

Korn Ferry

FY'19 Qtr. 3

Earnings Conference Call

March 7, 2019



Safe Harbor Statement

Forward-Looking Statements

Statements in this presentation that relate to future results and events are based on Korn Ferry's current expectations. You are cautioned not to place undue reliance on such statements. Actual results in future periods may differ materially from those currently expected because of a number of risks and uncertainties that are beyond the control of Korn Ferry. For a detailed description of such risks and uncertainties, please refer to Korn Ferry's earnings release and its periodic filings with the Securities and Exchange Commission.

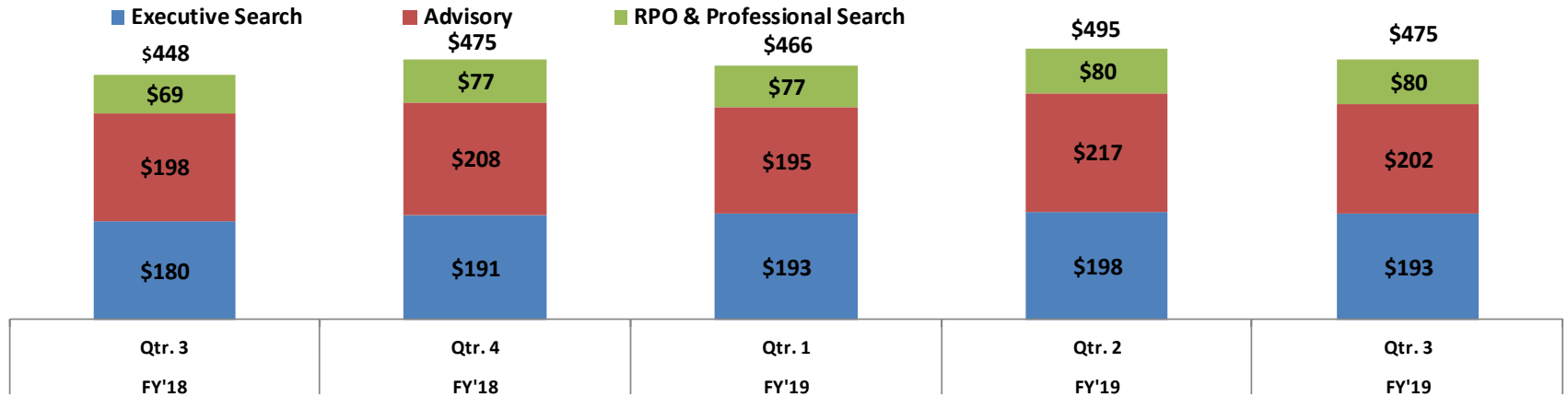
Non-GAAP Financial Metrics

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.

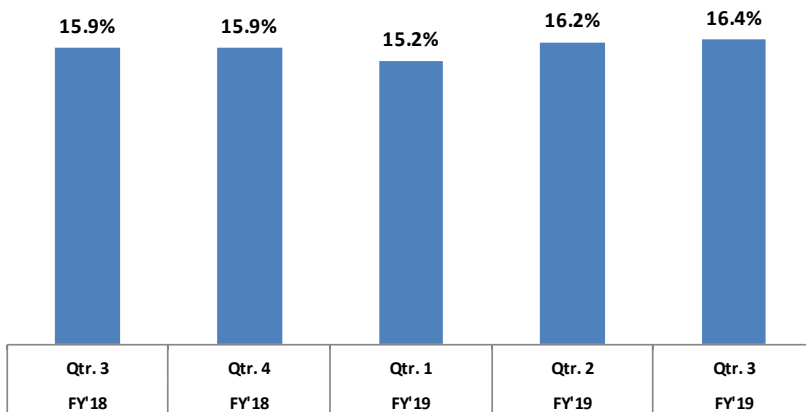


Korn Ferry Quarterly Trends

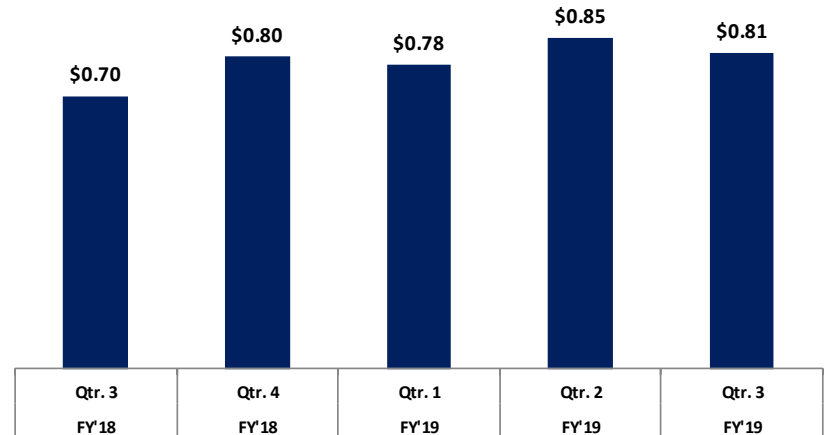
Fee Revenue (\$M)



**Adjusted EBITDA Margin (Non-GAAP)



***Adjusted Diluted EPS (Non-GAAP)



**Earnings Before Interest, Taxes, Depreciation and Amortization Adjusted to Exclude Integration / Acquisition Costs & Tradename Write-Offs

***Diluted Earnings per Share Adjusted to Exclude Integration / Acquisition Costs & Tradename Write-Offs as Well as the Tax Effects of All These Adjustments



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

	FY'18 Qtr. 3	FY'19		Increase / (Decrease)			
		Qtr. 2	Qtr. 3	Year-over-Year		Sequential	
				\$M	%	\$M	%
Fee Revenue	\$447.6	\$495.2	\$474.5	\$26.9	6.0%	(\$20.7)	(4.2%)
Reimbursed Expenses	13.2	11.6	11.7	(1.5)	(11.4%)	0.1	0.9%
Total Revenue	\$460.8	\$506.8	\$486.2	\$25.4	5.5%	(\$20.6)	(4.1%)
<u>Operating Expenses:</u>							
Compensation & Benefits	\$307.9	\$333.0	\$321.0	\$13.1	4.3%	(\$12.0)	(3.6%)
G&A Expenses	58.5	57.7	61.2	2.7	4.6%	3.5	6.1%
Reimbursed Expenses	13.2	11.6	11.7	(1.5)	(11.4%)	0.1	0.9%
Cost of Services	17.5	19.6	17.1	(0.4)	(2.3%)	(2.5)	(12.8%)
Deprec. & Amortiz. Exps.	12.2	11.0	11.7	(0.5)	(4.1%)	0.7	6.4%
Integration / Acq. Chgs.**	1.7	2.8	0.8	(0.9)	(52.9%)	(2.0)	(71.4%)
Total Operating Exps.	\$410.9	\$435.8	\$423.5	\$12.6	3.1%	(\$12.3)	(2.8%)
Operating Income	\$49.8	\$71.0	\$62.7	\$12.9	25.9%	(\$8.3)	(11.7%)
<i>Margin(%)</i>	11.1%	14.3%	13.2%	2.1%	-	(1.1%)	-
***Adjusted EBITDA	\$71.4	\$80.3	\$77.7	\$6.3	8.8%	(\$2.6)	(3.2%)
***Adjusted EBITDA Margin(%)	15.9%	16.2%	16.4%	0.5%	-	-	-

