

HALF ROBERT INTERNATIONAL INC /DE/
Form 10-Q
May 04, 2012

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2012

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM to .

Commission File Number 1-10427

ROBERT HALF INTERNATIONAL INC.

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of
incorporation or organization)

94-1648752
(I.R.S. Employer
Identification No.)

2884 Sand Hill Road

Suite 200

Menlo Park, California
(Address of principal executive offices)

94025
(zip-code)

Registrant's telephone number, including area code: (650) 234-6000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. (Check one):

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of April 30, 2012:

142,978,470 shares of \$.001 par value Common Stock

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ROBERT HALF INTERNATIONAL INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

(in thousands, except share amounts)

| | March 31, 2012 | December 31, 2011 |
|--|-------------------|----------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 244,453 | \$ 279,336 |
| Accounts receivable, less allowances of \$23,758 and \$22,627 | 523,453 | 493,327 |
| Current deferred income taxes | 88,862 | 88,578 |
| Other current assets | 149,781 | 145,437 |
| Total current assets | 1,006,549 | 1,006,678 |
| Goodwill | 189,848 | 189,423 |
| Other intangible assets, net | 27 | 50 |
| Property and equipment, net | 104,486 | 107,972 |
| Other assets | 7,727 | 7,713 |
| Total assets | \$ 1,308,637 | \$ 1,311,836 |
| LIABILITIES | | |
| Accounts payable and accrued expenses | \$ 110,247 | \$ 117,596 |
| Accrued payroll costs and retirement obligations | 330,776 | 355,294 |
| Income taxes payable | 13,776 | |
| Current portion of notes payable and other indebtedness | 112 | 111 |
| Total current liabilities | 454,911 | 473,001 |
| Notes payable and other indebtedness, less current portion | 1,516 | 1,545 |
| Other liabilities | 36,530 | 36,785 |
| Total liabilities | 492,957 | 511,331 |
| Commitments and Contingencies (Note G) | | |
| STOCKHOLDERS EQUITY | | |
| Preferred stock, \$.001 par value authorized 5,000,000 shares; issued and outstanding zero shares | | |
| Common stock, \$.001 par value authorized 260,000,000 shares; issued and outstanding 142,302,507 shares and 142,085,533 shares | 142 | 142 |
| Capital surplus | 770,579 | 759,476 |
| Accumulated other comprehensive income | 44,959 | 40,887 |
| Retained earnings | | |
| Total stockholders equity | 815,680 | 800,505 |
| Total liabilities and stockholders equity | \$ 1,308,637 | \$ 1,311,836 |

The accompanying Notes to Condensed Consolidated Financial Statements

are an integral part of these financial statements.

ROBERT HALF INTERNATIONAL INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(in thousands, except per share amounts)

| | Three Months Ended March 31, | |
|---|---------------------------------|------------|
| | 2012 | 2011 |
| Net service revenues | \$ 1,015,444 | \$ 880,869 |
| Direct costs of services, consisting of payroll, payroll taxes, insurance costs and reimbursable expenses | 613,361 | 542,780 |
| Gross margin | 402,083 | 338,089 |
| Selling, general and administrative expenses | 322,018 | 293,686 |
| Amortization of intangible assets | 35 | 39 |
| Interest income, net | (234) | (212) |
| Income before income taxes | 80,264 | 44,576 |
| Provision for income taxes | 31,930 | 17,871 |
| Net income | \$ 48,334 | \$ 26,705 |
| Net income available to common stockholders diluted | \$ 48,070 | \$ 26,293 |
| Net income per share (Note J): | | |
| Basic | \$.34 | \$.18 |
| Diluted | \$.34 | \$.18 |
| Shares: | | |
| Basic | 139,384 | 142,653 |
| Diluted | 140,443 | 144,136 |
| Cash dividends declared per share | \$.15 | \$.14 |

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ROBERT HALF INTERNATIONAL INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

(in thousands)

| | Three Months Ended March 31, | |
|--|---------------------------------|-----------|
| | 2012 | 2011 |
| COMPREHENSIVE INCOME: | | |
| Net income | \$ 48,334 | \$ 26,705 |
| Foreign currency translation adjustments, net of tax | 4,072 | 7,433 |
| Total comprehensive income | \$ 52,406 | \$ 34,138 |

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are an integral part of these financial statements.

