

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

(In thousands, except per share amounts)

	THREE MONTHS ENDED DECEMBER 31,		TWELVE MONTHS ENDED DECEMBER 31,	
	2018	2017	2018	2017
	(Unaudited)		(Unaudited)	
NET SALES	\$ 246,970	\$ 239,978	\$ 1,092,051	\$ 1,116,143
COST OF SALES	<u>175,367</u>	<u>170,633</u>	<u>779,264</u>	<u>789,487</u>
GROSS PROFIT	71,603	69,345	312,787	326,656
SELLING, GENERAL & ADMINISTRATIVE EXPENSES	55,732	51,511	231,336	224,237
RESTRUCTURING AND INTEGRATION EXPENSES	1,437	2,259	4,510	6,173
OTHER INCOME, NET	<u>3,999</u>	<u>329</u>	<u>4,327</u>	<u>1,275</u>
OPERATING INCOME	18,433	15,904	81,268	97,521
OTHER NON-OPERATING INCOME (EXPENSE), NET	(1,211)	(1,122)	(411)	1,250
INTEREST EXPENSE	<u>889</u>	<u>544</u>	<u>4,026</u>	<u>2,329</u>
EARNINGS FROM CONTINUING OPERATIONS BEFORE TAXES	16,333	14,238	76,831	96,442
PROVISION FOR INCOME TAXES	<u>4,176</u>	<u>22,344</u>	<u>19,977</u>	<u>52,812</u>
EARNINGS (LOSS) FROM CONTINUING OPERATIONS	12,157	(8,106)	56,854	43,630
LOSS FROM DISCONTINUED OPERATION, NET OF INCOME TAXES	<u>(8,837)</u>	<u>(541)</u>	<u>(13,851)</u>	<u>(5,654)</u>
NET EARNINGS (LOSS)	<u>\$ 3,320</u>	<u>\$ (8,647)</u>	<u>\$ 43,003</u>	<u>\$ 37,976</u>
NET EARNINGS PER COMMON SHARE:				
BASIC EARNINGS (LOSS) FROM CONTINUING OPERATIONS	\$ 0.54	\$ (0.36)	\$ 2.53	\$ 1.92
DISCONTINUED OPERATION	(0.39)	(0.02)	(0.62)	(0.25)
NET EARNINGS (LOSS) PER COMMON SHARE - BASIC	<u>\$ 0.15</u>	<u>\$ (0.38)</u>	<u>\$ 1.91</u>	<u>\$ 1.67</u>
DILUTED EARNINGS (LOSS) FROM CONTINUING OPERATIONS	\$ 0.53	\$ (0.36)	\$ 2.48	\$ 1.88
DISCONTINUED OPERATION	(0.39)	(0.02)	(0.60)	(0.24)
NET EARNINGS (LOSS) PER COMMON SHARE - DILUTED	<u>\$ 0.14</u>	<u>\$ (0.38)</u>	<u>\$ 1.88</u>	<u>\$ 1.64</u>
WEIGHTED AVERAGE NUMBER OF COMMON SHARES	22,432,095	22,582,763	22,456,480	22,726,491
WEIGHTED AVERAGE NUMBER OF COMMON AND DILUTIVE SHARES	22,941,271	23,045,565	22,931,723	23,198,392

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

(In thousands)

