May 9, 2013

Global Power Equipment Group Reports 12% Increase in Revenue for First Quarter 2013

- **First quarter 2013 revenue was $116.7 million, up from $104.5 million in prior-year period**
- **Products revenue up 21% to $38.9 million; Services revenue increased 8% to $77.8 million**
- **Operating loss in quarter reflected timing of investments in the quarter for transformation initiatives including Hetsco acquisition and weak Products gross margin**

IRVING, Texas, May 9, 2013 (GLOBE NEWSWIRE) -- Global Power Equipment Group Inc. (Nasdaq:GLPW) ("Global Power" or "Company") today reported its financial results for the first quarter ended March 31, 2013. Results include the operations of Koontz-Wagner Custom Controls Holdings, LLC ("Koontz-Wagner"), acquired on July 30, 2012, and TOG Holdings, Inc. ("TOG"), acquired on September 5, 2012. Both acquisitions are included in the Products Division's results as of their respective acquisition dates.

Luis Manuel Ramírez, President and CEO of Global Power, said, "We had solid first quarter revenue performance for both divisions and renewed momentum from our global teams. Our 2012 acquisitions more than offset the impact of project timing for our Products Division, while also expanding our customer relationships into the oil and gas mid-stream segment."

Total revenue in the first quarter of 2013 was $116.7 million, up 11.7% from total revenue of $104.5 million in the prior-year's first quarter. Products Division and Services Division revenue both improved in the first quarter of 2013 compared with the prior-year period. The Company reported a loss from continuing operations of $1.2 million, or $0.07 per diluted share, in the first quarter, compared with income from continuing operations of $0.9 million, or $0.05 per diluted share, for the prior-year's first quarter.

PRODUCTS DIVISION

Products Division revenue for the first quarter of 2013 increased $6.8 million, or 21.2%, to $38.9 million, compared with the prior-year period. First quarter revenue improvement was due to the impact of the Koontz-Wagner and TOG acquisitions completed in the third quarter of 2012, which contributed $10.1 million of revenue in the first quarter. Excluding the acquisitions, first quarter 2013 revenue was $28.8 million, down $3.3 million, or 10.3%, from the prior-year period.

Gross profit was $6.0 million, down $0.3 million, or 4.6%, when compared with gross profit of $6.2 million in the prior-year period. As a percentage of sales, gross margin was 15.3%, down from 19.4% in last year's first quarter. Lower gross margin was the result of higher costs incurred on certain utility-scale gas turbine projects combined with under absorption of costs in the Company's Massachusetts operation.

Products Division reported an operating loss in the 2013 first quarter of $2.5 million, which is down from an operating loss in the prior-year period of $0.4 million.

David L. Willis, Chief Financial Officer noted, "We experienced higher than expected costs on projects that shipped in the quarter. We expect our Products Division's margins to improve with the increase in shipments from backlog in the latter half of the year. In addition, we have realigned resources to improve productivity and predictability in our Massachusetts operation following customer requirements for offshore fabrication that exceeded our expectations in the first quarter."

SERVICES DIVISION

First quarter 2013 Services Division revenue was $77.8 million, up $5.5 million, or 7.5%, compared with the prior-year period. Approximately $14.3 million of revenue was for capital project work and $9.6 million was for new build and restart nuclear power facilities.

Services Division gross profit decreased $0.2 million to $10.0 million compared with the prior-year period. Gross margin for the Services Division in the first quarter of 2013 was 12.9% compared with 14.2% in the 2012 first quarter. First quarter gross margin represented more typical levels expected from regular maintenance activities and lower margin projects while the prior-year period benefitted from higher margin projects.

Services Division operating income for the 2013 first quarter was $0.7 million compared with $3.1 million in the same period in 2012.

CONSOLIDATED OPERATING LOSS REFLECTED ACQUISITION EXPENSES AND STRATEGIC INVESTMENTS

Selling and marketing ("S&A") expenses increased $0.7 million in the 2013 first quarter over the prior-year period to $2.2 million. As a percent of sales, S&A expenses increased to 1.9% in the 2013 first quarter compared with 1.4% in the first quarter of 2012.

