# QUARTERLY UPDATE

# FOR THE THREE MONTHS ENDED 31 MARCH 2025

16 April 2025

# Financial Summary

## Growth in net fees for the quarter ended 31 March 2025 (Q3 FY25)

| | YoY Growth Actual | LFL |
|---|---|---|
| Germany | (11)% | **(9)%** |
| United Kingdom & Ireland (UK&I) | (13)% | **(13)%** |
| Australia & New Zealand (ANZ) | (14)% | **(11)%** |
| Rest of World (RoW) | (9)% | **(7)%** |
| Total | (11)% | **(9)%** |
| Temp & Contracting | (8)% | **(6)%** |
| Permanent | (15)% | **(14)%** |
| Total | (11)% | **(9)%** |

*Note: unless otherwise stated, all growth rates in this statement are LFL (like-for-like) net fees, representing year-on-year organic growth of continuing operations at constant currency.*

### Highlights

- Group net fees down 9% YoY with Temp & Contracting and Perm down 6% and 14% respectively
- Temp & Contracting volumes have rebuilt through the quarter in line with prior year in UK&I and ANZ, although remain modestly behind in Germany. Perm markets remain challenging with longer time to hire
- Consultant productivity up 5% YoY driven by our continued focus on operational rigour and resource allocation. Consultant headcount reduced by 5% sequentially in the quarter and by 13% YoY
- Initiatives to deliver structural back-office efficiency cost savings of c.£30m per annum by the end of FY27 are progressing well and consequently our periodic cost base has improved to c.£76m from c.£77m in Q2
- c.£30m net debt (31 December 2024: £29.0m net cash) reflecting seasonal outflows and timing of month end payments, with DSO maintained at 37 days
- The March net fee growth rate was minus 7% working day adjusted. We expect near term market conditions to remain challenging however, despite ongoing uncertainties, we currently expect FY25 operating profit will be in line with consensus*

### Dirk Hahn, Chief Executive Officer, commented:

*"Despite ongoing and increasing macroeconomic uncertainty and challenging Perm conditions, trading was sequentially stable through the quarter. In line with our focussed strategy to build a structurally more profitable, resilient and growing business we were pleased to deliver 10% net fee growth with large Enterprise clients and good Temp & Contracting net fee growth in several of our Focus countries.*

*Our initiatives to improve net fee productivity in real terms and back-office efficiency are important drivers of profit recovery. We delivered 5% YoY consultant fee productivity growth in Q3, which remains sector leading, and our structural cost savings initiatives are progressing well, including in the UK&I where we expect an improved profit performance in H2. We are structurally improving Hays and I remain confident that we will benefit materially when markets recover."*

* Company compiled consensus operating profit for FY25 is £56.9m, based on nine analysts who have updated since the half year results.

## Group

### Q3 trading overview; Trading was sequentially stable through the quarter

Group net fees decreased by 9% year-on-year on a like-for-like basis. On an actual basis, net fees decreased by 11% year-on-year, due to a strengthening of sterling versus the Euro.

Temp & Contracting net fees decreased by 6% with activity levels and volumes rebuilding through the quarter in line with normal trends, except for our Temp business in Germany which remains subdued due to its exposure to the automotive sector. Group Temp & Contracting volumes decreased by 7% YoY, including Germany down 10%, ANZ down 12%, UK&I down 10%, and RoW up 6%. The latter once again included strong performances in several of our Focus countries.

Perm net fees decreased by 14%, driven by a 19% decline in volumes partially offset by a 5% increase in our Group average fee. Perm job flow and activity levels have returned to pre-Christmas levels in UK&I, ANZ and North America but remain subdued in EMEA (particularly France) and Germany.

The March growth rate was minus 7% on a working day adjusted basis, as net fees declined by 13% YoY in Perm and, on a working day adjusted basis, by 3% in Temp & Contracting.

### Building a structurally more profitable and resilient business

We are making progress on our strategy to build a structurally more resilient, profitable and growing business underpinned by our culture and talented colleagues worldwide. Through our five levers, we will achieve this by increasing our exposure to the most in-demand future job categories, growing industries and end-markets, higher skilled and higher paid roles, non-Perm recruitment and large Enterprise clients. Our strategy is not 'one-size-fits-all' and we will tailor each region and country to its market and customer needs.

Business line prioritisation, optimised resource allocation, and scaling our eight Focus countries will establish a broader base and enable the Group to return to, and then exceed, our previous peak profits of £250m.

As we outlined at the interim results, our initiatives to increase net fee productivity in real terms and improve back-office efficiency are important drivers of profit recovery and are independent of the economic cycle.

### Net fee growth with Enterprise clients remained strong at 10% in Q3

Our Enterprise business was again strong and we delivered 10% YoY net fee growth in Q3. We have grown within existing clients driven by headcount investment, higher fill rates, and geographic expansion. In addition, we secured 31 new client wins during the quarter and renewed existing contracts with Mitie and Kier.

