

HALF-YEAR RESULTS

FOR THE SIX
MONTHS ENDED
31 DECEMBER 2022

23 February 2023

**PREPARED
REMARKS**



SLIDE 1-4: INTRODUCTION

< **Alistair Cox, Group Chief Executive** >

Good morning, everyone and welcome to our half-year results. It's been a busy few months as we've navigated a world that has changed, and continues to change so quickly. However, we've sought to continue to grow the business, continue to strategically position ourselves for the future, protect profitability and generate significant cash, whatever the markets threw at us.

So as usual, I will take you through our operating review, James will cover detailed financials and current trading and I'll finish with a strategy update. We will then have ample time for Q&A.

SLIDE 5: RECORD FEES, ACTIVE HEADCOUNT MANAGEMENT & STRONG CASH GENERATION; ENCOURAGING 'RETURN TO WORK' OVERALL

Turning then to trading. The world of work has continued to change profoundly since the pandemic. We designed our strategy to capitalise on those changes, whether it be exercising our own pricing power in a skills-short world, shifting our mix towards higher-value roles, or moving resources towards the longer-term markets our world needs. These actions have enabled us to deliver record half-year fees, up 12% to £652m, including monthly records in September and November. 19 countries in total delivered their own record and all of this came from our focus on increasing margins, servicing the most in-demand markets, and underlying wage inflation.

Growth was similar in Perm, up 12% and Temp, up 11%. However, in Q2 we saw our largest business of Temp outperform Perm for the first time in 7 quarters and given that Temp is our larger business, this is interesting and sets us up well for the future. Globally, our largest specialism, Technology, grew by 12% to a record c.£170 million. Accountancy & Finance and Construction & Property increased by 15% and 9% respectively, and our fourth-largest specialism, Engineering, was up 26%. Direct outsourcing fees with Enterprise clients grew by 12% and we continued to gain market share in this segment, which forms a key part of our overall group strategy.

We live in an uncertain world though and it's understandable that we saw a deterioration in client and candidate confidence during the period in some countries, particularly in Perm, where time to hire lengthened. This slowed our fee growth rates, which declined from 23% in Q4 last year to 8% in Q2. Given that we entered FY23 with significant headcount investment already in the business, up 26% YoY, this rapid deceleration of growth drove negative profit leverage, as the number of roles filled/consultant declined by c.15%. We dealt quickly with this though and reduced headcount in several markets, particularly ANZ, UK&I, China and the USA, and our capacity is now aligned to underlying market demand. At the end of the half, our consultant headcount growth was stable and comparable with our fee growth. Clearly, the benefits of our systems means we have real-time data on activity levels, and we will respond quickly again should we see those indicators change. What's important at this stage though is to state up front that our new year 'return to work' has been encouraging, and we have made a good start to our second half. Overall activity is stable, and we continue to benefit from our fee margin increases. Assuming the markets remain stable, I am therefore confident we will drive productivity, profitability and conversion rate improvements in the second half and that is very much our prime focus right now.

Finally, as ever, strong cash generation underpinned high levels of cash returns, with £150m in core and special dividends paid in November, plus nearly £60m worth of shares repurchased in the half. Despite this, we still ended the period with over £100m in the bank.

SLIDE 6: SIGNIFICANT INVESTMENT IN NEW BUSINESS LINES AND INFRASTRUCTURE

Let me turn for a moment now to our investment approach. Even though the world felt increasingly challenging in a number of areas, we took the decision to continue to invest in our key strategic themes that we outlined at our investor day last year. That meant getting the right balance between running the business for short-term profit maximization with repositioning it to capitalise on the many longer-term opportunities our world is creating.

In total we consciously invested £8m across this program in the half. £6m went into starting or developing new Services businesses, which are highly complementary to our core recruitment expertise. Examples include scaling our German Statement of Works solutions business, where we now employ over 100 engineers based at our facilities in Romania, and they deliver technology-led projects for Engineering and Automotive clients in Germany. Similarly, we opened Project Services advisory businesses in France and Australia and invested in senior management and sales expertise to build these new areas.