General and administrative ("G&A") expenses increased $2.6 million, or 21.6%, when compared with the prior-year period to $14.6 million in the first quarter of 2013. First quarter 2013 G&A expenses included approximately $1.8 million of expenses specific to the quarter that were related to the Company's transformation initiatives. This was comprised of $0.4 million of due diligence costs associated with the Company's acquisition strategy and $1.4 million of strategic investments in personnel and professional fees for the Company's commercial growth strategy. Also included in G&A expense during the first quarter was the final $0.2 million of transition costs related to the 2012 change in executive leadership.

Operating loss during the first quarter of 2013 was $1.9 million, down $4.7 million from the prior-year's first quarter. Operating margin was -1.6% in the current quarter compared with 2.7% in the 2012 first quarter.

SOLID BALANCE SHEET

Cash provided by operations in the first quarter was $8.5 million, an improvement over cash used in operations of $1.8 million in the prior-year period. A reduction in receivables following the high shipment levels in the fourth quarter of 2012 was the primary driver of increased cash from operations during the quarter.

Unrestricted cash and cash equivalents at March 31, 2013 was $36.5 million compared with $32.0 million at December 31, 2012 and $95.4 million at March 31, 2012. Cash balances increased from December 31, 2012 totals primarily due to increased cash from operations. Capital expenditures in the first quarter of 2013 were $0.8 million.

BACKLOG AND ORDERS

Total backlog at March 31, 2013 was $387.3 million down from $393.8 million on December 31, 2012, but up from $334.8 million at March 31, 2012.

Backlog for the Products Division was $130.2 million, including $37.2 million of backlog associated with the acquisitions, up from $113.2 million at the end of the trailing fourth quarter and down from $135.4 million at the end of the 2012 first quarter. Excluding the acquisitions, Products Division backlog decreased $42.4 million from the prior year. Orders for the Products Division were $55.9 million during the first quarter of 2013. The book-to-bill ratio for the first quarter was 1.4x.

At March 31, 2013, Services Division backlog was $257.1 million. Backlog decreased from December 31, 2012 backlog of $280.6 million, but was up from backlog of $199.4 million at March 31, 2012. Approximately $99.8 million of backlog is expected to convert to revenue beyond 2013. Services backlog is comprised of expected maintenance work to be performed over the next twelve months and capital projects. The project award-to-revenue ratio was 0.7x in the first quarter.

OUTLOOK

Mr. Ramírez noted, "We are seeing strong order levels for our packaged control housing products and higher than expected activity from the oil & gas mid-stream customer base. Although OEM activity in the utility-scale natural gas turbine market appears to be improving at a slightly slower pace than we would like, we remain encouraged by macro trends in the natural gas arena. Our recent acquisition of Hetsco, which establishes our natural gas services platform, is an excellent strategic fit. We will continue to allocate our investments towards areas that will drive growth and margin improvement."

Excluding the recent Hetsco acquisition, Global Power's revenue expectations for 2013 remain unchanged at $485 million to $515 million. Products Division is expected to have $185 million to $205 million in revenue as demand for engineered products and control systems offsets softness in the utility-scale gas turbine market. The Services Division is expected to have revenue of approximately $300 million to $310 million with weak utility nuclear facility maintenance spending driving expectations to the lower end of the range. Hetsco is expected to add $15 million to $20 million in revenue for the year.

Consolidated gross margin is now expected to be approximately 16.5% to 17.5% for 2013. Products gross margin will be approximately 20% to 22%, while Services gross margin will likely be at the upper end of its typical 12% to 14% range as a result of the recent acquisition. Hetsco's gross margins have typically been in the 35% to 40% range. Excluding the Hetsco acquisition, operating expenses are expected to be approximately $63 million. Hetsco will add $6 million to $7 million in incremental expenses of which $2 million are transaction and integration costs.

The Company expects that the effective tax rate for 2013 will be approximately 30% to 35% with the first half of the year expected to be in the 37% to 42% range and the second half of the year between 28% and 33% as a result of how earnings are expected to flow through the year.

