Hays plc interim results

6 months ended 31 December 2006

Australia
Austria
Brazil
Belgium
Canada
China
Czech Republic
France
Germany
Ireland
Italy
Japan
Luxembourg
Netherlands
New Zealand
Poland
Portugal
Singapore
Slovakia
Spain
Sweden
Switzerland
United Arab Emirates
United Kingdom

Developing an international network for Specialist Recruitment

- Highlights (Bob Lawson, Chairman)
- Financial review (Paul Venables, Finance Director)
- Operating review (Denis Waxman, Chief Executive)
- Outlook & summary (Denis Waxman, Chief Executive)

Financial summary

6 months ended 31 December	2006 £m	2005 £m	growth actual	growth LFL*
Net fees**	297.2	259.1	+ 15%	+14%
Operating profit**	102.2	94.1	+ 9%	+11%
Profit before taxation**	100.3	94.6	+ 6%	
Earnings per share**	4.73p	4.16p	+ 14%	
Cash from operations	98.6	83.9	+ 18%	
Dividends per share	1.60p	1.45p	+ 10%	

*Like-for-like ('LFL') growth is organic growth at constant currency. No adjustment made for the one less trading day in 2006 versus 2005.
**Continuing activities only.

Highlights

- Good operating performance:
  - + 14% like-for-like net fee growth*
  - + 11% like-for-like operating profit growth*
- Excellent overseas performance with operating profits up 36%*
- 26% increase in net fees from perm business
- Strong UK&I perm performance offset by weak UK&I temp performance
- Strong cash from operations of £98.6m up 18%
- 14% increase in earnings per share from continuing activities
- 10% increase in interim dividend per share
- Acquisition of James Harvard for initial £24m

*Like-for-like ('LFL') growth is organic growth at constant currency for continuing activities only. No adjustment is made for the one less trading day in 2006 versus 2005.

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Income statement

6 months ended 31 December	2006 £m	2005 £m	growth actual	growth LFL*
Turnover	1,002.3	888.7	+ 13%	
Net fees	297.2	259.1	+ 15%	+ 14%
Profit from operations	102.2	94.1	+ 9%	+ 11%
Net finance (cost) / income	(1.9)	0.5		
Profit before tax	100.3	94.6	+ 6%	
Tax	(31.3)	(29.6)		
Profit after tax	69.0	65.0	+ 6%	
Number of trading days	*127 days*	*128 days*		

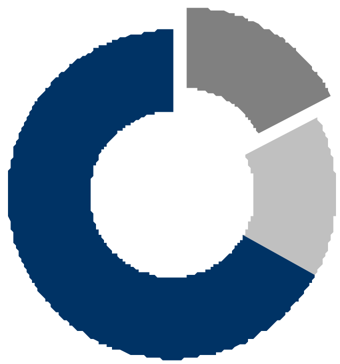
*Like-for-like ('LFL') growth is organic growth at constant currency for continuing activities only. No adjustment is made for the one less trading day in 2006 versus 2005.

Like-for-like ('LFL') and headline growth

Period ended 31 December 2006	growth actual %	growth LFL %*
Net fees		
United Kingdom & Ireland	8%	6%
Asia Pacific	24%	28%
Continental Europe & RoW	43%	44%
	15%	**14%**
Operating profit		
United Kingdom & Ireland	0%	1%
Asia Pacific	21%	28%
Continental Europe & RoW	56%	58%
	9%	**11%**

*Like-for-like ('LFL') growth is organic growth at constant currency for continuing activities only. No adjustment is made for the one less trading day in 2006 versus 2005.

Performance by region*



United Kingdom & Ireland

Net fees	£198.7m	+6%
Op profit	£67.5m	+1%

- Mixed result
- Strong perm business performance
- Weak temp business performance primarily in the public sector

Asia Pacific

Net fees	£51.4m	+28%
Op profit	£24.4m	+28%

- Continued excellent performance in temp and perm businesses
- Strengthened market leading position in Aus, NZ
- China & Hong Kong trading in line with plan

Continental Europe & RoW

Net fees	£47.1m	+44%
Op profit	£10.3m	+58%

- Outstanding performance
- Impressive growth in all territories
- Conversion rate improved despite significant investment in consultants and infrastructure

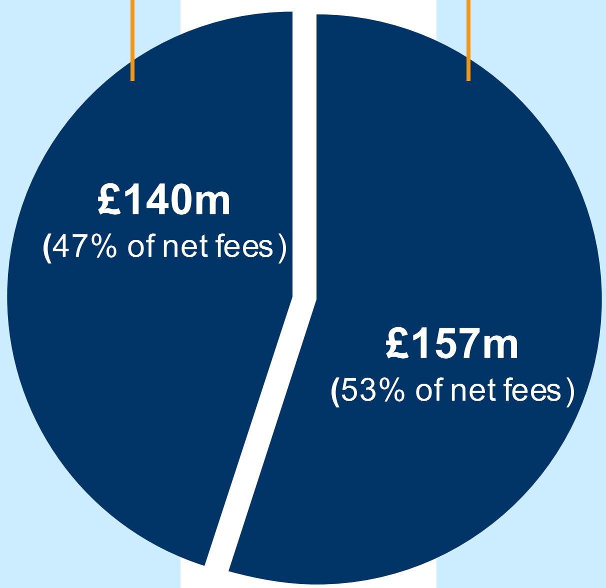
*Note: Numbers are for 6m ended 31 December 2006. Percentages are like-for-like ('LFL') growth which is organic growth at constant currency for continuing activities only. No adjustment is made for the one less trading day in 2006 versus 2005. Charts show net fees by region

