

FY 19



PageGroup



5 March 2020

Full Year Results 2019

“A record year for the Group”

Steve Ingham

Chief Executive Officer

Kelvin Stagg

Chief Financial Officer

LSE: PAGE.L

Website: <https://www.page.com/investors>

Headline Numbers

Steve Ingham, Chief Executive Officer



Record year for Group Gross Profit

Key financial highlights

Gross Profit

£855.5m

£814.9m FY 2018

Constant
Currency
Growth

+5.0%

+15.9% FY 2018

Operating
Profit

£146.7m

£142.5m FY 2018

Conversion
Rate

17.1%

17.5% FY 2018

Earnings
Per Share

32.2p

32.5p FY 2018

Net Cash

£97.8m

£97.7m FY 2018

Total
dividends
paid

£83.5m

£81.3m FY 2018

Total Dividend
Per Share

26.43p

25.83p FY 2018



Financial Review

Kelvin Stagg, Chief Financial Officer



Record gross profit for the Group

Tough trading conditions in a number of markets decreased conversion rate

| £m | FY 2019 | | | FY 2018 | | |
|--------------|--------------|------------------|------------------|--------------|------------------|------------------|
| | Gross Profit | Operating Profit | Conversion Rate* | Gross Profit | Operating Profit | Conversion Rate* |
| Group | 855.5 | 146.7 | 17.1% | 814.9 | 142.5 | 17.5% |
| EMEA | 418.3 | 90.3 | 21.6% | 394.3 | 85.6 | 21.7% |
| Asia Pacific | 163.3 | 19.8 | 12.1% | 161.2 | 26.8 | 16.6% |
| Americas | 138.8 | 19.3 | 13.9% | 121.0 | 16.7 | 13.8% |
| UK | 135.1 | 17.3 | 12.8% | 138.4 | 13.4 | 9.7% |

- Increase of £4.2m in operating profit, growth in constant currency +2.2%
- Conversion rate decrease of 0.4ppts to 17.1%, due to tough trading conditions in a number of markets

* Operating profit as a percentage of gross profit



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- Conversion was broadly flat on 2018 at 21.6%
- Uncertain macro-economic and political climate impacting confidence



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- Continued investment in two Large, High Potential markets in the region
- Investment into new markets such as Nikkei market in Japan, Bangalore and Canberra offices and new disciplines in Page Personnel Australia
- Trade tariff uncertainty and social unrest in Hong Kong



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- Conversion rate broadly flat on 2018
- Improvements in productivity offset by continued investment in the US and Latin America
- Conversion also impacted by tougher conditions in New York FS market and social unrest in Chile



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- Tight control of our cost base, partially due to reduction in headcount
- Customer First – increasing productivity and repeat business, reduction in travel and UK management team

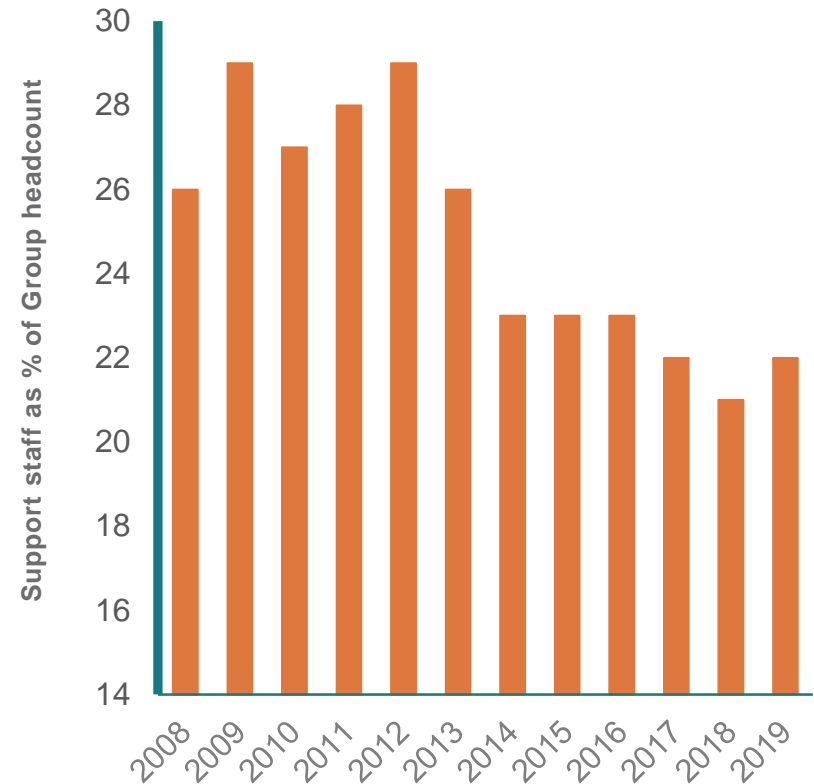


Headcount responded to tough market conditions

Fee earner to operational support staff ratio of 78:22

- Reduction in fee earner headcount of 89 (-1.5%); a reaction to tough market conditions
- Employee costs driven by inflationary salary rises
- Page Vision target fee earner to operational support staff ratio of 82:18