We also invested c.£1.0 million in establishing three new shared service recruitment centres – Casablanca, Zaragoza and Mexico City - to support the growth of our Enterprise clients businesses in Europe and the USA. These centres will enable us to fill more jobs more quickly and at lower cost and underpin our Enterprise strategy to double the business and take share. All 3 are up and running already.

Finally, we invested a further c.£1m reinforcing our senior management infrastructure globally in key strategic sectors such as Technology, Engineering and Enterprise. With those teams now fully staffed up, we can scale fast and have the talent in place to run significantly larger businesses.

Clearly, nothing comes for free though and these organic investments, while I am certain they are the right thing to do, have temporarily decreased our H1 conversion rate, which James will quantify. However, I think we have struck an appropriate balance between continuing to develop our business for the future with maximizing short term profits.

SLIDE 7: RECORD FEES AND EXCELLENT PROFIT GROWTH, DRIVEN BY RECORD CONTRACTOR NUMBERS

Turning now to our operations, we delivered fee records all over the world, but Germany is our standout performer. Fees were up 24% or 27% working-day adjusted, in what is already a massive business. Operating profit increased by 17%, or 31% WDA.

Activity levels improved through the half, with clients continuing to invest in new projects, and extend existing ones. Germany's skills shortages are particularly acute and there simply are not enough talented people to fill all the roles. That meant that our largest business of Contracting produced record fees, up 27%, driven by record numbers of contractors working. Temp grew by 22% WDA, and our Perm business was excellent, up 34%.

Sector wise, Engineering was a notable performer, up 24% and included strong performances in Automotive, as well as the energy and renewables sector where we won a number of MSP contracts covering all major energy utilities, which is a great place to be. Our Technology business grew by 12%, and A&F was up 33%.

With such high activity levels, we increased Consultant headcount by 3% in H1, and by 19% YoY.

Overall, I'm delighted with our progress in Germany - I've said many times that it is our biggest profit growth opportunity over the next few years, and I think these results show that is coming true. There are decades of structural opportunities ahead and as the far and away leader in that market, we have so many options to grow – which I will return to later in our strategy section.

SLIDE 8: MARKETS SLOWED THROUGH H1, DRIVING NEGATIVE PROFIT LEVERAGE. CONSULTANT HEADCOUNT REDUCED TO ALIGN WITH NEW MARKET DEMAND

Moving to the UK & Ireland, fees increased by 7%, with profit down 16%. Markets slowed through H1, and given our higher average headcount and the impact of pay increases, this drove negative profit leverage. However, we took swift action to adjust headcount downwards, to ensure we ended the half with consultant headcount aligned to current market demand.

Temp fees increased 6%, and Perm was up 8%. Growth was entirely driven by improved fee margin and positive salary mix, as Temp and Perm volumes were down 6% and 3% respectively. Fees in the Private sector grew by 8%, and the Public sector was up 4%.

By sector, a familiar theme with Technology hitting new records, with fees up 16% from an already high base. Engineering was also excellent, up 64% driven by our earlier investments. Conditions were tougher in C&P, up only 1%, and HR, down 3%.

Consultant headcount decreased by 4% in H1 and ended up just 6% YoY at the end of December.

SLIDE 9: TOUGHER MARKET CONDITIONS LED TO REDUCED PRODUCTIVITY AND DISAPPOINTING PERFORMANCE. HEADCOUNT REDUCED TO ALIGN WITH DEMAND

Turning to ANZ where fees decreased by 1%, with operating profit down 36%. It was a difficult half in Australia and conditions deteriorated through H1, with fee growth slowing from 12% in the previous Q4 last year to minus 4% in Q2 this year. That rapid slowdown, combined with the capacity and therefore cost we had in place as we started the year, headcount was up 20%, led to the negative profit performance.

As you'd expect, we took action to reduce headcount, which decreased by 2% in the half-year, including a more rapid 5% reduction in Q2.

Temp fees fell by 6%, driven by volumes down 10%. We saw reduced candidate availability, together with lower client activity, particularly in Banking and Financial services which are important sectors for us in Australia. Perm fees increased by 7%, but this was all driven by pricing, with volumes down 10%.

There were a number of brighter areas. C&P, our largest ANZ specialism, grew by 12%, and Technology was up 4%. However conditions in Banking and Sales & Marketing were much tougher, down 37% and 13%.

