

KORN FERRY

FY'20 Q3 Earnings Call Presentation

March 10, 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 12 to 15 for a reconciliation of each of the non-GAAP financial measures included in this presentation to the closest GAAP measure.



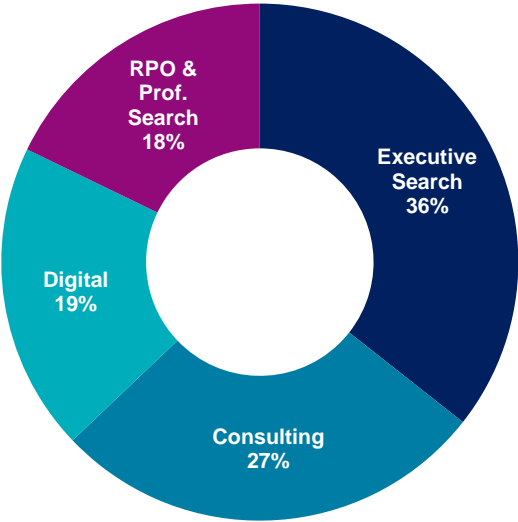
9% YOY FEE REVENUE GROWTH IN 3RD QUARTER OF FY'20

Fee Revenue	Adj. EBITDA ⁽¹⁾ (NON-GAAP)	Adj. EBITDA Margin % ⁽¹⁾ (NON-GAAP)	Adj. Diluted EPS (\$) ⁽²⁾ (NON-GAAP)
\$515M +8.6% +9.4% at CC	\$78M +0.5%	15.2% (120) bps	\$0.75 (7.4%)

