

Korn / Ferry

FY'18 Qtr. 2

Earnings Conference Call

December 6, 2017



Safe Harbor Statement

Forward-Looking Statements

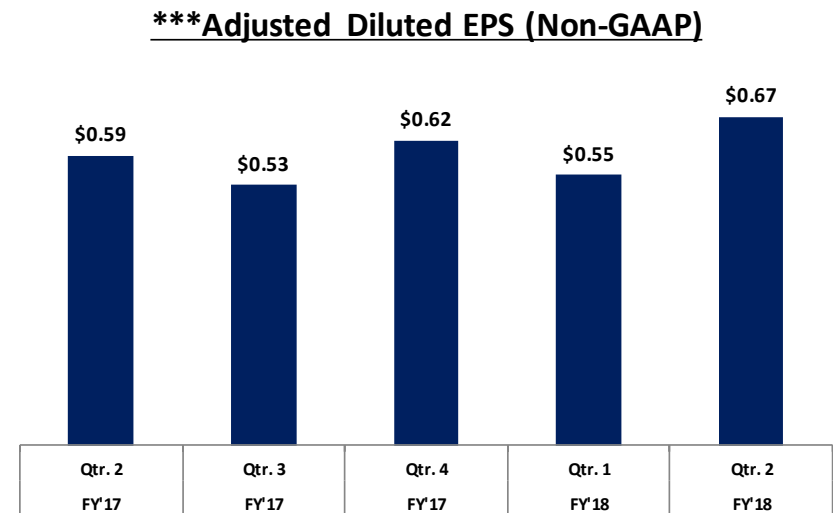
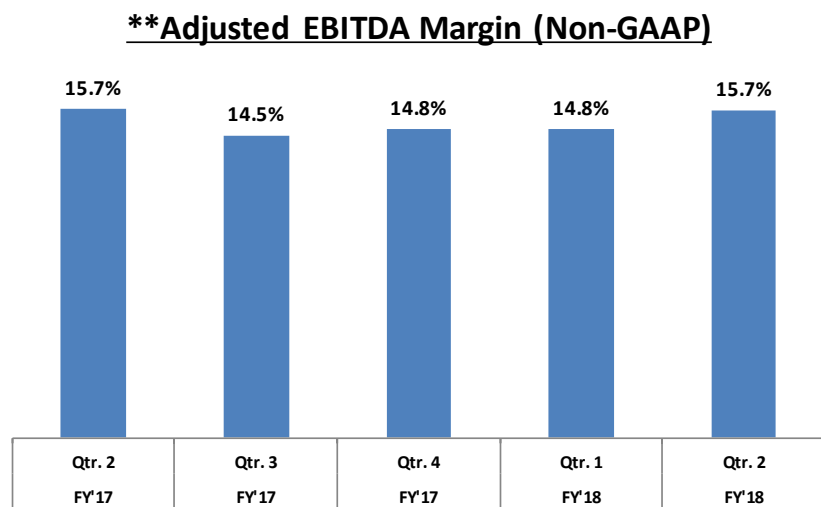
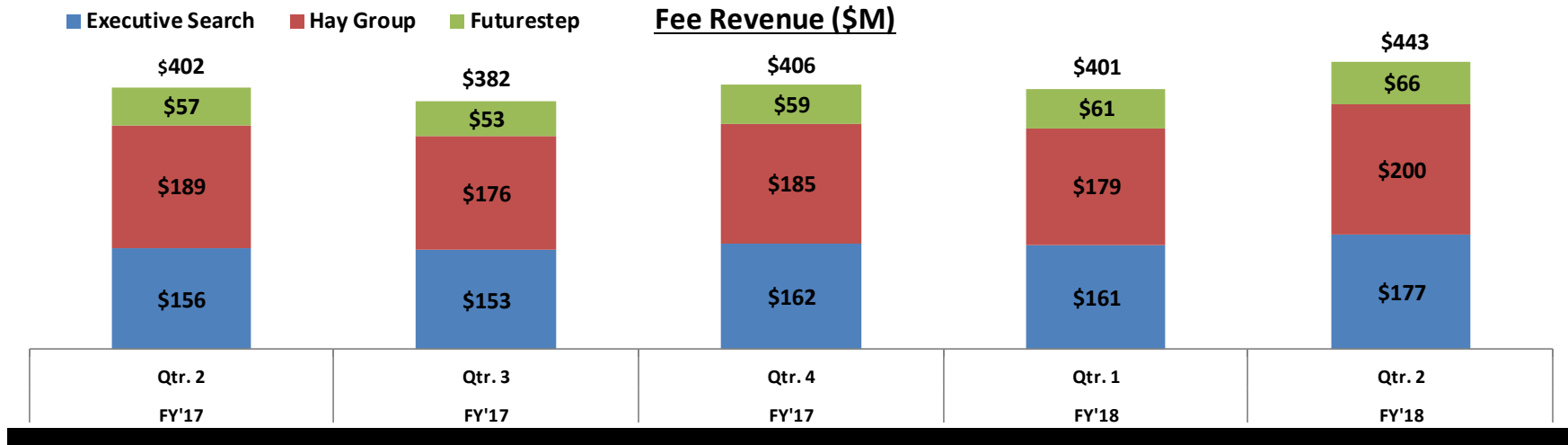
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Non-GAAP Financial Metrics

This presentation includes financial information calculated other than in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"). This non-GAAP disclosure has limitations as an analytical tool, should not be viewed as a substitute for financial information determined in accordance with GAAP, and should not be considered in isolation or as a substitute for analysis of the Company's results as reported under GAAP, nor is it necessarily comparable to non-GAAP performance measures that may be presented by other companies. Please refer to slides 15 to 20 for a reconciliation of each of the non-GAAP financial measures included in this presentation to the closest GAAP measure.



Korn / Ferry Quarterly Trends



**Earnings Before Interest, Taxes, Depreciation and Amortization Adjusted to Exclude Restructuring Charges, Management Separation Costs and Integration / Acquisition Costs

***Diluted Earnings per Share Adjusted to Exclude Restructuring Charges, Management Separation Costs and Integration / Acquisition Costs as Well as the Tax Effects of All These Adjustments



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Consolidated P&L Trend – (\$M) (Non-GAAP)

	FY'17 Qtr. 2	FY'18 Qtr. 1	FY'18 Qtr. 2	Increase / (Decrease)			
				Year-over-Year		Sequential	
				\$M	%	\$M	%
Fee Revenue	\$401.9	\$401.3	\$443.0	\$41.1	10.2%	\$41.7	10.4%
Reimbursed Expenses	13.0	13.7	12.5	(0.5)	(3.8%)	(1.2)	(8.8%)
Total Revenue	\$415.0	\$414.9	\$455.5	\$40.5	9.8%	\$40.5	9.8%
<u>Operating Expenses:</u>							
Compensation & Benefits	\$265.4	\$271.4	\$298.6	\$33.2	12.5%	\$27.2	10.0%
G&A Expenses	53.5	58.3	58.6	5.1	9.5%	0.3	0.5%
Reimbursed Expenses	13.0	13.7	12.5	(0.5)	(3.8%)	(1.2)	(8.8%)
Cost of Services	18.9	15.8	19.9	1.0	5.3%	4.1	25.9%
Deprec. & Amortiz. Exps.	11.8	12.2	12.4	0.6	5.1%	0.2	1.6%
Restruc. & Integ. / Acq. Chgs.**	5.8	2.9	2.2	(3.6)	(62.1%)	(0.7)	(24.1%)
Total Operating Exps.	\$368.4	\$374.2	\$404.2	\$35.8	9.7%	\$30.0	8.0%
Operating Income	\$46.5	\$40.7	\$51.2	\$4.7	10.1%	\$10.5	25.8%
<i>Margin(%)</i>	11.6%	10.2%	11.6%	0.0%	-	1.4%	-
***Adjusted EBITDA	\$63.3	\$59.4	\$69.6	\$6.3	9.9%	\$10.2	17.2%
***Adjusted EBITDA Margin(%)	15.7%	14.8%	15.7%	0.0%	-	0.9%	-

