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 March 31, 2019

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	**52-0845774**
(State of Incorporation)	(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. ☐

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	GPX	NYSE (New York Stock Exchange)

The number of shares outstanding of the registrant's common stock as of April 23, 2019 was as follows:

Class	**Outstanding**
Common Stock, par value $.01 per share	16,722,458

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)

	March 31, 2019 (Unaudited)	December 31, 2018
Assets		
Current assets:		
Cash	$ 8,427	$ 13,417
Accounts and other receivables, less allowance for doubtful accounts of $2,073 in 2019 and $2,034 in 2018	101,170	107,673
Unbilled revenue	83,350	80,764
Prepaid expenses and other current assets	25,454	19,048
Total current assets	218,401	220,902
Property, plant and equipment	25,444	24,580
Accumulated depreciation	(19,613)	(18,721)
Property, plant and equipment, net	5,831	5,859
Operating lease right-of-use assets	29,273	—
Goodwill	177,288	176,124
Intangible assets, net	19,888	20,933
Other assets	10,784	10,920
	$ 461,465	$ 434,738
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses	$ 92,156	$ 93,254
Deferred revenue	18,100	23,704
Current portion of operating lease liabilities	9,402	—
Total current liabilities	119,658	116,958
Long-term debt	116,607	116,500
Long-term portion of operating lease liabilities	23,653	—
Other noncurrent liabilities	11,833	14,711
Total liabilities	271,751	248,169
Stockholders' equity:		
Common stock, par value $0.01 per share	172	172
Additional paid-in capital	104,909	105,850
Retained earnings	116,373	116,039
Treasury stock at cost	(11,763)	(13,802)
Accumulated other comprehensive loss	(19,977)	(21,690)
Total stockholders' equity	189,714	186,569
	$ 461,465	$ 434,738

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 March 31,	
	2019	**2018**
Revenue	$ 139,473	$ 125,032
Cost of revenue	118,195	107,353
Gross profit	21,278	17,679
General and administrative expenses	16,127	13,859
Sales and marketing expenses	1,989	725
Restructuring charges	1,119	435
Gain on change in fair value of contingent consideration, net	50	2,552
Operating income	2,093	5,212
Interest expense	1,598	686
Other expense	14	164
Income before income tax expense	481	4,362
Income tax expense	147	1,730
Net income	$ 334	$ 2,632
Basic weighted average shares outstanding	16,672	16,619
Diluted weighted average shares outstanding	16,703	16,713
Per common share data:		
Basic earnings per share	$ 0.02	$ 0.16
Diluted earnings per share	$ 0.02	$ 0.16

See accompanying notes to condensed consolidated financial statements.

GP STRATEGIES CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements of Comprehensive Income

(Unaudited)

(In thousands)

	Three Months Ended March 31,	
	2019	2018
Net income	$ 334	$ 2,632
Foreign currency translation adjustments	1,713	2,432
Change in fair value of interest rate cap, net of tax	—	148
Change in fair value of interest rate swap, net of tax	—	55
Comprehensive income	$ 2,047	$ 5,267

See accompanying notes to condensed consolidated financial statements.

GP STRATEGIES CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements of Stockholders' Equity
(Unaudited)
(In thousands)

	Common stock	Additional paid-in capital	Retained earnings	Treasury stock at cost	Accumulated other comprehensive loss	Total stockholders' equity
Balance at December 31, 2018	$ 172	$ 105,850	$ 116,039	$ (13,802)	$ (21,690)	$ 186,569
Net income	—	—	334	—	—	334
Foreign currency translation adjustment	—	—	—	—	1,713	1,713
Stock-based compensation expense	—	354	—	—	—	354
Issuance of stock for employer contributions to retirement plan	—	(421)	—	1,156	—	735
Net issuances of stock pursuant to stock compensation plans and other	—	(874)	—	883	—	9
Balance at March 31, 2019	$ 172	$ 104,909	$ 116,373	$ (11,763)	$ (19,977)	$ 189,714

	Common stock	Additional paid-in capital	Retained earnings	Treasury stock at cost	Accumulated other comprehensive loss	Total stockholders' equity
Balance at December 31, 2017	$ 172	$ 107,256	$ 106,599	$ (11,118)	$ (14,855)	$ 188,054
Cumulative effect adjustment of adopting ASU 2014-09	—	—	(396)	—	—	(396)
Adjusted balance at December 31, 2017	172	107,256	106,203	(11,118)	(14,855)	187,658
Net income	—	—	2,632	—	—	2,632
Foreign currency translation adjustment	—	—	—	—	2,432	2,432
Change in fair value of interest rate cap, net of tax	—	—	—	—	148	148
Change in fair value of interest rate swap, net of tax	—	—	—	—	55	55
Repurchases of common stock	—	—	—	(7,261)	—	(7,261)
Stock-based compensation expense	—	698	—	—	—	698
Issuance of stock for employer contributions to retirement plan	—	4	—	707	—	711
Net issuances of stock pursuant to stock compensation plans and other	—	(589)	—	538	—	(51)
Balance at March 31, 2018	$ 172	$ 107,369	$ 108,835	$ (17,134)	$ (12,220)	$ 187,022

GP STRATEGIES CORPORATION AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
Three Months Ended March 31, 2019 and 2018
(Unaudited, in thousands)

	2019	2018
Cash flows from operating activities:		
Net income	$ 334	$ 2,632
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Gain on change in fair value of contingent consideration, net	(50)	(2,552)
Depreciation and amortization	2,341	1,842
Deferred income taxes	(102)	(108)
Non-cash compensation expense	1,089	1,409
Changes in other operating items:		
Accounts and other receivables	6,104	12,817
Unbilled revenue	(2,553)	227
Prepaid expenses and other current assets	(5,600)	(6,024)
Accounts payable and accrued expenses	498	1,643
Deferred revenue	(5,589)	(2,485)
Other	923	5
Net cash (used in) provided by operating activities	(2,605)	9,406
Cash flows from investing activities:		
Additions to property, plant and equipment	(542)	(370)
Acquisitions, net of cash acquired	—	(10,000)
Other investing activities	(226)	(834)
Net cash used in investing activities	(768)	(11,204)
Cash flows from financing activities:		
Proceeds from short-term borrowings	—	6,022
Proceeds from long-term debt	33,038	—
Repayment of long-term debt	(33,000)	(3,000)
Change in negative cash book balance	(701)	(261)
Repurchases of common stock in the open market	—	(7,790)
Other financing activities	(27)	(50)
Net cash used in financing activities	(690)	(5,079)
Effect of exchange rate changes on cash and cash equivalents	(927)	210
Net decrease in cash	(4,990)	(6,667)
Cash at beginning of period	13,417	23,612
Cash at end of period	$ 8,427	$ 16,945
Supplemental disclosures of cash flow information:		
Cash paid during the period for interest	$ 1,552	$ 624
Cash paid during the period for income taxes	816	1,460

See accompanying notes to condensed consolidated financial statements.

(1) Basis of Presentation

GP Strategies Corporation is a global performance improvement solutions provider of training, digital learning solutions, management consulting and engineering services. References in this report to “GP Strategies,” the “Company,” “we” and “our” are to GP Strategies Corporation and its subsidiaries, collectively.

The accompanying condensed consolidated balance sheet as of March 31, 2019 and the condensed consolidated statements of operations, comprehensive income, stockholders' equity and cash flows for the three months ended March 31, 2019 and 2018 have not been audited, but have been prepared in conformity with U.S. generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2018, as presented in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2018. In the opinion of management, this interim information includes all material adjustments, which are of a normal and recurring nature, necessary for a fair presentation. The results for the 2019 interim period are not necessarily indicative of results to be expected for the entire year.

The condensed consolidated financial statements include the operations of the Company and its subsidiaries. All significant intercompany balances and transactions have been eliminated.

Certain prior year amounts have been reclassified to conform with the current year presentation. Beginning in the second quarter of 2018, sales and marketing expenses have been presented separately from general administrative expenses on the condensed consolidated statements of operations, whereas in prior periods these amounts were included in one caption titled "selling, general and administrative expenses." Amounts for the first quarter of 2018 have been reclassified to conform to the current year presentation.

(2) Recent Accounting Standards

Recently Adopted Accounting Standards

On January 1, 2019, we adopted Accounting Standards Update (ASU) 2016-02, Leases (Topic 842), which requires the recognition of lease rights and obligations as assets and liabilities on the balance sheet. Previously, lessees were not required to recognize on the balance sheet assets and liabilities arising from operating leases. We adopted Topic 842 using the modified retrospective method of adoption applying the transition provisions at the beginning of the period of adoption, rather than at the beginning of the earliest comparative period presented in these financial statements. As a result, prior period information has not been restated.

The new standard provides several optional practical expedients for use in transition. We elected to use what the FASB has deemed the “package of practical expedients,” which allows us not to reassess our previous conclusions about lease identification, lease classification and the accounting treatment for initial direct costs. The ASU also provides several optional practical expedients for the ongoing accounting for leases. We have elected the short-term lease recognition exemption for all leases that qualify, meaning that for leases with terms of twelve months or less, we will not recognize right-of-use (ROU) assets or lease liabilities on our consolidated balance sheet. Additionally, we have elected to use the practical expedient to not separate lease and non-lease components for leases of real estate, meaning that for these leases, the non-lease components are included in the associated ROU asset and lease liability balances on our consolidated balance sheet.

The most significant impacts of adopting Topic 842 on our consolidated financial statements were (1) the recognition of new ROU assets and lease liabilities for our operating leases of $31.1 million and $34.9 million, respectively on January 1, 2019, which included reclassifying accrued rent as a component of the ROU asset, and (2) significant new disclosures about our leasing activities, which are provided in Note 13. Topic 842 did not have a material impact on our results of operations or cash flows.

In January 2017, the FASB issued ASU No. 2017-04, *Simplifying the Test for Goodwill Impairment*. The standard will remove step 2 from the goodwill impairment test. Under the ASU, an entity should perform its annual goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value, however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. ASU 2017-04 is effective for public companies for annual reporting periods beginning after December 15, 2019. Early adoption is permitted for goodwill impairment tests performed on testing dates after January 1, 2017. We adopted the standard on January 1, 2019. The adoption of the ASU did not have an effect on our results of operations, financial condition or cash flows.

Accounting Standards Not Yet Adopted

For a discussion of other accounting standards that have been issued by the FASB but are not yet effective, refer to the Recent Accounting Standards section in our Annual Report on Form 10-K for the year ended December 31, 2018. These standards are not expected to have a material impact on our results of operations, financial condition or cash flows.

(3) Revenue

Significant Accounting Policy

We account for revenue in accordance with ASC Topic 606, *Revenue from Contracts with Customers* (ASC Topic 606), which we adopted on January 1, 2018, using the modified retrospective method. Revenue is measured based on the consideration specified in a contract with a customer. Most of our contracts with customers contain transaction prices with fixed consideration, however, some contracts may contain variable consideration in the form of discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties and other similar items. When a contract includes variable consideration, we evaluate the estimate of variable consideration to determine whether the estimate needs to be constrained; therefore, we include the variable consideration in the transaction price only to the extent that it is probable that a significant reversal of the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. We recognize revenue when we satisfy a performance obligation by transferring control over a product or service to a customer. This can result in recognition of revenue over time as we perform services or at a point in time when the deliverable is transferred to the customer, depending on an evaluation of the criteria for over time recognition in ASC Topic 606. Further details regarding our revenue recognition for various revenue streams are discussed below.

