

Hudson Global Q4 2017 Earnings Call

March 1, 2018

Hudson

Great people. Great performance.



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.

Strategic Update

- On Dec 17, 2017, Hudson announced definitive sale agreements to sell its recruitment and talent management operations in Europe and Asia Pacific to strategic buyers in three transactions
- Hudson intends to focus on its growing, global RPO business going forward
- Hudson will receive estimated proceeds of \$41.2 million in cash, subject to adjustment at closing
- Transactions are subject to the approval of the majority of the outstanding HSON shares
- Hudson filed a definitive proxy statement with the SEC on February 13, 2018 seeking shareholder approval for the sale of substantially all of its assets as a result of the proposed transactions
- Special meeting of shareholders scheduled for March 20, 2018 at 8:00 a.m. ET to obtain such approval
- Expected close at the end of March 2018, subject to shareholder approval and other customary closing conditions

Q4 2017: Consolidated Financial Results

\$US in Millions, except EPS

	B+ / W- (2)	Q4 2017	Q4 2016
Revenue	+ 21% + 16% CC (1)	\$121.6	\$100.3
Gross Margin	+ 14% + 9% CC	\$48.7	\$42.8
SG&A	- 12% - 7% CC	\$46.9	\$41.9
Adjusted EBITDA	+ 106% + 69% CC	\$1.9	\$0.9
Net Income (Loss) (3)	NM	(\$2.0)	(\$0.3)
Basic and Diluted EPS		(\$0.06)	(\$0.01)

(1) CC represents constant currency variance.

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

(3) 2017 Net Income includes \$1.9M of goodwill impairment in China.

(4) NM: Not meaningful

Q4 2017: Hudson Americas

\$US in Millions

	B+ / W- (1)	Q4 2017	Q4 2016
Revenue	- 6%	\$3.7	\$3.9
Gross Margin	- 6%	\$3.2	\$3.4
SG&A	+ 5%	\$2.7	\$2.8
Adjusted EBITDA	- 12%	\$0.5	\$0.6
Adjusted EBITDA, as a % of Revenue		14.1%	15.0%

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

(2) NM: Not meaningful

Q4 2017: Hudson Asia Pacific

\$US in Millions

	B+ / W- (2)	Q4 2017	Q4 2016
Revenue	+ 31% + 28% CC (1)	\$77.3	\$59.1
Gross Margin	+ 22% + 19% CC	\$25.0	\$20.5
SG&A	- 12% - 10% CC	\$22.6	\$20.2
Adjusted EBITDA	+ 546% + 478% CC	\$2.4	\$0.4
Adjusted EBITDA, as a % of Revenue		3.1%	0.6%

(1) CC represents constant currency variance.

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

Q4 2017: Hudson Europe

\$US in Millions

	B+ / W- (2)	Q4 2017	Q4 2016
Revenue	+ 9% + 1% CC (1)	\$40.6	\$37.3
Gross Margin	+ 9% + 0% CC	\$20.5	\$18.9
SG&A	- 6% + 2% CC	\$18.6	\$17.5
Adjusted EBITDA	+ 43% + 28% CC	\$1.9	\$1.3
Adjusted EBITDA, as a % of Revenue		4.6%	3.5%

(1) CC represents constant currency variance.

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

FY 2017: Consolidated Financial Results

\$US in Millions, except EPS

	B+ / W- (2)	FY 2017	FY 2016
Revenue	+ 8% + 8% CC (1)	\$456.7	\$422.7
Gross Margin	+ 7% + 7% CC	\$186.7	\$174.4
SG&A	- 2% - 2% CC	\$179.8	\$175.9
Adjusted EBITDA	+ 570% + 768% CC	\$6.9	(\$1.5)
Net Income (Loss) (3)	+ 67% + 66% CC	(\$2.9)	(\$8.8)
Basic and Diluted EPS		(\$0.09)	(\$0.26)

(1) CC represents constant currency variance.

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

(3) 2017 Net Income includes \$1.9M of goodwill impairment in China.

