HAS Hays plc

Hays lifts first-half profit to at least £35m as German contracting recovers

Following the Trading Update · 18 November 2026

H1 FY27 OPERATING PROFIT	PRIOR CONSENSUS	STRUCTURAL SAVINGS TARGET	FY25 NET FEES
at least £35m	£24.8m	c.£50m	£972m
▲ pre-exceptional, against £24.8m consensus	company-compiled, five analysts, as of 17 Nov 2026	per annum, in FY27	▼ down from £1.11bn

Share price, past 12 months

Daily close; latest price as at 16:29 on 17 November 2026 · Ticker Data API



Today Hays told the market that pre-exceptional operating profit for the first half of FY27 (the six months to 31 December 2026) will be at least £35m. The company's own compiled consensus, from five analysts, stood at £24.8m. Germany drove the change. Net fees there have improved each month since the 12 October first-quarter statement, led by Contracting, and the division is now expected to return to modest like-for-like growth in the second quarter. Trading elsewhere is described as stable. Hays still expects a slightly stronger second half, helped by more favourable trading days, and remains focused on c.£50m a year of structural cost savings in FY27.

The upgrade comes from a low base. In FY25 net fees fell to £972m and pre-exceptional operating profit fell to £45.6m, which became £14.9m once exceptional items were deducted. FY26 ended in a £54.5m statutory pre-tax loss after restructuring charges. The upgrade shows a smaller cost base earning more than expected in a weak hiring market. It does not yet show a broad recovery in demand, and it does not yet show cash. No group net-fee figure, cash forecast or exceptional-cost estimate was given. UK and German hiring surveys remain poor. The first tests are the second-quarter trading update on 14 January 2027 and the half-year results on 26 February 2027.

Germany's contractors turned first, the rest held steady

Hays is a white-collar recruiter. It earns money from temporary and contract placements, where it takes a margin on every hour worked, and from permanent placements, where it charges a one-off fee. Its business is split into four regions: Germany, the UK & Ireland, Australia & New Zealand, and the Rest of World. The figure that matters most is net fees, meaning gross profit after paying contractors. The conversion rate is operating profit as a share of net fees, so it shows how much of each pound of fees reaches profit.

Hays issued today's statement as inside information, five weeks after its 12 October first-quarter update. The new floor of £35m for first-half pre-exceptional operating profit is £10.2m, or 41%, above the £24.8m consensus Hays compiled from five analysts as of 17 November. The wording "at least" makes it a minimum, not a range.

All of the improvement described comes from Germany. Net fees there have improved sequentially, driven by the Contracting business, and the division is now expected to return to modest year-on-year like-for-like growth in the second quarter. Within that, Construction & Property kept growing strongly, Technology returned to growth and the Services business won new contracts. Trading in the other divisions was "stable and in line with our expectations". German growth is still a forecast for the quarter to 31 December, and no group-wide fee figure was given.

Hays also reported good progress on its Momentum strategy, including the structural cost reduction programme. It aims for above-inflation growth in net fees per consultant and says it is increasingly confident of reaching its medium-term targets through its own actions, including a return to a conversion rate of 25% or more.

FIGURE	VALUE	CHANGE
H1 FY27 pre-exceptional operating profit (expected) H1 FY27	at least £35m	materially above consensus
Company-compiled consensus, H1 FY27 pre-exceptional operating profit as of 17 Nov 2026	£24.8m	
Employees FY2026	8,100	

Sources: Trading Update RNS, 18 Nov 2026; Company website (Ticker company data)

A beat measured against a business earning a fraction of 2023

The size of the beat depends on how low the base was. Hays made £197m of operating profit in the year to June 2023. By FY25, net fees had fallen to £972m from £1.11bn, and pre-exceptional operating profit had fallen to £45.6m from £105m. On those figures conversion halved, from about 9.5% of net fees to about 4.7%. In a recruiter, that is the effect of operational gearing working in reverse: consultants and offices cost roughly the same whether or not clients hire.

The gap between adjusted and statutory profit has been persistent. FY25's £45.6m of pre-exceptional operating profit became £14.9m of statutory operating profit, a difference of £30.7m, and the year ended with an after-tax loss of £7.8m. Proactive Investors reported a statutory pre-tax loss of £54.5m for the year to 30 June 2026, as restructuring charges outweighed the improvement in underlying profit. Restructuring charges have been classed as exceptional in each of the last three years.

