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**Q2 2025**

## Financial Results Conference Call

**Prepared Remarks From:**

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July 23, 2025



## Second-Quarter 2025 Financial Results Conference Call Prepared Remarks July 23, 2025

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### Operator:

#### Introduction

### **M. Keith Waddell, President and Chief Executive Officer, 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 "adjusted." Specifically, we present adjusted revenue growth rates, which remove the impacts on reported revenues from the changes in the number of billing days and foreign currency exchange rates. Additionally, we present adjusted gross margin; adjusted selling, general and administrative



expenses; and adjusted operating income by combining the gains and losses on investments held to fund the Company's obligations under employee deferred compensation plans with the changes in the underlying deferred compensation obligations. Since the gains and losses from investments and the changes in deferred compensation-related obligations completely offset, there is no impact on our reported net income. Reconciliations and further explanations of these measures are included in a supplemental schedule to our earnings press release.

For your convenience, our prepared remarks for today's call are available in the Investor Center of our website, [roberthalf.com](https://roberthalf.com).

For the second quarter of 2025, global enterprise revenues were \$1.370 billion, down 7 percent from last year's second quarter both on a reported basis and on an adjusted basis.

Net income per share in the second quarter was \$0.41, compared to \$0.66 in the second quarter one year ago.

Revenues and earnings were in line with the midpoint of our previous second quarter guidance.

Elevated global economic uncertainty persisted throughout the quarter, extending client and job seeker caution, elongating decision cycles, and subduing hiring activity and new project starts. Revenue levels fell modestly during the first two months of the quarter, then stabilized at lower levels in June, which continued post-quarter into July.

We are very well-positioned to capitalize on emerging opportunities and support our clients' future talent and consulting needs through the strength of our industry-leading brand, our people, our technology, and our unique business model that includes both professional staffing and business consulting services.

Cash flow provided by operations during the quarter was \$119 million. In June, we distributed a 59-cent-per-share cash dividend to our shareholders of record, for a total cash outlay of \$59 million. Our per-share dividend has grown an average of 11.5 percent annually since its inception in 2004. The June 2025 dividend was 11.3 percent higher than in the prior year. We also acquired approximately 450 thousand Robert Half shares during the quarter for \$20 million. We have 6.2 million shares available for repurchase under our board-approved stock repurchase plan.

Return on invested capital for the Company was 12 percent in the second 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.

As Keith noted, global revenues were \$1.370 billion in the second quarter.

On an adjusted basis, second-quarter talent solutions revenues were down 11 percent year over year. U.S. talent solutions revenues were \$668 million, down 11 percent from the prior year's second quarter. Non-U.S. talent solutions revenues were \$207 million, down 13 percent year over year. We conduct talent solutions operations through offices in the United States and 18 other countries.

In the second quarter, there were 63.2 billing days, compared to 63.5 billing days in the same quarter one year ago. The third quarter of 2025 has 64.2 billing days, compared to 64.1 billing days during the third quarter of 2024.

Currency exchange rate movements during the second quarter had the effect of increasing reported year-over-year total revenues by \$8 million—\$4 million for both talent solutions and Protiviti.

Contract talent solutions bill rates for the second quarter increased 3.8 percent compared to one year ago, adjusted for changes in the mix of revenues by functional specialization, currency and country. This rate for the first quarter was 4.2 percent.

Now let's take a closer look at results for Protiviti. Global revenues in the second quarter were \$495 million: \$396 million of that is from the United States, and \$99 million is from outside the United States. On an adjusted basis, global second-quarter Protiviti revenues were up 2 percent versus the year-ago period. U.S. Protiviti revenues were down 1 percent, while non-U.S. Protiviti revenues were up 11 percent compared to one year ago. Protiviti and its independently owned Member Firms serve clients through locations in the United States and 28 other countries.

**Gross Margin**

Turning now to gross margin: In contract talent solutions, second-quarter gross margin was 39.1 percent of applicable revenues, versus 39.3 percent in the second quarter one year ago. Conversion (or contract-to-hire) revenues were 3.4 percent of contract revenues in both the current quarter and the second quarter of 2024.

Our permanent placement revenues were 13.1 percent of consolidated talent solutions revenues in the current quarter and 13.3 percent in the second quarter of 2024. When combined with contract talent solutions gross margin, overall gross margin for talent solutions was 47.1 percent, compared to 47.4 percent of applicable revenues in the second quarter one year ago.

For Protiviti, gross margin was 19.7 percent of Protiviti revenues in the second quarter and 22.5 percent in the second quarter one year ago. Adjusted gross margin for Protiviti was 22.3 percent for the quarter just ended, compared to 23.2 percent last year.

### **Selling, General and Administrative Costs**

Enterprise SG&A costs were 37.1 percent of global revenues in the second quarter, compared to 34.0 percent in the same quarter one year ago. Adjusted enterprise SG&A costs were 33.8 percent for the quarter just ended, compared to 33.2 percent one year ago.

Talent solutions SG&A costs were 49.2 percent of talent solutions revenues in the second quarter, versus 43.1 percent in the second quarter of 2024. Adjusted talent solutions SG&A costs were 44.1 percent for the quarter just ended, compared to 41.9 percent last year.

Second-quarter SG&A costs for Protiviti were 15.7 percent of Protiviti revenues, compared to 15.6 percent of revenues for the same quarter one year ago.