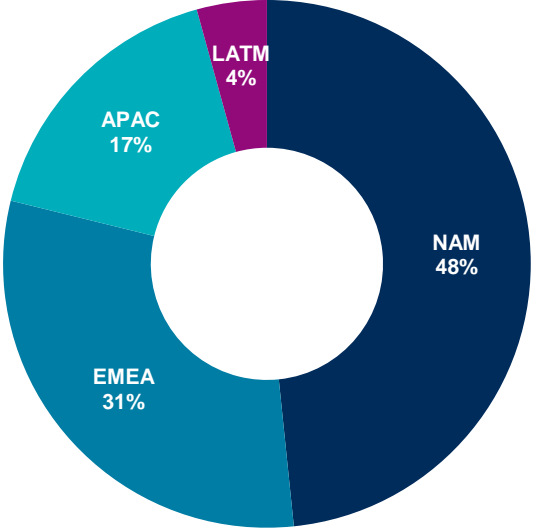


HIGHLY DIVERSIFIED BUSINESS ACROSS SEGMENT, GEOGRAPHY AND INDUSTRY

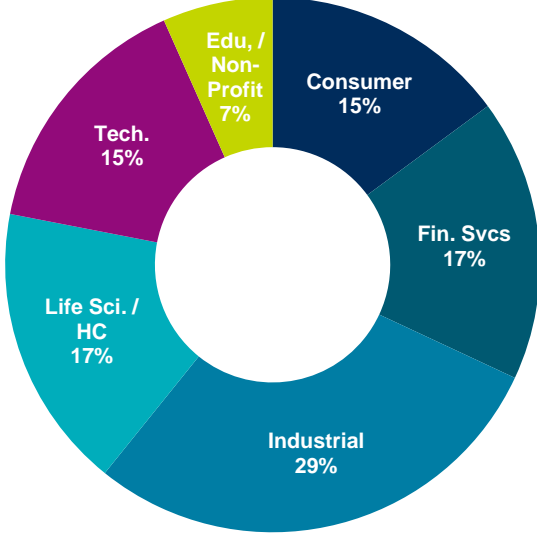
FEE REVENUE BY SEGMENT



FEE REVENUE BY GEOGRAPHY

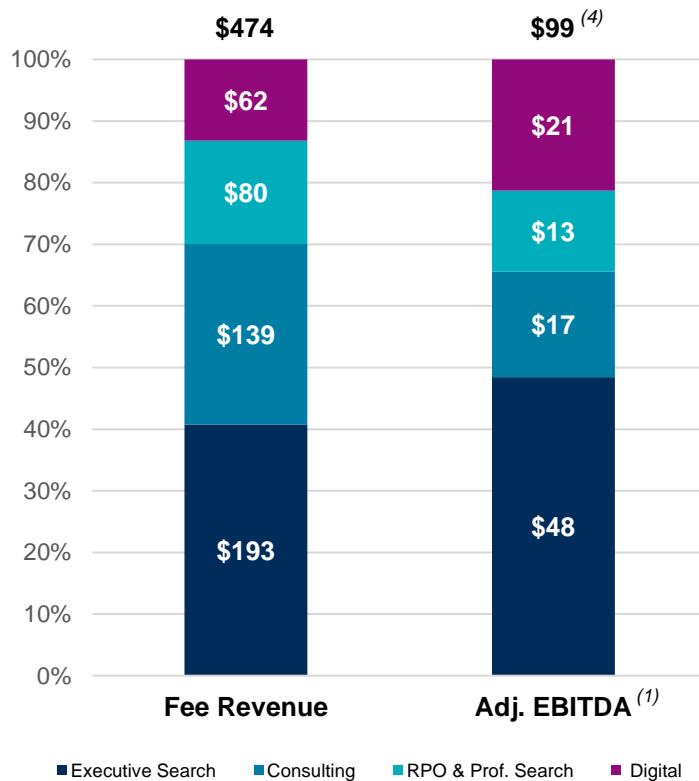


FEE REVENUE BY INDUSTRY

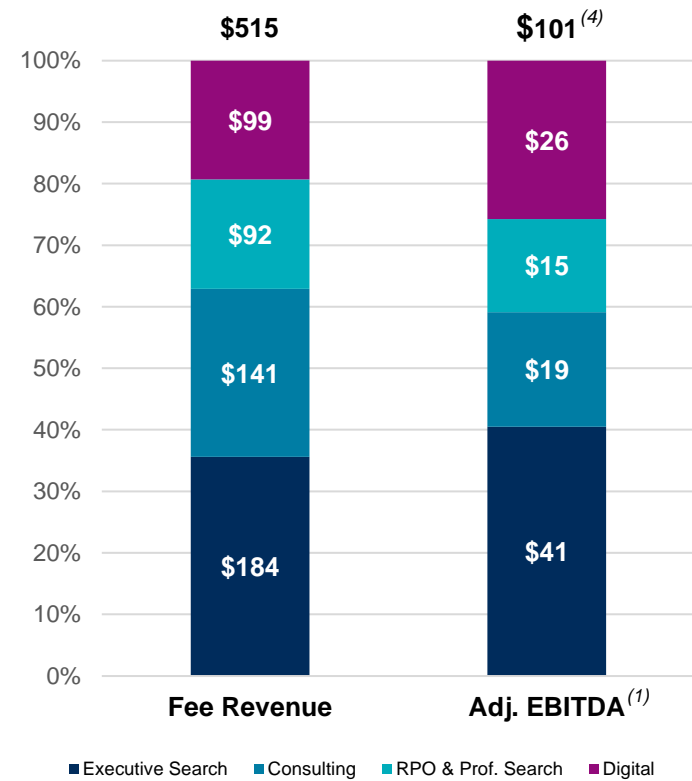


INCREASINGLY BALANCED MIX OF REVENUE AND EARNINGS (\$M)