| | 2019 £m | Constant % |
|------------------|---------|------------|
| Employee | 545.9 | +5.9% |
| Other costs | 162.9 | +5.4% |
| Total | 708.8 | +5.8% |
| Employee costs % | 77% | |



Increase in Effective Tax Rate to 28.3%

Underlying tax rate broadly flat on prior year

| £m | 2019 | 2018 | Reported % |
|---------------------------|--------------|--------------|------------|
| Profit Before Tax | 144.2 | 142.3 | +1.4% |
| Tax Charge | 40.8 | 38.6 | +5.8% |
| Underlying | 28.3% | 28.1% | |
| One off items | - | (1.0%) | |
| Effective Tax Rate | 28.3% | 27.1% | |

- 2020 Effective Tax Rate expected to be c. 28%



A strong and robust balance sheet

Net cash of c. £98m

| £m | 2019 | 2018 |
|---|--------------|--------------|
| Intangible assets | 39.1 | 33.4 |
| Tangible assets | 31.9 | 35.6 |
| Right-of-use assets | 120.2 | - |
| Trade and other receivables | 380.6 | 361.9 |
| Trade, other payables, current and deferred taxes | (216.6) | (210.0) |
| Lease liabilities | (128.6) | - |
| Net cash | 97.8 | 97.7 |
| Net assets | 324.4 | 318.6 |



IFRS 16 Leases

Marginal benefit to EBIT of c. £2m

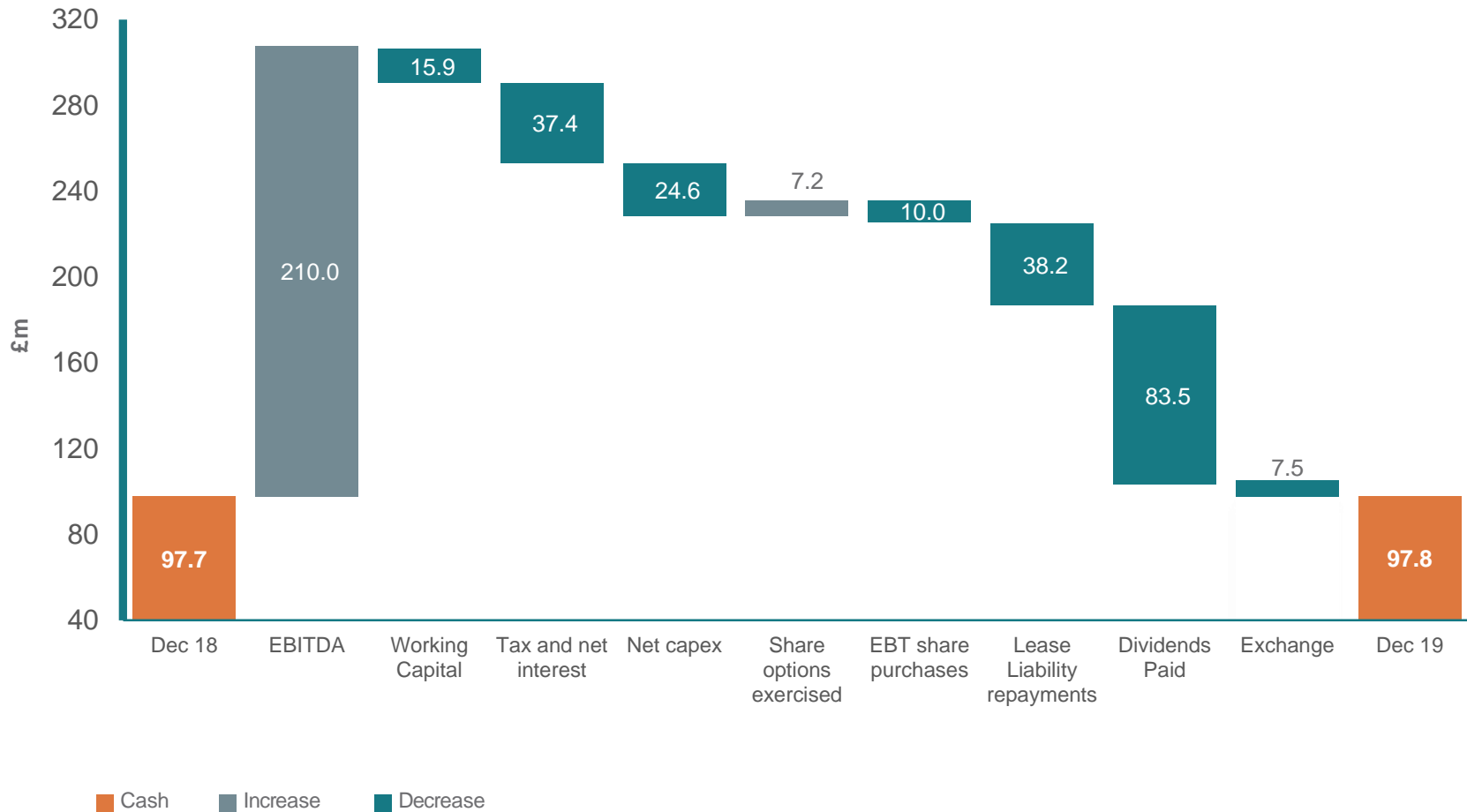
| | 2019 £m |
|--|--------------|
| Lease charge | 38.5 |
| Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) | 38.5 |
| Depreciation expense | (36.6) |
| Earnings Before Interest & Tax (EBIT) | 1.9 |
| Finance costs | (2.0) |
| Profit Before Tax (PBT) | (0.1) |

