



Page Group - Half Year 2025 Results

Tuesday, 12th August 2025



Introduction

Nick Kirk

CEO, PageGroup

Welcome

Good morning, everyone, and welcome to the PageGroup Interim Results Presentation. I am Nick Kirk, Chief Executive Officer, and on the call with me is Kelvin Stagg, Chief Financial Officer.

Key Highlights

The Group delivered a resilient performance in H1 despite ongoing macroeconomic uncertainty. Whilst activity levels remained robust across most of our markets, we experienced a slight deterioration in activity levels and trading in Continental Europe towards the end of the period, particularly in our two largest markets, France and Germany. Elsewhere, we saw some improvement in activity, trading and customer confidence in Asia and the US.

The conversion of accepted offers to placements remained the most significant area of challenge, as this macro-economic uncertainty continued to impact confidence, which extended time to hire. As you know, we have taken robust action to optimise our cost base by simplifying our management structure, reducing our leadership team and improving the efficiency of our business support functions.

We remain committed to our strategy, and I will update you on our progress later in the presentation.

I will now hand you over to Kelvin to take you through our financial review.

Financial Review

Kelvin Stagg

CFO, PageGroup

Headline Numbers

Thank you, Nick. 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.

Key Financial Highlights

Resilient performance

Group Gross profit was down 9.7% in constant currencies to £389.7 million in H1. Operating profit in the first half was £2.1 million, down from £28.4 million in H1 2024, with a conversion rate of 0.5%.

Excluding one-off costs in H1 of around £13 million relating to restructuring and transformation, underlying operating profit was £14.9 million, a conversion rate of 3.8%. We closed the first half with net cash of £10.8 million and we are today announcing an interim dividend flat on 2024 of 5.36p per share, or £16.7 million.

Financial Review

I will now take you through the financial review.

Ongoing Macro-Economic Uncertainty

Robust action taken to optimise cost base

Looking at each of our regions and starting with the largest, EMEA, our conversion rate was 5.2%, down from 14.6% in the prior year. Profitability decreased on 2024 due to the tougher trading conditions seen in 2025.

The Americas remained profitable, however, in Asia Pacific and the UK, while trading conversion was positive, after central cost allocations both regions had a negative conversion rate.

Against the ongoing challenging trading conditions, we have taken robust action to optimise our cost base by simplifying our management structure, reducing our leadership team and further improving the efficiency of our business support functions.

These initiatives will incur a one-off cost of around £15 million in 2025, partially offset by savings of around £5 million. Our cost optimisation programme incurred one-off costs of around £13 million in the first half of the year. This will deliver annualised savings of around £15 million per year from 2026.

Excluding one-off costs, underlying operating profit was £14.9 million, with a conversion rate of 3.8%.

Effective Tax Rate (ETR)

Effective tax rate of 37.3%

The effective tax rate for the first half was 37.3%, a decrease from the 39.5% for H1 2024. This decrease is due primarily to a reduction in prior year tax adjustments recorded in the first half. The higher tax rate in full year 2024 was due mainly to derecognition of overseas losses.

The effective tax rate for H1 is consistent with our expectations for the full year, however, it is highly sensitive to the lower profit environment.

Robust Balance Sheet

Net cash of £10.8m

The most significant item in our balance sheet was trade and other receivables of £339.6 million, which, due to the weaker trading conditions decreased by £31.6 million versus June 2024. Net cash at the end of June was £10.8 million, which included cash of £33.8 million, partially offset by borrowings of £10 million under the revolving credit facility, and around £13 million under our UK trade debtor discounting facility.

Overall, net assets decreased from £274 million in H1 2024 to £217 million in H1 2025.

Resilient Cash Flow Generation

Final 2024 dividend payment of £36.9m in June

This chart lays out the movements in our cash in the first half of 2025. Our H1 EBITDA inflow was £32.6 million, partially offset by an increase in net working capital of £28.9 million.

Tax and net interest payments were £12.3 million and net capital expenditure was £7.1 million. Payments made in relation to lease liabilities reduced cash by £23.3 million.

