

# TRUEBLUE, INC.

## FORM 8-K (Current report filing)

Filed 07/24/14 for the Period Ending 07/24/14

Address	1015 A STREET TACOMA, WA 98402
Telephone	253-383-9101
CIK	0000768899
Symbol	TBI
SIC Code	7363 - Help Supply Services
Industry	Business Services
Sector	Services
Fiscal Year	12/31

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

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**FORM 8-K**

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**CURRENT REPORT**

**PURSUANT TO SECTION 13 OR 15(D) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

**Date of report (Date of earliest event reported): July 24, 2014**

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**TRUEBLUE, INC.**

(Exact Name of Registrant as Specified in Its Charter)

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**Washington**  
(State or Other Jurisdiction  
of Incorporation)

**001-14543**  
(Commission  
File Number)

**91-1287341**  
(IRS Employer  
Identification No.)

**1015 A Street, Tacoma, Washington**  
(Address of Principal Executive Offices)

**98402**  
(Zip Code)

**(253) 383-9101**  
(Registrant's Telephone Number, Including Area Code)

**Not Applicable**  
(Former Name or Former Address, if Changed Since Last Report)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions ( *see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 2.02. Results of Operations and Financial Condition.**

On July 24, 2014, TrueBlue, Inc. (the "Company") issued a press release (the "Press Release") reporting its financial results for the second quarter ended June 27, 2014 and revenue and earnings guidance for the third quarter of 2014, a copy of which is attached hereto as Exhibit 99.1 and the contents of which are incorporated herein by this reference. Also attached to this report as Exhibit 99.2 is a slide presentation relating to the financial results for the second quarter ended June 27, 2014 (the "Earnings Results Presentation"), which will be discussed by management of the Company on a live conference call at 9 a.m. Eastern Time (6 a.m. Pacific Time) on Thursday, July 24, 2014. The Earnings Results Presentation is also available on the Company's website, [www.trueblue.com](http://www.trueblue.com).

In accordance with General Instruction B.2. of Form 8-K, the information contained above in this report (including the Press Release and the Earnings Results Presentation) shall not be deemed "Filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall the Press Release or the Earnings Results Presentation be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such a filing. This report will not be deemed a determination or an admission as to the materiality of any information in the report that is required to be disclosed solely by Regulation FD.

**Item 7.01. Regulation FD Disclosure**

We are also attaching our Q3 2014 Investor Presentation (the "Investor Presentation") to this report as Exhibit 99.3, which we will reference in our Q2 2014 earnings results discussion and which may be used in future investor conferences. The Investor Presentation is also available on the Company's website, [www.trueblue.com](http://www.trueblue.com).

In accordance with General Instruction B.2. of Form 8-K, the information contained above in this report (including the Investor Presentation) shall not be deemed "Filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall the Investor Presentation be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such a filing. This report will not be deemed a determination or an admission as to the materiality of any information in the report that is required to be disclosed solely by Regulation FD.

**Item 9.01. Financial Statements and Exhibits.**

**(d) Exhibits**

- 99.1 Press Release of the Company dated July 24, 2014
  - 99.2 Earnings Results Presentation
  - 99.3 Investor Presentation
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## TRUEBLUE REPORTS 2014 SECOND QUARTER RESULTS

**TACOMA, WA-July 24, 2014** -- 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>1</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>2</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>1</sup> This is a non-GAAP financial measure for which reconciliation is provided along with the financial statements accompanying this release.

<sup>2</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).

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**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.

**Contacts:**

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253-680-8214

Stacey Burke, VP of Corporate Communications  
253-680-8291

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

	Thirteen weeks ended		Twenty-six 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	40,739	40,140	40,655	39,962
Diluted	40,969	40,421	40,934	40,248

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

	June 27, 2014	December 27, 2013
Assets		
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	394,579	356,458
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	\$ 746,755	\$ 719,461
Liabilities and shareholders' equity		
Current liabilities	\$ 125,275	\$ 121,409
Long-term liabilities	205,114	204,692
Total liabilities	330,389	326,101
Shareholders' equity	416,366	393,360
Total liabilities and shareholders' equity	\$ 746,755	\$ 719,461

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

	Twenty-six weeks ended	
	June 27, 2014	June 28, 2013
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	86	(544)
Net change in cash and cash equivalents	40,846	(13,424)
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)*

	13 Weeks Ended	
	June 27, 2014	June 28, 2013
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 <sup>(1)</sup>	23,229	22,534
Non-recurring acquisition costs	1,987	1,760
Adjusted EBITDA <sup>(1)</sup>	\$ 25,216	\$ 24,294

(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.

