STRATEGIC REPORT

We are proud to be industry leaders. Our breadth, scale and balance are the strongest in the industry.

OUR INVESTMENT CASE

Our business philosophy balances the need to invest to support long-term growth with driving shorter-term financial performance.

In practical terms, this means we continually focus on: consultant and business productivity; strategic investment where we see clear opportunities for profitable growth; cash generation and returns to shareholders. We believe there are four simple and compelling reasons to invest in Hays.

1.

Our business model breadth across sector and contract type

- We have built a global, white collar recruitment business with unrivalled scale, balance and diversity.
- We are positioned across Perm, Temp and Contractor markets, at a scale unique amongst our peers.
- c.60% of our net fees are in Temp or Contracting recruitment, also known as non-Perm or Flex. We are market leaders in these areas, which are structural growth areas.
- We focus on precise execution, delivered by the best people, sector-leading technology, recruitment tools and our world-class brand.
- We have strong and experienced senior regional management teams across the Group.
- We focus on developing and delivering the best services and products for clients and candidates, meeting their evolving needs.

2.

Our balanced exposure to both mature and structural growth markets

- Many of the 33 countries across our global network represent clear structural growth opportunities, where the use of agencies like Hays to source skilled employees is a relatively new practice.
- 56% of our Group net fees are generated in these structural growth markets which include places such as Germany, France, Latin America and Asia, where the first-time outsourcing of the recruitment of skilled staff is a key long-term opportunity.
- The remaining 44% of net fees come from more mature markets, such as the UK, the USA and Australia, where the use of agencies is a long-established practice in the skilled jobs market. In these markets, activity levels are more driven by the stage of the economic cycle.

3.

Our ability to deliver superior financial performance through the cycle

- Our scale and balance adds relative resilience to earnings through the economic cycle. This contributes to the out-performance of our business versus peers.
- Non-Perm recruitment tends to be less cyclical than Perm. Candidate assignments can extend up to 12 months, giving some ‘run-rate’ net fee visibility. By giving clients access to high quality, flexible talent, we help them convert costs from fixed to variable.
- We remain focused on further diversifying our earnings and building scale across our existing global network.
- Despite a slowing macroeconomic backdrop, we delivered solid operating profit[(1)] growth in FY19 of 4%. This was backed by strong cash generation, with underlying cash conversion of 106%.
- Our 2022 plan assumed a continuation of the benign global economic conditions of November 2017, with no major downturns in any of our main markets and a relatively orderly exit of the UK from the EU. Global economic conditions have worsened through FY19, particularly in Germany, and as such it may take us slightly longer to achieve the mid-point of our £300-£450 million operating profit range.

4.

Our potential to generate significant cash flow and dividends

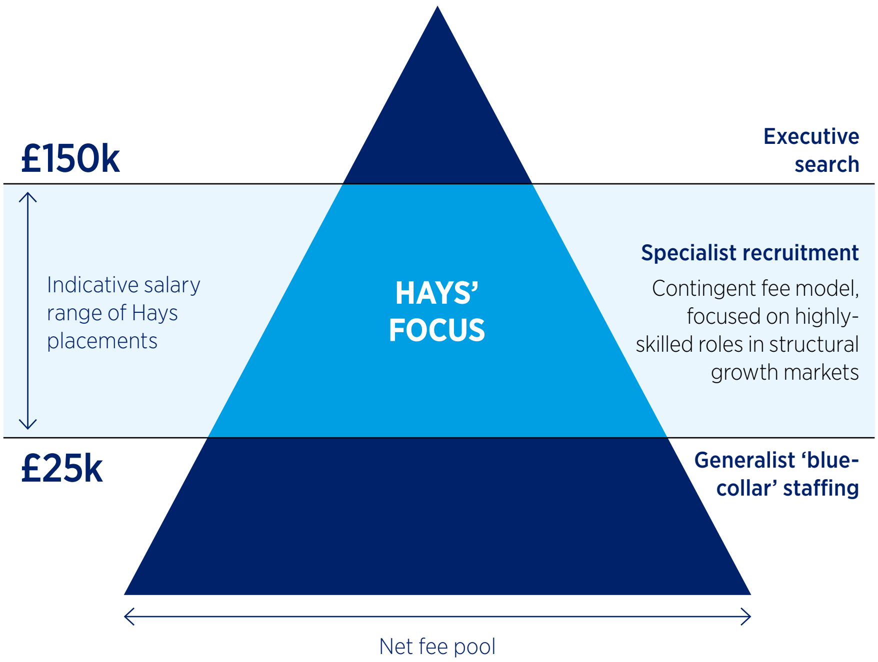
- In addition to driving material profitable growth, we are a highly cash-generative business, with a clear set of free cash flow priorities.
- These include ongoing investment in the development of the business, maintaining a strong balance sheet and delivering a sustainable and progressive dividend.
- Our core dividend cover (pre-exceptional charges[(1)]) is at the upper end of our targeted 2.0-3.0x range, providing resilience.
- We ended the year with a net cash position of £129.7 million. As previously disclosed, it is our intention to distribute to shareholders any free cash flow generated over and above £50 million, assuming a positive economic outlook.
- Therefore, in addition to the increase in our core dividend, we also propose a special dividend of 5.43 pence per share, subject to shareholders’ approval.
- In the first two years of our five-year plan ending in 2022, we have paid or proposed over £265 million in core and special dividends.

(1) Operating profit is stated before exceptional charges of £15.1 million, as detailed in note 5 to the consolidated financial statements on page 118.

LEADERS IN THE GLOBAL JOBS MARKET

Hays helps organisations find the talent they need to grow and prosper, and supports people as they build their careers. As people choose new ways to work, and use new technologies to access job markets, we are also evolving.

"In the year, we helped over 30,000 clients find the skilled talent they need to grow, and over 335,000 people find their next role"



The competitive environment

We are leading global recruiting experts, focusing on the segment of the recruitment market referred to as 'white-collar' skilled or specialist recruitment. The salary of the candidates we place ranges from c.£25,000 to £150,000 p.a.

We operate across 20 different areas of specialism, with over 60% of our net fees in white collar 'Technical' disciplines such as IT, Life Sciences, Engineering and Construction & Property. The balance comprises professions such as Accountancy & Finance, Legal and HR.

We are embracing and developing technology to match candidates with clients' roles faster than previously possible. For example, our 'Find & Engage' model and Hays' Approachability Index sit at the heart of our process (see pages 15 to 16).

What remains constant is the art of placing the right person in the right job, and our belief in how megatrends are shaping tomorrow's employment market and career styles (see pages 6 to 7). We believe the prize for adding real human value in a digital world remains significant.

Our business is balanced between Temp and Perm. Flexible working, which encompasses our Temp and Contracting markets, represented 57% of net fees in FY19, with Perm delivering 43%.

Despite the fragmented nature of our industry, in the majority of markets, the main competition we face is from in-house recruiting teams within corporate HR functions. Yet, our relationship with in-house HR teams is often symbiotic, as they are frequently our largest clients.

We estimate that in more mature markets like the UK or the USA, c.80% of addressable skilled jobs are filled via recruitment agencies. In less mature markets like Germany and parts of Asia, our analysis suggests this figure is only c.25%. First-time outsourcing of professional recruitment is thus a key structural growth driver in many of Hays' markets.

The competitive landscape across most of our markets is characterised by numerous recruitment companies, often very small and focused on local, niche markets. There are also a few, large global players.

The main UK-listed specialist recruitment businesses we identify are PageGroup, Robert Walters and SThree. Each has different exposures and mix, but are present in many of our markets.

We also compete with larger 'generalist' recruiters like Adecco, Randstad and Manpower, who have some operations in specialist recruitment, but are predominantly focused on lower-salary, 'blue-collar' segments of the market. Robert Half has a large US presence, mainly in Accountancy & Finance and IT, but also has some international exposure, and there are also sector or region specific businesses such as KForce in the USA, or Amadeus FiRe in Germany.

We have deliberately built a balanced business exposed to mature, cyclical markets and structurally emerging markets. In FY19, the majority of our net fees, 56%, were generated in immature markets, with 44% in more mature markets. This compares to 22% and 78% respectively in 2008.

Australia & New Zealand

- Solid performance despite weaker market conditions in the second half
- Business confidence levels moderated in Australia, impacting Perm markets
- Temp markets remain solid and grew 7% in the year

The economic picture in Australia weakened as the year progressed, with our largest sector of Construction & Property particularly impacted. The public sector grew faster than the private sector in FY19, despite the Australian General Election.

Consumer spending slowed, although remains stable, despite concerns over an overheated residential property market. Wage inflation continues to be modest. Resource-driven parts of the economy continued to recover, and IT showed strong structural growth given ongoing skill shortages.

For more information **see page 31**

UK & Ireland

- Market activity levels slowed, mainly in our fourth quarter of the year
- Continued political and economic uncertainty impacted the private sector
- Limited client appetite for major investment projects

After a relatively stable first half of the year, the UK saw a reduction in business confidence, particularly in the fourth quarter. This restricted the parts of our markets exposed to new growth projects. On the plus side, public sector hiring remained solid, as did candidate confidence. On the whole, employers continued to replace leavers.

Brexit remains a material uncertainty for the UK economy, which has been increased by the ongoing political instability.

For more information **see page 33**

Germany

- Good performance despite significant reduction in business confidence, and against tough growth comparatives
- Technical specialisms such as Engineering and Automotive were more impacted than Professional specialisms
- Despite a slower economy, first-time client outsourcing to specialist recruitment agencies such as Hays remains a key driver of growth

The labour market in Germany slowed as GDP and key economic confidence indices like the PMI fell sharply through the year. This negatively impacted business confidence, as did the ongoing US/China trade war.

This was most acutely felt in Manufacturing sectors, although we saw signs of spreading into Service sectors as the year progressed.

Longer term, we remain convinced that skill shortages and demographic changes will drive far greater use of flexible skilled labour.

For more information **see page 32**

Rest of World

- Asia remained strong, with mixed conditions across the Americas and weaker European markets
- Skill shortages prevalent across many technical and professional specialisms
- Continued signs of wage inflation, particularly in the USA, and parts of Asia

Conditions across Europe weakened through the year, with clients increasingly focused on cost controls and investment appetite decreasing.

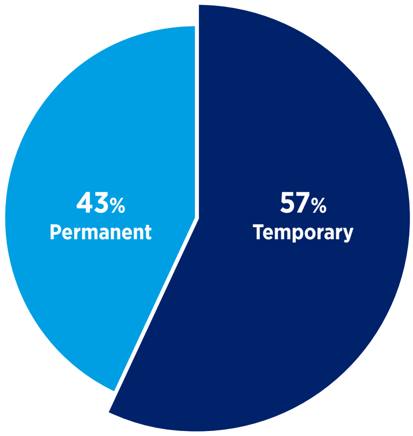
Asian markets remained strong and we delivered strong overall performance, with tight labour markets and skill shortages in most markets.

We also saw strong progress in the Americas, led by our Canadian business but also with a good performance in the USA.

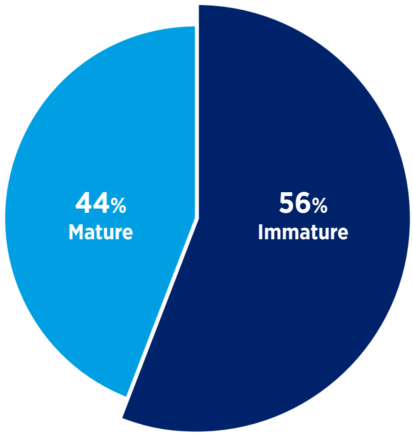
Candidate confidence remained high across RoW.

For more information **see page 34**

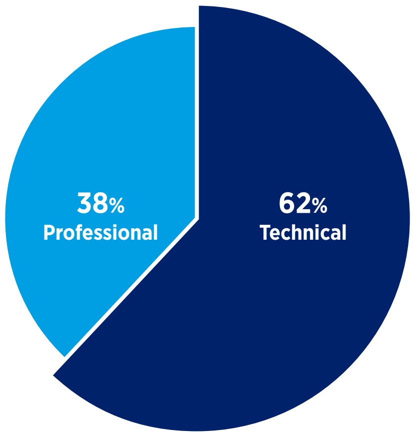
Contract type



Market exposure



Net fees



MEGATRENDS IN THE WORLD OF WORK

The world of work is being shaped by powerful megatrends. Our strategy is designed to capitalise on these trends, targeting structural growth opportunities within our cyclical end markets.

1. More and varied ways of building a career

For many skilled candidates, the 'job for life' mentality is ending. There is an increasing appetite to embrace flexible, project styles of working. Candidates are seeking interesting, and often highly paid, Temp and Contractor roles, as they build 'portfolio' careers. In addition to gaining new experience and improving their marketability, Temp and Contracting gives candidates the flexibility to take prolonged vacations, or voluntary career breaks.

The rise of digital economies is driving the creation of new job types in niche areas. It is also enabling greater mobility of experienced workers, who can provide their skills as independent contractors on a more flexible basis.

This is why we believe Temporary and Contracting is a key structural growth market and has become one of our fastest-growing sources of net fees.

2. Skill shortages and businesses' demands for flexibility

Our clients increasingly need to add flexibility to their skilled workforce. In doing so, they can respond to fast-changing market conditions, accessing the skilled labour they need, precisely when they need it. They can also convert a traditionally fixed employee cost into a variable expense.

Employing skilled people on a contract or project basis provides greater cost-base flexibility. Also, by adding highly skilled specialisms in a particular role, the employer increases the potential for excellent execution.

Our strong relationships with highly skilled non-Perm workers enables our clients to tap into scarce talent pools of flexible workers, helping manage and shape their white-collar temp and contractor workforces. We are also experts in helping clients find talent with the best cultural fit for their organisation.

We see our non-Perm business as a repeatable and high-value source of earnings, relatively more resilient to the cycle.

Recruitment type

Temporary and Contracting

- Respond quickly to changing market conditions
- Swap fixed employee costs for variable
- Provide rapid access to talent
- Highly compliant yet highly flexible

Permanent

- Insight into candidate approachability
- Efficient outsource given our fees are contingent
- Deep industry specialism
- Access wider talent pools

57% | 43%

% of group net fees

62% | 38%

Technical

- Jobs are driven by client-led investment rather than a candidate's decision to move
- Industries characterised by skill shortages
- Higher proportion of emerging and new job roles
- Increasing propensity towards Flex working

Professional

- Candidate-led process
- Usually higher salary
- Scope to infill into new geographies
- Approachability Index adds competitive edge

Specialism type

3. Structural market growth and evolving client demands

Most professional recruitment around the world is still done by in-house HR teams. This is true across mature and emerging economies, although both are increasingly opening up to the concept of outsourcing specialist recruitment. Over half of our business today is in the world's best structural growth markets.

We continue to observe a shift, mainly among large corporates, towards centralised procurement. Our services must be tailored to these different client needs, whether it is first-time outsourcing or providing different specialist recruitment delivery models.

Hays' main example of this is our Managed Service Provider (MSP) offering. We use our scale, infrastructure and deep candidate pools to manage Temp and Contract workforces on an outsourced basis.

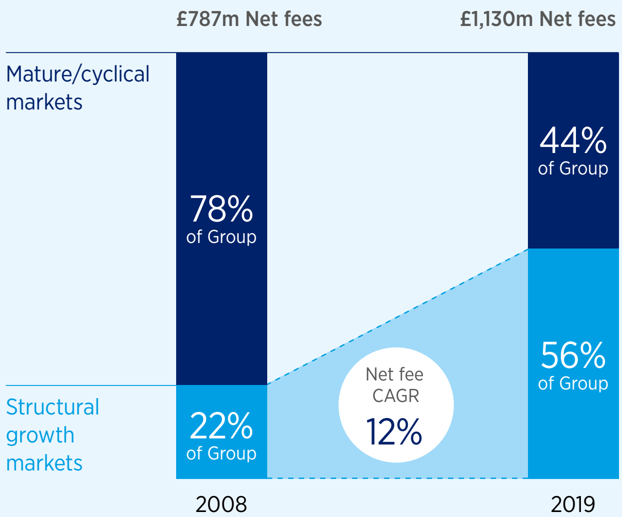
4. Emergence of new, and evolving, technologies

Technology is transforming how people work. It is revolutionising how clients and candidates engage and interact with job markets, and with Hays. Almost every area of recruitment is becoming digitally enabled at a breathtaking pace, creating vast quantities of valuable data which, if used correctly, can deliver deep insights and give our consultants a significant information and speed-to-market edge.

The guiding principles of our technology strategy are:

1) Maximise internal efficiency by developing new consultant tools, and deploy best-in-class software;
2) Test new client and candidate engagement channels;
3) Invest selectively in best-in-class HR Tech software;
4) Investigate new tech-enabled delivery models

Over half of our business today is in the world's best structural growth markets



GLOBAL BUSINESS MODEL, LOCAL EXPERTISE

Having a balanced exposure within and between our markets is key to driving superior and relatively resilient financial performance, and better results for our clients and candidates, through the economic cycle. We have a business with scale, breadth and diversity of exposure, designed to capitalise on the megatrends driving change in our industry.

A balanced and diverse model

We have deliberately and strategically built a business which is balanced and diverse. Within our network, we have exposure to both more cyclical, mature markets such as the UK and more immature, structural growth markets such as Germany and in Asia. We have deep scale and expertise in 20 specialist areas of skilled employment.

We are predominantly private sector-focused, but also serve public sector clients in some markets. Within our portfolio of services, we work on one-off placements for SMEs and global multinationals, as well as contract-based higher volume recruitment for our larger clients. The balance, breadth and scale of our business is unique in the world of specialist recruitment. This is a key differentiator, and we believe it is important as it makes our business and its earnings relatively more resilient to today's ever-changing macroeconomic and political landscape.

Exposure to mature and less mature markets

Structural growth markets are those where the use of agencies like Hays to source skilled candidates is a relatively new practice. Traditionally in these markets, this recruitment is undertaken by companies themselves, using hiring teams within their own HR functions.

A key driver of our growth is therefore the first-time outsourcing of this recruitment to third parties. This means that these markets are relatively less cyclical, and relatively less driven by the prevailing economic backdrop, or short-term sentiment. More mature markets are those where the use of agencies is a well-established, long-standing norm. Here, clients will use agencies to help them fill roles in the majority of cases. As such, these markets are more cyclical in nature, with activity levels dependent far more on the amount of job churn occurring at any particular time.

We have a business with scale, breadth and diversity of exposure, which is built to take into account the megatrends driving change in our industry, the short-term market movements we experience and positions us to work towards our long-term aims and strategy.

Global integrated business

By having a single culture, brand and technology platform, we can drive significant synergies across our network. We can also deliver leading service to our largest global clients, who in aggregate represent around 15% of our Group net fees.

We are positioned to help clients globally, but also understand the needs and challenges of our clients and candidates locally.

In most of our 33 countries, we still have significant scope to in-fill from our current 20 specialisms. For example, our average RoW country has exposure to only eight specialisms, while Germany, where we are by some distance the market leader in white-collar recruitment, has nine specialisms.

By bringing existing global expertise to new markets, we can grow in a relatively low risk fashion, leveraging existing infrastructure and country management. For example, we are the global leaders in Accountancy & Finance (A&F), yet we only introduced the specialism to the USA, the world's largest A&F market, in FY19.

Scope for our people to move worldwide

In FY19, 73 colleagues transferred internationally within Hays, reinforcing our culture while giving them exciting new opportunities globally. We want to keep the best talent within Hays, which is in the interest of our clients, candidates and shareholders.

1,300+

people placed into new roles every working day

Lifelong partnerships

The millions of relationships which are formed and nurtured by Hays consultants sit at the heart of our business. By becoming trusted advisors to talented people, helping them to navigate their careers and fulfill their potential, we will also open up a host of new business opportunities.

By providing the highest quality of service, clients can count on us to provide them with unrivalled access to top talent, and to provide market insights to help them scale and flex their evolving workforces.

One measure of success in this area is when a candidate becomes a client. The 'Our Hays Stories' insert to this page details such a transition and is a great example of lifelong partnerships in action.

