Q2 2016 CONFERENCE CALL

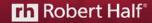
Prepared Remarks From:

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

July 26, 2016







SECOND-QUARTER 2016 FINANCIAL RESULTS CONFERENCE CALL, JULY 26, 2016 PREPARED REMARKS

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OPERATOR:

Hello, and welcome to the Robert Half second-quarter 2016 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

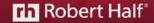
HAROLD M. "MAX" MESSMER, JR., CHAIRMAN AND CEO, ROBERT HALF:

Good afternoon, everyone. Thank you for joining us.

As is our custom, I would like to remind you there are comments on the call today that 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 filings, including our 10-Ks, 10-Qs and today's 8-K. We assume no obligation to update the statements made on today's call.

For your convenience, our prepared remarks also are available on our website at www.roberthalf.com. From the "About Us" tab, go to our Investor Center, where you will find the Quarterly Conference Calls link.

I'd like to discuss with you now Robert Half's second-quarter 2016 results. Quarterly revenues were \$1.344 billion, up 6 percent from the second quarter one year ago. Income per share was 71 cents, also up 6 percent from last year's second quarter. Cash flow from operations was \$129 million, and capital expenditures were \$25 million in the second quarter.



We paid our stockholders a quarterly cash dividend of \$0.22 per share on June 15, for a total cash outlay of \$29 million. We also repurchased one million Robert Half shares during the quarter, at a cost of \$38 million. We have 8.7 million shares still available for repurchase under our board-authorized stock repurchase plan.

Our second-quarter results reflect continued solid demand for our professional staffing and consulting services. Our financial staffing divisions and Protiviti reported the strongest year-over-year revenue gains.

In the second quarter, unlevered return on equity for the company was 35 percent.

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

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

Thank you. As Max mentioned, global revenues were \$1.344 billion in the second quarter. This is up 6 percent from the second quarter of 2015 on a reported basis, and up 5 percent on a same-day, constant-currency basis.

Second-quarter staffing revenues were up 4 percent on a same-day, constant-currency basis. U.S. staffing revenues were \$911 million in the second quarter, up 3 percent. Non-U.S. staffing revenues were \$234 million, up 8 percent when adjusted for billing days and currency-exchange rates. We have 328 staffing locations worldwide, including 86 locations in 17 countries outside the United States.

The second quarter had 63.9 billing days, compared to 63.2 days in last year's second quarter. The difference in billing days had the effect of increasing the reported year-over-year revenue growth rates for the quarter by 1 percent. The current third quarter has 64.1 billing days, compared to 64.2 days in the third quarter of 2015.

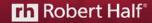
Currency-exchange rates had the effect of decreasing reported year-over-year staffing revenues by \$4 million in the second quarter. Exchange rates decreased year-over-year reported staffing growth rates by 0.3 percent.

Global revenues for Protiviti were \$199 million in the second quarter, with \$164 million in revenues in the United States and \$35 million in revenues outside the U.S. Protiviti revenues were up 8 percent year over year on a same-day, constant-currency basis. U.S. revenues were up 6 percent, and non-U.S. revenues were up 17 percent from last year's second quarter. Exchange rates had the effect of decreasing year-over-year Protiviti revenues by \$400,000 in the second quarter and decreasing the year-over-year reported growth rate by 0.2 percent. Protiviti and its independently owned Member Firms serve clients through a network of 75 locations in 25 countries.

Along with our earnings release today, you'll find a supplemental schedule showing year-over-year revenue growth rates on both a reported and same-day, constant-currency basis. This data is further broken out by our U.S. and non-U.S. operations. This is a non-GAAP financial measure we offer to give you insight into certain revenue trends in our operations.

Gross Margin

Gross margin in our temporary and consulting staffing operations in the second quarter was 37.6 percent of applicable revenues. This is a 30-basis-point improvement from the same period one year ago due primarily to higher pay/bill spreads. The second quarters of 2016 and 2015 include workers' compensation credits of \$1.4 million and \$2.1 million, respectively, pursuant to third-party actuarial reviews of our workers' compensation accruals.



Second-quarter revenues for our permanent placement operations were 9.9 percent of consolidated staffing revenues, which is down slightly from last year's 10.1 percent. Together with temporary and consulting gross margin, overall staffing gross margin increased by 10 basis points versus one year ago, to 43.8 percent.