**Restructuring Charges, and Integration / Acquisition Costs

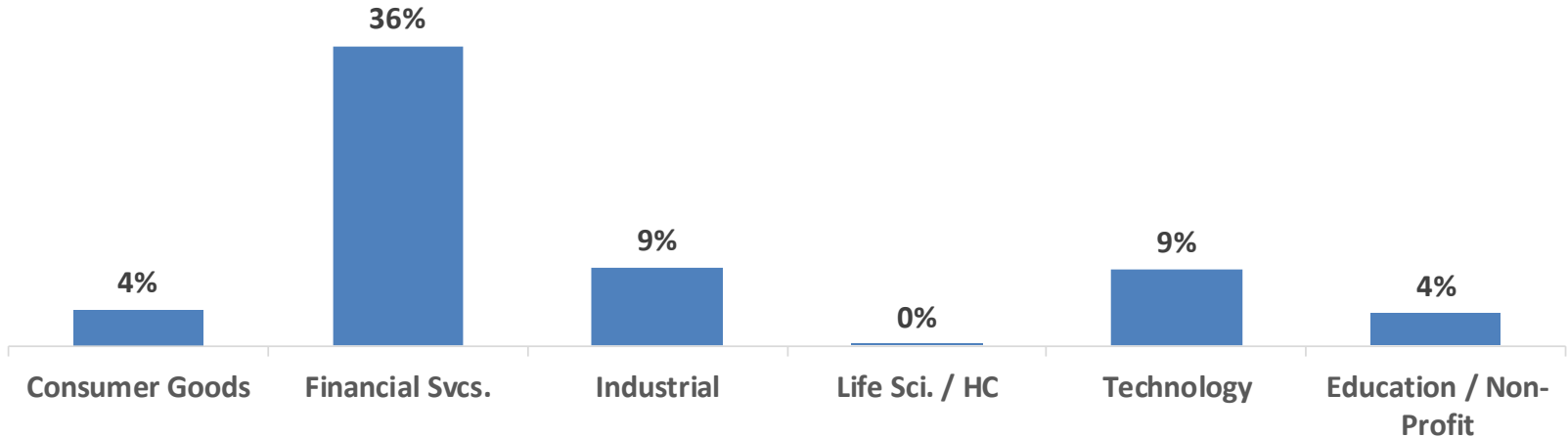
***Earnings Before Interest, Taxes, Depreciation and Amortization Adjusted to Exclude Restructuring Charges and Integration / Acquisition Costs



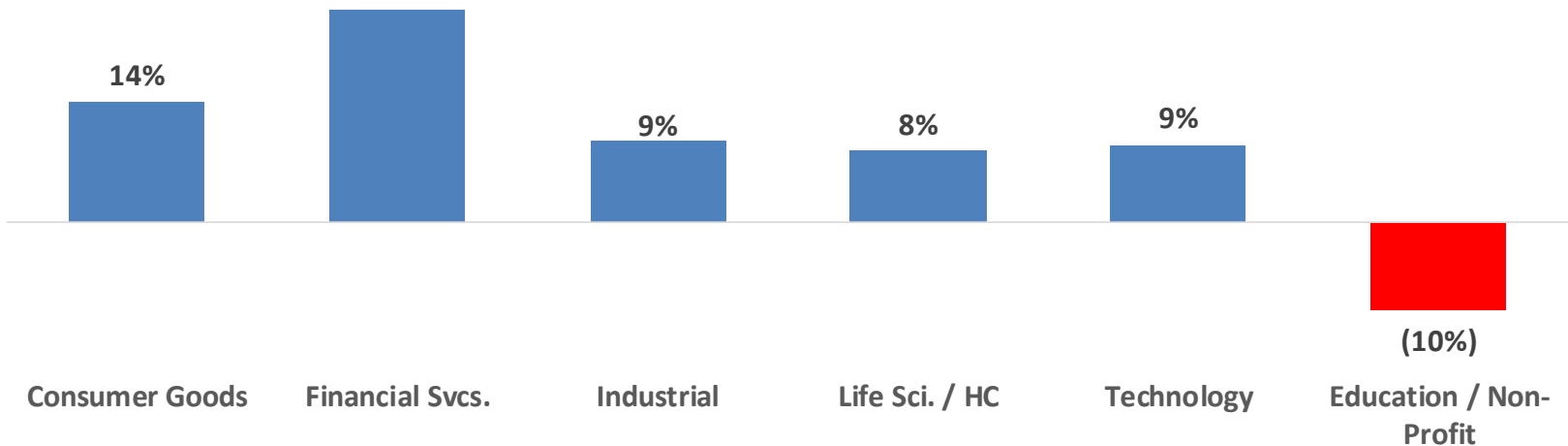
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Industry Practice Fee Revenue Growth Rate Comparisons

