



CONNECTING PEOPLE.
ENRICHING LIVES.

2017 ANNUAL REPORT

CORPORATE PROFILE

As the founder of the staffing industry, Kelly has been connecting the world's best companies and most talented people for the past seven decades. Small and large businesses alike trust our expertise in providing solutions that span the entire spectrum of staffing, outsourcing, and consulting. We're proud of our heritage of innovation, and we continue to recognize people for their unique talents every day.

Our values are built on a tradition of integrity, quality, and service excellence — keys to the long-standing relationships we create with customers, employees, suppliers, and the communities in which we live and work. Kelly has three operating segments: Americas Staffing; International Staffing; and Global Talent Solutions, which also provides outsourcing & consulting in APAC. We offer both commercial and professional & technical staffing on a temporary, temporary-to-hire, and direct-hire basis in positions at all levels of finance, engineering, law, education, accounting, information technology, science, creative services, office, and light industrial specialties.

We provide comprehensive workforce management solutions globally through our outsourcing and

consulting group, KellyOCC®, including customized contingent, recruitment, and business process outsourcing solutions, as well as outplacement and advisory services. Given the worldwide span of our workers, clients, suppliers, and partners, we recognize the global impact of our business practices and our social responsibility.

IN 2017, Kelly directly employed nearly 500,000 people around the world in addition to having a role in connecting hundreds of thousands more with work through our global network of talent suppliers and partners. Revenue in 2017 totaled \$5.4 billion. More information can be found at kellyservices.com, or connect with us on Facebook, LinkedIn, or Twitter.



BY THE NUMBERS

REVENUE

\$**5.4** billion

GROSS PROFIT

17.8 percent

EXPENSES

\$**870.8** million

EARNINGS FROM OPS

\$**83.3** million

EPS

\$**1.81**

ROS (from operations)

1.5 percent

AMERICAS STAFFING REVENUE

\$**2.3** billion

GLOBAL TALENT SOLUTIONS REVENUE

\$**2.0** billion

INTERNATIONAL STAFFING REVENUE

\$**1.1** billion

TO OUR **SHAREHOLDERS**

2017 was a year of change and acceleration at Kelly. We created solid momentum and carried it through all four quarters, delivering strong top-line growth that outpaced the market and profitability gains that held strong even as we invested in our future. We bid farewell to CEO Carl Camden after a 22-year career, and welcomed a new company, Teachers On Call, to the Kelly family. We weathered a series of storms and natural disasters unlike any we'd encountered before, standing strong together and caring for our colleagues and communities. We introduced new reporting segments, sharpened our focus, accelerated our investments, and established strategic priorities that yielded strong results for Kelly.

DELIVERING RESULTS

After entering the year at a steady clip, Kelly drove forward with sustained growth quarter after quarter, achieving a 41% increase in annual operating earnings on a like-for-like basis. Our performance reflects our efforts to produce higher earnings from both gross profit growth and a balanced approach to expenses. Through a combination of strong top-line growth and good GP rate improvement, we delivered increased profitability even as we invested in the talent and technology that will drive our company forward. Our conversion rate* for 2017 was up 160 basis points to 9.0% (excluding restructuring), another clear indicator that confirms we are creating value along with driving volume.

REFOCUSING OUR STRATEGY

As the world of work continues to evolve, so too does Kelly's strategy. In 2017, we took a fresh look at the labor environment and defined a path that is at once familiar and ambitious.

Our go-forward strategy is our response to the external realities shaping our industry and the world at large. Talented people are embracing new ways to work. Modern businesses are looking for ways to adapt and find the talent they need to move their organizations forward. Kelly is staking its claim as the connection point in a marketplace marked by disruption. Our go-forward strategy is designed to help our candidates, our clients, and our company not only withstand those disruptions, but turn them to advantages. In so doing,

*Conversion rate represents earnings from operations as a percentage of gross profit, or return on gross profit.

we will be able to deliver improved shareholder value and returns from a business that is focused on its strengths and committed to leading where we know we can win.

Our plan centers on four strategic pillars:

- ▶ Being the destination for top talent
- ▶ Leading in our chosen markets via scale or specialty
- ▶ Embracing the future of work
- ▶ Investing in technology for innovation and efficiency

In 2017, we began aligning our actions to these guideposts, which will inform Kelly's journey and investment decisions over the next several years. Taken in concert, these focus areas complement each other and drive Kelly forward into a future where we are not only more profitable, but also better able to fulfill our mission to connect people with work in ways that enrich their lives.

