

Korn / Ferry

FY'18 Qtr. 1

Earnings Conference Call

September 6, 2017



Safe Harbor Statement

Forward-Looking Statements

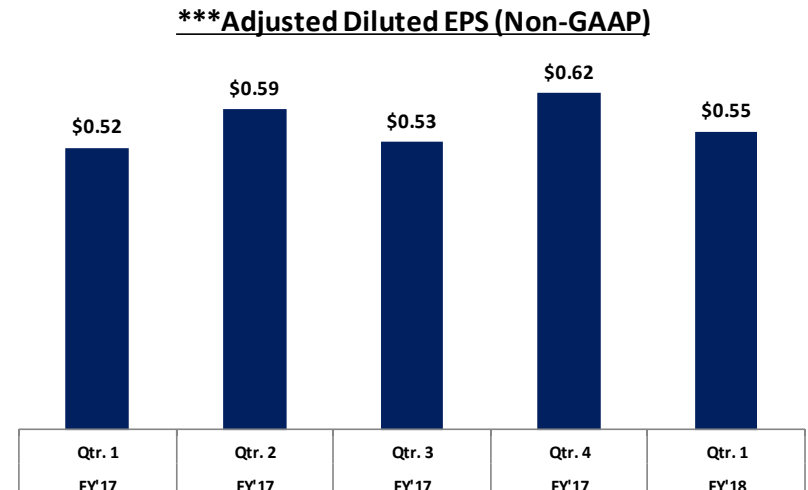
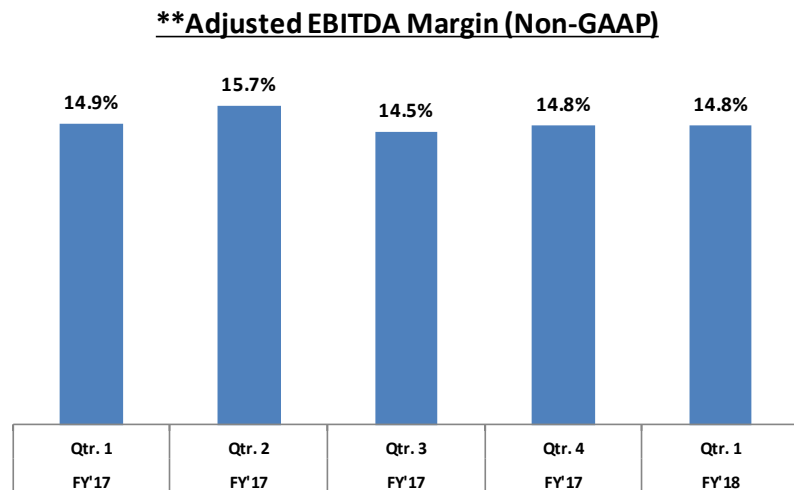
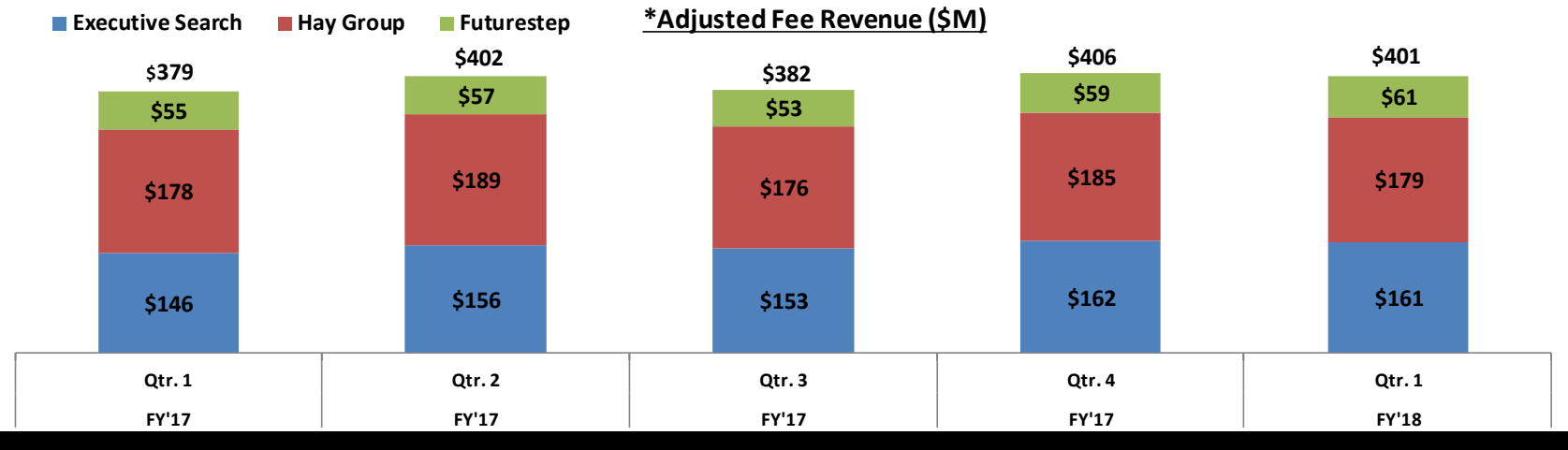
Statements in this presentation that relate to future results and events are based on Korn/Ferry's current expectations. You are cautioned not to place undue reliance on such statements. Actual results in future periods may differ materially from those currently expected because of a number of risks and uncertainties that are beyond the control of Korn/Ferry. For a detailed description of such risks and uncertainties, please refer to Korn Ferry's earnings release and its periodic filings with the Securities and Exchange Commission.

Non-GAAP Financial Metrics

This presentation includes financial information calculated other than in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"). This non-GAAP disclosure has limitations as an analytical tool, should not be viewed as a substitute for financial information determined in accordance with GAAP, and should not be considered in isolation or as a substitute for analysis of the Company's results as reported under GAAP, nor is it necessarily comparable to non-GAAP performance measures that may be presented by other companies. Please refer to slides 15 to 20 for a reconciliation of each of the non-GAAP financial measures included in this presentation to the closest GAAP measure.



Korn / Ferry Quarterly Trends



*FY'17 Qtr. 1 Excludes Hay Group Deferred Revenue Write-Off Related to the Acquisition

**Earnings Before Interest, Taxes, Depreciation and Amortization Adjusted to Exclude Hay Group Deferred Revenue Write-Off Related to the Acquisition, Restructuring and Management Separation Charges and Integration / Acquisition Costs

***Diluted Earnings per Share Adjusted to Exclude the Net Impact of Hay Group Deferred Revenue Write-Off Related to the Acquisition, Restructuring and Management Separation Charges, Integration / Acquisition Costs and the Write-off of Debt Issuance Costs as Well as the Tax Effects of All These Adjustments



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Consolidated P&L Trend – (\$M) (Non-GAAP)

| | FY'17 Qtr. 1 | FY'17 Qtr. 4 | FY'18 Qtr. 1 | Increase / (Decrease) | | | |
|----------------------------------|-----------------|-----------------|-----------------|-----------------------|---------|------------|---------|
| | | | | Year-over-Year | | Sequential | |
| | | | | \$M | % | \$M | % |
| Adjusted Fee Revenue | \$379.2 | \$406.1 | \$401.3 | \$22.1 | 5.8% | (\$4.8) | (1.2%) |
| HG Deferred Revenue* | (3.5) | - | - | 3.5 | - | - | - |
| Fee Revenue | \$375.6 | \$406.1 | \$401.3 | \$25.7 | 6.8% | (\$4.8) | (1.2%) |
| Reimbursed Expenses | 17.3 | 13.5 | 13.7 | (3.6) | (20.8%) | 0.2 | 1.5% |
| Total Revenue | \$392.9 | \$419.6 | \$415.0 | \$22.0 | 5.6% | (\$4.7) | (1.1%) |
| Operating Expenses: | | | | | | | |
| Compensation & Benefits | \$257.4 | \$271.3 | \$271.4 | \$14.0 | 5.4% | \$0.1 | 0.0% |
| G&A Expenses | 52.9 | 59.8 | 58.3 | 5.4 | 10.2% | (1.5) | (2.5%) |
| Reimbursed Expenses | 17.3 | 13.5 | 13.7 | (3.6) | (20.8%) | 0.2 | 1.5% |
| Cost of Services | 16.8 | 19.2 | 15.8 | (1.0) | (6.0%) | (3.4) | (17.7%) |
| Deprec. & Amortiz. Exps. | 11.4 | 12.3 | 12.2 | 0.8 | (7.0%) | (0.1) | (0.8%) |
| Restruc. & Integ. / Acq. Chgs.** | 32.5 | 10.6 | 2.9 | (29.6) | (91.1%) | (7.7) | (72.6%) |
| Total Operating Exps. | \$388.4 | \$386.8 | \$374.2 | (\$14.2) | (3.7%) | (\$12.6) | (3.3%) |
| Operating Income | \$4.5 | \$32.8 | \$40.7 | \$36.2 | 804.4% | \$7.9 | 24.0% |
| Margin(%) | 1.2% | 8.1% | 10.2% | 9.0% | - | 2.1% | - |
| ***Adjusted EBITDA | \$56.4 | \$60.1 | \$59.4 | \$3.0 | 5.3% | (\$0.7) | (1.2%) |
| ***Adjusted EBITDA Margin(%) | 14.9% | 14.8% | 14.8% | (0.1%) | - | 0.0% | - |

