher employee related costs in Americas Staffing and GTS and the impact of customer mix in International Staffing partially offset by structural progress in GTS GP rates
- Earnings from operations is better than last year as lower performance based compensation and expense control efforts deliver an improving expense leverage
- EPS includes $1.49 unfavorable non-cash impact from loss on equity investment due to adoption of a required accounting standard effective in Q1 2018

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[1]Constant Currency represents year-over-year changes resulting from translating 2018 financial data into USD using 2017 exchange rates.

Fourth Quarter 2018 Financial Summary

(Excluding Loss on Investment in Persol Holdings and 2017 U.S. Tax Law Impact)

	Actual Results	Change	Constant Currency Change[2]
Revenue	$1.4B	(0.5%)	0.6%
GP %	18.0%	(50) bps	
Earnings from Operations	$33.1M	16.7%	18.2%
ROS %	2.3%	30 bps	
EPS[1]	$0.87	$ 0.07	

- Revenue growth in constant currency reflects modest growth in Americas Staffing and GTS in the face of a challenging talent environment in the U.S., partially offset by lower revenue in International Staffing
- GP rate declines on higher employee related costs in Americas Staffing and GTS and the impact of customer mix in International Staffing partially offset by structural progress in GTS GP rates
- Earnings from operations is better than last year as lower performance based compensation and expense control efforts deliver an improving expense leverage
- EPS improves as strong conversion rate improvements offset declines in GP

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[1] Change excludes:

- 2018 loss on investment in Persol Holdings of $83.2 million, $57.8 million net of income tax benefit or $1.49 per share; and
- 2017 U.S. tax law change of $13.9 million, or $0.35 per share, represents the impact of revaluing net deferred tax assets.

[2] Constant Currency represents year-over-year changes resulting from translating 2018 financial data into USD using 2017 exchange rates.

Full Year 2018 Financial Summary

	Actual Results	Change	Constant Currency Change[1]
Revenue	$5.5B	2.6%	2.2%
GP %	17.6%	(20) bps	
Earnings from Operations	$87.4M	5.0%	4.0%
ROS %	1.6%	10 bps	
EPS	$0.58	($1.23)	

- Revenue increase reflects growth in Americas Staffing and International Staffing and flat results in GTS
- GP rate declines on higher employee related costs in Americas Staffing and GTS and the impact of customer mix in International Staffing partially offset by structural progress in GTS GP rates
- Earnings from operations is better than last year due to lower performance based compensation and expense control efforts
- EPS includes $1.69 unfavorable non-cash impact from loss on equity investment due to adoption of a required accounting standard effective in Q1 2018

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[1]Constant Currency represents year-over-year changes resulting from translating 2018 financial data into USD using 2017 exchange rates.

Full Year 2018 Financial Summary

(Excluding Loss on Investment in Persol Holdings, 2017 U.S. Tax Law Impact, and Restructuring)

	Actual Results	Change	Constant Currency Change[2]
Revenue	$5.5B	2.6%	2.2%
GP %	17.6%	(20) bps	
Earnings from Operations	$87.4M	2.1%	1.1%
ROS %	1.6%	-	
EPS[1]	$2.27	$ 0.07	

- Revenue increase reflects growth in Americas Staffing and International Staffing and flat results in GTS
- GP rate declines on higher employee related costs in Americas Staffing and GTS and the impact of customer mix in International Staffing partially offset by structural progress in GTS GP rates
- Earnings from operations is better than last year due to lower performance based compensation and expense control efforts
- EPS improves on modest top-line improvement

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[1]Change excludes:

- 2018 loss on investment in Persol Holdings of $96.2 million, $66.8 million net of income tax benefit or $1.69 per share;
- 2017 U.S. tax law change of $13.9 million, or $0.35 per share, represents the impact of revaluing net deferred tax assets; and
- 2017 restructuring charges of $2.4 million, $1.7 million net of tax, or $0.04 per share in Q1 2017.

