



Investor Presentation Third Quarter 2016



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, 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.



SNAPSHOT 2016

Nasdaq: KELYA, KELYB



SERVING **93%**
of the Fortune 100™



\$7 BILLION
2015 spend under management



2015 revenue:
\$5.5 BILLION



1 MILLION+
workers in our global
talent supply chain

4,600
supplier partners
across the globe
Global network

- Industry focus*
- Life Sciences
 - Natural Resources
 - High Tech
 - Consumer Goods and Premier Brands
 - Finance and Insurance



STAFFING Kelly Girl®

William Russell Kelly pioneers the modern staffing industry by founding the Russell Kelly Office Service in 1946

GLOBAL WORKFORCE SOLUTIONS

Strategic Customer Partnerships

KellyOCG® pioneers applying supply chain strategies to talent

Talent
Supply Chain
Management

CELEBRATING
70 Years
1946 • 2016



Kelly Educational Staffing®

2.6 MILLION+
classrooms filled in 2015

2015 record-setting revenue:

\$270 MILLION+



The world's leading scientific workforce solutions provider—

11,000+
professionals placed each year



5 years in a row on the Global Outsourcing

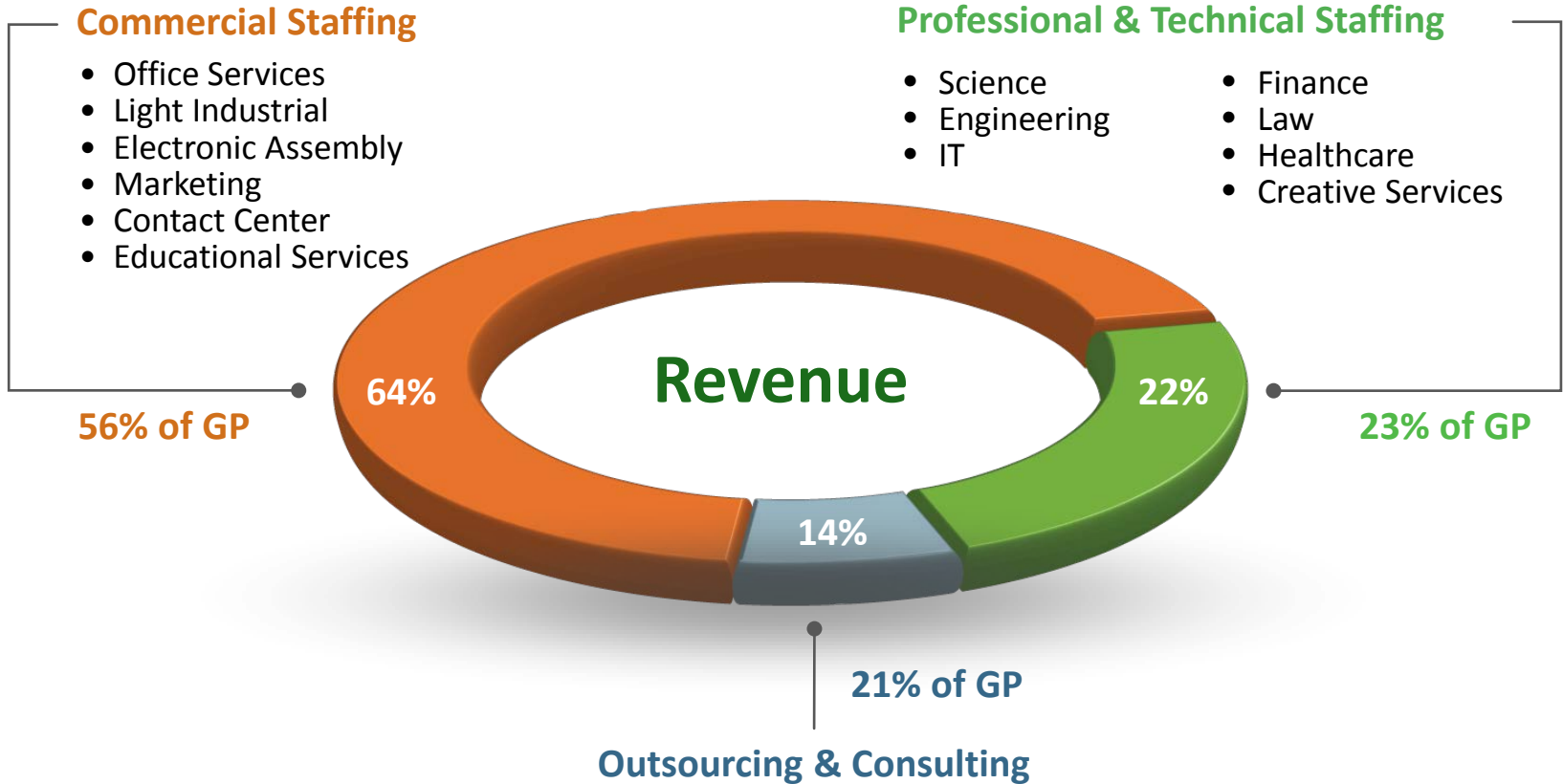
100® list! 2016 honors include recognition for sustained excellence, customer references, and programs for innovation.



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



Portfolio of Solutions



• **Recruitment Process Outsourcing (RPO)**

• **Contingent Workforce Outsourcing (CWO)**

• **Business Process Outsourcing (BPO)**

The Kelly[®] Journey: Our Strategy in Action

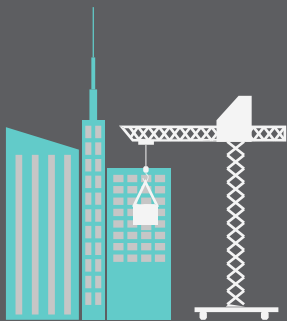


Kelly's vision is to become the world's best workforce solutions provider. As we strive toward achieving that vision, we are transforming how our company works. We are becoming a faster, smarter, more market-focused organization. We are investing in the areas where Kelly is the very best, and forming new supply chains and partnerships where we aren't the best or can't grow quickly enough.

Together, we are reimagining the solutions company of the future while staying true to our core strengths.

Here's a look at our journey, where we plan to be in the future, and how we plan to get there.

CHANGING THE SHAPE OF OUR COMPANY



The free agent population is on the rise, causing customers to re-evaluate their workforce strategies. Demand for specialized talent continues to grow, and companies are increasingly turning to project work and vendor-neutral arrangements to access that talent. We expect PT and OCG solutions to continue their steady growth...shifting the balance of Kelly's business mix even as we hold firm to our position as a Commercial staffing leader.

WHERE WE WERE






2014

To spur rapid PT and OCG growth, we invested in specialized recruiters, sales resources, and OCG talent and technologies, and created more efficient, distinct operating models for branch network and centralized accounts in the U.S. We also flattened our management structure and removed \$35M from our 2015 expense base.

2015

2015 was a year of focused execution and return on our investments. With our new operating models in place, we delivered full-year revenue growth of 4.7%; drove operating earnings up to \$67 million, nearly doubling the \$34 million in adjusted earnings we reported in 2014; and dropped nearly 70% of our GP dollar growth to the bottom line.

HOW WE'RE GOING TO GROW

-  Create a more balanced business mix across PT, OCG, and Commercial.
-  Sell, recruit, and deliver staffing in the specialties and markets where we can win through scale or specialization.
-  Design and deliver higher-margin solutions across our centralized accounts.
-  Expand our talent supply chain management capabilities and our supplier network so we don't have to maintain a physical presence.
-  Implement systems and models that make processes more efficient and people more productive.

WHAT KELLY WILL LOOK LIKE IN THE FUTURE



A more **productive** workforce

A more **balanced** portfolio

A more **profitable** company

A more **competitive** total shareholder return

WHAT THIS MEANS TO:

> OUR CUSTOMERS

We'll have more profit to invest in the best talent solutions for our clients, and we'll be able to connect them with workforces designed around their business strategies.