Nature of goods and services

Over 90% of our revenue is derived from services provided to our customers for training, consulting, technical, engineering and other services. Less than 10% of our revenue is derived from various other offerings including custom magazine publications and assembly of glovebox portfolios for automotive manufacturers, licenses of software and other intellectual property, and software as a service (SaaS) arrangements.

Our primary contract vehicles are time-and-materials, fixed price (including fixed-fee per transaction) and cost-reimbursable contracts. Each contract has different terms based on the scope, deliverables and complexity of the engagement, requiring us to make judgments and estimates about recognizing revenue.

Under time-and-materials and cost-reimbursable contracts, the contractual billing schedules are based on the specified level of resources we are obligated to provide. Revenue under these contract types are recognized over time as services are performed as the client simultaneously receives and consumes the benefits provided by our performance throughout the engagement. The time and materials incurred for the period is the measure of performance and, therefore, revenue is recognized in that amount.

For fixed price contracts which typically involve a discrete project, such as development of training content and materials, design of training processes, software implementation, or engineering projects, the contractual billing schedules are not necessarily based on the specified level of resources we are obligated to provide. These discrete projects generally do not contain milestones or other measures of performance. The majority of our fixed price contracts meet the criteria in ASC Topic 606 for over time revenue recognition. For these contracts, revenue is recognized using a percentage-of-completion method based on the relationship of costs incurred to total estimated costs expected to be incurred over the term of the contract. We believe this methodology is a reasonable measure of proportional performance since performance primarily involves personnel costs and services provided to the customer throughout the course of the projects through regular communications of progress toward completion and other project deliverables. In addition, the customer is required to pay us for the proportionate amount of our fees in the event of contract termination. A small portion of our fixed price contracts do not meet the criteria in ASC Topic 606 for over time revenue recognition. For these projects, we defer revenue recognition until the performance obligation is satisfied, which is generally when the final deliverable is provided to the client. The direct costs related to these projects are capitalized and then recognized as cost of revenue when the performance obligation is satisfied.

For fixed price contracts, when total direct cost estimates exceed revenues, the estimated losses are recognized immediately. The use of the percentage-of-completion method requires significant judgment relative to estimating total contract costs, including assumptions relative to the length of time to complete the project, the nature and complexity of the work to be performed, and anticipated changes in estimated salaries and other costs. Estimates of total contract costs are continuously monitored during the term of the contract, and recorded revenues and costs are subject to revision as the contract progresses. When revisions in estimated contract revenues and costs are determined, such adjustments are recorded in the period in which they are first identified. Adjustments to our fixed price contracts in the aggregate resulted in a net increase to revenue of $1.1 million and $0.5 million for the three months ended March 31, 2019 and 2018, respectively.

For certain fixed-fee per transaction contracts, such as delivering training courses or conducting workshops, revenue is recognized during the period in which services are delivered in accordance with the pricing outlined in the contracts.

For certain fixed-fee per transaction and fixed price contracts in which the output of the arrangement is measurable, such as for the shipping of publications and print materials, revenue is recognized at the point in time at which control is transferred which is upon delivery.

Taxes assessed by a government authority that are both imposed on and concurrent with a specific revenue-producing transaction, that we collect from a customer, are excluded from revenue.

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer, and is the unit of account in ASC Topic 606. A contract’s transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. For contracts with multiple performance obligations, we allocate the contract’s transaction price to each performance obligation using our best estimate of the standalone selling price of each distinct good or service in the contract. As of March 31, 2019, we had $334.7 million of remaining performance obligations, which we also refer to as total backlog. We expect to recognize over 95 percent of our remaining performance obligations as revenue within the next twelve months. We did not apply any of the practical expedients permitted by ASC Topic 606 in determining the amount of our performance obligations as of March 31, 2019.

Revenue by Category

The following series of tables presents our revenue disaggregated by various categories (dollars in thousands).

	Three Months Ended March 31,					
	Workforce Excellence		Business Transformation Services		Consolidated	
	2019	2018	2019	2018	2019	2018
Revenue by type of service:						
Managed learning services	$ 51,818	$ 51,777	$ —	$ —	$ 51,818	$ 51,777
Engineering & technical services	27,632	24,669	—	—	27,632	24,669
Sales enablement	—	—	37,164	23,850	37,164	23,850
Organizational development	—	—	22,859	24,736	22,859	24,736
	$ 79,450	$ 76,446	$ 60,023	$ 48,586	$ 139,473	$ 125,032
Revenue by geographic region:						
Americas	$ 54,685	$ 48,700	$ 45,982	$ 40,921	$ 100,667	$ 89,621
Europe Middle East Africa	22,229	24,634	11,683	9,244	33,912	33,878
Asia Pacific	6,142	7,287	5,134	72	11,276	7,359
Eliminations	(3,606)	(4,175)	(2,776)	(1,651)	(6,382)	(5,826)
	$ 79,450	$ 76,446	$ 60,023	$ 48,586	$ 139,473	$ 125,032
Revenue by client market sector:						
Automotive	$ 1,693	$ 2,914	$ 36,081	$ 24,246	$ 37,774	$ 27,160
Financial & Insurance	18,627	22,116	2,494	3,067	21,121	25,183
Manufacturing	7,978	9,176	6,310	4,112	14,288	13,288
Energy / Oil & Gas	11,375	7,794	1,183	1,330	12,558	9,124
U.S. Government	9,616	6,518	1,908	2,322	11,524	8,840
U.K. Government	4,055	5,486	—	—	4,055	5,486
Information & Communication	3,461	3,621	2,304	2,053	5,765	5,674
Aerospace	6,452	7,804	1,161	679	7,613	8,483
Electronics Semiconductor	4,122	3,683	254	51	4,376	3,734
Life Sciences	4,712	1,874	2,115	2,684	6,827	4,558
Other	7,359	5,460	6,213	8,042	13,572	13,502
	$ 79,450	$ 76,446	$ 60,023	$ 48,586	$ 139,473	$ 125,032

Contract Balances

The timing of revenue recognition, billings and cash collections results in billed accounts receivable, unbilled revenue (contract assets), and deferred revenue (contract liabilities) on the condensed consolidated balance sheet. Amounts charged to our clients become billable according to the contract terms, which usually consider the passage of time, achievement of milestones or completion of the project. When billings occur after the work has been performed, such unbilled amounts will generally be billed and collected within 60 to 120 days but typically no longer than over the next twelve months. When we advance bill clients prior to the work being performed, generally, such amounts will be earned and recognized in revenue within the next twelve months. These assets and liabilities are reported on the condensed consolidated balance sheet on a contract-by-contract basis at the end of each reporting period. Changes in the contract asset and liability balances during the three-month period ended March 31, 2019 were not materially impacted by any other factors.

Revenue recognized for the three months ended March 31, 2019 and 2018, that was included in the contract liability balance at the beginning of the year was $11.1 million and $9.0 million, respectively, and primarily represented revenue from services performed during the current period for which we received advance payment from clients in a prior period.

(4) Significant Customers & Concentration of Credit Risk

We have a market concentration of revenue in both the automotive sector and financial & insurance sector. Revenue from the automotive sector accounted for approximately 27% and 22% of our consolidated revenue for the three months ended March 31, 2019 and 2018, respectively. In addition, we have a concentration of revenue from a single automotive customer, which accounted for approximately 13% and 15% of our consolidated revenue for the three months ended March 31, 2019 and 2018, respectively.

Revenue from the financial & insurance sector accounted for approximately 15% and 20% of our consolidated revenue for the three months ended March 31, 2019 and 2018, respectively. In addition, we have a concentration of revenue from a single financial services customer, which accounted for approximately 11% and 14% of our consolidated revenue for the three months ended March 31, 2019 and 2018, respectively. As of March 31, 2019, billed and unbilled accounts receivable from a single financial services customer totaled $29.4 million, or 16%, of our consolidated accounts receivable and unbilled revenue balances.

No other single customer accounted for more than 10% of our consolidated revenue for the three months ended March 31, 2019 or 2018 or consolidated accounts receivable balance as of March 31, 2019.

(5) Earnings Per Share

Basic earnings per share (EPS) is computed by dividing net income by the weighted average number of common shares outstanding during the period. Diluted EPS reflects the potential dilution of common stock equivalent shares that could occur if securities or other contracts to issue common stock were exercised or converted into common stock.

Our dilutive common stock equivalent shares consist of stock options and restricted stock units computed under the treasury stock method, using the average market price during the period. Performance-based restricted stock unit awards are included in the computation of diluted shares based on the probable outcome of the underlying performance conditions being achieved. The following table presents instruments which were not dilutive and were excluded from the computation of diluted EPS in each period, as well as the dilutive common stock equivalent shares which were included in the computation of diluted EPS:

	Three Months Ended March 31,	
	2019	**2018**
	(In thousands)	
Non-dilutive instruments	51	7
Dilutive common stock equivalents	31	94

(6) Acquisitions

Contingent Consideration

ASC Topic 805 requires that contingent consideration be recognized at fair value on the acquisition date and be re-measured each reporting period with subsequent adjustments recognized in the condensed consolidated statement of operations. We estimate the fair value of contingent consideration liabilities using an appropriate valuation methodology, typically either an income-based approach or a simulation model, such as the Monte Carlo model, depending on the structure of the contingent consideration arrangement. Contingent consideration is valued using significant inputs that are not observable in the market which are defined as Level 3 inputs pursuant to fair value measurement accounting. We believe our estimates and assumptions are reasonable; however, there is significant judgment involved. At each reporting date, the contingent consideration obligation is revalued to estimated fair value, and changes in fair value subsequent to the acquisitions are reflected in income or expense in the condensed consolidated statements of operations, and could cause a material impact to, and volatility in, our operating results. Changes in the fair value of contingent consideration obligations may result from changes in discount periods and rates and changes in the timing and amount of revenue and/or earnings projections.

Below is a summary of the potential maximum contingent consideration we may be required to pay in connection with completed acquisitions as of March 31, 2019 (dollars in thousands):

Acquisition:	Original range of potential undiscounted payments	As of March 31, 2019 Maximum contingent consideration due in		
		2019	2020	Total
IC Axon	$0 - $3,500	$ 3,500	$ —	$ 3,500
McKinney Rogers	$0 - $18,000	—	4,000	4,000
		$ 3,500	$ 4,000	$ 7,500

Below is a summary of the changes in the recorded amount of contingent consideration liabilities from December 31, 2018 to March 31, 2019 (dollars in thousands):

Acquisition:	Liability as of December 31, 2018	Additions	Payments	Change in Fair Value of Contingent Consideration	Foreign Currency Translation	Liability as of March 31, 2019
IC Axon	$ 594	$ —	$ —	$ (14)	$ —	$ 580
McKinney Rogers	83	—	—	(36)	—	47
Total	$ 677	$ —	$ —	$ (50)	$ —	$ 627

As of both March 31, 2019 and December 31, 2018, contingent consideration considered a current liability and included in accounts payable totaled $0.6 million. As of December 31, 2018 we also had accrued contingent consideration totaling $0.1 million related to acquisitions which are included in other long-term liabilities on the condensed consolidated balance sheets and represent the portion of contingent consideration estimated to be payable greater than twelve months from the balance sheet date.