Global Power continues to expect capital expenditures to be approximately $6.0 million to $8.0 million in 2013, excluding acquisitions.

Mr. Ramírez concluded, "As we have said before, 2013 is a transition year in our transformation process. We are expanding products and services by investing in our commercial strategy and by making strategic acquisitions. We are leaning out processes and finding ways to be more efficient. And, we are establishing a strong beach head in the natural gas services space. We believe our efforts are advancing us toward our goal to double our revenue and operating profit margins in three to five years."

Webcast and Conference Call

Global Power Equipment Group will host a conference call and live webcast tomorrow at 9:00 am Central Time (10:00 am ET). During the conference call and webcast, Luis Manuel Ramírez, President and Chief Executive Officer, and David L. Willis, Senior Vice President and Chief Financial Officer, will review the Company's financial condition and operating results for the first quarter of 2013, as well as the Company's strategy and outlook. Their review will be accompanied by a slide presentation which will be available on the Company's website at www.globalpower.com. A question-and-answer session will follow the formal presentation.

Global Power's conference call can be accessed by dialing (201) 493-6780. Alternatively, the webcast can be monitored at http://ir.globalpower.com/.

A telephonic replay will be available from 12:00 p.m. CT (1:00 p.m. ET) the day of the teleconference until Friday, May 24, 2013. To listen to the archived call, dial (858) 384-5517, and enter conference ID number 412574. Alternatively, an archive of the webcast will be available on the Company's website at www.globalpower.com. A transcript will also be posted to the website, once available.

About Global Power

Texas-based Global Power Equipment Group Inc. is a design, engineering and manufacturing firm providing a broad array of equipment and services to the global power infrastructure, energy and process industries. Through its Services Division, the Company provides on-site specialty support, outage management and maintenance services to domestic utilities' nuclear power facilities; and lifecycle maintenance and repair support services to customers in the industrial gas markets. Through its Products Division, the Company designs, engineers and manufactures a comprehensive portfolio of equipment for gas turbine power plants and power-related equipment for industrial operations, with over 40 years of power generation industry experience. With a strong competitive position in its product lines, the Company benefits from a large installed base of equipment in domestic and international markets. The Company routinely provides information at its website: www.globalpower.com.

Forward-looking Statement Disclaimer

This press release contains "forward-looking statements" within the meaning of that term set forth in the Private Securities Litigation Reform Act of 1995. These statements reflect our current views of future events and financial performance and are subject to a number of risks and uncertainties. Our actual results, performance or achievements may differ materially from those expressed or implied in the forward-looking statements. Risks and uncertainties that could cause or contribute to such material differences include, but are not limited to, decreased demand for new gas turbine power plants, reduced demand for, or increased regulation of, nuclear power, loss of any of our major customers, cost increases and project cost overruns, unforeseen schedule delays, poor performance by our subcontractors, cancellation of projects, competition for the sale of our products and services, shortages in, or increases in prices for, energy and materials such as steel that we use to manufacture our products, damage to our reputation, warranty or product liability claims, increased exposure to environmental or other liabilities, failure to comply with various laws and regulations, failure to attract and retain highly-qualified personnel, volatility of our stock price, deterioration or uncertainty of credit markets, and changes in the economic, social and political conditions in the United States and other countries in which we operate, including fluctuations in foreign currency exchange rates, the banking environment or monetary policy. Other important factors that may cause actual results to differ materially from those expressed in the forward-looking statements are discussed in our filings with the Securities and Exchange Commission, including the section of our Annual Report on Form 10-K filed with the SEC on March 7, 2013 titled "Risk Factors." Except as may be required by applicable law, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, and we caution you not to rely upon them unduly.

