ManpowerGroup
Earnings Results Transcript
Q2 2026 CONFERENCE CALL

SLIDE 1 – Jonas Prising

Good morning and thank you for joining us for our second quarter 2026 conference call. Our Chief Financial Officer, Jack McGinnis, and our President and Chief Strategy Officer, Becky Frankiewicz, are both with me today. For your convenience, our prepared remarks are available in the Investor Relations section of our website at manpowergroup.com.

I'll begin with a brief overview of the quarter, including how we're seeing conditions evolve across our markets, and then I'll share a few updates on our transformation as well as our longer-term objectives. Becky will then provide an update on client momentum and the opportunities we're capturing with AI, followed by Jack, who will walk through the detailed financial results and our guidance for the third quarter of 2026. I'll close with a few comments before we open the line for Q&A.

Jack will now cover the Safe Harbor language.

SLIDE 2 – Jack McGinnis

Good morning, everyone. This conference call includes forward-looking statements, including statements concerning economic and geopolitical uncertainty, which are subject to known and unknown risks and uncertainties. These statements are based on management's current expectations or beliefs. Actual results might differ materially from those projected in the forward-looking statements. We assume no obligation to update or revise any forward-looking statements.

Slide 2 of our earnings release presentation further identifies forward-looking statements made in this call and factors that may cause our actual results to differ materially and information regarding reconciliation of non-GAAP measures.

SLIDE 3 – Jonas Prising

Thanks, Jack. During the second quarter we delivered strong results, with revenues ahead of expectations, underscored by growing client demand and accelerated delivery of our strategy.

Our reported revenues were $4.9 billion, representing constant currency growth of 6%. Systemwide revenue, which includes our expanding franchise revenue base, was $5.3 billion. Adjusted EBITA margin of 2.1% reflects improving demand trends and operating leverage.

These results reflect good execution across our brands and markets, continued cost discipline, and improving demand. We continue to leverage our scale and global footprint and focus commercial efforts on verticals where demand is strongest and where we have a clear opportunity to win and capture market share.

We are encouraged by our performance across our brands. Specifically, within Manpower, demand indicators have strengthened, and the brand delivered its fifth consecutive quarter of growth, with revenue up 8% in constant currency. We are seeing positive momentum across key verticals, including manufacturing, automotive, aerospace, logistics and retail. In the U.S., Manpower performance in Q2 was particularly strong, driven by accelerated sales activity and a robust pipeline that continues to build.

We are also seeing meaningful improvement in Northern Europe, which was profitable this quarter and represents a significant and broad-based year-over-year improvement. While there is still more progress to make, the actions that we have taken are driving improved performance.

Experis, our technology resourcing and services business, delivered encouraging improvement, driven by sustained demand for specialized capabilities in cloud migration, application development, data and AI. Our partnership approach and human + agent offerings are addressing new market needs, all contributing to a pipeline of higher-value opportunities with clients seeking both agility and deep technical expertise. We expect continued improvement in Q3.

Lastly, in Talent Solutions, we delivered sequential improvement and are encouraged by the strength of the pipeline. We have sharpened our strategic focus and strengthened how our teams, capabilities, and expertise come together globally. This alignment enables us to reduce complexity, accelerate innovation, and deliver stronger client outcomes.

Across the portfolio, we continue to actively shape our business toward higher-value opportunities where our capabilities are most differentiated. Our experienced leadership team remains focused on executing against today's demand while positioning the company for the opportunities we anticipate tomorrow, and we remain disciplined in our approach to pricing and client selection, supporting stronger returns over time.

Before I hand it over to Becky, I'd like to share a few high-level updates on our transformation.

First, at the beginning of the year, we told you this was going to be a pivotal moment in our transformation, and we are delivering on that commitment. Specifically, we said we would optimize our current cost base and align capacity with client demand. Last quarter, we launched our expanded global strategic transformation program, expected to deliver $200 million in permanent cost savings in 2028. This program will create a more efficient cost structure while positioning our brands to capture market share. We have a clear path to deliver these savings, and we are making strong progress.

