

Financial summary

Growth in net fees for the quarter ended 30 June 2012 (Q4)
(versus the same period last year)

	Growth	
	Actual	LFL*
By region		
Asia Pacific	0%	1%
Continental Europe & Rest of World	5%	14%
United Kingdom & Ireland	(10)%	(9)%
Total	(1)%	2%
By segment		
Temporary	5%	8%
Permanent	(8)%	(5)%
Total	(1)%	2%

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

Highlights

- Solid Group net fee growth of 2%* versus prior year
- International business delivered good growth of 8%*; representing 71% of net fees in the quarter
- Strong growth of 14%* in Continental Europe & Rest of World, driven by continued excellent performance in Germany which grew by 25%*
- Growth of 1%* in Asia Pacific, with 2%* growth in Australia & New Zealand. Net fees decreased by 8%* in the rest of Asia
- Net fees decreased 9% in the UK & Ireland. Private sector net fees declined 14%, public sector net fees increased by 6%
- Resilient profit performance in the second half as a result of continued focus on cost control
- Net debt decreased to c.£135m, due to strong working capital management
- Consultant headcount was flat in the quarter, and ended June up 2% year-on-year

Commenting on the Group's performance in the fourth quarter, Alistair Cox, Chief Executive, said:

"Trading conditions in many markets became increasingly challenging through the quarter as concern about the global economy reduced confidence amongst our clients and candidates, particularly in the permanent recruitment markets. In that context, I am pleased that we delivered solid growth in Group net fees, driven by growth of 8%* in our International business, where 13 countries grew by more than 10%*, including our market-leading German business. The UK remained very difficult, particularly in the Banking and City-related specialisms.

Looking ahead, I expect overall conditions to remain challenging but growth opportunities do still exist. We've deliberately built a business which is well diversified by country and specialism and has a healthy balance of temp, interim and permanent revenues. Each of these markets is different, and we will continue to react quickly to changing conditions in each, investing selectively where we see growth and defending profitability and cashflow where markets are more difficult."

Group

In the quarter ended 30 June 2012, Hays, the leading global professional recruitment group, increased net fees by 2% on a like-for-like basis* against prior year (net fees declined by 1% on a headline basis). Net fees in the temporary placement business, which accounts for 57% of Group net fees, grew by 8%*. Net fees in the permanent placement business declined by 5%*, as heightened macro-economic concern further impacted confidence amongst the Group's candidates and clients, most notably in our Banking related specialisms around the world.

The exit rate for the quarter was flat* on the same period last year, as market conditions became increasingly challenging as the quarter progressed.

The Group's underlying temporary placement margin** remained broadly stable and in line with the previous quarter.

The Group's consultant headcount was flat during the quarter, and ended June up 2% year-on-year. We remain selective regarding areas of investment around the Group, responding to opportunities which exist whilst at the same time defending Group profitability.

As a result of this selective investment approach, and continued focus on tight cost control, the profitability of the Group in the second half of the financial year has been resilient.

Asia Pacific

In Asia Pacific, which represents c.30% of Group net fees, we recorded net fee growth of 1%*. In our market-leading Australia & New Zealand business, we recorded net fee growth of 2%*, within which our temporary placement business performed well, increasing by 13%*, but our permanent placement business declined by 12%*. We saw further strong growth in Western Australia driven by Resources & Mining and associated support specialisms, but this was largely offset by increasingly tough market conditions in New South Wales and Victoria, particularly in our permanent placement businesses where net fees declined.

In Asia, which accounted for 14% of the division, net fees declined by 8%*. In Japan, we saw solid growth of 12%*. Elsewhere in the division, market conditions remained difficult throughout the quarter, particularly in Hong Kong and Singapore which have a significant weighting towards Banking and Financial Services.

Consultant headcount in the Asia Pacific division was down 1% in the quarter, and ended June up 5% year-on-year. We opened Malaysia, our 7th Asia Pacific country of operation, in June.

Continental Europe & Rest of World ('RoW')

In Continental Europe & RoW, our largest division, which represents circa 40% of Group net fees, we recorded strong net fee growth of 14%*. The performance of our German business was again excellent, growing net fees by 25%*, and growth was broadly based across all sectors and each of our permanent, contracting and temporary placement businesses.

Net fee growth in the rest of the division, which is primarily a permanent placement business, slowed to 2%* as activity was significantly impacted by the Eurozone crisis and more general macro-economic uncertainty. Market conditions across the division were mixed however, and whilst 10 countries saw net fees decline in the quarter, a further 10 countries increased net fees by 10%* or more, including Belgium, Brazil, Canada and Russia.

Consultant headcount in the Continental Europe & RoW division grew by 1% during the quarter and ended June up 15% year-on-year.

United Kingdom & Ireland

In the United Kingdom & Ireland, net fees decreased by 9%. In our private sector business, net fees were down 14% due to increasingly difficult conditions across the market, but especially in our Banking and City-related specialisms. Elsewhere in our private sector business our IT, Life Sciences and Energy businesses demonstrated relative resilience. In our public sector business net fees were up 6% year on year, and this business continues to perform in line with our expectations.

We continued to make good progress on our cost reduction plans through the quarter, and therefore expect the financial performance of the UK business in the second half to broadly reflect that of the first half.

Consultant headcount in the United Kingdom & Ireland division decreased 1% in the quarter and ended June down 10% year-on-year.

Cash flow and balance sheet

As a result of strong working capital management, net debt decreased to around £135 million (31 March 2012: £160 million) despite the payment of the £12m interim dividend in April.

* 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	Group Finance Director	+ 44 (0) 20 7383 2266
David Walker	Head of Investor Relations	+ 44 (0) 20 7383 2266
Maitland		
Liz Morley		
Brian Hudspith		+ 44 (0) 20 7379 5151

Conference call

Paul Venables and David Walker of Hays plc will conduct a conference call for analysts and investors at 9:00am United Kingdom time on 11 July 2012. The dial-in details are as follows:

Dial-in number	+44 (0) 20 3140 0668
Password	812382#

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

Replay dial-in number	+44 (0) 20 3140 0698
Access code	385529#

Reporting calendar

Preliminary Results for the year ended 30 June 2012	30 August 2012
Interim Management Statement for the quarter ending 30 September 2012	8 October 2012

Note to editors

Hays plc (the "Group") is a 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 and Latin America. The Group operates across the private and public sectors, dealing in permanent positions, contract roles and temporary assignments. As at 30 June 2011, the Group employed 7,620 staff operating from 255 offices in 31 countries across 20 specialisms. For the year ended 30 June 2011:

- the Group reported net fees of £672 million and operating profit of £114 million;
- the Group placed around 60,000 candidates into permanent jobs and around 190,000 people into temporary assignments;
- 31% of Group net fees were generated in Asia Pacific, 33% in Continental Europe & RoW (CERoW) and 36% in the United Kingdom & Ireland;
- the temporary placement business represented 54% of net fees and the permanent placement business represented 46% of net fees;

Hays operates in the following countries: Australia, Austria, Belgium, Brazil, Canada, Colombia, Chile, China, the Czech Republic, Denmark, France, Germany, Hong Kong, Hungary, India, Ireland, Italy, Japan, Luxembourg, Malaysia, Mexico, the Netherlands, New Zealand, Poland, Portugal, Russia, Singapore, Spain, Sweden, Switzerland, UAE, the United Kingdom and the USA.

Cautionary statement

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