

# Q2

## Q2 2020 Trading Update



PageGroup



**Steve Ingham**

Chief Executive Officer

**Kelvin Stagg**

Chief Financial Officer

**LSE:** PAGE.L

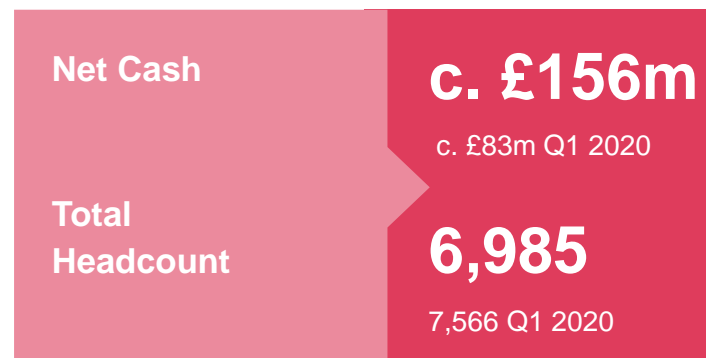
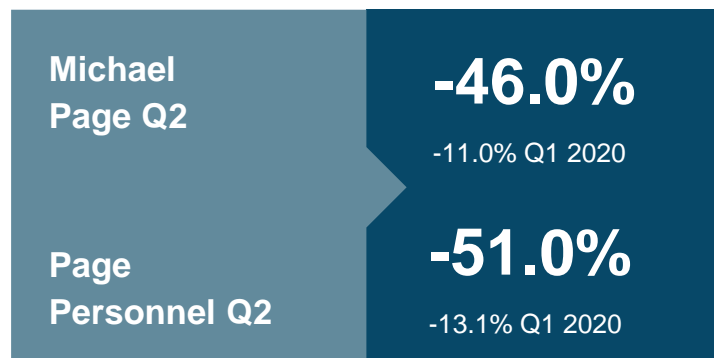
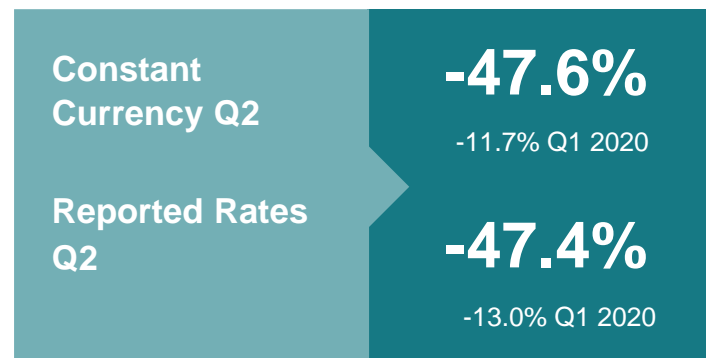
**Website:** <https://www.page.com/investors>

# Overview



# Q2 & H1 Overview

Group gross profit decline of -47.6%



# COVID-19 Operating Strategy

Protecting our people and our platform

Priority is to protect our employees, candidates and clients

Immediate office closures following Government guidelines

All of the Group's employees with full access to the Group's systems

Protecting the shape of the business, retaining experienced consultants

Detailed support and communication strategy for all employees

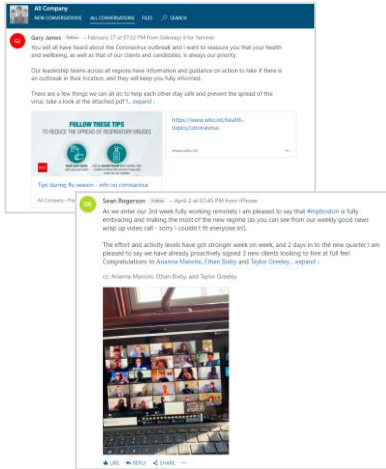
Tools such as Microsoft Teams, Boost and Yammer utilised



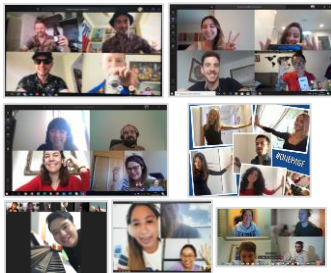
# Proactive Communication Strategy

PageGroup Q2 20

## Phase 1: Crisis Response



- Delivered a comprehensive internal communications strategy
- Frequent and transparent interaction with the management team
- 62% participation in remote working survey, over 7,500 comments
- 91% of employees said we had implemented effective systems for keeping them connected
- 89% said they are proud to work at PageGroup



Yammer (March 2020):  
15,000 Posts  
Over 1 million views

Phase 2: Living with COVID – Staying Connected

Phase 3: Looking Forward – Reinforce the Platform





# Proactive Communication Strategy

PageGroup Q2 20

Phase 1: Crisis Response

## Phase 2: Living with COVID – Staying Connected

### STAYING CONNECTED

### APPROACHABLE AND VISIBLE LEADERSHIP

**STAYING CONNECTED: TIPS FROM OUR PEOPLE**

**STAYING CONNECTED**  
Changing lives for people from the office or from home

**Useful ideas to develop your business**

**STAYING CONNECTED**

Communication is a key part of our culture and staying connected is more important than ever as we spend more time during this time. With the recent launch of Teams, we want to make sure you know which tool to use for what – so here's a simple breakdown:

- **Yammer:** get your company news here and share your updates. Top and best practice in our all-employees UK group. Yammer is a great way to recognise colleagues and celebrate achievements with larger groups (by your region, country and disciplines). Don't forget to add photos – we love seeing what you're up to!
- **Teams:** chat, audio and video calls for 1:1s and small or large team/project meetings. (Skype is still available to use but will be replaced by Teams in the long term).
- **Email:** external messages to clients, candidates, customers and business partners. Use for business-critical information targeted to specific audiences.

It's great to have options – and it's up to us to use them to stay informed and stay connected.

**STAYING CONNECTED**

**STAYING CONNECTED**

**Useful ideas to develop your business**

**Tessel Naajkens** – May 27 at 08:01 AM – Edited

8 weeks 8 insights: Yannick Coulange on how to prepare our recovery and influence our success tomorrow

Hello everyone,

In this week's interview, we're happy to feature Yannick Coulange, MD Potand and Austria.

Yannick highlights the importance of taking the time to think to prepare for the recovery. He also shares tips on how to manage successful client relationships. We've also asked him to share his views on how client and candidate relationships could evolve post-Covid 19.

Enjoy the read everyone and thank you Yannick for sharing your thoughts and insights with us!

Tessel

**8 WEEKS 8 INSIGHTS**

8 weeks 8 insights - Yannick

**Steve Ingham** – March 31 at 04:03 AM from Sideways 6 for Yammer

8 weeks 8 insights: Important Business Update from Steve

As a result of Coronavirus, we are all facing a unique set of challenges both personally and as a business. In the video, you will find why I believe Page is still the best place for your career even in the most difficult of circumstances.

I also want to share with you some significant steps we're taking globally and in each region in response to the Coronavirus.

