Q4 2021 CONFERENCE CALL

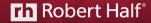
Prepared Remarks From:

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

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FOURTH-QUARTER 2021 FINANCIAL RESULTS CONFERENCE CALL, PREPARED REMARKS JANUARY 27, 2022

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OPERATOR:

Hello, and welcome to the Robert Half fourth-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 2019 through 2021.

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

2021 was an extraordinary year and we achieved record annual results, all organically. Fourth-quarter revenues grew 36 percent and net income grew 78 percent, exceeding the high end of our guidance and reflecting sustained, broad-based demand across our staffing and business consulting businesses. Our permanent placement and Protiviti operations continued to show very strong results, growing year-over-year revenues by 73 percent and 37 percent, respectively. Our temporary and consultant staffing operations also performed well and had year-over-year revenue growth of 31 percent, with particular strength in Management Resources, which grew 56 percent. Compared with the pre-pandemic fourth quarter of 2019, 2021 revenues were higher by 15 percent and net income was higher by 49 percent.

I continue to be impressed with the energy, drive and enthusiasm of our entire global workforce, including staffing, Protiviti and corporate services professionals, without whom our success would not be possible.

Companywide revenues were \$1.770 billion in the fourth quarter of 2021, up 36 percent from last year's fourth quarter on both a reported and as adjusted basis.

Net income per share in the fourth quarter was \$1.51, increasing 81 percent compared to 84 cents in the fourth quarter one year ago.

Cash flow from operations during the quarter was \$145 million. In December, we distributed a \$0.38 per-share cash dividend to our shareholders of record, for a total cash outlay of \$42 million. We also acquired approximately 540 thousand Robert Half shares during the quarter, for \$61 million. We have 7.2 million shares available for repurchase under our board-approved stock repurchase plan.

Return on invested capital for the Company was 50 percent in the fourth 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 \$1.770 billion in the fourth quarter.

On an as adjusted basis, fourth-quarter staffing revenues were up 36 percent year-over-year. U.S. staffing revenues were \$992 million, up 37 percent from the prior year. Non-U.S. staffing revenues were \$283 million, up 32 percent year-over-year on an as adjusted basis. We have 321 staffing locations worldwide, including 85 locations in 17 countries outside the United States.

In the fourth quarter, there were 61.7 billing days, unchanged from the same quarter one year ago. The current first quarter has 62.4 billing days, compared to 62.3 billing days from the first quarter of 2021.

Currency exchange rate movements during the fourth quarter had the effect of decreasing reported year-over-year staffing revenues by \$5 million. This impacted our year-over-year reported staffing revenue growth rate by 0.5 percentage points.

Temporary and consultant bill rates for the quarter increased 8.5 percent compared to one year ago, adjusted for changes in the mix of revenues by line of business, currency and country. This rate for Q3 2021 was 5.4 percent.

Now let's take a closer look at results for Protiviti. Global revenues in the fourth quarter were \$495 million: \$387 million of that is from business within the United States, and \$108 million is from operations outside the United States. On an as adjusted basis, global fourth-quarter Protiviti revenues were up 37 percent versus the year-ago period, with U.S. Protiviti revenues up 32 percent. Non-U.S. revenues were up 61 percent on an as adjusted basis. Exchange rates had the effect of decreasing year-over-year Protiviti revenues by \$2 million and decreasing its year-over-year reported growth rate by 0.5 percentage points. Protiviti and its independently owned Member Firms serve clients through a network of 87 locations in 28 countries.

Gross Margin

Turning now to gross margin: In our temporary and consultant staffing operations, fourth-quarter gross margin was 39.8 percent of applicable revenues, compared to 38.5 percent of applicable revenues in the fourth quarter one year ago. Gross margins were positively impacted by expanding pay-bill spreads and higher conversion revenues, which were 3.8 percent of revenues in the quarter and 2.8 percent of revenues in same quarter one year ago.

Our permanent placement revenues in the fourth quarter were 12.4 percent of consolidated staffing revenues, versus 9.7 percent of consolidated staffing revenues in the same quarter one year ago. When combined with temporary and consultant gross margin, overall staffing gross margin was 47.2 percent, an increase of 2.8 percentage points compared to the year-ago fourth quarter.