FY'19 QTR. 3⁽³⁾



FY'20 QTR. 3⁽³⁾

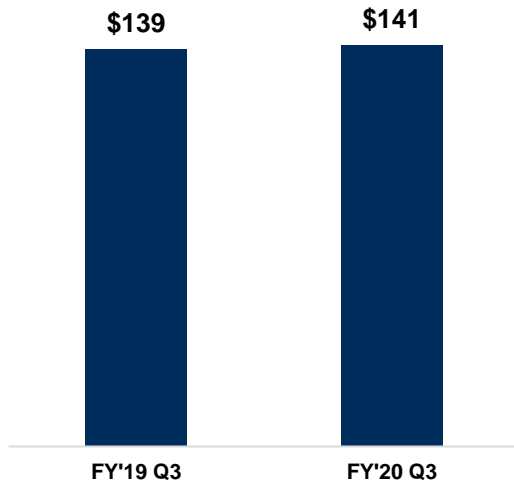


See detailed explanation of footnotes on page 10

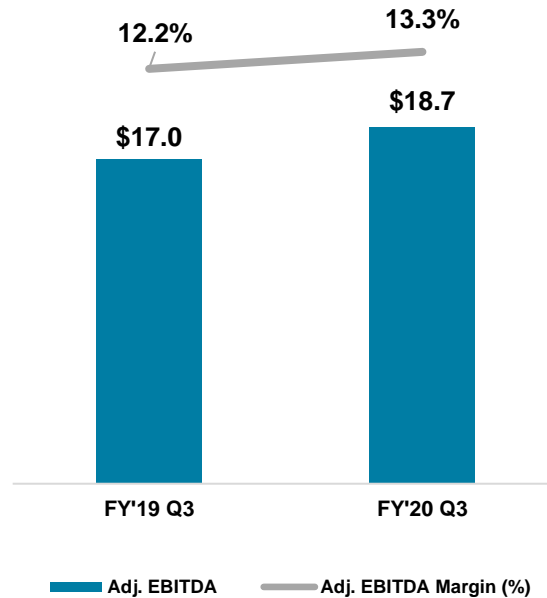
CONSULTING

27% OF FEE REVENUE AND 19% OF EARNINGS IN FY'20 QTR. 3

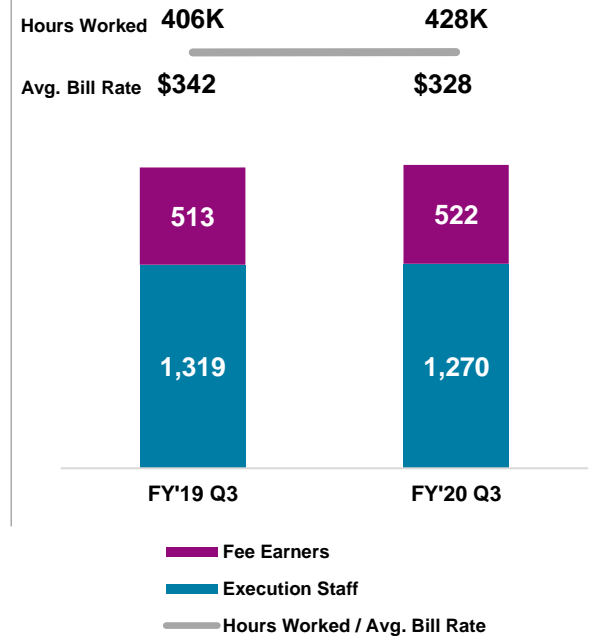
FEE REVENUE (\$M)



