

August 12, 2013

SN VALUATION [Stocks, Real Estate, Bonds]

CDI Corp (CDI)

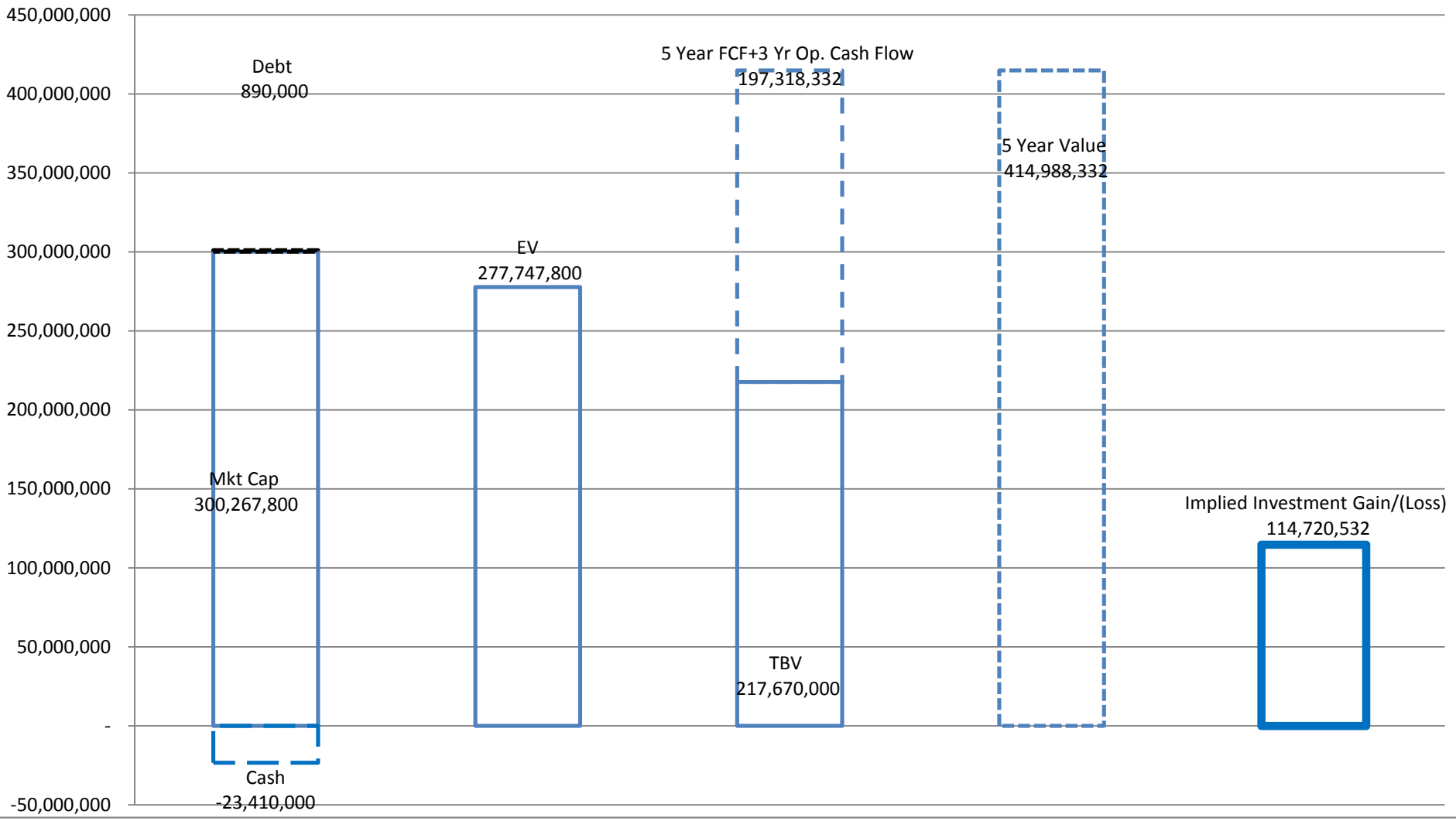
Price:	\$15.43	Net Tang. Bk Value Incl. Cash, Excl.	\$217,670,000.00	Net Tang. Book Yr. 5 (Inc. Cash):	\$290,708,550.00
Market Cap:	\$300,267,800	Goodwill (NTBVIC):		Avg. Year Op. Cash:	\$24,728,376.55
Cash:	\$23,410,000	NTBVIC/Market Downside Recovery:	72.49%	Year 5 Disposition FCF Multiple:	3.0
Debt:	\$890,000	Op. Cash Flow:	\$24,626,640	Year 5 Disposition Price:	\$364,893,679.64
Net Cash:	\$22,520,000	Implied Years to Fill Gap:	3.35		
Enterprise Value:	\$277,747,800	Today's Equity if 5x Op. CF:	\$291,549,921		
		Net Tang. Book+ Gain Disposition:			\$364,893,679.64
Shares Outstanding:	19,460,000	IRR:			3.98%
		Price:			\$18.75
		Target Market Cap:			\$364,893,680
		Target Enterprise Value:			\$342,373,680

