

Financial summary

Growth in net fees for the quarter ended 30 June 2014 (Q4 FY14)

(versus the same period last year)

	Growth	
	Actual	LFL ⁽¹⁾
By region		
Asia Pacific	(13)%	0%
Continental Europe & Rest of World	1%	7%
United Kingdom & Ireland	11%	11%
Total	0%	7%
By segment		
Temporary	1%	8%
Permanent	(1)%	5%
Total	0%	7%

Highlights

- Continued good Group performance in both Temp and Perm
- Strong, broad-based growth of 11%⁽¹⁾ in the UK & Ireland, driven by Perm growth of 17%⁽¹⁾. Major specialisms of Accountancy & Finance, Construction & Property and IT all grew by over 15%⁽¹⁾
- Good growth of 7%⁽¹⁾ in Continental Europe & Rest of World, with good growth of 7%⁽¹⁾ in both Germany and France. Elsewhere in the region, 12 other countries delivered strong net fee growth of 10%⁽¹⁾ or more
- Asia Pacific net fees were flat⁽¹⁾. Australia net fees decreased by 7%⁽¹⁾ but we have seen broad-based stability in activity levels for the last 6 months. Asia delivered further excellent growth of 27%⁽¹⁾
- Group consultant headcount was up 3% during the quarter and increased by 6% year-on-year as we continued to invest to capitalise on positive market conditions around the world
- We reiterate the guidance issued at Q3 when we upgraded full year operating profit expectations to around £140m

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

"We have delivered another good set of quarterly results to end our financial year as we continued to capitalise on good conditions in many of our key markets. In the UK & Ireland we delivered strong and broad-based net fee growth, including Perm growth of 17%⁽¹⁾ as candidate confidence remained strong. Elsewhere we saw the continued recovery of many European, Asian and American markets and ten of our businesses delivered record monthly net fees in the quarter, including key businesses such as Canada and Japan.

Looking ahead we see clear growth opportunities for the Group and therefore during the quarter we increased consultant headcount by 3%, the highest quarterly rise since September 2011. We will continue to invest to capture all opportunities for growth and maintain our focus on driving productivity to deliver on our long-term profit and cash objectives."

Group

In the fourth quarter ended 30 June 2014 net fees were flat on a headline basis and increased 7% on a like-for-like basis⁽¹⁾ against the prior year. The difference between the actual growth and like-for-like growth rates was primarily the result of a material depreciation in the rate of exchange between both the Australian Dollar and the Euro against Sterling. The timing of Easter generated a c.1% reduction in the Group's year-on-year net fee growth rate in the quarter, reversing the benefit experienced in Q3. Net fees in the Temp business, which accounted for 59% of Group net fees in the quarter, increased by 8%⁽¹⁾ and the underlying temp margin⁽²⁾ was broadly stable. Net fees in the Perm business increased by 5%⁽¹⁾.

The exit rate of overall Group net fee growth was broadly in line with the quarter as a whole.

Consultant headcount was up 3% in the quarter and increased by 6% year-on-year.

We expect full year operating profit to be around £140m, reiterating the upgrade to guidance given at our Q3 Interim Management Statement.

Asia Pacific

In Asia Pacific, which represented 24% of Group net fees, net fees were flat⁽¹⁾.

In Australia & New Zealand net fees decreased by 5%⁽¹⁾ but we have now seen broad-based stability in activity levels for six months. Temp net fees, which represented 69% of net fees in the quarter, decreased by 4%⁽¹⁾ but have now been sequentially stable for twelve months. Perm net fees decreased by 9%⁽¹⁾ as candidate activity remained stable but subdued.

In Australia net fees decreased by 7%⁽¹⁾, within which net fees in New South Wales and Victoria, which together accounted for 51% of our business, decreased by 4%⁽¹⁾. In Western Australia and Queensland, which together accounted for 31% of our business, net fees decreased by 13%⁽¹⁾. In New Zealand, we saw strong net fee growth of 18%⁽¹⁾.

In Asia, which accounted for 22% of the division, net fees increased by 27%⁽¹⁾ and the region reported a record quarterly net fee performance. Hong Kong and China both delivered excellent net fee growth of 45%⁽¹⁾ or more while Malaysia and Singapore both reported strong net fee growth of over 10%⁽¹⁾. Japan, our largest business in Asia, delivered excellent net fee growth of 20%⁽¹⁾ and had a record monthly net fee performance in June.