- IFRS 16 adopted using the modified retrospective method on 1 January 2019
- Right-of-use assets and lease liabilities recognised, were previously classified as operating leases
- Right-of-use assets of £126.2m and lease liabilities of £134.5m on transition
- Straight line rental expense has been replaced by depreciation of right-of-use assets and interest on lease liabilities



Cash flow generation remains strong

Fifth consecutive year of special dividend

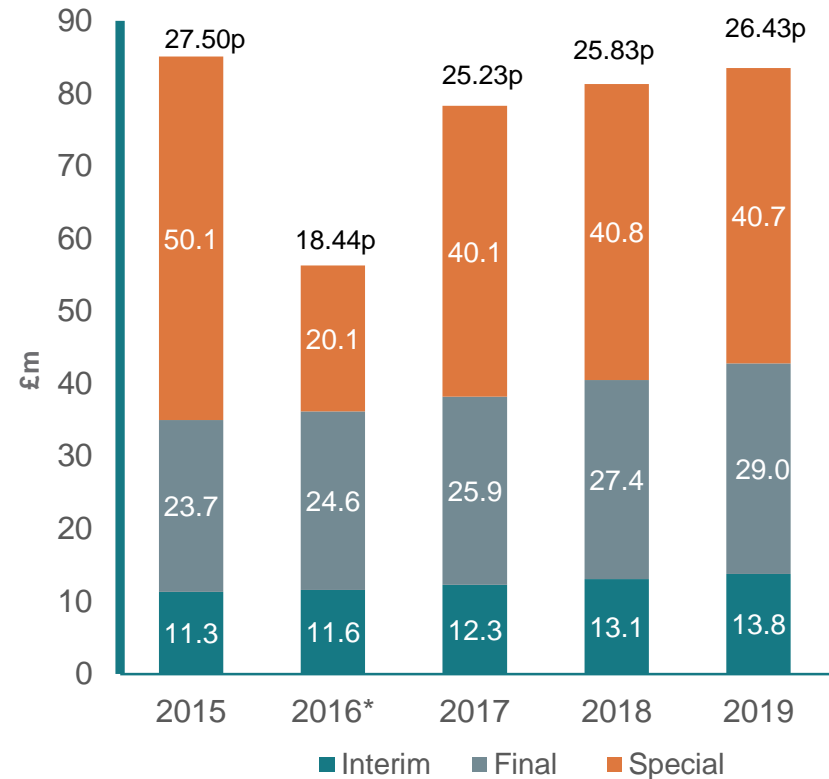


A growing ordinary dividend through the cycle

Committed to returning cash to shareholders, over £380m in 5 years

- Final 2019 dividend proposed of 9.40p per share (+4.4%)
- Return per share of 26.43p in 2019
- Total dividends over £380m in past five years

| 2019 | Pence per share |
|------------------|-----------------|
| Interim (Paid) | 4.30 |
| Special (Paid) | 12.73 |
| Final (Proposed) | 9.40 |
| Total | 26.43 |