[2]Constant Currency represents year-over-year changes resulting from translating 2018 financial data into USD using 2017 exchange rates.

Fourth Quarter 2018 EPS Summary

$ in Millions except per share data

	Fourth Quarter			
	2018		2017	
	Amount	Per Share	Amount	Per Share
Net earnings (loss)	$ (23.9)	$ (0.62)	$ 17.7	$ 0.45
Loss on investment in Persol Holdings, net of taxes[1]	57.8	1.49	-	-
2017 U.S. tax law change[2]	-	-	13.9	0.35
Adjusted net earnings	$ 33.9	$ 0.87	$ 31.6	$ 0.80

- As adjusted, net earnings and EPS improve as improving earnings from operations are partially offset by higher income tax expense

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[1]Loss on investment in Persol Holdings of $83.2 million, $57.8 million net of tax expense or $1.49 per share in Q4 2018.

[2]2017 U.S. tax law change of $13.9 million, or $0.35 per share, represents the impact of revaluing net deferred tax assets.

Full Year 2018 EPS Summary

$ in Millions except per share data

	Full Year			
	2018		2017	
	Amount	Per Share	Amount	Per Share
Net earnings	$ 22.9	$ 0.58	$ 71.6	$ 1.81
Loss on investment in Persol Holdings, net of taxes(1)	66.8	1.69	-	-
2017 U.S. tax law change(2)	-	-	13.9	0.35
Restructuring charges, net of taxes(3)	-	-	1.7	0.04
Adjusted net earnings	$ 89.7	$ 2.27	$ 87.2	$ 2.20

- As adjusted, net earnings and EPS improve as improving earnings from operations and higher equity earnings in the PersolKelly APAC JV are partially offset by a higher income tax expense

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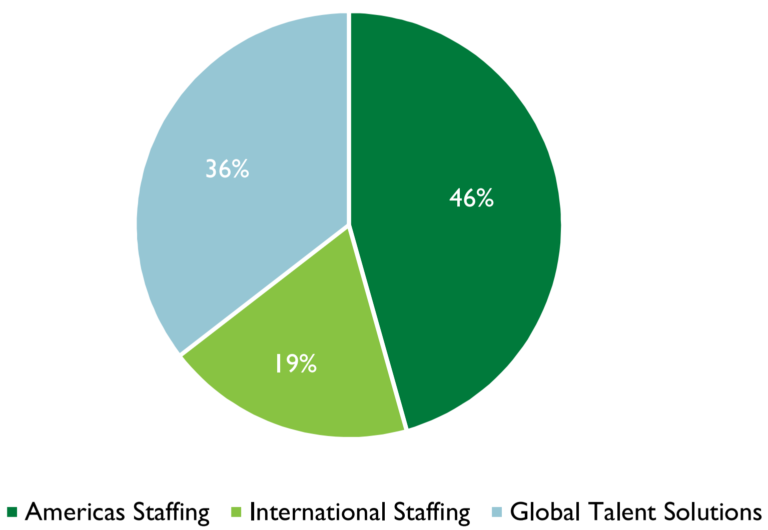
(1)Loss on investment in Persol Holdings of $96.2 million, $66.8 million net of tax expense or $1.69 per share in Q4 2018.

(2)2017 U.S. tax law change of $13.9 million, or $0.35 per share, represents the impact of revaluing net deferred tax assets.

