

ManpowerGroup
Earnings Call Prepared Remarks Transcript
Q3 2025 CONFERENCE CALL

SLIDE 1 – Jonas Prising

Welcome and thank you for joining us for our third quarter 2025 conference call. Our Chief Financial Officer, Jack McGinnis, is with me today. For your convenience, we have included our prepared remarks within the Investor Relations section of our website at manpowergroup.com. I will start by going through some of the highlights of the quarter, then Jack will go through the third quarter results and guidance for the fourth quarter of 2025. I will then share some concluding thoughts before we start our Q&A session. 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

When we last reported earnings in July, we characterized the environment as one of *continued uncertainty yet growing resilience* — with employers hiring very cautiously and labor markets holding steady against a backdrop of geopolitical complexity and economic softening.

Since then, these dynamics have largely persisted. Geopolitical tensions remain elevated, the race to invest in AI continues at pace, and employers are adapting to the fluctuating policy environment and cautious consumer sentiment in Europe and North America.

Globally, business conditions remain mixed — strong momentum across Latin America and APME offset by softer trends in Europe and North America, where activity levels remain well below historical peaks yet stable over recent quarters. While hiring remains cautious, we continue to see gradual, broad-based signs of stabilization.

Our most recent ManpowerGroup Employment Outlook Survey, covering over 40,000 employers across 42 countries, reinforces this view. Hiring outlooks remained relatively steady year-over-year, with ongoing stabilization and 45% of employers planning to maintain current workforce levels—the highest since early 2022—as

organizations balance capturing growth opportunities with mitigating economic uncertainty.

Turning to our results, after 11 consecutive quarters of organic constant currency revenue declines, we crossed back over to growth during the third quarter. The stabilization of demand in recent quarters in North America and Europe, despite ongoing tariff uncertainty, has been a key factor in the revenue trend improvement. We're encouraged by this progress, as well as a continuation of revenue growth in our largest brand, Manpower, with strength in North America, Latin America, Italy, Spain, Belgium, Poland and APME, to name a few. Within Experis, we are beginning to see early signs of stabilization in professional and IT hiring. Win rates have improved modestly, and we have secured new enterprise programs in sectors such as financial services and life sciences. Our ongoing modernization of the Experis offering, including enhanced consultant development and tighter integration of our PowerSuite AI tools, is supporting margin improvement and future growth as client demand recovers.

The trends in Talent Solutions are also improving for our Managed Service Provider offering, where win rates and demand stabilization is driving strong revenue growth, helping offset some weakness in Recruitment Process Outsourcing and Right Management as labor markets remain somewhat "frozen" in terms of hiring and workforce reductions.

Overall, for the quarter, reported revenue was \$4.6 billion, down 2% year over year in constant currency. Systemwide revenue, which includes our expanding franchise revenue base, was \$4.9 billion. Our reported EBITA for the quarter was \$74 million. Adjusting for restructuring costs, EBITA was \$96 million, representing a decrease of 22% in constant currency year-over-year. Reported EBITA margin was 1.6%, and adjusted EBITA margin was 2.1%. Earnings per diluted share was \$0.38 on a reported basis, while earnings per diluted share was \$0.83 on an adjusted basis. Adjusted earnings per share decreased 39% year over year in constant currency.

As we look to the fourth quarter, we are closely monitoring several leading indicators of demand, including activity among our largest enterprise clients, new assignment starts in priority verticals such as logistics and manufacturing, and year-end seasonal patterns. These metrics are helping us assess the depth and breadth of stabilization across our markets and inform our expectations as we plan for 2026. Looking closely at these indicators, we believe our demand in Europe and North America is holding steady and are confident we are well positioned for future growth.

Our AI-enabled data insights are increasingly instrumental in tracking, anticipating, and predicting client demand. This real-time intelligence enables our teams to pivot quickly to sectors and regions where growth opportunities are emerging. Our enterprise pipeline continues to expand, with most of the demand in this environment concentrated among global enterprise clients — although decision timelines across major markets remain extended.

As a leadership team, we remain laser-focused on managing the current environment while positioning our business for future growth. We continue to take

decisive actions to contain costs, drive efficiencies at scale, and simplify our organization — while accelerating the strategic initiatives that will strengthen our capabilities, expand our margins, and deliver long-term shareholder value.

I'll now hand it over to Jack for more details on the quarter's financial results.

SLIDE 3 – Jack McGinnis

Thanks, Jonas.

