

Mistras Group, Inc.  
Form 424B5  
May 02, 2011

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**The information in this prospectus supplement and in the accompanying prospectus is not complete and may be changed. This prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.**

Filed pursuant to Rule 424(B)(5)  
File No. 333-173513

Subject to completion, dated May 2, 2011

**Prospectus Supplement**

(To prospectus dated April 22, 2011)

*3,264,401 Shares*

*Common Stock*

We are offering 500,000 shares of our common stock and the selling stockholder identified in this prospectus is offering 2,764,401 shares of our common stock. We will not receive any proceeds from the sale of shares by the selling stockholder.

Our common stock is listed on the New York Stock Exchange under the symbol MG. On April 29, 2011, the last sale price of our common stock as reported on the New York Stock Exchange was \$18.32 per share.

**Investing in the common stock involves risks that are described in the Risk factors section beginning on page S-11 of this prospectus supplement.**

	Per Share	Total
Public offering price	\$	\$
Underwriting discounts and commissions	\$	\$
Proceeds, before expenses, to us	\$	\$
Proceeds, before expenses, to the selling stockholder	\$	\$

The underwriters may also purchase up to an additional 489,660 shares from us, at the public offering price, less the underwriting discounts and commissions, within 30 days from the date of this prospectus supplement to cover overallotments, if any. If the underwriters exercise the option in full, the total underwriting discounts and commissions payable by us will be \$ and the total proceeds to us, before expenses, will be \$ .

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement is truthful or complete. Any representation to the contrary is a criminal offense.**

The underwriters expect to deliver the shares of common stock against payment on or about \_\_\_\_\_, 2011.

**J.P. Morgan**

**BofA Merrill Lynch**

**Baird**

**Stephens Inc.**

**KeyBanc Capital Markets**

The date of this prospectus supplement is May \_\_\_\_\_, 2011.

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We, the selling stockholder and the underwriters have not authorized anyone to provide you with any information other than the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus or any free writing prospectus we may authorize to be delivered to you. We, the selling stockholder and the underwriters take no responsibility for, and provide no assurance as to the reliability of, any other information that others may give to you. This prospectus supplement and the accompanying prospectus are not an offer to sell or a solicitation of an offer to buy our common stock in any jurisdiction where such offer or any sale would be unlawful. You should not assume that the information contained in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the date on the front cover of this prospectus supplement or the accompanying prospectus, respectively, or any information that we have incorporated by reference is accurate as of any date other than the date of the document incorporated by reference. If any statement in one of these documents is inconsistent with a

**statement in another document having a later date for example, a document incorporated by reference in this prospectus supplement or the accompanying prospectus the statement in the document having the later date modifies or supersedes the earlier statement.**

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**About this prospectus supplement**

This document is in two parts. The first part is the prospectus supplement, which describes the specific terms of this offering and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus. The second part is the accompanying prospectus, which gives more general information about the securities we and the selling stockholder may offer from time to time. To the extent the information contained in this prospectus supplement differs or varies from the information contained in the accompanying prospectus, the information in this prospectus supplement controls. Before you invest in our common stock, you should carefully read this prospectus supplement, along with the accompanying prospectus, in addition to the information contained in the documents we refer to under the heading "Available information and incorporation of certain information by reference" in this prospectus supplement and under the heading "Incorporation of certain documents by reference" in the accompanying prospectus.

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**Summary**

*This summary highlights information contained elsewhere in this prospectus supplement and the accompanying prospectus. It does not contain all of the information that you should consider before making an investment decision. You should carefully read this prospectus supplement, the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus for a more complete understanding of our business. You should pay special attention to the Risk factors section beginning on page S-11 of this prospectus supplement and on page 23 of the accompanying prospectus, as well as the risk factors included in Item 1A. Risk Factors of our 2010 Annual Report on Form 10-K and the other documents incorporated by reference, to determine whether an investment in our common stock is appropriate for you. Unless otherwise indicated, the information contained in this prospectus supplement assumes that the underwriters overallotment option is not exercised.*

