

# HUDSON GLOBAL, INC.

## Q2 2015 EARNINGS CALL

July 30, 2015

Hudson

# 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 may cause actual results to differ materially from those contained in the forward-looking statements, including global economic fluctuations, risks related to fluctuations in our operating results, the ability of clients to terminate their relationship at anytime, competition, limited availability under our credit facilities and our ability to successfully achieve our strategic initiatives 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.*

# Q2 2015: Consolidated Financial Results

*\$US in Millions, except EPS*

	B+ / W- (2)	Q2 2015	Q2 2014
Revenue	- 19% - 7% CC (1)	\$122.7	\$151.1
Gross Margin	- 16% - 4% CC	\$50.2	\$59.9
SG&A	+ 15% + 4% CC	\$51.0	\$60.2
Adjusted EBITDA	- 129% + 16% CC	(\$0.8)	(\$0.3)
EBITDA	NM NM CC	\$14.6	(\$1.8)
EBITDA, as a % of Revenue		11.9%	-1.2%
Net Income (Loss)	NM NM CC	\$13.9	(\$4.4)
Basic and Diluted EPS		\$0.41	(\$0.13)

(1) CC represents constant currency variance.

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

(3) NM: Not meaningful

# Q2 2015: Hudson Americas

*\$US in Millions*

	B+ / W- (2)	Q2 2015	Q2 2014
Revenue	- 23% - 22% CC (1)	\$10.2	\$13.2
Gross Margin	- 6% - 5% CC	\$5.1	\$5.4
SG&A	- 17% - 18% CC	\$5.4	\$4.6
Adjusted EBITDA	- 134% - 134% CC	(\$0.3)	\$0.8
Adjusted EBITDA, as a % of Revenue		-2.8%	6.4%

(1) CC represents constant currency variance.

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

# Q2 2015: Hudson Asia Pacific

*\$US in Millions*

	B+ / W- (2)		Q2 2015	Q2 2014
Revenue	- 12%		\$57.4	\$65.1
	+ 4%	CC (1)		
Gross Margin	- 3%		\$23.8	\$24.5
	+ 11%	CC		
SG&A	+ 7%		\$21.9	\$23.5
	- 5%	CC		
Adjusted EBITDA	+ 94%		\$1.9	\$1.0
	+ 147%	CC		
Adjusted EBITDA, as a % of Revenue			3.4%	1.5%

(1) CC represents constant currency variance.

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

# Q2 2015: Hudson Europe

*\$US in Millions*

	B+ / W- (2)	Q2 2015	Q2 2014
Revenue	- 24%	\$55.2	\$72.8
	- 13% CC (1)		
Gross Margin	- 29%	\$21.3	\$30.0
	- 17% CC		
SG&A	+ 25%	\$20.4	\$27.3
	+ 12% CC		
Adjusted EBITDA	- 63%	\$1.0	\$2.7
	- 57% CC		
Adjusted EBITDA, as a % of Revenue		1.8%	3.7%

(1) CC represents constant currency variance.

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

# Q2 2015: Reconciliation of Retained Revenue

*\$US in Millions*

	<u>Reported</u>			<u>Divested (1)</u>	<u>Retained (1)</u>		
		<b>Variance</b>	<b>Constant</b>			<b>Variance</b>	<b>Constant</b>
	<b>Q2 2015</b>	<b>vs Q2 2014</b>	<b>Currency</b>	<b>Q2 2015</b>	<b>Q2 2015</b>	<b>vs Q2 2014</b>	<b>Currency</b>
Americas	\$ 10.2	-22.6%	-22.5%	\$ 6.2	\$ 4.0	9.1%	9.8%
Asia Pacific	57.4	-11.9%	3.5%	-	57.4	-11.9%	3.5%
Europe	55.2	-24.2%	-12.9%	3.1	52.1	-13.5%	-2.1%
<b>Total</b>	<b>\$ 122.7</b>	<b>-18.8%</b>	<b>-6.9%</b>	<b>\$ 9.3</b>	<b>\$ 113.4</b>	<b>-12.0%</b>	<b>1.1%</b>

- (1) Retained revenue and gross margin and divested revenue and gross margin are non-GAAP terms that management believes provide a better understanding of the underlying revenue and gross margin trends in the business following the divestitures in the second quarter of 2015. Divested revenue and gross margin includes such items attributable to the following businesses: the Americas IT staffing business, the Netherlands business, Ukraine, Czech Republic, Slovakia and Luxembourg. The non-GAAP financial measures do not replace the presentation of GAAP financial results and should only be used as a supplement to, not as a substitute for, Hudson's financial results presented in accordance with GAAP. The above table provides a reconciliation of the non-GAAP financial measure used in its financial reporting to the most directly comparable GAAP financial measure.

