

# PRELIMINARY RESULTS FOR THE YEAR ENDED 30 JUNE 2016

1st September 2016

ACCOUNTANCY & TAX SERVICES/CONSTRUCTION/CONTACT CENTRES/EDUCATION/TECHNOLOGY/LEGAL SERVICES/SALES & MARKETING/ENERGY/OIL & GAS/ARCHITECTURE/ASSESSMENT/DEVELOPMENT/PUBLIC SERVICES/ACCOUNTANCY & FINANCE/EDUCATION/PHARMA/CONSTRUCTION & PROPERTY/RESOURCE MANAGEMENT/MANUFACTURING & OPERATIONS/RETAIL/INFORMATION TECHNOLOGY/SALES & MARKETING/STRATEGY/BANKING/INSURANCE/ENGINEERING/ENERGY/TELECOMS/HUMAN RESOURCES/FINANCIAL SERVICES/PHARMA/MANUFACTURING/HEALTHCARE/ARCHITECTURE/PROPERTY/CONTACT CENTRES/OPERATIONS/TECHNOLOGY/LEGAL/OIL & GAS

## STRONG GROWTH IN OPERATING PROFIT & CASH PERFORMANCE ELIMINATES NET DEBT

Year ended 30 June (In £'s million)	2016	2015	Actual growth	LFL <sup>(1)</sup> growth
Net fees	<b>810.3</b>	764.2	6%	7%
Operating profit	<b>181.0</b>	164.1	10%	13%
Cash generated by operations	<b>159.3</b>	189.8	(16%)	
Net cash/(net debt)	<b>36.8</b>	(30.7)	N/A	
Profit before tax	<b>173.0</b>	156.1	11%	
Basic earnings per share	<b>8.48p</b>	7.44p	14%	
Dividend per share	<b>2.90p</b>	2.76p	5%	

### Highlights

- Strong 13%<sup>(1)</sup> operating profit growth, with a 40%<sup>(1)</sup> drop-through of incremental net fees into operating profit
- Solid Asia Pacific net fee growth of 4%<sup>(1)</sup>, with Australia up 5%<sup>(1)</sup>, led by excellent public sector growth
- Strong net fee growth of 15%<sup>(1)</sup> in Continental Europe & Rest of World, with operating profit up 16%<sup>(1)</sup>
  - Broad-based performance including key businesses; Germany up 13%<sup>(1)</sup>, France 17%<sup>(1)</sup> & USA 15%<sup>(1)</sup>
- UK & Ireland net fees flat<sup>(1)</sup>, as trading conditions became more challenging as the year progressed
  - Excellent operating leverage with operating profit up 14%<sup>(1)</sup> to £52.1m, driven by further productivity improvements and strong cost control
- Consultant headcount up 3%<sup>(3)</sup>, driven by targeted investment in markets such as Europe and Australia partially offset by reductions in the UK
- Good underlying cash performance with 88% conversion of operating profit into operating cash flow and elimination of net debt, with year-end cash position of £36.8m
- Strong EPS growth of 14%, reflecting strong operating profit growth and lower effective tax rate
- Full year dividend up 5% to 2.90p, with cover of 2.9x, in line with our strategy to build cover towards 3.0x earnings

Commenting on the results Alistair Cox, Chief Executive, said:

"This is an excellent financial performance, with both earnings and cash ahead of market expectations. We delivered strong, broad-based net fee growth in our international businesses, with 22 countries growing by 10%<sup>(1)</sup> or more, and an excellent UK profit performance. After three years, we remain in line with our five-year aspiration to broadly double the Group's operating profits. We also achieved the significant milestone of eliminating the Group's net debt.

Following our headcount investment in Germany, growth accelerated and we saw strong, broad-based growth across many other European markets and much of the Americas, including the USA. Our Australia business continued to grow, driven by excellent public sector performance. In the UK, net fees were flat, as increased concern over the economic outlook negatively impacted client and candidate confidence, especially in the second half. However, despite this we delivered excellent 14%<sup>(1)</sup> profit growth, a testament to the strength of our business.

We enter our new year in a position of strength, with a diverse, balanced and resilient global business, the strongest balance sheet we have had for many years and supportive conditions in many of our markets. Following the EU referendum, there is increased uncertainty in the UK market, but we have seen no evidence of any impact elsewhere. It is too early to tell what the longer term impact may be and as ever, we will monitor activity levels closely. In our international businesses, we will continue to invest to meet growing demand and further diversify our business by geography, sector and contract form. Our focus remains on capitalising on long-term growth opportunities while maximising earnings and cash along the way."

- (1) LFL (like-for-like) growth represents organic growth of continuing operations at constant currency.
- (2) The underlying Temp gross margin is calculated as Temp net fees divided by Temp gross revenue and relates solely to Temp placements in which Hays generates net fees and specifically excludes transactions in which Hays acts as agent on behalf of workers supplied by third party agencies and arrangements where the Company provides major payrolling services.
- (3) Consultant headcount at June 2015 has been restated to include 144 resourcers previously not reported as consultants in Germany and Switzerland.

## Enquiries

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## Results presentation & webcast

The results presentation will take place at the offices of UBS at 1 Finsbury Avenue, London, EC2M 2PP at 9:00am on 1 September 2016 and will also be available as a live webcast on our website, [www.haysplc.com/investors/results-centre](http://www.haysplc.com/investors/results-centre). A recording of the webcast will be available on our website from 1:00pm on 1 September 2016.

A copy of this press release and presentation materials will also be made available on our website, [www.haysplc.com/investors/results-centre](http://www.haysplc.com/investors/results-centre).

## Reporting calendar

Trading Update for the quarter ending 30 September 2016	18 October 2016
Trading Update for the quarter ending 31 December 2016	12 January 2017
Interim Results for the six months ending 31 December 2016	23 February 2017
Trading Update for the quarter ending 31 March 2017	13 April 2017
Trading Update for the quarter ending 30 June 2017	13 July 2017

## Hays Group Overview

Hays has 9,214 employees in 252 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 rapid diversification and internationalisation of the Group, with the International business representing 66% of the Group's net fees as at 30 June 2016, compared with 30% 10 years ago.

Our 6,268 consultants work in a broad range of sectors with no sector specialism representing more than 20% of Group net fees. While Accountancy & Finance, Construction & Property and IT represent 50% 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.

## Introduction

We have delivered a strong Group financial performance for the year. Net fees increased by 7% on a like-for-like basis<sup>(1)</sup> and 6% on a headline basis. Operating profit increased by 13% on a like-for-like basis<sup>(1)</sup> and 10% on a headline basis, a like-for-like<sup>(1)</sup> drop-through of incremental fees into operating profit of 40%<sup>(1)</sup>, and we converted 88% of operating profit into operating cash flow. Our industry-leading conversion rate, which is the proportion of net fees converted into operating profit, improved by 80 basis points to 22.3%. As a result of the above, the Board proposes to increase the final core dividend by 5% to 1.99p, resulting in an increase to the full year dividend to 2.90p, up 5% on prior year and covered 2.9x by earnings, in line with our strategy to build cover towards 3.0x.

## Foreign exchange

Currency movements versus sterling represented a significant headwind for the reported performance in the year. Over the course of the year to June 2016, the total combined operating profit impact of average exchange rate movements was £4.5 million negative.

Exchange rate movements remain a material sensitivity and by way of illustration, each 1 cent movement in annual exchange rates of the Australian dollar and Euro impacts net fees by £0.8 million and £2.5 million respectively per annum; and operating profits by £0.3 million and £0.8 million respectively per annum.

