PageGroup Q3 Update

Wednesday, 15th October 2025

Headline Numbers

Kelvin Stagg

CFO, PageGroup

Good morning, everyone, and welcome to the PageGroup 2025 Third Quarter Trading Update. I am Kelvin Stagg, Chief Financial Officer. And on the call with me is Nic Kirk, Chief Executive Officer.

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

The group delivered gross profit of £187.8 million in the quarter, a decline of 6.7% in constant currencies. In line with Q2, we saw variable market conditions across the group. We continued to experience subdued levels of sentiment and confidence in Europe, particularly in our two largest markets, France and Germany, as well as in the UK. However, we delivered a fourth consecutive quarter of growth in the US, our fourth largest market, and a second consecutive quarter of growth in Asia. Collectively, these two markets represent a quarter of the group. We reduced our fee earner headcount by 120 or 2.3% during the quarter, mainly in Europe. Productivity, measured as gross profit per fee earner, grew 1% versus Q3 2024, despite the tough macroeconomic conditions. Net cash at the end of September was around £38 million. This compares to 11 at the end of Q2, and is before the recent interim dividend payment paid on the 10th of October, totalling £16.7 million.

Financial Review

I will now give a brief financial review.

Reduction in fee earner headcount of 2.3%

Reductions mainly in Europe

We reduced our fee earner headcount by 120 or 2.3% during Q3, with reductions mainly in Europe. And non-operations headcount decreased by 11 in the quarter. Overall, the group had 5,043 fee earners and a total headcount of 6,903. We remain committed to our strategy and continue to reallocate resources into the areas of the business where we see the most significant long term structural opportunities. Concurrently, we continue to ensure headcount in all our markets is aligned to activity levels. Overall, our focus remains to balance near-term productivity with ensuring we are well placed to take advantage of opportunities when market conditions improve.

Productivity up 1% on Q3 2024

Conversion of offers to placements remained most significant challenge

Despite the tough macroeconomic conditions, gross profit per fee earner increased 1% compared to Q3 2024 as we continue to carefully balance customer demand with fee earner resource where we experienced improved trading in Asia and the US. This was driven by higher levels of conversion of offers to placements. In our other countries where trading remains challenging, we are yet to see any improvement in this metric. However, our fee rates remain at record levels.

Regional Review

I will now present a regional review.

Q3 Gross Profit -6.7%

Variable market conditions across the Group

Group gross profit declined 6.7% in constant currencies against Q3 2024. In line with Q2, we saw variable market conditions across the group with ongoing challenging conditions in continental Europe and the UK. However, we saw growth continue in Asia and the US.

EMEA

Continued challenging market conditions

In our largest region, Europe, Middle East and Africa, which represented 52% of the group, we declined 10.2%. We continue to see tough trading conditions with low levels of candidate and client confidence. Germany, the group's largest market in Q3, represented 13% of the group, declined by 11%, an improvement on the decline of 21% in Q2. The market remains challenging but stable, with companies continuing to limit and delay hiring decisions due to macroeconomic uncertainty. Our contracting business was the most resilient, down 5%. However, tough conditions continued in our temp and perm businesses, which were down 13% and 9% respectively. France, the group's second largest market, declined 16%. Temporary recruitment, down 4%, outperformed permanent, down 26%, indicative of the ongoing uncertainty in the market. Spain grew 3%, with particularly strong results in Page Executive. Elsewhere in Europe, we saw challenging market conditions in all countries. In response, we reduced our fee earner headcount by 79%, mainly in Germany and France.

The Americas

Fourth consecutive quarter of growth in the US

Excluding the impact of hyperinflation in Argentina, the Americas, which represented 19% of the group, grew 3.5% against Q3 2024. North America grew 10%, with the US up 10%, its fourth consecutive quarter of growth. We saw good levels of activity in trading, which continued strong results, particularly, in manufacturing and construction. In Latin America, excluding Argentina, gross profit was down 4%. Mexico, our largest country in the region, was down 12% due to ongoing tariff uncertainty. Brazil was flat with challenging conditions in permanent recruitment, but a strong performance in temporary. Our remaining countries in Latin America grew 1% collectively.

