



ANNUAL MEETING OF  
SHAREHOLDERS

# FORWARD-LOOKING STATEMENTS

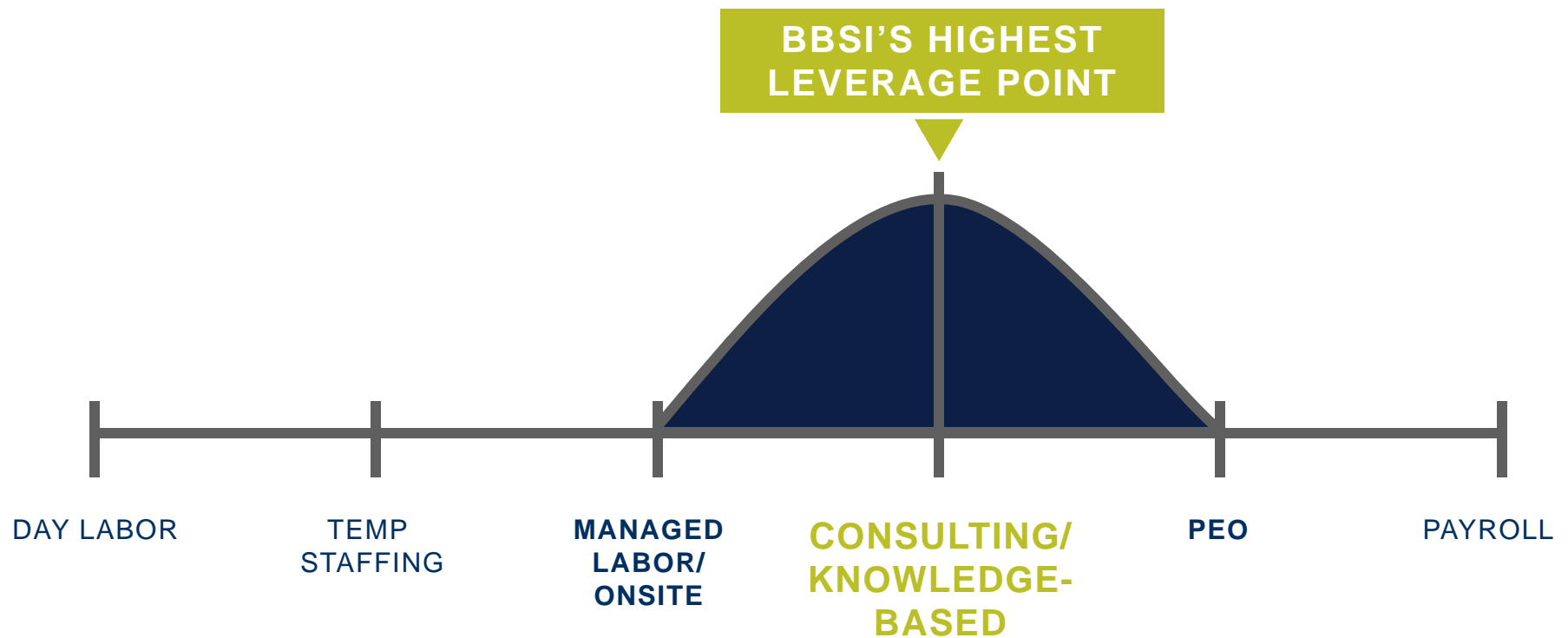
Statements in this presentation about future events or performance, including expectations for market opportunities, growth in new clients, rate of client retention, operating margins, workers' compensation liability, and gross revenues and diluted earnings per share, are forward-looking statements which involve known and unknown risks, uncertainties and other factors that may cause the actual results of the Company to be materially different from any future results expressed or implied by such forward-looking statements. Factors that could affect future results include economic conditions in the Company's service areas, the effect of changes in the Company's mix of services on gross margin, the Company's ability to retain current clients and attract new clients, the availability of financing or other sources of capital, future workers' compensation claims experience, the effect of changes in the workers' compensation regulatory environment in one or more of the Company's primary markets, changes in executive management, ineffectiveness of the Company's internal control over financial reporting, the Company's relationship with its primary bank lender, current and future shareholder litigation, investigation of accounting and securities law issues by government agencies, the collectability of accounts receivable, the carrying value of deferred income tax assets and goodwill, and the effect of conditions in the global capital markets on the Company's investment portfolio, among others. Other important factors that may affect the Company's future prospects are described in the Company's 2015 Annual Report on Form 10-K. Although forward-looking statements help to provide complete information about the Company, readers should keep in mind that forward-looking statements are less reliable than historical information. The Company undertakes no obligation

# CONTINUUM OF AN INDUSTRY

Historically, the industry has been commodity-driven.



