



GP Strategies Reports Third Quarter 2013 Financial Results

Columbia, MD. October 31, 2013. Global performance improvement solutions provider *GP Strategies Corporation* (NYSE: GPX) today reported financial results for the quarter ended September 30, 2013.

Overview of Third Quarter 2013 Results:

- Revenue of \$113.2 million for third quarter of 2013 compared to \$99.7 million for third quarter of 2012
- Operating income of \$10.3 million for third quarter of 2013 compared to \$8.2 million for third quarter of 2012
- Diluted earnings per share of \$0.32 for third quarters of both 2013 and 2012 (third quarter 2012 includes a \$0.08 per share non-recurring income tax benefit)
- EBITDA of \$12.6 million for third quarter of 2013 compared to \$10.4 million for third quarter of 2012

The Company's revenue increased \$13.5 million or 13.6% during the third quarter of 2013 compared to the third quarter of 2012. The revenue growth is primarily attributable to strong organic growth in the Energy segment due to a large contract award in its alternative fuels business and acquisitions completed in 2012 and 2013. Operating income increased 25.4% to \$10.3 million for the third quarter of 2013. Income before income tax expense was \$10.3 million for the third quarter of 2013 compared to \$8.2 million for the third quarter of 2012. Net income was \$6.1 million, or \$0.32 per diluted share, for the third quarter of 2013 compared to \$6.2 million, or \$0.32 per diluted share, for the third quarter of 2012. The third quarter 2012 results included a \$1.6 million, or \$0.08 per share, non-recurring income tax benefit due to the reduction of a tax liability.

"The third quarter of 2013 showed a significant increase in revenue and operating profit compared to the corresponding quarter in 2012," commented Scott N. Greenberg, Chief Executive Officer of GP Strategies. "This improvement came while undertaking significant effort devoted to the start-up of our global agreement with HSBC, which we signed in July and then followed with local services agreements in September. We are also pleased with the success we are achieving in our Energy Group and we continue to diversify our business internationally as our global clients look for increased levels of support."

Balance Sheet and Cash Flow Highlights

As of September 30, 2013, the Company had cash and cash equivalents of \$4.4 million compared to \$7.8 million as of December 31, 2012. The Company had \$4.8 million of short-term borrowings outstanding, \$45.2 million of available borrowings under its line of credit and no long-term debt as of September 30, 2013. Cash provided by operating activities was \$10.2 million for the nine months ended September 30, 2013 compared to \$17.0 million for the same period in 2012.

Investor Call

The Company has scheduled an investor conference call for 10:00 a.m. ET on October 31, 2013. In addition to prepared remarks from management, there will be a question and answer session on the call. The dial-in numbers for the live conference call are 800-732-8470 or 212-231-2900, using conference ID number 21682693. A telephone replay of the call will also be available beginning at 12:00 p.m. on October 31st, until 12:00 p.m. on November 14th. To listen to the replay, dial 800-633-8284 or 402-977-9140, using conference ID number 21682693.

Presentation of Non-GAAP Information

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

About GP Strategies

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

Forward-Looking Statements

We make statements in this press release that are considered forward-looking statements within the meaning of the Securities Exchange Act of 1934. These statements are not guarantees of our future performance and are subject to risks, uncertainties and other

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

TABLES FOLLOW

GP STRATEGIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)

(Unaudited)

| | Quarters ended September 30, | | Nine months ended September 30, | |
|---|---------------------------------|-----------------|------------------------------------|------------------|
| | <u>2013</u> | <u>2012</u> | <u>2013</u> | <u>2012</u> |
| Revenue | \$113,197 | \$99,671 | \$319,469 | \$295,587 |
| Cost of revenue | <u>93,136</u> | <u>81,742</u> | <u>264,832</u> | <u>243,041</u> |
| Gross profit | 20,061 | 17,929 | 54,637 | 52,546 |
| Selling, general and administrative expenses | 9,856 | 8,890 | 28,825 | 26,220 |
| Gain on reversal of deferred rent liability | - | - | - | - |
| Gain (loss) on change in fair value of contingent consideration, net | <u>135</u> | <u>(792)</u> | <u>427</u> | <u>(863)</u> |
| Operating income | 10,340 | 8,247 | 26,239 | 25,463 |
| Interest expense | 90 | 75 | 256 | 175 |
| Other income | 4 | 72 | 326 | 262 |
| Income before income tax expense | <u>10,254</u> | <u>8,244</u> | <u>26,309</u> | <u>25,550</u> |
| Income tax expense | <u>4,111</u> | <u>2,061</u> | <u>9,994</u> | <u>8,999</u> |
| Net income | <u>\$ 6,143</u> | <u>\$ 6,183</u> | <u>\$ 16,315</u> | <u>\$ 16,551</u> |
| | | | | |
| Basic weighted average shares outstanding | 19,125 | 19,009 | 19,089 | 18,912 |
| Diluted weighted average shares outstanding | 19,404 | 19,328 | 19,344 | 19,255 |
| | | | | |
| Per common share data: | | | | |
| Basic earnings per share | \$ 0.32 | \$ 0.33 | \$ 0.85 | \$ 0.88 |
| Diluted earnings per share | \$ 0.32 | \$ 0.32 | \$ 0.84 | \$ 0.86 |
| | | | | |
| Other data: | | | | |
| EBITDA ⁽¹⁾ | \$ 12,649 | \$ 10,433 | \$ 32,820 | \$ 31,645 |

