



Return on Invested Capital

Return on Invested Capital (“ROIC”) is defined as operating profit after tax divided by the average monthly total of net debt and equity for the year. Net debt is defined as total debt less cash and cash equivalents.

(in millions)	Year Ended December 31								
	2020 As Reported	2020 As Adjusted ⁽¹⁾	2019 As Reported	2019 As Adjusted ⁽¹⁾	2018 As Reported	2018 As Adjusted ⁽¹⁾	2017 As Reported	2017 As Adjusted ⁽¹⁾	2016 As Reported
Operating profit ⁽²⁾	\$ 187.6	\$ 376.9	\$ 644.9	\$ 719.9	\$ 796.7	\$ 836.0	\$ 789.2	\$ 823.7	\$ 745.5
Effective tax rate	83.9%	37.7%	32.1%	32.0%	26.2%	26.1%	26.0%	25.7%	36.7%
Operating profit after tax	30.2	234.8	438.1	489.5	588.0	617.9	584.0	611.8	471.9
Average total of net debt and equity	2,278.7	2,386.3	2,940.8	2,944.6	3,167.1	3,191.7	2,914.5	2,938.1	2,822.0
Return on invested capital ⁽³⁾	1.3%	9.8%	14.9%	16.6%	18.6%	19.4%	20.0%	20.8%	16.7%

- (1) The As Adjusted amounts exclude the impact of a pension settlement expense related to one of our United States plans, the loss from the disposition of subsidiaries, a discrete valuation allowance, a software impairment charge, the impact from the acquisition of the remaining controlling interest in Manpower Switzerland, gain from deconsolidation of ManpowerGroup Greater China Limited, goodwill impairment and other related charges, and global restructuring costs. We believe that these adjusted amounts provide useful information to investors because they better reflect the operating performance of the company. Management also uses these adjusted results when analyzing our performance internally and against that of our competitors, and we believe that many of our shareholders and other interested parties will exclude these charges as they analyze our operating results.
- (2) As of January 1, 2018, we adopted the new guidance on the presentation of net periodic pension and postretirement benefit cost (“net benefit cost”) and reclassified the non-service cost components of net benefit cost to interest and other expenses from selling and administrative expenses. All previously reported results have been restated to conform to the current year presentation.
- (3) For our executive compensation programs, the ROIC calculation uses operating profit as shown above and additionally includes foreign currency gains/losses and net miscellaneous income/expense. The calculation also adjusts the average total of net debt and equity to spread the impact of acquisitions (including goodwill and other intangible assets) over a three-year period, and excludes non-cash accumulated other comprehensive loss as the amount does not represent additional investments in the business. On this basis, as disclosed in our Proxy Statement, As Reported ROIC equals **6.9%**, 13.2%, 15.4%, 16.6%, and 14.3% for 2020, 2019, 2018, 2017, and 2016, respectively.