

## 2009 FOURTH QUARTER AND FULL YEAR TRADING UPDATE

### Financial Summary

- Group Q4 gross profit of £90.6m, sequentially £8.3m or 10.1% (10.0%\*) higher than Q3 and a decrease of 23.7% (28.4%\*) against Q4 2008
- EMEA Q4 gross profit (46% of Group) of £42.2m, sequentially £6.5m or 18.3% (19.7%\*) higher than Q3 and a decrease of 29.3% (34.9%\*) against Q4 2008
- UK Q4 gross profit (31% of Group) of £26.5m, sequentially £0.8m or 2.8% lower than Q3 and a decrease of 26.7% against Q4 2008
- Asia Pacific Q4 gross profit (13% of Group) of £12.2m, sequentially £1.4m or 13.4% (13.5%\*) higher than Q3 and a decrease of 1.0% (12.9%\*) against Q4 2008
- Americas Q4 gross profit (10% of Group) of £9.7m, sequentially £1.1m or 13.1% (10.1%\*) higher than Q3 and a decrease of 8.3% (15.3%\*) against Q4 2008
- Q4 Permanent gross profit (74% of Group) sequentially £8.1m or 13.7% (13.8%\*) higher than Q3 and a decrease of 22.9% (27.8%\*) against Q4 2008
- Q4 Temporary gross profit (26% of Group) sequentially £0.3m or 1.2% (0.8%\*) higher than Q3 and a decrease of 25.7% (29.9%\*) against Q4 2008
- Group full year gross profit of £351.7m, a decrease of 36.4% (41.2%\*) against 2008
- Group full year operating profit from trading activities of around £20m
- Group headcount at 31 December 2009 of 3,549, 28% lower than 31 December 2008
- Net cash at 31 December 2009 of around £138m

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

\*\* In local currency.

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

"I am delighted with our performance in the fourth quarter, with gross profit up 10% on the third quarter at £91m and almost the same operating profit in the fourth quarter as we produced in the previous nine months of the year. 2009 has been one of the most challenging years in the Group's history, during which we have had to significantly reduce our cost base. However, in doing so we have retained all our key people, maintained our presence in all the markets in which we operate and invested modestly in expanding into new markets. As a result, with the increase in market share which we believe we have gained, with our broader platform and existing available capacity, we are well positioned to benefit from any improvement in economic conditions.

"We have built on the stabilisation we started to experience during the third quarter and in all our main markets, save for the UK, we have delivered sequential gross profit growth in the fourth quarter. While we believe the outlook for the UK remains challenging, we anticipate a continuation of the recovery in our other regions, which now account for 70% of our gross profit. With the benefit of our lower cost base and our operational gearing, we expect a significantly improved performance in 2010."

### Enquiries:

**Michael Page International plc** **01932 264144**

Steve Ingham, Chief Executive

Stephen Puckett, Group Finance Director

**Financial Dynamics** **020 7269 7121**

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=184184&s=1&k=3520E7C4FFFB7EF51AF67E863F7DC8BC>

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

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

**Conference ID:** 853958

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>

The Group will issue its preliminary results for 2009 on 5th March 2010.

## Trading Update

Michael Page International plc (MPI), the specialist recruitment consultancy, reports fourth quarter Group gross profit of £90.6m (Q4 2008: £118.7m), which was £8.3m (10.1% or 10.0%\*) higher than the third quarter of 2009. Full year gross profit was £351.7m, which is 36.4% (41.2%\*) lower than in 2008. The headcount reductions and profit share model contributed to the Group generating operating profit from trading activities for the year of around £20m (2008: £140m).

Headcount was stable during the fourth quarter and at the end of December was 3,549, 28% lower than at the end of 2008. Net cash at 31 December 2009 was around £138m (2008: £94.3m).

EMEA Gross Profit (46% of Group in Q4 2009)		Growth Rates		
		Reported	Constant exchange	
Q4 2009 vs. Q4 2008	£42.2m	£59.7m	-29.3%	-34.9%
Q4 2009 vs. Q3 2009	£42.2m	£35.7m	+18.3%	+19.7%

**Headcount at 31 December 1,572 (30 September 1,609)**

In local currency:

- France (19% of the Group) was lower by 27% against Q4 2008 (26% higher than Q3 2009)
- Netherlands (5% of the Group) was lower by 54% against Q4 2008 (2% higher than Q3 2009)
- Germany (6% of the Group) was lower by 44% against Q4 2008 (3% lower than Q3 2009)
- Italy (4% of the Group) was lower by 32% against Q4 2008 (22% higher than Q3 2009)
- Spain (3% of the Group) was lower by 33% against Q4 2008 (13% higher than Q3 2009)
- Austria, Belgium, Ireland, Luxembourg, Poland, Portugal, Russia, South Africa, Sweden, Switzerland, Turkey, U.A.E. (9% of the Group) was lower by 31% against Q4 2008 (12% higher than Q3 2009)

In our largest region, Europe, Middle East and Africa (EMEA), representing 46% of Group gross profit, fourth quarter gross profit was £42.2m, a decrease of 29.3% (34.9%\*) over the £59.7m recorded in the fourth quarter of 2008.

As the fourth quarter progressed, the improvement in market conditions, which began with stabilisation in a number of countries in the third quarter, continued, with almost every country growing in local currency. For the EMEA region as a whole, fourth quarter gross profit was £6.5m (18.3% or 19.7%\*) higher than the third quarter of 2009. In France, which represents 40% of the region, fourth quarter gross profit was 26%\*\* higher than the third quarter of 2009.

