# Hays shares plunge to 14-year low as profit warning signals hiring slowdown



Shares in recruitment giant Hays plunged to their lowest level in around 14 years following a stark profit warning that forecast operating profits for the quarter ending June 2025 would fall by more than half compared to last year. The London-listed firm now expects pre-exceptional operating profits of about £45 million, significantly below analyst expectations of £56.4 million. This forecast marks a decline of over 57% year-on-year and triggered an 11.5% drop in Hays’ share price, marking it the worst performer in the FTSE 250 Index.

The recruitment company cited increasingly challenging conditions in the permanent employment market, driven by heightened economic uncertainty which continues to weigh heavily on both client and candidate confidence. This slowdown in hiring momentum follows a broader trend seen across the recruitment sector, with firms like PageGroup and Robert Walters also reporting staff cuts and profit warnings amid deteriorating market conditions. Elevated interest rates, high energy prices, and trade tensions—especially U.S. tariffs impacting Germany—have compounded these difficulties globally.

Germany, Hays’ largest market contributing 65% of its operating profit in 2024, faces pronounced pressures particularly in its automotive sector. German net fees are expected to decline by 5%, reflecting lower sales and profit margins in the automotive industry, alongside fierce competition from Chinese electric vehicle manufacturers. Additional challenges stem from the impact of U.S. tariffs under President Donald Trump’s administration, which are expected to result in slower economic growth and job losses amounting to approximately 90,000 within a year. The group’s Australia and New Zealand operations anticipate a 9% decline in fees, while the UK and Ireland face an even steeper 13% drop.

The UK market has also experienced significant job losses — around 276,000 since the Autumn Budget — which introduced a rise in the National Living Wage to £12.21 per hour and increased employers' National Insurance contributions. These cost pressures have dampened labour demand, contributing to an overall fragile hiring environment.

Hays’ quarterly results revealed a 9% year-on-year decline in like-for-like net fees, including a 14% drop in permanent placements and a 6% fall in temporary staffing revenues, which make up 62% of the business. Despite a concerted cost-cutting programme that includes a 5% reduction in consultant headcount during early 2025 and plans to cut expenses by £30 million annually by 2027, operating profits have continued to fall. Temporary hires, while generally more resilient, have also softened, especially in key sectors reliant on automotive and manufacturing industries.

In response to these challenges, Hays has indicated that difficult conditions are likely to persist into fiscal 2026, yet the company reaffirmed its commitment to improving net fee productivity and back-office efficiencies as key drivers for future profit recovery. However, the market’s cautious outlook is reflected in a broader industry trend: competitors such as PageGroup have reported a 13% drop in gross profits in Europe, with a particularly sharp decline in Germany and France, while Robert Walters has similarly tightened budgets amid ongoing economic uncertainty and trade-related risks.

Investment specialists comment that companies are more hesitant than ever to take on full-time staff, often opting not to replace those lost through natural turnover. At the same time, workers exhibit caution, wary of changing jobs in a potentially unstable employment climate that raises fears of being among the first to be laid off if employers initiate further cost reductions.

Over the last two years, Hays has significantly reshaped its workforce, closing several UK and Irish offices and reducing staff by approximately 2,700, including about 300 consultant roles in the British Isles alone. This strategic downsizing mirrors industry-wide measures as recruitment firms adapt to a cooling labour market and uncertain economic outlook.

While Hays aims to claw back profitability through operational efficiency and targeted strategic initiatives once market conditions improve, the ongoing malaise impacting hiring worldwide suggests the recruitment sector remains under considerable pressure in the near term.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.dailymail.co.uk/money/markets/article-14827821/Hays-shares-plummet-hiring-slowdown-hammers-recruiters-profits.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[2]](https://www.reuters.com/world/uk/british-recruiter-hays-forecasts-57-annual-profit-slump-hiring-slowdown-2025-06-19/), [[6]](https://www.investorschronicle.co.uk/content/a037870c-dab2-586d-b810-38c44d10ace8), [[7]](https://www.standard.co.uk/business/business-news/plunge-in-european-hiring-sinks-profit-at-recruitment-giant-hays-b1212263.html)
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* Paragraph 5 – [[1]](https://www.dailymail.co.uk/money/markets/article-14827821/Hays-shares-plummet-hiring-slowdown-hammers-recruiters-profits.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[3]](https://www.ft.com/content/cdf7bba2-35f6-44df-9ca2-359ba0d92220), [[6]](https://www.investorschronicle.co.uk/content/a037870c-dab2-586d-b810-38c44d10ace8)
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* Paragraph 9 – [[1]](https://www.dailymail.co.uk/money/markets/article-14827821/Hays-shares-plummet-hiring-slowdown-hammers-recruiters-profits.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[3]](https://www.ft.com/content/cdf7bba2-35f6-44df-9ca2-359ba0d92220), [[6]](https://www.investorschronicle.co.uk/content/a037870c-dab2-586d-b810-38c44d10ace8), [[7]](https://www.standard.co.uk/business/business-news/plunge-in-european-hiring-sinks-profit-at-recruitment-giant-hays-b1212263.html)