Second, we committed to using the same discipline to review our portfolio to ensure we have the right asset base. As a result, the sale of our Jefferson Wells U.S. business was completed during the second quarter - a concrete example of prioritizing investment and management attention behind the core, higher-return opportunities where we see the greatest potential to create value.

Taken together, our transformational cost out and portfolio optimization actions have put us in a better position to generate operating leverage as demand continues to improve.

Looking ahead, we are committed to delivering at pace. Our first priority is to execute and continue to drive momentum across the business, including the strong performance from Manpower and tangible improvement across Experis and Talent Solutions. This requires focusing our commercial initiatives on the regions and verticals that will drive the greatest demand.

We will equally stay focused on our longer-term ambition to position ManpowerGroup for durable profitable growth through the cycle. This includes:

- Sequencing the global roll out of the cost transformation program and deliver our $200 million cost target on schedule.
- Continuing to redesign our front-office sales and recruitment processes to enhance productivity
- Leveraging AI to create sustainable commercial opportunities to accelerate growth

I will now turn it over to Becky to go deeper on how we are enhancing productivity and commercializing our AI capabilities.

SLIDE 3 – Becky Frankiewicz

Thanks Jonas.

As Jonas just shared, we are focused on accelerating how we leverage AI in two key areas: To enhance effectiveness within our own organization and to create commercial opportunities that become growth multipliers.

First, as I discussed last quarter, AI centric enhancements are critical to our ability to accelerate our go-to-market strategy, identify the highest value opportunities, and capture incremental revenue. We continue to scale our AI-powered Sales Targeting Engine, and we are encouraged by how it is influencing organic growth by pinpointing the highest-probability opportunities, so our teams can focus their efforts where sales conversion and revenue impact are the highest. We are leveraging this tool in many of our largest markets and are on track to scale to almost 70% of revenues by year end.

The other half of the effectiveness equation is creating a differentiated talent experience - critical to attracting and retaining the skilled associates and consultants our clients value most. We are continuing to advance our AI-powered screening and interview experiences to meet talent where and when works for them. We are on track to scale to 70% of revenues by year end, improving fill rates and accelerating time to hire.

As it relates to new commercial opportunities, we are leveraging AI as a growth multiplier and are focused on anticipating fast-moving client buying behavior and responding at speed. Over the last few weeks, I have been meeting with many of our clients across Europe and around the world. I continue to hear that organizations across industries are focused on how AI can be deployed responsibly to add capability and improve business outcomes. This is creating a new set of opportunities for ManpowerGroup, and we are capturing these opportunities with a partnership approach that we believe is a new value creation lever.

By building new go-to-market alliances with industry leaders that bring complementary expertise, we are creating net-new revenue streams that expand our addressable market and accelerate speed to solution in an efficient and cost-effective way.

We believe the next decade of AI adoption will be defined by partnerships that combine technology, talent and workforce expertise, and we are intentional on building these relationships now.

Last quarter you heard me discuss our partnership with SoundHound AI – the global leader in voice and conversational AI. Since then, we have continued to build momentum and have begun converting opportunities into customer engagements. We are seeing increased traction with our healthcare clients as organizations look to deploy conversational AI to improve both customer and employee experiences and we are making good progress expanding these opportunities beyond the US.

Last week, we expanded our partnership capabilities with the launch of ExcelerateWorkflow, built with IBM Watsonx Orchestrate. IBM provides the trusted underlying AI technology, while Experis helps clients to unlock value - designing the workflow, implementing the solution, providing the talent and helping to govern and manage the deployment over time.

Unlike traditional AI consulting approaches, Experis brings together technology implementation, workforce transformation, and specialized AI talent paired with our depth of human capabilities to help organizations move beyond AI pilots and into scalable execution. These projects are particularly attractive because they combine high value consulting, AI implementation, and ongoing managed services.

