

PageGroup

14 October 2024

THIRD QUARTER 2024 TRADING UPDATE

ONGOING CHALLENGING MARKET CONDITIONS, FURTHER SOFTENING IN EUROPE

Q3 Highlights*

- Group gross profit of £201.4m, -13.5% vs. 2023 (-16.7% in reported rates)
- Exited September -16% vs. 2023
- Continued subdued levels of client and candidate confidence impacting decision making
- EMEA -15.1%: France -16%; Germany -19%
- Americas -10.3%**: US -11%; Latin America -7%**
- Asia Pacific -16.8%: SE Asia -9%; Greater China -25%; Japan -5%; India -3%
- UK -13.5%: Michael Page -10%; Page Personnel -19%
- Decrease in fee earner headcount of 98 (-1.8%) to 5,500 (Q2 2024: 5,598)
- Productivity down 4% on Q3 2023
- Net cash of c. £93m (Q2 2024: c. £57m, Q3 2023: c. £136m)
- Interim dividend of £16.8m paid on 11 October 2024

Full Year Outlook

- The Board expects 2024 operating profit to be broadly in line with current market consensus of £58m

* In constant currencies vs 2023 except where stated otherwise

** Excluding Argentina due to hyperinflation

Q3 Gross Profit Analysis

Year-on-year	% of Group	Reported (£m)			Constant
		Q3 2024	Q3 2023	%	%
EMEA	53%	106.3	127.9	-16.9%	-15.1%
Americas	18%	36.2	43.3	-16.4%	-10.3%**
Asia Pacific	16%	32.7	40.3	-19.0%	-16.8%
UK	13%	26.2	30.4	-13.5%	-13.5%
Total	100%	201.4	241.9	-16.7%	-13.5%
Permanent	71%	142.8	175.3	-18.5%	-15.3%
Temporary	29%	58.6	66.6	-12.0%	-8.6%

Nicholas Kirk, Chief Executive Officer, PageGroup, said:

“We continued to see challenging market conditions throughout the Group in Q3, with no improvement in September after the seasonally quieter summer months. Whilst most markets were sequentially stable, we experienced softer activity and trading in a number of European countries including France and Germany. The conversion of interviews to accepted offers remains the most significant area of challenge as the ongoing macro-economic uncertainty in the majority of our

markets continues to impact candidate and client confidence negatively. In this context, permanent recruitment continues to be impacted more than temporary.

“We continue to review fee earner headcount, reallocating resource in line with our strategy into the areas of the business where we see the most significant long-term structural opportunities. Overall, our intention remains to hold fee earners broadly at existing levels to ensure we are well placed to take advantage of opportunities when market conditions 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 13.5% in constant currencies against Q3 2023. We continued to see tough market conditions in the majority of the Group’s markets with no signs of improvement. As clients’ recruitment budgets have tightened they have become more risk averse, which has continued to slow the recruitment process, impacting time-to-hire. Although salary levels remain strong, offers made to candidates were not as elevated as they were in 2022 and early 2023.

We saw no improvement in market conditions in September, which is a key month after the seasonally quieter summer holiday period. Conversion of interviews to accepted offers remains the most significant challenge due to reduced levels of client and candidate confidence.

Reflecting the uncertain macro-economic conditions, temporary recruitment (-8.6%) continued to outperform permanent (-15.3%), as clients sought more flexible options. Our fee earner headcount remained broadly consistent with Q2, down 98 (1.8%) in the quarter, with reductions mainly in Europe. Productivity, measured as gross profit per fee earner, was down 4% versus Q3 2023, due to the tough macro-economic conditions combined with our decision to hold onto our fee earner headcount.

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

EMEA (53% of Group)	Gross Profit (£m)		Growth Rates	
	2024	2023	Reported	Constant
Q3	106.3	127.9	-16.9%	-15.1%
<ul style="list-style-type: none"> • Germany (13% of Group) -19% • France (13% of Group) -16% <ul style="list-style-type: none"> ○ Page Personnel -18% ○ Michael Page -14% • Benelux -17% <ul style="list-style-type: none"> ○ Belgium -6% ○ Netherlands -23% • Southern Europe -7% <ul style="list-style-type: none"> ○ Italy -20% ○ Spain -3% • Middle East and Africa -3% <p>Total Headcount at 30 September 2024: 3,654 (30 June 2024: 3,714)</p>				

In Europe, Middle East and Africa, Q3 gross profit declined 15.1% against 2023 to £106.3m. The tough market conditions we saw in Q2 worsened in Q3, with lower levels of candidate and client confidence. Germany, the Group's largest market in Q3 declined 19%, with our Technology focused Interim business the most resilient. France, our second largest market in the Group, was down 16%. Temporary recruitment, down 8%, outperformed permanent, down 23%, indicative of the ongoing uncertainty in the market. Elsewhere in Europe, we saw tough market conditions in all countries. In the Middle East and Africa, gross profit was down 3%. We reduced our fee earner headcount in response to ongoing challenging market conditions in Q3, down 49, mainly in Germany and France.

