

HALF YEAR REPORT SIX MONTHS ENDED 31 DECEMBER 2017

22 February 2018

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STRONG GROWTH AND MATERIAL INVESTMENT IN KEY MARKETS

Six months ended 31 December

(In £'s million)	2017	2016	Actual growth	LFL growth
Net fees ⁽¹⁾	525.8	465.5	13%	12%
Operating profit	116.5	100.1	16%	14%
Conversion rate ⁽²⁾	22.2%	21.5%	70bps	
Cash generated by operations	74.1	83.8	(12)%	
Profit before tax	113.9	96.2	18%	
Basic earnings per share	5.39p	4.55p	18%	
Dividend per share	1.06p	0.96p	10%	

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

- First half operating profit up 14% to £116.5m driven by strong growth in our International markets, where 20 businesses delivered record net fees, and good cost control in the UK
- **Australia & New Zealand:** Strong 15% net fee growth, with operating profit up 13% and broad-based growth across all regions and specialisms. Temp and Contracting worker numbers exceeded 20,000 for the first time
- **Germany:** Excellent net fee growth of 17%, operating profit up 2% (growth of c.20% and c.9% respectively on a trading day-adjusted basis, with three fewer working days⁽⁵⁾). Material investment in consultant base
- **UK & Ireland:** Subdued but sequentially stable markets overall, with net fees up 1%. Operating profit up 24% on good cost control and certain IT assets becoming fully depreciated. Headcount was flat year-on-year
- **Rest of World (RoW):** Strong net fee growth of 15%, with operating leverage driving excellent profit growth of 39%. 19 markets delivered record net fees including France, our largest RoW business, which grew by 13%. Net fees in Belgium grew by 17%, Japan was up by 12% and USA delivered 13% growth
- **Significant strategic investments:** During the half we materially invested in our key markets via:
 - **Consultants:** Germany up 30% YoY as we seek to further capitalise on long-term structural growth opportunities. Australia up 16% and RoW up 13%, including double-digit increases in USA, Canada, France and Japan
 - **Technology:** Our partnership with Xing gives our German-speaking consultants strong data connectivity. We also continued to improve our market-leading productivity technologies, including the launch of Sales Planner
 - **Infrastructure:** Five significant office expansions and three new offices opened in Germany, plus two new offices in France. Four significant office expansions in Australia
- Net cash of £34.5m, with good underlying conversion of operating profit into operating cash flow
- Interim dividend up 10% to 1.06p

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

"We have delivered another strong first half with double-digit net fee and profit growth. Conditions were supportive in the vast majority of our markets, with 22 countries growing net fees by more than 10% and 20 countries delivering record performances. This is a clear sign of the strength of our diversified global portfolio, as we take advantage of our leading positions in key markets. Our largest business, Germany, delivered another all-time record performance and we accelerated investment there, increasing consultant headcount by 30% and opening three new offices. Australia delivered strong broad-based growth and while the UK market remained subdued, it was stable overall.

"We continued to invest aggressively in our growth markets, increasing our International consultant headcount by 18%, while at the same time improving efficiency and thereby further increasing our sector-leading conversion rate. Underlying cash conversion remained good and we are pleased to increase our interim dividend by 10%.

"Looking ahead, the scale, balance and diversity of our businesses, combined with our strong balance sheet and highly experienced management teams, stand us in good stead. The outlook in the vast majority of our markets remains positive and we have made an encouraging start to our new five-year plan to broadly double our operating profits by 2022".

- (1) Net fees comprise turnover less remuneration of temporary workers and other recruitment agencies.
- (2) Conversion rate is the conversion of net fees into operating profit.
- (3) 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 Hays provides major payrolling services.
- (4) Exchange rate as at 20 February 2018: £1 / €1.1346; £1 / AUD 1.7760.
- (5) The estimated working day impact 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 our major Temp and Contractor businesses.
- (6) Represents percentage of Group net fees and operating profit.

Enquiries

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Results presentation & webcast

The results presentation will take place at the offices of UBS at 5 Broadgate, London EC2M 2QS at 9am on 22 February 2018 and will also be available as a live webcast on our website, www.haysplc.com/investors/results-centre. A recording of the webcast will be available on our website later the same day along with a copy of this press release and all presentation materials.

Reporting calendar

Trading Update for the quarter ending 31 March 2018	12 April 2018
Trading Update for the quarter ending 30 June 2018	13 July 2018
Preliminary Results for the year ending 30 June 2018	30 August 2018
Trading Update for the quarter ending 30 September 2018	11 October 2018

Hays Group Overview

Hays has c.10,800 employees based across 256 offices in 33 countries / markets. 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 76% of the Group's net fees as at 31 December 2017, compared with 25% in 2005.

Our c.7,450 consultants work in a broad range of sectors, with no individual sector specialism representing more than 21% of Group net fees. While Accountancy & Finance, Construction & Property and IT represent 51% of Group net fees, our expertise across 20 professional and skilled recruitment specialisms gives us opportunities to rapidly develop newer markets by replicating these long-established, existing areas of expertise.

In addition to this geographic 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 & market backdrop

We have delivered a strong performance for the six months ended December 2017, with net fees increasing 12% on a like-for-like basis and 13% on an actual basis. Operating profit was £116.5 million, up 14% on a like-for-like basis and 16% on an actual basis. The Group's sector-leading conversion rate⁽²⁾ increased by 70bps to 22.2% (2016: 21.5%). Our underlying cash performance was good and after paying £94.3 million in final and special dividends in November 2017, we ended the first half with net cash of £34.5 million.

Overall market conditions remained strong in the vast majority of our International markets, notably in mainland Europe, Australia and Asia. As a result, most of our businesses in these markets delivered double-digit net fee growth in the half. In the UK, the market was subdued but stable and we maintained close control of costs to defend profitability.

Against this backdrop, and consistent with the strategy presented at our Investor day in November 2017, we materially invested in a number of our key growth markets, notably Germany, Australia, France and North America. This long-established balanced approach of investing for the long-term, together with our focus on driving improved consultant productivity and cost control, allows us to maximise the Group's financial performance, profit and cash generation.

Foreign exchange

Currency movements versus Sterling continued to represent a benefit to our reported performance. Over the course of the half, the total impact of exchange movements on operating profit was £1.9 million positive versus prior year. If current rates of exchange were to remain unchanged for the remainder of the financial year, the impact on the FY17 full year reported operating profit performance would be £1.6 million positive.

