
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): August 8, 2012

Mistras Group, Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001- 34481
(Commission
File Number)

22-3341267
(IRS Employer
Identification No.)

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

08550
(Zip Code)

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

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

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

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

On August 8, 2012, Mistras Group, Inc. (the “Company,” “we” or “us”) issued a press release announcing the financial results for fiscal year 2012, which ended May 31, 2012, and for the fourth quarter of fiscal year 2012. A copy of the press release is attached as Exhibit 99.1 to this report.

Disclosure of Non-GAAP Financial Measures

In the press release attached, the Company uses the term “Adjusted EBITDA” and “Adjusted Net Income,” which are not measurements of financial performance under U.S. generally accepted accounting principles (“GAAP”). The press release also includes Adjusted Net Income per diluted share and adjusted diluted earnings per common share, which are also non-GAAP measurements.

Adjusted EBITDA

“Adjusted EBITDA” is defined as net income plus: interest expense, provision for income taxes, depreciation and amortization, stock-based compensation expense, and, as applicable, certain acquisition related costs and certain non-recurring items (which items are described or listed in the reconciliation table included in the press release).

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

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

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

Adjusted Net Income and Adjusted Net Income Earnings Per Diluted Share

We use the non-GAAP measurements of Adjusted Net Income and Adjusted Net Income per diluted share or adjusted diluted net earnings per common share, which refer to GAAP net income attributable to Mistras Group, Inc. and GAAP diluted earnings per common share, respectively, excluding the items identified in the reconciliation schedule included in the press release. These non-GAAP measurements should be considered in addition to, and not as a replacement for or superior to, the comparable GAAP measurements.

Management believes that these measurements provide useful information to investors by reflecting additional ways of viewing aspects of the Company’s operations that, when reconciled to the corresponding GAAP measurements, help our investors to better understand the long-term profitability trends of our business, and facilitate easier comparisons of our profitability to prior and future periods and to our peers. The items that have been excluded from the GAAP measurements have been removed because items of this nature and/or size occur with inconsistent frequency, occur for reasons that may be unrelated to our commercial performance during the period and/or we believe are not indicative of our ongoing operating costs or profits in a given period, which we believe may obscure underlying business trends and make comparisons of long-term performance difficult.

The Company estimates the tax effect of the items identified in the reconciliation schedule by applying the Company's estimated effective tax rate for each respective period to the pre-tax amount.

These measurements have limitations because the adjustments to the GAAP measurements are subject to management's discretion, there are no standards for determine which adjustments should be made, and may not be comparable with similar measurements for other companies. The adjusted net income and adjusted diluted earnings per common share are not metrics used to determine incentive compensation for executives or employees.

Item 9.01. Financial Statement and Exhibits

(d) Exhibits

99.1 Press release issued by Mistras Group, Inc. dated August 8, 2012.

SIGNATURE

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

MISTRAS GROUP, INC.

Date: August 8, 2012

By: /s/ Michael C. Keefe

Name: Michael C. Keefe

Title: Executive Vice President, General Counsel and Secretary

Exhibit No.

Description

99.1 Press release issued by Mistras Group, Inc. dated August 8, 2012

Mistras Group Delivers Strong Fiscal 2012 Revenue and Earnings Growth.**Revenue Increases 29%, Adjusted EBITDA Increases 25%, Expects Double Digit Growth in Fiscal 2013**

PRINCETON JUNCTION, N.J., August 8, 2012 (GLOBE NEWSWIRE) — Mistras Group, Inc. (NYSE:[MG](#) — [News](#)), a leading “one source” global provider of technology-enabled asset protection solutions, today reported financial results for its fiscal year and fourth quarter ending May 31, 2012. Revenue for fiscal 2012 was \$436.9 million and net income was \$21.4 million, or \$0.74 per diluted share.

