

CONFERENCE CALL

PREPARED REMARKS FROM:
Theodore S. Hanson, Chief Executive Officer, ASGN Incorporated
Shiv Iyer, President, ASGN Incorporated
Marie L. Perry, Chief Financial Officer, ASGN Incorporated

July 23, 2025

SECOND QUARTER 2025 FINANCIAL RESULTS CONFERENCE CALL
JULY 23, 2025
PREPARED REMARKS

DISCLAIMER

Certain statements made in these prepared remarks are “forward-looking statements” within the meaning of Section 27A of the Securities Exchange Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and involve a high degree of risk and uncertainty. Forward-looking statements include statements regarding our anticipated financial and operating performance. All statements in this release, other than those setting forth strictly historical information, are forward-looking statements. Forward-looking statements are not guarantees of future performance and actual results might differ materially. In particular, we make no assurances that the proposed revenue scenarios outlined in our financial guidance will be achieved. Additional examples of forward-looking statements in these prepared remarks include, without limitation, statements regarding our ability to attract, train and retain qualified staffing consultants, the availability of qualified contract professionals, management of our growth, continued performance and improvement of our enterprise-wide information systems, our ability to successfully adapt, integrate, and leverage developing technologies, including generative AI, our ability to manage our litigation matters, the successful integration of our acquired subsidiaries and other risks detailed from time to time in our reports filed with the SEC, including our Annual Report on Form 10-K for the year ended December 31, 2024, as filed with the SEC on February 24, 2025. We specifically disclaim any intention or duty to update any forward-looking statements contained in these prepared remarks.

KIMBERLY ESTERKIN
Vice President Investor Relations:

Good afternoon. Thank you for joining us today for ASGN's second quarter 2025 conference call. With me are Ted Hanson, Chief Executive Officer, Shiv Iyer, President, and Marie Perry, Chief Financial Officer.

Before we get started, I would like to remind everyone that our commentary contains forward-looking statements. Although we believe these statements are reasonable, they are subject to risks and uncertainties, and as such, our actual results could differ materially from those statements. Certain of these risks and uncertainties are described in today’s press release and in our SEC filings. We do not assume any obligation to update statements made on this call.

For your convenience, our prepared remarks and supplemental materials can be found in the Investor Relations section of our website at investors.asgn.com.

Please also note that on this call, we will be referencing certain non-GAAP measures, such as Adjusted EBITDA, Adjusted Net Income, and Free Cash Flow. These non-GAAP measures are intended to supplement the comparable GAAP measures. Reconciliations between GAAP and non-GAAP measures are included in today's press release.

I will now turn the call over to Ted Hanson, Chief Executive Officer.

THEODORE S. HANSON
Chief Executive Officer:

Thank you, Kim, and thank you for joining ASGN's second quarter 2025 earnings call.

Solid Quarterly Results – Macroeconomic Conditions Remain Consistent

ASGN reported solid results for the second quarter. Revenues of $1.02 billion were above the high-end of our guidance range, while Adjusted EBITDA margin of 10.6 percent was at the top end of our expectations for the quarter. Our IT consulting revenues continue to grow, reaching approximately 63 percent of revenues for the second quarter, up from 57 percent in the year-ago period.

Macroeconomic uncertainty remains, impacting discretionary spending. Still, clients are focused on staying competitive, driving demand for cloud and data solutions to modernize legacy systems and capitalize on AI. According to the ISG Index's second quarter 2025 call, the demand for AI is overcoming macroeconomic distractions, with companies actively investing in generative and agentic AI, deploying cost savings from other areas of their operations. We are experiencing this trend in our Commercial consulting bookings, where we are seeing continued demand in data, AI, and digital engineering, including custom applications and development.

Commercial consulting bookings for the quarter totaled $417.5 million, translating to a book-to-bill of 1.2 times on a trailing twelve-month basis. While bookings remain weighted toward renewals, we are increasingly winning larger, more complex, multi-capability deals as we advance our commercial practice areas and technology partnerships. Our technology partnership with Workday is progressing very well, and TopBloc, which continues to perform above our expectations, contributed to growth of our commercial consulting bookings for the second quarter.

In our federal business, new contract awards totaled $72 million for the second quarter, or a book-to-bill of 1.1 times on a trailing twelve-month basis. Contract awards were challenged, as anticipated, reflecting a slowness in award velocity and the impact of DOGE on procurement and approval processes. New federal Contract backlog was over $2.9 billion at quarter end, or a coverage ratio of 2.4 times the Federal Segment's trailing twelve-month revenues.