	THREE MONTHS ENDED DECEMBER 31,		TWELVE MONTHS ENDED DECEMBER 31,	
	2018	2017	2018	2017
	(Unaudited)		(Unaudited)	
<b><u>Revenues</u></b>				
Ignition, Emission Control, Fuel & Safety Related System Products	\$ 165,630	\$ 158,485	\$ 648,270	\$ 657,287
Wire and Cable	37,370	39,489	155,217	172,126
<b>Engine Management</b>	<b>203,000</b>	<b>197,974</b>	<b>803,487</b>	<b>829,413</b>
Compressors	16,736	16,099	148,416	148,377
Other Climate Control Parts	25,040	24,187	130,040	130,750
<b>Temperature Control</b>	<b>41,776</b>	<b>40,286</b>	<b>278,456</b>	<b>279,127</b>
All Other	2,194	1,718	10,108	7,603
<b>Revenues</b>	<b>\$ 246,970</b>	<b>\$ 239,978</b>	<b>\$ 1,092,051</b>	<b>\$ 1,116,143</b>
<b><u>Gross Margin</u></b>				
Engine Management	\$ 58,509	\$ 56,260	\$ 229,949	\$ 243,791
Temperature Control	9,571	10,715	70,561	73,254
All Other	3,523	2,370	12,277	9,611
<b>Gross Margin</b>	<b>\$ 71,603</b>	<b>\$ 69,345</b>	<b>\$ 312,787</b>	<b>\$ 326,656</b>
	28.8%	28.4%	28.6%	29.4%
	22.9%	26.6%	25.3%	26.2%
	29.0%	28.9%	28.6%	29.3%
<b><u>Selling, General &amp; Administrative</u></b>				
Engine Management	\$ 34,588	\$ 33,498	\$ 141,003	\$ 141,995
Temperature Control	13,058	10,665	59,569	51,880
All Other	8,086	7,348	30,764	30,362
<b>Selling, General &amp; Administrative</b>	<b>\$ 55,732</b>	<b>\$ 51,511</b>	<b>\$ 231,336</b>	<b>\$ 224,237</b>
	17.0%	16.9%	17.5%	17.1%
	31.3%	26.5%	21.4%	18.6%
	22.6%	21.5%	21.2%	20.1%
<b><u>Operating Income</u></b>				
Engine Management	\$ 23,921	\$ 22,762	\$ 88,946	\$ 101,796
Temperature Control	(3,487)	50	10,992	21,374
All Other	(4,563)	(4,978)	(18,487)	(20,751)
<b>Subtotal</b>	<b>15,871</b>	<b>17,834</b>	<b>81,451</b>	<b>102,419</b>
	6.4%	7.4%	7.5%	9.2%
Restructuring & Integration	(1,437)	(2,259)	(4,510)	(6,173)
	-0.6%	-0.9%	-0.4%	-0.6%
Other Income, Net	3,999	329	4,327	1,275
	1.6%	0.1%	0.4%	0.1%
<b>Operating Income</b>	<b>\$ 18,433</b>	<b>\$ 15,904</b>	<b>\$ 81,268</b>	<b>\$ 97,521</b>
	7.5%	6.6%	7.4%	8.7%

