

Michael Page

INTERNATIONAL

7 July 2009

Q2 AND FIRST HALF 2009 TRADING UPDATE

Financial Summary

- Group Q2 gross profit of £83.8m (2008: £152.4m) a decrease of 45.0% (48.9%*)
- EMEA Q2 gross profit (44% of Group) of £38.2m (2008: £70.2m) a decrease of 45.7% (51.5%*)
- UK Q2 gross profit (36% of Group) of £28.1m (2008: £48.5m) a decrease of 42.0%
- Asia Pacific Q2 gross profit (11% of Group) of £9.7m (2008: £19.6m) a decrease of 50.4% (56.1%*)
- Americas Q2 gross profit (9% of Group) of £7.8m (2008: £14.1m) a decrease of 44.5% (50.1%*)
- Q2 Permanent gross profit (69% of Group) lower by 51.6% (55.4%*)
- Q2 Temporary gross profit (31% of Group) lower by 20.3% (25.0%*)
- Group headcount decreased by 429 (10.4%) in Q2 to 3,705 at 30 June 2009, 33.1% lower than the peak at 30 June 2008
- Net cash at 30 June 2009 in the region of £95m
- Q2 operating profit from trading activities, similar to Q1, in the region of £3m

* Denotes where overseas results denominated in foreign currencies have been translated at constant rates of exchange for constant currency illustrative purposes.

Commenting on the second quarter trading, Steve Ingham, Chief Executive said:

“While market conditions generally continued to weaken during the second quarter, the rate of decline in the UK, our largest country, has slowed and gross profit in the second quarter was at a level similar to that of the first quarter. We anticipate a challenging third quarter as we enter into the seasonally quieter summer period, both in Continental Europe, which was later into the downturn, and in the UK.

“We continue to adjust our headcount in response to market conditions, retaining our more experienced and stronger people. In the last twelve months we have reduced headcount by a third, largely by natural attrition, and this lower cost base has enabled us to remain profitable in the first half of 2009. We remain confident that, with our strong balance sheet, leading brand and experienced management team, we can maintain our market presence and continue to gain market share.”

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The company will host a presentation and conference call for analysts and investors at 9.00am today. The live presentation can be viewed by following the link:

<http://w.on24.com/r.htm?e=152669&s=1&k=966911E40C15AED37CD254695D5B792B>

The dial-in details for the conference call are as follows:

Dial-In: +44 (0)20 7162 0025

Conference ID: 838714

Please quote 'Michael Page Conference Call' to gain access to the call.

The presentation and recording of the call will be available on the company's website later today at:

<http://investors.michaelpage.co.uk/presentations>

Trading update

Michael Page International plc, the specialist recruitment consultancy, reports gross profit for the second quarter of £83.8m, a decrease of 45.0% (48.9%*) over the record £152.4m in the second quarter of 2008. Gross profit in the first half of 2009 was £178.8m, a decrease of 38.9% (44.5%*) over the £292.7m recorded in the first half of 2008. Largely through natural attrition, headcount reduced by a further 429 people during the quarter (10.4%) to 3,705 at the end of June, 1,830 (33.1%) lower than the headcount at the end of June 2008. The headcount reduction has not incurred substantial severance costs during the period, with any such charges being treated as normal operating expenses. In the last twelve months we have reduced headcount by a third and this lower cost base has enabled us to remain profitable in the first half of 2009. Net cash at 30 June 2009 was in the region of £95m, benefiting from a £26m, net of fees, refund of overpaid VAT.

EMEA Gross Profit (43.8% of Group in Q2 2009)			Growth rates	
	2009	2008	Reported	Constant currency
Q2	£38.2m	£70.2m	-45.7%	-51.5%
Half year	£85.8m	£135.4m	-36.6%	-45.6%
Headcount (30 June)	1,682	2,350	-28.4%	
At constant rates of exchange:				
<ul style="list-style-type: none"> • France (17% of the Group) fell by 44% in Q2 (2009 half year -39%) • Netherlands (7% of the Group) fell by 51% in Q2 (2009 half year -44%) • Germany (6% of the Group) fell by 49% in Q2 (2009 half year -44%) • Italy (4% of the Group) fell by 57% in Q2 (2009 half year -50%) • Spain (3% of the Group) fell by 60% in Q2 (2009 half year -58%) • Switzerland (2% of the Group) fell by 74% in Q2 (2009 half year -66%) • Austria, Belgium, Ireland, Luxembourg, Poland, Portugal, Russia, South Africa, Sweden, Turkey, U.A.E. (5% of the Group) fell by 48% in Q2 (2009 half year -41%) 				

In our largest region, Europe, Middle East and Africa (EMEA), representing 43.8% of Group gross profit, second quarter gross profit was £38.2m, 45.7% (51.5%*) lower than the £70.2m recorded in the second quarter of 2008. Activity levels continued to decline during the quarter, as economic conditions weakened. While maintaining our market presence, the businesses in the region have reacted reducing headcount in the quarter by 210 (11.1%) to 1,682 at 30 June 2009.

