

KORN FERRY

FY'20 Q4 Earnings Call Presentation

July 2, 2020



KORN FERRY®



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 MEASURES

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 14 to 18 for a reconciliation of each of the non-GAAP financial measures included in this presentation to the closest GAAP measure.



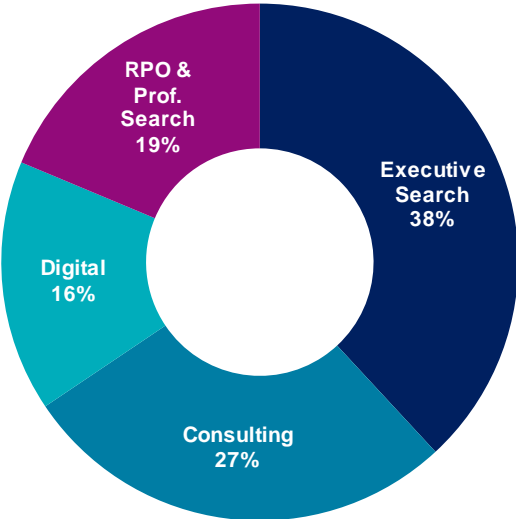
FY'20 Q4 FEE REVENUE DOWN 10% YoY (7.9% AT CC)

Fee Revenue	Adj. EBITDA Margin % ⁽¹⁾ (NON-GAAP)	Adj. Diluted EPS (\$) ⁽²⁾ (NON-GAAP)
\$440M (10.2%) (7.9%) at CC	15.8% (90) bps	\$0.60 (31.8%)