Fluctuations in the rates of the Group's key operating currencies versus Sterling represent a significant sensitivity for the reported performance of our business. By way of illustration, each 1 cent movement in annual exchange rates of the Australian Dollar and Euro impacts net fees by £1.1 million and £3.9 million respectively per annum, and operating profits by £0.4 million and £1.3 million respectively per annum.

The rate of exchange between the Australian Dollar and Sterling over the six months ended 31 December 2017 averaged AUD 1.6930 and closed at AUD 1.7327. As at 20 February 2018 the rate stood at AUD 1.7760. The rate of exchange between the Euro and Sterling over the six months ended 31 December 2017 averaged €1.1207 and closed at €1.1268. As at 20 February 2018 the rate stood at €1.1346.

Strong growth in International Temp and Perm

Group Perm net fees increased by 15%, driven by a 10% increase in volume and a 5% increase in our average Perm fee. The increase in average Perm fee resulted from a 6% increase in Australia, and the benefit of mix. Underlying wage inflation remains at c. 2%. Net fees in Temp, which incorporates our Contracting business and represented 58% of Group net fees, increased by 9%. This comprised a volume increase of 12%, partially offset by a decrease in underlying Temp margins⁽³⁾, down 50bps to 15.4% (2016: 15.9%). This was primarily due to a reduction in Temp margin in our Australian and UK markets.

Movements in consultant headcount

Consultant headcount ended December 2017 at 7,451, up 8% in the half and 13% year-on-year. In **Australia & New Zealand**, consultant headcount was up 14% year-on-year. In **Germany** we significantly increased consultant headcount by 30% year-on-year, investing to capitalise on long-term structural growth opportunities and further increase our market-leading position. We also invested materially in our **RoW** division, growing consultant headcount by 13% year-on-year. Within this, headcount in the USA increased by 14%, France by 10%, Japan by 15% and Canada by 22%. In the **UK & Ireland**, consultant headcount was flat year-on-year.

Consultant headcount	31 Dec 2017	Net change (vs. 31 Dec 2016)	31 Dec 2016	30 Jun 2017
Australia & New Zealand	965	121	844	911
Germany	1,769	410	1,359	1,503
United Kingdom & Ireland	1,974	(4)	1,978	1,948
Rest of World	2,743	318	2,425	2,522
Group total	7,451	845	6,606	6,884

Office network changes & global specialism roll-out

Our focus through the first half remained on building scale and critical mass across our existing platform of 33 countries / markets. We continued to make further good progress in rolling out our IT Contracting business into markets such as Belgium, Switzerland and France, as well as building further scale. We have continued to invest in our USA Construction & Property specialism, which we started organically at the end of 2013, and where net fees in the half grew by over 70% versus the prior year. There were three new office openings to support strategic growth in Germany, and two new offices in France. We also continued to expand and upscale certain city locations worldwide.

Office network	31 Dec 2017	Net opened/ (closed)	30 Jun 2017
Australia & New Zealand	37	(1)	38
Germany	22	3	19
United Kingdom & Ireland	97	(1)	98
Rest of World	100	5	95
Group	256	6	250

Investing in technology, responding to change and enhancing intellectual property

We strongly believe that equipping our consultants with an effective range of technology tools improves their productivity, enabling them to find the ideal candidate for their clients' roles more quickly and effectively than the competition.

To build these tools we have invested substantially over many years in our own resources. We have constructed proprietary systems and fostered market-leading relationships with important players in the technology world including Google, LinkedIn, SEEK and, more recently, Xing in Germany. These investments are increasingly paying off, allowing us to receive and process over 10 million CVs a year and enabling our consultants to perform complex searches of our global OneTouch database in seconds. Our recently-launched Sales Planner tool also gives us distinct and insightful information to help us predict client demands ahead of time and improve consultant productivity.

Technology is now essential to the successful delivery of our "Find & Engage" marketing recruitment model, including our recently-developed "Approachability Index". In a world where speed of response and the quality of relationships are key to success, these tools, combined with the world-class expertise of our consultants, are generating a real competitive advantage. They are also improving our financial performance, and help to grow our market share and leadership.

Australia & New Zealand (19%⁽⁶⁾ net fees, 29%⁽⁶⁾ operating profits)**Strong and broad-based performance, backed by significant investment**

Six months ended 31 December (In £'s million)	2017	2016	Growth	
			Actual	LFL
Net fees ⁽¹⁾	99.8	87.2	14%	15%
Operating profit	34.1	30.2	13%	13%
Conversion rate ⁽²⁾	34.2%	34.6%		
Period end consultant headcount	965	844	14%	

In Australia & New Zealand (ANZ), net fees increased by 15% to £99.8 million and operating profit was up 13% to £34.1 million. This represents a conversion rate of 34.2% (2016: 34.6%), with the 40bps decline resulting from an increase in Australia average headcount ahead of net fee growth, and investment in IT systems. Currency impacts were minimal in the half versus prior year, decreasing net fees by £0.1 million and having no impact on operating profit.

Net fees in Perm grew strongly by 17%, whilst Temp, which represented 66% of ANZ net fees in the half, grew by 14%. The number of Temp and Contracting workers reached a new record in the half, at just over 20,000 per week. Both our Private and Public sector markets delivered double digit growth, up 15% and 13% respectively.

In Australia, which represented 93% of ANZ, net fees grew by 16% and operating profit by 14%. Growth was broad-based across all of our regions and specialisms. Our largest regions of New South Wales and Victoria, which together accounted for 57% of net fees, were up 12% and 20% respectively. Queensland delivered excellent growth of 22%, as did Western Australia which was up 21%. At the specialism level, we delivered strong 17% growth in Construction & Property, our largest market in Australia. Accounting & Finance grew by 13%, Office Support was up 14% and IT increased by 11%. Net fees in New Zealand were down by 2%.

Consultant headcount was up by 14% in the division, led by Australia where headcount increased by 16% year-on-year.

