

# STANDARD MOTOR PRODUCTS, INC.

## Consolidated Statements of Operations

(In thousands, except per share amounts)

	THREE MONTHS ENDED MARCH 31,	
	2019	2018
	(Unaudited)	
NET SALES	\$ 283,766	\$ 261,826
COST OF SALES	205,803	189,237
GROSS PROFIT	77,963	72,589
SELLING, GENERAL & ADMINISTRATIVE EXPENSES	60,000	57,717
RESTRUCTURING AND INTEGRATION EXPENSES	-	2,836
OTHER INCOME (EXPENSE), NET	(6)	271
OPERATING INCOME	17,957	12,307
OTHER NON-OPERATING INCOME (EXPENSE), NET	646	(31)
INTEREST EXPENSE	1,089	632
EARNINGS FROM CONTINUING OPERATIONS BEFORE TAXES	17,514	11,644
PROVISION FOR INCOME TAXES	4,410	3,047
EARNINGS FROM CONTINUING OPERATIONS	13,104	8,597
LOSS FROM DISCONTINUED OPERATION, NET OF INCOME TAXES	(888)	(608)
NET EARNINGS	\$ 12,216	\$ 7,989
NET EARNINGS PER COMMON SHARE:		
BASIC EARNINGS FROM CONTINUING OPERATIONS	\$ 0.58	\$ 0.38
DISCONTINUED OPERATION	(0.04)	(0.02)
NET EARNINGS PER COMMON SHARE - BASIC	\$ 0.54	\$ 0.36
DILUTED EARNINGS FROM CONTINUING OPERATIONS	\$ 0.57	\$ 0.37
DISCONTINUED OPERATION	(0.04)	(0.02)
NET EARNINGS PER COMMON SHARE - DILUTED	\$ 0.53	\$ 0.35
WEIGHTED AVERAGE NUMBER OF COMMON SHARES	22,421,795	22,498,510
WEIGHTED AVERAGE NUMBER OF COMMON AND DILUTIVE SHARES	22,905,364	22,967,281

# STANDARD MOTOR PRODUCTS, INC.

## Segment Revenues and Operating Income

(In thousands)

	THREE MONTHS ENDED MARCH 31,				
	2019	(Unaudited)	2018		
<b><u>Revenues</u></b>					
Ignition, Emission Control, Fuel & Safety Related System Products	\$ 176,061		\$ 161,077		
Wire and Cable	37,128		38,411		
<b>Engine Management</b>	213,189		199,488		
Compressors	39,811		29,898		
Other Climate Control Parts	29,113		30,333		
<b>Temperature Control</b>	68,924		60,231		
All Other	1,653		2,107		
<b>Revenues</b>	\$ 283,766		\$ 261,826		
<b><u>Gross Margin</u></b>					
Engine Management	\$ 59,693	28.0%	\$ 56,470	28.3%	
Temperature Control	16,191	23.5%	13,667	22.7%	
All Other	2,079		2,452		
<b>Gross Margin</b>	\$ 77,963	27.5%	\$ 72,589	27.7%	
<b><u>Selling, General &amp; Administrative</u></b>					
Engine Management	\$ 37,343	17.5%	\$ 36,264	18.2%	
Temperature Control	14,141	20.5%	12,829	21.3%	
All Other	8,516		8,624		
<b>Selling, General &amp; Administrative</b>	\$ 60,000	21.1%	\$ 57,717	22.0%	
<b><u>Operating Income</u></b>					
Engine Management	\$ 22,350	10.5%	\$ 20,206	10.1%	
Temperature Control	2,050	3.0%	838	1.4%	
All Other	(6,437)		(6,172)		
<b>Subtotal</b>	17,963	6.3%	14,872	5.7%	
Restructuring & Integration	-	0.0%	(2,836)	-1.1%	
Other Income (Expense), Net	(6)	0.0%	271	0.1%	
<b>Operating Income</b>	\$ 17,957	6.3%	\$ 12,307	4.7%	

## STANDARD MOTOR PRODUCTS, INC.

### Reconciliation of GAAP and Non-GAAP Measures

(In thousands, except per share amounts)