Net fees by clients

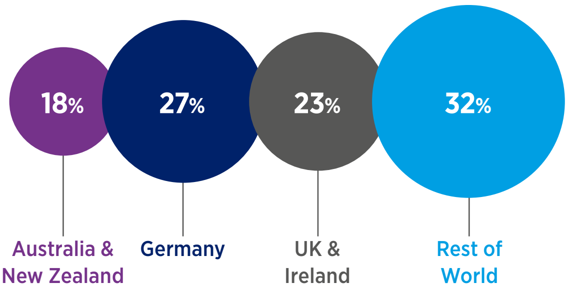
Top 40

c.15%

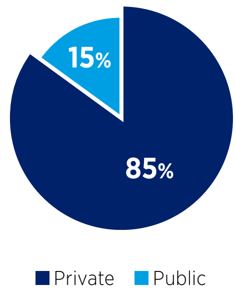
Other clients

c.85%

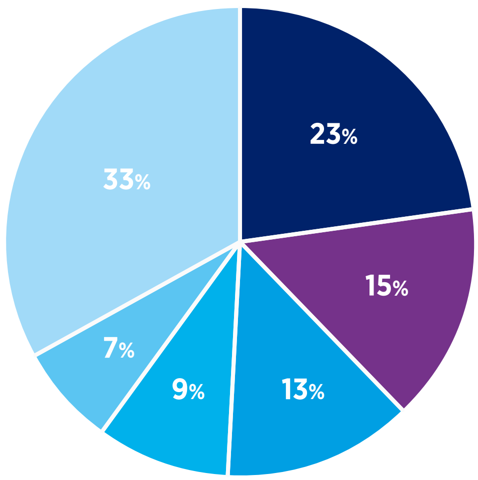
Net fees by geography



Net fees by type



Net fees by specialism



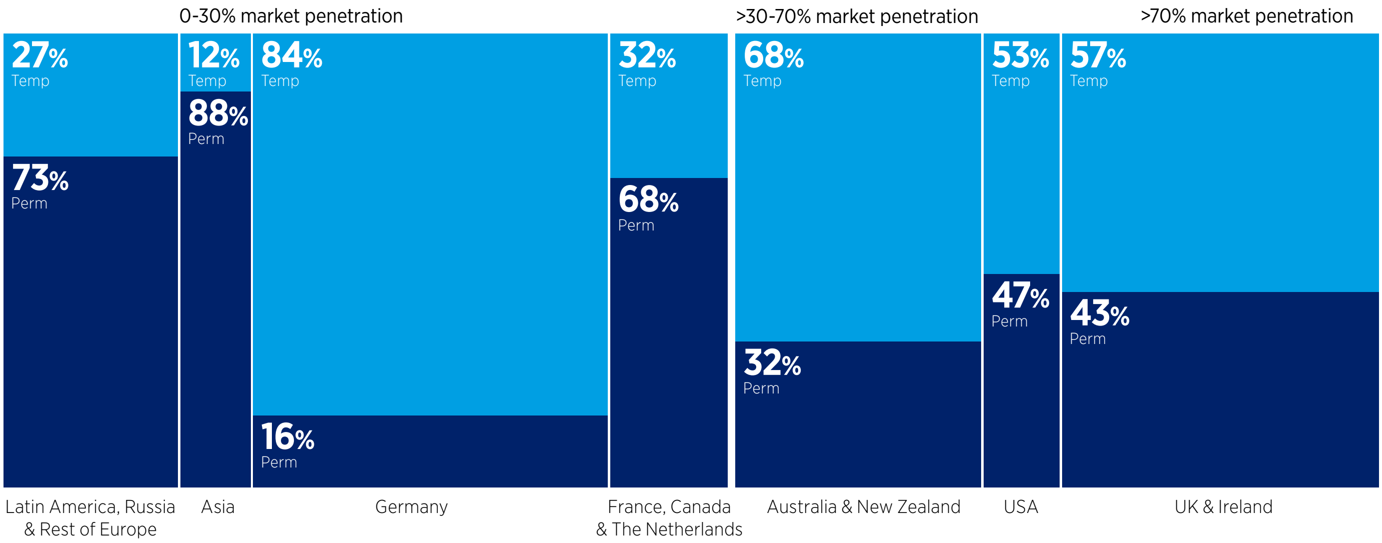
- IT & Digital
- Accountancy & Finance
- Construction & Property
- Engineering
- Office Support
- Other*

* Major specialisms within Other include: Banking-related (5%), HTS (5%), Sales & Marketing (4%), Life Sciences (4%), Education (2%) and Legal (2%).

Net fees by geography, type and market maturity

Structural/immature
56%

Cyclical/mature
44%



FORMING LIFELONG PARTNERSHIPS

A JOURNEY FROM CANDIDATE TO CLIENT

The heart of our business is our relationship with candidates and clients. We aim to be lifelong partners to millions of people and organisations, helping them throughout their career journeys.

“

In 2014 I met S., who was returning from overseas, seeking work and guidance on the Chinese Pharma market. I placed him, where he quickly progressed to become a hiring manager and also a client. He is now Medical Affairs & Development Head of Ipsen Biopharmaceuticals.

Recently, S. invited me to work on a publication project on trends and analysis in the Medical Affairs industry, specifically of Medical Science Liaisons. The article has subsequently been published, and was discussed at the Chinese Medical Affairs Conference earlier this year. The article and our WeChat post was also extensively shared.

Our dynamic has gone beyond being a candidate or client. We act as partners, and this specific collaboration advanced both Ipsen's and Hays' brand in the Medical Affairs market, and displayed our individual expertise.

Alex Zhang
Beijing

I first met Sonia Pabla-Thomas in 2004, helping her secure a role with a top-10 UK Architecture design practice. Over time, I also helped Sonia recruit to grow her team. In 2009, Sonia decided to take the leap to become her own boss, setting up Space: Architecture+Planning.

We stayed in touch, attending events together and meeting and discussing her growth plans. Over the past 10 years, Hays and I have helped to place three talented people in Sonia's practice, and she has recently moved Space: Architecture+Planning into bigger premises. I was delighted to celebrate Sonia's practice's 10th birthday in July 2019, attending as a friend as well as a trusted recruitment partner.

Gary Sheldrake
Manchester

”

CREATING VALUE FOR ALL STAKEHOLDERS

Our consultants develop lifelong relationships with clients and candidates by being expert in their markets, assisted by our cutting-edge technology, tools and data insights. This enables Hays to match candidates to roles faster than our competition or an in-house HR team.

A balanced and diverse model

What we need to make our business model work.

Brand, technology and data

Brand

Our reputation as a world leader in the specialist recruitment market is supported and reinforced by our world-class global brand, which is consistent in each of our markets around the world. We constantly focus on building wider recognition and awareness of Hays as a market leader both through partnerships with other organisations and by building a portfolio of high quality and respected publications that demonstrate the thought-leadership credential of Hays and our people.

Technology and data

We have built a sector-leading global technology infrastructure that is able to interact with other applications and third-party technologies. This, together with our investment in data science and digital marketing capabilities, enables our consultants to insightfully engage with the vast amount of data, source real-time, accurate information on their market and ultimately to get the best candidates to clients faster than anyone else.

People and culture

Our people

Hays is the ultimate people business and as such the ability to attract, develop, enable and retain the very best consultants and managers in our industry is vital to our success. We aim to create an exciting and vibrant work environment and we strive continuously to provide our people with attractive career paths that will make them experts in their fields.

Society

We believe that what we do makes a big difference to the world around us. We help hundreds of thousands of people each year in their career journey, and tens of thousands of organisations source the skills they need to grow. This all contributes to the wider growth and success of the economies and communities in which we operate, and helps maximise tax revenues.

Relationships

Partnerships and collaborations

Our philosophy is not just to invest in technology solutions, but also to build strong collaborations with leading innovators and influential organisations, creating mutually beneficial relationships which help us better understand and serve our clients and candidates. This philosophy extends beyond the technology sector and enhances our ability to better respond to fast-moving market developments.

Client and candidate relationships

Forming and maintaining strong relationships with our clients and candidates is at the heart of what we do. Our extensive engagement marketing programme offers them industry-leading content, with the aim of helping them succeed in their careers and source the right talent for their business. This also includes making connections with people who are not yet clients or candidates and building a relationship which would make them more likely to be open to future approaches.

Strategic priorities

Materially increase and diversify Group profits

Build critical mass and diversity across our global platform

Invest in people and technology, responding to change and building relationships

Generate, reinvest and distribute meaningful cash returns

Our culture, reputation and relationships with wider stakeholders in society are among the highest priorities of our business. This is discussed further in our 'Sustainability policies' section.

Read more about our KPIs **see page 26**
Read more about our risks **see page 40**
Read more about our sustainability policies **see page 45**
Read more on our remuneration **see page 70**

How we create value

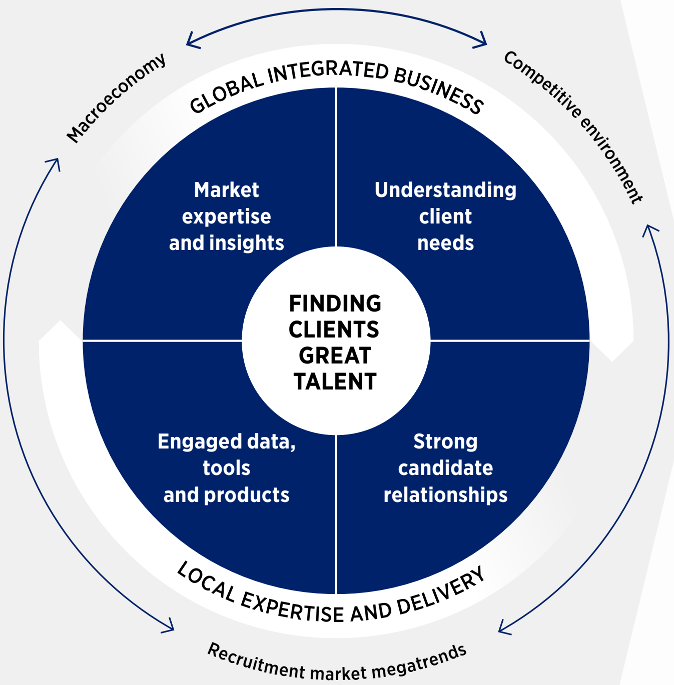
As the ultimate people business, everything we do is focused on placing the right people into the right roles.

High returns on capital

Our cash flow priorities are for organic investment, however we still create significant dividend-paying opportunities.

Stakeholder benefits

The value we create not only generates returns for our shareholders, but also benefits our other stakeholders.



Principal Stakeholders

Employees
We invest a significant amount of time and effort to ensure Hays is a great place to work. We offer our consultants the best training to become experts in their market and develop their careers, along with the best technology and tools in the industry to enable them to be as productive and successful as possible.

FY19 Internal promotions
3,497

Percentage of working time spent on Training and Development
Year 1: c.20%
Managers: c.5%

Candidates
We help candidates secure their next Perm job or Temp/Contracting assignment. We connect our candidates with the world of work via an array of events and seminars, and produce informative, thought-leading career content across our network of 33 countries.

FY19 Perm placements
81,100

FY19 Temp/Contract assignments
254,000

Clients
We work closely with our clients to help them find the skilled people they need to drive growth in their businesses. We work with thousands of companies every year, with no single client representing more than 1% of Group net fees.

Number of clients
>30,000

Private/Public sector
85:15

External Stakeholders

Communities
Hays is a diverse business which seeks to have a positive effect on the local and global community, anchored by our solid governance framework.

Gender ratio
63F:37M

Environment
During FY19 our CO_2 intensity ratio decreased by 2%. We are ever-mindful of our impact on the environment and we committed to operating our business in an increasingly sustainable manner, seeking to reduce our environmental impact year-on-year.

Employee GHG emission intensity per tonne CO_2e
1.47

FY19 YoY CO_2 intensity ratio reduction
2%

Shareholders
The breadth, scale and balance of our business model allows us to deliver superior relative financial performance through the cycle. Combined with our focus on working capital management, and the cash-generative nature of our business, this means we have the potential to generate meaningful shareholder returns as our business grows.

FY19 pre-exceptional[1] EPS growth
4%

FY19 dividends paid and proposed
£137.9m

MEET THE EXPERTS

What has been your most memorable candidate relationship?

“

I met Robert H. over a decade ago, placing him in a Contractor role with a Fortune 500 company, where he stayed for four years. He was offered a full-time role, but declined because he liked the flexibility of Contracting through Hays. I then placed Robert again with a Healthcare client, and he stayed another four years, working on various projects. Again, he was offered a full-time role, however graciously declined because he enjoyed building a flexible career.

I placed Robert one last time with one of our largest clients, a technology company, where Robert continued to work on contract for two years, before finally accepting a full-time position last year. Robert recently called me to say that the new role allows him to ‘telecommute’, so he and his wife decided to realise a dream and relocate to the mountains. They are both loving life and what started out as a work relationship has evolved over the years to a friendship. This is one of the reasons why I love what I do.

Amy Wright
Tampa

I presented one of my candidates, Zoe, with an opportunity I knew would accelerate her career, although she was hesitant to leave her ‘comfort zone’. I still remember the long conversation with her, analysing her current situation and giving her advice, and she decided to take the chance. She made quick progression in her company and has since been promoted to Director, and I am helping her to hire her team! And that’s why I love this job – the impact that we can have on people’s future career is significant.

Sylvia Lau
Guangzhou

Soon after relocating to Vancouver from the UK (15 years ago), I met and placed a candidate in a role with a major General Contractor. The candidate was also new to the city and we struck up a friendship that remains to this day, and he acted as MC at my wedding, doing a fantastic job! His own career has prospered, and he is now in an Executive level position, and uses Hays to recruit technical staff for his business.

Russell Carnley
Vancouver

”

EMPOWERING CLIENTS GLOBALLY

We work with over 30,000 clients worldwide each year, across the Public and Private sectors, from the largest multinational companies to small start-ups. Each relationship is based on trust, quality of service and speed to market. We profile six relationships from different industries.

Endress+Hauser

Hays began working with Endress+Hauser's (E+H) Canadian operations in 2018. E+H is a global leader in measurement instrumentation & services for industrial process engineering. After working together for six months E+H decided to outsource its HR activities to Hays via an RPO (Recruitment Process Outsourcing) contract. This contract was extended in June 2019.

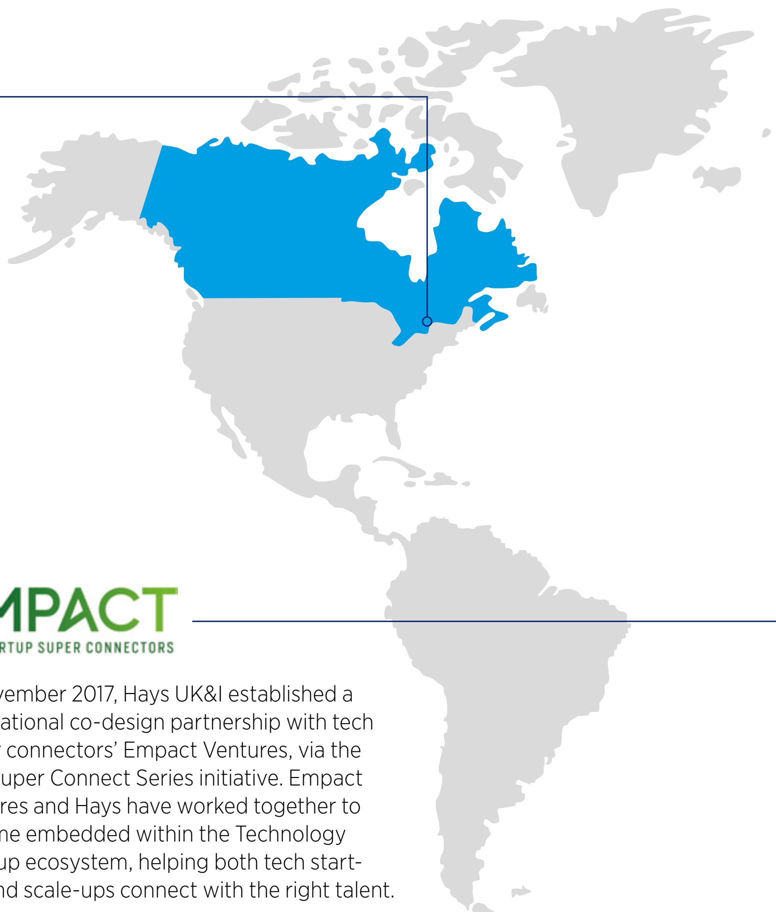
Hays has helped E+H to grow by filling over 20 roles, exceeding the initial contract's expectations. Hires have included roles in Sales, Production, Finance, Marketing and Customer Services.

"After a very positive initial experience, we began to contemplate a full outsourcing of our Canadian recruitment function to a specialist. Hays Talent Solutions were a natural fit for E+H, so we made the decision to partner. Our experience has been amazing and it has been a very rewarding partnership. Hays is a very professional company with excellent customer service. They have helped us fill some very difficult roles, while reducing our time to fill and presenting us with fantastic candidates."

Sarah Duguay
HR Manager

30,000+
clients worldwide

For Divisional operating review **see page 30**



EMPACT
THE STARTUP SUPER CONNECTORS

In November 2017, Hays UK&I established a new national co-design partnership with tech 'super connectors' Empact Ventures, via the new Super Connect Series initiative. Empact Ventures and Hays have worked together to become embedded within the Technology start-up ecosystem, helping both tech start-ups and scale-ups connect with the right talent.

"There has been cultural buy-in from Hays' local offices right through to the senior management team, who have all contributed to the partnership's activity, ensuring it was a collaborative endeavour. The Hays-Empact Ventures relationship is based on shared values of connecting the right people with the right organisations at the right time. We have run training sessions at 10 Hays Digital Technology offices, accompanied by webinars with over 150 staff learning how to tap into the ecosystem. Together we are helping start-ups access cutting-edge talent and scale up their businesses."

Kosta Mavroulakis
CEO

VATTENFALL

For a decade, Hays has worked closely with leading European Energy company Vattenfall, sourcing high-skilled, flexible workers in areas such as IT, Construction, Finance and Sales. We began as one of many suppliers, and in 2018 Hays was appointed as Vattenfall's single agency for 'time & material' services for German flexible labour. In the selection process, Hays' performance stood out in terms of candidate quality and delivery speed.

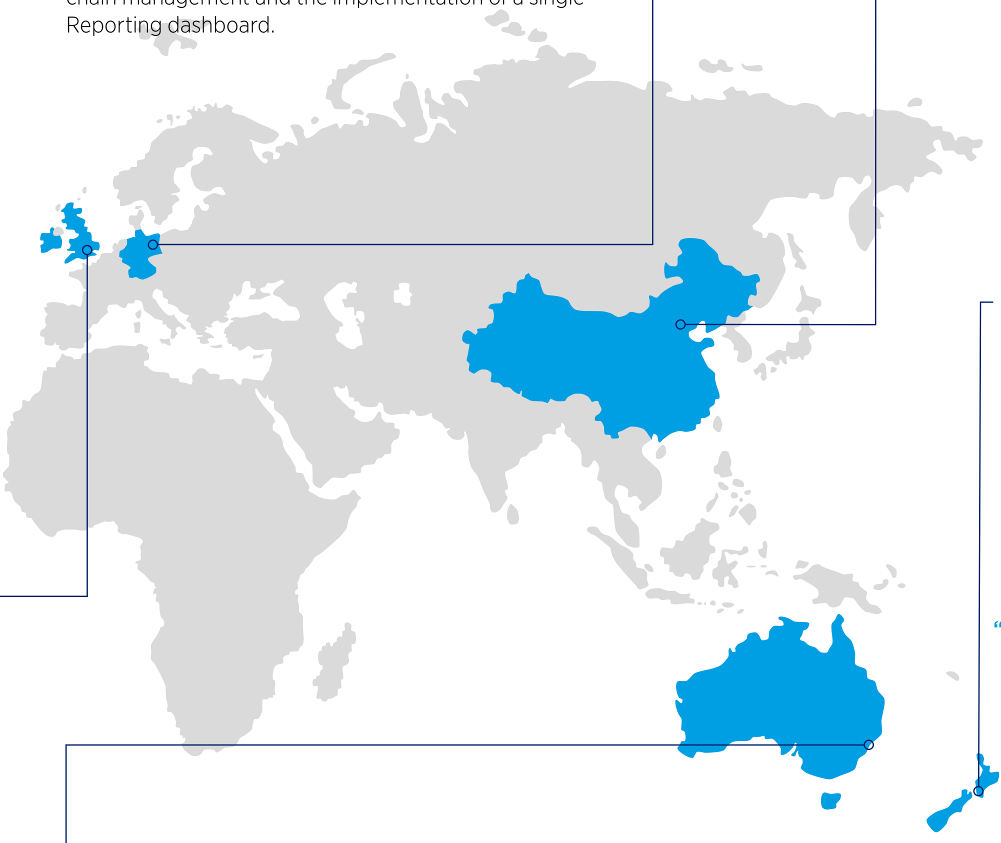
This success of this relationship has been underpinned by Hays' close collaboration with Vattenfall's Resource Management Centre, continuous improvement in supply chain management and the implementation of a single Reporting dashboard.

四环医药 SihuanPharm

Sihuan is a fast-growing, Beijing-based Pharmaceutical company, researching and developing cardiocerebral vascular drugs in China.

"Hays is a trustworthy and committed partner of Sihuan group with outstanding service and market insight. We have worked together for almost two years, giving tremendous support to our hiring and talent strategy and our business growth. We also extended the service to include our subsidiary Xuanzhu. Hays has offered us top-class service with their professionalism and expertise."

Connie Liu
HR Director



cornerstone

Hays' IT recruitment team in New Zealand has recently signed an exclusive contract with Cornerstone OnDemand, a California-based cloud-based learning and talent management software provider with over 30 million global customers. Cornerstone is in growth mode, and Hays is helping them to both understand trends in the local ANZ IT market, and to find talent in a skill-short software market.

"Hays have been a really helpful partner to us in our growth in New Zealand, helping us to find great talent and understanding changes to the local market. We have also valued their advice with events such as the salary guide survey. Their timely and quick responses in communication with candidates are well valued."

Kieran Pabla
Associate Talent Business Partner

Airtasker

Hays' Australian IT team has developed a close working relationship with Airtasker, one of the fastest growing Australian technology companies of recent years, across its entire business. We have placed candidates within digital, IT infrastructure, HR and office support, becoming integral to their operations. Hays has also partnered with Airtasker to promote their brand within the local market, supporting each other in the 2018 Sydney Digital Trends event, as well as hosting the Airtasker team in our London office, to help launch Airtasker into Europe.

"We have enjoyed working with Hays and their expertise in IT markets has been a real asset to underpin our growth, both domestically and internationally. I look forward to building on this partnership as we continue to grow."

Mahesh Muralidhar
HR Director

DRIVING THE DIGITAL REVOLUTION

Technology is transforming how people work. It is revolutionising how clients and candidates engage with job markets, and with Hays.

Technology can boost efficiency and help us win the race for talent

Our technology helps us to power the world of work, and find the best candidates for a role, faster than in-house HR or our competition. By improving our speed to market, we can offer better service to clients and candidates and enhance our productivity.