*Hay Group Purchase Accounting Deferred Revenue Write-Off

**Restructuring Charges, and Integration / Acquisition Costs

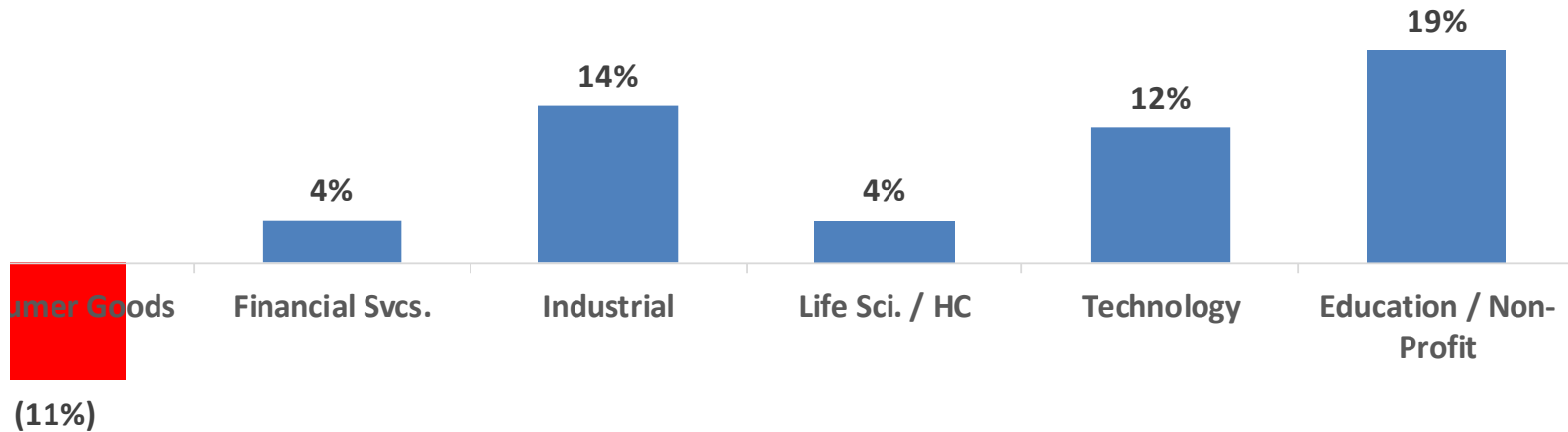
***Earnings Before Interest, Taxes, Depreciation and Amortization Adjusted to Exclude Hay Group Deferred Revenue Write-Off Related to the Acquisition, Restructuring Charges, Management Separation Costs and Integration / Acquisition Costs



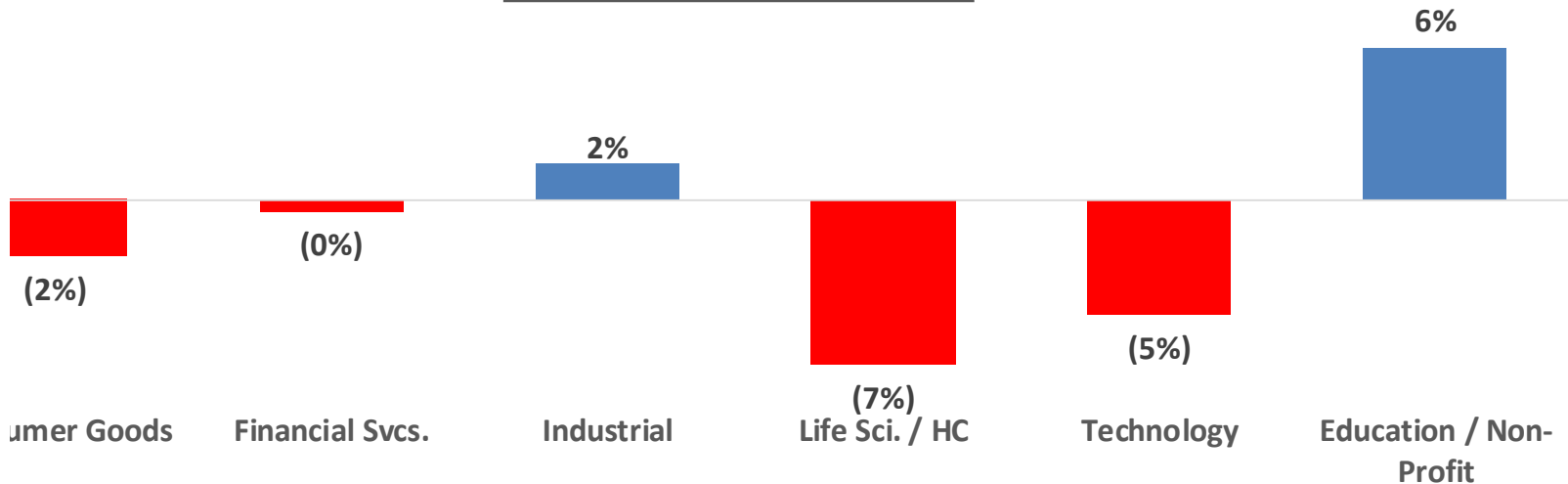
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Industry Practice Fee Revenue Growth Rate Comparisons

