

PageGroup

Full Year Results for the Year Ended 31 December 2016

PageGroup plc ("PageGroup"), the specialist professional recruitment company, announces its full year results for the year ended 31 December 2016.

Financial summary	2016	2015	Change	Change CER*
Revenue	£1,196.1m	£1,064.9m	+12.3%	+3.6%
Gross profit	£621.0m	£556.1m	+11.7%	+3.0%
Operating profit	£101.0m	£90.1m	+12.1%	+1.4%
Profit before tax	£100.0m	£90.7m	+10.3%	
Basic earnings per share	23.1p	21.3p	+8.5%	
Diluted earnings per share	23.1p	21.1p	+9.5%	
Total dividend per share (excl. special dividend)	11.98p	11.5p	+4.2%	
Total dividend per share (incl. special dividend)	18.44p	27.5p		

HIGHLIGHTS*

- Group gross profit up 3.0% to £621.0m, a record year for the Group
- 20 countries had record years, with strong gross profit performances from major economies:
 - France +6%, Germany +9%, Italy +16%, the Netherlands +26%, Spain +23% and Latin America excluding Brazil +19%
- Strongest gross profit growth in EMEA up 11.5%
- Operating profit increased 1.4% against challenging trading conditions in some of our key markets
- Conversion rate** marginally up to 16.3% (2015: 16.2%)
- Net increase of 227 fee earners (+5.1%); total headcount at a record level of 6,099
- 77:23 fee earner to support staff headcount ratio, maintaining the record for the Group
- Completed Page Recruitment System (PRS) roll-out, and European finance transition to Shared Service Centre in Barcelona
- Total ordinary dividend increased 4.2% to 11.98p
- £20m special dividend paid in October of 6.46p per share

*In constant currency at prior year rates

**Operating profit as a percentage of gross profit

Commenting on the results and the outlook, Steve Ingham, Chief Executive Officer of PageGroup, said:

“PageGroup delivered an increase of 3.0% in gross profit and 1.4% in operating profit in constant currencies in 2016 and we achieved a record result from our Large, High Potential Markets. The Group’s conversion rate increased slightly to 16.3% from 16.2%, due to improved business performance and operational efficiencies offsetting the challenging economic conditions encountered in some of our larger markets. In 2016, foreign exchange impacted our results positively, with gross profit benefiting by £48m and operating profit by £10m.

“Fee earner headcount grew 227 (+5.1%) to end the year at a record level for the Group. With our continued focus on operational efficiencies, we maintained our record fee earner to operational support staff ratio of 77:23.

“We completed the roll-out of our new operating system, PRS, and also the European finance transition into our Shared Service Centre in Barcelona, both of which will improve future productivity and efficiency.

“Our businesses in Continental Europe, Australasia and Latin America, excluding Brazil, all performed well. In the UK, client and candidate confidence levels were impacted by the EU Referendum result, with activity levels reduced. Market conditions were also challenging in several of our other larger markets, particularly Brazil and Financial Services, notably in New York.

“Despite the challenges in a number of our larger markets, such as the UK, Brazil and China, the unpredictable nature of the current cycle and our limited visibility, we will continue to focus on driving profitable growth, whilst remaining able to respond quickly to any changes in market conditions. We will update the market on our 2017 performance in 4 weeks’ time on the 12th April.”

Analyst meeting

The Company will be presenting to a meeting of analysts at 10.30am today at

FTI Consulting
200 Aldersgate
Aldersgate Street
London EC1A 4HD

If you are unable to attend in person, you can also follow the presentation on the following link:

<http://www.investis-live.com/pagegroup/58ab0c599b83501c0018af97/p5d5ik>

Please use the following dial-in numbers to join the conference:

United Kingdom (Local)	020 3059 8125
All other locations	+44 20 3059 8125
Participant password: PageGroup	

The presentation and a recording of the meeting will be available on the Company’s website later today at

<http://www.page.com/investors/investor-library/2017.aspx>

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MANAGEMENT REPORT

CAUTIONARY STATEMENT

This Management Report has been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for those strategies to succeed.

This Management Report 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 report 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.

GROUP STRATEGY

At PageGroup we have a clear strategic vision. We aim to be the leading specialist recruiter in each of the markets in which we operate. We have sought to achieve this by developing a significant market presence in major global economies, as well as targeting new markets where we see the greatest potential for long-term gross profit growth at attractive conversion rates.

We offer our services across a broad range of disciplines and specialisms, solely within the professional recruitment market. Our origins are in permanent recruitment, but nearly a quarter of gross profit is now in temporary placements, where local culture and market conditions allow. In particular, we focus on opportunities where our industry and market expertise can set us apart from our competition. This enables us to offer a premium service that is valued by clients and attracts the highest calibre of candidates.

PageGroup is focused on delivering against three key strategic objectives to achieve its strategic vision and sustainable financial returns. These are: 1) to look for organic and diversified growth; 2) to position the business to be efficiently scalable and highly flexible to reflect market conditions; and 3) as a people-oriented, organically driven business, to nurture and develop talent and skills which are fundamental to us achieving long-term sustainable growth.

We therefore invest significantly in our people, as the recruitment, retention and development of the best talent available is central to our ability to grow the business and to manage our resources through economic cycles. Investment in the business has been focused on developing the long-term sustainability of the business and is supported by significant balance sheet strength and cash flow generation.

Organic, scalable growth

Our strategy is to grow organically, achieved by drawing upon the skill and experience of proven PageGroup management, ensuring we have the best and most experienced home-grown talent in each key role. Our team-based structure and profit share business model is highly scalable. The small size of our specialist teams means we can increase headcount rapidly to achieve growth when market conditions are favourable.

Conversely, when market conditions tighten, these entrepreneurial, profit-sharing teams reduce in size largely through natural attrition. Consequently, our cost base contracts during the lean times. Our strategy for organic growth has served the business well over the 40 years since its inception and we believe it will continue to do so. We have grown from a small, single-discipline management recruitment company operating in one country to a large multidiscipline, multinational business, operating in 36 countries represented by our three key brands of Page Executive, Michael Page and Page Personnel.

Diversification by region and discipline

Our strategy is to expand and diversify the Group by industry sectors, professional disciplines, geography and level of focus, be it Page Executive, Michael Page or Page Personnel, with the objective of being the leading specialist recruitment consultancy in each of our chosen markets.

As recruitment is a cyclical business, impacted significantly by the strength of economies, diversification is an important element of our strategy in order to reduce our dependency on individual businesses or markets, thereby increasing the resilience of the Group. This strategy is pursued entirely through the organic growth of existing and new teams, offices, disciplines and countries, maintaining a consistent team and meritocratic culture as we grow.

Talent and skills development

We recognise that it is our people who are at the heart of everything we do, particularly as an organically grown business where ensuring we have a talent pool with experience through economic cycles and across both geographies and disciplines is critical. Investing in our people is, therefore, a vital element of our strategy. We seek to find the highest calibre staff from a wide range of backgrounds and then do our very best to retain them through offering a fulfilling career and an attractive working environment.