	THREE MONTHS ENDED MARCH 31,	
	2019	2018
	(Unaudited)	
<u>EARNINGS FROM CONTINUING OPERATIONS</u>		
GAAP EARNINGS FROM CONTINUING OPERATIONS	\$ 13,104	\$ 8,597
RESTRUCTURING AND INTEGRATION EXPENSES	-	2,836
GAIN FROM SALE OF BUILDINGS	-	(218)
INCOME TAX EFFECT RELATED TO RECONCILING ITEMS	-	(681)
NON-GAAP EARNINGS FROM CONTINUING OPERATIONS	<u>\$ 13,104</u>	<u>\$ 10,534</u>
<u>DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS</u>		
GAAP DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS	\$ 0.57	\$ 0.37
RESTRUCTURING AND INTEGRATION EXPENSES	-	0.12
GAIN FROM SALE OF BUILDINGS	-	(0.01)
INCOME TAX EFFECT RELATED TO RECONCILING ITEMS	-	(0.02)
NON-GAAP DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS	<u>\$ 0.57</u>	<u>\$ 0.46</u>
<u>OPERATING INCOME</u>		
GAAP OPERATING INCOME	\$ 17,957	\$ 12,307
RESTRUCTURING AND INTEGRATION EXPENSES	-	2,836
OTHER (INCOME) EXPENSE, NET	6	(271)
NON-GAAP OPERATING INCOME	<u>\$ 17,963</u>	<u>\$ 14,872</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)

	March 31, 2019 (Unaudited)	December 31, 2018
<b><u>ASSETS</u></b>		
CASH	\$ 11,746	\$ 11,138
ACCOUNTS RECEIVABLE, GROSS	180,807	163,222
ALLOWANCE FOR DOUBTFUL ACCOUNTS	6,643	5,687
ACCOUNTS RECEIVABLE, NET	174,164	157,535
INVENTORIES	365,251	349,811
UNRETURNED CUSTOMER INVENTORY	19,784	20,484
OTHER CURRENT ASSETS	9,412	7,256
TOTAL CURRENT ASSETS	580,357	546,224
PROPERTY, PLANT AND EQUIPMENT, NET	88,850	90,754
OPERATING LEASE RIGHT-OF-USE ASSETS	37,301	-
GOODWILL	67,370	67,321
OTHER INTANGIBLES, NET	46,581	48,411
DEFERRED INCOME TAXES	41,126	42,334
INVESTMENT IN UNCONSOLIDATED AFFILIATES	33,703	32,469
OTHER ASSETS	17,446	15,619
TOTAL ASSETS	\$ 912,734	\$ 843,132
<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>		
NOTES PAYABLE	\$ 78,717	\$ 43,689
CURRENT PORTION OF OTHER DEBT	5,023	5,377
ACCOUNTS PAYABLE	96,878	94,357
ACCRUED CUSTOMER RETURNS	55,318	57,433
ACCRUED CORE LIABILITY	28,260	31,263
OTHER CURRENT LIABILITIES	81,374	80,467
TOTAL CURRENT LIABILITIES	345,570	312,586
OTHER LONG-TERM DEBT	161	153
NONCURRENT OPERATING LEASE LIABILITIES	30,130	-
ACCRUED ASBESTOS LIABILITIES	43,837	45,117
OTHER LIABILITIES	19,996	18,075
TOTAL LIABILITIES	439,694	375,931
TOTAL STOCKHOLDERS' EQUITY	473,040	467,201
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 912,734	\$ 843,132

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

(In thousands)

	THREE MONTHS ENDED MARCH 31,	
	2019	2018
	(Unaudited)	
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
NET EARNINGS	\$ 12,216	\$ 7,989
ADJUSTMENTS TO RECONCILE NET EARNINGS TO NET CASH USED IN OPERATING ACTIVITIES:		
DEPRECIATION AND AMORTIZATION	6,178	6,016
OTHER	5,303	4,459
CHANGE IN ASSETS AND LIABILITIES:		
ACCOUNTS RECEIVABLE	(22,252)	(20,367)
INVENTORY	(14,656)	(3,390)
ACCOUNTS PAYABLE	1,181	10,674
PREPAID EXPENSES AND OTHER CURRENT ASSETS	(282)	1,559
SUNDRY PAYABLES AND ACCRUED EXPENSES	(12,911)	(12,997)
OTHER	(1,503)	(95)
NET CASH USED IN OPERATING ACTIVITIES	(26,726)	(6,152)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
ACQUISITIONS OF AND INVESTMENTS IN BUSINESSES	-	(6,472)
NET PROCEEDS FROM SALE OF FACILITY	4,801	-
CAPITAL EXPENDITURES	(3,084)	(6,903)
OTHER INVESTING ACTIVITIES	29	-
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	1,746	(13,375)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
NET CHANGE IN DEBT	34,758	34,054
PURCHASE OF TREASURY STOCK	(5,835)	(3,221)
DIVIDENDS PAID	(5,159)	(4,721)
OTHER FINANCING ACTIVITIES	1,409	1,885
NET CASH PROVIDED BY FINANCING ACTIVITIES	25,173	27,997
EFFECT OF EXCHANGE RATE CHANGES ON CASH	415	433
NET INCREASE IN CASH AND CASH EQUIVALENTS	608	8,903
CASH AND CASH EQUIVALENTS at beginning of period	11,138	17,323
CASH AND CASH EQUIVALENTS at end of period	\$ 11,746	\$ 26,226