U.S. dollar reported revenues in the third quarter were impacted by foreign currency translation and, after adjusting for currency impacts, came in at the mid-point of our constant currency guidance range. Our revenue trends demonstrate the continuation of largely stable activity levels across North America and Europe. Our revenues from franchise offices are significant and are included within systemwide revenues which equaled \$4.9 billion for the quarter. Gross profit margin came in below our guidance range driven by shifts within staffing, reflecting an increased mix of enterprise accounts, lower permanent recruitment and lower outplacement. As adjusted, EBITA was \$96 million, representing a 22% decrease in constant currency compared to the prior year period. As adjusted, EBITA margin was 2.1% and came in at the mid-point of our guidance range, representing a 50 basis points decline year over year.

Foreign currency translation drove a favorable impact to the 2% U.S. dollar reported revenue increase from the constant currency decrease of 2%. Organic days-adjusted constant currency revenue increased 0.5% in the quarter, which was slightly favorable to the midpoint guidance of flat.

SLIDE 4 – Jack McGinnis

Turning to the EPS bridge, reported earnings per share was \$0.38. Adjusted EPS was \$0.83 and came in one cent above our guidance midpoint. Walking from our guidance mid-point of \$0.82, our results included improved operational performance representing a positive impact of 2 cents and a slightly higher tax rate which had a negative impact of 1 cent. Restructuring costs and other represented 45 cents bringing reported earnings per share to \$0.38.

SLIDE 5 – Jack McGinnis

Next, let's review our revenue by business line. Year over year, on an organic constant currency basis, the Manpower brand had growth of 3% in the quarter, the Experis brand declined by 7%, and the Talent Solutions brand declined by 8%. Within Talent Solutions, our RPO business experienced lower demand in select ongoing client programs year over year. Our MSP business continued their strong revenue growth performance, while Right Management experienced declining year over year revenues as outplacement activity continued to slow.

SLIDE 6 – Jack McGinnis

Looking at our gross profit margin in detail, our gross margin came in at 16.6% for the quarter. Staffing margin contributed a 40 basis point reduction due to mix shifts towards enterprise accounts. Permanent recruitment activity was softer than expected

and the lower contribution resulted in a 20 basis point decline. Lower career transition outplacement activity within Right Management resulted in a 10 basis point margin decrease.

SLIDE 7 – Jack McGinnis

Moving onto our gross profit by business line. During the quarter, the Manpower brand comprised 63% of gross profit, our Experis professional business comprised 21%, and Talent Solutions comprised 16%.

During the quarter, our consolidated gross profit decreased by 4% on an organic constant currency basis year over year, representing a slight improvement from the 5% decline in the second quarter.

Our **Manpower** brand reported flat organic constant currency gross profit year over year, equal to the second quarter year over year trend.

Gross profit in our **Experis** brand decreased 10% in organic constant currency year over year, an improvement from the 14% decrease in the second quarter.

Gross profit in **Talent Solutions** declined 13% in organic constant currency year over year, a decline from the flat result in the second quarter. MSP and RPO experienced similar activity levels from the second quarter but RPO declined year over year as they anniversaried large growth in the third quarter a year ago in select client programs. Right Management gross profit decreased on lower outplacement activity.

SLIDE 8 – Jack McGinnis

Reported SG&A expense in the quarter was \$702 million. SG&A, as adjusted, was down 2% on an constant currency basis and 1% on an organic constant currency basis. The year-over-year organic constant currency SG&A decreases largely consisted of reductions in operational costs of \$5 million, partly driven by previous restructuring actions. Corporate costs continue to include our back-office transformation spend and these programs are progressing well with expected medium-term efficiencies. Dispositions represented a decrease of \$8 million while currency changes contributed to a \$20 million increase. Adjusted SG&A expenses as a percentage of revenue represented 14.8% in constant currency in the third quarter. Adjustments represented restructuring of \$21 million. Balancing gross profit trends with strong cost actions to enhance EBITA margin is one of our highest priorities and we continue to analyze all aspects of our cost base for additional ongoing efficiency improvements.

SLIDE 9 – Jack McGinnis

The **Americas** segment comprised 24% of consolidated revenue. Revenue in the quarter was \$1.1 billion, representing an increase of 6% year-over-year on a constant currency basis. As adjusted, OUP was \$43 million and OUP margin was 3.9%. Restructuring charges of \$5 million primarily represented actions in the U.S.

SLIDE 10 – Jack McGinnis

The **U.S.** is the largest country in the Americas segment, comprising 63% of segment revenues. Revenue in the U.S. was \$691 million during the quarter, representing a 1% days-adjusted decrease compared to the prior year. This represents an improvement from the 3% decrease in the second quarter.