Overall, fee earner headcount decreased by 16% in the quarter, mainly in Brazil, partially offset by additions in the US.

Asia Pacific

Improvement in trading and second consecutive quarter of growth in Asia

In Asia Pacific, which represented 17% of the group, Q3 gross profit declined 1.2%. We continue to see improved trading conditions in the second quarter of growth in Asia, up 1%. Southeast Asia grew 5% against Q3 2024, with improved conditions across most of our markets in this region. Conditions remain tough in Greater China, down 7% on Q3. Mainland China declined 20%, but Hong Kong grew 8%, driven by another particularly strong performance in Page Executive. Japan declined 2%. India, where we now have almost 250 fee earners, grew 11% with continued strong trading conditions. Australia declined 12%, with the market particularly challenging in New South Wales. Our fee earner headcount in the region decreased by 9% in the quarter.

UK

Ongoing low levels of client and candidate confidence

In the UK, which represented 12% of the group, gross profit declined 14.3% in line with Q2. We continued to see clients deferring hiring decisions and candidates cautious about accepting offers. Permanent recruitment declined 12% against 2024, with temporary down 19% due to the closure and reallocation of resources from our UK Page personnel business to Michael Page this year. Fee earner headcount reduced by 16 in Q3.

Summary

I will now provide a summary of our results.

Variable market conditions across the Group

In line with the previous quarter, in Q3, we saw variable market conditions across the group. The conversion of offers to placements remained the most significant area of challenge as ongoing macroeconomic uncertainty continued to impact confidence, which extended time to hire. We remain committed to our strategy and continue to reallocate resources into the areas of the business where we see the most significant long term structural opportunities. Concurrently, we continue to ensure headcount in all our markets is aligned to activity levels.

Overall, our focus remains to balance near-term productivity with ensuring we are well placed to take advantage of opportunities when market conditions improve. We have made good progress on our cost optimisation programme during the year, which is on track to deliver annualised savings of around £15 million from 2026. Despite the uncertain outlook due to the unpredictable economic environment, we remain confident in the execution of our strategy given our highly diversified and adaptable business model, strong balance sheets and our cost base that is under continuous review. The board expects full year operating profit to be broadly in line with current consensus of £21.5 million. Nic and I are now happy to take any questions you may have.

Q&A

Operator: Thank you. As a reminder, please press star one if you would like to ask a question, or press star two if you would like to withdraw. The first question is from Andy Grobler at BNP Paribas. Please go ahead.

Andy Grobler (BNP Paribas): Hi. Good morning. Just a couple from me if I may. Firstly on cash, net cash in the period, sort of relatively low at this point. Can you just talk through some of the drivers, working capital and so forth, and also what that means for the dividend? And then secondly, just in terms of run rates through September and into October, what are your thoughts on headcount for the remainder of the year? Thank you.

Nicholas Kirk: Thanks, Andy. Okay. I'll take the second question first. So in terms of run rate on headcount, we'd expect to see probably in Q4 something similar to what we have seen over Q1, Q2 and Q3, which is probably adrift in Europe, particularly where markets remain a bit more challenging, offset by some additions into the markets where we are seeing some growth. So if you take the run rate through this year, our fee earner headcount come down by somewhere around 100, 120 per quarter. I would expect that that would happen again probably in Q4. Cash, Kelvin.

Kelvin Stagg: The cash at 38 at the end of September before the dividend of just under £17 million and therefore currently stands just above £20 million. That is where we were expecting it to be. Our current forecasts for the year end is that we would be at about £40 million. We are not expecting to have any borrowings under our RCF facility at the year end. And whilst that is a little lower than we would normally want it to be, I expect the bonus payment for the senior staff and for the Q4 profit share will be lower than usual as well. So whilst it would normally be 30, I am expecting it to be nearer 25.

