# THE YEAR IN REVIEW, AND THE YEARS AHEAD

Our Chief Executive, Alistair Cox, discusses the Group's performance in FY22 and looks ahead to our areas of focus and development in the future.

# Q1.

## How did Hays perform in the year?

**A.** This has been a truly remarkable year in many ways. Although it began with many countries still facing significant Covid restrictions, we entered the year with improving momentum. As this accelerated, we witnessed some of the strongest markets we have ever seen. The 'Great Resignation' saw huge numbers of people changing jobs and employers often struggling to keep their workforces intact. Skill shortages were apparent in many areas, and this translated into the greatest level of wage inflation that we have seen in many years, accelerating and becoming more widespread as the year progressed. All of these factors played to our strengths, and we capitalised on the acceleration in our markets by adding significant capacity, opening new service lines and investing aggressively to position our business at the heart of what the markets are now demanding post-Covid.

Consequently, we upgraded our own view of our likely financial performance through the year. Market consensus EPS forecasts for FY22 increased by over 25% through the year. I think our eventual result was excellent, with strength across all our businesses. Fees increased by 32% and operating profit more than doubled to £210.1 million. While this growth was helped by economic recovery from the pandemic, I am very pleased with our progress, both financially and with the strategic moves we have made. Detailed financial information is presented in Paul's section (page 40), but FY22 represented by far the largest year-on-year profit growth in our 54-year history. Our Perm business was the key driver of fee growth, increasing by 49% as large numbers of candidates looked to change jobs, and organisations invested in their own recovery from the pandemic. Temp grew more slowly as clients focused on their permanent workforces, but fees still increased by an excellent 21%.

24 countries produced all-time net fee records. Our largest country of Germany was a standout performer, with record fees up 34% and operating profit up 152% to £75.6 million. On the other side of the world, ANZ grew strongly, with fees up 24% and operating profit up 32%. The UK&I was stronger still, with fees up 31% and profit up 277%. Finally, in RoW we delivered another set of record fees, up 36%, and profit up 234%.

Our cash performance was again strong and we ended the year with net cash of £296.2 million (FY21: £410.6 million). This was after paying £186.4 million in core and special dividends through the year, and also purchasing £38 million worth of Hays shares in both our Treasury repurchase and recently-announced share buyback programmes.

Given our increased profitability, financial strength and confidence in the future, the Board proposes to pay a full-year core dividend of 2.85 pence per share in respect of FY22, as well as a special dividend of 7.34 pence per share, subject to shareholder approval.

Our financial results are the outcome of our daily efforts to empower people and businesses to succeed. I'm most proud therefore that during FY22 we helped nearly 350,000 people with their next career move, and literally millions of others develop their careers through our advice and freely available content. Our services have never been as relevant in helping to create, retain and develop diverse talent as they are today, and I believe we are making a real difference to people's lives globally.

Our business starts and ends with our own people. They are what sets us apart and they are the heart of our culture. We aim to recruit the very best, provide the best training and development in our industry and offer the most rewarding and fulfilling career opportunities. We have been very alive to the challenges our people have faced over the past two years and have made numerous changes to support colleagues and improve how each of us delivers our full potential in the new world of work. That is all paying off and I am delighted that our overall employee engagement score increased to 80%. In addition, 4,840 colleagues were promoted throughout the year as they took their own steps on their career journey.

We are clearly mindful of the increasing global macroeconomic uncertainties, but we entered FY23 in a strong position. Our focus is on increasing consultant productivity, particularly as we have recently added a significant number of newer associates. Our Strategic Growth Initiatives (SGIs) have steadily repositioned the business towards the longer-term growth sectors. We have a formidable client base, ranging from the biggest, most global organisations in the world to the newest start-up, and a network and capability to help every single one of them with one of the biggest economic challenges our world faces – building the right workforce with the right skills, in the right place, at the right time. While the world confronts increasing challenges around inflation, rising interest rates and energy security, I believe our clients will still need talented people in great numbers, whatever the backdrop. It is our role to help ensure organisations have access to the very best talent, and talented people have access to the very best opportunities for themselves. That is why we exist.

**+32%**

**increase in net fees in FY22, including 24 country fee records**

"It has been a **truly remarkable year** with the Group performing strongly on all fronts."

# Q2.

## What were the strategic highlights of the year?

**A.** Our strategy is designed to best position Hays as the partner of choice to help organisations build the most effective workforce they need for the changing world of work. That world of work has been shaped by a number of structural megatrends over recent years and arguably the pandemic has accelerated many of them (see page 3). These include changing demographics around ageing working populations, the emergence of whole new job categories and the elimination of other historic tasks or roles through digitisation, a chronic shortage of necessary skills in many areas, and more recently the dawn of remote and hybrid working patterns. There is great complexity in navigating this new world and that means organisations increasingly need expert help to find and develop the talent they need and are turning to us for that help.

As our growth accelerated, we added over 1,800 net new consultants through the year with 1,250 going into sectors benefiting from cyclical recovery. This was a much greater level of general investment than we have ever made, but as our fee growth shows, it paid off. As that new cohort gains experience, we expect their productivity to increase.

A further c.550 consultants were added into our SGIs. As we detailed last year, SGIs were established to accelerate the positioning of Hays at the centre of the talent services we expected the world to require in the future.

I'm delighted that our SGIs have continued to outperform our initial expectations. A cumulative £35 million has been invested in FY21 and FY22, equating to 800 additional consultants across both years. On a pro-forma basis, they are already billing c.£90 million annually in areas such as Technology, Engineering and Sustainability.

> **"Our fees in Technology exceeded £300 million for the first time ever, having more than doubled in the past eight years."**

The demand for Technology talent continues to grow strongly and our fees in the sector exceeded £300 million for the first time ever, having more than doubled in the past eight years. This makes us a global leader in the supply of technology skills, a privileged position given the massive market opportunity. Technology fee growth was strong across the globe, with fees in Australia up 37%, Germany up 21%, UK&I up 56% and RoW up 39%. I see virtually no limits to where we can take this business, and our next milestone is £500 million in fees, as we detailed at our recent Investor Day in April (see question 5).

An increasingly important part of our Technology business is our ability to deliver Project Services. We invested quickly into this area, adding leadership capability in the UK, Germany and Australia and building our own software development centre in Romania, initially to support our German clients. These services are a natural complement to our recruitment services and reflect the deepening Leadership Partner role we are playing with many of our clients.

Our non-Perm business has been a key strategic focus for many years and fees grew by 21% in FY22. This included 31% fee growth in Germany, where we further reinforced our leadership in the attractive high-end Contracting market. We also made breakthroughs in growing non-Perm fees to a critical scale in several other European countries including France, Spain and Poland.

A significant proportion of our global fees are now earned with large Enterprise clients. Fees from this segment grew quickly and we have provided additional disclosure to highlight the attractiveness of our Enterprise client offering. Our services to Enterprise clients are currently delivered via two contractual forms. First, our outsourced solutions business, which manages long-term contracted arrangements such as Managed Service Provision (MSP; non-Perm), Recruitment Process Outsourcing (RPO; Perm-based) and broader Human Resources services to around 150 clients reached £200 million in fees in FY22 for the first time, up 21% YoY.

Our second channel to large clients is via Preferred Supplier Lists (PSL). We have around 1,200 PSL clients globally, which are non-contracted. Within this, the largest c.400 clients each billed over £250k p.a., contributing a further c.£250 million in fees globally. Therefore, the combined value of fees in our top 550 global clients represented c.40% of Group fees in FY22, and over half of Group fees came from contracted or PSL clients (see page 31).

**+26%**

**growth in consultant headcount**

A further c.15% of Group fees originated from the next 1,000 global PSL clients. Each of these organisations still has significant unfulfilled demand and therefore opportunity, either on finding the talent they need right now or on their strategy to build the right workforce for tomorrow. In this increasingly complicated world, we see our role alongside our clients maturing, becoming what we call their 'Leadership Partner' (see page 28).

Leadership Partnership means delivering highly personalised services, at scale and across borders as appropriate. It means providing in-depth expertise on the best practices of today and the future and bringing rich insights and new workforce strategies to support better decision-making by our customers. The demand for such insights in the broad HR services market is vast, and there are few organisations better equipped than ourselves to deliver such a breadth and depth of expertise on the global stage. I believe our transition to deliver these broader services alongside our existing recruitment opens up stickier, more diverse and higher margin revenue streams and becoming a leader in the wider HR and Talent Services sector can be a game-changer for Hays.