# OUR COMPETITIVE ADVANTAGE



# HOW WE ARE POSITIONED

We integrate management tools with expertise in human capital related to the structure and succession of organizations



## HUMAN RESOURCE OUTSOURCING

TYPICAL OUTCOME:  
TOOLS, SYSTEMS,  
PROCESSES

- Engage as a tactical subordinate
- Minimal integration with the business



## BUSINESS CONSULTING

TYPICAL OUTCOME:  
WHITE PAPERS

- Engage as an expert guide
- Highly integrated with the business

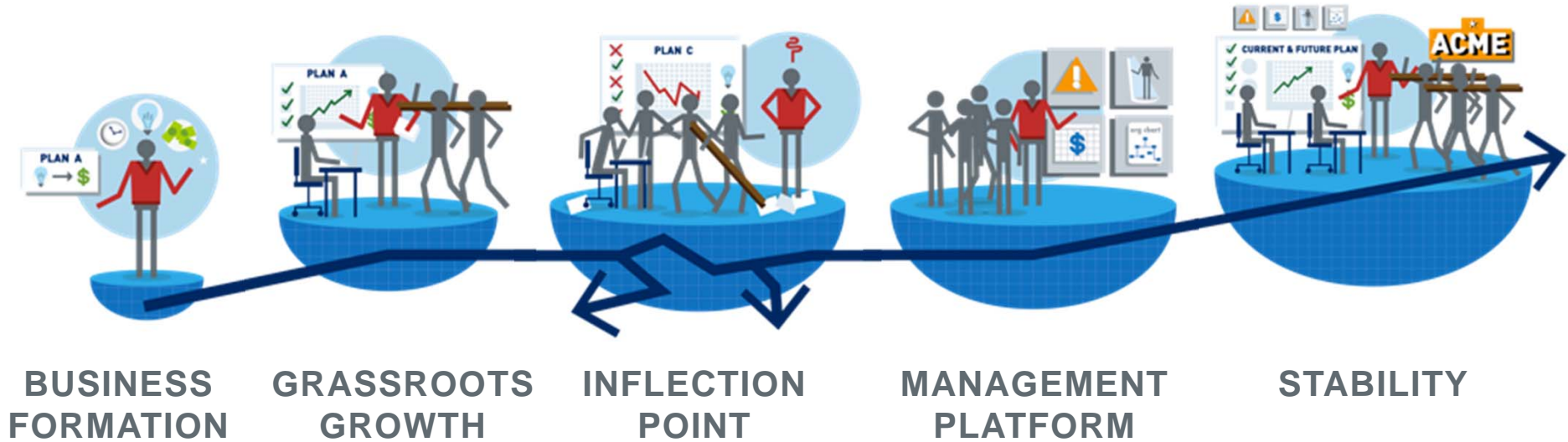


**BBSI**

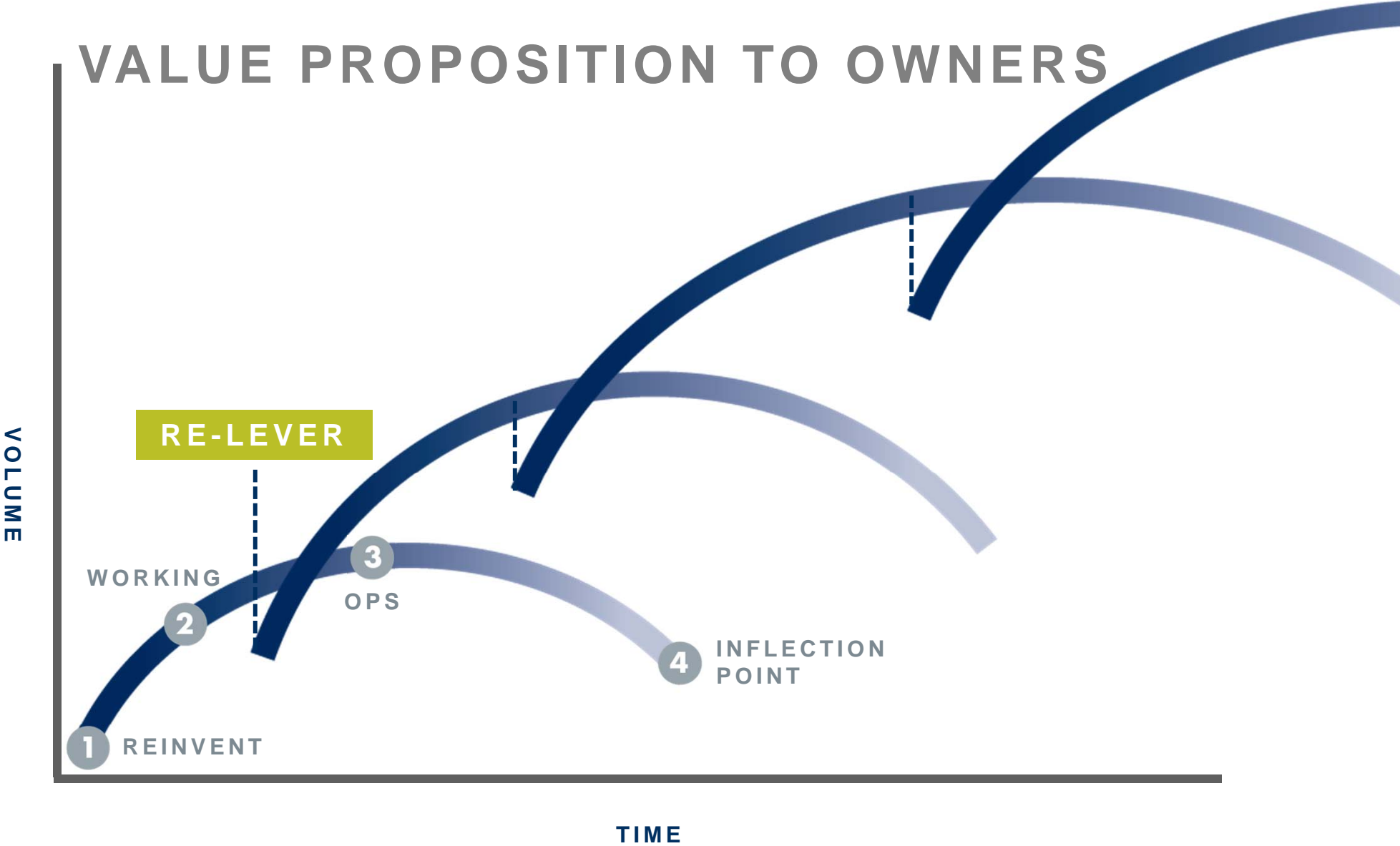
**BUSINESS MANAGEMENT  
SOLUTIONS**

TYPICAL OUTCOME:  
ROAD MAP TO  
MORE  
EFFICIENTLY RUN  
BUSINESS

# VISION & PURPOSE FOR APPROACHING THE MARKET



# VALUE PROPOSITION TO OWNERS



# MARKET OPPORTUNITY

**153,500  
BUSINESSES  
IN BBSI  
TERRITORY**

BBSI  
works with  
approximately  
4,000 businesses  
– **roughly 2%**



**553,650  
U.S. BUSINESSES**

BBSI works with  
**less than 1%**  
of target market  
in U.S.