Despite lower federal quarterly bookings, our core solution capabilities in AI, cybersecurity, and digital modernization remain well-aligned with the administration's efficiency cost savings priorities. In addition, the recently passed One Big Beautiful Bill represents one of the largest single-year increases in U.S. defense spending in modern history. Much of this funding focuses on our primary competencies, including AI and automation, cloud migration, secure communications, and threat intelligence platforms.

Ultimately, a constant among this ongoing transformation is the critical need for skilled IT professionals. Case in point, ISG estimates that in the next year, 60 percent of enterprises plan to expand their IT resources to accelerate the capture of AI benefits. ASGN's distinctive model, which delivers a broad spectrum of skillsets just-in-time on a contingent basis, continues to set us apart and will enable us to serve as an excellent partner to enterprises and public agencies seeking to achieve their IT modernization goals. We are uniquely positioned to identify the right skillsets for our clients, and, with an industry-led focus, we deeply understand the nuances of each sector's IT needs. With that, let me turn the call over to our President, Shiv Iyer, to discuss our industry and solutions performance in the second quarter.

SHIV IYER
President:

Commercial Verticals Achieve Solid Sequential Growth, While National Intelligence Clients Make Headway

Beginning with our Commercial Segment verticals, Consumer & Industrial accounts performed the strongest in the second quarter and were up mid-double digits year-over-year. Improvement in this vertical was driven by mid-teens or better growth in Materials, Utilities, Industrials, and Consumer Discretionary accounts. Our Healthcare vertical was relatively flat compared to the prior year as a result of double-digit growth amongst our pharmaceutical and biotech clients. Financial Services, Business Services, and TMT accounts declined compared to the year-ago period.

On a sequential basis, we achieved growth in four of our five Commercial industry verticals, with Consumer & Industrial accounts again leading our performance. Our Consumer & Industrial clients have been leveraging our nearshore delivery center in Mexico as a cost efficient and capable alternative for application development and data modernization. In the Financial Services vertical, we saw single-digit growth amongst our wealth management and insurance clients, both of which were active with our cloud and infrastructure teams in the quarter. In our TMT vertical, we saw mid-single-digit growth in telecom, e-commerce, and software and services. For clients in this vertical, we supported enterprise platform implementations, including integrating new AI capabilities into existing cloud platforms and developing solutions to help clients harness the power of their data, AI, and advanced analytics.

In our federal business, we track our revenues across four end customers: Defense and Intelligence, National Security, Civilian, and other clients. Defense, Intelligence, and National Security accounts comprised approximately 72 percent of our total government revenues. Growth in National Security accounts was largely driven by work for the Department of Homeland Security (DHS), examples of which I will share shortly. As anticipated, our Civilian business for the quarter was impacted by DOGE, the impact of which was unchanged and consistent with expectations. Defense and Intelligence revenues, though up sequentially by mid-single-digits, were down year-over-year due to budget constraints. We remain bullish on the long-term positioning of our federal government business, particularly with the recent expansion of the defense budget.

Our Advanced Solutions Capabilities Drive Long-term Modernization Strategies

To provide greater clarity on the dynamics driving bookings across our commercial verticals and government clients, let's turn to our solutions capabilities. For the quarter, consulting engagements across the Company focused on four major areas, including: cloud and data infrastructure; cybersecurity; enterprise platform advisory and implementation; and AI services. Let me provide a few examples of each, beginning with cloud.

For a global financial services company, we were engaged to assess the current state of their cloud operations, evaluate a newly procured FinOps tool, and build a multi-year cloud roadmap. As a result of our advisory services, our client will be able to improve its cloud governance, taxonomy, capacity, and consumption across its wealth management lines of business. Importantly, this framework provides our client the confidence to accelerate their cloud migration.

For a Fortune 500 life insurance and retirement company, our consultants were engaged to determine if migrating to Amazon’s cloud-based system would provide cost savings, operational efficiency, and improved scalability for the company. Our team delivered a viable migration model in just eight weeks, resulting in query execution three times faster and generating significant cost savings for the client. By deploying this model, our client will be able to accelerate their data center exits and mainframe retirement, while simultaneously unlocking the AI capabilities provided by migrating to AWS.

We also work side-by-side with AWS as a Premier Partner and Managed Services Provider in the federal space. Similar to the commercial market, federal agencies are looking to modernize legacy data infrastructure. In the second quarter, we partnered with AWS on behalf of national security and defense agency clients to secure scalable cloud migrations and continuous compliance in AWS GovCloud.

