Q1 2021 CONFERENCE CALL

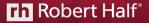
Prepared Remarks From:

M. Keith Waddell, President and Chief Executive Officer, Robert Half International Michael C. Buckley, Chief Financial Officer, Robert Half International

April 21, 2021







FIRST-QUARTER 2021 FINANCIAL RESULTS CONFERENCE CALL, PREPARED REMARKS APRIL 21, 2021

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OPERATOR:

Hello, and welcome to the Robert Half first-quarter 2021 conference call. Our hosts for today's call are Mr. Keith Waddell, president and chief executive officer of Robert Half, and Mr. Michael Buckley, chief financial officer. Mr. Waddell, you may begin.

INTRODUCTION

M. KEITH WADDELL, PRESIDENT AND CEO, ROBERT HALF:

Hello, everyone. We appreciate your time today.

Before we get started, I would like to remind you that the comments made on today's call contain forward-looking statements, including predictions and estimates about our future performance. These statements represent our current judgment of what the future holds. However, they are subject to risks and uncertainties that could cause actual results to differ materially from the forward-looking statements. These risks and uncertainties are described in today's press release and in our most recent 10-K and 10-Q filed with the SEC. We assume no obligation to update the statements made on today's call.

During this presentation, we may mention some non-GAAP financial measures and reference these figures as "as adjusted." Reconciliations and further explanations of these measures are included in a supplemental schedule to our earnings press release.

Our presentation of revenues and the related growth rates for Accountemps, OfficeTeam, Robert Half Technology and Robert Half Management Resources includes their intersegment revenues from services provided to Protiviti in connection with the Company's blended staffing and consulting solutions. This is how we measure and manage these divisions internally. The combined amount of divisional intersegment revenues with Protiviti is also separately disclosed. The supplemental

schedules just mentioned also include a revenue schedule showing this information for 2018 through 2021.

For your convenience, our prepared remarks for today's call are available in the Investor Center of our website at www.roberthalf.com.

We are extremely pleased that our first-quarter results exceeded the high end of our guidance and reflect a broad-based recovery that is well underway. Protiviti's revenues grew 35 percent year-on-year, reflecting continued momentum across its wide array of service offerings, including very strong managed solutions with staffing. This is Protiviti's 14th consecutive quarter of year-on-year revenue gains. Our staffing operations significantly outperformed their historical sequential trends, led by small and medium-size businesses and permanent placement, which grew 22 percent sequentially.

I continue to be impressed with the adaptability of our teams in navigating the new hybrid and remote work models with our clients and candidates, helping them grow and find meaningful work.

Companywide revenues were \$1.398 billion in the first quarter of 2021, down 7 percent from last year's first quarter on a reported basis, and down 8 percent on an as-adjusted basis.

Net income per share in the first quarter was 98 cents, increasing 24 percent compared to 79 cents in the first quarter one year ago.

Cash flow from operations during the quarter was \$68 million. In March, we distributed a \$0.38 per share cash dividend to our shareholders of record, for a total cash outlay of \$44 million. We also acquired approximately 797,000 Robert Half shares during the quarter, for \$61 million. We have 9.2 million shares available for repurchase under our board-approved stock repurchase plan.

Return on invested capital for the Company was 37 percent in the first quarter.

Now, I'll turn the call over to our CFO, Mike Buckley.

MICHAEL C. BUCKLEY, CFO, ROBERT HALF:

Revenues

Thank you, Keith. Hello, everyone.

Let's start with revenues. As Keith noted, global revenues were \$1.398 billion in the first quarter.

On an as-adjusted basis, first-quarter staffing revenues were down 18 percent year-over-year. U.S. staffing revenues were \$759 million, down 19 percent from the prior year. Non-U.S. staffing revenues were \$242 million, down 15 percent year-over-year on an as-adjusted basis. We have 322 staffing locations worldwide, including 86 locations in 17 countries outside the United States.

In the first quarter, there were 62.3 billing days, compared to 63.1 billing days in the first quarter one year ago. The current second quarter has 63.4 billing days, equivalent to the second quarter one year ago.