It's important that each of you knows what we are doing as a company. Like this message to show that you've watched.

Steve

**Steve Ingham** – May 18 at 09:07 AM

8 weeks 8 insights: Join our Global Live Events Today/Tomorrow (18 & 19 May!)

I'm looking forward to speaking to you, and seeing your questions during our global live events today and tomorrow.

Here's a reminder of the times and links - you can join any of the sessions

LATAM & North America: Monday 18 May, 3pm UK time:  
LATAM & North America

APAC, Middle East & Africa: Tuesday 19 May, 9am UK time:  
APAC, Middle East & Africa

UK & Europe: Tuesday 19 May, 11am UK time:  
UK & Europe

WeArePage!  
Steve

- Encouraged people to stay connected
- Video updates from CEO with more than 15,200 views
- Global open Q&A events with the leadership team with over 5,200 attendees
- “Create Conversations” creating content about market trends to discuss with clients

**All Employees - ARAC**

**Anthony Thompson** – May 11 at 06:34 AM from Sideways 6 for Yammer

8 weeks 8 insights: Staying connected: prepare your candidates for virtual interviews

If your candidates are currently in a recruitment process, it's almost certain that the next interview will take place virtually.

Preparation is key! It's really important that you help your candidates prepare for virtual interviews to help them make a positive, lasting impression.

You can advise them on having a dedicated spot in their home set up for the interview and making sure they have Skype set up for a good connection. (And don't forget about dressing appropriately!)

See the attached for more guidance on how to prepare your candidates.

#stayingconnected #covid19 #ourpurpose #flattenthecurve

**STAYING CONNECTED**

**Charlie Ginzburg** – June 9 at 06:24 PM

8 weeks 8 insights: Staying Connected / Converting leads and winning at love

Hello everyone,

As part of our #stayingconnected campaign I am happy to share with you all my 4 part process for converting leads and winning at love.

Hope everyone is well.

Charlie

**STAYING CONNECTED**

**Converting Leads**

Charlie Ginzburg

**Steve Ingham** – May 18 at 09:07 AM

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WeArePage!  
Steve

**STAYING CONNECTED**

**Global Live Events**  
18 & 19 May 2020

**Over 5,200 attendees**

Phase 3: Looking Forward – Reinforce the Platform



# Proactive Communication Strategy

PageGroup Q2 20

Phase 1: Crisis Response

Phase 2: Living with COVID – Staying Connected

Phase 3: Looking Forward – Reinforce the Platform

**Tomaso Mainini** – May 28 at 09:54 AM  
GOOD NEWS TO SHARE

Dear all,  
I would like to share this positive success story from Italy with you. After reading Tech magazines and sending Marketing CVs, on April 9th Giovanni Monti and Veronica Crippa contacted the client Boole Server, an Italian software firm operating in the security field. The client accepted our call and we organised a virtual meeting via Teams the next day. Boole Server was a client of ours 3 years ago, with whom we had worked at a 17% success fee. During the virtua... expand >


cc: Giovanni Monti, Veronica Crippa, Fabrizio Travaglini, Costanza Colombo, Jessica Cibi, and Davide Iencarelli

**Andy Zhang** *Follow* – February 11 at 10:04 AM  
Good News! I. Nothing can stop us, not even the Virus Outbreak.

We just got the FIRST COVID case after CHN holidays! More than 100K live. It is no easy feat with the big gap between the official garbage and the government's expectation, but She Really closed it, just now!

Who is She? Cecilia Liang, the "Paternity and Education Queen" from Guangzhou SIBB team. Cecilia and social and brand have made us 2019 for developing the property chain. Cecilia kept work regular and high level of customer satis... expand >

cc: Ben Loh, Emma Wu, Wu Chen, Mark Steiner, Cecilia Liang, and Jack Wang



**Nicholas Kirk** – April 22 at 10:23 AM from Sideways 6 f

Despite the current challenges COVID 19 has brought really good progress and drive Page forward. I energy you're all showing – I realise that it's to market share every day!

Here's just a very small sample of some of our stories here. Please continue to share your sto support one another.

Keep up the great work!

Nick

**Some of our March and April wins**

- John Buchanan, UK assets**  
New and exciting for...  
Click here to read more
- John Clarke, UK operations**  
New and exciting for...  
Click here to read more

**Business Wins & Good News in May**

- Gregory Herault, Belgium**  
New and exciting for...  
Click here to read more
- Veronica Mainini, Italy**  
New and exciting for...  
Click here to read more

Good news stories\_March and April\_final


All employees... **UK**... **EU**...  
Sharella van der Horst – June 22 at 12:41 PM  
cc: \*\*\*What can you do now to help secure your business tomorrow?\*\*\*

Create conversations and activate your network!

During the crisis, there are many essential ways to nurture your business. It is more important than ever to be active and to engage with your network as much as you can. This week we will make it easy for you to get your clients' attention. We organize a webinar and you can reach your clients.

Share our latest LinkedIn posts within a few clicks:  
MP: <https://www.linkedin.com/feed/update/urn:li:activity:666114532330254439>  
PR: <https://www.linkedin.com/feed/update/urn:li:activity:666114397073679744>

Kindest,  
Your marketing team



- Customer Connect remote roll-out to Poland and Belgium
- UK and Europe roll-out in H2
- New Global Intranet
- Further online training through Boost!
- Ongoing Global campaigns supporting IWD and Pride Month

**Matthew Grizzle** *Follow* – March 25 at 09:16 AM  
The power of PageGroup | Good News Story

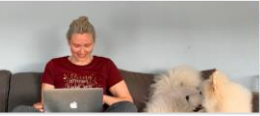

Hi Team,

You may have seen a couple shout outs from a few people across Australia over the last couple of days but the team who worked on the Coles supermarket account, including over the weekend, deserve the BIGGEST shout out from me!

Through sheer determination and AMAZING teamwork, Sarah Ford and the team she coordinated have placed 450 stock fillers across Australia in 1 week!

That's a mind boggling number of lives changed – not only for the candidates but for every community they live in... expand >

cc: Bee Chapman, Dalida Blaz, Sarah Ford, Georgia McMillan, Jenny Zhou, Gemma McDonald, Rebecca Jordan, Nathan Byrne, Clare Johnson, Bridie McDougal, Jim Roy, Robert Lytzer, David George, and Leah Ramsay


**Marie Ponomarenko** *Follow* – June 22 at 12:41 PM  
Sharella van der Horst – June 22 at 12:41 PM  
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Share our latest LinkedIn posts within a few clicks:  
MP: <https://www.linkedin.com/feed/update/urn:li:activity:666114532330254439>  
PR: <https://www.linkedin.com/feed/update/urn:li:activity:666114397073679744>

Kindest,  
Your marketing team



**Ian Teagle** *Follow* – July 2 at 09:55 AM  
Some thoughts from me on Covid learnings, highs, and looking forward...

Last week I sat down with Marketing to talk about our teams' recent wins, how we keep motivated working from home, and my hopes for Q3. You can't beat a good (cheer) quote, so I've also shared one of my favourites that's helped to motivate me during this period...do you have a better one? Have a read. Here's to a great Q3 – bring it on!

cc: Marie Ponomarenko



Preparing our UK offices for a safe return – Southampton




Great to see some friendly faces and to be back in the office – it felt like we'd never been away!  
Paul Spicer


RETURNING TO THE OFFICE LIVE EVENT

Join us to get more information about the return to our offices.

