

ManpowerGroup Inc.
Form 10-Q
August 02, 2013

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended:

June 30, 2013

or

Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from: _____ to _____

Commission file number: 1-10686

MANPOWERGROUP INC.

(Exact name of registrant as specified in its charter)

Wisconsin 39-1672779
(State or other jurisdiction of (IRS Employer Identification No.)
incorporation)

100 Manpower Place
Milwaukee, Wisconsin 53212
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (414) 961-1000

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). Yes No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (check one):

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

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Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Shares Outstanding at July 31, 2013
Common Stock, \$.01 par value	78,289,428

ManpowerGroup Inc.

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PART I - FINANCIAL INFORMATION

Item 1 – Financial Statements (unaudited)

ManpowerGroup Inc.

Consolidated Balance Sheets (Unaudited)
(in millions)

ASSETS

	June 30, 2013	December 31, 2012
CURRENT ASSETS:		
Cash and cash equivalents	\$ 280.9	\$ 648.1
Accounts receivable, less allowance for doubtful accounts of \$115.6 and \$118.0, respectively	4,172.0	4,179.0
Prepaid expenses and other assets	158.6	172.9
Future income tax benefits	76.2	60.6
Total current assets	4,687.7	5,060.6
OTHER ASSETS:		
Goodwill	1,043.3	1,041.3
Intangible assets, less accumulated amortization of \$229.4 and \$213.2, respectively	317.0	330.6
Other assets	451.0	395.3
Total other assets	1,811.3	1,767.2
PROPERTY AND EQUIPMENT:		
Land, buildings, leasehold improvements and equipment	694.3	704.1
Less: accumulated depreciation and amortization	520.0	519.3
Net property and equipment	174.3	184.8
Total assets	\$ 6,673.3	\$ 7,012.6

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

ManpowerGroup Inc.

Consolidated Balance Sheets (Unaudited)
(in millions, except share and per share data)

LIABILITIES AND SHAREHOLDERS' EQUITY

	June 30, 2013	December 31, 2012
CURRENT LIABILITIES:		
Accounts payable	\$ 1,505.0	\$ 1,466.5
Employee compensation payable	178.9	210.7
Accrued liabilities	473.8	533.8
Accrued payroll taxes and insurance	629.2	685.7
Value added taxes payable	455.6	472.5
Short-term borrowings and current maturities of long-term debt	78.6	308.0
Total current liabilities	3,321.1	3,677.2
OTHER LIABILITIES:		
Long-term debt	455.5	462.1
Other long-term liabilities	364.2	372.5
Total other liabilities	819.7	834.6
SHAREHOLDERS' EQUITY:		
Preferred stock, \$.01 par value, authorized 25,000,000 shares, none issued	-	-
Common stock, \$.01 par value, authorized 125,000,000 shares, issued 110,097,843 and 109,543,492 shares, respectively	1.1	1.1
Capital in excess of par value	2,903.1	2,873.2
Retained earnings	1,158.1	1,101.5
Accumulated other comprehensive (loss) income	(22.9)	34.4
Treasury stock at cost, 32,853,513 and 32,896,063 shares, respectively	(1,506.9)	(1,509.4)
Total shareholders' equity	2,532.5	2,500.8
Total liabilities and shareholders' equity	\$ 6,673.3	\$ 7,012.6

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

ManpowerGroup Inc.

Consolidated Statements of Operations (Unaudited)
(in millions, except per share data)

	3 Months Ended		6 Months Ended	
	June 30,		June 30,	
	2013	2012	2013	2012
Revenues from services	\$ 5,040.7	\$ 5,206.7	\$ 9,809.6	\$ 10,303.1
Cost of services	4,204.3	4,345.0	8,183.1	8,594.0
Gross profit	836.4	861.7	1,626.5	1,709.1
Selling and administrative expenses	708.3	767.3	1,444.0	1,520.9
Operating profit	128.1	94.4	182.5	188.2
Interest and other expenses	10.3	11.3	21.8	23.1
Earnings before income taxes	117.8	83.1	160.7	165.1
Provision for income taxes	49.6	42.1	68.6	83.9
Net earnings	\$ 68.2	\$ 41.0	\$ 92.1	\$ 81.2
Net earnings per share – basic	\$ 0.88	\$ 0.51	\$ 1.19	\$ 1.01
Net earnings per share – diluted	\$ 0.87	\$ 0.51	\$ 1.17	\$ 1.01
Weighted average shares – basic	77.4	80.1	77.3	80.1
Weighted average shares – diluted	78.6	80.4	78.6	80.8

ManpowerGroup Inc.

Consolidated Statements of Comprehensive Income (Unaudited)
(in millions)

	3 Months Ended		6 Months Ended	
	June 30,		June 30,	
	2013	2012	2013	2012
Net earnings	\$ 68.2	\$ 41.0	\$ 92.1	\$ 81.2
Other comprehensive (loss) income:				
Foreign currency translation adjustments	(8.6)	(74.9)	(39.6)	(35.6)
Translation adjustments on net investment hedge, net of income taxes of \$(3.6), \$12.9, \$3.8 and \$5.8, respectively	(5.9)	21.1	6.2	9.4
Translation adjustments of long-term intercompany loans	(2.5)	15.0	(26.1)	24.3
Unrealized (loss) gain on investments, less income taxes of \$(0.4), \$(0.3), \$0.0 and \$0.5, respectively	(1.2)	(0.5)	–	1.7
Defined benefit pension plans and retiree health care plan, less income taxes of \$1.0, \$0.0, \$1.0 and \$0.1, respectively	2.2	(0.1)	2.2	0.3
Total other comprehensive (loss) income	(16.0)	(39.4)	(57.3)	0.1
Comprehensive income	\$ 52.2	\$ 1.6	\$ 34.8	\$ 81.3

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

ManpowerGroup Inc.

Consolidated Statements of Cash Flows (Unaudited)
(in millions)

	6 Months Ended June 30,	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	\$ 92.1	\$ 81.2
Adjustments to reconcile net earnings to net cash used in operating activities:		
Depreciation and amortization	48.0	49.2
Deferred income taxes	3.3	(3.7)
Provision for doubtful accounts	13.5	10.0
Share-based compensation	14.8	14.9
Excess tax benefit on exercise of share-based awards	(0.5)	–
Changes in operating assets and liabilities, excluding the impact of acquisitions:		
Accounts receivable	(119.0)	(127.7)
Other assets	(61.1)	(17.1)
Other liabilities	(62.7)	(46.4)
Cash used in operating activities	(71.6)	(39.6)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(25.1)	(33.8)
Acquisitions of businesses, net of cash acquired	(16.9)	(34.0)
Proceeds from the sale of property and equipment	1.7	0.9
Cash used in investing activities	(40.3)	(66.9)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net change in short-term borrowings	37.6	4.6
Proceeds from long-term debt	0.1	751.6
Repayments of long-term debt	(267.5)	(700.6)
Proceeds from share-based awards	15.0	3.9
Other share-based award transactions	3.0	