To finish on a positive note though, New Zealand continued to power ahead and delivered record results, with fees up 17%.

SLIDE 10: RECORD FEES IN 17 COUNTRIES, LED BY EMEA. TOUGH MARKET CONDITIONS IN CHINA AND THE USA HELD BACK OPERATING PROFIT

Our Rest of World division comprises of 28 countries, and 17 of them delivered fee records. Fees were up 12% overall, although operating profit fell 7%, but this was wholly due to what was going on in China with the pandemic-induced economic problems, the closure of our Russia business and a sharp slowdown in the USA.

Temp fees increased by 15%, with Perm up 11%. Regionally, EMEA, 57% of RoW, grew by 16%, or by 23% excluding Russia. The Americas grew by 8%, although its largest market of the USA declined by 1%, including Q2 down 9%.

In Asia, fees grew by 5%, with records in Japan and Malaysia. Hong Kong fees increased by 25%, however Mainland China was heavily impacted by the pandemic, with fees down 47% and resulting in a £4.5m YoY profit impact. We have taken action, with our Mainland China headcount down 18% in the half. That said, we want to maintain our core capacity ready for when things improve – while it is still too early to tell if the recent reopening has had any positive impact, I do expect it to come.

Looking beyond China then to the rest of the division, there are still good growth opportunities in RoW, and we increased headcount by 3% in H1 and by 9% YoY.

SLIDE 11: SUMMARY: RECORD GROUP FEE PERFORMANCE, WITH SIGNIFICANT OPERATIONAL PROGRESS IN KEY STRATEGIC AREAS

In summary, we've delivered record fees and made excellent progress in many of our key strategic areas. We've enhanced our leadership positions in the most skill-short markets and ensured we use our pricing power to be a winner from inflation. Where markets have tightened, we have acted swiftly to align capacity to demand.

Our clients increasingly want us to deliver more of their recruitment, and more of their related HR services, and we are busy building our business to deliver on that.

I will now hand over to James for a deeper look at our financial performance.

SLIDE 12: FINANCIAL REVIEW INTRODUCTION

< James Hilton, Group Finance Director >

Thank you, Alistair and good morning, everyone.

SLIDE 13: RECORD FEES DESPITE INCREASINGLY TOUGH MARKETS, PARTICULARLY IN PERM. CONSULTANT HEADCOUNT ACTIVELY ALIGNED TO FEE GROWTH THROUGH H1

To set the context of the results, we entered FY23 with strong fee growth in all our regions, having delivered strong fee growth through FY22. Accordingly, our year-on-year consultant headcount growth stood at 26% at the end of FY22, designed to position us for continued positive momentum and sequential monthly fee growth.

Although we delivered record fees in H1, including monthly records in September and November, most markets tightened through the half, with Group fee growth slowing from 23% in Q4 22 to 8% in Q2 23. Fees were stable sequentially through H1 and as a result, we did not get the month-on-month fee growth that we had invested for.

As many of our main markets quickly slowed through H1, we took decisive action to reduce consultant headcount in several markets, notably ANZ, UK&I, China and the USA, aligning our capacity to underlying market demand and to reduce costs.

With our average consultant headcount up 17% in H1, versus fees up 12%, our productivity and profitability were negatively impacted. However, encouragingly by the end of Q2 our working-day adjusted fee growth of 10% was in-line with our year-on-year headcount growth. Our fee growth exit rate in December was 6%, on a working days adjusted basis.

SLIDE 14: RECORD FEES. OPERATING PROFIT DOWN 8% AS WE BALANCED STRATEGIC INVESTMENTS WITH MANAGING OUR NEAR-TERM CAPACITY; EPS UP 1%

This slide summarises our financial performance.

On a like-for-like basis, net fees increased by 12% to £651.9m, with operating profit down £4.6m or 8% to £97.0m, and EPS up 1% to 4.11p.

SLIDE 15: EPS BENEFITED FROM A REDUCTION IN NET FINANCE CHARGE, EFFECTIVE TAX RATE AND SHARE BUYBACK

Moving onto the income statement.

Turnover increased by 21%, with the main difference between turnover and fee growth driven by the first year of a large contract in our RoW division, where we manage a large contingent worker supply chain. Currently this is largely supplied through third party agencies, however over time we will increase our direct fill proportion, driving fee growth.

