

CDI CORP

FORM 8-K (Current report filing)

Filed 3/1/2007 For Period Ending 3/1/2007

Address	1717 ARCH STREET, 35TH FLOOR PHILADELPHIA, Pennsylvania 19103-2768
Telephone	215-569-2200
CIK	0000018396
Industry	Business Services
Sector	Services
Fiscal Year	12/31

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 8-K

**CURRENT REPORT PURSUANT
TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of report (Date of earliest event reported): March 1, 2007

CDI Corp.

(Exact Name of Registrant as Specified in Its Charter)

Pennsylvania

(State or Other Jurisdiction of Incorporation)

1-5519

(Commission File Number)

23-2394430

(IRS Employer Identification No.)

1717 Arch Street, 35th Floor, Philadelphia, PA
(Address of Principal Executive Offices)

19103-2768
(Zip Code)

(215) 569-2200

(Registrant's Telephone Number, Including Area Code)

N/A

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 7.01 Regulation FD Disclosure

On March 1, 2007, Roger H. Ballou, the President and Chief Executive Officer of CDI Corp. (“CDI”), is expected to make a series of presentations to potential institutional investors at a conference in Boston. The presentations will include the information about CDI which is set forth on the slides attached to this report as Exhibit 99. Exhibit 99 is incorporated by reference in this Report. Following the presentation, the slides contained in Exhibit 99 will be posted on CDI’s website at www.cdicorp.com.

The information in Item 7.01 and Exhibit 99 of this Report is being furnished pursuant to Regulation FD. Such information shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (as amended) or incorporated by reference in any filing under the Securities Act of 1933 (as amended) or the Securities Exchange Act of 1934 (as amended), except as shall be expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

Exhibit Number	Description
99	Slide presentation to be made by the Chief Executive Officer of CDI Corp. to potential institutional investors on March 1, 2007

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CDI CORP.
(Registrant)

By: /s/ Roger H. Ballou
Roger H. Ballou
President and Chief Executive Officer

Date: February 28, 2007

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
99	Slide presentation to be made by the Chief Executive Officer of CDI Corp. to potential institutional investors on March 1, 2007



CDI CORP.

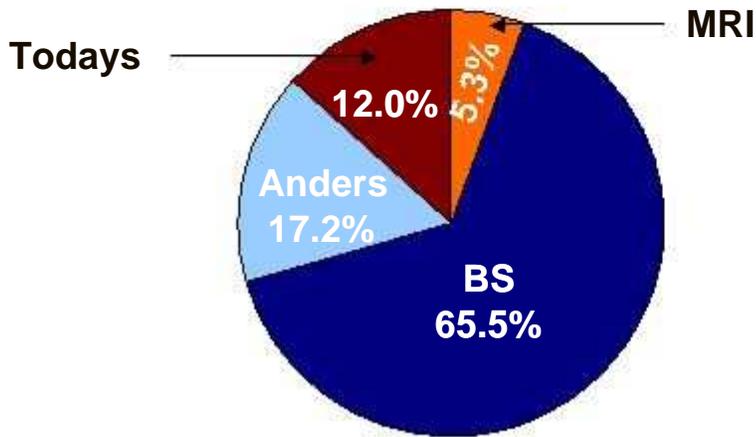
Committed to creating shareholder value through long-term profitable growth

CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

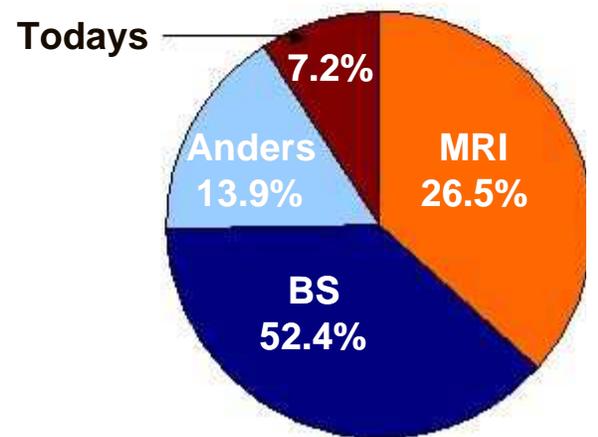
This presentation contains forward-looking statements within the meaning of the Private Secur Reform Act of 1995. All statements that address expectations or projections about the future, statements about our strategy for growth, expected expenditures and future financial results, a statements. Some of the forward-looking statements can be identified by words like "anticipat "expects," "may," "will," "could," "intends," "plans," "estimates," and similar expressions. These not guarantees of future performance and involve a number of risks, uncertainties and assump difficult to predict. Because these forward-looking statements are based on estimates and ass subject to significant business, economic and competitive uncertainties, many of which are bey or are subject to change, actual outcomes and results may differ materially from what is expres in these forward-looking statements. Important factors that could cause actual results to differ the forward-looking statements include, but are not limited to: changes in general economic cc levels of capital spending by customers in the industries that we serve; possible inaccurate ass forecasts regarding the bill rate, profit margin and duration of assignment applicable to billable regarding the utilization rate of billable personnel in our project business); competitive market p availability and cost of qualified labor; changes in customers' attitudes towards outsourcing; ou in attracting, training, and retaining qualified management personnel and other staff employees pass on to customers increases in costs (such as those relating to workers' compensation, un insurance, medical insurance coverage or other costs which may arise from regulatory require performance on customer contracts; the possibility of incurring liability for our activities, includi our temporary employees; adverse consequences arising out of the U.K. Office of Fair Trading and government policies or judicial decisions adverse to the staffing industry. More detailed in some of these risks and uncertainties may be found in our filings with the SEC, particularly in t section of our Form 10-K's and the "Management's Discussion and Analysis of Financial Cond of Operations" section of our Form 10-K's and Form 10-Q's. Readers are cautioned not to pla on these forward-looking statements, which speak only as of the date hereof. We assume no update such statements, whether as a result of new information, future events or otherwise.

CDI AT A GLANCE

FOUR MAJOR BUSINESS UNITS



2006 % Total Revenue



2006 % Total Operating P
(pre-corporate allocation)

2006 Consolidated Revenue: \$1,265.3mm

TODAYS STAFFING



- Temporary, permanent placement and management administrative, financial and legal professionals
- 65 company-owned and franchised offices in the United States and Canada
- Positioned as provider of high-quality candidate search services, delivering competitively superior value

	Full Year	
	<u>2006</u>	<u>vs. 2005</u>
Staffing Services	97.4%	97.7%
Permanent Placement	2.6%	2.3%
Total Revenue (in millions)	\$151.9	\$149.1
	+1.9%	

ANDERSELITE



- Provides building and construction professionals and government-funded design and construction projects
- Focus is in U.K. and, to a lesser degree, Australia
- 13 company-owned offices in the U.K, 2 in Australia
- Powerful candidate sourcing capability to deliver in all levels of permanent, temporary and contract construction industry specialists

	Full Year	
	<u>2006</u>	vs. <u>2005</u>
Staffing Services	88.9%	89.9%
Permanent Placement	11.1%	10.1%
Total Revenue (in millions)	\$217.2	\$184.4
	+17.8%	

MANAGEMENT RECRUITERS INTERNATIONAL



- ➔ Global franchise network and specialty staffing for the world's largest executive search and recruitment organizations
- ➔ Approximately 800 **MRI Network™** franchised offices in the United States and 2 International Master Licenses in the United Kingdom
- ➔ Provides comprehensive support and training services to franchisees, who in turn, provide permanent placement and temporary staffing services to their customers to find executive, technical, professional managerial and sales personnel