The rate of exchange between the Australian dollar and sterling over the year ended 30 June 2016 averaged AUD2.0392 and closed at AUD1.7877. As at 30 August 2016 the rate stood at AUD1.7421. The rate of exchange between the Euro and sterling over the year ended 30 June 2016 averaged €1.3373 and closed at €1.1989. As at 30 August 2016 the rate stood at €1.1744.

The impact of these material movements in foreign exchange rates means that if we retranslate the Group's full-year operating profit of £181.0 million at current exchange rates, the actual reported result would increase by c.£26 million to c.£207 million.

## Temporary and Permanent business performances

Net fees in the Perm business increased by 7%<sup>(1)</sup>, as volumes increased 6%, driven by improved client and candidate confidence, especially in Europe. This was supported by an increase in the average fee per placement of 1%<sup>(1)</sup>.

Net fees in the Temp business, which represented 58% of Group net fees, also increased by 7%<sup>(1)</sup>. This was driven by an increase volumes, up 5%, and a 4% increase in the mix/hours worked over the year. Underlying Temp margins<sup>(2)</sup> were down 20 bps at 16.7% (2015: 16.9%), primarily in Australia & New Zealand.

## Movements in consultant headcount

Consultant headcount ended June at 6,268, up 3% year-on-year. In our Continental Europe & Rest of World (RoW) division we increased consultant headcount by 12%<sup>(3)</sup> year-on-year, including Germany which was up 11% and France which was up 10%. In Asia Pacific, consultant headcount was up 1% year-on-year, within which Australia consultant headcount was up 6%, while in Asia consultant headcount decreased by 6%, mainly in response to challenging conditions in the banking market. In the UK & Ireland consultant headcount was down 8%, all by natural attrition, as we focused on consultant productivity and maximising our financial performance. Over the last six months, Group consultant headcount was down 3% (versus December 2015), primarily in the UK.

<b>Consultant headcount</b>	<b>30 June 2016</b>	<b>Net change</b>	<b>30 June 2015</b>
Asia Pacific	<b>1,210</b>	<b>15</b>	1,195
Continental Europe & RoW <sup>(3)</sup>	<b>3,034</b>	<b>319</b>	2,715
United Kingdom & Ireland	<b>2,024</b>	<b>(179)</b>	2,203
<b>Group total</b>	<b>6,268</b>	<b>155</b>	6,113

## Office network changes & global specialism roll-out

Our focus through the year remained on building scale and critical mass across our existing platform of 33 countries. We continued to make further good progress in rolling out our IT Contracting business into markets such as Belgium, France and Switzerland. In the US, we invested to build further scale in our core IT Contracting business and into newer specialisms such as Construction & Property, a key growth opportunity in the US market. During the year, in Continental Europe & RoW we opened nine new offices in Montreal (Canada), Amiens and Grenoble (France), Hanover, Frankfurt Airport, Dresden and Bonn (Germany), Berne (Switzerland), Denver (USA) and we closed offices in Dendermonde and Gosselies (Belgium). In the UK we opened two offices in Lancaster and Burnley and closed one in Stafford, while in Asia Pacific we opened four offices in Cairns and Mt Isa (Australia), Yokohama (Japan) and a second office in Kuala Lumpur (Malaysia).

<b>Office network</b>	<b>30 June 2016</b>	Net opened/ (closed)	30 June 2015
Asia Pacific	<b>49</b>	4	45
Continental Europe & RoW	<b>103</b>	7	96
United Kingdom & Ireland	<b>100</b>	1	99
<b>Group</b>	<b>252</b>	12	240

## Investing in technology and intellectual property, responding to change and building relationships and collaborations

We strongly believe that equipping our consultants with the latest technology tools improves their productivity by enabling them to find the ideal candidate for their client's roles more effectively and faster than the competition.

To build these tools, we have invested internally in our own resources, built our own proprietary systems and intellectual property and fostered relationships and collaborations with a number of important players in the technology world including Google, LinkedIn and SEEK. These investments are now paying off, for example helping us to receive and process 6 million CV's a year, take our brand to over 1.4 million followers globally via the LinkedIn platform and enabling our consultants to perform complex searches of our proprietary OneTouch database in seconds.

In a world where speed of response and the quality of relationships are key to success, these tools, combined with the expertise of our consultants, are delivering us real competitive advantage and underpinning both our financial performance and the growth in our market share and leadership.

We also believe in the benefit of forging mutually beneficial relationships with other businesses and organisations in-and-around the specialist recruitment market. Examples include the data-focused relationships we have in place with LinkedIn across our business, and SEEK in Australia, or the brand-led relationships we have with Manchester City FC and the UK CBI, all designed to raise awareness to clients and candidates about our business around the world.

## Asia Pacific

### Excellent public sector growth in Australia; solid performance in Asia despite tough banking markets

Year ended 30 June (In £'s million)	2016	2015	Growth	
			Actual	LFL <sup>(1)</sup>
Net fees	<b>176.1</b>	178.5	(1%)	4%
Operating profit	<b>50.2</b>	49.7	1%	8%
Conversion rate	<b>28.5%</b>	27.8%		
Period end consultant headcount	<b>1,210</b>	1,195	1%	

In Asia Pacific, net fees decreased by 1% (but increased 4% on a like-for-like basis<sup>(1)</sup>) to £176.1 million and operating profit increased 1% (up 8% on a like-for-like basis<sup>(1)</sup>) to £50.2 million, representing a conversion rate of 28.5% (2015: 27.8%). The difference between actual growth and like-for-like growth rates is primarily the result of the depreciation in the average rate of exchange between the Australian Dollar and Japanese Yen versus Sterling during the year, which reduced net fees in the division by £9.4 million and operating profits by £3.4 million.

In Australia & New Zealand net fees were up 4%<sup>(1)</sup> and operating profit was up 8%<sup>(1)</sup>. Our Perm business grew by 5%<sup>(1)</sup> and Temp, which represented 65% net fees in the year, grew by 4%<sup>(1)</sup>. In Australia we delivered good net fee growth of 5%<sup>(1)</sup>, with market conditions and performances varying between states and specialisms. Our largest regions of New South Wales and Victoria, which accounted for 56% of Australia net fees, were up 12%<sup>(1)</sup>, and ACT delivered excellent growth of 21%<sup>(1)</sup>, driven by continued strength in our public sector business. Western Australia was down 33%<sup>(1)</sup> as reduced activity in the Resources & Mining sector continued to significantly impact trading across the state, although we were sequentially stable in the latter part of the year. Excluding Western Australia, net fees in Australia were up 11%<sup>(1)</sup>, with activity led by the technical specialisms such as Construction & Property, our largest specialism, which was up 9%<sup>(1)</sup> and IT, up 10%<sup>(1)</sup>. Overall, our public sector business delivered growth of 18%<sup>(1)</sup>, while the private sector declined by 2%<sup>(1)</sup>. Net fees in New Zealand were flat<sup>(1)</sup> in the year.

In Asia, which accounted for 24% of the division's net fees, we delivered solid net fee growth of 4%<sup>(1)</sup> and operating profits increased by 10%<sup>(1)</sup> to £6.2 million. Overall market conditions worsened as the year progressed, particularly in the banking sector. Despite this, net fees increased by 4%<sup>(1)</sup> in Japan, 12%<sup>(1)</sup> in China, 3%<sup>(1)</sup> in Hong Kong and 7%<sup>(1)</sup> in Malaysia, with all four countries posting record net fees for the year. In Singapore net fees were down 7%<sup>(1)</sup>.

