

PageGroup

11 October 2016

THIRD QUARTER 2016 TRADING UPDATE

Highlights - in constant currencies

- Group gross profit growth of 1.3% (+14.1% in reported)
- Strongest growth in EMEA +10.4%; Benelux +20%; Southern Europe +14%
- UK -4.7%, impacted by fragile market conditions
- Asia Pacific -4.7%; Asia -8%; Australasia +4%
- North America -11%; US ex-NYC Financial Services market +13%
- LatAm (ex Brazil) +23%; Brazil -12%
- Strong balance sheet, net cash c. £100m
- Interim and Special Dividends of £31.7m to be paid on 12 October

Q3 GROSS PROFIT ANALYSIS

Year-on-year	% of Group	Reported (£m)			Constant
		Q3 2016	Q3 2015	%	%
EMEA	42%	66.8	51.6	+29.4%	+10.4%
UK	24%	37.8	39.7	-4.7%	-4.7%
Asia Pacific	20%	32.3	28.3	+14.1%	-4.7%
Americas	14%	21.7	19.5	+11.8%	-2.0%
Total	100%	158.6	139.1	+14.1%	+1.3%
Permanent	75%	119.5	105.1	+13.8%	+1.0%
Temporary	25%	39.1	34.0	+14.9%	+2.0%

Commenting, Steve Ingham, Chief Executive Officer said:

“The Group delivered gross profit growth of 1.3% in constant currencies and 14.1% at reported rates. Continental Europe and Latin America, outside of Brazil, which combined represented almost half of the Group, delivered strong performances. However, in the UK, confidence levels remained fragile and below levels seen earlier in the year. Several of our other larger markets, including Greater China and Brazil also experienced challenging market conditions.

“Activity and trading remained stronger at lower salary levels and in temporary roles and this was reflected by growth of 6% in our Page Personnel business, where temporary recruitment represents over 40% of gross profit. Our Michael Page business, where temporary recruitment represents only 17%, fell by 1%. Overall, temporary recruitment grew by 2%, compared to 1% in permanent.

“The Group continued to benefit from positive foreign exchange movements during Q3, which increased reported gross profit by 12.8 percentage points, or £17.8m. For the full year, we expect foreign exchange to increase our reported gross profit by c. £45m and operating profit by c. £10m.

“With the prevailing uncertainty in the UK, the challenges in some of our other larger markets and the unpredictable nature of the current cycle, we remain cautious in our short-term outlook. However, we will continue to progress our strategic projects, such as our European Shared Service Centre, as well as driving profitable growth and taking advantage of growth markets. As always, we remain able to respond quickly to any changes in market conditions.

“Cash generation in the period was particularly strong with net cash of c. £100m at the quarter end, before payment of the interim and special dividends of £31.7m on 12 October. Save for any further movements in foreign exchange, the Board’s expectations for the full year remain unchanged.”

Group Trading Update

PageGroup delivered third quarter gross profit of £158.6m, up 1.3% in constant currencies and 14.1% in reported rates.

Foreign Exchange

The Group continued to benefit from positive foreign exchange movements during Q3, increasing our Q3 reported gross profit by 12.8 percentage points, or £17.8m. Cumulatively to the end of Q3, foreign exchange has increased our reported gross profit by c. £26m and operating profit by c. £6m. For the full year, should current rates continue, we expect foreign exchange to increase our reported gross profit by c. £45m and operating profit by c. £10m.

Ongoing Investment

Having added 206 fee earners in 2015 and 45 in H1 2016, net fee earner additions increased in Q3 to 132 mainly in our large, high potential markets. These fee earner additions reflected the markets in which we saw the greatest growth, particularly Europe, Mainland China and Latin America, excluding Brazil. Our operational support headcount increased by just 1 in the quarter and our fee earner to operational support staff ratio remained at the record of 77:23.

Perm/Temp mix

Gross profit from permanent recruitment grew 13.8% in reported rates and 1.0% in constant currencies, to £119.5m (Q3 2015: £105.1m) and gross profit from temporary recruitment grew 14.9% in reported rates and 2.0% in constant currencies, to £39.1m (Q3 2015: £34.0m). This resulted in a ratio of permanent to temporary recruitment of 75:25. Excluding the UK, which experienced a particularly strong temporary performance in Q3 2015, as well as the effect of the UK Referendum result in Q3 2016, permanent recruitment grew 3% and temporary grew 7%. The variation in these growth rates between permanent and temporary recruitment continued to be driven primarily by uncertainty in some of our markets, leading to a lower number of permanent positions being filled and an increase in the hiring of lower-risk temporary positions.

Q3 Gross Profit – Discipline analysis

Year-on-year	% of Group	Reported (£m)			Constant
		Q3 2016	Q3 2015	%	%
Finance & Accounting	39%	61.3	55.6	+10.4%	-1.3%
Legal, Technology, HR, Secretarial, Healthcare	22%	35.3	30.6	+15.4%	+1.3%
Engineering, Property & Construction, Procurement & Supply Chain	20%	32.2	25.8	+24.5%	+10.3%
Marketing, Sales & Retail	19%	29.8	27.1	+10.2%	-2.0%
Total	100%	158.6	139.1	+14.1%	+1.3%

Geographical analysis (unless otherwise stated all growth rates are in constant currency)

EMEA	Gross Profit (£m)		Growth Rates	
			Reported	Constant
<i>(42% of Group)</i>				
Q3 2016 vs. Q3 2015	66.8	51.6	+29.4%	+10.4%
Headcount at 30 September 2016: 2,486 (30 June 2016: 2,427)				
<ul style="list-style-type: none"> • France (13% of Group) +4% on Q3 2015 • Germany (7% of Group) +16% on Q3 2015 				

EMEA Q3 gross profit grew 10.4% (Q2 2016: +13.6%). Both Page Personnel and Michael Page delivered strong performances, with growth of 13% and 8%, respectively. Our largest country in the region, France, grew 4% and remained highly profitable, with a record conversion rate. Growth in Germany improved, growing 16% (from 8% in Q2), a record quarter, with Page Personnel up 24% (20% in Q2). The Netherlands, which now represents 10% of the region, continued to perform strongly, with growth of 19%. Southern Europe performed well against a tough comparator of 28% in Q3 2015, with growth of 14%. The Middle East and Africa, representing 5% of the region, was down 2% (Q2 2016: -18%), as softer comparators partially offset the continued weakness in oil and gas and ongoing political instability.

