

INTERIM MANAGEMENT STATEMENT QUARTER ENDED 30 SEPTEMBER 2010

7 October 2010

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Financial summary

Growth in net fees for the quarter ended 30 September 2010 (Q1) <i>(versus the same period last year)</i>	growth	
	actual	LFL*
By region		
Asia Pacific	59%	39%
Continental Europe & Rest of World	24%	27%
United Kingdom & Ireland	1%	1%
Total	21%	18%
By segment		
Temporary	12%	9%
Permanent	34%	30%
Total	21%	18%

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

Highlights

- Group net fee growth of 18%* versus prior year, driven by strong performances in Asia Pacific and Continental Europe & Rest of World divisions
- Strong and broad based recovery with 17 countries achieving net fee growth in excess of 25%*
- Continued stability in the UK with 23% growth in private sector markets offsetting tough conditions in parts of the public sector
- International consultant headcount increased by 6% during the quarter

Commenting on trading for the quarter ended 30 September 2010, Alistair Cox, Chief Executive of Hays plc, said:

“This quarter we have seen strong and broad based growth across most of our markets, with net fees from our International business growing by a third* versus last year. The outlook remains good across 90% of our markets and we are continuing to invest in headcount across Asia Pacific, Continental Europe and South America.

Our international diversification is delivering clear benefits with 60% of the Group’s net fees now generated outside the UK. Our global reach, combined with the investments we have made in the business throughout the downturn, place us in a strong position to capitalise on the significant growth opportunities in the professional recruitment markets across the world.”

Group

In the quarter ended 30 September 2010, Hays, the leading global professional recruitment group, increased net fees by 21% (18% on a like-for-like basis*) versus the same period last year. Net fees from the temporary placement business increased by 9%* and net fees from the permanent placement business increased by 30%* as we saw continued strong improvement across nearly all of our markets.

On a sequential basis, total Group net fees increased by 5%* against the previous quarter. This growth reflects improved underlying trends and the benefit of four additional working days compared to the previous quarter, partially offset by the traditionally quieter summer months of July and August, particularly in our businesses in Continental Europe. The Group's underlying temporary placement margin** remained stable and in line with the previous quarter. The Group's consultant headcount was increased by 4% during the quarter, driven by ongoing investment in Australia, Asia, Continental Europe and South America. New offices were opened in Campinas in Brazil and in Suzhou in China.

Overall, the Group's performance in the quarter has been in line with the Board's expectations.

Asia Pacific

In Asia Pacific we recorded net fee growth of 39%* versus prior year, with 12%* sequential net fee growth against the previous quarter. In our market-leading Australia & New Zealand business, we recorded net fee growth in our permanent placement business of 60%*, with temporary placement net fees up 19%* versus prior year. Our performance in Asia, which accounts for 14% of the division's net fees, was again very strong with the region achieving growth of 76%* against prior year.

Consultant headcount was increased by 9% during the quarter, with headcount up 19% 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 27%* versus prior year, with net fees flat against the previous quarter with improving underlying trends offsetting the traditionally quieter summer period. Our German business had another strong quarter with net fees increasing 26%* versus prior year. Here, our market-leading IT Contracting business saw contractor numbers reach pre-downturn levels and we have seen increasing momentum across our temporary and permanent placement businesses in our other specialisms. Most other countries in the division have continued to see improving market conditions, led by strong performances in Brazil, Italy, Portugal, Austria and Poland which each achieved net fee growth in excess of 35%* versus prior year.

Consultant headcount was increased by 4% during the quarter and we are continuing to add heads across the division.

United Kingdom & Ireland

In the United Kingdom & Ireland, we have again seen stable net fee trends with net fees increasing by 1% versus prior year and with quarter-on-quarter net fees increasing by 4%. We achieved strong growth in the private sector business, which increased by 23% against prior year, driven by strong performances in our Accountancy & Finance, Pharma, Corporate Accounts and City-related businesses. Our public sector business, which represents 26% of the division's net fees, decreased by 34% versus prior year as public sector markets continue to weaken.

Consultant headcount was increased by 3% in the quarter, with modest investment in the private sector partially offset by reductions in the public sector.

During the quarter, the Group announced that Royston Hoggarth has succeeded Tim Cook as United Kingdom & Ireland Managing Director. Before joining Hays, Royston was Chief Executive for BT PLC's Global Services UK. Tim Cook, after successfully leading the United Kingdom & Ireland business through the recession and overseeing the implementation of the new front office and back office systems, has now taken on the role of Group Head of Business Innovation.

Cash flow and balance sheet

The Group continued to deliver a strong cash flow performance. Net debt increased modestly to around £100 million (30 June 2010: £77.2 million) at the end of the period due to the phasing of cash flows. As previously guided we expect this to increase further in the next quarter following the payment of the final dividend in November.

* 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 Martin Abell of Hays plc will conduct a conference call for analysts and investors at 8:00am United Kingdom time on Thursday 7 October 2010. The dial-in details are as follows:

Dial-in number	+44 (0) 20 7906 8535
Password	hays

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

Replay dial-in number	+44 (0) 20 3364 5943
Access code	276155#

Reporting calendar

Trading Update for quarter ending 31 December 2010	6 January 2011
Half Year Report for 6 months ending 31 December 2010	28 February 2011
Interim Management Statement for quarter ending 31 March 2011	7 April 2011
Trading Update for quarter ending 30 June 2011	7 July 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 30 June 2010, the Group employed 6,845 staff operating from 270 offices in 28 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, the Czech Republic, Denmark, France, Germany, Hong Kong, Hungary, India, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Poland, Portugal, Russia, Singapore, Spain, Sweden, Switzerland, UAE 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.