This includes a team-based structure, a profit share business model and continuous training and career development, often internationally. Our strong track record of internal career moves and promotion from within means that people who join us know that they could be our future senior managers and main Board Directors.

Sustainable growth

When we invest in a new business, be it a new country, a new office or a new discipline, we do so for the long term. Downturns in the general economy of a country or in specific industries will inevitably have a knock-on effect on the recruitment market. However, it has been our practice in the past, and remains our intention, to maintain our presence in our chosen markets through these downturns, while closely controlling our cost base. In this way, we are able to retain our highly capable management teams in whom we have invested and, normally, we find that we gain market share during downturns, which positions our business for market-leading rates of growth when the economy improves. Pursuing this approach means that we carry spare capacity during downturns, which can have a negative effect on profitability in the short term. A strong balance sheet is, therefore, essential to support the business at these times.

Our strategic priorities comprise the following:

- increase the scale and diversification of PageGroup by growing organically existing and new teams, offices, disciplines and countries;
- manage the business with a team and meritocratic culture, while delivering a consistent and high quality client and candidate experience;
- invest through cycles in our Large, High Potential Markets of Germany, Greater China, Latin America, South East Asia and the US to achieve scale and market position;
- manage our fee earner headcount in all other markets to reflect prevailing market conditions, by selectively adding to geographies and disciplines where there is positive growth momentum, while reducing headcount where the outlook for growth or fee earner productivity is poor;
- focus on operational support consistency; and
- focus on succession planning and international career paths to encourage retention and development of key staff.

The main factors that could affect the business and the financial results are described in the “Principal Risks and Uncertainties” section in the current PageGroup plc Annual Report and Accounts 2016.

GROUP RESULTS

GROSS PROFIT		Reported			CER
Year-on-year	% of Group	2016 (£m)	2015 (£m)	%	%
EMEA	44%	271.9	217.0	+25.3%	+11.5%
UK	24%	146.3	151.6	-3.5%	-3.5%
Asia Pacific	19%	119.7	109.1	+9.7%	-2.2%
Americas	13%	83.1	78.4	+6.0%	-0.9%
Total	100%	621.0	556.1	+11.7%	+3.0%
Permanent	76%	470.0	424.0	+10.8%	+2.3%
Temporary	24%	151.0	132.1	+14.4%	+5.1%

At constant exchange rates, the Group's revenue for the year ended 31 December 2016 increased 3.6% and gross profit by 3.0%. At reported rates, revenue increased 12.3% to £1,196.1m (2015: £1,064.9m) and gross profit increased 11.7% to £621.0m (2015: £556.1m).

The Group's revenue and gross profit mix between permanent and temporary placements was in line with the prior year at 40:60 and 76:24 respectively. Revenue from temporary placements comprises the salaries of those placed, together with the margin charged. This margin on temporary placements increased slightly to 21.0% in 2016 (2015: 20.8%). Overall, pricing remained relatively stable across all regions, although a stronger pricing environment was experienced in markets and disciplines where there were increased instances of candidate shortages.

Our Large, High Potential Markets category declined 0.3% in constant currencies, but achieved a record gross profit of £186m and growth of 8.9% in reported rates. Strong performances in Germany and Mexico were offset by the difficult trading conditions experienced in Brazil, the US and Greater China.

Total Group headcount increased by 264 in the year, up 5% to a record 6,099. This comprised a net increase of 227 fee earners (+5.1%) and an increase of 37 operational support staff (+3%), reflecting the continued strong focus on operational efficiency. The ratio of net additions in the year was 86 fee earners to 14 operational support staff.

As a result, our fee earner to operational support staff ratio was maintained at the record level of 77:23. In total, administrative expenses increased 11.6% to £520.1m (2015: £466.0m). The Group's operating profit from trading activities totalled £101.0m (2015: £90.1m), an increase of 1.4% at constant rates and 12.1% in reported rates.

The Group's conversion rate of gross profit to operating profit from trading activities increased slightly to 16.3% (2015: 16.2%). This reflected a combination of steadily improving conditions in a number of markets, offset in part by more challenging conditions in some of the Group's larger individual markets such as the UK and Brazil.

OPERATING PROFIT AND CONVERSION RATES

The Group's organic growth model and profit-based team bonus ensures cost control remains tight. Approximately three-quarters of costs were employee related, including wages, bonuses, share-based long-term incentives, and training and relocation costs.

Our fee earner to operational support staff ratio maintained its record level of 77:23, with our ongoing focus on conversion rates and maximising productivity from the investment of 206 fee earners added in 2015, as well as the further 227 added in 2016. Net additions in the year were 86 fee earners to 14 operational support staff.

The combination of the weakness in Sterling and the ongoing focus on cost control resulted in operating profit of £101.0m (2015: £90.1m), an increase of 12.1% in reported rates and 1.4% in constant currencies.

In December, we completed the roll-out of PRS, our new operating system. We also completed the European Finance transition into our Shared Service Centre in Barcelona, although with the last countries transitioning in December, there was still some temporary parallel-running in place at the year end. The Marketing transition completed earlier in the year and IT is now two-thirds complete, the latter progressing in line with our strategy to move to the Cloud.

Depreciation and amortisation for the year totalled £17.1m (2015: £15.4m). This included amortisation relating to PRS of £7.6m (2015: £6.7m).

The Group's conversion rate for the period of 16.3% was a slight improvement from 16.2% in 2015. This was achieved alongside the Group's investment programme, which was focused in particular on our Large, High Potential Markets, and despite the tough market conditions faced in a number of the Group's core markets.

In EMEA, despite the costs of transitioning to our new European Shared Service Centre, conversion increased from 14.7% to 19.0%. This was driven by operational leverage on gross profit growth. All other regions saw a worsening of conversion rates due to tough trading conditions. In the UK, the conversion rate fell from 19.3% to 16.5%, while Asia Pacific saw a fall from 20.8% to 17.3%, driven mainly by economic concerns in Greater China. The Americas conversion rate was impacted by tough market conditions within our New York Financial Services market, down to 5.3% from 7.9% in 2015.

The Group benefited from movements in foreign exchange rates, as Sterling weakened against almost all currencies in which the Group operates. The weakness of Sterling increased the Group's revenue, gross profit and operating profit by £93m, £48m and £10m, respectively.

A net interest charge of £1.0m primarily reflected the catch up of £0.6m interest expense relating to the discounting of French construction participation tax which has now been recognised. Interest of £0.1m was received on cash balances held through the year, offset by financial charges relating to the Group's invoice discounting facility and overdrafts used to support local operations of £0.5m.

