

# Q 4



PageGroup



14 January 2020

## Q4 2019 and FY19 Trading Update

Steve Ingham

Kelvin Stagg

Chief Executive Officer

Chief Financial Officer

LSE: PAGE.L

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

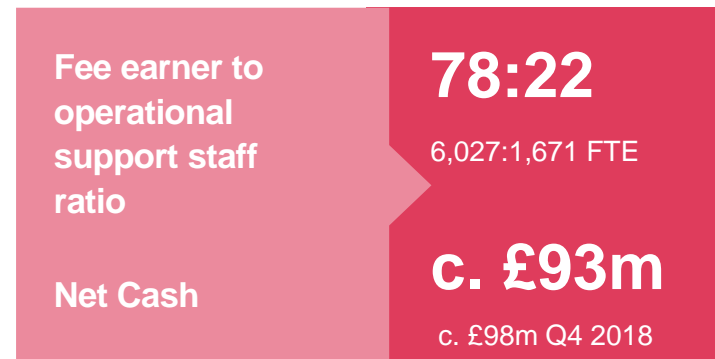
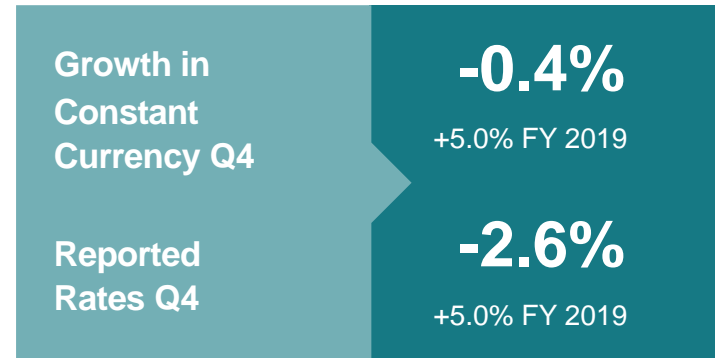
# Headline Numbers

Kelvin Stagg, Chief Financial Officer



# Slowdown in growth rate to -0.4%

## Key financial highlights

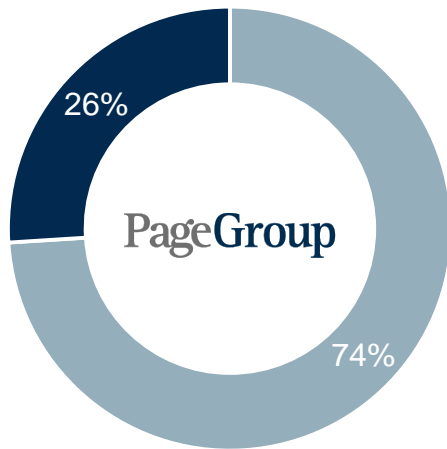


# Financial Review



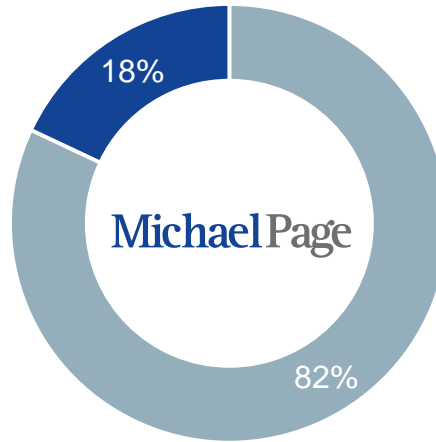
# Perm and Temp ratio

Stronger growth of Temporary in both brands



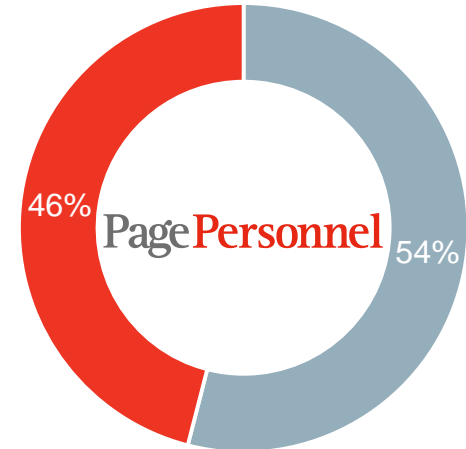
■ Perm ■ Temp

- Gross Profit decline in permanent -3.0% to £151.3m
- Temporary +7.5% to £54.3m
- Perm:Temp ratio 74:26 (Q4 2018: 75:25)



■ Perm ■ Temp

- Gross Profit decline in permanent -1.9% to £116.3m
- Temporary +9.2% to £24.7m



■ Perm ■ Temp

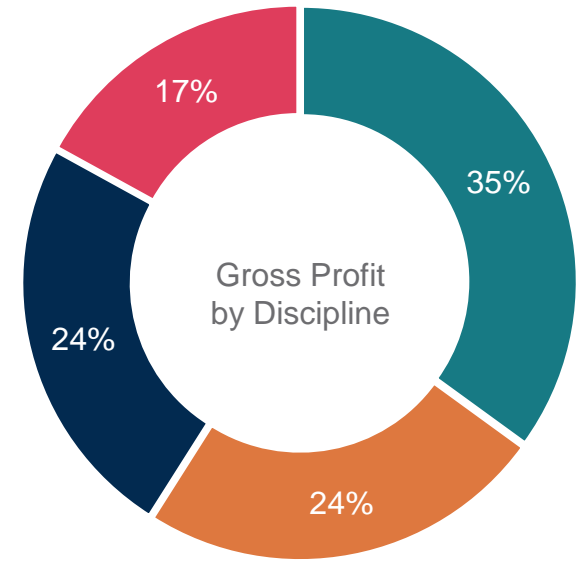
- Gross Profit decline in permanent -6.2% to £35.0m
- Temporary +6.1% to £29.6m