FY 2017: Hudson Americas

\$US in Millions

	B+ / W- (1)	FY 2017	FY 2016
Revenue	+ 4%	\$16.2	\$15.6
Gross Margin	+ 6%	\$14.4	\$13.6
SG&A	- 2%	\$12.6	\$12.4
Adjusted EBITDA	+ 52%	\$1.8	\$1.2
Adjusted EBITDA, as a % of Revenue		11.3%	7.8%

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

FY 2017: Hudson Asia Pacific

\$US in Millions

	B+ / W- (2)	FY 2017	FY 2016
Revenue	+ 19% + 17% CC (1)	\$282.8	\$236.8
Gross Margin	+ 11% + 9% CC	\$93.6	\$84.1
SG&A	- 7% - 5% CC	\$86.9	\$81.5
Adjusted EBITDA	+ 158% + 136% CC	\$6.7	\$2.6
Adjusted EBITDA, as a % of Revenue		2.4%	1.1%

(1) CC represents constant currency variance.

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

FY 2017: Hudson Europe

\$US in Millions

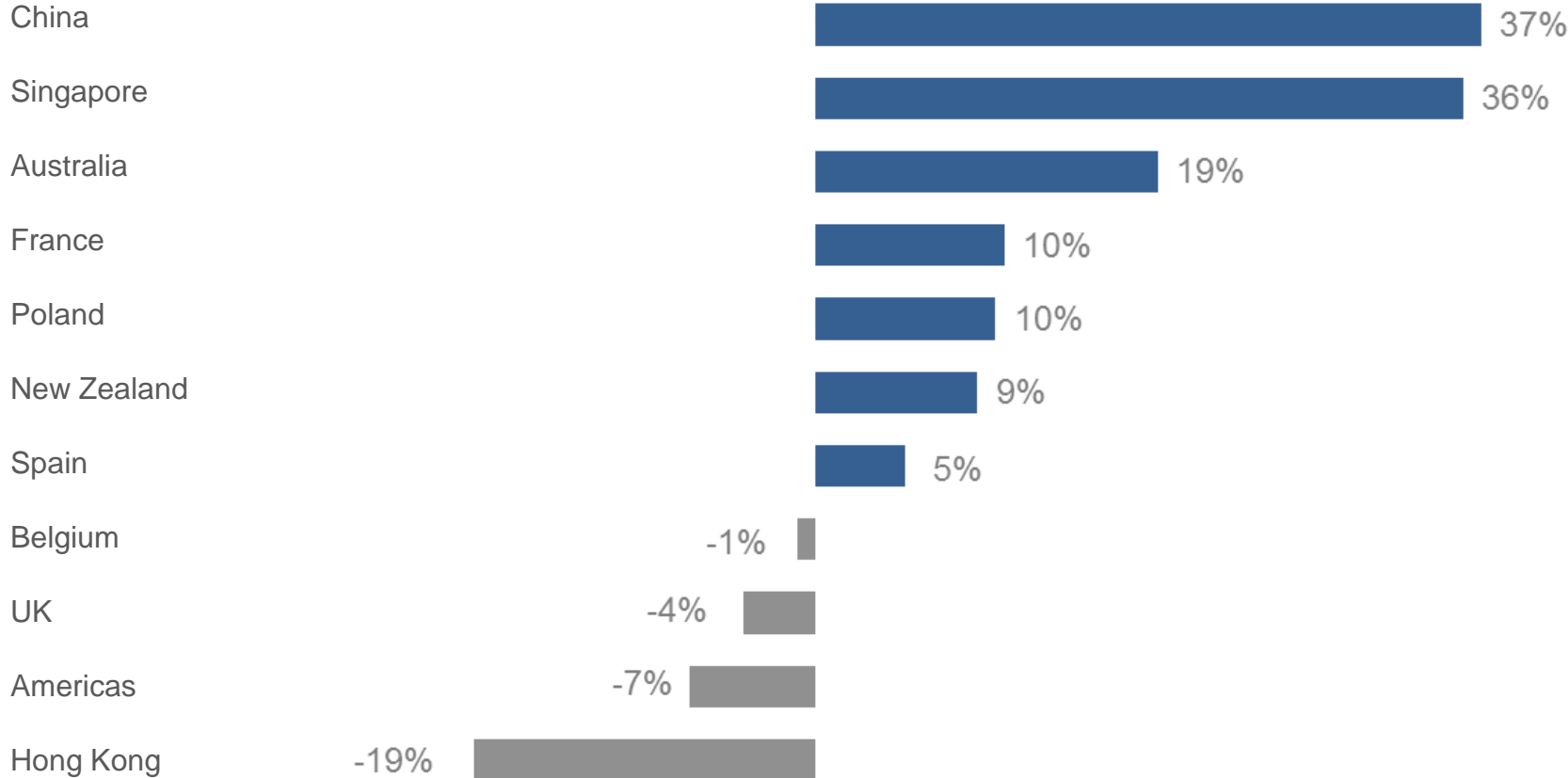
	B+ / W- (2)	FY 2017	FY 2016
Revenue	- 7%	\$157.7	\$170.3
	- 4% CC (1)		
Gross Margin	+ 3%	\$78.7	\$76.7
	+ 3% CC		
SG&A	+ 1%	\$71.6	\$72.5
	+ 0% CC		
Adjusted EBITDA	+ 68%	\$7.1	\$4.2
	+ 61% CC		
Adjusted EBITDA, as a % of Revenue		4.5%	2.5%

