

July 24, 2014



# TrueBlue Reports 2014 Second Quarter Results

TACOMA, Wash.--(BUSINESS WIRE)-- TrueBlue, Inc. (NYSE:TBI) reported results today for the second quarter of 2014.

- Second quarter revenue increased by seven percent to \$453 million compared to revenue of \$422 million for the same quarter in 2013.
- Net income was \$16.1 million, or \$0.39 per diluted share, compared to net income of \$12.5 million, or \$0.31 per diluted share, for the second quarter of 2013.
- Adjusted EBITDA<sup>\*</sup> was \$25.2 million, compared to \$24.3 million in the second quarter of 2013.

“We are pleased with our growth in the second quarter along with the momentum we have seen in June as seasonal business ramps up,” TrueBlue CEO Steve Cooper said. “Our organic growth continues to be strong, and the acquisitions we made in 2013 are performing to our expectations.

“We’re particularly excited about our recent acquisition of Seaton, which is off to a great start and getting favorable reactions from our customers,” Cooper added. “We’re looking forward to offering a broader range of outsourcing workforce solutions to all our customers. In addition to the temporary staffing services we’ve traditionally provided, we can now do more for customers through sourcing, screening and onboarding their on-premise temporary workers and permanent employees.”

TrueBlue completed its acquisition of Seaton June 30, the first day of its third quarter, and is now the largest industrial staffing provider in the U.S. Through the acquisition, TrueBlue added industry leaders PeopleScout, Staff Management | SMX and Australia-based HRX to its service lines. According to Cooper, the new service lines are expected to add approximately \$730 million to \$750 million of revenue and \$35 million to \$39 million of Adjusted EBITDA<sup>\*\*</sup> to the company’s consolidated results over the next four quarters.

For the third quarter of 2014, TrueBlue estimates revenue in the range of \$634 million to \$647 million and net income per diluted share for the quarter of \$0.38 to \$0.46.

Management will discuss second quarter 2014 results on a conference call at 6 a.m. (PT), today, Thursday, July 24, 2014. The conference call can be accessed on TrueBlue’s web site: [www.trueblue.com](http://www.trueblue.com)

<sup>\*</sup> This is a non-GAAP financial measure for which a reconciliation is provided along with the financial statements accompanying this release.

<sup>\*\*</sup> This is a non-GAAP financial measure for which a reconciliation is provided as part of our Q2 2014 Earnings Release Presentation filed on Form 8-K together with the press release.

## About TrueBlue

TrueBlue (NYSE: TBI) is a leading staffing, recruiting and workforce management company. The company fills individual positions on demand, staffs entire facilities, and manages outsourced recruiting processes and staffing vendor programs for a wide variety of clients. The company's specialized workforce solutions meet clients' needs for a reliable, efficient workforce, and it serves a wide variety of industries. TrueBlue assigns as many as 100,000 people to work each day, drawing from a data base of hundreds of thousands of candidates, and places more than 250,000 people in permanent positions each year. Learn more about TrueBlue at [www.trueblue.com](http://www.trueblue.com).

## Forward-looking Statements

This document contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as "may," "will," "should," "expects," "intends," "projects," "plans," "believes," "estimates," "targets," "anticipates," and similar expressions are used to identify these forward-looking statements. Examples of forward-looking statements include statements relating to our future financial condition and operating results, as well as any other statement that does not directly relate to any historical or current fact. Forward-looking statements are based on our current expectations and assumptions, which may not prove to be accurate. These statements are not guarantees and are subject to risks, uncertainties, and changes in circumstances that are difficult to predict. Many factors could cause actual results to differ materially and adversely from these forward-looking statements. Examples of such factors can be found in our reports filed with the SEC, including the information under the heading 'Risk Factors' in our Annual Report on Form 10-K for the fiscal year ended Dec. 27, 2013. Additional risk factors resulting from the acquisition of Seaton will be included in our Form 10-Q. Any forward-looking statement speaks only as of the date on which it is made, and we assume no obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise, except as required by law.