FY'18 Qtr. 2 vs. FY'17 Qtr. 2



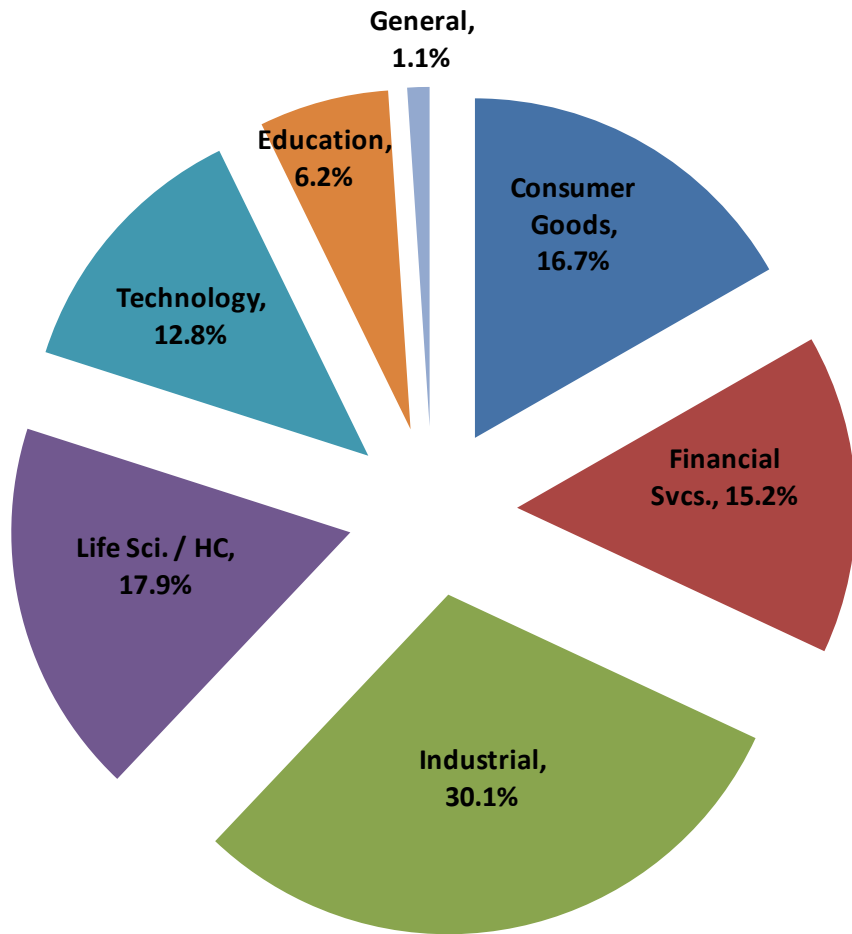
FY'18 Qtr. 2 vs. FY'18 Qtr. 1



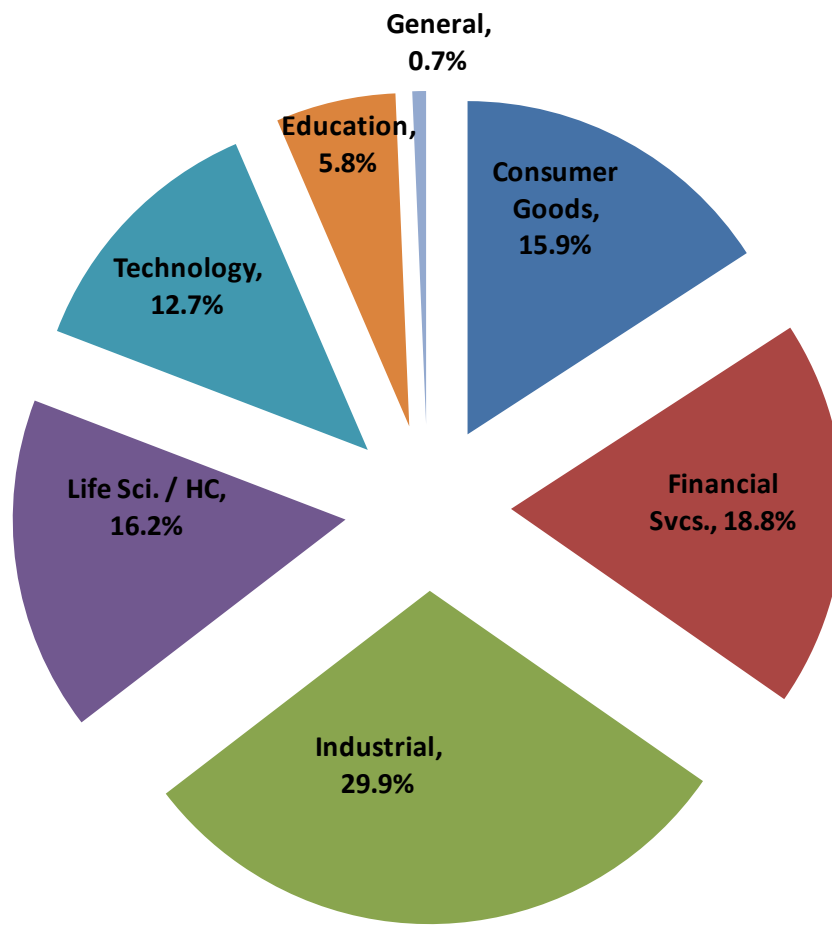
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Fee Revenue By Specialty Practice

FY'17 Qtr. 2

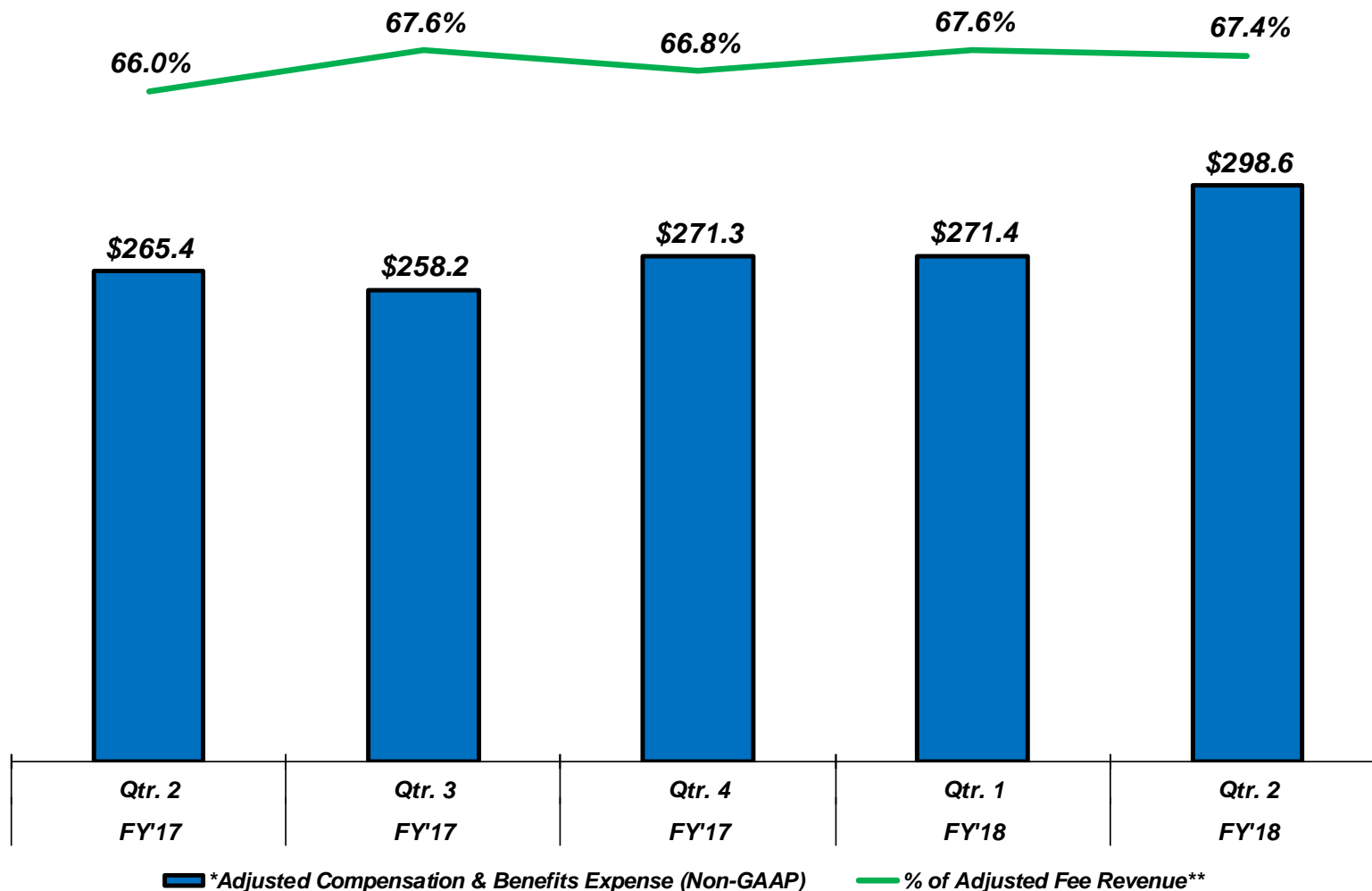


FY'18 Qtr. 2



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Quarterly Trend – *Adjusted Compensation & Benefits Expense (\$M) (Non-GAAP)

