

Korn Ferry

FY'19 Qtr. 2

Earnings Conference Call

December 6, 2018



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.

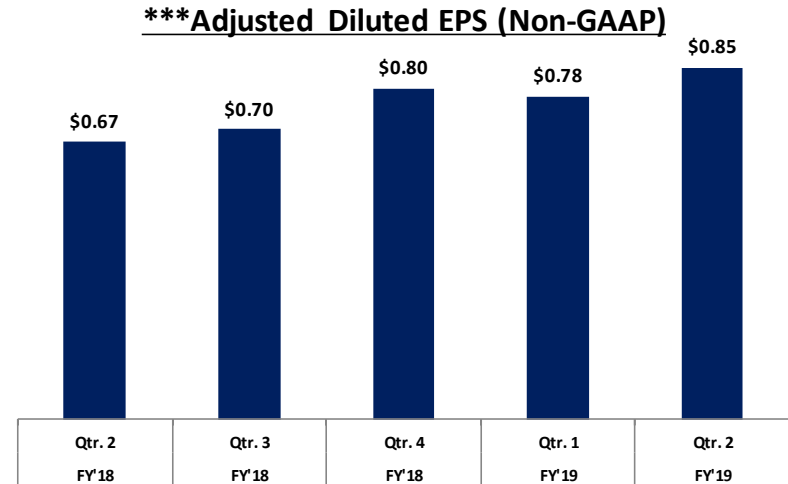
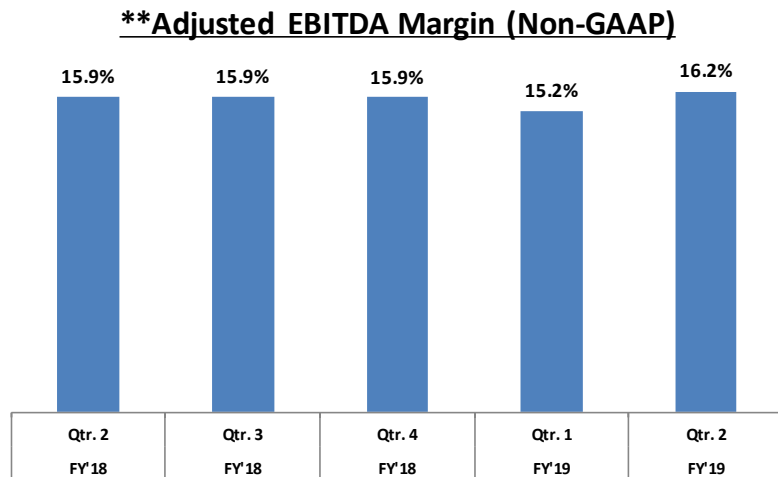
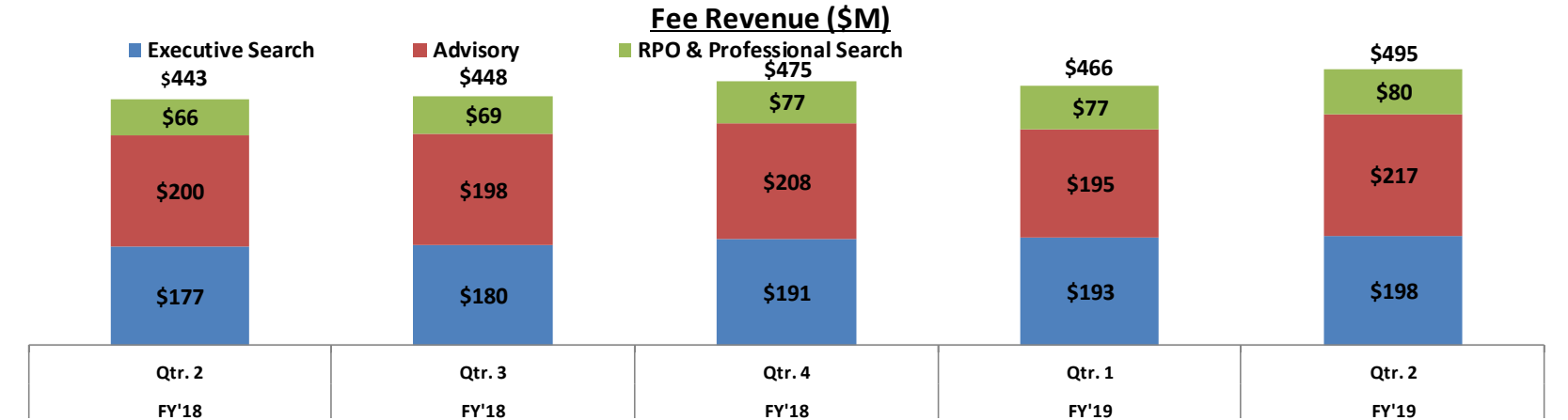
Non-GAAP Financial Metrics

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.



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Quarterly Trends



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

***Diluted Earnings per Share Adjusted to Exclude Restructuring Charges, 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. 2 | FY'19 | | Increase / (Decrease) | | | |
|-------------------------------------|-----------------|-----------------|----------------|-----------------------|--------------|-----------------|-----------------|
| | | Qtr. 1 | Qtr. 2 | Year-over-Year | | Sequential | |
| | | | | \$M | % | \$M | % |
| Fee Revenue | \$443.0 | \$465.6 | \$495.2 | \$52.2 | 11.8% | \$29.6 | 6.4% |
| Reimbursed Expenses | 12.5 | 12.8 | 11.6 | (0.9) | (7.2%) | (1.2) | (9.4%) |
| Total Revenue | \$455.5 | \$478.4 | \$506.8 | \$51.3 | 11.3% | \$28.4 | 5.9% |
| <u>Operating Expenses:</u> | | | | | | | |
| Compensation & Benefits | \$297.4 | \$318.8 | \$333.0 | \$35.6 | 12.0% | \$14.2 | 4.4% |
| G&A Expenses | 58.6 | 62.2 | 57.7 | (0.9) | (1.5%) | (4.5) | (7.2%) |
| Reimbursed Expenses | 12.5 | 12.8 | 11.6 | (0.9) | (7.2%) | (1.2) | (9.4%) |
| Cost of Services | 19.9 | 18.3 | 19.6 | (0.3) | (1.5%) | 1.3 | 7.1% |
| Deprec. & Amortiz. Exps. | 12.4 | 11.7 | 11.0 | (1.4) | (11.3%) | (0.7) | (6.0%) |
| Restruc. & Integ. / Acq. Chgs.** | 2.2 | 109.7 | 2.8 | 0.6 | 27.3% | (106.9) | (97.4%) |
| Total Operating Exps. | \$403.0 | \$533.5 | \$435.8 | \$32.8 | 8.1% | (\$97.7) | (18.3%) |
| Operating Income | \$52.5 | (\$55.1) | \$71.0 | \$18.5 | 35.2% | \$126.2 | (228.9%) |
| <i>Margin(%)</i> | 11.8% | (11.8%) | 14.3% | 2.5% | - | 26.1% | - |
| ***Adjusted EBITDA | \$70.6 | \$70.8 | \$80.3 | \$9.7 | 13.7% | \$9.5 | 13.4% |
| ***Adjusted EBITDA Margin(%) | 15.9% | 15.2% | 16.2% | 0.3% | - | - | - |