Just as the challenges faced by our clients are changing, so too are those of our candidates. Ultimately, we are in the business of helping people deliver their full potential in their career and to deliver on this promise we have invested heavily in building Talent Network communities. These are highly focused and engaged communities of talented people segmented by skillset and geography. It is to these communities that we look first to find the scarce talent our clients need.

Since we commenced roll-out of the Talent Networks in September 2021, we now have over 35,000 live communities, with more being added every day. Having unique and instant access to such a rich collection of talent means we can fill our clients' vacancies much faster, and we have seen a reduction in the time taken to fill roles of up to 15% as our consultants leverage their networks.

Candidates also gain significant value from partnering with us as we can guide them to the skills they need to advance their career, including providing access to training and upskilling resources through our online portals. We initially launched the first stage of this skills ecosystem in May 2020 in response to the pandemic, and in FY22 more than 27 million minutes of training were consumed. The reskilling of workforces across the world is one of the biggest challenges facing every economy and we see great opportunity in evolving our ecosystem to be a leader in insight-driven reskilling.

Bringing all of this together, Hays is evolving from our historic foundation of specialist recruitment and leveraging that base to become a leader in the global market for HR and talent services. To support that evolution, we have also updated our own brand positioning in the market (see question 8). 'Recruiting Experts Worldwide' served us well for the past decade, but today we already do so much more than simple transactional recruitment. Hence at the start of FY23 we launched our new brand promise: 'Working for your tomorrow' and I am very excited at the possibilities this opens up for us.

# Q3.

## What operational changes to the business have you made as a result of the pandemic, and how have they improved overall efficiency?

**A.** The pandemic changed working patterns in almost all industries, and I think has positively impacted recruitment and HR processes. Video interviewing, remote onboarding and varying degrees of flexible working are now fully accepted alongside more traditional processes across most businesses globally.

We remain firm believers in the many positive aspects that working together in vibrant office environments bring. But, like many other companies, we also recognise the benefits of planned flexible working. We intend to retain those advantages and have developed new hybrid and flexible working practices to capitalise on them. This improves our proposition as an employer and I expect it will translate into a more productive and engaged workforce over time.

To support this new approach, we have invested in tools to better equip our leaders to manage their teams or for individuals to hone their own skills, recognising that team members might not be physically together all the time. Our Digital Manager system enables our teams to work seamlessly across different locations. We have also digitalised much of our own learning & development programmes, continuing to invest in upskilling and developing our leaders of tomorrow. We have embedded video deep into our processes, whether it be for interviewing, training or regional Board meetings, and this drives efficiency.

**"Our Digital Manager system enables our teams to work seamlessly across different locations."**

The ability to work remotely is also opening new ways of serving our clients. Where it is hard to source talent locally, many clients are increasingly willing to look further afield, including overseas, for the skills they need. We are seeing many examples of this in practice and are in a prime position to consult with clients given our global coverage and access to Talent Networks worldwide.

# Q4.

## How would you summarise Hays' Sustainability and societal progress in the year?

**A.** It is a core Hays value to always try to 'do the right thing'. Our efforts to build a more sustainable business are central to this, and I feel we have made significant progress.

Societally, in addition to the hundreds of thousands of people we placed in work, we have helped many millions of others with advice, guidance and training towards their next role. That has and continues to require investment, but I believe there is real social value in this.

Protecting the world in which we live is also front of mind. Our Science-Based Targets in support of the Paris Agreement on climate change were approved in February 2022. These set out our commitment to reduce our scope 1 and 2 GHG emissions by 50% by 2026. In doing so, we aspire to lead our industry in environmental performance. Despite the fact our network re-opened in FY22 after strict lockdowns, I am delighted our initiatives to reduce GHG emissions meant our scope 1, 2 and business travel emissions actually declined by 9% YoY, and reduced by 62% versus FY20.

We have also made great progress by quantifying our scope 3 supply chain emissions. We are committed to halving scope 3 emissions by 2030, and we actively prioritise working with suppliers who share our vision on Net Zero emissions.

Sustainable business also means one that is inclusive and diverse and reflective of the communities we serve. Having set a target at the end of FY21 of 50% female representation in our global leaders for example, we delivered 42.4% representation in FY22. Reaching parity will take some time as we largely promote from within, but we have in place the foundations, ambitions and support to reach our goal and have added a new Group KPI on this subject (see page 9).

We are also keenly aware that the work we do for our clients in helping them build equitable and diverse workforces can make a material difference to our local communities. We are increasingly innovating how we build our Talent Networks, helping our clients meet their own diversity targets and to support talent that has previously been under-represented e.g. workers living with a disability, ethnic minorities, LGBTQ+ communities, veterans, indigenous peoples, the mature-aged workforce, and young people. It is a privilege to find ourselves in such a powerful position to demonstrably help make our world a fairer and more socially mobile place, through our actions every day.

Linked to this, we consolidated our charitable work in FY22 under our 'Helping for your tomorrow' programme. This delivered an excellent first full year, helping many thousands of people who may not have the opportunities in life that many of us take for granted. Globally, over 10,000 volunteer hours were taken, and I am actively encouraging our people to take much more in FY23. We helped homeless people get back into meaningful work, and helped schoolchildren experience the world of work for the first time and discover their own career aspirations. We also helped hundreds of refugee families fleeing the war in Ukraine, establishing transport, shelter, essential supplies and education for those escaping the violence and making a new life in neighbouring countries. The generosity of Hays colleagues to put back into their communities is something I am always humbled by, and they have my full support. Their charitable efforts are central to our purpose, support our core value to 'do the right thing' and help sustain our social licence to operate.

Finally, we adopted a further United Nations Sustainable Development Goal – SDG 9: Building resilient infrastructure and promoting sustainable and inclusive industrialisation. This aligns with our ambitions to support the development of the Green Economy and our ED&I initiatives, including our promotion of training under-represented talent.

In summary, we made great progress in FY22. However, a strong business strategy is one that is inherently sustainable, so it makes good sense that we double down on all these efforts in the months and years ahead. I believe we have an important role to play in so many aspects, ranging from helping our clients find their talent from the most unexpected and under-represented communities through to helping the world source the many new skills required to support the development of the Green Economy. That to me is sustainability in action.

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# Q5.

## Hays held its first Investor Day since 2017 in April 2022, which set out Hays' future at the heart of the world of work. What were the key messages?

**A.** Our Investor Day was our opportunity to explain how the world of work has changed, how those changes benefit Hays, what we are doing to capitalise on that and how we will deliver significant value for all our stakeholders, including substantial returns to our shareholders.

There were three overriding themes. Firstly, the market for finding the right talent is virtually limitless and we are already a leader in that space. Secondly, the business we are building will be characterised by longer-term and stickier relationships and focused increasingly on structural opportunities that are less influenced by the cycle. Finally, our existing platform gives us more, and more diverse, opportunities to grow from than we have ever faced.

In delivering on these themes, we will see Hays evolve from being today's leader in specialist recruitment to become a global leader in the talent solutions and HR services market. We will achieve this by continuing to purposefully build our business around what the world increasingly needs – and we start from a position of strength with our global network, deep understanding and relationships with labour markets and talent, and our formidable client base.

Stepping back, Hays sits at the heart of one of the key drivers of the global economy – namely talented workforces. Changes in the world of work – the megatrends mentioned earlier – were accelerated by the pandemic, and these changes significantly benefit us. The creation, development and retention of workforces is becoming more complex and more expensive. Working models and environments are in a state of flux. New job categories are being created faster than ever before. Skill shortages are everywhere and will likely worsen as working age populations decline.

That supply/demand imbalance is creating wage inflation and internal HR departments are struggling to solve these new problems. We work with many thousands of organisations around the world, large and small, helping them solve these talent issues and delivering the skilled workforces they need as their long-term strategic Leadership Partner. This is a very privileged – and powerful – place to be.

Yet all these factors, including job churn, wage inflation and skill-matching, play precisely to our purpose and strengths. We have never been as relevant in helping solve these issues as we are today.

