

ManpowerGroup

Earnings Results Transcript

Q4 2025 CONFERENCE CALL

SLIDE 1 – Jonas Prising

Good morning, and thank you for joining us for our fourth quarter 2025 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 and the full year, including how we are seeing conditions evolve across markets and what that means for our execution. Becky will ground us in the broader environment, what we are hearing directly from the market, and how we are evaluating those insights as we position the business. Jack will then walk through the detailed financial results and our guidance for the first 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. Let me begin by saying we're pleased with our fourth-quarter results, which marked a clear shift to stabilization, led by enterprise demand and supported by disciplined execution and a continued commitment to cost optimization.

In the fourth quarter, we delivered reported revenues of \$4.7 billion dollars, which represented organic constant currency growth of 2%. Systemwide revenue, which includes our expanding franchise revenue base, was \$5.1 billion dollars. Adjusted EBITA margin of 2.1%, reflects improving demand trends across core markets as well as P&L leverage.

Though we faced strong headwinds during the first half of 2025, reflected in our full-year results, we are encouraged by our fourth quarter performance which demonstrated sequential improvement through year-end.

As we moved through the fourth quarter, revenue trends strengthened in several key markets. Clients remain deliberate in their hiring given the macro backdrop, yet engagement levels are steady, and activity is becoming more consistent.

Importantly, while we are not yet calling a broad-based recovery, we are seeing clear sequential improvement in key demand indicators, including Manpower associates on assignments in key markets, such as the U.S. and France, which are performing better than expected – with France in particular showing resilience despite ongoing political and budget uncertainty.

Markets such as Italy and Spain stabilized earlier, and began to inflect, with Italy standing out as a clear outperformer on both growth and margin. These trends reinforce our view that the shape of the recovery can be different by market, with some inflecting earlier and others requiring longer periods of stabilization first.

Against this backdrop, our priorities remain clear. Execute with rigor, maintain cost discipline, and leverage our digitization advantage to position the business to generate operating leverage as demand improves. We are working to ensure that we are structurally stronger, more efficient, agile, and better positioned to capture share.

To that end, our diversified, multi-brand portfolio continues to perform well in a selective demand environment and plays a critical role in earnings durability.

Manpower addresses in-demand, AI-resilient skills at scale, supporting clients from entry-level to specialized roles in growth sectors and has grown for three consecutive quarters – with six quarters in the US.

Experis – our brand providing specialized technology talent and services that maximize returns on digital, cloud, AI, and data investments – has seen the rate of decline narrowing and sequential improvement through the second half of the year.

Talent Solutions delivers scaled enterprise offerings, including TAPFIN MSP and Right Management Outplacement & Consulting which saw growth in the quarter. Perm recruitment across brands, including our Talent Solutions RPO offering, continues to face a challenging environment.

As demand stabilizes, this breadth of our portfolio and geographic footprint positions us to improve win rates, capture share, and generate stronger incremental margins. We are pleased with our progress but a long way from being satisfied, and we will continue to focus on improving the current trajectory.

On that point, let me provide an update on our cost discipline and operating leverage. Cost discipline remains a core leadership priority across our operations. Over the last three years, we have taken decisive actions to structurally reduce costs and align capacity with demand. These actions include permanent changes to our operating model in our back office and technology infrastructure, as well as targeted adjustments to current market conditions.

Our efforts were further on display during the fourth quarter, as we delivered a 4% constant currency reduction in SG&A while driving organic growth. This reflects both structural cost reductions and tighter discretionary spend. Further, we accelerated cost actions across corporate functions and select geographies, sharpened capacity alignment, and reduced overheads.

These actions are translating into improved profitability across the portfolio. For instance, for the first time in six quarters, we delivered positive

operating profit in our Northern European business this quarter, a region where we have been highly focused on rightsizing the cost base.

Importantly, we have more opportunity to enhance our cost structure across our global business. Jack will provide additional detail on these efforts, including ongoing optimization actions, particularly in North America, as part of our broader, transformation program.

Before that, let me turn it over to Becky to expand on the work we are doing to capture critical market insights that are evolving our business model in line with changing customer needs and candidate behaviors.