**Restructuring Charges, Integration / Acquisition Costs & Tradename Write-Offs

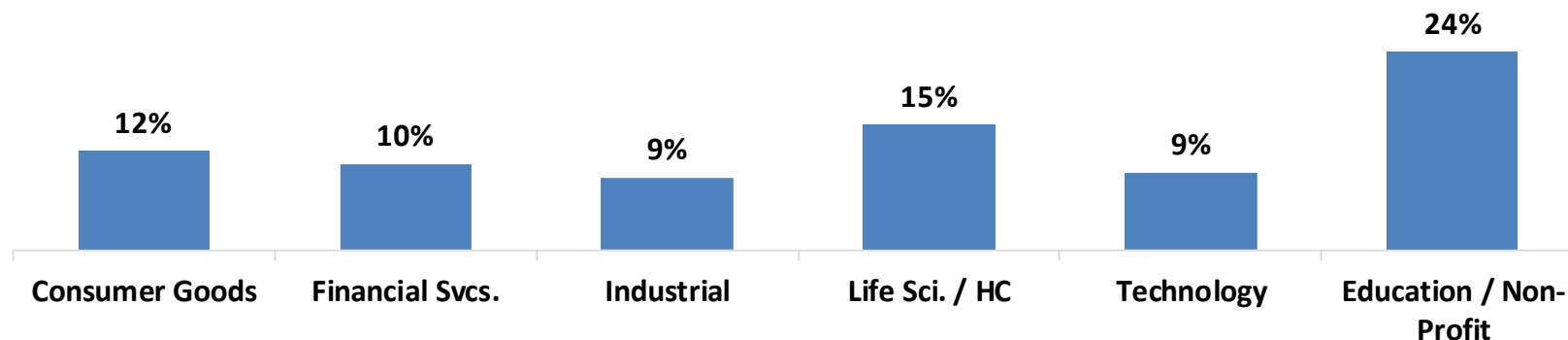
***Earnings Before Interest, Taxes, Depreciation and Amortization Adjusted to Exclude Restructuring Charges, Net, Integration / Acquisition Costs & Tradename Write-Offs



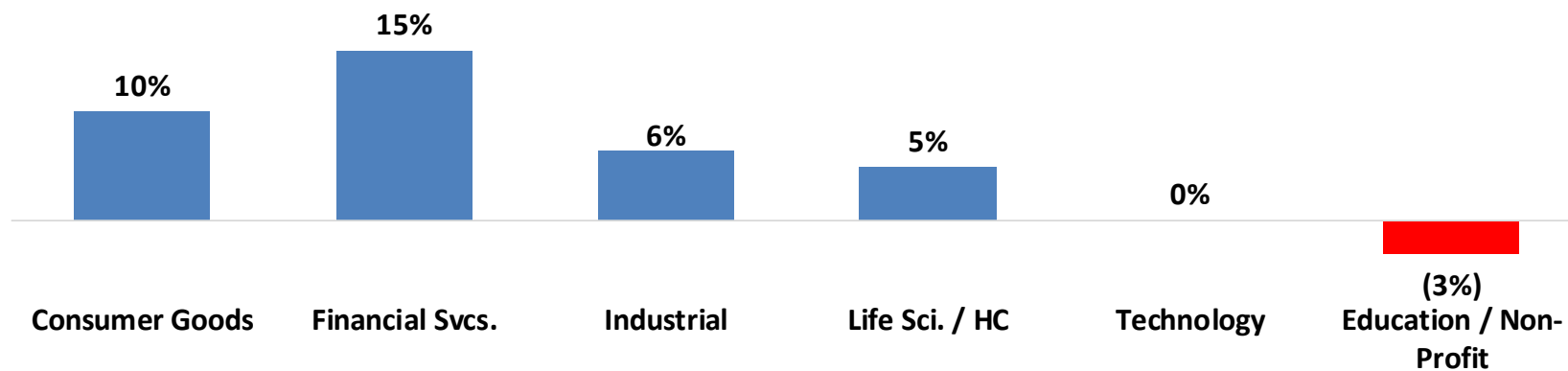
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Industry Fee Revenue Growth Rate Comparisons

