

Hays plc trading statement

Quarter ended 30 June 2008

Commenting on trading for the quarter ended 30 June 2008, Alistair Cox, Chief Executive of Hays plc, said:

“We have had another strong quarter with 16% organic growth in Group net fees. This fourth quarter concludes an excellent year for Hays during which we have achieved strong fee and profit growth with excellent cash flow performance, whilst also making great strides in diversifying our business across geographies and sectors.

Our International business, which now represents 44% of the Group’s net fees, delivered an outstanding performance, growing organically by 35% in the quarter. Our temporary placement business continued to perform strongly across all regions, and our public sector based fees achieved double digit growth benefiting from our increased focus on this area. Unsurprisingly, we are seeing signs of the wider global economic issues starting to impact our permanent placement markets, particularly in the UK. Therefore, our priorities in the UK are firmly focused on cost control, maximising productivity and working capital management. In the International business, we continue to see good growth opportunities and we will continue to invest, where appropriate, to capitalise on these opportunities.

Across the world we have leading market positions, an experienced management team, a highly cash generative business, a balanced portfolio and a flexible cost base. This solid platform positions us well to deal with the more difficult economic backdrop some countries are experiencing whilst at the same time enabling us to take advantage of the full growth potential in countries with stronger economies.”

Group

Growth in net fees for the quarter ended 30 June 2008
(versus the same period last year)

	Growth	
	Actual	LFL*
By region		
United Kingdom & Ireland	4%	4%
Asia Pacific	37%	26%
Continental Europe & Rest of World	58%	46%
Total	20%	16%
By segment		
Permanent	19%	15%
Temporary	20%	17%
Total	20%	16%

* LFL is like-for-like growth, which represents organic growth of continuing activities at constant currency. No adjustment is made for the two additional trading days in the quarter ended 30 June 2008.

Trading statement for quarter ended 30 June 2008

In the quarter ended 30 June 2008, Hays plc, the leading global specialist recruitment group, grew net fees by 16% on a like-for-like basis over the same period last year. It is estimated that Easter falling in the third quarter this year increased our growth in each of our regions by approximately 2% in the fourth quarter (Easter was in the fourth quarter last year). During the quarter, the number of consultants reduced by 2% to 5,788 with further reductions in the United Kingdom & Ireland partially offset by modest investment in the International business.

Our net fees increased by 15% from permanent placements and by 17% from temporary placements, on a like-for-like basis, over the same period last year. The growth rate achieved in our temporary placement business has been broadly consistent with the third quarter after taking account of the timing of Easter. The lower rate of sequential growth in the permanent placement business, compared to the third quarter, reflects tougher comparatives and a slowdown in market growth in the United Kingdom & Ireland and Australia & New Zealand.

United Kingdom & Ireland

In the United Kingdom & Ireland, we achieved like-for-like net fee growth of 4%. Growth in Accountancy & Finance was solid at the start of the quarter but weakened towards the end of the quarter. As anticipated, demand in City related activities and Legal remained subdued, and Construction & Property, representing 25% of our United Kingdom & Ireland business, had a difficult quarter reflecting the slowdown in construction activity. The Information Technology business continued to make good progress. Among the Other Specialist Recruitment Activities, Education, Retail and Purchasing continued to perform strongly. Earlier in the year, we shifted resources towards our public sector clients and this has yielded good growth in our public sector net fees in the quarter.

In response to the slowdown in growth trends, we continue to focus on cost control and productivity. Following the 2% reduction in consultants during the third quarter, we have reduced the number of consultants in the United Kingdom & Ireland business by a further 5% during the fourth quarter.

Asia Pacific

In Asia Pacific, our businesses delivered another excellent performance, increasing net fees by 26% on a like-for-like basis. In Australia & New Zealand, our market leading businesses performed particularly well in the resource rich states of Queensland, Western Australia and South Australia. However, the rate of growth is lower than in the previous quarter due to tougher comparatives and less favourable conditions in the permanent placement market towards the end of the quarter, particularly in Investment Banking related areas. In Asia, our businesses continued their strong momentum across the region, with Japan, Hong Kong and Singapore performing particularly well.

