

INTERIM MANAGEMENT STATEMENT QUARTER ENDED 30 SEPTEMBER 2014

9 October 2014

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Financial summary

Growth in net fees for the quarter ended 30 September 2014 (Q1 FY15)

(versus the same period last year)

	Growth	
	Actual	LFL ⁽¹⁾
By region		
Asia Pacific	(1)%	6%
Continental Europe & Rest of World	0%	8%
United Kingdom & Ireland	13%	13%
Total	4%	9%
By segment		
Temporary	2%	7%
Permanent	7%	12%
Total	4%	9%

Highlights

- Good Group net fee performance with year-on-year growth⁽¹⁾ in every region and in each of our largest three businesses – Australia, Germany and the UK
- Strong Perm growth of 12%⁽¹⁾ and continued good Temp growth of 7%⁽¹⁾
- Strong, broad-based growth of 13%⁽¹⁾ in the UK & Ireland, driven by excellent Perm growth of 20%⁽¹⁾. Major specialisms of Accountancy & Finance, Construction & Property and IT all grew by over 15%⁽¹⁾
- Continued good growth of 8%⁽¹⁾ in Continental Europe & Rest of World, including 7%⁽¹⁾ growth in both Germany and France. Elsewhere in the region, 13 countries delivered growth of 10%⁽¹⁾ or more
- Good growth of 6%⁽¹⁾ in Asia Pacific. Australia returned to growth for the first time in two years with net fees up 2%⁽¹⁾, driven by a strong Perm performance. Asia delivered further strong growth of 13%⁽¹⁾
- Group consultant headcount was up 4% during the quarter and 8% year-on-year

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

"We have made a good start to the new financial year and have grown in all regions around the world. Importantly each of our three largest businesses, Australia, Germany and the UK, grew simultaneously for the first time in nearly four years. Elsewhere many European, Americas and Asian markets continued to improve and 11 of our businesses delivered record quarterly net fees, including key businesses such as Canada, Switzerland and Germany.

While we are mindful of the risks our world faces today, most of our markets continue to improve and we are focused on capitalising on the opportunities this presents us. This means continuing to invest to make our business more productive, while simultaneously increasing consultant capacity where market demand dictates. Having built the largest global platform in our industry, we are ideally positioned now to take advantage of these improved market conditions."

Group

In the first quarter ended 30 September 2014 net fees increased 4% on a headline basis and 9% on a like-for-like basis⁽¹⁾ against the prior year. The difference between actual and like-for-like net fee growth rates was primarily the result of a material depreciation of both the Australian Dollar and the Euro against Sterling. If the rates of exchange of the Group's key operating currencies remained as at 6 October levels through the remainder of the year, it would reduce operating profit by c.£7m versus FY14.

The Temp business, which accounted for 58% of Group net fees in the quarter, increased by 7%⁽¹⁾ and the underlying temp margin⁽²⁾ was broadly stable. The Perm business increased by 12%⁽¹⁾.

The exit rate of overall Group net fee growth was broadly in line with the quarter as a whole, with no significant differences by region.

Consultant headcount was up 4% in the quarter and 8% year-on-year as we invested selectively across the Group where market conditions and outlook were supportive.

In the normal course, on a like-for-like basis we expect the percentage rate of growth in operating profit for the year to be between 2x and 3x the percentage rate of growth in net fees.

Asia Pacific

In Asia Pacific, which represented 24% of Group net fees, net fees increased by 6%⁽¹⁾.

In Australia & New Zealand we delivered net fee growth of 4%⁽¹⁾. Temp, which represented 66% of net fees in the quarter, increased by 1%⁽¹⁾. Encouragingly we delivered Perm growth of 10%⁽¹⁾.

In Australia net fees increased by 2%⁽¹⁾, within which the major regions of New South Wales and Victoria were up 2%⁽¹⁾ and Queensland and Western Australia were flat⁽¹⁾. Growth returned in the technical specialisms where Construction & Property, our largest specialism in Australia, grew by 9%⁽¹⁾, IT grew by 3%⁽¹⁾ and Resources & Mining increased by 11%⁽¹⁾. Accountancy & Finance remained tough and was down 14%⁽¹⁾. In New Zealand, we saw excellent growth of 29%⁽¹⁾.

In Asia, which accounted for 20% of the division, net fees increased by 13%⁽¹⁾. Japan, our largest business in Asia, delivered strong growth of 12%⁽¹⁾. Hong Kong and China delivered strong growth of 13%⁽¹⁾ and 16%⁽¹⁾ respectively. Across the region, record quarterly net fee performances were reported in both China and Malaysia.

