

# TRADING UPDATE FOR QUARTER ENDED 31 DECEMBER 2009

7 January 2010

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## Financial summary

Growth in net fees for the quarter ended 31 December 2009 (Q2) (versus the same period last year)	growth	
	actual	LFL*
By region		
United Kingdom & Ireland	(30)%	<b>(30)%</b>
Asia Pacific	(12)%	<b>(32)%</b>
Continental Europe & Rest of World	(21)%	<b>(27)%</b>
<b>Total</b>	<b>(24)%</b>	<b>(30)%</b>
By segment		
Permanent	(33)%	<b>(39)%</b>
Temporary	(16)%	<b>(22)%</b>
<b>Total</b>	<b>(24)%</b>	<b>(30)%</b>

\* LFL (like-for-like) growth represents organic growth at constant currency.

## Financial and operational highlights

- Stabilisation in demand in all major markets, with modest sequential improvement in Asia Pacific
- Sequential net fee growth in the private sector, broadly offset by reduced demand in the public sector
- Headcount held at current levels with selective investment where market trends are favourable
- Strong cash generation with a low level of net debt of circa £40 million

Commenting on trading for the quarter ended 31 December 2009, Alistair Cox, Chief Executive of Hays plc, said:

“Although specialist recruitment markets continue to be very challenging, candidate and client sentiment have improved over recent months and this is encouraging for future trends in the business. We are currently seeing stability in demand in all our major markets. In Asia Pacific, we have seen a return to sequential growth in demand, albeit at a modest rate.

We have now successfully implemented our new IT database system in the UK and in a number of the International businesses. This provides us with an industry leading technology platform and, together with a strong global brand and experienced management team, will enable us to continue to win new accounts and take market share.”

## Group

In the quarter ended 31 December 2009, Hays plc, the leading global specialist recruitment group, saw a decrease in net fees of 24% (30% on a like-for-like basis\*) versus the same period last year. However, net fees were broadly flat quarter on quarter with signs of improving trends towards the end of the period. Net fees from the permanent placement business decreased by 39%\* and net fees from the temporary placement business decreased by 22%\*.

Net fees in our private sector business were down 33%\* as market conditions across all of our markets remained tough, although net fees were sequentially higher than the quarter ended 30 September 2009. Net fees in our public sector business decreased by 17%\* this period, which represented a small sequential decline versus the last quarter.

The underlying temporary placement margin decreased by circa 140 basis points in the six months ended 31 December 2009 versus the same period last year, although it remained stable through the second quarter. This margin decrease was broadly split between the mix effect of a greater proportion of placements being made through large volume contracts, together with greater pricing pressure.

During the quarter, we held the level of headcount broadly flat across the business and are now increasing headcount selectively where market trends are favourable.

## United Kingdom & Ireland

In the United Kingdom & Ireland we have seen quarter on quarter stability in net fees. Modest sequential growth in demand in the private sector business has been offset by a decline in public sector business, particularly in administrative and non-front line placements. During the quarter headcount remained broadly flat.

## Asia Pacific

In Asia Pacific we recorded modest quarter on quarter net fee growth. This has been driven by sequential growth in demand in private sector business across all countries in the region, which more than offset the decrease in our public sector business. There was a small increase in headcount in the quarter following selective investment.

## Continental Europe & Rest of World ('RoW')

In Continental Europe & RoW quarter on quarter net fees remained broadly flat as we saw stability in demand across most countries in the region. Our German business, which is primarily focused on the IT contracting market, recorded a small sequential increase in net fees this period, whilst net fees in the principally permanent placement businesses remained broadly stable. Headcount was flat during the quarter.

## Cash flow and balance sheet

Operating cash flow in the quarter was again strong and following the payment of the dividend we exited the quarter with a low level of net debt in the region of £40 million. The £30.4 million OFT fine is subject to an appeal and has not been paid.

\* LFL (like-for-like) growth represents organic growth at constant currency.

## Investor Day

We will be holding an Investor Day in London on 29 April 2010. Invitations and further details of the event will be distributed shortly.

## Enquiries

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Maitland		
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Liz Morley		

## 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 7 January 2010. The dial-in details are as follows:

Dial-in number	+44 (0) 20 7906 8567
Password	hays

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

Replay dial-in number	+44 (0) 20 7075 6589
Access code	255103#

## Reporting calendar

Half Year Report for 6 months ended 31 December 2009	25 February 2010
Interim Management Statement for quarter ending 31 March 2010	8 April 2010
Investor Day	29 April 2010
Trading Update for quarter ending 30 June 2010	8 July 2010
Preliminary results for the year ending 30 June 2010	2 September 2010

## 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. As at 30 June 2009, the Group employed 6,933 staff operating from 345 offices in 28 countries across 17 specialisms. For the year ended 30 June 2009:

- the Group had revenues of £2.4 billion, net fees of £670.8 million and operating profit of £158.0 million;
- the Group placed around 50,000 candidates into permanent jobs and around 270,000 people into temporary assignments;
- the temporary placement business represented 56% of net fees and the permanent placement business represented 44% of net fees.

## Cautionary statement

This Trading Update has been prepared solely in compliance with the Disclosure Rules and Transparency Rules of the UK Financial Services Authority and is not audited. Statements in this Trading Update reflect the knowledge and information available at the time of its preparation. Certain statements included or incorporated by reference within this Trading Update may constitute “forward-looking statements” in respect of the Group’s operations, performance, prospects and/or financial condition. By their nature, forward looking statements involve a number of risks, uncertainties and assumptions and actual results or events may differ materially from those expressed or implied by those statements. Accordingly, no assurance can be given that any particular expectation will be met and reliance should not be placed on any forward-looking statement. Additionally, forward-looking statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. No responsibility or obligation is accepted to update or revise any forward-looking statement resulting from new information, future events or otherwise. Nothing in this Trading Update should be construed as a profit forecast. This Trading Update does not constitute or form part of any offer or invitation to sell, or any solicitation of any offer to purchase any shares in the Company, nor shall it or any part of it or the fact of its distribution form the basis of, or be relied on in connection with, any contract or commitment or investment decisions relating thereto, nor does it constitute a recommendation regarding the shares of the Company. Past performance cannot be relied upon as a guide to future performance. Liability arising from anything in this Trading Update shall be governed by English Law. Nothing in this Trading Update shall exclude any liability under applicable laws that cannot be excluded in accordance with such laws.