

HAYS Recruiting experts
worldwide

THE ULTIMATE PEOPLE BUSINESS

Hays plc Annual Report & Financial Statements 2018



Every day across our business,
c.11,000 people work with
clients and candidates in 33 countries
to power the world of work.

The balance, scale and diversity
of our platform provides unrivalled
breadth of expertise. It means we
can respond quickly to the needs
of our clients, enabling businesses,
their people and the communities
in which they operate to flourish.

We are Hays.
The ultimate people business.

Hays is powered by our people worldwide.
We focus on hiring, training and developing
the best consultants in our industry.

As the ultimate people business, everything we
do is focused on placing the right candidates into
the right roles. We are trusted partners to our
candidates as they build careers, while helping
our clients to find the skilled talent they need.

Employees

10,978

2017: 10,000

Consultants

7,464

2017: 6,884

Permanent jobs
filled last year

77,000

2017: 70,000

Temporary and Contractor
roles filled last year

244,000

2017: 220,000




XING LinkedIn seek

More information online:
Our award-winning investor site gives you fast
direct access to a wide range of Company information.
See haysplc.com/investors

Read our views and advice on the world of work.
See haysplc.com/viewpoint

Follow us on social media:

-  linkedin.com/company/hays
-  twitter.com/HaysWorldwide
-  facebook.com/HaysUK
-  youtube.com/user/HaysTV

HAYS AT A GLANCE

Our business is structured across four divisions, made up of 33 countries and 257 offices



Countries (33)

- Australia & New Zealand
- Germany
- UK & Ireland
- Rest of World (28)

Sectors (20)

- Accountancy & Finance
- Construction & Property
- Information Technology
- Life Sciences
- Sales & Marketing
- Banking & Capital Markets
- Contact Centres
- Education
- Energy, Oil & Gas
- Engineering & Manufacturing
- Executive
- Financial Services
- Health & Social Care
- Human Resources
- Legal
- Office Professionals
- Purchasing
- Retail
- Resources & Mining
- Telecoms

Market-leading breadth and depth of platform



*Average specialisms per country

50YEARS

POWERING THE WORLD OF WORK

The Evolution of White Collar Job Search

Since our birth in 1968, Hays' strategy has evolved in a rapidly changing world.

The onset of the internet has accelerated our pace of change and innovation.

Pre-internet

20th Century

Almost all job searches were conducted via print ads and personal networks. The internet's arrival ripped this model apart, improving accuracy, reach and reducing cost. It also created far more applicants per position, increasing the burden on employers.

Wave 1: Job Boards

1990s

Starting first with job boards and evolving to social media platforms and networks, then accelerated by new internet aggregators, information and data have become intrinsic to the search process.

Wave 2: Networking

2000s

A wide range of social media platforms and networks emerge, opening new channels to reach and attract candidates.



Australia & New Zealand

Group net fees **19%**
 Net fees **£199.4m**
 Offices **39**
 Consultants **1,000**
 Perm **35%**
 Temp **65%**
 Operating profit **£69.1m**

UK & Ireland

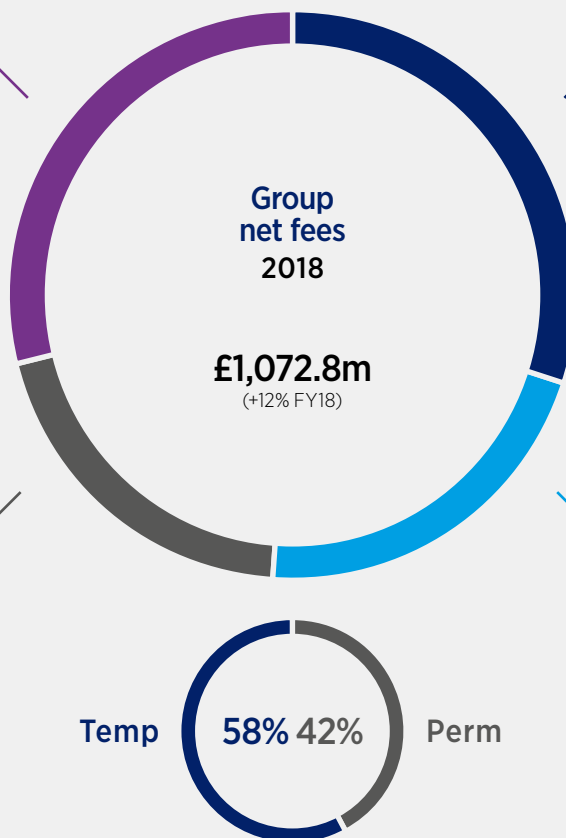
Group net fees **24%**
 Net fees **£258.2m**
 Offices **97**
 Consultants **1,917**
 Perm **44%**
 Temp **56%**
 Operating profit **£47.0m**

Germany

Group net fees **26%**
 Net fees **£276.0m**
 Offices **22**
 Consultants **1,700**
 Perm **15%**
 Temp **85%**
 Operating profit **£86.0m**

Rest of World

Group net fees **31%**
 Net fees **£339.2m**
 Offices **99**
 Consultants **2,847**
 Perm **68%**
 Temp **32%**
 Operating profit **£41.3m**



Wave 3: Aggregators

2010s

Search technology enables websites to bring together advertised vacancies from job boards and employer/recruiter sites, further streamlining job searches.

Wave 4: Find & Engage

Today

Hays has pioneered a move from 'Advertise & Apply' model to 'Find & Engage', the ability to conduct high quality headhunting at scale in white collar specialisms.

Post 2000s
 Identification of four megatrends in specialist white collar recruitment
[Find out more on Megatrends](#)
 P6 - P13

2012
 Pioneering LinkedIn partnership
2013
 Ground-breaking 5-year plan

2015/17
 SEEK and Xing partnerships

2017
 'Find & Engage' model launched
2017/18
 Announcement of our ambitious 2022 plan

50 years of the ultimate people business



Financial summary

Net fee income

£1,072.8m

2017: £954.6m

Conversion rate

22.7%

2017: 22.2%

Special dividend per share

5.00p

2017: 4.25p

Basic EPS

11.44p

2017: 9.66p

Operating profit

£243.4m

2017: £211.5m

Profit before tax

£238.5m

2017: £204.6m

Core dividend per share

3.81p

2017: 3.22p

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STRATEGIC REPORT

OUR BUSINESS MODEL

Our revenue model is relatively simple: we earn a percentage fee, usually on a contingent basis, when we successfully place a candidate in a role with a client.

Our delivery model is based on deep industry expertise across Temp, Contracting and Perm recruitment markets. Our consultants are long-term, trusted partners to both clients and candidates. They are equipped with the best technology, tools and data analytics in the industry.

We focus on net fees rather than turnover, most of which is simply the 'pass through' of Temp salary. Our ability to convert net fees into operating profit (our 'conversion rate') is our key profit metric. At 22.7%, we have one of the highest conversion rates in the industry.

Group net fees drive our operational leverage, given high levels of incremental profit 'drop-through'. Our business is also highly cash-generative, with relatively low capital requirements.

OUR INVESTMENT CASE

Our business philosophy balances the need to invest to support long-term growth with driving shorter-term financial performance.

In practical terms, this means we continually focus on: consultant and business productivity; strategic investment where we see clear opportunities for profitable growth; cash generation and returns to shareholders. We believe there are four simple and compelling reasons to invest in Hays.

1. Our business model breadth across sector and contract type

- We have built a global recruitment platform with unrivalled scale, balance and diversity.
- We are positioned across Permanent, Temporary and Contractor markets, at a scale unique amongst our peers.
- c.60% of net fees are in non-Perm white collar recruitment, a structural growth area. We are market leaders in Flex working.
- We focus on execution in each of our local markets, delivered by the best people, sector-leading technology, recruitment tools and our world-class brand.
- We have strong and experienced operational and senior regional management teams across the Group.
- We focus on developing and delivering the best services and products for clients and candidates, meeting their evolving needs.

Specialisms

20

Countries

33

3. Our ability to deliver superior financial performance through the cycle

- Our scale and balance adds relative resilience to earnings through the economic cycle. This contributes to the out-performance of our business versus peers.
- Non-Perm recruitment tends to be less cyclical than Perm. Candidate assignments can extend up to 12 months, giving some 'run-rate' net fee visibility. By giving clients access to high quality, flexible talent, we help them replace fixed costs with variable.
- We remain focused on further diversifying our earnings and building scale across our existing global platform.
- In FY18 we completed our 2013 five-year plan, and set out our 2022 profit and cash aspirations at an Investor Day in November 2017.
- Having exceeded £243 million of operating profit in FY18, we believe we are well positioned to drive further material profit growth, in line with our 2022 plan.

Operating profit

£243.4m

Earnings per share

11.44p

2. Our balanced exposure to both mature and structural growth markets

- Many of the 33 countries across our global platform represent clear structural growth opportunities, where the use of agencies such as Hays to source skilled employees is a relatively new practice.
- 54% of our Group net fees are generated in these structural growth markets which include places such as Germany, France, Latin America and Asia, where the first-time outsourcing of the recruitment of skilled staff is a key long-term opportunity.
- The remaining 46% of net fees come from more mature markets, such as the UK, the US and Australia, where the use of agencies is a long established practice in the skilled jobs market. In these markets, activity levels are more driven by the stage of the economic cycle.

Group net fees

54%

Structural growth markets

46%

Mature/cyclical markets

4. Our potential to generate significant cashflow and dividends

- In addition to driving material profitable growth, we are a highly cash-generative business, with a clear set of free cash flow priorities.
- These include ongoing investment in the development of the business, maintaining a strong balance sheet and delivering a sustainable and progressive dividend.
- Our core dividend cover is at the upper end of our targeted 2.0-3.0x range, providing resilience. Core dividend up 18% in FY18.
- We ended the year with a net cash position of £122.9 million. As previously disclosed, it is our intention to distribute to shareholders any free cash flow generated over and above £50 million, assuming a positive economic outlook.
- Therefore, in addition to a material increase in our core dividend, we also propose a special dividend of 5.0 pence per share, subject to shareholders' approval.

Net cash

£122.9m

Core dividend per share

3.81p

Note: unless otherwise stated all growth rates discussed in the Strategic Report are LFL (like-for-like) year-on-year net fees and profits, representing organic growth of continuing operations at constant currency.

THE GLOBAL JOBS MARKET

Hays is at the centre of people building their careers, and companies finding the talent to grow and develop. In 2018, globally we helped over 320,000 people find their next Permanent job or Temp assignment, and worked with over 30,000 clients to find the skilled talent they need to grow. This is the core of our business.

How we do this is evolving. People are choosing to work in new ways, and are using new technologies to access the job market. We are therefore embracing and developing technology to match candidates with clients' roles faster than previously possible. For example, our "Find and Engage" model and Hays' Approachability Index sit at the heart of our process (see page 12). What remains constant is the art of placing the right person in the right job, and our belief in how megatrends are shaping tomorrow's employment market and career styles.

Australia & New Zealand

- Overall business confidence levels remain high in Australia as the economy continues to benefit from public and private sector investment
- Broad-based growth across sectors and states
- Private sector growing faster than Public sector

The macroeconomic picture in Australia remained strong as the year progressed. This was supported by ongoing private sector investment, and continued State and Federal government spending on large public infrastructure projects.

Consumer confidence remained strong and stable, despite concerns over an overheated residential property market, along with moderate wage inflation and rising cost of living. Resource-driven parts of the economy continued to recover.

[Find out more on page 29](#)

Germany

- Economic conditions remained supportive
- Much of our growth is from first-time client outsourcing to specialist recruitment agencies, such as Hays
- To date, minimal impacts from trade tariff changes

Conditions in Germany were strong and supportive during the year. As with the rest of Europe, sentiment has not been impacted by the UK's decision to leave the European Union. Labour markets remain strong, with skill shortages accentuating the need for greater flexibility in skilled labour. European Central Bank monetary policy remains accommodative, helping consumer and business confidence.

To date, we have not seen any material adverse impact from the ongoing escalation of trade tariffs. However, we are watching the situation closely.

[Find out more on page 30](#)

UK & Ireland

- Sentiment remains uncertain, but broadly stable
- Limited client appetite for major investment projects
- Political situation remains uncertain pending clarification of future trading with the EU

The UK has seen reduced levels of large capital investment projects, particularly in the private sector. This has restricted the parts of our markets exposed to new growth projects. On the plus side, candidate confidence remains solid and employers continue to replace leavers.

Although sterling remained stable in FY18, its devaluation post the Brexit vote continues to translate into higher inflation. Coupled with low levels of wage growth, this has impacted consumer spending.

Ongoing UK political instability adds uncertainty to the Brexit negotiation process with the European Union.

[Find out more on page 31](#)

Rest of World

- Strong conditions across virtually all of our 28 markets
- Skill shortages prevalent across technical and professional specialisms
- Some signs of wage inflation, particularly in the USA, and parts of Asia

Conditions across Europe excluding Germany remained strong through the year, with clients looking to invest and candidates willing to move jobs.

Asia delivered excellent overall performance, with tight labour markets and skill shortages in most markets.

We saw excellent progress in the Americas, notably the USA and Canada. Demand was particularly strong in our Technology specialism, across both Temp and Perm contracts, and also the Construction sector.

[Find out more on page 32](#)

In FY18 we helped over

320,000

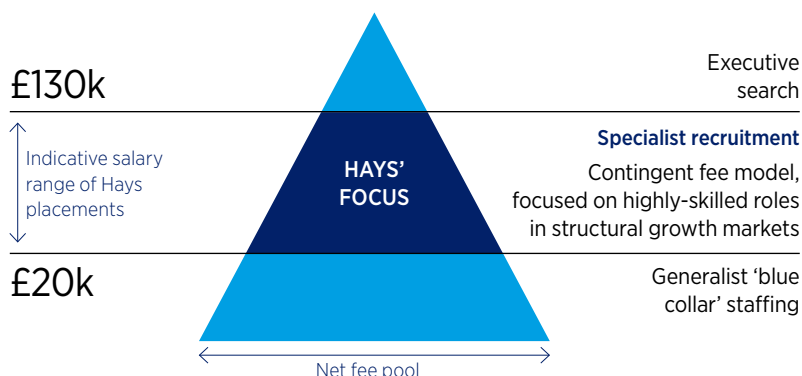
people find their next Permanent job or Temp assignment

We helped over

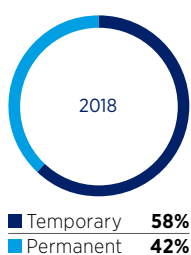
30,000

clients find the skilled talent they need

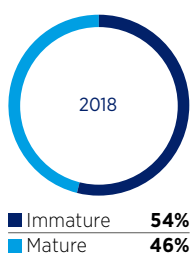
The global recruitment market



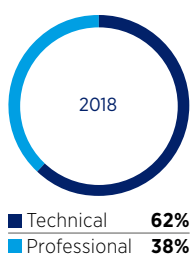
Contract type



Market exposure



Net fees



The competitive environment

We are leading global recruiting experts, focusing on the segment of the recruitment market referred to as 'white collar' skilled or specialist recruitment. The salary of the candidates we place ranges from circa £20,000 to £130,000 p.a.

We operate across 20 different areas of specialism, with over 60% of our net fees in white collar 'Technical' disciplines such as IT, Life Sciences, Engineering and Construction & Property. The balance comprises Professions such as Accountancy & Finance, Legal and HR.

Our business is balanced between Temp and Perm. Flexible working, which encompasses our Temp and Contracting markets, represented 58% of net fees in FY18, with Perm delivering 42%.

The competitive landscape across most of our markets is characterised by a large number of companies, often very small and focused on local, niche markets. There are also a few large global players.

Despite the fragmented nature of our industry, in the majority of markets, the main competition we face is from in-house recruiting teams within corporate HR functions. Yet, our relationship with in-house HR teams is often symbiotic, as they are frequently our largest clients.

We estimate that in more mature markets like the UK or the US, around 80% of addressable skilled jobs are filled via recruitment agencies. In less mature markets like Germany and parts of Asia, our analysis suggests this figure is only around 25%. First-time outsourcing of professional recruitment is therefore a key structural growth driver in many of our markets.

The main UK-listed specialist recruitment businesses we identify are PageGroup, Robert Walters and SThree. Each has different exposures and business mix, but do have a presence in many of the markets in which we operate.

Hays has greater scale advantages, particularly in some of the more technical recruitment markets such as Construction & Property, and in structural-growth markets like Germany.

We also identify other competitors across each of our local markets. These include larger 'generalist' recruiters like Adecco, Randstad and Manpower, who have some operations in the specialist recruitment space, but are predominantly focused on the lower-salary 'blue collar' segment of the market. There are also sector or region-specific businesses such as KForce in the US, or Amadeus FiRe in Germany.

We have deliberately built a balanced business exposed to mature, cyclical markets and structurally emerging markets. In FY18, 54% of our net fees were generated in immature markets, with 46% in more mature markets. This compares to 17% and 83% respectively 10 years ago.

Immature markets face significant structural growth opportunities, and are less impacted by the economic cycle. We believe our balanced exposure to Temporary, Contractor and Permanent recruitment, combined with genuine scale across 20 specialist areas in 33 countries, is unique in the specialist recruitment space. This adds relative resilience to our business through the cycle, and is a genuine differentiator in our industry.

In FY18 58% of our fees came from the Temp and Contracting market, weighted towards three countries where Hays is market-leader: Germany, Australia and the UK. In most other countries in the Group we have historically been predominantly Perm-focused.

Where market conditions and local legislation have allowed, we have successfully been pursuing a strategy to build meaningful Temp and Contractor businesses. Temp now represents one-third of net fees outside our three core markets.

INDUSTRY MEGATRENDS

Megatrend 1

MORE AND VARIED WAYS OF BUILDING A CAREER

For many skilled candidates, the ‘job for life’ mentality is ending. There is an increasing appetite to embrace flexible, project styles of working. Candidates are seeking interesting, and often highly paid, Temp and Contractor roles, as they build ‘portfolio’ careers. In addition to gaining new experience and improving their marketability, Temp and Contracting gives candidates the flexibility to take prolonged vacations, or voluntary career breaks.

Non-Perm markets are becoming an increasingly important part of many of our businesses.

The rise of digital economies is driving the creation of new job types in niche areas. It is also enabling greater mobility of experienced workers, who can provide their skills as independent Contractors on a more flexible basis.

This, in combination with less restrictive legislation in many countries, is why we believe Contracting is a key structural growth market and has become one of our fastest-growing sources of net fees.

What this means for us

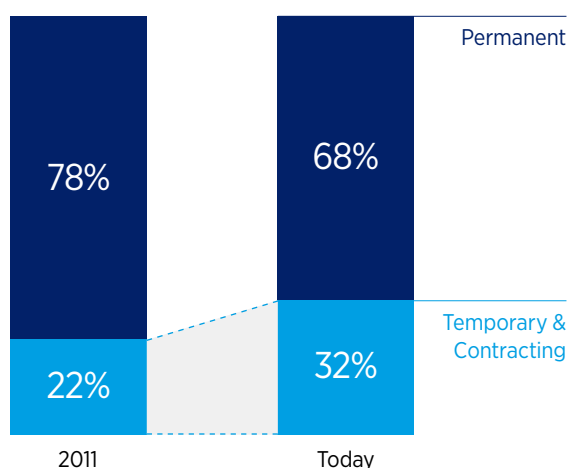
We have made further strategic progress rolling out our market-leading Contracting business, both into newer specialisms in Germany, and to other markets where we believe the model will be successful. This is particularly so in our RoW division, which includes markets like Canada, Benelux, France and Japan. When coupled with our established IT Contracting business in the USA, we are at the forefront of this evolving market trend.

We now have more than 70,000 Temps and Contractors on assignment around the world.

Despite this, the overwhelming majority of skilled roles in our markets are in traditional Perm positions. Although they are growing, non-Perm penetration rates in white collar roles remain in the single digits. However, given strong appeal to both employers and white collar candidates, we believe this part of the specialist recruitment market is seeing structural changes. We think high-skilled Temp and Contracting will become an increasingly important element of modern workforces.

Our aim is therefore to build further scale to offer a truly globally integrated service, capitalising on increased candidate mobility and rising non-Perm market penetration rates. This will allow us to leverage cross-border client relationships.

Rest of World net fees



FY18 Temp & Contracting roles placed

244,000





“The projects Hays offered have been an excellent match for my profile, experience and lifestyle. After 10 years of working together, our relationship is based on trust, and a knowledge that Hays can give me access to an unrivalled pool of flexible senior finance project work. If a project needs to be extended, or if I choose to take some extended leave out of the marketplace, my consultant has handled this in a highly professional manner. I am very enthusiastic about working with Hays in the future on interesting, challenging and financially rewarding projects.”

Contracting in senior finance: A candidate's journey

In 2018, Accounting & Senior Finance was one of the fastest-growing specialisms in our market-leading German business, growing net fees 49%.

Part of our success in Germany has been the roll-out of our IT Contracting model into other specialisms, capitalising on the emerging trend for flexible project-based work in these markets.

Michael Rupe is a Senior Finance Manager, with professional specialisms in annual financial statement preparation, reporting system changes and International Accounting Standard compliance.

We have worked with Michael since 2008, placing him in over ten different Contractor roles across a mix of multinational corporations and German ‘Mittelstand’ companies.

In opting to pursue a portfolio career, Michael has gained a variety of new skills and experience, making him a more marketable candidate. It also allows Michael to work flexibly and take substantial holidays between roles, creating time to pursue his hobby of Alaska long-trail dog sled racing during winters.

Towards the end of each project, we meet Michael to discuss his future plans, ambitions and availability. We then use our unrivalled flow of project work to match his skills with suitable assignments, helping him structure the next leg of his career.

“Having worked in permanent roles in several companies, my choice to become a high-skilled Flex worker was a strategic one. The rewards, both financially and in terms of stimulating projects, have been excellent. My relationship with Hays has been invaluable in terms of advice, administration and most importantly a flow of interesting future work. I look forward to completing more projects with them as my career evolves.”



Contracting in IT: A candidate's journey

The successful integration of Veredus into Hays North America, with its proven flexible working model, saw growth accelerate sharply in 2018. Information Technology net fees in the US grew by 17%, and is our largest specialism in both US Perm and Contracting.

Yvette Urso is a Senior IT Program and Project Manager, based in Tampa. She is an expert in managing complex IT projects in a variety of industries. We have worked with Yvette since 2004, placing her in six interesting and challenging long-term Contractor roles, across a variety of industries.

Many corporates choose to structure IT investments by specific projects, using a significant amount of flexible, high-skilled labour. Yvette's decision to use her experience to build her career as a specialist Contractor has allowed her to increase her earnings. As a Contractor, you can be paid for each hour of work.

Contracting allows Yvette to be compensated for her actual working week, not just a fixed period. She also gains greater multi-sector experience, which ultimately increases her marketability.

Yvette has a strong relationship with her Hays consultant in Tampa, who engages as each project matures, helping Yvette find the best contract to satisfy her career aspirations.

Megatrend 2

SKILL SHORTAGES AND BUSINESSES' DEMANDS FOR FLEXIBILITY

Our clients increasingly need to add flexibility to their skilled workforce. In doing so, they can respond to fast-changing market conditions, accessing the skilled labour they need, precisely when they need it. They can also convert a traditionally fixed employee cost into a variable expense.

Employing skilled people on a contract or project basis injects greater cost base flexibility. Also, by adding highly skilled specialisms in a particular role, the employer increases the potential for excellent execution.

Accordingly, for a growing number of businesses, Contract and Temporary workers make up an increasingly important part of their skilled workforce.

What this means for us

In a progressively skill-short world, our role acting as the intermediary to source highly skilled, compliant contractors is becoming ever more important.

Our strong relationships with highly skilled non-Perm workers enables our clients to tap into scarce talent pools of flexible workers, helping manage and shape their white collar Temp and Contractor workforces.

We are also experts in helping clients find the best cultural fit for their organisation.

We see our non-Perm business as a repeatable and high-value source of earnings, more resilient to the cycle. Our clients increasingly view Hays as the go-to experts, helping interpret and manage the risks and obligations that are essential in managing a contingent workforce.

This means that we are continually growing market share in places like Germany, as well as establishing new client relationships across Europe, Asia and the Americas. We bring the expertise of our existing Temp and Contractor businesses, and offer our clients clarity in what is a difficult and a complex area, helping them navigate intricate flexible working regulations as they evolve.

Temp %
of net fees

58%

Technical %
of net fees

62%

Our resilient model offers balance between Temporary & Permanent contracts, and between Technical & Professional specialisms

Recruitment type	
Temporary & Contracting <ul style="list-style-type: none"> Respond quickly to changing market conditions Swap fixed employee costs for variable Provide rapid access to talent Highly compliant yet highly flexible 	Permanent <ul style="list-style-type: none"> Insight into candidate approachability Efficient outsource given our fees are contingent Deep industry specialism Access wider talent pools
58%	42%
% of group net fees	
62%	38%
Technical <ul style="list-style-type: none"> Jobs are driven by client-led investment rather than a candidate's decision to move Industries characterised by skill shortages Higher proportion of emerging and new job roles Increasing propensity towards Flex working 	Professional <ul style="list-style-type: none"> Candidate-led process Usually higher salary Scope to infill into new geographies Approachability Index adds competitive edge
Specialism type	



“Hays is a trusted partner of Computacenter, integral to our workforce strategy. Hays allows us to maintain a flexible, effective workforce and ultimately helps us ensure delivery to our clients,” said Andy Moffitt, Group Head of Professional Services at Computacenter

“We depend on Hays to source local talent with market-leading skills in a range of locations. Their knowledge of our business has made for an efficient and productive recruitment process. We are pleased to be continuing to build our partnership and are excited about the future.”

Delivering flexible workforce solutions for Computacenter

Hays has worked with Computacenter since 2009, initially helping them manage their contingent labour force via a Managed Service Provision (MSP) contract. In 2010, our service was expanded to include a Recruitment Process Outsourcing (RPO) element, making us the provider of all talent to Computacenter within the UK.

Our contract has evolved and been extended, most recently in July 2018, and the Computacenter relationship is one of our longest MSP and RPO services. It is a relationship based on delivery, honesty and an absolute commitment to continuous improvement.

As a leading provider of IT infrastructure services, Computacenter is a global business with a requirement for the best talent in a number of competitive markets.

Megatrend 3

STRUCTURAL MARKET GROWTH AND EVOLVING CLIENT DEMANDS

Most professional recruitment around the world is still done by in-house HR teams. This is true across mature and emerging economies, although both are increasingly opening up to the concept of outsourcing specialist recruitment.

We continue to observe a shift, mainly among large corporates, towards centralised procurement. Our services must be tailored to these different client needs, whether it is first-time outsourcing or providing different specialist recruitment delivery models.

What this means for us

We have scale in both mature, cyclical markets and less mature, structural-growth markets. We have been building a strong presence in markets like Germany which, despite being a highly developed economy, has a low but rising penetration rate when it comes to the outsourcing of recruitment services for skilled, professional roles.

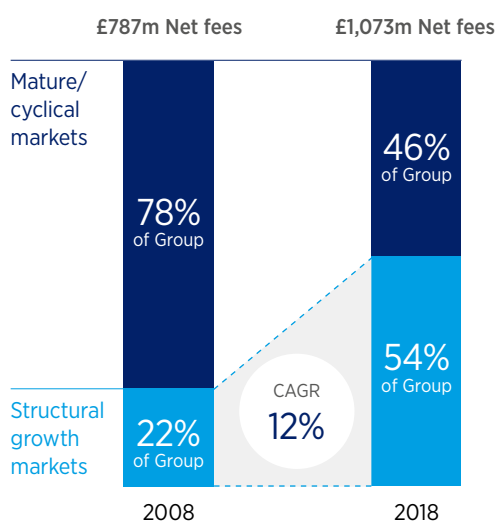
Even as market leader in Germany, we still see many growth opportunities as more businesses outsource their recruitment of skilled labour. We estimate a significant amount of our growth in recent years has come from such first-time client outsourcing. A similar trend also exists in many of our RoW markets of Asia and parts of Europe. By capitalising on these structural trends, our growth is not solely dependent on economic cycles.

We also tailor our services to meet specific company needs, adapting to new business practices and client requirements such as centralised procurement. We have developed hub-like delivery models that match our clients' needs for efficient recruitment processes at scale, in the most effective and appropriate way.

Hays' main example of this is our Managed Service Provider (MSP) offering. We use our scale, infrastructure and deep candidate pools to manage Temp and Contract workforces on an outsourced basis. Often, such contracts are managed on-site at clients' locations, or from lower-cost Hays regional or international offices.

While there is a balance between the net fee rates earned on large contracts and higher transaction volumes, we are highly disciplined in how we structure the cost base on each contract to ensure that our contribution margins remain in line with Group conversion rates.

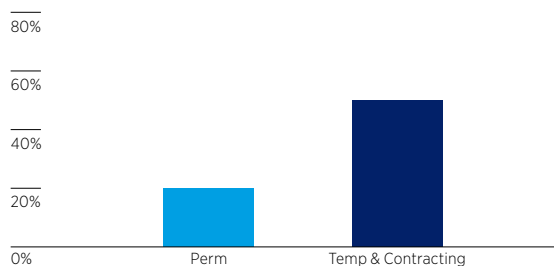
Over half of our business today is in the world's best structural-growth markets



We also offer some Recruitment Process Outsourcing (RPO) services, albeit on a smaller scale than MSP. In RPO, we manage all Permanent recruitment processes on behalf of clients. Together, these MSP and RPO services sit under our Hays Talent Solutions business, and represent c.15% of our net fees.

Our ability to deliver high quality MSP and RPO services to our clients is closely linked to our use of technology, and investment in developing tools to provide first-class, large-scale HR services. For example, to help clients of any size track all aspects of their contingent workforce, we offer technology solutions like our 3 Story Software, a cloud-based vendor and workforce management system.

Outsourcing levels of skilled recruitment in Germany⁽¹⁾



(1) Hays Management estimate.

Germany net fee CAGR since 2003

20%

Germany net fees by specialism



RoW net fee CAGR since 2007

16%

RoW net fees by specialism



“First-time outsourcing is common to our growth in both Germany and RoW, driving significant growth for Hays.”

Structural growth in Germany and RoW

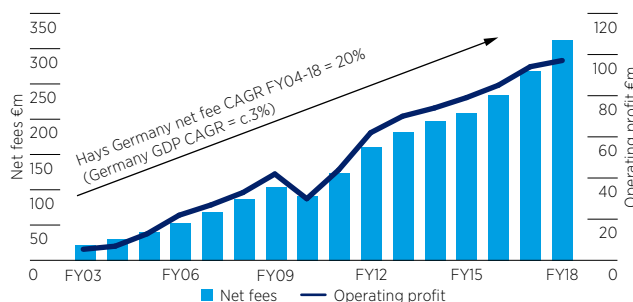
While Germany is predominantly a Temp/ Contractor market, and RoW is mainly in Perm recruitment, we see considerable similarities. Both are immature markets with low levels of outsourcing to specialist agencies, and both are characterised by skill shortages. Hays’ position as a trusted platform to broker the link between white collar talent and employers means we see substantial structural growth opportunities.



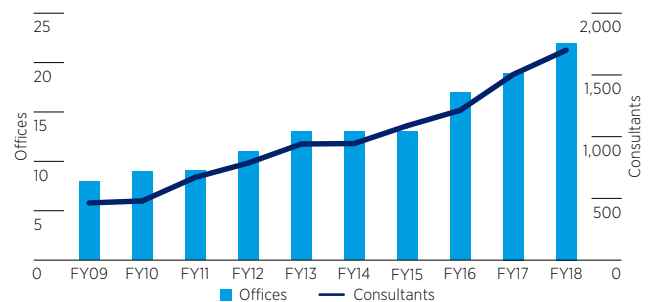
The Germany business we acquired in 2003 has delivered c.20% CAGR in net fees since then. From one specialism and €3 million operating profit in 2003, we delivered €97 million across nine specialisms in FY18. We have a truly market-leading business, in a market which is structurally under-penetrated.

Similarly, our RoW division has gone from a loss of £3 million in FY13, to operating profit of £41 million in FY18, with net fees growing at 15% CAGR. First-time outsourcing is again a substantial opportunity for Hays in RoW. We are seeing excellent profit leverage as our 28 RoW countries gain maturity and scale. With 99 offices in RoW, and scope to increase our number of specialisms, we are optimistic about future growth opportunities.

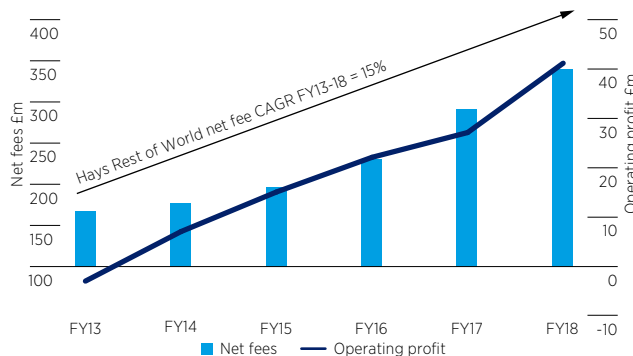
Historical profile of Hays Germany



Historical profile of Hays Germany



Historical profile of Hays Rest of World



Megatrend 4

EMERGENCE OF NEW, AND EVOLVING, TECHNOLOGIES

Technology is transforming how people work. It is revolutionising how clients and candidates engage and interact with job markets, and with Hays. Almost every area of recruitment is becoming digitally enabled at a breathtaking pace, creating vast quantities of valuable data.

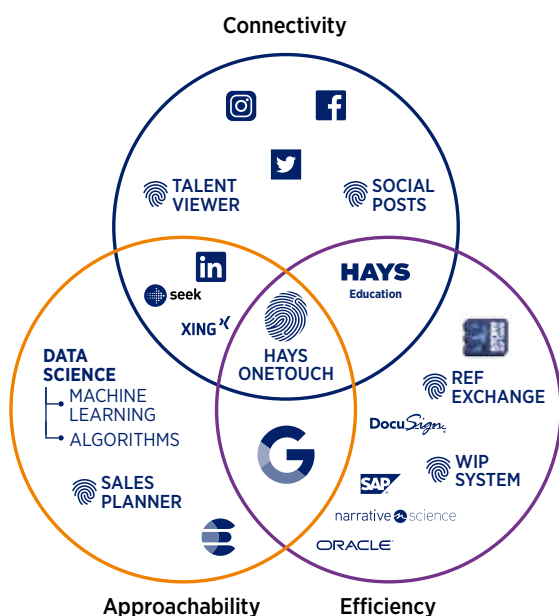
What this means for us

The guiding principles of our technology strategy are:

- 1) Maximise internal efficiency by developing new consultant tools, and partner with best-in-class software;
- 2) Test new client and candidate engagement channels;
- 3) Invest selectively in best-in-class HR Tech software;
- 4) Investigate new tech-enabled delivery models.

This approach is summarised in three broad prisms:

Approachability, Connectivity and Efficiency.



Efficiency remains our overriding goal. We estimate that 1% gained via productivity is worth c.£8m to Hays' operating profit, and productivity drove c.40% of Group profit growth between 2013-18. We have sector-leading technology, both via internally developed tools and collaborations with leading third parties. Our expert Hays Innovation team is tasked with assessing the technology landscape, identifying new trends, opportunities and threats and building relationships with key players.

In FY18, we made excellent progress, notably with the roll-out of our 'SalesPlanner' and 'WiP' tools, further development of the Hays Hub, and our collaborations with Google, Mya and Stack Overflow.

Connectivity relates to the many and evolving ways clients and candidates interact with Hays. Central to our philosophy is recognising and quickly responding to these trends, allowing us to cultivate, deepen and enrich our candidate talent pools. Increasingly, technology enables us to anticipate clients' demands before they arise.

We received 10.6m job applications in FY18. To avoid diseconomies of scale, our consultants need to be equipped with the best technological tools to search this complex and ever-increasing bank of data.

Sifting through huge quantities of candidate data is relatively simple. The harder part is accurately predicting **Approachability**, identifying which candidates are likely to respond positively to our direct approach.

This alignment of Hays' deep IT and data capabilities – the 'science' of recruitment, with our consultants' deep industry expertise, or the 'art' of recruitment – will be a key competitive edge in the future.

This forms the basis of our '**Find & Engage**' model.

'Find & Engage' takes our ability to engage with Active and Passive talent pools, enabling us to deliver what was once viewed as high-end 'head hunting', to many more white collar candidates, at scale. Our aim is to extrapolate meaningful data patterns, feeding directly into Hays' unique '**Approachability Index**', summarised opposite. This index is currently fully functional for just over half our businesses, and due to be completely available across the Group by early 2019.

Our system uses many inputs and algorithms to gauge how open to an approach a potential candidate is likely to be. By understanding approachability signals, our ability to convert ostensibly passive candidates into active is significantly increased. Once overlaid with a trusted Hays consultant relationship, we gain a vital competitive edge.

Our content engagement tools are also built to nurture strong candidate relationships by providing highly relevant industry, salary and training insights. Our implementation of Salesforce Marketing Cloud further enhances this engagement capability. We continue to generate significant value from our partnerships with Google, LinkedIn, SEEK and Xing. These allow us to analyse complex user data in real time, gaining invaluable insight into candidates' skills and career ambitions.

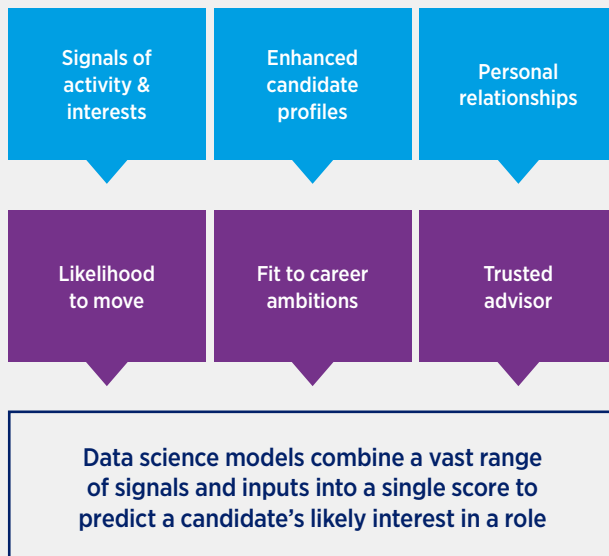
Hays FY18
website hits

65m

FY18 Job
applications

10.6m

The Hays Approachability Index: Predicting candidates' likely interest in a role

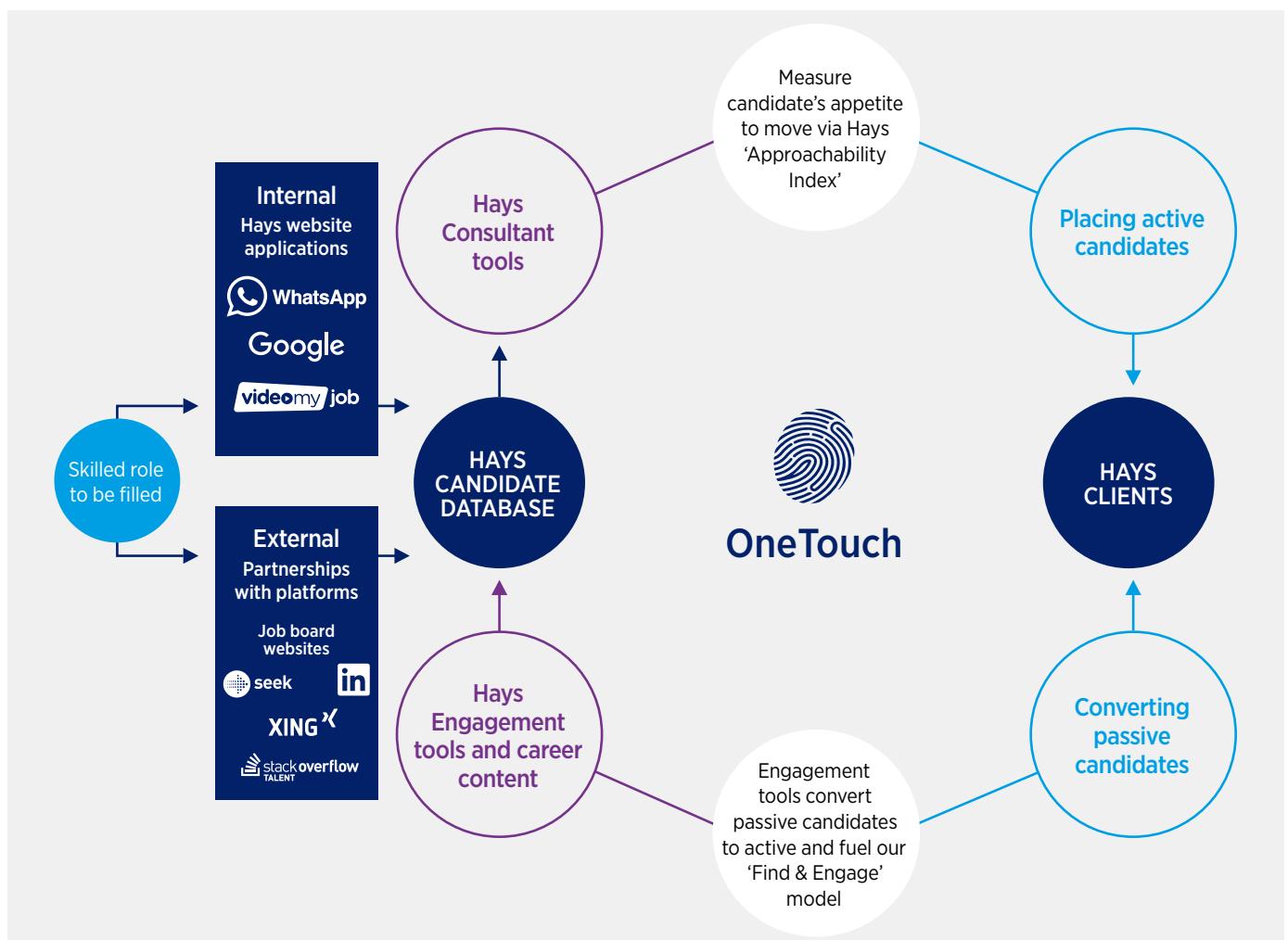


Technology and a candidate's path

Our technology helps us to power the world of work, and find the best candidates for a role, faster than our competition. The chart below represents the process of interaction between our active candidate pool, passive candidates and our client base, as we seek to find 'great-rather-than-good' matches between the two.

Candidates are added to the Hays database via our expert consultant network, and via external sources like Xing, LinkedIn, a wide array of job boards, or directly via the Hays website. Once in our ecosystem, we work hard to ensure the talent pool remains highly engaged, using content such as Hays' Salary Guide and Journals, training and career advice plus our regular blogs and podcasts.

The Hays Approachability Index gives us the proprietary ability to access candidates who may otherwise appear to be 'passive'. This is a major competitive advantage versus peers, and also a compelling reason for clients to outsource to Hays.





“We exceeded £1 billion of net fees for the first time, driven by our International businesses which grew 15%.”

CHIEF EXECUTIVE'S REVIEW

Our Chief Executive, Alistair Cox, discusses the Group's performance in 2018 and looks ahead to our areas of focus and development in the future, including our next five-year plan.

Q. How do you feel Hays performed in 2018?

A. Before I talk about our performance, I would like to pay tribute to our Chairman Alan Thomson, who sadly passed away in July 2018. Alan had been our Chairman since November 2010 and was deeply passionate about Hays, helping many people in the organisation reach their full potential. He was instrumental in building a strong Board, one well-equipped to help me drive the business forward. I will greatly miss his guidance, wisdom and humour.

He was a man of integrity and humility, and the best tribute I can pay to Alan is to ensure his values endure in Hays' culture.

Andrew Martin, our new Chairman, was brought onto the board by Alan in 2017 and brings a wealth of experience to help us guide the business forward.

Turning to our performance, I am delighted by our progress through FY18. Net fees grew by 12% and we exceeded £1bn of net fees for the first time, driven by our International businesses which grew 15%. Overall, our International profits grew 16% to £196.4m, setting another new record level.

We delivered £243.4m of operating profit, slightly ahead of market expectations, and our conversion rate improved by 50bps. Cash performance was strong, and we ended the year with £122.9m net cash, enabling the Board to propose a second successive special dividend, of 5.0p per share, on top of a core dividend which itself was up 18%.

This year we moved to a four-division reporting structure, giving greater visibility of our Australia and New Zealand (ANZ) businesses (previously within APAC), and Germany, our largest business, which we report separately for the first time.

Germany grew 16% and we further reinforced our position as the number one player in that market. We opened four new offices and increased our headcount 13%. I remain of the view that Germany is the most exciting recruitment market in the world today, driven by acute skills shortages and the structural opening up of that market to specialist recruitment services.

ANZ had a strong year, driving highly profitable growth at roughly double the market rate – no mean feat given we are faraway the market leader in that important market.

Our RoW businesses were in many ways the stand-out performers, delivering an excellent year with profit up 51%. The investments we have made in these businesses in recent years are now driving strong leverage and real momentum in Asia, the Americas and Europe ex-Germany. We continue to see structural growth in many countries via first-time outsourcing, which gives me great confidence for our future.

Back in the UK, the market remained subdued but stable pending clarification of trading arrangements with the European Union post Brexit. With that challenging backdrop, we delivered a good profit performance, up 13% in a difficult market.

Turning to uses of our cash flow, my first priority is always to re-invest in the business and in 2018 we made significant investments in people, property and infrastructure. We grew headcount by 8% globally, opened seven new offices and materially expanded 20 others. We further enhanced our back- and front-office systems around the world, ensuring we have the infrastructure and capacity to continue to grow in these supportive markets.

However, given our highly cash-generative model, even after these significant investments, we ended the year with net cash of £122.9m.

Therefore, in line with our policy, I am delighted that we are able to propose increasing our core dividend by 18%, and our second special dividend of £72.9m. This takes total dividends proposed and paid for FY18 to £128.4m, up 19% from £108.2m last year.

Q. You have just successfully completed the five-year plan launched in 2013, growing profits by almost 100%, and have set the Group another ambitious profit range for the five years to 2022. Given you have such limited visibility on earnings, how do you ensure such targets are credible?

A. I am very proud of the outcome of our 2013 strategic plan. When we initially set out our goal to broadly double profits by 2018, it's fair to say most commentators were sceptical that a business with only 5-6 weeks of net fee visibility could deliver against such ambitious long-term plans. Remember, we were still in the aftermath of the global commodities collapse, uncertainty surrounding the Euro crisis was fresh in the memory and the Brexit referendum was not yet on the agenda.

Despite all these major uncertainties, we still delivered £243.4m of operating profit in FY18, even in a year of heavy investment. I think that is testament to our deep operational capability in each of our 33 businesses and the granular detail which underpinned our planning.

Every year since 2013, we have reported our key markets of Australia and New Zealand, Germany, UK & Ireland and Rest of World under a 'traffic light' system against our original targets. Not only did we deliver a Group result in line with our original ambitions, but each of our four regions also delivered an outcome within their original range.

RoW delivered an excellent result, above the top-end of its range. ANZ delivered its mid-point. The UK & Ireland, despite the material impact of the Brexit vote on the market, still came in within the targeted range.

In Germany, we delivered a profit towards the bottom-end of our 2013 plan range. However, we took an important strategic decision around 18 months ago to significantly increase investment in Germany, as we see the opportunity to potentially double that business in the next five years. That's an exciting prospect, especially given we see structural growth potential which extends well beyond our 2022 plan. Our investment clearly reduced near-term profits, but I consider that a fair trade-off given the opportunity.

So having delivered on our promises in the original 2013 plan, we will follow the same course in our 2018 plan, which we presented to shareholders and analysts at our Investor Day in November 2017. As with 2013, our aim is to balance profitable growth and investment.

Most of our markets are currently supportive. Assuming this continues, with no significant downturns in our major markets over the plan period, and with excellent structural growth opportunities in many of our markets, it is our aim to broadly double our profits again over the five years to 2022.

In the UK, we have assumed a continued uncertain economic backdrop, with a Brexit transition period beyond March 2019 and a reasonably orderly exit from the European Union.



Our 2022 plan was presented at our Investor Day in London in November 2017.

“Since 2015, our Germany headcount is up over 50%, and we have opened nine new offices as we expand our footprint.”

Q. How would you characterise 2018 financial and operating performance in the context of the 2022 plan?

A. We made a strong start, with net fees and profits slightly ahead of the required CAGR trajectory to hit the 2022 plan. It was always our intention to hit the ground running, with significant initial investment meaning that profit drop-through rates in year one would be at the lower end of where we aim to deliver throughout the plan.

Yet despite these investments, I am pleased we still delivered a 50bps improvement in Group conversion rate to 22.7%, one of the best conversion rates in the industry. Should macro conditions remain similar this year to last, I am optimistic we will see further strong progress in FY19, the second year of our plan.

To reinforce growth, we have spent significant time aligning our management teams around the world to the Group plan, as well as developing local plans.

Needless to say, explaining the story of our potential has brought its own benefits internally, particularly as colleagues see for themselves the career opportunities that will avail to them at Hays.

Q. Aside from financial performance, what were your strategic highlights in 2018? Any 'low-lights'?

A. Apart from the way our businesses embraced the 2022 plan, we also saw excellent progress with a number of our strategic initiatives around the world.

Having entered the important USA market in the last few years, the team there delivered impressive growth, with net fees up 28% and headcount up 21%. All areas of the business did well, but we saw spectacular growth in newer specialisms.

For example, having opened our Construction specialism in 2014, we grew that by 80% in FY18, delivering \$13m in net fees. We have the opportunity as the global leader in C&P recruitment to build a huge US business, alongside our IT, A&F and Life Sciences businesses there.

We continued to make significant investments in our German business. Since 2015 our headcount is up over 50%, and we have opened nine new offices as we expand our footprint. We also put in place the infrastructure to reinforce our market leadership in what is one of the world's most attractive markets.

The benefits of market leadership are crystal clear: witness the continued out-performance of our Australian business over many years.