SLIDE 3 – Becky Frankiewicz

Thanks, Jonas. Glad to be with you all this morning – my remit for ManpowerGroup is focused on three areas: driving commercial excellence, evolving our core capabilities to better serve the business, and infusing AI in the organization for today and tomorrow. In recent months we have embarked on a comprehensive process to evaluate our strategy and priorities as AI accelerates and client and candidate needs change.

As part of this work, we've engaged a wide set of experts, inside and outside our industry – including our clients and candidates – to conduct independent research and rigorous analysis across both technology and human behavior.

While we are still early in the process, this work is surfacing two clear macro themes around how clients and candidates want to engage with us. First – flexibility. Candidates are increasingly looking to curate flexible engagement models for when, where and how they contribute to work. Our clients are also seeking flexibility to attract talent and to remain agile in the changing landscape.

The second theme is how AI will shape workforce composition. Our clients are asking tough questions - how could I get work done in the future? What are the new paths between humans and technology? They are increasingly seeking our advisory capabilities on new ways to get work done beyond the traditional models - advancing the paths of temp and perm alongside newer models of flexibility like gig and freelance. They are also seeking guidance on the newest path to work - leveraging AI in combination with humans for productivity and growth.

From this research and our continuous connections with clients across every industry, the intersection of AI, and workforce readiness is an urgent priority – and unlocking productivity gains and growth will depend on combining technology adoption with workforce transformation.

This was reinforced once again by our engagement with clients and prospects at the World Economic Forum in Davos last week, where we showcased insight and research around what we are calling the Human Edge – where empathy, imagination, and resilience are elevated by technology, and where human potential meets digital intelligence.

Ultimately, these insights give us enhanced visibility on where client demand and growth will be, enabling us to make critical decisions now on where to play and how to win. Though we are in the early stages of this process, we are encouraged at the opportunity ahead to further differentiate our offerings. I look forward to continuing to update you on this critically important initiative.

SLIDE 3 – Jonas Prising

Thank you, Becky. As you heard, the environment for AI and automation continues to unfold. Since 2019, we have been executing against a clear technology roadmap centered on PowerSuite, our end-to-end operating system and best-in-class technology stack.

Today, PowerSuite operates across nearly 90% of our business, creating integrated global technology rails and a proprietary data asset spanning more than 70 countries.

This foundation enables faster innovation and allows us to convert technology adoption into productivity gains more quickly than in the past. Last quarter, we shared how we are increasingly moving from AI use cases to scaled commercial impact. Our integrated AI recruiter toolkit is now scaled to more than twelve markets - streamlining content creation, talent search, communication, and workflow automation, this is improving recruiter precision and productivity while enhancing the candidate experience through faster, smarter matching and real-time insights, resulting in a 7% increase in placement rates.

This is not just about productivity; it is about commercial excellence – positioning us to increase revenue, win clients, and deliver a superior experience to our clients and candidates.

For instance, we are scaling the use of agentic AI coding assistants across Experis in the US to deliver faster, higher quality, and more cost-efficient solutions for clients. This helps our clients accelerate delivery, improve product quality, and reduce operating costs, while enabling us to strengthen our value proposition, and win higher margin work.

More broadly, we are moving from experimentation to disciplined, governed deployment of AI, turning proprietary data, embedded technology, and human expertise into faster delivery, higher win rates, and durable differentiation.

And as part of this commitment, we are upskilling our 25,000 employees and embedding AI more deeply across the organization to drive productivity, support higher-margin growth, and ensure that these gains translate into a leaner, more efficient cost structure

I'm pleased that we were able to deliver sequential improvement in revenue growth and profitability improvement through 2025, finishing Q4 with momentum that reflects both stronger execution in our core markets and profitability improvements from our cost actions.

Assuming current trends continue and, as we anniversary the tariff-related headwinds, we believe 2026 has the potential to represent an important inflection point for the business, with a path toward sustainable organic growth and margin expansion.

At the same time, we remain agile and continue to monitor geopolitical developments. While uncertainty exists, our focus remains on supporting clients and executing in this evolving environment.

And with that, I'll now turn it over to Jack to walk through the fourth quarter and full-year financial results in more detail.

SLIDE 4 – Jack McGinnis

Thanks, Jonas.