Your hosts will be:

- Andrea Rodriguez
- Cagla Aydogan
- Dieter van Mulders
- Matt Brown

29/06/2020  
4.00 pm




# Proactive Communication Strategy

PageGroup Q2 20

*'this just shows how remarkable we are as one, as Page, when times are tough'*

*'ready to fight more than ever!'*

*'setting us above a lot of other employers in these times...'*

*'I don't know how you've all done it - it's been amazing'*

*'we are a global company and always ready to support any country'*

*'no place I'd rather be!'*

*'can't fault Page and the way this has/is being handled, planning and communication has been flawless'*

*'we'll get through this, all together'*

*'proud to be @Page in these difficult times'*

*'...really realistic and positive message...'*

*'proud that we work for such a great business!'*

*'...together we will get through this stronger than ever'*

*'the challenge makes us stronger and more committed than ever!'*

*'I feel incredibly lucky and proud to work for Page'*

*'thank you for this message, your transparency and realism.'*

*'so proud about PageGroup and the way we choose to face this tough time!'*

*'very proud to belong to PageGroup !'*

*'...back to work stronger than ever!'*





# COVID-19 Operating Strategy

Managing our cost base

Flexible and highly diversified business model

Maintaining the business platform

Planned reduction in Q2 cost base of 20-25% achieved

Staff returning from 4 day weeks and furlough

All employees returning to full pay in Q3

Q3 costs down c. 10% compared to March



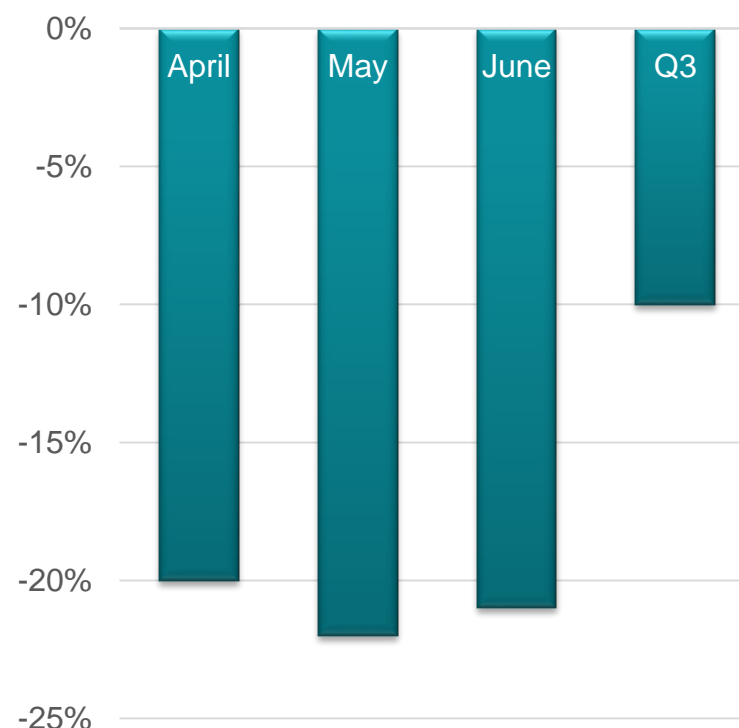
# COVID-19 Operating Strategy

## Managing our cost base

- Initial reduction of c. 20% in April compared to March
- In April, immediate impact of 20% voluntary salary reductions and 4 day working weeks
- In May, a further reduction with full impact of Government schemes and 255 employees having left the Group
- In June, slight increase in the cost base due to bringing staff back to full time working to match recovering activity levels in Continental Europe
- Currently expect Q3 cost base will be down c. 10% compared to March
- Continued savings on bonus, travel, staff welfare and client and candidate entertaining

\*June and Q3 are latest estimates

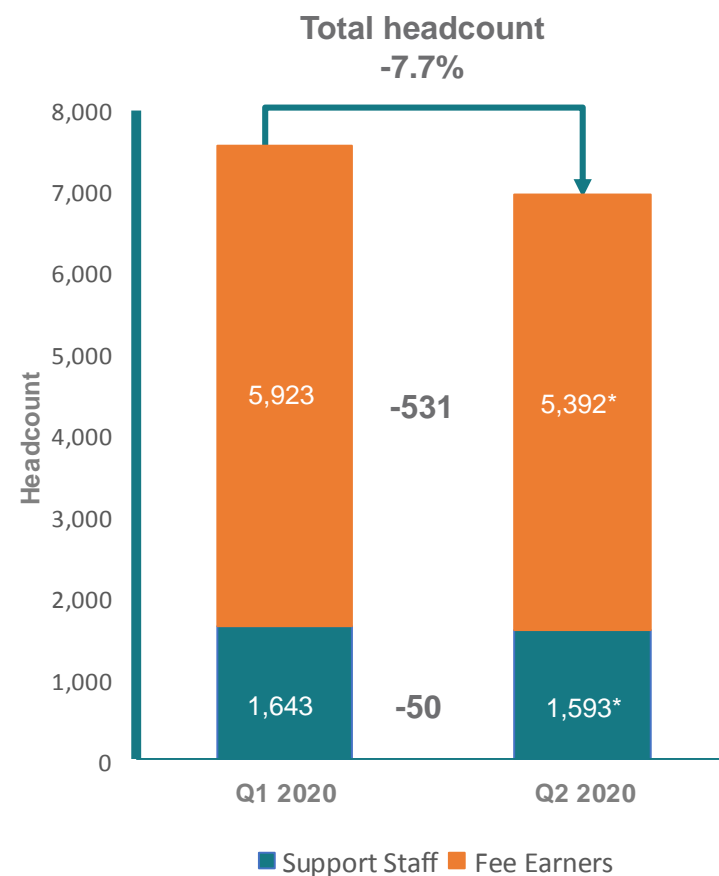
## Cost Savings vs. March\*



# COVID-19 Operating Strategy

## Maintaining the Platform

- Overall strategy is to protect the platform and position the Group for future growth when conditions improve
- Overall decrease in fee earners of 531 (-9%), with around half leaving in April and the other half in May and June
- 406 staff fully furloughed in the UK and the US, coming back in Q3, with partial furloughs across most of Continental Europe
- Fee earner headcount reduced across all regions, majority are due to:
  - Very limited experience
  - Performance management
  - Efficiencies from new systems
  - Largely in the UK and the Americas
- Operational support headcount reduced by 50 (-3%) in the Quarter



\*Including furloughed staff of 406 (327 Fee Earners and 79 Support Staff) 11

# COVID-19 Operating Strategy

Best performing and most impacted sectors

## Best Performing

Healthcare and Pharmaceutical  
E-Commerce  
Media Production  
Telecoms  
Consumer Goods and Packaging  
Technology

## Most Impacted

Travel and Tourism  
Retail  
Hospitality and Leisure  
Construction  
Aerospace





# COVID-19 Operating Strategy

Real time monitoring of forward KPIs

**New Opportunities**

**Candidates sent**

**Interviews**

**Offers**



# COVID-19 Operating Strategy

Gradual reopening of our offices



# COVID-19 Operating Strategy

Looking forward into Q3, what are we doing?

