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QUARTERLY UPDATE FOR THE THREE MONTHS ENDED 31 DECEMBER 2018

15 January 2019

Financial summary

Growth in net fees for the quarter ended 31 December 2018 (Q2 FY19)

(versus the same period last year)	Growth	
	Actual	**LFL**
By region		
Australia & New Zealand (ANZ)	4%	**8%**
Germany	15%	**15%**
United Kingdom & Ireland (UK&I)	3%	**3%**
Rest of World (RoW)	10%	**10%**
Total	8%	**9%**
By segment		
Temporary	9%	**9%**
Permanent	8%	**9%**
Total	8%	**9%**

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

Highlights

- Good 9% growth, or 8% adjusted for working days(1), driven by 11% growth in our International businesses
- **Australia & New Zealand:** good growth of 8% despite tough comparatives, led by strong Temp growth of 11% and Perm up 1%
- **Germany:** strong performance with net fees up 15% (c.12% adjusted for working days(1)), despite increasingly tough comparatives. Temp & Contracting up 13%, with excellent Perm growth of 26%
- **UK & Ireland:** solid growth of 3%, with Temp up 4% and Perm up 3%. Public sector net fees up 12%, helped in part by easier comparatives. Net fees in our Private sector business were flat
- **Rest of World:** strong net fee growth of 10%, against tough comparatives, including eight quarterly records. Excellent growth in China and Canada, up 33% and 28% respectively, and the USA delivered strong 10% growth. France grew by 3%, with Spain up a strong 19%
- Group consultant headcount up 2% in the quarter, in line with our expectations. Headcount up 7% year-on-year, led by our International business up 10%
- Cash performance has been good. After paying £112.9 million of special and final dividends in November, we ended Q2 with c.£30 million cash (30 Sept 2018: c.£80 million, 31 Dec 2017: £34.5 million)

Commenting on the Group's performance, Alistair Cox, Chief Executive, said:

"We have delivered another good quarter of broad-based growth, with net fees up 9% and 17 of our 33 countries growing above 10%. Against increasingly tough comparatives, our International businesses grew net fees by 11%. Encouragingly, Germany, our largest market, delivered a strong 15%, and ANZ recorded its 18th consecutive quarter of growth. RoW continued to perform strongly, with excellent growth in China and Canada, and strong growth in the USA. Our UK&I business produced another solid performance with 3% net fee growth, despite continued economic uncertainties.

While activity levels at the start of the New Year will be an important driver of the Group's second half performance, and we remain mindful of macroeconomic conditions, the outlook is good across most International markets. We continue to invest in key structural growth markets like Germany, the USA and Asia, capitalising on the clear opportunities we are seeing. Our diverse and balanced global business, together with our highly experienced management teams, mean we look to the future with confidence."

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Group

In the second quarter, ended 31 December 2018, Group net fees increased 8% on a headline basis and 9% on a like-for-like basis versus the prior year. This represented our 23rd consecutive quarter of year-on-year growth. The relative strength of sterling against the Australian dollar reduced our reported net fee growth.

Growth was 9% in both our Temp and Perm businesses, which represented 58% and 42% of net fees respectively.

In the quarter, Germany benefitted from two additional trading days versus prior year, due to one fewer public holiday and the timing of another. We estimate that this had a c.3%(1) positive impact in Germany and a c.1%(1) positive impact on Group net fees.

The Group net fee growth exit rate was broadly in line with the Q2 growth rate. Looking ahead, Easter falls entirely in Q4 FY19, while last year it was evenly split between our Q3 and Q4. We expect this will have a c.1% benefit to our net fees in Q3 FY19, with a corresponding c.1% negative impact in Q4 FY19.

Consultant headcount was up 2% in the quarter and up 7% year-on-year, with ongoing selective investment in markets where we see strong growth opportunities such as Germany, the USA and Asia. During the quarter we added a net three offices to our network, including new openings in Bucharest (Romania), La Rochelle (France) and Wiesbaden (Germany).

Exchange rate movements remain a material sensitivity to the Group's reported profitability. If we re-translate FY18 profits of £243.4m at 11 January 2019 exchange rates (AUD1.7822 and €1.1209), we currently estimate a negative c.£1m operating profit currency headwind for FY19. This represents a negative c.£4m reversal from the position at our preliminary results on 30 August 2018.

Australia & New Zealand (17% net fees)

Australia & New Zealand (ANZ) delivered another good quarter with net fees up 8%, despite increasingly tough comparatives. This represented our 18th consecutive quarter of growth. Growth in our Temp business, which represented 68% of our ANZ net fees, was strong at 11%, while growth in our Perm business continued to be subdued at 1%. Private sector net fees, which represented 64% of ANZ, grew by 7%, with public sector net fees up 11%.

Australia delivered another strong quarter of net fee growth, up 10%. Market conditions overall remain favourable, and growth was broad-based across most States. Our largest regions of New South Wales and Victoria, representing 56% of Australia net fees, were both up by 10%. Queensland grew by 12%, with South Australia up 9% and ACT by 11%. Western Australia fell by 2%.

At an Australian specialism level, net fee growth in IT of 30% was again excellent, and Office Support grew by 13%. Net fees in Construction & Property, our largest business in Australia, declined by 4%, and Accountancy & Finance fell 5%.

New Zealand trading (which represented c.5% of ANZ net fees) continued to be tough, and net fees fell 21%. We continue to work to improve our performance.

