Q3 2017 Earnings Results

October 30, 2017

trueblue
THE PEOPLE COMPANY

Forward-Looking Statements

This document contains forward-looking statements relating to our plans and expectations, all of which are subject to risks and uncertainties. Such statements are based on management's expectations and assumptions as of the date of this release and involve many risks and uncertainties that could cause actual results to differ materially from those expressed or implied in our forward-looking statements including: (1) national and global economic conditions, (2) our ability to attract and retain customers, (3) our ability to maintain profit margins, (4) new laws and regulations that could have a material effect on our operations or financial results, (5) our ability to successfully complete and integrate acquisitions (6) our ability to attract sufficient qualified candidates and employees to meet the needs of our customers, and (7) our ability to successfully execute on new business initiatives such as the consolidation of our service lines and leveraging of mobile technology. Other information regarding factors that could affect our results is included in our SEC filings, including the company's most recent reports on Forms 10-K and 10-Q, copies of which may be obtained by visiting our website at www.trueblue.com under the Investor Relations section or the SEC's website at www.sec.gov. We assume no duty to update or revise any forward-looking statements contained in this release.

In addition, we use several non-GAAP financial measures when presenting our financial results in this release. Please refer to the reconciliations between our GAAP and non-GAAP financial measures in the appendix to this presentation and on our website at www.trueblue.com under the Investor Relations section for a complete perspective on both current and historical periods. Any comparisons made herein to other periods are based on a comparison to the same period in the prior year unless otherwise stated.

Use of estimates and forecasts:
Any references made to fiscal 2017 are based on management guidance issued October 30, 2017, and are included for informational purposes only. 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. Any other reference to future financial estimates are included for informational purposes only and subject to risk factors discussed in our most recent filings with the Securities Exchange Commission.

Q3 2017 Summary

Improving revenue trends

- Revenue decline for the quarter improved to -5% v. -9% for Q2 2017
- Exit rate (month of September v. month of June) improved to -3% v. -9%

Solid gross margin performance

- Seventh consecutive quarter of year-over-year gross margin expansion

Effective management of capital

- New $100 million stock repurchase authorization
- $14 million of common stock repurchased in Q3 2017, $29 million year-to-date

The right strategic priorities

- PeopleReady – Innovative mobile strategy and simplified brand structure
- PeopleManagement – Productivity solutions and e-commerce focus
- PeopleScout – High growth market, global leadership position, attractive margin

Financial Summary

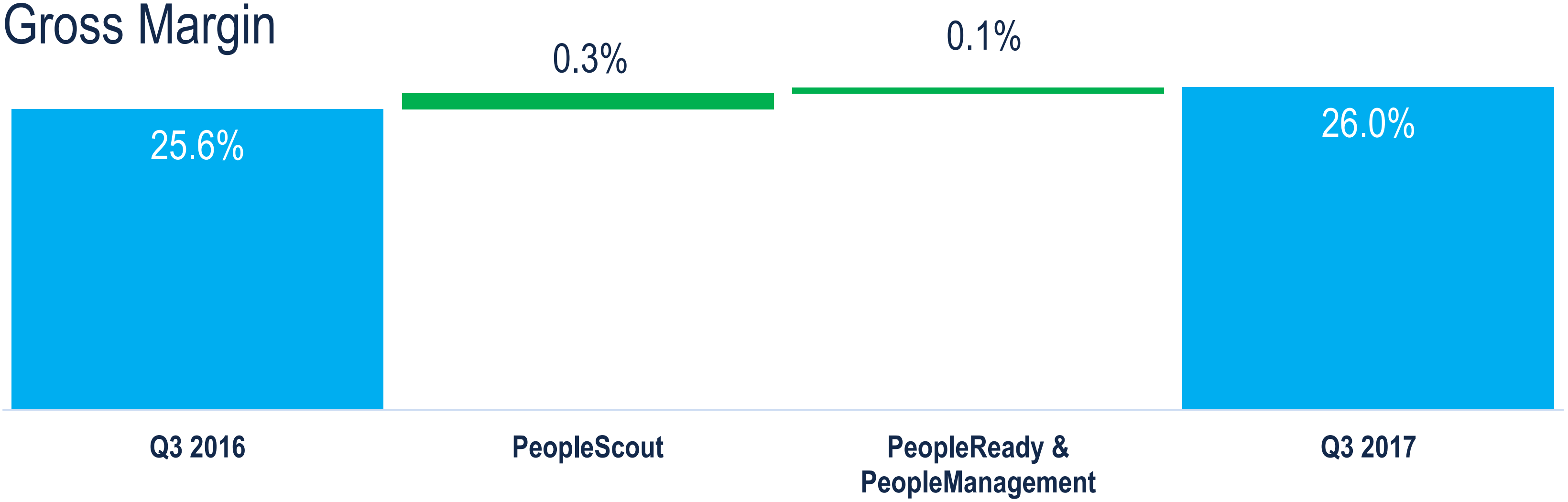
Amounts in millions, except per share data	Q3 2017	Y/Y Change
Revenue	$661	-5% -2% ex-Amazon[1]
Net Income	$21.2	-9%
Net Income Per Diluted Share	$0.51	-8%
Adjusted Net Income[1]	$24.8	-20%
Adj. Net Income Per Diluted Share[1]	$0.60	-17%
Adjusted EBITDA[1]	$40.6	-18%
Adjusted EBITDA Margin	6.2%	-90 bps

