

# SECURITIES AND EXCHANGE COMMISSION

## FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1995-05-10** | Period of Report: **1995-03-31**  
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### FILER

#### CDI CORP

CIK: **18396** | IRS No.: **232394430** | State of Incorporation: **PA** | Fiscal Year End: **1231**  
Type: **10-Q** | Act: **34** | File No.: **001-05519** | Film No.: **95536110**  
SIC: **7363** Help supply services

Business Address  
*1717 ARCH STREET, 35TH  
FLOOR  
PHILADELPHIA PA 19103-2768  
2155692200*

## FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

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

For the quarterly period ended March 31, 1995  
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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 1-5519  
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CDI CORP.  
-----

(Exact name of Registrant as specified in its charter)

Pennsylvania  
-----

(State or other jurisdic-  
tion of incorporation or  
organization)

23-2394430  
-----

(I.R.S. Employer  
Identification Number)

1717 Arch Street, 35th Floor, Philadelphia, PA 19103-2768  
-----

(Address of principal executive offices)

Registrant's telephone number, including area code: (215) 569-2200  
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Indicate 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   X   No  
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Outstanding shares of each of the Registrant's classes of common stock as of April 28, 1995 were:

Common stock, \$.10 par value	19,714,928 shares
Class B common stock, \$.10 par value	None

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PART 1. FINANCIAL INFORMATION

CDI CORP. AND SUBSIDIARIES

Consolidated Balance Sheets  
(In thousands)

	March 31, 1995	December 31, 1994
Assets	-----	-----
Current assets:		
Cash	\$ 5,692	5,160
Accounts receivable, less allowance for doubtful accounts of \$2,034 - March 31, 1995; \$3,184 - December 31, 1994	257,679	214,867
Prepaid expenses	5,082	4,389
Total current assets	268,453	224,416
Fixed assets, at cost:		
Land	2,647	3,013
Buildings	8,724	9,884
Computer-aided design systems	25,191	26,328
Equipment and furniture	82,254	76,412
Leasehold improvements	12,600	11,976
	-----	-----
	131,416	127,613
Accumulated depreciation	86,564	84,560
	-----	-----
Net fixed assets	44,852	43,053
Deferred income taxes	2,245	2,124
Goodwill and other intangible assets	21,559	22,048
Other assets	6,407	6,034

\$ 343,516	297,675
=====	=====

CDI CORP. AND SUBSIDIARIES

Consolidated Balance Sheets  
(In thousands, except share data)

	March 31, 1995	December 31, 1994
-----	-----	-----
Liabilities and Shareholders' Equity		
Current liabilities:		
Obligations not liquidated because of outstanding checks	\$ 10,031	6,733
Accounts payable	13,709	10,766
Withheld payroll taxes	1,580	5,635
Accrued expenses	71,763	59,138
Currently payable income taxes	9,439	10,016
Deferred income taxes	6,132	3,879
	-----	-----
Total current liabilities	112,654	96,167
Long-term debt	80,812	58,798
Deferred compensation	3,760	3,528
Minority interests	273	305
Shareholders' equity:		
Preferred stock, \$.10 par value - authorized 1,000,000 shares; none issued	-	-
Common stock, \$.10 par value - authorized 100,000,000 shares; issued 19,739,983 shares	1,974	1,974
Class B common stock, \$.10 par value - authorized 3,174,891 shares; none issued	-	-
Additional paid-in capital	11,361	11,361
Retained earnings	133,272	126,132
Less 25,055 shares of common stock in treasury, at cost	(590)	(590)
	-----	-----
Total shareholders' equity	146,017	138,877
	-----	-----

\$ 343,516

297,675

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CDI CORP. AND SUBSIDIARIES

Consolidated Statements of Earnings  
(In thousands, except per share data)

	Three months ended March 31,	
	1995	1994
	-----	-----
Revenues	\$ 319,002	249,231
Cost of operations	291,624	229,883
	-----	-----
Gross profit	27,378	19,348
General and administrative expenses	14,219	11,759
	-----	-----
Operating profit	13,159	7,589
Interest expense	1,312	976
	-----	-----
Earnings before income taxes and minority interests	11,847	6,613
Income taxes	4,739	2,646
	-----	-----
Earnings before minority interests	7,108	3,967
Minority interests	(32)	23
	-----	-----
Net earnings	\$ 7,140	3,944
	=====	=====
Per share	\$ .36	.20