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

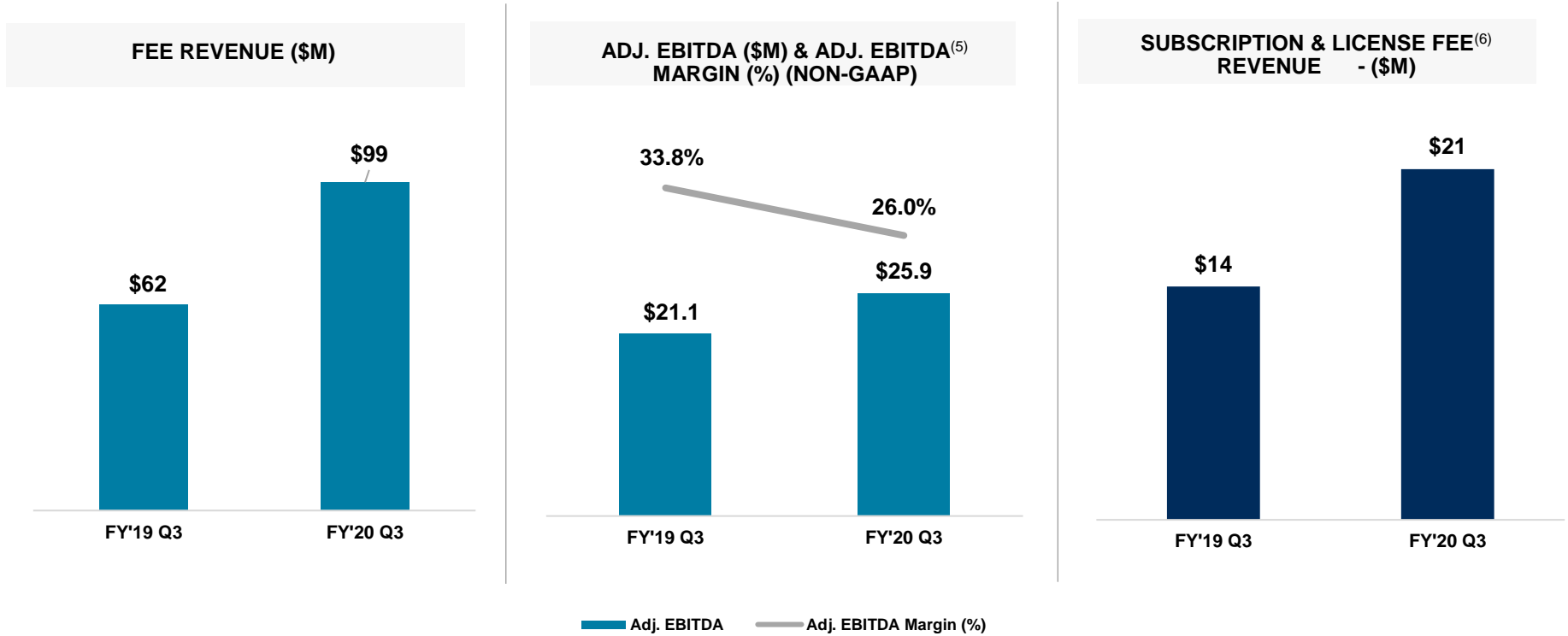


CONSULTANT + EXECUTIVE STAFF PRODUCTIVITY



DIGITAL

19% OF FEE REVENUE AND 26% OF EARNINGS IN FY'20 QTR. 3

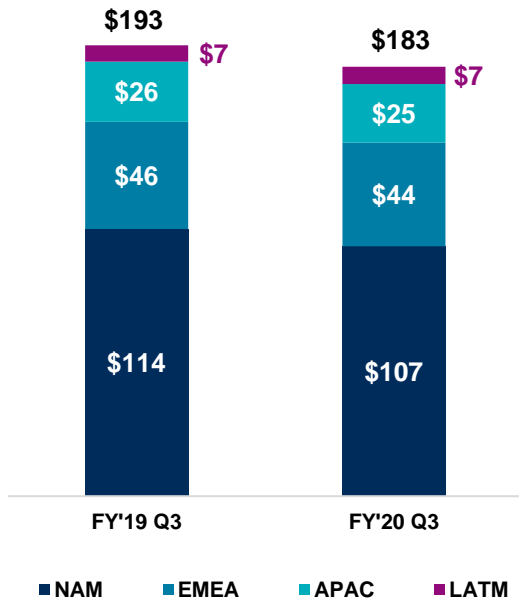


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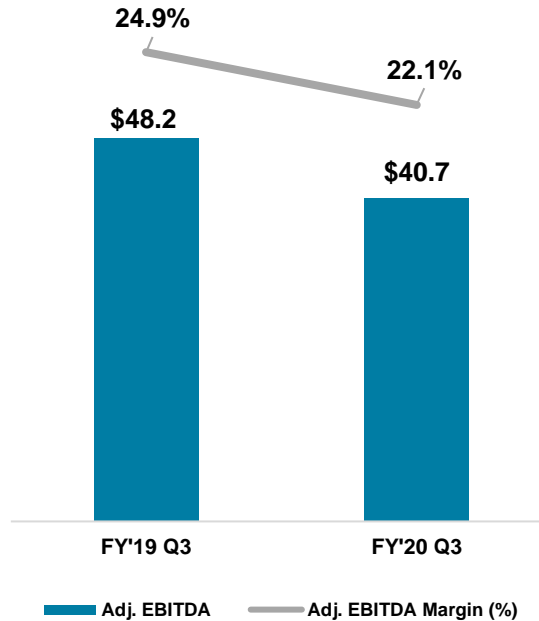
EXECUTIVE SEARCH

