



Korn Ferry Announces Fourth Quarter and Fiscal 2019 Results of Operations

June 20, 2019

LOS ANGELES, June 20, 2019 /PRNewswire/ --

Highlights

- Korn Ferry reports annual fee revenue of \$1,926.0 million, an increase of 9% year-over-year (12% increase on a constant currency basis), with growth coming from all three lines of business.
- Net income attributable to Korn Ferry was \$102.7 million in FY'19 with an operating margin of 7.3% and Adjusted EBITDA margin of 16.1%.
- Fee revenue was \$490.8 million in Q4 FY'19, an increase of 3% (8% increase on a constant currency basis) from Q4 FY'18.
- Net income attributable to Korn Ferry was \$50.3 million and operating income was \$62.3 million in Q4 FY'19 with an operating margin of 12.7%. Q4 FY'19 Adjusted EBITDA was \$82.2 million with an Adjusted EBITDA margin of 16.7%.
- Q4 FY'19 diluted earnings per share was \$0.89 compared to diluted earnings per share of \$0.73 in Q4 FY'18. Adjusted diluted earnings per share was \$0.88 in Q4 FY'19 compared to Adjusted diluted earnings per share of \$0.80 in Q4 FY'18.
- The Company continued with its balanced approach to capital allocation, buying back \$37.4 million of stock during the year and declaring a quarterly dividend of \$0.10 per share on June 20, 2019 payable on July 31, 2019 to stockholders of record on July 2, 2019.

Korn Ferry (NYSE: KFY), a global organizational consulting firm, today announced fourth quarter and annual fee revenue of \$490.8 million and \$1,926.0 million, respectively. In addition, fourth quarter diluted earnings per share was \$0.89 and Adjusted diluted earnings per share was \$0.88.

"I am pleased to report fee revenue of \$491 million and strong profitability, with diluted earnings per share and Adjusted diluted earnings per share of \$0.89 and \$0.88 during our recently completed fourth quarter. Net income attributable to Korn Ferry was \$50.3 million and operating margin was 12.7%. Adjusted EBITDA was \$82.2 million and EBITDA margin was 16.7% -- both all-time highs. We achieved the highest fiscal year fee revenue in our firm's history -- up 9% on a US GAAP basis year-over-year and 12% at constant currency," said Gary D. Burnison, CEO of Korn Ferry.

"We have made tremendous progress in the recently completed fiscal year. Korn Ferry is now the organizational consultancy that helps companies look at talent and strategy together. We help companies make sure they have the right people, in the right places and for the right rewards. We bring their strategies to life by redesigning their organizational structure, helping them hire, motivate and hold on to the best people, with the right skills and mindset for the future. In the fiscal year ahead, we will continue to bridge our clients' talent and organizational strategies, unlocking their potential and driving superior performance."

Selected Financial Results

(dollars in millions, except per share amounts) ^(a)

| | Fourth Quarter | | Year to Date | |
|---------------------------------------|----------------|----------|--------------|------------|
| | FY'19 | FY'18 | FY'19 | FY'18 |
| Fee revenue | \$ 490.8 | \$ 475.4 | \$ 1,926.0 | \$ 1,767.2 |
| Total revenue | \$ 502.5 | \$ 488.4 | \$ 1,973.9 | \$ 1,819.5 |
| Operating income | \$ 62.3 | \$ 64.2 | \$ 140.8 | \$ 208.4 |
| Operating margin | 12.7% | 13.5% | 7.3% | 11.8% |
| Net income attributable to Korn Ferry | \$ 50.3 | \$ 41.2 | \$ 102.7 | \$ 133.8 |
| Basic earnings per share | \$ 0.90 | \$ 0.74 | \$ 1.84 | \$ 2.39 |
| Diluted earnings per share | \$ 0.89 | \$ 0.73 | \$ 1.81 | \$ 2.35 |

| | Fourth Quarter | | Year to Date | |
|---------------|----------------|---------|--------------|----------|
| | FY'19 | FY'18 | FY'19 | FY'18 |
| EBITDA | \$ 82.2 | \$ 72.8 | \$ 197.7 | \$ 268.5 |
| EBITDA margin | 16.7% | 15.3% | 10.3% | 15.2% |