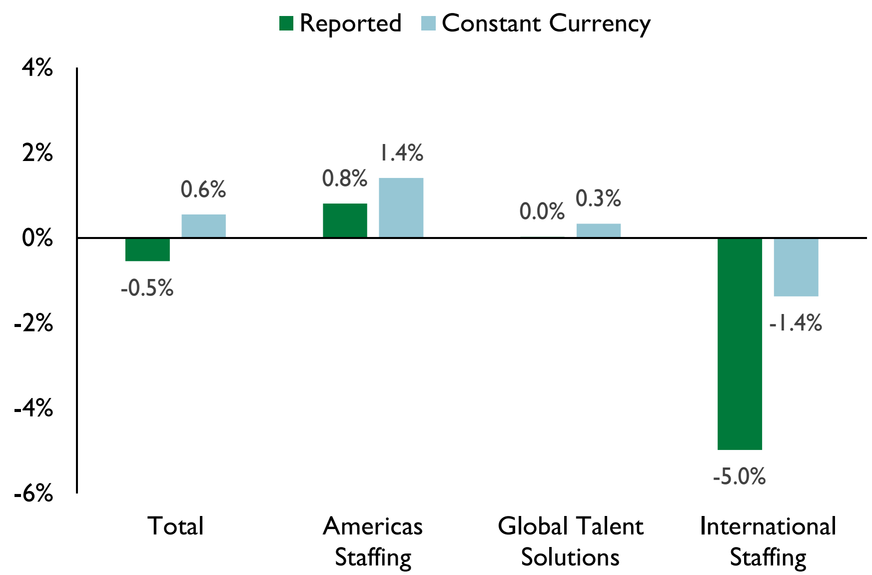
(3)2017 restructuring charges of $2.4 million, $1.7 million net of tax, or $0.04 per share in Q1 2017.

Fourth Quarter 2018 Revenue Growth

Revenue Mix by Segment



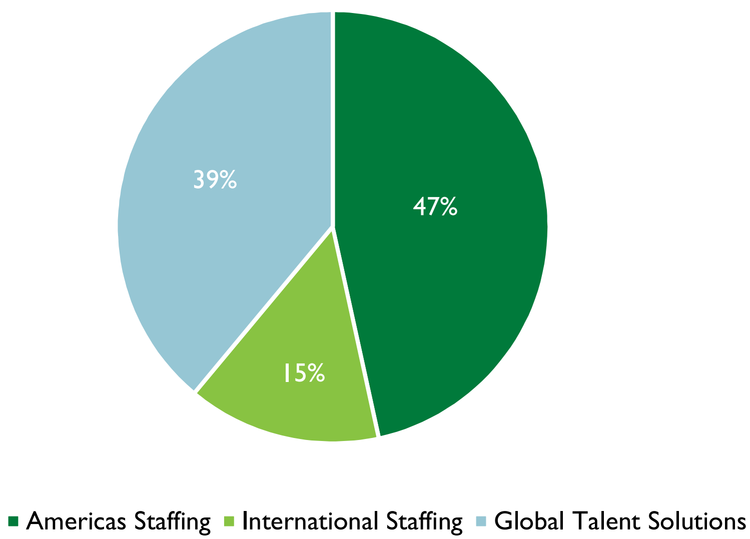
Revenue Growth by Segment



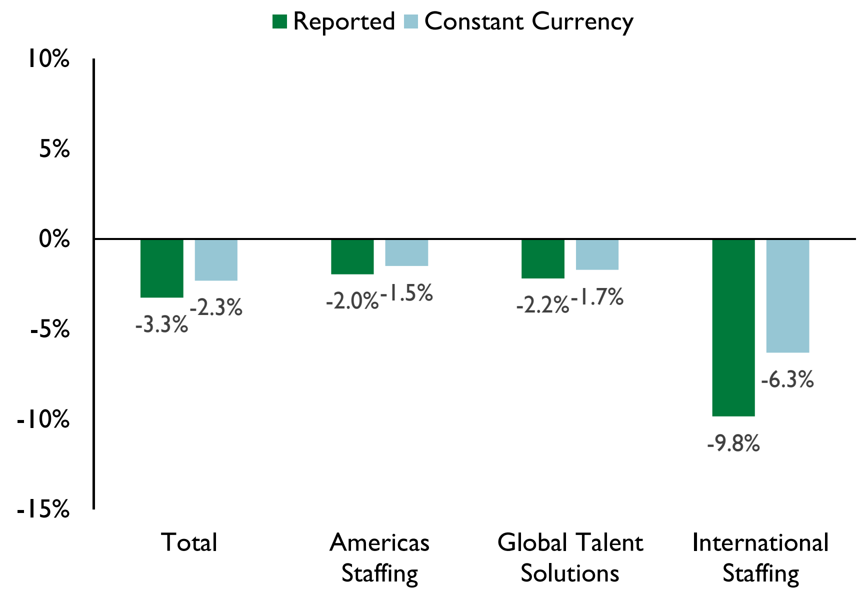
- Americas Staffing revenue reflects continuing growth in KES partially offset by declines in Commercial and PT specialties in the face of talent supply challenges in the U.S.
- GTS revenue reflects higher revenue in outsourced solutions offset by declines in centrally delivered staffing
- International Staffing revenue declined in Western Europe