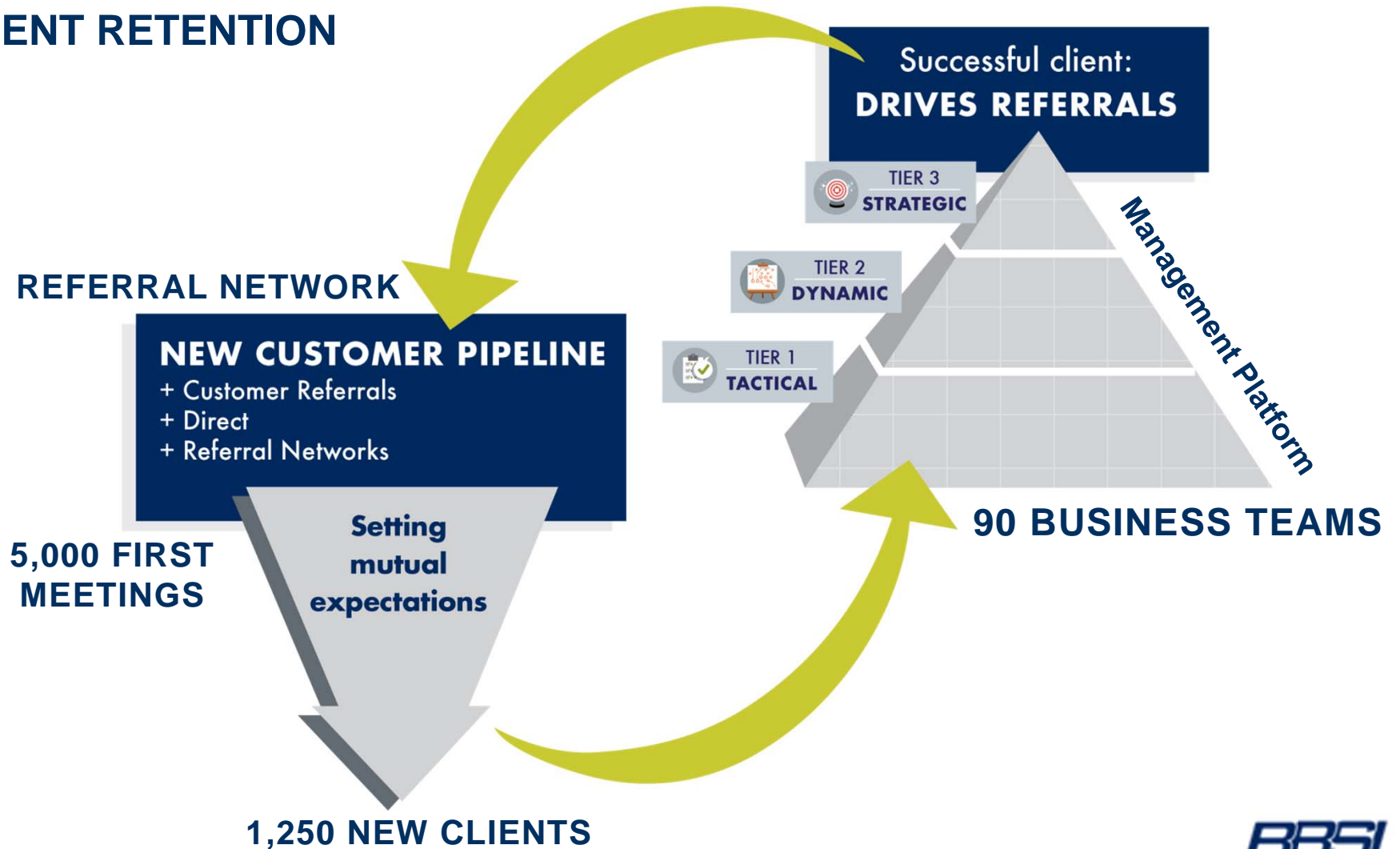


# CAPTURING THE MARKET

- Drive development in referral channels
- Expand within existing markets
- Penetrate adjacent markets to meet demand