> OUR BUSINESS

We will transform Kelly into a leading global workforce solutions company that excels in all of its chosen specialties.

> OUR EMPLOYEES

Increased profitability will enable us to reward high-performing employees, who can take pride in being part of a company that connects people with work designed around their lives.

> OUR SHAREHOLDERS

Kelly's shareholders will be rewarded with healthier returns from a more profitable company.

U.S. Branch Network Journey

OBJECTIVES/FUTURE STATE



TARGETED RECRUITMENT AND SALES PLANS

Strong sales and talent pipelines aligned with chosen niches



CRITICAL MASS IN TARGETED MARKETS

Strong base of PT recruiters and sales resources in top markets



ENHANCED PT BRAND RECOGNITION

Amplified reputation in the market as PT specialists



INCREASED ONSITE PRESENCE

Embedded relationships leading to local/regional account growth



ENGAGED TALENT

Candidates view Kelly as their "talent agent of choice"



MARKET LEADER IN EDUCATIONAL STAFFING

#1 provider of K-12 educational staffing, including largest school districts

DELIVERING SPECIALTY STAFFING, PROTECTING THE CORE

BE THE VERY BEST COMMERCIAL AND PT RECRUITMENT COMPANY, IN OUR CHOSEN SPECIALTIES, IN THE MARKETS THAT WE SERVE

Grow profitable local and mid-market accounts.

Continue to grow Kelly Educational Staffing.

Leverage Kelly's shared service models to drive efficiency.

OUR PROGRESS

In 2016, we are further refining our U.S. PT model to ensure even stronger alignment between PT sales teams and recruiters. We expect this increased focus on specialization in both recruiting and sales will drive continued PT growth in our U.S. branch network. Kelly Educational Staffing continues to deliver double-digit growth and maintain its leading position in the K-12 market.



International Journey

OBJECTIVES/FUTURE STATE



Profitable recruitment and service delivery platforms in countries with the largest staffing markets



Industry leading cross-country sourcing expertise



Brand recognition in chosen industry verticals and niches



Employer of choice for consultants and recruiters



Large Global Solutions accounts presence in large markets

Asia Pacific JV

In Q3 2016, we expanded our strategic relationship with Temp Holdings and transferred our APAC staffing operations into the TS Kelly Asia Pacific joint venture, forming one of the largest workforce solutions companies in the Asia-Pacific region. The new JV provides accelerated growth opportunities, larger workforce solutions presence, and enhanced competitive positioning. OCG remains wholly-owned by Kelly in APAC.

BE THE VERY BEST SPECIALTY RECRUITMENT COMPANY AND RELIABLE STAFFING PARTNER IN THE MARKETS THAT WE SERVE.

- Scale up temp business in Large Accounts.
- Centralize recruitment and sourcing in large markets to boost productivity and collaboration.
- Lead through Strategic Niche & Industry Vertical approach in all markets.
- Improve return on investments and profitability.



OUR PROGRESS



In EMEA:

Invested in niche recruiters, sales resources, and sourcing talent and expertise



Consolidated branches into the recruitment delivery center in large markets



Recognized as strong science/life sciences leader across Europe



Increased Global Solutions accounts presence outside of the U.S. and increased GP\$ and returns from those accounts



Global Talent Solutions Journey

OBJECTIVES/FUTURE STATE



LEADING PROVIDER OF TALENT SUPPLY CHAIN MANAGEMENT

Hired to design holistic solutions across all talent categories



HIGH-PERFORMING SALES AND DELIVERY TEAMS

Working seamlessly to deliver client-centered, profitable solutions



TRUSTED TALENT ADVISOR TO WORLD'S TOP FIRMS

Viewed as a strategic partner by senior stakeholders in our clients' business



HIGH-PERFORMING CENTRALIZED RECRUITING TEAMS

Capable of adapting to all solutions/models



EFFICIENT, EFFECTIVE DELIVERY TEAMS

Leveraging centralization and technology

TRANSFORMING TO A WORKFORCE SOLUTIONS LEADER

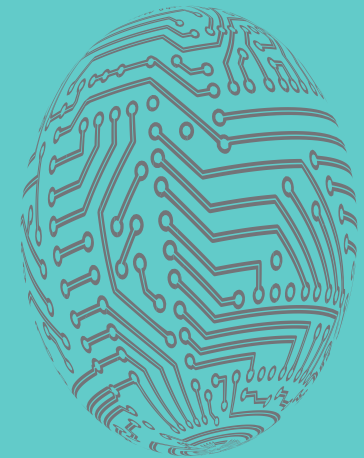
Use a talent supply chain management framework to solve clients' workforce challenges.

- › Design the best outsourced, recruitment, and integrated solutions.
- › Sell with a consultative, client-first approach.
- › Create efficient service delivery and account management models.
- › Deliver workforce solutions that align with clients' business priorities.

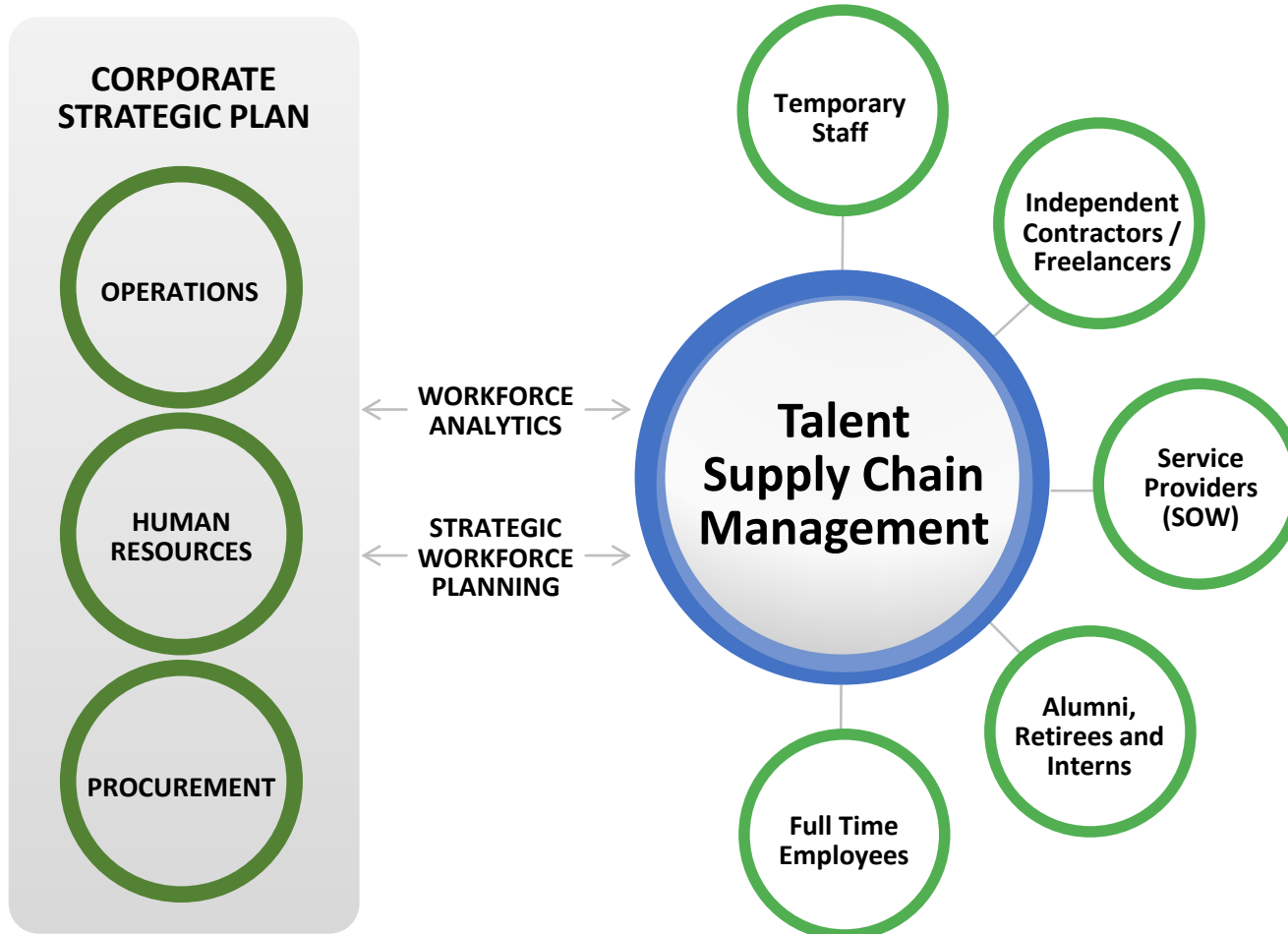
OUR PROGRESS

The organization is moving quickly to stay ahead of shifting client demands:

- Our centralized recruiting group is outperforming industry benchmarks in vendor-neutral models.
- Solutions designers are proactively creating integrated solutions for our clients.
- The Global Sales team is winning profitable new business and growing current large account relationships.
- OCG is responding to increased demand for workforce analytics, workforce planning, and project-based work.



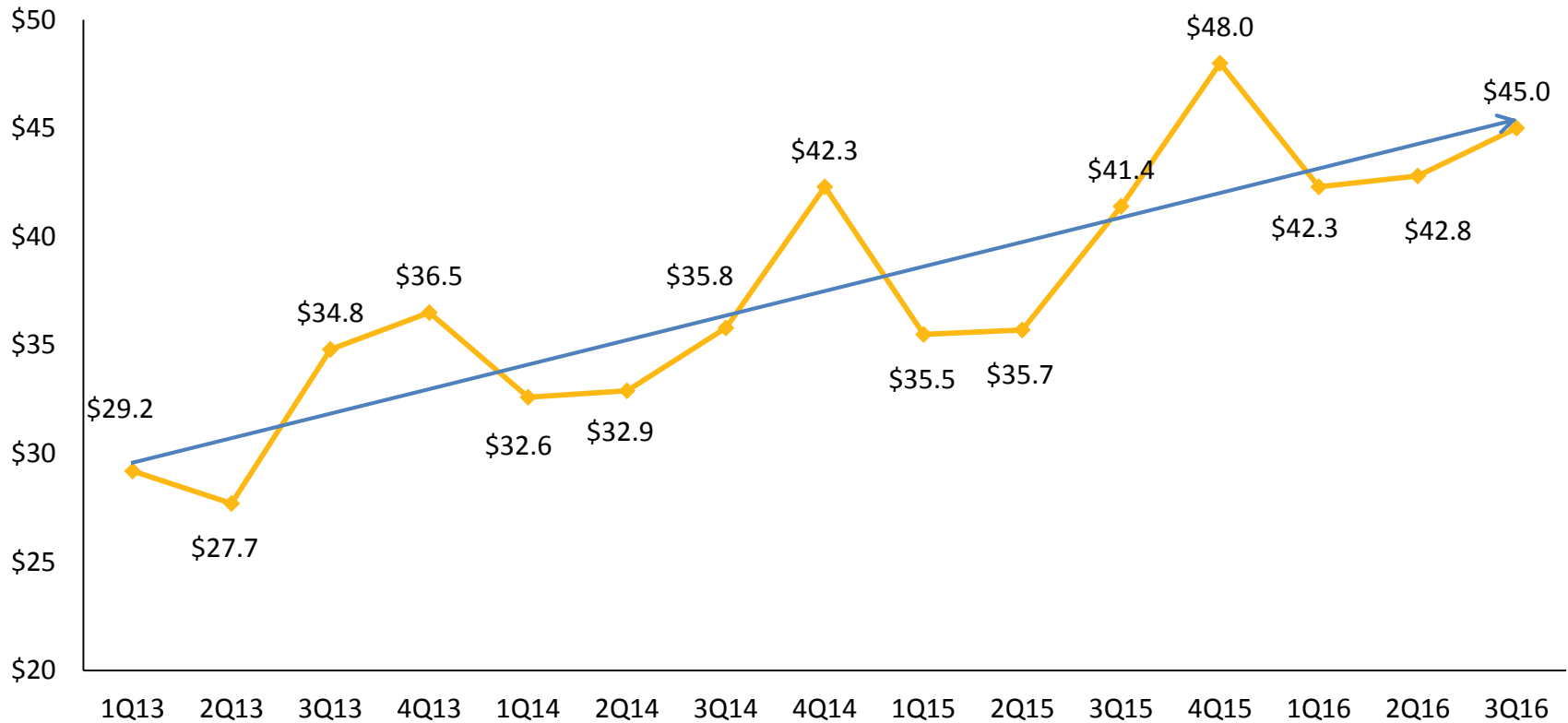
Talent Supply Chain Management



OCG Growth

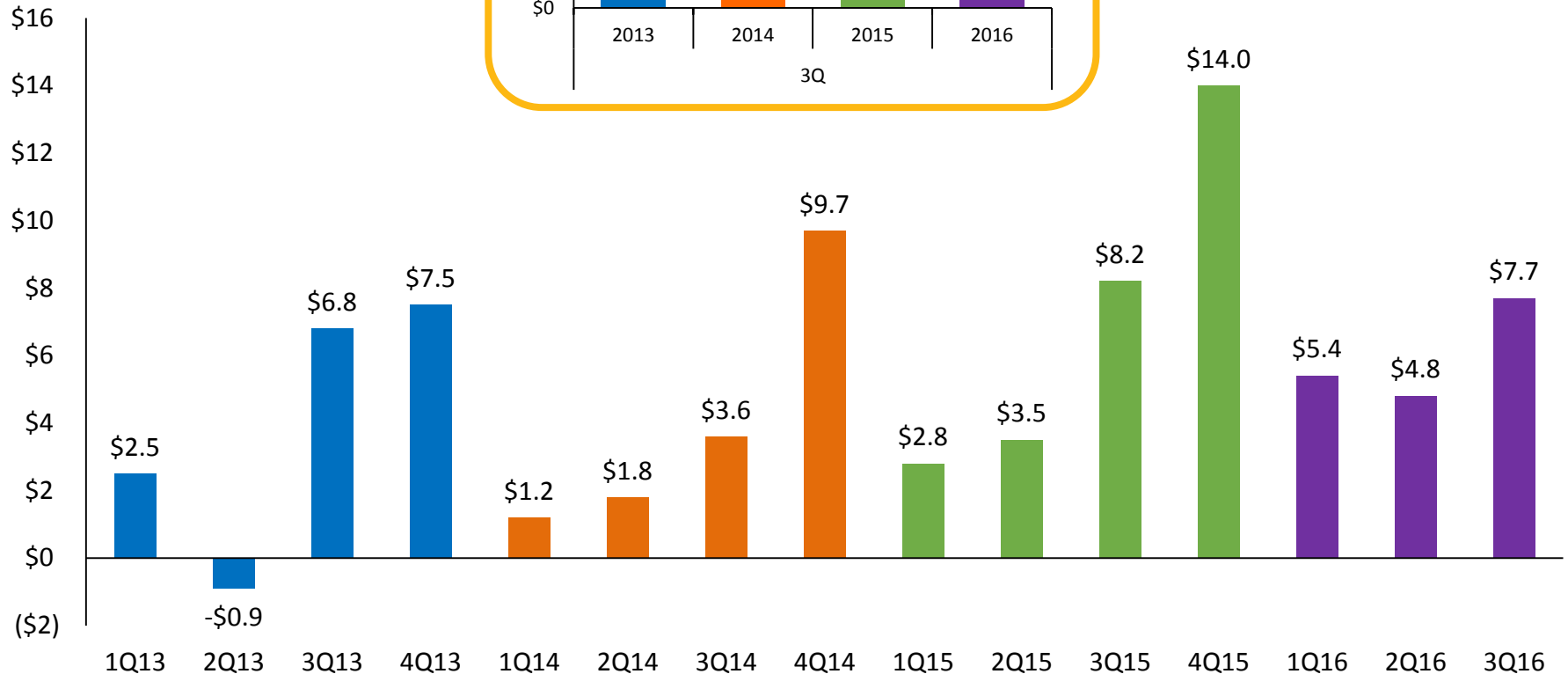
(\$ in millions)