Earnings per share and dividends

In 2016, basic earnings per share increased 8.5% to 23.1p (2015: 21.3p), reflecting the favourable foreign exchange movements and improved business performance. Diluted earnings per share, which takes into account the dilutive effect of share options, was up 9.5% to 23.1p (2015: 21.1p).

The Group's strategy is to operate a policy of financing the activities and development of the Group from our retained earnings and to maintain a strong balance sheet position. We first use our cash to satisfy our operational and investment requirements and to hedge our liabilities under the Group's share plans. We then review our liquidity over and above this requirement to make returns to shareholders, firstly by way of ordinary dividend.

Our policy is to grow this ordinary dividend over the course of the economic cycle, in line with our long-term growth rate; we believe this enables us to sustain the level of ordinary dividend payments during a downturn as well as increasing it during more prosperous times.

Cash generated in excess of these first two priorities will be returned to shareholders through supplementary returns, using special dividends or share buybacks.

In line with the improved growth rates and increase in operating profits, a final dividend of 8.23p (2015: 7.9p) per ordinary share is proposed. When taken together with the interim dividend of 3.75p (2015: 3.6p) per ordinary share, this would imply an increase in the total dividend for the year of 4.2% over 2015 to 11.98p per ordinary share.

The proposed final dividend, which amounts to £25.6m, will be paid on 19 June 2017 to shareholders on the register as at 19 May 2017, subject to shareholder approval at the Annual General Meeting on 8 June 2017.

After consultation with our shareholders, we also paid a special dividend of 6.46p per share on 12 October 2016, totalling £20m. We will continue to monitor our cash position in 2017 and will make returns to shareholders in line with the above policy.

Cash flow and balance sheet

Cash flow in the year was strong, with £121.3m (2015: £101.6m) generated from operations. The closing net cash balance was £92.8m at 31 December 2016, a decrease of £2.2m on the prior year. The movements in the Group's cash flow in 2016 reflected trading conditions in 2016, with a £1.1m increase in working capital.

The Group has a £50m invoice financing arrangement and a £13m committed overdraft facility to facilitate cash flows across its operations and ensure rapid access to funds should they be required. Neither of these were in use at the year end.

Income tax paid in the year was £32.5m (2015: £19.1m) an increase of £13.4m on the prior year. The increase reflects principally an increase in the UK arising from the impact of a repayment received in 2015 and an additional payment made in 2016, both in respect of earlier years. The adjustment by way of repayment and additional payment is a normal consequence of periodic payments on account in the UK with liabilities not being finalised until 12 months after the financial year. There was also increased foreign withholding tax incurred in the year and higher tax payments in EMEA resulting from its stronger trading performance. In addition, the weakening of Sterling in the year has increased the value of foreign tax payments when translated into Sterling.

Net capital expenditure in 2016 was £23.4m (2015: £14.8m). Spending on software increased as we completed the implementation of our new PRS operating system and started the transition to our new Global Finance System. Spending on property, plant and equipment increased due to office moves in the year in New York, Tokyo and Neuilly, Paris, which is now the Group's largest office by headcount.

Dividend payments were down on the prior year at £56.3m (2015: £85.1m), as a result of the larger special dividend paid in 2015. There was also a significant reduction in cash receipts from share option exercises. In 2016, £0.4m was received by the Group from the exercise of options compared to £22.6m received in 2015, driven by the higher share price at that time. In 2016, £15.1m was also spent on the purchase of 3.7m shares by the Employee Benefit Trust to satisfy future obligations under our employee share plans (2015: £nil).

The most significant item in our balance sheet was trade receivables, which amounted to £205.1m at 31 December 2016 (2015: £163.4m), comprising permanent fees invoiced and salaries and fees invoiced in the temporary placement business, but not yet paid. Day's sales in debtors at 31 December 2016 were 50 days (2015: 46 days).

EUROPE, MIDDLE EAST AND AFRICA (EMEA)

EMEA is the Group's largest region, contributing 44% of the Group's gross profit in the year. With operations in 18 countries, PageGroup has a strong presence in the majority of EMEA markets, and is the clear leader in specialist permanent recruitment in the two largest, France and Germany. Across the region, permanent placements accounted for 71% and temporary placements 29% of gross profit.

The region comprises a number of large, proven markets, such as France, Spain, Italy and the Netherlands, across which there is a broad range of competition. EMEA also includes one of the Group's Large, High Potential Markets, Germany, which has low penetration rates (markets where less than 30% of recruitment is outsourced) and significant growth potential, particularly in temporary recruitment. In addition, there are a number of markets such as Poland, Turkey and Africa that are less developed, with limited competition, but are increasingly looking for professional recruitment services. The Middle East, where PageGroup is the largest international recruiter, has some of the Group's highest conversion rates.

EMEA	Gross profit (£m)		Growth rates	
(44% of Group in 2016)	2016	2015	Reported	CER
	271.9	217.0	+25.3%	+11.5%

In 2016, the EMEA region generally saw strong market conditions, with 12 countries delivering record gross profit for the year. In constant currency, revenue increased 13.6% on 2015 and gross profit increased by 11.5%. In reported rates, revenue in the region was up 27.8% to £538m (2015: £421m), and gross profit increased 25.3% to £272m (2015: £217m). The region benefited from favourable foreign exchange movements that increased revenue and gross profit by £60m and £30m, respectively.

Our larger businesses in France, Germany and the Netherlands, together representing nearly 60% of the region by gross profit, grew 6%, 9% and 26% respectively, for the full year in constant currencies. Page Personnel in Germany, where last year we invested heavily in temporary and contracting recruitment, grew 17%. Page Personnel now represents over a third of our German business. Overall, 13 countries, representing 44% of the region, had double-digit growth during the year.

The Middle East and Africa, which represented 5% of the region, saw a decline of 7% in gross profit compared to 2015 due to political uncertainty and the weakness in the oil and gas sector.

The 62.1% increase in operating profit for 2016 to £51.7m (2015: £31.9m) and the increase in the conversion rate to 19.0% (2015: 14.7%) is the result of continued favourable market conditions in the region, combined with good control over costs despite transitioning to our new European Shared Service Centre.

Headcount across the region increased by 258 (+11%) to 2,553 at the end of 2016 (2015: 2,295). The majority of the increase was fee earners, as the business added headcount where growth opportunities were strongest, predominately in France, the Netherlands and Southern Europe.

UNITED KINGDOM

The UK represented 24% of the Group's gross profit in 2016 and is the Group's largest single market, operating from 27 offices covering all major cities. It is a mature, highly competitive and sophisticated market with the majority of vacant positions being outsourced to recruitment firms. PageGroup has a market leading presence in permanent recruitment across the UK and a growing presence in

temporary recruitment. In the UK, permanent placements accounted for 70% and temporary placements 30% of gross profit.

The UK business operates under the three brands of Michael Page, Page Personnel and Page Executive, with representation in 12 specialist disciplines via the Michael Page brand. There is significant opportunity to roll-out new discipline businesses under the lower-level Page Personnel brand, which now represents 22% of UK gross profit. Our Michael Page business was impacted the most by the Brexit-related economic uncertainty, with activity levels stronger at the lower salary levels and in Page Personnel.

