PageGroup plc 2023 Q4 & Full Year Trading Update

Monday, 15th January 2024

Headline Numbers

Kelvin Stagg

Chief Financial Officer, PageGroup plc

Welcome

Good morning everyone and welcome to the PageGroup 2023 fourth quarter and full year trading update. I am Kelvin Stagg, Chief Financial Officer and on the call with me is Nick Kirk, Chief Executive Officer. Although I will not read it through, I would just like to make reference to the legal formalities that are covered in the Cautionary Statement in the appendix to this presentation and which will also be available on our website following the call.

Key Financial Highlights

Tough conditions with a slower end to the quarter

The Group delivered gross profit of £237.3 million in the quarter, a decline of 8.9% in constant currencies against Q4 2022. Gross profit for the full year was just over £1 billion. In line with the continued challenging trading conditions in Q4 our fee earner headcount reduced by 224 or 3.7% in the quarter with reduction in all regions. Our fee earner headcount ended the quarter at 5,851, which is 1,092 or 15.7% lower than at the end of Q4 2022. Due primarily to this reduction in fee earners, gross profit per fee earner, our measure of productivity, increased 8% compared to Q4 2022. We have a strong balance sheet with net cash at the end of December of around £90 million. This was down from £136 million at the end of Q3, having paid out £66.2 million in interim and special dividends on 13th October. Given the slowdown in trading towards the end of Q4, we now expect 2023 full year operating profit to be slightly below previous guidance of £120–125 million.

Financial Review

Kelvin Stagg

Chief Financial Officer, PageGroup plc

Q4 Perm and Temp Ratio

Strong growth in temporary recruitment

I will now give a brief financial review. Overall, growth was stronger in temporary than permanent recruitment, which is indicative of the current uncertainty in the market with clients seeking more flexible options. Temporary recruitment grew 5.2% against Q4 2022, with permanent down 13.9%. Reflecting this, our ratio of permanent to temporary gross profit was 70:30, down from 72:28 last quarter, and down from 74:26 in Q4 2022. In Michael Page, permanent recruitment represented 80% of gross profit, while in Page Personnel it was less, at 45%. Growth was stronger in temporary recruitment in both Michael Page and Page Personnel.

Reduction in Fee Earners of 3.7%

Reflecting challenging conditions

In Q4 we decreased our fee earner headcount through natural attrition by 224 or 3.7% with reductions in all regions. This followed the fee earner reduction of 310 or 4.8% in Q3. This was the fifth successive quarter of fee earner headcount reduction from the peak of over

7,000 fee earners at the end of Q3 2022 to 5,851 at the end of Q4. A reduction of 1,220 or 17%. Our non-fee earner headcount also decreased by 57 in the quarter or 2.7%. Our total headcount is now 1,161 or 12.9% lower than Q4 2022.

Productivity up 8% on Q4 2022

Attrition used to manage down fee earner headcount

Driven by the action on fee earner headcount over the past 12 months, productivity increased by 8% in constant currencies compared to Q4 2022. Despite the year-on-year decline in gross profit we are still seeing good activity levels, albeit we did see a deterioration in job flow through Q4. However, these activity levels are not all converting into gross profit due to ongoing lower levels of candidate and client confidence. Candidate shortages remain across the majority of our markets and are supportive of continued high fee rates. Salary levels also remain elevated, albeit salary offers to candidates have reduced compared to Q4 2022. These lower offers, combined with lower candidate confidence, led to continued high levels of offers rejected by candidates, either through employer buybacks or unwillingness to risk the move for the size of incentive on offer. The increased time to hire that we saw in Q3 also continued.

Regional Review

Kelvin Stagg

Chief Financial Officer, PageGroup plc

Q4 Gross Profit -8.9%

Negative foreign exchange impact of 2.2 percentage points

I will now present a brief regional review. The tougher conditions we saw at the end of Q3 continued into Q4. Trading conditions in Asia, the UK and the US saw no improvement, whilst trading conditions in Europe deteriorated. Overall, Group gross profit declined 8.9% in constant currencies against Q4 2022. Foreign exchange had a negative impact on the quarter's growth rate compared to the prior year, decreasing the reported gross profit growth rate by 2.2 percentage points, or £5.7 million.

