

## 2009 THIRD QUARTER TRADING UPDATE

### Financial Summary

- Group Q3 gross profit of £82.2m a decrease of 41.8% (45.3%\*) against Q3 2008, sequentially £1.6m or 1.9% (0.7%\*) lower than Q2
- Group Q3 operating profit from trading activities in the region of £5m
- EMEA Q3 gross profit (43% of Group) of £35.7m a decrease of 44.0% (49.0%\*) against Q3 2008, sequentially £2.5m or 6.6% (4.7%\*) lower than Q2
- UK Q3 gross profit (33% of Group) of £27.3m a decrease of 39.4% against Q3 2008, sequentially £0.8m or 3.0% lower than Q2
- Asia Pacific Q3 gross profit (13% of Group) of £10.8m a decrease of 41.4% (48.5%\*) against Q3 2008, sequentially £1.1m or 10.8% (10.0%\*) higher than Q2
- Americas Q3 gross profit (10% of Group) of £8.5m a decrease of 40.4% (43.4%\*) against Q3 2008, sequentially £0.7m or 9.2% (15.1%\*) higher than Q2
- Q3 Permanent gross profit (71% of Group) decreased by 46.2% (49.6%\*) against Q3 2008, sequentially £0.8m or 1.3% (2.7%\*) higher than Q2
- Q3 Temporary gross profit (29% of Group) decreased by 26.8% (30.5%\*) against Q3 2008, sequentially £2.4m or 9.0% (8.1%\*) lower than Q2
- Group headcount decreased by 35% against 30 September 2008, sequentially 158 lower (4%) in Q3 to 3,544 at 30 September 2009
- Net cash at 30 September 2009 in the region of £138m

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

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

“We had anticipated that the seasonally quieter third quarter would be challenging, particularly in Continental Europe, which was generally later into the downturn. However, as the third quarter progressed, market conditions in an increasing number of the countries in which we operate began to show signs of stabilisation and, with our lower cost base, we have recorded an operating profit in the quarter.

“In both the last quarter of 2008 and the first quarter of 2009, gross profit fell sequentially by £23m as every region experienced rapidly declining market conditions. In the second quarter of 2009, the sequential fall was £11m. During the third quarter of 2009, we experienced increasing degrees of stabilisation across our regions resulting in a Group fall of only £1.6m, and indeed the Asia Pacific and Americas regions both recorded sequential growth.”

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Richard Mountain / Susanne Yule

The company will host a 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=163234&s=1&k=1632B4F73C4E149370EAA674B4980A35>

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

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

**Conference ID:** 845627

Please quote “Michael Page Q3 Trading Update” 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>

The Group will issue its fourth quarter and full year trading update on 8th January 2010.

## Trading Update

Michael Page International plc (MPI), the specialist recruitment consultancy, reports third quarter Group gross profit of £82.2m (Q3 2008: £141.3m), which was £1.6m (1.9% or 0.7%\*) lower than the second quarter of 2009. Headcount reduced by 158 people during the quarter (4%) to 3,544 at the end of September, 1,906 (35%) lower than the headcount at the end of September 2008. This lower cost base has enabled us to record an operating profit in the third quarter of around £5m. Net cash at 30 September 2009 was in the region of £138m, benefiting from the receipt in July of £10.9m of net interest received on the VAT refund.

<b>EMEA Gross Profit</b>		Growth Rates		
(44% of Group in Q3 2009)			Reported	Constant currency
Q3 2009 vs. Q3 2008	£35.7m	£63.6m	-44.0%	-49.0%
Q3 2009 vs. Q2 2009	£35.7m	£38.2m	-6.6%	-4.7%

**Headcount at 30 September 1,609 (30 June 1,680)**

At constant rates of exchange:

- France (16% of the Group) was lower by 42% against Q3 2008 (8% lower than Q2 2009)
- Netherlands (6% of the Group) was lower by 58% against Q3 2008 (17% lower than Q2 2009)
- Germany (6% of the Group) was lower by 54% against Q3 2008 (2% lower than Q2 2009)
- Italy (4% of the Group) was lower by 45% against Q3 2008 (7% lower than Q2 2009)
- Spain (3% of the Group) was lower by 47% against Q3 2008 (7% lower than Q2 2009)
- Austria, Belgium, Ireland, Luxembourg, Poland, Portugal, Russia, South Africa, Sweden, Switzerland, Turkey, U.A.E. (9% of the Group) was lower by 52% against Q3 2008 (14% higher than Q2 2009)

In our largest region, Europe, Middle East and Africa (EMEA), representing 44% of Group gross profit, third quarter gross profit was £35.7m, a decrease of 44.0% (49.0%\*) over the £63.6m recorded in the third quarter of 2008, a period when the region grew by 12.5%\*.

As the third quarter progressed market conditions began to stabilise in an increasing number of countries, with the EMEA region £2.5m (6.6% or 4.7%\*) lower than the second quarter of 2009. Of the larger countries, the most stabilisation was seen in Germany, where sequential third quarter gross profit was 2% lower than in the second quarter.