Review of Group permanent and temporary businesses

Permanent placement business

+26% net fee growth
+15% volume growth
+10% average perm fees

- Strong performance across all regions
- Wage inflation was c4% - 5%



Temporary placement business

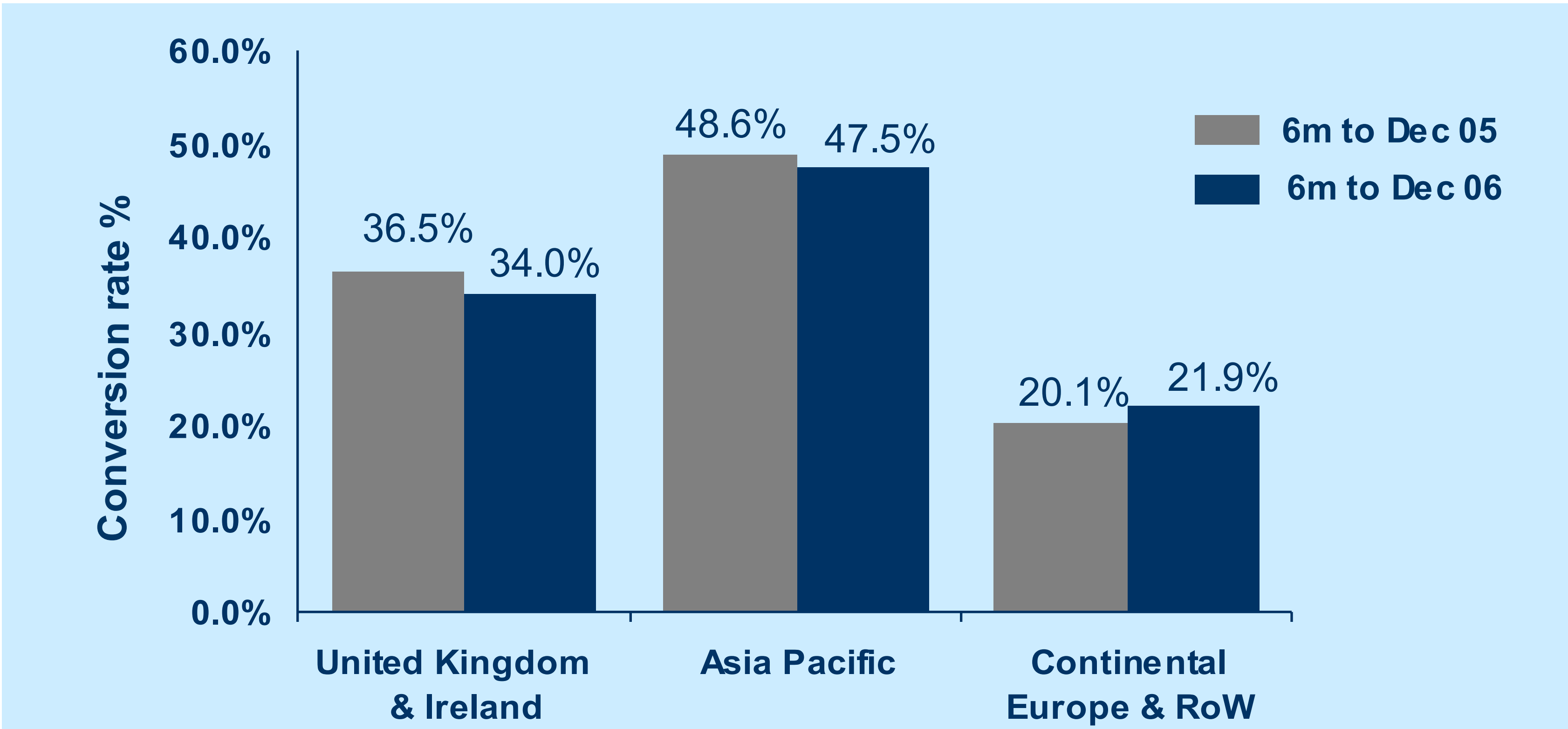
+6% net fee growth
+10% volume growth
-80 bps margin reduction

- Strong performance overseas
- Margin reduction due to margin pressure in the UK, primarily in the public sector

→ Strong Group performance except for UK temporary business

Growth rates and margin change are for 6 months ended 31 December 2006 versus 6 months ended 31 December 2005. Chart shows net fees by type