(7) Intangible Assets

Goodwill

Changes in the carrying amount of goodwill by reportable business segment for the three months ended March 31, 2019 were as follows (in thousands):

	Workforce Excellence	Business Transformation Services	Total
Balance as of December 31, 2018	$ 123,918	$ 52,206	$ 176,124
Purchase accounting adjustment	—	25	25
Foreign currency translation	1,147	(8)	1,139
Balance as of March 31, 2019	$ 125,065	$ 52,223	$ 177,288

Intangible Assets Subject to Amortization

Intangible assets with finite lives are subject to amortization over their estimated useful lives. The primary assets included in this category and their respective balances were as follows (in thousands):

March 31, 2019	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	$ 22,114	$ (4,806)	$ 17,308
Intellectual property and other	4,946	(2,366)	2,580
	$ 27,060	$ (7,172)	$ 19,888
December 31, 2018			
Customer relationships	$ 26,524	$ (8,547)	$ 17,977
Intellectual property and other	4,936	(1,980)	2,956
	$ 31,460	$ (10,527)	$ 20,933

(8) Stock-Based Compensation

We recognize compensation expense for stock-based compensation awards issued to employees on a straight-line basis over the requisite service period. Compensation cost is based on the fair value of awards as of the grant date.

The following table summarizes the pre-tax stock-based compensation expense included in reported net income (in thousands):

	Three months ended March 31,	
	2019	**2018**
Restricted stock units	257	630
Board of Directors and other stock grants	97	68
Total stock-based compensation expense	$ 354	$ 698

Pursuant to our 2011 Stock Incentive Plan (the “2011 Plan”), we may grant awards of non-qualified stock options, incentive stock options, restricted stock, stock units, performance shares, performance units and other incentives payable in cash or in shares of our common stock to officers, employees or members of the Board of Directors. As of March 31, 2019, we had restricted and performance stock units outstanding under these plans.

(9) Debt

On November 30, 2018, we entered into a Credit Agreement with PNC Bank, National Association, as administrative agent and a syndicate of lenders (the “Credit Agreement”), replacing the prior credit agreement with Wells Fargo dated December 21, 2016, as amended on April 28, 2018 and June 29, 2018 (the "Original Credit Agreement"). The Credit agreement provides for a revolving credit facility, which expires on November 29, 2023, and consists of: a revolving loan facility with a borrowing limit of $200 million, including a $20 million sublimit for foreign borrowings; an accordion feature allowing the Company to request increases in commitments to the credit facility by up to an additional $100 million; a $20 million letter of credit sublimit; and a swingline loan credit sublimit of $20 million. The obligations under the Credit Agreement are guaranteed by certain of the Company's subsidiaries (the "Guarantors"). As collateral security under the Credit Agreement and the guarantees thereof, the Company and the Guarantors have granted to the administrative agent, for the benefit of the lenders, a lien on, and first priority security interest in substantially all of their tangible and intangible assets. The proceeds of the Credit Agreement were used, in part, to repay in full all outstanding borrowings under the Original Credit Agreement, and additional proceeds of the revolving credit facility are expected to be used for working capital and other general corporate purposes of the Company and its subsidiaries, including the issuance of letters of credit and Permitted Acquisitions, as defined.

Borrowings under the Credit Agreement may be in the form of Base Rate loans or Euro-Rate loans, at the option of the borrowers, and bear interest at the Base Rate plus 0.25% to 1.25% or the Daily LIBOR Rate plus 1.25% to 2.25% respectively. Base Rate loans will bear interest at a fluctuating per annum Base Rate equal to the highest of (i) the Overnight Bank Funding Rate, plus 0.5%, (ii) the Prime Rate, and (iii) the Daily LIBOR Rate, plus 100 basis points (1.0%); plus an Applicable Margin. Determination of the Applicable Margin is based on a pricing grid that is generally dependent upon the Company's Leverage Ratio (as defined) as of the end of the fiscal quarter for which consolidated financial statements have been most recently delivered. We may prepay the revolving loan, in whole or in part, at any time without premium or penalty, subject to certain conditions.

The Credit Agreement contains customary representations, warranties and affirmative covenants. The Credit Agreement also contains customary negative covenants, subject to negotiated exceptions, including but not limited to: (i) liens, (ii) investments, (iii) indebtedness, (iv) significant corporate changes, including mergers and acquisitions, (v) dispositions, (vi) restricted payments, including stock dividends, and (vii) certain other restrictive agreements. The Credit Agreement also requires the Company to maintain compliance with the following financial covenants; (i) a maximum leverage ratio, and (ii) a minimum interest expense coverage ratio. We were in compliance with each of these financial covenants under the Credit Agreement as of March 31, 2019.

As of March 31, 2019, there were $116.6 million of borrowings outstanding and $13.1 million of available borrowings under the revolving loan facility based on our Leverage Ratio.

For the three months ended March 31, 2019 and 2018, the weighted average interest rate on our borrowings was 4.8% and 3.4%, respectively. As of March 31, 2019, the fair value of our borrowings under the Credit Agreement approximated its carrying value as it bears interest at variable rates. There were $1.1 million of unamortized debt issue costs related to the Credit Agreement as of March 31, 2019 which are being amortized to interest expense over the term of the Credit Agreement and are included in Other assets on our consolidated balance sheet.

(10) Income Taxes

Income tax expense was $0.1 million, or an effective income tax rate of 30.6%, for the three months ended March 31, 2019 compared to $1.7 million, or an effective income tax rate of 39.7%, for the three months ended March 31, 2018. The decrease in the effective income tax rate in 2019 compared to 2018 is primarily due to a $0.9 million increase to the provisional estimate recorded in the first quarter of 2018 relating to the one-time transition tax on the mandatory deemed repatriation of cumulative foreign earnings, imposed by the Tax Cuts and Jobs Act (the "Tax Act") that was enacted on December 22, 2017. Income tax expense for the interim quarterly periods is based on an estimated annual effective tax rate which includes the U.S. federal, state and local, and non-U.S. statutory rates, permanent differences, and other items that may have an impact on income tax expense.

An uncertain tax position taken or expected to be taken in a tax return is recognized in the financial statements when it is more likely than not (i.e., a likelihood of more than fifty percent) that the position would be sustained upon examination by tax authorities that have full knowledge of all relevant information. A recognized tax position is then measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. Interest and penalties related to income taxes are accounted for as income tax expense. As of March 31, 2019, we had no uncertain tax positions reflected on our condensed consolidated balance sheet. The Company files income tax returns in U.S. federal, state and local jurisdictions, and various non-U.S. jurisdictions, and is subject to audit by tax authorities in those jurisdictions. Tax years 2015 through 2018 remain open to examination by these tax jurisdictions, and earlier years remain open to examination in certain of these jurisdictions which have longer statutes of limitations.

(11) Stockholders' Equity

Stock Repurchase Program

We have a share repurchase program under which we may repurchase shares of our common stock from time to time in the open market, subject to prevailing business and market conditions and other factors. During the three months ended March 31, 2019 we did not repurchase shares and during the three months ended March 31, 2018, we repurchased approximately 312,000 shares of our common stock in the open market for a total cost of approximately $7.3 million. As of March 31, 2019, there was approximately $3.8 million available for future repurchases under the buyback program.

(12) Restructuring

The following table shows the balances and activity for our restructuring liability (in thousands):

	Employee Severance and Related Benefits	Excess Facilities and Other Costs	Total
Liability as of December 31, 2018	$ 1,266	$ 591	$ 1,857
Additional restructuring charges	1,119	—	1,119
Payments	(1,238)	(68)	(1,306)
Liability as of March 31, 2019	$ 1,147	$ 523	$ 1,670

In December 2017, we announced a new organizational structure and plan to improve operating results by increasing organic growth and reducing operating costs, and we initiated restructuring and transition activities to improve operational efficiency, reduce costs and better position the company to drive future revenue growth. These restructuring activities were substantially complete as of June 30, 2018. The total remaining liability under this restructuring plan was $1.3 million and $1.9 million as of March 31, 2019 and December 31, 2018, respectively.

In connection with the acquisition of TTi Global, Inc. in December 2018, we initiated restructuring and transition activities in the first quarter of 2019 to reduce costs and eliminate redundant positions to realize synergies with the acquired business. For the three months ended March 31, 2019, we recorded $1.1 million of restructuring charges in connection with these activities. The total remaining liability under these restructuring activities was $0.4 million as of March 31, 2019. We expect the restructuring activities associated with the TTi Global acquisition to be substantially complete by the end of 2019.

(13) Leases

We determine at its inception whether an arrangement that provides us control over the use of an asset is a lease. We recognize at lease commencement a right-of-use (ROU) asset and lease liability based on the present value of the future lease payments over the lease term. We have elected not to recognize a ROU asset and lease liability for leases with terms of 12 months or less. Certain of our leases include options to extend the term of the lease or to terminate the lease prior to the end of the initial term. When it is reasonably certain that we will exercise the option, we include the impact of the option in the lease term for purposes of determining total future lease payments. As most of our lease agreements do not explicitly state the discount rate implicit in the lease, we use our incremental borrowing rate on the commencement date to calculate the present value of future payments.

Our leases commonly include payments that are based on the Consumer Price Index (CPI) or other similar indices. These variable lease payments are included in the calculation of the ROU asset and lease liability. Other variable lease payments, such as usage-based amounts, are excluded from the ROU asset and lease liability, and are expensed as incurred. In addition to the present value of the future lease payments, the calculation of the ROU asset also includes any deferred rent, lease pre-payments and initial direct costs of obtaining the lease, such as commissions.

In addition to the base rent, real estate leases typically contain provisions for common-area maintenance and other similar services, which are considered non-lease components for accounting purposes. For our real estate leases, we apply a practical expedient to include these non-lease components in calculating the ROU asset and lease liability. For all other types of leases, non-lease components are excluded from our ROU assets and lease liabilities and expensed as incurred.

We have operating leases for office facilities, vehicles and computer and office equipment. We do not have any finance leases.

Lease expense is included in Cost of Revenue and General & Administrative Expenses on the condensed consolidated statements of operations, and is recorded net of immaterial sublease income. The components of lease expense were as follows (in thousands):

	Three Months Ended March 31, 2019
Operating lease cost	$ 2,457
Short-term lease cost	353
Total lease costs	$ 2,810

Supplemental information related to leases was as follows (dollars in thousands):

	Three Months Ended March 31, 2019
Operating lease right-of-use assets	$ 29,273
Current portion of operating lease liabilities	$ 9,402
Non-current portion of operating lease liabilities	23,653
Total operating lease liabilities	$ 33,055
Cash paid for amounts included in the measurement of operating lease liabilities	$ 2,416
Right-of-use assets obtained in exchange for operating lease liabilities	$ 467
Weighted-average remaining lease term for operating leases (years)	5.6 years
Weighted-average discount rate for operating leases	4.77%

The following is a reconciliation of future undiscounted cash flows to the operating lease liabilities on our condensed consolidated balance sheet as of March 31, 2019 (in thousands):

Year ended December 31,	
2019 (excluding the three months ended March 31, 2019)	$ 7,469
2020	7,845
2021	5,608
2022	4,513
2023	3,950
Thereafter	8,809
Total future lease payments	38,194
Less: imputed interest	(5,139)
Present value of future lease payments	33,055
Less: current portion of lease liabilities	(9,402)
Long-term lease liabilities	$ 23,653

Under Topic 840, our future minimum payments for all operating lease obligations as of December 31, 2018 were as follows (in thousands):

Year ended December 31,		
2019	$	10,646
2020		7,833
2021		5,520
2022		4,528
2023		3,898
Thereafter		8,671
Total	$	41,096

(14) Business Segments

As of March 31, 2019, we operated through two reportable business segments: (i) Workforce Excellence and (ii) Business Transformation Services. In December 2017, we announced a new organizational structure and plan to improve operating results by increasing organic growth and reducing operating costs. Effective January 1, 2018, we re-organized into two operating segments aligned by complementary service lines and supported by a new business development organization aligned by industry sector. The Workforce Excellence segment includes the majority of the former Learning Solutions and Professional & Technical Services segments. The Business Transformation Services segment includes the majority of the former Performance Readiness Solutions and Sandy Training & Marketing segments. Certain business units transferred between the former operating segments to better align with the service offerings of the two new segments. In addition, effective July 1, 2018, we transferred the management responsibility of certain additional business units between the two operating segments primarily to consolidate our non-technical content design and development businesses into one global digital learning strategies and solutions service line. We have reclassified the segment financial information herein for the prior year periods to reflect the changes in our segment reporting during 2018 and conform to the current year's presentation.