Americas (18% of Group)	Gross Profit (£m)		Growth Rates	
	2024	2023	Reported	Constant
Q3	36.2	43.3	-16.4%	-10.3%**
<ul style="list-style-type: none"> • North America (10% of Group) -13% <ul style="list-style-type: none"> ○ US -11% • Latin America (8% of Group) -7%** <ul style="list-style-type: none"> ○ Mexico -15% ○ Brazil +7% <p>Total Headcount at 30 September 2024: 1,341 (30 June 2024: 1,338)</p> <p>** Excluding Argentina due to hyperinflation</p>				

In the Americas, gross profit was £36.2m, down 10.3% excluding Argentina due to hyperinflation. In the US, gross profit declined 11%. The conditions we saw in Q2 continued into Q3, with low levels of candidate and client confidence impacting conversion of interviews to accepted offers. In Latin America, excluding Argentina, the region declined 7%. Mexico, our largest country in the region was down 15%, due to its high level of dependency on the US, whereas Brazil was up 7%, with strong growth particularly in temporary recruitment. Elsewhere in Latin America, our remaining countries declined 8%, collectively. Overall fee earner headcount increased by 14, as we held onto our platform in the US.

Asia Pacific (16% of Group)	Gross Profit (£m)		Growth Rates	
	2024	2023	Reported	Constant
Q3	32.7	40.3	-19.0%	-16.8%
<ul style="list-style-type: none"> • Asia (13% of Group) -13% • South East Asia (4% of Group and 31% of Asia) -9% • Greater China (4% of Group and 30% of Asia) -25% <ul style="list-style-type: none"> ○ Mainland China -24% ○ Hong Kong -23% • Japan -5% • India -3% • Australia -31% <p>Total Headcount at 30 September 2024: 1,441 (30 June 2024: 1,468)</p>				

In Asia Pacific, gross profit for Q3 was down 16.8% against 2023 to £32.7m. South East Asia declined 9%, with Singapore, down 10%. Conditions remained tough in Greater China, down 25% in Q3, with Mainland China down 24% and Hong Kong down 23%. Japan and India declined 5% and 3%, respectively, albeit both had tough comparators. Australia declined 31%, with ongoing challenging conditions across all states. Our fee earner headcount in the region decreased by 29.

UK (13% of Group)	Gross Profit (£m)		Growth Rate
	2024	2023	
Q3	26.2	30.4	-13.5%
<ul style="list-style-type: none"> • Michael Page -10% • Page Personnel -19% Total Headcount at 30 September 2024: 1,006 (30 June 2024: 1,056)			

In the UK, gross profit for Q3 declined 13.5% against 2023 to £26.2m, following the decline of 17.4% in Q2. We continued to see clients deferring hiring decisions and candidates cautious about accepting offers. Temporary recruitment (-8%) was more resilient than permanent recruitment (-16%), reflective of market conditions. Our fee earner headcount in the region decreased by 34.

Perm/Temp mix

Gross profit from permanent recruitment decreased 18.5% in reported rates and 15.3% in constant currencies to £142.8m (Q3 2024: £175.3m). Gross profit from temporary recruitment decreased 12.0% in reported rates and 8.6% in constant currencies to £58.6m (Q3 2023: £66.6m). This resulted in a ratio of permanent to temporary recruitment of 71:29 (Q3 2023: 72:28).

Headcount

We reduced our fee earner headcount by 98 (-1.8%) during Q3, mainly in Europe. We continue to believe that our current level of fee earner headcount remains broadly appropriate. Our non-operations headcount decreased by 36 (-1.8%) in Q3. Overall, the Group had 5,500 fee earners and a total headcount of 7,442.

Foreign Exchange

Foreign exchange movements had a negative impact on the Group's results in Q3, decreasing our reported gross profit by 3.2 percentage points, or £8.0m.

Financial Position

Save for the effects of Q3 trading detailed above and the payment of the 2024 interim dividend of £16.8m on 11 October 2024, there have been no other significant changes in the financial position of the Group since the publication of the results for the quarter ended 30 June 2024. Net cash at 30 September 2024 was c. £93m (Q2 2024: c. £57m, Q3 2023: c. £136m).

Shares

At 30 September 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 Third 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 Fourth Quarter Trading Update on 13 January 2025.

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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/66ea9ba326e9bc12001f5204/kyurw>

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 51 78 70 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 14 October 2024 at:

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