Why is this? First, we are building the broadest and deepest network of capability and infrastructure in the skilled talent market globally. We can deliver for all sizes of client in every key economy and across all professional skillsets. We are leaders in the fastest-growing talent markets globally, such as Technology and Life Sciences, as well as the support functions every organisation needs, be it Finance, HR or Marketing. Clients turn to Hays to support them, and this market leadership is very hard to replicate.

Second, the richness of our candidate Talent Networks gives us unrivalled access to the scarce resources all clients are looking for and is a distinct competitive advantage. Building rich talent pools in advance of job opportunities requires us to add significant value to our candidates repeatedly over time. It is about expert advice at many stages in a career, insights into where the best roles or salaries are, access to the best training or presentation of the best opportunities in both Permanent roles and Contractor assignments.

Third, over many years we have invested to build a business that is balanced between more established markets and those that are still structurally immature. Whatever the market, we aim to be the local leader, just as we are in our biggest businesses of the UK, Australia and Germany. In the less mature markets, we face significant structural opportunities as those markets open up to our services. However, we should not underestimate the structural opportunities that also remain in the more mature markets like the UK and Australia. We see opportunities there too to build new businesses in sectors we have traditionally not served, or where we are underweight.

Fourth, we have built a formidable client base, literally in the tens of thousands. Every one of those clients is facing challenges around their human capital. We partner with SMEs, in many cases supplying the majority of what they need. But there are also many SMEs we don't work for yet, and they represent a huge opportunity for us to leverage our network more extensively. At the other end of the spectrum, we have very deliberately built a leading position in large Enterprise clients. For some, we do most of their recruitment through our outsourced service lines. But for many, we currently only service a smaller proportion of their business, and that is a tremendous opportunity to leverage existing relationships and take further market share. I firmly believe this can deliver a higher quality of earnings in the future, as our relationships become stickier and more valuable, including a range of higher margin services in fast-growing markets.

We start this next chapter of our Hays story from a position of strength. Our market-leading positions and global infrastructure offer us opportunities in every single one of our businesses. We benefit from the tailwinds of wage inflation and skills shortages, and we have the financial resources to invest as we broaden and deepen our capability. There are very few organisations in the HR market with this foundation from which to evolve and that's what makes our future so exciting.

# Q6.

## What financial aspirations for Hays were set out at the Investor Day?

**A.** Our Investor Day was designed to lay out the 'art of the possible' within our business. With so much economic uncertainty in our world and in an industry that is so sensitive to economic confidence, it would be unrealistic to claim to be able to accurately predict a five-year financial plan. However, it is possible to illustrate what a feasible outcome may look like and where it will be derived from, assuming a supportive economy and no significant downturn in any of our major markets, and that is what we sought to disclose. Overall, we feel it realistic that our business can broadly double profits from current levels in five years, assuming no significant downturn in any of our major markets or material change in key exchange rates. There are many drivers of this potential, and we set out our ambitions for our three largest countries – Germany, UK and Australia – as well as the scale of opportunity in our Technology specialism and our Enterprise business.

Understandably, the macroeconomic environment will play a major role in our delivery against our aspirations. The shock of the pandemic and subsequent recovery showed just how material these external factors can be. At the time of the Investor Day we were not forecasting any major downturns, but if they do occur, we may well see achievement of our aspirations pushed out by 1-2 years. But the long-term potential remains undiminished.

Fee growth is the main driver of our plan. Breaking this down by key sector, our Technology specialism grew fees by an average of 9% per annum since FY15 – and by 11% per annum before the pandemic. Given our strong momentum, and having accelerated our investment through the SGI programme, we expect to achieve at least an 11% annual growth rate going forward. This would see us grow to £500 million+ fees in Technology.

Similarly, our other structural growth areas – including Engineering, Life Sciences, HR and Enterprise Solutions – have also performed strongly and have significant long-term growth potential. We therefore expect each of these to deliver fee growth in the range of 8-12% p.a. over the forecast period, consistent with our historic levels of fee growth.

Finally, over the past seven years we have grown net fees in our other core specialisms by 3% p.a., even including the impact of the pandemic, and going forward we see the opportunity to accelerate this growth to a range of 3-7% p.a. over the next five years.

The combination of these factors drives an overall Group net fee growth range of 6% to 10% over the five years to FY27.


### Operating profit conversion

Our key operating profit metric remains our conversion rate of net fees into operating profit. This was 17.7% in FY22, and in each of the three years prior to the pandemic we achieved a conversion rate of around 22%. It is our goal to return this key performance measure back to – and beyond – pre-pandemic levels over the next few years and there are three routes to achieving this.

First, we will focus on increasing consultant productivity and leverage the significant investment we have made in the business. World-class training and equipping our consultants and leaders with the best technology support this.

Second, wage inflation is evident for the first time in many years. As the salaries of the candidates we place on Perm and Temp assignments increase, our own fee per placement also increases. Furthermore, in skill-short markets where demand outstrips supply, we have opportunities to increase our percentage fee on Perm placements and increase Temp margins. In FY22, the combined effects of wage inflation added c.£40 million to Group fees. Each 1% we gain on pricing is today worth c.£12 million in net fees, while a 1% increase in our own cost base costs us c.£9 million. This leverage gives us confidence that we will be a net winner from inflation.

Finally, we will continue to focus diligently on cost management, including the continual improvement of efficiencies in our back-office, travel and optimisation of our property portfolio to capture the benefits of flexible working.

Bringing these three aspects together, we see the opportunity to drive our Group conversion rate back beyond our pre-pandemic level, with a range of 22-25% by FY27.

**"Assuming a supportive economic environment, we aspire to double operating profit by FY27. This would generate between c.£550 million and £750 million cumulatively of surplus cash for shareholders."**

## We have set out our growth ambitions for the next five years

| Technology | Germany | UK&I | ANZ | Outsourced Solutions |
|---|---|---|---|---|
| £500m+ net fees | Double profits to €200m* | £350m net fees | AUD 500m net fees | Double net fees to £400m |

**We see significant structural opportunities for long-term growth**

For the avoidance of doubt, our total Group FY27 net fee aspiration is not an aggregation of these ambitions as there is significant overlap between our net fees by country and fees in our large Technology and Outsourced Solutions business.

* Pre central cost allocation.

### Cash conversion

We are an asset-light, highly cash-generative business and we remain highly focused on remaining so. Between FY15 and FY19 we converted 102% of operating profit to operating cash flow. This repositioned the Group to a net cash position and generated significant dividend payments to shareholders of £455 million.

We are now targeting a cash conversion of 90%+ over the next five-year period, underpinned by two main assumptions.

Firstly, we expect debtor days to increase slightly from recent historically low levels of 33 days, as post-pandemic payments from clients normalise.

Of greater significance, we expect significant levels of growth in more working capital-intensive areas of our business, including our high salary Temp and Contracting businesses and particularly within Technology and our Enterprise clients.

We indicated a range of £0.9 billion to £1.1 billion of cumulative free cash flow (post payment of taxes) over the five years to FY27, based on our profit aspirations. This would generate between c.£550 million and £750 million of surplus cash, after deducting expected capex, pension contributions and setting aside a £100 million pot for potential bolt-on M&A. We anticipate continuing to return this surplus cash to shareholders via the most appropriate route.

# Q7.

## What are the Group's priorities for cash and have these changed?

**A.** The Board's free cash flow priorities remain to fund the Group's investment and development, maintain a strong balance sheet, deliver a sustainable and appropriate core dividend and return excess capital to shareholders in the form of special dividends and share buybacks.

Our first priority is investment in our business. This will mainly be via organic means – however we also reserve the right to make selective bolt-on acquisitions to broaden our service offerings should we identify appropriate opportunities. As mentioned, there is the potential to use up to £100 million for M&A over the next five years.

Our core dividend is designed to be sustainable, progressive and appropriate over the cycle, and our core target cover remains 2-3 times EPS. In addition, the Board will continue to retain a cash buffer of £100 million at our financial year-end, plus a sum representing the remaining outstanding value of any share buyback programme underway. Above this level, and subject to a positive economic outlook, the Board intends to return capital to shareholders via a combination of special dividends and disciplined share buybacks.

