Page Group
Q1 Trading Update

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Introduction

Good morning, everyone, and thank you for joining us at short notice. Welcome to the PageGroup 2025 First Quarter Trading Update. I am Kelvin Stagg, Chief Financial Officer, and on the call with me is Nick Kirk, Chief Executive Officer.

Disclaimer

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.

Headline Numbers

Key financial highlight – Q1 performance in line with expectations

The Group delivered a Q1 performance in line with expectations. Q1 gross profit was £194.2 million, a decline of 9.2% in constant currencies against Q1 2024. We saw challenging market conditions in the majority of the Group's markets, as ongoing macroeconomic uncertainty continued to impact candidates and client confidence. Our fee earner headcount reduced by 74, or 1.4%, with reductions in areas of weaker trading performance. Overall, the Group ended the quarter with 5,296 fee earners and a total headcount of 7,228.

Despite the tough macroeconomic conditions, gross profit per fee earner, our measure of productivity, remained at elevated levels, down just 1% on Q1 2024.

Our balance sheet remained strong, with net cash at the end of March of around £54 million. This compares to £95 million at the end of 2024, having paid out annual bonuses and quarterly profit share in January.

Financial Review

Decrease in fee earner headcount of 74 – reductions mainly in Europe

I will now give a brief financial review.

We reduced our fee earner headcount by 74, or 1.4% during the quarter, with reductions in areas of weaker trading performance. And on operations, headcount reduced by 59 in Q1, due mainly to the exit of around 45 heads that we would have been double-running as we transitioned our shared service centre from Singapore to Kuala Lumpur.

We continue to review our fee earner headcount, reallocating resources in line with our strategy into the areas of the business where we see the most significant long-term structural opportunities, as well as ensuring it remains aligned to the levels of activity we are seeing in each of our markets.

Against the ongoing challenging trading conditions, we have taken robust action to optimise the cost base by simplifying our management structure and reducing our leadership team, along with other business support functions. And these actions will benefit the group from 2026 onwards. These initiatives will deliver ongoing cost savings of around £15 million per year, with a one-off charge in 2025 of also around £15 million. The net impact on 2025 operating profit is expected to be around £10 million.

Productivity remained strong in Q1 – gross profit per fee earner down just 1%, despite tough conditions

Despite the tough macroeconomic conditions, productivity remains strong, down just 1% in constant currencies compared to Q1 2024. Although salary levels remained high, offers made to candidates were not as elevated as they were in 2022 and early 2023. As a consequence, conversion of interviews to accepted offers remained the most significant challenge, as the ongoing macroeconomic uncertainty continued to impact candidate and client confidence. While our fee rates remained at high levels, as clients' recruitment budgets tightened, they became more risk-averse, which continued to slow the recruitment process, impacting time to hire.

Regional Review

Q1 Gross Profit -9.2% – negative foreign exchange impact of 2.5 ppts

I will now present a regional review.

Group gross profit declined 9.2% in constant currencies against Q1 2024. The tough conditions we experienced in Q4 continued into Q1. Foreign exchange had a negative impact on our results, decreasing our reported gross profit growth rate by 2.5 percentage points, or £5.6 million.

EMEA – tough conditions continued in Q1

In our largest region, Europe, Middle East and Africa, which represented 55% of the Group, gross profit declined 12% on Q1 2024. The tougher conditions we saw at the end of 2024 continued into Q1 2025. Reflecting this uncertainty, temporary recruitment was more resilient, down 9%, compared to permanent, down 14%.

France, the group's largest market, which represented 13% of the Group, declined 17% due to ongoing political and macroeconomic uncertainty. Germany, the group's second-largest market, which represented 13% of the group, declined 12% in the quarter. This was an improvement on the 23% decline in Q4 2024, with reduced levels of political uncertainty following the elections, and more recently, the lifting of the debt break to fund defence and infrastructure spending.

We saw tough conditions in Michael Page, down 23%. However, our technology and accounting-focused interim business was more resilient, down 2%. Spain was flat on Q1 2024, with a standout performance from our technology consulting business. In line with the tougher trading conditions, we reduced our fee earner headcount by 74 in Q1.

The Americas – improvement in trading in Q1

The Americas, which represented 19% of the Group, and excluding Argentina, due to hyperinflation, grew 3.3% against Q1 2024. North America was up 5%, with the US up 7%, a further improvement on the growth of 3% in Q4 2024, with a particularly strong performance in engineering and manufacturing.