Our current ability to run the business on cash is somewhat improved. And that is largely about the improvements we have made to our cash management structures over the recent years; and therefore, where it used to be nearer 50, it is now currently just under 30. So I do not have any concerns about running the business with this sort of level of cash. The decision on the dividend is one for the prelims, and we have got another five months worth to go before we get there. We tend to be highly cash-generative in the last part of the year. There are not any big payments after the interim dividend. So we will leave it for the board to make that consideration in early March. However, as I say, we will have had five more months worth of cash generation and also a much better idea on what the outlook looks like as we come into next year.

Andy Grobler: Okay. Thank you.

Kelvin Stagg: Cheers.

Operator: The next question is from Rémi Grenu at Morgan Stanley. Please go ahead.

Rémi Grenu (Morgan Stanley): Morning, gentlemen. A few questions, if I may. So the first one is on the US. First, I would like to have your view on whether you are seeing a broad permanent recruitment market recovery in the country, or if you would attribute the stronger performance over the last four quarters to a company-specific contract win[?] market share gains or business mix exposure to specific sector. And in your discussion with clients in the US, what do you think has been the most significant driver to gradually unlock the situation over these last four quarters? So trying to understand what we should look out for in Europe in your view. So that is the first question on the US.

The second one is on pricing and salary. Can you update us on the average level of salary at which you are placing candidates and how it has evolved recently? Obviously kind of combining the impact of inflation receding, but maybe any of the initiatives on your side to continue to actively position the business. Also adding the question on fee rates in there.

The last one and maybe it is me being picky, but net fees came in £2 to £3 million ahead of consensus. But the operating profit guidance is down half a million. I mean, broadly stable or slightly down. So I just wanted to ask if you can provide more details on the bridge here, whether there has been a mixed impact, a change in the term gross margin or some phasing on the operating cost savings that has changed versus three or four months ago. That would explain a slightly higher net fee, but guidance on operating profit broadly stable or slightly down.

Nicholas Kirk: Okay. No problem. Thanks, Rémi. Okay. I will take the first two questions and then let Kelvin answer the third one. So in terms of the US, have we seen a broad perm market recovery? No, I do not think we have. When you look across our business, we obviously operate in multiple disciplines and sectors. Where we are seeing growth is where we have positioned the business. So around about 50% of our operation is in construction, and that is performing very, very well. A lot of the contracts we have now have shifted away from traditionally what would have been, say, residential work towards data centres. And that, as you know, is a very, very hot market to be in right now. And we are benefiting from that positioning. So that is great.

And then the second area where we are seeing a lot of growth, I mean considerable growth, is manufacturing. And manufacturing as a discipline for us, is twice the size of the next largest discipline, which would be financial services. And that has been growing for the last 12 months double digit. And we are just seeing lots of success in that area, driven slightly by the political policy of bringing manufacturing back onshore. Now, clearly, organisations are not in a position to bring full manufacturing facilities back from offshore locations in the space of nine months, but what they are able to do is make decisions around leadership, hiring and doing that into the US in anticipation of the return of manufacturing to the US, rather than doing it in another country outside of that jurisdiction. So we are benefiting from that. But I would not say it is a broad-based per market recovery because we are not seeing it in areas like finance or financial services. Our success, as I say, is driven by those two areas where we have positioned the business. About 65-70% of our business is in construction and manufacturing, and they are going great. So we are happy with that.

And I think you asked something else around the US, which is what are client saying. I think what our clients are saying is that because they have order books that are filling up, particularly if we take that construction example, which is if they want to go out and bid for and then win a contract, they need to have the supply of talent to then execute on that contract. So therefore, it drives a lot more sensible conversations around landing candidates because they know they have the work, they know what the price of that work is, they know what their margin on that work is, and then they can make a decision around what salaries they want to offer to get the talent on board. So very sensible, I would almost say, normal recruitment conversations what are happening in that market? It is nothing extreme like we saw post Covid, where we had those two years where the market was moving just at a slightly strange pace. It is something that's very recognisable in pre-pandemic recruitment markets; sensible conversations between clients and candidates to get the deal done and to make the appointment happen. So that is really what is happening from a client and candidate perspective in the US.