# PROCESS OF CLIENT ALIGNMENT

90%+ CLIENT RETENTION



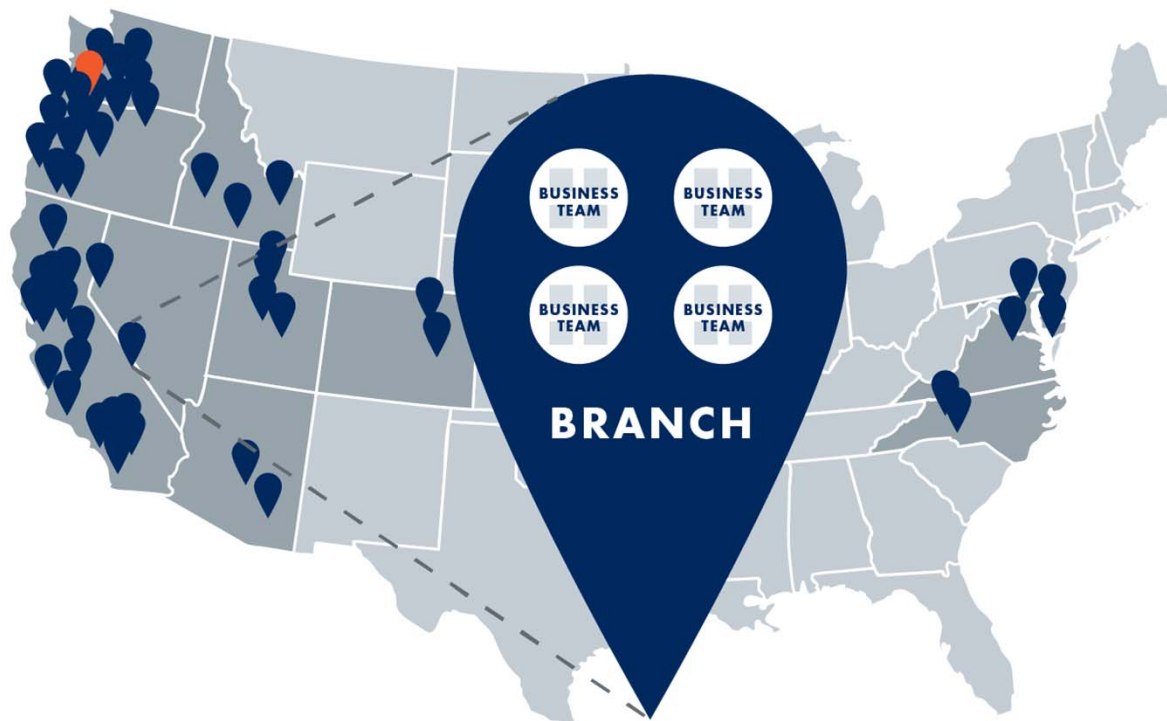
# ECONOMICS OF A BUSINESS TEAM

- \$500K spend per business team
- Max capacity of ~90 clients at an average of 30 employees per client
- 2 years runway to get to ~75% capacity
- Ability to lever operating margins as we improve efficiencies through people and systems