FY'18 Qtr. 1 vs. FY'17 Qtr. 1



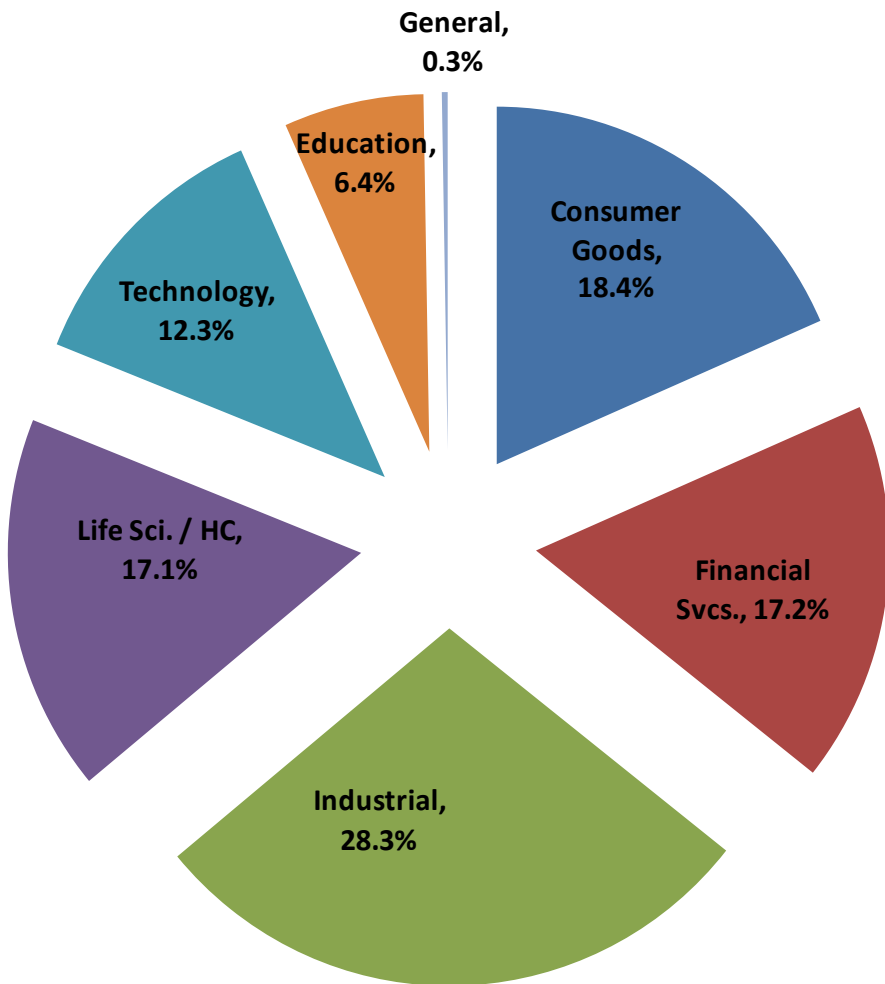
FY'18 Qtr. 1 vs. FY'17 Qtr. 4



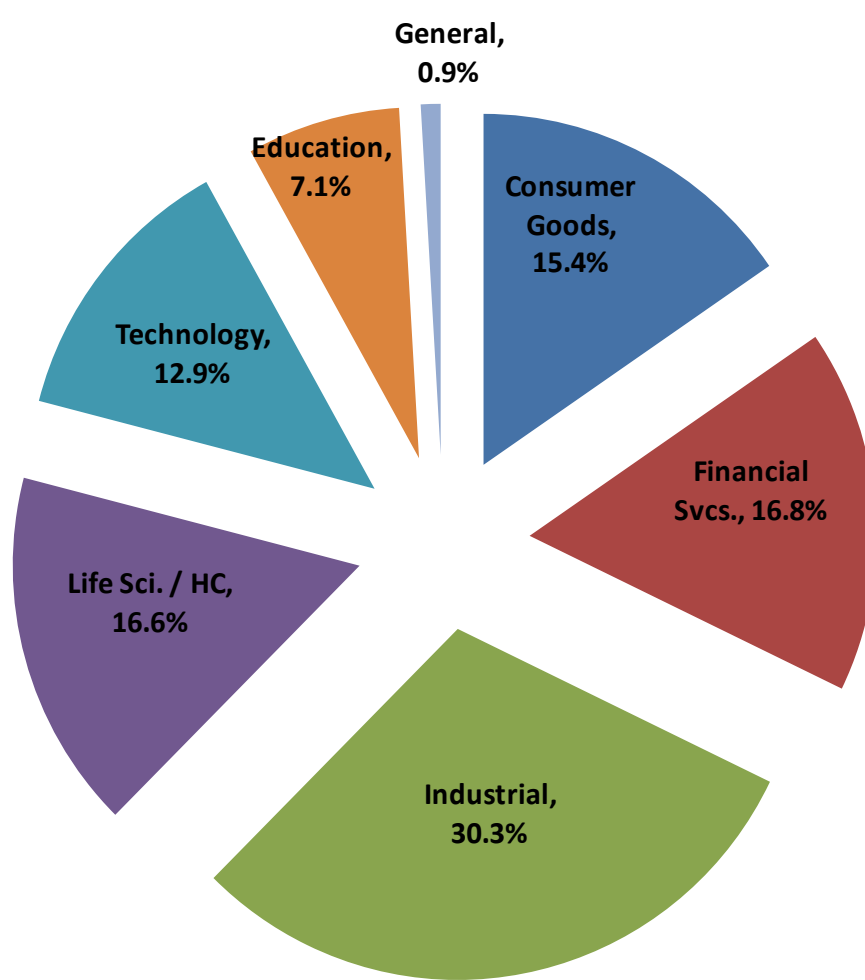
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Fee Revenue By Specialty Practice

FY'17 Qtr. 1

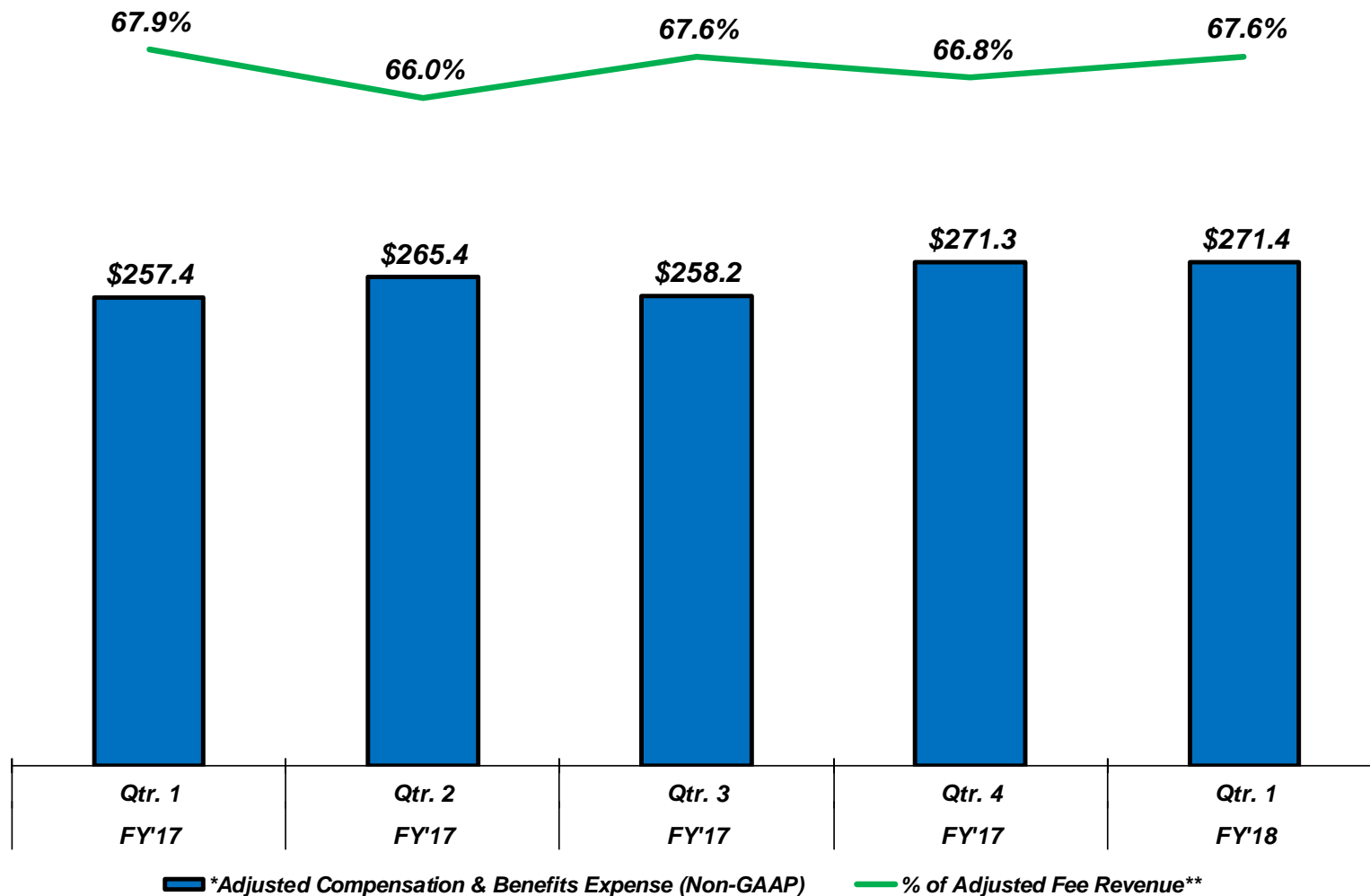


FY'18 Qtr. 1



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Quarterly Trend – *Adjusted Compensation & Benefits Expense (\$M) (Non-GAAP)