The dividend tells the same story. The FY25 total was 1.24p against 3p a year earlier, and FY26 paid 0.44p, made up of a 0.15p interim and a 0.29p final. The final is due to be paid on 26 November 2026. A

first half of at least £35m, before exceptionals, would on its own be more than three-quarters of FY25's full-year adjusted figure. The share of that improvement that survives exceptional costs will only show in the February accounts.

FY25 against the prior period

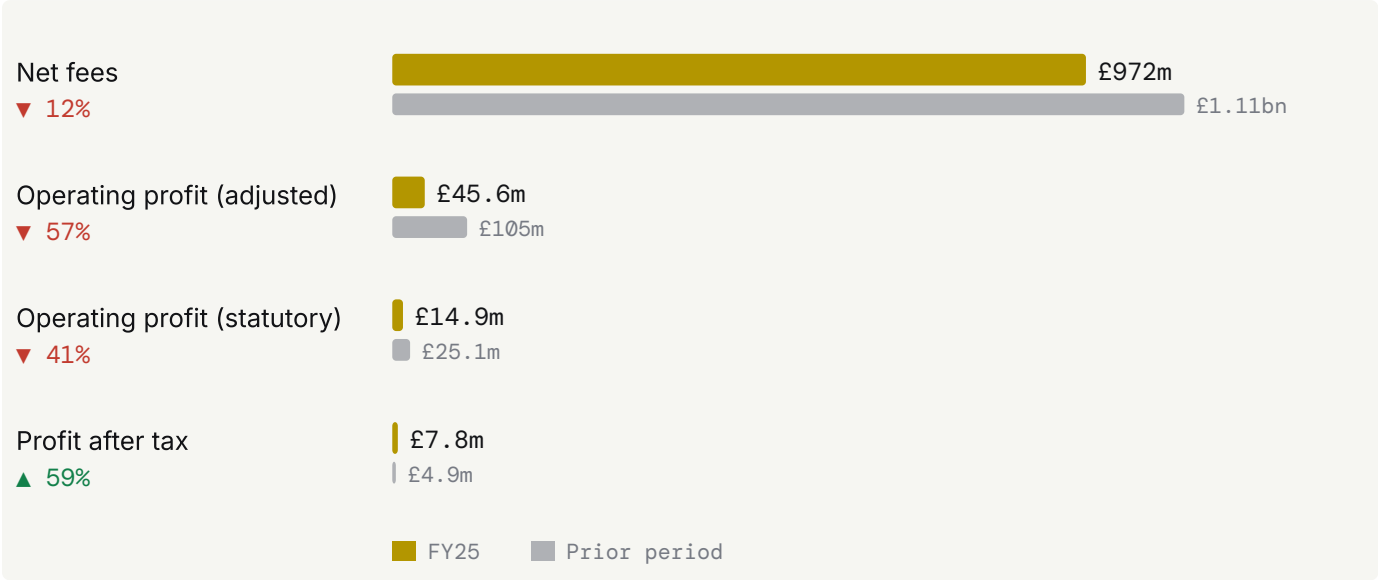


FIGURE	VALUE	CHANGE
Net fees FY25	£972m	−12% prior £1.11bn
Operating profit (adjusted) FY25	£45.6m	−57% prior £105m
Operating profit (statutory) FY25	£14.9m	−41% prior £25.1m
Profit after tax FY25	-£7.80m	+59% FY24: -£4.90m
Operating profit FY23	£197m	
Statutory pre-tax loss FY26	£54.5m	
Dividend per share FY25	1.24p	−59% prior 3p
Final dividend FY26	0.29p	unchanged; full year 0.44p

Sources: Preliminary Report 2025, 21 Aug 2025; Income statement (tagged accounts), 2025-06-30; Income statement (tagged accounts), 2023-06-30; Proactive Investors, 20 Aug 2026; Preliminary Results 2026 RNS, 20 Aug 2026

Cash held up through the losses, the pension figure needs checking

Cash generation was stronger than the income statement in FY25. Operating cash flow was £110m against an after-tax loss of £7.8m, and capital spending was £7.0m, leaving more than £100m before dividends of £47.8m. Year-end net cash was £37.0m. Some of that cash came from working capital: as fees fall, a recruiter collects old invoices faster than it raises new ones, so a shrinking business can look cash-rich.

The same effect can reverse in a recovery. Today's statement gives no forecast for cash, working capital or exceptional cash costs.

Liquidity was adequate but had narrowed. Current assets covered current liabilities about 1.25 times at June 2025, against 1.32 a year earlier, and equity fell to £467m from £558m. The FY25 going-concern statement reported no material uncertainty, and the FY24 covenants on interest cover and leverage were met.