EMEA

Worsening conditions with a slower end to the quarter

In our largest region, Europe, Middle East and Africa which represented 56% of the Group, we declined by 6.1% on Q4 2022. Michael Page, which is focused on higher income permanent recruitment, was down 4% for the quarter, while Page Personnel, which is focused on lower-level recruitment was down 9%. France, the Group's largest market which represented 15% of the Group, declined 5% with continued weakness in candidate and client confidence, particularly within Michael Page. Reflecting the uncertainty in the market, temporary recruitment was more resilient than permanent.

Germany, the Group's second largest market representing 13% of the Group, declined 6%, with tougher conditions particularly within permanent recruitment in Michael Page. Our technology focused Interim business was more resilient and continued to deliver the standout result, up 7%. Elsewhere in the region, the tougher conditions we experienced in Q3 continued into Q4 with the majority of countries declining year on year. In line with the

tougher trading conditions we reduced our fee earner headcount by 84 in Q4, which was broadly in line with the reductions in the previous two quarters.

The Americas

Tough conditions continued in the US

The Americas, which represented 17% of the Group, declined by 8%. North America was down 24% with the US also declining 24%, broadly in line with the decline of 25% in Q3. Conditions remained challenging with uncertainty affecting both candidate and client confidence. Conditions were particularly tough within Accounting & Financial Services, while Property & Construction was more resilient. In Latin America, excluding Argentina as the hyperinflation following the recent election has distorted the growth rate, gross profit grew 11%, despite political and macroeconomic uncertainty across the region. Mexico, our largest country in the region, was down 6% broadly in line with Q3, whereas Brazil was up 20%. The remaining countries grew 22%, collectively. Across the region fee earner headcount decreased by 35, the majority of which was in Latin America as we held on to our more experienced fee earners in the US.

Asia Pacific

China stable but with little sign of improvement

In Asia Pacific, which represented 15% of the Group, Q4 gross profit declined 10.3% on 2022. Permanent recruitment across the region declined 11% whilst temporary declined 7%. In Asia, 12% of the Group, we declined 6%. In Greater China, 4% of the Group, we declined 8% with Mainland China flat. Hong Kong declined 12% for the quarter. While trading in Greater China has now stabilised, there is little sign of improvement with the increase in the growth rate compared to Q3 due to the softer comparators. South East Asia declined 14%, broadly in line with Q3, with Singapore, which continues to be impacted by uncertainty related to China, down 14%. India delivered the standout performance, up 16%. However, Japan declined 7% compared to growth of 4% in Q3. Australia declined 24%, with high levels of candidate and client uncertainty. Our fee earner headcount decreased by 54 in the quarter, mostly in Australia and Japan as we held on to our experienced fee earner headcount in China.

UK

Temporary recruitment more resilient than permanent

In the UK, which represented 12% of the Group, gross profit declined 19.9% following the decline of 18.9% in Q3. Michael Page was down 23%, whilst Page Personnel declined 15%. We continued to see clients deferring hiring decisions and candidates becoming increasingly cautious about accepting offers. Reflecting the challenging trading conditions, our fee earner headcount reduced by 50 or 6.2% in Q4 and is now 20% lower than at the end of Q4 last year.

Summary

Tough conditions in Q4 with a slower end to the quarter

Group gross profit declined 8.9% in constant currencies against Q4 2022, which was a 10% softer comparator than Q3. Trading conditions in Asia, the UK and the US saw no improvement, while trading conditions in Europe deteriorated. We experienced a slower end to the quarter as candidate uncertainty was compounded by the proximity to year end salary reviews and bonuses which combined to make trading particularly challenging. The tougher

market conditions at the end of Q3 continued into Q4 as low levels of client and candidate confidence continued to delay time to hire, particularly in permanent recruitment.

