

11 April 2018

FIRST QUARTER 2018 TRADING UPDATE

Q1 Gross profit growth of 12.3%*

Q1 Highlights*

- Group gross profit +12.3% (+10.3% in reported) to £187.7m, a record quarter for the Group
- Large, High Potential markets (31% of Group) +21%
- EMEA +18.2%: France +18%; Germany +28%
- UK -7.1%, confidence continued to be impacted by uncertainty
- Asia Pacific +13.8%: Greater China +17%; SE Asia +19%; Australia +6%
- Americas +20.4%: North America +16%; US +17%; Latin America +26%; Brazil +12%
- Timing of Easter impacted Q1 results; full impact was in Q2 last year
- Record headcount of 7,311, investment in 183 fee earners in Q1
- Strong balance sheet, net cash of c. £91m (31 March 2017: c. £86m)

** in constant currencies except where stated*

Q1 GROSS PROFIT ANALYSIS

		Reported (£m)			Constant
Year-on-year	% of Group	Q1 2018	Q1 2017	%	%
EMEA	50%	94.7	78.6	+20.4%	+18.2%
UK	18%	33.8	36.4	-7.1%	-7.1%
Asia Pacific	18%	32.9	30.8	+6.7%	+13.8%
Americas	14%	26.3	24.4	+8.4%	+20.4%
Total	100%	187.7	170.2	+10.3%	+12.3%
Permanent	76%	142.1	127.7	+11.3%	+13.9%
Temporary	24%	45.6	42.5	+7.2%	+7.3%

Commenting, Steve Ingham, Chief Executive Officer said:

“The Group delivered a record quarterly gross profit in Q1 of £187.7m, growing 12.3% in constant currencies and 10.3% in reported rates.

“Our Large, High Potential markets grew collectively 21%, following continued significant investment in our fee earner headcount. Germany delivered a record quarter with growth of 28%. There was another strong quarter of growth in Greater China, up 17% and South East Asia up 19%. The US grew 17% and Latin America 26%.

“Elsewhere, France, 17% of the Group, continued its recent success with growth of 18%. The UK was down 7.1%, impacted by the timing of Easter and a tough year-on-year comparator, with market sentiment continuing to be weak.

“We were encouraged to see improving performances from markets that had previously been challenging: in Australia, Brazil and Singapore, up 6%, 12% and 19% respectively.

“Adverse foreign exchange movements during Q1 impacted performance, decreasing reported gross profit by 2 percentage points, or around £3m. Our focus on investing in our Large, High Potential markets, as well as in businesses experiencing strong growth, resulted in fee earner headcount growth of 183 (+3.3% on December 2017), giving a new record total headcount for the Group of 7,311.

“We are pleased with the strong Group performance in Q1, which was achieved despite the timing of Easter, and we are encouraged by the growth seen in the majority of our markets. However, a number of macro-economic uncertainties remain, including Brexit in the UK, challenges in Catalonia, potential impact from strikes in France, and Brazil’s forthcoming elections. Looking ahead, we will continue to focus on driving profitable growth, while being able to respond quickly to any changes in market conditions.

“At this early stage of the year, we are comfortable with current market consensus for full year operating profit of £132m.”

Group Trading Update

PageGroup delivered Q1 gross profit of £187.7m, up 12.3% in constant currencies. This was despite the timing of Easter impacting both Q1 and Q2 this year, having been fully in Q2 last year. While temporary working days were impacted in both quarters this year, the greater impact was on permanent placements in Q1, with some clients and candidates on holiday at the end of the quarter and, therefore, unavailable to finalise placements. Gross profit grew 10.3% in reported rates, with a c. £3m adverse gross profit impact due to foreign exchange. In constant currencies, our Michael Page businesses were up 10.8% and our Page Personnel businesses up 15.9%.

Headcount

Having increased our fee earners by 290 in Q3 2017 and by 220 in Q4 2017, we added a further 183 during Q1 2018, 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 78:22. Operational support staff increased by 99 in Q1. Within this were a number of temporary additions to support our strategic operational support programmes, particularly within Business Technology. Fee earner headcount at the end of Q1 2018 was 5,680 and total headcount was 7,311.

Perm/Temp mix

In constant currencies, Group gross profit from permanent recruitment was up 13.9% in Q1, with temporary recruitment growth slower at 7.3%. Permanent recruitment grew 11.3% in reported rates to £142.1m and temporary recruitment grew 7.2% to £45.6m. This resulted in a ratio of permanent to temporary recruitment of 76:24.

Q1 – Gross Profit Discipline analysis

		Reported (£m)			Constant
Year-on-year	% of Group	Q1 2018	Q1 2017	%	%
Accounting and Financial Services	35%	65.6	63.3	+3.6%	+5.3%
Engineering, Property & Construction, Procurement & Supply Chain	24%	45.1	36.5	+23.6%	+25.6%
Legal, Technology, HR, Secretarial, Healthcare	24%	44.4	37.8	+17.4%	+19.9%
Marketing, Sales and Retail	17%	32.6	32.6	+0.1%	+2.1%
Total	100%	187.7	170.2	+10.3%	+12.3%

Our strategy to diversify and operate from a more balanced portfolio of disciplines continued, with disciplines outside Accounting and Financial Services representing collectively 65% of the Group, a new record. The strongest performing disciplines were our technical disciplines, which grew 25.6% collectively in constant currencies and are now our second largest category. Geographically, France and the US were the strongest performers in this category.