The Group purchased £8.3 million worth of shares into the Employee Benefit Trust to satisfy future committed obligations under our Group share plans and we paid out £36.9 million for the 2024 final dividend.

Overall, the impact of these cash flows decreased the Group's net cash position since the year end by £84.5 million, to €10.8 million at the end of June.

Working Capital

Debtor book remains strong

Net working capital reduced cash by £29 million pounds in H1. This was due mainly to payment of 2024 annual bonuses to senior staff and Q4 profit share. Our debtor book remains strong and we have seen no deterioration in DSO across either permanent or temporary recruitment. We have also not experienced an increase in write offs.

We did not see a reduction in trade and other debtors compared to December 2024. This was due partially to temporary recruitment, which has a greater working capital requirement, being more resilient in the current market uncertainty. We also had an increase of around £9 million in prepayments compared to December, due to most of our significant software licence renewals being in H1. This will unwind over the second half of the year.

We have already started to see net cash increase to around £22 million at the end of July.

Clear Capital Allocation Strategy

£16.7m dividend to be paid in October

The Group has a clear capital allocation strategy, with three defined uses of cash. The first and primary use is to satisfy the operational and investment requirements of the Group, such as investments in technology, data and innovation, as well as hedging our liabilities under the Group's employee share plans.

The second use of cash is for the payment of ordinary dividends, where it is the Group's policy to maintain these through a downturn, which we have done in all years apart from during the pandemic, and to increase them when conditions are more favourable.

Thirdly and finally, any remaining surplus cash is distributed to shareholders by way of a supplementary return either by share buyback or special dividend.

Today, we are announcing an interim dividend of 5.36p per share, in line with 2024. The interim dividend will be paid on 10th October to shareholders on the register as at 29th August.

I will now hand you over to Nick to take you through our strategic review.

Strategic Review

Nick Kirk

CEO, PageGroup

Our Strategic Goals

Thank you, Kelvin. We launched our strategy in 2023 with three key strategic goals:

- Changing one million lives;
- Increasing our net promoter score to over 60; and
- Delivering operating profit of £400 million.

Against our social impact objective of changing one million lives, we performed well in the first half of 2025.

In H1, we changed over 55,000 lives, meaning that in total, we have changed over 700,000 lives since we set this target. Progress in this area is measured by the number of people whose lives we have changed by placing them into work, as well as the number of people who access programmes we run that support traditionally underrepresented groups accessing employment.

As a result of our continued commitment and success in this area, we are well on track to deliver against this strategic goal.

I am pleased to report that we have also made progress on our customer experience goal of achieving a client net promoter score of over 60. From our pre-strategy baseline of 52, our net promoter score increased to 61 in 2024, and in H1 2025 we have seen further improvement. For the six months to the end of June, our score increased to 66.

Against a complex and rapidly changing talent landscape, clients are looking for more than just a recruiter that can fill a job. Our customers want data and market insight, they want human capital solutions to address complex needs, they want a partner that can access talent pools all around the world and they want to work with a company, like ours, that puts the customer at the centre of everything they do.

Our net promoter score highlights our commitment to providing excellent service to our customers, further cementing our position as a benchmark of quality in our industry.

Embedding Our Strategy

Our strategy prioritises delivering what we are famous for, building on our existing strengths and leveraging our established global platform. We have a clear focus on what we do best at a city and country level, growing our business in areas where we see the greatest future potential.

To achieve our strategy, we have four pillars of growth:

- Our core business;
- Our technology business;
- Page Executive; and
- Enterprise Solutions.

We continue to maximise our core business under our Michael Page and Page Personnel brands, building on our previous investment strategy to strengthen our market-leading position with a focus on profitable growth.

Our Technology business is a scale play, enabling us to build a high value, high volume business in what for us is already a significant market.

Page Executive is a market gap play, with a specialisation in senior leadership search and recruitment as well as offering executive advisory services.

Enterprise Solutions is a partnership play, as we build out our capabilities and breadth of offering to create long term mutual value with our strategic customers.

I will now give you a brief update on the progress we have made within our four pillars of growth.