# Challenging conditions for all disciplines

Marketing, Sales and Retail strongest performing discipline

Q4	2019 £m	2018 £m	Reported %	Constant %
<b>Finance</b>				
Accounting and Financial Services	72.5	74.5	-2.7%	-0.4%
<b>Professional Services</b>				
Legal, Technology, HR, Secretarial, Healthcare	50.0	52.1	-4.0%	-2.0%
<b>Technical</b>				
Engineering, Property & Construction, Procurement & Supply Chain	48.8	50.1	-2.7%	-0.6%
<b>Marketing, Sales and Retail</b>				
	34.3	34.3	+0.0%	+2.2%
<b>Group Total</b>	<b>205.6</b>	<b>211.0</b>	<b>-2.6%</b>	<b>-0.4%</b>



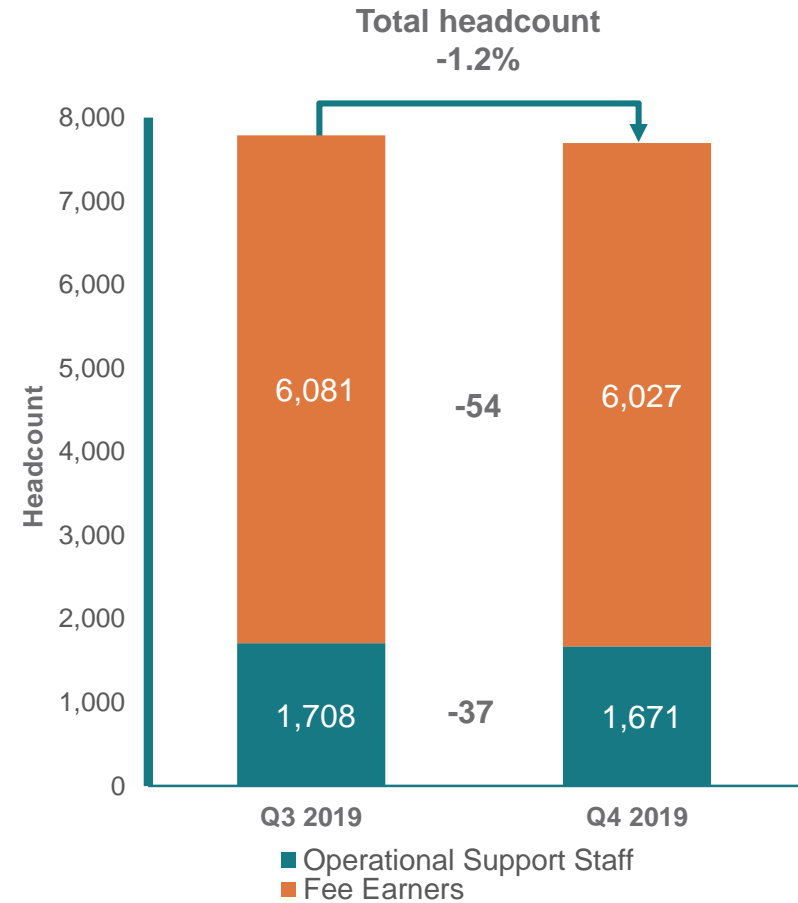
- Finance
- Professional Services
- Technical
- Marketing, Sales and Retail