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# Q2 2014 Earnings Results

July 24, 2014



## FORWARD-LOOKING STATEMENT

Certain statements made by us in this presentation that are not historical facts or that relate to future plans, events or performances are forward-looking statements that reflect management's current outlook for future periods, including statements regarding future financial performance. These forward-looking statements are based upon our current expectations, and our actual results may differ materially from those described or contemplated in the forward-looking statements. Factors that may cause our actual results to differ materially from those contained in the forward-looking statements, include without limitation the following: 1) national and global economic conditions, including the impact of changes in national and global credit markets and other changes that affect our customers; 2) our ability to continue to attract and retain customers and maintain profit margins in the face of new and existing competition; 3) new laws and regulations that could have a materially adverse effect on our operations and financial results; 4) significant labor disturbances which could disrupt industries we serve; 5) increased costs and collateral requirements in connection with our insurance obligations, including workers' compensation insurance; 6) the adequacy of our financial reserves; 7) our continuing ability to comply with the financial covenants of our lines of credit and other financing agreements; 8) our ability to attract and retain competent employees in key positions or to find temporary employees to fulfill the needs of our customers; 9) our ability to successfully complete and integrate acquisitions that we may make; and 10) other risks described in our most recent filings with the Securities and Exchange Commission.

### **Use of estimates and forecasts:**

Any references made to 2014 and 2015 are based on management guidance issued July 24, 2014, and are included for informational purposes only and are not an update or reaffirmation. 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.

## Q2 2014 HIGHLIGHTS

- Total revenue growth of 7%
  - 2013 acquired revenue performing well
  - Organic revenue growth of 3%; seasonal business ramping as expected
- Continued success incorporating higher statutory costs into bill rates
- \$5M income tax benefit from additional tax credits
- \$2M of deal/integration costs related to Seaton acquisition (closed first day of FYQ3)

## Q2 2014 HIGHLIGHTS

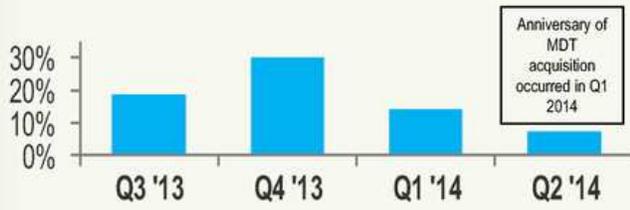
Dollar amounts in millions.

	Q2 2014	Q2 2013	Change
Revenue	\$ 453	\$ 422	7%
Gross profit	\$ 120	\$ 112	7%
<i>% of Revenue</i>	26.4%	26.5%	
SG&A expense	\$ 96	\$ 89	8%
<i>% of Revenue</i>	21.3%	21.2%	
EBITDA*	\$ 23	\$ 23	3%
<i>% of Revenue</i>	5.1%	5.3%	
Adjusted EBITDA*	\$ 25	\$ 24	4%
<i>% of Revenue</i>	5.6%	5.8%	

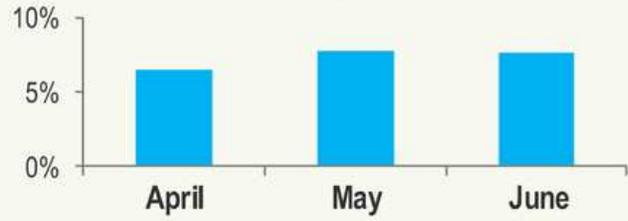
\* EBITDA and Adjusted EBITDA are non-GAAP financial measures. EBITDA excludes interest, taxes, depreciation and amortization from net income. Adjusted EBITDA further excludes from EBITDA non-recurring costs related to the purchase, integration, reorganization and shutdown activities related to acquisitions. 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. See the Q2 2014 Net Income to EBITDA and Adjusted EBITDA Reconciliation slide.

# REVENUE TRENDS

### Quarterly Trends\*



### Monthly Trends\*



\* All calculations based on comparison to same period a year ago.

## GROSS MARGIN BRIDGE



## SG&A BRIDGE



<sup>1</sup> Non-recurring acquisition costs for 2013 include costs related to the acquisition, integration, reorganization, and shutdown activities of the MDT acquisition which was completed in 2013.

<sup>2</sup> Non-recurring acquisition costs for the 13 weeks ended June 27, 2014 related to the acquisition of Seaton. The acquisition was completed effective June 30, 2014, the first business day of our third quarter.

<sup>3</sup> Operating expenses relating to acquired TWC operations. Acquisition of TWC was completed in Q4 2013.

<sup>4</sup> Tax benefit processing fees and other unique administrative costs.

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# Seaton Acquisition

## TRANSACTION OVERVIEW

<b>Acquisition Structure</b>	<ul style="list-style-type: none"><li>• Purchase Price of \$310M to acquire 100% of Seaton's equity and tax assets with a net present value of ~\$20M<ul style="list-style-type: none"><li>– 7.8x forward 12 months Adjusted EBITDA<sup>1</sup> purchase multiple, net of acquired tax asset</li></ul></li><li>• Funded via \$123M of Cash and \$187M of Debt</li><li>• Committed financing via new \$300M asset-backed facility<ul style="list-style-type: none"><li>– New facility amends and enlarges existing facility</li><li>– Five year term, and a current interest rate of 2%</li></ul></li></ul>
<b>Operating Structure</b>	<ul style="list-style-type: none"><li>• Combined businesses operate as two groups: Staffing Solutions and Outsourcing Solutions (acquired brands)</li><li>• Acquired brands and management teams will remain</li></ul>
<b>Timing</b>	<ul style="list-style-type: none"><li>• Transaction completed on June 30, 2014 (first day of fiscal Q3)</li></ul>