Our Strategic Pillars

Core and Technology

Within the core business, trading conditions have been challenging in the majority of our markets. Despite this, we continue to progress our strategy.

Over the last six months, we have remained focused on reallocating resources to match activity levels, as well as investing into business areas where we see the greatest long term opportunities.

Whilst the macro-economic uncertainty continues to impact the majority of our geographies, we have begun to see recovery in our US business which has delivered three successive quarters of growth. When we look at the underlying KPIs and activity data, what we can see is that this recovery has been driven almost entirely by an improvement in the conversion rate of offers to placements, rather than increasing activity levels.

As a reminder, for every five offers a fee earner receives, in a normal trading environment, we would expect four to become placements. Over the past couple of years, this has fallen to around three out of five. Reviewing our improved performance in the US over the past three quarters, what we have seen is a gradual return to a more normal level of conversion of offers to placements. This has been due to clients and candidates being more willing to engage in conversations and negotiations at the latter stages of the recruitment process, showing flexibility on both sides and a desire to get the deal done.

The Technology market has been tough globally. Reflecting this, we were down 16% in H1 versus 2024, below the Group average. Despite this, technology remains our second largest discipline at 12% of the Group.

Within technology, we continue to see a more resilient performance from non-perm. We are reshaping this business from the pre-pandemic model, increasing our offering within contracting and interim roles. This is particularly evident in markets such as Brazil, Greater China, Colombia and Spain. We have also been rolling out our proven contracting model from Germany into other markets in Northern Europe.

Despite the tough conditions globally, there were some individual markets which delivered good growth in H1, in particular, the US, India and Greater China.

Our Strategic Pillars

Page Executive and Enterprise Solutions

Page Executive delivered another good performance in H1, down just 2% against a record comparator. Within this, our best performing markets were the UK, the US, Spain and Latin America. In line with the broader group commentary for H1, market conditions were particularly tough in Page Executive in Germany.

A key element of our Page Executive strategy has been to focus on more senior leadership roles and as a result, increase the salary levels at which we place. This strategy continues to prove successful and we have seen an 11% increase in the median placement salary. Alongside this, the track record and success of our well tenured consultants in Page Executive has resulted in a 13% increase in our median fee.

What has become increasingly clear over the past couple of years, is that the market gap for Page Executive is a significant opportunity for the Group and one that we are uniquely placed to exploit.

Enterprise Solutions, which is our business focused on strategic customers, delivered an encouraging performance in H1.

Our well-established, global platform across 36 markets, allows us to consult with clients as they look to tap into new markets and geographies. In the last six months, we have supported a sovereign wealth fund in the Middle East as they looked to open operations in Europe and Asia. We have partnered with a Chinese multinational technology corporation as they have looked to build out their R&D capability in Europe. And we have supported the global ambitions of a British multinational bank looking to recruit top talent across the Americas, EMEA and APAC.

Our customer centric approach, highlighted by our net promotor score, increasingly makes us the partner of choice for companies looking to go global.

Within Enterprise Solutions, our outsourcing business delivered a H1 growth of 19% and a record performance. We have also seen a strong increase in our sales pipeline as our strategic commitment to global customers gathers momentum. We remain focused on winning business that delivers conversion rates in line with our strategy.

AI and Technology

Market-leading in our adoption of AI and automation

The interest and headlines around the role of Technology, and in particular AI across all industries continues to grow. We have seen positive impacts on how AI can support our business and our consultants in completing the more admin heavy tasks and enhancing customer engagement.

Our measured approach to where we see the value in AI is built on solid foundations in collaboration with the most significant players in Big Tech to develop safe and secure, cutting-edge technology and AI systems for everyday use by our consultants.

AI is deployed globally in our core systems at different stages of the recruitment process. This enhances and enables our industry-leading platforms, Page Insights and Customer Connect. Wherever AI is implemented, we measure the impact on our business performance. For example our AI-driven Job Ad generator delivers 47% more applications per job, with increased conversion to short list and ultimately an improved conversion to fill rate that is 22% better than before.

AI also allows us to operate at scale when it comes to providing our teams with Insights to support client conversations.

