



KORN FERRY

# FY'21 Q4 Earnings Call

June 22, 2021



# Safe Harbor Statement

## FORWARD-LOOKING STATEMENTS

Statements in this presentation that relate to our outlook, projections, goals, strategy, future plans and expectations, and other statements of future results, events or conditions 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 16 to 21 for a reconciliation of each of the non-GAAP financial measures included in this presentation to the closest GAAP measure.



# Advancing our Strategy to Become the Preeminent Global Organizational Consultancy



## **Diversifying offerings into fully integrated, scalable and sustainable client engagements:**

Intentional shift toward comprehensive organizational consulting is facilitating less cyclical and more predictable and recurring revenue streams with more scalable earnings.



## **Capitalizing on global leadership in solutions with great relevance today:**

Monetizing investments in data and IP. Driving greater Digital subscription engagements and integration with Consulting creates greater differentiation.

Established record of thought leadership and action on Diversity & Inclusion, as well as across ESG, provides a competitive edge to support companies in their implementation of best-practice policies.



## **Driving an integrated go-to-market strategy through our marquee and regional accounts:**

Endearing client relationships of scale that deliver less cyclical, more resilient revenue and new business through structured, programmatic account planning in combination with strategic investments in account management talent.



## **Advancing Korn Ferry as a premier career destination:**

Attracting and retaining top talent through continued investment in building a world-class organization aligned to strategy and staffed by a capable, motivated and agile workforce.



## **Pursuing transformational opportunities at the intersection of talent and strategy:**

Proven track record of investing in growth and leveraging a core competency in identifying, acquiring and integrating M&A targets that have the potential to further our strategic objectives and enhance shareholder value.

# FY'21 Q4 Financial Results Sharply Improved Both Sequentially & YoY With Record Highs In Revenue & Earnings

**\$555M**

+\$115M +26% YoY  
Fee Revenue

**20.3%**

+450 bps YoY  
Adj. EBITDA Margin %  
(Non-GAAP)

**\$113M**

+\$43M +62% YoY  
Adj. EBITDA  
(Non-GAAP)

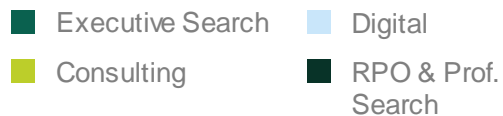
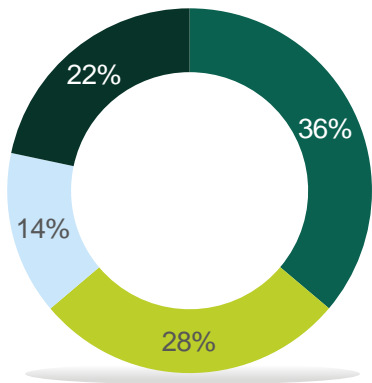
**\$1.21**

+\$0.61 +102% YoY  
Adj. Diluted EPS  
(Non-GAAP)

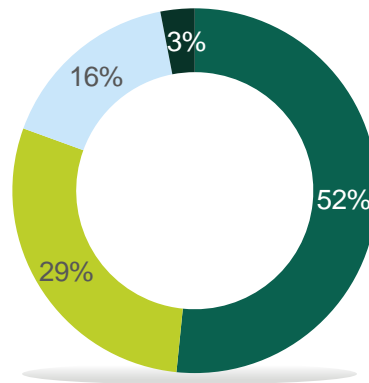
# Business Continues to be Highly Diversified Across Lines of Business, Geography and Industry

