

PageGroup

13 January 2025

FOURTH QUARTER 2024 TRADING UPDATE

ONGOING CHALLENGING MARKET CONDITIONS, WORSENING IN EUROPE

Q4 Highlights*

- Group gross profit of £196.7m, -13.0% vs. 2023 (-17.2% in reported rates)
- Ongoing challenging market conditions across the Group, further worsening in Europe
- Continued subdued levels of client and candidate confidence impacting decision making
- EMEA -15.9%: France -17%; Germany -23%
- Americas -5.5%**: US +3%; Latin America -14%**
- Asia Pacific -14.6%: SE Asia -4%; Greater China -23%; Japan -6%; India -7%
- UK -13.6%: Michael Page -9%; Page Personnel -22%
- Decrease in fee earner headcount of 130 (-2.4%) to 5,370 (Q3 2024: 5,500)
- Productivity down 5% on Q4 2023
- Net cash of c. £95m (Q3 2024: c. £93m, Q4 2023: c. £90m)

2024 Full Year

- The Board expects 2024 full year operating profit, after one-off costs of c. £5m relating to the closure of our Shared Service Centres in the UK and Singapore, to be towards the lower end of the current market consensus range of £49m - £58.5m

* In constant currencies vs 2023 except where stated otherwise

** Excluding Argentina due to hyperinflation

Q4 Gross Profit Analysis

Year-on-year	% of Group	Reported (£m)			Constant
		Q4 2024	Q4 2023	%	%
EMEA	55%	107.5	132.8	-19.1%	-15.9%
Americas	18%	35.4	40.8	-13.2%	-5.5%**
Asia Pacific	15%	29.5	35.8	-17.4%	-14.6%
UK	12%	24.3	28.1	-13.6%	-13.6%
Total	100%	196.7	237.5	-17.2%	-13.0%
Permanent	70%	137.4	165.2	-16.8%	-12.5%
Temporary	30%	59.3	72.3	-18.0%	-14.2%

Full Year Gross Profit Analysis

Year-on-year	% of Group	Reported (£m)			Constant
		2024	2023	%	%
EMEA	55%	462.6	549.5	-15.8%	-13.4%
Americas	18%	149.0	173.3	-14.0%	-9.9%**
Asia Pacific	15%	126.5	159.6	-20.8%	-16.9%
UK	12%	104.4	124.7	-16.3%	-16.3%
Total	100%	842.5	1,007.1	-16.4%	-12.9%

Permanent	72%	606.1	733.6	-17.4%	-13.9%
Temporary	28%	236.4	273.5	-13.6%	-10.1%

Nicholas Kirk, Chief Executive Officer, PageGroup, said:

“Market conditions remained challenging in Q4 and whilst most markets were sequentially stable, we experienced a further worsening in Europe, particularly in our two largest markets, France and Germany. The conversion of interviews to accepted offers remains the most significant area of challenge as the ongoing macro-economic uncertainty continues to impact candidate and client confidence, also extending the time-to-hire.

“We continue to review our fee earner headcount, making progress on our strategy by reallocating resources into the areas of the business where we see the most significant long-term structural opportunities, as well as ensuring it remains aligned to activity levels we are seeing in each of our markets. We drove further efficiencies in the organisation through the closure of our Shared Service Centres in the UK and Singapore, with transition of activities into Barcelona, Buenos Aires and Kuala Lumpur. Overall, our focus remains to balance near term productivity with ensuring we remain well placed to take advantage of opportunities when market conditions improve.

“Looking ahead, a high degree of macro-economic and geopolitical uncertainty remains across the majority of our markets, notably in France and Germany. However, we have a 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 and despite the challenging environment, we are confident in our ability to implement our strategy, driving the long-term profitability of the Group.”

Trading Summary

Group gross profit declined 13.0% in constant currencies against Q4 2023. We continued to see tough market conditions in the majority of the Group’s markets, with further worsening in Europe.

Although salary levels remain strong, offers made to candidates are not as elevated as they were in 2022 and early 2023. As a consequence, conversion of interviews to accepted offers remains the most significant challenge. While our fee rates remain at high levels, as clients’ recruitment budgets have tightened, they have become more risk averse which has continued to slow the recruitment process, impacting time-to-hire.

During periods of market uncertainty, clients often seek more flexible options in temporary recruitment. However, we saw similar declines across temporary recruitment (-14%) and permanent (-13%) in Q4. This was due to softer activity and trading in our European businesses, where we have a higher proportion of non-perm business, as well as a tougher comparator in temporary recruitment. Our reduction in fee earner headcount was broadly consistent with Q3, down 130 (-2.4%), with reductions mainly in Europe and the UK. Productivity, measured as gross profit per fee earner, was down 5% versus Q4 2023, due to the challenging macro-economic conditions combined with our decision to broadly hold onto the level of our fee earner headcount.

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

EMEA (55% of Group)	Gross Profit (£m)		Growth Rates	
	2024	2023	Reported	Constant
Q4	107.5	132.8	-19.1%	-15.9%
FY	462.6	549.5	-15.8%	-13.4%
Q4 <ul style="list-style-type: none"> • France (15% of Group) -17% • Germany (12% of Group) -23% • Benelux -20% <ul style="list-style-type: none"> ○ Belgium -5% ○ Netherlands -27% • Southern Europe -5% <ul style="list-style-type: none"> ○ Italy -10% ○ Spain -5% • Middle East and Africa -8% Headcount at 31 December 2024: 3,530 (30 September 2024: 3,654)				

In Europe, Middle East and Africa, gross profit declined 15.9% to £107.5m. The challenging conditions and reduction in activity levels that we experienced in Q3 worsened in Q4, with lower levels of candidate and client confidence. France, the Group's largest market, declined 17%. Temporary recruitment, down 12%, outperformed permanent, down 21%. Germany, our second largest market, saw particularly challenging market conditions, down 23%. We saw tough conditions in all brands, with a deterioration in client and candidate confidence impacting both permanent and temporary recruitment. Elsewhere in Europe, market conditions remained challenging in all countries. In the Middle East and Africa, gross profit was down 8%. In response to ongoing challenging market conditions, we reduced our fee earner headcount by 116 in Q4, mainly in France and Germany.

