



# **Q1 2019 Earnings Call**

May 9, 2019

**Hudson Global, Inc.**

# Forward-Looking Statements

This presentation contains statements that the Company believes to be "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact included in this presentation, including statements regarding the Company's future financial condition, results of operations, business operations and business prospects, are forward-looking statements. Words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "predict," "believe" and similar words, expressions and variations of these words and expressions are intended to identify forward-looking statements. All forward-looking statements are subject to important factors, risks, uncertainties and assumptions, including industry and economic conditions that could cause actual results to differ materially from those described in the forward-looking statements. Such factors, risks, uncertainties and assumptions include, but are not limited to, Hudson Global's ability to achieve anticipated benefits from the sales of its recruitment and talent management operations in Europe and Asia Pacific and operate successfully as a Company focused on its RPO business; global economic fluctuations; the Company's ability to successfully achieve its strategic initiatives; risks related to fluctuations in the Company's operating results from quarter to quarter; the ability of clients to terminate their relationship with the Company at any time and the impact of any loss of a significant client; competition in the Company's markets; the negative cash flows and operating losses that may recur in the future; risks associated with the Company's investment strategy; risks related to international operations, including foreign currency fluctuations; the Company's dependence on key management personnel; the Company's ability to attract and retain highly skilled professionals; the Company's ability to collect accounts receivable; the Company's ability to maintain costs at an acceptable level; the Company's heavy reliance on information systems and the impact of potentially losing or failing to develop technology; risks related to providing uninterrupted service to clients; the Company's exposure to employment-related claims from clients, employers and regulatory authorities, current and former employees in connection with the Company's business reorganization initiatives and limits on related insurance coverage; the Company's ability to utilize net operating loss carry-forwards; volatility of the Company's stock price; the impact of government regulations; restrictions imposed by blocking arrangements; and risks related to potential acquisitions or dispositions of businesses by the Company. Additional information concerning these and other factors is contained in the Company's filings with the Securities and Exchange Commission. These forward-looking statements speak only as of the date of this document. The Company assumes no obligation, and expressly disclaims any obligation, to update any forward-looking statements, whether as a result of new information, future events or otherwise.

# Q1 2019: Consolidated Financial Results

US\$ in Millions, except EPS

	'+ / - (1)		Q1 2019	Q1 2018
Revenue	-	0.2%	\$16.2	\$16.2
	+	9.2%		
				CC (2)
Gross Profit	-	7.5%	\$9.4	\$10.2
	-	2.5%		
				CC
SG&A(3)	-	9.5%	\$11.2	\$12.4
	-	5.4%		
				CC
Adjusted EBITDA(4)		NM	\$(1.8)	\$(2.2)
		NM		
				CC
Net Income (Loss)		NM	\$(1.9)	\$10.7
Basic and Diluted EPS			\$(0.06)	\$0.33

(1) + / - indicates whether the caption was higher (+) or lower (-) than the comparison period.

(2) CC represents constant currency.

(3) Excludes stock compensation expense of \$0.2 million and \$0.5 million for the three months ending March 31, 2019 and 2018 respectively.

(4) Prior period Adjusted EBITDA may not be comparable due to support cost allocation treatment between continuing and discontinued operations following the divestitures.

# Q1 2019: Hudson Asia Pacific

US\$ in Millions, except EPS

				Q1 2019	Q1 2018
			+ / - <sup>(1)</sup>		
Revenue	-	1.7%		\$8.7	\$8.8
	+	12.8%	CC <sup>(2)</sup>		
Gross Profit	-	6.7%		\$4.6	\$4.9
	+	2.7%	CC		
SG&A	+	1.8%		\$4.4	\$4.3
	+	13.6%	CC		
Adjusted EBITDA <sup>(3)</sup>	-	70.3%		\$0.2	\$0.6
	-	70.2%	CC		
Adjusted EBITDA, as a % of Gross Profit				4.0%	12.7%

<sup>(1)</sup> + / - indicates whether the caption was higher (+) or lower (-) than the comparison period.

