Annual Report
and Accounts 2018

Contents

We are one of the world's **best known** and **most respected** specialist recruitment consultancies. We deliver recruitment services to clients through a network of **139 offices** across **36 countries**. Our vision is to increase the scale and diversification of PageGroup by organically growing existing and new teams, offices, disciplines and markets.

Highlights

Revenue	Gross Profit	Operating Profit	Basic Earnings Per Share
2017: £1,371.5m	2017: £711.6m	2017: £118.3m	2017: 26.5p
£1,549.9m	**£814.9m**	**£142.5m**	**32.5p**
+14.0%*	**+15.9%***	**+20.7%***	**+22.6%***

% Non-UK Gross Profit	% Non-Accounting and Financial Services Gross Profit	Conversion rate**	Ordinary and Special Dividend
2017: 80.2%	2017: 63.3%	2017: 16.6%	2017: 25.23p
83.0%	**65.3%**	**17.5%**	**25.83p**

*in constant currency at prior year rates **Operating Profit as a percentage of Gross Profit

Business model

PageGroup's business model has proved itself both through economic cycles and as the business has expanded into a global enterprise. At its core is a focus on organic growth.

Our strategy

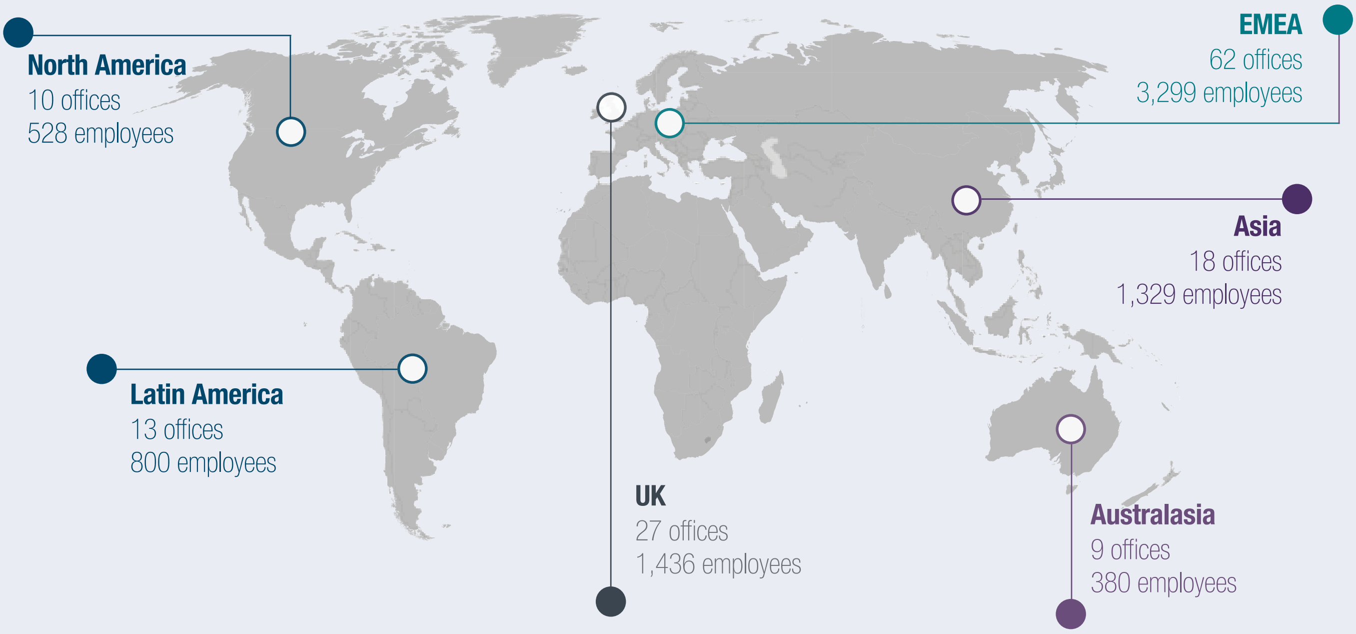
We have established three categories into which we have grouped each of our geographical markets based on criteria including the size of the opportunity and the potential for future growth.

Large, High Potential	Large, Proven	Small and Medium, High Margin
Typically under-developed markets, but where we have a successful track record and confidence in our ability to scale our operations substantially.	These are large markets where we are already proven with a strong track record and a significant presence.	Markets which are, or could be, significant profit contributors with attractive conversion margins, but each are unlikely (or not yet proven) to be able to grow to more than 300 fee earners.

Sustainability

Being a responsible corporate citizen is not only the right thing to do, it is good for the long-term health of our business.

54%	83%	9%
Working population is female	Positive score to Employee Engagement Survey	Reduction in energy derived emissions



Where we operate

36 Countries across the world

Headcount

7,772

EMEA (48% of Group)

£394m
Gross Profit

Page 27 for EMEA Performance Review

UK (17% of Group)

£138m
Gross Profit

Page 28 for the UK Performance Review

Asia Pacific (20% of Group)

£161m
Gross Profit

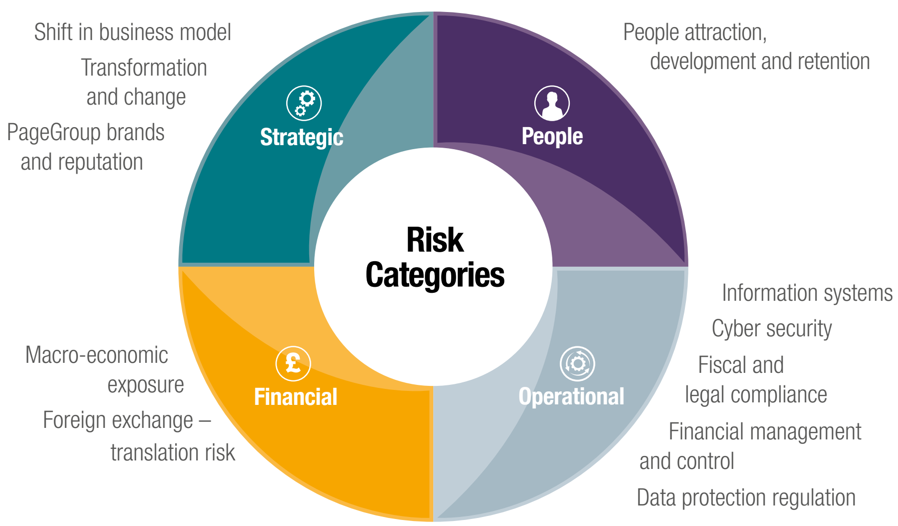
Page 27 for Asia Pacific Performance Review

The Americas (15% of Group)

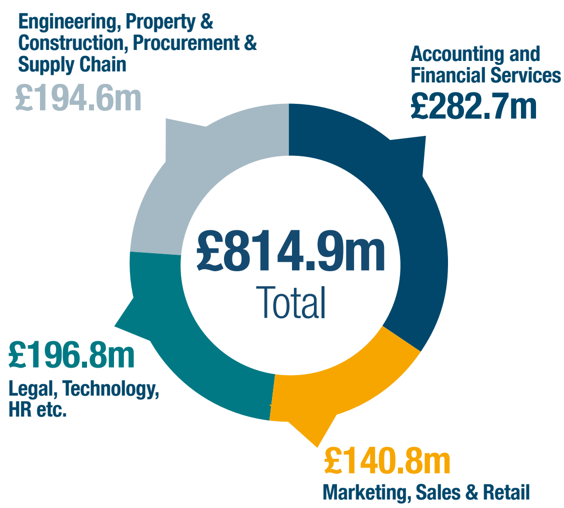
£121m
Gross Profit

Page 28 for The Americas Performance Review

Principal risks



Gross profit by discipline



Our competitive advantage

Our true competitive advantage is the combination of these three factors and the balance we have achieved in the business over the past 42 years.

Chairman's Introduction

David Lowden
Chairman

2018 Performance

I am delighted to report that the Group delivered another record performance in the year ended 31 December 2018. The strong performance this year demonstrates the consistent execution of our strategy and is testimony to the dedication, ability and hard work of our people across the Group.

We, as a Board, continue to be impressed by our staff, both operational and non-operational, who have responded with enthusiasm, dedication and commitment over the pace of change within the Group over recent years.

We entered the year optimistically, but with caution, in some key markets. Following the successful delivery of our strategy throughout 2018, market expectations rose further as the year progressed, with the actual result again being delivered in line with this increased expectation.

Gross profit was up 15.9% in constant currencies, with operating profit up 20.7% at £142.5m. Our largest region, Europe, Middle East and Africa, delivered a record year, up 17.9% in gross profit terms. There was strong growth from Germany, up 29%, with our Interim business now representing 20% of the business. France was up 16% and ended the year as our largest country in terms of gross profit, representing 17% of the Group in the fourth quarter.

Our Asia Pacific region grew 20.6%, with records in many of our businesses including Greater China, which was up 19%. All businesses performed strongly and there were many highlights. In 2017, we made significant investment in Australia. This investment delivered a strong 2018, exiting with growth of 25% in the fourth quarter. We opened a new office in Vietnam, our fifth country in South East Asia, and India delivered growth of 49% and now has over 120 fee earners.

As I anticipated in my statement last year, the UK remained challenging. Market sentiment remained weak, with Brexit related uncertainty impacting decision-making by both clients and candidates, particularly at the more senior end of the market. However, Page Personnel, our clerical and part qualified business representing 25% of the UK, had a record year, up 8%.

The Americas was our fastest growing region, up 27%. In North America, the US also had a record year, growing 25%, with our strategy of diversification, both in terms of location and discipline, delivering notable performances from our regional offices in Boston, Chicago, Houston and Los Angeles. Latin America, now 6% of the Group and with a headcount of over 800, also had a record year, up 30%. Mexico ended the year as the largest country in the region (+33%) and Brazil returned to growth (+20%). The remaining four countries, Argentina, Chile, Colombia and Peru, now have a combined headcount of over 300 and also delivered a record year.

The PageGroup leadership team continued to make further progress on the Group's strategic priorities. Our Large, High Potential markets, namely the US, Germany, South East Asia, Greater China and Latin America, now representing around a third of the Group, grew 25% in the year with all countries delivering record performances. These strategic investments will continue in 2019, as well as in those businesses where we are seeing strong growth.

The Group delivered another record performance.

Dividends

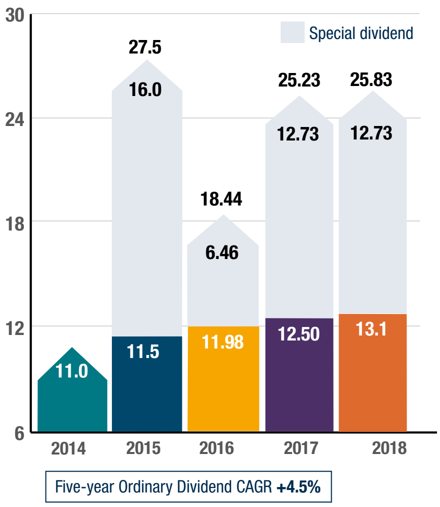
We paid over £40m in ordinary dividends in 2018 and returned over £40m to shareholders by way of a special dividend. We have now paid special dividends totalling £150m in the last four years.

We generated cash from operations of £131.7m in 2018 and ended the year with cash balances of £97.7m and a level of distributable reserves that support more than three times this annual dividend. Given this cash position, levels of distributable reserves and our results for the year, we propose to increase the final dividend to 9.0p. When taken together with the interim dividend paid in October of 4.1p, this implies a total dividend of 13.1p, an increase of 4.8% on 2017.

This ordinary dividend of 13.1p is covered 2.5 times by earnings, with a yield of 2.9%.

If the special dividend is taken into account, using the year end share price of 450.8p, the yield increases to just under 6%.

Dividend Per Share (p)



Board

Today's business world is continually evolving and presents a range of risks and opportunities. This is why it is essential to maintain the right mix of skills and experience on the Board to mitigate these risks effectively and to work with the Executive team to deliver the Group's strategy.

One of the key elements of my role as Chairman is to oversee a Board with a diverse range of thought, experience, and perspective. To that extent, I have consistently focused on Board composition since I became Chairman of the Board in December 2015.

We support the Hampton-Alexander review and the requirement to disclose the gender balance of senior management. I am pleased to say that we have already exceeded the target for FTSE 350 Boards to have 33% representation by women by 2020 for the Main Board. However, we note that we have further to go with the Executive Board, where the representation is currently 100% male. This outcome has been driven by our organic growth strategy of promoting from within, which means addressing this imbalance will take time. We have however been working actively on this. In 2012, we launched our Women@Page network, which allows women from all over the world to network, meet virtually and offer peer support. We also have a successful maternity coaching programme, and as a result have seen our maternity return rates increase.

As a Board, we also look to internal experience as being one of the core perspectives we review in terms of appointments to the Board. Discussions are held each year, focusing on the development and succession of the Executive Directors, Executive Board members and other senior managers in the Group. This ensures a pipeline of talented senior individuals is present within the business and that existing senior executives are being developed.

As mentioned last year, Danuta Gray decided not to stand for re-election as a Director of the Company and stepped down from the Board at the AGM on 7 June 2018. We are extremely grateful to Danuta for her hard work and expertise over the last four years and on behalf of the Board of PageGroup, I would like to thank Danuta for her significant contribution and wish her every success in the future.

Full details of the work of the Board and subjects discussed in the year are set out in the Corporate Governance Report.

Culture and Purpose

PageGroup's culture is unique in the sector. It is a global culture that delivers a consistent approach both internally and externally. It is one of meritocracy, with strong Company and peer group recognition for achievements. The processes by which we do business, and our team based approach is the foundation of the Group.

Our purpose is to change lives for people through creating opportunity to reach their potential. We aim to ensure that everyone is a step closer to realising their potential and achieving their ambitions. We change lives by identifying and matching people with the roles that they thrive in.

Your Board attended the Global Leadership Conference in Frankfurt in September, where it was clear that the culture and purpose of PageGroup was strong. There is no doubt that this has helped to deliver the strategy and to contribute to the performance of the Group, as well as to attract and retain the best talent.

Stakeholder and Workforce Engagement

The Board at PageGroup already has procedures in place to understand the concerns of the workforce and these are discussed regularly in Board meetings. Where decisions are made at Board level that affect staff, their views and concerns are taken into account by the Directors.

Following the issue of the new UK Corporate Governance Code, we will revisit these procedures to allow greater emphasis on these areas. This will allow us to further understand the views of the Company's key stakeholders and to describe in the Annual Report from next year how their interests have been considered in Board discussions.

Looking Ahead

With the emergence of what has been described as the fourth industrial revolution, it is clear that we are in a period of innovation on many fronts. From artificial intelligence and machine learning, to digitalisation, there is a range of technologies that are likely to impact businesses in the near future. Our ongoing investment in this technology is helping us to deliver a more bespoke and targeted service to our clients and candidates.

As we enter 2019, we are also increasingly mindful of the heightened uncertainty regarding the macroeconomic outlook. Headlines of global disruption, political instability, such as Brexit in the UK, the impact of trade tariffs particularly in Mainland China, social unrest in France and broader macroeconomic uncertainties globally, do not encourage candidates to make job moves, or for clients to make hiring decisions.

However, our proven strategy remains unchanged. Investment will continue in our Large, High Potential markets, as well as in those markets with favourable trading conditions. We continue to work towards our Vision of 10,000 headcount, £1bn gross profit and £200m-£250m of operating profit.

Challenges arising from changes in technology, markets, economies and behaviours makes the delivery of our strategy even more important. This can only be done successfully with excellent people. On behalf of the Board, therefore, I would like to thank all our staff again for their continued contribution and for all their significant achievements in 2018.

David Lowden
Chairman

Overview

	Financial	Strategic	People	Operational
Business Model P4	Highly profitable Maintain a strong balance sheet Highly cash generative	Sustainable organic growth Diversification to mitigate cyclicality by geography, brand and discipline Focus on operational efficiency	Team-based service delivery Talent and skills development/retention	Strong brands Effective use of technology
Strategy P7	Long-term investment into core markets: Large, High Potential; Large, Proven; and Small and Medium, High Margin	To be the leading specialist recruiter in each of the markets in which we operate	Career development structure	Assurance of a quality service Effective recruitment process
Risks P29	Macro-economic exposure Foreign exchange translation risk	Shift in business model Delivery of operational efficiencies	People development Attraction and retention	Technology; systems transformation and change; data security; brand reputation; financial management and control; fiscal and legal compliance
KPIs P17	Gross profit growth Gross profit diversification Earnings per share Net cash Perm:Temp ratio	Fee earner headcount growth Gross profit per fee earner Fee earner:operational support staff ratio Conversion rate	Employee satisfaction survey Management experience	Measurement performed at a granular level
Remuneration P58	EPS growth: three year cumulative PBT performance Comparator gross profit growth	Strategic targets Systems and innovation	Leadership and people development Retention/succession	Cost and financial management Risk management and internal controls IT strategic development
Dividend Policy P9	Maintain a strong balance sheet	Return surplus cash to shareholders by special dividends and/or share buybacks	Ensure dividends are paid at sustainable levels such that investment in the business and its people is maintained	First use of cash is to satisfy operational and investment needs, as well as to hedge liabilities under the Group's share plans

Business Model

A Global Leader

What we do

PageGroup is a worldwide leader in specialised recruitment. We have over 40 years recruitment experience and deliver recruitment services to clients across 36 countries through our network of 139 offices.

Discipline expertise

We've developed PageGroup's reputation as a global recruitment leader through our focus on specialist areas of the market, replicated across our international network. Within our four broad categories we operate across 14 specialist discipline teams. We then specialise further within these (e.g. digital marketing within marketing) to ensure we provide expert recruitment services to our clients.

Geographic reach

Our substantial and well-balanced business reaches across all regions, including Latin America and Asia. Our global model allows us to source candidates from domestic and international markets and provide a comprehensive service to both local and multinational clients.

Perm and temp mix

PageGroup is the international market leader for permanent recruitment in the majority of the countries in which we operate. We also have a substantial and growing temporary recruitment business in markets where temporary placements for professionally qualified candidates are culturally accepted.

Page Executive

Our executive search division of PageGroup provides a range of search, selection and talent management solutions for organisations on a permanent and interim basis. Recognised for our powerful in-house research function, speed and flexibility of response and assignment completion rates, organisations worldwide use Page Executive to secure their senior talent. The roles on which we focus typically sit at the sub-board and Board levels.

Page Personnel

Page Personnel offers specialist recruitment services to clients requiring permanent employees, temporary or contract staff. Mirroring the geographical and sector coverage of Michael Page, it provides specialist services to organisations requiring talent at professional clerical and support levels.

Michael Page

The original PageGroup brand is normally established as the first business in each new country that we enter. Michael Page is comprised of 25 specialisms, each providing a service to a specialist area of the market, recruiting permanent, temporary, contract and interim opportunities, typically at qualified professional and management level. The businesses we work with range from SMEs to global blue-chip organisations.

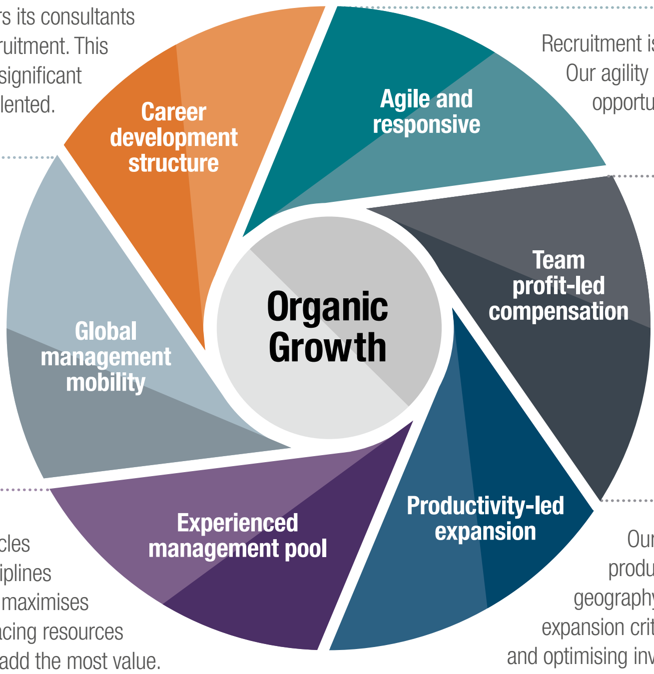
Page Outsourcing

Our newest brand, Page Outsourcing, harnesses the power of the other PageGroup brands. Our flexible recruitment outsourcing solution allows our clients to focus on their core business. We manage a range of recruitment activity from high volume needs to specialist support for HR departments across all levels of the recruitment market.

Business Model

A focus on organic growth

PageGroup's business model has proved itself both through economic cycles and as the business has expanded into a global enterprise. At its core is a focus on organic growth.



PageGroup offers its consultants a well-defined and varied career in recruitment. This includes a clear development structure with significant opportunities for the most talented.

Recruitment is a fast-paced and dynamic business. Our agility gives us the confidence to respond quickly to opportunities and challenges as they appear.

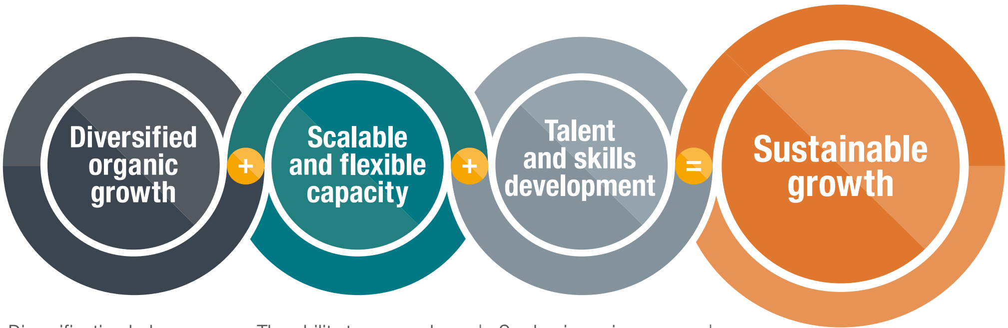
We regularly move experienced directors into markets where they can add the most value and guide the business through the challenges of a market cycle, while allowing us to retain and motivate key senior talent.

A focus on team-based performance rather than the individual promotes positive corporate behaviour and consistent quality of service for both clients and candidates.

Experience through economic cycles and across geographies and disciplines reduces our learning curve, maximises scalability and is crucial for placing resources where they will add the most value.

Our operational metrics focus on productivity, by team, discipline and geography. This bottom-up approach aligns expansion criteria throughout the Group, focusing and optimising investment on key priorities.

Our objectives



Diversification helps to mitigate the cyclical nature of recruitment markets, which for us is combined with high operational gearing given our permanent recruitment bias.

Our broad-based capabilities enable us to capitalise on market opportunities across the globe, avoiding over-reliance on any one geography or discipline.

The ability to respond quickly to changing market conditions is critical to managing the business efficiently throughout economic cycles.

We ensure that we always have the ability to flex our capacity up and down, while maintaining a core presence. This allows us to service clients properly and retain management experience to enable a quick recovery.

Our business is reliant on having the experience to manage the challenges and identify the opportunities across our local markets.

Our scalability is dependent on having the right people available to grow the business and nurture the next generation.

The combination of these objectives has enabled PageGroup to deliver strong cash flows and have the financial strength to prosper through economic cycles.

It also gives us the resilience to cope with market downturns without damaging the business's long-term prospects.

Our competitive advantage

Brand · Scale · Culture

Our true competitive advantage is the combination of these three factors and the balance we have achieved in the business over the past 42 years. We generate funds through fees earned for placing candidates in permanent and temporary roles.

Brand

We are trusted by clients and candidates to provide a committed, high quality service over the long-term via our Page Executive, Michael Page, Page Personnel and Page Outsourcing brands. Our superior level of expertise inspires high levels of confidence, trust and assurance of quality service, enabling our brands to outperform other recruitment businesses.

The digital revolution has transformed the recruitment market and the impact of technology on behaviours and expectations of both clients and candidates continues to grow at pace. The first class reputation of our brands and the knowledge of our consultants behind our online presence, gives high quality candidates confidence to place key decisions on their future in their hands.

Scale

Our scale enables PageGroup to commit to markets through economic cycles, which combined with our strong financial standing has given clients confidence to build lasting relationships with us. Temporary staff also derive comfort from our financial strength that their services will be paid for.

The breadth of our client base, even in our new markets, gives us the ability to offer diverse expertise across a wide range of complementary specialisms and geographies, enhancing our offering to the market and the candidate pools we can access.

Our scale has facilitated us building an unrivalled skillset with high levels of experience, which is available to clients of any size and across all sectors in which we operate.

Culture

PageGroup's culture is unique in the sector. Our global culture delivers a consistent approach both internally and externally, whilst remaining accepting of each of our markets' local characteristics.

The global nature of our culture is aided by a high degree of management mobility. It is reinforced through our consultant training programmes, the processes by which we do business, and our team based approach which is central to everything we do.

We have ingrained values of how to do business ethically and to make long term decisions. Our purpose and our values that are the key to our success are set out on page 22.

Our strategy

The Group's strategy aims to expand and diversify the business by industry sectors, professional disciplines, geography across our brands, with the objective of being the leading specialist recruitment consultancy in each of our chosen markets.

Our structure has provided a clear investment framework for the business by establishing three categories into which we operate. The grouping is based on set criteria, including the size of the opportunity and the potential for future growth.

Within these categories we focus on opportunities where our industry and market experience sets us apart from the competition.

Large, High Potential

Typically under-developed markets, but where we have a successful track record and confidence in our ability to scale our operations substantially. It consists of five markets; Germany, Greater China, Latin America, the US and South East Asia.

Large, Proven

These are large markets where we are already proven with a strong track record and a significant presence, for example Australia, France and the UK.

Small and Medium, High Margin

Markets which are, or could be, significant profit contributors with attractive conversion margins, but each are unlikely (or not yet proven) to be able to grow to more than 300 fee earners, for example Belgium and Canada.

See page 7 for more on our Strategic Vision

Strategic Review

I would like to welcome you to our Strategic Review, where we have outlined how we see current market dynamics, together with PageGroup's business model and strategy.

This review will take you through the source of our competitive advantage and the relationship to our Strategic Plan. Then following on from this, how we approach our investment plan in our markets.

I will also outline our updated Vision for the Group, as we presented at our Investor Afternoon in May 2018.

We continue this year to relate how we measure performance, through our KPIs – both financial and non financial – with associated risks. These risks then link directly to the four elements (financial, strategic, people and operational) of the performance criteria in our current executive share plans.

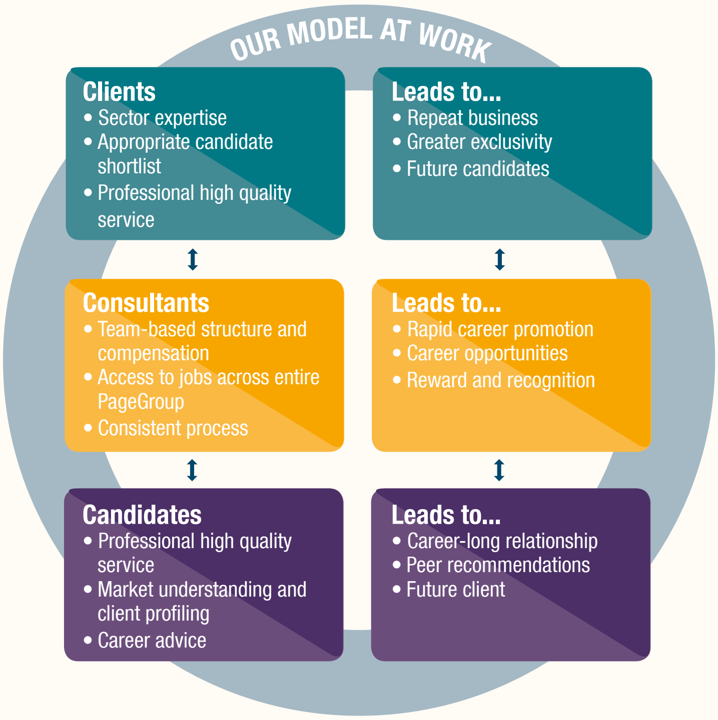
Steve Ingham
CEO PageGroup

Our value proposition

Our value proposition is based around expertise and specialism and for this to be delivered in a consistent manner, supported by high quality processes.

We offer a premium service which is valued by clients and attracts the highest calibre of candidates, due to our focus on opportunities where our market and industry knowledge can set us apart.

When these elements are brought together, the potential for a successful outcome for both client and candidate is maximised. Such successes enhance our reputation, brings greater repeat business and turns candidates into clients and vice-versa.



Specialist industry and market knowledge

Global reach, with deep local knowledge

Expertise in premium candidate sourcing

Experienced advocate for client and candidate

Consistent, high quality processes

Strategic framework

PageGroup is focused on delivering against three key objectives to achieve its strategic vision and sustainable financial returns.

These are to:

1) look for organic, high margin and diversified growth;
2) position the business to be efficiently scalable and highly flexible to react to market conditions; and
3) nurture and develop our people, driving our meritocratic growth model.

Organic, high margin and diversified growth

Our business model is centred around organic and diverse growth. The key elements are derived from our team-led approach as set out on page 9, with great value placed on structured career development and the value that experienced management brings to the business.

PageGroup's diversification strategy has led to a well-balanced business profile and mitigation of exposure to any one geographic area, brand or discipline. In 2007 the UK represented 39% of our business. Over a decade later this has fallen to 17% as we have invested heavily in our Large, High Potential markets.

Through global diversification, we have a clear strategic vision: to be the leading specialist recruiter in the markets in which we operate. Our presence in major global economies enables the greatest potential for long-term growth in gross profit at attractive conversion rates.

This enables us to offer a premium service that is valued by clients and attracts the highest calibre of candidates.

PageGroup's historic success in each of our markets has helped identify which geographies will likely produce high margin growth, with the greatest potential for long-term success. Our background is in permanent recruitment, but 24% of the business is now in the temporary market, with this being dependent on local culture and market conditions. Our service offering covers a broad set of disciplines and specialisations, solely within the professional and clerical recruitment.

Strategic Review

Efficiently scalable and highly flexible

Our scale enables us to build an unrivalled skillset, together with the ability to respond quickly to changing market conditions, which are explained in more detail on page 10.

Our global footprint requires high levels of operational efficiency in order to achieve this strategic objective. Our focus on Shared Service Centres has delivered greater economies of scale and greater efficiencies. It has driven consistency, increased flexibility and improved the quality of service provided to our operational business. Collectively these Shared Service Centres allow us to be more agile, reduce our fixed costs and remove constraints on how fast we can react to changing market conditions.

During 2018 we also created a new Chief Operational Officer role that is jointly held by two of our Executive Board members. This new role will allow us to build capability, deliver initiatives more rapidly and then translate this into increased productivity.

Innovation

The world in which we operate is continually changing. Newly emerging technologies affect the behaviour of our clients, candidates and own people.

Our Innovation approach is focussed on how best to acquire, engage and nurture customers to build long-term relationships.

In our operational business, we are utilising technologies such as Salesforce and Thunderhead to engage with customers throughout their career journey. Our use of these technologies has resulted in click-through rates twice the industry average.

Our internal Business Technology function focuses on designing, implementing and exploiting scalable global systems. By improving our processes and tools we empower consultants to be more productive.

The use of technology allows us to leverage growth in the business and improve our conversion rate.

Nurture and develop our people, driving our meritocratic growth model

Our PageVision is to increase our total headcount to 10,000 in the near-term and this starts with retaining our best and brightest.

The recruitment, retention and development of talent is fundamental in our ability to achieve long-term sustainable organic growth. We create worldwide opportunities and clear career paths for our consultants on their journeys to become Senior Managers or Executive Board members.

Internal moves also ensure that best practice knowledge is shared throughout countries and across disciplines.

The mobility and loyalty of our people enable Senior Management to react to market conditions and ensure we allocate resources efficiently to achieve the greatest returns.

Capital Allocation Policy

The Group's strategy is to operate a policy of financing the activities and development of the Group from our retained earnings and to maintain a strong balance sheet position. We first use our cash to satisfy our operational and investment requirements and to hedge our liabilities under the Group's share plans. We then review our liquidity over and above this requirement to make returns to shareholders, firstly by way of ordinary dividends.

Our policy is to grow the ordinary dividend over the course of the economic cycle, in line with our long-term growth rate; we believe this enables us to sustain the level of ordinary dividend payments during a downturn as well as increasing it during more prosperous times.

Cash generated in excess of these first two priorities will be returned to shareholders through supplementary returns, using special dividends or share buybacks.

Market dynamics

The professional recruitment sector has always been highly sensitive to fluctuating economic conditions and is strongly influenced by client and candidate confidence. Market liquidity can change rapidly, whether in terms of availability of jobs and candidates, or candidate confidence in taking the next step in their career.

It can also be localised, whether by geography or discipline, and differ between temporary and permanent placements in the same market. We intend to maintain our strategy of retaining our market presence throughout downturns, whilst closely controlling our cost base.

In a number of geographic regions, such as Latin America or Greater China, our potential markets are very large, yet relatively immature. This provides not only significant market share opportunities, but also business development challenges. New markets can take time to crack, but the advantages of being an early participant and building scale can be considerable.

As set out in the table below, PageGroup views certain key features as defining a particular recruitment market profile, categorised by the proportion of roles filled through a recruitment agency ("market penetration").

	Emerging markets		**Developing** markets	**Mature** markets
Market penetration	0-15%	15-30%	30-70%	Over 70%
Competition	Limited international operators present	Few well-established regional players	Well developed markets with many international operators	Highly competitive
Examples	Latin America, SE Asia	Germany, Greater China	France, Australasia, Holland, Spain, Italy	UK, US

Market drivers of PageGroup performance

As well as the influence of the general macro-economic environment on business activity, there are a number of specific market-based drivers that can materially impact PageGroup's financial performance. These are split into elements which affect market liquidity and those which influence gross profit and consultant productivity. It is the nature of the professional recruitment market that strong market conditions will see drivers in both elements align rapidly, and this has a dramatic impact on PageGroup's overall performance and conversion margins.

	Impact	Comment	Financial Impact
Market liquidity	**Candidate availability**	Often highly discipline/geography-specific, especially at midpoints in the cycle as client confidence grows. This is a key driver of most other elements, as the quality of a recruiter is most clearly demonstrated through their ability to source difficult-to-find candidates.	Mainly visible through improvement in gross profit, but a buoyant market helps to drive productivity.
	Candidate confidence	A major influence on market liquidity where macro-environment is sufficiently stable, candidates will look to progress their careers, which helps to drive job liquidity.	
Gross profit and productivity	**Fees/rates**	Group average historically moves within a 10% range over the cycle (19.5%-22%).	Notable influence on both gross profit and also conversion rate. Productivity, especially in permanent recruitment, is significantly enhanced as these market drivers positively align.
	Wage inflation	Reflects level of candidate shortage and liquidity within a particular discipline or geography, plus macro-economic conditions.	
	Time to hire	As candidates become scarcer, companies reduce the number of interviews and shorten the decision making process in order not to lose preferred candidates.	

Strategic Review

Page Vision

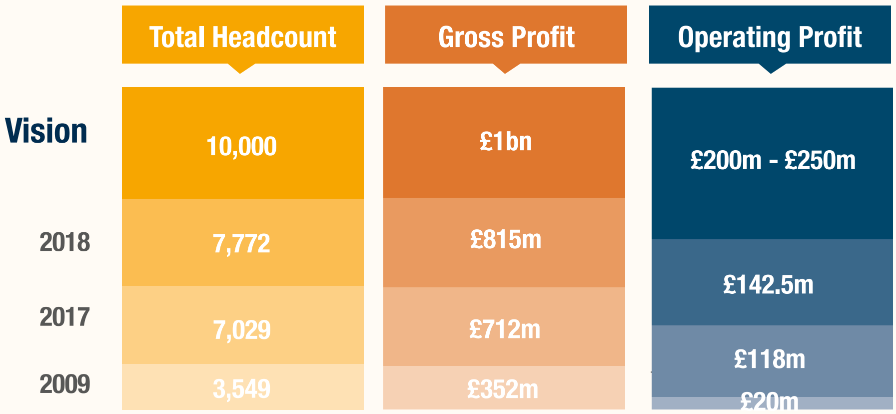
Headcount
10,000

Gross Profit
£1bn

Operating Profit
£200m-£250m

At our Investor Afternoon in May 2018, we outlined our Vision for the Group. Our updated vision remains consistent – to increase the scale and diversification of PageGroup by organically growing existing and new teams, offices, disciplines and markets. In numbers, our Vision is to deliver Group gross profit of a billion pounds, which, depending on how fast we get to that figure, will generate operating profit of between £200m - £250m. To deliver these results, at current productivity, we will require a total Group headcount of 10,000. We believe that with our focus on operational support, we are now better placed to improve our fee earner to operational support staff ratio. The work we have done to standardise and simplify our support functions will enable us to grow our fee earner headcount without a corresponding increase in our support headcount. We believe we can achieve a ratio of 82:18.

Aiming to double Operating Profit

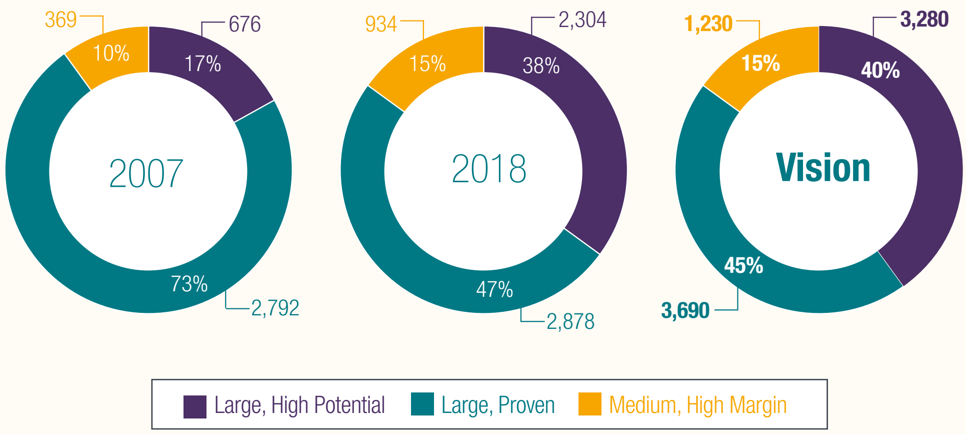


In 2018, we have made significant progress against our Vision in terms of gross profit, operating profit and total headcount. We have also achieved a new record fee earner to operational support staff ratio of 79:21.

We also have made considerable progress in growing our Large, High Potential markets, which delivered a record year, both collectively and all five individually. Overall, they grew 25% in constant currency compared to the prior year. We have continued to invest heavily in fee earners, up 20% year-on-year, as well as launching in a new country in South East Asia, Vietnam, our fifth country in that region.

We will continue to focus on driving profitable growth, while progressing our strategic investments to achieve our new Vision for the Group.

Investing in Large, High Potential market fee earners



Clear on people

- Consistent **performance culture** reflecting our values
- Evolving the way we work to allow **flexibility** towards how, where and when we work
- Leading the way on **Diversity and Inclusion** via initiatives such as Women@Page, Ability@Page, Parents@Page, Pride@Page
- Consistent approach to **CSR**
- Market leading and blended approach to **learning**
- Consistent focus on improving the **quality of people** we hire, retain and grow

Clear on investment

- **3 geographic market categories** each with clear investment strategies
- Capitalising on the structural opportunity for **Page Personnel** and **Page Executive**
- Growing the proportion of our revenues from **temp/contract/interim** as this becomes more culturally accepted
- Continued focus on increasing **discipline diversity** and specialisation

People
Investment
Brand
Operational Support

One Clear Vision

To increase the scale and diversification of PageGroup by organically growing existing and new teams, offices, disciplines and markets.

Clear on brand

PageGroup

- One clear global Group brand

PageExecutive

- Huge potential to have increasing representation in every Page market

MichaelPage

- Qualified professional recruitment – in 36 countries with significant opportunities to expand in new markets, disciplines and cities

PagePersonnel

- Clerical professional recruitment – in 19 countries with huge potential to launch and expand in new markets, disciplines and in particular to increase the proportion of Group revenues generated from temporary, contract and Interim placements

PageOutsourcing

- Page's newest brand – offering customised solutions, delivered by one or all of our brands, for high-volume and specific project needs

Clear on operational support

- Continue to **standardise and simplify** as far as possible our operational support functions
- Centralise into **Shared Service Centres** to drive efficiencies and improved controls
- Roll-out the **Global Finance System (GFS) programme** and transition to a new **Target Operating Model** in IT
- Build **Innovation** into all areas of the organisation, whether that be through the use of new technologies, evolving the role of the consultant, or changing our interaction with clients and candidates
- Continue to build **effective customer relationships** through efficient digital platforms
- Enhance our approach to **succession planning** and **talent management**

Strategic Review

How we categorise our markets

In 2013, PageGroup categorised each of its geographic markets around the globe based on criteria such as the potential for future growth. This growth potential was assessed on a combination of expectations for economic growth, size of the existing PageGroup operations relative to the market, and competitive landscape.

The outcome was three categories (as set out in the table to the right), into which the 36 geographical markets in which we operate were placed. Five markets were identified as Large, High Potential markets. These include the large economies of the US, Germany and Greater China, together with the regions of Latin America and South East Asia. Typically under-developed from a recruitment perspective, each satisfied key criteria, including:

- Positive PageGroup track record;
- Ability to adapt PageGroup culture to local culture;
- Ability to hire and retain local consultants;
- Ability to roll-out disciplines and open offices;
- Attractive conversion rate potential; and
- Large-scale economies.

Six historically successful geographies were categorised as Large, Proven, reflecting the fact that PageGroup had, within the last economic cycle, operated substantial businesses in each. While currently below peak levels, they have a proven track record, and, as a group, the potential to return to historic high levels – albeit with a different mix of headcount and disciplines.

Finally, the remaining businesses were categorised as Small and Medium, High Margin. This reflects the fact that each individually will not have the scale or potential to be a significant contributor to gross profit. However, they each offer the prospect of attractive margins and include countries with some of the highest fee rates and conversion margins in the Group. Within this category are two markets – Japan and India – that all have the medium-term potential to achieve Large, High Potential status.

Investment approach

Investment in the business has been focused on developing the long-term sustainability of the business and is supported by significant balance sheet strength and cash flow generation. The market categorisation provides an investment framework for the business. Investment comes in a range of forms including headcount, new offices and infrastructure, marketing spend and minimum levels of market presence through the economic cycle.

	Large, High Potential
CATEGORISATION	Substantial, high potential markets for recruitment. Typically under-developed, but where PageGroup has a successful track record, and confidence in its ability to successfully scale operations.
EXAMPLES	**Germany, Greater China, Latin America, South East Asia and the US.**
INVESTMENT APPROACH	Sustained investment through cycle – adding headcount/offices/ disciplines.
STRATEGIC VISION	Create a market leading network of offices, management and headcount. c. 40% of Group gross profit/fee earners; 20% conversion rates.
2018 RESULTS	Gross profit growth of 25% for the year and gross profit records in all markets. Strong growth in Germany +29% and Latin America +30%.
2019 PLAN	Continue investment in new headcount and management team, whilst improving conversion rates.

	Large, Proven	**Small and Medium, High Margin**
CATEGORISATION	Large markets in which PageGroup is already proven with a strong track record and a significant presence.	Have been, or could be, significant profit contributors for PageGroup, but each not likely to be in excess of 300 fee earners.
EXAMPLES	**UK, France, Australia, the Netherlands, Italy and Spain.**	**Japan, Middle East, Africa, India, Canada, Turkey and other European countries.**
INVESTMENT APPROACH	Investment reflects gross profit growth and market conditions.	Respond to market conditions, focus on high margin opportunities.
STRATEGIC VISION	Collectively return to 2007 peak levels of operating profit and conversion rates; equivalent to c. 45% of Group gross profit/fee earners.	Investment responsive to market conditions. Expected to represent c.15% of Group gross profit/fee earners; 30% conversion rates.
2018 RESULTS	Gross profit growth of +9%, tough trading conditions in the UK. Excluding this, growth was +15%.	Gross profit growth of 21% for the year. Strong gross profit growth in India of +49% and Japan +30%.
2019 PLAN	Continue to drive future growth through existing capacity, as well as improving conversion rates.	Continued focus on growth and improving our conversion rates.

CONNECTED TO CUSTOMERS

CREATING BETTER CUSTOMER RELATIONSHIPS

We are building a connected customer experience, this is how we **acquire**, **engage** with, and then **nurture** our customers on an ongoing basis.

Our Digital & Technology strategy is agile, working within a rapidly changing media landscape, to ensure how we **acquire** our customers, be that clients or candidates, is efficient and effective.

We are delivering customers for the longer term. Our programmes **engage** with customers across their whole career journey, not just delivering more, but better, more relevant candidates and clients. We see Digital and Technology doing more of the heavy lifting in the 'Acquire' and 'Engage' stages.

By using technology to do this work, it allows our people to focus on building and **nurturing** relationships, which will always remain at the heart of our business. We are seeking to use technology from outside of recruitment, through our scale, capability and investment, to give our people the best tools to do their jobs.

ACQUIRE

We have strategic partnerships with all of the key recruitment sector players in candidate acquisition – LinkedIn, Seek, Zhaopin. Our global scale and capability allows us to work closely with traditional digital media such as Facebook, Baidu, WeChat and Google, where we see fast deployment of our jobs on Google for Jobs through code integrated into our single global web platform.

A key element of our technology strategy is Mobile. Just under half of our traffic comes through mobile devices and we believe that we are ahead of the competition. We were the first recruiter to develop a responsive website, which adjusts to whichever device people use to access it. We are running a pilot mobile app in France, the UK, Japan and the Netherlands, using native technologies such as push messaging, facial recognition and thumbprint log-in to make the candidate journey easier. This allows us to deliver a service which is far in advance of that currently available elsewhere in the market.

We have job matching technology deployed in seven of our markets. Here, a candidate uploads their CV and the tool matches them with available jobs. The candidate can then adjust and refine as necessary. Displaying more relevant jobs gives a better customer experience but also creates efficiencies by surfacing better qualified candidates to our consultants.