Our competitive advantage is no longer defined by technology alone. It comes from orchestrating an ecosystem of strategic partners and combining technology, talent, and services into integrated solutions that accelerate customer outcomes. We are seeing encouraging pipeline momentum as this partnership strategy continues to scale. As we continue to strengthen relationships with organizations such as SoundHound AI, IBM, Accenture, SAP and Microsoft among others, we are broadening our capabilities, creating new routes to market and positioning the business for future growth. I look forward to updating you on our progress in future quarters.

I will now turn it over to Jack.

SLIDE 4 – Jack McGinnis

Thanks, Becky.

In the second quarter, we delivered reported revenues of $4.9 billion. Systemwide revenue including franchises was $5.3 billion. Our second quarter revenue results represented constant currency growth of 6%. U.S. dollar reported revenues, after adjusting for currency impacts, came in above our constant currency guidance range. Gross profit margin came in within our guidance range and considering the impact of the U.S. Jefferson Wells disposition was organically very close to the midpoint of our guidance. As adjusted, EBITA was $103 million, representing a 15% increase in constant currency compared to the prior year period. As adjusted, EBITA margin was 2.1%, up 10 basis points year-over-year, and came in at the midpoint of our guidance range.

Organic days-adjusted constant currency revenue increased 6% in the quarter, which was well above our midpoint guidance range of 3% growth driven by our Manpower business.

SLIDE 5 – Jack McGinnis

Turning to the EPS bridge, reported earnings per share for the quarter was $1.13. Adjusted EPS was $0.99 and came in above our guidance midpoint. Walking from our guidance mid-point of $0.96, our results included a better operational performance of 4 cents and a foreign currency impact that was 1 cent worse. Restructuring costs and strategic transformation program costs represented 23 cents and the gain on sale of Jefferson Wells U.S. business and liquidation of a discontinued business represented a 37 cents positive impact.

SLIDE 6 – Jack McGinnis

Next, let's review our revenue by business line. Year-over-year, on an organic constant currency basis, the Manpower brand had very strong growth of 8% in the quarter, up sequentially from the 6% growth in the first quarter. The Experis brand declined by 2%, an improvement from the 9% decline in the first quarter. The Talent Solutions brand was flat year-over-year, an improvement from the first quarter decline of 1%. Within Talent Solutions, our RPO business continued the sequential revenue trend improvement from Q1, with stable revenue levels from the previous quarter. Our MSP business saw continued solid revenue growth, while Right Management declined slightly during the quarter.

SLIDE 7 – Jack McGinnis

Looking at our gross profit margin in detail, our gross margin came in at 16.1% for the quarter. Staffing margin improved sequentially from the first quarter and on a year-over-year basis represented a 60 basis point reduction primarily due to mix shifts in the second quarter. This is an improvement from the 70 basis point decline in the first quarter. The staffing margin decrease was also impacted by the sale of the higher-margin U.S. Jefferson Wells business early in the quarter and, considering this, was very close to the midpoint of our guidance. Permanent recruitment activity resulted in a 10 basis point decline. Other services resulted in a 10 basis point margin decrease.

SLIDE 8 – Jack McGinnis

Moving onto our gross profit by business line. During the quarter, the Manpower brand comprised 65% of gross profit, our Experis professional business comprised 19%, and Talent Solutions comprised 16%.

During the quarter, our consolidated gross profit grew by 1% on an organic constant currency basis year-over-year, an improvement from the 3% decline in the first quarter.

Our **Manpower** brand grew 5% in organic constant currency gross profit year-over-year, an improvement from the flat first quarter year-over-year trend.

Gross profit in our **Experis** brand decreased 6% in organic constant currency year-over-year, an improvement from the 11% decrease in the first quarter.

Gross profit in **Talent Solutions** declined 4% in organic constant currency year-over-year, which was an improvement from the 5% decrease in the first quarter. The improvement in trend was driven by RPO while MSP trends also improved from the first quarter. Right Management had gross profit declines in the quarter on decreased outplacement activity.