For Protiviti, gross margin was 28.7 percent of Protiviti revenues, compared to 26.5 percent of Protiviti revenues one year ago. Adjusted for deferred compensation related classification impacts, gross margin for Protiviti was 29.3 percent for the quarter just ended, compared to 28.0 percent one year ago. Protiviti gross margins improved primarily due to an increased mix of higher margin services.

Selling, General and Administrative Costs

Companywide SG&A costs were 30.8 percent of global revenues in the fourth quarter, compared to 32.6 percent in the same quarter one year ago. Adjusted for deferred compensation-related classification impacts, companywide SG&A costs were 29.7 percent for the quarter just ended, compared to 29.9 percent one year ago.

Staffing SG&A costs were 37.7 percent of staffing revenues in the fourth quarter, versus 39.7 percent in the fourth quarter of 2020. Adjusted for deferred compensation-related classification impacts, staffing SG&A costs were 36.2 percent for the quarter just ended, compared to 36.0 percent one year ago. The higher mix of permanent placement revenues this quarter versus one year ago had the effect of adding 1.6 percentage points to the quarter's Adjusted SG&A ratio. We ended 2021 with 8,900 full-time internal employees in our staffing divisions, up 14 percent from the prior year.

Fourth-quarter SG&A costs for Protiviti were 12.9 percent of Protiviti revenues, compared to 14.1 percent of revenues in the year-ago period. In 2021 we had 11,400 full-time Protiviti employees and contractors. This is up 56 percent from the prior year and is consistent with Protiviti's overall increase in billable hours.

Segment Income

Operating income for the quarter was \$200 million. Adjusted for deferred compensation-related classification impacts, combined segment income was \$223 million in the fourth quarter. Combined segment margin was 12.6 percent. Fourth-quarter segment income from our staffing divisions was \$142 million, with a segment margin of 11.1 percent. Segment income for Protiviti in the fourth quarter was \$81 million, with a segment margin of 16.4 percent.

Tax Rate

Our fourth-quarter tax rate was 24 percent, compared to 27 percent one year ago. The lower tax rate for 2021 can be attributed to better coverage of non-deductible expenses due to higher income in 2021, as well as higher stock compensation deductions due to the rise in the Company's stock price.

Accounts Receivable

At the end of the fourth quarter, accounts receivable was \$985 million, and implied days sales outstanding (DSO) was 50.0 days.

Guidance

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

Our temporary and consultant staffing divisions exited the fourth quarter with December revenues up 31 percent versus the prior year, compared to a 32 percent increase for the full quarter. Revenues for the first two weeks of January were up 40.2 percent compared to the same period one year ago.

Permanent placement revenues in December were up 73 percent versus December of 2020. This compares to a 74 percent increase for the full quarter. For the first three weeks in January, permanent placement revenues were up 51.7 percent compared to the same period in 2021.

We provide this information so you have insight into some of the trends we saw during the fourth quarter and into January. 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 first-quarter guidance:

Revenues: \$1.755 billion to \$1.835 billion

Income per share: \$1.39 to \$1.49

Midpoint revenues of \$1.795 billion are 30 percent higher than the same period in 2021 on an as adjusted basis. Midpoint EPS of \$1.44 is 47 percent higher than 2021.

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

Revenue growth, year-over-year	ar:			
Staffing:	Up	32%	to	34%
Protiviti:	Up	19%	to	21%
Overall:	Up	28%	to	30%
Gross margin percentage:				
Temporary and Consultant Staffi	ng:	39%	to	40%
Protiviti:		27%	to	28%
Overall:		41%	to	43%
SG&A as percent of revenues, compensation classification in Staffing: Protiviti: Overall:		35% 13% 29%	to to to	36% 15% 30%
Segment income:				
Staffing:		11%	to	12%
Protiviti:		13%	to	14%
Overall:		12%	to	13%
Tax Rate: Shares:		26% 110	to to 111 m	27% nillion

2022 capital expenditures and capitalized cloud computing costs: \$95 to \$105 million, with \$20 to \$25 million in the first quarter.

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.

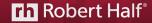
Now I'll turn the call back over to Keith.

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

Thank you, Mike.

The labor market is undergoing extraordinary change, as remote and hybrid models continue to gain traction and professionals change jobs at record levels. Many candidates have a strong preference for working remotely, and our clients are also increasingly willing to recruit from outside their geography and embrace remote work arrangements. Clients benefit by gaining access to a deeper talent pool and/or lower price points than they may be able to find locally.