*The information in this prospectus supplement, including information in documents incorporated by reference, includes forward looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). All statements, other than statements of historical fact included or incorporated by reference in this prospectus supplement, regarding our strategy, future operations, financial position, prospects, plans and objectives of management are forward looking statements. See Forward-looking statements on page iii of the accompanying prospectus.*

*As used in this prospectus supplement, we, us, our and similar terms mean Mistras Group, Inc. and its consolidated subsidiaries and their predecessors, unless the context indicates otherwise.*

**Our business**

We are a one source leading global provider of technology-enabled asset protection solutions used to evaluate the structural integrity of critical energy, industrial and public infrastructure. We combine industry-leading products and technologies, expertise in mechanical integrity ( MI ) and non-destructive testing ( NDT ) services and proprietary data analysis and enterprise warehousing software to deliver a comprehensive portfolio of customized solutions, ranging from routine inspections to complex, plant-wide asset integrity management and assessments. These mission critical solutions enhance our customers ability to comply with governmental safety and environmental regulations, extend the useful life of their assets, increase productivity, minimize repair costs, manage risk and avoid catastrophic disasters. Given the role our services play in ensuring the safe and efficient operation of infrastructure, we have historically provided a majority of our services to our customers on a regular, recurring basis. We serve a global customer base of companies with asset-intensive infrastructure, including companies in the oil and gas (downstream, midstream & upstream), fossil and nuclear power, alternative energy, public infrastructure, chemicals, aerospace and defense, transportation, primary metals and metalworking, pharmaceutical/biotechnology and food processing industries, as well as research and engineering institutions. As of April 1, 2011, we had approximately 2,700 employees, approximately 30 Ph.D. s and approximately 100 other degreed engineers and highly-skilled, certified technicians, in 78 offices across 15 countries. We have established long-term relationships as a critical solutions provider to many of the leading companies in our target markets.

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The following chart represents the percentage of consolidated revenues we generated from our various markets for the first nine months of fiscal 2011.

Our asset protection solutions continuously evolve over time as we combine the disciplines of NDT, MI services and data analysis and data warehousing software to provide value to our customers. The foundation of our business is NDT, which is the examination of assets without impacting current and future usefulness or impairing the integrity of these assets. Our MI services are a systematic engineering-based approach to developing best practices for ensuring the on-going integrity and safety of equipment and industrial facilities. MI services involve conducting an inventory of infrastructure assets, developing and implementing inspection and maintenance procedures, training personnel in executing these procedures and managing inspections, testing and assessments of customer assets. By assisting customers in implementing MI programs we enable them to identify gaps between existing and desired practices, find and track deficiencies and degradations to be corrected and establish quality assurance standards for fabrication, engineering and installation of infrastructure assets. Our solutions also incorporate comprehensive data analysis from our proprietary asset protection software to provide customers with detailed, integrated and cost-effective solutions that rate the risks of alternative maintenance approaches and recommend actions in accordance with consensus industry codes and standards and help to establish and support key performance indicators ( KPI s ) to ensure continued safe and economic operations.

We offer our customers a customized package of services, products and systems or our enterprise software and other niche high-value products on a stand-alone basis. For example, customers can purchase most of our sensors and accompanying software to integrate with their own systems, or they can purchase a complete turn-key solution, including installation, monitoring and assessment services. Importantly, however, we do not sell certain of our advanced and proprietary software and other products as stand-alone offerings; instead, we embed them in our comprehensive service offerings to protect our investment in intellectual property while providing an added value which generates a substantial source of recurring revenues.



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### **Our competitive strengths**

We believe the following competitive strengths contribute to our being a leading provider of asset protection solutions and will allow us to further capitalize on growth opportunities in our industry:

*One Source Provider for Asset Protection Solutions Worldwide.* We believe we have the most comprehensive portfolio of proprietary and integrated asset protection solutions, including services, products and systems worldwide, which positions us to be the leading single source provider for a customer's asset protection requirements. We offer an extensive portfolio of solutions that enables our customers to consolidate all their inspection requirements and the associated data storage and analytics on a single system that spans the customer's entire enterprise.