<sup>(2)</sup> CC represents constant currency.

<sup>(3)</sup> Prior period Adjusted EBITDA may not be comparable due to support cost allocation treatment between continuing and discontinued operations following the divestitures.

# Q1 2019: Hudson Americas

US\$ in Millions

			Q1 2019	Q1 2018
	'+ / - <sup>(1)</sup>			
Revenue	-	15.2%	\$3.1	\$3.7
Gross Profit	-	11.7%	\$2.8	\$3.1
SG&A	+	11.7%	\$3.1	\$2.8
Adjusted EBITDA <sup>(2)</sup>	-	175.2%	\$(0.3)	\$0.4
Adjusted EBITDA, as a % of Gross Profit			(10.1)%	11.8%

<sup>(1)</sup> + / - indicates whether the caption was higher (+) or lower (-) than the comparison period.

<sup>(2)</sup> Prior period Adjusted EBITDA may not be comparable due to support cost allocation treatment between continuing and discontinued operations following the divestitures.

# Q1 2019: Hudson Europe

US\$ in Millions

				Q1 2019	Q1 2018
		+ / - <sup>(1)</sup>			
Revenue	+	18.4%		\$4.4	\$3.7
	+	26.9%	CC <sup>(2)</sup>		
Gross Profit	-	3.0%		\$2.0	\$2.1
	-	—%	CC		
SG&A	+	8.9%		\$2.2	\$2.1
	+	13.3%	CC		
Adjusted EBITDA <sup>(3)</sup>		NM		\$(0.2)	\$0.1
		NM	CC		
Adjusted EBITDA, as a % of Gross Profit				(9.5)%	2.5%

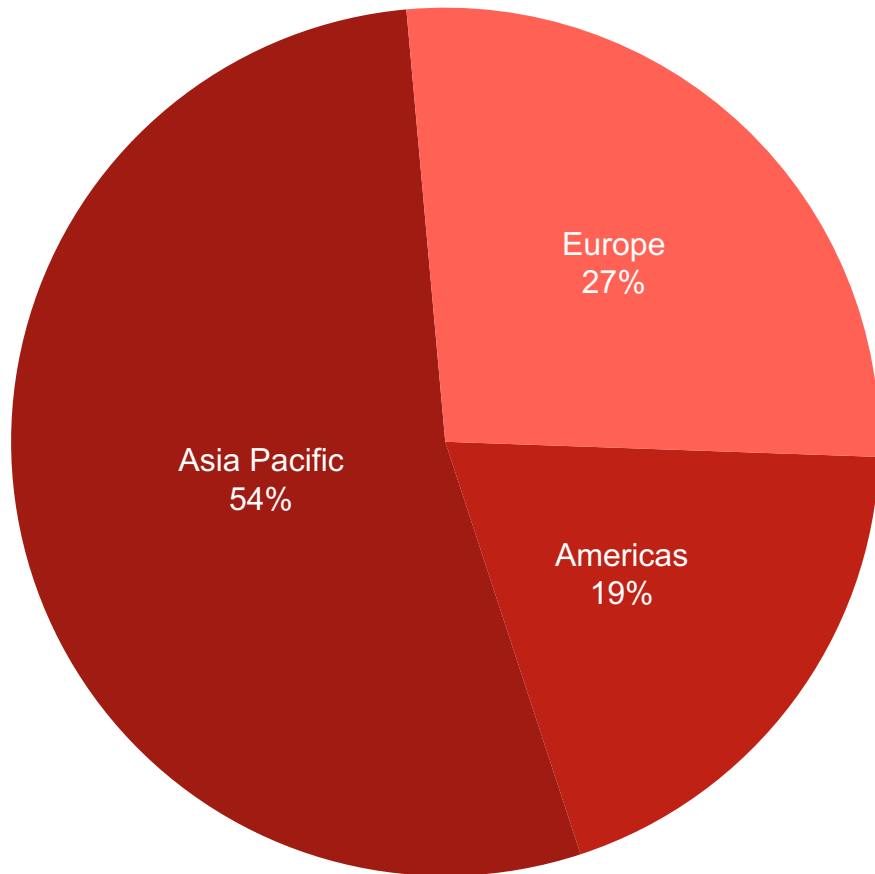
<sup>(1)</sup> + / - indicates whether the caption was higher (+) or lower (-) than the comparison period.

