

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

# PageGroup

9 July 2024

## SECOND QUARTER 2024 TRADING UPDATE

### SOFTENING ACTIVITY LEVELS THROUGH THE QUARTER HOLDING HEADCOUNT IN ADVANCE OF MARKET RECOVERY

#### Q2 Overview\*

- Group gross profit of £224.3m, -12.0% vs. 2023 (-15.0% in reported rates)
- Exited June -18% vs. 2023
- Softening in activity levels through the quarter
- EMEA -10.2%: France -14%; Germany -9%
- Americas -6.6%: US -19%; Latin America -4%\*\*
- Asia Pacific -19.8%: Greater China -29%; SE Asia -12%; Japan -6%; India +7%
- UK -17.4%: Michael Page -16%; Page Personnel -20%
- Decrease in fee earner headcount of 153 to 5,598 (Q1 2024: 5,751)
- Productivity up 1% on Q2 2023
- Net cash of c. £56m (Q1 2024: c. £67m, Q2 2023: c. £98m)

#### Full Year Outlook

- Forward activity KPIs such as new jobs registered and number of interviews softened during the quarter and candidate and client confidence remained low. Despite this, we continued to invest in the Group's strategy, by broadly maintaining our platform of fee earners. Given the weaker than expected trading in June, recent increased geopolitical and macro-economic uncertainty and consequently a more cautious view for H2, the Board now expects full year 2024 operating profit to be in the region of £60m.

\* In constant currencies vs 2023 except where stated otherwise

\*\* Excluding Argentina due to hyperinflation

#### Q2 Gross Profit Analysis

Year-on-year	% of Group	Reported (£m)			Constant
		Q2 2024	Q2 2023	%	%
EMEA	56%	125.1	142.7	-12.3%	-10.2%
Americas	18%	40.1	46.3	-13.5%	-6.6%
Asia Pacific	14%	32.3	42.3	-23.7%	-19.8%
UK	12%	26.8	32.5	-17.4%	-17.4%
<b>Total</b>	<b>100%</b>	<b>224.3</b>	<b>263.8</b>	<b>-15.0%</b>	<b>-12.0%</b>
Permanent	74%	165.3	195.9	-15.7%	-12.8%
Temporary	26%	59.0	67.9	-13.1%	-9.8%

## H1 Gross Profit Analysis

Year-on-year	% of Group	Reported (£m)			Constant
		H1 2024	H1 2023	%	%
EMEA	56%	248.7	288.4	-13.8%	-11.4%
Americas	17%	77.4	89.1	-13.0%	-6.0%
Asia Pacific	15%	64.4	83.4	-22.8%	-17.7%
UK	12%	53.7	65.9	-18.5%	-18.5%
<b>Total</b>	<b>100%</b>	<b>444.2</b>	<b>526.8</b>	<b>-15.7%</b>	<b>-12.4%</b>
Permanent	73%	325.5	392.2	-17.0%	-13.7%
Temporary	27%	118.7	134.6	-11.8%	-8.5%

### Nicholas Kirk, Chief Executive Officer, PageGroup, said:

*“We continued to see challenging market conditions throughout the Group in Q2 and we experienced a softening in activity levels through the quarter, particularly in terms of new jobs registered and number of interviews. The conversion of interviews to accepted offers is the most significant area of challenge, as candidate and client confidence remains subdued, reflecting the macro-economic uncertainty in the majority of our markets. Permanent recruitment continues to be impacted more than temporary, as clients seek more flexible options and permanent candidates remain reluctant to move jobs.*”

*“While we saw a slower end to the quarter, having taken action to reduce headcount throughout last year, our intention is to broadly hold fee earners 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 highly experienced management team, a strong balance sheet and our cost base is under continuous review.*”

*“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 strategy driving the long-term profitability of the Group.”*

### Trading Summary

Group gross profit declined 12.0% in constant currencies against Q2 2023. We continued to see tough market conditions in the majority of the Group’s markets with no immediate signs of improvement. 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 saw a slower end to the quarter with June down 18% on 2023 and a softening of activity levels through the quarter, particularly in terms of new jobs registered and number of interviews. Conversion of interviews to accepted offers remains the most significant challenge due to subdued client and candidate confidence.

