

# INTERIM MANAGEMENT STATEMENT QUARTER ENDED 31 MARCH 2011

7 April 2011

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## Financial summary

Growth in net fees for the quarter ended 31 March 2011 (Q3)  
(versus the same period last year)

	growth	
	actual	LFL*
By region		
Asia Pacific	37%	<b>23%</b>
Continental Europe & Rest of World	32%	<b>35%</b>
United Kingdom & Ireland	(2)%	<b>(2)%</b>
<b>Total</b>	<b>18%</b>	<b>16%</b>
By segment		
Temporary	10%	<b>8%</b>
Permanent	30%	<b>27%</b>
<b>Total</b>	<b>18%</b>	<b>16%</b>

\* LFL (like-for-like) growth represents organic growth at constant currency.

## Highlights

- Group net fee growth of 16%\* against prior year driven by continued strong performance of our International business
- Strong net fee growth of 21%\* in Australia & New Zealand
- Excellent and broadly based growth in Germany with net fees up 39%\*
- Overall net fee stability in the UK with strong net fee growth of 18% in private sector markets, offset by continued tough conditions in the public sector down 37%
- Continued consultant headcount investment in the International business, increasing 7% in the quarter

Commenting on trading for the quarter ended 31 March 2011, Alistair Cox, Chief Executive of Hays plc, said:

"We have had another quarter of strong and broad based growth led by our International business which grew its net fees by 29%\* versus prior year. We recorded excellent growth in Continental Europe, South America and Asia, with another quarter of strong growth in Australia. Overall, 21 countries grew net fees by more than 20%\*. In the UK, net fees remained broadly stable overall with strong growth in the private sector offset by tough public sector markets.

Our operations in Queensland, Christchurch and Tokyo have each faced natural disasters of unprecedented scale, but the response and fortitude of our employees there has been a credit to them and to our business. Despite these events the outlook remains positive in nearly all of our markets outside the UK public sector and we continue to invest in consultant headcount, particularly in the International business which grew headcount by 7% in the quarter. The Group now generates nearly two thirds of its fees from the International business. This extensive platform, together with the investment made across the business, provides the Group with the basis from which to capitalise on the long term structural growth opportunities in our markets."

## Group

In the quarter ended 31 March 2011, Hays, the leading global professional recruitment group, increased net fees by 18% (16% on a like-for-like basis\*) against prior year. The combined impact of the natural disasters in Queensland, Christchurch and Japan is estimated to have reduced Group net fee growth by 1%\* this quarter (APAC division impacted by 3%\*). Net fees from the temporary placement business increased by 8%\* and net fees from the permanent placement business increased by 27%\*, as the Group continued to see good momentum across most of its markets.

The Group's underlying temporary placement margin\*\* remained stable and in line with the previous quarter. The Group's consultant headcount increased by 3% during the quarter, driven by ongoing investment in Australia, Asia, Continental Europe and South America, with headcount decreasing slightly in the United Kingdom. During the quarter the Group added a new office in Delhi, India, as the Group continues to build its International platform for growth.

## Asia Pacific

In Asia Pacific we recorded net fee growth of 23%\*. In our market leading Australia & New Zealand business net fees increased by 21%\*, with permanent placement net fee growth of 21%\* and temporary placement net fee growth of 21%\*. The combined impact of the Queensland floods and Christchurch earthquake reduced net fee growth in Australia & New Zealand by 2%\* this quarter and these are together expected to reduce net fees and operating profits by £1-2 million in the second half of the year. Despite these disruptions overall net fee momentum continues to be good, with broad based growth across regions and sectors, particularly in Banking and Resources & Mining.

Asia, which accounts for 13% of the division's net fees, achieved net fee growth of 43%\*. Performances in China, Singapore and Hong Kong were excellent with each achieving net fee growth in excess of 65%\*, with record performances in China and Singapore. The tragic events following last month's earthquake in Japan have significantly impacted our operations there, which are largely based in the Tokyo district. We therefore expect that this business, which generated £6.9 million of net fees and £2.0 million of operating profit in the six months to December 2010, will be materially affected in the coming months. The impact of the earthquake reduced net fee growth in the Asia region by 5%\* this quarter and we expect that net fees and operating profit will be reduced by around £2 million versus previous expectations in the second half of the year.

Consultant headcount increased by 5% during the quarter, with headcount up 10% in Asia, as we continue to invest to ensure we capitalise on the opportunities for growth we are seeing across the division.