The Board expects the combined value of core and special dividends to represent the majority of capital returns in normal years. However, we reserve the right to accelerate our share buyback according to market conditions.

### Our priorities for uses of free cash flow

**Fund Group investment and development**

- Invest in headcount, training, systems and brand to support organic growth
- Assess potential M&A opportunities where appropriate

**Maintain a strong balance sheet**

- Maintain a net cash position of £100 million
- Funding of defined benefit pension scheme and long-term consideration of buyout

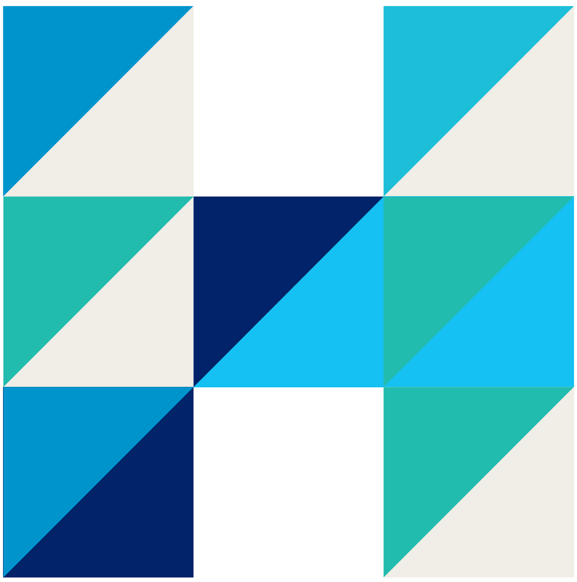
**Core dividend policy**

- Deliver a core dividend which is sustainable, progressive and appropriate
- Target core dividend cover of 2-3x EPS

**Excess cash returns policy**

- Subject to supportive economic outlook, return cash >£100 million and any outstanding share buyback programme at our year end to shareholders via special dividends and disciplined share buybacks as appropriate

HAYS Working for your tomorrow



# Q8.

## How does the rebranding of Hays support the Group's strategy?

**A.** For the past decade, our brand has carried the strapline 'Recruiting experts worldwide' and this has served us very well. But we are already so much more than solely a recruiting business. Our strategy is to become ever more deeply embedded with our clients.

Hence, from 1 July 2022, and reflected in the design of this Annual Report, we enhanced our brand proposition to better describe how we want the world to view Hays. Our new brand promise of 'Working for your tomorrow' captures how we put our customers – both clients and candidates – right at the heart of what we do.

'Working for your tomorrow' is about preparing organisations and people to be stronger tomorrow than they are today. It reinforces our ambition to become more integrated partners with our clients and delivering more than just recruitment transactions. It underpins our ambition to be lifelong partners to millions of the world's top talent and help them in their own development and career journey. And it opens our own eyes – and raises our ambition – for what we need to provide to get there. I believe it is a powerful statement and shows our intent as a global professional services organisation.

# Q9.
## What are your other key priorities?

**A.** Delivering on the potential we laid out at our Investor Day and the enhancement of our business are first and foremost. However, these can only be delivered through the expertise of all our people delivering world-class solutions. Hence a huge amount of my own attention is focused on developing our leaders and nurturing our unique Hays culture.

We are hugely proud of our culture and we think it sets us apart in our industry. In every one of our 253 offices worldwide, client service, integrity, passion and doing the right thing hold true every day. Culture needs investment in people and I am delighted we were able to resume in-person delivery of our flagship International Leadership & Management Programme in FY22, with its biggest cohort yet scheduled to start in FY23. We are also broadening our leadership capabilities with the introduction of a new course, International Leaders of the Future, and I expect 120 people to attend in FY23. We have also maintained total classroom and on-the-job training time at c.20% of each Associate's first year, supplemented by manager training of an average 12 days per year.

In our focus to ensure our customer is at the heart of everything we do, we are continually looking for new ways to enhance that centricity. I expect us to identify new offerings we can bring to our clients to deliver real expertise in more aspects of building a future-proof workforce. In each case we will assess the best way to deliver these services, whether to build, buy or partner to acquire the necessary expertise. I also expect us to continue our journey of digitising many of our services to best suit our customers.

With a digitally-enabled business comes greater IT security risks. We take this threat extremely seriously and strive to do everything we can to protect our candidate, client and employee data as well as our own systems integrity. The high level of engagement across our IT, Legal and Operations teams gives me significant confidence in this area.

Finally, my job is to align Group strategy and investments with the reality of global economic and geopolitical conditions. We clearly live in a world of significant and increasing macroeconomic uncertainties, all of which are outside our control. Accurately predicting the impacts of the many forces at work is impossible. However, we have built a business that is highly adaptable to changing circumstances and we run the business extremely closely, based on real-time data from our systems. We are constantly alert to the circumstances of the time and our management teams worldwide are expert at responding nimbly as we balance short-term priorities with our longer-term ambitions.

For example, we did not foresee exiting a business last year, but the Russian invasion of Ukraine in February 2022 made it untenable for us to remain operating in Russia, and we quickly and efficiently exited. Undoubtedly, the world has other new challenges to face today, but I am confident our leaders will adjust accordingly as those challenges unfold. In a world characterised by acute skill shortages, our focus is on navigating through this uncertain backdrop while continuing towards our own North Star of reinforcing our position as a world leader in talent and HR services.

**"We are hugely proud of our culture, and we think it sets us apart in our industry."**

And finally, I would like to say a few words about Paul Venables, our Group Finance Director of 16 years, who retires from full-time employment on 30 September 2022. Paul has made an extraordinary contribution to our Company, and he leaves the business in the best possible shape. He has been a trusted and talented support to me throughout, and I wish him the very best in his well-earned retirement. It is a testament to Paul's personal investment in the development of his team that our Finance Director Designate, James Hilton, is a home-grown talent with all the skills, experience and insight to now step up as our new Finance Director. James and I have worked together over many years now and I very much look forward to continuing to work alongside him in his new role from 1 October 2022.

> "We have delivered **record annual net fees and material profit growth**. Our strong cash generation supports **£168 million in FY22 dividends** and our **£75 million share buyback** programme."

**Paul Venables**
Group Finance Director

# FINANCE DIRECTOR'S REVIEW

**Growth in Group net fee income**
**32%**
FY21: (8)%

**Consultant headcount**
**9,037**
FY21: 7,190

**Increase in Group operating profit**
**128%**
FY21: (31)%

**Year-end net cash**
**£296.2m**
FY21: £410.6m

**Conversion rate**
**17.7%**
FY21: 10.4%

## Financial overview

We began the year with strong momentum, with our FY21 exit rate (June 2021) representing our strongest fee period since the start of the pandemic. Group year-on-year quarterly fee growth rates moderated from very high levels through the year as we annualised tougher growth comparators, although, encouragingly, September, November and March delivered all-time Group fee records, and both our third and fourth quarters produced fee records. Group fees and activity levels remained sequentially stable at high levels through the fourth quarter. As previously disclosed, the Group's net fee growth exit rate in June 2022 was 19%.

Our turnover[(1)] increased 19% and net fees[(2)] grew by 32%, helped by global economic recovery from the pandemic. Operating profit increased at its fastest rate ever, up 128% to £210.1 million, driven by the £291.7 million like-for-like increase in net fees, which was representing a drop-through rate of net fees to operating profit of 40%. This drove a 730 bps increase in the Group's conversation rate[(3)] to 17.7% (FY21: 10.4%), or 18.0% excluding one-off Russia closure costs of £4.2 million.

Our cash performance was strong, and we ended the year with net cash of £296.2 million. We converted 87%[(8)] of operating profit into operating cash flow[(4)], helped by another strong performance from our credit control teams, with debtor days remaining at last year's record level of 33 days.

(1) Net fees of £1,189.4 million (FY21: £918.1 million) are reconciled to statutory turnover of £6,588.9 million (FY21: £5,648.4 million) in note 6 to the Consolidated Financial Statements.
(2) Net fees comprise turnover less remuneration of temporary workers and other recruitment agencies.
(3) Conversion rate is the proportion of net fees converted into pre-exceptional operating profit.
(4) Cash generated by operations is stated after IFRS 16 lease payments. FY21 cash generated by operations of £130.8 million is also adjusted for £118.3 million of FY20 payroll tax and VAT deferred which was paid in FY21.

