

INTERIM MANAGEMENT STATEMENT FOR QUARTER ENDED 30 SEPTEMBER 2009

8 October 2009

ACCOUNTANCY &
MA/CONSTRUCTI
CONTACT CENTR
ATIONS/EDUCATI
HNOLOGY/LEGAL
SAFETY/POLICY&
OURCES & MINING
NGINEERING/HU
LOGISTICS/FACILITIES MANAGEMENT/FINANCIAL
CIAL SERVICES/SOCIAL CARE/SALES & MARKETI
ING/ENERGY/OFFICE SUPPORT/RESPONSE MANA
HEALTHCARE/OIL & GAS/ARCHITECTURE/ASSESS
& DEVELOPMENT/PUBLIC SERVICES/ACCOUNTAN
NCY & FINANCE/EDUCATION/PHARMA/CONSTRU
NSTRUCTION & PROPERTY/RESOURCE MANAGEM
MENT/MANUFACTURING & OPERATIONS/RETAIL/I
INFORMATION TECHNOLOGY/SALES & MARKETING
RATEGY/BANKIN
MARKETING/ENE
INING/TELECOMS
HUMAN RESOURC
TRES/FINANCIAL
PHARMA/MANUF
HEALTHCARE/AR
PROCUREMENT/H

UCATION/PHARM
TY/CONTACT CEN
URING & OPERATI
ON TECHNOLOGY
NT/HEALTH & SAF
NKNING/RESOURC
INSURANCE/ENG
RESOURCES/LOG
PUBLIC SERVICES
RESOURCES & MIN
ENGINEERING/H
CONTACT CENTRI
ES/SOCIAL CARE
NG/ENERGY/HEA
OFFICE SUPPORT
LEGAL/OIL & GAS

Financial summary

Growth in net fees for the quarter ended 30 September 2009
(versus the same period last year)

	growth	
	actual	LFL*
By region		
United Kingdom & Ireland	(41)%	(41)%
Asia Pacific	(40)%	(45)%
Continental Europe & Rest of World	(27)%	(32)%
Total	(37)%	(40)%
By segment		
Permanent	(50)%	(52)%
Temporary	(24)%	(27)%
Total	(37)%	(40)%

* LFL is like-for-like growth, which represents organic growth at constant currency.

Financial and operational highlights

- Early signs of net fee stabilisation in the UK market and broader signs of stability in Australia
- Percentage decline in net fees in Q1 at 40%* (Q4 2009: (40)%*)
- Public sector recruitment markets becoming increasingly difficult
- Continued cost control, strong cash generation and modest net debt position
- Intention to maintain the current level of headcount across the Group
- The Group intends to appeal against the OFT decision and fine

Commenting on trading for the quarter ended 30 September 2009, Alistair Cox, Chief Executive of Hays plc, said:

“The specialist recruitment markets continue to be very challenging. As we said at our preliminary results, we are seeing early signs of stability in the United Kingdom and broader signs of stability in Asia Pacific, although at present no indications of recovery in either market. The Continental Europe markets, which entered into the downturn later than other regions, are still experiencing deteriorating conditions although the rate of decline has moderated. Whilst the indications are that this year will be another tough year for our industry, the downturn presents opportunities for market leading companies like Hays to gain share and we will continue to pursue those opportunities and invest in our business accordingly.

At Hays we understand that our clients and candidates want to talk to experts in their own sector for their recruiting needs. That’s why we are investing more in training our own people and building our business to be deeply specialised in the various industries and disciplines we operate in. By underpinning our expertise with the advanced technology platforms we are installing, we believe we can deliver the most efficient and tailored services available in our industry. This positions us well to both build stronger leadership positions in today’s market as well as benefit from any economic upturn.”

Group

In the quarter ended 30 September 2009, Hays plc, the leading global specialist recruitment group, saw a reduction in net fees of 37% (40% on a like-for-like basis*) versus the same period last year which is in line with the 40%* reduction in net fees experienced in the quarter to June 2009. The difference between the headline and like-for-like growth rate is primarily due to the more favourable Euro and Australian dollar exchange rates. Net fees from the permanent placement business decreased by 52%* and net fees from the temporary placement business decreased by 27%*.

Net fees in our private sector business were down 47%* as we continued to see tough market conditions across all of our markets. Net fees in our public sector business decreased by 13%* this period as market conditions became more difficult across both our United Kingdom and Australian public sector businesses. We are also beginning to experience increasing pressure on our underlying temporary placement margin in each of our core temporary placement markets.

