



**HUDSON**

# Q3 2018 Earnings Call

NOVEMBER 01, 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, 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.*

# Q3 2018: Consolidated Financial Results

US\$ in Millions, except EPS

	+ / - <sup>(2)</sup>	Q3 2018	Q3 2017
Revenue	+ 8% + 12% CC <sup>(1)</sup>	\$17.1	\$15.9
Gross Profit	- 3% + 0% CC	\$10.9	\$11.2
SG&A	+ 2% + 4% CC	\$11.2	\$10.9
Adjusted EBITDA	NM <sup>(3)</sup> NM CC	(\$0.3)	\$0.2
Net Income (Loss)	- 3%	(\$0.9)	(\$0.8)
Basic and Diluted EPS		(\$0.03)	(\$0.03)

<sup>(1)</sup> CC represents constant currency variance.

<sup>(2)</sup> + / - indicates whether the caption was higher (+) or lower (-) than the comparison period.

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

# Q3 2018: Hudson Americas

US\$ in Millions

	+ / - <sup>(1)</sup>	Q3 2018	Q3 2017
Revenue	- 11%	\$3.6	\$4.0
Gross Profit	- 19%	\$3.0	\$3.7
SG&A	- 15%	\$2.7	\$3.1
Adjusted EBITDA <sup>(2)</sup>	- 44%	\$0.3	\$0.6
Adjusted EBITDA, as a % of Gross Profit		10.8%	15.8%

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

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

# Q3 2018: Hudson Asia Pacific

US\$ in Millions

	+ / - <sup>(2)</sup>	Q3 2018	Q3 2017
Revenue	+ 15%	\$9.3	\$8.1
	+ 23% CC <sup>(1)</sup>		
Gross Profit	+ 11%	\$5.7	\$5.2
	+ 18% CC		
SG&A	+ 36%	\$5.0	\$3.7
	+ 45% CC		
Adjusted EBITDA <sup>(3)</sup>	- 51%	\$0.7	\$1.5
	- 49% CC		
Adjusted EBITDA, as a % of Gross Profit		12.6%	28.8%

<sup>(1)</sup> CC represents constant currency variance.

<sup>(2)</sup> + / - indicates whether the caption was higher (+) or lower (-) than the comparison period.

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

# Q3 2018: Hudson Europe

US\$ in Millions

	+ / - <sup>(2)</sup>		Q3 2018	Q3 2017
Revenue	+ 12%		\$4.2	\$3.8
	+ 13%	CC <sup>(1)</sup>		
Gross Profit	- 7%		\$2.2	\$2.3
	- 6%	CC		
SG&A	+ 14%		\$2.2	\$1.9
	+ 15%	CC		
Adjusted EBITDA <sup>(3)</sup>	NM <sup>(4)</sup>		(\$0.0)	\$0.4
	NM	CC		
Adjusted EBITDA, as a % of Gross Profit			-1.0%	18.1%

<sup>(1)</sup> CC represents constant currency variance.

<sup>(2)</sup> + / - indicates whether the caption was higher (+) or lower (-) than the comparison period.