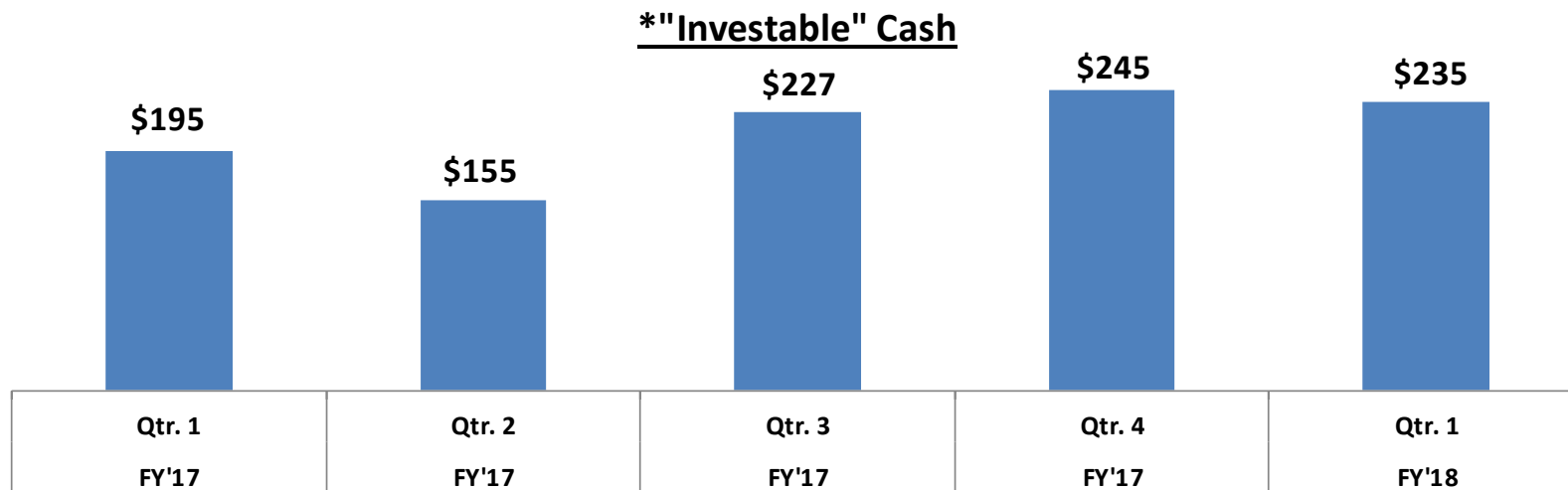
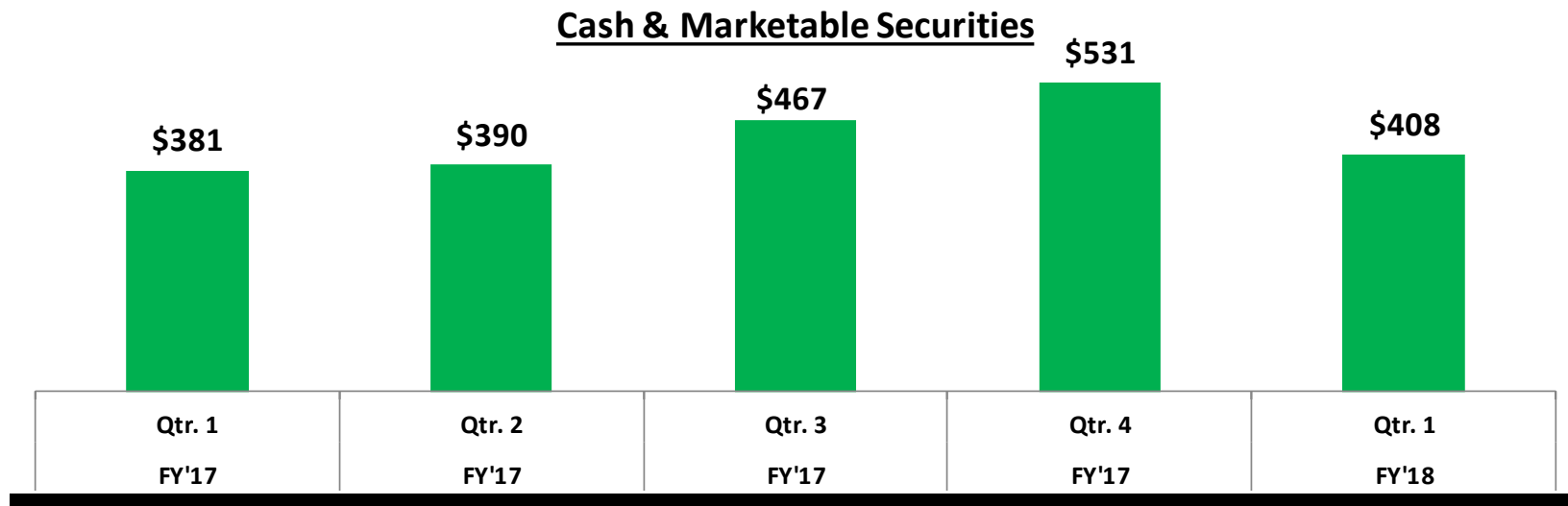
* Excludes Restructuring and Management Separation Charges and Integration / Acquisition Costs

** FY'17 Qtr. 1 Fee Revenue Excludes Hay Group Deferred Revenue Write-Off Related to the Acquisition



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Quarterly Trend – Cash & Marketable Securities (\$M)

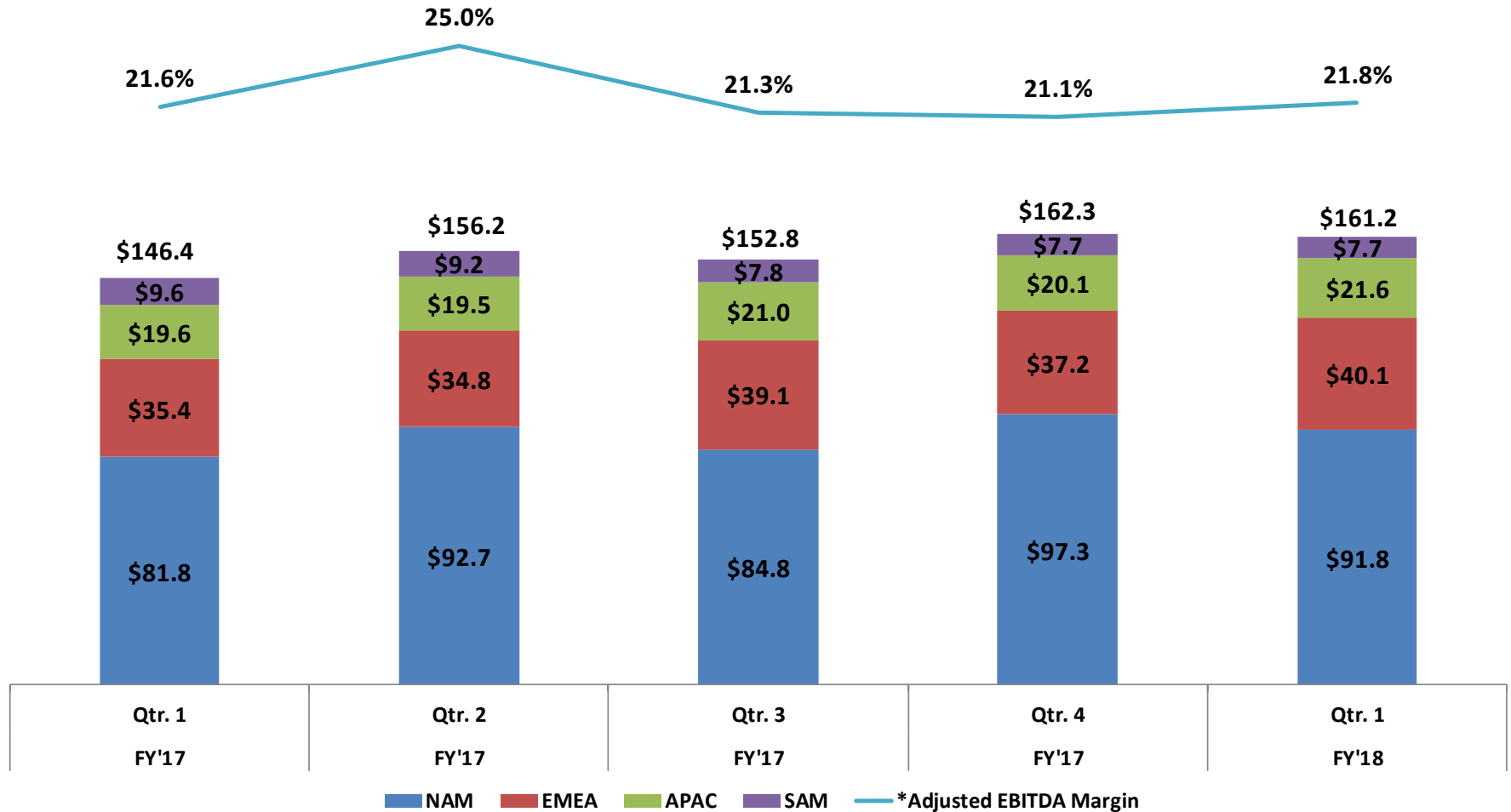


*Cash & Marketable Securities Net of Cash & Marketable Securities Reserved for Deferred Compensation Arrangements and for Accrued Bonuses