We estimate that 1% gained via average consultant productivity is worth c.£8 million to Hays' Group operating profit, and that improved productivity drove c.40% of Group profit growth between FY13-19.

Our strong foundations and consistent strategy in Technology mean we are well-placed to deal with rapidly changing markets.

Our guiding principles in Technology are:

1) Maximise internal efficiency by developing new consultant tools, and partner with best-in-class software;
2) Test new client and candidate engagement channels;
3) Invest selectively in best-in-class HR Tech software;
4) Investigate new tech-enabled delivery models.

Data as an asset

Almost every area of recruitment is becoming digitally enabled at breathtaking pace, creating vast quantities of valuable data. Protecting and managing this data with great care and attention sits at the heart of what we do and is central to the Hays business model, and we increasingly see ourselves as a data-driven company. We believe in transparency with our candidates, and set out clearly in our privacy policy how we are processing their personal data.

To create economies of scale, our consultants need to be equipped with the best technological tools to search this complex and ever-increasing bank of data, which we gather via our 'data funnel' shown opposite.

We received c.11m job applications in FY19, and our website received over 70 million page views. Such applications and website interest are engagement signals, which flow directly into our funnel.

Three phases of data-driven insights

We have been developing our cutting-edge data systems for over a decade. Our first 'Foundation' period (2008-2012) established an architecture, process and internet-enabled system. Our second 'Connections' phase (2012-2017) focused on channel exploitation, working innovatively with companies like LinkedIn, SEEK, Xing, Stack Overflow and Google.

This included launching our 'Find & Engage' recruitment marketing model in 2017. This was based on our ability to engage with active (i.e. seeking jobs) and passive (potentially available, but not currently seeking jobs) 'talent pools', enabling us to deliver what was once viewed as high-end 'head hunting', to many more white-collar candidates, at scale. Our aim is to extrapolate meaningful data patterns, feeding directly into Hays' unique 'Approachability Index'.

Our systems use many inputs and analytics to gauge how open to an approach a potential candidate is likely to be. By understanding approachability signals, our ability to convert ostensibly passive candidates into active ones is significantly increased. Once overlaid with a trusted Hays consultant relationship, we gain a vital competitive edge.

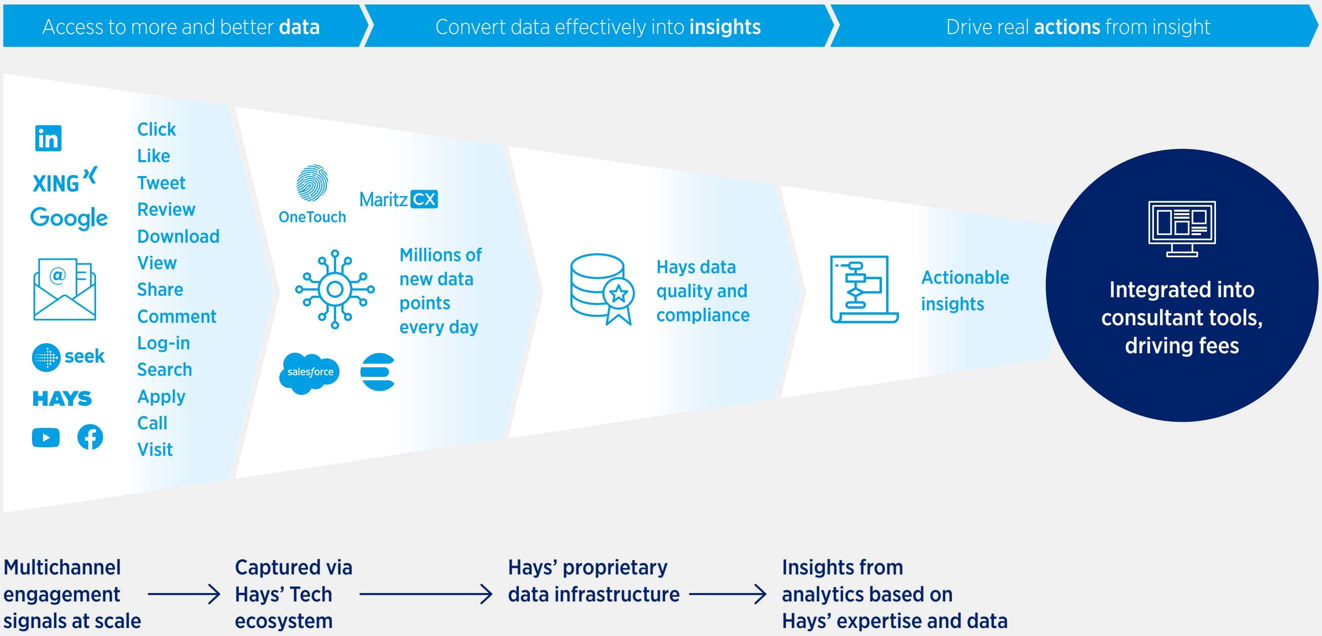
We believe we are now in a third 'deep insights' phase, underpinned by analytics. This has enabled us to build the 'Hays Power Recruitment Platform'. We believe the prize for adding real human value in the digital age will be significant.

The Hays Power Recruitment Platform: Fully integrating cutting-edge first- and third-party tools

Engagement Activity	Approachability → / ← Personalisation	Data & Insight Platform	Personal Insights → / ← Leads & Shortlists	Hiring Workflow
Maximise **early-stage and long-term engagement** with candidates and clients		Deep, unified and **proprietary data assets**, built up from engagement data		Deliver **outstanding customer experience and hiring outcomes**
Focus on **automation to maximise scale and minimise consultant workload**		**Data science techniques** including machine learning and AI to power insights		Focus on **enhancing the productivity and performance** of our consultants

Placing candidates **better, faster and more efficiently** than in-house HR teams or competitors

The Hays data funnel: Driving more value from data than HR teams and competitors



Importantly though, we also get valuable data from our relationships with LinkedIn, SEEK, Google and Xing. Additionally, data points are created through the interactions generated by our unique content and social media activity, such as thought-leadership pieces like the Hays Journal, our salary guides, training, career advice and podcasts.

These play a leading role in both nurturing strong candidate relationships, and also gaining useful candidate engagement signals. These are supported by our implementation of Salesforce Marketing Cloud.

All these captured engagement signals across a wide variety of sources are converted into actionable insights by our in-house developed proprietary analytics, powered by in-built machine learning.

Increasingly, technology enables us to anticipate clients' demands before they arise. We are able to analyse complex user data in real time, gaining invaluable insight into candidates' skills and career ambitions. Our aim is to match these insights received from clients and candidates with the highest services quality in our industry from our consultants, at speed and at scale.

Hays 'Approachability Index'

Sifting through huge quantities of candidate information is relatively simple. The harder part is accurately predicting Approachability; identifying which candidates are likely to respond positively to our direct approach, or when clients are looking to hire. This will be a key competitive edge in the future, and forms the basis of our 'Find & Engage' recruitment marketing model.

'Find & Engage' takes our ability to engage with Active and Passive talent pools, enabling us to deliver what was once viewed as high-end 'head-hunting', to many more white collar candidates, at scale. Our aim is to extrapolate meaningful data patterns, feeding directly into Hays' 'Approachability Index', summarised overleaf. This index became fully functional across our business in FY19.

The consultant's view

"Analytics and 'Big Data' to support decision-making are recent concepts in the market, but for Hays these concepts have been embedded in our internal systems since I joined in 2015."

Paloma Buda
São Paulo

Find out more about our expert insights
haysplc.com/expert-insight

Find out more about tech
haysplc.com/about-us/our-strategy/our-technology

WHAT OUR EXPERTS SAY ON HAYS TECHNOLOGY

“There are no shortcuts in the journey to become a digitally-enabled recruiter. We are in the third phase of our development, with over a decade of investment in state-of-the-art technology.”

Steve Weston
Chief Technology Officer

“

What makes Hays the best place to work is that you feel the investment in systems comes from consultant requests and viewpoints. The tools improve our commerciality and speed to market.

Lorna Wilson
London

Compared to when I started in the industry 16 years ago, I cannot believe how lucky our young consultants are to be using our technology suite. Today, I can quickly identify a new client using Sales Planner and effectively match a candidate to the specific and unique client requirements through the Talent Manager platform. The technology and systems continue to allow me to focus on the essential human interaction, which is the art of recruitment.

Ankit Nangali
Sydney

At Hays, we have a state-of-the-art system which I personally felt made a difference in helping me become much more efficient and effective in my work.

Adrian Lam
Hong Kong

Hays has always kept track of the latest changes in technology. The introduction of artificial intelligence into our sales and business development activities to suggest who to call or which candidates to introduce feels revolutionary. The human relationship will always be at the heart of our work, but I really look forward to the next Hays innovations to help us serve our clients and candidates better.

Tina Lv
Suzhou

”

Technology and a candidate’s path

The chart opposite represents the process of interaction between our active candidate pool, passive candidates and our client base, as we seek to find ‘great-rather-than-good’ matches between the two.

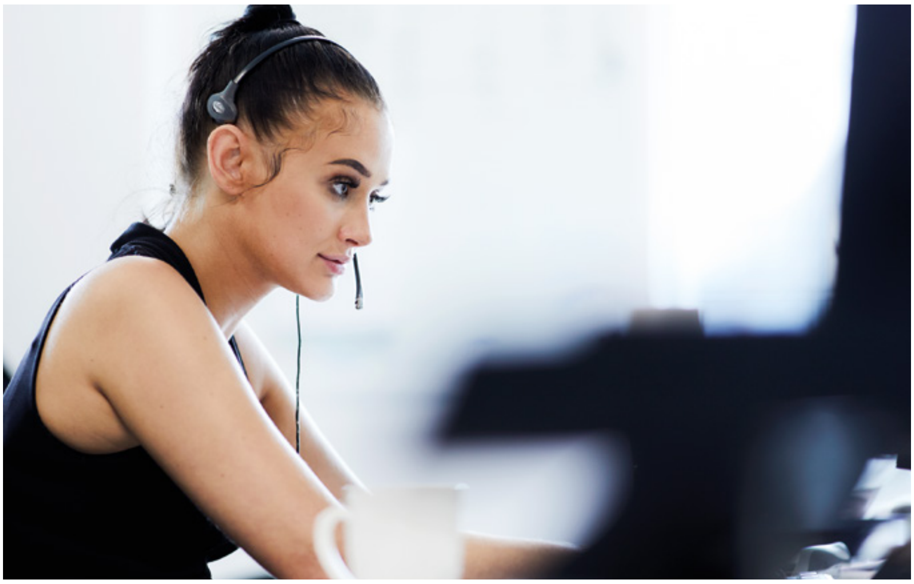
Candidates are added to the Hays database via our expert consultant network, and external sources, or directly via the Hays website. Once in our ecosystem, we work hard to ensure the talent pool remains highly engaged, using our people and the content noted earlier. The Hays Approachability Index gives us the ability to access candidates who may otherwise appear to be ‘passive’.

This is a major competitive advantage versus peers, and also a compelling reason for clients to outsource to Hays.

Candidate experience

We have streamlined our candidate application process, which is powered by innovative new search analytics from Google. The user experience has also benefited from this technology, with standardisation of job titles significantly improving the effectiveness of the analytics.

The upside of this has been higher conversion levels on our overall digital estate, and also an increase in updated candidate data for our databases.

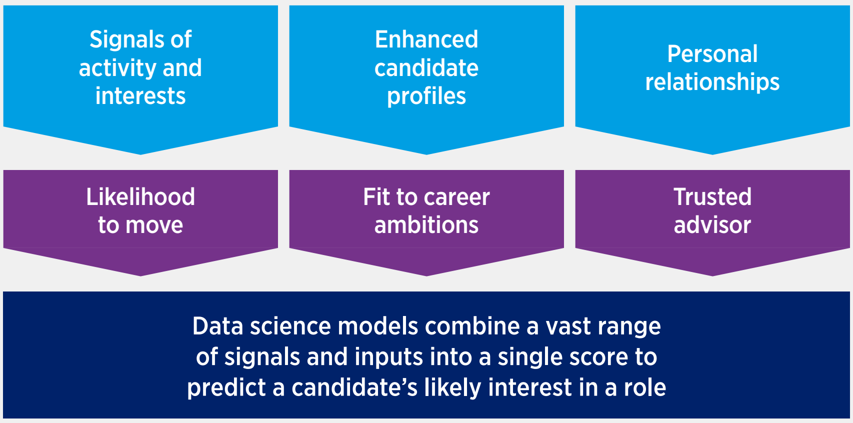


We have designed the process to reflect the fact that the use of mobile devices for job search has been increasing.

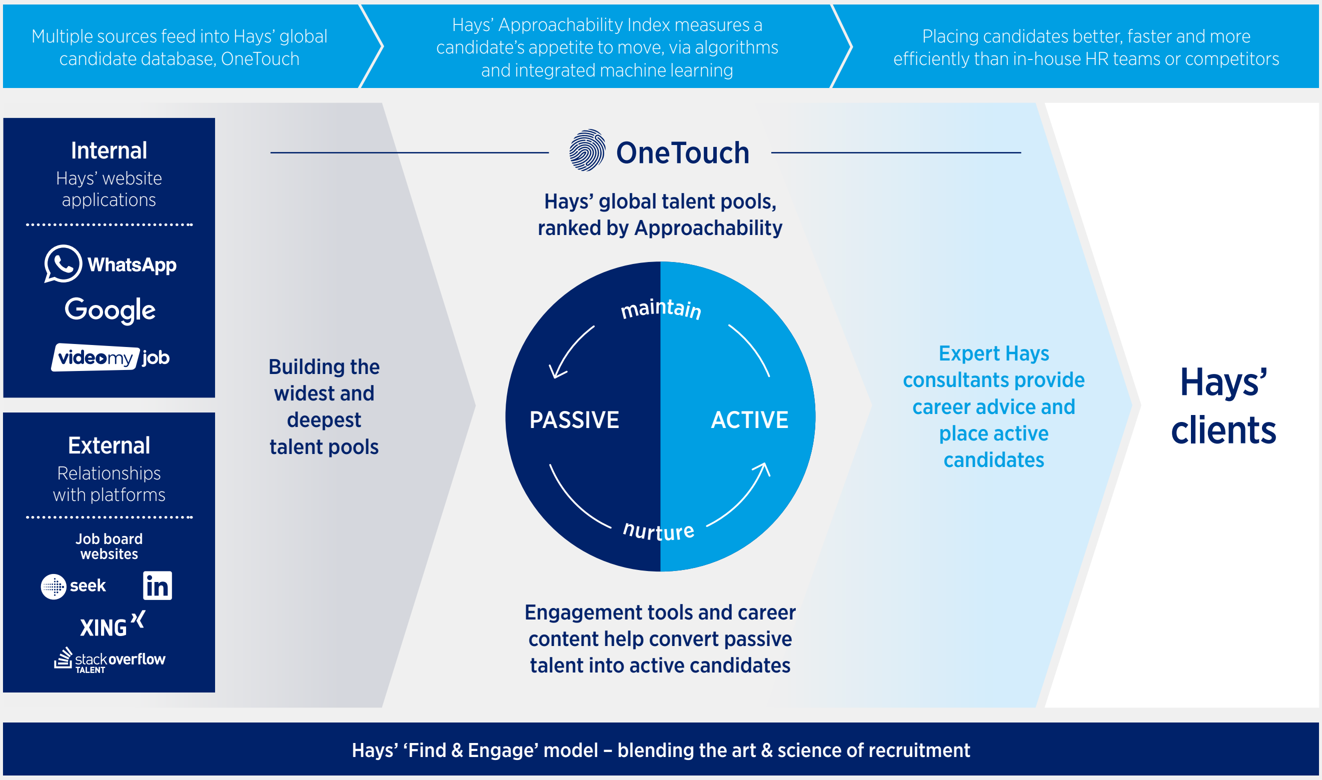
Also, by helping to bridge the gap on essential benefits, which would usually be provided to a Perm employee by their employer, we aim to foster loyalty amongst freelancers. Accordingly, we are looking to develop new services across what we call our ‘Workplace Services Platform’.

> “By engaging with our active and passive talent pools, we can deliver what was once viewed as high-end head-hunting, to many more white-collar candidates, at scale.”

The Hays Approachability Index: Predicting candidates’ likely interest in a role



How technology accelerates the candidate journey



Continuous innovation

Our expert Hays Innovation team constantly monitors the technology landscape, identifying new trends, opportunities and threats and building relationships with key players. In FY19, we made excellent progress, notably with the roll-out of our 'SalesPlanner' and 'TalentManager' tools, further development of the Hays Hub, and our collaborations with Google, Mya and Stack Overflow.

We have introduced integrated AI chatbots to further automate our interaction with candidates. In tandem with our programmatic advertising initiatives, VideoMyJob roll-out and extensive use of social media, we can find niche talent pools across any digital channel. This includes specific targeting of passive candidates via automatically distributed content.

"By targeting passive candidates, we can effectively increase the size of our addressable talent pools.

"The fundamentals of the job have always stayed the same but the tools to search, select, pay, engage and communicate have evolved. Gaining access to talent that other agencies/ internal recruiters wouldn't be able to due to the technology we have is competitive and unique."

Kat McCarthy
Sydney

Find out more about tech
haysplc.com/about-us/our-strategy/our-technology

CLEAR, WELL-ESTABLISHED STRATEGIC PRIORITIES TO DELIVER OUR LONG-TERM AIMS

Our ultimate aim is to be the undisputed global leader in specialist recruitment. As we build towards this, we have a set of four, long-established strategic priorities which remain unchanged throughout the various stages of the economic cycle. As well as being interlinked with each other, they are informed and driven by our aims, as well as by the long-term megatrends we identify in our marketplace, described on page 6.

Read more about our KPIs **see page 26**
Read more about our risks **see page 40**
Read more about our sustainability policies **see page 45**
Read more on our remuneration **see page 70**

(1) Operating profit is stated before exceptional charges of £15.1 million, as detailed in note 5 to the consolidated financial statements on page 118.

Strategic priority

Materially increase and diversify Group profits

Generate, reinvest and distribute meaningful cash returns

Invest in people and technology, responding to change and building relationships

Build critical mass and diversity across our global platform

What we achieved in FY19	Focus in FY20	Link to relevant KPIs
– Despite weakening macroeconomic conditions in many markets, in FY19 we increased operating profit(1) by c.£5 million to £248.8 million. On a constant currency basis, operating profit(1) would have been £252.2 million – Our profit growth in FY19 was driven by a record profit(1) performance by our International business, accounting for 80% of the Group's profits. This is up from c.35% in 2008 – The UK&I also delivered solid 4% operating profit(1) growth, despite economic and political uncertainty	– We will continue to focus on maximising net fee and profit performance in our businesses, focusing on consultant productivity – We will continue to make selective investments where we see the biggest structural opportunities for growth. This includes our largest markets of Germany, China and the USA – The UK&I market has recently softened, with signs that continued uncertainties are impacting business confidence in the private sector. We will continue to monitor underlying activity levels closely as negotiations to leave the EU develop	1 Like-for-like net fee growth 2 Proportion of Group net fees generated by our International business 4 Basic earnings per share growth 6 Like-for-like net fees per consultant 7 Conversion rate
– Solid profit(1) growth and strong underlying cash performance, ending the year with a net cash balance of £129.7 million and cash conversion of 106% – In line with our dividend policy, having reached our targeted core dividend cover of 3.0x EPS in FY17, we increased the core dividend by 4%, with a full-year dividend of 3.97 pence per share. Additionally, in line with our excess cash returns policy, having built a net cash position above £50 million, we propose a special dividend of 5.43 pence per share to supplement the core dividend, subject to shareholder approval – £137.9 million total dividends paid or proposed in FY19 (FY18: £128.3 million)	– Our strategy is to maintain dividend cover within a range of 2.0x to 3.0x full-year earnings, and to match increases in full-year earnings growth with core dividend growth. Should future earnings fall, our high dividend cover provides some protection – Given our highly cash-generative business model, we will target a net cash buffer of around £50 million at each year end. It is our intention that any cash over this level will be distributed to shareholders in the form of a special dividend, provided our market outlook is positive	1 Like-for-like net fee growth 4 Basic earnings per share growth 8 Cash conversion
– Increased our headcount by 530 people and internally promoted over 3,497 of our colleagues – Continued to develop mutually beneficial relationships across a range of areas, including collaborations with SEEK in Australia, Xing in Germany, LinkedIn, Google and Stack Overflow, among others – Invested in further developing our own capabilities within our Data Analytics and Digital Marketing function, which has been working alongside our existing Innovation function and Corporate Development teams – Upgraded our German operational system, and continued investment in our back-office systems efficiency projects in Germany, the USA and Canada	– We will continue to explore and develop relationships and partnerships with external organisations, to enable us to better understand, respond to and capitalise on new opportunities and/or threats – Further develop our front- and back-office capabilities, including data science and analytics, to improve our business efficiency and service to clients and candidates – Continue to evolve and shape our offering to meet changing clients' needs by providing alternative and innovative delivery models, supported by the latest technologies and tools	5 Employee engagement 6 Like-for-like net fees per consultant
– We continued to pursue our strategy of diversified exposure across contract types, investing organically in our Temp/Contracting business, which represents 57% of Group net fee income – Increased non-UK&I headcount by 5% year-on-year, including Germany up 6%, the USA up 8% and Japan up 10% – The percentage of non-Perm net fees generated in the Group, excluding the UK&I, Germany and Australia, remained broadly constant in FY19. Since 2011, this has grown from 22% to 30% in 2019 – Global office network increased by eight to 265, of which 169 are non-UK&I	– We will continue to focus on organic growth, making further investment in headcount where conditions are supportive – Further expand the percentage of net fee income generated outside of our largest businesses (the UK&I, Germany and Australia) – Drive further growth in our Temp/Contracting business in new/existing markets, including France, Japan, Canada and the USA	1 Like-for-like net fee growth 2 Proportion of Group net fees generated by our International business 3 Headline International net fee base

“Despite tougher markets, we delivered a solid financial performance in FY19. Our net fees grew by 6% and hit a new record, and operating profit[(1)] increased by 4%. Excellent cash generation underpins our record full-year total dividends of £137.9 million.”