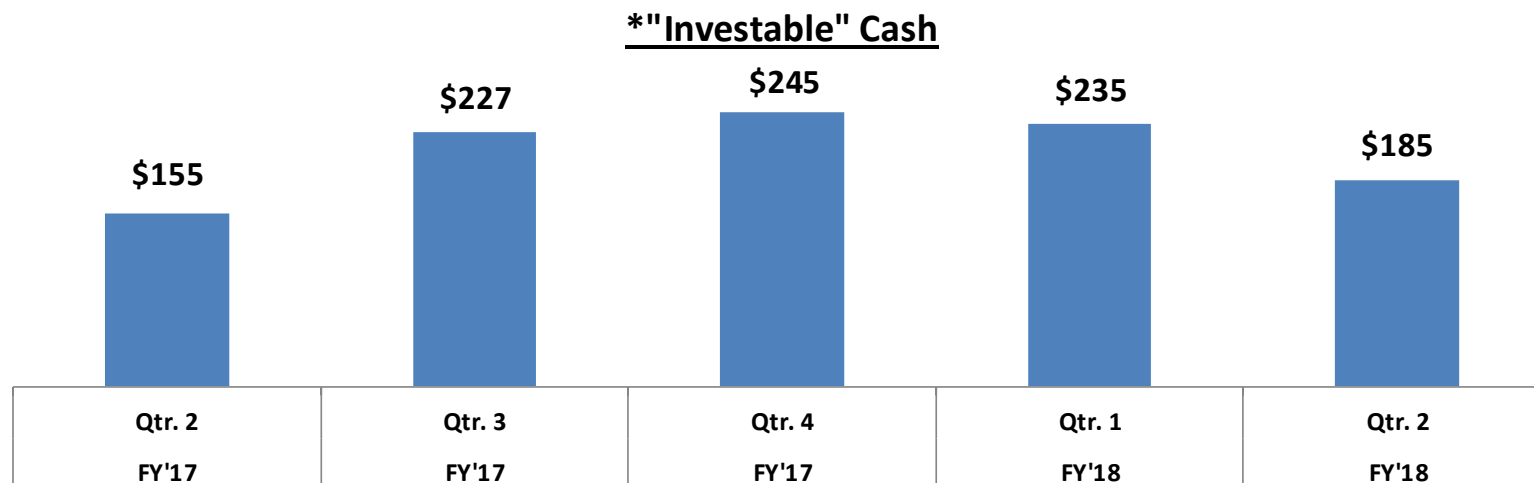
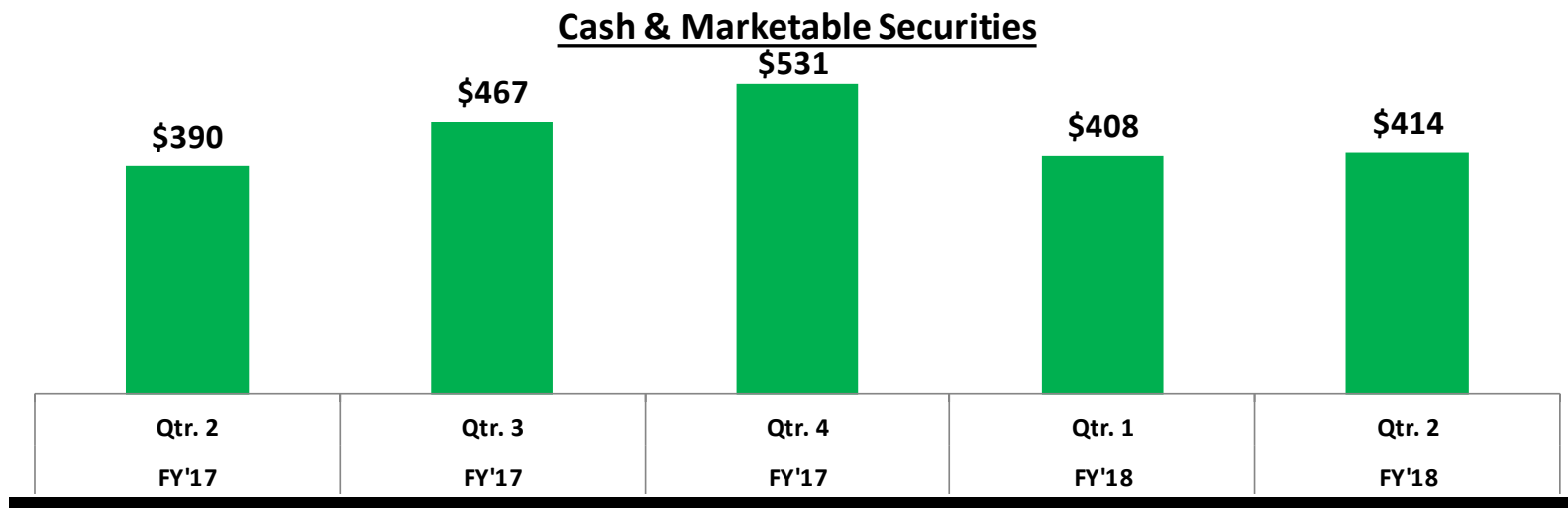


* Excludes Restructuring and Management Separation Charges and Integration / Acquisition Costs



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Quarterly Trend – Cash & Marketable Securities (\$M)

