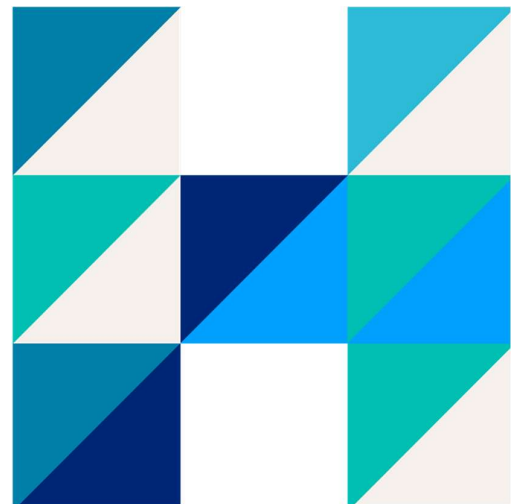


QUARTERLY UPDATE FOR THE THREE MONTHS ENDED 31 DECEMBER 2024

15 January 2025



Financial summary

Growth in net fees for the quarter ended 31 December 2024 (Q2 FY25)

	YoY Growth	
	Actual	LFL
Germany	(17)%	(13)%
United Kingdom & Ireland (UK&I)	(14)%	(14)%
Australia & New Zealand (ANZ)	(17)%	(14)%
Rest of World (RoW)	(12)%	(9)%
Total	(15)%	(12)%
Temp & Contracting	(10)%	(7)%
Permanent	(21)%	(19)%
Total	(15)%	(12)%

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 12%, with Temp and Perm down 7% and 19% respectively. The Group's December growth rate was in line with the quarter overall
- Temp & Contracting net fees were sequentially stable but Perm slowed through the quarter in EMEA, UK&I, and Germany. As a result, we expect H1 pre-exceptional operating profit of c.£25m, towards the lower end of the consensus range*
- Consultant productivity up 4% YoY driven by our continued focus on operational rigour and resource allocation. Consultant headcount reduced by 2% in the quarter and by 15% YoY
- Our initiatives to deliver structural savings of c.£30m per annum by the end of FY27 are progressing well and consequently our current periodic cost base has improved to c.£77m
- Net cash of c.£25m (30 September 2024: c.£Nil) is in line with our expectations, after paying a £33m dividend in the quarter, a £13m upfront cash contribution related to the defined benefit pension buy-in, and c.£5m cash exceptionals

* Company compiled consensus operating profit for H1 FY25 is £27.0m with a £24.0-33.2m range, based on eight analysts.

Dirk Hahn, Chief Executive, commented:

"We are structurally improving Hays despite challenging markets and remain resolutely focused on driving operational rigour through business line prioritisation, resource allocation, and efficiency initiatives. Group consultant productivity increased by 4% YoY in Q2, our structural cost savings initiatives are progressing well, and the defined benefit pension buy-in is expected to have a materially positive impact on free cash flow from FY26.

Temp & Contracting was sequentially stable through the quarter and our New Year 'return to work' will again be important so we are closely monitoring activity levels. Perm net fees slowed but it is too early to say if recent weakness reflects a more sustained market slowdown or shorter-term deferrals of client and candidate decision making. However, we are delivering on our strategy to focus on long-term growth markets and build a structurally more profitable and resilient business underpinned by our culture and talented colleagues worldwide so I remain confident that we will benefit materially when our end markets recover."

Group

Q2 trading overview

Group net fees decreased by 12% year-on-year on a like-for-like basis. The December growth rate was in line with the quarter overall, with slower Perm activity in EMEA, UK&I, and Germany but a more resilient performance in Temp & Contracting. On an actual basis, net fees decreased by 15% year-on-year, due to a strengthening of sterling versus the Australian Dollar and Euro.

Temp & Contracting net fees decreased by 7% with activity levels sequentially stable through the quarter. Group Temp volumes decreased by 6% YoY, including Germany down 8%, ANZ down 15%, UK&I down 12%, and EMEA up 3%.