*Long-Standing Trusted Provider to a Diversified and Growing Customer Base.* By providing critical and reliable NDT services, products and systems for more than 30 years and expanding our asset protection solutions, we have become a trusted partner to a large and growing customer base across numerous infrastructure-intensive industries globally. Our customers include some of the largest and most well-recognized firms in the oil and gas, chemicals, fossil and nuclear power, and aerospace and defense industries as well as the largest public authorities.

*Repository of Customer-Specific Inspection Data.* Our enterprise software solutions enable us to capture and warehouse our customers' testing and inspection data in a centralized database. As a result, we have accumulated large amounts of proprietary process data and information that allows us to provide our customers with value-added services, such as benchmarking, reliability centered maintenance solutions including predictive maintenance, inspection scheduling, data analytics and regulatory compliance.

*Proprietary Products, Software and Technology Packages.* We have developed systems that have become the cornerstone of several high value-added unique NDT applications. These proprietary products allow us to efficiently and effectively provide highly valued solutions to our customers' complex applications, resulting in a significant competitive advantage. In addition to the proprietary products and systems that we sell to customers on a stand-alone basis, we also develop a range of proprietary sensors, instruments, systems and software used exclusively by our Services segment.

*Deep Domain Knowledge and Extensive Industry Experience.* We are an industry leader in developing advanced asset protection solutions, including acoustic emission testing for non-intrusive on-line monitoring of storage tanks and pressure vessels, bridges and transformers, portable corrosion mapping, ultrasonic testing ( UT ) systems, on-line plant asset integrity management with sensor fusion, enterprise software solutions for plant-wide and fleet-wide inspection data archiving and management, advanced and thick composites inspection and ultrasonic phased array inspection of thick wall boilers.

*Collaborating with Our Customers.* Our asset protection solutions have historically been designed in response to our customers' unique performance specifications and are supported by our proprietary technologies. Our sales and engineering teams work closely with our customers' research and design staff during the design phase in order to incorporate our products into specified infrastructure projects, as well as with facilities maintenance personnel

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to ensure that we are able to provide the asset protection solutions necessary to meet these customers' changing demands.

*Experienced Management Team.* Our management team has a track record of leadership in NDT, averaging over 20 years experience in the industry. These individuals also have extensive experience in growing businesses organically and in acquiring and integrating companies, which we believe is important to facilitate future growth in the fragmented asset protection industry. In addition, our senior managers are supported by highly experienced project managers who are responsible for delivering our solutions to customers.

**Our growth strategy**

Our growth strategy emphasizes the following key elements:

*Continue to Develop Technology-Enabled Asset Protection Services, Products and Systems.* We intend to maintain and enhance our technological leadership by continuing to invest in the internal development of new services, products and systems. Our highly trained team of Ph.D. s, engineers and certified technicians has been instrumental in developing numerous significant asset protection standards, and we believe their knowledge base will enable us to innovate a wide range of new asset protection solutions more rapidly than our competition.

*Increase Revenues from Our Existing Customers.* Many of our customers are multinational corporations with asset protection requirements from multiple divisions at multiple locations across the globe. Currently, we believe that we capture a relatively small portion of their overall expenditures on these solutions. We believe our superior services, products and systems, combined with the trend of outsourcing asset protection solutions to a small number of trusted service providers, positions us to significantly expand both the number of divisions and locations that we serve as well as the types of solutions we provide.

*Add New Customers in Existing Target Markets.* Our current customer base represents a small fraction of the total number of companies in our target markets with asset protection requirements. Our scale, scope of products and services and expertise in creating technology-enabled solutions have allowed us to build a reputation for high quality and has increased customer awareness about us and our asset protection solutions. We intend to leverage our reputation and solutions offerings to win new customers within our existing target markets, especially as asset protection solutions are adopted internationally.

*Expand Our Customer Base into New End Markets.* We believe we have significant opportunities to rapidly expand our customer base in relatively new end markets, including the maritime shipping, wind turbine and other alternative energy and natural gas transportation industries and the market for public infrastructure, such as highways and bridges. The expansion of our addressable markets is being driven by the increased recognition and adoption of asset protection services, products and systems, and new NDT technologies enabling further applications in industries such as healthcare and compressed and liquefied natural gas transportation, and the aging of infrastructure, such as construction and loading cranes and ports, to the point where visual inspection has proven inadequate and new asset protection solutions are required. We expect to continue to expand our global sales organization, grow our inspection data management and data mining services and find new high-value applications, such as embedding our sensor technology in assembly lines for electronics and distributed sensor networks for aerospace applications.