During the quarter, we reduced headcount by 5%. Most of this headcount reduction took place at the beginning of the period and we are now actively seeking to maintain headcount especially in our International business.

United Kingdom & Ireland

In the United Kingdom & Ireland, net fees fell by 41%* versus the same period last year. Market conditions remained difficult across our private sector permanent and temporary placement businesses. However, we did see the early signs of stability in demand across a number of these markets during the quarter. We are seeing increasingly tough markets in our public sector business and fees decreased by 11%* this period. During the quarter headcount was reduced by 4% and we have continued to drive efficiency by consolidating operations in some locations, resulting in the closure of nine offices, which reduces the number of offices in the United Kingdom & Ireland to 203.

Asia Pacific

In Asia Pacific, net fees decreased by 45%*. Conditions in the private sector permanent and temporary placement markets continued to be difficult but demand remained stable in most sectors and regions across the quarter. Market conditions deteriorated in our public sector business with net fees declining by 16%* versus the same period last year. Headcount was reduced by 5% during the quarter.

Continental Europe & Rest of World ('RoW')

In Continental Europe & RoW, net fees decreased by 32%*. Our German business, which is primarily focused on the IT contracting market, experienced a 19%* reduction in net fees as market conditions continued to deteriorate. In our other major countries in the region, which are principally focused on the permanent placement markets, net fees fell by 42%* overall. Headcount was reduced by 8% during the quarter with most of this reduction taking place at the beginning of the period.

Cash flow and balance sheet

Cash flow in the quarter was again strong although the Group returned to a modest net debt position following the repayment of the one-time £20 million cash inflow which resulted from the withdrawal of the staff hire concession and which was disclosed in the preliminary results.

OFT investigation

On 30 September 2009, The Office of Fair Trading ('OFT') issued its decision finding that Hays' Construction & Property business in the UK had breached competition law in the period October 2004 to November 2005. Hays has co-operated fully with the OFT in its investigation under the leniency regime and has been fined £30.4 million. The Group will be taking an exceptional charge in this financial year in the region of £25 million. Whilst Hays take the findings of the OFT's investigation seriously, we believe that the level of the fine is arbitrary and wholly disproportionate with the activities to which it relates, Hays' involvement in those activities and the way in which the OFT has dealt with other cases in the past. The Group intends to appeal against this decision.

Current Trading

The specialist recruitment markets continue to be very challenging. As we said at our preliminary results, we are seeing early signs of stability in the United Kingdom and broader signs of stability in Asia Pacific, although at present no indications of recovery in either market. The Continental Europe markets, which entered into the downturn later than other regions, are still experiencing deteriorating conditions although the rate of decline has moderated. Whilst the indications are that this year will be another tough year for our industry, the downturn presents opportunities for market leading companies like Hays to gain share and we will continue to pursue those opportunities and invest in our business accordingly.

* LFL is like-for-like growth, which represents organic growth at constant currency.

Enquiries

Hays plc		
Paul Venables	Finance Director	+ 44 (0) 20 7383 2266
James Hilton	Investor Relations	+ 44 (0) 20 7383 2266
Maitland		
Neil Bennett		+ 44 (0) 20 7379 5151
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 8 October 2009. The dial-in details are as follows:

Dial-in number	+44 (0) 20 7906 8557
Password	hays

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

Replay dial-in number	+44 (0) 20 7075 6589
Access code	249047#

Reporting calendar

Trading statement for quarter ending 31 December 2009	7 January 2010
Half Year Report for 6 months ending 31 December 2009	25 February 2010
Interim management statement for quarter ending 31 March 2010	8 April 2010
Trading statement for quarter ending 30 June 2010	8 July 2010

Note to editors

Hays plc is the leading global specialist recruitment group. It is market leader in the UK and Australia, and one of the market leaders in Continental Europe. As at 30 June 2009, the Group employed 6,933 staff operating from 345 offices in 28 countries across 17 specialisms. For the year ended 30 June 2009:

- the Group had revenues of £2.4 billion, net fees of £670.8 million and operating profit of £158.0 million;
- the Group placed around 50,000 candidates into permanent jobs and around 270,000 people into temporary assignments;
- the temporary placement business represented 56% of net fees and the permanent placement business represented 44% of net fees.

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 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. 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.