

PageGroup

12 April 2017

Q1 2017 TRADING UPDATE Q1 Gross profit growth of 9.1%*

Q1 Highlights*

- Group gross profit +9.1% (+19.7% in reported) to £170.3m, a record quarter for the Group
- Comparative Q1 benefit with Easter falling in Q2 this year versus Q1 last year
- EMEA +14.8%: France +26%, Germany +11%
- UK flat as confidence continued to be impacted by Brexit related uncertainty
- Asia Pacific +3.9%: Greater China +6%, SE Asia (ex Singapore) +25%, Australasia +5%
- Americas +15.2%: North America +13%, US +16%, LatAm (ex Brazil) +31%, Brazil -3%
- Continued challenging market conditions in Brazil, Singapore and Financial Services
- Technical disciplines fastest growing +17.8%
- Headcount increased 115, intake ratio of fee earners to operational support staff of 85:15
- FX increased reported gross profit by c. £15m and operating profit by c. £3m
- Strong balance sheet, net cash of £86m

* in constant currencies

Q1 GROSS PROFIT ANALYSIS

		Reported (£m)			Constant
Year-on-year	% of Group	Q1 2017	Q1 2016	%	%
EMEA	46%	78.6	61.6	+27.6%	+14.8%
UK	22%	36.4	36.4	-0.1%	-0.1%
Asia Pacific	18%	30.8	25.9	+18.8%	+3.9%
Americas	14%	24.5	18.3	+33.8%	+15.2%
Total	100%	170.3	142.2	+19.7%	+9.1%
Permanent	75%	128.0	107.2	+19.3%	+8.5%
Temporary	25%	42.3	35.0	+20.8%	+10.7%

Commenting, Steve Ingham, Chief Executive Officer said:

“The Group delivered record quarterly gross profit in Q1 of £170.3m, growing 9.1% in constant currency and 19.7% in reported rates. This was an improvement on the 3.8% growth in Q4, reflecting an improvement in underlying trading plus the timing of Easter being in Q2 this year, rather than in Q1 last year.

“France, having increased fee earner headcount by 17% year-on-year, delivered an excellent quarter, with growth of 26%. Germany continued to grow in double digits. The UK delivered a flat result, its best performance for a year, despite client and candidate confidence levels remaining impacted by Brexit related uncertainty. There was continued growth in China, up 6%. Excluding Singapore, South East Asia, another of the Group’s large, high-potential markets, delivered growth of 25%. In the US, where we increased fee earners by 26% year-on-year, we saw a strong improvement, up 16% and Latin America, excluding Brazil, delivered growth of 31%.

“We continued to experience challenging market conditions in several of our larger markets, such as Brazil, Singapore and within Financial Services, notably in New York, although their impact on the overall performance of the regions continues to diminish.

“The Group again benefited from positive foreign exchange movements during Q1, which increased reported gross profit by 10.6 percentage points, or c. £15m. Our focus on investing in our large, high-potential markets, as well as in businesses experiencing strong growth, resulted in headcount growth of 115 (+1.9% on December 2016), up to a new record for the Group of 6,214.

“We are pleased with the strong performance across the majority of our regions, but note the timing of Easter benefited the overall quarterly result. Furthermore, there remain a number of uncertainties as we continue through 2017, including the impact of Brexit in the UK, elections in Europe and Brazil’s ongoing macro-economic challenges. Looking ahead, we will continue to focus on driving profitable growth, while being able to respond quickly to any changes in market conditions.”

Group Trading Update

PageGroup delivered Q1 gross profit of £170.3m, up 9.1% in constant currencies, with the benefit of Easter falling in Q2 rather than Q1. This growth rate translates to 19.7% in reported rates, which includes a c. £15m benefit due to the weakening of Sterling. In constant currencies, our Michael Page businesses were up 7.1% and our Page Personnel businesses increased by 14.0%.

Headcount

Having increased our fee earners by 132 in Q3 2016 and by 50 in Q4 2016, we added a further 98 during Q1 2017, primarily into our large, high-potential markets as well as businesses where growth was strongest. We maintained our fee earner to operational support staff ratio at 77:23, with operational

support staff increasing by 17 in Q1. This increased our headcount at a ratio of 85:15 fee earners to operational support staff for the quarter, as we continue to move towards our target ratio of 80:20. Fee earner headcount at the end of Q1 2017 was 4,809 and total headcount was 6,214.

Perm/Temp mix

In constant currencies, Group gross profit from permanent recruitment was up 8.5% in Q1, with temporary recruitment growing faster at 10.7%. Permanent recruitment grew 19.3% in reported rates to £128.0m and temporary recruitment grew 20.8% to £42.3m. This resulted in a ratio of permanent to temporary recruitment of 75:25.

Q1 – Gross Profit Discipline analysis

Year-on-year	% of Group	Reported (£m)			Constant
		Q1 2017	Q1 2016	%	%
Accounting and Financial Services	38%	65.2	55.2	+17.9%	+7.8%
Legal, Technology, HR, Secretarial, Healthcare	22%	37.5	32.0	+17.2%	+6.2%
Engineering, Property & Construction, Procurement & Supply Chain	21%	35.8	27.7	+29.5%	+17.8%
Marketing, Sales and Retail	19%	31.8	27.3	+16.4%	+6.0%
Total	100%	170.3	142.2	+19.7%	+9.1%

The strongest performing category of disciplines was again our technical disciplines. This outstanding performance was driven by our Property & Construction and Engineering disciplines, which grew 28% and 25% in constant currencies, respectively. Geographically, these particular disciplines continued to deliver strong performances in Europe and the US.