The difference between the headline and like-for-like growth rates is primarily the result of the weakening of Sterling versus our main trading currencies of the Euro and Australian dollar. Overall, FX movements increased net fees and operating profits by £19.1m and £3.5m, respectively.

I will go through operating profit in detail on the following slides, while basic earnings per share was 4.11p, a 1% increase versus prior year. The increase was driven by lower interest costs and 1% lower effective tax rate, together with a lower average share count due to our share buyback programme.

SLIDE 16: FEE GROWTH ENTIRELY DRIVEN BY IMPROVED PRICING & POSITIVE MIX EFFECTS, WITH VOLUMES DOWN 1%

Moving on to the performances of Perm and Temp.

Our Perm business, 45% of net fees, increased by 12%, with a strong 13% increase in average perm fee offsetting a marginal decline of 1% in volume. We benefitted from the effects of broad-based wage inflation, together with our actions to drive our perm margin in candidate short markets and our focus on the most in-demand parts of the market.

Our Temp business, 55% of Group net fees, increased by 11% due to 3 factors.

- Importantly, a 50 basis-point or 3% increase in underlying margin driven by improvements in our pricing;
- A 9% increase in mix/hours, driven by our actions to target higher value assignments and by wage inflation globally, partially offset by 3 fewer working days in Germany
- A 1% Temp volume decrease

And as the chart on the top right corner shows, our actions to drive improved pricing added over £70m to fees in H1, which has been a key driver of our overall H1 results.

SLIDE 17: BALANCING STRATEGIC INVESTMENTS WITH MANAGING NEAR-TERM CAPACITY. GOOD OVERALL PRODUCTIVITY AND COST MANAGEMENT

This slide breaks down our year-on-year operating profit bridge into its main buckets and also provides additional colour on our cost control actions.

Starting with H122 profit of £101.6m, we add the positive exchange impact on profit of £3.5m and the 12% increase in our LFL fees of £67.5m.

Like-for-like costs increased by £75.6 million, or 16%, comprising:

Payroll costs (excluding our strategic investments) of £57m;

- of which £35.5m related to the 17% increase in our average headcount as we invested in our consultant base
- £15m related to our 5% average pay increases, which were effective from 1 July 2022
- £6.0m related to higher commissions & bonuses paid to our consultants. This grew by 7% year-on-year, 5% below Group fee growth as the average commission percentage paid to Consultants returned to more normal levels, particularly in our Perm business.

As Alistair outlined we continued our longer term investment in new service lines and our infrastructure, which amounted to £8m of incremental cost in H1

Travel and Entertainment costs returned to more normal levels versus a subdued level last year. MTE costs are now in a steady state, and importantly are 25% below pre-pandemic levels on an FTE-basis. We expect to maintain this level, adjusted for inflation.

Our property costs increased by £3m versus prior year, driven by higher energy & utility costs, and in countries where inflation indexing is enforced. We continue to align our property portfolio to the requirements of our blended office and work from home model and have reduced our average space per FTE by 14% versus pre-pandemic levels.

Lastly, we completed several back office efficiency projects in H1, and have now in total delivered £3.5m of cost saves and are on track to reach £5m annualised savings by June 2023.

SLIDE 18: A SOLID UNDERLYING PROFIT PERFORMANCE IMPACTED BY FEWER WORKING DAYS IN GERMANY AND THE PANDEMIC IN CHINA

This slide sets out the financial impact of several factors which impacted the underlying profitability of the business in H1.

Firstly, our German business had 3 fewer working days in H1 versus the prior year, and versus normal calendar phasing. This led to £5m reduction in both fees and profit. Adding this back to our H1 profit of £97m delivers a working-day adjusted profit performance of £102m.

Secondly, the covid pandemic in mainland China significantly disrupted operations and led to a £4.5m profit reduction versus prior year. We expect this to reverse over time as market conditions normalise.

Thirdly, as discussed, we invested £6m in building out new, complementary service lines, and £2m in our delivery capability and leadership infrastructure, all as part of our long-term positioning of the business.