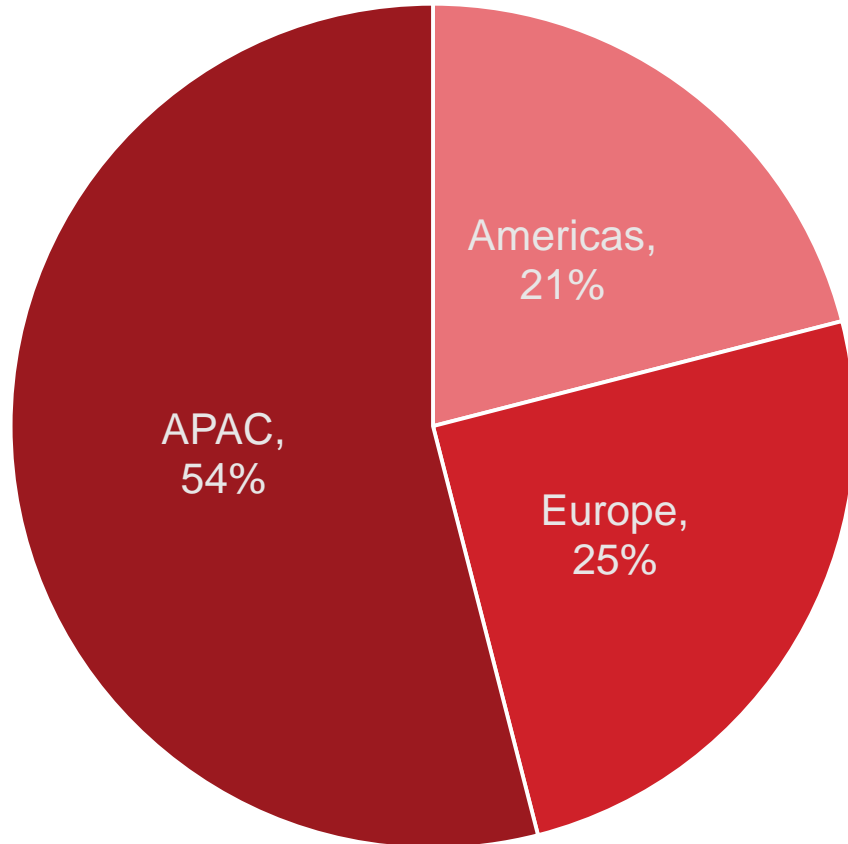
<sup>(3)</sup> Prior period Adjusted EBITDA may not be comparable due to support cost allocation treatment between continuing and discontinued operations following the divestitures.

<sup>(4)</sup> NM: Not meaningful.

