

Hudson Global Q2 2018 Earnings Call

August 02, 2018



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 2018: Consolidated Financial Results

\$US in Millions, except EPS

	B+ / W- (2)	Q2 2018	Q2 2017
Revenue	+ 17% + 15% CC (1)	17.0	14.5
Gross Margin	+ 1% - 1% CC	10.8	10.7
SG&A	- 12% - 10% CC	11.9	10.6
Adjusted EBITDA (3)(4)	NM NM CC	(1.1)	0.1
Net Income (Loss) (3)	NM	(1.4)	1.2
Basic and Diluted EPS		(0.04)	0.04

(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

(4) Prior period Adjusted EBITDA may not be comparable due to support cost allocation treatment between continuing and discontinued operations following the divestitures.

Q2 2018: Hudson Americas

\$US in Millions

	B+ / W- ⁽¹⁾	Q2 2018	Q2 2017
Revenue	- 16%	\$3.5	\$4.2
Gross Margin	- 22%	\$2.9	\$3.7
SG&A	+ 17%	\$2.8	\$3.3
Adjusted EBITDA ⁽²⁾	- 64%	\$0.1	\$0.4
Adjusted EBITDA, as a % of Revenue		4.2%	9.7%

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

(2) Prior period Adjusted EBITDA may not be comparable due to support cost allocation treatment between continuing and discontinued operations following the divestitures.

Q2 2018: Hudson Asia Pacific

\$US in Millions

	B+ / W- (2)	Q2 2018	Q2 2017
Revenue	+ 41%	\$9.6	\$6.8
	+ 39% CC (1)		
Gross Margin	+ 22%	\$5.8	\$4.7
	+ 20% CC		
SG&A	- 37%	\$4.9	\$3.6
	- 35% CC		
Adjusted EBITDA ⁽³⁾	- 26%	\$0.9	\$1.2
	- 27% CC		
Adjusted EBITDA, as a % of Revenue		9.0%	17.1%

(1) CC represents constant currency variance.

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

(3) Prior period Adjusted EBITDA may not be comparable due to support cost allocation treatment between continuing and discontinued operations following the divestitures.

Q2 2018: Hudson Europe

\$US in Millions

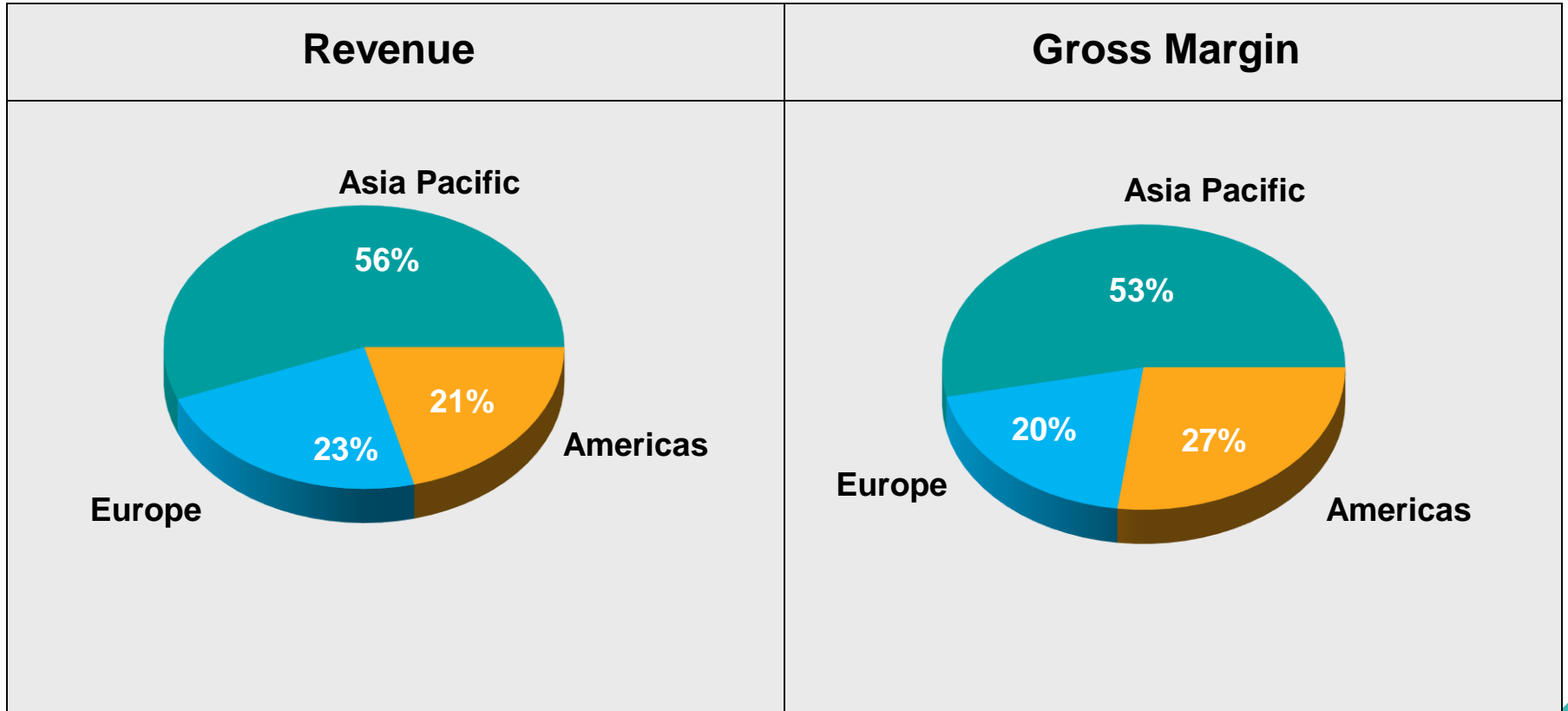
	B+ / W- ⁽²⁾	Q2 2018	Q2 2017
Revenue	+ 10% + 4% CC ⁽¹⁾	\$3.9	\$3.5
Gross Margin	- 6% - 11% CC	\$2.1	\$2.2
SG&A	- 5% + 2% CC	\$1.9	\$1.8
Adjusted EBITDA ⁽³⁾	- 54% - 56% CC	\$0.2	\$0.4
Adjusted EBITDA, as a % of Revenue		4.8%	12.2%