FY'19 Qtr. 2 vs. FY'18 Qtr. 2

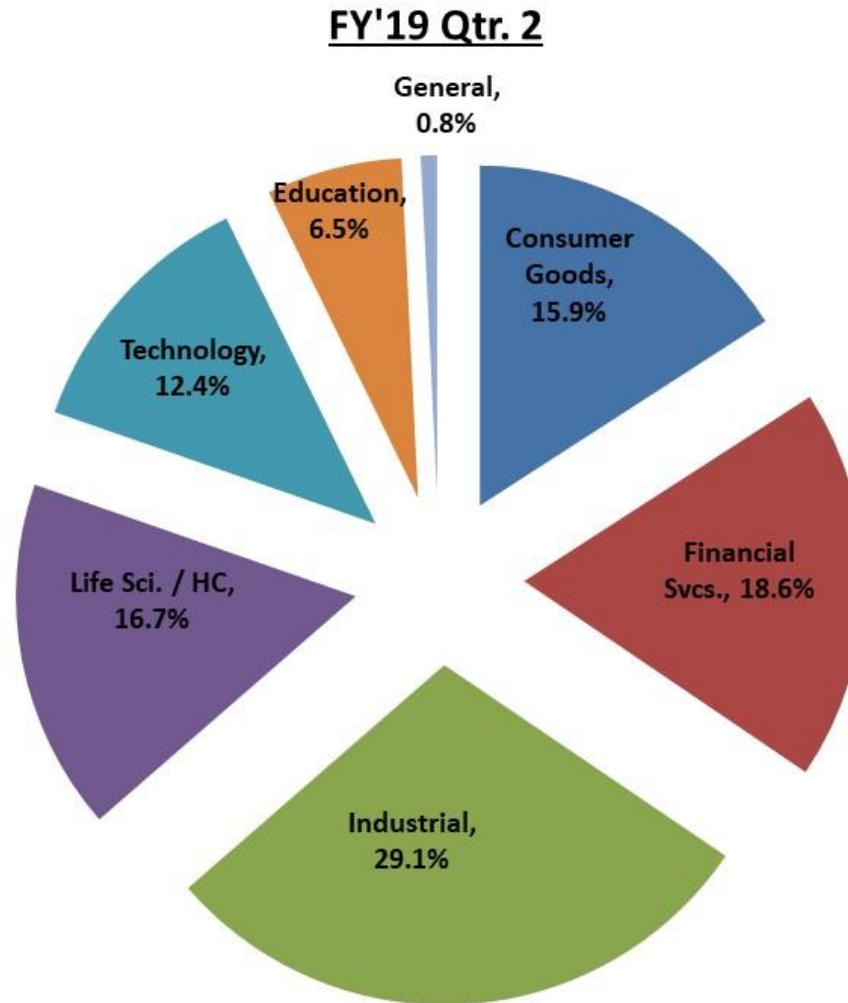


FY'19 Qtr. 2 vs. FY'19 Qtr. 1



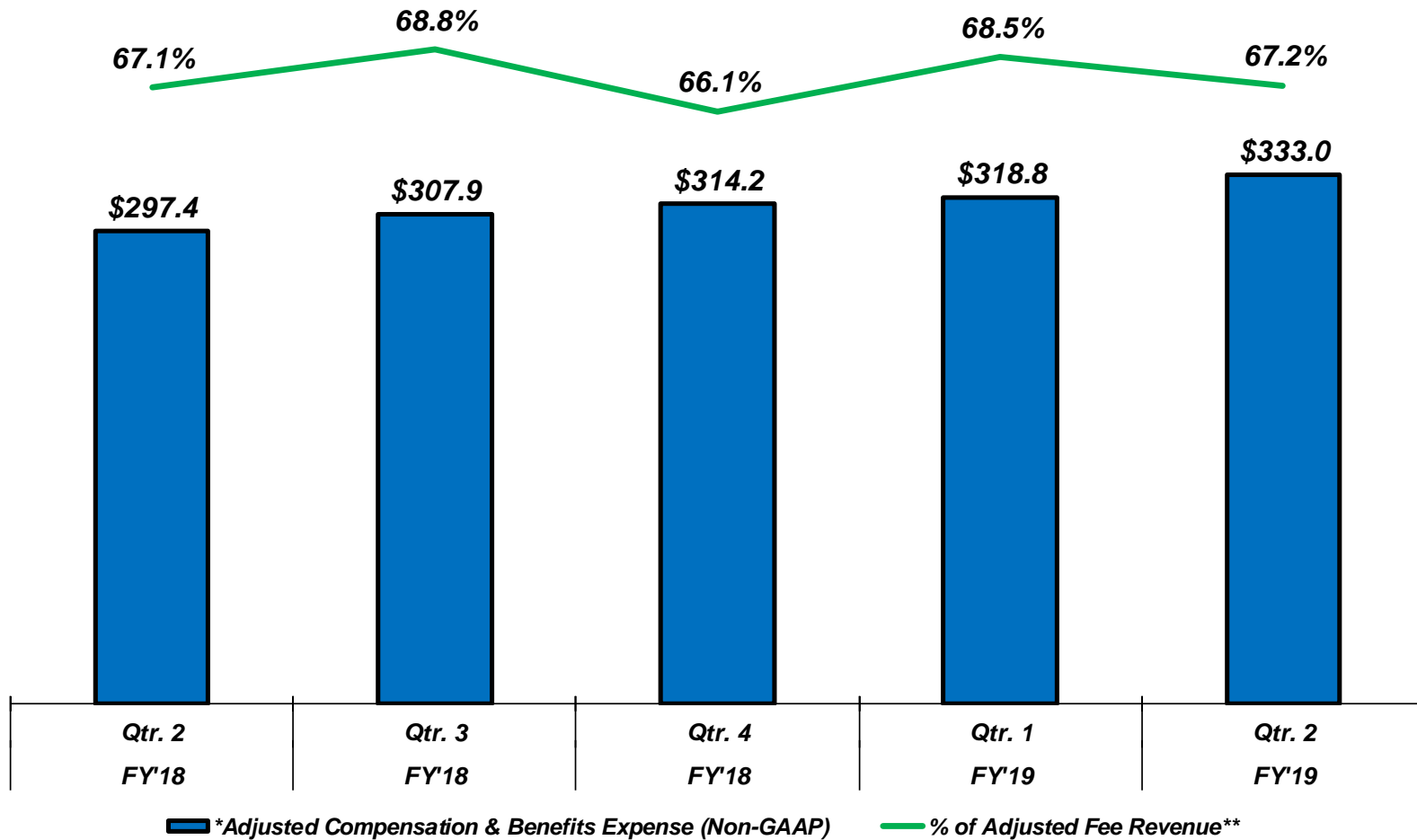
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Fee Revenue By Industry



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



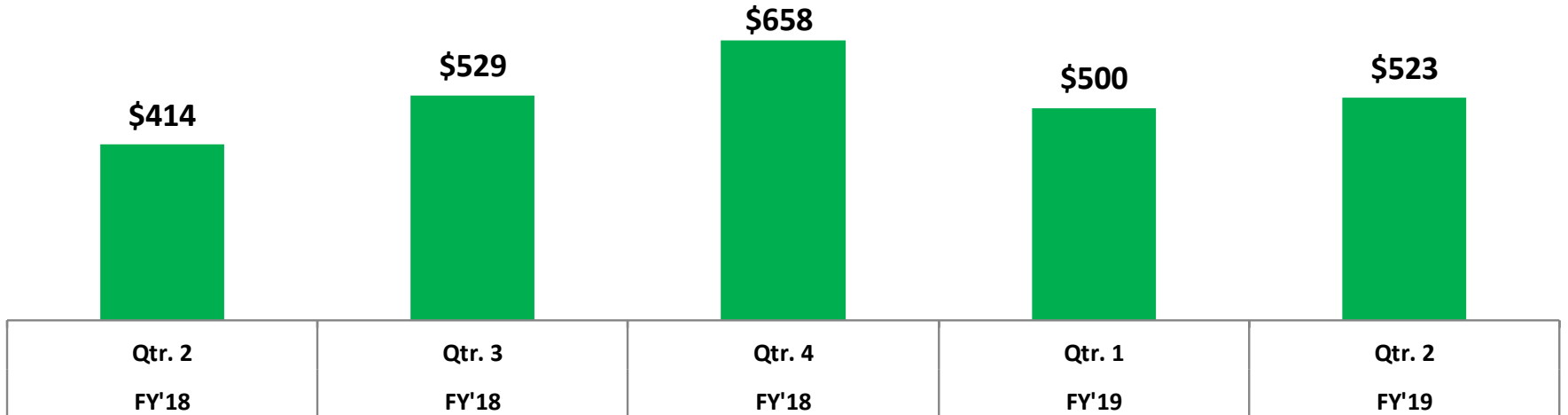
* Excludes Restructuring Charges & Integration / Acquisition Costs