As regards pricing, our fee rates remain at record levels, and salary levels are up on last year. Not significantly. I think in Q3 there were around about 3% up on where they were. So for me, that is more kind of an annual review increase. What we have seen, though, more significantly, is in Q3 a 7% increase in our average perm fee. And that has been driven by a few things. That has driven by the fact we have got record fee rates. It is driven a little bit by what we said there about perm salaries going up a little bit as well. But it is also being driven by the positioning of the business as part of our strategy, which is to move upwards. Therefore, a higher ratio of Page Exec revenue, more Michael Page revenue, less Page

Personnel revenue. So that is a very confirming piece of data for us that the business is moving up into those leadership and specialist roles that we intended as part of this strategy, and that will continue. So it is very much I think your question was, are we actively positioning the business? Yes, we are. And that is the result of that.

Kelvin Stagg: Yeah. I can talk to your last question, which is really about an improvement against the consensus of £2 million on the GP line, but down half a million on the operating profit line. I mean, I do not think that's necessarily outside of what we were expecting in all honesty, but probably stems from a few things; I mean one of which is we are holding on to our more senior fee earners. We want to hold on to that management headcount in order to support the business for when it recovers. And we can pin more junior fee earners underneath them. And so the average cost of a fee earner is now increasing not dramatically, but certainly in certain markets it will be up a bit. I think the impact in Europe, which is always been one of our most profitable regions, has been hard and is now one of our most hard hit regions. And therefore that has impacted product profitability as well. But I do not think looking forward, we would expect the drop through to have materially changed for the incremental GP[?] that we get coming out.

Rémi Grenu: Understood. Thank you very much. Very clear.

Operator: Our next question is from Roland Clark at Barclays. Please go ahead.

James Rowland Clark (Barclays): Hi. James Roland Clark from Barclays. I have got two, please. Your net cash guidance for the end of this year is now £14 million. I think, Kelvin, you said at the Q2 results call that it was a big guess, but you were thinking of £60 to £70 million. So I just wondered if you could give some colour on maybe what has changed versus your admittedly sort of obviously a big prediction at that point, but what has changed since then.

And then secondly, just on productivity, I noticed that you are now growing in terms of net fees per headcount from a decline. You have sort of elaborated on why that why that has happened in your last comment. But if you look versus your sort of key peer, you are underperforming on, on that metric. So could you provide any colour as to why that has happened? And then to the second part to that would be, given your shift of the business to the sort of higher end, and you mentioned the US in particular, does that mean that we should see further growth in the productivity sort of metric that you are reporting? Thank you.

Nicholas Kirk: Okay. Let me talk about the productivity, because I think it is a really important point to get across to you. If you look across some of our peers and you look at the headcount reductions that they have made year on year in Q3, you have got numbers like 15%, 17%, 16%. We have very intentionally not done that. We started to bring our headcount down before our peer group did when we started to see the slide in the market in late '22, early '23. And that has enabled us to do it more steadily and in a more controlled manner, which means that when we look at our headcount reduction year on year in Q3, it is only 8%. So half of what some of the peers have done. And that is very intentional because we are aiming to balance near-term productivity with our recovery. We want to maintain the platform and therefore the art, if you like, it is not a science, it's an art, is to try and hold productivity around the level it is at, which, I would also remind you, is above where we were pre-pandemic. So these are good levels of productivity. But that is the balance that we are trying to strike. And sometimes it will be minus one as it was in Q1. And sometimes it will be plus one as it is in Q3, but we are trying to balance it around that number. And as I say, that is because we have got one eye on the near term, but also one eye on the long term. And that involves maintaining the platform in a perm-driven business that sometimes means that you will have movements slightly down, but other times, the perm revenue comes through in the quarter, it will move slightly up. So you will see us continuing to do that. We are not measuring ourselves on near-term productivity.

Part two of your question on productivity was around the US. And I think that is a fair comment, really, is that if we continue to see the US grow as a proportion of the total, it is a market where we have higher salaries than anywhere else in the world, and it is our third highest average fee rate. So you would assume that if that is a broader proportion of the total, that that will impact our productivity. Now at the end of the day, it is still only around about 10% of the group. So we would not have significant impacts in the overall productivity. And we will be offset if we are seeing decreases in markets like France and Germany that are bigger than the US. But yeah, I mean, that is the aim. That is what we are trying to do. So hold productivity at these levels that are well above where they were pre-pandemic, and keep one eye on recovery and add headcount where we see some of that recovery.

