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Brexit uncertainty now 'impacting candidate and client confidence at all levels' warns PageGroup

Recruiter PageGroup PLC (LON:PAGE) has chopped 10% off its full-year profit expectations due to "heightened political and macro-economic challenges".

The FTSE 250 group now expects operating profits to total between £140m to £150m after a tough three months in which the company only grew gross profit 2% down from 7% in the previous quarter.

It is PageGroup's second warning in quick succession.

In July the shares lost a fifth of their value as it indicated full-year profits to be "on the lower side" of £156.5m and £168m.

READ: PageGroup shares drop as tough market conditions lead to profit warning

Gross profits for the third quarter reached £216.7m though the flagship UK business declined by 4% to £33.8m something that was squarely blamed on Brexit-related uncertainty that PageGroup said is now 'impacting candidate and client confidence at all levels'.

Markets in North and South America reported the fastest growth, with PageGroup's Brazil office growing 25% in the last three months.

Chief executive Steve Ingham warned however that the "deterioration in trading conditions was spreading to all major markets with Germany and the US turning down sharply and tariff concerns and social unrest affecting Hong Kong and China.

That was reflected in the relative strength of temps over permanent appointments, he added.

Temporary recruitment rose 9.8% compared to only a 2.5% in permanent recruitment.

Analysts at AJ Bell said: "Generally, the more confident employers are the more likely they are to take on full-time staff, while they may favour temps if the outlook is a bit less certain."

The broker said in a note last week that at a time when low jobless rates appear to be stoking some wage growth, there's a danger that "unemployment is a lagging indicator, owing to the lead times involved in firms feeling confident enough to hire and then the process of finding the best candidate".

Shares dropped 6% to 390.6p in Tuesday morning trading.

Price: 487.6

Market Cap: £1.6 billion

1 Year Share Price Graph



Share Information

Code: PAGE

Listing: LSE

52 week High Low
540.5 354.497

Sector: Business & education services

Website: www.michaelpage.co.uk

Company Synopsis:

Michael Page International is a professional recruitment consultant, specialising in the placement of candidates in permanent, contract, temporary and interim positions with clients.

Established in 1976, Michael Page has expanded over the past 30 years and now operates through 166 offices in 28 countries worldwide and 5,052 employees worldwide.

action@proactiveinvestors.com

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Contact us +44 (0)207 989 0813 action@proactiveinvestors.com

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