36% OF FEE REVENUE AND 41% OF EARNINGS IN FY'20 QTR. 3

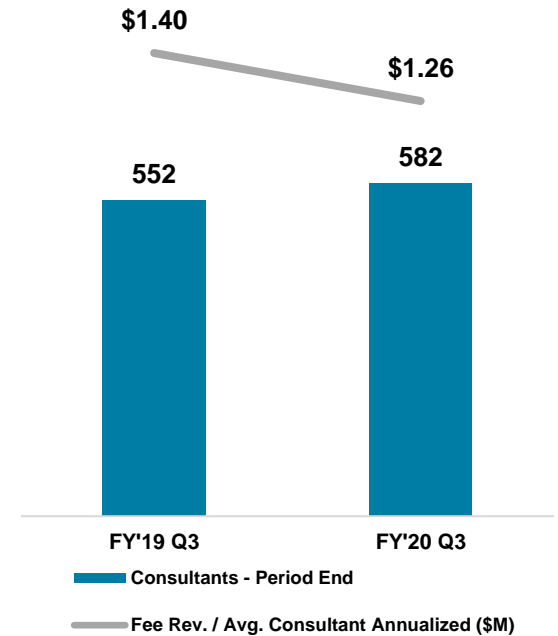
FEE REVENUE (\$M)



ADJ. EBITDA (\$M) & ADJ. EBITDA⁽⁷⁾ MARGIN (%) (NON-GAAP)