	Full Year	
	<u>2006</u> vs. <u>2005</u>	
Staffing Services	52.9%	46.9%
Permanent Placement & Royalties	41.6%	48.3%
Franchise Fees	5.5%	4.8%
Total Revenue (in millions)	\$67.5	\$62.3
	+8.4%	

CDI BUSINESS SOLUTIONS



- Offers single source engineering and IT outsourcing solutions, professional staffing and managed staff
- Includes IT Services, Process & Industrial, Aeronautics, Government Services, and Life Sciences verticals
- 61 offices in the U.S. as well 8 in Canada & Germany
- Leverages speed, skill and scale to enable clients higher ROI utilizing skilled CDI professionals and project management capabilities

	Full Year	
	<u>2006</u>	<u>vs. 2005</u>
Staffing Services	61.3%	61.8%
Project Outsourcing	38.2%	37.6%
Permanent Placement	0.5%	0.6%
Total Revenue (in millions)	\$828.8	\$737.8
	+12.3%	

CDI BUSINESS SOLUTIONS: KEY VERTICALS



CDI-Process & Industrial – 44.7%*

- Chemicals, Oil, Gas, Refining, Telecom, Power Generation
- *Sample Services:* Engineering, Procurement, Construction Management, Feasibility Studies & Process Consulting, Services



CDI-Aerospace – 10.0%*

- Commercial & Military Aerospace, Satellite/Space Systems
- *Sample Services:* Mechanical Design & Structural Analysis, Technical Publications, Logistics



CDI-Government Services – 7.0%*

- U.S. Government Agencies & U.S. Allies
- *Sample Services:* Marine Design, Systems Development, Aviation Support, IT Solutions

* 2006 Business Solutions Revenue

CDI BUSINESS SOLUTIONS: KEY VERTICALS (C)



CDI-Life Sciences – 1.4%*

→ Pharmaceutical, Biotechnology

→ *Sample Services:* Feasibility Studies, Site Selection, Start Up Services, Validation, Pharmaceutical & Biotech



CDI-IT Services – 36.9%*

→ Financial, Banking, Insurance, Travel, Automotive

→ *Sample Services:* IT Staffing, Outsourcing Solutions

* 2006 Business Solutions Revenue

A UNIQUE SINGLE-SOURCE PROVIDER

SOURCE TALENT

Permanent Placement
Engineering Staffing
Professional Staffing
IT Staffing
Temporary Staffing

