

# HUDSON HIGHLAND GROUP

Q3 2011  
EARNINGS CALL

November 1, 2011

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# Forward Looking Statements

*Please be advised that except for historical information, the comments made during this presentation and in these slides constitute forward-looking statements under applicable securities laws. Such forward-looking statements involve certain risks and uncertainties, including statements regarding the company's strategic direction, prospects and future results. Certain factors, including factors outside of our control, may cause actual results to differ materially from those contained in the forward-looking statements, including the impact of the recent economic downturn and other conditions in the markets in which we operate, risks associated with volatility in our revenue, competition, seasonality and the other risks discussed in our filings made with the Securities and Exchange Commission. These forward-looking statements speak only as of the date of this presentation. The company assumes no obligation, and expressly disclaims any obligation, to review or confirm analysts' expectations or estimates or to update any forward-looking statements, whether as a result of new information, future events or otherwise.*

# Q3 2011: Consolidated Financial Results

*\$US in Millions*

	B+ / W-	Q3 2011	Q3 2010
Revenue	+22%	\$245.1	\$200.4
	+14% CC		
Gross Margin	+24%	\$93.0	\$75.0
	+15% CC		
SG&A	-15%	\$85.3	\$74.4
	-6% CC		
Non-Op, net	-141%	\$0.2	(\$0.6)
EBITDA	+524%	\$7.4	\$1.2
	+667% CC		
<i>EBITDA %</i>		3.0%	0.6%

(1) CC represents constant currency variance.

(2) B/W indicates whether the result was better or worse than the comparison period.

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# Q3 2011: Hudson Americas

*\$US in Millions*

	B+ / W-	Q3 2011	Q3 2010
Revenue	+26%	\$47.7	\$37.8
Gross Margin	+47%	\$13.7	\$9.3
SG&A	-28%	\$11.7	\$9.1
Non-Op, net	--	\$0.5	(\$0.4)
EBITDA	+174%	\$1.5	\$0.5
<i>EBITDA %</i>		3.1%	1.4%

(1) CC represents constant currency variance.

(2) B/W indicates whether the result was better or worse than the comparison period.

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# Q3 2011: Hudson Europe

*\$US in Millions*

	B+ / W-	Q3 2011	Q3 2010
Revenue	+20%	\$96.8	\$80.5
	+15% CC		
Gross Margin	+17%	\$38.1	\$32.6
	+10% CC		
SG&A	-8%	\$34.3	\$31.7
	-2% CC		
Non-Op, net	--	\$1.9	\$3.1
EBITDA	+195%	\$2.0	(\$2.1)
	+185% CC		
<i>EBITDA %</i>		2.1%	(2.6%)

(1) CC represents constant currency variance.

(2) B/W indicates whether the result was better or worse than the comparison period.

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# Q3 2011: Hudson ANZ

*\$US in Millions*

	B+ / W-	Q3 2011	Q3 2010
Revenue	+24%	\$90.4	\$73.0
	+8% CC		
Gross Margin	+30%	\$31.4	\$24.3
	+13% CC		
SG&A	-22%	\$26.1	\$21.4
	-5% CC		
Non-Op, net	--	\$1.4	\$1.4
EBITDA	+186%	\$3.9	\$1.4
	+197% CC		
<i>EBITDA %</i>		4.3%	1.9%

(1) CC represents constant currency variance.

(2) B/W indicates whether the result was better or worse than the comparison period.

