

# ManpowerGroup

## Earnings Results Transcript

### Q1 2026 CONFERENCE CALL

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#### SLIDE 1 – Jonas Prising

Good morning and thank you for joining us for our first 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](https://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 how we're positioning ManpowerGroup to win in any environment. Becky will then provide an update on how we are driving commercial excellence and the opportunities we're capturing with AI, followed by Jack, who will walk through the detailed financial results, and our guidance for the second 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. Our Q1 results reflect disciplined execution and continued stabilization of revenue trends across key markets.

In the first quarter, we delivered reported revenues of \$4.5 billion, representing organic constant currency growth of 3%. Systemwide revenue, which includes our expanding franchise revenue base, was \$5.0 billion. Adjusted EBITA margin of 1.4% reflects improving demand trends as well as P&L leverage.

We're also encouraged that top-line growth exceeded our expectations, reflecting strong execution of our commercial initiatives. We are expanding our new business pipeline, increasing client engagement, and continuing to win in the areas where growth is strongest and most resilient.

At the same time, the manufacturing environment is strengthening, particularly across Europe. Taken together, this is enabling us to drive continued momentum across the portfolio, with strong Manpower performance among key markets, including France, U.S., and Italy. We are also seeing stable underlying trends in Experis and solid performance in Talent Solutions, TAPFIN MSP, and Right Management, even as RPO remains more challenged. Our diversified portfolio, global scale, and specialized brand expertise continue to position us well to win in the marketplace.

As we move down the P&L, we have continued our relentless focus on driving operating leverage. During Q1, we reduced SG&A, as adjusted, by 4% in constant currency while delivering continued top-line growth, reflecting the impact of our ongoing efficiency efforts. Something I'll share more detail on shortly.

Finally, we are closely monitoring developments related to the conflict in the Middle East. While it is still too early to assess if there will be a broader impact, like many global companies, we have become accustomed to navigating a fast-changing environment that includes geopolitical developments alongside economic and labor market shifts. In the meantime, we remain focused on staying close to our clients and their evolving needs, while managing the business with discipline. Against this backdrop, we are encouraged by the developing short-term momentum and equally excited by the long-term market opportunity. This is supported by improving business

confidence in the U.S., as evidenced by the increase in CEO confidence reported by the Conference Board, rising manufacturing PMI in the U.S. and Europe, and strong business resilience. As conditions improve, we expect sustainable organic revenue growth to build progressively.

Our intent is to be the architects of our own future and to proactively take actions that will position ManpowerGroup to lead the industry, win in any environment and drive long-term value creation.

#### **SLIDE 4 – Jonas Prising**

We are transforming our business model to drive growth and expand margins over time. As part of this commitment, we are announcing a transformation initiative that will reimagine how we operate and deliver value to our clients and candidates and provide significant cost optimization. Over the past year, we have been doing significant planning to launch this work, and we are pleased to share more details with you today.

We have made targeted investments in automation and AI, and built a modern global technology infrastructure, including our PowerSuite platform, which now serves as the backbone of our digitization strategy. With nearly 90 percent of our global business operating on this platform, we have created a unified technology stack with access to global data across all of our global businesses, enabling us to operate at a unique data scale, strengthen our insights, and be better partners to our clients.

As a result of these investments, we are launching a strategic global transformation program that we expect will deliver \$200 million in permanent cost savings in 2028.

There are two major components to our plan. The first, which I have talked about before, is the complete redesign of our back-office operations, which is progressing well. The second is taking best practices and key learnings from our back-office transformation and executing a similar program for the front office.

These redesigned processes will be industry-leading and enable us to execute more effectively and move faster to fill roles. In addition to reducing our cost structure, this transformation will improve both client and candidate experience, positioning our brands to win in market share and better serve clients in a highly fragmented marketplace.

We have begun this work in North America, redesigning end-to-end processes, embedding automation and AI where it simplifies work, creating best-in-class “local for world” blueprints before extending globally. The goal is clear: connect more people to work by filling more orders to drive growth, while structurally lowering our cost to serve.

