

STANDARD MOTOR PRODUCTS, INC. Consolidated Statements of Operations

(In thousands, except per share amounts)

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2021	2020	2021	2020
	(Unaudited)		(Unaudited)	
NET SALES	\$ 370,310	\$ 343,609	\$ 988,939	\$ 845,850
COST OF SALES	<u>265,105</u>	<u>235,861</u>	<u>700,678</u>	<u>603,349</u>
GROSS PROFIT	105,205	107,748	288,261	242,501
SELLING, GENERAL & ADMINISTRATIVE EXPENSES	66,509	59,497	183,316	163,698
RESTRUCTURING AND INTEGRATION EXPENSES	166	250	166	464
OTHER INCOME (EXPENSE), NET	<u>8</u>	<u>(37)</u>	<u>8</u>	<u>(31)</u>
OPERATING INCOME	38,538	47,964	104,787	78,308
OTHER NON-OPERATING INCOME, NET	780	514	2,247	592
INTEREST EXPENSE	<u>652</u>	<u>462</u>	<u>1,356</u>	<u>2,107</u>
EARNINGS FROM CONTINUING OPERATIONS BEFORE TAXES	38,666	48,016	105,678	76,793
PROVISION FOR INCOME TAXES	<u>9,481</u>	<u>11,804</u>	<u>26,315</u>	<u>19,118</u>
EARNINGS FROM CONTINUING OPERATIONS	29,185	36,212	79,363	57,675
LOSS FROM DISCONTINUED OPERATION, NET OF INCOME TAXES	<u>(5,122)</u>	<u>(7,587)</u>	<u>(7,139)</u>	<u>(9,456)</u>
NET EARNINGS	24,063	28,625	72,224	48,219
NET EARNINGS ATTRIBUTABLE TO NONCONTROLLING INTEREST	<u>13</u>	<u>-</u>	<u>32</u>	<u>-</u>
NET EARNINGS ATTRIBUTABLE TO SMP (a)	<u>\$ 24,050</u>	<u>\$ 28,625</u>	<u>\$ 72,192</u>	<u>\$ 48,219</u>
<u>NET EARNINGS ATTRIBUTABLE TO SMP</u>				
EARNINGS FROM CONTINUING OPERATIONS	\$ 29,172	\$ 36,212	\$ 79,331	\$ 57,675
LOSS FROM DISCONTINUED OPERATION, NET OF INCOME TAXES	<u>(5,122)</u>	<u>(7,587)</u>	<u>(7,139)</u>	<u>(9,456)</u>
TOTAL	<u>\$ 24,050</u>	<u>\$ 28,625</u>	<u>\$ 72,192</u>	<u>\$ 48,219</u>
 <u>NET EARNINGS PER COMMON SHARE ATTRIBUTABLE TO SMP</u>				
BASIC EARNINGS FROM CONTINUING OPERATIONS	\$ 1.32	\$ 1.62	\$ 3.57	\$ 2.58
DISCONTINUED OPERATION	<u>(0.23)</u>	<u>(0.34)</u>	<u>(0.32)</u>	<u>(0.42)</u>
NET EARNINGS PER COMMON SHARE - BASIC	<u>\$ 1.09</u>	<u>\$ 1.28</u>	<u>\$ 3.25</u>	<u>\$ 2.16</u>
 DILUTED EARNINGS FROM CONTINUING OPERATIONS	\$ 1.29	\$ 1.59	\$ 3.50	\$ 2.53
DISCONTINUED OPERATION	<u>(0.22)</u>	<u>(0.33)</u>	<u>(0.32)</u>	<u>(0.41)</u>
NET EARNINGS PER COMMON SHARE - DILUTED	<u>\$ 1.07</u>	<u>\$ 1.26</u>	<u>\$ 3.18</u>	<u>\$ 2.12</u>
 WEIGHTED AVERAGE NUMBER OF COMMON SHARES	22,090,195	22,349,093	22,201,398	22,372,466
WEIGHTED AVERAGE NUMBER OF COMMON AND DILUTIVE SHARES	22,543,781	22,758,458	22,678,114	22,795,426

(a) "SMP" refers to Standard Motor Products, Inc. and subsidiaries.

STANDARD MOTOR PRODUCTS, INC. Segment Revenues and Operating Income

(In thousands)