* Our future intrinsic value measures the total return, which includes both capital appreciation and dividend income.

73% downside protection, no debt, generates \$30MM in op. cash flow, \$7MM in capex, and pays out \$10MM in dividend, which is yielding 3.5%. Margins are slim since GM is 20% and SG&A is hovering around 17-20%. However, on a op cash flow basis, the depreciation of \$10MM offsets the risk of cash burn. We are not comfortable with such slim margins, although the asset value will prop up the stock in a downturn. The bulk of the asset value (60%) is from receivables. Should the economy become sour, the receivables will only fetch a haircut amount. We are not sure why SG&A is so expensive.

Although the stock is cheap, we don't like the slim margins and the asset support seems dodgy in weaker economic conditions.

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CDI Corporation was incorporated in Pennsylvania on September 16, 1950. The Company, provides engineering and information technology outsourcing solutions and professional staffing, derives the majority of its revenues by providing services to Fortune 1000 companies and equivalent non-US-based companies, mainly in the US, UK, Canada, Mexico and Australia. The Company's services could be described in the following broad categories: Project outsourcing services - Project outsourcing services include engineering and information technology projects, usually performed at a CDI facility, which provide a deliverable work product or service to the customer. In the CDI Engineering Solutions segment, these outsourcing projects could range in duration from several months to multiple years and generally include analysis of a customer's engineering needs and development of solutions in one or more areas of a facility's design and start-up supply chain. This supply chain includes such functions as feasibility studies, program and project management, technology and process design, front end engineering design, detailed design, construction management, equipment procurement and facility start-up services. Additional services could include life cycle plant maintenance. In the CDI Information Technology Solutions segment, outsourcing projects could range from several months to multiple years and include problem analysis and execution of business application services, testing and quality assurance, program management and process outsourcing. The CDI AndersElite and Management Recruiters International segments do not provide project outsourcing services. Staffing services - Staffing services include assigning the Company's skilled engineering, information technology, project management, architecture, construction and other professionals to work at a customer's location under the supervision of customer personnel on a contractual basis for assignments that could range from several months to over one year. The Company also provides managed staffing services where the Company assumes overall management of a customer's contract staffing functions. All of the Company's four business segments provide customers with staffing services. Professional services - Professional services include search, recruitment and permanent placement of technical, professional and managerial personnel; sales of new franchises; and services provided to franchisees to help them generate permanent placements. All of the Company's four business segments provide customers with professional services. Through December 31, 2007, the ES segment operated through four verticals: CDI-Process and Industrial, CDI-Life Sciences, CDI-Government Services and CDI-Aerospace. In the second quarter of 2008, management decided to re-align the management and operations of the CDI-Life Sciences vertical into the CDI-Process and Industrial vertical. As a result, ES now offers its services through the following three key verticals: CDI-Process and Industrial - Provides a full range of engineering, design, project management, professional staffing and outsourcing solutions to firms in oil, gas, refining, alternative energy, power generation and energy transmission, nuclear, chemicals and heavy manufacturing industries. In addition, P&I offers facility design, project management, engineering, professional staffing and facility start-up services to customers in the pharmaceutical, bio-pharmaceutical and regulated medical services industries. CDI-Government Services - Provides engineering, design and logistics services to the defense industry, particularly in marine design, systems development and military aviation support. CDI-Aerospace - Provides a full range of engineering, design, project management, professional staffing and outsourcing solutions to both the commercial and military aerospace markets. ES's customers are mainly large, multinational corporations, spanning several industries.