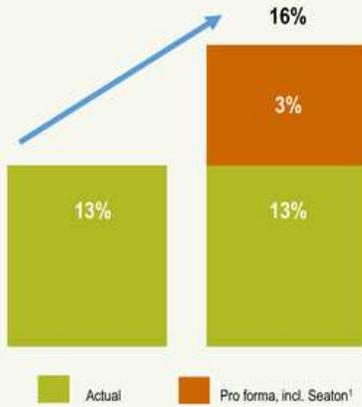
<sup>1</sup> EBITDA and Adjusted EBITDA are non-GAAP financial measures. EBITDA excludes interest, taxes, depreciation and amortization from net income. Adjusted EBITDA further excludes from EBITDA non-recurring costs related to the purchase, integration, reorganization and shutdown activities related 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. See the Reconciliation of GAAP Operating Income (Loss) to EBITDA and Adjusted EBITDA for Seaton slide.

# ACQUISITION DELIVERS STRONG SHAREHOLDER RETURN

Recent Seaton Acquisition Increases Return on Equity and Earnings Accretion

## EFFECTIVE USE OF CAPITAL

PRO FORMA 2013 RETURN ON EQUITY



## COMPELLING EARNINGS ACCRETION

FORWARD 12-MONTH EPS ESTIMATES



<sup>1</sup> Seaton impact excluding amortization.

<sup>2</sup> Excludes management estimate of amortization of purchased intangibles. Purchase accounting is in process.

## OUTSOURCING SOLUTIONS (SEATON) – EXPECTATIONS

<i>(in millions)</i>	Q3 2014	Q4 2014	Q1 - Q2 2015	Q3 2014 - Q2 2015
Revenue	\$147 - \$152	\$253 - \$258	\$330 - \$340	\$730 - \$750
Adjusted EBITDA <sup>1</sup>	\$5 - \$6	\$16 - \$17	\$14 - \$16	\$35 - \$39
Non-Recurring Acquisition Costs <sup>2</sup>	\$3.5	\$1.0	\$0.5	\$5.0
Depreciation & Amortization <sup>3</sup>	\$4	\$4	\$8	\$16
Capital Expenditures	\$1.5	\$1.5	\$3	\$6

<sup>1</sup> 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. See the Reconciliation of GAAP Operating Income (Loss) to EBITDA and Adjusted EBITDA for Seaton slide.

<sup>2</sup> \$2M of Non-Recurring Acquisition Costs were incurred in Q2 2014

<sup>3</sup> Management estimate of amortization of purchased intangibles. Purchase accounting in process. Depreciation of approximately \$1M per quarter and amortization of approximately \$3M per quarter.

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# Expectations

## Q3 2014 EXPECTATIONS

In millions except per share data. Certain amounts may not sum or recalculate due to rounding.

		<u>Consolidated</u>	
<b>Total Revenue</b>		<b>\$ 634 - 647</b>	
<i>Total Growth</i>		<b>42%</b>	
<b>Diluted EPS</b>		<b>\$ 0.38 - \$0.46</b>	
<b>Adjusted EBITDA<sup>1</sup></b>		<b>\$ 40 - 45</b>	
<b>Non-recurring acquisition costs</b>		<b>\$ 3.5</b>	
	<u>Staffing Solutions</u>		<u>Outsourcing Solutions</u>
<b>Revenue</b>	<b>\$ 485 - 495</b>		<b>\$ 147 - 152</b>
<i>Organic Growth</i>	<b>4%</b>		
<b>Adjusted EBITDA<sup>1</sup></b>	<b>\$ 36 - 38</b>		<b>\$ 5 - 6</b>

<sup>1</sup> 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. See the Reconciliation of GAAP Operating Income (Loss) to EBITDA and Adjusted EBITDA for Seaton and the Reconciliation of GAAP Operating Income to EBITDA and Adjusted EBITDA for the Company Excluding Seaton slides.

## Q2 2014 NET INCOME TO EBITDA AND ADJUSTED EBITDA RECONCILIATION

In millions

	Q2 2014	Q2 2013
Net income	\$ 16.1	\$ 12.5
Income tax expense	\$ 2.4	\$ 5.1
Interest and other income, net	\$ (0.5)	\$ (0.3)
Depreciation & amortization	\$ 5.2	\$ 5.2
<b>EBITDA*</b>	<b>\$ 23.2</b>	<b>\$ 22.5</b>
Non-recurring acquisition costs	\$ 2.0	\$ 1.8
<b>Adjusted EBITDA*</b>	<b>\$ 25.2</b>	<b>\$ 24.3</b>

\* 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.

## RECONCILIATION OF GAAP OPERATING INCOME TO EBITDA AND ADJUSTED EBITDA FOR THE COMPANY EXCLUDING SEATON

In millions:	Q3 2014
Operating Income	\$31 - \$33
Depreciation & Amortization	\$5
EBITDA*	\$36 - \$38
Non-Recurring Acquisition- Related Costs	--
Adjusted EBITDA*	\$36 - \$38

\* EBITDA and Adjusted EBITDA are non-GAAP financial measures. EBITDA excludes interest, taxes, depreciation and amortization from net income or depreciation and amortization from operating 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.