The pension data on file need care. For June 2025 they show a defined-benefit deficit of £451m, with liabilities of £903m and assets of £451m, against a £19.4m surplus a year earlier on liabilities of £490m. Liabilities nearly doubling in a year is unusual, so the figure should be checked against the FY26 annual report, published on 22 September 2026, before it is treated as settled. Recovery payments of £22.6m a year are shown, up from £17.7m.

Share-based pay is a smaller drain. In September 2026 eight senior managers received nil-cost awards of 6,630,704 shares under the Performance Share Plan and 1,858,849 under the Deferred Annual Bonus Plan. Together these are about 0.5% of the 1,574,997,570 voting rights, if they vest in full. Separately, directors sold some of their shares when earlier awards vested in September. The chief executive sold 50,002 of 106,121 vested shares at about 63.5p, and the chief financial officer sold 63,122 of 133,965 at about 66.7p. Sales on the vesting of nil-cost awards often cover tax, and both men kept the larger part of their vested shares.

2025-06-30 against the prior period

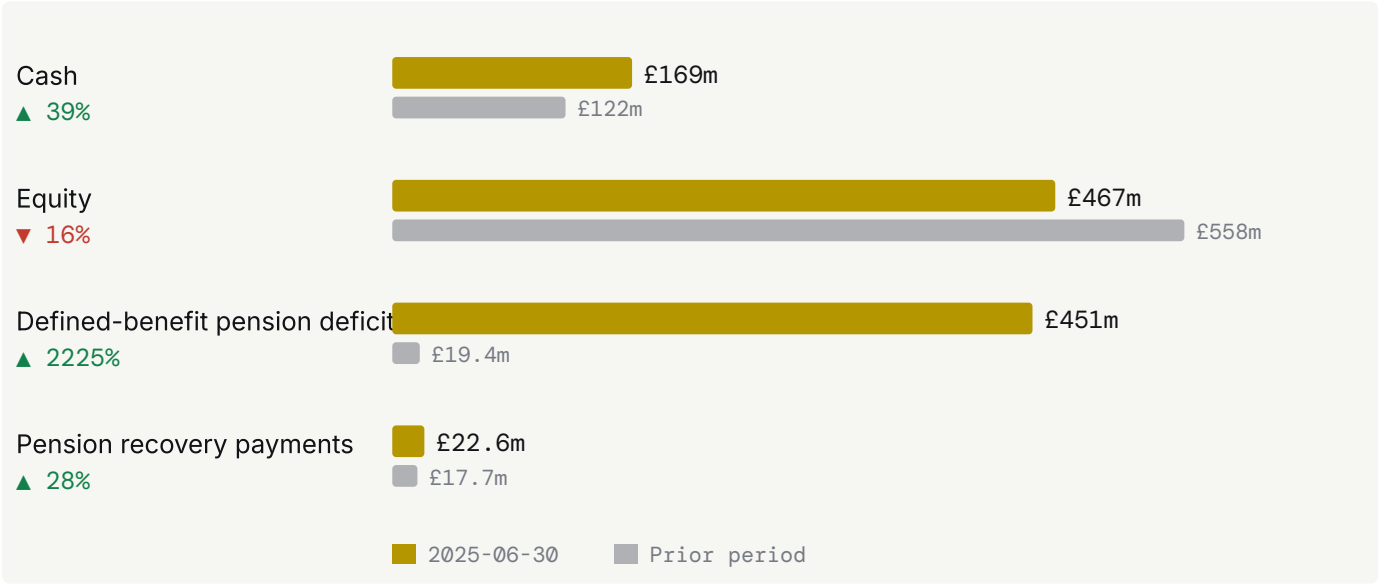


FIGURE	VALUE	CHANGE
Operating cash flow FY25	£110m	+15% FY24: £95.8m
Capex FY25	£7m	
Net cash FY25 year end	£37m	
Cash 2025-06-30	£169m	+39% 2024: £122m
Equity 2025-06-30	£467m	−16% 2024: £558m

FIGURE	VALUE	CHANGE
Defined-benefit pension deficit 2025-06-30	£451m	+2225% 2024: surplus £19.4m
Pension recovery payments 2025-06-30	£22.6m a year	+28% prior £17.7m a year
Performance Share Plan awards to eight PDMRs 16 Sep 2026	6,630,704 shares	
Total voting rights 31 Oct 2026	1,574,997,570	

Sources: Cash flow (tagged accounts), 2025-06-30; Preliminary Report 2025, 21 Aug 2025; Balance sheet (tagged accounts), 2025-06-30; Pension scheme (annual report data), 2025-06-30; Director/PDMR Shareholding RNS, 16 Sep 2026; Total Voting Rights RNS, 2 Nov 2026

The second half leans on the calendar and on cost cuts

Hays expects slightly stronger profit in the second half than the first, as it usually reports. The reason it gives is more favourable trading days. Temporary and contract fees are earned per day worked, so the number of working days in a half affects profit directly. Doubling the £35m floor gives a full-year figure of about £70m, but that is arithmetic, not guidance. The company has given no full-year number.

