

PageGroup

15 April 2024

RESILIENT PERFORMANCE DESPITE ONGOING CHALLENGING MARKET CONDITIONS

Q1 Highlights*

- Group gross profit of £219.7m, -12.8% vs. 2023
- Exited March -18% vs. 2023, impacted partially by reduced working days and timing of Easter
- EMEA -12.7%: France -16%; Germany -16%
- Americas -5.5%: US -15%; Latin America -4%**
- Asia Pacific -15.7%: Greater China -15%; SE Asia -3%; Japan -26%; India +13%
- UK -19.2%: Michael Page -20%; Page Personnel -17%
- Decrease in fee earner headcount of 100 to 5,751 (Q1 2023: 6,639)
- Productivity up 1% on Q1 2023
- Cash position remains strong, net cash of c. £67m (Q4 2023: c. £90m, Q1 2023: c. £105m)

* In constant currencies vs. 2023 except where stated otherwise

** Excluding Argentina due to hyperinflation

Q1 Gross Profit Analysis

Year-on-year	% of Group	Reported (£m)			Constant
		Q1 2024	Q1 2023	%	%
EMEA	56%	123.3	145.7	-15.4%	-12.7%
Americas	17%	37.3	42.7	-12.6%	-5.5%
Asia Pacific	15%	32.0	41.1	-22.0%	-15.7%
UK	12%	27.1	33.5	-19.2%	-19.2%
Total	100%	219.7	263.0	-16.4%	-12.8%
Permanent	73%	159.7	196.3	-18.6%	-14.9%
Temporary	27%	60.0	66.7	-9.9%	-6.7%

Nicholas Kirk, Chief Executive Officer, PageGroup, said:

“The slower end to Q4 2023 continued into Q1 2024, particularly within Continental Europe. Overall, activity levels remain strong, however we experienced a slight deterioration in job flow towards the end of the quarter. Conversion of final interviews to accepted offers is still the most significant challenge, as candidate and client sentiment remains subdued reflecting the general macro-economic uncertainty in most of our markets. Permanent recruitment was more impacted than temporary across all of our markets, as clients continue to seek more flexible options.”

“While we anticipate a period of low confidence levels, based on our current outlook, we intend to hold fee earner headcount broadly at existing levels to ensure we are well placed to take advantage of opportunities as sentiment and confidence improve. We have a highly diversified and adaptable business model, a strong balance sheet and our cost base is under continuous review and can be adjusted rapidly to match market conditions.”

“We continue to see the benefits of our investments in innovation and technology. Customer Connect is supporting productivity and enhancing customer experience, Page Insights is providing real time

data to inform business decisions for both Page and our customers, and we continue to work with our partners to deploy AI and automation tools into our working environment. Given the Group's fundamental strengths, we believe we will continue to perform well despite the challenging environment, and we are confident in our ability to implement our new strategy driving the long-term profitability of the Group."

Trading Summary

Group gross profit declined 12.8% in constant currencies against Q1 2023. The slowdown we saw at the end of Q4 2023 continued into Q1, with some deterioration experienced, particularly within Continental Europe. Trading conditions in Asia, the UK and the US saw no improvement with low levels of client and candidate confidence continuing to delay time to hire, particularly in permanent recruitment. As clients' recruitment budgets have tightened, they have become more risk averse which has slowed the recruitment process. Although salary levels remain strong, offers made to candidates were not as elevated as they were in 2022 and early 2023.

We exited the quarter with March down 18% on 2023, albeit this was against a tough comparator and was impacted by the reduced number of working days in March due to the timing of Easter. However, against this backdrop activity levels remained good and we continued to experience acute shortages of highly skilled candidates in nearly all our markets, which was supportive of continued high fee rates.

Reflecting the uncertain macro-economic conditions, temporary recruitment (-7%) continued to outperform permanent (-15%), as clients sought more flexible options. In line with these conditions, we reduced our fee earner headcount by 100 (-1.7%). This follows quarterly headcount reductions since the peak of 7,071 reached at the end of Q3 2022. As a result of this reduction in headcount, productivity, measured as gross profit per fee earner, was up 1% versus Q1 2023, despite the tough macro-economic conditions.

Geographical Analysis (unless stated otherwise all growth rates are vs. 2023 and in constant currency)

EMEA (56% of Group)	Gross Profit (£m)		Growth Rates	
	2024	2023	Reported	Constant
Q1	123.3	145.7	-15.4%	-12.7%
<ul style="list-style-type: none"> • France (14% of Group) -16% <ul style="list-style-type: none"> ○ Page Personnel -15% ○ Michael Page -17% • Germany (13% of Group) -16% • Benelux -17% <ul style="list-style-type: none"> ○ Belgium -10% ○ Netherlands -19% • Southern Europe -8% <ul style="list-style-type: none"> ○ Italy -11% ○ Spain -9% • Middle East and Africa +12% <p>Total Headcount at 31 March 2024: 3,838 (31 December 2023: 3,814)</p>				

In Europe, Middle East and Africa, gross profit declined 12.7% to £123.3m. The tougher conditions we saw at the end of 2023 continued into Q1 2024. Reflecting this uncertainty, temporary recruitment was more resilient than permanent. France declined 16% for the quarter, with similar performances in both Michael Page and Page Personnel. This was a slowdown from the -5% in Q4. Germany declined 16%, compared to -6% in Q4. Tougher conditions were experienced in permanent recruitment, down 23%, while our Technology focused interim business was more resilient, down

8%. Q1 2023 was also a tough comparator, with the region still growing in the first half of 2023. We reduced our fee earner headcount in Q1 2024 by 46.