Fourth Quarter 2018 Gross Profit Growth

Gross Profit Mix by Segment

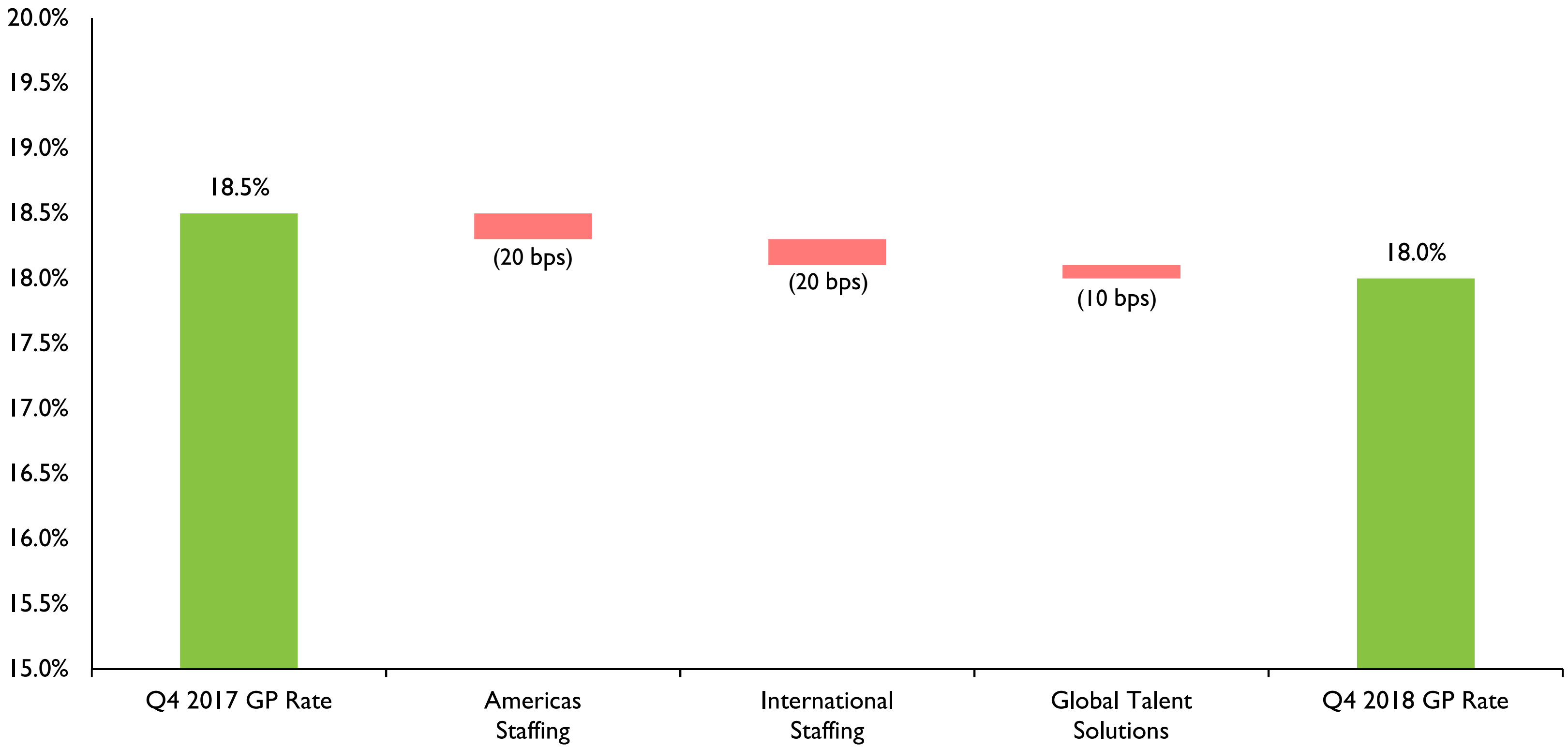


Gross Profit Growth by Segment



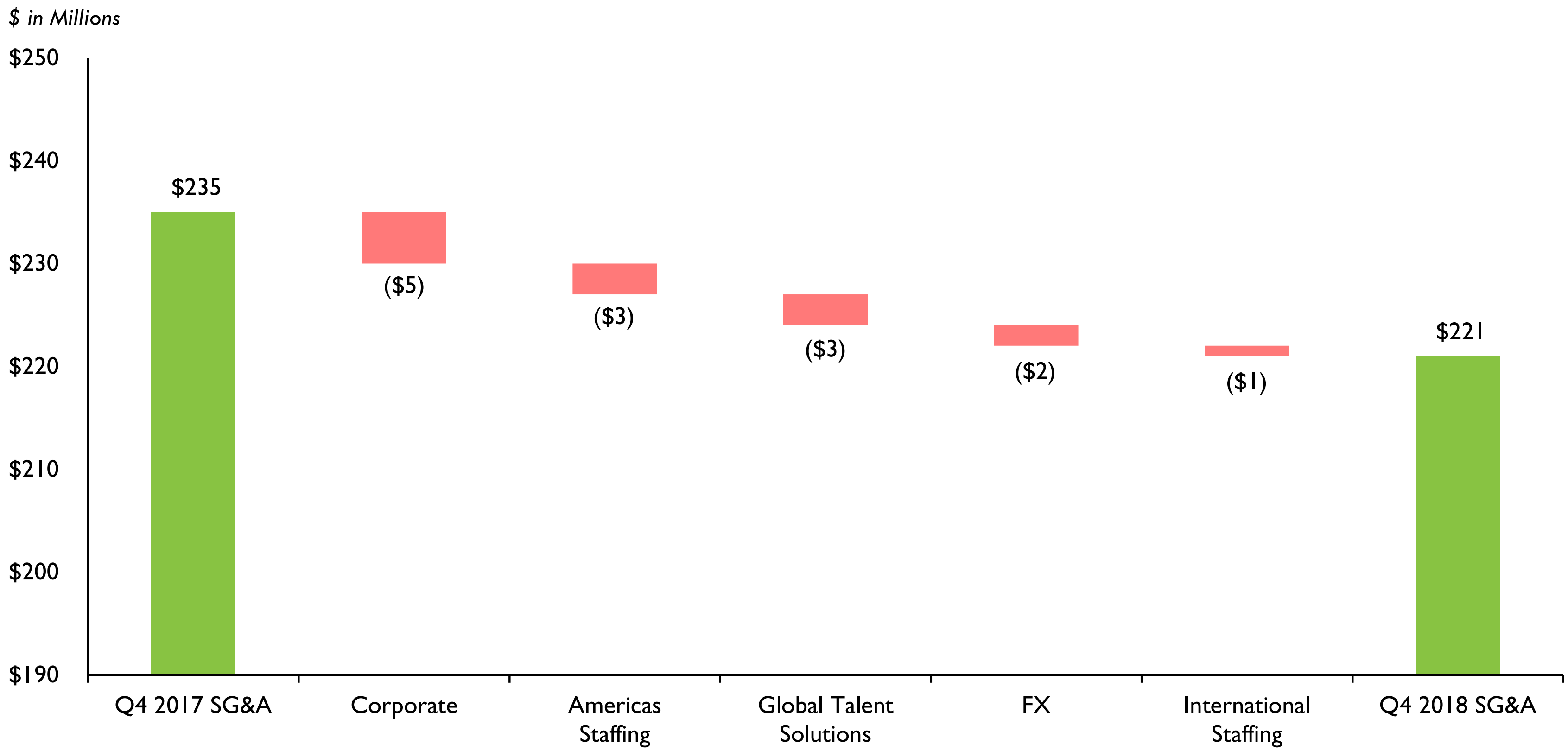
- Americas Staffing year over year comparisons reflects higher employee related costs and unfavorable customer mix
- GTS GP reflects higher employee related costs partially offset by structural rate improvement
- International Staffing reflects declines in GP rate related to customer mix, partially offset by higher perm fees

