

GP STRATEGIES CORP
Form 10-Q
November 06, 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 September 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 October 30, 2018 was as follows:

Class	Outstanding
Common Stock, par value \$.01 per share	16,565,164

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)

	September 30, 2018 (Unaudited)	December 31, 2017
Assets		
Current assets:		
Cash	\$ 10,323	\$23,612
Accounts and other receivables, less allowance for doubtful accounts of \$2,190 in 2018 and \$2,492 in 2017	127,649	119,335
Unbilled revenue	36,866	42,958
Prepaid expenses and other current assets	18,452	14,212
Total current assets	193,290	200,117
Property, plant and equipment	20,909	21,466
Accumulated depreciation	(15,310)	(16,343)
Property, plant and equipment, net	5,599	5,123
Goodwill	174,975	144,835
Intangible assets, net	17,463	8,363
Other assets	10,170	6,569
	\$ 401,497	\$365,007
Liabilities and Stockholders' Equity		
Current liabilities:		
Short-term borrowings	\$ 69,044	\$37,696
Current portion of long-term debt	12,000	12,000
Accounts payable and accrued expenses	71,422	78,280
Deferred revenue	23,499	22,356
Total current liabilities	175,965	150,332
Long-term debt	25,000	16,000
Other noncurrent liabilities	11,334	10,621
Total liabilities	212,299	176,953
Stockholders' equity:		
Common stock, par value \$0.01 per share	172	172
Additional paid-in capital	107,300	107,256
Retained earnings	115,654	106,599
Treasury stock at cost	(15,710)	(11,118)
Accumulated other comprehensive loss	(18,218)	(14,855)
Total stockholders' equity	189,198	188,054
	\$ 401,497	\$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		Nine Months Ended	
	September 30,		September 30,	
	2018	2017	2018	2017
Revenue	\$ 123,566	\$ 124,097	\$ 382,289	\$ 377,705
Cost of revenue	104,367	105,451	322,838	317,236
Gross profit	19,199	18,646	59,451	60,469
General and administrative expenses	12,227	14,160	40,207	39,536
Sales and marketing expenses	1,297	393	3,128	1,249
Restructuring charges	—	—	2,930	—
Gain on change in fair value of contingent consideration, net	526	268	3,972	369
Operating income	6,201	4,361	17,158	20,053
Interest expense	1,095	511	1,631	1,483
Other (expense) income	(760) 74	(1,912) (108
Income before income tax expense	4,346			