ACCELERATING ACROSS ALL SEGMENTS

With our APAC joint venture fully in place, we entered 2018 with reporting segments that reflected our new operating reality: Americas Staffing, International Staffing, and Global Talent Solutions.

Letter to Shareholders continues on page 4





BEING THE DESTINATION FOR **TOP TALENT**

At its core, Kelly has always been a people company. We are making new investments that reaffirm the central role talent plays in our future, and taking meaningful steps to attract and advocate for talent in the changing world of work.

CONNECTING PEOPLE **TO WO**

EMBRACING THE **FUTURE OF WORK**

How, where, and why people work is changing fast, driven by technology and trends that are disrupting businesses and fueling the independent workforce. Kelly is committed to be on the leading edge of these trends, and we are investing accordingly.



LEADING IN OUR CHOSEN MARKETS VIA **SCALE OR SPECIALTY**

T rue to our “Kelly Girl” legacy, we want to be known as the best, THE place to go if you’re a customer looking for the best talent solution, or talent looking for the best opportunities in your profession. We are committed to playing where we know we can win and make the biggest difference, and will pursue organic and inorganic growth to make that happen.



RK AND ENRICHING LIVES.



INVESTING IN TECHNOLOGY FOR **INNOVATION AND EFFICIENCY**

T echnology is transforming how work gets done and creating new opportunities for talent and businesses alike. We will accelerate our investments to leverage technology for the benefit of our talent, customers, suppliers, and Kelly itself. Our current transition to a digital talent platform for recruitment is just one example of how we are investing in the technology of tomorrow.

Continued from page 1

Growth in Americas Staffing increased as the investments we made in recruiters and sales resources during the first half of the year fueled results in all areas. The second half of the year brought additional acceleration as we completed the acquisition of Teachers On Call to further strengthen Kelly's leading position in K-12 educational staffing — a clear example of investing where we know we can win, and a notable milestone of our strategy in action. With steadily climbing revenue growth and a marked improvement in GP rates, Americas Staffing delivered an 18% increase in full-year operating profit (excluding restructuring). International Staffing, now comprised of our European staffing operations, added another strong finish to the year. For the full year, International Staffing achieved 44% growth in earnings from operations (in constant currency).

Global Talent Solutions—the combination of our previously reported Outsourcing and Consulting Group segment plus our centrally delivered staffing operations—delivered results from our 2016 investments and turned in strong double-digit growth in 2017. As large clients continue to turn to Kelly for Talent Fulfillment and Outcome-Based Solutions, Global Talent Solutions is delivering the proven expertise and capabilities our clients seek. For the full year, the segment achieved a 35% increase in earnings from operations over 2016 (excluding restructuring).



ADVANCING TALENT & TECHNOLOGY

Nothing is reshaping work more rapidly or precipitously than technology. We believe the digitally powered future is one of boundless opportunity for the people we serve. Our optimism is rooted in a legacy rich in innovation and forward progress. At our inception, we ushered in a newly mobile workforce, and as work evolved, we have equipped and empowered people to meet the needs of a changing marketplace.

As work is reinvented, our evolution continues. Technology, talent, and work itself are all going mobile — untethering new generations to define work on their own terms, as something they do, not someplace they go. By executing our go-forward strategy, we will continually assess where we apply our investments to make the biggest difference, the largest contribution to the people and companies who are powering the world forward. Digital transformation will also involve reimagining our business models, engineering new solutions, and continually sharpening our focus. We will enable meaningful freedom of choice in the world of work, equipping people to bring their skills to the market as independent workers, honoring their priorities, advancing their careers, and enriching their lives.

MOVING FORWARD WITH CLARITY AND CONFIDENCE

We entered 2018 with renewed focus and clear plans to accelerate the progress we have set in motion. As we look with confidence at the year ahead, we are committed to investing in the talent and technology that will drive our future. We are focusing on our strengths, accelerating our investments where we know we can win, and leveraging technology to connect with talent like never before.

I'm proud to stand alongside my Kelly colleagues as we face the future together with renewed confidence, increased clarity, and a deepened connection to the talent that has always been at the heart of our business.