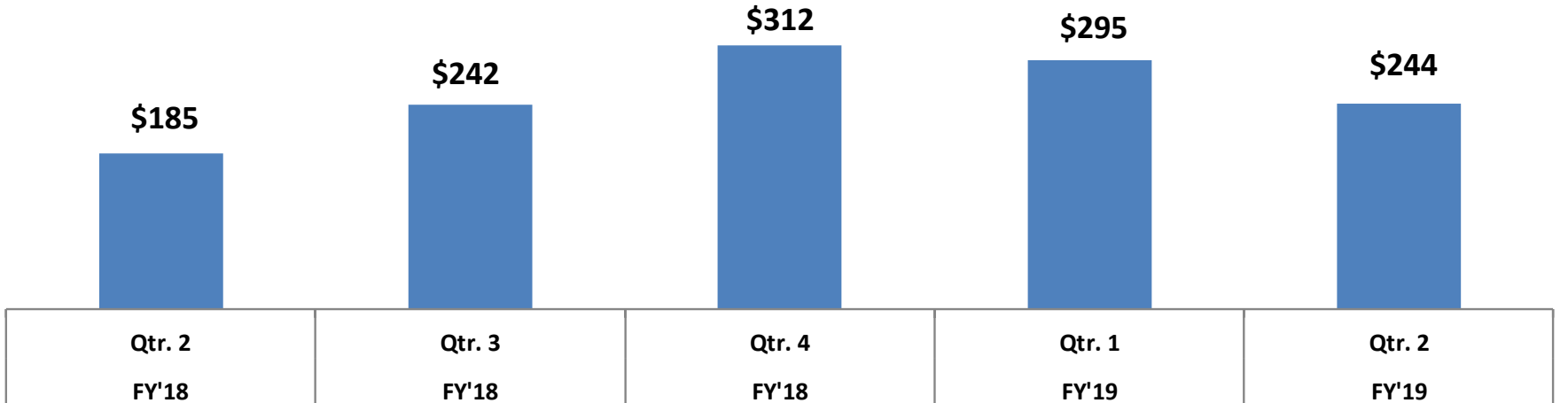
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Cash & Marketable Securities & "Investable Cash" (\$M)

Cash & Marketable Securities



*"Investable" Cash

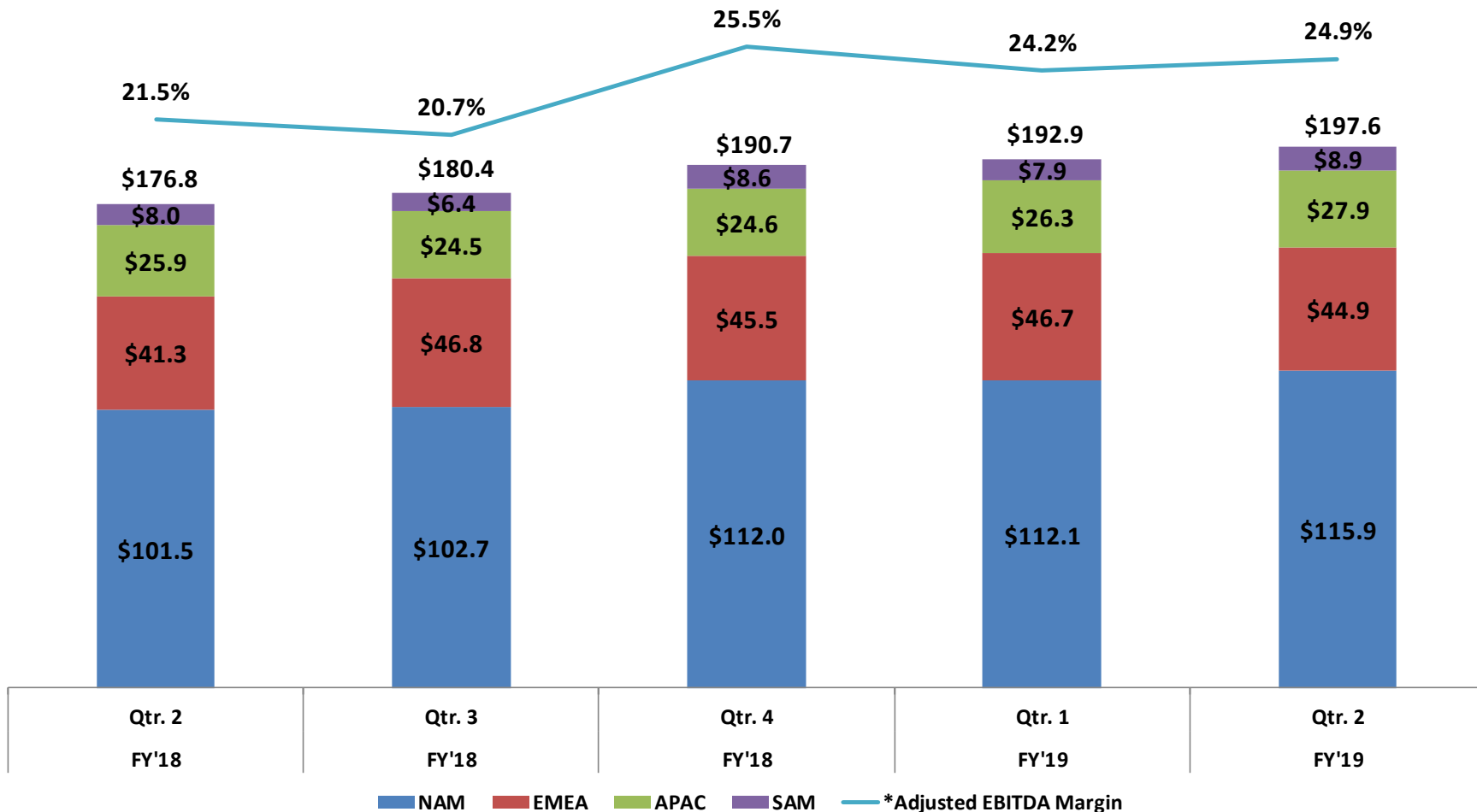


*Cash & Marketable Securities Net of Cash & Marketable Securities Reserved for Deferred Compensation Arrangements and for Accrued Bonuses



