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INTERIM MANAGEMENT STATEMENT QUARTER ENDED 31 MARCH 2013

11 April 2013

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Financial summary

Growth in net fees for the quarter ended 31 March 2013 (Q3 FY13)

(versus the same period last year)	Growth	
	Actual	**LFL[1]**
By region		
Asia Pacific	(15)%	**(14)%**
Continental Europe & Rest of World	5%	**4%**
United Kingdom & Ireland	0%	**0%**
Total	(3)%	**(3)%**
By segment		
Temporary	1%	**1%**
Permanent	(9)%	**(8)%**
Total	(3)%	**(3)%**

Highlights

- Temp fees resilient with an encouraging return to work across key markets; Perm markets remain fragile
- Solid 4%[1] growth in Continental Europe & Rest of World; markets remain fragile and mixed, although stable overall. Good growth of 7%[1] in Germany
- Net fees were flat in the UK & Ireland and we saw modest sequential growth through the quarter, driven by Temp. Private sector decreased 6%, public sector grew 17%
- Asia Pacific net fees decreased 14%[1]. Australia decreased 19%[1] but was sequentially stable through the quarter. Asia net fees increased 14%[1] although market conditions remained subdued
- Consultant headcount was up 1% in the quarter and flat year-on-year as we continued our selective investment approach
- We expect full year operating profit to be at the top of the current range of market estimates[2], based on an encouraging start to the second half in key Temp markets and our continued focus on cost control around the Group, as well as beneficial movements in key exchange rates

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

"We have delivered a resilient performance against an economic backdrop that continues to be mixed and fragile overall. The start to the second half in our key Temp and Contractor markets has been encouraging and although many Perm markets remain challenging, they are broadly stable. Our proven ability to react quickly to the world as it changes, investing in stronger markets while keeping firm control on costs around the Group, continues to yield benefit in terms of our financial performance.

Looking ahead, we expect conditions to remain fragile but mixed. Although several markets are likely to remain challenging, these sit alongside clear opportunities for growth. The diverse business we have built positions us well and we remain focussed on delivering long-term, sustainable growth while driving profits along the way."

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Group

In the third quarter ended 31 March 2013 net fees decreased by 3% on a like-for-like basis[1] against prior year (net fees decreased by 3% on a headline basis). Net fees in the Temp business, which accounted for 59% of Group net fees, increased 1% year-on-year[1] and the underlying temporary placement margin[3] was stable. Net fees in the Perm business decreased by 8%[1].

The exit rate of Group net fees for the quarter was broadly in line with the quarter as a whole.

Consultant headcount was up 1% during the quarter and flat year-on-year. We remained selective through the quarter regarding areas of investment and continued to focus on tight cost control to maximise Group financial performance.

Based on an encouraging start to the second half in key Temp markets and our continued focus on cost control around the Group, as well as beneficial movements in key exchange rates, we expect full year operating profit to be at the top of the current range of market estimates[2].

Asia Pacific

In Asia Pacific, which represents 28% of Group net fees, net fees decreased by 14%[1].

In Australia & New Zealand net fees decreased by 18%[1] within which our Temp business decreased by 12%[1] and our Perm business decreased by 26%[1]. Overall market conditions in Australia remained challenging but sequentially stable through the quarter. In New South Wales and Victoria, which together account for 48% of our Australian business, net fees were down 13%[1] and conditions remained particularly challenging in the Perm business. In Western Australia and Queensland, which together account for 34% of our Australian business, net fees decreased by 28%[1] primarily due to continued tough conditions in our Resources & Mining business. New Zealand delivered good net fee growth of 7%[1].

In Asia, which accounted for 15% of the division, net fees increased by 14%[1], mainly due to weaker comparatives. In Hong Kong, net fees increased over 100%[1] and in China net fees increased 15%[1], whereas in Japan net fees were flat[1]. Overall, market conditions remained subdued.

Consultant headcount in the division was up 1% in the quarter but down 9% year-on-year.

Continental Europe & Rest of World ('RoW')

In Continental Europe & RoW, our largest division which represents 41% of Group net fees, we delivered solid net fee growth of 4%[1]. In Germany, net fees increased by 7%[1] with strong performances in Accountancy & Finance, Construction & Property and Life Sciences and solid growth in IT and Engineering. As the quarter progressed we saw a slowdown in the rates of growth.

Net fees were flat[1] in the rest of the division, which is primarily a Perm business, and where market conditions remained mixed and fragile overall. Eight countries delivered net fee growth of 10%[1] or more, including the key markets of Canada and Russia. Activity elsewhere continues to be significantly impacted by adverse macro-economic conditions with 12 countries recording net fee declines in the quarter.

Consultant headcount in the division was down 1% in the quarter but up 9% year-on-year.

United Kingdom & Ireland

In the United Kingdom & Ireland, net fees were flat year-on-year with modest sequential growth through the quarter. Within this, our Temp business increased by 4%, our Perm business decreased by 7% and by region, we saw good growth in Yorkshire, the Home Counties, Scotland and the Midlands.

In our private sector business, net fees decreased by 6% as market conditions remained fragile overall, especially in our Banking and City-related specialisms. Elsewhere, our Construction & Property, Life Sciences and IT businesses were amongst those which delivered good growth. Our public sector business delivered net fee growth of 17%, driven primarily by job churn in the permanent segment, and activity was notably strong in our Education and Healthcare businesses.

Consultant headcount in the division was up 3% in the quarter but down 4% year-on-year.

Cash flow and balance sheet

Net debt ended March at £140 million (31 December 2012: £145.4 million). We expect Group net debt to continue to reduce in the fourth quarter.

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

(2) As of 10 April 2013 we understand the range of analysts' estimates for Operating Profit in the financial year ended June 2013 to be £112.3m to £122.5m.

(3) 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 11 April 2013. The dial-in details are as follows:

Dial-in number	+44 (0) 20 3139 4830
Password	28930095#

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	638181#

Reporting calendar

Trading Update for quarter ending 30 June 2013	11 July 2013
Preliminary Results for year ending 30 June 2013	29 August 2013
Interim Management Statement for quarter ending 30 September 2013	10 October 2013

Hays Group overview

Hays has 7,810 employees in 240 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 which presents substantial long-term structural growth opportunities. This has been a key driver of the rapid diversification and internationalisation of the Group, with the International business representing 70% of the Group's net fees as at 31 December 2012, compared with around 15% just 10 years ago.

Our 5,038 consultants work in a broad range of sectors with no sector specialism representing more than 25% of Group net fees. While Accountancy & Finance, Construction & Property and IT represent 64% of Group net fees, 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, the Group's net fees are generated 59% from temporary and 41% permanent placement markets, and we believe that this balance gives our business model relative resilience in the current environment.

This well diversified business model continues to be a key driver of the Group's financial performance.

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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