

STANDARD MOTOR PRODUCTS, INC. Consolidated Statements of Operations

(In thousands, except per share amounts)

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JUNE 30,		JUNE 30,	
	2020	2019	2020	2019
	(Unaudited)		(Unaudited)	
NET SALES	\$ 247,939	\$ 305,172	\$ 502,241	\$ 588,938
COST OF SALES	<u>183,581</u>	<u>216,267</u>	<u>367,488</u>	<u>422,070</u>
GROSS PROFIT	64,358	88,905	134,753	166,868
SELLING, GENERAL & ADMINISTRATIVE EXPENSES	48,328	60,536	104,201	120,536
RESTRUCTURING AND INTEGRATION EXPENSES	9	644	214	644
OTHER INCOME (EXPENSE), NET	<u>-</u>	<u>3</u>	<u>6</u>	<u>(3)</u>
OPERATING INCOME	16,021	27,728	30,344	45,685
OTHER NON-OPERATING INCOME, NET	602	1,411	78	2,057
INTEREST EXPENSE	<u>772</u>	<u>1,722</u>	<u>1,645</u>	<u>2,811</u>
EARNINGS FROM CONTINUING OPERATIONS BEFORE TAXES	15,851	27,417	28,777	44,931
PROVISION FOR INCOME TAXES	<u>4,009</u>	<u>6,862</u>	<u>7,314</u>	<u>11,272</u>
EARNINGS FROM CONTINUING OPERATIONS	11,842	20,555	21,463	33,659
LOSS FROM DISCONTINUED OPERATION, NET OF INCOME TAXES	<u>(875)</u>	<u>(1,123)</u>	<u>(1,869)</u>	<u>(2,011)</u>
NET EARNINGS	<u>\$ 10,967</u>	<u>\$ 19,432</u>	<u>\$ 19,594</u>	<u>\$ 31,648</u>
NET EARNINGS PER COMMON SHARE:				
BASIC EARNINGS FROM CONTINUING OPERATIONS	\$ 0.53	\$ 0.92	\$ 0.96	\$ 1.50
DISCONTINUED OPERATION	(0.04)	(0.05)	(0.08)	(0.09)
NET EARNINGS PER COMMON SHARE - BASIC	<u>\$ 0.49</u>	<u>\$ 0.87</u>	<u>\$ 0.88</u>	<u>\$ 1.41</u>
DILUTED EARNINGS FROM CONTINUING OPERATIONS	\$ 0.52	\$ 0.90	\$ 0.94	\$ 1.47
DISCONTINUED OPERATION	(0.04)	(0.05)	(0.08)	(0.09)
NET EARNINGS PER COMMON SHARE - DILUTED	<u>\$ 0.48</u>	<u>\$ 0.85</u>	<u>\$ 0.86</u>	<u>\$ 1.38</u>
WEIGHTED AVERAGE NUMBER OF COMMON SHARES	22,330,476	22,328,292	22,384,281	22,374,785
WEIGHTED AVERAGE NUMBER OF COMMON AND DILUTIVE SHARES	22,718,680	22,795,677	22,793,606	22,857,435

STANDARD MOTOR PRODUCTS, INC. Segment Revenues and Operating Income

(In thousands)