However, against this backdrop activity levels remain robust, albeit we saw a deterioration in job flow in many of our markets during the quarter. We experienced shortages of highly skilled candidates in most of our markets which continued to support high fee rates. In line with these conditions, we reduced our fee earner headcount by 224 with action taken in all regions. This followed similar headcount reductions in the previous four quarters. Productivity, measured as gross profit per fee earner, was up 8% versus Q4 2022 as a result of our action on fee earner headcount over the past 12 months. We now expect 2023 full year operating profit to be slightly below previous guidance of £120-125 million.

Nick and I will now be happy to take any questions you may have.

Q&A

Kean Marden (Jefferies): Morning all. I have got a few questions regarding different territories first of all so just bear with me. First of all on US Accounting & Finance which you have called out as being a little softer in the fourth quarter. I am wondering if you could put some figures around that. I presume it is still weakness in Professional Services that is possibly driving that but any narrative would be helpful and just your thoughts about how things might develop in 2024. On China I think you flagged that there are no signs of improvement coming through. Is that what you have assumed for the budget for 2024 or have you taken a more optimistic view as the year progresses? Then finally on the countries just your Japanese business. Any reasons why that would not have been a little stronger in the fourth quarter that labour market? Your peers have traded pretty well there in the last few quarters so a slightly negative number. Then quick one on balance sheet. [Inaudible 12.20] that working capital is about neutral in the second half and should that improve over the next few months given the deterioration in your net fee momentum? Thank you.

Nick Kirk (Chief Executive Officer, PageGroup): Thanks Kean. Okay, I will take the territories and then pass over to Kelvin. US continues to be difficult albeit that it is not getting any worse. As we said in the statement, Construction is our biggest business over there and that was pretty resilient through Q4 but Accountancy & Finance, Professional Services, Financial Services all were tough. Frankly I could throw in Technology as well because a lot of the Technology recruitment we do is into those types of organisations, the FS market and the big professional organisations. All round it has been a tough year for us in the US. That said, over the last few months we have not seen any deterioration and we come into this year with only two weeks of trading it has been a reasonable start to the year in the US. We have had quite a lot of activity from a job flow perspective so early signs but would be a market that we would expect to probably recover first. When that is I do not really know. I suppose optimistically you might think it might be in Q2 or it might be in H2, I am not too sure. Certainly the first couple of weeks of trading have been pretty good in the US.

Then to China, no, as you say there is no real improvement. We have made the decision, as we said throughout last year, to hang on to our core of leadership. We have over a third of our people with six years or more PageGroup experience in leadership roles. They are the types of people that we will continue to hang on to. Again, it stabilised. It does not seem to be getting any worse but at this point in time we cannot call any signs of immediate recovery

either. Then on Japan probably yes, slightly disappointed on the Q4 result. That said, if we look at it in the round Japan from a GP perspective had its second-best year ever in 2023 following its best year ever in 2022. It was only slightly down on that 2022 number so it may be a bit of a dull end to the year but overall a good performance. Why? I think we just let our fee earner headcount drift a little bit. We did not do it on purpose. We just got a few unexpected resignations at a time where we were not expecting them and we need to get that headcount back on board. No, we remain pretty optimistic about Japan going into this year. We just transferred a new leader from our European business to really escalate our performance and growth in Japan over the years to come. It is a market that we are optimistic about as we talked to in the strategy.

Kelvin Stagg: I will take the last one on cash. Yes, you are probably about right in terms of having fairly neutral working capital in the second half. Q4 temp was up five, perm was down 14 so they probably offset each other just in terms of temp having a bit more need for working capital but a more sizeable unwind. We closed the year at £90 million of net cash. Actually last week we were just over £110 million and I think that just reflects the timing of Christmas and therefore collections coming in. Nothing untoward in terms of where we ended.

Kean Marden: Right. Coming back to China again, does your budget assume recovery in China in 2024 or have you taken a slightly different view about how the year phases out?