Executive Search

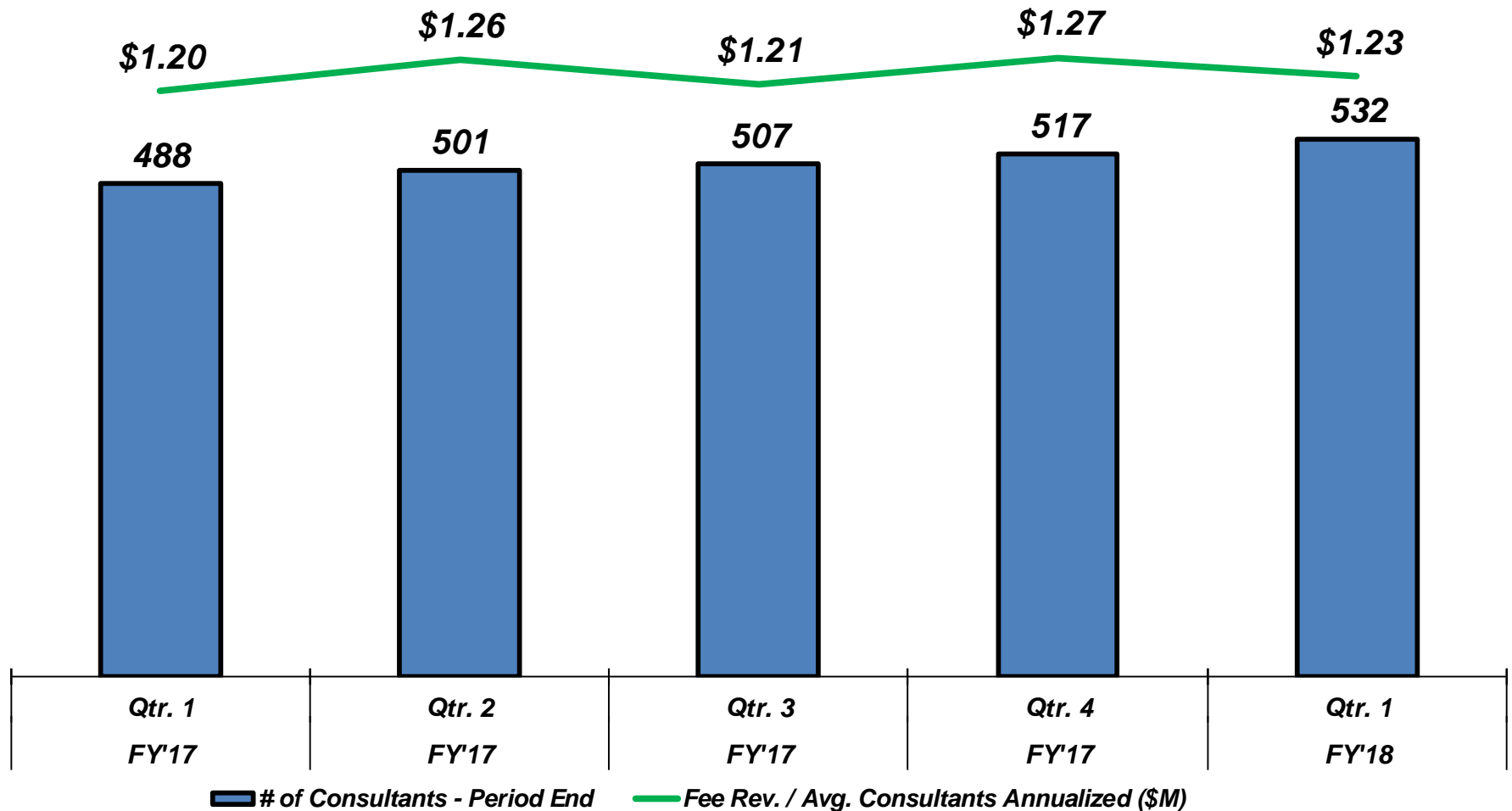
Quarterly Trends – Fee Revenue (\$M) & *Adjusted EBITDA Margin (Non-GAAP)



*Earnings Before Interest, Taxes, Depreciation and Amortization Adjusted to Exclude Restructuring Charges

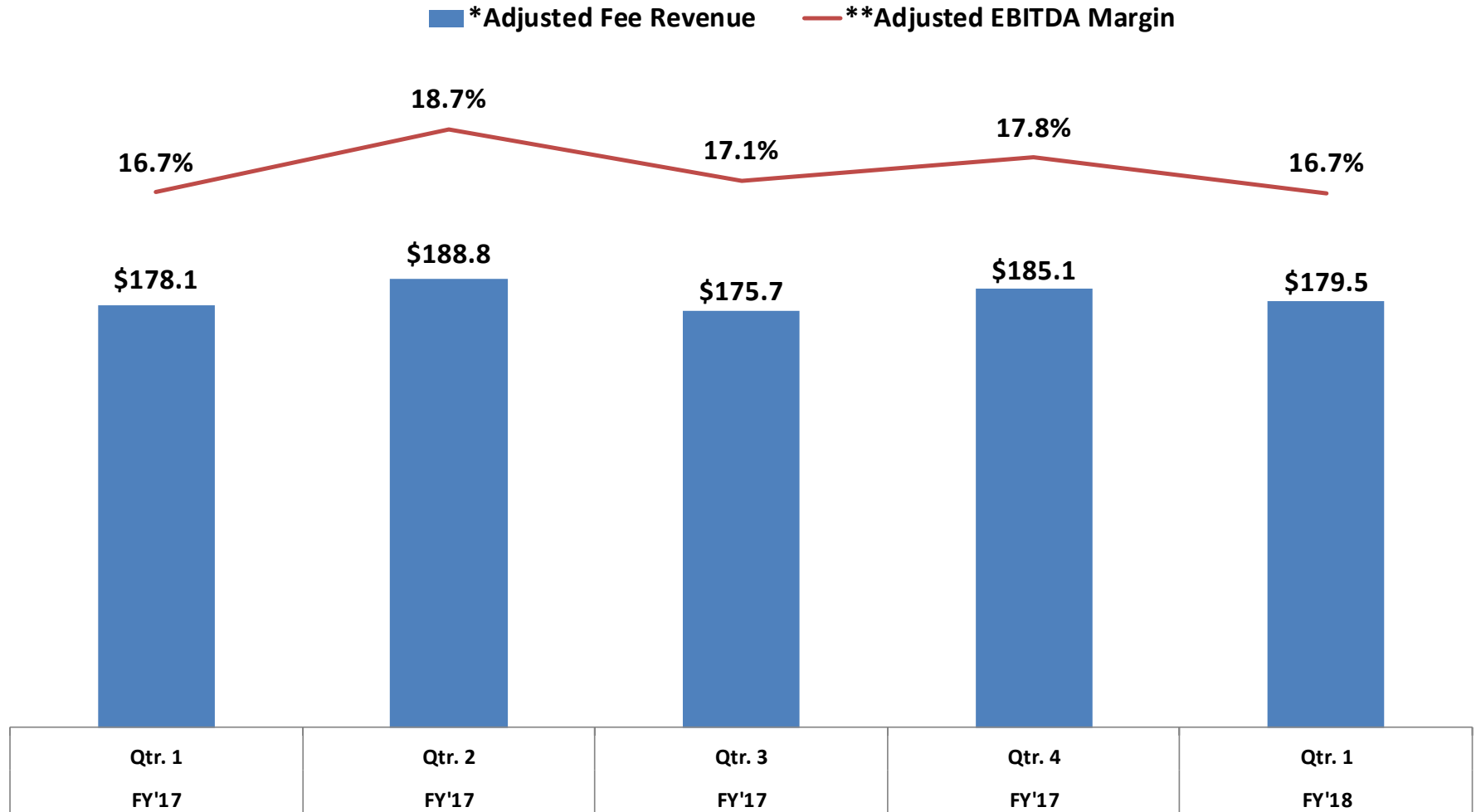


Executive Search Consultants & Consultant Productivity



Hay Group

Quarterly Trends – *Adjusted Fee Revenue (\$M) & **Adjusted EBITDA Margin (Non-GAAP)