Consultant headcount in ANZ grew 2% in the quarter and was up 11% year-on-year.

Germany (27% net fees)

Our largest market of Germany delivered another strong quarter with 15% net fee growth (underlying c.12%[1] adjusted for working days), against increasingly tough comparatives.

Our Temp & Contracting business, which together represented 84% of Germany net fees, grew by 13%. Contracting, which represented 57% of Germany net fees, grew 5% and Temp, 27% of net fees, delivered excellent growth of 32%. Our growth in Perm continued to be excellent, up 26%.

Our largest specialisms of IT and Engineering both grew by 11%. Growth in Accountancy & Finance was again excellent at 28%, as was Construction & Property, up 21%. Sales & Marketing grew by 17%.

Consultant headcount grew 3% in the quarter and increased 3% year-on-year, versus a tough headcount growth comparative from Q2 FY18.

United Kingdom & Ireland (23% net fees)

Net fee growth in the United Kingdom & Ireland (UK&I) was 3%, led by our public sector business, which represents 28% of UK&I net fees, up 12%. Although underlying public sector activity has improved slightly, this growth was in part due to easier comparatives following the negative impact of IR35 changes in the public sector, implemented in April 2017. Net fees in our private sector business, 72% of UK&I net fees, were flat with market conditions remaining broadly stable.

Both our Temp and Perm businesses were solid, growing net fees by 4% and 3% respectively. Growth in public sector Temp was 9%, with private sector Temp up 1%. In Perm, public sector net fees grew strongly, up 18%, while the private sector was flat.

All regions traded broadly in line with the overall UK business, with the exception of the South West & Wales and the North West, up 14% and 9% respectively, and Scotland and the South East, down 15% and 8% respectively. Our largest UK region of London grew by 3%. In Ireland, our business delivered another good performance, with net fees up 6%.

At the specialism level, IT delivered strong growth in net fees, up 13%. Accountancy & Finance and Office Support grew by 3% and 2% respectively. Construction & Property fell 1%, and Education continues to be impacted by tough market conditions, with net fees down 10%.

Consultant headcount was flat in the quarter and year-on-year, as we continued to focus on driving consultant productivity.

Rest of World (33% net fees)

Our Rest of World (RoW) division, encompassing 28 countries, delivered strong net fee growth of 10%, including eight country net fee records. 15 countries grew by more than 10%.

Europe-ex Germany produced good growth of 6%, despite increasingly tough year-on-year comparatives. France, our largest RoW market, and Spain both delivered record net fee quarters, growing 3% and 19% respectively. Poland also grew strongly at 16%, however Belgium was tough and net fees fell 14%.

Asia delivered a strong performance overall, with net fees up 18%. China, our third largest RoW country, produced a record quarter and grew by an excellent 33%, which includes Hong Kong up 41%. Japan had a tougher quarter and was down 6%, although Singapore returned to growth with an excellent 25%.

Net fee growth in the **Americas** was strong, up 15%. The USA, our second largest RoW country by net fees, grew by 10% while Canada delivered an excellent 28%. Brazil declined 2%, and Mexico remains a tough market, with net fees down 20%.

Consultant headcount in RoW was up 3% in the quarter and 14% year-on-year.

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Cash flow and balance sheet

Net cash was c.£30 million as at 31 December 2018 (30 September 2018: c.£80 million; 31 December 2017: £34.5 million). This is after the £112.9 million payment of final and special dividends in November 2018.

On 8 November 2018, the Group extended its £210 million unsecured revolving credit facility until November 2023. This included an option to extend to 2025, subject to lender agreement. The terms of the facility are unchanged, with the interest rate slightly reduced to a margin over LIBOR in the range of 0.7% to 1.5%.

(1) The estimated working day impact is calculated in relation to the Temp and Contractor businesses only. For Q2 FY19, this equates to an adjustment of two working days in our Germany Temp and Contractor markets, in part due to the timing of public holidays in FY18. Consistent with our historical approach, we make no estimate for any impact on our Perm business.

Enquiries

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Conference call

Paul Venables and David Phillips of Hays plc will conduct a conference call for analysts and investors at 8:00am United Kingdom time on 15 January 2019. The dial-in details are as follows:

Dial-in number	+44 (0) 20 3003 2666
Dial-in number (UK toll-free)	+44 (0) 80 8109 0700
Password	Hays

The call will be recorded and available for playback for seven days as follows:

Replay dial-in number	+44 (0) 20 8196 1998
Access code	6717229#

Reporting calendar

Half year results for the six months ended 31 December 2018	21 February 2019
Trading Update for the quarter ending 31 March 2019	16 April 2019
Trading Update for the quarter ending 30 June 2019	16 July 2019

Hays Group overview

As at 31 December 2018, Hays had c.11,600 employees in 262 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 c.77% of the Group's net fees, compared with 25% in 2005.

Our c.8,000 consultants work in a broad range of sectors, with no sector specialism representing more than 23% of Group net fees at 31 December 2018. While Accountancy & Finance, Construction & Property and IT & Digital represent 51% of Group net fees, our expertise across 20 professional and skilled recruitment specialisms gives us opportunities to rapidly develop newer markets by replicating these long-established, existing areas of expertise.

In addition to this international and sectoral diversification, the Group's net fees are generated 58% from temporary and 42% 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.

Cautionary statement

This announcement contains inside information.

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