## RECONCILIATION OF GAAP OPERATING INCOME (LOSS) TO EBITDA AND ADJUSTED EBITDA FOR SEATON<sup>1</sup>

In millions. Certain amounts may not sum or recalculate due to rounding.	Q3 2014	Q4 2014	Q1 - Q2 2015	Q3 2014 - Q2 2015
Operating Income (Loss)	(\$2 - \$1)	\$11 - \$12	\$5 - \$7	\$14 - \$18
Depreciation & Amortization <sup>2</sup>	\$4	\$4	\$8	\$16
EBITDA <sup>3</sup>	\$2 - \$3	\$15 - \$16	\$13 - \$15	\$30 - \$34
Non-Recurring Acquisition-Related Costs <sup>4</sup>	\$3.5	\$1.0	\$0.5	\$5.0
Adjusted EBITDA <sup>3</sup>	\$5 - \$6	\$16 - \$17	\$14 - \$16	\$35 - \$39

<sup>1</sup> Post acquisition, Seaton will now be referred to as "Outsourcing Solutions"

<sup>2</sup> Management's estimate of amortization of purchased intangibles. Purchase accounting in process. Depreciation of approximately \$1M per quarter and amortization of approximately \$3M per quarter.

<sup>3</sup> EBITDA and Adjusted EBITDA are non-GAAP financial measures. EBITDA excludes interest, taxes, depreciation and amortization from net income or depreciation and amortization from operating income (loss). 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.

<sup>4</sup> \$2M of Non-Recurring Acquisition-Related Costs were incurred in Q2 2014

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## Q3 2014 INVESTOR PRESENTATION

Forbes | 2014  
AMERICA'S MOST  
TRUSTWORTHY  
COMPANIES

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## FORWARD-LOOKING STATEMENTS

Certain statements made by us in this presentation that are not historical facts or that relate to future plans, events or performances are forward-looking statements that reflect management's current outlook for future periods, including statements regarding future financial performance. These forward-looking statements are based upon our current expectations, and our actual results may differ materially from those described or contemplated in the forward-looking statements. Factors that may cause our actual results to differ materially from those contained in the forward-looking statements, include without limitation the following: 1) national and global economic conditions, including the impact of changes in national and global credit markets and other changes that affect our customers; 2) our ability to continue to attract and retain customers and maintain profit margins in the face of new and existing competition; 3) new laws and regulations that could have a materially adverse effect on our operations and financial results; 4) significant labor disturbances which could disrupt industries we serve; 5) increased costs and collateral requirements in connection with our insurance obligations, including workers' compensation insurance; 6) the adequacy of our financial reserves; 7) our continuing ability to comply with the financial covenants of our lines of credit and other financing agreements; 8) our ability to attract and retain competent employees in key positions or to find temporary employees to fulfill the needs of our customers; 9) our ability to successfully complete and integrate acquisitions that we may make; and 10) other risks described in our most recent filings with the Securities and Exchange Commission.

### Use of estimates and forecasts:

Any references made to 2014 and 2015 are based on management guidance issued July 24, 2014, and are included for informational purposes only and are not an update or reaffirmation. 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.

- Large and growing provider of workforce solutions
- Specialized go-to market approach
- Compelling market trends driving growth
- Track record of outperforming the market
- Expanding new, complementary growth opportunities
- Technology & process innovation driving growth & efficiency
- Successful acquisition strategy increasing shareholder returns
- Seasoned management team
- Strong balance sheet and effective use of capital

## TRUEBLUE'S SPECIALIZED WORKFORCE SOLUTIONS

Business	SPECIALIZED STAFFING SOLUTIONS	SPECIALIZED OUTSOURCING SOLUTIONS
Service Lines	    	  
Quick Facts	<ul style="list-style-type: none"> <li>• Serving 140,000 clients annually</li> <li>• Shorter-term, project-based assignments</li> <li>• 1-200 workers per job order</li> <li>• Recruits and assigns workers to supplement the client's workforce such as employee absences, temporary workforce shortages, variable productivity needs, and seasonal workloads</li> </ul>	<ul style="list-style-type: none"> <li>• Serving 150 clients annually</li> <li>• Longer-term outsourced recruitment partnerships (RPO)</li> <li>• 50-5,000 workers per job order</li> <li>• Manages client's contingent workforce at a facility along with third-party vendors; recruitment of permanent employees</li> </ul>
Pro forma 2014 Revenues <sup>1</sup>	\$1.8B	\$700M

<sup>1</sup> This is pro forma based upon the Seaton Acquisition which is now referred to as Outsourcing Solutions. Numbers for 2014 are included for example purposes to enhance the understanding of combined operations including Seaton. Under no circumstances should the reader use or rely on this information as a representation of future performance.

