

QUARTERLY UPDATE FOR THE THREE MONTHS ENDED 31 MARCH 2022

14 April 2022

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Financial summary

Growth in net fees for the quarter ended 31 March 2022 (Q3 FY22)

(versus the same period last year)

	Growth	
	Actual	LFL
By region:		
Australia & New Zealand (ANZ)	20%	24%
Germany	27%	32%
United Kingdom & Ireland (UK&I)	29%	29%
Rest of World (RoW)	34%	36%
Total	29%	32%
By segment:		
Temporary	18%	21%
Permanent	45%	48%
Total	29%	32%

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

Highlights

- Record quarter, including 19 country records and a record fee month in March, with excellent growth in all regions. Group fees up 32%, with Perm up 48% and Temp up 21%, helped by continued margin growth
- Australia & New Zealand (ANZ):** fees up 24%, with activity improving towards the end of the quarter as pandemic impacts eased, particularly in Perm, up an excellent 57%. Temp fees up 9%
- Germany:** record quarter with fees up 32%. Temp & Contracting up 30% and Perm up 43%. Activity levels remained strong, including record fees and contractor numbers in March
- UK & Ireland (UK&I):** fees up 29%, led by an excellent Perm performance, up 59%, with Temp up 13%. The Private sector, up 40%, significantly outperformed the Public sector, up 9%
- Rest of World (RoW):** fees up 36%, led by Perm up 43% and Temp up 24%. Record fees in EMEA and the Americas, and 17 RoW country records. Fees in EMEA ex-Germany increased by 33%, the Americas by an excellent 54% and Asia by 27%, despite a slowing of growth in China due to pandemic restrictions
- Group consultant headcount increased by 4% in the quarter and by 27% YoY, as we balanced investing in attractive structural areas with driving strong levels of productivity
- Strong net cash position of c.£240 million, in line with our expectations (31 December 2021: £236.9 million; 31 March 2021: c.£385 million)

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

"We delivered record quarterly fees, including a Group fee record in March and continued strong performances in all regions. Overall, 19 countries produced quarterly fee records, including our largest country of Germany which saw strong activity levels, the USA, France and Switzerland. In ANZ, fees and activity improved towards the end of the quarter as pandemic impacts eased, while UK&I delivered another excellent quarter, led by Perm as business confidence remained high.

"While we are mindful of increased macroeconomic and geopolitical uncertainties, client and candidate confidence remains strong, with continued skill shortages and rising wage inflation globally. Our Strategic Growth Initiatives in structural growth areas like Technology, Life Sciences and large enterprise clients continue to perform strongly and I am confident we will take further market share. We are focused on driving further profitable growth and increasing consultant productivity as we pursue our route to exceeding previous peak profit levels, supported by our strong brand, highly experienced management teams globally and our financial strength."

Group

Q3 trading overview

The quarter represented a net fee record for the Group, up 32% on a like-for-like basis versus the prior year, despite a 9% tougher prior year quarterly growth comparative. On an actual basis, net fees increased by 29%, with the strengthening of sterling versus the euro and Australian dollar reducing our reported net fees. Growth and activity levels were strong in all regions, and March delivered an all-time fee record, with a fee growth exit rate of 26%.

Like-for-like net fees in Temp (55% of Group fees) and Perm (45% of Group fees) increased by 21% and 48% respectively. Temp volume growth was good overall, and strong in Germany, and we continued to see an increase in Group underlying Temp margin. Perm activity levels remained strong through the quarter, with average perm fee also increasing. Fees in the Private sector (85% of Group fees) increased by an excellent 35%, with the Public sector, which was relatively resilient in the prior year, up 15%. Overall, Group fees in the quarter were 19% above Q3 FY20⁽¹⁾ and 11% above Q3 FY19⁽¹⁾.

Our largest global specialism of Technology (26% of Group fees) delivered record fees, up 35%, with Accountancy & Finance also up 35%. Construction & Property increased by 20%, and Hays Talent Solutions (HTS), our large enterprise business, produced another record quarter with fees up 29% and continues to win market share, with a strong pipeline of opportunities.