Remote work is here to stay and creates significant opportunity for us. It brings together our numerous strengths, including our global brand, global office network, global candidate database, and advanced Al-driven technologies and data analytics at the scale needed to excel at out-of-market recruitment and placements. This strengthens our competitive position significantly since our



traditionally toughest competitors, local and regional staffing firms, simply do not have these capabilities.

The National Federation of Independent Business, NFIB, recently reported that 95 percent of those hiring or trying to hire had few or no qualified applicants for open positions, and 49 percent of all small business owners had job openings that could not be filled. This continues to bode well for us as we see increases in demand for our services on a very broad basis, spanning across industries, client size, skill levels, geographies and lines of business.

This robust demand, coupled with our continuing ability to successfully recruit candidates for our clients, has contributed to our staffing results recovering at a faster pace than we've experienced in the past. Our permanent placement and temporary and consultant staffing segments, including blended solutions with Protiviti, have achieved cumulative sequential growth of 125 percent and 63 percent, respectively, during the six quarters since the pandemic trough. Similar numbers for the financial crisis and dot-com recoveries were 56 percent and 25 percent, and 52 percent and 39 percent, respectively.

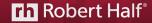
Protiviti continues to be a strong differentiator for the Company, with multiple years of consecutive growth and a highly diversified client base and suite of solution offerings. Growth remains strong across internal audit, technology consulting, risk and compliance consulting, and business performance improvement. Technology consulting is the largest solution group, with particular strength in cybersecurity and privacy solutions, as well as enterprise applications and data analytics. We also continue to see remarkable results in the collaboration between Protiviti and staffing, which pairs Protiviti's world-class consulting talent with staffing's deep operational resources to provide a cost-effective solution to clients' skills and scalability needs.

Protiviti has benefited in the last several quarters from project work in the public sector resulting from various governmental stimulus programs. Fourth-quarter revenues were \$103 million, with the \$89 million component from Protiviti providing accretive growth to its core commercial growth rate of 25 percent for the quarter. Public sector work has created new credentials and deep relationships with a new client base, as well as strong relationships with candidates whose skills are applicable to both public sector and commercial engagements. As stimulus work continues to moderate, we are building a significant pipeline of other opportunities, including finance and IT modernization and transformation projects. We expect first-quarter 2022 public sector revenues to be flat to up 10 percent compared to the first quarter of 2021. We also expect additional revenues for our staffing operations from the redeployment of a substantial number of public sector candidates onto commercial staffing engagements.

In mid-2021, we completed a multiyear process to unify our family of Robert Half endorsed divisional brands to one single specialized brand, Robert Half. This simplifies our go-to-market brand structure for clients and candidates, reduces fragmentation and provides leverage for greater brand awareness, and allows future flexibility to expand our existing practice groups without the need for new brands. Beginning with Q1 2022, our financial disclosures for contract operations will be based on functional expertise rather than the previously branded divisions. The functional specializations will be:

- Finance and Accounting,
- Administrative and Customer Support, and
- Technology.

Finance and Accounting combines the former Accountemps and Management Resources. Administrative and Customer Support was previously Office Team. And Technology was formerly Robert Half Technology. There is no change to our underlying business operations or organization. Protiviti and our permanent placement operations will continue to be reported separately. Also, when



distinguishing from Protiviti, we now call our staffing operations by the new name, talent solutions, and temporary professionals are now referred to as contract professionals.

2021 was an extraordinary year for Robert Half, with record revenues and earnings, and a pace of recovery unlike anything we've experienced before. We begin the new year with tremendous momentum and optimism, and a steadfast focus on our people, our technology, our brands and our business model. We remain laser focused on our time-tested corporate purpose, to connect people to meaningful and exciting work and provide clients with the talent and deep subject matter expertise they need to confidently compete and grow.

Finally, we'd like to thank our employees around the world for making possible a number of new company accolades. In just the last 24 hours, we were once again named to the Bloomberg Gender Equality Index and also recognized as a Best Place to Work for LGBTQ+ Equality by the Human Rights Campaign, earning a 100 percent rating on its Corporate Equality Index. We are particularly proud of the recognition we continue to receive for our commitment to diversity, equity and inclusion efforts.

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.