Dividends Paid

*2016 special dividend lower due to EBT purchases of £20m



Summary and Outlook



Strategic investments driving capability & growth

Culture as a competitive advantage

Culture & Engagement framework devised and deployed

Continuous listening strategy

Connected Customer Experience: Acquire, Engage, Nurture

55m website visits in 2019: +9% YOY

14m candidate applications in 2019

20m marketing emails sent, 3 x industry engagement



A record year for Group Gross Profit

We remain mindful of macro-economic uncertainty

Record year for Group Gross Profit

Gross Profit in constant currency +5.0%

Operating Profit of £146.7m

Conversion rate of 17.1%

Fee earners reduced by 89, -1.5%

Total dividends paid in 2019 of £83.5m

Final dividend of 9.40 pence per share, increase on 2018 of +4.4%



Outlook

Reacting quickly to market conditions

Growth slowed to -3% in first two months of 2020

Emergence of COVID-19

Likely that foreign exchange headwinds will persist

Business model enables us to react quickly to market conditions

Continue to progress towards our Vision



Appendix



Our Business Model

PageGroup

Brands

Significant Competitors

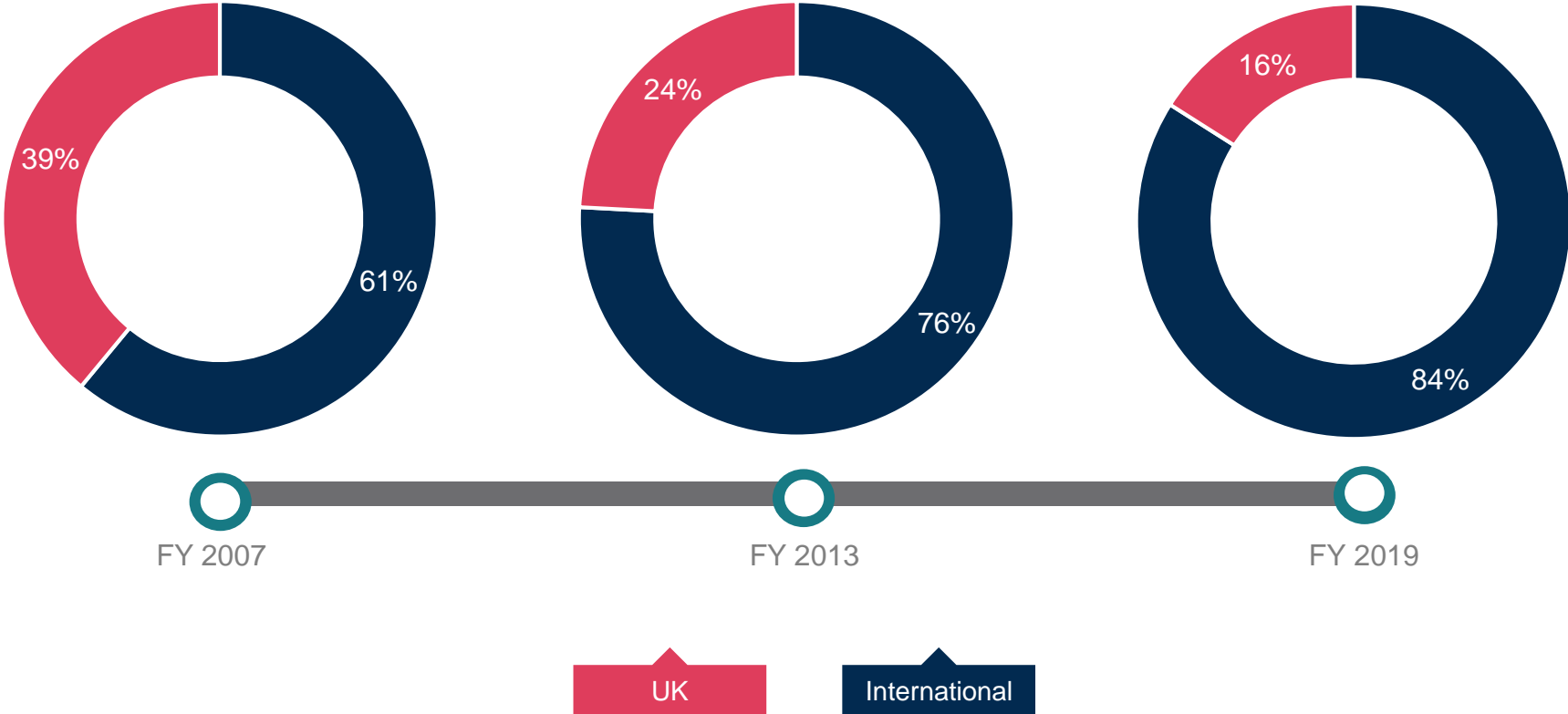
Page Outsourcing



A growing international business

Delivering on our global diversification strategy

Gross Profit



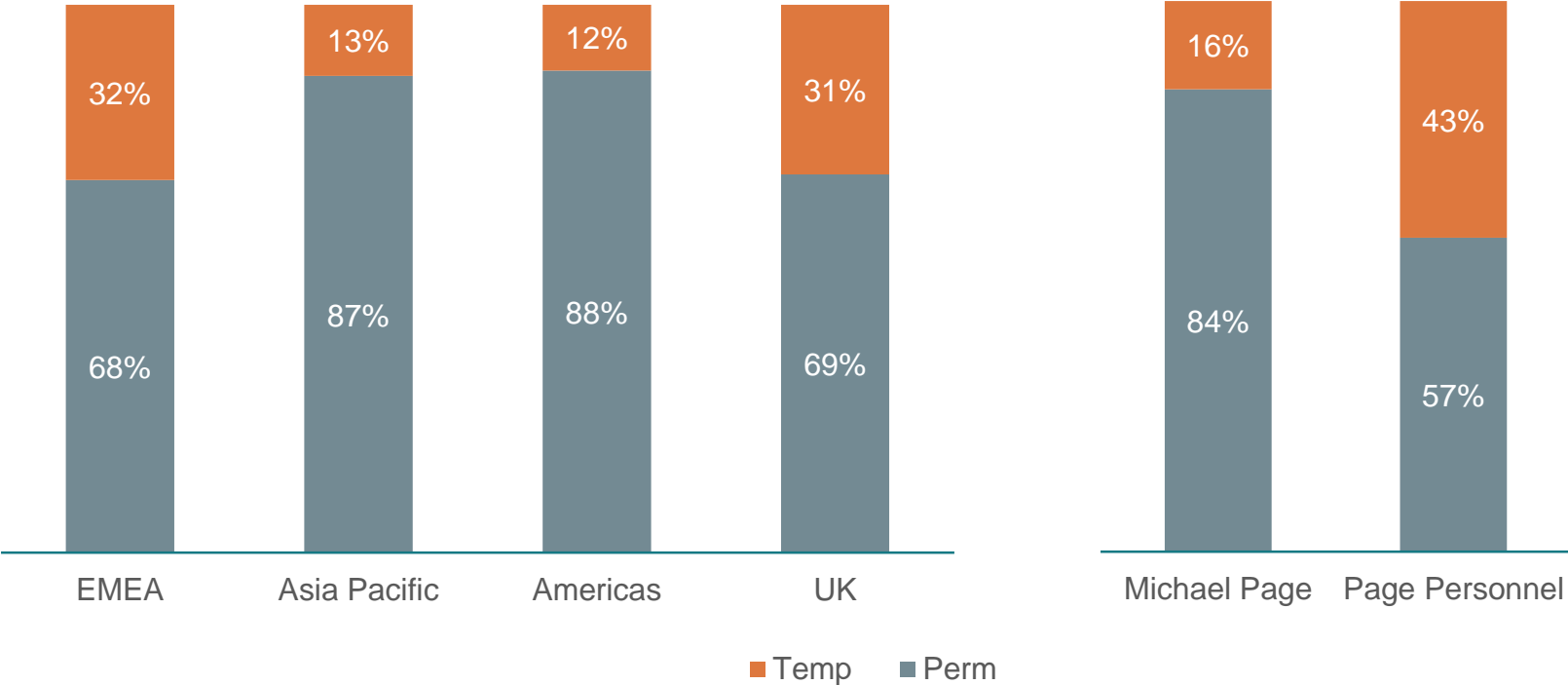
Significant variations in recruitment mix