I’m also pleased to announce that we have recently hired a dedicated Chief Enterprise Transformation Officer who has joined our executive leadership team to drive the execution of this plan across the enterprise.

At the same time, we continue to thoughtfully review our global portfolio to ensure we have the right mix of businesses and brands across key markets, prioritizing investment in core, higher-return opportunities while evaluating opportunities to divest of non-core assets to strengthen our financial position and support our long-term growth and margin ambitions.

Ultimately, these actions will accelerate our path back to our historical margin profile and create a structural cost basis to expand margins further over time.

Now, before I hand it over to Becky, let me just say one more time how excited we are about the transformation underway to improve efficiency, reduce costs, and create capacity to invest in growth.

A core element of this transformation is building new capabilities that align with where the market is heading. This includes evolving how we bring innovative services to market, particularly with AI.

We are also encouraged by the immense opportunities AI is creating as it enables us to shape the future of our industry, including how it is influencing client behavior and how they buy workforce solutions.

This shift creates a meaningful opportunity for us to evolve our business model so that AI becomes a sustainable tailwind, by operating in new ways and developing new products for our clients. With that context, let me turn it over to Becky to go deeper into our commercial initiatives and how we are leveraging AI.

## SLIDE 5 – Becky Frankiewicz

Thank you, Jonas.

Last quarter, I shared that my remit is focused on driving commercial excellence, strengthening and expanding our core capabilities, and accelerating AI across the business.

Today I am pleased to share more on how we are embedding AI as a growth multiplier and will highlight where AI is already driving measurable value in three areas: unlocking effective commercial scale, creating new ways to deliver a best-in-class talent experience, and finally, monetizing new human + agentic solutions for our clients through strategic AI partnerships.

Let me start with how we are embedding AI into our processes to unlock effective commercial scale. Today in France, our proprietary AI-powered Sales Targeting Engine has generated approximately \$200 million in incremental revenue. It pinpoints the highest-probability opportunities, so our teams can focus on coverage where sales conversion and revenue impact are the highest. We expect this incremental revenue to increase significantly as we scale.

Second, let me share how we are creating a differentiated talent experience, one that is critical to attracting and retaining the skilled associates and consultants our clients value most.

To strengthen our talent experience, we recently announced an expansion of our PowerSuite technology platform to include our partnership with Hubert.ai to deliver AI-powered screening and interview experiences. In the past six months, we've completed over 25,000 AI-led interviews and reduced screening time by 67%. Automating early-stage interviews helps improve fill rates and time-to-hire and frees our recruiters and talent agents to focus on higher-value, relationship-driven work. At the same time, we are achieving 87% candidate satisfaction as more than half of this activity takes place outside of traditional working hours, meeting talent when and where works for them. These responsible, transparent AI capabilities now support markets representing 40% of our global revenue, with plans to scale to 70% by year-end.

And third, monetization. I am delighted to share how we are bringing AI capabilities to market and creating a future where people can build more

impactful careers and where companies can achieve greater profitable growth. Human + Agentic workforces are not a future concept - they are already here.

In March, we announced a breakthrough partnership with SoundHound AI, a global leader in voice and conversational AI. Our Experis US business is already helping companies across industries - to review and redesign workflows and accelerate the adoption of AI and intelligent automation. This is the lead offering in our EXCELERATE AI services suite, built on a simple and powerful premise that humans and agents can deliver more when working side by side.

This partnership expands our presence in the human-plus-AI space, which is central to our strategy. We are starting in the US, to drive scale and market leadership and plan to expand globally.

Finally, we know we capture the impact of AI by ensuring that our teams are equipped to use it. We are pleased that tens of thousands of our employees around the world have completed AI fundamentals training, and over 80% of our workforce is already using AI in their workflows.