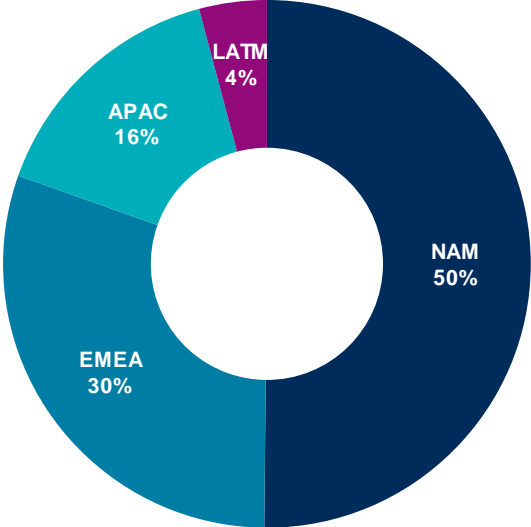


HIGHLY DIVERSIFIED BUSINESS ACROSS SEGMENT, GEOGRAPHY AND INDUSTRY

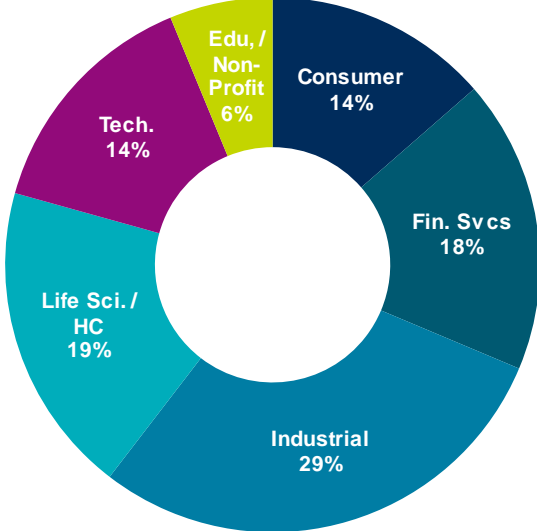
FEE REVENUE BY SEGMENT



FEE REVENUE BY GEOGRAPHY

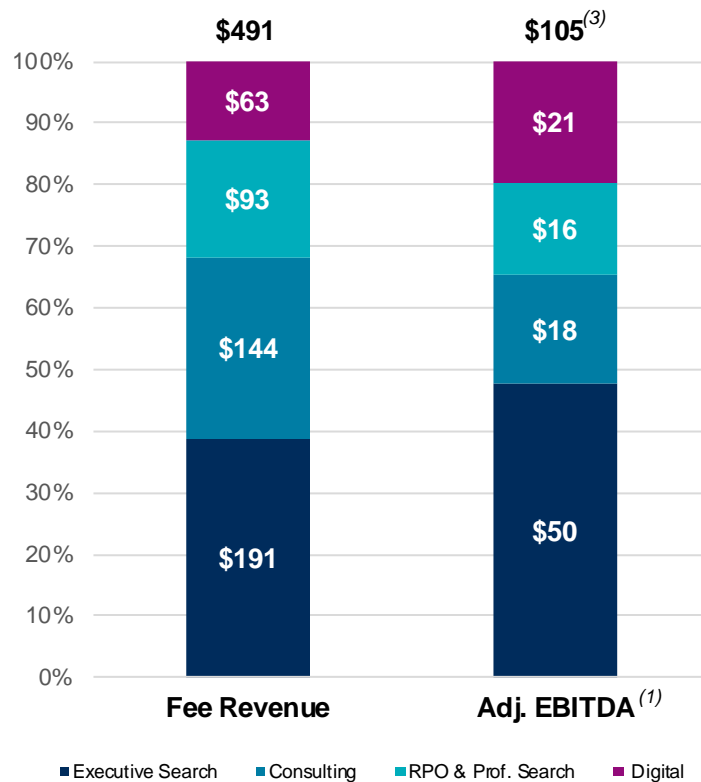


FEE REVENUE BY INDUSTRY

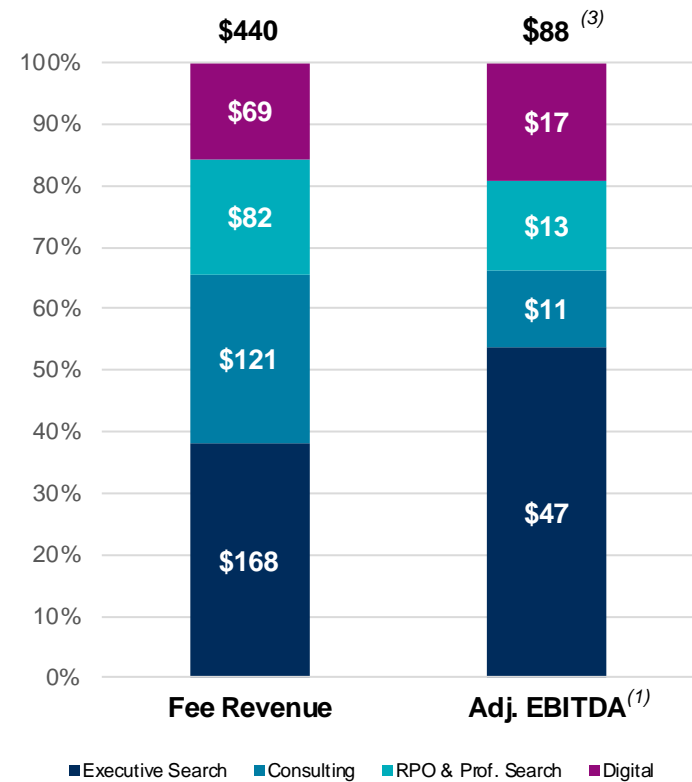


BALANCED MIX OF REVENUE AND EARNINGS (\$M)

FY'19 QTR. 4 ⁽⁷⁾



FY'20 QTR. 4



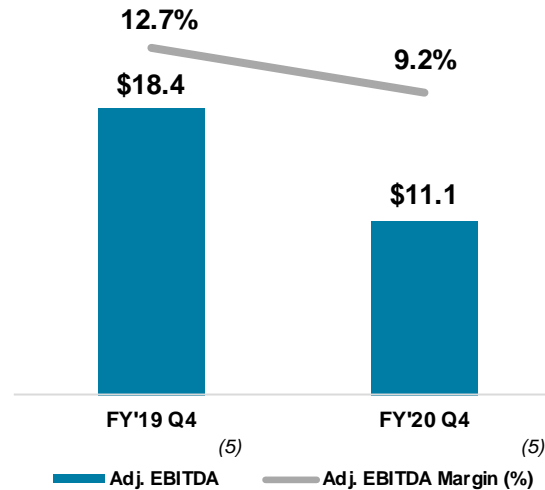
CONSULTING

27% OF FEE REVENUE AND 13% OF EARNINGS IN FY'20 QTR. 4

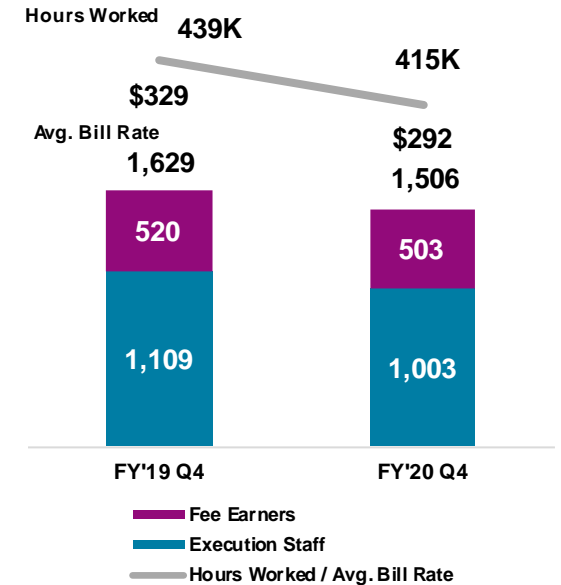
FEE REVENUE (\$M)