Kelvin Stagg: Yeah. And I can talk to net cash. I think, partly, that is one of the challenges if you make a rather large guess too early in the year. But I do not think anything has materially changed from that estimate of 60 to 70 a while back, apart from really working capital. I think we are seeing temp books continue to be robust and hold up particularly in places like Latin America which have slightly longer working capital DSO. So I think that the additional cash has really gone into supporting the temp payrolls around the world. I do not see anything really materially in terms of bad debt or anything that is untoward. And overall, our DSO remains in a pretty sensible place, but it is being funnelled into supporting temp payrolls and contracting, statement of work businesses around the world.

James Rowland Clark: Great. Thank you very much for this.

Operator: Our next question is from Karl Green at RBC. Please go ahead.

Karl Green (RBC): Yes. Thanks very much. Good morning, Nick and Kelvin. A couple of interrelated questions remaining from me. You did mention already that you have seen improved conversion of offers to placements in Asia and the US. And I think at the Q2 stage, you had referenced the US gradually moving up from around three and five hit rate towards four and five. Really, just to get a sense as to whether that has continued in the US and how it is tracking in parts of Asia. And I guess also linked to that in terms of the drivers of that improved conversion rate. Are you seeing the kind of salary offer increases you referenced in Asia continuing? And are there any other sort of glimmers of positivity elsewhere in the world on the perm side, please?

Nicholas Kirk: Yeah, sure, I can answer that one. So I would say that in the US now, we are back to what I would consider more normal trading, which is, as you have alluded to there, on average, consultants who land five offers, turning four of them into revenue. So that is always how I felt market dynamics worked in a perm business all around the world pre-pandemic. We then had that strange period after the pandemic, a strange period since. So I find it very reassuring to see the US now return to something that is very, very recognisable. Are we there yet in Asia? No, we are not back at four out of five landing. Are we moving in in that direction? Yes we are, but we are not back there yet. So if that continues to improve in Asia, the results then that will be driven, I would imagine, by that return back to four out of five offers turning into revenue.

The second part of the question were, what are the drivers? It is not that suddenly everybody's got their cheque books out in the US and are offering big salaries to every single candidate. As I said to one of the earlier questions, we are not seeing a broad-based recovery in perm in the US. There are just areas of the market that we are positioned in that happen to be very hot right now. And if you are in a hot market with a limited supply of talent and you want to land the candidates, then there is always a cocktail of elements that will be put on the table. But part of that will be salary. So you might be getting an extra couple of percentage points. We are certainly not going back to the world of '21-'22 where it was 15-20%. But might it creep up to 10% increases in some cases? Yes. If I have landed a contract and I need to deliver and the data centre, the kind of initial spades are going into the ground in two weeks’ time, and I need to land a candidate ready for that, then I am going to do what I need to do. But to me, I think probably what I feel is that what happened in the US is not a return to or a move towards something that is unrecognisable. It is a return to something that is very, very normal. So if anything, I think what we should be looking at with the US is that we are seeing a recruitment market where when market conditions return to as they were probably pre-pandemic and you have a level of positive sentiment, you have markets where there are shortages of supply of talent, how do they behave? And they are behaving like they have always done. And to me, I find that very reassuring.

Karl Green: Very clear. Thank you.

Nicholas Kirk: Thanks, Karl.

Operator: Our next question is from Rory McKenzie at UBS. Please go ahead.

Rory Mckenzie (UBS): Morning, all. Two questions, please. Firstly, I know September is the main month for Q3 anyway, so trends are kind of hard to call out. But it does kind of set the tone for the rest of the year. So what can you say about how the KPI is rebuilt after the summer holidays? Are there any more clients than usual talking about hiring freezes for the rest of the year, or do you think there are still plans to try and spend budgets that are in place?

