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TRADING UPDATE
QUARTER ENDED 31 DECEMBER 2012

10 January 2013

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Financial summary

Growth in net fees for the quarter ended 31 December 2012 (Q2 FY13)

(versus the same period last year)	Growth	
	Actual	**LFL[1]**
By region		
Asia Pacific	(14)%	**(14)%**
Continental Europe & Rest of World	6%	**12%**
United Kingdom & Ireland	(3)%	**(3)%**
Total	(3)%	**(1)%**
By segment		
Temporary	(1)%	**1%**
Permanent	(7)%	**(5)%**
Total	(3)%	**(1)%**

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

Highlights

- Group net fees decreased 1%[1] versus prior year
- Strong growth of 12%[1] in Continental Europe & Rest of World, driven by continued strong performance in Germany which grew 14%[1]
- Asia Pacific net fees decreased 14%[1]. Australia & New Zealand decreased 15%[1] with a step-down in activity in the Resources & Mining business. Asia decreased 6%[1]
- Net fees decreased 3% in the UK & Ireland and were sequentially stable through the quarter. Private sector decreased 9%, public sector grew 15%
- Increasingly selective investment approach and focussed cost control through the quarter
- Consultant headcount was down 1% in the quarter and ended December down 3% year-on-year
- Net debt ended the quarter at c.£145 million, in line with expectations

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

"Whilst several markets around the world were fragile, the fact that we've built such a well-diversified and balanced business enabled us to deliver a solid result in the quarter. 12 countries around the Group delivered net fee growth of 10%[1] or more including Germany, which is operating at record levels, and key markets such as Brazil, Canada and Russia. Other markets remained tough, notably the UK, Southern Europe and Banking-related specialisms, and we saw a step-down in activity levels in our Australian Resources & Mining business.

The start to the New Year is always a key time and we are closely monitoring activity levels in all of our markets. Overall, we expect conditions to remain fragile but we continue to see opportunities for growth in several key parts of our business. We will invest accordingly to fully capitalise on these growth opportunities, while also controlling costs tightly and improving productivity across the Group in order to maximise profitability."

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Group

In the second quarter ended 31 December 2012 net fees decreased by 1% on a like-for-like basis[(1)] against prior year (net fees decreased by 3% on a headline basis). Net fees in the temporary placement business, which accounted for 59% of Group net fees, increased by 1% year-on-year[(1)] and the underlying temporary placement margin[(2)] was stable. Net fees in the permanent placement business decreased by 5%[(1)].

The exit rate of Group net fees for the quarter was approximately (3)%[(1)].

Consultant headcount was down 1% during the quarter and ended December down 3% year-on-year. We became increasingly selective as the quarter progressed regarding areas of investment around the Group and continued to focus on tight cost control to maximise Group financial performance.

Exchange rate movements reduced net fees by 2% in the quarter, 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 29% of Group net fees, net fees decreased by 14%[(1)].

In Australia & New Zealand net fees decreased by 15%[(1)] within which our temporary placement business decreased by 10%[(1)] and our permanent placement business decreased by 23%[(1)]. Overall market conditions in Australia became more challenging as the quarter progressed, especially in the permanent markets. In New South Wales and Victoria, which together account for 44% of our Australian business, conditions remained challenging but broadly sequentially stable. In our Resources & Mining business, we have seen a step-down in activity in Western Australia, and conditions in Queensland continued to be challenging. New Zealand continued to perform well, delivering net fee growth of 16%[(1)].

In Asia, which accounted for 15% of the division, net fees decreased by 6%[(1)]. In Japan net fees decreased by 10%[(1)] and elsewhere in the division market conditions remained challenging but stable.

As the quarter progressed, we took action to reduce consultant headcount in the division, which was down 6% in the quarter and ended December down 9% year-on-year.

Continental Europe & Rest of World ('RoW')

In Continental Europe & RoW, our largest division which represents 40% of Group net fees, we delivered further strong net fee growth of 12%[(1)]. The performance of our German business, which now represents 21% of Group net fees, was again strong. Net fees increased by 14%[(1)] to record levels, and growth continued to be broad based across all sectors and each of our contracting, temporary and permanent placement businesses.

We delivered net fee growth of 9%[(1)] in the rest of the division, which is primarily a permanent placement business, and where market conditions remained mixed and fragile overall. 10 countries delivered net fee growth of 10%[(1)] or more, including the key markets of Brazil, Canada and Russia. Activity elsewhere continues to be significantly impacted by adverse macro-economic conditions with 7 countries recording net fee declines in the quarter, and conditions in Southern Europe were particularly difficult.

Consultant headcount in the division grew by 2% in the quarter and ended December up 13% year-on-year.

United Kingdom & Ireland

In the United Kingdom & Ireland, net fees were sequentially stable through the quarter and decreased by 3% year-on-year. Within this, our temporary placement business was flat and our permanent placement business decreased by 9%. In our private sector business, net fees decreased by 9% as market conditions remained challenging overall, especially in our Banking and City-related and Construction & Property specialisms. Elsewhere, our Life Sciences and HR businesses were amongst those which delivered good growth. Our public sector business delivered net fee growth of 15% driven primarily by job churn in the permanent segment, and activity was notably strong in our Education and Healthcare businesses.

The range of cost reduction measures we implemented in the previous financial year combined with further actions through the first half of the current financial year have improved the financial performance of the division.

Consultant headcount in the division was down 3% in the quarter and ended December down 14% year-on-year.

Cash flow and balance sheet

Net debt ended December in line with expectations at around £145 million (30 September 2012: c.£140 million) following the payment in November of the Group's final dividend. We expect Group net debt to reduce in the second half of the financial year.

(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 10 January 2013. The dial-in details are as follows:

Dial-in number	+44 (0) 20 3139 4830
Password	38855690#

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

Replay dial-in number	+44 (0) 20 3426 2807
Access code	635453#

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Reporting calendar

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
Trading Update for the quarter ending 30 June 2013	11 July 2013
Preliminary Results for the year ending 30 June 2013	29 August 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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