**Integration / Acquisition Costs

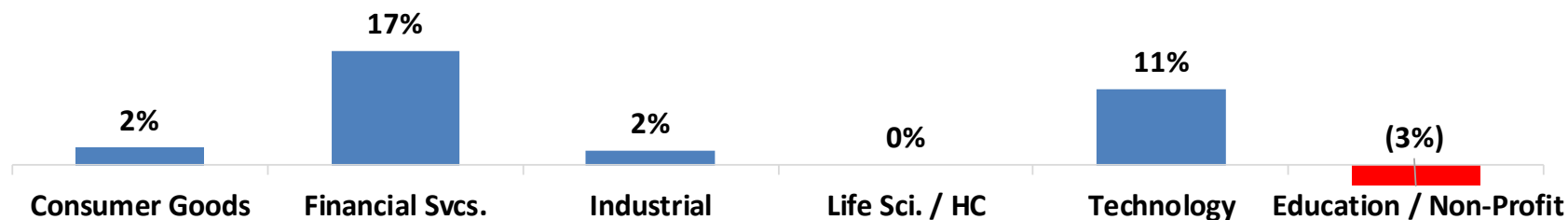
***Earnings Before Interest, Taxes, Depreciation and Amortization Adjusted to Exclude Integration / Acquisition Costs



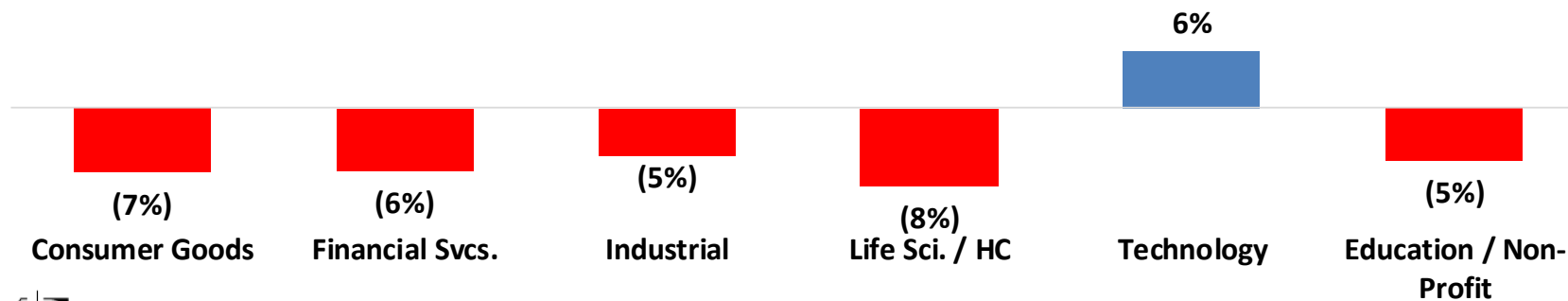
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Industry Fee Revenue Growth Rate Comparisons