Gross Profit



OCG Growth – Operating Profit

(\$ in millions)



Excluding Restructuring & Impairment Charges

Key Financial Performance Metrics



(\$ in millions)

	2014	2015	2016 YTD
GP \$ Growth (<i>in constant currency</i>)	3.2%	6.4%	⁽¹⁾ 4.5%
GP Rate	16.3%	16.7%	17.1%
Conversion Rate (<i>return on GP</i>)	⁽²⁾ 3.7%	7.2%	⁽²⁾ 6.9%
EPS Growth	⁽²⁾ -50%	⁽²⁾ 72%	⁽³⁾ 122%
Average DSO	57	56	55
\$ Free Cash Flows	(\$91.7)	\$6.6	\$18.3

⁽¹⁾Excluding APAC staffing operations for second half of 2015.

⁽²⁾Excluding 2013, 2014 and 2016 restructuring charges and 2013 impairment charges, as applicable.

⁽³⁾Excluding 2016 gain from the Joint Venture transaction and APAC staffing operations for second half of 2015.

- Revenue down 9% to 10% YOY in constant currency
 - Excluding 20 basis points of unfavorable foreign exchange impact
 - Excluding the impact of the APAC results in 2015, revenue down 2.0% to 3.0% in constant currency, or flat YOY excluding the 53rd week in 2015
- Gross profit rate up 20 basis points YOY
 - Includes 20 basis points of favorable impact from excluding the APAC results
- SG&A down 9% to 10% YOY
 - Excluding APAC results in 2015, SG&A is down 3.0% to 4.0%



Recent Highlights – TS Kelly Asia Pacific



- 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 one of the largest workforce solutions companies 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

TS Kelly Asia Pacific – Transaction Details



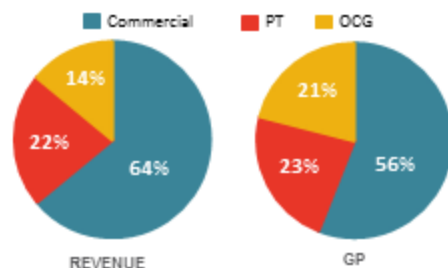
- Closed on July 4, 2016, the JV was formed through asset transfers from Kelly and Temp Holdings, and a \$36.5 million cash payment to Kelly at closing and a \$4.5 million cash true-up payment made to Kelly in Q4 2016
- Temp Holdings owns 51%, Kelly owns 49%
- Beginning in the third quarter, Kelly accounts for its 49% interest as an Equity Method Investment
 - APAC results are no longer included in the individual lines of Kelly’s consolidated income statement or balance sheet
 - Equity method investment asset will be reported as a single line item on the 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

Q3/2016 FINANCIAL REVIEW

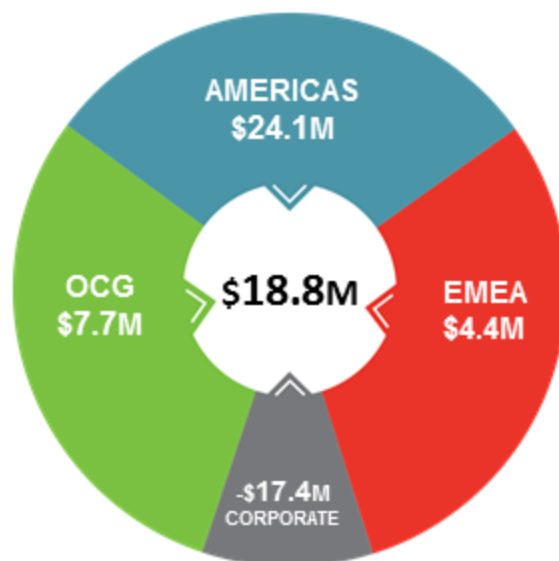
PROGRESS REPORT ON KELLY'S THIRD QUARTER*

Kelly's third quarter performance confirms that the Company continues to deliver on its commitment to becoming an even more competitive and profitable company. Faced with sluggish demand and an uncertain environment, Kelly delivered strong leverage with flat revenue growth, which, in turn, yielded strong growth in operating earnings and solid return for shareholders. *Note: during the quarter, Kelly transferred its APAC staffing operations to the TS Kelly Asia Pacific joint venture, which had an impact on Kelly's third quarter results.*

GLOBAL REVENUE & GP MIX



Q3 OPERATING EARNINGS



EXPENSE UPDATE

Q3 RESULT:
91.3% OF GP

Expenses were down nearly 7 percent YOY, or 1.4% YOY excluding APAC staffing from 2015 results. While expenses decreased in Corporate and in the staffing business in Q3, global OCG expenses increased due to continued investments in the business.

GLOBAL COMMERCIAL GP

Q3 GP \$ TOTALED \$122M

- ↓ AMER GP \$ DOWN 1%
- ↓ EMEA GP \$ DOWN 3%

GLOBAL PT GP

Q3 PT GP \$ TOTALED \$50M

- ↑ AMER GP \$ UP 1%
- ↓ EMEA GP \$ DOWN 11%

GLOBAL OCG GP

Q3 OCG GP \$ TOTALED \$45M

OCG's revenue increased 4% and gross profit increased 9% during the quarter. Performance was driven by growth in RPO (GP up 18%), BPO (GP up 13%), and CWO (GP up 8%).



GLOBAL PERM STAFFING FEES

Q3 FEES TOTALED \$14M

Q3 perm staffing fees grew 10% YOY in Americas Commercial and 7% YOY in EMEA Commercial.

REVENUE

\$1.2B

▼ 7%

FLAT[†]

GROSS PROFIT

17.2%

▲ 30 BASIS PTS

▲ 10 BASIS PTS[†]

EARNINGS FROM OPS

\$18.8M

▲ \$2.2M

▲ \$4.3M[†]

RETURN ON GP "CONVERSION RATE"

8.7%

▲ 140 BASIS PTS

▲ 190 BASIS PTS[†]

EPS

\$2.06 ▲ NM%

\$0.44 ▲ 132%[‡]

ROS (FROM OPERATIONS)

1.5%

▲ 30 BASIS PTS

▲ 30 BASIS PTS[†]

*All comparisons are year over year, and percentages are in constant currency with the exception of EPS, ROS, and Earnings from Operations, which are represented in nominal currency

[†]Excluding APAC staffing operations from 2015 results

[‡]Adjusted earnings excluding the gain from the JV transaction in Q3 2016 and APAC staffing operations from Q3 2015 results

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Third Quarter 2016 Financial Summary



	<u>Actual Results</u>	<u>Change</u>	<u>Constant Currency Change⁽¹⁾</u>
Revenue	\$1.2B	(7.6)%	(7.1)%
GP %	17.2%	30 bps	
Earnings from Operations	\$18.8M	13.1%	14.1%
ROS %	1.5%	30 bps	
EPS	\$2.06	\$1.83	

- Results reflect the deconsolidation of APAC and a slow growth environment in the U.S.
- Continued GP rate improvement
- Earnings from operations grew by 13%, 14% on a constant currency basis, despite revenue declines
- EPS growth due to \$63.7 million after tax gain on investment as well as 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.