Replicating that position in Germany is important to us and we will not shy away from capitalising on the enormous structural opportunities in this market. We now need strong execution to deliver on these investments, but the opportunities in Germany stretch well beyond 2022, and we will continue to invest accordingly.

The rapid development of the IT industry around the world offers excellent opportunities. Organisations are struggling to find the skills they require across newer technologies being developed such as data science, artificial intelligence or cyber security. We have invested to grow our IT businesses in many countries and this is a sector that I think will be exciting for a long time to come.

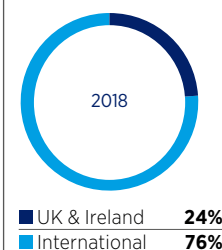
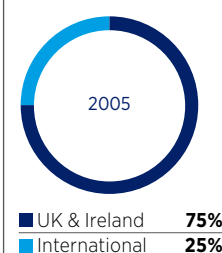
As a result, our IT specialism is now our largest globally, at 21% of global net fees. Given the dynamics of the workforce in this industry, and the propensity for many skilled professionals to work as freelancers or contractors, this also lends itself well to our strategy of building our non-Perm businesses globally. Again, we made great progress in this area and non-Perm now represents c.75% of our IT net fees in our largest markets.

Elsewhere, we continued to invest in new ideas to make our business more effective and productive. Our IT teams developed powerful and proprietary tools focused on business development and candidate management. We brought out new app-based platforms in areas like Education, helping to link schools and teachers.

We built on our collaborations with some of the world's best organisations, designed to bring their cutting-edge technologies and innovations to bear for the benefit of our clients and candidates. Our partnership with Xing in Germany reached its one-year anniversary in August 2018, and continues to go very well.

Together with our ground-breaking collaborations with Seek in Australia and LinkedIn globally, and more recently with Google as they launch Google Jobs, we are continually looking for ways to get the most accurate and up-to-date data in the industry, and use it to 'Find & Engage' with great candidates quicker and better than anyone else.

Net Fee Diversification of the Group





Our Investor Day included a detailed break-out session on our Germany growth strategy.

Last year also saw the introduction of significant new European legislation with GDPR. Preparing our business was a huge task, but one that our Legal and Operational teams coped with admirably. This was the biggest change in data laws for a generation.

However, with the right resources and processes in place, our rigorous approach to GDPR can help to enhance our competitive position in the market.

Finally, while I wouldn't call it a 'low-light', the uncertainty of Brexit negotiations and associated political disruption in the UK makes this a continuing difficult market. That said, I applaud the performance of our UK team, consolidating our market leadership and closely controlling costs.

Longer term, the UK remains a large and important economy to us. Should a sensible EU-exit deal be reached, I am convinced we will be in a strong position to capitalise on any pent-up demand once our clients feel confident again to start investing in their own businesses.

Q. Has there been any change in your assessment of the industry Megatrends?

A. If anything, our enthusiasm for the structural attraction of non-Perm and flexible working has grown. The world of work is changing at a tremendous pace, and in tandem with major shifts in worker demographics and pension needs, the prospects for longer, plural careers are huge.

We are actively positioning Hays to be the trusted partner and advisor to candidates throughout their working lives, helping them navigate between roles as their careers develop.

On the other side of the coin, we are also ideally placed to help our clients plan their own growth, and how they might access resources needed to deliver that. We can help them navigate the increasing complexity of workforces, ensuring they can tap into the talent they need in a way that makes sense for them.

This can be via permanent recruitment, utilising a temporary or contractor workforce or even structuring teams of skilled individuals around specific projects.

Technology is also changing how the recruitment process is delivered and we invest heavily to understand which of the many innovations continually being launched truly add value and seek to incorporate them into our own methodologies, to our clients' and candidates' benefit.

Above all, in a skill-short world, the competition for the best talent is huge and it is our job to help ensure our clients win in that game.

Q. On technology, how do you manage the risk of disruption from new entrants and platforms?

A. Commentators have forecast the disintermediation of recruitment agencies for longer than I've been in the industry. First it was via job boards, then social media platforms and online communities, and latterly aggregators and peer-to-peer platforms.

However, to date, rather than be disrupted, the role of a specialist agency has actually been enhanced. That's because the heart of good recruitment is based on the strength of the relationships formed with clients and candidates and that's a very human thing.

So we see technology and human skills as working hand-in-hand to deliver the best outcome for our clients and candidates. I call that the art and science of successful recruitment, automating whatever we can to free up our expert consultants to do what they do best: advise.

Consequently we invest heavily in technology to ensure our consultants have the best tools available to do their job. But we also invest heavily in our people, so they have the right skills to become trusted advisors to their clients and candidates, and become true experts in their chosen field.

That has allowed us to focus our business on our own proprietary 'Find & Engage' model, where our specialist consultants become highly successful at finding and nurturing skilled talent in their own niche market, knowing that they will then find the right role for each of their candidates.

Having invested to create unrivalled access to these niche candidate pools, we are well positioned to swiftly find the scarce talent that our clients need. I think that is a real differentiator for us, based on the successful integration of human skills, technology and data. That is hard to replicate, and even harder for a machine alone to replace. But clearly the risk of disruption remains, and we will stay vigilant.

“Above all, in a skill-short world the competition for talent is huge, and it is our job to ensure our clients win that race.”

Q. The term “our people are our greatest asset” is often used by companies. Can you give some examples of what it means at Hays?

A. Hays is a business that has people at its heart, and we are hugely proud – and protective – of our culture. We think it’s unique and it sets us apart in our industry. I visited over 15 Hays countries last year, and in each office I visit, the same core values of client service, integrity and passion for the job hold true.

Some of the awards received in FY18 include France being ranked third in the top 500 workplaces nationally, and Germany gaining an Employers Institute ‘Top Employer’ award for a tenth consecutive year. Glassdoor UK placed us in the top 50 of all companies for the fourth year running. And at the Recruitment International awards, Australia won ‘Best Large Recruiter To Work For’.

We don’t achieve these accolades without investment. This year we launched the Hays ‘International Leadership and Management Programme’. I’m delighted with the initial results, and 90 of our senior leaders will attend in its first two years.

Equally, our annual employee engagement survey, which we present in our KPIs, measures satisfaction, sense of belonging and personal motivations. This achieved a record high level of participation of 86% globally, and a high engagement score of 82%.

Key strengths identified from the feedback included supportive line management, high levels of recognition, commitment to development and clear career paths. That suggests to me that we are doing many things right for our people, although there is always room to improve.

Last year we delivered 4,185 training days and I’m proud to say that 3,370 colleagues were promoted. A further 68 transferred internationally, reinforcing our culture while giving them exciting new opportunities globally. Ultimately, we want to keep the best talent within Hays, which is in the interest of our clients, candidates and shareholders.

Q. What keeps you awake at night as a CEO?

A. The biggest risks to our business are geopolitical and macroeconomic in nature. A disorderly exit of the UK from the European Union would likely have a detrimental effect on business investment in the UK, as well as candidate confidence. An upward spiral in trade tariffs across the globe would also be unhelpful. Political disruption anywhere brings uncertainty, weakening investment confidence.

Hardly a day goes by without a news story on cyber threats to businesses. At Hays we take this threat extremely seriously and it occupies a central position at Board level. It is my job as CEO to be ‘professionally paranoid’ around the subject and do everything we can to protect our candidate, client and employee data.

It is a continual battle, but our IT, Legal and Operations teams’ level of engagement gives me great comfort as CEO. However, we can never be complacent.

My main personal challenges are staying apace with innovation and industry developments to ensure we remain highly relevant and the industry leader. I’m also hugely passionate about the development of our people, their motivation and succession planning as this business is based so heavily on the quality of our people. Making sure we have the right internal talent for both today and for the future is a vital part of my job.

Overall then, our core business is in excellent health and the outlook is positive. Last year we helped more than 320,000 people find their next job, and over 30,000 clients find the talent they need to grow. That’s real scale. We view our role in helping people develop their careers and finding highly skilled workers as a core function in society, and it is one we are very proud of.

Looking forward, I expect significant further technological changes and innovation, and plan to embrace these. Change will continue to present us with opportunities, as well as creating risks or threats to our business model. However, we have successfully navigated these in the past. The business is in the best shape I have ever seen it, and we are wholly focused on positioning the Group to capitalise on long-term growth prospects.

Finally, during the year Hays celebrated its 50th anniversary. Reaching that milestone is increasingly rare in today's business world. It was an event I was extremely proud to be a part of and I was privileged to open trading at the London Stock Exchange in June as recognition. It is an honour to lead a business that has grown and evolved so dramatically since our formation in 1968, and one that has helped progress the careers of literally millions of jobseekers worldwide in that time.

Alistair Cox
Chief Executive



Hays management open trading at the London Stock Exchange to celebrate our 50th anniversary.

OUR CASH STRATEGY

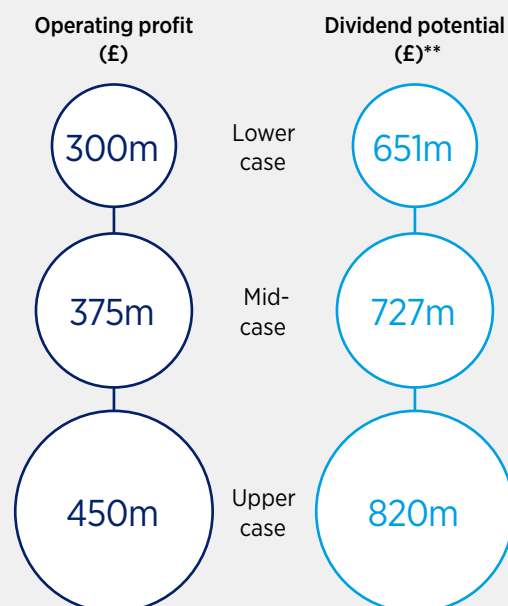
Our aspiration is to build on the momentum of our 2013 plan, driving operating profit in the range £300-450m by 2022.

At our Investor Day in November 2017, we detailed our ambition to deliver operating profit of between £300-450m by 2022, with a mid-point of £375m*.

Our business is highly cash-generative, meaning that if we hit the mid-point of this profit range, we can potentially deliver a cumulative £944m of operating free cash flow.

After taxes, budgeted capex and pension payments, we calculate that £727m could be available for returns to shareholders. In FY18, we have paid and proposed a total of £128.4m in dividends (FY17: £108.3m).

Potential for material returns to shareholders based on achieving our five-year aspirations



* This assumes a continued benign economic backdrop, and a relatively business-friendly exit of the UK from the EU

** Cumulative figure over five years

CLEAR, WELL-ESTABLISHED STRATEGIC PRIORITIES TO DELIVER OUR LONG-TERM AIMS

Our ultimate aim is to be the undisputed leader in global specialist recruitment. To achieve this, we have four long-established strategic priorities, which remain unchanged throughout the various stages of the economic cycle. As well as being interlinked with each other, they are underpinned and driven by our aims, as well as by the long-term megatrends we identify in our marketplace, described on page 6.



See our business model [page 22](#)
 Read about our KPIs [page 26](#)
 Read about our risks [page 38](#)
 Read more on our remuneration [page 68](#)

Strategic priority

Materially increase and diversify Group profits



Generate, reinvest and distribute meaningful cash returns



Invest in people and technology, responding to change and building relationships



Build critical mass and diversity across our global platform



What we achieved in FY18

- In FY18 we increased operating profit by a further c.£32 million to £243.4 million. We completed our 2013 plan, which aimed to broadly double and diversify the Group's profits. Despite the negative impact of Brexit, we delivered 95% profit growth over the period
- Our profit growth in FY18 has been driven by a record profit performance by our international business, accounting for 81% of the Group's profits. This is up from 35% ten years ago
- The UK also delivered highly creditable 13% operating profit growth, helped in part by some IT assets becoming fully depreciated

Focus FY19

- We will continue to focus on driving net fee and profit growth in our international businesses, where markets remain strong
- We see the biggest structural opportunities for profit growth in Germany and RoW, and we will continue to invest organically in this business
- The UK market remains stable but subdued. We will continue to monitor underlying activity levels closely as negotiations to leave the EU develop

Link to relevant KPIs

- 1 Like-for-like net fee growth
- 2 Proportion of Group net fees generated by our international business
- 4 Basic continuing earnings per share growth
- 6 Like-for-like net fees per consultant
- 7 Conversion rate

- Strong profit growth and excellent underlying cash performance, ending the year with a net cash balance of £122.9 million
- In line with our dividend policy, having reached our targeted core dividend cover of 3.0x EPS last year, we increased the core dividend by 18%, with a full-year dividend of 3.81 pence per share. Additionally, in line with our excess cash returns policy, having built a net cash position above £50 million, we propose a special dividend of 5.00 pence per share to supplement the core dividend, subject to shareholder approval
- £128.4m total dividends paid or proposed in FY18 (FY17: £108.2m)

- We will maintain core dividend cover at 3.0x earnings, and intend to grow the core dividend in line with growth in earnings. Should future earnings fall, our high dividend cover provides some protection
- We will target a net cash buffer of around £50 million as at each year end. It is our intention that any free cash flow generated over and above this level will be distributed to shareholders in the form of a special dividend, provided our market outlook is positive

- 1 Like-for-like net fee growth
- 4 Basic continuing earnings per share growth
- 8 Cash conversion

- Continued to develop mutually beneficial relationships across a range of areas, including collaborations with SEEK in Australia, Xing in Germany, LinkedIn, Google and Stack Overflow, amongst others
- Invested in further developing our own capabilities within our Data Analytics and Digital Marketing function, which has been working alongside our existing Innovation function and Corporate Development teams
- Upgraded our Germany and France IT operational systems, increasing our back office capacity
- We have hired a net 978 people and internally promoted over 3,370 of our employees

- We will continue to explore and develop relationships and partnerships with external organisations, to enable us to better understand, respond to and capitalise on new opportunities and/or threats
- Further develop our internal capabilities and expertise in terms of Data Science and Data Analytics, to improve our business efficiency and service to clients and candidates
- Continue to evolve and shape our offering to meet changing clients' needs by providing alternative and innovative delivery models, supported by the latest technologies and tools

- 5 Employee engagement
- 6 Like-for-like net fees per consultant

- We continued to pursue our strategy of diversified exposure across contract types, investing organically in our Temp/Contracting business, which represents 58% of Group net fee income
- Increased non-UK headcount by 12% year-on-year, including Germany up 13%, Canada up 23%, the USA up 21% and Australia up 12%
- The percentage of non-Perm net fees generated in the Group, excluding the UK, Germany and Australia, remained broadly constant in FY18. Since 2011, this has grown from 22% to 32% in 2018
- Global office network stands at 257, of which 160 are non-UK & Ireland

- We will continue to focus on organic growth, making further investment in headcount where conditions are supportive
- Further expand the percentage of net fee income generated outside of our largest businesses (the UK, Germany and Australia)
- Drive further growth in our Temp/Contracting business in new/existing markets, including France, Japan, Canada and the US

- 1 Like-for-like net fee growth
- 2 Proportion of Group net fees generated by our international business
- 3 Headline international net fee base

Our business model

A GLOBALLY INTEGRATED PLATFORM WITH LOCAL EXPERTISE

We believe that having a balanced exposure within and between our markets is key to driving superior and relatively resilient financial performance, and better results for our clients, through the economic cycle. We have a business with scale, breadth and diversity of exposure, designed to take into account the megatrends driving change in our industry, as well as the short-term market movements we experience.

A balanced and diverse model

We have deliberately and strategically built a business which is balanced and diverse.

Within our network, we have exposure to both more cyclical, mature markets such as the UK and more immature, structural-growth markets such as Germany and in Asia. We are exposed to Temporary, Contractor and Permanent recruitment markets and have deep scale and expertise in 20 specialist areas of skilled employment.

We are predominantly private sector-focused, but also serve public sector clients in some markets. Within our portfolio of services, we work on one-off placements for SMEs and global multinationals, as well as contract-based higher volume recruitment for our larger clients. The balance, breadth and scale of our business is unique in the world of specialist recruitment.

This is a key differentiator, and we believe it is important as it makes our business and its earnings relatively more resilient to today's ever-changing macroeconomic and political landscape.

Exposure to mature and less-mature markets

Structural-growth markets are those where the use of agencies like Hays to source skilled candidates is a relatively new practice. Traditionally in these markets, this recruitment is undertaken by companies themselves, using hiring teams within their own HR functions.

A key driver of our growth is therefore the first-time outsourcing of this recruitment to third parties. This means that these markets are relatively less cyclical, and relatively less-driven by the prevailing economic backdrop, or short-term sentiment. More mature markets are those where the use of agencies is a well-established, long-standing norm. Here, clients will use agencies to help them fill roles in the majority of cases.

As such, these markets are more cyclical in nature, with activity levels dependent far more on the amount of job churn occurring at any particular time.

We have a business with scale, breadth and diversity of exposure, which is built to take into account the megatrends driving change in our industry, the short-term market movements we experience and positions us to work towards our long-term aims and strategy.



Balanced exposure across markets

Breadth of expertise

Net fees by clients

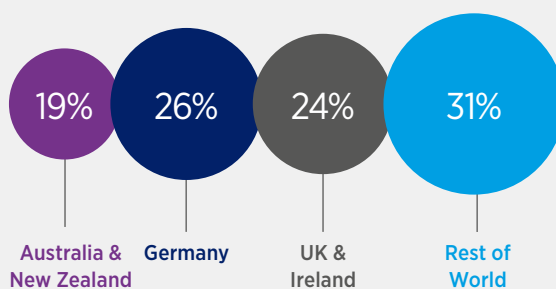
Top 40

c.15%

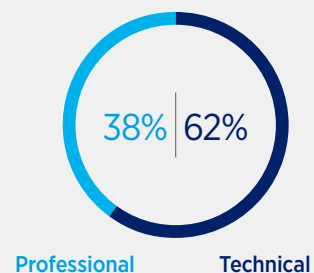
Other clients

c.85%

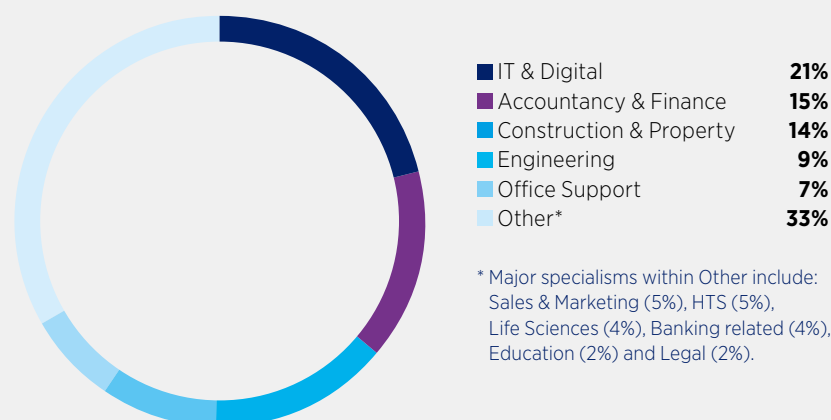
Net fees by geography



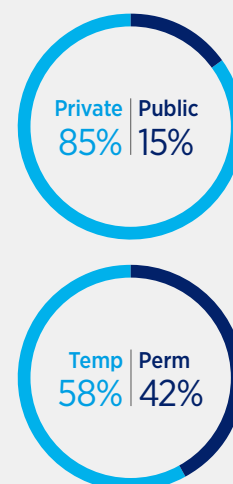
Net fees by type



Net fees by specialisms



Contract type



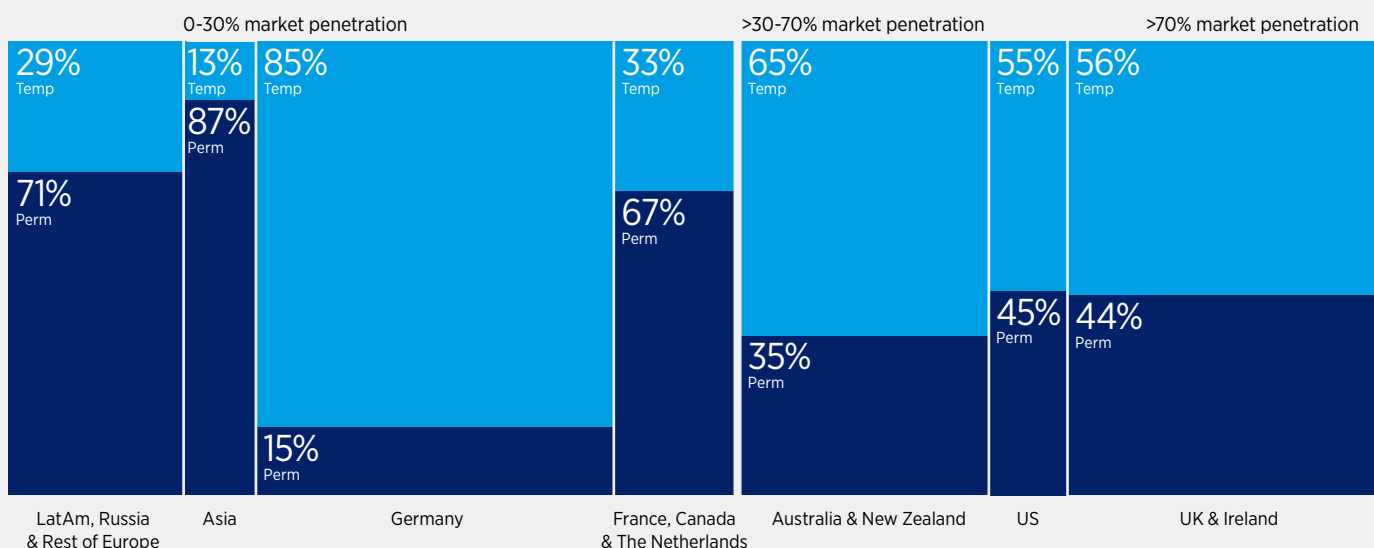
Net fees by geography, type and market maturity

Structural/immature

54%

Cyclical/mature

46%



CREATING VALUE FOR ALL STAKEHOLDERS

Our consultants develop long-term relationships with clients and candidates to understand their local markets and are equipped with the latest technology, tools and data to match candidates to roles.

We understand the needs and challenges of our clients and candidates locally and employ the power of our integrated global business to meet them quickly and effectively.

We take our relationships with wider stakeholders in society very seriously, and this is discussed further in our 'Acting Responsibly' section.

[See our business model page 22](#)

[Read about our KPIs page 26](#)

[Read about our risks page 38](#)

[Read more about our acting responsibly policies page 43](#)

[Read more on our remuneration page 68](#)

A balanced and diverse model

What we need to make our business model work.

People and culture

Our people

Hays is the ultimate people business and as such the ability to attract, develop, enable and retain the very best consultants and managers in our industry is vital to our success. We aim to create an exciting and vibrant work environment and we strive continuously to provide our people with attractive career paths that will make them experts in their fields.

Society

We believe that what we do makes a big difference to the world around us. We help hundreds of thousands of people every year to secure the next leg on their personal career journey, and companies source the skilled employees they need to grow. This all contributes to the wider growth and success of the economies and communities in which we operate.

Brand, technology and data

Brand

Our reputation as a world-leader in the specialist recruitment market is supported and reinforced by our world-class global brand, which is consistent in each of our markets around the world. We constantly focus on building wider recognition and awareness of Hays as a market leader both through partnerships with other organisations and by building a portfolio of high quality and respected publications that demonstrate the thought-leadership credential of Hays and our people.

Technology and data

We have built a sector-leading global technology platform that is able to interact with other applications and third-party technologies. This, together with our investment in data science and digital marketing capabilities, enables our consultants to make sense of the vast amount of data generated in today's world, source real-time, accurate information on their market and ultimately to get the best candidates to clients faster than anyone else.

Relationships

Partnerships and collaborations

Our philosophy is not just to invest in technology solutions, but also to build strong collaborations with leading innovators and influential organisations, creating mutually beneficial relationships which help us better understand and serve our clients and candidates. This philosophy extends beyond the technology sector and enhances our ability to better respond to fast-moving market developments.

Client and candidate relationships

Forming and maintaining strong relationships with our clients and candidates is at the heart of what we do. Our extensive engagement marketing programme offers them industry-leading content, with the aim of helping them succeed in their careers and source the right talent for their business. This also includes making connections with people who are not yet clients or candidates and building a relationship which would make them more likely to be open to future approaches.

How we create value

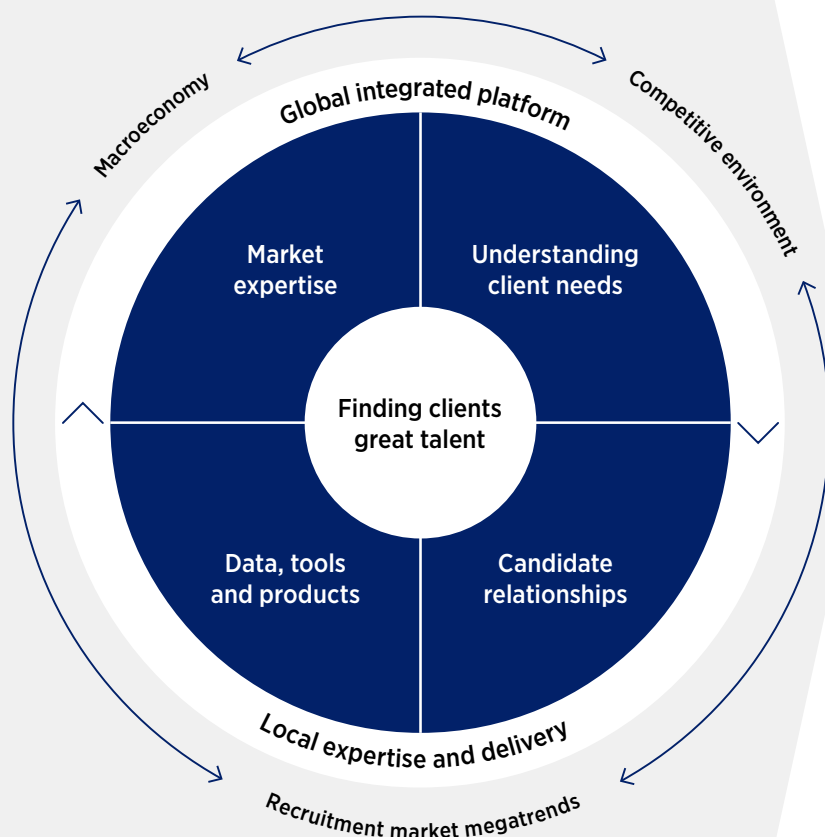
As the ultimate people business, everything we do is focused on placing the right people into the right roles.

Capital reinvestment

Our priority for free cash flow remains to fund the Group's investment and development.

Stakeholder benefits

The value we create not only generates returns for our shareholders, but also benefits our other stakeholders.



Clients

We work closely with our clients to help them find the skilled people they need to drive growth in their businesses. We work with thousands of companies every year, with no single client representing more than 1% of Group net fees.

Number of clients

>30,000

Private/Public sector

85:15

Candidates

We help candidates secure their next Perm job or Temp/Contracting assignment. We connect our candidates with the world of work through an array of events, debates, seminars and networking opportunities across our network of 33 countries.

2018 Perm placements

77,000

2018 Temp/Contract assignments

244,000

Employees

We invest a significant amount of time and effort to ensure Hays is a great place to work. We offer our consultants the best training to become experts in their market and develop their careers, along with the best technology and tools in the industry to enable them to be as productive and successful as possible.

2018 Internal promotions

3,370

2018 Formal training days

4,185

Shareholders

We continue to make progress on our objective of building the world's pre-eminent specialist recruitment business. The breadth, scale and balance of our business model, together with our industry-leading operating leverage, allow us to deliver superior relative financial performance through the cycle. This, combined with our focus on working capital management and the cash-generative nature of our business, means we have the potential to generate meaningful shareholder returns as our business grows.

2018 EPS growth

18%

2018 dividends paid and proposed

£128.4m

Society

During FY18 our CO₂ intensity ratio decreased by 5%. Hays is a diverse business which seeks to have a positive effect on the local and global community, anchored by our solid governance framework.

Gender ratio

63F:37M

2018 YoY CO₂ intensity ratio reduction

5%

KEY PERFORMANCE INDICATORS

Our long-term aim is to be the undisputed leader in global specialist recruitment. Along the way, we are focused on delivering well-diversified, profitable and cash-generative net fee growth.

We measure our progress in this respect, as well as against our areas of operational focus, using a series of KPIs.

Measured against our strategy

We clearly link each of our KPIs to our four strategic priorities:



Materially increase and diversify Group profits



Generate, reinvest and distribute meaningful cash returns



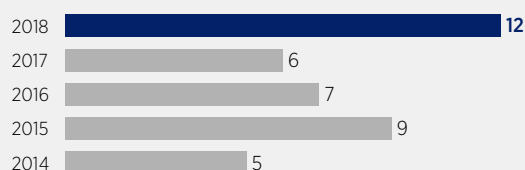
Invest in people and technology, responding to change and building relationships



Build critical mass and diversity across our global platform

Read more about strategic priorities page 20

1. Like-for-like⁽¹⁾ net fee growth (%)



Measure

How the Group's business is performing over time, measured as net fee growth on a constant currency basis.

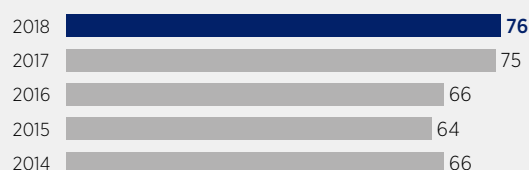
Progress made in 2017-18

Strong net fee growth of 12%. The rate of growth accelerated versus 2017 and we earned more than £1bn in net fees for the first time in our history.

[Link to relevant strategic priority](#)



2. Proportion of Group net fees generated by our International business (%)



Measure

The Group's relative exposure to markets which are typically more immature and under-penetrated than the UK, calculated as the percentage of non-UK net fees.

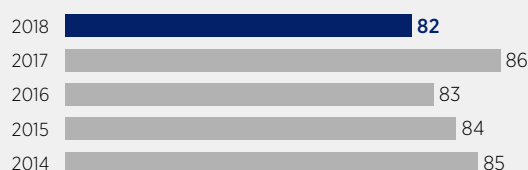
Progress made in 2017-18

76% of Group net fees were generated outside of the UK&I this year, led by a material increase in net fees from our ANZ, Germany and RoW businesses.

[Link to relevant strategic priority](#)



5. Employee engagement (%)



Measure

Based on the results of our internal employee engagement survey which tracks their sense of belonging, discretionary effort, personal motivation and job satisfaction.

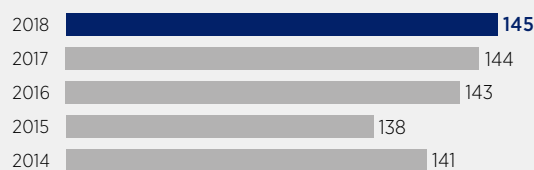
Progress made in 2017-18

Over 80% of our employees again engaged in our annual TALKback survey this year, reflecting our continuous efforts to focus on employee training, retention and effectiveness.

[Link to relevant strategic priority](#)



6. Like-for-like net fees per consultant (£000s)



Measure

The productivity of the Group's fee earners. Calculated as total Group net fees divided by average consultant numbers.

Progress made in 2017-18

Group like-for-like⁽¹⁾ net fees per consultant increased 1% in the year to £145.4k. This was driven by a material increase in RoW productivity, and an increase in the UK.

[Link to relevant strategic priority](#)

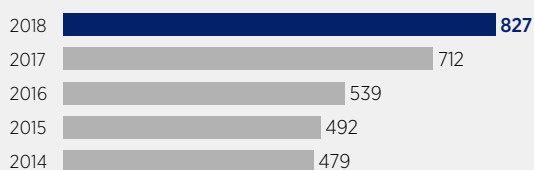


(1) Like-for-like growth represents organic growth of continuing operations at constant currency.

We have chosen a range of KPIs which are both financial and non-financial. They are focused on the overall Group financial performance, as well as changes we are making within the Group, such as the internationalisation of the business. As well as growth, we measure KPIs which illustrate the efficiency of our operations, such as conversion rate and cash conversion.

As we work towards our aims, and the shape and size of our business or our strategic priorities evolve, then our KPIs will evolve too.

3. Headline international net fee base (£m)



Measure

The absolute scale of the non-UK businesses in net fee terms (ANZ, Germany & RoW).

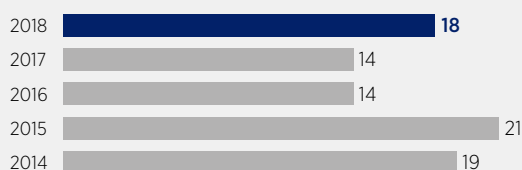
Progress made in 2017-18

Like-for-like⁽¹⁾ net fees in the international business grew by 15% in the year. We saw an acceleration of growth in Asia, the USA, Canada and Australia and strong, broad-based growth across many European markets, including Germany and France.

[Link to relevant strategic priority](#)



4. Basic continuing earnings per share growth (%)



Measure

The underlying profitability of the Group, measured by the earnings per share of the Group's continuing operations.

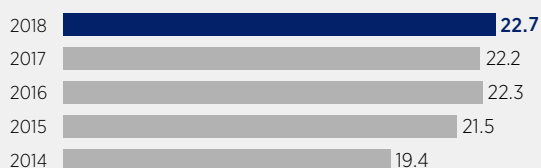
Progress made in 2017-18

Basic earnings per share increased by 18% to 11.44 pence. This reflects the Group's higher operating profit, lower net finance charge and lower effective tax rate.

[Link to relevant strategic priority](#)



7. Conversion rate (%)



Measure

Calculated as operating profit divided by net fees. Measures the Group's effectiveness in managing our level of investment for future growth and controlling costs.

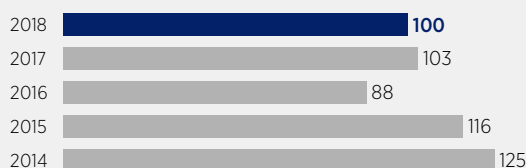
Progress made in 2017-18

Our conversion rate increased by 50 bps to 22.7%, largely as a result of strong profit performance in our RoW business and our continued strong control of operating costs.

[Link to relevant strategic priority](#)



8. Cash conversion (%)



Measure

The Group's ability to convert profit into cash. Calculated as cash generated by operations as a percentage of operating profit from continuing operations.

Progress made in 2017-18

100% cash conversion was a result of strong working capital management throughout the year, especially considering the strong growth in our German and RoW Contracting business, which are relatively working-capital intensive.

[Link to relevant strategic priority](#)





DIVISIONAL OPERATING REVIEW

AUSTRALIA & NEW ZEALAND



In Australia & New Zealand, net fees increased by 14% to £199.4 million and operating profit was up 14% to £69.1 million. This represented a conversion rate⁽¹⁾ of 34.7% (2017: 34.8%). The difference between actual and like-for-like growth rates was primarily the result of the depreciation in the average rate of exchange of the Australian dollar versus sterling during the year, which decreased net fees by £6.1 million and operating profits by £2.2 million.

Net fees in Perm grew strongly by 16%, while Temp, which represented 65% of ANZ net fees in the year, grew by 13%. The number of Temp and Contracting workers reached a new record in the year, at just under 21,000 per week.

In Australia, net fee growth accelerated to 16%. This was driven by private sector activity, which represented 65% of our net fees, up a strong 18%. Public sector net fees increased by 13%.

Growth in Australia was broad-based across all regions and specialisms. Our largest regions of New South Wales and Victoria, which together accounted for 57% of Australia net fees, were up 11% and 22% respectively. Queensland delivered an excellent performance, with net fees up 21%. Elsewhere, South Australia and Western Australia both grew strongly, up 19% and 14% respectively. Net fees in ACT, which has higher public sector exposure, increased by 8%.

At the specialism level, Construction & Property, our largest specialism in Australia, delivered strong 16% growth. IT grew by 15%, Accountancy & Finance was up 9% and HR increased by an excellent 25%. New Zealand (6% of ANZ net fees) was down 9% after a tough second half of the year.

During the year we made significant expansions to four offices, and consultant headcount in the division increased by 10% year-on-year. Australia increased by 12%, while New Zealand decreased by 10%.

Offices

39

(FY17: 38)

Consultants

1,000

(FY17: 911)

Net fees

£199.4m

(FY17: £180.7m)

Operating profit

£69.1m

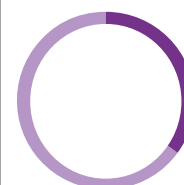
(FY17: £62.8m)

Net fees by contract type



■ Temporary **65%**
■ Permanent **35%**

Net fees by sector



■ Public **35%**
■ Private **65%**

Net fees by specialism

Construction & Property	26%
Accountancy & Finance	13%
Office Support	12%
IT	10%
Sales & Marketing	5%
HR	4%
Other	30%

Net fees by country

Australia	94%
New Zealand	6%

Operating performance

Year ended 30 June	2018	2017	Actual growth	LFL growth
Net fees	£199.4m	£180.7m	10%	14%
Operating profit	£69.1m	£62.8m	10%	14%
Conversion rate ¹	34.7%	34.8%	-10bps	
Period-end consultant headcount ²	1,000	911	12%	

Note: unless otherwise stated, all growth rates discussed on this page are LFL (like-for-like) year-on-year net fees and profits, representing organic growth of continuing operations at constant currency.

(1) Conversion rate is the proportion of net fees converted into operating profit (before exceptional items).

(2) Closing consultant headcount as at 30 June.

GERMANY



In Germany, our largest market, net fees grew strongly by 16% to £276.0 million, with operating profit up by 4% to £86.0 million. Sterling weakness versus the Euro led to a year-on-year increase in net fees of £7.2 million and operating profits of £2.5 million. Trading in the year was impacted by the loss of three working days versus prior year. We estimate this had a c.1% negative impact on net fees and a c.3% negative impact on operating profit. Therefore, adjusted for working days, underlying net fee growth was c.17%⁽³⁾ and operating profit grew by c.7%⁽³⁾.

Our Temp and Contracting business, which represented 85% of Germany fees, delivered strong growth of 14%. Within this, our largest business of Contracting was up 11%, while Temp growth was excellent at 22%, despite the negative working day impact. Our Perm business, which represented 15% of Germany fees, also delivered excellent growth of 34%.

IT, our largest specialism accounting for 41% of Germany net fees, grew by 13%. Our next largest area of Engineering also increased by 13%. We saw excellent growth in our newer specialisms, which now make up c.30% of Germany net fees, particularly Accountancy & Finance, up 42%, Sales & Marketing, 32%, and Legal, which grew by 74%.

As we set out at our 2017 Investor Day, there are significant long-term structural growth opportunities in Germany, on which we are determined to capitalise. In FY18 we invested in people, offices and systems. Consultant headcount was up 13% year-on-year to 1,700, in line with our five-year plan. To further support our growth, we opened three new offices (Essen, Walldorf and Augsburg) and completed five significant expansions (Mannheim, Stuttgart, Munich, Frankfurt and Cologne). We also upgraded our IT operational and back office systems.

These investments, coupled with three fewer working days in FY18, meant our conversion rate⁽¹⁾ declined 380bps to 31.2% (2017: 35.0%).

Offices

22

(FY17: 19)

Consultants

1,700

(FY17: 1,503)

Net fees

£276.0m

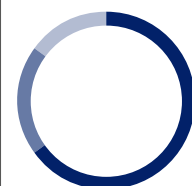
(FY17: £230.3m)

Operating profit

£86.0m

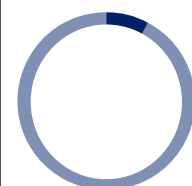
(FY17: £80.5m)

Net fees by contract type



Contracting	65%
Temporary	20%
Permanent	15%

Net fees by sector



Public	8%
Private	92%

Net fees by specialism

IT	41%
Engineering	29%
Accountancy & Finance	14%
Construction & Property	5%
Life Sciences	5%
Sales & Marketing	4%
Other	2%

Operating performance

Year ended 30 June	2018	2017	Actual growth	LFL growth
Net fees	£276.0m	£230.3m	20%	16%
Operating profit	£86.0m	£80.5m	7%	4%
Conversion rate ⁽¹⁾	31.2%	35.0%	-370bps	
Period-end consultant headcount ⁽²⁾	1,700	1,503	13%	

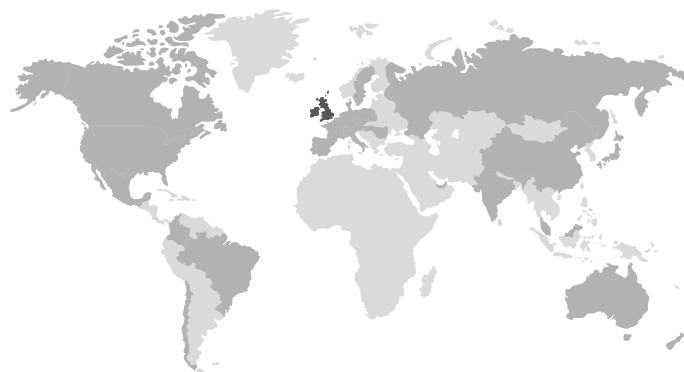
Note: unless otherwise stated, all growth rates discussed on this page are LFL (like-for-like) year-on-year net fees and profits, representing organic growth of continuing operations at constant currency.

(1) Conversion rate is the proportion of net fees converted into operating profit (before exceptional items).

(2) Closing consultant headcount as at 30 June.

(3) The estimated working day impact is calculated on our Temp & Contractor businesses only, we make no estimate of the impact on our Perm business. It represents an assumption based on recent trends of revenues per working day in those businesses.

UK & IRELAND



In the United Kingdom & Ireland net fees increased 2% to £258.2 million, with operating profit up 13% to £47.0 million, representing a conversion rate⁽¹⁾ of 18.2% (2017: 16.4%). Although good cost control across the business was a driver of profit leverage, our performance also benefited from the conclusion of depreciation on major legacy IT investment programmes. The annual benefit to the division was £4.6 million in FY18.

Overall, the UK market remained uncertain but stable overall. Temp, which represented 56% of division net fees, grew by 3%, with our Perm business up 1%. Public sector markets remained tough and net fees declined 2%, although the rate of decline improved in H2 FY18, in part due to easier comparatives following the negative impact of IR35 changes in the public sector, implemented in April 2017. Our larger private sector business, which represented 75% of net fees, grew by 3%.

All regions traded broadly in line with the overall UK business, with the exception of the South West & Wales, up 8%, Northern Ireland up 7%, East down 7% and the Midlands, down 6%. Our largest region of London, c.31% of UK&I net fees, grew by 3%. Ireland delivered strong net fee growth of 16%.

At the specialism level, Accountancy & Finance, our largest UK&I business, was flat, while Construction & Property, Office Support and IT were up by 3%, 7% and 1% respectively. Net fees in Education decreased by 10%, as the sector continued to be negatively impacted by declining public sector spending.

Consultant headcount in the year fell by 2% to 1,917, all by natural attrition, as we maintained focus on driving consultant productivity.

Net fees by country/sub-group

London	31%
North & Scotland	24%
Midlands & East Anglia	18%
South West & Wales	10%
South East	9%
Ireland	8%

Operating performance

Year ended 30 June	2018	2017	Actual growth	LFL growth
Net fees	£258.2m	£252.9m	2%	2%
Operating profit	£47.0m	£41.5m	13%	13%
Conversion rate ⁽¹⁾	18.2%	16.4%	+180bps	
Period-end consultant headcount ⁽²⁾	1,917	1,948	(2)%	

Note: unless otherwise stated, all growth rates discussed on this page are LFL (like-for-like) year-on-year net fees and profits, representing organic growth of continuing operations at constant currency.

(1) Conversion rate is the proportion of net fees converted into operating profit (before exceptional items).

(2) Closing consultant headcount as at 30 June.

Offices

97

(FY17: 98)

Consultants

1,917

(FY17: 1,948)

Net fees

£258.2m

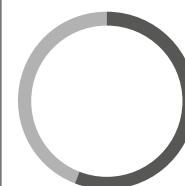
(FY17: £252.9m)

Operating profit

£47.0m

(FY17: £41.5m)

Net fees by contract type



■ Temporary **56%**
■ Permanent **44%**

Net fees by sector



■ Public **25%**
■ Private **75%**

Net fees by specialism

Accountancy & Finance	22%
Construction & Property	20%
Office Support	12%
IT	9%
Education	8%
Banking	8%
Other	21%

REST OF WORLD



Our Rest of World (RoW) division, which includes 28 countries, delivered strong net fee growth of 17% to £339.2 million. Operating profit grew by an excellent 51% to £41.3 million, with conversion rate⁽¹⁾ improving by 300bps to 12.2% (2017: 9.2%). Growth was broad-based, with 21 markets delivering all-time record net fees. Perm net fees, which represented 68% of RoW, were up by an excellent 21%, while Temp net fees rose 10%.

Sterling strength against the US dollar, and some Asian currencies, was partially offset by weakness against the Euro, on a year-on-year basis. This resulted in a decrease in net fees of £1.5 million. As the majority of our profits are in Europe, we saw a modest increase in operating profit from currency of £0.6 million.

Europe ex-Germany delivered strong, broad-based net fee growth of 15% and excellent profit growth of 32%. 11 of our 17 countries grew by more than 15%, and 12 countries generated record net fees in the year. This included France, our largest RoW market, which increased net fees by 14%, representing a fourth consecutive year of double-digit net fee growth, led by strong growth in our largest French specialisms of Accountancy & Finance and Construction & Property, up 16% and 18% respectively. Banking also delivered excellent growth, up 45%. Belgium, our second-largest business in the sub-region, delivered strong growth of 18%, as did Spain, up 15%.

The Americas grew net fees by an excellent 21%, including four of our six countries with all-time records. We continued to invest significantly in the region, particularly in Canada and the USA, where headcount rose by 23% and 21% respectively. Net fees in the USA grew by 28%, with an acceleration in H2, and Canada grew by 16%. In Latin America, Brazil delivered strong net fee growth of 16%, although Mexico was tougher and declined by 2%. In absolute terms, operating profit in the Americas rose £2.5 million, a strong result given our investments.

Asia delivered an excellent performance, with net fees up 23% and operating profit 72%. Five of our six businesses in the region delivered record net fee performances. Within this, Hong Kong, our third-largest market, delivered the highest growth with net fees up 57%. Japan and China, our largest and second-largest markets, grew by 13% and 29% respectively. Japan, Hong Kong and China were the largest absolute profit growth contributors.

During the year we opened four new offices in RoW, and significantly expanded 10 others. Consultant headcount in the division was up by 13% year-on-year to 2,847. Within this, headcount in Europe ex-Germany was up 11%, Asia up 17%, and in the Americas up 15%.

Offices

99

(FY17: 95)

Consultants

2,847

(FY17: 2,522)

Net fees

£339.2m

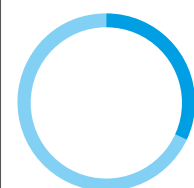
(FY17: £290.7m)

Operating profit

£41.3m

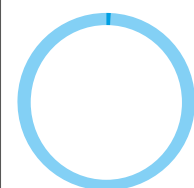
(FY17: £26.8m)

Net fees by contract type



■ Temporary **32%**
■ Permanent **68%**

Net fees by sector



■ Public **1%**
■ Private **99%**

Net fees by specialism

IT	21%
Accountancy & Finance	12%
Construction & Property	10%
Life Sciences	8%
Office Support	7%
Engineering	6%
Other	36%

Net fees by sub-region

Europe ex-Germany	61%
Asia	17%
The Americas	22%

Operating performance

Year ended 30 June	2018	2017	Actual growth	LFL growth
Net fees	£339.2m	£290.7m	17%	17%
Operating profit	£41.3m	£26.8m	54%	51%
Conversion rate ⁽¹⁾	12.2%	9.2%	+300bps	
Period-end consultant headcount ⁽²⁾	2,847	2,522	13%	

Note: unless otherwise stated, all growth rates discussed on this page are LFL (like-for-like) year-on-year net fees and profits, representing organic growth of continuing operations at constant currency.

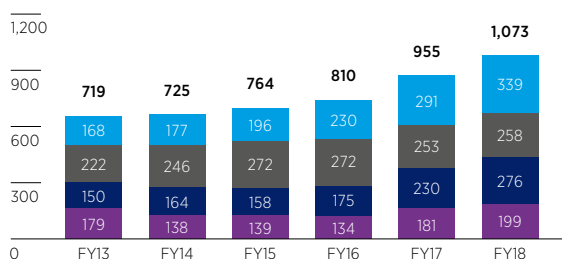
(1) Conversion rate is the proportion of net fees converted into operating profit (before exceptional items).

(2) Closing consultant headcount as at 30 June.

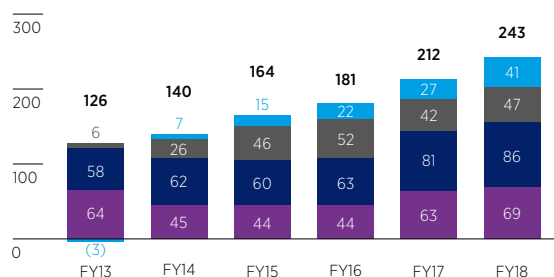
HISTORICAL DIVISIONAL COMPARISONS FY13–18

During FY18, we moved from a three-division reporting structure to four divisions. This was in line with how we presented our 2013 and, more recently, our 2018 five-year plans, and better reflects the weightings of our different geographical businesses. For transparency, and to assist shareholders in understanding our business, we set out below our divisional operational performance in Australia & New Zealand, UK & Ireland, Germany and Rest of World, for our financial years 2013-18.