Geographical analysis

(Unless otherwise stated all growth rates are in constant currency and Q1 year-on-year).

EMEA	Gross Profit (£m)		Growth Rates	
<i>(46% of Group)</i>			Reported	Constant
Q1 2017 vs. Q1 2016	78.6	61.6	+27.6%	+14.8%
Headcount at 31 March 2017: 2,628 (31 December 2016: 2,553)				
<ul style="list-style-type: none"> • France (15% of Group) +26% • Germany (7% of Group) +11% 				

EMEA grew gross profit by 14.8%. France grew 26%, with growth of 19% in Michael Page and 29% in Page Personnel. Germany performed well, up 11%, with Michael Page up 10% and Page Personnel up 12%. Southern Europe again delivered a record quarter, up 11%, with particularly strong

performances from Spain and Portugal. Our businesses in Benelux continued to perform well, collectively up 12%. In total, 6 countries in the region had record quarters. Our businesses in the Middle East and Africa, representing 5% of the region, delivered growth of 10%, driven by a strong result from Africa, up 14%, as well as growth of 7% in the Middle East. Fee earner headcount grew 62 in the quarter.

UK	Gross Profit (£m)		Growth Rate
<i>(22% of Group)</i>			
Q1 2017 vs. Q1 2016	36.4	36.4	-0.1%
Headcount at 31 March 2017: 1,405 (31 December 2016: 1,411)			

The UK experienced another challenging quarter, although its flat performance was an improvement on the -6.7% in Q4 2016. This result was driven by increased consultant productivity and the benefit of Easter falling in April this year. Candidate and client confidence levels remain impacted by uncertainty surrounding Brexit. Conditions were similar across Michael Page and Page Personnel, with Michael Page flat for the quarter and Page Personnel down 1%. Our technical disciplines were the best performing, together growing 12%. Our private sector business, which represented 88% of the UK, saw flat growth, whereas the public sector, which represented 12% of the UK, declined 2%. Fee earner headcount was down 9 in the quarter.

Asia Pacific	Gross Profit (£m)		Growth Rates	
<i>(18% of Group)</i>			Reported	Constant
Q1 2017 vs. Q1 2016	30.8	25.9	+18.8%	+3.9%
Headcount at 31 March 2017: 1,238 (31 December 2016: 1,205)				
<ul style="list-style-type: none"> • Asia (13% of Group) +3.6% • Greater China (57% of Asia) +6% • Australia / New Zealand (5% of Group) +4.7% 				

Asia Pacific increased 3.9%, an improvement on the +1.7% in Q4 2016. Growth in Greater China improved from +4% in Q4 2016 to +6% in Q1 2017, benefiting mainly from the performances of our businesses in Mainland China, which were up 11%. In Hong Kong, where we have a much higher proportion of multi-national clients, we continued to experience tough market conditions and consequently were down 1%, albeit an improvement on Q3 and Q4 2016, which were down 15% and 4%, respectively. South East Asia was down 1%, with challenging trading conditions continuing in Singapore but record performances from Indonesia and Malaysia. In Australasia, growth was 4.7%. Page Personnel continued to perform well, up 8%, as did New Zealand, which was up 28%. Fee earner headcount in the region increased by 38 in the quarter.

Americas	Gross Profit (£m)		Growth Rates	
<i>(14% of Group)</i>			Reported	Constant
Q1 2017 vs. Q1 2016	24.5	18.3	+33.8%	+15.2%
Headcount at 31 March 2017: 943 (31 December 2016: 930) <ul style="list-style-type: none"> • North America (8% of Group) +13% • Latin America (6% of Group) +19% • Brazil (34% of LatAm) -3% 				

The Americas was our fastest growing region, up 15.2%, a significant improvement on Q4 2016 (+0.9%). North America, driven by the US, grew 13%. We continued to diversify our business in the US, with growth in the quarter of 16%. Excluding New York Financial Services, the US grew 31%, with particularly strong performances from Boston, Chicago and Los Angeles, driven by a 26% increase in fee earner headcount year-on-year. In Latin America, we continued to experience contrasting market conditions. Brazil, which in Q1 represented 34% of Latin America, decreased by 3%, an improvement on Q4 2016 (-11%), though with softer comparators. Excluding Brazil, the rest of the region grew 31%, with Mexico, our largest business in Latin America in terms of fee earners, up 30%, and Argentina and Peru, combined up 58%, both delivering record quarters. Fee earner headcount for the Americas region was up 7 in the quarter.

Financial Position

Save for the effects of trading in Q1 described above, there have been no other significant changes in the financial position of the Group since the publication of the results for the year ended 31 December 2016.

Net cash at 31 March 2017 was c. £86m (31 December 2016: £93m).

Shares

At 31 March 2017 there were 326,002,955 Ordinary shares in issue, of which 16,542,545 were held by the EBT. The rights to receive dividends and to exercise voting rights have been waived by the EBT over 14,638,760 shares and consequently these shares should be excluded when calculating earnings per share. The total number of voting rights in the Company is 326,002,955.

Conference Call / Presentation

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/58e23b9c4e70e30b00bcceb4/d8ey2>

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 12 April 2017 at:

<http://www.pagegroup.co.uk/investors/reports-and-presentations/presentations-and-webcasts/2017.aspx>

Financial Calendar

The Group will issue its Q2 Trading Update on 11 July 2017.

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Cautionary statement

This Q1 2017 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. This 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 report 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.