GEORGE S. CORONA

*President and Chief Executive Officer
March 2018*

CORPORATE INFORMATION

BOARD OF DIRECTORS

Terence E. Adderley
Chairman of the Board

Carol M. Adderley
*Writer and Researcher
in the Humanities*

Gerald S. Adolph
*Retired Senior Partner
Strategy & M&A
Booz & Co.*

George S. Corona
*President and
Chief Executive Officer*

Robert S. Cubbin
*Retired President and
Chief Executive Officer
Meadowbrook Insurance Group, Inc.*

Jane E. Dutton
*Robert L. Kahn Distinguished University
Professor Emeritus of Business
Administration and Psychology
The University of Michigan
Business School*

Terrence B. Larkin
*Executive Vice President,
Business Development,
General Counsel and
Corporate Secretary
Lear Corporation*

Leslie A. Murphy, CPA
*President and
Chief Executive Officer
Murphy Consulting, Inc.*

Donald R. Parfet
*(Lead Director)
Managing Director
Apjohn Group, LLC*

Hirotohi Takahashi
*Director, Deputy Vice President
and Chief Operating Officer
PERSOL HOLDINGS CO., LTD.*

EXECUTIVE OFFICERS

George S. Corona
*President and
Chief Executive Officer*

Teresa S. Carroll
*Executive Vice President
and President, Global Talent
Solutions, and General Manager,
Sales, Marketing & Human Resources*

Peter W. Quigley
*Executive Vice President
and President, Global Staffing,
and General Manager, IT,
Global Business Services &
Global Service*

Olivier G. Thiroit
*Executive Vice President
and Chief Financial Officer*

Steven S. Armstrong
*Senior Vice President
and General Manager,
U.S. Operations*

Hannah S. Lim-Johnson
Chief Legal Officer

SOCIAL RESPONSIBILITY

Since our founding in 1946, Kelly has embodied the true spirit of corporate social responsibility (CSR). We are proud to uphold that commitment as a cornerstone of who we are as an organization. Kelly's CSR commitments are centered on four critical areas:

Employees & People – We take seriously our responsibilities to protect, support, and prepare workers for successful careers, and to advocate on their behalf.

Ethics – Kelly is committed to doing the right thing, and conducting ourselves in a legal, ethical, and trustworthy manner.

Engagement – We partner with organizations to support our local communities, and we engage with socially responsible workforce suppliers.

Environment – Kelly recognizes a shared responsibility to protect our planet.

We believe Kelly has a responsibility to do the right thing and we welcome the opportunity to make a difference. For more information, visit our website, kellyservices.com, to read our corporate social responsibility report and CSR policy.

CORPORATE HEADQUARTERS

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Troy, Michigan 48084-4716
248.362.4444
kellyservices.com

TRANSFER AGENT AND REGISTRAR

Computershare
P.O. Box 505000
Louisville, KY 40233

Overnight correspondence should be sent to:
Computershare
462 South 4th Street
Louisville, KY 40202
Toll Free (U.S. and Canada) 866.249.2607
TDD for Hearing Impaired 800.231.5469
Foreign TDD for Hearing Impaired 201.680.6610
Foreign Stockholders 201.680.6578
Website: computershare.com/investor

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

PricewaterhouseCoopers LLP
500 Woodward Avenue
Detroit, Michigan 48226

ANNUAL MEETING

The Annual Meeting of Stockholders will be held on May 9, 2018, at 11:00 a.m., Eastern Daylight Time, at the Corporate Headquarters of the Company.

DIRECT STOCK PURCHASE AND DIVIDEND REINVESTMENT PLAN

Registered stockholders of Kelly's Class A common stock can purchase additional shares through the Direct Stock Purchase and Dividend Reinvestment Plan. For more information about the plan or to enroll, visit kellyservices.com.

ADDITIONAL INFORMATION

For more information, including financial documents such as annual reports, Form 10-Ks, and copies of the Company's Code of Business Conduct and Ethics, contact:

James M. Polehna
Corporate Secretary
Kelly Services, Inc.
999 West Big Beaver Road
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248.244.4586

STOCK LISTINGS

Kelly Services Class A and Class B common stock trade on the NASDAQ Global Select MarketSM under the symbols: KELYA and KELYB.



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