UK	Gross Profit (£m)		Growth Rate
<i>(24% of Group)</i>			
Q3 2016 vs. Q3 2015	37.8	39.7	-4.7%
Headcount at 30 September 2016: 1,449 (30 June 2016: 1,466)			

The UK declined 4.7% in the quarter, with continued uncertainty following the result of the UK Referendum particularly impacting our multi-national clients. Page Personnel, which has the greater proportion of temporary business and represented 22% of the UK, declined 3% compared to 5% in Michael Page. Among our disciplines, Financial Services, which represents 4% of the UK, was down 14%. Technology was our best performing discipline, with growth of 22% and we also saw strong performances from our Legal and Logistics disciplines. The mix of gross profit and growth rates of Private Sector (88%) and Public Sector (12%) were -4% and -9% respectively.

Asia Pacific	Gross Profit (£m)		Growth Rates	
			Reported	Constant
<i>(20% of Group)</i>				
Q3 2016 vs. Q3 2015	32.3	28.3	+14.1%	-4.7%

Headcount at 30 September 2016: 1,220 (30 June 2016: 1,176)

- **Asia** (14% of Group) -8% on Q3 2015
- **Greater China** (61% of Asia) -6% on Q3 2015
- **Australasia** (6% of Group) +4% on Q3 2015

Asia Pacific gross profit declined 4.7%, due to continued macro-economic concerns over Greater China and related contagion in the wider Asian region. Asia was down 8%, with Greater China down 6%. With the uncertainty particularly impacting our multi-national clients and Financial Services, our business in Hong Kong was down 15% against a tough comparator. However, our businesses across Mainland China grew, collectively up 1%. Australasia, representing 31% of Asia Pacific, grew 4%. In Australia, which grew 2%, trading in the mining states remained tough, while New South Wales and Victoria both grew. Page Personnel Australia continued to perform strongly, with growth of 12%. New Zealand delivered a record result, with growth of 35%.

Americas (14% of Group)	Gross Profit (£m)		Growth Rates	
			Reported	Constant
Q3 2016 vs. Q3 2015	21.7	19.5	+11.8%	-2.0%

Headcount at 30 September 2016: 897 (30 June 2016: 850)

- **North America** (7% of Group) -11% on Q3 2015
- **Latin America** (7% of Group) +10% on Q3 2015
- **Brazil** (35% of LatAm) -12% on Q3 2015

The Americas declined 2.0% in constant currencies. North America was down 11% in the quarter, with the USA down 11% and Canada down 12%. While Financial Services for the Group represents only 6% and was down 10%, we have a far greater exposure to the Financial Services market in New York, which represented 29% of the US and was down 41%. Excluding New York Financial Services, the rest of our US businesses grew 13%, with double-digit growth in Boston, Houston, Los Angeles, New Jersey and Philadelphia as we continued to build our wider market presence. Latin America, which represented 47% of the Americas, grew 10%. Brazil was down 12% on Q3 2015, but with market conditions looking to have stabilised and comparators easing, we expect growth rates to improve going forward. Elsewhere, our other five countries, which now represent 65% of Latin America, had another strong quarter, growing collectively at 23%. Within this, we saw continued good growth of 19% in Mexico and growth of over 50% in Argentina.

Financial Position

Save for the effects of trading in the third quarter described above and the forthcoming payments of the 2016 interim and special dividends amounting to £31.7m which will be paid on 12 October 2016,

there have been no other significant changes in the financial position of the Group since the publication of the results for the half year ended 30 June 2016.

Net cash at 30 September 2016, before the payment of the dividends, was in the region of £100m (30 June 2016: £73.6m).

Shares

At 30 September 2016 there were 325,957,955 Ordinary shares in issue, of which 17,656,038 were held by the Employee Benefit Trust (EBT). The rights to receive dividends and to exercise voting rights have been waived by the EBT over 14,989,777 shares and consequently these shares should be excluded when calculating earnings per share. The total number of voting rights in the Company is 325,957,955.

Cautionary Statement

This Third Quarter Trading Update has been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for those strategies to succeed. The Trading Update should not be relied on by any other party or for any other purpose. This Trading Update contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this Trading Update and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

This Trading Update has been prepared for the Group as a whole and therefore gives greater emphasis to those matters that are significant to PageGroup and its subsidiary undertakings when viewed as a whole.

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The Company will host a conference call and presentation for analysts and investors at 8.30am today. The live presentation can be viewed by following the link:

<http://www.investis-live.com/pagegroup/57e8eb1a536f8c080016e4b5/we8hv3>

Please use the following dial-in numbers to join the conference:

United Kingdom (Local)	020 3059 8125
All other locations	+44 20 3059 8125

Please quote "PageGroup" to gain access to the call.

A presentation and recording to accompany the call will be posted on the Company's website during the course of the morning of 11 October 2016 at:

<http://www.page.com/investors/investor-library/2016.aspx>

The Group will issue its Fourth Quarter Trading Update on 11 January 2017 and its Full Year Results on 7 March 2017.