**TRUEBLUE, INC.**  
**SUMMARY CONSOLIDATED STATEMENTS OF OPERATIONS**  
*(Unaudited, in thousands, except per share data)*

|                                              | 13 Weeks Ended |               | 26 Weeks Ended |               |
|----------------------------------------------|----------------|---------------|----------------|---------------|
|                                              | June 27, 2014  | June 28, 2013 | June 27, 2014  | June 28, 2013 |
| Revenue from services                        | \$ 453,227     | \$ 422,310    | \$ 849,290     | \$ 768,809    |
| Cost of services                             | 333,644        | 310,437       | 630,148        | 570,296       |
| Gross profit                                 | 119,583        | 111,873       | 219,142        | 198,513       |
| Selling, general and administrative expenses | 96,354         | 89,339        | 188,336        | 177,771       |
| Depreciation and amortization                | 5,247          | 5,203         | 10,408         | 10,362        |
| Income from operations                       | 17,982         | 17,331        | 20,398         | 10,380        |
| Interest and other income, net               | 450            | 275           | 794            | 752           |
| Income before tax expense (benefit)          | 18,432         | 17,606        | 21,192         | 11,132        |
| Income tax expense (benefit)                 | 2,350          | 5,069         | 3,453          | (330)         |
| Net income                                   | \$ 16,082      | \$ 12,537     | \$ 17,739      | \$ 11,462     |
| Net income per common share                  |                |               |                |               |
| Basic                                        | 0.39           | 0.31          | 0.44           | 0.29          |
| Diluted                                      | 0.39           | 0.31          | 0.43           | 0.28          |

|                                     |               |        |               |        |
|-------------------------------------|---------------|--------|---------------|--------|
| Weighted average shares outstanding |               |        |               |        |
| Basic                               | <b>40,739</b> | 40,140 | <b>40,655</b> | 39,962 |
| Diluted                             | <b>40,969</b> | 40,421 | <b>40,934</b> | 40,248 |

**TRUEBLUE, INC.**  
**SUMMARY CONSOLIDATED BALANCE SHEETS**  
*(Unaudited, in thousands)*

|                                             | <u>June 27, 2014</u> | <u>December 27, 2013</u> |
|---------------------------------------------|----------------------|--------------------------|
| <b>Assets</b>                               |                      |                          |
| Current assets:                             |                      |                          |
| Cash and cash equivalents                   | \$ 162,849           | \$ 122,003               |
| Marketable securities                       | 4,997                | 14,745                   |
| Accounts receivable, net                    | 208,413              | 199,519                  |
| Other current assets                        | 18,320               | 20,191                   |
| Total current assets                        | <u>394,579</u>       | <u>356,458</u>           |
| Property and equipment, net                 | 53,181               | 54,473                   |
| Restricted cash and investments             | 145,908              | 154,558                  |
| Other assets, net                           | 153,087              | 153,972                  |
| Total assets                                | <u>\$ 746,755</u>    | <u>\$ 719,461</u>        |
| <b>Liabilities and shareholders' equity</b> |                      |                          |
| Current liabilities                         | \$ 125,275           | \$ 121,409               |
| Long-term liabilities                       | 205,114              | 204,692                  |
| Total liabilities                           | <u>330,389</u>       | <u>326,101</u>           |
| Shareholders' equity                        | 416,366              | 393,360                  |
| Total liabilities and shareholders' equity  | <u>\$ 746,755</u>    | <u>\$ 719,461</u>        |