Consultant headcount in the division was up 1% in the quarter and up 3% year-on-year. In Australia & New Zealand, consultant headcount was flat in the quarter and down 2% year-on-year. In Asia, consultant headcount was up 3% in the quarter and up 16% year-on-year.

Continental Europe & Rest of World ('RoW')

In Continental Europe & RoW, our largest division which represented 41% of Group net fees, we delivered good net fee growth of 7%⁽¹⁾. Net fee growth of 7%⁽¹⁾ in Germany was good, driven by solid growth of 5%⁽¹⁾ in our core IT & Engineering business and continued strong growth in our newer specialisms including Accountancy & Finance which grew by 21%⁽¹⁾. Overall Temp net fees were up 8%⁽¹⁾ and Perm net fees decreased by 1%⁽¹⁾.

Net fees increased by 7%⁽¹⁾ in the rest of the division, which is primarily a Perm business. Within this, 12 countries delivered net fee growth of 10%⁽¹⁾ or more including key businesses such as Belgium and Poland which both grew by 15%⁽¹⁾ and reported record monthly net fee performances during the quarter. The Netherlands grew by 10%⁽¹⁾, while France, which is our second largest business in the division, delivered a good performance with net fees up 7%⁽¹⁾.

Consultant headcount in the division was up 2% in the quarter and 3% year-on-year.

United Kingdom & Ireland

In the United Kingdom & Ireland, which represented 35% of Group net fees, we delivered further strong net fee growth of 11%⁽¹⁾. Our Temp business delivered good growth of 7%⁽¹⁾ and our Perm business delivered strong growth of 17%⁽¹⁾ as we saw continued strong candidate confidence. Activity levels were strong and broad-based as all regions delivered year-on-year net fee growth. We saw particularly strong performances from Scotland, Northern Ireland, the North, North West, Midlands, the East of England, the South Coast and the Home Counties, all of which grew by more than 10%⁽¹⁾. Ireland again performed well and delivered strong net fee growth of 12%⁽¹⁾.

In our private sector business, net fees increased by 12%⁽¹⁾. Overall market conditions saw further improvement, with Construction & Property and IT both delivering excellent growth of around 20%⁽¹⁾. Net fees in our largest specialism of Accountancy & Finance grew by 17%⁽¹⁾, within which our Senior Finance business grew by 18%⁽¹⁾. Our public sector business again delivered good net fee growth of 8%⁽¹⁾, including a strong performance in our Education business.

Consultant headcount in the division was up 5% in the quarter and up 12% year-on-year as we invested to capitalise on the clear, strong opportunities for growth.

Cash flow and balance sheet

Cash performance in the quarter was good, with net debt at the end of June at c.£65 million (31 March 2014: c.£75 million, 30 June 2013: £105m).

- (1) LFL (like-for-like) growth represents organic growth at constant currency.
- (2) The underlying temp gross margin is calculated as temp net fees divided by temp gross revenue and relates solely to temporary placements in which Hays generates net fees and specifically excludes transactions in which Hays acts as agent on behalf of workers supplied by third party agencies.

Enquiries

Hays plc

Paul Venables	Group Finance Director	+ 44 (0) 20 7383 2266
David Walker	Head of Investor Relations	+ 44 (0) 20 7383 2266

Bell Pottinger

Gavin Davis / Elly Williamson		+ 44 (0) 20 7861 3232
-------------------------------	--	-----------------------

Conference call

Paul Venables and David Walker of Hays plc will conduct a conference call for analysts and investors at 9:00am United Kingdom time on 10 July 2014. The dial-in details are as follows:

Dial-in number	+44 (0)20 3139 4830
Password	43519338#

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

Replay dial-in number	+44 (0)20 3426 2807
Access code	649176#

Reporting calendar

Preliminary Results for the year ended 30 June 2014	28 August 2014
Interim Management Statement for quarter ending 30 September 2014	9 October 2014
Trading Update for quarter ending 31 December 2014	8 January 2015

Hays Group overview

Hays has 7,979 employees in 240 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 67% of the Group's net fees as at 31 December 2013, compared with just over 20% 10 years ago.

Our 5,150 consultants work in a broad range of sectors with no sector specialism representing more than 26% of Group net fees. While Accountancy & Finance, Construction & Property and IT & Engineering represent 59% 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 sector diversification, the Group's net fees are generated 59% from temporary and 41% 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 Trading 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 made 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 should not be placed on any forward-looking statement. Additionally, forward-looking statements regarding past trends or activities should 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 should 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, advisers 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.