Whether that be market or sector specific advice from our Page Insights platform or extracts from our Talent Trends report, which is our comprehensive study of 50,000 skilled professionals across a multitude of industries and 51 locations worldwide.

We are confident in our ever-growing capability in this space, using our global partnerships and now deep rooted internal expertise, to work through the latest trends that emerge constantly in AI. For example, we are already actively testing and exploring how Multi-Agent AI can be deployed at scale to transform both operational teams and business support functions. We believe it will augment the way they work so they can focus on higher-value, revenue-generating activities.

All that said, it is worth restating that we still fundamentally believe that whilst technology and AI are powerful tools, human interaction is vital to deliver the most successful recruitment outcomes for both clients and candidates, particularly within white collar, professional recruitment.

Our consultants provide valuable expertise, market knowledge and insight to our customers, with tech and AI playing a crucial supporting role.

Summary & Outlook

2025 outlook unchanged

I will now finish with a brief summary.

The Group delivered a resilient performance in H1 despite ongoing macroeconomic uncertainty. Against these trading conditions, we have taken robust action to optimise our cost base by:

- Simplifying our management structure;
- Reducing our leadership team; and
- Improving the efficiency of our business support functions.

These initiatives will deliver annualised savings of around £15 million per year from 2026.

We have a highly diversified and adaptable business model, a strong balance sheet and our cost base is under continuous review. We are announcing today an interim dividend of 5.36p per share, or £16.7 million.

The Board expects full year operating profit to be broadly in line with previous guidance of £22 million.

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

Q&A

Speaker: I have got two questions, please. The first one, in the context of the flat interim dividend, should we assume that a flat dividend at year-end is the right assumption if you achieve your guidance of the £22 million operating profit?

Then the second one, you called out weaker exit rates in France and Germany in the press release. Could you maybe touch on what you have been hearing more recently from clients

in both of those countries, in particular, and whether July and early August has been consistent with June trading?

Nick Kirk: Okay. Thank you. Well, I will take the second question first, and then I will pass over to Kelvin for the first question. I mean, we are not here today to give a month-by-month trading update. So referring back to really what we said at the end of Q2, we did see weakening conditions in both France and Germany through Q2, probably slightly different reasons, but then maybe a little bit connected as well.

I mean, ultimately, macroeconomic uncertainty created by either tariffs or political situations, just feeding through into business sentiment. I think what we did also say though at the end of Q2 was that the announcement that the government have made in Germany indicates that I think that from speaking to our clients, they are feeling more optimistic about the back end of the year, but waiting to see the exact detail on some of the funding and the government policy there to see exactly how it plays out.

But reasons to perhaps be a little bit more optimistic towards the back end of the year in Germany, probably not so much of a stimulus opportunity that we have seen in France, definitely high levels of uncertainty. As you know, I mean, everybody tends to disappear away on holiday in France and Southern Europe and increasingly in Northern Europe throughout August and parts of July anyway. So we are not going to get a better read on Q3 until we have seen in September. So probably nothing more to add than we said at the end of Q2, really in terms of Europe. Kelvin?

Kelvin Stagg: Yes, I can come back to the other one. I think the flat interim dividend reflected really the available cash that we have today. We had some sizable outflow payments in the first half, largely £13 million that we disclosed in terms of the restructuring charges.

We hedged share plans in the Employee Benefit Trust to the tune of £9 million, and we paid the final dividend of £37 million. So around £60 million of outflow. We do not really have that many outflows in the second half. The interim dividend, £16 million or so is really the largest payment in the second half. I cannot really comment in terms of what our cash balance will be at the year-end at this point. It will depend on, obviously, the profit number, but probably more importantly, movements in working capital in the second half, particularly the balance between perm and temp.

It is not a decision we have to make until the end of February. We have got seven months more visibility just to see before we get there. But our policy to date has always been to try and hold the ordinary dividend and expand it in better times. So we will see where we are. But you will have to wait until we get to the prelims next year before we are able to give you an answer to that question.