For the fourth quarter of FY'21

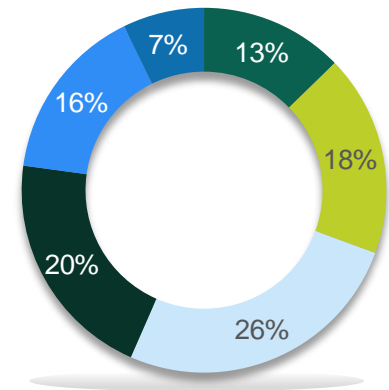
## Fee Revenue by Business Line



## Fee Revenue by Geography

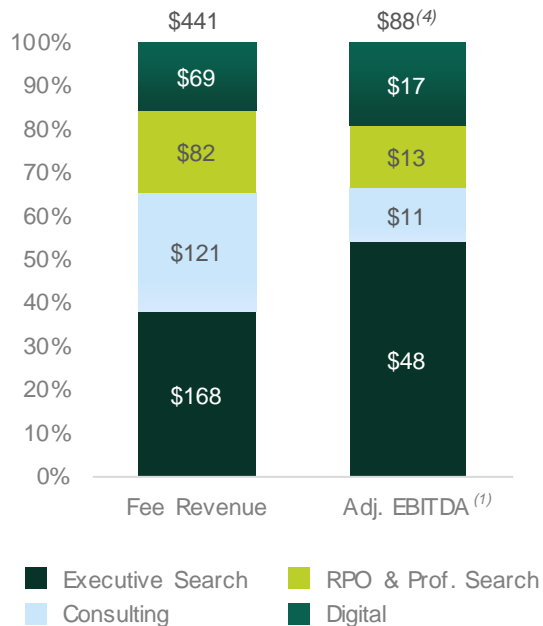


## Fee Revenue by Industry

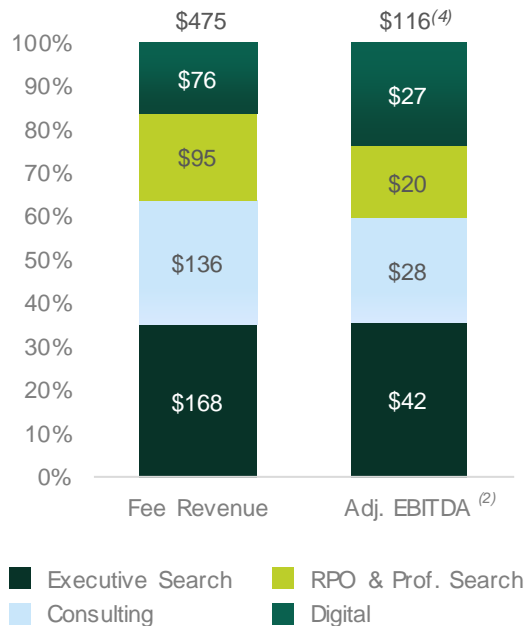


# Diversified Mix of Revenue & Operating Efficiencies Are Driving Significantly Improved & More Balanced Earnings (\$M)

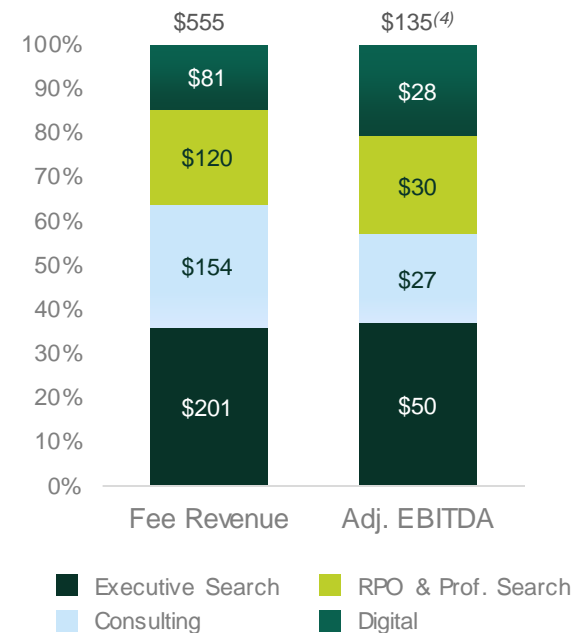
## FY'20 QTR. 4



## FY'21 QTR. 3

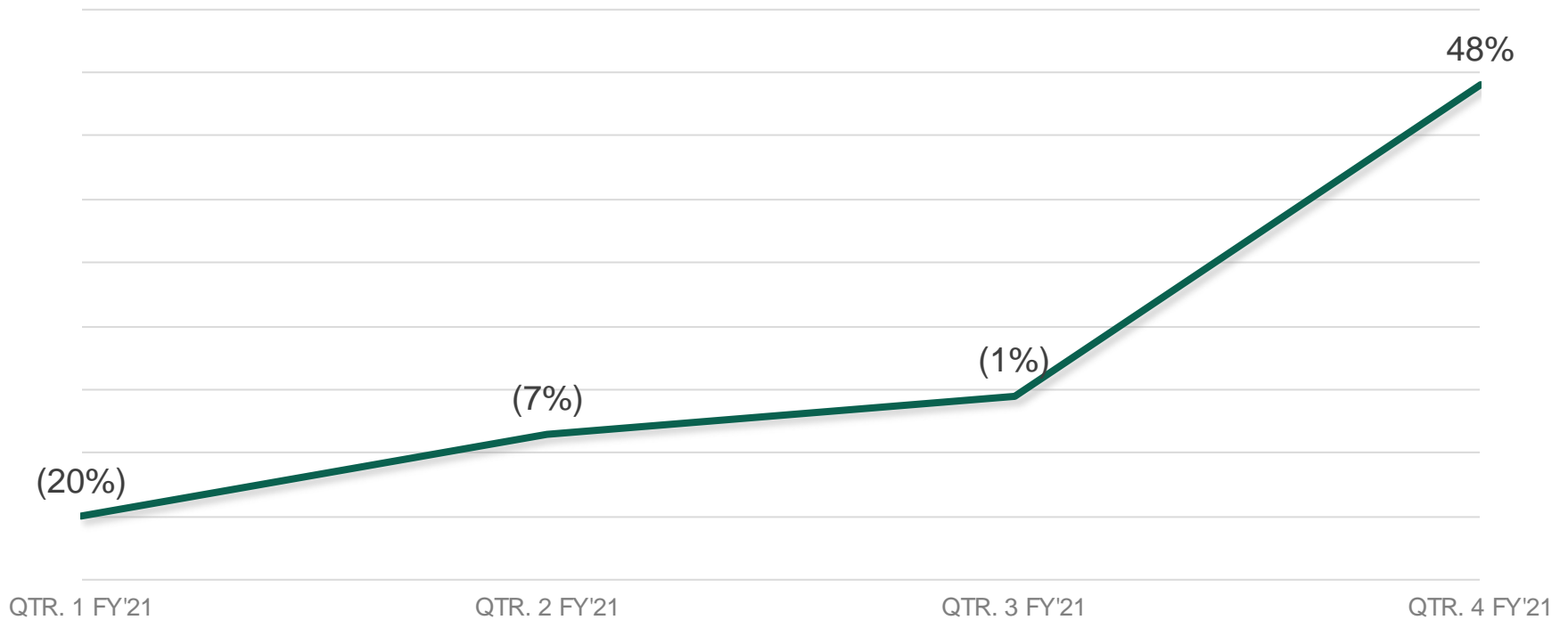


## FY'21 QTR. 4



# Quarterly New Business\* - Improving YoY Growth Trend (Excluding RPO)

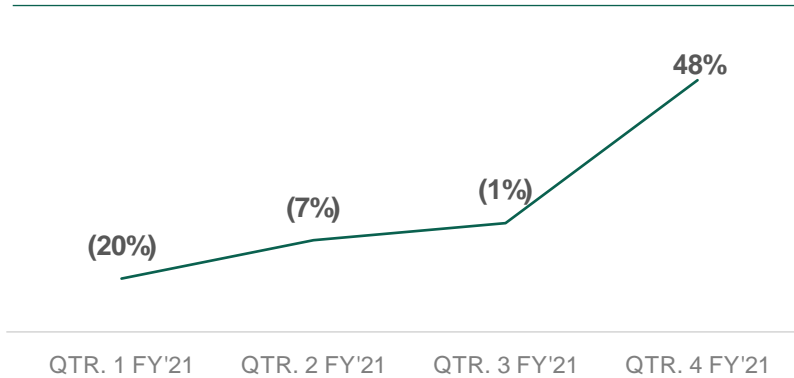