Germany (26%⁽⁶⁾ net fees, 35%⁽⁶⁾ operating profits)**Excellent net fee growth, with significant investment in headcount**

Six months ended 31 December (In £'s million)	2017	2016	Growth	
			Actual	LFL
Net fees ⁽¹⁾	134.8	110.7	22%	17%
Operating profit	41.1	38.6	6%	2%
Conversion rate ⁽²⁾	30.5%	34.9%		
Period end consultant headcount	1,769	1,359	30%	

In Germany, our largest market, net fees grew strongly by 17% to £134.8 million, with operating profit up by 2% to £41.1 million. Trading in the half was impacted by the loss of three working days versus the prior year. We estimate this had a c.3% negative impact on net fees and a c.7% negative impact on operating profit. Therefore, adjusted for working days, underlying net fee growth was c.20%⁽⁵⁾ and operating profit grew by c.9%⁽⁵⁾. Sterling weakness versus the Euro led to a year-on-year increase in net fees of £4.4 million and operating profits of £1.5 million.

Our Temp and Contracting business, which represented 85% of Germany fees, delivered strong growth of 15%. Within this, our largest business of Contracting was up 11%, while Temp growth was excellent at 23%, despite the negative working day impact. Our Perm business, which represented 15% of Germany fees, also delivered excellent growth of 33%.

IT, our largest specialism accounting for 42% of Germany net fees, grew by 13%. Our next largest area of Engineering increased by 15%. We saw strong growth in our newer specialisms, which now make up c.30% of Germany net fees, particularly Accountancy & Finance, up 38%, Sales & Marketing, up 33%, and Legal, which grew by 79%.

As we set out at our 2017 Investor day, we are seeking to capitalise on long-term structural growth opportunities in Germany. Our significant investment in consultant headcount, up 30% year-on-year to almost 1,800, and in expanding our office footprint had a negative impact on Germany's conversion rate. As a result, we converted 30.5% of our net fees to operating profit (2016: 34.9%). We expect the rate of increase in consultant headcount to be more selective in the second half as we focus on driving consultant productivity.

As well as growing our consultant headcount, we continue to invest in our office network. New offices were opened in Essen, Walldorf and Augsburg in the half, in addition to expansions to existing offices in Mannheim, Stuttgart, Munich, Frankfurt and Cologne.

United Kingdom & Ireland (24%⁽⁶⁾ net fees, 19%⁽⁶⁾ operating profits)

Market subdued but stable overall; profit growth driven by end of legacy IT depreciation and good cost control

Six months ended 31 December (In £'s million)	2017	2016	Growth	
			Actual	LFL
Net fees ⁽¹⁾	127.5	126.1	1%	1%
Operating profit	22.6	18.2	24%	24%
Conversion rate ⁽²⁾	17.7%	14.4%		
Period end consultant headcount	1,974	1,978	0%	

In the United Kingdom & Ireland (UK&I) net fees increased by 1% to £127.5 million, with operating profit up 24% to £22.6 million. This represents a conversion rate of 17.7% (2016: 14.4%). Although good cost control across the UK business was a driver of profit leverage, our performance also benefited from the conclusion of depreciation on major legacy IT investment programmes. The annual benefit to the division is £4.6 million in FY18, with £3.5 million arising in the first half.

Overall, the UK remained subdued but stable. Our Private sector business, which represented 75% of net fees, grew by 5%. In the Public sector, conditions remained tough and net fees fell by 9%.

In Perm recruitment, where we have a bias to the Private sector, net fees were sequentially stable and grew by 3%. Our Temp business, which represented 55% of division net fees, fell by 1% as it continued to be negatively impacted by tough market conditions in the Public sector, as well as the annualised impact of IR35 regulations. We expect the impact of the latter to ease from April 2018.

All regions traded broadly in line with the overall UK business, with the exception of the South West & Wales, which grew by 11%, Northern Ireland, where fees were up 10%, and the East of England and Scotland, where net fees fell by 8% and 6% respectively. Our largest region of London was up 1%. Ireland delivered strong net fee growth of 13%.

Our largest specialisms of Accountancy & Finance and Construction & Property grew by 4% and 2% respectively, while our Talent Solutions business, which focuses on large corporate accounts, delivered 9% growth. Net fees in IT and Education were down by 5% and 11% respectively, as they continued to be impacted by the decline in Public sector markets.

Consultant headcount in the division was flat year-on-year.

Rest of World (31%⁽⁶⁾ net fees, 16%⁽⁶⁾ operating profits)

Strong fee growth with excellent profit leverage

Six months ended 31 December (In £'s million)	2017	2016	Growth	
			Actual	LFL
Net fees ⁽¹⁾	163.7	141.5	16%	15%
Operating profit	18.7	13.1	43%	39%
Conversion rate ⁽²⁾	11.4%	9.3%		
Period end consultant headcount	2,743	2,425	13%	

Our Rest of World (RoW) division, which includes 28 countries and markets reported separately for the first time, delivered strong net fee growth of 15% to £163.7 million. Operating profit was up by an excellent 39% to £18.7 million, with conversion rate improving to 11.4% (2016: 9.3%). Growth in the division was broad-based, with 19 markets delivering all-time record net fees. Perm net fees, which represented 67% of RoW, were up by an excellent 19%, while Temp net fees rose by 7%. Sterling weakness on a year-on-year basis versus the Euro, partially offset by the depreciation of the US dollar and some Asian currencies versus Sterling, resulted in an increase in net fees of £1.4 million and an increase in operating profit of £0.4 million.

Europe ex-Germany delivered strong, broad-based net fee growth of 15%. 10 of our 16 countries grew by more than 15% and 12 countries generated record net fees in the half. This included France, our largest market in the division, which increased net fees by 13%, with strong growth in Accounting & Finance, Purchasing, Banking and Sales & Marketing. Our second and third largest businesses of Belgium and Switzerland delivered strong growth of 17% and 10% respectively. Operating profit in Europe ex-Germany increased 42% year-on-year, with France, Belgium and Switzerland the largest absolute contributors to profit growth.

Asia delivered an excellent performance, with net fees up 21% and operating profit up 74%. Four of our six businesses in the region delivered record net fee performances. Within this, Hong Kong, our third largest market, delivered the highest growth with net fees up 65%. Japan and China, our largest and second largest markets, grew by 12% and 16% respectively.

The **Americas** grew net fees by 9%, although profits were down slightly as we continue to invest to build scale, particularly in the USA. Net fees in the USA grew by 13%, with an acceleration in Q2, and Canada net fees were up by 5%. In Latin America, Brazil delivered strong net fee growth of 13%, although Mexico was tougher and declined by 6%.