<sup>(2)</sup> CC represents constant currency.

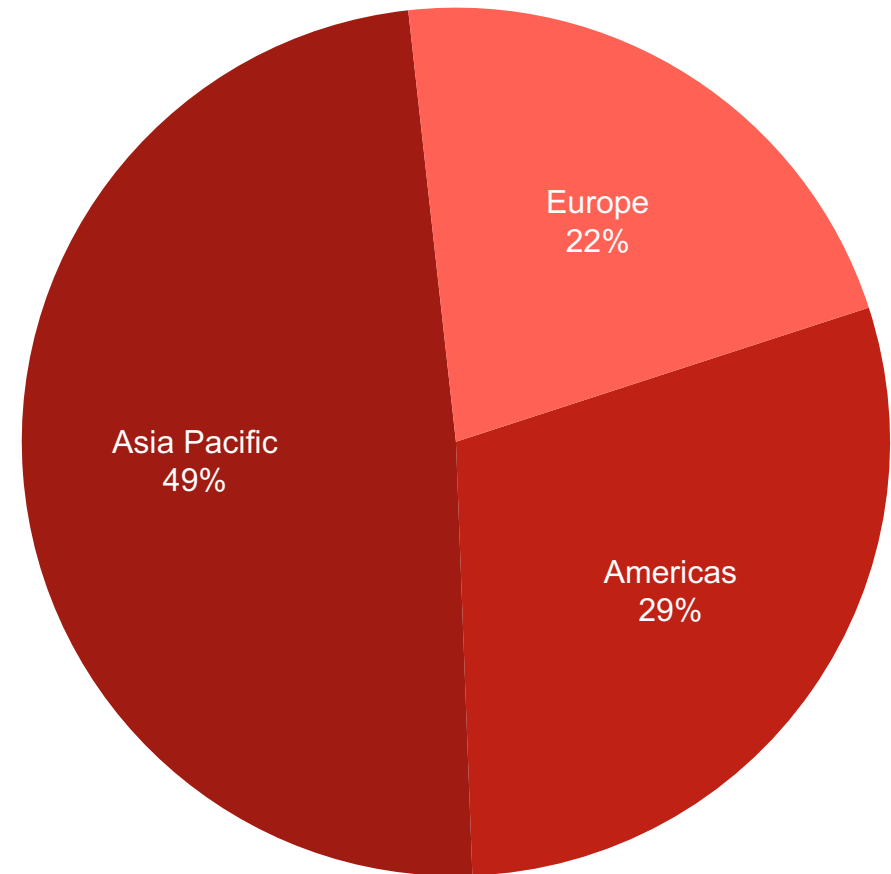
<sup>(3)</sup> Prior period Adjusted EBITDA may not be comparable due to support cost allocation treatment between continuing and discontinued operations following the divestitures.