Third Quarter 2016 Financial Summary (Excluding APAC 2015 Results)



	<u>Actual Results</u>	<u>Change⁽¹⁾</u>	<u>Constant Currency Change⁽³⁾</u>
Revenue	\$1.2B	(0.7)%	(0.1)%
GP %	17.2%	10 bps	
Earnings from Operations	\$18.8M	29.4%	30.4%
ROS %	1.5%	30 bps	
EPS ⁽²⁾	\$0.44	\$0.25	

- Flat constant currency revenue growth reflects a slow growth economic environment
- Despite flat revenue, earnings from operations continued to grow YOY due to an improvement in GP rate and expense savings
- EPS growth due to improvements in both operational performance and effective income tax rate

(1) Excludes 2015 results from APAC and OCG business related to the deconsolidation.

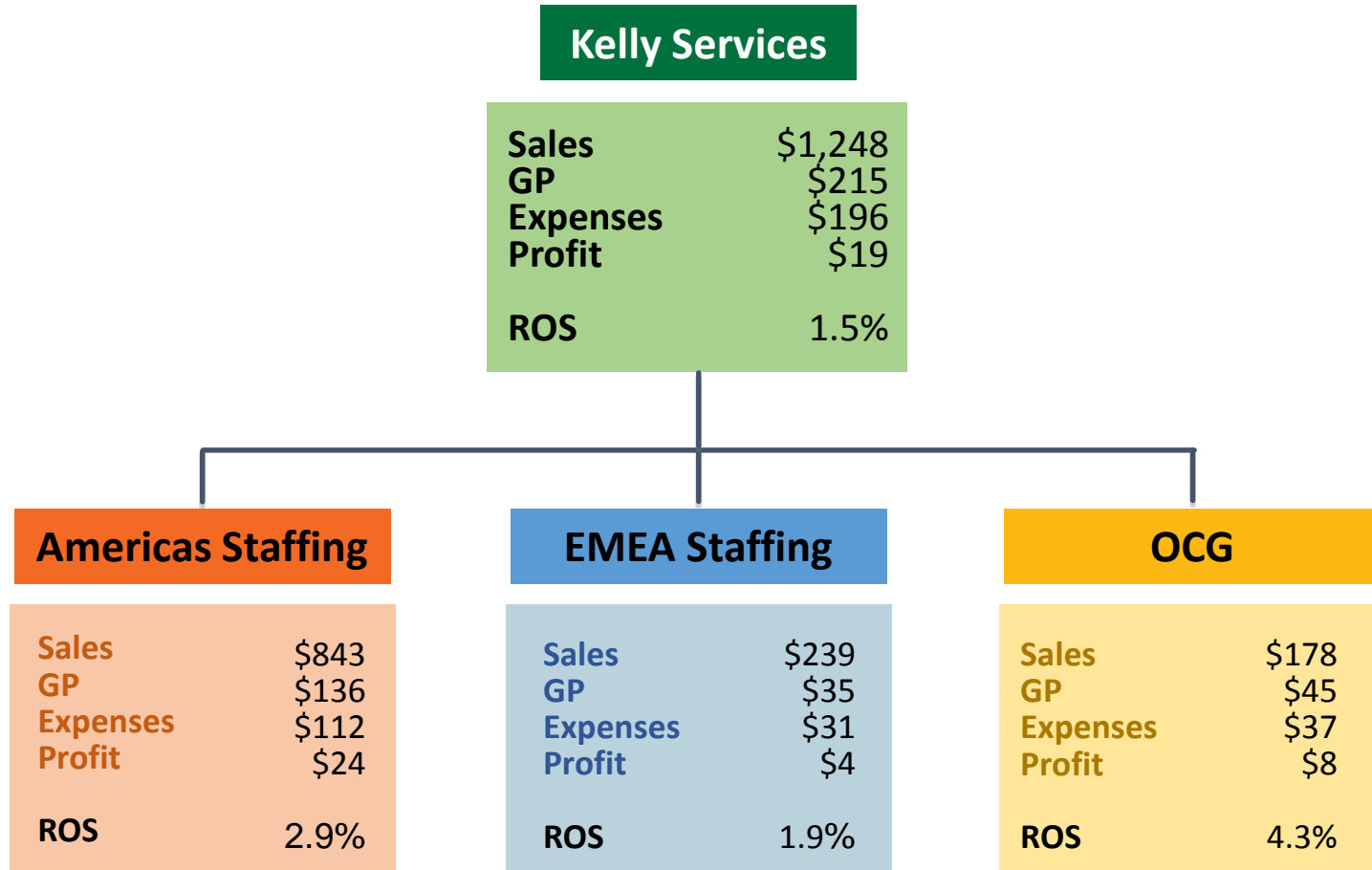
(2) Excludes \$87.2 million gain on investment, \$63.7 million net of income tax expense or \$1.62 per share, in 2016.

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

Third Quarter 2016 Operations Summary

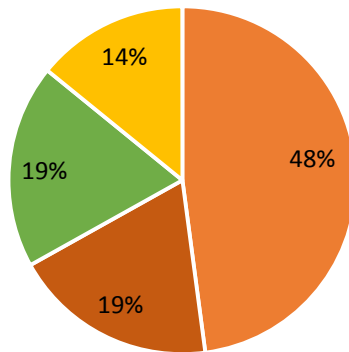


(\$ in millions)

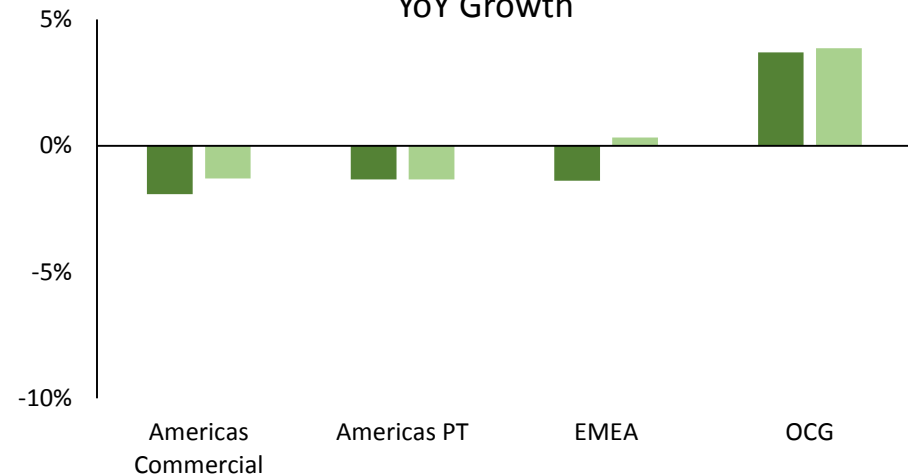


Third Quarter 2016 Revenue Growth

Business Mix



YoY Growth



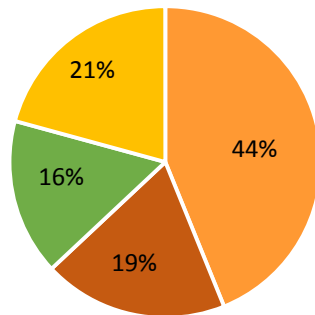
■ Americas Commercial ■ Americas PT ■ EMEA ■ OCG

■ Reported ■ Constant Currency

- OCG revenue growth of 4% for the quarter
- Americas PT Staffing declined in Centralized Accounts while Branch-Delivered revenue growth improved versus the prior quarter
- EMEA constant currency revenue growth has flattened as a result of uneven economic conditions