## TRUEBLUE'S SPECIALIZED WORKFORCE SOLUTIONS

SPECIALIZED STAFFING SOLUTIONS		SPECIALIZED OUTSOURCING SOLUTIONS	
 a TRUEBLUE company	General labor	 a TRUEBLUE company	Exclusive recruitment and management of a facility's contingent industrial workforce (OWM) <sup>1</sup>
 a TRUEBLUE company	Manufacturing and logistics		 a TRUEBLUE company
 a TRUEBLUE company	Truck drivers	 a TRUEBLUE company  a TRUEBLUE company	
 a TRUEBLUE company	Aviation mechanics and technicians		
<ul style="list-style-type: none"> <li>• Local sourcing and recruiting processes</li> <li>• Large branch footprint</li> <li>• Large and local workforce</li> <li>• Specialized knowledge of clients' business</li> <li>• Easy and quick access to scarce talent</li> </ul>		<ul style="list-style-type: none"> <li>• Centralized sourcing and recruiting processes (OWM + RPO)</li> <li>• Onsite dedicated management; no branches (OWM)</li> <li>• Staffing vendor management programs with embedded strategic relationship (MSP)</li> <li>• Specialized, industry-leading knowledge of solutions offering</li> <li>• Dedicated teams (RPO) and centralized support (all)</li> </ul>	

# PRO FORMA FINANCIAL INFORMATION



<sup>1</sup> This is pro forma based upon the Seston Acquisition which is now referred to as Outsourcing Solutions. Numbers for 2014 are included for example purposes to enhance the understanding of combined operations including Seston. Under no circumstances should the reader use or rely on this information as a representation of future performance.

<sup>2</sup> Seston Corp historical financial information based on audited results for fiscal years 2011, 2012 and 2013. Seston Corp acquired HRX Holdings Pty Limited ("HRX") in January 2014. The pro forma combined results include the HRX results as if purchased at the beginning of 2011. EBITDA and Adjusted EBITDA are non-GAAP financial measures which excludes depreciation and amortization from income from operations. 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 operating income (loss) in the Statement of Operations in accordance with GAAP, and as presented, may not be comparable to similarly titled measures of other companies. See the Reconciliation of GAAP Operating Income to EBITDA and Adjusted EBITDA slide in this presentation.

<sup>3</sup> Adjusted EBITDA excludes certain non-recurring costs under prior ownership.

## STAFFING MARKET

### What Staffing Services Offers Clients



### Compelling market trends driving growth

#### Industry Highlights

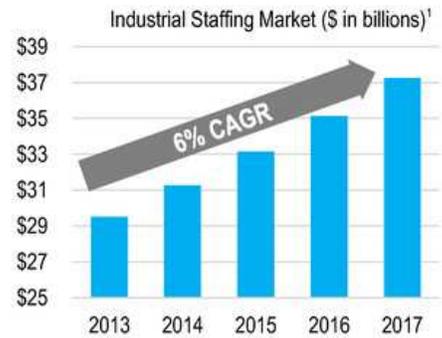
##### Businesses increasing use of variable workforce

- Temporary jobs added at twice the rate of prior recoveries
- Industrial Staffing has grown 8.5% annually since 2010

##### Expansive blue-collar job growth & replacement needs

- Industrial jobs hold four spots in the Top 10 major job openings list
- Talent shortage, ability to manage costs, and increased regulation driving more businesses to staffing

#### Projected Industrial Staffing Market Growth



Sources: Staffing Industry Analysis, Bureau of Labor Statistics, and TrueBlue estimates  
<sup>1</sup>U.S. Staffing Market

## OUTSOURCING MARKET - OUTSOURCED WORKFORCE MANAGEMENT (OWM)

### What OWM Offers Clients

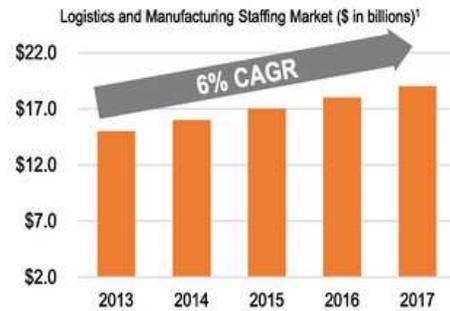


### Outsourcing on the rise as companies focus on their core business

#### Industry Highlights

- Large-scale workforce requires on-site management to ensure operational efficiency and increase productivity
- Greater workforce elasticity needed to effectively manage supply chains
- U.S. Manufacturing Renaissance continues; a net 568,000 factory jobs regained in U.S. since 2010
- Increased incentives to "reshore" including increasing wages in China, offshore product quality concerns, and logistics costs
- Recovery in Europe driving exports, jobs and income gains driving consumer spending

#### Projected Logistics and Manufacturing Growth



Sources: SIA, BLS and TrueBlue Estimates  
¹ US Staffing Market; Logistics and Manufacturing is a subset of the Industrial Staffing Market

## OUTSOURCING MARKET – MANAGED SERVICE PROVIDER (MSP)

### What MSP Offers Clients



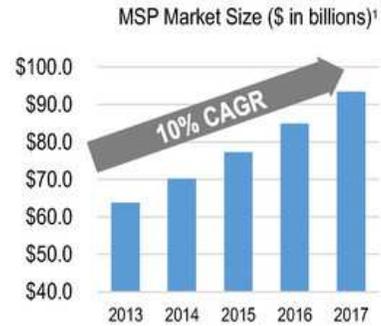
### Outsourcing on the rise as companies focus on their core business

#### Industry Highlights

- Simplifies management of multiple vendors by reducing to single source access
- Vendor management and technology ensures consistency and cost savings
- Roughly one-third of global temporary staffing labor is managed either by an MSP or through a VMS (vendor management system).<sup>1</sup>
- VMS software makes procure-to-pay process simple.