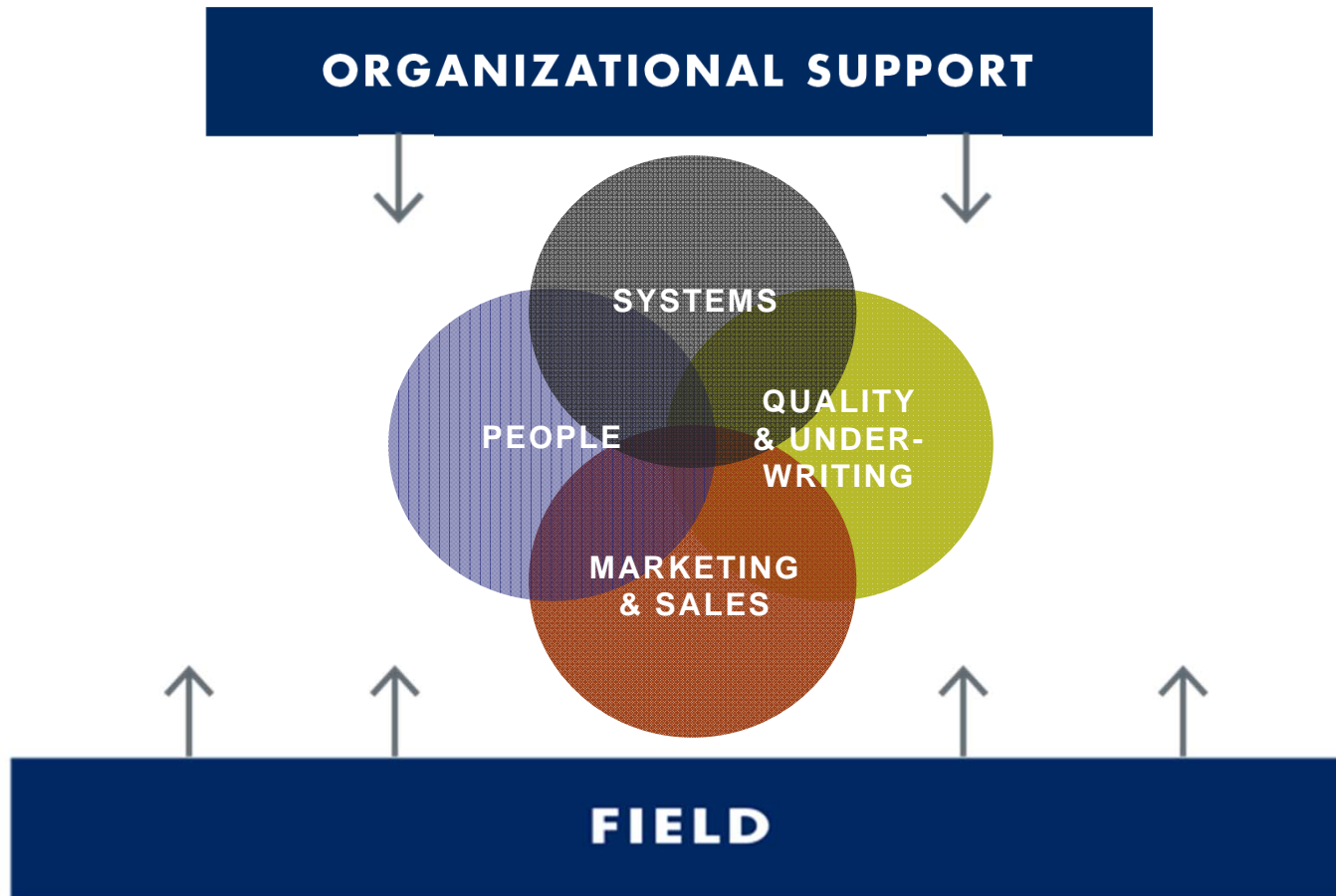


# FIELD STRUCTURE & FOOTPRINT

- 55 branches in 12 states
- Decentralized model supports relevancy
- Most clients within 50-mile radius of BBSI branch
- Supports scalability: 90 teams across the organization



# LEADERSHIP-BASED STRUCTURE



# LEADERSHIP, NOT MANAGEMENT

- Leadership is our DNA – it's essential to our culture
- Shapes profile of who we hire
- Influences operational principles
- Supports sustainable decentralized structure
- Defines client engagement – we apply what we've learned to our clients' success

# PROFILE OF A BBSI PROFESSIONAL

- Seasoned, tenured professionals
- Entrepreneurial, possessing drive and vision
- Demonstrate an ownership mentality
- Operationalize concepts with business acumen
- Innately curious