	THREE MONTHS ENDED JUNE 30,			SIX MONTHS ENDED JUNE 30,		
	2020	(Unaudited)	2019	2020	(Unaudited)	2019
<u>Revenues</u>						
Ignition, Emission Control, Fuel & Safety Related System Products	\$ 142,787		\$ 181,831	\$ 307,313		\$ 357,892
Wire and Cable	30,366		36,211	66,958		73,339
Engine Management	<u>173,153</u>		<u>218,042</u>	<u>374,271</u>		<u>431,231</u>
Compressors	44,878		52,493	70,226		92,304
Other Climate Control Parts	27,514		31,913	53,608		61,026
Temperature Control	<u>72,392</u>		<u>84,406</u>	<u>123,834</u>		<u>153,330</u>
All Other	2,394		2,724	4,136		4,377
Revenues	<u>\$ 247,939</u>		<u>\$ 305,172</u>	<u>\$ 502,241</u>		<u>\$ 588,938</u>
<u>Gross Margin</u>						
Engine Management	\$ 46,230	26.7%	\$ 63,780	29.3%	\$ 102,935	27.5%
Temperature Control	16,520	22.8%	22,551	26.7%	28,616	23.1%
All Other	1,608		2,574		3,202	
Gross Margin	<u>\$ 64,358</u>	26.0%	<u>\$ 88,905</u>	29.1%	<u>\$ 134,753</u>	26.8%
<u>Selling, General & Administrative</u>						
Engine Management	\$ 29,499	17.0%	\$ 37,430	17.2%	\$ 64,572	17.3%
Temperature Control	12,553	17.3%	15,397	18.2%	24,997	20.2%
All Other	6,276		7,709		14,632	
Selling, General & Administrative	<u>\$ 48,328</u>	19.5%	<u>\$ 60,536</u>	19.8%	<u>\$ 104,201</u>	20.7%
<u>Operating Income</u>						
Engine Management	\$ 16,731	9.7%	\$ 26,350	12.1%	\$ 38,363	10.3%
Temperature Control	3,967	5.5%	7,154	8.5%	3,619	2.9%
All Other	(4,668)		(5,135)		(11,430)	
Subtotal	16,030	6.5%	28,369	9.3%	30,552	6.1%
Restructuring & Integration	(9)	0.0%	(644)	-0.2%	(214)	0.0%
Other Income (Expense), Net	-	0.0%	3	0.0%	6	0.0%
Operating Income	<u>\$ 16,021</u>	6.5%	<u>\$ 27,728</u>	9.1%	<u>\$ 30,344</u>	6.0%
						<u>\$ 45,685</u>

STANDARD MOTOR PRODUCTS, INC.

Reconciliation of GAAP and Non-GAAP Measures

(In thousands, except per share amounts)

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2020	2019	2020	2019
	(Unaudited)		(Unaudited)	
<u>EARNINGS FROM CONTINUING OPERATIONS</u>				
GAAP EARNINGS FROM CONTINUING OPERATIONS	\$ 11,842	\$ 20,555	\$ 21,463	\$ 33,659
RESTRUCTURING AND INTEGRATION EXPENSES	9	644	214	644
INCOME TAX EFFECT RELATED TO RECONCILING ITEMS	(2)	(168)	(56)	(168)
NON-GAAP EARNINGS FROM CONTINUING OPERATIONS	<u>\$ 11,849</u>	<u>\$ 21,031</u>	<u>\$ 21,621</u>	<u>\$ 34,135</u>
<u>DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS</u>				
GAAP DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS	\$ 0.52	\$ 0.90	\$ 0.94	\$ 1.47
RESTRUCTURING AND INTEGRATION EXPENSES	-	0.03	0.01	0.03
INCOME TAX EFFECT RELATED TO RECONCILING ITEMS	-	(0.01)	-	(0.01)
NON-GAAP DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS	<u>\$ 0.52</u>	<u>\$ 0.92</u>	<u>\$ 0.95</u>	<u>\$ 1.49</u>
<u>OPERATING INCOME</u>				
GAAP OPERATING INCOME	\$ 16,021	\$ 27,728	\$ 30,344	\$ 45,685
RESTRUCTURING AND INTEGRATION EXPENSES	9	644	214	644
OTHER (INCOME) EXPENSE, NET	-	(3)	(6)	3
NON-GAAP OPERATING INCOME	<u>\$ 16,030</u>	<u>\$ 28,369</u>	<u>\$ 30,552</u>	<u>\$ 46,332</u>

MANAGEMENT BELIEVES THAT EARNINGS FROM CONTINUING OPERATIONS, DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS, AND OPERATING INCOME, EACH OF WHICH ARE NON-GAAP MEASUREMENTS AND ARE ADJUSTED FOR SPECIAL ITEMS, ARE MEANINGFUL TO INVESTORS BECAUSE THEY PROVIDE A VIEW OF THE COMPANY WITH RESPECT TO ONGOING OPERATING RESULTS. SPECIAL ITEMS REPRESENT SIGNIFICANT CHARGES OR CREDITS THAT ARE IMPORTANT TO AN UNDERSTANDING OF THE COMPANY'S OVERALL OPERATING RESULTS IN THE PERIODS PRESENTED. SUCH NON-GAAP MEASUREMENTS ARE NOT RECOGNIZED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES AND SHOULD NOT BE VIEWED AS AN ALTERNATIVE TO GAAP MEASURES OF PERFORMANCE.