UK (24% of Group in 2016)	Gross profit (£m)		Growth rate
	2016	2015	
	146.3	151.6	-3.5%

Revenue of £325m (2015: £338m) and gross profit of £146m (2015: £152m) declined 3.9% and 3.5% respectively, reflecting continued economic uncertainty.

UK disciplines such as Technology (+10%), Legal (+10%) and Procurement & Supply Chain (+5%), performed well. However, market conditions in our Accounting & Financial Services discipline (-2%) and Sales and Marketing disciplines were more challenging, with Marketing down 13%. Michael Page was down 5%, while Page Personnel was up 2%, reflecting stronger activity in temporary and permanent recruitment at the professional clerical level. These challenging market conditions resulted in a decline in operating profit of 17.4% to £24.2m (2015: £29.2m) and a reduction in the conversion rate to 16.5% (2015: 19.3%).

Headcount fell 7% during the year to 1,411 at the end of December 2016 (2015: 1,516). With a relatively high staff turnover of newer, less experienced consultants, we will continue to monitor activity and will, if needed, use that turnover to lower headcount, and therefore costs, by natural attrition.

ASIA PACIFIC

Asia Pacific represented 19% of the Group's gross profit in 2016, with 71% of the region being Asia and 29% Australasia. Other than in the financial centres of Tokyo, Singapore and Hong Kong, the Asian market is generally highly under-developed, but offers attractive opportunities in both international and domestic marketplaces at good conversion rates. Two of our Large, High Potential Markets, South East Asia and Greater China, are in this region. With a highly experienced management team of c. 800 staff and limited competition, the size of the opportunity in Asia is significant. Across Asia, permanent placements accounted for 95% and temporary placements 5% of gross profit.

Australasia is a mature, well-developed and highly competitive recruitment market. PageGroup has a meaningful presence in permanent recruitment in the majority of the professional disciplines and major cities in Australia and New Zealand. Page Personnel has a growing presence and significant potential to expand and grow market share.

Asia Pacific (19% of Group in 2016)	Gross profit (£m)		Growth rates	
	2016	2015	Reported	CER
	119.7	109.1	+9.7%	-2.2%

In Asia Pacific, in constant currencies, revenue decreased 3.0% and gross profit decreased by 2.2%. In reported rates, revenues increased 9.6% to £210m (2015: £191m), while gross profit rose 9.7% to £120m (2015: £109m).

Australasia benefited from growth in our Australian Page Personnel business of 9% and growth in New Zealand of 37%. Trading conditions in Greater China (-4%) improved towards the end of the year, driven in particular by Eastern China. In Hong Kong, where we have a large number of multinational clients, we continue to experience tough market conditions. South East Asia was down 6% on the prior year, due primarily to difficult trading conditions in Singapore. We made leadership and management changes in Singapore during the year, which, we believe, will enable us to better react to the current environment and growth opportunities.

Operating profit fell 8.8% to £20.7m (2015: £22.7m), resulting in a reduction in the conversion rate to 17.3% (2015: 20.8%). Headcount across the region rose by 25 (2%) in the year, ending the year at 1,205 (2015: 1,180). The majority of these headcount additions were in Asia.

THE AMERICAS

The Americas represented 13% of the Group's gross profit in 2016, being North America (56% of the region) and Latin America (44% of the region). Both the US and Latin America are considered to be Large, High Potential Markets in our growth strategy. The US, where we have eight offices, has a well-developed recruitment industry, but in many disciplines, especially technical, there is limited national competition of any scale. PageGroup's breadth of professional specialisms and geographic reach is uncommon and provides a competitive advantage. Latin America is a very under-developed region, where PageGroup enjoys the leading market position with around 550 employees in six countries and 15 offices. There are few international competitors and none with any regional scale. Across Latin America, permanent placements accounted for 92% of gross profit and temporary placements 8%.

Americas	Gross profit (£m)		Growth rates	
(13% of Group in 2016)	2016	2015	Reported	CER
	83.1	78.4	+6.0%	-0.9%

In constant currencies, revenue decreased 0.2% and gross profit declined by 0.9%. In reported rates, revenue increased 7.7% to £124m (2015: £115m) while gross profit improved 6.0% to £83m (2015: £78m). During the year, the region benefited from favourable foreign exchange movements that increased revenue and gross profit by £9m and £5m, respectively.

In North America, our gross profit decreased by 4% in constant currencies. This was driven by the US (down 3%) which was impacted in particular by our Financial Services business in New York and the Tri-state area, as well as in our Canadian business which declined 8%, due to the prevailing economic conditions and the challenging oil and gas market.

In Latin America, gross profit was up 2% year-on-year in constant currencies. The region continued to operate in two divergent markets, with tough economic conditions in Brazil, which led to a fall in gross profit of 21%, offset by strong performances elsewhere. Our business in Brazil reacted to the challenging economic conditions by reducing the number of fee earners by 7% during the year. Excluding Brazil, the other countries in the region, which made up 65% of Latin America, saw growth of 19%.

Operating profit fell 29.6% to £4.4m (2015: £6.2m), with a conversion rate of 5.3% (2015: 7.9%). Headcount increased by 86 (+10%) in 2016 to 930 (2015: 844).

OTHER FINANCIAL ITEMS

Foreign exchange

Foreign exchange provided a substantial benefit to our reported results for the year, increasing gross profit by £48m, administrative expenses by £38m and therefore operating profit by £10m. This impact was felt globally, but by far the largest impact was within EMEA, where gross profit increased by £30m.

Taxation

The tax charge for the year was £27.9m (2015: £24.5m). This represented an effective tax rate of 27.9% (2015: 27.0%). The rate is higher than the effective UK Corporation Tax rate for the year of 20.0% (2015: 20.25%) principally due to the impact of disallowable expenditure and higher tax rates in overseas countries.

For 2016, the underlying tax rate (Effective Tax Rate before the judgmental and one off items detailed below) was 27.4% (2015: 29.4%). The reduction from 2015 was predominantly owing to greater profits from territories with lower tax rates and rate changes, predominantly reductions, in approximately one third of the countries in which PageGroup operates such as the UK where the corporation tax rate has fallen from 20.25% to 20.0%. In addition to the movement in the underlying rate, the effective tax rate in 2016 was impacted by a mix of recognition (0.5% decrease) and derecognition (0.8% increase) of losses across a range of territories (overall 0.3% increase) and tax on share options (0.2% increase) which together increased the rate by 0.5%.

The tax charge for the year reflects the Group's tax policy, which is aligned to business goals. It is PageGroup's policy to pay its fair share of tax in the countries in which it operates and to deal with its tax affairs in a straightforward, open and honest manner.

