

Mistras Group, Inc.
Form 10-Q
April 09, 2012
Table of Contents

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended February 29, 2012

Or

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

For the transition period to

Commission file number 001- 34481

Mistras Group, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

22-3341267

(I.R.S. Employer
Identification No.)

195 Clarksville Road
Princeton Junction, New Jersey
(Address of principal executive offices)

08550
(Zip Code)

(609) 716-4000

(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 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 smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

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

As of April 2, 2012, the registrant had 27,938,173 shares of common stock outstanding.

Table of Contents

TABLE OF CONTENTS

	PAGE
<u>PART I FINANCIAL INFORMATION</u>	
<u>ITEM 1.</u>	
<u>Financial Statements</u>	2
<u>Unaudited Consolidated Balance Sheets as of February 29, 2012 and May 31, 2011</u>	2
<u>Unaudited Consolidated Statements of Operations for the three and nine months ended February 29, 2012 and February 28, 2011</u>	3
<u>Unaudited Consolidated Statements of Stockholders' Equity for the nine months ended February 29, 2012 and February 28, 2011</u>	4
<u>Unaudited Consolidated Statements of Cash Flows for the nine months ended February 29, 2012 and February 28, 2011</u>	5
<u>Notes to Unaudited Consolidated Financial Statements</u>	6
<u>ITEM 2.</u>	
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	21
<u>ITEM 3.</u>	
<u>Quantitative and Qualitative Disclosures about Market Risk</u>	33
<u>ITEM 4.</u>	
<u>Controls and Procedures</u>	34
<u>PART II OTHER INFORMATION</u>	
<u>ITEM 1.</u>	
<u>Legal Proceedings</u>	35
<u>ITEM 1.A.</u>	
<u>Risk Factors</u>	35
<u>ITEM 2.</u>	
<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	35
<u>ITEM 3.</u>	
<u>Defaults Upon Senior Securities</u>	36
<u>ITEM 5.</u>	
<u>Other Information</u>	36
<u>ITEM 6.</u>	
<u>Exhibits</u>	36
<u>SIGNATURES</u>	37

Table of Contents**PART I FINANCIAL INFORMATION****ITEM 1. Financial Statements (unaudited)**

Mistras Group, Inc. and Subsidiaries
Unaudited Consolidated Balance Sheets
(in thousands, except share data)

	February 29, 2012	May 31, 2011
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 7,931	\$ 10,879
Accounts receivable, net	95,257	78,031
Inventories, net	13,173	9,830
Deferred income taxes	1,324	1,278
Prepaid expenses and other current assets	9,354	6,761
Total current assets	127,039	106,779
Property, plant and equipment, net	58,570	49,168
Intangible assets, net	33,559	27,304
Goodwill	80,053	64,146
Other assets	1,511	1,240
Total assets	\$ 300,732	\$ 248,637
LIABILITIES, PREFERRED STOCK AND EQUITY		
Current Liabilities		
Current portion of long-term debt	\$ 5,963	\$ 7,226
Current portion of capital lease obligations	6,644	5,853
Accounts payable	7,142	6,656
Accrued expenses and other current liabilities	40,332	28,028
Income taxes payable	466	2,825
Total current liabilities	60,547	50,588
Long-term debt, net of current portion	34,645	14,625
Obligations under capital leases, net of current portion	12,847	9,623
Deferred income taxes	2,425	2,863
Other long-term liabilities	5,197	3,452
Total liabilities	115,661	81,151
Commitments and contingencies		
Preferred stock, 10,000,000 shares authorized		
Equity		
Common stock, \$0.01 par value, 200,000,000 shares authorized, 27,938,173 and 27,667,122 shares issued and outstanding as of February 29, 2012 and May 31, 2011, respectively		
	279	277
Additional paid-in capital	185,984	180,594
Retained earnings (accumulated deficit)	204	(14,017)
Accumulated other comprehensive (loss) income	(1,675)	303
Total Mistras Group, Inc. stockholders' equity	184,792	167,157
Noncontrolling interest	279	329
Total equity	185,071	167,486
Total liabilities, preferred stock and equity	\$ 300,732	\$ 248,637

Edgar Filing: Mistras Group, Inc. - Form 10-Q

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents

Mistras Group, Inc. and Subsidiaries
Unaudited Consolidated Statements of Operations
(in thousands, except per share data)

	Three months ended		Nine months ended	
	February 29, 2012	February 28, 2011	February 29, 2012	February 28, 2011
Revenues:				
Services	\$ 94,253	\$ 72,411	\$ 281,097	\$ 216,616
Products	9,865			