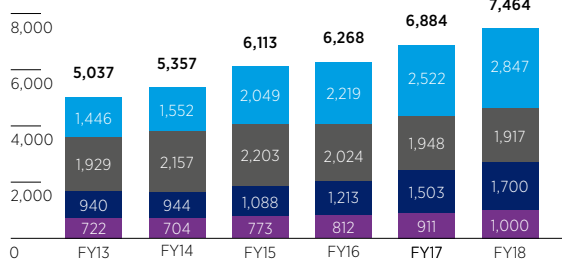
Net fees £m



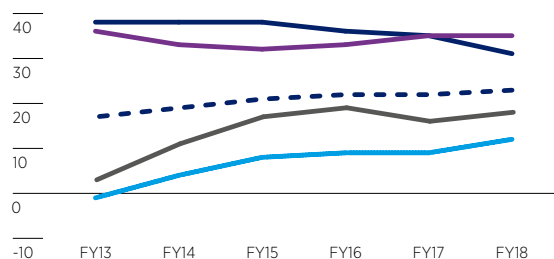
Operating profit £m



Consultant headcount



Conversion rate %



■ Australia & New Zealand
 ■ Germany
■ UK & Ireland
 ■ Rest of World
--- Group Conversion rate

RECORD INTERNATIONAL PROFITS AND RECORD TOTAL DIVIDENDS

“I am pleased to report a strong financial performance, including our core dividend up 18%, and the Group’s second special dividend of £72.9 million.”

Paul Venables
Group Finance Director, Hays plc

FINANCE DIRECTOR’S REVIEW

Financial highlights

I am pleased to report that we delivered a strong financial performance for 2018. Turnover was up 13%, and net fees⁽²⁾ increased by 12% on both an actual and like-for-like basis, with operating profit up 15%, again on both an actual and like-for-like basis, to £243.4 million. We converted 100% of operating profit into operating cash flow. Our industry-leading conversion rate⁽³⁾ improved by 50bps to 22.7% (2017: 22.2%), driven by positive leverage in RoW.

Our cash performance was strong, we ended the year with net cash of £122.9 million. As a result, the Board proposes to increase the final core dividend by 22% to 2.75p per share, resulting in an increase to the full-year core dividend to 3.81p per share, up 18% on prior year and covered 3.0x by earnings. Additionally, our strong cash position and our confidence in outlook, enabled the Board to propose a special dividend of 5.00p per share, in line with our dividend policy.

During the year, overall market conditions remained strong, with many clear opportunities to grow, notably in Australia, Germany and RoW. Within RoW, our Asia and Americas growth accelerated throughout the year. In the UK, our markets remain uncertain but are stable overall.

Operating performance

Year ended 30 June (£s million)	2018	2017	Actual growth	LFL growth
Turnover ⁽¹⁾	5,753.3	5,081.0	13%	13%
Net fees ⁽²⁾	1,072.8	954.6	12%	12%
Operating profit	243.4	211.5	15%	15%
Cash generated by operations	243.5	217.0	12%	
Profit before tax	238.5	204.6	17%	
Basic earnings per share	11.44p	9.66p	18%	
Dividend per share	3.81p	3.22p	18%	

Note: unless otherwise stated all growth rates discussed in the Finance Director’s Review are LFL (like-for-like) year-on-year net fees and profits, representing organic growth of continuing operations at constant currency.

(1) Net fees of £1,072.8 million (2017: 954.6 million) are reconciled to statutory turnover of £5,753.3 million (2017: £5,081.0 million) in note 5 to the Consolidate Financial Statements.

(2) Net fees comprise Turnover less remuneration of temporary workers and other recruitment agencies.

Increase in Group net fee income

+12%

2017: +6%

Conversion rate of Group net fees into operating profit

22.7%

2017: 22.2%

Increase in operating profit

+15%

2017: +1%

Group consultant headcount up 8% year-on-year

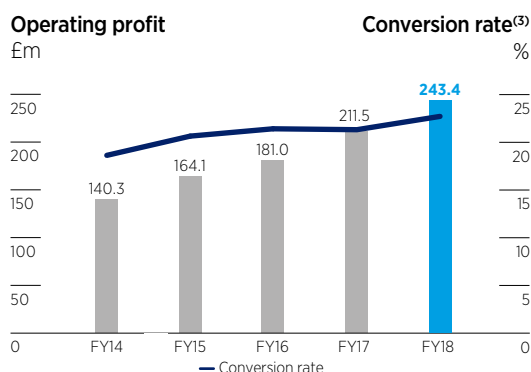
7,464

2017: 6,884

Total proposed and paid dividends

£128.4m

2017: £108.2m



Foreign exchange

Overall, net currency movements versus sterling were minimal in the year. Over the course of the year to 30 June 2018, exchange rate movements reduced net fees by £0.1 million, and increased operating profit by £1.0 million.

Fluctuations in the rates of the Group's key operating currencies versus sterling continue to represent a significant sensitivity for the reported performance of our business. By way of illustration, each 1 cent movement in annual exchange rates of the Australian dollar and euro impacts net fees by £1.1 million and £3.8 million respectively per annum; and operating profits by £0.4 million and £1.2 million respectively per annum.

The rate of exchange between the Australian dollar and sterling over the year ended 30 June 2018 averaged AUD 1.7388 and closed at AUD 1.7847. As at 28 August 2018 the rate stood at AUD 1.7535. The rate of exchange between the euro and sterling over the year ended 30 June 2018 averaged €1.1290 and closed at €1.1307. As at 28 August 2018 the rate stood at €1.0996.

The impact of these movements in foreign exchange rates means that if we re-translate the Group's full-year operating profit of £243.4 million at 28 August 2018 exchange rates, the actual reported result would increase by c.£3 million to c.£246 million.

Strong growth in International Temp and Perm

Net fees in Temp, which incorporates our Contracting business and represented 58% of Group net fees, increased by 10%. This comprised a volume increase of 13%, partially offset by underlying Temp margins⁽⁴⁾ down 50bps at 15.9% (2017: 16.4%), primarily due to mix and a reduction in Temp margin in our Australia, Germany and UK markets. Net fees in Perm increased by 16%, with volumes up 11% and our average Perm net fee up 5%. Perm growth in our International businesses was strong and broad-based, and Perm net fees grew 1% in the UK.

Movements in consultant headcount

Consultant headcount ended June 2018 at 7,464, up 8% year-on-year. In ANZ, consultant headcount was up 10% year-on-year, led by Australia up 12%. Our Germany consultant headcount was up 13%.

In UK & I, the division's consultant headcount was down 2% in the year, by natural attrition. In Rest of World (RoW), consultant headcount increased by 13% year-on-year, including material investments in the USA, Canada and China, where headcount was up 21%, 23% and 23% respectively. Over the last six months, Group consultant headcount growth was flat (versus December 2017).

Current trading

We continue to see strong overall net fee growth across our International businesses. We will therefore continue to invest in a targeted way to capitalise on these opportunities. Conditions in the UK are stable overall.

Movements in the rates of exchange of the Group's key currencies, notably the Australian dollar and the euro, remain a material sensitivity to our reported financial performance.

We expect Group headcount growth in Q1 FY19 to be up c.3-5% sequentially, including the impact of our normal seasonal graduate intake. This will be primarily driven by our International businesses, particularly North America, Asia and Europe, including Germany and France.

Importantly, moving into FY19, we increasingly overlap tough growth comparatives from the prior year, especially in Australia and Europe.

Australia & New Zealand

We continue to see good activity levels in Australia across all states and most specialisms, although we start to overlap increasingly tough growth comparatives in Q1 FY19.

Germany

In Germany, growth remains strong overall, despite tough comparators.

United Kingdom & Ireland

Conditions in the UK remain uncertain but stable.

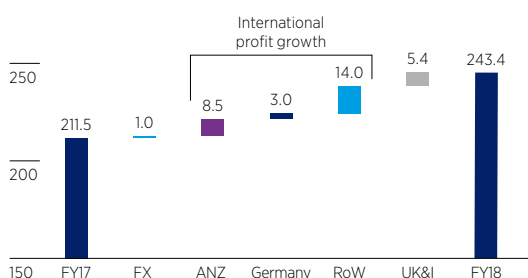
Rest of World

Conditions remain strong across Europe, Asia and the Americas.

(3) Conversion rate is the proportion of net fees converted into operating profit.

(4) The underlying gross margin is calculated as Temp net fees divided by Temp gross revenue and relates solely to Temp 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 and arrangements where the Company provides major payrolling services.

Operating profit bridge: year-on-year growth £m



Net finance charge

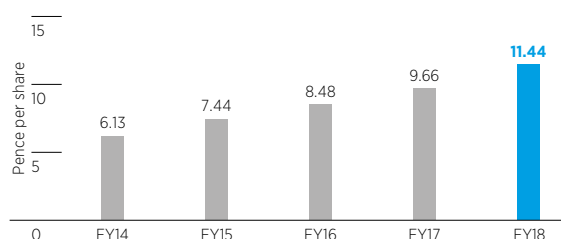
The net finance charge for the year was £4.9 million (2017: £6.9 million). The average interest rate on gross debt during the period was 2.0% (2017: 2.2%), generating net bank interest payable including amortisation of arrangement fees of £1.6 million (2017: £2.1 million). The net interest charge on defined benefit pension scheme obligations was £2.1 million (2017: £2.4 million). The Pension Protection Fund levy was £0.3 million (2017: £0.5 million) and the interest unwind on the deferred acquisition liability related to the Veredus transaction was £0.6 million (2017: £1.1 million). We expect the net finance charge for the year ending 30 June 2019 to be around £3.0 million.

Taxation

Taxation for the year was £72.7 million (2017: £65.5 million), representing an effective tax rate of 30.5% (2017: 32.0%). The effective tax rate reflects the Group's geographical mix of profits, with the decrease year-on-year primarily due to increased profit in lower tax jurisdictions, and a reduction in UK tax rate. The Group's effective tax rate for the year to June 2019 will be driven by the mix of profits generated during the year. We currently expect the rate to be broadly unchanged at 30.5%.

Earnings per share

Basic earnings per share increased by 18% to 11.44 pence (2017: 9.66 pence), reflecting the Group's higher operating profit, lower net finance charge and lower effective tax rate.

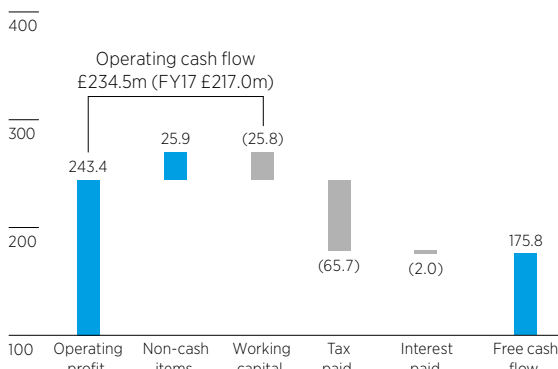


“We continue to see strong overall net fee growth across our International businesses. Conditions in the UK are stable overall.”

Cash flow and balance sheet

Strong underlying cash performance with 100% conversion of operating profit into operating cash flow (2017: 103%). This was a result of good working capital management throughout the year, particularly considering the strong growth in our International Temp and Contracting businesses, which are relatively working capital-intensive. Trade debtor days were unchanged at 39 days (2017: 39 days).

Operating profit to free cash flow conversion £m

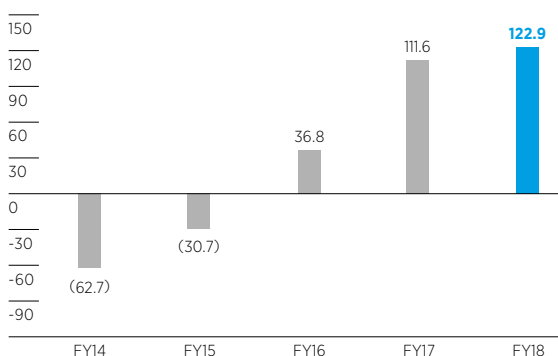


Net capital expenditure was £25.0 million (2017: £21.4 million), with the increase primarily due to investments in IT front and back office operational systems, cyber security and property. We expect capital expenditure to be c.£30 million for the year to June 2019.

Dividends paid in the year totalled £109.7 million and pension deficit contributions were £15.3 million. Net interest paid was £2.0 million and the cash tax payment was £65.7 million.

Having eliminated net debt in 2016 and paid a £61.6 million special dividend during the year, we ended June 2018 with a net cash position of £122.9 million.

Closing net cash/(net debt) £m



Retirement benefits

The Group's pension position under IAS19 at 30 June 2018 has resulted in a surplus of £75.9 million, compared to a deficit of £0.2 million at 30 June 2017. The surplus was primarily due to favourable changes in both demographics and financial assumptions (an increase in the discount rate and a decrease in the inflation rate), together with an increase in asset values.

In respect of IFRIC 14, the scheme's Definitive Deed and Rules is considered to provide Hays with an unconditional right to a refund of surplus assets and therefore the recognition of a net defined benefit scheme asset is not restricted. Agreements to make funding contributions do not give rise to any additional liabilities in respect of the scheme.

During the year the Company contributed £15.3 million of cash to the defined benefit scheme (2017: £14.8 million), in line with the agreed deficit recovery plan. The 2015 triennial valuation quantified the actuarial deficit at c.£95 million and the recovery plan comprises an annual payment of £14.0 million from July 2015, with a fixed 3% uplift per year, over a period of just under 10 years. The scheme was closed to new entrants in 2001 and to future accrual in June 2012. The formal actuarial valuation as at 30 June 2018 is currently being performed by the actuary and will be completed during FY19.

On 6 August 2018, Hays Pension Trustee Limited, in agreement with Hays plc, entered into a bulk purchase annuity policy (buy-in) contract with Canada Life Limited for a premium of £270.6 million in respect of insuring all future payments to the existing pensioners of the Hays defined benefit scheme as at 31 December 2017. The pension buy-in transaction was funded through the existing investment assets held by the Trustee on behalf of the pension scheme.

This material balance sheet de-risking exercise is in line with Hays' long-term strategy to reduce future volatility of the Group's defined benefit schemes, and their financial impact on the Group.

Capital structure and dividend

The Board's priorities for our free cash flow are to fund the Group's investment and development, maintain a strong balance sheet and deliver a sustainable core dividend at a level which is both affordable and appropriate. Our strategy is to maintain dividend cover at the top end of 2.0x to 3.0x full-year earnings, and to match increases in core dividend with full year earnings growth. Assuming a positive outlook, it remains our intention that any excess free cash flow generated over-and-above £50 million, which is not needed for the priorities outlined above, will then be distributed to shareholders via special dividends to supplement the core dividend at year end.

With reference to the above, and taking into account the good financial performance of the Group this year, the Board proposes to increase the final core dividend by 22% to 2.75p per share resulting in an increase to the full-year dividend to 3.81p per share, up 18% on prior year. As such, the full-year dividend will be covered 3.0x by earnings. Additionally, in line with the above policy on uses of excess cash flow, the Board recommends the payment

of a special dividend of £72.9 million, equivalent to 5.00p per share, up 18% on prior year. The final dividend and the special dividend will be paid, subject to shareholder approval, on 16 November 2018 to shareholders on the register on 5 October 2018.

Treasury management

The Group's operations are financed by retained earnings and bank borrowings. The Group has in place a £210 million revolving credit facility, maturing in April 2020, which provides considerable headroom versus current and future Group funding requirements. The covenants within the facility require the Group's interest cover ratio to be at least 4:1 (ratio as at June 2018: 123:1) and its leverage ratio (net debt to EBITDA) to be no greater than 2.5:1 (as at 30 June 2018 the Group held a net cash position). The interest rate of the facility is on a ratchet mechanism with a margin payable over LIBOR in the range 0.90% to 1.55%.

The Group's UK-based treasury function manages the Group's treasury risks in accordance with policies and procedures set by the Board, and is responsible for day-to-day cash management; the arrangement of external borrowing facilities; the investment of surplus funds; and the management of the Group's interest rate and foreign exchange risks. The Treasury function does not engage in speculative transactions and does not operate as a profit centre, and the Group does not hold or use derivative financial instruments for speculative purposes.

The Group's cash management policy is to minimise interest payments by closely managing Group cash balances and external borrowings. Euro-denominated cash positions are managed centrally using a cash concentration arrangement which provides visibility over participating country bank balances on a daily basis. Any Group surplus balance is used to repay any maturing loans under the Group's revolving credit facility or is invested in overnight money market funds. As the Group holds a sterling-denominated debt facility and generates significant foreign currency cash flows, the Board considers it appropriate in certain cases to use derivative financial instruments as part of its day-to-day cash management. The Group does not use derivatives to hedge balance sheet and income statement translation exposure.

The Group is exposed to interest rate risk on floating rate bank loans and overdrafts. It is the Group's policy to limit its exposure to interest rates by selectively hedging interest rate risk using derivative financial instruments. However there were no interest rate swaps held by the Group during the current or prior year.

Counterparty credit risk arises primarily from the investment of surplus funds. Risks are closely monitored using credit ratings assigned to financial institutions by international credit rating agencies. The Group restricts transactions to banks and money market funds that have an acceptable credit profile and limits its exposure to each institution accordingly.

Paul Venables
Group Finance Director
29 August 2018

Principal risks

MANAGING RISKS TO ACHIEVE OUR STRATEGIC GROWTH TARGETS

We focus on key risks which could impact on the achievement of our strategic goals and, therefore, on the performance of our business.

Our risk appetite

Responsibility for the level of risk that the Group is willing to accept is vested in the Hays plc Board. The Board links its risk appetite and strategic objectives, which are then mapped against defined impact and likelihood scales. From here it is able to determine what is an acceptable level of risk. Hays has a proactive approach to measuring performance and considers risk as an integral part of decision-making, both about current and future performance throughout the global businesses.

The principal risks have been mapped through our risk appetite process in order to identify both position and tolerance levels and to assess the mitigating actions.

Hays operates a measured risk appetite position due to the nature of the recruitment market, being a cyclical business and sensitive to macroeconomic conditions, which results in a lack of forward visibility of fees and increases the overall risk environment.

Risk attributes

When considering risk appetite the Board considers this in terms of the following attributes:

- Experienced and stable management team globally;
- Strong balance sheet, including the level of operational gearing; and
- Clear and open communication channels.

Risk governance – identifying, evaluating and managing risk

The Board has overall responsibility for the Group's internal control systems and for reviewing their effectiveness. This has been designed to assist the Board in making better, more risk-informed, strategic decisions with a view to creating and protecting shareholder value. In practice, the Board delegates the task of implementing its policies on risk and control to management and needs to assure itself on an ongoing basis that management is responding appropriately to these risks and controls.

Ownership and responsibility for operating risk management and controls is vested in management by the Board, and management needs to provide leadership and direction to the employees to ensure the organisation's overall risk-taking activity is managed in relation to the agreed level of risk appetite.

To manage the effectiveness of this the Board and management need to rely on adequate line functions, including monitoring and assurance functions, within the organisation. As such the organisation operates the 'Three Lines of Defence' model as a way of explaining the relationship between these functions and demonstrating how responsibilities are allocated:

- The first line of defence: responsibility to own and manage risk;
- The second line of defence: responsibility to monitor and oversee risk;
- The third line of defence: functions that provide independent assurance.

The Group Risk Committee, chaired by the Group Finance Director and comprising senior operational, IT, legal and finance representatives, assists in the strategic management and development of risk in the Group.

In addition, to further enhance risk oversight and management, a Chief Risk Officer was appointed in August 2018.

How we monitor our progress – three lines of defence

Board & Audit Committee

Management Board

First line of defence:

- Management Controls
- Policies and Procedures
- Internal Control

Second line of defence:

- Financial Control
- Security
- Risk Management
- KPIs
- Compliance
- Group Risk Committee

Third line of defence:

- Internal Audit
- External Advisers
- Regulatory Reviews

Ownership & Management

Monitor & Oversight

Independent Assurance

Risk identification and impact – Hays' principal risks are analysed on a gross (pre-mitigation) and net (post-mitigation) basis

The Management Board oversees an enterprise risk management framework, which allows for a holistic, top-down and bottom-up view of key risks facing the business. These are recorded in a Group risk register, which is reviewed at least annually by the Management Board and submitted to the Board thereafter to enable it to carry out its risk oversight responsibility. This exercise involves a current and forward look at various risks affecting the business and prioritises them according to risk magnitude and likelihood. Risks covered include operational, financial and reputational risks, as well as compliance and people-related risks. Each risk is assigned an owner with current and future risk mitigation procedures detailed, with the continuing monitoring of these undertaken on an ongoing basis.

Viability statement

In accordance with provision C.2.2 of the UK Corporate Governance Code 2016, the Directors have assessed the prospects of the Group over a period longer than the 12 months from the date of approval of the financial statements.

The Directors believe that a three-year period ending 30 June 2021 is the most relevant time period over which to provide the viability statement, being supported by the appraisal of the principal risks and mitigating internal controls. This allows the Directors to assess and conclude that the Group will be able to operate within its existing bank covenants and maintain appropriate bank facilities to meet its funding requirements over a three-year period, being backed by the £210 million revolving credit facility in place until April 2020, which the Company anticipates no problem in renewing and fully intends to do so.

This three-year period also reflects our three-year planning cycle, which covers the same period, and considers the fast moving nature of the industry. As such, collectively these factors allow the directors a reasonable expectation, predicated on the basis that there are no unforeseen events outside of the Group's control that inhibit the Company's ability to continue trading, and that using a three-year period it is possible to form a reasonable expectation as to the Group's longer-term viability.

Process to assess the Group's prospects

As in prior years, the Board undertook a strategic business review in the current year taking into account the Group's current position and the potential impact of the principal risks set out on pages 40 to 42 of the Annual Report.

In addition and in making this statement, the Board carried out a robust assessment of the principal risks facing the Group, including those that would threaten the Group's business model, future performance and liquidity. While the review has considered all the principal risks identified by the Group, the resilience of the Group to the occurrence of these risks in severe yet plausible scenarios has been evaluated.

Stress testing

The Board approves an annual budget and reviews monthly management reports and quarterly forecasts. The output of the planning and budgeting processes has been used to perform a sensitivity analysis to the Group's cash flow to model the potential effects should principal risks actually occur either individually or in unison.

The sensitivity analysis included loss of business arising from a prolonged global downturn and an assessment of a range of possible outcomes arising from the UK's vote to leave the European Union.

Set against these downside risks, the Board considered key mitigating factors including the geographic diversity of the Group, its balanced business model across Temporary, Permanent and Contract recruitment services, and the significant working capital inflows which arise in periods of severe downturn, particularly in the Temporary recruitment business, thus protecting liquidity as was the case during the global financial crisis of 2008/09.

In addition, the Group's history of strong cash generation, tight cost control and flexible workforce management provides further protection. The Group also has in place a £210 million revolving credit facility with a suite of banks until 2020, and the latest actuarial valuation of its defined benefit pension scheme maintains cash outflows broadly at their existing level.

Confirmation of longer-term viability

Based on the above assessment, the Directors confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three-year period to 30 June 2021.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The financial position of the Group, its cash flows and liquidity position are described in the Financial Review, with details of the Group's treasury activities, long-term funding arrangements and exposure to financial risk included in notes 18 to 20 to the Consolidated Financial Statements.

The Group has sufficient financial resources which, together with internally generated cash flows, will continue to provide sufficient sources of liquidity to fund its current operations, including its contractual and commercial commitments and any proposed dividends. The Group is therefore well-placed to manage its business risks. After making enquiries, the Directors have formed the judgment at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis of accounting in preparing the Consolidated Financial Statements.

Risk trends

The ongoing review of the Group's principal risks includes how these risks evolve. Changes in the trend/direction of our principal risks are noted against each risk on the following pages of this Report.

1. Macroeconomic/cyclical business exposure

Movement in year



Risk description

The performance of the Group is significantly impacted by changes to underlying economic and geopolitical activity, the levels of business confidence as businesses consider Permanent and Temporary hiring decisions and levels of candidate confidence, which impact their propensity to change jobs, particularly in our three biggest businesses in the UK, Germany and Australia.

Brexit specific: The Brexit decision, coupled with the political environment in the UK, continues to increase the level of uncertainty and therefore increases the risk of negatively impacting the trading performance in our UK business, as clients have become more cautious in headcount investment.

Risk impact

– Financial

Risk mitigation

Hays has continued to diversify its operations to include a balance of both Temporary and Permanent recruitment services to private and public sector markets, and operates across 33 markets and 20 sector specialisms. Progress is being made to further diversify the business to reduce the Group's reliance on the UK, Germany and Australia, which currently represent 66% of the Group's net fees.

Hays' cost base is highly variable and carefully managed to align with business activity, and can be focused and scaled accordingly to react to the individual markets. Temporary recruitment tends to be more resilient in times of economic uncertainty or downturn.

Hays is highly cash-generative, requiring low levels of asset investment. Cash collection is a priority, and the Group has made appropriate investment in its credit control and working capital management processes, resulting in the elimination of Group net debt last year and a year-end net cash positive position last year and this year.

In the run up to and the immediate aftermath of the EU referendum, we saw a significant reduction in UK activity and thus fees and profits. While this has stabilised, we continue to face significant potential uncertainty over the next few years.

[Link to relevant strategic priority](#)



2. Business model

Movement in year



Risk description

The Group faces competition from the increasing use of digital technologies for recruitment services and a growing trend towards outsourced recruitment models with associated margin pressures, which may impact materially on the business should Hays not continue to take appropriate actions and respond effectively.

Social media and internet-enabled digital dynamics and recruitment value chain disintermediation, amongst other things, have increased the risk to the business model over the course of the year.

Risk impact

– Operational
– Financial

Risk mitigation

Hays monitors industry trends and opportunities, including social media and insourcing, and continues to invest in our online presence to provide a high-quality customer experience.

Our key relationships (such as with LinkedIn, SEEK and Xing) increase our exposure to online professional networking and recruitment portals and enhance our value proposition to clients and candidates.

Our expert and specialist consultants are trained in utilising social media and other digital technologies to enhance their day-to-day activities in providing the best quality candidates to our clients.

We continue to leverage our broad geographical and sectoral footprint to win and maintain a significant number of multispecialism contracts with large corporate organisations, which has strengthened our relationship with these clients and increased our share of their recruitment spend.

Significant investment made in recent years has enhanced data analytics and significantly improved our approach to, and engagement with, candidates. The initiative is overseen by the Group Data Marketing Director.

[Link to relevant strategic priority](#)



3. Talent

Movement in year



Risk description

The Group is reliant on its ability to recruit, develop and retain staff to protect the business it has today and to deliver its future growth plans, especially internationally, both at a business director, manager and consultant level. Its strategy is to grow and nurture talent internally into senior roles wherever possible.

Risk impact

- People
- Financial

Risk mitigation

Hays provides a defined and sustainable career development path for new hires, starting with a structured induction programme and ongoing training as they advance their careers, supported by formalised performance and career tracking.

Development Centres focus on the progress of high-potential individuals, providing further development opportunities and also helping to identify any talent gaps and training needs. A new International Leadership Management Programme focuses on senior leadership and development and is aligned with the Group's business strategy.

Overall, our remuneration packages are competitive, including an employee benefit programme, together with a long-term incentive scheme that is offered to broadly 350 senior managers, which encourages a performance-led culture and aids retention.

Succession plans identify future potential leaders of the business and produce individual development plans in which to harness and cultivate talent.

The Group's standard employment contracts include notice periods and non-solicitation provisions in the event of an employee leaving.

[Link to relevant strategic priority](#)



4. Compliance

Movement in year



Risk description

The Group operates in 33 countries, with each operating its own legislative, regulatory, compliance and tax rules, especially for Temporary workers, with any non-compliance increasing the Group's exposure to potential legal, financial and reputational risk.

Risk impact

- Compliance
- Financial
- Reputational

Risk mitigation

Compliance processes and monitoring are tailored to specific specialisms, ensuring additional focus is given to higher-risk specialisms such as Education and Healthcare in the UK, Construction & Property in Australia and specialised corporate contracts through Hays Talent Solutions.

Employees receive training in respect of the operating standards applicable to their role, with additional support provided by compliance functions, regional legal teams and, where necessary, external advisers.

All staff receive regular training to ensure that legal and compliance updates are understood and applied. In territories where legislation sets out additional compliance requirements, specialists are employed.

Dedicated compliance auditors conduct sample checks to ensure that the appropriate candidate vetting checks and due diligence obligations are carried out in line with legal and contractual requirements.

The Group holds all standard business insurance cover, including employers' liability, public liability and professional indemnity insurance.

[Link to relevant strategic priority](#)



5. Reliance on technology

Movement in year



Risk description

Our dependence on technology in our day-to-day business means that systems failure due to technical issues or cyber attack may have a significant impact on our operations and ability to deliver our services if it continued for a number of days and, as such, could negatively impact our financial performance and reputation.

The global threat of cyber attack continues to increase over the course of the year.

Risk impact

- Operational
- Financial
- Reputational

Risk mitigation

The Group's technology strategy is continually reviewed to ensure that the systems it operates across the Group support its strategic direction.

Ongoing asset life-cycle management programmes mitigate risks of hardware and software obsolescence.

Technology systems are housed in various data centres and the Group has capacity to cope with a data centre's loss through the establishment of disaster recovery sites. These are physically based in separate locations to the ongoing operations, intrinsically linked to continuity plans.

Across the regions we have established dedicated security teams in order to ensure that the systems are best protected from unauthorised access, both externally and internally, and including ensuring that anti-virus software is in place and up-to-date, with regular testing of these environments by external providers.

We use external advisers to perform regular external and internal physical and logical penetration tests on all major systems and operations and implement any required improvements resulting from such tests as part of a continuous improvement process.

[Link to relevant strategic priority](#)



6. Data protection

Movement in year



Risk description

The business works with personal data in all 33 countries on a daily basis under a variety of laws and regulations. A material data breach could expose the Group to potential legal, financial and reputational risks in the form of penalties and loss of business.

Hays' preparations for the introduction of the General Data Protection Regulation (GDPR) in EU countries began over 18 months ago. While well-prepared for its introduction, its complexity and variance from other privacy-related regulations in the non-EU territories in which we operate have increased risk in this area.

Risk impact

- Compliance
- Financial
- Reputational

Risk mitigation

Robust procedures for processing, storing and transfer of personal data are in place across the Group, on both a physical and logical basis.

Comprehensive data protection and information security policies and procedures are in place across the Group and, where data protection and privacy legislation allows, protective email monitoring programmes are undertaken to address potential areas of concern, to best protect our confidential information and candidates' personal data.

Attention has been focused in this area, with the increased threat of cyber attacks globally, and security vulnerability is assessed as part of the ongoing IT strategy across the Group.

We use external advisers to perform regular external and internal physical and logical penetration tests on all major systems and operations and implement any required improvements resulting from such tests as part of a continuous improvement process.

Significant work was undertaken to prepare for the introduction of the GDPR in May 2018.

Annual training programmes have also been updated to reflect the new regulations, where relevant.

[Link to relevant strategic priority](#)



7. Contracts

Movement in year



Risk description

The Group enters into contractual arrangements with clients, some of which can be on onerous terms and/or impacted by local regulatory requirements, especially in relation to Temp/Contracting markets.

Risk impact

- Operational
- Financial
- Reputational

Risk mitigation

During contract negotiations management seek to minimise risk and ensure that the nature of risks and their potential impact is understood.

Our global legal team has the depth of knowledge and experience to enable them to advise management on the level of risk presented in increasingly onerous contracts, with clear guidelines in operation.

The Group Finance Director reviews all commercial contracts with onerous non-standard terms in accordance with the Group's risk appetite. In addition, the Group's Insurance Manager reviews onerous contracts and, where necessary, engages with insurance providers to ensure that risks are covered.

Reviews are performed on a risk basis across key contracts to identify compliance and agree improvements to the way in which we deliver services to clients.

Assurance work is undertaken in key markets by Internal Audit to ensure contractual obligations are appropriately managed.

[Link to relevant strategic priority](#)



ACTING RESPONSIBLY

Our good conduct is the foundation of our reputation and the trust our clients place in us. In making economic decisions, we have regard to the impact of those decisions on other stakeholders, including society and the wider environment.



Non-financial performance reporting

Hays recognises the importance of sustainability agendas to all stakeholders. This isn't simply the benefits for investors, but the broader impact we can have on people's lives; it could be directly, through employment with us or as a candidate whom we place in a role, to the less direct, but in many ways more obvious and easier to achieve, such as doing business 'the right way' to ensure fair rates of tax are paid and discrimination and labour exploitation are not tolerated.

We intend to build on our efforts to achieve a more coordinated approach to sustainability. We will look to implement a Group-wide framework and consider whether targets are an appropriate means by which we can drive behaviours and continuously improve how we perform.

We will look at existing initiatives, such as the UN Sustainable Development Goals and GRI, to assess which, if any, we can adopt to support our strategic priorities to have the biggest impact.

At Hays we view corporate social responsibility as an integral part of the way we do business. Hays provides an environment for our people to thrive and grow in their roles. This provides the opportunity to meet one of the most fundamental needs in society, the importance of an individual's ability to earn a financial income, allowing them to be self-sufficient.

Values

We are leading global experts in qualified, professional and skilled recruitment. By truly understanding our candidates and clients, locally and globally, we help people and companies achieve lasting impact. Our values aim to reflect this promise, and underpin our skills, behaviours and way of doing business. These values are:

- **Ambitious:** As a results-orientated company we are continually driven to succeed. Our energy and dynamism makes us ambitious for our people, clients and candidates, and for the positive impact we know recruiting can have in their lives.
- **Passionate about people:** We are a people business so we're passionate about creating valuable relationships with everyone with whom we work. Our enthusiasm compels us to find the right person, believing this is fundamental to improving their life and work, allowing people to be all they can be.

- **Expert:** As experts across many industry sectors and professions, our professional know-how and unique understanding of markets and people is shared with our clients, candidates and across our expanding global network.
- **Inquisitive:** We're always curious, wanting to understand more about people and the world of work. That's how we build deeper knowledge into what makes people fit culturally and how companies and people can achieve their full potential. Information on some of the policies that underpin our approach to acting responsibly are provided below.

Employee policies

Hays is the ultimate people business and, as such, the ability to attract, develop, enable and retain the very best consultants and managers in our industry is vital to our success. We aim to create an exciting and vibrant work environment and culture and we work continuously to provide our people with attractive career paths that will make them experts in their fields.

Respect for people and becoming an 'Employer of Choice' are the core values in our approach. Our aim is to create an open, honest and unprejudiced working environment and to ensure that all our colleagues feel part of Hays and are respected as individuals.

Hays gives full consideration to applications for employment from disabled persons where they have the right skills and abilities for the role. Should an employee become disabled while working for the Group, Hays would make every effort to accommodate them, to assist them in any re-training or to find suitable alternative employment within the Group. We pursue equality of opportunity, treatment and diversity through our employment policies and encourage our employees to reach their full potential through training and development.

Hays continues to provide tailored training to the people who are in the front line of delivering recruitment solutions as well as in management and leadership roles. These programmes take a number of different guises across the Group's regional businesses but all share the common goal of improving the service we provide to clients.

Hays in Germany, Austria and Switzerland received the title 'Top Employer 2018' for outstanding and modern personnel management, which is once again a great honour for us.

In France, we took first place in the 'Recruitment Consulting' category under the 2018 Figure World Ranking.

Diversity at Hays

At Hays, diversity means understanding and reflecting the community in which we operate, and building loyalty with our colleagues, candidates and clients. Differences such as age, gender, ethnicity, physical appearance, religion, disability, education and beliefs are valued and everyone has the opportunity to contribute to the Company and fulfil their potential.

Equality, diversity and inclusion are devolved within the Group to operate at a country level, and policies supporting this are adopted locally. We do not at this stage have one Group-wide policy that encourages or targets diversity across the Group but, instead, policies that actively discourage ignorance of it.

In the UK for example, Hays is delighted to have achieved the National Equality Standard (NES), one of the UK's most rigorous and prestigious accreditations for equality, diversity and inclusion (ED&I). Hays is one of only 20 organisations nationwide to be accredited.

It recognises our long-term commitment to developing a meritocratic, open and honest culture – we want the best and brightest to flourish at Hays, regardless of background. Since accreditation to the NES over two years ago, we have undertaken new projects and initiatives, and strengthened existing ones, to build an even stronger culture of ED&I. All new employees in the UK undergo training around respecting diversity.

We value and utilise the differences that our people bring to our business and in the competitive environment in which we operate, it is therefore essential that we attract and retain the best people and those that reflect the client and candidate groups we serve.

At Hays we share a passion for creating opportunities for our people to flourish and succeed, whatever their background. We know that diversity of perspective and an inclusive approach is great for business and careers with us. By reflecting our marketplace and embracing difference we can continue to drive an outstanding organisational culture that impacts business results and delivers world-class service to our customers. Fundamental to our leading expertise is a shared commitment to equality and to capturing the dynamism that diversity and inclusion bring to our workplace.

We are embarking on a more coordinated initiative around sustainability and corporate purpose and ED&I will form part of this workstream.

Diversity and Inclusion and 'harnessing the value of difference' is a growing priority for many of our clients. More and more clients are asking Hays to assist them to achieve their goals of building a diverse and skilled workforce. We conduct regular surveys and issue supporting reports and media releases about diversity to continue to raise awareness and encourage an ongoing dialogue on this important employment topic. While we can advise on all areas of diversity, our initial recruiting-linked focus has been on increasing the participation of women in the world of work.



Our values underpin our skills, behaviours and way of doing business.

Employee involvement

Ongoing communication forms the basis of the partnership between Hays' leadership and its employees. Employees receive business performance updates from Alistair Cox, the Chief Executive, and from their respective regional Managing Directors, by email on a four-weekly basis. These are posted on the Group's intranet, which acts as a source of reference for the Group's brand, values, policies and procedures.

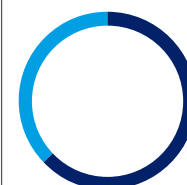
Regular presentations are also made to employees by the Chief Executive and regional Managing Directors during office visits made over the course of the year.

To ensure that employees remain engaged in our business, an annual employee engagement survey, known as TALKback, is carried out each year. This allows employees to voice their views and opinions on all aspects of their workplace environment, training and development, work culture, leadership and client relations. The results, which indicate employee engagement levels and highlight any areas of concern, are presented to the Management Board and to the Board.

Hays believes in the value of loyalty and considers its employee incentive programme of commission schemes, performance-related cash bonuses and share schemes to be important factors in keeping its employees motivated. The employee share schemes have been running successfully since inception and provide many employees with an additional stake in the business.

Gender statistics as at 30 June 2018 are provided in the adjacent charts.

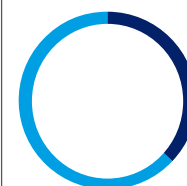
Split of PLC Board Members



Split of Senior Management team members



Split of employees



Equal opportunities

Our Equal Opportunity Policy forms part of our Code of Conduct and Ethics Policy. We make every effort to ensure that no discrimination arises during the recruitment, employment and period after employment of any employee for reasons of gender, sexual orientation, marital status, creed, colour, race, nationality, ethnic or national origin, religious or other belief, political opinion, spent convictions, disability or age, and all employees are expected to deal with all persons with the same attention, courtesy and consideration. This support of equal opportunities applies not only as a direct employer but also in our introduction of candidates to clients.

Community

Finding people jobs is a vital benefit to society. In addition, we invest in our communities, including direct initiatives through charities to improve the employment prospects of the disadvantaged.

At Hays, we use our position as the market leading recruitment consultancy to provide clients with relevant information and raise awareness about topical issues affecting employment.

Some examples of community activities from across the Group are provided below.

In Australia we have an affiliation with the National Disability Recruitment Coordinator (NDRC) to help organisations implement processes and strategies to promote the recruitment and retention of people with disability. The Hays Guide to Disability in the Recruitment Process, offers our clients useful information about improving all aspects of the recruitment cycle.

Through our affiliation with the NDRC we can broadcast our roles to the disability employment network either for individual positions or entire recruitment campaigns. In Poland, Hays is Co-organiser of Warszawa Business Run, the biggest charity relay in Poland and we have worked with them for four years now. We collect money to help amputees get back to normal life. The main theme is run for a reason – so able-bodied people run in teams of five to help people with disabilities in the run.

Hays Ireland work with JobCare to help those stuck in the trap of unemployment. This initiative is aimed at members of the community who are long-term unemployed and Hays provide their expertise and time to help people gain the skills, knowledge and confidence necessary to secure appropriate work. This is our eighth year working with JobCare and over the last 12 months Hays has visited the JobCare centre to deliver CV, cover letter and LinkedIn clinics. We have also hosted JobCare clients in the Hays offices for comprehensive mock interviews aimed at preparing the clients for the real thing.

Human rights

Our relationships with clients, candidates, employees, business partners, suppliers and the communities within which we operate are based upon respect for individuals and their human rights.

At Hays we are committed to our Code of Conduct and Ethics Policy, which reflects the way we operate including in relation to human rights. All staff within Hays are expected to act with integrity and honesty and behave in a way that is above reproach, as well as treat people fairly, with courtesy and respect, be responsible, respect diversity and communicate openly.

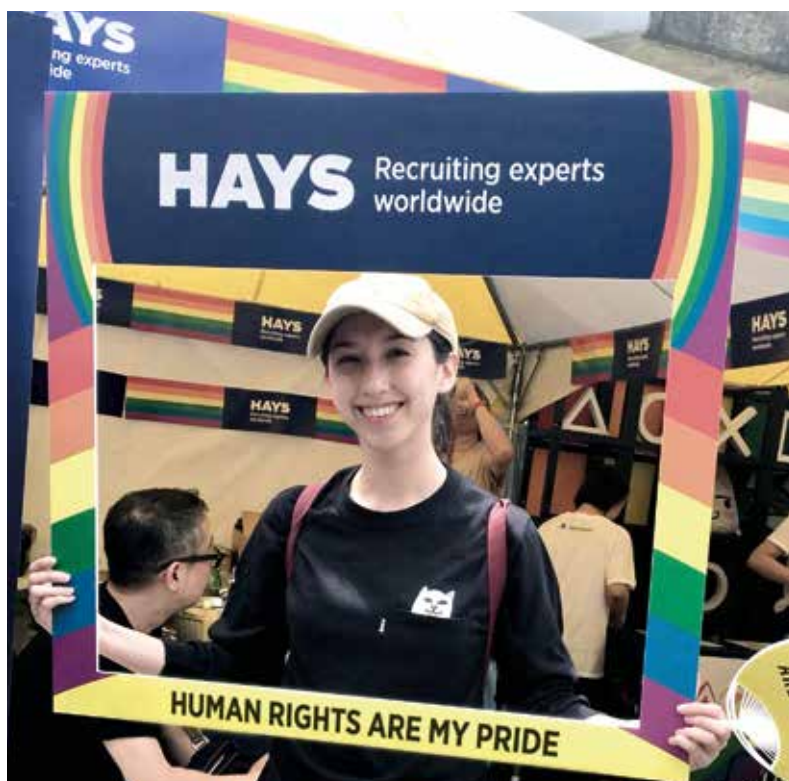
Anti-bribery and corruption

Hays has a zero-tolerance approach to bribery and corruption.

All employees are required to comply with the Hays Anti-Bribery and Corruption Policy and undertake training on it on an annual basis. The policy prohibits the giving or receiving of bribes in any form. All our employees are expected to act with honesty, integrity and fairness. The offer or acceptance of any form of bribery is prohibited, including facilitation fees. Hospitality, gifts and improper offers or payments that seek to induce or reward improper performance or might appear to place any person under an obligation are prohibited.

All Hays companies and employees will adhere to the highest ethical and legal standards in business dealings throughout the world. Conflicts of interest that interfere with proper performance or independent judgment are prohibited.

We expect our staff to communicate transparently and honestly with our clients, candidates, business partners, suppliers and governmental and regulatory bodies, within the legal framework of privacy and confidentiality.



Supplier code of conduct

We expect our suppliers and potential suppliers to aim for high ethical standards and to operate in an ethical, legally-compliant and professional manner by adhering to our Supplier Code of Conduct. We also expect our suppliers to promote similar standards in their own supply chain.

Our Supplier Code of Conduct can be found on our website at haysplc.com.

Environmental matters

FTSE4Good Index

FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Hays plc has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

Greenhouse gas emissions

We are committed to operating our businesses in an increasingly sustainable manner and will seek to reduce our environmental impact year on year. This year our intensity ratio fell 5%.

Under our Environmental policy, we are committed to achieving continuous improvement in environmental performance and to preventing pollution. As a FTSE4 Good member, we also ensure that suppliers and contractors are encouraged to minimise the impact of their operations on the environment and actively support our environmental programmes through an environmentally sensitive purchasing policy.

We participate in the Carbon Disclosure Project (CDP) Climate Change Survey and have different initiatives to ensure that we do all we can to improve our carbon footprint by reducing energy consumption by our employees.

Hays gathers data from every office around the world in order to calculate our greenhouse gas (GHG) emissions in accordance with the World Resources Institute (WRI) Greenhouse Gas Protocol. We measure our annual emissions in relation to employees (our 'intensity ratio').

As a people-based business, number of employees is a quantifiable factor associated with our activities. Our reporting year for GHG emissions is 1 April 2017 to 31 March 2018, and this year, notwithstanding an increased number of employees in the Group, our employee intensity per tonne CO₂e was 1.50 (against 1.58 last year).

Regulatory compliance

UK Gender Pay Gap Report

We are committed to being transparent in our reporting and about the steps we are taking to continue to ensure that both women and men have the same career support and development and are able to reach their full potential. The UK Gender Pay Gap Report explains the Gender Pay Gap reporting requirements, how they affect Hays, our results and the steps we continue to take to support diversity and equal opportunities for everyone.

Hays is committed to the following:

- Ensuring that everyone has the same opportunities and support to progress in their career; and
- Supporting our employees in balancing their work and home commitments, whether this be through flexible working or other supportive policies such as shared parental leave.

Our UK Gender Pay Gap Report can be found on our website, haysplc.com.



			2018		2017	
			Total GHGs (tonnes CO ₂ e) ⁽¹⁾	% contribution to total	Total GHGs (tonnes CO ₂ e) ⁽¹⁾	% contribution to total
Impact	Scope	Resource				
Direct	Scope 1	Operational fuel	108	1	115	1
		Vehicle fuel	4,629	29	4,511	30
		Refrigerant	548	3	383	2
Indirect	Scope 2	Electricity ⁽²⁾	5,187	32	5,590	37
		District heating	363	2	396	3
	Scope 3	Air travel	4,079	25	3,292	21
		Rail travel	253	2	260	2
		Electricity T&D losses	516	3	540	3
		Private cars (business use)	452	3	192	1
Total direct and indirect			16,135	100	15,279	100

(1) Greenhouse gas emissions are stated in tonnes of CO₂e (carbon dioxide equivalent, comprising carbon dioxide, methane and nitrous oxide) for the 12-month period ended 31 March 2018. Out-of-scope Indirect emissions, which were the biogenic part of vehicle fuels, totalled 253 tonnes of CO₂e (167 tonnes in FY17).

(2) All electricity totals are calculated using 2015 government location-based conversion factors.

Modern Slavery Act Statement

Hays plc and its global subsidiaries (Hays) recognise that all businesses have an obligation to prevent slavery and human trafficking and will do all in its power to prevent slavery and human trafficking within its business and within the supply chains through which it operates.

Hays ensures strict compliance checks are carried out on all candidates it supplies. We verify the identity of each worker and their right to work before supply commences.

The Company's Modern Slavery Act statement can be found on our website, haysplc.com.

Tax strategy

Hays plc is firm in its belief that tax matters. As a business we understand that tax helps to fund vital public services and infrastructure, and when paid fairly it ensures a level playing field for businesses, whether large or small.

The Company's Tax Strategy, compliant with the UK Finance Act 2016, Schedule 19, can be found on our website, haysplc.com, and applies across the Group.

Non-financial performance reporting

We comply with the requirements under the provisions of The Companies Act 2006 contained in sections 414CA and 414CB of the Companies Act 2006. The information provided above is to help our stakeholders to understand our stance on key non-financial matters.

By order of the Board

Doug Evans

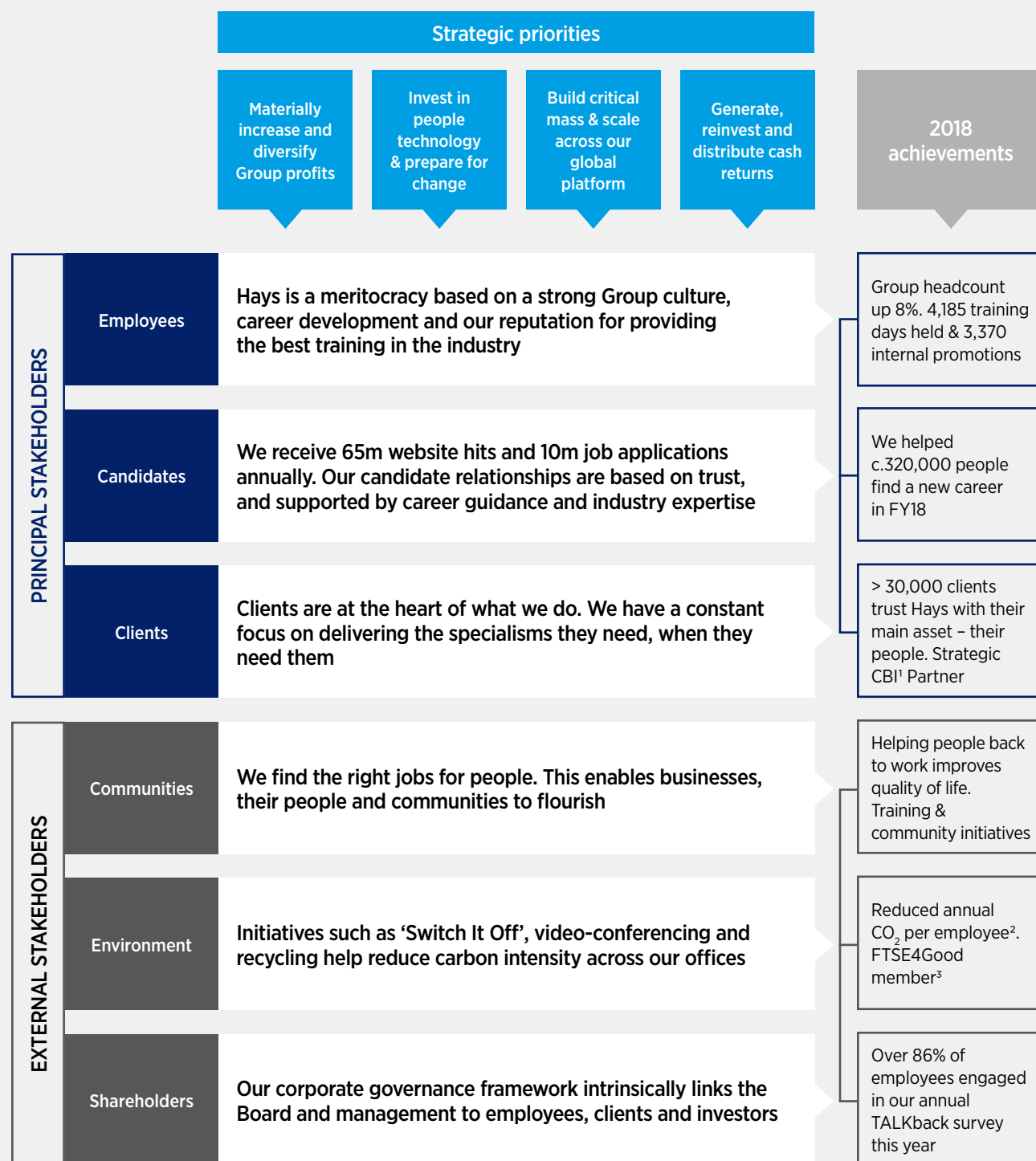
Company Secretary

29 August 2018



Hays in Germany is trialling the use of electric vehicles to reduce their impact on the environment.