Nick Kirk: I think as it stands we are not building in any recovery until we start to see some signs. We are running with a very different cost base than we had 12 months ago so we might make a slightly more profitable business. However from a top line perspective we do not see any signs of growth so at this point in time we have not built that in.

Kean Marden: Yes. Okay, that makes sense. Brilliant. Thanks very much guys. Cheers.

Nick Kirk: Thanks Kean.

Andy Grobler (BNP Paribas): Hi, good morning, just three from me if I may. Firstly you talked about some deterioration through the quarter. Could you elaborate on that a little bit and maybe give us a bit more on the exit rate in December? Secondly just on headcount, what are your expectations sequentially for the first part of 2024? Then lastly a difficult one maybe to answer but through 2023 there seemed to be the normalisation of perm markets in particular after all of the exuberance of 2022. Do you feel that process is now done and we are into a more normal cyclical market or is there further to go in that normalisation? Thanks very much.

Nick Kirk: Thanks Andy. I will have a crack at the first two and then leave the difficult one to Kelvin. The deterioration I think we felt it was important to call that out because if we look at jobs per head through Q4 globally they were around about 10% down on Q4 2022. We wanted to highlight that because through the year we have talked about really high levels of job flow and I think it probably was a bit more of a normalisation. I do not think we look at the job flow and it is something that we are nervous about but it is 10% down and it was above that in a couple of the European markets like say France and Germany which are big markets for us. What we do not know at this stage is whether that was just a bit of a cooling towards the end of the year as people just slightly lost momentum, lost the appetite to recruit at the back end of the year and they will come back with more vim, more excitement, more willingness to start a process or whether it was the start of a trend. However it is there. It is a

number that is lower than we would have liked and therefore we felt it was important to say that in the statement. Exit rates, as you know, we never comment on so we are not really going to change this time around.

As regards headcounts we have peaked at fee earner headcount in Q3 2022 and that was probably the point at which going into Q4 we started to see a bit of softening. If you look back through our numbers we have in a very controlled way using natural attrition across our markets brought the headcount down over that period from peak, which I say was Q3 2022, by 17%. Again if you look through the numbers it was 4% in Q4, 5% in Q3, 4% in Q2, 4% in Q1 so we have just allowed that natural attrition that we benefit from when we need it to run through the business losing consultants that are struggling to make money in more difficult conditions and focusing our efforts on our best and more experienced people who can perform in difficult market conditions.

Looking forward on headcount we would probably still call out markets like the US and China where we think we are probably at the bottom and we would not want to go much lower. We will hold headcount in those markets but it is an art. It is not a science so in a quarter sometimes you might be slightly down, in other quarters you might be slightly up but as a trend we will be trying to hold unless something significantly changes in either of those two markets. In places like the UK similar. It feels like we are hopefully getting towards the bottom. We have brought the headcount down by a lot and we probably want to start to take a view and trying to hold where we are at. Probably Europe would be the one where we are looking at now. As you will remember in H1 last year we had a record performance so we have brought headcount down slightly in certain markets where it softened in the second half. There might be a little bit more to come if it were to get worse but again we are just going to see how things trade in the return to work. At the moment this softening that we saw in Europe was really across two or three months and what we need to see now is what happens when everyone comes back into the workplace. Was it just something to do with the end of the year or was it something more significant? We will keep a close eye on that and we will probably have a better idea come end of February, probably more so back end of March.

Kelvin Stagg: Yes I can pick up normalisation in perm markets. I think really it comes in a couple of places. The salary offers that had really got exaggerated in the first half of 2022 where in Europe we were seeing offers between 15% and 20% and in the US they were as high as 30%, has certainly normalised. It normalised towards the latter end of 2022 and then really as we have gone through 2023 you have seen that drop back to less than 10%. Maybe 10% at the top end, maybe 5% in other places. I think that normalisation of the size of offers has occurred and it is unlikely to go back up. Certainly with inflation coming down there is very little drive from clients to want to put big money on the table. I think the other side of it is candidates have now got used to the idea that a 20% offer is not coming but the other way round their confidence in wanting to move is such that maybe a 5% offer is not going to make them jump. Therefore what we saw towards the end of the quarter was certainly that the risk/reward profile between size of offer and risk to move was not favourable to candidates. Therefore we saw the market slow. I think in a number of the markets and the levels that we operate there are going to be people who were waiting for a bonus in January and maybe that was one of the reasons that things were a bit slower in December. Waiting also to possibly see what salary offers, inflationary salary offers were going to be put on the table in January.