Geographical analysis

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

EMEA	Gross Profit (£m)		Growth Rates	
(50% of Group)			Reported	Constant
Q1 2018 vs. Q1 2017	94.7	78.6	+20.4%	+18.2%
Headcount at 31 March 2018: 3,105 (31 December 2017: 2,996)				

- **France** (17% of Group) +18%
- **Germany** (8% of Group) +28%

EMEA grew gross profit by 18.2% to £94.7m, with 8 countries achieving record quarters. Michael Page and Page Personnel both performed strongly across the region. France, representing 17% of the Group, grew 18%, a record quarter, following the 23% investment in fee earners during 2017. Germany, one of our Large, High Potential markets grew 28%, a fifth consecutive record quarter, with Michael Page Interim growing 31%. Southern Europe again delivered a record quarter, up 15%, despite tough trading conditions in Catalonia impacting our business in Spain. Austria, Benelux, Poland and Switzerland all grew in excess of 20%. Due to the continued favourable trading conditions, we invested further in our fee earner headcount, up 82 in the quarter.

UK	Gross Profit (£m)		Growth Rate
<i>(18% of Group)</i>			
Q1 2018 vs. Q1 2017	33.8	36.4	-7.1%
Headcount at 31 March 2018: 1,409 (31 December 2017: 1,407)			

The UK growth rate slowed from -2.8% in Q4 2017 to -7.1% in Q1 2018. However, this was impacted by the timing of Easter and a tougher comparator. Brexit related uncertainty continued to impact confidence, particularly within our Michael Page business, which was down 10%. Conditions were more favourable in our Page Personnel business, which grew 2%. Fee earner headcount fell by 28 due to the continuing uncertainty.

Asia Pacific	Gross Profit (£m)		Growth Rates	
<i>(18% of Group)</i>			Reported	Constant
Q1 2018 vs. Q1 2017	32.9	30.8	+6.7%	+13.8%
Headcount at 31 March 2018: 1,643 (31 December 2017: 1,532)				
<ul style="list-style-type: none"> • Asia (13% of Group) +18% • Greater China (7% of Group and 57% of Asia) +17% • Australia (5% of Group) +6% 				

Asia Pacific grew 13.8%, with 6 countries growing in excess of 10%. Growth in Greater China, one of the Group's Large, High Potential markets and the Group's third largest market, improved from +15% in Q4 2017 to +17%. South East Asia, another of our Large, High Potential markets, recorded strong growth of 19%, including Singapore where market conditions continued to improve. Japan, where we have invested significantly in our fee earner headcount, grew 19% as we maintain our focus on the domestic Nikkei market and India delivered a record quarter, up 26%. Australasia grew 4%, up from 1% in Q4 2017, with Australia up 6% following our investment in fee earners in 2017 and the opening

of our new Canberra office. Fee earner headcount in the region increased by 78 in the quarter, mainly in Greater China and Japan.

Americas	Gross Profit (£m)		Growth Rates	
(14% of Group)			Reported	Constant
Q1 2018 vs. Q1 2017	26.3	24.4	+8.4%	+20.4%
Headcount at 31 March 2018: 1,154 (31 December 2017: 1,094)				
<ul style="list-style-type: none"> • North America (8% of Group) +16% • Latin America (6% of Group) +26% 				

The Americas was our fastest growing region, up 20.4% (Q4 2017: 18.8%) to £26.3m. North America grew 16%, driven by the US which grew 17%, a record quarter. We continue to benefit from diversification with our regional offices, now representing 52% of the US, delivering growth of 24%. In Latin America we grew 26%, including another quarter of double-digit growth in Brazil, up 12%. Elsewhere, the rest of the region increased 33%, with Mexico growing 26% following a 13% year-on-year increase in fee earners. Argentina, Chile, Colombia, and Peru all delivered record quarters. In line with our strategy of investing in our Large, High Potential markets, fee earner headcount for the Americas region was up 51 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 2017.

Net cash at 31 March 2018 was c. £91m (31 March 2017: c. £86m; 31 December 2017: £95.6m).

Shares

At 31 March 2018 there were 326,927,464 Ordinary shares in issue, of which 11,528,864 were held by the EBT. The rights to receive dividends and to exercise voting rights have been waived by the EBT over 9,216,376 shares and consequently these shares should be excluded when calculating earnings per share. The total number of voting rights in the Company is 326,927,464.

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/5ab2310880a6751500088c75/jtdj>

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

United Kingdom (Local)	020 3936 2999
All other locations	+44 20 3936 2999

Please quote participant access code 08 25 82 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 April 2018 at:

<http://www.page.com/investors/investor-library/2018.aspx>

Financial Calendar

The Group will hold an Investor Afternoon on 15 May 2018 and issue its Second Quarter Trading Update on 11 July 2018.

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Cautionary statement

This Q1 2018 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.