

# Trading update

## for quarter ended 31 December 2008

Commenting on trading for the quarter ended 31 December 2008, Alistair Cox, Chief Executive of Hays plc, said:

“We delivered a resilient performance in the second quarter in the context of an increasingly difficult economic environment. Overall, Group net fees fell by 6% (10% on a like-for-like basis\*) as market conditions deteriorated in most of the countries in which we operate.

Despite this, a number of our international businesses achieved good growth. Our public sector business, which now represents around 30% of fees in the UK, performed strongly. Our highly disciplined approach to cash management resulted in another strong cash flow performance.

Demand for permanent placements continues to fall at an increasing rate in the UK and Australia and has recently fallen in a number of other countries. Demand for temporary placements has been resilient to date across most of the Group. We expect the usual seasonal weakening in January and the outlook for the re-engagement of temporary workers after the Christmas holiday is less clear than in previous years.

Over the last year, we have reacted rapidly to deteriorating market conditions by adjusting the cost base, focusing on cash generation, maximising our opportunities in both the temporary and permanent placement markets and redirecting resources to increase market share in the more defensive sectors. The experience of our management teams around the world and the strength of our balance sheet positions us well to deal with these market conditions.”

### Group

Growth in net fees for the quarter ended 31 December 2008  
(versus the same period last year)

	Growth	
	Actual	LFL*
By region		
United Kingdom & Ireland	(21)%	<b>(22)%</b>
Asia Pacific	(10)%	<b>(9)%</b>
Continental Europe & Rest of World	42%	<b>21%</b>
<b>Total</b>	<b>(6)%</b>	<b>(10)%</b>
By segment		
Permanent	(20)%	<b>(23)%</b>
Temporary	7%	<b>4%</b>
<b>Total</b>	<b>(6)%</b>	<b>(10)%</b>

\* LFL is like-for-like growth, which represents organic growth of continuing activities at constant currency. There is the same number of trading days in the quarter ended 31 December 2008 versus the same period last year.

## Trading update for quarter ended 31 December 2008

In the quarter ended 31 December 2008, Hays plc, the leading global specialist recruitment group, saw a reduction in net fees of 6% (10% on a like-for-like basis\*) versus the same period last year. The difference between the headline and like-for-like growth rate is due to the more favourable Euro exchange rate partially offset by a less favourable Australian dollar exchange rate in this period versus the same period last year. During the quarter, headcount reduced by 8%\*\*\*, with most of the reduction in the United Kingdom & Ireland and Australia & New Zealand.

Net fees from the permanent placement business decreased by 23%\* as market conditions continued to deteriorate in our core markets. Net fees from the temporary placement business increased by 4%\*, benefiting from another strong performance in Germany, which is our third largest business, and resilient performances in all other core markets.

The pace of the fall in net fees increased across the quarter, with an exit rate of around 15%\* below the same period last year.

### United Kingdom & Ireland

In the United Kingdom & Ireland, net fees fell by 22%\* versus the same period last year. Accountancy & Finance net fees were lower than the same period last year due to falling client and candidate confidence across the whole market. Construction & Property had another difficult quarter reflecting very tough market conditions in the private sector. The Information Technology business also experienced a reduction in activity. Among the Other Specialist Recruitment Activities there were mixed performances. City related activities, Legal and Human Resources were impacted by further reductions in demand levels, whilst Education and Healthcare continued to perform well. Overall, our public sector business, which represented around 30% of the United Kingdom & Ireland net fees in the quarter, achieved 10% growth as we continued to leverage our nationwide coverage and public sector expertise to take market share from smaller competitors.

In view of the difficult market conditions and outlook, we will continue to focus on cost control and productivity. We reduced the headcount in the United Kingdom & Ireland business by a further 10%\*\* during the quarter which brings the total reduction to 20%\*\* over the last 12 months.

### Asia Pacific

In Asia Pacific, net fees decreased by 9%\*. In Australia & New Zealand, there were contrasting conditions between the permanent and temporary placement markets. Whilst the temporary placement market continued to achieve good growth, the permanent placement market saw a marked deterioration in demand levels. Resources & Mining and the newer specialisms were the best performing areas. In Asia, market conditions weakened as the global economic issues started to impact recruitment.

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

In Continental Europe & RoW, net fees increased by 21%\*. This strong performance was led by continued excellent growth in Germany, whilst our newer businesses in Italy, United Arab Emirates, Brazil, Denmark and Hungary also achieved good growth. However, conditions weakened towards the end of the quarter in a number of our major countries in the region including France, Benelux, and Spain.

### Share buy-back

The priorities for our free cash flow are to fund the Group's development, support a sustainable dividend and to buy back shares when appropriate. No shares were bought back during the quarter and we have no plans to buy back further shares in the current financial year (year to date buy back: 1.7 million shares at a cost of £1.4 million).

### Cash flow and balance sheet

Cash generation was strong in the quarter benefiting from our highly disciplined approach to working capital management. The balance sheet remains strong, and following the payment of the final dividend, net debt at the period end was broadly in line with year end levels.

## Trading update for quarter ended 31 December 2008

### Management Changes

On 14 October, Tim Cook was appointed Managing Director of the United Kingdom & Ireland business taking over from Alistair Cox, Group Chief Executive, who had been acting Managing Director since February 2008. Tim has held a number of roles during his 21 year career at Hays, most recently as Managing Director of the Construction & Property business in the United Kingdom & Ireland.

### Current Trading

Demand for permanent placements continues to fall at an increasing rate in the UK and Australia and has recently fallen in a number of other countries. Demand for temporary placements has been resilient to date across most of the Group. We expect the usual seasonal weakening in January and the outlook for the re-engagement of temporary workers after the Christmas holiday is less clear than in previous years.

Over the last year, we have reacted rapidly to deteriorating market conditions by adjusting the cost base, focusing on cash generation, maximising our opportunities in both the temporary and permanent placement markets and redirecting resources to increase market share in the more defensive sectors. The experience of our management teams around the world and the strength of our balance sheet positions us well to deal with these market conditions.

\* LFL is like-for-like growth, which represents organic growth of continuing activities at constant currency. There is the same number of trading days in the quarter ended 31 December 2008 versus the same period last year.

\*\*changes to headcount refer to changes in consultant headcount.

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### Enquiries

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### 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 8 January 2009. The dial in details are as follows:

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

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	78453895#

### Reporting calendar

Interim results for 6 months ended 31 December 2008	26 February 2009
Trading update for quarter ending 31 March 2009	9 April 2009
Trading update for quarter ending 30 June 2009	9 July 2009
Preliminary results for 12 months ending 30 June 2009	3 September 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. As at 30 June 2008, the Group employed 8,872 staff operating from 393 offices in 27 countries across 17 specialisms. For the year ended 30 June 2008:

- the Group had revenues of £2.5 billion, net fees of £786.8 million and operating profit before exceptional items of £253.8 million;
- the Group placed around 80,000 candidates into permanent jobs and around 300,000 people into temporary assignments;
- the temporary placement business represented 49% of net fees and the permanent placement business represented 51% 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 31 December 2008 is unaudited.