Therefore I think probably both of those things contributed in certain parts of our markets. As we come into this year you would like to think that confidence will return and therefore that risk/reward profile for candidates means that it brings more perm candidates back into the market. I think as Nick said literally seconds ago, we have got to see that and it is too early really now. Certainly for the majority of people who are having a January payroll with a bonus in it, it is probably going to be somewhere around 20th-25th of the month. We will probably see that occur when we get into February.

Andy Grobler: Okay, thank you very much.

Nick Kirk: Thanks Andy.

Kelvin Stagg: You are welcome.

Rory McKenzie (UBS): Good morning all, it is Rory here. Just two questions please. Firstly following on from that really helpful discussion you were having just there. Can you talk about the experience you are seeing at different skill levels of candidates or different salary brackets? What is happening in the top skills versus maybe more commoditised skill sectors, particularly in Europe at the moment given that performance slowed in Q4? Then secondly touching on your savings programmes, obviously you have expensed the £5 million cost in this year and you were planning to see a £20 million net savings number in FY24. Is that still what you have in your budgets or are you making or tweaking those programmes given how trends have evolved? Thank you.

Nick Kirk: Thanks Rory. I will take the first one and then pass over to Kelvin. In any market where you are looking for highly skilled candidates there is clearly supply and demand forces taking place and that was probably reflected by the fact that in Q4 we still saw 7% growth in our Contracting business in Germany. Where you still see candidates that are in high demand and clients with a need to hire then the right offer will come through and the deal will take place. I think what we are seeing in many other markets though when you move around out of some of those really hyper-intense supply side issues to something more typical, if you took a North America or you took a UK or even if you took some of the other countries in Europe and you took more typical roles like marketing manager, sales manager or finance manager it goes back to what Kelvin was saying a moment ago. The clients are probably looking at the increases of salaries that have been offered. In some cases they are feeding back to us that they believe that there has been probably an over-reward of candidates through 2022 and 2023 so that the market rate is above a level that they are comfortable paying because of this issue that they have internally then about right-sizing everybody else's salary in those types of roles. If you have a finance manager you probably have two or three finance managers and therefore if you bring one in and pay them considerably more you probably spent last year getting those salaries to the right level so that everybody felt it was fair. Then you come into this year or get to the back end of last year and if you make another hire that is at 10-15-20% higher than everybody else then you have got the same issues all over again. There is just no appetite in a lot of the core perm Michael Page and Page Personnel recruitment to destabilise the salary equity that exists in their business. However when you get into some very, very high skilled markets, whether it is markets where we have seen a bit of a boost at the back end of the year or have performed well would be areas like the Luxury sector, Pharmaceuticals, Energy & Renewables, Mining. All of those markets actually performed really well at the back end of last year. Therefore if you are looking for

highly skilled candidates in those areas there was still a willingness on both sides to make the move if the offer was right and from a client perspective therefore make the right offer to make it happen. I think though in the majority of other sectors it just had normalised and we are still trying to manage probably this gap that still exists but is narrowing between what a candidate expects to get to move and what a client is willing to pay. It is getting closer and closer and maybe this round of salary reviews in January for a lot of our candidates will actually probably be the final datapoint that they need to make them realise that the market is a normal market and is not something like it was coming out of Covid where you have got salary increases that were 15-20-25%.