The outlook rests mainly on self-help. Hays has repeated its focus on c.£50m a year of structural savings in FY27 and on above-inflation growth in fee productivity. Its confidence in a 25%+ conversion rate is described as resting "through our own actions". In August 2025 it set a long-term objective of returning to, and then exceeding, its previous peak operating profit of c.£250m.

Outside the company, hiring conditions are poor. The REC/KPMG permanent placements index fell to 46.6 in October, and any reading below 50 means placements are falling. Bloomberg reported on 9 November that UK temporary placements had declined for the first time since March, and the CIPD said on 16 November that employer confidence remained exceptionally weak. In Germany, the Chamber of Industry and Commerce's autumn survey found 24% of firms planning staff cuts against 11% planning to hire. Bank Rate rose to 4.00% in November and the two-year gilt yield stood at 4.93% on 12 November. Peer SThree warned on profits on 19 October. Ticker's macro model reads the current regime as recovery, but that is a model estimate, and the hiring surveys point the other way.

The next dates are fixed. The second-quarter trading update is due on 14 January 2027, the half-year results on 26 February 2027 and the third-quarter update on 15 April 2027.

FIGURE	VALUE	CHANGE
Structural cost savings target FY27	c.£50m per annum	
Medium-term conversion rate target	25%+	
Long-term operating profit objective previous peak, to be regained then exceeded	£250m	
Bank Rate 13 Nov 2026	4.00%	+0.25 points over three months
2-year gilt yield 12 Nov 2026	4.93%	+0.40 points over three months
CPIH inflation Sep 2026	3.60%	+0.80 points over three months

Sources: Trading Update RNS, 18 Nov 2026; Preliminary Report 2025 guidance, 21 Aug 2025; UK economy and markets data

Cheap on the target, not on statutory profit

Hays has a market capitalisation of £864m, which reflects shares that closed at 55.1p on 17 November. That is about 19 times FY25 pre-exceptional operating profit of £45.6m. On a simple doubling of the new first-half floor, which gives £70m, the multiple falls to about 12 times. Both figures come before interest, tax, exceptional charges and pension payments, so each one flatters what is actually left for shareholders.

The valuation looks very different depending on which profit is used. If conversion climbed back towards 25% of net fees, even on FY25's £972m of net fees, profit would be several times today's level, and the business earned £197m as recently as FY23. On statutory profit the shares look far less cheap, because there have been losses after tax in FY24 and FY25 and a statutory pre-tax loss in FY26. The 0.44p FY26 dividend provides little income support.

Ownership is concentrated. Silchester International Investors disclosed 18.08% in July 2026 and FIL Limited 12.03% in March 2026. The most recent disclosed short position was 1.60% on 10 November.

FIGURE	VALUE	CHANGE
Market capitalisation	£864m	
Shares in issue	1.57bn	
Silchester International Investors holding disclosed 1 Jul 2026	18.08%	
FIL Limited holding disclosed 27 Mar 2026	12.03%	
Latest disclosed short position 10 Nov 2026	1.60%	

Sources: Ticker company data, Nov 2026; Major shareholders (notifications); Disclosed short positions

The shares were on five-touch support when the news broke

The shares went into the update weak. They closed at 55.1p on 17 November, down 2.82% on the day, 20.4% lower over three months and 29.8% below the August high of 78.45p. The close was almost exactly on a support level of 55.06p, which had been touched five times, most recently on 21 October. Support is a price where buying has previously stopped a fall. Price was 6.4% below the 20-day average of 58.88p and 9.9% below the 50-day average of 61.16p, and the 50-day average was itself falling.

Momentum readings were oversold. The relative strength index (RSI) was 37, and the stochastic and Williams %R gauges were both in oversold territory. ADX, which measures how strong a trend is, was 12.9, too low to call any trend. Bollinger bandwidth was narrower than in 91% of the last 126 readings, a squeeze that often comes before a large move but does not show its direction. On-balance volume, which adds volume on up days and subtracts it on down days, was below its 20-day average, so recent selling had come on heavier volume.