Fiscal 2012 Financial Highlights:

- Revenue of \$436.9 million increased 29%; organic revenue growth was 16%.
- Achieved double digit growth in all three business segments.
- Adjusted EBITDA*, a non-GAAP measure detailed later in this release, increased 25% to \$65.2 million.
- Adjusted Net Income*, a non-GAAP measurement detailed later in this release, increased 31% to \$21.8 million, or \$0.76 per diluted share.
- Ended fiscal 2012 with \$8.4 million in cash, \$50.9 million in net debt and \$100.0 million available on the revolving credit facility.
- SG&A as a percent of revenues was 19.0%, versus 19.5% in fiscal 2011.

Fourth Quarter 2012 Financial Highlights:

- Revenue was \$127.1 million, an increase of 24% from the fourth quarter of fiscal 2011.
- Adjusted EBITDA* increased 11% to \$19.3 million.
- Adjusted Net Income* was \$7.1 million, or \$0.25 per diluted share.

Chairman and Chief Executive Officer, Dr. Sotirios J. Vahaviolos stated “I am very proud that Mistras completed the year with its best performance on record. Fiscal 2012 was another excellent year for Mistras, as we once again achieved growth of more than 20% in revenue, Adjusted EBITDA*, operating income and net income. We continue to be pleased with the momentum of our business, especially the revenue growth we achieved across all of our end-user markets.”

“While we fell short of our fourth quarter margin goals, which were largely impacted by timing, we expect to increase operating leverage in fiscal 2013,” Vahaviolos added. “The fundamentals of our business are strong and I am confident in our prospects going forward and believe we will continue to deliver solid results and double digit growth in revenue and profitability. We are very pleased with our cash flow and liquidity, which can help facilitate accretive investments and acquisitions in fiscal 2013.”

Outlook and Guidance for Fiscal 2013

The Company's outlook is for continued double digit growth in revenue and Adjusted EBITDA*. The Company projects its fiscal 2013 revenues to be in the range of \$495 million to \$520 million and Adjusted EBITDA* to be in the range of \$74 million to \$84 million. Mistras does not provide quarterly guidance, but expects to affirm or update its annual guidance at least quarterly.

Earnings Conference Call

In connection with this earnings release, Mistras will hold its quarterly conference call on Thursday, August 9th at 9:00 a.m. (Eastern). The call will be broadcast over the Web and can be accessed on Mistras' Website, www.mistrasgroup.com. Individuals in the U.S. wishing to participate in the conference call by phone may call 1-877-261-8990 and use confirmation code 33036016 when prompted. The International dial-in number is 1-847-619-6441.

About Mistras Group, Inc.

Mistras offers one of the broadest "one source" services and technology-enabled asset protection solution portfolios in the industry used to evaluate the structural integrity of energy, industrial and public infrastructure. Mission critical services and solutions are delivered globally and provide customers with the ability to extend the useful life of their assets, improve productivity and profitability, comply with government safety and environmental regulations and enhance risk management operational decisions.

Mistras uniquely combines its industry leading products and technologies — 24/7 on-line monitoring of critical assets; mechanical integrity ("MI") and non-destructive testing ("NDT") services; and its proprietary world class data warehousing and analysis software — to provide comprehensive and competitive products, systems and services solutions from a single source provider.

For more information, please visit the company's website at www.mistrasgroup.com or contact Frank Joyce, Chief Financial Officer at 609-716-4103.

Forward-Looking and Cautionary Statements

Certain statements made in this press release are “forward-looking statements” about Mistras’ financial results and estimates, products and services, business model, strategy, growth opportunities, profitability and competitive position, and other matters. These forward-looking statements generally use words such as “future,” “possible,” “potential,” “targeted,” “anticipate,” “believe,” “estimate,” “expect,” “intend,” “plan,” “predict,” “project,” “will,” “may,” “should,” “could,” “would” and other similar words and phrases. Such statements are not guarantees of future performance or results, and will not necessarily be accurate indications of the times at, or by which, such performance or results will be achieved, if at all. These statements are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in these statements. A list, description and discussion of these and other risks and uncertainties can be found in the “Risk Factors” section of the Company’s Annual Report on Form 10-K for fiscal year 2011 filed with the Securities and Exchange Commission on August 12, 2011, as updated by our reports on Form 10-Q and Form 8-K. The forward-looking statements are made as of the date hereof, and Mistras undertakes no obligation to update such statements as a result of new information, future events or otherwise.

