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QUARTERLY UPDATE FOR THE THREE MONTHS ENDED 30 JUNE 2016

14 July 2016

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Financial summary

Growth in net fees for the quarter ended 30 June 2016 (Q4 FY16)

(versus the same period last year)	Growth	
	Actual	**LFL[1]**
By region		
Asia Pacific	7%	**4%**
Continental Europe & Rest of World	29%	**21%**
United Kingdom & Ireland	(3)%	**(4)%**
Total	12%	**8%**
By segment		
Temporary	15%	**10%**
Permanent	9%	**6%**
Total	12%	**8%**

Highlights

- Good overall growth of 8%[1] including a c.3%[3] working day benefit
- Full-year operating profit is expected to be c.£180m, ahead of current consensus market expectations[4]
- Excellent cash performance, driving the elimination of the Group's net debt and a year-end net cash position of c.£40 million
- Excellent broad-based growth of 21%[1] in Continental Europe & Rest of World, driven by Germany up 23%[1] and 12 more countries growing by over 20%[1], including Belgium, France and Switzerland
- Asia Pacific growth of 4%[1], with good 6%[1] growth in Australia, driven by public sector. Net fees in Asia decreased by 1%[1]
- UK & Ireland decreased by 4%[1]. Public sector markets remained tough, down 8%[1]. Private sector was down 2%[1] as client sentiment weakened towards the end of the quarter
- Group consultant headcount was up 3% year-on-year and flat through the quarter

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

"We delivered a good performance to end our financial year and expect full year profits to be ahead of current market expectations. We have also achieved our goal of eliminating the Group's net debt. Europe delivered further excellent growth, benefiting from all-time record performances in Germany and France, among 13 European countries to grow by over 20%[1]. Our Australian business continued its recovery, with strong growth in New South Wales, Victoria and in the public sector markets, partially offset by continued tough conditions in the mining-focused regions. In the UK the public sector recruitment market remained challenging, while private sector sentiment weakened in the run up to the EU Referendum.

Looking ahead, conditions in most international markets remain supportive and although there is significantly increased uncertainty in the UK, it is too early to say how the result of the Referendum will impact our results going forward. We have consciously built the most diverse, balanced and resilient global business in our industry, across 20 specialisms in 33 countries. We have a strong balance sheet, experienced management teams around the world and deep expertise in the Temporary, Contractor and Permanent recruitment markets. These combined attributes are unique and more important than ever. At times like this they stand us in good stead, and we remain well placed to continue to deliver sector-leading profits and cash generation."

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Group

In the fourth quarter ended 30 June 2016 net fees increased 12% on a headline basis and 8% on a like-for-like basis[(1)] against the prior year, our thirteenth consecutive quarter of year-on-year growth[(1)]. The difference between actual and like-for-like growth was primarily the result of the appreciation of the Euro and the Australian Dollar against Sterling.

Looking forward to FY17, exchange rate movements remain a material sensitivity to the Group's reported profitability. If the rates of exchange of the Group's key operating currencies remained as at 12 July 2016 levels throughout the rest of FY17, operating profit would increase by approximately £22 million versus FY16.

The fact that Easter this year fell entirely into the third quarter positively impacted activity levels in the fourth quarter across the major Temp and Contractor businesses, most notably Germany (where we estimate a positive impact of c.6%[(3)]), Australia (positive impact of c.1%[(3)]) and the UK (positive impact of c.1%[(3)]). Overall for Q4 we estimate the positive impact of the extra working days to be c.3%[(3)]. This more than offsets the negative impact seen in Q3, which was net of the benefit of the leap day.

We estimate the exit rate for Group net fee growth for the quarter to be c.5%[(1)], which is broadly in line with underlying growth rate for the quarter as a whole. In both CE&RoW and Asia Pacific, the exit rate was in line with the underlying growth rates for the quarter as a whole. In the UK, the exit rate was (7)% as June was the we.akest month of the quarter in the run up to, and aftermath of, the EU Referendum, as caution among clients increased, notably in the Perm market.

The Temp business, which accounted for 58% of Group net fees in the quarter, increased by 10%[(1)] and the underlying temp margin[(2)] was sequentially stable. Net fees in the Perm business increased by 6%[(1)].

Consultant headcount was up 3% year-on-year and flat in the quarter as our focus remained on improving existing consultant productivity and controlling costs to drive good profit performance. We expect that consultant headcount increases in Q1 FY17 will be selective, and focused on strong markets in Europe.

For the financial year ended 30 June 2016 we expect operating profit to be ahead of current market expectations[(4)], at c.£180 million.

Asia Pacific

In Asia Pacific, which represented 23% of Group net fees, we delivered solid growth of 4%[(1)].

In Australia & New Zealand net fees were up 6%[(1)], including a c.1%[(3)] positive Easter impact. Our Perm business was up 1%[(1)] and Temp, which represented 66% of net fees in the quarter, was up 8%[(1)].

In Australia we delivered good growth of 6%[(1)], though market conditions and performances continued to vary between states and specialisms. Our largest regions of New South Wales and Victoria, which accounted for 57% of Australia net fees in the quarter, were up 11%[(1)], and ACT (incorporating Canberra) also delivered strong growth of 10%[(1)] driven by continued strength in our public sector business, up 18%[(1)]. Although market sentiment remained cautious, our private sector business was up 1%[(1)] overall. Conditions in the Resources & Mining-dominated regions remained challenging, notably in Western Australia which was down 24%[(1)], but this business is now sequentially stable and we saw positive performances in Queensland and South Australia, which grew by 3%[(1)] and 7%[(1)] respectively.

