

Mistras Group, Inc.  
Form 8-K  
August 06, 2014

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **August 6, 2014**

**Mistras Group, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation)

**001- 34481**  
(Commission  
File Number)

**22-3341267**  
(IRS Employer  
Identification No.)

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

**08550**  
(Zip Code)

Registrant's telephone number, including area code: **(609) 716-4000**

**Not Applicable**  
(Former name or former address, if changed since last report)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2 below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d 2(b))
  
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 2.02. Results of Operations and Financial Condition**

On August 6, 2014, Mistras Group, Inc. (the Company, we or us ) issued a press release announcing the financial results for the fourth quarter and the full fiscal year for the fiscal year ended May 31, 2014. A copy of the press release is attached as Exhibit 99.1 to this report.

**Disclosure of Non-GAAP Financial Measures**

In the press release attached, the Company uses the term Adjusted EBITDA which is not a measurement of financial performance under U.S. generally accepted accounting principles ( GAAP ). Adjusted EBITDA is defined as net income plus: interest expense, provision for income taxes, depreciation and amortization, share-based compensation expense, and, as applicable, certain acquisition related costs and certain non-recurring items (which items are described or listed in the reconciliation table included in the press release).

Our management uses Adjusted EBITDA as a measure of operating performance to assist in comparing performance from period to period on a consistent basis, as a measure for planning and forecasting overall expectations and for evaluating actual results against such expectations. Adjusted EBITDA is also a performance evaluation metric used to determine incentive compensation for executives and employees.

We believe investors and other users of our financial statements benefit from the presentation of Adjusted EBITDA in evaluating our operating performance because it provides an additional tool to compare our operating performance on a consistent basis and measure underlying trends and results of our business. Adjusted EBITDA removes the impact of certain items that management believes do not directly reflect our core operations. For instance, Adjusted EBITDA generally excludes interest expense, taxes and depreciation and amortization, each of which can vary substantially from company to company depending upon accounting methods and the book value and age of assets, capital structure, capital investment cycles and the method by which assets were acquired. It also eliminates share-based compensation, which is a non-cash expense and is excluded by management when evaluating the underlying performance of our business operations.

While Adjusted EBITDA is a term and financial measurement commonly used by investors and securities analysts, it has limitations. As a non-GAAP measurement, Adjusted EBITDA has no standard meaning and, therefore, may not be comparable with similar measurements for other companies. Adjusted EBITDA is generally limited as an analytical tool because it excludes charges and expenses we do incur as part of our operations. For example, Adjusted EBITDA excludes income taxes, but we generally incur significant U.S. federal, state and foreign income taxes each year and the provision for income taxes is a necessary cost. Adjusted EBITDA should not be considered in isolation or as a substitute for analyzing our results as reported in accordance with GAAP.

The tables attached to the press release also include the non-GAAP financial measurements Segment and Total Company Income from Operations before Acquisition-Related Expense (Benefit), net, Net Income Excluding Acquisition-related Items and Diluted EPS Excluding Acquisition-related Items, reconciling these measurements to financial measurements under GAAP. These non-GAAP measurements exclude from the GAAP measurement income from operations or net income (a) transaction expenses related to acquisitions, such as professional fees and due diligence costs and (b) the net changes in the fair value of acquisition-related contingent consideration liabilities. These items have been excluded from the GAAP measurement because these expenses and credits are not related to the Company's core business operations and are related solely to the Company's acquisition activities. Changes in the fair value of acquisition-related contingent consideration liabilities can be a net expense or credit in any given period, and fluctuate based upon the then current value of cash consideration the Company expects to pay in the future for prior acquisitions, without impacting cash generated from the Company's business operations.

Management believes that these measurements provide investors with useful information and more meaningful period over period comparisons by identifying and excluding these acquisition-related costs so that the performance of the core business operations can be identified and compared. Management also believes that these measurements help our investors to better understand the profitability trends of our business, and facilitate easier comparisons of our profitability to prior and future periods and to our peers.

These non-GAAP measurements should be considered in addition to, and not as a replacement for or superior to, the comparable GAAP measurements. These measurements have limitations because there are no standards to determine which adjustments to GAAP measurements should be made, and/or may not be comparable with similar measurements for other companies. In addition, acquisitions are a part of our growth strategy, and therefore acquisition-related items are a necessary cost of the Company's business. Segment and Total Company Income from Operations before Acquisition-Related Expense (Benefit), net, and Net Income Excluding Acquisition-related Items are not metrics used to determine incentive compensation for executives or employees. Diluted EPS Excluding Acquisition-related Items is used to determine a portion of the incentive compensation for executive officers.

**Item 9.01. Financial Statement and Exhibits**

(d) Exhibits

99.1 Press release issued by Mistras Group, Inc. dated August 6, 2014

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MISTRAS GROUP, INC.

Date: August 6, 2014

By: /s/ Michael C. Keefe  
Name:  
Title:

Michael C. Keefe  
Executive Vice President, General Counsel  
and Secretary

<b>Exhibit No.</b>	<b>Description</b>
99.1	Press release issued by Mistras Group, Inc. dated August 6, 2014