TrueBlue Q4 2025 Financial Results

Conference Call, February 18, 2026

PREPARED REMARKS

INTRODUCTION

Operator

Greetings and welcome to the TrueBlue fourth quarter 2025 earnings Call. [Operator Instructions] As a reminder, this conference is being recorded.

At this time, I want to remind everyone that today's call and slide presentation contain forward-looking statements, all of which are subject to risks and uncertainties, and management assumes no obligation to update or revise any forward-looking statements. These risks and uncertainties, some of which are described in today's press release and SEC filings, could cause actual results to differ materially from those in the forward-looking statements.

Management uses non-GAAP measures when presenting financial results. You are encouraged to review the non-GAAP reconciliations in today's earnings release, or at trueblue.com under the investor relations section, for a complete understanding of these terms, and their purpose.

Any comparisons made today are based on a comparison to the same period in the prior year, unless otherwise stated. Lastly, a copy of the Company's prepared remarks will be provided on TrueBlue's investor website at the conclusion of today's call, and a full transcript and audio replay will be available soon after the call.

It is now my pleasure to turn the call over to Taryn Owen, President and Chief Executive Officer.

OVERVIEW AND STRATEGY

Taryn Owen, President and Chief Executive Officer, TrueBlue:

Thank you, operator, and welcome everyone to today's call. I am joined by our Chief Financial Officer, Carl Schweihs.

Before we discuss our fourth quarter results, I'd like to take a step back and reflect on the year. During 2025, we executed on our strategic priorities with discipline and focus, forming a strong foundation to build upon as we advance toward sustainable, profitable growth.

We restructured our business model to expand our sales capability, unlock additional growth opportunities and improve profitability while tightly managing costs. For our on-demand staffing business, we executed a comprehensive reorganization of our operating model, transitioning to a more efficient territory-based structure and investing in sales resources to expand our reach in key markets. This structure and increased sales capacity enable more targeted, localized sales strategies and deeper client engagement. As a result, our sales-enabled territories continue to deliver stronger, sequential performance.

We've also focused on strategic partnerships and cross-selling initiatives as we continue to prioritize our return to growth. We launched an enterprise-wide, strategic partnership with a leading group purchasing organization, unlocking new client acquisition channels and fueling a growing pipeline of multi-brand opportunities across our portfolio. This partnership has led to approximately $15 million of annualized new business wins and continues to build momentum as we expand the relationship into new sectors.

We are also fostering stronger partnerships across our brand portfolio. Greater enterprise alignment and collaboration continue to create more cross-selling opportunities, allowing us to better serve client needs and accelerate growth with our full spectrum of specialized workforce solutions. For example, collaboration between our PeopleReady and PeopleManagement teams continues to deliver results with our commercial driver business securing three additional, new locations serving a leading energy solutions manufacturer.

Market expansion was a significant performance contributor over the past year as we leveraged our strong market position and expertise to capture demand in attractive verticals with strong growth drivers. Our energy sector revenue grew 60% while our commercial driver business continued to outperform the broader market, delivering its second consecutive year of double-digit growth. Structural labor shortages and strong secular forces in the energy space signal further growth potential as we continue to capture market share with our skilled businesses both geographically as well as in adjacent sub-sectors such as the construction of energy storage facilities and data centers.

Our RPO solutions continue to expand coverage in attractive verticals such as engineering and technology through higher-skilled roles. We increased our professional hires this year, building momentum as we diversify our business mix to grow market share. Healthcare also remains a significant long-term market opportunity with strong secular growth drivers. We have made meaningful progress expanding our presence in the healthcare market with new business wins spanning across our brands as well as the addition of Healthcare Staffing Professionals to the TrueBlue portfolio. Since joining TrueBlue, HSP has expanded into three new states, and we are committed to thoughtfully scaling this business to capture sustained demand. Leveraging our deep expertise, extensive reach and sophisticated technology, we continue to strengthen our position in the U.S. healthcare market.