(1) Operating profit is stated before exceptional charges of £15.1 million, as detailed in note 5 to the consolidated financial statements on page 118.

THE YEAR IN REVIEW, AND THE YEARS AHEAD

Our Chief Executive, Alistair Cox, discusses the Group's performance in FY19 and looks ahead to our areas of focus and development in the future, including our progress on our five-year plan.

Watch our FY19 results meeting at haysplc.com/investors/results-centre

Q. How do you feel Hays performed in 2019?

A. There's no doubt that the macroeconomic backdrop deteriorated during FY19 and we also faced tough year-on-year growth comparatives. Despite those headwinds, I feel we delivered a solid performance. Our net fees grew by 6% and hit a new record, led by our International businesses up 7%. 19 of our countries hit their own individual net fee records, showing how broad our performance was. We grew operating profit[(1)] 4% to £248.8 million, equivalent to c.£252 million on a constant currency basis. Our conversion rate of 22.0% remains the best in the industry, albeit 70 bps lower year-on-year, driven by the slowdown in growth of net fees through the year. Our cash conversion, at 106%, was excellent.

Looking back, we started FY19 with strong, double-digit growth across the vast majority of our markets, and in the second half of FY18 we had invested in additional capacity in order to grow. As such, our headcount began the year up 10%. However, we saw the economic backdrop start to cool in many markets from September 2018 onwards, becoming slightly harder month by month.

When this happens, we usually face a period of negative profit leverage and this is exactly what happened, particularly in our second and third quarters. Consequently, we switched emphasis and managed our costs down to defend short-term profitability in many markets. This included restructuring several country operations, mainly in Europe, incurring an exceptional £6.8 million charge[(1)], which is expected to deliver c.£5 million of annualised pro-rata cost savings. We did however maintain our strategic investments in key markets such as Germany, North America and China.

Germany is our largest business and it grew 9%. We have clear market leadership in Germany and we further reinforced our position as the number one player, opening two new offices and materially expanding space in three others. We increased our headcount by 6%, although we did moderate the growth rate as fee growth slowed, particularly in the second half of the year.

The ongoing trade war between the USA and China had a material impact on the German economy, and we saw increasing signs of client cost control and protracted decision-making. In addition, the challenges faced by the German automotive industry further hurt sentiment and GDP growth slowed from 2% in July 2018 to almost zero in August 2019.

These factors impacted us and our German growth slowed from 14% in the first half of FY19 to 4% in the second half, and we enter FY20 with relatively low positive momentum.

Despite these short-term headwinds, I remain of the view that in the long-term Germany is the most exciting recruitment market in the world today, driven by acute skills shortages and the structural opening up of that market to specialist recruitment agencies. We are determined to build a substantial business there and build on our leadership position.

ANZ had a solid year, growing fees by 4% despite weaker market conditions in the second half, particularly in Construction & Property (C&P), and against increasingly tough growth comparatives. After a great run of 19 consecutive quarters of growth, our ANZ business slowed in the second half, and went slightly negative in Q419, around the time of Australia's General Election. However, we ended the year with record numbers of Temp & Contractor workers, with over 22,000 on assignment. Again, we invested in the business to reinforce the clear market leadership we have long enjoyed in Australia.

Our RoW businesses were more mixed. I'm very happy with our Asia performance, and we had some stand-out performers elsewhere, such as Canada. However, we did see a slower FY19 in parts of Western Europe, and our profit performance here was softer than I would have liked. We also had a weaker second half in Japan and the USA, although recent trends in these two markets are encouraging as we start FY20. What is exciting about so many of our countries in this division, though, is the sheer scale of structural growth opportunities for first-time outsourcing of recruitment, which gives me great confidence for our future.

Finally in the UK, given the market backdrop I think we delivered a solid result, with net fees up 2% and profit[1] up 4%. Our public sector business did well, up 11%. Understandably our private sector business was tougher and as the economic and political uncertainties continued, risks to market activity levels grew. However, many aspects of the UK labour market remain positive with employment at record levels and significant skill shortages, which is starting to lead to wage inflation for the first time in many years. Again, we defended our number one position and invested aggressively in those areas which felt more buoyant, such as Technology.

Q. What are your priorities for investment and cash?

A. My first priority is always to re-invest in the business because we are in an industry which has wonderful long-term opportunities and we aim to capture those on a global scale. In FY19 we again made significant investments in people, property and technology.

We grew headcount by 4% globally, opened eight new offices and materially expanded several others. We further enhanced our back- and front-office systems, ensuring we have the infrastructure and capacity to continue to grow. We increased our training spend and we also ramped up investment in our technology tools, firmly in the belief that the combination of intelligent systems combined with the skills of our expert consultants will allow us all to be more effective in our jobs and grow accordingly. We are a high-Return-on-Capital business and remain relatively asset-light. Our capex, £33 million in FY19, typically earns a strong payback. We are also highly cash-generative, so even after these significant investments, we ended the year with net cash of £129.7 million. Therefore, in line with our policy, I am delighted that we are able to propose increasing our core dividend by 4%, and our third successive special dividend, £79.7 million, up 9%. This takes total dividends proposed and paid for FY19 to £137.9 million, up 7% from last year. In the first two years of our five-year plan, we have either paid or proposed over £265 million in core and special dividends, a decent percentage of our total market capitalisation.

Q. How is Hays performing relative to the 2022 plan? Given you have such limited visibility on earnings, how do you ensure such targets are credible?

A. I look at our long-term plans as a means of conveying what is possible and achievable in our business over the medium term. They act as a strategic guide for us internally so we focus resources where most appropriate. They also serve to inform the outside world of the scale of the opportunities ahead and an "art of the possible" as to what our business could look like in the future. For example, our 2022 plan aims to significantly grow our profits to between £300 million – £450 million, versus £211 million delivered in FY17. When we announced this plan, at our November 2017 Investor Day, we were clear that achieving the mid-point of £375 million was based on macro conditions remaining at similar levels to the end of 2017, with no major shocks or slowdowns in our main markets.

Unfortunately, the world has become noticeably tougher since the end of 2017. The US/China trade war wasn't even on the global agenda when we set our aspirations, political uncertainty has spread across the world and Brexit has been delayed.

As such, it may take us slightly longer to achieve the mid-point of that range, but I believe we will get there in time as nothing has changed the scale of the opportunity. It is testament to the robustness of the modelling we used that, despite the cooler world economy, we are still aiming for a 2022 outcome within the range we set.

The successful delivery of our 2013 plan, which ended in 2018, also adds credibility to the 2022 plan.

Finally, it's worth noting that our cash performance is ahead of the plan, due to lower than expected working capital investment. Our Temp and Contractor business absorbs working capital when growing and in the first two years of the plan we have invested a cumulative £38 million, well below the original plan budget of £100 million. Of course, I would have preferred the faster fee growth, funded with higher working capital, but I also recognise the attractiveness of our cash profile to investors. The scale of this cash generation may not yet be fully recognised.

Q. Aside from financial performance, what were your strategic highlights in 2019? Any 'low-lights'?

A. A key part of our strategy is to expand both the scale and depth of many of our businesses, but particularly those that can become large contributors to Group profits in time. One such example is China, where our progress has again been excellent. We grew net fees by 22% in FY19, broadly in line with the 23% net fee CAGR we have delivered in China since 2010. Over that period, our conversion rates have almost quadrupled, we have increased consultant headcount by 247% and we have nearly doubled consultant productivity. We also have grown a very strong team of local managers in our Chinese business and they will be fundamental to our future success, enabling us to continue to build this business into one that really makes a difference at the Group level.

In the USA, we further expanded our C&P business. We launched that business in 2013, and it grew 27% in FY18. As the global leaders in C&P recruiting, we intend to replicate that position nationally in the USA. We also invested in our fledgling Accountancy & Finance business, combining experienced consultants transferred from around the world with locally-recruited talent to build that business quickly and broaden our portfolio of services in the USA.

We continued to invest in our German business. Since 2015, our headcount is up over 55%, and we have opened 11 new offices, reinforcing our market leadership. The benefits of this are clear: witness the continued and long-run out-performance of our Australian business, where we are number one in each state and virtually every specialism. I intend for us to replicate that level of undisputed leadership in Germany, where the long-term opportunity is excellent, stretching well beyond 2022 and offering us a future business many times bigger than that we currently have. We will therefore continue to selectively invest in Germany, despite the current market slowdown.

Strategically, we also need to be conscious of where the demand for future jobs will come from. One example is the rapid development of the IT industry around the world which offers us excellent opportunities. Most organisations are struggling to find the skills they require across newer technologies such as data science, artificial intelligence and cyber security. Therefore, for the last few years we have been investing aggressively to build a much bigger business in the Technology market and in FY18 our IT net fees grew by c.11% globally, more than double our Group rate.

Our IT business is now our largest specialism globally at 23% of Group net fees, and I can see it getting to c.30% in the long run as new roles we haven't yet thought about emerge. I think this is a great example of how we can turn real power and scale of resources into opportunities, on a global basis, something our competitors would find hard to do.

Related to this is another aspect of our Group strategy, namely to build bigger non-Perm businesses in virtually all markets. Given the dynamics of the workforce in the IT industry and the propensity for many skilled professionals to work as freelancers or contractors, it lends itself well to this strategy. We made great progress in this area and non-Perm now represents c.75% of our IT net fees in our largest markets.

The other aspect of our strategy is to find ways to harness technology and data to make our consultants even better at their jobs and fill more roles. I strongly believe in the 'Art & Science" of recruitment, combining technology and data science with the creativity and human skills embodied in our people. There are no shortcuts to achieving this though and looking at our own journey, we have gone through three phases over the last decade. Firstly to put in place the modern infrastructure we need to exploit a multi-channel world. Secondly to utilise that multi-channel world to find and engage with literally millions of people daily. And now, our third phase, to leverage our massive data pools to draw insights to help our consultants make the perfect match, every time and at a pace and scale we have not seen before.

That's an exciting place to be. Last year we further invested in our own cutting-edge tools, incorporating real-time data insights and approachability signals into both our 'SalesPlanner' business development tool, and our 'TalentManager' candidate-management system. The roll-out of both went extremely well, giving us insightful information to predict client and candidate demands, and improve productivity.

Another example is our 'Hays Hub' recruitment platform, recently launched into the UK Education sector to help schools both find the Temp talent they need very quickly but also very securely, ensuring world-class safeguarding and compliance processes. The early results are hugely exciting, and we are proud to be working alongside our partner schools to help them deliver the high standards we all want for our young people.

"Our net fees in the Technology sector grew by c.11% globally, more than double our Group rate, and is our largest specialism with 23% of Group fees."

Watch our investor video at haysplc.com/investors

We build a lot of our technology ourselves, owning the intellectual property. However, we cannot do everything alone so we continue to build on our collaborations with some of the world's most talented and innovative organisations, designed to bring their cutting-edge technologies to bear for the benefit of our clients and candidates.

Our relationship with Stack Overflow had an excellent first year, and Xing reached its second anniversary, and continues to go well. Together with our ground-breaking relationships with SEEK in Australia and LinkedIn globally, and our more recent work with Google developing their Jobs tool, we are continually looking for ways to get the most accurate and up-to-date data in the industry. This fuels our 'Find & Engage' model, helping us to find great candidates quicker than competitors or in-house HR teams.

Things I would have liked to have seen done better? Well, the fact that the UK did not leave the EU as planned in March 2019 has added to the political uncertainty in the UK, which hasn't helped. Understandably, we saw signs of slower decision-making and reduced business confidence in our fourth quarter. That said, I applaud the performance of our UK team, consolidating our market leadership and closely controlling costs. Medium term, the UK remains a large and important economy to us. Looking forward, I am convinced the UK business will be in a strong position to capitalise on any pent-up demand once our clients feel confident to start investing in their own businesses again.

Q. Has there been any change in your assessment of the industry megatrends?

A. Our enthusiasm for the structural attraction of non-Perm and flexible working is as high as ever. The world of work is changing at a tremendous pace, and in tandem with major shifts in worker demographics and pension needs, longer, plural careers are becoming more commonplace.

We are ideally placed to help our clients plan their own growth, and how they might access resources needed to deliver that. We help them navigate the increasing complexity of workforces and legislative environments, ensuring our clients access the talent they need, in a way that makes sense for them. This can be via permanent recruitment, utilising a flexible workforce or even structuring teams of skilled individuals around specific projects.

We are actively positioning Hays to be the trusted partner and advisor to candidates throughout their working lives, helping them navigate between Perm and Flex roles interchangeably as their careers develop.

Technology and greater use of data continues to change how recruitment processes are delivered at a rapid pace. Our in-house innovations team invests heavily to understand which of the many tools continually being launched truly adds value. Where they do, we seek to build them into our own systems, benefiting our clients and candidates.

Above all, in a skill-short world, the competition for the best talent is fierce and it is our job to ensure our clients win the race. Technology and engaged data enables that process, allowing us to reach, and maintain regular contact with, a far wider pool of people. This gives our clients unprecedented access to the very best talent available.

Reaching and engaging with millions of people every day needs useful content that our customers value. That's why we produce Thought Leadership pieces like the Hays Skills Index, our Diversity & Inclusion work and our Salary Guides. Building on this engagement, we are also starting to introduce services across what we call our 'Workspace Platform' to help Temps and Contractors with some of the essential benefits a permanent employer would typically provide or give specialist advice for freelancers. The aim is to foster partnership, loyalty and ultimately repeat business with our talent pools.

In time, I can see our white-collar, professional markets, particularly in Flex roles, moving towards a 'Careers as a Service' type-model. If I am correct, Hays is uniquely positioned to help clients and candidates make this shift.

Q. On technology, how do you manage the risk of disruption from new entrants and platforms?

A. Commentators have forecast the dis-intermediation of recruitment agencies longer than I've been in the industry. First it was via job boards, then social media platforms and online communities, and latterly aggregators and peer-to-peer hiring platforms.

There is no room for complacency and we are constantly vigilant to technological change as our world continues to evolve.

That said, to date, rather than be disrupted, the role of a specialist agency has been enhanced. That's because the heart of good recruitment is based on the strength of the relationships formed with clients and candidates, which is a very human thing. I firmly believe that the prize for adding real human value in a digital world is immense. Software companies cannot do this alone, and human-only businesses miss out on what technology can augment in their people. Hays is a hybrid – we train our consultants to be the best in the industry. We have never been in a better place in terms of data and technology.

We have invested heavily in technology throughout my 12 years as CEO, to ensure our consultants have the best tools available to do their job. But we also invest heavily in our people, so they have the right skills to become trusted advisors to their clients and candidates and become true experts in their chosen field. That makes us unique and best positioned to win both against potential disruptors as well as traditional recruiters.

There are no short-cuts to achieving this position and we have a clear lead in our industry while others start their own journey.

Q. The term "our people are our greatest asset" is often used by companies. Can you give some examples of what it means at Hays?

A. Hays is a business that has people at its heart, and we are hugely proud – and protective – of our people culture. We think it's unique and it sets us apart in our industry. I visited over 15 Hays countries in FY19, and in each office the same core values of client service, integrity and passion hold true.

Some of the awards received in FY19 include Hays France ranking 8th across all sectors in the 'Great Places to Work' survey. Hays Asia also registered a great result in their version of that survey, coming 11th, which included Hays Japan winning 'Best Large Recruitment Company to work for'. Hays Germany gained an Employers Institute 'Top Employer' award for an 11th consecutive year, and our Austria and Switzerland businesses also earned the 'Top employer' status. Hays UK was ranked number one by JobCrowd as 'Best large company for graduates to work', and also had the top rated intern scheme, and Hays Australia won BHP's 'Inclusion & Diversity' award.

We don't achieve these accolades without hard work. I'm extremely proud of the success we have had from the Hays 'International Leadership and Management Programme' (ILMP), now in its second year, and designed to further equip our senior people to lead successful businesses in an increasingly complex world of work. Over 100 of our global leaders will have completed the programme by the end of FY20, and it has been an incredibly easy decision to extend the initiative so that even more of our colleagues can benefit in future years.

This year we engaged a new partner, Culture Amp, to conduct our employee survey, aiming to deliver deeper and more insightful data around employee matters. I'm really pleased with the detailed insights this has delivered.

87% of staff completed the survey in FY19, and over 90% of respondents said they understood how their work aligns to the overall Hays business objectives. Over 80% said they believed Hays creates lasting relationships and delivers outstanding results to our customers, and 79% described Hays as a great place to work. 72% of our people also said they believed that Hays values diversity.

That suggests to me that we are doing many things right for our people, although there is always room to improve.

We put our money where our mouth is though, and our training is industry-leading. Our new recruits spend over 20% of their first year in training and on-the-job development programmes. Our managers also receive extensive training and support, 12 days per annum on average. I'm proud to say that 3,497 colleagues were promoted. A further 73 transferred internationally, reinforcing our global culture while giving them exciting new opportunities overseas.

Ultimately, I want to build a business which the very best people aspire to join, and once they get here, we offer them unparalleled opportunities for personal growth so that they genuinely can see a way to spend their entire career at Hays with no limits to what they could achieve. After all, keeping the best talent within Hays is in the interest of our clients, our candidates and our shareholders. And with that I'd like to thank all my colleagues around the world for their hard work and commitment in making Hays the powerhouse it is today.

Q. What keeps you awake at night as a CEO?

A. The biggest risks to our business remain geopolitical and macroeconomic. A disorderly exit of the UK from the European Union would likely have a detrimental effect on business investment in the UK, and possibly even the EU. Candidate confidence may also suffer.

The US/China trade war rumbles on, and an upward spiral in trade tariffs across the globe is unhelpful. Political uncertainty has the potential to weaken investment confidence.

Hardly a day goes by without a news story on cyber threats to businesses. At Hays we take this threat extremely seriously and it occupies a central position at Board level. It is my job as CEO to be 'professionally paranoid' around the subject and do everything we can to protect our candidate, client and employee personal data.

It is a continual battle, but our IT, Legal and Operations teams' level of engagement gives me great comfort as CEO. However, we can never be complacent.

My main personal challenges are staying apace with innovation and industry developments to ensure we remain highly relevant and the industry leader. I'm also deeply passionate about the development of our people, their motivation and succession planning as the success of this business is based so heavily on the quality of our people. Making sure we have the right internal talent both for today and for the future is a vital part of my job, which means a continual emphasis on training and development at all levels.

Looking forward, I expect significant further technological changes and innovation, and plan to embrace these. Change will continue to present us with opportunities, as well as creating risks or threats to our business model. However, we have successfully navigated these in the past. Despite slower growth in our end markets in many places than a year ago, Hays is in the best shape possible, and we are wholly focused on positioning the Group to capitalise on long-term growth prospects.

Finally, we should never forget the real value we bring to our communities as over the last 12 months we helped over 30,000 clients find the talent they need to grow and more than 335,000 people find their next job. We have captured this in our new Purpose statement: Every day across our business, we benefit society by helping people succeed and enabling organisations to thrive – creating opportunities and improving lives. After your family and your health, your career is amongst the most important areas of your life. Helping organisations find the best talent, and helping people achieve success in their career is a hugely important thing, and I am honoured to be involved.

Alistair Cox
Chief Executive

OUR CASH STRATEGY

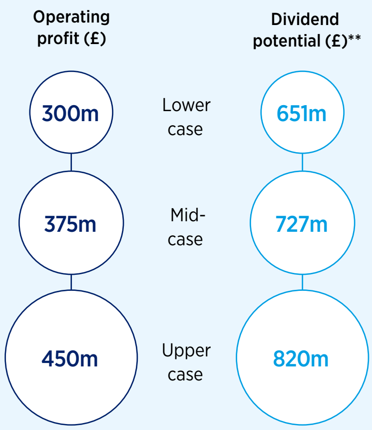
Our business model is highly cash-generative, creating significant opportunities for shareholder returns

At our Investor Day in November 2017, we detailed our ambition to deliver operating profit of between £300-450 million by 2022*.

Our business is highly cash-generative, meaning that if we hit the mid-point of this profit range, we can potentially deliver a cumulative £944 million of operating free cash flow (FY18 and FY19 cumulative total: £506.5 million).

After taxes, budgeted capex and pension payments, we calculate that £727 million could be available for returns to shareholders. In FY18 and 19, we have paid or proposed a cumulative total of £265 million in dividends.

Potential for material returns to shareholders based on achieving our five-year aspirations



Over £265 million in dividends paid or proposed since the start of our five-year plan ending 2022

* This assumed a continued benign economic backdrop, and a relatively business-friendly exit of the UK from the EU.

** Cumulative figure over five years.

MEASURING OUR PERFORMANCE

Our long-term aim is to be the undisputed global leader in specialist recruitment. Along the way, we are focused on delivering well-diversified, profitable and cash-generative net fee growth. We measure our progress in this respect, as well as against our areas of operational focus, using a series of KPIs.

1. Like-for-like[1] net fee growth (%)

2019	**6[1]**
2018	12
2017	6
2016	7
2015	9

Measure

How the Group's business is performing over time, measured as net fee growth on a constant-currency basis.

Progress made in 2018–19

Good net fee growth of 6%, led by our International net fees up 7%. Having passed £1.0 billion in net fees for the first time in our history in FY18, in FY19 we exceeded £1.1 billion.

