
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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): April 26, 2017

MASTECH DIGITAL, INC.

(Exact Name of Registrant as Specified in Its Charter)

Pennsylvania

(State or Other Jurisdiction of Incorporation)

001-34099

(Commission File Number)

26-2753540

(IRS Employer Identification No.)

**1305 Cherrington Parkway,
Suite 400, Moon Township, PA**
(Address of Principal Executive Offices)

15108
(Zip Code)

(412) 787-2100

(Registrant's Telephone Number, Including Area Code)

(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:

- 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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

On April 26, 2017, Mastech Digital, Inc. issued a press release announcing its financial results for the first quarter ended March 31, 2017. A copy of the press release is furnished herewith as Exhibit 99.1 and is incorporated herein by reference.

The information contained herein and in the accompanying exhibit shall not be deemed filed for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.

(d) The following exhibit is furnished with this Form 8-K:

99.1 Press Release issued by Mastech Digital, Inc. on April 26, 2017.

SIGNATURES

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.

MASTECH DIGITAL, INC.

By: /s/ John J. Cronin

Name: John J. Cronin

Title: Chief Financial Officer

Date: April 26, 2017

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release issued by Mastech Digital, Inc. on April 26, 2017.



FOR IMMEDIATE RELEASE:

Mastech Digital, Inc. Reports First Quarter 2017 Results – Revenues grow by 4.4% year-over-year and 2.2% sequentially

PITTSBURGH, PA – April 26, 2017 - Mastech Digital, Inc. (NYSE MKT: MHH), a national provider of Information Technology staffing and Digital Transformation services, announced today its financial results for the first quarter of 2017.

First Quarter 2017 Highlights:

- Revenues totaled \$33.1 million, an increase of \$1.4 million over last year's top-line results and \$0.7 million over fourth quarter 2016's results;
- Billable consultants at March 31, 2017 totaled 893 compared to 854-consultants at March 31, 2016;
- GAAP diluted earnings per share were \$0.04 versus \$0.00 in the 2016 first quarter; and
- Non-GAAP diluted earnings per share were \$0.09 versus \$0.16 in the 2016 first quarter as the Company continued to invest for future growth.

First Quarter Results:

Revenues for the first quarter of 2017 totaled \$33.1 million compared to \$31.7 million during the corresponding quarter last year. Gross profit in the first quarter of 2017 was \$6.2 million, compared to \$6.1 million in the first quarter of 2016. GAAP net income for the first quarter of 2017 totaled \$201,000 or \$0.04 per diluted share, compared to \$11,000 or \$0.00 per diluted share during the same period last year. Non-GAAP net income for the first quarter of 2017 was \$394,000 or \$0.09 per diluted share, compared to \$692,000 or \$0.16 per diluted share in the first quarter of 2016.

Demand for the Company's staffing services increased during the first quarter of 2017 from the previous quarter and we were able to expand our billable consultant-base in the quarter.

Commenting on the Company's 2017 first quarter results, Vivek Gupta, Mastech Digital's Chief Executive Officer stated, "It was satisfying to see higher levels of activity during the quarter and our ability to grow revenues and consultants-on-billing both year-over-year and sequentially . During the quarter, we continued to invest in our sales and recruitment organizations, which positions us to take full advantage of growth opportunities in the subsequent quarters of 2017."

Commenting on the Company's financial position, Jack Cronin, Mastech Digital's Chief Financial Officer, stated, "At March 31, 2017, we had bank debt, net of cash balances on hand, of \$12.4 million and approximately \$9.6 million of borrowing capacity available to us under our revolving credit line. During the quarter, the increase in bank debt largely reflected an investment in operating working capital to support our growth."

In conjunction with its first quarter earnings release, Mastech Digital will host a conference call at 9:00 A.M. ET on April 26, 2017 to discuss these results and to answer questions. A live webcast of this conference call will be available on the Company's website, www.mastechdigital.com. Simply click on the Investor Relations section and follow the links to the live webcast. The webcast will remain available for replay through May 3, 2017.

About Mastech Digital, Inc.:

Mastech Digital (NYSE MKT: MHH) is a national provider of IT staffing and digital transformation services focused on solving its customers' digital transformation challenges. The Company's IT staffing services span across digital and legacy technologies while its digital transformation services include Salesforce.com, SAP HANA and digital learning services. A minority-owned enterprise, Mastech Digital is headquartered in Pittsburgh, PA with offices across the U.S. and India. For more information, visit www.mastechdigital.com.

Use of non-GAAP Measures:

This press release contains non-GAAP financial measures to supplement our financial results presented on a GAAP basis. The presentation of these financial measures is not intended to be considered in isolation or as a substitute for, or superior to, financial information prepared and presented in accordance with GAAP. Investors are cautioned that there are material limitations associated with the use of non-GAAP financial measures as an analytical tool. Reconciliations of these non-GAAP measures to their comparable GAAP measures are included in the attached financial tables.

We believe that providing non-GAAP net income and non-GAAP diluted earnings per share offers investors useful supplemental information about the financial performance of our business, enables comparison of financial results between periods where certain items may vary independent of business performance, and allows for greater transparency with respect to key metrics used by management in operating our business. Additionally, management uses these non-GAAP financial measures in evaluating the Company's performance.