Acting responsibly for all stakeholders is embedded in our strategic priorities



(1) CBI = Confederation of British Industry.

(2) Our employee GHG emission intensity per tonne CO₂e was 1.50 in 2018 (against 1.58 last year).

(3) Hays plc has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series.



GOVERNANCE

How the Hays Board sets strategic direction and provides oversight and control.

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98	Directors' responsibilities



Chairman's statement

WE ENCOURAGE AN OPEN AND COMMUNICATIVE CULTURE

“The Board continues to be committed to high standards of corporate governance.”

Andrew Martin
Chairman, Hays plc

Dear Shareholder

I am writing to you for the first time as Chairman, following the sad and untimely passing of Alan Thomson in July 2018.

I would like to take a moment to say a few words about Alan. He was a truly wonderful man, was universally liked and respected across our business, and a most loyal and effective Chairman. He was a Non-Executive Director of Hays for almost eight years and Chairman for most of that, and his contribution to the success of the business we have today is considerable. He had a wit and charm about him that made sharing the Boardroom, and longer periods as our Board schedule required, an absolute pleasure.

One of the many reasons Alan was recruited to the Board was that he was very much a people person, and in a business like Hays, this means a great deal. It is a much-used term, but we had the good fortune to see first-hand, when the Board made visits across the UK and overseas, Alan's unique ability to relate to people from all walks of life and across the entire organisation.

Both my Board colleagues and I were deeply saddened by Alan's passing. Although he had been unwell, it was unexpected and sudden. True to his style, he was battling hard, and still serving Hays so effectively to within a week of his passing. He will be greatly missed by all of us at Hays and beyond. I would like to express thanks on behalf of the Board and everyone at Hays for the kind words that have been said by so many of you who had the good fortune to know Alan.

Although I only took on the role of Chairman in July, initially on an interim basis, I did want to make a few comments on corporate governance and the business.

I am pleased to present to you the Governance section of the 2018 Annual Report and to confirm that Hays has complied in full with the principles set out in the UK Corporate Governance Code. The past year has also been a year of scrutiny, from the Government and the wider public. The Board has paid close attention to the various developments, including the FRC's amendments to the Code. We are reviewing the changes to ensure that over time we implement them effectively, as appropriate.

The Board continues to be committed to high standards of corporate governance, which provides the framework and foundation for driving appropriate and proper behaviours across the business, helps enhance performance and provides the basis for long-term sustainable growth.

Our corporate culture is also central to the organisation, who we are, and how we go about business. As a business that is so reliant on people and relationships, it is central to the success of Hays. We encourage an open and communicative culture where all employees are encouraged to participate with ideas and take the initiative, and we encourage engagement with all our stakeholders.

Consistent with this, in June, we held our fifth Global Conference for the senior leadership team, in London. There were 170 colleagues from around the world. The key objective of the conference was to get a real insight into some of the exciting trends and developments going on in a rapidly-changing world – and then to encourage our people to think about the implications and opportunities for our business and our wider stakeholders. This provided all of the Board members a great opportunity to spend time with the senior leadership team, and see both the challenges and opportunities facing them, and some of their approaches to dealing with those.

On that note, I would like to thank all of our employees and teams across the Group for their continued hard work and support. Without each of them, the successful year we have enjoyed would not have been possible.

Having delivered another strong financial performance, including strong cash conversion, we have a year-end cash surplus. Consistent with our approach last year, the Board proposes the distribution of some of this by way of a special dividend, for the second successive year. Voting at last year's AGM suggests it was a well-received decision, and we hope it will be again this year.

Finally, I look forward to meeting any shareholders who can join us at our AGM in November, and would like to thank you for your continued support.

Andrew Martin
Chairman

Our governance framework

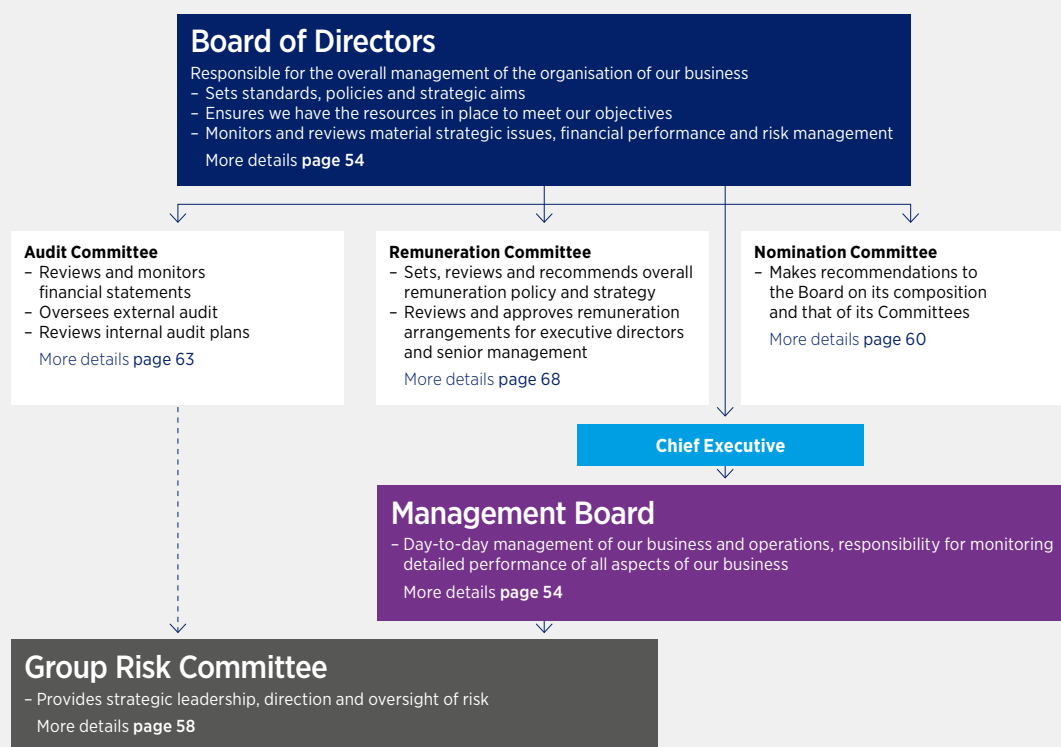
Responsibility for good governance rests with the Board; this is underpinned by an effective governance framework which, the Board believes, fits the requirements of Hays' business.

The Board retains certain matters for its own preserve; other specific responsibilities are delegated to its principal Committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee. Each of these Committees operates within defined terms of reference, which are available on the Company's website. The Board has also delegated to a sub-committee certain matters which are routine in nature, or which have been agreed in principle by the Board; these require a meeting of three directors, with an appropriate mix of executives and non-executives. Such matters are reported to the full Board.

The Chairman of each Committee reports to the Board on its proceedings, and minutes of the meetings are available as appropriate.

Statement of Code Compliance

Hays plc is subject to the UK Corporate Governance Code (the Code) issued by the Financial Reporting Council (available at frc.org.uk), published in April 2016. As a listed company, Hays is required to report on how it has applied the principles of the Code and this is set out in the following pages. The Board is pleased to report that Hays has complied with all of the provisions of the Code throughout the year ended 30 June 2018. It also complied to the date of this document, with the exception that, following Andrew Martin's appointment as Chairman, initially on an interim basis, the decision was taken not to appoint an interim Senior Independent Director, but instead await a permanent appointment.



Board of Directors

A BALANCED AND EFFECTIVE TEAM, FIT FOR PURPOSE.

● Executive Board member ● Non-Executive Director



Andrew Martin (58) ●
Non-Executive Chairman

Appointed: 12 July 2017

Committees: Nomination (Chairman)

Skills and experience: Andrew trained as a Chartered Accountant at Peat Marwick before moving to Arthur Andersen where he became a partner. He was, until 2015, Group Chief Operating Officer, Europe and Japan, for Compass Group plc, having previously been their Group Finance Director from 2004 to 2012. Before joining Compass Group, Andrew was Group Finance Director at First Choice Holidays plc and prior to that held a number of Senior Finance roles at Granada Group plc.

Principal external appointments: Andrew has been a Non-Executive Director of easyJet plc since 2011, Chairing their Finance Committee, a Non-Executive Director at Intertek Group plc since 2016, Chairing their Audit Committee since 2017, and in July 2018 Andrew was appointed as a Non-Executive Director of the John Lewis Partnership Board and Chair of their Audit and Risk Committee.



Alistair Cox (57) ●
Chief Executive

Appointed: 1 September 2007

Skills and experience: A Chartered Engineer with an MBA from Stanford University, Alistair's early career was in various field engineering, management and research science roles with British Aerospace and then Schlumberger. Following his MBA, Alistair worked for McKinsey & Company before joining Blue Circle Industries, where he was the Group Strategy Director and then the Regional Director for Asia. Prior to joining Hays, Alistair was Chief Executive of Xansa plc. Alistair was a former non-executive director of 3i Group plc.

Principal external appointments: Non-Executive Director of Just Eat plc.



Paul Venables (56) ●
Group Finance Director

Appointed: 2 May 2006

Skills and experience: A Chartered Accountant and also USA qualified, Paul started his career at Deloitte & Touche where he was a Senior Manager in its USA practice. This was followed by a 13-year career at Exel plc where he held a number of senior finance and operational roles including Deputy Group Finance Director and was a member of the Executive Board of Exel plc and Chairman of their Acquisitions and Project Review Board. Following the acquisition of Exel plc by Deutsche Post, Paul worked in its DHL Logistics division before joining Hays. Paul is a former Senior Independent Non-Executive Director of Wincanton plc.



Victoria Jarman (46) ●
Independent Non-Executive Director

Appointed: 1 October 2011

Committees: Audit (Chairman), Nomination and Remuneration

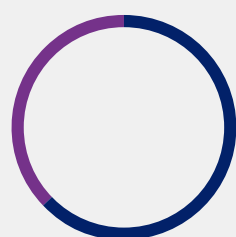
Skills and experience: An engineering graduate of the University of Leicester and a Chartered Accountant, Victoria started her career with KPMG before moving to Lazard Corporate Finance, where she was Chief Operating Officer of Lazard's London and Middle East operations and a member of its European Management Committee.



In remembrance
Alan Thomson 1946 – 2018

Alan joined the Board as a Director on 1 October 2010 and was appointed Chairman on 10 November 2010. He served the Company in that role until his untimely passing on 23 July 2018, including for the duration of the year under review in this Annual Report.

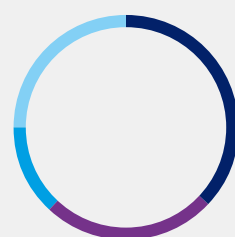
Board diversity



Board tenure



Board experience



Board composition

**Torsten Kreindl (55)** ●

Independent Non-Executive Director

Appointed: 1 June 2013

Committees: Audit, Nomination and Remuneration

Skills and experience: A graduate from Johannes Kepler University in Linz, Austria with a PhD in industrial engineering and technical chemistry. Torsten has held senior executive positions for Booz Allen Hamilton and Deutsche Telekom AG.

Principal external appointments: Torsten is a partner in Grazia Equity, a Munich-based capital firm.

**Susan Murray (61)** ●

Independent Non-Executive Director

Appointed: 12 July 2017

Committees: Audit, Nomination and Remuneration (Chairman)

Skills and experience: Susan's executive career was spent in consumer goods and retail, with organisations such as Colgate Palmolive, Kraft, Duracell and Diageo and, most recently, as CEO of Littlewoods Stores. Susan has served as a non-executive director of Compass Group plc, Imperial Tobacco Group (now Imperial Brands plc) and Enterprise Inns (now EI Group plc).

Principal external appointments: Susan is a non-executive director of Grafton Group plc, where she also chairs their Remuneration Committee.

**MT Rainey (63)** ●

Independent Non-Executive Director

Appointed: 14 December 2015

Committees: Audit, Nomination and Remuneration

Skills and experience: An experienced media and advertising professional, MT Rainey has worked extensively in the UK and US. MT founded the advertising agency Rainey Kelly Campbell Roalfe, which she grew to a top 20 agency before it was sold to Y&R, a subsidiary of WPP plc, and where MT was CEO then Chair until 2005. In addition she was Chair of the leading digital strategy agency Th_nk Ltd from 2008-2015. Previous non-executive directorships held by MT include WH Smith plc, STV Group plc, Channel 4 Television and Pinewood Group plc. MT has Masters' degrees from Aston University and Glasgow University.

**Peter Williams (65)** ●

Independent Non-Executive Director

Appointed: 24 February 2015

Committees: Audit, Nomination and Remuneration

Skills and experience: Peter has a Law degree from Cambridge University and is a Chartered Accountant. He was, until 2011, Group Finance Director of Daily Mail & General Trust plc, a role he performed for 19 years, making him one of the longest-serving CFOs in the FTSE.

Principal external appointments: Since 2011 Peter has been a non-executive director of Perform Group, a leading digital sports media company; he is also a Trustee of the Royal Academy and a member of the Industrial Advisory Board of GVQ Asset Management, a UK equity management company.

**Doug Evans (55)**

Company Secretary and General Counsel

Appointed: 4 February 2013

Skills and experience: A law graduate from Rhodes University who began his career with Webber Wentzel in South Africa, specialising in corporate and commercial law before moving in-house. Doug has previously held the posts of Company Secretary & Corporate Legal Director at Exel plc and Group General Counsel at Royal Mail Limited. Prior to joining Hays, Doug was an executive director, Company Secretary & General Counsel at Mitchells & Butlers plc.

LEADERSHIP

The Hays Board

Composition of the Board

The Board is currently made up of two executive directors and six non-executive directors, including the Chairman. Their biographies, including prior experience, are set out on pages 52 and 53.

Board changes during the year

Andrew Martin and Susan Murray joined the Board on 12 July 2017. Paul Harrison and Pippa Wicks retired from the Board at the Company's AGM on 15 November 2017.

Re-election of directors at the 2018 AGM

In accordance with the Company's Articles of Association and the principles of the Code, all Directors of the Company will offer themselves for re-election at the 2018 AGM with the exception of Victoria Jarman. Having received advice from the Nomination Committee, the Board is satisfied that each director standing for re-election is qualified for re-election by virtue of their skills, experience and commitment to the Board.

Operational governance

The Management Board

Responsibility for the day-to-day management of our business and operations rests with the Chief Executive, who operates through the Management Board – the principal executive committee within Hays. In performing this role, the Management Board also has responsibility for monitoring detailed performance of all aspects of our business.

The Management Board, which meets monthly, is chaired by the Chief Executive and also comprises the Group Finance Director, the Company Secretary & General Counsel, the Chief Marketing Officer, the Group Technology Director, the Group Head of People & Culture and the Managing Directors of the Group's operating divisions. Each Management Board member has a clearly defined remit, business objectives and financial budget within which they operate. Our organisational structure is now built around four regions globally: UK & Ireland; Germany; Australia & New Zealand; and Rest of World. Regional Managing Directors operate their business through regional boards, which comprise key business and functional managers with specific responsibilities within those regions. Each business is given operational autonomy, as far as possible, within a well-established internal control framework which consists of, among other things, a Group-wide set of policies and procedures, operational delegated authorities and policies on anti-bribery and corruption, competition compliance, conduct and ethics, and whistleblowing.

The role of the Hays plc Board

The Hays plc Board is collectively responsible to the Company's shareholders for the long-term success of the Company. It sets the Company's strategic objectives and determines the risk appetite and control framework within which those objectives are achieved.

The Board provides effective oversight of the Company and its businesses within a robust governance structure that helps achieve the long-term success of the Company and deliver sustainable shareholder value.

The Board also provides leadership of the Company and direction for management, ensuring that the necessary resources are in place for the Company to meet its objectives and it keeps under review management's performance in regard to achieving those objectives.

Our aim is to be the world's pre-eminent specialist recruitment business. In pursuit of this aim, our employees across the globe work towards achieving our Strategic Priorities, set out on page 20. The Board closely monitors management and its delivery of a sustainable and profitable business, ensuring it continues to operate within the appropriate risk-reward culture. The Board has established a core set of brand values, which it promotes throughout the Group. These values, which underpin our skills, behaviours and way of doing business, are being ambitious, being passionate about people, being expert at what we do and being inquisitive about the world of work. These values serve to engender an entrepreneurial culture within Hays, which is critical to our continued success without promoting excessive risk-taking.

Role of the Non-Executive Directors

Hays' non-executive directors have a broad and complementary mix of business skills, knowledge and experience acquired across sectors and geographies. This allows them to provide strong, independent and external perspectives to Board discussions, which complement the skills and experience of the executive directors. In turn, this leads to a diversity of views being aired at Board meetings, robust and constructive debate and optimal decision-making. At the same time, it also reduces the likelihood of any one perspective prevailing unduly.

A key role performed by the non-executive directors is the scrutiny of executive management in meeting agreed objectives and monitoring the reporting of performance. They also ensure that financial controls and systems of risk management are both rigorous and appropriate for the needs of the business.

The terms and conditions of appointment of non-executive directors, including the expected time commitment, are available for inspection at the Company's registered office, and a pro forma letter of appointment is also available on the Company's website.

Our governance framework

Andrew Martin Chairman

- Leadership and the effective operation of the Board
- Chairing the Board and Nomination Committee
- Setting the agenda, style and tone of Board discussions including promoting openness, debate and effective individual contribution
- Effective communications with shareholders
- Ensuring that all directors receive clear and accurate information on a timely basis
- Ensuring the effectiveness of the Board through induction, ongoing training and regular evaluations

Alistair Cox Chief Executive

- Day-to-day management of the Group's business
- Formulating strategic business objectives for Board approval and implementing approved strategic objectives and policies
- Managing and optimising the operational and financial performance of the business in conjunction with the Group Finance Director
- Fostering a good working relationship with the Chairman
- Chairing the Management Board and developing senior talent within the business for succession planning

Vacant (from 23 July 2018; see below) Senior Independent Director

- Acting as a sounding board for the Chairman
- Serving as an alternative contact and intermediary for other directors and shareholders
- Leading the Chairman's annual performance appraisal and ultimate succession

Doug Evans Company Secretary and General Counsel

- Acting as Secretary to the Board, its Committees and the Management Board
- Providing legal and governance support to the Board as a whole and directors individually
- Ensuring that the Group complies with all relevant legal, regulatory and governance requirements

During the year, the Board considered the independence of each of the non-executive directors, save for the Chairman who was deemed independent by the Board at the date of his appointment. In doing so, it concluded that each non-executive director remained independent of management and free from any relationship that could interfere with the exercise of their independent judgment. All of Hays' directors are expected to act in the best interests of the Company.

Chairman and Chief Executive

The roles of the Chairman and Chief Executive are separate, with a clear division of responsibilities between them which is set out in writing; the responsibility for this separation of duties rests formally with the Board.

As Chairman for the duration of the year under review, Alan Thomson presided over the Board and was responsible for its leadership and overall effectiveness. In doing so, he fostered and helped to maintain an effective working relationship between the executive and non-executive directors. Following his passing in July 2018, this role was assumed by Andrew Martin.

As Chief Executive, Alistair Cox has responsibility for the day-to-day management of the Company's business and the implementation and delivery of the Board strategy.

This separation of roles enhances the independent oversight of executive management by the Board and more closely aligns the Board with shareholders. It also means that no one individual within the Company has unfettered powers of decision making.

Senior Independent Director

Following the retirement of Paul Harrison at the 2017 AGM, the Board appointed Andrew Martin to the position of Senior Independent Director on 15 November 2017. Andrew performed this role for the remainder of the financial year; he relinquished it on appointment as Chairman, initially on an interim basis, following the passing of Alan Thomson in July 2018. In performing this role Andrew provided shareholders with someone to whom they could turn if ever they had concerns which they could not address through the normal channels, for example, with the Chairman or executive directors. The Senior Independent Director is available as an intermediary between his/her fellow directors and the Chairman.

While there were no requests from directors or shareholders for access to the Senior Independent Director during the year, the role serves as an important check and balance in Hays' governance process. In the fulfilment of his role Andrew ensured he maintained a thorough understanding of the views of the Company's shareholders. This position is currently vacant, following Andrew's permanent appointment to the role of Chairman on 28 August 2018.

Key roles and responsibilities of these positions, and that of the Company Secretary, are provided above.

Matters reserved for the Board

A schedule of formal matters reserved for the Board's decision and approval is available on our website, haysplc.com. These largely relate to matters of governance and business where independence from executive management is important, and include the following:

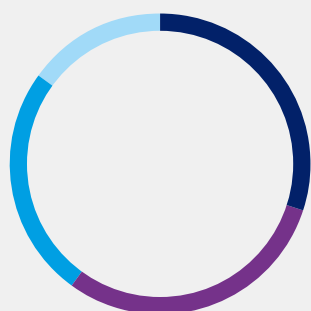
- Approving financial results and other financial, corporate and governance matters;
- Approving Group strategy;
- Approving appointments to the Board;
- Approving and recommending dividends as appropriate and deciding dividend policy;
- Reviewing material litigation;

- Approving major capital projects, acquisitions and disposals;
- Approving material contracts;
- Reviewing annually the effectiveness of internal control and the nature and extent of significant risks identified by management and associated mitigation strategies; and
- Approving the annual budget.

No changes to the schedule of matters were made during the year. Board decisions are usually by consensus at Board meetings. On occasion, decisions may be taken by a majority of Board members. In the case of an equality of votes, Hays' Articles of Association provide the Chairman with a second or casting vote.

Board focus during 2018 – What the Board has done in the year

Percentage of time spent by the Board



■ Developing a successful strategy	30%
■ Ensuring appropriate financial management	30%
■ Implementing governance and ethics and monitoring risk	25%
■ Stakeholder engagement	15%

1. Developing a successful strategy

- Attended a Group strategy day, with members of the Management Board and other senior executives, to consider key strategic priorities and challenges faced across the business
- Approved the Group strategy and reviewed associated performance
- Visited operations in Germany, France and the UK, receiving presentations from senior management on business performance, the state of the market, strategy, succession planning and opportunities
- Reviewed strategy plans and received reports on the operational performance for the Group's regions
- Received reports on technology and innovation and related industry developments
- Attended the Investor Day
- Attended Global Management Conference

2. Ensuring appropriate financial management

- Received and considered regular reports on the Group's financial performance
- Approved financial announcements for publication
- Approved the annual budget
- Approved dividend policy, payments and recommendations as appropriate, including consideration of a special dividend
- Reviewed the status of the Company's closed defined benefit pension scheme
- Met with the Company's financial adviser and corporate brokers
- Considered ad hoc property and finance-related transactions

3. Implementing governance and ethics and monitoring risk

- Performed the annual review of the effectiveness of internal control, risk identification and mitigation
- Reviewed regular reports on legal and compliance matters from the Company Secretary
- Received formal training updates on corporate reporting, legal and regulatory matters
- Reviewed Board and Committee effectiveness
- Reviewed the terms of reference of the Board Committees
- Reviewed the Directors' Conflicts of Interest procedures
- Reviewed the Company's compliance with the Code
- Received further updates in connection with the implementation of the General Data Protection Regulation
- Took part in a crisis management simulation

4. Stakeholder engagement

- Considered the results from TALKback, the Group's employee engagement survey
- Considered and approved invitations under the Company's all-employee share plans
- Received regular updates on views and feedback from investors
- Considered the Company's investor relations strategy
- Considered and reviewed the leadership and development strategy
- Reviewed the Group's succession plans and assessed risks and options

Board commitment

The Board has established a policy permitting its executive directors to hold only one external non-executive directorship, subject to any possible conflict of interest. This ensures that executive directors retain sufficient time for and focus on the Company's business, whilst allowing them to gain external Board exposure as part of their leadership development. Executive directors are permitted to retain any fees paid for such services. Details of the annual rate of fees payable are shown below:

Director	Fee	External appointment
Alistair Cox	£60,000	Just Eat plc

While the Company does not have a similar policy for non-executive directors, their key external commitments are reviewed each year to ensure that they too have sufficient time commitment for the fulfilment of their Board responsibilities. Key external commitments of the Board are included within their biographies on pages 52 and 53.

The Board considered the commitments of Andrew Martin on his appointment as Chairman and is satisfied that he has sufficient time to devote to his Board responsibilities with Hays.

Information and support

The Board meets regularly throughout the year and agrees a forward calendar of matters that it wishes to discuss at each meeting.

Standing items, including operational, functional and financial reviews and Committee updates are considered at each scheduled Board meeting, with unplanned items such as commercial or property-related decisions being considered as and when required. The Chairman, in conjunction with the Chief Executive and Company

Secretary, plans the agenda for each Board meeting and ensures that supporting papers are clear, accurate, timely and of sufficient quality to enable the Board to discharge its duties.

All Board directors have access to the Company Secretary, who advises them on Board and governance matters. As well as the support of the Company Secretary, there is a procedure in place for any director to take independent professional advice at the Company's expense in the furtherance of their duties, where considered necessary.

Our values and culture

Hays is a people business and people are at the core of what we do. As such we foster a meritocratic and entrepreneurial culture, which is reflected in our four brand values of:

- Expert;
- Ambitious;
- Passionate about People; and
- Inquisitive.

To support this culture we maintain an open style of communication, which is designed to both identify issues early, and also to recognise potential opportunities, so that in both cases appropriate action can be taken in terms of reducing any negative impact on the business whilst ensuring opportunities are exploited.

These characteristics and brand values are core to our Group culture and are supported via the following mediums and underpinned by the Hays Group Policies and Procedures:

- Corporate communications;
- Global intranet; and
- Hiring, induction, training and promotion criteria.

Board attendance

The Board met a total of seven times during the year. In addition, the Board attended an annual Strategy Review meeting with the Management Board being present. Five Board meetings were held in the UK, one in Mannheim, Germany, and one in Paris, France.

Board and Committee attendance for scheduled meetings during the year are shown below.

Board and Committee attendance	Board	Audit Committee	Nomination Committee	Remuneration Committee
Alan Thomson	7 of 7	-	2 of 2	-
Alistair Cox	7 of 7	-	-	-
Paul Venables	7 of 7	-	-	-
Paul Harrison ⁽¹⁾	4 of 4	2 of 2	1 of 1	2 of 2
Andrew Martin ⁽²⁾	6 of 7	4 of 4	1 of 1	4 of 4
Victoria Jarman ⁽³⁾	6 of 7	3 of 4	1 of 2	3 of 4
Torsten Kreindl	7 of 7	4 of 4	2 of 2	4 of 4
Susan Murray ⁽⁴⁾	6 of 7	3 of 4	1 of 1	3 of 4
MT Rainey	7 of 7	4 of 4	2 of 2	4 of 4
Pippa Wicks ⁽¹⁾	4 of 4	2 of 2	1 of 1	2 of 2
Peter Williams	7 of 7	4 of 4	2 of 2	4 of 4

(1) Stepped down from the Board on 15 November 2017.

(2) Unable to attend one Board meeting due to a prior commitment.

(3) Unable to attend one Board, Audit and Remuneration Committee meeting due to serious family illness.

(4) Unable to attend one Board, Audit and Remuneration Committee due to a prior commitment.

Risk management and internal control

The Board has overall responsibility for the Group's internal control systems and for reviewing their effectiveness. This has been designed to assist the Board in making better, more risk-informed, strategic decisions with a view to creating and protecting shareholder value. In practice, the Board delegates the task of implementing its policy on risk and control to management. Further support and assistance is provided by an independent Internal Audit function, details of which are provided in the Audit Committee Report.

The Management Board oversees an enterprise risk management system which allows for a holistic, top-down and bottom-up view of key risks facing the business. These are recorded in a Group risk register, which is reviewed at least annually by the Management Board and submitted to the Board thereafter to enable it to carry out its risk oversight responsibility. This exercise involves a current and forward look at various risks affecting the business and prioritising them according to risk magnitude and likelihood. Risks covered include operational, business and compliance risks as well as financial risks. Each risk is assigned an owner with current and future risk mitigation procedures detailed, with the continuing monitoring of these undertaken on an ongoing basis. The principal risks currently facing the business are detailed in the Strategic Report.

The Group Risk Committee assists the Management Board in providing strategic leadership, direction, reporting and oversight of the Group's risk framework. The Committee is chaired by the Group Finance Director and membership includes representation across the global network and comprises operational, IT and finance functions. Meetings are held at least three times a year, with activities and recommendations reported to the Management Board. The Hays plc Board also has oversight of the Committee and its activities. A Chief Risk Officer was appointed in August 2018, who will further strengthen the Group's risk management framework.

The Board reviews Group strategy and approves a budget each year, to ensure that the performance of the business is in line with the plan and financial and operational reporting procedures are in place. Comprehensive annual budgets and quarterly forecasts are approved by the Management Board and business divisions. Monthly progress and variances are reported to the Management Board and subsequently to the Board at each meeting as part of the ongoing internal control process.

Complementing these financial controls is a set of Group-wide policies and procedures addressing non-quantifiable risks. These include security policies, the Group's Code of Conduct and Ethics, Anti-Bribery and Corruption Policy, and whistleblowing arrangements. The Board regularly receives management and Committee reports which also form part of the internal control system.

The Group's internal control procedures are subject to regular review and provide an ongoing process for identifying, evaluating and managing significant risks. This is in accordance with the Guidance on Risk Management and Internal Control and Related Financial and Business Reporting (September 2014). The Board recognises that such a system has its limitations in that risk management requires independent judgment on the part of directors and executive management. Internal controls are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

In accordance with its regulatory obligations, the Board, with the assistance of the Audit Committee, carried out an annual assessment of the effectiveness of the Group's risk management and internal control system during the reporting period. During the course of its review, the Board did not identify or hear of any failings or weaknesses that it determined to be significant and it therefore concluded that they are operating effectively.

RELATIONS WITH SHAREHOLDERS

Investor meetings held in FY18

	United Kingdom	Continental Europe	North America	Total
Executive Management	68	10	35	113
Investor Relations team	99	52	40	191
Other senior management	6	6	0	12

Conflicts of interest

Procedures are in place for the disclosure by directors of any interest that conflicts, or possibly may conflict, with the Company's interests and for the appropriate authorisation to be sought if a conflict arises, in accordance with the Company's Articles of Association.

In deciding whether to authorise a conflict or potential conflict of interest only those directors that have no interest in the matter under consideration will be able to take the relevant decision; in taking such a decision the directors must act in a way they consider, in good faith, will be most likely to promote the success of the Company and may impose such limits or conditions as they think fit. The Board has reviewed the procedures in place and considers that they continue to operate effectively. There were no actual or potential conflicts of interest which were required to be authorised by the Board during the year under review or to the date of this report.

Engagement with investors

Responsibility for shareholder relations rests with the Chairman, Chief Executive and Group Finance Director. They ensure that there is effective communication with shareholders on matters such as governance, sustainability and strategy, and are responsible for ensuring that the Board understands the views of major shareholders on such matters.

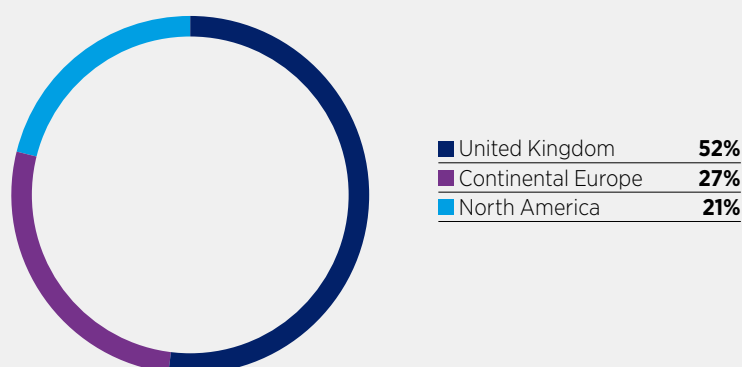
The Company's investor relations programme is supported by a dedicated Investor Relations team which acts as the primary point of contact with the investor community and is responsible for managing ongoing relations with investors and shareholders. The Board receives regular reports from the Investor Relations team. Feedback from meetings held between executive management, or the Investor Relations team, and institutional shareholders is also reported to the Board.

As a part of a comprehensive investor relations programme, formal meetings are scheduled with investors and analysts to discuss the Group's half- and full-year results. In the intervening periods, Hays continues its dialogue with the investor community by meeting key investor representatives, holding investor roadshows and participating in conferences. Meetings with debt providers, principally the Company's banks, also take place on a regular basis.

During the year, the executive directors and senior management met with approximately 100 individual institutions around the world, interacting with shareholders and potential shareholders. In addition, approximately 30 institutions attended our Investor Day, which was held in London in November 2017.

Presentations to analysts are posted on the Company's website at haysplc.com. If you would like to know more about our relations with shareholders please contact ir@hays.com.

Geographical breakdown of investors met



Annual General Meeting

The Board uses the Company's AGM to communicate with investors and welcomes their participation. All shareholders are entitled to attend the AGM, at which the Board members are present. The Board views the AGM as a good opportunity to meet with its smaller, private shareholders. A summary presentation of results is given by the Chief Executive before the formal business of the meeting is conducted. All shareholders present can question the Chairman, the Chairmen of the Committees and the rest of the Board both during the meeting and informally afterwards.

The Notice of AGM and related papers are sent to shareholders at least 20 working days before the meeting. Voting on all resolutions at the AGM is by means of a poll, which, reflecting the number of voting rights exercisable by each member, is considered by the Board to be a more democratic method of voting. As soon as practicable following the conclusion of the AGM, the proxy votes cast, including details of votes withheld, are announced to the London Stock Exchange via the Regulatory News Service and published on our website.

EFFECTIVENESS

NOMINATION COMMITTEE REPORT

Dear Shareholder

As noted in my introduction to the Corporate Governance section of this Annual Report, I have only served in the role of Nomination Committee Chairman since July 2018, following the untimely passing of Alan Thomson. However, as a member of this Committee for the majority of the period under review, I can provide an overview of the work we have undertaken.

Succession planning remains a key area of focus for the Committee across the executive and non-executive spectrum. This was further supported by this year's Board and Committee evaluation review.

The landscape in which we find ourselves operating continues to evolve and change, and we hear with ever-increasing frequency of the percentage of jobs in the

future that don't even exist today and how the world of work is becoming more and more disintermediated. As a recruitment organisation this is all very interesting and relevant, but it also influences the profile of individuals one needs at the top of, and near the top of, an organisation to ensure it remains relevant and 'ahead of the curve'. These factors have all been feeding into the deliberations of the Nomination Committee and will continue to do so, notwithstanding the myriad of other factors that also have to be taken into account in making the best appointments for the continued success of the Company.

Andrew Martin
Nomination Committee Chairman
29 August 2018



"Succession planning remains a key area of focus across the executive and non-executive spectrum."

Andrew Martin
Chairman of the
Nomination Committee

Role of the Nomination Committee

The role of the Committee is summarised below and detailed in full in its terms of reference, a copy of which is available on the Company's website (haysplc.com) under Corporate Governance.

The main responsibilities of the Committee are to:

- Review the structure, size and composition (including skills, knowledge, experience, diversity and balance of executive and non-executive directors) of the Board and its Committees and make recommendations to the Board with regard to any changes;

- Consider succession planning for directors and other senior executives;
- Identify and nominate for the approval of the Board, candidates to fill Board vacancies; and
- Keep under review the time commitment expected from the Chairman and the non-executive directors.

Membership and meetings

The Committee is appointed by the Board. It is chaired by the Chairman of the Board and comprises the non-executive directors, all of whom are independent, save for the Chairman who was independent on appointment. The names and qualifications of the Committee's current members are set out in the directors' biographies on pages 52 and 53.

The Committee meets as required and did so on two occasions during the year and attendance by members can be seen on page 57. Other regular attendees at Committee meetings include the Company Secretary and, on invitation, the Chief Executive and Group Finance Director.

Main Committee activities during the financial year

- Considered Board succession plans
- Reviewed the composition of the Board and its Committees
- Reviewed the Committee's terms of reference
- Considered, and recommended to the Board, the appointment of two non-executive directors
- Considered and recommended the election and re-election of each director, as appropriate, at the AGM

Non-executive director appointment process

The Company adopts a formal, rigorous and transparent procedure for the appointment of new directors and senior executives with due regard to diversity. Prior to making an appointment, the Committee will evaluate the balance of skills, knowledge, experience and diversity on the Board and, in light of this evaluation, will prepare a description of the role and capabilities required, with a view to appointing the best-placed individual for the role. In identifying suitable candidates, the Committee uses open advertising or the services of external advisers to facilitate the search and considers candidates on merit and against objective criteria and ensuring that appointees have sufficient time to devote to the position, in light of other significant commitments, and no conflicts of interest.

A long-list of potential candidates would be drawn up, from which an appropriate number would be shortlisted for interview based upon their fulfilment of the appointment criteria. The Committee would then recommend to the Board the appointment of the preferred candidate (or candidates, if there is more than one considered suitable) for subsequent appointment.

The Zygos Partnership were utilised in respect of Andrew Martin and Susan Murray's appointments which occurred in the year under review, however their input was concluded prior to the year end.

In the year ahead, the Committee will continue to assess the Board's composition and how it may be enhanced and will consider diversity (including, but not limited to, gender and experience) and geographic representation and continue to use independent consultants as appropriate to ensure a broad search for suitable candidates. Specifically, the Board is seeking to recruit a replacement for Victoria Jarman, who steps down at the 2018 AGM, and also an additional non-executive director to restore its number following the passing of Alan Thomson in July 2018.

The Committee considered the appointment of Andrew Martin to the role of Chairman subsequent to the end of the year under review and recommended him for appointment by the Board, which was duly undertaken (on a permanent basis) in August 2018. An external search consultancy was not engaged, nor external advertising undertaken, for the role of Chairman, as Andrew's suitability as successor to the role of Chairman had been fully considered as part of his recruitment in 2017.

Board composition is routinely reviewed to ensure that the balance of skills, knowledge and experience of the Hays Board remains appropriate to its business.

Hays' Group policy is to hire the best candidates for all positions at all levels throughout the business, irrespective of gender, including candidates at Board level.

The Board has not set any specific aspirations in respect of gender diversity at Board level and supports fully the Code principles in respect of diversity. However, the Board is of the view that diversity is less about quotas, and recognises the benefits of diversity, of which gender is one aspect, and it will continue to ensure that this is taken into account when considering any particular appointment, whilst ensuring appointments are made on merit and ability to enhance the performance of the business.

Succession planning

A key task of the Committee is to keep under review the Company's succession plans for members of the Board over the short, medium and longer term, to ensure the Board remains appropriately balanced between new and innovative thinking and longer-term stability.

Board appointment criteria are considered automatically as part of the Committee's approach on succession planning. The Committee believes that limited tenure and the subsequent enforced retirement of directors is not always appropriate for sound business leadership. Accordingly, matters of director tenure are viewed on a case-by-case basis.

The Board believes that refreshment of the Board should take into account the need to consider diversity in all forms.

Tenure of non-executive directors

Appointments to the Board are made for initial terms not exceeding three years and are ordinarily limited to three such terms in office. Each director stands for re-election annually.

Director performance

Having reviewed the independence and contribution of directors, the Committee confirms that the performance of each of the directors standing for re-election at the 2018 AGM continues to be effective and demonstrates commitment to their roles, including independence of judgment, commitment of time for Board and Committee meetings and any other duties.

Accordingly, the Committee has recommended to the Board that all current directors of the Company, with the exception of Victoria Jarman, be proposed for re-election at the forthcoming AGM.

EFFECTIVENESS

NOMINATION COMMITTEE REPORT

Board induction and development

On appointment, each director takes part in a tailored and comprehensive induction programme which is designed to give him or her a deep understanding of the Company's business, governance and stakeholders.

Elements of the programme include:

- Senior management briefings to provide a business overview, current trading conditions and strategic commercial issues;
- Meetings with the Company's key advisers and major shareholders, where necessary;
- Business site visits across regions;
- A legal and regulatory briefing on the duties of directors of listed companies;
- Details of the Group corporate structure, Board and Committee structures and arrangements, and key policies and procedures; and
- The latest statutory financial reports and management accounts.

The Chairman, in conjunction with the Company Secretary, ensures that directors are provided with updates on changes in the legal and regulatory environment in which the Company operates. These are incorporated into the annual agenda of the Board's activities along with wider business and industry updates; the Chairman also keeps under review the individual training needs of Board members. The Company's principal external advisers provide updates to the Board, at least annually, on the latest developments in their respective fields, and relevant update sessions are included in the Board's strategy meetings. The Company Secretary presents corporate governance reports to the Board as appropriate, together with any relevant technical directives issued by the Company's auditor. In this way, each director keeps their skills and knowledge current so they remain competent in fulfilling their role both on the Board and on any Committee of which they are a member.

Board evaluation

During the 2018 financial year the Board assessed its own effectiveness through an internal Board evaluation process. The 2018 evaluation was facilitated by the Chairman. Directors completed an evaluation questionnaire.

The questionnaire covered a broad base of subject matter in order to assess effectiveness, such as the conduct of Board meetings and their administration; risk; strategy; culture; stakeholder interests and corporate purpose; Board composition and member performance; and the broader challenges faced by the Board and how those are managed. Committee effectiveness was also assessed separately.

Results were presented to the Board and minor areas for improved operation identified and agreed; these included longer-term succession planning and issues around cyber awareness and planning. There was general agreement that, overall, the Board and its Committees continued to operate effectively throughout the period and that its operation, and that of the Committees, had improved over the course of the year.

In addition to the Board and Committee evaluation, the Chairman evaluated the individual performance and effectiveness of each director. The Senior Independent Director led a separate appraisal of the Chairman's performance with his fellow non-executive directors, which took into consideration both the executive and non-executive directors' views. Good progress against the action points identified in the 2017 Board evaluation has been made during the year.

An external Board evaluation will be undertaken in 2019.

ACCOUNTABILITY

AUDIT COMMITTEE REPORT



"We continue to operate in a world threatened with cyber security risk."

Victoria Jarman
Chairman of the
Audit Committee

Dear Shareholder

I am pleased to present to you the Audit Committee report prepared in accordance with the 2016 edition of the Code. This is my last year of chairing the Audit Committee as I will be stepping down from the Board at the conclusion of the Annual General Meeting in November 2018.

Before I discuss the Committee's activities, I would like to take a moment to pay my respects to Alan Thomson, following his sad passing in July of this year. Alan recruited me to the Board in the year following his own appointment; he was immensely supportive to me throughout my tenure and his guidance was invaluable. He is greatly missed.

The Audit Committee supervises the Company's financial reporting process on behalf of the Board of Directors. The Committee also reviewed reports of the internal audit function to ensure adequacy of our systems of internal control and risk management.

The Committee also supported the directors in their assessment of the long-term viability of the Company for the purposes of the Code which is set out in the strategic report on page 37.

We continue to operate in a world under threat from cyber security risk, which is a significant threat to the way we operate our day-to-day business and, therefore, how we deliver services to our clients. As a consequence of this, the Audit Committee receives regular and detailed reports on our preparedness for when, not if, we face an attack.

I was particularly heartened by the experience of the cyber-simulation data breach exercise conducted during the year, which stress-tested people and systems within the business. I look forward to the learnings being rolled out to further enhance our resilience.

I can assure you that Hays will never be complacent in this space and we always work to be as best-prepared as we can in the fast moving environment of cyber security.

You will find on the following pages further detail on the Committee's activities during the year under review, which include discharging its financial reporting, internal control and risk management responsibilities, supporting the Board in ensuring the Annual Report, as a whole, is fair, balanced and understandable, and consideration of, amongst other matters, audit effectiveness (both internal and external), non-audit services policy and the Group's whistleblowing policy and procedures. I hope this will provide shareholders with the necessary information for them to assess the Company's performance, business model and strategy.

Victoria Jarman
Audit Committee Chairman
29 August 2018

Role of the Audit Committee

The Committee's terms of reference are available on the Company's website (haysplc.com) under Corporate Governance.

The key responsibilities of the Committee are to:

- Monitor the integrity of the financial statements of the Company, including annual and half-year reports, interim management statements, and other formal announcements relating to its financial performance, and reviewing and reporting to the Board on significant financial reporting issues and judgments;
- Where requested by the Board, review the content of the Annual Report and advise the Board whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy;
- Recommend to the Board for approval by shareholders, the appointment, reappointment or removal of the external Auditor;
- Monitor the relationship with the Company's external Auditor, including consideration of fees, audit scope and terms of engagement;
- Review the effectiveness and objectivity of the external audit and the Auditor's independence;
- On engagement of the external Auditor, review the policy for the provision of non-audit services and monitor compliance;
- Monitor and review the Company's internal control and risk management systems;
- Monitor and review the effectiveness of the Company's Internal Audit function; and
- Ensure compliance with laws, regulations, ethical and other issues, including that the Company maintains suitable arrangements for employees to raise concerns in confidence.

Membership and meetings

The Committee is appointed by the Board from its independent non-executive directors.

Biographies of the Committee's current members are set out on pages 52 and 53.

The Chairman of the Committee, Victoria Jarman, is a Chartered Accountant and its financial expert, who also chaired the Audit Committee of Equiniti Group plc. All Committee members are financially literate.

The Committee discharges its responsibilities through a series of scheduled meetings during the year, the agenda of which is linked

to events in the financial calendar of the Company. The Committee met four times during the financial year and attendance by members at Committee meetings, can be seen on page 57.

The Committee commissions reports, either from external advisers, the Head of Internal Audit or Group management, as required, to enable it to discharge its duties. The Group Finance Director attends its meetings, as do the external Auditor and the Head of Internal Audit, both of whom have the opportunity to meet privately with the Committee Chairman, in the absence of Group management. The Chairman of the Board and the Chief Executive are also invited to, and regularly attend, Committee meetings.

Main Committee activities during the financial year

- Approved the annual Committee programme
- Reviewed financial results for publication
- Considered the external audit plan and reviewed the results of the audit
- Approved the internal audit plan and reviewed its findings
- Reviewed the non-audit services provided by the external auditor
- Reviewed the risk management and controls framework and its effectiveness, together with the Group's principal risks
- Considered all aspects of IT operations and risks
- Considered the growing threat of cyber-related attacks and associated responses across the business
- Reviewed the performance and effectiveness of the external Auditor
- Reviewed the performance and effectiveness of the Internal Audit function
- Reviewed the Group's whistleblowing arrangements
- Carried out a review of the Committee's effectiveness and reviewed progress on matters arising from previous assessments
- Considered the Code requirements concerning fair, balanced and understandable reporting
- Considered the Company's long-term viability
- Recommended the Audit Committee Report for approval by the Board
- Held discussions with the external Auditor and the Head of Internal Audit without management being present

Fair, balanced and understandable

In addition to its work described here, the Committee has reviewed the financial and narrative disclosures in this year's Annual Report. It has advised the Board that, in its view, taken as a whole, the Annual Report is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

In making its recommendation to the Board, the Committee's robust governance approach included:

- Comprehensive Group and subsidiary accounts process, with written confirmations provided by the regional senior management teams on the health of the financial control environment;
- Reviews of the Annual Report undertaken at different levels of the Group and by the senior management team that aim to ensure consistency and overall balance;

- External audit review;
- Clear guidance and instruction of the requirement provided to contributors;
- Written confirmation that information provided has been done so on a fair and balanced basis;
- Additional scrutiny by senior management; and
- Additional reviews by the Committee Chairman of the draft Annual Report in advance of the final sign-off in the context of the revised Code provision.

Final sign-off is provided by the Board, on the recommendation of the Committee.

Significant issues considered during the year

In reviewing both the half and full-year financial statements, the following issues of significance were considered by the Committee and addressed as described. These matters are described in more detail in note 3 to the Consolidated Financial Statements.

Debtor and accrued income recoverability

The recoverability of trade debtors, accrued income and the level of provisions for bad debt are considered to be areas of significant judgment due to the pervasive nature of these balances to the financial statements and the importance of cash collection in the working capital management of the business. The Committee considered the level and ageing of debtors and accrued income, together with the appropriateness of provisioning, by reviewing previous experience of bad debt exposure and the consistency of judgments made year-on-year. The Committee was satisfied that the level of provision and the carrying value of debtors and accrued income is appropriate.

Revenue recognition

The main areas of judgment in revenue recognition relate to (i) cut-off as we recognise permanent placement income on the day a candidate starts work, and temporary placement income over the duration of the placement; and (ii) the recognition of temporary contractual arrangements where we act as principal on a gross basis rather than net basis. The Committee discussed and reviewed these areas with both management and PwC and remains satisfied that Group accounting policies with regard to revenue recognition have been adhered to and that judgments made remain appropriate.