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# Q3 2011: Hudson Asia

*\$US in Millions*

	B+ / W-	Q3 2011	Q3 2010
Revenue	+12%	\$10.2	\$9.1
	+6% CC		
Gross Margin	+11%	\$9.8	\$8.8
	+5% CC		
SG&A	-13%	\$8.0	\$7.1
	-6% CC		
Non-Op, net	+11%	\$0.4	\$0.5
EBITDA	+10%	\$1.3	\$1.2
	+2% CC		
<i>EBITDA %</i>		12.6%	12.9%

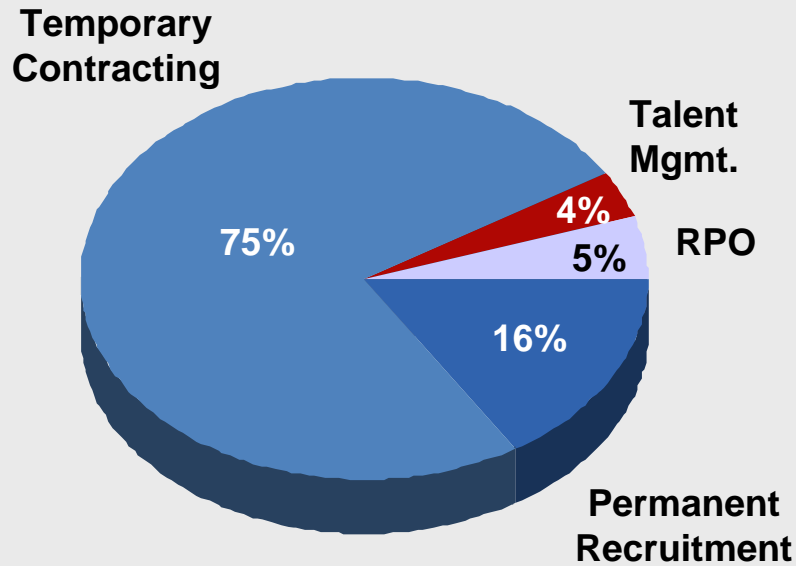
(1) CC represents constant currency variance.

(2) B/W indicates whether the result was better or worse than the comparison period.

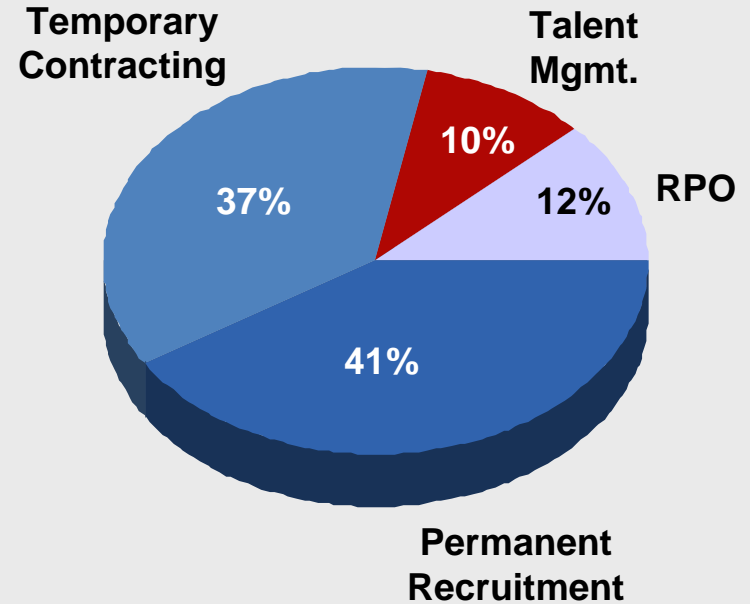
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# Q3 2011: Global Services Split

