



## GP Strategies Reports Record Revenue of \$102 Million for Second Quarter of 2012

Elkridge, MD. August 2, 2012. Global performance improvement solutions provider *GP Strategies Corporation* (NYSE: GPX) today reported financial results for the quarter ended June 30, 2012.

### Overview of Second Quarter 2012 Results:

- Revenue of \$102.3 million for second quarter of 2012 compared to \$86.0 million for second quarter of 2011
- Operating income of \$9.9 million for second quarter of 2012 compared to \$7.8 million for second quarter of 2011
- Diluted earnings per share of \$0.31 for second quarter of 2012 compared to \$0.25 per share for second quarter of 2011
- EBITDA of \$12.0 million for second quarter of 2012 compared to \$9.6 million for second quarter of 2011

The Company's revenue increased 19% or \$16.3 million during the second quarter of 2012 compared to the second quarter of 2011. Revenue grew organically by 14% or \$11.9 million during the second quarter. All of the Company's operating segments achieved organic growth during the quarter, and the Sandy Training & Marketing and Learning Solutions segments achieved double-digit growth during the quarter. The improved results were driven by increased training services for both new and existing customers across a variety of industries, with the largest increases in the automotive and financial services sectors. Operating income increased 27% to \$9.9 million for the second quarter of 2012 from \$7.8 million for the second quarter of 2011. Net income was \$6.0 million for the second quarter of 2012 compared to \$4.7 million for the second quarter of 2011. The second quarter 2011 results included a \$1.0 million non-recurring gain on the reversal of a deferred rent liability, which resulted in \$0.03 per share for both the three and six months ended June 30, 2011 after being tax effected.

"I am pleased to report that GP Strategies' strong financial performance continued into the second quarter of 2012," commented Scott N. Greenberg, Chief Executive Officer of GP Strategies. "Our revenue growth of 19% consisted of 14% organic growth combined with strong performance from our 2011 acquisitions. The revenue growth was complemented by improved margins, including EBITDA of 12% of revenue. We will continue to look for opportunities to deploy operating cash flow in our acquisition strategy, which we believe will further enhance our platform of services, products and global delivery capabilities."

## **Balance Sheet and Cash Flow Highlights**

As of June 30, 2012, the Company had cash and cash equivalents of \$7.5 million compared to \$4.2 million as of December 31, 2011. The Company had no long-term debt outstanding as of June 30, 2012 and had \$2.0 million of short-term borrowings under its \$50 million line of credit as of June 30, 2012. Cash provided by operating activities was \$4.4 million for the six months ended June 30, 2012 compared to \$4.8 million for the same period in 2011.

## **Investor Call**

The Company has scheduled an investor conference call for 10:00 a.m. ET on August 2, 2012. In addition to prepared remarks from management, there will be a question and answer session on the call. The dial-in numbers for the live conference call are 800-931-6429 or 212-231-2937, using conference ID number 21600922. A telephone replay of the call will also be available beginning at 12:00 p.m. on August 2<sup>nd</sup>, until 12:00 p.m. on August 16<sup>th</sup>. To listen to the replay, dial 800-633-8284 or 402-977-9140, using conference ID number 21600922.

## **Presentation of Non-GAAP Information**

This press release contains non-GAAP financial measures, including EBITDA (earnings before interest, income taxes, depreciation and amortization). The Company believes this non-GAAP financial measure is useful to investors in evaluating the Company's results. This measure should be considered in addition to, and not as a replacement for, or superior to, either net income, as an indicator of the Company's operating performance, or cash flow, as a measure of the Company's liquidity. In addition, because EBITDA may not be calculated identically by all companies, the presentation here may not be comparable to other similarly titled measures of other companies. For a reconciliation of this non-GAAP financial measure to the most comparable GAAP equivalent, see the Non-GAAP Reconciliation – EBITDA, along with related footnotes, below.

## **About GP Strategies**

GP Strategies Corporation (NYSE: GPX) is a global performance improvement solutions provider of sales and technical training, eLearning solutions, management consulting and engineering services. GP Strategies' solutions improve the effectiveness of organizations by delivering innovative and superior training, consulting and business improvement services, customized to meet the specific needs of its clients. Clients include Fortune 500 companies, manufacturing, process and energy industries, and other commercial and government customers. Additional information may be found at [www.gpstrategies.com](http://www.gpstrategies.com).