Andy Grobler (BNP Paribas Exane): Just one for me, if I may. A lot has happened since those initial targets were set, particularly the £400 million target. Given all of those changes to macro conditions and recruitment markets, do you still think that £400 million is relevant and achievable in a reasonable time frame?

Nick Kirk: Thanks, Andy. When we announced the strategy, what we talked about was seven good years. They did not have to be years that were like those two years as we came

out of the pandemic, which were probably market conditions that anyone that spent any time in the industry still reflect on as probably the best two years in their recruitment careers. But we do need supportive conditions. Therefore, that is what we modelled the financial planning against.

In terms of what we now know and the work that we have done in tougher times, I think that our modelling stands firm is that we believe that we can drive back towards those numbers. Will we get there by 2030? Well, probably not because we are now in 2025. But in terms of our focus around Page Executive, we talked today about how well it is going, the opportunity that we believe we have and the unique positioning we have to exploit that.

We have talked about the success that we have seen in Enterprise Solutions. Technology has been tough across the board, but it is hard to believe that technology does not start to come back at some stage with a greater level of confidence. And I feel really good about how we have reshaped the business ready for that.

Our core business, what we have done is we have not been sat on our hands. We have been restructuring, redesigning the business, ready to really drive profitable growth with a focus on less is more in many of our markets. So really focusing on what we do best.

I think you put all of those things together and you give us a good run in a good market, then no reason to believe we cannot deliver against what we set out to do.

Kelvin Stagg: Probably add a little bit to that. I think it has been a really unusual downturn this one. When we look at our productivity mix, we have really seen productivity hold broadly flat. So we were off just under 2%. We are at record fee levels. We are trading at salary levels that are higher than we would have done previously. But the bit that you would have heard us talk about is that it is the conversion of offers into placements that has really been the challenge, and where normally we would expect to convert four out of five offers into placements, currently, broadly across the Group, we are trading with more like three out of five.

So we have seen a reduction in the top line of around 25% in terms of what we are able to monetise. We would expect that as markets recover, and we are starting to see it in the US that, that would move back more broadly from the three into the four, which should restore the top line relatively quickly with a full drop-through of that because obviously, we are doing the same amount of work, whether or not we monetise or do not.

So from our sort of record year where our gross profit was just north of £1 billion to today where it is in the 700s, there is a route where markets return through clients and candidate confidence where we restore quite a lot of that gross profit quite quickly. Then obviously, less 25% to 30% worth of profit share, most of it drops through to the bottom line. So I think there is a route for us to recover in terms of profitability, really broadly back to where our good years were.

It is a matter of how quickly that customer and client confidence returns.

Andy Grobler: Just a follow-up. You mentioned the US there where you have seen an improvement back towards four out of five. Are there any other major markets where you are seeing either that you have reached that level or you are going in the right direction?

Nick Kirk: I mean, India has probably never fallen away from that. So that has been pretty constant in terms of the market conditions there and the business sentiment. The one that we called out, Andy, as you will remember in Q2, where we started to see some recovery was in Asia.

Now it was a small amount of recovery. It was the first quarter of recovery. So we will wait to see how things pan out over another quarter or two. But again, the style of recovery that we saw in Asia was very similar to what Kelvin just described. So it was not driven by huge spikes in job numbers or a huge increase in the volume of interviews. It was just the same amount of work being rewarded with more revenue because more of the placements were getting over the line because clients and candidates were getting around the table and having conversations that were probably pre-pandemic, as you will remember, very normal conversations, which is I am offering you a 5% increase. I am not going to take it.

Okay. Well, let us sit down and talk about what you will accept, and then they reach an agreement, shake hands and the deal is done.

What we do know is that since 2022, those sensible conversations have been few and far between, and it has made it very difficult to get deals over the line. We have seen that come back in the US. We have had one quarter of recovery in Asia that has been driven more by, as I say, that conversion of offers to placements than a spike in activity. So we remain positive.

But hopefully, we see that again in Q3 in both of those markets. Then that I think starts to give us a pattern of recovery that Kelvin just spoke about, which is just this increased revenue from the same amount of work.