### **Operating Income**

Operating income for the quarter was \$2 million. Adjusted operating income was \$59 million in the second quarter, or 4.3 percent of revenue. Second-quarter adjusted operating income from our talent solutions divisions was \$27 million, or 3.1 percent of revenue. Adjusted operating income for Protiviti in the second quarter was \$32 million, or 6.6 percent of revenue.

### **Income from investments held in employee deferred compensation trusts**

Our second-quarter 2025 income statement includes a \$58 million gain from investments held in employee deferred compensation trusts. This is completely offset by an equal amount of higher employee deferred compensation costs, which are reflected in SG&A expenses and direct costs. As such, it has no effect on our reported net income.

**Tax Rate**

Our second-quarter tax rate was 33 percent, compared to 29 percent one year ago. The higher tax rate in the current quarter is due to the increased impact of non-deductible expenses relative to lower pre-tax income.

**Accounts Receivable**

At the end of the second quarter, accounts receivable were \$827 million, and implied days sales outstanding (DSO) was 54.4 days.

**Guidance**

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

Contract talent solutions exited the second quarter with June revenues down 11 percent versus the prior year, compared to an 11 percent decrease for the full quarter. Revenues for the first two weeks of July were down 10 percent compared to the same period last year.

Permanent placement revenues in June were down 20 percent versus June 2024. This compares to a 13 percent decrease for the full quarter. For the first three weeks in July, permanent placement revenues were down 14 percent compared to the same period in 2024.

We provide this information so you have insight into some of the trends we saw during the second quarter and into July. 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 third-quarter guidance:

- Revenues: \$1.31 billion to \$1.41 billion
- Income per share: \$0.37 to \$0.47

**Guidance Assumptions**

Midpoint revenues of \$1.36 billion are 8 percent lower than the same period in 2024 on an adjusted basis. On a sequential basis, midpoint estimated Q3 revenues are down 3%. For the most recent six-week period ended July 11, weekly sequential revenues have remained essentially flat.

Midpoint adjusted operating income dollars are expected to increase sequentially from Q2, the first sequential Q3 increase since 2021.



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

**Adjusted Revenue growth, year-over-year:**

Talent solutions:	Down	9%	to		13%
Protiviti:		Flat	to	Down	4%
Overall:	Down	6%	to		10%

**Adjusted Gross Margin percentage:**

Contract talent:		38%	to		40%
Protiviti:		22%	to		24%
Overall:		37%	to		40%

**Adjusted SG&A, as a percent of revenues:**

Talent solutions:		43%	to		45%
Protiviti:		15%	to		17%
Overall:		33%	to		35%

**Adjusted Operating Income, as a percent of revenues:**

Talent solutions:		2%	to		4%
Protiviti:		6%	to		8%
Overall:		3%	to		6%

Tax Rate:		31%	to		35%
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Shares:		100 million to 101 million			
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2025 capital expenditures and capitalized cloud computing costs: \$75 million to \$90 million, with \$15 to \$25 million in the third 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 Chief Executive Officer, Robert Half:**

Thank you, Mike.



Fears of economic recession have eased as worst-case trade policy concerns have not materialized, and proposed tax changes have now become law. Small business confidence levels have also rebounded modestly from recent lows.

The U.S. job market remains resilient with overall unemployment at 4.1%. Labor supply constraints remain. Particularly noteworthy is that the unemployment rate for college-educated professionals is holding steady at just 2.5 percent, with even lower rates prevailing among specialized accounting, finance and technology roles.

Although current hiring and quit rates remain subdued and well below post-Covid highs, job openings continue to be well above historical levels, indicating strong pent-up hiring demand.

As business confidence improves, there is a corresponding acceleration in hiring urgency, project demand and the reprioritization of previously deferred initiatives. This natural progression typically places increased demands on client resources that are already operating at or near capacity, creating the hiring and consulting environment that has historically driven substantial growth for our business during the early phases of economic expansion cycles.

Protiviti achieved year-over-year revenue growth for the fourth quarter in a row, though growth rates have moderated as a result of continued economic uncertainty. This has extended conversion timelines from opportunity identification to project start and reduced average project size. Despite the lengthening cycles, Protiviti's prospects—including the quality and diversity of its pipeline—remain very strong across all of its major solutions areas. The strategic integration of contract professionals sourced through our talent solutions divisions remains a powerful driver of Protiviti's performance, reinforcing our distinctive enterprise-wide competitive advantage.

We remain committed to our time-tested corporate purpose—to connect people to meaningful and exciting work and provide clients with the talent and consulting expertise they need to confidently compete and grow.

We'd like to thank our employees, who are our greatest asset and what differentiates us in the marketplace, for the significant company recognition we received in the second quarter. We are proud to have ranked number one on Forbes' list of America's Best Professional Recruiting Firms. We were also recognized by Forbes as one of America's Best Temporary Staffing Firms and one of America's Best Executive Recruiting Firms. This is a credit to all of our employees and their incredible drive to deliver outstanding service to our clients and our candidates.





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.

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## Q&A Session

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### **M. Keith Waddell, President and Chief Executive Officer, 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 [roberthalf.com](https://roberthalf.com). You also can dial the conference call replay. Dial-in details and the confirmation code are contained in the Company's press release issued earlier today.