(1) CC represents constant currency variance.

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

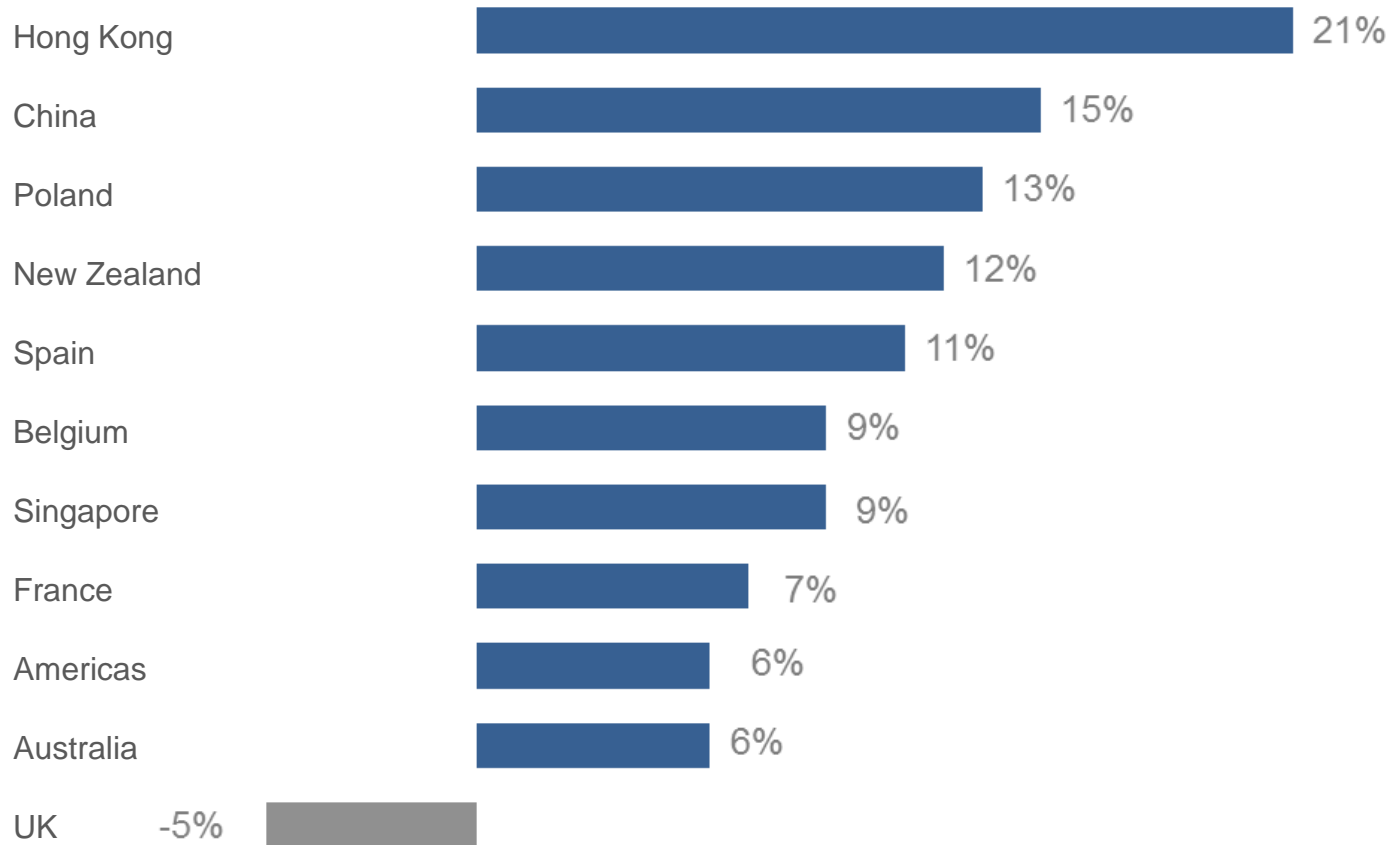
Gross Margin Growth in CC, +9% overall

Q4 2017 vs PY

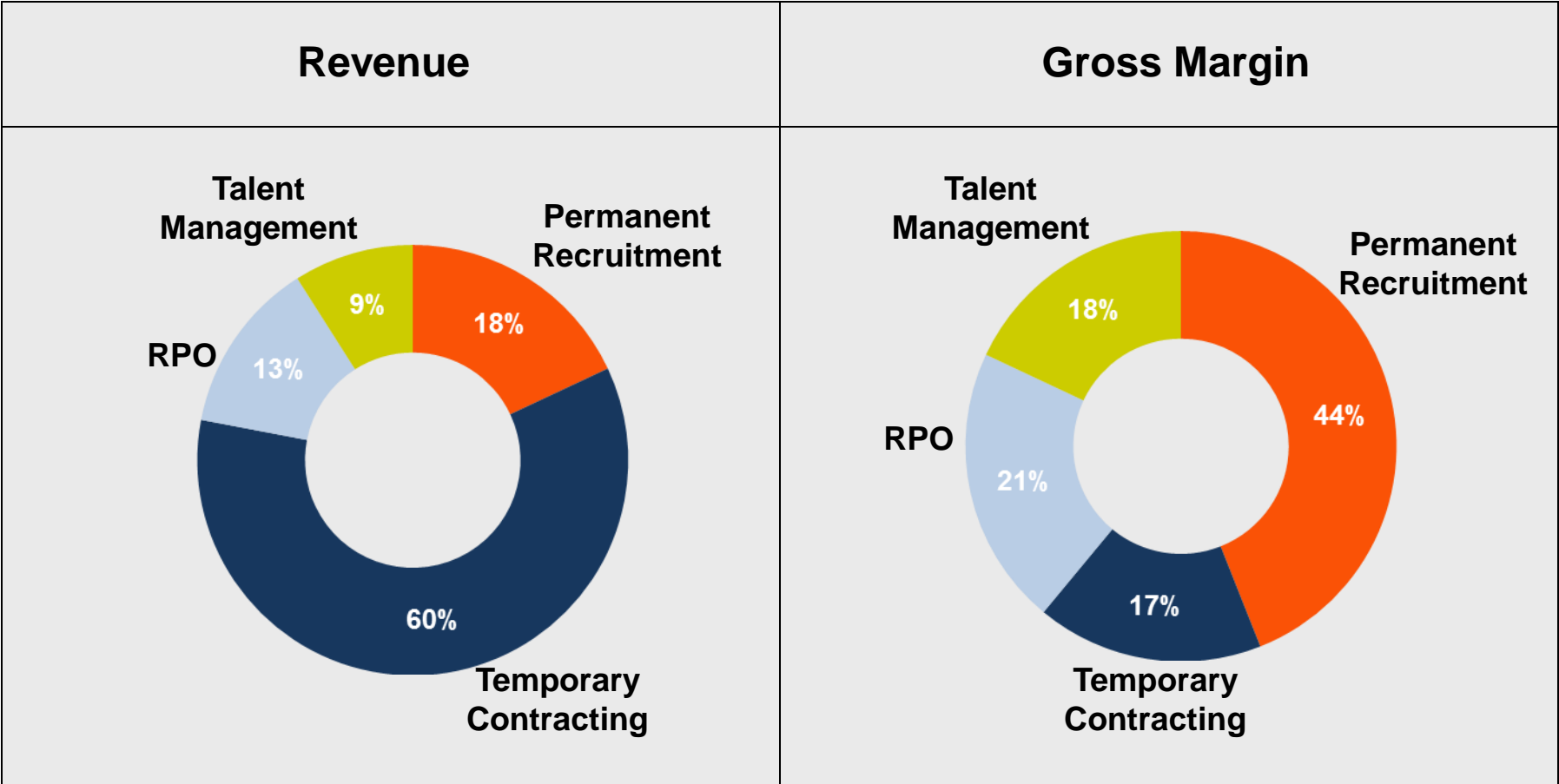


Gross Margin Growth in CC, +7% overall

FY 2017 vs PY

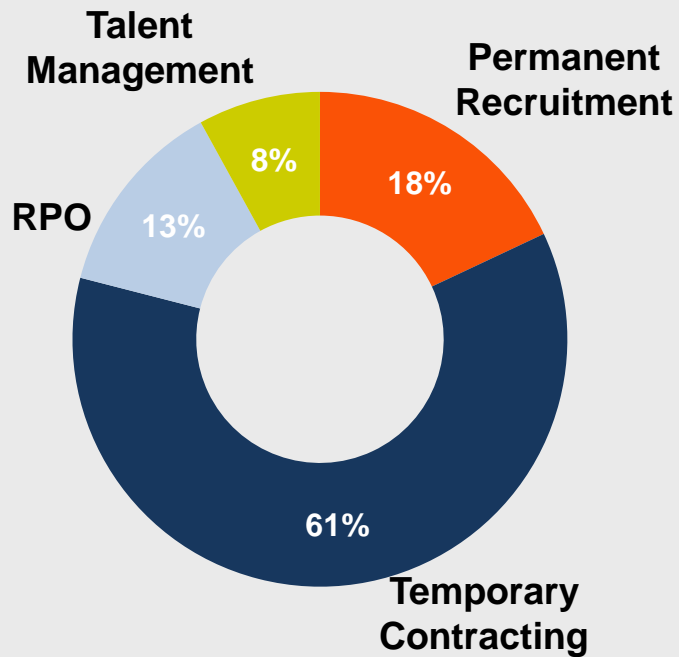


Q4 2017 Global Services Split

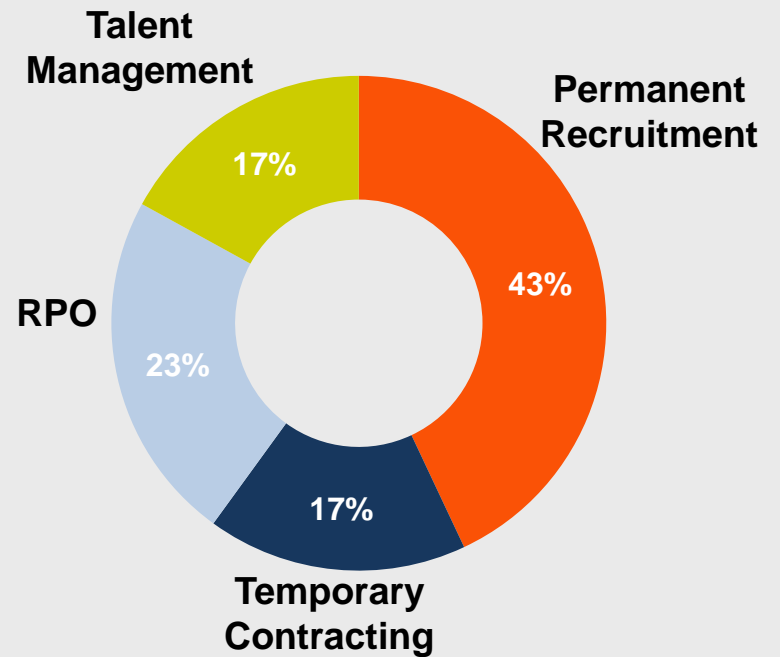