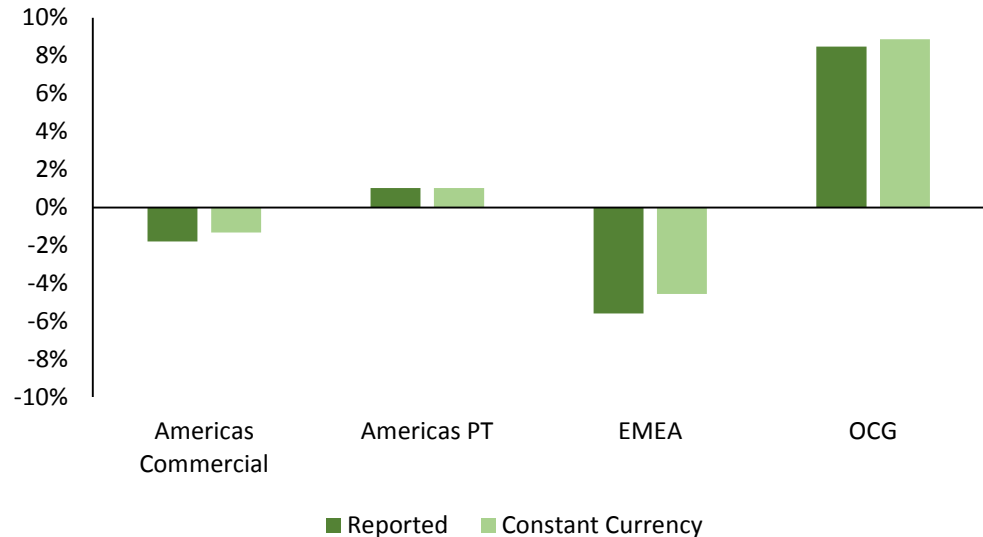
Third Quarter 2016 Gross Profit Growth

Business Mix



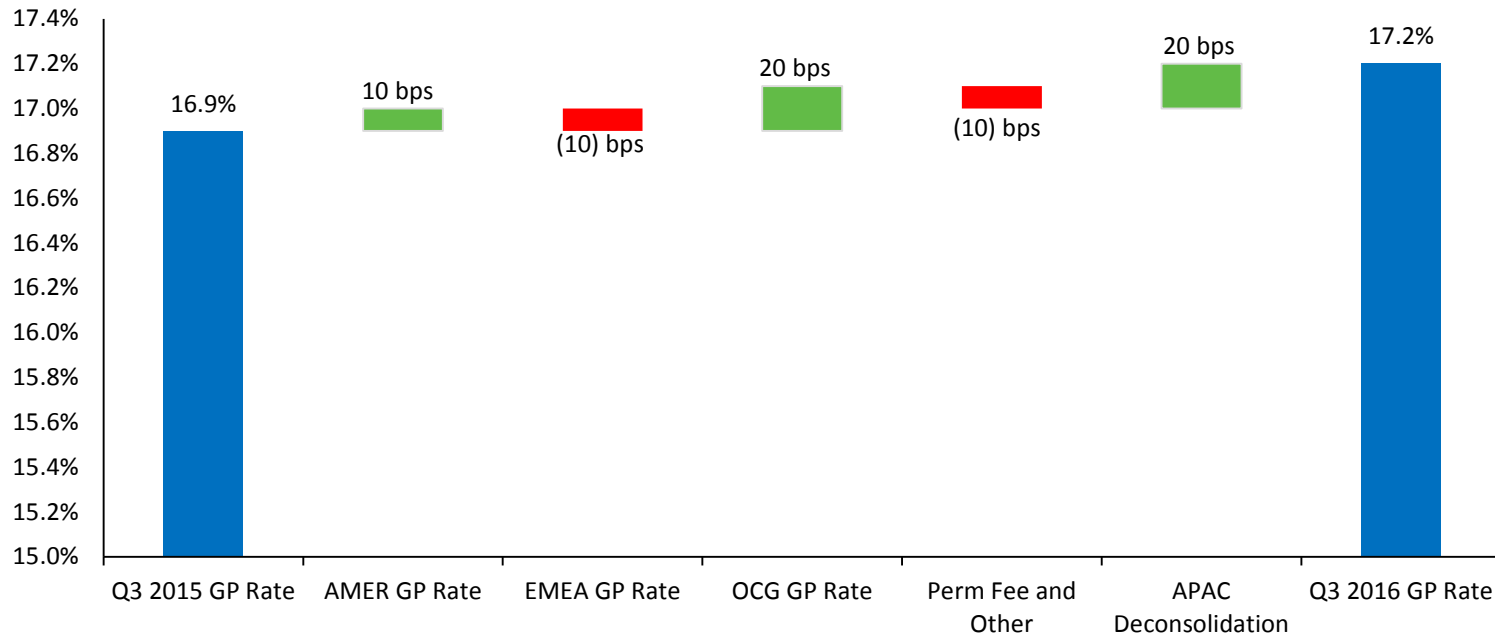
Americas Commercial Americas PT EMEA OCG

YoY Growth



- Americas Commercial and PT staffing, and OCG comprise 84% of total company GP
- GP growth in the Americas PT represents increasing GP rate on declining revenue
- OCG GP growth reflects strong GP rate improvement on a single digit revenue increase
- EMEA GP reflects staffing fee-based income declines as well as unfavorable customer and country mix

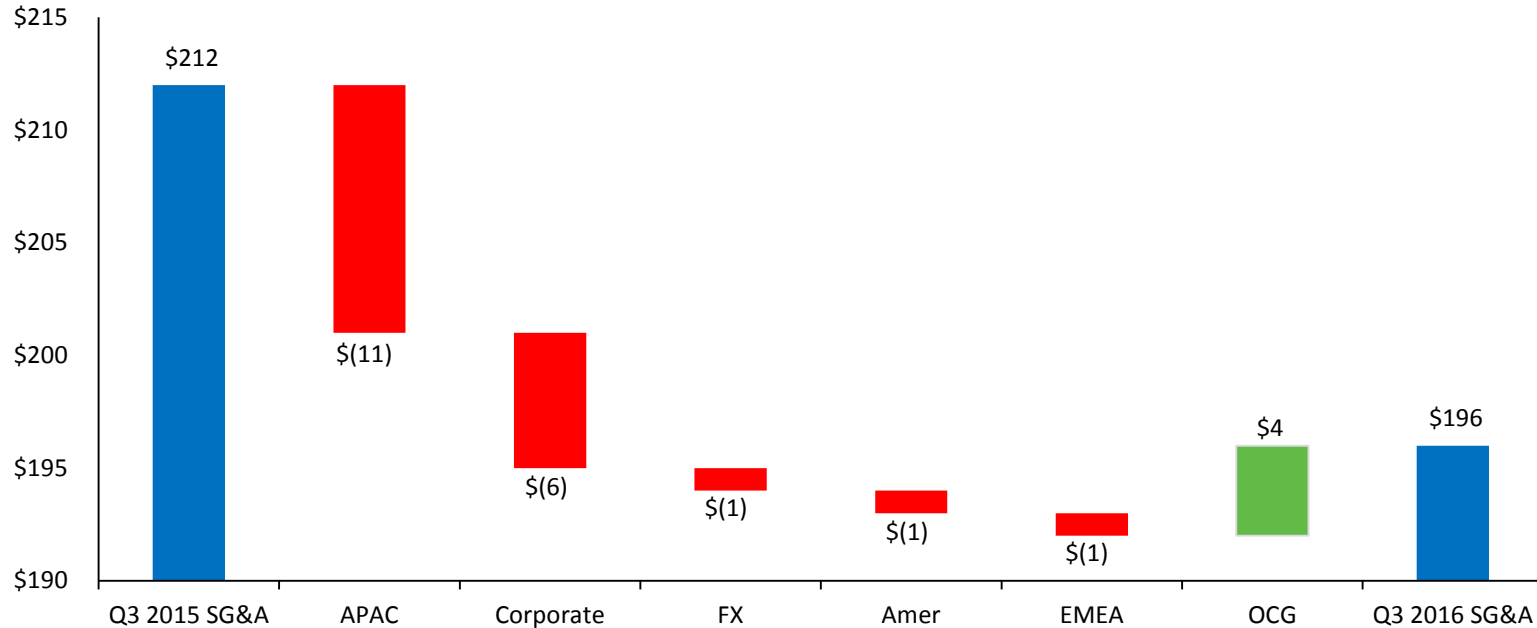
Third Quarter 2016 Gross Profit Rate



- Overall GP rate up due to improving GP rates in the Americas Staffing and global OCG businesses as well as the favorable impact related to the APAC deconsolidation, as APAC had lower GP rates than the Company average
- Americas GP rate reflects continued management of temporary employee tax and benefit expenses, partially offset by increased workers' compensation costs
- OCG GP rate improvement due to a favorable customer mix