FY'21 QTR. 1 to FY'21 QTR. 4



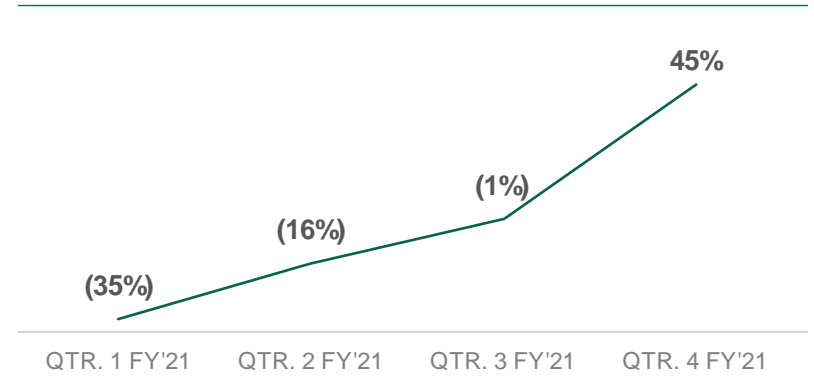
# Quarterly New Business\* - YoY Growth By Line of Business (Excluding RPO)

FY'21 QTR. 1 to FY'21 QTR. 4

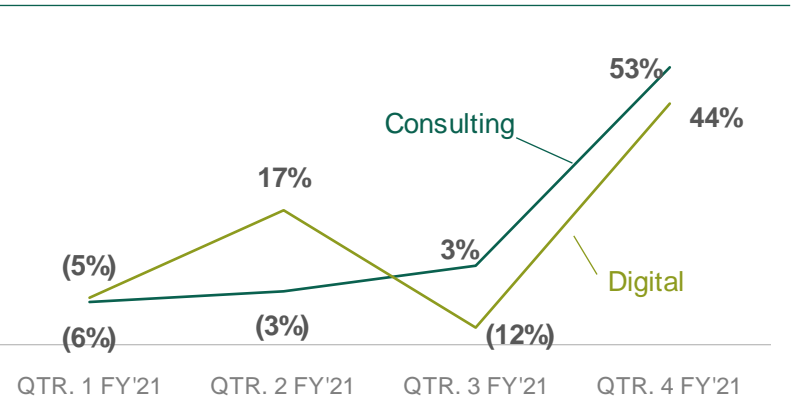
**KF Total\***



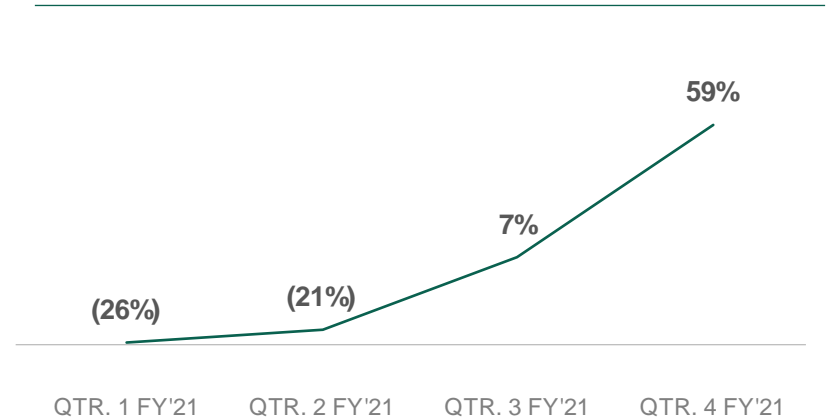
**Executive Search\***



**Digital and Consulting**



**Professional Search\***





# Consulting

28% of Fee Revenue and 20% of Adjusted EBITDA in FY'21 QTR. 4

## Fee Revenue

↑ **27% YoY**

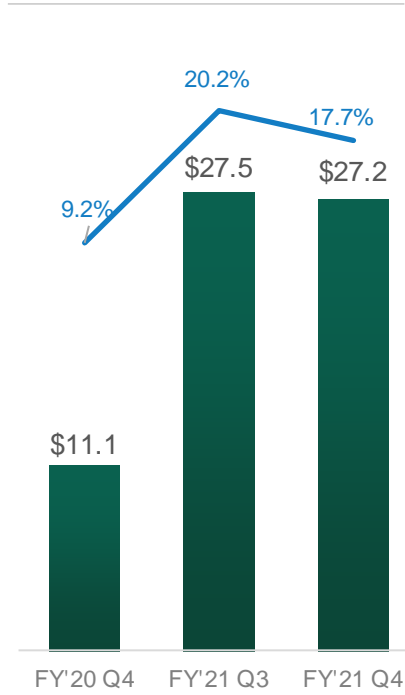
(+13% Sequentially)

- New Business +53% YoY (+5% Sequentially)
- Engagement Backlog > \$500K up 43% YoY and 46% sequentially