2017 Global Services Split

Revenue

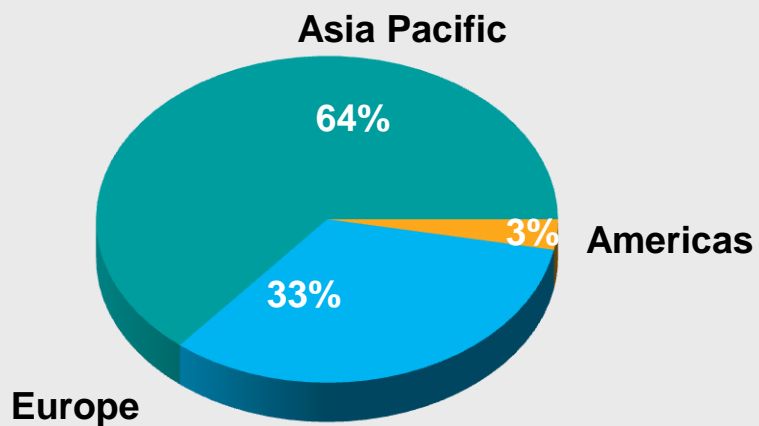


Gross Margin

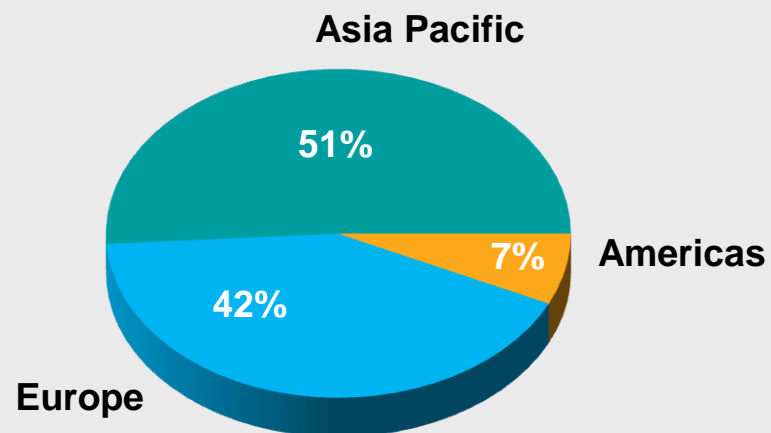


Q4 2017 Regional Split

Revenue



Gross Margin



Balance Sheet: Selected Items

\$US in Millions

Selected Assets		
	December 31, 2017	December 31, 2016
Cash	\$20.9	\$21.3
Accounts Receivable	\$71.9	\$58.5
Selected Liabilities		
	December 31, 2017	December 31, 2016
Short-term Borrowings	\$7.1	\$7.8
Shareholders' Equity	\$43.2	\$41.9
Working Capital		
	December 31, 2017	December 31, 2016
Current Assets	\$97.0	\$84.1
Current Liabilities	\$60.6	\$50.6
Working Capital	\$36.5	\$33.5

Q4 2017: Cash Flow Summary

\$US in Millions

	QTD <u>Dec-17</u>	QTD <u>Dec-16</u>
Net income (loss)	\$ (2.0)	\$ (0.3)
Depreciation and amortization	0.7	0.8
Goodwill and other impairments	1.9	-
Stock-based compensation	0.4	0.2
Change in accounts receivable	(0.2)	3.0
Change in accounts payable and other liabilities	5.2	2.9
Other	<u>0.0</u>	<u>(1.0)</u>
Cash provided by (used in) operations	6.0	5.6
Capital expenditures	<u>(0.8)</u>	<u>(0.9)</u>
Free cash flow	5.2	4.7
Change in net borrowings (repayments)	(1.0)	0.2
Purchase of treasury stock	(0.2)	(0.2)
Effect of exchange rates	<u>0.2</u>	<u>(0.8)</u>
Change in cash	\$ 4.2	\$ 3.9