Specifically, the non-GAAP financial measures contained herein exclude the following expense items:

Amortization of acquired intangible assets: We amortize intangible assets acquired in connection with our June 2015 acquisition of Hudson IT. We exclude these amortization expenses in our non-GAAP financial measures because we believe it allows investors to make more meaningful comparisons between our operating results and those of other companies within our industry and facilitates a helpful comparison of our results with other periods.

Stock-based compensation expenses: We incur material recurring expense related to non-cash, stock-based compensation. We exclude these expenses in our non-GAAP financial measures because we believe that it provides investors with meaningful supplemental information regarding operational performance. In particular, because of varying available valuation methodologies, subjective assumptions and the variety of award types that companies can use under ASC 718, we believe that providing non-GAAP financial measures that exclude these expenses allows investors to make more meaningful comparisons between our operating results and those of other companies within our industry and facilitates comparison of our results with other periods.

Severance charges: From time to time, we incur severance expense related to the termination by the Company of leadership personnel. While it is probable that these expenses will occur in the future, we believe that providing non-GAAP financial measures that exclude these expenses are useful for investors to understand the effects of these items on our total operating expenses and facilitate comparison of our results with other periods.

Forward-Looking Statements:

Certain statements contained in this release are forward-looking statements based on management's expectations, estimates, projections and assumptions. Words such as "expects," "anticipates," "plans," "believes," "scheduled," "estimates" and variations of these words and similar expressions are intended to identify forward-looking statements, which include but are not limited to (i) projections of revenues, earnings, and cash flow, and (ii) the expected completion of the acquisition, the time frame in which this will occur, the expected benefits to Mastech Digital from completing the acquisition and the expected performance of Mastech Digital following completion of the acquisition. These statements are based on information currently available to the Company and it assumes no obligation to update the forward-looking statements as circumstances change. These statements are not guarantees of future performance and involve certain risks and uncertainties, which are difficult to predict. Therefore, actual future results and trends may differ materially from what is forecast in forward-looking statements due to a variety of factors, including, without limitation, the level of market demand for its services, the highly competitive market for the types of services offered by the Company, the impact of competitive factors on profit margins, market conditions that could cause the Company's customers to reduce their spending for its services, and the Company's ability to create, acquire and build new lines of business, to attract and retain qualified personnel, reduce costs and conserve cash, and other risks that are described in more detail in the Company's filings with the Securities and Exchange Commission including its Form 10-K for the year ended December 31, 2016.

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For more information, contact:

Donna Kijowski
Manager, Investor Relations
Mastech Digital, Inc.
888.330.5497

MASTECH DIGITAL, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Amounts in thousands)
(Unaudited)

	March 31, 2017	December 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 876	\$ 829
Accounts receivable, net	23,377	21,102
Prepaid and other current assets	771	753
Total current assets	25,024	22,684
Equipment, enterprise software and leasehold improvements, net	542	558
Deferred income taxes	246	254
Deferred financing costs, net	50	59
Non-current deposits	176	170
Goodwill	8,427	8,427
Intangible assets, net	7,110	7,313
Total assets	\$ 41,575	\$ 39,465
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 1,800	\$ 1,800
Accounts payable	2,952	1,963
Accrued payroll and related costs	5,280	7,645
Deferred revenue and other liabilities	677	849
Total current liabilities	10,709	12,257
Long-term liabilities:		
Long-term debt, less current portion	11,480	8,136
Total liabilities	22,189	20,393
Shareholders' equity:		
Common stock, par value \$0.01 per share	53	53
Additional paid-in capital	13,970	13,863
Retained earnings	9,498	9,297
Accumulated other comprehensive (loss)	(1)	(7)
Treasury stock, at cost	(4,134)	(4,134)
Total shareholders' equity	19,386	19,072
Total liabilities and shareholders' equity	\$ 41,575	\$ 39,465

MASTECH DIGITAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts in thousands, except per share data)
(Unaudited)

	Three Months ended March 31,	
	2017	2016
Revenues	\$ 33,100	\$ 31,714
Cost of revenues	26,891	25,601
Gross profit	6,209	6,113
Selling, general and administrative expenses	5,806	5,978
Income from operations	403	135
Other income/(expense), net	(81)	(118)
Income before income taxes	322	17
Income tax expense	121	6
Net income	<u>\$ 201</u>	<u>\$ 11</u>
Earnings per share:		
Basic	\$ 0.04	\$ 0.00
Diluted	\$ 0.04	\$ 0.00
Weighted average common shares outstanding:		
Basic	4,499	4,353
Diluted	<u>4,561</u>	<u>4,450</u>

MASTECH DIGITAL, INC.
RECONCILIATION OF GAAP MEASURES TO NON-GAAP MEASURES
(Amounts in thousands, except per share data)
(Unaudited)

	Three Months ended March 31,	
	2017	2016
GAAP Net Income	\$ 201	\$ 11
Adjustments:		
Amortization of acquired intangible assets	203	203
Stock-based compensation	107	115
Severance expenses	—	780
Income taxes adjustments	(117)	(417)
Non-GAAP Net Income	\$ 394	\$ 692
GAAP Diluted Earnings Per Share	\$ 0.04	\$ 0.00
Non-GAAP Diluted Earnings Per Share	\$ 0.09	\$ 0.16
Weighted average common shares outstanding:		
GAAP Diluted Shares	4,561	4,450
Non-GAAP Diluted Shares	4,561	4,450