



Q4 2019 Earnings Call

March 31, 2020

Hudson Global, Inc.

Forward-Looking Statements

This presentation contains statements that the Company believes to be "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact included in this presentation, including statements regarding the Company's future financial condition, results of operations, business operations and business prospects, are forward-looking statements. Words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "predict," "believe" and similar words, expressions and variations of these words and expressions are intended to identify forward-looking statements. All forward-looking statements are subject to important factors, risks, uncertainties and assumptions, including industry and economic conditions that could cause actual results to differ materially from those described in the forward-looking statements. Such factors, risks, uncertainties and assumptions include, but are not limited to, global economic fluctuations; the adverse impacts of the recent coronavirus, or COVID-19 outbreak; the Company's ability to successfully achieve its strategic initiatives; risks related to the Company's large cash balance relative to its market capitalization as a small public company; risks related to potential acquisitions or dispositions of businesses by the Company; the Company's ability to retain and recruit qualified management and/or advisors; the Company's ability to operate successfully as a company focused on its RPO business; risks related to fluctuations in the Company's operating results from quarter to quarter; the ability of clients to terminate their relationship with the Company at any time; competition in the Company's markets; the negative cash flows and operating losses that may recur in the future; risks relating to how future credit facilities may affect or restrict our operating flexibility; risks associated with the Company's investment strategy; risks related to international operations, including foreign currency fluctuations, political events, natural disasters or health crises, including the ongoing COVID-19 outbreak; the Company's dependence on key management personnel; the Company's ability to attract and retain highly skilled professionals; the Company's ability to collect accounts receivable; the Company's ability to maintain costs at an acceptable level; the Company's heavy reliance on information systems and the impact of potentially losing or failing to develop technology; risks related to providing uninterrupted service to clients; the Company's exposure to employment-related claims from clients, employers and regulatory authorities, current and former employees in connection with the Company's business reorganization initiatives, and limits on related insurance coverage; the Company's ability to utilize net operating loss carry-forwards; volatility of the Company's stock price; the impact of government regulations; and restrictions imposed by blocking arrangements. Additional information concerning these and other factors is contained in the Company's filings with the Securities and Exchange Commission. These forward-looking statements speak only as of the date of this document. The Company assumes no obligation, and expressly disclaims any obligation, to update any forward-looking statements, whether as a result of new information, future events or otherwise.

Q4 2019: Consolidated Financial Results

US\$ in Millions, except EPS

	'+ / - ⁽¹⁾		CC ⁽²⁾	Q4 2019	Q4 2018
Revenue	+	53.5%		\$25.4	\$16.6
	+	56.6%	CC		
Revenue less certain direct costs	+	8.3%		\$11.1	\$10.3
	+	10.3%	CC		
SG&A ⁽³⁾⁽⁴⁾	-	3.2%		\$10.2	\$10.6
	-	1.8%	CC		
Adjusted EBITDA	+	NM ⁽⁵⁾		\$0.9	\$(0.3)
	+	NM	CC		
Net Income (Loss)	+	NM		\$1.5	\$(0.6)
Basic and Diluted EPS	+			\$0.48	\$(0.19)

⁽¹⁾ + / - indicates whether the caption was higher (+) or lower (-) than the comparison period.

⁽²⁾ CC represents constant currency.

⁽³⁾ Excludes stock compensation expenses of \$0.2 million for each of the three months ending December 31, 2019 and 2018.

⁽⁴⁾ Excludes non-recurring expenses of \$0.1 million and \$0.0 million for the three months ending December 31, 2019 and 2018 respectively.

⁽⁵⁾ Not meaningful.

Q4 2019: Hudson Asia Pacific

US\$ in Millions, except EPS

	'+ / - ⁽¹⁾	CC ⁽²⁾	Q4 2019	Q4 2018
Revenue	+	93.9%	\$17.9	\$9.2
	+	101.1%		
Revenue less certain direct costs	+	1.5%	\$5.6	\$5.5
	+	5.1%		
SG&A ⁽³⁾	-	4.0%	\$4.4	\$4.5
	-	0.6%		
Adjusted EBITDA	+	29.9%	\$1.2	\$0.9
	+	34.4%		
Adjusted EBITDA, as a % of Revenue less certain direct costs			22.0%	17.2%

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⁽²⁾ CC represents constant currency.