Executive Search

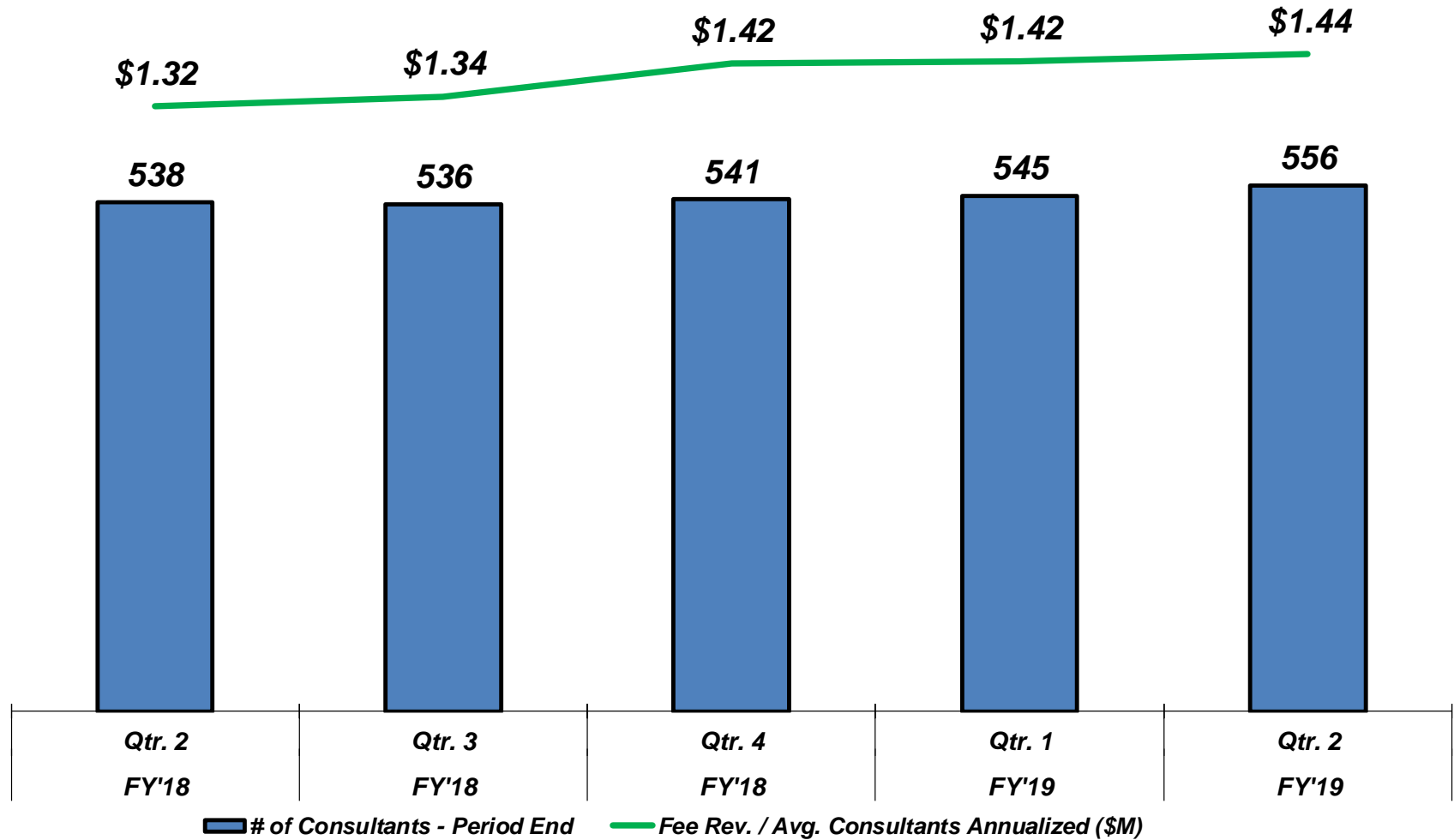
Fee Revenue (\$M) & *Adjusted EBITDA Margin (Non-GAAP)



