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CDI Corp. Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions). Your first question comes from the line of James Janesky of Stifel Nicolaus.

James Janesky – Stifel Nicolaus

Hi, yes. Good morning, Roger. A couple of questions, I might have missed your comment there at the end about the expected profitability, do you believe that with the outlook in revenues for the first quarter that you could still remain profitable on a GAAP basis or do you think that that – or was that comment more directed to all of 2009?

Roger Ballou

The answer is that the comet is directed at the business structure that we think it would allow us to remain profitable through 2009, but in answer to your question, yes, we expect to remain profitable in Q1 on a GAAP basis.

James Janesky – Stifel Nicolaus

Okay. And in terms of where the expected weakness is in the first quarter, can you go over – rather than going over segment by segment, can you go over what changes you might expect sequentially from the fourth quarter? For example, would you still expect IT solutions with the project ramp up to have positive growth in revenues in the first quarter or are there other mitigating circumstances?

Roger Ballou

Yes. I won't give individual segment forecast, but what I would say Jim is, we expect to see basically the same trends as we saw in Q4 continuing in the sense that you would expect to see strength in government, aerospace, we would expect to see weakness in the P&I sector, we would expect to see weakness in Anders, weakness in the royalties at MRI, relative strength in IT. So it is going to pretty much mirror the fourth quarter pattern directionally. The only thing is that you are comparing to a different basis for the first quarter last year, so we are expecting slightly weaker performance than we saw in the fourth quarter. I think on a currency adjusted basis, our fourth quarter was down by 9% constant currency. So we are seeing 12 to 18 here in the first quarter, but similar pattern of strengths and weaknesses. And from an expense perspective, obviously we would expect to see significant savings in Q1 from the stuff we took in Q4.

James Janesky – Stifel Nicolaus

Yes. And will those savings flow through direct costs or through SG&A or through a combination of both?

Roger Ballou

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