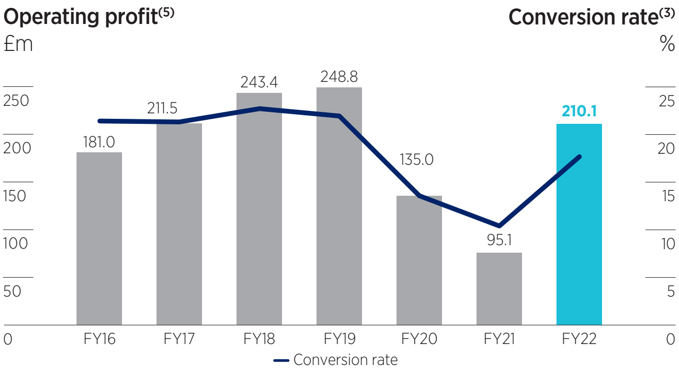
## Operating performance

| Year ended 30 June (£m) | 2022 | 2021 | Actual growth | LFL growth |
|---|---|---|---|---|
| Turnover[1] | 6,588.9 | 5,648.4 | 17% | 19% |
| Net fees[2] | 1,189.4 | 918.1 | 30% | 32% |
| Operating profit | 210.1 | 95.1 | 121% | 128% |
| Cash generated by operations[4] | 182.9 | 130.8 | 39% | |
| Profit before tax | 204.3 | 88.1 | 132% | |
| Basic earnings per share | 9.22p | 3.67p | 151% | |
| | | | | |
| Core dividend per share | 2.85p | 1.22p | 134% | |
| Special dividend per share | 7.34p | 8.93p | | |

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.

Our business model remains highly cash-generative and together with the Group's profitability and outlook, supports our FY22 core dividend of 2.85 pence per share (representing dividend cover of 3.0x our underlying EPS). The Board is also pleased to propose a special dividend of 7.34 pence per share, equating to £121.2 million.

As announced on 28 April 2022, the Group commenced a £75 million share buyback programme, to be completed over a 12-month period. By 30 June 2022 we had purchased and cancelled 15.4 million shares under this programme. The Board announces that it has increased this programme by a further c.£18 million, which means we began FY23 with £75 million available for buybacks during this financial year.




### Foreign exchange

Overall, net currency movements versus sterling negatively impacted results in the year, decreasing net fees by £20.4 million, and operating profit by £2.8 million.

Fluctuations in the rates of the Group's key operating currencies versus sterling 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 c.£1.1 million and c.£4.1 million respectively per annum, and operating profits by c.£0.3 million and c.£1.1 million respectively per annum.

The rate of exchange between the Australian dollar and sterling over the year averaged AUD 1.8346 and closed at AUD 1.7613. As at 23 August 2022 the rate stood at AUD 1.7064. The rate of exchange between the euro and sterling over the year averaged €1.1808 and closed at €1.1619. As at 23 August 2022 the rate stood at €1.1877.

The weakening of sterling versus our main trading currencies of the euro and Australian dollar is currently a tailwind to Group operating profit in FY23. If we re-translate FY22 profits of £210.1m at 23 August 2022 exchange rates (AUD1.7064 and €1.1877), operating profit would increase by c.£6 million.

### Increase in Group volumes, average Perm fee and Temp margin

Group Perm fees, which represented 45% of Group fees, increased by 49%, driven by a 42% increase in placement volumes and including a 5% increase in our average Perm fee. The increase in average Perm fee was driven both by rising Perm fee margins and higher average salaries, and our average Perm fee increased through the year, particularly in the second half. Overall, there remains clear evidence of wage inflation globally, particularly in the most skill-short markets.

Net fees in Temp, which incorporates our Contracting business and represented 55% of Group net fees, increased by 21%. This comprised a 10% increase in volume and a 7% fee increase arising from a 100 bps increase in underlying Temp margin[6] to 15.5% (FY21: 14.5%). Additionally, we saw a 4% benefit from mix and hours, with strong growth in higher paid specialisms such as Technology and Life Sciences, and wage inflation more generally, partially offset by a greater number of part-time Contracting assignments.

### Movements in consultant headcount

Consultant headcount at 30 June 2022 was 9,037, up 26% year-on-year. Total Group headcount increased by 23% year-on-year.

### Current trading

We have made a good start to our new financial year. While we are mindful of increasing macroeconomic uncertainty, client and candidate confidence remains good, supported by skill shortages and wage inflation.

(5) FY20 and FY19 operating profit and basic earnings per share are stated before exceptional charges. There were no exceptional charges in FY18, FY21 & FY22.
(6) The underlying Temp 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.
(7) FY20 net cash excludes £118.3 million of deferred tax payments.
(8) Operating cash conversion represents the conversion of pre-exceptional operating profit[3] to cash generated from operations[4].

Perm activity remains strong overall, with some normalisation in some of the previously most active markets. Temp volumes remain stable overall.

Globally, both Temp and Perm continue to benefit from improving fee margins and the broader impact of wage inflation, which we expect to continue across FY23.

Having made significant headcount investments in FY22, we have appropriate capacity for today's market opportunities. We expect consultant headcount growth will be minimal in H1, outside of our SGI programme, as we focus on driving consultant productivity and returns from our investments.

### Australia & New Zealand

Conditions in Perm remain good, with markets supported by skill shortages and wage inflation, and Temp volumes are broadly stable.

### Germany

Overall conditions are strong and Contractor numbers are at record levels. Due to the timing of public holidays, there are three fewer trading days in H1 FY23 versus the prior year (H2 FY23 trading days are unchanged YoY). We estimate this will have a profit impact of c.£5 million in H1 FY23.

### United Kingdom & Ireland

Conditions in Perm are good, with markets supported by skill shortages and wage inflation. Temp volumes are sequentially stable.

### Rest of World

Conditions across EMEA and Asia are good. In North America, Perm activity levels have decreased modestly, reflecting some reduced client confidence.

## Net finance charge

The net finance charge for the year was £5.8 million (FY21: £7.0 million). Net bank interest payable (including amortisation of arrangement fees) was £0.4 million (FY21: £0.6 million). The interest charge on lease liabilities under IFRS 16 was £3.9 million (FY21: £5.0 million), and the charge on defined benefit pension scheme obligations was £1.4 million (FY21: £1.1 million). The Pension Protection Fund levy was £0.1 million (FY21: £0.2 million). We expect the net finance charge for the year ending 30 June 2023 to be around £6.0 million, of which c.£3.0 million is non-cash.

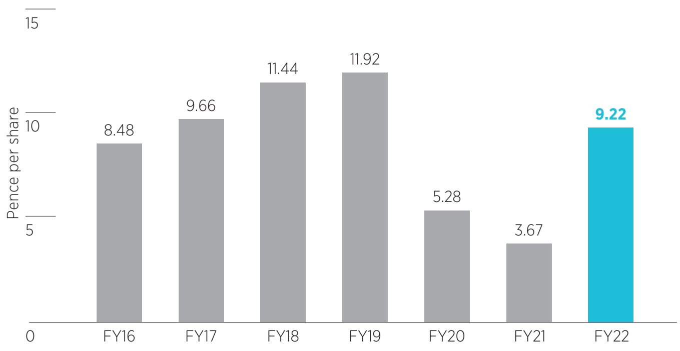
## Taxation

Taxation for the year was £50.1 million (FY21: £26.6 million), representing an effective tax rate (ETR) of 24.5% (FY21: 30.2%). The decrease in the ETR in the year reflects positive one-off settlements with certain tax authorities, plus the recognition of deferred tax assets driven by the positive movement in the Group's defined benefit pension surplus. We expect the ETR will return to c.30% in FY23.

## Earnings per share

Basic earnings per share increased by 151% to 9.22 pence (FY21: 3.67 pence), driven by the significant increase in Group operating profit and the effect of the lower Group ETR. On a normalised basis applying a 30% ETR, the Group's adjusted EPS would have been 8.55 pence, representing growth of 133%.

