

STANDARD MOTOR PRODUCTS, INC. Consolidated Statements of Operations

(In thousands, except per share amounts)

	THREE MONTHS ENDED DECEMBER 31,		TWELVE MONTHS ENDED DECEMBER 31,	
	2020	2019	2020	2019
	(Unaudited)		(Unaudited)	
NET SALES	\$ 282,738	\$ 241,252	\$ 1,128,588	\$ 1,137,913
COST OF SALES	<u>188,584</u>	<u>168,408</u>	<u>791,933</u>	<u>806,113</u>
GROSS PROFIT	94,154	72,844	336,655	331,800
SELLING, GENERAL & ADMINISTRATIVE EXPENSES	60,972	54,232	224,670	234,715
INTANGIBLE ASSET IMPAIRMENT	2,600	-	2,600	-
RESTRUCTURING AND INTEGRATION EXPENSES	-	1,116	464	2,585
OTHER INCOME (EXPENSE), NET	<u>5</u>	<u>10</u>	<u>(26)</u>	<u>(5)</u>
OPERATING INCOME	30,587	17,506	108,895	94,495
OTHER NON-OPERATING INCOME, NET	220	305	812	2,587
INTEREST EXPENSE	<u>221</u>	<u>967</u>	<u>2,328</u>	<u>5,286</u>
EARNINGS FROM CONTINUING OPERATIONS BEFORE TAXES	30,586	16,844	107,379	91,796
PROVISION FOR INCOME TAXES	<u>7,844</u>	<u>4,106</u>	<u>26,962</u>	<u>22,745</u>
EARNINGS FROM CONTINUING OPERATIONS	22,742	12,738	80,417	69,051
LOSS FROM DISCONTINUED OPERATION, NET OF INCOME TAXES	<u>(13,568)</u>	<u>(1,220)</u>	<u>(23,024)</u>	<u>(11,134)</u>
NET EARNINGS	<u>\$ 9,174</u>	<u>\$ 11,518</u>	<u>\$ 57,393</u>	<u>\$ 57,917</u>
NET EARNINGS PER COMMON SHARE:				
BASIC EARNINGS FROM CONTINUING OPERATIONS	\$ 1.02	\$ 0.57	\$ 3.59	\$ 3.09
DISCONTINUED OPERATION	(0.61)	(0.06)	(1.02)	(0.50)
NET EARNINGS PER COMMON SHARE - BASIC	<u>\$ 0.41</u>	<u>\$ 0.51</u>	<u>\$ 2.57</u>	<u>\$ 2.59</u>
DILUTED EARNINGS FROM CONTINUING OPERATIONS	\$ 1.00	\$ 0.56	\$ 3.52	\$ 3.03
DISCONTINUED OPERATION	(0.60)	(0.06)	(1.01)	(0.49)
NET EARNINGS PER COMMON SHARE - DILUTED	<u>\$ 0.40</u>	<u>\$ 0.50</u>	<u>\$ 2.51</u>	<u>\$ 2.54</u>
WEIGHTED AVERAGE NUMBER OF COMMON SHARES	22,379,056	22,434,134	22,374,123	22,378,414
WEIGHTED AVERAGE NUMBER OF COMMON AND DILUTIVE SHARES	22,855,523	22,882,235	22,825,885	22,818,451

STANDARD MOTOR PRODUCTS, INC. Segment Revenues and Operating Income

(In thousands)