⁽³⁾ Excludes stock compensation expense.

Q4 2019: Hudson Americas

US\$ in Millions

	'+ / - ⁽¹⁾	CC ⁽²⁾	Q4 2019	Q4 2018
Revenue	-	6.1%	\$2.9	\$3.1
	-	6.2% CC		
Revenue less certain direct costs	+	1.7%	\$2.7	\$2.7
	+	1.7% CC		
SG&A ⁽³⁾	+	4.1%	\$2.6	\$2.5
	+	4.2% CC		
Adjusted EBITDA	-	32.5%	\$0.2	\$0.2
	-	33.1% CC		
Adjusted EBITDA, as a % of Revenue less certain direct costs			6.0%	9.0%

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⁽²⁾ CC represents constant currency.

⁽³⁾ Excludes stock compensation expense.

Q4 2019: Hudson Europe

US\$ in Millions

	'+ / - ⁽¹⁾	CC ⁽²⁾	Q4 2019	Q4 2018
Revenue	+	9.7%	\$4.6	\$4.2
	+	9.5%	CC	
Revenue less certain direct costs	+	35.0%	\$2.8	\$2.1
	+	35.5%	CC	
SG&A ⁽³⁾	+	3.7%	\$2.4	\$2.3
	+	3.6%	CC	
Adjusted EBITDA	+	N/M ⁽⁴⁾	\$0.4	\$(0.3)
	+	N/M	CC	
Adjusted EBITDA, as a % of Revenue less certain direct costs			13.0%	(13.3)%

⁽¹⁾ + / - indicates whether the caption was higher (+) or lower (-) than the comparison period.

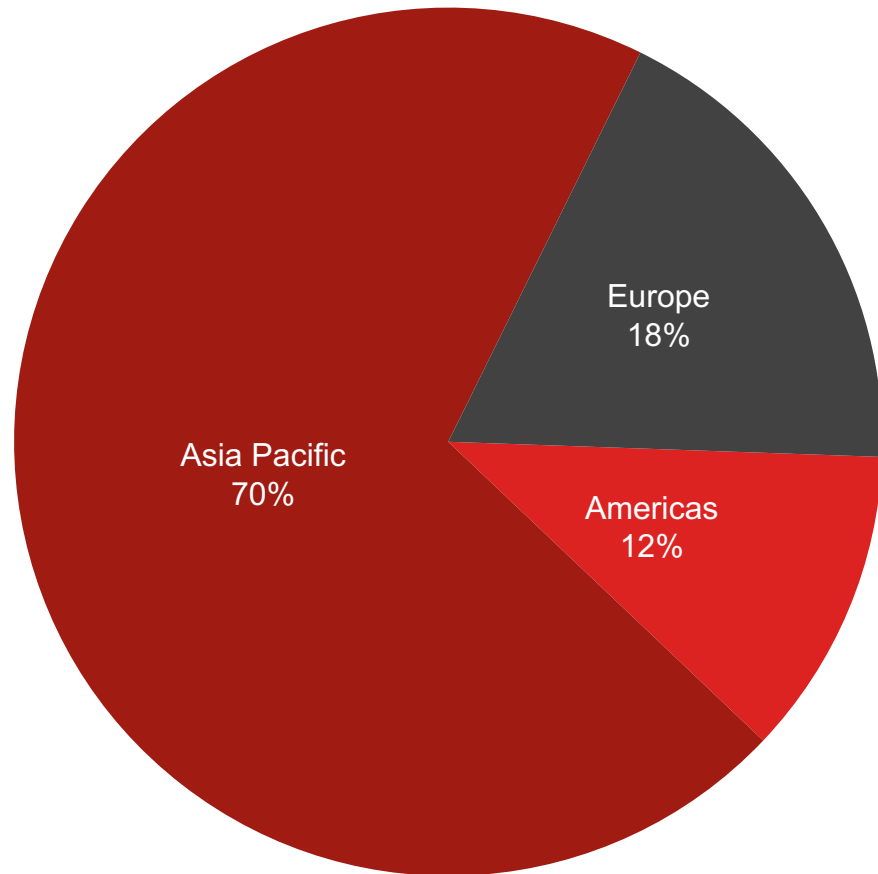
⁽²⁾ CC represents constant currency.