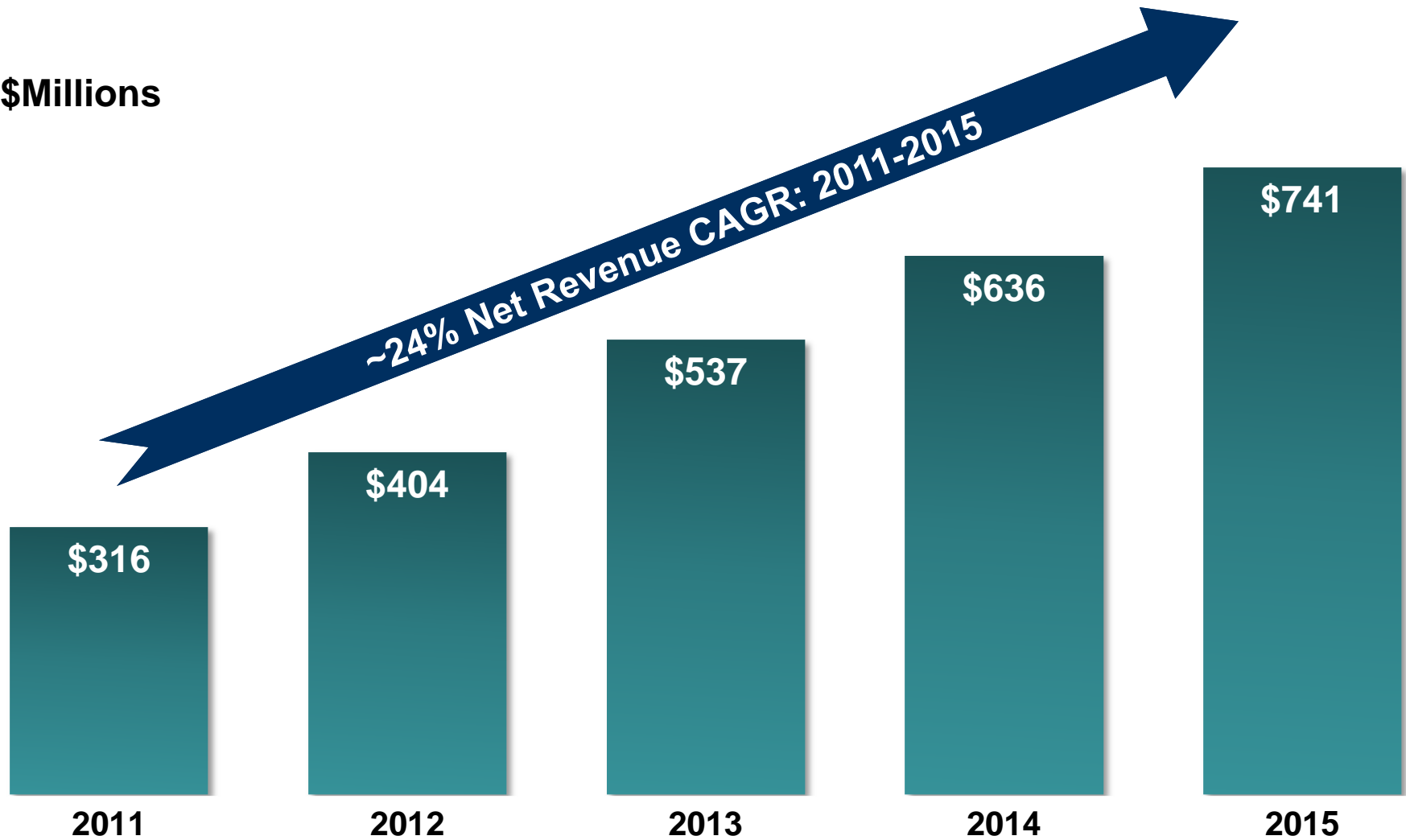
# DRIVERS OF OUR GROWTH

- **ORGANIC GROWTH**
  - New client stack
  - Runoff
  - Same store sales
- **LEVERAGE**
  - Capacity utilization against management payroll
- **RISK**
  - Decrease in relative frequency
  - Stable severity metrics

