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## Robert Half International Inc. Q4 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### **Operator**

Thank you. (Operator instructions) Our first question comes from Kevin McVeigh with Credit Suisse. Your line is open.

#### **Kevin McVeigh – Credit Suisse**

Thank you. Hi, Keith and Max.

#### **Max Messmer**

Hi.

#### **Kevin McVeigh – Credit Suisse**

Hi, Keith. I wonder if you could just fill down on the guidance a little more in terms of just a little more color around what would be the low end of the range as opposed to the high end of the range, and just how we should think about the buyback relative to the current macro environment? It seems like you've bought back about five times as much stock in the fourth quarter versus the third quarter. How should we think about the buyback going forward?

#### **Keith Waddell**

Okay. So, first let's talk about the guidance. So at the low-end of the range, what we have done is taken the early January run rate and extrapolated that to the full quarter. And in fact, we have actually assumed that it decline further at the revenue line. At the SG&A line, because we are beginning to see some weakness in Continental Europe, and by the way, for the fourth quarter, in Continental Europe in a constant currency way, we had sequential growth than year over year growth. That was the good news. The not-as-good news is during the quarter we are in, they are starting to see some softening.

So given that there is softening occurring outside the United States and the assumption is it going to take us a little longer to adjust our cost structure because of their labor laws than is the case in the United States, we have assumed a little more negative leverage at the SG&A line this time than we had last time. From the standpoint of perm and Protiviti, given those trends, we will have small operating losses for the first quarter, given the trend line, if it continues. In addition to that or above that, there will be some staff reduction cost that will also add to the losses of those two divisions.

As to the buyback, as you could see, we did get more aggressive during the quarter. We continue to be very confident about our cash flow generation abilities as we move forward. We are very committed to our dividend as we always have been and we will continue to look at buybacks, quarter by quarter with our Board as we always do.

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