FY'19 Qtr. 3 vs. FY'18 Qtr. 3

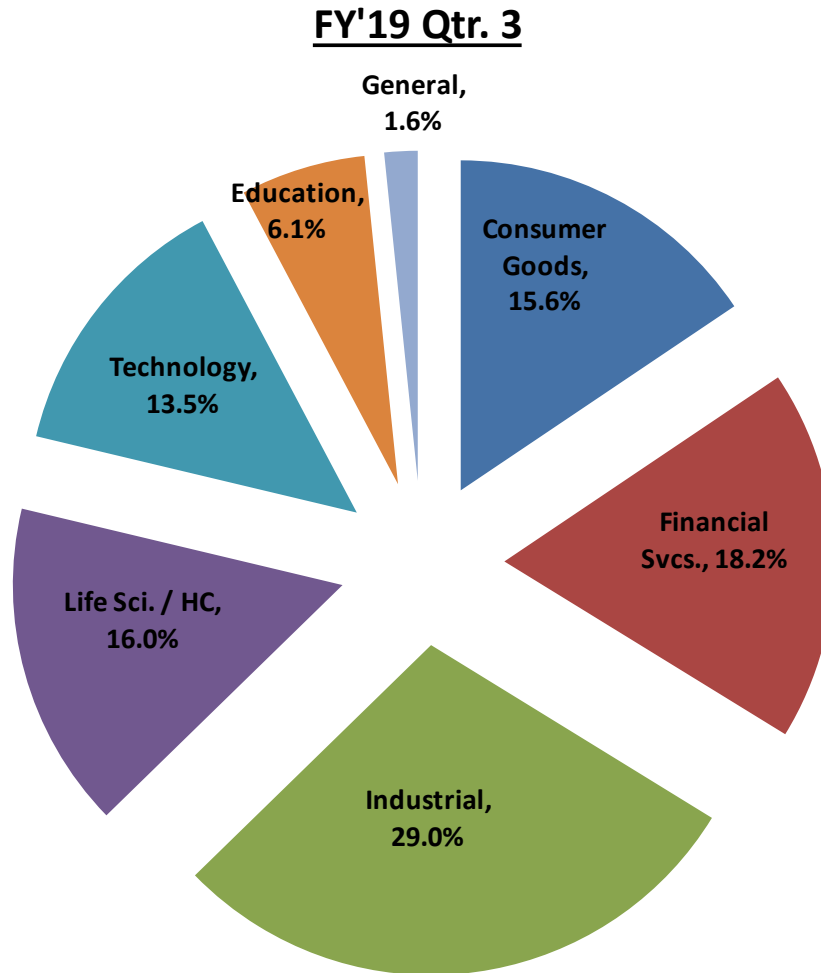


FY'19 Qtr. 3 vs. FY'19 Qtr. 2



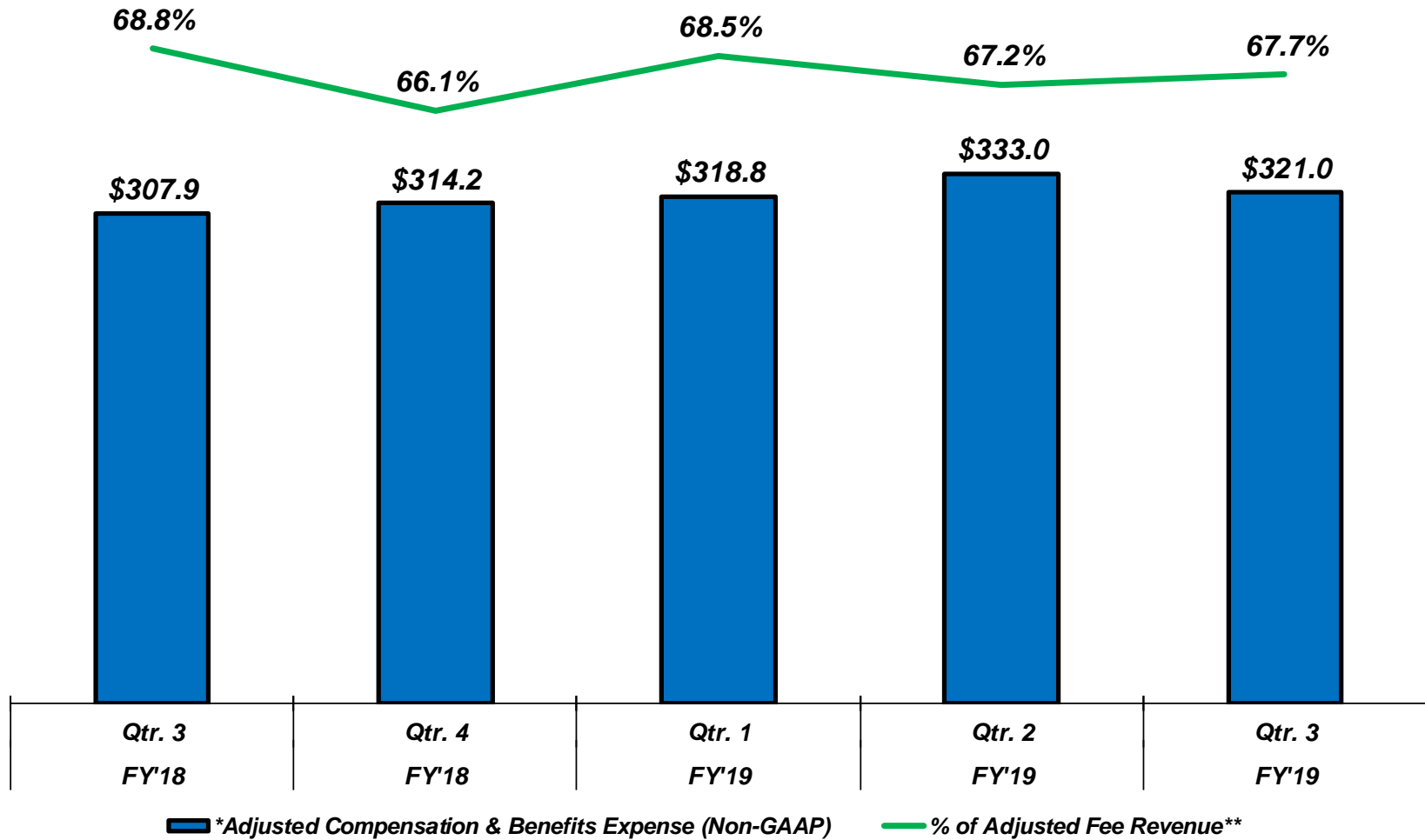
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Fee Revenue By Industry



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



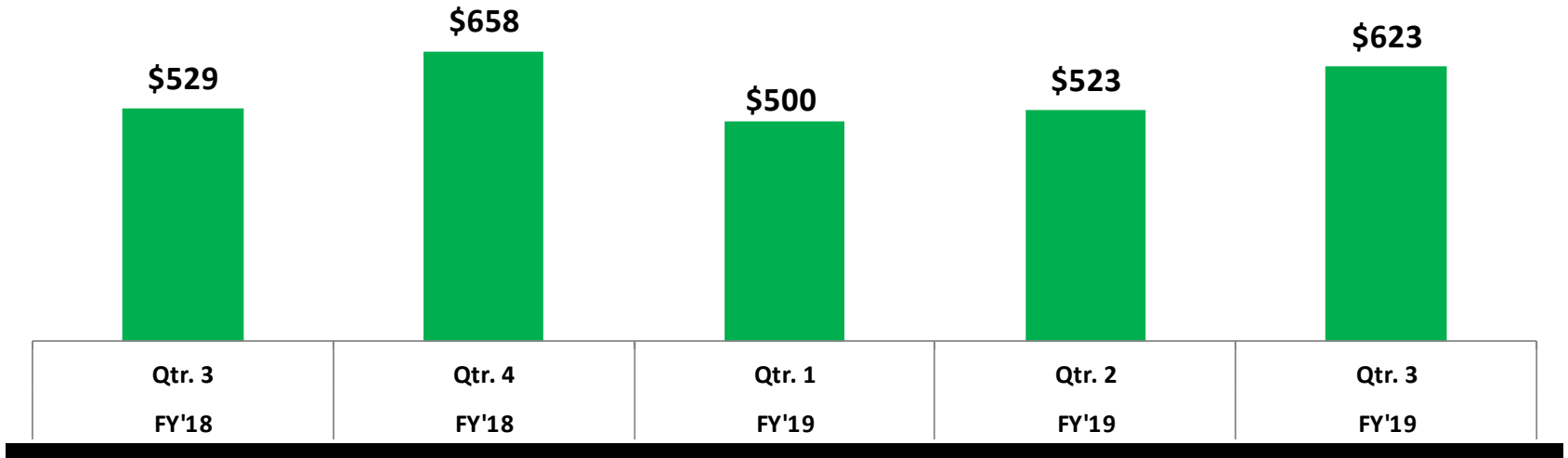
* Excludes Integration / Acquisition Costs