⁽³⁾ Excludes stock compensation expense.

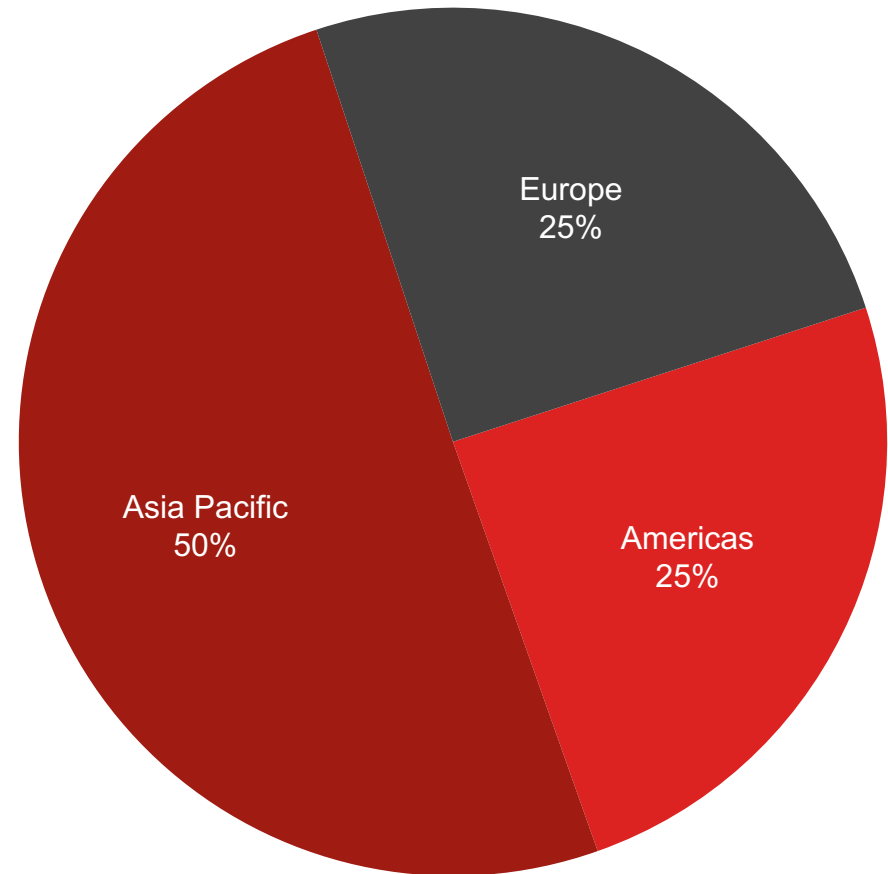
⁽⁴⁾ Not meaningful.