Currency exchange rate movements during the first quarter had the effect of increasing reported year-over-year staffing revenues by \$17 million. This impacted our year-over-year reported staffing revenue growth rate by 1.4 percentage points.

Now, let's take a closer look at results for Protiviti. Global revenues in the first quarter were \$397 million: \$316 million of that is from business within the United States, and \$81 million is from operations outside the United States. On an as-adjusted basis, global first-quarter Protiviti revenues

were up 35 percent versus the year-ago period, with U.S. Protiviti revenues up 37 percent. Non-U.S. revenues were up 26 percent on an as-adjusted basis. Exchange rates had the effect of increasing year-over-year Protiviti revenues by \$6 million and increasing its year-over-year reported growth rate by 2.0 percentage points. Protiviti and its independently owned Member Firms serve clients through a network of 86 locations in 28 countries.

SG&A Presentation

We remind you that changes in the Company's deferred compensation obligations are classified as SG&A or, in the case of Protiviti, costs of services, with completely offsetting changes in the related trust investment assets classified separately below SG&A. Previously they were both classified as SG&A. Our historical discussion of consolidated operating income has been replaced with the non-GAAP measure of combined segment income. This is calculated as consolidated income before income taxes, adjusted for interest income and amortization of intangible assets.

For your convenience, we've included a supplemental schedule to today's earnings release on Page 7, highlighting the impact of changes in the deferred compensation accounts to the Summary of Operations for the first quarter of 2021 and 2020. This is a non-GAAP disclosure, so we also show a reconciliation to GAAP.

Gross Margin

Turning now to gross margin: In our temporary and consultant staffing operations, first-quarter gross margin was 38.8 percent of applicable revenues, compared to 37.8 percent of applicable revenues in the first quarter one year ago.

Our permanent placement revenues in the first quarter were 11.2 percent of consolidated staffing revenues, versus 9.9 percent of consolidated staffing revenues in the same quarter one year ago. When combined with temporary and consultant gross margin, overall staffing gross margin increased 160 basis points compared to the year-ago first quarter, to 45.6 percent.

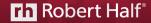
For Protiviti, gross margin was 26.5 percent of Protiviti revenues, compared to 27.6 percent of Protiviti revenues one year ago. Adjusted for the effect of deferred compensation expense related to changes in the underlying trust investment assets as previously mentioned, gross margin for Protiviti was 26.9 percent for the quarter just ended, compared to 26.3 percent one year ago.

Selling, General and Administrative Costs

Companywide SG&A costs were 30.3 percent of global revenues in the first quarter, compared to 29.4 percent in the same quarter one year ago. Changes in deferred compensation obligations related to increases in underlying trust investments had the impact of increasing SG&A as a percent of revenue by 0.8 percent in the current first quarter and decreasing SG&A by 2.4 percent in the same quarter one year ago. When adjusted for these changes, Companywide SG&A costs were 29.5 percent for the quarter just ended, compared to 31.8 percent one year ago.

Staffing SG&A costs were 37.3 percent of staffing revenues in the first quarter, versus 32.3 percent in Q1 2020. Included in staffing SG&A costs was deferred compensation expense related to increases in the underlying trust investment assets of 1.0 percent in the first quarter, compared to income of 3.0 percent related to decreases in the underlying trust investment assets in the same quarter one year ago. When adjusted for these changes, staffing SG&A costs were 36.3 percent for the quarter just ended, compared to 35.3 percent one year ago.

First-quarter SG&A costs for Protiviti were 12.5 percent of Protiviti revenues, compared to 17.3 percent of revenues in the year-ago period.



Segment Income

Operating income for the quarter was \$139 million. This includes \$12 million of deferred compensation expense related to increases in the underlying trust investment assets. Combined segment income was therefore \$151 million in the first quarter. Combined segment margin was 10.8 percent. First-quarter segment income from our staffing divisions was \$93 million, with a segment margin of 9.3 percent. Segment income for Protiviti in the first quarter was \$57 million, with a segment margin of 14.4 percent.