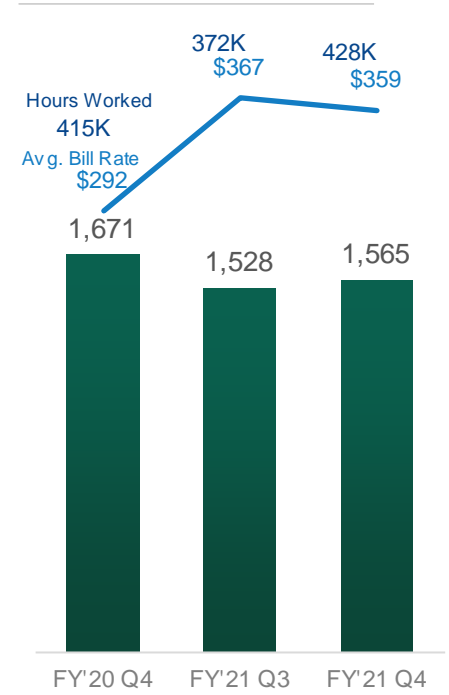
Fee Revenue (\$M)



Adj. EBITDA (\$M) & Adj. EBITDA<sup>(2)</sup> Margin (%) (Non-GAAP)



Consultant + Execution Staff Productivity



■ Adj. EBITDA<sup>(2)</sup>

— Adj. EBITDA Margin (%)<sup>(2)</sup>

■ Consultant + Execution Staff

— Hours Worked / Average Bill Rate

# Digital

14% of Fee Revenue and 21% of Adjusted EBITDA in FY'21 QTR. 4

## Fee Revenue

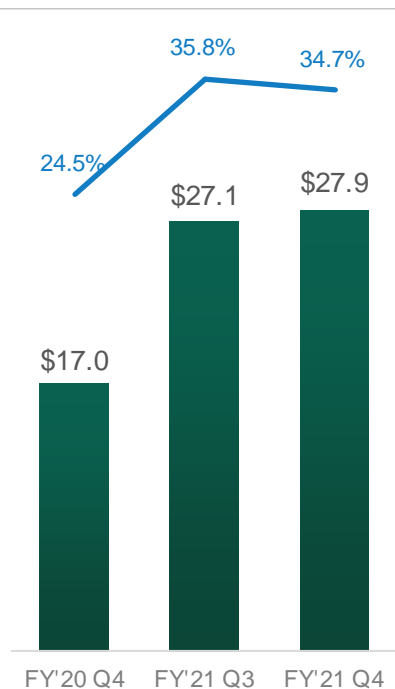
↑ **16% YoY**  
(+6% Sequentially)

- New Business - \$108M with 32% Subscription & License
- Subscription & License New Business up 72% YoY

Fee Revenue (\$M)



Adj. EBITDA (\$M) & Adj. EBITDA<sup>(1)</sup> Margin (%) (Non-GAAP)



Subscription & License Fee Revenue<sup>(5)</sup> (\$M)



■ Adj. EBITDA<sup>(1)</sup>  
— Adj. EBITDA Margin (%)<sup>(1)</sup>

# Executive Search

36% of Fee Revenue and 37% of Adjusted EBITDA in FY'21 QTR. 4

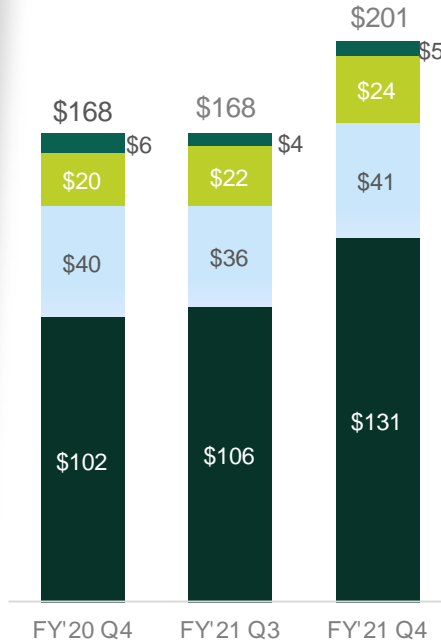
## Global Fee Revenue

**20% YoY**

(+19% Sequentially)

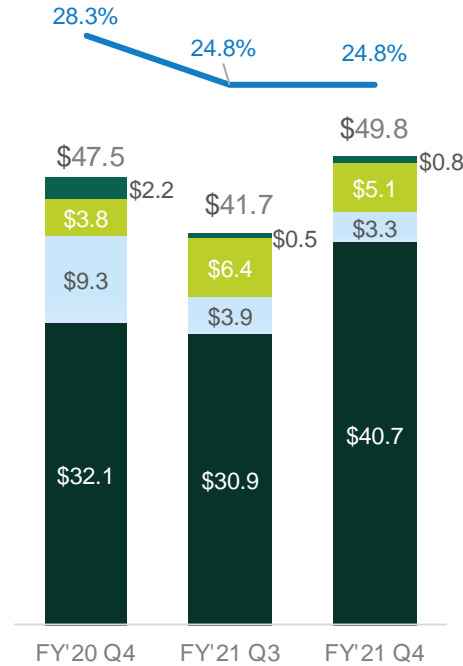
- Global Fee Revenue over \$200M – an all time high
- New Business +45% YoY (+29% Sequentially)
- NAM Fee Revenue and New Business at all time high

Fee Revenue (\$M)