Share options and share repurchases

At the beginning of 2016 the Group had 17.9m share options outstanding, of which 5.4m had vested, but had not been exercised. During the year, options were granted over 1.8m shares under the Group's share option plans. Options were exercised over 0.1m shares, generating £0.4m in cash, and options lapsed over 1.6m shares. At the end of 2016, options remained outstanding over 17.9m shares, of which 7.8m had vested, but had not been exercised. During 2016, 3.7m shares were purchased at a cost of £15.1m by the Group's Employee Benefit Trust to satisfy obligations under future employee share plans (2015: £nil). No shares were repurchased by the Company or cancelled during the year (2015: nil).

KEY PERFORMANCE INDICATORS (KPIs)

KPI	Definition, method of calculation and analysis
Financial	
Gross profit growth	How measured: Gross profit growth represents revenue less cost of sales expressed as the percentage change over the prior year. It consists principally of placement fees for permanent candidates and the margin earned on the placement of temporary candidates. Why it's important: This metric indicates the degree of income growth in the business. It can be impacted significantly by foreign

	exchange movements in our international markets. Consequently, we look at both reported and constant currency metrics. How we performed in 2016: Gross profit increased 11.7% in reported rates, 3.0% in constant currencies, as favourable currency movements impacted the full-year figures. Relevant strategic objective: Organic growth
Gross profit diversification	How measured: Total gross profit from: a) geographic regions outside the UK; and b) disciplines outside of Accounting & Financial Services, each expressed as a percentage of total gross profit. Why it's important: These percentages give an indication of how the business has diversified its revenue streams away from its historic concentrations in the UK and from the Accounting & Financial Services discipline. How we performed in 2016: Geographies: the percentage increased to 76.4% from 72.7% in 2015, demonstrating a high degree of diversification. This also reflected strong trading conditions in Continental Europe, along with the weakness of Sterling. Disciplines: the percentage increased to 61.6% (2015: 60.4%), as our professional disciplines of Legal, HR, IT and Secretarial performed strongly, combined with good growth in our technical disciplines, comprising Property & Construction, Procurement & Supply Chain and Engineering. Relevant strategic objective: Diversification
Ratio of gross profit generated from permanent and temporary placements	How measured: Gross profit from each type of placement expressed as a percentage of total gross profit. Why it's important: This ratio reflects both the current stage of the economic cycle and our geographic spread, as a number of countries culturally have minimal temporary placements. It gives a guide as to the operational gearing potential in the business, which is significantly greater for permanent recruitment. How we performed in 2016: The ratio remained flat at 76:24, with strong growth in temporary placements in our more mature markets matched by permanent fee growth at lower salary levels in both mature and less developed markets. Relevant strategic objective: Diversification
Basic earnings per share (EPS)	How measured: Profit for the year attributable to the Group's equity shareholders, divided by the weighted average number of shares in issue during the year, and compared to the prior year. Why it's important: This measures the underlying profitability of the Group and the progress made against the prior year.

	How we performed in 2016: The Group saw an 8.5% rise in Basic EPS to 23.1p. Improvements in trading and favourable foreign exchange movements drove strong growth in the Group's EPS in 2016. Relevant strategic objective: Sustainable growth
Net cash	How measured: Cash and short-term deposits less bank overdrafts and loans. Why it's important: The level of net cash reflects our cash generation and conversion capabilities and our success in managing our working capital. It determines our ability to reinvest in the business, to return cash to shareholders and ensure we remain financially robust through cycles. How we performed in 2016: Net cash remained broadly flat at £92.8m (2015: £95.0m). This was after dividend payments of £56.3m (including a special dividend of £20m), and the purchase of shares by the Employee Benefit Trust of £15.1m. Relevant strategic objective: Sustainable growth

Strategic	
Fee earner headcount growth	How measured: Number of fee earners and directors involved in revenue-generating activities at the year end, expressed as the percentage change compared to the prior year. Why it's important: Growth in fee earners is a guide to our confidence in the business and macro-economic outlook, as it reflects our expectations as to the level of future demand for our services above the existing capacity currently within the business. How we performed in 2016: Fee earner headcount grew at 5.1% in the year, resulting in 4,711 fee earners at the end of the year, a record for the Group. Relevant strategic objective: Sustainable growth
Gross profit per fee earner	How measured: Gross profit divided by the average number of fee-generating staff, calculated on a rolling monthly average basis. Why it's important: This is our indicator of productivity, which is affected by levels of activity in the market, capacity within the business and the number of recently hired fee earners who are not yet at full productivity. Currency movements can also impact this figure. How we performed in 2016: In reported rates, this increased to £135.2k from £126.8k. However, in constant currency, it fell slightly to

	£124.8k as a result of the investment in fee earners and challenging conditions in some of our larger markets. Relevant strategic objective: Organic growth
Fee earner: support staff headcount ratio	How measured: The percentage of fee earners compared to operational support staff at the year end, expressed as a ratio. Why it's important: This reflects the operational efficiency in the business in terms of our ability to grow the revenue-generating platform at a faster rate than the staff needed to support this growth. How we performed in 2016: The ratio was maintained at the record 77:23, in line with 2015. This was facilitated by operational efficiencies achieved in the business that enabled 5.1% fee earner headcount growth. The ratio of joiners in the year was 86:14. Relevant strategic objective: Sustainable growth
Conversion rate	How measured: Operating profit (EBIT) before exceptional items expressed as a percentage of gross profit. Why it's important: This reflects the level of fee-earner productivity and the Group's effectiveness at cost control in the business, together with the degree of investment being made for future growth. How we performed in 2016: The Group's conversion rate increased slightly to 16.3% (2015: 16.2%), with a combination of steadily improving conditions in a number of markets, offset in part by more challenging conditions in some of the Group's larger individual markets, such as the UK and Brazil. Relevant strategic objective: Sustainable growth
People	
Employee index	How measured: A key output of the employee surveys undertaken periodically within the business. Why it's important: A positive working environment and motivated team helps productivity and encourages retention of key talent within the business. How we performed in 2016: We recorded an 81% positive score for employee engagement in the latest Employee Survey in 2015 (2014: 75%). This was a combination of questions, including: how valued our people felt; how proud they were to work for PageGroup; and the level of trust and recognition they received for their work. No survey was performed in 2016 and the next one is planned for 2017, as we participated in a number of local employee satisfaction surveys including the Sunday Times best 100 Companies to work for where we were ranked 77th.

