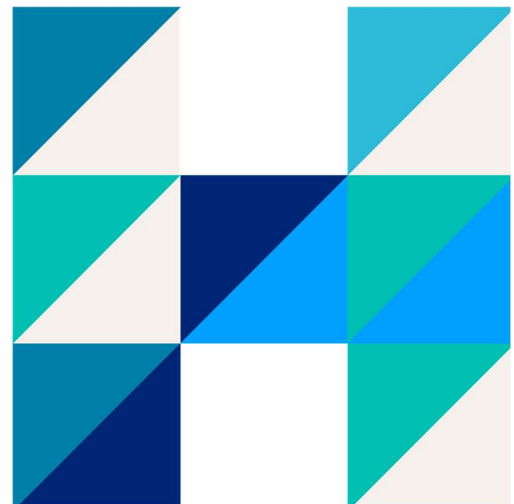


QUARTERLY UPDATE FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2024

11 October 2024



Financial summary

Growth in net fees for the quarter ended 30 September 2024 (Q1 FY25)

(versus the same period last year)

	Growth	
	Actual	LFL
By division:		
Germany	(15)%	(13)%
United Kingdom & Ireland (UK&I)	(20)%	(20)%
Australia & New Zealand (ANZ)	(20)%	(20)%
Rest of World (RoW)	(11)%	(9)%
Total	(15)%	(14)%
By segment:		
Temporary	(11)%	(10)%
Permanent	(21)%	(20)%
Total	(15)%	(14)%

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

Dirk Hahn, Chief Executive, commented:

“Net fees in the quarter were down as expected reflecting the tough market conditions, particularly in Perm where we see longer time to hire and low levels of confidence which we expect to continue. Given this backdrop, we remain resolutely focused on operational rigour through business line prioritisation, resource allocation, and efficiency initiatives and, due to our actions, Group consultant productivity increased by 5% YoY in Q1.

We have a strategy in place to build a structurally more profitable and resilient business underpinned by our culture and talented colleagues worldwide. So, I remain confident that the business will benefit materially when our end markets recover.”

Operational summary

- Group net fees down 14%, with Temp down 10% and Perm down 20%. The Group’s September exit rate was in line with the quarter overall
- Consultant productivity up 5% YoY driven by our continued focus on operational rigour and resource allocation. Consultant headcount reduced by 2% in the quarter and by 18% YoY
- Our initiatives to deliver structural savings of c.£30m per annum by the end of FY27 are progressing well
- **Germany:** fees down 13% (down 15% WDA). Temp & Contracting down 12% (down 14% WDA), with volumes down 9% and a 5% reduction from lower average hours worked. Perm remained subdued with fees down 17%
- **UK & Ireland:** fees down 20%, with Temp down 16% and Perm down 26%. Activity levels remained subdued but sequentially stable in the Private sector. In the Public sector, Temp volumes reduced modestly through the quarter
- **Australia & New Zealand:** fees down 20%, with Temp down 13% and Perm down 32%. While market conditions remained challenging, activity levels were sequentially stable through the quarter
- **Rest of World:** fees down 9% with activity stable through the quarter. EMEA ex-Germany fees declined by 11%, Asia was down 10% and the Americas down 2%
- Net cash of c.£Nil (30 June 2024: £56.8m) as we saw normal seasonal cash outflows and a c.£10m cash outflow from exceptionals

Group

Q1 trading overview

Group fees decreased by 14% year-on-year on a like-for-like basis. The Group's September fee exit rate was in line with the quarter overall, impacted by the continued challenging conditions in our major markets. On an actual basis, net fees decreased by 15% in the quarter, due to a strengthening of sterling versus the euro.

Temp and Contracting fees (61% of Group fees) decreased by 10%, against a strong YoY comparative. Overall average Temp volumes decreased by 7% YoY, including Germany down 9%, ANZ down 17%, UK&I down 10%, and EMEA up 6%. On a sequential basis, Temp volumes remained stable overall and average Group Temp margin was flat YoY.

Perm fees (39% of Group fees) decreased by 20%, driven by volumes down 23%. This was partially offset by a 3% increase in our Group average Perm fee. Activity levels remained subdued but stable through the quarter and we continue to see longer than normal 'time-to-hire', impacted by low levels of client and candidate confidence.

Group headcount and costs

We continued to manage our consultant capacity on a business-line basis and, despite tougher markets, our actions drove a 5% YoY improvement in average consultant productivity. Group consultant headcount decreased by 2% in the quarter and by 18% year-on-year. We believe our consultant headcount capacity is appropriate for current market conditions and expect this will remain broadly stable in Q2 25. Our focus on business line prioritisation and optimal resource allocation will position Hays strongly for when end markets recover.

FY25 will benefit from the annualisation of c.£60m cost savings secured last year and an initial contribution from the c.£30m per annum structural savings we target by the end of FY27. This programme is progressing well and, as a result of our actions, our current periodic cost base is slightly below £80m, lower than our previous guidance of c.£82m.