Financial Tables Follow

GLOBAL POWER EQUIPMENT GROUP INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except share and per share amounts)

(unaudited)

	Three Months Ended March 31,		Variance	
	2013	**2012**	**$**	**%**
Products revenue	$ 38,894	$ 32,104	$ 6,790	21.2%
Services revenue	77,816	72,358	5,458	7.5%
Total revenue	**116,710**	**104,462**	**12,248**	**11.7%**
Cost of products revenue	32,937	25,860	7,077	27.4%
Cost of services revenue	67,807	62,110	5,697	9.2%
Cost of revenue	100,744	87,970	12,774	14.5%
Gross profit	**15,966**	**16,492**	**(526)**	**-3.2%**
Gross margin	*13.7%*	*15.8%*		
Selling and marketing expenses	2,223	1,504	719	47.8%
General and administrative expenses	14,554	11,966	2,588	21.6%
Depreciation and amortization expense[1]	1,073	242	831	343.4%
Total operating expenses	17,850	13,712	4,138	30.2%
Operating (loss) income	**(1,884)**	**2,780**	**(4,664)**	**-167.8%**
Operating margin	*-1.6%*	*2.7%*		
Interest expense, net	86	1,181	(1,095)	-92.7%
Other (income), net	(150)	(5)	(145)	NM
(Loss) income from continuing operations before income tax	(1,820)	1,604	(3,424)	-213.5%
Income tax expense	(619)	712	(1,331)	-186.9%
(Loss) income from continuing operations	(1,201)	892	(2,093)	-234.6%
Discontinued operations:				
(Loss) from discontinued operations	(40)	(67)	27	-40.3%
Net income	$ (1,241)	$ 825	$ (2,066)	-250.4%
Basic (loss) earnings per weighted average common share:				
(Loss) income from continuing operations	$ (0.07)	$ 0.05	$ (0.12)	-240.0%
(Loss) from discontinued operations	—	—	—	NM
(Loss) income per common share - basic	**$ (0. 07)**	**$ 0.05**	**(0.12)**	**-240.0%**
Weighted average number of shares of common stock outstanding - basic	16,772,195	16,375,734	396,461	2.4%
Diluted (loss) earnings per weighted average common share:				
(Loss) income from continuing operations	$ (0.07)	$ 0.05	$ (0.12)	-240.0%
(Loss) from discontinued operations	—	—	—	NM
(Loss) income per common share - diluted	**$ (0.07)**	**$ 0.05**	**$ (0.12)**	**-240.0%**

Weighted average number of shares of common stock outstanding - diluted	16,772,195	17,072,691	(300,496)	-1.8%

(1) Excludes depreciation and amortization expense of $358 and $195 included in cost of revenue, respectively.

GLOBAL POWER EQUIPMENT GROUP INC.

CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share amounts)

	March 31, 2013	December 31, 2012
ASSETS	*(unaudited)*	
Current assets:		
Cash and cash equivalents	$ 36,455	$ 31,951
Restricted cash	317	317
Accounts receivable, net of allowance of $1,081 and $990	78,504	90,573
Inventories	6,799	6,808
Costs and estimated earnings in excess of billings	45,831	50,059
Deferred tax assets	4,859	4,859
Other current assets	5,978	5,535
Total current assets	178,743	190,102
Property, plant and equipment, net	15,887	15,598
Goodwill	89,346	89,346
Intangible assets, net	36,351	36,985
Deferred tax assets	12,367	11,282
Other long-term assets	1,682	1,505
Total assets	$ 334,376	$ 344,818
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 18,314	$ 24,749
Accrued compensation and benefits	21,069	16,724
Billings in excess of costs and estimated earnings	11,067	16,205
Accrued warranties	4,080	4,073
Other current liabilities	8,625	8,389
Total current liabilities	63,155	70,140
Other long-term liabilities	4,726	4,680
Total liabilities	67,881	74,820
Commitments and contingencies		
Stockholders' equity:		
Common stock, $0.01 par value, 170,000,000 shares authorized and 18,237,428 and 17,941,529 shares issued, respectively, and 17,015,371 and 16,804,826 shares outstanding, respectively	182	179
Paid-in capital	66,783	66,660
Accumulated other comprehensive income	1,006	1,812
Retained earnings	198,536	201,358
Treasury stock, at par (1,222,057 and 1,136,703 common shares, respectively)	(12)	(11)
Total stockholders' equity	266,495	269,998
Total liabilities and stockholders' equity	$ 334,376	$ 344,818