Enterprise currently has a substantial bid pipeline, particularly in North America, and several preferred bidder decisions are scheduled over the next few months. Our win rate has significantly improved over the last two years driven by growing reputation for excellent client service (we were awarded Supplier of the Year, category Collaboration Excellence, by Capgemini in the quarter) and enhancements to our deal qualification discipline under a new global sales process.

### Sustaining our sector leading productivity momentum

We continued to manage our consultant capacity on a business line basis and, despite challenging markets, our resource allocation actions drove a 5% YoY improvement in average consultant net fee productivity. This continues the encouraging trend from the first half, and our momentum has once again led the sector over this period. On a seasonally adjusted basis, adjusting for our quieter second quarter, productivity has increased now for six consecutive quarters.

Group consultant headcount decreased by 5% sequentially in the quarter and by 13% year-on-year.

### Periodic constant currency cost base has improved further to c.£76m

Our programme to deliver c.£30m per annum structural back-office efficiency cost savings by the end of FY27, notably in our finance and technology functions, continues to progress well. We materially reduced the cost base in UK&I and Germany during the quarter through restructuring of operations and back-office functions. We have removed duplicated costs, delayered management, outsourced selective opportunities, further standardised and globalised processes, and expanded our shared service centres. Non-consultant headcount exited the quarter down 17% YoY.

Consequently, our cost base on a periodic and constant currency basis has improved to c.£76m from c.£77m in Q2.

### Trading outlook

Given increasing macroeconomic uncertainty, we expect near term market conditions to remain challenging and, although we have limited forward visibility, we believe this is likely to persist into FY26. Perm markets remain difficult, notably in Germany and EMEA, due to longer time to hire but Temp & Contracting are more resilient.

We have maintained good levels of productivity through Q3 and believe our Group consultant headcount capacity is appropriate for current market conditions, and therefore expect it to remain broadly stable in Q4. We will continue to deliver further efficiencies, which will structurally reduce our cost base, and focus on business line prioritisation and optimal resource allocation to position Hays strongly for when end markets recover.

Easter falls entirely in Q4 and was evenly split between Q3 and Q4 in FY24. We expect this to have a c.1% negative impact on year-on-year net fee growth in Q4 FY25.

HAYS

## Divisional Net Fee Analysis

| | Temp & Contracting | | Perm | | Total | |
|---|---|---|---|---|---|---|
| | % of Divisional net fees | LFL | % of Divisional net fees | LFL | % of Group net fees | LFL |
| Germany | 85% | (6)% | 15% | (21)% | 32% | **(9)%** |
| United Kingdom & Ireland | 60% | (11)% | 40% | (16)% | 20% | **(13)%** |
| Australia & New Zealand | 68% | (6)% | 32% | (20)% | 11% | **(11)%** |
| Rest of World | 42% | (2)% | 58% | (10)% | 37% | **(7)%** |
| Total | 62% | (6)% | 38% | (14)% | 100% | **(9)%** |

## Germany: Resilience in Contracting; Temp and Perm remain challenging

Germany net fees were down 9%. Temp & Contracting decreased by 6% with volumes down 10%. Contracting volumes remain solid overall with fewer finishers offsetting lower starters, and steady trends in fee rates and average hours worked. The latter remains stable sequentially and, due to the easier comparable, the YoY headwind is likely to be modest in Q4.

In Temp, volumes and starter numbers remain weak, due to automotive related headwinds. Perm remained challenging and net fees decreased by 21%.

Our largest specialism of Technology, 32% of Germany fees, decreased by 8%, with our second largest, Engineering, down 19%. Accountancy & Finance was up 2%. Construction & Property performed strongly and increased by 34% driven by our focus on infrastructure and the energy sector. Public sector net fees, which represented 16% of Germany, decreased by 7%.

Consultant headcount decreased by 4% in the quarter and by 13% year-on-year. Driven by our ongoing resource allocation and back-office efficiency initiatives, consultant net fee productivity increased by 5% YoY in Q3 and non-consultant headcount reduced further.

## United Kingdom & Ireland: Action taken to improve productivity and reduce cost

Net fees in the United Kingdom & Ireland decreased by 13% with Temp & Contracting and Perm down 11% and 16% respectively. Following a good Return to Work, Temp & Contracting net fees were solid and Perm remained challenging but stable. The Private sector (70% of UK&I net fees) declined by 10% YoY but the Public sector was tougher, down 19%.

Most regions traded broadly in line with the overall UK&I division, apart from Northern Ireland, down 19%, and the North, down 24%. Our largest region of London decreased by 7%, and Ireland decreased by 24%.

At the specialism level, Accountancy & Finance and Technology decreased by 17% and 19% respectively. Construction & Property decreased by 7% but delivered a modest sequential improvement through the quarter. Enterprise performed well with net fees up 8%.

Consultant headcount was decreased by 11% in the quarter and by 20% year-on-year. We were not satisfied with our first half performance and have taken action over the last six months to improve consultant net fee productivity which increased by 8% YoY in Q3, and have made good progress with our operational efficiency initiatives. Through these focussed actions to improve productivity and reduce cost, we expect an improved profit performance from the UK&I in the second half. Our new UK&I CEO joins Hays in June 2025.

