

GP STRATEGIES CORP
Form 10-Q
August 01, 2018
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

For the quarterly period ended June 30, 2018
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 1-7234

GP STRATEGIES CORPORATION
(Exact name of Registrant as specified in its charter)

Delaware (State of Incorporation)	52-0845774 (I.R.S. Employer Identification No.)
70 Corporate Center 11000 Broken Land Parkway, Suite 200, Columbia, MD	21044
(Address of principal executive offices)	(Zip Code)

(443) 367-9600

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, smaller reporting company, or an emerging growth company in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer

Smaller reporting company Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12(b)-2 of the Exchange Act).
Yes No

The number of shares outstanding of the registrant's common stock as of July 24, 2018 was as follows:

Class	Outstanding
Common Stock, par value \$.01 per share	16,535,152

GP STRATEGIES CORPORATION AND SUBSIDIARIES

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Part I. Financial Information

Item 1. Financial Statements

GP STRATEGIES CORPORATION AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

(In thousands, except per share amounts)

	June 30, 2018 (Unaudited)	December 31, 2017
Assets		
Current assets:		
Cash	\$ 14,134	\$ 23,612
Accounts and other receivables, less allowance for doubtful accounts of \$2,360 in 2018 and \$2,492 in 2017	110,122	119,335
Unbilled revenue	45,527	42,958
Prepaid expenses and other current assets	14,664	14,212
Total current assets	184,447	200,117
Property, plant and equipment	20,410	21,466
Accumulated depreciation	(14,909)	(16,343)
Property, plant and equipment, net	5,501	5,123
Goodwill	172,975	144,835
Intangible assets, net	17,922	8,363
Other assets	8,250	6,569
	\$ 389,095	\$ 365,007
Liabilities and Stockholders' Equity		
Current liabilities:		
Short-term borrowings	\$ 61,823	\$ 37,696
Current portion of long-term debt	12,000	12,000
Accounts payable and accrued expenses	72,893	78,280
Deferred revenue	18,694	22,356
Total current liabilities	165,410	150,332
Long-term debt	28,000	16,000
Other noncurrent liabilities	9,601	10,621
Total liabilities	203,011	176,953
Stockholders' equity:		
Common stock, par value \$0.01 per share	172	172
Additional paid-in capital	107,372	107,256
Retained earnings	112,410	106,599
Treasury stock at cost	(16,074)	(11,118)
Accumulated other comprehensive loss	(17,796)	(14,855)
Total stockholders' equity	186,084	188,054
	\$ 389,095	\$ 365,007

See accompanying notes to condensed consolidated financial statements.

GP STRATEGIES CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements of Operations

(Unaudited)

(In thousands, except per share data)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Revenue	\$ 133,691	\$ 131,161	\$ 258,723	\$ 253,608
Cost of revenue	111,118	108,726	218,471	211,785
Gross profit	22,573	22,435	40,252	41,823
General and administrative expenses	14,121	12,777	27,980	25,376
Sales and marketing expenses	1,106	461	1,831	856
Restructuring charges	2,495	—	2,930	—
Gain (loss) on change in fair value of contingent consideration, net	894	(96) 3,446	101
Operating income	5,745	9,101	10,957	15,692
Interest expense	(150) 534	536	972
Other expense	988	107	1,152	182
Income before income tax expense	4,907	8,460		