	Relevant strategic objective: Sustainable growth
Management experience	How measured: Average tenure of front-office management measured as years of service for directors and above. Why it's important: Experience through the economic cycle and across both geographies and disciplines is critical for an organic cyclical business operating across the globe. Our organic business model relies on an experienced management pool to enable flexibility in resourcing and senior management succession planning. How we performed in 2016: The average tenure of the Group's management increased from 11.2 years to 11.6 years, with a particular increase in the Americas. Relevant strategic objective: Talent and Skills development
Total GHG emissions	How measured: Direct and Indirect GHG emissions calculated in line with the UK Government's 2016 DEFRA reporting standards. Principally based on data from a sample of our offices, covering 65% of the Group by headcount, and extrapolated for the Group as a whole. Why it's important: The emissions calculations look at the CO2e impact of our operations in absolute terms. How we performed in 2016: Direct GHG emissions relating to the combustion of fuel decreased by 2.5% to 1,662 tonnes CO2e, while Indirect GHG emissions, through the purchase of energy such as electricity, decreased by 5.6% to 4,703 tonnes. Relevant strategic objective: Sustainable growth.
Intensity values of GHG emissions	How measured: Intensity values for GHG emissions are based on property and vehicle energy-derived emissions per 1,000 headcount. Headcount is viewed as being the most representative metric for PageGroup's activity levels and is unaffected by issues such as business mix or foreign exchange variations. Why it's important: Intensity values help to normalise the GHG metrics and place them in the context of the Group's changing business profile, particularly in terms of increases in headcount. It helps to identify where progress has been made on emissions reduction. How we performed in 2016: Energy-derived emissions were reduced by 13.0% compared with 2015, largely due to relocations to more energy efficient offices, changes in fuel sources, and an increase in headcount without a corresponding increase in the number of offices. Relevant strategic objective: Sustainable growth.

The source of data and calculation methods year-on-year are on a consistent basis, including changes resulting from the use of IEA electricity conversion factors. The movements in KPIs are in line with expectations.

Board changes

Finally, having been Chairman of the Audit Committee and more recently Senior Independent Director, Ruby McGregor-Smith has informed us that she will not renew the term of her appointment when it expires on 23 May 2017. In 2015 Ruby agreed, at the request of the Directors, to continue to serve on the Board as a Non-Executive Director throughout a period of transition due to the recent Board changes and Ruby's extensive experience. This period of transition is now complete and as a result, Ruby will not stand for re-election at the forthcoming Annual General Meeting. Ruby has been a Non-Executive Director of PageGroup for 10 years and has made an outstanding contribution over this time and has played an important role in helping to drive the Group's growth and development. We would like to thank her on behalf of the Board for all she has done for PageGroup.

Steve Ingham

Chief Executive Officer

7 March 2017

Kelvin Stagg

Chief Financial Officer

Consolidated Income Statement
For the year ended 31 December 2016

		2016	2015
	Note	£'000	£'000
Revenue	3	1,196,125	1,064,945
Cost of sales		(575,091)	(508,840)
Gross profit	3	621,034	556,105
Administrative expenses		(520,082)	(466,034)
Operating profit	3	100,952	90,071
Financial income	4	117	1,116
Financial expenses	4	(1,073)	(490)
Profit before tax	3	99,996	90,697
Income tax expense	5	(27,900)	(24,489)
Profit for the year		72,096	66,208
Attributable to:			
Owners of the parent		72,096	66,208
Earnings per share			
Basic earnings per share (pence)	8	23.1	21.3
Diluted earnings per share (pence)	8	23.1	21.1

The above results all relate to continuing operations.

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2016

	2016	2015
	£'000	£'000
Profit for the year	72,096	66,208
Other comprehensive income/(loss) for the year		
Items that may subsequently be reclassified to profit and loss:		
Currency translation differences	22,105	(5,825)
Loss on hedging instruments	(2,468)	(173)
Total comprehensive income for the year	91,733	60,210
Attributable to:		
Owners of the parent	91,733	60,210

Consolidated Balance Sheet
As at 31 December 2016

		2016	2015
	Note	£'000	£'000
Non-current assets			
Property, plant and equipment	9	29,461	21,411
Intangible assets - Goodwill and other intangible		1,696	1,733
- Computer software		36,187	34,533
Deferred tax assets		16,547	14,055
Other receivables	10	7,640	2,693
		<u>91,531</u>	<u>74,425</u>
Current assets			
Trade and other receivables	10	259,328	214,732
Current tax receivable		12,743	8,814
Cash and cash equivalents	13	92,796	95,018
		<u>364,867</u>	<u>318,564</u>
Total assets	3	<u>456,398</u>	<u>392,989</u>
Current liabilities			
Trade and other payables	11	(175,059)	(141,935)
Current tax payable		(24,404)	(22,738)
		<u>(199,463)</u>	<u>(164,673)</u>
Net current assets		<u>165,404</u>	<u>153,891</u>
Non-current liabilities			
Other payables	11	(9,944)	(5,390)
Deferred tax liabilities		(430)	(1,167)
		<u>(10,374)</u>	<u>(6,557)</u>
Total liabilities	3	<u>(209,837)</u>	<u>(171,230)</u>
Net assets		<u>246,561</u>	<u>221,759</u>
Capital and reserves			
Called-up share capital		3,259	3,258
Share premium		90,458	90,268
Capital redemption reserve		932	932
Reserve for shares held in the employee benefit trust		(72,941)	(61,365)
Currency translation reserve		32,746	10,641
Retained earnings		192,107	178,025
Total equity		<u>246,561</u>	<u>221,759</u>

Consolidated Statement of Changes in Equity
For the year ended 31 December 2016

	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Reserve for shares held in the employee benefit trust £'000	Currency translation reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2015	3,219	75,215	932	(72,407)	16,466	192,798	216,223
Currency translation differences	-	-	-	-	(5,825)	-	(5,825)
Net expense recognised directly in equity	-	-	-	-	(5,825)	-	(5,825)
Loss on hedging instruments	-	-	-	-	-	(173)	(173)
Profit for the year ended 31 December 2015	-	-	-	-	-	66,208	66,208
Total comprehensive (loss)/income for the year	-	-	-	-	(5,825)	66,035	60,210
Purchase of shares held in employee benefit trust	-	-	-	-	-	-	-
Exercise of share plans	39	15,053	-	-	-	7,770	22,862
Reserve transfer when shares held in the employee benefit trust vest	-	-	-	11,042	-	(11,042)	-
Credit in respect of share schemes	-	-	-	-	-	6,801	6,801
Credit in respect of tax on share schemes	-	-	-	-	-	728	728
Dividends	-	-	-	-	-	(85,065)	(85,065)
	39	15,053	-	11,042	-	(80,808)	(54,674)
Balance at 31 December 2015 and 1 January 2016	3,258	90,268	932	(61,365)	10,641	178,025	221,759
Currency translation differences	-	-	-	-	22,105	-	22,105
Net income recognised directly in equity	-	-	-	-	22,105	-	22,105
Loss on hedging instruments	-	-	-	-	-	(2,468)	(2,468)
Profit for the year ended 31 December 2016	-	-	-	-	-	72,096	72,096
Total comprehensive income for the year	-	-	-	-	22,105	69,628	91,733
Purchase of shares held in employee benefit trust	-	-	-	(15,058)	-	-	(15,058)
Exercise of share plans	1	190	-	-	-	173	364
Reserve transfer when shares held in the employee benefit trust vest	-	-	-	3,482	-	(3,482)	-
Credit in respect of share schemes	-	-	-	-	-	4,442	4,442
Debit in respect of tax on share schemes	-	-	-	-	-	(368)	(368)
Dividends	-	-	-	-	-	(56,311)	(56,311)
	1	190	-	(11,576)	-	(55,546)	(66,931)
Balance at 31 December 2016	3,259	90,458	932	(72,941)	32,746	192,107	246,561