Continental Europe & Rest of World ('RoW')

In Continental Europe & RoW, like-for-like net fees increased by 46%. This outstanding growth stems from our investment in the region, the impact of deregulation in key markets, and an increasing awareness and willingness by both candidates and clients to use specialist recruitment consultants. The performance was led by continued excellent growth in Germany, France and Canada. Our newer businesses in Italy, United Arab Emirates and Brazil also performed very strongly. During the year we opened 13 offices in this region and we plan to open further offices in the year ahead.

Share buy-back

The priorities for our free cash flow are to fund Group development, support a sustainable dividend and to buy back shares when appropriate. During the quarter, we purchased 25.5 million shares at a cost of £26.8 million. During the course of the year, we have bought back 73.2 million shares at a cost of £91.0 million, representing 5% of the shares in issue. This buy back has been funded from free cash flow. In the year ahead, it is expected that the level of buy back will be lower than last year.

Cash flow and balance sheet

The cash flow performance has been ahead of expectations, benefiting from tight working capital management. The balance sheet remains strong with year end net debt broadly similar to the start of the financial year.

Trading statement for quarter ended 30 June 2008

Outlook

Results for the year ended 30 June 2008 are expected to be in line with our Board's expectations with higher than expected net fee growth in the second half offsetting the impact of a reduction in the United Kingdom & Ireland conversion rate.

We are seeing clear signs of the wider global economic issues starting to impact our permanent placement markets, particularly in the UK. Therefore our priorities in the UK are firmly focused on cost control, maximising productivity and working capital management. In the International business, we continue to see good growth opportunities and we will continue to invest, where appropriate, to capitalise on these opportunities.

Across the world, we have leading market positions, an experienced management team, a highly cash generative business, a balanced portfolio and a flexible cost base. This solid platform positions us well to deal with the more difficult economic backdrop some countries are experiencing whilst at the same time enabling us to take advantage of the full growth potential in countries with stronger economies.

Trading statement for quarter ended 30 June 2008

Enquiries

Hays plc		
Paul Venables	Finance Director	+ 44 (0) 20 7383 2266
Martin Abell	Investor Relations	+ 44 (0) 20 7383 2266
Brunswick		
Gill Ackers		+ 44 (0) 20 7404 5959
Catherine Colloms		

Conference call

Paul Venables and Martin Abell of Hays plc will conduct a conference call for analysts and investors at 9:00am United Kingdom time on Thursday 10 July 2008. The dial in details are as follows:

Dial-in number +44 (0) 1452 561 263

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

Replay dial-in number +44 (0) 1452 550 000
Access code 54928262#

Reporting calendar

Full year results for year ended 30 June 2008	2 September 2008
Trading statement for quarter ending 30 September 2008	9 October 2008
Trading statement for quarter ending 31 December 2008	8 January 2009
Interim results for 6 months ending 31 December 2008	26 February 2009
Trading statement for quarter ending 31 March 2009	9 April 2009
Trading statement for quarter ending 30 June 2009	9 July 2009

Note to editors

Hays plc is the leading global specialist recruitment group. It is market leader in the UK and Australia, and one of the market leaders in Continental Europe. The Group employs over 8,900 staff operating from 390 offices in 27 countries across 17 specialisms.

For the year ended 30 June 2007:

- the Group had revenues of £2.1 billion, net fees of £633.6 million and operating profit of £216.1 million;
- the Group placed 68,000 candidates into permanent jobs during the year and paid 46,000 temporary workers weekly; and
- the temporary placement business represented 51% of net fees and the permanent placement business represented 49% of net fees.

Important notice

Certain statements in this announcement are forward looking statements. By their nature, forward looking statements involve a number of risks, uncertainties or assumptions that could cause actual results or events to differ materially from those expressed or implied by those statements. Forward looking statements regarding past trends or activities should not be taken as representation that such trends or activities will continue in the future. Accordingly, undue reliance should not be placed on forward looking statements.

All information shown for the quarter ended 30 June 2008 is unaudited.