Group conversion rate*



→ **Group CR% at 34.4% (2005: 36.3%) due to reduction in UK temp margin**

*Conversion rate is the proportion of net fees converted into operating profit

Finance (charge) / income and taxation

6 months ended 31 December (£m)	2006	2005
Finance (charge) / income		
Net interest charge on (debt) / cash	**(2.7)**	-
IAS 19 pension income	**1.1**	0.5
PPF Levy	**(0.3)**	-
Net finance (charge) / income	**(1.9)**	0.5

Taxation		
Effective tax rate	**31.2%**	31.3%

→ **Full year guidance for net finance charge: £(5)m - £(6)m**

Earnings per share

6 months ended 31 December	2006	2005	growth
Basic earnings from continuing activities	**£69.0m**	£65.0m	6%
Weighted average number of shares	**1,457m**	1,564m	(7)%
Basic earnings per share from continuing activities	**4.73p**	4.16p	14%

Memo

Shares in issue at 31 December 2006	1,462m
Shares in issue at 22 February 2007	1,456m

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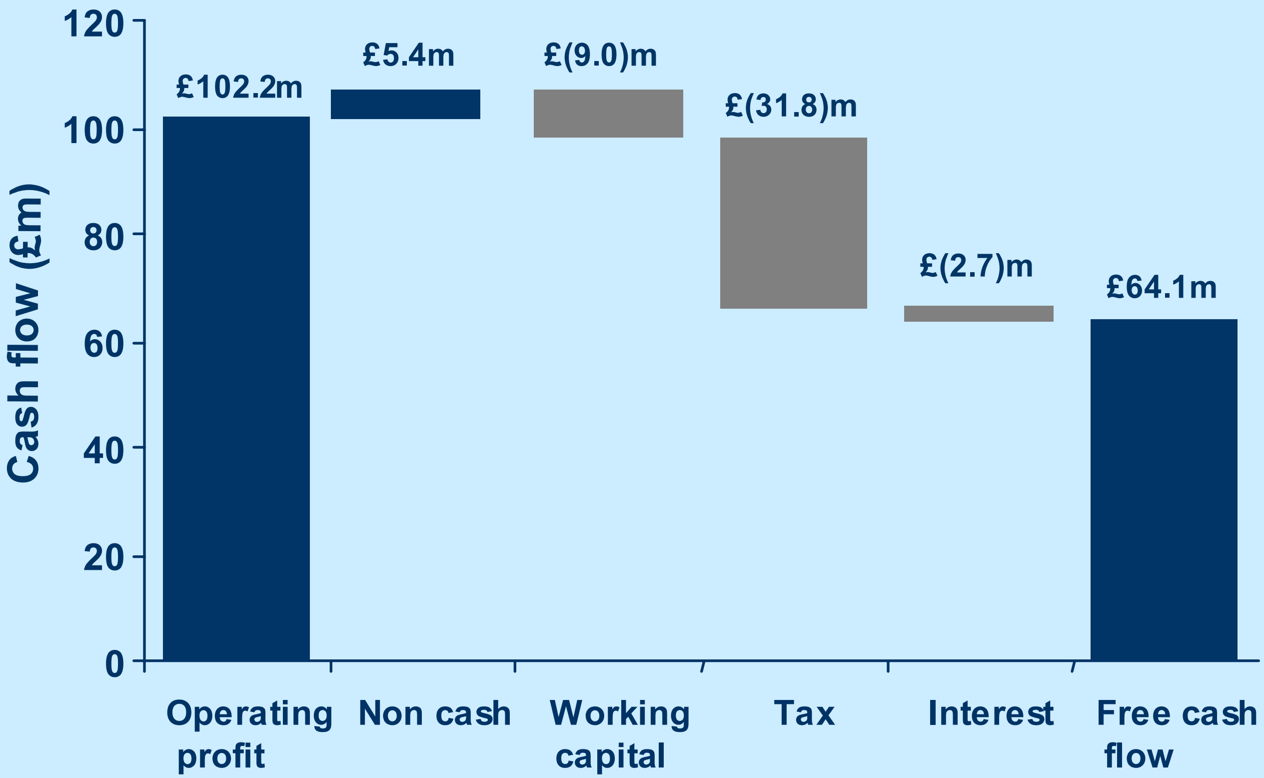
Cash flow analysis



Uses of free cash flow

- Dividend £(42.3)m
- Share buy-back £(21.8)m
- Net capex (£4.8)m
- Other (£0.8)m

Increase in net debt

- £(5.6)m

→ **Free cash flow of £64.1m (pre capex)**

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Balance sheet

£m	31 Dec 2006	30 June 2006
Goodwill and intangibles	124.1	127.8
Property, plant & equipment	21.1	20.1
Net deferred tax	31.9	21.3
Net working capital	137.4	121.3
Tax liabilities	(49.8)	(49.4)
Retirement benefit obligations	(88.9)	(55.9)
Provisions and other liabilities	(58.9)	(64.9)
	116.9	120.3
Net debt	(82.6)	(77.0)
Net assets	34.3	43.3