A key factor in our ability to deliver a differentiated user experience while also driving operational efficiencies is our portfolio of proprietary technology platforms. We've made significant progress enhancing the capabilities of our digital ecosystem with advancements that include embedded AI-powered job matching, predictive analytics, and behavioral insights across the talent lifecycle. Recently we launched an AI-enabled bill rate feature within our JobStack app that provides personalized, data-driven bill rates in seconds, supporting businesses in making faster, more confident staffing decisions. Our technology is a key contributor in delivering smarter workforce solutions, creating greater value for the customers and talent we serve, while supporting efficiency at scale. It enables us to reduce operating costs, extend our reach and continue investing in strategic sales initiatives as we accelerate growth.

We are confident our strategic plan to enhance our sales model, expand our share in attractive end-markets and accelerate efficiency with technology and operational excellence, positions us well to capitalize on the growth opportunities ahead. Our continued actions to drive top-line growth and margin expansion underpin our overarching commitment to realize long-term, sustainable value for our shareholders. Our ability to execute this strategy is strengthened by the experience and expertise of our Board and leadership team, who are committed to serving the best interests of all shareholders and positioning TrueBlue for long-term success.

Now, let's review our fourth quarter performance. We delivered our second consecutive quarter of organic revenue growth driven by continued success growing our skilled businesses and greater stability in general demand trends. While we further grow the top-line, we remain committed to driving improved profitability as evidenced by our continued cost discipline leading to reduced operating costs for the quarter. As our strategic focus drives improved results, we are well-positioned to capitalize on the untapped potential of the staffing market and deliver greater shareholder value.

I will now pass the call over to Carl, who will share further details around our financial results and outlook.

FINANCIAL RESULTS AND OUTLOOK

Carl Schweihs, Executive Vice President and Chief Financial Officer, TrueBlue:

Thank you, Taryn.

Total revenue for the quarter was $418 million, up 8 percent and near the high-end of our outlook range. Organic revenue increased 5% with the acquired HSP business contributing 3 percentage points of growth. Robust results in skilled trades fueled organic growth as overall market conditions showed ongoing signs of stabilization. Our skilled businesses continue to outperform the broader market, delivering double-digit growth for the third consecutive quarter, driven by our teams' success in capturing rising demand in the energy vertical. Our other business lines are also showing improved trends and solid momentum going into 2026 as we maintain our strategic focus on accelerating growth.

Gross margin was 21.5% for the quarter, down from 26.6% in the prior year period, primarily due to less favorability in the prior year workers' compensation reserve adjustments and the changes in revenue mix. As you may recall, last year's gross margin benefited from a significant reduction in workers' compensation costs due to favorable development of prior year reserves. As expected, that degree of favorability did not repeat this year. For the revenue mix impact, this stems from more favorable trends in our staffing businesses and outsized growth in PeopleReady renewable energy work. As a reminder, renewable energy work carries a lower gross margin than the general PeopleReady business due to pass-through travel costs involved. Outside of these costs, the underlying margin for renewable energy work is consistent with other large PeopleReady accounts.

We successfully reduced SG&A by 11% even while revenue grew 8 percent for the quarter. This improved leverage demonstrates our continued commitment to managing costs and delivering enhanced profitability. We've made significant progress, creating greater flexibility to scale and driving efficiencies that position us well to deliver strong, incremental margins as industry demand rebounds and we further advance our growth initiatives.

We reported a net loss of $32 million this quarter, which included a non-cash, long-lived asset impairment charge of $18 million associated with the sublease of our Chicago support office. As a reminder, this reduction in corporate office space unlocks over $30 million of cash flow over the remaining 10 years of the lease, providing greater flexibility as we target compelling growth opportunities. Our results also included a small amount of income tax expense primarily associated with our foreign operations and essentially zero income tax benefit on U.S. operations due to the valuation allowance in effect on our U.S deferred tax assets. As a reminder, the impairment charge and valuation allowance have no impact on our operations or liquidity. Adjusted net loss was $8 million, while adjusted EBITDA was $2 million for the quarter.

Now, let's turn to our segments.