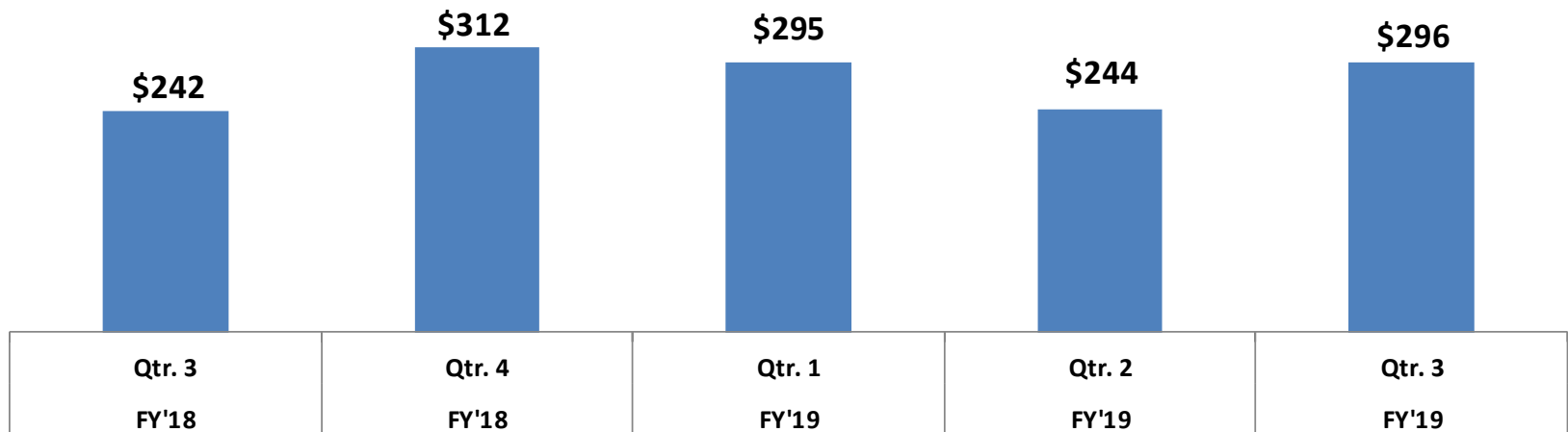
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Cash & Marketable Securities & "Investable Cash" (\$M)

Cash & Marketable Securities



*"Investable" Cash

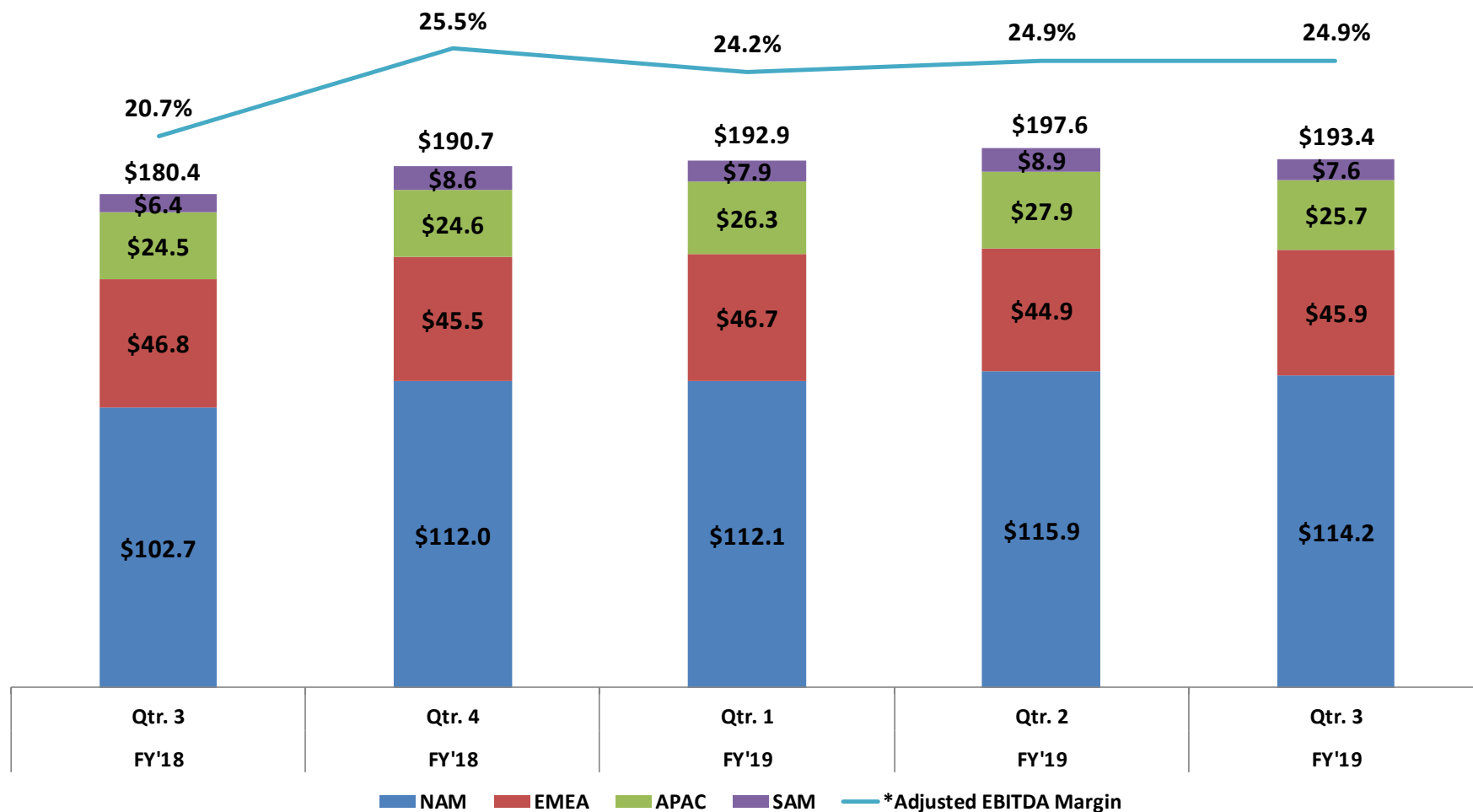


*Cash & Marketable Securities Net of Cash & M Marketable Securities Reserved for Deferred Compensation Arrangements and for Accrued Bonuses



