

TRADING UPDATE QUARTER ENDED 31 DECEMBER 2011

10 January 2012

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Financial summary

Growth in net fees for the quarter ended 31 December 2011 (Q2) (versus the same period last year)	Growth	
	Actual	LFL*
By region		
Asia Pacific	15%	11%
Continental Europe & Rest of World	19%	20%
United Kingdom & Ireland	(7)%	(7)%
Total	9%	8%
By segment		
Temporary	14%	13%
Permanent	3%	1%
Total	9%	8%

* LFL (like-for-like) growth represents organic growth at constant currency. Average exchange rates during the period were £1:AUD\$1.55 and £1:€1.17 (AUD\$1.60 and €1.16 in the prior year period)

Highlights

- Good Group net fee growth of 8%* versus prior year, despite market conditions becoming increasingly challenging as a result of heightened global macro-economic uncertainty
- Continued strong performance of our International business, which grew by 15%* and represented 70% of net fees in the quarter
- Strong growth of 20%* in Continental Europe & Rest of World, driven by Germany and France, which grew net fees by 28%* and 20%* respectively
- Robust net fee growth of 11%* in Asia Pacific, which included 10%* growth in Australia & New Zealand, and 16%* growth in the rest of Asia
- Net fees decreased 7% in the UK & Ireland, with private sector net fees declining 4%. Public sector net fees declined 16%, and remained broadly stable on a sequential basis
- Group consultant headcount increased 1% in the quarter

Commenting on trading for the second quarter, Alistair Cox, Chief Executive, said:

“This quarter we delivered a good performance in the context of an increasingly difficult macro-economic environment, which has particularly impacted candidate and client confidence in the permanent recruitment market around the world. Our International business, which delivered strong growth of 15%*, now represents 70% of Group net fees and we are the market leader in both Australia and Germany, the two most attractive specialist recruitment markets in the world today. In the UK, the environment remains difficult, especially in our Banking and Public Sector-related specialisms.

Looking ahead to 2012, the macro-economic outlook is increasingly uncertain. We will therefore focus on maximising our profitability and cash generation until the outlook is more positive, taking advantage of our flexible cost base to react to changes in each of our markets as they occur. With our global footprint and market leadership in so many countries, we are well positioned to manage through this period of uncertainty and take advantage of the long term opportunities available to us around the world.”

Group

In the quarter ended 31 December 2011, Hays, the leading global professional recruitment group, increased net fees by 9% (8% on a like-for-like basis*) against prior year. Net fees in the temporary placement business, which accounts for 57% of Group net fees, saw strong growth of 13%*. Net fee growth in the permanent placement business slowed to 1%* as increasing uncertainty about the global macro-economic environment impacted confidence amongst the Group's candidates and clients, notably in our Banking related specialisms.

The Group's underlying temporary placement margin** remained broadly stable and in line with the previous quarter. The Group's consultant headcount increased by 1% during the quarter, as we became more selective about areas for investment, and reduced consultant numbers in certain countries.

Asia Pacific

In Asia Pacific we recorded net fee growth of 11%*. In our market-leading Australia & New Zealand business, we recorded overall net fee growth of 10%*, within which our temporary placement business performed strongly, increasing by 17%* and posting a record monthly net fee performance in the quarter, and our permanent placement business was broadly flat*. We continue to see strong performances in Western and South Australia, particularly in Resources & Mining and associated support specialisms, but growth in other regions in Australia has continued to moderate through the quarter.

Asia, which accounts for 14% of the division's net fees, achieved net fee growth of 16%*. In Japan, we continue to see good progress as net fees increased by 14%* and our business there posted a record monthly fee performance in the quarter. Elsewhere, whilst performances in China, Singapore and Hong Kong were strong overall, market conditions across the region became progressively more difficult through the quarter.

Consultant headcount in the Asia Pacific division increased by 1% during the quarter.