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# Q2 2015: Reconciliation of Retained Gross Margin

*\$US in Millions*

	<u>Reported</u>			<u>Divested (1)</u>	<u>Retained (1)</u>		
	<u>Q2 2015</u>	<u>Variance vs Q2 2014</u>	<u>Constant Currency</u>	<u>Q2 2015</u>	<u>Q2 2015</u>	<u>Variance vs Q2 2014</u>	<u>Constant Currency</u>
Americas	\$ 5.1	-5.8%	-5.4%	\$ 1.6	\$ 3.5	16.9%	17.7%
Asia Pacific	23.8	-2.9%	11.1%	-	23.8	-2.8%	11.1%
Europe	21.3	-28.8%	-16.7%	0.6	20.7	-23.0%	-10.6%
<b>Total</b>	<u>\$ 50.2</u>	<u>-16.1%</u>	<u>-4.2%</u>	<u>\$ 2.2</u>	<u>\$ 48.0</u>	<u>-11.7%</u>	<u>1.0%</u>

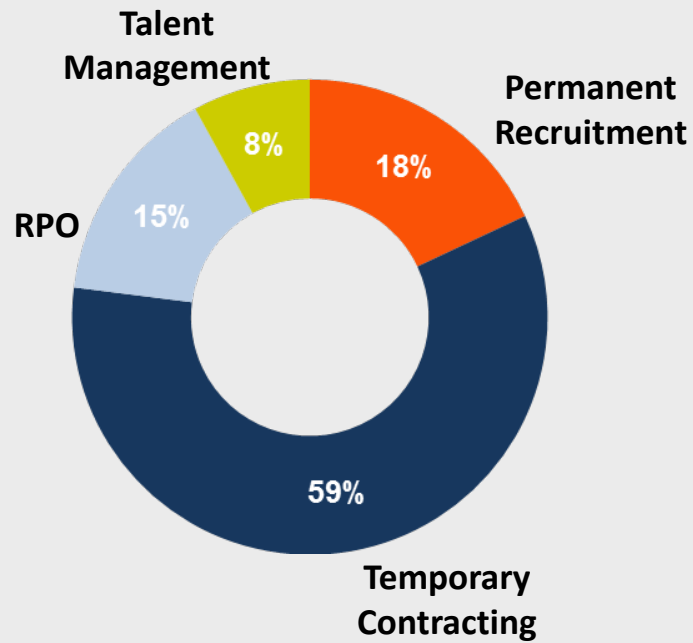
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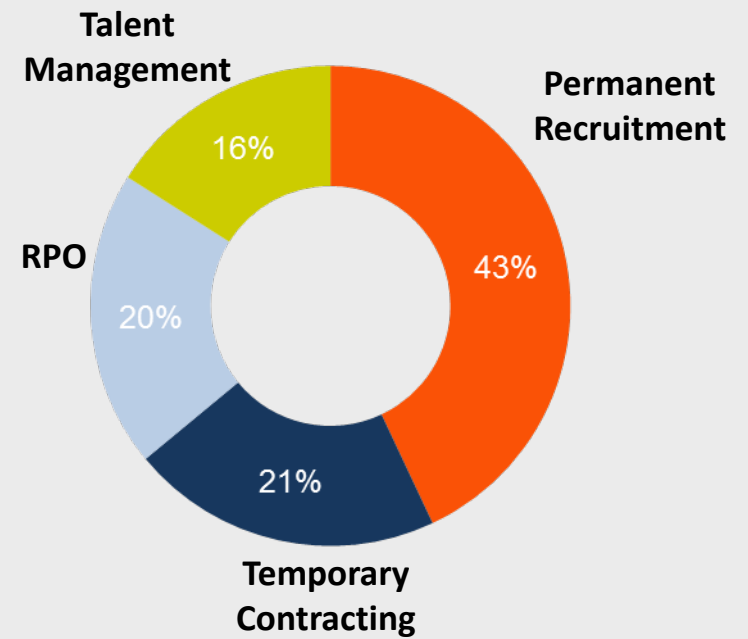