Goodwill

The Committee assessed the carrying value of goodwill by reviewing a report by management which set out the values attributable across the cash-generating units (CGU), compiled using projected cash flows based on assumptions related to discount rates and future growth rates. The Committee also considered the work undertaken by PwC and management's sensitivity analysis on key assumptions. After discussion, the Committee was satisfied that the assumptions used were appropriate.

Pension accounting

Pension accounting is complex and contains areas of significant judgment, most notably those in respect of the discount and inflation rates used in the valuation of the net surplus disclosed in note 22. The Committee reviewed the pension items by discussing a report prepared by management based on work performed by the Company's actuary which set the key assumptions used in the calculation of the surplus and related income statement items. The Committee also considered the work performed by PwC in testing the assumptions and was satisfied that the assumptions used and the disclosures in the financial statements are appropriate.

External Auditor

Both the Committee and the Board keep the external Auditor's independence and objectivity under close scrutiny, particularly with regard to its reporting to shareholders. PwC were appointed external Auditor of the Group at the 2016 AGM. Professional rules require that the Company's audit partner at PwC be rotated every five years.

As previously reported, following a detailed tender process, PricewaterhouseCoopers LLP was first appointed as the Company's external auditor in 2016. While the Company has no current retendering plans, in accordance with The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 (CMA Order) the Company will be required to put the external audit contract out to tender by 2026. Accordingly, the Company confirms that it has complied with the provisions of the CMA Order for the 2018 financial year.

Auditor Independence and Non-Audit Services Policy

The Committee believes that the issue of non-audit services to Hays is closely related to external Auditor independence and objectivity. The Committee recognises that the independence of the external Auditor may reasonably be expected to be compromised if they also act as the Company's consultants and advisers. Having said that, the Committee accepts that certain work of a non-audit nature is best undertaken by the external Auditor. To keep a check on this, the Committee has adopted a policy to ensure that the provision of any non-audit services by its external Auditor does not impair its independence or objectivity.

The key features of the non-audit services policy are as follows:

- The provision of non-audit services provided by the Company's external Auditor be limited to a value of 70% of the average audit fees over a three-year period;
- Any non-audit project work which could impair the objectivity or independence of the external Auditor may not be awarded to the external Auditor;
- Delegated authority by the Committee for the approval of non-audit services by the external Auditor is as follows:

Authoriser	Value of services per non-audit project
Group Financial Controller	Up to £25,000
Group Finance Director	Up to £100,000
Audit Committee	Above £100,000

- The above authority levels were reviewed by the Committee during the year, as a result of which the authority of the Group Finance Director reduced from £150,000; and
- The three-year average audit fee was £1.0 million. Accordingly, the maximum value of non-audit services that PwC could have been engaged by Hays to provide during the financial year 2018 was £0.7 million. The total fee for non-audit services provided by PwC during the 2018 financial year was £0.44 million (2017: £0.6 million), excluding the FY18 half-year review fee of

£0.1 million (2017: £0.1 million). The main component of the non-audit services was a change management programme in Germany which was underway prior to the external audit tender, where PwC provided project management and communication support for the project. PwC's involvement in the project ceased in September 2017.

The Company did not pay any non-audit fees to PwC on a contingent basis. A summary of the fees paid to the external Auditor is set out in note 6 to the Consolidated Financial Statements.

Having reviewed Hays' non-audit services policy this year, including the Authority level of the Group Finance Director, the Committee is satisfied that adequate procedures are in place to safeguard the external Auditor's objectivity and independence.

Effectiveness of the external Auditor

The annual effectiveness review in respect of financial year 2017 was conducted during the year under the guidance of the Committee Chairman, on behalf of the Committee, and covered amongst other things a review of the audit partners, audit resource, planning and execution, Committee support and communications, and PwC's independence and objectivity. Overall feedback was positive with resulting improvements, which were largely country-specific, discussed and implemented. Based on these reviews, the Committee was satisfied with the performance of PwC in the fulfilment of its obligations as external Auditor and of the effectiveness of the audit process in FY17. Consequently, the Committee has recommended to the Board that they be reappointed as external Auditor at the AGM in November 2018.

Risk management and internal control

The Board is responsible for the adequacy and effectiveness of the Group's internal control system and risk management framework, which in order to fulfil its responsibilities the Board has delegated authority to the Committee.

In order to establish an assessment from both a financial and operational control perspective, the Committee looks to the work of the Internal Audit function, specifically to consider whether significant process and control weaknesses are identified, improved and monitored and that risks have been identified, evaluated and managed.

The Committee considered the Group's risk assessment process, which included coverage across the regions, businesses and functions within the Group, reviewing the effectiveness of the risk methodology employed, the risk mitigation measures implemented and future risk management and monitoring.

Internal Audit

The Committee oversees and monitors the work of the Internal Audit function, which reviews key controls and processes throughout the Group on a rolling basis, including resources, scope and effectiveness of the function.

The Group Head of Internal Audit has direct access to the Committee and meets regularly with both the Committee and its Chairman, without the presence of management, to consider the work of Internal Audit.

The Committee approved the programme of work for the Internal Audit function in respect of the 2018 financial year, which was focused on addressing both financial and overall risk management objectives across the Group.

During the year, 29 Internal Audit reviews were undertaken, with the findings reported to both the Management Board and the Committee, with recommendations tracked and progress subsequently reported back to the Committee.

No material weaknesses were identified as a result of risk management and internal control reviews undertaken by Internal Audit during the reporting period.

The Committee believes that the Group's enterprise risk management framework needs to continue to evolve in accordance with the growth of the Hays business around the world. Throughout the financial year the Internal Audit team has continued to enhance the enterprise risk management framework and work with the Group Finance Director and the operating companies across the globe to further embed the framework methodology at a local level. The Group Risk Committee, chaired by the Group Finance Director and comprising senior operators from each region, together with representation from IT and finance, assists in the management of risk in the Group. In addition, a Chief Risk Officer has been appointed who will further strengthen the Group's risk management framework.

Raising concerns at work

The whistleblowing procedure in place across the Group ensures that employees are able to raise any concerns about any possible improprieties in business practices, or other matters, in confidence; this is managed and reported through an independent external third party. Reports made in good faith are done so without fear of recrimination, and calls cannot be traced and are not recorded. Reports can be made in over 100 languages.

The disclosures under this arrangement are investigated promptly by the Company Secretary, with the support of Internal Audit, and escalated to the Management Board and the Committee as appropriate, with follow-up action being taken as soon as practicable thereafter.

The Committee, as part of its overall review of the Group's system of internal control, reviewed the procedures in place during the reporting period and is satisfied that they are appropriate to the size and scale of the Group.

Anti-bribery and corruption

Hays has a zero-tolerance approach to bribery and corruption. The Group Anti-Bribery and Corruption Policy (with specific reference to the UK Bribery Act 2010) is issued to all employees. Overall responsibility for, and oversight of, the Policy lies with the plc Board. Training is provided to all employees annually in local languages and ongoing support is provided when and where necessary. In addition, risk assessments are carried out on an ad hoc basis, for example when new countries are under consideration (whether they are considered to be low or high risk) or prior to entry into new public sector markets. The Committee reviewed the effectiveness of the Policy during the year and concluded that it was sufficient for managing the anti-bribery and corruption risks faced by the Group.

Audit Committee effectiveness

The Committee considered its effectiveness in discharging its duties during the year. The Committee looked at the work it had carried out during the year and considered that its performance during the year was effective when measured against its terms of reference and general audit committee best practice. Details of the main activities of the Committee and its role and responsibilities have been detailed earlier in this Report.

The Chairman of the Committee will be available at this year's AGM to answer any questions on the work of the Committee.

REMUNERATION REPORT

CHAIR'S ANNUAL STATEMENT AND SUMMARY

Dear Shareholder

I am pleased to introduce our Directors' Remuneration Report for 2018. This is my first report as the new Remuneration Committee Chair and I would like to take this opportunity to thank the previous Chair, Paul Harrison, for his valuable contribution to the Remuneration Committee during his tenure.

I would also like to express my personal sorrow at the passing of our Chairman Alan Thomson. While I had only known Alan for a short period of time since I joined the Board, he had given sound counsel to the Remuneration Committee over many years and he will be much missed.

Our Remuneration Policy received positive support from shareholders

Following a detailed review of our Remuneration Policy during 2017 and consultation with our shareholders, we made some modest adjustments to our incentive plans while ensuring that the overall quantum remained the same. These changes were made to ensure that our reward structure complements our future strategy and looks to the long-term sustainability of our business.

We were pleased that our Remuneration Policy had positive support from our shareholders and received a favourable vote of 94% at the November 2017 AGM.

The Policy has operated during FY18. The Committee believes in maintaining consistency and therefore it is the Committee's expectation that it will continue to operate the Policy until the next review in 2020. There are therefore no changes to our Policy for FY19.

Our FY18 Business Review

2018 has been another strong year for Hays. With our markets outside of the UK being supportive, management invested to drive growth of 12% in net fees and, through effective operational management, delivered strong operating profit leverage with profits up 15%. This was especially the case in our international business which delivered a record level of profits. Importantly, it was also clear that management made significant investments for the long-term future of the business, rather than being solely focused on the short-term.

In addition to a strong profit performance, Hays also delivered a strong cash performance and this, allied to earnings growth with EPS up 18%, has meant that the Group is proposing a record level of dividends for the year, which is to the clear benefit of our shareholders.

This is the fifth year in a row that Hays has delivered a strong profit and cash performance and the results again beat market expectations. These results, both over the year and over the last three years, have directly contributed to the reward outcomes for the executive directors, both in the annual and long-term incentives, as is covered below.

Our executive reward for FY2018 reflects these results and links pay to performance

Annual Bonus

Annual Bonus awards reflected the FY18 performance and were 96.55% of the maximum award (144.83% of base salary) for the CEO and CFO. 50% of each award will be deferred into shares for three years.

2015 Performance Share Plan ("PSP")

The 2015 PSP (awarded under the legacy Policy approved in 2014) vested at 58.62% reflecting the three-year performance period that ended on 30 June 2018.

Full details of the executive directors' remuneration for FY18 can be found in the Single Figure on page 74 and the full Annual Report on Remuneration on pages 74 to 94.

The Committee takes very seriously its duty to exercise judgment and ensure outcomes are reflective of the Company's underlying performance and shareholder experience.

The Committee is satisfied that the incentive outcomes fairly reflect and align with the performance achieved.

Remuneration for FY19

The executive directors received base salary increases of 2.0% effective from 1 July 2018. This was in line with the average pay increase for other relevant UK employees.

In line with the Policy approved in November 2017, for FY19 we intend to grant 150% of base salary in shares under the Performance Share Plan ("PSP"), the vesting of which will depend on the outcome of performance metrics at the end of the three year performance period. In line with the Policy, to the extent that performance conditions are met, any shares will be held for a further period of two years.



"We consistently focus on ensuring reward is closely aligned to strong performance"

Susan Murray
Chair of the
Remuneration
Committee

Other Committee activities in FY18

Regular Agenda Items

Our key regular agenda items include reviewing the basic pay, bonus and PSP awards for the executive directors and other senior executives. The Committee ensures that their targets and objectives are suitably stretching, taking into consideration external consensus views. In addition, they include the principal Company financial performance indicators together with longer-term strategic initiatives as well as taking into account Group risk. We also consider the relationship between executive reward and the reward structures in place for other Group employees. The Committee is always mindful of the need to link reward to performance and that it does not reward for failure.

Gender Pay Gap Reporting

During FY18, the Committee reviewed and had oversight of the new Gender Pay Gap reporting requirements.

The Board believes that a diverse workforce and inclusive culture are essential to business success and Hays supports and values diversity in all forms, not just gender. Internally, Hays fosters a meritocratic culture in which everyone has the opportunity to fulfil their career ambitions.

We therefore welcome the discussion on the Gender Pay Gap which seeks to ensure that job opportunities at all levels are open and available to everyone. Hays is committed to being transparent in its reporting and about the steps it is taking to ensure that both women and men have the same career support and development and are able to reach their full potential. To this end, we not only published the mandatory figures under the Regulations that amalgamated our PAYE temporary employees with our own employees, but chose to show the gender pay gap for our own workforce separately. Full details can be found in our Gender Pay Gap Report on our website haysplc.com.

The Committee has incorporated ongoing oversight of the Gender Pay Gap figures into its Terms of Reference on a formal basis and will continue to review the results and actions being taken by the Company to foster diversity and inclusion as well as those being taken to close the Gender Pay Gap.

Changes to the UK Corporate Governance Code and other regulatory governance

The Committee is mindful of the future changes to the UK Corporate Governance Code and the new reporting legislation which includes wider consultation with employees and CEO to employee pay ratios. For Hays, these new requirements will not come into effect until 1 July 2019 and therefore further detail will be provided in next year's report.

The Committee embraces any debate or change that ensures good governance and fairness in relation to reward issues. The Committee is giving appropriate consideration on how best to approach these issues in order to achieve maximum benefit and impact and will determine its actions during FY19 now that the final regulations and guidance are in place.

We aim to be clear, concise and straightforward in our reporting

We aim to make the Directors' Remuneration Report clear, concise and easy to follow.

To help with understanding the FY18 remuneration outcomes in relation to our Policy, we have included a Remuneration At A Glance page.

Our full Remuneration Policy as approved by shareholders can be found on our Company website haysplc.com. However, to help with understanding, we have also summarised the Policy above each remuneration outcome and also made it clear whether any element relates to the legacy Policy approved in 2014.

An overall summary of our Policy and how it relates to our strategy is set out on page 72.

We hope that readers will find this helpful.

We trust that this report demonstrates how we balance performance, reward and underlying associated behaviours and that we place great importance on our duty not only to shareholders but to our wider workforce.

Susan Murray

Chair of the Remuneration Committee

29 August 2018

See the Committee's Terms of Reference online at haysplc.com

CHAIRMAN'S ANNUAL STATEMENT AND SUMMARY CONTINUED

Membership and meetings

Four formal meetings were held during FY18 in July 2017, August 2017, January 2018 and May 2018.

Attendance is shown on page 57. In addition, members participated in other discussions as required.

This report is structured as follows:

Section	What it includes
Letter from the Remuneration Committee Chairman Page 68	
Remuneration At A Glance Page 71	
Summary of our Remuneration Policy and its link to strategy Page 72	
Annual Report on Remuneration Page 74	<p>This report is divided into sections:</p> <ol style="list-style-type: none"> 1. Single Figure of Remuneration – page 74 2. Long-term value creation – page 83 3. Remuneration in the broader context – page 88 4. Statement of Implementation of the Remuneration Policy in the following financial year – page 91 5. Governance – page 93
Our full current Remuneration Policy	Our full current Remuneration Policy as applicable to FY18 can be found on our website at haysplc.com

REMUNERATION AT A GLANCE

Summary of our current Remuneration Policy and Structure for FY18

Key Reward component	Key features
Base Salary and Core benefits	<ul style="list-style-type: none"> Competitive salary and benefits to attract right calibre of executive
Annual Bonus <ul style="list-style-type: none"> 60% EPS 20% Cash Conversion 20% Personal 	<ul style="list-style-type: none"> Max potential 150% of salary Key financial KPIs and personal objectives
Performance Share Plan <ul style="list-style-type: none"> 30% EPS 50% Cash Conversion 20% TSR 	<ul style="list-style-type: none"> Max potential 150% of salary KPIs focused on long-term sustainability and shareholder returns Five year lifespan: 3 year Performance Period plus 2 year Holding Period
Shareholding Requirements	<ul style="list-style-type: none"> CEO: 200% of salary CFO: 200% of salary Ensure material personal stake in the business

- Strong link of performance with reward
- Takes into account risk management and Annual Bonus and PSP incorporate Malus and Clawback

Reward linked to performance – what did we do?

More details [page 74](#)

Reward Component	What we have done
Base salary	<ul style="list-style-type: none"> Increased salaries for CEO and CFO by 2.0% from 1 July 2017: New salaries CEO : £737,950 pa CFO: £532,061 pa Increase in line with budget set for relevant UK employees of 2.0%
Bonus	<ul style="list-style-type: none"> CEO: 96.55% of maximum i.e. 144.83% of salary equating to £1,068,780 CFO: 96.55% of maximum i.e. 144.83% of salary equating to £770,589 50% of the above awards deferred into shares for 3 years
PSP	<ul style="list-style-type: none"> 150% of salary to be awarded
Shareholdings at 30 June 2018	<ul style="list-style-type: none"> CEO: 1,090% of base salary (requirement 200%) CFO: 737% of base salary (requirement 200%)

The Single Figure can be found on [page 74](#)

How have we performed?

More details [pages 75 and 79](#)

Bonus

Metrics measure success of the day-to-day management of a volatile and cyclical business.

Metric	Target	Actual	% of max achieved
EPS*	10.77p	11.50p	100%
Cash Conversion	86%	100.16%	97.77%
Personal CEO/CFO		85%	

* Both the target and actual performance were based on budget exchange rates. Therefore actual performance differs to the reported performance due to movements in exchange rates during the year.

September 2015 PSP award – grant 175% of base salary (under legacy Policy approved in 2014)

Metrics measure success in delivering strong results through the three-year cycle.

Metric	Threshold	Maximum	Actual	% of max achieved
EPS	25.17p	29.45p	29.58p	100%
Cash Conversion	71%	101%	91.95%	75.86%
Relative TSR	Median of comparator group	Upper quartile of comparator group	23.95%	0%

Total % of award vesting: 58.62%

Key general business highlights

- Like-for-like net fee growth of 12%
- Operating profit up 15% with record international performance
- Performance ahead of Board and market expectations
- Strong cash performance

What changes have we proposed to the Remuneration Policy for FY19?

More details [page 91](#)

- There are **no changes** to our Remuneration Policy.
- We received a binding vote of 94% in favour of the Policy at the November 2017 AGM indicating strong support for our approach.
- Our full Remuneration Policy can be found on pages 64 to 71 of the FY17 Annual Report and on our website haysplc.com
- A summary of the Policy can be found on pages 72 to 73 of this report and in the explanation of the Single Figure of Remuneration on pages 74 to 82.

REMUNERATION POLICY AND HOW IT LINKS TO STRATEGIC OBJECTIVES

Competitive salary and benefits to attract, motivate and retain executives plus variable pay that aligns to strategy and focuses on performance

The incentive plans support our four key strategic priorities:



Materially increase and diversify Group profits;



Generate, reinvest and distribute meaningful cash returns;



Invest in people and technology, responding to change and building relationships; and

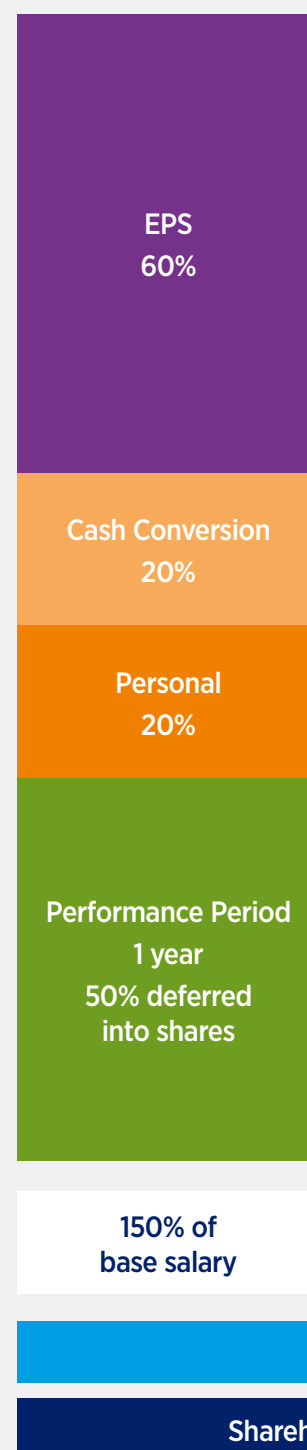


Build critical mass and diversity across our global platforms.

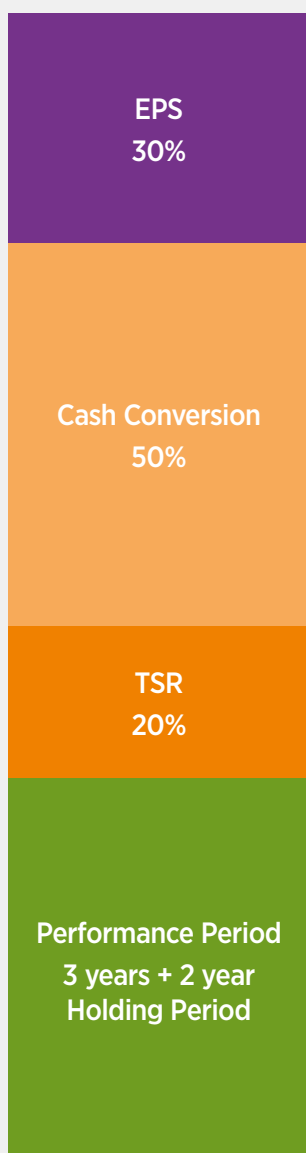
- EPS target provides focus on profit.
- Cash Conversion maintains focus on cash returns and business efficiency.
- Personal objectives provide building blocks to longer-term strategic goals.
- 50% of any award is deferred into shares for three years to ensure a long-term focus.
- Malus and Clawback apply.

SHORT-TERM AGILITY

Annual Bonus



PSP



Hays is a highly cyclical business and has built a diversified portfolio designed to try and mitigate this by:

- Balancing the business between permanent and temporary/contractor candidate placements;
- Having a wide range of business specialisms covering 20 professional sectors; and
- Having a global geographic footprint in 33 countries.

Nevertheless, the Company is subject to the volatility and vagaries of the economic markets which can create sudden changes within the recruitment market and industry. In this environment, where it is extremely difficult to give an accurate, robust, long-term prediction of the economy, the Committee believes it is important that the executives' reward is consistent with the need to be agile in managing the business. The Committee feels this is best addressed by having a short-term focus on profit and a long-term focus on cash generation.

- The following factors are taken into account when setting EPS targets:
 - Budget (the setting of which is a robust and transparent process;
 - Strategic direction of the business over the period covered by the PSP;
 - Market conditions and visibility of future trading; and
 - Analysts' forecasts.
- The cash element focuses on the long-term business efficiency and return to shareholders through dividend payments.
- The TSR element directly measures shareholder returns relative to industry peers.
- The five year term of the plan together with shareholding requirements ensure that the CEO and CFO have a material, personal stake in the business and align to shareholders.
- Malus and Clawback apply.

LONG-TERM SUSTAINABILITY AND FOCUS

ANNUAL REPORT ON REMUNERATION

Section 1 – Total reward for FY18

In this section:

1.1 FY18 Single Figure for executive directors

1.1.1 Salary

1.1.2 Benefits

1.1.3 Pension

1.1.4 Other benefits

1.1.5 Annual bonus

1.1.6 PSP

1.2 FY18 fees for non-executive directors ("NEDs")

Section 1 – Total Reward for FY18

Remuneration for FY18 reflects the Policy approved by Shareholders at the 2017 AGM and, in line with that Policy, includes a legacy PSP plan which was granted under the Policy approved at the November 2014 AGM and which vests in FY18.

1.1 FY18 Single Figure for executive directors

Single Figure of remuneration (audited)

The following table shows the total Single Figure of remuneration for each executive director in respect of qualifying services for the 2018 financial year. Comparative figures for the 2017 financial year have also been provided. Details of non-executive directors' ("NEDs") fees are set out in 1.2 on page 82.

£000s Executive director	Salary Note 1	Benefits Note 2	Pension Note 3	Other Note 4	Annual Bonus Note 5	Total remuneration excluding PSP (a)	PSP Note 6 and (b)	Total remuneration (b)
2018								
Alistair Cox Chief Executive	738	48	221	0	1,069	2,076	896	2,972
Paul Venables Group Finance Director	532	40	160	0	771	1,503	646	2,149
2017								
Alistair Cox	723	48	217	3	837	1,828	1,165	2,993
Paul Venables	522	34	156	2	603	1,317	840	2,157

(a) This column includes Salary, Benefits, Pension, Other and Annual Bonus.

(b) 2017 PSP figures now reflect the actual vesting price on 14 November 2017 of £1.815371 and include the dividend equivalent shares awarded on 15 November 2017.

Due to timing, the FY18 Single Figure includes elements from both the 2014 and 2017 Remuneration Policies. The FY18 Annual Bonus potential falls under the new Policy approved at the November 2017 AGM. However the PSP that was granted in FY15 and vests in FY18 was made under the legacy Policy approved at the November 2014 AGM. The overall total potential face value of the Annual Bonus and PSP under both the 2014 and 2017 Policies is the same at a combined maximum of 300% of base salary. However, due to rebalancing the split between the short and long-term incentives in the 2017 Policy and the overlap of policies in relation to the trailing PSP, it means that for FY18 there is an anomaly in the potential total quantum. This will also occur in FY19.

Components of the Single Figure and how the calculations are worked

The following tables and commentary explain how the Single Figure has been derived.

1.1.1 Salary – note 1 (audited)

Policy summary

- Set annually from 1 July.
- Broadly aligned with salary increases for relevant UK employees.

What has happened

As disclosed in last year's Report, salaries were increased by 2.0% with effect from 1 July 2017. This increase was the same as the wider budget set for relevant UK employees.

Name	Salary for FY18	% increase over FY17	Salary for FY17
Alistair Cox	£737,950	2.0%	£723,480
Paul Venables	£532,061	2.0%	£521,628

1.1.2 Benefits – note 2 (audited)

Policy summary

- Core benefits align with those for other UK employees.

What has happened

There were no changes in FY18.

£000s Executive director	Private Medical Insurance (PMI)	Life assurance	Income protection	Travel and mileage	Car allowance	Total
2018						
Alistair Cox	2	10	12	4	20	48
Paul Venables	2	8	12	–	18	40
2017						
Alistair Cox	3	9	12	4	20	48
Paul Venables	3	4	9	–	18	34

PMI, life assurance and income protection figures represent the annual premiums.

1.1.3 Pension – note 3 (audited)

Policy summary

- Other than a cash payment in lieu of pension at the rate of 30% of base salary, there are no other pension arrangements for the directors.
- For the sake of clarity, neither executive director has any defined benefit pension provision.

What has happened

There were no changes in FY18.

£000s

Executive director

Pension

2018

Alistair Cox	221
Paul Venables	160

2017

Alistair Cox	217
Paul Venables	156

1.1.4 Other benefits – note 4 (audited)

Policy summary

- The executive directors are able to participate in the Hays UK Sharesave Scheme in the same way as other eligible employees.

What has happened

Alistair Cox participated in the March 2017 Hays Sharesave Scheme and Paul Venables participated in the March 2016 and 2017 Hays Sharesave Schemes. No shares were due to be exercised in FY18. Details are shown on page 83.

£000s

Executive director

Other
£000

2018

Alistair Cox	0
Paul Venables	0

2017

Alistair Cox	3
Paul Venables	2

1.1.5 Annual Bonus – note 5 (audited)

Policy summary

- Maximum bonus potential for FY18 under the 2017 Policy is 150% of base salary, of which 50% of any award is paid in cash and 50% is deferred into shares.
- Bonus is based on financial KPIs and personal objectives.

What has happened

The figure shown is the total bonus awarded in relation to performance in the year, including the portion that is deferred.

For bonus awarded in relation to 2018 performance, 50% of the figure shown is deferred into shares for three years. The bonus awarded in FY17 falls under the legacy Policy approved by Shareholders at the 2014 AGM. Under this Policy 40% of the figure shown was deferred into shares for three years.

There are no further performance conditions but leaver terms apply.

The cash element of the bonus award in relation to performance in both 2018 and 2017 is subject to Clawback for three years from award. The deferred element is subject to Malus for the three year holding period.

See pages 76 to 79 for detailed information on performance against targets.

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1.1.5 Annual Bonus – note 5 (audited) continued

Summary

£000s Executive director	Annual Bonus	Of which cash	Of which deferred	% of salary achievement
2018 – 50% deferred into shares				
Alistair Cox	1,069	534	535	144.83%
Paul Venables	771	385	386	144.83%
2017 – 40% deferred into shares				
Alistair Cox	837	502	335	115.67%
Paul Venables	603	362	241	115.67%

Details of the FY18 Annual Bonus

The performance metrics and objectives	Assessment	Achievement and what happens now
<p>60% on earnings per share (“EPS”): focuses on shareholder returns;</p> <p>20% on cash conversion: ensures ongoing business efficiency; and</p> <p>20% on personal objectives: safeguard and plan for the Company’s future.</p> <p>Overall both executives achieved very high performance against these objectives.</p>	<p>The Committee reviews both the Company’s results and executive directors’ performance against their personal objectives.</p> <p>The basic EPS targets and actual performance were measured at budget exchange rates.</p> <p>Cash conversion is the operating cash flow of the Company before deducting net capital expenditure items for the financial year, stated as a percentage of operating profit before exceptional items.</p> <p>In addition to assessment of the individual executives’ overall performance against key objectives, the Committee also takes into account its view of the directors’ regulatory compliance and approach to risk (including environmental, social or governance (ESG) risks).</p> <p>The Committee has not exercised any discretion in relation to bonus outcomes.</p> <p>Further detail is set out in the next pages.</p>	<p>Alistair Cox Achieved 144.83% of salary (out of 150% maximum potential, i.e. 96.55% of maximum).</p> <p>This equates to a bonus of £1,068,780 (as stated in the Single Figure) of which:</p> <ul style="list-style-type: none"> – 50% or £534,390 will be paid as cash; and – 50% or £534,390 will be deferred into shares for three years. There are no further performance conditions. <p>Paul Venables Achieved 144.83% of salary (out of 150% maximum potential, i.e. 96.55% of maximum).</p> <p>This equates to a bonus of £770,589 (as stated in the Single Figure) of which:</p> <ul style="list-style-type: none"> – 50% or £385,294 will be paid as cash; and – 50% or £385,295 will be deferred into shares for three years. There are no further performance conditions. <p>Clawback and Malus The cash element of the bonus is subject to Clawback for three years from the date of award. The deferred element is subject to Malus for the three-year deferral period.</p>

Calculation of actual results (audited)

Annual Bonus 2018 outcome

Alistair Cox

Paul Venables

					Annual bonus value for meeting threshold and maximum performance (% salary)				
Performance condition	Weighting	Threshold performance required	Maximum performance required	Actual performance		Achievement % salary	Bonus value £000s	Achievement % salary	Bonus value £000s
EPS*	60%	10.30p	11.24p	11.50p	18 – 90	90.00%	664	90.00%	479
Cash Conversion	20%	71%	101%	100.16%	6 – 30	29.33%	217	29.33%	156
Personal	20%	–	100%	85%	0 – 30	25.50%	188	25.50%	136
Total 2018	100%	These totals are in the 2018 Single Figure				144.83%	1,069	144.83%	771
* Both the target and actual performance were based on budget exchange rates. Therefore actual performance is slightly higher than the reported performance due to movements in exchange rates during the year.						Of which cash – 50%	534	Of which cash – 50%	385
						Of which deferred – 50%	535	Of which deferred – 50%	386





Both Alistair Cox and Paul Venables achieved 85% of their personal objectives which are outlined on pages 78 and 79.

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Personal objectives

Personal objectives are weighted at 20% of the executive directors' annual bonus potential (a maximum of 30% of base salary). They are comprised of specific issues that should be achieved during the financial year to safeguard the business and contribute to, or form, the essential building blocks of our future long-term strategic priorities. As a result, some details of the executives' objectives cannot be fully disclosed due to their commercial sensitivity. However, the key major themes of the objectives and the executives' broad achievements are given below.

CEO – Alistair Cox

Key Themes for FY18	Link to Strategic Priorities	Broad achievements in FY18
Business Growth A focus on the long-term profitability and growth in three key areas: <ul style="list-style-type: none"> – Germany – The USA – Asia 	  	<p>The German business achieved 16% growth on a like-for-like basis. Four new offices opened and headcount rose 13%.</p> <p>German results Net fees £276.0m (2017: £230.3m) : 19.8% increase Operating Profit £86.0m (2017: £80.5m) : 6.8% increase</p> <p>Germany became a separate reporting entity in FY18 and further information can be found on page 30</p> <p>Investment has increased in the USA where headcount rose by 21%. This meant profit growth in absolute terms was relatively modest with net fees in the USA growing by 28%.</p> <p>Further detail on The Americas can be found on page 32.</p> <p>Asia delivered an excellent performance with net fees up 23% and operating profit up 72%. Five of the six businesses in the region delivered record net fee performances with Hong Kong up 57%. Japan and China grew by 13% and 29% respectively. Further information can be found on page 32.</p>
People A focus on leadership development to ensure strong management capability to lead the Company into the future; and The successful appointment of a number of senior management roles across the business.		<p>A new senior management training & development programme has been implemented and 40 employees have taken part during FY18 to ensure that there is a pipeline of competent, well-trained managers to achieve the Company's future goals.</p> <p>Over the course of FY18 there have been a number of key senior manager appointments including the Regional Managing Director of EMEA (excluding German speaking countries, Russia and the Nordics), a new Managing Director for the UK&I and a new Regional Managing Director for Asia. In addition, two new individuals have been appointed to the Management Board which is the most senior operating group below the Board.</p>
Technology & Innovation A focus on ensuring that the Company maximises both technology and innovative strategic partnerships across the business.		<p>The Company has developed and rolled out powerful productivity tools that allow consultants to better cultivate leads and convert “passive” candidates to “active”.</p> <p>A partnership was signed with Xing in Germany and the partnerships with Stack Overflow in the USA and SEEK in Australia, as well as LinkedIn and Google, continued to grow and develop.</p>
After assessment by the Chairman and review by the Committee it was determined that the CEO Alistair Cox has achieved 85% of his personal objectives		

CFO – Paul Venables

Key Themes for FY18	Link to Strategic Priorities	Broad achievements in FY18
Risk Management & Financial Controls A focus on ensuring that risk management is robustly embedded in all countries; Ensuring that the Company's financial systems are upgraded in certain locations to future-proof them. Maintaining cost control.	 	Focus has been given on ensuring that the Risk Committee continues to have the right mix of skills, experience and geographic exposure so it is well equipped to identify and evaluate potential new risks as they arise. To ensure continuing high standards are maintained, Paul attended the Boards across the regions in the UK, Germany, ANZ, Asia, LATAM and EMEA and training sessions were run in various countries to improve local understanding. Several financial system improvements have been implemented in Germany, FraBenNeLux and the USA as well as Japan and China. Tight and appropriate cost control was maintained throughout the Group, including in Germany in the second half of FY18.
People Ensuring the appointment of capable financial leaders in key areas and overseeing the ongoing development of future successors to key financial roles.		During the course of FY18 detailed career development plans were put in place for high potential individuals in key financial roles as part of succession planning within the finance function. During FY18 a new Head of Investor Relations was recruited and successfully onboarded.
Investors Maintain meaningful and open dialogue with investors and shareholders to build strong relationships.		Hays held an in-depth Investor Day in November 2017 explaining its business strategy, providing an opportunity for investors to hear and speak to key Hays business leaders from around the world and demonstrating new technologies to increase the productivity of our consultants. The feedback on the event was exceptionally good.
After assessment by the CEO and review by the Committee it was determined that the CFO Paul Venables has achieved 85% of his personal objectives		

1.1.6 PSP – note 6

Policy summary

- The 2015 PSP was granted under the legacy Policy approved at the November 2014 AGM.
- Maximum potential for executive directors was 175% of base salary at grant.
- KPIs were focused on long-term sustainability and shareholder returns.
- Performance period was three years.
- Threshold performance equates to 25% of the award.
- Award is subject to Malus provisions prior to vesting and Clawback provisions for up to two years post vesting.

What has happened

58.62% of the 2015 award vested in 2018. No Malus was exercised.

PSP 2015 (granted in FY16) vesting in 2018

The value of the 2015 PSP (vesting in September 2018) is based on a share price of £1.84, which was calculated using an average for the final quarter of the financial year in accordance with the Regulations as the vesting will occur after the date of this Report. The share price on award was £1.622. The award vested at 58.62% of the maximum.

See pages 80 and 81 for detailed information on performance against targets.

Executive director	Value £000s in Single Figure based on share price of £ 1.84	Restatement
2018		
Alistair Cox	896	Value will be restated in FY19 report when vesting share price is known.
Paul Venables	646	

ANNUAL REPORT ON REMUNERATION CONTINUED

Details of PSP 2015 (granted in FY16) vesting in 2018

This PSP was granted under the Policy approved by shareholders in 2014.

The performance metrics and objectives	Assessment	Achievement and what happens now
<p>Three-year plan Performance period: 1 July 2015 to 30 June 2018.</p> <p>Granted: 10 September 2015 and will vest 10 September 2018.</p> <p>Performance Metrics One-third on cumulative earnings per share (EPS): focuses on longer-term shareholder returns.</p> <p>One-third on Cumulative Cash Conversion focuses on ongoing business cash efficiency, whatever the trading circumstances of the Company.</p> <p>One-third on relative total shareholder return (TSR): Ranks the performance of Hays against a sector group of comparator companies: Adecco SA Kelly Services Inc Manpower Group Inc Page Group plc (previously Michael Page International plc) Randstad Holdings nv Robert Half International Inc Robert Walters plc SThree plc USG People nv⁽¹⁾ CDI Corporation⁽¹⁾</p> <p>(1) USG People nv and CDI Corporation were delisted. The TSR calculation was conducted in line with the Plan rules under these circumstances.</p>	<p>Cumulative Earnings Per Share is the consolidated basic earnings per share of the Company for each financial year cumulative over the performance period, as calculated based on the accounting standards in place when issued. Goodwill impairments arising from acquisitions prior to 30 June 2006 are excluded from the earnings per share calculation.</p> <p>The Committee may make adjustments to the calculations of cumulative earnings per share, including taking into account unusual or non-recurring items that do not reflect underlying performance.</p> <p>Cumulative Cash Conversion three-year Cash Conversion is the cumulative operating cash flow of the Company after deducting net capital expenditure items stated as a percentage of cumulative operating profit before exceptional items.</p> <p>TSR for each company measures the change in value (in sterling terms) of a notional shareholding (including dividends) in that company based on dealing days in the three-month period prior to the start and end of the performance period. The TSR for Hays' shares is ranked against the respective TSR performance of the comparator group.</p> <p>Vesting will be subject to satisfactory financial performance over the performance period as determined by the Committee.</p> <p>The Committee has not exercised any discretion in relation to PSP outcomes.</p>	<p>Alistair Cox Awarded 765,268 shares in 2015.</p> <p>58.62% of the award has vested.</p> <p>487,026 shares will be released in September 2018 which includes accrued dividend equivalent shares, with the exception of those relating to the dividends to be approved at this year's AGM.</p> <p>This equates to a value of £896,128 using a preliminary share price of £1.84 – see page 79.</p> <p>This value will be restated in 2019's Report once the final share price and number of dividends are known.</p> <p>Paul Venables Awarded 551,757 shares in 2015.</p> <p>58.62% of the award has vested.</p> <p>351,143 shares will be released in September 2018 which includes accrued dividend equivalent shares, with the exception of those relating to the dividends to be approved at this year's AGM.</p> <p>This equates to a value of £646,103 using a preliminary share price of £1.84 – see page 79.</p> <p>This value will be restated in 2019's Report once the final share price and number of dividends are known.</p>

Actual results

PSP 2015 (granted in FY16) vesting in 2018 (audited)

The share price used to calculate the award was £1.622, being the closing price on the day preceding the grant date.

Performance period	1 July 2015 to 30 June 2018
Grant date	10 September 2015
Release date	10 September 2018

Performance condition	Weighting	Threshold performance required	Maximum performance required	PSP value as % of salary for:			Actual Performance	PSP Value achieved as % of base salary
				Below threshold	Threshold	Maximum		
Relative TSR	1/3	Median of the comparator group	Upper quartile of the comparator group	0	14.583	58.33	23.95%	0%
EPS ⁽¹⁾	1/3	25.17p	29.45p	0	14.583	58.33	29.58p	58.33%
Cash Conversion	1/3	71%	101%	0	14.583	58.33	91.95%	44.25%
Total	100%			0	43.75	175		102.58%
					25% of award	100% of award		

(1) The Committee took into account the following factors when setting the EPS targets:

- Budget (the setting of which is a robust and transparent process):
 - Company budget for FY16 and the expectations for performance;
 - Strategic direction of the business over the period covered by the PSP award; and
 - Market conditions and visibility of future trading;
- Analysts' forecasts; and
- Real growth around an assumed RPI of 3% per annum. The final Threshold and Maximum figures have been adjusted upwards to reflect the actual RPI now known.

Name	% of FY16 salary awarded	Face value at award £000s	Share price at award £	Maximum number of shares excluding dividends	Maximum number of shares including dividend equivalent shares, with the exception of those relating to the dividends to be approved at this year's AGM	Number of shares that vested including dividend equivalent shares, with the exception of those relating to the dividends to be approved at this year's AGM	Release date	Value (figure shown in Single Figure of Remuneration) £000s ⁽¹⁾	2014 award that vested in 2017 as stated in the 2017 Single Figure £000s	2014 award value restated using share price at release date £000s ⁽²⁾
Alistair Cox	175	1,241	1.622	765,268	830,820	487,026	10 September 2018	896	1,038	1,165
Paul Venables	175	895	1.622	551,757	599,019	351,143	10 September 2018	646	749	840

(1) The value of the 2015 PSP is based on a share price of £1.84 which was calculated using an average for the final quarter of the 2018 financial year in accordance with the Regulations as the vesting will occur after the date of this report.

(2) The value of the 2014 PSP disclosed in the 2017 Single Figure was based on a share price of £1.6735 which was calculated using an average for the final quarter of the 2017 financial year in accordance with the Regulations as the vesting occurred after the date of the Report. The share price on award was £1.246. The actual share price on the date of vesting on 14 November 2017 was £1.815371. This price has been used to restate the value of the 2014 PSP awards in the Single Figure for 2017 in the table above and the Single Figure table on page 74. The figures now also include the associated dividend equivalents from 15 November 2017.

Performance conditions

The Committee believes that the performance conditions for all incentives are:

- Suitably demanding;
- Have regard to business strategy;
- Incorporate an understanding of business risk;
- Consider shareholder expectations; and
- Take into account, to the extent possible, the cyclicity of the recruitment markets in which the Group operates.

To the extent that any performance condition is not met, the relevant part of the award will lapse. There is no re-testing of performance.

ANNUAL REPORT ON REMUNERATION CONTINUED

PSP 2014 (granted in FY15) vesting in 2017

The value of the 2014 PSP (which vested in 2017 and was disclosed in the 2017 Single Figure) was based on a share price of £1.6735 which was calculated using an average for the final quarter of the 2017 financial year in accordance with the Regulations as the vesting occurred after the date of the Report. The share price on award was £1.246. The actual share price on the date of vesting on 14 November 2017 was £1.815371. This price has been used to restate the value of the 2014 PSP awards in the Single Figure for 2017 in the table above and the Single Figure table on page 74. The figures also now include the value of the dividend and special dividends awarded at the November 2017 AGM.

£000s Executive director	Value in 2017 Single Figure based on share price of £1.6735	Value restated based on actual share price at vesting of £1.815371
2017		
Alistair Cox	1,038	1,165
Paul Venables	749	840

1.2 Non-executive directors FY18 fees (audited)

The table below shows the current fee structure and actual fees paid in 2018. There were no taxable benefits paid in 2018 or 2017.

£000s Non-executive director	Alan Thomson	Paul Harrison ⁽¹⁾	Andy Martin ⁽²⁾	Susan Murray ⁽³⁾	Victoria Jarman	MT Rainey	Torsten Kreindl	Pippa Wicks ⁽⁴⁾	Peter Williams
	Chairman	SID	SID						
	R	R	R	R	R	R	R	R	R
	N	N	N	N	N	N	N	N	N
	A	A	A	A	A	A	A	A	A
Base	255	21	54	54	56	56	56	21	56
Committee fee	-	-	-	-	-	-	-	-	-
Committee Chairman ⁽⁵⁾	-	5	-	8	13	-	-	-	-
SID	-	4	7	-	-	-	-	-	-
Total fee 2018	255	30	61	62	69	56	56	21	56
Total fee 2017	250	77	-	-	67	55	55	55	55

Key

R	Remuneration Committee member
A	Audit Committee member
N	Nomination Committee member
SID	Senior Independent Director
R N A	Chairman of relevant Committee

- (1) Paul Harrison stood down from the Board at the AGM on 15 November 2017. His fees therefore reflect the period 1 July 2017 to 15 November 2017.
- (2) Andy Martin was appointed to the Board on 12 July 2017 and was appointed SID at the AGM on 15 November 2017. His fees therefore reflect this.
- (3) Susan Murray was appointed to the Board on 12 July 2017 and was appointed Chair of the Remuneration Committee at the AGM on 15 November 2017. Her fees therefore reflect this.
- (4) Pippa Wicks stood down from the Board at the AGM on 15 November 2017. Her fees therefore reflect the period 1 July 2017 to 15 November 2017.
- (5) There is no additional Committee Chair fee for the Nomination Committee.

Section 2 – Long-term value creation

In this section:

- 2.1** Outstanding deferred annual bonus
- 2.2** Share options
- 2.3** Outstanding PSP awards

- 2.4** Statement of directors' shareholdings and share interests
- 2.5** TSR chart and table
- 2.6** Payments to past directors/payment for loss of office during FY18

2.1 Outstanding deferred annual bonus awards (DAB) (audited)

The table below shows the shares held under the DAB and those that were awarded or vested during FY18. The shares that vested related to deferred annual bonus from previous years. The shares awarded in the financial year 2018 relate to deferred annual bonus in relation to performance in the financial year 2017. Dividend equivalent shares which accrue under the DAB have been included in the table below. There are no further performance conditions.

Name	Awards outstanding at 1 July 2017	Dividend equivalents accrued to date	Awards granted in FY18	Grant price (market price at date of award)	Face value of award granted in FY18 (at grant price)	Dividend equivalent shares accrued to date	Awards vesting in FY18	Awards outstanding as at 30 June 2018
Alistair Cox	630,429	44,473	181,915	£1.84	£334,725	7,516	266,504	597,829
Paul Venables	452,987	31,931	131,160	£1.84	£241,336	5,418	192,149	429,347

2.2 Share options

Both executive directors participate in the UK Sharesave Scheme (approved by HMRC) on the same terms as other eligible employees. The following table shows outstanding options over Ordinary shares held by the executive directors during the year ended 30 June 2018.

Name	Scheme date of grant	Balance 1 July 2017	Granted during 2018	Exercised	Balance 30 June 2018	Option Price £	Exercise date	Market price on date of exercise £	Gain £000s	Date from which exercisable	Expiry date
Alistair Cox	31 March 2017	6,293	–	–	6,293	1.43	–	–	–	1 May 2020	31 October 2020
Paul Venables	31 March 2016	3,364	–	–	3,364	1.07	–	–	–	1 May 2019	31 October 2019
Paul Venables	31 March 2017	3,776	–	–	3,776	1.43	–	–	–	1 May 2020	31 October 2020

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2.3 Outstanding PSP awards

The tables below show the outstanding PSP awards where vesting will be determined according to the achievement of performance conditions that will be tested in future reporting periods. The 2016 award was made in line with the PSP in the Remuneration Policy approved by shareholders at the 2014 AGM. The 2017 award was made in line with the PSP in the Remuneration Policy approved by shareholders at the 2017 AGM.

2016 PSP (granted in FY17) vesting 2019 (made under the legacy Policy approved at the November 2014 AGM)

The share price used to calculate the award is £1.373, being the closing price on the day preceding the grant date.

Performance period	1 July 2016 to 30 June 2019
Grant date	10 September 2016
Release date	10 September 2019

Performance condition	Weighting	Threshold performance required (25% of elements vest)	Maximum performance required (100% of elements vest)	PSP value as % of salary for:		
				Below threshold	Threshold	Maximum
Relative TSR ⁽¹⁾	1/3	Median of the comparator group	Upper quartile of the comparator group	0	14.583	58.33
EPS ⁽²⁾	1/3	22.01p	25.75p	0	14.583	58.33
Cash Conversion	1/3	71%	101%	0	14.583	58.33
Total	100%			0	43.75	175
					25% of award	100% of award

Name	% of FY17 salary awarded	Face value at award £000s	Share price at award £	Maximum number of shares	Threshold number of shares
Alistair Cox	175	1,266	1.373	922,134	230,533
Paul Venables	175	913	1.373	664,857	166,214

- (1) TSR is measured against a bespoke comparator group, with vesting subject to satisfactory financial performance as determined by the Committee. The comparator group is Adecco SA, CDI Corporation, Kelly Services Inc, Manpower Inc, Michael Page International plc (now Page Group), Randstad Holdings nv, Robert Half International Inc, Robert Walters Plc and SThree Plc.
- (2) The Committee took into account the following factors when setting the EPS targets:
 - Budget (the setting of which is a robust and transparent process):
 - Company budget for FY17 and the expectations for performance;
 - Strategic direction of the business over the period covered by the PSP award; and
 - Market conditions and visibility of future trading;
 - Analysts' forecasts; and
 - An assumed RPI of 3% per annum. The final Threshold and Maximum figures will be adjusted once the actual RPI is known.
- (3) The award is subject to Malus for the three-year performance period and Clawback for two years post vesting.

As explained in detail in the 2016 remuneration report, the Committee notes that the EPS target range is lower in absolute terms than the targets applied to the awards made in FY16. However, the Committee is entirely comfortable that these targets are no less challenging in relative terms than the targets applied to the FY16 award and reflect external forecasts.

2017 PSP (granted in FY18) vesting 2020 (made under the Policy approved at the November 2017 AGM)

The share price used to calculate the award is £1.872, being the closing price on the day preceding the grant date.