**Q3 2011 Revenue**



**Q3 2011 Gross Margin**

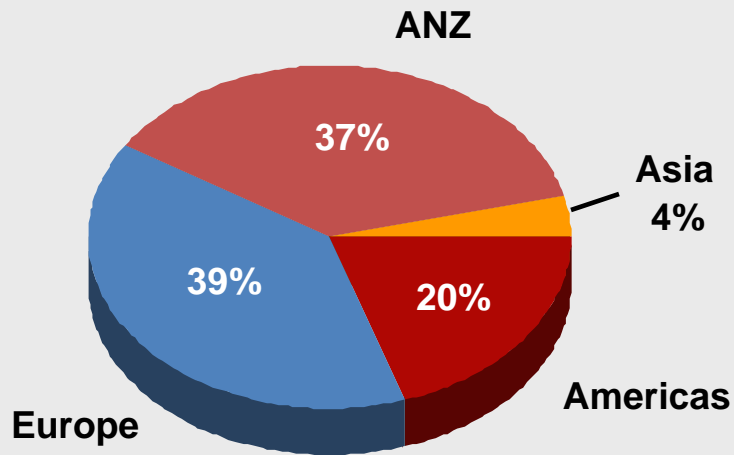


(1) Services percentages above include "other revenue" or "other gross margin," which are allocated to each category based on its percentage of total revenue or gross margin excluding "other revenue" or "other gross margin."