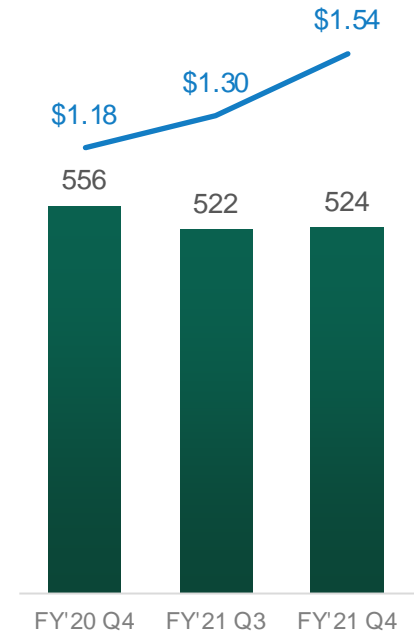
■ NAM ■ EMEA  
■ APAC ■ LATM

Adj. EBITDA (\$M) & Adj. EBITDA<sup>(8)</sup> Margin (%) (Non-GAAP)



■ NAM ■ EMEA  
■ APAC ■ LATM  
— Adj. EBITDA Margin (%)<sup>(8)</sup>

Consultant Productivity



■ Consultants - Period End  
— Fee Rev. / Avg. Consultant Annualized (\$M)

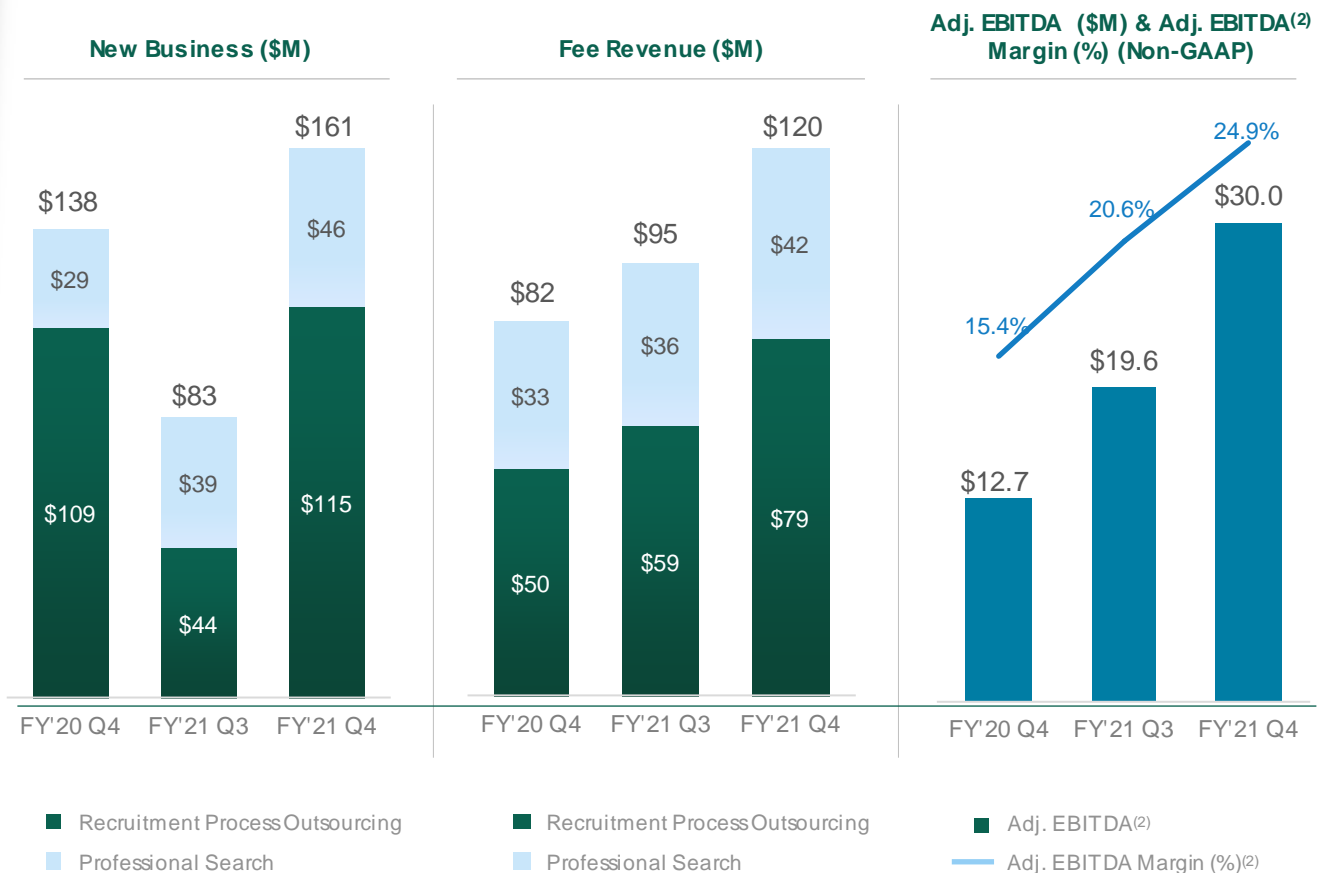
# RPO & Professional Search

22% of Fee Revenue and 22% of Adjusted EBITDA in FY'21 QTR. 4

## Fee Revenue

↑ **46% YoY**  
(+26% Sequentially)

- RPO New Business - \$92M new clients & \$23M renewals / extensions
- Professional Search New Business +59% YoY (+18% Sequentially)