UK Gross Profit (36.1% of Group in Q2 2009)			Growth rates
	2009	2008	
Q2	£28.1m	£48.5m	-42.0%
Half year	£57.0m	£95.6m	-40.3%
Headcount (30 June)	1,220	1,863	-34.5%
<ul style="list-style-type: none"> • Finance & Accounting (17% of the Group) fell by 39% in Q2 (2009 half year -37%) • Marketing, Sales and Retail (7% of Group) fell by 51% in Q2 (2009 half year -50%) • Legal, Technology, HR and Secretarial (6% of the Group) fell by 45% in Q2 (2009 half year -44%) • Engineering & Manufacturing, Procurement & Supply Chain, Property & Construction (4% of the Group) fell by 29% in Q2 (2009 half year -24%) 			

In the UK, representing 36.1% of Group gross profit, second quarter gross profit was £28.1m, a decrease of 42.0% over the £48.5m recorded in the second quarter of 2008. First half gross profit was £57.0m, a decrease of 40.3% over the £95.6m recorded in the first half of 2008. The UK economy started to slow earlier than in Continental Europe and there are increasing signs that the rate of decline is slowing. In some disciplines, we are experiencing a degree of stabilisation and this is evident in second quarter gross profit, which included the Easter period, being at a similar level to that produced in the first quarter of 2009. The businesses continue to react to changing market conditions, with headcount reducing in the quarter by 158 (11.5%) to 1,220 at 30 June 2009. In some locations and disciplines we are not anticipating further headcount reductions and some teams are making selective hiring decisions in order to increase the rate of gain in market share.

Asia Pacific Gross Profit (11.1% of Group in Q2 2009)			Growth rates	
			2009	2008
Q2	£9.7m	£19.6m	-50.4%	-56.1%
Half year	£19.2m	£36.0m	-46.7%	-52.9%
Headcount (30 June)	426	702	-39.1%	
At constant rates of exchange:				
<ul style="list-style-type: none"> • Australia and New Zealand (7% of the Group) fell by 55% in Q2 (2009 half year -50%) • Rest of Asia Pacific (4% of Group) fell by 58% in Q2 (2009 half year -57%) 				

In Asia Pacific, representing 11.1% of Group gross profit, second quarter gross profit was £9.7m, a decrease of 50.4% (56.1%*) over the £19.6m recorded in the second quarter of 2008. First half gross profit was £19.2m, a decrease of 46.7% (52.9%*) over the £36.0m recorded in the first half of 2008. In Australia and New Zealand, representing 7% of Group gross profit, the decline in second quarter gross profit was 55.1%* and for the first half 50.2%*. While the second quarter is seasonally stronger, market conditions continue to remain very weak. In Asia, where our businesses largely make permanent placements, the decline in second quarter gross profit was 57.8%* and for the first half 57.4%*. Headcount reduced in the second quarter by 34 (7.4%) to 426 at 30 June 2009 (31 December 2008: 638).

Americas Gross Profit (9.0% of Group in Q2 2009)			Growth rates	
			2009	2008
Q2	£7.8m	£14.1m	-44.5%	-50.1%
Half year	£16.8m	£25.7m	-34.6%	-42.6%
Headcount (30 June)	376	620	-39.4%	
At constant rates of exchange:				
<ul style="list-style-type: none"> • Brazil, Mexico & Argentina (6% of the Group) fell by 42% in Q2 (2009 half year -31.6%) • USA & Canada (3% of the Group) fell by 60% in Q2 (2009 half year -54.3%) 				

In the Americas, representing 9.0% of Group gross profit, second quarter gross profit was £7.8m, a decrease of 44.5% (50.1%*) over the £14.1m recorded in the second quarter of 2008. First half gross profit was £16.8m, a decrease of 34.6% (42.6%*) over the £25.7m recorded in the first half of 2008. In Brazil, we have reduced our headcount as the economy weakened, while our newer

businesses in Mexico and Argentina continued to develop well. In North America, while market conditions remain weak, we have now reached a level where we are not anticipating making any further significant headcount reductions. Headcount reduced in the second quarter by 28 (-6.9%) to 376 at 30 June 2009.

Financial

On 8 June 2009, the Group paid the 2008 final dividend of £16.5m.

Further to the announcement made on 16 June concerning the refund of £26m, net of fees, of overpaid VAT, the Group received on 1 July £10m, net of fees, of interest on the refund from Her Majesty's Revenue and Customs (HMRC)

In March 2009, the Group filed amended claims for a further refund of an additional £80m, net of fees, of overpaid VAT covering the period 1980 to 2004.

There remains considerable uncertainty over the length of time to finalise these claims and the final additional amount, if any, of overpaid VAT and statutory interest that will ultimately be received by the Group from HMRC. The Group will update the market on further developments relating to the claim when appropriate.

The Group's net cash position at 30 June 2009 was in the region of £95m. In addition, on 1 July, the Group received interest of £10m, net of fees, on the refund of overpaid VAT.

In June, the Group entered into a three year £50m committed borrowing facility, replacing its 364 day facility.

At 30 June 2009, there were 322.5m shares in issue.

Save for these items and the trading results described above, there have been no significant changes in the financial position of the Group since the publication of the results for the year ended 31 December 2008.

Strategy and Outlook

Market conditions remain weak and we are experiencing similar behaviour from our clients, candidates and competitors as we witnessed in previous economic slowdowns. Likewise,

permanent recruitment is being impacted more than temporary placements, but is expected to recover faster when economic conditions improve.

With our profit share model, the teams continue to reduce their cost base to reflect the lower levels of activity. We anticipate that our overall cost base and headcount will continue to react appropriately to changes in market conditions during the third quarter. However, in a few markets and disciplines that were the first to slow, we are not planning further headcount reductions and some teams are making selective hiring decisions in order to increase the rate of gain in market share.

As we enter the seasonally quieter summer period, we anticipate a challenging third quarter. However, we remain confident that, with our strong balance sheet, leading brand and experienced management team, we can maintain our market presence and continue to gain market share.

The Group will publish its half year results for the six months ended 30 June 2009 on 17 August 2009.