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CDI CORP. AND SUBSIDIARIES

Consolidated Statements of Cash Flows  
(In thousands)

	Three months ended March 31,	
	----- 1995 -----	----- 1994 -----
Operating activities:		
Net earnings	\$ 7,140	3,944
Minority interests	(32)	23
Depreciation	3,023	3,062
Amortization of intangible assets	504	658
Income tax provision greater than tax payments	1,555	1,989
Change in assets and liabilities net of effects from acquisitions:		
Increase in accounts receivable	(42,812)	(24,381)
Increase in payables and accrued expenses	11,513	7,896
Other	(849)	278
	----- (19,958) -----	----- (6,531) -----
Investing activities:		
Purchases of fixed assets	(6,379)	(2,956)
Other	1,557	21
	----- (4,822) -----	----- (2,935) -----
Financing activities:		
Borrowings long-term debt	22,032	5,180
Payments long-term debt	(18)	(16,931)
Obligations not liquidated because of outstanding checks	3,298	3,727
	----- 25,312 -----	----- (8,024) -----
Increase (decrease) in cash	532	(17,490)
Cash at beginning of period	5,160	20,361
Cash at end of period	\$ 5,692 =====	2,871 =====

Comments to Financial Statements

Earnings per share of common stock are based on the weighted average number of shares of common stock and dilutive common share equivalents (which arise from stock options) outstanding during the periods. No further dilution resulted from a computation of fully diluted earnings per share. The number of shares used to compute earnings per share was 19,822,600 for the three months ended March 31, 1995 and 19,761,221 for the three months ended March 31, 1994.

Revenues and operating profit attributable to the business segments of the Company for the three months ended March 31, 1995 and 1994 follows (\$000s):

	1995	1994
	-----	-----
Revenues:		
Technical Services	\$ 270,025	209,818
Temporary Services	32,271	28,297
Management Recruiters	16,706	11,116
	-----	-----
	\$ 319,002	249,231
	=====	=====
Operating profit:		
Technical Services	\$ 11,440	7,006
Temporary Services	1,289	717
Management Recruiters	2,491	1,351
Corporate expenses	(2,061)	(1,485)
	-----	-----
	\$ 13,159	7,589
	=====	=====

These comments contain only the information which is required by Form 10-Q. Further reference should be made to the comprehensive disclosures contained in the Company's annual report on Form 10-K for the year ended December 31, 1994.

The financial statements included in this report reflect all adjustments which, in the opinion of management, are necessary for a fair statement of the results for the periods presented.

## Results of Operations

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Consolidated revenues for the quarter ended March 31, 1995 were 28% above the comparable quarter a year ago. Operating profit margins were 4.1% of revenues for the first quarter of this year compared to 3.0% for the same period in 1994.

Technical Services' revenues increased 29% over the first quarter a year ago. Operating profit margins for Technical Services' were 4.2% in the first quarter of 1995 compared to 3.3% for the 1994 first quarter. Technical Services multi-year managed outsource programs for customers continued their strong growth. In addition, telecommunications markets were exceptionally strong, and chemicals/petrochemicals has once again resumed growth after about a year and a half pause. The domestic auto manufacturers seem intent on maintaining a high level of design activity even with fluctuating car sales.

Temporary Services' revenues were up 14% over last year's first quarter. Operating profit margins for Temporary Services were 4.0% for the first quarter of 1995, compared to 2.5% for the 1994 first quarter. This is the first pure year over year comparison since CDI downsized its temporary office/clerical segment a couple of years ago and integrated it with the Today's Temporary's operation (acquired in 1991) under Today's management. That restructuring saw the segment become solidly profitable.

Management Recruiters' revenues for the first quarter of 1995 grew 50% over last year's first quarter. Operating profit margins were 15% of revenues for the first quarter of this year and 12% for the first quarter of last year. Management Recruiters' markets are very active. Demand for middle-manager candidates is continuing to increase as companies expand their own operations. Management Recruiters' new "temp-to-perm" services for middle management and office support personnel are contributing to both revenue and profit growth.

