

## STANDARD MOTOR PRODUCTS, INC. Consolidated Statements of Operations

(In thousands, except per share amounts)

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2019	2018	2019	2018
	(Unaudited)		(Unaudited)	
NET SALES	\$ 305,172	\$ 286,636	\$ 588,938	\$ 548,462
COST OF SALES	<u>216,267</u>	<u>205,347</u>	<u>422,070</u>	<u>394,584</u>
GROSS PROFIT	88,905	81,289	166,868	153,878
SELLING, GENERAL & ADMINISTRATIVE EXPENSES	60,536	57,750	120,536	115,467
RESTRUCTURING AND INTEGRATION EXPENSES	644	231	644	3,067
OTHER INCOME (EXPENSE), NET	<u>3</u>	<u>42</u>	<u>(3)</u>	<u>313</u>
OPERATING INCOME	27,728	23,350	45,685	35,657
OTHER NON-OPERATING INCOME, NET	1,411	480	2,057	449
INTEREST EXPENSE	<u>1,722</u>	<u>1,251</u>	<u>2,811</u>	<u>1,883</u>
EARNINGS FROM CONTINUING OPERATIONS BEFORE TAXES	27,417	22,579	44,931	34,223
PROVISION FOR INCOME TAXES	<u>6,862</u>	<u>5,752</u>	<u>11,272</u>	<u>8,799</u>
EARNINGS FROM CONTINUING OPERATIONS	20,555	16,827	33,659	25,424
LOSS FROM DISCONTINUED OPERATION, NET OF INCOME TAXES	<u>(1,123)</u>	<u>(882)</u>	<u>(2,011)</u>	<u>(1,490)</u>
NET EARNINGS	<u>\$ 19,432</u>	<u>\$ 15,945</u>	<u>\$ 31,648</u>	<u>\$ 23,934</u>
NET EARNINGS PER COMMON SHARE:				
BASIC EARNINGS FROM CONTINUING OPERATIONS	\$ 0.92	\$ 0.75	\$ 1.50	\$ 1.13
DISCONTINUED OPERATION	<u>(0.05)</u>	<u>(0.04)</u>	<u>(0.09)</u>	<u>(0.07)</u>
NET EARNINGS PER COMMON SHARE - BASIC	<u>\$ 0.87</u>	<u>\$ 0.71</u>	<u>\$ 1.41</u>	<u>\$ 1.06</u>
DILUTED EARNINGS FROM CONTINUING OPERATIONS	\$ 0.90	\$ 0.73	\$ 1.47	\$ 1.11
DISCONTINUED OPERATION	<u>(0.05)</u>	<u>(0.04)</u>	<u>(0.09)</u>	<u>(0.07)</u>
NET EARNINGS PER COMMON SHARE - DILUTED	<u>\$ 0.85</u>	<u>\$ 0.69</u>	<u>\$ 1.38</u>	<u>\$ 1.04</u>
WEIGHTED AVERAGE NUMBER OF COMMON SHARES	22,328,292	22,471,428	22,374,785	22,484,894
WEIGHTED AVERAGE NUMBER OF COMMON AND DILUTIVE SHARES	22,795,677	22,958,469	22,857,435	22,962,049

## STANDARD MOTOR PRODUCTS, INC. Segment Revenues and Operating Income

(In thousands)

