

HEIDRICK & STRUGGLES INTERNATIONAL INC

Form 10-Q

August 03, 2009

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington D.C. 20549

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2009

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 0-25837

HEIDRICK & STRUGGLES INTERNATIONAL, INC.

(Exact Name of Registrant as Specified in its Charter)

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Delaware
(State or Other Jurisdiction of

36-2681268
(I.R.S. Employer

Incorporation or Organization)

Identification Number)

233 South Wacker Drive-Suite 4200

Chicago, Illinois

60606-6303

(Address of Principal Executive Offices)

(312) 496-1200

(Registrant's Telephone Number, Including Area Code)

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, 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 small reporting company. See definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

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 the latest practicable date.

As of July 30, 2009, there were 17,022,939 shares of the Company's common stock outstanding.

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HEIDRICK & STRUGGLES INTERNATIONAL, INC. AND SUBSIDIARIES

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Item 1. Condensed Consolidated Financial Statements

HEIDRICK & STRUGGLES INTERNATIONAL, INC. AND SUBSIDIARIES**CONDENSED CONSOLIDATED BALANCE SHEETS**

(In thousands, except share amounts)

	June 30, 2009 (Unaudited)	December 31, 2008
Current assets:		
Cash and cash equivalents	\$ 64,628	\$ 234,531
Accounts receivable, less allowance for doubtful accounts of \$6,682 and \$5,808 at June 30, 2009 and December 31, 2008, respectively	65,399	68,233
Other receivables	5,467	8,586
Prepaid expenses	21,941	19,520
Other current assets	1,372	1,788
Income taxes recoverable, net	21,420	7,719
Deferred income taxes, net	13,498	13,893
Total current assets	193,725	354,270
Non-current assets:		
Property and equipment, net	27,565	28,172
Restricted cash	9,489	9,655
Assets designated for retirement and pension plans	25,073	24,973
Investments	9,694	12,594
Other non-current assets	8,650	7,203
Goodwill	107,373	101,234
Other intangible assets, net	9,394	13,543
Deferred income taxes, net	33,630	35,313
Total non-current assets	230,868	232,687
Total assets	\$ 424,593	\$ 586,957
Current liabilities:		
Accounts payable	\$ 5,645	\$ 11,977
Accrued salaries and employee benefits	51,616	163,695
Other current liabilities	34,175	49,443
Current portion of accrued restructuring charges	9,366	2,280
Total current liabilities	100,802	227,395
Non-current liabilities:		
Retirement and pension plans	28,148	27,503
Other non-current liabilities	25,831	25,755
Total non-current liabilities	53,979	53,258

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Total liabilities	154,781	280,653
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Commitments and contingencies (Note 15)

Stockholders equity:

Preferred stock, \$.01 par value, 10,000,000 shares authorized, no shares issued at June 30, 2009 and December 31, 2008

Common stock, \$.01 par value, 100,000,000 shares authorized, 19,585,777 shares issued, 17,022,271 and 16,369,640 shares outstanding at June 30, 2009 and December 31, 2008, respectively

	196	196
Additional paid in capital	254,160	273,731
Treasury stock at cost, 2,563,506 and 3,216,137 shares at June 30, 2009 and December 31, 2008, respectively	(88,164)	(110,838)
Retained earnings	91,765	131,061
Accumulated other comprehensive income	11,855	12,154

Total stockholders equity	269,812	306,304
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Total liabilities and stockholders equity	\$ 424,593	\$ 586,957
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The accompanying notes to Condensed Consolidated Financial Statements are an integral part of these statements.

Table of Contents**HEIDRICK & STRUGGLES INTERNATIONAL, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

(In thousands, except per share amounts)

(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2009	2008	2009	2008
Revenue:				
Revenue before reimbursements (net revenue)	\$ 93,115	\$ 169,518	\$ 182,256	\$ 322,657
Reimbursements	4,507	8,297	9,065	15,099
Total revenue	97,622	177,815	191,321	337,756
Operating expenses:				
Salaries and employee benefits	64,586	117,318	143,926	227,924
General and administrative expenses	28,005	33,533	56,824	65,190
Reimbursed expenses	4,507	8,297	9,065	15,099
Restructuring and impairment charges	12,077		25,439	
Total operating expenses	109,175	159,148	235,254	308,213
Operating income (loss)	(11,553)	18,667	(43,933)	29,543
Non-operating income (expense):				
Interest income, net	179	905	848	2,946
Other, net	(3,538)	982	(4,444)	(105)
Net non-operating income (expense)	(3,359)	1,887	(3,596)	2,841
Income (loss) before income taxes	(14,912)	20,554	(47,529)	32,384
Provision for (benefit from) income taxes	855	7,810	(12,835)	12,572
Net income (loss)	\$ (15,767)	\$ 12,744	\$ (34,694)	\$ 19,812
Basic weighted average common shares outstanding	16,981	16,884	16,751	17,090
Diluted weighted average common shares outstanding	16,981	17,672	16,751	18,066
Basic earnings (loss) per common share	\$ (0.93)	\$ 0.75	\$ (2.07)	\$ 1.16
Diluted earnings (loss) per common share	\$ (0.93)	\$ 0.72	\$ (2.07)	\$ 1.10
Cash dividends paid per share	\$ 0.13	\$ 0.13	\$ 0.26	\$ 0.26

The accompanying notes to Condensed Consolidated Financial Statements are an integral part of these statements.

Table of Contents**HEIDRICK & STRUGGLES INTERNATIONAL, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENT OF STOCKHOLDERS EQUITY AND****COMPREHENSIVE INCOME**

(In thousands)

(Unaudited)

	Common Stock		Treasury Stock		Additional Paid in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total
	Shares	Amount	Shares	Amount				
Balance at December 31, 2008	19,586	\$ 196	3,216	\$ (110,838)	\$ 273,731	\$ 131,061	\$ 12,154	\$ 306,304
Net loss						(34,694)		(34,694)
Other comprehensive loss:								
Unrealized gain on available for sale investments							632	632
Foreign currency translation adjustment							(931)	(931)
Other comprehensive loss						(34,694)	(299)	(34,993)
Treasury and common stock transactions:								
Stock-based compensation					10,443			10,443
Exercise of stock options			(88)	3,072	(1,834)			1,238
Vesting of restricted stock units, net of tax withholdings			(547)	19,027	(22,110)			