Consolidated Statement of Cash Flows
For the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
Cash generated from operations	12	121,319	101,603
Income tax paid		<u>(32,499)</u>	<u>(19,091)</u>
Net cash from operating activities		<u>88,820</u>	<u>82,512</u>
Cash flows from investing activities			
Purchases of property, plant and equipment		(14,111)	(9,161)
Purchases of intangible assets		(11,153)	(6,015)
Proceeds from the sale of property, plant and equipment, and computer software		1,890	374
Interest received		<u>117</u>	<u>1,116</u>
Net cash used in investing activities		<u>(23,257)</u>	<u>(13,686)</u>
Cash flows from financing activities			
Dividends paid		(56,311)	(85,065)
Interest paid		(460)	(269)
Issue of own shares for the exercise of options		364	22,619
Purchase of shares into the employee benefit trust		<u>(15,058)</u>	<u>-</u>
Net cash used in financing activities		<u>(71,465)</u>	<u>(62,715)</u>
Net (decrease)/increase in cash and cash equivalents		(5,902)	6,111
Cash and cash equivalents at the beginning of the year		95,018	90,012
Exchange gain/(loss) on cash and cash equivalents		<u>3,680</u>	<u>(1,105)</u>
Cash and cash equivalents at the end of the year	13	<u>92,796</u>	<u>95,018</u>

Notes to the consolidated preliminary results For the year ended 31 December 2016

1. Corporate information

PageGroup plc (the "Company") is a limited liability company incorporated in Great Britain and domiciled within the United Kingdom whose shares are publicly traded. The consolidated preliminary results of the Company as at and for the year ended 31 December 2016 comprise the Company and its subsidiaries (together referred to as the "Group").

The consolidated preliminary results of the Group for the year ended 31 December 2016 were approved by the directors on 7 March 2017. The Annual General Meeting of PageGroup plc will be held at the registered office, Page House, The Bourne Business Park, 1 Dashwood Lang Road, Addlestone, Surrey, KT15 2QW on 8 June 2017 at 9.30am.

2. Accounting policies

Basis of preparation

Whilst the information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRSs) as adopted for use in the European Union and as issued by the International Accounting Standards Board, this announcement does not itself contain sufficient information to comply with IFRSs.

The consolidated financial statements comprise the financial statements of the Group as at 31 December 2016 and are presented in UK Sterling and all values are rounded to the nearest thousand (UK £'000), except when otherwise indicated.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Management Report. The Management Report also includes a summary of the Group's financial position, its cash flows and its borrowing facilities.

The Directors believe the Group is well placed to manage its business risks successfully. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current committed facilities.

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

Nature of financial information

The financial information contained within this preliminary announcement for the 12 months to 31 December 2016 and 12 months to 31 December 2015 do not comprise statutory financial statements for the purpose of the Companies Act 2006, but are derived from those statements. The statutory accounts for PageGroup plc for the 12 months to 31 December 2015 have been filed with the Registrar of Companies and those for the 12 months to 31 December 2016 will be filed following the Company's Annual General Meeting.

The auditors' reports on the accounts for both the 12 months to 31 December 2016 and 12 months to 31 December 2015 were unqualified and did not include a statement under Section 498 (2) or (3) of the Companies Act 2006.

The Annual Report and Accounts will be available for shareholders in April 2017.

New accounting standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2015.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

3. Segment reporting

All revenues disclosed are derived from external customers.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment operating profit represents the profit earned by each segment including allocation of central administration costs. This is the measure reported to the Group's Board, the chief operating decision maker, for the purpose of resource allocation and assessment of segment performance.

(a) Revenue, gross profit and operating profit by reportable segment

		Revenue		Gross Profit	
		2016	2015	2016	2015
		£'000	£'000	£'000	£'000
EMEA		538,403	421,310	271,863	216,987
United Kingdom		324,548	337,673	146,313	151,581
Asia Pacific	Australia and New Zealand	103,979	95,835	35,085	30,077
	Asia	105,692	95,468	84,644	79,033
	Total	209,671	191,303	119,729	109,110
Americas		123,503	114,659	83,129	78,427
		1,196,125	1,064,945	621,034	556,105
				Operating Profit	
				2016	2015
				£'000	£'000
EMEA				51,685	31,889
United Kingdom				24,153	29,235
Asia Pacific	Australia and New Zealand			4,592	4,696
	Asia			16,135	18,020
	Total			20,727	22,716
Americas				4,387	6,231
Operating profit				100,952	90,071
Financial (expense)/income				(956)	626
Profit before tax				99,996	90,697

The above analysis by destination is not materially different to analysis by origin.

The analysis below is of the carrying amount of reportable segment assets, liabilities and non-current assets. Segment assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The individual reportable segments exclude current income tax assets and liabilities. Non-current assets include property, plant and equipment, computer software, goodwill and other intangibles.

(b) Segment assets, liabilities and non-current assets by reportable segment

		Total Assets		Total Liabilities	
		2016	2015	2016	2015
		£'000	£'000	£'000	£'000
EMEA		187,257	143,621	96,270	74,687
United Kingdom		119,036	128,699	43,306	40,499
Asia Pacific	Australia and New Zealand	24,869	21,953	10,526	8,008
	Asia	56,182	48,213	16,462	12,616
	Total	81,051	70,166	26,988	20,624
Americas		56,311	41,689	18,869	12,682
Segment assets/liabilities		443,655	384,175	185,433	148,492
Income tax		12,743	8,814	24,404	22,738
		456,398	392,989	209,837	171,230
		Property, Plant & Equipment		Intangible Assets	
		2016	2015	2016	2015
		£'000	£'000	£'000	£'000
EMEA		10,707	6,479	3,862	2,449
United Kingdom		7,142	7,204	33,278	33,187
Asia Pacific	Australia and New Zealand	1,376	1,255	22	73
	Asia	3,053	1,364	31	43
	Total	4,429	2,619	53	116
Americas		7,183	5,109	690	514
		29,461	21,411	37,883	36,266

The below analyses in notes (c) revenue and gross profit by discipline (being the professions of candidates placed) and (d) revenue and gross profit generated from permanent and temporary placements have been included as additional disclosure over and above the requirements of IFRS 8 “Operating Segments”.

