

Mistras Group, Inc.
Form 8-K
December 14, 2017

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): December 8, 2017

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

Delaware 001- 34481 22-3341267
(State or other jurisdiction (Commission (IRS Employer
of incorporation) File Number) Identification No.)

195 Clarksville Road 08550
Princeton Junction, New Jersey (Zip Code)
(Address of principal executive offices)

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))

Item 1.01. Entry into a Material Definitive Agreement.

Mistras Group, Inc. (the "Company," "us" or "we") entered into a Fourth Amended and Restated Credit Agreement ("Credit Agreement") on December 8, 2017, with Bank of America, N.A., as agent for the lenders and a lender, and JPMorgan Chase Bank, N.A., Keybank National Association and Wells Fargo Bank, National Association, as lenders. The Credit Agreement provides the Company with a \$250 million revolving line of credit, with a maturity date of December 7, 2022. The Credit Agreement permits us to borrow up to \$30 million in non-US dollar currencies and to use up to \$10

million of the credit limit for the issuance of letters of credit. The Credit Agreement is secured by liens on substantially all our assets and is guaranteed by some of our subsidiaries. Under certain circumstances, the line of credit can be increased to \$300 million with the consent of the lenders.

Loans under the Credit Agreement bear interest at LIBOR or base rate, at our option, plus an applicable LIBOR margin ranging from 1% to 2%, or base rate margin ranging from -1.25% to -.375%, based upon our Funded Debt Leverage Ratio. Funded Debt Leverage Ratio is generally the ratio of (1) all outstanding indebtedness for borrowed money and other interest-bearing indebtedness

as of the date of determination to (2) EBITDA. The Credit Agreement defines EBITDA as (a) net income, less (b) income (or plus loss) from discontinued operations and extraordinary items, plus (c) income tax expenses, plus (d) interest expense, plus (e) depreciation, depletion, and amortization (including non-cash loss on retirement of assets), plus (f) stock compensation expense, less (g) cash expense related to stock compensation, plus (h) certain amounts of EBITDA of acquired business for the prior twelve months, plus (i) certain expenses related to the closing of the Credit Agreement, plus (j) non-cash expenses which do not (in the current or any future period) represent a cash item (excluding non-cash gains which increase net income), plus (k) non-recurring charges (not to exceed \$5 million in the four consecutive quarters immediately preceding the date of determination) for items such as severance, lease termination charges, asset write-offs and litigation settlements paid during the period, all determined for the period of four consecutive fiscal quarters immediately preceding the date of determination. We have the benefit of the lowest margin if our Funded Debt Leverage Ratio is equal to or less than 0.5 to 1, and the margin increases as the ratio increases, to the maximum margin if the ratio is greater than 2.75 to 1. The Company will also bear additional costs for market disruption, regulatory changes effecting the lenders' funding costs, and default pricing of an additional 2% interest rate margin if the Company is in default under the Credit Agreement.

The Credit Agreement contains financial covenants requiring that we maintain a Funded Debt Leverage Ratio not exceeding 3.5 to 1 and an Interest Coverage Ratio of at least 3.0 to 1. Interest Coverage Ratio means the ratio, as of any date of determination, of (a) EBITDA for the 12 month period immediately preceding the date of determination, to (b) all interest, premium payments, debt discount, fees, charges and related expenses of the Company and its subsidiaries in connection with borrowed money (including capitalized interest) or in connection with the deferred purchase price of assets, in each case to the extent treated as interest in accordance with U.S. generally accepted accounting principles, paid during the 12 month period immediately preceding the date of determination. The Company can elect to increase the Funded Debt Leverage Ratio to 3.75 to 1 temporarily for four fiscal quarters immediately following the fiscal quarter in which the Company acquires another business. The Company can make this election twice during the term of the Credit Agreement.

The Credit Agreement limits our ability to, among other things, create liens, make investments, incur more indebtedness, merge or consolidate, make dispositions of property, pay dividends, make distributions to stockholders or repurchase our stock, enter into a new line of business, enter into transactions with affiliates and enter into burdensome agreements. The Credit Agreement does not limit our ability to acquire other businesses or companies except that the acquired business or company must be in our line of business, we must be in compliance with the financial covenants on a pro forma basis after taking into account the acquisition, and, if the acquired business is a separate subsidiary, in certain circumstances the lenders will received the benefit of a guaranty of the subsidiary and liens on its assets and/or a pledge of its stock.

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:
December 14,
2017

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

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Title: Executive Vice President, General Counsel and Secretary