Perm net fees decreased by 19%, driven by volumes down 21% and partially offset by a 2% increase in our Group average Perm fee. EMEA, UK&I, and Germany became more challenging through the quarter and markets were subdued but stable elsewhere.

Our Enterprise business was strong and net fee growth accelerated to 12% in Q2, driven by resilient performance in MSP contracts and several new client wins.

Group headcount and costs: Periodic cost base has improved further to c.£77m

We continued to manage our consultant capacity on a business line basis and, despite tougher markets, our resource allocation actions drove a 4% YoY improvement in average consultant net fee productivity. Group consultant headcount decreased by 2% in the quarter, mainly in the UK, and by 15% year-on-year.

FY25 will benefit from the annualisation of c.£60m cost savings secured last year with an initial contribution from the c.£30 million per annum structural savings we target by the end of FY27. This programme is progressing well and consequently our current periodic cost base has improved to c.£77m from c.£80m in Q1 representing a c.£2m underlying reduction and a modest benefit from exchange rate movements.

Building a structurally more profitable and resilient business

We are delivering on our strategy to build a structurally more profitable and resilient 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.

Trading outlook

We expect H1 pre-exceptional operating profit of c.£25m, towards the lower end of the consensus range. Given ongoing economic uncertainty, our New Year Temp & Contracting 'return to work' will again be particularly important in FY25 and we are closely monitoring activity levels.

It is too early to say if recent Perm weakness in EMEA, UK&I, and Germany reflects a more sustained market slowdown, or shorter-term deferrals of client and candidate decision making. However, we expect near-term market conditions to remain subdued.

We have maintained good levels of productivity through Q2, believe our overall consultant headcount capacity is appropriate for current market conditions, and therefore expect it to remain broadly stable in Q3 25. Our focus on business line prioritisation and optimal resource allocation will position Hays strongly for when end markets recover.

At a Group level there are no material working-day effects in H2 FY25. However, Easter falls entirely in Q4, while in FY24 it was evenly split between Q3 and Q4. We expect this to have a c.1% positive impact on year-on-year net fee growth in Q3 FY25, with a corresponding c.1% headwind to Q4 FY25.

Divisional Net Fee Analysis

	Temp & Contracting		Perm		Total	
	% of Divisional net fees	LFL	% of Divisional net fees	LFL	% of Group net fees	LFL
Germany	84%	(10)%	16%	(27)%	31%	(13)%
United Kingdom & Ireland	60%	(11)%	40%	(19)%	20%	(14)%
Australia & New Zealand	68%	(9)%	32%	(23)%	12%	(14)%
Rest of World	43%	3%	57%	(16)%	37%	(9)%
Total	62%	(7)%	38%	(19)%	100%	(12)%

Germany: Resilient performance in Contracting; Slower Perm activity

Germany net fees were down 13%. Temp & Contracting decreased by 10% with volumes down 8%, in line with our expectations. We continue to see greater resilience in Contracting but more challenging markets in Temp where we have greater exposure to the Automotive sector. Client cost controls once again drove a 5% reduction in average hours worked but the comparable eases next quarter. Temp margin and mix increased 3% versus prior year.

Activity levels remain subdued in Perm and net fees decreased by 27% as client decision making slowed during the quarter.

Our largest specialism of Technology, 33% of Germany fees, decreased by 13%, with our second largest, Engineering, down 18%. Accountancy & Finance was down 3% and Construction & Property increased by 12%. Public sector fees, which represented 16% of Germany, were relatively resilient and decreased by 9%.

Consultant headcount decreased by 3% in the quarter and by 13% year-on-year.