Consultant headcount in the division was up by 13% year-on-year. Within this, headcount in Europe ex-Germany was up 15%, in Asia up 7%, and in the Americas up 13%.

Current trading

Strong conditions in the vast majority of International markets, UK subdued but broadly stable. Tougher comparators in second half

The vast majority of our markets remain positive and the return to work in the key Temp and Contractor markets has been good overall.

Moving into the second half of our financial year, we will start overlapping tougher growth comparators from the prior year, especially in Europe and Australia.

Easter is evenly split in FY18 between Q3 and Q4, whilst in FY17 it fell entirely in Q4. We expect this to have a c.1%⁽⁵⁾ negative impact on net fees at Group level in Q3 FY18, with a corresponding c.1%⁽⁵⁾ benefit to Q4 FY18.

Australia & New Zealand

We continue to see strong activity levels in Australia across all states and most specialisms. The return to work in our Temp and Contracting business has been strong, and in line with trends seen in prior years.

We expect selective headcount increases through the second half of the year, as we focus on driving improvements in consultant productivity.

Germany

We continue to see strong activity levels in Germany. The return to work in our Temp and Contracting business has been strong.

Headcount investment in the second half will be selective as we focus on driving consultant productivity.

United Kingdom & Ireland

In the UK & Ireland conditions remain subdued but broadly stable. The return to work in our Temp and Contracting business was solid and in line with our expectations.

We expect headcount will remain broadly flat through the second half of the year.

Rest of World

Conditions remain strong across Europe, Asia and the Americas.

We expect targeted headcount increases through the second half of the year.

FINANCIAL REVIEW

Summary Income Statement

Six months ended 31 December (In £'s million)	Growth			
	2017	2016	Actual	LFL
Turnover	2,828.9	2,484.5	14%	12%
Net fees ⁽¹⁾				
Temporary	303.6	273.5	11%	9%
Permanent	222.2	192.0	16%	15%
Total	525.8	465.5	13%	12%
Operating profit from continuing operations	116.5	100.1	16%	14%
Conversion rate ⁽²⁾	22.2%	21.5%		
Underlying temporary margin ⁽³⁾	15.4%	15.9%		
Temporary fees as % of total	58%	59%		
Period end consultant headcount	7,451	6,606	13%	

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

(2) Conversion rate is the conversion of net fees into operating profit.

(3) 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 Hays provides major payrolling services.

(4) Exchange rate as at 20 February 2018: £1 / €1.1346; £1 / AUD 1.7760.

(5) The estimated working day impact 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 our major Temp and Contractor businesses.

Turnover for the six months to 31 December 2017 was up 12% (14% on an actual basis) and net fees increased by 12% (13% on an actual basis).

Operating profit increased by 14% (16% on an actual basis). Exchange rate movements increased net fees and operating profit by £5.9 million and £1.9 million respectively, as a result of the appreciation in the average rate of exchange between the major currencies to which the Group has exposure versus Sterling, most notably the Euro. Currency fluctuations remain significant sensitivities for the Group.

Operating costs were 11% higher than prior year (12% on an actual basis), primarily due to costs associated with the 13% increase in Group consultant headcount and an increase in commission payments in line with net fee growth.

The Group's conversion rate⁽²⁾ increased by 70 basis points to 22.2% (2016: 21.5%), primarily as a result of excellent operating profit growth in our RoW division and good operating profit growth in the UK. This was partially offset by reduced conversion rate in Germany as we invested significantly in consultant headcount.

Consultant headcount at the end of December 2017 was 7,451, up 13% year-on-year and up 8% versus June 2017, as we invested to capitalise on stronger markets and clear structural growth opportunities, particularly in our International business. International consultant headcount grew by 18% year-on-year and 11% in the half. In our UK & Ireland business, consultant headcount was flat year-on-year and up 1% in the half, as we maintained close control on costs to best protect our financial performance.

Net finance charge

The net finance charge for the half was £2.6 million (2016: £3.9 million). The average interest rate on gross debt during the period was 2.2% (2016: 2.3%), generating net bank interest payable including amortisation of arrangement fees of £0.8 million (2016: £1.2 million). The net interest charge on defined benefit pension scheme obligations was £1.0 million (2016: £1.0 million). The Pension Protection Fund levy was £0.2 million (2016: £0.3 million) and the interest unwind on the deferred acquisition liability related to the Veredus transaction was £0.6 million (2016: £0.6 million). We expect the net finance charge for the year ending 30 June 2018 to be around £5.0 million.

Taxation

Taxation for the half was £35.9 million (2016: £30.8 million), representing an effective tax rate of 31.5% (2016: 32.0%). The effective tax rate reflects the Group's geographical mix of profits, with the decrease in the rate due primarily to the reduction in the UK tax rate. The Group's effective tax rate for the year to June 2018 will be driven by the mix of profits generated during the year. We currently expect the rate to be 31.5%.

Earnings per share

Basic earnings per share increased by 18% to 5.39 pence (2016: 4.55 pence), reflecting the Group's higher operating profit, lower interest charge and lower effective tax rate.

Cash flow and balance sheet

Good underlying conversion of operating profit into operating cash flow of 64% (2016: 84%). This was a result of good working capital management throughout the half, especially considering the strong double-digit growth in our German and Australian Contracting and Temp businesses, which are relatively working capital-intensive. Trade debtor days were at 39 days (2016: 39 days).

Net capital expenditure was £13.7 million (2016: £10.0 million), with the increase primarily due to investments in IT capabilities, cyber security and automation of our German back office. We expect capital expenditure to be around £25 million for the year to June 2018. Additionally, on 19 January 2018 we made an \$18.5 million payment related to the acquisition of the remaining 20% equity in Veredus Corp.

Dividends paid in the half totalled £94.3 million and pension deficit contributions were £7.7 million. Net interest paid was £0.9 million and the cash tax payment was £33.7 million.

We ended the half with a net cash position of £34.5 million (2016: £47.9 million).

Retirement benefits

The Group's pension position under IAS19 at 31 December 2017 has resulted in a surplus of £17.7 million compared to a deficit of £0.2 million at 30 June 2017. This was primarily due to an increase in asset values together with company contributions offset by a change in financial assumptions (a decrease in the discount rate offset by a decrease in the inflation rate).