ADJ. EBITDA (\$M) & ADJ. EBITDA MARGIN (%) (NON-GAAP) ⁽⁵⁾



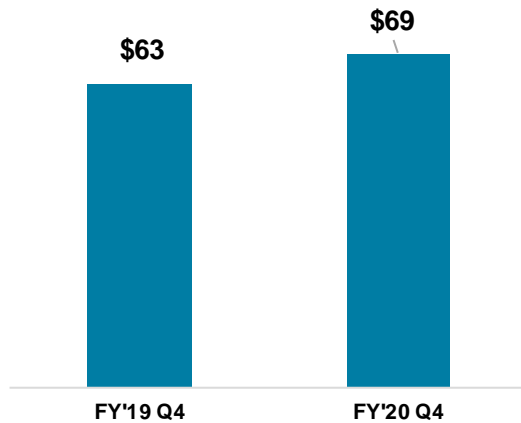
CONSULTANT + EXECUTION STAFF PRODUCTIVITY



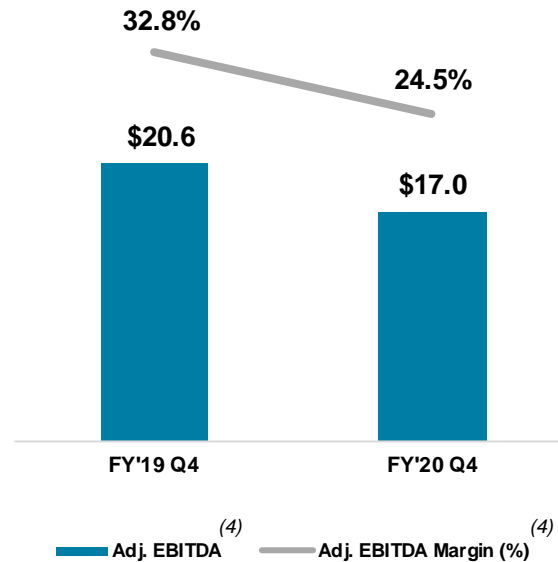
DIGITAL

16% OF FEE REVENUE AND 19% OF EARNINGS IN FY'20 QTR. 4

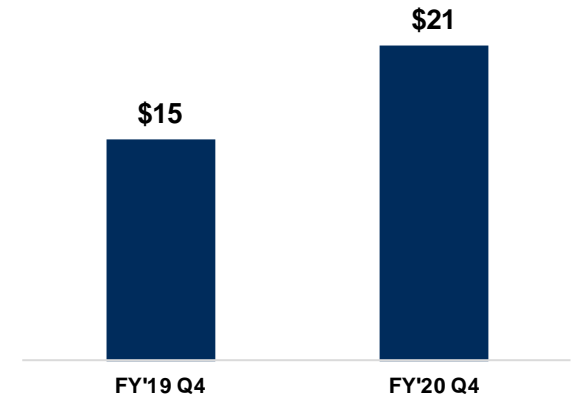
FEE REVENUE (\$M)