Geography

Brands

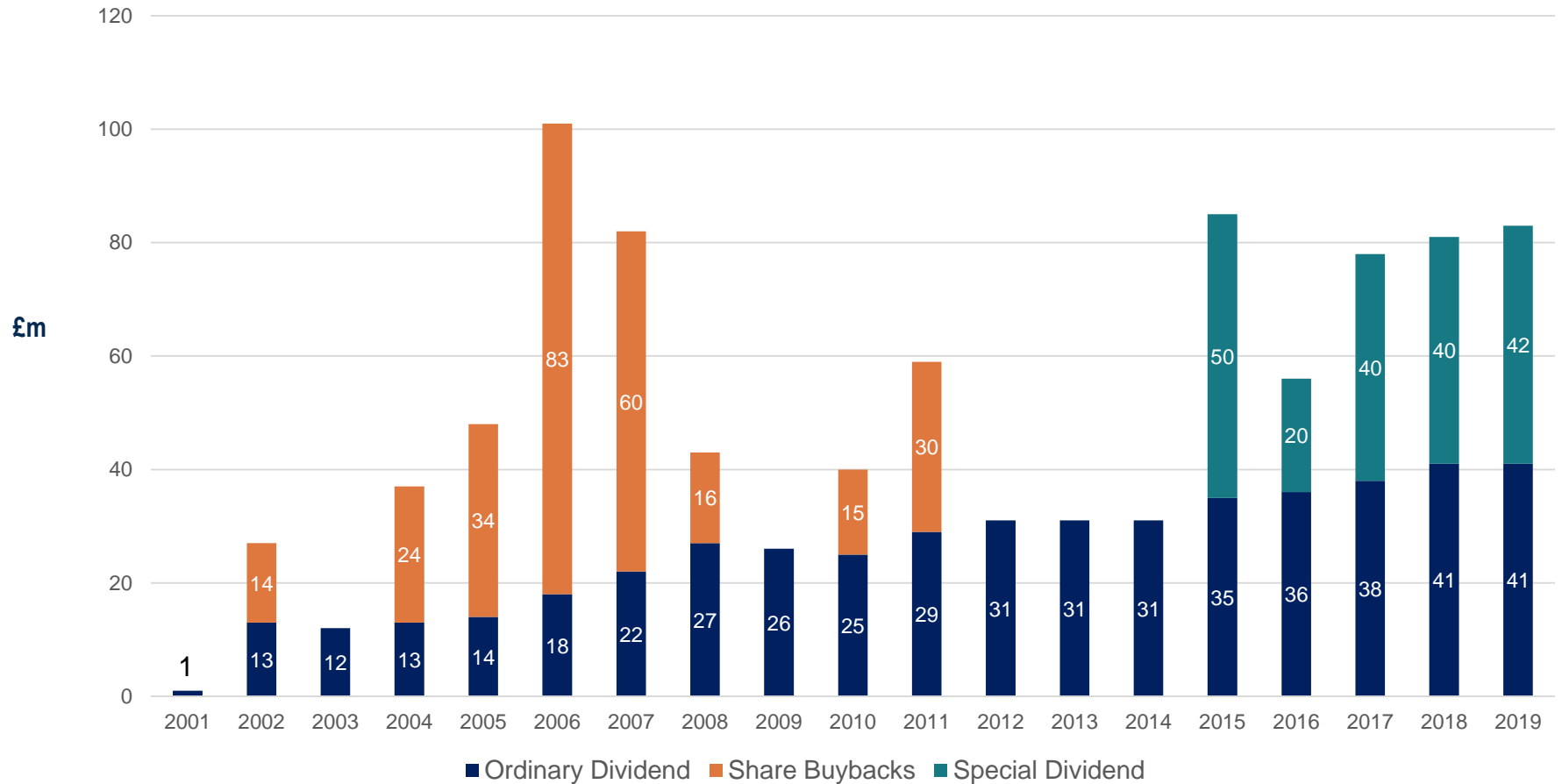
FY 2019

FY 2019

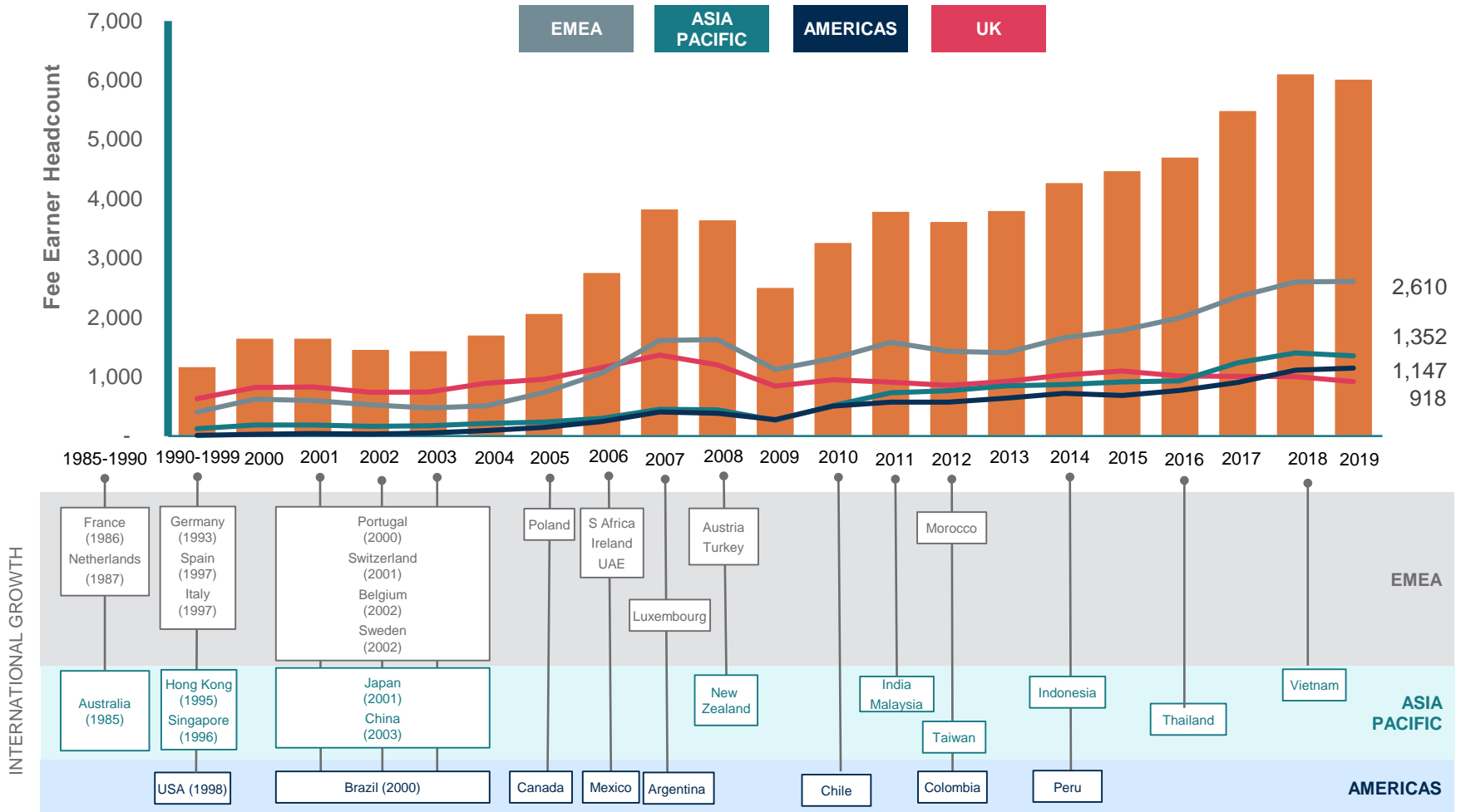


Track record of Shareholder returns

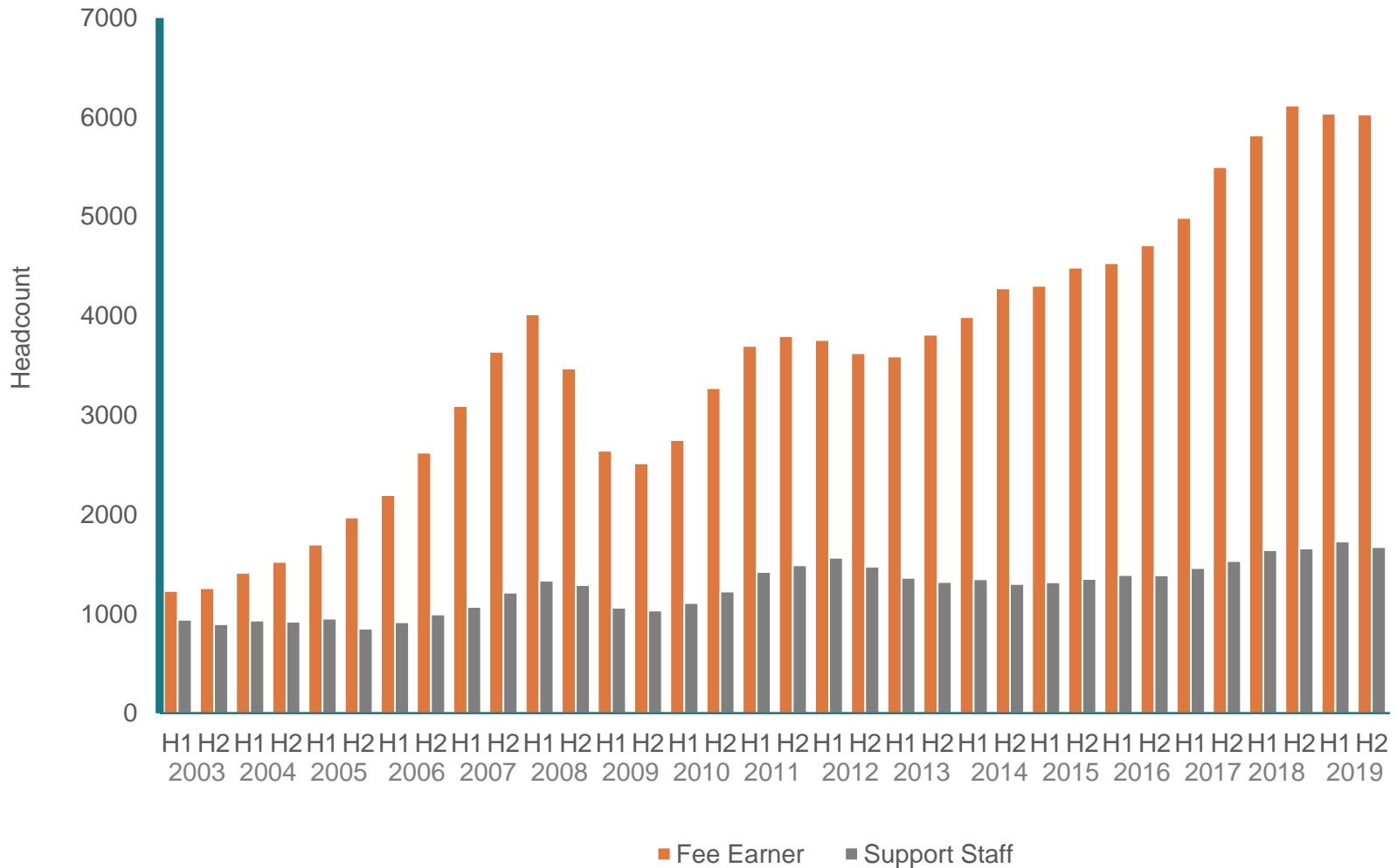
Dividend and Share Buybacks



Long term fee earner and international growth



Fee earner investment and support staff



Year-on-Year Gross Profit Rates

| | 2017 | | | | 2018 | | | | 2019 | | | |
|-----------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| EMEA | +14.8% | +13.2% | +12.6% | +19.3% | +18.2% | +18.6% | +20.9% | +13.9% | +11.4% | +9.0% | +5.6% | +2.3% |
