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INTERIM MANAGEMENT STATEMENT QUARTER ENDED 30 SEPTEMBER 2012

9 October 2012

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Financial summary

Growth in net fees for the quarter ended 30 September 2012 (Q1) *(versus the same period last year)*	Growth	
	Actual	**LFL[1]**
By region		
Asia Pacific	(8)%	**(9)%**
Continental Europe & Rest of World	5%	**16%**
United Kingdom & Ireland	(9)%	**(9)%**
Total	(4)%	**(1)%**
By segment		
Temporary	2%	**6%**
Permanent	(11)%	**(9)%**
Total	(4)%	**(1)%**

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

Highlights

- Markets overall stable through the quarter. Group net fees decreased 1%[1] versus prior year
- International business delivered growth of 3%[1] and represented 70% of net fees in the quarter
- Strong growth of 16%[1] in Continental Europe & Rest of World, driven by continued excellent performance in Germany which grew by 25%[1]
- Asia Pacific net fees decreased 9%[1]. Australia & New Zealand was broadly stable versus the previous quarter and decreased 9%[1] year-on-year against tougher comparatives; 6%[1] decrease in Asia
- Net fees decreased 9% in the UK & Ireland. Private sector decreased 14%, while public sector grew by 10%
- Continued selective investment approach and focussed cost control to maximise the financial performance of the Group
- Net debt ended the quarter at c.£140 million. Completed re-financing of a new 5 year, £300m revolving credit facility to October 2017
- Consultant headcount up 2% in the quarter, but ended September down 2% year-on-year

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

"Conditions through the quarter were stable overall, but remained multi-speed across various geographies and sectors. Several parts of the Group continued to deliver good growth with 15 countries delivering net fee growth of 10%[1] or more. Amongst these were Germany, which is operating at record levels, Brazil, Canada and Japan. In contrast certain markets, notably the UK, parts of Asia and Southern Europe were very difficult.

Looking ahead, we expect this multi-speed environment to continue and whilst overall conditions remain challenging, and some markets are very tough, opportunities for growth exist in many key parts of our business. We continue to invest selectively to fully capitalise on these growth opportunities, whilst focussing on controlling costs and driving productivity around the Group to maximise the bottom line."

Group

In the quarter ended 30 September 2012 net fees at Hays, the leading global professional recruitment group, decreased by 1% on a like-for-like basis[(1)] against prior year (net fees decreased by 4% on a headline basis). Net fees in the temporary placement business, which accounts for 58% of Group net fees, grew by 6%[(1)]. Net fees in the permanent placement business decreased by 9%[(1)].

The exit rate was in line with the performance through the quarter as a whole, as market conditions remain challenging but broadly stable.

Our underlying temporary placement margin[(2)] increased slightly due to favourable changes in business mix.

Consultant headcount was up 2% during the quarter but ended September down 2% year-on-year. We remain selective regarding areas of investment around the Group, investing where opportunities exist whilst at the same time focussing on tight cost control to maximise Group financial performance.

Exchange rate movements had a negative impact on the results overall, reducing net fees by 3%, primarily due to depreciation in the rate of exchange of the Euro. Fluctuations in exchange rates remain a significant sensitivity for the Group.

Asia Pacific

In Asia Pacific, which represents 32% of Group net fees, net fees decreased by 9%[(1)].

In our market-leading Australia & New Zealand business, net fees decreased by 9%[(1)] within which our temporary placement business decreased by 1%[(1)] and our permanent placement business decreased by 21%[(1)]. The business was broadly sequentially stable overall, but faced tougher comparatives in the quarter notably in the permanent placement market. The Australian market remains dual track, although our Resource and Mining related business started to weaken as the quarter progressed, especially in Queensland. Whilst we delivered good growth in Western Australia, Australian Capital Territory and New Zealand, this was more than offset by decreases in New South Wales, Victoria and Queensland.

In Asia, which accounted for 14% of the division, net fees decreased by 6%[(1)]. In Japan we recorded good growth of 10%[(1)], and elsewhere in the division market conditions remained challenging but stable.

Consultant headcount in the Asia Pacific division was down 2% in the quarter, and ended September down 4% year-on-year.

Continental Europe & Rest of World (‘RoW’)

In Continental Europe & RoW, our largest division, which represents 38% of Group net fees, we recorded further strong net fee growth of 16%[(1)]. The performance of our German business, which now represents 20% of Group net fees, was again excellent. Net fees increased 25%[(1)] to record levels, and growth was broad based across all sectors and each of our contracting, temporary and permanent placement businesses.

We delivered net fee growth of 7%[(1)] in the rest of the division, which is primarily a permanent placement business, where market conditions remained mixed and fragile overall. 12 countries delivered net fee growth of 10%[(1)] or more, and we delivered all-time record performances in Belgium and Brazil as well as strong growth in Canada and Russia. Activity elsewhere continues to be significantly impacted by macroeconomic conditions with 5 countries recording net fee declines in the quarter, and conditions in Southern Europe remaining particularly difficult.

Consultant headcount in the Continental Europe & RoW division grew by 7% during the quarter and ended September up 11% year-on-year.

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United Kingdom & Ireland

In the United Kingdom & Ireland, net fees decreased by 9%. In our private sector business, net fees decreased by 14% as market conditions remained very difficult overall, especially in our Banking and City-related and Construction & Property specialisms, but our Life Sciences, HR and Energy businesses delivered good growth. In our public sector business net fees grew by 10%, driven predominantly by job churn in the permanent business. The public sector business continues to perform in line with our expectations.

The cost reduction measures we implemented in the previous financial year and the further actions we continue to take have defended the financial performance of the division.

Consultant headcount in the United Kingdom & Ireland division was flat in the quarter and ended September down 12% year-on-year.

Cash flow and balance sheet

In line with expectations, net debt increased to around £140 million (30 June 2012: £133 million) due primarily to the timing of tax payments.

We completed the re-financing of our £300 million revolving credit banking facility on 2 October 2012 at interest rates similar to the previous deal. The new 5 year facility provides considerable headroom versus current and future expected levels of Group debt. The covenants, which are unchanged on the Group's existing facility, require the Group's interest cover ratio to be at least 4:1 and its leverage ratio (net debt to EBITDA) to be no greater than 2.5:1. The Group has significant headroom within these covenants.

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

(2) 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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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 9 October 2012. The dial-in details are as follows:

Dial-in number	+44 (0) 20 3140 0668
Password	433008#

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	387269#

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Reporting calendar

Trading Update for the quarter ended 31 December 2012	10 January 2013
Interim Results for the six months ending 31 December 2012	28 February 2013
Interim Management statement for the quarter ending 31 March 2013	11 April 2013

Hays Group overview

Hays has 7,800 employees in 245 offices in 33 countries. In many of our global markets, the vast majority of professional and skilled recruitment is still done in-house, with minimal outsourcing to recruitment agencies. This presents substantial long-term structural growth opportunities and has been a key driver of the rapid diversification and internationalisation of the Group, with the International business representing 69% of the Group's net fees in FY2012, compared with around 15% just 10 years ago.

Our 5,013 consultants work in a broad range of sectors with no one sector specialism representing more than 26% of Group net fees. While Accountancy & Finance, Construction & Property and IT represented 64% of Group net fees in FY2012, our expertise across 20 professional and skilled recruitment specialisms gives us opportunities to rapidly develop newer markets by replicating these long-established, existing areas of expertise.

In addition to this international and sectoral diversification, in FY2012 the Group's net fees were generated 56% from temporary and 44% permanent placement markets, and we believe that this balance provides relative resilience to our business model in the current environment.

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.

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