Each of our two reportable segments represents an operating segment under ASC Topic 280, *Segment Reporting*. We test our goodwill at the reporting unit level, or one level below an operating segment, under ASC Topic 350, *Intangibles - Goodwill and Other*. In connection with the new organizational structure that went into effect on January 1, 2018, we determined that we have four reporting units for purposes of goodwill impairment testing, which represent our four practices which are one level below the operating segments, as discussed below.

Our two segments each consist of two global practice areas which are focused on providing similar and/or complementary products and services across our diverse customer base and within targeted markets. Within each practice are various service lines having specific areas of expertise. Marketing and communications, sales, accounting, finance, legal, human resources, information systems and other administrative services are organized at the corporate level. Business development and sales resources are aligned by industry sector to support existing customer accounts and new customer development across both segments. Further information regarding our business segments is discussed below.

Workforce Excellence. The Workforce Excellence segment advises and partners with leading organizations in designing, implementing, operating and supporting their talent management and workforce strategies, enabling them to gain greater competitive edge in their markets. This segment consists of two practices:

- **Managed Learning Services** - this practice focuses on creating value for our customers by delivering a suite of talent management and learning design, development, operational and support services that can be delivered as large scale outsourcing arrangements, managed services contracts and project-based service engagements. The Managed Learning Services offerings include strategic learning and development consulting services, digital learning content design and development solutions and a suite of managed learning operations services, including: managed facilitation and delivery, managed training administration and logistics, help desk support, tuition reimbursement management services, event management and vendor management.

- **Engineering & Technical Services** - this practice focuses on capital intensive, inherently hazardous and/or highly complex technical services in support of both U.S. government and global commercial industries. Our products and services include design, development and delivery of technical work-based learning, CapEx (plant launch) initiatives, engineering design and construction management, fabrication, and management services, operational excellence consulting, chemical demilitarization services, homeland security services, emergency management support services along with all forms of technical documentation. We deliver world-class asset management and performance improvement consulting to a host of industries. Our proprietary EtaPRO® Performance and Condition Monitoring System provides a suite of real-time digital solutions for hundreds of facilities and is installed in power-generating units around the world. We also provide thousands of technical courses in a web-based off the shelf delivery format through our GPiLEARN+™ portal.

Business Transformation Services. The Business Transformation Services segment works with organizations to execute complex business strategies by linking business systems, process and people's performance to clear and measurable results. We have a holistic methodology to establishing direction and closing the gap between strategy and execution. Our approach equips business leaders and teams with the tools and capability to deliver high-performance results. This segment consists of two practices:

- **Sales Enablement** - this practice provides custom product sales training and service technical training, primarily to automotive manufacturers, designed to better educate the customer salesforces as well as the service technicians with respect to new product features and designs, in effect rapidly increasing the salesforce and technicians knowledge base and enabling them to address retail customer needs. Furthermore, this segment helps our clients assess their customer relationship marketing strategy and connect with their customers on a one-to-one basis, including custom print and digital publications. We have been a custom product sales and service technical training provider and leader in serving manufacturing customers in the U.S. automotive industry for over 40 years.

- **Organizational Development** - this practice works with organizations to design and execute an integrated people performance system. This translates to helping organizations set strategy, carry that strategy through every level of the organization and ensure that their people have the right skills, knowledge, tools, processes and technology to enable the transformation and achieve business results. Solutions include strategy, leadership, employee engagement and culture consulting, enterprise technology implementation and adoption solutions, and organization design and business performance consulting.

We do not allocate the following items to the segments: general & administrative expenses, sales & marketing expenses, restructuring charges, other expense, interest expense, gain on change in fair value of contingent consideration and income tax expense.

The following table sets forth the revenue and operating results attributable to each reportable segment and includes a reconciliation of segment revenue to consolidated revenue and operating results to consolidated income before income tax expense (in thousands):

	Three Months Ended March 31,	
	2019	**2018**
Revenue:		
Workforce Excellence	$ 79,450	$ 76,446
Business Transformation Services	60,023	48,586
	$ 139,473	$ 125,032
Gross profit:		
Workforce Excellence	$ 13,409	$ 11,355
Business Transformation Services	7,869	6,324
Total gross profit	21,278	17,679
General and administrative expenses	16,127	13,859
Sales and marketing expenses	1,989	725
Restructuring charges	1,119	435
Gain on change in fair value of contingent consideration, net	50	2,552
Operating income	2,093	5,212
Interest expense	1,598	686
Other expense	14	164
Income before income tax expense	$ 481	$ 4,362

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

General Overview

We are a global performance improvement solutions provider of training, digital learning solutions, management consulting and engineering services that seeks to improve the effectiveness of organizations by providing services and products that are customized to meet the specific needs of clients. Clients include Fortune 500 companies and governmental and other commercial customers in a variety of industries. We believe we are a global leader in performance improvement, with over five decades of experience in providing solutions to optimize workforce performance.

As of March 31, 2019, we operated through two reportable business segments: (i) Workforce Excellence and (ii) Business Transformation Services. In December 2017, we announced a new organizational structure and plan to improve operating results by increasing organic growth and reducing operating costs. Effective January 1, 2018, we re-organized into two operating segments aligned by complementary service lines and supported by a new business development organization aligned by industry sector. The Workforce Excellence segment includes the majority of the former Learning Solutions and Professional & Technical Services segments. The Business Transformation Services segment includes the majority of the former Performance Readiness Solutions and Sandy Training & Marketing segments. Certain business units transferred between the former operating segments to better align with the service offerings of the two new segments. In addition, effective July 1, 2018, we transferred the management responsibility of certain additional business units between the two operating segments primarily to consolidate our non-technical content design and development businesses into one global digital learning strategies and solutions service line. We have reclassified the segment financial information herein for the prior year periods to reflect the changes in our segments and conform to the current year's presentation.

Each of our two reportable segments represents an operating segment under ASC Topic 280, *Segment Reporting*. We test our goodwill at the reporting unit level, or one level below an operating segment, under ASC Topic 350, *Intangibles - Goodwill and Other*. In connection with the new organizational structure that went into effect on January 1, 2018, we determined that we have four reporting units for purposes of goodwill impairment testing, which represent our four practices which are one level below the operating segments, as discussed below.

Our two segments each consist of two global practice areas which are focused on providing similar and/or complementary products and services across our diverse customer base and within targeted markets. Within each practice are various service lines having specific areas of expertise. Marketing and communications, sales, accounting, finance, legal, human resources, information systems and other administrative services are organized at the corporate level. Business development and sales resources are aligned by industry sector to support existing customer accounts and new customer development across both segments. Further information regarding our business segments is discussed below.

Workforce Excellence. The Workforce Excellence segment advises and partners with leading organizations in designing, implementing, operating and supporting their talent management and workforce strategies, enabling them to gain greater competitive edge in their markets. This segment consists of two practices:

- **Managed Learning Services** - this practice focuses on creating value for our customers by delivering a suite of talent management and learning design, development, operational and support services that can be delivered as large scale outsourcing arrangements, managed services contracts and project-based service engagements. The Managed Learning Services offerings include strategic learning and development consulting services, digital learning content design and development solutions and a suite of managed learning operations services, including: managed facilitation and delivery, managed training administration and logistics, help desk support, tuition reimbursement management services, event management and vendor management.

- **Engineering & Technical Services** - this practice focuses on capital intensive, inherently hazardous and/or highly complex technical services in support of both U.S. government and global commercial industries. Our products and services include design, development and delivery of technical work-based learning, CapEx (plant launch) initiatives, engineering design and construction management, fabrication, and management services, operational excellence consulting, chemical demilitarization services, homeland security services, emergency management support services along with all forms of technical documentation. We deliver world-class asset management and performance improvement consulting to a host of industries. Our proprietary EtaPRO® Performance and Condition Monitoring

System provides a suite of real-time digital solutions for hundreds of facilities and is installed in power-generating units around the world. We also provide thousands of technical courses in a web-based off the shelf delivery format through our GPiLEARN+™ portal.

Business Transformation Services. The Business Transformation Services segment works with organizations to execute complex business strategies by linking business systems, process and people's performance to clear and measurable results. We have a holistic methodology to establishing direction and closing the gap between strategy and execution. Our approach equips business leaders and teams with the tools and capability to deliver high-performance results. This segment consists of two practices:

- **Sales Enablement** - this practice provides custom product sales training and service technical training, primarily to automotive manufacturers, designed to better educate the customer salesforces as well as the service technicians with respect to new product features and designs, in effect rapidly increasing the salesforce and technicians knowledge base and enabling them to address retail customer needs. Furthermore, this segment helps our clients assess their customer relationship marketing strategy and connect with their customers on a one-to-one basis, including custom print and digital publications. We have been a custom product sales and service technical training provider and leader in serving manufacturing customers in the U.S. automotive industry for over 40 years.

- **Organizational Development** - this practice works with organizations to design and execute an integrated people performance system. This translates to helping organizations set strategy, carry that strategy through every level of the organization and ensure that their people have the right skills, knowledge, tools, processes and technology to enable the transformation and achieve business results. Solutions include strategy, leadership, employee engagement and culture consulting, enterprise technology implementation and adoption solutions, and organization design and business performance consulting.

Acquisitions

TTi Global

On November 30, 2018, we entered into a Share Purchase Agreement with TTi Global, Inc. ("TTi Global") and its stockholders and acquired all of the outstanding shares of TTi Global. The transaction under the Share Purchase Agreement includes the acquisition of TTi Global's subsidiaries (except for its UK and Spain subsidiaries and dormant entities) and certain affiliated companies. The Company purchased TTi Global's UK and Spain subsidiaries in a separate transaction in August 2018 which is discussed further below. TTi Global is a provider of training, staffing, research and consulting solutions to industries across various sectors with automotive as a core focus. The total upfront purchase price for TTi Global was $14.2 million of cash paid upon closing on November 30, 2018. The purchase price is subject to reduction based on a minimum working capital requirement, as defined in the Share Purchase Agreement, which is expected to be settled during the second quarter of 2019. The acquired TTi Global business is included in the Business Transformation Services segment and the results of its operations have been included in the consolidated financial statements beginning December 1, 2018. The pro-forma impact of the acquisition is not material to our results of operations.

TTi (Europe)

On August 7, 2018, we acquired the entire share capital of TTi (Europe) Limited, a subsidiary of TTi Global, Inc. ("TTi Europe"), a provider of training and research services primarily for the automotive industry located in the United Kingdom. The upfront purchase price was $3.0 million in cash. The acquired TTi Europe business is included in the Business Transformation Services segment and the results of its operations have been included in the condensed consolidated financial statements beginning August 7, 2018. The pro-forma impact of the acquisition is not material to our results of operations.