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,		
	2019	2018	2019	2018	
	(Unaudited)		(Unaudited)		
<b><u>Revenues</u></b>					
Ignition, Emission Control, Fuel & Safety Related System Products	\$ 181,831	\$ 162,462	\$ 357,892	\$ 323,539	
Wire and Cable	36,211	40,967	73,339	79,378	
<b>Engine Management</b>	<u>218,042</u>	<u>203,429</u>	<u>431,231</u>	<u>402,917</u>	
Compressors	52,493	46,940	92,304	76,838	
Other Climate Control Parts	31,913	33,430	61,026	63,763	
<b>Temperature Control</b>	<u>84,406</u>	<u>80,370</u>	<u>153,330</u>	<u>140,601</u>	
All Other	2,724	2,837	4,377	4,944	
<b>Revenues</b>	<u>\$ 305,172</u>	<u>\$ 286,636</u>	<u>\$ 588,938</u>	<u>\$ 548,462</u>	
<b><u>Gross Margin</u></b>					
Engine Management	\$ 63,780	29.3%	\$ 57,782	28.4%	
Temperature Control	22,551	26.7%	20,800	25.9%	
All Other	2,574		4,653		
<b>Gross Margin</b>	<u>\$ 88,905</u>	29.1%	<u>\$ 81,289</u>	28.4%	
<b><u>Selling, General &amp; Administrative</u></b>					
Engine Management	\$ 37,430	17.2%	\$ 34,598	17.0%	
Temperature Control	15,397	18.2%	15,721	19.6%	
All Other	7,709		7,431		
<b>Selling, General &amp; Administrative</b>	<u>\$ 60,536</u>	19.8%	<u>\$ 57,750</u>	20.1%	
<b><u>Operating Income</u></b>					
Engine Management	\$ 26,350	12.1%	\$ 23,184	11.4%	
Temperature Control	7,154	8.5%	5,079	6.3%	
All Other	(5,135)		(4,724)		
<b>Subtotal</b>	<u>28,369</u>	9.3%	<u>23,539</u>	8.2%	
Restructuring & Integration	(644)	-0.2%	(231)	-0.1%	
Other Income (Expense), Net	3	0.0%	42	0.0%	
<b>Operating Income</b>	<u>\$ 27,728</u>	9.1%	<u>\$ 23,350</u>	8.1%	
			<u>\$ 45,685</u>	7.8%	
				<u>\$ 35,657</u>	6.5%

## 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,	
	2019	2018	2019	2018
	(Unaudited)		(Unaudited)	
<b><u>EARNINGS FROM CONTINUING OPERATIONS</u></b>				
GAAP EARNINGS FROM CONTINUING OPERATIONS	\$ 20,555	\$ 16,827	\$ 33,659	\$ 25,424
RESTRUCTURING AND INTEGRATION EXPENSES	644	231	644	3,067
GAIN FROM SALE OF BUILDINGS	-	-	-	(218)
INCOME TAX EFFECT RELATED TO RECONCILING ITEMS	(168)	(60)	(168)	(741)
NON-GAAP EARNINGS FROM CONTINUING OPERATIONS	<u>\$ 21,031</u>	<u>\$ 16,998</u>	<u>\$ 34,135</u>	<u>\$ 27,532</u>
<b><u>DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS</u></b>				
GAAP DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS	\$ 0.90	\$ 0.73	\$ 1.47	\$ 1.11
RESTRUCTURING AND INTEGRATION EXPENSES	0.03	0.01	0.03	0.13
GAIN FROM SALE OF BUILDINGS	-	-	-	(0.01)
INCOME TAX EFFECT RELATED TO RECONCILING ITEMS	(0.01)	-	(0.01)	(0.03)
NON-GAAP DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS	<u>\$ 0.92</u>	<u>\$ 0.74</u>	<u>\$ 1.49</u>	<u>\$ 1.20</u>
<b><u>OPERATING INCOME</u></b>				
GAAP OPERATING INCOME	\$ 27,728	\$ 23,350	\$ 45,685	\$ 35,657
RESTRUCTURING AND INTEGRATION EXPENSES	644	231	644	3,067
OTHER (INCOME) EXPENSE, NET	(3)	(42)	3	(313)
NON-GAAP OPERATING INCOME	<u>\$ 28,369</u>	<u>\$ 23,539</u>	<u>\$ 46,332</u>	<u>\$ 38,411</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)

