



# ManpowerGroup™

## Manpower Reports 3rd Quarter 2001 Results

October 18, 2001

MILWAUKEE, Oct. 18 /PRNewswire/ -- Manpower Inc. (NYSE: MAN) today reported that net income for the three months ended September 30, 2001 declined 31 percent to \$37.1 million, or 48 cents per diluted share, from \$54.1 million, or 70 cents per diluted share, a year earlier. Revenues for the third quarter totaled \$2.7 billion, a decline of 5 percent from the year-earlier period. The gross profit margin improved to 18.9 percent in the quarter from 18.0 percent the prior year as gross margin improvements were realized in several of the Company's markets. Results for the third quarter were once again affected by relatively weaker foreign currencies compared to the prior year period. On a constant currency basis, earnings per share for the quarter were 51 cents on a 2 percent revenue decline.

Commenting on the quarterly results Manpower President and CEO, Jeffrey A. Joerres, stated, "As anticipated, the global economies continued their decline throughout the third quarter resulting in a substantial decrease in demand for our services in several markets. While the slowdown has had a near term impact on our revenue growth, it has only heightened our focus on executing our core strategies. While aggressively controlling our costs during this economic downturn, we continue to make investments in new offices and other strategic initiatives, which will further strengthen the Company and the value that the Manpower brand brings to our customers.

"Looking to the fourth quarter, we expect that revenues will continue below prior year levels due to the economic environment. We anticipate fourth quarter net earnings to be in the range of 32 cents to 36 cents per share."

Net income for the nine months ended September 30, 2001 totaled \$98.6 million or \$1.28 per diluted share, down 16 percent from \$117.7 million, or \$1.52 per diluted share in 2000. Revenues for the nine-month period were \$7.9 billion, a decline of 2% from the prior year. On a constant currency basis, earnings per share for the nine-month period were \$1.40 on a revenue increase of 3 percent.

In conjunction with its third quarter earnings release, Manpower will broadcast its conference call live over the Internet on October 18, 2001 at 9:00 a.m. CDT (10:00 a.m. EDT). Interested parties are invited to listen by logging on to <http://investor.manpower.com> .

Manpower Inc. is a world leader in the staffing industry, providing workforce management services and solutions to customers through 3,800 offices in 59 countries. The firm annually provides employment to more than 2.7 million people worldwide and is an industry leader in employee assessment and training. Manpower also provides a range of staffing solutions, engagement and consulting services worldwide under the subsidiary brands of Brook Street, Elan, The Empower Group and Jefferson Wells. More information on Manpower Inc. can be found at the company's Web site, [www.manpower.com](http://www.manpower.com) .

This news release contains statements, including revenue and earning projections, that are forward-looking in nature and, accordingly, are subject to risks and uncertainties regarding the Company's expected future results. The Company's actual results may differ materially from those described or contemplated in the forward-looking statements. Factors that may cause the Company's actual results to differ materially from those contained in the forward-looking statements can be found in the Company's current report on Form 8-K dated August 14, 2001, which information is incorporated herein by reference, and such other factors as may be described from time to time in the Company's SEC filings.

Manpower Inc.  
Results of Operations  
(In millions, except per share data) - Unaudited

	Three Months Ended		
	September 30		
	2001	2000	Var.
Systemwide sales	\$3,000.2	\$3,226.1	-7.0%
Revenue from services	2,675.4	2,820.9	-5.2%
Cost of services	2,170.8	2,313.5	-6.2%
Gross profit	504.6	507.4	-0.5%
SG&A expenses	436.2	411.5	6.0%
Operating profit	68.4	95.9	-28.7%
Interest and other expenses	10.4	12.1	-14.1%
Earnings before income taxes	58.0	83.8	-30.8%

Provision for income taxes	20.9	29.7	-29.8%
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Net earnings	\$ 37.1	\$ 54.1	-31.3%
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Net earnings per share:

Basic	\$ 0.49	\$ 0.71	-31.0%
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Diluted	\$ 0.48	\$ 0.70	-31.4%
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Weighted average shares:

Basic	76.0	75.8	0.1%
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Diluted	76.9	77.1	-0.2%
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Manpower Inc.  
Results of Operations  
(In millions, except per share data) - Unaudited

Nine Months Ended  
September 30  
2001 2000 Var.

Systemwide sales	\$8,955.4	\$9,323.6	-3.9%
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Revenue from services	7,947.4	8,103.3	-1.9%
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Cost of services	6,469.8	6,672.2	-3.0%
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Gross profit	1,477.6	1,431.1	3.2%
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SG&A expenses	1,294.4	1,215.0	6.5%
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Operating profit	183.2	216.1	-15.2%
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Interest and other expenses	29.2	33.6	-13.1%
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Earnings before income taxes	154.0	182.5	-15.6%
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Provision for income taxes	55.4	64.8	-14.4%
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Net earnings	\$ 98.6	\$ 117.7	-16.2%
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Net earnings per share:

Basic	\$ 1.30	\$ 1.55	-16.1%
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Diluted	\$ 1.28	\$ 1.52	-15.8%
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Weighted average shares:

Basic	75.9	76.0	-0.1%
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Diluted	77.0	77.2	-0.3%
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Manpower Inc.  
Operating Unit Results  
(In millions) - Unaudited

Three Months Ended    Nine Months Ended  
September 30      September 30  
2001    2000    2001    2000