## Financial Condition

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The ratio of current assets to current liabilities was 2.4 to 1 as of March 31, 1995 compared to 2.3 to 1 as of December 31, 1994. The ratio of long-term debt to total capital (long-term debt plus shareholders' equity) was 36% as of March 31, 1995 compared to 30% at December 31, 1994. Working capital needs expanded during the quarter ended March 31, 1995 as a result of the increased volume of business conducted as well as higher levels of receivables which arose because certain customers' internal processes caused delays in billings to those customers. Funding for the increased investment in working capital was provided, in part, by additional borrowings of long-term debt. The Company believes that capital resources available from operations and financing arrangements are adequate to support the Company's businesses.



## PART II. OTHER INFORMATION

## Item 6. Exhibits and Reports on Form 8-K

## (a) Exhibits

3.(i) Articles of incorporation of the registrant, incorporated herein by reference to the Registrant's report on Form 10-Q for the quarter ended June 30, 1990 (File No. 1-5519).

(ii) Bylaws of the Registrant, incorporated herein by reference to the Registrant's report on Form 10-Q for the quarter ended June 30, 1990 (File No. 1-5519).

10.a. CDI Corp. Non-Qualified Stock Option and Stock Appreciation Rights Plan, incorporated herein by reference to the EDGAR filing made by the Registrant on March 21, 1995 in connection with the Registrant's definitive Proxy Statement for its annual meeting of shareholders held on May 2, 1995 (File No. 1-5519). (Constitutes a management contract or compensatory plan or arrangement)

b. Employment Agreement dated May 1, 1973 by and between Comprehensive Designers, Inc. and Walter R. Garrison, incorporated herein by reference to Exhibit 10.e. to Registrant's registration statement on Form 8-B (File No. 1-5519). (Constitutes a management contract or compensatory plan or arrangement)

c. Employment Agreement dated April 1, 1963, as amended and restated effective May 1, 1986, by and between Registrant and Christian M. Hoechst, incorporated herein by reference to Registrant's report on Form 10-K for the year ended April 30, 1987 (File No. 1-5519). (Constitutes a management contract or compensatory plan or arrangement)

d. Employment Agreement dated April 30, 1973 by and between Comprehensive Designers, Inc. and Edgar D. Landis, incorporated herein by reference to Exhibit 10.g. to Registrant's registration statement on Form 8-B (File No. 1-5519). (Constitutes a management contract or compensatory plan or arrangement)

- e. Supplemental Pension Agreement dated April 11, 1978 between CDI Corporation and Walter R. Garrison, incorporated herein by reference to the Registrant's report on Form 10-K for the year ended December 31, 1989 (File No. 1-5519). (Constitutes a management contract or compensatory plan or arrangement)

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11. Statement re computation of per share earnings.

27. Financial Data Schedule.

- (b) The Registrant was not required to file a Form 8-K during the quarter ended March 31, 1995.

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#### 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 thereunto duly authorized.

CDI CORP.

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May 10, 1995

By: /s/ Edgar D. Landis

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EDGAR D. LANDIS  
Executive Vice President, Finance  
(Duly authorized officer and  
principal financial officer of  
Registrant)

## INDEX TO EXHIBITS

Number	Exhibits	Page
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11.	Statement re computation of per share earnings.	12
27.	Financial Data Schedule.	13

## EXHIBIT 11

## Statement Re Computation of Per Share Earnings

	Three months ended March 31,	
	1995	1994
	-----	-----
Primary		
- - - - -		
Net earnings	\$ 7,140,000	3,944,000
	=====	=====
Common and common equivalent shares outstanding:		
Weighted average common shares outstanding during the period	19,714,928	19,714,828
Assumed exercise of stock options	107,672	46,393
	-----	-----
	19,822,600	19,761,221
	=====	=====
Earnings per share of common stock	\$ .36	.20
Fully diluted		
- - - - -		
Net earnings	\$ 7,140,000	3,944,000
	=====	=====
Common and common equivalent shares outstanding:		
Weighted average common shares outstanding during the period	19,714,928	19,714,828
Assumed exercise of stock options	141,180	46,393
	-----	-----
	19,856,108	19,761,221
	=====	=====
Earnings per share of common stock	\$ .36	.20



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