# Fee earner headcount reduced by 54

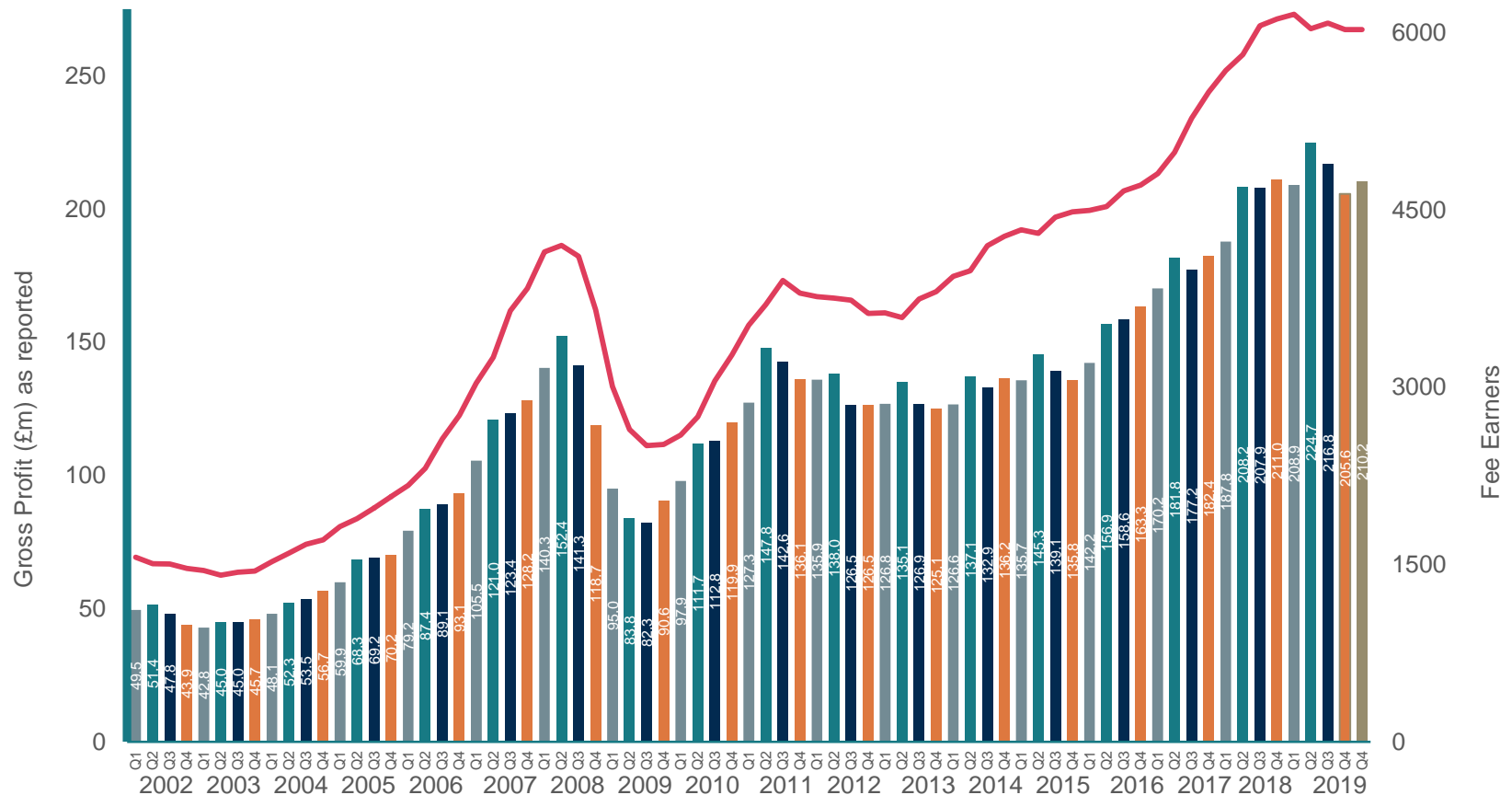
Ratio of fee earners to operational support staff maintained at 78:22

- Decrease in fee earners of 54 (-0.9%)
- Fee earner headcount reduced mainly in Greater China and the UK
- Flexible business model enables us to react quickly to changes in market conditions
- Operational support headcount reduced by 37, following the completion of the global roll out of GFS



# Gross profit growth stalled

Fee earner headcount reacts to trading conditions



— Fee Earners

Q4 19

Constant Currency





# Regional Review

Steve Ingham, Chief Executive Officer

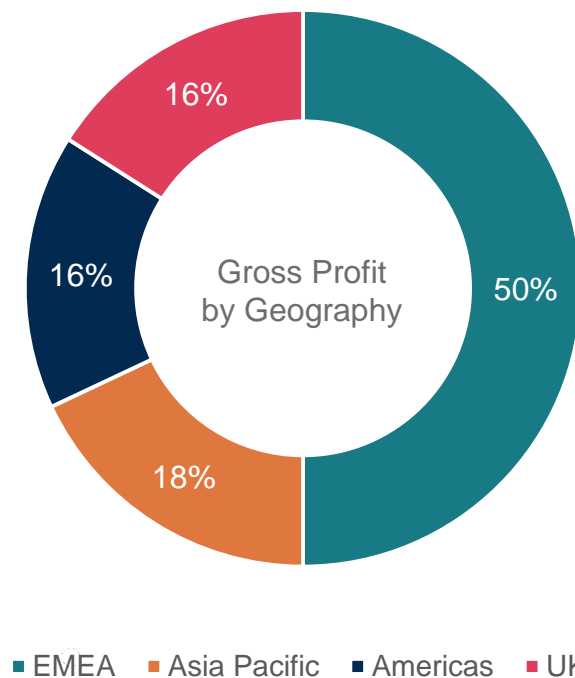


# Group growth rate declined to -0.4%

Regions were impacted by macro-economic and political uncertainty in Q4

- Large, High Potential markets\* (34% of Group) +4%
- Macro-economic and political uncertainty in EMEA
- APAC impacted by trade tariffs and social unrest
- Americas continued to be our fastest growing region
- UK affected by Brexit

Q4	2019 £m	2018 £m	Reported %	Constant %
EMEA	103.6	104.5	-0.8%	+2.3%
Asia Pacific	37.5	41.1	-8.8%	-7.9%
Americas	32.6	31.9	+2.2%	+5.0%
UK	31.9	33.5	-4.8%	-4.8%
<b>Group Total</b>	<b>205.6</b>	<b>211.0</b>	<b>-2.6%</b>	<b>-0.4%</b>