The combined impact of China and our strategic investments had a £12.5m profit impact in H1. Adjusted for this, our underlying H1 profit result was £114.5m, up 9% YoY and representing a conversion rate of 17.4%

SLIDE 19: CONVERSION RATE* OF 14.9%, OR 17.4% UNDERLYING**

On a reported basis, Group conversion rate decreased from 18.0% to 14.9%.

At a regional level, I would highlight that Germany's WDA conversion rate grew to 26%, and I expect this to increase further in H2.

UK&I CR fell by 310bps to 11.1%, however we have acted to reduce its periodic cost base by £1m in our second quarter, and we exited Q2 with headcount growth in line with fee growth

ANZ declined by 940bps for the reasons outlined earlier, and again we acted to lower costs, cutting our periodic cost base by £0.5m through Q2.

And in RoW, excluding the impact of the pandemic in China, underlying conversion rate was 10.8%, up slightly YoY.

Looking ahead and assuming markets remain stable at current levels of demand, we expect an increase in H2 profit and conversion rate versus our reported H1 levels.

SLIDE 20: REDUCTION IN EFFECTIVE TAX RATE (ETR) TO 29%

Moving onto interest and tax.

The net finance charge for the half decreased to £3.0m. The largest component remains the non-cash IFRS 16 interest on lease liabilities. Looking ahead, we continue to expect the net finance charge for FY23 to be c.£6m, of which c.£4m is non-cash.

Our effective tax rate decreased from 30% to 29%. The decrease in ETR primarily due to reduced tax provisioning required following successful agreements reached with tax authorities in FY22. We now expect the ETR in FY23 will be 29%.

SLIDE 21: GOOD CASH PERFORMANCE, WITH WORKING CAPITAL OUTFLOW DRIVEN BY GROWTH IN OUR TEMP BUSINESS

On this slide, we've summarized the key components of our good cash performance.

The chart on the left details our sources of cash flow, starting with profit of £97.0m. We add back non-cash items of £38.3m, predominantly IFRS16 property depreciation, other fixed asset depreciation and amortisation, and share-based payments. We then subtract a working capital outflow of £44.3m, reflecting growth in our Temp book. We then deduct lease payments of £24.6m.

This leaves an operating cash flow of £66.4m, representing good conversion of profit into cash of 68%. From this, we paid tax of £33.2m, and net interest of £1.4m, leading to free cash flow of £31.8m.

On the right-hand side, we detail how we used the cash generated.

The main items were:

- The payment of £119.1m of special dividends and £30.8m of FY22 final core dividends,
- the purchase and cancellation of £57.6m of shares through the share buyback programme,
- capex of £12.3m,
- and pension deficit payments of £8.8m.

We continue to expect capex in FY23 will be in the £25-30m range.

SLIDE 22: STRONG CASH POSITION AND CONTINUED STRONG CREDIT CONTROL, WITH DEBTOR DAYS MAINTAINED BELOW PRE-PANDEMIC LEVELS

We had another strong cash collection performance, with DSO's of 35 days, in line with the prior year and below pre-pandemic levels.

We ended the half with cash of £101.4m. As a reminder, the Group has in place a £210m revolving credit facility that reduces in November 2024 to £170m and expires in 2025.

SLIDE 23: A STRONG BALANCE SHEET, DESPITE SIGNIFICANT SHAREHOLDER DISTRIBUTIONS

On this slide we compare the balance sheet as of December 2022 and June 2022.

Four key points to highlight:

- Firstly, our cash position has reduced by £194.8m; and,
- secondly, the increase in net working capital, both explained earlier.
- Third, we had £56.8m of other financial liabilities in FY22 which represented the outstanding balance under the initial £75m share buyback program and was recognised as a liability due to the nature of the cancellation clauses in the buyback contract. This liability was fulfilled during H1 FY23.

- Fourthly, we had a £67.4m reduction in the defined benefit pension surplus, as calculated on an IAS 19 accounting basis. This was driven by lower expected returns on scheme assets, partially offset by an increase in the discount rate, which reduced our defined benefit obligation.

There is no change to our deficit recovery payments of c.£18m in FY23 which will increase at 3% per year. Helpfully, we have seen a notable reduction in recent months in the deficit of our scheme when calculated on a technical provisions and buy-out basis, which positions the scheme well towards our long-term buy-out objective.

