Q2 2015 CONFERENCE CALL

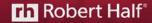
Prepared Remarks From:

Harold M. Messmer, Jr., Chairman and CEO, Robert Half International M. Keith Waddell, Vice Chairman, President and CFO, Robert Half International

July 23, 2015







SECOND-QUARTER 2015 FINANCIAL RESULTS CONFERENCE CALL, JULY 23, 2015 PREPARED REMARKS

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OPERATOR:

Hello, and welcome to the Robert Half second-quarter 2015 conference call. Our hosts for today's call are Mr. Max Messmer, chairman and CEO of Robert Half, and Mr. Keith Waddell, vice chairman, president and chief financial officer. Mr. Messmer, you may begin.

INTRODUCTION

HAROLD M. "MAX" MESSMER, JR., CHAIRMAN AND CEO, ROBERT HALF:

Good afternoon. Thank you for your time today.

Before we get started, I would like to remind you that our comments today contain predictions, estimates and other forward-looking statements. These statements represent our current judgment of what the future holds and include words such as "forecast," "estimate," "project," "expect," "believe," "guidance" and similar expressions. We believe these remarks to be reasonable; however, they are subject to risks and uncertainties that could cause actual results to differ materially from the forward-looking statements. Some of these risks and uncertainties are described in today's press release and in our SEC fillings, including our 10-Ks, 10-Qs and today's 8-K. We assume no obligation to update statements made on today's call.

For your convenience, our prepared remarks also are available on our website at www.roberthalf.com. Click on Investor Center under the About Us tab, then the quarterly Conference Calls link.

Now, let's review our second-quarter results. Second-quarter 2015 revenues were \$1.27 billion, up 9 percent from the second quarter one year ago, or up 13 percent adjusted for currency. Income per share was 67 cents, up 21 percent from last year. Cash flow from operations was \$142 million in the second quarter. Capital expenditures were \$16 million.

In June, we paid our shareholders a cash dividend of \$0.20 per share, at a cost of \$27 million. We also repurchased 900,000 Robert Half shares during the second quarter, at a cost of \$50 million. There are approximately 3.4 million shares available for repurchase under our board-approved stock repurchase plan.

We reached the half-year mark with all-time high quarterly results, led by Protiviti and Robert Half Technology. Continued strong demand for our staffing and consulting services contributed to a record quarter. Overall, revenues grew by 9 percent over the prior year on a reported basis, or 13 percent adjusted for currency. Protiviti again reported excellent results, with currency-adjusted revenues up 23 percent from the previous year. Our staffing divisions also performed well, with revenues up 12 percent year over year adjusted for currency. As with the first quarter, growth rates were best in our U.S. operations, but we also saw nice growth internationally.

This was Robert Half's 21st straight quarter of double-digit net income and earnings per share percentage growth on a year-over-year basis. Unlevered return on equity was 36 percent.

I'll turn the call over to Keith now for a closer look at our second-quarter results.

M. KEITH WADDELL, VICE CHAIRMAN, PRESIDENT AND CFO, ROBERT HALF:

Thank you, Max. Global revenues were \$1.27 billion in the second quarter. This is up 9 percent from the second quarter of 2014 on a reported basis, and up 13 percent on a currency-adjusted basis.

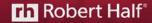
Second-quarter staffing revenues were up 12 percent on a currency-adjusted basis. U.S. staffing revenues were \$871 million in the second quarter, up 13 percent. Non-U.S. staffing revenues were \$219 million, up 7 percent when adjusted for currency. We have 335 staffing locations worldwide, including 93 locations in 17 countries outside the United States.

The second quarter had 63.2 billing days, the same number of days as the second quarter one year ago. The current quarter has 64.2 billing days, which is also the same as the third quarter of last year.

Currency exchange rates had the effect of decreasing year-over-year staffing revenues by \$40 million in the second quarter. Exchange rates also decreased year-over-year reported staffing growth rates by 4 percent.

Each quarter, we include a supplemental schedule with our earnings release that shows year-over-year revenue growth rates for our various staffing lines of business on a reported basis, as well as on a same-day, currency-adjusted basis. The schedule further segments the data by U.S. and non-U.S. operations. You can find the schedule in today's press release and in the Investor Center of our website. This is a non-GAAP financial measure that provides information on certain revenue trends in our staffing operations.

Global revenues for Protiviti were \$182 million in the second quarter, with \$152 million in revenues in the United States and \$30 million in revenues outside the U.S. Protiviti revenues were up 23 percent year over year on a currency-adjusted basis. U.S. revenues were up 24 percent and non-U.S. revenues were up 20 percent from the prior year. Exchange rates had the effect of decreasing year-over-year Protiviti revenues by \$5 million in the second quarter and decreasing year-over-year reported growth rates by 3 percent. Protiviti and its



independently owned Member Firms serve clients through a network of 75 locations in 25 countries.