UK Gross Profit (31% of Group in Q4 2009)		Growth Rates	
		Reported	Constant exchange
Q4 2009 vs. Q4 2008	£26.5m	£36.2m	-26.7%
Q4 2009 vs. Q3 2009	£26.5m	£27.3m	-2.8%

**Headcount flat on 30 September 2009 at 1,179**

- Finance & Accounting (16% of the Group) was 23% lower against Q4 2008 (1% higher than Q3 2009)
- Marketing, Sales and Retail (6% of Group) was lower by 34% against Q4 2008 (8% lower than Q3 2009)
- Legal, Technology, HR and Secretarial (5% of the Group) was lower by 26% against Q4 2008 (1% lower than Q3 2009)
- Engineering & Manufacturing, Procurement & Supply Chain, Property & Construction (4% of the Group) was lower by 25% against Q4 2008 (7% lower than Q3 2009)

In the UK, representing 31% of Group gross profit, fourth quarter gross profit was £26.5m, 26.7% lower than the £36.2m recorded in the fourth quarter of 2008. Market conditions during the quarter remained difficult, with sequential quarterly gross profit declining by 2.8%. While there was an improvement in the Financial Services sector, market conditions for the other disciplines remain challenging. The headcount reductions made earlier in 2009 have reduced the cost base and with no change in the headcount during the fourth quarter, year-end headcount was 1,179 (2008: 1,640).

**Asia Pacific Gross Profit**

(13% of Group in Q4 2009)

			Growth Rates	
			Reported	Constant exchange
Q4 2009 vs. Q4 2008	£12.2m	£12.4m	-1.0%	-12.9%
Q4 2009 vs. Q3 2009	£12.2m	£10.8m	+13.4%	+13.5%

**Headcount at 31 December 403 (30 September: 398)**

In local currency:

- Australia and New Zealand (6% of the Group) was lower by 27% against Q4 2008 (6% higher than Q3 2009)
- Asia (7% of Group) was higher by 3% against Q4 2008 (10% higher than Q3 2009)

In Asia Pacific, fourth quarter gross profit was £12.2m, a decrease of 1.0% (12.9%\*) over the £12.4m recorded in the fourth quarter of 2008. However, sequentially the region grew by £1.4m (13.4% or 13.5%\*). The stabilisation in market conditions across the region that emerged in the third quarter, further improved during the fourth quarter, with gross profit in Australia and New Zealand up 6%\*\* on the third quarter, while the Rest of Asia grew 10.0%\* over the third quarter, with stronger performances in all countries.

**Americas Gross Profit**

(10% of Group in Q4 2009)

			Growth Rates	
			Reported	Constant exchange
Q4 2009 vs Q4 2008	£9.7m	£10.5m	-8.3%	-15.3%
Q4 2009 vs Q3 2009	£9.7m	£8.6m	+13.1%	+10.1%

**Headcount at 31 December 395 (30 September: 358)**

In local currency:

- Brazil, Mexico & Argentina (6% of the Group) was lower by 5%, against Q4 2008 (11% higher than Q3 2009)
- USA & Canada (4% of the Group) was lower by 28%, against Q4 2008 (5% higher than Q3 2009)

In the Americas, fourth quarter gross profit was £9.7m, which was sequentially £1.1m or 10%\* higher than the third quarter. In Latin America, our newer businesses in Mexico and Argentina continued to perform well. Our larger business in Brazil grew sequentially by 11%\*\* in the fourth quarter. The North American businesses contracted in the fourth quarter year-on-year by 28%\*\* , but sequentially increased by 5%\*\* , building upon the improvements seen in the third quarter, despite trading conditions in North America remaining particularly difficult.

**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. These items were recorded as non-recurring items in the Group Income Statement for the first six months of 2009.

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.'

While a number of discussions and meetings with HMRC have taken place since receiving their letter of the 25th September, the final outcome regarding any requirement to repay monies received for either the VAT refund or related interest remain unclear. In light of this uncertainty, while the Group has the cash, it has decided to adopt a prudent position and will only recognise the benefit, if any, in the Group income statement when the position is concluded.

### Financial Position

Save for the effects of trading in the fourth quarter, the payment of our interim dividend of £9.2m in October, and making provision for the VAT refund and related interest, as described above, there have 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 of around £138m at 31 December 2009 includes the VAT refund and related interest of £41.2m.

At 31 December 2009, there were approximately 323m shares in issue.

The Group will issue its Preliminary results for 2009 on 5th March 2010.

### Group Strategy and Outlook

While market conditions remain weak, we continue to experience similar behaviour from our clients, candidates and competitors as we witnessed in previous economic slowdowns. In line with previous downturns, as economic conditions have begun to improve in an increasing number of areas, we have seen permanent recruitment recover faster than temporary placements.

With our profit share model, the teams managed to reduce their cost bases as the revenue dropped earlier in the year to reflect the lower levels of activity. Therefore, following these fourth quarter results, when headcount remained broadly static, we are not planning further headcount reductions and some teams are making selective hiring decisions to continue to increase our market share.

We have proved resilient in the face of the downturn, benefiting from the geographic and discipline diversification we have achieved. 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.

While we believe the outlook for the UK remains challenging, we anticipate a continuation of the recovery in our other regions and, with the benefit of our lower cost base and our operational gearing, a significantly improved performance in 2010.

### Cautionary statement

This Fourth Quarter and Full Year 2009 Trading Update ("TU") 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 TU should not be relied on by any other party or for any other purpose. This TU 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 report 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 TU has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to Michael Page International plc and its subsidiary undertakings when viewed as a whole.