## Australia & New Zealand: Stable activity through the quarter

Net fees in Australia & New Zealand fell by 11% with activity stable through the quarter. Following a good Return to Work, Temp & Contracting decreased by 6%, although conversion of Perm activity remained challenging and Perm net fees were down 20%. Private sector net fees, 66% of ANZ, decreased by 9%, with the Public sector again tougher and down 14%.

Australia net fees decreased by 9%. Our largest regions of New South Wales and Victoria, which together represented 47% of Australia net fees, decreased by 12% and 20% respectively. ACT and Western Australia fell by 3% and 2%, with Queensland also down 2%. New Zealand, 6% of ANZ net fees, was tough and decreased by 25%.

At the ANZ specialism level, Construction & Property (19% of ANZ net fees) decreased by 17%. Technology fell by 8%, while Accountancy & Finance and Office Support decreased by 19% and 8% respectively.

Consultant headcount decreased by 4% in the quarter and by 16% year-on-year. Driven by our focus on resource allocation, consultant net fee productivity increased by 6% YoY in Q3.

## Rest of World: EMEA Perm remains challenging; Positive growth in Americas and EMEA Temp & Contracting

Net fees in our Rest of World division, comprising 28 countries, decreased by 7% with Temp & Contracting down 2% and Perm down 10%.

**EMEA ex-Germany** (63% of RoW) net fees decreased by 10%. France, our largest RoW country, was tough with net fees down 19% and action is underway to address productivity and costs. Spain, Portugal and Netherlands performed strongly, up 10%, 14% and 9% respectively, whereas Austria, Poland and Switzerland were down 1%, 4% and 13% respectively.

**The Americas** (22% of RoW) net fees grew by 2% with growth in Canada and the US, up 1% and 5% respectively. Latam, down 6%, was again challenging but stable and we recently announced our intention to close our operations in Chile, Colombia, Rio de Janeiro, and Campinas and focus on two high potential markets by creating flagship offices in Sao Paulo and Mexico City.

**Asia** (15% of RoW) net fees decreased by 6%, with mixed but overall stable activity through the quarter. Mainland China increased by 9% and the YoY decline in Hong Kong moderated to 15%. Japan was more challenging, down 23%.

RoW consultant headcount decreased by 3% in the quarter and was down 9% year-on-year.

## Cash flow and balance sheet

Net debt of c.£30m (31 December 2024: £29.0m net cash) reflected normal seasonal outflows and timing of month end payments, with DSOs maintained through the quarter at 37 days, and c.£5m cash exceptionals. Our fourth quarter is typically stronger and we expect to return to a modest net cash position at year end.

## Enquiries


**Hays plc**

| | | |
|---|---|---|
| James Hilton | Chief Financial Officer | +44 (0) 203 978 2520 |
| Kean Marden | Head of Investor Relations & ESG | +44 (0) 333 010 7092 |

**FGS Global**

| | |
|---|---|
| Guy Lamming / Anjali Unnikrishnan / Richard Crowley | hays@fgsglobal.com |


## Conference call

James Hilton and Kean Marden will conduct a conference call for analysts and investors at 9:00am United Kingdom time on 16th April 2025. Participants are invited to register via the URL link below:

https://register-conf.media-server.com/register/BI3d348bf94af843f29f36731e0c34869d

Once registered, you will receive a confirmation email, with the details of the call and a personal login link and PIN which will place you directly into the call, without the need to speak to an operator. The call will be recorded and will also be available for playback via the results centre on our investor website.

## Reporting calendar

| | |
|---|---|
| Trading update for the quarter ending 30 June 2025 (Q4 FY25) | 11 July 2025 |
| Preliminary results for the year ending 30 June 2025 | 21 August 2025 |
| Trading update for the quarter ending 30 September 2025 (Q1 FY26) | 14 October 2025 |

## Hays Group overview

As at 31 March 2025, Hays had c.9,900 employees in 226 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 Q3 FY25, compared with 25% in FY05.

Our consultants work in a broad range of industries covering recruitment in 21 professional and skilled specialisms. Our four largest specialisms of Technology (24% of Group net fees), Accountancy & Finance (16%), Engineering (11%) and Construction & Property (11%) collectively represented c.62% of Group fees in Q3 FY25.

In addition to our international and sectoral diversification, in Q3 FY25 the Group's net fees were generated 62% from temporary and 38% from permanent placement markets. This well-diversified business model continues to be a key driver of the Group's financial performance.

## Purpose, Net Zero, Equity and our Communities

Our purpose is to benefit society by investing in lifelong partnerships that empower people and organisations to succeed, creating opportunities and improving lives. Becoming lifelong partners to millions of people and thousands of organisations also helps to make our business sustainable. Our core company value is that we should always strive to 'do the right thing' by acting in the best interests of our candidates, clients, colleagues and communities. Linked to this and our commitment to Environmental, Social & Governance (ESG) matters, Hays has shaped its Sustainability Framework around the United Nations Sustainable Development Goals (UNSDG's), and further details can be found on pages 48-78 of our FY24 Annual report.

## Cautionary statement

This Quarterly Update (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.

LEI code: 213800QC8AWD4BO8TH08