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2. <https://www.reuters.com/world/uk/british-recruiter-hays-forecasts-57-annual-profit-slump-hiring-slowdown-2025-06-19/> - Hays, a UK-based recruitment firm, has issued a profit warning, forecasting a more than 57% decline in annual operating profit to approximately £45 million, significantly below market expectations of £56.4 million. This downturn is primarily attributed to sluggish global hiring trends, notably in Germany’s automotive sector, which accounted for 65% of Hays' operating profit in 2024. The German market has faced additional strain from U.S. tariffs under President Donald Trump, which are expected to marginally slow the country’s economic growth and cost 90,000 jobs in a year. Permanent hiring has weakened globally due to economic uncertainty, while temporary hiring, though more resilient, also dipped in Germany due to its reliance on the autos industry. The announcement triggered a sharp market reaction, causing Hays’ shares to slump 20% to a 13-year low and dragging down shares of European competitors like PageGroup and Randstad. The company expects like-for-like net fees in Germany to decline by 5% for the fiscal year, while group-wide net fees will fall 9% in the fourth quarter, with continued hiring challenges anticipated into 2026.
3. <https://www.ft.com/content/cdf7bba2-35f6-44df-9ca2-359ba0d92220> - UK recruitment firm Hays has issued a warning about the ongoing economic uncertainty and difficult job market conditions, marking it as the latest in a series of recruitment companies to express similar concerns. The company reported a 9% year-on-year decline in net fee income for the quarter ending March, with significant drops in key markets: 13% in the UK and Ireland, 9% in Germany, and 19% in France. Temporary staffing revenues, which account for 62% of Hays' business, were down 6%, while permanent placements saw a 14% decline. Chief Financial Officer James Hilton highlighted the fragile state of the global economy and mentioned ongoing challenges due to rising national insurance costs and the global trade war. The company anticipates challenging conditions to persist into 2026. Hays’ share price has fallen 13% year-to-date. Its earnings report follows similar outlooks from competitors PageGroup and Robert Walters, with the latter also noting continued weak European sentiment and trade-related uncertainties.
4. <https://www.reuters.com/world/uk/uk-recruiter-hays-reports-9-fall-quarterly-like-for-like-net-fees-2025-04-16/> - Hays, a UK-based recruitment firm, has warned that challenging market conditions are likely to continue into fiscal 2026, reflecting broader concerns in the recruitment industry amid economic instability in Europe and global trade tensions. Contributing factors include the economic effects of Germany's recent government change, persistent inflation in the UK, and disrupted hiring patterns. For the quarter ending March 31, 2025, Hays reported a 9% decline in like-for-like net fees, which aligned with market expectations. The firm's shares have declined 13% since the start of the year. U.S. President Donald Trump's trade tariffs have exacerbated global labor market uncertainties, despite a temporary 90-day pause for negotiations. Industry peers PageGroup and Robert Walters have similarly flagged uncertainty, with PageGroup suspending its financial forecast and cutting costs, and Robert Walters tightening its budget further. Hays is also undergoing cost-saving restructuring, aiming to reduce expenses by £30 million annually by fiscal 2027. Despite the headwinds, Hays anticipates achieving an operating profit of £56.9 million for the fiscal year ending June 2025, in line with analysts' expectations.
5. <https://www.ft.com/content/3efd907e-87c0-4cd8-b8a6-353fc11258f8> - PageGroup, a major London-listed recruitment firm, reported that annual profits are expected to be at the lower end of market expectations due to worsening conditions in Europe. Gross profits for the fourth quarter of the past year were £196.7 million, 13% down from the same period in 2023. This contributed to a 4% drop in shares during early trading in London and a one-third decline over the past year. The challenging market conditions are most pronounced in Germany and France, leading to a 19.1% plunge in gross profits within its EMEA region. Additionally, the company reduced its fee-earning staff by 130 (2.4%) in the final quarter. Chief executive Nicholas Kirk highlighted ongoing macroeconomic uncertainty affecting candidate and client confidence. Profits for 2024 are now projected to be between £49 million and £58.5 million. PageGroup’s difficulties align with industry trends, as other recruitment firms like Robert Walters and SThree have also reported tough conditions and declining job creation in professional roles globally.
6. <https://www.investorschronicle.co.uk/content/a037870c-dab2-586d-b810-38c44d10ace8> - Hays (HAS) has been warning for months that the hiring slowdown was eating into its placement volumes and fees, so the lukewarm response from the market to the FTSE 250 recruitment firm’s 56 per cent slump in adjusted operating profit was no surprise. Despite an aggressive cost-cutting programme, operating profits before exceptional items fell to £25.5mn in the first half, driving a halving of the conversion rate (of net fees into adjusted operating profit) to 5.1 per cent. Like-for-like net fees fell by 13 per cent to £496mn, as permanent hiring fell 19 per cent and temporary placements slipped 9 per cent. This is subscriber only content. Start your trial to keep reading. PRINT AND DIGITAL trial. Get 12 weeks for £12. Proceed to trial. Essential access to the website and app. Magazine delivered every week. Investment ideas, tools and analysis. Already a subscriber? Sign in. Privacy PolicyCookie PolicyModern Slavery StatementDo Not Sell My Data
7. <https://www.standard.co.uk/business/business-news/plunge-in-european-hiring-sinks-profit-at-recruitment-giant-hays-b1212263.html> - Profits at recruitment giant Hays more than halved in the latter period of last year, as companies across the UK and Europe put the brakes on hiring. The London-based company blamed “considerable headwinds from economic conditions”, as operating profit fell to £26 million, down 56% versus the same period in 2023. Meanwhile, it closed 15 of its UK and Irish offices during the calendar year, and slashed the number of consultants by more than 1,100, including about 300 roles in the UK and Ireland. Headcount has fallen by about 2,700 over the last two years, and stood at about 6,800 at the end of 2024.