In the fourth quarter, we delivered reported revenues of \$4.7 billion. Systemwide revenue was \$5.1 billion. Our fourth quarter revenue results represented organic constant currency growth of 2%. U.S. dollar reported

revenues in the fourth quarter were impacted by foreign currency translation and, after adjusting for currency impacts, came in above 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 overall, with improving trends in France and ongoing strength in Italy.

Gross profit margin came in just below our guidance range driven by lower permanent recruitment in Europe while staffing margin came in as expected and consistent with the previous quarter year-over-year trend.

As adjusted, EBITA was \$100 million, representing a 2% decrease in constant currency compared to the prior year period. As adjusted, EBITA margin was 2.1%, equal to the prior year, and came in at the mid-point of our guidance range.

Foreign currency translation drove a favorable impact to the 7% U.S. dollar reported revenue increase from the constant currency increase of 1%. Organic days-adjusted constant currency revenue increased 2% in the quarter, which was favorable to our midpoint guidance of flat.

SLIDE 5 – Jack McGinnis

Turning to the full year results for a few moments, reported earnings per share for the year was a negative 29 cents. As adjusted, earnings per share was \$2.97 and represented a constant currency decrease of 38%. Reported revenues for the year decreased 2% in constant currency to \$18.0 billion dollars and systemwide revenues were \$19.5 billion. Reported EBITA was \$270 million. As adjusted, EBITA was \$337 million, which represented a 20% constant currency decrease year over year.

SLIDE 6 – Jack McGinnis

Transitioning to the EPS bridge, reported earnings per share for the quarter was \$0.64. Adjusted EPS was \$0.92 and came in 9 cents above our guidance midpoint. Walking from our guidance mid-point of \$0.83, our results included improved operational performance representing a positive impact of 6 cents, and improved interest and other expenses which was 3 cents favorable. Restructuring costs and other represented 28 cents.

SLIDE 7 – 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 5% in the quarter, a sequential improvement from the 3% growth in the third quarter, the Experis brand declined by 6%, an improvement from the 7% decline in the third quarter, and the Talent Solutions brand declined by 4%,

an improvement from the third quarter decline of 8%. Within Talent Solutions, our RPO business experienced lower demand notably in select ongoing client programs in the U.S. year over year. Our MSP business saw continued revenue growth, and Right Management saw slight growth year over year.

SLIDE 8 – Jack McGinnis

Looking at our gross profit margin in detail, our gross margin came in at 16.3% for the quarter. Staffing margin contributed a 40 basis point reduction due to mix shifts towards enterprise accounts which was stable from the third quarter trend. Permanent recruitment activity was softer than expected in Europe and the lower contribution resulted in a 30 basis point decline. Other services resulted in a 20 basis point margin decrease.

SLIDE 9 – Jack McGinnis

Moving on to our gross profit by business line. During the quarter, the Manpower brand comprised 62% of gross profit, our Experis professional business comprised 22%, and Talent Solutions comprised 16%.

During the quarter, our consolidated gross profit decreased by 3% on an organic constant currency basis year over year, representing an improvement from the 4% decline in the third quarter.

Our **Manpower** brand increased 1% in organic constant currency gross profit year over year, an improvement from the flat third quarter year over year trend.

Gross profit in our **Experis** brand decreased 5% in organic constant currency year over year, an improvement from the 10% decrease in the third quarter.

Gross profit in **Talent Solutions** declined 12% in organic constant currency year over year, which was an improvement from the 13% decrease in the third quarter. Right Management gross profit improved from the third quarter on increased outplacement activity. MSP experienced similar activity levels from the third quarter and RPO experienced slightly lower activity from the third quarter.