## **Forward-Looking Statements**

We make statements in this press release that are considered forward-looking statements within the meaning of the Securities Exchange Act of 1934. These statements are not guarantees of our future performance and are subject to risks, uncertainties and other important factors that could cause our actual performance or achievements to be materially different from those we project. For a full discussion of these risks, uncertainties and factors, we encourage you to read our documents on file with the Securities and Exchange Commission, including those set forth in our periodic reports under the forward-looking statements and risk factors sections. Except as required by law, we do not intend to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

**TABLES FOLLOW**

**GP STRATEGIES CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

*(In thousands, except per share data)*

*(Unaudited)*

|   | Quarters ended   |             | Six months ended |             |
|---|------------------|-------------|------------------|-------------|
|   | June 30,         |             | June 30,         |             |
|   | <u>2012</u>      | <u>2011</u> | <u>2012</u>      | <u>2011</u> |
| Revenue   | <b>\$102,311</b> | \$ 86,034   | <b>\$195,916</b> | \$ 150,327  |
| Cost of revenue   | <b>83,306</b>    | 71,323      | <b>161,299</b>   | 124,824     |
| Gross profit  | <b>19,005</b>    | 14,711      | <b>34,617</b>    | 25,503      |
| Selling, general and administrative expenses                            | <b>9,042</b>     | 7,863       | <b>17,330</b>    | 14,611      |
| Gain on reversal of deferred rent liability                             | -                | 1,041       | -                | 1,041       |
| Gain (loss) on change in fair value of<br>contingent consideration, net | <b>(31)</b>      | (43)        | <b>(71)</b>      | 203         |
| Operating income  | <b>9,932</b>     | 7,846       | <b>17,216</b>    | 12,136      |
| Interest expense  | <b>60</b>        | 65          | <b>100</b>       | 98          |
| Other income  | <b>100</b>       | 160         | <b>190</b>       | 341         |
| Income before income tax expense  | <b>9,972</b>     | 7,941       | <b>17,306</b>    | 12,379      |
| Income tax expense  | <b>3,988</b>     | 3,230       | <b>6,938</b>     | 5,078       |
| Net income  | <b>\$ 5,984</b>  | \$ 4,711    | <b>\$ 10,368</b> | \$ 7,301    |
| <br>  |                  |             |                  |             |
| Basic weighted average shares outstanding                               | <b>18,898</b>    | 18,776      | <b>18,864</b>    | 18,750      |
| Diluted weighted average shares outstanding                             | <b>19,250</b>    | 19,049      | <b>19,219</b>    | 18,971      |
| <br>  |                  |             |                  |             |
| Per common share data:  |                  |             |                  |             |
| Basic earnings per share  | <b>\$ 0.32</b>   | \$ 0.25     | <b>\$ 0.55</b>   | \$ 0.39     |
| Diluted earnings per share  | <b>\$ 0.31</b>   | \$ 0.25     | <b>\$ 0.54</b>   | \$ 0.38     |
| <br>  |                  |             |                  |             |
| Other data:   |                  |             |                  |             |
| EBITDA <sup>(1)</sup>   | <b>\$ 11,980</b> | \$ 9,554    | <b>\$ 21,212</b> | \$ 15,091   |

(1) The term EBITDA (earnings before interest, income taxes, depreciation and amortization) is a non-GAAP financial measure that the Company believes is useful to investors in evaluating its results. For a reconciliation of this non-GAAP financial measure to the most comparable GAAP equivalent, see the Non-GAAP Reconciliation – EBITDA, along with related footnotes, below.

**GP STRATEGIES CORPORATION AND SUBSIDIARIES**  
**SUPPLEMENTAL FINANCIAL INFORMATION**

*(In thousands)*

*(Unaudited)*

|   | Quarters ended    |                  | Six months ended  |                   |
|---|-------------------|------------------|-------------------|-------------------|
|   | June 30,          |                  | June 30,          |                   |
|   | <u>2012</u>       | <u>2011</u>      | <u>2012</u>       | <u>2011</u>       |
| Revenue by segment:   |                   |                  |                   |                   |
| Learning Solutions  | \$ 37,535         | \$ 31,438        | \$ 73,439         | \$ 61,433         |
| Professional & Technical Services                                       | 22,503            | 21,980           | 46,953            | 39,241            |
| Sandy Training & Marketing  | 20,883            | 15,002           | 34,205            | 26,138            |
| RWD   | 15,297            | 12,012           | 29,128            | 12,012            |
| Energy Services   | 6,093             | 5,602            | 12,191            | 11,503            |
| Total revenue   | <u>\$ 102,311</u> | <u>\$ 86,034</u> | <u>\$ 195,916</u> | <u>\$ 150,327</u> |
| Gross profit by segment:  |                   |                  |                   |                   |
| Learning Solutions  | \$ 7,218          | \$ 5,071         | \$ 14,063         | \$ 9,923          |
| Professional & Technical Services                                       | 3,638             | 3,710            | 7,207             | 6,350             |
| Sandy Training & Marketing  | 3,652             | 2,213            | 5,194             | 3,801             |
| RWD   | 2,592             | 1,894            | 4,167             | 1,894             |
| Energy Services   | 1,905             | 1,823            | 3,986             | 3,535             |
| Total gross profit  | <u>\$ 19,005</u>  | <u>\$ 14,711</u> | <u>\$ 34,617</u>  | <u>\$ 25,503</u>  |
| Operating income by segment:  |                   |                  |                   |                   |
| Learning Solutions  | \$ 3,792          | \$ 1,981         | \$ 7,338          | \$ 3,649          |
| Professional & Technical Services                                       | 1,627             | 2,008            | 3,188             | 2,931             |
| Sandy Training & Marketing  | 1,905             | 861              | 2,208             | 1,161             |
| RWD   | 1,206             | 582              | 1,451             | 582               |
| Energy Services   | 1,433             | 1,416            | 3,102             | 2,569             |
| Gain on reversal of deferred rent liability                             | -                 | 1,041            | -                 | 1,041             |
| Gain (loss) on change in fair value of<br>contingent consideration, net | (31)              | (43)             | (71)              | 203               |
| Total operating income  | <u>\$ 9,932</u>   | <u>\$ 7,846</u>  | <u>\$ 17,216</u>  | <u>\$ 12,136</u>  |
| Supplemental Cash Flow Information:                                     |                   |                  |                   |                   |
| Net cash provided by (used in) operating<br>activities                  | \$ (2,559)        | \$ 2,418         | \$ 4,404          | \$ 4,794          |
| Capital expenditures  | (542)             | (773)            | (1,467)           | (1,531)           |
| Free cash flow  | <u>\$ (3,101)</u> | <u>\$ 1,645</u>  | <u>\$ 2,937</u>   | <u>\$ 3,263</u>   |