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Interim dividend and share buy-back

Dividend	2006	2005	growth
Interim dividend	**1.60p**	1.45p	10%

Payable on 25 May 2007 to shareholders on the register at 20 April 2007

Share buy-back	shares	total cost (£m)	% of issued capital*
Share buy-back up to 30 June 2006	267.8	343.3	15.4%
Share buy-back in 6 months ended 31 Dec 06	11.2	15.4	0.6%
Total share buy-back to 31 Dec 06	279.0	358.7	16.0%
Memo: shares bought back since period end	*6.0*	*9.6*	*0.4%*

→ Share buy-back guidance: £50m - £75m pa for 3 years to June 2009

*based on 1,735.9m shares

Financial summary

- Good net fee growth
  - particularly in our International business
- Good operating profit performance
  - particularly in the permanent placement business
- Strong free cash flow
  - good increase in dividend
- Strong balance sheet
  - share buy-back programme continuing

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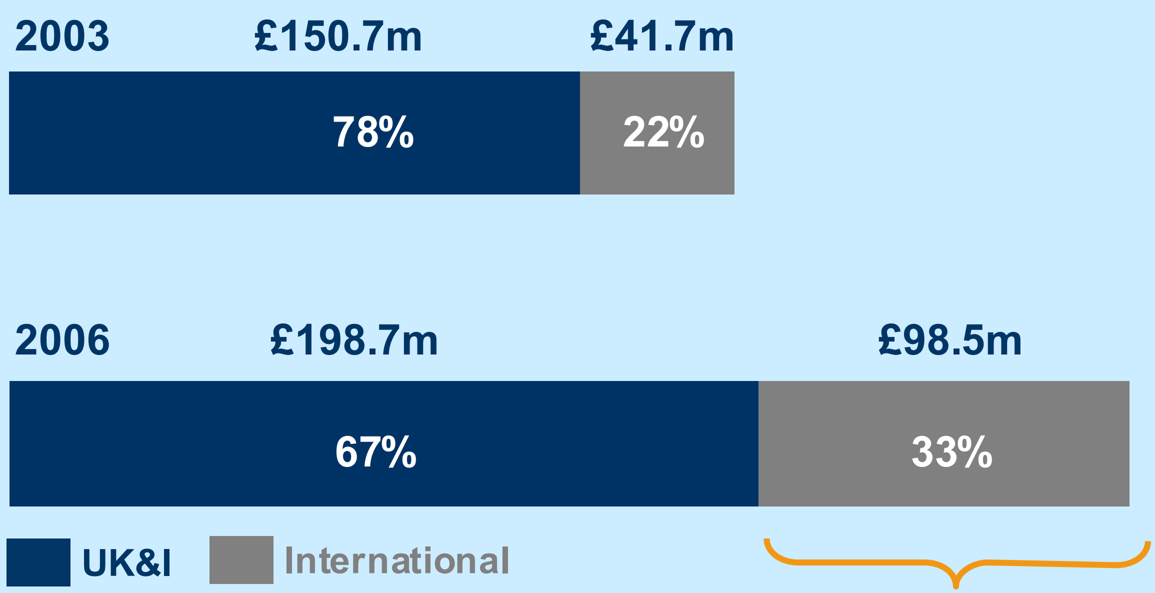
Net fees by region