Consultant headcount in the division was up 5% in the quarter and 7% year-on-year. Consultant headcount in Australia & New Zealand was up 4% in the quarter and 2% year-on-year, and in Asia was up 7% in the quarter and 17% 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 continued good growth of 8%⁽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 13%⁽¹⁾. Germany Temp net fees increased by 7%⁽¹⁾ and Perm by 1%⁽¹⁾.

Net fees increased by 10%⁽¹⁾ in the rest of the division, which is primarily a Perm business. Within this, 13 countries delivered growth of 10%⁽¹⁾ or more, including key businesses such as Switzerland, Spain and Canada, the latter of which delivered excellent 31%⁽¹⁾ growth. France, our second largest business in the division, delivered another good performance with net fees up 7%⁽¹⁾.

Consultant headcount in the division was up 6% in the quarter and 9% year-on-year.

United Kingdom & Ireland

In the United Kingdom & Ireland, which represented 35% of Group net fees, we delivered strong growth of 13%⁽¹⁾. Temp delivered good growth of 7%⁽¹⁾ and Perm delivered excellent growth of 20%⁽¹⁾ as candidate confidence remained strong. Activity levels were broad-based and we delivered excellent performances in East of England, Midlands, the North, London (ex City) and South Coast, all of which grew by more than 20%⁽¹⁾. Ireland delivered solid growth of 5%⁽¹⁾.

Accountancy & Finance, our largest specialism, delivered excellent growth of 21%⁽¹⁾, within which our Senior Finance business grew by 19%⁽¹⁾. IT delivered excellent growth of 22%⁽¹⁾ and Construction & Property performed strongly, up 15%⁽¹⁾. Education, a predominantly public sector business, delivered excellent growth of 26%⁽¹⁾ and recorded an all-time record performance in September.

Our private sector business, which represented 72% of the division's net fees, and our public sector business both delivered strong growth of 13%⁽¹⁾.

Consultant headcount in the division was up 2% in the quarter and 9% year-on-year as we invested to capitalise on the clear, continued, strong opportunities for growth.

Cash flow and balance sheet

Cash performance in the quarter was in line with expectations, with net debt at the end of September at c.£60 million (30 June 2014: c.£63 million, 30 September 2013: c.£97 million). Subject to shareholder approval, the Group's final dividend for the year ended 30 June 2014 will be paid on the 14 November.

(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 Temp 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 and arrangements where the Company provides major payroll services.

Enquiries

Hays plc

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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 9 October 2014. The dial-in details are as follows:

Dial-in number	+44 (0)20 3139 4830
Password	33865564#

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	650830#

Reporting calendar

Trading Update for quarter ending 31 December 2014	8 January 2015
Interim Results for six months ending 31 December 2014	25 February 2015
Interim Management Statement for quarter ending 31 March 2015	9 April 2015
Trading Update for quarter ending 30 June 2015	9 July 2015

Hays Group overview

Hays has 8,237 employees in 237 offices across 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 66% of the Group's net fees as at 30 June 2014, compared with just over 20% 10 years ago.

Our 5,357 consultants work in a broad range of sectors with no sector specialism representing more than 17% of Group net fees. While Accountancy & Finance, Construction & Property and IT represent 49% of Group net fees, our expertise across 20 professional and skilled recruitment specialisms gives us opportunities to rapidly develop newer markets by replicating these long-established, existing areas of expertise.

In addition to this international and sectoral diversification, the Group's net fees are generated 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 Interim Management Statement (the “Report”) has been prepared in accordance with the Disclosure Rules and Transparency Rules of the UK Financial Conduct Authority and is not audited. No representation or warranty, express or implied, is or will be made in relation to the accuracy, fairness or completeness of the information or opinions contained in this Report. Statements in this Report reflect the knowledge and information available at the time of its preparation. Certain statements included or incorporated by reference within this Report may constitute “forward-looking statements” in respect of the Group’s operations, performance, prospects and/or financial condition. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions and actual results or events may differ materially from those expressed or implied by those statements. Accordingly, no assurance can be given that any particular expectation will be met and reliance shall not be placed on any forwardlooking statement. Additionally, forward-looking statements regarding past trends or activities shall not be taken as a representation that such trends or activities will continue in the future. The information contained in this Report is subject to change without notice and no responsibility or obligation is accepted to update or revise any forwardlooking 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.