SLIDE 10 – Jack McGinnis

Reported SG&A expense in the quarter was \$686 million. SG&A, as adjusted, was down 4% on a constant currency basis and 3% on an organic constant currency basis. The year-over-year organic constant currency SG&A decreases largely consisted of reductions in operational costs of \$22 million. Corporate costs have increased sequentially from the third quarter

and include incremental investments in our transformation initiatives. These initiatives include our back-office transformation programs and are progressing well and now also include our front-office transformation program which is being planned for our North America business. These programs are enabling industry leading end-to-end processes and further efficiencies associated with our leading PowerSuite front and back-office technology platform. Going forward, I will carve out any incremental expenses associated with the new front office transformation program, which we will fund to the greatest degree possible through ongoing strong cost management as we remain focused on expanding EBITA margin year over year in 2026. Dispositions represented a decrease of \$3 million while currency changes contributed to a \$29 million increase. Adjusted SG&A expenses as a percentage of revenue represented 14.4% in constant currency in the fourth quarter. Adjustments represented restructuring of \$13 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 11 – Jack McGinnis

The **Americas** segment comprised 24% of consolidated revenue. Revenue in the quarter was \$1.1 billion, representing an increase of 5% year-over-year on a constant currency basis. As adjusted, OUP was \$39 million and OUP margin was 3.4%. Restructuring charges of \$1 million largely represented actions in Peru.

SLIDE 12 – Jack McGinnis

The **U.S.** is the largest country in the Americas segment, comprising 60% of segment revenues. Revenue in the U.S. was \$682 million during the quarter, representing a 1% days-adjusted decrease compared to the prior year which was stronger than anticipated driven by Experis and Talent Solutions MSP business. This represents a flat revenue trend sequentially from the third quarter.

OUP, as adjusted, for our U.S. business was \$15 million in the quarter. OUP margin, as adjusted, was 2.2%.

Within the **U.S.**, the Manpower brand comprised 27% of gross profit during the quarter. Revenue for the Manpower brand in the U.S. increased 7% on a days-adjusted basis during the quarter, which represented strong market performance with six consecutive quarters of growth and a relatively stable trend from the 8% increase in the third 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 10%, on a days-adjusted basis during the quarter, broadly stable from the 9% decline in the third quarter.

Talent Solutions in the U.S. contributed 34% of gross profit and saw a 2% increase in revenue year over year in the quarter, an increase from the flat result in the third quarter driven by a well-executed MSP business which again posted strong double-digit revenue increases year over year and slight growth in Right Management outplacement activity. This was partially offset by lower RPO activity and the anniversary of select client programs in the second half of 2024.

In the first quarter of 2026, we anniversary very strong Healthcare IT project volumes in Experis and expect the overall U.S. business to have an increased rate of revenue decline compared to the fourth quarter. If we exclude Healthcare IT project volumes from both periods, the US year over year revenue trend in Q1 will be largely in line with the Q4 trend. Our Experis Healthcare IT project volume timing can be uneven and, although we do not anticipate comparable volumes in Q1 of 2026, we have a very strong pipeline that is expected to benefit the second and third quarters of 2026.

SLIDE 13 – Jack McGinnis

Southern Europe revenue comprised 48% of consolidated revenue in the quarter. Revenue in Southern Europe was \$2.2 billion, and following 13 consecutive quarters of revenues declines, flipped to 1% growth in constant currency during the fourth quarter. As adjusted, OUP for our Southern Europe business was \$77 million in the quarter and OUP margin was 3.4%. Restructuring charges of \$6 million represented actions in Spain and France.

SLIDE 14 – Jack McGinnis

France revenue equaled \$1.2 billion and comprised 52% of the Southern Europe segment in the quarter and decreased 3% on a days-adjusted constant currency basis. As adjusted, OUP for our France business was \$28 million in the quarter. Adjusted OUP margin was 2.4%.

France revenue trends improved during the fourth quarter. This represents four consecutive months of revenue trend improvement and we expect a similar sequential rate of revenue trend improvement into the first quarter.

Revenue in **Italy** equaled \$486 million in the fourth quarter reflecting an increase of 7% on a days-adjusted constant currency basis. OUP, as adjusted, equaled \$33 million and OUP margin was 6.7%. Our Italy business

is performing very well and we estimate a similar constant currency revenue growth trend in the first quarter as compared to the fourth quarter.

SLIDE 15 – Jack McGinnis

Our **Northern Europe** segment comprised 17% of consolidated revenue in the quarter. Revenue of \$819 million represented a 1% decline in constant currency. As adjusted, OUP was \$5 million in the quarter. This represents sequential OUP improvement during the last three quarters reflecting cost actions taken to date. The restructuring charges of \$6 million primarily represented actions in the Netherlands and Germany.