<b>UK Gross Profit</b>		Growth Rates	
(33% of Group in Q3 2009)			Reported
Q3 2009 vs. Q3 2008	£27.3m	£45.0m	-39.4%
Q3 2009 vs. Q2 2009	£27.3m	£28.1m	-3.0%

**Headcount at 30 September 1,179 (30 June 1,220)**

- Finance & Accounting (17% of the Group) was 36% lower against Q3 2008 (5% lower than Q2 2009)
- Marketing, Sales and Retail (7% of Group) was lower by 46% against Q3 2008 (3% higher than Q2 2009)
- Legal, Technology, HR and Secretarial (5% of the Group) was lower by 46% against Q3 2008 (8% lower than Q2 2009)
- Engineering & Manufacturing, Procurement & Supply Chain, Property & Construction (4% of the Group) was lower by 30% against Q3 2008 (3% higher than Q2 2009)

In the UK, representing 33% of Group gross profit, third quarter gross profit was £27.3m, 39.4% lower than the £45.0m recorded in the third quarter of 2008. The stabilisation that started to become evident in the banking sector is now spreading to other sectors and in most businesses the revenue remained broadly flat on the previous quarter, despite the effect of summer. The headcount reduction in the quarter of 3% or 41 to 1,179 occurred mainly in July, with headcount in September showing a small rise as some teams made selective hiring decisions to continue to increase our market share.

**Asia Pacific Gross Profit**

(13% of Group in Q3 2009)

			Growth Rates	
			Reported	Constant currency
Q3 2009 vs. Q3 2008	£10.8m	£18.4m	-41.4%	-48.5%
Q3 2009 vs. Q2 2009	£10.8m	£9.7m	+10.8%	+10.0%

**Headcount at 30 September 398 (30 June: 426)**

At constant rates of exchange:

- Australia and New Zealand (7% of the Group) was lower by 52% against Q3 2008 (flat against Q2 2009)
- Asia (5% of Group) was lower by 43% against Q3 2008 (27% higher than Q2 2009)

In Asia Pacific, third quarter gross profit was £10.8m, a decrease of 41.4% (48.5%\*) over the £18.4m recorded in the third quarter of 2008 in what remain difficult market conditions. However, sequentially the region grew by £1.1m (10.8% or 10.0%\*). In Australia and New Zealand, which represents 7% of the Group, third quarter year-on-year gross profit fell by 52%\*. In Asia, the businesses were lower year-on-year in the third quarter by 43%\*, but grew sequentially by 27%\*.

**Americas Gross Profit**

(10% of Group in Q3 2009)

			Growth Rates	
			Reported	Constant currency
Q3 2009 vs Q3 2008	£8.5m	£14.3m	-40.4%	-43.4%
Q3 2009 vs Q2 2009	£8.5m	£7.8m	+9.2%	+15.1%

**Headcount at 30 September 358 (30 June: 376)**

At constant rates of exchange:

- Brazil, Mexico & Argentina (7% of the Group) was lower by 38%, against Q3 2008 (18% higher than Q2 2009)
- USA & Canada (4% of the Group) was lower by 51%, against Q3 2008 (11% higher than Q2 2009)

In the Americas, third quarter gross profit was £8.5m, a decrease of 40.4% (43.4%\*) over the £14.3m recorded in the third quarter of 2008, but grew sequentially by £0.7m (9.2% or 15.1%\*). In Latin America, our newer businesses in Mexico and Argentina performed well in difficult market conditions. Our larger business in Brazil stabilised after the severe market deterioration seen earlier in the year, assisted by a good performance from the recently launched Page Personnel business. Our North American businesses contracted in the third quarter year-on-year by 51%, but sequentially increased by 11%\*, despite trading conditions in the USA remaining particularly difficult. Headcount in the region was accordingly largely flat, down 18 to 358 at the end of September.

**Group Strategy**

While market conditions remain weak, we continue to experience 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 have managed to reduce their cost bases 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 fourth quarter. However, in most markets and disciplines we are not planning further headcount reductions and some teams are making selective hiring decisions to continue to increase our market share. Headcount moved broadly in line with market conditions during Q3, decreasing for the Group as a whole by 158 to 3,544 at the end of September.

We have proved resilient in the face of the downturn and are well positioned for growth when economic conditions improve. With a lower cost base we have remained profitable in each quarter of 2009 and can be 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.

**VAT Reclaim**

In 2003 MPI submitted an initial claim to HMRC for overpaid VAT which was rejected. MPI appealed and subsequently filed amended claims for £26.5m, net of fees, covering the period from 1980 to 2004. In March 2009, MPI filed amended claims for a further refund of an additional £80m, net of fees, of overpaid VAT covering the same period.

In June 2009 MPI received a payment from HMRC of £26.5m, net of fees, as part settlement of these claims and in July 2009 received £10.9m, net of fees, of statutory interest.

On 25th September, MPI received a letter from HMRC which stated that, 'HMRC have reviewed the recent payment and are now of the view that the claim in whole or in part should not have been paid. We have a duty to protect the revenue and are considering taking steps to recover the amounts overpaid. We apologise that a mistake has been made and wish to reassure you that HMRC are treating this as a matter of utmost importance and that every effort is being made to expedite matters. We are currently reviewing the details of the claim and will write to you shortly to explain our views in detail.'

We will continue to update the market when we have any further information relating to the VAT reclaim and whether any repayment of the amounts received from HMRC in June and July 2009 will be required.

**Financial Position**

Save for the effects of trading in the third quarter as described above, there has been no other significant changes in the financial position of the Group since the publication of the half year results for the six months ended 30 June 2009.

Net cash at 30 September 2009 was in the region of £138m, inclusive of the VAT refund and related interest, both net of fees, of £37.5m.

The Group will pay the 2009 Interim dividend of £9.3m on 9 October 2009.

At 30 September 2009, there were approximately 323m shares in issue.

The Group will issue its 4th Quarter and full year trading update on 8th January 2010.