The longer view is better. Price was still 15% above the 200-day average of 47.9p, and the 50-day average crossed above the 200-day on 11 August, so the recovery from April's 28.72p low has not been undone. A close above the 58–59p band of short-term averages on above-average volume would suggest the market accepts the upgrade. A stall at resistance of 61.2p would look like a bounce within the range, with 66.83p the next level above. A close below 53.59p, which is the 50% Fibonacci retracement (halfway back) of the April-to-August rise, would mean the medium-term decline still held despite the upgrade.

Below that, the next support is 49.29p. The average daily range was 2.72p, so moves of a couple of pence are ordinary.

FIGURE	VALUE	CHANGE
52-week high	78.45p	
52-week low	28.72p	

Sources: Ticker price data, Nov 2026

The case for and against

FOR

The case for starts with the credibility of the upgrade. It was published as inside information, framed as a floor of at least £35m, and comes 41% above consensus only five weeks after the last statement. Hays's recent near-term guidance has been reliable. In June 2025 it guided to c. £45m of FY25 pre-exceptional operating profit and delivered £45.6m. The company now has a cost base cut by years of restructuring, a further c.£50m of savings targeted, and a German Contracting business growing against a poor local backdrop. On that reading, profit can rise before hiring recovers and much faster once it does, because conversion of 4.7% of net fees in FY25 leaves a long way back to 25%. Shares that had fallen 20.4% in three months, while hiring surveys and SThree's warning weighed on the sector, had low expectations built in.

AGAINST

The case against is that the upgrade proves less than it seems. The £35m is before exceptional items, and at Hays pre-exceptional profit has repeatedly not reached shareholders: £45.6m became £14.9m in FY25, and FY26 ended in a £54.5m statutory pre-tax loss. Germany is expected to grow only modestly, and Contracting led the improvement while the higher-margin permanent business went unmentioned. Other divisions are only stable, and part of the second-half uplift comes from trading days. The REC/KPMG, Bloomberg, CIPD and German Chamber data all point to a hiring market getting worse into winter. If the pension figure of £451m on file is confirmed, it is a large claim on a company valued at £864m.

WHAT TO WATCH

The evidence to decide between them arrives over the next three months. On 14 January 2027, Germany needs to report like-for-like fee growth for the quarter to 31 December, and at least one other division should show improvement, especially in permanent fees. On 26 February 2027, the half-year accounts need to show pre-exceptional profit at or above £35m together with a narrower gap to statutory profit. They also need to show exceptional cash costs, working capital and pension contributions separately, and net cash held after all of them. The FY26 annual report will confirm the size of the pension deficit or correct it. Any further peer warning that centres on contracting would test the German recovery directly.

Risks

(!) Hiring surveys in both of Hays's largest markets are deteriorating: the REC/KPMG permanent placements index fell to 46.6 in October, and 24% of German firms surveyed plan cuts against 11% planning to hire. A further fall in fees could outweigh the cost savings in the second half.

- The £35m is pre-exceptional profit, and that measure has repeatedly exceeded statutory profit at Hays. FY25's £45.6m became £14.9m, and further restructuring charges could absorb much of the gain.
- The German return to growth is an expectation for the quarter to 31 December, not a reported result, and it rests on Contracting. Permanent fees, which carry higher margins, were not mentioned.
- The defined-benefit pension data on file show a £451m deficit at June 2025 with £22.6m a year of recovery payments. If the FY26 report confirms a figure of that size, it is a large claim on an £864m company.
- Cash generation in FY25 was helped by a shrinking business releasing working capital. A recovery in fees would reverse that and could absorb cash just as restructuring and pension payments continue.
- Higher UK rates (Bank Rate 4.00% in November) and a two-year gilt yield of 4.93% weigh on employers' willingness to hire and on the valuation of cyclical shares.

THE OTHER VIEW

A sceptical reading treats today's upgrade as profit driven by cost cuts and the calendar, not as the first sign of a recovery. Every source of improvement named either sits within Hays's own control (savings, productivity) or comes from working days, apart from one division expected to grow only modestly through Contracting. The figure is before exceptional items, at a company where exceptional restructuring has recurred for three years and turned £45.6m of adjusted operating profit into £14.9m statutory in FY25. Consensus was £24.8m because it was anchored to a business in decline, so beating it says more about how low forecasts had fallen than about demand. Meanwhile UK permanent and temporary placements, employer confidence and German hiring intentions are all weakening, and a direct peer has warned on profits. On this view the first half could prove the high point of the year. Against that, Hays framed £35m as a minimum, its recent near-term guidance has been delivered, FY25 operating cash flow of £110m counts against any sudden cash squeeze, and the pension figure on file needs checking before it is weighed.

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