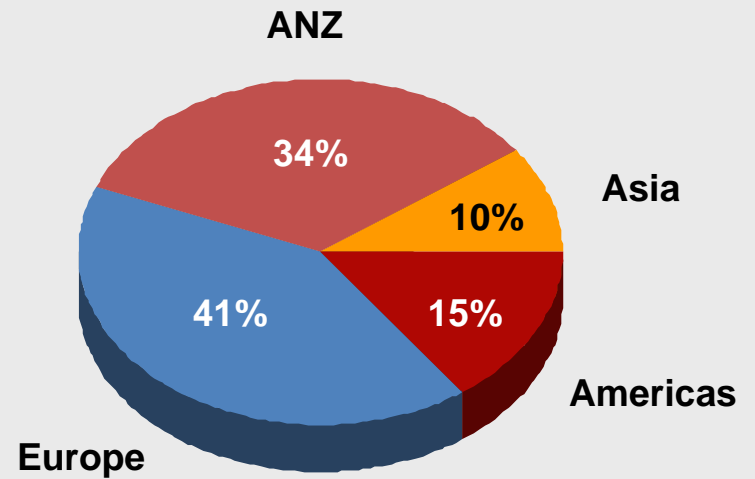


# Q3 2011: Regional Split

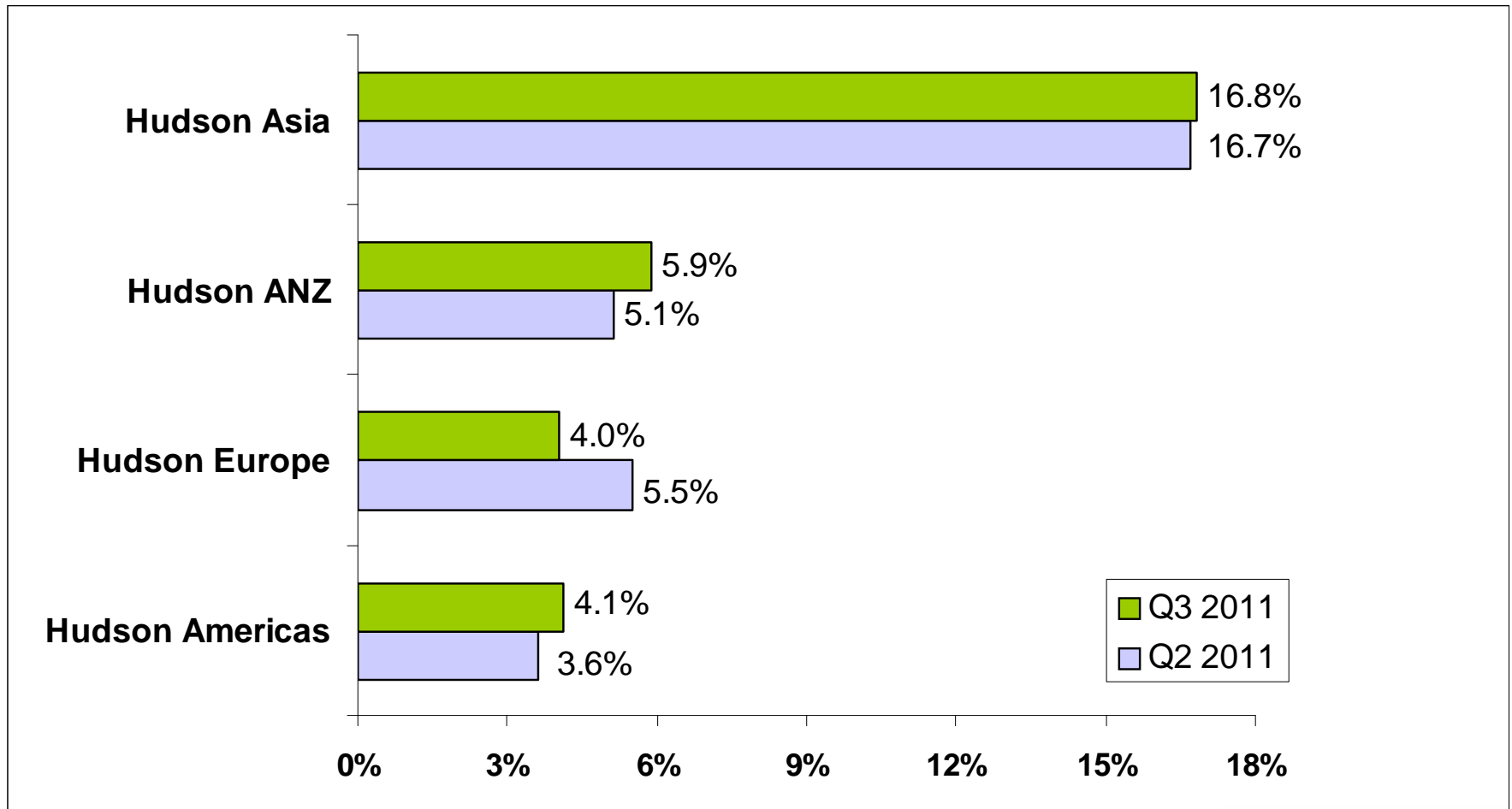
**Q3 2011 Revenue**



**Q3 2011 Gross Margin**



# Sequential Regional Adj. EBITDA Margin



Adjusted EBITDA is a non-GAAP term and is defined and reconciled in the appendix.

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# Balance Sheet: Select Items

*\$US in Millions*

<b>Selected Assets</b>		
	<b>September 30, 2011</b>	<b>December 31, 2010</b>
<b>Cash</b>	\$22	\$30
<b>Accounts Receivable</b>	152	129
<b>Selected Liabilities</b>		
	<b>September 30, 2011</b>	<b>December 31, 2010</b>
<b>Short-term Borrowings</b>	\$7	\$1
<b>Shareholders' Equity</b>	102	93