Reflecting the uncertain macro-economic conditions, temporary recruitment (-9.8%) continued to outperform permanent (-12.8%), as clients sought more flexible options. We reduced our fee earner headcount by 153 (2.7%) in Q2, mainly in Europe. As a result of this reduction in headcount, productivity, measured as gross profit per fee earner, was up 1% versus Q2 2023, despite the tough macro-economic conditions.

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

<b>EMEA</b>	<b>Gross Profit (£m)</b>		<b>Growth Rates</b>	
(56% of Group)	<b>2024</b>	<b>2023</b>	<b>Reported</b>	<b>Constant</b>
Q2	125.1	142.7	-12.3%	-10.2%
H1	248.7	288.4	-13.8%	-11.4%
<ul style="list-style-type: none"> <li>• France (14% of Group) -14% <ul style="list-style-type: none"> <li>○ Page Personnel -14%</li> <li>○ Michael Page -13%</li> </ul> </li> <li>• Germany (13% of Group) -9%</li> <li>• Benelux -14% <ul style="list-style-type: none"> <li>○ Belgium -4%</li> <li>○ Netherlands -20%</li> </ul> </li> <li>• Southern Europe -5% <ul style="list-style-type: none"> <li>○ Italy -13%</li> <li>○ Spain -2%</li> </ul> </li> <li>• Middle East and Africa +7%</li> </ul> <p>Total Headcount at 30 June 2024: 3,715 (31 March 2024: 3,838)</p>				

In Europe, Middle East and Africa, Q2 gross profit declined 10.2% against 2023 to £125.1m. France, our largest market in the Group, was down 14%. We saw a more resilient performance within temporary recruitment, indicative of the current uncertainty in the market. Germany, the Group's second largest market, declined 9% in Q2, with our Technology focused Interim business the most resilient. Elsewhere in Europe, we saw tough market conditions in all countries. In the Middle East and Africa, gross profit grew 7%, a new record quarter. We reduced our fee earner headcount in response to the tougher market conditions in Q2, down 120, mainly in Germany, France and the Netherlands.

<b>Americas</b>	<b>Gross Profit (£m)</b>		<b>Growth Rates</b>	
(18% of Group)	<b>2024</b>	<b>2023</b>	<b>Reported</b>	<b>Constant</b>
Q2	40.1	46.3	-13.5%	-6.6%
H1	77.4	89.1	-13.0%	-6.0%
<ul style="list-style-type: none"> <li>• North America (10% of Group) -19% <ul style="list-style-type: none"> <li>○ US -19%</li> </ul> </li> <li>• Latin America (8% of Group) +9% <ul style="list-style-type: none"> <li>○ Mexico -10%</li> <li>○ Brazil +9%</li> </ul> </li> </ul> <p>Total Headcount at 30 June 2024: 1,338 (31 March 2024: 1,363)</p>				

In the Americas, gross profit was £40.1m, down 6.6% against Q2 2023. In the US, gross profit declined 19%. The conditions we saw in Q1 continued into Q2, with uncertainty around market conditions affecting both candidate and client confidence. In Latin America, gross profit grew 9%. However excluding Argentina due to hyperinflation, the region declined 4%. Mexico, our largest country in the region was down 10%, due to its high level of dependency on the US. Brazil was up 9%, with a particularly strong performance in temporary recruitment. Elsewhere in Latin America, our remaining countries declined 8%, collectively. In line with the more challenging conditions, overall fee earner headcount decreased by 31.