Consultant headcount in the Asia Pacific division increased by 1% year-on-year. Consultant headcount in Australia & New Zealand increased by 5%. In Asia, consultant headcount fell by 6% during the year as we responded to more challenging market conditions.

## Continental Europe & Rest of World

Strong growth in Germany; excellent broad-based growth and operating profit increase in the rest of the division

Year ended 30 June (In £'s million)	2016	2015	Growth	
			Actual	LFL <sup>(1)</sup>
Net fees	<b>362.5</b>	313.8	16%	15%
Operating profit	<b>78.7</b>	68.7	15%	16%
Conversion rate	<b>21.7%</b>	21.9%		
Period end consultant headcount <sup>(3)</sup>	<b>3,034</b>	2,715	12%	

In Continental Europe & RoW, we delivered excellent net fee growth of 16% (15% on a like-for-like basis<sup>(1)</sup>) to £362.5 million, driving strong operating profit growth of 15% (16% on a like-for-like basis<sup>(1)</sup>) to £78.7 million. The difference between actual and like-for-like growth rates is primarily the result of the depreciation in the average rate of exchange between the Euro versus Sterling, which reduced net fees by £6.9 million and operating profit by £1.1 million. The conversion rate of the division at 21.7% (2015: 21.9%), reduced slightly as we continued to invest in new consultant headcount, notably across several continental European markets, including Germany and France and in the US.

In Germany, which represented 48% of the division's net fees, we saw an acceleration in growth to 13%<sup>(1)</sup> and an all-time net fee record performance in the year. Growth was strong across Contracting and Temp, which together grew by 12%<sup>(1)</sup>, while Perm net fees grew by an excellent 24%<sup>(1)</sup>. We saw strong growth in our newer specialisms, which now represent 27% of Germany net fees, particularly Accountancy & Finance, Sales & Marketing and Legal which all grew by more than 10%<sup>(1)</sup>. Net fees in IT, which represents 42% of Germany business, grew by 16%<sup>(1)</sup> and net fees in Engineering increased by 8%<sup>(1)</sup>. Consultant headcount was up 11%<sup>(3)</sup> year-on-year as we invested significantly to continue to build critical mass and scale in our IT and Engineering specialisms as well as expanding our offering to our mid-size client base.

Across the rest of the division, net fees were up 17%<sup>(1)</sup> and operating profit increased by £5.7 million<sup>(1)</sup>. In France, our second largest country in the division, we grew 17%<sup>(1)</sup> and posted an all-time record net fees performance, outperforming the market and taking clear market share. In addition, we delivered strong growth and all-time record net fee performances in each of Switzerland, up 19%<sup>(1)</sup>, Belgium, up 20%<sup>(1)</sup> and Spain, up 34%<sup>(1)</sup>.

In North America, our US business delivered strong net fee growth of 15%<sup>(1)</sup>, while our business in Canada was flat<sup>(1)</sup>, due primarily to continued challenging conditions in the resources-focused regions. In Latin America, Chile, Colombia and Mexico all continued to perform well, delivering strong growth. In Brazil, although market conditions remained challenging, net fees were flat<sup>(1)</sup>, and we returned to growth in the second half.

Within the division, 11 countries delivered net fee growth of 20%<sup>(1)</sup> or more, and the region as a whole delivered an all-time record net fee performance.

Consultant headcount in the division increased by 12%<sup>(3)</sup> year-on-year, including increases of 11%<sup>(3)</sup> in Germany and 10% in France.

## United Kingdom & Ireland

Excellent operating leverage drives strong profit growth, despite flat net fees as conditions became more challenging through the second half

Year ended 30 June (In £'s million)	2016	2015	Growth	
			Actual	LFL <sup>(1)</sup>
Net fees	<b>271.7</b>	271.9	0%	0%
Operating profit	<b>52.1</b>	45.7	14%	14%
Conversion rate	<b>19.2%</b>	16.8%		
Period end consultant headcount	<b>2,024</b>	2,203	(8%)	

In the United Kingdom & Ireland we delivered an excellent profit performance, with operating profit up 14%<sup>(1)</sup> to £52.1 million (2015: £45.7 million) as a result of a combination of further improvements in the productivity of our consultants, which increased by 2%<sup>(1)</sup>, and active cost control throughout the business. This is despite the fact that net fees were flat<sup>(1)</sup> at £271.7 million. As a result, the conversion rate of the United Kingdom & Ireland increased to 19.2% (2015: 16.8%). Our Temp business decreased by 1%<sup>(1)</sup>, largely as a result of a more challenging public sector market, while Perm grew 2%<sup>(1)</sup>.

We saw more uncertainty across the UK market, notably in the second half, as increased risks regarding the macro economic outlook impacted negatively on private sector sentiment, especially amongst clients. This uncertainty increased in the period leading up to, and immediately after, the EU Referendum and we saw activity levels weaken significantly at the end of the financial year.

Against this backdrop, our private sector business, which represented 72% of the division's net fees, grew 2%<sup>(1)</sup>, while net fees in our public sector business decreased by 4%<sup>(1)</sup> as conditions became increasingly challenging in that market, particularly in local Government and Healthcare focused markets.

Over the course of the year, London ex-City grew 11%, with mid-single digit growth in Scotland, the North and the Midlands. Our City business was down 3%, with a tough banking market. In Ireland our business delivered excellent net fee growth of 24%<sup>(1)</sup>.

At the specialism level, Office Support delivered good growth of 6%<sup>(1)</sup>, IT grew 3%<sup>(1)</sup> while Banking, where markets remain difficult, decreased by 12%<sup>(1)</sup>. Net fees across the rest of our major specialisms, including Accountancy & Finance and Construction & Property, performed in line with the overall UK & Ireland business and were broadly flat<sup>(1)</sup>, although we saw trends weakening towards the end of the financial year, particularly in our Construction & Property business.

Consultant headcount in the division was down 8% year-on-year (average consultant headcount down 2%), all by natural attrition, as we reacted to the decrease in activity levels and focused on consultant productivity, cost control and maximising our UK & Ireland financial performance.



## Current trading

### Supportive conditions in most of our markets and tough but broadly sequentially stable trading conditions in the UK

At this early stage in our new financial year, we see solid overall net fee growth. In most of our markets, we see many clear opportunities to grow further and we will continue to invest in a targeted way to capitalise on these opportunities. In the UK, following a step down in Perm activity immediately after the EU Referendum, conditions are tough but broadly sequentially stable and it is too early to have a clear view on the extent to which the post-Brexit uncertainty will impact our business in the current financial year.

Movements in the rates of exchange of the Group's key currencies, notably the Australian Dollar and the Euro, remain a material sensitivity to our reported financial performance, and we have seen significant movements since the EU Referendum in the UK. If we retranslate the Group's full-year operating profit of £181.0 million at current exchange rates, the actual reported result would increase by c.£26 million to c.£207 million.

### Asia Pacific

We continue to see good levels of growth in Australia overall, as market confidence continues to recover gradually. Growth in New South Wales, Victoria and ACT is good, and conditions are stable in the mining-dominated state of Western Australia. We continue to see strong growth in our public sector business and growth is solid in the private sector. In Asia markets such as Hong Kong and Singapore, which have a high exposure to banking, remain subdued.

We expect headcount to increase modestly in the first half of the year, mainly in Australia.