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# Q3 Cash Flow Summary

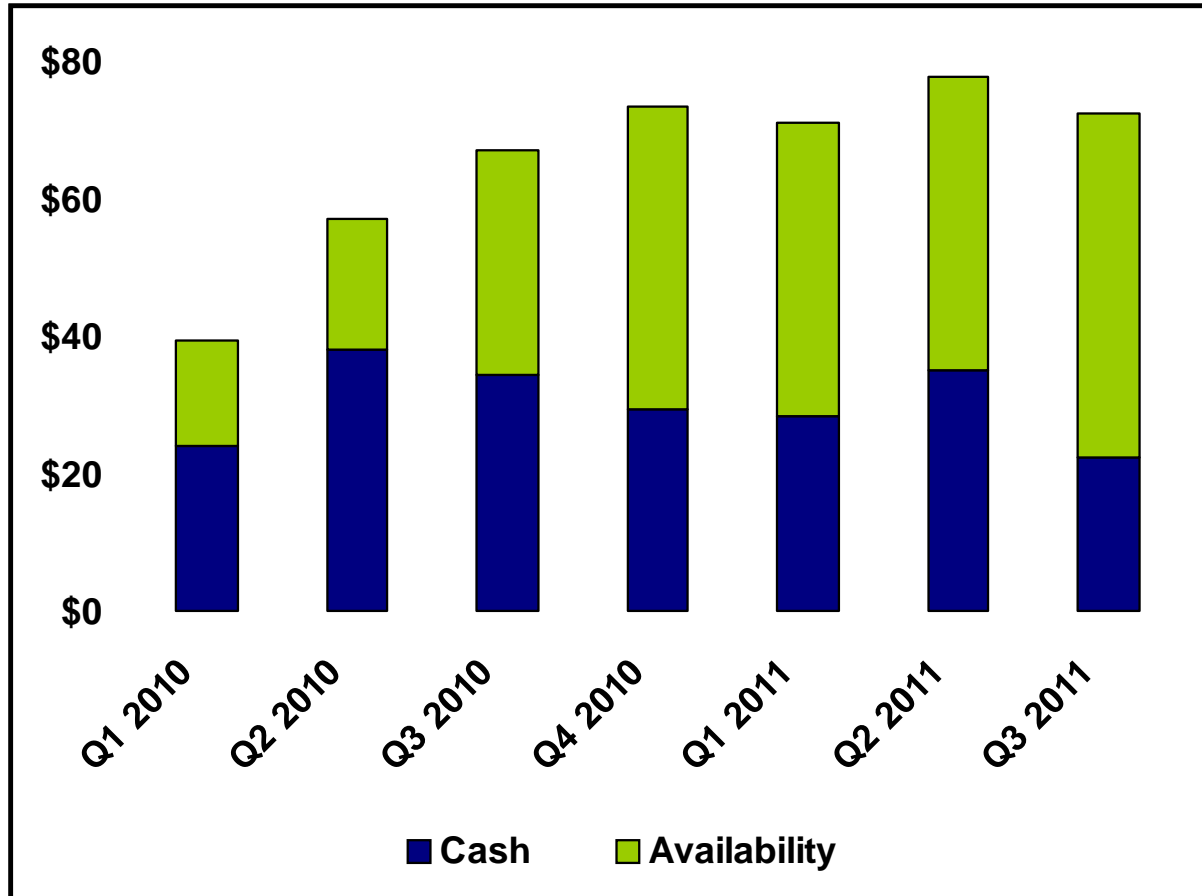
*\$US in Millions*

	<b>QTD</b> <b><u>Sept-11</u></b>	<b>QTD</b> <b><u>Sept-10</u></b>
Net (loss) income	\$ 3.4	\$ (1.9)
Depreciation and amortization	1.5	2.0
Stock-based compensation	1.0	0.4
Change in accounts receivable	0.1	(0.7)
Change in accounts payable and other liabilities	(14.5)	3.4
Other	1.6	(2.9)
<b>Cash from operations</b>	<b>(6.8)</b>	<b>0.3</b>
Capital expenditures	(1.8)	(0.9)
<b>Free cash flow</b>	<b>(8.7)</b>	<b>(0.6)</b>
Payments for acquisitions and intangibles, net		(1.9)
Proceeds from the sale of assets	0.0	0.1
Increase in restricted cash	(0.2)	(1.7)
Net borrowings (repayments)	(2.6)	1.0
Other	(0.2)	(1.9)
Effect of exchange rates	(0.9)	1.3
<b>Change in cash</b>	<b>(12.5)</b>	<b>(3.7)</b>

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# Strong Liquidity

*\$US in Millions*



## Q3 Temporary Contracting GM by Region

	Q3 2011	Q3 2010
Americas	23.8%	21.9%
Europe	18.6%	17.2%
ANZ	15.7%	14.6%
HHGP Total	18.8%	17.4%