SLIDE 9 – Jack McGinnis

Reported SG&A expense in the quarter was $668 million. SG&A, as adjusted, was down 1% on a constant currency basis. The year-over-year constant currency decreases largely consisted of reductions in operational costs of $5 million. Dispositions represented a decrease of $4 million while currency changes contributed to a $10 million increase. Adjusted SG&A expenses as a percentage of revenue represented 14.1% in constant currency in the second quarter. Adjustments represented restructuring and strategic transformation program charges of $14 million which were more than offset by a gain on sale of Jefferson Wells U.S. business of $30 million. Balancing gross profit growth with strong cost controls while funding ongoing transformation to enhance EBITA margin in both the short and long term remains one of our highest priorities.

We continue to estimate restructuring and strategic transformation program charges to range from $10 to $15 million on average per quarter through the end of the year.

SLIDE 10 – Jack McGinnis

The **Americas** segment comprised 25% of consolidated revenue. Revenue in the quarter was $1.2 billion, representing an increase of 14% year-over-year on an organic constant currency basis. As adjusted, OUP was $45 million and OUP margin was 3.7%. Restructuring charges of $3 million represented actions in the U.S. and Mexico.

SLIDE 11 – Jack McGinnis

The **U.S.** is the largest country in the Americas segment, comprising 59% of segment revenues. Revenue in the U.S. was $714 million during the quarter, representing an 8% organic days-adjusted increase compared to the prior year.

OUP, as adjusted, for our U.S. business was $24 million in the quarter. OUP margin, as adjusted, was 3.3%.

Within the **U.S.,** the Manpower brand comprised 29% of gross profit during the quarter. Revenue for the Manpower brand in the U.S. increased 16% on a days-adjusted basis during the quarter, which represented strong market performance with eight consecutive quarters of growth and a significant step up from the 5% increase in the first quarter.

The Experis brand in the U.S. comprised 38% of gross profit in the quarter. Within Experis in the U.S., substantially all of the revenues represent IT resourcing and services. Experis U.S. revenue was flat, on an organic days-adjusted basis during the quarter, an improvement from the 15% decline in the first quarter as the business anniversaried strong Healthcare

IT projects in the prior year. Excluding the impact of Healthcare IT project volumes in the second quarter, Experis U.S. revenue decreased 3% on a days adjusted basis during the quarter, an improvement from the first quarter trend. The Experis U.S. business expects a continued improvement in the revenue trend into the third quarter.

Talent Solutions in the U.S. contributed 33% of gross profit and saw a 6% increase in revenue year-over-year in the quarter, reflecting an increased rate of growth from the first quarter, driven by strong growth in both RPO and MSP during the second quarter. This was partially offset by declines in Right Management on lower outplacement activity in the quarter.

Overall, the U.S. had strong organic revenue growth in the second quarter, and we expect a similar rate of growth in the third quarter.

SLIDE 12 – Jack McGinnis

Southern Europe revenue comprised 47% of consolidated revenue in the quarter. Revenue in Southern Europe was $2.3 billion, representing 4% growth in constant currency during the second quarter. As adjusted, OUP for our Southern Europe business was $79 million in the quarter and OUP margin was 3.4%. Restructuring charges of $4 million represented actions taken largely in France and Italy.

SLIDE 13 – Jack McGinnis

France revenue equaled $1.2 billion and comprised 51% of the Southern Europe segment in the quarter and was flat on a constant currency basis. As adjusted, OUP for our France business was $31 million in the quarter. Adjusted OUP margin was 2.6%.

France revenue trends were stable during the second quarter and we expect a similar rate of revenue trend of flat to slight growth in the third quarter.

Revenue in **Italy** equaled $522 million in the second quarter reflecting an increase of 6% on a days-adjusted constant currency basis. OUP, as adjusted, equaled $35 million and OUP margin was 6.7%. Our Italy business is executing well and leads in the market. We estimate low to mid-single digit percentage revenue growth in the third quarter.