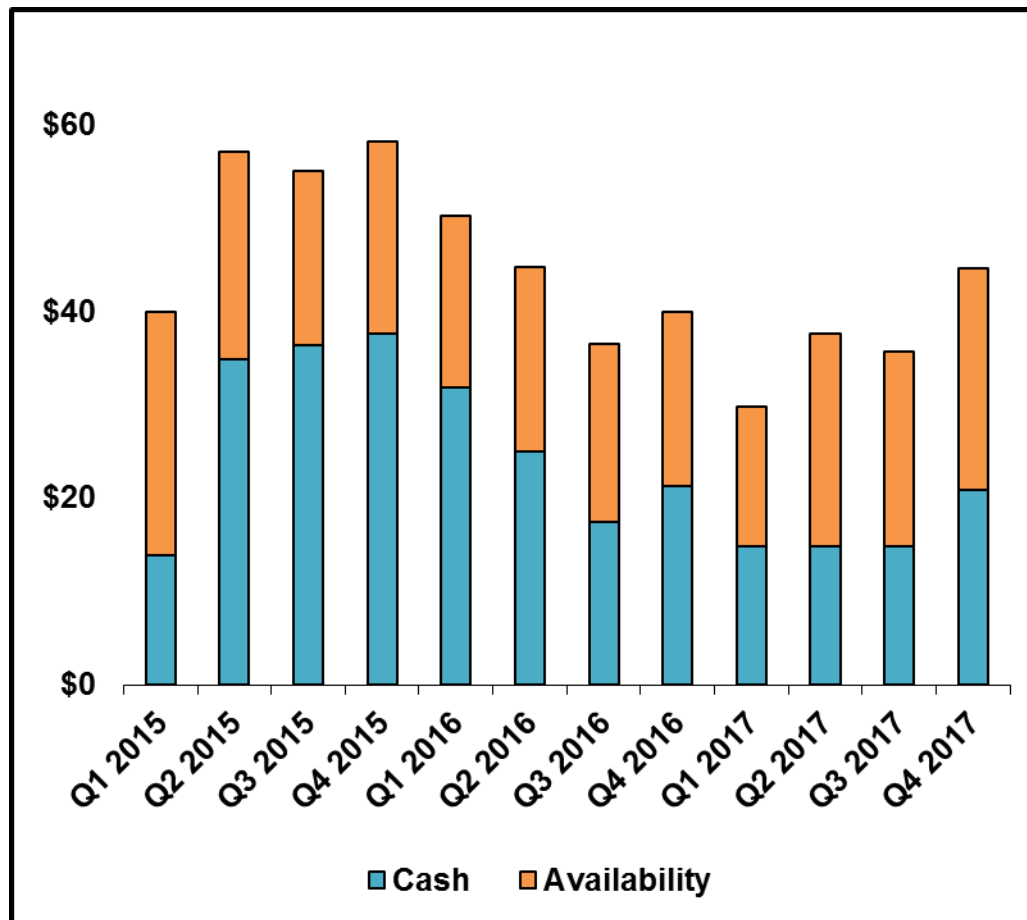
FY 2017: Cash Flow Summary

\$US in Millions

	YTD <u>Dec-17</u>	YTD <u>Dec-16</u>
Net income (loss)	\$ (2.9)	\$ (8.8)
Depreciation and amortization	2.7	3.1
Goodwill and other impairments	1.9	-
Stock-based compensation	1.3	1.6
Change in accounts receivable	(7.8)	(0.6)
Change in accounts payable and other liabilities	7.3	(3.3)
Other	<u>(0.2)</u>	<u>(1.3)</u>
Cash provided by (used in) operations	2.4	(9.4)
Capital expenditures	<u>(1.5)</u>	<u>(2.8)</u>
Free cash flow	0.9	(12.2)
Change in net borrowings (repayments)	(1.6)	5.7
Purchase of treasury stock	(0.9)	(5.1)
Dividends paid	-	(3.4)
Effect of exchange rates	<u>1.3</u>	<u>(1.3)</u>
Change in cash	\$ (0.3)	\$ (16.3)

Flexible Liquidity

\$US in Millions



APPENDIX



Q4 2017 Regional Gross Margin Mix

Approximate gross margin mix by product around the globe

	Temp	Perm	RPO	Talent Mgmt
Americas	0%	0%	100%	0%
Asia Pacific	25%	45%	20%	10%
ANZ	30%	30%	25%	15%
ASIA	0%	80%	15%	5%
Europe	10%	50%	10%	30%
UK	30%	40%	25%	5%
Cont. Europe	5%	55%	0%	40%
Hudson Total	15%	45%	20%	20%

