



ManpowerGroup™

Manpower Reports 2nd Quarter and First Half 2002 Results

July 17, 2002

MILWAUKEE, Jul 17, 2002 /PRNewswire-FirstCall via COMTEX/ -- Manpower Inc. (NYSE: MAN) today reported that net income for the three months ended June 30, 2002 declined 26 percent to \$25.7 million, or 33 cents per diluted share, from \$34.6 million, or 45 cents per diluted share, a year earlier. Included in 2001 net income is \$3.4 million (net of income taxes) or 4 cents per diluted share of amortization of intangible assets which are no longer amortized, as required by the new accounting rules effective January 1, 2002. Revenues for the second quarter totaled \$2.6 billion, a decline of less than 1 percent from the year-earlier period. Systemwide sales were \$2.9 billion. Results for the second quarter were positively affected by relatively stronger foreign currencies compared to the prior year period. On a constant currency basis, earnings per diluted share for the quarter were 30 cents on a 3 percent revenue decline.

"The second quarter showed continued improvement in the trends, particularly in the U.S.," Manpower Chairman and CEO, Jeffrey A. Joerres, stated. "While we must remain cautious based on all of the conflicting economic indicators, our U.S. operation is clearly experiencing a recovery. The demand from our light manufacturing customers is leading the way and our office and professional services groups are also showing early signs of improvement. We have also experienced improving trends in some of our European operations, including France, but at a much more modest rate.

"Given our current trends, we anticipate our third quarter earnings per share to be in the range of 43 to 47 cents, which includes an estimated favorable currency impact of 4 cents," Mr. Joerres said.

Net income for the six months ended June 30, 2002 totaled \$32.6 million or 42 cents per diluted share, down 47 percent from \$61.5 million, or 80 cents per diluted share in 2001. Included in 2001 net income for the six months is \$6.6 million (net of income taxes) or 9 cents per diluted share of amortization of intangible assets. Revenues for the six-month period were \$4.9 billion, a decline of 7% from the prior year. Systemwide sales were \$5.4 billion. On a constant currency basis, earnings per diluted share for the six-month period were 40 cents on a revenue decline of 7%.

In conjunction with its second quarter earnings release, Manpower will broadcast its conference call live over the Internet on July 17, 2002 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 3,900 offices in 61 countries. The firm annually provides employment to 2 million people worldwide and is an industry leader in employee assessment and training. Manpower also provides a range of staffing solutions and 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, which includes a comprehensive Investor Relations section.

This news release contains statements, including 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 statement can be found in the Company's reports filed with the SEC, including its Annual Report on Form 10-K for the year ended December 31, 2001, which information is incorporated herein by reference.

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

Three Months Ended
June 30
2002 2001 Variance
(Unaudited)

Systemwide sales	\$2,892.1	\$2,944.1	-1.9%	
Revenue from services	2,602.9	2,620.1	-0.7%	
Cost of services	2,135.3	2,131.0	0.2%	
Gross profit	467.6	489.1	-4.4%	
Selling and administrative expenses		415.8	426.4	-2.5%
Operating profit	51.8	62.7	-17.4%	
Interest and other expenses		9.6	8.6	11.9%
Earnings before income taxes		42.2	54.1	-22.0%
Provision for income taxes		16.5	19.5	-15.2%
Net earnings	\$25.7	\$34.6	-25.8%	
Net earnings per share - basic	\$0.34	\$0.46	-26.1%	

Net earnings per share - diluted	\$0.33	\$0.45	-26.7%
Weighted average shares - basic	75.9	75.8	0.1%
Weighted average shares - diluted	77.5	76.9	0.8%

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

	Six Months Ended		
	June 30		
	2002	2001	Variance
	(Unaudited)		
Systemwide sales	\$5,432.1	\$5,955.2	-8.8%
Revenue from services	4,886.9	5,272.0	-7.3%
Cost of services	4,004.5	4,299.0	-6.9%
Gross profit	882.4	973.0	-9.3%
Selling and administrative expenses	811.9	858.2	-5.4%
Operating profit	70.5	114.8	-38.6%
Interest and other expenses	17.6	18.8	-6.9%
Earnings before income taxes	52.9	96.0	-44.9%
Provision for income taxes	20.3	34.5	-41.1%
Net earnings	\$32.6	\$61.5	-47.0%
Net earnings per share - basic	\$0.43	\$0.81	-46.9%
Net earnings per share - diluted	\$0.42	\$0.80	-47.5%
Weighted average shares - basic	76.0	75.8	0.2%
Weighted average shares - diluted	77.6	76.9	0.9%

Manpower Inc.
Operating Unit Results
(In millions)

	Three Months Ended June 30			
	% Variance			
	Amount Constant			
	2002	2001	Reported Currency	
	(Unaudited)			
Revenues from services:				
United States (a)	\$474.9	\$523.5	-9.3%	-9.3%
France	943.3	948.6	-0.6%	-5.6%
United Kingdom	332.4	369.6	-10.1%	-12.8%
Other Europe	497.7	475.3	4.7%	-0.1%
Other Operations	354.6	303.1	16.9%	21.0%
	\$2,602.9	\$2,620.1	-0.7%	-3.3%
Operating Unit Profit:				
United States	\$8.3	\$12.2	-32.6%	-32.6%
France	32.7	35.4	-7.6%	-12.9%
United Kingdom	4.3	10.2	-57.4%	-58.0%
Other Europe	15.6	17.7	-11.9%	-16.5%
Other Operations	1.6	1.1	42.9%	8.1%
	62.5	76.6		
Corporate expenses	10.6	10.0		
Amortization of intangibles	0.1	3.9		
Operating profit	51.8	62.7	-17.4%	-22.3%
Interest and other expense (b)	9.6	8.6		
Earnings before taxes	\$42.2	\$54.1		

Footnotes:

(a) Systemwide sales in the United States, which includes sales of Company-owned branches and franchises were \$721.4 and \$801.5 for the three months ended June 30, 2002 and 2001, respectively.