# Cash & Marketable Securities

Strong Liquidity with \$642M of Investable Cash<sup>(6)</sup>

## Investable Cash<sup>(6)</sup>

↑ **\$110M**  
**21% YoY**

## Repurchased

**973K** shares (\$30M)

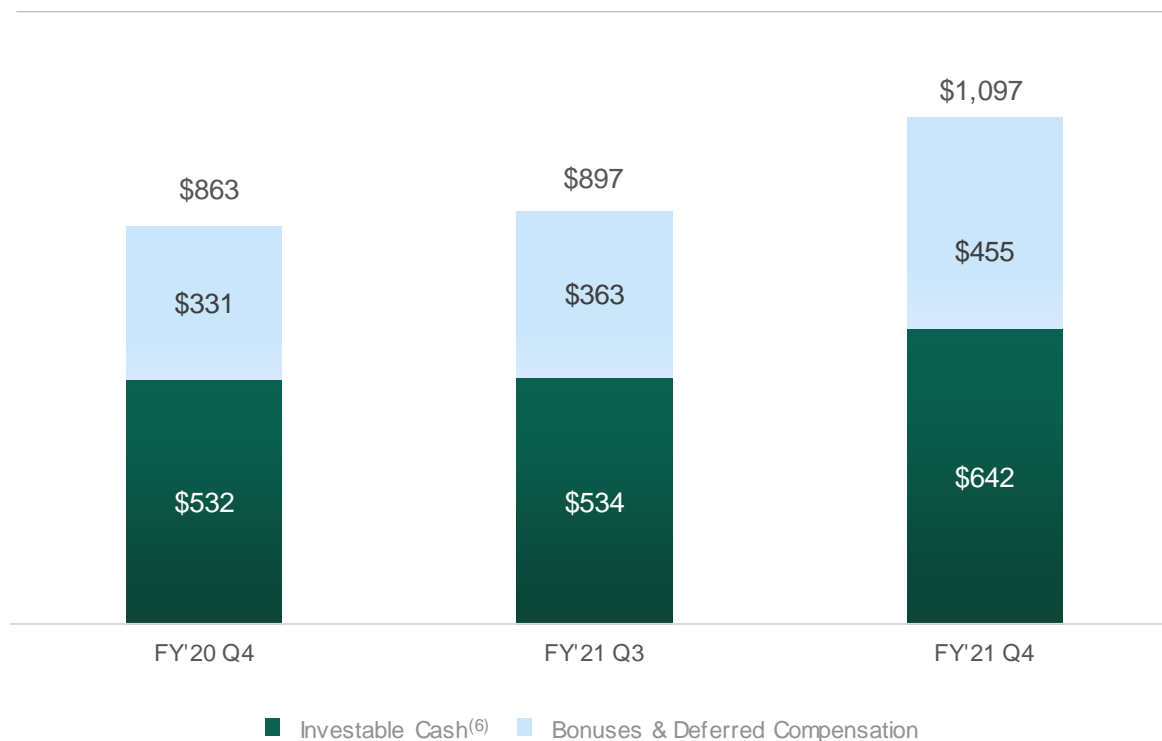
FY'21 Total Year

## Dividend Payments

**\$23M**

FY'21 Total Year

## Cash & Marketable Securities (\$M)



# Footnotes

- (1) Earnings Before Interest, Taxes, Depreciation & Amortization Adjusted to Exclude Acquisition/Integration Costs and Restructuring Charges.
- (2) Earnings Before Interest, Taxes, Depreciation & Amortization Adjusted to Exclude Restructuring Charges.
- (3) Diluted Earnings per Share Adjusted to Exclude Acquisition/Integration Costs and Restructuring Charges Net of Tax.
- (4) Excludes Corporate Adj. EBITDA which was (\$18.7M) in FY'20 Q4, (\$19.3M) in FY'21 Q3 and (\$22.1M) in FY'21 Q4.
- (5) Represents Fee Revenue Derived from Annual Subscriptions and Licenses to KF's Intellectual Property and Data Solutions.
- (6) Investable Cash = Total Cash & Marketable Securities Less Cash & Marketable Securities Reserved for Bonuses & Deferred Compensation.

# Appendix

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

Earnings Conference Call  
June 22, 2021

# Reconciliation of Net Income (GAAP) to Adjusted EBITDA (Non-GAAP) (\$M)

FY'20 Q4; FY'21 Q3; FY'21 Q4

	FY'20 Qtr. 4	FY'21 Qtr. 3	FY'21 Qtr. 4	YoY Incr. / (Decr.)		Sequential Incr. / (Decr.)	
				\$ / %	%	\$ / %	%
Net Income Attributable to Korn / Ferry	(\$0.8)	\$51.3	\$66.2	\$67.0	-	\$14.9	29%
Net Income Attributable to Non-Controlling Int.	0.2	0.3	0.6	0.4	210%	0.3	109%
Net Income	(\$0.6)	\$51.6	\$66.8	\$67.4	-	\$15.2	29%
Income Tax Provision	5.0	21.2	22.7	17.8	359%	1.5	7%
Income Before Provision for Income Taxes (Benefit)	\$4.3	\$72.8	\$89.5	\$85.1	-	\$16.7	23%
Other Income - Net	10.9	(14.9)	(10.8)	(21.7)	199%	4.1	(28%)
Interest Expense - Net	7.0	7.3	7.6	0.6	8%	0.2	3%
Operating Income	\$22.2	\$65.2	\$86.2	\$64.0	288%	\$21.0	32%
Depreciation & Amortization	15.0	15.7	15.8	0.8	5%	0.1	1%
Other Income - Net	(10.9)	14.9	10.8	21.7	(199%)	(4.1)	(28%)
(1) Restructuring Charges	40.5	0.8	-	(40.5)	-	(0.8)	(100%)
(2) Integration / Acquisition Costs	2.8	-	-	(2.8)	-	-	-
<b>Adjusted EBITDA</b>	<b>\$69.6</b>	<b>\$96.7</b>	<b>\$112.8</b>	<b>\$43.2</b>	<b>62%</b>	<b>\$16.1</b>	<b>17%</b>
Operating Margin	5.0%	13.7%	15.5%	10.5%	-	1.8%	-
Depreciation & Amortization	3.4%	3.3%	2.8%	(0.6%)	-	(0.5%)	-
Other Income - Net	(2.4%)	3.2%	2.0%	4.4%	-	(1.2%)	-
(1) Restructuring Charges - Net	9.2%	0.1%	-	(9.2%)	-	(0.1%)	-
(2) Integration / Acquisition Costs	0.6%	-	-	(0.6%)	-	-	-
<b>Adjusted EBITDA Margin</b>	<b>15.8%</b>	<b>20.3%</b>	<b>20.3%</b>	<b>4.5%</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>