IC Axon

On May 1, 2018, we acquired the entire share capital of IC Acquisition Corporation, a Delaware corporation, and its subsidiary, IC Axon Inc., a Canadian corporation (IC Axon). IC Axon develops science-driven custom learning solutions for pharmaceutical and life science customers. The upfront purchase price was $30.5 million in cash. In addition, the purchase agreement requires up to an additional $3.5 million of consideration, contingent upon the achievement of an earnings target during a twelve-month period subsequent to the closing of the acquisition. The acquired IC Axon business is included in the Workforce Excellence segment and the results of its operations have been included in the condensed consolidated financial statements beginning May 1, 2018. The pro-forma impact of the acquisition is not material to our results of operations.

Operating Highlights

Three Months ended March 31, 2019 Compared to the Three Months ended March 31, 2018

Our revenue increased $14.4 million or 11.5% during the first quarter of 2019 compared to the first quarter of 2018. The net increase is due to a $3.0 million increase in our Workforce Excellence segment and a $11.4 million increase in our Business Transformation Services segment. Foreign currency exchange rate changes resulted in a total $2.9 million decrease in U.S. dollar reported revenue during the first quarter of 2019. The changes in revenue and gross profit are discussed in further detail below by segment.

Operating income, the components of which are discussed below, decreased $3.1 million or 59.8% to $2.1 million for the first quarter of 2019 compared to $5.2 million for the first quarter of 2018. The net decrease in operating income is primarily due to a $2.3 million increase in general and administrative expenses, a $1.3 million increase in sales and marketing expenses, a 0.7 million increase in restructuring charges and a $2.5 million decrease in the gain on change in fair value of contingent consideration, partially offset by a $3.6 million increase in gross profit.

For the three months ended March 31, 2019, we had income before income tax expense of $0.5 million compared to $4.4 million for the three months ended March 31, 2018. Net income was $0.3 million, or $0.02 per diluted share, for the three months ended March 31, 2019, compared to net income of $2.6 million, or $0.16 per diluted share, for the three months ended March 31, 2018. Diluted weighted average shares outstanding were 16.7 million for the first quarters of both 2019 and 2018.

Revenue

(Dollars in thousands)	Three months ended March 31,	
	2019	**2018**
Workforce Excellence	$ 79,450	$ 76,446
Business Transformation Services	60,023	48,586
	$ 139,473	$ 125,032

Workforce Excellence revenue increased $3.0 million or 3.9% during the first quarter of 2019 compared to the first quarter of 2018. The revenue increase is due to the following:

- a $3.4 million net increase in revenue in our Engineering & Technical Services practice primarily due to a $0.7 million increase in disaster relief services, a $1.3 million increase in chemical demilitarization training services for a U.S. government client, a $0.9 million increase in alternative fuels projects, and a net increase of $0.5 million in various other revenue streams; and
- a $1.8 million net increase in revenue in our Managed Learning Services practice primarily due to the following:
    - a $3.5 million increase in revenue from the IC Axon business acquired on May 1, 2018; partially offset by
    - a $1.1 million decrease in vocational skills training services provided to the UK government; and
    - a $0.6 million net decrease in revenue for managed learning and training content development services.

These increases were offset by a $2.2 million net decrease in revenue due to changes in foreign currency exchange rates.

Business Transformation Services revenue increased $11.4 million or 23.5% during the first quarter of 2019 compared to the first quarter of 2018. The revenue increase is due to the following:

- a $13.3 million net increase in our Sales Enablement practice primarily due to the TTi Global and TTi Europe acquisitions in 2018 which contributed $12.7 million of revenue in the first quarter of 2019, partially offset by the following decreases:
- a $1.2 million net decrease in our Organizational Development practice primarily due to a decline in platform adoption services; and
- a $0.7 million net decrease in revenue due to changes in foreign currency exchange rates.

Gross Profit

(Dollars in thousands)	Three months ended March 31,					
	2019			2018		
			% Revenue			% Revenue
Workforce Excellence	$	13,409	16.9%	$	11,355	14.9%
Business Transformation Services		7,869	13.1%		6,324	13.0%
	$	21,278	15.3%	$	17,679	14.1%

Workforce Excellence gross profit of $13.4 million or 16.9% of revenue for the first quarter of 2019 increased by $2.1 million or 18.1% compared to gross profit of $11.4 million or 14.9% of revenue for the first quarter of 2018 primarily due to the following:

- a $1.3 million increase in gross profit in our Engineering & Technical Services practice primarily due to an increase in revenue; and

- a $0.8 million net increase in gross profit in our Managed Learning Services practice primarily due to increase in revenue, partially offset by a $0.8 million decline in vocational skill training services provided to the UK government as a result of the lower revenue noted above.

The increase in gross margin in this segment is primarily due to the revenue increase, which includes higher margin revenue streams in the acquired IC Axon business.

Business Transformation Services gross profit of $7.9 million or 13.1% of revenue for the first quarter of 2019 increased by $1.5 million or 24.4% compared to gross profit of $6.3 million or 13.0% of revenue for the first quarter 2018 primarily due to $1.2 million of gross profit contributed by the acquired TTi businesses.

General and Administrative Expenses

General and administrative expenses increased $2.3 million or 16.4% from $13.9 million in the first quarter of 2018 to $16.1 million in the first quarter of 2019. The increase in general and administrative expenses is primarily due to a $1.2 million increase in G&A expense in the acquired TTi businesses, a $0.4 million increase in bad debt expense, a $0.2 million increase in amortization expense, a $0.2 million increase in severance expense and a $0.3 million net increase in various other expenses.

Sales and Marketing Expenses

Sales and marketing expenses increased $1.3 million or 174.3% from $0.7 million for the first quarter of 2018 to $2.0 million for the first quarter of 2019 primarily due to labor and benefits expense relating to the hiring of additional business development personnel during 2018.

Restructuring charges

Restructuring charges increased $0.7 million in the first quarter of 2019 compared to the first quarter of 2018. In connection with the acquisition of TTi Global, Inc. in December 2018, we initiated restructuring and transition activities in the first quarter of 2019 to reduce costs and eliminate redundant positions to realize synergies with the acquired business. We recognized restructuring charges of $1.1 million in the first quarter of 2019 relating to these restructuring activities. In the first quarter of 2018, we recognized $0.4 million of restructuring charges in connection with the reorganization that was announced in December 2017.

Change in Fair Value of Contingent Consideration

We recognized a $0.1 million net gain on the change in fair value of contingent consideration related to acquisitions during the first quarter of 2019 compared to $2.6 million in the first quarter of 2018. See Note 6 for further details regarding our accounting for contingent consideration.

Interest Expense

Interest expense was $1.6 million for the first quarter of 2019 compared to $0.7 million for the first quarter of 2018. The increase in interest expense is primarily due to both an increase in interest rates and higher borrowings under our credit facility.

Other Expense

Other expense decreased $0.2 million during the first quarter of 2019 primarily due to an increase in income from a joint venture compared to the first quarter of 2018. Included in other expense is $0.3 million in foreign currency losses in the first quarters of both 2019 and 2018. Foreign currency gains and losses primarily relate to the effect of exchange rates on intercompany receivables and payables and third party receivables and payables that are denominated in currencies other than the functional currency of our foreign subsidiaries.

Income Tax Expense

Income tax expense was $0.1 million for the first quarter of 2019 compared to $1.7 million for the first quarter of 2018. The effective income tax rate was 30.6% and 39.7% for the three months ended March 31, 2019 and 2018, respectively. The decrease in the effective income tax rate in 2019 compared to 2018 is primarily due to a $0.9 million increase to the provisional estimate recorded in the first quarter of 2018 relating to the one-time transition tax on the mandatory deemed repatriation of cumulative foreign earnings, imposed by the Tax Cuts and Jobs Act (the "Tax Act") that was enacted on December 22, 2017. Income tax expense for the interim quarterly periods is based on an estimated annual effective tax rate which includes the U.S. federal, state and local, and non-U.S. statutory rates, permanent differences, and other items that may have an impact on income tax expense.

Liquidity and Capital Resources

Working Capital

Our working capital was $98.7 million at March 31, 2019 compared to $103.9 million at December 31, 2018. As of March 31, 2019 we had $116.6 million of long-term debt outstanding. We believe that cash generated from operations and borrowings available under our Credit Agreement ($13.1 million of available borrowings as of March 31, 2019 based on our consolidated leverage ratio) will be sufficient to fund our working capital and other requirements for at least the next twelve months.

As of March 31, 2019, the amount of cash and cash equivalents held outside of the U.S. by foreign subsidiaries was $8.0 million. The 2017 Tax Act includes a mandatory one-time tax on accumulated earnings of foreign subsidiaries, and as a result, all previously unremitted earnings for which no U.S. deferred tax liability had been accrued have now been subject to U.S. tax. Notwithstanding the U.S. taxation of these amounts, we intend to continue to invest these earnings, as well as our capital in these subsidiaries, indefinitely outside of the U.S. and do not expect to incur any significant, additional taxes related to such amounts.

Stock Repurchase Program

We have a share repurchase program under which we may repurchase shares of our common stock from time to time in the open market, subject to prevailing business and market conditions and other factors. During the three months ended March 31, 2019 we did not repurchase shares and during the three months ended March 31, 2018, we repurchased approximately 312,000 shares of our common stock in the open market for a total cost of approximately $7.3 million. As of March 31, 2019, there was approximately $3.8 million available for future repurchases under the buyback program.

Acquisition-Related Payments

Below is a summary of the potential maximum contingent consideration we may be required to pay in connection with completed acquisitions as of March 31, 2019 (dollars in thousands):

Acquisition:	Original range of potential undiscounted payments	As of March 31, 2019 Maximum contingent consideration due in		
		2019	2020	Total
IC Axon	$0 - $3,500	$ 3,500	$ —	$ 3,500
McKinney Rogers	$0 - $18,000	—	4,000	4,000
		$ 3,500	$ 4,000	$ 7,500

Significant Customers & Concentration of Credit Risk

We have a market concentration of revenue in both the automotive sector and financial & insurance sector. Revenue from the automotive sector accounted for approximately 27% and 22% of our consolidated revenue for the three months ended March 31, 2019 and 2018, respectively. In addition, we have a concentration of revenue from a single automotive customer, which accounted for approximately 13% and 15% of our consolidated revenue for the three months ended March 31, 2019 and 2018, respectively.

Revenue from the financial & insurance sector accounted for approximately 15% and 20% of our consolidated revenue for the three months ended March 31, 2019 and 2018. In addition, we have a concentration of revenue from a single financial services customer, which accounted for approximately 11% and 14% of our consolidated revenue for the three-months ended March 31, 2019 and 2018, respectively. As of March 31, 2019, billed and unbilled accounts receivable from a single financial services customer totaled $29.4 million, or 16%, of our consolidated accounts receivable and unbilled revenue balances. No other single customer accounted for more than 10% of our consolidated revenue for the three months ended March 31, 2019 or 2018 or consolidated accounts receivable balance as of March 31, 2019.

Cash Flows

Three Months ended March 31, 2019 Compared to the Three Months ended March 31, 2018

Our cash and cash equivalents balance decreased $5.0 million from $13.4 million as of December 31, 2018 to $8.4 million as of March 31, 2019. The decrease in cash and cash equivalents during the three months ended March 31, 2019 resulted from cash used in operating activities of $2.6 million, cash used in investing activities of $0.8 million, cash used in financing activities of $0.7 million and a negative effect of exchange rate changes on cash of $0.9 million.

Cash used in operating activities was $2.6 million for the three months ended March 31, 2019 compared to cash provided by operating activities of $9.4 million for the same period in 2018. The decrease in cash from operations is primarily due to a decrease in net income and a net decrease in working capital balances during the three months ended March 31, 2019 compared to the same period in 2018.