Strategic partners in recruitment media

XING seek LinkedIn 猎聘

Targeting digital media

Baidu 百度

Job matching technology

match

Mobile App

ENGAGE

Salesforce Marketing Cloud has been running in all of our markets for a number of years, helping us send relevant content automatically, driven by the candidate's own actions. Based on a career lifecycle, we undertake continuous contact with candidates, supporting them with tools and guidance so that we remain front of mind and are their recruiter of choice. Our open rates are twice the industry average and our engagement rates are three times that of the benchmark.

Going further we now run Salesforce Interaction Studio, previously Thunderhead, to understand more about individual customer journeys enabling us to deliver personalised interactions to our candidates. We know where each of them are on their journey, and can offer them the best next step on their career path. Based on their interactions, we deliver them personalised communications and opportunities. We have seen that this has generated levels of engagement that are sector leading.

The final component of our engagement programme is using Salesforce Pardot to enable a lead generation programme of clients. Measuring likelihood of clients to recruit through their interaction across the PageGroup digital landscape allows us to inform our consultants of what call to make and when to generate or recapture business.

salesforce marketing cloud

salesforce

THUNDER HEAD

salesforce pardot

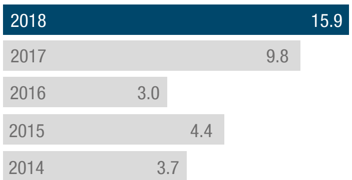
Critical to all of our programme is data-driven decision making investments in technology, digital partners and innovation pilots are measured in detail. We will not shy away from an impressive partner logo, but each time it is based against a solid decision framework backed by data to make a sound business case. Any case for investment is considered and must lead to meaningful output.

Key Performance Indicators

We measure our progress against our strategic objectives using the following key performance indicators:

FINANCIAL

Gross profit growth (%)*



How measured: Gross profit growth represents revenue less cost of sales expressed as the percentage change over the prior year. It consists principally of placement fees for permanent candidates and margin earned on the placement of temporary candidates.

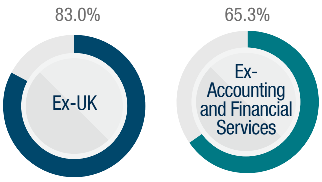
Why it's important: This metric indicates the degree of gross profit growth in the business. It can be impacted significantly by foreign exchange movements in our international markets. Consequently, we look at both reported and constant currency metrics.

How we performed in 2018: Gross profit increased 14.5% in reported rates, 15.9% in constant currencies, as adverse currency movements impacted the full-year figures.

Relevant strategic objective: Organic growth.

* Increase in gross profit in constant currency over the prior year

Gross profit diversification (%)



	2014	2015	2016	2017	**2018**
Ex-UK	74.0	72.7	76.4	80.2	**83.0**
Ex-Finance	60.3	60.4	61.6	63.3	**65.3**

How measured: Total gross profit from a) geographic regions outside the UK; and b) disciplines outside of Accounting and Financial Services, each expressed as a percentage of total gross profit.

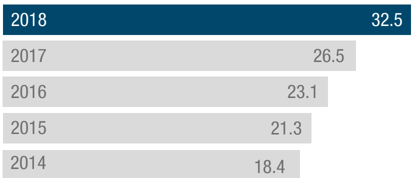
Why it's important: These percentages give an indication of how the business has diversified its revenue streams away from its historic concentrations in the UK and from the Accounting and Financial Services discipline.

How we performed in 2018:
Geographies: The percentage increased to 83.0% from 80.2% in 2017, demonstrating a high degree of diversification. This reflects strong trading conditions in the majority of our overseas businesses.

Disciplines: The percentage increased to 65.3% (2017: 63.3%), as our professional services disciplines performed strongly, combined with good growth in our technical disciplines, comprising Property & Construction, Procurement & Supply Chain and Engineering.

Relevant strategic objective: Diversification.

Basic earnings per share (p)



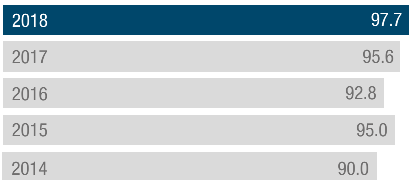
How measured: Profit for the year attributable to the Group's equity shareholders, divided by the weighted average number of shares in issue during the year.

Why it's important: This measures the underlying profitability of the Group and the progress made against the prior year.

How we performed in 2018: The Group saw a 22.6% rise in Basic EPS to 32.5p. Improvements in trading and operational efficiencies drove strong growth in the Group's EPS in 2018.

Relevant strategic objective: Sustainable growth.

Net cash (£m)



How measured: Cash and short-term deposits less bank overdrafts and loans.

Why it's important: The level of net cash reflects our cash generation and conversion capabilities and our success in managing our working capital. It determines our ability to reinvest in the business, to return cash to shareholders and ensure we remain financially robust through cycles.

How we performed in 2018: Net cash increased to £97.7m (2017: £95.6m). This was after dividend payments of £81.3m (including a special dividend of £40.8m).

Relevant strategic objective: Sustainable growth.

Ratio of permanent vs temporary placements

Gross profit	2014	2015	2016	2017	**2018**
Permanent	76	76	76	75	**76**
Temporary	24	24	24	25	**24**

How measured: Gross profit from each type of placement expressed as a percentage of total gross profit.

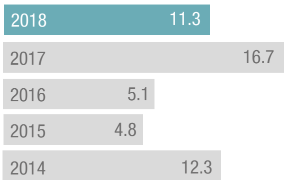
Why it's important: This ratio reflects both the current stage of the economic cycle and our geographic spread, as a number of countries culturally have minimal temporary placements. It gives a guide as to the operational gearing potential in the business, which is significantly greater for permanent recruitment.

How we performed in 2018: The ratio increased slightly to 76:24 (2017: 75:25), with strong growth in markets where we have a higher ratio of permanent recruitment such as Asia and Latin America.

Relevant strategic objective: Diversification.

STRATEGIC

Fee earner headcount growth (%)



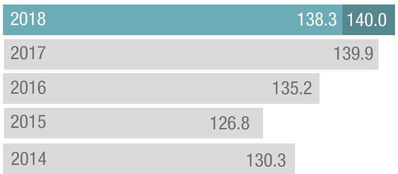
How measured: Number of fee earners and directors involved in revenue-generating activities at the year end, expressed as the percentage change compared to the prior year.

Why it's important: Growth in fee earners is a guide to our confidence in the business and macro-economic outlook, as it reflects expectations as to the level of future demand above the existing capacity within the business.

How we performed in 2018: Fee earner headcount grew by 619, or 11.3% in the year, resulting in 6,116 fee earners at the end of the year, a record for the Group.

Relevant strategic objective: Sustainable growth.

Gross profit per fee earner (£'000)



How measured: Gross profit divided by the average number of fee-generating staff, calculated on a rolling monthly average basis.

Why it's important: Our indicator of productivity; affected by levels of activity in the market, capacity within the business and the number of recently hired fee earners who are not yet at full productivity. Currency movements can also impact this figure.

How we performed in 2018: In constant currency, it increased slightly to £140.0k (2017: £139.9k) as a result of the improved trading conditions. However, in reported rates, this decreased to £138.3k.

Relevant strategic objective: Organic growth.

Fee earner:operational support staff ratio

	2014	2015	2016	2017	**2018**
Fee earner	77	77	77	78	**79**
Support	23	23	23	22	**21**

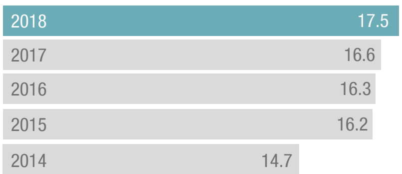
How measured: The percentage of fee earners compared to operational support staff at the year-end, expressed as a ratio.

Why it's important: This reflects the operational efficiency in the business in terms of our ability to grow the revenue-generating platform at a faster rate than the staff needed to support this growth.

How we performed in 2018: The ratio improved to a new record of 79:21 from 78:22 in 2017. This was driven by 11.3% fee earner headcount growth, as well as benefiting from our operational support initiatives. The ratio of new joiners in the year was 83:17.

Relevant strategic objective: Sustainable growth.

Conversion rate (%)



How measured: Operating profit (EBIT) before exceptional items expressed as a percentage of gross profit.

Why it's important: This reflects the level of fee earner productivity and the Group's effectiveness at cost control in the business, together with the degree of investment being made for future growth.

How we performed in 2018: The Group's conversion rate increased to 17.5% (2017: 16.6%), with a combination of steadily improving conditions in a number of markets and the benefits of operational efficiencies, offset by sustained investment in our fee earner headcount.

Relevant strategic objective: Sustainable growth.

PEOPLE

Employee index

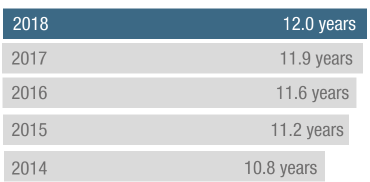
How measured: A key output of the employee surveys undertaken periodically within the business.

Why it's important: A positive working environment and motivated team helps productivity and encourages retention of key talent within the business.

How we performed in 2018: We recorded an 83% positive score for employee engagement in the latest Employee Survey in 2017. This was a combination of questions, including: how valued our people felt; how proud they were to work for PageGroup; and the level of trust and recognition they received for their work. No survey was performed in 2018 and the next one is planned for 2019.

Relevant strategic objective: Sustainable growth.

Management experience



How measured: Average tenure of front-office management measured as years of service for directors and above.

Why it's important: Experience through the economic cycle and across both geographies and disciplines is critical for a cyclical business operating across the globe. Our organic business model relies on an experienced management pool to enable flexibility in resourcing and senior management succession planning.

How we performed in 2018: The average tenure of the Group's management increased from 11.9 years to 12.0 years, with a particular increase in the Americas.

Relevant strategic objective: Talent and Skills development.

Key Performance Indicators

GHG EMISSIONS

Total GHG emissions

Total energy-derived emissions (CO_2e tonnes)

Source of emissions	2017	2018
Direct GHG emissions	1,966	**1,882**
Indirect GHG emissions	4,872	**5,379**

How measured: Direct and Indirect GHG emissions calculated in line with the UK Government's 2018 DEFRA reporting standards. Principally based on data from a sample of our offices, covering 68% of the Group by headcount, and extrapolated for the Group as a whole.

Why it's important: The emissions calculations look at the CO_2e impact of our operations in absolute terms.

How we performed in 2018: Direct GHG emissions relating to the combustion of fuel decreased by 4.3% to 1,882 tonnes CO_2e, while Indirect GHG emissions, through the purchase of energy such as electricity, increased by 10.4% to 5,379 tonnes.

Relevant strategic objective: Sustainable growth.

Intensity values of GHG emissions

CO_2e tonnes per 1,000 employees	2017	2018
Energy-derived emissions	1,013	**920**

How measured: Intensity values for GHG emissions are based on property and vehicle energy-derived emissions per 1,000 headcount. Headcount is viewed as being the most representative metric for PageGroup's activity levels and is unaffected by issues such as business mix or foreign exchange variations.

Why it's important: Intensity values help to normalise the GHG metrics and place them in the context of the Group's changing business profile, particularly in terms of increases in headcount. It helps to identify where progress has been made on emission reduction.

How we performed in 2018: Energy-derived emissions were reduced by 9.2% compared with 2017, largely due to an increase in headcount without a corresponding increase in the number of offices, along with changes in fuel sources and improvements in office energy efficiencies

Relevant strategic objective: Sustainable growth.

2017 Direct and Indirect GHG emissions were originally reported as 1,627 and 4,948 respectively. These have been restated to reflect the latest DEFRA fuel conversion rates in 2018. The 2017 Intensity value of energy-derived emissions has been restated from 974 to 1,013 on the same basis. The source of data and calculation methods year-on-year are on a consistent basis. The movements in KPIs are in line with expectations.

Greenhouse Gas Emissions ("GHG")

In accordance with the Companies Act 2006 (Strategic Report and Directors' Report Regulations), PageGroup reports on all direct greenhouse gas (GHG) emissions (relating to the combustion of fuel and the operation of any facility, together with any fugitive emissions); and indirect GHG emissions (through the purchase of electricity, heat, steam or cooling).

Since 2014, we have gathered energy data from our major offices in conjunction with our environmental policy that focuses on implementing efficiency measures to reduce energy consumption and carbon emissions. We have continued to enhance the quality of our data collation process. As with 2017, fugitive emissions are not reported as the Company is not responsible for the maintenance of air conditioning systems in the vast majority of its offices and there were no reported fugitive emissions for those in which it is.

The Company's total 2018 emissions from energy and fuel used in its properties and vehicles, together with comparable data for the previous three years, are reported below.

Emissions derived from property energy consumption directly under the company's control have been calculated by using a sample of offices across the world (including the entire UK business), representing 68% of 2018 global headcount. Emissions for the remaining offices were calculated by extrapolating headcount. Emissions from fuel consumed by company owned or leased vehicles in 2018 were calculated using the fuel consumed by the company car fleets in UK, Germany, Italy and Poland (a 32% increase in sample against 2017 and much larger than prior to 2017 when the calculation was based only on German company car data). For 2018 these fleets represent around 15% of the Company's global car fleet of just under 1,400 vehicles (representing a c.10% increase in company vehicles). The increase in vehicles reflects the increase in headcount of 10.6% over the period, the majority of new hires being at consultant level (the most likely employee group to take a company car). Emissions for vehicles in other countries were calculated by extrapolating the total known diesel and petrol consumptions per vehicle across the entire fleet and then calculating the resulting emissions. Emissions derived from property energy consumption amounted to around 74% of total emissions.

Total energy derived emissions (tonnes CO_2e) properties and vehicles				
Source of emissions	2015	2016	2017	2018
Direct GHG emissions (relating to the combustion of fuel and the operation of any facility)	2,310	1,835	1,966	**1,882**
Indirect GHG emissions (through the purchase of electricity, heat, steam or cooling)	4,907	4,614	4,872	**5,379**
Total emissions	7,217	6,449	6,838	**7,261**

Emissions have been calculated in line with the 2018 DEFRA reporting standards and calculated using 2018 DEFRA conversion factors for fuels, gases and UK electricity, and International Energy Agency (IEA) conversion factors for non UK electricity generation.

The intensity values are based on emissions derived from property energy and vehicle fuel per 1,000 headcount, this being most representative of the company's activity levels, and unaffected by issues such as business mix or foreign exchange variations.

Energy derived emissions – CO_2e tonnes per 1,000 employees			
2015	2016	2017	2018
1,305	1,066	1,013	**920**

2018 emissions intensity improved by 9% against 2017 as the Company continued to implement energy saving and environmentally responsible initiatives wherever possible. During 2018 the cooling plant in our global Head Office was replaced with more energy efficient equipment and similar exercises took place at other buildings in partnership with our landlords. We continue to benefit from the use of energy efficient printers and the use of dedicated recycling bins placed throughout our offices. The use of video conferencing equipment to reduce business travel saw a 20% reduction in the volume of 2018 business trips for our UK business.

Q&A with Steve Ingham, CEO

Q **Looking forward what do you consider to be your main strategic goals and how do you expect to achieve them?**

A We outlined our updated Page Vision during our Investor Afternoon in May 2018, where we set out our Vision to reach a headcount of 10,000, gross profit of £1bn and operating profit of £200m-£250m. We have made good progress throughout the year, with a significant investment in fee earners driving both a record headcount and gross profit. This, alongside our tightly controlled cost base, resulted in an improvement in our conversion rate to 17.5%, the highest since the global downturn in 2009.

To achieve our Vision, we will continue our focus on market categorisation and ensure that our investment approach remains aligned with this strategy. Our main investment focus will be into our five Large, High Potential markets, all of which delivered record years in 2018. We will continue to diversify in the US, invest in Latin America and South East Asia, develop the domestic market in Mainland China and expand our temporary and contracting businesses in Germany.

Improving our conversion rate and achieving our operating profit target will be driven by many factors. Our operational support projects such as the centralisation of Shared Service Centres will drive economies of scale and the implementation of our Global Finance System will result in flexibility and variability in our cost base. We have recently created the role of Chief Operating Officer to build capability and deliver initiatives quickly. This will drive future productivity and improvements in efficiency.

Another key strategic area is to make further progress on our diversity and inclusion agenda. For 2019 our primary focus will be on gender. Gender Diversity is a strategic goal for each Managing Director and an element of their annual bonus is linked to the gender balance in their business.

Q **What is the impact of Brexit on PageGroup expected to be, and how will you minimise any disruption?**

A Uncertainty is not helpful when candidates are thinking about making a job move or clients are considering making a hire. However aspects of our business have performed well. Page Personnel, where the business is focussed on more junior appointments, and has a higher proportion of temporary recruitment, had a record year.

The UK business now represents 17% of the Group and is very diverse in nature. In 2007 Financial Services clients represented c.12% of the UK business whereas now it's 5%, with a far more diverse spread across our 13 specialist disciplines.

Looking forward, we have limited visibility of the macroeconomic impact that Brexit will have on our UK business. However, there is very little candidate or consultant cross border flow, and we have domestic cost bases in both the UK and Europe. In addition, our wide network of consultants in Europe means that we are well placed if there is a significant transfer of roles into Europe.

> **"We set out our Vision to reach a headcount of 10,000, gross profit of £1bn and operating profit of £200m-£250m."**

Q **What do you consider the to be your biggest challenges in 2019?**

A After several years of investment we have built a strong team that are well prepared for the future. Our largest challenges are external factors such as heightened geopolitical and macro-economic instability. In the UK, uncertainty exists around the timing and terms of Brexit, in Greater China, the economy and confidence have been affected by trade tariff uncertainty, and we are cautious of some political uncertainty in Europe, particularly in France.

Our ability to scale up or down quickly works to our advantage. We have strong cost control and by way of natural attrition, we are able to quickly react to any changes in market conditions.

Q&A with Steve Ingham, CEO

Q **As a business that has a higher focus on permanent recruitment, how are you affected by the increasing expectations of workers for more flexible temporary or contract roles?**

A Whilst 76% of our gross profit is permanent recruitment, which is only a reflection of the balance that currently exists in the working populations of the level, profession and countries in which we work. Our level of expertise and knowledge is similar in both. We do not prioritise one over the other and our conversion rates in both are similar.

As we've expanded internationally we have found that in several markets, typically, developing economies our high level of permanent to temporary recruitment is a reflection of the mix between various factors, including where we are in the cycle, the salary level at which we recruit and the geographies in which we operate. In many of our international markets we undertake little, or no temporary placements, since for cultural reasons, temporary is not yet a widely accepted practice for white collar professionals.

We are seeing the emergence of a temporary and interim market in Latin America and Asia and as such, we have invested heavily. In Germany we have invested in fee earners and offices for our Interim business, which grew 42% in 2018, and now represents 20% of Germany. Having a business which has a good mix of temporary and permanent is attractive from a diversification perspective, and can help reduce revenue volatility at certain points in the cycle. We are therefore very open to market opportunities, wherever they make sound financial and strategic sense, in both permanent and temporary segments.

"We are serious about succession planning and talent development in order to show our consultants how to be the leaders of tomorrow."

Q **What are the progression opportunities at PageGroup and how do you invest in our leaders of the future?**

A More than most companies, being an organically grown business means there are many opportunities for rapid progression within PageGroup, from consultant to the senior leadership team. We have many examples of this across the Group. The management team, and myself as CEO, started as consultants, demonstrating the significant progression opportunities that we can offer. To facilitate this progression, we have clearly defined career paths, a global succession planning process and a talent development learning roadmap, that supports the professional development of all our staff at every stage of their career.

We are serious about succession planning and talent development at all levels of the business in order to show our consultants how to be the leaders of tomorrow. We offer a competitive remuneration package, run executive coaching schemes, internal and external mentoring programmes, personal development planning, management development programmes, a Global Directors Academy and an Executive Leadership programme. We now have a particular emphasis on the development of our senior management and are engaging with external resources to help us assess and coach our top talent ensuring we have succession plans across all markets and roles.

We have recently invested in a global digital-learning platform called BOOST! to enable all of our people to develop their skills and capabilities, whether in a classroom or virtually. There is also a particular emphasis on diversity and inclusion through our Women@Page and Ability@Page programmes, to ensure everyone gets an equal opportunity. We also have an international mobility programme, which gives opportunities to our people at all levels to develop themselves even further in different countries and regions, so that they can take on new challenges and grow as individuals.

Corporate Social Responsibility

As one of the world's largest recruitment companies, our purpose states that '**PageGroup changes lives for people through creating opportunity to reach potential**'.

It is the reason we are in business and is underpinned by core values which have always been at the heart of our business.

OUR **Purpose**

PAGEGROUP
CHANGES LIVES
for
PEOPLE
through creating
OPPORTUNITY
to reach
POTENTIAL

OUR **Values**

WE MAKE A **DIFFERENCE**	WE **ENJOY** WHAT WE DO
WE VALUE **DETERMINATION**	
WE WORK AS A **TEAM**	WE ARE **PASSIONATE**

Our values form a platform for motivation of our people, and our approach to business and society as a whole. More than just words, our values are the essence of our brand and influence the way we work day in, day out.

Corporate responsibility at PageGroup demonstrates our focus on ensuring our business positively impacts all our stakeholders. It shows our purpose and values in action.

Corporate Social Responsibility

Our commitment to our stakeholders

Our People

In 2018 we focused on embedding our Purpose, bringing it to life using personal stories from our people and making sure it is highly visible to all our people across the world. Every region has been involved and we have seen the words of our Purpose becoming part of the daily approach and language of PageGroup.

Opportunities we have created through our success have helped us change lives for our own people including over 1,600 promotions worldwide and over 100 people achieving their dream of working in a different country.

We are proud to be an inclusive and diverse employer and we have continued to reinforce that throughout 2018. We have run successful global campaigns and activities supporting International Women's Day, Pride Month and World Mental Health Day and our focus on creating and maintaining a truly inclusive culture continues. There is always more to do, particularly on gender balance, and we reflect that in the objectives of all our senior leaders so their commitment to diversity is considered when we assess their performance.

This year we have invested significantly in our programmes for global talent development and succession, which means we can bring an even greater focus to nurturing all our potential future leaders. We have made sure our Global Director Academy reflects our Vision and Purpose as well as the diversity of our teams – particularly focusing on gender balance.

We have completed the global rollout of our online learning system, Boost! and have seen encouraging early engagement with over 80,000 logins so far. We provide consistent, tailored training starting with on-boarding and moving to ongoing training and development needs. We also support mandatory training including tracking completion of training in areas of high importance and compliance, such as training on the General Data Protection Regulations 2018.

We encourage engagement and communication across the global business by using multiple channels including Yammer which supports our employee networks including Women@Page, Pride@Page, Ability@Page and Parents@Page.

Gender diversity

Board Directors

2018	5 (56%)	4 (44%)
2017	5 (56%)	4 (44%)

Senior Management

2018	312 (73%)	118 (27%)
2017	310 (77%)	90 (23%)

Other employees

2018	3,426 (46%)	4,022 (54%)
2017	3,224 (46%)	3,805 (54%)

Our candidates; clients; suppliers; shareholders

We change lives for our candidates by helping them to develop their career and find jobs that bring them personal satisfaction, security and happiness.

Our clients come to us to help them find the best talent for their organisation – creating the opportunity for them to drive the success of their business.

In 2018 we introduced satisfaction surveys for our candidates and customers. Below is a small sample of feedback we received from candidates and clients through Feefo, the independent business review experts.

feefo

Customer Experience

'Personal approach'

Great communication and focussed on best outcome for the candidate.

Customer Experience

Really swift, professional and easy going. They understand your needs and work hard to find the best match.

Customer Experience

Perceptive consultant identified that the role could be ideal for me
Kept me fully briefed with a friendly enthusiastic service

Customer Experience

The recruitment consultant kept in constant contact me with regard to the positions that we were working on. I was very impressed with the level of communication which has restored my faith in the recruitment profession.

Customer Experience

'Great service'

Very good service, very professional. Always quick to return calls and provide information. Made the process of changing jobs so much easier.

1. Highest ethical standards

PageGroup is a leading global recruiter, with strong brands and a reputation for integrity. We continue to reinforce that position by building trust and loyalty with all our stakeholders.

The way we do business is as important as what we do. We encourage a culture which puts our customers first and empowers our people to make the right decisions. We continuously look for ways to improve and involve our people in that process.

Our independently hosted whistleblowing facility gives our employees the ability to easily and anonymously report any perceived wrong doing. For more information see the Audit Committee Report in the governance section of this report.

We expect the same high standards from our suppliers and our supplier code of conduct is an integral part of all our procurement activities.

Our modern slavery policy reflects our commitment to acting ethically and with integrity in all our business relationships. The policy is published on our corporate website **www.page.com.**

We constantly review our communication and engagement with our shareholders, and will continue to hold our successful investor relations events which give the opportunity to meet our regional leadership teams.

2. Highest standards of corporate governance

At PageGroup we believe high standards of governance underpin sustainable performance. The Board is collectively responsible for the Group's financial and operational performance as well as promoting the success of the business. The Board fulfils its responsibilities by directing and supervising the Company's strategies and policies.

The Corporate Governance section of this report sets out details of the activities undertaken by the Board and its Standing Committees during 2018.

Corporate Social Responsibility

Our Communities

Through every Page business across the world, we make a difference to the communities in which we work. This year we have been using our expertise to help people enter the job market, shaved heads for charity, fundraised through sport, helped with forest management and given blood, to name just a few.

We share our stories of giving back to others to help drive enthusiasm, commitment and pride in our community initiatives which are an integral part of our culture.


France


Switzerland


Brazil


Germany


Spain


Italy


Dubai


Morocco


Portugal


UK


South Africa

Our **Page Talent programme** steers students searching for internships and apprenticeships in the right direction, providing them with key skills and advice to help them make the right choices. Page Talent enables students to connect with employers who are able to advertise a range of opportunities within their organisations.

In the UK alone, there are currently 280 big named companies involved including Volkswagen Group, Vodafone, BMW Group, Telegraph, Fortnum and Mason, Conde Nast, Nike Inc. and Lloyds Banking Group.

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Society

As a service based organisation, our environmental impacts are small compared with many other businesses. However, we continue to manage and minimise the impacts resulting from our day-to-day business.

We have processes in place to monitor and report on our greenhouse gas emissions. Our impact is predominantly through energy consumption and business travel. See page 19 for GHG reporting for 2018.

In the UK, further mitigation of our impacts during 2018 included:

- Implementing more energy efficient settings within our building management systems
- Reducing business travel by employing different ways of working
- Moving from a paper-based to online purchase order system
- Renewing central HVAC plant in a number of offices to use modern and most energy efficient equipment
- Working with suppliers to reduce waste packaging

All our offices are rented or serviced and we seek premises which are energy efficient and where the landlords are able to provide us with data to support that aim. We also work with existing landlords and co-tenants to explore new energy and waste efficiency measures.

Public recognition:

We have won awards across the globe recognising our achievements, including:

GLOBAL

'Most Socially Engaged Staffing Agency 2018' for the third time

EUROPE

PageGroup awarded the **'2018 Top Employer Europe'** certification in seven European countries (Germany, France, Switzerland, Spain, Netherlands, Belgium and Italy)

ASIA PACIFIC

Michael Page Japan awarded **'The Diversity & Inclusion Champion'** at the 2018 Recruitment International Industry Awards – Japan

Michael Page China winner of **'Best International Recruitment Agency of the year'** at the 2018 Recruitment International Industry Awards – China

Michael Page China winner of the **'China Recruitment Industry Top 10 (Foreign Enterprise)'** award by TopHR

UK

Named one of the **'Best Places to Work in 2018'** via the Glassdoor Employees' Choice Awards

PageGroup CEO, Steve Ingham ranked thirteenth in the **'Top CEOs'** list on Glassdoor, forming part of Glassdoor's 2018 Employees' Choice Awards

First recruitment company to be ranked in the **Stonewall Top 100 Employer list**

PageGroup named one of the Times **'Top 50 Employers for Women 2018'**

USA

Named the 2018 winner in the **'Global Mobility Team of the Year'** category by the Forum for Expatriate Management Awards

Recognised by Forbes as one of **'America's Best Professional Recruiting Firms'** in 2018

LATAM

Michael Page Brazil awarded best **'HR Supplier'** by Melhores Fornecedores para R.H.

Regional Perspectives

EMEA

What are your priorities for 2019?

If the favourable market conditions we saw in 2018 continue, we will continue to invest in markets where we see opportunity for growth. We will also seek to drive improvements in our productivity rate, as we seek to maximise the return on our significant fee earner headcount investment over the past few years. We will continue to invest specifically in our Interim business in Germany, as this is one of our key strategic investments.

Whilst we remain mindful of some political uncertainty in the region, with our flexible business model, we remain able to react quickly to any changes in market conditions.

How did you deliver against your 2018 priorities?

We delivered our fourth consecutive record year with overall growth of 17.9%. 11 of our countries in the region had record years and there were particularly strong performances from France and Germany, up 16% and 29% respectively.

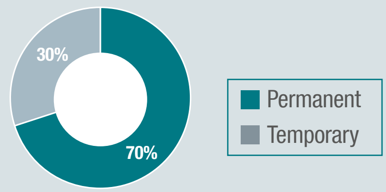
Reflecting our continued confidence, we grew our fee earner headcount in the region by 253, or 11% in the year. We anticipate this investment will drive further growth in the future.

This record performance, combined with efficiency savings from the completed transition to our Shared Service Centre in Barcelona, led to an increase in our operating profit from £69.7m in 2017 to £85.6m in 2018, which represents an improvement in the conversion rate to 21.7% (2017: 21.0%).

Gross profit £m

2018	£394.3m
2017	£332.3m
2016	£271.9m

Permanent to temporary ratio



Headcount

2018	3,299
2017	2,996
2016	2,553

Asia Pacific

What are your priorities for 2019?

We will continue to invest in our two Large, High Potential markets of Greater China and South East Asia, though we remain mindful of the uncertainty in Mainland China that we experienced at the end of 2018. We also will drive investment in India and Japan, two of our strongest performing markets in 2018, and two markets which have the potential to be Large, High Potential markets in the future.

We will look to consolidate our improved position in Australia, where we saw strong growth in all offices and brands in 2018, making a return on the significant fee earner investment we made in 2017.

How did you deliver against your 2018 priorities?

Asia Pacific recorded its strongest ever year with growth of 20.6% compared to the prior year. Greater China grew 19%, a record year, though we saw more challenging conditions towards the end of 2018 in Mainland China.

South East Asia also had a record year, up 23%, with Singapore the standout performer, up 29%. We also launched in Vietnam in the year, our fifth country in the region.

In Japan, where we continue to focus on both the Gaishikei and Nikkei markets, we grew 30%. India, where we now have over 120 fee earners, grew 49%.

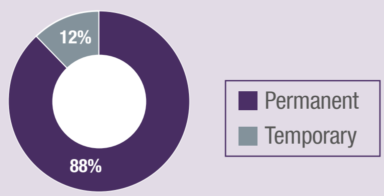
Growth in our Australian business accelerated from 1% in 2017 to 14% in 2018 following our significant investment in fee earners in 2017 and the opening of a new office in Canberra.

We again made significant fee earner headcount investments during 2018, with an overall increase of 162, or 13%. These investments were mainly into Australia, Greater China, India and Japan.

Gross profit £m

2018	£161.2m
2017	£137.2m
2016	£119.7m

Permanent to temporary ratio



Headcount

2018	1,709
2017	1,533
2016	1,205

UK

What are your priorities for 2019?

Brexit remains the issue at the forefront of the UK political and economic agenda, and this is likely to remain the case throughout 2019. We will continue to respond to market conditions as they develop. With our flexible business model, we are able to manage our headcount, and therefore our cost base, through natural attrition of our junior, less productive consultants.

We will look to increase fee earner headcount in disciplines and regions where we see opportunities for growth, such as in Page Personnel.

How did you deliver against your 2018 priorities?

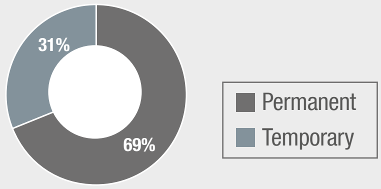
Whilst the UK business declined -1.7%, this was a marginal improvement on the -3.8% decline in 2017. Our Michael Page business, which is more focused on senior opportunities, was more impacted by uncertainty and declined 4%. Our Page Personnel business, however, fared better and grew 8%, delivering a record year.

Our Professional Services discipline was the best performing, up 5%, driven by strong growth in Technology.

During the year, our fee earner headcount remained broadly flat at around 1,000 fee earners.

Gross profit £m

Permanent to temporary ratio



Headcount

The Americas

What are your priorities for 2019?

In North America, we will continue to diversify, both in terms of the offices and disciplines in which we operate. Our regional offices now account for over half of gross profit and continue to increase the number of specialisms they service. Developing our management infrastructure and retaining top talent is key to delivering these future plans.

In Latin America, where we increased our fee earner headcount by around 150 or 30% in 2018, we will look to increase the productivity of these new joiners. We will also further our investment in this Large, High Potential market, particularly into the emerging Temporary market.

How did you deliver against your 2018 priorities?

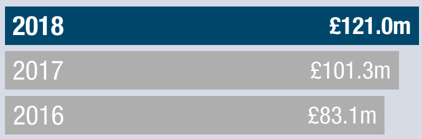
The Americas continues to be our fastest growing region, up 27.2%, with both North and Latin America having record years.

In the US, one of our Large, High Potential markets, our strategy of diversification continues to bring success. Our regional offices grew 34%, with standout performances from Boston, Chicago, Houston and Los Angeles.

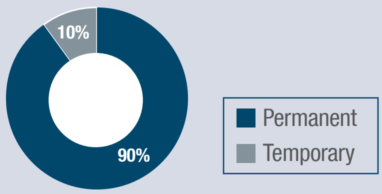
Latin America, another of our Large, High Potential markets, delivered a record year, up 30%. Our Brazilian business continued to recover, as market sentiment improved, with growth increasing from 3% in 2017, to 20% in 2018. Mexico, now the largest country in Latin America, delivered a record year, with growth of 33%. Collectively, the other four countries in the region, with over 250 fee earners, saw growth of 36%, with all delivering record years.

Reflecting the favourable trading conditions in the Americas we increased fee earners by 210 or 23% in the year.

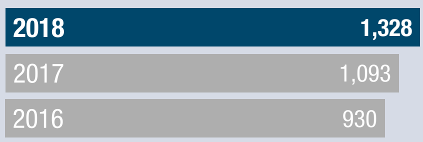
Gross profit £m



Permanent to temporary ratio



Headcount



Risk Management

Principal Risks

The Group recognises that the effective management of risk is key to achieving our objectives.

A Group-wide risk review process is in place which identifies the strategic and operational risks that could impact our business and determines the mitigating actions required to ensure that these risks are controlled to an acceptable level. Our agreed level of risk appetite, approved by the Board, guides the level of acceptable risk.

Risk management is an integral part of our business, forming part of our strategy review, our business plans and the delivery of our daily activity.

It is supported by risk registers that are maintained locally at country and process level and consolidated twice a year. This is then combined with a top-down review of risks conducted with senior management. The summarised output is formally reviewed by the Executive Board and the Audit Committee on behalf of the Board.

In the intervening periods the risks associated with changes in either the external environment or internal operations are discussed as part of our ongoing business reviews and are responded to accordingly.

We also have well established compliance teams: IT risks and security, who focus on delivery of activity to mitigate our IT risks and systems and data security; programme management office (PMO) who define the process and support management in delivering change activities, as well as supporting the programmes governance process; and regional revenue recognition compliance teams who ensure accurate reporting of our revenue worldwide.

Our Internal Audit programme of activity aligns the provision of assurance to the controls that mitigate the principal risks identified from this process.

Our risk management process categorises our principal risks into Strategic, Financial, People and Operational.

Within this process we assess all risks that could have a significant impact on the ability of the business to deliver its short-term plans and medium and long-term strategy.

The Executive Board and the Board continue to focus on Strategic, People and Financial risks. For these, we disclose KPIs which we use to monitor the risk impact, and the rewards and incentives we apply to ensure effective management.

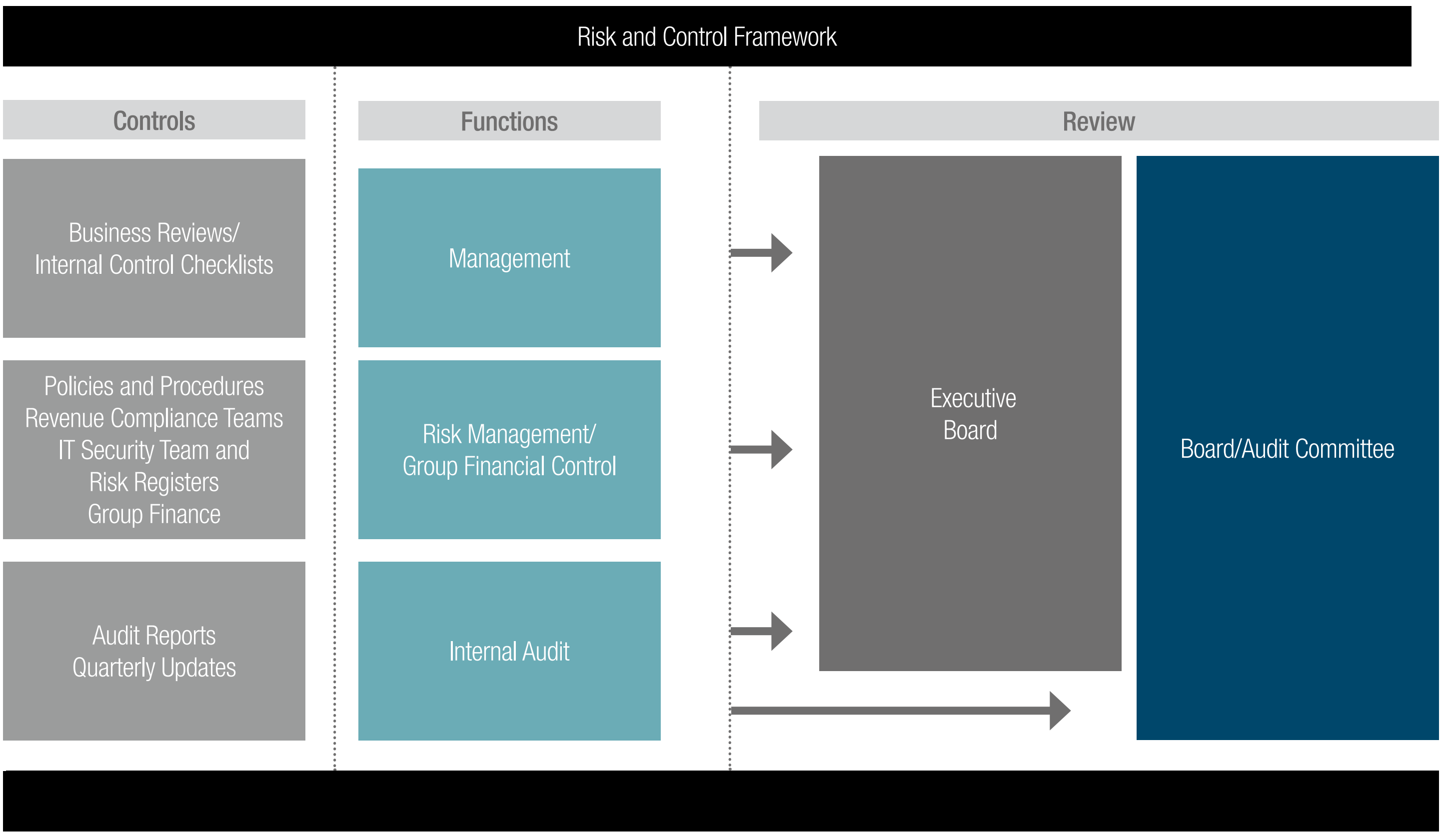
See strategic framework on page 8.

Our Operational risks are those that the Executive Board have agreed can be managed by our people on a day-to-day basis. These are included within our risk registers and are reviewed by the Board on an exceptions basis.

The risks around cyber security and compliance with Data Protection legislation are currently such exceptions which are reviewed at Board level on an ongoing basis.

Our risk evaluation includes matters relating to all our key stakeholders and encompasses considerations of governance, social, environmental and legal requirements.

Our Risk and Control Framework



Risk appetite and net risk levels

Recruitment is inherently cyclical and provides limited forward visibility. This makes it sensitive to the economic environment and thus financially volatile, creating a higher gross risk environment.

PageGroup operates in this environment with a low risk appetite, seeking to mitigate its strategic risks, maintain a strong financial position and only taking the operational risks it has the experience and capability to manage.

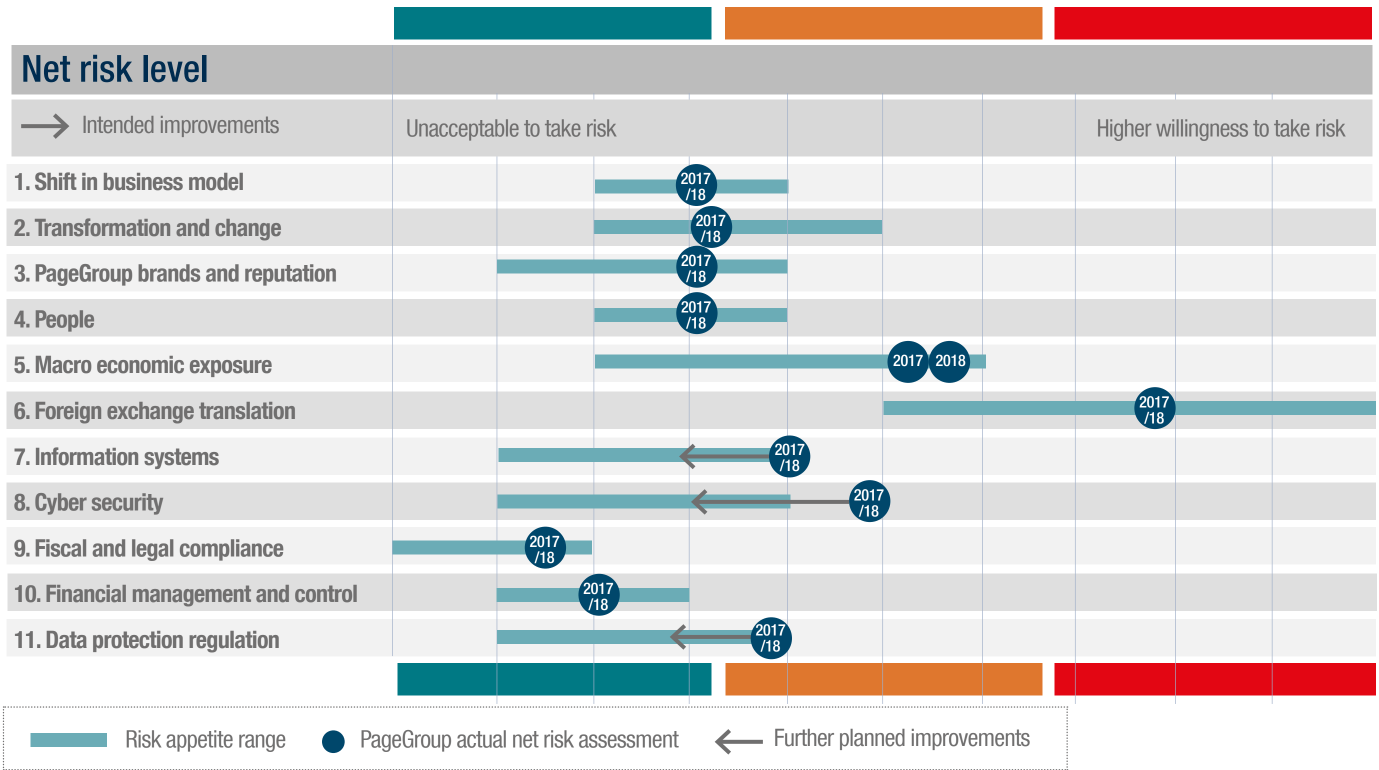
Our growth model is organic, rolling out the proven disciplines for brands to a wide geographic spread. We drive this by developing and promoting our people from within the business, ensuring consistency of model and business culture across the Group.

We continue to focus on the services we provide to our clients and candidates ensuring quality engagements in a manner that meets both their needs and expectations and our targets for process efficiency.

We maintain a strong sales driven, meritocratic culture with a commitment to operating in an ethical, legal and sustainable manner.

We will always operate a conservative financial position with a strong balance sheet, reflecting the degree of operational gearing inherent in the business.

This measured approach to taking risk ensures we are best placed for success globally.



Principal Risks and Uncertainties

Strategic Risks

Actions to mitigate risk

Shift in Business Model

The emergence of new platforms technology and providers offering HR solutions and consulting may lead to increased competition and pressure on margins, which may adversely affect the Group's results if it is unable to respond effectively.

- We actively monitor developments in new technologies and their use in the recruitment sector.
- As well as our ongoing day-to-day interaction with clients and candidates, we conduct formal surveys through our Exact Target programme which we have standardised across the Group to understand how candidate and client needs are developing.
- We continue to develop Page Outsourcing in response to Recruitment Process Outsourcing (RPO's) and the expansion of internal recruitment functions.
- We partner with the large media providers, such as LinkedIn and Facebook, to ensure that we use this form of media effectively to enhance our value to clients. All consultants are trained in utilising the benefits of social media in their day-to-day activity.
- Our revenue attribution model built using Google Analytics and AI provides data-driven ROI information addressing online and offline conversions and spend allocations.
- Our highly trained and often specialist consultants maintain an extensive qualified candidate database which we use to resource candidates for our clients at an overall cost that they cannot match.
- We have established an innovation infrastructure with Executive Board governance and regional innovations groups embedded globally. These teams continually generate ideas that are evaluated and those that pass our criteria are developed and piloted using an externally managed innovation lab.
- Our IT strategy and transformation initiative recognises the need for us to be able to act rapidly in rolling out enabling technologies.

Transformation and change

The Group continues to invest in new systems and processes. These support our capabilities to continue to deliver appropriate services to our clients and candidates in a cost effective flexible manner. This change process brings inherent risks of quality, cost and time.

Key programmes in the current process are our new Global Finance System, successfully delivered in the UK, US, Middle East and Africa and Asia Pacific regions and our new Global Operating System which will be rolled out, starting in 2019.

- We have established and resourced business change programmes for each of our major initiatives. Each has a dedicated management team working across all areas of the business to ensure effective planning implementation and decision making.
- We have a COO function that ensures effective governance of our programmes which are reviewed by our Executive Board on a regular basis to ensure delivery to plan.
- We support our programmes with third party systems implementation expertise.
- We have selected best-in-class software that has a global capability and can be rolled out to all our operating units.
- We have a Group Programme Management Office (PMO) that supports our programme management teams with policies and processes to deliver programme change activities.