OUP, as adjusted, for our U.S. business was \$24 million in the quarter. OUP margin, as adjusted, was 3.5%.

Within the **U.S.**, the Manpower brand comprised 28% of gross profit during the quarter. Revenue for the Manpower brand in the U.S. increased 8% on a days-adjusted basis during the quarter, which represented strong market performance and a slight decrease from the 9% increase in the second quarter.

The Experis brand in the U.S. comprised 39% of gross profit in the quarter. Within Experis in the U.S., IT skills comprised approximately 90% of revenues. Experis U.S. revenue decreased 9%, on a days-adjusted basis during the quarter, an improvement from the 14% decline in the second quarter.

Talent Solutions in the U.S. contributed 33% of gross profit and saw a flat revenue trend year over year in the quarter, a decrease from the 13% increase in the second quarter driven by the lower RPO activity from select ongoing client programs and lower Right Management outplacement activity. The MSP business executed well during the quarter again posting strong double-digit revenue increases year over year.

In the fourth quarter of 2025, we expect the overall U.S. business to have a similar to slightly further revenue decline compared to the third quarter largely due to higher seasonal Experis Healthcare projects in the prior year period.

SLIDE 11 – Jack McGinnis

Southern Europe revenue comprised 47% of consolidated revenue in the quarter. Revenue in Southern Europe was \$2.2 billion, representing a 1% decrease in organic constant currency. As adjusted, OUP for our Southern Europe business was \$70 million in the quarter and OUP margin was 3.2%. Restructuring charges of \$4 million represented actions in Spain and France.

SLIDE 12 – Jack McGinnis

France revenue equaled \$1.2 billion and comprised 53% of the Southern Europe segment in the quarter and decreased 5% on a days-adjusted constant currency basis. As adjusted, OUP for our France business was \$31 million in the quarter. Adjusted OUP margin was 2.7%.

France revenue trends improved slightly during the course of the third quarter, despite the government uncertainty in September, and we expect a slightly improved rate of revenue decline into the fourth quarter reflecting the third quarter exit rate.

Revenue in **Italy** equaled \$463 million in the third quarter reflecting an increase of 4% on a days-adjusted constant currency basis. OUP, as adjusted, equaled \$27 million and OUP margin was 5.8%. Our Italy business is performing well and we estimate a slightly improved constant currency revenue growth trend in the fourth quarter compared to the third quarter.

SLIDE 13 – Jack McGinnis

Our **Northern Europe** segment comprised 18% of consolidated revenue in the quarter. Revenue of \$817 million represented a 6% decline in constant currency. As adjusted, OUP equaled a \$1 million loss. This represents an improvement from the \$6 million loss in the second quarter and reflects the impact of cost reduction actions. The restructuring charges of \$14 million primarily represented actions in Germany and the U.K.

SLIDE 14 – Jack McGinnis

Our largest market in the Northern Europe segment is the **U.K.**, which represented 32% of segment revenues in the quarter. During the quarter, U.K. revenues decreased 13% on a days-adjusted constant currency basis. We expect the rate of revenue decline in the U.K. to improve into the fourth quarter compared to the third quarter.

In **Germany**, revenues decreased 23% on a days-adjusted constant currency basis in the quarter. Germany automotive manufacturing trends continue to be weak. In the fourth quarter, we are expecting a similar year-over-year revenue decline compared to the third quarter trend.

The **Nordics** continue to experience difficult market conditions with revenues decreasing 4% in days-adjusted constant currency in the quarter.

SLIDE 15 – Jack McGinnis

The **Asia Pacific Middle East** segment comprises 11% of total company revenue. In the quarter, revenues equaled \$521 million representing an increase of 8% in organic constant currency. OUP was \$27 million and OUP margin was 5.1%.

SLIDE 16 – Jack McGinnis

Our largest market in the APME segment is **Japan**, which represented 60% of segment revenues in the quarter. Revenue in **Japan** grew 6% on a days-adjusted constant currency basis. We remain very pleased with the consistent performance of our Japan business, and we expect continued strong revenue growth in the fourth quarter.

SLIDE 17 – Jack McGinnis

I'll now turn to cash flow and balance sheet. In the third quarter, free cash flow was \$45 million compared to \$67 million in the prior year. Following a trend of declining earnings and large outflows for tax and technology license payments through the first half of the year, free cash flow was positive during the third quarter. Earnings have also been stabilizing in recent quarters, which will improve the trend of free cash flow going forward. The fourth quarter is typically a strong quarter for free cash flow as we look ahead.