Alongside cloud support, our cybersecurity expertise was another solution area in demand this past quarter. For DHS's Cybersecurity and Infrastructure Security Agency, or CISA, we were awarded incremental work to deliver essential technical and

digital engineering services vital to protecting critical infrastructure and enhancing national cybersecurity. We also partnered with Elastic, a leading platform for search-powered solutions, to add AI search capabilities into CISA's Continuous Diagnostics and Mitigation Dashboard, thereby enhancing cross-domain visibility of the agency and reducing national security vulnerabilities.

Collaboration with our alliance partners is critical to our success. Our strategic alliances with technology partners, like AWS and Elastic, enable us to deliver cutting-edge technology solutions tailored to our clients' unique business needs. The value of our technology partnerships is particularly evident in enterprise platform implementations, which represented a third area of focus.

As an example, TopBloc, a leading, high-growth, tech-enabled Workday consultancy, recently partnered with a global provider of insurance solutions to leverage the full Workday suite across 11 countries. For this client, TopBloc provided end-to-end implementation of the Workday Human Capital Management (HCM) and Payroll modules, full-service change management, managed testing services, and post-go-live support. A new win for the quarter, this initiative was designed to centralize our client's HR operations, streamline its internal processes, and enhance the company's ability to attract and retain top talent.

TopBloc was also engaged during the quarter to develop a custom-built Workday application for a national mechanical contractor. This application enables the company's foremen and site managers to enter time on behalf of their crews in real-time, aligning with the unique needs of the construction environment, and showcasing TopBloc's ability to support complex, unionized work environments across multiple implementation phases.

Our ServiceNow implementations are also on the rise, particularly as the company makes a push to become the AI platform for digital business. In the quarter, we assisted a prominent global video game and entertainment company with deploying ServiceNow's GenAI capabilities within the HR Service Delivery environment. This consulting project focused on increasing automation and improving user experience by implementing GenAI to automatically classify HR cases, auto-generate resolution summaries, and enhance case documentation and audit readiness.

In addition to platform-driven AI implementations, we are helping drive a smarter future for our clients by providing comprehensive suite of AI services, ranging from advisory and literacy to developing and building agentic architectures, powered by our assets and accelerators. In the advisory space, one of the world's largest professional services firms engaged our team of consultants, architects, and cross-capability solution leaders to rethink the process and technical design of some of their key knowledge management workflows. These workflows are currently conducted manually and involve the complex task of updating governing policies in thousands of downstream documents and systems. The advisory phase of the engagement was successful, and we are now moving into delivery, a collaboration between our U.S. consulting team and our Mexico Delivery Center.

We are also leveraging our AI capabilities to improve data management and accelerate model deployment within the federal space. During the quarter, our government team used advanced analytics and machine learning to support the U.S. Navy in processing vast amounts of maritime data. By training and deploying AI models on their behalf, we are helping the Navy enhance its situational awareness, safety, and operational efficiency.

Beyond AI advisory, we are growing our agentic AI practice by architecting and building agents to support a myriad of client use cases. Just last week, we published an agentic AI customer service tool on the new AI Agents and Tools storefront in the AWS Marketplace. This agent is one of the many AI accelerators being built by our teams.

Ted will discuss more about our AI accelerators and investments shortly, but first, I'll turn the call over to our CFO, Marie, to discuss ASGN's second quarter segment performance and third quarter guidance.

MARIE L. PERRY
Chief Financial Officer:

Q2 2025 Financial Performance and Q3 2025 Financial Estimates

For the second quarter, revenues totaled $1.02 billion, a decrease of 1.4 percent year-over-year, but above our guidance expectations.

Revenues from our Commercial Segment were $708.1 million, a decrease of 2.4 percent compared to the prior year. Assignment revenues totaled $382.4 million, a decline of 13.9 percent year-over-year reflecting continued softness in portions of our Commercial Segment that are more sensitive to changes in macroeconomic cycles. Revenues from commercial consulting, the largest of our high-margin revenue streams, totaled $325.7 million, an increase of 15.7 percent year-over-year, and included the contribution from TopBloc.

Revenues from our Federal Government Segment were $312.5 million, an increase of 1.1 percent year-over-year, including approximately $10 million of higher-than-anticipated license revenues. As Shiv noted, the impact from DOGE in the second quarter was in line with our expectations.

Turning to margins. Gross margin for the second quarter of 2025 was 28.7 percent, a decrease of 40 basis points from the second quarter of last year.

Gross margin for the Commercial Segment was 33 percent, up 30 basis points year-over-year, reflecting a higher mix of consulting revenues as well as margin expansion in these revenues.

Gross margin from our Federal Government Segment was 19.2 percent, a decline of 140 basis points year-over-year, due to higher volume of low-margin software licenses. Gross margin was also impacted by the loss of higher margin work under DOGE. Excluding the impact of client-driven license revenues that were outside of our guidance estimates, consolidated Company gross margin was within our guidance range for the quarter.