In respect of IFRIC 14, the Schemes Definitive Deed and Rules is considered to provide Hays with an unconditional right to a refund of surplus assets and therefore the recognition of a net defined benefit scheme asset is not restricted and agreements to make funding contributions do not give rise to any additional liabilities in respect of the scheme.

During the half the Company contributed £7.7 million of cash to the defined benefit scheme (2016: £7.4 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 new entrants in 2001 and to future accrual in June 2012. The next formal actuarial valuation is due to be performed at 30 June 2018.

Capital structure and dividend

The Board's priorities for our 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.

Our strategy is to maintain dividend cover at the top end of 2.0x to 3.0x full year earnings, and to match increases in core dividend with full year earnings growth. Assuming a positive outlook, it remains our intention that any excess free cash flow generated over-and-above £50 million, which is not needed for the priorities outlined above, will then be distributed to shareholders via special dividends to supplement the core dividend at year end.

Following the increase in the Group's core dividend in the year to June 2017, and taking into account the good financial performance of the Group in the first half, the Board is increasing the interim core dividend by 10% to 1.06p per share (2016: 0.96p).

The interim dividend payment date will be 12 April 2018 and the ex-dividend date is 1 March 2018 (record date 2 March 2018).

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 Group funding requirements. The covenants within the facility require the Group's interest cover ratio to be at least 4:1 (ratio as at 31 December 2017: 102:1) and its leverage ratio (net debt to EBITDA) to be no greater than 2.5:1 (as at 31 December 2017 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 concentration arrangement 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. 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. However, there were no interest rate swaps held by the Group during the current or prior year.

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, cyber security, data protection and contracts. These risks and our mitigating actions remain as set out in the [2017 Annual Report](#).

Responsibility Statement

We confirm that, to the best of our knowledge:

- § the unaudited condensed consolidated interim financial statements have been presented in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union and give a true and fair view of the assets, liabilities, financial position and profit for the Group;
- § the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months of the financial year and their impact on the condensed financial statements, and description of principal risks and uncertainties for the remaining six months of the financial year); and
- § the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions in the first six months of the financial year and any changes in the related parties transactions described in the last Annual Report).

This Half Year Report was approved by the Board of Directors and authorised for issue on 21 February 2018.

Alistair Cox

Chief Executive

Hays plc
250 Euston Road
London
NW1 2AF

haysplc.com/investors

Paul Venables

Group Finance Director

Cautionary statement

This Half Year Report (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.

LEI code: 213800QC8AWD4BO8TH08

Independent Review Report to Hays plc

Report on the Condensed Interim Financial Statements

Our conclusion

We have reviewed Hays plc's condensed interim financial statements (the "interim financial statements") in the half year report of Hays plc for the six month period ended 31 December 2017. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- Y the Condensed Consolidated Balance Sheet as at 31 December 2017;
- Y the Condensed Consolidated Income Statement and Condensed Consolidated Statement of Comprehensive Income for the period then ended;
- Y the Condensed Consolidated Statement of Changes in Equity for the period then ended;
- Y the Condensed Consolidated Cash Flow Statement for the period then ended; and
- Y the explanatory notes to the interim financial statements.

The interim financial statements included in the half year report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Our responsibilities and those of the directors

The half year report, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half year report in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the half year report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the half year report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
London
21 February 2018

Condensed Consolidated Income Statement

(In £'s million)	Note	Six months to 31 December 2017 (unaudited)	Six months to 31 December 2016 (unaudited)	Year to 30 June 2017 (audited)
Turnover				
Continuing operations		2,828.9	2,484.5	5,081.0
Net fees ⁽¹⁾				
Continuing operations	2	525.8	465.5	954.6
Operating profit from continuing operations	2	116.5	100.1	211.5
Net finance charge	3	(2.6)	(3.9)	(6.9)
Profit before tax		113.9	96.2	204.6
Tax	4	(35.9)	(30.8)	(65.5)
Profit from continuing operations after tax		78.0	65.4	139.1
Profit attributable to equity holders of the parent company		78.0	65.4	139.1
Earnings per share from continuing operations				
- Basic	6	5.39p	4.55p	9.66p
- Diluted	6	5.33p	4.50p	9.54p

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

Condensed Consolidated Statement of Comprehensive Income

(In £'s million)		Six months to 31 December 2017 (unaudited)	Six months to 31 December 2016 (unaudited)	Year to 30 June 2017 (audited)
Profit for the period		78.0	65.4	139.1
Items that will not be reclassified subsequently to profit or loss:				
Actuarial remeasurement of defined benefit pension schemes		11.2	(12.6)	1.7
Tax relating to components of other comprehensive income		(2.1)	2.4	1.4
		9.1	(10.2)	3.1
Items that may be reclassified subsequently to profit or loss:				
Currency translation adjustments		(3.3)	12.3	17.4
Tax relating to components of other comprehensive income		-	(2.8)	(1.8)
Other comprehensive income for the period net of tax		5.8	(0.7)	18.7
Total comprehensive income for the period		83.8	64.7	157.8
Attributable to equity shareholders of the parent company		83.8	64.7	157.8

Condensed Consolidated Balance Sheet

(In £'s million)	Note	31 December 2017 (unaudited)	31 December 2016 (unaudited)	30 June 2017 (audited)
Non-current assets				
Goodwill		221.6	224.4	223.3
Other intangible assets		20.5	19.3	18.6
Property, plant and equipment		28.4	20.7	24.0
Deferred tax assets		15.2	26.2	23.3
Retirement benefit surplus	7	17.7	-	-
		303.4	290.6	289.2
Current assets				
Trade and other receivables		929.5	763.6	908.2
Cash and cash equivalents		114.5	114.0	112.0
		1,044.0	877.6	1,020.2
Total assets		1,347.4	1,168.2	1,309.4
Current liabilities				
Trade and other payables		(642.8)	(529.0)	(676.5)
Current tax liabilities		(20.0)	(29.9)	(23.5)
Bank loans and overdrafts		-	(1.1)	(0.4)
Acquisition liabilities		(13.7)	-	(13.6)
Provisions	8	(1.2)	(2.9)	(2.6)
Derivative financial instruments		(0.4)	(0.2)	-
		(678.1)	(563.1)	(716.6)
Non-current liabilities				
Bank loans		(80.0)	(65.0)	-
Acquisition liabilities		-	(12.7)	-
Retirement benefit obligations	7	-	(20.5)	(0.2)
Provisions	8	(6.4)	(6.2)	(6.2)
		(86.4)	(104.4)	(6.4)
Total liabilities		(764.5)	(667.5)	(723.0)
Net assets		582.9	500.7	586.4
Equity				
Called up share capital		14.7	14.7	14.7
Share premium		369.6	369.6	369.6
Capital redemption reserve		2.7	2.7	2.7
Retained earnings		98.3	21.0	94.1
Cumulative translation reserve		80.5	75.9	83.8
Equity reserve		17.1	16.8	21.5
Total equity		582.9	500.7	586.4