| | Fourth Quarter | | Year to Date | |
|--|----------------|---------|--------------|----------|
| | FY'19 | FY'18 | FY'19 | FY'18 |
| Adjusted EBITDA (b) | \$ 82.2 | \$ 75.6 | \$ 311.0 | \$ 278.0 |
| Adjusted EBITDA margin (b) | 16.7% | 15.9% | 16.1% | 15.7% |
| Adjusted net income attributable to Korn Ferry | \$ 49.7 | \$ 45.6 | \$ 187.9 | \$ 154.6 |
| Adjusted basic earnings per share | \$ 0.89 | \$ 0.82 | \$ 3.36 | \$ 2.76 |
| Adjusted diluted earnings per share | \$ 0.88 | \$ 0.80 | \$ 3.31 | \$ 2.72 |

(a) Numbers may not total due to rounding.

(b) EBITDA refers to earnings before interest, taxes, depreciation and amortization. Adjusted EBITDA further adjusts EBITDA to exclude tradename write-offs, integration/acquisition costs and restructuring charges, net. EBITDA, EBITDA margin, Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP financial measures (see attached reconciliations).

(c) Adjusted results are non-GAAP financial measures that adjust for the following, as applicable (see attached reconciliations):

| | Fourth Quarter | | Year to Date | |
|---|----------------|--------|--------------|---------|
| | FY'19 | FY'18 | FY'19 | FY'18 |
| Income tax impact due to the enactment of the Tax Cuts and Jobs Act of 2017 (the "Tax Act") | \$ — | \$ 2.2 | \$ — | \$ 13.6 |
| Tradename write-offs | \$ — | \$ — | \$ 106.6 | \$ — |
| Integration/acquisition costs | \$ — | \$ 2.8 | \$ 6.7 | \$ 9.4 |
| Restructuring charges, net | \$ — | \$ — | \$ — | \$ 0.1 |

Fiscal 2019 Fourth Quarter Results

The Company reported fee revenue in Q4 FY'19 of \$490.8 million, an increase of 3% (8% increase on a constant currency basis) compared to Q4 FY'18. The increase in fee revenue was mainly due to organic growth in RPO and Professional Search of 20%.

Net income attributable to Korn Ferry was \$50.3 million in Q4 FY'19 as compared to \$41.2 million in Q4 FY'18. The increase in net income attributable to Korn Ferry resulted from an increase in fee revenue partially offset by an increase in compensation and benefits primarily due to an increase in average headcount and an increase in general and administrative expenses.

Operating income was \$62.3 million in Q4 FY'19 with an operating margin of 12.7% as compared to \$64.2 million and 13.5%, respectively, in the year-ago quarter. The decrease in operating income resulted from an increase in compensation and benefits and general and administrative expenses, partially offset by higher fee revenue. The increase in compensation and benefits was primarily driven by an increase in amounts owed under certain deferred compensation and retirement plans due to increases in the fair value of participants' accounts in Q4 FY'19 compared to decreases in the year-ago quarter and to a lesser extent an increase in average headcount.

Adjusted EBITDA was \$82.2 million in Q4 FY'19 with an Adjusted EBITDA margin of 16.7%, as compared to \$75.6 million and 15.9%, respectively, in Q4 FY'18. The increase in Adjusted EBITDA was impacted by higher fee revenue, partially offset by increases in compensation and benefits expense and general and administrative expenses.

Fiscal 2019 Results

The Company reported record fee revenue in FY'19 of \$1,926.0 million, an increase of \$158.8 million or 9% (12% increase on a constant currency basis) compared to FY'18. The organic growth was driven by all three lines of business:

RPO and Professional Search 21%

| | |
|------------------|----|
| Executive Search | 9% |
| Advisory | 5% |

Net income attributable to Korn Ferry was \$102.7 million in FY'19 as compared to \$133.8 million in FY'18. The decrease in net income attributable to Korn Ferry was primarily due to the tradename write-off and an increase in compensation and benefits expense, partially offset by an increase in fee revenue and a lower income tax provision.

Operating income was \$140.8 million in FY'19 with an operating margin of 7.3% compared to \$208.4 million and 11.8% in FY'18. The decrease in operating income was primarily due to the \$106.6 million tradename write-off and an increase of \$112.1 million in compensation and benefits expense, partially offset by an increase of \$158.8 million in fee revenue.