(1) CC represents constant currency variance.

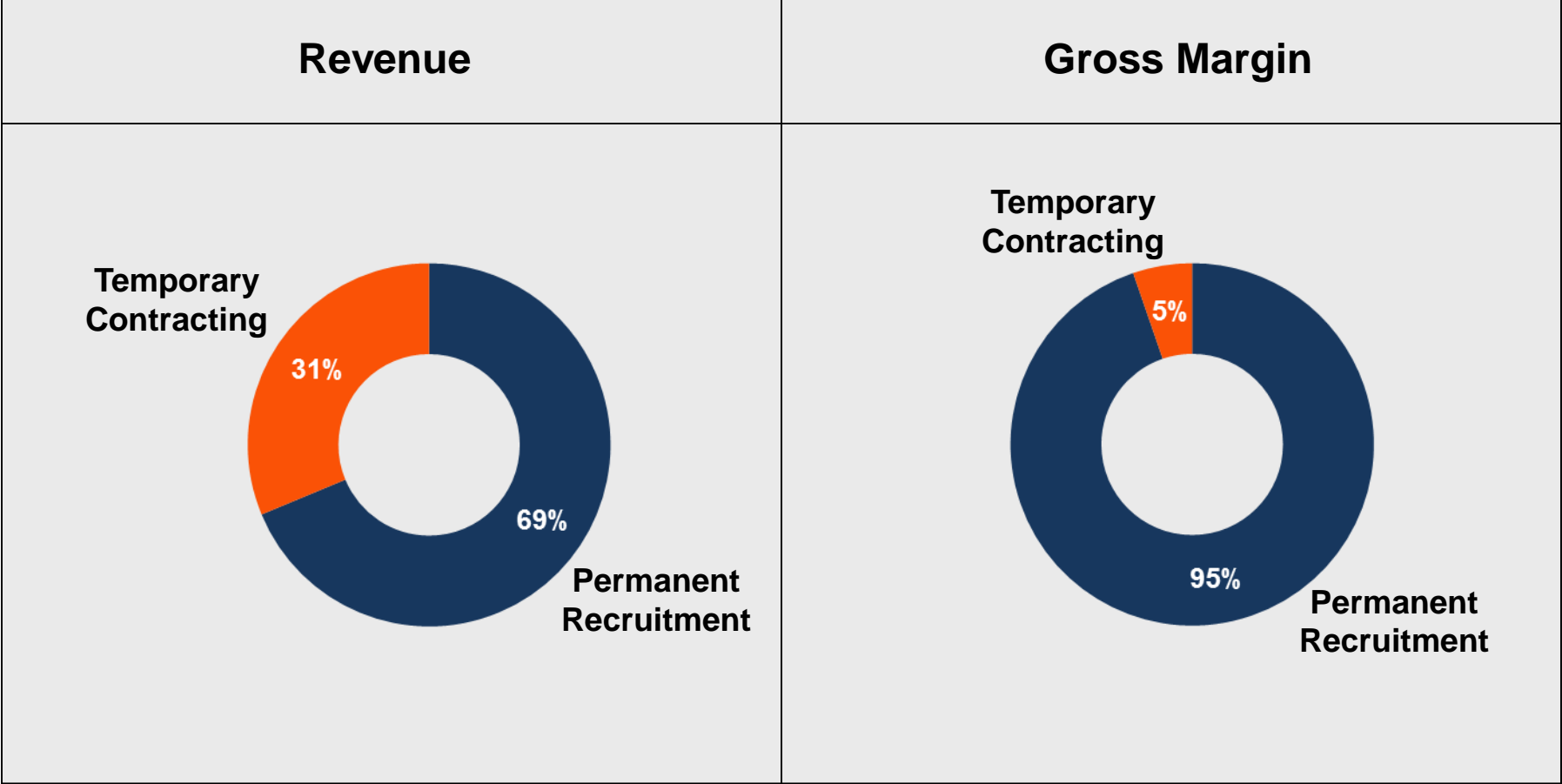
(2) B/W indicates whether the result was better (+) or worse (-) than the comparison period.