ROBERT HALF INTERNATIONAL INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY (UNAUDITED)

(in thousands, except per share amounts)

| | Three Months Ended March 31, | |
|--|---------------------------------|------------|
| | 2012 | 2011 |
| COMMON STOCK SHARES: | | |
| Balance at beginning of period | 142,086 | 146,183 |
| Net issuances of restricted stock | 709 | 1,181 |
| Repurchases of common stock | (1,926) | (1,003) |
| Exercises of stock options | 1,434 | 424 |
| Balance at end of period | 142,303 | 146,785 |
| COMMON STOCK PAR VALUE: | | |
| Balance at beginning of period | \$ 142 | \$ 146 |
| Net issuances of restricted stock | 1 | 1 |
| Repurchases of common stock | (2) | (1) |
| Exercise of stock options | 1 | 1 |
| Balance at end of period | \$ 142 | \$ 147 |
| CAPITAL SURPLUS: | | |
| Balance at beginning of period | \$ 759,476 | \$ 787,105 |
| Net issuances of restricted stock at par value | (1) | (1) |
| Repurchases of common stock excess over par value | (8,058) | (4,261) |
| Cash dividends (\$.15 per share and \$.14 per share) | (21,370) | (20,631) |
| Stock-based compensation expense | 8,886 | 12,113 |
| Exercises of stock options excess over par value | 26,082 | 9,660 |
| Tax impact of equity incentive plans | 5,564 | 1,274 |
| Balance at end of period | \$ 770,579 | \$ 785,259 |
| ACCUMULATED OTHER COMPREHENSIVE INCOME: | | |
| Balance at beginning of period | \$ 40,887 | \$ 47,120 |
| Foreign currency translation adjustments, net of tax | 4,072 | 7,433 |
| Balance at end of period | \$ 44,959 | \$ 54,553 |
| RETAINED EARNINGS: | | |
| Balance at beginning of period | \$ | \$ |
| Net income | 48,334 | 26,705 |
| Repurchases of common stock excess over par value | (48,334) | (26,705) |
| Balance at end of period | \$ | \$ |

The accompanying Notes to Condensed Consolidated Financial Statements

are an integral part of these financial statements.

ROBERT HALF INTERNATIONAL INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(in thousands)

| | Three Months Ended March 31, | |
|--|---------------------------------|-----------------|
| | 2012 | 2011 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income | \$ 48,334 | \$ 26,705 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Amortization of intangible assets | 35 | 39 |
| Depreciation expense | 12,246 | 12,756 |
| Stock-based compensation expense restricted stock and stock units | 8,886 | 12,113 |
| Excess tax benefits from stock-based compensation | (2,438) | (621) |
| Provision for deferred income taxes | (1,554) | (7,827) |
| Provision for doubtful accounts receivable | 2,321 | 1,608 |
| Changes in assets and liabilities: | | |
| Increase in accounts receivable | (28,518) | (38,716) |
| Decrease in accounts payable, accrued expenses, accrued payroll costs and retirement obligations | (37,161) | (6,220) |
| Increase in income taxes payable | 26,070 | 20,360 |
| Change in other assets, net of change in other liabilities | (5,007) | (1,245) |
| Net cash flows provided by operating activities | 23,214 | 18,952 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Capital expenditures | (10,372) | (14,563) |
| Increase in trusts for employee benefits and retirement plans | (1,478) | (1,015) |
| Net cash flows used in investing activities | (11,850) | (15,578) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Repurchases of common stock | (56,394) | (30,967) |
| Cash dividends paid | (21,016) | (20,294) |
| Decrease in notes payable and other indebtedness | (32) | (30) |
| Excess tax benefits from stock-based compensation | 2,438 | 621 |
| Proceeds from exercises of stock options | 26,081 | 9,661 |
| Net cash flows used in financing activities | (48,923) | (41,009) |
| Effect of exchange rate changes on cash and cash equivalents | 2,676 | 4,328 |
| Net decrease in cash and cash equivalents | (34,883) | (33,307) |
| Cash and cash equivalents at beginning of period | 279,336 | |