# Q2 2015: Global Services Split

## Revenue

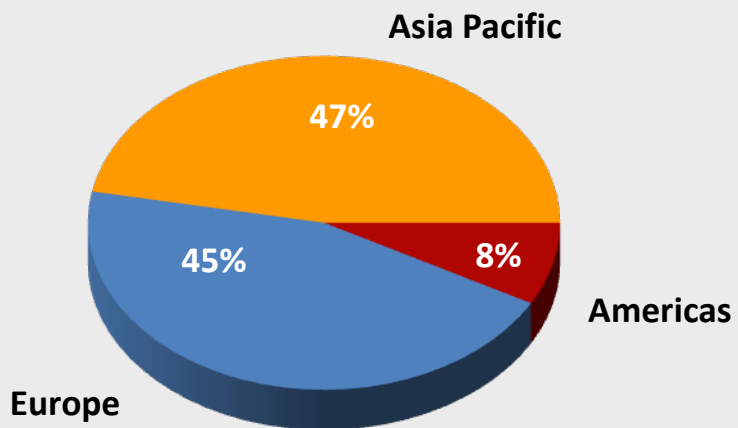


## Gross Margin

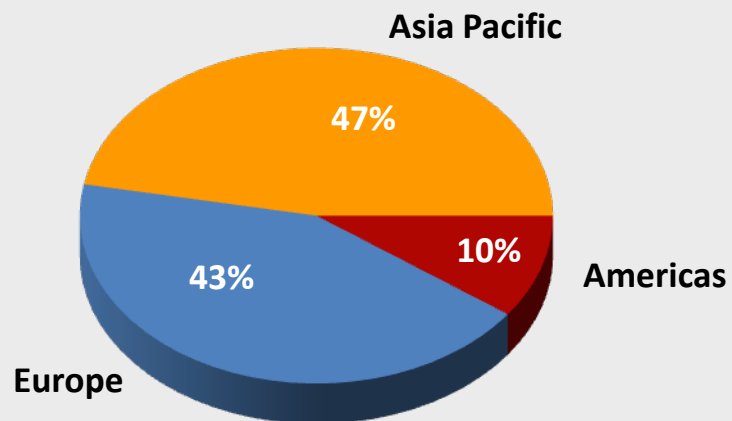


# Q2 2015: Regional Split

**Revenue**



**Gross Margin**



# Balance Sheet: Select Items

*\$US in Millions*

Selected Assets		
	June 30, 2015	December 31, 2014
Cash	\$34.8	\$34.0
Accounts Receivable	\$75.5	\$74.1
Selected Liabilities		
	June 30, 2015	December 31, 2014
Short-term Borrowings	\$1.3	\$0.0
Shareholders' Equity	\$68.6	\$59.3
Working Capital		
	June 30, 2015	December 31, 2014
Current Assets	\$118.8	\$118.9
Current Liabilities	\$57.0	\$67.1
Working Capital	\$61.8	\$51.8