GLOBAL POWER EQUIPMENT GROUP INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

(unaudited)

	Three Months Ended March 31,	
	2013	**2012**
Operating activities:		
Net (loss) income	$ (1,241)	$ 825
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Deferred income tax benefit	(1,086)	(273)
Depreciation and amortization on plant, property and equipment and intangible assets	1,431	437
Amortization on deferred financing costs	45	1,105
Stock-based compensation	1,629	1,722
Changes in operating assets and liabilities	7,720	(5,637)
Net cash provided by (used in) operating activities	8,498	(1,821)
Investing activities:		
Purchase of property, plant and equipment	(788)	(1,087)
Net cash used in investing activities	(788)	(1,087)
Financing activities:		
Repurchase of stock-based awards for payment of statutory taxes due on stock-based compensation	(585)	(1,039)
Dividends paid	(1,518)	—
Debt issuance costs	—	(902)
Net cash used in financing activities	(2,103)	(1,941)
Effect of exchange rate changes on cash	(1,103)	746
Net change in cash and cash equivalents	4,504	(4,103)
Cash and cash equivalents, beginning of period	31,951	99,491
Cash and cash equivalents, end of period	$ 36,455	$ 95,388

GLOBAL POWER EQUIPMENT GROUP INC.

SEGMENT DATA

(in thousands)

	Three Months Ended	
	3/31/2013	**3/31/2012**
Revenue	*(Unaudited)*	
Products	$38,894	$32,104
Services	77,816	72,358
Total Revenue	**116,710**	**104,462**
Gross Profit and Margins		
Products	5,957	6,244
Gross Margin	*15.3%*	*19.4%*

Services	10,009	10,248
Gross Margin	*12.9%*	*14.2%*
Total Gross Profit	**15,966**	**16,492**
Gross Margin	*13.7%*	*15.8%*
Operating (Loss) Profit and Margins		
Products	(2,537)	(366)
Operating Margin	*-6.5%*	*-1.1%*
Services	653	3,146
Operating Margin	*0.8%*	*4.3%*
Total Operating (Loss) Profit	**(1,884)**	**2,780**
Operating Margin	*-1.6%*	*2.7%*

GLOBAL POWER EQUIPMENT GROUP INC.

BACKLOG BY SEGMENT

(in thousands)

(unaudited)

	2012				2013
Backlog	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**
Products	$135,355	$136,058	$152,385	$113,193	$130,198
Services	199,412	266,451	301,916	280,561	257,066
Total	**$334,767**	**$402,509**	**$454,301**	**$393,754**	**$387,264**

PRODUCT ORDERS

(in thousands)

(unaudited)

	Q1	Q2	Q3	Q4	Total
2013	$55,899	--	--	--	**$ 55,899**
2012	$36,845	$34,285	$41,214	$40,803	**$153,147**

PRODUCT SHIPMENTS BY GEOGRAPHY

(in thousands)

(unaudited)

	2013					
Products Shipped to	**Q1**	**Q2**	**Q3**	**Q4**	**Total**	**% of total**
Middle East	$9,065				$9,065	23%
North America	20,919				20,919	54%
Asia	4,129				4,129	11%
South America	3,668				3,668	9%

Europe & Other	1,113				1,113	3%
Total	**$38,894**				**$38,894**	**100%**

			2012			
Products Shipped to	**Q1**	**Q2**	**Q3**	**Q4**	**Total**	**% of total**
Middle East	$12,885	$18,755	$24,154	26,802	$82,596	43%
North America	9,486	10,652	14,276	29,992	64,406	33%
Asia	2,735	798	3,856	7,531	14,920	8%
South America	4,478	1,075	830	10,799	17,182	9%
Europe & Other	2,520	2,302	4,879	4,871	14,572	7%
Total	**$32,104**	**$33,582**	**$47,995**	**$79,995**	**$193,676**	**100%**

CONTACT: Investor Relations Contact:

Deborah K. Pawlowski

Kei Advisors LLC

(716) 843-3908

dpawlowski@keiadvisors.com

Source: Global Power Equipment Group Inc.