	THREE MONTHS ENDED DECEMBER 31,			TWELVE MONTHS ENDED DECEMBER 31,		
	2020	(Unaudited)	2019	2020	(Unaudited)	2019
<u>Revenues</u>						
Ignition, Emission Control, Fuel & Safety Related System Products	\$ 193,518		\$ 167,276	\$ 691,722		\$ 705,994
Wire and Cable	38,342		34,681	143,963		143,167
Engine Management	<u>231,860</u>		<u>201,957</u>	<u>835,685</u>		<u>849,161</u>
Compressors	22,060		15,405	163,071		160,485
Other Climate Control Parts	25,667		21,319	118,883		117,870
Temperature Control	<u>47,727</u>		<u>36,724</u>	<u>281,954</u>		<u>278,355</u>
All Other	3,151		2,571	10,949		10,397
Revenues	<u>\$ 282,738</u>		<u>\$ 241,252</u>	<u>\$ 1,128,588</u>		<u>\$ 1,137,913</u>
<u>Gross Margin</u>						
Engine Management	\$ 76,451	33.0%	\$ 61,823	30.6%	\$ 251,747	30.1%
Temperature Control	14,333	30.0%	8,349	22.7%	75,161	26.7%
All Other	3,370		2,672		9,747	
Gross Margin	<u>\$ 94,154</u>	33.3%	<u>\$ 72,844</u>	30.2%	<u>\$ 336,655</u>	29.8%
<u>Selling, General & Administrative</u>						
Engine Management	\$ 37,203	16.0%	\$ 34,439	17.1%	\$ 137,440	16.4%
Temperature Control	13,297	27.9%	11,364	30.9%	53,865	19.1%
All Other	10,472		8,429		33,365	
Selling, General & Administrative	<u>\$ 60,972</u>	21.6%	<u>\$ 54,232</u>	22.5%	<u>\$ 224,670</u>	19.9%
<u>Operating Income</u>						
Engine Management	\$ 39,248	16.9%	\$ 27,384	13.6%	\$ 114,307	13.7%
Temperature Control	1,036	2.2%	(3,015)	-8.2%	21,296	7.6%
All Other	(7,102)		(5,757)		(23,618)	
Subtotal	33,182	11.7%	18,612	7.7%	111,985	9.9%
Intangible Asset Impairment	(2,600)	-0.9%	-	0.0%	(2,600)	-0.2%
Restructuring & Integration	-	0.0%	(1,116)	-0.5%	(464)	0.0%
Other Income (Expense), Net	5	0.0%	10	0.0%	(26)	0.0%
Operating Income	<u>\$ 30,587</u>	10.8%	<u>\$ 17,506</u>	7.3%	<u>\$ 108,895</u>	9.6%

STANDARD MOTOR PRODUCTS, INC.

Reconciliation of GAAP and Non-GAAP Measures

(In thousands, except per share amounts)

	THREE MONTHS ENDED DECEMBER 31,		TWELVE MONTHS ENDED DECEMBER 31,	
	2020	2019	2020	2019
	(Unaudited)		(Unaudited)	
<u>EARNINGS FROM CONTINUING OPERATIONS</u>				
GAAP EARNINGS FROM CONTINUING OPERATIONS	\$ 22,742	\$ 12,738	\$ 80,417	\$ 69,051
RESTRUCTURING AND INTEGRATION EXPENSES	-	1,116	464	2,585
INTANGIBLE ASSET IMPAIRMENT	2,600	-	2,600	-
CERTAIN TAX CREDITS AND PRODUCTION DEDUCTIONS FINALIZED IN PERIOD	-	-	(235)	(144)
INCOME TAX EFFECT RELATED TO RECONCILING ITEMS	(676)	(291)	(797)	(673)
NON-GAAP EARNINGS FROM CONTINUING OPERATIONS	<u>\$ 24,666</u>	<u>\$ 13,563</u>	<u>\$ 82,449</u>	<u>\$ 70,819</u>
<u>DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS</u>				
GAAP DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS	\$ 1.00	\$ 0.56	\$ 3.52	\$ 3.03
RESTRUCTURING AND INTEGRATION EXPENSES	-	0.05	0.02	0.11
INTANGIBLE ASSET IMPAIRMENT	0.11	-	0.11	-
CERTAIN TAX CREDITS AND PRODUCTION DEDUCTIONS FINALIZED IN PERIOD	-	-	(0.01)	(0.01)
INCOME TAX EFFECT RELATED TO RECONCILING ITEMS	(0.03)	(0.02)	(0.03)	(0.03)
NON-GAAP DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS	<u>\$ 1.08</u>	<u>\$ 0.59</u>	<u>\$ 3.61</u>	<u>\$ 3.10</u>
<u>OPERATING INCOME</u>				
GAAP OPERATING INCOME	\$ 30,587	\$ 17,506	\$ 108,895	\$ 94,495
INTANGIBLE ASSET IMPAIRMENT	2,600	-	2,600	-
RESTRUCTURING AND INTEGRATION EXPENSES	-	1,116	464	2,585
OTHER (INCOME) EXPENSE, NET	(5)	(10)	26	5
NON-GAAP OPERATING INCOME	<u>\$ 33,182</u>	<u>\$ 18,612</u>	<u>\$ 111,985</u>	<u>\$ 97,085</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)