Q4 2019 Regional Split

Revenue

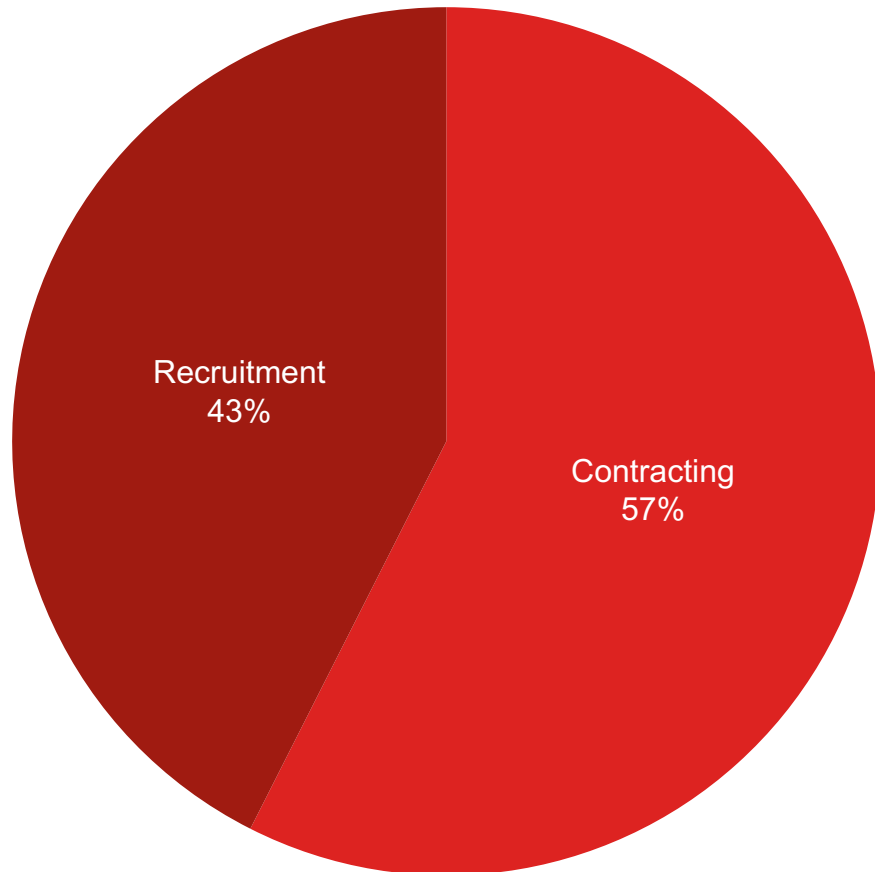


Revenue less certain direct costs

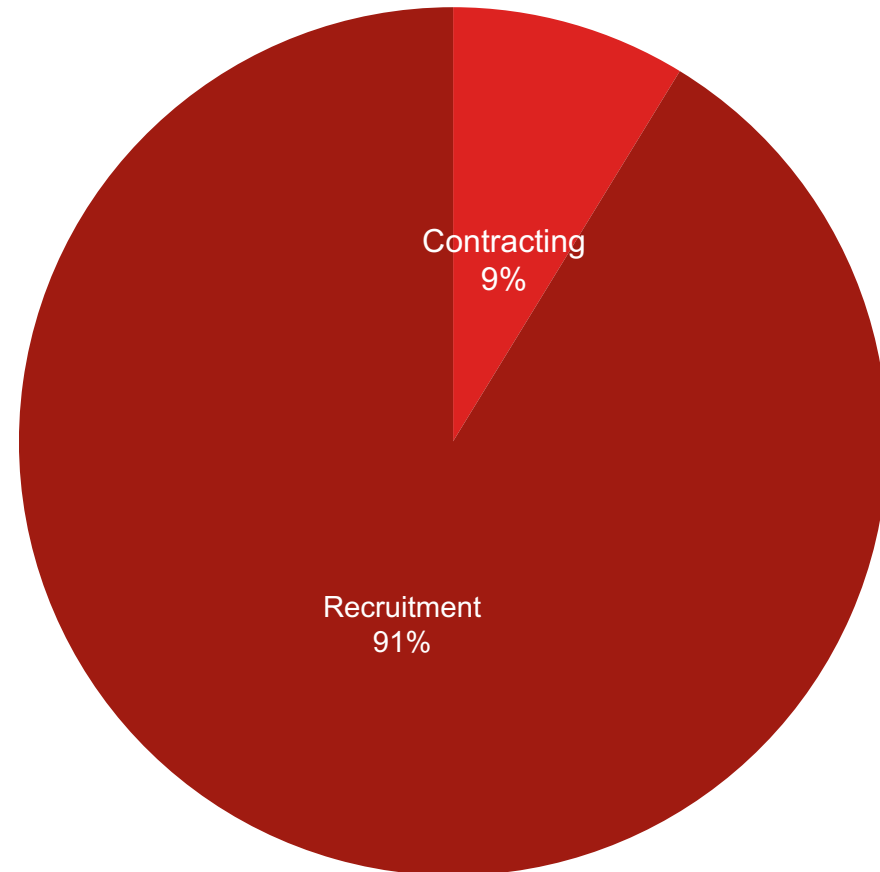


Q4 2019 RPO Services Split

Revenue



Revenue less certain direct costs



Balance Sheet: Selected Items

US\$ in Millions

	Q4 2019	Q4 2018
Selected Assets		
Cash	\$31.2	\$40.6
Restricted Cash	\$0.5	\$0.5
Accounts Receivable	\$12.8	\$9.9
Shareholders' Equity		
Stockholders' Equity	\$36.0	\$40.5
Working Capital		
Current Assets	\$44.9	\$52.1
Current Assets ex-cash	\$13.7	\$11.5
Current Liabilities	\$9.5	\$10.6
Working Capital	\$35.4	\$41.5
Working Capital ex-cash	\$4.3	\$0.9

2019: Cash Flow Summary

US\$ in Millions

	QTD		YTD	
	Dec-19		Dec-19	
Net income (loss)	\$	1.5	\$	(1.0)
Depreciation and amortization		—		0.1
Provision for doubtful accounts		—		0.1
Benefit from deferred income taxes		—		(0.2)
Stock-based compensation		0.2		1.0
Change in accounts receivable		3.4		(2.9)
Change in prepaid and other assets		0.4		0.7
Change in accounts payable and other liabilities		(2.8)		(2.5)
Other		—		(0.1)
Cash provided by (used in) operations		2.7		(4.8)
Capital expenditures		—		(0.1)
Free cash flow		2.7		(4.9)
Purchase of treasury stock		(0.1)		(4.5)
Effect of exchange rates		0.2		0.2
Change in cash, cash equivalents, and restricted cash	\$	2.8	\$	(9.3)

Appendix

Reconciliation of Non-GAAP Financial Measures

Q4 2019	Asia Pacific	Americas	Europe	Corporate	Total	Q4 2018	Asia Pacific	Americas	Europe	Corporate	Total
Revenue	\$ 17.9	\$ 2.9	\$ 4.6	\$ —	\$ 25.4	Revenue	\$ 9.2	\$ 3.1	\$ 4.2	\$ —	\$ 16.6
