

# QUARTERLY UPDATE FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2021

14 October 2021

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## Financial summary

Growth in net fees for the quarter ended 30 September 2021 (Q1 FY22)

(versus the same period last year)

	Growth	
	Actual	LFL
By region:		
Australia & New Zealand (ANZ)	29%	34%
Germany	31%	39%
United Kingdom & Ireland (UK&I)	44%	45%
Rest of World (RoW)	37%	45%
<b>Total</b>	<b>36%</b>	<b>41%</b>
By segment:		
Temporary	22%	26%
Permanent	58%	65%
<b>Total</b>	<b>36%</b>	<b>41%</b>

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.

## Highlights

- Fees up 41% with good sequential growth in all regions, particularly in Perm, up 65%. Group net fee exit rate of 40%, in line with the growth rate in the quarter, despite tougher growth comparatives. Fees in the quarter were in line with two years ago (Q1 FY20<sup>(1)</sup>), with Perm up 6% and Temp down 5%
- **Australia & New Zealand (ANZ):** fees up 34% and sequentially increased versus Q4 FY21 with no material negative impacts from current lockdowns. Perm up an outstanding 95% and Temp up 13%
- **Germany:** fees up 39%, with Temp & Contracting up 36% and Perm up 56%. Fees and activity improved through the quarter and we ended the period with a record number of Contractors
- **UK & Ireland (UK&I):** fees up 45%, led by a strong Perm performance, up 69%, with Temp up 29%. Good sequential fee growth through the quarter
- **Rest of World (RoW):** fees up 45%, with Perm up 59%. Strong growth in EMEA ex-Germany, up 37%, including record performances in Switzerland and Poland. Americas fees up 66%, including a record quarter in the USA. Asia fees up 44%, with records in China and Malaysia
- Record consultant productivity, despite Group consultant headcount increasing by 8% in the quarter and by 19% YoY as we invested to capitalise on the cyclical recovery and structural growth opportunities
- Strong net cash position of c.£360 million, in line with our expectations (30 June 2021: £410.6 million; 30 September 2020: c.£350 million)

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

"We have made a strong start to our financial year, with sequential fee growth in all major markets. 12 countries produced record net fees, including the USA and China, and our global Hays Technology business also hit record fees. Despite lockdowns, ANZ fees were stable throughout the quarter, and sequentially increased versus Q4 FY21. In Continental Europe, activity levels remained high, with less of a seasonal summer slowdown than normal, and our largest market of Germany ended the period with a record number of contractors. The UK&I and Asia continued to perform strongly, while the Americas delivered our highest overall fee growth.

"Consultant productivity remains at record levels, despite our significant headcount investment. Our Strategic Growth Initiatives are performing well as we accelerate the pursuit of the many structural growth opportunities we see. Client and candidate confidence is high and there are clear signs of skill shortages and wage inflation, particularly at higher salary levels. Our strong brand and management teams globally, plus our financial strength, give me confidence that we will take further market share as the economic recovery continues."

## Group

### Q1 trading overview

Group net fees were up 41% on a like-for-like basis versus the prior year, a period which was significantly impacted by the pandemic. On an actual basis, net fees increased by 36%, with the significant strengthening of Sterling versus the Euro, Australian dollar and the US dollar reducing our reported net fees. Activity levels continued to improve in all regions, and encouragingly September delivered our highest period<sup>(2)</sup> of fees since the start of the pandemic. The Group's net fee exit rate was 40%, in line with the growth rate in the quarter, despite increasingly tougher growth comparatives, and was 4% ahead of September FY20.

Like-for-like net fees in Temp (56% of Group fees) and Perm (44% of Group fees) increased by 26% and 65% respectively. Perm activity continued to rebound significantly faster than Temp, although encouragingly activity levels are high in both. In Temp, as expected, the H2 FY21 trend of increased average Temp hours worked has partially reversed, mainly as Temp workers took vacations. Temp volumes overall are strong. Fees in the Private sector (84% of Group fees) increased by an excellent 46%, with the Public sector, which was relatively resilient in the prior year, up 19%.

Our largest global specialism of Technology (26% of Group fees) increased by 36% and fees were 7% above Q1 FY20<sup>(1)</sup>. Construction & Property, Accountancy & Finance and Life Sciences increased by 30%, 40% and 36% respectively. Hays Talent Solutions (HTS), our large Corporate Accounts business, delivered a record quarter and grew fees by 30% and continues to win market share, with a strong pipeline of opportunities.

Overall, Group fees in the quarter were in line with Q1 FY20<sup>(1)</sup>. Within this, Perm fees increased by 6%, and Temp declined by 5%. Regionally versus Q1 FY20<sup>(1)</sup>, ANZ fees declined by 1%, Germany by 4%, UK&I by 5% and RoW increased by 6%. As previously disclosed, Group fees in Q4 FY21 were 8% below Q4 FY19.