### Continental Europe & RoW

In Continental Europe & RoW, growth remains strong overall, albeit against tough comparators. In Germany and France we continue to see strong growth and in the rest of Europe and the Americas, conditions remain strong in most markets. To date, we have seen no evidence of contagion into Europe following the outcome of the EU Referendum.

Overall we expect headcount in the division to increase significantly in Germany and France and on a selective basis elsewhere.

### United Kingdom & Ireland

In the UK, the market is tough but broadly sequentially stable. We saw a step down in Perm activity immediately after the EU Referendum, but since then activity levels have been broadly stable. In Temp, activity levels have remained broadly at pre-referendum levels. It is too early to determine whether these trends will continue beyond the summer period.

We continue to review underlying activity levels, but having taken action to reduce headcount in the last financial year, we expect headcount to remain broadly flat in the early part of the new financial year.

## FINANCIAL REVIEW

### Summary Income Statement

Year ended 30 June (In £'s million)	2016	2015	Growth	
			Actual	LFL <sup>(1)</sup>
Turnover	<b>4,231.4</b>	3,842.8	10%	12%
Net fees				
Temporary	<b>469.9</b>	443.1	6%	7%
Permanent	<b>340.4</b>	321.1	6%	7%
Total	<b>810.3</b>	764.2	6%	7%
Operating profit from continuing operations	<b>181.0</b>	164.1	10%	13%
Conversion rate	<b>22.3%</b>	21.5%		
Underlying temporary margin <sup>(2)</sup>	<b>16.7%</b>	16.9%		
Temporary fees as % of total	<b>58%</b>	58%		
Period end consultant headcount <sup>(3)</sup>	<b>6,268</b>	6,113	3%	

(1) LFL (like-for-like) growth represents organic growth of continuing operations at constant currency.

(2) The underlying Temp gross margin is calculated as Temp net fees divided by Temp gross revenue and relates solely to Temp placements in which Hays generates net fees and specifically excludes transactions in which Hays acts as agent on behalf of workers supplied by third party agencies and arrangements where the Company provides major payrolling services.

(3) Consultant headcount at June 2015 has been restated to include 144 resourcers previously not reported as consultants in Germany and Switzerland.

Turnover for the year to 30 June 2016 was up 10% (12% on a like-for-like basis<sup>(1)</sup>) and net fees increased by 6% (7% on a like-for-like basis<sup>(1)</sup>). Growth in turnover exceeded growth in net fees due to a large number of MSP contracts won in the year primarily in Germany, where we inherited a large number of long-term contractors/interims previously paid directly by the client. Operating profit increased by 10% (13% on a like-for-like basis<sup>(1)</sup>). Exchange rate movements decreased net fees and operating profit by £16.4 million and £4.5 million respectively, primarily as a result of a material depreciation in the average rate of exchange of the major currencies to which the Group has exposure versus Sterling, most notably the Australian dollar and the Euro which remain significant sensitivities for the Group.

Operating costs were 5% higher than prior year (5% higher on a like-for-like basis<sup>(1)</sup>), primarily due to a rise in commission payments in line with net fees and costs associated with the 6% average increase in Group consultant headcount.

The Group's conversion rate, which is the proportion of net fees converted into operating profit, improved by 80 basis points to 22.3% (2015: 21.5%) as a result of this good net fee growth, the on-going benefit of our largely automated back office platform and our continued strong control of operating costs.

Consultant headcount at the end of June 2016 was 6,268, up 3% year-on-year but down 3% versus December 2015. In our UK & Ireland business consultant headcount was down 8% year-on-year, all by natural attrition, as we controlled costs in response to worsening market conditions. In our International business, we increased consultant headcount by 9% year-on-year.

## Net finance charge

The net finance charge for the year was £8.0 million (2015: £8.0 million). The average interest rate on gross debt during the period was 2.3% (2015: 2.5%), generating net bank interest payable including amortisation of arrangement fees of £2.9 million (2015: £4.1 million) with the reduction primarily due to the lower levels of average net debt compared to the prior year. The net interest charge on defined benefit pension scheme obligations was £3.9 million (2015: £3.0 million) and the Pension Protection Fund levy was £0.3 million (2015: £0.5 million). The unwind of the discount applied to the future Veredus acquisition liability is recorded within interest, and was £0.9 million (2015: £0.4 million). We expect the net finance charge for the year ending 30 June 2017 to be around £7.0 million.

## Taxation

Taxation for the year was £51.9 million (2015: £50.7 million), representing an effective tax rate of 30.0% (2015: 32.5%). The effective tax rate reflects the Group's geographical mix of profits, with the reduction in the rate due to the material improvement of profitability in the UK and the reduction in the UK corporation tax rate. The Group's effective tax rate for the year to June 2017 will be driven by the mix of profits generated during the year. We currently expect the rate to be between 30% and 35%.

## Earnings per share

Basic earnings per share increased by 14% to 8.48 pence (2015: 7.44 pence), reflecting the Group's higher operating profit and lower effective tax rate.

## Cash flow and balance sheet

Good underlying cash performance with 88% conversion of operating profit into operating cash flow (2015: 116%). This was a result of good working capital management throughout the year, especially considering the strong growth in our German and European contracting businesses, which are relatively working capital-intensive, and the reversal of the £20 million cash flow benefit reported in FY15 due to the favourable day upon which that year-end fell.

Net capital expenditure was £14.9 million (2015: £11.9 million). We expect capital expenditure to be around £15 million for the year to June 2017.

Dividends paid in the year totalled £39.9 million and pension deficit contributions were £14.4 million. Net interest paid was £3.6 million and the cash tax payment was £41.7 million.

We eliminated net debt, which stood at £30.7 million at the start of the year, achieving a net cash position of £36.8 million at the end of the year.

## Retirement benefits

The Group's pension liability under IAS19 at 30 June 2016 of £14.3 million decreased by £44.4 million compared to June 2015 primarily due to an increase in asset values, a decrease in the inflation rate and favourable changes in experience and demographics assumptions following the 2015 triennial actuarial valuation, partially offset by a decrease in the discount rate.

During the year the Company contributed £14.4 million of cash to the defined benefit scheme (2015: £14.0 million), in line with the agreed deficit recovery plan. The 2015 triennial valuation quantified the actuarial deficit at c.£95 million and the recovery plan comprises an annual payment of £14.0 million from July 2015 with a fixed 3% uplift per year, over a period of just under 10 years. The scheme was closed to future accrual in June 2012.

## Capital structure and dividend

The Board's priorities for free cash flow are to fund the Group's investment and development, maintain a strong balance sheet and deliver a sustainable core dividend at a level which is both affordable and appropriate.

Taking into account the financial performance of the Group this year and as we build core dividend cover towards 3.0x earnings, the Board proposes to increase the final core dividend by 5% to 1.99p, resulting in an increase to the full year dividend to 2.90p, also up 5% on prior year. As such, the full year dividend will be covered 2.9x by earnings.

The Board remains committed to this sustainable and progressive dividend policy and will continue to review the core dividend level in line with our stated dividend cover policy. Additionally, we reiterate our policy regarding the uses of excess free cash flow as follows. Once we have built a net cash position in the region of £50 million and assuming a positive outlook, it is our intention that any excess free cash flow generated over-and-above this net cash position, that is not needed for the priorities outlined above, will then be distributed to shareholders via special dividends, or other appropriate methods, to supplement the core dividend.

The final dividend will be paid, subject to shareholder approval, on 11 November 2016 to shareholders on the register on 14 October 2016.