*** Use of Non-GAAP Measures**

The terms “Adjusted EBITDA”, “Adjusted Net Income”, and adjusted earnings per share are financial measurements not calculated in accordance with generally accepted accounting principles in the U.S (“GAAP”). The Company believes that investors and other users of the financial statements benefit from the presentation of Adjusted EBITDA, Adjusted Net Income, and adjusted earnings per share because they provide additional metrics to compare the Company’s operating performance on a consistent basis and measure underlying trends and results of the Company’s business. An explanation of Adjusted EBITDA, Adjusted Net Income, and adjusted earnings per share and reconciliations of these to financial measurements under GAAP are set forth in the tables attached to this press release.

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Mistras Group, Inc.
Unaudited Consolidated Statement of Operations
(in thousands, except per share data)

	For the year ended May 31,		For the three months ended May 31,	
	2012	2011	2012	2011
Revenues:				
Services	\$ 394,035	\$ 308,702	\$ 112,938	\$ 92,086
Products	42,840	29,887	14,152	10,043
Total revenues	<u>436,875</u>	<u>338,589</u>	<u>127,090</u>	<u>102,129</u>
Cost of revenues:				
Cost of services	271,676	209,512	77,406	61,758
Cost of products sold	19,940	12,468	7,846	4,664
Depreciation related to services	14,929	12,576	4,290	3,324
Depreciation related to products	640	630	77	163
Total cost of revenues	<u>307,185</u>	<u>235,186</u>	<u>89,619</u>	<u>69,909</u>
Gross profit	129,690	103,403	37,471	32,220
Selling, general and administrative expenses	83,098	65,983	23,533	18,884
Research and engineering	2,059	2,150	290	512
Depreciation and amortization	6,455	5,386	1,668	1,497
Acquisition-related costs	1,309	—	799	—
Legal reserve	—	273	—	(78)
Income from operations	36,769	29,611	11,181	11,405
Other expenses				
Interest expense	3,803	2,773	1,183	816
Gain on extinguishment of long-term debt	(671)	—	(784)	—
Income before provision for income taxes	33,637	26,838	10,782	10,589
Provision for income taxes	12,291	10,502	3,619	3,940
Net income	<u>21,346</u>	<u>16,336</u>	<u>7,163</u>	<u>6,649</u>
Net loss (income) attributable to noncontrolling interests, net of taxes	7	95	(31)	69
Net income attributable to Mistras Group, Inc.	21,353	16,431	7,132	6,718
Accretion of preferred stock	—	—	—	—
Net income attributable to common shareholders	<u>\$ 21,353</u>	<u>\$ 16,431</u>	<u>\$ 7,132</u>	<u>\$ 6,718</u>
Earnings per common share:				
Basic	\$ 0.77	\$ 0.61	\$ 0.25	\$ 0.25
Diluted	\$ 0.74	\$ 0.61	\$ 0.25	\$ 0.25
Weighted average common shares outstanding:				
Basic	27,839	26,724	27,972	26,899
Diluted	28,685	26,933	28,935	27,384

Mistras Group, Inc.
Unaudited Operating Data by Segment
(in thousands)