In Latin America, excluding Argentina, due to hyperinflation, growth profit grew 1%. Mexico, our largest country in the region, was flat, an improvement on the 4% decline in Q4. Brazil was up 10% with strong growth, particularly in temporary recruitment. Across the region, the fee earner headcount decreased by 13%.

Asia Pacific – lower levels of candidate and client confidence

In Asia-Pacific, which represented 14% of the Group, Q1 gross profit declined 11.1% on 2024. In Greater China, which represented 3% of the Group, we declined by 22%, broadly in line with Q4 2024. Mainland China was down 27% and Hong Kong was down 18%.

Southeast Asia declined 16%, due to particularly tough trading conditions in Singapore. India, where we have over 230 fee earners, continued to deliver the standout performance in the region, delivering a record quarter, up 14%. Elsewhere, Japan declined 7%, in line with Q4.

Australia was down 14%, with ongoing challenging conditions across all states. Our fee earner headcount increased by 22 in the quarter and non-operations headcount decreased by 51, due mainly to the exit of around 45 heads that we have been double-running as we transitioned our shared service centre from Singapore to Kuala Lumpur.

UK – ongoing subdued levels of client and candidate confidence

In the UK, which represented 12% of the Group, gross profit declined 12.7%, in line with Q4 2024. Temporary recruitment, down 11%, outperformed permanent, down 14%, reflective of market conditions. Our fee earner headcount reduced by 9 in the quarter.

Summary

Inline Q1 performance, increasingly uncertain outlook

I will now provide a summary of our results.

The slower end to Q4 2024 continued into Q1 2025, albeit the majority of our markets were sequentially stable in economic conditions, which remained challenging. The conversion of interviews to accepted offers remained the most significant challenge as ongoing macroeconomic uncertainty continued to impact confidence, which all extended time to hire. Despite the decline in gross profit, activity levels remained robust.

India continued to deliver the standout result of the Group, up14%, and we saw an improvement in customer confidence in Germany as well as an improvement in trading in the US, particularly in engineering and manufacturing.

Against the ongoing challenging trading conditions, we have taken robust action to optimise our cost base by simplifying our management structure and reducing our leadership team, along with other business support functions, and these actions will benefit the Group from 2026 onwards. We also continued with our strategy of reallocating resources into the areas of the business where we see the most significant long-term structural opportunities, as well as ensuring it remained aligned to the activity levels we were seeing in each of our markets.

Overall, our focus remains to balance near-term productivity with ensuring we remain well-placed to take advantage of opportunities when market conditions improve. Despite the uncertain outlook due to the increasingly unpredictable economic environment, PageGroup has a highly diversified and adaptable business model, a strong balance sheet and our cost base is under continuous review.

Given the recent introduction of tariffs and the resultant market uncertainty, we are not providing forward-looking guidance on business performance.

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

Q&A

Rémi Grenu (Morgan Stanley): Morning, gentlemen. Thanks for taking my questions. I am going to throw at you the very tough question, trying to assess the impact of the current situation, probably on a best effort basis.

I just wanted to understand what was the impact of the tariffs under the first Trump administration, if there were any. And as things stand, what is your base case scenario given how bad the current situation must be on business confidence? Do you think it is likely that we are going to see like-for-like growth going backwards once again, and trying to think in scenario there, if the tariffs are actually implemented for a meaningful period of time, or if we see these being pulled? So that would be the first question.

Then the second one, I think you are flagging in the press release that client hiring budgets are being constrained or being optimised. Has it translated into any discussion on the level of fee rate that you are charging for these recruitments?

And the third one would be on the phasing of growth in Q1. Is there any material differences in performance between Jan, Feb and March that you think is worth flagging?

Nicholas Kirk: Okay, Rémi, I think I can probably take all three of those. So in terms of the impacts of tariffs, the reason that we have withdrawn any kind of forward-looking guidance is that at this stage, it is just too early to tell. We closed out Q1. We started to see the results from Q1 on 1 April, 2 April, and then later that day, we had the announcements on the tariffs. And really, at this stage, we have not even seen a week of activity to judge what client and candidate sentiment will be.

I think it is fair to say, though, that we were already trading in a market that was uncertain and challenging, and there was difficulty in converting activity into revenue. And it is therefore very difficult to believe that in the current state that confidence will have improved in any way. I think what we are seeing and hearing, not on a large scale, but early kind of conversations with clients, is probably hurry up and wait. You know, a sense of hesitation, a sense of pausing, a sense of we still want to go ahead with this hiring, but let us just wait to see how things pan out over the next week or two, similar with candidates. And that will undoubtedly have an impact on our performance in April. I think that is probably the only thing I can say at this stage. Much beyond that, we are into realms of crystal balls and guessing, and that is something that we do not want to do at this stage.