- Monthly revenue trends improved across all business segments
- Net income comparison benefited from asset impairment, integration and Amazon exit costs in Q3 2016
- Adjusted EBITDA margin down from negative operating leverage

[1] See the appendix to this presentation and "Financial Information" in the Investors section of our website at www.trueblue.com for a definition and full reconciliation of non-GAAP financial measures to GAAP financial results.

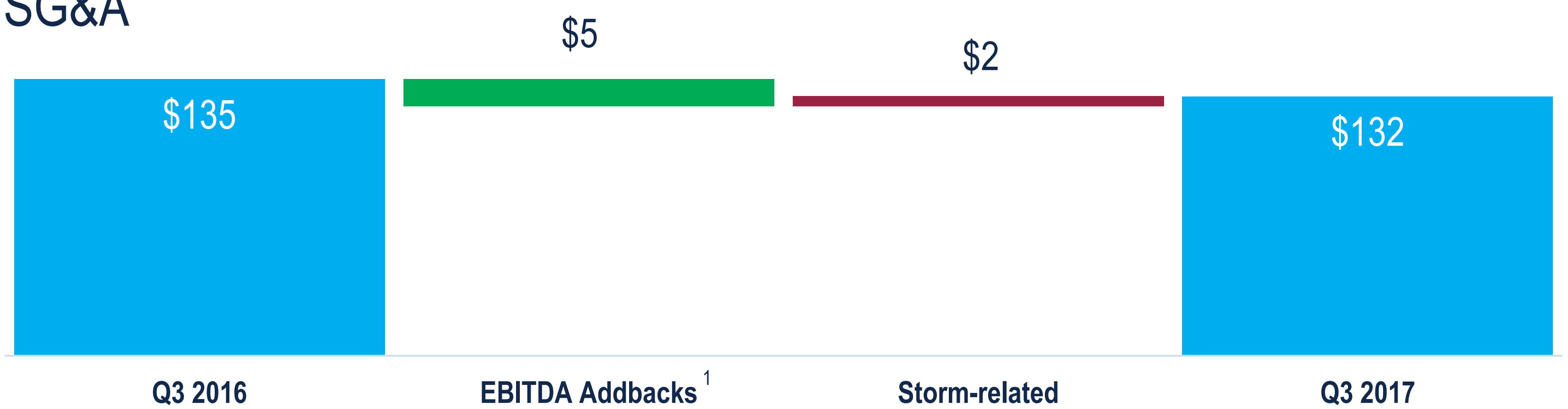
Gross Margin and SG&A Bridges

Gross Margin



Amounts in millions

SG&A



[1] Includes acquisition and integration costs of $1.4M, branch signage write-offs of $1.6M due to our re-branding to PeopleReady as well as costs of $1.8M associated with our exit from the Amazon delivery business.