SLIDE 16 – 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 3% on a days-adjusted constant currency basis representing significant sequential improvement. We expect the rate of revenue decline in the U.K. to improve into the first quarter compared to the fourth quarter.

The **Nordics** revenues flipped to growth during the fourth quarter representing an increase of 2% in days-adjusted constant currency.

In **Germany**, revenues decreased 22% on a days-adjusted constant currency basis in the quarter. Germany remains a very difficult market, but we are expecting an improvement in the rate of year-over-year revenue decline in the first quarter compared to the fourth quarter trend.

SLIDE 17 – Jack McGinnis

The **Asia Pacific Middle East** segment comprises 11% of total company revenue. In the quarter, revenues equaled \$520 million representing an increase of 6% in organic constant currency. OUP was \$28 million and OUP margin was 5.3%.

SLIDE 18 – Jack McGinnis

Our largest market in the APME segment is **Japan**, which represented 58% of segment revenues in the quarter. Revenue in **Japan** grew 7% 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 first quarter.

SLIDE 19 – Jack McGinnis

I'll now turn to cash flow and balance sheet. In full year 2025, free cash flow equaled an outflow of \$161 million compared to an inflow of \$258 million in the prior year. As we discussed in prior quarters, 2025 cash flows were impacted by timing of items that benefited 2024 which have not been repeated in 2025. In the fourth quarter, we drove a strong finish to the year with a free cash flow result of \$168 million which was not significantly impacted by timing items.

At year-end, days sales outstanding increased to 55 days, up from 52 days in the prior year, as enterprise client mix has increased. During the fourth quarter, capital expenditures represented \$11 million and we did not repurchase any shares.

SLIDE 20 – Jack McGinnis

Our balance sheet reflects continued actions to strengthen our liquidity and overall balance sheet composition. Our year-end reporting amounts reflect the successful refinance of our 500 million Euro Note in December 2025 resulting in the pay-off of the previous 500 million Euro note shortly after year-end in January 2026. Adjusting to exclude the temporary increase from the new Euro Note and offsetting cash, we ended the quarter with cash of \$284 million and total debt of \$1.1 billion. Net debt equaled \$806 million at December 31st. Our adjusted debt ratios at year-end reflect total gross debt to trailing twelve months Adjusted EBITDA of 2.70 and total debt to total capitalization at 35%. Detail of our debt and credit facilities arrangements are included in the appendix of the presentation.

SLIDE 21 – Jack McGinnis

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

When considering our guidance for the first quarter, it is also important to note there is always a meaningful sequential seasonal decrease in earnings from the fourth quarter to the first quarter.

With that said, we are forecasting earnings per share for the first quarter to be in the range of \$0.45 to \$0.55. The guidance range also includes a favorable foreign currency impact of 6 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% decrease and a 3% increase and at the midpoint is a 1% increase. Considering business day variances are very slight and the impact of dispositions is very small, our organic days-adjusted constant currency revenue increase also represents 1% growth at the midpoint.

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

Although the government of France has not yet enacted the 2026 budget, their current proposal includes the corporate tax surcharge being extended into 2026. As a result, our 2026 tax guidance incorporates a similar level of surcharge and we estimate a full year global tax rate of 45%. In addition, the U.S. workers opportunity tax credit (WOTC) in the U.S. has not been renewed for 2026 at this time and this benefit has not been included in our 2026 estimate. If WOTC is enacted in the U.S. and retroactively applied to the beginning of the year, we estimate it would reduce our full year rate to within a range of 43.5% to 44%. We estimate that the effective tax rate for the first quarter will be 43%.

As I mentioned earlier, I will carve out any restructuring and related front office incremental transformation expenses incurred in Q1 as they are not included in the underlying guidance. In addition, we estimate our weighted average shares to be 47.3 million.

I will now turn it back to Jonas.

Slide 21 – Jonas Prising

Thank you, Jack. In closing, we are confident that we have the right strategy, capabilities, and team in place to execute in this environment, with improving consistency across our major markets and early signs of inflection becoming increasingly evident.

Our cost discipline, diversified portfolio, and scaled digital and AI platform gives us clear leverage as demand stabilizes, with improving productivity and margin potential over time.

Thank you to our talented team for your relentless commitment and to our candidates and clients for your continued trust in ManpowerGroup.