Cash used in investing activities was $0.8 million for the three months ended March 31, 2019 compared to $11.2 million for the same period in 2018. The decrease in cash used in investing activities is primarily due to a $10.0 million decrease in cash paid to complete acquisitions and a $0.6 million decrease in other investing activities primarily for capitalized software development costs.

Cash used in financing activities was $0.7 million for the three months ended March 31, 2019 compared $5.1 million for the same period in 2018. The decrease in cash used in financing activities is primarily due to $7.8 million of cash used for share repurchases in 2018 that did not recur in 2019, partially offset by a $3.0 million net decrease in cash provided by borrowings under our credit agreement during the first quarter of 2018.

Debt

On November 30, 2018, we entered into a Credit Agreement with PNC Bank, National Association, as administrative agent and a syndicate of lenders (the “Credit Agreement”), replacing the prior credit agreement with Wells Fargo dated December 21, 2016, as amended on April 28, 2018 and June 29, 2018 (the "Original Credit Agreement"). The Credit agreement provides for a revolving credit facility, which expires on November 29, 2023, and consists of: a revolving loan facility with a borrowing limit of $200 million, including a $20 million sublimit for foreign borrowings; an accordion feature allowing the Company to request increases in commitments to the credit facility by up to an additional $100 million; a $20 million letter of credit sublimit; and a swingline loan credit sublimit of $20 million. The obligations under the Credit Agreement are guaranteed by certain of the Company's subsidiaries (the "Guarantors"). As collateral security under the Credit Agreement and the guarantees thereof, the Company and the Guarantors have granted to the administrative agent, for the benefit of the lenders, a lien on, and first priority security interest in substantially all of their tangible and intangible assets. The proceeds of the Credit Agreement were used, in part, to repay in full all outstanding borrowings under the Original Credit Agreement, and additional proceeds of the revolving credit facility are expected to be used for working capital and other general corporate purposes of the Company and its subsidiaries, including the issuance of letters of credit and Permitted Acquisitions, as defined.

Borrowings under the Credit Agreement may be in the form of Base Rate loans or Euro-Rate loans, at the option of the borrowers, and bear interest at the Base Rate plus 0.25% to 1.25% or the Daily LIBOR Rate plus 1.25% to 2.25% respectively. Base Rate loans will bear interest at a fluctuating per annum Base Rate equal to the highest of (i) the Overnight Bank Funding Rate, plus

0.5%, (ii) the Prime Rate, and (iii) the Daily LIBOR Rate, plus 100 basis points (1.0%); plus an Applicable Margin. Determination of the Applicable Margin is based on a pricing grid that is generally dependent upon the Company's Leverage Ratio (as defined) as of the end of the fiscal quarter for which consolidated financial statements have been most recently delivered. We may prepay the revolving loan, in whole or in part, at any time without premium or penalty, subject to certain conditions.

The Credit Agreement contains customary representations, warranties and affirmative covenants. The Credit Agreement also contains customary negative covenants, subject to negotiated exceptions, including but not limited to: (i) liens, (ii) investments, (iii) indebtedness, (iv) significant corporate changes, including mergers and acquisitions, (v) dispositions, (vi) restricted payments, including stock dividends, and (vii) certain other restrictive agreements. We are also required to maintain compliance with a maximum leverage ratio of 3.25 to 1.0 for fiscal quarters ending through June 30, 2019 and 3.0 to 1.0 for fiscal quarters ending September 30, 2019 and thereafter and a minimum interest expense coverage ratio of 3.0 to 1.0. As of March 31, 2019, our leverage ratio was 2.9 to 1.0 and our interest expense ratio was 9.6 to 1.0, each of which was in compliance with the Credit Agreement.

As of March 31, 2019, there were $116.6 million of borrowings outstanding and $13.1 million of available borrowings under the revolving loan facility based on our Leverage Ratio. For the three months ended March 31, 2019 and 2018, the weighted average interest rate on our borrowings was 4.8% and 3.4%, respectively. As of March 31, 2019, the fair value of our borrowings under the Credit Agreement approximated its carrying value as it bears interest at variable rates. There were $1.1 million of unamortized debt issue costs related to the Credit Agreement as of March 31, 2019 which are being amortized to interest expense over the term of the Credit Agreement and are included in Other assets on our consolidated balance sheet.

Off-Balance Sheet Commitments

As of March 31, 2019, we did not have any off-balance sheet commitments except for letters of credit entered into in the normal course of business.

Accounting Standards Issued

We discuss recently issued accounting standards in Note 2 to the accompanying condensed consolidated financial statements.

Forward-Looking Statements

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The Private Securities Litigation Reform Act of 1995 provides a “safe harbor” for forward looking statements. Forward–looking statements are not statements of historical facts, but rather reflect our current expectations concerning future events and results. We use words such as “expects,” “intends,” “believes,” “may,” “will,” “should,” “could,” “anticipates,” “estimates,” “plans” and similar expressions to indicate forward-looking statements, but their absence does not mean a statement is not forward-looking. Because these forward-looking statements are based upon management’s expectations and assumptions and are subject to risks and uncertainties, there are important factors that could cause actual results to differ materially from those expressed or implied by these forward-looking statements, including, but not limited to, those factors set forth in Item 1A - Risk Factors of the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2018 and those other risks and uncertainties detailed in our periodic reports and registration statements filed with the Securities and Exchange Commission. We caution that these risk factors may not be exhaustive. We operate in a continually changing business environment, and new risk factors emerge from time to time. We cannot predict these new risk factors, nor can we assess the effect, if any, of the new risk factors on our business or the extent to which any factor or combination of factors may cause actual results to differ from those expressed or implied by these forward-looking statements.

If any one or more of these expectations and assumptions proves incorrect, actual results will likely differ materially from those contemplated by the forward-looking statements. Even if all of the foregoing assumptions and expectations prove correct, actual results may still differ materially from those expressed in the forward-looking statements as a result of factors we may not anticipate or that may be beyond our control. While we cannot assess the future impact that any of these differences could have on our business, financial condition, results of operations and cash flows or the market price of shares of our common stock, the differences could be significant. We do not undertake to update any forward-looking statements made by us, whether as a result of new information, future events or otherwise. You are cautioned not to unduly rely on such forward-looking statements when evaluating the information presented in this report.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

Interest rate risk

We are exposed to interest rate risk related to our outstanding debt obligations. On November 30, 2018, we entered into a new credit agreement with a bank which provides for a five-year secured revolving loan facility in an aggregate principal amount of up to $200.0 million. As of March 31, 2019, we had $116.6 million outstanding under the credit facility. We may draw funds from our revolving credit facility under interest rates based on either the Federal Funds Rate or the Adjusted London Interbank Offered Rate (“LIBOR rate”). If these rates increase significantly, our costs to borrow these funds will also increase. In an effort to manage our exposure to this risk, we have previously entered into interest rate derivative contracts. As of March 31, 2019 we did not have any interest rate hedging instruments in place but may enter into new hedging instruments in the future to mitigate our exposure to interest rate risk.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain a comprehensive set of disclosure controls and procedures (as defined in Rules 13a-15(e) and under the Securities Exchange Act of 1934 (“Exchange Act”)) designed to provide reasonable assurance that information required to be disclosed in our filings under the Exchange Act is recorded, processed, summarized and reported accurately and within the time periods specified in the SEC’s rules and forms. Under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, we have evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were not effective at the reasonable assurance level due to the material weaknesses in our internal control over financial reporting disclosed in our Annual Report on Form 10-K for the year ended December 31, 2018.

SEC guidance permits the exclusion of an evaluation of the effectiveness of a registrant's disclosure controls and procedures as they relate to the internal control over financial reporting for an acquired business during the first year following such acquisition. In the fourth quarter of 2018, we acquired TTi Global, Inc. This acquisition represented $23.5 million of total assets and $11.7 million of revenue as of and for the three months ended March 31, 2019. Management's evaluation and conclusion as to the effectiveness of the design and operation of the Company's disclosure controls and procedures as of and for the period covered by this report excludes any evaluation of the internal control over financial reporting of this acquisition.

Material Weaknesses and Status of Remediation

As described in Part II, Item 9A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2018, we have begun implementing a remediation plan to address the material weaknesses disclosed in such Annual Report. These material weaknesses will not be considered fully remediated until the applicable controls operate for a sufficient period of time and management concludes, through testing, that these controls are operating effectively. Management is committed to remediating the material weaknesses related to the implementation of the ERP system and has been implementing and continues to implement measures designed to ensure that control deficiencies contributing to the material weaknesses are remediated.

Changes in Internal Controls

During the three months ended March 31, 2019, we implemented new internal controls to facilitate our adoption of ASU 2016-02 to ensure the proper identification, accounting, and reporting of material lease arrangements. Other than as disclosed above under “Material Weaknesses and Status of Remediation” and the new internal controls related to our adoption of ASU 2016-02, there have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended March 31, 2019 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

The Company has added the below risk factor to the disclosure on this matter made in its Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

We may encounter cash flow or liquidity issues due to delays in invoicing arising in connection with the new ERP system.

We have experienced delays in invoicing our clients arising in connection with our new ERP system which went live on October 1, 2018. These delays have led to a significant increase in unbilled revenue compared to September 30, 2018 just prior to the ERP implementation, and to decreased accounts receivable and delayed cash collections. The Company has been required to divert resources that it would have dedicated to preparing and sending customer invoices to several ERP system related initiatives. These diversions include resolving technical issues with the new ERP system, learning to use the new ERP system, dedicating extra effort to close the Company's financial books for the fourth quarter of 2018 and the first quarter of 2019, and providing support to the remediation efforts for material weaknesses we described in Part II, Item 9A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2018. The Company believes that it is now dedicating sufficient resources to preparing and sending invoices to customers to be able to reduce unbilled revenue to appropriate levels and promptly and properly invoice customers in the future. If the Company is unable to do this, whether due to continued diversion of resources to ERP system matters or other causes, the Company will continue to incur difficulties in timely receiving payment for its services, which could lead to difficulties in timely paying the Company's obligations, increased need to borrow under the Company's credit facility, or other liquidity problems.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table provides information about the Company's share repurchase activity for the three months ended March 31, 2019:

	Issuer Purchases of Equity Securities			
Month	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced program	Approximate dollar value of shares that may yet be purchased under the program (1)
January 1 - 31, 2019	521 (2)	$ 12.73	—	$ 3,755,000
February 1 - 28, 2019	—	$ —	—	$ 3,755,000
March 1 - 31, 2019	—	$ —	—	$ 3,755,000

(1) We have a share repurchase program under which we may repurchase shares of our common stock from time to time in the open market subject to prevailing business and market conditions and other factors. There is no expiration date for the repurchase program.

(2) Includes shares surrendered by employees to satisfy minimum tax withholding obligations on restricted stock units which vested during the first quarter of 2019.

