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## Robert Half International Inc. Q3 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

Thank you. If you would like to enter the queue for a question at this time, please press the \* and 1 on your touchtone key pad. Our first question from Andrew Steinerman with JP Morgan. Go ahead please.

#### Andrew Steinerman (Will for Andrew)- JP Morgan

This is Will for Andrew. Can you talk about SG&A and how those levels will look as revenues trail off, given the cost cut in second and third quarter?

#### Keith Waddell

Well when we did our guidance, we looked at revenue trends, which obviously are negative and at the low end of our guidance, we continued same levels of negative trends. At the SG&A line, clearly there will be some negative leverage of our fixed cost, which will put pressure on the SG&A percentage.

It's been our position in the past and we've begun as we speak to try to match our revenue levels on our headcount levels in the field and otherwise. There's a lot of attrition that makes up a large part of that matching, but to some extent we go beyond that. So if you look back in history, you'll see there definitely is some negative SG&A leverage as the revenues go down.

The margins certainly bottom out lower than what we've been used to seeing, but that said, on the flip side if you look at the recovery, post the last couple of downturns, you see a lot of upside there as well.

#### Operator

And our next question from the side of Mark Marcon with RW Baird. Go ahead please.

#### Mark Marcon - RW Baird

I was wondering if you could talk a little bit just following on from the last question with regards to how we should think about expense reductions this time around relative to last time around. It seems fairly obvious that things are going to be tough at least for the next few quarters and so I'm wondering what your stance is going to be. Number one and number two, to what extent is it more difficult to ratchet back expenses, because of your greater international exposure.

#### Keith Waddell

Okay, Mark, again as we've talked about before on these calls, roughly two-thirds of our SG&A costs are payroll and we've long had a policy of trying to match those payroll costs to the extent we can with revenues. We've begun that process last quarter that we talked about at length.

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