# Appendix

# Q3 2011: Regional Gross Margin Mix

*Approximate mix of gross margin by product around the globe*

	Temp	Perm	Talent Mgmt
Americas	75%	25%	--
Europe	35%	50%	15%
UK	50%	50%	0%
Cont Europe	20%	50%	30%
ANZ	35%	60%	5%
Asia	--	90%	10%
HHGP Total	35%	55%	10%



# Q3 2011: Public Sector Gross Margin Mix

*Approximate gross margin mix of public sector work*

	Public Sector
Americas	--
UK	6%
Cont Europe	23%
ANZ	19%
Asia	--
Total	12%

# 2010 EBITDA Reconciliation

*\$US in Millions*

Q1 2010	Hudson					Total
	Europe	ANZ	Americas	Asia	Corp	
Revenue	\$ 76.7	\$ 56.8	\$ 39.5	\$ 7.1	\$ -	\$ 180.1
Gross margin	\$ 32.5	\$ 17.8	\$ 9.3	\$ 6.8	\$ -	\$ 66.4
Acquisition related expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Business reorg expenses	0.1	(0.1)	0.1	-	-	0.1
Goodwill and other impairment charges	-	-	-	-	-	-
Non-operating expenses (income)	1.2	0.6	(0.5)	0.2	(2.1)	(0.7)
EBITDA (Loss)	\$ 0.4	\$ 0.2	\$ (0.2)	\$ 0.6	\$ (2.4)	\$ (1.4)
Depreciation and amortization						2.3
Interest expense (income)						0.2
Provision for (benefit from) income taxes						0.3
Loss (income) from disc ops, net of taxes						0.1
Net income (loss)						\$ (4.2)

Q3 2010	Hudson					Total
	Europe	ANZ	Americas	Asia	Corp	
Revenue	\$ 80.5	\$ 73.0	\$ 37.8	\$ 9.1	\$ -	\$ 200.4
Gross margin	\$ 32.6	\$ 24.3	\$ 9.3	\$ 8.8	\$ -	\$ 75.0
Acquisition related expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Business reorg expenses	-	-	-	-	-	-
Goodwill and other impairment charges	-	-	-	-	-	-
Non-operating expenses (income)	3.1	1.4	(0.4)	0.5	(5.2)	(0.6)
EBITDA (Loss)	\$ (2.1)	\$ 1.4	\$ 0.5	\$ 1.2	\$ 0.2	\$ 1.2
Depreciation and amortization						2.0
Interest expense (income)						0.5
Provision for (benefit from) income taxes						0.6
Loss (income) from disc ops, net of taxes						-
Net income (loss)						\$ (1.9)

Q2 2010	Hudson					Total
	Europe	ANZ	Americas	Asia	Corp	
Revenue	\$ 80.7	\$ 65.2	\$ 40.8	\$ 8.2	\$ -	\$ 195.0
Gross margin	\$ 34.6	\$ 21.7	\$ 10.0	\$ 7.9	\$ -	\$ 74.2
Acquisition related expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SG&A	30.5	19.3	10.5	6.6	4.5	71.4
Business reorg expenses	0.4	-	0.1	-	-	0.6
Goodwill and other impairment charges	-	-	-	-	-	-
Non-operating expenses (income)	1.1	1.0	0.4	-	(3.5)	(0.8)
EBITDA (Loss)	\$ 2.5	\$ 1.4	\$ (1.0)	\$ 1.3	\$ (1.0)	\$ 3.1
Depreciation and amortization						2.2
Interest expense (income)						0.3
Provision for (benefit from) income taxes						0.5
Loss (income) from disc ops, net of taxes						(0.1)
Net income (loss)						\$ 0.2