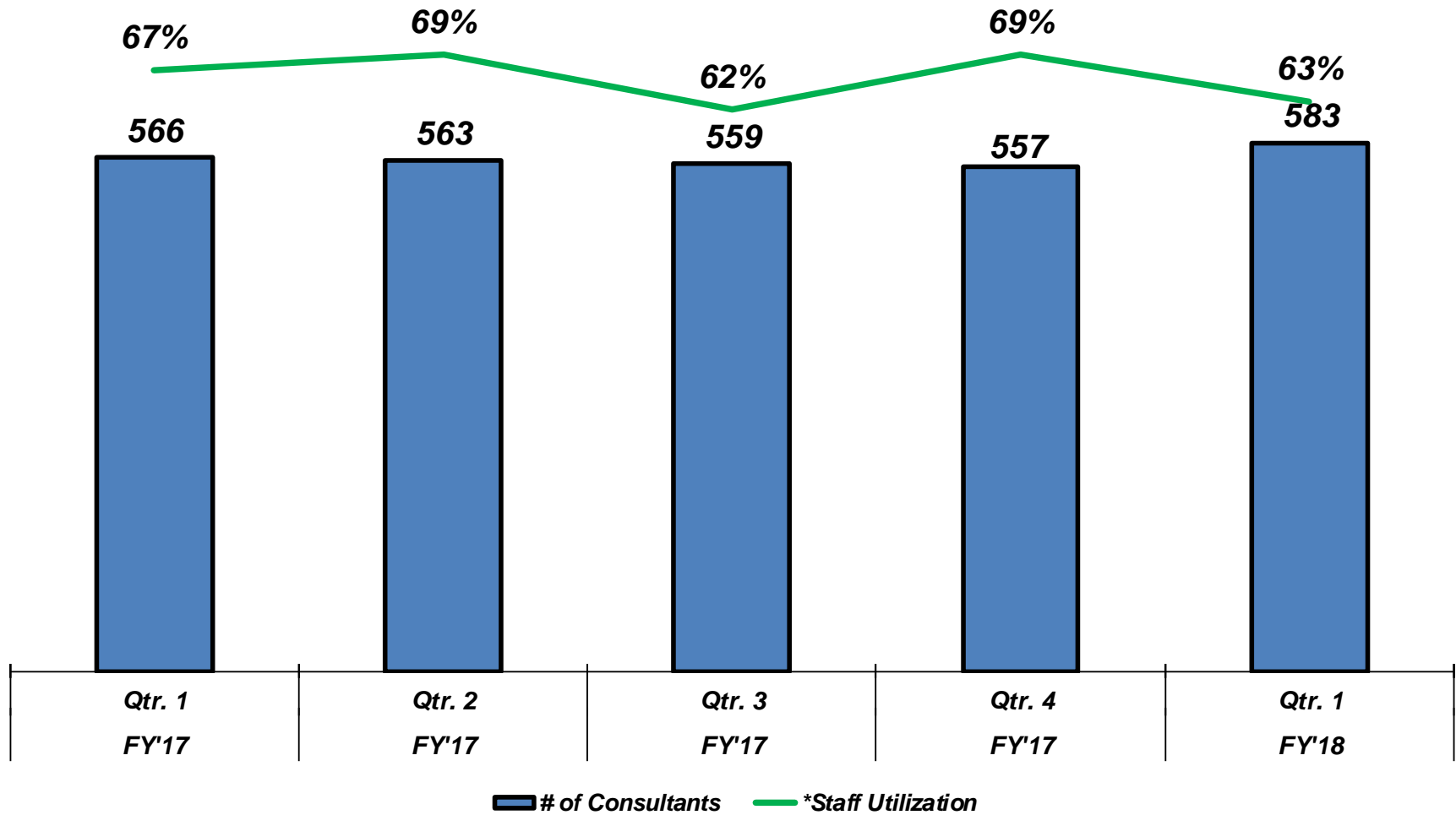
*Fee Revenue Excluding Hay Group Deferred Revenue Write-Off Related to the Acquisition

**Earnings Before Interest, Taxes, Depreciation and Amortization Adjusted to Exclude Hay Group Deferred Revenue Write-Off Related to the Acquisition, Restructuring Charges, Management Separation Costs and Integration / Acquisition Costs



Hay Group

of Consultants & Professional Staff Productivity

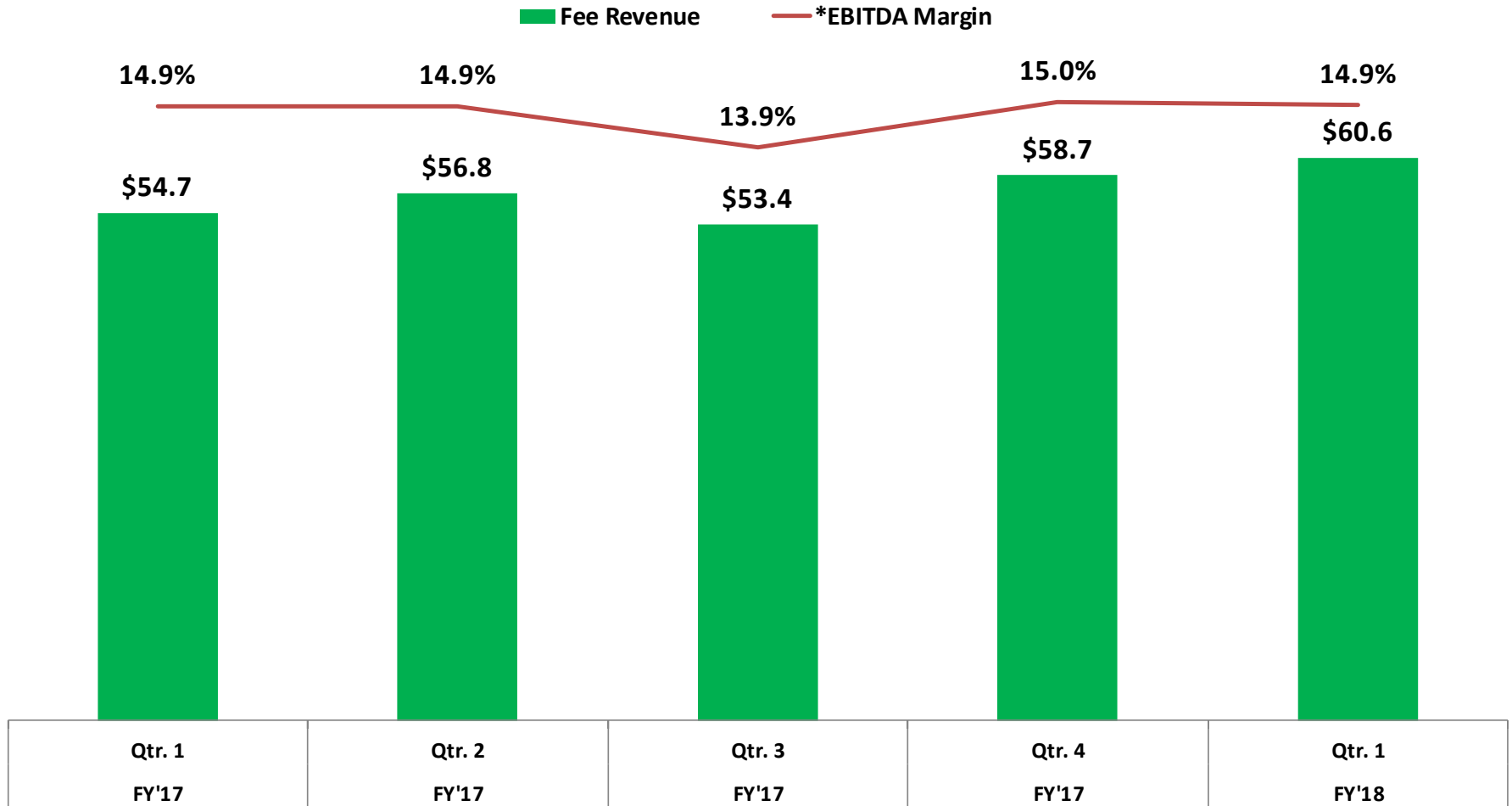


**Calculated By Dividing the Number of Hours of Full-Time Professional Staff, Who Recorded Time to an Engagement During the Period, By the Total Available Working Hours for the Professional Staff During the Same Period*