Adjusted EBITDA was \$311.0 million in FY'19 with Adjusted EBITDA margin of 16.1%, compared to \$278.0 million and 15.7%, respectively, in the year-ago period.

Results by Segment

Selected Executive Search Data

(dollars in millions) ^(a)

| | Fourth Quarter | | Year to Date | |
|-------------------------------|----------------|----------|--------------|----------|
| | FY'19 | FY'18 | FY'19 | FY'18 |
| Fee revenue | \$ 190.9 | \$ 190.7 | \$ 774.8 | \$ 709.0 |
| Total revenue | \$ 195.3 | \$ 195.4 | \$ 793.4 | \$ 727.3 |
| Operating income | \$ 42.0 | \$ 47.0 | \$ 179.1 | \$ 149.6 |
| Operating margin | 22.0% | 24.6% | 23.1% | 21.1% |
| Ending number of consultants | 565 | 541 | 565 | 541 |
| Average number of consultants | 558 | 539 | 553 | 529 |
| Engagements billed | 3,943 | 3,792 | 10,318 | 9,706 |
| New engagements (b) | 1,717 | 1,590 | 6,790 | 6,325 |

EBITDA Results (c):

| | Fourth Quarter | | Year to Date | |
|---------------|----------------|---------|--------------|----------|
| | FY'19 | FY'18 | FY'19 | FY'18 |
| EBITDA | \$ 49.7 | \$ 48.7 | \$ 193.8 | \$ 159.0 |
| EBITDA margin | 26.0% | 25.5% | 25.0% | 22.4% |

Adjusted Results (d):

| | Fourth Quarter | | Year to Date | |
|----------------------------|----------------|---------|--------------|----------|
| | FY'19 | FY'18 | FY'19 | FY'18 |
| Adjusted EBITDA (c) | \$ 49.7 | \$ 48.7 | \$ 193.8 | \$ 159.3 |
| Adjusted EBITDA margin (c) | 26.0% | 25.5% | 25.0% | 22.5% |

(a) Numbers may not total due to rounding.

(b) Represents new engagements opened in the respective period.

(c) EBITDA, EBITDA margin, Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP financial measures (see attached reconciliations).

(d) Adjusted results are non-GAAP financial measures that exclude the following (see attached reconciliations):

| | Fourth Quarter | | Year to Date | |
|----------------------------|----------------|-------|--------------|--------|
| | FY'19 | FY'18 | FY'19 | FY'18 |
| Restructuring charges, net | \$ — | \$ — | \$ — | \$ 0.3 |

Fee revenue was \$190.9 million in Q4 FY'19, an increase of \$0.2 million (3% increase on a constant currency basis) compared to Q4 FY'18.

Operating income was \$42.0 million in Q4 FY'19 compared to \$47.0 million in Q4 FY'18. Operating margin was 22.0% in Q4 FY'19 compared to 24.6% in the year-ago quarter. The decrease in operating income was due to an increase in compensation and benefits expense primarily from amounts owed under certain deferred compensation and retirement plans driven by increases in the fair value of participants' accounts in Q4 FY'19 compared to decreases in the year-ago quarter, partially offset by a decline in performance related bonus expense.

Adjusted EBITDA was \$49.7 million in Q4 FY'19 with an Adjusted EBITDA margin of 26.0% compared to \$48.7 million and 25.5%, respectively, in the year-ago quarter.

Selected Advisory Data

(dollars in millions) ^(a)