# Q1 2019 Regional Split

## Revenue

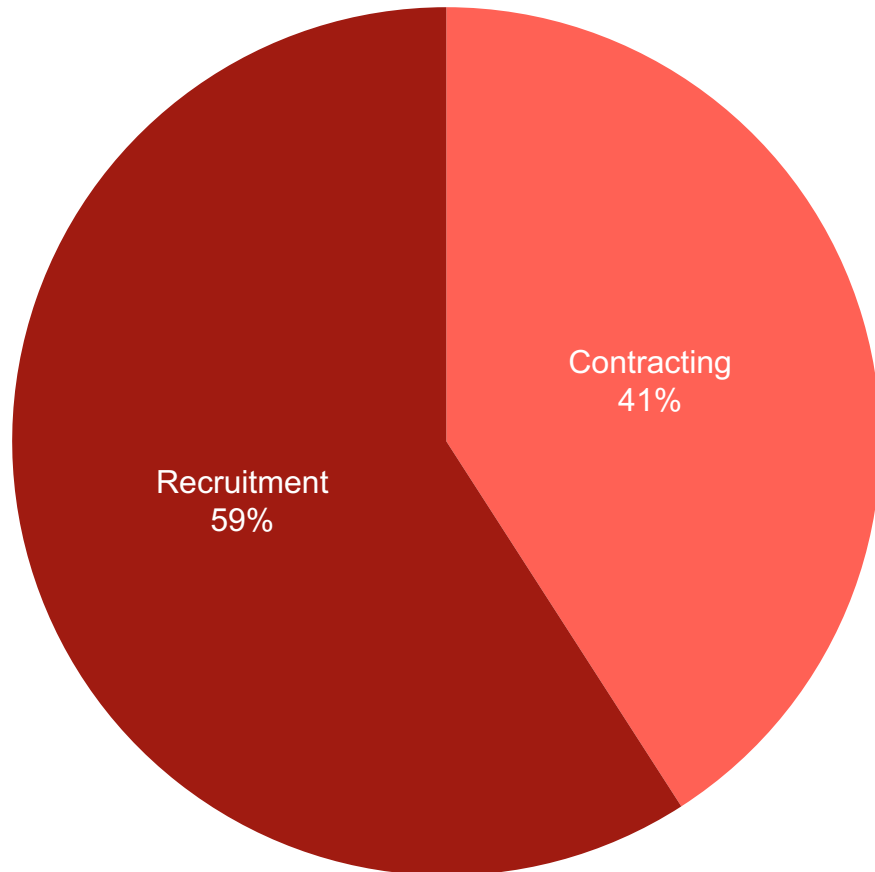


## Gross Profit

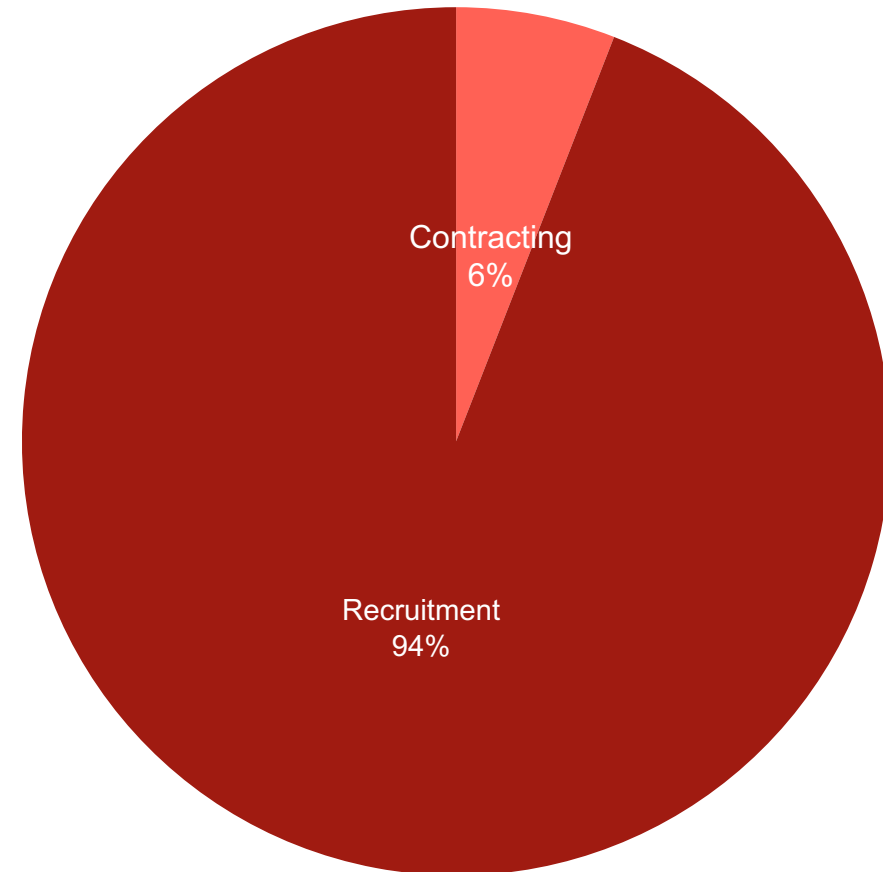


# Q1 2019 RPO Services Split

## Revenue



## Gross Profit





# Balance Sheet: Selected Items

*US\$ in Millions*

	Q1 2019	Q4 2018
<b>Selected Assets</b>		
Cash	\$30.3	\$40.6
Accounts Receivable	\$12.6	\$9.9
Restricted Cash	\$0.6	\$0.5
<b>Shareholders' Equity</b>		
Stockholders' Equity	\$34.8	\$40.5
<b>Working Capital</b>		
Current Assets	\$44.0	\$52.1
Current Assets ex-cash	\$13.8	\$11.5
Current Liabilities	\$8.5	\$10.6
Working Capital	\$35.5	\$41.5
Working Capital ex-cash	\$5.3	\$0.9

# 2019: Cash Flow Summary

*US\$ in Millions*

	Q1 2019
Net income (loss)	\$ (1.9)
Stock-based compensation	0.2
Change in accounts receivable	(2.6)
Change in prepaid and other assets	0.5
Change in accounts payable and other liabilities	(2.4)
<b>Cash provided by (used in) operations</b>	<b>(6.2)</b>
Capital expenditures	—
<b>Free cash flow</b>	<b>(6.3)</b>
Purchase of treasury stock	(4.0)
Effect of exchange rates	0.1
<b>Change in cash, cash equivalents, and restricted cash</b>	<b>\$ (10.2)</b>

# Appendix

# Reconciliation of Non-GAAP Financial Measures

Q1 2019	Asia Pacific	Americas	Europe	Corporate	Total	Q1 2018	Asia Pacific	Americas	Europe	Corporate	Total
Revenue	\$ 8.7	\$ 3.1	\$ 4.4	\$ —	\$ 16.2	Revenue	\$ 8.8	\$ 3.7	\$ 3.7	\$ —	\$ 16.2
Gross profit	\$ 4.6	\$ 2.8	\$ 2.0	\$ —	\$ 9.4	Gross profit	\$ 4.9	\$ 3.1	\$ 2.1	\$ —	\$ 10.2
