

TRADING UPDATE QUARTER ENDED 31 DECEMBER 2010

6 January 2011

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Financial summary

Growth in net fees for the quarter ended 31 December 2010 (Q2) (versus the same period last year)	growth	
	actual	LFL*
By region		
Asia Pacific	53%	36%
Continental Europe & Rest of World	33%	37%
United Kingdom & Ireland	1%	1%
Total	24%	21%
By segment		
Temporary	9%	7%
Permanent	45%	42%
Total	24%	21%

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

Highlights

- Group net fee growth of 21%* versus prior year driven by strong performances in Asia Pacific and Continental Europe & Rest of World divisions
- Solid momentum in Australia with encouraging pick-up in temporary placement net fees during the quarter
- Excellent net fee growth in Germany of 47%* versus prior year and now operating back above pre-recession levels
- Overall stability in the UK with strong net fee growth of 28% in private sector markets versus prior year, offset by tougher conditions in the public sector down 38% versus prior year
- Ongoing investment in the International business with consultant headcount increased by 6% during the quarter

Commenting on trading for the quarter ended 31 December 2010, Alistair Cox, Chief Executive of Hays plc, said:

“The breadth and strength of growth this quarter is reflected by the fact that 19 countries grew net fees by more than 20%* versus prior year. Collectively the International business grew net fees by 37%* versus prior year and several of our country businesses in Asia and Europe are now operating back above their pre-downturn levels. The outlook remains good across nearly all of our markets, including the UK private sector, and we continue to increase consultant headcount in order to capture the opportunities for growth.

During the quarter we launched operations in Mexico and the United States, continuing the investment we have made in our International platform over the past 10 years. Today 65% of the Group’s net fees are from the International business and this, together with the investments we have made in the business, places us ideally to benefit from the long term structural growth opportunities in our markets.”

Group

In the quarter ended 31 December 2010, Hays, the leading global professional recruitment group, increased net fees by 24% (21% on a like-for-like basis*) versus the same period last year. Net fees from the temporary placement business increased by 7%* and net fees from the permanent placement business increased by 42%*, as the Group continued to see good momentum across most of its markets.

On a sequential basis, Group net fees increased by 2%* against the previous quarter, however this trend was impacted by the traditionally quieter Christmas period during this quarter. The Group's underlying temporary placement margin** remained stable and in line with the previous quarter. The Group's consultant headcount was broadly flat during the quarter, with ongoing investment in Australia, Asia, Continental Europe and South America offset by reductions in the United Kingdom. During the quarter new country operations were launched in the United States and Mexico, together with an additional three office openings, as the Group continues to build-out its International platform for growth.

Overall, the Group's performance in the quarter has been in line with the Board's expectations and over the six months to December 2010 has continued to achieve operating profit growth at broadly twice the level of net fee growth.

Asia Pacific

In Asia Pacific we recorded net fee growth of 36%* versus prior year. In our market-leading Australia & New Zealand business net fees increased by 33%* versus prior year, with net fee growth in our permanent placement business of 49%* and net fee growth in our temporary placement business of 23%*. Net fee momentum continues to be solid with an encouraging pick-up in temporary placement business during the quarter. Our performance in Asia, which accounts for 14% of the division's net fees, continues to be excellent with the region achieving net fee growth of 63%* against prior year. In China we opened our third office, located in Suzhou, during the period in order to capitalise on the rapid expansion of the Chinese market and continue our exceptional growth performance.

Consultant headcount was increased by 6% during the quarter, with headcount up 13% in Asia, as we continue to invest to ensure we capitalise on the opportunities for growth we are seeing across the division.

Continental Europe & Rest of World ('RoW')

In Continental Europe & RoW we recorded net fee growth of 37%* versus prior year. Our German business had another excellent quarter with net fee growth of 47%* versus prior year and achieved an all-time monthly net fee record during the period. Our market-leading IT Contracting business saw continued growth in contractor numbers, exceeding pre-downturn levels, and our temporary and permanent placement businesses continue to see strong momentum. Most other countries in the division have continued to see improving market conditions, led by strong performances in Brazil, Czech Republic, Poland, Denmark, Hungary and Austria, which each achieved net fee growth in excess of 40%* versus prior year. We continued to roll-out our network and have opened offices in Campinas, Brazil and Gdynia, Poland during the period.

Consultant headcount was increased by 7% during the quarter and we are continuing to invest across the division.

United Kingdom & Ireland

In the United Kingdom & Ireland, overall we have again seen stable net fee trends with net fees increasing by 1% versus prior year. We have continued to achieve strong net fee growth in the private sector business, which increased by 28% against prior year, notably in our Accountancy & Finance, IT, Corporate Accounts and City-related businesses. Our public sector business, which represents 26% of the division's net fees, continues to face difficult market conditions with net fees decreasing by 38% versus prior year and is now down around 45% from peak levels.

Consultant headcount decreased by 8% in the quarter and is down 6% over the past six months, as we continue to balance the private sector recovery with difficult public sector markets.

Cash flow and balance sheet

In line with our expectations, net debt increased to around £125 million (30 September 2010: circa £100 million) at the end of the period, primarily due to the payment of the final dividend of £54 million in November.

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

** 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 James Hilton of Hays plc will conduct a conference call for analysts and investors at 9:00am United Kingdom time on Thursday 6 January 2011. The dial-in details are as follows:

Dial-in number	+44 (0) 20 3140 0724
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	375396#

Reporting calendar

Half Year Report for 6 months ending 31 December 2010	28 February 2011
Interim Management Statement for quarter ending 31 March 2011	7 April 2011
Trading Update for quarter ending 30 June 2011	7 July 2011
Preliminary Results for year ending 30 June 2011	1 September 2011

Note to editors

Hays plc (the "Group") is the 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. The Group operates across the private and public sectors, dealing in permanent positions, contract roles and temporary assignments. As at 30 June 2010, the Group employed 6,845 staff operating from 270 offices in 28 countries across 17 specialisms. For the year ended 30 June 2010:

- the Group reported net fees of £557.7 million and operating profit of £80.5 million;
- the Group placed around 50,000 candidates into permanent jobs and around 180,000 people into temporary assignments;
- 26% of Group net fees were generated in Asia Pacific, 30% in Continental Europe & RoW and 44% in the United Kingdom & Ireland;
- the temporary placement business represented 58% of net fees and the permanent placement business represented 42% of net fees; and
- Hays operates in the following countries: Australia, Austria, Belgium, Brazil, Canada, China, the Czech Republic, Denmark, France, Germany, Hong Kong, Hungary, India, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Poland, Portugal, Russia, Singapore, Spain, Sweden, Switzerland, UAE and the United Kingdom.

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 Interim Management Statement 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.