| | Fourth Quarter | | Year to Date | |
|----------------------------------|----------------|----------|--------------|----------|
| | FY'19 | FY'18 | FY'19 | FY'18 |
| Fee revenue | \$ 207.1 | \$ 207.6 | \$ 821.0 | \$ 785.0 |
| Total revenue | \$ 211.4 | \$ 211.9 | \$ 838.6 | \$ 801.0 |
| Operating income | \$ 30.0 | \$ 28.1 | \$ 5.6 | \$ 100.5 |
| Operating margin | 14.5% | 13.5% | 0.7% | 12.8% |
| Ending number of consultants (b) | 579 | 577 | 579 | 577 |
| Staff utilization (c) | 68% | 70% | 66% | 66% |
| EBITDA Results (d): | Fourth Quarter | | Year to Date | |
| | FY'19 | FY'18 | FY'19 | FY'18 |
| EBITDA | \$ 38.9 | \$ 36.3 | \$ 37.9 | \$ 134.6 |
| EBITDA margin | 18.8% | 17.5% | 4.6% | 17.1% |
| Adjusted Results (e): | Fourth Quarter | | Year to Date | |
| | FY'19 | FY'18 | FY'19 | FY'18 |
| Adjusted EBITDA (d) | \$ 38.9 | \$ 39.0 | \$ 151.0 | \$ 143.5 |
| Adjusted EBITDA margin (d) | 18.8% | 18.8% | 18.4% | 18.3% |

(a) Numbers may not total due to rounding.

(b) Represents number of employees originating consulting services.

(c) Calculated by dividing the number of hours our full-time Advisory professional staff record to engagements during the period, by the total available working hours during the same period.

(d) EBITDA, EBITDA margin, Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP financial measures (see attached reconciliations).

(e) Adjusted results are non-GAAP financial measures that adjust for the following (see attached reconciliations):

| | Fourth Quarter | | Year to Date | |
|-------------------------------|----------------|--------|--------------|----------|
| | FY'19 | FY'18 | FY'19 | FY'18 |
| Tradename write-offs | \$ — | \$ — | \$ 106.6 | \$ — |
| Integration/acquisition costs | \$ — | \$ 2.7 | \$ 6.6 | \$ 9.2 |
| Restructuring recoveries, net | \$ — | \$ — | \$ — | \$ (0.2) |

Fee revenue was essentially flat at \$207.1 million in Q4 FY'19 compared to \$207.6 million in Q4 FY'18 (5% increase on a constant currency basis).

Operating income was \$30.0 million in Q4 FY'19 with an operating margin of 14.5% compared to operating income of \$28.1 million and an operating margin of 13.5% in the year-ago quarter. The increase in operating income was primarily due to a decrease in compensation and benefits expense driven by lower performance related bonus expense in Q4 FY'19 compared to the year-ago quarter.

Adjusted EBITDA was \$38.9 million in Q4 FY'19 with an Adjusted EBITDA margin of 18.8% compared to \$39.0 million and 18.8%, respectively, in the year-ago quarter.

Selected RPO and Professional Search Data

| | | | |
|--|----|---------------------|---------------------|
| Goodwill | | 578,298 | 584,222 |
| Intangible assets, net | | 82,948 | 203,216 |
| Unearned compensation, non-current | | 80,924 | 78,295 |
| Investments and other assets | | 22,684 | 19,622 |
| Total assets | | <u>\$ 2,334,852</u> | <u>\$ 2,287,914</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | |
| Accounts payable | \$ | 39,156 | \$ 35,196 |
| Income taxes payable | | 21,145 | 23,034 |
| Compensation and benefits payable | | 328,610 | 304,980 |
| Current portion of long-term debt | | - | 24,911 |
| Other accrued liabilities | | 162,047 | 170,339 |
| Total current liabilities | | <u>550,958</u> | <u>558,460</u> |
| Deferred compensation and other retirement plans | | 257,635 | 227,729 |
| Long-term debt | | 222,878 | 211,311 |
| Deferred tax liabilities | | 1,103 | 9,105 |
| Other liabilities | | 58,891 | 61,694 |
| Total liabilities | | <u>1,091,465</u> | <u>1,068,299</u> |
| Stockholders' equity | | | |
| Common stock: \$0.01 par value, 150,000 shares authorized, 72,442 and 71,631 shares issued and 56,431 and 56,517 shares outstanding at April 30, 2019 and 2018, respectively | | 656,463 | 683,942 |
| Retained earnings | | 660,845 | 572,800 |
| Accumulated other comprehensive loss, net | | (76,652) | (40,135) |
| Total Korn Ferry stockholders' equity | | 1,240,656 | 1,216,607 |
| Noncontrolling interest | | 2,731 | 3,008 |
| Total stockholders' equity | | <u>1,243,387</u> | <u>1,219,615</u> |
| Total liabilities and stockholders' equity | | <u>\$ 2,334,852</u> | <u>\$ 2,287,914</u> |