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December 2017

(In £'s million)	Called up share capital	Share premium	Capital redemption reserve	Retained earnings	Cumulative translation reserve	Equity reserve	Total equity
At 1 July 2017	14.7	369.6	2.7	94.1	83.8	21.5	586.4
Currency translation adjustments	-	-	-	-	(3.3)	-	(3.3)
Remeasurement of defined benefit pension schemes	-	-	-	11.2	-	-	11.2
Tax relating to components of other comprehensive income	-	-	-	(2.1)	-	-	(2.1)
Net income recognised in other comprehensive income	-	-	-	9.1	(3.3)	-	5.8
Profit for the period	-	-	-	78.0	-	-	78.0
Total comprehensive income for the period	-	-	-	87.1	(3.3)	-	83.8
Dividends paid	-	-	-	(94.3)	-	-	(94.3)
Share-based payments	-	-	-	11.6	-	(4.4)	7.2
Tax on share-based payment transactions	-	-	-	(0.2)	-	-	(0.2)
At 31 December 2017 (unaudited)	14.7	369.6	2.7	98.3	80.5	17.1	582.9

For the six months ended 31 December 2016

(In £'s million)	Called up share capital	Share premium	Capital redemption reserve	Retained earnings	Cumulative translation reserve	Equity reserve	Total equity
At 1 July 2016	14.7	369.6	2.7	(15.8)	66.4	20.2	457.8
Currency translation adjustments	-	-	-	-	12.3	-	12.3
Remeasurement of defined benefit pension schemes	-	-	-	(12.6)	-	-	(12.6)
Tax relating to components of other comprehensive income	-	-	-	2.4	(2.8)	-	(0.4)
Net expense recognised in other comprehensive income	-	-	-	(10.2)	9.5	-	(0.7)
Profit for the period	-	-	-	65.4	-	-	65.4
Total comprehensive income for the period	-	-	-	55.2	9.5	-	64.7
Dividends paid	-	-	-	(28.7)	-	-	(28.7)
Share-based payments	-	-	-	9.7	-	(3.4)	6.3
Tax on share-based payment transactions	-	-	-	0.6	-	-	0.6
At 31 December 2016 (unaudited)	14.7	369.6	2.7	21.0	75.9	16.8	500.7

For the year ended 30 June 2017

(In £'s million)	Called up share capital	Share premium	Capital redemption reserve	Retained earnings	Cumulative translation reserve	Equity reserve	Total equity
At 1 July 2016	14.7	369.6	2.7	(15.8)	66.4	20.2	457.8
Currency translation adjustments	-	-	-	-	17.4	-	17.4
Remeasurement of defined benefit pension schemes	-	-	-	1.7	-	-	1.7
Tax relating to components of other comprehensive income	-	-	-	(0.4)	-	-	(0.4)
Net income recognised in other comprehensive income	-	-	-	1.3	17.4	-	18.7
Profit for the year	-	-	-	139.1	-	-	139.1
Total comprehensive income for the year	-	-	-	140.4	17.4	-	157.8
Dividends paid	-	-	-	(42.6)	-	-	(42.6)
Share-based payments	-	-	-	11.3	-	1.3	12.6
Tax on share-based payment transactions	-	-	-	0.8	-	-	0.8
At 30 June 2017 (audited)	14.7	369.6	2.7	94.1	83.8	21.5	586.4

Condensed Consolidated Cash Flow Statement

(In £'s million)	Note	Six months to 31 December 2017 (unaudited)	Six months to 31 December 2016 (unaudited)	Year to 30 June 2017 (audited)
Operating profit from continuing operations		116.5	100.1	211.5
Adjustments for:				
Depreciation of property, plant and equipment		4.8	4.5	8.9
Amortisation of intangible assets		3.8	7.8	12.8
Profit on disposal of business assets		(0.8)	(0.1)	(0.5)
Net movements in provisions		(1.2)	(0.3)	(0.5)
Share-based payments		6.9	6.6	13.0
		13.5	18.5	33.7
Operating cash flow before movement in working capital		130.0	118.6	245.2
Movement in working capital		(55.9)	(34.8)	(28.2)
Cash generated by operations		74.1	83.8	217.0
Pension scheme deficit funding		(7.7)	(7.4)	(14.8)
Income taxes paid		(33.7)	(30.2)	(68.2)
Net cash inflow from operating activities		32.7	46.2	134.0
Investing activities				
Purchase of property, plant and equipment		(9.5)	(5.6)	(12.9)
Proceeds from sales of business assets		1.4	0.1	0.6
Purchase of intangible assets		(5.6)	(4.5)	(9.1)
Interest received		0.3	0.3	0.6
Net cash used in investing activities		(13.4)	(9.7)	(20.8)
Financing activities				
Interest paid		(1.2)	(1.6)	(2.5)
Equity dividends paid		(94.3)	(28.7)	(42.6)
Proceeds from exercise of share options		0.4	0.4	1.0
Increase/(decrease) in bank loans and overdrafts		79.6	40.0	(25.8)
Net cash (used in)/from financing activities		(15.5)	10.1	(69.9)
Net increase in cash and cash equivalents		3.8	46.6	43.3
Cash and cash equivalents at beginning of period		112.0	62.9	62.9
Effect of foreign exchange rate movements		(1.3)	4.5	5.8
Cash and cash equivalents at end of period	9	114.5	114.0	112.0
<hr/>				
(In £'s million)	Note			
Bank loans and overdrafts at beginning of period		(0.4)	(26.1)	(26.1)
(Increase)/decrease in period		(79.6)	(40.0)	25.8
Effect of foreign exchange rate movements		-	-	(0.1)
Bank loans and overdrafts at end of period		(80.0)	(66.1)	(0.4)
Net cash at end of period	9	34.5	47.9	111.6

Notes to the condensed consolidated financial statements

For the six months ended 31 December 2017

1 Basis of preparation

The condensed consolidated interim financial statements ("interim financial statements") are the results for the six months ended 31 December 2017. The interim financial statements have been prepared under International Financial Reporting Standards ("IFRS") as adopted by the European Union, in accordance with International Accounting Standard 34 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority. They are unaudited but have been reviewed by the auditors and their report is attached.