Results by Segment

Amounts in millions	PeopleReady	PeopleManagement	PeopleScout
Revenue	$415	$197	$49
% Growth	*-5%*	*-9% (Flat ex-Amazon)*	*+10%*
Adj. EBITDA	$29	$7	$10
% Growth	*-30%*	*+31%*	*+23%*
% Margin *Y/Y Change*	*6.9%* *-240 bps*	*3.5%* *+110 bps*	*21.0%* *+220 bps*
Notes:	• Exit rate (month of September v. month of June) improved to -3% v. -9% • Storm-related activity boosted Q3 revenue by 1% and 2% in September • Mobile strategy deployment progressing well with promising results • Adjusted EBITDA margin decline from negative operating leverage and storm-related damage and mobilization costs	• Flat growth on an ex-Amazon basis • Healthy new business pipeline in SIMOS productivity-based business, but converting at slower pace given the proximity of the holiday season • Adjusted EBITDA margin improvement primarily from reducing costs in light of lower Amazon volumes	• Double digit revenue growth driven by new customer wins • YTD new customer wins at a record level • Recruiting process efficiencies continue to drive higher Adjusted EBITDA margins

Note: Figures may not sum to consolidated totals due to rounding.

Segment Strategy Highlights

PeopleReady — A TrueBlue Company

- Worker component of mobile app live in 450 branches or about 70% of our overall network
- Client component of mobile app being tested with select clients and receiving positive feedback
- On-track to begin monetizing in 2018

PeopleManagement — A TrueBlue Company

- Productivity solutions enhance future growth prospects
  - Compelling value proposition
  - Differentiated service, high EBITDA margin
  - Perfect fit with the growing world of e-commerce

PeopleScout — A TrueBlue Company

- Attractive margin business with compelling value proposition
- Global RPO market experiencing double-digit growth
- Actively pursuing organic revenue growth plus opportunistic international acquisitions to improve win rates on multi-continent deals

Cross-Selling:

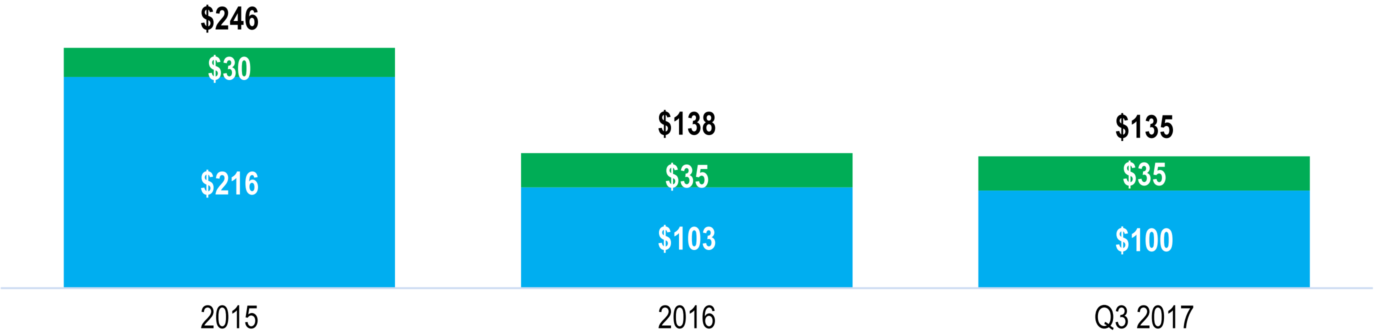
- Brand re-alignment laid the groundwork for an expanded cross-selling effort
- Sharpening our focus on strategic accounts needing multiple services