## Treasury management

The Group's operations are financed by retained earnings and bank borrowings. The Group has in place a £210 million revolving credit facility, maturing in April 2020, which provides considerable headroom versus current and future expected levels of Group debt. The covenants within the facility require the Group's interest cover ratio to be at least 4:1 (ratio as at June 2016: 60:1) and its leverage ratio (defined as net debt: EBITDA) to be no greater than 2.5:1 (as at June 2016 the Group held a net cash position). The interest rate of the facility is on a ratchet mechanism with a margin payable over LIBOR in the range 0.90% to 1.55%.

The Group's UK-based treasury function manages the Group's treasury risks in accordance with policies and procedures set by the Board, and is responsible for day-to-day cash management; the arrangement of external borrowing facilities; the investment of surplus funds; and the management of the Group's interest rate and foreign exchange risks. The Treasury function does not engage in speculative transactions and does not operate as a profit centre, and the Group does not hold or use derivative financial instruments for speculative purposes.

The Group's cash management policy is to minimise interest payments by closely managing Group cash balances and external borrowings. Euro-denominated cash positions are managed centrally using a cash pooling facility which provides visibility over participating country bank balances on a daily basis. Any Group surplus balance is used to repay any maturing loans under the Group's revolving credit facility or is invested in overnight money market funds. As the Group holds a Sterling denominated debt facility and generates significant foreign currency cash flows, the Board considers it appropriate in certain cases to use derivative financial instruments as part of its day-to-day cash management to reduce the Group's exposure to foreign exchange risk. The Group does not use derivatives to hedge balance sheet and income statement translation exposure.

The Group is exposed to interest rate risk on floating rate bank loans and overdrafts. It is the Group's policy to limit its exposure to interest rates by selectively hedging interest rate risk using derivative financial instruments.

Counterparty credit risk arises primarily from the investment of surplus funds. Risks are closely monitored using credit ratings assigned to financial institutions by international credit rating agencies. The Group restricts transactions to banks and money market funds that have an acceptable credit profile and limits its exposure to each institution accordingly.

## Principal risks facing the business

Hays plc operates an embedded risk management framework, which is monitored and reviewed by the Board. There are a number of potential risks and uncertainties that could have a material impact on the Group's financial performance and position. These include risks relating to the cyclical nature of our business, business model, talent recruitment and retention, compliance, reliance on technology, data governance, contracts and foreign exchange. These risks and our mitigating actions remain as set out in the 2015 Annual Report.

## Cautionary statement

This Preliminary Results report (the “Report”) has been prepared in accordance with the Disclosure Rules 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAYS PLC ON THE AUDITED FINANCIAL RESULTS OF HAYS PLC**

We confirm that we have issued an unqualified opinion on the full financial statements of Hays plc.

Our audit report on the full financial statements sets out the following risks of material misstatement which had the greatest effect on our audit strategy; the allocation of resources in our audit; and directing the efforts of the engagement team, together with how our audit responded to those risks:

Risk description	How the scope of our audit responded to the risk
<p><b>Debtor and accrued income recoverability</b></p> <p>The recoverability of trade receivables, accrued income and the level of provisions for bad debts are considered to be a significant risk due to the pervasive nature of these balances to the financial statements, and the importance of cash collection with reference to the working capital management of the business. At 30 June 2016, the total receivables and accrued income balances net of provisions included in Trade and other receivables balance of £763.9 million was £695.8 million.</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>– assessed the design and implementation of key controls around the monitoring of recoverability;</li> <li>– challenged management regarding the level and ageing of receivables and accrued income, along with the consistency and appropriateness of receivables and accrued income provisioning by assessing recoverability with reference to cash received in respect of debtors and billings raised against accrued income. In addition we have considered the Company's previous experience of bad debt exposure, the individual counter-party credit risk, the level of provision held by other recruitment businesses and the general economic environment in each jurisdiction;</li> <li>– critically assessed the recoverability of overdue unprovided debt with reference to the historical levels of bad debt expense and credit profile of the counter-parties;</li> <li>– tested these balances on a sample basis through agreement to post period end invoicing, post period end cash receipt or agreement to the terms of the contract in place, as appropriate; and</li> <li>– considered the consistency of judgements regarding the recoverability of trade receivables and accrued income made year on year to consider whether there is evidence of management bias through discussion with management on their rationale and obtaining evidence to support judgement areas.</li> </ul>

<p><b>Revenue recognition</b></p> <p>The key risks on revenue recognition are:</p> <ul style="list-style-type: none"> <li>• cut-off where revenue is not recognised in line with Group policy, which is to recognise revenue associated with temporary placements over the period that temporary workers are provided, and permanent placements on the start date; and</li> <li>• the presentation of temporary placements where Hays acts as a principal and revenue is recognised and presented on a gross rather than a net basis.</li> </ul> <p>The risks noted above in relation to revenue are areas that can involve management judgement, therefore they are considered to be significant risks.</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>– assessed the design and implementation of key controls around all streams of revenue recognised;</li> <li>– considered the appropriateness and accuracy of any cut-off adjustments processed by considering the start date of permanent placements and the term of a temporary placement with reference to the year end date;</li> <li>– evaluated whether revenue has been recognised in accordance with IAS 18 'Revenue' and with Hays accounting policy by reviewing details of the Group revenue recognition policy, the application of this, and any significant new contracts; and</li> <li>– confirmed that all material temporary worker contractual arrangements where Hays acts as a principal and maintains the majority of the risk and rewards associated with the underlying agreement have been recognised and presented on a gross revenue basis in the financial statements.</li> </ul>
<p><b>Goodwill impairment</b></p> <p>The total goodwill balance at 30 June 2016 was £220.4 million (2015: £198.4 million).</p> <p>Management is required to carry out an annual impairment test. This process is complex and highly judgmental given the indefinite nature of the goodwill. It is based on assumptions about future growth and discount rates, which can be sensitive particularly in certain jurisdictions where the growth rates are typically linked to individual country GDP and country wage inflation.</p> <p>Therefore, a risk exists that goodwill is overstated on the balance sheet should any judgements or assumptions be considered inappropriate.</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>– assessed the design and implementation of key controls around the impairment review process;</li> <li>– performed a detailed review and challenge of the models used including the macroeconomic assumptions used;</li> <li>– compared key assumptions (including discount rates and growth rates) used across the Group used in the model to external data and where possible, to information provided by Deloitte Valuations experts;</li> <li>– assessed the reasonableness of forecast future cash flows by comparison to historical performance and future outlook</li> <li>– performed sensitivity analysis on key assumptions, including discount rates adopted; and</li> <li>– performed a detailed review and challenge of the disclosures in respect of impairments and impairment testing adopted by management.</li> </ul>

<p><b>Pension accounting</b></p> <p>Pension accounting is complex and contains areas of significant judgment, notably the discount and inflation rates and demographic assumptions used in the valuation of the net liability. Therefore, a risk exists that inappropriate assumptions are used resulting in an inaccurate pension valuation at year-end.</p> <p>The net pension liability balance at 30 June 2016 was £14.3 million (2015: £58.7 million). The net pension liability recognised is lower than the present value of future contributions to fund the existing deficit.</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>– assessed the design and implementation of key controls around the pension accounting;</li> <li>– <ul style="list-style-type: none"> <li>• assessed the actuarial assumptions (discount rate, inflation rates, and mortality assumptions) adopted by the Group for the valuation of its retirement benefit obligations, with specific focus on changes to demographic assumptions and rates in the year</li> </ul> </li> <li>– utilised internal specialists to consider these assumptions and benchmarked them against a relevant comparator group;</li> <li>– reviewed the pension scheme liability. Whilst the scheme is currently in a net deficit position, the net pension liability recognised is lower than the present value of future contributions to fund the existing deficit. In order to assess whether an additional liability would need to be recognised, we reviewed the pension scheme trust documents to assess whether Hays has an unconditional right to any scheme surplus; and</li> <li>– reviewed the disclosures made and compared these to the requirements of IAS 19 'Employee Benefits'.</li> </ul>
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These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we did not provide a separate opinion on these matters.