SG&A expense for the quarter was $216.8 million, compared to $205.6 million in the second quarter of 2024. SG&A expenses included $8.3 million in acquisition, integration, and strategic planning expenses, inclusive of cost optimization initiatives. These items were not included in our previously announced guidance estimates.

For the second quarter, net income was $29.3 million, Adjusted EBITDA was $108.5 million, and Adjusted EBITDA margin was 10.6 percent.

Also at quarter end, cash and cash equivalents were $138.9 million, and we had $320 million available on our $500 million senior secured revolver. Our net leverage ratio was 2.46 times at the end of the quarter.

Our strong Free Cash Flow provides a strategic advantage that enables ASGN to fund growth initiatives, opportunistically repurchase shares, and invest in strategic M&A, all while maintaining a healthy balance sheet.

Free Cash Flow was $115.8 million for the second quarter, a conversion rate of approximately 107 percent of Adjusted EBITDA. We deployed $9.5 million of our Free Cash Flow to repurchase approximately 200,000 shares, at an average share price of $58.69. At quarter end, we had approximately $470 million remaining under our $750 million share repurchase authorization.

Turning to guidance. Our financial estimates for the third quarter of 2025 are set forth in our earnings release and supplemental materials. These estimates are based on current market conditions and assume no further deterioration in the markets we serve. Guidance also assumes 63.5 Billable Days in the third quarter, which is the same number of Billable Days as the year-ago period and 0.25 more days than in the second quarter. Estimates do not include any acquisition, integration, or strategic planning expenses.

With that as background, for Q3 2025, we are estimating revenues of $992 million to $1.012 billion, net income of $35.8 million to $39.4 million, Adjusted EBITDA of $108.5 million to $113.5 million, and Adjusted EBITDA margin of 10.9 percent to 11.2 percent.

Thank you; I'll now turn the call back over to Ted.

THEODORE S. HANSON
Chief Executive Officer:

Continuing to Drive ASGN's AI Expertise

As discussed at the outset of today's call, despite ongoing macroeconomic uncertainties, our clients are continuing to invest in AI, recognizing that maintaining a competitive edge requires staying at the forefront of technological advancements. With that in mind, I'd like to take this opportunity to further highlight ASGN's ongoing AI investments, and how, like our clients, we are strategically positioning our business amid rapid technological change.

AI enables our consultants to work faster, smarter, and with more insight, driving a higher ROI for our clients. By leveraging our deep expertise in application development and managed services, we've been able to create relevant AI applications for our consultants' everyday work and ultimately share this IP with our Fortune 1000 and defense and intelligence customer base.

As part of our commitment to unify our Company-wide AI expertise, we launched the ASGN AI Innovation Center, a collaborative initiative between our commercial and federal businesses, designed to enhance innovation, optimize resource utilization, and promote AI-driven business growth for our clients. The Innovation Center offers development environments, a centralized repeatable IP repository, documented best practices, thought leadership, and new technology evaluation.

At the core of our Innovation Center are the solution accelerators, proofs of concept developed to quickly solve specific business problems with the help of AI. By building out these accelerators, we create repeatable, lower cost solutions that can be easily deployed for our clients' custom environments. Several accelerators have already been published and many more are in the pipeline for launch this year. Some examples of those already in use include financial services agents, rapid code discovery tools, network security assistants, and the AWS Agentic AI tool previously highlighted.

Our AI University is also a crucial component of the ASGN Innovation Center. Our AI University provides resources for upskilling our sales and technical teams, while serving as a launching pad for developing white papers, best practices, and trainings for our customers. We've found that by incorporating AI understanding and education into ongoing professional development, we can drive continuous innovation, while ensuring that our professionals remain relevant in a rapidly evolving market.

Through the establishment of our AI Innovation Center and our many Centers of Excellence, we are enhancing our solutions capabilities and positioning ourselves as a leading authority in all facets of commercial and federal IT modernization. Our diverse customer base has equipped us with a deep understanding of the distinct data and IT needs across a wide range of sectors, enabling us to effectively support each client's long-term IT roadmap.

Speaking of long-term roadmaps, I am excited to share today that ASGN will be hosting an investor day in the fourth quarter. During this event we will speak about our Company's near- and long-term strategy to unlock the next wave of growth and value creation. We look forward to sharing more details in the coming weeks.

That concludes our prepared remarks. I'd like to extend my gratitude to all of our employees for your unwavering commitment this past quarter. Your efforts have been invaluable to fostering our client relationships as we continue to evolve our business into higher-end, high-value IT consulting.