ADJ. EBITDA (\$M) & ADJ. EBITDA MARGIN (%) (NON-GAAP) ⁽⁴⁾

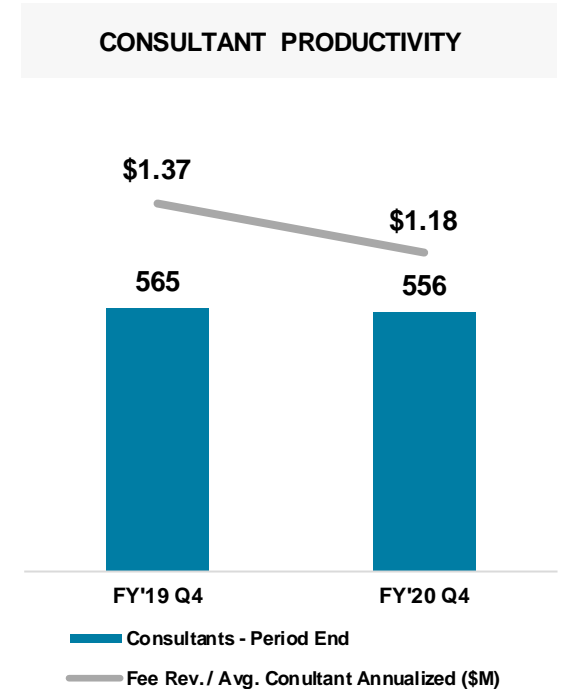
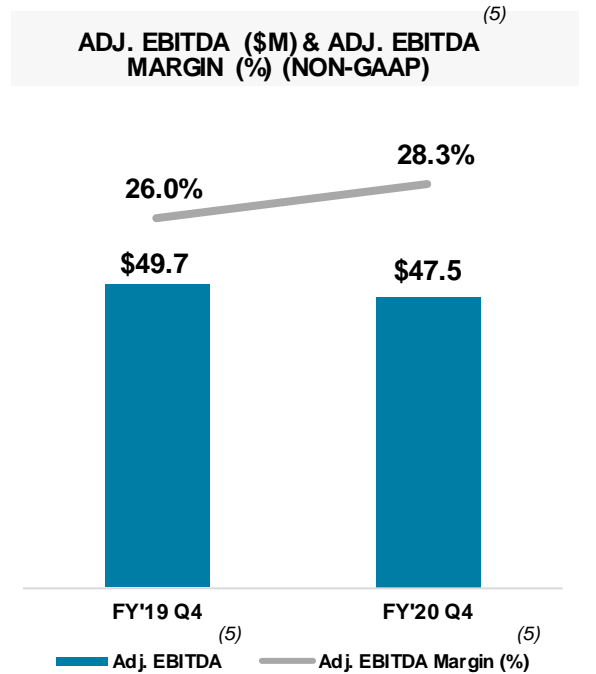


SUBSCRIPTION & LICENSE FEE REVENUE - (\$M) ⁽⁶⁾



EXECUTIVE SEARCH

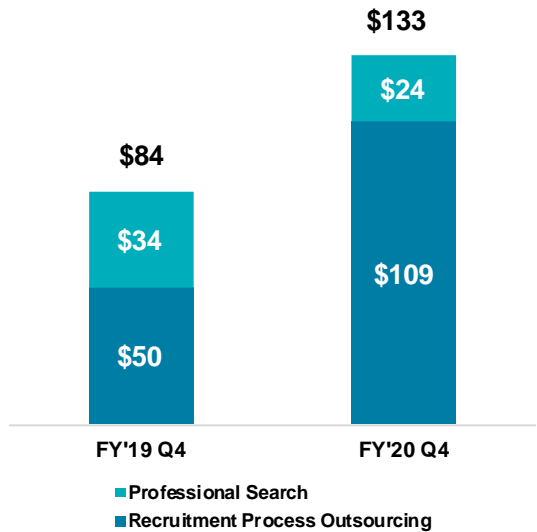
38% OF FEE REVENUE AND 54% OF EARNINGS IN FY'20 QTR. 4