### Investment in Group headcount

Group consultant headcount, which included our seasonal graduate intake, increased by 8% in the quarter, slightly ahead of our previous guidance, and by 19% year-on-year. In calendar year 2021 we have added c.1,200 consultants to the Group. Despite this increased headcount, average productivity per consultant remained at record levels in the quarter. We expect consultant headcount to increase by a further c.2-4% in Q2 FY22 as we continue to balance adding productive capacity, including in our Strategic Growth Initiatives, with driving strong consultant productivity and profit growth.

### Foreign exchange

The strengthening of Sterling versus our main trading currencies of the Euro and Australian dollar, particularly versus the average exchange rates seen in H1 FY21, is a headwind to Group operating profit in FY22. If we re-translate FY21 profits of £95.1m at 11 October 2021 exchange rates (AUD1.8492 and €1.1774), operating profit would decline by c.£5 million, similar to the position at our preliminary results on 26 August 2021. As our operating profit increases significantly in FY22, FX movements are likely to have a much larger negative impact.

<sup>(1)</sup> Given our June year end, Q1 FY20 represents the three months ended 30 September 2019.

<sup>(2)</sup> Due to the cycle of our internal Group reporting, we report our annual fees over 13 periods, based on a mixture of four-weekly and monthly reporting businesses. This is consistent with prior years.

## Australia & New Zealand (17% of net fees)

Net fees in Australia & New Zealand (ANZ) increased by 34% and increased sequentially versus Q4 FY21 with no material negative impacts from current lockdowns. ANZ fees decreased by 1% versus Q1 FY20<sup>(1)</sup>.

Perm net fees, which represented 37% of ANZ, grew by an outstanding 95%. Temp, 63% of ANZ, increased by 13% versus a relatively resilient prior year growth comparative. Private sector net fees, which represented 66% of ANZ, increased by 45%, with the Public sector up 15%.

Australia net fees increased by 32%. Our largest regions of New South Wales and Victoria, which together represented 53% of Australia net fees, grew by 33% and 40% respectively. Queensland performed stronger still, up 42%, with South Australia up 23%. ACT increased by 7%.

At the Australia specialism level, Construction & Property, our largest business representing 17% of Australia fees, increased by 18%. Technology, our second largest specialism, delivered excellent growth, up 44%, and Office Support and Accountancy & Finance both rebounded strongly, up 48% and 38% respectively. HR increased by an excellent 62% and our other smaller specialisms collectively rose by 20%.

New Zealand, 7% of ANZ net fees, increased by an excellent 58%.

ANZ consultant headcount increased by 8% in the quarter and by 27% year-on-year.

## Germany (26% of net fees)

Net fees in Germany increased by 39%, with good sequential fee improvement throughout the quarter. Overall business confidence continued to improve with clients increasingly investing in new, and extending existing, projects. Germany fees decreased by 4% versus Q1 FY20<sup>(1)</sup>.

Our largest specialism of Technology increased by 25%, with our second largest, Engineering, up 61%. Accountancy & Finance and Construction & Property grew by 28% and 25% respectively, with growth in Legal much stronger, up 79%. Private sector fees (86% of Germany) increased by 42%, with the Public sector up 23%.

Our largest area of Contracting (57% of Germany net fees), which is primarily in the Technology sector and which was relatively resilient in Q1 FY21, increased by 21% and we ended the quarter with a record number of contractors on assignments.

Fees in Temp (26% of Germany net fees), which is mainly in Engineering & Manufacturing and where we employ temporary workers as required under German law, increased by 83%. Our Temp business was particularly hard-hit in the early stages of the pandemic, and the prior year comparative fees included significant Temp under-utilisation (net of support from the German short-time working scheme) and severance costs. Excluding these one-off prior year items, underlying Temp fees increased by 27%. Average Temp volumes continued to improve through the quarter, although given slower recovery in the Automotive & Manufacturing sectors remain c.20% below Q1 FY20<sup>(1)</sup>. As expected, average Temp hours worked returned to more seasonally normal levels for the summer, as Temps took holidays.

Perm, which represented c.17% of Germany fees, increased by 56% including a record month in September.

Consultant headcount increased by 3% in the quarter and by 8% year-on-year.

## United Kingdom & Ireland (23% of net fees)

Net fees in the United Kingdom & Ireland (UK&I) increased by 45%, with good sequential fee growth over the quarter. This was particularly evident in Perm, 45% of UK&I fees, up an excellent 69%, with Temp up by 29%. The Private sector, 71% of UK&I net fees, grew by 57% and the Public sector increased by 21%. UK&I fees decreased by 5% versus Q1 FY20<sup>(1)</sup>.

Most regions traded broadly in line with the overall UK business, apart from the North West and the Midlands, which grew by 74% and 51% respectively, and Scotland, which grew by 30%. Our largest region of London increased by 46%, including London City up 73%, and in Ireland our business increased by 46%.

At the specialism level, Technology delivered excellent growth and Accountancy & Finance rebounded sharply, up 57% and 49% respectively. Our fastest growth came in HR and Office Support, up 127% and 94% respectively, while Construction & Property increased by 27%.