Americas (18% of Group)	Gross Profit (£m)		Growth Rates	
	2024	2023	Reported	Constant
Q4	35.4	40.8	-13.2%	-5.5%**
FY	149.0	173.3	-14.0%	-9.9%**
Q4 <ul style="list-style-type: none"> • North America (10% of Group) +2% <ul style="list-style-type: none"> ○ US +3% • Latin America (8% of Group) -14%** <ul style="list-style-type: none"> ○ Mexico -4% ○ Brazil -12% Headcount at 31 December 2024: 1,327 (30 September 2024: 1,341)				
** Excluding Argentina due to hyperinflation				

In the Americas, we delivered gross profit of £35.4m, down 5.5% excluding Argentina due to hyperinflation. The US grew 3%, an improvement on the decline of 11% in Q3. We saw an increase in activity levels and trading during the quarter, particularly in Engineering, Accounting and Financial Services. In Latin America, excluding Argentina, gross profit declined 14%. Mexico, our largest country in the region, declined 4%, an improvement on the 15% decline in Q3. Brazil was down 12%, albeit against a tough comparator due to a one-off release in the prior year. Excluding this item, Brazil grew 1%. Elsewhere in Latin America, the remaining countries declined 24%, collectively. Overall fee earner headcount decreased by 8.

Asia Pacific	Gross Profit (£m)		Growth Rates	
(15% of Group)	2024	2023	Reported	Constant
Q4	29.5	35.8	-17.4%	-14.6%
FY	126.5	159.6	-20.8%	-16.9%
Q4 <ul style="list-style-type: none"> • Asia (12% of Group) -12% • Greater China (4% of Group and 31% of Asia) -23% <ul style="list-style-type: none"> ○ Mainland China -26% ○ Hong Kong -19% • South East Asia -4% • Japan -6% • India -7% • Australia -25% Headcount at 31 December 2024: 1,532 (30 September 2024: 1,441)				

In Asia Pacific, gross profit for Q4 declined 14.6% against 2023 to £29.5m. Greater China declined 23%, broadly in line with Q3, with Mainland China and Hong Kong down 26% and 19%, respectively. South East Asia declined 4%, with Singapore down 3%. India declined 7%, albeit against a tough comparator, and Japan declined 6%. Australia declined 25%, with ongoing challenging conditions across all states. Our fee earner headcount in the region increased by 17, mainly in Japan. Our non-operations headcount increased by 74 in Q4, due to the double running of c. 65 heads as we transitioned our SSC from Singapore to Kuala Lumpur.

UK	Gross Profit (£m)		Growth Rate
(12% of Group)	2024	2023	
Q4	24.3	28.1	-13.6%
FY	104.4	124.7	-16.3%
Q4 <ul style="list-style-type: none"> • Michael Page -9% • Page Personnel -22% Headcount at 31 December 2024: 972 (30 September 2024: 1,006)			

In the UK, gross profit for Q4 declined 13.6% against 2023 to £24.3m, in line with Q3. The conversion of interviews to accepted offers remains a significant area of challenge, with ongoing subdued levels of client and candidate confidence also impacting decision making and increasing time-to-hire. Reflecting the continued challenging trading conditions, our fee earner headcount in the region reduced by 23.

Perm/Temp mix

Gross profit from permanent recruitment decreased 16.8% in reported rates and 12.5% in constant currencies to £137.4m (Q4 2023: £165.2m). Gross profit from temporary recruitment decreased 18.0% in reported rates and 14.2% in constant currencies to £59.3m (Q4 2023: £72.3m). This resulted in a ratio of permanent to temporary recruitment of 70:30 (Q4 2023: 70:30).

Headcount

We reduced our fee earner headcount by 130 (2.4%) during Q4, mainly in Europe and the UK. Our non-operations headcount increased by 49 (2.5%) in Q4. This increase was due to the double running of c. 65 heads as we transitioned our SSC from Singapore to Kuala Lumpur. Overall, the Group had 5,370 fee earners and a total headcount of 7,361.

Foreign Exchange

Foreign exchange movements had a negative impact on the Group's results in Q4, decreasing our Q4 reported gross profit by 4.2 percentage points, or £9.8m.

Financial Position

Save for the effects of Q4 trading detailed above and the payments 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 September 2024. Net cash at 31 December 2024 was c. £95m (Q3 2024: c. £93m, Q4 2023: c. £90m).

Shares

At 31 December 2024 there were 328,618,774 Ordinary shares in issue, of which 16,696,972 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 15,288,185 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 Fourth Quarter and Full Year 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 Full Year Results on 6 March 2025.

Enquiries:

PageGroup

Nicholas Kirk, Chief Executive Officer
Kelvin Stagg, Chief Financial Officer

+44 (0)19 3226 4022

FTI Consulting

Richard Mountain / Susanne Yule

+44 (0)20 3727 1340

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/677ba583a4d247000ef01dba/ioytr>

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 17 16 36 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 13 January 2025 at:

<https://www.page.com/presentations/year/2025>