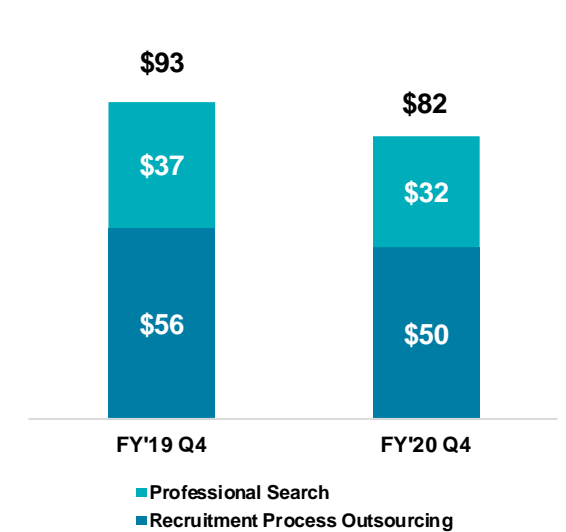
RPO & PROFESSIONAL SEARCH

19% OF FEE REVENUE AND 14% OF EARNINGS IN FY'20 QTR. 4

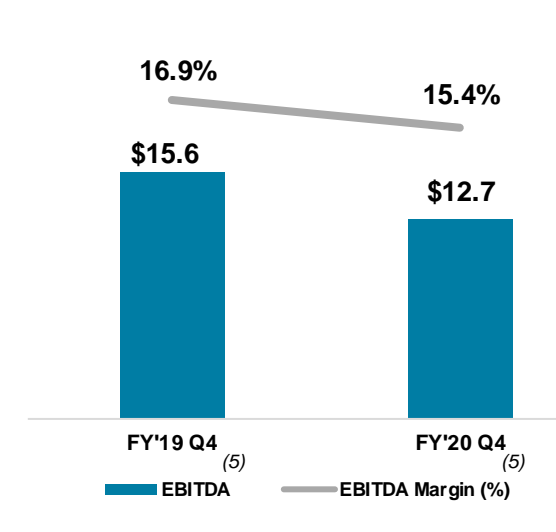
NEW BUSINESS (\$M)



FEE REVENUE (\$M)

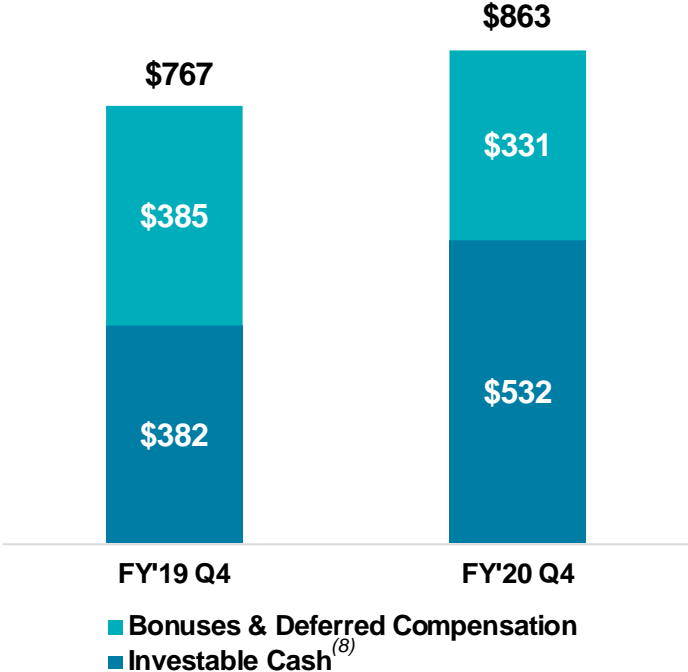


EBITDA (\$M) & EBITDA MARGIN (%) (NON-GAAP) ⁽⁵⁾



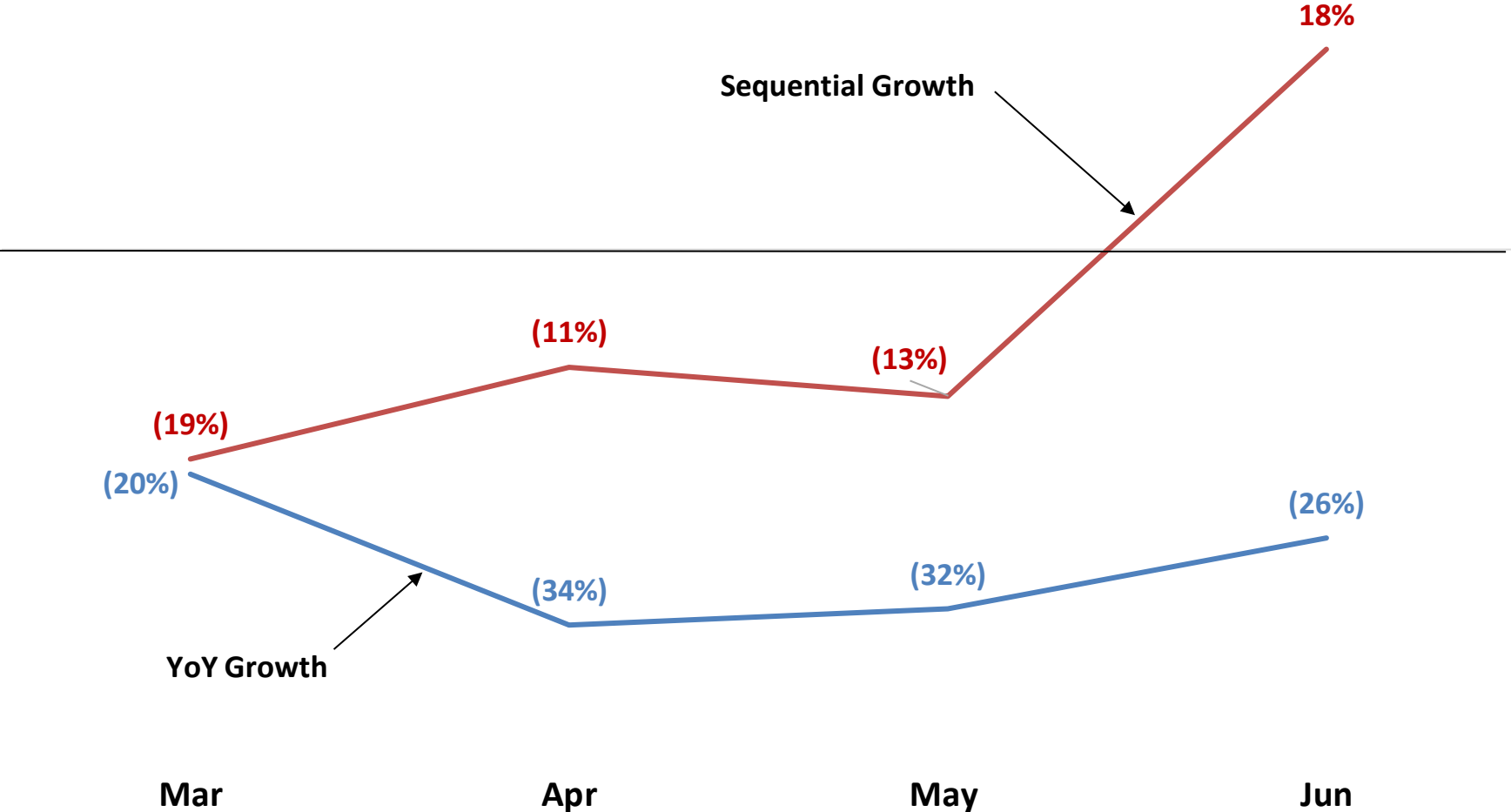
CASH & MARKETABLE SECURITIES – STRONG LIQUIDITY WITH \$532M OF INVESTABLE CASH⁽⁸⁾