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*Continue to Capitalize on Acquisitions.* We intend to continue employing a disciplined acquisition strategy to broaden, complement and enhance our product and service offerings, add new customers and certified personnel, expand our sales channels, supplement our internal development efforts and accelerate our expected growth. We believe the market for asset protection solutions is highly fragmented with a large number of potential acquisition opportunities. We have a proven ability to integrate complementary businesses, as demonstrated by the success of our past acquisitions, which have often contributed entirely new products and services that have added significantly to our revenues and profitability. In addition, we have begun to offer and sell our advanced asset protection solutions to customers of companies we acquired that had previously relied on traditional NDT solutions. Importantly, we believe we have improved the operational performance and profitability of our acquired businesses by successfully integrating and selling a comprehensive suite of solutions to the customers of these acquired businesses.

**Recent developments**

On April 12, 2011, we reported revenues of \$79.2 million in the third quarter of fiscal 2011, an increase of \$14.9 million, or approximately 23%, compared to \$64.4 million reported in the third quarter of fiscal 2010. Adjusted EBITDA increased approximately 61% to \$10.5 million in the third quarter of fiscal 2011 compared to \$6.5 million in the third quarter of fiscal 2010. Net income for the third quarter of fiscal 2011 tripled to \$2.4 million, or \$0.09 per diluted share, compared to \$0.8 million, or \$0.03 per diluted share, in the third quarter of fiscal 2010. For further information on our financial results for the quarterly period ended February 28, 2011, please see our Quarterly Report on Form 10-Q, which has been incorporated by reference in this prospectus supplement.

In March 2011, we acquired the assets of an asset protection business for approximately \$16.3 million, comprised of \$7.5 million in cash and subordinated notes payable of approximately \$8.8 million, which are payable over five years. In addition to the cash and debt consideration, the agreement allows for contingent consideration to be earned based upon the acquired company reaching specific performance metrics over the next three years of operation.

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**The offering**

<b>Common stock offered by us</b>	500,000 shares
<b>Common stock offered by the selling stockholder</b>	2,764,401 shares
<b>Overallotment option</b>	We have granted the underwriters an option to purchase up to 489,660 additional shares of our common stock to cover overallotments, if any. This option is exercisable, in whole or in part, for a period of 30 days from the date of this prospectus supplement.
<b>Common stock to be outstanding after this offering(1)</b>	27,177,066 shares
<b>Use of proceeds</b>	<p>We intend to use the net proceeds that we receive from the sale of any securities by us covered by this prospectus for general corporate purposes, including the reduction of outstanding indebtedness, acquisitions, capital expenditures and working capital.</p> <p>We will not receive any proceeds from the sale of the shares of our common stock by the selling stockholder.</p>
<b>New York Stock Exchange Symbol</b>	MG
<b>Risk factors</b>	Investing in our common stock involves risks. See Risk factors beginning on page S-11 of this prospectus supplement and on page 23 of the accompanying prospectus for a discussion of factors you should consider before investing in our common stock.

(1) The number of shares of common stock to be outstanding immediately after this offering is based on 26,677,066 shares outstanding as of April 29, 2011 and excludes as of this date:

approximately 2,867,000 shares of common stock issuable upon the exercise of stock options with a weighted-average exercise price of \$12.27 per share;

approximately 217,000 shares of common stock reserved for issuance upon vesting of restricted stock units; and

approximately 1,997,000 shares of common stock reserved for future grants under our long-term incentive plans.

Except as otherwise indicated, all information in this prospectus assumes no exercise by the underwriters of their overallotment option.

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The following table sets forth our summary historical consolidated financial information and other data. The historical statement of operations and cash flow data for fiscal 2010, 2009 and 2008 and the historical balance sheet data as of May 31, 2010, 2009 and 2008 are derived from, and should be read in conjunction with our audited consolidated financial statements and related notes. The historical statement of operations and cash flow data for the nine months ended February 28, 2011 and 2010 and the historical balance sheet data as of February 28, 2011 are derived from our unaudited consolidated financial statements. The results of operations for the interim period are not necessarily indicative of the operating results for the entire year or any future period.