On 3 March 2022, we announced that due to the ongoing conflict in Ukraine, Hays had taken the decision to close its offices in Moscow and St Petersburg, cease trading with immediate effect and exit Russia. In H1 FY22, Russia represented £5.9 million of Group net fees, or c.1%, and £0.8 million of operating profit. We have provided c.£5 million for one-off closure costs, which we will incur as an expense in H2 FY22.

We reiterate the guidance given at our half-year results for FY22 operating profit of £210-215 million, excluding this one-off Russia impact.

We are also acutely aware of the humanitarian crisis impacting Ukrainian refugees. In response, we established a 'Hays Helps' Ukraine Fund to provide aid and employability support for Ukrainian refugees across Europe, with an initial Hays contribution of €100,000, and our employees have so far generously contributed a further €34,000. Funds are being allocated by Hays teams in Eastern Europe, supporting practical local humanitarian initiatives where they are most needed.

Investment in Group headcount

Group consultant headcount increased by 4% in the quarter and by 27% year-on-year. Despite this increased headcount average productivity per consultant remained at strong levels. We expect to add 1-3% to consultant headcount in Q4 FY22, mainly in our Strategic Growth Initiatives and in Germany, as we balance driving consultant productivity and profit growth with adding further capacity in long-term structural growth markets.

⁽¹⁾ Given our June year end, Q3 FY19 represents the three months ended 31 March 2019 and Q3 FY20 the three months ended 31 March 2020.

Australia & New Zealand (16% of net fees)

Net fees in Australia & New Zealand (ANZ) increased by 24%, with activity improving towards the end of the quarter as pandemic impacts eased, particularly in Perm.

Perm net fees, which represented 40% of ANZ, grew by an excellent 57%. Temp, 60% of ANZ, increased by 9% versus a relatively resilient prior year growth comparative. Private sector net fees, which represented 66% of ANZ, increased by 28%, with the Public sector up 18%.

Australia net fees increased by 21%. Our largest regions of New South Wales and Victoria, which together represented 52% of Australian net fees, grew by 25% and 23% respectively. Queensland increased by 28%, Western Australia by 15% and ACT by 3%.

At the Australia specialism level, Construction & Property, our largest business representing 18% of Australia fees, increased by 14%. Technology, our second largest specialism, was much stronger, up 42%, while Accountancy & Finance rebounded strongly, up 39%. HTS increased by an excellent 42%.

New Zealand, 9% of ANZ net fees, continued its strong run and produced another fee record, up an excellent 62%.

ANZ consultant headcount increased by 4% in the quarter and by 26% year-on-year.

Germany (27% of net fees)

Germany delivered a record fee performance, up 32% and including a record month in March, with strong activity levels.

Our largest specialism of Technology increased by 25%, with our second largest, Engineering, up 38%. Accountancy & Finance and Construction & Property grew by 34% and 7% respectively, with growth in HR and Sales & Marketing much stronger, up 181% and 57% respectively. Private sector fees (88% of Germany) increased by 35%, with the Public sector up 18%.

Our largest area of Contracting (55% of Germany fees), which is primarily in the Technology sector, delivered a record quarter, with fees up 31%, driven by 29% growth in contractor volumes and we ended the quarter with a record number of contractors. Margin and fee mix added a further 8%, partially offset by c.6% lower average weekly hours per contractor.

Fees in Temp (28% of Germany fees), which is mainly in Engineering & Manufacturing and where we employ temporary workers as required under German law, increased by 28%. Given the slower recovery in the Automotive & Manufacturing sectors, average volumes remain c.10% below peak levels.

Perm, which represented 17% of Germany fees, delivered an excellent performance, and increased by 43%.

Consultant headcount increased by 9% in the quarter and by 19% year-on-year.

United Kingdom & Ireland (22% of net fees)

Net fees in the United Kingdom & Ireland (UK&I) increased by 29%. Performance was led by Perm, 45% of UK&I fees, up an excellent 59%, with Temp up 13%. The Private sector, 71% of UK&I net fees, grew by 40% and the Public sector increased by 9%.

Most regions traded broadly in line with the overall UK&I business, apart from the North West and the South East, which grew by 49% and 41% respectively, and Northern Ireland, which grew by 12%. Our largest region of London increased by 28%, including London City up 57%. In Ireland, our business increased by an excellent 61%.