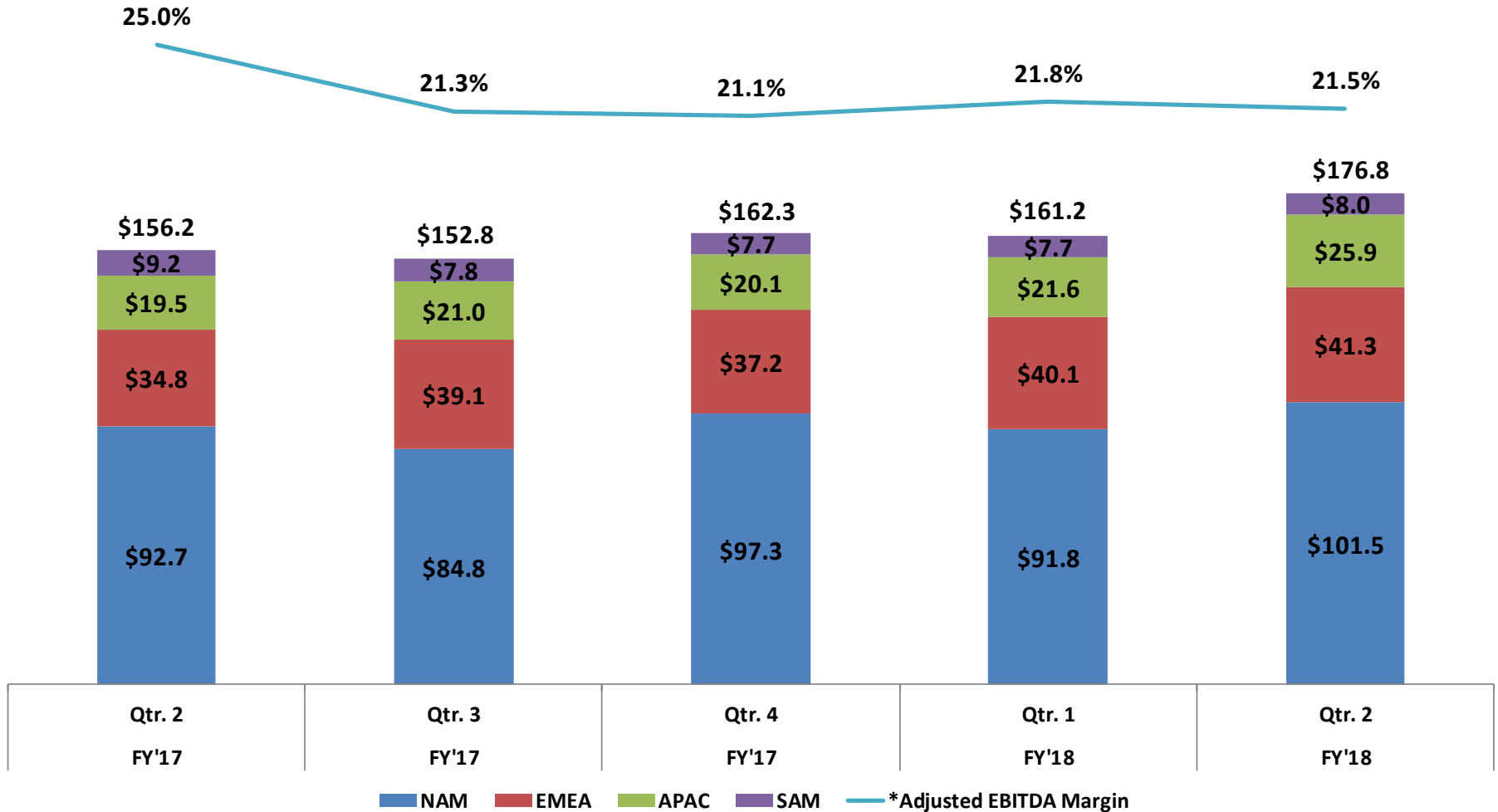


**Cash & Marketable Securities Net of Cash & Marketable Securities Reserved for Deferred Compensation Arrangements and for Accrued Bonuses*



Executive Search

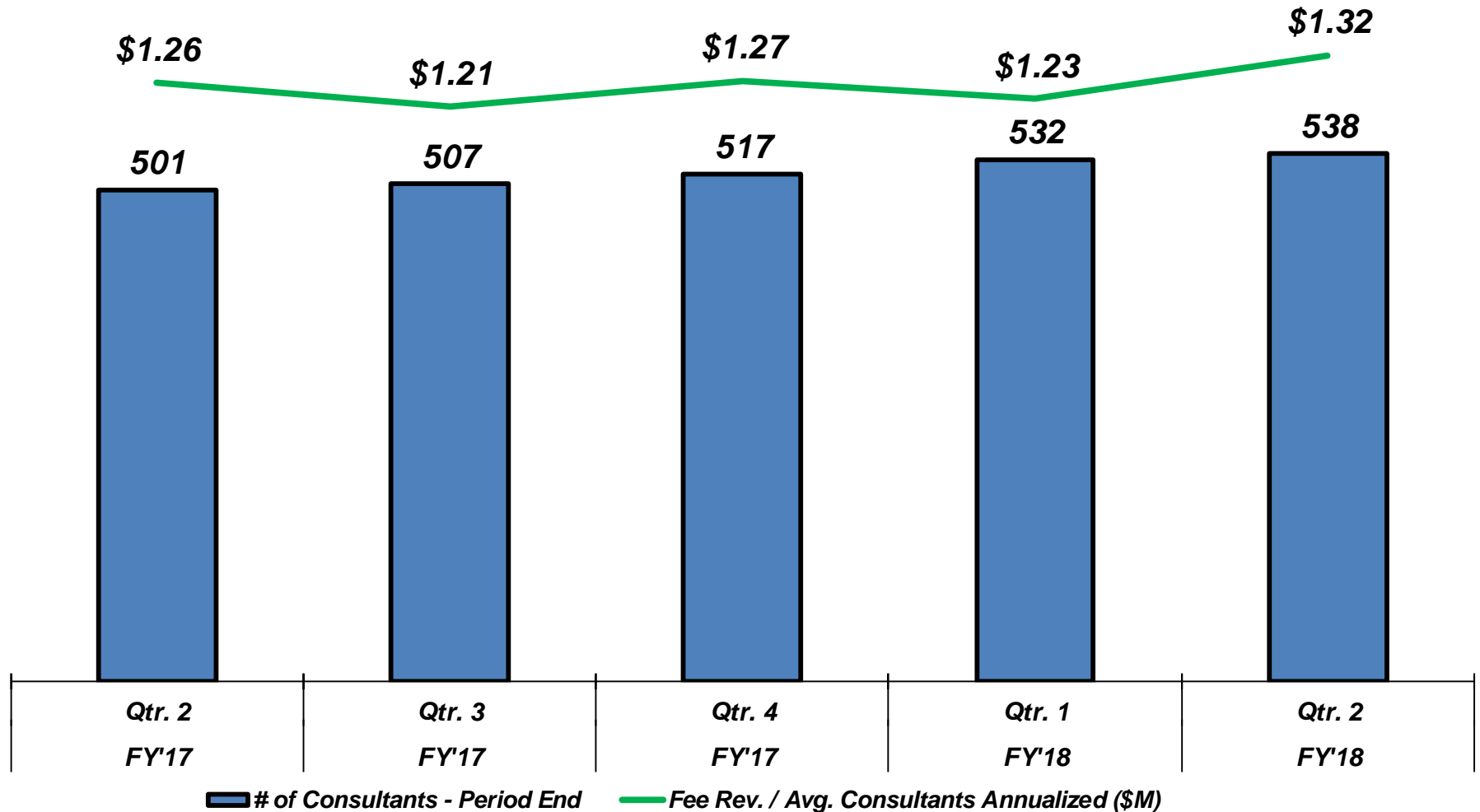
Quarterly Trends – Fee Revenue (\$M) & *Adjusted EBITDA Margin (Non-GAAP)



*Earnings Before Interest, Taxes, Depreciation and Amortization Adjusted to Exclude Restructuring Charges