Kelvin Stagg: I can pick up on the savings. Our savings programme that we ran and really kicked off in the first half of last year was quite material which is why we called it out and why we wanted to have it framed as a separate restructuring cost. It will not be exceptional in nature in terms of how we present it. It will be in the underlying P&L but we have pulled it out to try and explain what was in it. There was £5 million of cost in the first half of last year. There was £10 million in the second half of last year. There was a £10 million saving last year which is where the net £5 million cost comes into 2023. We remain comfortable that the ongoing just over £20 million worth of savings on an annualised basis will be there and so in this year we will benefit by £20 million. Albeit that we have spent just over £10 million on wage inflationary increases to base salaries across our people. It will be just under £10 million in terms of a net saving that is carried forward. Outside of that we are always looking to make savings and so we will be looking to make further savings this year. I think we also are looking at the Human Resources function in terms of an opportunity that we may have to make some savings there and restructure that. However I do not expect either the cost or the savings to be as material in the current year as it was in the prior year. We will be looking to make savings outside of fee earners which, as you know, have been dropping by roughly 250 a quarter over the last five quarters.

Rory McKenzie: Thanks both, that is very helpful.

Hans Pluijgers (Kepler): Morning gentlemen, two questions from my side, first of all on the UK and Australia. Australia you see some deterioration so if you could maybe walk us through what you see in the different segments within that market. Then looking at UK some stabilisation sequentially it has really [inaudible 30.11] or could you give us some feeling on what you expect there going into 2024? Then going back on fee earners and especially China and the US, you said there you wanted to hold on to your more experienced fee earners. More in general if you have to cut more is that really going to bite into your existing framework and your existing position in that market? [Inaudible 30.39] the key driver that [inaudible 30.41] maybe your number of fee earners is becoming too small? If you could give us a feeling of how that works in those two markets.

Nick Kirk: Okay, I will take the first one. UK and Australia have both been tough. You have probably seen that reflected in the results across the various companies that have announced over the last week or so and in the quarterly results that we have announced throughout 2023. It has been a difficult time in both of those markets. There is not anything specifically to call out in the sense of any one market that is outperforming all of the others. It has been tough across the board because it has been a reflection in both the UK and Australia of a confidence issue and also probably the makeup of our business which is more orientated to

perm than temp. That is the more difficult business to close for all the reasons that we have already talked about. I cannot really draw you towards any particular area that is worse than others or area that are better than others. As I say, it has really been across the board in both UK and Australia. Therefore we just continue to manage our business with a really close eye on productivity making sure that we are nicely profitable in all of those offices and profitable in all the disciplines that we run. You know that we run a profit share model in those markets, therefore our management teams are also very focused on the profit number to make sure that they keep the best consultants in their team, reward them well and look after them. It is a difficult balance because right now in those two markets it is very difficult and we need to make sure that we are focusing our efforts into the areas where we have strengths and historical strengths. Building out our businesses around Finance obviously where we are strong, Technology and looking at sectors where we feel that there may be some recovery through this year. It is literally month by month, quarter by quarter in those two businesses because it has been difficult.

Kelvin Stagg: I can pick up the second one. In China first of all, in Mainland China as you will have see in the statement we were flat in Q4. That was really more about comps than it was about the market improving but it would also imply that we are probably about right-sized in terms of where we need to be. We are top heavy in terms of the management that is there so just over a third of our people in China nowadays have over six years of experience. To Kean's point earlier, whilst we have not put anything in our thinking for this year about a recovery you have to assume at some point it will start to recover. Having invested over six years in those people we are keen to retain them such that we can then pin more junior fee earners underneath them and reinflate that business quite quickly. I think we are largely where we want to be in China. I think at this point we will try and hold. It was a little bit softer in Hong Kong than Mainland China but again as the comps become easier it is coming back towards us.

In the US we are somewhere broadly around 400. Again we have got good coverage across where we want to be. We were experiencing pretty tough conditions in Tech, in Accounting & Finance and in Financial Services but it was much more robust in Construction which is over 50% of our business nowadays in the US. We are comfortable that we will hold on again to our more senior people in the US. I think with both of those markets with tough conditions for some time now a lot of the more junior people self-select leaving the business because it is just tough if you do not have the experience to be able to trade in these market conditions. We will try and hold on to both of them. It does mean that our conversion rate in both of those businesses are going to be artificially depressed because of the seniority of some of the people that we have got. For what is hopefully a relatively short period of time in the US and an unknown period of time in China we think that investment is worth making in those senior employees such that we can rebound.

