9 July 2009

Trading update

Fourth quarter ended 30 June 2009

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

“This has been another tough quarter with continued reductions in demand across all the 28 countries in which we operate. However, throughout this year our business has demonstrated that it has the ability to withstand exceptionally difficult economic conditions and still deliver good levels of profitability and strong cash flow performance. Although we have rapidly adapted our cost base to address reductions in demand levels, we have also been able to continue to invest in the business.

During the second half of the year we have continued to invest selectively in our international network, starting operations in India and Russia. We have made good progress rolling out our IT platforms across a number of our businesses, giving us state of the art systems with which to service our clients and candidates. We have also achieved a number of major client wins in both the public and private sectors which increase our share of their recruitment spend. All of these investments are designed to ensure we build market leadership, both during the current downturn as well as in the next cycle of growth.

Currently, demand continues to weaken in both our temporary and permanent placement businesses. The experience of our management teams across the world, our leading market positions, the balance of permanent and temporary placement business, the strength of the balance sheet, the early actions we have taken to reduce the cost base and our strategy of continuing to invest selectively, position us well both to deal with the short term market conditions and to capitalise on the long term opportunities.”

Group

Growth in net fees for the quarter ended 30 June 2009 *(versus the same period last year)*	Growth	
	Actual	**LFL***
By region		
United Kingdom & Ireland	(45)%	**(45)%**
Asia Pacific	(43)%	**(46)%**
Continental Europe & Rest of World	(13)%	**(25)%**
Total	(37)%	**(40)%**
By segment		
Permanent	(54)%	**(57)%**
Temporary	(20)%	**(23)%**
Total	(37)%	**(40)%**

* LFL is like-for-like growth, which represents organic growth at constant currency. No adjustment is made for the two less trading days in the quarter ended 30 June 2009 versus the same period last year which resulted from Easter being in Q4 this year (Q3 last year). The Easter impact is estimated to have adversely impacted the net fee growth rate by around 2% in the quarter.

Trading update for fourth quarter ended 30 June 2009

In the quarter ended 30 June 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. The difference between the headline and like-for-like growth rate is due to the more favourable Euro and Australian dollar exchange rates. During the quarter we reduced headcount by 8%, with reductions across all regions. Over the financial year, we have reduced headcount by a total of 26%.

Net fees from the permanent placement business decreased by 57%* and net fees from the temporary placement business decreased by 23%*. In June, Group net fees were around 42%* below the same period last year.

United Kingdom & Ireland

In the United Kingdom & Ireland, net fees fell by 45%* versus the same period last year as market conditions deteriorated further across the private sector, particularly in the permanent placement market. Our public sector business continued to be relatively resilient, although fees decreased by 3% versus the same period last year.

We have continued to take action to address the reduction in demand levels. During the quarter, we reduced the headcount in the United Kingdom & Ireland business by a further 5% which brings the total reduction to 26% over the financial year. We have sought to drive efficiency by consolidating operations in some locations resulting in the closure of 15 offices during the quarter which reduces our number of offices in the United Kingdom & Ireland to 212.

Asia Pacific

In Asia Pacific, net fees decreased by 46%*. Conditions in the permanent placement market were difficult in nearly all sectors and regions. Demand in the temporary placement market was relatively stable during the quarter, although at levels below last year. Demand in the public sector continues to be more resilient than the private sector although it is now falling.

We reduced headcount by 12% during the quarter which brings the total headcount reduction in the region to 36% during the financial year.

Continental Europe & Rest of World (‘RoW’)

In Continental Europe & RoW, net fees decreased by 25%*. Our German business, which is primarily focused on the IT contracting market, experienced a 7%* reduction in net fees as market conditions softened. In all our other major countries in the region, which are principally focused on the permanent placement markets, net fees fell by 37%* overall. Headcount was reduced by 12% during the quarter with reductions across all countries bringing the total reduction over the financial year to 18% (25% excluding Germany).

As part of our strategy of selectively investing, we started operations in Russia where we see excellent long term opportunities for Hays. Our business in India, which we started in the previous quarter, is making good progress.

Cash flow and balance sheet

We achieved excellent cash flow from operations in the quarter benefiting from our continued focus on cash management. The balance sheet remains strong with net debt significantly below the level at 31 December 2008.

Current Trading

Currently, demand continues to weaken in both our temporary and permanent placement businesses. The experience of our management teams across the world, our leading market positions, the balance of permanent and temporary placement business, the strength of the balance sheet, the early actions we have taken to reduce the cost base and our strategy of continuing to invest selectively, position us well both to deal with the short term market conditions and to capitalise on the long term opportunities.

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Enquiries

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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 9 July 2009. The dial-in details are as follows:

Dial-in number	+44 (0) 1452 561 263
Password	Hays

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

Replay dial-in number	+44 (0) 1452 550 000
Access code	17405946#

Reporting calendar

Preliminary results for 12 months ended 30 June 2009	3 September 2009
Interim management statement for quarter ending 30 September 2009	8 October 2009
Trading statement for quarter ending 31 December 2009	7 January 2010
Half year report for 6 months ending 31 December 2009	25 February 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 2008, the Group employed 8,294 staff operating from 380 offices in 27 countries across 17 specialisms. For the year ended 30 June 2008:

– the Group had revenues of £2.5 billion, net fees of £786.8 million and operating profit before exceptional items of £253.8 million;

– the Group placed around 80,000 candidates into permanent jobs and around 300,000 people into temporary assignments;

– the temporary placement business represented 49% of net fees and the permanent placement business represented 51% 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.