KORN FERRY AND SUBSIDIARIES
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES
(in thousands, except per share amounts)

| | Three Months Ended | | Year Ended | |
|--|--------------------|------------------|-------------------|-------------------|
| | April 30, | | April 30, | |
| | 2019 | 2018 | 2019 | 2018 |
| | (unaudited) | | | |
| Net income attributable to Korn Ferry | \$ 50,264 | \$ 41,160 | \$ 102,651 | \$ 133,779 |
| Net income attributable to non-controlling interest | 363 | 1,149 | 2,145 | 2,118 |
| Net income | 50,627 | 42,309 | 104,796 | 135,897 |
| Income tax provision | 15,401 | 15,988 | 29,544 | 70,133 |
| Equity in earnings of unconsolidated subsidiaries, net | (120) | (110) | (311) | (297) |
| Income before provision for income taxes and equity of unconsolidated subsidiaries | 65,908 | 58,187 | 134,029 | 205,733 |
| Other (income) loss, net | (7,802) | 3,192 | (10,094) | (11,119) |
| Interest Expense | 4,169 | 2,818 | 16,891 | 13,832 |
| Operating income | 62,275 | 64,197 | 140,826 | 208,446 |
| Depreciation and amortization | 11,999 | 11,707 | 46,489 | 48,588 |
| Other income (loss), net | 7,802 | (3,192) | 10,094 | 11,119 |
| Equity in earnings of unconsolidated subsidiaries, net | 120 | 110 | 311 | 297 |
| EBITDA | 82,196 | 72,822 | 197,720 | 268,450 |
| Restructuring charges, net (1) | - | - | - | 78 |
| Integration/acquisition costs (2) | - | 2,776 | 6,746 | 9,430 |
| Tradename write-offs (3) | - | - | 106,555 | - |
| Adjusted EBITDA | <u>\$ 82,196</u> | <u>\$ 75,598</u> | <u>\$ 311,021</u> | <u>\$ 277,958</u> |
| Operating margin | 12.7% | 13.5% | 7.3% | 11.8% |
| Depreciation and amortization | 2.4% | 2.5% | 2.4% | 2.8% |
| Other income (loss), net | 1.6% | (0.7%) | 0.6% | 0.6% |
| Equity in earnings of unconsolidated subsidiaries, net | - | - | - | - |
| EBITDA margin | 16.7% | 15.3% | 10.3% | 15.2% |
| Restructuring charges, net (1) | - | - | - | - |
| Integration/acquisition costs (2) | - | 0.6% | 0.4% | 0.5% |
| Tradename write-offs (3) | - | - | 5.4% | - |
| Adjusted EBITDA margin | <u>16.7%</u> | <u>15.9%</u> | <u>16.1%</u> | <u>15.7%</u> |
| Net income attributable to Korn Ferry | \$ 50,264 | \$ 41,160 | \$ 102,651 | \$ 133,779 |
| Restructuring charges, net (1) | - | - | - | 78 |
| Integration/acquisition costs (2) | - | 2,776 | 6,746 | 9,430 |
| Tradename write-offs (3) | - | - | 106,555 | - |
| Tax effect on the adjusted items (4) | (598) | (541) | (28,094) | (2,314) |
| Tax effect on impact of new tax law (5) | - | 2,237 | - | 13,582 |
| Adjusted net income attributable to Korn Ferry | <u>\$ 49,666</u> | <u>\$ 45,632</u> | <u>\$ 187,858</u> | <u>\$ 154,555</u> |
| Basic earnings per common share | \$ 0.90 | \$ 0.74 | \$ 1.84 | \$ 2.39 |
| Restructuring charges, net (1) | - | - | - | - |
| Integration/acquisition costs (2) | - | 0.05 | 0.12 | 0.17 |
| Tradename write-offs (3) | - | - | 1.93 | - |
| Tax effect on the adjusted items (4) | (0.01) | (0.01) | (0.53) | (0.04) |
| Tax effect on impact of new tax law (5) | - | 0.04 | - | 0.24 |
| Adjusted basic earnings per share | <u>\$ 0.89</u> | <u>\$ 0.82</u> | <u>\$ 3.36</u> | <u>\$ 2.76</u> |
| Diluted earnings per common share | \$ 0.89 | \$ 0.73 | \$ 1.81 | \$ 2.35 |
| Restructuring charges, net (1) | - | - | - | - |
| Integration/acquisition costs (2) | - | 0.05 | 0.12 | 0.17 |
| Tradename write-offs (3) | - | - | 1.88 | - |
| Tax effect on the adjusted items (4) | (0.01) | (0.01) | (0.50) | (0.04) |
| Tax effect on impact of new tax law (5) | - | 0.03 | - | 0.24 |
| Adjusted diluted earnings per share | <u>\$ 0.88</u> | <u>\$ 0.80</u> | <u>\$ 3.31</u> | <u>\$ 2.72</u> |