Executive Search

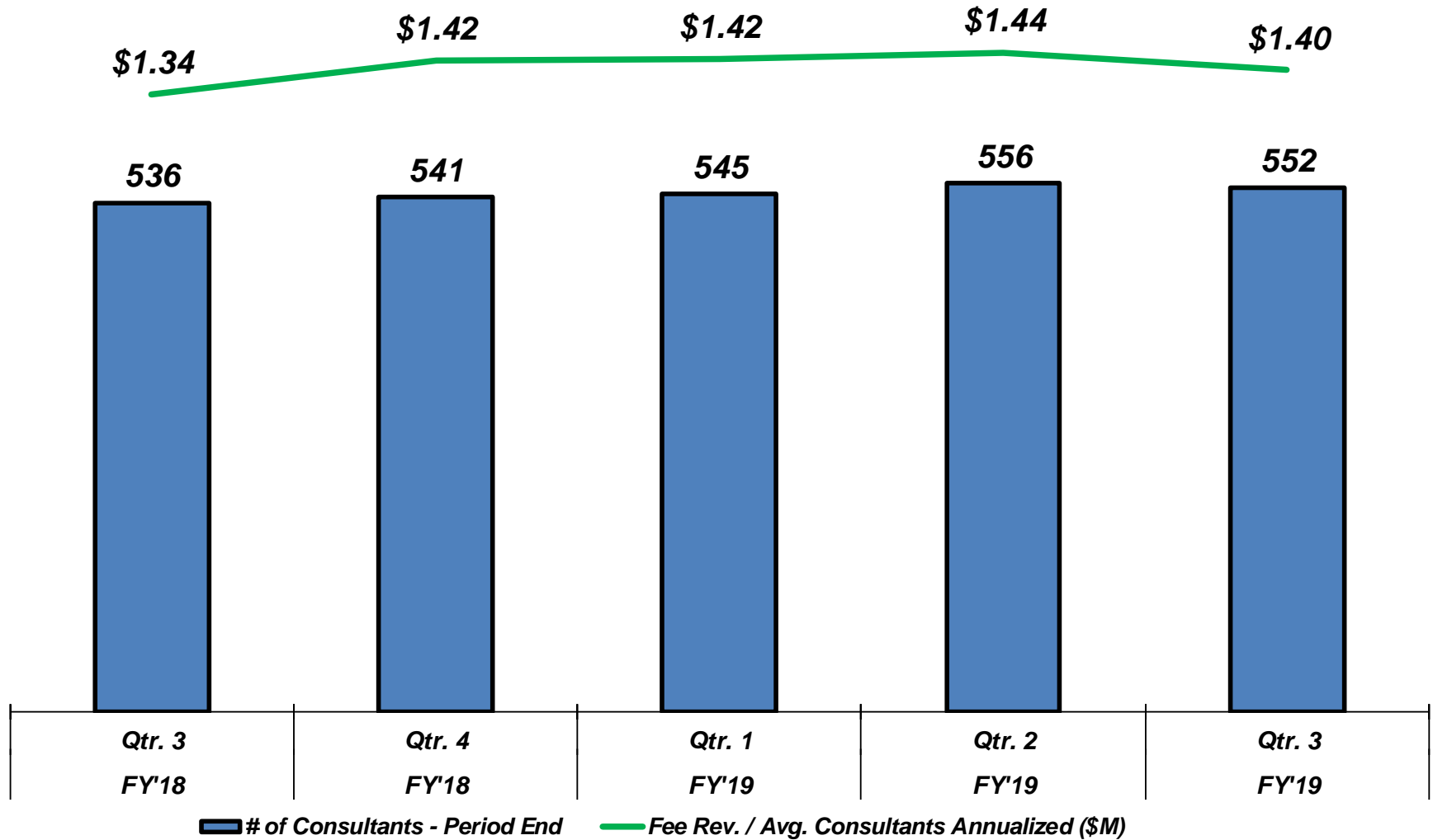
Fee Revenue (\$M) & *Adjusted EBITDA Margin (Non-GAAP)