| Asia Pacific | +3.9% | +6.8% | +13.9% | +14.9% | +13.8% | +18.4% | +27.7% | +22.0% | +14.9% | +4.7% | -8.1% | -7.9% |
| – Asia | +3.6% | +10.2% | +21.9% | +20.8% | +17.8% | +21.2% | +32.2% | +21.2% | +15.6% | +5.8% | -10.6% | -7.6% |
| – Australasia | +4.7% | -1.5% | -4.4% | +0.7% | +4.3% | +10.6% | +15.7% | +25.0% | +13.0% | +0.9% | +1.1% | -9.6% |
| Americas | +15.2% | +13.8% | +18.4% | +18.8% | +20.4% | +29.2% | +30.1% | +29.2% | +21.4% | +17.4% | +13.0% | +5.0% |
| – North America | +12.5% | +14.6% | +26.5% | +18.7% | +16.4% | +27.0% | +27.2% | +30.3% | +20.9% | +18.9% | +10.3% | +4.6% |
| – Latin America | +19.2% | +12.8% | +9.1% | +19.0% | +25.7% | +32.2% | +33.9% | +27.7% | +21.6% | +15.3% | +16.9% | +5.5% |
| UK | -0.1% | -4.5% | -7.6% | -2.8% | -7.1% | -1.9% | +0.8% | +2.1% | +1.7% | -2.4% | -4.1% | -4.8% |
| Group Total | +9.1% | +7.7% | +8.8% | +13.8% | +12.3% | +16.0% | +19.7% | +15.4% | +11.7% | +7.4% | +2.1% | -0.4% |



Contacts and Calendar

Contacts

Jeremy Tatham – Group Financial Controller

Tel: +44 (0) 1932 264 143

Email: investorrelations@michaelpage.com

Web: <http://www.page.com/investors>

Date

15 April 2020

Event

Q1 2020 Trading Update



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