2. Proportion of Group net fees generated by our International business (%)

2019	**77**
2018	76
2017	75
2016	66
2015	64

Measure

The Group's relative exposure to markets which are typically more immature and under-penetrated than the UK&I, calculated as the percentage of non-UK&I net fees.

Progress made in 2018–19

77% of Group net fees were generated outside of the UK&I this year, led by a 9% increase in our largest business, Germany, and 8% growth in RoW.

5. 2019 Employee engagement (%)

Employee participation	**87%**
Great place to work	**79%**

Measure

In FY19 we engaged a new partner, Culture Amp, to conduct a survey which delivers more insightful data and deeper clarity around employee matters. We are pleased with the detailed insights this has delivered, including a new baseline for measuring key engagement indicators going forward. However, this means we cannot compare scores with prior years, hence the new graphic above.

Progress made in 2018–19

87% of staff completed the survey. Over 90% said they understood how their work aligns to Hays' business objectives; over 80% said they believed Hays creates lasting relationships and delivers outstanding results to our clients and 79% described Hays as a great place to work.

6. Like-for-like[1] net fees per consultant (£000s)

2019	**144.3**
2018	144.3
2017	142.9
2016	142.0
2015	137.1

Measure

The productivity of the Group's fee earners. Calculated as total Group net fees divided by average consultant numbers.

Progress made in 2018–19

Group like-for-like[1] net fees per consultant were flat year-on-year at £144.3k. The slowdown in Europe and Australia as the year progressed slightly reduced productivity, offset by an improvement in UK&I productivity.

(1) Like-for-like growth represents organic growth of operations at constant currency.
(2) Operating profit and basic earnings per share are stated before exceptional charges, as detailed in note 5 to the consolidated financial statements on page 118.
(3) Conversion rate is the proportion of net fees converted into pre-exceptional operating profit.
(4) FY19 cash generated by operations excludes the cash impact of exceptional items of £2.9 million paid in the year.

Measured against our strategy

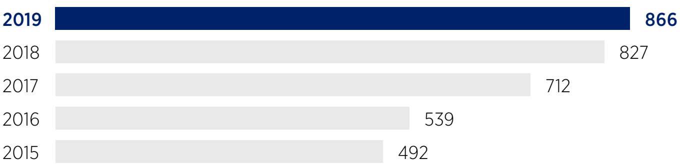
We clearly link each of our KPIs to our four strategic priorities:

- Materially increase and diversify Group profits
- Invest in people and technology, responding to change and building relationships
- Generate, reinvest and distribute meaningful cash returns
- Build critical mass and diversity across our global platform

We have chosen a range of KPIs which are both financial and non-financial. They are focused on the overall Group financial performance, as well as changes we are making within the Group, such as the internationalisation of the business. As well as growth, we measure KPIs which illustrate the efficiency of our operations, such as conversion rate and cash conversion.

As we work towards our aims, and the shape and size of our business or our strategic priorities evolve, then our KPIs will evolve too.

3. Headline International net fee base (£m)



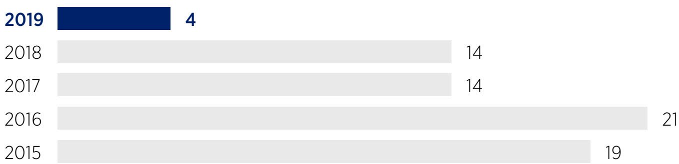
Measure

The absolute scale of the non-UK&I businesses in net fee terms (ANZ, Germany & RoW).

Progress made in 2018–19

Like-for-like[1] net fees in the International business grew by 7% in the year. Growth was strongest in Asia and the Americas, although Europe saw a slowdown in growth as the year progressed.

4. Basic earnings per share growth (%)



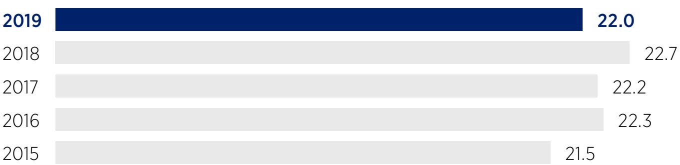
Measure

The underlying profitability of the Group, measured by the earnings per share[2] of the Group's operations.

Progress made in 2018–19

Basic earnings per share[2] increased by 4% to 11.92 pence. This reflects the Group's higher operating profit[2], lower net finance charge and lower effective tax rate.

7. Conversion rate[3] (%)



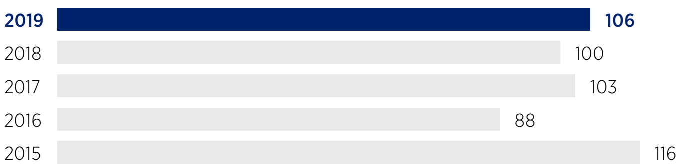
Measure

Calculated as operating profit[2] divided by net fees. Measures the Group's effectiveness in managing our level of investment for future growth and controlling costs.

Progress made in 2018–19

Our conversion rate[3] decreased by 70 bps to 22.0%, largely as a result of slowing net fee growth in some of our largest markets as the year progressed.

8. Cash conversion (%)



Measure

The Group's ability to convert profit into cash. Calculated as cash generated by operations[4] as a percentage of operating profit[2].

Progress made in 2018–19

106% cash conversion was a strong result, based on continued good working capital management throughout the year. This benefited from the lower rate of growth in our Temp and Contracting businesses in the second half of the year, which are relatively working capital intensive.

OUR PEOPLE AND CULTURE

To become the trusted partners to millions of people and tens of thousands of organisations, you need deep sector expertise, a strong reputation and a culture which fosters doing the right thing, day in and day out.

Purpose and values

Every day, our c.11,500 colleagues collectively power the world of work. We know that the right job can transform a person's life, and the right person can transform an organisation.

In helping to find talented people their next role, we benefit society by helping people succeed and enabling organisations to thrive – creating opportunities and improving lives.

Our core values are to be:

1) Passionate about people; 2) Ambitious; 3) Expert; 4) Insightful; and 5) Innovative.

Underpinning everything we do is our belief that we must always do the right thing. This enhances and protects our reputation, and builds trust with all our stakeholders, including candidates and clients.

The Ultimate People Business

We strive to recruit, train, develop and retain the best talent in our industry, and encourage our employees to reach their full potential through training and development.

The vast majority of our new recruits join us straight out of university on our graduate scheme, or occasionally via a vocational career or the armed forces.

We train them in the 'Art' of recruitment, helping them build the depth of insight and awareness required to ensure the ideal cultural fit for any role.

We then equip them with the best tools to do the job, embracing new technologies, and innovating the way we work. In the digital world, giving your people the ability to work flexibly is vital, and we have made changes to our operating hours, plus adopted new technologies to foster greater home working.

However we recognise that recruitment works best when people are part of an engaged and motivated team. We promote from within, and give our staff the opportunity to quickly move up the career ladder from Consultant to Team Leader, to Desk Head, to Sector Head and Managing Directors.

Training & Development

We have enhanced the way we measure our training and development statistics.

Early years

In the first year of working at Hays, Associate Consultants spend c.20% of their time in formal classroom environments and 'on desk' learning with their managers.

We have measured this in FY19 for the first time, and we believe that on average our new Associate Consultants each receive c.46 days of intensive coaching and training in their first year. This considerable investment in their development helps them climb the 'productivity curve'.

"Our reputation and our people are our most valuable assets"

We are committed to providing our recruits with the best training and development in our industry. Typically, a first-year joiner will spend on average 46 days in training, helping them to climb the 'productivity curve' while instilling the Hays culture.

Intermediate managers

Once consultants have completed their first year, our training takes on a more tailored approach based on a person's needs. For example, someone working on a Data Science desk within our IT specialism, or on an Architecture desk within C&P, will get ample opportunity to stay current with developments in their industry, to help their expertise. We also provide leadership, sales psychology and ethics training. In FY19, our managers spent on average 12 days engaged in training and development activity, or approximately 5% of their working year.

Senior managers: ILMP

In 2018 we introduced our 'International Leadership and Management Programme' for our most senior operators and country heads. The aim is to equip our most experienced leaders with the skills to drive their businesses forward, and to embrace the opportunities being presented by the digital revolution. By the end of FY20, 105 of our senior leaders will have completed this course, and we have already committed to extending the programme into FY21.

Diversity and Inclusion

We know that diversity of perspective and an inclusive approach is great for our clients, our people and our business. Fundamental to our leading expertise is a shared commitment to equality and to harnessing the dynamism that diversity and inclusion bring to our workplace.

Building a more diverse and inclusive workforce allows us to tap into a diverse set of experiences and viewpoints that help us to see issues in different ways. Forums such as our DISCOs (regional Diversity and Inclusion Steer Committees), LGBTQ+, Hays Leading Women and Innovation & Great Ideas events allow us to invite, include and involve our people to share their ideas and initiatives. Diversity of thought allows us to develop more creative solutions to business challenges, meaning we are better placed to partner with our diverse client base and support our global talent pools.

Hays Training: Lisa Morris, Director, South Australia

"Since joining Hays, my skills as a leader have been developed through a mix of formal training, working alongside great role models and coaching by my managers over the years.

"In more recent times I have been fortunate enough to be involved in the International Leadership and Management Programme.

"The programme delivers first-class training and draws out the characteristics that have resulted in Hays' success over many years. It equipped me with new tools and ways of thinking that will ensure we remain industry leaders long into the future.

"My strategic planning has benefited, and I have gained greater appreciation for how to embed change in our business at a behavioural level, so that there is broad scale and lasting impact."

Find out more about People & Culture at haysplc.com/about-us/people-and-culture

Lisa joined Hays in 1997, specialising in Office Support recruitment. For the last decade she has been responsible for our operations in South Australia and Northern Territory and was promoted to the Australian & New Zealand Operational Board in 2018.

How has Hays helped you to become expert in your specialism?

“

Hays has enabled me to attend Pharma events, including C-level targeted network events. These have helped me develop my network and knowledge of Life Science industries, helping my personal brand while developing my client pool.

Also, I have been offered the chance to take part in language courses. One of my initial goals when I joined Hays was also to become a bilingual recruiter. I took this opportunity and I have been attending English classes in the evening once a week. This is definitely helping me in my career.

Shiho Yoshida
Akasaka

Hays gave me the foundation to become an expert in recruitment first. The investment in training – particularly my first nine months – is unquestionably class-leading, and the culture is one of continuous learning. Even now while I conduct training sessions of my own, I’m also highly likely to join a course run by colleagues, where I can learn something new. I also have to thank my candidates and clients for helping me develop a deep understanding of what they do. And without Hays’ brand and technology, I would never have found the variety and calibre of candidates and clients who I speak with and learn from every day.

Vivek Godinho
Melbourne

Hays has a unique way of embedding a specialism. My training gave me an ‘Inquisitive and Accountable’ mindset, where I get the tools, but then do the work myself. I choose to talk to clients and candidates all day, learning about what they do. Through active listening, asking questions and study, I have been able to become an expert in my specialism. I love going out to site and seeing how things are manufactured or sitting in a control room and seeing a process in real time. I am excited to see environments I would have never have otherwise had access to, and my scope for continuous learning is unlimited.

Kelly Hopkins
Ipswich (Queensland)

Becoming an expert at Hays is about the interaction of knowledge transfer, leadership, teamwork and experience. If you make a mistake – admit it, learn from it and don’t repeat it. And last but not least: your personal mindset!

Karolina Pawlak
Munich

”

DIVISIONAL OPERATING REVIEW

AUSTRALIA & NEW ZEALAND

Solid performance despite weaker market conditions in the second half, particularly in Construction & Property, and tough growth comparatives.

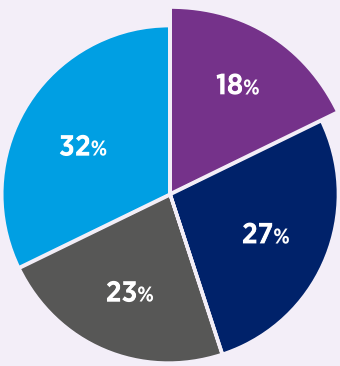
Offices
41
(FY18: 39)

Consultants[2]
1,008
(FY18: 1,000)

Net fees
£198.5m
(FY18: £199.4m)

Operating profit[3]
£66.4m
(FY18: £69.1m)

Share of Group net fees



- Australia & New Zealand
- Germany
- UK & Ireland
- Rest of World

In Australia & New Zealand (ANZ), net fees increased by 4% to £198.5 million and operating profit[3] was flat on a like-for-like basis, at £66.4 million. This represented a conversion rate[1] of 33.5% (2018: 34.7%), slightly down year-on-year as net fee growth slowed through the year, although trading remains near record levels. The difference between actual and like-for-like growth rates was primarily the result of the depreciation in the average rate of exchange of the Australian Dollar versus Sterling during the year, which decreased net fees by £7.7 million and operating profit by £2.8 million.

Temp net fees, which represented 68% of ANZ net fees in the year, grew by 7%. The number of Temp and Contracting workers reached a new record in the year in June, at over 22,000 per week. Net fees in Perm decreased 4%.

Australia delivered good net fee growth of 5%, led by the public sector, which represented 36% of Australian net fees, up 7%. Growth in private sector net fees was 4%.

Our largest regions of New South Wales and Victoria, which together accounted for 57% of Australia net fees, were up 7% and 5% respectively. Queensland and Australian Capital Territory also delivered a good performance, with net fees up 7% and 6% respectively, although Western Australia was weaker, declining by 4%.

At the Australian specialism level, IT grew by an excellent 21%, and Resources & Mining was strong, up 15%. Construction & Property and Accountancy & Finance, our two largest specialisms, were down 7% and 5% respectively, although Office Support grew by 6%.

New Zealand (5% of ANZ net fees) had a difficult year and was down 17%. We made management changes and our business sequentially stabilised in the second half of the year.

Net fees by specialism

Construction & Property	23%
Office Support	13%
Accountancy & Finance	12%
IT	12%
Banking	8%
Resources & Mining	4%
Other	32%

Net fees by country/sub-region

New South Wales	30%
Victoria	25%
Queensland	12%
Australian Capital Territory	9%
Western Australia	8%
Other	11%
New Zealand	5%

Net fees by contract type

32% Permanent	68% Temporary

Net fees by sector

34% Public	66% Private

Consultant headcount in ANZ increased by 1% year-on-year to 1,008, with Australia up 1% and New Zealand down by 3%. During the year we opened two new offices in Australia, in Ballarat and Bunbury.

Operating performance

Year ended 30 June	2019	2018	Actual growth	LFL growth
Net fees	**£198.5m**	£199.4m	0%	4%
Operating profit[3]	**£66.4m**	£69.1m	(4%)	0%
Conversion rate[1]	**33.5%**	34.7%	(120bps)	
Period-end consultant headcount[2]	**1,008**	1,000	1%	

Note: unless otherwise stated, all growth rates discussed on this page are LFL (like-for-like) year-on-year net fees and profits, representing organic growth of operations at constant currency.

(1) Conversion rate is the proportion of net fees converted into operating profit (before exceptional items).
(2) Closing consultant headcount as at 30 June.
(3) Operating profit is stated before exceptional charges, as detailed in note 5 to the consolidated financial statements on page 118.

GERMANY

Good performance despite significant reduction in business confidence, and tough growth comparatives.

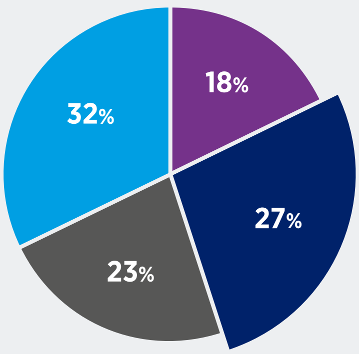
Offices
24
(FY18: 22)

Consultants(2)
1,801
(FY18: 1,700)

Net fees
£299.8m
(FY18: £276.0m)

Operating profit(3)
£91.3m
(FY18: £86.0m)

Share of Group net fees



Our largest market of Germany delivered good net fee growth of 9% to a record £299.8 million, with operating profit(3) up by 7% to £91.3 million. Our quarterly fee growth rates slowed as the year progressed, versus tough comparatives, with increasing signs of client cost control and slower decision-making. This was particularly evident in the Manufacturing and Automotive sectors.

A strengthening of Sterling versus the Euro through the year led to a year-on-year decrease in net fees of £1.5 million and operating profits(3) of £0.5 million. There was one additional trading day versus prior year, which we estimate had a 0.4% positive impact on net fees and a c.1% positive impact on operating profit(3). Therefore, adjusted for working days, underlying net fee growth remained c.9%(4) and operating profit(3) grew by c.6%(4).

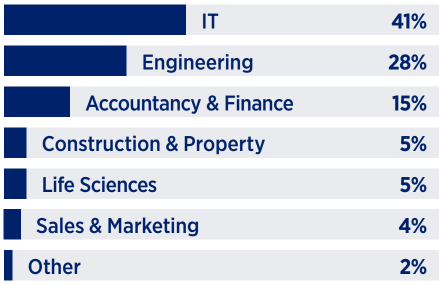
Our Temp and Contracting business, which represented 84% of Germany fees, delivered good growth of 8%. Within this, our largest business of Contracting increased by 3%, while Temp growth was strong at 19%. Our Perm business, 16% of our Germany fees, delivered strong growth of 16%.

IT, our largest specialism at 41% of Germany net fees, grew by 9%. Engineering, which represented 28% of net fees, increased by 6%. We saw strong growth of 17% and 16% respectively in our Sales & Marketing and Accountancy & Finance specialisms, and Legal net fees grew by an excellent 44%.

Consultant headcount increased 6% year-on-year to 1,801, although we reduced headcount by 1% in the second half of the year. We opened two new offices in Wiesbaden and Erfurt, and completed significant expansions in Cologne, Mannheim and Dresden. We also completed our front office IT operational upgrade and made good progress in our back-office system projects.

The impact of lower net fee growth in the second half of the year, together with the investments noted above, meant our conversion rate(1) declined 70bps to 30.5% (2018: 31.2%).

Net fees by specialism



Net fees by contract type

Net fees by sector

Operating performance

Year ended 30 June	2019	2018	Actual growth	LFL growth
Net fees	**£299.8m**	£276.0m	9%	9%
Operating profit(3)	**£91.3m**	£86.0m	6%	7%
Conversion rate(1)	**30.5%**	31.2%	(70bps)	
Period-end consultant headcount(2)	**1,801**	1,700	6%	

Note: unless otherwise stated, all growth rates discussed on this page are LFL (like-for-like) year-on-year net fees and profits, representing organic growth of operations at constant currency.

(1) Conversion rate is the proportion of net fees converted into operating profit (before exceptional items).
(2) Closing consultant headcount as at 30 June.
(3) Operating profit is stated before exceptional charges, as detailed in note 5 to the consolidated financial statements on page 118.
(4) The estimated working day impact is calculated on our Temp & Contractor businesses only, we make no estimate of the impact on our Perm business. It represents an assumption based on recent trends of revenues/working day in our major Temp and Contractor businesses.

UK & IRELAND

Solid performance, with profit[3] up 4%, driven by good cost control, despite ongoing uncertainties.

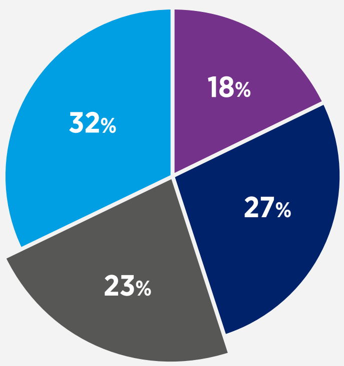
Offices
96
(FY18: 97)

Consultants[2]
1,960
(FY18: 1,917)

Net fees
£263.8m
(FY18: £258.2m)

Operating profit[3]
£48.9m
(FY18: £47.0m)

Share of Group net fees



- Australia & New Zealand
- Germany
- UK & Ireland
- Rest of World

In the United Kingdom & Ireland net fees increased by 2% to £263.8 million, with operating profit[3] up 4% to £48.9 million, driven by good cost control, increasing the conversion rate[1] to 18.5% (2018: 18.2%). After a solid first half, fee growth in the UK was understandably more subdued in the fourth quarter and was impacted by increased economic uncertainty, which reduced client confidence.

Temp, which represented 57% of division net fees, grew by 4%, with our Perm business flat year-on-year. There was strong net fee growth of 11% in the public sector although the private sector, which represents 73% of net fees, was tougher and fell 1%.

All regions traded broadly in line with the overall UK business, with the exception of the South West & Wales, up 14%, Northern Ireland up 7%, Scotland down 9% and Yorkshire & the North down 4%. Our largest region of London, c.32% of UK&I net fees, grew by 2%. Ireland delivered solid net fee growth of 4%.

At the specialism level, IT net fees grew by a strong 11%. Growth in Accountancy & Finance, our largest UK&I business, was 3%, while our second-largest, Construction & Property, increased by 1%. Office Support grew by 4%, although Education continued to be tough and decreased by 10%.

Year-end consultant headcount increased by 2% to 1,960, although decreased by 1% on an average basis year-on-year.

Net fees by specialism

Accountancy & Finance	22%
Construction & Property	20%
Office Support	12%
IT	10%
Education	7%
Banking	7%
Other	22%

Net fees by region

London & South East	32%
North & Scotland	22%
Midlands & East Anglia	18%
South West & Wales	12%
Ireland	8%
Other	8%

Net fees by contract type

43% Perm
57% Temp

Net fees by sector

27% Public
73% Private

Operating performance

Year ended 30 June	2019	2018	Actual growth	LFL growth
Net fees	**£263.8m**	£258.2m	2%	2%
Operating profit[3]	**£48.9m**	£47.0m	4%	4%
Conversion rate[1]	**18.5%**	18.2%	30bps	
Period-end consultant headcount[2]	**1,960**	1,917	2%	

Note: unless otherwise stated, all growth rates discussed on this page are LFL (like-for-like) year-on-year net fees and profits, representing organic growth of operations at constant currency.