Item 6. Exhibits

10.1	First Amendment to Credit Agreement, dated April 1, 2019, by and among GP Strategies Corporation, General Physics (UK) Ltd., GP Strategies Holdings Limited, GP Strategies Limited and GP Strategies Training Limited, as Borrowers, and the Guarantors party hereto and the lenders party hereto and PNC Bank, National Association, as Administrative Agent, dated as of November 30, 2018.*
31.1	Certification of Chief Executive Officer of the Company dated May 10, 2019 pursuant to Securities and Exchange Act Rule 13d-14(a)/15(d-14(a), as adopted pursuant to Section 302 and 404 of the Sarbanes-Oxley Act of 2002.*
31.2	Certification of Executive Vice President and Chief Financial Officer of the Company dated May 10, 2019 pursuant to Securities and Exchange Act Rule 13d-14(a)/15(d-14(a), as adopted pursuant to Section 302 and 404 of the Sarbanes-Oxley Act of 2002.*
32.1	Certification of Chief Executive Officer and Chief Financial Officer of the Company dated May 10, 2019 pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
101	The following materials from GP Strategies Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 2019, formatted in XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets; (ii) Condensed Consolidated Statements of Operations; (iii) Condensed Consolidated Statements of Comprehensive Income, (iv) Condensed Consolidated Statements of Stockholders' Equity, (v) Condensed Consolidated Statements of Cash Flows; and (vi) Notes to Condensed Consolidated Financial Statements.*

*Filed herewith.

SIGNATURES

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 thereunto duly authorized.

	GP STRATEGIES CORPORATION
May 10, 2019	/s/ Scott N. Greenberg
	Scott N. Greenberg *Chief Executive Officer*
May 10, 2019	/s/ Michael R. Dugan
	Michael R. Dugan *Executive Vice President and Chief Financial Officer*

FIRST AMENDMENT TO CREDIT AGREEMENT

FIRST AMENDMENT TO CREDIT AGREEMENT (this "**Amendment**"), dated as of April 1, 2019, but made effective as of November 30, 2018, by and among GP STRATEGIES CORPORATION, a Delaware corporation (the "**Parent**"), GENERAL PHYSICS (UK) LTD., a company organized and existing under the law of England and Wales with company number 03424328 ("**General Physics UK**"), GP STRATEGIES HOLDINGS LIMITED, a company organized and existing under the law of England and Wales with company number 06340333 ("**GP Holdings UK**"), GP STRATEGIES LIMITED, a company organized and existing under the law of England and Wales with company number 08003789 ("**GP Strategies Limited**"), and GP STRATEGIES TRAINING LIMITED, a company organized and existing under the law of England and Wales with company number 08003851 ("**GP Strategies Training UK**"; together with the Parent, General Physics UK, GP Holdings UK and GP Strategies Limited, each a "**Borrower**" and collectively, the "**Borrowers**"), GP CANADA HOLDINGS COPRORATION, a Delaware corporation ("**Guarantor**"; together with the Borrowers, each a "**Loan Party**" and collectively, the "**Loan Parties**"), the Lenders parties hereto, and PNC BANK, NATIONAL ASSOCIATION, in its capacity as administrative agent for the Lenders (hereinafter referred to in such capacity as the "**Administrative Agent**").

BACKGROUND

A. The Borrowers are parties to a Credit Agreement, dated as of November 30, 2018 (as amended, supplemented or otherwise modified from time to time, the "**Credit Agreement**"), among the Borrowers, the Guarantor. the lenders party thereto (collectively, the "**Lenders**") and the Administrative Agent;

B. The Guarantor is a party to the Continuing Agreement of Guaranty and Suretyship, dated as of November 30, 2018, in favor of the Administrative Agent pursuant to which, *inter alia*, the Guarantor guaranteed the payment and performance of the Obligations (as defined in the Credit Agreement);

C. It was the intention of the parties to the Credit Agreement to permit deductions to net income for Enterprise Resource Planning System (referred to as the ERP system) expenses incurred prior to December 31, 2018 to be added back in calculating Consolidated EBITDA for purposes of the Credit Agreement; and

D. It was the intention of the parties to the Credit Agreement that the Borrowers cause the Subsidiaries (other than a Foreign Subsidiary or Foreign Subsidiary Holdco) acquired by the Parent as part of the TTI Acquisition to become a party to the Credit Agreement and any applicable Collateral Documents and that the Loan Parties take such further actions with respect to the TTI Acquisition as set forth in clause (ii) of Section 8.1.12 [Additional Collateral; Joinder of Subsidiaries] of the Credit Agreement;

E. In connection with the TTI Acquisition, the Borrowers have requested that the Administrative Agent agree that, solely with respect to the TTI Acquisition, the period to comply with Sections 8.2.6(iii)(B) and (C) of the Credit Agreement be extended to May 6, 2019 (or such later date as the Administrative Agent may agree in its discretion) as permitted pursuant to the terms of the Credit Agreement;

F. In connection with the TTI Acquisition, the Parent has transferred the Equity Interest of TTI Japan Corporation to GP Strategies Singapore (Asia) Pte. Ltd. and the Borrowers have requested that the Required Lenders consent to such transfer (the "**TTI Japan Reorganization**");

G. As a result of the implementation of the ERP system during the fourth quarter of 2018, the Parent experienced unanticipated delays in completing the year end closing period and, accordingly, the Borrowers have requested an extension of the period of time to deliver the audited financial statements for the Parent for the fiscal year ended December 31, 2018 to April 2, 2019;

H. It was the intent of the Borrowers to set forth the existing intercompany loans outstanding as of the Closing Date (the "**Closing Date Existing Intercompany Loans**") on Schedule 8.2.1 and Schedule 8.2.4 of the Credit Agreement and the Borrowers have requested that the Required Lenders agree to amend and supplement Schedule 8.2.1 and Schedule 8.2.4 of the Credit Agreement accordingly;

I. The Borrowers have requested that the Required Lenders agree to amend Section 8.2.1 of the Credit Agreement to permit the investments in members of the Group that are not Loan Parties in an aggregate amount after the Closing Date not to exceed at any time outstanding $10,000,000 permitted under Section 8.2.4 of the Credit Agreement to be in the form of intercompany loans such that such investments may be made in the form of a capital contribution or intercompany loan or advance;

J. The Required Lenders have agreed to (i) amend (a) the definition of Consolidated EBITDA in Section 1.1 of the Credit Agreement to permit the add backs described above in calculating Consolidated EBITDA, (b) Section 8.1.12(ii) of the Credit Agreement to provide that the Loan Parties shall comply with Section 8.1.12(ii) of the Credit Agreement with respect to the TTI Acquisition on or before May 6, 2019 (or such later date as the Administrative Agent may agree in its discretion), (c) Section 8.3.2 of the Credit Agreement to extend the date for the delivery of the audited financial statements of the Parent to April 2, 2019, (d) Schedule 8.2.1 and Schedule 8.2.4 of the Credit Agreement to include the Closing Date Existing Intercompany Loans and (e) Section 8.2.1 to permit investments in members of the Group that are not Loan Parties to be made as intercompany loans, (ii) consent to the TTI Japan Reorganization and (iii) waive each Potential Default or Event of Default, if any, relating to the failure to (a) disclose the Closing Date Existing Intercompany Loans in Schedule 8.2.1 and Schedule 8.2.4 of the Credit Agreement, (b) comply on or before the date hereof with Section 8.2.9 solely in connection with the TTI Acquisition (it being agreed that such date shall be extended to May 6, 2019, or such later date as the Administrative Agent may agree in its sole discretion) and (c) obtain the consent of the Required Lenders to consummate the TTI Japan Reorganization, subject to the terms and conditions hereof, including that such amendments be made effective as of the Closing Date.

NOW, THEREFORE, in consideration of the foregoing and for other consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Terms. Capitalized terms used herein (including in the Background section above) and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

2. First Amendment Effective Date Amendments. Effective as of the First Amendment Effective Date (as defined below), the Credit Agreement is hereby amended as follows:

(a) Clause (i)(g) of the definition of "Consolidated EBITDA" in Section 1.1 of the Credit Agreement is hereby amended to read in full as follows:

> "(g) (I) documented non-recurring restructuring and severance expenses incurred prior to the Closing Date, and (II) documented expenses associated with the Enterprise Resource Planning system (sometimes referred to as the ERP system) incurred on or prior to December 31, 2018,".

(b) Clause (ii) of Section 8.1.12 of the Credit Agreement is hereby amended by (i) deleting the phrase "after the Closing Date" the one time it appears therein and replacing it with the phrase "on or after the Closing Date" and (ii) inserting immediately after the phrase "twenty (20) Business Days" the following parenthetical: "(or, solely with respect to any Subsidiary acquired in connection with the TTI Acquisition, on or before May 6, 2019)".

(c) Section 8.2.1 of the Credit Agreement is hereby amended by deleting the word "and" at the end of clause (xviii), replacing the period at the end of clause (xix) with "; and", and inserting a new clause (xx) immediately after clause (xix) which shall read as follows:

> "(xx) intercompany Indebtedness permitted under Section 8.2.4(vii)".

(d) Section 8.2.9 of the Credit Agreement is hereby amended by deleting the phrase "formed or acquired after the Closing Date" the two times it appears therein and substituting in lieu thereof each time the phrase "formed or acquired on or after the Closing Date".

(e) Section 8.3.2 of the Credit Agreement is hereby amended by deleting the words "in any event within ninety (90) days after the end of each fiscal year of the Parent" and replacing such words with the following: "in any event by (i) April 2, 2019 with respect to the fiscal year of the Parent ending December 31, 2018 and (ii) within ninety (90) days after the end of each fiscal year of the Parent thereafter".

(f) Schedule 8.2.1 and Schedule 8.2.4 of the Credit Agreement are each hereby supplemented by adding the intercompany loans set forth on Exhibit A attached hereto.

3. <u>Consent</u>. The Lenders hereby consent to the consummation of the TTI Japan Reorganization.

4. <u>Representations and Warranties</u>. Each Loan Party hereby represents and warrants to the Administrative Agent and the Lenders that:

(a) The representations and warranties of the Loan Parties set forth in the Credit Agreement and the other Loan Documents are true and correct (i) in the case of representations and warranties qualified by materiality, in all respects and (ii) otherwise, in all material respects, in each case on and as of the date hereof (except to the extent that such representations and warranties relate to an earlier date in which case such representations and warranties that expressly relate to an earlier date are true and correct, in the case of such representations and warranties qualified by materiality, in all respects, and otherwise in all material respects, as of such earlier date);

(b) This Amendment (i) has been duly and validly executed and delivered by each Loan Party, and (ii) constitutes the legal, valid and binding obligation of each Loan Party enforceable against such Loan Party in accordance with its terms except to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally or by general principles of equity relating to enforceability (including laws or judicial decisions limiting the right to specific performance);

(c) Neither the execution and delivery of this Amendment by the Loan Parties, nor compliance with the terms and provisions hereof by any of the Loan Parties will conflict with, constitute a default under or result in any breach of (i) the terms and conditions of the certificate of incorporation, bylaws, certificate of formation, limited liability company agreement, charter or other organizational documents of any Loan Party or (ii) any Law or any material agreement or instrument or order, writ, judgment, injunction or decree to which any Loan Party or any of its Subsidiaries is a party or by which it or any of its Subsidiaries is bound or to which it is subject, or result in the creation or enforcement of any Lien, charge or encumbrance whatsoever upon any property (now or hereafter acquired) of any Loan Party or any of its Subsidiaries (other than Liens granted under the Loan Documents);

(d) No consent, approval, exemption, order or authorization of, or a registration or filing with, any Official Body or any other Person is required by any Law or any agreement in connection with the execution, delivery and carrying out of this Amendment, the Credit Agreement (as amended hereby), and any other agreements contemplated hereby or thereby, other than those that have been obtained or made.

(e) After giving effect to this Amendment, no Event of Default or Potential Default exists or is continuing.