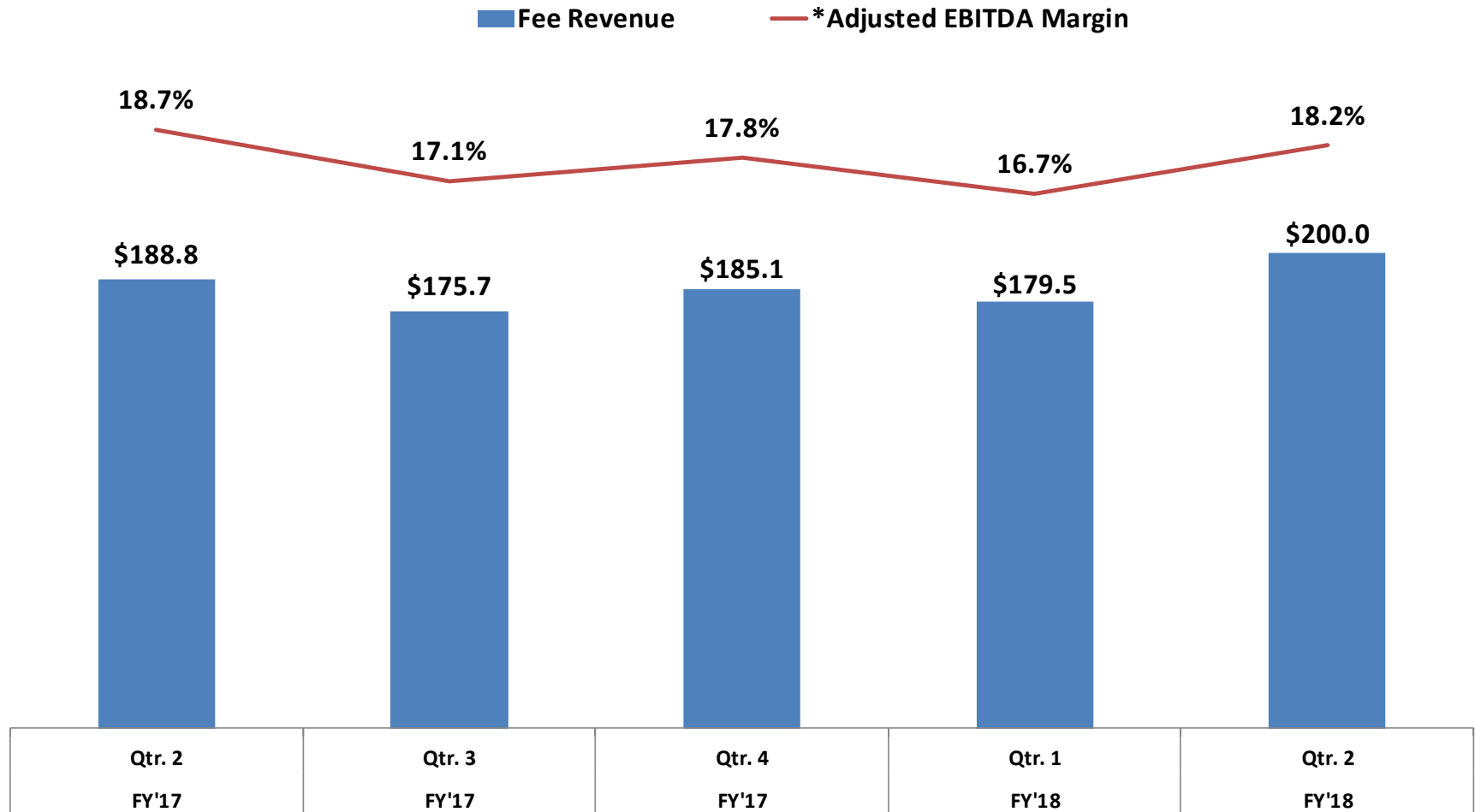


Executive Search Consultants & Consultant Productivity



Hay Group

Quarterly Trends – Fee Revenue (\$M) & *Adjusted EBITDA Margin (Non-GAAP)

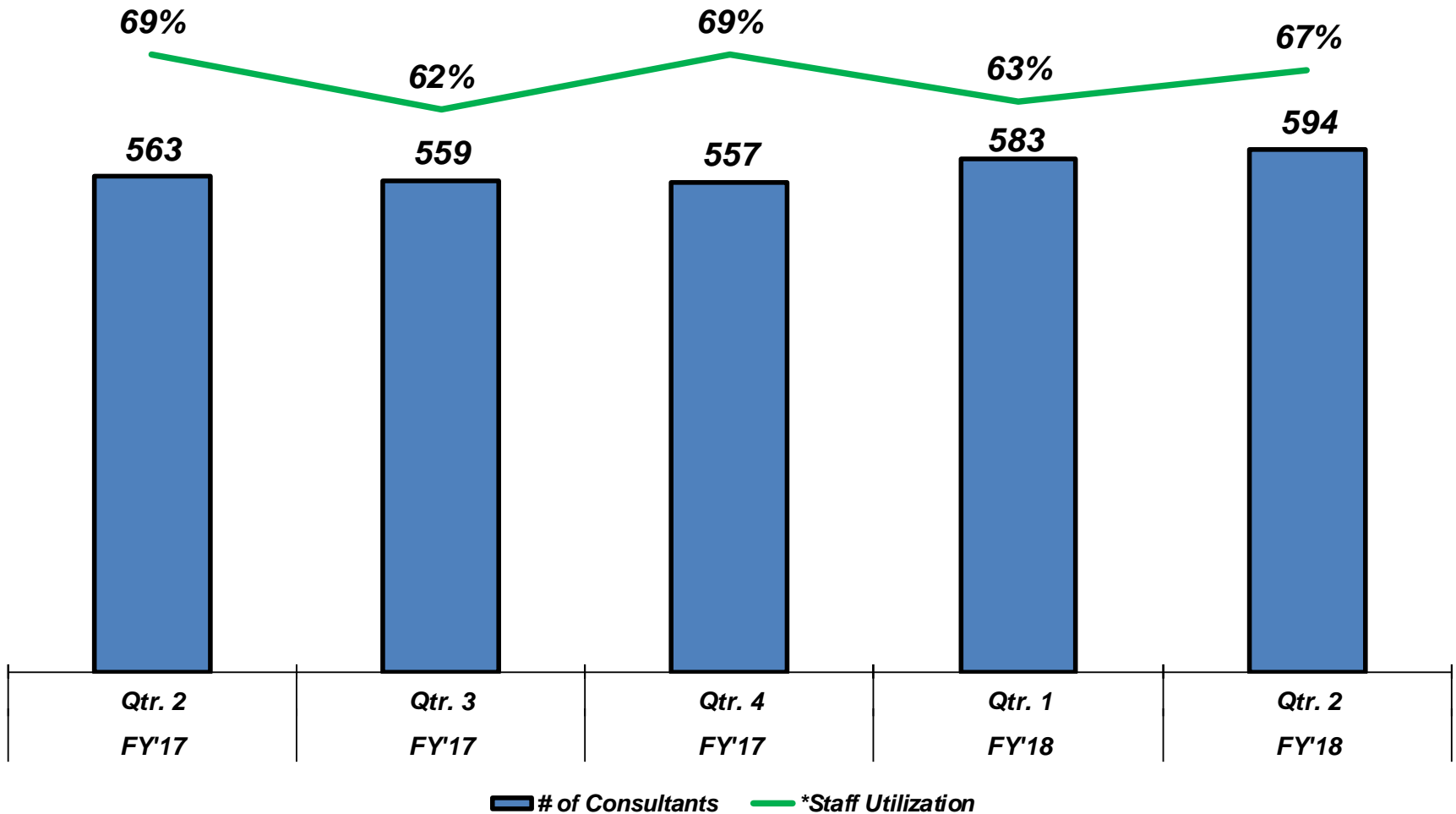


*Earnings Before Interest, Taxes, Depreciation and Amortization Adjusted to Exclude Restructuring Charges, Management Separation Costs and Integration / Acquisition Costs



