

PageGroup

8 October 2019

THIRD QUARTER 2019 TRADING UPDATE

Q3 Highlights*

- Group gross profit growth +2.1% (+4.2% in reported rates)
- Large, High Potential markets (37% of Group) +4%
- EMEA +5.6%; France +2%; Germany +16%
- Asia Pacific -8.1%; Greater China -24%; South East Asia +11%; Australia +2%
- Americas +13.0%; North America +10%; Latin America +17%
- UK -4.1%; both Michael Page and Page Personnel -4%
- Fee earner headcount increased by 46, decrease in operational support staff of 20
- Strong balance sheet, net cash of c. £92m
- Interim and special dividends paid tomorrow, 9 October, of £54.5m or 17.03 pence per share

Outlook

- Given the heightened political and macro-economic challenges seen in the quarter, together with our limited forward visibility, we currently expect 2019 operating profit to be in the range of £140m to £150m

* In constant currencies except where stated otherwise

Q3 GROSS PROFIT ANALYSIS

| Year-on-year | % of Group | Reported (£m) | | | Constant |
|--------------|-------------|---------------|--------------|--------------|--------------|
| | | Q3 2019 | Q3 2018 | % | % |
| EMEA | 47% | 101.5 | 94.9 | +7.0% | +5.6% |
| Asia Pacific | 20% | 44.1 | 46.0 | -4.0% | -8.1% |
| Americas | 17% | 37.3 | 31.8 | +17.0% | +13.0% |
| UK | 16% | 33.8 | 35.2 | -4.1% | -4.1% |
| Total | 100% | 216.7 | 207.9 | +4.2% | +2.1% |
| Permanent | 75% | 162.4 | 158.5 | +2.5% | +0.1% |
| Temporary | 25% | 54.3 | 49.4 | +9.8% | +8.5% |

Steve Ingham, Chief Executive Officer, said:

“The majority of the Group’s regions were impacted by increased macro-economic and political uncertainty in Q3. Consequently, Group gross profit growth slowed to 2.1% in constant currencies from 7.4% in Q2.

“We saw standout performances in Germany, India, and Latin America, as well as a strong performance in the US, despite a slowing Financial Services market in New York. However, we saw increasingly challenging trading conditions in many of our larger markets, including Greater China, the UK and France.

“Looking ahead, the deterioration in trading conditions seen during Q3 across the majority of our regions is anticipated to continue. In the UK, heightened Brexit related uncertainty is expected to remain as we approach and go beyond 31 October. With worsening macro-economic indicators in Continental Europe, particularly in Germany, and in the US, there are signs that growth in these markets may slow. In Greater China, confidence in Mainland China continues to be affected by trade tariff uncertainty and the social unrest in Hong Kong is increasing. Given these heightened political and macro-economic challenges, together with our limited forward visibility, we currently expect 2019 operating profit to be in the range of £140m to £150m.

“However, we will continue to focus on driving profitable growth, while progressing our strategic investments towards our Vision of 10,000 headcount, £1bn of gross profit and £200m - £250m of operating profit.”

Group Trading Update

PageGroup delivered third quarter gross profit of £216.7m, up 2.1% in constant currencies and 4.2% in reported rates. In constant currencies, there was similar growth in both Michael Page and Page Personnel.

Headcount

While in the first half our fee earner headcount reduced by 81, it increased by 46 in the third quarter. Fee earner headcount fell in markets where we saw more challenging conditions, such as Australia and Greater China, but we continued to invest in markets where we saw the strongest growth, such as Germany, the US and India. Our flexible business model enables us to react quickly to changes in market conditions by adjusting our headcount to focus on productivity and conversion. Our operational support headcount decreased by 20 in the quarter, as we completed the roll out of our new Global Finance System. In total, we have 6,081 fee earners and a total headcount of 7,789.

Perm/Temp mix

Gross profit from permanent recruitment grew 2.5% in reported rates and 0.1% in constant currencies, to £162.4m (Q3 2018: £158.5m). Gross profit from temporary recruitment grew 9.8% in reported rates and 8.5% in constant currencies, to £54.3m (Q3 2018: £49.4m). This reflected uncertainty in mature markets and the structural evolution of temporary in emerging markets. This resulted in a ratio of permanent to temporary recruitment of 75:25 (Q3 2018: 76:24).

Q3 Gross Profit – Discipline analysis

| Year-on-year | % of Group | Reported (£m) | | | Constant |
|--|-------------|---------------|--------------|--------------|--------------|
| | | Q3 2019 | Q3 2018 | % | % |
| Finance | | | | | |
| Accounting and Financial Services | 36% | 78.3 | 72.5 | +7.9% | +6.1% |
| Professional Services | | | | | |
| Legal, Technology, HR, Secretarial, Healthcare | 24% | 53.0 | 50.2 | +5.5% | +3.1% |
| Technical | | | | | |
| Engineering, Property & Construction, Procurement & Supply Chain | 23% | 49.2 | 49.7 | -0.9% | -3.3% |
| Marketing, Sales and Retail | 17% | 36.2 | 35.5 | +2.2% | -0.2% |
| Total | 100% | 216.7 | 207.9 | +4.2% | +2.1% |

Geographical analysis (unless otherwise stated all growth rates are in constant currency)

| EMEA | Gross Profit (£m) | | Growth Rates | |
|---|-------------------|------|--------------|----------|
| | | | Reported | Constant |
| (47% of Group) | | | | |
| Q3 2019 vs. Q3 2018 | 101.5 | 94.9 | +7.0% | +5.6% |
| Headcount at 30 September 2019: 3,344 (30 June 2019: 3,316) | | | | |
| <ul style="list-style-type: none"> • France (15% of Group) +2% • Germany (9% of Group) +16% | | | | |