				Income Statement		
Company Name:	CDI Corp	Market Capitalization:	\$300,267,800.00	Revenue:	\$1,080,000,000.00	100.0%
Ticker Symbol:	CDI	Total Debt:	\$890,000.00	Cost of Goods Sold:	\$860,590,000.00	79.7%
Last Price:	\$15.43	RCH Total Cash:	\$23,410,000.00	Gross Profit:	\$219,410,000.00	20.3%
Net Cash/Share:	\$1.16	Net Cash/(Debt):	\$22,520,000.00	EBITDA:	\$37,320,000.00	3.5%
Net Cash to Last Price:	7.50%	Enterprise Value:	\$277,747,800.00	Net Income:	\$16,270,000.00	1.5%
Shares Outstanding:	19,460,000	Current EV/Share:	\$14.27			
Industry:	Staffing & Outsourcing Services	EBITDA:	\$42,540,000.00			
Sector:	Industrials	EV/EBITDA Multiple:	6.53	Balance Sheet		
Institutional Ownership:	77.29%	EV/EBITDA Multiple Average Year 1-5:	8.94	Cash:	\$23,410,000.00	
Mutual Fund Ownership:	35.15%	EV/FCF Multiple (excluding acquisition):	9.00	Short Term Investment:	\$0.00	
Insider Ownership:	9.41%	EV/FCF Multiple Average Year 1-5 (excluding acquisition):	15.67	A/R:	\$224,000,000.00	
Float:	73.00%			PP&E:	\$22,000,000.00	
				Assets:	\$384,700,000.00	
		Upper Range		A/P:	\$42,000,000.00	
		DCF: EV/EBITDA Terminal Value		Deferred Tax:	\$2,790,000.00	
				Other Liabilities:	\$62,950,000.00	
Technicals		Implied TV from 3 X EV/EBITDA Multiple	\$66,297,600.00	Short term Debt:	\$890,000.00	
52 week low:	\$13.35			Long Term Debt:	\$0.00	
Today from 52 week low:	15.58%	Enterprise Value	\$66,297,600.00	Liabilities:	\$108,630,000.00	
52 week high:	\$18.00	Cash at Year 5:	\$112,051,882.73	Retained Earnings:	\$260,000,000.00	
Today from 52 week high:	16.66%	Debt at Year 5:	\$890,000.00	Paid-In Capital:	\$70,180,000.00	
Analyst/Consensus		Equity Value Year 5:	\$177,459,482.73	Treasury Stock:	-\$52,000,000.00	
Analyst Sales Growth FY1:	-3.70%	Equity/Share at Year 5:	\$9.12	Stockholder's Equity:	\$279,680,000.00	
Analyst Sales Growth FY2:	1.30%	Annualized Return:	-9.98%			
SN Valuation Estimate FY1:	0.00%			Cash Flow		
SN Valuation Estimate FY2:	0.00%	Lower Range		Net Income:	19,430,000.00	
		DCF: Net Tangible Asset excluding Cash/Debt Terminal Value		Depreciation/Amortization:	10,270,000.00	
Analyst Earnings Estimate FY1:	\$0.70	Year 5 Net Tangible Assets excluding cash and debt	\$157,880,000.00	Change in Working capital:	-2,650,000.00	
Analyst Earnings Estimate FY2:	\$0.82			Cash from Operating Activities:	37,140,000.00	
SN Valuation Earnings Est. FY1:	\$0.75	Enterprise Value	\$157,880,000.00	Capital Expenditures:	-6,290,000.00	
SN Valuation Earnings Est. FY2:	\$0.75	Cash at Year 5:	\$112,051,882.73	Cash from Investing Activities:	-6,630,000.00	
		Debt at Year 5:	\$890,000.00	Total Cash Dividends Paid:	-12,550,000.00	
		Equity Value Year 5:	\$269,041,882.73	Issuance (Retirement) of Stock:	0.00	
Multiples		Equity/Share at Year 5:	\$13.83	Issuance (Retirement) of Debt:	-610,000.00	
Market Value to Book:	1.07	Annualized Return:	-2.17%	Cash from Financing Activities:	-14,040,000.00	
EV to Book:	0.99					
Market Value to Tangible Net Assets:	1.94	EVA		Profitability Margins		
P/E Ratio:	18.46	EVA today:	\$268,572,148.95	Debt to Equity:	0.32%	
Trailing P/E Ratio:	18.70	EVA in 5 Years:	\$208,728,500.31	Return on Assets:	4.97%	
Forward P/E Ratio:	18.70	EVA/Share:	\$10.73	Return on Capital:	6.81%	
Beta:	1.87	Cash at Year 5:	\$112,051,882.73	Return on Equity:	6.84%	
Dividend:	0.52	Debt at Year 5:	\$890,000.00			
Dividend Yield:	3.39%	Equity Value Year 5:	\$319,890,383.04			
Dividend Date:	May 27, 2013	Equity/Share at Year 5:	\$16.44			
Ex-Dividend Date:	Aug 9, 2013	Annualized return:	-4.92%			
Competitors						
Average EV to EBITDA:	N/A	Current Net Tangible Asset				
Company EV to EBITDA:	6.53	Net Tangible Asset/Share:	\$10.13			
		Net Tangible Asset/Share in Year 5:	\$14.18			
Average EV to EBIT:	N/A	Annualized return	6.96%			
Company EV to EBITA:	8.61					
		Current Equity Price:	\$15.43			
		Selling at Discount?	Premium			
		Appreciation Potential:	-34.37%			
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SN VALUATION