PageGroup brands and services

The quality and relevance of service we provide to both clients and candidates, could have a significant impact on how our brand is viewed.

As the way clients and candidates source information changes, the awareness of the PageGroup brand and services of clients and candidates could deteriorate.

In the short-term, any event that could cause reputational damage is a risk to the Group, such as a failure to comply with legislation, or other regulatory requirements, or confidential data lost or stolen. Use of new social media network sites has increased the speed of communication and reach, increasing the impact of an incident.

- We have programmes that gain feedback actively from our clients and candidates. We utilise Exact Target, an event-based survey, and have developed an event-based approach of feedback gathering through the use of Qualtrix.
- We actively monitor media online through Brandwatch to identify where there are unusual references to the PageGroup, Michael Page, Page Personnel, Page Executive and Page Outsourcing trademarks.
- Our marketing strategy recognises the need to engage with candidates and clients using the latest media available in a way that reflects changing behaviours. We conduct ongoing surveys of clients and candidates to ensure that we understand their requirements and can adapt our processes and procedures accordingly.
- We have a programme of activity which ensures that we communicate effectively the Page brands, keeping awareness high among current and potential clients and candidates.
- We train our consultants to use new media effectively, making the channels available to them as part of their day-to-day activity.
- We have a comprehensive brand management policy which includes key areas such as social media, data protection and information security.
- We have in place a tested incident response process with clear escalation and activity guidelines to ensure any incidents are managed effectively.
- We are supported by external advisers who provide ongoing advice on the protection and management of our brand.

People

People attraction, development and retention

PageGroup needs to hire, train and retain a large number of appropriately skilled people across the Group to achieve our Vision.

The factors that motivate, encourage and enable individuals to perform to their best have and will continue to evolve with an emphasis on work-life balance, flexibility and the working environment.

Diversity is a key enabler to any successful business. A lack of diversity in our people will impact on the achievement of our objectives.

Our biggest challenge is to address attrition levels during the first year of training.

Actions to mitigate risk

- We continue to make significant investment in HR resources, adding a Group Talent Director and business partners in each Region. These all support our HR programmes, which are focused on addressing issues around attraction, development and retention.
- We are also addressing issues such as work-life balance, flexible working, benefits schemes and equality that are seen to have a positive impact on employees. Our programmes covering these areas have been rolled out across the Group. We conduct exit interviews to ensure that we are aware of any underlying issues that need to be addressed.
- We have invested more in online learning capabilities, with BOOST!, our Global training application rolled out across the Group.
- We have a talent, succession and development process that ensures a strong talent pipeline and addresses any gaps at senior management level.
- We have Group-wide initiatives that look to address the issues around achieving diversity. These are part of our wider PageGroup programmes which combined ensure we have an open environment where working practices suit and encourage diversity in all its aspects.
- We conduct employee surveys. This helps us to see how our people view working at PageGroup and provides feedback to address and focus on improving.

Financial Risks

Macro-economic exposure

Recruitment activity is driven largely by economic cycles and levels of business confidence. Businesses are less likely to need new hires and employees are less likely to move jobs when they do not have confidence in the market, thus leading to reduced recruitment activity.

The majority of the Group's revenue arises from fees that are contingent upon the successful placement of a candidate. If the client cancels the assignment at any stage in the process, the Group receives no remuneration.

The geopolitical tensions around trade tariffs between the US and China and the West's relationships with North Korea continue to drive uncertainty into the global economy.

In the UK, as Brexit nears, the level of uncertainty of the economic impact has increased.

Actions to mitigate risk

- We continue to diversify our business to mitigate this risk. Firstly in terms of geography, we have diversified away from our historical reliance on the UK. We now operate in 36 countries and with 83% of Group gross profit being generated outside of the UK. In the fourth quarter, France also overtook the UK to become the largest single market in the Group.
- We also look for opportunities to diversify through the brands and disciplines in which we operate. We have increased the number of disciplines we support, and continue to roll these out through our current office network. Overall we have also reduced our dependence on Accounting and Financial Services, with 65.3% of Group gross profit now being generated from disciplines outside of Accounting and Financial Services. We have established four brands to address the different levels of the recruitment market: the clerical professional sector; the qualified professional market; and the executive search sector.
- We have also diversified our offering through the mix of permanent and temporary recruitment that we offer to the market. Temporary recruitment now represents around a quarter of the Group, and we are seeing new temporary markets start to emerge in places such as Asia and Latin America, where historically one didn't exist due to cultural reasons. The temporary business tends to be more resilient in times of economic downturn.
- We have also diversified by focusing on the local, domestic markets in which we operate. When we first enter a market, our brand awareness is stronger with multinational clients. We have particularly grown our domestic businesses in markets such as Mainland China and Japan, giving us a more balanced portfolio, less sensitive to global macro economic trends.
- We continue to focus on our costs structure, ensuring that is variable to levels of demand. As well as our variable operational staffing costs, principally bonus payments, our move to an IT service based model, as well as our transition in to the Cloud, enhances this capability. Our regional Shared Service Centre approach to support activities gives us greater flexibility in resource reallocations.

Foreign exchange translation

The majority of the Group's operating profit is derived from operations outside of the UK, so material changes in the strength of Sterling against the Group's main functional currencies could have an adverse effect on the Group's reported Sterling profits in the financial statements. The main functional currencies in addition to Sterling are the Euro, Australian Dollar, Swiss Franc, Chinese Renminbi, Hong Kong Dollar and US Dollar.

- We do not hedge our exposure to foreign exchange translation risk, instead focusing on ensuring the market correctly adjusts for any impact.
- We repatriate profits and convert them to Sterling to fund returns to shareholders. Our Group Treasury function takes a proactive role in the management of our cash resources.
- We have a negligible amount of cross border trading activity so the impact on transactions is limited.

Principal Risks and Uncertainties

Operational Risks

Information Systems

Our systems are an integral part of our operations. A major loss of systems capability would have a high impact on our performance, impacting the quality of service we provide to clients and candidates and our financial performance.

Failure of our IT systems to adapt to levels of business activity could result in lost opportunities during periods of rapid expansion or excessive costs during periods of contraction.

The move to the delivery of IT as a flexible service increases our reliance on third party vendors for service delivery. Should one of these vendors fail we are at risk of a service disruption.

Our systems must be able to adapt to the evolving technologies around the Cloud to allow faster implementation of innovation or we could miss business opportunities.

Actions to mitigate risk

- Our core operating systems standards have been defined globally and under tight global governance are delivered regionally. We have standard platforms, procedures and processes, which gives us a greater degree of resilience.
- We have a standard disaster recovery plan appropriate for all regions with the option of transferring to a Cloud service for each of our services in the event of a disaster with our core systems. Our core finance systems are in the process of migrating onto a Cloud service. Our IT transformation programme includes the migration of core IT services to third party providers on a SAAS basis. Activity can quickly and economically be scaled up or down with business requirements.
- We select vendors through a robust vendor selection process that ensures those chosen have the ongoing capability to support our business requirements effectively. This is reviewed and managed on an ongoing basis through our Service Delivery Team. Our Central Procurement Team, in addition to supporting management in commercial negotiations, ensures that relationships with third party suppliers are appropriately defined and operationalised.
- We have invested in resource to support vendor and asset management. We have in place service delivery contracts with our key vendors which include levels of resilience appropriate to the nature of our business.
- Our Global Service Delivery model enables fast rollout of our piloted new services, which is possible as we have standardised our infrastructure and applications across the Group. Our Global Service Delivery model ensures these services operate effectively and achieve the benefits planned before they are deployed.

Cyber Security

Confidential, sensitive and personal data is held across the Group. Failure to secure and handle this data properly could expose the Group to loss of business, financial penalties and/or reputational damage.

Our flexible services IT model increases our reliance on third parties. As a consequence, we also have an increased reliance on the third parties' IT security to secure our confidential and sensitive data.

We operate in an external environment that is seeing an increase in, and sophistication of, cyber-attacks from organised crime and nation states. In addition, the increased use of social media and digital communications channels, as well as reliance on third parties, Cloud computing and mobile data facilities, increase our exposure.

- We have information security policies in place for the management of confidential, sensitive and personal data. Security risks are identified through a structured process of assessment and a programme of remediation activities is executed, with activities prioritised according to the associated level of business risk.
- We have a dedicated Global Information Security team that ensures our information remains protected. This includes ensuring appropriate multi-layered protection at network and system levels, and regular monitoring and third party testing of our capabilities. The Information Security team comprises Security Operations, Security Architecture and Information Security Management. The team deals with IT security matters, and works directly with suppliers and key business stakeholders to ensure everyone across the business protects the data of our Group, clients and candidates.
- We have technical security protections in place that mitigate the risks posed by the use of modern communications media, Cloud services and mobile devices. The threat landscape is under constant review to ensure our technology provides the right level of protection.
- Supplier contracts are negotiated and reviewed to ensure data protection and IT security obligations are included as a standard requirement.
- New IT projects and initiatives are reviewed for security risk, to ensure new technologies are adopted safely.
- Security vulnerabilities are assessed regularly and the remediation of identified risks and alerts is tracked to conclusion. Regular security assurance checks take place across all regions and penetration testing is undertaken by specialist third parties.
- The Board and Audit Committee reviews data security on a regular basis and receives updates on the status of our security programme.
- We run an employee security awareness programme which includes training and security simulations.

Operational Risks

Fiscal and legal compliance

The Group operates in a large number of legal jurisdictions that have varying legal, tax and compliance requirements. Any non-compliance with client contract requirements and legislation or regulatory requirements could have an adverse effect on the Group's brands or financial results.

Actions to mitigate risk

- The General Counsel & Company Secretary and local legal and compliance teams are advised by leading external advisers, as required, with regard to changes in legislation that affect the Group's business, including employment, legislation, tax and corporate governance.
- Our staff receive induction training and regular updates regarding the Group's policies and procedures and compliance with relevant legislation covering for example, discrimination legislation, anti-bribery and corruption, sanctions and pre-employment checks.
- The Group has central tax and treasury functions, which manage the Group's cash and tax compliance.
- The Group tax function regularly monitors transfer pricing requirements and developments to ensure that appropriate actions are being taken and appropriate documentation is being maintained to meet local reporting and compliance requirements.
- The Group holds all normal business insurance cover including employers' liability, public liability and professional indemnity insurance.
- Sales and procurement contracts include clauses to ensure the Group's rights are protected. All non-standard contracts are legally reviewed and where appropriate approved by senior management.
- The Group continues to invest in systems and processes to enable compliance with requirements as they evolve. For example we have established processes to effectively manage the health and safety requirements in the placement of temporary workers in Australia.

Financial management and control

Failure to maintain adequate financial and management processes and controls could lead to poor quality management decisions, resulting in the Group not achieving its financial targets or in errors in the Group's financial reporting.

- The Group has financial policies and procedures which are reviewed on a regular basis. Changes are approved by the Audit Committee.
- Regional and local finance teams ensure that Group reporting requirements adhere to these policies as well as ensuring local statutory requirements are met. The Group Finance function reviews submissions to ensure policies are adhered to.
- Monthly management information is produced that supports effective financial management.
- The Group operates regional shared service centres which, as well as driving efficiencies, enable more effective control of activities through common processes and segregation of control activities.
- The Finance structure mirrors and supports local, regional and Group management structures.
- There are compliance teams located in each region that support the local, regional and Group management in ensuring revenues are appropriately recognised.
- Internal Audit regularly review local and regional financial controls and report on the results to the Executive Board and the Audit Committee.

Data Protection Regulations

New European data protection legislation came into force in May 2018. This increased data governance and management requirements significantly, as well as increasing the potential penalties for non-compliance or data breaches.

Legislation was also introduced in June 2017 in the People's Republic of China, which requires data of Chinese citizens to be held and processed in Mainland China.

- A GDPR Steering Committee was created with responsibility for ensuring the business has in place appropriate processes to ensure compliance with the requirements of GDPR. This Committee will continue to monitor events and further developments in practice to ensure we effectively maintain compliance.
- A Data Protection Office has been created with resources at Group and regional levels to ensure that processes continue to deliver compliance.
- Regional Steering Teams have been established to ensure ongoing compliance as legislation in different regions evolves. Our other policies and processes, such as crisis management, change management, contracts, third party service providers and HR and payroll policies have all been updated to reflect the additional requirements from data protection legislation.

The Board's view of direction of travel of gross risk: Similar to prior year | Lower than prior year | Increased since prior year

Principal Risks and Uncertainties

Going Concern

In adopting the going concern basis for preparing the financial statements for accounting purposes under International Accounting Standard 1 "Presentation of Financial Statements", the Directors have considered the business activities of the Group as well as the principal risks and uncertainties as set out on pages 31 to 34. Based on the Group's level of cash, the level of borrowing facilities available, the geographical and discipline diversification, the limited concentration risk, as well as the ability to manage the cost base, the Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of approval of these accounts. As a result, the going concern basis continues to be appropriate in preparing the financial statements.

Viability Statement

Assessing the prospects of the Company

Our strategy and the key risks we face are described on pages 7 to 14 and 31 to 34. A full business forecasting process is performed on a quarterly basis, with a full budget for the following year created during October and November, being presented to the Board in December. The Board reviews the Group's strategy and approves an annual Group budget. Performance is then monitored by the Board through the review of monthly reports showing comparisons of results against budget, quarterly forecasts and the prior year, with explanations provided for significant variances. Discussion around strategy is undertaken by the Board in its normal course of business, as well as at an annual dedicated strategy day.

We also prepare longer-term projections which drive our Strategic Vision. These are typically three years. Our Strategic Vision provides a clear vision for the Group, aligns the Group to one clear culture, provides clarity on investment priorities, branding, belief in achievable goals, and clarity on the goals for our financial vision.

The period over which we confirm longer-term viability

Within the context of the above, in accordance with provision C.2.2 of the 2016 revision of the UK Corporate Governance Code, the Board has assessed the viability of the Group.

Given the inherent uncertainty involved, the period over which the Directors consider it possible to form a reasonable expectation as to the Group's longer term viability is the three year period to 31 December 2021. This period has been selected as it is short enough to present the Board and, therefore, users of the Annual Report with a reasonable degree of confidence, while still providing an appropriate longer-term outlook. While the Board has no reason to believe the Group will not be viable over a longer period, the Board has taken into account the short-term visibility inherent in a recruitment business with a permanent recruitment bias.

Stress testing

The forecasting and budgeting process is also supported by scenarios that encompass a broad range of potential outcomes. These scenarios are designed to explore the resilience of the Group to the potential impact of the significant risks as set out on pages 31 to 34, or a combination of those risks. We considered cyber incidents, disintermediation by way of innovation, changes in technology, movements in foreign exchange rates, and a global downturn. We have assumed that, as in the past, as downside risks materialise our headcount will flex through natural attrition in line with the drop in gross profit, such that the impact on operating profit is partially mitigated.

The scenarios were designed to be severe, but plausible and were modelled individually and in combination. In each case, the Group remained viable throughout. However, it is considered extremely unlikely that this combination of events would ever occur. Controls are also in place, where possible, to mitigate the impact of these scenarios and these are described on pages 31 to 34.

Various events may also alert the Main and Executive Boards to a potential threat to viability for example, a drop in GDP in a particular country may lead to a reduction in gross profit growth rates.

We consider that this stress testing based assessment of the Group's prospects is reasonable in the circumstances given the inherent uncertainty involved.

Confirmation of longer-term viability

The Directors confirm that their assessment of the principal risks and uncertainties facing the Group was robust.

Based upon the robust assessment of the principal risks and uncertainties facing the Company and the stress testing based assessment of the Company's prospects, all of which are described above, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period to 31 December 2021. However, we operate in an environment of limited visibility, dependent upon confidence in the global marketplace. Further weakness in the macro-economic outlook may cause us to adapt our strategy during the three-year period in response, leading to a re-evaluation of additional risks involved which might impact the business model.

Review of the Year

Financial summary	2018	2017	Change	Change CC*
Revenue	**£1,549.9m**	£1,371.5m	+13.0%	+14.0%
Gross profit	**£814.9m**	£711.6m	+14.5%	+15.9%
Operating profit	**£142.5m**	£118.3m	+20.4%	+20.7%
Profit before tax	**£142.3m**	£118.2m	+20.4%	
Basic earnings per share	**32.5p**	26.5p	+22.6%	
Diluted earnings per share	**32.4p**	26.4p	+22.7%	
Total dividend per share (excl. special dividend)	**13.10p**	12.50p	+4.8%	
Total dividend per share (incl. special dividend)	**25.83p**	25.23p		

*At constant currency – all growth rates in constant currency at prior year rates unless otherwise stated

At constant exchange rates, the Group's revenue increased 14.0% and gross profit increased 15.9% for the year ended 31 December 2018. At reported rates, revenue increased 13.0% to £1,549.9m (2017: £1,371.5m) and gross profit increased 14.5% to £814.9m (2017: £711.6m).

The Group's revenue mix between temporary and permanent placements was 59:41 (2017: 60:40) and for gross profit our permanent to temporary ratio was 76:24 (2017: 75:25). Revenue from temporary placements comprises the salaries of those placed, together with the margin charged. This margin on temporary placements decreased slightly to 21.0% in 2018 (2017: 21.2%). Overall, pricing remained relatively stable across all regions, although a stronger pricing environment was experienced in markets and disciplines where there were increased instances of candidate shortages.

Our Large, High Potential markets' category increased gross profit by 25% in constant currencies and achieved a record gross profit of £270.3m. All five markets included within this category achieved record gross profit.

Total Group headcount increased by 743 in the year, up 10.6% to a record 7,772. This comprised a net increase of 619 fee earners (+11.3%) and an increase of 124 operational support staff (+8.1%), reflecting the continued strong focus on operational efficiency. The ratio of net additions in the year was 83 fee earners to 17 operational support staff. As a result, our fee earner to operational support staff ratio improved to a new record level of 79:21. In total, administrative expenses increased 13.3% to £672.4m (2017: £593.2m). The Group's operating profit from trading activities totalled £142.5m (2017: £118.3m), an increase of 20.7% at constant rates and 20.4% in reported rates.

The Group's conversion rate of gross profit to operating profit from trading activities increased to 17.5% (2017: 16.6%). This reflected a combination of steadily improving conditions in a number of markets, as well as the benefits from our recent investment to drive operational efficiencies. These were offset in part by more challenging conditions in markets such as the UK, as well as our continued investment in fee earner headcount.

Regional reviews

Gross profit		Reported			CC
Year-on-year	**% of Group**	**2018 (£m)**	**2017 (£m)**	**%**	**%**
EMEA	48%	394.3	332.3	+18.7%	+17.9%
Asia Pacific	20%	161.2	137.2	+17.5%	+20.6%
UK	17%	138.4	140.8	-1.7%	-1.7%
Americas	15%	121.0	101.3	+19.4%	+27.2%
Total	**100%**	**814.9**	**711.6**	**+14.5%**	**+15.9%**
Permanent	76%	621.7	536.0	+16.0%	+17.7%
Temporary	24%	193.2	175.6	+10.0%	+10.4%

Review of the Year

Europe, Middle East and Africa (EMEA)

EMEA	Gross profit (£m)		Growth rates	
(48% of Group in 2018)	**2018**	2017	Reported	CC
Gross profit	**394.3**	332.3	+18.7%	+17.9%
Operating profit	**85.6**	69.7	+22.8%	+21.9%
Conversion rate (%)	**21.7%**	21.0%		

Market presence

EMEA is the Group's largest region, contributing 48% of the Group's gross profit in the year. With operations in 17 countries, PageGroup has a strong presence in the majority of EMEA markets, and is the clear leader in specialist permanent recruitment in the two largest, France and Germany. Across the region, permanent placements accounted for 70% and temporary placements 30% of gross profit.

The region includes four of our Large, Proven markets, France, Spain, Italy and the Netherlands, across which there is a broad range of competition. EMEA also includes Germany, one of the Group's Large, High Potential markets, which has low penetration rates (markets where less than 30% of recruitment is outsourced) and significant growth potential, particularly in temporary recruitment. In addition, there are a number of markets such as Poland, Turkey and Africa, which are less developed, with limited competition, but are increasingly looking for professional recruitment services. The Middle East, where PageGroup is the largest international recruiter, has one of the Group's highest conversion rates.

Performance

In 2018, the EMEA region saw strong market conditions, with 11 countries delivering record gross profit for the year. In constant currency, revenue increased 17.1% on 2017 and gross profit increased by 17.9%. In reported rates, revenue in the region was up 18.0% to £797.4m (2017: £676.0m), and gross profit increased 18.7% to £394.3m (2017: £332.3m). The region benefited from favourable foreign exchange movements which increased revenue and gross profit by £6m and £2m, respectively.

Our largest businesses in the region, France and Germany, together representing nearly half of the region by gross profit, grew 16% and 29% respectively, for the full year in constant currencies. Michael Page Interim in Germany, where we continue to invest heavily in temporary and contracting recruitment, grew 42%. Elsewhere we saw strong growth in Benelux of +19%, Italy +23% and Spain +8%, despite challenging trading conditions in Catalonia.

The Middle East and Africa, which represented 4% of the region, saw a notable improvement compared to the prior year, with growth of 17% (2017: -1%).

The 22.8% increase in operating profit for 2018 to £85.6m (2017: £69.7m) and the increase in the conversion rate to 21.7% (2017: 21.0%) were the result of the benefit of operational gearing coming through, partially offset by significant investments in our Interim and contracting businesses, such as Germany, which have driven gross profit growth, but in the short-term impacted our conversion rate.

Headcount across the region increased by 303 (+10.1%) to 3,299 at the end of 2018 (2017: 2,996). The majority of this increase was fee earners, as the business added headcount where growth opportunities were strongest, predominately in France and Germany.

United Kingdom

UK	Gross profit (£m)		Growth rate
(17% of Group in 2018)	**2018**	2017	
Gross profit	**138.4**	140.8	-1.7%
Operating profit	**13.4**	16.0	-16.2%
Conversion rate (%)	**9.7%**	11.4%	

Market presence

The UK represented 17% of the Group's gross profit in 2018, operating from 27 offices covering all major cities. It is a mature, highly competitive and sophisticated market with the majority of vacant positions being outsourced to recruitment firms. PageGroup has a market leading presence in permanent recruitment across the UK and a growing presence in temporary recruitment. In the UK, permanent placements accounted for 69% and temporary placements 31% of gross profit.

The UK business operates under the four brands of Michael Page, Page Personnel, Page Executive and Page Outsourcing, with representation in 13 specialist disciplines via the Michael Page brand. There remains opportunity to roll-out new discipline businesses under the lower salary level Page Personnel brand, which now represents 25% of UK gross profit.

Performance

In the UK, revenue increased 0.2% to £313.5m (2017: £312.9m), whereas gross profit declined 1.7% to £138.4m (2017: £140.8m), reflecting continued economic uncertainty.

The UK experienced challenging market conditions throughout the year due to continued Brexit uncertainty impacting candidate and client confidence. Page Personnel, which represents a quarter of the UK, grew 8% and delivered a record year. Michael Page, which is focused on more senior opportunities and was impacted to a greater extent by the uncertainty, declined -4%. These challenging market conditions resulted in a decline in operating profit of 16.2% to £13.4m (2017: £16.0m) and a reduction in the conversion rate to 9.7% (2017: 11.4%).

Headcount marginally increased to 1,436 at the end of December 2018 (2017: 1,407). The additions were in operational support, to deliver the Group's operational support strategic transformation programmes, with our fee earner headcount broadly flat in the year. With a relatively high staff turnover of newer, less experienced consultants, we will continue to monitor activity and will, if needed, use that turnover to lower headcount, and therefore costs, by natural attrition.

Asia Pacific

Asia Pacific	Gross profit (£m)		Growth rates	
(20% of Group in 2018)	**2018**	2017	Reported	CC
Gross profit	**161.2**	137.2	+17.5%	+20.6%
Operating profit	**26.8**	23.5	+13.8%	+16.6%
Conversion rate (%)	**16.6%**	17.1%		

Market presence

Asia Pacific represented 20% of the Group's gross profit in 2018, with 75% of the region being Asia and 25% Australasia. Other than in the financial centres of Hong Kong, Singapore and Tokyo, the Asian market is generally highly under-developed, and offers attractive opportunities in both international and domestic markets at good conversion rates. Two of our Large, High Potential Markets, Greater China and South East Asia, are in this region. With a highly experienced management team, over 1,300 staff and limited competition, the size of the opportunity in Asia is significant. Across Asia, driven by cultural attitudes towards white collar temporary recruitment, permanent placements accounted for 95% and temporary placements 5% of gross profit.

Australasia is a mature, well-developed and highly competitive recruitment market. PageGroup has a meaningful presence in permanent recruitment in the majority of the professional disciplines and major cities in Australia and New Zealand. Page Personnel has a growing presence and significant potential to expand and grow market share.

Performance

In Asia Pacific, in constant currencies, revenue increased 16.6% and gross profit increased by 20.6%. In reported rates, revenue increased 12.9% to £266.7m (2017: £236.3m), while gross profit rose 17.5% to £161.2m (2017: £137.2m). The region was adversely impacted by foreign exchange movements, which reduced reported revenue and gross profit by £9m and £4m, respectively.

Asia, representing 15% of the Group, delivered gross profit growth of 23%.

Greater China delivered a record year, up 19% (2017: +14%) with strong growth throughout. In Hong Kong, where we have a large number of multinational clients, we saw an improvement in market conditions and delivered growth of 23%. However, Mainland China experienced more challenging trading conditions in the fourth quarter, driven by trade tariff uncertainty. South East Asia was up 23% on the prior year, with a strong performance in Singapore, up 29%. We also opened in Vietnam during the year, giving us our fifth country in South East Asia. India, where we now have over 120 fee earners, delivered a record year with growth of 49%. Japan, where we invested heavily in fee earners, saw growth of 30% and delivered a record year. In Australia, following our investment in fee earners and a new office in Canberra, we delivered growth of 14%.

Operating profit rose 13.8% to £26.8m (2017: £23.5m), with the conversion rate marginally down at 16.6% (2017: 17.1%), due to our fee earner investment in the region. Headcount across the region rose by 177 (11.6%) in the year, ending the year at 1,709 (2017: 1,532). The majority of these headcount additions were in Asia, particularly Greater China, India and Japan.

The Americas

Americas	Gross profit (£m)		Growth rates	
(15% of Group in 2018)	**2018**	2017	Reported	CC
Gross profit	**121.0**	101.3	+19.4%	+27.2%
Operating profit	**16.7**	9.2	+82.7%	+87.3%
Conversion rate (%)	**13.8%**	9.0%		

Market presence

The Americas represented 15% of the Group's gross profit in 2018, being North America (58% of the region) and Latin America (42% of the region). The US and Latin America are two of the Large, High Potential Markets in our growth strategy. The US, where we have eight offices, has a well-developed recruitment industry, but in many disciplines, especially technical, there is limited national competition of any scale. PageGroup's breadth of professional specialisms and geographic reach is uncommon and provides a competitive advantage. Latin America is a very under-developed region, where PageGroup enjoys the market leading position with over 800 employees in six countries and 13 offices. There are few international competitors and none with regional scale. Across Latin America, permanent placements accounted for 93% of gross profit and temporary placements 7%.

Performance

In constant currencies, revenue increased by 25.5% and gross profit increased by 27.2%. In reported rates, revenue increased by 17.7% to £172.3m (2017: £146.3m) while gross profit improved 19.4% to £121.0m (2017: £101.3m). During the year, the region was impacted by adverse foreign exchange movements that decreased revenue and gross profit by £11m and £8m, respectively.

In North America, our gross profit increased by 25% in constant currencies with both the US and Canada delivering record years. In the US, which grew 25%, our strategy of diversification continued, with particularly strong performances from our regional offices of Boston, Chicago, Houston and Los Angeles. We increased our US fee earner headcount by 15% compared to last year, as we continued to invest in this Large, High Potential market.

In Latin America, gross profit was up 30% year-on-year in constant currencies. We added nearly 150 fee earners in the year, an increase of 30%, as we continued to invest in this Large, High Potential market. Our business in Brazil delivered growth of 20%, with Mexico, our largest country in Latin America, delivering a record year, with growth of 33%. Elsewhere, the other four countries in the region, with a fee earner headcount of over 250, saw growth of 36% collectively, and all delivered record years.

Operating profit increased 82.7% to £16.7m (2017: £9.2m), with a conversion rate of 13.8% (2017: 9.0%). Headcount increased by 234 (+21.4%) in 2018 to 1,328 (2017: 1,094).

Review of the Year

Operating profit and conversion rates

The Group's organic growth model and profit-based team bonus ensures cost control remains tight. Approximately three-quarters of costs were employee related, including wages, bonuses, share-based long-term incentives, and training & relocation costs.

The combination of gross profit growth and the ongoing focus on cost control resulted in operating profit of £142.5m (2017: £118.3m), an increase of 20.4% in reported rates and 20.7% in constant currencies.

Depreciation and amortisation for the year totalled £19.7m (2017: £19.1m). This included amortisation relating to our operating system, PRS, of £6.9m (2017: £8.1m).

We have completed our transition to a Shared Service Centre delivery model, and also now have around half of the Group, by fee earners, live on our new Global Finance System. We are continuing with the transition of our Business Technology function to a global model, closing data centres and transitioning to the Cloud. These strategic investments have driven an improvement in both our fee earner to operational support staff ratio and our conversion rate.

Our fee earner to operational support staff ratio improved to a record level of 79:21, with our ongoing focus on conversion rates and maximising productivity from the investment of 786 fee earners added in 2017, as well as the further 619 added in 2018. Net additions in the year were at a ratio of 83 fee earners to 17 operational support staff.

The Group's conversion rate for the year of 17.5% was an improvement from 16.6% in 2017. This was achieved alongside the Group's investment programme, which was focused in particular on our Large, High Potential markets, and despite the tough market conditions faced in some of the Group's markets such as the UK, as well as our operational support programmes.

In EMEA, conversion increased from 21.0% to 21.7%. This was driven by the benefits of operational gearing coming through. In the UK, the conversion rate fell from 11.4% to 9.7%, in line with the tough trading conditions. In Asia Pacific, conversion fell slightly to 16.6% (2017: 17.1%), due to our high level of fee earner investment in the region. The Americas' conversion rate increased from 9.0% to 13.8% in line with our increased growth rate throughout the region.

The Group was adversely impacted by movements in foreign exchange rates, as Sterling strengthened marginally against a number of currencies in which the Group operates. The strengthening of Sterling decreased the Group's revenue and gross profit by £14m and £10m respectively, with a negligible impact on operating profit.

A net interest charge of £0.2m reflected the continuing low interest rate environment. Interest of £0.6m was received on cash balances held through the year, offset by financial charges relating to the Group's invoice discounting facility and overdrafts used to support local operations of £0.8m.

Earnings per share and dividends

In 2018, basic earnings per share increased 22.6% to 32.5p (2017: 26.5p), reflecting the improved business performance. Diluted earnings per share, which takes into account the dilutive effect of share options, was up 22.7% to 32.4p (2017: 26.4p).

The Group's strategy is to operate a policy of financing the activities and development of the Group from our retained earnings and to maintain a strong balance sheet position. We first use our cash to satisfy our operational and investment requirements and to hedge our liabilities under the Group's share plans. We then review our liquidity over and above this requirement to make returns to shareholders, firstly by way of ordinary dividend.

Our policy is to grow this ordinary dividend over the course of the economic cycle, in line with our long-term growth rate. We believe this enables us to sustain the level of ordinary dividend payments during a downturn as well as to increase it during more prosperous times.

Cash generated in excess of these first two priorities will be returned to shareholders through supplementary returns, using special dividends or share buybacks.

In line with the improved growth rates and increase in operating profits, a final dividend of 9.00p (2017: 8.60p) per ordinary share is proposed. When taken together with the interim dividend of 4.10p (2017: 3.90p) per ordinary share, this would imply an increase in the total dividend for the year of 4.8% over 2017 to 13.1p per ordinary share.

The proposed final dividend, which amounts to £29.2m, will be paid on 17 June 2019 to shareholders on the register as at 17 May 2019, subject to shareholder approval at the Annual General Meeting on 24 May 2019.

After consultation with our shareholders, we also paid a special dividend of 12.73p per share (2017: 12.73p per share) on 10 October 2018, totalling £40.8m (2017: £40.1m). We will continue to monitor our cash position in 2019 and will make returns to shareholders in line with the above policy.

Cash flow and balance sheet

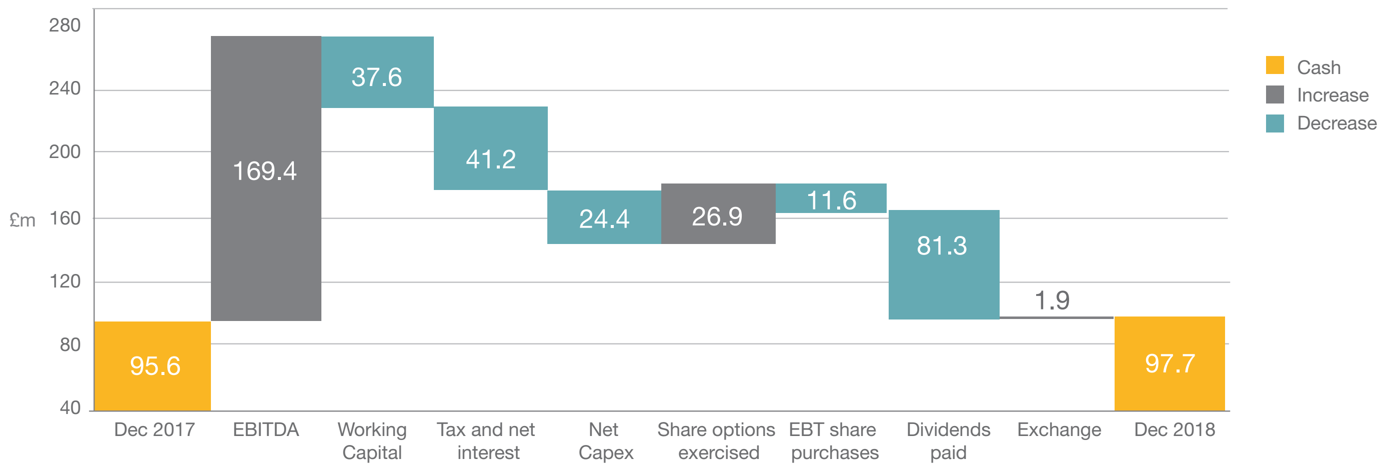
Cash flow in the year was strong, with £131.7m (2017: £124.5m) generated from operations. The closing net cash balance was £97.7m at 31 December 2018, broadly in line with the prior year. The movements in the Group's cash flow in 2018 reflected the underlying trading conditions, with a £37.6m increase in working capital.

The Group had a £50m invoice financing arrangement and £21m uncommitted overdraft facilities to support cash flows across its operations and ensure rapid access to funds should they be required. None of these were in use at the year end.

Income tax paid in the year was £41.0m (2017: £38.2m) and net capital expenditure in 2018 was £24.4m (2017: £16.2m). Spending on software increased from 2017 as we continued the roll-out of our new Global Finance System. Spending on property, plant and equipment increased, mainly due to the increase in our fee earner and operational support headcount.

Dividend payments were up on the prior year at £81.3m (2017: £78.3m), as a result of the increased ordinary and special dividends paid in 2018. There was also a significant increase in cash receipts from share option exercises. In 2018, £26.9m was received by the Group from the exercise of options compared to £12.7m received in 2017, driven by the higher share price. In 2018, £11.6m was also spent on the purchase of shares by the Employee Benefit Trust to satisfy future obligations under our employee share plans. No such purchase was made in 2017.

Cash flow waterfall 2018



The most significant item in our balance sheet was trade receivables, which amounted to £288.2m at 31 December 2018 (2017: £245.4m), comprising permanent fees invoiced and salaries and fees invoiced in the temporary placement business, but not yet paid. Day's sales in debtors at 31 December 2018 were 54 days (2017: 53 days).

Foreign exchange

Foreign exchange had an adverse impact on our reported results for the year, decreasing gross profit by £10m, administrative expenses by £10m and therefore no impact on operating profit. This impact was mainly within the Americas and Asia Pacific regions, partially offset by a favourable impact in EMEA.

Taxation

The tax charge for the year was £38.6m (2017: £35.1m). This represented an effective tax rate of 27.1% (2017: 29.7%). The rate is higher than the effective UK rate for the calendar year of 19% (2017: 19.25%) principally due to the impact of higher tax rates in overseas countries and to a lesser extent disallowable expenditure. There are some countries in which the tax rate is lower than the UK, but the impact is very small either because the countries are not significant contributors to Group profit or the tax rate difference is not significant.

The effective rate in 2017 was impacted principally by the US tax reform which reduced the headline rate of tax from 35% to 21% from 1 January 2018. This resulted in a write down of US deferred tax assets which, together with other adjustments in the US, increased the tax charge by 2.4%. In 2018, the tax rate was impacted primarily by tax on share based payments (1.2% decrease) and the recognition/derecognition of losses (0.6% increase).

The tax charge for the year reflects the Group's tax strategy, which is aligned to business goals. It is PageGroup's policy to pay its fair share of taxes in the countries in which it operates and deal with its tax affairs in a straightforward, open and honest manner. The Group's tax strategy is set out in detail on our website in the Investor section under "Responsibilities".

Share options and share repurchases

At the beginning of 2018 the Group had 15.5m share options outstanding, of which 8.6m had vested, but had not been exercised. During the year, options were granted over 1.7m shares under the Group's share option plans. Options were exercised over 6.1m shares, generating £26.9m in cash, and options lapsed over 0.5m shares. At the end of 2018, options remained outstanding over 10.6m shares, of which 4.3m had vested, but had not been exercised. During 2018, 2.2m shares were purchased for the Group's Employee Benefit Trust, and no shares were cancelled (2017: no shares were purchased or cancelled).

Approved by the Board on 5 March 2019 and signed on its behalf by:

Kelvin Stagg

Chief Financial Officer

Chairman's Introduction to Corporate Governance

David Lowden, Chairman

Dear Shareholder,

I am pleased to present the Company's Corporate Governance Report for the financial year ended 31 December 2018. Your Board believes that sound governance, embedded throughout the Group, is fundamental to the long-term sustainability of the business. It remains committed to the highest standards of corporate governance and throughout the year under review it has continued to focus on fostering an effective governance framework. This framework underpins the Board's ability to set the overall strategic direction of PageGroup. It also supports its core values, policies and procedures, which in turn, creates a culture in which our business and employees can act effectively and with integrity, while driving profitable growth. 2018 has been a significant year in terms of the development of corporate governance standards, and as a Board we have considered and welcome the changes set out in the new Corporate Governance Code. The following pages of this Corporate Governance Report set out how the Company has complied with the UK Corporate Governance Code 2016, the work and activities of each Board Committee and the annual evaluation process.

Having a Board that can draw upon a wide range of experience to discharge its responsibilities is also a pre-requisite for any company's success. The Board is confident that it has built a strong and well balanced team, able to assess the current environment in which the Group operates, but also able to consider and address future challenges.

The Board made key additions to its membership by appointing Sylvia Metayer and Angela Seymour-Jackson as Non-Executive Directors in the second half of 2017. Throughout 2018 both have added additional strength and depth to the Board's deliberations. Sylvia's extensive experience in finance and general management has proven invaluable to the Board. Angela's knowledge of service focused organisations and her financial service sector experience, in both an executive and non-executive capacity, has been a material addition to the work of the Board and the Remuneration Committee, which she chairs.

Danuta Gray decided not to offer herself for re-election at the Annual General Meeting on 7 June 2018 and I would like to thank her for her contribution to the Company.

I hope you find our Corporate Governance Report informative. I will be available at the 2019 Annual General Meeting to respond to any questions you may have on this Report.

David Lowden

Chairman

5 March 2019

Our Corporate Governance Framework

The Board

The Board's role is to provide entrepreneurial leadership of the Group within a framework of prudent and effective controls which enable risk to be assessed and managed. It has a formal schedule of matters reserved for its decision. More details on pages 47 to 50

Chief Executive Officer (CEO)

Key responsibility is to develop and deliver the Group's strategy within the policies and values established by the Board.

Executive Board

The Executive Board is chaired by the CEO and includes the CFO. The Executive Board is responsible for overseeing operations in our regions and for overseeing business operational functions Group-wide.

Details on page 46

Chief Financial Officer (CFO)

Responsible for managing the financial risks, reporting and planning of the Group.

General Counsel & Company Secretary

Responsible for ensuring the Board complies with all legal, regulatory and governance requirements.

Nomination Committee

Responsible for ensuring that the Company has the executive and non-executive Board leadership it requires.

Details on page 51

Audit Committee

Responsible for the integrity of the Company's financial statements and performance, ensuring the necessary internal controls and risk management systems are in place and effective.

Details on page 53

Remuneration Committee

Responsible for the review, recommendation and implementation of the Group's remuneration strategy, its framework and cost.

Details on page 61

Our Board of Directors

David Lowden, Chairman

Date of Appointment:

Director
August 2012

Chairman
December 2015

Past Roles: David was a member of the Board of Taylor Nielson Sofres plc, the marketing services business, from 1999 to 2009, becoming Chief Executive Officer in 2006. Before joining Taylor Nielson Sofres plc David held senior financial positions in Asprey plc, A.C. Nielsen Corporation and Federal Express Corporation. David was also Senior Independent Director and Chairman of the Remuneration Committee of Berensden plc from March 2010 until September 2017. From April 2011 to March 2019 he was a Non-Executive Director and Chairman of the Audit and Risk Committee of William Hill plc.

Other Current Appointments: Non-Executive Director of Huntsworth plc with effect from 1 January 2019 and Chairman of the Board of Huntsworth plc and Nomination Committee with effect from 6 March 2019. Senior Independent Director from 1 January 2019 of Morgan Sindall Group plc.

Board Committees: Nomination (Chairman)

Skills and Experience:

- Extensive experience in both general management and financial management
- Many years of operating within international businesses with cultural diversity
- Strong strategic understanding
- Proven ability for delivering shareholder value
- Strong financial, marketing and commercial skills
- Experienced non-executive in several sectors

Contribution: The Company's long-term sustainability is safeguarded by having an effective chair of the Board and David Lowden successfully fulfils this role. His experience is significant having held senior non-executive and chair positions across a range of listed companies. The Board draws upon his experience and guidance regularly and his deep understanding of the business enables him to ensure the needs of the business are met across the range of strategic and governance matters affecting the Company.

Steve Ingham, Chief Executive Officer, Executive Director

Date of Appointment:

Plc Board
February 2001

Chief Executive Officer
April 2006

Past Roles: Steve joined Michael Page in 1987 as a consultant with Michael Page Marketing and Sales. He was responsible for setting up the London Marketing and Sales business and was promoted to Operating Director in 1990. Having launched several new discipline businesses, he was appointed Managing Director of Michael Page Marketing and Sales in 1994. Subsequently Steve took additional responsibility for several businesses. He was promoted to the Board as Executive Director of UK Operations in February 2001 and subsequently to Managing Director of UK Operations in May 2005. Steve was appointed Chief Executive Officer in April 2006.

Prior to joining PageGroup Steve spent four years at Johnson Matthey in Sales and Marketing as a qualified metallurgist.

Other Current Appointments: Non-Executive Director, Debenhams plc. Member of the Corporate Partnership Board, Great Ormond Street Hospital.

Board Committees: None

Skills and Experience:

- Over 30 years' service with the Group and recruitment industry
- 13 years as a CEO of a FTSE 250 public company, with strong IR skills, delivering shareholder value
- Strong entrepreneurial and strategic skills having initiated and grown many new global businesses
- Extensive experience in business development and account management
- Significant international experience including the emerging markets of SE Asia, China, Latin America and India
- Leadership of a global people business having seen PageGroup grow from 200 to over 7,000 employees
- Taken the Group through a restructure to ensure total global consistency of all operational support functions
- Experience in other sectors and industries having worked on the Boards of a major charity and retailer
- Awarded the Institute of Recruitment Professionals Lifetime Achievement Award in 2017

Contribution: Steve Ingham's contribution is necessary to enable the Company to deliver its strategy to shareholders and its wider stakeholders. He has unparalleled understanding of the business, culture and future goals of the Company. These skills are gained by his extensive experience of working within the industry and for the organisation itself. He has 30 years' experience of the Company and the recruitment sector and has a strong record of delivering sustainable success for the Company over the last decade.

Our Board of Directors

Kelvin Stagg, Chief Financial Officer, Executive Director

Date of Appointment: June 2014

Past Roles: Kelvin joined PageGroup plc in July 2006 as Group Financial Controller and Company Secretary. He was appointed Acting Chief Financial Officer in October 2013. He held the title of Company Secretary until December 2013. In June 2014 Kelvin was appointed Chief Financial Officer. Prior to joining the Group, Kelvin spent six years at Allied Domecq and three years at Unilever in a variety of finance functions. He has significant international experience and has high levels of compliance, change management, large teams and systems experience, across almost every finance discipline. He is a Chartered Management Accountant.

Other Current Appointments: None

Board Committees: None

Skills and Experience:

- More than ten years in the Group with a detailed knowledge of the Group's operations
- Extensive experience in finance, audit and risk management
- Significant international experience including roles in the UK, Continental Europe and Asia
- High levels of compliance, change management, large teams and systems experience, across almost every finance discipline
- Strong network of finance professionals

Contribution: Kelvin Stagg is integral to the Company's long-term success as he manages the financial risks, reporting and planning of the business, contributes to the Company's strategy and oversees global delivery of all support services to the business including implementation of all large scale projects. He has extensive experience of managing multi-discipline areas and having been employed for over 12 years at the Company, he understands the operation of the business at all levels.

Simon Boddie, Independent Non-Executive Director

Date of Appointment: September 2012

Past Roles: Simon qualified as a Chartered Accountant with Price Waterhouse. He was Group Finance Director of Electrocomponents plc from 2005 until 2015. Prior to that Simon held a variety of senior finance positions with Diageo over a 13-year career, latterly Finance Director of Key Markets.

Other Current Appointments: Chief Financial Officer, Coats Group plc.