**Earnings per share[(5)]** p



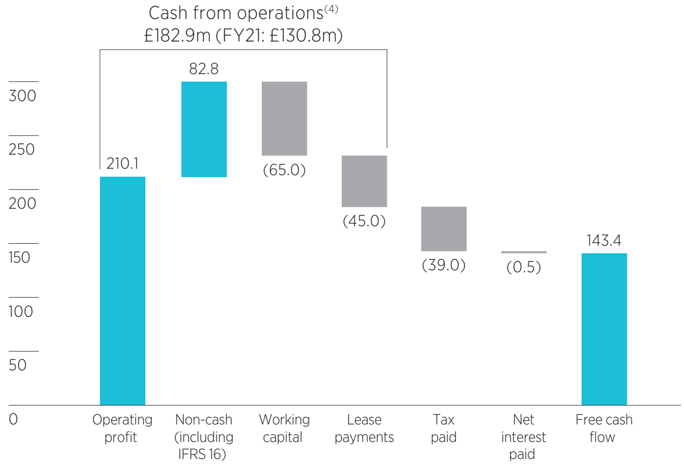

## Cash flow and balance sheet

Conversion of operating profit into operating cash flow[(4)] was 87% (FY21: 138%[(4)]). This resulted from strong underlying profitability, partially offset by a c.£65 million cash outflow from working capital as our Temp debtors increased with Temp fee growth, lower than our initial expectations. We continued to see a strong performance by our credit control teams globally, with debtor days of 33 days (FY21: 33 days), versus 39 days pre-pandemic.

Net capital expenditure was £24.4 million (FY21: £18.8 million), with continued investments in technology infrastructure, cyber security and to support our SGI programme. We expect capital expenditure will be £25-30 million for the year to June 2023.

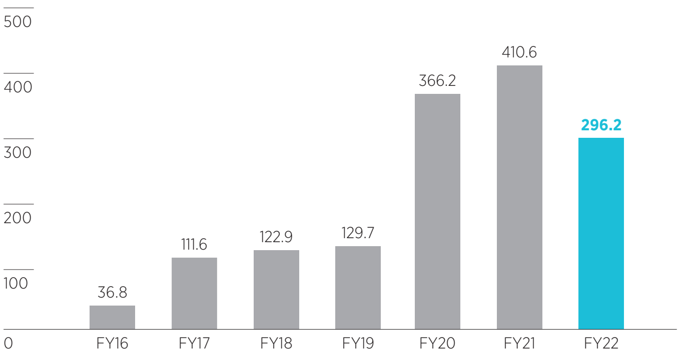
£186.4 million in core and special dividends was paid in the year (FY21: £nil) and pension deficit contributions were £17.2 million (FY21: £16.7 million). Net interest paid was £0.5 million (FY21: £0.9 million) and corporation tax payments were £39.0 million (FY21: £31.8 million). We ended the year with a net cash position of £296.2 million (FY21: £410.6 million).

**Operating profit to free cash flow** £m




During the year we purchased 14.2 million shares, at a cost of £19.8 million, as part of our treasury share purchase programme, at an average price of 138.4 pence per share. The shares will be held in treasury and utilised to satisfy employee share-based award obligations over the next two years. As previously noted, we also commenced a £75 million share buyback programme for cancellation on 28 April 2022, and between then and 30 June 2022 we purchased and cancelled 15.4 million shares, at a cost of £18.2 million (average price 118.2 pence per share).

Closing net cash/(net debt)[7] £m




## Retirement benefits

The Group's defined benefit pension scheme position under IAS 19 at 30 June 2022 has resulted in a surplus of £102.0 million, compared to a surplus of £46.6 million at 30 June 2021. The increase in surplus of £55.4 million was driven by changes in financial assumptions, most notably an increase in the discount rate, and changes to the scheme's demographic assumptions, plus company contributions. These were partially offset by lower expected returns on scheme assets. In respect of IFRIC 14, the Schemes' Definitive Deeds and Rules are 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 Group contributed £16.7 million of cash to the defined benefit scheme (FY21: £16.3 million), in line with the agreed deficit recovery plan. The 2021 triennial valuation quantified the actuarial deficit at £23.9 million on a Technical Provisions basis. Our long-term objective continues to be reaching full buyout of the scheme and therefore our recovery plan remained unchanged and comprised an annual payment of £16.7 million from July 2021, with a fixed 3% uplift per year. The scheme was closed to new entrants in 2001 and to future accrual in June 2012.

## Capital structure and dividend

Our business model remains highly cash-generative. The Board's free cash flow priorities are to fund the Group's investment and development, maintain a strong balance sheet, deliver a sustainable and appropriate core dividend and to return cash to shareholders in the most appropriate form.

Given the strong recovery in the Group's profitability, strong balance sheet and our confidence in our outlook, the Board has proposed a final dividend of 1.90 pence per share (FY21: 1.22 pence). When added to the interim dividend of 0.95 pence paid in April 2022, the Group's total FY22 core dividend is 2.85 pence per share (FY21: 1.22 pence), representing dividend cover of 3.0x our underlying EPS of 8.55 pence per share, when adjusted for a normalised tax rate of 30% excluding our one-off FY22 tax benefits. The final dividend payment date will be 11 November 2022, and the ex-dividend date is 29 September 2022 (record date 30 September). Our target core full year dividend cover range remains 2.0 to 3.0x earnings.

The Board is also pleased to propose a special dividend of 7.34 pence per share, equating to £121.2 million, to be paid alongside our core dividend. As previously noted, in April 2022 we announced the launch of a £75 million share buyback programme, and by 30 June 2022 we had bought back 15.4 million shares at a cost of £18.2 million, which were subsequently cancelled. The Board has increased our share buyback programme by a further £18.2 million, which means we began FY23 with £75 million available for buybacks.

Our policy for special dividends will be based on returning capital above our cash buffer at each financial year-end (30 June) of £100 million, plus any residual amounts outstanding on our share buyback programme and is subject to the Board having a positive economic outlook.

## Treasury management

The Group's operations are financed by retained earnings and cash reserves. In addition, the Group has in place a £210 million revolving credit facility, which reduces in November 2024 to £170 million and expires in November 2025. 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 2022: not applicable, given that on a covenant basis, we received £0.1 million of net interest) and its leverage ratio (net debt to EBITDA) to be no greater than 2.5:1 (as at 30 June 2022 the Group held a net cash position). The interest rate of the facility is on a ratchet mechanism with a margin payable over Compounded Reference Rate in the range of 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 operate as a profit centre 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. 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.

As Alistair mentioned earlier in the annual report, after more than 16 years as Hays' Group Finance Director, I have decided to retire from full-time employment as at the end of September 2022. It has been an honour and a privilege to be your Finance Director over what has been such a transformational period for the Hays Group and against a backdrop of significant and sometimes volatile changes in global economic conditions. This business will always be in my heart, and I am confident that Alistair and his team will continue to deliver on the significant long-term structural opportunities available to Hays. Finally, I am delighted that the Board has selected James Hilton as my successor. James and I have worked together for 14 years in his various roles in the Group, and he will be an excellent Finance Director and has my full confidence.

**Paul Venables**
Group Finance Director
24 August 2022

# DIVISIONAL OPERATING REVIEW

# AUSTRALIA & NEW ZEALAND

## Strong growth, led by Perm and the Technology sector

**Net fees**

**£195.7m**

**Operating profit**

**£51.6m**

**Consultants**

**1,136**

**Offices**

**40**

**Share of Group net fees**

Australia & New Zealand **16%**
Germany **26%**
UK & Ireland **22%**
Rest of World **36%**

In Australia & New Zealand (ANZ), net fees increased by 24% to £195.7 million, with operating profit up 32% to £51.6 million. This represented a conversion rate[1] of 26.4% (FY21: 24.8%). Currency impacts were negative in the year, decreasing net fees by £2.6 million and operating profit by £0.7 million.

Business confidence improved following the lifting of lockdown restrictions in October, although trading was negatively impacted in Q3 by high levels of Covid infections. Conditions were strong in Perm, with fees up an excellent 60%, although momentum moderated in the second half, with fourth quarter volumes and activity sequentially stable. Temp, which represented 62% of ANZ net fees and which was relatively resilient in the prior year, increased by 9%. We saw some signs of candidates shifting from the Temp to Perm markets, particularly in mid-salary roles, and Temp volumes were flat in the fourth quarter.

The Private sector, which represented 66% of ANZ net fees, grew by 29%, with Public sector fees up 17%.