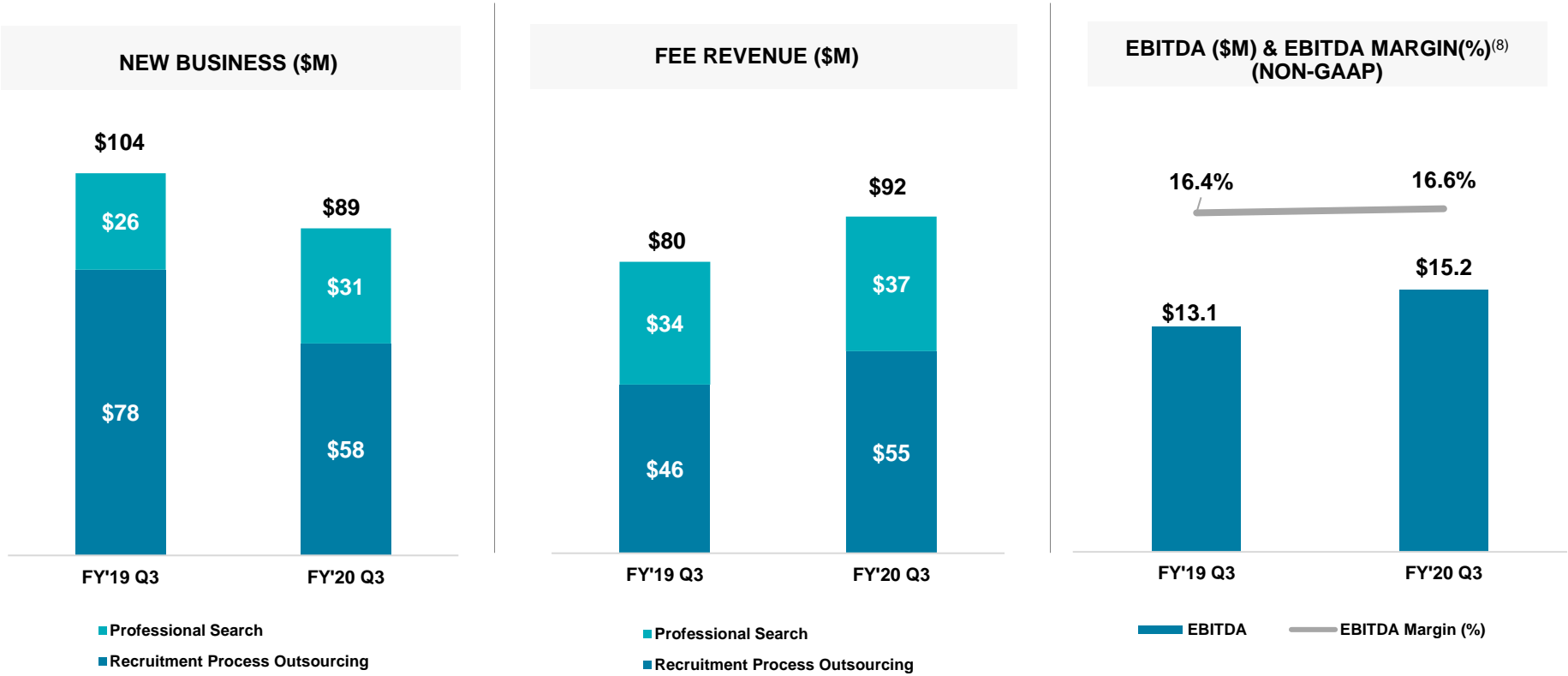


CONSULTANT PRODUCTIVITY



RPO & PROFESSIONAL SEARCH

18% OF FEE REVENUE AND 15% OF EARNINGS IN FY'20 QTR. 3



See detailed explanation of footnotes on page 10

FOOTNOTES

- (1) Earnings Before Interest, Taxes, Depreciation & Amortization Adjusted to Exclude Acquisition/Integration Costs, Separation Costs and Restructuring Charges
 - (2) Data Has Been Recast to Reflect New Segments
 - (3) Diluted Earnings per Share Adjusted to Exclude Acquisition/Integration Costs, Separation Costs, Restructuring Charges and Debt Issuance Costs Net of Tax
 - (4) Excludes Corporate Adj. EBITDA which was (\$21.7M) in FY'19 Q3 and (\$22.3M) in FY'20 Q3
 - (5) Earnings Before Interest, Taxes, Depreciation & Amortization Adjusted to Exclude Acquisition/Integration Costs and Restructuring Charges
 - (6) Represents Fee Revenue Derived from Annual Subscriptions and Licenses to KF's Intellectual Property and Data Solutions
 - (7) Earnings Before Interest, Taxes, Depreciation & Amortization Adjusted to Exclude Separation Costs
 - (8) Earnings Before Interest, Taxes, Depreciation & Amortization
- ❖ In this presentation and during our quarterly earnings calls, we present certain forward-looking Adjusted EBITDA margin targets and expectations. We are unable to provide a full reconciliation of such measures to the comparable GAAP measures without unreasonable efforts as we cannot predict the amount or timing of certain elements that are included in reported GAAP results and that may significantly affect GAAP results, including acquisition /integration costs, restructuring charges and separation costs.



An aerial, top-down view of a circular courtyard. In the center is a small, round, light-blue swimming pool. Surrounding the pool is a lush green lawn with several palm trees. A person in a red shirt and dark shorts is walking on the grey stone-paved path that surrounds the courtyard. 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
March 10, 2020



KORN FERRY

Reconciliation of Net Income (GAAP) to Adjusted EBITDA (Non-GAAP) (\$M)
FY'19 Q3; FY'20 Q3