This information is only a summary. You should read this data in conjunction with our historical financial statements and related notes and Management's Discussion and Analysis of Financial Condition and Results of Operations contained in our annual report, quarterly reports and other information on file with the SEC that is incorporated by reference in this prospectus supplement and the accompanying prospectus. For more details on how you can obtain our SEC reports and other information, you should read the section of this prospectus supplement entitled Available information and incorporation of certain information by reference.

(in thousands, except per share data)	Nine months ended		Fiscal years ended May 31,		
	2011	February 28, 2010	2010	2009	2008
<b>Statement of Operations Data</b>					
<b>Revenues:</b>					
Services	\$ 216,616	\$ 176,484	\$ 248,672	\$ 190,637	\$ 134,183
Products	19,844	15,860	23,456	18,496	18,085
<b>Total revenues</b>	<b>236,460</b>	<b>192,344</b>	<b>272,128</b>	<b>209,133</b>	<b>152,268</b>
<b>Cost of Revenues:</b>					
Cost of services	147,754	120,516	169,591	123,336	83,623
Cost of goods sold	7,804	6,184	8,889	7,831	6,967
Depreciation of services	9,252	7,262	9,840	7,860	6,167
Depreciation of products	467	589	670	840	680
<b>Total cost of revenues</b>	<b>165,277</b>	<b>134,551</b>	<b>188,990</b>	<b>139,867</b>	<b>97,437</b>
<b>Gross profit</b>	<b>71,183</b>	<b>57,793</b>	<b>83,138</b>	<b>69,266</b>	<b>54,831</b>
Selling, general and administrative expenses	47,099	40,929	54,849	46,456	32,243
Research and engineering	1,638	1,518	2,402	1,949	1,654
Depreciation and amortization	3,889	3,558	4,673	3,936	4,576
Legal reserve	351	(297)	(297)	2,100	
Acquisition related costs			614		

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Income from operations	18,206	12,085	20,897	14,825	16,358
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(in thousands, except per share data)	Nine months ended		Fiscal years ended May 31,		
	February 28, 2011	2010	2010	2009	2008
<b>Other expenses</b>					
Interest expense	1,957	2,825	3,531	4,614	3,531
Loss on extinguishment of long-term debt		387	387		
Income before provision for income taxes and noncontrolling interest	16,249	8,873	16,979	10,211	12,827
Provision for income taxes	6,562	3,692	6,527	4,558	5,380
Net income	9,687	5,181	10,452	5,653	7,447
Net loss (income) attributable to noncontrolling interests, net of taxes	26	(30)	(23)	(187)	(8)
Net income attributable to Mistras Group, Inc.	9,713	5,151	10,429	5,466	7,439
Accretion of preferred stock		6,499	6,499	(27,114)	(32,872)
Net income attributable to common shareholders	\$ 9,713	\$ 11,650	\$ 16,928	\$ (21,648)	\$ (25,433)
Earnings per common share:					
Basic	\$ 0.36	\$ 0.58	\$ 0.78	\$ (1.67)	\$ (1.96)
Diluted	\$ 0.36	\$ 0.21	\$ 0.43	\$ (1.67)	\$ (1.96)
Weighted average common shares outstanding:					
Basic	26,665	20,103	21,744	13,000	13,000
Diluted	26,824	24,511	24,430	13,000	13,000
<b>Other Financial Data</b>					
Net cash provided by operating activities	\$ 21,365	\$ 12,351	\$ 18,987	\$ 12,661	\$ 12,851
Net cash used in investing activities	(24,580)	(15,903)	(16,534)	(15,888)	(19,446)
Net cash provided by (used in) financing activities	(6,367)	11,565	8,083	4,912	6,320
EBITDA(1)	31,840	23,077	35,670	27,274	27,773
Adjusted EBITDA(1)	\$ 34,871	\$ 25,794	\$ 39,464	\$ 31,122	\$ 28,091

**As of**

**As of May 31,**

**(in thousands**