PeopleReady grew 11%, driven by continued outperformance in the energy sector. Revenue more than doubled in the energy vertical for the second consecutive quarter, as our strong market position and deep client relationships continue to drive success in this growing market. Our on-demand business is also showing improved trends, especially in our local business where we have invested in sales resources, signaling building momentum as we enter 2026. PeopleReady segment profit margin was down 370 basis points mainly due to the favorable prior year workers' compensation reserve adjustments not repeating at the same level, as well as changes in business mix with outsized growth in renewable energy work as I mentioned earlier.

PeopleManagement revenue declined 2% due to lower on-site volumes, primarily in the retail vertical and consistent with the macro conditions in that space. While client volumes declined for the quarter, our teams are building momentum, with 13 new sites launched during the quarter and continued success in new wins, positioning the business well to drive revenue expansion in 2026. Our commercial driver business also continues to outperform, delivering its eighth consecutive quarter of growth as we leverage our strong client relationships and deep expertise to capture rising demand. PeopleManagement's segment profit margin was up 50 basis points due to disciplined cost management actions to drive improved efficiencies and greater scalability.

PeopleSolutions revenue grew 42%, with HSP performing in line with expectations and driving the year-over-year growth. On an organic basis, PeopleSolutions was flat to the prior year as overall hiring volumes remain subdued. While clients continue to navigate budget restraints and evolving workforce needs, we are encouraged to see signs of stabilization with our new business wins and expansions. We continue to win and expand with new clients, especially with higher skilled roles and serving growing end markets with long-term secular tailwinds. PeopleSolutions segment profit margin was up 180 basis points, primarily driven by cost actions to deliver efficiencies and greater operating leverage.

Now, let's turn to the balance sheet. We finished the quarter with $25 million in cash, $66 million of debt, and $68 million of borrowing availability, resulting in total liquidity of $92 million. During the quarter, we reduced our debt position by $2 million while increasing working capital by $2 million, as we maintain our focus on delivering operational efficiency and enhanced financial flexibility. With the recent amendment to our credit facility effective January 30th, we have increased our borrowing availability for the remainder of the agreement term by transitioning to an asset-backed structure. We remain committed to managing a strong liquidity position and financial foundation to ensure we are well-positioned to capitalize as market demand rebounds.

Looking ahead to the first quarter of 2026, we expect revenue growth of 3 to 9 percent year-over-year as we continue to build on the success we've achieved in recent quarters. This includes 1 percentage point of inorganic growth from HSP.

I'd also like to provide additional context around workers' compensation headwind reflected in our first quarter margin outlook. As we've discussed, prior year periods benefited from outsized favorability in workers' compensation reserve adjustments. These trends have since normalized, resulting in year-over-year margin compression for the fourth quarter and a similar headwind expected for the first quarter of 2026. This represents a return to a more normalized run-rate, rather than a change in underlying trends.

Given the expected revenue mix and the fact that the first quarter is seasonally our lowest revenue quarter, we expect a lower margin in the first quarter but our lean cost structure will drive improved margins as we move through the year.

Additional information on our outlook can be found in our earnings presentation shared on our website today.

Before we open up the call for questions, I want to turn it back over to Taryn for some closing remarks.

CLOSING PREPARED REMARKS

Taryn Owen, President and Chief Executive Officer, TrueBlue:

Thank you, Carl.

Before turning to Q&A, I want to touch briefly on the recent announced changes to our Board of Directors. Over the course of several months, TrueBlue engaged with shareholders as part of a deliberate Board refreshment process. In early 2026, we welcomed two highly qualified independent directors with deep operational and commercial experience, and announced that two current directors would step down at or before our 2026 annual meeting. This refreshment strengthens and broadens the Board's capabilities while reinforcing our commitment to shareholder engagement and effective oversight.

As you have heard from us today, we have a clear strategy to drive long-term, sustainable value and it is producing results. We have executed on this strategy with discipline and focus, strengthening our market position, diligently managing our cost structure and building momentum to fuel future growth. In 2026, we are acutely focused on capturing market share as we further strengthen our sales reach and expand in growing markets, leveraging our efficient and scalable operating structure to deliver improved profitability. We are confident we have the right people, structure and strategy to drive TrueBlue forward, accelerating our growth, enhancing shareholder value, and advancing our mission to connect people and work.

This concludes our prepared remarks. Operator, please open the call now for questions.