Gross Margin

Gross margin in our temporary and consulting staffing operations in the second quarter was 37.3 percent of applicable revenues. This is an 80-basis-point improvement from the same period one year ago. The improvement includes higher pay/bill spreads, higher temp-to-hire conversion fees, and lower insurance and payroll tax costs. The second quarters of 2015 and 2014 include workers' compensation credits of \$2.1 million and \$900,000, respectively, pursuant to third-party actuarial reviews of our workers' compensation accruals.

Second-quarter revenues for our permanent placement operations were 10.1 percent of consolidated staffing revenues, which is unchanged from last year's second quarter. Together with temporary and consulting gross margin, overall staffing gross margin improved 70 basis points versus one year ago, to 43.7 percent.

Second-quarter gross margin for Protiviti was \$54 million, or 29.9 percent of Protiviti revenues. Gross margin one year ago for Protiviti was \$43 million, or 28.4 percent of Protiviti revenues.

Selling, General and Administrative Costs

Staffing SG&A costs were 31.9 percent of staffing revenues in the second quarter versus 32.0 percent in last year's second quarter.

SG&A costs for Protiviti were 18.6 percent of Protiviti revenues in the second quarter compared to 20.2 percent of Protiviti revenues in the year-ago period.

Operating Income

Operating income from our staffing divisions was \$129 million in the second quarter, up 16 percent from the prior year. Operating margin was 11.8 percent. Our temporary and consulting staffing divisions reported \$105 million in operating income, an increase of 18 percent over the prior year. This resulted in an operating margin of 10.7 percent. Operating income for our permanent placement division was \$24 million in the second quarter, up 7 percent from the prior year and producing an operating margin of 21.8 percent.

Second-quarter operating profit for Protiviti was \$20 million, an increase of 65 percent from the prior year. This produced an operating margin of 11.3 percent.

Accounts Receivable

At the end of the second quarter, accounts receivable were \$687 million. Implied days sales outstanding (DSO) was 49.1 days.

Guidance

Before we move to third-quarter guidance, let's review the monthly revenue trends we saw in the second quarter, and so far in July, all adjusted for currency.

Globally, year-over-year revenue growth rates for our temporary and consulting divisions decelerated slightly over the course of the quarter. We exited the quarter with June growing at 10.7 percent as compared to 11.3 percent for the full quarter. Revenue growth for the first two weeks of July picked up to 12 percent as compared to the prior year. Global permanent placement revenue growth rates accelerated throughout the quarter, with June revenues growing at 15.1 percent as compared to 13 percent for the full quarter. For the first three weeks of July, permanent placement revenues also increased 15 percent compared to the same period last year. U.S. versus non-U.S. trends were not materially different.

This information is designed to give you additional insight into trends we saw during the second quarter and so far in July, but, as you know, it is difficult to read a great deal into these numbers given the short time periods they represent.

With that said, we offer the following third-quarter guidance:

- Revenues: \$1 billion, 295 million to \$1 billion, 345 million
- Income per share: \$0.70 to \$0.75

The midpoint of our guidance implies year-over-year revenue growth of 8 percent on a reported basis, or 12 percent adjusted for currency, and EPS growth of 15 percent.

We limit our guidance to one quarter. All estimates we provide on this call are subject to the risks mentioned in today's press release and in our SEC filings. Now, I'll turn the call back over to Max.

MAX MESSMER, CHAIRMAN AND CEO, ROBERT HALF:

Thank you, Keith. We were pleased with our results for the quarter. As noted at the start of the call, we saw higher service demand and solid revenue growth for our professional staffing services and Protiviti's consulting solutions.

Year-over-year revenue growth rates were the strongest in the United States, where skilled professional talent is currently at a premium as a result of the tightening labor market. This is particularly true in the technology staffing area, where we have invested heavily over the past few years. We also are encouraged by the revenue growth in our non-U.S. staffing operations, notwithstanding the headwinds from currency exchange rates.

Protiviti had another outstanding quarter, with a revenue growth rate of 20.4 percent versus the prior year. Adjusted for currency that growth rate is 23.4 percent. These are impressive numbers and speak to the strength of the Protiviti brand in the marketplace. Protiviti is seeing strong and balanced demand in all of its principal service areas: internal audit and financial advisory services, risk and compliance, and information technology consulting.

At this time, we will be happy to answer questions. We would request that you please limit yourself to one question and a single follow-up, as needed. If time permits, we will try to return to you later in the call if you have additional questions.

(After the last question is answered the Operator will turn the call over to Max.)

MAX MESSMER, CHAIRMAN AND CEO, ROBERT HALF:

That was our last question. We would like to thank everyone again for joining us on today's call.

OPERATOR:

This concludes today's teleconference. If you missed any part of the call, it will be archived in audio format in the Investor Center of Robert Half's website at www.roberthalf.com. You also can dial the conference call replay. Dial-in details and the conference ID are contained in the company's press release issued earlier today.