Second-quarter gross margin for Protiviti was \$56 million, or 28.1 percent of Protiviti revenues. Last year, second-quarter gross margin for Protiviti was \$54 million, or 29.9 percent of Protiviti revenues.

Selling, General and Administrative Costs

Second-quarter staffing SG&A costs were 32.3 percent of staffing revenues, compared to 31.9 percent in the second quarter one year ago.

SG&A costs for Protiviti were 19.1 percent of Protiviti revenues in the second quarter versus 18.6 percent of Protiviti revenues in the same period last year.

Operating Income

Operating income from our staffing divisions was \$131 million in the second quarter of 2016, up 2 percent from the previous year. Operating margin was 11.5 percent, down slightly from 11.8 percent in last year's second quarter. Our temporary and consulting staffing divisions reported \$107 million in operating income, an increase of 2 percent from the second quarter of 2015. This resulted in an operating margin of 10.4 percent.

Operating income for our permanent placement division was \$24 million in the second quarter, up 2 percent from the previous year and producing an operating margin of 21.7 percent. Second-quarter operating profit for Protiviti was \$18 million, a decrease of 13 percent from the prior year. This produced an operating margin of 9.0 percent.

Accounts Receivable

At the end of the second quarter, accounts receivable were \$732 million. Implied days sales outstanding (DSO) was 49.6 days.

Guidance

Before we move to third-quarter guidance, I'd like to give you some more color on our Q2 results, specifically the *monthly* revenue trends we saw in the second quarter and thus far in July, all normalized for billing days and currency.

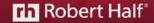
Globally, year-over-year revenue growth rates for our temporary and consulting staffing divisions decelerated during the second quarter, and we exited the quarter with June revenues growing 3.7 percent compared to an increase of 4.5 percent for the full quarter. Revenue growth for our staffing and consulting services in the first two weeks of July was up 2.8 percent compared to the prior year.

Global permanent placement revenue growth rates also decelerated during the quarter with June revenues declining 1.6 percent compared to 2.1 percent growth for the full quarter. For the first three weeks of July, permanent placement revenues declined 17.6 percent compared to the same period last year.

As you know, we hesitate to read too much into these numbers as they represent very brief periods of time.

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

- Revenues: \$1 billion, 335 million to \$1 billion, 395 million
- Income per share: \$0.68 to \$0.74



Note that our third-quarter guidance considers the estimated revenue and cost impacts to all U.S. Staffing and Protiviti offices of converting to new front-office CRM and project management systems, respectively. These are both scheduled to occur in the third quarter.

The midpoint of our guidance implies year-over-year revenue growth of 4.0 percent on a reported basis and 4.6 percent adjusted for billing days and currency (including Protiviti), and negative EPS growth of 3 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. The U.S. job market rebounded strongly in June, with 287,000 jobs added during the month. It was the largest single monthly job expansion since October 2015. This was on the heels of weaker reports in April and May. The U.S. unemployment rate ticked up to 4.9 percent as a result of more workers entering the workforce in June.

Outside the United States, we were pleased with the improved revenue growth rates in our international staffing and Protiviti operations. The Brexit vote in the United Kingdom has dominated news headlines but we believe it is too early to tell what, if any, impact it will have on our operations there, and the U.K. only accounts for 3 percent of our revenues.

The demand for skilled talent remains a consistent theme for us. For a number of years now, many of our specialty areas have had unemployment rates of less than half the overall rate of unemployment in the United States. The unemployment rate for accountants and auditors is just 2.2 percent, and for software developers it is just 1 percent, according to recent data from the Bureau of Labor Statistics. These are just two examples that place a spotlight on the talent shortages that exist in the United States and elsewhere in some job categories. This is resulting in demand for both temporary and full-time staffing in the professional segments we serve.

Looking at Protiviti, Protiviti is building a strong brand that is resulting in continued expansion of its client base and a broadening of its service offerings. This is a business that benefits from a strong regulatory environment because of its strength in helping clients navigate these environments. Protiviti excels at helping clients develop stronger internal controls, data security measures, and other important safeguards.

At this time, Keith and I would be happy to answer your questions. We ask that you please limit yourself to one question and a single follow-up, as needed. If time permits, we'll try to return to you if you have additional questions.

Q&A SESSION

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.