Abi Bell (UBS): This is Abi from UBS. Just two questions, please. Firstly, can you talk about how price mix has evolved through H1, and how much this contributed within the 10% gross profit decline? And what you are hearing back from clients in terms of salary expectations? I know you touched on this briefly, but what you are seeing in terms of the jobs which are premium at the moment?

Then secondly, in terms of the job flow, there has been a lot of discussion recently about structural changes in the workforce with companies aiming to use AI to improve productivity, and reducing entry-level positions in particular. Is there anything you think is observable yet? Or is it really hard to unpick given the cyclical nature at the moment?

Nick Kirk: Thank you. Okay. I will take the second question and then pass to Kelvin for the first one.

In terms of structural changes, I was trying to really talk a bit about that in the presentation, which is that I am not sure that the headlines that we all read every day are matching the reality of the client meetings that I am attending, the conversations I am having with the CEOs or even our own position. I think there are opportunities to use AI, but most organisations that I speak to talk about using it to augment their workforce rather than replace.

Where we have seen some headlines around organisations that have bravely removed everyone from their call centres and used AI to replace them, we have then seen headlines about them re-employing the same people back into their call centres because it did not work.

So I do think there's something of a disconnect, but I also think it would be wrong to believe that we are at the peak of what this technology can do.

I mean, we have moved generationally from what was discussed as AI through to now something that is multi-agentic AI, which is so exciting and creates so many opportunities for organizations.

Change is coming. I just think that the headlines are a little bit ahead of the reality and that most organisations are using it in the way that we are, which is to address admin-heavy tasks to remove tasks that are very high volume, low value from the process and give it to the AI to do on behalf of the people, but then use the same people to do more customer engagement, high value, high touch work.

Where we go next? I don't quite know. I think anyone who claims to know is lying. But I think that it is a really exciting time for business and there will be change. But I also fundamentally believe that the change will create new jobs and new opportunities as we have seen with most other technology when it is come in over the years. Yes, I am not quite seeing the headlines matching the reality based on the conversations I am having.

Kelvin Stagg: Yes. On your first question, I think that there is an element of the implementation of our strategy that has slightly changed the price and mix. We have, in a number of markets in Asia, in Latin America, in the UK moved resources intentionally out of Page Personnel, our lower level clerical recruitment brand up into Michael Page, where we see higher fee rates where we operate at higher salaries, which we think is less likely if there is any disintermediation of those low-level clerical roles to be affected.

So we will have moved some of our resources into a slightly higher price level in terms of both the fee rate and the salaries we hire at.

You would have heard during Nick's presentation that within Page Exec, we have been keen to do the same thing. So we have seen an 11% increase in the median salary that we place at. We have seen a 13% increase in the fee. There are a number of areas that we have intentionally targeted a higher price and salary point as part of our strategy implementation.

In terms of how that has affected the gross profit movement over the last year, the majority still remains that volume issue around only managing to convert three out of five placements into gross profit. It is also broadly in line with the reduction in fee earners over the same period of time. The volume per fee earner remains broadly the same because the productivity, as I said earlier, was only down just under 2%.

So that really is where we are in terms of hoping to then monetise more of those offers and see the gross profit return.

In terms of salary expectations in the market, I mean it remains broadly around 5% to 7% is probably the average offer that people are getting candidates when they come to market. I mean, we have said quite a lot in recent years, that is not unusual for pre-pandemic. That was pretty normal. But it would be 5% to 7%, 5% to 8% during the teen years.

It got very heated during the pandemic recovery in 2021 and 2022, where offers between 15 and 20 were not unusual at all. But that has now come back down again. And as Nick mentioned earlier, what we are seeing though in certain markets like the US, is that are actually a 5% to 7% is not getting people over the line, then people are having a

conversation to go, okay, well, is 8% enough? Do we need to make it 10%. But in most of the markets, 5% to 7% is roughly what people should be expecting and candidates are expecting now.

Nick Kirk: Thank you. As there are no more questions, thank you for joining us this morning. Our next update to the market will be our Q3 trading announcement on 15th October. Thank you all for joining us this morning.

[END OF TRANSCRIPT]