LBO Pro Forma Income Statement

Name:

CDI Corp

Ticker:

CDI

	Historical				Forecasted				
	12 months ending 2009-12-31	12 months ending 2010-12-31	12 months ending 2011-12-31	12 months ending 2012-12-31	2013	2014	2015	2016	2017
Revenue	884.95	926.29	1,059.80	1,104.96	1,104.96	1,104.96	1,104.96	1,104.96	1,104.96
COGS	708.39	732.33	834.50	885.55	895.02	895.02	895.02	895.02	895.02
Gross margin	176.56	193.96	225.30	219.41	209.94	209.94	209.94	209.94	209.94
SG&A	154.70	185.96	196.83	187.14	187.84	187.84	187.84	187.84	187.84
R&D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unusual expense	0.00	8.31	8.10	0.00	0.00	0.00	0.00	0.00	0.00
Other operating expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation is: Excluded from COGS					0.00	0.00	0.00	0.00	0.00
Operating Income (EBITA)	-18.14	-0.31	20.37	32.27	22.10	22.10	22.10	22.10	22.10
Interest income/(expense)	-1.27	-2.84	-0.25	-0.25	0.37	0.37	0.37	0.37	0.37
Gain (loss) on sale of asset	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Income before tax	-19.41	-3.15	20.13	32.02	22.47	22.47	22.47	22.47	22.47
Tax	0.51	7.66	5.13	12.59	7.87	7.87	7.87	7.87	7.87
Income after tax	-19.92	-10.81	15.00	19.43	14.61	14.61	14.61	14.61	14.61
Minority Interest	0.02	-0.04	-0.17	-0.32	0.00	0.00	0.00	0.00	0.00
Equity in affiliates	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net income	-19.90	-10.86	14.83	19.12	14.61	14.61	14.61	14.61	14.61
* Figures are in millions (\$)									
EPS (based off today's share count)	-\$1.02	-\$0.56	\$0.76	\$0.98	\$0.75	\$0.75	\$0.75	\$0.75	\$0.75
P/E (historical today's price; forecasted intrinsic price)	-15.09	-27.65	20.25	15.70	21.37	22.22	23.11	24.02	24.98
Revenue Growth	N/A	4.67%	14.41%	4.26%	0.00%	0.00%	0.00%	0.00%	0.00%
Tax Rate	-2.63%	-243.17%	25.48%	39.32%	35.00%	35.00%	35.00%	35.00%	35.00%
Implied Debt Interest Rate	-44.72%	-16.83%	-7.44%	-9.09%	NA	NA	NA	NA	NA
Margins									
COGS	80.05%	79.06%	78.74%	80.14%	81.00%	81.00%	81.00%	81.00%	81.00%
Gross margin	19.95%	20.94%	21.26%	19.86%	19.00%	19.00%	19.00%	19.00%	19.00%
SG&A	22.00%	20.08%	18.57%	16.94%	17.00%	17.00%	17.00%	17.00%	17.00%
R&D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unusual expense	0.00%	0.90%	0.76%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other operating expense	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation is: Excluded from COGS	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Operating Income (EBITA)	-2.05%	-0.03%	1.92%	2.92%	2.00%	2.00%	2.00%	2.00%	2.00%
Interest income/(expense)	-0.14%	-0.31%	-0.02%	-0.02%	0.03%	0.03%	0.03%	0.03%	0.03%
Gain (loss) on sale of asset	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Income before tax	-2.19%	-0.34%	1.90%	2.90%	2.03%	2.03%	2.03%	2.03%	2.03%
Tax	0.06%	0.83%	0.48%	1.14%	0.71%	0.71%	0.71%	0.71%	0.71%
Income after tax	-2.25%	-1.17%	1.42%	1.76%	1.32%	1.32%	1.32%	1.32%	1.32%
Minority Interest	0.00%	0.00%	-0.02%	-0.03%	0.00%	0.00%	0.00%	0.00%	0.00%
Equity in affiliates	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net income	-2.25%	-1.17%	1.40%	1.73%	1.32%	1.32%	1.32%	1.32%	1.32%