*Earnings Before Interest, Taxes, Depreciation and Amortization

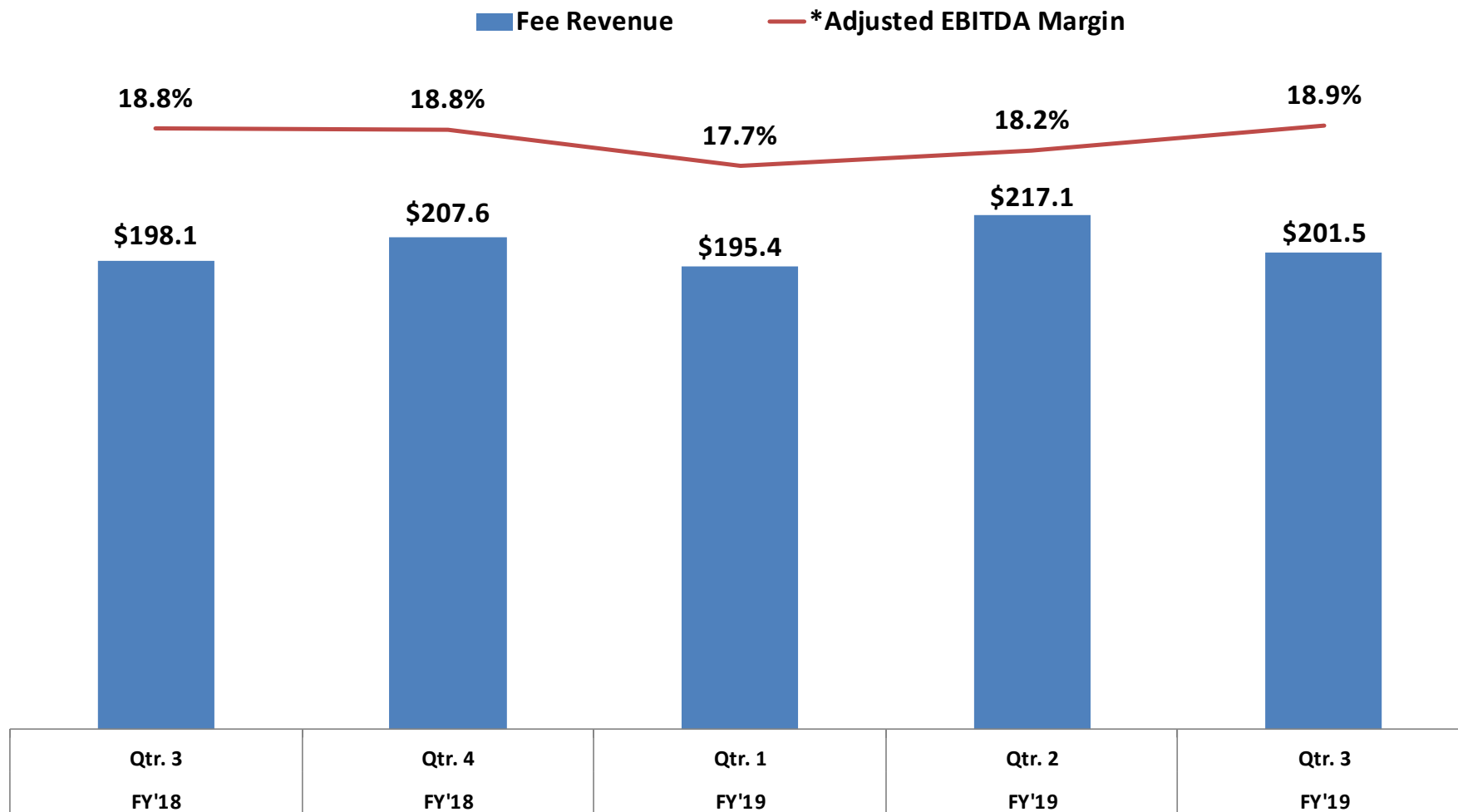


Executive Search Consultants & Consultant Productivity



Advisory

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

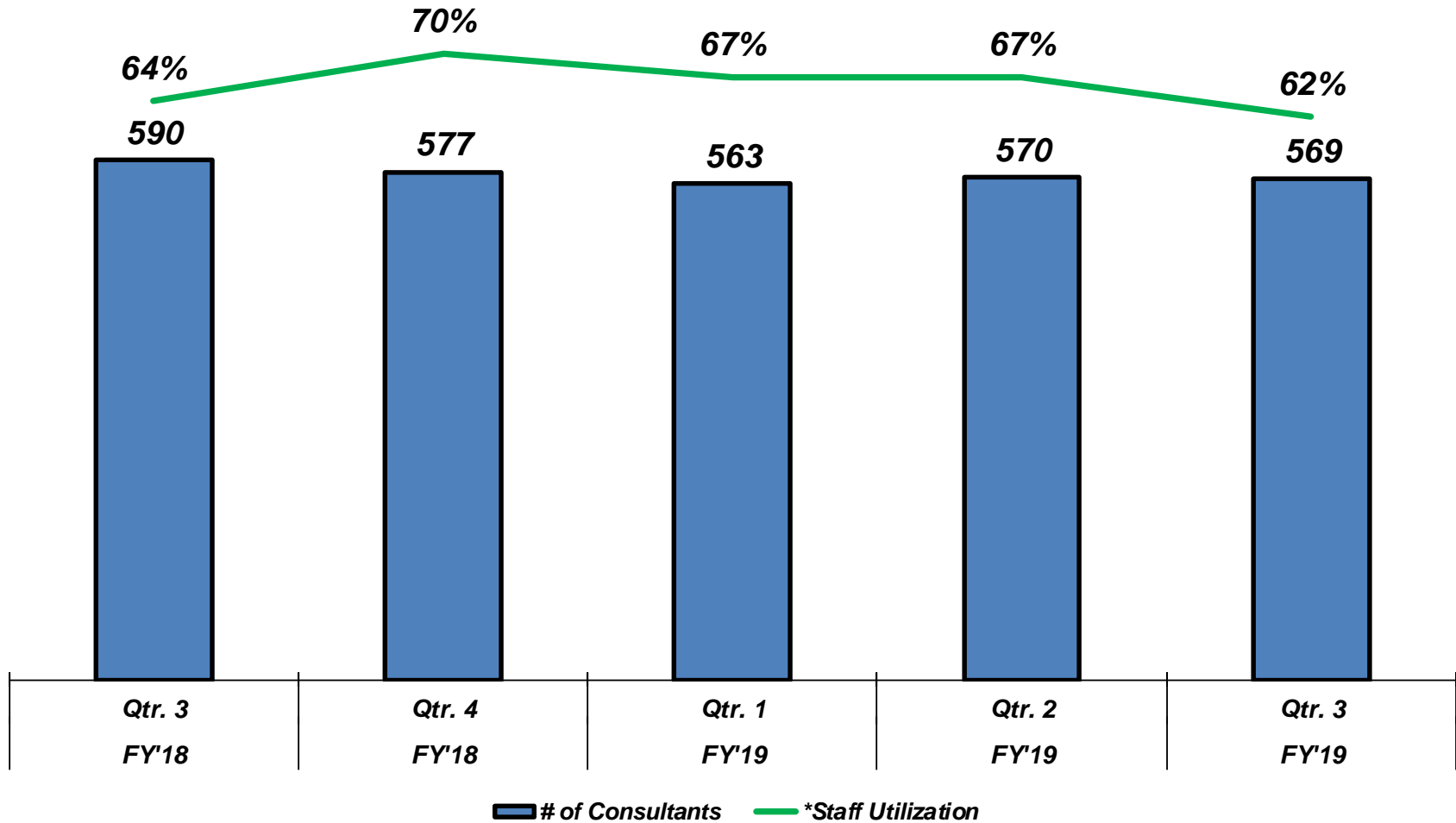


*Earnings Before Interest, Taxes, Depreciation and Amortization Adjusted to Exclude Integration / Acquisition Costs & Tradename Write-Offs