Cash & Marketable Securities (\$M)



See detailed explanation of footnotes on page 12

MONTHLY NEW BUISNESS GROWTH TRENDS (EXCLUDING RPO) MARCH 2020 TO JUNE 2020



FOOTNOTES

- (1) Earnings Before Interest, Taxes, Depreciation & Amortization Adjusted to Exclude Acquisition/Integration Costs and Restructuring Charges
- (2) Diluted Earnings per Share Adjusted to Exclude Acquisition/Integration Costs and Restructuring Charges Net of Tax
- (3) Excludes Corporate Adj. EBITDA which was (\$22.0M) in FY'19 Q4 and (\$18.7M) in FY'20 Q4
- (4) Earnings Before Interest, Taxes, Depreciation & Amortization Adjusted to Exclude Acquisition/Integration Costs and Restructuring Charges
- (5) Earnings Before Interest, Taxes, Depreciation & Amortization Adjusted to Exclude Restructuring Charges
- (6) Represents Fee Revenue Derived from Annual Subscriptions and Licenses to KF's Intellectual Property and Data Solutions
- (7) Data Has Been Recast to Reflect New Segments
- (8) Investable Cash = Total Cash & Marketable Securities Less Cash & Marketable Securities Reserved for Bonuses & Deferred Compensation



An aerial, top-down view of a circular courtyard. In the center is a circular swimming pool with light blue water. The pool is surrounded by a lush green lawn. Several palm trees are scattered around the lawn, with a larger cluster on the left side. A person wearing a red shirt and dark shorts is walking on the paved path that surrounds the courtyard. The path is made of light-colored, rectangular paving stones. A dark green semi-transparent rectangular box is overlaid on the right side of the image, containing white text.

APPENDIX:

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

Earnings Conference Call
July 2, 2020

KORN FERRY

Reconciliation of Net Income (GAAP) to Adjusted EBITDA (Non-GAAP) (\$M)
FY'19 Q4; FY'20 Q4