At quarter end, days sales outstanding increased a day and a half to 59 days as enterprise client mix has increased. During the third quarter, capital expenditures represented \$15 million. During the third quarter we did not repurchase any shares and, at September 30th, we have 2.0 million shares remaining for repurchase under the share program approved in August of 2023.

SLIDE 18 – Jack McGinnis

Our balance sheet ended the quarter with cash of \$275 million and total debt of \$1.2 billion. Net debt equaled \$941 million at September 30th reflecting improvement from June 30th. Our debt ratios at quarter-end reflect total gross debt to trailing twelve months Adjusted EBITDA of 3.16 and total debt to total capitalization at 38%. Detail of our debt and credit facilities arrangements are included in the appendix of the presentation.

SLIDE 19 – Jack McGinnis

Next, I'll review our outlook for the fourth quarter of 2025. Based on trends in the third quarter and October activity to date, our forecast anticipates ongoing stability in the majority of our markets and a continuation of existing trends.

With that said, we are forecasting earnings per share for the fourth quarter to be in the range of \$0.78 to \$0.88. The guidance range also includes a favorable foreign currency impact of 8 cents per share and our foreign currency translation rate estimates are disclosed at the bottom of the guidance slide.

Our constant currency revenue guidance range is between a 2% decrease and a 2% increase and at the midpoint is a flat revenue trend. Business days are stable year over year and considering the impact of dispositions, our organic days-adjusted constant currency revenue increase represents slight growth which rounds down to a flat revenue trend at the midpoint.

EBITA margin for the fourth quarter is projected to be flat at the midpoint compared to the prior year.

We estimate that the effective tax rate for the fourth quarter will be 46.5%.

In addition, as usual, our guidance does not incorporate restructuring charges or additional share repurchases and we estimate our weighted average shares to be 47.1 million. I will now turn it back to Jonas.

SLIDE 20 – Jonas Prising

Thanks , Jack.

In parallel with our disciplined cost control, we continue to advance our digitization and standardization agenda across both the back and front office. We are pleased with the strong progress of our Global Business Services initiatives, which are streamlining operations, aligning processes, and improving speed and quality while reducing costs.

I recently visited our new hub in Porto, Portugal, where our Finance and Technology teams have standardized and centralized back-office functions across Europe. These advancements are providing a blueprint for how we will continue to evolve our operating model, standardizing our processes and leveraging our scale advantage across countries and regions.

We are now preparing to apply this same disciplined approach to the front office, optimizing recruitment and sales processes on our global PowerSuite Front Office platform to identify similar opportunities for client and candidate service excellence, process standardization and productivity gains. By simplifying workflows and integrating technology, we are empowering our teams and building a business that will be leaner, more agile, and well positioned for long-term growth.

We are confident that our combination of operational rigor, strategic investment, and disciplined execution will ensure ManpowerGroup continues to strengthen our value to clients and candidates in a fast-changing external environment.

This confidence in our value is reinforced by the consistent recognition our three strong and distinct brands receive for their market leadership and capabilities. Last quarter, Everest Group recognized Manpower, Experis, and Talent Solutions as industry leaders across multiple categories, reflecting the strength of our strategy, technology, and people.

Each recognition highlights Sophie AI™, our enterprise-wide AI platform we introduced last quarter, where our AI solutions are being developed, refined and incorporated into our operational workflows to further enhance our capabilities and help clients make smarter, faster talent decisions.

We are now increasingly moving from AI use cases to scaled commercial impact. In our largest market, SophieAI is now driving measurable gains with approximately 30% of new client revenue derived from AI rated probability. We also see that when prospects are identified as high probability by AI, the potential value is notably higher than prospects identified by human insight alone. With this new technology deployed across 14 key markets and scaling further, we expect to see significant value realization across our global footprint.

In RPO and MSP, several recent client wins directly cite our AI-powered insights as a differentiator in their selection process. These proof points reinforce how our technology investments are enhancing client outcomes.

And, as we look ahead, we do so with cautious optimism. While near-term conditions remain challenging in North America and Europe, our teams continue to execute our current priorities with discipline, serving our clients, supporting millions of associates in meaningful work, and building the foundation for future profitable growth.

I want to close by thanking our people around the world for their unwavering dedication and commitment to helping our clients win and our associates succeed.

Operator, please open the line for our Q&A.