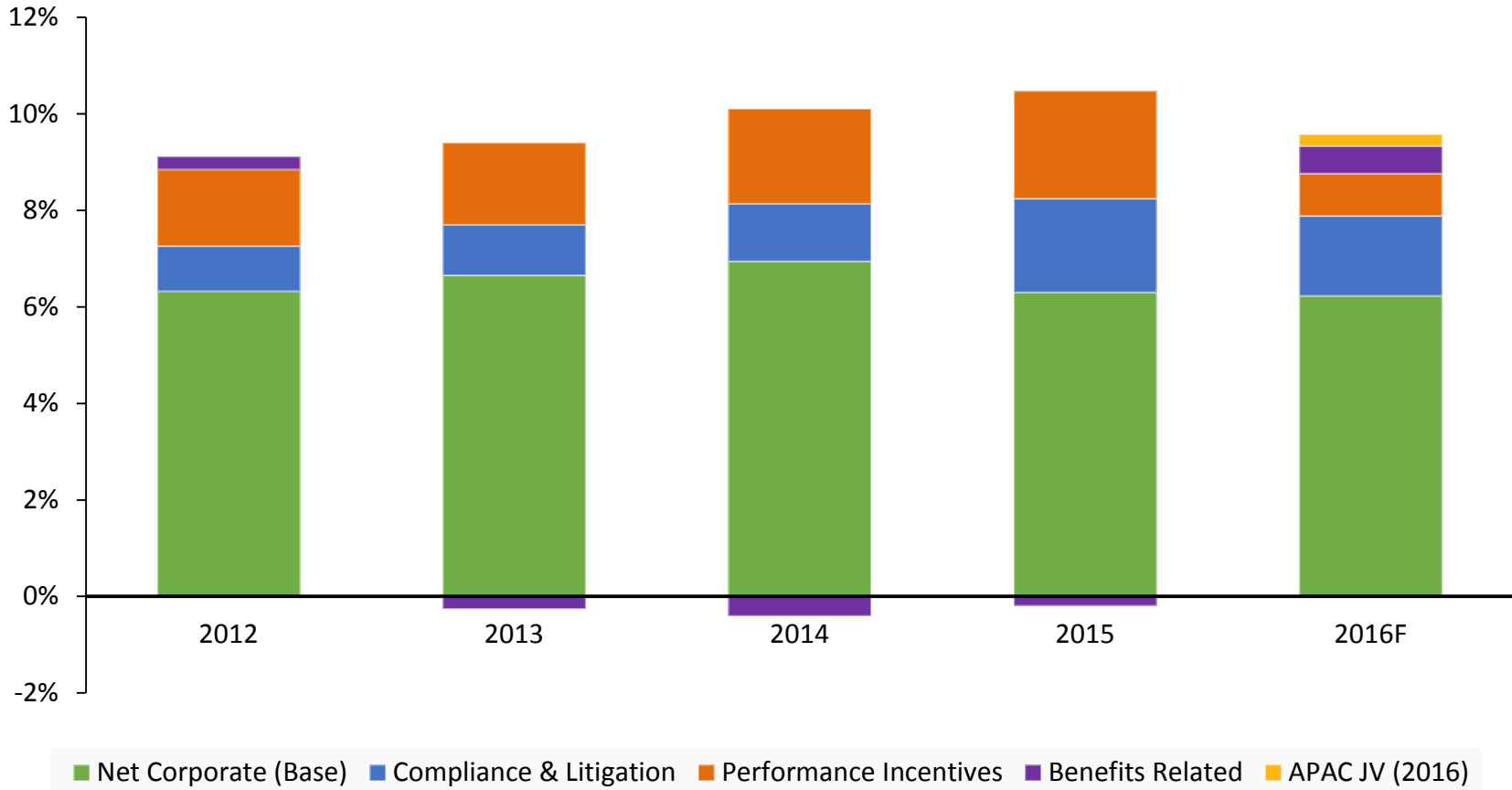
Third Quarter 2016 SG&A

(\$ in millions)



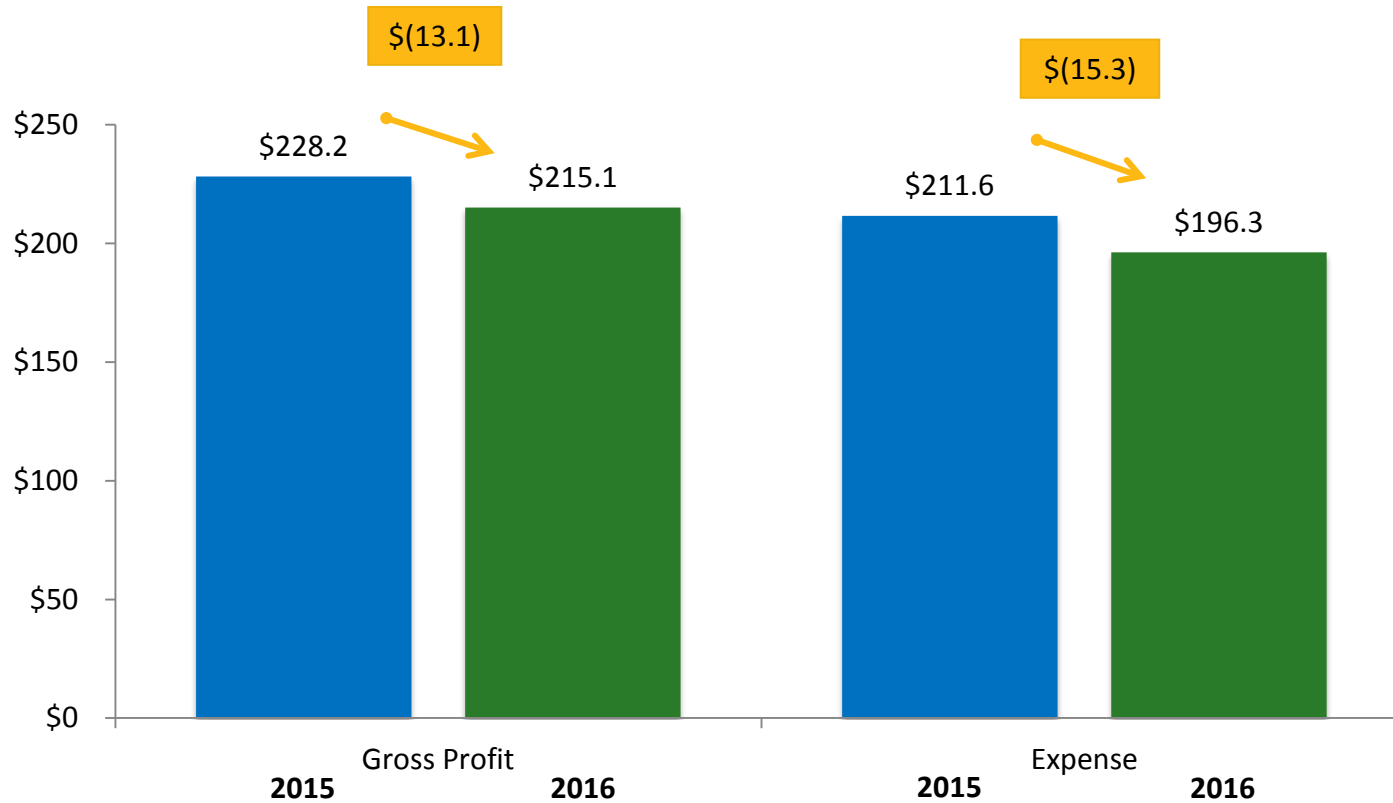
- OCG expense growth results from increasing salaries as well as costs related to additional sales resources
- Corporate expenses reflect a \$7.5 million one-time savings related to lower performance-based compensation
- APAC reflects the deconsolidation of our APAC business upon closing the APAC JV transaction at the beginning of the quarter