Our approach is simple: automate what should be automated, augment what should stay human, and create entirely new ways to deliver workforce solutions to our clients.

We are in progress to capture the full value of these initiatives, and we expect AI to become an increasingly meaningful driver of growth, productivity, and differentiation over time. I look forward to continuing to update you on our strategic progress and how we will move at pace.

I will now turn it back to Jack.

## **SLIDE 6 – Jack McGinnis**

Thanks, Becky.

I'll quickly first touch on the headline quarterly results and am excited to give more details on our expanded transformation savings Jonas announced at the beginning of the call.

In the first quarter, we delivered reported revenues of \$4.5 billion. Systemwide revenue including franchises was \$5.0 billion. Our first quarter revenue results represented constant currency growth of 3%. U.S. dollar reported revenues, after adjusting for currency impacts, came in at the top of our constant currency guidance range. I will talk more about the revenue trend drivers in the business and geographic segment summaries.

Gross profit margin came in below the low-end of our guidance range driven by lower bench utilization in Europe and mix shifts impacting staffing margin while permanent recruitment came in as expected with sequential improvement.

As adjusted, EBITA was \$61 million, representing a 5% increase in constant currency compared to the prior year period. As adjusted, EBITA margin was 1.4%, up 10 basis points year-over-year, and came in at the midpoint of our guidance range.

Organic days-adjusted constant currency revenue increased 3% in the quarter, which was favorable to our midpoint guidance range of 1% growth.

## **SLIDE 7 – Jack McGinnis**

Coming back to our transformation programs that Jonas referenced, we are excited to announce our path to expected savings of \$200 million in 2028. We have previously discussed the implementation of our leading cloud-enabled PowerSuite front and back office technology platforms. These platforms are now being complimented with best-in-class end-to-end processes. We started with back office processes and are flipping to run rate savings in IT and Finance costs during 2026 which build through 2028 representing 25% of the total cost savings.

The strategic transformation will expand to the rest of the world in 2027 to drive expected net savings in 2028. The front office transformation, like the back office, will include standardized processes infused with leading automation and agentic A.I. across all major businesses driving significant structural savings.

We will continue to break out restructuring and strategic transformation program charges as we progress the program. We expect the ongoing 2026 run-rate of these charges to be lower than the first quarter amount and

estimate a range of \$10 to \$15 million on average per quarter through the end of the year.

#### **SLIDE 8 – Jack McGinnis**

Moving to the EPS bridge, reported earnings per share for the quarter was \$0.05. Adjusted EPS was \$0.51 and came in just above our guidance midpoint. Walking from our guidance mid-point of \$0.50, our results included a slightly lower operational performance of 2 cents, a slightly lower tax rate which had a positive 1 cent impact, a foreign currency impact that was 1 cent worse, and improved interest and other expenses which was 3 cents better than our guidance. Restructuring costs and strategic transformation program costs represented 46 cents.

#### **SLIDE 9 – Jack McGinnis**

Next, let's review our revenue by business line. Year over year, on an organic constant currency basis, the Manpower brand had strong growth of 6% in the quarter, up sequentially from the 5% growth in the fourth quarter. The Experis brand declined by 9%, an expected decrease from the 6% decline in the fourth quarter largely driven by the timing of Healthcare IT projects in the U.S. The Talent Solutions brand declined by 1%, an improvement from the fourth quarter decline of 4%. Within Talent Solutions, our RPO business continues to experience a sluggish permanent hiring environment but did see sequential revenue trend improvement. Our MSP business saw continued revenue growth, and Right Management also grew during the quarter.

#### **SLIDE 10 – Jack McGinnis**

Looking at our gross profit margin in detail, our gross margin came in at 16.0% for the quarter. Staffing margin contributed a 70 basis point reduction due to mix shifts and bench utilization in the first quarter. Permanent recruitment activity resulted in a 20 basis point decline. Other services resulted in a 20 basis point margin decrease.