Hans Pluijgers: Okay, thanks.

Steve Wolf (DB Numis): Morning all. Just a follow on really from that analysis and thoughts on Germany now where we see it was a big delta obviously Q3 to Q4. Just wondering where we are in terms of those end markets on perm that might have been hit a little harder. Then same follow up on headcount given it has been one of the key markets for investment over

the past couple of years. Where do we sit now with either letting that drift or continuing to invest? Thanks.

Nick Kirk: Thanks Steve. Germany has been a real success story for us over a long period of time. Based on maybe a slightly disappointing Q4 in weakening conditions particularly in perm I do not think there is any real pivot in terms of our sentiment. If we look at the market in a bit more detail we are around about 50% perm, 30-32% contracting and about 15-16% temp. That is the split of our business. With that in mind if there is a softening in perm it is going to term up in our numbers. There is not much we can do about that because the fact that we are a market-leading business on the perm side in Germany and we have seen it being a bit tougher over there. As I called out before, we have seen a decreased number of open jobs. Clients are being a bit more cost conscious I suppose with all of the stuff that even we have seen in the news over here in the UK around the train strikes and the farmers marching or driving tractors into Berlin. Clearly there is some unrest in that area but the fee percentages, the salary levels they remain stable and there has been no notable changes in that area. We have got high activity in terms of clients wanting to meet with us at the back end of the year so we had lots and lots of client meetings. It just really was not turning into clients wanting to engage or open up job briefs at this time. Now, maybe that will. Maybe that will in Q1. Maybe that was the purpose of all those meetings at the back end of the year was teeing us up for work that will come our way during Q1 but it is a bit early to call that.

In terms of the sectors we saw that Tech was a little bit down in Q4 but Finance and Engineering were up. Our Contracting business sits across all three of those areas so we benefitted from the fact that we are not totally in Tech, albeit that we do have a big slug of our business there. We also have contractors out in Finance and Engineering. What else can I tell you? From a perm perspective good candidates are still getting multiple offers in Germany and therefore it makes it very difficult for us to forecast in our business because we will have a candidate who will have accepted our offer but then will accept another offer. Potentially you have the risk that that deal that you had then gets turned down because they get an offer somewhere else. If they do then accept your offer they then go into their line manager who then either increases their salary or puts something on the table which may then be another reason why they turn the offer down. It is a really unusual set of market conditions because in something that was more recessionary what we see is a drying up of the job flow completely. You just have consultants doing business development all day long trying to generate jobs. That is not the case. We still have incoming work. There are clients coming back to us wanting to hire in certain areas. They have growth plans. It is just that sense though of the client wants the perfect candidate and the candidate wants the perfect job. The only thing that ever takes anything away from that risk/reward that Kelvin spoke about earlier is higher payments to take the risk away if the job is not the perfect job for example. An extra 20% makes it a bit more perfect than it was.

We will have to see where things are going. I would like to be able to give you more of an insight as to what we believe 2024 will look like but on the basis that in my 30 years at Page I have not really seen trading conditions that are like these ones, it is quite hard to call. What you do know is that if there was some recovery in terms of confidence from both a client and candidate perspective the actual through-flow of work that will quickly start making our consultants way, way more productive and therefore the business more profitable. However it

is a question on confidence and what feeds that confidence. Often it is headlines and some of those are pretty ugly right now.

Steve Wolf: That is prefect Nick. Thanks very much for the extra colour.

Nick Kirk: You are welcome Steve.

Kelvin Stagg: As there are no further questions I would like to thank you all for joining us this morning. Our next update to the market will be our full year 2023 trading update and that is on 7th March. Thank you all for your time.

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