

TRADING UPDATE FOR QUARTER ENDED 30 JUNE 2010

8 July 2010

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Financial summary

Growth in net fees for the quarter ended 30 June 2010 (Q4)
(versus the same period last year)

	growth	
	actual	LFL*
By region		
Asia Pacific	53%	28%
Continental Europe & Rest of World	21%	16%
United Kingdom & Ireland	(6)%	(6)%
Total	14%	8%
By segment		
Temporary	2%	(3)%
Permanent	33%	26%
Total	14%	8%

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

Highlights

- Return to year on year growth in Group net fees driven by the International business
- 8%* sequential growth versus the previous quarter with strong recovery in Asia Pacific and improving trends in Continental Europe, particularly Germany
- Continued stability in the UK with growth in the private sector offset by reduced demand in the public sector
- International now represents 59% of Group net fees
- Consultant headcount added in Australia, Asia, Germany and Brazil

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

“This has been an encouraging quarter which has seen us return to year on year growth for the first time in two years. We have capitalised on the strong market recovery across Asia Pacific and improving trends in most of our other international markets, particularly in Germany and Brazil. With nearly 60% of Group net fees now generated outside the UK, we are well positioned to benefit from both the cyclical and structural growth in the international specialist recruitment markets.

In the UK, as expected, we have seen continuing weakness in certain parts of the public sector, which collectively represent less than 10% of Group net fees. This has been offset by growth in the private sector.

Whilst we remain mindful of the risks to the economic recovery in many of the countries in which we operate, the outlook in our markets continues to improve. The investments we have made during the recession in technology, marketing, and training, combined with our continued international diversification, mean that Hays is returning to growth with a stronger, broader based and more efficient business than ever before.”

Group

In the quarter ended 30 June 2010, Hays, the leading global specialist recruitment Group, increased net fees by 14% (8% on a like-for-like basis*) versus the same period last year. Net fees from the permanent placement business increased by 26%* but this was partially offset by a 3%* decrease in net fees from our temporary placement business due to its higher weighting to the United Kingdom & Ireland public sector market.

On a sequential basis, total Group net fees increased by 8%* versus the previous quarter. The underlying temporary placement margin** remained broadly flat through the quarter. The Group's consultant headcount increased by 1% during the quarter with ongoing investment in Australia, Asia, Germany and Brazil partially offset by some reductions in the United Kingdom & Ireland.

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

Asia Pacific

In Asia Pacific we recorded 13%* sequential net fee growth versus the previous quarter, being the fourth consecutive quarter of growth, with net fees increasing by 28%* versus prior year. In our market leading Australian business we continued to capitalise on improving market conditions across all regions and sectors, particularly in our permanent placement business which achieved net fee growth of 59%* versus prior year. Our temporary placement business is recovering at a slower rate, recording an increase in net fees of 3%* versus prior year. In Asia, representing 14% of divisional net fees, we more than doubled net fees versus prior year with Japan, China and Singapore achieving all-time record fee months during the quarter. All countries in Asia are now performing at above pre-downturn levels.

Overall consultant headcount in the division was increased by 10% during the quarter. This marks a 22% increase since December and we will continue to invest as markets improve.

Continental Europe & Rest of World ('RoW')

In Continental Europe & RoW we recorded 12%* sequential net fee growth versus the previous quarter, with net fees increasing by 16%* versus prior year. Our German business achieved 17%* sequential net fee growth versus the previous quarter. Our Brazilian, Portuguese and Hungarian businesses each achieved all-time record fee months during the quarter whilst trends continued to improve in most of our other businesses. 11% of the division's net fees are based in the Southern and Eastern European countries and to date these markets have not been impacted by the sovereign debt issues.

Consultant headcount was flat during the quarter, with investment in Germany and Brazil offset by reductions in UAE and Spain.

United Kingdom & Ireland

In the United Kingdom & Ireland net fees remained broadly flat versus the previous quarter and decreased by 6% versus prior year. In the private sector, we achieved 10% sequential net fee growth versus the previous quarter, with strong growth in Pharma, City-related recruitment and Corporate Accounts. In the public sector, demand for frontline services, like Education and Healthcare, was stable during the period. However demand for administrative and other non-front line services continued to

weaken across the quarter. Public sector net fees in total, which represent a third of the division's net fees, decreased by 14% sequentially versus the previous quarter. Whilst we continue to redirect consultants from the public sector to the private sector, the overall consultant headcount decreased by 2% during the quarter.

We have made good progress with our back office automation project and expect to complete this project in the current quarter.

Cash flow and balance sheet

The Group delivered another excellent cash flow performance during the quarter with net debt remaining at around £80 million at the end of June (31 March 2010: £80 million). Significant cash outflows during the quarter included the final instalment paid of £17.9m on the James Harvard acquisition following the very strong performance of this business and £25.4m paid in respect of the interim dividend. These cash outflows were offset by continued strong management of working capital.

The Group completed the re-financing of its revolving credit banking facility on 1 July 2010. The new facility of £300m provides considerable headroom versus current and future expected levels of Group debt.

Exceptional item

The Group incurred a non-recurring restructuring cost of £14 million at the end of the quarter. This principally relates to impending back office staff redundancy costs and non-cash asset write-downs following the near completion of the United Kingdom back-office automation project. The Group will recognise this cost as an exceptional item in its results for the year ended 30 June 2010.

* 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
Martin Abell/James Hilton	Investor Relations	+ 44 (0) 20 7383 2266
Maitland		
Neil Bennett		+ 44 (0) 20 7379 5151
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 July 2010. The dial-in details are as follows:

Dial-in number	+44 (0) 20 7075 1520
Access code	524099#

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	270680#

Reporting calendar

Preliminary results for the year ending 30 June 2010	2 September 2010
Interim Management Statement for quarter ending 30 September 2010	7 October 2010
Trading Update for quarter ending 31 December 2010	6 January 2011
Interim results for the six months ending 31 December 2010	28 February 2011

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 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. 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 Interim Management Statement shall be governed by English Law. Nothing in Trading Update shall exclude any liability under applicable laws that cannot be excluded in accordance with such laws.