Our liability for this report and for our full audit report on the financial statements is to the company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for our audit report or this report, or for the opinions we have formed.

**Deloitte LLP**  
**Chartered Accountants and Statutory Auditor**



## CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE

(In £s million)	Note	2016	2015
<b>Turnover</b>			
Continuing operations		<b>4,231.4</b>	3,842.8
<b>Net fees <sup>(1)</sup></b>			
Continuing operations	3	<b>810.3</b>	764.2
<b>Operating profit from continuing operations</b>	3	<b>181.0</b>	164.1
Net finance charge	5	<b>(8.0)</b>	(8.0)
<b>Profit before tax</b>		<b>173.0</b>	156.1
Tax	6	<b>(51.9)</b>	(50.7)
<b>Profit from continuing operations after tax</b>		<b>121.1</b>	105.4
<b>Profit from discontinued operations</b>		<b>3.4</b>	0.2
<b>Profit attributable to equity holders of the parent Company</b>		<b>124.5</b>	105.6
Earnings per share from continuing operations			
- Basic	8	<b>8.48p</b>	7.44p
- Diluted	8	<b>8.37p</b>	7.31p
Earnings per share from continuing and discontinued operations			
- Basic	8	<b>8.72p</b>	7.46p
- Diluted	8	<b>8.60p</b>	7.33p

<sup>(1)</sup> Net fees comprise turnover less remuneration of temporary workers and other recruitment agencies.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE

(In £s million)	2016	2015
Profit for the year	<b>124.5</b>	105.6
<b>Items that will not be reclassified subsequently to profit or loss:</b>		
Actuarial remeasurement of defined benefit pension schemes	<b>35.5</b>	(25.8)
Tax relating to components of other comprehensive income	<b>(7.2)</b>	6.3
	<b>28.3</b>	(19.5)
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Currency translation adjustments	<b>64.3</b>	(31.3)
Mark to market valuation of derivative financial instruments	-	0.1
Other comprehensive income for the year net of tax	<b>92.6</b>	(50.7)
Total comprehensive income for the year	<b>217.1</b>	54.9
Attributable to equity shareholders of the parent Company	<b>217.1</b>	54.9

**CONSOLIDATED BALANCE SHEET**

AT 30 JUNE

(In £s million)	Note	2016	2015
<b>Non-current assets</b>			
Goodwill		220.4	198.4
Other intangible assets		21.6	29.8
Property, plant and equipment		19.8	15.6
Deferred tax assets		23.9	36.4
		<b>285.7</b>	<b>280.2</b>
<b>Current assets</b>			
Trade and other receivables		763.9	600.5
Cash and cash equivalents		62.9	69.8
Derivative financial instruments		6.6	-
		<b>833.4</b>	<b>670.3</b>
<b>Total assets</b>		<b>1,119.1</b>	<b>950.5</b>
<b>Current liabilities</b>			
Trade and other payables		(573.3)	(478.7)
Current tax liabilities		(27.1)	(19.5)
Bank loans and overdrafts		(1.1)	(0.5)
Provisions	10	(3.1)	(3.0)
		<b>(604.6)</b>	<b>(501.7)</b>
<b>Non-current liabilities</b>			
Bank loans		(25.0)	(100.0)
Acquisition liabilities		(11.2)	(8.6)
Retirement benefit obligations	9	(14.3)	(58.7)
Provisions	10	(6.2)	(11.9)
		<b>(56.7)</b>	<b>(179.2)</b>
<b>Total liabilities</b>		<b>(661.3)</b>	<b>(680.9)</b>
<b>Net assets</b>		<b>457.8</b>	<b>269.6</b>
<b>Equity</b>			
Called up share capital		14.7	14.7
Share premium		369.6	369.6
Capital redemption reserve		2.7	2.7
Retained earnings		(15.8)	(138.2)
Cumulative translation reserve		66.4	2.1
Equity reserve		20.2	18.7
<b>Total shareholders' equity</b>		<b>457.8</b>	<b>269.6</b>

The Consolidated Financial Statements of Hays plc, registered number 2150950, were approved by the Board of Directors and authorised for issue on 1 September 2016.

Signed on behalf of the Board of Directors

A R COX

P VENABLES

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

(In £s million)	Share capital	Share premium account	Capital redemption reserve	Retained earnings	Cumulative translation reserve	Equity reserve	Other reserves	Total
At 1 July 2015	14.7	369.6	2.7	(138.2)	2.1	18.7	-	269.6
Currency translation adjustments	-	-	-	-	64.3	-	-	64.3
Remeasurement of defined benefit pension schemes	-	-	-	35.5	-	-	-	35.5
Tax relating to components of other comprehensive income	-	-	-	(7.2)	-	-	-	(7.2)
Net expense recognised in other comprehensive income	-	-	-	28.3	64.3	-	-	92.6
Profit for the year	-	-	-	124.5	-	-	-	124.5
Total comprehensive income for the year	-	-	-	152.8	64.3	-	-	217.1
Dividends paid	-	-	-	(39.9)	-	-	-	(39.9)
Share-based payments	-	-	-	10.2	-	1.5	-	11.7
Tax on share-based payment transactions	-	-	-	(0.7)	-	-	-	(0.7)
<b>At 30 June 2016</b>	<b>14.7</b>	<b>369.6</b>	<b>2.7</b>	<b>(15.8)</b>	<b>66.4</b>	<b>20.2</b>	<b>-</b>	<b>457.8</b>

FOR THE YEAR ENDED 30 JUNE 2015

(In £s million)	Share capital	Share premium account	Capital redemption reserve	Retained earnings	Cumulative translation reserve	Equity reserve	Other reserves	Total
At 1 July 2014	14.7	369.6	2.7	(197.7)	33.4	18.3	(0.3)	240.7
Currency translation adjustments	-	-	-	-	(31.3)	-	-	(31.3)
Mark to market valuation of derivative financial instruments	-	-	-	-	-	-	0.1	0.1
Remeasurement of defined benefit pension schemes	-	-	-	(25.8)	-	-	-	(25.8)
Tax relating to components of other comprehensive income	-	-	-	6.3	-	-	-	6.3
Net expense recognised in other comprehensive income	-	-	-	(19.5)	(31.3)	-	0.1	(50.7)
Profit for the year	-	-	-	105.6	-	-	-	105.6
Total comprehensive income for the year	-	-	-	86.1	(31.3)	-	0.1	54.9
Dividends paid	-	-	-	(37.9)	-	-	-	(37.9)
Share-based payments	-	-	-	10.5	-	0.4	0.2	11.1
Tax on share-based payment transactions	-	-	-	0.8	-	-	-	0.8
At 30 June 2015	14.7	369.6	2.7	(138.2)	2.1	18.7	-	269.6

## CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE

(In £s million)	Note	2016	2015
<b>Operating profit from continuing operations</b>		<b>181.0</b>	164.1
Adjustments for:			
Depreciation of property, plant and equipment		7.7	8.7
Amortisation of intangible assets		14.2	13.7
Net movements in provisions		(1.2)	(0.5)
Share-based payments		11.9	10.8
		<b>32.6</b>	32.7
<b>Operating cash flow before movement in working capital</b>		<b>213.6</b>	196.8
Movement in working capital:			
Increase in receivables		(98.8)	(53.0)
Increase in payables		44.5	45.9
		<b>(54.3)</b>	(7.1)
<b>Cash generated by operations</b>		<b>159.3</b>	189.7
Pension scheme deficit funding		(14.4)	(14.0)
Income taxes paid		(41.7)	(43.6)
<b>Net cash inflow from operating activities</b>		<b>103.2</b>	132.1
<b>Investing activities</b>			
Purchase of property, plant and equipment		(10.3)	(7.8)
Proceeds from sales of business assets		0.1	0.2
Purchase of intangible assets		(4.7)	(4.3)
Acquisition of subsidiaries		-	(35.7)
Cash paid in respect of acquisitions made in previous years		-	(1.6)
Interest received		0.5	0.5
<b>Net cash used in investing activities</b>		<b>(14.4)</b>	(48.7)
<b>Financing activities</b>			
Interest paid		(4.1)	(5.7)
Equity dividends paid		(39.9)	(37.9)
Proceeds from exercise of share options		1.5	1.8
Decrease in bank loans and overdrafts		(74.4)	(10.2)
<b>Net cash used in financing activities</b>		<b>(116.9)</b>	(52.0)
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(28.1)</b>	31.4
<b>Cash and cash equivalents at beginning of year</b>	11	<b>69.8</b>	48.0
Effect of foreign exchange rate movements		21.2	(9.6)
<b>Cash and cash equivalents at end of year</b>	11	<b>62.9</b>	69.8

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1 STATEMENT UNDER S435 - PUBLICATION OF NON-STATUTORY ACCOUNTS

The financial information set out in this preliminary announcement does not constitute statutory accounts for the years ended 30 June 2016 or 2015, for the purpose of the Companies Act 2006, but is derived from those accounts. The statutory accounts for 2015 have been delivered to the Registrar of Companies and those for 2016 will be delivered following the Company's Annual General Meeting. The Group's Auditor has reported on those accounts; their reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under Section 498(2) or (3) of the Companies Act 2006.

### 2 BASIS OF PREPARATION

Whilst the financial information included in this preliminary announcement has been prepared in accordance with the International Financial Reporting Standards (IFRSs) as adopted for use in the European Union and as issued by the International Accounting Standards Board, this announcement does not itself contain sufficient information to comply with IFRS. The accounting policies applied in preparing this financial information are consistent with the Group's financial statements for the year ended June 2015 with the exception of the following new accounting standards and amendments which were mandatory for accounting periods beginning on or after 1 January 2015, none of which had any material impact on the Group's results or financial position.

- IAS 19 (amendments) Employee Benefits (EU adoption from 1 February 2015)
- Annual Improvements to IFRSs 2012 (EU adoption from 1 February 2015)
- Annual Improvements to IFRSs 2013 (EU adoption from 1 January 2015)

#### Going Concern

The Group's business activities, together with the factors likely to effect its future development, performance and financial position, including its cash flows and liquidity position are described in this preliminary results announcement for the year ended 30 June 2016. The directors have formed the judgement that there is reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. As a result the directors continue to adopt the going concern basis in the preparation of the financial statements.

### 3 SEGMENTAL INFORMATION

The Group's continuing operations comprise one class of business, that of qualified, professional and skilled recruitment.

The Group's Management Board, which is regarded as the chief operating decision maker, uses net fees by segment as its measure of revenue in internal reports, rather than use turnover. This is because net fees exclude the remuneration of temporary workers, and payments to other recruitment agencies where the Group acts as principal, which are not considered relevant in allocating resources to segments. The Group's Management Board considers net fees for the purpose of making decisions about allocating resources. The Group does not report items below operating profit by segment in its internal management reporting. The reconciliation of turnover to net fees can be found in note 4.

(In £s million)	2016	2015
<b>Net fees from continuing operations</b>		
Asia Pacific	<b>176.1</b>	178.5
Continental Europe & Rest of World	<b>362.5</b>	313.8
United Kingdom & Ireland	<b>271.7</b>	271.9
	<b>810.3</b>	764.2

**3 SEGMENTAL INFORMATION continued**

(In £s million)	2016	2015
<b>Operating profit from continuing operations</b>		
Asia Pacific	<b>50.2</b>	49.7
Continental Europe & Rest of World	<b>78.7</b>	68.7
United Kingdom & Ireland	<b>52.1</b>	45.7
	<b>181.0</b>	164.1

**4 OPERATING PROFIT FROM CONTINUING OPERATIONS**

The following costs are deducted from turnover to determine net fees from continuing operations:

(In £s million)	2016	2015
Turnover	<b>4,231.4</b>	3,842.8
Remuneration of temporary workers	<b>(3,236.5)</b>	(2,941.5)
Remuneration of other recruitment agencies	<b>(184.6)</b>	(137.1)
Net fees	<b>810.3</b>	764.2

Operating profit is stated after charging the following items to net fees of £810.3 million (2015: £764.2 million):

(In £s million)	2016	2015
Staff costs	<b>476.3</b>	440.6
Depreciation of property, plant and equipment	<b>7.7</b>	8.7
Amortisation of intangible assets	<b>14.2</b>	13.7
Operating lease rentals payable	<b>34.0</b>	30.8
Impairment loss on trade receivables	<b>3.0</b>	2.5
Auditor remuneration		
- for statutory audit services	<b>0.9</b>	0.9
- for other services	<b>0.7</b>	0.4

**5 NET FINANCE CHARGE**

(In £s million)	2016	2015
Interest received on bank deposits	<b>0.5</b>	0.5
Interest payable on bank loans and overdrafts	<b>(3.4)</b>	(4.6)
Interest unwind on acquisition liability	<b>(0.9)</b>	(0.4)
Pension Protection Fund levy	<b>(0.3)</b>	(0.5)
Net interest on pension obligations	<b>(3.9)</b>	(3.0)
Net finance charge	<b>(8.0)</b>	(8.0)

## 6 INCOME TAXES RELATING TO CONTINUING OPERATIONS

The income tax expense for the year can be reconciled to the accounting profit as follows:

(In £s million)	2016	2015
Profit before tax from continuing operations	<b>173.0</b>	156.1
Income tax expense calculated at 20.00% (2015: 20.75%)	<b>(34.6)</b>	(32.4)
Net effect of items that are non-taxable/(non-deductible) in determining taxable profit	<b>(1.4)</b>	(3.7)
Effect of unused tax losses not recognised as deferred tax assets	<b>(1.5)</b>	-
Effect of tax losses not recognised as deferred tax utilised in the year	<b>0.7</b>	-
Effect of different tax rates of subsidiaries operating in other jurisdictions	<b>(14.6)</b>	(13.8)
Effect on deferred tax balances due to the changes in income tax rates	-	(0.8)
Effect of share-based payment charges and share options	<b>(0.9)</b>	0.5
	<b>(52.3)</b>	(50.2)
Adjustments recognised in the current year in relation to the current tax of prior years	-	(0.2)
Adjustments to deferred tax in relation to prior years	<b>0.4</b>	(0.3)
Income tax expense recognised in the Consolidated Income Statement relating to continuing operations	<b>(51.9)</b>	(50.7)
Effective tax rate for the year on continuing operations	<b>30.0%</b>	32.5%

The tax rate used for the 2016 reconciliations above is the corporate tax rate of 20.00% (2015: 20.75%) payable by corporate entities in the United Kingdom on taxable profits under tax law in that jurisdiction.