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2021	2020	2021	2020
	(Unaudited)		(Unaudited)	
<u>Revenues</u>				
Ignition, Emission Control, Fuel & Safety Related System Products	\$ 208,443	\$ 190,891	\$ 574,595	\$ 498,204
Wire and Cable	38,708	38,663	117,790	105,621
Engine Management	<u>247,151</u>	<u>229,554</u>	<u>692,385</u>	<u>603,825</u>
Compressors	\$ 75,080	\$ 70,785	\$ 178,031	\$ 141,011
Other Climate Control Parts	43,995	39,608	109,988	93,216
Temperature Control	<u>119,075</u>	<u>110,393</u>	<u>288,019</u>	<u>234,227</u>
All Other	4,084	3,662	8,535	7,798
Revenues	<u>\$ 370,310</u>	<u>\$ 343,609</u>	<u>\$ 988,939</u>	<u>\$ 845,850</u>
<u>Gross Margin</u>				
Engine Management	\$ 66,907	\$ 72,361	\$ 199,509	\$ 175,296
Temperature Control	33,815	32,212	78,468	60,828
All Other	4,676	3,175	10,562	6,377
Subtotal	<u>\$ 105,398</u>	<u>\$ 107,748</u>	<u>\$ 288,539</u>	<u>\$ 242,501</u>
One-Time Acquisition Costs	(193)	-	(278)	-
Gross Margin	<u>\$ 105,205</u>	<u>\$ 107,748</u>	<u>\$ 288,261</u>	<u>\$ 242,501</u>
	27.1%	31.5%	28.8%	29.0%
	28.4%	29.2%	27.2%	26.0%
	28.5%	31.4%	29.2%	28.7%
	-0.1%	0.0%	0.0%	0.0%
	28.4%	31.4%	29.1%	28.7%
<u>Selling, General & Administrative</u>				
Engine Management	\$ 38,702	\$ 35,665	\$ 109,721	\$ 100,237
Temperature Control	17,120	15,571	44,952	40,568
All Other	10,029	8,261	27,315	22,893
Subtotal	<u>\$ 65,851</u>	<u>\$ 59,497</u>	<u>\$ 181,988</u>	<u>\$ 163,698</u>
One-Time Acquisition Costs	658	-	1,328	-
Selling, General & Administrative	<u>\$ 66,509</u>	<u>\$ 59,497</u>	<u>\$ 183,316</u>	<u>\$ 163,698</u>
	15.7%	15.5%	15.8%	16.6%
	14.4%	14.1%	15.6%	17.3%
	17.8%	17.3%	18.4%	19.4%
	0.2%	0.0%	0.1%	0.0%
	18.0%	17.3%	18.5%	19.4%
<u>Operating Income</u>				
Engine Management	\$ 28,012	\$ 36,696	\$ 89,510	\$ 75,059
Temperature Control	16,695	16,641	33,516	20,260
All Other	(5,160)	(5,086)	(16,475)	(16,516)
Subtotal	<u>39,547</u>	<u>48,251</u>	<u>106,551</u>	<u>78,803</u>
One-time Acquisition Costs	(851)	-	(1,606)	-
Restructuring & Integration	(166)	(250)	(166)	(464)
Other Income (Expense), Net	8	(37)	8	(31)
Operating Income	<u>\$ 38,538</u>	<u>\$ 47,964</u>	<u>\$ 104,787</u>	<u>\$ 78,308</u>
	11.3%	16.0%	12.9%	12.4%
	14.0%	15.1%	11.6%	8.6%
	10.7%	14.0%	10.8%	9.3%
	-0.2%	0.0%	-0.2%	0.0%
	0.0%	-0.1%	0.0%	-0.1%
	0.0%	0.0%	0.0%	0.0%
	10.4%	14.0%	10.6%	9.3%

STANDARD MOTOR PRODUCTS, INC.

Reconciliation of GAAP and Non-GAAP Measures

(In thousands, except per share amounts)

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2021	2020	2021	2020
	(Unaudited)		(Unaudited)	
<u>EARNINGS FROM CONTINUING OPERATIONS ATTRIBUTABLE TO SMP</u>				
GAAP EARNINGS FROM CONTINUING OPERATIONS	\$ 29,172	\$ 36,212	\$ 79,331	\$ 57,675
RESTRUCTURING AND INTEGRATION EXPENSES	166	250	166	464
ONE-TIME ACQUISITION COSTS	851	-	1,606	-
CERTAIN TAX CREDITS AND PRODUCTION DEDUCTIONS FINALIZED IN PERIOD	(259)	(235)	(259)	(235)
INCOME TAX EFFECT RELATED TO RECONCILING ITEMS	(265)	(65)	(461)	(121)
NON-GAAP EARNINGS FROM CONTINUING OPERATIONS	<u>\$ 29,665</u>	<u>\$ 36,162</u>	<u>\$ 80,383</u>	<u>\$ 57,783</u>
<u>DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS ATTRIBUTABLE TO SMP</u>				
GAAP DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS	\$ 1.29	\$ 1.59	\$ 3.50	\$ 2.53
RESTRUCTURING AND INTEGRATION EXPENSES	0.01	0.01	-	0.02
ONE-TIME ACQUISITION COSTS	0.04	-	0.07	-
CERTAIN TAX CREDITS AND PRODUCTION DEDUCTIONS FINALIZED IN PERIOD	(0.01)	(0.01)	(0.01)	(0.01)
INCOME TAX EFFECT RELATED TO RECONCILING ITEMS	(0.01)	-	(0.02)	(0.01)
NON-GAAP DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS	<u>\$ 1.32</u>	<u>\$ 1.59</u>	<u>\$ 3.54</u>	<u>\$ 2.53</u>
<u>OPERATING INCOME</u>				
GAAP OPERATING INCOME	\$ 38,538	\$ 47,964	\$ 104,787	\$ 78,308
ONE-TIME ACQUISITION COSTS	851	-	1,606	-
RESTRUCTURING AND INTEGRATION EXPENSES	166	250	166	464
OTHER (INCOME) EXPENSE, NET	(8)	37	(8)	31
NON-GAAP OPERATING INCOME	<u>\$ 39,547</u>	<u>\$ 48,251</u>	<u>\$ 106,551</u>	<u>\$ 78,803</u>