Hay Group

of Consultants & Professional Staff Productivity

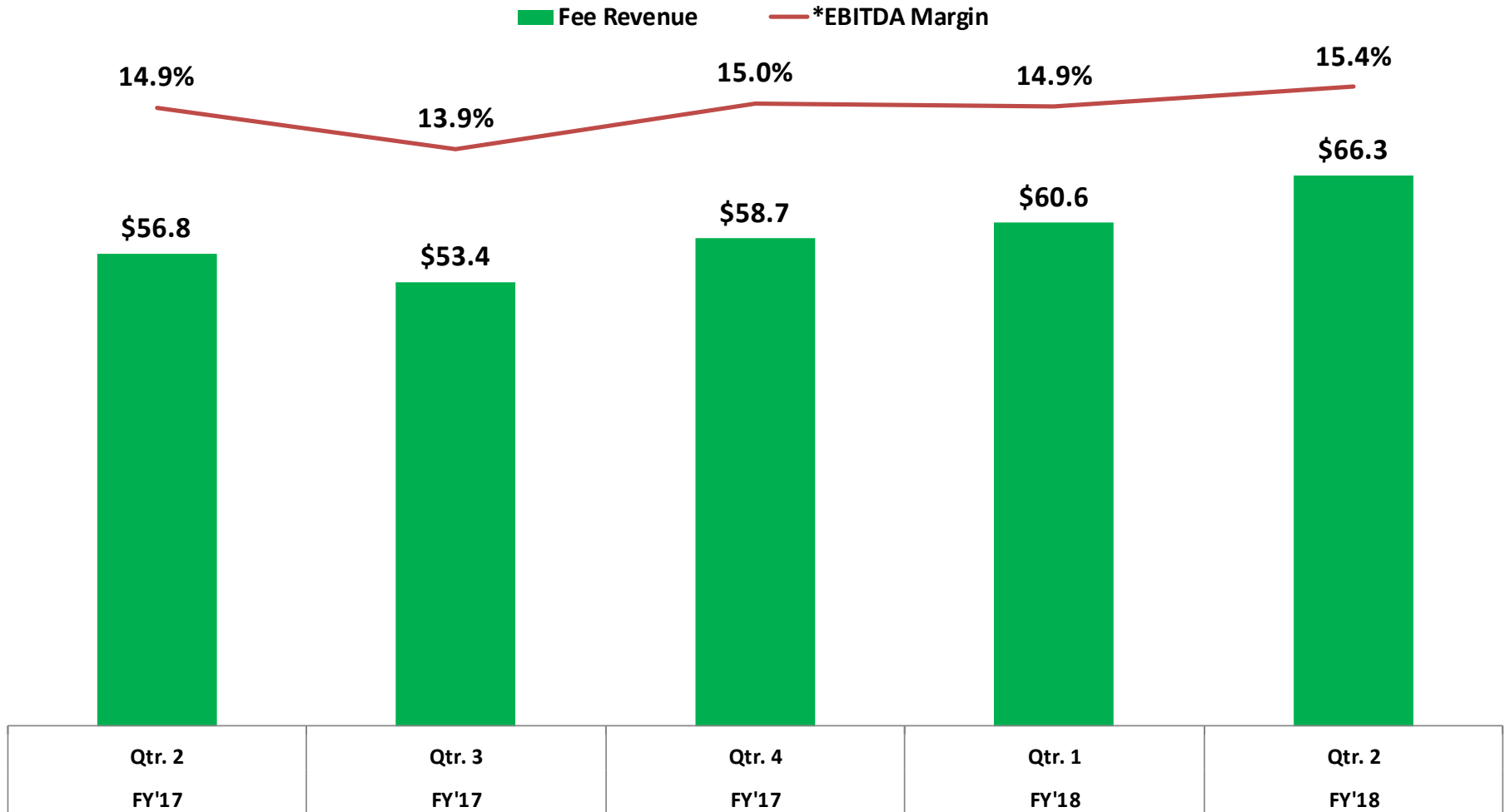


**Calculated By Dividing the Number of Hours of Full-Time Professional Staff, Who Recorded Time to an Engagement During the Period, By the Total Available Working Hours for the Professional Staff During the Same Period*



Futurestep

Quarterly Trends – Fee Revenue (\$M) & *EBITDA Margin (Non-GAAP)



*Earnings Before Interest, Taxes, Depreciation and Amortization



Reconciliations of Non-GAAP Financial Measures to U.S. GAAP Financial Measures

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December 6, 2017**

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Reconciliation of Operating Income (GAAP) to Adjusted EBITDA (Non-GAAP) (\$M) FY'17 Q2 to FY'18 Q2

	FY'17 Qtr. 2	FY'17 Qtr. 3	FY'17 Qtr. 4	FY'18 Qtr. 1	FY'18 Qtr. 2
Fee Revenue	\$401.9	\$381.9	\$406.1	\$401.3	\$443.0
Operating Income	\$46.5	\$30.5	\$32.8	\$40.7	\$51.2
Depreciation & Amortization	11.8	11.8	12.3	12.2	12.4
Other Income / (Loss) , Net	(0.9)	4.2	4.2	3.5	3.6
Equity in Earnings of Uncold. Subs., Net	-	0.1	0.1	-	0.1
EBITDA	\$57.5	\$46.6	\$49.5	\$56.5	\$67.4
Restructuring Charges - Net	-	3.8	6.3	0.3	(0.2)
Integration / Acquisition Costs	5.8	4.8	3.7	2.6	2.4
Separation Costs	-	-	0.6	-	-
Adjusted EBITDA	\$63.3	\$55.3	\$60.1	\$59.4	\$69.6
Operating Margin	11.6%	8.0%	8.1%	10.2%	11.6%
Depreciation & Amortization	2.9%	3.1%	3.0%	3.0%	2.8%
Other Income / (Loss) , Net	(0.2%)	1.1%	1.1%	0.9%	0.8%
Equity in Earnings of Uncold. Subs., Net	-	-	-	-	-
EBITDA Margin	14.3%	12.2%	12.2%	14.1%	15.2%
Restructuring Charges - Net	-	1.0%	1.5%	0.1%	-
Integration / Acquisition Costs	1.4%	1.3%	0.9%	0.6%	0.5%
Separation Costs	-	-	0.2%	-	-
Adjusted EBITDA Margin	15.7%	14.5%	14.8%	14.8%	15.7%



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Reconciliation of Net Income & EPS (GAAP) to Adjusted Net Income & Adjusted EPS (Non-GAAP) (\$M) FY'17 Q2 to FY'18 Q2

	FY'17 Qtr. 2	FY'17 Qtr. 3	FY'17 Qtr. 4	FY'18 Qtr. 1	FY'18 Qtr. 2
Net Income Attributable to Korn / Ferry	\$30.2	\$23.9	\$26.9	\$29.0	\$36.6
Restructuring Charges - Net	-	3.8	6.3	0.3	(0.2)
Integration / Acquisition Costs	5.8	4.8	3.7	2.6	2.4
Separation Costs	-	-	0.6	-	-
Tax effect of the Above Items	(1.9)	(2.4)	(2.4)	(0.7)	(0.7)
Adjusted Net Income Attributable to K/F	\$34.1	\$30.1	\$35.2	\$31.2	\$37.8
Diluted Earnings per Common Sh.	\$0.52	\$0.42	\$0.47	\$0.51	\$0.64
Restructuring Charges - Net	-	0.07	0.10	-	-
Integration / Acquisition Costs	0.10	0.08	0.07	0.05	0.04
Separation Costs	-	-	0.01	-	-
(1) Tax Effect on the Above Items	(0.03)	(0.04)	(0.03)	(0.01)	(0.01)
Adjusted Diluted Earnings per Sh.	\$0.59	\$0.53	\$0.62	\$0.55	\$0.67

(1) Tax Effect on Restructuring Charges, Net, Integration / Acquisition Costs and Management Separation Costs



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Reconciliation of Net Income and Operating Income (GAAP) to EBITDA and Adjusted EBITDA (Non-GAAP) (\$M) FY'17 Q2 to FY'18 Q1