**GP STRATEGIES CORPORATION AND SUBSIDIARIES**

**Non-GAAP Reconciliation – EBITDA <sup>(2)</sup>**

*(In thousands)*

*(Unaudited)*

|                               | Quarters ended<br>June 30, |                 | Six months ended<br>June 30, |                  |
|-------------------------------|----------------------------|-----------------|------------------------------|------------------|
|                               | <u>2012</u>                | <u>2011</u>     | <u>2012</u>                  | <u>2011</u>      |
| Net income                    | \$ 5,984                   | \$ 4,711        | \$ 10,368                    | \$ 7,301         |
| Interest expense              | 60                         | 65              | 100                          | 98               |
| Income tax expense            | 3,988                      | 3,230           | 6,938                        | 5,078            |
| Depreciation and amortization | 1,948                      | 1,548           | 3,806                        | 2,614            |
| EBITDA                        | <b>\$ 11,980</b>           | <b>\$ 9,554</b> | <b>\$ 21,212</b>             | <b>\$ 15,091</b> |

(2) Earnings before interest, income taxes, depreciation and amortization (EBITDA) is a widely used non-GAAP financial measure of operating performance. It is presented as supplemental information that the Company believes is useful to investors to evaluate its results because it excludes certain items that are not directly related to the Company's core operating performance. EBITDA is calculated by adding back to net income interest expense, income tax expense, depreciation and amortization. EBITDA should not be considered as substitutes either for net income, as an indicator of the Company's operating performance, or for cash flow, as a measure of the Company's liquidity. In addition, because EBITDA may not be calculated identically by all companies, the presentation here may not be comparable to other similarly titled measures of other companies.

**GP STRATEGIES CORPORATION AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

*(Dollars in thousands)*

|  | <b>June 30,<br/>2012</b> | <b>December 31,<br/>2011</b> |
|--|--------------------------|------------------------------|
|  | <b>(Unaudited)</b>       |                              |
| Current assets:  |                          |                              |
| Cash and cash equivalents  | \$ 7,499                 | \$ 4,151                     |
| Accounts and other receivables   | 70,805                   | 67,134                       |
| Costs and estimated earnings in excess of<br>billings on uncompleted contracts | 24,537                   | 15,576                       |
| Prepaid expenses and other current assets                                      | 10,157                   | 8,863                        |
| Total current assets   | 112,998                  | 95,724                       |
| Property, plant and equipment, net   | 5,788                    | 5,562                        |
| Goodwill and other intangibles, net  | 109,597                  | 108,460                      |
| Other assets   | 1,819                    | 1,830                        |
| Total assets   | \$ 230,202               | \$ 211,576                   |
| Current liabilities:   |                          |                              |
| Short-term borrowings  | \$ 1,988                 | \$ --                        |
| Accounts payable and accrued expenses  | 47,348                   | 42,500                       |
| Billings in excess of costs and estimated<br>earnings on uncompleted contracts | 16,404                   | 17,266                       |
| Total current liabilities  | 65,740                   | 59,766                       |
| Other noncurrent liabilities   | 9,038                    | 8,416                        |
| Total liabilities  | 74,778                   | 68,182                       |
| Total stockholders' equity   | 155,424                  | 143,394                      |
| Total liabilities and stockholders' equity                                     | \$ 230,202               | \$ 211,576                   |

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