

Financial summary

Growth in net fees for the quarter ended 30 June 2011 (Q4)
(versus the same period last year)

	growth	
	actual	LFL*
By region		
Asia Pacific	30%	18%
Continental Europe & Rest of World	26%	28%
United Kingdom & Ireland	(6)%	(6)%
Total	14%	11%
By segment		
Temporary	13%	11%
Permanent	16%	12%
Total	14%	11%

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

Highlights

- Group net fee growth of 11%* against prior year, underpinned by excellent performances across the International business, which represented 67% of net fees in the quarter
- Broadly based growth in Continental Europe & Rest of World ("RoW") division with net fees up 28%*, driven by continued strength in Germany which grew net fees by 28%*
- Strong net fee growth of 16%* in Australia & New Zealand, and continued excellent growth across the rest of Asia which grew net fees by 30%*
- Net fees decreased by 6% in the UK, with 7% net fee growth in the private sector offset by tough public sector markets, down 34%
- Continued consultant headcount investment in the International business, up 5% in the quarter and added new offices in Brazil, Ireland, Japan and Poland

Commenting on trading for the quarter ended 30 June 2011, Alistair Cox, Chief Executive of Hays plc, said:

"This quarter we have continued to deliver good and broad based net fee growth, driven by our International operations which grew net fees by 23%*. Around the world, 18 countries increased net fees by more than 20%* in the quarter. Our Continental Europe & RoW division delivered an excellent performance and is now the Group's largest division by net fees. Our Asia Pacific division delivered another strong set of results despite the impact of the natural disasters earlier in the year. In the UK, momentum in the private sector recovery has slowed and therefore we have further reduced the cost base to improve the profitability of this business going forward.

Our business continues to benefit significantly from the excellent opportunities available to us across the International markets. We have transformed our Group to reflect this and our International business now generates over two-thirds of the Group's net fees. We have achieved this by continuing to invest, for example increasing our International consultant headcount by 27% over the last year alone. Our increasingly global business supported by our investments in technology, training and marketing positions us ideally to further capitalise on the long term structural growth opportunities around the world."

Group

In the quarter ended 30 June 2011, Hays, the leading global professional recruitment group, increased net fees by 14% (11% on a like-for-like basis*) against prior year. Net fees from the temporary placement business increased by 11%* and net fees from the permanent placement business increased by 12%*, as the Group continued to see strong levels of growth 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 4% during the quarter, driven by ongoing investment in Australia, Asia, Continental Europe and South America. During the quarter the Group added new offices in Tokyo, Dublin, Curitiba in Brazil and Poznan in Poland, as the Group continues to build its International platform for growth.

Overall, the Group's profit performance in the second half has remained in line with the Board's expectations.

Asia Pacific

In Asia Pacific, we recorded net fee growth of 18%*. In our market leading Australia & New Zealand business net fees increased by 16%* despite facing tougher comparables, with permanent placement net fee growth of 8%* and temporary placement net fee growth of 22%*. Overall net fee momentum continues to be good, led by strong growth in Western and South Australia, particularly in Accountancy & Finance, IT and Resources & Mining. Our businesses in Brisbane and Christchurch have responded strongly to the challenges imposed by the natural disasters and we expect the second half net fee and operating profit impact of these events to be approximately £1 million, at the lower end of the range previously guided.

Asia, which accounts for 15% of the division's net fees, achieved net fee growth of 30%*. Performances in China, Singapore and Hong Kong were excellent as each achieved net fee growth in excess of 50%*, with all time record performances in China and Singapore. The earthquake and subsequent disruption in Japan has impacted our operations there, and net fees decreased 2%* this quarter. The response of this business has been very strong and as a result we expect the second half net fee and operating profit impact to be approximately £1.5 million, lower than previously guided.

Consultant headcount in the Asia Pacific division increased by 1% during the quarter, and we continue to invest to ensure we capitalise fully 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 28%*. Our German business had another record net fee performance this quarter, growing net fees by 28%* and we continue to see strong momentum and growth in this business, despite tougher comparables. Growth in Germany was broadly based across our contracting and temporary placement businesses, and across all of the sectors in which we operate. Most other countries in the division continued to see improving market conditions with 13 countries recording net fee growth above 20%*. In particular we saw excellent performances in Brazil, Denmark, Italy, Poland, Russia and UAE which each achieved net fee growth in excess of 40%*, with our businesses in Brazil, Denmark, Italy, Poland and Russia producing record net fee performances in the quarter.

Consultant headcount in the Continental Europe & RoW division increased by 8% during the quarter as we continue to invest broadly across the division.

United Kingdom & Ireland

In the United Kingdom & Ireland, net fees decreased by 6% in the quarter. Our private sector business, which represents 78% of the division's net fees, grew net fees by 7% this quarter. Growth and momentum weakened versus the previous quarter in large part due to tougher market conditions faced by our Banking and City-related businesses. We continued, however, to post strong performances in our Construction & Property, IT, and Sales & Marketing businesses. Our public sector business, which represents 22% of the division's net fees, again faced difficult market conditions in the quarter with net fees decreasing by 34%. Public sector net fees are now down 57% from peak levels, however this business performed in line with our expectations through the quarter.

Consultant headcount increased by 3% in the quarter, although remains 5% below prior year levels. Through the actions taken across the year to reduce the cost base, we expect the division's second half operating profit to be in line with first half levels. Given the lower level of momentum in the private sector recovery we have responded by reducing our non-consultant cost base and it is anticipated that this will generate cost savings of around £7 million per annum going forward.

Cash flow and balance sheet

Net debt increased slightly to around £135 million at the end of the period (31 March 2011: circa £130 million), following the payment of the interim dividend and the OFT fine of £5.9 million, which was significantly reduced on appeal.

* 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

Hays plc		
Paul Venables	Finance Director	+ 44 (0) 20 7383 2266
James Hilton	Investor Relations	+ 44 (0) 20 7383 2266
Maitland		
Liz Morley		+ 44 (0) 20 7379 5151
Brian Hudspith		

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 July 2011. The dial-in details are as follows:

Dial-in number	+44 (0) 20 3140 0723
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	378082#

Reporting calendar

Preliminary Results for year ending 30 June 2011	1 September 2011
Interim Management Statement for quarter ending 30 September 2011	6 October 2011
Trading Update for quarter ending 31 December 2011	11 January 2012
Interim Results for six months ending 31 December 2011	22 February 2012

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 Trading Update 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 Trading Update reflect the knowledge and information available at the time of its preparation. Certain statements included or incorporated by reference within this Trading Update 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 Trading Update should be construed as a profit forecast. This Trading Update 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 Trading Update shall be governed by English Law. Nothing in this Trading Update shall exclude any liability under applicable laws that cannot be excluded in accordance with such laws.