Fourth Quarter 2018 Gross Profit Rate



- Americas Staffing GP rate was negatively impacted by higher employee related costs and unfavorable customer mix
- International Staffing GP rate was negatively impacted by customer mix
- GTS GP rates reflects higher employee related costs partially offset by structural GP rate improvement from product mix
- Perm fees growth continued, although at a slower pace, and did not have an impact on the overall GP rate

Fourth Quarter 2018 SG&A



- Corporate expense decrease primarily reflects lower performance based compensation
- Americas Staffing expenses were down due to lower performance based compensation and effective cost management
- GTS expense reflects lower performance based compensation and continued cost management

Fourth Quarter 2018 Conversion Rate

$ in Millions

	2018			2017			
	Gross Profit	Earnings from Ops	Conversion Rate[1]	Gross Profit	Earnings from Ops	Conversion Rate[1]	Change (bps)
Americas Staffing	$ 118.8	$ 28.4	23.9%	$ 121.2	$ 27.8	22.8%	110
Global Talent Solutions	99.3	26.8	27.0%	101.5	25.6	25.3%	170
International Staffing	36.9	3.8	10.2%	41.0	5.6	13.8%	(360)
Total Company	$ 254.4	$ 33.1	13.0%	$ 263.0	$ 28.4	10.8%	220

- Americas Staffing and GTS conversion rate reflects slowing GP and effective cost management
- International Staffing conversion rate reflects declining GP partially offset by effective cost management
- Total Company conversion rate improvement reflects the impact of effective cost management, including lower performance based compensation, in response to GP declines

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

Full Year 2018 Conversion Rate

$ in Millions

	2018			2017			
	Gross Profit	Earnings from Ops	Conversion Rate[1]	Gross Profit	Earnings from Ops	Conversion Rate[1]	Change (bps)
Americas Staffing	$ 441.3	$ 77.1	17.5%	$ 429.1	$ 82.7	19.3%	(180)
Global Talent Solutions	381.1	84.6	22.2%	373.7	77.0	20.6%	160
International Staffing	152.3	20.0	13.2%	153.7	22.1	14.4%	(120)
Total Company	$ 972.2	$ 87.4	9.0%	$ 954.1	$ 83.3	8.7%	30

- Americas Staffing reflects the impact of higher expenses
- GTS conversion rate reflects modest GP growth and effective cost management
- International Staffing conversion rate reflects GP declines
- Total Company conversion rate improvement reflects effective cost management, including lower performance based compensation, in response to slow top line growth and modest GP rate declines. Also, total Company conversion rate includes a favorable impact of 2017 restructuring charges