SLIDE 24: HIGHLY CASH GENERATIVE BUSINESS MODEL, WITH CLEAR CASH FLOW PRIORITIES AND DELIVERING SUBSTANTIAL SHAREHOLDER RETURNS

Our priorities for free cash flow remain unchanged, namely, to fund the Group's investment and development, maintain a strong balance sheet, deliver a sustainable, progressive and appropriate core dividend and to return surplus cash to shareholders.

In line with this policy, the Board has declared an interim core dividend of 0.95 pence per share, or £15.2 million, in line with the prior year.

As a reminder, our policy for returning surplus cash to shareholders is based on distributing all funds above a cash buffer of £100m at each financial year end, through an appropriate combination of special dividends and share buybacks, subject to the economic outlook.

We currently have c.£18 million remaining under our share buyback programme, which we now expect to complete by the end of the financial year.

SLIDE 25: FINANCIAL SUMMARY

So, in summary, we have delivered record fees, made material strategic investments and delivered highly cash backed profits.

Fee growth was entirely driven by management actions to increase fee margins, supported by positive effects of general wage inflation globally. We expect the net positive benefits of wage inflation to continue through FY23.

We are now highly focused on leveraging our investments and driving consultant productivity through the rest of FY23.

The group is highly cash-generative, with a strong track record of returning significant levels of cash to shareholders. On a rolling 12-month basis to 31 December 2022 our total returns to shareholders amounted to £241.1 million.

SLIDE 27: RETURN TO WORK & CURRENT TRADING: ENCOURAGING NEW YEAR 'RETURN TO WORK' OVERALL, GIVEN ECONOMIC UNCERTAINTIES

Overall, our new year 'return to work' has been encouraging, given the economic uncertainties. Activity has been in line with normal trends in most markets, although modestly slower in ANZ.

Group Temp volumes have rebuilt post-Christmas, in-line with our normal trends, supported by Temp & Contractor assignment extensions. In Perm, activity has returned to the levels seen through Q2 in most of our markets.

Both Temp & Perm continue to benefit from increasing fee margins and the broader impact of wage inflation, which we expect to continue across FY23.

We expect consultant headcount growth will be minimal in H2, and we are highly focused on driving returns from our investments and increasing average consultant productivity. Based on current levels of market demand, we are confident we will drive an increase in the Group's reported profitability and conversion rate in H2 FY23 versus those reported in H1.

At a regional level:

In **Germany**, conditions remain good. Our 'return to work' in Temp & Contracting was in line with normal trends, helped by good rates of assignment renewals and extensions.

In **UK&I**, overall conditions are stable in Temp and Perm.

In **Australia**, our Temp return to work was in-line with the prior year but modestly behind normal trends. Perm activity is stable versus Q2.

In **Rest of World**, we see good activity levels in EMEA and Asia excluding China. Perm activity continues to decrease in the Americas, notably in the USA, reflecting reduced client and candidate confidence.

With that, I will hand you back to Alistair who will update you on Strategy before we take your questions.

SLIDE 28: STRATEGY

Thank you, James

SLIDE 29: OUR 2022 INVESTOR DAY SET OUT OUR MEDIUM-TERM GROWTH AMBITIONS*

Let me finish with brief updates on three of the main pillars of our strategy that we outlined at our investor day last April – Germany, Technology and Enterprise clients. We already had market-leading positions in each of these areas, and they are central to our future as a more resilient and higher quality business, with stickier and more diverse earnings streams.

SLIDE 30: EXCELLENT PROGRESS IN OUR GERMAN BUSINESS, WHICH CONTINUES TO EXTEND ITS MARKET LEADERSHIP

Here you can see the progress that we have made in Germany. From what was already a big business pre-pandemic, you can see how we have accelerated and driven excellent growth over the last couple of years, including the last half.

All 3 of our recruitment contract forms have done extremely well. We have record Contractor and Temp numbers, now over 16,000 high-skilled, highly paid flexible workers. We have nearly 5,000 additional people working on our platform today than we did 18 months ago, and we built that organically. To put that in perspective, that growth alone would be equivalent to a top 3 player in the German market, built from scratch in under 2 years.