The interim financial statements do not constitute statutory accounts as defined in Section 434 of the Companies Act 2006 as they do not include all of the information required for full statutory accounts. The interim financial statements should be read in conjunction with the statutory accounts for the year ended 30 June 2017, which were prepared in accordance with IFRS as adopted by the European Union and have been filed with the Registrar of Companies. The auditors' report on those accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

Accounting policies

The interim financial statements have been prepared on the basis of the accounting policies and methods of computation applicable for the year ended 30 June 2017. These accounting policies are consistent with those applied in the preparation of the financial statements for the year ended 30 June 2017 except as where stated below.

The fair value of trade receivables, trade payables, financial assets, bank loans and overdraft is not materially different to their book value.

The basis of tax accounting under IAS 34 is different to the year ended 30 June 2017 because it is based on the effective rate expected for the year ending 30 June 2018.

The following are new standards or improvements to existing standards that are mandatory for the first time in the Group's accounting period beginning on 1 July 2017 and no new standards have been early adopted. The Group's December 2017 interim financial statements have adopted these amendments to IFRS, none of which had any material impact on the Group's results or financial position:

- Y IAS 7 (amendments) Statement on Cashflows on Disclosure Initiative (effective from 1 January 2017)
- Y IAS 12 (amendments) Income Taxes (effective from 1 January 2017)

There have been no alterations made to the accounting policies as a result of considering all of the above amendments that became effective in the period, as these were either not material or were not relevant.

The Group has not yet adopted certain new standards, amendments and interpretations to existing standards, which have been published but which are only effective for the Group accounting periods beginning on or after 1 July 2018. These new pronouncements are listed as follows:

- Y IFRS 2 (amendments) Share Based Payments (effective 1 January 2018)
- Y IFRS 9 Financial Instruments (effective 1 January 2018)
- Y IFRS 15 Revenue from Contracts and Customer (effective 1 January 2018)
- Y IFRS 15 (amendments) Revenue from Contracts and Customer (effective 1 January 2018)
- Y IFRS 16 Leases (effective 1 January 2019)
- Y Annual Improvements to IFRSs 2016 (effective 1 January 2018)
- Y IFRIC 22 Foreign Currency Transactions and Advance Consideration (effective 1 January 2018)
- Y IFRIC 23 Uncertainty over Income Tax Treatments (effective 1 January 2019)

Notes to the condensed consolidated financial statements

For the six months ended 31 December 2017

Accounting policies continued

An assessment of the impact of IFRS 15 has been completed following a comprehensive review of the contracts that exist across the Group's revenue streams. The review has concluded that revenue recognition under IFRS 15 is expected to be consistent with current practice for the Group's revenue and had IFRS 15 been applied in the current reporting period, it would not have had a material impact on the financial statements.

IFRS 16 is expected to have a significant impact on the amounts recognised in the Group's Consolidated Financial Statements. On adoption of IFRS 16 the Group will recognise within the balance sheet a right of use asset and lease liability for all applicable leases. Within the income statement, operating lease rentals payable will be replaced by depreciation and interest expense. This will result in an increase in operating profit and an increase in finance costs.

The standard will also impact a number of statutory measures such as operating profit, and cash generated from operations, and alternative performance measures used by the Group. The full impact of IFRS 16 is currently under review, including understanding the practical application of the principles of the standard. It is therefore not practical to provide a reasonable estimate of the financial effect until this review is complete. IFRS 16 will become effective in the Group's financial year 2020. The directors expect to be able to provide an indication of the impact on the Group's financial statements by 30 June 2019.

IFRS 9 introduces a new classification approach for financial assets and liabilities. The categories of financial assets will be reduced from four to three and financial liabilities will be measured at amortised cost or fair value through profit and loss. The standard also prescribes an 'expected credit loss' model for determining the basis of providing for bad debts. The directors do not expect this to have a material impact on the financial statements.

The directors are currently evaluating the impact of the adoption of all other standards, amendments and interpretations but do not expect them to have a material impact on the Group operation or results.

The Group's principal accounting policies adopted in the presentation of these financial statements are set out below and have been consistently applied to all the periods presented.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and financial position, including its cash flows and liquidity position are described in the Half Year Report.

The Group has an unsecured revolving credit facility of £210 million that expires in April 2020. The Group uses the facility to manage its day-to-day working capital requirements as appropriate. As at 31 December 2017, £130 million of the committed facility was un-drawn.

The Group's facility, together with internally generated cash flows, will continue to provide sufficient sources of liquidity to fund its current operations, including contractual and commercial commitments, future growth and any proposed dividends. Therefore the Group is well placed to manage its business risks.

After making enquiries, the directors have formed the judgment, at the time of approving the interim financial statements, that there is reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the interim financial statements.

2 Segmental information

IFRS 8, Operating Segments

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker to allocate resources to the segment and to assess their performance.

As a result, the Group now segment the business into four regions, Australia & New Zealand, Germany, United Kingdom & Ireland and Rest of World. Therefore the comparative segmental reporting has been restated accordingly. In the prior year, the business was reported as three regions (Asia Pacific, Continental Europe & Rest of World, and United Kingdom & Ireland). There is no material difference between the segmentation of the Group's turnover by geographic origin and destination.

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

Net fees and profit from continuing operations

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 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 full detail of these items can be seen in the Income Statement.