(3) Prior period Adjusted EBITDA may not be comparable due to support cost allocation treatment between continuing and discontinued operations following the divestitures.

Q2 2018 Regional Split



Q2 2018 RPO Services Split



Balance Sheet: Selected Items

\$US in Millions

Selected Assets		
	June 30, 2018	December 31, 2017
Cash	\$38.6	\$5.6
Accounts Receivable	\$14.2	\$11.5
Selected Liabilities		
	June 30, 2018	December 31, 2017
Shareholders' Equity	\$41.9	\$43.2
Working Capital		
	June 30, 2018	December 31, 2017
Current Assets	\$53.9	\$97.0
Current Liabilities	\$10.1	\$60.4
Working Capital	\$43.8	\$36.6

Q2 2018: Cash Flow Summary*

\$US in Millions

	QTD <u>Jun-18</u>	QTD <u>Jun-17</u>
Net income (loss)	\$ (1.4)	\$ 1.3
Depreciation and amortization	0.0	0.7
Stock-based compensation	0.2	0.5
Change in accounts receivable	(1.0)	(3.4)
Change in accounts payable and other liabilities	(1.3)	5.8
Other	(0.1)	(0.7)
Cash provided by (used in) operations	(3.6)	4.2
Capital expenditures	-	(0.0)
Free cash flow	(3.6)	4.2
Change in net borrowings (repayments)	-	(4.7)
Purchase of treasury stock	(0.5)	(0.2)
Effect of exchange rates	(0.2)	0.5
Change in cash	\$ (4.2)	\$ (0.1)

**Q2 2017 cash flow statements include the Recruitment and Talent Management businesses sold March 31, 2018.*

APPENDIX



Q2 EBITDA Reconciliation

\$US in Millions

Q2 2018	Americas	Asia Pacific	Europe	Corp	Total
Revenue	\$ 3.5	\$ 9.6	\$ 3.9	\$ -	\$ 17.0
Gross margin	\$ 2.9	\$ 5.8	\$ 2.1	\$ -	\$ 10.8
Adjusted EBITDA (loss)	\$ 0.1	\$ 0.9	\$ 0.2	\$ (2.3)	\$ (1.1)
Stock-based comp expense	0.0	0.0	0.0	0.1	\$ 0.2
Non-operating expenses (income)	0.2	0.3	0.1	(0.7)	\$ 0.0
EBITDA (Loss)	\$ (0.1)	\$ 0.5	\$ 0.0	\$ (1.8)	\$ (1.3)
Depreciation and amortization					0.0
Interest expense (income)					(0.1)
Provision for (benefit from) income taxes					0.1
Income (loss) from discontinued ops					(0.0)
Net income (loss)					\$ (1.4)

Q2 2017	Americas	Asia Pacific	Europe	Corp	Total
Revenue	\$ 4.2	\$ 6.8	\$ 3.5	\$ -	\$ 14.5
Gross margin	\$ 3.7	\$ 4.7	\$ 2.2	\$ -	\$ 10.7
Adjusted EBITDA (loss)	\$ 0.4	\$ 1.2	\$ 0.4	\$ (1.9)	\$ 0.1
Business reorg expenses	0.0	-	-	-	\$ 0.0
Stock-based comp expense	0.0	0.0	-	0.4	\$ 0.5
Non-operating expenses (income)	0.1	0.1	0.1	(0.2)	\$ 0.0
EBITDA (Loss)	\$ 0.3	\$ 1.1	\$ 0.4	\$ (2.1)	\$ (0.4)
Depreciation and amortization					0.1
Interest expense (income)					0.0
Provision for (benefit from) income taxes					0.2
Income (loss) from discontinued ops					2.0
Net income (loss)					\$ 1.2

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