	FY'17 Q2					FY'17 Q3					FY'17 Q4					FY'18 Q1					
	Exec. Recruitment	Hay Group	F/S	Corp.	KFI	Exec. Recruitment	Hay Group	F/S	Corp.	KFI	Exec. Recruitment	Hay Group	F/S	Corp.	KFI	Exec. Recruitment	Hay Group	F/S	Corp.	KFI	
Fee Revenue	\$156.2	\$188.8	\$56.8	-	\$401.9	\$152.8	\$175.7	\$53.4	-	\$381.9	\$162.3	\$185.1	\$58.7	-	\$406.1	\$161.2	\$179.5	\$60.6	-	\$401.3	
Net Income	-	-	-	-	30.2	-	-	-	-	23.9	-	-	-	-	26.9	-	-	-	-	-	29.0
Net Income Attributable to Noncontrolling Interest	-	-	-	-	0.9	-	-	-	-	0.5	-	-	-	-	0.8	-	-	-	-	-	0.4
Oth. (Incm.) / Loss- Net	-	-	-	-	0.9	-	-	-	-	(4.2)	-	-	-	-	(4.2)	-	-	-	-	-	(3.5)
Interest Exps. - Net	-	-	-	-	2.7	-	-	-	-	2.4	-	-	-	-	2.1	-	-	-	-	-	2.7
Equity in Earnings of Uncold. Sub.	-	-	-	-	0.0	-	-	-	-	(0.1)	-	-	-	-	(0.1)	-	-	-	-	-	-
Income Tax Exps.	-	-	-	-	11.9	-	-	-	-	8.1	-	-	-	-	7.4	-	-	-	-	-	12.2
Oper. Incm. / (Loss)	\$37.4	\$22.9	\$7.8	(\$21.6)	\$46.5	\$29.3	\$16.0	\$6.5	(\$21.3)	\$30.5	\$30.6	\$16.1	\$8.1	(\$22.0)	\$32.8	\$32.8	\$19.1	\$8.2	(\$19.4)	\$40.7	
Margin (%)	24.0%	12.1%	13.7%	-	11.6%	19.2%	9.1%	12.3%	-	8.0%	18.8%	8.7%	13.9%	-	8.1%	20.4%	10.6%	13.6%	-	10.2%	
Deprec. & Amortiz.	1.7	8.0	0.7	1.4	11.8	1.5	8.1	0.8	1.5	11.8	1.9	8.2	0.7	1.5	12.3	1.8	8.1	0.8	1.5	12.2	
Oth. Incm. / (Loss) - Net	(0.1)	-	-	(0.8)	(0.9)	0.5	0.1	-	3.6	4.2	1.0	-	(0.1)	3.3	4.2	0.5	-	-	3.0	3.5	
Equity in Earnings of Uncons. Sub.	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	0.1	-	-	-	-	-	
EBITDA	\$39.0	\$31.0	\$8.5	(\$21.0)	\$57.5	\$31.4	\$24.2	\$7.3	(\$16.2)	\$46.6	\$33.6	\$24.3	\$8.8	(\$17.1)	\$49.5	\$35.1	\$27.2	\$9.0	(\$14.9)	\$56.5	
Margin (%)	25.0%	16.4%	14.9%	-	14.3%	20.5%	13.8%	13.7%	-	12.2%	20.7%	13.1%	15.0%	-	12.2%	21.8%	15.2%	14.9%	-	14.1%	
Restructuring Chgs.	-	-	-	-	-	\$1.2	\$2.5	\$0.1	-	\$3.8	\$0.6	\$5.7	-	-	\$6.3	\$0.1	\$0.2	-	-	\$0.3	
Separation Costs	-	-	-	-	-	-	-	-	-	-	-	0.6	-	-	0.6	-	-	-	-	-	
Integ. / Acq. Costs	-	4.3	-	1.5	5.8	-	3.4	-	1.4	4.8	-	2.4	-	1.3	3.7	-	2.5	-	0.1	2.6	
Adjusted EBITDA	\$39.0	\$35.3	\$8.5	(\$19.5)	\$63.3	\$32.6	\$30.1	\$7.4	(\$14.8)	\$55.3	\$34.2	\$33.0	\$8.8	(\$15.9)	\$60.1	\$35.2	\$30.0	\$9.0	\$14.8	\$59.4	
Margin (%)	25.0%	18.7%	14.9%	-	15.7%	21.3%	17.1%	13.9%	-	14.5%	21.1%	17.8%	15.0%	-	14.8%	21.8%	16.7%	14.9%	-	14.8%	



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Reconciliation of Net Income and Operating Income (GAAP) to EBITDA and Adjusted EBITDA (Non-GAAP) (\$M) FY'18 Q2

	FY'18 Q2				
	Exec. Recruitment	Hay Group	F/S	Corp.	KFI
Fee Revenue	\$176.8	\$200.0	\$66.3	-	\$443.0
Net Income	-	-	-	-	36.3
Net Income Attributable to Noncontrolling Interest	-	-	-	-	0.4
Oth. (Inc.) / Loss- Net	-	-	-	-	(3.6)
Interest Exps. - Net	-	-	-	-	2.6
Equity in Earnings of Uncold. Sub.	-	-	-	-	(0.1)
Income Tax Exps.	-	-	-	-	15.6
Oper. Incm. / (Loss)	\$35.2	\$26.4	\$9.4	(\$19.7)	\$51.2
Margin (%)	19.9%	13.2%	14.2%	-	11.6%
Deprec. & Amortiz.	1.9	8.1	0.8	1.6	12.4
Oth. Incm. / (Loss) - Net	0.5	0.1	-	3.1	3.6
Equity in Earnings of Uncons. Sub.	0.1	-	-	-	0.1
EBITDA	\$37.6	\$34.6	\$10.2	(\$15.0)	\$67.4
Margin (%)	21.3%	17.3%	15.4%	-	15.2%
Restructuring Chgs.	\$0.3	(\$0.5)	-	-	(\$0.2)
Separation Costs	-	-	-	-	-
Integ. / Acq. Costs	-	2.3	-	0.1	2.4
Adjusted EBITDA	\$37.9	\$36.4	\$10.2	(\$15.0)	\$69.6
Margin (%)	21.5%	18.2%	15.4%	-	15.7%



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Reconciliation of Compensation & Benefits Expense (GAAP) to Adjusted Compensation & Benefits Expense (Non-GAAP) (\$M)
 FY'17 Q2 to FY'18 Q2

	FY'17 Qtr. 2	FY'17 Qtr. 3	FY'17 Qtr. 4	FY'18 Qtr. 1	FY'18 Qtr. 2
Fee Revenue	\$401.9	\$381.9	\$406.1	\$401.3	\$443.0

	FY'17 Qtr. 2	FY'17 Qtr. 3	FY'17 Qtr. 4	FY'18 Qtr. 1	FY'18 Qtr. 1
Compensations & Benefits	\$270.6	\$262.4	\$275.5	\$274.0	\$301.0
Integration / Acquisition Costs	(5.2)	(4.3)	(3.5)	(2.6)	(2.4)
Separation Costs	-	-	(0.6)	-	-
Adjusted Comp. & Benfts. Exps.	\$265.4	\$258.2	\$271.3	\$271.4	\$298.6
Comp. & Benfts. (as % of Fee Rev.)	67.3%	68.7%	67.8%	68.3%	68.0%
Integration / Acquisition Costs	(1.3%)	(1.1%)	(1.0%)	(0.6%)	(0.5%)
Separation Costs	-	-	-	-	-
Adjusted Comp. & Benfts. Exps. (as a % of Adj. Fee Rev.)	66.0%	67.6%	66.8%	67.6%	67.4%



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Reconciliation of Cash & Marketable Securities Balance to “Investable Cash” Balance (\$M) FY'17 Q2 to FY'18 Q2

	<u>FY'17 Qtr. 2</u>	<u>FY'17 Qtr. 3</u>	<u>FY'17 Qtr. 4</u>	<u>FY'18 Qtr. 1</u>	<u>FY'18 Qtr. 2</u>
Cash	\$250.0	\$351.3	\$410.9	\$282.0	\$282.6
Marketable Securities	140.0	115.4	119.9	126.3	131.2
Cash & Marketable Securities	<u>\$390.0</u>	<u>\$466.7</u>	<u>\$530.8</u>	<u>\$408.3</u>	<u>\$413.9</u>
ECAP & Bonus Liability	(234.6)	(240.2)	(285.8)	(173.2)	(229.0)
Investable Cash	<u>\$155.4</u>	<u>\$226.5</u>	<u>\$245.0</u>	<u>\$235.1</u>	<u>\$184.9</u>





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