	As of					Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
	2009-12-31	2010-12-31	2011-12-31	2012-12-31	2013-06-30	+	-						
Cash	73.53	28.75	26.64	43.65	23.41			23.41	41.04	58.76	76.57	94.32	112.05
Short term investment	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Cash and Short term	73.53	28.75	26.64	43.65	23.41			23.41	41.04	58.76	76.57	94.32	112.05
Accounts Receivable	176.68	223.00	222.89	223.63	224.00			224.00	224.00	224.00	224.00	224.00	224.00
Other receivables	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Receivables	176.68	223.00	222.89	223.63	224.00			224.00	224.00	224.00	224.00	224.00	224.00
Total Inventory	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	8.48	15.86	12.50	11.21	14.81			14.81	14.81	14.81	14.81	14.81	14.81
Other Current Assets	6.01	2.41	9.69	3.85	4.77			4.77	4.77	4.77	4.77	4.77	4.77
Current Assets	264.70	270.02	271.72	282.34	266.99	0.00	0.00	266.99	284.62	302.34	320.15	337.90	355.63
PP&E, Gross	96.59	105.44	101.21	99.31	100.00			100.00	107.00	114.00	121.00	128.00	135.00
Change in Depreciation	10.67	9.97	9.64	8.96	8.96			8.96	8.96	8.96	8.96	8.96	8.96
Accumulated Depreciation	67.03	74.42	75.91	78.61	78.00			78.00	86.96	95.92	104.88	113.84	122.80
PP&E, Net	29.56	31.02	25.30	20.70	22.00			22.00	20.04	18.08	16.12	14.16	12.20
Goodwill	51.26	61.05	61.53	62.01	62.01	0.00		62.01	62.01	62.01	62.01	62.01	62.01
Intangibles	9.65	19.02	18.02	16.78	17.00			17.00	15.94	14.79	13.55	12.36	11.20
Long term investments	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other long term assets	19.86	17.41	15.94	17.48	16.70			16.70	16.70	16.70	16.70	16.70	16.70
Long Term Assets	110.33	128.50	120.79	116.97	117.71			117.71	114.69	108.38	105.23	102.11	102.11
Total Assets	375.03	398.52	392.51	399.31	384.70	0.00	0.00	384.70	399.31	413.92	428.52	443.13	457.74
Accounts Payable	25.18	32.91	36.17	41.16	42.00			42.00	42.00	42.00	42.00	42.00	42.00
Accrued Expense	59.17	72.53	67.22	58.54	59.00			59.00	59.00	59.00	59.00	59.00	59.00
Other current Liabilities	0.00	1.78	3.21	1.76	0.29			0.29	0.29	0.29	0.29	0.29	0.29
Total Current Liabilities	84.35	107.22	106.60	101.46	101.29	0.00	0.00	101.29	101.29	101.29	101.29	101.29	101.29
Notes Payables/Short Term Debt	2.84	16.87	3.36	2.75	0.89			0.89	0.89	0.89	0.89	0.89	0.89
Current port. Of LT Debt/Capital Leases	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Long term Debt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital Lease Obligations	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Interest Earning Debt	2.84	16.87	3.36	2.75	0.89	0.00	0.00	0.89	0.89	0.89	0.89	0.89	0.89
Deferred Income tax	0.00	0.00	1.82	1.88	2.79			2.79	2.79	2.79	2.79	2.79	2.79
Minority Interest	0.14	0.34	0.46	0.81	0.93			0.93	0.93	0.93	0.93	0.93	0.93
Other liabilities	12.95	15.50	13.70	14.84	2.73			2.73	2.73	2.73	2.73	2.73	2.73
Total Liabilities	100.28	139.93	125.94	121.74	108.63	0.00	0.00	108.63	108.63	108.63	108.63	108.63	108.63
Redeemable Preferred Stock	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Non-redeemable Preferred Stock	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Common Stock	2.14	2.15	2.16	2.18	2.18		0.00	2.18	2.18	2.18	2.18	2.18	2.18
Additional Paid-in capital	57.58	60.34	63.86	67.86	68.00	0.00	0.00	68.00	68.00	68.00	68.00	68.00	68.00
Dividends Paid	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Retained Earnings	269.23	248.47	253.34	259.91	260.00		0.00	260.00	274.61	289.22	303.82	318.43	333.04
Treasury Stock	-52.37	-52.49	-52.49	-52.49	-52.00		0.00	-52.00	-52.00	-52.00	-52.00	-52.00	-52.00
Other Equity	-1.82	0.11	-0.31	1.50	1.50		0.00	1.50	1.50	1.50	1.50	1.50	1.50
Total Equity	274.76	258.58	266.56	278.96	279.68	0.00	0.00	279.68	294.29	308.90	323.50	338.11	352.72
Liability + Equity	375.04	398.51	392.50	400.70	388.31	0.00	0.00	388.31	402.92	417.53	432.13	446.74	461.35
Variance	-0.01	0.01	0.01	-1.39	-3.61			-3.61	-3.61	-3.61	-3.61	-3.61	-3.61
Debt/Equity	0.01	0.07	0.01	0.01	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Inventory Turnover	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!			#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Inventory Turnover Days	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!			#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Days Inventory Outstanding	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Accounts Receivable Turnover	5.01	4.15	4.75	4.94	4.93			4.93	4.93	4.93	4.93	4.93	4.93
Accounts Receivable Turnover Days	72.87	87.87	76.76	73.87	73.99			73.99	73.99	73.99	73.99	73.99	73.99
Days Payable Outstanding	12.97	16.40	15.82	16.97	17.13			17.31	17.13	17.13	17.13	17.13	17.13
Days Sales Outstanding	72.87	87.87	76.76	73.87	73.99			73.87	73.99	73.99	73.99	73.99	73.99
Cash Conversion Cycle	59.90	71.47	60.94	56.91	56.87			56.56	56.87	56.87	56.87	56.87	56.87
Net tangible assets/share	\$10.99	\$9.17	\$9.61	\$10.29	\$10.31				\$11.12	\$11.93	\$12.74	\$13.55	\$14.36