Futurestep

Quarterly Trends – Fee Revenue (\$M) & *EBITDA Margin (Non-GAAP)



*Earnings Before Interest, Taxes, Depreciation and Amortization



Reconciliations of Non-GAAP Financial Measures to U.S. GAAP Financial Measures

**Earnings Conference Call
September 6, 2017**

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Reconciliation of Operating Income (GAAP) to Adjusted EBITDA (Non-GAAP) (\$M) FY'17 Q1 to FY'18 Q1

| | FY'17 Qtr. 1 | FY'17 Qtr. 2 | FY'17 Qtr. 3 | FY'17 Qtr. 4 | FY'18 Qtr. 1 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Fee Revenue | \$375.6 | \$401.9 | \$381.9 | \$406.1 | \$401.3 |
| Def. Revenue Adj. Due to HG Acq. | 3.5 | - | - | - | - |
| Adjusted Fee Revenue | \$379.2 | \$401.9 | \$381.9 | \$406.1 | \$401.3 |
| Operating Income | \$4.5 | \$46.5 | \$30.5 | \$32.8 | \$40.7 |
| Depreciation & Amortization | 11.4 | 11.8 | 11.8 | 12.3 | 12.2 |
| Other Income / (Loss) , Net | 4.3 | (0.9) | 4.2 | 4.2 | 3.5 |
| Equity in Earnings of Uncold. Subs., Net | 0.1 | - | 0.1 | 0.1 | - |
| EBITDA | \$20.3 | \$57.5 | \$46.6 | \$49.5 | \$56.5 |
| Def. Revenue Adj. Due to Acq. | 3.5 | - | - | - | - |
| Restructuring Charges - Net | 24.5 | - | 3.8 | 6.3 | 0.3 |
| Integration / Acquisition Costs | 8.0 | 5.8 | 4.8 | 3.7 | 2.6 |
| Separation Costs | - | - | - | 0.6 | - |
| Adjusted EBITDA | \$56.4 | \$63.3 | \$55.3 | \$60.1 | \$59.4 |
| Operating Margin | 1.2% | 11.6% | 8.0% | 8.1% | 10.2% |
| Depreciation & Amortization | 3.0% | 2.9% | 3.1% | 3.0% | 3.0% |
| Other Income / (Loss) , Net | 1.1% | (0.2%) | 1.1% | 1.1% | 0.9% |
| Equity in Earnings of Uncold. Subs., Net | - | - | - | - | - |
| EBITDA Margin | 5.4% | 14.3% | 12.2% | 12.2% | 14.1% |
| Def. Revenue Adj. Due to Acq. | 0.9% | - | - | - | - |
| Restructuring Charges - Net | 6.5% | - | 1.0% | 1.5% | 0.1% |
| Integration / Acquisition Costs | 2.1% | 1.4% | 1.3% | 0.9% | 0.6% |
| Separation Costs | - | - | - | 0.2% | - |
| Adjusted EBITDA Margin | 14.9% | 15.7% | 14.5% | 14.8% | 14.8% |



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Reconciliation of Net Income & EPS (GAAP) to Adjusted Net Income & Adjusted EPS (Non-GAAP) (\$M) FY'17 Q1 to FY'18 Q1

| | <u>FY'17 Qtr. 1</u> | <u>FY'17 Qtr. 2</u> | <u>FY'17 Qtr. 3</u> | <u>FY'17 Qtr. 4</u> | <u>FY'18 Qtr. 1</u> |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Net Income Attributable to Korn / Ferry | \$3.2 | \$30.2 | \$23.9 | \$26.9 | \$29.0 |
| Def. Revenue Adj. Due to HG Acq. | 3.5 | - | - | - | - |
| Restructuring Charges - Net | 24.5 | - | 3.8 | 6.3 | 0.3 |
| Integration / Acquisition Costs | 8.0 | 5.8 | 4.8 | 3.7 | 2.6 |
| Venezuelan F/X Loss | - | - | - | - | - |
| Separation Costs | - | - | - | 0.6 | - |
| Write-Off of Debt Issuance Costs | 1.0 | - | - | - | - |
| Tax effect of the Above Items | (10.7) | 1.9 | (2.4) | (2.4) | (0.7) |
| Adjusted Net Income Attributable to K/F | <u>\$29.5</u> | <u>\$34.1</u> | <u>\$30.1</u> | <u>\$35.2</u> | <u>\$31.2</u> |
| Diluted Earnings per Common Sh. | \$0.06 | \$0.52 | \$0.42 | \$0.47 | \$0.51 |
| Def. Revenue Adj. Due to Acq. | 0.06 | - | - | - | - |
| Restructuring Charges - Net | 0.43 | - | 0.07 | 0.10 | - |
| Integration / Acquisition Costs | 0.14 | 0.10 | 0.08 | 0.07 | 0.05 |
| Separation Costs | - | - | - | 0.01 | - |
| Write-Off of Debt Issuance Costs | 0.02 | - | - | - | - |
| (1) Tax Effect on the Above Items | (0.19) | (0.03) | (0.04) | (0.03) | (0.01) |
| Adjusted Diluted Earnings per Sh. | <u>\$0.52</u> | <u>\$0.59</u> | <u>\$0.53</u> | <u>\$0.62</u> | <u>\$0.55</u> |

(1) Tax Effect on Deferred Revenue Adjustment Associated with the Acquisition of Hay Group, Restructuring Charges, Net, Integration / Acquisition Costs, Management Separation Costs and Write-off of Debt Issuance Costs



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Reconciliation of Net Income and Operating Income (GAAP) to EBITDA and Adjusted EBITDA (Non-GAAP) (\$M) FY'17 Q1 to FY'17 Q4