STANDARD MOTOR PRODUCTS, INC.

Condensed Consolidated Balance Sheets

(In thousands)

	JUNE 30, 2020 (Unaudited)	DECEMBER 31, 2019
<u>ASSETS</u>		
CASH	\$ 22,510	\$ 10,372
ACCOUNTS RECEIVABLE, GROSS	190,292	140,728
ALLOWANCE FOR DOUBTFUL ACCOUNTS	5,774	5,212
ACCOUNTS RECEIVABLE, NET	184,518	135,516
INVENTORIES	353,315	368,221
UNRETURNED CUSTOMER INVENTORY	18,868	19,722
OTHER CURRENT ASSETS	10,687	15,602
TOTAL CURRENT ASSETS	589,898	549,433
PROPERTY, PLANT AND EQUIPMENT, NET	88,022	89,649
OPERATING LEASE RIGHT-OF-USE ASSETS	32,536	36,020
GOODWILL	77,593	77,802
OTHER INTANGIBLES, NET	60,594	64,861
DEFERRED INCOME TAXES	37,040	37,272
INVESTMENT IN UNCONSOLIDATED AFFILIATES	39,319	38,858
OTHER ASSETS	19,763	18,835
TOTAL ASSETS	\$ 944,765	\$ 912,730
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
NOTES PAYABLE	\$ 85,000	\$ 52,460
CURRENT PORTION OF OTHER DEBT	6,084	4,456
ACCOUNTS PAYABLE	72,133	92,535
ACCRUED CUSTOMER RETURNS	64,803	44,116
ACCRUED CORE LIABILITY	19,440	24,357
OTHER CURRENT LIABILITIES	90,146	91,540
TOTAL CURRENT LIABILITIES	337,606	309,464
OTHER LONG-TERM DEBT	108	129
NONCURRENT OPERATING LEASE LIABILITIES	25,148	28,376
ACCRUED ASBESTOS LIABILITIES	47,708	49,696
OTHER LIABILITIES	23,539	20,837
TOTAL LIABILITIES	434,109	408,502
TOTAL STOCKHOLDERS' EQUITY	510,656	504,228
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 944,765	\$ 912,730

STANDARD MOTOR PRODUCTS, INC.
Condensed Consolidated Statements of Cash Flows

(In thousands)

	SIX MONTHS ENDED JUNE 30,	
	2020	2019
	(Unaudited)	
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
NET EARNINGS	\$ 19,594	\$ 31,648
ADJUSTMENTS TO RECONCILE NET EARNINGS TO NET CASH USED IN OPERATING ACTIVITIES:		
DEPRECIATION AND AMORTIZATION	12,877	12,744
OTHER	9,666	9,621
CHANGE IN ASSETS AND LIABILITIES:		
ACCOUNTS RECEIVABLE	(51,326)	(26,622)
INVENTORIES	12,725	(19,691)
ACCOUNTS PAYABLE	(21,804)	(6,994)
PREPAID EXPENSES AND OTHER CURRENT ASSETS	5,664	(6,406)
SUNDRY PAYABLES AND ACCRUED EXPENSES	14,788	(7,545)
OTHER	(3,069)	(6,261)
NET CASH USED IN OPERATING ACTIVITIES	<u>(885)</u>	<u>(19,506)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
ACQUISITIONS OF AND INVESTMENTS IN BUSINESSES	-	(38,427)
NET PROCEEDS FROM SALE OF FACILITY	-	4,801
CAPITAL EXPENDITURES	(9,026)	(7,578)
OTHER INVESTING ACTIVITIES	6	46
NET CASH USED IN INVESTING ACTIVITIES	<u>(9,020)</u>	<u>(41,158)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
NET CHANGE IN DEBT	34,349	85,956
PURCHASE OF TREASURY STOCK	(8,726)	(10,738)
DIVIDENDS PAID	(5,615)	(10,296)
OTHER FINANCING ACTIVITIES	1,818	1,691
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>21,826</u>	<u>66,613</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH	<u>217</u>	<u>332</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	12,138	6,281
CASH AND CASH EQUIVALENTS at beginning of Period	10,372	11,138
CASH AND CASH EQUIVALENTS at end of Period	<u>\$ 22,510</u>	<u>\$ 17,419</u>