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

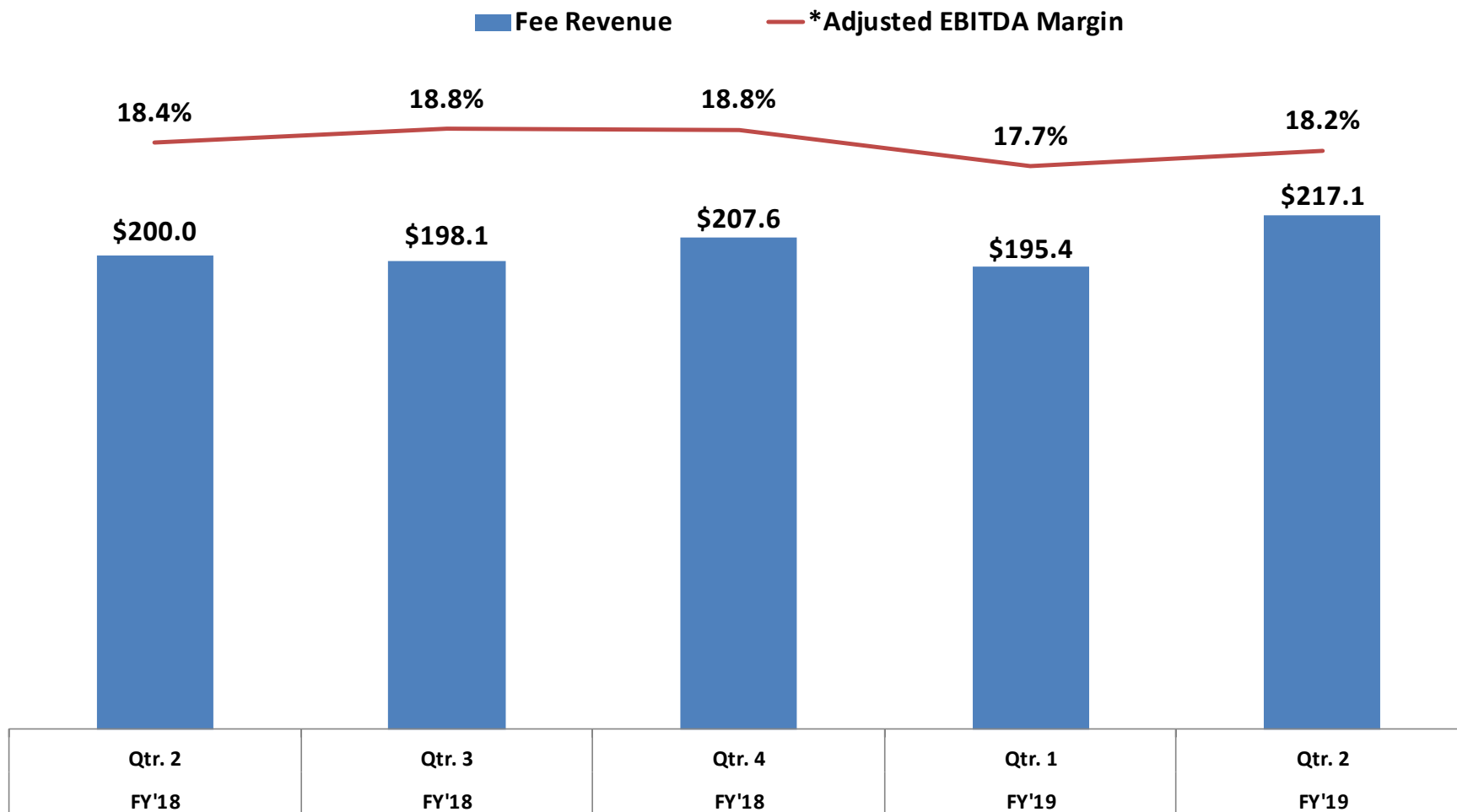


Executive Search Consultants & Consultant Productivity



Advisory

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

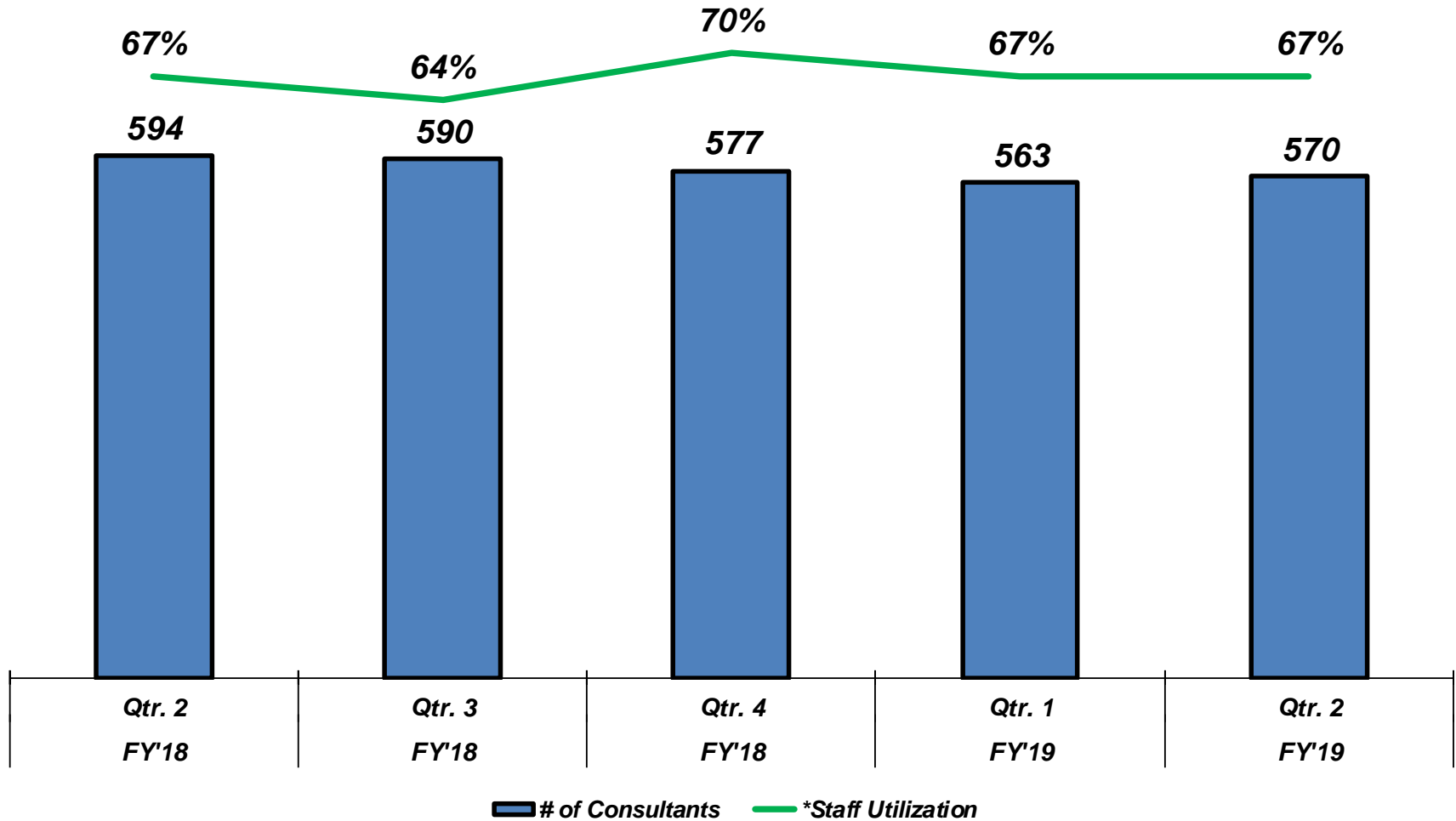


*Earnings Before Interest, Taxes, Depreciation and Amortization Adjusted to Exclude Restructuring Charges, Integration / Acquisition Costs & Tradename Write-Offs



Advisory

of Consultants & Professional Staff Utilization

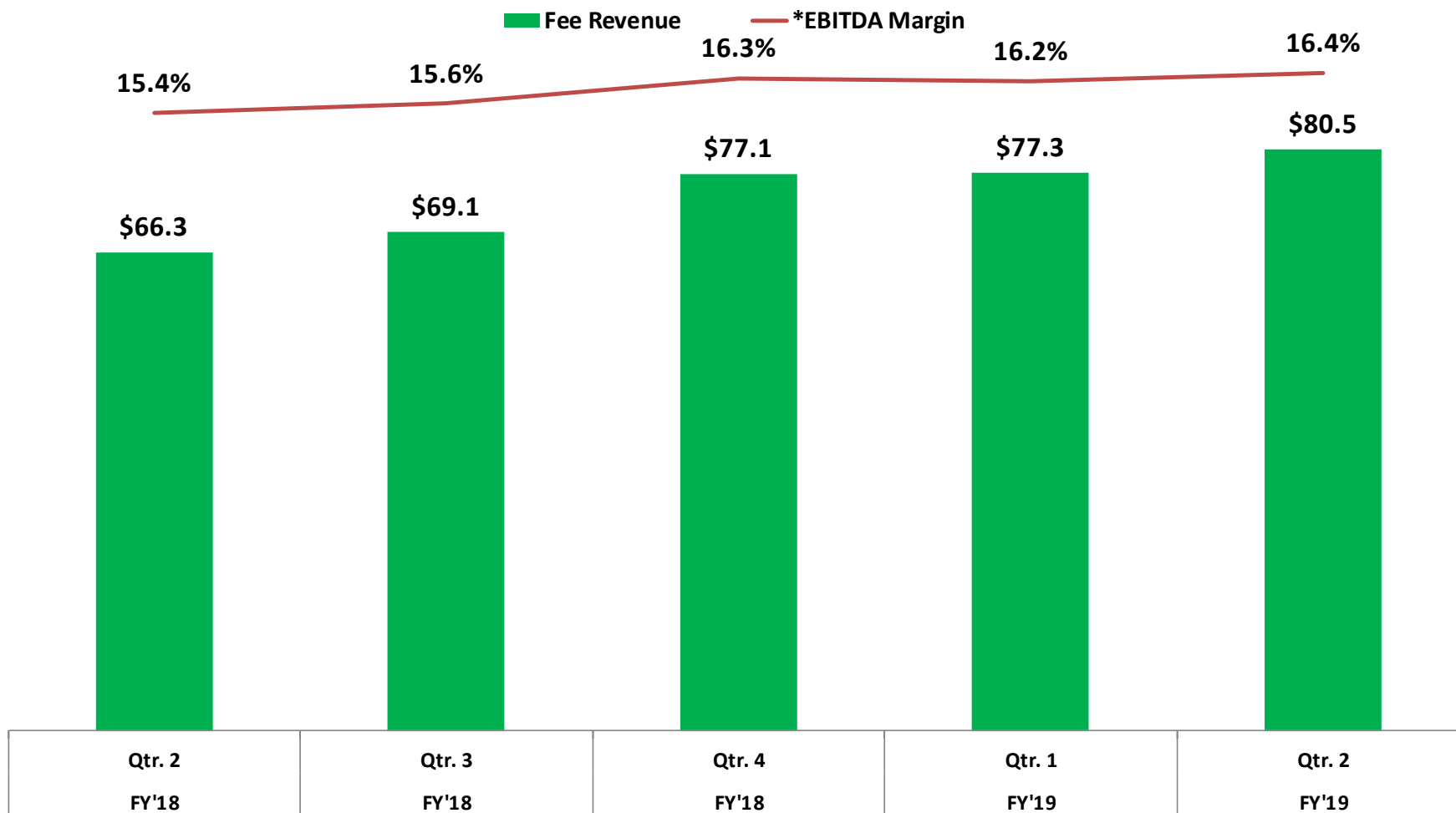


**Calculated By Dividing the Number of Hours of Full-Time Professional Staff, Who Recorded Time to an Engagement During the Period, By the Total Available Working Hours for the Professional Staff During the Same Period*