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

Full Year 2018 Conversion Rate

(Excluding Restructuring)
$ in Millions

	2018			2017			
	Gross Profit	Earnings from Ops	Conversion Rate[1]	Gross Profit	Earnings from Ops[2]	Conversion Rate[1]	Change (bps)
Americas Staffing	$ 441.3	$ 77.1	17.5%	$ 429.1	$ 83.1	19.3%	(180)
Global Talent Solutions	381.1	84.6	22.2%	373.7	79.0	21.1%	110
International Staffing	152.3	20.0	13.2%	153.7	22.1	14.4%	(120)
Total Company	$ 972.2	$ 87.4	9.0%	$ 954.1	$ 85.7	9.0%	-

- Americas Staffing reflects the impact of higher expenses
- GTS conversion rate reflects modest GP growth and effective cost management
- International Staffing conversion rate reflects GP declines
- Total Company conversion rate is flat and reflects the impact of effective cost management, including lower performance based compensation, in response to slow top line growth and modest GP rate declines

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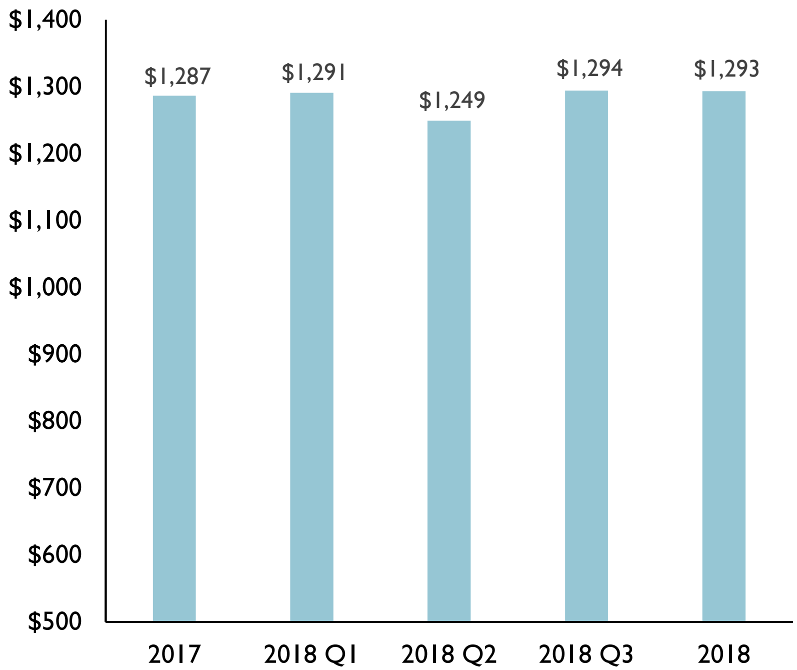
[1]Conversion rate represents earnings from operations as a percent of gross profit, or return on gross profit.
[2]Excludes $2.4 million of restructuring charges in Q1 2017.