SLIDE 14 – Jack McGinnis

Our **Northern Europe** segment comprised 17% of consolidated revenue in the quarter. Revenue of $825 million represented a 2% increase in organic constant currency. OUP was $2 million in the quarter. This represents year-over-year OUP improvement during the last three quarters reflecting the outcome of the significant actions taken in previous quarters.

SLIDE 15 – Jack McGinnis

Our largest market in the Northern Europe segment is the **U.K.**, which represented 33% of segment revenues in the quarter. During the quarter, the U.K. crossed back over to growth with revenues increasing 2% on a days-adjusted constant currency basis.

The remaining countries in the region progressed as expected with largely stable to improving revenue trends.

SLIDE 16 – Jack McGinnis

The **Asia Pacific Middle East** segment comprises 11% of total company revenue. In the quarter, revenues equaled $519 million representing an increase of 5% in constant currency. OUP was $24 million and OUP margin was 4.6%.

SLIDE 17 – Jack McGinnis

Our largest market in the APME segment is **Japan**, which represented 57% of segment revenues in the quarter. Revenue in **Japan** grew 4% on a days-adjusted constant currency basis and we expect a similar level of revenue growth in the third quarter.

SLIDE 18 – Jack McGinnis

I'll now turn to cash flow and balance sheet. In the second quarter, free cash flow represented an outflow of $9 million compared to an outflow of $207 million in the prior year. On a year-to-date basis, this represents significant year-over-year improvement in the trend, and we expect strong free cash flow during the second half.

At quarter end, days sales outstanding was 56 days, flat from the prior year. During the second quarter, capital expenditures represented $6 million and we did not repurchase any shares.

SLIDE 19 – Jack McGinnis

Our balance sheet ended the quarter with cash of $181 million and total debt of $1.04 billion. Net debt equaled $863 million at quarter-end and improved sequentially as we allocated capital from business sales to pay down our revolver which typically peaks in usage at June 30th. Our debt ratios at quarter-end reflect total gross debt to trailing twelve months Adjusted EBITDA of 2.5 and total debt to total capitalization at 33%. Detail of our debt and credit facilities arrangements are included in the appendix of the presentation.

SLIDE 20 – Jack McGinnis

Next, I'll review our outlook for the third quarter of 2026.

We are forecasting earnings per share for the third quarter to be in the range of $0.96 to $1.06. The guidance range also includes an unfavorable foreign currency impact of 2 cents per share and our foreign currency translation rate estimates are disclosed at the bottom of the guidance slide.

Our organic days-adjusted constant currency revenue guidance shows a continuation of the 6% growth achieved in the second quarter again into the third quarter at the midpoint. On a constant currency basis, which is impacted by the second quarter business disposition, this range is between a 3% increase and a 7% increase and at the midpoint is a 5% increase.

Business days and the impact of dispositions adjusts our organic days-adjusted constant currency revenue growth estimate to 6% at the midpoint.

We anticipate stable underlying staffing margin into the third quarter and estimate a GP margin of 16.0% at the midpoint which includes a full quarter impact of the higher margin U.S. business disposition and the current business mix.

EBITA margin for the third quarter is projected to be up 10 bps at the midpoint compared to the prior year.

We estimate that the effective tax rate for the third quarter will be 44%.

I will continue to carve out any restructuring and global strategic transformation program costs and they are not included in the underlying guidance. In addition, we estimate our weighted average shares to be 47.9 million.

I will now turn it back to Jonas.

SLIDE 20 – Jonas Prising

Thanks Jack.

In closing, I'm highly encouraged by our performance in the second quarter. Our commercial execution coupled with strengthening market demand yielded a meaningful step change in organic growth. Taken together with a prudent approach to cost management, we are driving improved operating leverage and profitability.

Looking ahead, I'm confident that we have set the foundation to be able to sustain this momentum in the back-half of the year. As always, thank you to our talented team for their relentless focus, and to our candidates and clients for your continued partnership.

Operator, please open the line for questions.