Americas (17% of Group)	Gross Profit (£m)		Growth Rates	
	2024	2023	Reported	Constant
Q1	37.3	42.7	-12.6%	-5.5%
<ul style="list-style-type: none"> • North America (9% of Group) -15% <ul style="list-style-type: none"> ○ US -15% • Latin America (8% of Group) +9% <ul style="list-style-type: none"> ○ Mexico -12% ○ Brazil +10% <p>Total Headcount at 31 March 2024: 1,363 (31 December 2023: 1,329)</p>				

In the Americas, we delivered gross profit of £37.3m, down 5.5% against Q1 2023. In the US, we declined 15%, an improvement on Q4 2023, albeit this was due partially to a softer comparator. The conditions we saw at the end of 2023 continued into Q1, with uncertainty around market conditions affecting both candidate and client confidence, particularly within Accounting and Financial Services. In Latin America, gross profit grew 9%, despite macro-economic uncertainty across the region. This was also partially due to hyperinflation in Argentina following the election. Excluding Argentina, the region declined 4%. Mexico, our largest country in the region, was down 12%, compared to -6% in Q4. Brazil was up 10%, however, elsewhere in Latin America, our remaining countries declined 6%, collectively. Fee earner headcount in the region increased by 37.

Asia Pacific (15% of Group)	Gross Profit (£m)		Growth Rates	
	2024	2023	Reported	Constant
Q1	32.0	41.1	-22.0%	-15.7%
<ul style="list-style-type: none"> • Asia (12% of Group) -11% • Greater China (4% of Group and 33% of Asia) -15% <ul style="list-style-type: none"> ○ Mainland China -19% ○ Hong Kong -12% • South East Asia -3% • India +13% • Japan -26% • Australia -32% <p>Total Headcount at 31 March 2024: 1,472 (31 December 2023:1,552)</p>				

In Asia Pacific, gross profit for Q1 was down 15.7% against 2023 to £32.0m. Greater China declined 15%, with Mainland China down 19% and Hong Kong down 12% for the quarter. This was a worsening from the performance in Q4, due to a further reduction in headcount of c. 30 in Q1. South East Asia declined 3% with Singapore returning to growth in Q1. India continued to deliver the standout performance in the region, delivering a record Q1, up 13%. Japan experienced tougher conditions during the quarter, declining 26%. Australia declined 32%, below the Q4 growth rate of -24%, with tough conditions in all states. Our fee earner headcount in the region decreased by 65, mainly in Australia and Greater China.

UK (12% of Group)	Gross Profit (£m)		Growth Rate
	2024	2023	
Q1	27.1	33.5	-19.2%
<ul style="list-style-type: none"> • Michael Page -20% • Page Personnel -17% <p>Total Headcount at 31 March 2024: 1,105 (31 December 2023: 1,164)</p>			

In the UK, Q1 gross profit declined 19.2% against 2023 to £27.1m, following the decline of 19.9% in Q4 2023. We continued to see clients deferring hiring decisions and candidates cautious about accepting offers. Reflecting the uncertain market conditions, clients sought more flexible options, and, as such, temporary recruitment (-12%) was more resilient than permanent recruitment (-22%). In line with the more challenging trading conditions, our fee earner headcount reduced by 26 in Q1 and at the end of the quarter was 17% lower than Q1 2023.

Perm/Temp mix

Gross profit from permanent recruitment decreased 18.6% in reported rates and 14.9% in constant currencies to £159.7m (Q1 2023: £196.3m). Gross profit from temporary recruitment decreased 9.9% in reported rates and 6.7% in constant currencies to £60.0m (Q1 2023: £66.7m). This resulted in a ratio of permanent to temporary recruitment gross profit of 73:27 (Q1 2023: 74:26).

Headcount

Our fee earner headcount reduced by 100 (-1.7%) during Q1, which was slower than the quarterly reductions in 2023. Our non-operations headcount rose by 19 in Q1, which is due to double running of c. 50 heads as we transition activities out of our UK SSC. Overall, the Group had 5,751 fee earners and a total headcount of 7,778.

Foreign Exchange

Foreign exchange movements had a negative impact on the Group's results in Q1, decreasing our Q1 reported gross profit by 3.6 percentage points, or £9.4m.

Financial Position

Save for the effects of Q1 trading detailed above and the purchase of shares into the Employee Benefit Trust (EBT) of c. £4m, 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 2023. Net cash at 31 March 2024 was c. £67m (Q4 2023: c. £90m, Q1 2023: c. £105m).

Shares

At 31 March 2023 there were 328,618,774 Ordinary shares in issue, of which 15,150,808 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 14,284,829 shares and consequently these shares should be excluded when calculating earnings per share. The total number of voting rights in the Company is 328,618,774.

Cautionary Statement

This First Quarter 2024 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.

The Group will issue its Q2 Results on 10 July 2024.

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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:

<https://www.investis-live.com/pagegroup/6602b82f6fb95d1300a3a25f/vdag>

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 65 88 59 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 15 April 2024 at:

<https://www.page.com/presentations/year/2024>