Lower Debt and Ample Liquidity

Amounts in millions

Total Debt

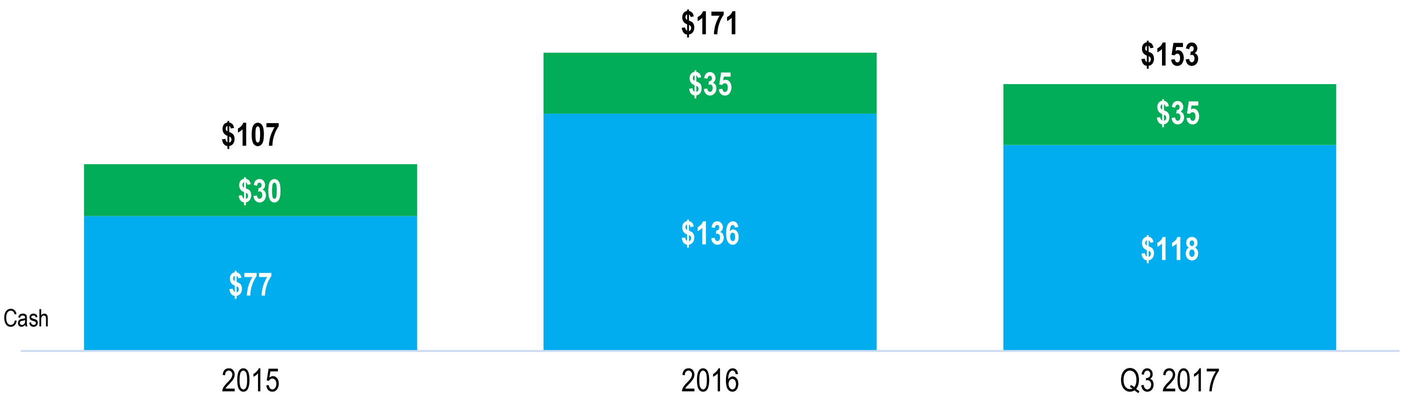
■ Net Debt ■ Cash



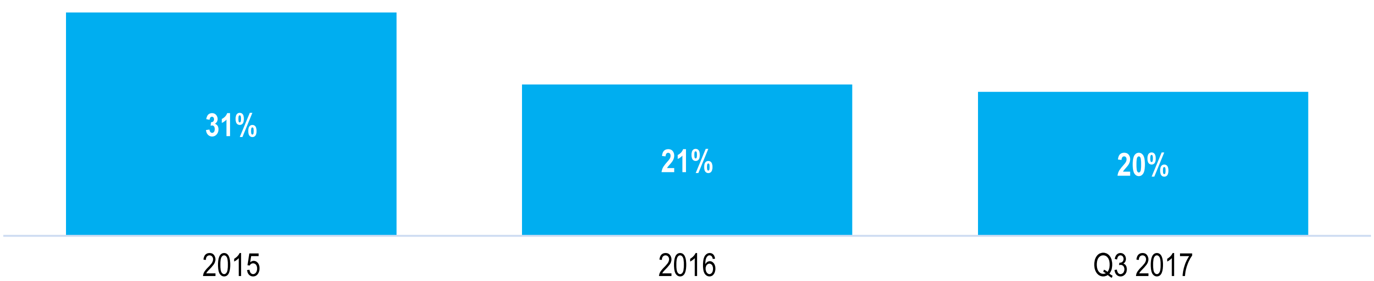
Amounts in millions

Liquidity

■ Borrowing Availability ■ Cash



Debt to Total Capital[1]



Note: Balances as of fiscal period end.

[1] Calculated as total debt divided by the sum of total debt plus shareholders' equity.

Outlook

Q4 2017 Outlook

- Our fiscal fourth quarter of 2016 included a 14th week and we changed our week-ending date from Friday to the following Sunday to better align with our customers work week.
- Total revenue growth is presented on both a GAAP basis and a comparable basis.[1]

Amounts in millions, except per share data

Revenue	Outlook	% Growth – GAAP	% Growth – Comparable[1]	Notes
Total	$660 to $675	-8% to -10%	-1% to -3%	• Total company revenue growth on a GAAP basis excluding Amazon is expected to be -6% to -8% • Total company revenue growth on a comparable basis excluding Amazon is expected to be -1% to 1%
PeopleReady	$385 to $394	-9% to -11%		
PeopleManagement	$226 to $231	-10% to -12%		
PeopleScout	$45 to $49	-3% to 7%		

Profitability & Capital Expenditures	Outlook	Notes
Net income per diluted share	$0.36 to $0.41	• The extra nine days in Q4 2016 provide approximately $0.04 of net income per diluted share benefit, or $0.05 on an adjusted basis • Assumes income tax rate of 28% • Assumes diluted weighted average shares outstanding of 40.8 million
Adjusted net income per diluted share	$0.45 to $0.50	
Capital Expenditures	$5	

[1] The comparable period in 2016 excludes the first week (ended September 30th) of the fourth quarter and the two additional days associated with the change in week-ending date. The additional nine days in Q4 2016 provided a benefit of $56 million of revenue, $0.04 of net income per diluted share and $0.05 of adjusted net income per diluted share.