	<u>June 30,</u> 2019 (Unaudited)	<u>December 31,</u> 2018
<b><u>ASSETS</u></b>		
CASH	\$ 17,419	\$ 11,138
ACCOUNTS RECEIVABLE, GROSS	185,476	163,222
ALLOWANCE FOR DOUBTFUL ACCOUNTS	6,090	5,687
ACCOUNTS RECEIVABLE, NET	<u>179,386</u>	<u>157,535</u>
INVENTORIES	375,258	349,811
UNRETURNED CUSTOMER INVENTORY	18,677	20,484
OTHER CURRENT ASSETS	14,972	7,256
TOTAL CURRENT ASSETS	<u>605,712</u>	<u>546,224</u>
PROPERTY, PLANT AND EQUIPMENT, NET	89,197	90,754
OPERATING LEASE RIGHT-OF-USE ASSETS	35,648	-
GOODWILL	77,728	67,321
OTHER INTANGIBLES, NET	69,017	48,411
DEFERRED INCOME TAXES	39,825	42,334
INVESTMENT IN UNCONSOLIDATED AFFILIATES	34,400	32,469
OTHER ASSETS	18,000	15,619
TOTAL ASSETS	<u>\$ 969,527</u>	<u>\$ 843,132</u>
<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>		
NOTES PAYABLE	\$ 130,000	\$ 43,689
CURRENT PORTION OF OTHER DEBT	5,085	5,377
ACCOUNTS PAYABLE	89,149	94,357
ACCRUED CUSTOMER RETURNS	53,420	57,433
ACCRUED CORE LIABILITY	26,671	31,263
OTHER CURRENT LIABILITIES	89,615	80,467
TOTAL CURRENT LIABILITIES	<u>393,940</u>	<u>312,586</u>
OTHER LONG-TERM DEBT	153	153
NONCURRENT OPERATING LEASE LIABILITIES	28,613	-
ACCRUED ASBESTOS LIABILITIES	41,104	45,117
OTHER LIABILITIES	20,452	18,075
TOTAL LIABILITIES	<u>484,262</u>	<u>375,931</u>
TOTAL STOCKHOLDERS' EQUITY	485,265	467,201
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 969,527</u>	<u>\$ 843,132</u>

# STANDARD MOTOR PRODUCTS, INC.

## Condensed Consolidated Statements of Cash Flows

(In thousands)

	SIX MONTHS ENDED JUNE 30,	
	2019	2018
	(Unaudited)	
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
NET EARNINGS	\$ 31,648	\$ 23,934
ADJUSTMENTS TO RECONCILE NET EARNINGS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
DEPRECIATION AND AMORTIZATION	12,744	11,706
OTHER	9,621	8,641
CHANGE IN ASSETS AND LIABILITIES:		
ACCOUNTS RECEIVABLE	(26,622)	(34,524)
INVENTORIES	(19,691)	(6,650)
ACCOUNTS PAYABLE	(6,994)	15,684
PREPAID EXPENSES AND OTHER CURRENT ASSETS	(6,406)	(2,988)
SUNDRY PAYABLES AND ACCRUED EXPENSES	(7,545)	(9,115)
OTHER	(6,261)	(2,502)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(19,506)</u>	<u>4,186</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
ACQUISITIONS OF AND INVESTMENTS IN BUSINESSES	(38,427)	(8,572)
NET PROCEEDS FROM SALE OF FACILITY	4,801	-
CAPITAL EXPENDITURES	(7,578)	(11,325)
OTHER INVESTING ACTIVITIES	46	16
NET CASH USED IN INVESTING ACTIVITIES	<u>(41,158)</u>	<u>(19,881)</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
NET CHANGE IN DEBT	85,956	32,287
PURCHASE OF TREASURY STOCK	(10,738)	(7,640)
DIVIDENDS PAID	(10,296)	(9,437)
OTHER FINANCING ACTIVITIES	1,691	1,990
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>66,613</u>	<u>17,200</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH	332	(255)
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>6,281</u>	<u>1,250</u>
CASH AND CASH EQUIVALENTS at beginning of Period	11,138	17,323
CASH AND CASH EQUIVALENTS at end of Period	<u>\$ 17,419</u>	<u>\$ 18,573</u>