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Kforce Inc. Q2 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) and our first question will come from Mark Marcon with Robert W. Baird.

Mark Marcon - Robert W. Baird

I was wondering, with regards to the monthly trends that you are seeing just on the IT side, can you talk a little bit more about what you're seeing on the Flex side and obviously it seems like financial services would be choppy, but you did mention that there is a number of different types of clients that you have and where are you seeing strength?

Joe Liberatore

Hi Mark, this is Joe. I guess we've provided intra-quarter revenue trends and maybe that will be a good place to start. Revenue trends on a billing day basis during the quarter, all units excluding F&A and HLS were up in April and all units excluding HLS were down in May.

When we moved into June, Tech and HLS were up in June, with all the other units declining slightly and as we started the quarter, I kind of give you that high level Flex of 3.6% up on a year-over-year basis. We still are seeing strong performance out of the HLS and Government, both of those in double-digit growth on a year-over-year basis. Tech is up slightly a little bit less than 1% on a year-over-year basis and F&A is down at roughly about 5% on a year-over-year basis.

Mark Marcon - Robert W. Baird

So it sounds like F&A is stabilizing at this negative 5%, it's not getting worse. IT just a little bit, just slightly softer and HLS and Government continue to be strong. Did Government go down in June?

Joe Liberatore

Government did go down in June and it's important to note with the Government business, I mean it's heavily project oriented, so it's not as smooth as a traditional staffing business, so I wouldn't be alarmed by any one particular month trend with the Government, its very pipeline oriented and our pipeline remains strong.

Mark Marcon - Robert W. Baird

Okay and just going back to IT, can you talk about the areas where you're seeing some strength and then where is it falling off and how should we think about the Flex gross margins. They did come in a

little bit on the IT side and my supposition is basically that there is just maybe not as many orders or that some clients are just sharpening their pencils a little bit more given the environment; is that the right way to think about it?

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