**TRUEBLUE, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
*(Unaudited, in thousands)*

|                                                                           | <u>26 Weeks Ended</u> |                      |
|---------------------------------------------------------------------------|-----------------------|----------------------|
|                                                                           | <u>June 27, 2014</u>  | <u>June 28, 2013</u> |
| Cash flows from operating activities                                      |                       |                      |
| Net income                                                                | \$ 17,739             | \$ 11,462            |
| Adjustments to reconcile net income to net cash from operating activities |                       |                      |
| Depreciation and amortization                                             | 10,408                | 10,362               |
| Provision for doubtful accounts                                           | 6,286                 | 6,415                |
| Stock-based compensation                                                  | 4,987                 | 4,594                |
| Deferred income taxes                                                     | (4,088)               | (2,564)              |
| Other operating activities                                                | (54)                  | 848                  |
| Changes in operating assets and liabilities, net of acquisition           |                       |                      |
| Accounts receivable                                                       | (15,180)              | (8,528)              |
| Income taxes                                                              | 3,647                 | (143)                |
| Other assets                                                              | (66)                  | 341                  |
| Accounts payable and other accrued expenses                               | (566)                 | (7,496)              |
| Accrued wages and benefits                                                | 5,291                 | 7,053                |
| Workers' compensation claims reserve                                      | (792)                 | 1,583                |
| Other liabilities                                                         | 1,310                 | 186                  |
| Net cash provided by operating activities                                 | <u>28,922</u>         | <u>24,113</u>        |
| Cash flows from investing activities                                      |                       |                      |
| Capital expenditures                                                      | (6,113)               | (7,200)              |
| Acquisition of business, net of cash acquired                             | —                     | (54,873)             |

|                                                                            |                   |                   |
|----------------------------------------------------------------------------|-------------------|-------------------|
| Purchases of marketable securities                                         | (25,057)          | (19,915)          |
| Sales and maturities of marketable securities                              | 36,175            | -                 |
| Change in restricted cash and cash equivalents                             | 19,007            | 3,709             |
| Purchases of restricted investments                                        | (18,196)          | (6,789)           |
| Maturities of restricted investments                                       | 7,202             | 10,871            |
| Net cash provided by (used in) investing activities                        | <u>13,018</u>     | <u>(74,197)</u>   |
| Cash flows from financing activities                                       |                   |                   |
| Net proceeds from stock option exercises and employee stock purchase plans | 1,349             | 6,023             |
| Common stock repurchases for taxes upon vesting of restricted stock        | (2,665)           | (2,182)           |
| Proceeds from note payable                                                 | —                 | 34,000            |
| Payments on debt and other liabilities                                     | (1,133)           | (1,115)           |
| Other                                                                      | 1,269             | 478               |
| Net cash provided by (used in) financing activities                        | <u>(1,180)</u>    | <u>37,204</u>     |
| Effect of exchange rates on cash                                           | <u>86</u>         | <u>(544)</u>      |
| Net change in cash and cash equivalents                                    | <u>40,846</u>     | <u>(13,424)</u>   |
| CASH AND CASH EQUIVALENTS, beginning of period                             | 122,003           | 129,513           |
| CASH AND CASH EQUIVALENTS, end of period                                   | <u>\$ 162,849</u> | <u>\$ 116,089</u> |

**TRUEBLUE, INC.**  
**NET INCOME TO EBITDA AND ADJUSTED EBITDA RECONCILIATION**  
*(Unaudited, in thousands)*

|                                 | <b>13 Weeks Ended</b> |                      |
|---------------------------------|-----------------------|----------------------|
|                                 | <b>June 27, 2014</b>  | <b>June 28, 2013</b> |
| Net income                      | \$ 16,082             | \$ 12,537            |
| Income tax expense              | 2,350                 | 5,069                |
| Interest and other income, net  | (450)                 | (275)                |
| Depreciation and amortization   | 5,247                 | 5,203                |
| EBITDA (1)                      | <u>\$ 23,229</u>      | <u>\$ 22,534</u>     |
| Non-recurring acquisition costs | 1,987                 | 1,760                |
| Adjusted EBITDA (1)             | <u>\$ 25,216</u>      | <u>\$ 24,294</u>     |

(1) EBITDA and Adjusted EBITDA are non-GAAP financial measures. EBITDA excludes interest, taxes, depreciation and amortization from net income. Adjusted EBITDA further excludes from EBITDA non-recurring costs related to the purchase, integration, reorganization and shutdown activities related to acquisitions. EBITDA and Adjusted EBITDA are key measures used by management in evaluating performance. EBITDA and Adjusted EBITDA should not be considered a measure of financial performance in isolation or as an alternative to income from operations in the Consolidated Statements of Operations in accordance with GAAP, and, as presented, may not be comparable to similarly titled measures of other companies.

TrueBlue, Inc.  
Derrek Gafford, 253-680-8214  
EVP & CFO  
or  
Stacey Burke, 253-680-8291  
VP of Corporate Communications

Source: TrueBlue, Inc.