	12 months ending 2009-12-31	12 months ending 2010-12-31	12 months ending 2011-12-31	12 months ending 2012-12-31	2011	2012	2013	2014	2015
Net Income	-19.92	-10.81	15.00	19.43	14.61	14.61	14.61	14.61	14.61
Depreciation	10.67	9.97	9.64	8.96	8.96	8.96	8.96	8.96	8.96
Net Income + Depreciation	-9.25	-0.84	24.64	28.39	23.57	23.57	23.57	23.57	23.57
Amortization	0.54	0.69	1.37	1.31	1.06	1.16	1.24	1.19	1.16
Deferred Taxes	-2.76	2.34	0.43	6.19	0.00	0.00	0.00	0.00	0.00
Non Cash Items	4.41	13.59	-5.17	3.91	0.00	0.00	0.00	0.00	0.00
Change in Working capital	29.88	-20.11	6.73	-2.65	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	-46.32	0.11	-0.74	0.00	0.00	0.00	0.00	0.00
Other Receivables	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inventory	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	-7.38	3.36	1.29	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	7.73	3.26	4.99	0.00	0.00	0.00	0.00	0.00
Cash from Operating Activities	22.82	-4.33	28.00	37.15	24.63	24.72	24.81	24.76	24.73
Capital Expenditures Expenditures	-5.99	-6.28	-6.03	-6.29	-7.00	-7.00	-7.00	-7.00	-7.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Investing Activities	0.12	-38.52	0.17	-0.34	0.00	0.00	0.00	0.00	0.00
Cash from Investing Activities	-5.87	-44.80	-5.86	-6.63	-7.00	-7.00	-7.00	-7.00	-7.00
Financing Cash flow items	0.02	-0.42	-0.55	-0.88	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	-9.85	-9.90	-9.96	-12.55	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Stock	0.00	0.07	0.00	-	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Current Portion Debt	-	-	-	-	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Long Term Debt	0.88	14.03	-13.51	-0.61	0.00	0.00	0.00	0.00	0.00
Cash from Financing Activities	-8.95	3.78	-24.02	-14.04	0.00	0.00	0.00	0.00	0.00
Foreign Exchange effect	3.77	0.58	-0.23	0.55	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	61.76	73.53	28.75	26.64	23.41	41.04	58.76	76.57	94.32
Net Change in Cash	11.77	-44.78	-2.10	17.01	17.63	17.72	17.81	17.76	17.73
Ending Cash Balance	73.53	28.75	26.65	43.65	41.04	58.76	76.57	94.32	112.05
Capex to Revenue	0.68%	0.68%	0.57%	0.57%	0.63%	0.63%	0.63%	0.63%	0.63%
Depreciation to Sales	1.21%	1.08%	0.91%	0.81%	0.81%	0.81%	0.81%	0.81%	0.81%
Amortization to Sales	0.06%	0.07%	0.13%	0.12%	0.10%	0.10%	0.11%	0.11%	0.11%
A/R to Sales	19.96%	24.07%	21.03%	20.24%	20.24%	20.24%	20.24%	20.24%	20.24%
Distributable FCF/EV Yield	6.10%	-17.69%	7.97%	10.99%	6.35%	6.38%	6.41%	6.39%	6.38%
Dividend Yield	-3.28%	-3.30%	-3.32%	-4.18%	0.00%	0.00%	0.00%	0.00%	0.00%
FCF (Ops-Investing)	26.68	-0.71	31.93	43.41	17.63	17.72	17.81	17.76	17.73