(c) Revenue and gross profit by discipline

	Revenue		Gross Profit	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Accounting and Financial Services	511,449	468,364	238,366	220,082
Legal, Technology, HR, Secretarial and Other	294,972	253,456	138,830	119,842
Engineering, Property & Construction, Procurement & Supply Chain	227,908	190,547	125,545	106,321
Marketing, Sales and Retail	161,796	152,578	118,293	109,860
	<u>1,196,125</u>	<u>1,064,945</u>	<u>621,034</u>	<u>556,105</u>

(d) Revenue and gross profit generated from permanent and temporary placements

	Revenue		Gross Profit	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Permanent	476,321	431,292	469,960	424,015
Temporary	719,804	633,653	151,074	132,090
	<u>1,196,125</u>	<u>1,064,945</u>	<u>621,034</u>	<u>556,105</u>

4. Financial income / (expenses)

	2016	2015
	£'000	£'000
Financial income		
Interest receivable	<u>117</u>	<u>1,116</u>
Financial expenses		
Interest payable	(465)	(490)
Interest on discounting of French construction participation tax	(608)	-
	<u>(1,073)</u>	<u>(490)</u>

5. Taxation

Tax on profit was £27.9m (2015: £24.5m). This represented an effective tax rate of 27.9% (2015: 27.0%). The rate is higher than the effective UK Corporation Tax rate for the year of 20.0% (2015: 20.25%) due to profits and disallowable items of expenditure being generated in countries where corporation tax rates are higher than in the UK.

6. Dividends

	2016 £'000	2015 £'000
Amounts recognised as distributions to equity holders in the year:		
Final dividend - 31 December 2015 of 7.90p per ordinary share (2014: 7.58p)	24,564	23,702
Interim dividend - 31 December 2016 of 3.75p per ordinary share (2015: 3.60p)	11,660	11,271
Special dividend - 31 December 2016 of 6.46p per ordinary share (2015: 16.0p)	20,087	50,092
	<u>56,311</u>	<u>85,065</u>
Amounts proposed as distributions to equity holders in the year:		
Proposed final dividend - 31 December 2016 of 8.23p per ordinary share (2015: 7.90p)	<u>25,599</u>	<u>24,747</u>

The proposed final dividend had not been approved by the Board at 31 December 2016 and therefore has not been included as a liability. The comparative final dividend at 31 December 2015 was also not recognised as a liability in the prior year.

The proposed final dividend of 8.23p (2015: 7.90p) per ordinary share will be paid on 19 June 2017 to shareholders on the register at the close of business on 19 May 2017.

7. Share-based payments

In accordance with IFRS 2 "Share-based Payment", a charge of £4.2m has been recognised for share options and other share-based payment arrangements (including social charges) (2015: £7.6m).

8. Earnings per ordinary share

The calculation of the basic and diluted earnings per share is based on the following data:

Earnings	2016	2015
Earnings for basic and diluted earnings per share (£'000)	<u>72,096</u>	<u>66,208</u>
Number of shares		
Weighted average number of shares used for basic earnings per share ('000)	311,534	311,436
Dilution effect of share plans ('000)	<u>802</u>	<u>2,368</u>
Diluted weighted average number of shares used for diluted earnings per share ('000)	<u>312,336</u>	<u>313,804</u>
Basic earnings per share (pence)	23.1	21.3
Diluted earnings per share (pence)	23.1	21.1

The above results all relate to continuing operations.

9. Property, plant and equipment

Acquisitions and disposals

During the year ended 31 December 2016 the Group acquired property, plant and equipment with a cost of £14.1m (2015: £9.2m). This expenditure related to fit-out costs in our new European Shared Service Centre, and office moves in New York, Paris and Tokyo.

Property, plant and equipment with a carrying amount of £1.4m were disposed of during the year ended 31 December 2016 (2015: £1.0m), resulting in a loss on disposal of £0.2m (2015: loss of £0.7m).

10. Trade and other receivables

	2016 £'000	2015 £'000
Current		
Trade receivables	210,145	169,012
Less provision for impairment of receivables	(5,070)	(5,635)
Net trade receivables	205,075	163,377
Other receivables	9,612	9,041
Accrued income	37,623	34,226
Prepayments	7,018	8,088
	<u>259,328</u>	<u>214,732</u>
Non-current		
Other receivables	<u>7,640</u>	<u>2,693</u>

11. Trade and other payables

	2016 £'000	2015 £'000
Current		
Trade payables	7,515	15,659
Other tax and social security	46,813	44,181
Other payables	21,407	10,813
Accruals	98,084	70,543
Deferred income	1,240	739
	<u>175,059</u>	<u>141,935</u>
Non-current		
Deferred income	9,702	5,092
Other tax and social security	242	298
	<u>9,944</u>	<u>5,390</u>

12. Cash flows from operating activities

	2016 £'000	2015 £'000
Profit before tax	99,996	90,697
Depreciation and amortisation charges	17,065	15,417
Loss on sale of property, plant and equipment, and computer software	186	690
Share scheme charges	4,235	6,869
Net finance costs/(income)	956	(626)
Operating cash flow before changes in working capital	122,438	113,047
Increase in receivables	(21,061)	(20,248)
Increase in payables	19,942	8,804
Cash generated from operations	121,319	101,603

13. Cash and cash equivalents

	2016 £'000	2015 £'000
Cash at bank and in hand	78,022	76,957
Short-term deposits	14,774	18,061
Cash and cash equivalents in the statement of cash flows	92,796	95,018

The Group operates a multi-currency notional cash pool. Currently the main Eurozone subsidiaries and the UK-based Group Treasury subsidiary participate in this cash pool. The structure facilitates interest and balance compensation of cash and bank overdrafts.

PageGroup maintains an Invoice Discounting Facility with HSBC whereby the Group has the option to discount invoices in order to advance cash on its receivables. The facility is used only ad hoc in case the Group needs to fund any major GBP cash outflow.

14. Annual General Meeting

The Annual General Meeting of PageGroup plc will be held at Page House, The Bourne Business Park, 1 Dashwood Lang Road, Addlestone, Weybridge, Surrey, KT15 2QW on 8 June 2017 at 9.30am.

15. Publication of Annual Report and Accounts

This preliminary statement is not being posted to shareholders. The Annual Report and Accounts will be posted to shareholders in due course and will be delivered to the Registrar of Companies following the Annual General Meeting of the Company.

Copies of the Annual Report and Accounts can be downloaded from the Company's website <http://www.page.com/investors/investor-library/2017.aspx>

Responsibility statement of the directors on the annual report

The responsibility statement below has been prepared in connection with the company's full annual report for the year ending 31 December 2016. Certain parts of the annual report are not included within this announcement.

We confirm that, to the best of our knowledge:-

- a) the financial statements, prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- b) the management report, which is incorporated into the directors' report, includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

On behalf of the Board

S Ingham
Chief Executive Officer

7 March 2017

K Stagg
Chief Financial Officer

7 March 2017