## 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,	
	2018	2017	2018	2017
	(Unaudited)		(Unaudited)	
<u>EARNINGS FROM CONTINUING OPERATIONS</u>				
GAAP EARNINGS (LOSS) FROM CONTINUING OPERATIONS	\$ 12,157	\$ (8,106)	\$ 56,854	\$ 43,630
RESTRUCTURING AND INTEGRATION EXPENSES	1,437	2,259	4,510	6,173
IMPAIRMENT OF OUR INVESTMENT IN ORANGE ELECTRONICS CO.,LTD	1,683	1,815	1,683	1,815
IMPACT OF TAX CUTS AND JOBS ACT	-	17,515	-	17,515
CERTAIN TAX CREDITS AND PRODUCTION DEDUCTIONS FINALIZED IN PERIOD	-	-	(144)	(463)
GAIN FROM SALE OF BUILDINGS	(3,940)	(262)	(4,158)	(1,048)
INCOME TAX EFFECT RELATED TO RECONCILING ITEMS	492	(799)	(250)	(2,050)
NON-GAAP EARNINGS FROM CONTINUING OPERATIONS	<u>\$ 11,829</u>	<u>\$ 12,422</u>	<u>\$ 58,495</u>	<u>\$ 65,572</u>
<u>DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS</u>				
GAAP DILUTED EARNINGS (LOSS) PER SHARE FROM CONTINUING OPERATIONS	\$ 0.53	\$ (0.36)	\$ 2.48	\$ 1.88
RESTRUCTURING AND INTEGRATION EXPENSES	0.06	0.10	0.20	0.27
IMPAIRMENT OF OUR INVESTMENT IN ORANGE ELECTRONICS CO.,LTD	0.07	0.08	0.07	0.08
IMPACT OF TAX CUTS AND JOBS ACT	-	0.76	-	0.75
CERTAIN TAX CREDITS AND PRODUCTION DEDUCTIONS FINALIZED IN PERIOD	-	-	(0.01)	(0.02)
GAIN FROM SALE OF BUILDINGS	(0.17)	(0.01)	(0.18)	(0.04)
INCOME TAX EFFECT RELATED TO RECONCILING ITEMS	0.03	(0.03)	(0.01)	(0.09)
NON-GAAP DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS	<u>\$ 0.52</u>	<u>\$ 0.54</u>	<u>\$ 2.55</u>	<u>\$ 2.83</u>
<u>OPERATING INCOME</u>				
GAAP OPERATING INCOME	\$ 18,433	\$ 15,904	\$ 81,268	\$ 97,521
RESTRUCTURING AND INTEGRATION EXPENSES	1,437	2,259	4,510	6,173
OTHER INCOME, NET	(3,999)	(329)	(4,327)	(1,275)
NON-GAAP OPERATING INCOME	<u>\$ 15,871</u>	<u>\$ 17,834</u>	<u>\$ 81,451</u>	<u>\$ 102,419</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, 2018 (Unaudited)	December 31, 2017
<b><u>ASSETS</u></b>		
CASH	\$ 11,138	\$ 17,323
ACCOUNTS RECEIVABLE, GROSS	163,222	145,024
ALLOWANCE FOR DOUBTFUL ACCOUNTS	5,687	4,967
ACCOUNTS RECEIVABLE, NET	157,535	140,057
INVENTORIES	349,811	326,411
UNRETURNED CUSTOMER INVENTORY	20,484	-
OTHER CURRENT ASSETS	7,256	12,300
TOTAL CURRENT ASSETS	546,224	496,091
PROPERTY, PLANT AND EQUIPMENT, NET	90,754	89,103
GOODWILL	67,321	67,413
OTHER INTANGIBLES, NET	48,411	56,261
DEFERRED INCOME TAXES	42,334	32,420
INVESTMENT IN UNCONSOLIDATED AFFILIATES	32,469	31,184
OTHER ASSETS	15,619	15,095
TOTAL ASSETS	\$ 843,132	\$ 787,567
<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>		
NOTES PAYABLE	\$ 43,689	\$ 57,000
CURRENT PORTION OF OTHER DEBT	5,377	4,699
ACCOUNTS PAYABLE	94,357	77,990
ACCRUED CUSTOMER RETURNS	57,433	35,916
ACCRUED CORE LIABILITY	31,263	11,899
OTHER CURRENT LIABILITIES	80,467	98,393
TOTAL CURRENT LIABILITIES	312,586	285,897
OTHER LONG-TERM DEBT	153	79
ACCRUED ASBESTOS LIABILITIES	45,117	33,376
OTHER LIABILITIES	18,075	14,561
TOTAL LIABILITIES	375,931	333,913
TOTAL STOCKHOLDERS' EQUITY	467,201	453,654
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 843,132	\$ 787,567

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

(In thousands)

	TWELVE MONTHS ENDED December 31,	
	2018	2017
	(Unaudited)	
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
NET EARNINGS	\$ 43,003	\$ 37,976
ADJUSTMENTS TO RECONCILE NET EARNINGS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
DEPRECIATION AND AMORTIZATION	24,104	23,916
DEFERRED INCOME TAXES	(10,046)	19,059
LOSS FROM DISCONTINUED OPERATIONS, NET OF TAXES	13,851	5,654
OTHER	11,771	13,823
CHANGE IN ASSETS AND LIABILITIES:		
ACCOUNTS RECEIVABLE	(13,699)	(5,100)
INVENTORY	(30,199)	(13,901)
ACCOUNTS PAYABLE	16,894	(7,186)
PREPAID EXPENSES AND OTHER CURRENT ASSETS	4,926	(4,869)
SUNDRY PAYABLES AND ACCRUED EXPENSES	8,407	(6,015)
OTHER	1,246	1,260
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>70,258</u>	<u>64,617</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
ACQUISITIONS OF AND INVESTMENTS IN BUSINESSES	(9,852)	(6,808)
CAPITAL EXPENDITURES	(20,141)	(24,442)
OTHER INVESTING ACTIVITIES	107	22
NET CASH USED IN INVESTING ACTIVITIES	<u>(29,886)</u>	<u>(31,228)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
NET CHANGE IN DEBT	(12,196)	6,253
PURCHASE OF TREASURY STOCK	(14,886)	(24,376)
DIVIDENDS PAID	(18,854)	(17,287)
OTHER FINANCING ACTIVITIES	(185)	(534)
NET CASH USED IN FINANCING ACTIVITIES	<u>(46,121)</u>	<u>(35,944)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH	<u>(436)</u>	<u>82</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,185)	(2,473)
CASH AND CASH EQUIVALENTS at beginning of year	17,323	19,796
CASH AND CASH EQUIVALENTS at end of year	<u>\$ 11,138</u>	<u>\$ 17,323</u>