ENGINEER SOLUTIONS

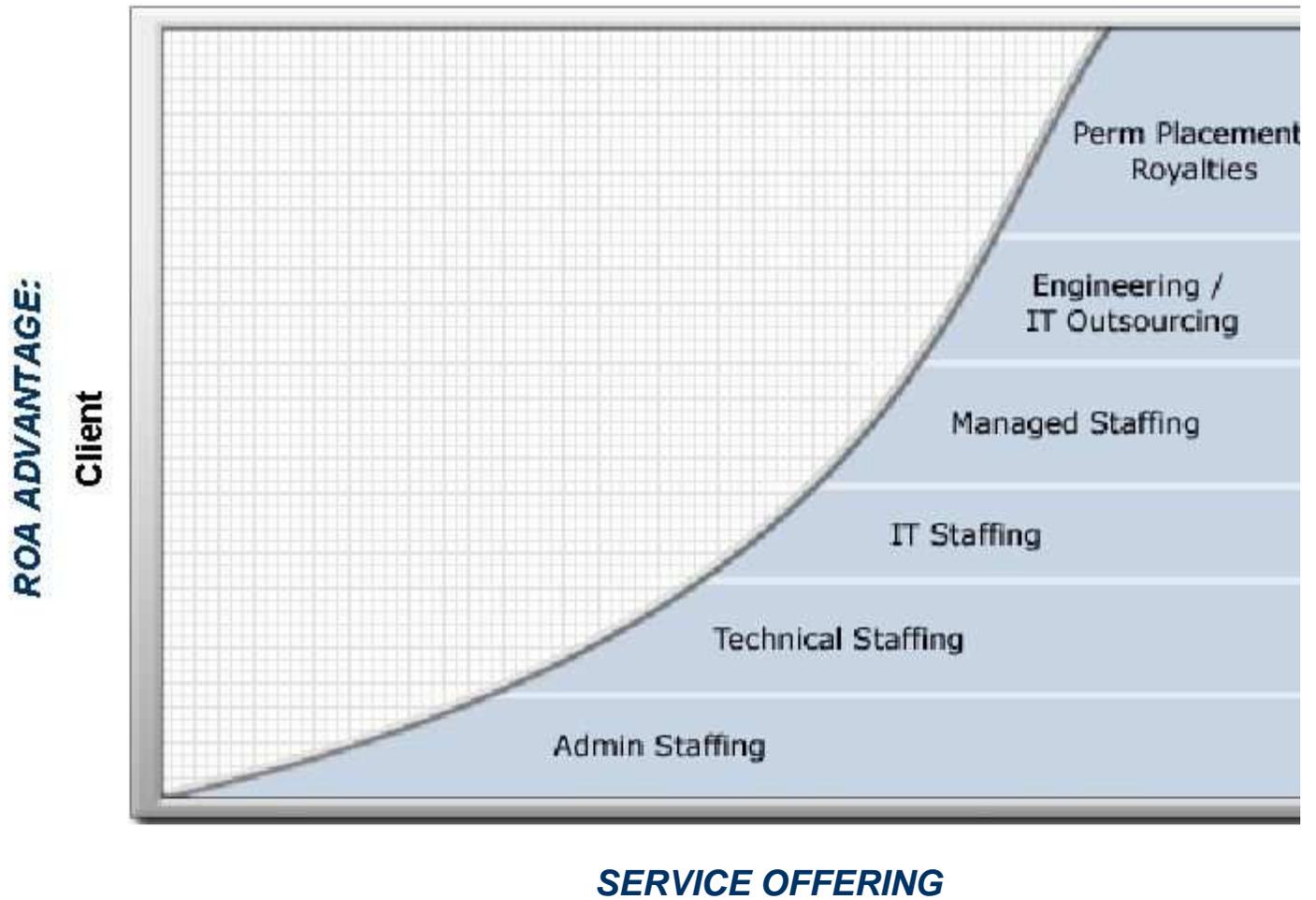
Engineering Solutions
Regulatory Compliance
Validation
IT Solutions
Engineering Outsourcing
IT Outsourcing
Design & Drafting
Technical Manufacturing

MANAGE SOLUTIONS

Project Management
Construction Management
Managed Staffing

VALUE CONTINUUM

CDI VALUE CONTINUUM



3-PHASE REPOSITIONING

→ **Phase I (2002-2003): *Restructure***

- Exit non-strategic business
- Cut costs

→ **Phase II (2004): *Create Industry - Focused Organization***

- CDI Business Solutions aligned in five industry verticals
- MRI shift to fully franchised organization
- Build strategies to move up customer value continuum

3-PHASE REPOSITIONING (CONT.)

→ Phase III (2005-2006): *Create Profitable Growth*

- Implement and execute strategic growth plan
- Revenue momentum vs. year-ago period
 - *Full year 2005:* +8.5%
 - *Full year 2006* +11.6%
- Profit momentum
 - Pre-tax earnings increased 65.8% vs. 2005
- Within a strong business environment characterized by:
 - Solid GDP growth
 - Solid demand for permanent and contingent hiring
 - Robust capital spending patterns in key verticals

