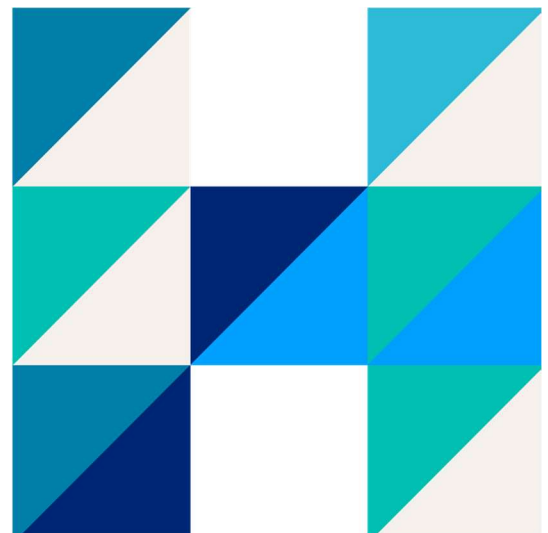


# QUARTERLY UPDATE FOR THE THREE MONTHS ENDED 30 JUNE 2022

## CONFERENCE CALL PREPARED REMARKS

14 July 2022



## Introduction

### Paul Venables, Group Finance Director

Thank you, David, good morning, everybody, and thanks for joining us.

I will present the highlights and key themes of today's update, and discuss regional performances, before taking questions. As usual, all net fee growth percentages are on a like-for-like basis versus prior year unless stated otherwise.

## Performance overview

We finished our financial year strongly, delivering record quarterly net fees in Q4, up 23%. Overall, Group fees and activity levels were sequentially stable through the quarter and client and candidate confidence remained at high levels.

Currency translation had a positive impact, increasing headline net fees by c.1%. There were no material working day adjustments in the period.

I would highlight the following key features:

1. We delivered quarterly fee records in 15 countries, including an excellent performance in our largest business of Germany.
2. Growth in all major markets was again led by Perm, up 31%, with Temp up a strong 16%. We saw further margin improvement in both Temp and Perm. The private sector, up 26%, again significantly outperformed the public sector, up 7%.
3. Our largest global specialism of Technology, 26% of Group fees, delivered another record quarter, with fees up 24% and exceeded £300m net fees in FY22. Our Enterprise Solutions business also produced another record quarter, with direct outsourcing fees up 30%.
4. Overall, Group fees and activity levels were sequentially stable through the quarter and the Group's net fee exit rate in June was 19%.
5. Consultant productivity remained at high levels, despite increasing consultant headcount by 5% in the quarter.
6. Group operating profit for the year ended 30 June is expected to be c.£210 million; at the top end of our previous guidance range given at Q3 FY22. This includes the one-off costs of exiting our Russia business, which is now complete.
7. Cash performance was strong, and we ended the quarter in a robust financial position with net cash of c.£295m, which was also after c.£18 million in share buybacks in Q4. Our strong cash performance supports the Board's commitment to returning significant cash to our shareholders.

I will now comment on the performance by each division in more detail.

## Australia & New Zealand

Our ANZ division, 17% of group fees, increased by 12%, with fee and activity levels sequentially stable through the quarter.

Perm, 41% of ANZ fees, was up an excellent 33%, while Temp increased by 2% with volumes stable across the quarter. The Private sector, 65% of fees, increased by 13%, while Public sector grew by 11%.

Australia fees increased by 11%, again led by Queensland, up 22%. Our two largest industries, Construction & Property and Technology, grew 11% and 21% respectively. New Zealand, 8% of ANZ fees, continued its strong run and increased by an excellent 33%.

Consultant headcount in ANZ increased by 3% in the quarter and 20% year-on-year.

## Germany

Germany, our largest business representing 27% of group fees, delivered another record fee performance, up 29%, with record Contractor volumes and continued strong activity levels.

Contracting, 55% of German fees, delivered a record quarter. Fees grew by 32% driven by 29% growth in contractor volumes which ended the quarter at record levels. Margin and fee mix increased fees by a further 9%, partially offset by 6% lower average weekly hours per contractor.

Temp, 27% of Germany fees was up 17% and Perm delivered another excellent performance up 39%.

At specialism level Technology our largest specialism was up 15%, Engineering 32% and Accountancy & Finance up 44%.

Consultant headcount increased by 6% in the quarter and 24% year-on-year.

## UK & Ireland

The UK & Ireland, 21% of Group fees, increased by 22%, with fees stable through the quarter. Performance was led by Perm, 47% of UK&I fees, up an excellent 43%. Temp was up 8%, with higher margins offset by slightly lower volumes. Private sector fees increased by 34% with the Public sector down 2%.

Most regions traded broadly in line with the overall business apart from the South West & Wales and the East of England, which grew by 33% and 28% respectively, and Northern Ireland and the North West, which grew by 5% and 14% respectively. Our largest region of London increased by 18%, including London City up 40%.