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

GP STRATEGIES CORPORATION AND SUBSIDIARIES
SUPPLEMENTAL FINANCIAL INFORMATION

(In thousands)

(Unaudited)

| | Quarters ended | | Nine months ended | |
|---|-------------------|------------------|-------------------|------------------|
| | September 30, | | September 30, | |
| | <u>2013</u> | <u>2012</u> | <u>2013</u> | <u>2012</u> |
| Revenue by segment: | | | | |
| Learning Solutions | \$ 49,304 | \$ 40,596 | \$137,223 | \$112,448 |
| Professional & Technical Services | 19,157 | 20,337 | 54,220 | 63,613 |
| Sandy Training & Marketing | 16,929 | 16,878 | 52,061 | 51,083 |
| Performance Readiness Group | 13,037 | 13,682 | 41,491 | 42,810 |
| Energy Services | 14,770 | 8,178 | 34,474 | 25,633 |
| Total revenue | <u>\$ 113,197</u> | <u>\$ 99,671</u> | <u>\$319,469</u> | <u>\$295,587</u> |
| Gross profit by segment: | | | | |
| Learning Solutions | \$ 8,629 | \$ 7,806 | \$ 23,998 | \$ 21,278 |
| Professional & Technical Services | 3,229 | 3,723 | 9,194 | 10,976 |
| Sandy Training & Marketing | 2,433 | 2,588 | 7,295 | 7,782 |
| Performance Readiness Group | 2,031 | 1,871 | 5,521 | 6,038 |
| Energy Services | 3,739 | 1,941 | 8,629 | 6,472 |
| Total gross profit | <u>\$ 20,061</u> | <u>\$ 17,929</u> | <u>\$ 54,637</u> | <u>\$ 52,546</u> |
| Operating income by segment: | | | | |
| Learning Solutions | \$ 4,120 | \$ 4,255 | \$ 10,886 | \$ 11,341 |
| Professional & Technical Services | 1,530 | 1,874 | 4,335 | 5,209 |
| Sandy Training & Marketing | 975 | 1,078 | 2,797 | 3,286 |
| Performance Readiness Group | 907 | 556 | 1,802 | 2,007 |
| Energy Services | 2,673 | 1,276 | 5,992 | 4,483 |
| Gain (loss) on change in fair value of contingent consideration, net | 135 | (792) | 427 | (863) |
| Total operating income | <u>\$ 10,340</u> | <u>\$ 8,247</u> | <u>\$ 26,239</u> | <u>\$ 25,463</u> |
| Supplemental Cash Flow Information: | | | | |
| Net cash provided by operating activities | \$ 4,770 | \$ 12,596 | \$ 10,249 | \$ 17,000 |
| Capital expenditures | (2,447) | (688) | (4,608) | (2,155) |
| Free cash flow | <u>\$ 2,323</u> | <u>\$ 11,908</u> | <u>\$ 5,641</u> | <u>\$ 14,845</u> |

GP STRATEGIES CORPORATION AND SUBSIDIARIES

Non-GAAP Reconciliation – EBITDA ⁽²⁾

(In thousands)

(Unaudited)

| | Quarters ended September 30, | | Nine months ended September 30, | |
|-------------------------------|---------------------------------|-------------|------------------------------------|-------------|
| | <u>2013</u> | <u>2012</u> | <u>2013</u> | <u>2012</u> |
| Net income ⁽³⁾ | \$ 6,143 | \$ 6,183 | \$ 16,315 | \$ 16,551 |
| Interest expense | 90 | 75 | 256 | 175 |
| Income tax expense | 4,111 | 2,061 | 9,994 | 8,999 |
| Depreciation and amortization | 2,305 | 2,114 | 6,255 | 5,920 |
| EBITDA | \$ 12,649 | \$ 10,433 | \$ 32,820 | \$ 31,645 |

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

(3) Net income includes a \$1,602,000 income tax benefit on the reduction of an uncertain tax position liability during the third quarter of 2012.

GP STRATEGIES CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in thousands)

| | September 30, 2013 | December 31, 2012 |
|--|-----------------------|----------------------|
| | (Unaudited) | |
| Current assets: | | |
| Cash and cash equivalents | \$ 4,373 | \$ 7,761 |
| Accounts and other receivables | 84,101 | 83,597 |
| Costs and estimated earnings in excess of billings on uncompleted contracts | 26,916 | 16,979 |
| Prepaid expenses and other current assets | 13,385 | 10,143 |
| Total current assets | 128,775 | 118,480 |
| Property, plant and equipment, net | 8,219 | 5,511 |
| Goodwill and other intangibles, net | 133,194 | 118,693 |
| Other assets | 1,548 | 1,750 |
| Total assets | \$ 271,736 | \$ 244,434 |
| Current liabilities: | | |
| Short-term borrowings | \$ 4,820 | \$ - |
| Accounts payable and accrued expenses | 51,499 | 47,457 |
| Billings in excess of costs and estimated earnings on uncompleted contracts | 21,282 | 21,877 |
| Total current liabilities | 77,601 | 69,334 |
| Other noncurrent liabilities | 8,817 | 7,763 |
| Total liabilities | 86,418 | 77,097 |
| Total stockholders' equity | 185,318 | 167,337 |
| Total liabilities and stockholders' equity | \$ 271,736 | \$ 244,434 |

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