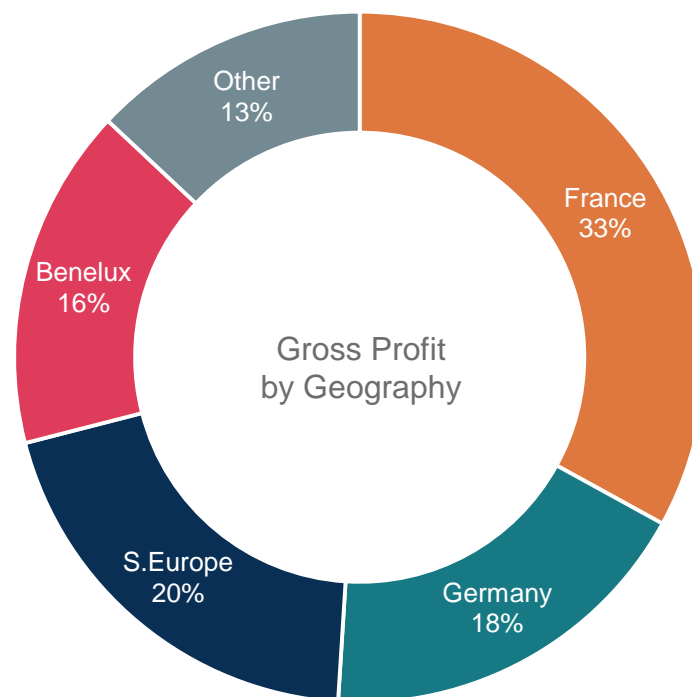
\*Germany, Greater China, Latin America, South East Asia and the US



# EMEA growth continued to slow

Macro-economic uncertainty continued to impact market confidence

- Michael Page (55% of EMEA) +4%, Page Personnel (45%) flat
- France, representing 17% of the Group, +1%
- Germany +16%, with Michael Page Interim +50%
- Benelux +6%
- Southern Europe +2%; Italy +3%, Spain +2%
- Middle East & Africa -3%



**50% of Group**

£m	Period	2019	2018	Reported %	Constant %
Gross Profit	Q4	103.6	104.5	-0.8%	+2.3%
	FY	418.5	394.3	+6.1%	+7.0%

No.	2019 Q4	2018 Q4	%	2019 Q3	%
Headcount	3,317	3,299	+0.5%	3,344	-0.8%



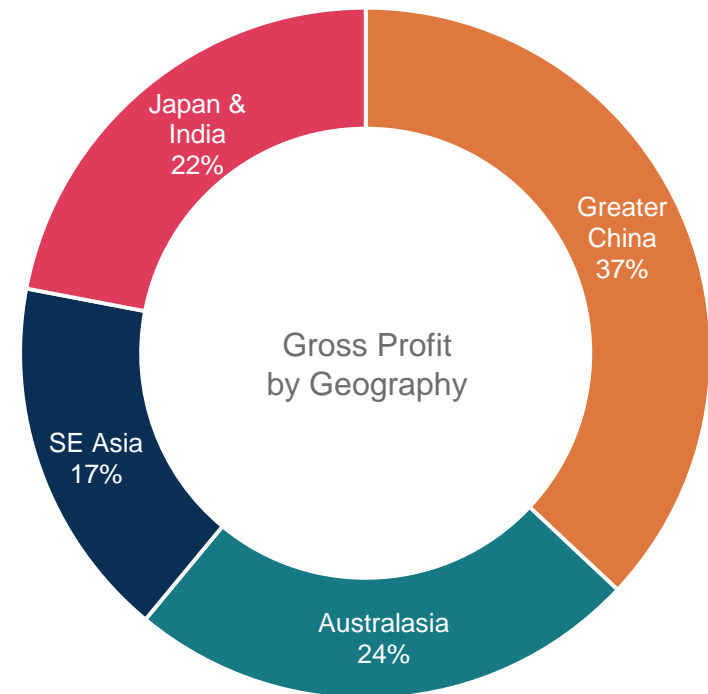
# Asia Pacific impacted by uncertainty

Social unrest in Hong Kong throughout quarter

- Greater China, -14%, Mainland China -7%, Hong Kong -27%
- South East Asia -4%
- Japan -1%
- India +13%, against a particularly tough comparator of +79%
- Australia -7%, against a tough comparator of +25%

£m	Period	2019	2018	Reported %	Constant %
Gross Profit	Q4	37.5	41.1	-8.8%	-7.9%
	FY	163.3	161.2	+1.4%	-0.2%

No.	2019 Q4	2018 Q4	%	2019 Q3	%
Headcount	1,679	1,709	-1.8%	1,711	-1.9%



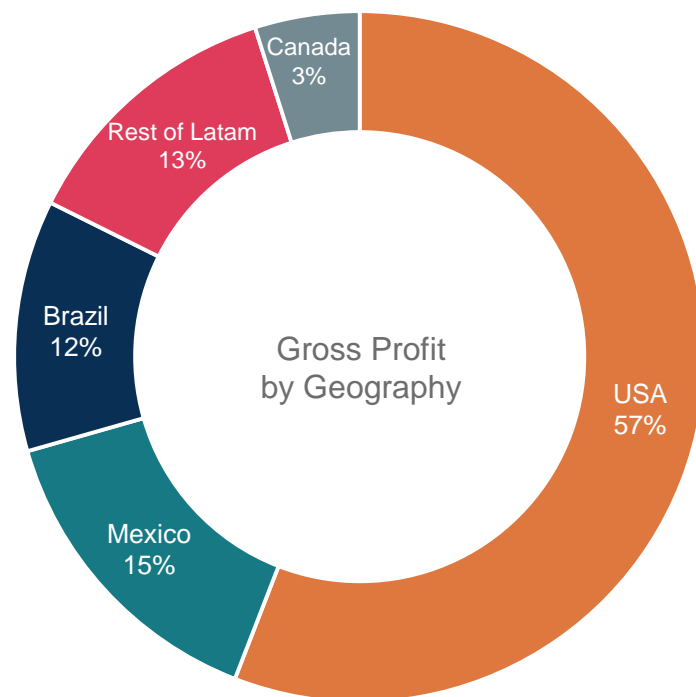
18% of Group



# Americas again our fastest growing region

Despite weaker Financial Services market in New York

- US +10%, driven by strong performances from Boston, Chicago and Los Angeles
- Slowdown in New York Financial Services
- Latin America +5%; Mexico +9%, Brazil +4%
- Collectively our other four countries in Latin America +4%