Increasing active headcount to match activity levels

Bringing back staff in the US and the UK

Decreasing percentage of time on furlough in Europe

Firming up plans for strategic investments

Ensuring Group has the appropriate shape in all of our markets

Hiring experienced fee earners



# Financial and Regional Review





# Balance Sheet and Liquidity

Net cash and facilities of c. £500m

Strong Balance Sheet with net cash of c. £156m, up £73m on Q1

Inflow of cash through unwind of Temp debtors

DSO in line with pre-COVID position

No material bad debt write offs

Strong banking relationships and facilities

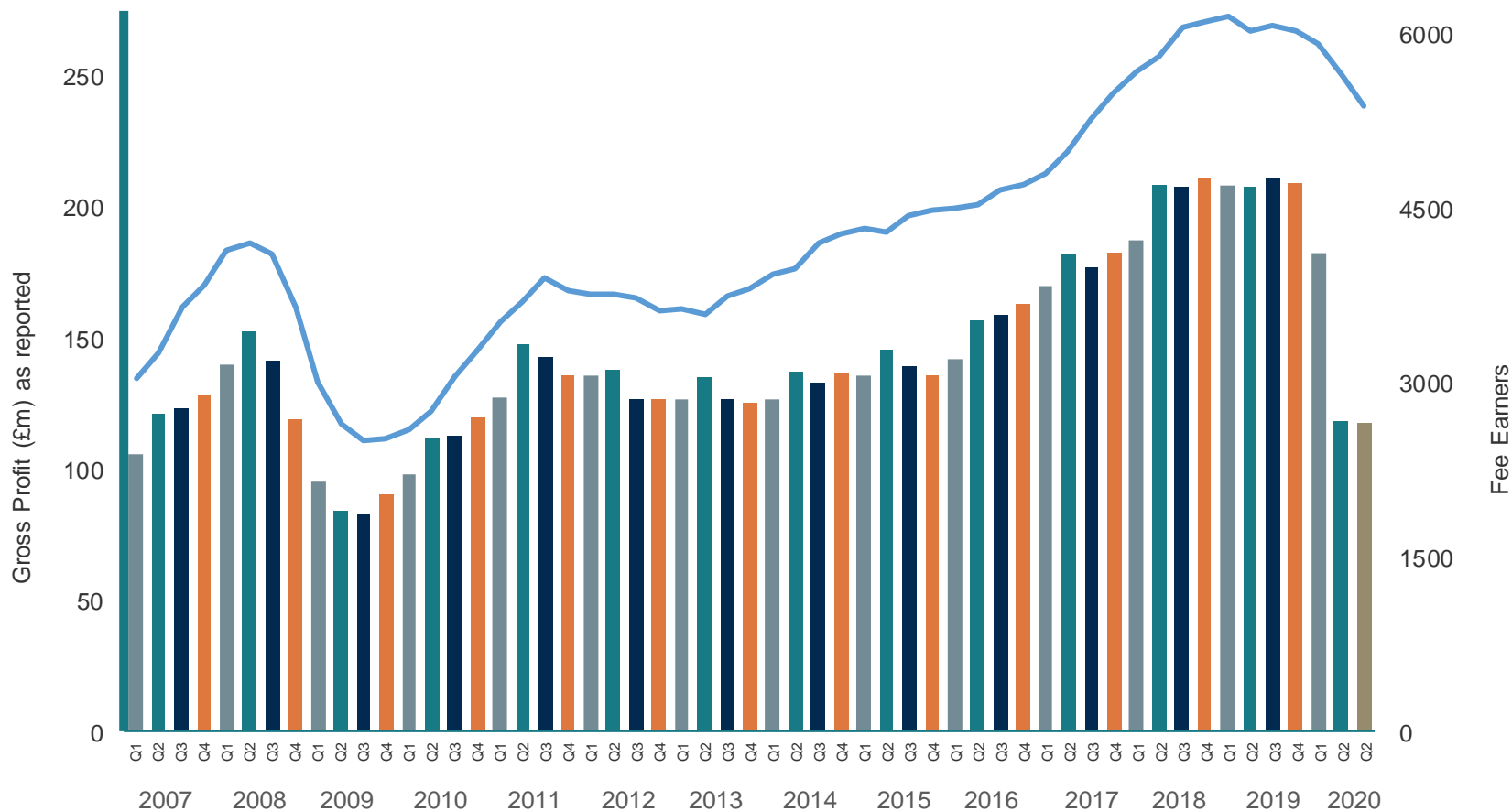
£30m RCF, Covenant waiver agreed for an initial 12 month period

Approved for BoE CCFF Scheme, maximum facility of £300m



# Gross profit sharp downturn

Decline in fee earner headcount much less than 2009



Fee Earners

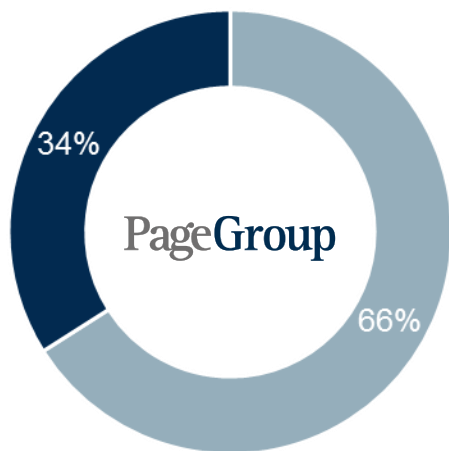
Q2 20

Constant Currency



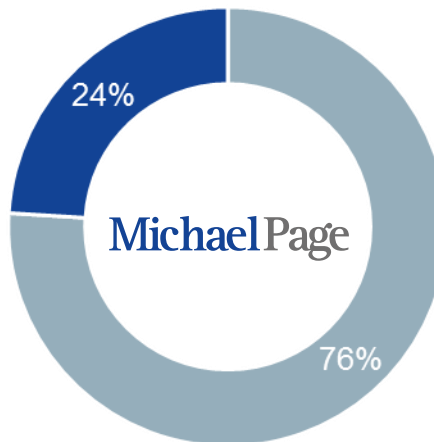
# Perm and Temp ratio

Permanent recruitment more impacted by COVID-19



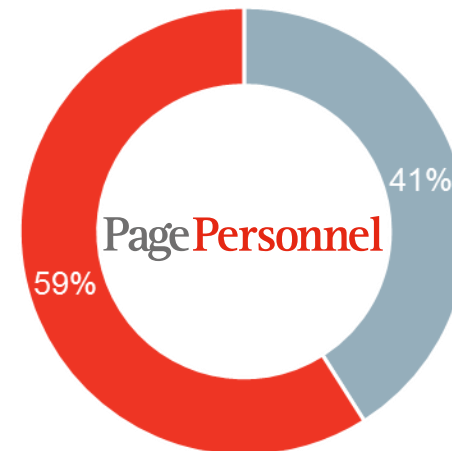
■ Perm ■ Temp

- Gross Profit decline in permanent -54.7% to £78.4m
- Temporary -24.4% to £39.9m
- Perm:Temp ratio 66:34 (Q1 2020: 73:27)