And then secondly, in the UK, where you have closed Page Personnel, can you just outline the thinking there? Is that a market you just do not think will rebound well, or is it more structural? How are you seeing that end of the market evolve? And can you just help us understand how big it is in terms of a drag on the region? Thank you.

Nicholas Kirk: Yeah, sure. I can take both of those. Okay. So in terms of KPIs, are we seeing any hiring freezes? No. Activity built as we would have expected coming out of Q3. As it always, is a bit slow in July and August. You never quite know what you are going to get. And then September, activity built very nicely. So we go into Q4 with the expected level of momentum that we have planned for, really. What are the signals can I give you? I mean, our enterprise solutions business has got a pipeline that is the biggest it has ever been. So we would not clearly win all of the business that is in the pipeline; but it is great to see so much in there at RFI RFP stage, and we will win a proportion of it. So that has got to be a positive.

So no, I mean, if anything, I think that the overall summary of KPIs fall really around the headline of our statement, which is that if you are in Europe right now, it is pretty challenging; and if you are in Asia, in the US, it is starting to look a bit more positive and you have got some growth. And that is really reflective of the trends and the KPIs that we are seeing.

As regards P.P. in the UK, for us in the UK, it was a decision really around about the strategy of the organisation. We felt that that it is a market that is threatened by disintermediation, particularly by the rise of generative and agentic AI. And we had an opportunity to look at the UK business model, and we made a decision that we wanted to move more of our resource up into the Michael Page business and make a clean break in the UK's case away from that Page Personnel market, which, as a reminder, was more junior clerical graduate entry roles, which I think we have seen in the press have been affected by AI, and I guess will continue to be so. And we wanted to focus more on the Michael Page and Page Exec markets. Our Page Exec business in the UK is our biggest in the world, so we would rather see more resource going into those areas where we get higher fees, better fee rates, etc. So it was a very deliberate decision as part of the strategy. And we also closed Page Personnel in Latin America and also in Asia.

As regards the drag, yes, there is a drag in the UK at the moment. And to explain as to why, in simple terms, if you are a successful Page Personnel consultant, and we are asking you now to move up to the Michael Page level, your clients as they were in Page Personnel are now your candidates, and you now need to go out and find a whole new set of clients to work with. And that does not happen overnight. There is a lag, 6, 9, 12 months for a consultant to transition to become as productive as they were before. And we need to support them through that. We cannot ask them to make that move and then not reward them through that period. So we are doing. But ultimately, what it will mean is that as we go into next year, we will have a business that is more focused around the Michael Page level, the area that we want to trade in, and I think it will put us in better shape to be more productive in the UK market when the conditions improve.

Rory Mckenzie: Thank you. Obviously that all fits with your strategy of repositioning, which has been a theme with this call, but can I just come back on those comments around the risks you see around generative AI for those roles? Is this about anticipating job displacement in the economy overall, or do you think that firms will be looking to fill those jobs through different providers, platforms or channels?

Nicholas Kirk: How long have you got, Rory? It is a big topic. I mean, I probably read the same articles that you do, and I speak to CEOs of other organisations, but I also look at our own business, and I look at the opportunities that we have to utilise AI within some of our shared service centres, for instance. And I think the balance at the moment is that there are organisations that are very openly going out to use AI to save on headcount. And there are other organisations, many that I have spoken to, that are talking about it as an augmentation tool where they can take away repetitive tasks, admin-heavy tasks, and then get the headcount to do the high touch, white glove service that they want them to do. And I do not know the answer as to what the overall trend will be over the next few years, but there is certainly going to be some disruption around that level, whether the jobs will disappear, whether there will be less jobs, whether the jobs will change. I would just be guessing. And I think what we have learned on this call is that guessing can probably make things a bit tricky when you have a follow up question in three months' time. So I am not going to do that.

Rory Mckenzie: Fair enough. Thank you very much.

Operator: Thank you. At this time, we have no further questions on the call, so I will hand back to Kelvin to wrap up.

Kelvin Stagg: Yes. Thank you, Seb[?]. As there are no further questions, thank you all for joining us this morning. Our next update to the market will be our fourth quarter trading update on the 13th of January 2026. Thank you all.

[END OF TRANSCRIPT]