Net fees and profit from continuing operations

(In £'s million)	Six months to 31 December 2017 (unaudited)	Six months to 31 December 2016 (unaudited)	Year to 30 June 2017 (audited)
Net fees from continuing operations			
Australia & New Zealand	99.8	87.2	180.7
Germany	134.8	110.7	230.3
United Kingdom & Ireland	127.5	126.1	252.9
Rest of World	163.7	141.5	290.7
	525.8	465.5	954.6
Operating profit from continuing operations			
Australia & New Zealand	34.1	30.2	62.8
Germany	41.1	38.6	80.5
United Kingdom & Ireland	22.6	18.2	41.5
Rest of World	18.7	13.1	26.7
	116.5	100.1	211.5

3 Net finance charge

(In £'s million)	Six months to 31 December 2017 (unaudited)	Six months to 31 December 2016 (unaudited)	Year to 30 June 2017 (audited)
Interest received on bank deposits	0.3	0.3	0.6
Interest payable on bank loans and overdrafts	(1.1)	(1.5)	(2.7)
Other interest payable	-	(0.8)	(0.8)
Interest unwind on acquisition liability	(0.6)	(0.6)	(1.1)
Pension Protection Fund levy	(0.2)	(0.3)	(0.5)
Net interest on pension obligations	(1.0)	(1.0)	(2.4)
Net finance charge	(2.6)	(3.9)	(6.9)

Notes to the condensed consolidated financial statements

For the six months ended 31 December 2017

4 Tax

The Group's consolidated effective tax rate in respect of continuing operations for the six months to 31 December 2017 is based on the estimated effective tax rate for the full year of 31.5% (31 December 2016: 32.0%, 30 June 2017: 32.0%).

5 Dividends

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

(In £'s million)	Six months to 31 December 2017 (unaudited)	Six months to 31 December 2016 (unaudited)	Year to 30 June 2017 (audited)
Final dividend for the year ended 30 June 2016 of 1.99 pence per share	-	28.7	28.7
Interim dividend for the period to 31 December 2016 of 0.96 pence per share	-	-	13.9
Final dividend for the year ended 30 June 2017 of 2.26 pence per share	32.7	-	-
Special dividend for the year ended 30 June 2017 of 4.25 pence per share	61.6	-	-
	94.3	28.7	42.6

The interim dividend for the period ended 31 December 2017 of 1.06 pence per share is not included as a liability in the balance sheet as at 31 December 2017.

6 Earnings per share

(In £'s million)	Six months to 31 December 2017 (unaudited)	Six months to 31 December 2016 (unaudited)	Year to 30 June 2017 (audited)
Earnings from continuing operations	113.9	96.2	204.6
Tax on earnings from continuing operations	(35.9)	(30.8)	(65.5)
Basic earnings	78.0	65.4	139.1
Number of shares (million):			
Weighted average number of shares	1,446.4	1,438.8	1,440.7
Dilution effect of share options	16.2	15.3	18.1
Weighted average number of shares used for diluted EPS	1,462.6	1,454.1	1,458.8
From continuing operations:			
Basic earnings per share	5.39p	4.55p	9.66p
Diluted earnings per share	5.33p	4.50p	9.54p

7 Retirement benefit surplus/obligations

(In £'s million)	Six months to 31 December 2017 (unaudited)	Six months to 31 December 2016 (unaudited)	Year to 30 June 2017 (audited)
Deficit in the scheme brought forward	(0.2)	(14.3)	(14.3)
Administration cost	(1.0)	(0.8)	(2.2)
Employer contributions	7.7	7.4	14.8
Net interest expense	-	(0.2)	(0.2)
Remeasurement of the net defined benefit liability	11.2	(12.6)	1.7
Surplus/(deficit) in the scheme carried forward	17.7	(20.5)	(0.2)

8 Provisions

(In £'s million)	Discontinued	Continuing	Total
At 1 July 2017	6.6	2.2	8.8
Credited to income statement	-	(1.2)	(1.2)
At 31 December 2017 (unaudited)	6.6	1.0	7.6
Current			1.2
Non-current			6.4
			7.6

Discontinued provisions comprise of potential exposures arising as a result of the business disposals that were completed in 2004, together with deferred employee benefits relating to former employees.

9 Movement in net cash

(In £'s million)	1 July 2017	Cash flow	Exchange movement	31 December 2017 (unaudited)
Cash and cash equivalents	112.0	3.8	(1.3)	114.5
Bank loans and overdrafts	(0.4)	(79.6)	-	(80.0)
Net cash	111.6	(75.8)	(1.3)	34.5

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

The Group's £210 million unsecured revolving credit facility 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%.

As at 31 December 2017, £130 million of the committed facility was undrawn.

10 Events after the balance sheet date

On 19 January 2018, Hays exercised the option to acquire the remaining 20% shareholding of Veredus Holdings inc. in the USA and paid \$18.5 million (£13.7 million) to the remaining shareholders. Hays now owns 100% of the business. An acquisition liability of £13.7 million was held on the balance sheet as at 31 December 2017 in respect of this payment. There are no other significant events after the balance sheet date to report.

Notes to the condensed consolidated financial statements

For the six months ended 31 December 2017

11 Like-for-like results

Like-for-like results represent organic growth of continuing activities at constant currency. For the six months ended 31 December 2017 these are calculated as follows:

(In £'s million)	Six months to 31 December 2016	Foreign exchange impact	31 December 2016 at constant currency	Organic growth	Six months to 31 December 2017
Net Fees					
Australia & New Zealand	87.2	(0.1)	87.1	12.7	99.8
Germany	110.7	4.4	115.1	19.7	134.8
United Kingdom & Ireland	126.1	0.2	126.3	1.2	127.5
Rest of World	141.5	1.4	142.9	20.8	163.7
Group net fees (unaudited)	465.5	5.9	471.4	54.4	525.8
Operating Profit					
Australia & New Zealand	30.2	-	30.2	3.9	34.1
Germany	38.6	1.5	40.1	1.0	41.1
United Kingdom & Ireland	18.2	-	18.2	4.4	22.6
Rest of World	13.1	0.4	13.5	5.2	18.7
Group profit from operations (unaudited)	100.1	1.9	102.0	14.5	116.5

12 Like-for-like results H1 analysis by division

Net fee growth versus same period last year

	Q1 2018 (unaudited)	Q2 2018 (unaudited)	H1 2018 (unaudited)
Australia & New Zealand	13%	14%	15%
Germany	15%	19%	17%
United Kingdom & Ireland	1%	1%	1%
Rest of World	12%	17%	15%
Group	10%	13%	12%

H1 2018 is the period from 1 July 2017 to 31 December 2017.

The Q1 and Q2 net fee like-for-like growth percentages are as reported in the Q1 and the Q2 Quarterly Updates.