MANAGEMENT BELIEVES THAT EARNINGS FROM CONTINUING OPERATIONS AND DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS WHICH ARE ATTRIBUTABLE TO SMP, AND OPERATING INCOME, AS ADJUSTED FOR SPECIAL ITEMS, ARE NON-GAAP MEASUREMENTS AND 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)

	<u>SEPTEMBER 30,</u> 2021 (Unaudited)	<u>DECEMBER 31,</u> 2020
<u>ASSETS</u>		
CASH	\$ 33,144	\$ 19,488
ACCOUNTS RECEIVABLE, GROSS	231,066	203,861
ALLOWANCE FOR DOUBTFUL ACCOUNTS	6,645	5,822
ACCOUNTS RECEIVABLE, NET	<u>224,421</u>	<u>198,039</u>
INVENTORIES	414,657	345,502
UNRETURNED CUSTOMER INVENTORY	23,367	19,632
OTHER CURRENT ASSETS	15,268	15,875
TOTAL CURRENT ASSETS	<u>710,857</u>	<u>598,536</u>
PROPERTY, PLANT AND EQUIPMENT, NET	100,787	89,105
OPERATING LEASE RIGHT-OF-USE ASSETS	42,458	29,958
GOODWILL	131,549	77,837
OTHER INTANGIBLES, NET	108,312	54,004
DEFERRED INCOME TAXES	34,790	44,770
INVESTMENT IN UNCONSOLIDATED AFFILIATES	42,123	40,507
OTHER ASSETS	24,857	21,823
TOTAL ASSETS	<u>\$ 1,195,733</u>	<u>\$ 956,540</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
NOTES PAYABLE	\$ 128,938	\$ 10,000
CURRENT PORTION OF OTHER DEBT	2,941	135
ACCOUNTS PAYABLE	128,808	100,018
ACCRUED CUSTOMER RETURNS	59,972	40,982
ACCRUED CORE LIABILITY	23,650	22,014
ACCRUED REBATES	43,110	46,437
PAYROLL AND COMMISSIONS	40,725	35,938
SUNDRY PAYABLES AND ACCRUED EXPENSES	50,227	47,078
TOTAL CURRENT LIABILITIES	<u>478,371</u>	<u>302,602</u>
OTHER LONG-TERM DEBT	68	97
NONCURRENT OPERATING LEASE LIABILITIES	33,246	22,450
ACCRUED ASBESTOS LIABILITIES	57,532	55,226
OTHER LIABILITIES	27,964	25,929
TOTAL LIABILITIES	<u>597,181</u>	<u>406,304</u>
TOTAL SMP STOCKHOLDERS' EQUITY	587,018	550,236
NONCONTROLLING INTEREST	11,534	-
TOTAL STOCKHOLDERS' EQUITY	<u>598,552</u>	<u>550,236</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 1,195,733</u>	<u>\$ 956,540</u>

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

(In thousands)

	NINE MONTHS ENDED SEPTEMBER 30,	
	2021	2020
	(Unaudited)	
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
NET EARNINGS	\$ 72,224	\$ 48,219
ADJUSTMENTS TO RECONCILE NET EARNINGS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
DEPRECIATION AND AMORTIZATION	20,160	19,313
OTHER	13,904	19,098
CHANGE IN ASSETS AND LIABILITIES:		
ACCOUNTS RECEIVABLE	(15,343)	(83,878)
INVENTORIES	(52,742)	53,330
ACCOUNTS PAYABLE	24,228	(13,117)
PREPAID EXPENSES AND OTHER CURRENT ASSETS	2,324	5,634
SUNDRY PAYABLES AND ACCRUED EXPENSES	18,905	31,725
OTHER	(4,522)	(1,719)
NET CASH PROVIDED BY OPERATING ACTIVITIES	79,138	78,605
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
ACQUISITIONS OF AND INVESTMENTS IN BUSINESSES	(124,663)	-
CAPITAL EXPENDITURES	(19,406)	(13,170)
OTHER INVESTING ACTIVITIES	29	14
NET CASH USED IN INVESTING ACTIVITIES	(144,040)	(13,156)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
NET CHANGE IN DEBT	121,854	(44,852)
PURCHASE OF TREASURY STOCK	(26,518)	(8,726)
DIVIDENDS PAID	(16,678)	(5,615)
OTHER FINANCING ACTIVITIES	455	86
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	79,113	(59,107)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(555)	67
NET INCREASE IN CASH AND CASH EQUIVALENTS	13,656	6,409
CASH AND CASH EQUIVALENTS at beginning of Period	19,488	10,372
CASH AND CASH EQUIVALENTS at end of Period	\$ 33,144	\$ 16,781