## Continental Europe & Rest of World ('RoW')

In Continental Europe & RoW we recorded net fee growth of 35%\*. Our German business had another excellent quarter with net fee growth of 39%\* and continues to see strong momentum. Growth was broadly based across our contracting, temporary placement and permanent placement business, and across all of the sectors in which we operate. Most other countries in the division continued to see improving market conditions with 16 countries recording net fee growth above 20%\*. In particular we saw excellent performances in Brazil, the Netherlands, Spain, Italy, Poland, Austria, Russia and Denmark which each achieved net fee growth in excess of 40%\*, with record net fee performances in Brazil, Belgium, Italy, Russia and Denmark during the quarter.

Consultant headcount increased by 8% during the quarter as we continue to invest across the division.

## United Kingdom & Ireland

In the United Kingdom & Ireland net fees decreased by 2% and overall we have again seen broadly stable net fee trends. We have continued to achieve strong net fee growth in the private sector business, which increased by 18%, notably in our Construction & Property, IT, Legal, Corporate Accounts and City-related businesses. Our public sector business, which represents 24% of the division's net fees, continues to face difficult market conditions with net fees decreasing by 37%. This business is now down around 50% from peak levels.

Consultant headcount decreased by 1% in the quarter and we expect this to remain broadly stable through the next quarter, as we continue to balance the private sector recovery with difficult public sector markets.

## Cash flow and balance sheet

Net debt increased modestly to around £130 million at the end of the period (31 December 2010: £125.7 million). We expect net debt to remain at a broadly similar level through the next quarter.

## OFT investigation

On 1 April 2011 the Competition Appeal Tribunal ('CAT') announced its judgement in respect of Hays' appeal against the level of the fine imposed by the Office of Fair Trading ('OFT') in September 2009. The CAT reduced the fine from £30.36 million to £5.88 million. This decision represents the outcome of previously reported proceedings which began in June 2006. The full amount of the fine has already been provided in our 2010 accounts.

\* LFL (like-for-like) growth represents organic growth at constant currency.

\*\* the underlying temporary placement gross margin is calculated as temporary placement net fees divided by temporary placement 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

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Maitland		
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Liz Morley		

## Conference call

Paul Venables and James Hilton of Hays plc will conduct a conference call for analysts and investors at 9:00am United Kingdom time on Thursday 7 April 2011. The dial-in details are as follows:

Dial-in number +44 (0) 20 3140 0722  
Password hays

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

Replay dial-in number +44 (0) 20 3140 0698  
Access code 376672#

## Reporting calendar

Trading Update for quarter ending 30 June 2011	7 July 2011
Preliminary Results for year ending 30 June 2011	1 September 2011
Interim Management Statement for quarter ending 30 September 2011	6 October 2011

## Note to editors

Hays plc (the "Group") is the leading global professional recruiting group. The Group is the expert at recruiting qualified, professional and skilled people worldwide, being the market leader in the UK and Asia Pacific, and one of the market leaders in Continental Europe. The Group operates across the private and public sectors, dealing in permanent positions, contract roles and temporary assignments. As at 31 December 2010, the Group employed 7,086 staff operating from 257 offices in 30 countries across 17 specialisms. For the year ended 30 June 2010:

- the Group reported net fees of £557.7 million and operating profit of £80.5 million;
- the Group placed around 50,000 candidates into permanent jobs and around 180,000 people into temporary assignments;
- 26% of Group net fees were generated in Asia Pacific, 30% in Continental Europe & RoW and 44% in the United Kingdom & Ireland;
- the temporary placement business represented 58% of net fees and the permanent placement business represented 42% of net fees; and
- Hays operates in the following countries: Australia, Austria, Belgium, Brazil, Canada, China, Czech Republic, Denmark, France, Germany, Hong Kong, Hungary, India, Ireland, Italy, Japan, Luxembourg, Mexico, Netherlands, New Zealand, Poland, Portugal, Russia, Singapore, Spain, Sweden, Switzerland, UAE, USA and the United Kingdom.

## Cautionary statement

This Interim Management Statement has been prepared solely in compliance with the Disclosure Rules and Transparency Rules of the UK Financial Services Authority and is not audited. Statements in this Interim Management Statement reflect the knowledge and information available at the time of its preparation. Certain statements included or incorporated by reference within this Interim Management Statement 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. 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 Interim Management Statement should be construed as a profit forecast. This Interim Management Statement does not constitute or form part of any offer or invitation to sell, or any solicitation of any offer to purchase 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. Past performance cannot be relied upon as a guide to future performance. Liability arising from anything in this Interim Management Statement shall be governed by English Law. Nothing in this Interim Management Statement shall exclude any liability under applicable laws that cannot be excluded in accordance with such laws.