**16% of Group**

£m	Period	2019	2018	Reported %	Constant %
Gross Profit	Q4	32.6	31.9	+2.2%	+5.0%
	FY	139.1	121.0	+14.9%	+14.0%

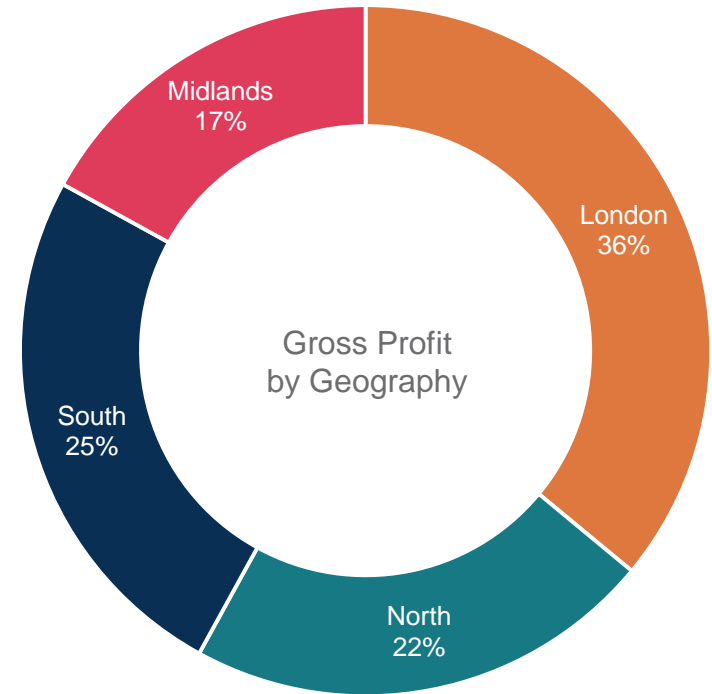
No.	2019 Q4	2018 Q4	%	2019 Q3	%
Headcount	1,376	1,328	+3.6%	1,366	+0.7%



# UK impacted by uncertainty

Disruption from Brexit increased uncertainty

- Page Personnel suffered from low client confidence, -4%
- Michael Page continued to be impacted by lower senior candidate confidence, -5%



16% of Group

£m	Period	2019	2018	Reported %
Gross Profit	Q4	31.9	33.5	-4.8%
	FY	135.1	138.4	-2.4%

No.	2019 Q4	2018 Q4	%	2019 Q3	%
Headcount	1,326	1,436	-7.7%	1,368	-3.1%



# Summary & Outlook



# Summary

Slowdown in growth in all regions

Increased macro-economic and political uncertainty

Decrease in Group Gross Profit growth rate to -0.4%

Fee Earners down by 54, Operational Support down by 37

Strong net cash position of c. £93m

Expect FY 2019 operating profit to be in line with our previous guidance of £140m to £150m





# Outlook

Challenging trading conditions and foreign exchange headwinds

Tough trading conditions experienced across the majority of our regions are anticipated to continue

