

HEIDRICK & STRUGGLES INTERNATIONAL INC

Form 10-Q

November 01, 2011

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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 SEPTEMBER 30, 2011

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 (or for such shorter period of time that the registrant was required to file such reports), 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 (Do not check if a smaller reporting company) 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 October 26, 2011, there were 17,847,382 shares of the Company's common stock outstanding.

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HEIDRICK & STRUGGLES INTERNATIONAL, INC. AND SUBSIDIARIES

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HEIDRICK & STRUGGLES INTERNATIONAL, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS****(In thousands, except share amounts)**

	September 30, 2011 (Unaudited)	December 31, 2010
Current assets:		
Cash and cash equivalents	\$ 135,499	\$ 181,124
Restricted cash	442	393
Accounts receivable, less allowance for doubtful accounts of \$5,911 and \$6,589 at September 30, 2011 and December 31, 2010, respectively	101,664	83,360
Other receivables	9,166	7,724
Prepaid expenses	17,483	15,323
Other current assets	1,482	1,871
Income taxes recoverable	11,968	11,912
Deferred income taxes	9,792	10,759
Total current assets	287,496	312,466
Non-current assets:		
Property and equipment, net	47,491	34,406
Restricted cash	1,504	1,609
Assets designated for retirement and pension plans	23,668	23,647
Investments	9,524	11,021
Other non-current assets	7,920	8,593
Goodwill	90,421	109,888
Other intangible assets, net	2,725	6,480
Deferred income taxes	27,876	36,917
Total non-current assets	211,129	232,561
Total assets	\$ 498,625	\$ 545,027
Current liabilities:		
Accounts payable	\$ 10,438	\$ 8,408
Accrued salaries and employee benefits	115,841	124,969
Other current liabilities	33,208	34,064
Income taxes payable	5,368	3,208
Deferred income taxes	1,895	1,807
Total current liabilities	166,750	172,456
Non-current liabilities:		
Retirement and pension plans	31,393	30,907
Other non-current liabilities	43,749	47,015
Deferred income taxes	219	107

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Total non-current liabilities	75,361	78,029
Total liabilities	242,111	250,485
Commitments and contingencies (Note 16)		
Stockholders' equity:		
Preferred stock, \$.01 par value, 10,000,000 shares authorized, no shares issued at September 30, 2011 and December 31, 2010, respectively		
Common stock, \$.01 par value, 100,000,000 shares authorized, 19,585,777 shares issued, 17,847,382 and 17,558,098 shares outstanding at September 30, 2011 and December 31, 2010, respectively	196	196
Treasury stock at cost, 1,738,395 and 2,027,679 shares at September 30, 2011 and December 31, 2010, respectively	(59,499)	(69,549)
Additional paid in capital	238,115	246,601
Retained earnings	61,528	99,056
Accumulated other comprehensive income	16,174	18,238
Total stockholders' equity	256,514	294,542
Total liabilities and stockholders' equity	\$ 498,625	\$ 545,027

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

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(In thousands, except per share amounts)

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Revenue:				
Revenue before reimbursements (net revenue)	\$ 142,213	\$ 126,129	\$ 400,634	\$ 365,868
Reimbursements	7,092	5,099	19,164	14,374
Total revenue	149,305	131,228	419,798	380,242
Operating expenses (income):				
Salaries and employee benefits	99,700	88,324	287,300	257,449
General and administrative expenses	28,782	32,505	93,381	95,455
Other charges				4,218
Reimbursed expenses	7,092	5,099	19,164	14,374
Restructuring charges		920		1,621
Impairment charges	26,366		26,366	
Other operating income				(1,072)
Total operating expenses	161,940	126,848	426,211	372,045
Operating income (loss)	(12,635)	4,380	(6,413)	8,197
Non-operating income (expense):				
Interest income, net	300	157	853	573
Other, net	(1,803)	733	(3,477)	(1,661)
Net non-operating income (expense)	(1,503)	890	(2,624)	(1,088)
Income (loss) before income taxes	(14,138)	5,270	(9,037)	7,109
Provision for income taxes	18,263	4,086	20,596	4,799
Net income (loss)	\$ (32,401)	\$ 1,184	\$ (29,633)	\$ 2,310
Basic weighted average common shares outstanding	17,840	17,524	17,756	17,400
Diluted weighted average common shares outstanding	17,840	17,793	17,756	17,862
Basic earnings (loss) per common share	\$ (1.82)	\$ 0.07	\$ (1.67)	\$ 0.13
Diluted earnings (loss) per common share	\$ (1.82)	\$ 0.07	\$ (1.67)	\$ 0.13
Cash dividends paid per share	\$ 0.13	\$ 0.13	\$ 0.39	\$ 0.39

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

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HEIDRICK & STRUGGLES INTERNATIONAL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY AND

COMPREHENSIVE INCOME (LOSS)

(In thousands)

(Unaudited)

	Common Stock		Treasury Stock		Additional Paid in Capital	Retained Earnings	Accumulated Other Compre- hensive Income (loss)	Total
	Shares	Amount	Shares	Amount				
Balance at December 31, 2010	19,586	\$ 196	2,027	\$ (69,549)	\$ 246,601	\$ 99,056	\$ 18,238	\$ 294,542
Net loss						(29,633)		