	<u>Three months ended May 31,</u>		<u>Year ended May 31,</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues				
Services	\$ 96,300	\$ 85,041	\$ 349,793	\$ 283,139
Products and Systems	13,654	10,131	40,083	26,105
International	20,672	9,736	59,466	36,798
Corporate and eliminations	(3,536)	(2,779)	(12,467)	(7,453)
	<u>\$ 127,090</u>	<u>\$ 102,129</u>	<u>\$ 436,875</u>	<u>\$ 338,589</u>
	<u>Three months ended May 31,</u>		<u>Year ended May 31,</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Gross profit				
Services	\$ 26,412	\$ 24,479	\$ 94,413	\$ 77,883
Products and Systems	5,626	4,799	18,578	13,239
International	6,843	3,456	19,106	12,922
Corporate and eliminations	(1,410)	(514)	(2,407)	(641)
	<u>\$ 37,471</u>	<u>\$ 32,220</u>	<u>\$ 129,690</u>	<u>\$ 103,403</u>

Mistras Group, Inc.
Unaudited Reconciliation of
Net Income Attributable to Mistras Group, Inc. to EBITDA and Adjusted EBITDA
(in thousands)

	<u>Three months ended May 31,</u>		<u>Year ended May 31,</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
EBITDA and Adjusted EBITDA data				
Net income attributable to Mistras Group, Inc.	\$ 7,132	\$ 6,718	\$21,353	\$16,431
Interest expense	1,183	816	3,803	2,773
Provision for income taxes	3,619	3,940	12,291	10,502
Depreciation and amortization	6,035	4,984	22,024	18,592
EBITDA	<u>\$ 17,969</u>	<u>\$ 16,458</u>	<u>\$59,471</u>	<u>\$48,298</u>
Legal reserve	—	(78)	—	273
Stock compensation expense	1,306	1,071	5,097	3,751
Acquisition related costs	799	—	1,309	—
Gain on extinguishment of debt	(784)	—	(671)	—
Adjusted EBITDA	<u>\$ 19,290</u>	<u>\$ 17,451</u>	<u>\$65,206</u>	<u>\$52,322</u>

Mistras Group, Inc.
Unaudited Reconciliation of
Net Income Attributable to Mistras Group, Inc. (GAAP) to Adjusted Net Income and Adjusted Earnings Per Share
(Non-GAAP)
(in thousands)

	<u>Three months ended May 31,</u>		<u>Years ended May 31,</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Adjusted net income				
Net income attributable to Mistras Group, Inc. (GAAP)	\$ 7,132	\$ 6,718	\$21,353	\$16,431
Acquisition-related costs (\$0.8 million and \$1.3 million, pre-tax for the three months and year ended May 31, 2012, respectively)	531	—	831	—
Legal reserve (\$0.3 million, pre-tax for the year ended May 31, 2011)	—	—	—	166
Gain on extinguishment of long-term debt (\$0.8 million and \$0.7 million, pre-tax for the three months and year ended May 31, 2012, respectively)	(521)	—	(426)	—
Adjusted net income (Non-GAAP)	<u>\$ 7,142</u>	<u>\$ 6,718</u>	<u>\$21,758</u>	<u>\$16,597</u>
Adjusted diluted net earnings per common share				
Diluted earnings per common share (GAAP)	\$ 0.25	\$ 0.25	\$ 0.74	\$ 0.61
Acquisition-related costs	0.02	—	0.03	—
Legal reserve	—	—	—	0.01
Gain on extinguishment of long-term debt	(0.02)	—	(0.01)	—
Adjusted diluted net earnings per common share (Non-GAAP)	<u>\$ 0.25</u>	<u>\$ 0.25</u>	<u>\$ 0.76</u>	<u>\$ 0.62</u>

Mistras Group, Inc.
Other Financial Information
(in thousands)

	<u>May 31,</u>	
	<u>2012</u>	<u>2011</u>
Selected Balance Sheet Information:		
Cash and cash equivalents	\$ 8,410	\$ 10,879
Working capital	69,304	56,191
Total debt	59,274	37,327
Total Mistras Group, Inc. stockholder's equity	193,012	167,157