Advisory

of Consultants & Professional Staff Utilization

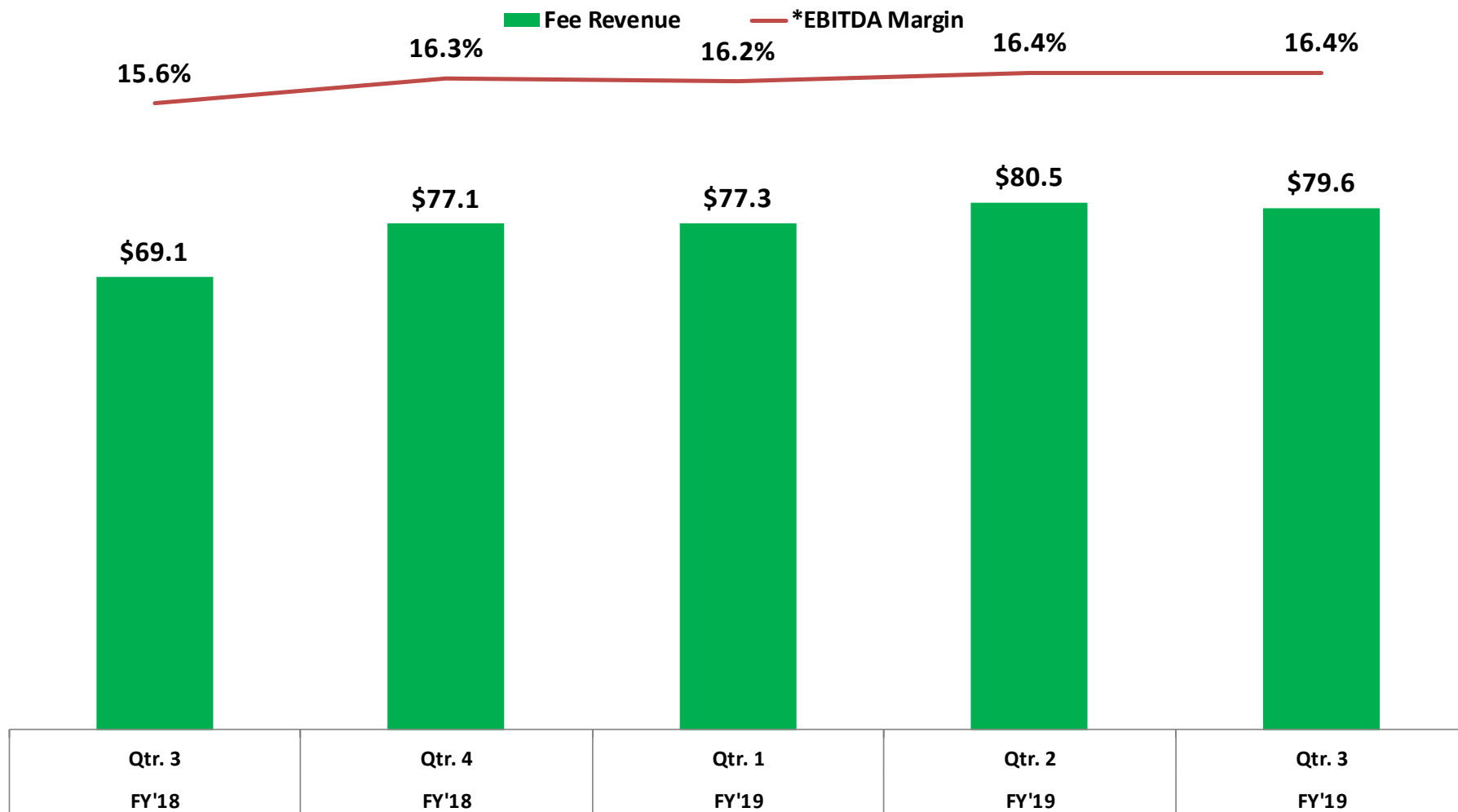


**Calculated By Dividing the Number of Hours of Full-Time Professional Staff, Who Recorded Time to an Engagement During the Period, By the Total Available Working Hours for the Professional Staff During the Same Period*



RPO & Professional Recruitment

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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Reconciliation of Operating Income (GAAP) to Adjusted EBITDA (Non-GAAP) (\$M) FY'18 Q3 to FY'19 Q3

	FY'18 Qtr. 3	FY'18 Qtr. 4	FY'19 Qtr. 1	FY'19 Qtr. 2	FY'19 Qtr. 3
Fee Revenue	\$447.6	\$475.4	\$465.6	\$495.2	\$474.5
Operating Income	49.8	64.2	(55.1)	71.0	62.7
Depreciation & Amortization	12.2	11.7	11.7	11.0	11.7
Other Income / (Loss) , Net	7.5	(3.2)	4.5	(4.6)	2.4
Equity in Earnings of Uncold. Subs., Net	0.1	0.1	0.0	0.1	0.1
EBITDA	\$69.7	\$72.8	(\$38.9)	\$77.5	\$76.9
Restructuring Chgs. / (Recoveries) - Net	-	-	-	-	-
Integration / Acquisition Costs	1.7	2.8	3.1	2.8	0.8
Tradename Write-Offs	-	-	106.6	-	-
Adjusted EBITDA	\$71.4	\$75.6	\$70.8	\$80.3	\$77.7
Operating Margin	11.1%	13.5%	(11.8%)	14.3%	13.2%
Depreciation & Amortization	2.7%	2.5%	2.5%	2.3%	2.5%
Other Income / (Loss) , Net	1.8%	(0.7%)	1.0%	(0.9%)	0.5%
Equity in Earnings of Uncold. Subs., Net	-	-	-	-	-
EBITDA Margin	15.6%	15.3%	(8.3%)	15.7%	16.2%
Restructuring Charges - Net	-	-	-	-	-
Integration / Acquisition Costs	0.4%	0.6%	0.6%	0.5%	0.2%
Tradename Write-Offs	-	-	22.9%	-	-
Adjusted EBITDA Margin	15.9%	15.9%	15.2%	16.2%	16.4%



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Reconciliation of Net Income & EPS (GAAP) to Adjusted Net Income & Adjusted EPS (Non-GAAP) (\$M) FY'18 Q3 to FY'19 Q3

	FY'18 Qtr. 3	FY'18 Qtr. 4	FY'19 Qtr. 1	FY'19 Qtr. 2	FY'19 Qtr. 3
Net (Loss) Income Attributable to Korn / Ferry	\$27.2	\$41.2	(\$38.6)	\$46.0	\$45.0
Integration / Acquisition Costs	1.7	2.8	3.1	2.8	0.8
Tradename Write-Offs	-	-	106.6	-	-
(1) Tax Effect of the Above Items	(0.3)	(0.5)	(26.9)	(0.6)	-
Tax Effect of New Tax Law	11.3	2.2	-	-	-
Adjusted Net Income Attributable to K/F	<u>\$39.9</u>	<u>\$45.6</u>	<u>\$44.2</u>	<u>\$48.2</u>	<u>\$45.8</u>
Diluted Earnings per Common Sh.	\$0.48	\$0.73	(\$0.70)	\$0.81	\$0.80
Integration / Acquisition Costs	0.03	0.05	0.06	0.05	0.01
Tradename Write-Offs	-	-	1.90	-	-
(1) Tax Effect on the Above Items	(0.01)	(0.01)	(0.48)	(0.01)	-
Tax Effect of New Tax Law	0.20	0.03	-	-	-
Adjusted Diluted Earnings per Sh.	<u>\$0.70</u>	<u>\$0.80</u>	<u>\$0.78</u>	<u>\$0.85</u>	<u>\$0.81</u>

(1) Tax Effect on Integration / Acquisition Costs, Management Separation Costs & Tradename Write-Offs



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Reconciliation of Net Income and Operating Income (GAAP) to EBITDA and Adjusted EBITDA (Non-GAAP) (\$M) FY'18 Q3 to FY'19 Q2