Performance period	1 July 2017 to 30 June 2020
Grant date	21 November 2017
Vest date	21 November 2020 followed by a two-year Holding Period

Performance condition	Weighting	Threshold performance required (25% of the elements vest)	Maximum performance required (100% of the elements vest)	PSP value as % of salary for:		
				Below threshold	Threshold	Maximum
Relative TSR ⁽¹⁾	20%	Median of the comparator group	Upper quartile of the comparator group	0	7.5%	30%
EPS ⁽²⁾	30%	32.21p	37.73p	0	11.25%	45%
Cash Conversion	50%	71%	101%	0	18.75%	75%
Total	100%			0	37.50%	150%
					25% of award	100% of award

Name	% of FY18 salary awarded	Face value at award £000s	Share price at award £	Maximum number of shares	Threshold number of shares
Alistair Cox	150	1,107	1.872	591,306	147,826
Paul Venables	150	798	1.872	426,331	106,582

- (1) TSR is measured against a bespoke comparator group, with vesting subject to satisfactory financial performance as determined by the Committee. The comparator group is Adecco SA, Kelly Services Inc, Manpower Inc, Page Group (previously Michael Page International plc), Randstad Holdings nv, Robert Half International Inc, Robert Walters plc and SThree plc.
- (2) The Committee took into account the following factors when setting the EPS targets for the award:
 - Budget (the setting of which is a robust and transparent process):
 - Company budget for FY18 and the expectations for performance;
 - Strategic direction of the business over the period covered by the PSP award; and
 - Market conditions and visibility of future trading;
 - Analysts' forecasts; and
 - Threshold and maximum ongoing growth expectations for years two and three are set around a fixed range.
- (3) There is a two-year holding period post vesting for any shares that vest as a result of performance conditions being met.
- (4) The award is subject to Malus for the three-year performance period and Clawback during the two-year holding period.

The Malus and Clawback provisions are:

- Material misstatement resulting in an adjustment to the audited accounts;
- Incorrect assessment of any performance conditions or award calculations due to an error or misleading information; and
- Fraud and Gross misconduct.

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2.4 Statement of directors' shareholdings and share interests (audited)

Policy summary

- Shareholding requirements in operation at Hays are currently 200% of base salary for both the Chief Executive and the Group Finance Director. Both are required to build up their shareholdings over a reasonable amount of time which would normally be five years.

What has happened

The number of shares of the Company in which current directors had a beneficial interest and details of long-term incentive interests as at 30 June 2018 are set out in the table below.

Name	Shareholding requirement % of salary	Number of shares owned outright/ vested shares	Share price as at 29 June 2018	Base salary as at 1 July 2017	Actual share ownership as % of base salary	Guidelines met
Alistair Cox	200%	4,312,046	£1.866	£737,950	1,090%	Yes
Paul Venables	200%	2,100,035	£1.866	£532,061	737%	Yes

Shares used for the above calculation exclude those with performance conditions, i.e. those awarded under the PSP which are still within their performance period, any unexercised options, those shares subject to a period of deferral and any shares held in a private Trust where the executive director is not a Trustee. They include vested shares where the executive directors have beneficial ownership, shares independently acquired in the market and those held by a spouse or civil partner or dependent child under the age of 18 years. The executive directors' total shareholdings, including shares subject to deferral and including accrued dividend equivalents to 30 June 2018, but excluding Sharesave Options, are shown below.

Name	Number of owned outright/ vested shares	Value of owned outright/ vested shares ⁽²⁾ £	Number of shares subject to deferral/ holding period ⁽¹⁾	Value of shares subject to deferral/ holding period ⁽²⁾ £	Number of total vested and unvested shares (excludes any shares with performance conditions)	Value of total vested and unvested shares (excludes any shares with performance conditions) ⁽²⁾ £	Share ownership as % of base salary using vested and unvested shares	PSP share Interests including dividends subject to performance conditions
Alistair Cox	4,312,046	8,046,278	597,829	1,115,549	4,909,875	9,161,827	1,241%	2,405,648
Paul Venables	2,100,035	3,918,665	429,347	801,162	2,529,382	4,719,827	887%	1,734,467

(1) Unvested shares will be subject to payroll deductions for tax and social security on vesting. Number includes dividend equivalent shares to date.

(2) Share price as at 29 June 2018 and used in the above table was £1.866.

There have been no changes to the above holdings as at the date of this Report.

The table below shows the NEDs' shareholdings as at 30 June 2018 – this table has been audited.

Non-executive director	Shares held at 30 June 2018	Shares held at 30 June 2017
Alan Thomson	250,000	250,000
Paul Harrison ⁽¹⁾	8,678	8,678
Andy Martin ⁽²⁾	35,000	n/a
Susan Murray ⁽³⁾	-	n/a
Victoria Jarman	14,000	14,000
MT Rainey	-	-
Peter Williams	15,000	15,000
Torsten Kreindl	-	-
Pippa Wicks ⁽⁴⁾	-	-

(1) Paul Harrison stood down from the Board at the AGM on 15 November 2017 – share numbers reflect the position at this date.

(2) Andy Martin was appointed to the Board on 12 July 2017.

(3) Susan Murray was appointed to the Board on 12 July 2017.

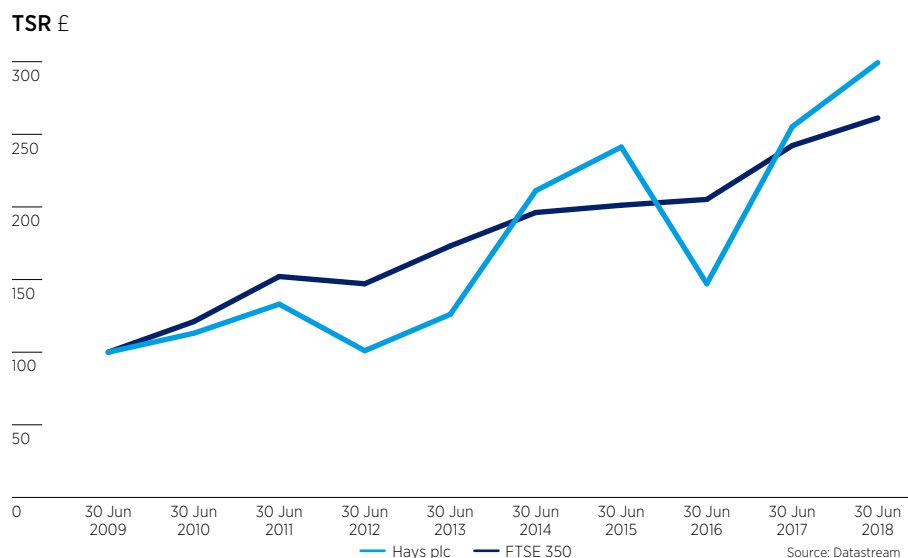
(4) Pippa Wicks stood down from the Board at the AGM on 15 November 2017 – share numbers reflect the position at this date.

There have been no changes to the above holdings for current NEDs as at the date of this Report.

2.5 Total Shareholder Return (TSR)

The graph shows the value of £100 invested in the Company's shares compared to the FTSE 350 index. The graph shows the total shareholder return generated by both the movement in share value and the reinvestment over the same period of dividend income. The Committee considers that the FTSE 350 is the appropriate index because the Company has been a member of this index throughout the period. This graph has been calculated in accordance with the Regulations.

Note that following the UK Referendum to leave the EU, Hays' share price fell from 136.9 pence on 23 June 2016 to 97.65 pence on 30 June 2016.



Chief Executive historical remuneration

The table below sets out the total remuneration delivered to the Chief Executive over the last nine years, valued using the methodology applied to the total single figure of remuneration. The 2017 figure has been restated to take into consideration the actual share price on date of PSP vesting, as previously explained on page 82.

Chief Executive	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total Single Figure (£000s)	1,634	2,157	1,328	2,012	2,826	3,996	2,796	2,993	2,972
Annual bonus payment level achieved (% of maximum opportunity)	89%	80%	37%	95%	98%	98%	66%	93%	97%
PSP vesting level achieved (% of maximum opportunity)	0%	50%	0%	22%	50%	100%	86%	60%	59%
DAB match vesting level achieved (% of maximum opportunity)	N/A	59%	60%	N/A	N/A	N/A	N/A	N/A	N/A

2.6 Payments to past directors/payment for loss of office during FY18

There were no payments made in relation to either of the above in the financial year 2018.

ANNUAL REPORT ON REMUNERATION CONTINUED

Section 3 – Remuneration in the broader context

In this section:

- 3.1** Remuneration for employees below Board
- 3.2** Change in Chief Executive's remuneration compared to other employees

- 3.3** External appointments
- 3.4** Relative importance of spend on pay

3.1 Remuneration for employees below Board

Our remuneration philosophy is cascaded throughout the organisation. Our Management Board has an annual bonus scheme that is measured against Group and Regional financial targets and personal and strategic objectives. Of any award, 50% is deferred into shares for three years and subject to Malus provisions. Members of the Management Board also participate in the Performance Share Plan ("PSP") with the same performance conditions as the executive directors.




Employees below the Management Board receive salary and benefits which are benchmarked to the local markets and countries in which they work. These are reviewed annually. There is a strong tie of reward to performance which is recognised through annual bonuses, commission or other non-financial recognition. Employees who hold key strategic positions or are deemed critical to the business through their performance are also offered the opportunity to participate in the Performance Share Plan with performance conditions based on Group EPS results measured over one year. Any shares that crystallise at the end of the performance period have a further two year holding period prior to vesting. During this time there is also a personal performance underpin. In addition, nine countries offer a Sharesave plan to employees. A Resolution was passed at the 2016 AGM to enable the future introduction of a US Stock Purchase Plan for employees in the USA.

As stated in our Remuneration Policy, each year, prior to reviewing the remuneration of the executive directors and the members of the Management Board, the Committee considers a report prepared by the Group Head of Reward detailing remuneration practice across the Group. The report provides a regional overview of how employee pay compares to the market, any material changes during the year and includes detailed analysis of basic pay and variable pay changes within the UK where all of the executive directors and most of the Management Board are based.

While the Company does not currently directly consult with employees as part of the process of reviewing executive pay and formulating the Remuneration Policy, the Company takes account of feedback from the broader employee population on an annual basis using the engagement survey which includes a number of questions relating to remuneration.

Over the course of FY19, the Board and Committee will give further consideration to its approach to complying with the new Corporate Governance Code, which comes into effect for Hays from 1 July 2019. Further detail will be provided in next year's report.

The table below summarises the above.

Principles	Components		
<p>Operate a consistent reward and performance philosophy throughout the business.</p> <p>Provide a balanced package with a strong link between reward and individual and Group performance.</p> <p>Encourage a material, personal stake in the business to give a long-term focus on sustained growth.</p>	<p>Base Salary Based on skill and experience and benchmarked to local market.</p>	<p>Annual bonus Employees who hold positions that influence the business strategy and direction, or hold key roles that have a direct effect on business results, have annual bonuses based on a combination of Group, Regional and/or local business targets and personal or strategic objectives.</p> <p>For members of the Management Board, 50% of any bonus earned is deferred into shares for three years and is subject to Malus.</p>	<p>Performance Share Plan (PSP) and Sharesave Members of the Management Board participate in the same PSP Plan as executive directors subject to Remuneration Committee approval. The PSP is subject to Malus and Clawback provisions.</p> <p>Management Board members are encouraged to retain shares.</p> <p>Below the Management Board, broadly 350 key employees each year participate in a PSP which has a one year performance period and two year holding period. Financial targets are based on Group EPS results. Nominations are reviewed and approved by the Remuneration Committee.</p> <p>Employees in nine countries can participate in a Sharesave scheme with the option to purchase shares after three years.</p>
	<p>Benefits Benchmarked to local market and can include pension, life assurance, health cover and discounted voluntary benefits.</p> <p>In the UK the executive directors participate in the same plans as other UK employees.</p>	<p>Commission Client-facing employees have annual bonuses based on personal objectives and/or commission directly related to personal business performance.</p>	<p>Talkback Survey An annual global employee engagement survey is conducted across all Hays' employees in all countries to ascertain overall engagement. This includes a number of questions relating to remuneration.</p>
Timeline			
Fixed			
Variable			
Long-term/Ongoing			

ANNUAL REPORT ON REMUNERATION CONTINUED

3.2 Change in Chief Executive's remuneration compared to other employees

The following table sets out the change in the remuneration paid to the Chief Executive from 2017 to 2018 compared with the average percentage change for UK employees.

The Chief Executive's remuneration disclosed in the table below has been calculated to take into account base salary, taxable benefits, excluding his allowance in lieu of pension, and annual bonus (including any amount deferred). The UK employee pay (on which the average percentage change is based) is calculated using the increase in the earnings of UK-based, full-time employees who are eligible for increases in salary/benefits and who participate in the standard discretionary (i.e. not commission based) annual bonus plans (employees who receive bonuses on a monthly or other time-scale basis are excluded). It uses P11d data from tax years 2017 and 2018. Part-time employees have been excluded from the analysis as many will have experienced material changes in pay during the period due to their change of hours.

The comparison figures are based on relevant UK employees (as described above) as both executive directors and most of the Management Board are UK based and this is considered to be an appropriate comparison.

	% change in salary FY18 vs FY17	% change in taxable benefits FY18 vs FY17	% change in variable pay FY18 vs FY17 ⁽¹⁾
Chief Executive	2.0%	0%	27.72%
Other relevant employees	3.53%	14.14%	4.42%

(1) The % change figure for variable pay for the Chief Executive reflects the transition to the Remuneration Policy approved at the November 2017 AGM that rebalanced the Annual Bonus and PSP potential as is explained in the Single Figure on page 74.

3.3 External appointments

The Company considers that certain external appointments can help to broaden the experience and contribution to the Board of the executive directors. Any such appointments are subject to prior agreement by the Company and must not be with competing companies. Subject to the Company's agreement, any fees may be retained by the individual.

For the 12 months ended 30 June 2018, the fees earned and retained by the executive directors were as follows:

- Alistair Cox: Alistair was appointed as a non-executive director at Just Eat plc on 2 May 2017. His current fee for the twelve months ending 31 December 2018 is £62,500.
- Paul Venables: Paul holds no external appointments.

3.4 Relative importance of spend on pay

The table below sets out the relative importance of the spend on pay in the 2018 financial year and the 2017 financial year compared with other disbursements. All figures are taken from the relevant Hays Annual Report.

	Disbursements from profit in 2018 financial year £m	Disbursements from profit in 2017 financial year £m	% change ⁽¹⁾
Profit distributed by way of dividend	128.4	108.2	18.7%
Overall spend on pay including directors	635.2	563.0	12.8% ⁽¹⁾

(1) The increase is primarily due to the increase in consultant headcount and rise in commission payments in line with increase in fees.

Section 4 – Statement of implementation of Remuneration Policy in the following financial year

In this section:

4.1 Executive directors

4.3 Voting outcome

4.2 Non-executive directors

Below are the Remuneration Policy decisions for the financial year 2019. There are no changes to the Policy approved by shareholders at the November 2017 AGM.

There have been no changes to our Remuneration Policy during FY18.

4.1 Executive directors

Summary

Position	Name	Base salary from 1 July 2018	Maximum bonus potential as % of salary	Maximum PSP award as % of salary	Benefits and pension
CEO	Alistair Cox	£752,709	150%	150%	No change
CFO	Paul Venables	£542,702	150%	150%	No change
		The salaries for the CEO and CFO were increased by 2.0%, in line with the pay review budget for other relevant employees in the UK.	See below for performance conditions.	See grant summary below.	

Bonus performance conditions

The weighting of the performance conditions remain as follows for FY19:

Performance condition	Weighting	
EPS	60%	The operation of the Bonus Plan is as set out in the Remuneration Policy which can be found on our website, haysplc.com.
Cash Conversion	20%	
Personal	20%	It should be noted that the Committee views the disclosure of the actual performance targets as commercially sensitive. The Committee will aim to provide retrospective disclosure of the performance targets to allow shareholders to judge the bonus earned in the context of the performance delivered. In some instances the detail of certain personal objectives may continue to be commercially sensitive for an extended period.
Total	100%	

Of any award, 50% will be deferred into shares and held for three years from the date of award and will be subject to Malus conditions for the three year holding period.

Any cash award is subject to Clawback conditions for three years from the date of award.

The Malus and Clawback provisions are:

- Material misstatement resulting in an adjustment to the audited accounts;
- Incorrect assessment of any performance conditions or award calculations due to an error or misleading information; and
- Fraud and Gross misconduct.

ANNUAL REPORT ON REMUNERATION CONTINUED

2018 PSP (to be granted in FY19) vesting in 2021 and to be released in 2023

Performance period	1 July 2018 to 30 June 2021
Grant date	12 September 2018
Vest date	12 September 2021 followed by a two-year Holding Period

Performance condition	Weighting	Threshold performance required	Maximum performance required	PSP value as % of salary for:		
				Below threshold	Threshold	Maximum
Relative TSR ⁽¹⁾	20%	Median of the comparator group	Upper quartile of the comparator group	0	7.5%	30%
EPS ⁽²⁾	30%	37.31p	43.69p	0	11.25%	45%
Cash Conversion	50%	71%	101%	0	18.75%	75%
Total	100%			0	37.50%	150%
					25% of award	100% of award

- (1) TSR is measured against a bespoke comparator group, with vesting subject to satisfactory financial performance as determined by the Committee. The comparator group for FY19 is: Adecco SA, Kelly Services Inc, Manpower Inc, Page Group (previously Michael Page International plc), Randstad Holdings nv, Robert Half International Inc, Robert Walters plc and SThree plc.
- (2) The Committee took into account the following factors when setting the EPS targets for the award:
- Budget (the setting of which is a robust and transparent process):
 - Company budget for FY19 and the expectations for performance;
 - Strategic direction of the business over the period covered by the PSP award; and
 - Market conditions and visibility of future trading;
 - Analysts' forecasts; and
 - Threshold and maximum ongoing growth expectations for years two and three are set around a fixed range.
- (3) There is a two year Holding Period post vesting for any shares that vest as a result of performance conditions being met.
- (4) The award is subject to Malus for the three-year performance period and Clawback during the two year Holding Period.

The Malus and Clawback provisions are:

- Material misstatement resulting in an adjustment to the audited accounts;
- Incorrect assessment of any performance conditions or award calculations due to an error or misleading information; and
- Fraud and Gross misconduct.

Shareholding requirements

For FY19 the shareholding requirement for both the CEO and the CFO is 200% of base salary. Both the CEO and CFO already hold above this shareholding – see page 86.

4.2 Non-executive directors

The Committee reviewed the Group Chairman's fee during FY18 and determined that it should increase by 2.0% for FY19 from £255k to £260k. This was in line with other increases across the Company. Due to the sudden death of Alan Thomson on 23 July 2018, Andrew Martin was appointed as interim Group Chairman. On 28 August 2018 the Board appointed him as Group Chairman on a permanent basis. The Committee determined that Andrew's fee for FY19 should be set at £220k pa and be payable from the date he became Interim Group Chairman. The Board reviewed the fees for the other non-executive directors (NEDs) during FY18. They determined that their base fee should increase by 2.0% for FY19 in line with other increases across the Company. There were no changes made to the SID fee or Committee Chair fees. There is no fee for being the Chair of the Nominations Committee. All increases were effective from 1 July 2018.

The table below shows the changes.

Position	Fee for FY19 £000s	Fee for FY18 £000s
Late Chairman (A. Thomson) – total fee was prorated for the period 1 July 2018 to 23 July 2018)	260	255
New Chairman (A. Martin) – fee backdated to 23 July 2018 when he became Interim Chairman. Appointed Chairman on 28 August 2018	220	n/a
Base fee	57	56
Committee Chair	13	13
SID	11	11

4.3 Voting outcome for the Policy and Annual Report on Remuneration FY17 at the 2017 AGM

Votes	Votes Policy	%	Votes Remuneration Report	%
Votes for	1,015,990,462	94.02%	1,050,951,568	97.60%
Votes against	64,624,371	5.98%	25,863,641	2.40%
Votes withheld	6,955,822	–	10,755,446	–

Section 5 – Governance

In this section:

- 5.1** Remuneration Committee members and attendees
- 5.2** Terms of reference
- 5.3** Meetings in FY18

- 5.4** Advisers to the Remuneration Committee
- 5.5** Engagement with shareholders
- 5.6** Considering risk
- 5.7** General governance

5.1 Remuneration Committee members and attendees

The table below shows the members and attendees of the Remuneration Committee during FY18.

Remuneration Committee members	Position	Comments
Susan Murray	Member from 12 July 2017	Independent
Victoria Jarman	Member from 1 October 2011	Independent
Torsten Kreindl	Member from 1 June 2013	Independent
Andrew Martin	Member from 12 July 2017	Independent
Peter Williams	Member from 24 February 2015	Independent
MT Rainey	Member from 14 December 2015	Independent
Paul Harrison	Chairman of the Remuneration Committee until 15 November 2017	Independent
Pippa Wicks	Member from 1 January 2012 to 15 November 2017	Independent

Remuneration Committee attendees	Position	Comments
Alan Thomson	Former Group Chairman and attended by invitation	Independent upon appointment on 1 October 2010.
Alistair Cox	Chief Executive	Attends by invitation but does not participate in any discussion about his own reward.
Other executives	The Group Head of Reward	Attends by invitation as the executive responsible for advising on the Remuneration Policy.
	The Company Secretary	Acts as Secretary to the Committee.
Deloitte	Committee's independent advisers during FY17	Attended by invitation.

No person is present during any discussion relating to his or her own remuneration.

5.2 Terms of reference

The Board has delegated to the Committee, under agreed Terms of Reference, responsibility for the Remuneration Policy and for determining specific packages for the executive directors, the Chairman and other senior executives. The Company consults with key shareholders in respect of the Remuneration Policy and the introduction of new incentive arrangements. The Terms of Reference for the Committee are available on the Company's website, haysplc.com, and from the Company Secretary at the registered office.

5.3 Meetings in FY18

The Committee normally meets at least four times per year. During FY18, it formally met four times as well as having ongoing dialogue via email or telephone discussion. The meetings principally discussed the following key issues and activities:

- Implementation of the new Remuneration Policy;
- A review of the basic pay, bonus and PSP awards of the executive directors and other senior executives;
- Consideration of the relationship between executive reward and the reward structures in place for other Group employees;
- A review of the Committee's Terms of Reference; and
- The review of the Gender Pay Gap reporting.

ANNUAL REPORT ON REMUNERATION CONTINUED

5.4 Advisers to the Remuneration Committee

Deloitte was appointed as the independent adviser to the Committee with effect from November 2016 following a competitive tender process. During FY18 Deloitte has advised the Committee on all aspects of the current Remuneration Policy for executive directors and members of the Management Board.

Deloitte also provided advice to the Company in relation to taxation compliance work and tax advice including transfer pricing work. This work is carried out by entirely different areas and employees within Deloitte and is not felt to be in conflict with the independence and objectivity of the work carried out for the Committee.

The Committee is satisfied that the advice received was objective and independent. Deloitte is a member of the Remuneration Consultants' group and the voluntary code of conduct of that body is designed to ensure objective and independent advice is given to Remuneration Committees.

Deloitte's total fee for FY18 in relation to Committee work was £96k excluding VAT. While fee estimates are generally required for each piece of work and set fees have been agreed for certain regular work, fees are generally calculated based on time, with hourly rates in line with the level of expertise and seniority of the adviser concerned.

5.5 Engagement with shareholders

The Committee seeks to maintain an active and productive dialogue with investors on developments in the remuneration aspects of corporate governance generally and any changes to the Company's executive pay arrangements in particular. Following consultation, the Committee was pleased to have received strong shareholder support for its Remuneration Policy proposals, the Resolution for which received a 94.02% vote in favour at the November 2017 AGM. The Committee will continue to proactively liaise with shareholders and values the constructive and open discussions.

5.6 Considering risk

Each year, the Committee considers the executive remuneration structure in the light of its key areas of risk. The Committee takes into consideration whether the achievement of objectives and any payment from plans have taken into account the overall risk profile of the Company when it evaluates the executives' performance.

5.7 General governance

The Directors' Report on Remuneration has been prepared in accordance with Schedule 8 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended), the revised provisions of the Code and the Listing Rules.

By order of the Board

Susan Murray

Chair of the Remuneration Committee

29 August 2018

DIRECTORS' REPORT

Hays is incorporated in the UK and registered as a public limited company in England and Wales. Its headquarters are in London and it is listed on the main market of the London Stock Exchange.

Strategic Report

A description of the Company's business model and strategy is set out in the Strategic Report along with the factors likely to affect the Group's future development, performance and position. An overview of the principal risks and uncertainties faced by the Group are also provided in the Strategic Report.

The Statement of Compliance with the Code for the reporting period is contained in the Corporate Governance Statement.

Information relating to matters addressed by the Audit, Remuneration and Nomination Committees, which operate within clearly defined terms of reference, are set out within the Audit, Remuneration and Nomination Committee Reports.

In accordance with Section 414CB of the Companies Act 2006, all of the matters above are incorporated by reference into this Directors' Report.

The purpose of this Report is to provide information to the members of the Company, as a body. The Company, its directors, employees, agents or advisers do not accept or assume responsibility to any other person to whom this document is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed. This Report contains certain forward-looking statements with respect to the operations, performance and financial condition of the Group. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this Report. Nothing in this Report should be construed as a profit forecast.

Related party transactions

Details of the related party transactions undertaken during the reporting period are contained in note 26 to the Consolidated Financial Statements.

Post balance sheet events

There have been no significant events to report since the date of the balance sheet.

Dividends

An interim dividend of 1.06 pence (2017: 0.96 pence) per Ordinary share was paid to shareholders on 12 April 2018. The Board recommends the payment of a final dividend of 2.75 pence (2017: 2.26 pence) per Ordinary share. In addition, the Board is also recommending the payment of a special dividend of 5.00 pence (2017: 4.25 pence) per Ordinary share. These three dividend payments will represent a total dividend of 8.81 pence (2017: 7.47 pence) per Ordinary share for the financial year ended 30 June 2018. Subject to the shareholders of the Company approving this recommendation at the 2018 AGM, the final and special dividends will be paid, in aggregate, on 16 November 2018 to those shareholders appearing on the register of members as at 5 October 2018. The ex-dividend date is 4 October 2018.

Financial instruments

Details of the financial instruments used by the Group are set out in notes 18 to 20 to the Consolidated Financial Statements. A general outline of Hays' use of financial instruments is set out in the treasury management section on page 37 of the Financial Review of this Report.

Directors

Biographies of the serving directors of Hays are provided on pages 52 and 53 of this Report. They all served on the Board throughout the 2018 financial year. Alan Thomson also served on the Board throughout FY18 and until his passing in July 2018. Andrew Martin was appointed as Chairman, initially on an interim basis, and permanently with effect from 28 August 2018.

General powers of the directors

The powers of the directors are contained in the Company's Articles of Association (Articles). These powers may be exercised by any meeting of the Board at which a quorum of three directors is present. The power of the Board to manage the business is subject to any limitations imposed by the Companies Act 2006, the Articles or any directions given by special resolution of the shareholders applicable at a relevant time.

The Articles contain an express authority for the appointment of executive directors and provide the directors with the authority to delegate or confer upon such directors any of the powers exercisable by them upon such terms and conditions and with such restrictions as they see fit. The Articles contain additional authorities to delegate powers and discretions to committees and subcommittees.

Directors' powers to allot and buy back shares

The directors have the power to authorise the issue and buy-back of the Company's shares by the Company, subject to authority being given to the directors by the shareholders in general meeting, applicable legislation and the Articles.

Appointment and replacement of directors

Shareholders may appoint any person who is willing to act as a director by ordinary resolution and may remove any director by ordinary resolution. The Board may appoint any person to fill any vacancy or as an additional director, provided that they are submitted for election by the shareholders at the AGM following their appointment. Specific conditions apply to the vacation of office, including cases where a director becomes prohibited by law or regulation from holding office, or is persistently absent from directors' meetings, or if three-quarters of appointed directors request his or her resignation or in the case of mental incapacity or bankruptcy.

Directors' indemnities

The Company continues to maintain third-party directors' and officers' liability insurance for the benefit of its directors. This provides insurance cover for any claim brought against directors or officers for wrongful acts in connection with their positions. The directors have also been granted qualifying third-party indemnities, as permitted under the Companies Act 2006, which remain in force. Neither the insurance nor the indemnities extend to claims arising from fraud or dishonesty and do not provide cover for civil or criminal fines or penalties provided by law.

Directors' interests

Details of the interests of Hays' directors and their connected persons in the ordinary shares of the Company are outlined in the Remuneration Report.

Share capital

Hays has one class of Ordinary shares which carry no right to fixed income or control over the Company. These shares may be held in certificated or uncertificated form. On 30 June 2018, the Company had 1,464,096,566 fully paid Ordinary shares in issue, of which 12,757,577 Ordinary shares were held in treasury by the Company.

The rights and obligations attaching to the Company's Ordinary shares are contained in the Articles. In brief, the Ordinary shares allow holders to receive dividends and to exercise one vote on a poll per Ordinary share for every holder present in person or by proxy at general meetings of the Company. They also have the right to a return of capital on the winding-up of the Company.

There are no restrictions on the size of holding or the transfer of shares, which are both governed by the general provisions of the Company's Articles and legislation. Under the Articles, the directors have the power to suspend voting rights and the right to receive dividends in respect of Ordinary shares and to refuse to register a transfer of Ordinary shares in circumstances where the holder of those shares fails to comply with a notice issued under Section 793 of the Companies Act 2006. The directors also have the power to refuse to register any transfer of certificated shares that does not satisfy the conditions set out in the Articles.

The Company is not aware of any agreements between shareholders that might result in the restriction of transfer of voting rights in relation to the shares held by such shareholders.

Treasury shares

As Hays has only one class of share in issue, it may hold a maximum of 10% of its issued share capital in treasury. As at 30 June 2018, 0.87% of the Company's shares were held in treasury. Legislation restricts the exercise of rights on Ordinary shares held in treasury. The Company is not allowed to exercise voting rights conferred by the shares while they are held in treasury. It is prohibited from paying any dividend or making any distribution of assets on treasury shares. Once in treasury, shares can only be sold for cash, transferred to an employee share scheme or cancelled. During the 2018 financial year, Hays transferred 8,321,552 shares out of treasury to satisfy the award of shares under the Company's employee share schemes.

Shares held by the Employee Benefit Trust

The Hays plc Employee Share Trust (the Trust) is an employee benefit trust which is permitted to hold Ordinary shares in the Company for employee share schemes purposes. No shares were held by the Trust as at the year end. Shares held in the Trust may be transferred to participants of the various Group share schemes. No voting rights are exercisable in relation to shares unallocated to individual beneficiaries.

Dilution limits in respect of share schemes

The current Association of British Insurers (ABI) guidance (responsibility for which now rests with the Investment Association) on dilution limits provide that the overall

dilution under all share plans operated by a company should not exceed 10% over a 10-year period in relation to the Company's share capital, with a further limitation of 5% in any 10-year period on executive plans. The Company's share plans operate within ABI recommended guidelines on dilution limits.

Major shareholders

As at 30 June 2018, the following shareholders held an interest of 3% or more of the Company's issued share capital:

	% of total voting rights
Cedar Rock Capital Limited	7.6%
Baillie Gifford & Co	5.9%
Chainpoint Unit Trust	5.5%*
Columbia Threadneedle Investments	5.4%
Marathon Asset Management	4.8%
Majedie Asset Management	3.0%

* At the date of this report, Chainpoint had notified the Company that its holding had fallen below the 3% disclosure threshold.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The financial position of the Group, its cash flows and liquidity position are described in the Financial Review, with details of the Group's treasury activities, long-term funding arrangements and exposure to financial risk included in notes 18 and 19 to the Consolidated Financial Statements.

The Group has sufficient financial resources which, together with internally generated cash flows, will continue to provide sufficient sources of liquidity to fund its current operations, including its contractual and commercial commitments and any proposed dividends. The Group is therefore well placed to manage its business risks.

After making enquiries, the directors have formed the judgment at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis of accounting in preparing the Consolidated Financial Statements.

Articles of association

The Company's Articles may only be amended by special resolution of the shareholders.

Disclosure of information to the Auditor

So far as the directors who held office at the date of approval of this Report are aware, there is no relevant audit information of which the external Auditor is unaware and each director has taken all steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the external Auditor is aware of that information.

This confirmation should be interpreted in accordance with Section 418 of the Companies Act 2006.

2018 annual report and financial statements

On the recommendation of the Audit Committee and having considered all matters brought to the attention of the Board during the financial year, the Board is satisfied that the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable. The Board believes that the disclosures set out in the Annual Report provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

Annual General Meeting

The Company's AGM will be held at 12 noon on 14 November 2018 at the offices of UBS, 5 Broadgate, London EC2M 2QS.

The Notice of Meeting sets out the resolutions to be proposed at the AGM and gives details of the voting record date and proxy appointment deadline for that Meeting. The Notice of Meeting is contained in a separate circular to shareholders which is being mailed or otherwise provided to shareholders at the same time as this Report.

Auditor

Resolutions 12 and 13 at the forthcoming AGM will respectively propose the reappointment of PricewaterhouseCoopers LLP as Auditor of the Company and authorise the directors to determine its remuneration. These resolutions will be proposed as ordinary resolutions and shall have effect until the conclusion of the next general meeting of the Company at which accounts are laid.

Political donations

The Company made no political donations during the year and intends to maintain its policy of not making such payments. It will however as a precautionary measure to avoid inadvertent breach of the law, seek shareholder authority at the 2018 AGM to make limited donations or incur limited political expenditure, although it has no intention of using the authority.

Resolution 14 will be proposed as an ordinary resolution to seek authority to make political donations, and if passed, such authority shall expire at the conclusion of the 2019 AGM.

Authority to allot shares

At the 2017 AGM, shareholders authorised the directors, subject to the Companies Act 2006, to allot Ordinary shares or grant rights to subscribe for or grant rights to subscribe for or convert any securities into shares without the prior consent of shareholders. This authority expires at the conclusion of the 2018 AGM.

Accordingly, Resolution 15 will be proposed as an ordinary resolution to renew this authority for a period expiring at the conclusion of the 2019 AGM. The directors have no present intention of exercising this authority.

Disapplication of pre-emption rights

Also at last year's meeting, a special resolution was passed under the Companies Act 2006 empowering the directors to allot equity securities for cash without first being required to offer such shares to existing shareholders. Resolution 16 will seek to renew this authority. If approved, the resolution will authorise directors in accordance with the Articles to issue shares

in connection with a rights issue and otherwise to issue shares for cash up to a specified maximum nominal amount which includes the sale on a non pre-emptive basis of any shares held in treasury.

Resolution 16 will be proposed as a special resolution to renew this authority for a period expiring at the conclusion of the 2019 AGM.

Authority to purchase own shares

A special resolution was also passed at last year's meeting enabling the Company to purchase its own shares in the market. Resolution 17 will seek to renew this authority. The directors intend only to exercise this authority if to do so would, in their opinion, enhance shareholder value. The Company will have the option of holding, as treasury shares, any of its own shares that it purchases pursuant to the authority conferred by this resolution. This would give the Company the ability to sell treasury shares, providing the Company with flexibility in the management of its employee shares schemes. No dividends will be paid on shares whilst held in treasury and no voting rights will attach to the treasury shares.

The price paid for Ordinary shares will not be less than the nominal value of 1 pence per share and not more than the higher of 5% above the average of the middle market quotations of the Company's Ordinary shares as derived from the London Stock Exchange.

Resolution 17 will be proposed as a special resolution to renew this authority for a period expiring at the conclusion of the 2019 AGM.

Notice of general meetings

The notice period required by the Companies Act 2006 for general meetings of the Company is 21 clear days, unless shareholders approve a shorter notice period, which cannot however be less than 14 clear days.

At last year's AGM, shareholders authorised the calling of general meetings other than an AGM on not less than 14 clear days' notice and Resolution 18 will be proposed as a special resolution and seeks to renew this authority. The authority granted by this resolution, if passed, will be for a period expiring at the conclusion of the 2019 AGM.

The flexibility offered by this resolution will be used where, taking into account the circumstances, the directors consider this appropriate in relation to the business to be considered at the meeting and in the interests of the Company and shareholders as a whole.

Recommendation

The directors consider that all the resolutions to be put to the meeting are in the best interests of the Company and its shareholders as a whole. Your Board will be voting in favour of them and unanimously recommends that you do so as well.

By order of the Board

Doug Evans

Company Secretary

29 August 2018

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- State whether applicable IFRSs as adopted by the European Union have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- Make judgments and accounting estimates that are reasonable and prudent; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors consider that the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and Company's performance, business model and strategy.

Each of the directors, whose names and functions are listed in Governance Report confirm that, to the best of their knowledge:

- The Company financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law), give a true and fair view of the assets, liabilities, financial position and profit of the Company;
- The Group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- The Strategic Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

By order of the Board

Alistair Cox
Chief Executive

Paul Venables
Group Finance Director
29 August 2018



FINANCIAL STATEMENTS

Financial Statements for the Group including the report from the Independent Auditor.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAYS PLC

Report on the audit of the financial statements

Opinion

In our opinion:

- Hays plc's Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 30 June 2018 and of the Group's profit and cash flows for the year then ended;
- The Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- The Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated and Hays plc Company Balance Sheets as at 30 June 2018; the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Cash Flow Statement, and the Consolidated and Hays plc Company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

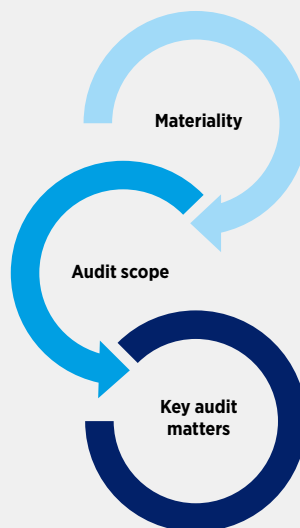
Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Company.

Other than those disclosed in note 6 to the financial statements, we have provided no non-audit services to the Group or the Company in the period from 1 July 2017 to 30 June 2018.

Our audit approach Overview



- Overall Group materiality: £11.5 million (2017: £10.0 million), based on 5% of profit before tax.
- Overall Company materiality: £9.8 million (2017: £9.3 million), based on 1% of total assets.
- We conducted an audit of the complete financial information of 22 reporting units which together accounted for 87% of Group net fees and 96% of Group profit before tax.
- Three reporting units, Australia, UK and Germany, were considered to be financially significant due to their relative contributions to the Group's net fees and profit before tax.
- In addition to the UK reporting units, eight overseas reporting units were visited by members of the Group audit team during the year.
- Recoverability of trade receivables.
- Fraud in revenue recognition and revenue cut-off.
- Goodwill impairment assessment.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, and considered the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud. We designed audit procedures at Group and significant component level to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

We focused on laws and regulations that could give rise to a material misstatement in the Group and Company financial statements, including, but not limited to, the Companies Act 2006, the Listing Rules, Pensions legislation, UK tax legislation and equivalent local laws and regulations applicable to significant components. Our tests included, but were not limited to, review of the financial statement disclosures to underlying supporting documentation, review of correspondence with the regulators, review of correspondence with legal advisors, enquiries of management, review of significant component auditors' work and review of internal audit reports in so far as they related to the financial

statements. There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

We found fraud in revenue recognition and revenue cut-off to be a key audit matter, and this is discussed further below. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter

Recoverability of trade receivables

Refer to page 65 (Audit Committee Report) and notes 2, 3 and 17 to the financial statements for the directors' disclosures of the related accounting policies, judgements and estimates.

At 30 June 2018, the total receivables balances net of provisions included in note 17 was £633.3 million (2017: £586.1 million).

The recoverability of trade receivables and the level of provisions for bad debts are considered to be a key risk due to the significance of these balances to the financial statements, and the judgements required in making appropriate provisions.

How our audit addressed the key audit matter

In order to test the recoverability of trade receivables, we performed the following procedures:

- We evaluated the Group's credit control procedures and assessed and validated the ageing profile of trade receivables;
- We assessed recoverability on a sample basis by reference to cash received subsequent to year-end, agreement to the terms of the contract in place, and issue of credit notes post year-end, as necessary;
- We considered the appropriateness of judgments regarding provisions for trade receivables and assessed whether these provisions were calculated in accordance with the Group's provisioning policies and / or whether there was evidence of management bias in provisioning, obtaining supporting evidence as necessary.

We challenged management as to the recoverability of the older, unprovided amounts, corroborating management's explanations with underlying documentation and correspondence with the customer. We also challenged management in certain territories as to whether the methodology applied in determining bad debt provisions appropriately reflected the level of risk in the total receivables balance with consideration given to individual counter-party credit risk and the general economic conditions in each jurisdiction.

Based upon the above, we satisfied ourselves that management had taken reasonable judgements that were materially supported by the available evidence in respect of the relevant receivable balances. We did not encounter any issues through these audit procedures that indicated that provisioning in respect of trade receivables was inappropriate.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAYS PLC CONTINUED

Key audit matter

Fraud in revenue recognition and revenue cut-off

Refer to page 65 (Audit Committee Report) and notes 2 and 3 to the financial statements for the directors' disclosures of the related accounting policies, judgements and estimates.

There may be an incentive to manipulate income through the fraudulent posting of journals to revenue during the year to meet financial targets. We therefore considered there to be a risk of fraud in revenue recognition at the occurrence assertion level.

There is also a degree of judgement relating to year-end cut-off and accruing for income, particularly in respect of the time worked by contractors and temporary workers that has not been processed in the Group's financial systems and a risk of inappropriate early recognition of permanent placements that relate to the incorrect period.

There also may be an incentive for consultants to record more placements or not remove un-placed contractors in order to receive commissions or to meet bonus targets.

The audit risk includes all of the above aspects. We determined that this specifically impacts the occurrence and cut-off assertions.

Goodwill impairment assessment

Refer to page 65 (Audit Committee Report), note 3 (Critical accounting estimates) and note 13 for the related disclosures on goodwill.

The Group carried £223.2 million of goodwill at 30 June 2018 (2017: £223.3 million), including £40.8 million (2017: £41.3 million) for the Hays US cash generating unit ("CGU"), which was the focus of our risk assessment and audit procedures.

The carrying value of the Hays US CGU goodwill is contingent on future cash flows and there is a risk that if these cash flows do not meet the directors' expectations, the goodwill will be impaired.

The Hays US CGU, has historically had minimal headroom over its goodwill carrying value. Management's investment in headcount, increased profits and strong market conditions, coupled with a reduction in discount rate has resulted in a growth in headroom over the carrying value of the CGU to £43.8 million (2017: £2.4 million).

Despite this increase in headroom, there is a risk that a failure to execute against the current strategy, coupled with changes in key assumptions, could have resulted in an impairment to Hays US. No impairment charge was recognised in the year ended 30 June 2018.

How our audit addressed the key audit matter

We performed the following procedures to address the risk that revenue had been recorded fraudulently:

- We assessed the design and implementation of key controls around all streams of revenue recognised;
- We tested the occurrence of revenue journals posted through the year using a combination of data auditing techniques and corroborating of sales transactions to third party documentation;
- We tested the accrued income associated with work performed by contractors and temporary workers before the year end, by comparing the amounts to timesheets submitted after year end;
- We considered the appropriateness and accuracy of any cut-off adjustments processed by considering the start date of permanent placements and the term of a temporary placement with reference to the year end date; and
- We evaluated whether revenue had been recognised in accordance with IAS 18 'Revenue' and with Hays' accounting policy by reviewing details of the Group revenue recognition policy, the application of this, and any significant new contracts.

There were no material issues identified by our testing of revenue recognition and revenue cut-off in the year.

Focusing on the Hays US business, we evaluated and challenged the directors' future cash flow forecasts and the process by which they were drawn up, substantiating the significant changes in assumptions from the prior year. We compared management's forecast with the latest Board-approved budget and found them to be reasonable.

We challenged:

- The key assumptions for short and long-term growth rates in the forecasts by comparing them with historical results, as well as economic and industry forecasts for the US recruitment market; and
- The discount rate used in the calculations by assessing the cost of capital for the Group and comparable organisations, and assessed the specific risk premium applied to the Hays US CGU.

We performed sensitivity analysis on the key assumptions within the cash flow forecasts. This included sensitising the discount rate applied to the future cash flows, and the short and longer term growth rates and profit margins forecast.

We ascertained the extent to which a change in these assumptions, both individually or in aggregate, would result in a goodwill impairment, and considered the likelihood of such events occurring. We also ensured that sufficient and appropriate disclosure regarding such events was included in the Group's financial statements.

Based on the procedures described above, we were satisfied that the carrying value of goodwill in respect of Hays US had been appropriately assessed.

We determined that there were no key audit matters applicable to the Company to communicate in our report.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group's 33 trading countries are structured across four reported segments, Australia & New Zealand ('ANZ'), Germany, UK & Ireland ('UK&I') and Rest of World ('ROW').

Of the 33 trading countries, the UK, Germany and Australia together represent 67% of the Group's net fees and 72% of the Group's profit before tax from continuing operations. We therefore considered these three countries to be financially significant to the Group.

A further 19 other reporting units, including 18 trading countries, were also subject to full scope audits by PwC teams in each of these countries, representing 20% of Group net fees and 24% of Group profit before tax from continuing operations, on an absolute basis. In addition to this, the Group audit team performed specified audit procedures in two other countries, representing 5% of Group net fees and 1% of Group profit before tax from continuing operations.

Central review procedures were performed by the Group audit team on the remaining 10 countries that were not subject to full scope or specified audit procedures. These countries represented the remaining 8% of net fees and 3% of profit before tax from continuing operations for the Group.

Over the course of the year, the Group audit team visited the operations in the UK, Germany, France, Hong Kong, Australia, the Netherlands, the US and Canada. The Group team held regular meetings with the component audit teams in Australia, Germany and the UK, and also reviewed the audit work papers of each of those teams. This helped to ensure that the Group audit team was sufficiently involved in both the planning and the execution of the audit procedures in these countries.

The Group audit team also joined the audit clearance meetings for each of the other 20 countries that were subject to full scope and specified audit procedures, as well as holding calls with the regional management teams responsible for each of the 10 countries subject to central review procedures.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Overall materiality	£11.5 million (2017: £10.0 million).	£9.8 million (2017: £9.3 million).
How we determined it	5% of profit before tax.	1% of total assets.
Rationale for benchmark applied	We believe that profit before tax is the primary measure used by the shareholders in assessing the performance of the Group, and is a generally accepted auditing benchmark.	We believe that total assets is the most appropriate measure to assess a holding company, and is a generally accepted auditing benchmark.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £0.75 million to £9.0 million (2017: £0.5 million to £7.5 million). Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £575,000 (Group audit) (2017: £500,000) and £500,000 (Company audit) (2017: £500,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Going concern

In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the Group's and the Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Company's ability to continue as a going concern.
We are required to report if the directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAYS PLC

CONTINUED

conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report, Directors' Report and Corporate Governance Statement, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 June 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. (CA06)

Corporate Governance Statement

In our opinion, based on the work undertaken in the course of the audit, the information given in the Corporate Governance Statement (on page 58) about internal controls and risk management systems in relation to financial reporting processes and about share capital structures in compliance with rules 7.2.5 and 7.2.6 of the Disclosure Guidance and Transparency Rules sourcebook of the FCA ("DTR") is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in this information. (CA06)

In our opinion, based on the work undertaken in the course of the audit, the information given in the Corporate Governance Statement (on page 51) with respect to the Company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the DTR. (CA06)

We have nothing to report arising from our responsibility to report if a corporate governance statement has not been prepared by the Company. (CA06)

The directors' assessment of the prospects of the Group and of the principal risks that would threaten the solvency or liquidity of the Group

We have nothing material to add or draw attention to regarding:

- The directors' confirmation on page 39 of the Annual Report that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The directors' explanation on page 39 of the Annual Report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the directors' statement that they have carried out a robust assessment of the principal risks facing the Group and statement in relation to the longer-term viability of the Group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit. (Listing Rules)

Other Code Provisions

We have nothing to report in respect of our responsibility to report when:

- The statement given by the directors, on page 97, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group and Company obtained in the course of performing our audit.
- The section of the Annual Report on pages 63 to 67 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- The directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. (CA06)

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities set out on page 98, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- We have not received all the information and explanations we require for our audit; or
- Adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- Certain disclosures of directors' remuneration specified by law are not made; or
- The Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 9 November 2016 to audit the financial statements for the year ended 30 June 2017 and subsequent financial periods. The period of total uninterrupted engagement is two years, covering the years ended 30 June 2017 to 30 June 2018.

Andrew Paynter

(Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

29 August 2018

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2018

(In £s million)	Note	2018	2017
Turnover			
Continuing operations		5,753.3	5,081.0
Net fees⁽¹⁾			
Continuing operations	4	1,072.8	954.6
Operating profit from continuing operations	4	243.4	211.5
Net finance charge	8	(4.9)	(6.9)
Profit before tax		238.5	204.6
Tax	9	(72.7)	(65.5)
Profit from continuing operations after tax		165.8	139.1
Profit attributable to equity holders of the parent company		165.8	139.1
Earnings per share from continuing operations			
– Basic	12	11.44p	9.66p
– Diluted	12	11.30p	9.54p

(1) Net fees comprise turnover less remuneration of temporary workers and other recruitment agencies.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

(In £s million)	2018	2017
Profit for the year	165.8	139.1
Items that will not be reclassified subsequently to profit or loss:		
Actuarial remeasurement of defined benefit pension schemes	62.9	1.7
Tax relating to components of other comprehensive income	(11.9)	1.4
	51.0	3.1
Items that may be reclassified subsequently to profit or loss:		
Currency translation adjustments	(5.1)	17.4
Tax relating to components of other comprehensive income	-	(1.8)
Other comprehensive income for the year net of tax	45.9	18.7
Total comprehensive income for the year	211.7	157.8
Attributable to equity shareholders of the parent company	211.7	157.8

CONSOLIDATED BALANCE SHEET

AT 30 JUNE

(In £s million)	Note	2018	2017
Non-current assets			
Goodwill	13	223.2	223.3
Other intangible assets	14	23.8	18.6
Property, plant and equipment	15	29.3	24.0
Deferred tax assets	16	23.2	23.3
Retirement benefit surplus	22	75.9	–
		375.4	289.2
Current assets			
Trade and other receivables	17	1,010.4	908.2
Cash and cash equivalents	18	122.9	112.0
		1,133.3	1,020.2
Total assets		1,508.7	1,309.4
Current liabilities			
Trade and other payables	21	(758.0)	(676.5)
Current tax liabilities		(25.4)	(23.5)
Bank loans and overdrafts	20	–	(0.4)
Derivative financial instruments	19	(0.1)	–
Acquisition liabilities	29	–	(13.6)
Provisions	23	(1.2)	(2.6)
		(784.7)	(716.6)
Non-current liabilities			
Deferred tax liabilities	16	(17.3)	–
Retirement benefit obligations	22	–	(0.2)
Provisions	23	(6.2)	(6.2)
		(23.5)	(6.4)
Total liabilities		(808.2)	(723.0)
Net assets		700.5	586.4
Equity			
Called up share capital	24	14.7	14.7
Share premium		369.6	369.6
Capital redemption reserve		2.7	2.7
Retained earnings		213.0	94.1
Cumulative translation reserve		78.7	83.8
Equity reserve		21.8	21.5
Total equity		700.5	586.4

The Consolidated Financial Statements of Hays plc, registered number 2150950, as set out on pages 106 to 143 were approved by the Board of Directors and authorised for issue on 29 August 2018.