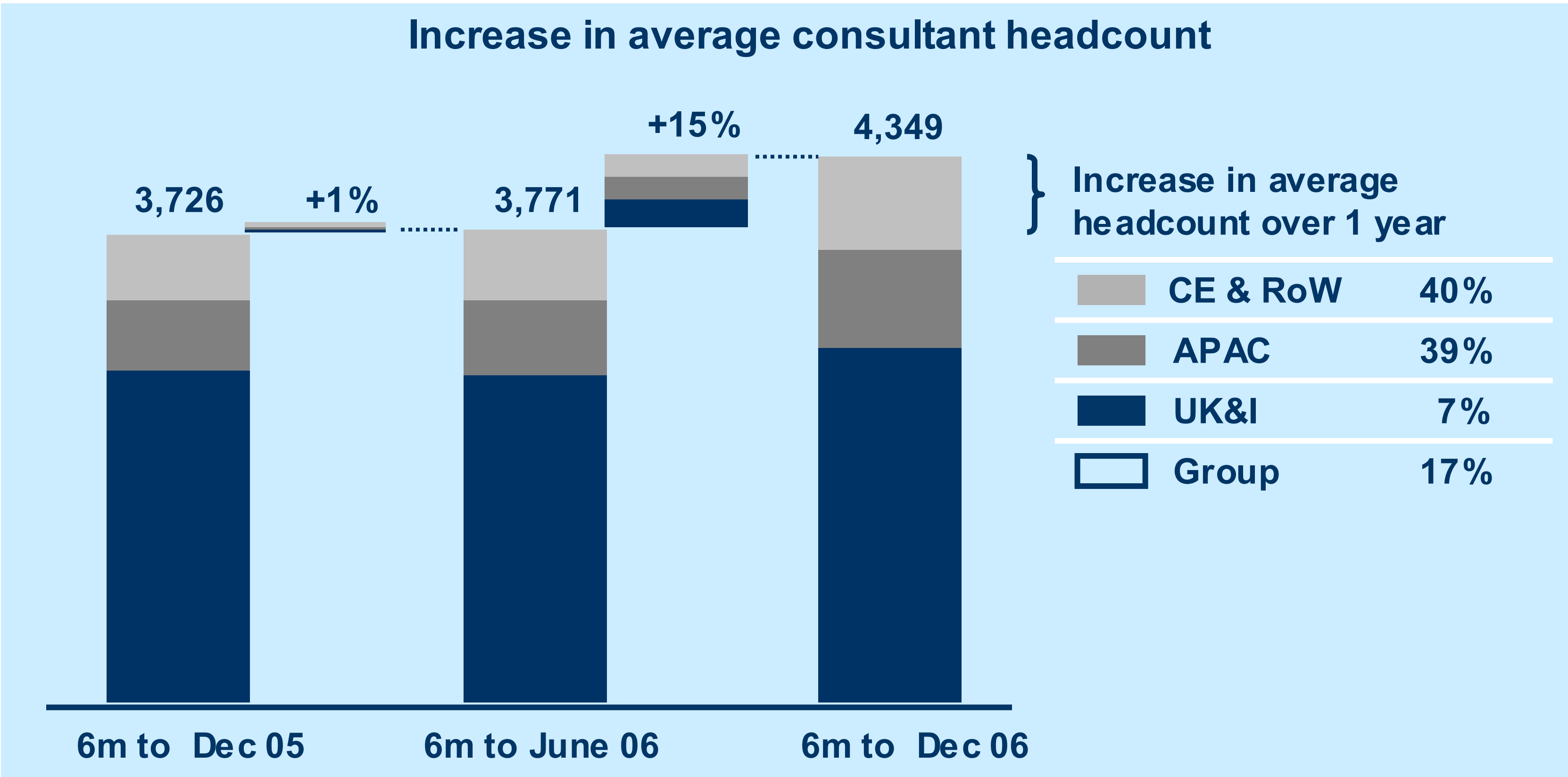


➔ International now represents 33% of Group net fees….

➔ ….. and 34% of Group profits (2003: 15%)

Periods represent 6 months ended 31 December 2003 and 6 months ended 31 December 2006

Investment in recruitment consultants



→ Investment in consultants has accelerated significantly

Consultant numbers represent average numbers and percentage increases in average consultants period on period

United & Kingdom & Ireland review

6m to 31 Dec		growth LFL
Net fees*	**£198.7m**	**+ 6%**
Op profit*	**£67.5m**	**+ 1%**
Conversion rate	**34.0%**	**250bps**
Ave consultants	**2,826**	**+ 7%**

→ mixed result

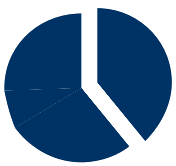
- Strong perm business performance with 18% net fee growth
- Weak temp business performance due to challenging market conditions, primarily in the public sector resulting in:
  - reduction in temp margin primarily in the public sector (public sector is c35% of the UK&I temp business)
  - low volume growth
- Good increase in rate of consultant intake since July 2006 positions us for an improved performance in the second half

→ Investment positions us for improved performance in second half

*Note: Like-for-like ('LFL') growth represents organic growth at constant currency for 6m ended 31 Dec 2006 versus 6m ended 31 Dec 2005 for continuing activities only.
Consultant numbers represent average numbers and percentage increase in average consultants for 6m ended 31 Dec 2006 versus 6m ended 31 Dec 2005

United Kingdom & Ireland review by specialist activity

Accountancy & Finance



6m to 31 Dec		growth LFL
Net fees*	£77.6m	+ 1%
Op profit*	£31.5m	- 3%
Consultants	1,054	0%

- **Issue:** weak temp performance due to margin reduction primarily in the public sector, and poor volumes
- **Actions:**
  - increasing focus and consultant investment on perm business
  - shifting focus and consultant investment in temp business more to private sector
  - enforcing tight pricing discipline
- Positioned for improved second half performance

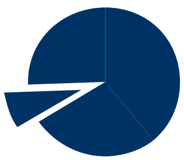
Construction & Property

6m to 31 Dec		growth LFL
Net fees*	£54.4m	+ 7%
Op profit*	£22.4m	+ 4%
Consultants	894	+ 19%

- Despite largest public sector exposure, Construction & Property results have been more resilient benefiting from:
  - earlier investment in consultants
  - temp margin stabilising in Q2
- Improved second half performance expected