Board Committees: Audit (Chairman), Nomination, Remuneration

Skills and Experience:

- CFO of FTSE 250 public company for over ten years
- Extensive experience in financial, audit and risk management
- Many years of operating within international businesses with cultural diversity
- Emerging markets experience
- Strong strategic and commercial understanding
- Broad industry experience, including consumer goods, distribution and manufacturing
- Proven ability for delivering shareholder value

Contribution: Simon Boddie's contribution to the Board and the Audit Committee can be summarised by reference to his thorough understanding of financial matters facing large listed global entities. For over 10 years he has held executive director positions in global FTSE 250 businesses as a Chief Financial Officer and, as such, is ideally placed to ensure scrutiny and rigour in respect of financial reporting and internal and external controls.

Michelle Healy, Independent Non-Executive Director

Date of Appointment: October 2016

Past Roles: Before joining Kerry Group plc, Michelle was Group People & Culture Officer for ISS World Services A/S. Prior to this she has held a number of senior executive roles including Director, Group Integrated Change Programme at SABMiller plc and General Manager UK & Ireland for British American Tobacco plc, having previously undertaken a number of senior HR roles within the Group. Michelle's executive career spans four global listed companies and she has lived and worked in nine countries across Europe and Asia.

Other Current Appointments: Chief Human Resources Officer, Kerry Group plc

Board Committees: Audit, Nomination, Remuneration

Skills and Experience:

- Extensive experience in global human resources leadership
- Extensive experience in leading and delivering organisational change and transformation
- Breadth and depth of leadership experience in global listed businesses in service, consumer and business to business
- Strong strategic understanding
- Extensive experience in general management

Contribution: The Company's long-term success is highly influenced by ensuring it has a well thought through human capital strategy. It recognises its people are at the heart of everything it does, particularly as an organically grown business. Michelle Healy offers the Board deep insight into its approach in this respect. She has held a number of senior HR leadership roles while also having run businesses at an operational level.

Patrick De Smedt, Senior Independent Director

Date of Appointment: August 2015

Past Roles: Patrick spent 23 years at Microsoft during which time he founded the Benelux subsidiaries, led the development of its Western European business and served as Chairman of Microsoft for Europe, Middle East and Africa. Since leaving Microsoft in 2006, Patrick has served on the boards of a number of European public and private companies. He was Non-Executive Director and Chairman of the Remuneration Committee of Victrex plc and Senior Independent Director and Chairman of the Remuneration Committee of Morgan Sindall plc. He has deep knowledge of international markets and information technology, and experience as a non-executive in diverse industry sectors.

Other Current Appointments: Chairman (Interim) of KCOM Group plc; Non-Executive Director of Kodak Alaris Holdings Ltd and Non-Executive Chairman of GCI Management Services Ltd.

Board Committees: Audit, Nomination, Remuneration

Skills and Experience:

- Extensive experience of technology and customer services
- Experienced non-executive in several sectors
- Extensive experience in general management
- Many years of operating within international businesses with cultural diversity
- Proven ability for delivering shareholder value
- Leading and changing large businesses

Contribution: Patrick De Smedt brings extensive understanding of technology to the Board, a key consideration for any company's long-term success. His experience at Microsoft and involvement with a range of technological industries in international markets is invaluable in the Board's decision making. He understands large-scale transformation projects and can assist the Board in determining the benefits and threats posed by technologies in the sector.

Our Board of Directors

Sylvia Metayer, Independent Non-Executive Director

Date of Appointment: September 2017

Past Roles: Sylvia has previously held a variety of finance and general management roles in companies operating in a number of sectors, including Mattel Inc., Vivendi SA, and Houghton Mifflin Harcourt & Co.

Other Current Appointments: Chief Executive, Worldwide Corporate Services of Sodexo SA and member of the Sodexo Group Executive Committee. Trustee of the Quebec-Labrador Foundation and member of the Research Orientation Committee of the Foundation of HEC Business School, Paris.

Board Committees: Audit, Nomination, Remuneration

Skills and Experience:

- Extensive experience and understanding of international markets, including the USA, Europe, China, India, and South East Asia
- Extensive experience in general and financial management
- Leading and delivering change
- Finance, HR, IT and Supply Chain management
- Proven ability for delivering shareholder value
- Strong strategic understanding

Contribution: Sylvia Metayer has significant experience working for international organisations in finance and general management leadership positions. Her guidance and observations on the demands and challenges in the various international markets in which the Company operates strongly supports the Company's expansion and its ongoing success. Further, her financial acumen adds additional strength and depth to the Company's strategic decision-making.

Angela Seymour-Jackson, Independent Non-Executive Director

Date of Appointment: October 2017

Past Roles: Angela has previously held Executive Director roles with Aegon UK, RAC Motoring Services Limited and Aviva UK Limited, and was Senior Advisor to Lloyds Banking Group (insurance). Prior to that Angela held senior marketing roles with Bluecycle.com Limited, CGU Insurance plc, General Accident plc and the Norwich Union Insurance Group. Angela has also served as a Non-Executive Director of esure plc.

Other Current Appointments: Deputy Chairman, Senior Independent Director and Chair of the Remuneration Committee at GoCompare.com Group plc; Non-Executive Director at Janus Henderson Group plc and Rentokil Initial plc.

Board Committees: Audit, Nomination, Remuneration

Skills and Experience:

- Wealth of experience in service focused organisations
- Experienced executive and non-executive in several sectors
- Strong marketing and commercial skills
- Strong strategic understanding
- Member of the Chartered Institute of Marketing

Contribution: Angela Seymour-Jackson has held numerous senior executive marketing roles and non-executive director appointments in highly regulated environments. She therefore provides key skills to the Board in respect of marketing and customer services which are significant areas of focus for the Company. Her experience in the highly regulated industries means that Angela makes a valuable contribution as Chair of the Remuneration Committee.

Kaye Maguire, General Counsel & Company Secretary

Date of Appointment: October 2018

Past Roles: Prior to this appointment Kaye was Chief Resourcing & Legal Officer at Legal & General Investment Management Limited.

Skills and Experience:

- Over 15 years' experience in legal and company secretarial matters for public companies
- Extensive public company, compliance and corporate governance experience
- Senior legal counsel experience in FTSE 250 companies across different sectors

The Executive Board

Steve Ingham

Chief Executive Officer, Executive Director

See biography on page 42.

Kelvin Stagg

Chief Financial Officer, Executive Director

See biography on page 43.

Gary James

Executive Board Director, Asia Pacific

Gary joined Michael Page Finance in London in 1984. He was appointed director of Michael Page UK Sales and Marketing in 1994 and Managing Director of Michael Page UK Marketing in 1997. In 2002 he transferred to the USA on his appointment as Managing Director of our business in North America. He was appointed Regional Managing Director of the Asia Pacific region in August 2006.

In 2018 Gary was appointed joint COO with responsibility for increasing productivity through innovation, technology and people.

Patrick Hollard

Executive Board Director, Latin America, Middle East and Africa

Patrick joined Michael Page in France in 1996, having worked previously for KPMG Peat Marwick. Prior to that, he had been Vice-President of AISEC International, the student-led organisation, from 1991 to 1992. Appointed director in 1999, he moved to Sao Paulo to launch Michael Page Brazil, and then launched offices in Mexico in 2006, Argentina in 2008, Chile in 2010 and Colombia in 2011. Appointed Regional Managing Director in 2007, he is now responsible for PageGroup's operations in Latin America, Middle East and Africa.

Anthony Thompson

Executive Board Director, Asia (excluding Japan)

Anthony moved from South Australia to commence his Michael Page career in Hong Kong in 2001. He managed and established several disciplines and brands in Hong Kong and China and was appointed Managing Director, Hong Kong and Southern China in 2006. In 2012, he was appointed Regional Managing Director for Greater China with several offices established across China, Hong Kong and Taiwan. In 2015, Anthony moved to Singapore with additional responsibility for PageGroup in South East Asia which now encompasses offices in Singapore, Malaysia, Indonesia, Thailand and Vietnam. In 2016 he also became responsible for India. Anthony is currently responsible for PageGroup's operations in Greater China, South East Asia and India.

Oliver Watson

Executive Board Director, UK, USA and Canada

Oliver joined Michael Page in 1995 as a consultant in London. He was appointed director of Michael Page UK Sales in 1997 and then managing director in 2002. In 2006, he was appointed Regional Managing Director for Michael Page UK Sales, Marketing and Retail. In 2007, he launched Michael Page Middle East and has since developed our office network across the region. In 2009, he became Regional Managing Director for Michael Page UK Finance, Marketing and Sales, Middle East, Scotland and Ireland. He is now responsible for PageGroup's operations in the UK, USA and Canada.

In 2018 Oliver was appointed joint COO with responsibility for increasing productivity through innovation, technology and people.

Corporate Governance Report

Compliance with the UK Corporate Governance Code

During the year ended 31 December 2018 and to the date of this document, the Company has complied with the provisions of the UK Corporate Governance Code 2016 (the “Code”). The Code is publicly available on the FRC website (www.frc.org.uk). In this Corporate Governance section, together with the Strategic Report on pages 1 to 40, the Directors’ Remuneration Report on pages 58 to 77 and the Directors’ Report on pages 78 to 80, we describe how we have applied the main principles of the Code.

The Board welcomes the evolution of the Code in the revised edition published in 2018. The Board has appraised itself of the changes to the Code through training and discussions about the implications for the Company. During 2019 we will make governance changes where appropriate, for example, key areas of change include ensuring whistleblowing is a matter for the Board as opposed to the Audit Committee and oversight by the Remuneration Committee of Group wide remuneration policies. The Board has considered its responsibilities regarding employee engagement and culture and has scheduled presentations enabling it to ensure it has the ability to fully assess and monitor culture and proposed workforce engagement mechanisms. As mentioned on page 52, the Board through the Nomination Committee, will also be seeking to build on the work done to strengthen the Group’s pipeline and continue to monitor progress on the Group’s diversity agenda.

The Board and its operation

The Board of PageGroup plc is the body responsible for the overall conduct of the Group’s business and has the powers and duties set out in relevant laws of England and Wales and in its Articles of Association.

The Board’s role is to provide strategic leadership of the Group within a framework of prudent and effective controls which enable risk to be assessed and managed. The Board is collectively responsible to the Company’s shareholders for the success of the Company. The Board is satisfied that it has met the Code’s requirements for its effective operation.

Composition of the Board

As at the end of the year under review the Board comprised the Chairman, the Chief Executive Officer, the Chief Financial Officer and five Non-Executive Directors. All Directors served throughout the year except Danuta Gray who ceased to be a Director on 7 June 2018. The biographies of each of the current Directors that served throughout the year can be found on pages 42 to 45.

The Board keeps under regular review the skills and experience of its members and also monitors the independence of Directors. The Board considers all current Non-Executive Directors to be independent. In addition, the Board determined that David Lowden was independent at the time of his appointment as Chairman.

There is a clear division of responsibilities between the role of the Chairman and that of the Chief Executive Officer. While the Board is collectively responsible for the success of the Company, the Chairman manages the Board to ensure that the Company has appropriate objectives and an effective strategy. He ensures that there is a Chief Executive Officer with a team to implement the strategy and that there are procedures in place to inform the Board of performance against objectives. The Chairman also ensures that the Company is operating in accordance with the principles of corporate governance. The Chairman’s other significant commitments are noted on page 42. The Board considers that these are not a constraint on the Chairman’s agreed time commitment to the Company.

Patrick De Smedt, as Senior Independent Director, acts as an alternative channel of communication for shareholders. He also acts as a sounding board for the Chairman and serves as an intermediary for other Directors.

Steve Ingham, the Chief Executive Officer, has overall responsibility for the day-to-day management of the Group’s operations. He develops the vision and strategy for the Board’s review, implements the Board’s approved strategy and chairs the Executive Committee (known within the Group as the “Executive Board”) which executes the delivery of the annual operating plans. He also leads the programme of communication with shareholders.

Executive and Non-Executive Directors are equal members of the Board and have collective responsibility for Board decisions. The Non-Executive Directors bring a wealth of skills and experience to the Board and its Committees.

The Board has a formal schedule of matters reserved for its decision which include:

- Group strategy and corporate objectives;
- Determining the nature and extent of the significant risks the Board is willing to take in achieving the strategic objectives of the Company;
- Major changes to the nature, scope or scale of the business of the Group;
- Corporate governance matters;
- Approval of Nomination Committee recommendations on the appointment and removal of Directors and succession planning;
- Changes to the Group’s capital structure and approval of any business plan prior to a new entity being established in a new territory;
- Financial reporting, audit and tax matters;
- Material contracts and transactions not in the ordinary course of business;
- Material capital expenditure projects;
- Approval of the annual budget;
- Obtaining major finance; and
- Communications with stakeholders and complying with regulatory requirements.

Induction, training and information

Relevant training, advice and information is made available to Directors to enable the Board to function effectively and efficiently. As and when new Directors join the Board, the Chairman assisted by the General Counsel & Company Secretary takes responsibility for their induction. On appointment to the Board, each Director discusses with the Chairman and the General Counsel & Company Secretary the extent of the training required. A tailored induction programme to cover their individual requirements is then compiled. Elements of the programme consist typically of meetings with senior executives, site visits, attending internal conferences and consultant shadowing to understand the day-to-day activities of a recruitment consultant. In addition, information is provided on the Company's services, Group structure, Board arrangements, financial and environmental, social and governance information, major competitors and major risks.

Directors update and refresh their knowledge and familiarity with the Group through site visits, participation at meetings with, and receiving presentations, from senior management. This is in addition to the access that every Director has to the advice and services of the General Counsel & Company Secretary. The General Counsel & Company Secretary is present at all Board meetings and is responsible to the Board for ensuring that Board procedures are complied with as well as advising the Board on new legislation and corporate governance matters. Board Committees and Directors are also given access to independent professional advice at the Group's expense if the Directors deem it necessary in order for them to carry out their responsibilities.

Areas the Board covered in 2018 included updates on culture, technology and innovation programmes, several deep-dive presentations on key markets around the world in which the Group operates and reviewing potential new areas of business and locations. Given the importance of data security the Board has monitored on-going compliance with the General Data Protection Regulation that came into force on 25 May 2018. For each Board and Committee meeting Directors receive a pack of relevant information on the matters to be discussed. The Board uses a third party board portal to distribute information quickly and securely. The Chief Executive Officer presents a comprehensive update on the business issues across the Group to the Board and the Chief Financial Officer presents a detailed analysis of the financial performance. The Board also receives at each Board Meeting an Investor Relations Report, including any feedback from investors and Investor Roadshows. Regional Managing Directors and other senior managers also attend relevant parts of Board meetings and the Board Strategy Day in order to make presentations on their areas of responsibility. All of the above gives a comprehensive view on the issues facing the business and enables robust review of the current and future performance of the Group.

Board committees

The Board has three principal Board Committees, each of which regularly reports to the Board: the Audit Committee, Nomination Committee and Remuneration Committee. The Audit and Remuneration Committees are comprised solely of independent Non-Executive Directors.

The Nomination Committee is comprised of all Non-Executive Directors and is chaired by the Chairman of the Board who was independent on appointment. Details of the composition and activities of each Committee can be found in the respective reports of each Committee: Audit Committee Report on pages 53 to 57; the Nomination Committee Report on pages 51 and 52; and the Directors' Remuneration Report on page 61.

Each Committee has clear terms of reference, copies of which can be found on the Company's website **www.page.com**. Each Committee also reviews its effectiveness and makes recommendations to the Board of any appropriate changes as and when required. The Chairman of each of the Board Committees will be available to answer shareholders' questions at the forthcoming Annual General Meeting.

The General Counsel & Company Secretary acts as secretary to each of these Committees and minutes of meetings are circulated to all Committee members and to all members of the Board unless it would be inappropriate to do so.

The Group also has an Executive Board which is chaired by the Chief Executive Officer. It comprises the Chief Financial Officer and other senior executives, biographies for whom can be found on page 46. The Executive Board usually meets four times a year and is responsible for assisting the Chief Executive Officer in the performance of his duties.
These include the development and implementation of strategy, operational plans, policies, procedures and budgets. These activities are performed at a regional level by regional boards for each of the UK, North America, Continental Europe, Asia Pacific and Latin America, Middle East and Africa. Each regional board usually meets at least four times a year.

Board and committee attendance

The table below sets out the number of meetings of the Board held during the year and individual attendance by the Directors at these meetings, demonstrating commitment to their role as Directors of the Company. Attendance by the relevant members of each Committee can be found on page 53 (Audit Committee), page 51 (Nomination Committee) and page 61 (Remuneration Committee). The Board met eight times during the year. During the year under review the Non-Executive Directors met on several occasions without the Executive Directors being present. The Non-Executive Directors also met without the presence of the Chairman.

Director	No. of meetings attended
David Lowden	8 out of 8
Simon Boddie	8 out of 8
Patrick De Smedt	8 out of 8
Danuta Gray	3 out of 3
Michelle Healy	7 out of 8
Steve Ingham	8 out of 8
Sylvia Metayer	8 out of 8
Angela Seymour-Jackson	8 out of 8
Kelvin Stagg	8 out of 8

Note: Danuta Gray ceased to be a Director on 7 June 2018 and was therefore eligible to attend only three meetings.

Succession planning

Executive development and succession planning discussions are held each year. These discussions focus on the development and succession of the Executive Directors, Executive Board members and other senior managers in the Group, with the aim of ensuring that existing senior executives are being developed and that there is a pipeline of talented senior individuals within the business. Development and succession planning is a critical part of the Chief Executive Officer's performance objectives for annual bonus and

Corporate Governance Report

long-term remuneration. The Group operates an extensive Talent, Succession & Development programme across the business which assesses development needs and nurtures high potential employees throughout the various stages of their careers. Diversity considerations are a fundamental element of the programme.

In addition, the Nomination Committee also considers the breadth and depth of experience of the Non-Executive Directors and considers on a regular basis succession planning for the Board as a whole. Information on the Board's policy on diversity both at Board level and the Group can be found in the Nomination Committee Report on page 52 and the Strategic Report on page 23.

Performance evaluation

The Code requires that there is a formal and rigorous annual evaluation of the Board, its Committees and individual Directors. In line with this requirement, each year the Board carries out a thorough review of its performance and that of its Committees including assessing the contribution of individual Directors. The 2017 review was facilitated by Lintstock (an independent advisory firm specialising in board evaluations with no connection to the Group) and the Board monitored progress on the outcomes of the review. The Board believes it made good progress in 2018 on the action points from that review including ensuring fully on-boarding the newer members of the Board, improving the quality of information on strategic initiatives and in strengthening succession planning activity. For 2018 an internal Board evaluation was conducted by David Lowden, the Chairman, assisted by the General Counsel & Company Secretary. The review involved a detailed series of written questions relating to the effectiveness of the Board and of all of its Committees. It covered areas such as:

- understanding of technology affecting the recruitment sector;
- changes to the Corporate Governance Code; and
- adequacy of information and presentations for the Board.

In addition to the question sets detailed above each member of the Board had a one-on-one private follow up with the Chairman to discuss the findings from the review. The Chairman provided a comprehensive report to Board members. Overall the outcome of the review was positive. A number of constructive areas of focus for 2019 emerged including:

- continued spotlight sessions on high potential and other key markets coupled with exposure to regional management;
- additional presentations on technology being considered and trialled across the Group as part of a focus on innovation;
- continued evaluation of emerging trends and the competitive landscape in the recruitment and services sector; and
- building upon the progress made in relation to succession planning and understanding the Group's pipeline with due regard to diversity objectives.

The Senior Independent Director conducted a review of the Chairman and the Chairman evaluated the performance of the individual Directors, by means of interviews for both review processes.

Re-election of Directors

The Company's Articles of Association provide that each Director must retire from office every three years. The Code goes beyond this, requiring all Directors to retire and stand for re-election at each Annual General Meeting. The Company complies with the Code requirement. All Directors will submit themselves for re-election at the forthcoming Annual General Meeting on 24 May 2019.

Internal control and risk management

The Board retains responsibility for the Group's overall risk appetite and for the effectiveness of its risk management and internal control systems. The procedures established by the Board have been designed and implemented to meet the particular requirements of the Group and the risks to which it is exposed and are reviewed on a regular basis.

These procedures also provide an ongoing process for identifying, evaluating and managing principal risks. The system of internal control includes financial, compliance and operational controls, which are designed to meet the Group's particular needs. These controls aim to safeguard Group assets, ensure that proper accounting records are maintained, that the financial information used within the business and for publication is reliable and to support the successful delivery of the Group's Vision. Any system of internal control can only provide reasonable, but not absolute, assurance against material misstatement or loss. In practice the Board delegates the implementation of the Board's policy on risks and control to executive management and this is monitored by an Internal Audit function which reports back to the Board through the Audit Committee.

The key elements of our system of internal control are as follows:

- **Group Organisation** – The Board of Directors meets eight times a year, focusing both on strategic issues and operational and financial performance. There is also a defined policy on matters reserved strictly for the Board. The Regional Managing Director, supported by a Regional Finance Director, of each of our four regions is accountable for establishing and monitoring internal controls within our respective regions.
- **Annual Business Plan** – The Board reviews the Group's strategy and approves an annual Group budget. Performance is then monitored by the Board through the review of monthly reports showing comparisons of results against budget, quarterly forecasts and the prior year, with explanations provided for significant variances.
- **Policies and Procedures** – Policies and procedures are documented over both financial controls and non-quantifiable areas such as the Group's whistleblowing policy and its policy relating to anti-bribery and corruption, gifts and hospitality.
- **Risk Management** – The Board has established a framework for identifying and managing risk, both at a strategic and operational level. An overview of this framework and a summary of the principal risks identified, together with mitigating actions, can be found in the Strategic Report on pages 29 to 34.
- **Internal Audit** – The Group's Internal Audit function examines business process controls throughout the Group on a risk basis and reports the findings to the Executive Board and Audit Committee. Agreed actions are

monitored and reported to the Audit Committee.

- **Confirmations from Executive Management** – The Managing Director and Finance Director of our operations in each country formally certify twice a year whether the business has adhered to the system of internal control during the period, including compliance with Group policies. The statement also requires the reporting of any significant control issues that have emerged, including suspected or reported frauds, so that areas of Group concern can be identified and investigated as required. These confirmations and supporting controls self-assessment questionnaires are reviewed by the Internal Audit function and a summary of findings is provided to the Audit Committee for review.

In accordance with the requirements of the Code and the recommendations of the FRC's Guidance on Risk Management and Related Financial and Business Reporting, the Board has reviewed and agreed its approach to risk and its risk appetite when considering its strategy and the management of its risks. It has also considered its longer-term viability. Details on the Board's risk appetite and its assessment of its longer-term viability can be found in the Strategic Report on pages 29 to 35. Further, the Board, with the assistance of the Audit Committee, has carried out a review of the effectiveness of the Group's risk management and internal control systems, including a review of the Internal Audit activities and the financial, operational and compliance controls for the period from 1 January 2018 to the date of this Annual Report. No significant failings or weaknesses were identified. A confirmation of any necessary actions is, therefore, not provided. However, had there been any such failings or weaknesses the Board confirms that necessary actions would have been taken to remedy them.

Directors' confirmation

The Directors are responsible for preparing the Annual Report in accordance with applicable law and regulations. Having taken advice from the Audit Committee, the Board considers the Annual Report and Accounts, taken as a whole, as fair, balanced and understandable and that it provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Neither the Company nor the Directors accept any liability to any person in relation to the Annual Report except to the extent that such liability could arise under English law.

Relations with shareholders

Communications with shareholders are given a high priority. The majority of contact between the Board and shareholders is through the Chief Executive Officer and the Chief Financial Officer. They make themselves available, wherever possible, to meet with shareholders and analysts at their request. There is a regular dialogue with individual institutional shareholders and quarterly trading update conference calls and presentations after our half year and full year results are made to analysts. Meetings are also held with investors and potential investors by members of the Investor Relations team and senior management ad hoc during the year. Early in 2018, the Company performed an Investor Perception study aimed at identifying matters investors wished to be informed about in the short to medium term. Following that study, the Company held an Investor Afternoon in London and presented on the following items:

- progress made against our Vision set out in 2013 and our updated Vision for the Group;
- insight on how we are delivering our Vision from a number of our Regional Senior Managers;
- how workplace trends are changing customers' recruitment needs and how our business model continues to evolve to meet their requirements;
- how we are leveraging technology to drive customer acquisition and customer engagement through innovation and digital channels; and
- how our transformation projects have increased our business flexibility and the subsequent impact on past and future conversion.

The Annual Report and Accounts is available to all shareholders either in hard copy or via the Company's website **www.page.com**. The website contains up-to-date information on the Group's activities, published financial results and the presentations used for briefings and investor meetings held during the year. These are available to download.

The Annual General Meeting is an additional opportunity for all Board members to meet with shareholders and investors and give them the opportunity to ask questions. Final voting results are published through a Regulatory Information Service and on the Company's website following the Meeting.

Conflicts

The Company has implemented robust procedures in line with the Companies Act 2006, requiring Directors to seek appropriate authorisation from the Board prior to entering into any outside business interests which have, or could have, a direct or indirect interest that conflicts, or may conflict, with the Group's interests. These procedures have operated effectively throughout the year under review. The Nomination Committee is responsible for reviewing possible conflicts of interest. It makes recommendations to the Board as to whether a conflict should be authorised and the terms and conditions on which any such authorisation should be given by the Board. Only Directors without an interest in the matter being considered will be involved in the decision and each Director must act in a way they consider, in good faith, will promote the success of the Group. All Directors are aware of their continuing obligation to report any new interests, or changes in existing interests, that might amount to a possible conflict of interest in order that these may be considered by the Board and appropriate authorisation given.

David Lowden
Chairman

5 March 2019

Nomination Committee Report

David Lowden, Committee Chairman

Dear Shareholder,

I am pleased to present the Nomination Committee Report for the year ended 31 December 2018. The Committee's main focus during the year under review can broadly be summarised as undertaking a thorough review of Board and senior leadership succession, and assessment and development of the Group's talent pipeline. The latter being considered by the Committee as critical to the Group's future success. As I mentioned in my Chairman's statement on page 2, in terms of changes to the Board during the year, Danuta Gray decided not to stand for re-election at the June 2018 Annual General Meeting and consequently, she ceased to be a Director from that date. Angela Seymour-Jackson was appointed to succeed her as chair of the Remuneration Committee and she has brought a wealth of experience to this role.

Purpose

The Nomination Committee is responsible for ensuring that the Company has the executive and non-executive Board leadership it requires, both now and for the future. It reviews all key roles to ensure comprehensive succession plans are in place to ensure organisational stability and to ensure talented individuals are provided with opportunities to develop.

Membership

During the year under review the members of the Committee were David Lowden, who was Chairman of the Committee, Simon Boddie, Patrick De Smedt, Michelle Healy, Sylvia Metayer and Angela Seymour-Jackson. Danuta Gray ceased to be a member from 7 June 2018 as she did not stand for re-election at the Company's 2018 Annual General Meeting. All other members served throughout the year. Several Directors' appointment letters were due to expire in 2018. Further details can be found on page 70. The Committee recommended all appointments be extended for a further three years. No Director was entitled to vote in respect of their own continuing appointment.

Only members of the Committee are entitled to attend meetings. Other individuals, such as the Chief Executive Officer, the Group Human Resources Director and external advisers, may attend meetings by invitation when appropriate and necessary. This arrangement fosters appropriate challenge, questioning and debate of the recommendations made by the Committee to the Board.

Responsibilities

The key responsibilities of the Committee are to:

- Assess and nominate members to the Board in accordance with the process and diversity considerations outlined below;
- Maintain the right mix of character, skills and experience on the Board and its Committees;
- Make recommendations to the Board on development and succession plans for members of the Board and senior management;
- Approve job descriptions and written terms of appointment for Directors; and
- Review the independence of Non-Executive Directors, taking into account their other directorships.

When the Committee considers any appointment it follows a formal and transparent procedure. It is assisted in its search for new Non-Executive Directors by an independent executive search company. With each new search the Committee selects the executive search company which it considers the most appropriate and relevant for the assignment. These executive search companies have no connection with the Company other than the provision of the search services. With each assignment a detailed candidate profile is compiled and discussed by the Committee, taking into consideration the balance of skills and experience of existing Board members and the requirements of the Company and its future strategy. Once finalised the profile is recommended by the Committee to the Board for its approval.

If approved, a search and selection process based on that profile is undertaken. The recruitment process places importance on diversity considerations. Candidates are identified and selected on merit against objective criteria while having due regard to the benefits of diversity on the Board. A shortlist of candidates is then interviewed by the Chairman of the Board, the Chief Executive Officer and members of the Committee. Thereafter a recommendation of appointment is made to the Board.

Activities during the year

During 2018 the Committee met on four occasions. Details of the members' attendance at meetings of the Committee are as follows:

Director	No. of meetings attended
David Lowden	4 out of 4
Simon Boddie	4 out of 4
Patrick De Smedt	4 out of 4
Danuta Gray	0 out of 2
Michelle Healy	3 out of 4
Sylvia Metayer	3 out of 4
Angela Seymour-Jackson	4 out of 4

Note: Danuta Gray ceased to be a member of the Committee on 7 June 2018. One of the meetings she did not attend was held on 6 June 2018.

Committee's focus during 2018

The Committee focused on succession planning both for senior management and the Board. During the year under review the Committee has ensured that all key roles within the global organisation have an identified succession plan in place and, importantly, all critical roles have an identified emergency successor.

The Committee recognises the need for talent to be nurtured across the Company and has overseen the implementation of a Global Talent, Succession & Development programme.

This means it has full line of sight of high potential talent across management and as mentioned in this report, has enabled the Committee to ensure the Company's diversity and inclusion agenda is being suitably considered.

The Committee is committed to a culture of career progression and ensuring our people reach their potential. In 2018 this resulted in the Committee working with the Group HR Director to review and refresh its Global Directors Academy and introduce new development programmes for high potential talent. Working with IESE Business School in Barcelona and YSC, bespoke strategic leadership training and development has been introduced for those in key leadership positions.

The Committee also considered the pipeline of talent for the Executive Board to ensure there is sufficient bench strength to run key parts of PageGroup. During the year under review the Committee members met Executive Committee members, and executives at the level below the Executive Board, through presentations at the Company's annual Strategy Day, at Board Meetings and during site visits. This year members visited the Company's Frankfurt Office and also attended the Group Leadership Conference. The management and development of the talent pipeline is the responsibility of the Chief Executive Officer so that the independence of the Committee and its members is maintained.

The activities of the Committee were reviewed as part of the annual Board evaluation process which, in 2018 was carried out internally. Details of the evaluation process can be found in the Corporate Governance Report on page 49.

Diversity

As a recruitment company we are passionately committed to promoting diversity, inclusion and equality in the workplace both internally and externally. The Committee views diversity and inclusion in its broadest sense. It is fully committed across the organisation to a diversity policy which seeks diversity of experience, capability, geographic experience, gender and all other qualities which makes each of us unique. The overarching objective of the policy is to ensure different perspectives and insight are brought to all areas of the business, including the Board, generating creativity, problem-solving capability and sustainability that would otherwise not be possible.

The Committee notes the recommendations of the Parker Review as regards ethnic representation on Boards and exceeds the recommendations of Lord Davies as reiterated in the Hampton-Alexander Review with over 33% of the Board being female. We recognise, however, that there is currently a lower proportion of women holding senior roles below Board level positions. The Company has been working hard to address this and actions taken include:

- identifying high potential women as part of the Global Talent, Succession & Development Programme;
- continuing support for a global mentoring programme and Women@Page, a global network aimed at engagement, enablement and empowerment of women across the organisation; and
- reviewing the Global Directors' Academy to have a greater gender balance and to include a focus on inclusion.

This year all Managing Directors' have gender diversity objectives included in their strategic objectives and a new sponsorship programme will be launched in conjunction with the Executive Board to encourage future promotion of high potential women. Details in respect of the objective of increasing representation of women across the organisation can also be found on page 23 of the Strategic Report.

Plan for 2019

In 2019 the Committee will continue to review the size of the Board, its mix of skills and experience, and succession plans for both Executive and Non-Executive Directors. It will also seek to build on the work done to strengthen the Group's pipeline and continue to monitor progress on the Group's diversity agenda in line with the requirements of the Corporate Governance Code 2018.

Audit Committee Report

Simon Boddie, Committee Chair

Dear Shareholder,

I am pleased to present the Audit Committee Report for the year ended 31 December 2018. This Report aims to provide an overview of the Committee's principal areas of focus during the year. In the year under review, the Committee has focused on ensuring the integrity of the Company's published financial statements, assessing the independence and effectiveness of the Group's external auditor, and reviewing the internal control environment and effectiveness of the internal audit process.

Purpose

The Audit Committee is a fundamental part of the Group's governance framework being the guardian of the integrity of the Company's financial statements and external reporting of performance. It also has the responsibility for ensuring that the necessary internal controls and risk management systems are in place and effective.

Membership

In 2018 the members of the Audit Committee were Simon Boddie, who chairs the Committee, Patrick De Smedt, Danuta Gray, Michelle Healy, Sylvia Metayer and Angela Seymour-Jackson. All members served throughout the year except Danuta Gray who did not stand for re-election at the Company's AGM in June. The most recent members, Angela Seymour-Jackson and Sylvia Metayer, have now had over 12 months' experience as members of the Committee and add much to the work of the Committee given their strong financial and business backgrounds. Training of all members of the Committee takes place on a regular and ongoing basis through updates, provided by the Company's external auditor, on developments in corporate reporting and regulation.

Only members of the Committee are entitled to attend meetings. Other individuals, such as the Chairman of the Board, the Chief Executive Officer, the Chief Financial Officer, the General Counsel & Company Secretary, the Director of Internal Audit and the external audit partner are regularly invited to attend meetings as appropriate and necessary. The Committee can invite others to attend as appropriate.

The Board is satisfied that the Chairman of the Committee has the recent and relevant financial experience required by the Code. Sylvia Metayer also has relevant financial and accounting experience and other members of the Committee have a sufficiently wide range of business experience and expertise such that the Committee as a whole has competence relevant to the sector in which the Company operates. The relevant qualifications and experience of the Committee members are shown in their biographies on pages 43 to 45. The Committee met with the external auditor during the year without the presence of management in order to provide an opportunity for confidential discussion. The Director of Internal Audit and the external auditor met with, and have direct access to, the Chairman of the Committee throughout the year.

Principal areas of focus

The Committee is committed to maintaining and monitoring the quality and integrity of financial reporting, as well as assessing the Company's risk management systems and internal control environment to ensure they remain appropriate. The Committee has reviewed the Company's crisis management plans and appraised itself of potential cyber security issues. The Committee has also continued to monitor the interaction between the Internal Audit function and the external auditors, to monitor and review the effectiveness of the external audit process and to ensure that the Group's governance standards are maintained. In 2018 the Committee commissioned an external third party to conduct an assessment of the Company's Internal Audit function. The review concluded that all areas were assessed as 'Good' or 'Satisfactory' and further details are provided at page 57. The Company's tax strategy was considered by the Committee and recommended for approval by the Board. It is published on the Company's website **www.page.com**. Set out in the table on page 54 is a summary of the main activities of the Committee during 2018. Key issues covered by the Committee are reported to the Board.

The Committee met on seven occasions. Committee meetings are set to coincide with key dates of the financial reporting calendar and the audit cycle. The Committee is provided with sufficient resources to undertake its duties.

Details of the members' attendance at the meetings of the Committee are as follows:

Director	No. of meetings attended
Simon Boddie	7 out of 7
Patrick De Smedt	7 out of 7
Danuta Gray	2 out of 3
Michelle Healy	7 out of 7
Sylvia Metayer	7 out of 7
Angela Seymour-Jackson	7 out of 7

Note: Danuta Gray ceased to be a Director on 7 June 2018 and therefore was only eligible to attend three meetings.

Financial reporting

In its financial reporting to shareholders and other interested parties, the Board aims to present a fair, balanced and understandable assessment of the Group's position and long-term sustainability, providing necessary information for shareholders to assess the Company's business model, strategy and performance. The Company has an established process for reviewing the Annual Report and Accounts to ensure it is fair, balanced and understandable. This was used again this year. It included a thorough understanding of the regulatory requirements for the Annual Report and Accounts; a process to determine the accuracy, consistency and clarity of the data and language; and a detailed review by all appropriate parties including external advisers. A checklist of all the elements of the process was completed to document the process and cascaded sign-off implemented through the Group's management structure to provide assurance to the Committee that the appropriate procedures had been undertaken by all Group companies.

During 2018 the FRC reviewed[1] the 2017 Annual Report and Accounts, reporting no significant issues, but noting some areas for disclosure improvement which have been addressed in the 2018 Annual Report and Accounts. At the same time the FRC inspected the 2017 audit performed by Ernst & Young as external auditors, finding no significant improvements but pointing to some limited improvements in the audit, which have been implemented by Ernst & Young in the 2018 audit. The Committee discussed the FRC review and the areas for improvement with Ernst & Young and monitored their implementation.

The Committee has reviewed the Company's 2018 Annual Report and Accounts. It provided comments that were incorporated into the Annual Report and Accounts and has advised the Board that, in its opinion, the Annual Report and Accounts taken as a whole is fair, balanced and understandable and provides the information necessary to assess the Company's performance, business model and strategy.

Main activities of the Audit Committee during 2018

The Committee has an agreed, rolling programme of agenda items to ensure that relevant matters are properly considered. The list below summarises the key items considered by the Committee during the year.

January

Review of Financial Statements

- Quarter 4 trading update

March

Review of Financial Statements

- Draft preliminary announcement and 2017 Annual Report and Accounts
- External auditor's year-end report
- Going concern analysis
- Viability Statement
- Fair, balanced and understandable review
- Judgemental and Accounting issues
- Management letter of representation
- Confirmation of External auditor's Independence

Risk and Internal Control

- Ratification of principal risks
- Internal Audit update and three year strategy
- External review of effectiveness of the Internal Audit process

Compliance

- Meeting with external auditor without Executive Directors
- Meeting with Head of Internal Audit without Executive Directors

External Auditor

- External auditor effectiveness and rigour survey
- Reappointment of external auditor
- Engagement Letter

Regulatory update

- Implications of IFRS 15 (Revenue) and IFRS 16 (Leases)

April

Review of Financial Statements

- Quarter 1 trading update

July

Review of Financial Statements

- Quarter 2 trading update

August

Review of Financial Statements

- Draft interim report

Risk and Internal Control

- Internal Audit update
- Confirmation of key risks
- Update on Internal Audit Strategy

External Auditor

- External auditor's 2017 year end management letter
- External auditor's interim review
- Scope of the full year audit
- Interim review management letter of representation
- Review of the external auditor's fee and non-audit services fees

Compliance

- Meeting with external auditor, Head of Internal Audit and Company Secretary without Executive Directors

Regulatory update

- IFRS 16 (Leases)

October

Review of Financial Statements

- Quarter 3 trading update

Risk and Internal Control

- Culture assessment
- Cyber risk

December

Review of Financial Statements

- Review of 2018 Annual Report and Accounts process
- FRC Inspection of EY 2017 Audit
- FRC Review of Annual Report and Accounts 2017

Risk and Internal Control

- Internal Audit update
- Approval of Internal Audit plan for 2019
- Risk review and confirmation of principal risks
- Crisis management plan review
- Annual review of anti-bribery compliance

External Auditor

- Audit progress update report

Compliance

- Year-end legislative and procedural matters

Tax and Treasury

- Review of Tax Strategy
- Annual review of Treasury Policy

Regulatory update

- UK Corporate Governance Code 2018

[1] The FRC stated that the scope of their review was based on the Company's 2017 Annual Report and Accounts and was conducted by staff of the FRC who have an understanding of the relevant legal and accounting framework. The review did not benefit from detailed knowledge of the Company's business or an understanding of the underlying transactions entered into and therefore their review does not provide assurance that the 2017 Annual Report and Accounts are correct in all material respects.

Audit Committee Report

Significant accounting issues and areas of judgement

The Committee focuses in particular on key accounting policies and practices adopted by the Group and any significant areas of judgement that may materially impact reported results as well as the clarity of disclosures, compliance with financial reporting standards and the relevant requirements around financial and governance reporting. Details on accounting policies can be found on pages 91 to 95.

The significant issues and areas of judgement considered by the Committee during the year and how these were addressed were as follows:

Significant issue	How the Committee addressed the issue
Revenue Recognition	**Context:** Revenue recognition for permanent and temporary placements, with particular focus on period end cut off and appropriate accounting treatment in accordance with IFRS and Group accounting policies. Revenue from permanent placements is derived from both retained assignments (income recognised on completion of defined stages of work) and non-retained assignments (income recognised at the date an offer is accepted by a candidate and where a start date has been determined). There is a risk that a candidate reverses their decision to take up a placement before the start date and as such the revenue recognised would be reversed. A provision is made by management, based on past historical experience, for the proportion of those placements where this is expected to occur. Revenue from temporary placements, which represents amounts billed for the services of temporary staff, including the salary cost of these staff, is recognised when the service has been provided. **Actions taken:** As in previous years, the Committee assesses the Group's revenue recognition policies relative to IFRS and the sector to ensure they are appropriate, and challenges management on the internal control and compliance processes over revenue recognition, taking into account the views of Internal Audit and the external auditors. In 2018, the Committee also satisfied itself that the implementation of IFRS 15 had been appropriately undertaken. **Conclusions and rationale:** The Committee concluded that the approach to revenue recognition was consistent with the policies and the judgements made were appropriate.

The Committee discussed the methodology used to test the assumptions, estimates made by management in each of these areas and IFRS 15 implementation with Ernst & Young LLP, the external auditor.

External Auditor's independence and effectiveness

The Committee monitors the objectivity, independence and effectiveness of the external auditor. The Company is mindful of the provisions of the Code, best practice, the Competition and Market Authority Audit Order 2014 and EU audit legislation in particular as regards audit firm rotation and the provision of non-audit services.

Ernst & Young LLP, the Company's current external auditor, was appointed in 2011 following a competitive tender process. In accordance with audit regulation, Ernst & Young LLP operate a policy of rotating the Audit Partner every five years. The Audit Partner who had served as the Company's Audit Partner since 2011 stepped down after the completion of the 2015 year end audit. A new Audit Partner, Bob Forsyth, was appointed in 2016.

The Committee approved and implemented in 2014 a policy for the tender of external audit services. This policy provides that the Company will retender the external audit at least every ten years and will change the external auditor at least every 20 years. Thus, the Company expects to tender the external audit in respect of the 2021 year end during the course of 2020. The Committee considers it is in the best interests of shareholders to commence a competitive tender of external audit services at this time as it is satisfied that the current external auditor remains independent and it favours retaining continuity while a number of large change programmes are ongoing, such as implementation of the final phase of the roll-out of the global finance system. This position is subject to annual review by the Audit Committee.

The Committee considers that in 2018 it has complied with the Competition and Market Authority Audit Order 2014.

The Committee regularly reviews its policy on the use of the external auditor for non-audit services. The policy prohibits the external auditor from providing certain services which could give rise to independence threats such as computing tax provisions, payroll services, acting as an advocate, internal audit and system design. In line with the FRC Revised Ethical Standard for external auditors, the Audit Committee has operated a more restrictive policy from 1 January 2017 which prohibits the external auditor from providing a more extensive range of services which includes, inter alia, tax advice, tax compliance services and global mobility support. All such services provided by Ernst & Young LLP were transferred to other service providers except in relation to a role on the board of the statutory auditors in Italy, performed by Ernst & Young LLP that was transitioned to another provider in 2018 as intimated in this report last year. The total non-audit fees in respect of these services for the year under review amounted to £1,500, of which the Audit Committee was aware and pre-approved. No other non-audit services were provided by the external auditor. The Audit Committee reviewed the safeguards in place to deal with the independence threats from the Italian role and concluded that Ernst & Young LLP remained independent.

Further, during the year under review, the Committee discussed and agreed the scope of the year-end audit and approved the audit fee of £810,000. The Committee reviews the objectivity and independence of the external auditor and has concluded this is safeguarded by:

- Obtaining assurances from the external auditor that adequate policies and procedures exist within its firm to ensure that the firm and staff are independent of the Group by reason of family, finance, employment, investment and business relationship (other than in the normal course of business);
- Enforcing a policy of reviewing all cases where it is proposed that a former employee of the external auditor be employed by the Group in a senior management position or at Board level;
- Monitoring the external auditor's compliance with applicable UK ethical guidance on the rotation of audit partners; and
- Enforcing a policy concerning the provision of non-audit services by the external auditor.

The Committee also considers the annual appointment of the external auditor by shareholders at the Annual General Meeting to be a fundamental safeguard.

The performance and effectiveness of the external auditor is also reviewed annually by the Committee. This covers qualification, expertise, resources and reappointment as well as assurance that there are no issues which could adversely affect the external auditor's independence and objectivity taking into account the relevant standards. In this respect the Committee reviewed the:

- Robustness of the external auditor's plan and its identification of key risks;
- Approach to the agreed audit plan and fulfilment of the agreed external audit plan and any variations from the plan;
- Robustness (including the audit's team's ability to challenge management) and perceptiveness of the external auditor in handling key accounting and audit judgements including demonstrating professional scepticism and independence;
- Quality and content of reports provided to the Committee by the external auditor including reporting on internal control;
- Feedback from management which is ascertained from staff surveys completed by staff involved in the audit process; and
- Communications in and outside of meetings, between the external auditor and the Committee.

Following a full evaluation of the external auditor at the end of the 2018 audit, the Committee recommended to the Board the reappointment of Ernst & Young LLP as Auditor of the Company at the forthcoming Annual General Meeting.

Internal control and risk management

The Board's responsibilities for, and their report on, risk management and the systems of internal control and their effectiveness are set out in the Corporate Governance Report on pages 49 and 50.

On behalf of the Board the Committee reviewed the Group's risk assessment procedures for identifying its principal risks and its longer-term viability. The risk assessment takes account of all risks, including environmental, social and governance matters, inherent in the

Audit Committee Report

strategy of the business and its plan. These procedures include regular reports to the Committee from the Director of Internal Audit on the performance of the system of internal control and on its effectiveness in managing material risks and identifying any control failings or weaknesses.

The Committee also reviews the Group's risk management process annually, with the outcome being reported to the Board. This, together with regular updates to the Board on material risks, allows the Board to make the assessment on the systems of internal control and the residual risk for the purpose of making its public statement. The risk process, together with the key risks and their indicators, have been identified and mitigating actions are described in the Strategic Report on pages 29 to 35. Key performance indicators and management incentives are highlighted for the main financial, strategic and people risks in the Strategic Report on pages 17 to 18.