Total Corporate as a % of Gross Profit



Third Quarter 2016 vs. 2015 - Gross Profit & Expense

(\$ in millions)



in nominal currency

Third Quarter 2016 Conversion Rate



(\$ in millions)

	2016			2015			Change (bps)
	Gross Profit	Earnings from Ops	Conversion Rate ⁽¹⁾	Gross Profit	Earnings from Ops	Conversion Rate ⁽¹⁾	
Americas	\$ 136.3	\$ 24.1	17.7%	\$ 137.6	\$ 23.9	17.3%	40
EMEA	35.0	4.4	12.7%	37.1	5.3	14.6%	(190)
APAC	-	-	0.0%	13.2	2.1	15.7%	NM
OCG	45.0	7.7	17.0%	41.4	8.2	19.8%	(280)
Total Company	\$ 215.1	\$ 18.8	8.7%	\$ 228.2	\$ 16.6	7.3%	140

- Total company conversion rate reflects continued progress against our goal to improve conversion rate on an ongoing basis
- APAC results are no longer included in the Company's results upon closing of the APAC JV transaction at the beginning of the third quarter

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

Third Quarter 2016 Conversion Rate (Excluding APAC 2015 Results)



(\$ in millions)

	2016			2015			Change (bps)
	Gross Profit	Earnings from Ops	Conversion Rate ⁽²⁾	Gross Profit ⁽¹⁾	Earnings from Ops ⁽¹⁾	Conversion Rate ⁽²⁾	
Americas	\$ 136.3	\$ 24.1	17.7%	\$ 137.6	\$ 23.9	17.3%	40
EMEA	35.0	4.4	12.7%	37.1	5.3	14.6%	(190)
APAC	-	-	0.0%	-	-	0.0%	-
OCG	45.0	7.7	17.0%	40.8	8.3	20.4%	(340)
Total Company	\$ 215.1	\$ 18.8	8.7%	\$ 214.4	\$ 14.5	6.8%	190

- Total company conversion rate reflects continued progress against our goal to improve conversion rate on an ongoing basis

⁽¹⁾ Excludes 2015 results from APAC and OCG business related to the deconsolidation.

⁽²⁾ Conversion rate represents earnings from operations as a percent of gross profit, or return on gross profit.

Cash Flows: as of October 2, 2016



(\$ in millions)

	2016	2015
Net income	\$ 101.0	\$ 19.6
Other cash used in operating activities	(74.9)	(21.1)
Capital expenditures	(7.8)	(12.3)
Free cash flow	\$ 18.3	\$ (13.8)
Borrowing	(47.8)	(13.8)
Available cash flow	\$ (29.5)	\$ (27.6)
Dividends	(7.7)	(5.7)
Net cash proceeds from investment in TS Kelly Asia Pacific	18.8	-
Other	-	(0.7)
Cash used	\$ (18.4)	\$ (34.0)
Effect of exchange rates	3.8	(4.2)
Net change in cash	\$ (14.6)	\$ (38.2)
Cash at period end	\$ 27.6	\$ 44.9

Balance Sheet: as of October 2, 2016

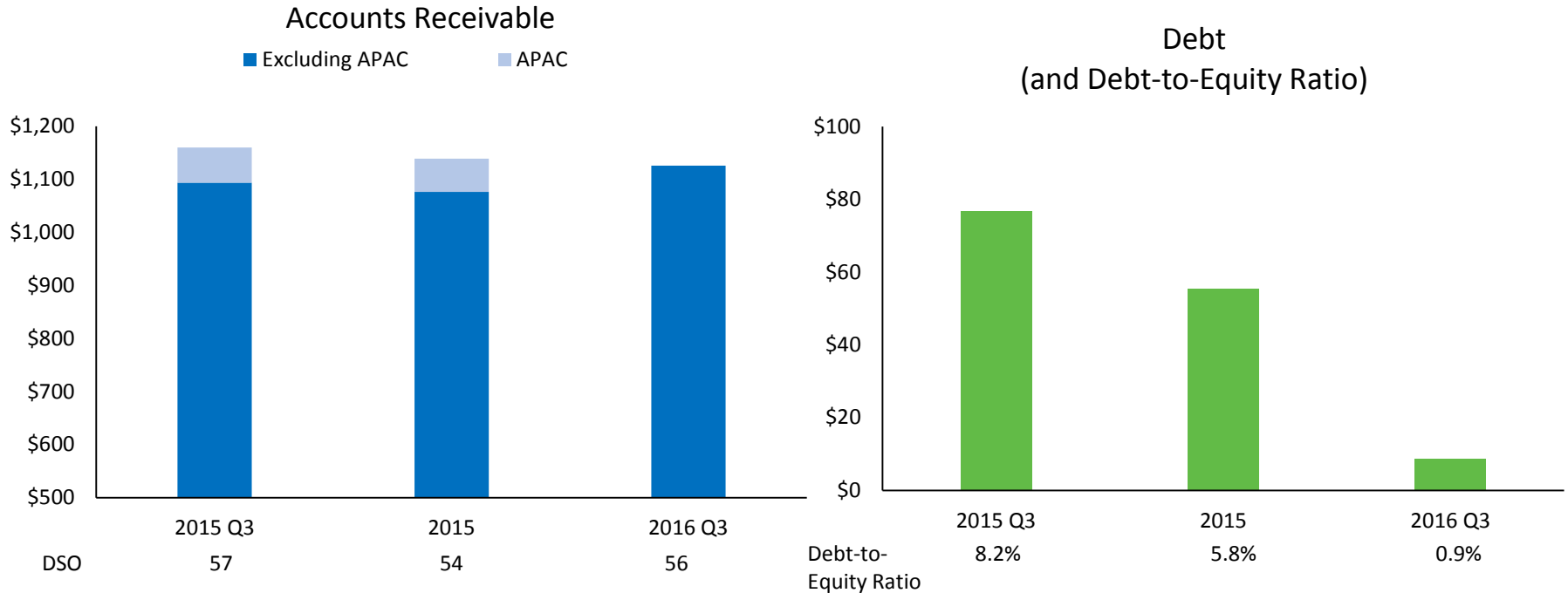


(\$ in millions)

	2016	2015
Cash	\$ 27.6	\$ 44.9
Accounts Receivable	1,125.8	1,160.3
Other Current Assets	53.0	84.0
Total Current Assets	\$1,206.4	\$1,289.2
Long Term Assets	832.9	660.7
Total Assets	\$2,039.3	\$1,949.9
Short-Term Debt	\$ 8.7	\$ 76.8
Other Current Liabilities	769.3	783.4
Total Current Liabilities	\$ 778.0	\$ 860.2
Other Long Term Liabilities	244.8	230.1
Equity	1,016.5	859.6
Total Liabilities and Equity	\$2,039.3	\$1,949.9
Working Capital	\$ 428.4	\$ 429.0
Net Cash	\$ 18.9	\$ (31.9)
Debt-to-Total Capital	0.9%	8.2%

Third Quarter 2016 Balance Sheet Data

(\$ in millions)



- DSO improved one day versus the same period last year
- Debt-to-equity ratio at 0.9% continues to improve from the same period a year ago

Kelly Services: Company Contacts



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George Corona
Executive Vice President & Chief Operating Officer
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Olivier Thiroit
Senior Vice President & Chief Financial Officer
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James Polehna
Vice President, Investor Relations & Corporate Secretary
248 244-4586



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