EMEA Q3 gross profit grew 5.6% to £101.5m, down from growth of 9.0% in Q2 as increased economic uncertainty impacted market confidence across the region. Growth was faster in Michael Page, up 9% compared to 2% in Page Personnel. France, representing 15% of the Group, slowed to 2%, from 6% in Q2 2019. Germany, despite weaker macro-economic data, maintained strong growth, up 16%, with our Interim business, mainly focused on Technology, growing 28%. Italy improved slightly on its Q2 growth rate of 7%, delivering growth of 11% and Spain grew 3%, in line with Q2. Benelux slowed from 13% in Q2 to 7%. The Middle East and Africa declined 10%, with particularly tough conditions in South Africa. Our fee earner headcount increased by 33.

| Asia Pacific | Gross Profit (£m) | | Growth Rates | |
|--|-------------------|------|--------------|----------|
| | | | Reported | Constant |
| (20% of Group) | | | | |
| Q3 2019 vs. Q3 2018 | 44.1 | 46.0 | -4.0% | -8.1% |
| Headcount at 30 September 2019: 1,711 (30 June 2019: 1,737) | | | | |
| <ul style="list-style-type: none"> • Asia (15% of Group) -11% • Greater China (8% of Group and 50% of Asia) -24% • Australasia (5% of Group) +1% | | | | |

In Asia Pacific, gross profit declined 8.1% to £44.1m. Greater China, one of our Large, High Potential markets, declined 24%, against a tough comparator of 31%. Trade tariff uncertainty continued to impact Mainland China, particularly among our larger international clients, while the increased social unrest affected our Hong Kong business. South East Asia, another of our Large, High Potential markets, grew 11%, with growth in some of our newer countries, partially offset by a 4% decline in Singapore, which was affected by the wider trade tariff concerns. Japan, where we continue to focus on both the Gaishikei and Nikkei markets, grew 5%, down from 13% in Q2, with weaker growth from multinational clients. India, now with over 150 fee earners, delivered another record quarter, up 23%. Australia grew 2%, with strong growth in Victoria offset by more challenging trading in New South Wales. Overall fee earner headcount in the region declined by 27 in the quarter.

| Americas | Gross Profit (£m) | | Growth Rates | |
|---|--------------------------|------|---------------------|-----------------|
| | | | Reported | Constant |
| <i>(17% of Group)</i> | | | | |
| Q3 2019 vs. Q3 2018 | 37.3 | 31.8 | +17.0% | +13.0% |
| Headcount at 30 September 2019: 1,366 (30 June 2019: 1,342) | | | | |
| <ul style="list-style-type: none"> • North America (10% of Group) +10% • Latin America (7% of Group) +17% | | | | |

The Americas, our fastest growing region, grew 13.0% to £37.3m. The US delivered growth of 14%. Growth was strongest in our offices outside of New York, which was impacted by a slowing in Financial Services. Latin America grew 17%, delivering another record quarter for the region. Mexico, the largest country in Latin America, grew 13%, while our Brazilian business continued to perform well, growing 25%. Elsewhere, the other four countries in the region grew 15% collectively, with record performances from Argentina, Colombia and Peru, partially offset by more challenging conditions in Chile. We increased our fee earner headcount by 23 across the Americas, mainly into the US.

| UK | Gross Profit (£m) | | Growth Rate |
|---|--------------------------|------|--------------------|
| <i>(16% of Group)</i> | | | |
| Q3 2019 vs. Q3 2018 | 33.8 | 35.2 | -4.1% |
| Headcount at 30 September 2019: 1,368 (30 June 2019: 1,368) | | | |

The UK declined 4.1%, with heightened Brexit related uncertainty now impacting candidate and client confidence at all levels. This was reflected by Page Personnel, which represents a quarter of the UK, and Michael Page, which is focused on more senior opportunities, both declining by 4%. Having started the year with around 1,000 fee earners, this had declined to 929 at the end of June. During Q3 we replaced some of these leavers, adding 16 to end the quarter with 945.

Financial Position

Save for the effects of Q3 trading detailed above, the purchase of shares into the Employee Benefit Trust (EBT) of c. £10m and the forthcoming payments of the 2019 interim and special dividends amounting to £54.5m which are being paid tomorrow, there have been no other significant changes in the financial position of the Group since the publication of the results for half year ended 30 June 2019. Net cash at 30 September 2019 was in the region of £92m (Q2 2019: c. £82m; Q3 2018: c. £122m).

Shares

At 30 September 2019 there were 328,579,724 Ordinary shares in issue, of which 11,151,335 were held by the Employee Benefit Trust (EBT). The rights to receive dividends and to exercise voting rights have been waived by the EBT over 8,667,869 shares and consequently these shares should be excluded when calculating earnings per share. The total number of voting rights in the Company is 328,579,724.

Cautionary Statement

This Third Quarter 2019 Trading Update has been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for those strategies to succeed. The Trading Update should not be relied on by any other party or for any other purpose. This Trading Update 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 Trading Update 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. This Trading Update has been prepared for the Group as a whole and therefore gives greater emphasis to those matters that are significant to PageGroup and its subsidiary undertakings when viewed as a whole.

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The Company will host a conference call and presentation for analysts and investors at 9:00am today. The live presentation can be viewed by following the link:

<https://www.investis-live.com/pagegroup/5d6f819e379ece0b006c728b/pgrr>

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

| | |
|------------------------|------------------|
| United Kingdom (Local) | 020 3936 2999 |
| All other locations | +44 20 3936 2999 |

Please quote participant access code 40 46 74 to gain access to the call.

A presentation and recording to accompany the call will be posted on the Company's website during the course of the morning of 8 October 2019 at:

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

The Group will issue its Fourth Quarter Trading Update on 14 January 2020 and its Full Year Results on 5 March 2020.