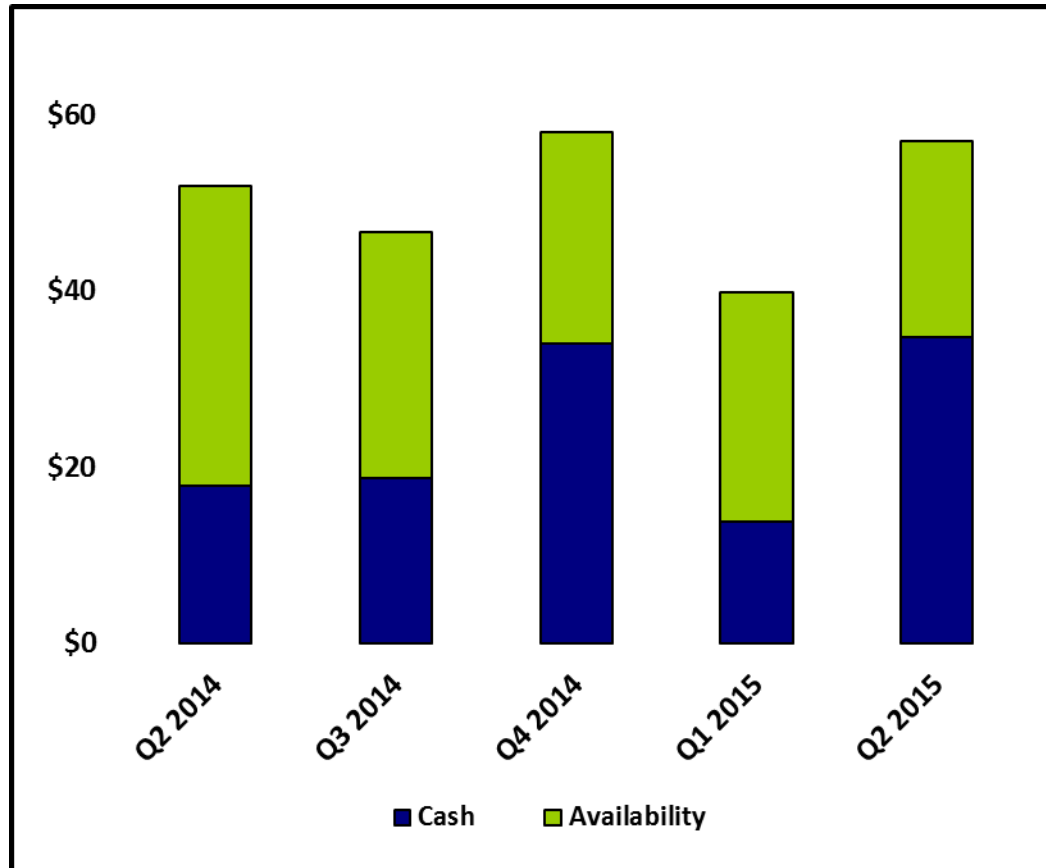
## Q2 2015: Cash Flow Summary

*\$US in Millions*

	QTD <u>Jun-15</u>	QTD <u>Jun-14</u>
Net income (loss)	\$ 13.9	\$ (4.4)
Depreciation and amortization	1.0	1.5
Stock-based compensation	3.2	0.3
Change in accounts receivable	(1.5)	(0.2)
Change in accounts payable and other liabilities	(0.8)	(3.8)
Net gain on disposition of assets	(21.4)	-
Other	1.0	2.0
<b>Cash provided by (used in) operations</b>	<b>(4.6)</b>	<b>(4.6)</b>
Capital expenditures	(0.6)	(1.2)
Proceeds from sale of assets	24.7	-
<b>Free cash flow</b>	<b>19.5</b>	<b>(5.8)</b>
Change in net borrowings (repayments)	1.2	1.6
Other	(0.3)	(0.3)
Effect of exchange rates	0.5	0.2
<b>Change in cash</b>	<b>\$ 20.9</b>	<b>\$ (4.3)</b>

# Flexible Liquidity

*\$US in Millions*



# Temporary Contracting GM by Region

	Q2 2015	Q2 2014
Americas	24.9%	22.5%
Asia Pacific	12.9%	12.7%
Europe	13.2%	16.3%
Hudson Total	14.0%	15.3%



# Appendix

# Q2 2015 Regional Gross Margin Mix

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

	Temp	Perm	Talent Mgmt
Americas	35%	65%	0%
Europe	20%	55%	25%
UK	40%	55%	5%
Cont. Europe	5%	50%	45%
Asia Pacific	20%	70%	10%
ANZ	35%	50%	15%
ASIA	0%	100%	0%
Hudson Total	25%	60%	15%



# Q2 EBITDA Reconciliation

*\$US in Millions*

Q2 2015	Hudson				Total
	Americas	Asia Pacific	Europe	Corp	
Revenue	\$ 10.2	\$ 57.4	\$ 55.2	\$ -	\$ 122.7
Gross margin	\$ 5.1	\$ 23.8	\$ 21.3	\$ -	\$ 50.2
Adjusted EBITDA (loss)	\$ (0.3)	\$ 1.9	\$ 1.0	\$ (3.4)	\$ (0.8)
Business reorg expenses & impairments	(0.0)	0.3	0.5	1.2	2.1
Change in control stock-based comp	0.4	0.6	0.7	0.8	2.5
Gain on sale and exit of business	15.9	-	4.1	-	20.0
Non-operating expenses (income)	(0.2)	1.6	0.4	(1.7)	0.0
EBITDA (Loss)	\$ 15.4	\$ (0.6)	\$ 3.4	\$ (3.7)	\$ 14.6
Depreciation and amortization					1.0
Interest expense (income)					0.4
Provision for (benefit from) income taxes					0.5
Income (loss) from disc ops, net of taxes					1.1
Net income (loss)					\$ 13.9

Q2 2014	Hudson				Total
	Americas	Asia Pacific	Europe	Corp	
Revenue	\$ 13.2	\$ 65.1	\$ 72.8	\$ -	\$ 151.1
Gross margin	\$ 5.4	\$ 24.5	\$ 30.0	\$ -	\$ 59.9
Adjusted EBITDA (loss)	\$ 0.8	\$ 1.0	\$ 2.7	\$ (4.9)	\$ (0.3)
Business reorg expenses	-	1.1	-	-	1.1
Non-operating expenses (income)	0.7	0.5	1.6	(2.5)	0.3
EBITDA (Loss)	\$ 0.1	\$ (0.6)	\$ 1.1	\$ (2.4)	\$ (1.8)
Depreciation and amortization					1.4
Interest expense (income)					0.2
Provision for (benefit from) income taxes					0.2
Loss (income) from disc ops, net of taxes					0.8
Net income (loss)					\$ (4.4)

- (1) EBITDA is a non-GAAP measure defined as earnings before interest, income taxes, depreciation and amortization. Adjusted EBITDA is a non-GAAP measure defined as earnings before interest, income taxes, depreciation and amortization, non-operating income, goodwill and other impairment charges, business reorganization expenses and other charges.

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