Continental Europe & Rest of World ('RoW')

In Continental Europe & RoW we recorded strong net fee growth of 20%*. Growth continued to be strong in France where net fees increased by 20%*, and our German business had another record performance this quarter as net fees increased by 28%*. Growth in Germany was broadly based across all sectors, and was particularly strong in our contracting and temporary placement businesses which achieved an all time record in the quarter.

Growth in the rest of the division, which is primarily a permanent placement business, slowed to 8% and was negatively impacted by the ongoing Eurozone crisis and associated macro-economic uncertainty, particularly in some Southern European and Latin American countries.

Consultant headcount in the Continental Europe & RoW division increased by 4% during the quarter.

United Kingdom & Ireland

In the United Kingdom & Ireland, net fees decreased by 7% in the quarter. In our private sector business, net fees declined by 4% in large part due to slowing activity in our permanent placement business particularly in our Banking and City-related specialisms. Elsewhere in our private sector business, our IT, Legal, Life Sciences and Sales & Marketing businesses continued to demonstrate relative resilience.

In our public sector business, net fees decreased by 16% year on year, and remained stable on a sequential basis.

Consultant headcount in the United Kingdom & Ireland division decreased 2% in the quarter.

Cash flow and balance sheet

As expected, net debt increased to around £180 million (30 September 2011: around £175 million) at the end of the quarter due to the timing and phasing of cash flows and payment in November of the Group's final dividend. As previously guided, we expect this to reduce in the second half of the Group's financial year.

* LFL (like-for-like) growth represents organic growth at constant currency. Average exchange rates during the period were £1:AUD\$1.55 and £1:€1.17 (AUD\$1.60 and €1.16 in the prior year period)

** the underlying temporary placement gross margin is calculated as temporary placement net fees divided by temporary placement gross revenue and relates solely to temporary placements in which Hays generates net fees and specifically excludes transactions in which Hays acts as agent on behalf of workers supplied by third party agencies.

Enquiries

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Conference call

Paul Venables and David Walker of Hays plc will conduct a conference call for analysts and investors at 9:00am United Kingdom time on 10 January 2012. The dial-in details are as follows:

Dial-in number	+44 (0) 20 3140 0723
Password	Hays

The call will be recorded and available for playback for seven days as follows:

Replay dial-in number	+44 (0) 20 3140 0698
Access code	381709#

Reporting calendar

Interim Results for six months ended 31 December 2011	22 February 2012
Interim Management Statement for the quarter ending 31 March 2012	11 April 2012
Trading update for the quarter ending 30 June 2012	11 July 2012

Note to editors

Hays plc (the "Group") is a leading global professional recruiting group. The Group is the expert at recruiting qualified, professional and skilled people worldwide, being the market leader in the UK and Asia Pacific and one of the market leaders in Continental Europe and Latin America. The Group operates across the private and public sectors, dealing in permanent positions, contract roles and temporary assignments. As at 30 June 2011, the Group employed 7,620 staff operating from 255 offices in 31 countries across 20 specialisms. For the year ended 30 June 2011:

- the Group reported net fees of £672 million and operating profit of £114 million;
- the Group placed around 60,000 candidates into permanent jobs and around 190,000 people into temporary assignments;
- 31% of Group net fees were generated in Asia Pacific, 33% in Continental Europe & RoW (CERoW) and 36% in the United Kingdom & Ireland;
- the temporary placement business represented 54% of net fees and the permanent placement business represented 46% of net fees;
- Hays operates in the following countries: Australia, Austria, Belgium, Brazil, Canada, Colombia, China, the Czech Republic, Denmark, France, Germany, Hong Kong, Hungary, India, Ireland, Italy, Japan, Luxembourg, Mexico, the Netherlands, New Zealand, Poland, Portugal, Russia, Singapore, Spain, Sweden, Switzerland, UAE, the United Kingdom and the USA.

Cautionary statement

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