Q4 2010	Hudson					Total
	Europe	ANZ	Americas	Asia	Corp	
Revenue	\$ 90.6	\$ 74.3	\$ 44.3	\$ 9.8	\$ -	\$ 219.1
Gross margin	\$ 37.5	\$ 25.2	\$ 10.8	\$ 9.5	\$ -	\$ 82.9
Acquisition related expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Business reorg expenses	0.9	0.1	-	-	-	1.0
Goodwill and other impairment charges	-	-	-	-	-	-
Non-operating expenses (income)	1.3	0.9	(1.3)	0.2	(3.0)	(1.8)
EBITDA (Loss)	\$ 0.3	\$ 1.3	\$ 2.4	\$ 1.5	\$ (1.9)	\$ 3.6
Depreciation and amortization						1.7
Interest expense (income)						0.3
Provision for (benefit from) income taxes						0.1
Loss (income) from disc ops, net of taxes						0.2
Net income (loss)						\$ 1.2

(1) EBITDA is a non-GAAP measure defined as earnings before interest, income taxes, depreciation and amortization.

# 2011 EBITDA Reconciliation

*\$US in Millions*

	Hudson					Total
	Europe	ANZ	Americas	Asia	Corp	
<b>Q1 2011</b>						
Revenue	\$ 93.7	\$ 70.8	\$ 45.8	\$ 8.2	\$ -	\$ 218.5
Gross margin	\$ 38.9	\$ 24.0	\$ 10.4	\$ 7.9	\$ -	\$ 81.2
Business reorg expenses	0.4	-	-	-	-	0.4
Goodwill and other impairment charges	-	-	-	-	-	-
Non-operating expenses (income)	1.6	1.0	0.6	0.1	(3.8)	(0.5)
EBITDA (Loss)	\$ 2.2	\$ 1.0	\$ (0.4)	\$ 1.0	\$ (1.3)	\$ 2.5
Depreciation and amortization						1.6
Interest expense (income)						0.2
Provision for (benefit from) income taxes						0.7
Loss (income) from disc ops, net of taxes						-
Net income (loss)						\$ -

	Hudson					Total
	Europe	ANZ	Americas	Asia	Corp	
<b>Q2 2011</b>						
Revenue	\$ 100.2	\$ 86.1	\$ 50.9	\$ 10.1	\$ -	\$ 247.4
Gross margin	\$ 42.2	\$ 30.5	\$ 13.0	\$ 9.7	\$ -	\$ 95.5
Acquisition related expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Business reorg expenses	0.4	-	-	-	-	0.4
Goodwill and other impairment charges	-	-	-	-	-	-
Non-operating expenses (income)	2.4	1.4	0.7	0.9	(5.5)	-
EBITDA (Loss)	\$ 2.7	\$ 3.0	\$ 1.2	\$ 0.8	\$ (0.0)	\$ 7.7
Depreciation and amortization						1.6
Interest expense (income)						0.4
Provision for (benefit from) income taxes						1.4
Loss (income) from disc ops, net of taxes						-
Net income (loss)						\$ 4.2

	Hudson					Total
	Europe	ANZ	Americas	Asia	Corp	
<b>Q3 2011</b>						
Revenue	\$ 96.8	\$ 90.4	\$ 47.7	\$ 10.2	\$ -	\$ 245.1
Gross margin	\$ 38.1	\$ 31.4	\$ 13.7	\$ 9.8	\$ -	\$ 93.0
Acquisition related expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SG&A	\$ 34.3	26.1	11.7	8.0	5.2	85.3
Business reorg expenses	\$ -	-	-	-	-	-
Goodwill and other impairment charges	\$ -	-	-	-	-	-
Non-operating expenses (income)	\$ 1.9	1.4	0.5	0.4	(4.0)	0.2
EBITDA (Loss)	\$ 2.0	\$ 4.0	\$ 1.5	\$ 1.3	\$ (1.2)	\$ 7.4
Depreciation and amortization						1.5
Interest expense (income)						0.3
Provision for (benefit from) income taxes						2.2
Loss (income) from disc ops, net of taxes						-
Net income (loss)						\$ 3.4

(1) EBITDA is a non-GAAP measure defined as earnings before interest, income taxes, depreciation and amortization.