## SLIDE 11 – Jack McGinnis

Moving onto our gross profit by business line. During the quarter, the Manpower brand comprised 62% of gross profit, our Experis professional business comprised 21%, and Talent Solutions comprised 17%.

During the quarter, our consolidated gross profit decreased by 3% on an organic constant currency basis year over year, stable from the 3% decline in the fourth quarter.

Our **Manpower** brand was flat in organic constant currency gross profit year over year, relatively stable considering rounding from the 1% growth in the fourth quarter year over year trend.

Gross profit in our **Experis** brand decreased 11% in organic constant currency year over year, a decline from the 5% decrease in the fourth quarter largely driven by the timing of Healthcare IT projects in the U.S.

Gross profit in **Talent Solutions** declined 5% in organic constant currency year over year, which was an improvement from the 12% decrease in the fourth quarter. The improvement in trend was driven by RPO as the rate of decline narrowed significantly. MSP trends also improved from the fourth quarter and Right Management had solid gross profit growth in the quarter on increased outplacement activity.

## SLIDE 12 – Jack McGinnis

Reported SG&A expense in the quarter was \$695 million. SG&A, as adjusted, was down 4% on a constant currency basis. The year-over-year constant currency SG&A decreases largely consisted of reductions in operational costs of \$23 million. Dispositions were very minor and represented a decrease of \$1 million while currency changes contributed to a \$38 million increase. Adjusted SG&A expenses as a percentage of revenue represented 15.0% in constant currency in the first quarter. Adjustments represented restructuring and strategic transformation program charges of \$26 million. Balancing gross profit trends with strong cost actions while funding ongoing transformation to enhance EBITA margin in both the short and long term remains one of our highest priorities.

### SLIDE 13 – Jack McGinnis

The **Americas** segment comprised 25% of consolidated revenue. Revenue in the quarter was \$1.1 billion, representing an increase of 4% year-over-year on a constant currency basis. As adjusted, OUP was \$26 million and OUP margin was 2.3%. Restructuring charges of \$7 million largely represented actions in the U.S.

### SLIDE 14 – Jack McGinnis

The **U.S.** is the largest country in the Americas segment, comprising 59% of segment revenues. Revenue in the U.S. was \$655 million during the quarter, representing a 5% days-adjusted decrease compared to the prior year.

OUP, as adjusted, for our U.S. business was \$9 million in the quarter. OUP margin, as adjusted, was 1.3%.

Within the **U.S.**, the Manpower brand comprised 26% of gross profit during the quarter. Revenue for the Manpower brand in the U.S. increased 5% on a days-adjusted basis during the quarter, which represented strong market performance with seven consecutive quarters of growth and a slight change from the 7% increase in the fourth quarter as we anniversary strong growth in the prior year.

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 15%, on a days-adjusted basis during the quarter, down from the 10% decline in the fourth quarter as the business anniversary strong Healthcare IT projects in the prior year. Excluding the impact of Healthcare IT project volumes in the prior year, Experis U.S. revenue decreased 9% on a days adjusted basis during the quarter, largely in line with the fourth quarter trend.

Talent Solutions in the U.S. contributed 35% of gross profit and saw a 2% decrease in revenue year over year in the quarter, compared to a 2% increase in the fourth quarter, driven by lower sequential MSP activity. This was partially offset by strong growth in Right Management outplacement activity and improving RPO year over year trends.

We expect the U.S. business to flip to low single digit percentage revenue growth in the second quarter on an improved Experis revenue trend.

#### SLIDE 15 – Jack McGinnis

**Southern Europe** revenue comprised 47% of consolidated revenue in the quarter. Revenue in Southern Europe was \$2.1 billion, representing 3% growth in constant currency during the first quarter. As adjusted, OUP for our Southern Europe business was \$58 million in the quarter and OUP margin was 2.8%. Restructuring charges of \$4 million represented actions in France.

#### SLIDE 16 – Jack McGinnis

**France** revenue equaled \$1.1 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 \$21 million in the quarter. Adjusted OUP margin was 2.0%.