Explanation of Non-GAAP Adjustments

- (1) Restructuring plan implemented in order to rationalize our cost structure by eliminating redundant positions and consolidating office space due to a previous acquisition that took place on December 1, 2015.

- (2) Costs associated with completing a previous acquisition, such as legal and professional fees, retention awards and the on-going integration expenses to combine the companies.
- (3) The Company is implementing a plan to go to market under a single, master brand architecture to simplify the Company's organizational structure by eliminating and/or consolidating certain legal entities and implementing a rebranding of the Company to offer the Company's current products and services using the "Korn Ferry" name, branding and trademarks. As a result of this the Company was required under U.S. generally accepted accounting principles to record a one-time, non-cash tradename write-offs.
- (4) Tax effect on restructuring charges, net, integration/acquisition costs and tradename write-offs.
- (5) The tax impact due to provisional tax charge recorded as a result of the Tax Act.

KORN FERRY AND SUBSIDIARIES
RECONCILIATION OF NET INCOME AND OPERATING INCOME (GAAP) TO
EBITDA AND ADJUSTED EBITDA (NON-GAAP)
(in thousands)
(unaudited)

Three Months Ended April 30, 2019

| | Executive Search | | | | | Advisory | RPO and Professional Search | Corporate | Consolidated |
|--|------------------|-----------|--------------|---------------|------------|------------|-----------------------------|-------------|--------------|
| | North America | EMEA | Asia Pacific | Latin America | Subtotal | | | | |
| Fee revenue | \$ 113,651 | \$ 45,307 | \$ 24,373 | \$ 7,557 | \$ 190,888 | \$ 207,082 | \$ 92,786 | \$ - | \$ 490,756 |
| Total revenue | \$ 116,939 | \$ 46,107 | \$ 24,726 | \$ 7,572 | \$ 195,344 | \$ 211,377 | \$ 95,814 | \$ - | \$ 502,535 |
| Net income attributable to Korn Ferry | | | | | | | | | \$ 50,264 |
| Net income attributable to noncontrolling interest | | | | | | | | | 363 |
| Other income, net | | | | | | | | | (7,802) |
| Interest expense, net | | | | | | | | | 4,169 |
| Equity in earnings of unconsolidated subsidiaries, net | | | | | | | | | (120) |
| Income tax provision | | | | | | | | | 15,401 |
| Operating income (loss) | \$ 28,316 | \$ 8,161 | \$ 5,027 | \$ 538 | \$ 42,042 | \$ 29,991 | \$ 14,547 | \$ (24,305) | 62,275 |
| Depreciation and amortization | 973 | 387 | 345 | 105 | 1,810 | 7,355 | 930 | 1,904 | 11,999 |
| Other income, net | 5,433 | 44 | 163 | 59 | 5,699 | 1,577 | 165 | 361 | 7,802 |
| Equity in earnings of unconsolidated subsidiaries, net | 120 | - | - | - | 120 | - | - | - | 120 |
| EBITDA and Adjusted EBITDA | \$ 34,842 | \$ 8,592 | \$ 5,535 | \$ 702 | \$ 49,671 | \$ 38,923 | \$ 15,642 | \$ (22,040) | \$ 82,196 |
| EBITDA and Adjusted EBITDA margin | 30.7% | 19.0% | 22.7% | 9.3% | 26.0% | 18.8% | 16.9% | | 16.7% |