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

(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



# Reconciliation of Net Income & EPS (GAAP) to Adjusted Net Income & Adjusted EPS (Non-GAAP) (\$M)

FY'20 Q4; FY'21 Q3; FY'21 Q4

	FY'20 Qtr. 4	FY'21 Qtr. 3	FY'21 Qtr. 4	YoY Incr. / (Decr.)		Sequential Incr. / (Decr.)	
				\$	%	\$	%
Net Income Attributable to Korn / Ferry	(\$0.8)	\$51.3	\$66.2	\$67.0	-	\$14.9	29%
(1) Restructuring Charges	40.5	0.8	-	(40.5)	-	(0.8)	-
(2) Integration / Acquisition Costs	2.8	-	-	(2.8)	-	-	-
(3) Tax Effect of Adjustment Items	(9.8)	(0.3)	-	9.8	-	0.3	-
<b>Adjusted Net Income Attributable to K/F</b>	<b>\$32.7</b>	<b>\$51.9</b>	<b>\$66.2</b>	<b>\$33.5</b>	<b>103%</b>	<b>\$14.3</b>	<b>28%</b>
Diluted Earnings per Common Sh.	(\$0.02)	\$0.94	\$1.21	\$1.23	-	\$0.27	29%
(1) Restructuring Charges - Net	0.75	0.02	-	(0.75)	-	(0.02)	-
(2) Integration / Acquisition Costs	0.05	-	-	(0.05)	-	-	-
(3) Tax Effect of Adjustment Items	(0.18)	(0.01)	-	0.18	-	0.01	-
<b>Adjusted Diluted Earnings per Sh.</b>	<b>\$0.60</b>	<b>\$0.95</b>	<b>\$1.21</b>	<b>\$0.61</b>	<b>102%</b>	<b>\$0.26</b>	<b>27%</b>

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

(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

# Reconciliation of Consolidated Net Income & Consolidated Operating Income (GAAP) to Adjusted EBITDA (Non-GAAP) (\$M)

FY'21 Q4

	FY'21 Q4									KF	
	Executive Search							RPO & Prof. Search	Corp.		
	Consulting	Digital	North America	EMEA	Asia Pacific	Latin America	Total Exec. Search				
Fee Revenue	\$153.6	\$80.5	\$130.8	\$41.2	\$23.6	\$5.1	\$200.7	\$120.4		\$555.2	
Total Revenue	\$153.8	\$80.8	\$131.3	\$41.3	\$23.6	\$5.1	\$201.3	\$121.5		\$557.4	
<b>Net Income Attributable to Korn Ferry</b>										<b>66.2</b>	
Net Income Attributable to Noncontrolling Interest										0.6	
Other Income - Net										(10.8)	
Interest Exps. - Net										7.6	
Income Tax (Benefit) / Exps.										22.7	
<b>Oper. Incm. / (Loss)</b>										<b>\$86.3</b>	
<i>Margin (%)</i>										<i>15.5%</i>	
Deprec. & Amortiz.										15.8	
Other Income - Net										10.8	
<b>Adjusted EBITDA</b>	<b>\$27.2</b>	<b>\$27.9</b>	<b>\$40.7</b>	<b>\$3.3</b>	<b>\$5.1</b>	<b>\$0.8</b>	<b>\$49.8</b>	<b>\$30.0</b>	<b>(\$22.1)</b>	<b>\$112.8</b>	
<i>Margin (%)</i>	<i>17.7%</i>	<i>34.7%</i>	<i>31.1%</i>	<i>8.0%</i>	<i>21.5%</i>	<i>15.9%</i>	<i>24.8%</i>	<i>24.9%</i>		<i>20.3%</i>	
Adjusted EBITDA - FY'21 Q3	\$27.5	\$27.1	\$30.9	\$3.9	\$6.4	\$0.5	\$41.7	\$19.6	(\$19.3)	\$96.7	
Sequential Incr. / (Decr.) - \$	(\$0.3)	\$0.8	\$9.7	(\$0.6)	(\$1.3)	\$0.4	\$8.1	\$10.3	(\$2.8)	\$16.2	
Sequential Incr. / (Decr.) - %	(1.0%)	3.0%	31.4%	(15.8%)	(20.5%)	77.0%	19.5%	52.6%	(14.5%)	16.7%	