Appendix

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NON-GAAP FINANCIAL MEASURES AND NON-GAAP RECONCILIATIONS

Non-GAAP Measure	Definition	Purpose of Adjusted Measures
EBITDA and Adjusted EBITDA	EBITDA excludes from Net income the effects of: - interest expense, - income taxes, and - depreciation and amortization. Adjusted EBITDA, further excludes the effects of: - acquisition/integration and other costs, - goodwill and intangible asset impairment charge, and - Work Opportunity Tax Credit third-party processing fees.	- Enhances comparability on a consistent basis and provides investors with useful insight into the underlying trends of the business. - Is used by management to assess performance and effectiveness of our business strategies by excluding certain non-cash charges. - Provides a measure, among others, used in the determination of incentive compensation for management.
Adjusted net income and Adjusted net income, per diluted share	Net income and Net income per diluted share, excluding the effects of: - acquisition/integration and other costs, - goodwill and intangible asset impairment charge, - amortization of intangibles of acquired businesses, as well as accretion expense related to acquisition earn-out, - tax effect of each adjustment to U.S. GAAP Net income, and - adjusted income taxes to the expected ongoing effective tax rate.	- Enhances comparability on a consistent basis and provides investors with useful insight into the underlying trends of the business. - Is used by management to assess performance and effectiveness of our business strategies by excluding certain non-cash charges.

RECONCILIATION OF U.S. GAAP NET INCOME TO ADJUSTED NET INCOME AND ADJUSTED NET INCOME PER DILUTED SHARE
(Unaudited)

	13 Weeks Ended*				
(in thousands, except for per share data)	**Oct 1, 2017**	**Sep 23, 2016**	**Q4 2017 Outlook**		
Net income	**$ 21,221**	$ 23,429	$ 14,500	—	$ 16,700
Acquisition/integration and other costs (1)	—	4,842	—		
Goodwill and intangible asset impairment charge (2)	—	4,275	—		
Amortization of intangible assets of acquired businesses (3)	**5,353**	6,831	5,300		
Tax effect of adjustments to net income (4)	**(1,499)**	(4,465)	(1,500)		
Adjust income taxes to normalized effective rate (5)	**(299)**	(4,073)	—		
Adjusted net income	**$ 24,776**	$ 30,839	$ 18,300	—	$ 20,500
Adjusted net income, per diluted share	**$ 0.60**	$ 0.72	$ 0.45	—	$ 0.50
Diluted weighted average shares outstanding	**41,276**	42,056	40,800		

** Totals may not sum due to rounding*

1. Acquisition/integration costs related to the acquisition of the recruitment process outsourcing business of Aon Hewitt, which was completed on January 4, 2016. In addition, other charges include costs associated with our exit from the Amazon delivery business of $1.8 million and branch signage write-offs of $1.6 million due to our re-branding to PeopleReady in the third quarter of 2016.
2. The Goodwill and intangible asset impairment charge for the thirteen weeks ended September 23, 2016, relates to the CLP and Spartan reporting unit trade names/trademarks of $4.3 million that were written-off due to the re-branding of PeopleReady.
3. Amortization of intangible assets of acquired businesses as well as accretion expense related to the SIMOS acquisition earn-out.
4. Total tax effect of each of the adjustments to U.S. GAAP Net income per diluted share using the ongoing rate of 28%.
5. Adjusts the effective income tax rate to the expected ongoing rate of 28%.