	FY'18 Q3					FY'18 Q4					FY'19 Q1					FY'19 Q2				
	Exec. Search	Advisory	RPO & Prof. Search	Corp.	K/F	Exec. Search	Advisory	RPO & Prof. Search	Corp.	K/F	Exec. Search	Advisory	RPO & Prof. Search	Corp.	K/F	Exec. Search	Advisory	RPO & Prof. Search	Corp.	K/F
Fee Revenue	\$180.4	\$198.1	\$69.1	-	\$447.6	\$190.7	\$207.6	\$77.1	-	\$475.4	\$192.9	\$195.4	\$77.3	-	\$465.6	\$197.6	\$217.1	\$80.5	-	\$495.2
Net Income	-	-	-	-	27.2	-	-	-	-	41.2	-	-	-	-	(38.6)	-	-	-	-	46.0
Net Income Attributable to Noncontrolling Interest	-	-	-	-	0.2	-	-	-	-	1.1	-	-	-	-	0.0	-	-	-	-	1.3
Oth. (Incm.) / Loss- Net	-	-	-	-	(7.5)	-	-	-	-	3.2	-	-	-	-	(4.5)	-	-	-	-	4.6
Interest Exps. - Net	-	-	-	-	3.7	-	-	-	-	2.8	-	-	-	-	4.1	-	-	-	-	4.3
Equity in Earnings of Uncond. Sub.	-	-	-	-	(0.1)	-	-	-	-	(0.1)	-	-	-	-	-	-	-	-	-	(0.1)
Income Tax (Benefit) / Exps.	-	-	-	-	26.3	-	-	-	-	16.0	-	-	-	-	(16.1)	-	-	-	-	14.8
Oper. Incm. / (Loss)	\$34.4	\$27.1	\$10.1	(\$21.8)	\$49.8	\$47.0	\$28.1	\$11.7	(\$22.5)	\$64.2	\$40.9	(\$83.1)	\$11.6	(\$24.6)	(\$55.1)	\$51.5	\$29.4	\$12.5	(\$22.4)	\$71.0
Margin (%)	19.1%	13.7%	14.6%	-	11.1%	24.6%	13.5%	15.1%	-	13.5%	21.2%	(42.5%)	15.1%	-	(11.8%)	26.0%	13.6%	15.6%	-	14.3%
Deprec. & Amortiz.	1.9	7.9	0.7	1.7	12.2	1.8	7.4	0.7	1.7	11.7	1.8	7.4	0.8	1.7	11.7	1.5	7.0	0.8	1.8	11.0
Oth. Incm. / (Loss) - Net	0.8	0.8	-	5.9	7.5	(0.2)	0.8	0.1	(4.0)	(3.2)	4.0	0.6	0.1	(0.2)	4.5	(3.9)	0.3	(0.1)	(0.9)	(4.6)
Equity in Earnings of Uncons. Sub.	0.1	-	-	-	0.1	0.1	-	-	-	0.1	0.0	-	-	-	-	0.1	-	-	-	0.1
EBITDA	\$37.3	\$35.7	\$10.8	(\$14.1)	\$69.7	\$48.7	\$36.3	\$12.6	(\$24.8)	\$72.8	\$46.8	(\$75.1)	\$12.5	(\$23.1)	(\$38.9)	\$49.2	\$36.7	\$13.2	(\$21.6)	\$77.5
Margin (%)	20.7%	18.0%	15.6%	-	15.6%	25.5%	17.5%	16.3%	-	15.3%	24.2%	(38.4%)	16.2%	-	(8.3%)	24.9%	16.9%	16.4%	-	15.7%
Integ. / Acq. Costs	-	1.6	-	0.1	1.7	-	2.7	-	0.1	2.8	-	3.0	-	0.1	3.1	-	2.8	-	-	2.8
Tradename Write-Offs	-	-	-	-	-	-	-	-	-	-	-	106.6	-	-	106.6	-	-	-	-	-
Adjusted EBITDA	\$37.3	\$37.3	\$10.8	(\$14.0)	\$71.4	\$48.7	\$39.0	\$12.6	(\$24.7)	\$75.6	\$46.8	\$34.5	\$12.5	(\$23.0)	\$70.8	\$49.2	\$39.4	\$13.2	(\$21.5)	\$80.3
Margin (%)	20.7%	18.8%	15.6%	-	15.9%	25.5%	18.8%	16.3%	-	15.9%	24.2%	17.7%	16.2%	-	15.2%	24.9%	18.2%	16.4%	-	16.2%



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Reconciliation of Net Income and Operating Income (GAAP) to EBITDA and Adjusted EBITDA (Non-GAAP) (\$M) FY'19 Q3

	FY'19 Q3				K/F
	Exec. Search	Advisory	RPO & Prof. Search	Corp.	
Fee Revenue	\$193.4	\$201.5	\$79.6	-	\$474.5
Net Income	-	-	-	-	45.0
Net Income Attributable to Noncontrolling Interest	-	-	-	-	0.5
Oth. (Incm.) / Loss- Net	-	-	-	-	(2.4)
Interest Exps. - Net	-	-	-	-	4.3
Equity in Earnings of Uncold. Sub.	-	-	-	-	(0.1)
Income Tax (Benefit) / Exps.	-	-	-	-	15.4
Oper. Incm. / (Loss)	\$44.7	\$29.3	\$12.2	(\$23.5)	\$62.7
Margin (%)	23.1%	14.5%	15.3%	-	13.2%
Deprec. & Amortiz.	1.8	7.3	0.8	1.8	11.7
Oth. Incm. / (Loss) - Net	1.6	0.8	0.1	(0.1)	2.4
Equity in Earnings of Uncons. Sub.	0.1	-	-	-	0.1
EBITDA	\$48.2	\$37.4	\$13.1	(\$21.7)	\$76.9
Margin (%)	24.9%	18.5%	16.4%	-	16.2%
Integ. / Acq. Costs	-	0.8	-	-	0.8
Tradename Write-Offs	-	-	-	-	-
Adjusted EBITDA	\$48.2	\$38.1	\$13.1	(\$21.7)	\$77.7
Margin (%)	24.9%	18.9%	16.4%	-	16.4%



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Reconciliation of Compensation & Benefits Expense (GAAP) to Adjusted Compensation & Benefits Expense (Non-GAAP) (\$M)
 FY'18 Q3 to FY'19 Q3

	<u>FY'18 Qtr. 3</u>	<u>FY'18 Qtr. 4</u>	<u>FY'19 Qtr. 1</u>	<u>FY'19 Qtr. 2</u>	<u>FY'19 Qtr. 3</u>
Fee Revenue	\$447.6	\$475.4	\$465.6	\$495.2	\$474.5
Compensations & Benefits	\$309.6	\$317.0	\$321.9	\$335.8	\$321.8
Integration / Acquisition Costs	(1.7)	(2.8)	(3.1)	(2.8)	(0.8)
Adjusted Comp. & Benfts. Exps.	<u>\$307.9</u>	<u>\$314.2</u>	<u>\$318.8</u>	<u>\$333.0</u>	<u>\$321.0</u>
Comp. & Benfts. (as % of Fee Rev.)	69.2%	66.7%	69.1%	67.8%	67.8%
Integration / Acquisition Costs	(0.4%)	(0.6%)	(0.7%)	(0.6%)	(0.2%)
Adjusted Comp. & Benfts. Exps. (as a % of Adj. Fee Rev.)	<u>68.8%</u>	<u>66.1%</u>	<u>68.5%</u>	<u>67.2%</u>	<u>67.7%</u>



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Reconciliation of Cash & Marketable Securities Balance to “Investable Cash” Balance (\$M) FY'18 Q3 to FY'19 Q3

	<u>FY'18 Qtr. 3</u>	<u>FY'18 Qtr. 4</u>	<u>FY'19 Qtr. 1</u>	<u>FY'19 Qtr. 2</u>	<u>FY'19 Qtr. 3</u>
Cash	\$390.0	\$520.8	\$365.7	\$387.7	\$489.5
Marketable Securities	139.0	137.1	134.1	135.6	133.4
Cash & Marketable Securities	<u>\$529.0</u>	<u>\$657.9</u>	<u>\$499.8</u>	<u>\$523.3</u>	<u>\$622.9</u>
ECAP & Bonus Liability	(286.9)	(345.6)	(204.3)	(278.9)	(327.0)
Investable Cash	<u>\$242.1</u>	<u>\$312.4</u>	<u>\$295.5</u>	<u>\$244.4</u>	<u>\$295.9</u>