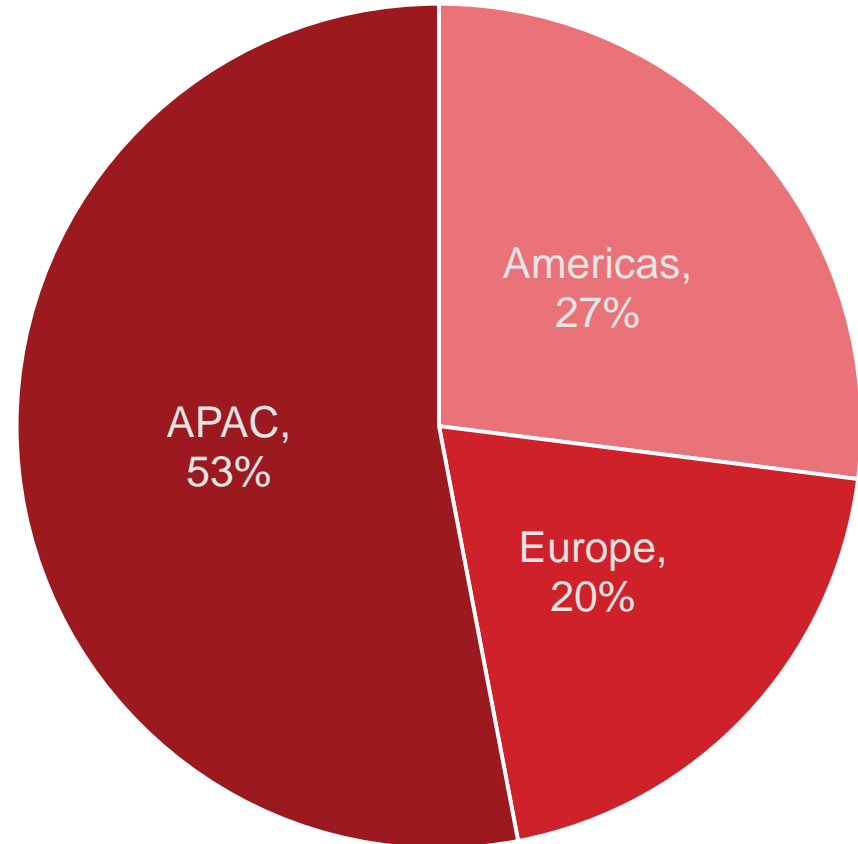


# Q3 2018 Regional Split

## Revenue

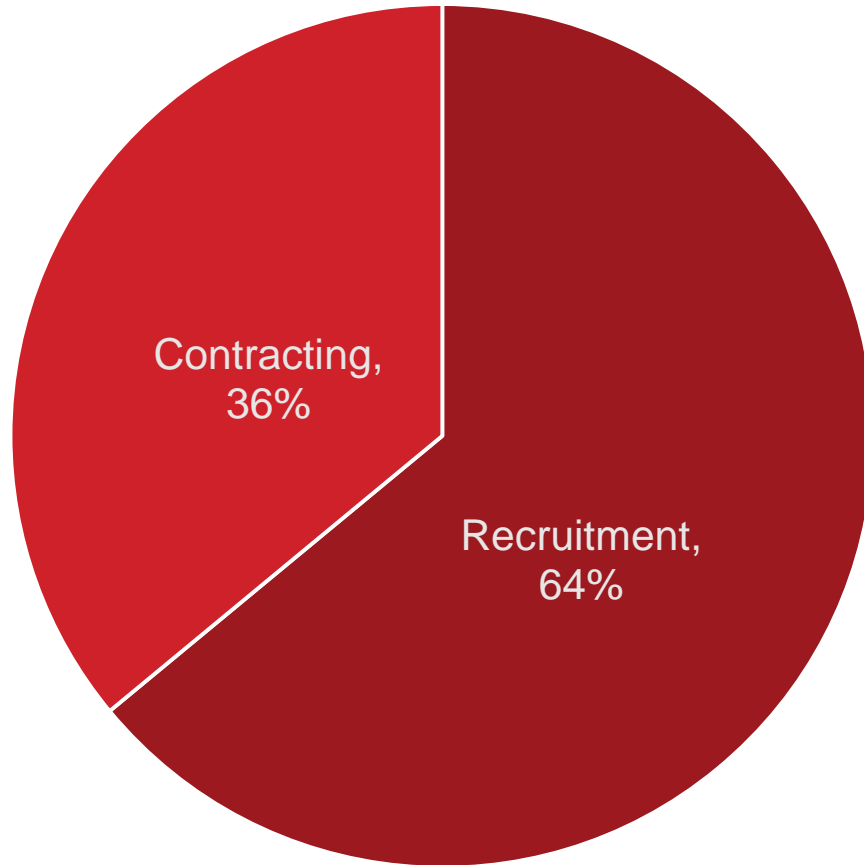


## Gross Profit



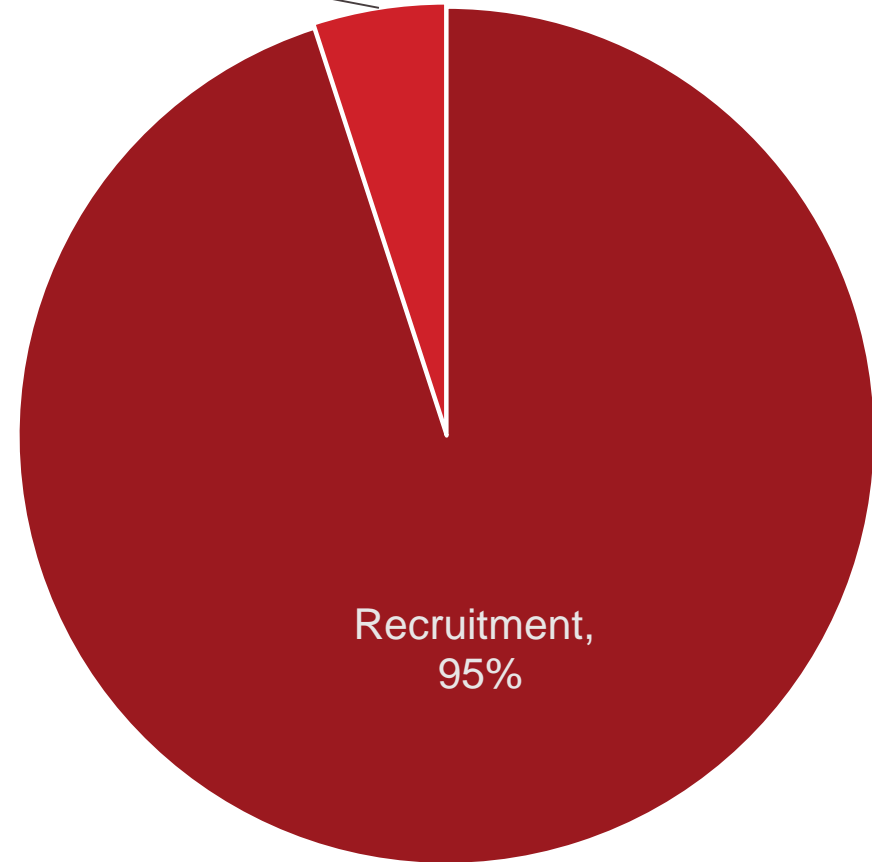
# Q3 2018 RPO Services Split

## Revenue



## Gross Profit

Contracting,  
5%





# Balance Sheet: Selected Items

*US\$ in Millions*

	September 30, 2018	December 31, 2017
<b>Selected Assets</b>		
Cash	\$38.4	\$5.6
Accounts Receivable	\$14.5	\$11.5
Restricted cash	\$0.4	\$0.2
<b>Shareholders' Equity</b>		
Shareholders' Equity	\$41.3	\$43.2
<b>Working Capital</b>		
Current Assets	\$53.5	\$97.0
Current Assets ex-cash	\$15.1	\$91.5
Current Liabilities	\$10.8	\$60.4
Working Capital	\$42.7	\$36.6
Working Capital ex-cash	\$4.3	\$31.1

# Q3 2018: Cash Flow Summary<sup>(1)</sup>

US\$ in Millions

	QTD <u>Sep-18</u>	QTD <u>Sep-17</u>
Net income (loss)	\$ (0.9)	\$ (0.8)
Depreciation and amortization	0.0	0.7
Stock-based compensation	0.5	0.2
Change in accounts receivable	(0.5)	2.2
Change in accounts payable and other liabilities	0.5	(2.8)
Other	0.3	1.5
	(0.1)	1.0
<b>Cash provided by (used in) operations</b>		
Capital expenditures	-	(0.3)
	(0.1)	0.7
<b>Free cash flow</b>		
Change in net borrowings (repayments)	-	1.1
Purchase of treasury stock	-	(0.2)
Effect of exchange rates	(0.1)	0.3
	(0.2)	2.0
<b>Change in cash</b>	\$ (0.2)	\$ 2.0

<sup>(1)</sup> Q3 2017 cash flow statements include the Recruitment and Talent Management businesses sold March 31, 2018.