SN VALUATION

LBO Debt Schedule

Ticker:

CDI

	Proforma	2013	2014	2015	2016	2017
Net Change in Cash	17.01	17.63	17.72	17.81	17.76	17.73
Current Portion Debt Repayment						
Long Term Debt Repayment						
Outstanding Debt	0.89	0.89	0.89	0.89	0.89	0.89
Current Portion Debt Balance	0.89	0.89	0.89	0.89	0.89	0.89
Long Term Debt Balance	0.00	0.00	0.00	0.00	0.00	0.00
Forward Libor Curve		3.00%	3.00%	3.00%	3.00%	3.00%
Spread		4.00%	4.00%	4.00%	4.00%	4.00%
Interest Rate		7.00%	7.00%	7.00%	7.00%	7.00%
Interest Expense		0.06	0.06	0.06	0.06	0.06
Cash Balance		43.65				
Interest @ 1.0%		0.44	0.44	0.44	0.44	0.44
Net Interest Expense/(Income)		(0.37)	(0.37)	(0.37)	(0.37)	(0.37)
Net Interest Rate		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
EBITDA		22.10	22.10	22.10	22.10	22.10
EBITDA/Interest Expense Coverage		354.72	354.72	354.72	354.72	354.72

Interest Rate Coverage Table

Debt Rating					
AAA	AAA	AAA	AAA	AAA	AAA
AA					
A+					
A					
A-					
BBB					
BB+					
BB					
B+					
B					
B-					
CCC					
CC					
C					
D					

*Source: NYU; Professor Damodaran

Altman Z Score

Company Name:

CDI Corp

Ticker:

CDI

Period	2009	2010	2011	2012	2013	2014	2015	2016	2017
Working Capital	180.35	162.80	165.12	165.70	183.33	201.05	218.86	236.61	254.34
Total Assets	375.03	398.52	392.51	384.70	399.31	413.92	428.52	443.13	457.74
X1	0.48	0.41	0.42	0.43	0.46	0.49	0.51	0.53	0.56
Retained Earnings	269.23	248.47	253.34	260.00	274.61	289.22	303.82	318.43	333.04
Total Assets	375.03	398.52	392.51	384.70	399.31	413.92	428.52	443.13	457.74
X2	0.72	0.62	0.65	0.68	0.69	0.70	0.71	0.72	0.73
EBITDA	-18.14	-0.31	20.37	32.27	22.10	22.10	22.10	22.10	22.10
Total Assets	375.03	398.52	392.51	384.70	399.31	413.92	428.52	443.13	457.74
X3	-0.05	0.00	0.05	0.08	0.06	0.05	0.05	0.05	0.05
Market Value of Equity	300.27	300.27	300.27	300.27	312.21	324.62	337.52	350.94	364.89
Total Liabilities	100.28	139.93	125.94	108.63	108.63	108.63	108.63	108.63	108.63
X4	2.99	2.15	2.38	2.76	2.87	2.99	3.11	3.23	3.36
Net Sales	884.95	926.29	1,059.80	1,104.96	1,104.96	1,104.96	1,104.96	1,104.96	1,104.96
Total Assets	375.03	398.52	392.51	384.70	399.31	413.92	428.52	443.13	457.74
X5	2.36	2.32	2.70	2.87	2.77	2.67	2.58	2.49	2.41
Altman Z Score	5.58	4.97	5.71	6.27	6.19	6.20	6.22	6.24	6.27