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

Interest expense	\$10.5	\$8.7		
Interest income	(2.1)	(2.4)		
Foreign exchange (gains) losses	(0.9)	(0.9)		
Loss on sale of accounts receivable	0.1	1.7		
Miscellaneous, net	2.0	1.5		
	\$9.6	\$8.6		

Manpower Inc.
Operating Unit Results
(In millions)

Six Months Ended June 30
% Variance
Amount Constant
2002 2001 Reported Currency
(Unaudited)

Revenues from services:

United States (a)	\$903.6	\$1,069.8	-15.5%	-15.5%
France	1,710.4	1,887.8	-9.4%	-9.8%
United Kingdom	654.6	750.5	-12.8%	-13.1%
Other Europe	939.7	974.6	-3.6%	-3.5%
Other Operations	678.6	589.3	15.2%	21.5%
	\$4,886.9	\$5,272.0	-7.3%	-6.8%

Operating Unit Profit:

United States	\$3.4	\$20.4	-83.5%	-83.5%
France	54.9	61.7	-11.1%	-12.3%
United Kingdom	7.5	19.9	-62.5%	-62.4%
Other Europe	26.1	37.0	-29.5%	-30.4%
Other Operations	(0.2)	3.0	N/A	N/A
	91.7	142.0		

Corporate expenses	21.1	19.6		
Amortization of intangibles	0.1	7.6		
Operating profit	70.5	114.8	-38.6%	-40.0%
Interest and other expense (b)	17.6	18.8		
Earnings before taxes	\$52.9	\$96.0		

Footnotes:

(a) Systemwide sales in the United States, which includes sales of Company-owned branches and franchises were \$1,378.3 and \$1,663.0 for the six months ended June 30, 2002 and 2001, respectively.

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

Interest expense	\$20.4	\$17.4		
Interest income	(4.7)	(5.0)		
Foreign exchange (gains) losses	(0.7)	(0.2)		
Loss on sale of accounts receivable	0.2	4.0		
Miscellaneous, net	2.4	2.6		
	\$17.6	\$18.8		

Manpower Inc.
Consolidated Balance Sheets
(In millions)

Jun. 30 Dec. 31
2002 2001
(Unaudited)

ASSETS

Current assets:

Cash and cash equivalents	\$249.0	\$245.8
Accounts receivable, net	2,226.8	1,917.8
Prepaid expenses and other assets	78.7	77.0
Future income tax benefits	74.5	73.8
Total current assets	2,629.0	2,314.4

Other assets:

Intangible assets, net	528.5	480.8
Investments in licensees	59.9	44.7
Other assets	229.1	204.7
Total other assets	817.5	730.2

Property and equipment:

Land, buildings, leasehold improvements and equipment	505.1	465.4
Less: accumulated depreciation and amortization	310.1	271.4
Net property and equipment	195.0	194.0
Total assets	\$3,641.5	\$3,238.6

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:

Accounts payable	\$546.8	\$382.1
Employee compensation payable	98.6	93.2
Accrued liabilities	273.2	234.9
Accrued payroll taxes and insurance	294.2	300.8
Value added taxes payable	298.4	255.9
Short-term borrowings and current maturities of long-term debt	175.0	116.8
Total current liabilities	1,686.2	1,383.7

Other liabilities:

Long-term debt	743.8	718.0
Other long-term liabilities	329.1	322.6
Total other liabilities	1,072.9	1,040.6

Shareholders' equity:

Common stock	0.9	0.9
Capital in excess of par value	1,686.0	1,644.9
Accumulated deficit	(362.6)	(387.6)
Accumulated other comprehensive income (loss)	(158.1)	(190.8)
Treasury stock, at cost	(283.8)	(253.1)
Total shareholders' equity	882.4	814.3
Total liabilities and shareholders' equity	\$3,641.5	\$3,238.6

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

Six Months Ended
June 30
2002 2001
(Unaudited)

Cash Flows from Operating Activities:

Net earnings	\$32.6	\$61.5
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	32.8	37.1
Deferred income taxes	2.4	(4.2)

Provision for doubtful accounts	9.1	10.1
Changes in operating assets and liabilities:		
Amounts advanced under the Receivables Facility	---	(80.0)
Accounts receivable	(146.4)	28.3
Other assets	19.3	(40.8)
Other liabilities	88.3	50.1
Cash provided by operating activities	38.1	62.1
Cash Flows from Investing Activities:		
Capital expenditures	(31.0)	(43.9)
Acquisitions of business, net of cash acquired	(29.6)	(96.1)
Proceeds from the sale of property and equipment	1.5	3.2
Cash used by investing activities	(59.1)	(136.8)
Cash Flows from Financing Activities:		
Net borrowings from short-term facilities and long-term debt	17.3	79.2
Proceeds from stock option and purchase plans	26.1	7.4
Repurchase of common stock	(30.7)	(3.3)
Dividends paid	(7.6)	(7.6)
Cash provided by financing activities	5.1	75.7
Effect of exchange rate changes on cash	19.1	(13.0)
Change in cash and cash equivalents	3.2	(12.0)
Cash and cash equivalents, beginning of period	245.8	181.7
Cash and cash equivalents, end of period	\$249.0	\$169.7

SOURCE Manpower Inc.

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