Australia, 92% of ANZ, saw net fees increase by 23%. New South Wales and Victoria increased by 27% and 24% respectively. Queensland grew by 30%, with South Australia, Western Australia and ACT up 23%, 16% and 6% respectively. At the Australian specialism level, Construction & Property, 17% of Australia fees, increased by 13%, although Technology and Accountancy & Finance were much stronger, up 37% and 30% respectively. HR grew by 28% and Office Support grew by 28%.

New Zealand delivered a record performance, with fees up 49%.

ANZ consultant headcount increased by 20% year-on-year.

### Net fees by specialism

| | |
|---|---|
| Construction & Property | 19% |
| Technology | 15% |
| Banking | 11% |
| Office Support | 11% |
| Accountancy & Finance | 10% |
| HR | 5% |
| Sales & Marketing | 4% |
| Other | 25% |

### Net fees by country/sub-region

| | |
|---|---|
| New South Wales | 25% |
| Victoria | 21% |
| Queensland | 13% |
| Australian Capital Territory | 9% |
| Western Australia | 9% |
| New Zealand | 8% |
| Other | 15% |

### Net fees by contract type

| | |
|---|---|
| 38% Permanent | 62% Temporary |

### Net fees by sector

| | |
|---|---|
| 34% Public | 66% Private |

### Operating performance

| Year ended 30 June | 2022 | 2021 | Actual growth | LFL growth |
|---|---|---|---|---|
| **Net fees** | **£195.7m** | £159.9m | 22% | 24% |
| **Operating profit** | **£51.6m** | £39.7m | 30% | 32% |
| **Conversion rate[1]** | **26.4%** | 24.8% | +160bps | |
| **Period-end consultant headcount[2]** | **1,136** | 945 | 20% | |

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.
(2) Closing consultant headcount as at 30 June.

# GERMANY

Record fees and excellent profit growth, driven by record contractor numbers

**Net fees**

**£313.9m**

**Operating profit**

**£75.6m**

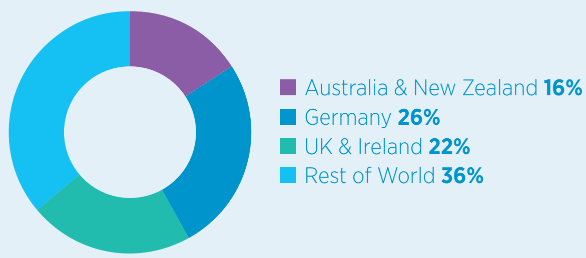
**Consultants**

**2,016**

**Offices**

**26**

**Share of Group net fees**




Our largest market of Germany saw net fees increase by 34% to £313.9 million, with activity improving through the year and strong sequential fee and profit growth. Operating profit increased by 152% to £75.6 million, which represented a conversion rate(1) of 24.1% (FY21: 12.8%). Currency impacts were negative in the year, decreasing net fees by £10.7 million and operating profit by £1.4 million, and there were no material trading day impacts.

At the specialism level, our largest specialism of Technology, comprising 38% of Germany net fees, increased by 21%, with Engineering, our second largest, up an excellent 45%. Accountancy & Finance increased by 36%, while Life Sciences and Construction & Property increased by 14% and 16% respectively.

Net fees in our Temp and Contracting business, which represented 83% of Germany fees, increased by 31%. Within this, Contracting (57% of Germany net fees) grew by 28%, driven by record contractor volumes and increasing fee margins. This was partially offset by c.5% lower average weekly hours per contractor, as we saw a greater number of part-time assignments.

Our Temp business, 26% of Germany fees, which is mainly in Engineering & Manufacturing and where we employ temporary workers as required under German law, increased fees by 39%. Encouragingly, Temp volumes improved through the year, although given the slower recovery in the Automotive & Manufacturing sectors, average volumes remain below prior peak levels. Our comparative fees in the first half of FY21 included £6.2 million in Temp severance and under-utilisation costs and, excluding this, underlying FY22 Temp fees increased by 27%. As expected, we saw a return to more normal levels of sickness leave in both our Contracting and Temp businesses.

Perm, 17% of Germany fees and which continues to have excellent long-term structural outsourcing potential, increased by 51%.

Consultant headcount increased by 24% year-on-year.

## Net fees by specialism

| | |
|---|---|
| Technology | 38% |
| Engineering | 25% |
| Accountancy & Finance | 16% |
| Life Sciences | 5% |
| Sales & Marketing | 5% |
| Construction & Property | 4% |
| Other | 7% |

## Net fees by contract type

17% Permanent

83% Temporary

## Net fees by sector

13% Public

87% Private

## Operating performance

| Year ended 30 June | 2022 | 2021 | Actual growth | LFL growth |
|---|---|---|---|---|
| Net fees | £313.9m | £244.8m | 28% | 34% |
| Operating profit | £75.6m | £31.4m | 141% | 152% |
| Conversion rate(1) | 24.1% | 12.8% | +1,130bps | |
| Period-end consultant headcount(2) | 2,016 | 1,620 | 24% | |

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.
(2) Closing consultant headcount as at 30 June.

# UK & IRELAND

## Excellent fee and profit growth, driven by Perm and Technology

**Net fees**

**£263.3m**

**Operating profit**

**£43.4m**

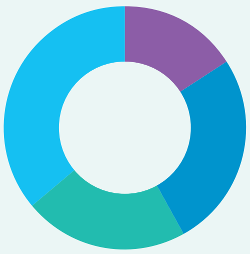
**Consultants**

**2,175**

**Offices**

**87**

**Share of Group net fees**



- Australia & New Zealand **16%**
- Germany **26%**
- UK & Ireland **22%**
- Rest of World **36%**

In the United Kingdom & Ireland (UK&I), net fees increased by 31% to £263.3 million, with good sequential growth in the first three quarters, and fees sequentially stable at high levels in the fourth quarter. Operating profit of £43.4 million represented excellent growth of 277% versus the prior year, delivering a strong increase in conversion rate[1] to 16.5% (FY21: 5.7%).

Our Perm business, which represented 45% of UK&I net fees, saw fees increase by an excellent 58%. Temp was strong overall and increased by 15%, although momentum moderated in the second half, and the 8% Temp fee growth in the fourth quarter was driven by higher margins, with Temp volumes slightly down.

The Private sector, which represented 72% of UK&I net fees, delivered excellent growth, up 42%. The Public sector, which was relatively resilient in the prior year, increased by 10%.

All UK regions traded broadly in line with the overall UK business, except for the East of England and the North West, up 41% and 39% respectively, and Northern Ireland, up 20%. Our largest region of London increased by 30%, while Ireland grew by an excellent 57%.

Technology fees increased by 56%. Accountancy & Finance, Office Support and HR were also excellent, up 38%, 50% and 81% respectively. Construction & Property increased by 15%, and Education and Life Sciences increased by 28% and 9% respectively.

Consultant headcount in the division increased by 24% year-on-year.

### Net fees by specialism

| | |
|---|---|
| Accountancy & Finance | 19% |
| Technology | 17% |
| Construction & Property | 16% |
| Office Support | 11% |
| Education | 7% |
| Banking | 3% |
| Other | 27% |

### Net fees by region

| | |
|---|---|
| London & South East | 33% |
| North & Scotland | 23% |
| Midlands & East Anglia | 17% |
| South West & Wales | 12% |
| Ireland | 8% |
| Enterprise Solutions | 7% |

### Net fees by contract type

| | |
|---|---|
| 45% Permanent | 55% Temporary |

### Net fees by sector

| | |
|---|---|
| 28% Public | 72% Private |

### Operating performance

| Year ended 30 June | 2022 | 2021 | Actual growth | LFL growth |
|---|---|---|---|---|
| Net fees | £263.3m | £201.1m | 31% | 31% |
| Operating profit | £43.4m | £11.5m | 277% | 277% |
| Conversion rate[1] | 16.5% | 5.7% | +1,080bps | |
| Period-end consultant headcount[2] | 2,175 | 1,759 | 24% | |

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.
(2) Closing consultant headcount as at 30 June.