$$Z = 1.2 \times X1 + 1.4 \times X2 + 3.3 \times X3 + 0.6 \times X4 + 1.0 \times X5$$

Z-SCORE ABOVE 3.0 –The company is considered 'Safe' based on the financial figures only.

Blue

Z-SCORE BETWEEN 2.7 and 2.99 – 'On Alert'. This zone is an area where one should 'Exercise Caution'.

Green

Z-SCORE BETWEEN 1.8 and 2.7 – Good chance of the company going bankrupt within 2 years.

Yellow

Z-SCORE BELOW 1.80- Probability of Financial Catastrophe is Very High.

Red

Year	Present Value	Holding Period					Terminal Value			Sale Price
	0	1	2	3	4	5	6	7	8	TBV at Year 5 + 3 Years FCF
Tangible Book Value	217.67	232.28	246.89	261.49	276.10	290.71				290.71
Annual Change		14.61	14.61	14.61	14.61	14.61				
Annual FCF	30.86	17.63	17.72	17.81	17.76	17.73	17.73	17.73	17.73	53.19
Annual Op. Cash Flow	37.15	24.63	24.72	24.81	24.76	24.73	24.73	24.73	24.73	
Annual PP&E Investment	(6.29)	(7.00)	(7.00)	(7.00)	(7.00)	(7.00)	(7.00)	(7.00)	(7.00)	
Today's Tangible Book Value	217.67	230.64	244.38	258.94	274.36	290.71				343.89
Intrinsic Value IRR	5.96%									
Market Price	300.27	308.53	317.01	325.73	334.69	343.89				343.89
Market Price IRR	2.75%									

Debt	50.00%	150.13
Equity	50.00%	150.13
Total	100.00%	300.27

	Present Value	Holding Period					Terminal Value			Sale Price
	Historic	ProForma	1	2	3	4	5			
Book Equity	279.68	150.13	157.67	165.20	172.73	180.27	187.80			
Goodwill	62.01	82.60	82.60	82.60	82.60	82.60	82.60			
Debt	0	150.13	150.13	150.13	150.13	150.13	150.13			
Debt Interest Rate		7.00%	7.00%	7.00%	7.00%	7.00%	7.00%			
Additional Interest Expense		10.88	10.88	10.88	10.88	10.88				
Tangible Book Value	217.67	67.54	75.07	82.60	90.14	97.67	105.20			105.20
Annual Change			7.53	7.53	7.53	7.53	7.53			
Annual FCF	30.86	10.55	10.65	10.73	10.68	10.65	10.65	10.65	10.65	31.96
Annual Net Income	19.12		7.53	7.53	7.53	7.53	7.53	7.53	7.53	
Annual Op. Cash Flow	37.15	17.55	17.65	17.73	17.68	17.65	17.65	17.65	17.65	
Dividend Payments										
Annual PP&E Investment	(6.29)	(7.00)	(7.00)	(7.00)	(7.00)	(7.00)	(7.00)	(7.00)	(7.00)	
Debt Paydown	0.00						0.00	0.00	0.00	
Sale Price in Year 5										137.17
Capital Left for Equity Investor										137.17
Dividend Payments										0.00
Total Cash In Flow										137.17
Invested Equity	150.13	147.45	144.81	142.21	139.67	137.17				
IRR	-1.79%									

We assume the debt taken on by the investor is now on the Co's books, so the investor has no more liability from the deal.

<u>Value Creation</u>	
TBV Growth (equals sum of NI Year 1-5)	37.67
Cash Flow (Year 6-8)	31.96
	69.63

<u>Value Dilution</u>	
Debt	150.13
Goodwill	20.59
Additional Interest	54.42
	225.14