Three Months Ended April 30, 2018

| | Executive Search | | | | | Advisory | RPO and Professional Search | Corporate | Consolidated |
|--|------------------|-----------|--------------|---------------|------------|------------|-----------------------------|-------------|--------------|
| | North America | EMEA | Asia Pacific | Latin America | Subtotal | | | | |
| Fee revenue | \$ 112,005 | \$ 45,476 | \$ 24,612 | \$ 8,576 | \$ 190,669 | \$ 207,551 | \$ 77,144 | \$ - | \$ 475,364 |
| Total revenue | \$ 115,394 | \$ 46,340 | \$ 25,053 | \$ 8,603 | \$ 195,390 | \$ 211,912 | \$ 81,062 | \$ - | \$ 488,364 |
| Net income attributable to Korn Ferry | | | | | | | | | \$ 41,160 |
| Net income attributable to noncontrolling interest | | | | | | | | | 1,149 |
| Other loss, net | | | | | | | | | 3,192 |
| Interest expense, net | | | | | | | | | 2,818 |
| Equity in earnings of unconsolidated subsidiaries, net | | | | | | | | | (110) |
| Income tax provision | | | | | | | | | 15,988 |
| Operating income (loss) | \$ 33,880 | \$ 6,419 | \$ 5,614 | \$ 1,061 | \$ 46,974 | \$ 28,076 | \$ 11,669 | \$ (22,522) | 64,197 |
| Depreciation and amortization | 1,007 | 344 | 356 | 124 | 1,831 | 7,417 | 741 | 1,718 | 11,707 |
| Other (loss) income, net | (312) | 32 | (11) | 82 | (209) | 847 | 142 | (3,972) | (3,192) |
| Equity in earnings of unconsolidated subsidiaries, net | 110 | - | - | - | 110 | - | - | - | 110 |
| EBITDA | 34,685 | 6,795 | 5,959 | 1,267 | 48,706 | 36,340 | 12,552 | (24,776) | 72,822 |
| EBITDA margin | 31.0% | 14.9% | 24.2% | 14.8% | 25.5% | 17.5% | 16.3% | | 15.3% |
| Integration/acquisition costs | - | - | - | - | - | 2,696 | - | 80 | 2,776 |
| Adjusted EBITDA | \$ 34,685 | \$ 6,795 | \$ 5,959 | \$ 1,267 | \$ 48,706 | \$ 39,036 | \$ 12,552 | \$ (24,696) | \$ 75,598 |
| Adjusted EBITDA margin | 31.0% | 14.9% | 24.2% | 14.8% | 25.5% | 18.8% | 16.3% | | 15.9% |

KORN FERRY AND SUBSIDIARIES
RECONCILIATION OF NET INCOME AND OPERATING INCOME (GAAP) TO
EBITDA AND ADJUSTED EBITDA (NON-GAAP)
(in thousands)

Year Ended April 30, 2019

| | Executive Search | | | | | Advisory | RPO and Professional Search | Corporate | Consolidated |
|--|------------------|------|--------------|---------------|----------|----------|-----------------------------|-----------|--------------|
| | North America | EMEA | Asia Pacific | Latin America | Subtotal | | | | |