Q4 EBITDA Reconciliation

\$US in Millions

Q4 2017	Hudson				Total	Q4 2016	Hudson				Total
	Americas	Asia Pacific	Europe	Corp			Americas	Asia Pacific	Europe	Corp	
Revenue	\$ 3.7	\$ 77.3	\$ 40.6	\$ -	\$ 121.6	\$ 3.9	\$ 59.1	\$ 37.3	\$ -	\$ 100.3	
Gross margin	\$ 3.2	\$ 25.0	\$ 20.5	\$ -	\$ 48.7	\$ 3.4	\$ 20.5	\$ 18.9	\$ -	\$ 42.8	
Adjusted EBITDA (loss)	\$ 0.5	\$ 2.4	\$ 1.9	\$ (2.9)	\$ 1.9	\$ 0.6	\$ 0.4	\$ 1.3	\$ (1.4)	\$ 0.9	
Business reorg expenses (recovery)	0.0	-	0.1	-	0.1	0.0	(0.0)	0.6	0.0	0.6	
Impairment of long-lived assets	-	1.9	-	-	1.9	0.0	(0.0)	0.0	0.1	0.2	
Stock-based comp expense	0.0	0.0	0.1	0.3	0.4	0.1	0.4	0.4	(1.1)	(0.2)	
Non-operating expense (income), including	0.0	0.2	0.3	(0.5)	-	\$ 0.5	\$ 0.0	\$ 0.3	\$ (0.5)	\$ 0.3	
EBITDA (loss)	\$ 0.5	\$ 0.2	\$ 1.5	\$ (2.7)	\$ (0.5)					0.8	
Depreciation and amortization					0.7					0.1	
Interest expense (income)					0.1					(0.5)	
Provision for (benefit from) income taxes					0.8					(0.2)	
Income (loss) from discontinued ops					0.0						
Net income (loss)					\$ (2.0)					\$ (0.3)	

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.

FY EBITDA Reconciliation

\$US in Millions

FY 2017	Hudson					Total	FY 2016	Hudson					Total
	Americas	Asia Pacific	Europe	Corp				Americas	Asia Pacific	Europe	Corp		
Revenue	\$ 16.2	\$ 282.8	\$ 157.7			\$ 456.7	Revenue	\$ 15.6	\$ 236.8	\$ 170.3	\$ -		\$ 422.7
Gross margin	\$ 14.4	\$ 93.6	\$ 78.7			\$ 186.7	Gross margin	\$ 13.6	\$ 84.1	\$ 76.7	\$ -		\$ 174.4
Adjusted EBITDA (loss)	\$ 1.8	\$ 6.7	\$ 7.1	\$ (8.7)		\$ 6.9	Adjusted EBITDA (loss)	\$ 1.2	\$ 2.6	\$ 4.2	\$ (9.5)		\$ (1.5)
Business reorg expenses (recovery)	(0.1)	0.0	0.8	(0.0)		0.7	Business reorg expenses (recovery)	(0.0)	0.2	1.4	(0.0)		1.6
Impairment of long-lived assets	-	1.9	-	-		1.9	Stock-based compensation expense	0.1	0.2	0.2	1.0		1.4
Stock-based compensation expense	0.1	0.1	0.2	0.9		1.3	Non-operating expense (income)	0.4	2.5	1.5	(4.2)		0.2
Non-operating expense (income)	0.2	2.2	1.5	(3.4)		0.5	EBITDA (loss)	\$ 0.8	\$ (0.3)	\$ 1.1	\$ (6.2)		\$ (4.7)
EBITDA (loss)	\$ 1.6	\$ 2.5	\$ 4.6	\$ (6.2)		\$ 2.5	Depreciation and amortization						3.1
Depreciation and amortization						2.7	Interest expense (income), net						0.4
Interest expense (income)						0.4	Provision for (benefit from) income taxes						0.7
Provision for (benefit from) income taxes						2.3	Income (loss) from discontinued ops						0.1
Income (loss) from discontinued ops						(0.0)	Net income (loss)						\$ (8.8)
Net income (loss)						\$ (2.9)							

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.



THANK YOU