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CDI Corp. Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions) Your first question is coming from Jeff Silber of BMO Capital Markets.

Jeff Silber – BMO Capital Markets

That is close enough, how are you doing this morning?

Roger Ballou

Good Jeff, how are you?

Jeff Silber – BMO Capital Markets

All right. I would like to start just in terms of the fourth quarter guidance. When you are looking at a decline in constant currency about 4% to 6%, I know you are not going to give guidance by specific segments but if you can just rank the segments along that spectrum I think it would help us.

Roger Ballou

Yes, I would expect to see significant continuing slowdowns in Anders and MRI. We would expect to see the other two businesses flat to slightly up. So the shrinkage in general will be in those two segments.

Jeff Silber – BMO Capital Markets

Okay, great, that's helpful. Again focusing on guidance, this 30% to 40% decline in operating income, it looks like it is a little what I would call less worse than what you saw in the third quarter, I know in the third quarter you had the Gulf Coast impact, you also had the costs and the tax credit, any other reason why things would improve? third quarter to fourth quarter?

Roger Ballou

Let me tell you that a piece of it is the continuing rollout of the significant IT account that we referred to. So in the third quarter we have \$0.5 million of costs related to that new account win and we are really just beginning to see revenue from the account. In the fourth quarter we will see substantially more revenue so there should be an uptick there. That is one element of it. The other is that we are expecting the claw back in the fourth quarter of the significant slowdown from the hurricane. So if you look at those two things alone as well as the absence of the \$0.5 million in costs related to the

R&D credits, you have got a little over \$3 million that should not recur in the fourth quarter in a direct fashion. So that is the predominant factors in there Jeff.

Jeff Silber – BMO Capital Markets

Okay. Just a few numbers and then I will let somebody else jump on, other income went up to actually roughly to double to year over year, is that kind of rate we should expect to continue at?

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