Signed on behalf of the Board of Directors

A R Cox

P Venables

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

(In £s million)	Called up share capital	Share premium	Capital redemption reserve	Retained earnings	Cumulative translation reserve	Equity reserve	Total equity
At 1 July 2017	14.7	369.6	2.7	94.1	83.8	21.5	586.4
Currency translation adjustments	-	-	-	-	(5.1)	-	(5.1)
Remeasurement of defined benefit pension schemes	-	-	-	62.9	-	-	62.9
Tax relating to components of other comprehensive income	-	-	-	(11.9)	-	-	(11.9)
Net income recognised in other comprehensive income	-	-	-	51.0	(5.1)	-	45.9
Profit for the year	-	-	-	165.8	-	-	165.8
Total comprehensive income for the year	-	-	-	216.8	(5.1)	-	211.7
Dividends paid	-	-	-	(109.7)	-	-	(109.7)
Share-based payments	-	-	-	11.9	-	0.3	12.2
Tax on share-based payment transactions	-	-	-	(0.1)	-	-	(0.1)
At 30 June 2018	14.7	369.6	2.7	213.0	78.7	21.8	700.5

FOR THE YEAR ENDED 30 JUNE 2017

(In £s million)	Called up share capital	Share premium	Capital redemption reserve	Retained earnings	Cumulative translation reserve	Equity reserve	Total equity
At 1 July 2016	14.7	369.6	2.7	(15.8)	66.4	20.2	457.8
Currency translation adjustments	-	-	-	-	17.4	-	17.4
Remeasurement of defined benefit pension schemes	-	-	-	1.7	-	-	1.7
Tax relating to components of other comprehensive income	-	-	-	(0.4)	-	-	(0.4)
Net income recognised in other comprehensive income	-	-	-	1.3	17.4	-	18.7
Profit for the year	-	-	-	139.1	-	-	139.1
Total comprehensive income for the year	-	-	-	140.4	17.4	-	157.8
Dividends paid	-	-	-	(42.6)	-	-	(42.6)
Share-based payments	-	-	-	11.3	-	1.3	12.6
Tax on share-based payment transactions	-	-	-	0.8	-	-	0.8
At 30 June 2017	14.7	369.6	2.7	94.1	83.8	21.5	586.4

The equity reserve is generated as a result of IFRS 2 'Share-based payments'.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2018

(In £s million)	Note	2018	2017
Operating profit from continuing operations		243.4	211.5
Adjustments for:			
Depreciation of property, plant and equipment		9.2	8.9
Amortisation of intangible assets		6.3	12.8
Profit on disposal of business assets		(0.6)	(0.5)
Net movements in provisions		(1.4)	(0.5)
Share-based payments		12.4	13.0
		25.9	33.7
Operating cash flow before movement in working capital		269.3	245.2
Movement in working capital:			
Increase in receivables		(107.9)	(111.4)
Increase in payables		82.1	83.2
		(25.8)	(28.2)
Cash generated by operations		243.5	217.0
Pension scheme deficit funding		(15.3)	(14.8)
Income taxes paid		(65.7)	(68.2)
Net cash inflow from operating activities		162.5	134.0
Investing activities			
Purchase of property, plant and equipment		(15.1)	(12.9)
Proceeds from sales of business assets		1.5	0.6
Purchase of intangible assets		(11.4)	(9.1)
Cash paid in respect of Veredus acquisition made in previous years		(13.7)	–
Interest received		0.6	0.6
Net cash used in investing activities		(38.1)	(20.8)
Financing activities			
Interest paid		(2.6)	(2.5)
Equity dividends paid		(109.7)	(42.6)
Proceeds from exercise of share options		1.3	1.0
Decrease in bank loans and overdrafts		(0.4)	(25.8)
Net cash used in financing activities		(111.4)	(69.9)
Net increase in cash and cash equivalents		13.0	43.3
Cash and cash equivalents at beginning of year	28	112.0	62.9
Effect of foreign exchange rate movements		(2.1)	5.8
Cash and cash equivalents at end of year	28	122.9	112.0

(In £s million)	Note	2018	2017
Bank loans and overdrafts at beginning of year		(0.4)	(26.1)
Decrease in year		0.4	25.8
Effect of foreign exchange rate movements		–	(0.1)
Bank loans and overdrafts at end of year		–	(0.4)
Net cash at end of year	28	122.9	111.6

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

Hays plc is a Company incorporated in the United Kingdom and registered in England and Wales and its registered office is 250 Euston Road, London NW1 2AF.

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and IFRS Interpretation Committee interpretations (IFRICs) as adopted by the European Union and therefore comply with Article 4 of the European Union International Accounting Standard (IAS) Regulation.

New standards and interpretations

The Consolidated Financial Statements have been prepared on the basis of the accounting policies and methods of computation applicable for the year ended 30 June 2018. These accounting policies are consistent with those applied in the preparation of the financial statements for the year ended 30 June 2017 with the exception of the following new accounting standards, amendments and interpretations which were mandatory for accounting periods beginning on or after 1 January 2017, none of which had any material impact on the Group's results or financial position.

- IAS 7 (amendments) Statement on Cashflows on Disclosure Initiative (effective from 1 January 2017)
- IAS 12 (amendments) Income Taxes (effective from 1 January 2017)
- IFRS 12 (Annual Improvements to IFRSs 2016) Disclosure of Interests in Other Entities (effective 1 January 2017)

There have been no alterations made to the accounting policies as a result of considering all IFRS and IFRIC amendments and interpretations that became effective during the financial year, as these were either not material to the Group's operations, or were not relevant.

The Group has not yet adopted certain new standards, amendments and interpretations to existing standards, which have been published but which are only effective for the Group accounting periods beginning on or after 1 July 2018. These new pronouncements are listed as follows:

- IFRS 2 (amendments) Share-based Payments (effective 1 January 2018)
- IFRS 9 Financial Instruments (effective 1 January 2018)
- IFRS 9 (amendments) Financial Instruments (effective 1 January 2019)
- IFRS 15 Revenue from Contracts and Customers (effective 1 January 2018)

- IFRS 15 (amendments) Revenue from Contracts and Customers (effective 1 January 2018)
- IFRS 16 Leases (effective 1 January 2019)
- Annual Improvements to IFRSs 2016 (effective 1 January 2018)
- IFRIC 22 Foreign Currency Transactions and Advance Consideration (effective 1 January 2018)
- IAS 19 (amendments) Employee Benefits (effective 1 January 2019)
- IAS 28 (amendments) Investments in Associates (effective 1 January 2019)
- IFRIC 23 Uncertainty over Income Tax Treatments (effective 1 January 2019)
- Annual Improvements to IFRSs 2017 (effective 1 January 2019)

IFRS 9 introduces a new classification approach for financial assets and liabilities. The categories of financial assets will be reduced from four to three and financial liabilities will be measured at amortised cost or fair value through profit and loss. The standard also prescribes an 'expected credit loss' model for determining the basis of providing for bad debts. A review of the current Group bad debt policy has concluded that had IFRS 9 been applied in the current reporting period, the expected credit loss model would not have had a material impact on the Group's financial statements. The Group will apply the new rules retrospectively from 1 July 2018. Comparative information for the year ended 30 June 2018 will not be restated.

IFRS 15 'Revenue from Contracts with Customers' is effective in the Consolidated Financial Statements for the year ending 30 June 2019. IFRS 15 requires companies to apportion revenue from customer contracts to separate performance obligations and recognise revenue as these performance obligations are satisfied. IFRS 15 establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. There will also be additional disclosure requirements.

An assessment of the impact of IFRS 15 has been completed following a comprehensive review of the contracts that exist across the Group's revenue streams. The review has concluded that the significant majority of revenue generated by the Group is from the performance obligation of either (i) the permanent placement of an individual with a client, which is satisfied upon the individual commencing employment with the client, or

(ii) as temporary workers are provided to the client. An immaterial amount of revenue is generated from the provision of services over time, recognised as certain delivery milestones are met, which represents approximately 0.3% of the Group's turnover and net fees.

As a result of the review, revenue recognition under IFRS 15 is expected to be consistent with current practice for the Group's revenue as described in note 2 (d) Turnover and (e) Net Fees to the Consolidated Financial Statements and had IFRS 15 been applied in the current reporting period, it would not have had a material impact on the Group's financial statements. A fully retrospective method will be adopted for transparency and comparison purposes in the FY19 Group financial statements.

IFRS 16 is expected to have a significant impact on the amounts recognised in the Group's Consolidated Financial Statements. On adoption of IFRS 16 the Group will recognise within the balance sheet a right of use asset and lease liability for all applicable leases. Within the income statement, operating lease rentals payable will be replaced by depreciation and interest expense. This will result in an increase in operating profit and an increase in finance costs.

The standard will also impact a number of statutory measures such as operating profit, and cash generated from operations, and alternative performance measures used by the Group. The full impact of IFRS 16 is currently under review, including understanding the practical application of the principles of the standard. It is therefore not practical to provide a reasonable estimate of the financial effect until this review is complete. IFRS 16 will become effective in the Group's financial year 2020. The directors expect to be able to provide an indication of the impact on the Group's financial statements by 30 June 2019.

The directors are currently evaluating the impact of the adoption of all other standards, amendments and interpretations but do not expect them to have a material impact on the Group's operations or results.

The Group's principal accounting policies adopted in the presentation of these financial statements are set out below and have been consistently applied to all the periods presented.

2. Significant accounting policies

a. Basis of preparation

The Consolidated Financial Statements have been prepared on the historical cost basis with the exception of financial instruments and pension assets. Financial instruments have been recorded initially on a fair value basis and then at amortised cost. Pension assets have been measured at fair value.

b. Going concern

The Group's business activities, together with the factors likely to effect its future development, performance and viability are set out in the Strategic Report on pages 2 to 48. The financial position of the Group, its cash flows and liquidity position are described in the Financial Review on pages 34 to 37. In addition, notes 18 to 20 to the Consolidated Financial Statements include details of the Group's treasury activities, long-term funding arrangements and exposure to financial risk.

The Group has sufficient financial resources which, together with internally generated cash flows, will continue to provide sufficient sources of liquidity to fund its current operations, including its contractual and commercial commitments and any proposed dividends. Therefore the Group is well placed to manage its business risks.

After making enquiries the directors have formed the judgment that at the time of approving the Consolidated Financial Statements there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the Consolidated Financial Statements.

c. Basis of consolidation

Subsidiaries are fully consolidated from the date on which power to control is transferred to the Group. They are deconsolidated from the date on which control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group whereby the identifiable assets, liabilities and contingent liabilities are measured at their fair values at the date of acquisition. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. The financial statements consolidate the accounts of Hays plc and all of its subsidiaries. The results of subsidiaries acquired or disposed during the year are included from the effective date of acquisition or up to the effective date of disposal as appropriate.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

d. Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Turnover arising from the placement of permanent candidates, including turnover arising from Recruitment Process Outsourcing (RPO) services, is recognised at the time the candidate commences full-time employment. Where a permanent candidate starts employment but does not work for the specified contractual period, a provision is made in respect of the required refund or credit note due to the client.

Turnover arising from temporary placements, including turnover arising from Managed Service Programme (MSP) services, is recognised over the period that temporary workers are provided. Where the Group is acting as a principal, turnover represents the amounts billed for the services of the temporary workers, including the remuneration costs of the temporary workers.

Where Hays acts as principal in arrangements that invoice on the costs incurred with other recruitment agencies as part of the MSP service provided and manage the recruitment supply chain, turnover represents amounts invoiced on from other recruitment agencies, including arrangements where no commission is directly receivable by the Group.

Where the Group is acting as an agent in arrangements that invoice on behalf of other recruitment agencies as part of the MSP service provided, turnover represents commission receivable relating to the supply of temporary workers and does not include the remuneration costs of the other agency temporary workers.

The critical accounting judgment in respect of revenue recognition is described further in note 3 to the Consolidated Financial Statements.

e. Net fees

Net fees represent turnover less the remuneration costs of temporary workers for temporary assignments and remuneration of other recruitment agencies. For the placement of permanent candidates, net fees are equal to turnover.

f. Foreign currencies

On consolidation, the tangible and intangible assets and liabilities of subsidiaries denominated in foreign currencies are translated into sterling at the rates ruling at the balance sheet date. Income and expense items are translated into sterling at average rates of exchange for the period. Any exchange differences which have arisen from an entity's investment in a foreign subsidiary, including long-term loans, are recognised as a separate component of equity and are included in the Group's translation reserve.

On disposal of a subsidiary, any amounts transferred to the translation reserve are included in the calculation of profit and loss on disposal. All other translation differences are dealt with in the Consolidated Income Statement.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

g. Retirement benefit costs

The expense of defined benefit pension schemes and other post-retirement employee benefits is determined using the projected-unit credit method and charged to the Consolidated Income Statement as an expense, based on actuarial assumptions reflecting market conditions at the beginning of the financial year. All remeasurement gains and losses are recognised immediately in reserves and reported in the Consolidated Statement of Comprehensive Income in the period in which they occur. Past service costs, curtailments and settlements are recognised immediately in the Consolidated Income Statement.

The Group has chosen under IFRS 1 to recognise in retained earnings all cumulative remeasurement gains and losses as at 1 July 2004, the date of transition to IFRS. The Group has chosen to recognise all remeasurement gains and losses arising subsequent to 1 July 2004 in reserves and reported in the Consolidated Statement of Comprehensive Income.

The retirement benefit surplus/obligation recognised in the Consolidated Balance Sheet represents the fair value of scheme assets as reduced by the present value of the defined benefit obligation.

The Hays Pension Scheme Definitive Deed and Rules is considered to provide Hays with an unconditional right to a refund of surplus assets and therefore the recognition of a net defined benefit scheme asset is not restricted and agreements to make funding contributions do not give rise to any additional liabilities in respect of the scheme.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

2. Significant accounting policies continued

Payments to defined contribution schemes are charged as an expense in the Consolidated Income Statement as they fall due.

h. Share-based payments

The fair value of all share-based remuneration that is assessed upon market-based performance criteria is determined at the date of grant and recognised as an expense in the Consolidated Income Statement on a straight-line basis over the vesting period, taking account of the estimated number of shares that will vest.

The fair value of all share-based remuneration that is assessed upon non-market-based performance criteria is determined at the date of the grant and recognised as an expense in the Consolidated Income Statement over the vesting period, based on the number of shares that are expected to vest. The number of shares that are expected to vest is adjusted accordingly to the satisfaction of the performance criteria at each period end.

The fair values are determined by use of the relevant valuation models. All share-based remuneration is equity settled.

i. Borrowing costs

Interest costs are recognised as an expense in the Consolidated Income Statement in the period in which they are incurred. Arrangement fees incurred in respect of borrowings are amortised over the term of the agreement.

j. Taxation

The tax expense comprises both current and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Consolidated Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on all temporary differences, at rates that are enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent that it is probable that taxable profits will be available against which to offset the deductible temporary differences. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets

against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Temporary differences arise where there is a difference between the accounting carrying value in the Consolidated Balance Sheet and the amount attributed to that asset or liability for tax purposes. Temporary differences arising from goodwill and, except in a business combination, the initial recognition of assets or liabilities that affect neither accounting profit nor taxable profit, are not provided for. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

k. Goodwill

Goodwill arising on consolidation represents the excess of purchase consideration less the fair value of the identifiable tangible and intangible assets and liabilities acquired.

Goodwill is recognised as an asset and reviewed for impairment at least annually. For the purpose of impairment testing, assets are grouped at the lowest level for which there are separately identifiable cash flows, known as cash-generating units (CGUs). Any impairment is recognised immediately in the Consolidated Income Statement and is not subsequently reversed.

On disposal of a business the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill arising on acquisitions before the date of transition to IFRS (1 July 2004) has been retained at the previous UK GAAP amounts, subject to being tested for impairment at that date. Goodwill arising on acquisitions prior to 1 July 1998 was written off direct to reserves under UK GAAP. This goodwill has not been reinstated and is not included in determining any subsequent profit or loss on disposal.

l. Intangible assets

Intangible assets acquired as part of a business combination are stated in the Consolidated Balance Sheet at their fair value as at the date of acquisition less accumulated amortisation and any provision for impairment. The directors review intangible assets for indications of impairment annually.

Internally generated intangible assets are stated in the Consolidated Balance Sheet at the directly attributable cost of creation of the asset, less accumulated amortisation. Intangible assets are amortised on a straight-line basis over their estimated useful lives up to a maximum of 10 years. Software incorporated into major Enterprise Resource Planning (ERP) implementations that support the recruitment process and financial reporting process is amortised over a life of up to seven years. Other software is amortised between three and five years.

m. Property, plant and equipment

Property, plant and equipment is recorded at cost, net of depreciation and any provision for impairment. Depreciation is provided on a straight-line basis over the anticipated useful working lives of the assets, after they have been brought into use, at the following rates:

Freehold land – No depreciation is provided

Freehold buildings – At rates varying between 2% and 10%

Leasehold properties – The cost is written off over the unexpired term of the lease

Plant and machinery – At rates varying between 5% and 33%

Fixtures and fittings – At rates varying between 10% and 25%

n. Trade and other receivables

Trade and other receivables are initially measured at fair value and then at amortised cost after appropriate allowances for estimated irrecoverable amounts have been recognised in the Consolidated Income Statement where there is objective evidence that the asset is impaired.

o. Cash and cash equivalents

Cash and cash equivalents comprise cash-in-hand and current balances with banks and similar institutions, which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

p. Trade payables

Trade payables are measured initially at fair value and then at amortised cost.

q. Bank borrowings

Interest-bearing bank loans and overdrafts are recorded initially at fair value and subsequently measured at amortised cost.

Finance charges, including premiums payable on settlement or redemption and direct-issue costs, are accounted for on an accrual basis in the Consolidated Income Statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

r. Derivative financial instruments

The Group may use certain derivative financial instruments to reduce its exposure to foreign exchange movements. The Group held one foreign exchange contract at the end of the current year (2017: four) to facilitate cash management within the Group. The Group does not hold or use derivative financial instruments for speculative purposes.

The fair values of foreign exchange swaps are measured using inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. It is the Group's policy not to seek to designate these derivatives as hedges. All derivative financial instruments not in a hedge relationship are classified as derivatives at fair value in the Consolidated Income Statement. The fair value of long-term borrowing is calculated by discounting expected future cash flows at observable market rates.

Fair value measurements

The information below sets out how the Group determines fair value of various financial assets and financial liabilities.

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

s. Leases

Leases where a significant portion of risks and rewards of ownership are retained by the lessor are classified as operating leases by the lessee.

Rentals payable under operating leases are charged to the Consolidated Income Statement on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to enter into an operating lease are recognised on a straight-line basis over the lease term.

t. Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event for which it is probable that an outflow of resources will be required to settle the obligation and when the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

3. Critical accounting judgments and key sources of estimation uncertainty

Critical accounting judgments

Revenue recognition

The main areas of judgment in revenue recognition relate to (i) cut-off as revenue is recognised for permanent placements on the day a candidate starts work and temporary placement income over the duration of the placement; and (ii) the recognition of temporary contractual arrangements where Hays act on a gross basis (principal basis) rather than a net basis (agent basis).

The factors considered by management on a contract by contract basis when concluding the Company is acting as principal rather than agent are as follows:

- The client has a direct relationship with Hays;
- Hays has the primary responsibility for providing the services to the client, and engages and contracts directly with the temporary worker and other recruitment companies;
- Hays has latitude in establishing the rates directly or indirectly with all parties; and
- Hays bears the credit risk on the receivable due from the client.

Turnover and Net fees are described in note 2 (d) and (e) to the Consolidated Financial Statements.

Provisions in respect of recoverability of trade receivables

As described in note 17, provisions for impairment of trade receivables have been made. In reviewing the appropriateness of these provisions, consideration has been given to the ageing of the debt and the potential likelihood of default, taking into account current economic conditions.

Estimation uncertainty

Goodwill impairment

Goodwill is tested for impairment at least annually. In performing these tests assumptions are made in respect of future growth rates and the discount rate to be applied to the future cash flows of income-generating units. These assumptions are set out in note 13 to the Consolidated Financial Statements.

Pension accounting

Under IAS 19 'Employee Benefits', the Group has recognised a pension surplus of £75.9 million (2017: £0.2 million deficit). A number of assumptions have been made in determining the pension position and these are described in note 22 to the Consolidated Financial Statements.

Uncertain tax positions

The Group operates in many countries and is therefore subject to tax laws in a number of different tax jurisdictions. The amount of tax payable or receivable on profits or losses for any period is subject to the agreement of the tax authority in each respective jurisdiction and the tax liability or asset position is open to review for several years after the relevant accounting period ends. In determining the provisions for income taxes, management is required to make judgments and estimates based on interpretations of tax statute and case law, which it does after taking account of professional advice and prior experience.

Uncertainties in respect of enquiries and additional tax assessments raised by tax authorities are measured using management's best estimate of the likely outcome. The amounts ultimately payable or receivable may differ from the amounts of any provisions recognised in the Consolidated Financial Statements as a result of the estimates and assumptions used. While the majority of the tax payable balance relates to uncertain tax provisions, management does not consider there to exist a significant risk of material adjustment within the next financial year because the tax provisions cover a range of matters across multiple tax jurisdictions with a variety of timescales before such matters are expected to be concluded.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

4. Segmental information

IFRS 8 Operating Segments

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker to allocate resources to the segment and to assess their performance.

As a result, the Group now segments the business into four regions, Australia & New Zealand, Germany, United Kingdom & Ireland and Rest of World. Therefore the comparative segment reporting has been restated accordingly. In the prior year, the business was reported as three regions (Asia Pacific, Continental Europe & Rest of World and United Kingdom & Ireland). There is no material difference between the segmentation of the Group's turnover by geographic origin and destination.

The Group's continuing operations comprise one class of business, that of qualified, professional and skilled recruitment.

Net fees and operating profit from continuing operations

The Group's Management Board, which is regarded as the chief operating decision maker, uses net fees by segment as its measure of revenue in internal reports, rather than use turnover. This is because net fees exclude the remuneration of temporary workers, and payments to other recruitment agencies where the Group acts as principal, which are not considered relevant in allocating resources to segments. The Group's Management Board considers net fees for the purpose of making decisions about allocating resources. The Group does not report items below operating profit by segment in its internal management reporting. The full detail of these items can be seen in the Group Consolidated Income Statement on page 106. The reconciliation of turnover to net fees can be found in note 5.

(In £s million)	2018	2017
Net fees from continuing operations		
Australia & New Zealand	199.4	180.7
Germany	276.0	230.3
United Kingdom & Ireland	258.2	252.9
Rest of World	339.2	290.7
	1,072.8	954.6

(In £s million)	2018	2017
Operating profit from continuing operations		
Australia & New Zealand	69.1	62.8
Germany	86.0	80.5
United Kingdom & Ireland	47.0	41.5
Rest of World	41.3	26.7
	243.4	211.5

Net trade receivables

For the purpose of monitoring performance and allocating resources from a balance sheet perspective, the Group's Management Board monitors trade receivables net of provisions for impairments only on a segment by segment basis. These are monitored on a constant currency basis for comparability through the year. These are shown below and reconciled to the totals as shown in note 17.

(In £s million)	As reported internally	Foreign exchange	2018	As reported internally	Foreign exchange	2017
Australia & New Zealand	109.1	(5.3)	103.8	83.6	4.8	88.4
Germany	174.7	1.5	176.2	161.5	8.2	169.7
United Kingdom & Ireland	188.7	0.1	188.8	167.3	0.6	167.9
Rest of World	165.6	(1.1)	164.5	153.3	6.8	160.1
	638.1	(4.8)	633.3	565.7	20.4	586.1

Major customers

In the current year and prior year there was no one customer that exceeded 10% of the Group's turnover.

5. Operating profit from continuing operations

The following costs are deducted from turnover to determine net fees from continuing operations:

(In £s million)	2018	2017
Turnover	5,753.3	5,081.0
Remuneration of temporary workers	(4,425.2)	(3,930.6)
Remuneration of other recruitment agencies	(255.3)	(195.8)
Net fees	1,072.8	954.6

Operating profit is stated after charging the following items to net fees of £1,072.8 million (2017: £954.6 million):

(In £s million)	2018	2017
Staff costs (note 7)	635.2	563.0
Depreciation of property, plant and equipment	9.2	8.9
Amortisation of intangible assets	6.3	12.8
Operating lease rentals payable (note 27)	45.3	42.1
Impairment loss on trade receivables	3.6	3.2
Auditors remuneration (note 6)		
– for statutory audit services	1.2	1.1
– for other services	0.5	0.7
Other external charges	128.1	111.3
	829.4	743.1

6. Auditor's remuneration

(In £s million)	2018	2017
Fees payable to the Company's Auditor's for the audit of the Company's annual financial statements	0.2	0.2
Fees payable to the Company's Auditor's and their associates for other services to the Group:		
The audit of the Company's subsidiaries pursuant to legislation	1.0	0.9
Total audit fees	1.2	1.1
Half year review	0.1	0.1
Other services	0.4	0.6
Total non-audit fees	0.5	0.7

Other services fees incurred in the current and prior year relate to project management and communication support for a specific back-office change management programme in Germany. PwC involvement in this project ceased in September 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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7. Staff costs

The aggregate staff remuneration (including executive directors) was as follows:

(In £s million)	2018	2017
Wages and salaries	538.8	474.4
Social security costs	69.0	61.0
Other pension costs	15.0	14.6
Share-based payments	12.4	13.0
	635.2	563.0

Average number of persons employed during the year (including executive directors):

(Number)	2018	2017
Continuing operations		
Australia & New Zealand	1,356	1,185
Germany	2,268	1,820
United Kingdom & Ireland	3,504	3,479
Rest of World	3,599	3,156
	10,727	9,640

Closing number of persons employed at the end of the year (including executive directors):

(Number)	2018	2017
Continuing operations		
Australia & New Zealand	1,385	1,237
Germany	2,339	1,996
United Kingdom & Ireland	3,472	3,458
Rest of World	3,782	3,309
	10,978	10,000

8. Net finance charge

(In £s million)	2018	2017
Interest received on bank deposits	0.6	0.6
Interest payable on bank loans and overdrafts	(2.2)	(2.7)
Other interest payable	(0.3)	(0.8)
Interest unwind on acquisition liability	(0.6)	(1.1)
Pension Protection Fund levy	(0.3)	(0.5)
Net interest on pension obligations	(2.1)	(2.4)
Net finance charge	(4.9)	(6.9)

9. Tax

The tax (expense)/credit for the year is comprised of the following:

Current tax

(In £s million)	2018	2017
Current tax expense in respect of the current year	(68.5)	(64.0)
Adjustments recognised in the current year in relation to the current tax of prior years	0.7	1.3
	(67.8)	(62.7)

Deferred tax

(In £s million)	2018	2017
Deferred tax charge in respect of the current year	(5.2)	(0.7)
Adjustments to deferred tax in relation to prior years	0.3	(2.1)
	(4.9)	(2.8)
Total income tax expense recognised in the current year relating to continuing operations	(72.7)	(65.5)

Current tax expense for the year comprised of the following:

(In £s million)	2018	2017
UK	(8.0)	(6.2)
Overseas	(60.5)	(57.8)
	(68.5)	(64.0)

The income tax expense for the year can be reconciled to the accounting profit as follows:

(In £s million)	2018	2017
Profit before tax from continuing operations	238.5	204.6
Income tax expense calculated at 19.00% (2017: 19.75%)	(45.3)	(40.4)
Net effect of items that are non-taxable/(non-deductible) in determining taxable profit	(5.8)	(4.2)
Effect of unused tax losses not recognised as deferred tax assets	(1.6)	(1.0)
Effect of tax losses not recognised as deferred tax utilised in the year	1.4	0.9
Effect of other timing differences not recognised as deferred tax assets	(0.2)	(0.8)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(21.8)	(19.3)
Effect of share-based payment charges and share options	(0.4)	0.1
	(73.7)	(64.7)
Adjustments recognised in the current year in relation to the current tax of prior years	0.7	1.3
Adjustments to deferred tax in relation to prior years	0.3	(2.1)
Income tax expense recognised in the Consolidated Income Statement relating to continuing operations	(72.7)	(65.5)
Effective tax rate for the year on continuing operations	30.5%	32.0%

The tax rate used for the 2018 reconciliations above is the corporate tax rate of 19.00% (2017: 19.75%) payable by corporate entities in the United Kingdom on taxable profits under tax law in that jurisdiction.

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9. Tax continued

Income tax recognised directly in equity

(In £s million)	2018	2017
Current tax		
Excess tax deductions relating to share-based payments	-	0.4
Deferred tax		
Excess tax deductions relating to share-based payments	(0.1)	0.4
Total income tax recognised in equity	(0.1)	0.8

Income tax recognised in other comprehensive income

(In £s million)	2018	2017
Current tax		
Charge in respect of foreign exchange	-	(1.8)
Deferred tax		
Actuarial (gain)/loss in respect of defined benefit pension scheme	(11.9)	1.4
Total income tax recognised in other comprehensive income	(11.9)	(0.4)

10. Discontinued operations

There was no profit or loss from discontinued operations in the current or prior year.

The cash outflows generated from discontinued operations were £0.3 million (2017: £0.3 million) and are recorded within net movements in provisions on the Consolidated Cash Flow Statement.

There were no cash inflows generated from discontinued operations (2017: nil).

11. Dividends

The following dividends were paid by the Group and have been recognised as distributions to equity shareholders in the year:

	2018 pence per share	2018 £s million	2017 pence per share	2017 £s million
Previous year final dividend	2.26	32.7	1.99	28.7
Previous year special dividend	4.25	61.6	-	-
Current year interim dividend	1.06	15.4	0.96	13.9
	7.57	109.7	2.95	42.6

The following dividends have been paid/proposed by the Group in respect of the accounting year presented:

	2018 pence per share	2018 £s million	2017 pence per share	2017 £s million
Interim dividend (paid)	1.06	15.4	0.96	13.9
Final dividend (proposed)	2.75	40.1	2.26	32.7
Special dividend (proposed)	5.00	72.9	4.25	61.6
	8.81	128.4	7.47	108.2

The final dividend for 2018 of 2.75 pence per share (£40.1 million) along with a special dividend of 5.00 pence per share (£72.9 million) will be proposed at the Annual General Meeting on 14 November 2018 and has not been included as a liability as at 30 June 2018. If approved, the final and special dividend will be paid on 16 November 2018 to shareholders on the register at the close of business on 5 October 2018.

12. Earnings per share

	Earnings (£s million)	Weighted average number of shares (million)	Per share amount (pence)
For the year ended 30 June 2018			
Continuing operations:			
Basic earnings per share from continuing operations	165.8	1,448.6	11.44
Dilution effect of share options	–	18.3	(0.14)
Diluted earnings per share from continuing operations	165.8	1,466.9	11.30

	Earnings (£s million)	Weighted average number of shares (million)	Per share amount (pence)
For the year ended 30 June 2017			
Continuing operations:			
Basic earnings per share from continuing operations	139.1	1,440.7	9.66
Dilution effect of share options	–	18.1	(0.12)
Diluted earnings per share from continuing operations	139.1	1,458.8	9.54

The weighted average number of shares in issue for both years exclude shares held in treasury.

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13. Goodwill

(In £s million)	2018	2017
Cost		
At 1 July	223.3	220.4
Exchange adjustments	(0.1)	2.9
At 30 June	223.2	223.3

Goodwill arising on business combinations is reviewed and tested on an annual basis or more frequently if there is indication that goodwill might be impaired. Goodwill has been tested for impairment by comparing the carrying amount of each cash-generating unit (CGU), including goodwill, with the recoverable amount. The recoverable amounts of the CGUs are determined from value-in-use calculations.

The key assumptions for the value-in-use calculations are as follows:

Assumption	How determined
Operating profit	The operating profit is based on the latest one-year forecasts for the CGUs approved by the Group's Management Board which are compiled using expectations of fee growth, consultant productivity and operating costs. The Group prepares cash flow forecasts derived from the most recent financial forecasts approved by management and extrapolates cash flows in perpetuity based on the long-term growth rates and expected cash conversion rates.
Discount rates	<p>The pre-tax rates used to discount the forecast cash flows range between 7.6% and 12.6% (2017: 9.1% and 13.3%) reflecting current market assessments of the time value of money and the country risks specific to the relevant CGUs.</p> <p>The discount rate applied to the cash flows of each of the Group's operations is based on the weighted average cost of capital (WACC), taking into account adjustments to the risk-free rate for 20-year bonds issued by the government in the respective market. Where government bond rates contain a material component of credit risk, high-quality local corporate bond rates may be used.</p> <p>These rates are adjusted for a risk premium to reflect the increased risk of investing in equities and, where appropriate, the systematic risk of the specific Group operating company. In making this adjustment, inputs required are the equity market risk premium (that is the increased return required over and above a risk-free rate by an investor who is investing in the market as a whole) and the risk adjustment beta, applied to reflect the risk of the specific Group operating company relative to the market as a whole.</p>
Growth rates	<p>The medium-term growth rates are based on management forecasts. These are consistent with a minimum average estimated growth rate of 5.0% (2017: 5.0%), with the exception of the United Kingdom where an average of 1.0% has been applied for years two to five and the United States where an average of 18.0% has been applied for years two to five following the completion of the initial investment phase in the business. The growth estimates reflect a combination of both past experience and the macroeconomic environment, including GDP expectations driving fee growth.</p> <p>The long-term growth rates are based on management forecasts, which are consistent with external sources of an average estimated growth rate of between 2.0% to 3.0% (2017: 2.0% to 3.5%), reflecting a combination of GDP expectations and long-term wage inflation driving fee growth.</p> <p>GDP growth is a key driver of our business, and is therefore a key consideration in developing long-term forecasts. Wage inflation is also an important driver of net fees as net fees are derived directly from the salary level of candidates placed into employment. Based on past experience a combination of these two factors is considered to be an appropriate basis for assessing long-term growth rates.</p>

Management has determined that there has been no impairment to any of the CGUs and in respect of these a sensitivity analysis has been performed in assessing recoverable amounts of goodwill. This has been based on changes in key assumptions considered to be reasonably possible by management. This included a change in the pre-tax discount rate of up to 1% and changes in the long-term growth rate of between 0% and 2% in absolute terms.

The sensitivity analysis shows that no impairment would arise in isolation under each scenario for any of the CGUs.

Goodwill acquired in a business combination is considered its own CGU or allocated to the groups of CGUs that are expected to benefit from that business combination. Individual CGUs are either country or brand-specific. For the purpose of disclosure, individual CGUs have been aggregated and disclosed in accordance with segmental reporting. The carrying amount of goodwill has been allocated as follows:

(In £s million)	2018	2017
Germany	51.3	50.9
United Kingdom & Ireland	93.1	93.1
Rest of World	78.8	79.3
	223.2	223.3

14. Other intangible assets

(In £s million)	2018	2017
Cost		
At 1 July	112.2	101.8
Exchange adjustments	(0.2)	1.3
Additions	11.4	9.1
Disposals	(0.5)	–
At 30 June	122.9	112.2
Amortisation		
At 1 July	93.6	80.2
Exchange adjustments	(0.3)	0.6
Charge for the year	6.3	12.8
Disposals	(0.5)	–
At 30 June	99.1	93.6
Net book value		
At 30 June	23.8	18.6
At 1 July	18.6	21.6

All other intangible assets relate mainly to computer software, and of the additions in the current year, £6.2 million relate to internally generated assets (2017: £4.2 million).

The estimated average useful life of the computer software related intangible assets is seven years (2017: seven years). Software incorporated into major Enterprise Resource Planning (ERP) implementations is amortised on a straight-line basis over a life of up to seven years. Other software is amortised on a straight-line basis between three and five years.

There were no capital commitments at the year end (2017: £nil).

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15. Property, plant and equipment

(In £s million)	Freehold properties	Leasehold properties (short)	Plant and machinery	Fixtures and fittings	Total
Cost					
At 1 July 2017	0.1	19.1	38.9	30.8	88.9
Exchange adjustments	–	(0.6)	(0.5)	(0.2)	(1.3)
Capital expenditure	–	4.3	6.1	4.7	15.1
Disposals	(0.1)	(1.7)	(1.0)	(5.3)	(8.1)
At 30 June 2018	–	21.1	43.5	30.0	94.6
Accumulated depreciation					
At 1 July 2017	–	12.9	29.4	22.6	64.9
Exchange adjustments	–	(0.4)	(0.4)	(0.2)	(1.0)
Charge for the year	–	2.2	4.5	2.5	9.2
Disposals	–	(1.7)	(0.9)	(5.2)	(7.8)
At 30 June 2018	–	13.0	32.6	19.7	65.3
Net book value					
At 30 June 2018	–	8.1	10.9	10.3	29.3
At 1 July 2017	0.1	6.2	9.5	8.2	24.0

There were no capital commitments at the year end (2017: £nil).

(In £s million)	Freehold properties	Leasehold properties (short)	Plant and machinery	Fixtures and fittings	Total
Cost					
At 1 July 2016	0.7	15.7	33.5	29.1	79.0
Exchange adjustments	–	0.5	0.8	0.7	2.0
Capital expenditure	–	3.6	5.9	3.4	12.9
Disposals	(0.6)	(0.7)	(1.3)	(2.4)	(5.0)
At 30 June 2017	0.1	19.1	38.9	30.8	88.9
Accumulated depreciation					
At 1 July 2016	0.5	11.1	26.1	21.5	59.2
Exchange adjustments	–	0.4	0.7	0.5	1.6
Charge for the year	–	2.1	3.9	2.9	8.9
Disposals	(0.5)	(0.7)	(1.3)	(2.3)	(4.8)
At 30 June 2017	–	12.9	29.4	22.6	64.9
Net book value					
At 30 June 2017	0.1	6.2	9.5	8.2	24.0
At 1 July 2016	0.2	4.6	7.4	7.6	19.8

16. Deferred tax

Deferred tax assets and liabilities in relation to:

(In £s million)	1 July 2017	(Charge)/ credit to Consolidated Income Statement	(Charge)/ credit to other comprehensive income	(Charge)/ credit to equity	Exchange difference	30 June 2018
Accelerated tax depreciation	12.7	(2.9)	–	–	–	9.8
Acquired tangibles and intangibles	(2.7)	(0.2)	–	–	(0.1)	(3.0)
Retirement benefit obligation	–	(2.4)	(11.9)	–	–	(14.3)
Share-based payments	3.2	–	–	(0.1)	–	3.1
Provisions	3.6	(0.1)	–	–	(0.2)	3.3
Tax losses	0.1	(0.1)	–	–	–	–
Other short-term timing differences	6.4	0.8	–	–	(0.2)	7.0
	23.3	(4.9)	(11.9)	(0.1)	(0.5)	5.9

(In £s million)	1 July 2016	(Charge)/ credit to Consolidated Income Statement	(Charge)/ credit to other comprehensive income	(Charge)/ credit to equity	Exchange difference	30 June 2017
Accelerated tax depreciation	13.8	(1.1)	–	–	–	12.7
Acquired tangibles and intangibles	(2.4)	(0.3)	–	–	–	(2.7)
Retirement benefit obligation	2.7	(4.1)	1.4	–	–	–
Share-based payments	2.2	0.6	–	0.4	–	3.2
Provisions	2.9	0.5	–	–	0.2	3.6
Tax losses	0.3	(0.2)	–	–	–	0.1
Other short-term timing differences	4.4	1.8	–	–	0.2	6.4
	23.9	(2.8)	1.4	0.4	0.4	23.3

Deferred tax assets and liabilities are offset where the Group has a legal enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes.

(In £s million)	2018	2017
Deferred tax assets	23.2	23.3
Deferred tax liabilities	(17.3)	–
Net deferred tax	5.9	23.3

The UK deferred tax asset of £13.9 million (2017: £15.6 million) is recognised on the basis of the UK business performance in the year and the forecast approved by management. Other deferred tax assets of £9.3 million (2017: £7.7 million) arise in the other jurisdictions (primarily Australia) in which the Group operate.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the periods in which they reverse. The date enacted or substantively enacted for the relevant periods of reversal are: 19% from 1 April 2017 (2017: 19%) and 17% from 1 April 2020 in the UK and 30% in Australia.

Unrecognised deductible temporary differences, unused tax losses and unused tax credits

Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following:

(In £s million)	Gross 2018	Tax 2018	Gross 2017	Tax 2017
Tax losses (revenue in nature)	144.8	36.6	143.5	36.7
Tax losses (capital in nature)	22.1	3.8	22.1	3.8
	166.9	40.4	165.6	40.5

(In £s million)	Gross 2018	Tax 2018	Gross 2017	Tax 2017
Unrecognised deductible temporary differences	7.7	2.1	7.7	2.6

In tax losses (revenue in nature) £1.8 million is due to expire in 2023, £0.9 million in 2027, £5.2 million in 2033 and £9.8 million in 2037. The remaining tax losses have no fixed expiry date.

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16. Deferred tax continued

Unrecognised taxable temporary differences associated with investments and interests

Taxable temporary differences in relation to investments in subsidiaries, for which deferred tax liabilities have not been recognised are attributable to the following:

(In £s million)	2018	2017
Foreign subsidiaries	7.2	5.9
Tax thereon	0.4	0.3

17. Trade and other receivables

(In £s million)	2018	2017
Trade receivables	647.1	604.3
Less provision for impairment	(13.8)	(18.2)
Net trade receivables	633.3	586.1
Accrued income	326.3	273.9
Prepayments and other debtors	50.8	48.2
	1,010.4	908.2

The directors consider that the carrying amount of trade receivables approximates to their fair value. The average credit period taken is 39 days (2017: 39 days).

Accrued income primarily arises where temporary workers have provided their services but the amount incurred and margin earned thereon has yet to be invoiced onto the client due to timing.

The ageing analysis of the trade receivables not impaired is as follows:

(In £s million)	2018	2017
Not yet due	567.7	537.0
Up to one month past due	58.2	42.5
One to three months past due	7.4	6.6
	633.3	586.1

The Group's exposure to foreign currency translation is primarily in respect of the Euro and the Australian Dollar. The sensitivity of a 1 cent change in the year end closing exchange rates in respect of the Euro and Australian Dollar would result in a £2.6 million and £0.5 million movement in trade receivables respectively.

The movement on the provision for impairment of trade receivables is as follows:

(In £s million)	2018	2017
At 1 July	18.2	16.3
Exchange movement	(0.2)	0.5
Charge for the year	3.6	3.2
Uncollectable amounts written off	(7.8)	(1.8)
At 30 June	13.8	18.2

The increase in uncollectable amounts written off during the year are primarily due to the removal of a number of historic debtors from the trade receivables ledger that are insolvent or deemed irrecoverable. These debtors had previously been fully provided for within the provision for impairment.

The ageing of impaired trade receivables relates primarily to trade receivables over three months past due.

Credit risk

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the Consolidated Balance Sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a likely reduction in the recoverability of the cash flows. The Group reduces risk through its credit control process and by contractual arrangements with other recruitment agencies in situations where the Group invoices on their behalf. The Group's exposure is spread over a large number of customers.

The risk disclosures contained on pages 38 to 42 within the Strategic Report form part of these financial statements.

18. Cash and cash equivalents

(In £s million)	2018	2017
Cash at bank and in hand	122.9	112.0

The effective interest rate on short-term deposits was 1.4% (2017: 1.3%). The average maturity of short-term deposits was one day (2017: one day).

Capital management

The Board's priorities for free cash flow are to fund the Group's investment and development, maintain a strong balance sheet and deliver a sustainable dividend at a level that is affordable and appropriate. The Board targets a dividend cover range of 2.0x to 3.0x full year earnings and remains committed to paying a sustainable and progressive dividend. Further details including the Group's policy on uses of excess free cash flow and payment of special dividends can be found in the Financial Review on page 37.

The capital structure of the Group consists of net cash/(debt), which is represented by cash and cash equivalents, bank loans and overdrafts (note 20) and equity attributable to equity holders of the parent, comprising issued share capital, reserves and retained earnings.

The Group is not restricted to any externally imposed capital requirements.

Risk management

A description of the Group's treasury policy and controls is included in the Financial Review on page 37.

Cash management and foreign exchange risk

The Group's cash management policy is to minimise interest payments by closely managing Group cash balances and external borrowings. Euro-denominated cash positions are managed centrally using a cash concentration arrangement which provides visibility over participating country bank balances on a daily basis. Any Group surplus balance is used to repay any maturing loans under the Group's revolving credit facility or invested in overnight money market funds. As the Group holds a sterling-denominated debt facility and generates significant foreign currency cash flows, the Board considers it appropriate in certain cases to use derivative financial instruments as part of its day-to-day cash management to reduce the Group's exposure to foreign exchange risk.

The Group's operating profit exposure to foreign currency translation is primarily in respect of the Euro and the Australian Dollar. The sensitivity of a 1 cent change in the average exchange rates for the year in respect of the Euro and Australian Dollar would result in a £1.2 million and £0.4 million change in operating profit respectively.

The Group does not use derivatives to hedge balance sheet and income statement translation exposure.

Interest rate risk

The Group is exposed to interest rate risk on floating rate bank loans and overdrafts. It is the Group's policy to limit its exposure to fluctuating interest rates by selectively hedging interest rate risk using derivative financial instruments, however there were no interest rate swaps held by the Group during the current or prior year. Cash and cash equivalents carry interest at floating rates based on local money market rates.

Counterparty credit risk

Counterparty credit risk arises primarily from the investment of surplus funds. Risks are closely monitored using credit ratings assigned to financial institutions by international credit rating agencies. The Group restricts transactions to banks and money market funds that have an acceptable credit profile and limits its exposure to each institution accordingly.

19. Derivative financial instruments

As at 30 June 2018, the Group had entered into one forward exchange contract arrangement with a counterparty bank:

(In £s million)	2018	2017
Net derivative liability	0.1	–

As set out in note 18 and in the Treasury management section of the Financial Review on page 37, in certain cases the Group uses derivative financial instruments to manage its foreign exchange exposures as part of its day-to-day cash management.

As at 30 June 2018, the Group had entered into one forward exchange contract arrangement with a counterparty bank (2017: four forward contracts). The fair market value of the contract as at 30 June 2018 gave rise to a loss resulting in the presentation of a net derivative liability of £0.1million (2017: £nil) in the Consolidated Balance Sheet.

The Group does not use derivatives for speculative purposes and all transactions are undertaken to manage the risks arising from underlying business activities. These instruments are classified as Level 2 in the IFRS 7 fair value hierarchy.

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19. Derivative financial instruments continued

Categories of financial assets and liabilities held by the Group are as shown below:

(In £s million)	2018	2017
Financial assets		
Net trade receivables	633.3	586.1
Accrued income	326.3	273.9
Cash and cash equivalents	122.9	112.0
	1,082.5	972.0
Financial liabilities		
Trade creditors	244.7	213.9
Other creditors	45.0	40.8
Accruals	390.5	352.7
Derivative financial instruments	0.1	-
Bank loans and overdrafts	-	0.4
	680.3	607.8

20. Bank loans and overdrafts

(In £s million)	2018	2017
Overdrafts	-	0.4

Risk management

A description of the Group's treasury policy and controls is included in the Financial Review on page 37.

Committed facilities

The Group has a £210 million unsecured revolving credit facility which expires in April 2020. The financial covenants 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 interest rate of the facility is based on a ratchet mechanism with a margin payable over LIBOR in the range of 0.90% to 1.55%.

At 30 June 2018, £210 million of the committed facility was undrawn.

Maturities of bank loans and overdrafts

The maturity of borrowings are as follows:

(In £s million)	2018	2017
Within one year	-	0.4

Fair values of financial assets and bank loans and overdrafts

The fair value of financial assets and bank loans and overdrafts is not materially different to their book value due to the short-term maturity of the instruments, which are based on floating rates.

The interest rate profile of bank loans and overdrafts is as follows:

(In £s million)	2018	2017
Floating rate – sterling	-	0.4

The floating rate liabilities comprise bank loans and unsecured overdrafts bearing interest at rates based on local market rates.

Interest rates

The weighted average interest rates paid were as follows:

	2018	2017
Bank borrowings	2.0%	2.2%

For each 25 basis point fall or rise in the average LIBOR rate in the year there would be a reduction or increase in profit before tax by approximately £0.1 million.

21. Trade and other payables

(In £s million)	2018	2017
Current		
Trade creditors	244.7	213.9
Other tax and social security	77.8	69.1
Other creditors	45.0	40.8
Accruals	390.5	352.7
	758.0	676.5

The directors consider that the carrying amount of trade payables approximates to their fair value. The average credit period taken for trade purchases is 33 days (2017: 32 days).

Accruals primarily relate to the remuneration costs for temporary workers and other agencies that have provided their services but remuneration has yet to be made due to timing.