Where weaknesses have been identified in the internal control system for the mitigation of risks to an acceptable level, plans to strengthen the control system are put in place. Action plans in this respect are regularly monitored until complete. During the period under review there were no control failings or weaknesses that resulted in unforeseen material losses.

During the year under review the Audit Committee considered the requirements of the new Corporate Governance Code and ensured that emerging risks are being monitored and considered.

Internal Audit activities

During the year under review the Committee monitored and reviewed the effectiveness of the Internal Audit function. To ensure there is breadth and depth of risk and internal control experience to this function, the Group's Internal Audit function comprises a Director of Internal Audit and a team of internal auditors. The Director of Internal Audit reports to the Chief Financial Officer on a day-to-day basis, but also has a reporting line to the Chairman of the Audit Committee. He also has direct access to the Committee and the Board. This ensures there is opportunity for frank and open dialogue.

During 2018, in line with best practice guidelines, an external assessment was conducted of our Internal Audit processes by the Chartered Institute of Internal Auditors. The review provided an independent assessment, in addition to the ongoing internal assessment, of PageGroup's internal audit processes against the Institute of Internal Audit's International Professional Practice framework. The Committee noted the conclusion from the review that all areas were assessed as 'Good' or 'Satisfactory'. Of 64 areas tested 59 areas were deemed to conform, 5 partially conform, and overall performance was described as very strong. The Committee has reviewed the action plan to address the limited number of partially conforming areas.

The scope of work for the Internal Audit function is agreed with the Committee annually with the findings from internal audits being reported to the Executive Board and the Audit Committee. Businesses are visited on a rotational risk-based approach to assess the effectiveness of controls to mitigate risks to an acceptable level. All major risks are addressed in this process, including Group functions and change programmes as are those around governance, environmental and social related matters. Actions to maintain and improve the effectiveness of the control environment are agreed with the Executive Board and are monitored and reported to the Committee. Risks are also regularly reviewed and required changes are made to the risk profile and, where necessary, to the activity of Internal Audit. All changes to the Internal Audit plan are agreed with the Chairman of the Committee and reported to the Executive Board and the Committee.

Committee evaluation

The activities of the Committee were reviewed as part of the Board evaluation process performed during the year under review. The 2018 evaluation process was conducted internally and details of the outcome of the evaluation process, and the areas of focus for 2019 can be found in the Corporate Governance Report on page 49.

Fraud

The Committee reviews the procedures for the prevention and detection of fraud in the Group. Suspected cases of fraud must be reported to the Chief Financial Officer and the Director of Internal Audit and investigated by operational management and Internal Audit. The outcome of any investigation is reported to the Committee. A register of all suspected fraudulent activity and the outcome of any investigation is kept and is circulated to the Committee on a regular basis. During the year in question, no frauds of a significant nature were reported.

Anti-Bribery and corruption and business ethics

The Company has a Code of Conduct which can be found on its website **www.page.com**. This sets out the standards of behaviour by which all employees of the Group are bound and is based on the Company's commitment to acting professionally, fairly and with integrity.

The Group maintains a zero tolerance approach against corruption. It has an established anti-bribery and corruption policy, which includes guidance on the giving and receiving of gifts and hospitality. This policy applies throughout the Group. The policy and the training of employees is regularly reviewed and updated when required. The training is undertaken by all managers and all staff in risk areas across the Group by means of review and presentation of standard Group-prepared training material.

A gifts and entertainments register is maintained to ensure transparency. A review of compliance with the policy is undertaken annually and reported to the Committee. The review undertaken in 2018 showed there was a good understanding of the issue and no breaches were reported.

Whistleblowing

The Committee takes its oversight duties regarding whistleblowing very seriously and reviews the arrangements whereby staff may, in confidence, raise concerns about possible improprieties in financial reporting or other matters and ensuring that these concerns are investigated and escalated as appropriate. This is promoted in all regions by the Human Resources function and audited by Internal Audit. The whistleblowing helpline is run by an external third party and is available to all employees in the Group. The helpline was utilised once in 2018 outside the UK for a non-financial matter and the Company's response was reviewed by the Committee.

Simon Boddie
Chair of the Audit Committee

5 March 2019

Directors' Remuneration Report

Angela Seymour-Jackson
Committee Chair

SECTION A: ANNUAL STATEMENT

Dear Shareholder,

I am pleased to introduce my first report as Chair of the Remuneration Committee since joining PageGroup in October 2017 and becoming the chair of the Remuneration Committee in June 2018. I would like to thank my predecessor, Danuta Gray, for her extensive contribution to the business and the Remuneration Committee.

In this year's report to address feedback from shareholders we have sought to give enhanced disclosure to provide more focus on the way we implement our existing Policy. We are committed to providing transparent and informative disclosures on reward to demonstrate how the Policy agreed by shareholders in 2017 is being implemented in practice. In this disclosure we have therefore also included a series of spotlight areas designed to place specific focus on the operation of the Policy and the way this is addressing some of the aims identified when the Policy was introduced.

This is the second year of the operation of the single plan ("ESIP") and shareholders will recall some transition measures within our Policy, designed to enable us to move successfully from the previous operation of annual bonus and LTIP to a single plan structure. The disclosure will highlight the way this has operated in 2018 (consistent with that explained when the Policy was agreed by Shareholders) and additionally the way we will operate the structure for 2019.

The Committee is aware of the expectations cited within the publication of the Corporate Governance Code (the 'Code') and the evolving perspectives of shareholders in this area. We have discussed the implications of the Code as a Committee, balancing future expectations against existing contractual commitments in place for Executives. We have started a process to review the existing Policy ahead of tabling an updated Policy to shareholders at our AGM in 2020, and we will be undertaking an engagement exercise with shareholders during 2019 to seek feedback on any changes we propose.

Company performance

2018 has been a strong year for the business with profit performance ahead of internal budgets and investor forecasts at the end of 2017. Headline Profit Before Tax ("PBT") has grown by 20% over 2017, and we continue to outperform many of our peers and our gross profit performance has been in the upper quartile of our peer group. We have also seen robust strategic achievement against stretching targets, details of which can be seen within this disclosure. Earnings per Share ("EPS") has grown by 22.6% over the last year and has averaged 15.3% over the past three years.

Although not a measure used within our reward design, our Total Shareholder Return ("TSR") has grown over the past year at a time when the FTSE 250 has seen a significant fall.

How this performance is seen in reward outcomes

This level of performance has resulted in strong outcomes under all elements of the 2018 ESIP measures, with Steve Ingham (CEO) receiving an award of 87.7% of maximum and Kelvin Stagg (CFO) 86.8% of maximum. As with all awards under the ESIP, 60% of the value is deferred into Company shares which vest over the following three years subject to continued employment.

Long-term awards granted in March 2016 (linked to Earnings per Share, Strategic achievement and Gross Profit against peers) have also vested at high levels reflecting the achievement against targets, both financial and non-financial in nature. Full details of the performance targets and corresponding achievement are provided within the report. Overall, 96.1% of shares awarded to the CEO in March 2016 will vest, as will 94.7% of shares awarded to the CFO. In line with our shareholding guideline, some of these shares will be subject to an additional two year holding period, depending on the Executive's overall level of holding at the point of vesting.

Application of the Policy

This is the second report since the Remuneration Policy was approved by shareholders in 2017. We have seen the single plan (ESIP) structure continue to drive alignment with performance. We are seeing two areas behind the design of the ESIP come through in reward outcomes for the Executives:

- **Alignment of Executives to business performance through shareholding.** The mandatory deferral of a significant part of any award into Company shares has led to an increase in the level of shareholding against the minimum shareholding guideline for the CFO. His shareholding (as a percentage of salary) has increased from 36% in December 2016 to 113% in December 2018, which increases further to 194% when deferred shares awarded under the ESIP in 2018 are included. Our CEO has chosen to continue to hold significant wealth in the Company, with current shareholding in excess of 550% of his salary.
- **Reduction in volatility year on year.** We wanted a structure that encourages Executives to make appropriate long-term value creating decisions for the business. Awards under the ESIP continue to be performance based and linked to achievement against defined targets. The significant levels of deferral mean that Executives are aligned to future Company performance and movements in the share price. Key to the design is the phased vesting of these deferred share awards. This means that in a given year, part of the shares awarded from three previous ESIP plans vest. This structure is expected to reduce the volatility of reward received by the individual year on year, while not compromising our pay for performance philosophy.

Directors' Remuneration Report

Disclosure of the ESIP and legacy long-term awards

As was the case in our 2017 Annual Report, the transition to the single plan means that any shares that are no longer subject to Company performance are included within the single figure value. Therefore, the single total figure of remuneration includes an estimate for the value vesting under the 2016 LTIP along with the value of both cash and shares awarded under the 2018 ESIP. Therefore, during this transition phase the single figure value appears higher than would otherwise be the case and reflects the reporting requirements with which we are obliged to comply.

Application of the Policy in 2019

2019 will be the third year of operation of our ESIP – our single variable incentive plan designed to reward achievement against a balanced scorecard of measures. We have agreed to implement the structure in line with that operated in 2018, with a balance of long-term measures (measured over three years) and annual performance. 40% of any awards under the Plan will be paid in cash, with 60% deferred into Company shares for up to three years.

The Committee has reviewed salary levels for the CEO and CFO and have made amendments in line with the core award to UK based employees of 2.3%. Revised salary levels, effective from 1 January 2019, are £629,800 for the CEO and £366,300 for the CFO.

Consideration and alignment to the wider workforce

Our role as a Committee has broadened over the past few years, very much aligned to expectations of investors and the corporate governance environment. We have direct oversight of all reward for the layer of management below the Executives, and have discussed and implemented changes to reward at this level over the past year to drive greater standardisation and consistency within the business. More broadly, we have discussed progress against certain key people metrics, in particular around diversity and inclusion, considering the activities in place across the organisation to ensure that PageGroup is an open accessible place to work, where people can advance careers based on the contribution they make. We reviewed in detail our Gender Pay position (the disclosure of which can be found on our website).

Corporate Governance Code

Following the publication of the amended Corporate Governance Code we considered the expectations described against our current Policy and contractual agreements in place with each Executive. We recognise that our ESIP structure is atypical within the market, designed to reflect the cyclical nature of our business model and align Executives effectively to performance through the economic cycle. In interpreting the Code we have had to assess our variable reward structure against a more standard annual bonus and LTIP structure that aspects of the Code reference. Given this is the first year of standard operation of our ESIP following introduction (i.e. with a combination of one year and three year metrics) we will look to operate the structure unchanged for 2019 and commit to a more detailed review as part of our Policy review.

Additionally, we have confirmed that we will introduce a post-cessation shareholding policy as part of our proposed Policy review, which we will include as part of our consultation process to ensure we gain feedback from shareholders. We firmly believe that alignment of Executives to business performance through Company shareholding is a key underlying principle we want to support and you will see details of the existing alignment (and how this has been developed) within the Directors' Remuneration Report.

We recognise the external expectations of pension contribution levels for Executives. Current contribution levels form part of our contractual relationship with each Executive. Future appointments will have lower contribution levels than the existing Executives and this will form part of the new Remuneration Policy presented to shareholders at next year's AGM. In the event we recruit a new Executive Director in the intervening period the pension set for this individual would be at a reduced rate to the current incumbents.

Conclusion

We look to engage and discuss reward topics with shareholders on a regular basis to understand their perspectives on the Policy and the way it has been implemented. We also look to make disclosures as clear and transparent as possible, to demonstrate the way the Policy is working and the success in aligning reward with performance. This section of the Annual Report will be subject to an advisory vote of shareholders at the 2019 Annual General Meeting and I hope that the disclosure means you will support the implementation of the Policy by shareholders. We look forward to constructive dialogue ahead of tabling a new Remuneration Policy in 2020.

Angela Seymour-Jackson
Chair of the Remuneration Committee

5 March 2019

SECTION B: AT A GLANCE

This is a summary of reward achieved for each Executive in respect of 2018 that aligns to the "single figure" that we are required to disclose. Significant parts of variable awards made under the ESIP are mandatorily deferred into Company shares accessible at a later date subject to continued employment.

Further details of specific targets and performance achieved against them are provided elsewhere in the disclosure.

	Reward Item and summary of performance	CEO Steve Ingham (£'000)		CFO Kelvin Stagg (£'000)	
1	**Fixed Compensation**				
	Basic Salary Pension Supplement 25% of salary for CEO and 20% of salary of CFO	**Salary** **Benefits** **TOTAL**	**616** **190** **806**	**Salary** **Benefits** **TOTAL**	**358** **97** **455**
2	**2018 ESIP**				
	Balanced score card of metrics covering financial and non-financial performance **Final PBT** of £142.3m = 75% of maximum against target range set **Non financial strategic** = 75% of max for CEO and 82.5% of max for CFO **Personal** = 90% of max for CEO and 70% of max for CFO **Relative gross profit performance** = upper quartile = maximum award **Cumulative EPS** for 2 years of 59p against stretch target of 53p = maximum award	Overall award = 87.7% of maximum Maximum opportunity = 375% of salary Total Award = **2,025** Of this £1,215 (60% of total) is deferred into company shares and £810 payable in cash		Overall award = 86.8% of maximum Maximum opportunity = 325% of salary Total Award = **1,011** Of this £607 (60% of total) is deferred into company shares and £404 payable in cash	
3	**2016 LTIP**				
	Cumulative EPS of 82.1p compared to stretch target of 80.5p Upper quartile Gross Profit performance against comparator group Strong performance against strategic metrics (84.5% of max for CEO and 79% for CFO)	Number of Shares Vesting = 273,755 Indicative Value £1,366[1]		Number of Shares Vesting = 126,233 Indicative Value £630[1]	
4	**Total Remuneration**				
		Fixed **2018 ESIP** **2016 LTIP** **Dividends** **TOTAL**	**806** **2,025** **1,366** **143** **4,340**	**Fixed** **2018 ESIP** **2016 LTIP** **Dividends** **TOTAL**	**455** **1,011** **630** **70** **2,166**

1. Indicative value based on share price for last quarter of 2018

Strategy linkage

We structure reward in a way that rewards achievement of our core strategic priorities as a business. Our industry can be highly volatile, and we structure our business model to ensure that we can operate through the business cycle, and ensure that Executives are targeted to drive the business in pursuit of long-term gains and value creation for shareholders.

PageGroup Strategic Priorities	How we measure progress	Remuneration Metric (Variable Reward)
Organic, high margin and diversified growth Efficiently scalable and highly flexible to react to market conditions	Profitability of the business Gross profit vs peer group companies EPS performance over 3 year period Business innovation and achievement against strategic goals	PBT performance 3 year EPS growth Gross profit growth compared to defined peer group
Nurture and develop people		Strategic measures
Innovation		Strategic measures

In 2017 the Company adopted a single incentive plan called the Executive Single Incentive Plan (ESIP) to replace the previous annual bonus and LTIP. This operates as a balanced scorecard, and is designed to reward Executives for achievement against a range of performance metrics. Overall the plan is designed to:

- Drive alignment of Executives to future business performance through shareholding; and
- Reduce volatility of reward outcomes received by Executives, through significant deferral and structured release of shares under the plan.

Directors' Remuneration Report

SECTION C: ANNUAL REPORT ON REMUNERATION

This part of the report has been prepared in accordance with Part 3 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. The information on pages 60 to 74 has been audited where required under the Regulations. The elements of the Directors' Annual Remuneration Report subject to audit are the:

(a) Single total figure for remuneration and the accompanying notes;

(b) Details of the performance against metrics for variable awards included in the single sum;

(c) Details of the ESIP award made in 2018; and

(d) Section on outstanding share awards.

During the year under review the members of the Committee were Angela Seymour-Jackson, who was Chair of the Committee, Simon Boddie, Patrick De Smedt, Michelle Healy, Sylvia Metayer and Danuta Gray. Danuta Gray did not stand for re-election at the 2018 Annual General Meeting and ceased to be a member of the Committee on 7 June 2018. Details of the members' attendance at meetings of the Committee were as follows:

Director	No of meetings attended
Angela Seymour-Jackson	5 out of 5
Simon Boddie	5 out of 5
Patrick De Smedt	5 out of 5
Michelle Healy	5 out of 5
Sylvia Metayer	4 out of 5
Danuta Gray	2 out of 2

Only members of the Committee are entitled to attend meetings. Other individuals, such as the Chairman of the Board, who attends meetings of the Committee regularly, the Chief Executive Officer, the Chief Financial Officer, the Group Human Resources Director and external advisers, may attend meetings by invitation when appropriate and necessary. No Director takes part in discussions relating to their own remuneration.

The Committee conducted a review of its Remuneration Advisers in 2018 and following a comprehensive tender process appointed PricewaterhouseCoopers ("PwC") as the advisers to the Committee. PwC is one of the founding members of the Remuneration Consultants Group and as such adheres to the code of conduct in relation to executive remuneration consulting in the UK. PwC's appointment commenced in November 2018. Prior to this the Committee received advice from Aon Hewitt remuneration consultants. The Committee is satisfied the advice received is objective and independent. The advice provided by Aon Hewitt and PwC, included the following: the operation of the Remuneration Policy and the Executive Single Incentive Plan; the setting of performance criteria for the Company's various incentive arrangements; benchmarking of remuneration against market levels, remuneration changes within the Corporate Governance Code 2018 and review of this Remuneration Report. The fees paid to Aon Hewitt totalled £56,265. The fees paid to PwC totalled £11,667. Aon Hewitt did not provide any other services to the Company. Separate teams within PwC provided unrelated tax and mobility services during the year. The Committee is satisfied that these activities do not compromise the independence or objectivity of the advice it has received from PwC. The Committee also received input from Caddow Consulting Limited for a fee of £7,154.

The Committee met a total of five times during 2018 and discussed the following matters:

- Monitoring the progress of incentive plan strategic objectives;
- The assessment of performance targets for the incentive awards made to the Executive Directors under the LTIP and the ESIP;
- The setting of EPS targets and gross profit growth comparator methodology in respect of the ESIP trailing measures;
- Considering the implications of the changes to the Corporate Governance Code and other key regulatory developments;
- Approving the outturn quantum of share plan vesting for the Executive Directors based on pre-set performance targets;
- Reviewing incentives schemes for senior management below Executive Directors;
- Undertaking its annual review and approval of salaries and incentives of the Executive Directors and other senior executives; and
- Reviewing the Remuneration Advisers' submissions as part of the tender process.

The Remuneration Committee set out in the 2017 Annual Report and Accounts the PageGroup Remuneration Policy which was approved by shareholders at the Company's Annual General Meeting held on 8 June 2017. Full details of the shareholder voting in this respect can be found on page 74. A summary of the Remuneration Policy can be found on pages 75 to 77. The Committee continued to operate this Remuneration Policy during 2018 and intends to continue its operation during 2019.

Directors' Remuneration as a Single Figure

The tables below report a single figure for total remuneration for each Director for the years ended 31 December 2018 and 31 December 2017.

2018

Executive	Salary and Fees (note 1) £'000	Benefits (note 2) £'000	Pensions (note 3) £'000	ESIP - Cash (note 4) £'000	ESIP - Deferred Shares (note 4) £'000	Legacy Long-term incentives (note 5) £'000	Dividends paid on unvested shares (note 7) £'000	Total £'000
Steve Ingham	616	36	154	810	1,215	1,366	143	4,340
Kelvin Stagg	358	25	72	404	607	630	70	2,166
Non-Executive								
David Lowden	208	–	–	–	–	–	–	208
Simon Boddie	68	–	–	–	–	–	–	68
Patrick De Smedt	61	–	–	–	–	–	–	61
Danuta Gray[10]	30	–	–	–	–	–	–	30
Michelle Healy	54	–	–	–	–	–	–	54
Sylvia Metayer	54	–	–	–	–	–	–	54
Angela Seymour-Jackson	62	–	–	–	–	–	–	62

2017

Executive	Salary and Fees (note 1) £'000	Benefits (note 2) £'000	Pensions (note 3) £'000	ESIP - Cash (note 4) £'000	ESIP - Deferred Shares (note 4) £'000	Legacy Long-term incentives (note 6) £'000	Dividends paid on unvested shares (note 7) £'000	Total £'000
Steve Ingham	602	37	150	821	1,232	626	192	3,660
Kelvin Stagg	350	23	70	430	644	252	89	1,858
Non-Executive								
David Lowden	203	–	–	–	–	–	–	203
Simon Boddie	67	–	–	–	–	–	–	67
Patrick De Smedt	60	–	–	–	–	–	–	60
Danuta Gray	67	–	–	–	–	–	–	67
Michelle Healy	53	–	–	–	–	–	–	53
Sylvia Metayer[8]	18	–	–	–	–	–	–	18
Angela Seymour-Jackson[8]	13	–	–	–	–	–	–	13
Ruby McGregor-Smith[9]	22	–	–	–	–	–	–	22

Notes:

1. Salary and fees represent the salary and fees paid in cash in respect of the financial year.
2. Benefits represent the taxable value of the benefits provided in the year and comprise a company car or cash equivalent; fuel; permanent health insurance; medical insurance; life insurance; in respect of the Chief Executive Officer, golf club membership used for corporate entertaining and for 2017 only, a long service award.
3. Pension includes the cash value of Company contributions to defined contribution pension plans and cash payments in lieu of pension contributions.
4. The ESIP payment is determined using a balanced scorecard of short and long-term performance measures. 40% of the ESIP award is delivered in cash and as shown in the "ESIP – Cash" column. The remaining 60% of the ESIP is delivered in deferred shares which vest over a three-year time period, and is shown in the "ESIP – Deferred Shares" column.
5. The value of shares vesting under the 2016 LTIP, for which the performance period ended in the financial year. Following the assessment of performance, 273,755 shares will vest to Steve Ingham and 126,233 shares will vest to Kelvin Stagg. The figures shown in the table are based on the average share price in the three months to 31 December 2018, which is £4.99. The figure will be restated next year using the actual share price on the relevant date.
6. The figures provided in the 2017 single figure table above represent the actual value of those awards at the point of vesting 20 March 2018 and the share price at this date of £5.35.
7. This relates to dividends during the year on shares awarded under the legacy Long term Incentive Plan.
8. Sylvia Metayer and Angela Seymour-Jackson were appointed as Directors of the Company on 1 September 2017 and 1 October 2017 respectively. The fees shown in the 2017 table reflect the amount paid to them from the date of their respective appointments to 31 December 2017.
9. Baroness Ruby McGregor-Smith ceased to be a Director of the Company on 23 May 2017. The fees noted in the 2017 table cover the period 1 January 2017 to 23 May 2017.
10. Danuta Gray ceased to be a Director of the Company on 7 June 2018. The fees noted in the 2018 table cover the period 1 January 2018 to 7 June 2018.

Directors' Remuneration Report

2018 ESIP

Annual performance element

PBT element:

£142.3m was delivered in terms of the Group's PBT, which can be compared to £118.2m PBT in 2017. This was a significant achievement, above external expectations at the start of the year and delivered against a backdrop of a particularly challenging economic environment in the final quarter of 2018 in the UK, trade tariff uncertainty in Mainland China and difficult market conditions in France. Full disclosure of the PBT range can be found on page 64 and 65. To ensure no benefit is received from favourable foreign exchange movements, the actual PBT is measured at constant exchange rates.

How the PBT targets were set:

The target is designed to incentivise the senior executive team and reward exceptional performance through a sliding scale with target being based on internal budget and producing an outcome of 60% of maximum. Targets were set for 2018 taking account of internal goals, planned investments, broker forecasts and the business outlook at the time targets were put in place.

Strategic element

The Committee formulate strategic targets by focusing on the key commercial priorities that it considers will drive the long-term success of the global business. The Executive Directors are set clear goals at the beginning of each performance year and execution against these objectives is assessed by the Committee. The areas of delivery for 2018 centred around progress in strategic markets, productivity and modernisation. Detailed disclosures of each of the CEO's and CFO's performance can be found on page 64 and 65.

Personal element

The personal objectives set for the senior executive team enable the Committee to consider individual contribution in relation to improving organisational capability, talent development, people leadership and management.

The Committee considers that the reward outcomes for both CEO and CFO fairly represent the significant achievements made in both the strategic and personal elements of the ESIP award.

Long-term trailing performance element:

In 2018, this element was based on targets for 2017 and 2018 EPS and gross profit growth relative to comparators.

EPS element:

Over 2017 and 2018, PageGroup has delivered very strong performance through the implementation of efficiency measures and driving growth in key markets. As a result, we delivered in 2017 EPS of 26.5p, which represents year-on-year growth of 14.7%. In 2018, we delivered EPS of 32.5p, representing year-on-year growth of 22.6%.

Although not a metric used in the ESIP, the Company also achieved Total Shareholder Return of 1% for the year, exceeding the FTSE All-Share by 14% percentage points.

Relative Gross Profit element:

PageGroup delivered strong gross profit growth of 15.9% in constant currency in 2018. This was in the upper quartile of the peer group and resulted in this element being paid in full.

The performance metrics, weightings and targets, together with the determination of the ESIP award, are as set out in the tables overleaf for both Executive Directors.

Spotlight Area: Levels of Shareholding

- Both Executive Directors have a shareholding requirement of 200% of salary. They are required to hold onto deferred shares once vested under the ESIP for additional time if this holding requirement is not met at the point of vesting.
- The introduction of the ESIP drove far higher levels of deferral of awards into shareholding by the participants. This, coupled with strong performance since introduction, has increased the level of shareholding by the CFO significantly to 113% of salary.
- The core calculation excludes shares which have not vested but have no further Company performance conditions (i.e. deferred awards under the ESIP). These deferred shares further increase the level of shareholding of the CFO to 194% of salary. We expect this to increase and be more than the 200% level when the share awards for the 2018 ESIP are made in March 2019.
- The CEO has held significantly more shares in the business for many years. His ordinary shareholding is currently over 550% of his base salary.

CEO ESIP disclosure

Performance metric	Weighting	Achievements	Outcome (% of max)
Annual performance			
2018 PBT	30%	• Threshold – £118m (25% award) • Target – £130m to £135m (60% award) • Maximum – £155m (100% award) • Actual PBT – £142.3m	75%
Non-financial strategic			
Strategic Markets Development	7.5%	In 2018, considerable progress was made in growing our Large, High Potential Markets, which delivered a record year collectively and all five individually. Overall, they grew 25% in Gross Profit vs the prior year (in constant currency). We have continued to invest heavily in fee earners, up 20% year-on-year, as well as launching in a new country in South East Asia, Vietnam, our fifth country in that region. Germany grew 29% and in particular our Interim business, one of our key strategic initiatives, delivered growth of 42% to now represent 20% of the German business. Greater China delivered growth of 19%, with strong growth throughout, as well as opening a new office in Chengdu. Latin America delivered a record year, up 30% with continued improvement in Brazil and strong growth throughout the region. The US grew 25%, where we continued to benefit from our strategy of diversification, with particularly strong performances from our offices in Boston, Chicago, Houston and Los Angeles.	90%
Productivity and Modernisation	7.5%	In 2018 key leadership changes were embedded including the creation of the Chief Operating Officer (COO) roles which has enabled a strategic focus on how we drive productivity via innovation, technology and people. The COO Office has enabled a focus on prioritisation and investment across the functions leading to progress on technology, innovation and digital strategy in 2018. We opened Shared Service Centres in Asia and Latin America to drive synergies, process consistency, lower costs and ultimately improve conversion rates to mirror the progress we saw in EMEA with the European Shared Service Centre.	60%
Personal performance			
Leadership and People Development	10%	Organisational changes and a significant investment in leadership development were made in 2018 to develop greater succession bench strength below the Executive Board. A new Senior Leadership Development programme has been implemented with key leaders participating during 2018 to assess future executive potential and to ensure continued high performance. We have invested in and supported a range of Diversity and Inclusion initiatives and we are recognised as a Top 50 employer for women in the UK.	90%
Longer-term metrics – 2017 to 2018 inclusive			
EPS growth	35%	The cumulative EPS target for the two year target was as follows: Threshold: 42p (0% award) Stretch: 53p (100% award) Straight line vesting for points in the above range. Final EPS for the period was 59p	100%
Relative Gross Profit growth	10%	• Median comparator group gross profit growth – 5.5% (25% award) • Upper quartile comparator group gross profit growth – 9.3% (100% award) • PageGroup actual gross profit growth – 12.9%	100%
Total	**100%**		**87.7% of max**

Directors' Remuneration Report

CFO ESIP disclosure

Performance metric	Weighting	Achievements	Outcome (% of max)
Annual performance			
2018 PBT	30%	• Threshold – £118m (25% award) • Target – £130m to £135m (60% award) • Maximum – £155m (100% award) • Actual PBT – £142.3 m	75%
Non-financial strategic			
Strategic Markets Development	7.5%	In 2018, considerable progress was made in growing our Large, High Potential Markets, which delivered a record year collectively and all five individually. Overall, they grew 25% in Gross Profit vs the prior year (in constant currency). We have continued to invest heavily in fee earners, up 20% year-on-year, as well as launching in a new country in South East Asia, Vietnam, our fifth country in that region. Germany grew 29% and in particular our Interim business, one of our key strategic initiatives, delivered growth of 42% to now represent 20% of the German business. Greater China delivered growth of 19%, with strong growth throughout, as well as opening a new office in Chengdu. Latin America delivered a record year, up 30% with continued improvement in Brazil and strong growth throughout the region. The US grew 25%, where we continued to benefit from our strategy of diversification, with particularly strong performances from our offices in Boston, Chicago, Houston and Los Angeles.	90%
Productivity	7.5%	We opened Shared Service Centres in Asia and Latin America during the year to drive synergies, process consistency, lower costs and ultimately improve conversion rates to mirror the progress we saw in EMEA with the European Shared Service Centre. We went live in the Asia Pacific region with our Global Finance System to enable a simplification of management systems and more agile reporting capability for the business. We also successfully transitioned share service activity from Sydney to Singapore. Key changes were made in leadership structure of the Global IT function and material progress made in the establishment of the IT Target Operating Model with the establishment of global IT business partners and Infrastructure transition.	75%
Personal performance			
Leadership and Talent Development in Finance	10%	Finance organisation capability has been developed with a number of internal moves and strategic external hires and an updated succession plan identifying future senior management potential has been delivered.	70%
Longer-term metrics – 2017 to 2018 inclusive			
EPS growth	35%	The cumulative EPS target for the 2 year period was as follows: Threshold: 42p (0% award) Stretch: 53p (100% award) Straight line vesting for points in the above range. Final EPS for the period was 59p	100%
Relative Gross Profit growth	10%	• Median comparator group gross profit growth – 5.5% (25% award) • Upper quartile comparator group gross profit growth – 9.3% (100% award) • PageGroup actual gross profit growth – 12.9%	100%
Total	**100%**		**86.8% of max**

Legacy Long-Term Incentives included in the Single Figure Table

The long-term incentive figures reported in the single figure table relate to the legacy awards granted in March 2016 to Steve Ingham and Kelvin Stagg. These awards were subject to EPS (62.5% of the award), Relative Gross Profit (12.5% of the award) and Strategic targets (25% of the award), measured over a three-year period. Cumulative EPS over the 3-year period was 82.1p compared to a threshold level of 66p and a stretch of 80.5p. As a result, 100% of the EPS element vested. Strong gross profit performance over the three-year performance period was within the upper quartile compared to the comparator group and resulted in 100% of this element vesting, whilst progress against our long-term strategic objectives resulted in 84.5% of that element vesting for Steve Ingham and 79% of that element vesting for Kelvin Stagg. Taking into account the weightings of each performance measure, the overall LTIP vesting outcome was 96.1% for Steve Ingham, and 94.7% for Kelvin Stagg. This resulted in 273,755 and 126,233 shares vesting to Steve Ingham and Kelvin Stagg respectively. The determination of these vesting outcomes is set out in the table below:

Performance metric	Weighting	Achievements	Outcome (% of max)
Financial			
Cumulative EPS	62.5%	• Threshold EPS – 66p • Maximum EPS – 80.5p • Actual EPS – 82.1p	100%
Relative Gross Profit Growth	12.5%	• Median comparator group gross profit growth – 4.3% • Upper quartile comparator group gross profit growth – 7.3% • PageGroup actual gross profit growth – 9.6%	100%
Strategic			
Executive Leadership Development	CEO: 7.5%	An assessment of the potential of senior executives has been carried out over the last three years with key organisational changes being made to ensure clarity on the succession pipeline. Succession plans developed for each Executive Board role with nominees for short, medium and long-term succession and a new Senior Leadership Development programme created to assess future potential. Identifiable progression has been made by key members of the senior management team with all the individuals taking significant extra responsibility in terms of other regions or enhanced roles.	85%
	CFO: 7.5%	Over the past three years there has been a significant strengthening and development of talent within the Finance function through internal talent moves. To provide further support and ensure first class execution of business strategy, where appropriate external hires have been added in key areas such as Treasury, Global Process Leadership and Shared Service Centre leadership.	70%
Strategy Development	CEO: 10% CFO: 7.5%	Target – growth in Large, High Potential markets ('LHPMs') in line with Strategic Plan measured by improvements in market presence; growth in Gross Profit by market; growth in Group Gross Profit represented by the Large, High Potential markets. Good progress has been made in all Large, High Potential markets against the business goals. Over the 3 year period in constant currency, LHPMs grew by 12.4%. This is driven by investment in our fee earner headcount, up 16.8% CAGR. As a percentage of Group gross profit, they increased from 30.7% to 33.2%. The growth in gross profit was despite more challenging trading conditions in Brazil and Singapore in the earlier part of this period, but both of which have grown strongly in 2018. Our strategy of diversification has seen improving performance in the US over the three years. In Germany we have invested heavily in the Interim market, which now represents 20% of Germany. We have opened in Vietnam in South East Asia, as well as a new office in Chengdu, Greater China.	85%

Directors' Remuneration Report

Performance metric	Weighting	Achievements	Outcome (% of max)
Support Function Development	CEO: 7.5%	Considerable progress has been made in developing stronger functional organisational capability in HR, Marketing and IT that has supported the growth in revenue and fee earners and a reduction in fee earner attrition (42%-37% over 3 years) in line with our business plan. We have invested in senior external talent across all functions from 2016-2018 (eg Group HR Director, Global Digital Marketing Director, Global IT Applications Director.) We have also developed and implemented a global digital learning platform, the build out of an innovation process and in Customer Engagement, a robust content programme that has led to PageGroup being awarded LinkedIn's, the World's Most Socially Engaged Staffing Agency in 2017 and 2018.	83%
Financial			
Cost Management, Financial, Strategic and Management Information	CFO: 10%	Considerable change has been undertaken based upon a multi-function strategy to simplify and standardise our support functions. We have opened new Shared Service Centres in Barcelona, Buenos Aires and Singapore and have transferred North America into the UK. We have also moved our diverse finance systems across the Group into one global system, GFS which is live in 50% of our SSC's and already driving greater efficiencies. We have improved the fee earner to support staff ratio from 77:23 in 2015 to 79:21 at the end of 2018.	80%
Total CEO (% of max)	100%		96.1%
Total CFO (% of max)	100%		94.7%

Spotlight Area: Alignment of value creation with share price change

- We make awards over the Company's shares to align Executives to the shareholder experience. Awards under our LTIP made in March 2016 were made to both Executives with performance conditions linked to multiple measures, covering EPS growth, strategic and personal achievement and relative gross profit growth against a comparator group.
- The performance achieved means that over 96% of the award made to the CEO will vest, and just under 95% for the CFO. This, combined with the increase in the share price over the period leads to the value shown within the single figure table. In the case of the CEO, this has led to an increase in value of the shares vesting from £1.1m to £1.37m (£260k) reflecting the share price growth of nearly 24% over the vesting period.

Percentage change in remuneration for the Chief Executive Officer

The following table provides a summary of the 2018 increase in base salary for the Chief Executive Officer compared to the average increase for the UK employee population in the same period. Also included is the proposed 2019 salary increase for the purpose of comparison.

		2019 increase %	2018 increase %	2017 increase %
Salary	Chief Executive Officer	2.3	2.3	2.6
	UK Employee Population	2.3[1]	2.3[1]	2.8[1]
Benefits	Chief Executive Officer	–	(2.7)	5.7
	UK Employee Population	–	–	–
Annual Cash Incentive	Chief Executive Officer	–	(1.3)	35.8
	UK Employee Population	–	–	–

Notes:

1. Represents average increase.

The UK employee population was chosen as the most relevant population comparison as the Chief Executive Officer is based in the UK.

Shares awarded in the period from January 2018 to December 2018

Conditional awards of deferred shares were made in March 2018 in relation to deferred share awards made under the operation of the 2017 ESIP.

	Number of shares Awarded	Face Value at date of award	Vesting
Steve Ingham	232,907	£1,232,081	Shares vest in three tranches on the first, second and third anniversary of award, subject to continued employment.
Kelvin Stagg	121,792	£644,280	

Awards were made on 15 March 2018. The share price used to make awards was £5.29 being the mid-market share price on 14 March 2018.

Outstanding share awards

This section sets out the share interests of the Executive Directors under the Executive Singe Incentive Plan, legacy Executive Share Option Scheme, the 2009 Share Option Scheme and the Long-Term Incentive Plan.

Executive Single Incentive Plan

Executive	Grant date	Number of shares at 1 January 2018	Granted during the year	Vested during the year	Lapsed during the year	Number of shares at 31 December 2018	End of performance period	Vesting
Steve Ingham	15 March 2018	–	77,635	–	–	77,635	31 December 2017	15 March 2019
Steve Ingham	15 March 2018	–	77,636	–	–	77,636	31 December 2017	16 March 2020
Steve Ingham	15 March 2018	–	77,636	–	–	77,636	31 December 2017	15 March 2021
Total		**–**	**232,907**	**–**	**–**	**232,907**		
Kelvin Stagg	15 March 2018	–	40,597	–	–	40,597	31 December 2017	15 March 2019
Kelvin Stagg	15 March 2018	–	40,597	–	–	40,597	31 December 2017	16 March 2020
Kelvin Stagg	15 March 2018	–	40,598	–	–	40,598	31 December 2017	15 March 2021
Total		**–**	**121,792**	**–**	**–**	**121,792**		

Directors' Remuneration Report

Long-Term Incentive Plan

Details of awards made under the Long-Term Incentive Plan that remain outstanding at 31 December 2018 are as follows:

Executive	Grant date	Number of shares at 1 January 2018	Granted during the year	Vested during the year	Lapsed during the year	Number of shares at 31 December 2018	End of performance period	Vesting date
Steve Ingham	20 March 2015	211,413	–	(117,017)	(94,396)	–	31 December 2017	20 March 2018
Steve Ingham	18 March 2016	284,865	–	–	–	284,865	31 December 2018	18 March 2019
Steve Ingham	16 March 2017	276,387	–	–	–	276,387	31 December 2019	16 March 2020
Total		**772,665**	**–**	**(117,017)**	**(94,396)**	**561,252**		
Kelvin Stagg	20 March 2015	84,191	–	(47,130)	(37,061)	–	31 December 2017	20 March 2018
Kelvin Stagg	18 March 2016	133,298	–	–	–	133,298	31 December 2018	18 March 2019
Kelvin Stagg	16 March 2017	140,662	–	–	–	140,662	31 December 2019	16 March 2020
Total		**358,151**	**–**	**(47,130)**	**(37,061)**	**273,960**		

Executive Share Option Scheme

Details of options granted under The Michael Page International plc Executive Share Option Scheme and The Michael Page 2009 Share Option Scheme that remain outstanding at 31 December 2018 are as follows:

The Michael Page Executive Share Option Scheme

Executive	Grant date	Number of options at 1 January 2018	Exercised during the year	Lapsed during the year	Number of options at 31 December 2018	Exercise price (p)	Exercise period
Steve Ingham	10 March 2010	374,147	(374,147)[1]	–	–	381.5	2013-2020
Total		**374,147**	**(374,147)**	**–**	**–**		
Kelvin Stagg	10 March 2010	50,000	(45,950)[2]	–	4,050[3]	381.5	2013-2020
Total		**50,000**	**(45,950)**	**–**	**4,050**		

Note:
1. All shares arising pursuant to the exercise of options were sold.
2. A sufficient number of shares arising pursuant to the exercise of options were sold to cover the option cost and taxes incurred at exercise, with the balance of 6,137 shares retained by Kelvin Stagg.
3. At 31 December 2018 all outstanding options had vested and were available for exercise.

The market price of the shares as at 31 December 2018 was 450.8p per share, with a range during the year of 436.8p to 627.5p per share.

The Michael Page 2009 Share Option Scheme

Executive	Grant date	Number of options at 1 January 2018	Exercised during the year	Lapsed during the year	Number of options at 31 December 2018	Exercise price (p)	Exercise period
Kelvin Stagg	9 March 2009	20,000	(20,000)[1]	–	–	187.5	2012-2019
Kelvin Stagg	11 March 2011	30,000	–	–	30,000[2]	491.0	2014-2021
Kelvin Stagg	12 March 2012	30,000	–	–	30,000	477.0	2015-2022
Total		**80,000**	**(20,000)**	**–**	**60,000**		

Note:
1. A sufficient number of shares arising pursuant to the exercise of options were sold to cover the option cost and taxes incurred at exercise, with the balance of 6,941 shares retained by Kelvin Stagg.
2. At 31 December 2018, 5,400 of the options granted to Kelvin Stagg on 11 March 2011 had vested and were available for exercise.

Steve Ingham does not hold any options under The Michael Page 2009 Share Option Scheme.

Service Contracts and Letters of Appointment

All Executive Directors' service contracts contain a twelve-month notice period. The service contracts also contain restrictive covenants preventing the Executive Directors from competing with the Group for six months following the termination of their employment and preventing the Executive Directors from soliciting key employees, clients and candidates of the employing company and Group companies for twelve months following termination of employment. The Remuneration Committee has the right to exercise mitigation in the event of termination.

Non-Executive Directors, including the Chairman of the Board, are engaged under letters of appointment and do not have service contracts with the Company. They are appointed for a fixed term of three years, during which period the appointment may be terminated by either party upon giving one month's written notice or in accordance with the provisions of the Articles of Association of the Company. There are no provisions on payment for early termination in the letters of appointment. After the initial three-year term, Directors may be reappointed for a further term of three years, subject to annual re-election at each year's Annual General Meeting. Several Directors' letters of appointment were renewed during the year as set out below. No Director was entitled to vote on their own re-appointment. Copies of the service contracts and letters of appointment are available for inspection during normal business hours at the Company's registered office.

Executive Director	Service Contract Date	Unexpired Term	Notice Period
Steve Ingham	31 December 2010	No specific term	12 months
Kelvin Stagg	6 June 2014	No specific term	12 months

Non-Executive Directors	Letter of Appointment Date	Unexpired Term at 31 December 2018
Simon Boddie	18 July 2018	32 months
Patrick De Smedt	18 July 2018	31 months
Michelle Healy	2 September 2016	9 months
David Lowden	18 July 2018	31 months
Sylvia Metayer	22 August 2017	20 months
Angela Seymour-Jackson	22 August 2017	21 months

Statement of Directors' Shareholdings

It is the Company's policy that Executive Directors are required to build and hold a direct beneficial holding in the Company's Ordinary shares of an amount equal to two times their base salary. As at 31 December 2018 Steve Ingham complied with this requirement. Kelvin Stagg who was appointed a Director during 2014 is in the process of building the required minimum holding.

The beneficial interests of the Directors who served during 2018, and their connected persons, in the Ordinary shares of the Company are shown in the table below. The table shows interests which are held outright and does not include interests held in shares which are subject to ongoing vesting and/or performance conditions which are set out on page 68 and 69 or share options which have vested but have not been exercised, as set out on page 69.

Executive Directors	Ordinary shares as at 1 January 2018	Ordinary shares acquired on vesting of legacy LTIP share award	Ordinary shares acquired on exercise of share options	Purchased in year	Disposal in year	No longer a connected person	Ordinary shares as at 31 December 2018	Value of holding as at 31 December 2018	Executive Directors' value of holding as at 31 December 2018 as a % of salary
Steve Ingham	1,445,932	117,017	–	–	(805,136)	(6,188)	751,625	£3,388,326	550.4
Kelvin Stagg	52,048	47,130	13,078	–	(22,207)	–	90,049	£405,941	113.4

Notes:
1. In addition to the Ordinary shares shown in the table above, Steve Ingham and Kelvin Stagg have a beneficial interest in the Ordinary shares shown on pages 68 and 69 as outstanding awards under the Long-Term Incentive Plan and the Executive Single Incentive Plan.
2. Steve Ingham: During the year under review, 117,017 Ordinary shares vested under the LTIP.
3. Kelvin Stagg: During the year under review, 47,130 Ordinary shares vested under the LTIP, 6,941 shares were acquired pursuant to the exercise of options under The Michael Page 2009 Share Option Scheme and 6,137 shares were acquired pursuant to the exercise of options under The Michael Page Executive Share Option Scheme.
4. The value of the Executive Directors' holdings uses the closing share price on 31 December 2018 of 450.8p per share.

Directors' Remuneration Report

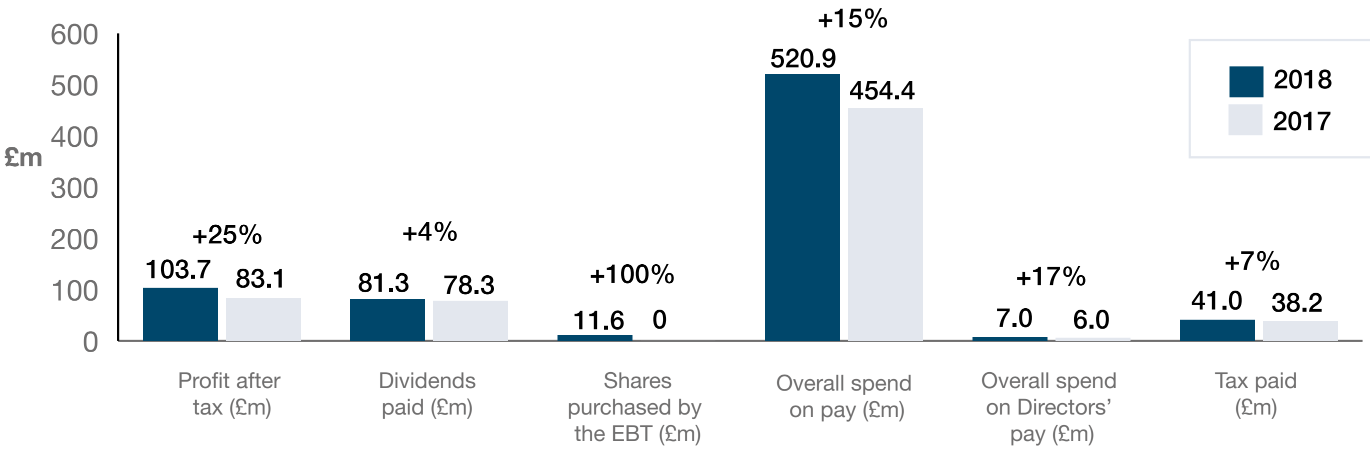
Non-Executive Directors	Ordinary shares of 1p	As at 1 January 2018	Purchased in the year	As at 31 December 2018
David Lowden	Connected person	10,000	–	10,000
Angela Seymour-Jackson	–	–	915	915

No other Non-Executive Director held Ordinary shares in the Company during the year under review.