## 7 DIVIDENDS

The following dividends were paid by the Group and have been recognised as distributions to equity shareholders in the year:

	2016 pence per share	2016 £s million	2015 pence per share	2015 £s million
Previous year final dividend	<b>1.89</b>	<b>26.9</b>	1.80	25.6
Current year interim dividend	<b>0.91</b>	<b>13.0</b>	0.87	12.3
		<b>39.9</b>		<b>37.9</b>

The following dividends have been paid/proposed by the Group in respect of the accounting year presented:

	2016 pence per share	2016 £s million	2015 pence per share	2015 £s million
Interim dividend (paid)	<b>0.91</b>	<b>13.0</b>	0.87	12.3
Final dividend (proposed)	<b>1.99</b>	<b>28.7</b>	1.89	27.0
	<b>2.90</b>	<b>41.7</b>	2.76	39.3

The final dividend for 2016 of 1.99 pence per share (£28.7 million) will be proposed at the Annual General Meeting on 9 November 2016 and has not been included as a liability as at 30 June 2016. If approved, the final dividend will be paid on 11 November 2016 to shareholders on the register at the close of business on 14 October 2016.

**8 EARNINGS PER SHARE**

For the year ended 30 June 2016	Earnings (£s million)	Weighted average number of shares (million)	Per share amount (pence)
<b>Continuing operations:</b>			
Basic earnings per share from continuing operations	121.1	1,428.4	8.48
Dilution effect of share options	-	19.0	(0.11)
Diluted earnings per share from continuing operations	121.1	1,447.4	8.37
<b>Discontinued operations:</b>			
Basic earnings per share from discontinued operations	3.4	1,428.4	0.24
Dilution effect of share options	-	19.0	(0.01)
Diluted earnings per share from discontinued operations	3.4	1,447.4	0.23
<b>Continuing and discontinued operations:</b>			
Basic earnings per share from continuing and discontinued operations	124.5	1,428.4	8.72
Dilution effect of share options	-	19.0	(0.12)
Diluted earnings per share from continuing and discontinued operations	124.5	1,447.4	8.60
For the year ended 30 June 2015	Earnings (£s million)	Weighted average number of shares (million)	Per share amount (pence)
<b>Continuing operations:</b>			
Basic earnings per share from continuing operations	105.4	1,416.4	7.44
Dilution effect of share options	-	24.5	(0.13)
Diluted earnings per share from continuing operations	105.4	1,440.9	7.31
<b>Discontinued operations:</b>			
Basic earnings per share from discontinued operations	0.2	1,416.4	0.01
Dilution effect of share options	-	24.5	-
Diluted earnings per share from discontinued operations	0.2	1,440.9	0.01
<b>Continuing and discontinued operations:</b>			
Basic earnings per share from continuing and discontinued operations	105.6	1,416.4	7.46
Dilution effect of share options	-	24.5	(0.13)
Diluted earnings per share from continuing and discontinued operations	105.6	1,440.9	7.33

The weighted average number of shares in issue for both years exclude shares held in treasury.



**9 RETIREMENT BENEFIT OBLIGATIONS**

(In £s million)	2016	2015
Deficit in the scheme brought forward	<b>(58.7)</b>	(43.9)
Effect of settlement	<b>(1.6)</b>	-
Administration costs	<b>(1.9)</b>	(1.3)
Employer contributions (towards funded and unfunded schemes)	<b>14.4</b>	14.0
Net interest expense	<b>(2.0)</b>	(1.7)
Remeasurement of the net defined benefit liability	<b>35.5</b>	(25.8)
Deficit in the scheme carried forward	<b>(14.3)</b>	(58.7)

**10 PROVISIONS**

(In £s million)	Discontinued	Continuing	Total
At 1 July 2015	12.1	2.8	14.9
Exchange adjustments	-	0.2	0.2
(Credited)/Charged to income statement	(4.6)	(0.6)	(5.2)
Utilised	(0.6)	-	(0.6)
<b>At 30 June 2016</b>	<b>6.9</b>	<b>2.4</b>	<b>9.3</b>

(In £s million)	2016	2015
Current	<b>3.1</b>	3.0
Non-current	<b>6.2</b>	11.9
	<b>9.3</b>	14.9

Discontinued provisions comprise potential exposures arising as a result of the business disposals that were completed in 2004, together with deferred employee benefits relating to former employees. During the year a number of property leases and warranty periods associated with those business disposals expired resulting in a release of £4.6 million to the income statement

Of the continuing and discontinuing provisions that remain, £3.1 million is expected to be paid in the next 12 months and it is not possible to estimate the timing of the payments for the other items.

**11 MOVEMENT IN NET CASH/(DEBT)**

(In £s million)	1 July 2015	Cash flow	Exchange movement	30 June 2016
Cash and cash equivalents	69.8	(28.1)	21.2	<b>62.9</b>
Bank loans and overdrafts	(100.5)	74.4	-	<b>(26.1)</b>
Net cash/(debt)	(30.7)	46.3	21.2	<b>36.8</b>

The table above is presented as additional information to show movement in net cash/(debt), defined as cash and cash equivalents less bank loans and overdrafts.

The Group has a £210 million unsecured revolving credit facility which expires in April 2020. The financial covenants require the Group's interest cover ratio to be at least 4:1 and its leverage ratio (net debt to EBITDA) to be no greater than 2.5:1. The interest rate of the facility is based on a ratchet mechanism with a margin payable over LIBOR in the range of 0.90% to 1.55%.

At 30 June 2016, £185 million of the committed facility was un-drawn.

## 12 LIKE-FOR-LIKE RESULTS

Like-for-like results represent organic growth of continuing activities at constant currency.

For the year ended 30 June 2016 these are calculated as follows:

(In £s million)

Net fees for the year ended 30 June 2015	764.2
Foreign exchange impact	(16.4)
Net fees for the year ended 30 June 2015 at constant currency	747.8
Net fee increase resulting from acquisition	9.7
Net fee increase resulting from organic growth	52.8
<b>Net fees for the year ended 30 June 2016</b>	<b>810.3</b>
Profit from operations for the year ended 30 June 2015	164.1
Foreign exchange impact	(4.5)
Profit from operations for the year ended 30 June 2015 at constant currency	159.6
Profit from operations increase resulting from acquisition	0.5
Profit from operations increase resulting from organic growth	20.9
<b>Profit from operations for the year ended 30 June 2016</b>	<b>181.0</b>

## 13 LIKE-FOR-LIKE RESULTS H1 VERSUS H2 ANALYSIS BY DIVISION

Net fee growth/(decline) versus same period last year	Q1 2016	Q2 2016	H1 2016	Q3 2016	Q4 2016	H2 2016	FY 2016
Asia Pacific	6%	1%	4%	3%	4%	4%	4%
Continental Europe & Rest of World	11%	16%	14%	11%	21%	16%	15%
United Kingdom & Ireland	6%	1%	3%	(3%)	(4%)	(3%)	0%
Group	8%	7%	8%	4%	8%	6%	7%

H1 2016 is the period from 1 July 2015 to 31 December 2015. H2 2016 is the period from 1 January 2016 to 30 June 2016.