	DECEMBER 31, 2020 (Unaudited)	DECEMBER 31, 2019
<u>ASSETS</u>		
CASH	\$ 19,488	\$ 10,372
ACCOUNTS RECEIVABLE, GROSS	203,861	131,852
ALLOWANCE FOR DOUBTFUL ACCOUNTS	5,822	5,212
ACCOUNTS RECEIVABLE, NET	198,039	126,640
INVENTORIES	345,502	368,221
UNRETURNED CUSTOMER INVENTORY	19,632	19,722
PREPAID EXPENSES AND OTHER CURRENT ASSETS	15,875	15,602
TOTAL CURRENT ASSETS	598,536	540,557
PROPERTY, PLANT AND EQUIPMENT, NET	89,105	89,649
OPERATING LEASE RIGHT-OF-USE ASSETS	29,958	36,020
GOODWILL	77,837	77,802
OTHER INTANGIBLES, NET	54,004	64,861
DEFERRED INCOME TAXES	44,770	37,272
INVESTMENT IN UNCONSOLIDATED AFFILIATES	40,507	38,858
OTHER ASSETS	21,823	18,835
TOTAL ASSETS	\$ 956,540	\$ 903,854
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
NOTES PAYABLE	\$ 10,000	\$ 52,460
CURRENT PORTION OF OTHER DEBT	135	4,456
ACCOUNTS PAYABLE	100,018	92,535
ACCRUED CUSTOMER RETURNS	40,982	35,240
ACCRUED CORE LIABILITY	22,014	24,357
ACCRUED REBATES	46,437	26,072
PAYROLL AND COMMISSIONS	35,938	26,649
SUNDRY PAYABLES AND ACCRUED EXPENSES	47,078	38,819
TOTAL CURRENT LIABILITIES	302,602	300,588
OTHER LONG-TERM DEBT	97	129
NONCURRENT OPERATING LEASE LIABILITIES	22,450	28,376
ACCRUED ASBESTOS LIABILITIES	55,226	49,696
OTHER LIABILITIES	25,929	20,837
TOTAL LIABILITIES	406,304	399,626
TOTAL STOCKHOLDERS' EQUITY	550,236	504,228
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 956,540	\$ 903,854

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

(In thousands)

	TWELVE MONTHS ENDED DECEMBER 31,	
	2020	2019
	(Unaudited)	
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
NET EARNINGS	\$ 57,393	\$ 57,917
ADJUSTMENTS TO RECONCILE NET EARNINGS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
DEPRECIATION AND AMORTIZATION	26,323	25,809
DEFERRED INCOME TAXES	(7,470)	5,094
LOSS FROM DISCONTINUED OPERATIONS, NET OF TAXES	23,024	11,134
OTHER	18,768	11,359
CHANGE IN ASSETS AND LIABILITIES:		
ACCOUNTS RECEIVABLE	(71,933)	2,789
INVENTORIES	17,984	(17,901)
ACCOUNTS PAYABLE	7,428	(1,950)
PREPAID EXPENSES AND OTHER CURRENT ASSETS	(370)	(8,296)
SUNDRY PAYABLES AND ACCRUED EXPENSES	40,651	(2,957)
OTHER	(13,902)	(6,070)
NET CASH PROVIDED BY OPERATING ACTIVITIES	97,896	76,928
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
ACQUISITIONS OF AND INVESTMENTS IN BUSINESSES	-	(43,490)
NET PROCEEDS FROM SALE OF FACILITY	-	4,801
CAPITAL EXPENDITURES	(17,820)	(16,185)
OTHER INVESTING ACTIVITIES	21	62
NET CASH USED IN INVESTING ACTIVITIES	(17,799)	(54,812)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
NET CHANGE IN DEBT	(46,708)	7,860
PURCHASE OF TREASURY STOCK	(13,482)	(10,738)
DIVIDENDS PAID	(11,218)	(20,593)
OTHER FINANCING ACTIVITIES	(108)	93
NET CASH USED IN FINANCING ACTIVITIES	(71,516)	(23,378)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	535	496
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	9,116	(766)
CASH AND CASH EQUIVALENTS at beginning of year	10,372	11,138
CASH AND CASH EQUIVALENTS at end of year	\$ 19,488	\$ 10,372