United Kingdom & Ireland: Sequentially stable in Temp; Perm slowed through the quarter

Net fees in the United Kingdom & Ireland decreased by 14% with Temp and Perm down 11% and 19% respectively. Temp & Contracting net fees were sequentially stable but Perm slowed through the quarter. The Private sector (68% of UK&I fees) declined by 10% YoY but the Public sector was tougher, down 21%.

Most regions traded broadly in line with the overall UK&I business, apart from Northern Ireland, down 1%, and the North, down 29%. Our largest region of London decreased by 12%, and Ireland decreased by 30%.

At the specialism level, Accountancy & Finance and Construction & Property decreased by 13% and 5% respectively. Technology decreased by 22%, although Enterprise fees performed strongly, up 11%.

Consultant headcount decreased by 6% in the quarter and by 17% year-on-year as we continued to focus on improving productivity against a challenging market backdrop.

Australia & New Zealand: Continued sequential stability

Net fees in Australia & New Zealand fell by 14% with activity stable through the quarter. Temp decreased by 9%, and Perm was down 23%. Private sector fees, 61% of ANZ, decreased by 11%, with the Public sector down 18%.

Australia net fees decreased by 13%. Our largest regions of New South Wales and Victoria, which together represented 47% of Australia fees, decreased by 18% and 20% respectively. ACT and Western Australia fell by 14% and 17%, with Queensland down 4%. New Zealand, 6% of ANZ net fees, was tough and decreased by 24%.

At the ANZ specialism level, Construction & Property (19% of ANZ fees) decreased by 13%. Technology fell by 10%, while Accountancy & Finance and Office Support decreased by 20% and 14% respectively.

Consultant headcount decreased by 2% in the quarter and by 20% year-on-year.

Rest of World: Weaker Perm activity in EMEA; Return to growth in North America; Asia stable

Net fees in our Rest of World division, comprising 28 countries, decreased by 9% with Temp up 3% and Perm down 16% respectively.

EMEA ex-Germany (61% of RoW) net fees decreased by 13%. Temp & Contracting fees were sequentially stable but Perm slowed through the quarter. France, our largest RoW country, declined by 21% and we saw a clear step-down in Perm activity during the quarter. Poland and Switzerland were down 11% and 13% respectively but Spain and Netherlands performed better, up 1% and 5% respectively.

The Americas (23% of RoW) net fees grew by 2% led by stronger performances in Canada and the US, up 10% and 7% respectively. Latam, down 26%, was more challenging.

Asia (16% of RoW) net fees decreased by 6%, with mixed but overall stable activity through the quarter. Mainland China increased by 18% and Singapore was up 5% although Hong Kong remained tough, down 38%, and Japan was down 5%.

RoW consultant headcount increased by 1% in the quarter although down by 13% year-on-year.

Cash flow and balance sheet

Net cash of c.£25m (30 September 2024: c.£Nil) is in line with our expectations, after paying a £33m dividend in the quarter, a £13m upfront cash contribution related to the defined benefit pension buy-in, and c.£5m cash exceptionals. The buy-in was announced on 9th December 2024, eliminates pension related balance sheet volatility and is expected to have a materially positive impact on Group free cash flow from FY26.

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Conference call

James Hilton and Kean Marden will conduct a conference call for analysts and investors at 8:00am United Kingdom time on 15 January 2025. Participants are invited to register via the URL link below:

<https://register.vevent.com/register/Blbe7f557c2ab64d85aa60a21445d30970>

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

Half-year results for the six months ended 31 December 2024 (H1 FY25)	20 February 2025
Trading update for the quarter ending 31 March 2025 (Q3 FY25)	16 April 2025
Trading update for the quarter ending 30 June 2025 (Q4 FY25)	11 July 2025

Hays Group overview

As at 31 December 2024, Hays had c.10,300 employees in 225 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 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 (25% of Group net fees), Accountancy & Finance (15%), Engineering (11%) and Construction & Property (11%) collectively represented c.62% of Group fees in FY24.

In addition to our international and sectoral diversification, in Q2 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.

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