<b>Asia Pacific</b>	<b>Gross Profit (£m)</b>		<b>Growth Rates</b>	
(14% of Group)	<b>2024</b>	<b>2023</b>	<b>Reported</b>	<b>Constant</b>
Q2	32.3	42.3	-23.7%	-19.8%

H1	64.4	83.4	-22.8%	-17.7%
<ul style="list-style-type: none"> <li>• Asia (12% of Group) -14%</li> <li>• Greater China (4% of Group and 31% of Asia) -29% <ul style="list-style-type: none"> <li>○ Mainland China -25%</li> <li>○ Hong Kong -38%</li> </ul> </li> <li>• South East Asia -12%</li> <li>• India +7%</li> <li>• Japan -6%</li> <li>• Australia -38%</li> </ul> <p>Total Headcount at 30 June 2024: 1,468 (31 March 2024: 1,472)</p>				

In Asia Pacific, gross profit for Q2 was down 19.8% against 2023 to £32.3m. Greater China showed no sign of improvement and declined 29% in Q2, with Mainland China down 25% and Hong Kong down 38%. South East Asia declined 12%, due mainly to Singapore, down 16%. India continued to deliver standout results, with a record Q2, up 7% on the prior year. Japan declined 6%. Australia declined 38%, with ongoing challenging conditions in all states. Our fee earner headcount in the region decreased by 9.

UK (12% of Group)	Gross Profit (£m)		Growth Rate
	2024	2023	
Q2	26.8	32.5	-17.4%
H1	53.7	65.9	-18.5%
<ul style="list-style-type: none"> <li>• Michael Page -16%</li> <li>• Page Personnel -20%</li> </ul> <p>Total Headcount at 30 June 2024: 1,056 (31 March 2024: 1,105)</p>			

In the UK, gross profit for Q2 declined 17.4% against 2023 to £26.8m, following the decline of 19.2% in Q1. We continued to see clients deferring hiring decisions and candidates cautious about accepting offers. Permanent recruitment (-16%) was more resilient than temporary recruitment (-21%), due partially to a softer comparator for permanent. Following headcount decreases over the past 18 months, we held our fee earner headcount broadly flat (+7) in Q2.

### Perm/Temp mix

Gross profit from permanent recruitment decreased 15.7% in reported rates and 12.8% in constant currencies to £165.3m (Q2 2023: £195.9m). Gross profit from temporary recruitment decreased 13.1% in reported rates and 9.8% in constant currencies to £59.0m (Q2 2023: £67.9m). This resulted in a ratio of permanent to temporary recruitment of 74:26, consistent with the prior year.

### Headcount

We reduced our fee earner headcount by 153 (-2.7%) during Q2, mainly in Europe. Following these decreases, our intention remains to hold fee earner headcount broadly at existing levels. Our non-operations headcount decreased by 49 (-2.4%) in Q2 due to finalising the closure of our UK SSC. Overall, the Group had 5,598 fee earners and a total headcount of 7,576.

### Foreign Exchange

Foreign exchange movements had a negative impact on the Group's results in Q2, decreasing our reported gross profit by 3.0 percentage points, or £7.9m.

## Financial Position

Save for the effects of Q2 trading detailed above, the payment of the 2023 final dividend of £35.2m and the purchase of shares into the Employee Benefit Trust (EBT) of c. £9m, there have been no other significant changes in the financial position of the Group since the publication of the results for the quarter ended 31 March 2024. Net cash at 30 June 2024 was c. £56m (Q1 2024: c. £67m, Q2 2023: c. £98m).

## Shares

At 30 June 2024 there were 328,618,774 Ordinary shares in issue, of which 16,720,972 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 15,312,185 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 Second 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 H1 results on 8 August 2024.

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The Company will host a conference call and presentation for analysts and investors at 9.00am today. The live presentation can be viewed by following the link:

<https://www.investis-live.com/pagegroup/6655a3e770818213009e87f8/gewq>

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 97 67 50 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 9 July 2024 at:

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

This announcement contains information which is deemed by the Company to constitute inside information stipulated under the Market Abuse Regulation (EU) No.596/2014 as it forms part of UK law by virtue of the European Union (Withdrawal) Act 2018. Upon the publication of this announcement via the Regulatory Information Service, the inside information is now considered to be in the public domain.

The person responsible for arranging the release of this announcement on behalf of the Company is Kelvin Stagg, Chief Financial Officer.