RECONCILIATION OF U.S. GAAP NET INCOME TO EBITDA AND ADJUSTED EBITDA
(Unaudited)

	13 Weeks Ended*				
(in thousands)	Oct 1, 2017	Sep 23, 2016	Q4 2017 Outlook		
Net income	**$ 21,221**	$ 23,429	$ 14,500	—	$ 16,700
Income tax expense	**7,838**	3,455	5,600	—	6,500
Interest and other expense, net	**219**	867		—	
Depreciation and amortization	**11,189**	11,690		11,000	
EBITDA	**40,467**	39,441	31,100	—	34,100
Acquisition/integration and other costs (1)	—	4,842		—	
Goodwill and intangible asset impairment charge (2)	—	4,275		—	
Work Opportunity Tax Credit processing fees (6)	**180**	754		200	
Adjusted EBITDA	**$ 40,647**	$ 49,312	$ 31,300	—	$ 34,300

* *Totals may not sum due to rounding*

Note: See prior slide for footnotes (1) and (2).

6. These third-party processing fees are associated with generating the Work Opportunity Tax Credits, which are designed to encourage employers to hire workers from certain targeted groups with higher than average unemployment rates and reduce our income taxes.

RECONCILIATION OF U.S. GAAP REVENUE TO REVENUE EXCLUDING THE COMPANY'S FORMER LARGEST CUSTOMER

(Unaudited)

(in thousands)	13 Weeks Ended Oct 1, 2017	Sep 23, 2016
Revenue from services	$ **660,780**	$ 697,097
Former largest customer revenue	**(11,393)**	(31,891)
Revenue excluding former largest customer	$ **649,387**	$ 665,206

SEGMENT EBITDA RECONCILIATION TO ADJUSTED EBITDA

(Unaudited)

	13 Weeks Ended					
	Oct 1, 2017			Sep 23, 2016 [2]		
(in thousands)	PeopleReady	PeopleManagement	PeopleScout	PeopleReady	PeopleManagement	PeopleScout
Segment EBITDA (1)	$ **28,572**	$ **6,940**	$ **10,277**	$ **34,100**	$ **3,520**	$ **8,358**
Acquisition/integration and other costs (3)	—	—	—	**1,660**	**1,772**	—
Goodwill and intangible asset impairment charge (4)	—	—	—	**4,275**	—	—
Work Opportunity Tax Credit processing fees (5)	**180**	—	—	**754**	—	—
Adjusted Segment EBITDA (1)	$ **28,752**	$ **6,940**	$ **10,277**	$ **40,789**	$ **5,292**	$ **8,358**

1. Segment earnings before interest, taxes, depreciation and amortization ("Segment EBITDA") is a primary measure of segment performance. Segment EBITDA includes net sales to third parties, related cost of sales, selling, general and administrative expenses, and goodwill and intangible asset impairment charge directly attributable to the reportable segment together with certain allocated corporate general and administrative expenses. Segment EBITDA excludes unallocated corporate general and administrative expenses. Adjusted Segment EBITDA is a non-GAAP financial measure and further excludes acquisition/integration and other costs, goodwill and intangible asset impairment charge, and Work Opportunity Tax Credit third-party processing fees. Adjusted Segment EBITDA is a key measure used by management to assess performance and, in our opinion, enhances comparability and provides investors with useful insight into the underlying trends of the business. Adjusted Segment 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 U.S. GAAP, and may not be comparable to similarly titled measures of other companies.
2. Beginning in the fourth quarter of 2016, we changed our methodology for allocating certain corporate costs to our segments, which decreased our corporate unallocated expenses. We have adjusted the prior year amounts to reflect this change for consistency purposes.
3. Acquisition/integration costs related to the acquisition of the recruitment process outsourcing business of Aon Hewitt, which was completed on January 4, 2016. In addition, other charges include costs associated with our exit from the Amazon delivery business of $1.8 million and branch signage write-offs of $1.6 million due to our re-branding to PeopleReady in the third quarter of 2016.
4. The Goodwill and intangible asset impairment charge for the thirteen weeks ended September 23, 2016, relates to the CLP and Spartan reporting unit trade names/trademarks of $4.3 million that were written-off due to the re-branding of PeopleReady.
5. These third-party processing fees are associated with generating the Work Opportunity Tax Credits, which are designed to encourage employers to hire workers from certain targeted groups with higher than average unemployment rates and reduce our income taxes.