(1) Conversion rate is the proportion of net fees converted into operating profit (before exceptional items).
(2) Closing consultant headcount as at 30 June.
(3) Operating profit is stated before exceptional charges, as detailed in note 5 to the consolidated financial statements on page 118.

REST OF WORLD

Strong net fee growth in Asia and the Americas, partially offset by weaker European markets.

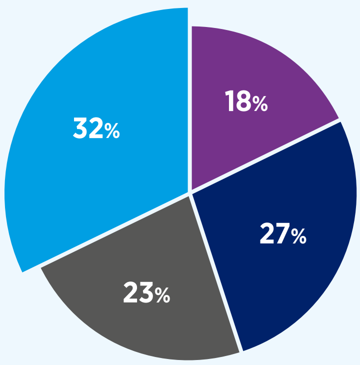
Offices
104
(FY18: 99)

Consultants(2)
3,013
(FY18: 2,847)

Net fees
£367.6m
(FY18: £339.2m)

Operating profit(3)
£42.2m
(FY18: £41.3m)

Share of Group net fees



- Australia & New Zealand
- Germany
- UK & Ireland
- Rest of World

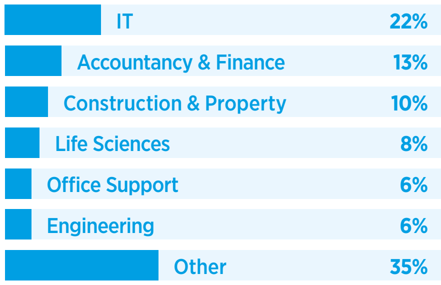
Our Rest of World division, which comprises 28 countries, delivered good net fee growth of 8% to £367.6 million, despite a tough growth comparative. A deceleration in fee growth through the year, especially in EMEA ex-Germany, restricted operating profit(3) growth to 2%, at £42.2 million. This represented a decrease in conversion rate(1) of 70bps to 11.5% (2018: 12.2%). Currency impacts in the year were minimal, with modest Sterling weakness against the US Dollar broadly offset by strength against the Euro. This resulted in an increase in net fees of £0.5 million, but a slight decrease in operating profit of £0.1 million.

18 countries delivered all-time record net fees. Perm net fees, which represented 70% of RoW, increased by 11%, while Temp net fees rose 2%.

EMEA ex-Germany delivered good overall net fee growth of 6%, with 10 countries generating record net fees in the year, including Spain, Italy and Poland. Operating profit(3) decreased by 4% as weaker macroeconomic conditions impacted client confidence, particularly in France, Belgium and the Netherlands. France, our largest RoW market, increased net fees by 4%, however profit decreased 7% as net fee growth slowed sharply through the year. The Netherlands and Belgium also saw tougher market conditions, with net fees down 5% and 6% respectively. Southern Europe performed better, with net fees in Spain up 14%, and Italy and Portugal both excellent at 20% and 30% respectively.

The Americas grew net fees by a strong 10%, including five of our six countries with all-time records. Canada was a stand-out performer, with net fees up 18%, with the USA up 7% and Chile up an excellent 25%. We continued to invest in the region, particularly in the USA and Latin America, where headcount rose by 8% and 15% respectively. Despite these investments, operating profit(3) in the Americas grew by £1.8 million.

Net fees by specialism



Net fees by selected sub-region

*excluding Germany

Net fees by contract type

Asia delivered another strong performance, with net fees up 15%. Three of our six businesses in the region delivered record net fee performances. China delivered excellent growth of 22%, including 32% growth in Hong Kong SAR. Singapore was also excellent, up 20%. Japan, our second largest Asian market, grew by 4%, despite a weak third quarter where net fees fell by 5%. Japan's weakness in the third quarter, combined with Asian office expansions and investment in headcount, impacted overall Asia operating profit, which grew by 3% year-on-year.

Consultant headcount in the division increased 6% year-on-year to 3,013. Within this, headcount in EMEA ex-Germany grew by 5% year-on-year (although decreased by 5% since 31 December 2018), Asia grew by 10% and the Americas by 4%. During the year we opened five new offices in RoW.

Operating performance

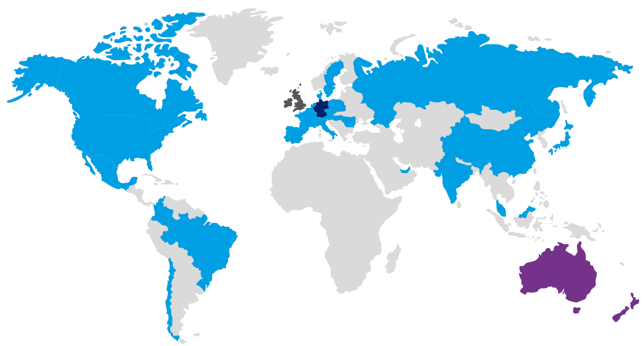
Year ended 30 June	2019	2018	Actual growth	LFL growth
Net fees	**£367.6m**	£339.2m	8%	8%
Operating profit(3)	**£42.2m**	£41.3m	2%	2%
Conversion rate(1)	**11.5%**	12.2%	(70bps)	
Period-end consultant headcount(2)	**3,013**	2,847	6%	

Note: unless otherwise stated, all growth rates discussed on this page are LFL (like-for-like) year-on-year net fees and profits, representing organic growth of operations at constant currency.

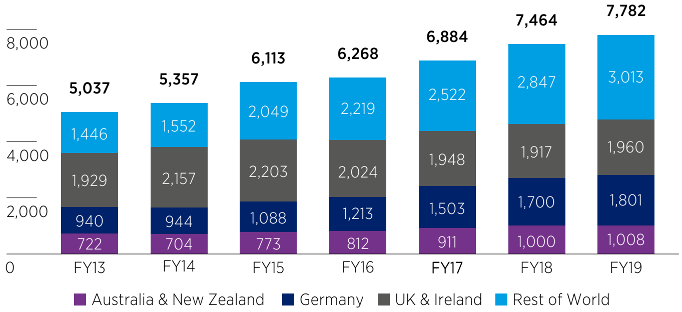
(1) Conversion rate is the proportion of net fees converted into operating profit (before exceptional items).
(2) Closing consultant headcount as at 30 June.
(3) Operating profit is stated before exceptional charges, as detailed in note 5 to the consolidated financial statements on page 118.

HISTORICAL COMPARISONS FY13–19

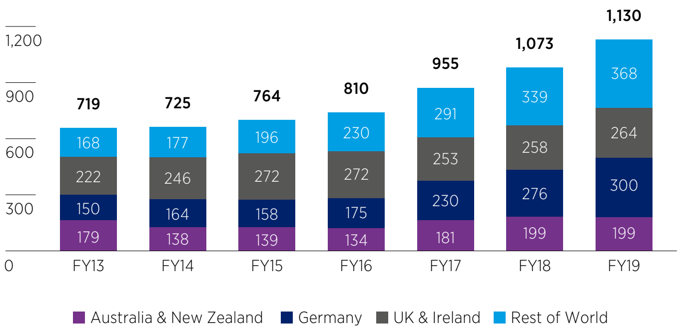
To assist investors in their analysis of Hays, we present our net fees, operating profit, headcount and conversion rate since FY13.



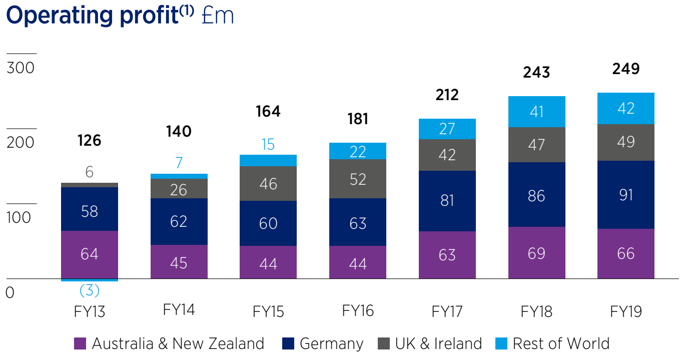
Consultant headcount



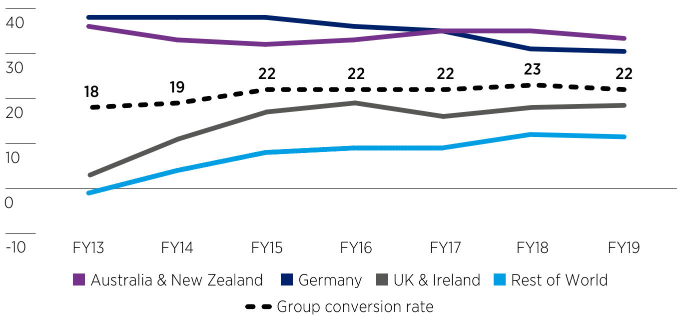
Net fees £m



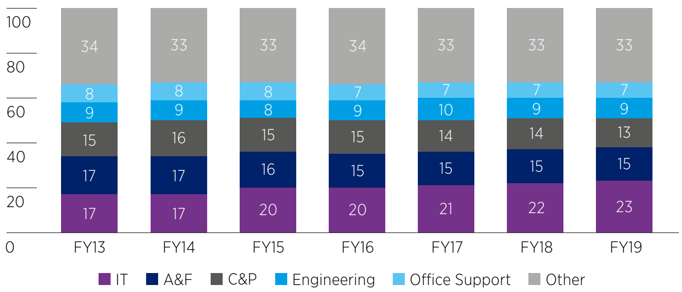
Operating profit[1] £m



Conversion rate[1] %



Net fees by specialism %



(1) FY19 operating profit is stated before exceptional charges of £15.1 million, as detailed in note 5 to the consolidated financial statements on page 118. FY19 conversion rate is also shown on a pre-exceptional basis.

"I am pleased to report a solid financial performance, with strong cash flow and the Board proposes a record total dividend of £137.9 million."

Paul Venables
Group Finance Director,
Hays plc

FINANCE DIRECTOR'S REVIEW

Increase in Group net fee income
+6%
FY18: +12%

Conversion rate(4) of Group net fees into operating profit(3)
22.0%
FY18: 22.7%

Increase in operating profit(3)
+4%
FY18: +15%

Group consultant headcount up 4% year-on-year
7,782
FY18: 7,464

Total proposed and paid dividends
£137.9m
FY18: £128.4m

Financial highlights

I am pleased to report we delivered a solid financial performance in FY19. Turnover was up 7%, and net fees(2) by 6% on a like-for-like basis (5% on an actual basis), with operating profit(3) up 4% on a like-for-like basis (2% on an actual basis), to £248.8 million. We converted 106% of operating profit(3) into operating cash flow(6). Our conversion rate(4), which remains industry-leading, decreased by 70bps to 22.0% (FY18: 22.7%) as net fee growth slowed through the year.

Our cash performance was strong, we ended the year with net cash of £129.7 million. As a result, the Board proposes to increase the final core dividend by 4% to 2.86p per share, resulting in an increase to the full-year core dividend to 3.97p per share, up 4% on prior year and covered 3.0x by pre-exceptional earnings(3). Additionally, our record cash position and our highly cash-generative business model, enabled the Board to propose a special dividend of 5.43p per share, in line with our dividend policy.

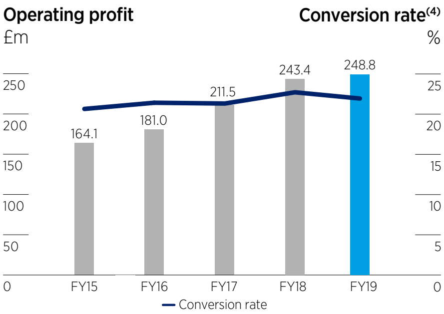
(1) Net fees of £1,129.7 million (FY18: £1,072.8 million) are reconciled to statutory turnover of £6,070.5 million (FY18: £5,753.3 million) in note 5 to the Consolidated Financial Statements.
(2) Net fees comprise Turnover less remuneration of temporary workers and other recruitment agencies.
(3) FY19 operating profit is presented before exceptional costs of £15.1 million, comprising £8.3 million relating to the equalisation of guaranteed minimum pensions for men and women in UK defined pension plans, and £6.8 million relating to restructuring charges, primarily in our European businesses.

Operating performance

Year ended 30 June (£s million)	2019	2018	Actual growth	LFL growth
Turnover(1)	**6,070.5**	5,753.3	6%	7%
Net fees(2)	**1,129.7**	1,072.8	5%	6%
Operating profit(3)	**248.8**	243.4	2%	4%
Cash generated by operations(6)	**263.0**	243.5	8%	
Profit before tax	**231.2**	238.5	(3%)	
Profit before tax (before exceptional items)	**246.3**	238.5	3%	
Basic earnings per share	**11.10p**	11.44p	(3%)	
Basic earnings per share (before exceptional items)	**11.92p**	11.44p	4%	
Core dividend per share	**3.97p**	3.81p	4%	
Special dividend per share	**5.43p**	5.00p	9%	

Note: unless otherwise stated all growth rates discussed in the Finance Director's Review are LFL (like-for-like) year-on-year net fees and profits, representing organic growth of operations at constant currency.

During the year, macroeconomic conditions became increasingly difficult in many of our markets. Candidate confidence generally remained strong, however we saw clear signs of reduced business confidence and faced increasingly tough growth comparatives as the year progressed.



Foreign exchange

Overall, net currency movements versus Sterling negatively impacted results in the year. Over the course of the year to 30 June 2019, exchange rate movements reduced net fees by £8.8 million, and operating profit(3) by £3.4 million.

Fluctuations in the rates of the Group's key operating currencies versus Sterling continue to represent a significant sensitivity for the reported performance of our business. By way of illustration, each 1 cent movement in annual exchange rates of the Australian Dollar and Euro impacts net fees by £1.1 million and £4.1 million respectively per annum, and operating profit by £0.4 million and £1.2 million respectively per annum.

The rate of exchange between the Australian Dollar and Sterling over the year ended 30 June 2019 averaged AUD 1.8105 and closed at AUD 1.8087. As at 27 August 2019 the rate stood at AUD 1.8156. The rate of exchange between the Euro and Sterling over the year ended 30 June 2019 averaged €1.1351 and closed at €1.1169. As at 27 August 2019 the rate stood at €1.1062.

The impact of these movements in foreign exchange rates means that if we retranslate the Group's full-year operating profit(3) of £248.8 million at current exchange rates, the actual reported result would increase by c.£5 million to c.£254 million.

Strong growth in International Temp and Perm

Net fees in Temp, which includes our Contracting business and represented 57% of Group net fees, increased by 6%. This comprised a volume increase of 6% and an hours/mix gain of 3%, partially offset by underlying Temp margins(5) down 50bps at 15.4% (2018: 15.9%). This was mainly due to a reduction in ANZ and UK&I Temp margins.

Net fees in Perm increased by 7%, with volumes up 4% and our average Perm net fee up 3%. Regionally, ANZ perm fees decreased by 4%, Germany grew by 16%, UK&I was flat and RoW grew by 11%.

Movements in consultant headcount

Consultant headcount as at 30 June 2019 was 7,782, up 4% year-on-year. ANZ increased by 1% year-on-year, Germany by 6%, the UK&I by 2% and RoW by 6%. Within RoW, China and the USA grew by 10% and 8% respectively. Group consultant headcount was decreased by 2% versus December 2018 as we aligned headcount to slower fee growth in the second half.

Current trading

In the first half of our financial year ending 30 June 2020, we will continue to overlap tough net fee growth comparatives versus the prior year.

While we will continue to selectively invest to capitalise on opportunities to reinforce our market leadership, we expect Group headcount growth in Q1 FY20 to be modestly up sequentially, including the impact of our normal seasonal graduate intake. Our increase will be below Q1 FY19, and lower than our normal rate.

Movements in the rates of exchange of the Group's key currencies, notably the Australian Dollar and the Euro, remain a material sensitivity to our reported financial performance.

Australia & New Zealand

Market activity in Australia continues to be broadly stable sequentially, at high overall levels, albeit slightly below FY19. IT markets remain strong, although Construction & Property remains tough.

Germany

Economic conditions and market activity levels are weakening, with reduced business confidence and slower client investment decisions, particularly in the Engineering and Automotive sectors.

United Kingdom & Ireland

Market activity has recently softened, with signs that continued economic uncertainty is impacting business confidence in the private sector.

Rest of World

Conditions remain good across Asia, but are more mixed in the Americas. EMEA ex-Germany is broadly stable.

(4) Conversion rate is the proportion of net fees converted into pre-exceptional operating profit.
(5) The underlying Temp gross margin is calculated as Temp net fees divided by Temp gross revenue and relates solely to Temp 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 and arrangements where the Group provides major payrolling services.
(6) FY19 cash generated by operations excludes the cash impact of exceptional items of £2.9 million paid in the year.

IFRS 16

IFRS 16 Leases will become effective for the Group from 1 July 2019, the start of FY20. The Group has elected to apply the modified retrospective approach whereby the right of use asset at the date of initial application is measured at an amount equal to the lease liability with no restatement to prior years. We estimate that the Group's assets and liabilities will increase by c.£240 to c.£245 million and operating lease rental charges for those leases accounted for under IFRS 16, which are almost entirely property-related, are replaced by depreciation and finance costs.

We estimate that the overall impact of adopting IFRS 16 in FY20 will result in a decrease in the Group underlying profit before tax by c.£3 million, i.e. not material to overall Group profits levels, and have no impact on cash. This comprises a benefit to Group operating profit of c.£2 million, offset at the profit before tax level by an additional c.£5 million of non-cash finance charges, discussed further below.

Net finance charge

The net finance charge for the year was £2.5 million (FY18: £4.9 million). The average interest rate on gross debt during the period was 2.0% (FY18: 2.0%), generating net bank interest payable including amortisation of arrangement fees of £1.7 million (FY18: £1.6 million). The net interest charge on defined benefit pension scheme obligations was £0.5 million (FY18: £2.1 million). The Pension Protection Fund levy was £0.2 million (FY18: £0.3 million).

We expect the net finance charge for FY20 to be around £10 million. The increase versus FY19 is primarily due to c.£5 million of non-cash IFRS 16 interest charges as we report IFRS 16 for the first time, as noted above, and c.£2.5 million of non-cash increase in IAS 19 pension charge, given a lower defined benefit Group pension scheme surplus of £19.7 million (FY18: £75.9 million), and the reduced discount rate.

Taxation

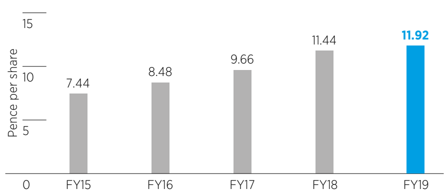
Taxation for the year on profit before exceptional items was £72.7 million (FY18: £72.7 million), representing an effective tax rate of 29.5% (FY18: 30.5%). The tax charge on total profits including exceptional items was £69.5 million, representing an effective tax rate of 30.1%. The effective tax rate reflects the Group's geographical mix of profits and the impact of items considered to be non-taxable or non-deductible for tax purposes, with the decrease year-on-year primarily due to changes in these factors and the availability of tax losses to shelter income.

The Group's effective tax rate for FY20 will be driven by these factors and we currently expect the rate to be broadly unchanged from the FY19 pre-exceptional rate of 29.5%.

Earnings per share

Basic earnings per share before exceptionals[3] increased by 4% to 11.92 pence (FY18: 11.44 pence), reflecting the Group's higher operating profit[3], lower net finance charge and lower effective tax rate. Basic earnings per share after exceptionals decreased by 3% to 11.10 pence (FY18: 11.44 pence).

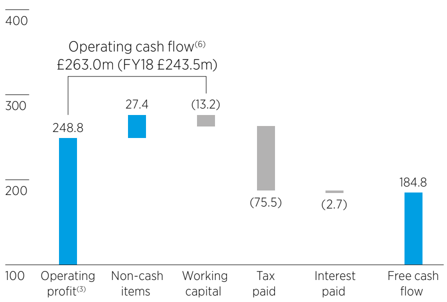
Earnings per share p



Cash flow and balance sheet

Underlying cash performance was strong with 106% conversion of operating profit[3] into operating cash flow[6] (FY18: 100%). This was a result of continued strong working capital management throughout the year and benefited from the lower rate of growth in our Temp and Contracting businesses in the second half of the year, which are relatively working capital intensive. Trade debtor days were unchanged at 39 days (FY18: 39 days).

Operating profit[3] to free cash flow[6] £m

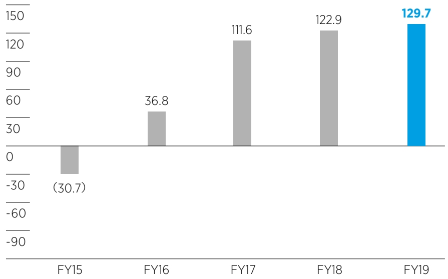


Capital expenditure was £33.0 million (FY18: £25.0 million), with the increase primarily due to investments in front- and back-office operational systems, particularly in Germany and the USA, cyber security and property. We expect capital expenditure to be c.£30 million for the year to June 2020.

Dividends paid in the year totalled £129.1 million and pension deficit contributions were £15.7 million. Net interest paid was £2.7 million, including an arrangement fee on our new debt facility, and the cash tax payment was £75.5 million.

We ended the year with a record net cash position of £129.7 million.

Closing net cash/(net debt) £m



Retirement benefits

The Group's pension position under IAS 19 at 30 June 2019 has resulted in a surplus of £19.7 million, compared to a surplus of £75.9 million at 30 June 2018. The decrease in surplus of £56.2 million was primarily due to changes in financial assumptions (a decrease in the discount rate and an increase in the inflation rate) partially offset by an increase in asset values.