There have been no changes to the Directors' shareholdings since 31 December 2018 to the date of this Directors' Remuneration Report.

Relative importance of spend on pay

The graph below shows details of the Company's retained profit after tax, distributions by way of dividend, shares purchased by the Michael Page Employee Benefit Trust, overall spend on pay to all employees (see Note 4 in the financial statements on page 98) overall spend on Directors' pay as included in the single figure table on page 62 and the tax paid in the financial year. The percentage change to the prior year is also shown.



Implementation of the Remuneration Policy for Executive Directors in 2019

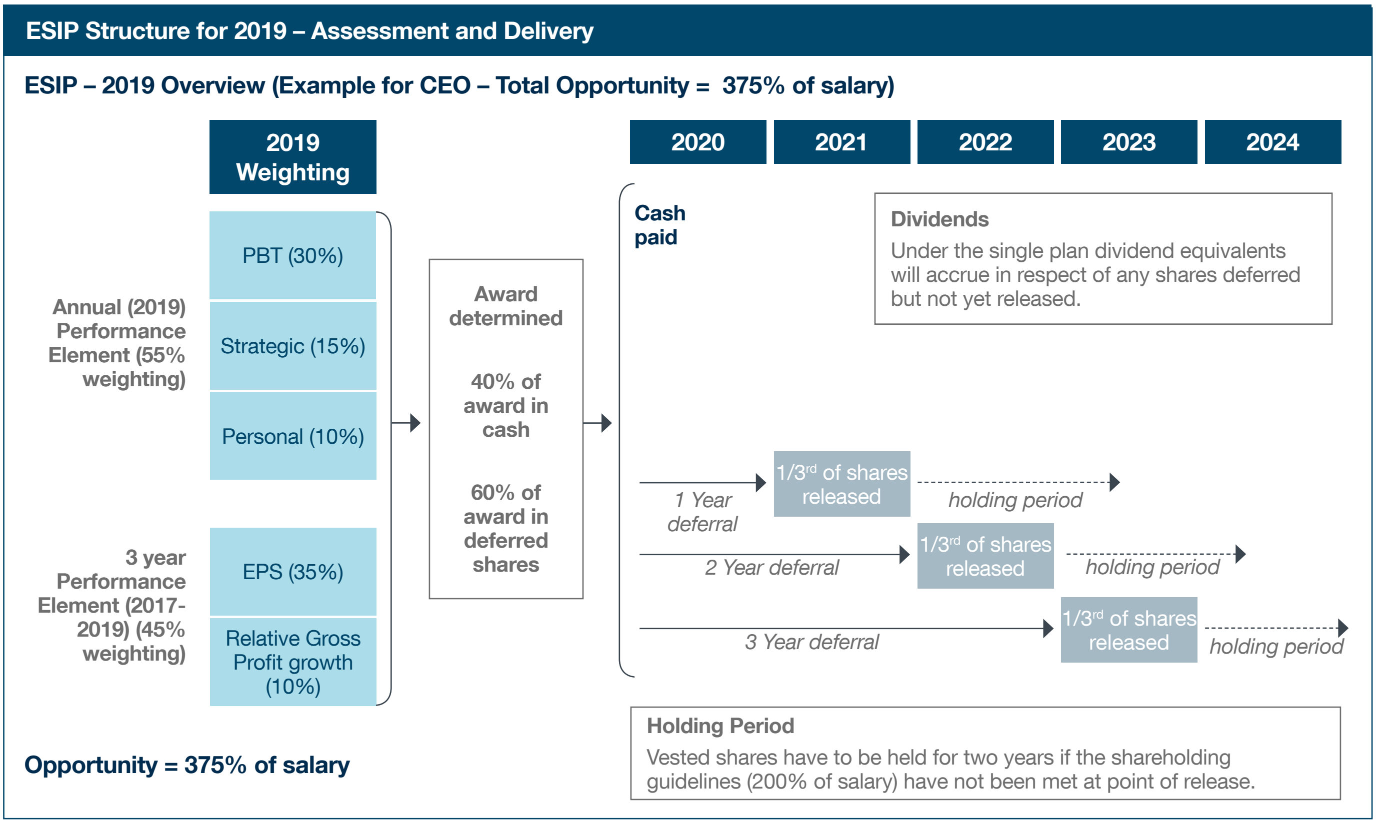
Base Salary

The base salaries of the Executive Directors were considered with reference to the general salaries across the UK employee population. The Remuneration Committee decided to increase the salary of each of the Chief Executive Officer and the Chief Financial Officer by 2.3% which is in line with the increase awarded to the UK employee population. Revised salary levels, effective from 1 January 2019, are £629,800 for the CEO and £366,300 for the CFO.

Executive Single Incentive Plan

As set out in the Annual Statement and Directors' Remuneration Policy, the first ESIP award was paid in 2018. This award replaced the annual bonus and LTIP award that operated under the previous policy. The next ESIP award will be paid in March 2019 subject to both annual performance over 2018, and long-term trailing performance over 2017 and 2018. The 2019 ESIP that will be paid in March 2020 will be assessed against both annual performance over 2019, and long-term trailing performance over period 2017 to 2019 inclusive. The scorecard and weightings for this award are set out below. The maximum opportunity is 375% of salary for the CEO and 325% of salary for the CFO.

Measure		Weightings
Annual Performance	PBT	30%
	Non-financial, strategic	15%
	Personal performance	10%
Longer-term metrics	EPS growth	35%
	Relative Gross Profit	10%



The EPS targets for operation of the 2019 ESIP require cumulative EPS performance for the three year period from January 2017 to December 2019 to deliver 69p (threshold performance = nil award) through to 84p (100% award) with straight line vesting for points in between these values. The Committee consider the annual targets commercially sensitive and these will be disclosed retrospectively in the next remuneration report. The relative gross profit growth measure will be assessed by reference to median performance resulting in 25% vesting and upper quartile performance resulting in 100% vesting for this element of the award.

Pensions

In line with the Remuneration Policy the Executive Directors receive a contribution to a defined contribution pension scheme or a cash equivalent. The Chief Executive Officer receives a contribution equivalent to 25% of his base salary. The Chief Financial Officer receives a contribution equivalent to 20% of his base salary.

Implementation of the Remuneration Policy for the Chairman and Non-Executive Directors in 2019

The fees per annum for the Board Chairman and the Non-Executive Directors have been agreed as follows:

	31 December 2018	From 1 January 2019
Chairman	£209,000	£213,800
Non-Executive basic fee	£54,300	£55,500
Additional fees payable:		
Senior Independent Director	£7,000	£9,000
Chairman of the Audit Committee	£14,000	£14,000
Chairman of the Remuneration Committee	£14,000	£14,000

Directors' Remuneration Report

Total Shareholder Return

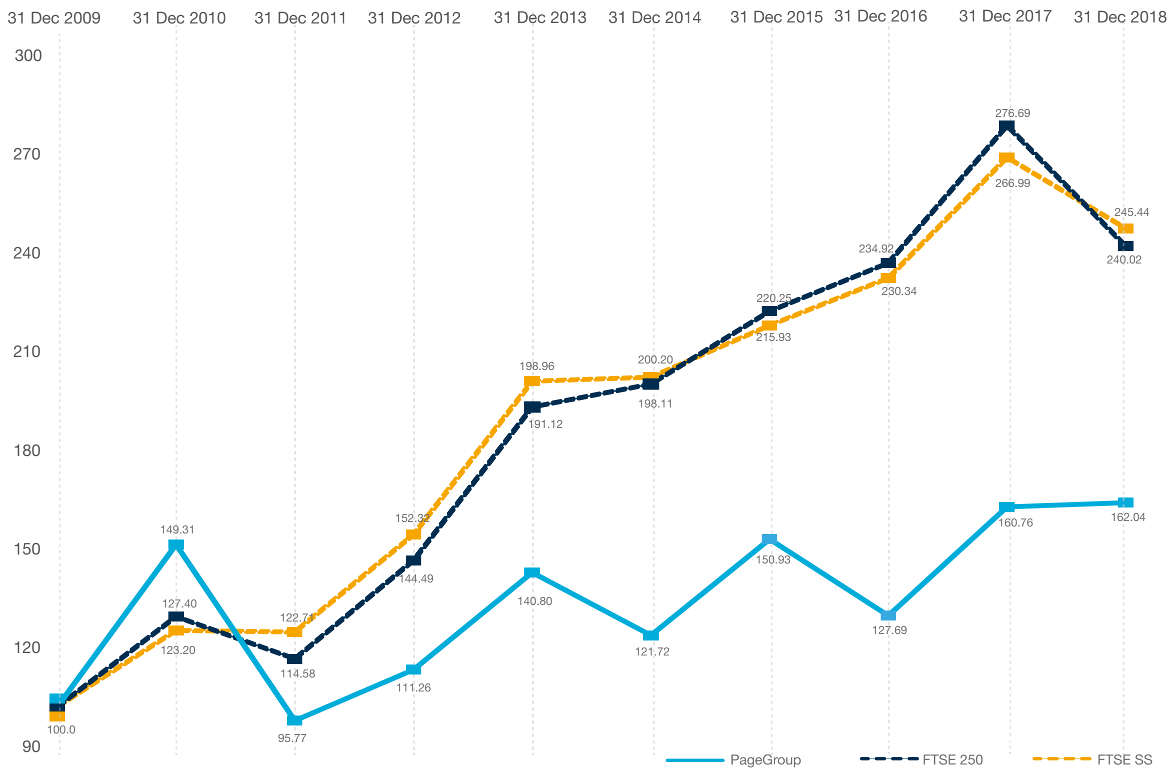
The performance graph below shows the movement in the value of £100 invested in the shares of the Company compared to an investment in the FTSE 250 index and the FTSE Support Services index over the period 31 December 2009 to 31 December 2018. The graph shows the Total Shareholder Return generated by the movement in the share price and the reinvestment of dividends.

The FTSE 250 index and the FTSE Support Services index have been selected as the Company was a member of each index throughout the period. The table below shows the total remuneration of the Chief Executive Officer over the same ten year period.

CEO	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Single remuneration total	£1,010k	£2,184k	£1,647k	£2,723k	£1,318k	£1,494k	£2,074k	£2,089k	£3,660k	£4,340k
Short-term incentives (% of maximum) (note 1)	N/A	N/A	N/A	N/A	58%	71%	68%	60%	N/A	N/A
Long-term incentives (% of maximum)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	60%	55.35%	96.1%
Executive Single Incentive Plan (% of maximum)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	91%	87.7%

Notes:

1. Prior to 2012 the Company operated uncapped incentives which, by definition, did not have the concept of "maximum". As a result it is not possible to provide this information historically. However, following the changes in 2012 it is possible to provide this information for the years 2013, 2014, 2015 and 2016.



Note:

1. Steve Ingham has been CEO of PageGroup since 2006.

Statement of voting at the Annual General Meeting

At the Company's Annual General Meeting held on 8 June 2017, shareholders approved the current Remuneration Policy. The Remuneration Policy was not varied or amended and as such was not presented to shareholders for consideration at the Annual General Meeting held on 7 June 2018. The table below shows the results of the voting on the Remuneration Policy at the 2017 Annual General Meeting and the Directors' Remuneration Report put to shareholders at the 2018 Annual General Meeting. Each resolution required a simple majority of the votes cast to be in favour in order for each of the resolutions to be passed.

Resolutions	AGM	Votes For	%	Votes Against	%	Votes Withheld
Remuneration Policy Report	8 June 2017	163,167,784	66.18	83,370,082	33.82	134,123
Directors' Remuneration Report	7 June 2018	243,508,598	93.53	16,852,085	6.47	2,086

A full schedule in respect of shareholder voting on all the resolutions put to shareholders at the 2018 Annual General Meeting is available on the Company's website at **www.page.com**.

External directorships

During the year Steve Ingham, Chief Executive Officer, earned and retained £42,500 (2017: £42,500) in respect of fees from his role as a Non-Executive Director of Debenhams plc. No other Executive Director earned any fees from external directorships.

The Directors' Remuneration Report has been approved by the Board of Directors.

Signed on behalf of the Board of Directors

Angela Seymour-Jackson
Chair of the Remuneration Committee
5 March 2019

Directors' Remuneration Report

SECTION D: DIRECTORS' REMUNERATION POLICY

PageGroup is a global business that operates in a cyclical industry in which the retention and ongoing motivation of Executives and management continuity is critical to the success of the Company. As a result, the Directors' Remuneration Policy has been designed to encourage long-term decision making, to avoid undue volatility in remuneration outcomes, and to act as an effective retention tool during market downturns.

The Remuneration Policy was approved by shareholders at the Company's Annual General Meeting held on 8 June 2017 and became effective from that date. The full policy, including approach to recruitment, payments for loss of office and illustrations of the policy can be found in our 2017 Annual Report which is available on our corporate website: **www.page.com**. There are no proposed changes to the current policy for 2019 and therefore we do not propose to table a resolution seeking approval of the Policy at the next Annual General Meeting. We will present the annual resolution seeking shareholder approval in respect of how the Policy has been implemented. We also will continue to review the effectiveness of the Policy and engage with shareholders in advance of presenting an updated Policy for shareholder approval in 2020.

Key aims of the Policy when it was introduced included incorporating deferral into the majority of the award, introducing post-vesting holding periods for Executives who have not met the 200% shareholding requirement and ensuring annual and long-term measurement. Tables summarising the Policy are set out below for information.

Policy Table for Executive Directors

Element	Purpose and link to strategy	Operation	Maximum opportunity
Salary (Fixed pay)	Attract, retain and reward high calibre Executive Directors	Salary levels (and subsequent increases) are set after reviewing various factors including individual and Company performance, role and responsibility, internal relativities such as the increases awarded to other employees and prevailing market levels for Executive Directors at companies of comparable status and market value, taking into account the total remuneration package. Salaries are normally reviewed annually. Salary is paid monthly and increases are generally effective from 1 January. Performance details: an assessment of individual and Company performance is used to determine each Executive Directors' salary review.	Salaries will not increase by more than RPI +5% except increases in excess of this may be awarded in the case of new Executive Directors where it is appropriate to offer a below market salary initially on appointment and a series of staged increases, subject to performance and experience in role, to bring to a market competitive salary. Aim for market competitive salaries.
Benefits (Fixed pay)	Attract, retain and reward high calibre Executive Directors Provision of opportunities for connecting with clients, investors and staff to facilitate growth strategy	Competitive benefits including car allowance or company car (including running costs), private medical insurance for the individual and family, permanent health insurance and four times salary life assurance. Provision of relocation assistance and any associated costs or benefits (including but not limited to housing benefits, personal tax advice and school fees) upon appointment if/when applicable. The Company may also provide tax equalisation arrangements. Membership of clubs as appropriate for the development of business. Performance details: None	Competitive benefits in line with market practice.

Element	Purpose and link to strategy	Operation	Maximum opportunity
Executive Single Incentive Plan (ESIP)	Rewards both short and long-term performance Aligns interests of Executive Directors with shareholders	Awards are paid in cash (40%), and deferred shares (60%) which vest in equal tranches over a minimum three-year period. The plan consists of annual awards with performance measured over both one-year and trailing long-term performance periods. At least 40% of any award will depend on trailing longer-term metrics. A minimum of 70% of the possible award will normally be linked to financial metrics. A post-vesting holding period applies. Directors who have not reached the shareholding requirement of 200% of base salary will be required to hold vested shares from each tranche of the ESIP for a further two years post-vesting, except for sales for the purposes of meeting tax liabilities on vesting and exercise. Dividend equivalents accrue during the vesting period but are only released to the extent awards vest. Malus and clawback provisions apply to the total award, including cash and deferred portions, for misstatement of performance, substantial failure of risk control, and gross misconduct. Performance details: performance is measured against a balanced scorecard, to support the Company's strategy. In 2018 performance targets were: annual PBT; key strategic projects; personal performance in respect of leadership and people development (CEO) and capability and finance development in finance (CFO); relative Gross Profit growth comparator group and EPS. Full disclosure of performance against each target is set out at pages 64 to 67.	The ESIP allows for annual awards of up to a maximum of 375% of base salary for each Executive Director. In 2018 the CEO's maximum award was 375% and the CFO's maximum award was 325% of salary.
Pension (Fixed pay)	Attract, retain and fairly reward high calibre Executive Directors	Executive Directors may receive a defined contribution pension benefit or cash supplement. Performance details: None	CEO: 25% of salary. Other Executive Directors: 20% of salary.

To avoid measuring performance over periods already known at implementation, the trailing element for the first ESIP was based on 2017 EPS. For the second ESIP award, performance was measured over a two-year performance period. For the third and subsequent awards, performance will be measured over a three-year performance period.

Statement of consideration of employment conditions elsewhere in the Group

PageGroup does not consult directly with employees when determining Remuneration Policy for Executive Directors. However, increases in pay across the senior management population and the wider workforce are taken into account when setting pay levels for Executive Directors.

Statement of consideration of shareholder views

The Committee considers shareholder feedback received in relation to the AGM each year at its first meeting following the AGM. The Remuneration Committee Chairman will seek to inform major shareholders of any material changes to the Remuneration Policy in advance and will generally offer a meeting to discuss these changes.

Directors' Remuneration Report

Key areas of discretion

Key areas of Committee discretion in the Remuneration Policy include (but are not limited to):

- the choice of financial performance measures in variable remuneration and the choice of performance targets for those measures
- the treatment of leavers in the ESIP
- certain discretions as set out in the ESIP plan rules such as:
  - the timing of grant of award and/or payment
  - the size of an award and/or a payment (subject to the maximum set out in the Policy Table for Executive Directors)
  - determination of a good leaver (in addition to any specified categories) for incentive plan purposes based on the rules of the ESIP, and the resulting treatment of the award
  - adjustments required in certain circumstances (e.g. rights issues, corporate restructuring and special dividends)
  - the ability to adjust existing performance conditions for exceptional events so that they can still fulfil their original purpose (subject to the amended condition not being materially less challenging)

External Non-Executive Director positions

Subject to Board approval, Executive Directors are permitted to take on non-executive positions with other companies. Executive Directors are permitted to retain their fees in respect of such positions. Details of outside directorships held by the Executive Directors and any fees that they received are provided on page 74 of the Directors' Annual Remuneration Report.

Policy Table for Board Chairman and Non-Executive Directors

The Board Chairman and Non-Executive Directors receive a fee for their services and do not receive any other benefits from the Group, nor do they participate in any of the bonus or share schemes. The fees recognise the responsibility of the role and the time commitments required, and are not performance related or pensionable. They are paid monthly in cash and there are no other benefits.

Element	Purpose and link to strategy	Operation	Maximum opportunity
Fees	Attract, retain and fairly reward high calibre individuals.	Reviewed by the Board after recommendation by the Chairman and Chief Executive (and by the Committee in the case of the Chairman) taking into account individual responsibilities, such as committee Chairmanship, time commitment, general employee pay increases, and prevailing market levels at companies of comparable status and market value. Fee increases are normally reviewed annually. Changes in fees for Non-Executive Directors were effective 1 January 2019.	The maximum aggregate fees for all Directors allowed by the Company's Articles of Association is £600,000. Current fee levels are set out in the Directors' Annual Remuneration Report.

The above principles will also be applied for the recruitment of new Non-Executive Directors.

Service contracts and letters of appointment

All Executive Directors' service contracts contain a twelve month notice period. The service contracts also contain restrictive covenants preventing the Executive Directors from competing with the Group for six months following the termination of employment and preventing the Executive Directors from soliciting key employees, clients and candidates of the employing company and Group companies for twelve months following termination of employment.

Non-Executive Directors, including the Chairman of the Board, are engaged under letters of appointment and do not have service contracts with the Company. They are appointed for a fixed term of three years, during which period the appointment may be terminated by either party upon one month's written notice or in accordance with the Articles of Association of the Company. There are no provisions on payment for early termination in the letters of appointment. After the initial three year term they may be reappointed for a further term of three years, subject to annual re-election at Annual General Meetings.

Further detail on service contracts and letters of appointment are set out on page 70 and copies are available for inspection at the Company's registered office during normal business hours.

Directors' Report

Kaye Maguire, General Counsel & Company Secretary

The Directors present their Report together with the consolidated financial statements for the year ended 31 December 2018.

Certain information that fulfils the requirements of the Directors' Report can be found elsewhere in this document as noted in the table below. This information is incorporated into this Directors' Report by reference. Pages 47 to 57, 78 to 80 and 118 to 121 also comprise the Directors' report for the year ended 31 December 2018

Directors

The Directors who served throughout the year under review were David Lowden, Simon Boddie, Patrick De Smedt, Steve Ingham, Michelle Healy, Kelvin Stagg, Sylvia Metayer and Angela Seymour-Jackson. Danuta Gray decided not to offer herself for re-election at the Annual General Meeting and ceased to be a Director from 7 June 2018.

Results and Dividends

The results for the year are set out in the Consolidated Income Statement on page 86. An analysis of revenue, profit and net assets by region is shown in Note 2 on pages 96 and 97. A final dividend for 2017 of 8.60p per Ordinary share was paid on 18 June 2018; an interim dividend for 2018 of 4.10p per Ordinary share was paid on 10 October 2018; and a special dividend of 12.73p per share was also paid on 10 October 2018.

The Directors recommend the payment of a final dividend for the year ended 31 December 2018 of 9.00p per Ordinary share on 17 June 2019 to shareholders on the register of members on 17 May 2019. If approved by shareholders at the Annual General Meeting, this will result in a total ordinary dividend for the year of 13.10p per Ordinary share (2017: 12.50p). This, together with the payment of the special dividend, gives a total dividend for the year of 25.83p (2017: 25.23p).

Directors' Report

Share Capital

As at 31 December 2018 the Company's issued capital comprised a single class of 328,339,724 Ordinary shares of 1p each, totalling £3,283,397.24. At the Annual General Meeting held on 7 June 2018 the shareholders authorised the Company to purchase up to a maximum of 10% of the issued share capital in the market. No shares were repurchased during the year. A further resolution in this respect will be put to shareholders at the forthcoming Annual General Meeting.

During the year 1,531,023 shares were issued to satisfy share options exercised. The Company reviews the award of shares made under the various employee and executive share plans in terms of their effect on dilution limits and complies with the dilution limits recommended by The Investment Association.

Employment policy and employee involvement

The Group continues to give full and fair consideration to applications for employment made by disabled persons, having regard to their respective aptitudes and abilities. The Group's employment policy includes, where practicable, the continued employment of those who may become disabled during their employment and the provision of training and career development and promotion, where appropriate. The Group also remains committed to employee involvement throughout the business. Employees are kept well informed of the performance and strategy of the Group through personal briefings, regular meetings, townhalls, Yammer (the Group's internal social collaboration site), emails and other communications from the Chief Executive Officer and members of the Executive Board. Further details of employment policies and employee involvement can be found in the Strategic Report on pages 22 to 23.

Directors' indemnities

The Company has not granted separate indemnities to the Directors. The Company purchased and maintained Directors' and Officers' Liability Insurance throughout the period under review, which gives appropriate cover for legal actions brought against the Directors.

Financial instruments and financial risk management

Details of the Group's use of financial instruments, including financial risk management objectives and policies of the Group, and exposure of the Group to certain financial risks can be found in Note 20 on pages 112 to 116.

Significant agreements containing change of control provisions

The Company has an invoice discounting facility that terminates on a change of control, with prepaid amounts being repayable.

Directors' and employees' contracts do not normally provide for payment for loss of office or employment as a result of a change of control. However, the Company operates several share and share option schemes for the benefit of its Executive Directors and employees, the rules of which contain provisions which may cause options and share awards granted to vest on a change of control.

Substantial shareholders

At 31 December 2018 the Company had been notified, in accordance with the FCA Disclosure Guidance and Transparency Rules, of the undermentioned noted interests in its Ordinary share capital. The percentage of voting rights shown below are as at the date of notification.

Shareholder	No. of Ordinary shares	% of voting rights
Liontrust Investment Partners LLP	16,626,702	5.07%
Merian Global Investors (UK) Limited	16,419,476	5.01%
BlackRock Inc.	16,421,640	5.00%
Heronbridge Investment Management LLP	16,301,242	4.98%
Franklin Templeton Institutional LLC	16,104,930	4.93%
Sanne Fiduciary Services Ltd as Trustee of the Michael Page Employees' Benefit Trust	12,943,756	3.96%

The following notifications were received during the period 1 January 2019 to 6 March 2019

Shareholder	No. of Ordinary shares	% of voting rights
The Capital Group Companies, Inc	16,379,435	4.99%
Merian Global Investors (UK) Limited		Below 5%

Since the date of disclosure, the above shareholdings may have changed.

Political contributions

No political contributions were made during the year. The Company has a policy of not making political donations to political organisations or independent election candidates anywhere in the world as defined by the Political Parties, Election and Referendums Act 2000.

Post Balance Sheet Events

There have been no significant post balance sheet events since 31 December 2018.

Reappointment of Auditor

Ernst & Young LLP are willing to continue in office and, accordingly, resolutions concerning their reappointment and to authorise the Directors to set their remuneration will be proposed at the forthcoming Annual General Meeting.

Directors' Statements of Responsibility

The Directors are responsible for preparing the Annual Report and Accounts in accordance with applicable law and regulations and keeping proper accounting records. Detailed below are statements made by the Directors in relation to their responsibilities, disclosure of information to the Company's auditor and going concern.

1. Financial Statements and accounting records

Company law of England and Wales requires the Directors to prepare for each financial year financial statements which give a true and fair view of the state of affairs of the Company and of the Group at the end of the financial year and of the profit or loss of the Group for that period.

In preparing those financial statements the Directors are required to:

(i) state whether the Group financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted for use in the EU and Article 4 of the EU IAS Regulations;

(ii) state whether the parent company financial statements have been prepared in accordance with IFRS as adopted for use in the EU;

(iii) select suitable accounting policies and apply them consistently;

(iv) make judgements and estimates that are reasonable and prudent;

(v) present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and

(vi) prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and of the Group and to enable them to ensure that the financial statements and Directors' Remuneration Report comply with the Companies Act 2006 and, for the consolidated financial statements, Article 4 of the EU IAS Regulation. They are also responsible for the system of internal control, for safeguarding the assets of the Company and the Group and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

2. Directors' Responsibility Statement

The Board confirms to the best of its knowledge that:

(i) the Group and parent company financial statements, prepared in accordance with IFRS as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group and parent company; and

(ii) the Directors' Report and the Strategic Report include a fair review of the development and performance of the business and the position of the Group together with a description of the principal risks and uncertainties that it faces.

3. Disclosure of information to the Auditor

Having made the requisite enquiries, so far as the Directors are aware as at the date of this Statement, there is no relevant audit information (as defined by section 418(3) of the Companies Act 2006) of which the Company's auditor is unaware and the Directors have taken all the steps they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Annual General Meeting

The Annual General Meeting of the Company will be held on 24 May 2019. The notice of meeting can be found in the document which accompanies this Annual Report and Accounts. It is also available on the Company's website **www.page.com**.

By order of the Board

Kaye Maguire

General Counsel & Company Secretary

5 March 2019

Independent Auditor's Report to the Members of PageGroup plc

Opinion

In our opinion:

- PageGroup plc's Group financial statements and Parent company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Parent company's affairs as at 31 December 2018 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006, and, as regards the Group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements of PageGroup plc which comprise:

Group	Parent company
Consolidated income statement	
Consolidated statement of comprehensive income	
Consolidated balance sheet	Balance sheet
Consolidated statement of changes in equity	Statement of changes in equity
Consolidated statement of cash flows	Statement of cash flows
Related notes 1 to 24 to the financial statements, including a summary of significant accounting policies	Related notes 1 to 24 to the financial statements including a summary of significant accounting policies

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Group and Parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs(UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report set out on pages 29 to 34 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation set out on page 35 in the annual report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement set out on page 80 in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements
- whether the directors' statement in relation to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation set out on page 35 in the annual report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Overview of our audit approach

Key audit matters	• Revenue recognition for permanent and temporary placements.
Audit scope	• We performed a full scope audit of 6 components of the Group and audit procedures on specific balances for a further 5 components. • The components where we performed full or specific audit procedures accounted for 83% of revenue, 80% of profit before tax and 75% of total assets.
Materiality	• Overall Group materiality is £6.7m which is based on 5% of profit before tax.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Revenue recognition for permanent and temporary placements *Refer to the Audit Committee Report (page 55); Accounting policies (page 92); and Note 2 of the Consolidated Financial Statements (page 96)* The Group has reported permanent placement revenue of £629.1million (2017: £543.3million) and temporary placement revenue of £920.8million (2017: £828.3million). For permanent placements there is a risk around the timing of revenue recognition as revenue is recognised when customer and candidate agreement is achieved, which may be several months in advance of the start of employment. Consequently, there is a risk that: • recognition occurs before revenue recognition criteria have been met; • period end cut-off is performed incorrectly; or • management judgement is incorrectly applied in estimating the level of provision required for potential revenue reversals when placements are not taken up as agreed. Temporary placement revenue is recognised when the customer has approved the timesheet. Consequently there is a risk that: • revenue is recognised before an approved timesheet has been submitted; or • that period end cut-off is performed incorrectly. For both permanent and temporary placements we have identified the following risk: • Management override by manipulation of revenue through manual or top-side journals.	We performed the following full and specific scope audit procedures over this risk area at 11 components, which covered 83% of the revenue balance: • For permanent and temporary revenue streams, we identified and assessed the design of key controls to validate that revenue recognition was appropriate and applied in accordance with the Group's accounting policies. • For 10 of the components, we used data analytics covering all revenue transactions in the year to test the correlation between revenue, accrued revenue, accounts receivable and cash. For the remaining one component we selected a sample of permanent and temporary revenue placements for detailed transaction testing to verify that the revenue recognition criteria had been met and revenue was recorded at the correct value. • Performed period-end cut off testing for a sample of revenue transactions to check all revenue recognition criteria for the permanent and temporary placements had been met and that revenue had been recognised in the correct period. • Compared the level of permanent placement revenue reversals over the last 12 months, which occur as a result of non-completion of contractual placements, to the provision recorded against accrued income and trade receivables to determine if the assumptions used to calculate the provision were appropriate. We also re-performed the provision calculation to confirm its accuracy. • Performed sampling procedures to validate the existence of accrued revenue and trade receivable balances. • Performed journal entry testing around revenue, focusing on manual entries and top-side adjustments specifically around year end. For all other components which represent 17% of the revenue balance: • For any component representing greater than 2% of the Group's revenue we performed period-end cut off testing for a sample of revenue transactions to check that all revenue recognition criteria for the permanent and temporary placements had been met and that revenue had been recognised in the correct period. • We performed audit procedures centrally on a country-by-country basis to address the risk of an undetected material error occurring in these components. These comprised analytical review of revenue and gross profit, and ratio analysis of key performance indicators including revenue and gross profit per fee earner.	We concluded that revenue recognised for permanent and temporary placements is correctly recorded in accordance with the Group's revenue recognition criteria and IFRS, and that the provision for expected revenue reversals was appropriate.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the group and effectiveness of group-wide controls, changes in the business environment and other factors such as recent Internal Audit results when assessing the level of work to be performed at each entity.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, we selected 11 of the 36 reporting components that represent the principal business units within the Group within the following countries: United Kingdom, France, United States, Germany, China, Hong Kong, Australia, Italy, Spain, Netherlands and Belgium.

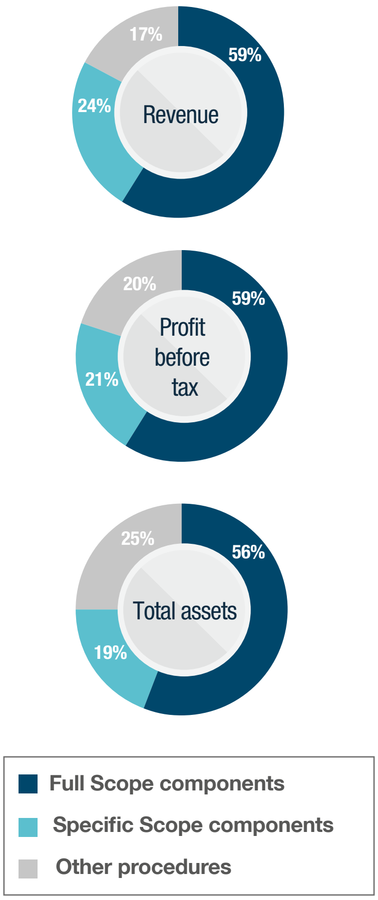
Of the 11 components selected, we performed an audit of the complete financial information of 6 components ("full scope components") which were selected based on their size or risk characteristics. For the remaining 5 components ("specific scope components"), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant balances tested for the Group.

The reporting components where we performed audit procedures accounted for:

		2018	2017
Revenue	Full scope components	59%	59%
	Specific scope components	24%	24%
	Total	**83%**	**83%**
Profit before tax	Full scope components	59%	57%
	Specific scope components	21%	26%
	Total	**80%**	**83%**
Total assets	Full scope components	56%	60%
	Specific scope components	19%	22%
	Total	**75%**	**82%**

Of the remaining 25 components that together represent 20% of the Group's profit before tax, none are individually greater than 4% of the Group's profit before tax. For these components, we performed other audit procedures, including analytical review procedures on a country-by-country basis, obtaining an understanding of the Group wide entity level controls over all components and assessing the results of the Internal Audit reviews to identify any potential risks of material misstatement to the Group financial statements. We have also verified bank reconciliations to test cash balances and performed revenue cut-off procedures around year-end at some of the larger locations within these remaining 25 components.

The charts below illustrate the coverage obtained from the work performed by our audit teams.



Changes from the prior year

The key changes in audit scope since 2017 are:

- Germany which now represents 9% of the Group's 2018 revenue (2017 – 8%) and 8% of the Group's Profit before tax (2017 – 5%) was identified as full scope component (2017 – specific scope). It represents 3rd biggest location in terms of its contribution to the Group's revenue;
- Australia, which now is the 4th largest contributor to the Group's revenue and represents 7% of the Group's revenue (2017 – 8%), was identified as specific scope component (2017 – full scope component).

Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from other EY global network firms operating under our instruction. For the 6 full scope and 5 specific scope components, audit procedures were performed by component audit teams. Procedures on the Group's Head Office were performed directly by the primary audit team. For all full and specific scope components, where the work was performed by component auditors, we determined the appropriate level of group team involvement as described below to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

The Group audit team continued to follow a programme of planned visits that has been designed to ensure that the Senior Statutory Auditor visits all full scope locations at least once every 3 years. During the current year's audit cycle, visits were undertaken by the Senior Statutory Auditor to China and Australia. A visit to the UK, France, and the Group's EMEA shared service centre (SSC) based in Spain was undertaken by the Group audit senior manager. These visits involved discussing the audit approach with the component teams and any issues arising from their work, reviewing key audit working papers on risk areas and attending the audit closing meeting for the UK component with local management. The purpose of the visit to the SSC was to obtain an understanding of the SSC operations, perform walkthrough procedures for all significant processes in relation to the countries now supported by the SSC and perform independent testing of management controls on some of the processes. The Group audit team led 3 regional audit closing meetings or calls with regional management and the Group CFO, at which key areas of local judgement and audit findings were discussed.

The Group audit team interacted regularly with the component teams where appropriate during various stages of the audit, reviewed key working papers and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature *and extent of our audit procedures.*

We determined materiality for the Group to be £6.7 million (2017: £5.4 million), which is based on 5% (2017: 5%) of profit before tax. We believe that profit before tax is the principal consideration for stakeholders in assessing the financial performance of the Group.

We determined materiality for the Parent company to be £5.9 million (2017: £5.8 million), which is 0.5% (2017: 0.5%) of total assets.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2017: 75%) of our planning materiality, namely £5.0m (2017: £4.1m).

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £1m to £2.3m (2017: £0.8m to £1.8m).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.34m (2017: £0.27m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the Annual Report and accounts other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable** (set out on page 80) – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit committee reporting** (set out on page 53) – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code** (set out on page 47) – the parts of the directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 80, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group and Parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are those that relate to the reporting framework (IFRS, the Companies Act 2006 and UK Corporate Governance Code) and the relevant tax compliance regulations in the jurisdictions in which the Group operates. There are no significant, industry specific laws or regulations that we considered in determining our approach.
- We understood how PageGroup plc is complying with those frameworks by making enquiries of management, internal audit, those responsible for legal and compliance procedures and the company secretary. We corroborated our enquiries through our review of board minutes and papers provided to the Audit Committee. Our assessment included the tone from the top and the emphasis on a culture of honest and ethical behaviour.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by meeting with management from various parts of the business to understand where it considered there was susceptibility to fraud. We also considered performance targets and their propensity to influence on efforts made by management to manage earnings. We considered the programmes and controls that the Group has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures were focused on revenue recognition, which is described in more detail in our Key audit matters and journal entry testing, with a focus on manual or top-side adjustments.
- Our audit procedures were communicated to and performed by our component teams.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters we are required to address

- We were appointed by the company in June 2011 to audit the financial statements for the year ended 31 December 2011 and subsequent financial periods.

The period of total uninterrupted engagement including previous renewals and reappointments is 8 years, covering the years ending 31 December 2011 to 2018.

- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent company and we remain independent of the Group and the Parent company in conducting the audit.
- The audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Bob Forsyth (Senior Statutory Auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

5 March 2019

Notes:

1. The maintenance and integrity of the PageGroup plc web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Revenue	2	**1,549,941**	1,371,534
Cost of sales		**(735,039)**	(659,966)
Gross profit	2	**814,902**	711,568
Administrative expenses		**(672,439)**	(593,246)
Operating profit	2	**142,463**	118,322
Financial income	5	**631**	229
Financial expenses	5	**(819)**	(389)
Profit before tax	2	**142,275**	118,162
Income tax expense	6	**(38,572)**	(35,082)
Profit for the year	3	**103,703**	83,080
Attributable to:			
Owners of the parent		**103,703**	83,080
Earnings per share			
Basic earnings per share (pence)	9	**32.5**	26.5
Diluted earnings per share (pence)	9	**32.4**	26.4

The above results relate to continuing operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2018

	2018 £'000	2017 £'000
Profit for the year	**103,703**	83,080
Other comprehensive income/(loss) for the year		
Items that may subsequently be reclassified to profit and loss:		
Currency translation differences	**4,359**	(2,888)
(Loss)/Gain on hedging instruments	**(988)**	1,340
Total comprehensive income for the year	**107,074**	81,532
Attributed to:		
Owners of the parent	**107,074**	81,532

CONSOLIDATED AND PARENT COMPANY BALANCE SHEETS

As at 31 December 2018

		Note	Group 2018 £'000	Group 2017 £'000	Company 2018 £'000	Company 2017 £'000
Non-current assets						
Property, plant and equipment		10	**35,564**	30,158	**–**	–
Intangible assets	- Goodwill and other intangibles	11	**2,019**	1,685	**–**	–
	- Computer software (including assets held under construction)	11	**31,377**	32,473	**–**	–
Investments		12	**–**	–	**523,729**	516,681
Deferred tax assets		16	**17,487**	14,637	**–**	–
Other receivables		13	**12,746**	10,513	**–**	–
			99,193	89,466	**523,729**	516,681
Current assets						
Trade and other receivables		13	**349,111**	299,089	**642,855**	647,607
Current tax receivable		7	**17,206**	15,652	**–**	–
Cash and cash equivalents		19	**97,673**	95,605	**–**	–
			463,990	410,346	**642,855**	647,607
Total assets		2	**563,183**	499,812	**1,166,584**	1,164,288
Current liabilities						
Trade and other payables		14	**(204,353)**	(187,730)	**(913,232)**	(848,476)
Current tax payable		7	**(20,145)**	(22,166)	**–**	–
			(224,498)	(209,896)	**(913,232)**	(848,476)
Net current assets/(liabilities)			**239,492**	200,450	**(270,377)**	(200,869)
Non-current liabilities						
Other payables		14	**(19,474)**	(19,489)	**–**	–
Deferred tax liabilities		16	**(630)**	(370)	**–**	–
			(20,104)	(19,859)	**–**	–
Total liabilities		2	**(244,602)**	(229,755)	**(913,232)**	(848,476)
Net assets			**318,581**	270,057	**253,352**	315,812
Capital and reserves						
Called-up share capital		17	**3,284**	3,268	**3,284**	3,268
Share premium		18	**98,502**	92,677	**98,502**	92,677
Capital redemption reserve		18	**932**	932	**932**	932
Reserve for shares held in the employee benefit trust		18	**(50,673)**	(58,931)	**–**	–
Currency translation reserve		18	**34,217**	29,858	**–**	–
Retained earnings			**232,319**	202,253	**150,634**	218,935
Total equity			**318,581**	270,057	**253,352**	315,812

The financial statements of PageGroup plc (Company Number 3310225) set out on pages 86 to 117 were approved by the Board of Directors and authorised for issue on 5 March 2019. The Company's profit for the financial year amounted to £6.0m (2017: £9.6m).

Signed on behalf of the Board of Directors

Steve Ingham,
Chief Executive Officer

Kelvin Stagg,
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

2017	Note	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Reserve for shares held in the employee benefit trust £'000	Currency translation reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2017		**3,259**	**90,458**	**932**	**(72,941)**	**32,746**	**192,107**	**246,561**
Currency translation differences		–	–	–	–	(2,888)	–	(2,888)
Net loss recognised directly in equity		–	–	–	–	(2,888)	–	(2,888)
Profit on hedging instruments		–	–	–	–	–	1,340	1,340
Profit for the year		–	–	–	–	–	83,080	83,080
Total comprehensive (loss)/income for the year		**–**	**–**	**–**	**–**	**(2,888)**	**84,420**	**81,532**
Exercise of share plans		9	2,219	–	–	–	10,458	12,686
Transfer from reserve for shares held in the employee benefit trust		–	–	–	14,010	–	(14,010)	–
Credit in respect of share schemes		–	–	–	–	–	6,809	6,809
Credit in respect of tax on share schemes		–	–	–	–	–	720	720
Dividends	8	–	–	–	–	–	(78,251)	(78,251)
		9	2,219	–	14,010	–	(74,274)	(58,036)
Balance at 31 December 2017 and 1 January 2018		**3,268**	**92,677**	**932**	**(58,931)**	**29,858**	**202,253**	**270,057**
2018								
Currency translation differences		–	–	–	–	4,359	–	4,359
Net income recognised directly in equity		–	–	–	–	4,359	–	4,359
Loss on hedging instruments		–	–	–	–	–	(988)	(988)
Profit for the year		–	–	–	–	–	103,703	103,703
Total comprehensive income for the year		**–**	**–**	**–**	**–**	**4,359**	**102,715**	**107,074**
Purchase of shares held in the employee benefit trust		–	–	–	(11,567)	–	–	(11,567)
Exercise of share plans		16	5,825	–	–	–	21,072	26,913
Transfer from reserve for shares held in the employee benefit trust		–	–	–	19,825	–	(19,825)	–
Credit in respect of share schemes		–	–	–	–	–	7,048	7,048
Credit in respect of tax on share schemes		–	–	–	–	–	368	368
Dividends	8	–	–	–	–	–	(81,312)	(81,312)
		16	5,825	–	8,258	–	(72,649)	(58,550)
Balance at 31 December 2018		**3,284**	**98,502**	**932**	**(50,673)**	**34,217**	**232,319**	**318,581**

STATEMENT OF CHANGES IN EQUITY – PARENT COMPANY

For the year ended 31 December 2018

Company	Note	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2017		**3,259**	**90,458**	**932**	**280,728**	**375,377**
Profit for the year		–	–	–	9,649	9,649
Total comprehensive income for the year		**–**	**–**	**–**	**9,649**	**9,649**
Exercise of share plans		9	2,219	–	–	2,228
Credit in respect of share schemes		–	–	–	6,809	6,809
Dividends	8	–	–	–	(78,251)	(78,251)
		9	2,219	–	(71,442)	(69,214)
Balance at 31 December 2017 and 1 January 2018		**3,268**	**92,677**	**932**	**218,935**	**315,812**
2018						
Profit for the year		–	–	–	5,963	5,963
Total comprehensive income for the year		**–**	**–**	**–**	**5,963**	**5,963**
Exercise of share plans		16	5,825	–	–	5,841
Credit in respect of share schemes		–	–	–	7,048	7,048
Dividends	8	–	–	–	(81,312)	(81,312)
		16	5,825	–	(74,264)	(68,423)
Balance at 31 December 2018		**3,284**	**98,502**	**932**	**150,634**	**253,352**

CONSOLIDATED AND PARENT COMPANY CASH FLOW STATEMENTS

For the year ended 31 December 2018

		Group		Company	
	Note	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Profit before tax	2	**142,275**	118,162	**5,963**	9,649
Depreciation and amortisation charges	10/11	**19,661**	19,094	**–**	–
Loss/(income) on sale of property, plant and equipment, and computer software		**281**	(159)	**–**	–
Share scheme charges		**7,043**	6,796	**–**	–
Net finance cost		**181**	160	**–**	–
Operating cash flow before changes in working capital		**169,441**	144,053	**5,963**	9,649
(Increase)/decrease in receivables		**(49,278)**	(42,629)	**4,752**	16,401
Increase in payables		**11,534**	23,040	**64,756**	49,973
Cash generated from operations		**131,697**	124,464	**75,471**	76,023
Income tax paid		**(41,001)**	(38,154)	**–**	–
Net cash from operating activities		**90,696**	86,310	**75,471**	76,023
Cash flows from investing activities					
Purchases of property, plant and equipment	10	**(15,668)**	(13,415)	**–**	–
Purchases of intangibles	11	**(9,944)**	(7,508)	**–**	–
Proceeds from the sale of property, plant and equipment, and computer software		**1,204**	4,688	**–**	–
Interest received		**631**	229	**–**	–
Net cash used in investing activities		**(23,777)**	(16,006)	**–**	–
Cash flows from financing activities					
Dividends paid		**(81,312)**	(78,251)	**(81,312)**	(78,251)
Interest paid		**(818)**	(1,845)	**–**	–
Issue of own shares for the exercise of options		**26,913**	12,686	**5,841**	2,228
Purchase of shares held in the employee benefit trust		**(11,567)**	–	**–**	–
Net cash used in financing activities		**(66,784)**	(67,410)	**(75,471)**	(76,023)
Net increase in cash and cash equivalents		**135**	2,894	**–**	–
Cash and cash equivalents at the beginning of the year		**95,605**	92,796	**–**	–
Exchange gain/(loss) on cash and cash equivalents		**1,933**	(85)	**–**	–
Cash and cash equivalents at the end of the year	19	**97,673**	95,605	**–**	–

Notes to the Financial Statements

For the year ended 31 December 2018

1. Significant accounting policies

Statement of compliance

PageGroup plc is a company incorporated in the United Kingdom under the Companies Act.