■ Perm ■ Temp

- Gross Profit decline in permanent -51.2% to £64.4m
- Temporary -17.6% to £19.9m



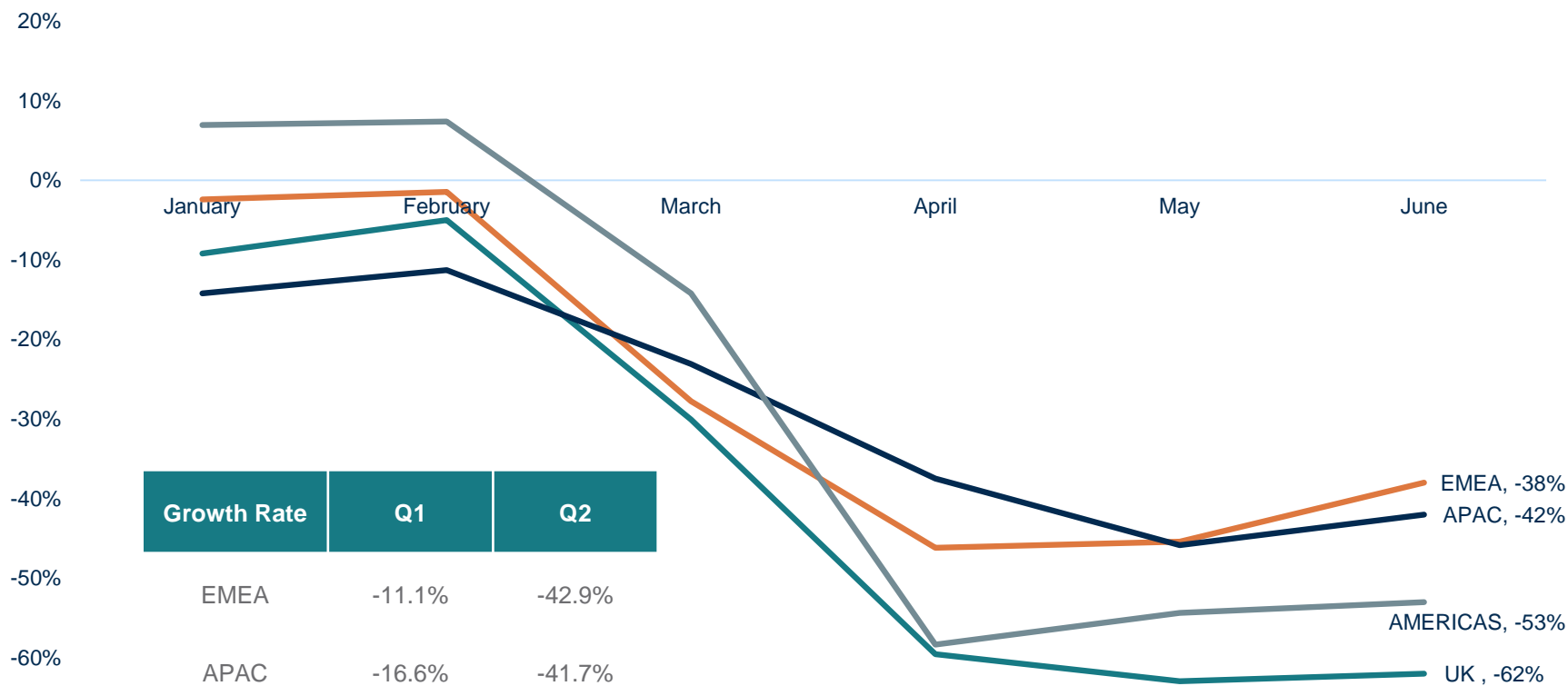
■ Perm ■ Temp

- Gross Profit decline in permanent -65.8% to £14.0m
- Temporary -30.1% to £20.0m



# GP Growth Rates – H1

April and May -49%, June slight improvement to -45%



Growth Rate	Q1	Q2
EMEA	-11.1%	-42.9%
APAC	-16.6%	-41.7%
AMERICAS	-3.0%	-55.0%
UK	-16.0%	-61.5%

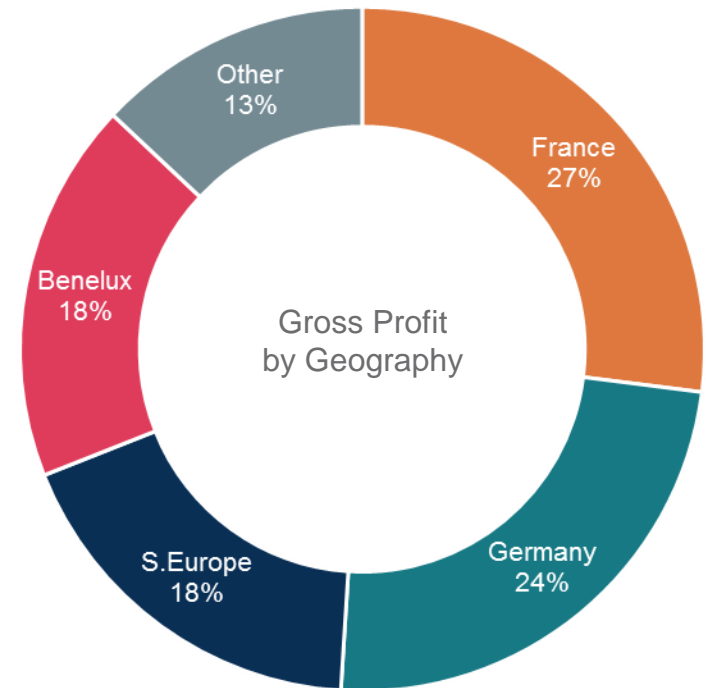




# EMEA -42.9%

France and Southern Europe most impacted, Germany standout result

- France, 14% of the Group, -52% (-46% in June)
- Germany, 13% of the Group, -20% (-17% in June)
- Benelux -35% (-34% in June); Belgium -23% (-15% in June)
- Southern Europe -52%; Italy -50% (-38% in June), Spain -53% (-44% in June)
- Middle East & Africa -49% (-44% in June)



**53% of Group**

£m	Period	2020	2019	Reported %	Constant %
Gross Profit	Q2	63.2	108.9	-41.9%	-42.9%
	H1	154.5	213.1	-27.5%	-27.4%