<sup>1</sup>Staffing Industry Analysts, 2013 VMS and MSP Competitive Landscape Report

#### Projected MSP Market Growth



<sup>1</sup>MSP Market Size Industry Forecast is spend under management. Sources: SIA and TrueBlue estimates  
<sup>2</sup>Global Market; represents spend under management

## OUTSOURCING MARKET – RECRUITMENT PROCESS OUTSOURCING (RPO)

### What RPO Offers Clients



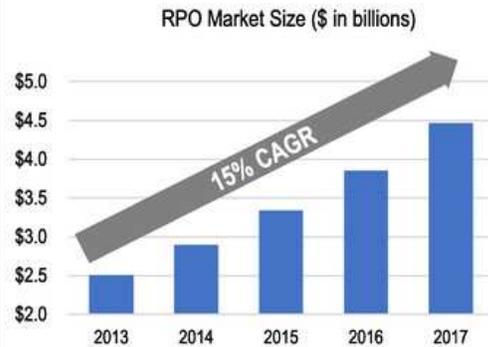
### Outsourcing on the rise as companies focus on their core business

#### Industry Highlights

- RPO allows HR to focus internal resources on core competencies and HR strategy
- Rapidly changing demographics and communications platforms requiring greater recruiting sophistication
- Fifty-six percent of Corporate HR Officers globally indicated they would increase outsourcing.<sup>1</sup>
- Best in class RPO users cut cost-per-hire by an average of 48 percent, a 60 percent reduction in time-to-fill, and a 55 percent improvement in their new-hire retention rate.<sup>1</sup>

<sup>1</sup> Aberdeen Group, 2009

#### Projected RPO Market Size



Sources: NelsonHall, TrueBlue estimates

## STRATEGIC PRIORITIES

### Grow Market Leadership

- Expand leadership position in industrial staffing
- Increase service offerings and new geographies to meet more customer needs

### Expand into Complementary Workforce Services

- Expand into attractive, complementary human capital solutions
- Enhance knowledge leadership, differentiated expertise and service levels
- Be a leader in providing innovative solutions and services

### Drive Technology and Process Efficiency

- Increase talent acquisition capabilities with mobile and online sourcing and hiring
- Enhance efficiency with online business processes
- Reduce fixed costs through centralized recruiting and service delivery

### Accretive Acquisitions with Strong Fit

- Effectively use capital to increase shareholder returns
- Add industry leading talent, ensure strong cultural fit
- Integrate similar offerings and processes, leverage best practices, preserve differentiated expertise

## GROW MARKET LEADERSHIP

### Successful Track Record Expanding Our Staffing Services Offering - Organic Development & Acquisitions



#### Strategy Increases Growth Opportunities

- Service and market diversification
- Industry specialization improves customer productivity
- Ability to serve more customers and more customers' needs
- Targeted high-growth market segments
- Expanded into under-served geographies

#### Strategy Produces Results



Source: Staffing Industry Analysts, Moody's economic forecasts, TrueBlue estimates

## EXPAND INTO COMPLEMENTARY WORKFORCE SERVICES

### New Opportunities in Attractive Human Capital Market

Outsourced Workforce  
Management (OWM)

Recruitment Process  
Outsourcing (RPO)

Managed Service  
Provider (MSP)

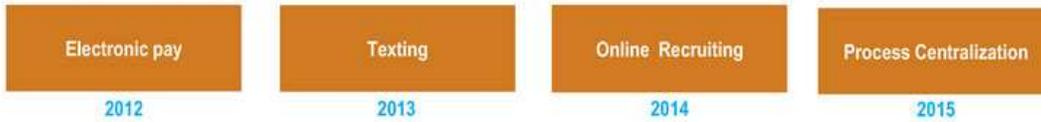
2014

#### Benefits of Expansion

- Offerings are complementary with staffing solutions group, minimizing sales channel conflict
- Strong customer renewal rates (95%+) and favorable long-term outsourcing trends providing greater revenue stability and predictability
- Centralization and automated business processes to be applied to staffing group to drive operating leverage

## DRIVE TECHNOLOGY AND BUSINESS PROCESS EFFICIENCY

### Technology Enabled Service Delivery and Processes



### Technology Yields Value

- Electronic pay gives workers immediate access to their payroll funds, provides greater security and convenience; reduces payroll processing time
- Texting automates worker dispatch/assignment; improved candidate response rate saves recruiting time and improves business performance

### Innovation Driving More Business Efficiency

#### Online Recruiting

- Online recruiting increases the scale, talent pool and efficiency of the recruiting process
- Online recruiting provides flexibility and convenience for candidates