The consolidated financial statements have been prepared under the historical cost convention modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value through profit and loss. This is in accordance with current International Financial Reporting Standards (IFRS) as adopted by the European Union and therefore complies with Article 4 of the EU IAS Regulation.

The Company financial statements have been prepared under the historical cost convention and in accordance with current IFRS as adopted by the European Union.

Basis of preparation

The financial statements of PageGroup plc consolidate the results of the Company and all its subsidiary undertakings. As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the Company has not been included as part of these financial statements. The Company's profit for the financial year amounted to £6.0m (2017: £9.6m). The decrease in the Company's profit this year is as a result of decreased dividend income.

Basis of consolidation

(i) Subsidiaries

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

(ii) Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(iii) Employee Benefit Trust

Shares in PageGroup plc held by the trust are shown as a reduction in shareholders' funds.

Changes in accounting policy – new accounting standards, interpretations and amendments

The accounting policies adopted are consistent with those of the previous financial years except for the following amendments to IFRS effective as of 1 January 2018:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts
- IFRS 2 Classification and Measurement of Share-based Payment Transactions
- IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration
- Annual Improvements to IFRSs 2015-2017 Cycle

The adoption of these standards or interpretations did not have any impact on the accounting policies, financial position or performance of the Group.

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

- IFRS 16 Leases; effective date 1 January 2019
- IFRIC Interpretation 23 Uncertainty over Income Tax Treatment; effective date 1 January 2019
- IAS 28 Investments in Associates and Joint Ventures; effective date 1 January 2019

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group is in the business of providing recruitment services. IFRS 15 requires revenue to be recognised once value has been received by the customer and when the performance obligations have been satisfied. IFRS 15 also prohibits the recognition of up-front fees.

The standard became effective on 1 January 2018 and was adopted by the Group. A fully retrospective approach was adopted although no adjustment was required.

Please see below for Group's rationale for the above conclusion.

Revenue earned on a contingent basis (c. 27% of revenue)

Revenue recognised from permanent placements on a contingent basis is typically based on a percentage of the candidate's remuneration package, this income being recognised at the date an offer is accepted by a candidate and where a start date has been determined. It includes revenue anticipated, but not invoiced, at the balance sheet date, which is correspondingly accrued on the balance sheet within accrued income. A provision is made against accrued income for possible cancellations of placements prior to, or shortly after, the commencement of employment. The basis of revenue recognition remains appropriate as our only performance obligation (the placement of the candidate) has been performed. Therefore no adjustment was required as a result of the transition to IFRS 15 of revenue earned on a contingent basis.

Revenue earned on a retained basis (c. 9% of revenue)

Revenue recognised from permanent placements on a retained basis is typically based on a percentage of the candidate's remuneration package, this income being recognised on the completion of three separate performance obligations. The defined stages are "Retainer", "Shortlist" and "Completion".

We concluded that there is only one performance obligation, being provision of recruitment services.

Whilst there is considerable work done at the Retainer stage, there is no reference to a deliverable in the contract, and therefore there is no separable performance obligation. On the second stage of a shortlist, there is a specific deliverable i.e. production of a shortlist. However, the client cannot use this with their own resources without also paying for the final stage regardless. Therefore each stage is considered to be highly interrelated and so forms a single, distinct performance obligation.

Furthermore the transfer of services happens over a period of time since our work creates an asset with no alternative use. We also concluded that under an Output or Input method the timing of revenue recognition is the same. As per our standard terms and conditions, there are 3 stage payments defined for Retainer, Shortlist and Completion. They are required to compensate us for our performance to date as per the above requirement.

As a result of our review no adjustment was required on transition to IFRS 15.

Temporary revenue (c. 60% of revenue)

Revenue from temporary placements, which represents amounts billed for the services of temporary staff, including the salary cost of these staff is recognised when the service has been provided. The performance obligation is satisfied when the service has been provided and is billed in arrears. Accordingly no adjustment was required on transition to IFRS 15 for revenue earned from temporary placements.

Other revenue (c. 4% of revenue)

Other revenue earned, principally advertising revenue representing amounts billed to clients for expenses incurred on their behalf, is recognised when the expense is incurred. Therefore no adjustment was required on transition to IFRS 15 for this revenue stream.

IFRS 9 – Financial Instruments

The Directors have concluded that no adjustment was required on transition to IFRS 9 and this has been applied on a fully retrospective basis. The only financial instruments held by Group are net trade receivables of £288.2m (2017: £245.4m) and net fair value derivatives of nil (2017: £0.2m).

The IFRS 9 expected credit losses method is consistent with Group's current credit policy. The majority of Group's clients have been transacting with the Group for several years, with losses rarely occurring. Where a loss is expected to occur or the recoverability is uncertain a provision is made.

With respect to the Parent company, the only balances receivable are with profitable entities based within the United Kingdom.

IFRS 16 – Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach.

IFRS 16 requires all leases in excess of $5k and 12 months in length to be recognised as an asset on the balance sheet, with a corresponding lease liability. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

During the year ended 2018, we have concluded on our discount rate methodology, accounting policies and internal controls that will be implemented. An external software provider has been engaged to implement a new IT system to manage the lease portfolio and to calculate and record the impact of IFRS 16.

Having concluded our modelling of IFRS 16, the Group has elected to adopt the Modified retrospective approach on transition. This will be a combination of both the Modified (a) and Modified (b) method depending on the specific lease. Application of the two methods is set out below:

- Modified (a) method - an adjustment to reserves is made on transition. The lease liability is calculated on a retrospective basis and a discount rate at the date of initial application has to be used. A full restatement of comparatives is not necessary.
- Modified (b) method - an adjustment to reserves is made on transition. The present value of the future lease payments is equal to the lease liability.

The Group will apply both the short-term (less than 12 months) and low value (less than $5k) exemptions to the remaining leases on transition.

As previously disclosed, the adoption of IFRS 16 will increase EBITDA for the Group as rentals are reclassified as depreciation and interest expense. There will also be a marginal impact to our Operating Profit and therefore Conversion Rate.

As at 1 January 2019, the Group will recognise a right-of-use asset and corresponding lease liability. The balances recognised will be materially in line with the current disclosures in Note 21 – Commitments of c.£148m discounted at the appropriate discount rate.

There will be no quantitative impact to cash flows, only a presentational reclassification. The Group's operating cash flow will increase and financing cash flows will decrease, as the straight line rental payments are replaced by financing costs and depreciation.

The Group will report for the first time under IFRS 16 when our 2019 Interim Results are announced.

Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements. Further detail is contained in the Strategic Report on page 35.

a) Revenue and income recognition

Revenue, which excludes value added tax (VAT), constitutes the value of services undertaken by the Group from its principal activities, which are recruitment consultancy and other ancillary services. These consist of:

- revenue from temporary placements, which represents amounts billed for the services of temporary staff, including the salary cost of these staff. This is recognised when the service has been provided;
- revenue from permanent placements is typically based on a percentage of the candidate's remuneration package and is derived from both retained assignments (income recognised on completion of defined stages of work) and non-retained assignments (income recognised at the date an offer is accepted by a candidate and where a start date has been determined). The latter includes revenue anticipated, but not invoiced, at the balance sheet date, which is correspondingly accrued on the balance sheet within accrued income. A provision is made against accrued income for possible cancellations of placements prior to, or shortly after, the commencement of employment; and

- revenue from amounts billed to clients for expenses incurred on their behalf (principally advertisements) is recognised when the expense is incurred.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

b) Cost of sales

Cost of sales consists of the salary cost of temporary staff and costs incurred on behalf of clients, principally advertising costs.

c) Gross profit

Gross profit represents revenue less cost of sales and consists of the total placement fees of permanent candidates, the margin earned on the placement of temporary candidates and the margin on advertising income.

d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Sterling, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the respective functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income.

e) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on the acquisition of subsidiaries is included in intangible assets. Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised, but is tested at least annually for impairment (see accounting policy h). Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Computer software

Computer software acquired or developed by the Group is stated at cost less accumulated amortisation (see below). The Group reviews intangible software assets for any indication of impairment annually.

(iii) Software under construction

Software under construction relates to cost capitalised in relation to the development of a new operating system and related applications. Costs are capitalised when they fulfil the criteria in IAS 38 regarding internally developed intangible assets. While still under construction, assets are tested for impairment annually. Assets are moved from software under construction to computer software when they become available for use.

(iv) Trademark

Acquired trademarks are stated at cost and are written down over five years on a straight-line basis, which represents the estimated useful life of the intangible.

(v) Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill has an indefinite useful life. Computer software is amortised at 20% per annum unless it is considered to have a shorter life, in which case the period of amortisation is reduced. The cumulative amount of goodwill written off directly to retained earnings in respect of acquisitions prior to 31 December 1997 is £311.7m (2017: £311.7m).

f) Property, plant and equipment

Property, plant and equipment are stated at original cost less accumulated depreciation. Depreciation is calculated to write off the cost less estimated residual value of each asset evenly over its expected useful life at the following rates:

- Leasehold improvements 10% per annum or period of lease if shorter
- Furniture, fixtures and equipment 10-20% per annum
- Motor vehicles 25% per annum

g) Investments

Fixed asset investments are stated at cost less provision for impairment.

h) Impairment of assets

Non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12 month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

i) Taxation

Income tax expense represents the sum of the current tax and deferred tax charges.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised.

Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

j) Pension costs

The Group operates defined contribution pension schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. The pension costs charged to the income statement represent the contributions payable by the Group to the funds during each period.

k) Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group does not currently have any finance leases.

Rentals under operating leases are charged to the income statement on a straight-line basis over the term of the lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

l) Segment reporting

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board to allocate resources to the segments and to assess their performance. Information provided to the Board is focused on regions and as a result, reportable segments are on a regional basis. Transactions between segments are recorded and allocated on an arms-length basis.

m) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by (for final dividends) or paid to (for interim dividends) the Company's shareholders.

n) Share-based compensation

The Group operates a number of equity-settled, share-based compensation plans. The accounting treatments for the Group and parent company are described below:

(i) Share option schemes

The fair value of the employee services received in exchange for the grant of the options is recognised as an expense in the income statement of the Group with a corresponding adjustment to equity. In the parent company, it is capitalised as an investment, with a corresponding adjustment to equity. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, earnings per share). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the estimate of the number of options that are expected to become exercisable is revised. The Group recognises the impact of the revision of original estimates, if any, in the income statement, and the corresponding adjustment to equity over the remaining vesting period.

(ii) Management Incentive Plan and Long-Term Incentive Plan

Where deferred awards are made to Directors and senior executives under either the Management Incentive Plan or the Long-Term Incentive Plan, to reflect that the awards are for services over a longer period, the value of the expected award is charged to the income statement of the Group on a straight-line basis over the vesting period to which the award relates. In the Parent Company, it is capitalised as an investment in the subsidiary that is receiving the employee service, with a corresponding adjustment to equity.

(iii) Employee Single Incentive Plan (ESIP)

Awards under the ESIP are paid in cash (40%) and Shares (60%), which vest in 3 tranches over a 3 year period. The value of expected award is charged to the income statement of the Group relative to these vesting periods.

o) Deferred cash bonus

The Group operates a bonus scheme for some members of staff whereby bonuses are deferred for three years from date of award. The bonuses are paid in full if the employee remains employed for the entire three-year period.

p) Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including any directly attributable costs, is recognised as a change in equity.

q) Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

r) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. The Group has not capitalised any borrowing costs in either the current or preceding years.

s) Financial assets and liabilities

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial assets contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. The Group's financial assets at amortised cost includes trade and other receivables.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Cash and cash equivalents includes cash-in-hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Prepayments and Accrued Income are held at amortised cost.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and derivative financial instruments.

Financial liabilities are classified, at intital recognition, as financial liabilities through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group has derivative contracts at the balance sheet date that have been valued at fair value through the income statement.

t) Hedge accounting

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as Other Comprehensive Income while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss.

u) Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and judgements. It also requires management to exercise judgement in the process of applying the Company's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

There are no accounting areas which require significant judgements, information about significant areas of estimation uncertainty in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 13 – Trade and other receivables

There is uncertainty regarding customers who may not be able to pay as their invoices fall due. In total the Group holds £297.4m of Gross Trade Receivables. A provision for £9.2m has been recognised based on the expected credit losses, revenue reversals or balances which are in litigation.

In reviewing the appropriateness of the provisions in respect of recoverability of trade receivables, consideration has been given to the economic climate in the respective markets, the ageing of the debt and the potential likelihood of default. Whilst no debtor constitutes more than 3% of the total balance there is a risk that if the economic climate were to deteriorate across a number of countries the portfolio could be impaired by an amount greater than materiality. This scenario is however considered sufficiently remote such that no reasonably possible changes in assumptions are likely to cause material further impairment next year. Please see note 20 for an analysis of expected credit losses and revenue reversals.

v) Exceptional items

Exceptional items are those items the Group considers to be one-off or material in nature that should be brought to the reader's attention in understanding the Group's financial performance.

w) Employee Benefit Trust

The Employee Benefit Trust is considered a separate legal entity and not an extension of the parent company. It is included in the consolidated results of the Group as it is deemed to have control of the entity.

2. Segment reporting

All revenues disclosed are derived from external customers.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 1. Segment operating profit represents the profit earned by each segment including allocation of central administration costs. This is the measure reported to the Group's Board, the chief operating decision maker, for the purpose of resource allocation and assessment of segment performance. Segments are aggregated in accordance with management ownership, determined by the possession of similar characteristics such geography, market maturity and economic environment. No judgements were applied to identify the reportable segments.

(a) Revenue, gross profit and operating profit by reportable segment

2018		Revenue 2018 £'000	Gross profit 2018 £'000	Operating profit 2018 £'000
EMEA		**797,427**	**394,337**	**85,586**
United Kingdom		**313,525**	**138,392**	**13,392**
Asia Pacific	Australia and New Zealand	**112,930**	**40,592**	**4,291**
	Asia	**153,794**	**120,566**	**22,474**
	Total – Asia Pacific	**266,724**	**161,158**	**26,765**
Americas		**172,265**	**121,015**	**16,720**
Operating profit		**–**	**–**	**142,463**
Financial expense		**–**	**–**	**(188)**
Revenue/gross profit/profit before tax		**1,549,941**	**814,902**	**142,275**

2017		Revenue 2017 £'000	Gross profit 2017 £'000	Operating profit 2017 £'000
EMEA		675,983	332,288	69,674
United Kingdom		312,915	140,768	15,978
Asia Pacific	Australia and New Zealand	110,602	37,703	5,480
	Asia	125,688	99,469	18,039
	Total – Asia Pacific	236,290	137,172	23,519
Americas		146,346	101,340	9,151
Operating profit		–	–	118,322
Financial expense		–	–	(160)
Revenue/gross profit/profit before tax		1,371,534	711,568	118,162

The above analysis by destination is not materially different to the analysis by origin.

The analysis over the page is of the carrying amount of reportable segment assets, liabilities and non-current assets. Segment assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The individual reportable segments exclude income tax assets and liabilities. Non-current assets include property, plant and equipment, computer software, goodwill and other intangibles.

(b) Segment assets, liabilities, non-current assets and capital expenditure by reportable segment

		Total assets		Total liabilities	
		2018 £'000	2017 £'000	2018 £'000	2017 £'000
EMEA		**246,687**	219,024	**131,948**	109,100
United Kingdom		**121,058**	123,423	**40,398**	51,193
Asia Pacific	Australia and New Zealand	**29,719**	24,639	**11,059**	10,349
	Asia	**85,501**	61,176	**18,744**	18,132
	Total – Asia Pacific	**115,220**	85,815	**29,803**	28,481
Americas		**63,012**	55,898	**22,308**	18,815
Segment assets/liabilities		**545,977**	484,160	**224,457**	207,589
Income tax		**17,206**	15,652	**20,145**	22,166
		563,183	499,812	**244,602**	229,755

		Property, plant and equipment		Intangible assets	
		2018 £'000	2017 £'000	2018 £'000	2017 £'000
EMEA		**13,654**	12,218	**3,171**	3,668
United Kingdom		**6,254**	6,894	**29,554**	30,116
Asia Pacific	Australia and New Zealand	**1,557**	1,174	**274**	2
	Asia	**5,604**	3,397	**207**	31
	Total – Asia Pacific	**7,161**	4,571	**481**	33
Americas		**8,495**	6,475	**190**	341
		35,564	30,158	**33,396**	34,158

		Property, plant and equipment		Intangible assets	
Capital expenditure		2018 £'000	2017 £'000	2018 £'000	2017 £'000
EMEA		**5,152**	7,501	**1,061**	1,220
United Kingdom		**1,583**	1,945	**8,371**	6,237
Asia Pacific	Australia and New Zealand	**944**	347	**302**	–
	Asia	**3,745**	1,781	**201**	28
	Total – Asia Pacific	**4,689**	2,128	**503**	28
Americas		**4,244**	1,841	**9**	23
		15,668	13,415	**9,944**	7,508

The below analysis in note (c) relates to the requirement of IFRS 15 to disclose disaggregated revenue streams.

(c) Revenue and gross profit generated from permanent and temporary placements

	Revenue		Gross profit	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Permanent	**629,136**	543,262	**621,746**	536,010
Temporary	**920,805**	828,272	**193,156**	175,558
	1,549,941	1,371,534	**814,902**	711,568

The analyses in notes d) revenue and gross profit by discipline (being the professions of candidates placed) and (e) revenue and gross profit by strategic market have been included as additional disclosure over and above the requirements of IFRS 8 "Operating Segments". Strategic markets are defined in the Strategic Review on page 13.

(d) Revenue and gross profit by discipline

	Revenue		Gross profit	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Accounting and Financial Services	**609,131**	559,480	**282,653**	261,062
Legal, Technology, HR, Secretarial and other	**402,321**	337,857	**196,773**	161,424
Engineering, Property & Construction, Procurement & Supply Chain	**345,654**	290,830	**194,562**	158,714
Marketing, Sales and Retail	**192,835**	183,367	**140,914**	130,368
	1,549,941	1,371,534	**814,902**	711,568

(e) Revenue and gross profit by strategic market

	Revenue		Gross profit	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Large, Proven markets	**935,800**	860,415	**419,102**	383,027
Large, High Potential markets	**414,245**	338,002	**270,311**	222,676
Medium and Small, High Margin markets	**199,896**	173,117	**125,489**	105,865
	1,549,941	1,371,534	**814,902**	711,568

3. Profit for the year

		2018 £'000	2017 £'000
Profit for the year is stated after charging:			
Employment costs (Note 4)		**520,907**	454,398
Net exchange losses		**1,625**	1,726
Depreciation of property, plant and equipment – owned (Note 10)		**9,251**	8,477
Amortisation of intangibles (Note 11)		**10,410**	10,617
Impairment of trade receivables (Note 20)		**22,348**	18,426
Loss/(income) on sale of property, plant and equipment and computer software		**281**	(159)
Operating lease rentals	– Land and buildings	**32,810**	30,160
	– Plant and machinery	**7,258**	9,079

	2018 £'000	2017 £'000
Fees payable to the Company's auditor:		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**226**	219
Fees payable to the Company's auditor and associates for other services:		
– The audit of the Company's subsidiaries pursuant to legislation	**532**	513
Total audit fees	**758**	732
– Tax advice for the Company, its subsidiaries and individual employees in relation to moving employees internationally	**–**	22
– Audit related assurance services in relation to moving employees internationally	**52**	52
– Other non-audit services	**2**	6
Total non-audit fees	**54**	80
Total fees	**812**	812

4. Employee information

The average number of employees (including Executive Directors) during the year and total number of employees (including Executive Directors) at 31 December 2018 were as follows:

	2018 Average No.	2017 Average No.	At 31 Dec 2018 No.	At 31 Dec 2017 No.
Management	**319**	311	**325**	314
Client services	**5,572**	4,782	**5,791**	5,184
Administration	**1,641**	1,456	**1,656**	1,531
	7,532	6,549	**7,772**	7,029

Employment costs (including Directors' emoluments) comprised:

	2018 £'000	2017 £'000
Wages and salaries	**442,196**	381,286
Social security costs	**48,390**	45,630
Pension costs – defined contribution plans	**18,159**	15,501
Share-based payments and deferred cash plan	**12,162**	11,981
	520,907	454,398

No staff are employed by the parent company (2017: none) hence no remuneration has been disclosed for the Company. Remuneration for Directors for their services on behalf of the parent company are included in the Directors' Remuneration Report on pages 60 to 77.

5. Financial income/(expenses)

	2018 £'000	2017 £'000
Financial income		
Interest receivable	**631**	229
	631	229
Financial expenses		
Interest payable	**(598)**	(241)
Interest on discounting of French construction participation tax	**(221)**	(148)
	(819)	(389)

6. Income tax expense

The charge for taxation is based on the effective annual tax rate of 27.1% on profit before tax (2017: 29.7%).

Analysis of charge in the year	2018 £'000	2017 £'000
UK income tax at 19.00% (2017: 19.25%) for year	**10,270**	9,726
Overseas income tax	**32,844**	23,076
Adjustments in respect of prior years	**(3,625)**	456
	39,489	33,258
Deferred tax		
Adjustment in respect of prior years	**1,319**	1,327
Origination and reversal of temporary differences	**(3,023)**	(2,729)
Recognition of previously unrecognised losses and other tax attributes	**36**	(661)
Impact of tax rate changes	**211**	1,315
Charge for tax losses recognised	**540**	2,572
Deferred tax (income)/expense	**(917)**	1,824
Total tax expense in the income statement	**38,572**	35,082

Reconciliation of effective tax rate	2018 £'000	%	2017 £'000	%
Profit before taxation	**142,275**		118,162	
Profit before tax multiplied by the standard rate of corporation tax in the UK	**27,032**	**19.0**	22,746	19.3
Effects of:				
Disallowable items and other permanent differences	**540**	**0.4**	571	0.5
Unrelieved overseas losses	**213**	**0.1**	1,715	1.5
Utilisation of losses not previously recognised	**–**	**–**	(64)	(0.1)
Derecognition/(recognition) of overseas losses and other tax attributes	**36**	**–**	(661)	(0.6)
Other tax movements	**368**	**0.3**	(1,579)	(1.3)
Higher tax rates on overseas earnings	**5,275**	**3.7**	4,896	4.1
Other tax overseas	**7,203**	**5.1**	4,479	3.8
Movement of rate difference	**211**	**0.1**	1,196	1.0
Adjustment to tax charge in respect of prior periods	**(2,306)**	**(1.6)**	1,783	1.5
Tax expense and effective rate for the year	**38,572**	**27.1**	35,082	29.7

Tax recognised directly in equity	2018 £'000	2017 £'000
Relating to settled transactions	**(368)**	(720)

Other taxes overseas are secondary taxes on income, in addition to national corporate income tax, which are included in income tax expense under IFRS. These taxes are primarily in France (CVAE), Germany (trade taxes), Italy (IRAP) and the US (state taxes).

7. Current tax assets and liabilities

The current tax asset of £17.2m (2017: £15.7m), and current tax liability of £20.1m (2017: £22.2m) for the Group, and current tax asset and liability of £nil (2017: £nil) for the parent company, represent the amount of income taxes recoverable and payable in respect of current and prior periods. The Group maintains a provision in relation to disputes and uncertain tax positions, including transfer pricing, which is included in the current tax liability.

8. Dividends

	2018 £'000	2017 £'000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 December 2017 of 8.60p per Ordinary share (2016: 8.23p)	**27,433**	25,857
Interim dividend for the year ended 31 December 2018 of 4.10p per Ordinary share (2017: 3.90p)	**13,117**	12,287
Special dividend for the year ended 31 December 2018 of 12.73p per Ordinary share (2017: 12.73p)	**40,762**	40,107
	81,312	78,251
Amounts proposed as distributions to equity holders in the year:		
Proposed final dividend for the year ended 31 December 2018 of 9.00p per Ordinary share (2017: 8.60p)	**29,171**	27,144

The proposed final dividend had not been approved by shareholders at 31 December 2018 and therefore has not been included as a liability. The comparative final dividend at 31 December 2017 was also not recognised as a liability in the prior year.

The proposed final dividend of 9.00p (2017: 8.60p) per Ordinary share will be paid on 17 June 2019 to shareholders on the register at the close of business on 17 May 2019, subject to approval by shareholders.

When the Company pays a dividend to shareholders, there may be income tax consequences. The impact will depend upon the individual circumstances of the shareholder.

9. Earnings per Ordinary share

The calculation of the basic and diluted earnings per share is based on the following data:

	2018 £'000	2017 £'000
Earnings		
Earnings for basic and diluted earnings per share (£'000)	**103,703**	83,080
Number of shares	**number**	number
Weighted average number of shares used for basic earnings per share ('000)	**318,877**	313,491
Dilutive effect of share plans ('000)	**1,627**	1,287
Diluted weighted average number of shares used for diluted earnings per share ('000)	**320,504**	314,778
	pence	pence
Basic earnings per share	**32.5**	26.5
Diluted earnings per share	**32.4**	26.4

The above results relate to continuing operations.

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of Ordinary shares in issue during the year, excluding unallocated Ordinary shares purchased by the Employee Benefit Trust and held in the reserve.

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of Ordinary shares outstanding to assume conversion of all dilutive potential Ordinary shares. This calculation determines the number of shares that could have been acquired at fair value (determined as the average market price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated in the basic earnings per share is then adjusted to reflect the number of shares deemed to be issued for nil consideration as a result of the potential exercise of existing share options.

The remaining share options that are currently not dilutive and hence excluded from the dilutive earnings per share calculation remain potentially dilutive until they are either exercised or they lapse.

10. Property, plant and equipment

Group	Leasehold improvements £'000	Furniture, fixtures and equipment £'000	Motor vehicles £'000	Total £'000
	2018			
Cost				
At 1 January	**40,500**	**43,481**	**2,556**	**86,537**
Additions	**7,814**	**7,327**	**527**	**15,668**
Disposals	**(3,454)**	**(1,614)**	**(837)**	**(5,905)**
Effect of movements in foreign exchange	**160**	**247**	**(144)**	**263**
At 31 December	**45,020**	**49,441**	**2,102**	**96,563**
Depreciation				
At 1 January	**25,351**	**29,830**	**1,198**	**56,379**
Charge for the year	**4,185**	**4,572**	**494**	**9,251**
Disposals	**(2,825)**	**(1,367)**	**(541)**	**(4,733)**
Effect of movements in foreign exchange	**(29)**	**195**	**(64)**	**102**
At 31 December	**26,682**	**33,230**	**1,087**	**60,999**
Net book value				
At 31 December	**18,338**	**16,211**	**1,015**	**35,564**

Group	Leasehold improvements £'000	Furniture, fixtures and equipment £'000	Motor vehicles £'000	Total £'000
	2017			
Cost				
At 1 January	38,439	49,999	2,424	90,862
Additions	5,142	7,361	912	13,415
Disposals	(2,536)	(13,630)	(704)	(16,870)
Effect of movements in foreign exchange	(545)	(249)	(76)	(870)
At 31 December	40,500	43,481	2,556	86,537
Depreciation				
At 1 January	23,894	36,363	1,144	61,401
Charge for the year	3,755	4,124	598	8,477
Disposals	(2,009)	(10,507)	(502)	(13,018)
Effect of movements in foreign exchange	(289)	(150)	(42)	(481)
At 31 December	25,351	29,830	1,198	56,379
Net book value				
At 31 December	15,149	13,651	1,358	30,158

11. Intangible assets

2018

Group	Computer software £'000	Computer software, assets under construction £'000	Subtotal £'000	Goodwill £'000	Trademark £'000	Subtotal £'000	Total £'000
Cost							
At 1 January	**81,453**	**2,164**	**83,617**	**1,539**	**746**	**2,285**	**85,902**
Additions	**2,430**	**7,121**	**9,551**	**–**	**393**	**393**	**9,944**
Disposals	**(436)**	**–**	**(436)**	**–**	**–**	**–**	**(436)**
Transfers	**5,669**	**(5,669)**	**–**	**–**	**–**	**–**	**–**
Effect of movements in foreign exchange	**(11)**	**–**	**(11)**	**–**	**–**	**–**	**(11)**
At 31 December	**89,105**	**3,616**	**92,721**	**1,539**	**1,139**	**2,678**	**95,399**
Amortisation							
At 1 January	**51,144**	**–**	**51,144**	**–**	**600**	**600**	**51,744**
Charge for the year	**10,351**	**–**	**10,351**	**–**	**59**	**59**	**10,410**
Disposals	**(123)**	**–**	**(123)**	**–**	**–**	**–**	**(123)**
Effect of movements in foreign exchange	**(28)**	**–**	**(28)**	**–**	**–**	**–**	**(28)**
At 31 December	**61,344**	**–**	**61,344**	**–**	**659**	**659**	**62,003**
Net book value							
At 31 December	**27,761**	**3,616**	**31,377**	**1,539**	**480**	**2,019**	**33,396**

2017

Group	Computer software £'000	Computer software, assets under construction £'000	Subtotal £'000	Goodwill £'000	Trademark £'000	Subtotal £'000	Total £000
Cost							
At 1 January	70,054	6,936	76,990	1,539	746	2,285	79,275
Additions	612	6,896	7,508	–	–	–	7,508
Disposals	(993)	–	(993)	–	–	–	(993)
Transfers	11,690	(11,690)	–	–	–	–	–
Effect of movements in foreign exchange	90	22	112	–	–	–	112
At 31 December	81,453	2,164	83,617	1,539	746	2,285	85,902
Amortisation							
At 1 January	40,803	–	40,803	–	589	589	41,392
Charge for the year	10,606	–	10,606	–	11	11	10,617
Disposals	(317)	–	(317)	–	–	–	(317)
Effect of movements in foreign exchange	52	–	52	–	–	–	52
At 31 December	51,144	–	51,144	–	600	600	51,744
Net book value							
At 31 December	30,309	2,164	32,473	1,539	146	1,685	34,158

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to the country of operation. A summary of the goodwill allocation is presented below:

	2018 £'000	2017 £'000
UK	**1,274**	1,274
USA	**214**	214
Singapore	**51**	51
	1,539	1,539

In assessing value in use, the estimated future cash flows are calculated by preparing cash flow forecasts derived from the most recent financial budget, management projections for five years, followed by an assumed growth rate of 0%, which does not exceed the long-term average growth rate of the relevant markets and reflects long-term wage inflation fee growth. Management applied a discount rate of 8%, representing the weighted average cost of capital for the Group, to the estimated future cash flows to calculate the terminal value of those cash flows. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense. Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of goodwill allocated to any CGU to materially exceed its recoverable amount.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. It is the opinion of the Directors that at 31 December 2018 there was no impairment of goodwill.

12. Investments

Company	Subsidiary undertakings £'000
Cost at 1 January 2018	**516,681**
Transactions relating to share plans for subsidiaries' employees	**7,048**
Cost at 31 December 2018	**523,729**

The Company's subsidiary undertakings at 31 December 2018, their principal activities and countries of incorporation are set out below:

Name of undertaking	Country of incorporation	Principal activity	Registered office
Michael Page International Argentina SA	Argentina	Recruitment Consultancy	Carlos Pellegrini 1265, Piso 12, Ciudad de Buenos Aires, C1009ABY, Argentina
Page Personnel Argentina SA	Argentina	Recruitment Consultancy	Carlos Pellegrini 1265, Piso 12, Ciudad de Buenos Aires, C1009ABY, Argentina
Page Personnel Argentina Servicios Eventuales SA	Argentina	Recruitment Consultancy	Carlos Pellegrini 1265, Piso 12, Ciudad de Buenos Aires, C1009ABY, Argentina
Michael Page International (Australia) Pty Limited	Australia	Recruitment Consultancy	Level 32, 225 George Street, Sydney, NSW 2000, Australia
Michael Page International (Austria) GmbH	Austria	Recruitment Consultancy	Second floor, Gumpendorfer Straße 72, Wien, Austria
Michael Page International (Belgium) NV/SA	Belgium	Recruitment Consultancy	Place du Champ de Mars 5 , 1050 Brussels, Belgium
Page Interim (Belgium) NV/SA	Belgium	Recruitment Consultancy	Place du Champ de Mars 5 , 1050 Brussels, Belgium
Michael Page International Do Brasil - Recrutamento Especializado Ltda	Brazil	Recruitment Consultancy	Rua Funchal 375, 7th Floor Vila Olimpia, CEP 04551-060, Sao Paulo, Brazil
Page Interim Do Brasil - Recrutamento Especializado Ltda	Brazil	Recruitment Consultancy	Av. das Nações Unidas, 10.989 - 4º Andar , Conjunto 41 - Edifício Mendes Caldeira, CEP 04578-900, São Paulo - SP, Brazil
Page Personnel Do Brasil - Recrutamento Especializado e servicos corporativos Ltda	Brazil	Recruitment Consultancy	Av. Engenheiro Luis Carlos Berrini, 716, 1º andar - CJ.12 - Cidade Monções, CEP 04571-000, São Paulo - SP, Brazil
Michael Page International Canada Limited	Canada	Recruitment Consultancy	130 Adelaide Street West, 21st Floor, Toronto, Ontario, M5H 1J8, Canada

Name of undertaking	Country of incorporation	Principal activity	Registered office
Michael Page International Chile Ltda	Chile	Recruitment Consultancy	Magdalena 181, Piso 16, Las Condes, Santiago 7550055, Chile
Page Personnel International Chile Ltda	Chile	Recruitment Consultancy	Magdalena 181, Piso 1, Las Condes, Santiago 7550055, Chile
Page Consulting Chile Ltda	Chile	Recruitment Consultancy	Magdalena 181, Piso 16, Las Condes, Santiago 7550055, Chile
Empresa de Servicios Transitorios Page Interim Chile Limitada	Chile	Recruitment Consultancy	Magdalena 181, Piso 1, Las Condes, Santiago 7550055, Chile
Michael Page (Beijing) Recruitment Co., Ltd	China	Recruitment Consultancy	Room 2701 & 2708, SK Tower Beijing, No.6 Jianguomenwai Avenue, Chaoyang District, Beijing 100022, China
Michael Page (Shanghai) Recruitment Co., Ltd	China	Recruitment Consultancy	Level 11, Tower 2, Jing An Kerry Centre, 1539 Nanjing Road West, Shanghai, 200040, China
Michael Page International (Shanghai) Consulting Limited	China	Non-Trading	Suite 1010, Shanghai Kerry Centre, 1515 Nanjing West Road, Shanghai, China
Michael Page International Colombia SAS	Colombia	Recruitment Consultancy	Av. Calle 82 No. 10-33 - Oficina 801, Colombia
Page Interim Colombia SAS	Colombia	Non-Trading	Av. Calle 82 No. 10-33 - Oficina 801, Colombia
Michael Page Partnership Limited	England and Wales	Non-Trading	Page House, 1 Dashwood Lang Road, Bourne Business Park, Weybridge, Surrey KT15 2QW, UK
Michael Page Employment Services Limited	England and Wales	Recruitment Consultancy	Page House, 1 Dashwood Lang Road, Bourne Business Park, Weybridge, Surrey KT15 2QW, UK
LPM (Professional Recruitment) Limited	England and Wales	Holding company	Page House, 1 Dashwood Lang Road, Bourne Business Park, Weybridge, Surrey KT15 2QW, UK
Accountancy Additions Limited	England and Wales	Non-trading	Page House, 1 Dashwood Lang Road, Bourne Business Park, Weybridge, Surrey KT15 2QW, UK
Slamway Limited	England and Wales	Non-trading	Page House, 1 Dashwood Lang Road, Bourne Business Park, Weybridge, Surrey KT15 2QW, UK
(The) Assessment Centre Limited	England and Wales	Non-trading	Page House, 1 Dashwood Lang Road, Bourne Business Park, Weybridge, Surrey KT15 2QW, UK
LPM (Group Services) Limited	England and Wales	Non-trading	Page House, 1 Dashwood Lang Road, Bourne Business Park, Weybridge, Surrey KT15 2QW, UK
(The) Page Partnership Limited	England and Wales	Non-trading	Page House, 1 Dashwood Lang Road, Bourne Business Park, Weybridge, Surrey KT15 2QW, UK
Sales Recruitment Specialists Limited	England and Wales	Non-trading	Page House, 1 Dashwood Lang Road, Bourne Business Park, Weybridge, Surrey KT15 2QW, UK
Michael Page International Limited	England and Wales	Non-trading	Page House, 1 Dashwood Lang Road, Bourne Business Park, Weybridge, Surrey KT15 2QW, UK
Michael Page International 1982 Limited	England and Wales	Non-trading	Page House, 1 Dashwood Lang Road, Bourne Business Park, Weybridge, Surrey KT15 2QW, UK
Michael Page International Investment Limited	England and Wales	Non-trading	Page House, 1 Dashwood Lang Road, Bourne Business Park, Weybridge, Surrey KT15 2QW, UK
Michael Page International Finance Limited	England and Wales	Non-trading	Page House, 1 Dashwood Lang Road, Bourne Business Park, Weybridge, Surrey KT15 2QW, UK
Page Personnel (UK) Limited	England and Wales	Non-trading	Page House, 1 Dashwood Lang Road, Bourne Business Park, Weybridge, Surrey KT15 2QW, UK

Name of undertaking	Country of incorporation	Principal activity	Registered office
Michael Page Holdings Limited	England and Wales	Support services	Page House, 1 Dashwood Lang Road, Bourne Business Park, Weybridge, Surrey KT15 2QW, UK
Michael Page International Holdings Limited	England and Wales	Holding company	Page House, 1 Dashwood Lang Road, Bourne Business Park, Weybridge, Surrey KT15 2QW, UK
Michael Page International Recruitment Limited*	England and Wales	Recruitment Consultancy	Page House, 1 Dashwood Lang Road, Bourne Business Park, Weybridge, Surrey KT15 2QW, UK
Michael Page Limited	England and Wales	Non-trading	Page House, 1 Dashwood Lang Road, Bourne Business Park, Weybridge, Surrey KT15 2QW, UK
Michael Page International Southern Europe Limited*	England and Wales	Holding company	Page House, 1 Dashwood Lang Road, Bourne Business Park, Weybridge, Surrey KT15 2QW, UK
Michael Page UK Limited	England and Wales	Non-trading	Page House, 1 Dashwood Lang Road, Bourne Business Park, Weybridge, Surrey KT15 2QW, UK
Michael Page Recruitment Group Limited	England and Wales	Holding company	Page House, 1 Dashwood Lang Road, Bourne Business Park, Weybridge, Surrey KT15 2QW, UK
Michael Page International (France) SAS	France	Recruitment Consultancy	164 Avenue Achille Peretti, 92522 Neuilly-sur-Seine, Paris, France
Michael Page Financial Services SAS	France	Support services	164 Avenue Achille Peretti, 92522 Neuilly-sur-Seine, Paris, France
Page Personnel SAS	France	Recruitment Consultancy	164 Avenue Achille Peretti, 92522 Neuilly-sur-Seine, Paris, France
Michael Page Business Services EURL	France	Recruitment Consultancy	164 Avenue Achille Peretti, 92522 Neuilly-sur-Seine, Paris, France
MP Ignenieurs et Informatique SARLU	France	Recruitment Consultancy	164 Avenue Achille Peretti, 92522 Neuilly-sur-Seine, Paris, France
Page Formation EURL	France	Support Services	164 Avenue Achille Peretti, 92522 Neuilly-sur-Seine, Paris, France
Michael Page Tertiaire EURL	France	Recruitment Consultancy	164 Avenue Achille Peretti, 92522 Neuilly-sur-Seine, Paris, France
MP Finance et Comptabilitie EURL	France	Recruitment Consultancy	164 Avenue Achille Peretti, 92522 Neuilly-sur-Seine, Paris, France
MP Nord EURL	France	Recruitment Consultancy	1, Rue Esquermoise, 59800 Lille, France
MP Sud EURL	France	Recruitment Consultancy	48, Rue de la République, 69002 Lyon, France
Michael Page Advertising SARLU	France	Support Services	164 Avenue Achille Peretti, 92522 Neuilly-sur-Seine, Paris, France
Page Consulting SARLU	France	Recruitment Consultancy	164 Avenue Achille Peretti, 92522 Neuilly-sur-Seine, Paris, France
Michael Page EDP EURL	France	Support Services	164 Avenue Achille Peretti, 92522 Neuilly-sur-Seine, Paris, France
Michael Page Monaco SARL	France	Recruitment Consultancy	7 Rue de l'Industrie, 98000 Monaco
MP Immobilier et Construction EURL	France	Recruitment Consultancy	164 Avenue Achille Peretti, 92522 Neuilly-sur-Seine, Paris, France
Talent for SARLU	France	Non-trading	164 Avenue Achille Peretti, 92522 Neuilly-sur-Seine, Paris, France
Michael Page International (Deutschland) GmbH	Germany	Recruitment Consultancy	Carl Theodor Strasse 1, 40213 Dusseldorf, Germany

Name of undertaking	Country of incorporation	Principal activity	Registered office
Page Personnel Services GmbH	Germany	Recruitment Consultancy	Carl Theodor Strasse 1, 40213 Dusseldorf, Germany
Page Personnel (Deutschland) GmbH	Germany	Recruitment Consultancy	Carl Theodor Strasse 1, 40213 Dusseldorf, Germany
Michael Page Interim GmbH	Germany	Recruitment Consultancy	Carl Theodor Strasse 1, 40213 Dusseldorf, Germany
Michael Page International (Hong Kong) Limited	Hong Kong	Recruitment Consultancy	611 One Pacific Place, 88 Queensway, Hong Kong
Michael Page International Recruitment Pvt Ltd	India	Recruitment Consultancy	5th Floor, 2 North Avenue, Maker Maxity, Bandra-Kurla Complex, Bandra (E), Mumbai 400051, India
PT Michael Page Internasional Indonesia	Indonesia	Recruitment Consultancy	One Pacific Place, Suites B-F, Level 12, Sudirman Central Business District, Jl. Jend. Sudirman Kav 52-53, Jakarta 12190, Indonesia
Michael Page International (Ireland) Limited	Ireland	Recruitment Consultancy	c/o Mason Hayes & Curran, Southbank House, Barrow Street, Dublin 4, Ireland
Michael Page International Italia Srl	Italy	Recruitment Consultancy	Via Spadari 1, 20123 Milan, Italy
Page Personnel Italia SpA	Italy	Recruitment Consultancy	Via Spadari 1, 20123 Milan, Italy
Michael Page International (Japan) K.K.	Japan	Recruitment Consultancy	6F Hulic Kamiyacho Building, 4-3-13 Toranomon, Minato-ku, Tokyo 105-0001, Japan
Michael Page International (Malaysia) Sdn Bhd	Malaysia	Recruitment Consultancy	10th Floor, Wisma Hamjah-Kwong Hing, No.1 Leboh Ampang, 50100 Kuala Lumpur
Michael Page (Mauritius) Limited	Mauritius	Recruitment Consultancy	La Chaussee Office 530 & 531, Medine Mews, Port-Louis, Mauritius
Michael Page International (Mauritius) Limited	Mauritius	Recruitment Consultancy	Corner of Suffren and Eugene Laurent Streets, 5th Floor, Atchia Building, Port-Louis, Mauritius
Michael Page International Mexico Reclutamiento Especializado, S.A. de C.V.	Mexico	Recruitment Consultancy	Av. Paseo de la Reforma, No. 115, Piso 10, Col. Lomas de Chapultepec, Z.C. 11000, CDMX, Mexico
Michael Page International Mexico Servicios Corporativos SA de CV	Mexico	Recruitment Consultancy	Av. Paseo de la Reforma, No. 115, Piso 10, Col. Lomas de Chapultepec, Z.C. 11000, CDMX, Mexico
Page Interim Mexico Servicios SA de CV	Mexico	Recruitment Consultancy	Av. Paseo de la Reforma, No. 115, Piso 10, Col. Lomas de Chapultepec, Z.C. 11000, CDMX, Mexico
Michael Page International (Maroc) SARL AU	Morocco	Recruitment Consultancy	Residence Plein Ciel 9, Angle rue Mahassine Arrouyani et Ali Abderrazak, Quartier Racine-20, 100 Casablanca, Morroco
Michael Page International (Nederland) BV	Netherlands	Recruitment Consultancy	World Trade Center, Strawinskylaan 421, 107XX, Amsterdam, Netherlands
Page Interim BV	Netherlands	Recruitment Consultancy	World Trade Center, Strawinskylaan 421, 107XX, Amsterdam, Netherlands
Michael Page International (New Zealand) Limited	New Zealand	Recruitment Consultancy	Level 17, 191 Queen Street, Auckland NZ 1010
Michael Page International Peru SRL	Peru	Recruitment Consultancy	Calle Las Orquídeas 665 esq. Andrés Reyes - Piso 2, Oficina 201 San Isidro, Peru
Page Personnel Services Temporales Peru S.R.L.	Peru	Recruitment Consultancy	Calle Las Orquídeas 665 esq. Andrés Reyes - Piso 2, Oficina 201 San Isidro, Peru
Michael Page International (Poland) Sp.z.o.o	Poland	Recruitment Consultancy	ul. Zlota 59, 00-120 Warsaw, Poland

Name of undertaking	Country of incorporation	Principal activity	Registered office
Michael Page International Empressa de Trabalho Temporário e Serviços de Consultadoria Lda	Portugal	Recruitment Consultancy	Avenida da Liberdade n 180A, 1250-146 Lisboa, Portugal
Portugal MP Outsourcing	Portugal	Recruitment Consultancy	Avenida da Liberdade n 180A, 1250-146 Lisboa, Portugal
Michael Page International (UAE) Limited – QFC Branch	UAE	Recruitment Consultancy	Qatar Financial Centre, Office 2, Ground Floor, Tornado Tower, West Bay, PO Box 23153, Doha, Qatar
Michael Page International Pte Limited*	Singapore	Recruitment Consultancy	One Raffles Place, #09-61 Office Tower Two, Singapore 048616
Page Personnel Recruitment Pte Ltd	Singapore	Recruitment Consultancy	One Raffles Place, #09-61 Office Tower Two, Singapore 048616
Michael Page International (SA) (Pty) Limited	South Africa	Recruitment Consultancy	PO Box 653555, Benmore 2010, South Africa
Michael Page Africa (SA) (Pty) Limited	South Africa	Non-trading	PO Box 653555, Benmore 2010, South Africa
Michael Page International (España) SA	Spain	Recruitment Consultancy	Paseo de la Castellana 28 -3ª, 28046 Madrid, Spain
Michael Page Holding (España) SL	Spain	Holding company	Paseo de la Castellana 28 -3ª, 28046 Madrid, Spain
Page Personnel Seleccion SA	Spain	Recruitment Consultancy	Calle Julian Camarillo 42-4, 28037 Madrid, Spain
Michael Page AD SL	Spain	Recruitment Consultancy	Paseo de la Castellana 28 -3ª, 28046 Madrid, Spain
Page Group Europe SL	Spain	Support Services	Plaza Europa 21-23 5ª, 08908 Hospitalet de Llobregat (Barcelona), Spain
Page Personnel ETT SA	Spain	Recruitment Consultancy	Calle Julian Camarillo 42-4, 28037 Madrid, Spain
Michael Page International (Sweden) AB	Sweden	Recruitment Consultancy	Master Samuelsgatan 42, l4tr 111 57 Stockholm, Sweden
Michael Page International (Switzerland) SA	Switzerland	Recruitment Consultancy	Quai de la Poste 12, CH-1204 Geneva, Switzerland
Taiwan Michael Page International Co Ltd	Taiwan	Recruitment Consultancy	8F-1 Shin Kong Xin Yi Financial Building, 36-1 Songren Road Xin-Yi District, Taipei City, Taiwan 110
Michael Page Thailand Limited	Thailand	Holding company	17th Floor, ITF Tower, No 140/36-37 Silom Road, Kwaeng Suriawong, Khet Banrak, Bangkok, Thailand
Michael Page International Recruitment (Thailand) Limited	Thailand	Recruitment Consultancy	Unit 3076, 30th Floor Bhiraji Tower, EmQuartier, 689 Sukhumvit Road, Klongton Nuea, Vadhanna, Bangkok 10110, Thailand
Michael Page International NEM Istihdam Danismanligi Limited Sirketi	Turkey	Recruitment Consultancy	Buyukdere Caddesi, Kanyon Ofis, Binasi No. 185, Kat 5 34394 Levent, Istanbul, Turkey
Michael Page International Yonetim Servisleri Danismanligi Ltd	Turkey	Recruitment Consultancy	Buyukdere Caddesi, Kanyon Ofis, Binasi No. 185, Kat 5 34394 Levent, Istanbul, Turkey
Michael Page International (Vietnam) Co. Limited	Vietnam	Recruitment Consultancy	Level 9, Saigon Centre, Tower 2, 67 Le Loi Street, Ben Nhge Ward, District 1, Ho Chi Minh City, Vietnam
Michael Page International (UAE) Limited	United Arab Emirates	Recruitment Consultancy	No. 202, Al Fattan Currency House, Tower 1, Dubai International Finance Centre (DIFC), PO Box 506702, Dubai, United Arab Emirates
Michael Page International Inc.*	United States	Recruitment Consultancy	622 Third Avenue, 29th Floor, New York, NY10017, USA

*The equity of these subsidiary undertakings is held directly by PageGroup plc. All companies have been included in the consolidation and operate principally in their country of incorporation.