# Reconciliation of Consolidated Net Income & Consolidated Operating Income (GAAP) to Adjusted EBITDA (Non-GAAP) (\$M)

FY'21 Q3

	FY'21 Q3									KF	
	Executive Search							RPO & Prof. Search	Corp.		
	Consulting	Digital	North America	EMEA	Asia Pacific	Latin America	Total Exec. Search				
Fee Revenue	\$136.3	\$75.8	\$106.0	\$36.0	\$21.6	\$4.5	\$168.1	\$95.2		\$475.4	
Total Revenue	\$136.6	\$76.0	\$106.3	\$36.0	\$21.7	\$4.5	\$168.5	\$96.8		\$477.9	
<b>Net Income Attributable to Korn Ferry</b>										<b>51.3</b>	
Net Income Attributable to Noncontrolling Interest										0.3	
Other Income - Net										(14.9)	
Interest Exps. - Net										7.3	
Income Tax (Benefit) / Exps.										21.2	
<b>Oper. Incm. / (Loss)</b>										<b>\$65.2</b>	
<i>Margin (%)</i>										<b>13.7%</b>	
Deprec. & Amortiz.										15.7	
Other Income - Net										14.9	
Restructuring Chgs.										0.8	
<b>Adjusted EBITDA</b>	<b>\$27.5</b>	<b>\$27.1</b>	<b>\$30.9</b>	<b>\$3.9</b>	<b>\$6.4</b>	<b>\$0.5</b>	<b>\$41.7</b>	<b>\$19.6</b>	<b>(\$19.3)</b>	<b>\$96.7</b>	
<i>Margin (%)</i>	<b>20.2%</b>	<b>35.8%</b>	<b>29.2%</b>	<b>10.9%</b>	<b>29.5%</b>	<b>10.3%</b>	<b>24.8%</b>	<b>20.6%</b>		<b>20.3%</b>	

(1) Restructuring charges incurred to rationalize our cost structure by eliminating redundant positions as a result of COVID-19

# Reconciliation of Consolidated Net Income & Consolidated Operating Income (GAAP) to Adjusted EBITDA (Non-GAAP) (\$M)

FY'20 Q4

	FY'20 Q4									KF
	Executive Search						RPO & Prof. Search	Corp.		
	Consulting	Digital	North America	EMEA	Asia Pacific	Latin America				
Fee Revenue	\$121.0	\$69.3	\$102.2	\$39.7	\$19.7	\$6.3	\$167.9	\$82.4		\$440.5
Total Revenue	\$123.4	\$69.9	\$104.8	\$40.1	\$20.0	\$6.3	\$171.2	\$84.5		\$449.0
<b>Net Income Attributable to Korn Ferry</b>										(0.8)
Net Income Attributable to Noncontrolling Interest										0.2
Other Income - Net										10.9
Interest Exps. - Net										7.0
Income Tax (Benefit) / Exps.										5.0
<b>Oper. Incm. / (Loss)</b>										\$22.2
<i>Margin (%)</i>										5.0%
Deprec. & Amortiz.										15.0
Other Income - Net										(10.9)
(1) Restructuring Chgs.										40.5
(2) Integ. / Acq. Costs										2.8
<b>Adjusted EBITDA</b>	\$11.1	\$17.0	\$32.1	\$9.3	\$3.8	\$2.2	\$47.5	\$12.7	(\$18.7)	\$69.6
<i>Margin (%)</i>	9.2%	24.5%	31.4%	23.6%	19.4%	35.4%	28.3%	15.4%		15.8%

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

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

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

FY'20 Q4; FY'21 Q3; FY'21 Q4

	FY'20 Qtr. 4	FY'21 Qtr. 3	FY'21 Qtr. 4	YoY Incr. / (Decr.)		Sequential Incr. / (Decr.)	
				\$	%	\$	%
Cash	\$689.2	\$694.1	\$850.8	\$161.5	23%	\$156.7	23%
Marketable Securities	174.1	203.0	246.4	72.3	42%	43.4	21%
<b>Cash &amp; Marketable Securities</b>	<b>\$863.3</b>	<b>\$897.1</b>	<b>\$1,097.1</b>	<b>\$233.8</b>	<b>27%</b>	<b>\$200.1</b>	<b>22%</b>
ECAP & Bonus Liability	(331.4)	(362.8)	(455.1)	(123.7)	37%	(92.2)	25%
<b>Investable Cash</b>	<b>\$531.9</b>	<b>\$534.3</b>	<b>\$642.1</b>	<b>\$110.1</b>	<b>21%</b>	<b>\$107.8</b>	<b>20%</b>

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

	FY'21 Q4 vs. FY'20 Q4		
	Reported		Const. Curr.
	\$M	% Grth.	% Grth.
<b><u>Executive Search</u></b>			
North America	\$130.8	28.0%	27.1%
Europe	41.3	4.0%	(3.8%)
Asia / Pacific	23.6	19.6%	11.9%
Latin America	5.1	(18.8%)	(15.3%)
<b>Total Exec. Search</b>	<b>\$200.7</b>	<b>19.6%</b>	<b>16.1%</b>
<b><u>Consulting</u></b>			
North America	\$67.5	38.6%	37.7%
Europe	53.8	21.4%	14.0%
Asia / Pacific	28.4	19.4%	12.8%
Latin America	3.9	(7.7%)	2.0%
<b>Total Consulting</b>	<b>\$153.6</b>	<b>26.9%</b>	<b>22.7%</b>
<b><u>Digital</u></b>			
North America	\$34.4	16.6%	16.2%
Europe	31.8	19.9%	11.9%
Asia / Pacific	11.4	17.4%	8.5%
Latin America	2.9	(18.4%)	(11.0%)
<b>Total Digital</b>	<b>\$80.5</b>	<b>16.2%</b>	<b>12.1%</b>
<b><u>RPO &amp; Prof. Search</u></b>			
North America	\$53.8	33.1%	32.2%
Europe	33.8	47.7%	35.8%
Asia / Pacific	27.8	89.3%	71.7%
Latin America	4.9	13.6%	25.3%
<b>Total RPO &amp; Prof. Sch</b>	<b>\$120.4</b>	<b>46.2%</b>	<b>40.3%</b>
<b>Total KF</b>	<b>\$555.2</b>	<b>26.0%</b>	<b>21.8%</b>

# Thank You