	FY'19	FY'20	Incr. / (Decr.)	
	Qtr. 3	Qtr. 3	\$ / %	%
Net (Loss) Income Attributable to Korn / Ferry	\$45.0	\$20.0	(\$25.0)	(55.5%)
Net (Loss) Incm. Attrib. to Non-Controlling Int.	0.5	1.0	0.5	100.6%
Net Income	\$45.5	\$21.0	(\$24.5)	(53.8%)
Income Tax Provision	15.4	8.8	(6.6)	(43.0%)
Income (Loss) Before Provision for Income Taxes (Benefit)	\$60.9	\$29.7	(\$31.1)	(51.1%)
Other (Income) Loss - Net	(2.5)	(5.1)	(2.6)	105.2%
Interest Expense	4.3	6.9	2.6	60.9%
Operating Income	\$62.7	\$31.6	(\$31.1)	(49.6%)
Depreciation & Amortization	11.7	14.9	3.1	26.6%
Other Income / (Loss) , Net	2.4	5.1	2.7	110.5%
EBITDA	\$76.9	\$51.5	(\$25.3)	(32.9%)
(1) Restructuring Chgs. / (Recoveries) - Net	-	18.1	18.1	-
(2) Integration / Acquisition Costs	0.8	6.7	5.9	-
(3) Separation Costs	-	1.8	1.8	-
Adjusted EBITDA	\$77.7	\$78.1	\$0.4	0.5%
Operating Margin	13.2%	6.1%	(7.1%)	-
Depreciation & Amortization	2.5%	2.9%	0.4%	-
Other Income / (Loss) , Net	0.5%	1.0%	0.5%	-
EBITDA Margin	16.2%	10.0%	(6.2%)	-
(1) Restructuring Charges - Net	-	3.5%	3.5%	-
(2) Integration / Acquisition Costs	0.2%	1.3%	1.1%	-
(3) Separation Costs	-	0.4%	0.4%	-
Adjusted EBITDA Margin	16.4%	15.2%	(1.2%)	-

(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

(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) Costs associated with certain separation charges



KORN FERRY

Reconciliation of Net Income & EPS (GAAP) to Adjusted Net Income & Adjusted EPS (Non-GAAP) (\$M)
FY'19 Q3; FY'20 Q3

	FY'19	FY'20	Incr. / (Decr.)	
	Qtr. 3	Qtr. 3	\$	%
Net (Loss) Income Attributable to Korn / Ferry	\$45.0	\$20.0	(\$25.0)	(55.5%)
(1) Restructuring Chgs. / (Recoveries) - Net	-	18.1	18.1	-
(2) Integration / Acquisition Costs	0.8	6.7	5.9	-
(3) Separation Costs	-	1.8	1.8	-
(4) Debt Refinancing Costs	-	0.8	0.8	-
(5) Tax Effect of Adjustment Items	-	(6.5)	(6.5)	-
Adjusted Net Income Attributable to K/F	\$45.8	\$41.0	(\$4.8)	(10.5%)
Diluted Earnings per Common Sh.	\$0.80	\$0.36	(\$0.44)	(55.0%)
(1) Restructuring Charges - Net	-	0.34	0.34	-
(2) Integration / Acquisition Costs	0.01	0.12	0.11	-
(3) Separation Costs	-	0.03	0.03	-
(4) Debt Refinancing Costs	-	0.02	0.02	-
(5) Tax Effect of Adjustment Items	-	(0.12)	(0.12)	-
Adjusted Diluted Earnings per Sh.	\$0.81	\$0.75	(\$0.06)	(7.4%)

(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

(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) Costs associated with certain separation charges

(4) Write-off of debt issuance costs and interest rate swap as a result of replacing our prior Credit Agreement with a new senior secured Credit Agreement

(5) Tax effect on integration / acquisition costs, restructuring charges, net, separation costs and write-off of debt issuance costs



KORN FERRY

Reconciliation of Net Income & Operating Income (GAAP) to EBITDA & Adjusted EBITDA (Non-GAAP) (\$M)
FY'19 Q3; FY'20 Q3