Robust Capital Spending – A Critical CDI Growth Factor

Three CapEx Growth Drivers; Asset Age, Capacity Utilization and Cost of Energy

Asset Age Near Peak Levels



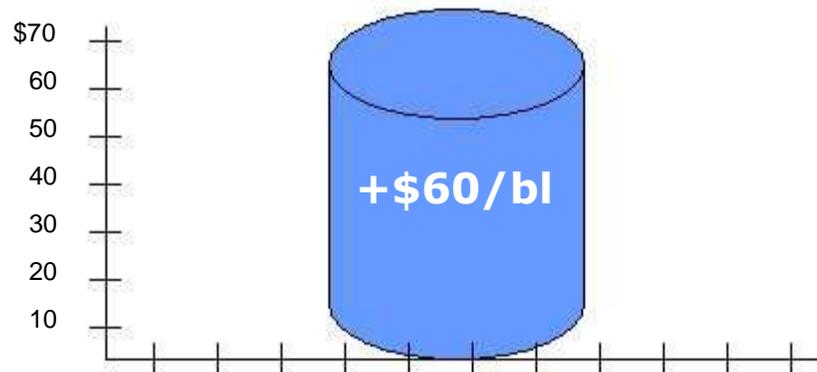
Source: Compustat, Morgan Stanley Research.

High Capacity Utilization Support



Source: Bureau of Economic Analysis, Morgan Stanley

High Energy Costs



Robust Capital Spending – A Critical CDI Growth Factor



Revenue Driven by CapEx C

- **Over 50% of total CDI revenue**

Peer Companies in Capital Spending Environment

Fluor (FLR)

Jacobs (JEC)

Shaw Group (SGR)

Washington Group Int'

Foster Wheeler (FWLT)

VALUE PROPOSITION

CDI's customers leverage our skill, speed and scale to a faster and higher return on capital investment. CDI of clients a single-source provider of best-of-breed engine and IT solutions and professional staffing; freeing our customers to focus on their core competencies, accelerate change and drive profitable growth.

STRATEGIC GROWTH PLAN

- ➔ **Reposition CDI to be a single-source provider of engineering solutions and professional staffing – accelerating shift up continuum**
 - Beginning Q1 2007, CDI to report CDI Engineering Solutions (4 ver CDI IT Solutions to more clearly identify engineering and IT financial

- ➔ **Capture market share in key verticals by:**
 - Continuing to execute business solutions focusing on higher knowledge and longer cycle areas
 - Leveraging industry expertise in key verticals to provide skills across (*i.e., apply Life Sciences skills to alternative energy projects*)
 - Developing strategic off-shoring capabilities

- ➔ **Expand permanent placement business, including MRI growth new international markets with master franchise model**

- ➔ **Build skill and scale to enhance core capabilities and expand company's range of services**

STRATEGIC GROWTH PLAN (CONT.)

- Leverage cash-generative business model and available d to support organic growth initiatives**
- Target to achieve pre-tax return on invested capital of 20% redeploy any assets unable to meet target**
- Maintain financial discipline and lean headquarter operatic generate highly-leveraged variable contribution and, over generate 5% operating profit margin**
- Derive at least 60% of revenues from higher-margin, longe business**
- Maintain or establish a top five leadership position in target verticals**

INVESTMENT SUMMARY

- A strong balance sheet and lean cost structure**
- Strength in client capital expenditure, strong pipeline of new business, and continued strength in hiring demand could produce full year organic revenue growth of 7 – 9% and 7 – 9% YOY growth in EBITDA**
- Business model produces solid cash flow to enable organic growth and dividend payments**
 - Paid quarterly dividends totaling \$0.40 per share – 2004
 - Paid two special dividends of \$2.00 per share – 2003 and 2004
 - Paid quarterly dividend totaling \$0.44 per share – 2005 and 2006

INVESTMENT SUMMARY (CONT.)

→ Unique player in the Professional Services sector

- Less cyclical with more than 50% of revenues from higher-margin, IT engineering and IT business
- Only single-source provider of engineering and IT solutions and professional staffing

→ Long-term client relationships at senior levels in Fortune 500 companies

→ Poised to leverage highly favorable incremental margins as placement marketplace continues to expand

→ Poised to leverage client increases in capital spending through business model which can create variable contribution margins from low to mid teens



www.cdicorp.com