Revenues from services:

United States (a)	\$ 482.4	\$638.1	\$1,552.2	\$1,811.6
France	991.5	1,036.4	2,879.3	2,971.0
United Kingdom	377.7	368.3	1,128.2	1,080.5
Other Europe	481.4	480.3	1,456.0	1,399.6
Other Countries	342.4	297.8	931.7	840.6
	\$2,675.4	\$2,820.9	\$7,947.4	\$8,103.3

Operating Unit Profit:

United States	\$ 8.6	\$25.0	\$29.0	\$63.5
France	37.2	39.3	98.9	91.6
United Kingdom	13.7	14.9	33.6	32.5
Other Europe	20.6	24.7	57.5	57.2
Other Countries	3.0	4.4	6.2	9.5
	83.1	108.3	225.2	254.3
Corporate expenses	10.2	9.3	29.9	28.2
Amortization of intangibles	4.5	3.1	12.1	10.0
Operating profit	68.4	95.9	183.2	216.1
Interest and other expense (b)	10.4	12.1	29.2	33.6
Earnings before taxes	\$ 58.0	\$83.8	\$154.0	\$182.5

Footnotes:

(a) Total systemwide sales in the United States, which includes sales of

Company-owned branches and franchises were \$757.2 and \$990.8 for the three months ended September 30, 2001 and 2000, respectively, and \$2,420.2 and \$2,878.1 for the nine months ended September 30, 2001 and 2000, respectively.

(b) The components of interest and other expense (income) were:

Interest expense	\$10.8	\$ 9.8	\$28.3	\$25.6
Interest income	(2.4)	(1.8)	(7.4)	(5.5)
Translation loss (gain)	(0.3)	0.5	(0.5)	1.9
Loss on sale of accounts receivable	1.1	2.1	5.1	7.4
Miscellaneous	1.2	1.5	3.7	4.2
	\$10.4	\$12.1	\$29.2	\$33.6

Manpower Inc.  
Consolidated Balance Sheets  
(In millions)

Sept. 30      Dec. 31  
2001          2000  
(Unaudited)

ASSETS

Current assets:

Cash and cash equivalents	\$ 232.9	\$ 181.7
Accounts receivable, net	2,122.4	2,094.4
Prepaid expenses and other assets	70.1	51.8
Future income tax benefits	74.3	68.8
Total current assets	2,499.7	2,396.7

Other assets:

Intangible assets, net	469.4	247.6
Investments in licensees	42.7	41.8
Other assets	170.8	163.9

Total other assets	682.9	453.3
Property and equipment:		
Property and equipment	470.3	440.9
Less: accumulated depreciation and amortization	269.4	249.3
Net property and equipment	200.9	191.6
Total assets	\$3,383.5	\$3,041.6

#### LIABILITIES AND SHAREHOLDERS' EQUITY

##### Current liabilities:

Accounts payable	\$ 445.7	\$ 453.1
Employee compensation payable	100.3	81.2
Accrued liabilities	244.2	269.2
Accrued payroll taxes and insurance	292.6	341.8
Value added taxes payable	318.5	311.0
Short-term borrowings and current maturities of long-term debt	17.7	65.9
Total current liabilities	1,419.0	1,522.2

##### Other liabilities:

Long-term debt	879.2	491.6
Other long-term liabilities	287.4	287.4
Total other liabilities	1,166.6	779.0

##### Shareholders' equity:

Common stock	0.9	0.8
Capital in excess of par value	1,639.9	1,631.4
Accumulated deficit	(405.9)	(496.9)
Accumulated other comprehensive income (loss)	(183.9)	(145.1)
Treasury stock, at cost	(253.1)	(249.8)
Total shareholders' equity	797.9	740.4
Total liabilities and shareholders' equity	\$3,383.5	\$3,041.6

Manpower Inc.  
Consolidated Statements of Cash Flows  
(In millions) - Unaudited

Nine Months Ended  
September 30  
2001      2000

##### Cash Flows from Operating Activities:

Net earnings	\$ 98.6	\$117.7
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	62.3	52.0
Deferred income taxes	(6.6)	(7.5)
Provision for doubtful accounts	15.4	17.3
Changes in operating assets and liabilities:		
Amounts advanced under the Receivables Facility	(102.0)	(70.0)
Accounts receivable	14.7	(321.2)
Other assets	(21.1)	(11.2)
Other liabilities	(3.7)	269.0
Cash provided by operating activities	57.6	46.1

##### Cash Flows from Investing Activities:

Capital expenditures	(66.6)	(50.9)
Acquisitions of business, net of		

cash acquired	(291.8)	(162.6)
Proceeds from the sale of property and equipment	4.7	4.1
Net cash used by investing activities	(353.7)	(209.4)

Cash Flows from Financing Activities:

Net borrowings from short-term facilities and long-term debt	356.4	156.9
Proceeds from stock option and purchase plans	8.6	8.6
Repurchase of common stock	(3.3)	(20.0)
Dividends paid	(7.6)	(7.6)
Net cash provided by financing activities	354.1	137.9

Effect of exchange rate changes on cash	(6.8)	(41.0)
Change in cash and cash equivalents	51.2	(66.4)

Cash and cash equivalents, beginning of period	181.7	241.7
Cash and cash equivalents, end of period	\$232.9	\$175.3

SOURCE Manpower Inc.

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