Likely that foreign exchange headwinds will persist

Business model enables us to react quickly to market conditions

Well positioned to take advantage of all opportunities during 2020

Continue to progress towards our Vision



# Appendix



# Our business model

## PageGroup

Brands

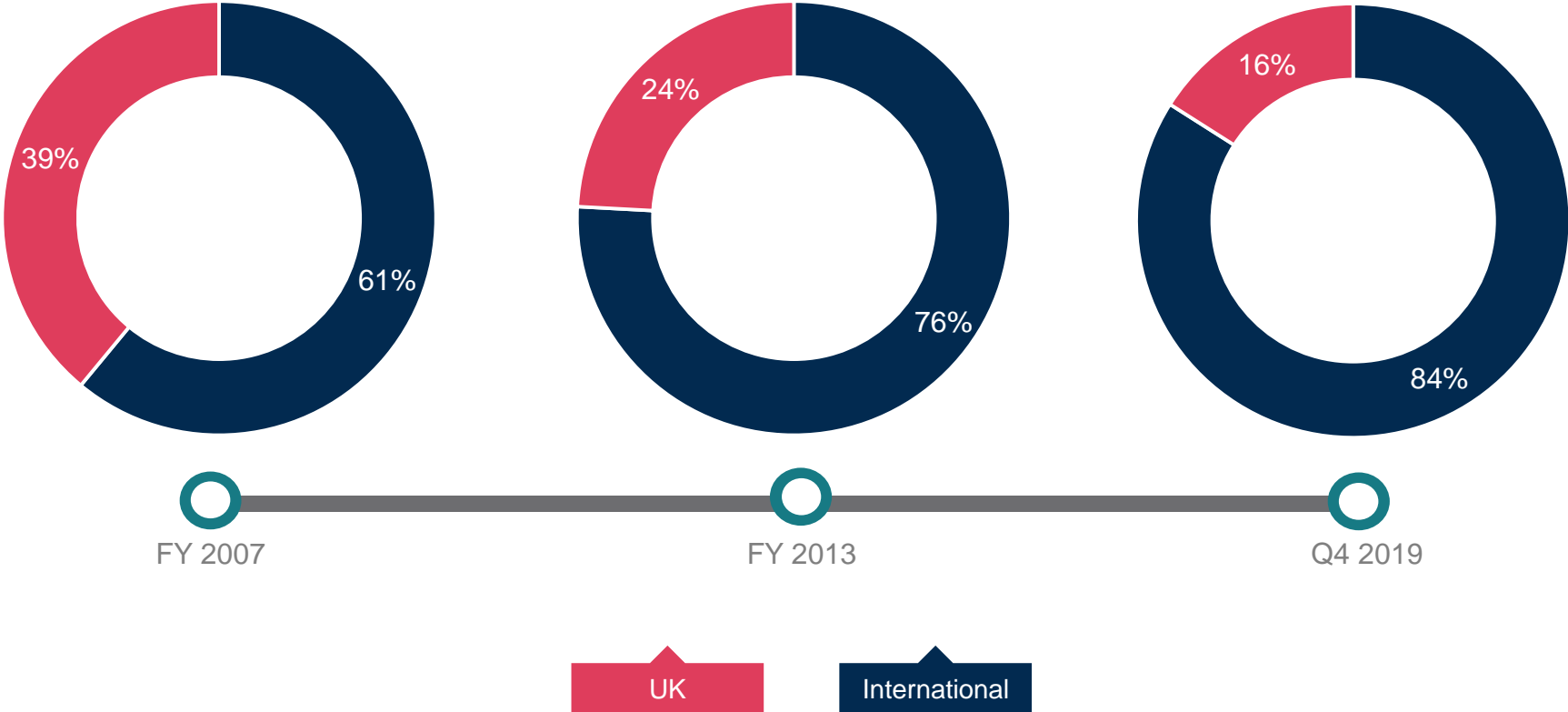
Significant Competitors



# A growing international business

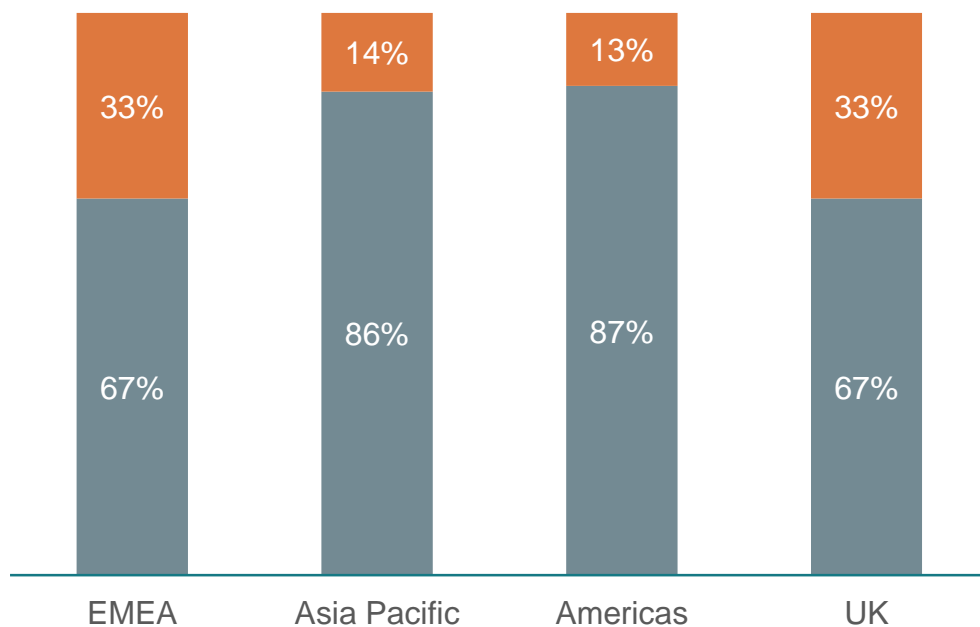
Delivering on our global diversification strategy