No.	2020 Q2	2019 Q2	%	2020 Q1	%
Headcount	3,149*	3,316	-5.0%	3,309	-4.8%

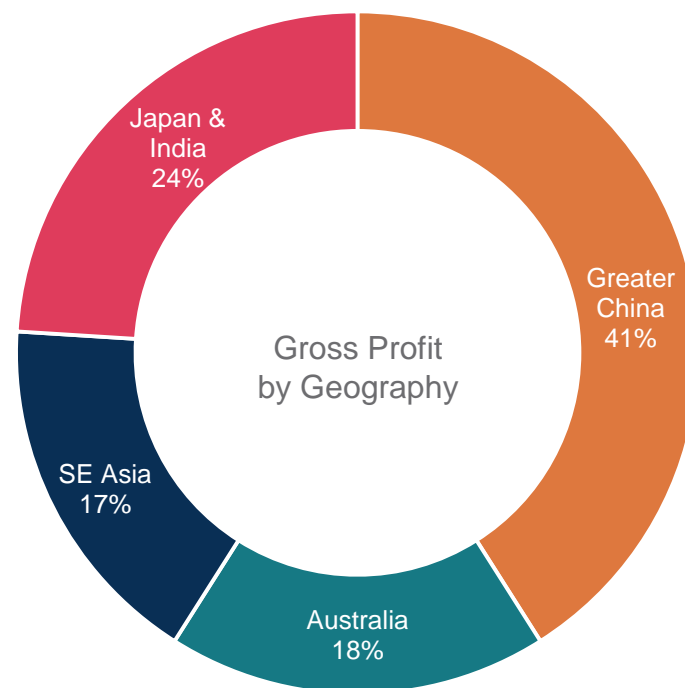
\*Including 6 furloughed employees



# Asia Pacific -41.7%

Improving conditions in Mainland China through the quarter

- Greater China, -41% (-37% in June); Mainland China -27% (-17% in June); Hong Kong -62% (-63% in June)
- South East Asia -35% (-41% in June); Singapore -46% (-50% in June); Indonesia -20% (-14% in June)
- India -31% and Japan -36% both deteriorated as the quarter progressed (both -43% in June)
- Australia -53% (-48% in June)



**22% of Group**

£m	Period	2020	2019	Reported %	Constant %
Gross Profit	Q2	25.6	43.7	-41.6%	-41.7%
	H1	56.8	81.8	-30.6%	-30.1%

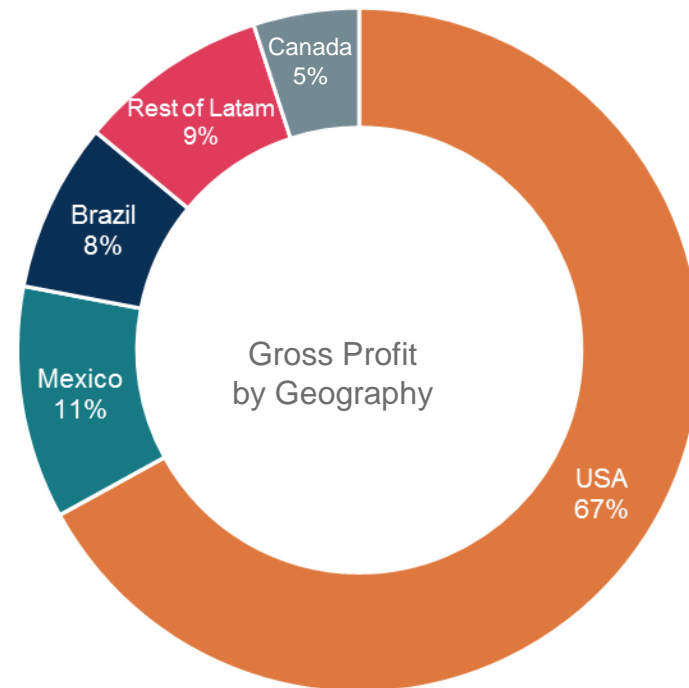
No.	2020 Q2	2019 Q2	%	2020 Q1	%
Headcount	1,468	1,737	-15.5%	1,599	-8.2%



# Americas -55.0%

Final region to be impacted

- US -49% (-52% in June)
- Latin America -63% (-57% in June)
- Brazil -60% (-47% in June); Mexico -63% (-61% in June)
- Conditions flat throughout the quarter, yet to see activity levels improve



14% of Group

£m	Period	2020	2019	Reported %	Constant %
Gross Profit	Q2	16.0	37.0	-56.8%	-55.0%
	H1	46.9	69.2	-32.2%	-29.8%

No.	2020 Q2	2019 Q2	%	2020 Q1	%
Headcount	1,184*	1,342	-11.8%	1,362	-13.1%

\*Including 76 furloughed employees returning in Q3



# UK -61.5%

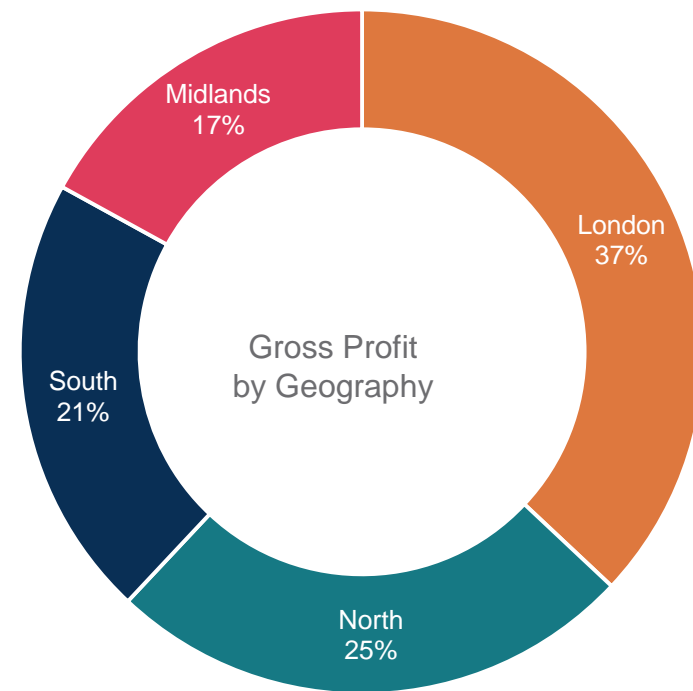
Most impacted region in the quarter

- All offices closed for the quarter with staff working remotely
- Permanent recruitment down -74%
- Temporary down -32%
- Public sector -39% (20% of UK)

£m	Period	2020	2019	Reported %
Gross Profit	Q2	13.5	35.1	-61.5%
	H1	42.4	69.4	-38.9%