	FY'19	FY'20	Incr. / (Decr.)	
	Qtr. 4	Qtr. 4	\$ / %	%
Net (Loss) Income Attributable to Korn / Ferry	\$50.3	(\$13.1)	(\$63.4)	(126.1%)
Net (Loss) Incm. Attrib. to Non-Controlling Int.	0.4	0.2	(0.2)	(54.8%)
Net Income	\$50.7	(\$12.9)	(\$63.6)	(139.8%)
Income Tax Provision	15.3	17.3	2.0	12.8%
Income (Loss) Before Provision for Income Taxes (Benefit)	\$66.0	\$4.3	(\$61.6)	(93.4%)
Other (Income) Loss - Net	(7.8)	10.9	18.7	(239.6%)
Interest Expense	4.2	7.0	2.8	67.9%
Operating Income	\$62.3	\$22.2	(\$40.1)	(64.3%)
Depreciation & Amortization	12.0	15.0	3.0	24.6%
Other Income / (Loss) , Net	7.8	(10.9)	(18.7)	(239.6%)
EBITDA	\$82.2	\$26.3	(\$55.8)	(67.9%)
(1) Restructuring Chgs. / (Recoveries) - Net	-	40.5	40.5	-
(2) Integration / Acquisition Costs	-	2.8	2.8	-
Adjusted EBITDA	\$82.2	\$69.6	(\$12.6)	(15.3%)
Operating Margin	12.7%	5.0%	(7.7%)	-
Depreciation & Amortization	2.4%	3.4%	1.0%	-
Other Income / (Loss) , Net	1.6%	(2.4%)	(4.0%)	-
EBITDA Margin	16.7%	6.0%	(10.7%)	-
(1) Restructuring Charges - Net	-	9.2%	9.2%	-
(2) Integration / Acquisition Costs	-	0.6%	0.6%	-
Adjusted EBITDA Margin	16.7%	15.8%	(0.9%)	-

(1) Restructuring plan implemented in order to rationalize our cost structure by eliminating redundant positions due to the acquisition of Miller Heiman Group, AchieveForum and Strategy Execution on November 1, 2019 and as a result of COVID-19

(2) Costs associated with current and previous acquisition, such as legal & professional fees, retention awards and other on-going integration costs to combine the companies.



KORN FERRY

Reconciliation of Net Income & EPS (GAAP) to Adjusted Net Income & Adjusted EPS (Non-GAAP) (\$M)
FY'19 Q4; FY'20 Q4

	FY'19	FY'20	Incr. / (Decr.)	
	Qtr. 4	Qtr. 4	\$	%
Net (Loss) Income Attributable to Korn / Ferry	\$50.3	(\$13.1)	(\$63.4)	(126.1%)
(1) Restructuring Chgs. / (Recoveries) - Net	-	40.5	40.5	-
(2) Integration / Acquisition Costs	-	2.8	-	-
(3) Tax Effect of Adjustment Items	(0.6)	3.2	3.8	(637.1%)
Adjusted Net Income Attributable to K/F	\$49.7	\$33.4	(\$19.1)	(38.5%)
Diluted Earnings per Common Sh.	\$0.89	(\$0.25)	(\$1.14)	(128.1%)
(1) Restructuring Charges - Net	-	0.75	0.75	-
(2) Integration / Acquisition Costs	-	0.05	0.05	-
(3) Tax Effect of Adjustment Items	(0.01)	0.05	0.06	(600.0%)
Adjusted Diluted Earnings per Sh.	\$0.88	\$0.60	(\$0.28)	(31.8%)

- (1) *Restructuring plan implemented in order to rationalize our cost structure by eliminating redundant positions due to the acquisition of Miller Heiman Group, AchieveForum and Strategy Execution on November 1, 2019 and as a result of COVID-19*
- (2) *Costs associated with current and previous acquisition, such as legal & professional fees, retention awards and other on-going integration costs to combine the companies.*
- (3) *Tax effect on integration / acquisition costs and restructuring charges, net*



KORN FERRY

Reconciliation of Net Income & Operating Income (GAAP) to EBITDA & Adjusted EBITDA (Non-GAAP) (\$M)
FY'19 Q4; FY'20 Q4