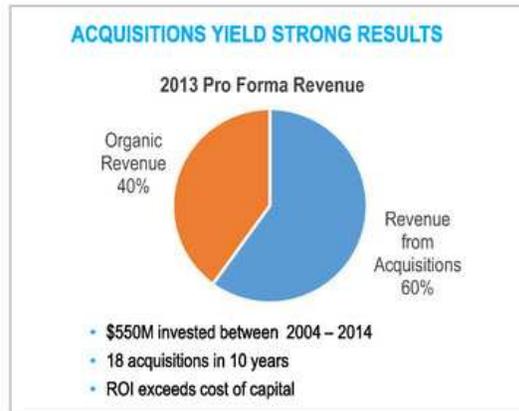
#### Centralization

- Centralizing and automating routine transactions improves efficiency and service standards enabling further reduction of branch network
- Centralization improves the consistency of service delivery resulting in higher customer and worker satisfaction

## ACCRETIVE ACQUISITIONS WITH STRONG FIT

### Strategic Focus

- Strengthen existing services
- Add complementary services in high-growth markets
- Add new business capabilities
- Expand into new geographies and markets
- Add new talent



## ACCRETIVE ACQUISITIONS WITH STRONG FIT

### Overview of Recent Seaton Corp. Acquisition (Outsourcing Solutions group)

Acquisition Structure	<ul style="list-style-type: none"><li>• Purchase Price of \$310M to acquire 100% of Seaton's equity and tax assets with a net present value of ~\$20M<ul style="list-style-type: none"><li>– 7.8x forward 12 months Adjusted EBITDA<sup>1</sup> purchase multiple, net of acquired tax asset</li></ul></li><li>• Funded via \$123M of Cash and \$187M of Debt</li><li>• Committed financing via new \$300M asset-backed facility<ul style="list-style-type: none"><li>– New facility amends and enlarges existing facility</li><li>– Five year term, and a current interest rate of 2%</li></ul></li></ul>
Timing	<ul style="list-style-type: none"><li>• Transaction completed on June 30, 2014 (first day of fiscal Q3)</li></ul>

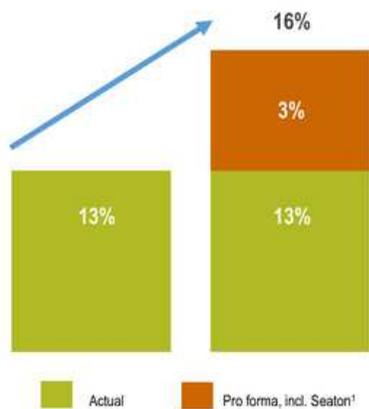
<sup>1</sup> EBITDA and Adjusted EBITDA are non-GAAP financial measures. EBITDA excludes interest, taxes, depreciation and amortization from net income. Adjusted EBITDA further excludes from EBITDA non-recurring costs related to the purchase, integration, reorganization and shutdown activities related 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. See the Reconciliation of GAAP Operating Income to EBITDA and Adjusted EBITDA Reconciliation slide in this presentation.

## ACCRETIVE ACQUISITIONS WITH STRONG FIT

Recent Seaton Acquisition Increases Return on Equity and Earnings Accretion

### EFFECTIVE USE OF CAPITAL

#### PRO FORMA 2013 RETURN ON EQUITY



### COMPELLING EARNINGS ACCRETION

#### FORWARD 12-MONTH EPS ESTIMATES



<sup>1</sup> Seaton impact excluding amortization.

<sup>2</sup> Excludes management estimate of amortization of purchased intangibles. Purchase accounting is in process.

## SEASONED MANAGEMENT TEAM

<p><b>Steve Cooper</b> CEO, TrueBlue</p>	<ul style="list-style-type: none"> <li>• 30 years of management experience; 15 years with TBI</li> <li>• Extensive experience in strategic planning, operations, sales, and finance</li> <li>• TrueBlue CEO since 2006, president since 2005</li> <li>• Named to List of 100 Most Influential People in Staffing Industry</li> </ul>
<p><b>Patrick Beharelle</b> President &amp; COO, Outsourcing Solutions</p>	<ul style="list-style-type: none"> <li>• 13 years of staffing experience; 25 years experience in strategy, operations, sales</li> <li>• Joined Seaton in 2008; CEO since 2009</li> <li>• Named to List of 100 Most Influential People in Staffing Industry</li> </ul>
<p><b>Joan Davison</b> President, Staff Management   SMX</p>	<ul style="list-style-type: none"> <li>• 18 years of staffing experience; 25 years experience in operations, sales</li> <li>• Joined Seaton in 1997; president of Staff Management   SMX since 2011</li> <li>• Named to List of 100 Most Influential People in Staffing Industry</li> </ul>
<p><b>Derrek Gafford</b> EVP &amp; CFO, TrueBlue</p>	<ul style="list-style-type: none"> <li>• 22 years of finance and public accounting experience; CPA</li> <li>• TrueBlue CFO since 2005</li> <li>• Tenure with TBI: 12 years</li> </ul>
<p><b>Wayne Larkin</b> President &amp; COO, Staffing Solutions</p>	<ul style="list-style-type: none"> <li>• 18 years of staffing experience; 25 years experience in operations, sales</li> <li>• Named President of Labor Ready in 2008; EVP of TrueBlue Operations since 2012</li> <li>• Supported by six senior vice presidents with an average of nearly 20 years each in the staffing industry</li> <li>• Tenure with TBI: 15 years</li> </ul>
<p><b>Taryn Owen</b> President, PeopleScout</p>	<ul style="list-style-type: none"> <li>• 15 years recruitment outsourcing experience</li> <li>• Joined PeopleScout in 2010; president since 2013</li> </ul>

## Q3 2014 EXPECTATIONS

In millions except per share data. Certain amounts may not sum or recalculate due to rounding.

