

# INTERIM MANAGEMENT STATEMENT FOR QUARTER ENDED 31 MARCH 2010

8 April 2010

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LEGAL/OIL & GAS

## Financial summary

Growth in net fees for the quarter ended 31 March 2010 (Q3)  
(versus the same period last year)

	growth	
	actual	LFL*
By region		
Asia Pacific	23%	<b>3%</b>
Continental Europe & Rest of World	(2)%	<b>(7)%</b>
United Kingdom & Ireland	(18)%	<b>(18)%</b>
<b>Total</b>	<b>(5)%</b>	<b>(10)%</b>
By segment		
Temporary	(8)%	<b>(12)%</b>
Permanent	(1)%	<b>(6)%</b>
<b>Total</b>	<b>(5)%</b>	<b>(10)%</b>

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

## Highlights

- 2% sequential growth in Group net fees versus the previous quarter, led by 7% sequential net fee growth in Asia Pacific
- Modest sequential net fee growth in Continental Europe & RoW with trading in Germany improving through the quarter
- Continued stability in the UK with growth in the private sector offset by reduced demand in the public sector
- International business now represents 57% of Group net fees
- Consultant headcount up 2% with selective investment in Asia, Australia, Germany and Brazil

Commenting on trading for the quarter ended 31 March 2010, Alistair Cox, Chief Executive of Hays plc, said:

“We have continued to see progress in most of our markets, although the dynamics vary by region. In Asia Pacific, we have seen a third consecutive quarter of improving trends in Australia and we are seeing a broad-based recovery across the other Asian countries. In Continental Europe & Rest of World, we are seeing strong growth in Brazil, the early signs of recovery in Germany and broad stability across most other countries except Spain and the UAE, which continued to weaken. In the UK, we are seeing sequential growth in the private sector offset by reductions in the public sector.

Where markets are recovering, we are now increasing our capacity and selectively recruiting to meet growing demand. Over the course of the recession we have invested in our technology platforms, marketing and training programs and these investments are well advanced and are now delivering results, just as a number of our markets are showing encouraging trends. Equally, we have maintained our strong cash flow performance and dividend throughout the downturn and are positioned better than ever to capitalise on cyclical and structural growth in each of our markets as they recover over time.”

## Group

In the quarter ended 31 March 2010, Hays, the leading global specialist recruitment group, saw a decrease in net fees of 5% (10% on a like-for-like basis\*) versus the same period last year. Net fees from the temporary placement business decreased by 12%\* and net fees from the permanent placement business decreased by 6%\*. Net fees in our private sector business were down 8%\*, with net fees in our public sector business down 17%\*, the public sector accounting for 23% of total Group net fees in the quarter.

On a sequential basis, total Group net fees increased by 2% versus the previous quarter, there was a modest quarter-on-quarter decline in the underlying temporary placement margin\*\* and headcount increased by 2% across the business, with investment in parts of our international business partially offset by selective reductions in the United Kingdom.

## Asia Pacific

In Asia Pacific we recorded 7% sequential net fee growth versus the previous quarter, being the third consecutive quarter of growth. We continue to take advantage of improving market trends in our market leading Australia & New Zealand business, as growth in demand in private sector business more than offset the decrease in our public sector business. Our performance in Asia was again strong with many countries now performing at pre-downturn levels. Consultant headcount was increased by 10% during the quarter, with headcount up 25% in Asia, as we continue to invest to ensure we capitalise on the improving market conditions we are seeing in all countries across the division.

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

In Continental Europe & RoW we recorded 3% sequential net fee growth versus the previous quarter. Our German business, which is primarily focused on the IT contracting market, saw good levels of contractor re-engagement post-Christmas and modest sequential growth through the quarter. In our Brazilian business we continued to achieve strong growth as market conditions improved. Our businesses in Spain and the UAE continued to weaken due to the uncertain economic outlook in these markets, whilst the sequential net fee trends in the remaining businesses, principally in permanent placement markets, remained broadly flat this quarter. Consultant headcount increased by 4% during the quarter, predominantly in Germany and Brazil.

## United Kingdom & Ireland

In the United Kingdom & Ireland quarter-on-quarter net fees remained broadly flat, with modest sequential growth in demand in the private sector business offset by continuing weakness in the public sector, particularly in administrative and other non-front line placements. Overall the public sector declined 19% versus the same period last year. In addition, the unprecedented adverse weather conditions at the start of the period resulted in a number of lost temporary placement days. Consultant headcount was down 1% in the quarter, principally in our public sector Construction & Property business.

## Cash flow and balance sheet

The Group continued to deliver a solid cash flow performance, although net debt increased to c.£80m (December 2009: £38.4m) at the end of the period. This was due to the normal phasing of cash outflows together with a modest increase in working capital as trading improved through the quarter.

## Investor day: 'Returning to growth'

We will be holding an Investor Day in London on 29 April 2010. Management will be making a series of presentations focusing on the investments we are making in the business, particularly in the areas of technology and marketing, plans to strengthen our business in the UK and our strategy to deliver industry leading growth in the International markets.

\* 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 9:00am United Kingdom time on Thursday 8 April 2010. 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 3364 5943
Access code	264195#

## Reporting calendar

Investor Day	29 April 2010
Trading Update for quarter ending 30 June 2010	8 July 2010
Preliminary results for the year ending 30 June 2010	2 September 2010
Interim Management Statement for quarter ending 30 September 2010	7 October 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 31 December 2009, the Group employed 6,644 staff operating from 325 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;
- 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 Trading Update shall exclude any liability under applicable laws that cannot be excluded in accordance with such laws.