In respect of IFRIC 14, the Schemes Definitive Deed and Rules is considered to provide Hays with an unconditional right to a refund of surplus assets and therefore the recognition of a net defined benefit scheme asset is not restricted. Agreements to make funding contributions do not give rise to any additional liabilities in respect of the scheme.

During the year the Company contributed £15.7 million of cash to the defined benefit scheme (FY18: £15.3 million), in line with the agreed deficit recovery plan. The 2018 triennial valuation quantified the actuarial deficit at £43.6 million on a Technical Provisions (TP) basis and the recovery plan comprises an annual payment of £15.3 million from July 2018, with a fixed 3% uplift per year, over a period of just under six years. The scheme was closed to new entrants in 2001 and to future accrual in June 2012.

As previously announced, on 6 August 2018, Hays Pension Trustee Limited, in agreement with Hays plc, entered into a bulk purchase annuity policy (buy-in) contract with Canada Life Limited for a premium of £270.6 million in respect of insuring all future payments (excluding GMP equalisation adjustments where applicable) to the existing pensioners of the Hays defined benefit Scheme as at 31 December 2017. The pension buy-in transaction was funded through the existing investment assets held by the Trustee on behalf of the pension scheme. The impact of this transaction is reflected in the IAS 19 valuation as at 30 June 2019. This material balance sheet de-risking exercise is in line with Hays' long-term strategy to reduce future volatility of the Group's defined benefit schemes, and their financial impact on the Group, with the ultimate aim of a complete buyout.

Exceptional charge

During the year, the Group incurred an exceptional charge of £15.1 million in relation to the following items.

As mentioned in our half-year results, following the landmark legal judgment against Lloyds Banking Group in October 2018, ruling on the equalisation of guaranteed minimum pensions (GMP) for men and women in UK defined pension plans, we have recognised an exceptional charge of £8.3 million. This represented c.1.2% of the Schemes' liabilities. This charge is a non-cash item.

During the second half of the year, management performed a comprehensive operational cost review exercise, principally across the European country operations. The exercise led to the restructuring of a number of senior management positions. The restructuring costs represent the first significant restructuring of senior level management across the Group since 2011, and therefore the costs incurred of £6.8 million have been recognised as an exceptional item. The cash impact from the restructuring exceptional cost as at the balance sheet date was £2.9 million with a further £3.9 million cash outflow expected during FY20. During the year, we benefited from £2 million in cost savings related to the exceptional restructuring charges, with a further c.£3 million anticipated in FY20.

Capital structure and dividend

The Board's consistent priorities for our free cash flow are to fund the Group's investment and development, maintain a strong balance sheet and deliver a sustainable core dividend at a level which is both affordable and appropriate.

Our strategy is to maintain dividend cover within a range of 2.0x to 3.0x full-year earnings[(3)], and to match increases in full-year earnings growth with core dividend growth. Assuming a positive economic outlook, it remains our intention that any excess free cash flow generated over and above £50 million, which is not needed for the priorities outlined above, will then be distributed to shareholders via special dividends to supplement the core dividend at year end.

With reference to the above, and considering the financial performance of the Group, this year the Board proposes to increase the final core dividend by 4% to 2.86p per share resulting in an increase to the full year dividend to 3.97p per share, up 4% on prior year. As such, the full-year dividend will be covered 3.0x by pre-exceptional earnings[(3)]. Additionally, in line with the above policy on uses of excess cash and our highly cash-generative business model, the Board recommends the payment of a special dividend of £79.7 million, equivalent to 5.43p per share, up 9% on prior year.

In the first two years of our five-year plan ending in June 2022, we have either paid or proposed over £265 million in core and special dividends.

The final dividend and the special dividend will be paid, subject to shareholder approval, on 15 November 2019 to shareholders on the register on 4 October 2019.

Treasury management

The Group's operations are financed by retained earnings and bank borrowings. The Group has in place a £210 million revolving credit facility. On 8 November 2018, the Group extended the maturity of the facility until November 2023, with an option to extend to 2025, subject to lender agreement. This provides considerable headroom versus current and future Group funding requirements. The covenants within the facility require the Group's interest cover ratio to be at least 4:1 (ratio as at 30 June 2019: 189:1) and its leverage ratio (net debt to EBITDA) to be no greater than 2.5:1 (as at 30 June 2019 the Group held a net cash position). Under the terms of the renewed agreement, the Group has the option to calculate the financial covenants on a basis that exclude the impact of IFRS 16. The interest rate of the facility is on a ratchet mechanism with a margin payable over LIBOR in the range 0.70% to 1.50%.

The Group's UK-based Treasury function manages the Group's currency and interest rate risks in accordance with policies and procedures set by the Board and is responsible for day-to-day cash management; the arrangement of external borrowing facilities; and the investment of surplus funds. The Treasury function does not engage in speculative transactions and does not operate as a profit centre, and the Group does not hold or use derivative financial instruments for speculative purposes.

The Group's cash management policy is to minimise interest payments by closely managing Group cash balances and external borrowings. Euro-denominated cash positions are managed centrally using a cash concentration arrangement which enhances liquidity by utilising participating country bank balances on a daily basis. Any Group surplus balance is used to repay any maturing loans under the Group's revolving credit facility or is invested in overnight money market deposits. As the Group holds a Sterling denominated debt facility and generates significant foreign currency cash flows, the Board considers it appropriate in certain cases to use derivative financial instruments as part of its day-to-day cash management. The Group does not use derivatives to hedge balance sheet and income statement translation exposure.

The Group is exposed to interest rate risk on floating rate bank loans and overdrafts. It is the Group's policy to limit its exposure to interest rates by selectively hedging interest rate risk using derivative financial instruments. However, there were no interest rate swaps held by the Group during the current or prior year. Counterparty credit risk arises primarily from the investment of surplus funds. Risks are closely monitored using credit ratings assigned to financial institutions by international credit rating agencies. The Group restricts transactions to banks that have an acceptable credit profile and limits its exposure to each institution accordingly.

Paul Venables
Group Finance Director
28 August 2019

PRINCIPAL RISKS

The Board has overall responsibility for the Group's internal control systems and for reviewing their effectiveness.

Managing risks to achieve our strategic priorities

We focus on key risks which could impact the achievement of our strategic priorities and, therefore, on the performance of our business.

Risk governance – identifying, evaluating and managing risk

The Board has overall responsibility for the Group's internal control systems and for reviewing their effectiveness. This has been designed to assist the Board in making better, more risk-informed, strategic decisions with a view to creating and protecting shareholder value. In practice, the Board delegates the task of implementing its policies on risk and control to management and needs to assure itself on an ongoing basis that management is responding appropriately to these risks and controls.

Ownership and responsibility for operating risk management and controls is vested in management by the Board, and management need to provide leadership and direction to ensure the Group's overall risk-taking activity is cascaded and managed appropriately to employees in order that the business is operated within the agreed level of risk appetite. To manage the effectiveness of this the Board and management need to rely on adequate line functions, including monitoring and assurance functions, within the Group.

As such the organisation operates the 'Three Lines of Defence' model as a way of explaining the relationship between these functions and demonstrating how responsibilities are allocated:

- The first line of defence: responsibility to own and manage risk;
- The second line of defence: responsibility to monitor and oversee risk;
- The third line of defence: functions that provide independent assurance.

The Group Risk Committee, chaired by the Chief Risk Officer and comprising senior operational, IT, legal and finance representatives including the Group Finance Director and Company Secretary & General Counsel, assists in the strategic management and development of risk in the Group. The Group Risk Committee also allows the opportunity to review and discuss changes in the risk profile, either from an internal or external perspective, including emerging risks. During the year the Board and management gave consideration to the new requirements of the Corporate Governance Code to ensure appropriate internal processes are defined to ensure that emerging risks are considered and monitored.

Risk identification and impact – enterprise risk management

The Management Board oversees a Group-wide enterprise risk management framework, which allows for both a holistic, top-down and bottom-up view of key risks facing the business with Hays' risks being analysed on a gross (pre-mitigation) and net (post-mitigation) basis. Risk registers are maintained at a function, country and regional level, which are reviewed by senior management and consolidated annually. These risks are reviewed in conjunction with the Group risk register, which is reviewed at least annually by the Management Board and submitted to the Board thereafter, in order to enable it to carry out its risk oversight responsibility. This exercise involves a current and forward look at various risks affecting the business and prioritises them according to risk impact and likelihood, which enables the Board to assess both the risk and the effectiveness of the mitigations in managing those risks. Risks covered include strategic, operational, financial and reputational risks, as well as compliance and people-related risks. Each risk is assigned an owner with current and future risk mitigation procedures detailed, with the continuing monitoring of these undertaken on an ongoing basis to ensure that these are being developed and maintained appropriately.

The enterprise risk management framework is updated and presented to the Audit Committee at least annually in order to allow the Board to assess the effectiveness of the risk management processes and systems.

Risk attributes

When considering risk appetite the Board considers this in terms of the following attributes:

- Experienced and stable management team globally;
- Strong balance sheet, including the level of operational gearing; and
- Clear and open communication channels.

How we monitor our progress – three lines of defence

Board & Audit Committee

Management Board

First line of defence:
- Management Controls
- Policies and Procedures
- Internal Control

Ownership & Management

Second line of defence:
- Financial Control
- Security
- Risk Management
- KPIs
- Compliance
- Group Risk Committee

Monitor & Oversight

Third line of defence:
- Internal Audit
- External Advisers
- Regulatory Reviews

Independent Assurance

Our risk appetite

Responsibility for the level of risk that the Group is willing to accept is vested in the Hays plc Board and the principal risks have been mapped through our risk appetite process in order to identify both position and tolerance levels and to assess current and future mitigating actions.

From this exercise the Board is able to determine what is an acceptable level of risk, accepting that Hays has a proactive approach to measuring performance and considers risk as an integral part of decision-making, both about current and future performance throughout the global businesses.

Hays operates a measured risk appetite position due to the nature of the recruitment market, being a cyclical business and sensitive to macroeconomic conditions, which results in a lack of forward visibility of fees and as a result increases the overall risk environment.

During the year consideration was given to the new requirements of the 2018 Corporate Governance Code and processes are being implemented to ensure that emerging risks are being considered and monitored.

Viability statement

In accordance with provision C.2.2 of the UK Corporate Governance Code 2016, the Directors have assessed the prospects of the Group over a period longer than the 12 months from the date of approval of the financial statements.

The Directors believe that a three-year period ending 30 June 2022 is the most relevant time period over which to provide the viability statement, being supported by the appraisal of the principal risks and mitigating internal controls. This allows the Directors to assess and conclude that the Group will be able to operate within its existing bank covenants and maintain appropriate bank facilities to meet its funding requirements over a three-year period, being backed by the £210 million revolving credit facility in place until November 2023, with an option to extend to 2025 subject to lender agreement.

This three-year period also reflects our three-year planning cycle, which covers the same period, and considers the fast moving nature of the industry. As such, collectively these factors allow the Directors a reasonable expectation, predicated on the basis that there are no unforeseen events outside of the Group's control that inhibit the Group's ability to continue trading, and that using a three-year period it is possible to form a reasonable expectation as to the Group's longer-term viability.

Process to assess the Group's prospects

As in prior years, the Board undertook a strategic business review in the current year taking into account the Group's current position and the potential impact of the principal risks set out on pages 42 to 44 of the Annual Report.

In addition and in making this statement, the Board carried out a robust assessment of the principal risks facing the Group, including those that would threaten the Group's business model, future performance and liquidity. While the review has considered all the principal risks identified by the Group, the resilience of the Group to the occurrence of these risks in severe yet plausible scenarios has been evaluated.

Stress testing

The Board approves an annual budget and reviews monthly management reports and quarterly forecasts. The output of the planning and budgeting processes has been used to perform a sensitivity analysis to the Group's cash flow to model the potential effects should principal risks actually occur either individually or in unison.

The sensitivity analysis included loss of business arising from a prolonged global downturn and an assessment of a range of possible outcomes arising from the UK's vote to leave the European Union.

Set against these downside risks, the Board considered key mitigating factors including the geographic diversity of the Group, its balanced business model across Temporary, Permanent and Contract recruitment services, and the significant working capital inflows which arise in periods of severe downturn, particularly in the Temporary recruitment business, thus protecting liquidity as was the case during the global financial crisis of 2008/09.

In addition, the Group's history of strong cash generation, tight cost control and flexible workforce management provides further protection. The Group also has in place a £210 million revolving credit facility with a suite of banks until 2023, and the latest actuarial valuation of its defined benefit pension scheme maintains cash outflows broadly at their existing level.

Confirmation of longer-term viability

Based on the above assessment, the Directors confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three-year period to 30 June 2022.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The financial position of the Group, its cash flows and liquidity position are described in the Finance Director's Review, with details of the Group's treasury activities, long-term funding arrangements and exposure to financial risk included in notes 18 to 20 to the Consolidated Financial Statements.

The Group has sufficient financial resources which, together with internally generated cash flows, will continue to provide sufficient sources of liquidity to fund its current operations, including its contractual and commercial commitments and any proposed dividends. The Group is therefore well-placed to manage its business risks. After making enquiries, the Directors have formed the judgment at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis of accounting in preparing the Consolidated Financial Statements.

Risk trends

The ongoing review of the Group's principal risks includes how these risks evolve. Changes in the trend/direction of our principal risks are noted against each risk on the following pages of this Report.

Risk description	Risk trend and type	Risk mitigation	
1. Macroeconomic/ cyclical business exposure **The performance of the Group is significantly impacted by changes to underlying economic and geopolitical activity, the levels of business confidence as businesses consider Permanent and Temporary hiring decisions and levels of candidate confidence, which impact their propensity to change jobs, particularly in our three biggest businesses in Germany, the UK and Australia.** **During the year macroeconomic conditions have weakened in many of our markets, especially in Europe including Germany. This has reduced client confidence and thus their appetite for investment.** **The Brexit decision, coupled with the current political environment in the UK, continues to increase the level of uncertainty and therefore increases the risk of negatively impacting the trading performance in our UK business, as clients have become more cautious in headcount investment.**	Financial	Hays has continued to diversify its operations to include a balance of both Temporary and Permanent recruitment services to private and public sector markets, and operates across 33 markets and 20 sector specialisms. Progress is being made to further diversify the business to reduce the Group's reliance on Germany, the UK&I and ANZ, which currently represent 68% of the Group's net fees. Hays' cost base is highly variable and carefully managed to align with business activity, and can be focused and scaled accordingly to react to the individual markets. Temporary recruitment tends to be more resilient in times of economic uncertainty or downturn.	Hays is highly cash-generative, requiring low levels of asset investment. Cash collection is a priority, and the Group has made appropriate investment in its credit control and working capital management processes, resulting in maintaining the elimination of Group net debt and a continued year-end net cash positive position for the fourth consecutive year. In the run up to and the immediate aftermath of the EU referendum, we saw a significant reduction in UK activity and thus fees and profits. While this has stabilised somewhat, we continue to face significant potential uncertainty over the next few years. **Relevant strategic priority**
2. Business model **The Group faces competition from the increasing use of digital technologies for recruitment services and a growing trend towards outsourced recruitment models with associated margin pressures, which may impact materially on the business should Hays not continue to take appropriate actions and respond effectively.** **Social media and internet-enabled digital dynamics and recruitment value chain disintermediation, together with increased use of AI and machine learning have continued to increase the risk to the business model over the course of the year.**	Operational Financial Strategic	Hays monitors industry trends and opportunities, including social media and insourcing, and continues to invest in our online presence to provide a high-quality customer experience. Our key relationships (such as with LinkedIn, SEEK, Xing, Google and Stack Overflow) increase our exposure to online professional networking and recruitment portals and enhance our value proposition to clients and candidates. Our expert and specialist consultants are trained in utilising social media and other digital technologies to enhance their day-to-day activities in providing the best quality candidates to our clients.	We continue to leverage our broad geographical and sectoral footprint to win and maintain a significant number of multispecialism contracts with large corporate organisations, which has strengthened our relationship with these clients and increased our share of their recruitment spend. Significant investment made in recent years has enhanced data analytics and significantly improved our approach to, and engagement with, candidates. The initiative is overseen by the Group Data Marketing Director. **Relevant strategic priority**

Build critical mass and diversity across our global platform

Invest in people and technology, responding to change and building relationships

Risk description	Risk trend and type	Risk mitigation
3. Talent **The Group is reliant on its ability to recruit, develop and retain staff to protect the business it has today and to deliver its future growth plans, especially internationally, notably at a business director, manager and consultant level. Its strategy is to grow and nurture talent internally into senior roles wherever possible.**	People Financial	Hays provides a defined and sustainable career development path for new hires, starting with a structured induction programme and ongoing training as they advance their careers, supported by formalised performance and career tracking. Development Centres focus on the progress of high-potential individuals, providing further development opportunities and also helping to identify any talent gaps and training needs. In 2018 we implemented a new International Leadership Management Programme, which focuses on senior leadership and development and is aligned with the Group's business strategy. Overall, our remuneration packages are competitive, including an employee benefit programme, together with a long-term incentive scheme that is offered to broadly 350 senior managers, which encourages a performance-led culture and aids retention. Succession plans identify future potential leaders of the business and produce individual development plans in which to harness and cultivate talent. The Group's standard employment contracts include notice periods and non-solicitation provisions in the event of an employee leaving. **Relevant strategic priority**
4. Regulatory/Compliance **The Group operates in 33 countries, with each operating its own legislative, regulative, compliance and tax rules, especially for Temporary workers, with any non-compliance increasing the Group's exposure to potential legal, financial and reputational risk.** **During the year the UK Government decided to implement changes to the IR35 legislation in the UK, effective April 2020.**	Legal Financial Reputational	Compliance and monitoring processes are tailored to specific specialisms, ensuring additional focus is given to higher-risk specialisms such as Education and Healthcare in the UK, Construction & Property in Australia and specialised corporate contracts through Hays Talent Solutions. Employees receive training in respect of the operating standards applicable to their role, with additional support provided by compliance functions, regional legal teams and, where necessary, external advisers. All staff receive regular training to ensure that legal and compliance updates are understood and applied. In territories where legislation sets out additional compliance requirements, specialists are employed. Dedicated compliance auditors conduct sample checks to ensure that the appropriate candidate vetting checks and due diligence obligations are carried out in line with legal and contractual requirements. The Group holds all standard business insurance cover, including employers' liability, public liability and professional indemnity insurance. **Relevant strategic priority**
5. Reliance on technology/ cyber security **Our dependence on technology in our day-to-day business means that systems failure due to technical issues or cyber attack may have a significant impact on our operations and ability to deliver our services if it continued for a number of days and, as such, could negatively impact our financial performance and reputation.** **The global threat of cyber attack has continued to increase (both in sophistication and volume) over the course of the year. In addition, as the reliance on third parties increases, notably as the business utilises cloud services and support providers, our exposure in this area also increases.**	Operational Financial Reputational	The Group's technology strategy is continually reviewed to ensure that the systems it operates across the Group support its strategic direction. Ongoing asset life-cycle management programmes mitigate risks of hardware and software obsolescence. Technology systems are housed in various data centres and the Group has capacity to cope with a data centre's loss through the establishment of disaster recovery sites. These are physically based in separate locations to the ongoing operations, intrinsically linked to business continuity plans. Across the regions we have established dedicated security teams in order to ensure that the systems are best protected from unauthorised access, both externally and internally, and including ensuring that anti-virus software is in place and up-to-date, with regular testing of these environments by external providers. We use external advisers to perform regular external and internal physical and logical penetration tests on all major systems and operations and implement any required improvements resulting from such tests as part of a continuous improvement process. **Relevant strategic priority**

Risk description	Risk trend and type	Risk mitigation	
6. Data protection **The business works with confidential and personal data in all 33 countries on a daily basis under a variety of laws and regulations. Failure to securely process, store and transmit this data or a material data breach could expose the Group to potential legal, financial and reputational risks in the form of penalties and loss of business.** **Since the introduction of the General Data Protection Regulation (GDPR), other non-EU countries have started to introduce similar legislation, which has increased the risk in this area.**	Legal Financial Reputational	Robust procedures for processing, storing and transfer of confidential and personal data are in place across the Group, both on a physical and logical basis. Comprehensive data protection and information security policies and procedures are in place across the Group and, where data protection and privacy legislation allows, protective email monitoring programmes are undertaken to address potential areas of concern, to best protect our confidential information and candidates' personal data.	Attention has been focused in this area, with the increased threat of cyber attacks globally, and security vulnerability is assessed as part of the ongoing IT strategy across the Group. We use external advisers to perform regular external and internal physical and logical penetration tests on all major systems and operations and implement any required improvements resulting from such tests as part of a continuous improvement process. Annual training programmes have also been updated to reflect the new regulations, where relevant. **Relevant strategic priority**
7. Contracts **The Group enters into contractual arrangements with clients, some of which can be on onerous terms and/or impacted by local regulatory requirements, especially in relation to Temp/Contracting markets.**	Operational Financial Reputational	During contract negotiations management seek to minimise risk and ensure that the nature of risks and their potential impact is understood. Our global legal team has the depth of knowledge and experience to enable them to advise management on the level of risk presented in increasingly onerous contracts, with clear guidelines in operation. The Group Finance Director reviews all commercial contracts with onerous non-standard terms in accordance with the Group's risk appetite. In addition, the Group's Insurance Manager reviews onerous contracts and, where necessary, engages with insurance providers to ensure that risks are covered.	Operational reviews are performed on a risk basis across key contracts to confirm compliance adherence and agree improvements to the way in which we deliver services to clients. Assurance work is undertaken in key markets by Internal Audit to ensure contractual obligations are appropriately managed. **Relevant strategic priority**

Build critical mass and diversity across our global platform

Invest in people and technology, responding to change and building relationships

INTEGRATING SUSTAINABILITY INTO THE WORLD OF WORK

Our purpose and values help to underpin our culture, and our relationships with our stakeholders.