# REST OF WORLD

## Record fees in 22 countries and excellent profit growth

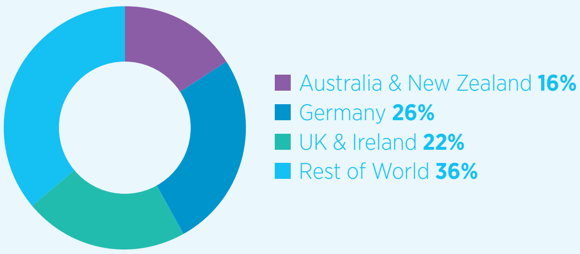
**Net fees**
**£416.5m**

**Operating profit**
**£39.5m**

**Consultants**
**3,710**

**Offices**
**100**

**Share of Group net fees**




Our Rest of World (RoW) division, which comprises 27 countries, delivered record fees, up 36%, including 22 individual country records. Operating profit increased to £39.5 million, representing excellent growth of 234% versus the prior year, and a conversion rate(1) of 9.5% (FY21: 4.0%). Excluding the £4.2 million of one-off costs of closing our Russian business (as noted on page 40), our RoW conversion rate(1) was 10.5%, up 650 basis points year on year. Currency impacts were negative in the year, decreasing net fees by £6.7 million and operating profit by £0.7 million.

Perm, which represented 68% of fees, increased by an excellent 43%. Temp fee growth was also strong, up 24%.

EMEA ex-Germany (56% of RoW) fees increased by 31%, including 12 country records. France, our largest RoW country, increased by 35%, and Poland and Spain were also very strong, up 42% and 34% respectively. The Netherlands and Belgium increased by 29% and 12% respectively, with Switzerland up 27%. Among our smaller markets, Hungary, up 64%, and Denmark, up 78%, each produced fee records.

The Americas (26% of RoW) fees increased by 51%. All of our six countries produced fee records, including the USA, our second-largest RoW country which increased by 43%, and Canada, up 63%. In Latin America, up 65%, Brazil net fees increased by 75%, and Mexico by 48%.

Asia (18% of RoW) fees increased by 35%, including four country records. Malaysia performed very strongly, up 47%, and Japan grew by an excellent 45%. China increased by 25%, with Mainland China underperforming Hong Kong. This said, given strict lockdown restrictions, conditions were weaker in the second half and fourth quarter fees in China declined by 5%.

Consultant headcount in the RoW division was up 29% year-on-year. In the year, EMEA ex-Germany increased by 18%, the Americas by 60% and Asia by 29%.

## Net fees by specialism

| | |
|---|---|
| Technology | 26% |
| Accountancy & Finance | 12% |
| Life Sciences | 9% |
| Construction & Property | 9% |
| Sales & Marketing | 7% |
| Engineering | 6% |
| Other | 31% |

## Net fees by region

| | |
|---|---|
| EMEA* | 56% |
| The Americas | 26% |
| Asia | 18% |

* excluding Germany.

## Net fees by contract type

**68%** Permanent
**32%** Temporary

## Net fees by sector

**1%** Public
**99%** Private

## Operating performance

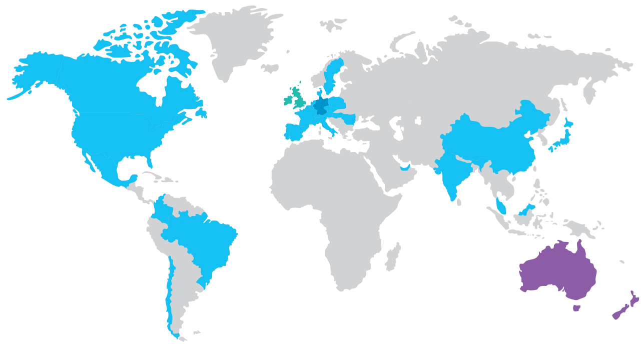
| Year ended 30 June | 2022 | 2021 | Actual growth | LFL growth |
|---|---|---|---|---|
| **Net fees** | **£416.5m** | £312.3m | 33% | 36% |
| **Operating profit** | **£39.5m** | £12.5m | 216% | 234% |
| **Conversion rate(1)** | **9.5%** | 4.0% | +550bps | |
| **Period-end consultant headcount(2)** | **3,710** | 2,866 | 29% | |

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.

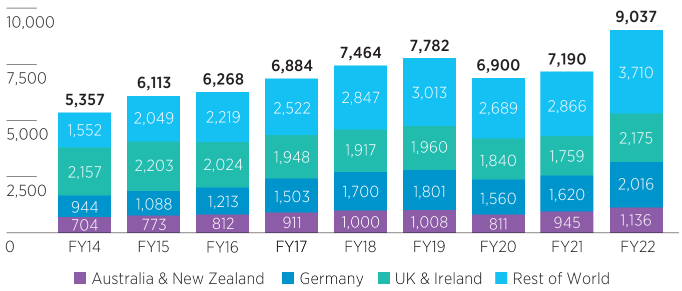
(1) Conversion rate is the proportion of net fees converted into operating profit.
(2) Closing consultant headcount as at 30 June.

# HISTORICAL COMPARISONS FY14–22

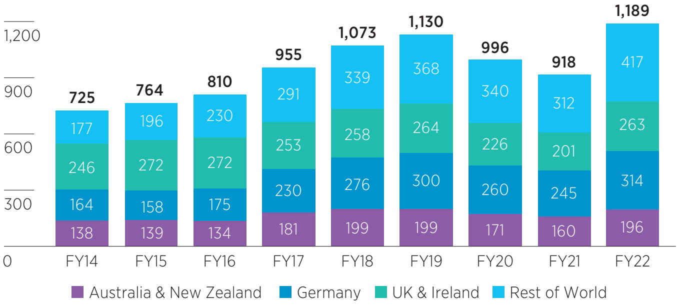
To assist investors in their analysis of Hays, we present our net fees, operating profit, headcount and conversion rate since FY14.



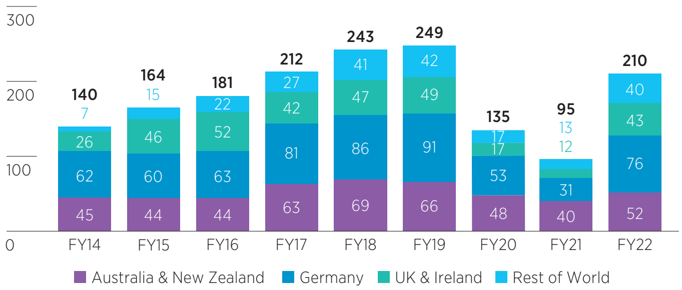
## Consultant headcount



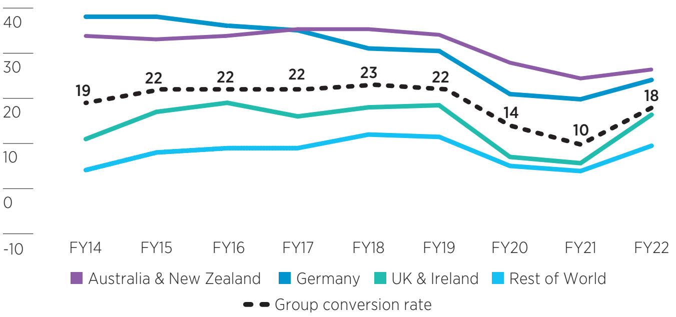

## Net fees (£m)



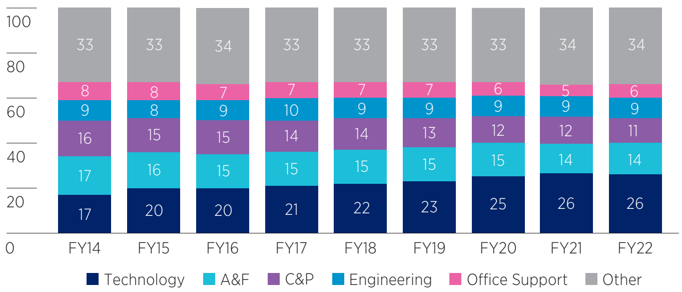

## Operating profit(1) (£m)




## Conversion rate(2) (%)




## Net fees by specialism (%)




(1) There were no exceptional charges in FY22 or FY21. FY20 operating profit is stated before exceptional charges of £39.9 million. FY19 is stated before exceptional charges of £15.1 million.

(2) FY20 and FY19 conversion rates are shown on a pre-exceptional basis.