At the specialism level, Technology delivered excellent growth and Accountancy & Finance rebounded sharply, up 52% and 35% respectively. HR and Education were also excellent, up 52% and 50% respectively, while Construction & Property increased by 16%.

Consultant headcount increased by 4% in the quarter and by 24% year-on-year.

Rest of World (35% of net fees)

Our Rest of World (RoW) division, comprising 27 countries, produced a record quarter and grew net fees by 36%, including 17 quarterly fee records. Perm, which represented 68% of RoW net fees, increased by 43% with Temp up 24%.

EMEA ex-Germany (58% of RoW net fees) net fees increased by 33%, with activity levels remaining strong. Ten countries delivered record fee performances including France, our largest RoW country, up 38%, Spain up 46%, Italy up 42% and Poland up 39%.

The Americas (26% of RoW) net fees increased by 54%. The USA, our second-largest RoW country, delivered another record quarter and grew by 47%, with Canada up an excellent 64%. Latin America also produced a record, up 66%, including Brazil up 78%.

Asia (16% of RoW) net fees increased by 27%. China grew by 10% although growth slowed through the quarter as strict pandemic restrictions were re-introduced. Malaysia produced another excellent quarter, up 53%, Singapore grew by 27% and Japan showed improved momentum, with fees up 42%.

RoW consultant headcount increased by 1% in the quarter and by 34% year-on-year.

Cash flow, balance sheet and dividends

Strong Group net cash position at 31 March 2022 of c.£240 million, in line with our expectations (31 December 2021: £236.9 million; 31 March 2021: c.£385 million).

During the quarter we purchased 6.2 million shares under our Treasury share purchase programme, at an average price of 125.8p per share. The shares will be held in treasury and utilised to satisfy employee share-based award obligations over the next two years.

2022 Investor Day

On 28 April 2022 at 3pm, Hays will host an investor day in London, focusing on the significant structural growth opportunities we see across many markets. [Please click here to register](#), either in person or via the webcast.

Enquiries

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Conference call

Paul Venables and David Phillips of Hays plc will conduct a conference call for analysts and investors at 8:00am United Kingdom time on 14 April 2022. The dial-in details are as follows:

Dial-in number	0330 551 0200
Dial-in number (UK toll free)	0808 109 0700
Password	Hays

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

Replay dial-in number	+44 (0) 208 196 1430
Access code	1608613#

Reporting calendar

Investor day – register here	28 April 2022
Trading update for the quarter (Q4 FY22) ending 30 June 2022	14 July 2022
Preliminary results for the year ending 30 June 2022	25 August 2022
Trading update for the quarter (Q1 FY23) ending 30 September 2022	13 October 2022

Hays Group overview

As at 31 December 2021, Hays had c.12,000 employees in 255 offices in 33 countries. In many of our global markets, the vast majority of professional and skilled recruitment is still done in-house, with minimal outsourcing to recruitment agencies, which presents substantial long-term structural growth opportunities. This has been a key driver of the diversification and internationalisation of the Group, with the International business representing c.78% of the Group's net fees in FY21, compared with 25% in FY05.

Our consultants work in a broad range of sectors covering 20 professional and skilled recruitment specialisms, and in FY21 our three largest specialisms of Technology (25% of Group net fees), Accountancy & Finance (14%) and Construction & Property (12%) together represented 51% of Group fees.

In addition to our international and sectoral diversification, in Q3 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 helping people succeed and enabling organisations to thrive, creating opportunities and improving lives. Becoming lifelong partners to millions of people and thousands of organisations also helps to make our business sustainable. Our core company value is that we should always focus on doing the right thing. Linked to this 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 excellent progress in FY21 and H1 FY22 by making Goal 5: Gender Equality central to our strategy. For the first time in our history, we have set stretching targets on female representation in senior management. By 2025, we have committed to reach a level of 45% female leaders (FY21: 42% female) among our senior leadership of c.560 individuals, and to reach 50% by 2030.

As a business which exists to help people further their careers and fulfil their potential, 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.

This announcement contains inside information.
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