# Appendix



# Reconciliation of Non-GAAP Financial Measures

US\$ in Millions

Q3 2018	Americas	Asia Pacific	Europe	Corp	Total	Q3 2017	Americas	Asia Pacific	Europe	Corp	Total
Revenue	\$ 3.6	\$ 9.3	\$ 4.2	\$ -	\$ 17.1	Revenue	\$ 4.0	\$ 8.1	\$ 3.8	\$ -	\$ 15.9
Gross profit	\$ 3.0	\$ 5.7	\$ 2.2	\$ -	\$ 10.9	Gross profit	\$ 3.7	\$ 5.2	\$ 2.3	\$ -	\$ 11.2
Adjusted EBITDA (loss)	\$ 0.3	\$ 0.7	\$ (0.0)	\$ (1.3)	\$ (0.3)	Adjusted EBITDA (loss)	\$ 0.6	\$ 1.5	\$ 0.4	\$ (2.2)	\$ 0.2
Stock-based comp expense	0.0	0.0	0.0	0.4	0.5	Stock-based comp expense	0.0	0.0	-	0.1	0.2
Non-operating expenses (income)	0.2	0.2	0.2	(0.6)	0.1	Non-operating expenses (income)	0.1	0.1	0.1	(0.3)	0.0
EBITDA (Loss)	\$ 0.1	\$ 0.5	\$ (0.2)	\$ (1.1)	\$ (0.8)	EBITDA (Loss)	\$ 0.5	\$ 1.4	\$ 0.3	\$ (2.1)	\$ 0.1
Depreciation and amortization					0.0	Depreciation and amortization					0.1
Interest expense (income)					(0.1)	Interest expense (income)					0.0
Provision for (benefit from) income taxes					0.1	Provision for (benefit from) income taxes					0.5
Income (loss) from discontinued ops					(0.0)	Income (loss) from discontinued ops					(0.4)
Net income (loss)					\$ (0.9)	Net income (loss)					\$ (0.8)

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, stock-based compensation expense and other charges.



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**Thank You!**