22. Retirement benefit surplus/obligations

The Group operates a number of retirement benefit schemes in the UK and in other countries. The Group's principal schemes are within the UK where the Group operates one defined contribution scheme and two defined benefit schemes. The majority of overseas arrangements are either defined contribution or government-sponsored schemes and these arrangements are not material in the context of the Group results. The total cost charged to the Consolidated Income Statement in relation to these overseas arrangements was £10.9 million (2017: £10.6 million).

UK Defined Contribution Scheme

The Group's principal defined contribution retirement benefit scheme is the Hays Group Personal Pension Plan which is operated for all qualifying employees and is funded via an employee salary sacrifice arrangement, and for qualifying employees additional employer contributions. Employer contributions are in the range of 2% to 12% of pensionable salary depending on the level of employee contribution and seniority.

The total cost charged to the Consolidated Income Statement of £4.1 million (2017: £4.0 million) represents employer's contributions payable to the money purchase arrangements. There were no contributions outstanding at the end of the current year or prior year. The assets of the money purchase arrangements are held separately from those of the Group.

UK Defined Benefit Schemes

The Group's principal defined benefit schemes are the Hays Pension Scheme and the Hays Supplementary Scheme both in the UK. The Hays Pension Scheme is a funded final salary defined benefit scheme providing pensions and death benefits to members. The Hays Supplementary Scheme is an unfunded unapproved retirement benefit scheme for employees who were subject to HMRC's earnings cap on pensionable salary. The Schemes were closed to future accrual from 30 June 2012 with pensions calculated up until the point of closure. The Schemes are governed by a trustee board, which is independent of the Group and are subject to full actuarial valuation on a triennial basis.

The last formal actuarial valuation of the Hays Pension Scheme was performed at 30 June 2015 and quantified the deficit at c.£95 million. A revised deficit funding schedule was agreed with effect from 1 July 2015 which maintained the annual contribution at its previous level, subject to a 3% per annum fixed uplift over a period of just under 10 years. During the year ended 30 June 2018, the Group made a contribution of £14.8 million to the Hays Pension Scheme (2017: £14.4 million) in accordance with the agreed deficit funding schedule. The cash contributions during the year mainly related to deficit funding payments.

In respect of IFRIC 14, The Hays Pension Scheme Definitive Deed and Rules is considered to provide Hays with an unconditional right to a refund of surplus assets and therefore the recognition of a net defined benefit scheme asset is not restricted and agreements to make funding contributions do not give rise to any additional liabilities in respect of the scheme.

The defined benefit schemes expose the Group to actuarial risks, such as longevity risk, inflation risk, interest rate risk and market (investment) risk. The Group is not exposed to any unusual, entity-specific or scheme-specific risks.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

22. Retirement benefit surplus/obligations continued

The net amount included in the Consolidated Balance Sheet arising from the Group's surplus/obligations in respect of its defined benefit pension schemes is as follows:

(In £s million)	2018	2017
Present value of defined benefit obligations	(716.9)	(784.9)
Less fair value of defined benefit scheme assets:		
Equities	85.5	119.3
Bonds and gilts	339.5	320.9
Absolute return funds	37.7	46.7
LDI funds	258.5	237.0
Real estate	50.7	48.6
Cash	20.9	12.2
Total fair value of defined benefit scheme assets	792.8	784.7
Net asset/(liability) arising from defined benefit obligation	75.9	(0.2)

(In £s million)	Quoted	Unquoted	Total
Asset category			
Equities	85.5	–	85.5
Bonds and gilts	154.3	185.2	339.5
Absolute return funds	37.7	–	37.7
LDI funds	857.3	(598.8)	258.5
Real estate	–	50.7	50.7
Cash	21.4	(0.5)	20.9
Total scheme assets	1,156.2	(363.4)	792.8

The trustee board is responsible for determining the Hays pension schemes investment strategy, after taking advice from the Schemes' investment advisor Mercer Limited. The investment objective for the trustee of the Scheme is to maintain a portfolio of suitable assets of appropriate liquidity which will generate investment returns to meet, together with future contributions, the benefits of the defined benefit scheme as they fall due. The current strategy is to hold investments that share characteristics with the long-term liabilities of the Scheme. The majority of assets are invested in equities, corporate bonds and a Liability Driven Investments (LDI) portfolio. The Scheme assets do not include any directly held shares issued by the Company or property occupied by the Company.

The fair value of financial instruments has been determined using the fair value hierarchy. Where such quoted prices are unavailable, the price of a recent transaction for an identical asset, adjusted if necessary, is used. Where quoted prices are not available and recent transactions of an identical asset on their own are either unavailable or not a good estimate of fair value, valuation techniques are employed using observable market data and non-observable data.

In relation to the LDI funds the valuations have been determined as follows:

- Repurchase agreements (where the Scheme has sold assets with the agreement to repurchase at a fixed date and price) are included in the financial statements at the fair value of the repurchase price as a liability. The assets sold are reported in at their fair value reflecting that the Scheme retains the risks and rewards of ownership of those assets.
- The fair value of the forward currency contracts is based on market forward exchange rates at the year end and determined as the gain or loss that would arise if the outstanding contract was matched at the year end with an equal and opposite contract.
- Swaps represent current value of future cash flows arising from the swap determined using discounted cash flow models and market data at the reporting date.

The analysis of the LDI funds included within the pension scheme assets is as follows:

(In £s million)	Quoted	Unquoted	Total
LDI funds summary valuation			
Corporate bonds	16.2	–	16.2
Government bonds	380.7	–	380.7
Government index-linked	455.6	–	455.6
Interest rate swaps	–	74.9	74.9
Fixed incomes futures	–	24.2	24.2
Liquidity	4.8	–	4.8
Gross funds	857.3	99.1	956.4
Repurchase agreements	–	(540.2)	(540.2)
Asset swaps	–	(104.2)	(104.2)
RPI swaps	–	(29.3)	(29.3)
Futures	–	(24.2)	(24.2)
Gross liabilities	–	(697.9)	(697.9)
Total LDI funds	857.3	(598.8)	258.5

The LDI portfolio is managed by Insight (a Bank of New York Mellon company) under an active mandate and uses government bonds and derivative instruments (such as interest rate swaps, inflation swaps and gilt repurchase transactions) to hedge the impact of interest rate and inflation movements in relation to the long-term liabilities.

Under the Schemes' LDI strategy, if interest rates fall, the value of LDI investments will rise to help match the increase in actuarial liabilities arising from the fall in discount rate. Similarly if interest rates rise, the LDI investments will fall in value, as will the liabilities because of the increase in the discount rate. The extent to which the liability interest rate and inflation risk is not fully matched by the LDI funds represents the residual interest rate and inflation risk the Scheme remains exposed to.

In addition to the above risk, the LDI portfolio forms part of a diversified investment portfolio for the Scheme, with this diversification seeking to reduce investment risk.

The Scheme is subject to direct credit risk because the Scheme invests in segregated mandates with the Insight LDI portfolio. Credit risk arising on bonds held directly within the LDI portfolio is mitigated by investing mostly in government bonds where the credit risk is minimal.

Credit risk arising on the derivatives held in the LDI mandate depends on whether the derivative is exchange traded or over the counter (OTC). OTC derivative contracts are not guaranteed by any regulated exchange and therefore the Scheme is subject to risk of failure of the counterparty. The credit risk for OTC swaps held in the LDI portfolio is reduced by collateral arrangements.

The change in the present value of the defined benefit obligation was:

(In £s million)	2018	2017
Change in benefit obligation		
Opening defined benefit obligation at 1 July	(784.9)	(726.3)
Administration costs	(2.3)	(2.2)
Interest on defined benefit scheme liabilities	(20.2)	(19.4)
Net remeasurement losses – change in experience assumptions	(13.3)	(4.1)
Net remeasurement gains – change in demographic assumptions	26.4	–
Net remeasurement gains/(losses) – change in financial assumptions	31.2	(70.1)
Benefits and expenses paid	46.2	37.2
Closing defined benefit obligation at 30 June	(716.9)	(784.9)
Analysis of defined benefit obligation		
Plans that are wholly or partly funded	(705.8)	(772.5)
Plans that are wholly unfunded	(11.1)	(12.4)
Total	(716.9)	(784.9)

The defined benefit schemes' liability comprises 66% (2017: 64%) in respect of deferred scheme participants and 34% (2017: 36%) in respect of retirees.

The weighted average duration of the UK defined benefit scheme liabilities at the end of the reporting year is 22.0 years (2017: 22.0 years).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

22. Retirement benefit surplus/obligations continued

The change in the fair value of defined benefit schemes assets was:

(In £s million)	2018	2017
Change in the fair value of scheme assets		
Fair value of plan assets at 1 July	784.7	712.0
Interest income on defined benefit scheme assets	20.4	19.2
Return on scheme assets	18.6	75.9
Employer contributions (towards funded and unfunded schemes)	15.3	14.8
Benefits and expenses paid	(46.2)	(37.2)
Fair value of plan assets at 30 June	792.8	784.7

During the year the Company made deficit funding contributions of £14.8 million (2017: £14.4 million) into the funded Hays Pension scheme, and made pension payments amounting to £0.5 million (2017: £0.4 million) in respect of the unfunded Hays Supplementary Scheme. The amount of deficit funding contributions expected to be paid into the funded Hays Pension scheme in the year to 30 June 2019 is £15.3 million. Following the closure of the Schemes in 2012 future service contributions are no longer payable.

The net expense recognised in the Consolidated Income Statement comprised:

(In £s million)	2018	2017
Net interest credit/(expense)	0.2	(0.2)
Administration costs	(2.3)	(2.2)
Net expense recognised in the Consolidated Income Statement	(2.1)	(2.4)

The net interest credit/(expense) and administration costs in the current year and prior year were recognised within finance costs.

The amounts recognised in the Consolidated Statement of Comprehensive Income are as follows:

(In £s million)	2018	2017
The return on plan assets (excluding amounts included in net interest expense)	18.6	75.9
Actuarial remeasurement		
Net remeasurement losses – change in experience assumptions	(13.3)	(4.1)
Net remeasurement gains – change in demographic assumptions	26.4	–
Net remeasurement gains/losses – change in financial assumptions	31.2	(70.1)
Remeasurement of the net defined benefit liability	62.9	1.7

A roll forward of the actuarial valuation of the Hays Pension Scheme to 30 June 2018 and the valuation of the Hays Supplementary Pension Scheme has been performed by an independent actuary, who is an employee of Deloitte LLP.

The key assumptions used at 30 June are listed below.

	2018	2017
Discount rate	2.70%	2.65%
RPI inflation	3.05%	3.30%
CPI inflation	2.05%	2.30%
Rate of increase of pensions in payment	3.00%	3.20%
Rate of increase of pensions in deferment	2.05%	2.30%

The discount rate has been constructed to reference the Deloitte AA corporate bond curve (which fits a curve to iBoxx Sterling AA corporate data). The corporate bond yield curve has been used to discount the Scheme cash flows using the rates available at each future duration and this had been converted into a single flat rate assumption to give equivalent liabilities to the Scheme's cash flows. The duration of the Scheme's liabilities using this approach is circa 22 years.

The RPI inflation assumption has been set as gilt market implied RPI appropriate to the duration of the liabilities (circa 22 years) less a 0.2% per annum inflation risk premium. The CPI inflation assumption has been determined as 1% per annum below the RPI assumption. This approach for both RPI and CPI assumptions is consistent with last year.

The life expectancy assumptions have been calculated using Club Vita base tables and future improvements in line with the CMI 2017 model with a long-term improvement rate of 1.5% per annum and 'non-peaked' short-term future improvements. On this basis a 65-year-old current pensioner has a life expectancy of 23.6 years for males (2017: 24.5 years) and 24.1 years for females (2017: 25.0 years).

A sensitivity analysis on the principal assumptions used to measure the Schemes' liabilities at the year end is:

	Change in assumption	Impact on Schemes
Discount rate	0.5%	£75m
Inflation and pension increases (allowing for caps and collars)	0.5%	£50m
Assumed life expectancy at age 65	+1 year	£26m

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation to one another as some of the assumptions may be correlated.

In presenting the above sensitivity analysis the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the Consolidated Balance Sheet.

23. Provisions

(In £s million)	Discontinued	Continuing	Total
At 1 July 2017	6.6	2.2	8.8
Credited to income statement	-	(1.1)	(1.1)
Utilised	(0.3)	-	(0.3)
At 30 June 2018	6.3	1.1	7.4

(In £s million)	2018	2017
Current	1.2	2.6
Non-current	6.2	6.2
	7.4	8.8

Discontinued provisions comprise potential exposures arising as a result of the business disposals that were completed in 2004, together with deferred employee benefits relating to former employees.

Of the total provisions of £7.4 million, £1.1 million relates to deferred employee benefit obligations, and the remaining £6.3 million relate primarily to potential warranty claim liabilities arising from the business disposals which took place in 2004. Of the provisions that remain, £1.2 million is expected to be paid in the next 12 months and it is not possible to estimate the timing of the payments for the other items.

24. Called up share capital

Called up, allotted and fully paid Ordinary shares of 1 pence each

	Share capital number (thousand)	Share capital £s million
At 1 July 2017 and 30 June 2018	1,464,097	14.7

In accordance with the Companies Act 2006, the Company no longer has an authorised share capital. The Company is allowed to hold 10% of issued share capital in treasury.

As at 30 June 2018, the Company held 12.8 million (2017: 21.1 million) Hays plc shares in treasury. The shares held in treasury are used to satisfy the exercises in relation to equity-settled share-based payment awards.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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25. Share-based payments

During the year, £12.4 million (2017: £13.0 million) was charged to the Consolidated Income Statement in relation to equity-settled share-based payments.

Share options

At 30 June 2018 the following options had been granted and remained outstanding in respect of the Company's Ordinary shares of 1 pence each under the Company's share option schemes:

	Number of shares	Nominal value of shares £	Subscription price pence/share	Date normally exercisable
Hays UK Sharesave Scheme	182,538	1,825	142	2018
	1,720,390	17,204	107	2019
	680,061	6,801	143	2020
	1,162,225	11,622	171	2021
	3,745,214	37,452		
Hays International Sharesave Scheme	71,513	715	142	2018
	726,537	7,265	107	2019
	479,439	4,794	143	2020
	618,378	6,184	171	2021
	1,895,867	18,958		
Total Sharesave options outstanding	5,641,081	56,410		

The Hays International Sharesave Scheme is available to employees in Australia, New Zealand, Germany, the Republic of Ireland, Canada, Hong Kong, Singapore and the United Arab Emirates.

Details of the share options outstanding during the year are as follows:

	2018 Number of share options (thousand)	2018 Weighted average exercise price (pence)	2017 Number of share options (thousand)	2017 Weighted average exercise price (pence)
Sharesave				
Outstanding at the beginning of the year	5,584	124	6,371	117
Granted during the year	1,819	171	1,409	143
Forfeited/cancelled during the year	(754)	130	(1,155)	120
Exercised during the year	(969)	139	(948)	109
Expired during the year	(39)	131	(93)	104
Outstanding at the end of the year	5,641	136	5,584	124
Exercisable at the end of the year	254	142	320	131

The weighted average share price for all options exercised during the year was 182p (2017: 153p).

The options outstanding as at 30 June 2018 had a weighted average remaining contractual life of 1.8 years.

On 31 March 2018, 1.8 million Sharesave options were granted. The aggregate of the estimated fair values of the options granted on that date is £0.7 million. In the prior year, 1.4 million Sharesave options were granted. The aggregate of the estimated fair values of the options granted in the prior year was £0.4 million.

The inputs into the valuation model (a binomial valuation model) are as follows:

Share price at grant	187 pence
Exercise price	171 pence
Expected volatility	29.6%
Expected life	3.3 years
Risk-free rate	0.94%
Expected dividends	3.06%

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous three years.

Performance Share Plan (PSP) and Deferred Annual Bonus (DAB)

The PSP is designed to link reward to the key long-term value drivers of the business and to align the interests of the executive directors and approximately 320 of the global senior management population with the long-term interests of shareholders. PSP awards are discretionary and vesting is dependent upon the achievement of performance conditions measured over either a three-year period or a one-year period with a two-year holding period.

Only the executive directors and other members of the Management Board participate in the DAB which promotes a stronger link between short-term and long-term performance through the deferral of annual bonuses into shares for a three-year period.

Further details of the schemes for the executive directors can be found in the Remuneration Report on pages 83 to 86.

Details of the share awards outstanding during the year are as follows:

	2018 Number of share options (thousand)	2018 Weighted average fair value at grant (pence)	2017 Number of share options (thousand)	2017 Weighted average fair value at grant (pence)
Performance Share Plan				
Outstanding at the beginning of the year	21,767	131	22,688	122
Granted during the year	5,895	181	8,559	131
Exercised during the year	(6,026)	118	(7,620)	106
Lapsed during the year	(1,972)	130	(1,860)	135
Outstanding at the end of the year	19,664	152	21,767	131

The weighted average share price on the date of exercise was 187p (2017: 132p).

The options outstanding as at 30 June 2018 had a weighted average remaining contractual life of 1.5 years.

	2018 Number of share options (thousand)	2018 Weighted average fair value at grant (pence)	2017 Number of share options (thousand)	2017 Weighted average fair value at grant (pence)
Deferred Annual Bonus				
Outstanding at the beginning of the year	2,207	143	2,663	130
Granted during the year	651	184	595	138
Exercised during the year	(918)	133	(1,051)	107
Outstanding at the end of the year	1,940	162	2,207	143

The weighted average share price on the date of exercise was 185p (2017: 134p).

The options outstanding as at 30 June 2018 had a weighted average remaining contractual life of 1.2 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

26. Related parties

Remuneration of key management personnel

The remuneration of the Management Board and non-executive directors, who are key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 'Related Party Disclosures' and represents the total compensation costs incurred by the Group in respect of remuneration, not the benefit to the individuals. Further information about the remuneration of executive and non-executive directors is provided in the Directors' Remuneration Report on pages 74 and 82.

(In £s million)	2018	2017
Short-term employee benefits	11.2	9.0
Share-based payments	4.7	6.4
	15.9	15.4

Information relating to pension fund arrangements is disclosed in note 22.

27. Operating lease arrangements

The Group as lessee

(In £s million)	2018	2017
Land and buildings	37.0	34.7
Motor vehicles	8.3	7.4
Lease payments under operating leases recognised as an expense for the year	45.3	42.1

At 30 June 2018, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

(In £s million)	2018	2017
Within one year	53.2	46.7
Between two and five years	121.0	102.0
After five years	34.0	20.9
	208.2	169.6

IFRS 16 'Leases' will become effective in the Group's financial year 2020 and will primarily change the lease accounting requirements for lessees as currently disclosed above.

28. Movement in net cash/(debt)

(In £s million)	1 July 2017	Cash flow	Exchange movement	30 June 2018
Cash and cash equivalents	112.0	13.0	(2.1)	122.9
Bank loans and overdrafts	(0.4)	0.4	-	-
Net cash	111.6	13.4	(2.1)	122.9

The table above is presented as additional information to show movement in net cash/(debt), defined as cash and cash equivalents less bank loans and overdrafts.

29. Acquisition liabilities

(In £s million)	Total
At 1 July 2017	(13.6)
Exchange adjustments	0.5
Cash paid to acquire remaining shareholding	13.7
Interest unwind on acquisition liability	(0.6)
At 30 June 2018	–

Acquisition liabilities related to the deferred consideration payable following the acquisition of 80% of Veredus Corp., a pure play US IT staffing company in December 2014. The business was acquired for a total cash consideration of £36.1 million.

The deferred consideration was subject to a put/call arrangement which provided Hays with an option to acquire the remaining 20% of the equity from the shareholders. On 17 January 2017 there was an amendment to the arrangement that fixed the purchase price for the remaining 20% of the equity from shareholders at \$18.5 million. On 19 January 2018, Hays exercised the option to acquire the remaining 20% shareholding of Veredus Holdings inc. in the USA and paid \$18.5 million (£13.7 million) to the remaining shareholders. Hays now owns 100% of the business. The unwind of the discount in the year of £0.6 million is recognised as a finance cost in the income statement. A liability of £13.6 million was recognised in the prior year representing management's best estimate of the amount payable, discounted to its present value.

30. Subsequent events

The final dividend for 2018 of 2.75 pence per share (£40.1 million) along with a special dividend of 5.00 pence per share (£72.9 million) will be proposed at the Annual General Meeting on 14 November 2018 and has not been included as a liability as at 30 June 2018. If approved, the final and special dividend will be paid on 16 November 2018 to shareholders on the register at the close of business on 5 October 2018.

On 6 August 2018, Hays Pension Trustee Limited, in agreement with Hays plc, entered into a bulk purchase annuity policy (buy-in) contract with Canada Life Limited for a premium of £270.6 million in respect of insuring all future payments to the pensioner population of the Hays defined benefit scheme as at 31 December 2017. The pension buy-in transaction was funded through the existing investment assets held by the Trustee on behalf of the pension scheme.

This material balance sheet de-risking exercise is in line with Hays' long-term strategy to reduce future volatility of the Group's defined benefit schemes, and their financial impact on the Group.

HAYS PLC COMPANY BALANCE SHEET

AT 30 JUNE 2018

(In £s million)	Note	2018	2017
Non-current assets			
Property, plant and equipment		0.6	0.3
Investment in subsidiaries	4	743.9	910.4
Trade and other receivables	5	123.9	150.5
Deferred tax assets	6	0.4	0.2
Retirement benefit surplus	9	75.9	-
		944.7	1,061.4
Current assets			
Trade and other receivables	7	21.7	12.7
Cash and bank balances		14.0	1.0
		35.7	13.7
Total assets		980.4	1,075.1
Current liabilities			
Trade and other payables	8	(38.6)	(379.2)
Net current liabilities		(2.9)	(365.5)
Total assets less current liabilities		941.8	695.9
Non-current liabilities			
Deferred tax liabilities	6	(14.5)	-
Retirement benefit obligations	9	-	(0.2)
Provisions	10	(5.8)	(5.0)
		(20.3)	(5.2)
Total liabilities		(58.9)	(384.4)
Net assets		921.5	690.7
Equity			
Called up share capital		14.7	14.7
Share premium		369.6	369.6
Capital redemption reserve		2.7	2.7
Retained earnings		512.8	282.3
Equity reserve		21.7	21.4
Total equity		921.5	690.7

The financial statements of Hays plc, registered number 2150950, set out on pages 136 to 143 were approved by the Board of Directors and authorised for issue on 29 August 2018.

Signed on behalf of the Board of Directors

A R Cox

P Venables

HAYS PLC COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

(In £s million)	Called up share capital	Share premium	Capital redemption reserve	Retained earnings	Equity reserve	Total equity
At 1 July 2017	14.7	369.6	2.7	282.3	21.4	690.7
Remeasurement of defined benefit pension schemes	-	-	-	62.9	-	62.9
Tax relating to components of other comprehensive income	-	-	-	(11.9)	-	(11.9)
Net income recognised in other comprehensive income	-	-	-	51.0	-	51.0
Profit for the year	-	-	-	277.3	-	277.3
Total comprehensive income for the year	-	-	-	328.3	-	328.3
Dividends paid	-	-	-	(109.7)	-	(109.7)
Share-based payments	-	-	-	11.9	0.3	12.2
At 30 June 2018	14.7	369.6	2.7	512.8	21.7	921.5

FOR THE YEAR ENDED 30 JUNE 2017

(In £s million)	Called up share capital	Share premium	Capital redemption reserve	Retained earnings	Equity reserve	Total equity
At 1 July 2016	14.7	369.6	2.7	265.2	20.2	672.4
Remeasurement of defined benefit pension schemes	-	-	-	1.7	-	1.7
Tax relating to components of other comprehensive income	-	-	-	1.4	-	1.4
Net income recognised in other comprehensive income	-	-	-	3.1	-	3.1
Profit for the year	-	-	-	45.3	-	45.3
Total comprehensive income for the year	-	-	-	48.4	-	48.4
Dividends paid	-	-	-	(42.6)	-	(42.6)
Share-based payments	-	-	-	11.3	1.2	12.5
At 30 June 2017	14.7	369.6	2.7	282.3	21.4	690.7

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, in accordance with Financial Reporting standard 101 (FRS101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by Section 408 of the Companies Act 2006, the Company's income statement has not been presented. The Company, as permitted by FRS101, has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, financial instruments, certain disclosures regarding the Company's capital, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, certain related party transactions and the effect of future accounting standards not yet adopted. Where required, equivalent disclosures are provided in the Group Financial Statements of Hays plc.

The significant accounting policies and significant judgments and key estimates relevant to the Company are the same as those set out in note 2 and note 3 to the Group Financial Statements.

2. Employee information

There are no staff employed by the Company (2017: none). Therefore no remuneration has been disclosed. Details of directors' emoluments and interests are included in the Remuneration Report on pages 74 to 86 of the Annual Report.

3. Profit for the year

Hays plc has not presented its own income statement and related notes as permitted by Section 408 of the Companies Act 2006. The profit for the financial year in the Hays plc Company Financial Statements is £277.3 million (2017: profit £45.3 million).

4. Investment in subsidiaries

(In £s million)	2018	2017
Cost		
At 1 July	910.4	910.4
Provision for impairment		
Charge during the year	(166.5)	–
Total		
At 30 June	743.9	910.4

Investments in subsidiaries are stated at cost less any impairment in recoverable value.

The impairment during the year of £166.5 million relates to Hays Holdings Limited, a subsidiary of the Company.

The principal subsidiary undertakings of the Group are listed in note 11.

5. Trade and other receivables: amounts falling due after more than one year

(In £s million)	2018	2017
Prepayments	0.6	1.0
Amounts owed by subsidiary undertakings	123.3	149.5
	123.9	150.5

The Company charges interest on amounts owed by subsidiary undertakings at a rate of three-month LIBOR plus 1%.

6. Deferred tax

(In £s million)	2018	2017
Deferred tax assets	0.4	0.2
Deferred tax liabilities	(14.5)	–
Net deferred tax	(14.1)	0.2

7. Trade and other receivables: amounts falling due within one year

(In £s million)	2018	2017
Corporation tax debtor	18.7	9.9
Prepayments	3.0	2.8
	21.7	12.7

8. Trade and other payables

(In £s million)	2018	2017
Accruals	22.0	18.4
Amounts owed to subsidiary undertakings	16.6	360.8
	38.6	379.2

Amounts owed to subsidiary undertakings are repayable on demand. The Company is charged interest on amounts owed to subsidiary undertakings at a rate of three-month LIBOR less 1%.

9. Retirement benefit surplus/obligations

(In £s million)	2018	2017
Net asset/(liability) arising from defined benefit obligation	75.9	0.2

The details of this UK scheme, for which Hays plc is the sponsoring employer, are set out in note 22 to the Group Financial Statements.

10. Provisions

(In £s million)	
At 1 July 2017	5.0
Charged to the income statement	1.1
Utilised during the year	(0.3)
At 30 June 2018	5.8

Provisions comprise of potential exposures arising as a result of the business disposals relating to the Group transformation that concluded in 2004. It is not possible to estimate the timing of payments against the remaining provisions.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

CONTINUED

11. Subsidiaries

	Registered Address and Country of Incorporation
Hays Specialist Recruitment (Australia) Pty Limited	Level 13, The Chifley Tower, 2 Chifley Square, Sydney, NSW 2000, Australia
Hays Österreich GmbH	Europaplatz 3/5, 1150 Wien, Austria
Hays Professional Solutions Österreich GmbH	Europaplatz 3/5, 1150 Wien, Austria
Hays NV	B – 8500 Kortrijk, Brugsesteenweg 255 box 2, Belgium
Hays Services NV	B – 8500 Kortrijk, Brugsesteenweg 255 box 2, Belgium
Hays Recruitment and Selection Ltda	Rua Pequetita, No.215, 13th Floor, Sao Paulo, Brazil
Hays Specialist Recruitment (Canada) Inc.	1500 Don Mills Road, Suite 402, North York, Ontario, M3B 3K4, Canada
Hays Especialistas En Reclutamiento Limitada	Cerro El Plomo 5630, Of. 1701, Las Condes, P.O. 7560742, Santiago, Chile
Hays Specialist Recruitment (Shanghai) Co. Limited* (90% owned)	Unit 0304, 19/F Shui On Plaza, 333 Huaihai Road, Lot No.7 Luwan District, Shanghai 200020, CN, O, China
Hays Colombia SAS	AK 45 No. 108-27 Torre 2 Oficina 1105, Bogotá, Colombia
Hays Czech Republic s.r.o	Olivova 4/2096, 110 00 Praha 1, Czech Republic
Hays Information Technology s.r.o	Olivova 4/2096, 110 00 Praha 1, Czech Republic
Hays Specialist Recruitment (Denmark) A/S	Kongens Nytorv 8, 1050 København K, Denmark
Axis Resources Holding Limited (In Liquidation)	55 Baker Street, London, W1U 7EU, United Kingdom
Axis Resources Limited (In Liquidation)	55 Baker Street, London, W1U 7EU, United Kingdom
EPS Pension Trustees Limited (In Liquidation)	55 Baker Street, London, W1U 7EU, United Kingdom
H101 Limited	250 Euston Road, London, NW1 2AF, United Kingdom
Hays Commercial Services Limited (In Liquidation)	55 Baker Street, London, W1U 7EU, United Kingdom
Hays Finance Technology Limited (In Liquidation)	55 Baker Street, London, W1U 7EU, United Kingdom
Hays Group Holdings Limited †	250 Euston Road, London, NW1 2AF, United Kingdom
Hays Healthcare Limited	250 Euston Road, London, NW1 2AF, United Kingdom
Hays Holdings Ltd †	250 Euston Road, London, NW1 2AF, United Kingdom
Hays International Holdings Limited †	250 Euston Road, London, NW1 2AF, United Kingdom
Hays Life Sciences Limited	250 Euston Road, London, NW1 2AF, United Kingdom
Hays Nominees Limited	250 Euston Road, London, NW1 2AF, United Kingdom
Hays Overseas Holdings Limited †	250 Euston Road, London, NW1 2AF, United Kingdom
Hays Pension Trustee Limited †	250 Euston Road, London, NW1 2AF, United Kingdom
Hays Personnel (Managed Solutions) Limited (In Liquidation)	55 Baker Street, London, W1U 7EU, United Kingdom
Hays Personnel Payroll Services Limited (In Liquidation)	55 Baker Street, London, W1U 7EU, United Kingdom
Hays Personnel Services Limited (In Liquidation)	55 Baker Street, London, W1U 7EU, United Kingdom
Hays Pharma Consulting Limited (In Liquidation)	55 Baker Street, London, W1U 7EU, United Kingdom
Hays Pharma Limited (In Liquidation)	55 Baker Street, London, W1U 7EU, United Kingdom
Hays Project Solutions Limited	250 Euston Road, London, NW1 2AF, United Kingdom
Hays Property Holdings Limited (In Liquidation)	55 Baker Street, London, W1U 7EU, United Kingdom
Hays Recruitment Services Limited	250 Euston Road, London, NW1 2AF, United Kingdom
Hays Social Care Limited	250 Euston Road, London, NW1 2AF, United Kingdom
Hays Specialist Recruitment (Holdings) Limited †	250 Euston Road, London, NW1 2AF, United Kingdom
Hays Specialist Recruitment Limited	250 Euston Road, London, NW1 2AF, United Kingdom
Hays SRA Limited (In Liquidation)	55 Baker Street, London, W1U 7EU, United Kingdom
Hays Stakeholder Life Assurance Trustee Limited †	250 Euston Road, London, NW1 2AF, United Kingdom
Hays ZMB Limited (In Liquidation)	55 Baker Street, London, W1U 7EU, United Kingdom
James Harvard International Group Limited (In Liquidation)	55 Baker Street, London, W1U 7EU, United Kingdom
Krooter Limited	250 Euston Road, London, NW1 2AF, United Kingdom
Myriad Computer Services Limited (In Liquidation)	55 Baker Street, London, W1U 7EU, United Kingdom
Oval (1620) Limited	250 Euston Road, London, NW1 2AF, United Kingdom
Owen, Thornhill and Harper Limited (In Liquidation)	55 Baker Street, London, W1U 7EU, United Kingdom
Paperstream Limited	250 Euston Road, London, NW1 2AF, United Kingdom
Recruitment Solutions Group Limited (IOM)	First Names House, Victoria Road, Douglas, IM2 4DF, Isle of Man
RSG EBT Limited (In Liquidation)	55 Baker Street, London, W1U 7EU, United Kingdom
Weyside 23 Limited (In Liquidation)	55 Baker Street, London, W1U 7EU, United Kingdom

	Registered Address and Country of Incorporation
Weyside Group Limited (In Liquidation)	55 Baker Street, London, W1U 7EU, United Kingdom
Weyside Office Services Limited (In Liquidation)	55 Baker Street, London, W1U 7EU, United Kingdom
Weyside Telecoms Limited (In Liquidation)	55 Baker Street, London, W1U 7EU, United Kingdom
Weyside Turngate Limited (In Liquidation)	55 Baker Street, London, W1U 7EU, United Kingdom
Hays BTP & Immobilier SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Clinical Research SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Consulting SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Corporate SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Est SASU	34 rue Stanislas, 54000 Nancy, France
Hays Executive SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Finance SASU	147 boulevard Haussmann, 75008 Paris, France
Hays France SAS	147 boulevard Haussmann, 75008 Paris, France
Hays Ile de France SASU	147 boulevard Haussmann, 75008 Paris, France
Hays IT Services SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Life Sciences Consulting SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Life Sciences Services SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Medias SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Méditerranée SASU	369/371 Promenade des Anglais - Immeuble Crystal Palace, 06000 Nice, France
Hays Nord Est SASU	6, rue Jean Roisin, 59000 Lille, France
Hays Ouest SASU	36 boulevard Guist'Hau, 44000 Nantes, France
Hays Outsourced Solutions SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Pharma Consulting SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Pharma SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Pharma Services SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Pharma Technology SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Pharma Technology Consulting SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Pharma Technology Services SASU	147 boulevard Haussmann, 75008 Paris, France
Hays Sud Est SASU	Immeuble Grand Bazar, 2 rue Grolee, 69002 Lyon, France
Hays Sud Ouest SASU	23 rue Lafayette, 31000 Toulouse, France
Hays Talent Solutions SASU	23 rue Lafayette, 31000 Toulouse, France
Hays Travail Temporaire SASU	147 boulevard Haussmann, 75008 Paris, France
Hays AG	Willy-Brandt-Platz 1-3, 68161 Mannheim, Germany
Hays Talent Solutions GmbH	Völklinger Straße 4, 40219 Düsseldorf, Germany
Hays Holding GmbH	Willy-Brandt-Platz 1-3, 68161 Mannheim, Germany
Hays Technology Solutions GmbH	Willy-Brandt-Platz 1-3, 68161 Mannheim, Germany
Hays Professional Solutions GmbH	Völklinger Straße 4, 40219 Düsseldorf, Germany
Hays Hong Kong Limited	Unit 6604-06, 66/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong
Hays Specialist Recruitment Hong Kong Limited	Unit 6604-06, 66/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong
Hays Hungary Kft.	1054 Budapest, Szabadság tér 7, Bank Center, Hungary
Hays Business Solutions Private Limited (Gurgaon)	Buildings 9B, 11th Floor, DLF Cyber City, Gurgaon, Haryana-HR, India, 122002
Hays Specialist Recruitment Private Limited	Level 3, Neo Vikram, New Link Road, Above Audi Showroom, Andheri West, Mumbai, Maharashtra-MH, India, 400053
Hays Business Services Ireland Limited	26/27a Grafton St, Dublin 2, Ireland
Hays Specialist Recruitment (Ireland) Limited	26/27a Grafton St, Dublin 2, Ireland
Hays Professional Services S.r.l	Corso Italia 13, CAP 20122, Milano, Italy
Hays Solutions S.r.l	Corso Italia 13, CAP 20122, Milano, Italy
Hays SRL	Corso Italia 13, CAP 20122, Milano, Italy
Hays Resource Management Japan K.K.	Izumi Garden Tower 28F 1-6-1 Roppongi, Minato-ku, Tokyo 106-6028, Japan

NOTES TO THE COMPANY FINANCIAL STATEMENTS

CONTINUED

11. Subsidiaries continued

	Registered Address and Country of Incorporation
Hays Specialist Recruitment Japan K.K.	Izumi Garden Tower 28F 1-6-1 Roppongi, Minato-ku, Tokyo 106-6028, Japan
Hays Finance (Jersey) Limited	44 Esplanade St, Helier, Jersey JE4 9WG
Hays S.a.r.l	65 Avenue de la Gare – L 1611, Luxembourg
Hays Travail Temporaire Luxembourg	65 Avenue de la Gare – L 1611, Luxembourg
Agensi Pekerjaan Hays Specialist Recruitment (Malaysia) Sdn. Bhd.* (49% owned)	B4-3A-6, Solaris Dutamas, No 1, Jalan Dutamas 1, 50480 Kuala Lumpur, Malaysia
Hays Solution Sdn. Bhd.	B4-3A-6, Solaris Dutamas, No 1, Jalan Dutamas 1, 50480 Kuala Lumpur, Malaysia
Hays Specialist Recruitment Holdings Sdn. Bhd.	B4-3A-6, Solaris Dutamas, No 1, Jalan Dutamas 1, 50480 Kuala Lumpur, Malaysia
Hays Flex. S.A. de C.V.	Avenida Paseo de las Palmas No. 405, 1003, Colonia Lomas de Chapultepec VII Seccion, C.P. 11000, México,CD.MX.
Hays Servicios S.A. de C.V.	Avenida Paseo de las Palmas No. 405, 1003, Colonia Lomas de Chapultepec VII Seccion, C.P. 11000, México,CD.MX.
Hays, S.A. de C.V.	Avenida Paseo de las Palmas No. 405, 1003, Colonia Lomas de Chapultepec VII Seccion, C.P. 11000, México,CD.MX.
Hays B.V.	Ellen Pankhurststraat 1G, NL-5032 MD, Tilburg, Netherlands
Hays Commercial Services B.V.	Ellen Pankhurststraat 1G, NL-5032 MD, Tilburg, Netherlands
Hays Holdings B.V.	Ellen Pankhurststraat 1G, NL-5032 MD, Tilburg, Netherlands
Hays Services B.V.	Ellen Pankhurststraat 1G, NL-5032 MD, Tilburg, Netherlands
Hays Temp B.V.	Ellen Pankhurststraat 1G, NL-5032 MD, Tilburg, Netherlands
Hays Specialist Recruitment (NZ) Limited	Level 12, Pwc Tower, 188 Quay Street, Auckland, 1010, New Zealand
Hays Document Management (Private) Limited	6th Floor,AWT Plaza, I.I Chundrigar Road, Karachi, Pakistan
Hays Outsourcing Sp. z.o.o.	Złota 59, 00-120 Warszawa, Poland
Hays Poland Sp. z.o.o.	Złota 59, 00-120 Warszawa, Poland
Hays Poland Centre of Excellence sp. z.o.o.	Złota 59, 00-120 Warszawa, Poland
HaysP Recrutamento Seleccao e Empresa de Trabalho Temporario Unipessoal LDA	Avenida da Republica, no 90 – 1º andar, fração 4, 1600-206 – Lisbon, Portugal
Hays Specialist Recruitment Romania SRL	30 Frumoasa Street, 1st Floor, zone A, module 1.32, 1st District, Bucharest, Romania
Hays Business Solutions Limited Liability Company	Room 35, premises 1, 3 floor, bld. 2,2, Paveletskaya Square, Moscow, 115054.
Hays IT Solutions Limited Liability Company	Room 35, premises 1, 3 floor, bld. 2,2, Paveletskaya Square, Moscow, 115054.
Hays Specialist Recruitment Limited Liability Company	Room 35, premises 1, 3 floor, bld. 2,2, Paveletskaya Square, Moscow, 115054.
Hays Specialist Recruitment P.T.E Limited	80 Raffles Place, #27-20 UOB Plaza 2, Singapore
Hays Business Services S.L.	Paseo de la Castellana 81, 28046 Madrid, Spain
Hays Personnel Espana Empresa de Trabajo Temporal SA	Paseo de la Castellana 81, 28046 Madrid, Spain
Hays Personnel Services Espana SA	Paseo de la Castellana 81, 28046 Madrid, Spain
Hays Specialist Recruitment AB	Stureplan 4 C, 114 35, Stockholm, Sweden
Hays (Schweiz) AG	Nüscherstrasse 32, CH-8001 Zurich, Switzerland
Hays Talent Solutions (Schweiz) GmbH	Nüscherstrasse 32, CH-8001 Zurich, Switzerland
Hays FZ-LLC	Block 19, 1st Floor, Office F-02, Knowledge Village, Dubai 500340, United Arab Emirates
3 Story Software LLC	615 West Johnson Ave #202 Cheshire, CT 06410 USA
Hays Holding Corporation	160 Greentree Dr. Suite 101 Dover DE 19904 USA
Hays Specialist Recruitment LLC	160 Greentree Dr. Suite 101 Dover DE 19904 USA
Hays Talent Solutions LLC	160 Greentree Dr. Suite 101 Dover DE 19904 USA
Hays USA Holdings Inc	1209 Orange Street, Wilmington, DE 19801, USA
Veredus Corporation	4300 W Cypress Street Suite 900 Tampa, FL 33607 USA
Veredus Government Solutions, LLC	101 E. Kennedy Blvd Suite 2700 Tampa, FL 33602 USA
Veredus Holdings. Inc.	1200 South Pine Island Road, Plantation FL 33324 USA
Veredus, LLC	1200 South Pine Island Road, Plantation FL 33324 USA

As at 30 June 2018, Hays plc and/or a subsidiary or subsidiaries in aggregate owned 100% of each class of the issued shares of each of these companies with the exception of companies marked with an asterisk (*) in which case each class of issued shares held was as stated.

Shares in companies marked with a (†) were owned directly by Hays plc. All other companies were owned by a subsidiary or subsidiaries of Hays plc.

12. Other related party transactions

Hays plc has taken advantage of the exemption granted under paragraph 8(k) of FRS101 not to disclose transactions with fellow wholly owned subsidiaries. Transactions entered into and trading balances outstanding that were owed to Hays plc at 30 June 2018 with other related parties was £0.9 million (2017: £1.1 million).



SHAREHOLDER INFORMATION

Supporting information
for investors.

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SHAREHOLDER INFORMATION

Registrar

The Company's registrar is:
Equiniti Limited
Aspect House, Spencer Road, Lancing
West Sussex BN99 6DA
www.shareview.co.uk

Telephone: 0371 384 2843⁽¹⁾
International: +44 121 415 7047
Textphone: 0371 384 2255

ID fraud and unsolicited mail

Share-related fraud and identity theft affects shareholders of many companies and we urge you to be vigilant. If you receive any unsolicited mail offering advice, you should inform Equiniti immediately.

As the Company's share register is, by law, open to public inspection, shareholders may receive unsolicited mail from organisations that use it as a mailing list. To reduce the amount of unsolicited mail you receive, contact the Mailing Preference Service, FREEPOST 29 LON20771, London W1E 0ZT. Telephone: 0345 0700 705. Website: www.mpsonline.org.uk

ShareGift

ShareGift is a charity share donation scheme for shareholders and is administered by the Orr Mackintosh Foundation. It is especially useful for those shareholders who wish to dispose of a small number of shares whose value makes it uneconomical to sell on a normal commission basis. Further information can be obtained from www.sharegift.org or from Equiniti.

Website

The Company has a corporate website at haysplc.com, which holds, amongst other information, a copy of our latest Annual Report & Financial Statements and copies of all announcements made over the last 12 months.

Registered office

250 Euston Road
London
NW1 2AF
Registered in England & Wales no. 2150950
Telephone: +44 (0) 20 7383 2266

Company Secretary

Doug Evans
Email: cosec@hays.com

Investor Relations contact

David Phillips, Head of Investor Relations
Email: ir@hays.com

Equiniti provides a range of services for shareholders:

Service	What it offers	How to participate
Shareholder service	You can access details of your shareholding and a range of other shareholder services.	You can register at www.shareview.co.uk
Enquiries relating to your shareholding	You can inform Equiniti of lost share certificates, dividend warrants or tax vouchers, change of address or if you would like to transfer shares to another person.	Please contact Equiniti.
Dividend payments	Dividends may be paid directly into your bank or building society account. Tax vouchers will continue to be sent to the shareholder's registered address.	Complete a dividend bank mandate instruction form which can be downloaded from www.shareview.co.uk or by telephoning Equiniti.
Dividend payment direct to bank account for overseas shareholders	Equiniti can convert your dividend in over 83 currencies to over 90 countries worldwide and send it directly to your bank account.	For more details please visit www.shareview.co.uk or contact Equiniti.
Dividend Reinvestment Plan (DRIP)	The Company has a DRIP to allow shareholders to reinvest the cash dividend that they receive in Hays plc shares on competitive dealing terms.	Further information is available from the Share Dividend helpline on 0371 384 2268 or visit www.shareview.co.uk
Amalgamation of accounts	If you receive more than one copy of the Annual Report & Financial Statements, it could be because you have more than one record on the register. Equiniti can amalgamate your accounts into one record.	Please contact Equiniti.
Share dealing service ⁽²⁾	Equiniti offers Shareview Dealing, a service which allows you to sell your Hays plc shares or add to your holding if you are a UK resident. If you wish to deal, you will need your account/shareholder reference number which appears on your share certificate. Alternatively, if you hold a share certificate, you can also use any bank, building society or stockbroker offering share dealing facilities to buy or sell shares. ⁽²⁾	You can deal in your shares on the internet or by phone. For more information about this service and for details of the rates, log on to www.shareview.co.uk/dealing or telephone Equiniti on 0345 603 7037 between 8.00am and 4.30pm, Monday to Friday.
Individual Savings Accounts (ISAs) ⁽²⁾	Investors in Hays plc Ordinary shares may take advantage of a low-cost individual savings account (ISA) and/or an investment account where they can hold their Hays plc shares electronically. The ISA and investment account are operated by Equiniti Financial Services Limited and are subject to standard dealing commission rates.	For further information or to apply for an ISA or investment account, visit Equiniti's website at www.shareview.co.uk/dealing or telephone them on 0345 300 0430.

(1) Lines open 8.30am to 5.30pm (UK time), Monday to Friday (excluding public holidays in England and Wales).

(2) The provision of share dealing services is not intended to be an invitation or inducement to engage in an investment activity. Advice on share dealing should be obtained from a professional independent financial adviser.

FINANCIAL CALENDAR

2018

11 October	Trading Update for quarter ending 30 September 2018
14 November	Annual General Meeting
16 November	Payment of final and special dividends

2019

15 January	Trading Update for quarter ending 31 December 2018
21 February	Half-Year Report for six months ending 31 December 2018
16 April	Trading Update for quarter ending 31 March 2019

HAYS ONLINE

Our award-winning investor site gives you fast direct access to a wide range of Company information.

🔗 See haysplc.com/investors

Our investor site includes:

- Investment case
- Results centre
- Events calendar
- Corporate governance
- Investor Day materials
- Regulatory news
- Alerts
- Share price information
- Shareholder services
- Advisors & analysts' consensus
- Annual reports archive



Follow us on social media:

-  linkedin.com/company/hays
-  twitter.com/HaysWorldwide
-  facebook.com/HaysUK
-  youtube.com/user/HaysTV

GLOSSARY

Term	Definition
Contractor	Freelance worker who is paid to work on a specific project or task. Typically works on a project basis for a fixed period of time, usually around 6-12 months
Conversion Rate	Proportion of our net fees which is converted into operating profit
Core Dividend	Interim and final dividends paid to shareholders. Our target dividend cover is within 2.0x to 3.0x EPS (currently 3.0x)
'Find & Engage'	Our proprietary recruitment model, which combines the best practices and skills of traditional hiring, and then incorporates new technology and data sciences to locate candidates at scale
Flex/Flexible worker	Encompasses both Temp and Contractor workers
Free Cash Flow	Cash generated by operations less tax paid and net interest paid
Hays Talent Solutions	Our outsourced services business, which includes our MSP and RPO contracts, and represents c.15% of Group net fees
International	Relating to our non-UK&I business
Job Churn	Confidence among businesses to hire skilled people, aligned to candidate confidence to move jobs
Like-for-like/Organic	Year-on-year growth of net fees or profits of Hays' continuing operations, at constant currency
Managed Service Programmes (MSP)	The transfer of all or part of the management of a client's temporary staffing hiring activities on an ongoing basis
Megatrend	Powerful macro industry theme which we regard as shaping recruitment markets and driving net fee growth
Net Fees	As defined in note 2e to the Consolidated Financial Statements
Perm	Candidate placed with a client in a permanent role
Perm Gross Margin	Our percentage placement fee, usually based on the Perm candidate's base salary
Profit Drop-through	The additional like-for-like profit which flows to our bottom line from incremental like-for-like net fees in a particular period. Expressed as a percentage
Recruitment Process Outsourcing (RPO) contracts	The transfer of all or part of a client's permanent recruitment processes on an ongoing basis
Special Dividend	Dividends proposed by the Board over and above our Core Dividends. We have a policy of distributing any net cash on our balance sheet at year end above c.£50m to shareholders, assuming a positive outlook
Specialism	20 broad areas, usually grouped by industry, in which we are experts, e.g. Construction & Property, Accountancy & Finance
Talent Pools	Collective term for active candidate databases
Temp	Worker engaged on a short-term basis to fill a skills gap for a pre-agreed period of time
Turnover	As defined in note 2d to the Consolidated Financial Statements
Underlying Temp Gross Margin	Temp net fees divided by Temp gross revenue. Relates solely to Temp placements where we generate net fees, and specifically excludes: transactions where we act as agent for workers supplied by third-party agencies; arrangements relating to major payrolling services. Usually expressed as a percentage

COUNTRY LIST

Australia	Italy	Brazil
New Zealand	Luxembourg	Canada
Germany	The Netherlands	Chile
UK	Poland	Colombia
Ireland	Portugal	Mexico
Austria	Romania	USA
Belgium	Russia	China
Czech Republic	Spain	India
Denmark	Sweden	Japan
France	Switzerland	Malaysia
Hungary	UAE	Singapore



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