At the specialism level, we again saw excellent growth in Technology, up 35%, and Accountancy & Finance our largest specialism up 31%, while C&P grew by 7%.

Ireland delivered another excellent performance, with fees up 59%.

Consultant headcount increased by 7% in the quarter and 24% year-on-year.

## Rest of World

Rest of World, representing 35% of group fees and comprising 27 countries, grew by 24%, with 14 countries delivering quarterly records. Perm, 67% of RoW fees, increased by 25%, with Temp up 22%.

In **EMEA-ex Germany**, fees increased by 21% and activity levels remained strong. Our largest RoW country of France, increased by 31%, with Spain up 26%. Italy & Poland both increased up 37% and each delivered a fee record. Growth was slower in Belgium, up 6%.

**The Americas** grew by 33%, with fee records in Canada, up an excellent 64%, and LatAm, up 45%. Fees in the USA increased by 20%.

**Asia** fees increased by 19%, with record fees in Japan, up 65%, and another excellent performance in Malaysia, up 27%. China decreased by 5%, with strict pandemic-related restrictions weighing particularly on Mainland China through the quarter.

Consultant headcount was up 5% in the quarter and 29% year-on-year.

## Cash flow and balance sheet

Cash generation was strong, and we ended the year with net cash of c.£295m.

The Board is committed to returning significant cash to shareholders over our £100m cash buffer via core and special dividends and buy backs. During the quarter we purchased and cancelled 15.4m shares at an average price of c118p and this left a residual balance of the buyback program of c£57m.

As a reminder, The Board will add any residual amount of our share buyback program to our £100m cash buffer in calculating any FY22 special.

## Current trading and guidance

I would make the following points:

1. While we are mindful of increased macroeconomic and geopolitical uncertainties, client and candidate confidence remains at good overall levels, with continued skill shortages, supportive margin dynamics and rising wage inflation globally.
2. Overall, the Group's fees and activity are sequentially stable at high levels, with signs of some market normalisation, particularly in the hottest parts of the Perm market. Overall, this remains a very good market.
3. After significant investment in consultant headcount over the past six quarters, we expect growth to moderate to 1-2% over the next quarter, mainly in our Strategic Growth Initiatives. In FY23 our focus will be on driving productivity, while continuing selective investment in structural growth markets.
4. We anticipate the Group's effective tax rate will benefit from one-off items in FY22 and will be materially below our previous guidance of c.30%. We expect tax rate will return to c.30% in FY23.

In conclusion, we have had a strong end to our financial year and are firmly focused on driving profitable, cash generative growth and increasing consultant productivity. Although the increasing macroeconomic uncertainties are clear, our market-leading positions, strong brand, highly experienced management teams and our financial strength mean we are confident we can deliver our long-term objectives.

I will now hand you back to the administrator, and we are happy to take your questions.

## Enquiries

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## Reporting calendar

Preliminary results for the year ended 30 June 2022	25 August 2022
Trading update for the quarter (Q1 FY23) ending 30 September 2022	13 October 2022
Trading update for the quarter (Q2 FY23) ending 31 December 2022	17 January 2023
Half-year results for the six months ending 31 December 2022	23 February 2023

## Hays Group overview

As at 30 June 2022, Hays had c.13,000 employees in 253 offices in 32 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.79% of the Group's net fees in Q4 FY22, compared with 25% in FY05.

Our consultants work in a broad range of industries covering recruitment in 20 professional and skilled specialisms. In Q4 FY22 our three largest specialisms of Technology (26% of Group net fees), Accountancy & Finance (14%) and Construction & Property (11%) together represented 51% of Group fees.

In addition to our international and sectoral diversification, in Q4 FY22 the Group's net fees were generated 55% from temporary and 45% 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 investing in lifelong partnerships that empower people and organisations to succeed, creating opportunities and improving lives. Becoming lifelong partners to millions of people and thousands of organisations also helps to make our business sustainable. Our core company value is that we should always focus on doing the right thing. Linked to this and our commitment to Environmental, Social & Governance (ESG) matters, 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. We made progress in FY22 by further embedding UNSDG Goal 5: Gender

Equality in our strategy. 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, Goal 8: Decent Work & Economic Growth aligns very closely with 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. Our commitment to this goal is further reinforced 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. In 2021, we became a Carbon Neutral company – our first step under Goal 13: Climate Action to achieve emissions reductions consistent with limiting warming to 1.5°C, the most ambitious goal of the Paris Agreement. In March 2022, the Science-Based Targets initiative (SBTi) approved Hays' Science-Based targets to reduce i) absolute scope 1 and 2 GHG emissions by 50% by FY2026; ii) absolute scope 3 GHG emissions from purchased goods and services and capital goods by 50% by FY2030; and, iii) absolute scope 3 GHG emissions from business travel by 40% by FY2026. This landmark step demonstrates Hays' firm commitment to be the first global specialist recruitment firm to reach Net Zero.

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 and Sustainability Talent Networks, 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.

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