However, in the context of the German working population, I believe we are still in the foothills of what is achievable. By way of comparison, we have nearly 25,000 Temps and contractors working today in Australia, yet Germany's white-collar workforce is perhaps 10x the size of Australia's, so the opportunities we face are clear.

The experts we place represent scarce talent, and we were able to both increase our pricing and achieve a double-digit positive mix effect in both Temp and Perm in H1.

What is also important is that our growth has been so broad-based. All of our sectors grew and it's very encouraging that some of our fastest growth came from sectors we only started in the last few years, such as A&F, up 33%, and our Public sector recruitment business, up 26% and which now represents 14% of our fees from a standing start not long ago.

We are often asked about our exposure to the Automotive sector, but that has also done very well and with huge investments going into E-mobility by all the car manufacturers, we are a leading supplier of the engineering talent the Automotive sector needs in this major transition.

It feels to me as if all the years of building our expertise, brand and reputation in Germany is now really starting to take off, and that's very hard to copy. We have a very strong team who know the business inside out, and I expect this sort of performance to continue, in the shorter term with improving profitability and conversion rate in our H2, and with further strong growth in the years ahead. That's why I am comfortable to say we are well on-track today with our aspiration to double our profits in Germany.

SLIDE 31: EXCELLENT PROGRESS IN TECHNOLOGY & ENTERPRISE CLIENTS

Turning to another 2 legs of our 5-year plan: Technology and Enterprise clients. We delivered record half-year fees in both Technology and direct outsourcing with enterprise organisations, which were both up 12%.

In Technology, having exceeded £300m in annual global fees for the first time last year, we are now tracking towards an FY23 number of around £350m. We have doubled technology fees over the last 7 years, despite the shock of the pandemic, and have now built the leading global recruiter of technology talent. Given the world's need for those skills and the sheer shortage of them, you can understand why this is a great place to have put ourselves.

You will also note that our H1 growth was against a backdrop of downsizing in some of the world's biggest technology companies. To be clear – the Tech titans are typically not our clients – they tend to look after their own recruiting in-house. Our sweet spot is placing technology experts into non-tech businesses or government. Every company needs cybersecurity people, or cloud experts, or developers to work on their internal platforms such as SAP or Salesforce or Dynamics, and those are the roles we are filling and that's what has driven our growth.

I'm very pleased with how our strategy is delivering so let me pick out a few stand-outs. We've invested through our SGI program in the past in EMEA, and that grew by an excellent 37%. France was up 40%, Poland up 41% and the UAE up 122%. The UK followed up a record in FY22 with another 16% growth and in Japan, we were up 51% as our investments start to pay off.

Our longer-term targets were predicated on growing at around our long run rate of 10% CAGR. Given we have exceeded that in H1, I am confident we are well on-track for our medium-term goal of £500m.

Similarly, contracted outsourcing fees with large clients have also grown at an 11% CAGR since we globalised that business in 2016. Again, we grew slightly faster than that in H1, up 12%, and there's an excellent pipeline in place, many with existing clients we know well.

I think these examples show how we are delivering results from earlier investments we made in areas which are all fundamental parts of the strategy we outlined a year ago. At the start of our presentation today, I outlined where we have just invested a further £8m, and as shown, that has gone into new, adjacent areas designed to accelerate our growth further.

SLIDE 32: CONCLUSION: RECORD FEES, RAPID MANAGEMENT ACTIONS AND STRONG CASH RETURNS TO SHAREHOLDERS

In summary then, we've had a very busy first half: one with record fees and a lot of management action to simultaneously manage our capacity at the same time as leveraging our pricing power. We are now highly focused on driving productivity, profitability and conversion rate in our H2. And assuming our markets are stable, I would expect to see improvements in those measures in the next 6 months.

Our new year 'return to work' has been encouraging. Of course, we see the risks and the challenges our world is facing today, but those are outside our control. What we do know is how to react quickly and appropriately if conditions change. It's part of how we've run our business for years and we have systems and data to help us make the best decisions at any given time.

Remember though, while near-term macro uncertainties certainly exist, we live in a world of acute skill shortages and that's where we build our market. Those skills shortages are not going away, and that's why our future is so positive.