| | FY'17 Q1 | | | | | FY'17 Q2 | | | | | FY'17 Q3 | | | | | FY'17 Q4 | | | | |
|--|----------------------|-----------|--------|----------|---------|----------------------|-----------|--------|----------|---------|----------------------|-----------|--------|----------|---------|----------------------|-----------|--------|----------|---------|
| | Exec. Recruitment | Hay Group | F/S | Corp. | KFI | Exec. Recruitment | Hay Group | F/S | Corp. | KFI | Exec. Recruitment | Hay Group | F/S | Corp. | KFI | Exec. Recruitment | Hay Group | F/S | Corp. | KFI |
| Fee Revenue | \$146.4 | \$174.6 | \$54.7 | - | \$375.6 | \$156.2 | \$188.8 | \$56.8 | - | \$401.9 | \$152.8 | \$175.7 | \$53.4 | - | \$381.9 | \$162.3 | \$185.1 | \$58.7 | - | \$406.1 |
| Net Income | - | - | - | - | 3.2 | - | - | - | - | 30.2 | - | - | - | - | 23.9 | - | - | - | - | 26.9 |
| Net Income Attributable to Noncontrolling Interest | - | - | - | - | 0.9 | - | - | - | - | 0.9 | - | - | - | - | 0.5 | - | - | - | - | 0.8 |
| Oth. (Inc.) / Loss- Net | - | - | - | - | (4.3) | - | - | - | - | 0.9 | - | - | - | - | (4.2) | - | - | - | - | (4.2) |
| Interest Exps. - Net | - | - | - | - | 3.1 | - | - | - | - | 2.7 | - | - | - | - | 2.4 | - | - | - | - | 2.1 |
| Equity in Earnings of Uncond. Sub. | - | - | - | - | (0.1) | - | - | - | - | 0.0 | - | - | - | - | (0.1) | - | - | - | - | (0.1) |
| Income Tax Exps. | - | - | - | - | 1.7 | - | - | - | - | 11.9 | - | - | - | - | 8.1 | - | - | - | - | 7.4 |
| Oper. Incm. / (Loss) | \$26.9 | (\$7.7) | \$7.5 | (\$22.2) | \$4.5 | \$37.4 | \$22.9 | \$7.8 | (\$21.6) | \$46.5 | \$29.3 | \$16.0 | \$6.5 | (\$21.3) | \$30.5 | \$30.6 | \$16.1 | \$8.1 | (\$22.0) | \$32.8 |
| Margin (%) | 18.4% | (4.4%) | 13.7% | - | 1.2% | 24.0% | 12.1% | 13.7% | - | 11.6% | 19.2% | 9.1% | 12.3% | - | 8.0% | 18.8% | 8.7% | 13.9% | - | 8.1% |
| Deprec. & Amortiz. | 1.4 | 8.0 | 0.6 | 1.4 | 11.4 | 1.7 | 8.0 | 0.7 | 1.4 | 11.8 | 1.5 | 8.1 | 0.8 | 1.5 | 11.8 | 1.9 | 8.2 | 0.7 | 1.5 | 12.3 |
| Oth. Incm. / (Loss) - Net | 0.5 | 0.2 | - | 3.6 | 4.3 | (0.1) | - | - | (0.8) | (0.9) | 0.5 | 0.1 | - | 3.6 | 4.2 | 1.0 | - | (0.1) | 3.3 | 4.2 |
| Equity in Earnings of Uncons. Sub. | 0.1 | - | - | - | 0.1 | - | - | - | - | - | - | - | - | - | - | 0.1 | - | - | - | 0.1 |
| EBITDA | \$28.9 | \$0.5 | \$8.1 | (\$17.2) | \$20.3 | \$39.0 | \$31.0 | \$8.5 | (\$21.0) | \$57.5 | \$31.4 | \$24.2 | \$7.3 | (\$16.2) | \$46.6 | \$33.6 | \$24.3 | \$8.8 | (\$17.1) | \$49.5 |
| Margin (%) | 19.7% | 0.3% | 14.9% | - | 5.4% | 25.0% | 16.4% | 14.9% | - | 14.3% | 20.5% | 13.8% | 13.7% | - | 12.2% | 20.7% | 13.1% | 15.0% | - | 12.2% |
| Restructuring Chgs. | 2.8 | 21.5 | - | 0.2 | 24.5 | - | - | - | - | - | \$1.2 | \$2.5 | \$0.1 | - | \$3.8 | \$0.6 | \$5.7 | - | - | \$6.3 |
| Separation Costs | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0.6 | - | - | 0.6 |
| Integ. / Acq. Costs | - | 4.3 | - | 3.8 | 8.0 | - | 4.3 | - | 1.5 | 5.8 | - | 3.4 | - | 1.4 | 4.8 | - | 2.4 | - | 1.3 | 3.7 |
| Venezuelan F/X Loss | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Def. Revenue Adj. Due to Acq. | - | 3.5 | - | - | 3.5 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Adjusted EBITDA | \$31.7 | \$29.8 | \$8.1 | (\$13.2) | \$56.4 | \$39.0 | \$35.3 | \$8.5 | (\$19.5) | \$63.3 | \$32.6 | \$30.1 | \$7.4 | (\$14.8) | \$55.3 | \$34.2 | \$33.0 | \$8.8 | (\$15.9) | \$60.1 |
| Margin (%) | 21.6% | 16.7% | 14.9% | - | 14.9% | 25.0% | 18.7% | 14.9% | - | 15.7% | 21.3% | 17.1% | 13.9% | - | 14.5% | 21.1% | 17.8% | 15.0% | - | 14.8% |



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Reconciliation of Net Income and Operating Income (GAAP) to EBITDA and Adjusted EBITDA (Non-GAAP) (\$M) FY'18 Q1

| | FY'18 Q1 | | | | |
|---|----------------------|---------------|--------------|-----------------|---------------|
| | Exec. Recruitment | Hay Group | F/S | Corp. | KFI |
| Fee Revenue | \$161.2 | \$179.5 | \$60.6 | - | \$401.3 |
| Net Income | - | - | - | - | 29.0 |
| Net Income Attributable to Noncontrolling Interest | - | - | - | - | 0.4 |
| Oth. (Incm.) / Loss- Net | - | - | - | - | (3.5) |
| Interest Exps. - Net | - | - | - | - | 2.7 |
| Equity in Earnings of Uncold. Sub. | - | - | - | - | - |
| Income Tax Exps. | - | - | - | - | 12.2 |
| Oper. Incm. / (Loss) | \$32.8 | \$19.1 | \$8.2 | (\$19.4) | \$40.7 |
| <i>Margin (%)</i> | <i>20.4%</i> | <i>10.6%</i> | <i>13.6%</i> | - | <i>10.2%</i> |
| Deprec. & Amortiz. | 1.8 | 8.1 | 0.8 | 1.5 | 12.2 |
| Oth. Incm. / (Loss) - Net | 0.5 | - | - | 3.0 | 3.5 |
| Equity in Earnings of Uncons. Sub. | - | - | - | - | - |
| EBITDA | \$35.1 | \$27.2 | \$9.0 | (\$14.9) | \$56.5 |
| <i>Margin (%)</i> | <i>21.8%</i> | <i>15.2%</i> | <i>14.9%</i> | - | <i>14.1%</i> |
| Restructuring Chgs. | \$0.1 | \$0.2 | - | - | \$0.3 |
| Separation Costs | - | - | - | - | - |
| Integ. / Acq. Costs | - | 2.5 | - | 0.1 | 2.6 |
| Venezuelan F/X Loss | - | - | - | - | - |
| Def. Revenue Adj. Due to Acq. | - | - | - | - | - |
| Adjusted EBITDA | \$35.2 | \$30.0 | \$9.0 | \$14.8 | \$59.4 |
| <i>Margin (%)</i> | <i>21.8%</i> | <i>16.7%</i> | <i>14.9%</i> | - | <i>14.8%</i> |



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Reconciliation of Compensation & Benefits Expense (GAAP) to Adjusted Compensation & Benefits Expense (Non-GAAP) (\$M)
 FY'17 Q1 to FY'18 Q1

| | <u>FY'17 Qtr. 1</u> | <u>FY'17 Qtr. 2</u> | <u>FY'17 Qtr. 3</u> | <u>FY'17 Qtr. 4</u> | <u>FY'18 Qtr. 1</u> |
|-------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Fee Revenue | \$375.6 | \$401.9 | \$381.9 | \$406.1 | \$401.3 |
| Def. Revenue Adj. Due to Acq. | 3.5 | - | - | - | - |
| Adjusted Fee Revenue | <u>\$379.2</u> | <u>\$401.9</u> | <u>\$381.9</u> | <u>\$406.1</u> | <u>\$401.3</u> |

| | <u>FY'17 Qtr. 1</u> | <u>FY'17 Qtr. 2</u> | <u>FY'17 Qtr. 3</u> | <u>FY'17 Qtr. 4</u> | <u>FY'18 Qtr. 1</u> |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Compensations & Benefits | \$263.0 | \$270.6 | \$262.4 | \$275.5 | \$274.0 |
| Integration / Acquisition Costs | (5.6) | (5.2) | (4.3) | (3.5) | (2.6) |
| Separation Costs | - | - | - | (0.6) | - |
| Adjusted Comp. & Benfts. Exps. | <u>\$257.4</u> | <u>\$265.4</u> | <u>\$258.2</u> | <u>\$271.3</u> | <u>\$271.4</u> |
| Comp. & Benfts. (as % of Fee Rev.) | 70.0% | 67.3% | 68.7% | 67.8% | 68.3% |
| Integration / Acquisition Costs | (2.1%) | (1.3%) | (1.1%) | (1.0%) | (0.6%) |
| Separation Costs | - | - | - | - | - |
| Adjusted Comp. & Benfts. Exps. (as a % of Adj. Fee Rev.) | <u>67.9%</u> | <u>66.0%</u> | <u>67.6%</u> | <u>66.8%</u> | <u>67.6%</u> |



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Reconciliation of Cash & Marketable Securities Balance to “Investable Cash” Balance (\$M) FY'17 Q1 to FY'18 Q1

| | <u>FY'17 Qtr. 1</u> | <u>FY'17 Qtr. 2</u> | <u>FY'17 Qtr. 3</u> | <u>FY'17 Qtr. 4</u> | <u>FY'18 Qtr. 1</u> |
|------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Cash | \$244.1 | \$250.0 | \$351.3 | \$410.9 | \$282.0 |
| Marketable Securities | 137.0 | 140.0 | 115.4 | 119.9 | 126.3 |
| Cash & Marketable Securities | <u>\$381.1</u> | <u>\$390.0</u> | <u>\$466.7</u> | <u>\$530.8</u> | <u>\$408.3</u> |
| ECAP & Bonus Liability | (186.1) | (234.6) | (240.2) | (285.8) | (173.2) |
| Investable Cash | <u>\$195.0</u> | <u>\$155.4</u> | <u>\$226.5</u> | <u>\$245.0</u> | <u>\$235.1</u> |





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