United Kingdom & Ireland review by specialist activity

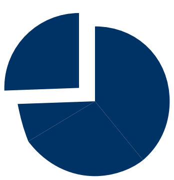
Information Technology



6m to 31 Dec		growth LFL
Net fees*	£15.8m	+ 5%
Op profit*	£5.5m	+ 2%
Consultants	166	+ 8%

- **Issue:** weak demand in larger accounts
- **Actions:**
  - more focus on the perm market
  - more focus on SME market
  - continue to roll out across Hays network

Other Specialist Activities



6m to 31 Dec		growth LFL
Net fees*	£50.9m	+ 16%
Op profit*	£8.1m	+ 9%
Consultants	711	+ 6%

- Strong contribution from HR, Recruitment Management Services, Banking and Legal
- Contact Centres and Healthcare poor
- Profit growth excluding Healthcare and Contact Centres businesses was 30%
- **Actions:**
  - investment in social care and other specialist activities

*Note: Like-for-like ('LFL') growth represents organic growth at constant currency for 6m ended 31 Dec 2006 versus 6m ended 31 Dec 2005 for continuing activities only. Consultant numbers represent average numbers and increases in average consultants for 6m ended 31 Dec 2006 versus 6m ended 31 Dec 2005

Asia Pacific review

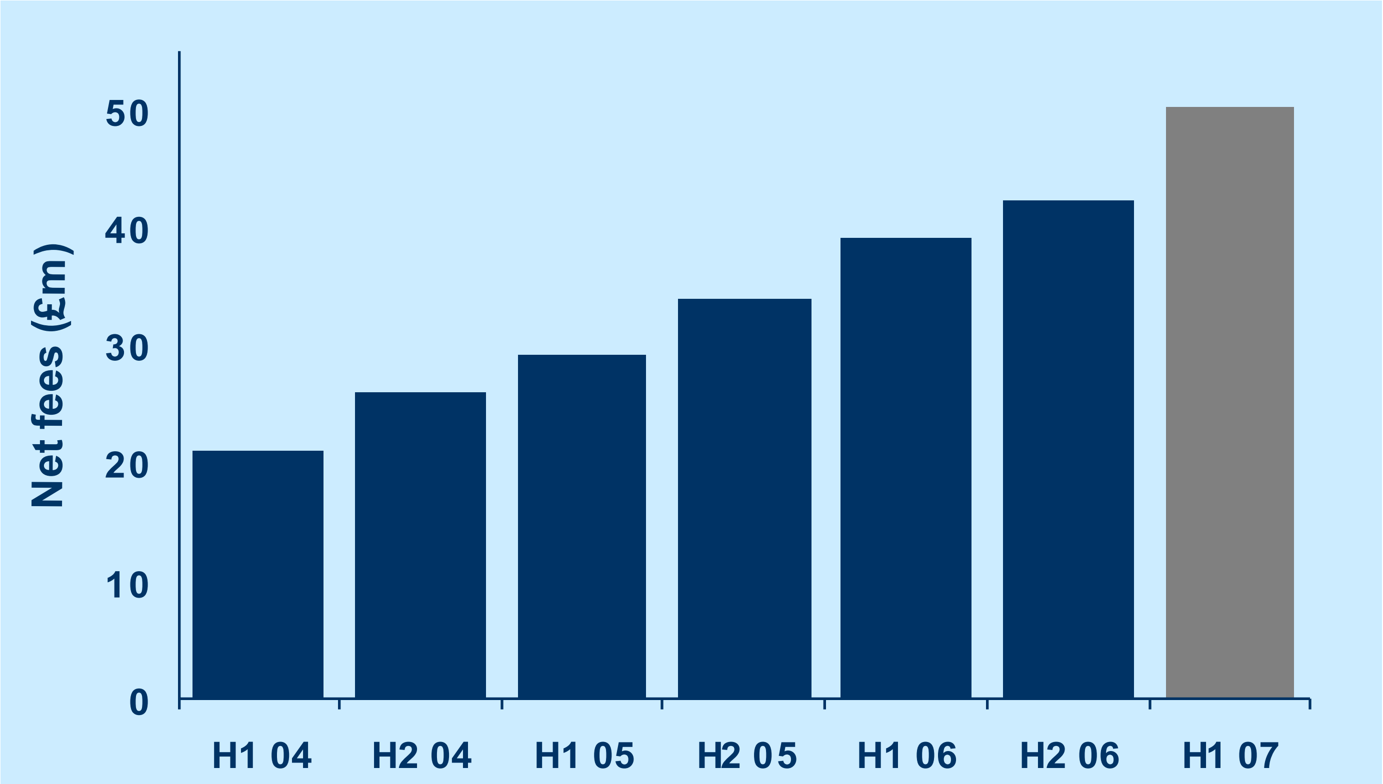
6m to 31 Dec		growth LFL
Net fees*	£51.4m	+ 28%
Op profit*	£24.4m	+ 28%
Conversion rate	47.5%	-110bps
Ave consultants	775	+ 39%