| | | | | | | | | | |
|--|------------|------------|------------|-----------|------------|------------|------------|-------------|--------------|
| Fee revenue | \$ 455,826 | \$ 182,829 | \$ 104,291 | \$ 31,896 | \$ 774,842 | \$ 821,048 | \$ 330,143 | \$ - | \$ 1,926,033 |
| Total revenue | \$ 469,743 | \$ 186,131 | \$ 105,543 | \$ 31,960 | \$ 793,377 | \$ 838,620 | \$ 341,865 | \$ - | \$ 1,973,862 |
| Net income attributable to Korn Ferry | | | | | | | | | \$ 102,651 |
| Net income attributable to noncontrolling interest | | | | | | | | | 2,145 |
| Other income, net | | | | | | | | | (10,094) |
| Interest expense, net | | | | | | | | | 16,891 |
| Equity in earnings of unconsolidated subsidiaries, net | | | | | | | | | (311) |
| Income tax provision | | | | | | | | | 29,544 |
| Operating income (loss) | \$ 120,754 | \$ 29,974 | \$ 24,364 | \$ 3,998 | \$ 179,090 | \$ 5,617 | \$ 50,884 | \$ (94,765) | 140,826 |
| Depreciation and amortization | 3,890 | 1,254 | 1,428 | 410 | 6,982 | 29,057 | 3,255 | 7,195 | 46,489 |
| Other income (loss), net | 6,388 | 432 | 281 | 322 | 7,423 | 3,198 | 268 | (795) | 10,094 |
| Equity in earnings of unconsolidated subsidiaries, net | 311 | - | - | - | 311 | - | - | - | 311 |
| EBITDA | 131,343 | 31,660 | 26,073 | 4,730 | 193,806 | 37,872 | 54,407 | (88,365) | 197,720 |
| EBITDA margin | 28.8% | 17.3% | 25.0% | 14.8% | 25.0% | 4.6% | 16.5% | | 10.3% |
| Integration/acquisition costs | - | - | - | - | - | 6,559 | - | 187 | 6,746 |
| Tradename write-offs | - | - | - | - | - | 106,555 | - | - | 106,555 |
| Adjusted EBITDA | \$ 131,343 | \$ 31,660 | \$ 26,073 | \$ 4,730 | \$ 193,806 | \$ 150,986 | \$ 54,407 | \$ (88,178) | \$ 311,021 |
| Adjusted EBITDA margin | 28.8% | 17.3% | 25.0% | 14.8% | 25.0% | 18.4% | 16.5% | | 16.1% |

Year Ended April 30, 2018

| | Executive Search | | | | | Advisory | RPO and Professional Search | Corporate | Consolidated |
|--|------------------|------------|--------------|---------------|------------|------------|-----------------------------|-------------|--------------|
| | North America | EMEA | Asia Pacific | Latin America | Subtotal | | | | |
| Fee revenue | \$ 408,098 | \$ 173,725 | \$ 96,595 | \$ 30,624 | \$ 709,042 | \$ 785,013 | \$ 273,162 | \$ - | \$ 1,767,217 |
| Total revenue | \$ 421,260 | \$ 177,234 | \$ 98,062 | \$ 30,717 | \$ 727,273 | \$ 801,005 | \$ 291,241 | \$ - | \$ 1,819,519 |
| Net income attributable to Korn Ferry | | | | | | | | | \$ 133,779 |
| Net income attributable to noncontrolling interest | | | | | | | | | 2,118 |
| Other income, net | | | | | | | | | (11,119) |
| Interest expense, net | | | | | | | | | 13,832 |
| Equity in earnings of unconsolidated subsidiaries, net | | | | | | | | | (297) |
| Income tax provision | | | | | | | | | 70,133 |
| Operating income (loss) | \$ 100,397 | \$ 26,768 | \$ 18,425 | \$ 4,022 | \$ 149,612 | \$ 100,535 | \$ 39,396 | \$ (81,097) | 208,446 |
| Depreciation and amortization | 3,930 | 1,689 | 1,408 | 455 | 7,482 | 31,527 | 3,054 | 6,525 | 48,588 |
| Other income, net | 845 | 168 | 373 | 181 | 1,567 | 2,501 | 152 | 6,899 | 11,119 |
| Equity in earnings of unconsolidated subsidiaries, net | 297 | - | - | - | 297 | - | - | - | 297 |
| EBITDA | 105,469 | 28,625 | 20,206 | 4,658 | 158,958 | 134,563 | 42,602 | (67,673) | 268,450 |
| EBITDA margin | 25.8% | 16.5% | 20.9% | 15.2% | 22.4% | 17.1% | 15.6% | | 15.2% |
| Restructuring charges (recoveries), net | - | - | 313 | - | 313 | (241) | 6 | - | 78 |
| Integration/acquisition costs | - | - | - | - | - | 9,151 | - | 279 | 9,430 |
| Adjusted EBITDA | \$ 105,469 | \$ 28,625 | \$ 20,519 | \$ 4,658 | \$ 159,271 | \$ 143,473 | \$ 42,608 | \$ (67,394) | \$ 277,958 |
| Adjusted EBITDA margin | 25.8% | 16.5% | 21.2% | 15.2% | 22.5% | 18.3% | 15.6% | | 15.7% |

View original content: <http://www.prnewswire.com/news-releases/korn-ferry-announces-fourth-quarter-and-fiscal-2019-results-of-operations-300872376.html>

SOURCE Korn Ferry

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