	<u>Consolidated</u>	
<b>Total Revenue</b>	<b>\$ 634 - 647</b>	
<i>Total Growth</i>	42%	
<b>Diluted EPS</b>	<b>\$ 0.38 - \$0.46</b>	
<b>Adjusted EBITDA<sup>1</sup></b>	<b>\$ 40 - 45</b>	
<b>Non-recurring acquisition costs</b>	<b>\$ 3.5</b>	
	<u>Staffing Solutions</u>	<u>Outsourcing Solutions</u>
<b>Revenue</b>	<b>\$ 485 - 495</b>	<b>\$ 147 - 152</b>
<i>Organic Growth</i>	4%	
<b>Adjusted EBITDA<sup>1</sup></b>	<b>\$ 36 - 38</b>	<b>\$ 5 - 6</b>

<sup>1</sup> 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.

## OUTSOURCING SOLUTIONS (SEATON) – EXPECTATIONS

(in millions)	Q3 2014 – Q2 2015
Revenue	\$730 - \$750
Adjusted EBITDA <sup>2</sup>	\$35 - \$39
Non Recurring Acquisition Costs <sup>3</sup>	\$5.0
Depreciation & Amortization <sup>4</sup>	\$16
Capital Expenditures	\$6

<sup>1</sup> See Q2 2014 earnings release presentation issued July 24, 2014 for interim period expectations.

<sup>2</sup> 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. See the Reconciliation of GAAP Operating Income to EBITDA and Adjusted EBITDA slide.

<sup>3</sup> \$2M of Non-Recurring Acquisition Costs were incurred in Q2 2014.

<sup>4</sup> Management estimate of amortization of purchased intangibles. Purchase accounting in process. Depreciation of approximately \$1M per quarter and amortization of approximately \$3M per quarter.

## STRONG BALANCE SHEET

### Q3 2014E Reflects Appropriate Changes from Seaton Acquisition

Dollar amounts in millions	Q3 2014E	Q2 2014
Cash & Cash Equivalents	\$ 35	\$ 168
Working Capital, Excluding Cash	\$ 175	\$ 101
Restricted Cash	\$ 155	\$ 146
Other Assets	\$ 450	\$ 206
Debt	\$ 200	\$ 29
Other Liabilities	\$ 180	\$ 176
Shareholder's Equity	\$ 435	\$ 416
Leverage Ratio (Debt to trailing 12 Months Adj. EBITDA <sup>1</sup> )	1.95	0.32
DSO	47	42
Debt to Capital	32%	7%

<sup>1</sup> 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.

## RECONCILIATION OF GAAP OPERATING INCOME TO EBITDA & ADJUSTED EBITDA

	TrueBlue 2011	Seaton 2011 <sup>2</sup>	Combined	TrueBlue 2012	Seaton 2012 <sup>2</sup>	Combined	TrueBlue 2013	Seaton 2013 <sup>2</sup>	Combined	Seaton Q3 2014E- Q2 2015E
Operating Income	\$48	\$12	\$60	\$53	\$13	\$66	\$60	\$8	\$68	\$14 - \$18
Depreciation and Amortization	\$16	\$7	\$23	\$19	\$8	\$27	\$20	\$15	\$35	\$16
EBITDA <sup>1</sup>	\$64	\$19	\$83	\$72	\$21	\$93	\$80	\$23	\$103	\$30 - \$34
<b>Adjustments to EBITDA:</b>										
Non-recurring Adjustment to Seaton <sup>3</sup>	--	(\$1)	(\$1)	--	\$4	\$4	--	\$8	\$8	--
Non-recurring Acquisition Related Costs <sup>4</sup>	--	--	--	--	--	--	\$7	--	\$7	\$5
Adjusted EBITDA <sup>1</sup>	\$64	\$18	\$82	\$72	\$25	\$97	\$87	\$31	\$118	\$35 - \$39

<sup>1</sup> EBITDA and Adjusted EBITDA are non-GAAP financial measures which excludes depreciation and amortization from income from operations. 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 operating income (loss) in the Statement of Operations in accordance with GAAP, and as presented, may not be comparable to similarly titled measures of other companies.

<sup>2</sup> Seaton Corp historical financial information based on audited results for fiscal years 2011, 2012 and 2013. Seaton Corp acquired HRX Holdings Pty Limited ("HRX") in January 2014. The pro forma combined results include the HRX results as if purchased at the beginning of 2011.

<sup>3</sup> Adjusted EBITDA excludes certain non-recurring costs under prior ownership.

<sup>4</sup> Adjusted EBITDA excludes costs related to the purchase and integration activities of the MDT and TWC acquisitions in 2013 and Seaton in 2014. Total purchase and integration related costs for Seaton are estimated to be \$7 million of which \$2 million was incurred prior to the acquisition in Q2 of 2014 and \$0.5 million expected in Q1 2015.