Consultant headcount increased by 4% in the quarter and by 15% year-on-year.

## Rest of World (34% of net fees)

Our Rest of World (RoW) division, comprising 28 countries, saw net fees grow by 45%, with improvement across all sub-regions and including 12 quarterly fee records. Perm, which represented 68% of RoW net fees, increased by 59% with Temp up 22%. RoW fees increased by 6% versus Q1 FY20<sup>(1)</sup>.

**EMEA ex-Germany** (56% of RoW net fees) net fees increased by 37% and activity levels remained high, with less of a seasonal summer slowdown than normal. Seven countries delivered record fee performances, including Switzerland, up 18%, Poland up 53% and Russia up 42%. Fees in France, our largest RoW country, grew by 37%, with Italy and Spain up 75% and 39% respectively.

**The Americas** (25% of RoW) net fees increased by 66%. The USA, our second-largest RoW country, delivered another record quarter and grew by 63%. Canada also saw good improvement, up 60%. Latin America grew by 91%, including a fee record in Brazil, up an excellent 138%.

**Asia** (19% of RoW) net fees increased by 44%. China, our third-largest RoW country, and Malaysia both delivered record quarters, growing by 45% and 65% respectively. Singapore grew by 57% and Japan showed improved momentum, with fees up 30%.

RoW consultant headcount increased by 14% in the quarter and by 24% year-on-year.

## Cash flow, balance sheet and dividends

Group net cash at 30 September 2021 was c.£360 million, in line with our expectations (30 June 2021: £410.6 million; 30 September 2020: c.£350 million).

As announced in our preliminary results in August 2021, given the strong recovery in Group profitability, our strong balance sheet and confidence in our outlook, the Board proposes to resume core and special dividends, subject to shareholder approval, in November 2021. The Board has proposed one single core dividend payment for FY21 of 1.22 pence per share, representing 3.0x dividend cover, and one special dividend of £150 million, or 8.93 pence per share. The Board also expects to restart ongoing special dividends in FY22.

## 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 14 October 2021. The dial-in details are as follows:

Dial-in number	+44 (0) 330 551 0200
Dial-in number (UK toll free)	+44 (0) 808 109 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 1480
Access code	0582802#

## Reporting calendar

Trading update for the quarter (Q2 FY22) ending 31 December 2021	18 January 2022
Half-year results for the six months ending 31 December 2021	24 February 2022
Trading update for the quarter (Q3 FY22) ending 31 March 2022	14 April 2022

## Hays Group overview

As at 30 June 2021, Hays had c.10,800 employees in 256 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.78% of the Group's net fees in FY21, compared with 25% in FY05.

Our consultants work in a broad range of sectors covering 20 professional and skilled recruitment specialisms, and in FY21 our three largest specialisms of Technology (26% of Group net fees), Accountancy & Finance (14%) and Construction & Property (12%) together represented 52% of Group fees.

In addition to our international and sectoral diversification, in Q1 FY22 the Group's net fees were generated 56% from temporary and 44% from 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.

## Purpose, Net Zero, Equity and our Communities

Our purpose is to benefit society by helping people succeed and enabling organisations to thrive, 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 focus on doing the right thing. Linked to this, Hays has endorsed three United Nations Sustainable Development Goals (UNSDG's) - Decent Work & Economic Growth; Gender Equality; and Climate Action. These call upon businesses to advance sustainable development through the investments they make, the solutions they develop and the practices they adopt.

We believe that responsible companies should have Equity, Diversity & Inclusion at their heart. Our global ED&I Council helps co-ordinate and drive our actions and made excellent progress in FY21. For the first time in our history, we have set stretching targets on female representation in senior management. By 2025, we have committed to reach a level of 45% female leaders (FY21: 42% female) among our senior leadership of c.560 individuals, and to reach 50% by 2030.



As a business which exists to help people further their careers and fulfil their potential, the goal of Decent Work sits very close to Hays' purpose. Over the last four years we are proud to have placed well over one million people globally in their next job; helping the individual, their employer and society. We have reinforced our Decent Work & Economic Growth commitment through Hays Thrive, our free-to-use online Training & Wellbeing platform. Overall, across all our online platforms, over 850,000 individual training courses were undertaken on our web platforms in the last year, equating to c.26 million minutes of online learning.

We believe we have a significant role to play in combating climate change. As part of our ongoing commitment to Environmental, Social & Governance matters (ESG), we will set Science-Based Targets for Carbon reduction, in line with the Paris Agreement. We became a Carbon Neutral company in 2021 and are well on the way to becoming 'Net Zero' in due course. We also recognise the significant opportunities which 'Green' and 'Sustainable' economies present. We are a large recruiter of skilled workers in low carbon, social infrastructure and ESG roles, and we are actively growing our ESG talent pools, helping to solve global skill shortages.

## 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.

This announcement contains inside information.  
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