Gross Profit

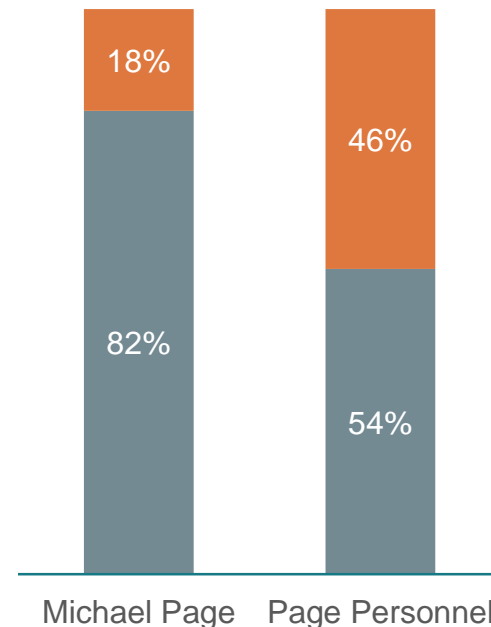


# Significant variations in recruitment mix

Geography



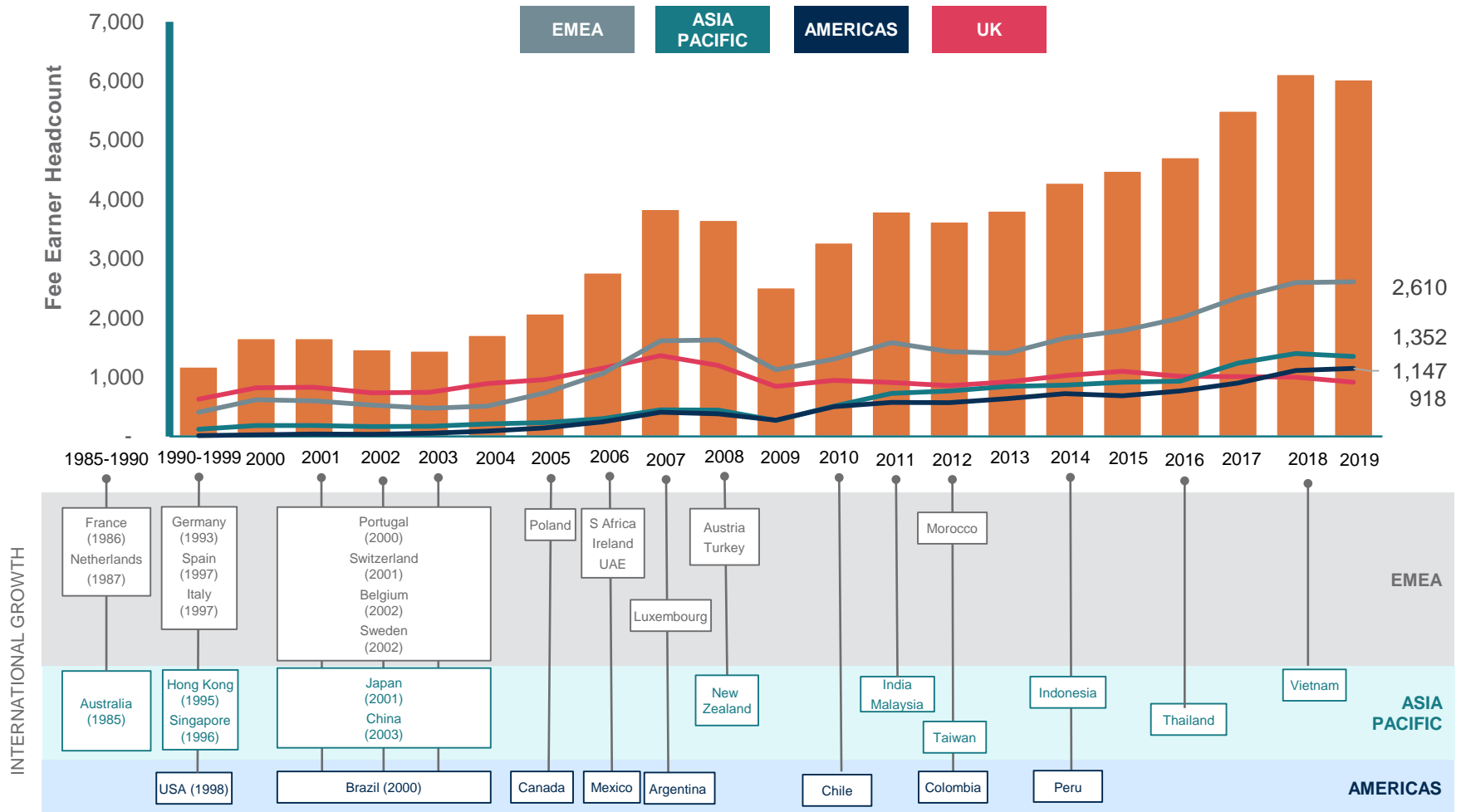
Brands



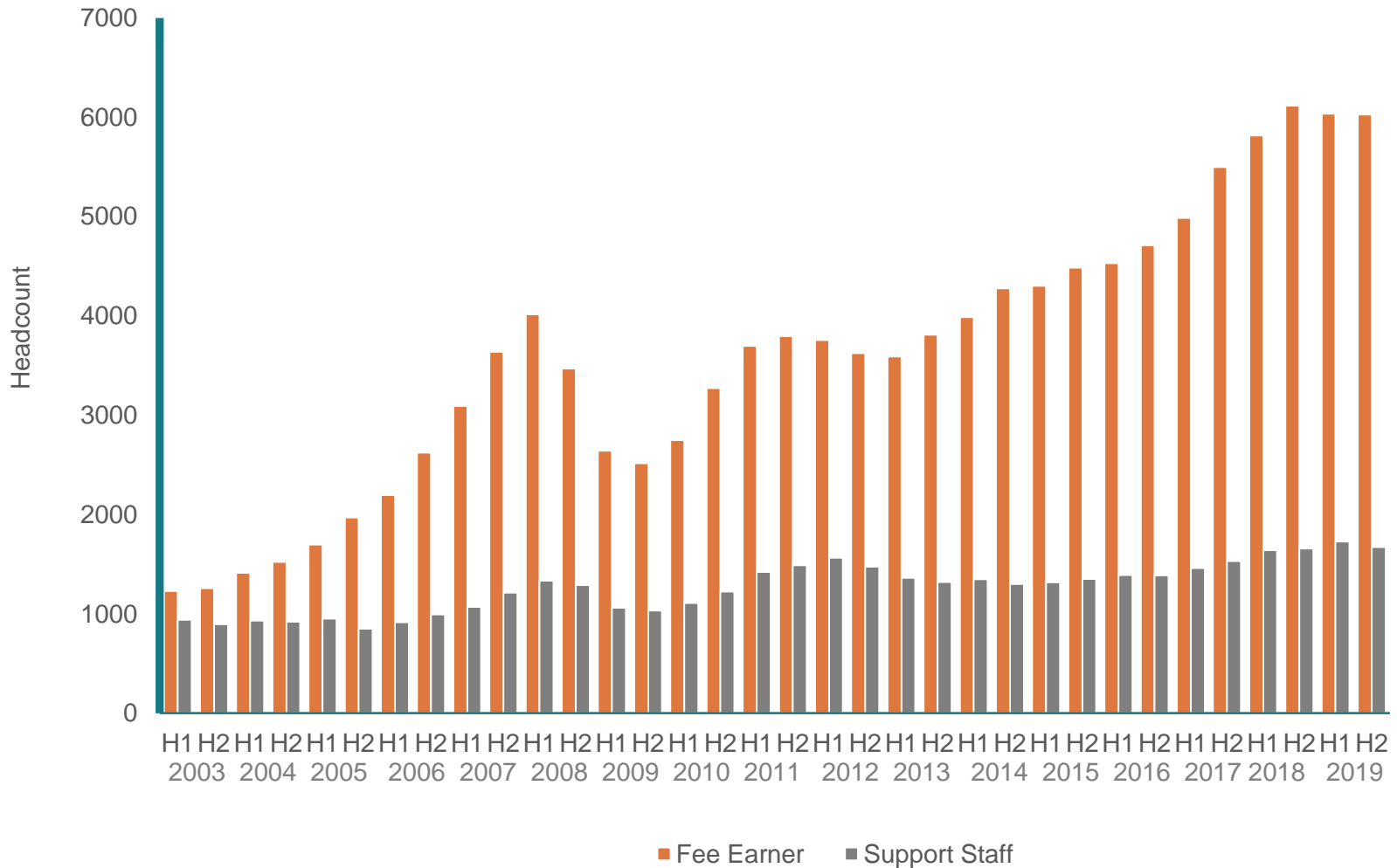
■ Temp ■ Perm



# Long term fee earner and international growth



# Fee earner investment and support staff



# Year-on-Year Gross Profit Rates

	2017				2018				2019			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
EMEA	+14.8%	+13.2%	+12.6%	+19.3%	+18.2%	+18.6%	+20.9%	+13.9%	+11.4%	+9.0%	+5.6%	+2.3%
Asia Pacific	+3.9%	+6.8%	+13.9%	+14.9%	+13.8%	+18.4%	+27.7%	+22.0%	+14.9%	+4.7%	-8.1%	-7.9%
– Asia	+3.6%	+10.2%	+21.9%	+20.8%	+17.8%	+21.2%	+32.2%	+21.2%	+15.6%	+5.8%	-10.6%	-7.6%
– Australasia	+4.7%	-1.5%	-4.4%	+0.7%	+4.3%	+10.6%	+15.7%	+25.0%	+13.0%	+0.9%	+1.1%	-9.6%
Americas	+15.2%	+13.8%	+18.4%	+18.8%	+20.4%	+29.2%	+30.1%	+29.2%	+21.4%	+17.4%	+13.0%	+5.0%
– North America	+12.5%	+14.6%	+26.5%	+18.7%	+16.4%	+27.0%	+27.2%	+30.3%	+20.9%	+18.9%	+10.3%	+4.6%
– Latin America	+19.2%	+12.8%	+9.1%	+19.0%	+25.7%	+32.2%	+33.9%	+27.7%	+21.6%	+15.3%	+16.9%	+5.5%
UK	-0.1%	-4.5%	-7.6%	-2.8%	-7.1%	-1.9%	+0.8%	+2.1%	+1.7%	-2.4%	-4.1%	-4.8%
Group Total	+9.1%	+7.7%	+8.8%	+13.8%	+12.3%	+16.0%	+19.7%	+15.4%	+11.7%	+7.4%	+2.1%	-0.4%





# 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 March 2020

15 April 2020

## Event

FY 2019 Results

Q1 2020 Trading Update



# Disclaimer

This presentation contains certain statements that are neither reported financial results nor other historical information. The information contained in this presentation is not audited, is for personal use and informational purposes only and is not intended for distribution to, or use by, any person or entity in any jurisdiction in any country where such distribution or use would be contrary to law or regulation, or which