→ continued excellent progress

- Excellent performance across key brands, Accountancy & Finance, IT and Construction & Property in both perm and temp businesses
- 39% increase in average number of consultants across the region
- Business progressing well in China & Hong Kong achieving break-even
- Opened in Singapore
- Conversion rate declined slightly due to investment in Asia
- Strengthened our market leading position in Australia & New Zealand

*Note: Like-for-like ('LFL') growth represents organic growth at constant currency for 6m ended 31 Dec 2006 versus 6m ended 31 Dec 2005 for continuing activities only.
Consultant numbers represent average numbers and percentage increase in average consultants for 6m ended 31 Dec 2006 versus 6m ended 31 Dec 2005

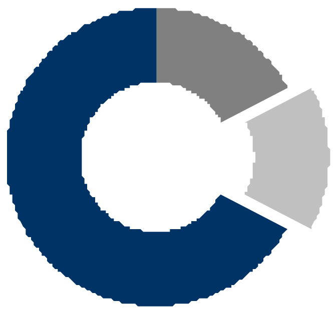
Australia & New Zealand organic net fee growth*



→ **Consistently excellent growth in Australia & New Zealand**

*Graph shows net fees on like-for-like ('LFL') basis which represents organic growth at constant currency

Continental Europe & RoW review



6m to 31 Dec		growth LFL
Net fees*	£47.1m	+ 44%
Op profit*	£10.3m	+ 58%
Conversion rate	21.9%	+180bps
Ave consultants	747	+ 40%

→ **outstanding performance**

- All countries contributed to outstanding performance across both permanent and temporary markets
- 10 countries achieved net fee growth of > 25%
- Increased market share
- Conversion rate up 180 bps despite significant investment
- Developments in the period included:
  - 40% increase in average number of consultants
  - started operations in Brazil (first entry into Latin America)
  - new regional management structure implemented
  - investment in infrastructure to support growth

Note: Like-for-like ('LFL') growth represents organic growth at constant currency for 6m ended 31 Dec 2006 versus 6m ended 31 Dec 2005 for continuing activities only.
Consultant numbers represent average numbers and percentage increase in average consultants for 6m ended 31 Dec 2006 versus 6m ended 31 Dec 2005

Continental Europe & RoW: impact of investment

6 months ended 31 December £m	2005	new offices & activities*	existing business	2006
Net fees	32.9	**5.0**	9.2	47.1
*Growth in net fees***		***15%***	*28%*	*44%*
Costs	(26.3)	***(4.7)***	(5.8)	(36.8)
Operating profit / (loss)	6.6	**0.3**	3.4	10.3
Average consultants	533	**114**	100	747
Growth in average consultants		***21%***	*19%*	*40%*

→ Significant investment in Continental Europe & RoW

*New offices and activities are since 31 December 2004; **growth in net fees is presented on a like-for-like basis which represents organic growth at constant currency

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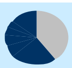
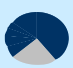
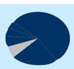
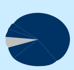
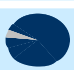
Continental Europe & RoW highlights by country

		growth * (6m to 31 Dec 06)		3 yr (CAG%)	
Relative size	Country (ranked by fees)	Net fees	Op profit	Net fees	growth drivers in 2006
	Germany	27%	21%	34%	Market share & structural growth
	France	39%	310%	25%	Expanding into the provinces
	Canada	65%	632%	50%	New consultants impacting
	Netherlands	62%	188%	29%	Improved business performance
	Spain	127%	279%	102%	Gaining market share

→ **Excellent performance across all countries**

*Percentages represent Like-for-like ('LFL') growth which is organic growth at constant currency for 6m ended 31 Dec 2006 versus 6m ended 31 Dec 2005 for continuing activities only.

James Harvard acquisition

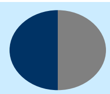
Profile

Specialist Recruitment business

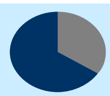
Consideration
Upfront & deferred (estimate) £24m + ~ £19m*

Financials (YE Dec 2006 estimates)
Net fees & operating profit ~ £10.7m & ~ £3.0m

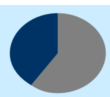
Sectors
- Pharma / IT Financial Services



Regions
- UK / overseas - mostly Japan



Focus
- Temp / perm businesses



Management
- Experienced, depth, track record of growth

* Level of deferred consideration dependent on next 3 year performance

The opportunity

Pharmaceutical sector
- ~ 400,000 pharma professionals worldwide
- **Opportunity to roll out across Hays' European network**

IT Financial Services
- Hays currently has the customer relationships in this sector
- **Opens up new segment for Hays in the senior IT Financial Services sector**

Japan
- 3rd largest specialist recruitment market in the world
- 2nd largest economy in the world
- **Platform to roll out Hays core sector businesses**

- Highlights (Bob Lawson, Chairman)
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- **Outlook & summary (Denis Waxman, Chief Executive)**

Outlook

Net fee growth since start of January 2007	growth % LFL*
United Kingdom & Ireland	+9%
Asia Pacific	+29%
Continental Europe & RoW	+36%
Group	+16%