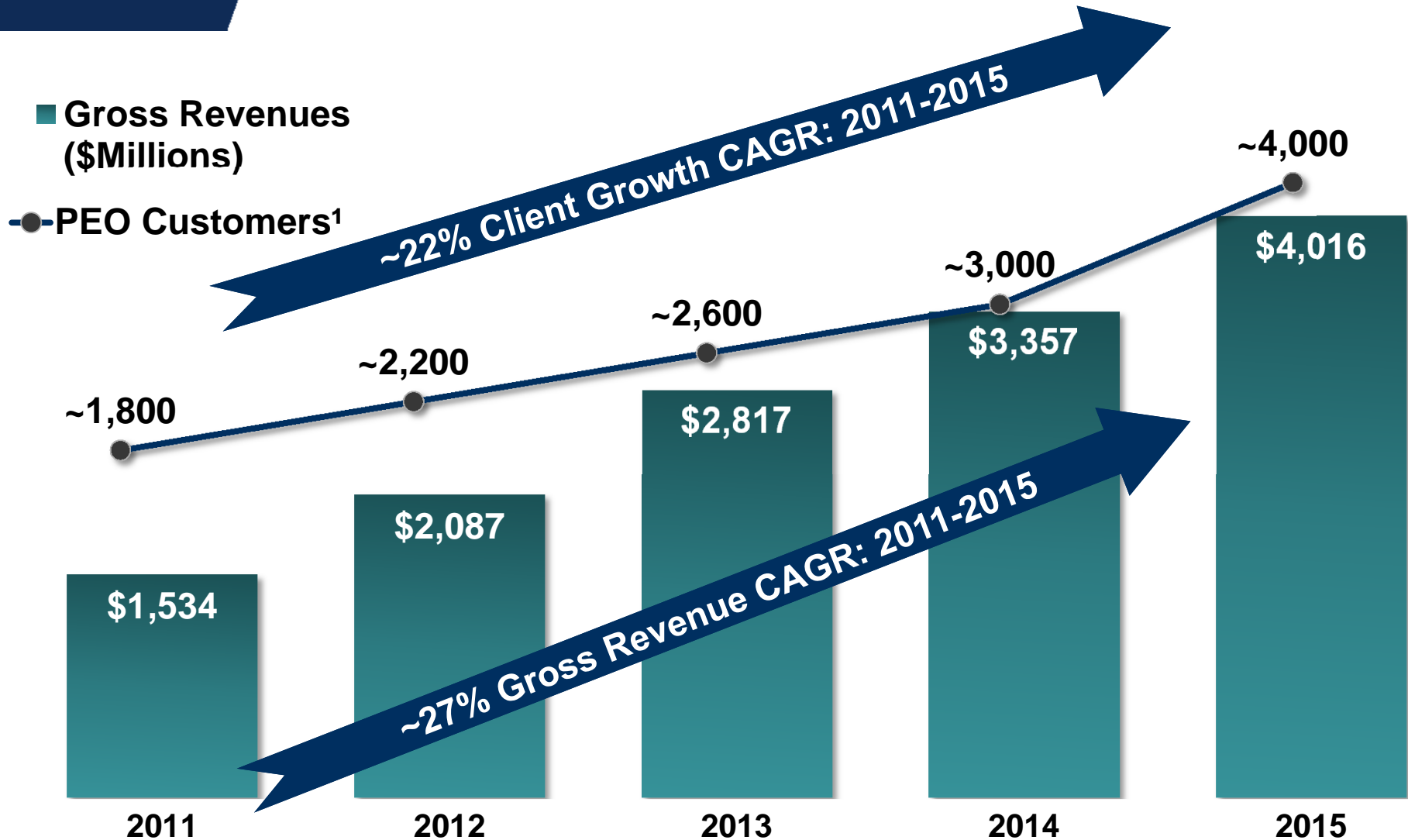


# ANNUAL NET REVENUE GROWTH

\$Millions

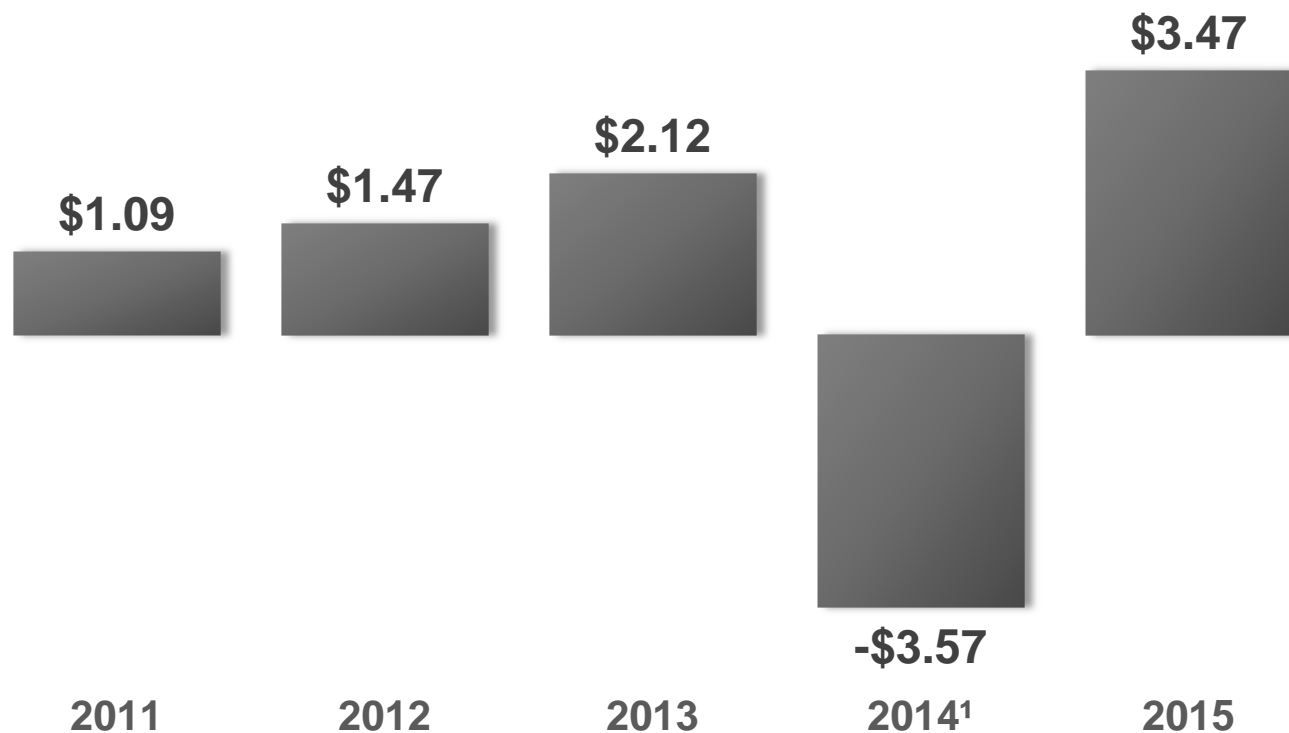


# ANNUAL GROSS REVENUE & PEO CLIENT GROWTH



1) PEO customers defined as the active number of customer Federal Employee Identification Numbers (FEINs). Please take into consideration that this operating statistic is a broad estimate of the Company's actual client count. However, the Company does believe the number represents an effective proxy for the health of its business.

# ANNUAL DILUTED EPS PERFORMANCE



## 2016 Outlook

- Gross revenue growth of ~18% vs. 2015
- Diluted EPS: \$3.50
  - *Includes \$6.4 million (~\$0.57 per share) in accounting & legal costs associated with restatements, investigations & legal proceedings related to securities law issues*

1) The net loss per share in 2014 is primarily due to expense associated with an increase in the Company's reserve for workers' compensation claims liabilities of approximately \$104.2 million.

# BBSI CONTACTS

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