Revenue less certain direct costs ⁽¹⁾	\$ 5.6	\$ 2.7	\$ 2.8	\$ —	\$ 11.1	Revenue less certain direct costs ⁽¹⁾	\$ 5.5	\$ 2.7	\$ 2.1	\$ —	\$ 10.3
Net income					\$ 1.5	Net loss					\$ (0.6)
Income from discontinued ops					—	Loss from discontinued ops					(0.4)
Income from continuing ops					1.5	Loss from continuing ops					(0.2)
Benefit from income taxes					(0.9)	Benefit from income taxes					(0.3)
Interest income, net					(0.1)	Interest income, net					(0.1)
Depreciation and amortization					—	Depreciation and amortization					—
EBITDA (loss) ⁽²⁾	\$ 1.1	\$ —	\$ 0.2	\$ (0.8)	\$ 0.5	EBITDA (loss) ⁽²⁾	\$ 0.7	\$ 0.1	\$ (0.3)	\$ (1.2)	\$ (0.6)
Non-operating expense (income), including corporate administration charges	0.1	0.1	0.1	(0.3)	0.1	Non-operating expense (income), including corporate administration charges	0.2	0.1	—	(0.2)	0.1
Stock-based compensation expense	—	—	—	0.1	0.2	Stock-based compensation expense	—	—	—	0.2	0.2
Non-recurring severance and professional fees	—	—	—	0.1	0.1	Non-recurring severance and professional fees	—	—	—	—	—
Adjusted EBITDA (loss) ⁽²⁾	\$ 1.2	\$ 0.2	\$ 0.4	\$ (0.9)	\$ 0.9	Adjusted EBITDA (loss) ⁽²⁾	\$ 0.9	\$ 0.2	\$ (0.3)	\$ (1.2)	\$ (0.3)

⁽¹⁾ Certain direct costs include direct contracting costs and reimbursed expenses.

⁽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, business reorganization expenses, stock-based compensation expense, and other non-recurring expenses.



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Thank You!