→ ***"Since the start of January, the Group has continued to generate good levels of growth with net fees ahead of the comparable period last year by 16% on a like-for-like basis*. Overall, the Group's performance for the year ending 30 June 2007 continues to be in line with the Board's expectations"***

*Like-for-like ('LFL') is organic growth at constant currency versus the comparable period

Summary

- Good results
- Overseas now represents 33% of net fees
- Investment in consultants
- Positive start to the second half

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- Outlook (Denis Waxman, Chief Executive)
- **Appendices**

Segmental summary

6 months ended 31 Dec	Net fees				Operating profit			
£m	2006	2005	growth actual	growth LFL*	2006	2005	growth actual	growth LFL*
United Kingdom & Ireland								
Accountancy & Finance	77.6	77.3	0%	1%	31.5	32.6	(3)%	(3)%
Construction & Property	54.4	50.8	7%	7%	22.4	21.5	4%	4%
Information Technology	15.8	15.1	5%	5%	5.5	5.4	2%	2%
Other Specialist Activities	50.9	41.6	22%	16%	8.1	7.9	3%	9%
	198.7	184.8	8%	6%	67.5	67.4	0%	1%
Asia Pacific	51.4	41.4	24%	28%	24.4	20.1	21%	28%
Continental Europe & RoW	47.1	32.9	43%	44%	10.3	6.6	56%	58%
Group	297.2	259.1	15%	14%	102.2	94.1	9%	11%

Note: *LFL ('Like-for-like') growth is organic growth at constant currency for continuing activities only. No adjustment is made for the one less trading day in 2006 versus 2005.
A minor reclassification of 2005 UK net fees has increased 2005 Other Specialist Activities net fees by £1.2m and decreased the 2005 net fees for Construction & Property by £(0.5)m and Accountancy & Finance fees by £(0.7)m. This reclassification does not impact operating profit

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Like-for-like summary*

Period ended 31 December (£m)	2005	Fx impact	acquisition impact	growth LFL*	2006
Net fees					
United Kingdom & Ireland	184.8	(0.1)	2.5	**11.5**	198.7
Asia Pacific	41.4	(2.2)	1.2	**11.0**	51.4
Continental Europe & RoW	32.9	(0.3)	-	**14.5**	47.1
	259.1	(2.6)	3.7	**37.0**	297.2
Operating profit					
United Kingdom & Ireland	67.4	(0.1)	(0.5)	**0.7**	67.5
Asia Pacific	20.1	(1.1)	-	**5.4**	24.4
Continental Europe & RoW	6.6	(0.1)	-	**3.8**	10.3
	94.1	(1.3)	(0.5)	**9.9**	102.2

*LFL ('Like-for-like') growth is organic growth at constant currency for continuing activities only. No adjustment is made for the one less trading day in 2006 versus 2005

Exchange rates

6 months ended 31 December 2006	**Average**	**Closing**
Australian $	2.48	2.49
Euro €	1.48	1.49

Impact of a one cent change per annum	**Net fees**	**Operating profit**
Australian $	£0.4m	£0.2m
Euro €	£0.5m	£0.1m

Trading days

Number of trading days	H1	H2	Year
2006/07	**127**	**125**	**252**
2005/06	128	125	253
2004/05	129	124	253

Recruitment consultant headcount

closing headcount as at period end	Dec 2006	June 2006	Dec 2005	growth since June 2006	growth since Dec 2005
United Kingdom & Ireland					
Accountancy & Finance	**1,097**	975	998	13%	**10%**
Construction & Property	**906**	805	749	12%	**21%**
Information Technology	**176**	150	148	17%	**19%**
Other Specialist Activities	**730**	649	647	13%	**13%**
	2,909	2,579	2,542	13%	**14%**
Asia Pacific	**802**	707	580	13%	**38%**
Continental Europe & RoW	**816**	657	572	24%	**43%**
	4,527	3,943	3,694	15%	**23%**

Note, as a result of refining the definition of consultants, we have restated the number of consultants as at 30 June 2006 and as at 31 Dec 2005.

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Office network

	Office locations	On-site locations	Back office locations	Total
At 30 June 2006	317	31	4	352
Opened	**17**	**-**	**-**	**17**
Office mergers	(10)	-	-	(10)
At 31 December 2006	324	31	4	359

New office locations:

United Kingdom & Ireland: Truro, Camden, Newark, Livingston, Perth, Durham, Burton on Trent, Aberdeen, Glasgow, Rotherham, Runcorn, Workington

Continental Europe & RoW: Sao Paulo, Bratislava, Malmo

Asia Pacific: Singapore, Perth

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Business units

as at period end	**Dec 2006**	June 2006	Dec 2005
United Kingdom & Ireland	**507**	460	443
Asia Pacific	**153**	150	145
Continental Europe & RoW	**236**	214	181
	896	824	769
Increase since the start of the period	***9%***		

UK Other Specialist Activities by net fees

6 months ended 31 December 2006