No.	2020 Q2	2019 Q2	%	2020 Q1	%
Headcount	1,184*	1,368	-13.5%	1,296	-8.6%

\*Including 324 furloughed employees, the majority returning in Q3



11% of Group



# Summary





# Summary

Protecting our people and our platform

Priority remains to protect our employees, candidates and clients

Balancing tight cost management with positioning the Group for the future

Moving from short-term cost savings in Q2, to full employment to capture improving business opportunities in Q3

Capitalise on market share opportunities as they arise



# Appendix



# Our business model

PageGroup

Brands

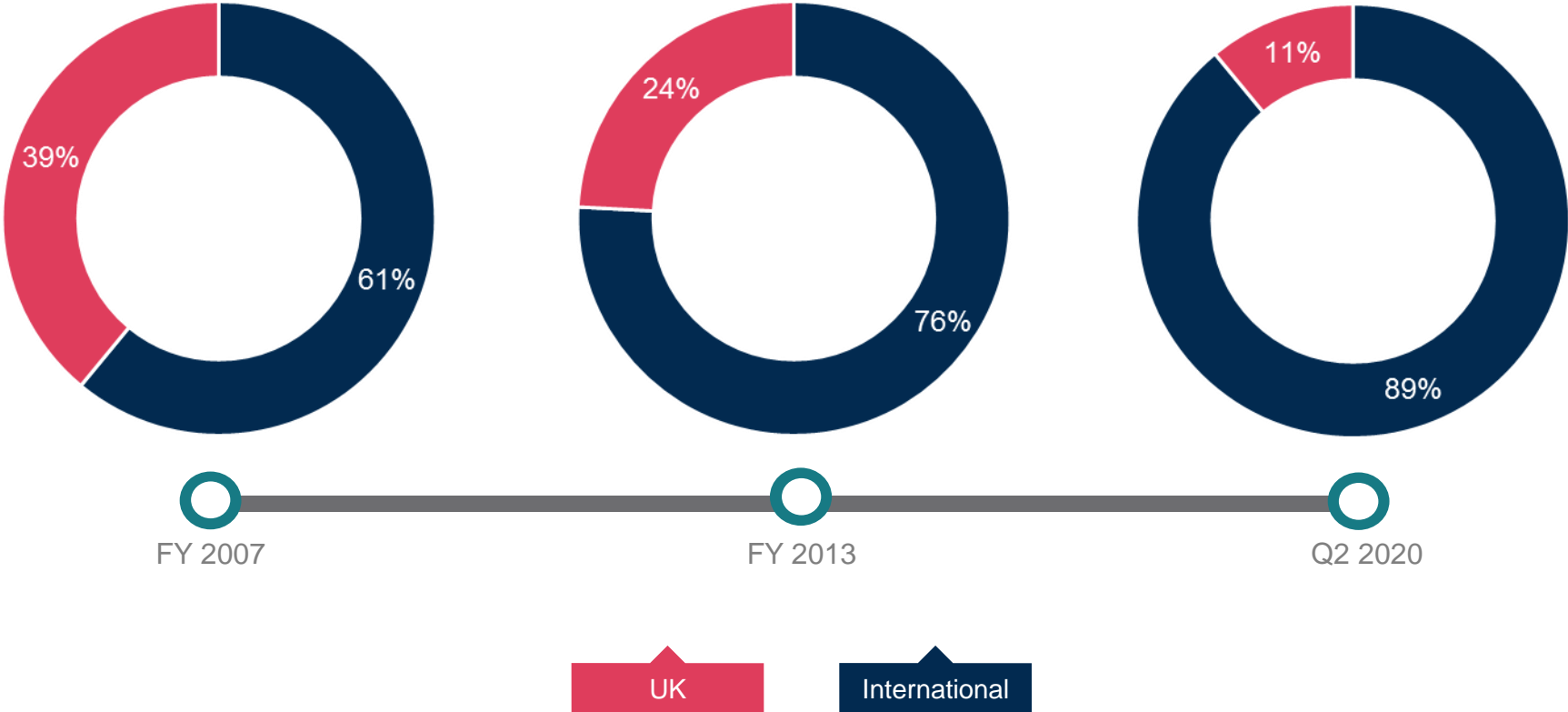
Significant Competitors



# A growing international business

Delivering on our global diversification strategy

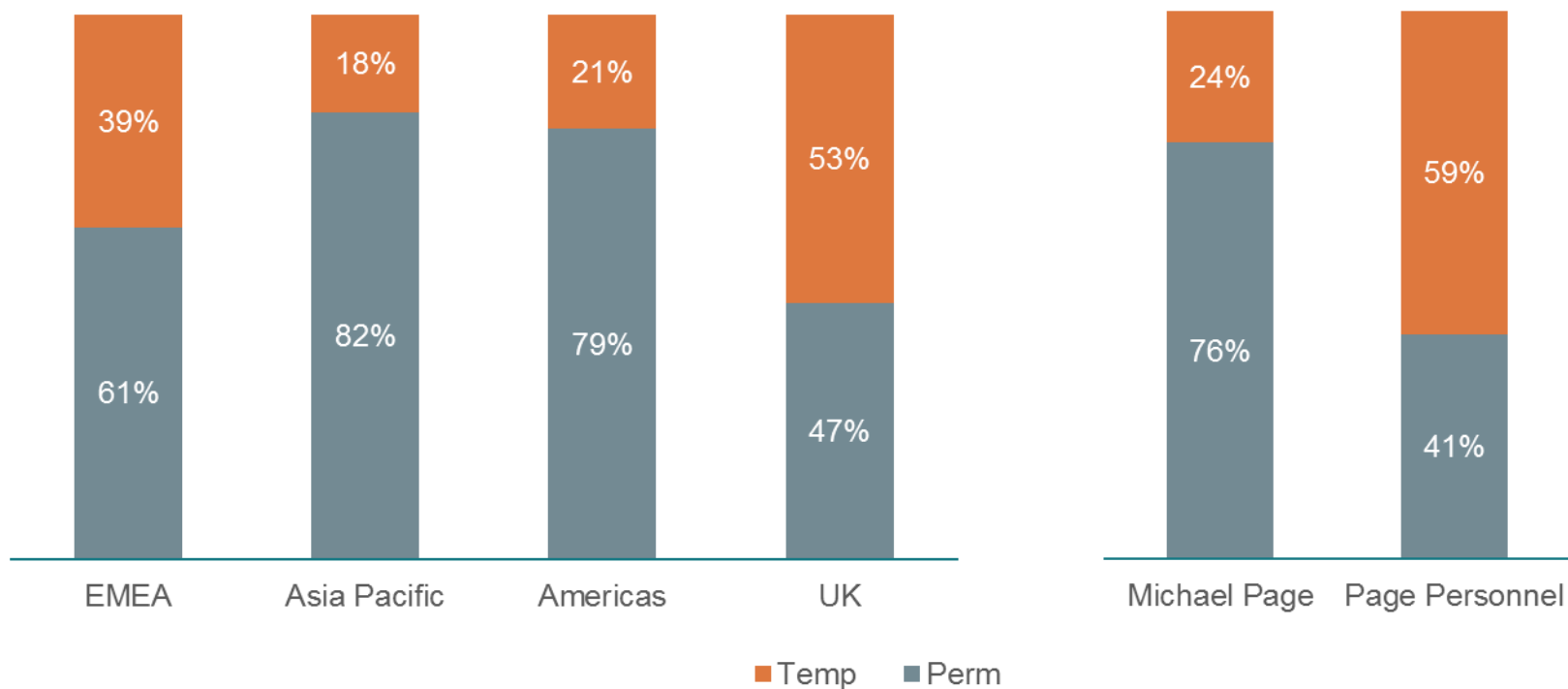
Gross Profit



# Significant variations in recruitment mix

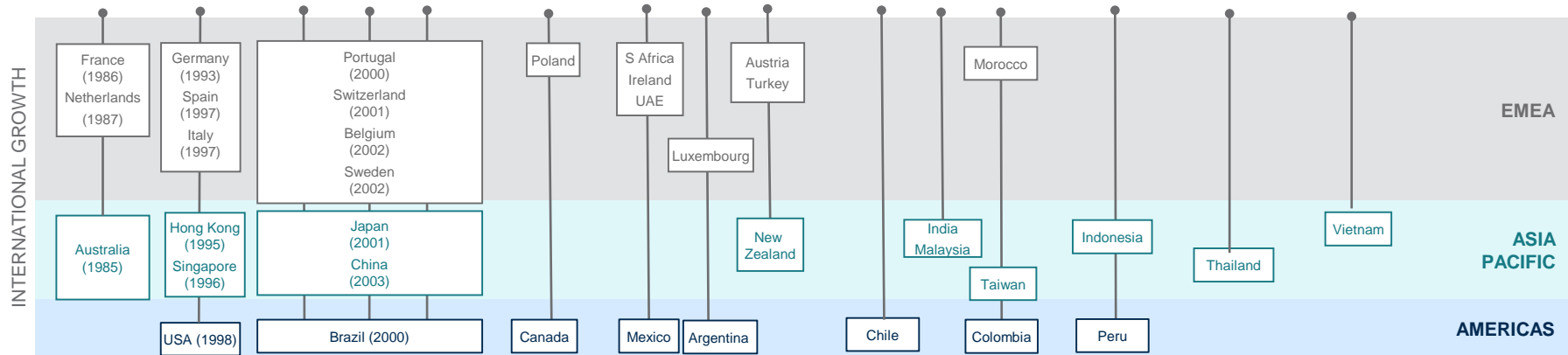
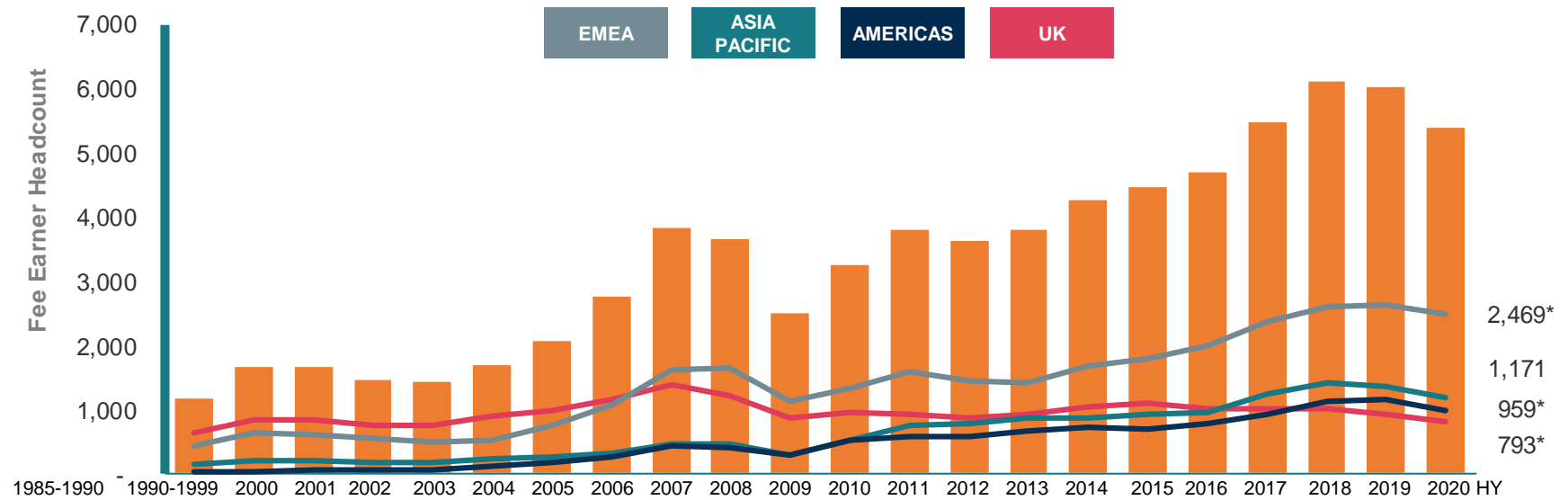
Geography

Brands





# Long term fee earner and international growth



\*including furloughed fee earners (UK: 256 Americas: 68 EMEA: 3)