5. Conditions Precedent. This Amendment shall become effective on the date (the "**First Amendment Effective Date**") when each of following conditions precedent is satisfied:

(a) The Administrative Agent shall have received counterparts of this Amendment executed by the Loan Parties, the Administrative Agent and the Required Lenders; and

(b) The Administrative Agent shall have received, to the extent invoiced, reimbursement of all reasonable fees and expenses of counsel to the Administrative Agent required to be paid or reimbursed by the Borrower hereunder.

6. Affirmations.

(a) Each Loan Party hereby: (i) ratifies and affirms all the provisions of the Credit Agreement and the Loan Documents as amended hereby, (ii) agrees that (except as expressly set forth in this Amendment) the terms and conditions of the Credit Agreement and the other Loan Documents, including the security provisions set forth therein, shall remain unaltered and shall continue in full force and effect as supplemented and amended hereby and that all of its obligations thereunder shall be valid and enforceable, except to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally or by general principles of equity relating to enforceability (including laws or judicial decisions limiting the right to specific performance), (iii) confirms, acknowledges and agrees that the Collateral Documents (A) extend to secure all indebtedness, obligations and liabilities to be paid, observed, performed and/or discharged thereunder notwithstanding the modifications to the Credit Agreement documented hereunder and (B) continue in full force and effect as a continuing security for all indebtedness, obligations and liabilities the payment, observance, performance and/or discharge of which is thereby expressed to be secured, (iv) affirms and agrees that this Amendment shall not constitute a novation, or complete or partial termination of the Obligations under the Credit Agreement and the other Loan Documents as in effect prior to the First Amendment Effective Date, and (v) acknowledges and agrees that it has no defense, set-off, counterclaim or challenge against the payment of any sums owing under the Credit Agreement and the other Loan Documents or the enforcement of any of the terms or conditions thereof and agrees to be bound thereby and perform thereunder.

(b) Without limiting the above, each Loan Party hereby acknowledges and confirms that the Collateral granted under the Credit Agreement and the Collateral Documents continues to secure the Obligations.

7. Ratification; References; No Waiver. Except as expressly amended by this Amendment, the Credit Agreement and the other Loan Documents shall continue to be, and shall remain, unaltered and in full force and effect in accordance with their terms and, except as expressly provided herein, the execution, delivery and effectiveness of this Amendment shall neither operate as a waiver of any right, power or remedy of the Administrative Agent or the Lenders under the Credit Agreement or any of the Loan Documents nor constitute a waiver of any Potential Default or Event of Default thereunder. On and after the First Amendment Effective Date, all references in the Credit Agreement to "this Agreement," "hereof," "hereto", "hereunder" or words of like

import referring to the Credit Agreement shall mean and be deemed to be references to the Credit Agreement as amended hereby and all references in any of the Loan Documents to the Credit Agreement shall be deemed to be to the Credit Agreement as amended hereby.

(a) On and after the effectiveness of this Amendment, this Amendment shall for all purposes constitute a Loan Document.

8. Release. Recognizing and in consideration of the Lenders' agreements set forth herein, each Loan Party hereby waives and releases the Administrative Agent, the Issuing Lender and the Lenders and each of their respective Affiliates and officers, attorneys, agents, employees and advisors of such Persons and Affiliates (the "Released Parties") from any and all losses, claims, damages, liabilities and related expenses of any kind or nature whatsoever and howsoever arising that each Loan Party ever had or now has against any of them through and including the First Amendment Effective Date arising out of or relating to any acts or omissions with respect to this Amendment, the Credit Agreement, the other Loan Documents or the transactions contemplated hereby or thereby; provided, however, that no Released Party (as applicable) is released from its obligations under the Loan Documents as amended hereby.

9. Confirmation Regarding TTI Acquisition. The Administrative Agent hereby confirms that, solely with respect to the TTI Acquisition, the period to comply with Sections 8.2.6(iii)(B) and (C) of the Credit Agreement shall have been extended to May 6, 2019 (or such later date as the Administrative Agent may agree in its discretion).

10. Waiver. Each Event of Default or Potential Default, if any, relating to (a) the failure of the Loan Parties to comply with Section 8.2.9 [Subsidiaries] of the Credit Agreement prior to the First Amendment Effective Date solely in connection with the TTI Acquisition, (b) the failure of the Loan Parties to comply with Section 8.2.1 [Indebtedness] or Section 8.2.4 [Loan and Investments] solely in connection with the Closing Date Existing Intercompany Loans for any period prior to the First Amendment Effective Date or (c) the failure of the Loan Parties to obtain prior consent of the Required Lenders to consummate the TTI Japan Reorganization is hereby waived. The waivers contained herein shall be limited precisely as drafted and shall not constitute a waiver of any other term or provision in the Credit Agreement or the other Loan Documents or be considered a course of conduct or dealing as to any future circumstance, Potential Default or Event of Default, similar or dissimilar.

11. Miscellaneous.

(a) Counterparts. This Amendment may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Amendment by telecopy or e-mail shall be effective as delivery of a manually executed counterpart of this Amendment.

(b) Integration. This Amendment constitutes the sole agreement of the parties with respect to the transactions contemplated hereby and shall supersede all oral negotiations and the terms of prior writings with respect thereto.

(c) Severability. The provisions of this Amendment are intended to be severable. If any provision of this Amendment shall be held invalid or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or enforceability thereof in any other jurisdiction or the remaining provisions hereof in any jurisdiction.

(d) Headings. The headings used herein are included for convenience and shall not affect the interpretation of this Amendment.

(e) Cost and Expenses. The Borrowers (subject, in the case of the Foreign Borrowers, to Section 2.1.3 of the Credit Agreement) agree to pay all of the Administrative Agent's reasonable out-of-pocket fees and expenses incurred in connection with this Agreement and the transactions contemplated hereby, including, without limitation, the reasonable fees and expenses of counsel to the Administrative Agent.

(f) Governing Law. This Amendment shall be deemed to be a contract governed by the Laws of the State of New York in accordance with Section 5-1401 of the New York General Obligations Law without regard to its conflict of laws principles that would require application of the laws of another jurisdiction.

(g) Modifications. No modification hereof or any agreement referred to herein shall be binding or enforceable unless in writing and signed on behalf of the party against whom enforcement is sought.

(h) Incorporation by Reference. The provisions of Sections 1.2 and 11.11 of the Credit Agreement are incorporated herein by reference, mutatis mutandis.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the Loan Parties, the Administrative Agent and the Required Lenders have caused this Amendment to be executed by their duly authorized officers as of the date first above written.

BORROWERS:

GP STRATEGIES CORPORATION

By:

Name:

Title:

EXECUTED as a deed, and delivered when dated, by **GENERAL PHYSICS (UK) LTD.** acting by a Director, (*name*) …………………………………… in the presence of:	)))))	(*signed*)…………………………………… Director

Witness

EXECUTED as a deed, and delivered when dated, by **GP STRATEGIES HOLDINGS LIMITED** acting by a Director, (*name*) …………………………………… in the presence of:	)))))	(*signed*)…………………………………… Director

Witness

EXECUTED as a deed, and delivered when dated, by **GP STRATEGIES LIMITED** acting by a Director, (*name*) …………………………………… in the presence of:)
)
)
)
)

(*signed*)……………………………………
Director

Witness

EXECUTED as a deed, and delivered when dated, by **GP STRATEGIES TRAINING LIMITED** acting by a Director, (*name*) …………………………………… in the presence of:)
)
)
)
)

(*signed*)……………………………………
Director

Witness

GUARANTORS:

GP CANADA HOLDINGS CORPORATION

By:

Name:

Title:

LENDERS:

PNC BANK, NATIONAL ASSOCIATION, individually and as Administrative Agent

By:

Name:

Title:

WELLS FARGO BANK, N.A.

By:

Name:

Title:

BANK OF MONTREAL

By:

Name:

Title:

BANK OF MONTREAL

By:

Name:

Title:

HSBC BANK USA, N.A.

By:

Name:

Title:

EXHIBIT A
TO
FIRST AMENDMENT

Supplements to Schedule 8.2.1 and Schedule 8.2.4

Closing Date Existing Intercompany Loans

Loan Party	Creditor	Debtor	Type	Amount
GP Strategies Corporation	GP Strategies Corporation	GP Strategies India Pvt. Ltd.	Intercompany Note	$2,000,000
GP Strategies Corporation	GP Strategies Corporation	GP Strategies Argentina S.R.L	Intercompany Note	$300,000
GP Strategies Corporation	GP Strategies Corporation	GP Canada Co.	Intercompany Note	$1,000,000
GP Strategies Corporation	GP Strategies Corporation	GP Strategies Denmark ApS	Intercompany Note	$12,000,000
GP Strategies Corporation	GP Strategies Corporation	GP Strategies Ltd.	Intercompany Note	$12,000,000
GP Strategies Corporation	GP Strategies Corporation	General Physics (UK) Ltd	Intercompany Note	$22,500,000
GP Strategies Corporation	GP Strategies Corporation	GP Strategies (Malaysia) SDN BHD	Intercompany Note	$50,000
GP Strategies Corporation	GP Strategies Corporation	General Physics Corporation Mexico, S.A. de C.V.	Intercompany Note	$1,500,000
GP Strategies Corporation	GP Strategies Corporation	GP Strategies Singapore (Asia) Pte. Ltd	Intercompany Note	$2,000,000
GP Strategies Corporation	GP Strategies Corporation	GP Strategies Taiwan Ltd.	Intercompany Note	$60,000
GP Strategies Corporation	GP Strategies Corporation	GP Strategies Egypt, LLC	Intercompany Note	$200,000
General Physics (UK) Ltd	General Physics (UK) Ltd	GP Strategies Holdings Ltd.	Intercompany Note	£2,000,000
GP Strategies Holdings Limited	GP Strategies Holdings Limited	GP Strategies Denmark ApS	Intercompany Note	£5,500,000
GP Strategies Holdings Limited	GP Strategies Holdings Limited	GP Strategies Sweden AB	Intercompany Note	£100,000
GP Strategies Holdings Limited	GP Strategies Holdings Limited	GP Strategies Egypt, LLC	Intercompany Note	£400,000

GP Strategies Holdings Limited	GP Strategies Holdings Limited	GP Strategies (Hong Kong) Limited	Intercompany Note	£400,000
GP Strategies Holdings Limited	GP Strategies Holdings Limited	GP Strategies Hungary Kft.	Intercompany Note	£100,000
GP Strategies Holdings Limited	GP Strategies Holdings Limited	GP Strategies Middle East FZ-LLC	Intercompany Note	£1,000,000
GP Strategies Holdings Limited	GP Strategies Holdings Limited	GP Strategies Danismanlik Limited Sirketi	Intercompany Note	£500,000
GP Strategies Holdings Limited	GP Strategies Holdings Limited	GP Strategies Finland Oy	Capital Loan Agreement	€14,135
GP Strategies Training Limited	GP Strategies Training Limited	Effective People A/S	Intercompany Note	£750,000

Exhibit 31.1

CERTIFICATION

I, Scott N. Greenberg, certify that:

1. I have reviewed this quarterly report on Form 10-Q of GP Strategies Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2019

/s/ Scott N. Greenberg

Scott N. Greenberg
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Michael R. Dugan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of GP Strategies Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2019

/s/ Michael R. Dugan

Michael R. Dugan
Executive Vice President and Chief Financial Officer

Exhibit 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of GP Strategies Corporation (the “Company”) for the quarter ended March 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to such officer’s knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 10, 2019

/s/ Scott N. Greenberg	/s/ Michael R. Dugan
Scott N. Greenberg	Michael R. Dugan
Chief Executive Officer	*Executive Vice President and Chief Financial Officer*