The percentage of the issued share capital held is equivalent to the percentage of voting rights held. The Group holds 100% of all classes of issued share capital. The share capital of all the subsidiary undertakings comprise Ordinary shares.

The following subsidiaries are exempt from the requirements of the Companies Act 2006 relating to the audit of accounts under section 479A of the Act:

- Michael Page International Southern Europe Limited
- Michael Page International Holdings Limited
- LPM (Professional Recruitment) Limited
- Michael Page Partnership Limited
- Michael Page Employment Services Limited

13. Trade and other receivables

	Group 2018 £'000	Group 2017 £'000	Company 2018 £'000	Company 2017 £'000
Current				
Trade receivables	**297,380**	253,555	**–**	–
Less allowance for expected credit losses and revenue reversals	**(9,174)**	(8,161)	**–**	–
Net trade receivables	**288,206**	245,394	**–**	–
Amounts due from Group companies	**–**	–	**642,855**	647,607
Other receivables	**3,814**	9,839	**–**	–
Accrued Income	**44,430**	31,938	**–**	–
Prepayments	**12,661**	11,918	**–**	–
	349,111	299,089	**642,855**	647,607
Non-current				
Other receivables	**12,746**	10,513	**–**	–

The fair values of trade and other receivables are not materially different to those disclosed above.

The Group's exposure to credit and currency risks and impairment losses related to trade and other receivables is disclosed in Note 20.

All amounts due from Group undertakings are unsecured, interest-free and repayable on demand.

14. Trade and other payables

	Group 2018 £'000	Group 2017 £'000	Company 2018 £'000	Company 2017 £'000
Current				
Trade payables	**6,594**	6,240	**–**	–
Amounts owed to Group companies	**–**	–	**913,094**	848,300
Other tax and social security	**58,186**	54,615	**–**	–
Other payables	**26,870**	28,312	**–**	–
Accruals	**111,040**	97,467	**138**	176
Deferred income	**1,663**	1,096	**–**	–
	204,353	187,730	**913,232**	848,476
Non-current				
Accruals	**18,453**	18,628	**–**	–
Other tax and social security	**1,021**	861	**–**	–
	19,474	19,489	**–**	–

The fair values of trade and other payables are not materially different to those disclosed above.

All amounts due to Group undertakings are unsecured, interest-free and repayable on demand.

The total liability relating to other tax and social security includes a balance of £1.1m (2017: £0.9m) relating to social charges on share-based payments.

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 20.

15. Bank overdrafts

No bank overdrafts were utilised in respect of the year ended 31 December 2018 (2017: £Nil).

At 31 December 2018, the Group had available nil (2017: £10m) of undrawn uncommitted overdraft facility with Deutsche Bank, £20m with HSBC, £1.0m elsewhere in the Group and £26.9m of undrawn borrowing facilities under the Invoice Discounting arrangement with HSBC. Under the terms of the Invoice Discount Facility we are able to borrow up to £50m depending on the level of trade receivables held at any one time. Based on the carrying amount of trade receivables at the year end we were able to borrow £26.9m of the £50m and hence no actual amount was drawn down on the facility at the year end. The Group utilised the facility during the year on an ad-hoc basis.

All conditions precedent on each of these facilities had been met. All other bank overdrafts and facilities are repayable on demand. The Group's exposure to interest rate, foreign currency and liquidity risk for financial assets and liabilities is disclosed in Note 20.

16. Deferred tax

The following are the major deferred tax (assets)/liabilities recognised by the Group, and the movements thereon, during the current and prior reporting periods.

	Share-based payments £'000	Tax losses £'000	Other £'000	Total £'000
At 1 January 2018	**1,828**	**2,567**	**9,872**	**14,267**
Recognised in equity for the year	**300**	**–**	**–**	**300**
Recognised in profit or loss for the year	**130**	**242**	**1,980**	**2,352**
Exchange differences	**–**	**(15)**	**(47)**	**(62)**
At 31 December 2018	**2,258**	**2,794**	**11,805**	**16,857**
At 1 January 2017	1,416	5,061	9,640	16,117
Recognised in equity for the year	540	–	–	540
Recognised in profit or loss for the year	(128)	(2,298)	602	(1,824)
Exchange differences	–	(196)	(370)	(566)
At 31 December 2017	1,828	2,567	9,872	14,267

Certain deferred tax assets and liabilities have been offset in accordance with the Group's accounting policy. The following is the analysis of the deferred tax balances (after offset) for balance sheet purposes:

	2018 £'000	2017 £'000
Deferred tax assets	**17,487**	14,637
Deferred tax liabilities	**(630)**	(370)
	16,857	14,267

No deferred tax liability has been recognised in respect of £144.1m (2017: £108.3m) of unremitted earnings of subsidiaries because the Group is in a position to control the timing of the reversal of the temporary difference and it is not probable that such differences will reverse in the foreseeable future.

The net increase of the deferred tax asset balance by £2.6m in the year includes £0.1m for the effects of recognition and derecognition of tax losses across a number of territories plus the utilisation of losses in other territories. "Other" deferred tax relates to two types of timing difference. The first comprises differences between the Group GAAP, IFRS, and the local GAAP of each country in which PageGroup operates. The second comprises timing differences between recognition of income and expense for accounting and tax purposes. This latter category includes deferrals of deductions for internal Group charges until paid in some countries (£4.8m) and bonus accruals (£4.0m). This can vary from year to year and in 2018 resulted in an increase in the deferred tax asset of £1.9m (2017: £0.2m increase). The amount recognised in profit or loss for the year of £0.2m in relation to losses is a combination of the elements disclosed in Note 6.

The realisation of the deferred tax asset is dependent upon generating future taxable profits in the overseas territories in which the deferred tax asset has arisen. There are carried forward losses of £22.5m (2017: £25.1m) arising in overseas territories for which no deferred tax is recognised given the future utilisation of the tax losses is uncertain. The uncertainty relates to assessing the probability of being able to use losses in the foreseeable future which relies on forecasting future profitability. It is well known that we have limited visibility of this in the recruitment and staffing sector and this, together with restrictions in some countries on the quantum of losses that may be used in each year, leads to the conclusion that a deferred tax asset should not be recognised in respect of certain tax attributes, principally losses. There were no other tax attributes recognised in those territories in which losses are not recognised. These tax losses and other tax attributes remain available to offset future taxable profits in the respective territories where they have arisen. The Group has not recognised a deferred tax asset in respect of any losses that we would expect to be impacted by expiry.

17. Called-up share capital

	2018 £'000	2018 Number of shares	2017 £'000	2017 Number of shares
Allotted, called-up and fully paid Ordinary shares of 1p each				
At 1 January	**3,268**	**326,808,701**	3,259	325,975,455
Shares issued	**16**	**1,531,023**	9	833,246
At 31 December	**3,284**	**328,339,724**	3,268	326,808,701

Shares issued in the year related to the Executive Share Option Scheme.

Share option plans

The Group has share option awards currently outstanding under an Executive Share Option Scheme (ESOS) and a Share Option Scheme (SOS). These plans are described below.

At 31 December 2018 the following options had been granted and remained outstanding in respect of the Company's Ordinary shares of 1p under both the Michael Page Executive Share Option Scheme and the Share Option Scheme. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Year of grant	Balance at 1 January 2018	Granted in year	Exercised in year	Lapsed in year	No. of options outstand-ing at 31 December 2018	Base EPS/ OP range†	Exercise price per share	Exercise period
2009 (Note 2)*	374,250	–	(290,650)	(9,800)	73,800	OP range	187.5p-211.84p	March 2012 – March 2019
2010 (Note 1)*	1,815,500	–	(1,531,023)	–	284,477	6.6	381.5p-383.0p	March 2013 – March 2020
2011 (Note 2)	2,074,569	–	(154,311)	(255,337)	1,664,921	OP range	491.0p-492.9p	March 2014 – March 2021
2012 (Note 2)*	1,537,048	–	(893,675)	(15,000)	628,373	OP range	477.0p	March 2015 – March 2022
2013 (Note 2)*	1,975,833	–	(1,251,851)	(25,000)	698,982	OP range	442.0p	March 2016 – March 2023
2014 (Note 2)*	2,903,333	–	(1,575,000)	(25,000)	1,303,333	OP range	484.0p	March 2017 – March 2024
2015 (Note 2)*	1,577,372	–	(441,363)	(41,009)	1,095,000	OP range	526.0p-534.0p	March 2018 – March 2025
2016 (Note 2)*	1,605,000	–	–	(67,389)	1,537,611	OP range	406.0p-427.0p	March 2019 – March 2026
2017 (Note 2)	1,665,000	–	–	(60,000)	1,605,000	OP range	435.44p	March 2020 – March 2027
2018 (Note 2)	–	1,740,000	–	(35,000)	1,705,000	OP range	529.0p	March 2021 – March 2028
Total 2018	15,527,905	1,740,000	(6,137,873)	(533,535)	10,596,497			
Weighted average exercise price 2018 (£)	4.51	5.29	4.38	4.71	4.70			
Total 2017	17,919,281	1,723,000	(3,160,203)	(954,173)	15,527,905			
Weighted average exercise price 2017 (£)	4.45	4.35	4.02	4.74	4.51			

* These options have fully vested

† The Operating Profit ranges for each award are fully disclosed in Note 2 of this Note. 4,303,076 options were exercisable at the end of 2018 at a weighted average exercise price of £4.75 (2017: £4.39). The weighted average share price at the date of exercise was £4.86.

Note 1

Executive Share Option Scheme

Using the ESOS, awards of share options can be made to key management personnel and senior employees to receive shares in the Company.

No awards have been made under the ESOS since 2010 and this award has fully vested.

For grants under the ESOS, the performance condition is tested on the third anniversary and no retesting will occur thereafter. These options were granted subject to a performance condition requiring that an option may only be exercised, in normal circumstances, if there has been an increase in base earnings per share of at least 3% per annum above the growth in the UK Retail Price Index. The respective base earnings per share for each grant are shown in the table above.

Note 2

Share Option Scheme

Executive Directors of the Company are not eligible to participate in this plan. Any exercises of awards made under this plan are settled by shares held in the Employee Benefit Trust.

This share option scheme was created in 2009 to provide an effective plan under which to grant awards from 2009 onwards. It was the Board's view that grants made under the existing ESOS, which would have required an increase over the 2008 base earnings per share of at least 3% per annum above the growth in the UK Retail Price Index by 2011, would not be achievable due to the impact of the global downturn on the Group's EPS and thus would not provide the required retention incentive.

The 2009 grant made under the SOS is subject to a performance condition that was tested, initially, three years after the date of grant and since then has been and will be tested annually until either the entire grant vests, or ten years from the date of grant of the award have elapsed, in which case any awards outstanding under the grant will lapse. The performance condition is directly linked to the Group's Operating Profit. If Operating Profit is £30m then 30% of the award would vest. For every £1m of Operating Profit over £30m, a further 1% would vest. 100% of the award would vest if Operating Profit was £100m.

As the Group's 2011 Operating Profit was £86.0m, 86% of this award vested on 10 March 2012, with a further 4% vesting on 10 March 2016 following the 2015 result. Following 2016's Operating Profit of £101.0m, the final portion of the award vested on 10 March 2017.

Further grants under the SOS have been made in each year from 2011. The performance conditions for these grants are also directly linked to the Group's Operating Profit.

For the 2011 grant, if Operating Profit is in excess of £100m, 1% of the award will vest for every additional £1m of Operating Profit achieved, up to a maximum of 100% at Operating Profit of £200m or more. Following 2018's operating profit, 42% of this award will vest.

For grants between 2012 and 2015, if Operating Profit is in excess of £50m, a proportion of the award equivalent to the amount of Operating Profit achieved will vest up to a maximum of 100% if the Operating Profit is £100m or more. As Operating Profit of £118.3m was achieved in 2017, the performance criteria have been fully achieved and these awards have fully vested.

For the 2016 grant, if Operating Profit is in excess of £75m, 2% of the award will vest for every additional £1m of Operating Profit achieved, up to a maximum of 100% at Operating Profit of £125m or more. As Operating Profit of £142.5m was achieved in 2018, the performance criteria have been fully achieved and these awards have fully vested.

For the 2017 grant, if Operating Profit is in excess of £50m, 25% of the award will vest, 1% of the award will vest for every additional £1m of Operating Profit achieved, up to a maximum of 100% at Operating Profit of £125m or more.

For the 2018 grant, if Operating Profit is in excess of £75m, 25% of the award will vest. 1% of the award will vest for every additional £1m of Operating Profit achieved, up to a maximum of 100% at Operating Profit of £150m or more.

Other share-based payment plans

The Company also operates a Management Incentive Plan for the Executive Directors and senior employees and a Long-Term Incentive Plan for the Chief Executive Officer and Chief Financial Officer. Details of these plans are disclosed in the Directors' Remuneration Report and are settled by the physical delivery of shares, currently satisfied by shares held in the Employee Benefit Trust, to the extent that service and performance conditions are met. Movements on these plans are shown below:

	LTIP	MIP
As at 1 January 2018	1,130,816	2,183,256
Granted	354,699	634,207
Lapsed	(131,457)	(29,459)
Exercised	(164,147)	(617,591)
As at 31 December 2018	**1,189,911**	**2,170,413**

Share option valuation and measurement

In 2018, options were granted on 16 March with the estimated fair value of the options granted on that day of £0.96. In 2017, options were granted on 16 March with the estimated fair value of the options granted on that day of £1.11.

Share options are granted under service and non-market performance conditions. These conditions are not taken into account in the fair value measurement at grant date. There are no market conditions associated with the share option grants.

The options outstanding at 31 December 2018 have an exercise price in the range of 187.5p to 534.0p and a weighted average contractual life of 5.9 years. The fair values of options and other share awards granted during the year were calculated using the Black-Scholes option pricing model. The inputs into the model were as follows:

	Share Option Plans		Long-Term Incentive Plan		Management Incentive Plan	
	2018	2017	2018	2017	2018	2017
Share price (£)	**5.29**	4.35	**5.29**	4.35	**5.29**	4.35
Average exercise price (£)	**5.29**	4.35	**Nil**	Nil	**Nil**	Nil
Weighted average fair value (£)	**0.96**	1.11	**5.05**	3.99	**5.29**	4.35
Expected volatility	**25.76%**	38.19%	**25.76%**	38.19%	**25.76%**	38.19%
Expected life	**5 years**	5 years	**3 years**	3 years	**3 years**	3 years
Risk free rate	**1.19%**	0.72%	**1.19%**	0.72%	**1.19%**	0.72%
Expected dividend yield	**2.36%**	2.87%	**Nil**	Nil	**2.36%**	2.87%

Expected volatility was determined by reference to historical volatility of the Company's share price in the last 12 months. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. Expectations of early exercise are incorporated into the Black-Scholes option pricing model.

The Group recognised total expenses of £8.4m, including social security, (2017: £7.7m) related to share-based payment transactions during the year.

18. Reserves

Share premium

The share premium account has been established to represent the excess of proceeds over the nominal value for all share issues, including the excess of the exercise share price over the nominal value of the shares on the exercise of share options.

Capital redemption reserve

The capital redemption reserve relates to the cancellation of the Company's own shares.

Reserve for shares held in the Employee Benefit Trust

At 31 December 2018, the reserve for shares held in the employee benefit trust consisted of 11,024,316 Ordinary shares (2017: 14,311,816 Ordinary shares) held for the purpose of satisfying awards made under the Management Incentive Share Plan, the Long-Term Incentive Plan and the SOS, representing 3.4% of the called-up share capital with a market value of £49.7m (2017: £66.9m).

There are 7,775,732 (2017: 11,181,237) of these shares held in the trust on which dividends are waived.

Currency translation reserve

Since first-time adoption of the International Financial Reporting Standards, the currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations that are integral to the operations of the Company.

19. Cash and cash equivalents

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Cash at bank and in hand	**97,626**	95,327	**–**	–
Short-term deposits	**47**	278	**–**	–
Cash and cash equivalents	**97,673**	95,605	**–**	–
Cash and cash equivalents in the statement of cash flows	**97,673**	95,605	**–**	–
Net funds	**97,673**	95,605	**–**	–

The Group operates multi-currency cash concentration and notional cash pools, and an interest enhancement facility. The Eurozone subsidiaries and the UK-based Group Treasury subsidiary participate in the cash concentration arrangement, the Group Treasury subsidiary retains the notional cash pool and the Asia Pacific subsidiaries operate the interest enhancement facility. The structures facilitate interest compensation of cash whilst supporting working capital requirements.

20. Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

(i) credit risk

(ii) liquidity risk

(iii) market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(i) Credit risk

Credit risk is the risk of financial loss to the Group if a client or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from clients. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Trade and other receivables

Total trade receivables (net of allowances) held by the Group at 31 December 2018 amounted to £288.2m (2017: £245.4m).

An initial credit period is made available on invoices. No interest is charged on trade receivables from the date of the invoice during this credit period. An impairment analysis is performed at each reporting date using a provision matrix to measure the expected credit losses. The Group has established a provision matrix that is based on its historical credit loss experience adjusted for forward- looking factors specific to the debtors and the economic environment. If there has been a significant increase in credit risk in a customer or group of customers the loss is recognised immediately based on the future credit losses over the life of the contract.

Included in the Group's trade receivables balance are debtors with a carrying amount of £146.5m (2017: £116.7m) that are past due at the reporting date for which the Group has not provided as the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The days sales of these receivables at the year end is 54 days in excess of the initial credit period (2017: 53 days).

In the table below, the provision includes expected credit losses and provision for revenue reversals.

The ageing of trade receivables at the reporting date was:

	Gross trade receivables 2018 £'000	Provision 2018 £'000	Net trade receivables 2018 £'000	Gross trade receivables 2017 £'000	Provision 2017 £'000	Net trade receivables 2017 £'000
Not past due	**141,788**	**(80)**	**141,708**	128,978	(275)	128,703
Past due 0-30 days	**87,197**	**(50)**	**87,147**	72,098	(155)	71,943
Past due 31-150 days	**57,794**	**(33)**	**57,761**	43,494	(94)	43,400
More than 150 days	**10,601**	**(9,011)**	**1,590**	8,985	(7,637)	1,348
	297,380	**(9,174)**	**288,206**	253,555	(8,161)	245,394

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each client. The demographics of the Group's client base, including the country in which clients operate, also has an influence on credit risk. Less than 3% of the Group's revenue is attributable to sales transactions with a single client. The geographic diversification of the Group's revenue also reduces the concentration of credit risk.

The majority of the Group's clients have been transacting with the Group for several years, with losses rarely occurring. In monitoring client credit risk, clients are grouped according to their credit characteristics, including geographic location, industry, ageing profile, maturity and existence of previous financial difficulties.

Movement in the allowance for expected credit losses and revenue reversals:

	2018 £'000	2017 £'000
Balance at beginning of the year	**8,161**	5,070
Expected credit losses and provision for revenue reversals recognised on receivables	**22,348**	18,426
Amounts written off as uncollectable	**(786)**	(669)
Amounts recovered/reversed during the year	**(20,549)**	(14,666)
Balance at end of the year	**9,174**	8,161

The allowance for expected credit losses represents a provision for debts which the Group estimate may be irrecoverable, including £4.2m (2017: £3.5m) of debts in litigation.

The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the expected liquidation proceeds. The Group does not hold any collateral over these balances.

Exposure to credit risk

The maximum exposure to credit risk for net trade receivables at the reporting date by geographic region was:

	Carrying amount 2018 £'000	Carrying amount 2017 £'000
EMEA	**178,482**	148,292
United Kingdom	**38,237**	45,248
Asia Pacific	**45,767**	30,460
Americas	**25,720**	21,394
	288,206	245,394

The maximum exposure to credit risk for net accrued income at the reporting date by geographic region was:

	Carrying amount 2018 £'000	Carrying amount 2017 £'000
EMEA	**1,573**	956
United Kingdom	**12,316**	8,638
Asia Pacific	**18,925**	15,749
Americas	**11,616**	6,595
	44,430	31,938

The entire accrued income balance is not past due. The fair values of trade and other receivables are not materially different to those disclosed above and in note 13. There is no material effect on pre-tax profit if the instruments are accounted for at fair value or amortised cost.

(ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board, which has built an appropriate liquidity risk management framework that aims to ensure that the Group has sufficient cash or credit facilities at all times to meet all current and forecast liabilities as they fall due. It is the Directors' intention to continue to finance the activities and development of the Group from retained earnings.

Cash surpluses were invested in short-term deposits, with any working capital requirements being provided from Group cash resources, Group facilities, or by local overdraft facilities. The Group also operates a multi-currency notional cash pool to facilitate interest and balance compensation of cash and bank overdrafts.

The following are the contractual maturities of financial liabilities:

2018	Less than 1 month £'000	1-3 months £'000	3-12 months £'000	More than 12 months £'000
Trade payables	**6,293**	**209**	**92**	**–**
Accruals and other payables	**92,039**	**18,282**	**27,589**	**–**

2017	Less than 1 month £'000	1-3 months £'000	3-12 months £'000	More than 12 months £'000
Trade payables	5,178	216	846	–
Accruals and other payables	92,918	17,001	15,860	–

Capital is equity attributable to the equity holders of the parent. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders through share repurchases with subsequent cancellation, or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2018 and 31 December 2017.

(iii) Market risk and sensitivity analysis

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates, but these risks are not deemed to be material. However, a sensitivity analysis showing hypothetical fluctuations in Pounds Sterling against the Group's main exposure currencies is shown on the next page. There has been no material change in the Group's exposure to market risks or the manner in which it manages and measures the risk.

Interest rate risk management

Borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk. The Group does not consider this risk as significant. The benchmark rates for determining floating rate liabilities are based on relevant national LIBOR equivalents.

The Group's only interest bearing assets and liabilities at 31 December 2018 relate to cash and bank overdrafts. The average interest rate payable on bank overdrafts was 2.85% (2017: 1.52%).

Currency rate risk

The Group publishes its results in Pounds Sterling and conducts its business in many foreign currencies. As a result, the Group is subject to foreign currency exchange risk due to exchange rate movements. The Group is exposed to foreign currency exchange risk as a result of transactions in currencies other than the functional currencies of some of its subsidiaries and the translation of the results and underlying net assets of foreign subsidiaries.

The main functional currencies of the Group are Sterling, Euro, Chinese Renminbi, Swiss Franc, Singapore Dollar, Hong Kong Dollar and Australian Dollar. The Group does not have material transactional currency exposures. The Group is exposed to foreign currency translation differences in accounting for its overseas operations. The Group policy is not to hedge translation exposure.

The Group has entered into hedges to cover its investments in foreign entities in the US and Canada designating them as net investment hedges. The instruments are foreign currency forward contracts. The portion of gains or losses on the hedging instruments determined to be an effective hedge is transferred to other comprehensive income. The pre-tax loss on effective hedging instruments deferred within other comprehensive income as at 31 December 2018 is £1.0m (2017: £1.3m profit).

In certain cases, where the Company gives or receives short-term loans to and from other Group companies with different reporting currencies, it may use foreign exchange rate derivatives to manage the currency exposure that arises on these loans. It is the Group's policy not to seek to designate these derivatives as hedges.

All derivative financial instruments not in a hedge relationship are classified as derivatives at fair value through the income statement. The Group does not use derivatives for speculative purposes. All transactions in derivative financial instruments are undertaken to manage the risks arising from underlying business activities.

Information on the fair value of derivative financial instruments held at the balance sheet date is shown in the table below.

Fair values are not adjusted for credit risk, as required by IFRS 13, because credit impact is not material given the low fair value levels. All derivative instruments are classified as level 2 instruments.

Derivative financial instruments

	Derivatives at fair value	
	2018 £m	2017 £m
Derivative assets	**1.0**	0.7
Derivative liabilities	**(1.0)**	(0.9)
Net derivative assets/(liabilities)	**–**	(0.2)

Sensitivity analysis – currency risk

A 10% strengthening of Sterling against the following currencies at 31 December 2018 would have increased/(decreased) equity and profit or loss by the amounts shown over the page. This is reflective of the exchange rates movements experienced by the Group over the last 3 years. This analysis is applied currency by currency in isolation, i.e. ignoring the impact of currency correlation, and assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2017. The amounts generated from the sensitivity analysis are forward-looking estimates of market risk assuming certain adverse market conditions occur. Actual results in the future may differ materially from those projected, due to developments in the global financial markets which may cause fluctuations in interest and exchange rates to vary from the hypothetical amounts disclosed in the table over the page, which therefore should not be considered a projection of likely future events and losses.

	2018 equity £'000	2018 PBT £'000
Euro	**(11,426)**	**(2,048)**
Australian Dollar	**(1,363)**	**(159)**
Swiss Franc	**(1,956)**	**(157)**
Chinese Renminbi	**(943)**	**73**
Hong Kong Dollar	**(1,949)**	**(524)**
Singapore Dollar	**(1,458)**	**(41)**
Other	**(4,416)**	**(671)**

	2017 equity £'000	2017 PBT £'000
Euro	(9,290)	(2,598)
Australian Dollar	(1,248)	(123)
Swiss Franc	(1,754)	(171)
Chinese Renminbi	(1,229)	(305)
Hong Kong Dollar	(852)	(165)
Singapore Dollar	(1,302)	(8)
Other	(3,494)	(778)

A 10% weakening of Sterling against the above currencies at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

21. Commitments

Operating lease commitments

At 31 December 2018 the Group was committed to make the following payments in respect of non-cancellable operating leases:

	Land and buildings		Other	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Within one year	**30,916**	31,083	**7,121**	4,930
Within two to five years	**81,096**	78,318	**7,871**	4,456
After five years	**21,451**	17,102	**–**	–
Total	**133,463**	126,503	**14,992**	9,386

The Group leases various offices under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The Group also leases various plant and machinery under operating lease agreements. The Group is required to give varying notice for the termination of these agreements.

Capital commitments

The Group had £0.2m of contractual capital commitments as at 31 December 2018 relating to property, plant and equipment (2017: £0.1m). The Group had contractual capital commitments of £nil as at 31 December 2018 relating to computer software (2017: £nil).

22. Contingent liabilities

Guarantees

The Company has provided guarantees to other Group undertakings amounting to £1.0m (2017: £1.0m) in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities.

VAT Group registration

As a result of Group registration for VAT purposes, the Company is contingently liable for VAT liabilities arising in other companies within the VAT group which at 31 December 2018 amounted to £5.9m (2017: £6.1m).

23. Events after the balance sheet date

Between 31 December 2018 and 5 March 2019 there were no post balance sheet events.

24. Related party transactions

Identity of related parties

The Company has a related party relationship with its Directors and members of the Executive Committee, and subsidiaries (Note 12).

Transactions with key management personnel

Key management personnel are deemed to be the Directors and members of the Executive Committee as detailed in the biographies on pages 42 to 46. The remuneration of Directors and members of the Executive Committee is determined by the Remuneration Committee having regard to the performance of individuals and market trends. The transactions for the year were:

Related party transactions

	2018 £'000	2017 £'000
Wages and salaries	**6,412**	6,322
Social security costs	**440**	672
Pension costs – defined contribution plans	**226**	200
Share-based payments and deferred cash plan	**3,981**	1,601
	11,059	8,795

Company

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation. Details of transactions between the parent company and subsidiary undertakings are shown below.

	Dividends received		Amounts owed by related parties		Amounts owed to related parties	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Transactions	**5,963**	9,649	**642,855**	647,607	**913,094**	848,300

FIVE YEAR SUMMARY

	2014 £'000	2015 £'000	2016 £'000	2017 £'000	2018 £'000
Revenue	1,046,887	1,064,945	1,196,125	1,371,534	**1,549,941**
Gross profit	532,817	556,105	621,034	711,568	**814,902**
Operating profit before exceptional items	78,461	90,071	100,952	118,322	**142,463**
Operating profit after exceptional items	80,092*	90,071	100,952	118,322	**142,463**
Profit before tax	80,361*	90,697	99,996	118,162	**142,275**
Profit attributable to equity holders	59,331*	66,208	72,096	83,080	**103,703**
Conversion†	14.7%	16.2%	16.3%	16.6%	**17.5%**
Basic earnings per share (pence)	19.3*	21.3	23.1	26.5	**32.5**

* Includes exceptional items.

† Operating profit before exceptional items as a percentage of gross profit.

Shareholder information and advisers

Annual General Meeting

To be held on 24 May 2019 at 9.30am at Page House, 1 Dashwood Lang Road, The Bourne Business Park, Addlestone, Surrey, KT15 2QW. Every shareholder is entitled to attend and vote at the Meeting.

Final dividend for the year ended 31 December 2018

To be paid (if approved) on 17 June 2019 to shareholders on the register of members on 17 May 2019.

General Counsel & Company Secretary

Kaye Maguire

Company number

3310225

Registered office, domicile and legal form

The Company is a limited liability company incorporated and domiciled within the United Kingdom.

The address of its registered office is:

Page House,
1 Dashwood Lang Road,
The Bourne Business Park,
Addlestone,
Surrey, KT15 2QW.

Auditor

Ernst & Young LLP
1 More London Place
London SE1 2AF

Solicitors

Herbert Smith LLP
Exchange House
Primrose Street
London EC2A 2HS

Bankers

HSBC Bank plc
West End Business
Banking Centre
70 Pall Mall
London SW1Y 5GZ

Joint corporate brokers

Citigroup
33 Canada Square
Canary Wharf
London E14 5LB

HSBC Bank plc
8 Canada Square
Canary Wharf
London E14 5HQ

Registrars

Link Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Financial PR

FTI Consultancy
200 Aldersgate
Aldersgate Street
London EC1A 4HD

Articles of Association

The following summarises certain provisions of the Company's Articles of Association (as adopted on 21 May 2010) and applicable English Law. The summary is qualified in its entirety by reference to the Companies Act 2006 of Great Britain (the "Act"), as amended, and the Company's Articles of Association. Under the Act, the Memorandum of Association of the Company has now become a document of record, and no longer contains any operative provisions.

Incorporation

The Company is incorporated under the name PageGroup plc and is registered in England and Wales with registered number 3310225.

Share capital

The Act abolished the concept of, and requirement for a company to have, an authorised share capital. As such, the Company no longer has an authorised share capital.

Alteration of capital

The Company may from time to time by ordinary resolution:

(a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(b) sub-divide its shares, or any of them, into shares of a smaller amount than its existing shares; and

(c) determine that, as between the shares resulting from such a sub-division, any of them may have any preference or advantage as compared with the others.

Subject to the provisions of the Act, the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account, in any way.

Purchase of own shares

Subject to the provisions of the Act, the Company may purchase its own shares, including redeemable shares. The Company proposes to renew its authority to purchase its own shares for another year in item 17 of the Annual General Meeting notice.

General meetings and voting rights

The Directors may call general meetings whenever and at whatever time and location they so determine. Subject to the provisions of the Act, an annual general meeting and all general meetings (which shall be called extraordinary general meetings) shall be called by at least 21 clear days' notice. Subject to the provisions of the Act, the Company may resolve to reduce the notice period for general meetings (other than annual general meetings) to 14 days on an annual basis. The Company proposes to renew its authority to hold general meetings on 14 days' notice for another year in item 18 of the Annual General Meeting notice. Two persons entitled to vote upon the business to be transacted shall be a quorum.

The Articles of Association provide that subject to any rights or restrictions attached to any shares, on a show of hands every member and every duly appointed proxy present shall have one vote. Every corporate representative present who has been duly authorised by a corporation has the same voting rights as the corporation would be entitled to. On a poll every member present in person or by a duly appointed proxy or corporate representative shall have one vote for every share of which he is a holder or in respect of which his appointment as proxy or corporate representative has been made. No member shall be entitled to vote in respect of any share held by him if any call or other sum payable by him to the Company remains unpaid.

If a member or any person appearing to be interested in shares held by a member has been duly served with a notice under the Act and is in default for the prescribed period in supplying to the Company information thereby required, unless the Directors otherwise determine, the member shall not be entitled in respect of the default shares to be present or to vote (either in person or by representative or proxy) at any general or class meeting of the Company or on any poll or to exercise any other right conferred by membership in relation to such meeting or poll. In certain circumstances, any dividend due in respect of the default shares shall be withheld and certain certificated transfers may be refused.

A member entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way. A member is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and speak and vote at a meeting of the Company. A proxy need not be a member. A member may appoint more than one proxy to attend on the same occasion. This does not preclude the member from attending and voting at the meeting or at any adjournment of it.

Limitations and non-resident or foreign shareholders

English law treats those persons who hold the shares and are neither UK residents nor nationals in the same way as UK residents or nationals. They are free to own, vote on and transfer any shares they hold.

Variation of rights

If at any time the capital of the Company is divided into different classes of shares, the rights attached to any class may be varied either:

(a) in such manner (if any) as may be provided by those rights; or

(b) in the absence of any such provision, with the consent in writing of the holders of three-quarters in nominal value of the issued shares of the class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class,

but not otherwise, and may be so varied either whilst the Company is a going concern or during, or in contemplation of, a winding-up. At every such separate general meeting the necessary quorum shall be at least two persons together holding or representing by proxy at least one-third in nominal value of the issued shares of the class (excluding any shares of that class held as treasury shares), save that at any adjourned meeting any holder of shares of the class (other than treasury shares) present or by proxy shall be a quorum. Unless otherwise expressly provided by the rights attached to any class of shares, those rights shall be deemed not to be varied by the purchase by the Company of any of its own shares or the holding of such shares as treasury shares.

Dividend rights

Holders of the Company's ordinary shares may by ordinary resolution declare dividends but no such dividend shall exceed the amount recommended by the Directors. If, in the opinion of the Directors, the profits of the Company available for distribution justify such payments, the Directors may, from time to time, pay interim dividends on the shares of such amounts and on such dates and in respect of such periods as they think fit. The profits of the Company available for distribution and resolved to be distributed shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion of the period in respect of which the dividend is paid. The members may, at a general meeting declaring a dividend upon the recommendation of the Directors, direct that it shall be satisfied wholly or partly by the distribution of specific assets.

No dividend shall be paid otherwise than out of profits available for distribution as specified under the provisions of the Act.

Any dividend unclaimed after a period of twelve years from the date of declaration of such dividend shall, if the Directors so resolve, be forfeited and shall revert to the Company.

Calls on shares

Subject to the terms of allotment, the Directors may make calls upon members in respect of any amounts unpaid on their shares (whether in respect of nominal value or premium) and each member shall pay to the Company as required by the notice the amount called on his shares.

Transfer of shares

Any member may transfer all or any of his shares in certificated form by instrument of transfer in the usual common form or in any other form which the Directors may approve. The transfer instrument shall be signed by or on behalf of the transferor and, except in the case of fully-paid shares, by or on behalf of the transferee.

Where any class of shares is for the time being a participating security, title to shares of that class which are recorded as being held in uncertificated form, may be transferred (to not more than four transferees) by the relevant system concerned.

The Directors may in their absolute discretion refuse to register any transfer of shares (being shares which are not fully paid or on which the Company has a lien), provided that if the share is listed on the Official List of the UK Listing Authority such refusal does not prevent dealings in the shares from taking place on an open and proper basis.

The Directors may also refuse to register a transfer of shares (whether fully paid or not) unless the transfer instrument:

(a) is lodged at the registered office, or such other place as the Directors may appoint, accompanied by the relevant share certificate(s)

(b) is in respect of only one class of share

(c) is in favour of not more than four transferees

The Directors of the Company may refuse to register the transfer of a share in uncertificated form to a person who is to hold it thereafter in certificated form in any case where the Company is entitled to refuse (or is excepted from the requirements) under the Uncertificated Securities Regulations 2001 to register the transfer.

Directors

The Company's Articles of Association provide for a Board of Directors, consisting of (unless otherwise determined by the Company by ordinary resolution) not fewer than two Directors, who shall manage the business of the Company. The Directors may exercise all the powers of the Company, subject to the provisions of the Articles of Association and any directions given by special resolution. If the quorum is not fixed by the Directors, the quorum shall be two.

Subject to the provisions of the Company's Articles of Association, the Directors may delegate any of their powers:

(a) to such person or committee

(b) by such means (including power of attorney)

(c) to such an extent

(d) in relation to such matters or territories

(e) on such terms and conditions

as in each case they think fit, and such delegation may include authority to sub-delegate all or any of the powers delegated, may be subject to conditions and may be revoked or varied.

The Directors may also, by power of attorney or otherwise, appoint any person, whether nominated directly or indirectly by the Directors, to be the agent of the Company for such purposes and subject to such conditions as they think fit, and may delegate any of their powers to such an agent.

The Articles of Association place a general prohibition on a Director voting on any resolution concerning a matter in which he has, directly or indirectly, a material interest (other than an interest in shares, debentures or other securities of, or otherwise in or through the Company), unless his interest arises only because the case falls within one or more of the following:

(a) the giving to him of a guarantee, security, or indemnity in respect of money lent to, or an obligation incurred by him for the benefit of, the Company or any of its subsidiary undertakings

(b) the giving to a third party of a guarantee, security, or indemnity in respect of an obligation of the Company or any of its subsidiary undertakings for which the Director has assumed responsibility in whole or in part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security

(c) the giving to him of any other indemnity which is on substantially the same terms as indemnities given or to be given to all of the other directors and/or the funding by the Company of this expenditure on defending proceedings or the doing by the Company of anything to enable him to avoid incurring such expenditure where all other directors have been given or are to be given substantially the same arrangements

(d) the purchase or maintenance for any director or directors of insurance against liability

(e) his interest arises by virtue of his being, or intending to become a participant in the underwriting or sub-underwriting of an offer of any shares in or debentures or other securities of the Company for subscription, purchase or exchange

(f) any arrangement for the benefit of the employees and directors and/or former employees and former directors of the Company or any of its subsidiaries and/or the members of their families or any person who is or was dependent on such persons, including but without being limited to a retirement benefits scheme and an employees' share scheme, which does not accord to him any privilege or advantage not generally accorded to employees and/or former employees to whom the arrangement relates

(g) any transaction or arrangement with any other company in which he is interested, directly or indirectly (whether as a director or shareholder or otherwise), provided that he is not the holder of or beneficially interested in at least 1% of any class of shares of that company (or of any other company through which his interest is derived), and is not entitled to exercise at least 1% of the voting rights available to members of the relevant company

If a question arises at a Directors' meeting as to the right of a Director to vote, the question may be referred to the Chairman of the meeting (or if the Director concerned is the Chairman, to the other Directors at the meeting), and his ruling in relation to any Director (or, as the case may be, the ruling of the majority of the other Directors in relation to the Chairman) shall be final and conclusive.

The Act requires a Director of a company who is in any way interested in a proposed transaction or arrangement with the company to declare the nature of his interest at a meeting of the Directors of the company (save that a director need not declare an interest if it cannot reasonably be regarded as giving rise to a conflict of interest). The definition of "interest" includes the interests of spouses, civil partners, children, companies and trusts.

Borrowing powers of the Directors

The Directors shall restrict the borrowings of the Company and exercise all powers of control exercisable by the Company in relation to its subsidiary undertakings so as to secure (as regards subsidiary undertakings so far as by such exercise they can secure) that the aggregate principal amount (including any premium payable on final repayment) outstanding of all money borrowed by the Group (excluding amounts borrowed by any member of the Group from any other member of the Group), shall not at any time, save with the previous sanction of an ordinary resolution of the Company, exceed an amount equal to three times the aggregate of:

(a) the amount paid up on the share capital of the Company

(b) the total of the capital and revenue reserves of the Group, including any share premium account, capital redemption reserve, capital contribution reserve and credit balance on the profit and loss account, but excluding sums set aside for taxation and amounts attributable to outside shareholders in subsidiary undertakings of the Company and deducting any debit balance on the profit and loss account, all as shown in the latest audited consolidated balance sheet and profit and loss account of the Group, but adjusted as may be necessary in respect of any variation in the paid up share capital or share premium account of the Company since the date of that balance sheet and further adjusted as may be necessary to reflect any change since that date in the companies comprising the Group

Director's appointment, retirement and removal

At each annual general meeting, there shall retire from office by rotation:

(a) all Directors of the Company who held office at the time of the two preceding annual general meetings and who did not retire by rotation at either of them

(b) such additional number of Directors as shall, when aggregated with the number of Directors retiring under paragraph (a) above, equal either one third of the number of Directors, in circumstances where the number of Directors is three or a multiple of three, or in all other circumstances, the whole number which is nearest to but does not exceed one-third of the number of Directors (the "Relevant Proportion") provided that:

  (i) the provisions of this paragraph (b) shall only apply if the number of Directors retiring under paragraph (a) above is less than the Relevant Proportion

  (ii) subject to the provisions of the Act and to the relevant provisions of the Articles of Association, the Directors to retire under this paragraph (b) shall be those who have been longest in office since their last appointment or reappointment, but as between persons who became or were last reappointed Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot

If the Company, at the meeting at which a director retires by rotation, does not fill the vacancy the retiring Director shall, if willing to act, be deemed to have been reappointed unless a resolution not to fill the vacancy or not to reappoint that Director is passed.

In addition to any power of removal under the Act, the Company may, by special resolution, remove a director before the expiration of his period of office (without prejudice to any claim for damages for breach of any contract of service between the director and the Company) and, subject to the Articles of Association, may by ordinary resolution, appoint another person who is willing to act as a director, and is permitted by law to do so, to be a director instead of him. The newly appointed person shall be treated, for the purposes of determining the time at which he or any other director is to retire as if he had become a director on the day on which the director in whose place he is appointed was last appointed or reappointed as a Director.

A Director shall be disqualified from holding office as soon as:

(a) that person ceases to be a director under the provisions of the Act or is prohibited by law from being a Director

(b) a bankruptcy order is made against that person

(c) a composition is made with that person's creditors generally in satisfaction of that person's debts

(d) by reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have

(e) notification is received by the Company from that person that he is resigning or retiring from his office as director, and such resignation or retirement has taken effect in accordance with its terms

(f) in the case of an Executive Director, his appointment as such is terminated or expires and the Directors resolve that he should cease to be a Director

(g) that person is absent from Directors' meetings for more than six consecutive months (without permission of the other Directors) and the Directors resolve that he should cease to be a Director

(h) a notice in writing is served on him signed by all the Directors stating that that person shall cease to be a Director with immediate effect

There is no requirement of share ownership for a Director's qualification.

Amendments to the articles of association

Subject to the Act, the Articles of Association of the Company can be altered by special resolution of the members.

Winding-up

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by law:

(a) divide among the members in kind the whole or any part of the assets of the Company and, for that purpose, set such values as he deems fair upon any property to be divided and determine how the division shall be carried out between the members

(b) vest the whole or any part of the assets in trustees upon such trusts for the benefit of members as the liquidator shall think fit, but no member shall be compelled to accept any assets upon which there is a liability

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