# Fee earner investment and support staff



# Year-on-Year Gross Profit Rates

	2018				2019				2020	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
EMEA	+18.2%	+18.6%	+20.9%	+13.9%	+11.4%	+9.0%	+5.6%	+2.3%	-11.1%	-42.9%
Asia Pacific	+13.8%	+18.4%	+27.7%	+22.0%	+14.9%	+4.7%	-8.1%	-7.9%	-16.6%	-41.7%
– Asia	+17.8%	+21.2%	+32.2%	+21.2%	+15.6%	+5.8%	-10.6%	-7.6%	-17.1%	-38.1%
– Australasia	+4.3%	+10.6%	+15.7%	+25.0%	+13.0%	+0.9%	+1.1%	-9.6%	-16.6%	-53.7%
Americas	+20.4%	+29.2%	+30.1%	+29.2%	+21.4%	+17.4%	+13.0%	+5.0%	-3.0%	-55.0%
– North America	+16.4%	+27.0%	+27.2%	+30.3%	+20.9%	+18.9%	+10.3%	+4.6%	+2.5%	-49.4%
– Latin America	+25.7%	+32.2%	+33.9%	+27.7%	+21.6%	+15.3%	+16.9%	+5.5%	-10.8%	-63.5%
UK	-7.1%	-1.9%	+0.8%	+2.1%	+1.7%	-2.4%	-4.1%	-4.8%	-16.0%	-61.5%
Group Total	+12.3%	+16.0%	+19.7%	+15.4%	+11.7%	+7.4%	+2.1%	-0.4%	-11.7%	-47.6%



# Contacts and Calendar

## Contacts

Jeremy Tatham – Group Financial Controller

Tel: +44 (0) 1932 264 143

Email: [investorrelations@michaelpage.com](mailto:investorrelations@michaelpage.com)

Web: <https://www.page.com/investors>

## Date

5 August 2020

## Event

HY 2020 Trading Update



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