Your second question was around client hiring budgets and fee rates. Again, the only data I have at the moment is Q1, and Q1 was in line with last year, so record fee rates, and that has not changed.

And then as regards phasing across Q1, it was pretty much identical in each of the three months. There was not a significant change in any specific month, so nothing to call out there.

Rémi Grenu: Understood. Thanks very much.

Nicholas Kirk: Thank you, Rémi.

Rory McKenzie (UBS): Morning, all. It is Rory here. Just before we think about whatever is coming next, can you just talk more about the dynamics in the US that you saw in Q1? 7% growth is actually quite meaningful. So, what was the range of trends across verticals, and what had been happening with job flow, I guess, up until April?

And then secondly, again, I guess, looking back at 2018-19, obviously, externally, we saw APAC fall from high teams close to growth into high-single-digit declines over that time period.

As you look back on your own data internally over that time period, what did that reflect? Were clients telling you they wanted to pause hiring for a bit? Were clients telling you that they were closing capacity or right-sizing operations in APAC? I am sure you spent a lot of time looking back as much as you can. What did that experience tell you at all about how your clients reacted before?

Nicholas Kirk: Okay, thanks, Rory. Well, I will take the first question. As regards to the US, yes, let us maybe talk about right up to the point of the announcements because, otherwise I will be sat caveating everything, saying tariff, tariff, tariff, and there is no need for that.

So, how did Q1 go? A very positive feeling throughout the quarter in the US, I have got to say. A real sense of impetus and momentum, clients feeling positive about hiring, putting sensible offers on the table to get candidates over the line, candidates feeling equally optimistic and being happy to turn that activity back into that conversion rate around final interviews to accepted offers that we talked about before, which, as we would said, dropped from probably four out of five to three out of five. You saw it going back to historical norms in the US during Q1, which was what we had expected. And I suppose what we were hoping then would start to kind of probably have some kind of halo effect into other markets going through the year, this return to normal trading. Every five offers we get, four of them turn into a fee. So, we saw that. So, that all went on.

As regards job flow, again, very positive, really good job flow throughout the quarter and actually some good momentum on job flow in March, which, again, if it were not for the announcement on the tariffs, I think would lead us to high levels of optimism coming into April.

As regards verticals, our biggest discipline, as you know, in the US is construction, and that grew a low-single-digit. Financial services, again, is our third-largest discipline, and that grew a low-single-digit. The really big swing was our second-largest discipline, which is engineering and manufacturing, which was up 50%. We saw a real bounce back in that sector, which was particularly encouraging. A lot of the work that we do is around life sciences, medical devices, that kind of area.

Again, it was a really strong quarter. And I guess we just now wait and see. We just wait and see.

I will be watching activity very closely. I think that is really the name of the game over the next few weeks, is looking at activity levels, because we have said before, our headcount is very much linked to the job flow. And as we have said on many calls, the job flow has not decreased significantly.

So, we have had busy consultants. If that were to change, then we would obviously take a look at fee earner headcount. However, at the moment, the activity levels have been good, but we have not seen a full week of trading since the announcement. As we do, and as we get through April, understanding that Easter is in there somewhere as well, so that will slightly dull the result at some stage, then we will have a better idea as to the impact of the announcement.

However, actually, through Q1, to your question, very optimistic, feeling very positive about the trading performance and a real sense of, announcement to one side, a start of a recovery, perhaps.

Kelvin?

Kelvin Stagg: Yes. So, think back to 2018, 2019 times, when we had the previous tariffs. The impact was seen mainly in mainland China and in Hong Kong. And it did contribute towards a slowing in those markets, really from low double digits into the low single digits. I would say contribute rather than cause. I think the scale of the tariffs is completely different to what we are looking at today and the sort of global nature of the ones today.

The main impact that we felt back then was really with the multinationals. So, less of an issue for domestic companies, probably for relatively obvious reasons, where it is domestic demand. However, certainly, it was the multinationals that were more concerned about the impact of tariffs in 2018 and 2019.

I suspect that that can be the case again this time, albeit I think the size of the tariffs this time are likely going to hit domestics as well as multinationals.

Rory McKenzie: Thanks, both. They were very helpful comments. Thank you.

Kelvin Stagg: Thank you. So, if there are no further questions, can I just thank you all for joining us this morning? Our next update to the market will be our Q2 2025 trading update on the 11 July.

Thank you all.

[END OF TRANSCRIPT]