Finally, you'll have seen the news today that the Board is now commencing a succession process for my own role. It's still business as usual here though, and until a successor is in place, I'm continuing to run the business, but I'd like to go on record at this stage to say what an incredible privilege it has been to have led this fantastic business for over 15 years so far. In that time, we placed literally millions of people into their dream job and made a real and lasting impact on their lives, and that's something that I'm incredibly proud of. We have also transformed Hays; from a UK-focused business when I joined, to the global leader in our industry today, operating all around the world, and servicing tens of thousands of clients every single day.

As you've seen this morning, the business is in great shape today and the foundations are in place for an even greater success in the future. We'd now be delighted to take any of your questions.

Results presentation & webcast

Our results webcast took place at 8.00am on 23 February 2023. A recording of the webcast is available to view [here](#), along with a copy of this press release and all presentation materials.

Reporting calendar

Trading update for the quarter ending 31 March 2023 (Q3 FY23)	14 April 2023
Trading update for the quarter ending 30 June 2023 (Q4 FY23)	13 July 2023
Full-Year results for the twelve months ending 30 June 2023 (FY23)	24 August 2023

Hays Group Overview

As at 31 December 2022, Hays had over 13,000 employees in 255 offices in 33 countries. In many of our global markets, the vast majority of professional and skilled recruitment is still done in-house, with minimal outsourcing to recruitment agencies, which presents substantial long-term structural growth opportunities. This has been a key driver of the diversification and internationalisation of the Group, with the International business representing 80% of the Group's net fees in Q2 FY23, compared with 25% in FY05.

Our consultants work in a broad range of industries covering recruitment in 21 professional and skilled specialisms. In Q2 FY23 our four largest specialisms of Technology (26% of Group net fees), Accountancy & Finance (14%), Construction & Property (11%) and Engineering (9%) collectively represented 60% of Group fees.

In addition to our international and sectoral diversification, in H1 FY23 the Group's net fees were generated 55% from temporary and 45% from permanent placement markets, and this balance gives our business model relative resilience. This well-diversified business model continues to be a key driver of the Group's financial performance.

In our 2022 employee 'YourVoice' survey, 86% of employees said they would recommend Hays as a great place to work, up from 80% in 2021.

Enquiries

Hays plc

James Hilton
David Phillips

Group Finance Director
Head of Investor Relations

+ 44 (0) 203 978 2520
+ 44 (0) 333 010 7122

Cautionary statement

This Preliminary Report (the “Report”) has been prepared in accordance with the Disclosure Guidance and Transparency Rules of the UK Financial Conduct Authority and is not audited. No representation or warranty, express or implied, is or will be made in relation to the accuracy, fairness or completeness of the information or opinions contained in this Report. Statements in this Report reflect the knowledge and information available at the time of its preparation. Certain statements included or incorporated by reference within this Report may constitute “forward-looking statements” in respect of the Group’s operations, performance, prospects and/or financial condition. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions and actual results or events may differ materially from those expressed or implied by those statements. Accordingly, no assurance can be given that any particular expectation will be met and reliance shall not be placed on any forward-looking statement. Additionally, forward-looking statements regarding past trends or activities shall not be taken as a representation that such trends or activities will continue in the future. The information contained in this Report is subject to change without notice and no responsibility or obligation is accepted to update or revise any forward-looking statement resulting from new information, future events or otherwise. Nothing in this Report shall be construed as a profit forecast. This Report does not constitute or form part of any offer or invitation to sell, or any solicitation of any offer to purchase or subscribe for any shares in the Company, nor shall it or any part of it or the fact of its distribution form the basis of, or be relied on in connection with, any contract or commitment or investment decisions relating thereto, nor does it constitute a recommendation regarding the shares of the Company or any invitation or inducement to engage in investment activity under section 21 of the Financial Services and Markets Act 2000. Past performance cannot be relied upon as a guide to future performance. Liability arising from anything in this Report shall be governed by English Law, and neither the Company nor any of its affiliates, advisors or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this Report or its contents or otherwise arising in connection with this Report. Nothing in this Report shall exclude any liability under applicable laws that cannot be excluded in accordance with such laws.

This announcement contains inside information.

LEI code: 213800QC8AWD4BO8TH08