would subject any member of the PageGroup plc group of companies to any registration requirement. No representation or warranty, express or implied, is or will be made in relation to the accuracy, fairness or completeness of the information or opinions made in this presentation.

Certain statements included or incorporated by reference within this presentation may constitute “forward-looking statements” that are based on current expectations or beliefs, as well as assumptions about future events. There are risk factors that can cause actual results to differ materially from those expressed in or implied by such statements. Accordingly, no assurance can be given that any particular expectation will be met and reliance should not be placed on any forward-looking statement.

PageGroup plc disclaims any intention or obligation to revise or update any forward-looking statements that may be made in this presentation, regardless of whether those statements are affected as a result of new information, future events or otherwise. Nothing in this presentation should be construed as a profit forecast.

This presentation does not constitute or form part of any offer or invitation to sell, or any solicitation of any offer to purchase any shares in PageGroup plc, nor shall it or any part of it or the fact of its distribution form the basis of, or be relied on in connection with, any contract or commitment or investment decision relating thereto, nor does it constitute a recommendation regarding the shares of PageGroup plc. Past performance cannot be relied upon as a guide to future performance. Liability arising from anything in this presentation shall be governed by English Law. Nothing in this presentation shall exclude any liability under applicable laws that cannot be excluded in accordance with such laws.