Net loss					\$ (1.9)	Net income (loss)					\$ 10.7
Loss from discontinued ops					(0.1)	Income (loss) from discontinued ops					13.6
Loss from continuing ops					(1.8)	Income (loss) from continuing ops					(2.9)
Provision for income taxes					0.1	Provision for (benefit from) income taxes					0.2
Interest income, net					(0.3)	Interest expense (income), net					—
Depreciation and amortization					—	Depreciation and amortization					—
EBITDA loss (1)	\$ —	\$ (0.4)	\$ (0.3)	\$ (1.2)	\$ (2.0)	EBITDA (loss) (1)	\$ 0.5	\$ 0.3	\$ —	\$ (3.6)	\$ (2.7)
Non-operating expense (income), including corporate administration charges	0.2	0.1	0.2	(0.5)	—	Non-operating expense (income), including corporate administration charges	0.1	0.1	—	(0.1)	0.1
Stock-based compensation expense	—	—	—	0.1	0.2	Stock-based compensation expense	—	—	—	0.4	0.5
Adjusted EBITDA loss (1)	\$ 0.2	\$ (0.3)	\$ (0.2)	\$ (1.5)	\$ (1.8)	Adjusted EBITDA (loss) (1)	\$ 0.6	\$ 0.4	\$ 0.1	\$ (3.2)	\$ (2.2)

*EBITDA is a non-GAAP measure defined as earnings before interest, income taxes, depreciation and amortization. Adjusted EBITDA is a non-GAAP measure defined as earnings before interest, income taxes, depreciation and amortization, non-operating income, goodwill and other impairment charges, business reorganization expenses, stock-based compensation expense and other charges.*



**Hudson Global, Inc.**

**Thank You!**