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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Korn Ferry

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

| | <u>FY'18 Qtr. 2</u> | <u>FY'18 Qtr. 3</u> | <u>FY'18 Qtr. 4</u> | <u>FY'19 Qtr. 1</u> | <u>FY'19 Qtr. 2</u> |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Fee Revenue | \$443.0 | \$447.6 | \$475.4 | \$465.6 | \$495.2 |
| Operating Income | 52.5 | 49.8 | 64.2 | (55.1) | 71.0 |
| Depreciation & Amortization | 12.4 | 12.2 | 11.7 | 11.7 | 11.0 |
| Other Income / (Loss) , Net | 3.4 | 7.5 | (3.2) | 4.5 | (4.6) |
| Equity in Earnings of Uncold. Subs., Net | 0.1 | 0.1 | 0.1 | 0.0 | 0.1 |
| EBITDA | <u>\$68.4</u> | <u>\$69.7</u> | <u>\$72.8</u> | <u>(\$38.9)</u> | <u>\$77.5</u> |
| Restructuring Chgs. / (Recoveries) - Net | (0.2) | - | - | - | - |
| Integration / Acquisition Costs | 2.4 | 1.7 | 2.8 | 3.1 | 2.8 |
| Tradename Write-Offs | - | - | - | 106.6 | - |
| Adjusted EBITDA | <u>\$70.6</u> | <u>\$71.4</u> | <u>\$75.6</u> | <u>\$70.8</u> | <u>\$80.3</u> |
| Operating Margin | 11.8% | 11.1% | 13.5% | (11.8%) | 14.3% |
| Depreciation & Amortization | 2.8% | 2.7% | 2.5% | 2.5% | 2.3% |
| Other Income / (Loss) , Net | 0.8% | 1.8% | (0.7%) | 1.0% | (0.9%) |
| Equity in Earnings of Uncold. Subs., Net | - | - | - | - | - |
| EBITDA Margin | <u>15.4%</u> | <u>15.6%</u> | <u>15.3%</u> | <u>(8.3%)</u> | <u>15.7%</u> |
| Restructuring Charges - Net | - | - | - | - | - |
| Integration / Acquisition Costs | 0.5% | 0.4% | 0.6% | 0.6% | 0.5% |
| Tradename Write-Offs | - | - | - | 22.9% | - |
| Adjusted EBITDA Margin | <u>15.9%</u> | <u>15.9%</u> | <u>15.9%</u> | <u>15.2%</u> | <u>16.2%</u> |



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Reconciliation of Net Income & EPS (GAAP) to Adjusted Net Income & Adjusted EPS (Non-GAAP) (\$M) FY'18 Q2 to FY'19 Q2

| | FY'18 Qtr. 2 | FY'18 Qtr. 3 | FY'18 Qtr. 4 | FY'19 Qtr. 1 | FY'19 Qtr. 2 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Net (Loss) Income Attributable to Korn / Ferry | \$36.3 | \$27.2 | \$41.2 | (\$38.6) | \$46.0 |
| Restructuring Chgs. / (Recoveries) - Net | (0.2) | - | - | - | - |
| Integration / Acquisition Costs | 2.4 | 1.7 | 2.8 | 3.1 | 2.8 |
| Tradename Write-Offs | - | - | - | 106.6 | - |
| (1) Tax Effect of the Above Items | (0.7) | (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>\$37.8</u> | <u>\$39.9</u> | <u>\$45.6</u> | <u>\$44.2</u> | <u>\$48.2</u> |
| Diluted Earnings per Common Sh. | \$0.64 | \$0.48 | \$0.73 | (\$0.70) | \$0.81 |
| Restructuring Charges - Net | - | - | - | - | - |
| Integration / Acquisition Costs | 0.04 | 0.03 | 0.05 | 0.06 | 0.05 |
| Tradename Write-Offs | - | - | - | 1.90 | - |
| (1) Tax Effect on the Above Items | (0.01) | (0.01) | (0.01) | (0.48) | (0.01) |
| Tax Effect of New Tax Law | - | 0.20 | 0.03 | - | - |
| Adjusted Diluted Earnings per Sh. | <u>\$0.67</u> | <u>\$0.70</u> | <u>\$0.80</u> | <u>\$0.78</u> | <u>\$0.85</u> |

(1) Tax Effect on Restructuring Charges, Net, 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 Q2 to FY'19 Q1