Outlook

Overall, we expect near-term market conditions will remain challenging. Activity levels in both Temp and Perm are sequentially stable overall in **ANZ, EMEA, Asia** and the **Americas**, but remain at subdued levels driven by low levels of client and candidate confidence and longer time to hire.

In **Germany**, Contracting volumes are stable and in line with our expectations, whereas Temp is more challenging due to our exposure to the Automotive sector. We continue to see the impact of lower Temp & Contracting hours worked and currently anticipate a c5% headwind in Q2. Perm activity remains at a subdued but stable level.

The **UK&I** has seen a modest sequential reduction in Temp volumes in the Public sector, while Perm remains tough but stable with no clear signs of improvement in activity.

Given we have limited forward visibility, unless we see a material recovery in end markets, we continue to expect that pre-exceptional operating profit in H1 25 will be sequentially lower than H2 24.

Germany (32% of net fees)

Germany fees were down 13%, or down 15% on a WDA basis. Temp & Contracting fees decreased by 12% (down 14% on a WDA basis) with volumes down 9%, 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. Additionally, client cost controls, together with placement mix, drove a 5% reduction in average hours worked, which led to a c.£4m fee and operating profit impact in Q1. Temp margin and mix was flat versus the prior year.

Activity levels remain subdued in Perm and fees decreased by 17%.

Our largest specialism of Technology, 33% of Germany fees, decreased by 15%, with our second largest, Engineering, down 18%. Accountancy & Finance and Construction & Property increased by 1% and 3% respectively. Public sector fees, which represented 16% of Germany, were relatively resilient and decreased by 9%.

Consultant headcount decreased by 1% in the quarter and by 11% year-on-year.

United Kingdom & Ireland (20% of net fees)

Net fees in the United Kingdom & Ireland decreased by 20%. Temp fees (57% of UK&I fees) decreased by 16%, with Perm down 26%. Fees in the Private sector (71% of UK&I fees) declined by 18% YoY but the Public sector was tougher, down 25%.

Most regions traded broadly in line with the overall UK&I business, apart from Northern Ireland, up 3%, and the North, down 34%. Our largest region of London decreased by 20%, and Ireland decreased by 24%.

At the specialism level, Accountancy & Finance and Construction & Property decreased by 23% and 12% respectively. Technology decreased by 32%, although Enterprise fees were more resilient, up 1%.

Consultant headcount decreased by 2% in the quarter and by 17% year-on-year.

Australia & New Zealand (12% of net fees)

Net fees in Australia & New Zealand fell by 20% with activity stable through the quarter. Temp, 68% of ANZ, decreased by 13%, with Perm down 32%. Private sector fees, 63% of ANZ, decreased by 21%, with the Public sector down 17%.

Australia net fees decreased by 18%. Our largest regions of New South Wales and Victoria, which together represented 48% of Australia fees, decreased by 24% and 22% respectively. ACT and Western Australia fell by 23% and 20%, with Queensland down 5%.

At the ANZ specialism level, Construction & Property (20% of ANZ fees) decreased by 19%. Technology fell by 12%, while Accountancy & Finance and Office Support decreased by 20% and 22% respectively.

New Zealand, 6% of ANZ net fees, was tough and decreased by 42%.

Consultant headcount was flat in the quarter and down 27% year-on-year.

Rest of World (36% of net fees)

Fees in our Rest of World division, comprising 28 countries, decreased by 9%. Perm, which represented 59% of RoW net fees, decreased by 16%, with Temp fees up 3%.

EMEA ex-Germany (62% of RoW) fees decreased by 11% and activity was stable through the quarter. France, our largest RoW country, declined by 17%, with Poland and Switzerland down 6% and 11% respectively. Portugal and Italy performed significantly better, up 5% and 3% respectively.

The Americas (22% of RoW) fees decreased by 2%, and activity was stable through the quarter. Canada increased by 4%, the USA was broadly flat, and Latam was down 14%. Americas profitability significantly improved versus a loss-making position in the prior year.

Asia (16% of RoW) fees decreased by 10%, with mixed but overall stable activity through the quarter. Mainland China increased by 11% and Japan was up 3% although Hong Kong was tough, down 40%. Asia profits increased by 7% versus the prior year driven by a return to profitability in China.

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

Cash flow and balance sheet

The Group's net cash position was c.£Nil, in line with our expectations, down from £56.8m in June 2024 and driven by normal cash outflows through the summer months and c.£10m cash outflow from exceptionals.

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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 11 October 2024. Participants are invited to register via the URL link below:

<https://register.vevent.com/register/BI276ce423bd8a43f4914049993329dbe0>

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 31 December 2024 (Q2 FY25)	15 January 2025
Half-year results for the six months ending 31 December 2024 (H1 FY25)	20 February 2025
Trading update for the quarter ending 31 March 2025 (Q3 FY25)	16 April 2025

Hays Group overview

As at 30 September 2024, Hays had c.11,100 employees in 229 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 Q1 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 (10%) collectively represented c.61% of Group fees in FY24.

In addition to our international and sectoral diversification, in Q1 FY25 the Group's net fees were generated 61% from temporary and 39% 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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