	FY'19 Q3						FY'20 Q3					
	Consulting	Digital	Exec. Search	RPO & Prof. Search	Corp.	K/F	Consulting	Digital	Exec. Search	RPO & Prof. Search	Corp.	K/F
Fee Revenue	\$139.0	\$62.5	\$193.4	\$79.6	-	\$474.5	\$140.5	\$99.4	\$183.6	\$91.9	-	\$515.3
Total Revenue	143.2	62.5	198.0	82.5	-	486.2	144.3	100.7	188.0	95.0	-	528.0
Net Income Attributable to Korn / Ferry	-	-	-	-	-	45.0	-	-	-	-	-	20.0
Net Income Attributable to Noncontrolling Interest	-	-	-	-	-	0.5	-	-	-	-	-	1.0
Oth. (Incm.) / Loss- Net	-	-	-	-	-	(2.4)	-	-	-	-	-	(5.1)
Interest Exps. - Net	-	-	-	-	-	4.3	-	-	-	-	-	6.9
Income Tax (Benefit) / Exps.	-	-	-	-	-	15.4	-	-	-	-	-	8.8
Oper. Incm. / (Loss)	\$11.8	\$17.5	\$44.7	\$12.2	(\$23.5)	\$62.7	\$2.7	\$8.5	\$32.7	\$14.1	(\$26.4)	\$31.6
Margin (%)	8.5%	28.0%	23.1%	15.3%	-	13.2%	1.9%	8.5%	17.8%	15.4%	-	6.1%
Deprec. & Amortiz.	4.0	3.3	1.8	0.8	1.8	11.7	4.4	5.8	1.9	1.0	1.7	14.9
Oth. Incm. / (Loss) - Net	0.6	0.2	1.7	0.1	(0.1)	2.4	0.6	0.2	4.3	0.1	(0.0)	5.1
Equity in Earnings of Uncons. Sub.	0.0	-	-	-	-	0.0	0.0	-	-	-	-	0.0
EBITDA	\$16.4	\$21.0	\$48.2	\$13.1	(\$21.7)	\$76.9	\$7.6	\$14.5	\$38.9	\$15.2	(\$24.7)	\$51.5
Margin (%)	11.8%	33.6%	24.9%	16.4%	-	16.2%	5.4%	14.6%	21.2%	16.6%	-	10.0%
(1) Restructuring Chgs.	-	-	-	-	-	-	11.1	7.0	-	-	-	18.1
(3) Separation Costs	-	-	-	-	-	-	-	-	1.8	-	-	1.8
(2) Integ. / Acq. Costs	0.7	0.1	-	-	-	0.8	-	4.3	-	-	2.4	6.7
Adjusted EBITDA	\$17.0	\$21.1	\$48.2	\$13.1	(\$21.7)	\$77.7	\$18.7	\$25.9	\$40.7	\$15.2	(\$22.3)	\$78.1
Margin (%)	12.2%	33.8%	24.9%	16.4%	-	16.4%	13.3%	26.0%	22.1%	16.6%	-	15.2%

(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

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

(3) Costs associated with certain separation charges



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

	FY'20 Q3 vs. FY'19 Q3		
	Reported		Const. Curr.
	\$M	% Grth.	% Grth.
<u>Executive Search</u>			
North America	\$106.9	(6.4%)	(6.5%)
Europe	44.3	(3.6%)	(2.6%)
Asia / Pacific	25.1	(2.3%)	(1.2%)
Latin America	7.3	(3.6%)	(0.2%)
Total Exec. Search	\$183.6	(5.1%)	(4.6%)
<u>Consulting</u>			
North America	\$53.6	6.4%	6.2%
Europe	53.3	(1.6%)	(0.7%)
Asia / Pacific	27.8	(3.8%)	(3.8%)
Latin America	5.8	2.9%	10.8%
Total Consulting	\$140.5	1.1%	1.7%
<u>Digital</u>			
North America	\$43.5	128.8%	127.6%
Europe	35.7	23.9%	25.2%
Asia / Pacific	16.1	51.5%	51.5%
Latin America	4.2	4.6%	13.1%
Total Digital	\$99.4	59.0%	60.8%
<u>RPO & Prof. Search</u>			
North America	\$44.5	9.2%	9.2%
Europe	24.3	30.8%	32.9%
Asia / Pacific	18.3	9.5%	12.2%
Latin America	4.8	29.2%	36.5%
Total RPO & Prof. Sch	\$91.8	15.4%	16.7%
Total KF	\$515.3	8.6%	9.4%



Thank you