We invest in people and endeavour to impact our local communities, and society in general, by helping individuals secure jobs. We help individuals develop their career, which is very high on most people's personal agenda, alongside their health and family. Careers can drive personal growth and provide livelihoods, which is a fundamental part of any economy and society.

During FY19 we re-visited our purpose and revised our values. These will help to ensure that we continue to transform lives for another half-century and beyond.

Our Purpose

We benefit society by helping people succeed and enabling organisations to thrive – creating opportunities and improving lives.

Our Values

Our values aim to reflect this promise, and underpin our skills, behaviours and way of doing business. These are:

Expert: People come to us because we're the experts, with over 50 years of experience in recruitment and talent management. We combine this insight with deep specialist knowledge that enables us to place talent across a wide spectrum of industries and sectors all over the world. This professional know-how is indispensable – you simply cannot find, engage and place the right people in the right roles without it.

Ambitious: The best way we can demonstrate commitment to our clients and candidates is through our ambition for them. Their success is our success, so we don't hold back. We make brave moves, aim high, and work hard every day to deliver the positive impact that achieving success brings to people's lives.

Passionate about people: We are in business because we believe in people. We know the right person in the right role can change lives and transform organisations for the better – making that connection means everything to us. With diligence, empathy and pride, we help organisations secure the talent they need to succeed, and help individuals make the most of every stage of their career.

Insightful: Beyond understanding people's skills and experience, there's a real art to matching them with the right opportunity. This involves taking an inquisitive approach to understand their aspirations and motivations, building the insight required to ensure the ideal fit for any role. And when it comes to understanding the talent needs of organisations, that also takes vision, curiosity and instinct to help our clients achieve their full potential.

Innovative: We are always seeking new and better ways to make the perfect match between client and candidate. This means being bold, agile and open to ideas – whether it be embracing new technologies, developing our people, or innovating the way we work. Our goal is simple: to stay one step ahead in creating the recruiting experience of tomorrow.

Underpinning everything we do is our belief that we must always **Do The Right Thing**. Doing the right thing enhances and protects our reputation, building trust with all our candidates, clients and other stakeholders. This unites us and makes us stronger.

Non-financial reporting regulations

Non-financial performance reporting

We comply with the requirements under the provisions of The Companies Act 2006 contained in Sections 414CA and 414CB of the Companies Act 2006. The information provided below is to help our stakeholders to understand our position on key non-financial matters.

Hays recognises the importance of sustainability agendas to all stakeholders. This isn't simply the benefits for investors, but the broader impact we can have on people's lives; it could be directly, through employment with us or as a candidate whom we place in a role, to the less direct, but in many ways more obvious and easier to achieve, such as doing business 'the right way' to ensure fair rates of tax are paid and discrimination and labour exploitation are not tolerated.

Engaging with our stakeholders

There are various ways in which we engage with our stakeholders, who include our clients, candidates, employees, investors, suppliers, local communities, governments and regulatory bodies.

Clients and candidates

We are the leading global experts in qualified, professional and skilled recruitment. By truly understanding our candidates and clients, locally and globally, we help people and companies achieve lasting impact. As an industry leader with global capabilities and expertise in local delivery, we offer a fresh, unique approach to ensure our clients workforce needs drive their business goals. Our goal is to have our clients and candidates as lifelong partners and support them on their journey through the different phases of their business and career.

We understand the fast pace of technology, applying the latest developments in areas such as artificial intelligence and machine learning to our business. At the same time, as a leading recruitment consultancy, it is the human interaction we bring that sets us apart and makes what we do enduring. We have a large and ever-increasing repository of content on Viewpoint, our global careers and workplace advice platform: https://social.hays.com, that illustrates our deep expertise in the world of work. It's a fantastic stream of knowledge which delivers insight to our clients and candidates and helps us to become their trusted lifelong partner. The Hays Global Skills Index is a unique report which examines 34 of the world's skilled labour markets and helps business leaders and policymakers understand the many dynamics at play when looking for skilled professionals.

Our Cookies and Privacy Policy is available on our websites and this governs practices concerning the use and disclosure of user data.

Employees

We are the ultimate people business and, as such, the ability to attract, develop, enable and retain the very best consultants and managers in our industry is vital to our success. We aim to create an exciting and vibrant work environment and culture and we work continuously to provide our people with attractive career paths that will make them experts in their fields.

Training

Our people are important to us and we ensure that there is adequate training in place for new staff and continuous training for the rest of the workforce. We run an annual mandatory compliance training programme across the group which covers key topics to prevent bribery and corruption, protect personal data and around competition law. Hays continues to provide tailored training to the people who are in the front line of delivering recruitment solutions as well as in management and leadership roles. These programmes take a number of different forms across the Group's regional businesses, but all share the common goal of improving the service we provide to clients. In addition, our International Leadership and Management Programme is designed to equip our people with the skills and approach to lead our business in a time of change and increasing complexity.

One of the key benefits of working for Hays is the global opportunities on offer around the world, where subject to certain criteria, employees can apply to transfer to a new country with Hays and develop their experience internationally. We recently launched an internal Global Mobility Portal, which is a system where our employees can highlight their interest and preferences in working in new countries either now or in the future. This information is stored confidentially by the Group People & Culture team to match employees to international opportunities and plays an important part in providing development for our people and supporting international mobility within our business.

Employee involvement

Ongoing communication forms the basis of the partnership between Hays' leadership and its employees. Employees receive business performance updates from Alistair Cox, the Chief Executive, and from their respective regional Managing Directors, by email on a monthly basis. These are posted on the Group's intranet, which acts as a source of reference for the Group's brand, values, policies and procedures. Regular presentations are also made to employees by the Chief Executive and regional Managing Directors during office visits made over the course of the year.

In readiness for the 2018 Corporate Governance Code, MT Rainey was appointed as the Designated NED for Workforce Engagement in February 2019. MT has already started working on the scope of the role to ensure it is meaningful and effective, examining governance and reporting, and preparing generally for the role to gain momentum in FY20 and beyond.

This year we revamped our annual employee engagement survey, Your Voice, engaging with our people through a new external platform with a revised format and a completely new reporting system. Employees are able to voice their views and opinions on all aspects of their workplace environment, training and development, work culture, leadership and client relations. The results indicated an overall engagement score across the Group of 77%; whilst lower than last year, the result is not directly comparable due to an entirely new way of reporting. The results are presented to the Management Board and to the Hays plc Board with any areas for improvement identified and agreed.

Hays believes in the value of loyalty and considers its employee incentive programme of commission schemes, performance-related cash bonuses and share schemes to be important factors in keeping its employees motivated. The employee share schemes have been running successfully since inception and provide many employees with an additional stake in the business.

Equal opportunities

Our Equal Opportunity Policy forms part of our Code of Conduct and Ethics Policy. We make every effort to ensure that no discrimination arises during the recruitment, employment and period after employment of any employee for reasons of gender, sexual orientation, marital status, creed, colour, race, nationality, ethnic or national origin, religious or other belief, political opinion, spent convictions, disability or age, and all employees are expected to deal with all persons with the same attention, courtesy and consideration. This support of equal opportunities applies not only as a direct employer but also in our introduction of candidates to clients.

Respect for people and becoming an 'Employer of Choice' form part of our values. Our aim is to ensure an open, honest and fair working environment in every office such that all our colleagues feel part of Hays and are respected as individuals.

Hays gives full consideration to applications for employment from disabled persons where they have the right skills and abilities for the role. Should an employee become disabled while working for the Group, Hays would make every effort to accommodate them, to assist them in any re-training or to find suitable alternative employment within the Group.

Wellbeing

Wellbeing@Hays is an initiative recently launched within our UK&I business. Our overall employee wellbeing strategy is made up of four key pillars, my life, my health, my money, and my work environment and the employee benefits offered aim to support employees in each of these key pillars. As part of the 'my health' pillar, all Hays employees in the UK and Ireland now have access to up to three private online GP appointments per year via AXA PPP Healthcare's, Doctor@Hand. The initiative, which complements the Wellbeing@Hays offering, has had over 50% of all UK&I employees register for the service.

Raising concerns at work – We also offer employees a confidential reporting line, managed by an independent third party, accessible by telephone or online 24 hours a day, 365 days a year (as allowed under applicable law, employees may submit reports to the confidential line anonymously in over 100 languages).

In China, we launched the 'Parents@Hays Continuing Plan' pledge to help mothers return to work by providing flexible work solutions and child support benefits. We received the 'Best Companies to Work For®' award. "People and culture are at the heart of the Hays success story in China and we are all extremely proud to be formally recognised as a Great Place to Work," says Simon Lance, the Managing Director of Greater China. Many organisations across the region had been shortlisted and were judged based on their employees' perspectives on leadership, organisational culture and trust. Hays was the only recruitment firm to make it to the list this year.

The strong people culture at Hays translates into providing our employees with clear career progression, reward and recognition for outstanding work, and a diverse and inclusive culture – all of which make Hays China a Great Place to Work.

Anti-bribery and corruption

Hays has a zero-tolerance approach to bribery and corruption.

All employees are required to comply with the Hays Anti-Bribery and Corruption Policy and undertake training on it on an annual basis. The policy prohibits the giving or receiving of bribes in any form. All our employees are expected to act with honesty, integrity and fairness. The offer or acceptance of any form of bribery is prohibited, including facilitation payments. Hospitality, gifts and improper offers or payments that seek to induce or reward improper performance or might appear to place any person under an obligation are prohibited.

All Hays companies and employees will adhere to the highest ethical and legal standards in business dealings throughout the world. Conflicts of interest that interfere with proper performance or independent judgment are prohibited.

We expect our staff to communicate transparently and honestly with our clients, candidates, business partners, suppliers and governmental and regulatory bodies, within the legal framework of privacy and confidentiality.

Diversity at Hays

Our culture is meritocratic; we share a passion for creating opportunities for our people to flourish and succeed, whatever their background. By reflecting our market place and embracing diversity we can continue to drive an outstanding organisational culture that impacts business results and delivers world-class service to our client/candidates. Fundamental to our leading expertise is a shared commitment to equality and to harnessing the dynamism that diversity and inclusion bring to our workplace.

At Hays, diversity means understanding and reflecting the community in which we operate, and building loyalty with our colleagues, candidates and clients. Differences such as age, gender, ethnicity, physical appearance, religion, disability, education and beliefs are valued, and everyone has the opportunity to contribute to the Group and fulfil their potential.

Diversity and inclusion initiatives are devolved within the Group to operate at a country level and policies supporting this are adopted locally. A Group-wide policy is being finalised; this will ensure the effectiveness and suitability for local markets of our individual policies is not lost and provide an overarching framework for them at a Group level to enable greater coordination and sharing of best practice.

In the UK, Hays holds the National Equality Standard (NES), one of the UK's most rigorous and prestigious accreditations for equality, diversity and inclusion (ED&I). All new employees in the UK undergo training around respecting diversity and inclusion.

It is important that we, as the world's largest specialist recruiter, talk about diversity and inclusion and educate on its benefits to as many people and businesses as possible. We are proud to see how passionately these projects are being supported and delivered by our own Hays people. Examples of how we are making a difference are as follows:

The Hays ANZ Diversity Committee is comprised of four key diversity pillars with an internal and external focus spanning: Gender, Disability, LGBTQI+ and Indigenous. Some of the many outcomes driven through the Committee to date include winning the inaugural BHP Inclusion and Diversity Award, implementation of the AIME (Australian Indigenous Mentoring Experience) programme for Hays Directors, becoming a bronze member of AND (Australian Network on Disability) and becoming a formal sponsor of the Women's Indigenous soccer team.

International Women's Day 2019 also had a big focus, and we celebrated the achievements of women through events and activities across our offices.

In Russia we participated in the 'Woman Who Matters' event and received an award for our work in drawing attention to women in the world of work.

In France we are a signatory to the Diversity Charter and have obtained the diversity label, which recognises our commitment to preventing discrimination and promoting diversity in the management of our human resources.

CHARTE DE LA DIVERSITÉ SIGNATAIRE

Diversity and Inclusion and 'harnessing the value of difference' is also a growing priority for many of our clients. More and more clients are asking Hays to assist them to achieve their goals of building a more diverse workforce. We continue to raise awareness and encourage an ongoing dialogue on this important employment topic.

We supported the LGBTQ+ community by hosting a number of leadership events and took part in Pride celebrations. In the UK we have set up the first Hays Pride Network, which was established by staff as a network for LGBTQ+ employees and allies. We celebrate inclusivity every day rather than just for a one-off event and aim to build a culture that enables people to be themselves. Our greatest asset is our people and we know that a feeling of belonging will drive performance and allow people from all backgrounds to flourish. We therefore have created a unique version of our H icon to build awareness of our activity and show our commitment to the LGBTQ+ community.

Gender statistics as at 30 June 2019 are provided opposite.

Contributing to society, investors and local communities

We benefit society by helping people succeed and enabling organisations to thrive – creating opportunities and improving lives.

In addition, we contribute to society through paying appropriate taxes in all the jurisdictions in which we operate; this supports public services, helps to create jobs and supports communities. In the North West region of the UK, we ran around 14 employability sessions during the year and one of the sessions was in conjunction with Manchester City Football Club. These sessions are mainly targeted at school children/young adults and the aim of the sessions is to help them realise how much employers value skills such as teamwork, commitment and organisational skills, and helps them identify how they have gained these skills through sports, hobbies, school and family life. The skills acquired can be put on their CV which puts them in a far stronger position to secure an interview and get a job.

Across the Group, our employees are afforded the flexibility to champion and pursue their collective interests. Our employees have been fantastic in the different activities they were involved over the course of the year.

Australia has raised approximately $100,000 for mental health charity partner 'headspace' and New Zealand has raised in the region of $25,000 for children's cancer support.

In Germany, we supported two refugees by sponsoring them through a university education. The two students also completed an 18-week internship.

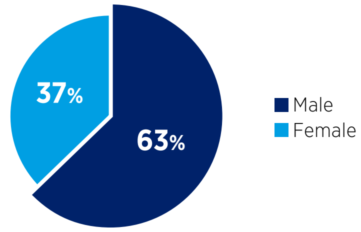
In the Republic of Ireland, we support the Teen-Turn programme, which provides teenage girls with the opportunity to spend two weeks in a tech environment through work placements, in an effort to encourage more girls into the tech industry.

In the UK, our successful two-year partnership with children's charity Action for Children drew to a close in FY19. We raised over £232,000 in funding which provided support and opportunities to vulnerable children and young people across the UK. The money raised funded an Employability Programme for young people from disadvantaged backgrounds. We supported three cohorts of young people throughout our partnership and throughout 2019-2020 will support a further four groups.

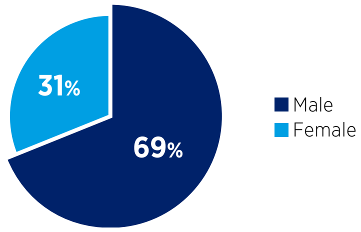
End Youth Homelessness (EYH) is our new UK charity partner for the next year, having been voted for by our employees and we look forward to supporting their great cause to tackle the devastating issue of youth homelessness. The money we raise goes directly to EYH's Employability Fund, which provides homeless young people with individually-tailored support to work towards their career goals, whatever their previous education or work experience.

Our Nurse of the Year award supported by our healthcare specialism in the UK recognised nurses across the country who go above and beyond to offer unconditional care to their patients. Last year's winner received a £1,000 cheque to donate to the Sick Children's Trust.

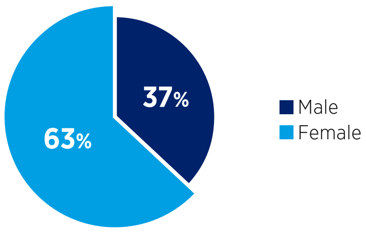
Split of Hays plc Board members



Split of senior management team members



Split of employees



Human rights

Our relationships with clients, candidates, employees, business partners, suppliers and the communities within which we operate are based upon respect for individuals and their human rights. At Hays we are committed to our Code of Conduct and Ethics Policy, which reflects the way we operate including in relation to human rights. All staff within Hays are expected to act with integrity and honesty and behave in a way that is above reproach, as well as treat people fairly, with courtesy and respect, be responsible, respect diversity and communicate openly.

Supplier code of conduct

We expect our suppliers and potential suppliers to aim for high ethical standards and to operate in an ethical, legally-compliant and professional manner by adhering to our Supplier Code of Conduct. We also expect our suppliers to promote similar standards in their own supply chain.

Environmental matters

We are ever-mindful of our impact on the environment; we are committed to operating our business in an increasingly sustainable manner and will seek to reduce our environmental impact year-on-year.

During the year in the UK, we launched the 'Zero Heroes' Committee which is driving sustainability initiatives at Hays with a focus on single-use plastics. The Committee has begun taking action by ceasing to provide single-use plastic items, as well as auditing plastic use and recycling facilities across our UK & Ireland offices. Throughout the coming year the Committee will continue to work towards our goal of eliminating single-use plastics across the UK&I business by FY22.

Under our Environmental policy, we are committed to achieving continuous improvement in environmental performance and to minimising pollution. We also ensure that suppliers and contractors are encouraged to minimise the impact of their operations on the environment and actively support our environmental programmes through an environmentally sensitive purchasing policy.

Greenhouse gas emissions

Hays gathers data from every office around the world in order to calculate our greenhouse gas (GHG) emissions in accordance with the World Resources Institute (WRI) Greenhouse Gas Protocol. We measure our annual emissions in relation to employees (our 'intensity ratio'). As a people-based business, number of employees is a quantifiable factor associated with our activities.

Our reporting year for GHG emissions is 1 April 2018 to 31 March 2019, and this year, notwithstanding an increased number of employees in the Group, our employee intensity per tonne CO_2e was 1.47 (against 1.50 last year).

We also participate in the Carbon Disclosure Project (CDP) Climate Change Survey and seek to ensure that we do all we can to improve our carbon footprint by reducing energy consumption by our employees.

FTSE4Good Index

FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Hays plc has been independently assessed according to the FTSE4Good criteria and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

FTSE4Good

			2019		2018	
Impact	Scope	Resource	Total GHGs (tonnes CO_2e)(1)	% contribution to total	Total GHGs (tonnes CO_2e)(1)	% contribution to total
Direct	Scope 1	Operational fuel	**196**	**1**	108	1
		Vehicle fuel	**4,922**	**29**	4,629	29
		Refrigerant	**616**	**4**	548	3
Indirect	Scope 2	Electricity(2)	**5,858**	**35**	5,187	32
		District heating	**318**	**2**	363	2
	Scope 3	Air travel	**3,883**	**23**	4,079	25
		Rail travel	**194**	**1**	253	2
		Electricity T&D losses	**505**	**3**	516	3
		Private cars (business use)	**440**	**2**	452	3
Total direct and indirect			**16,932**	**100**	16,135	100

(1) Greenhouse gas emissions are stated in tonnes of CO_2e (carbon dioxide equivalent, comprising carbon dioxide, methane and nitrous oxide) for the 12-month period ended 31 March 2019. Out-of-scope Indirect emissions, which were the biogenic part of vehicle fuels, totalled 317 tonnes of CO_2e (253 tonnes in FY18).

(2) All electricity totals are calculated using 2015 government location-based conversion factors.

2019 – awards for excellence

Hays in Germany, Austria and Switzerland received the title 'Top Employer 2019' for outstanding and modern personnel management from the independent 'Top Employers Institute'. For us the seal of approval is a great honor as well as a benchmark for other prestigious top employers.

In the UK, Hays was ranked No.1 in TheJobCrowd's 'Best Large Company for Graduates to work for', as voted by Graduate employees.

In Australia, Hays is proud to be part of the Australian Financial Review's Top 100 Graduate employers list for a second year.

In Germany, we support education and fair treatment of students, we joined the Handelsblatt initiative 'Fair Company' in 2008. This means: We do not replace full-time positions with interns, don't put off university graduates with internships and we do not lure interns with the vague prospect of a full-time position. We offer internships exclusively for professional orientation during studies and we of course pay an adequate allowance.

Hays France has been recognised as a Great Place to Work for the second time in a row, this time coming 8th among all companies with 500 to 5,000 employees.

Great Place to Work is the global authority on high-trust and high-performance workplace cultures. Certifications are awarded based on feedback from current employees who complete surveys about their working environment. Being awarded this certification shows that Hays France is a leading company in the labour market, and demonstrates to stakeholders that their employees are motivated and have a high level of engagement.

In addition, Tina Ling, Managing Director of our France, Belgium and Luxembourg business, was awarded the 'Great Leader 2019' award. Only 14% of the Great Place to Work accredited companies are run by women; we are rightly therefore very proud of this external recognition.

Hays Belgium was awarded with the Great Place to Work 2019 label. It's the second time in a row our company won this award. Furthermore, Hays Belgium was also included in the Trends Gazellen, which is a recognition of the fastest growing companies by region, awarded by Trends, the weekly business and finance magazine.

In addition, Hays was one of the 'Best Companies to work for' in Greater China and Singapore amongst other places.

Regulatory compliance

The Company's approach on the following matters can be found on our website, haysplc.com.

UK Gender Pay Gap

Supplier code of conduct

Modern Slavery Act

Tax Strategy, compliant with the UK Finance Act 2016, Schedule 19.

By order of the Board

Doug Evans
Company Secretary
28 August 2019