| | FY'18 Q2 | | | | | FY'18 Q3 | | | | | FY'18 Q4 | | | | | FY'19 Q1 | | | | | |
|--|-----------------|-----------------|--------------------|---------------|-----------------|-----------------|-----------------|--------------------|---------------|-----------------|-----------------|-----------------|--------------------|---------------|-----------------|-----------------|---------------------|--------------------|---------------|---------------------|----------|
| | 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 | \$176.8 | \$200.0 | \$66.3 | - | \$443.0 | \$180.4 | \$198.1 | \$69.1 | - | \$447.6 | \$190.7 | \$207.6 | \$77.1 | - | \$475.4 | \$192.9 | \$195.4 | \$77.3 | - | \$465.6 | |
| Net Income | - | - | - | - | 36.3 | - | - | - | - | 27.2 | - | - | - | - | 41.2 | - | - | - | - | - | (38.6) |
| Net Income Attributable to Noncontrolling Interest | - | - | - | - | 0.4 | - | - | - | - | 0.2 | - | - | - | - | 1.1 | - | - | - | - | - | 0.0 |
| Oth. (Incm.) / Loss- Net | - | - | - | - | (3.4) | - | - | - | - | (7.5) | - | - | - | - | 3.2 | - | - | - | - | - | (4.5) |
| Interest Exps. - Net | - | - | - | - | 3.6 | - | - | - | - | 3.7 | - | - | - | - | 2.8 | - | - | - | - | - | 4.1 |
| Equity in Earnings of Uncold. Sub. | - | - | - | - | (0.1) | - | - | - | - | (0.1) | - | - | - | - | (0.1) | - | - | - | - | - | - |
| Income Tax (Benefit) / Exps. | - | - | - | - | 15.6 | - | - | - | - | 26.3 | - | - | - | - | 16.0 | - | - | - | - | - | (16.1) |
| Oper. Incm. / (Loss) Margin (%) | \$35.3 20.0% | \$26.4 13.2% | \$9.4 14.2% | (\$18.6) - | \$52.5 11.8% | \$34.4 19.1% | \$27.1 13.7% | \$10.1 14.6% | (\$21.8) - | \$49.8 11.1% | \$47.0 24.6% | \$28.1 13.5% | \$11.7 15.1% | (\$22.5) - | \$64.2 13.5% | \$40.9 21.2% | (\$83.1) (42.5%) | \$11.6 15.1% | (\$24.6) - | (\$55.1) (11.8%) | |
| Deprec. & Amortiz. | 1.9 | 8.1 | 0.8 | 1.6 | 12.4 | 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 | |
| Oth. Incm. / (Loss) - Net | 0.5 | 0.5 | - | 2.5 | 3.4 | 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 | |
| Equity in Earnings of Uncons. Sub. | 0.1 | - | - | - | 0.1 | 0.1 | - | - | - | 0.1 | 0.1 | - | - | - | 0.1 | 0.0 | - | - | - | - | |
| EBITDA Margin (%) | \$37.7 21.3% | \$35.0 17.5% | \$10.2 15.4% | (\$14.5) - | \$68.4 15.4% | \$37.3 20.7% | \$35.7 18.0% | \$10.8 15.6% | (\$14.1) - | \$69.7 15.6% | \$48.7 25.5% | \$36.3 17.5% | \$12.6 16.3% | (\$24.8) - | \$72.8 15.3% | \$46.8 24.2% | (\$75.1) (38.4%) | \$12.5 16.2% | (\$23.1) - | (\$38.9) (8.3%) | |
| Restructuring Chgs. Integ. / Acq. Costs | \$0.3 - | (\$0.5) 2.3 | - - | - 0.1 | (\$0.2) 2.4 | - - | - 1.6 | - - | - 0.1 | - 1.7 | - - | - 2.7 | - - | - 0.1 | - 2.8 | - - | - 3.0 | - - | - 0.1 | - 0.1 | - 3.1 |
| Trademark Write-Offs | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 106.6 | - | - | - | 106.6 |
| Adjusted EBITDA Margin (%) | \$38.0 21.5% | \$36.8 18.4% | \$10.2 15.4% | (\$14.4) - | \$70.6 15.9% | \$37.3 20.7% | \$37.3 18.8% | \$10.8 15.6% | (\$14.0) - | \$71.4 15.9% | \$48.7 25.5% | \$39.0 18.8% | \$12.6 16.3% | (\$24.7) - | \$75.6 15.9% | \$46.8 24.2% | \$34.5 17.7% | \$12.5 16.2% | (\$23.0) - | \$70.8 15.2% | |



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

| | FY'19 Q2 | | | | K/F |
|---|-----------------|---------------|-----------------------|-----------------|---------------|
| | Exec. Search | Advisory | RPO & Prof. Search | Corp. | |
| Fee Revenue | \$197.6 | \$217.1 | \$80.5 | - | \$495.2 |
| Net Income | - | - | - | - | 46.0 |
| Net Income Attributable to Noncontrolling Interest | - | - | - | - | 1.3 |
| Oth. (Incm.) / Loss- Net | - | - | - | - | (4.6) |
| Interest Exps. - Net | - | - | - | - | 4.3 |
| Equity in Earnings of Uncold. Sub. | - | - | - | - | (0.1) |
| Income Tax (Benefit) / Exps. | - | - | - | - | 14.8 |
| Oper. Incm. / (Loss) | \$51.5 | \$29.4 | \$12.5 | (\$22.4) | \$71.0 |
| <i>Margin (%)</i> | <i>26.0%</i> | <i>13.6%</i> | <i>15.6%</i> | - | <i>14.3%</i> |
| Deprec. & Amortiz. | 1.5 | 7.0 | 0.8 | 1.8 | 11.0 |
| Oth. Incm. / (Loss) - Net | (3.9) | 0.3 | (0.1) | (0.9) | (4.6) |
| Equity in Earnings of Uncons. Sub. | 0.1 | - | - | - | 0.1 |
| EBITDA | \$49.2 | \$36.7 | \$13.2 | (\$21.6) | \$77.5 |
| <i>Margin (%)</i> | <i>24.9%</i> | <i>16.9%</i> | <i>16.4%</i> | - | <i>15.7%</i> |
| Restructuring Chgs. | - | - | - | - | - |
| Integ. / Acq. Costs | - | 2.8 | - | - | 2.8 |
| Tradename Write-Offs | - | - | - | - | 106.6 |
| Adjusted EBITDA | \$49.2 | \$39.4 | \$13.2 | (\$21.5) | \$80.3 |
| <i>Margin (%)</i> | <i>24.9%</i> | <i>18.2%</i> | <i>16.4%</i> | - | <i>16.2%</i> |



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Reconciliation of Compensation & Benefits Expense (GAAP) to Adjusted Compensation & Benefits Expense (Non-GAAP) (\$M)
 FY'18 Q2 to FY'19 Q2

| | <u>FY'18 Qtr. 2</u> | <u>FY'18 Qtr. 3</u> | <u>FY'18 Qtr. 4</u> | <u>FY'19 Qtr. 1</u> | <u>FY'19 Qtr. 2</u> |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Fee Revenue | \$443.0 | \$447.6 | \$475.4 | \$465.6 | \$495.2 |
| Compensations & Benefits | \$299.8 | \$309.6 | \$317.0 | \$321.9 | \$335.8 |
| Integration / Acquisition Costs | (2.4) | (1.7) | (2.8) | (3.1) | (2.8) |
| Adjusted Comp. & Benfts. Exps. | <u>\$297.4</u> | <u>\$307.9</u> | <u>\$314.2</u> | <u>\$318.8</u> | <u>\$333.0</u> |
| Comp. & Benfts. (as % of Fee Rev.) | 67.7% | 69.2% | 66.7% | 69.1% | 67.8% |
| Integration / Acquisition Costs | (0.5%) | (0.4%) | (0.6%) | (0.7%) | (0.6%) |
| Adjusted Comp. & Benfts. Exps. (as a % of Adj. Fee Rev.) | <u>67.1%</u> | <u>68.8%</u> | <u>66.1%</u> | <u>68.5%</u> | <u>67.2%</u> |



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Reconciliation of Cash & Marketable Securities Balance to “Investable Cash” Balance (\$M) FY'18 Q2 to FY'19 Q2

| | <u>FY'18 Qtr. 2</u> | <u>FY'18 Qtr. 3</u> | <u>FY'18 Qtr. 4</u> | <u>FY'19 Qtr. 1</u> | <u>FY'19 Qtr. 2</u> |
|------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Cash | \$282.6 | \$390.0 | \$520.8 | \$365.7 | \$387.7 |
| Marketable Securities | 131.2 | 139.0 | 137.1 | 134.1 | 135.6 |
| Cash & Marketable Securities | <u>\$413.9</u> | <u>\$529.0</u> | <u>\$657.9</u> | <u>\$499.8</u> | <u>\$523.3</u> |
| ECAP & Bonus Liability | (229.0) | (286.9) | (345.6) | (204.3) | (278.9) |
| Investable Cash | <u>\$184.9</u> | <u>\$242.1</u> | <u>\$312.4</u> | <u>\$295.5</u> | <u>\$244.4</u> |