Tax Rate

Our first-quarter tax rate was 26 percent, compared to 32 percent a year ago. The 2020 rate was elevated based on the estimated lower coverage of non-deductible tax items due to lower pandemic-impacted revenues.

Accounts Receivable

At the end of the first quarter, accounts receivable was \$800 million, and implied days sales outstanding (DSO) was 51.4 days.

Guidance

Before we move to second-quarter guidance, let's review some of the monthly revenue trends we saw in the first quarter and so far in April, all adjusted for currency and billing days.

Our temporary and consultant staffing divisions exited the first quarter with March revenues down 12.5 percent versus the prior year, compared to an 18.9 percent decrease for the full quarter. Revenues for the first two weeks of April were up 9 percent compared to the same period one year ago.

Permanent placement revenues in March were up 24.2 percent versus March of 2020. This compares to an 8.1 percent decrease for the full quarter. For the first three weeks in April, permanent placement revenues were up 154 percent compared to the same period in 2020.

We provide this information so you have insight into some of the trends we saw during the first quarter and into April. But, as you know, these are very brief time periods. We caution against reading too much into them.

With that in mind, we offer the following second-quarter guidance:

Revenues: \$1.435 billion to \$1.515 billion

Income per share: \$1.00 to \$1.10

Guidance Assumptions

The midpoint of our guidance implies a year-over-year revenue increase of 31 percent on an asadjusted basis (including Protiviti). Midpoint EPS of \$1.05 would represent an all-time high for the Company.

The major financial assumptions underlying the midpoint of these estimates are as follows:

Revenue growth, year on year:

Staffing: up 23% to 26% Protiviti: up 47% to 49% Overall: up 30% to 32%

Gross margin percentage:

Temporary and Consultant Staffing: 38% to 39%

Protiviti: 27% to 29% Overall: 40% to 41%



SG&A as percent of revenues, excluding deferred compensation investment impacts:

Staffing: 35% to 37% Protiviti: 12% to 14% Overall: 29% to 30%

Segment income: Staffing: 9% to 10% Protiviti: 14% to 15% Overall: 10% to 11%

2021 capital expenditures and capitalized cloud computing costs: \$85 to \$95 million, with \$15 to \$20 million in the second quarter.

Tax rate: 26% to 27% Shares: 112 million

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 Keith.

M. KEITH WADDELL, PRESIDENT AND CEO, ROBERT HALF:

Thank you, Mike.

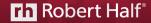
Our staffing results accelerated during the quarter, indicating a faster early-cycle pace of recovery than we've experienced in the past. This was very broad based and seen across geographies, lines of business, client size and skill levels. As I mentioned earlier, small- and medium-size businesses led the way after being more negatively impacted during the peak of the pandemic. The NFIB recently reported that 42 percent of small businesses had job openings they could not fill, a record level. This bodes well for us.

Our investments in advanced AI technologies have allowed us to adapt quickly to a new marketplace, where remote and hybrid work has become commonplace. Together with our people, these technologies enable us to find solutions to meet the critical talent and consulting needs of our clients across broader resource pools. Protiviti continues to thrive, with multiyear double-digit growth and a pipeline that is highly diversified across both solution offerings and client segments. Our blended solutions, complementing Protiviti's offerings with contract talent, allow us to be extremely nimble and cost effective in response to client needs, and we expect this offering to be an increasing part of our business going forward.

We are excited about our current momentum and our prospects for the balance of 2021 and beyond, buoyed by the strengths of our brands, our people, our technology and our professional business model.

We would also like to thank our employees for making possible two recognition awards we have received in recent days. These are FORTUNE's "100 Best Companies to Work for®" in 2021 and Forbes' "Best Employers for Diversity 2021."

Now, Mike and I would be happy to answer your questions. Please ask just one question and a single follow-up, as needed. If there's time, we'll come back to you for additional questions.



Q&A SESSION

M. KEITH WADDELL, PRESIDENT AND CEO, ROBERT HALF:

That was our last question. Thank you for joining us today.

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.