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

Revenue in **Italy** equaled \$475 million in the first quarter reflecting an increase of 8% on a days-adjusted constant currency basis. OUP, as adjusted, equaled \$29 million and OUP margin was 6.0%. Our Italy business is executing well and we estimate mid-single digit percentage revenue growth in the second quarter.

#### SLIDE 17 – Jack McGinnis

Our **Northern Europe** segment comprised 17% of consolidated revenue in the quarter. Revenue of \$790 million represented a 1% decline in organic constant currency. As adjusted, OUP was negative \$3 million in the quarter. This represents year over year OUP improvement during the last two quarters reflecting cost actions taken to date. The restructuring charges of \$5 million primarily represented actions in the Nordics and the UK.

## SLIDE 18 – Jack McGinnis

Our largest market in the Northern Europe segment is the **U.K.**, which represented 34% of segment revenues in the quarter. During the quarter, U.K. revenues decreased 2% on a days-adjusted constant currency basis representing ongoing stabilization.

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

## SLIDE 19 – Jack McGinnis

The **Asia Pacific Middle East** segment comprises 11% of total company revenue. In the quarter, revenues equaled \$510 million representing an increase of 8% in constant currency. As adjusted, OUP was \$22 million and OUP margin was 4.3%.

## SLIDE 20 – 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. We remain pleased with the consistent performance of our Japan business, and we expect continued solid revenue growth in the second quarter.

## SLIDE 21 – Jack McGinnis

I'll now turn to cash flow and balance sheet. In the first quarter, free cash flow represented an outflow of \$135 million compared to an outflow of \$167 million in the prior year. The cash outflow was negatively impacted by the end of the first quarter payment timing involving our MSP business and to a lesser extent some isolated working capital utilization and we expect these items to reverse in the second quarter. We expect free cash flow to be negative in the first half of 2026 which will be offset by strong free cash flow during the second half.

At quarter end, days sales outstanding was 59 days, up 4 days from the prior year, reflecting enterprise mix shifts and isolated quarter end timing on certain receivables. During the first quarter, capital expenditures represented \$9 million and we did not repurchase any shares.

## SLIDE 22 – Jack McGinnis

Our balance sheet ended the quarter with cash of \$225 million and total debt of \$1.1 billion. Net debt equaled \$922 million at quarter-end and increased from year end reflecting first quarter seasonality. Our adjusted debt ratios at quarter-end reflect total gross debt to trailing twelve months Adjusted EBITDA of 2.86 and total debt to total capitalization at 36%. Detail of our debt and credit facilities arrangements are included in the appendix of the presentation.

## SLIDE 23 – Jack McGinnis

Next, I'll review our outlook for the second quarter of 2026. Our forecast anticipates a continuation of existing trends.

With that said, we are forecasting earnings per share for the second quarter to be in the range of \$0.91 to \$1.01. The guidance range also includes a favorable foreign currency impact of 5 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 1% increase and a 5% increase and at the midpoint is a 3% increase. Considering business days are equal year over year and the impact of dispositions is very small, our organic days-adjusted constant currency revenue increase also represents 3% growth at the midpoint.

EBITA margin for the second 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 second quarter will be 43%.

I will continue to carve out any restructuring and global strategic transformation program costs incurred and they are not included in the underlying guidance. In addition, we estimate our weighted average shares to be 47.7 million.

I will now turn it back to Jonas.

## SLIDE 23– Jonas Prising

Thanks Jack. In closing, as the market continues to stabilize, we are operating well, staying focused and executing with discipline.

Our team remains hyper focused on delivering for the now, while a dedicated group advances our transformation initiatives to position us for future opportunities. I look forward to keeping you updated on our continued execution as we build on the progress we've made and capture the momentum ahead.

As always, thank you to our talented team for their relentless focus, and to our candidates and clients for your continued trust.

Operator, please open the line for questions.