	FY'19 Q4						FY'20 Q4					
	Consulting	Digital	Exec. Search	RPO & Prof. Search	Corp.	KF	Consulting	Digital	Exec. Search	RPO & Prof. Search	Corp.	KF
Fee Revenue	\$144.4	\$62.7	\$190.9	\$92.8	-	\$490.8	\$121.0	\$69.3	\$167.9	\$82.4	-	\$440.5
Total Revenue	148.7	62.7	195.3	95.8	-	502.5	123.4	69.9	171.2	84.5	-	449.0
Net Income Attributable to Korn / Ferry	-	-	-	-	-	50.3	-	-	-	-	-	(13.1)
Net Income Attributable to Noncontrolling Interest	-	-	-	-	-	0.4	-	-	-	-	-	0.2
Oth. (Incm.) / Loss- Net	-	-	-	-	-	(7.8)	-	-	-	-	-	10.9
Interest Exps. - Net	-	-	-	-	-	4.2	-	-	-	-	-	7.0
Income Tax (Benefit) / Exps.	-	-	-	-	-	15.4	-	-	-	-	-	17.3
Oper. Incm. / (Loss)	\$13.3	\$16.7	\$42.0	\$14.5	(\$24.3)	\$62.3	(\$6.6)	\$5.9	\$37.4	\$6.2	(\$20.6)	\$22.2
Margin (%)	9.2%	26.6%	22.0%	15.7%	-	12.7%	(5.4%)	8.5%	22.3%	7.5%	-	5.0%
Deprec. & Amortiz.	4.0	3.4	1.8	0.9	1.9	12.0	4.4	6.1	1.8	0.9	1.8	15.0
Oth. Incm. / (Loss) - Net	1.1	0.5	5.8	0.2	0.4	7.9	(0.1)	(0.0)	(9.2)	(0.1)	(1.4)	(10.9)
Equity in Earnings of Uncons. Sub.	0.0	-	-	-	-	0.1	0.0	-	-	-	-	0.0
EBITDA	\$18.4	\$20.6	\$49.7	\$15.6	(\$22.0)	\$82.2	(\$2.3)	\$11.9	\$29.9	\$7.0	(\$20.2)	\$26.3
Margin (%)	12.7%	32.8%	26.0%	16.9%	-	16.7%	(1.9%)	17.2%	17.8%	8.5%	-	6.0%
(1) Restructuring Chgs.	-	-	-	-	-	-	13.4	3.4	\$17.5	\$5.7	\$0.3	40.5
(2) Integ. / Acq. Costs	-	-	-	-	-	-	-	1.6	-	-	1.2	2.8
Adjusted EBITDA	\$18.4	\$20.6	\$49.7	\$15.6	(\$22.0)	\$82.2	\$11.1	\$17.0	\$47.5	\$12.7	(\$18.7)	\$69.6
Margin (%)	12.7%	32.8%	26.0%	16.9%	-	16.7%	9.2%	24.5%	28.3%	15.4%	-	15.8%

(1) Restructuring plan implemented in order to rationalize our cost structure by eliminating redundant positions due to the acquisition of Miller Heiman Group, AchieveForum and Strategy Execution on November 1, 2019 and as a result of COVID-19

(2) Costs associated with current and previous acquisition, such as legal & professional fees, retention awards and other on-going costs to combine the companies



KORN FERRY

Reconciliation of Cash & Marketable Securities to Investable Cash (\$M)

FY'19 Q4; FY'20 Q4

	FY'19 Qtr. 4	FY'20 Qtr. 4
Cash	\$626.4	\$689.2
Marketable Securities	140.8	174.1
Cash & Marketable Securities	\$767.1	\$863.3
ECAP & Bonus Liability	(385.1)	(331.3)
Investable Cash	\$382.1	\$532.0



KORN FERRY

Fee Revenue Growth by Segment and Region – Actual Reported vs. Constant Currency

	FY'20 Q4 vs. FY'19 Q4		
	Reported		Const. Curr.
	\$M	% Grth.	% Grth.
<u>Executive Search</u>			
North America	\$102.2	(10.1%)	(9.9%)
Europe	39.7	(12.5%)	(9.7%)
Asia / Pacific	19.7	(19.0%)	(15.7%)
Latin America	6.3	(17.2%)	(0.7%)
Total Exec. Search	\$167.9	(12.1%)	(10.2%)
<u>Consulting</u>			
North America	\$48.7	(15.0%)	(14.8%)
Europe	44.3	(18.4%)	(15.6%)
Asia / Pacific	23.8	(14.6%)	(11.7%)
Latin America	4.1	(15.4%)	3.6%
Total Consulting	\$121.0	(16.2%)	(14.0%)
<u>Digital</u>			
North America	\$29.5	31.1%	31.7%
Europe	26.4	(0.6%)	3.3%
Asia / Pacific	9.7	2.4%	6.9%
Latin America	3.6	(14.3%)	2.8%
Total Digital	\$69.3	10.4%	14.3%
<u>RPO & Prof. Search</u>			
North America	\$40.5	(15.1%)	(14.9%)
Europe	22.9	4.2%	7.1%
Asia / Pacific	14.7	(22.3%)	(16.6%)
Latin America	4.2	(1.5%)	14.5%
Total RPO & Prof. Sch.	\$82.4	(11.2%)	(8.7%)
Total KF	\$440.5	(10.2%)	(7.9%)



Thank you