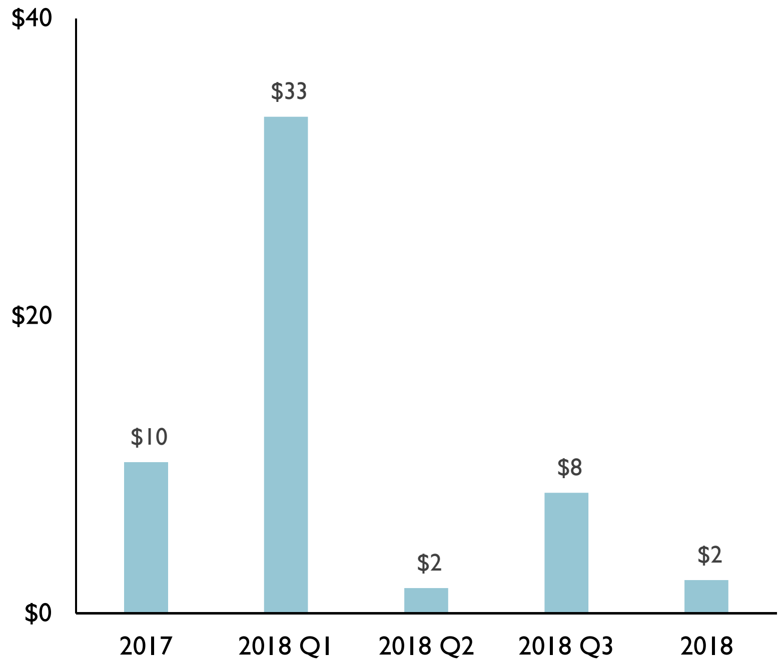
Fourth Quarter 2018 Balance Sheet Data

$ in Millions

Accounts Receivable



Net Debt



- DSO is in line with Q4 2017 and down from Q3 2018 due to seasonality
- Quarter end debt was $2 million compared to $10 million at year end

2019 Outlook – Full Year

- Reported Revenue from up 3.5% to 5.5% YOY
  - 50 basis point unfavorable impact due to currency
  - 50 basis points unfavorable impact from the sale of our legal staffing and solutions business at the end of 2018
  - Growth rates expected to improve progressively throughout the year
  - Includes inorganic growth from recent acquisitions expected to add 2-3% of revenue growth
- Gross profit rate up YOY
  - Includes acceleration expected from recent acquisitions
- SG&A up 4% to 6% YOY, including additional performance based incentive compensation and investment in technology and efficiency initiatives
  - Includes 2-3% of expense growth from recent acquisitions, including additional organic investment and amortization of purchased intangible assets
- Overall, conversion rate expected to improve

Kelly Strategic M&A Actions: 2016 - Present

2016

July 2016
Kelly and Persol form a JV combining the staffing operations in APAC

2017

Sept. 2017
Kelly acquires Teachers On Call

2018

April 2018
Kelly sells Kelly Healthcare Resources to InGenesis

July 2018
Kelly Innovation Fund invests in Kenzie Academy

Aug. 2018
Kelly invests in BTG

Dec. 2018
Kelly sells Kelly Legal Managed Services to Trustpoint.One

2019

Jan. 2019
Kelly acquires Global Technology Associates, LLC (GTA)

Jan. 2019
Kelly acquires NextGen Global Resources, LLC (NextGen)

"We are focusing our efforts and investment dollars in order to accelerate our strategic intent to become a Specialty Talent Solutions Provider. As part of that strategic path forward, we will aggressively pursue investments in our specialty areas in order to provide Kelly with a solid platform for high-margin growth."

George Corona, President & CEO, Kelly Services

Recent Acquisitions: NextGen & GTA

NEXTGEN

- Leading provider of telecommunications, wireless, and connected technology staffing solutions to Fortune 500 companies
- Works side-by-side with clients, across the U.S. and in select global markets, to meet the staffing challenges of the ever-changing tech landscape

GTA
Solutions for a Wireless World

- Leading provider of engineering, technology, and business consulting solutions and services in the telecommunication industry
- Provides telecommunication network design, implementation, testing optimization, and software development services
- Couples high-value engineering, technology, and business consulting services with proprietary software products and solutions

Developments and Initiatives Driving Improvement

BUSINESS TALENT GROUP

- Acquired a minority equity interest in BTG, a U.S.-based marketplace that connects highly skilled independent talent to some of the world's largest businesses, in September 2018
- Aligns with Kelly's passion for empowering the future of independent work

- Seed funding provided to Kenzie Academy, a tech apprenticeship program that develops modern tech workers
- Inaugural investment from the Kelly Innovation Fund in Q2 2018

InGenesis

- Formed partnership with InGenesis in sale of U.S. healthcare staffing business in Q1 2018
- Partnership allowed Kelly to monetize business and deploy resources towards other areas where Kelly has scale or specialization

Non-GAAP Measures

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. A reconciliation to the most comparable GAAP measures is included with our earnings release dated February 13, 2019 and is available on our Investor Relations website.

Safe Harbor Statement

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.