Construction & Property, our largest specialism in Australia, grew 11%[(1)] and IT grew 8%[(1)]. Net fees in Accountancy & Finance were flat[(1)] and Resources & Mining declined 9%[(1)]. In New Zealand, net fees increased by 2%[(1)].

In Asia, which accounted for 24% of the division, net fees decreased 1%[(1)]. China delivered good 6%[(1)] growth, while net fees in Japan were down 1%[(1)] and Singapore declined by 23%[(1)] due to largely to more challenging conditions in the banking market.

Consultant headcount in the division was flat in the quarter and up 1% year-on-year. Consultant headcount in Australia & New Zealand was up 3% in the quarter and up 5% year-on-year, and in Asia was down 4% in the quarter and down 6% year-on-year.

Continental Europe & Rest of World ('RoW')

In Continental Europe & RoW, our largest division which represented 46% of Group net fees, we delivered excellent, broad-based growth of 21%[1], with an underlying growth of c.16%[1] excluding the working day impact. Growth was excellent in Germany at 23%[1], including a positive working day impact of c.6%[3]. Growth in the Germany Temp & Contractor business was 21%[1] and Perm grew 34%[1]. Growth in our core IT & Engineering business was 24%[1] and within our newer specialisms Accountancy & Finance delivered excellent growth of 21%[1].

In the rest of the division, we delivered excellent, broad-based 19%[1] growth, with 12 countries growing by over 20%[1], including key businesses such as France, Switzerland, Belgium and the Netherlands. Our businesses in Southern Europe continued their strong recovery, with Italy up 18%[1], Spain up 23%[1] and Portugal up 25%[1]. France, our second largest business in the division, delivered another excellent performance, with net fees up 20%[1], a seventh consecutive quarter of double digit growth[1] driven partly by the continued strength of our Contractor business.

In Brazil although conditions remained challenging, net fees increased 9%[1] and we delivered strong growth across the rest of our Latin America businesses. Our US business delivered strong broad-based growth of 12%[1] driven by the roll out of our newer specialisms including Construction & Property. Net fees in Canada grew by 15%[1].

Consultant headcount in the division was up 1% in the quarter and up 12% year-on-year.

United Kingdom & Ireland

In the United Kingdom & Ireland, which represented 31% of Group net fees, net fees decreased 4%[1] net of a positive working day impact of c.1%. Our Temp business was down 6%[1] primarily as a result of further challenging conditions in public sector markets. The Perm business declined by 1%[1] as increased caution among clients resulted in activity levels weakening significantly towards the end of the quarter.

Our private sector business was down 2%[1] and our public sector business was down 8%[1] as this market remained challenging through the quarter, particularly in the local Government and Healthcare focused markets.

By region, Scotland and Ireland continued to deliver good growth and were up 9% and 22% respectively. Elsewhere, other than the Midlands, which grew by 1% and the Home Counties where net fees were down 14%, every region traded broadly in line with the overall UK business. At a specialism level, our Accountancy & Finance business was broadly flat, however Construction & Property and IT were down 7% and 8% respectively.

Consultant headcount in the division was down 2% in the quarter and down 8% year-on-year, all by natural attrition, as we focused on consultant productivity and maximising our UK financial performance.

Cash flow and balance sheet

Cash performance in the quarter was excellent, underpinned by strong credit control and working capital management and resulting in a closing net cash position of c.£40 million (31 March 2016: £45 million net debt; 31 December 2015: £56 million net debt). Over the full financial year therefore, the Group has paid c.£40 million in dividends, reduced net debt by c.£70 million and offset a reversal of the c.£20 million positive effect of the favourable day upon which the FY15 year-end fell, an overall net cash generation of c.£130 million on an underlying basis.

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(1) LFL (like-for-like) growth represents organic growth at constant currency and excludes the impact of acquisitions.
(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. This 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) The estimated impact of Easter is calculated in relation to the Temp and Contractor businesses only, we make no estimate of the impact on the Perm business. It represents an assumption based on recent trends of revenues / working day in each of our major Temp and Contractor businesses.
(4) As of 13 July 2016 we understand the average of analysts' estimates for Operating Profit for the year ending 30 June 2016 to be c.£177 million. (Source: Factset).

Enquiries

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Conference call

Paul Venables and David Walker of Hays plc will conduct a conference call for analysts and investors at 8:00am United Kingdom time on 14 July 2016. The dial-in details are as follows:

Dial-in number	+44 (0)20 3139 4830
Dial-in number (UK toll free)	+44 (0)80 8237 0030
Password	13659027#

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

Replay dial-in number	+44 (0)20 3426 2807
Replay dial-in number (UK toll free)	+44 (0)80 8237 0026
Access code	674683#

Reporting calendar

Preliminary Results for the year ended 30 June 2016	1 September 2016
Quarterly update for the three months ending 30 September 2016	18 October 2016
Quarterly update for the three months ending 31 December 2016	12 January 2017

Hays Group overview

As at 31 December 2015, Hays had 9,420 employees in 248 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 65% of the Group's net fees, compared with around 30% ten years ago.

Our 6,454 consultants work in a broad range of sectors, with Accountancy & Finance, Construction & Property and IT representing 51% of Group net fees. Our expertise across 20 professional and skilled recruitment specialisms gives us opportunities to rapidly develop newer markets by replicating these long-established, existing areas of expertise.

In addition to this international and sectoral diversification, the Group's net fees are generated 58% from temporary and 42% permanent placement markets, and this balance gives our business model relative resilience. This well diversified business model continues to be a key driver of the Group's financial performance.

Cautionary statement

This Quarterly Update (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 forwardlooking 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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