



# Standard Motor Products, Inc.

4<sup>th</sup> Quarter 2024

Earnings Call | February 27, 2025



# Safe Harbor – Forward Looking Statements

You should be aware that except for historical information, the matters discussed herein are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward looking statements, including projections and anticipated levels of future performance, are based on current information and assumptions and involve risks and uncertainties which may cause actual results to differ materially from those discussed herein. You are urged to review all of our filings with the SEC and our press releases from time to time for details of these risks and uncertainties.

In addition, please see our press release issued on February 27, 2025 for factors that could cause future performance to vary from the expectations expressed or implied by the forward-looking statements herein and for certain reconciliations of GAAP to non-GAAP results.

- |                                     |                                       |
|-------------------------------------|---------------------------------------|
| ❖ Welcome & Introduction            | Tony Cristello, VP Investor Relations |
| ❖ Overview & Market Trends          | Eric Sills, CEO                       |
| ❖ Financial Results & Balance Sheet | Nathan Iles, CFO                      |
| ❖ Final Comments                    | Eric Sills, CEO                       |
| ❖ Q&A                               | All                                   |



# Q4 & YTD P&L Summary – Segments<sup>(1)</sup>

(In millions, except per share amounts)

	THREE MONTHS ENDED DECEMBER 31,				TWELVE MONTHS ENDED DECEMBER 31,							
	2024		2023		2024		2023					
<b><u>Vehicle Control</u></b>												
Revenue	\$	187.4		\$	178.6		\$	762.6		\$	737.9	
Gross Margin		59.6	31.8%		58.8	32.9%		244.1	32.0%		238.2	32.3%
Selling, General & Administrative		34.5	18.4%		33.5	18.8%		140.4	18.4%		135.1	18.3%
Factoring Expenses		7.9	4.1%		7.9	4.4%		32.1	4.2%		30.6	4.1%
<b>Operating Income</b>	<b>\$</b>	<b>17.2</b>	<b>9.2%</b>	<b>\$</b>	<b>17.4</b>	<b>9.7%</b>	<b>\$</b>	<b>71.6</b>	<b>9.4%</b>	<b>\$</b>	<b>72.5</b>	<b>9.8%</b>
<b>Adjusted EBITDA</b>	<b>\$</b>	<b>20.8</b>	<b>11.1%</b>	<b>\$</b>	<b>21.0</b>	<b>11.8%</b>	<b>\$</b>	<b>86.2</b>	<b>11.3%</b>	<b>\$</b>	<b>87.4</b>	<b>11.8%</b>
<b><u>Temperature Control</u></b>												
Revenue	\$	58.0		\$	44.6		\$	380.1		\$	337.8	
Gross Margin		19.2	33.0%		12.4	27.7%		117.8	31.0%		95.8	28.4%
Selling, General & Administrative		13.1	22.4%		13.6	30.4%		65.6	17.3%		61.9	18.3%
Factoring Expenses		2.3	4.1%		2.0	4.5%		16.4	4.3%		15.4	4.6%
<b>Operating Income</b>	<b>\$</b>	<b>3.8</b>	<b>6.6%</b>	<b>\$</b>	<b>(3.3)</b>	<b>-7.3%</b>	<b>\$</b>	<b>35.8</b>	<b>9.4%</b>	<b>\$</b>	<b>18.5</b>	<b>5.5%</b>
<b>Adjusted EBITDA</b>	<b>\$</b>	<b>5.5</b>	<b>9.5%</b>	<b>\$</b>	<b>(2.5)</b>	<b>-5.7%</b>	<b>\$</b>	<b>43.1</b>	<b>11.3%</b>	<b>\$</b>	<b>22.5</b>	<b>6.7%</b>

<sup>(1)</sup> All operating results provided except for revenues are on a non-GAAP basis. See financial statements in earnings release for reconciliation of GAAP to non-GAAP earnings.



# Q4 & YTD P&L Summary – Segments<sup>(1)</sup>

(In millions, except per share amounts)

	THREE MONTHS ENDED DECEMBER 31,				TWELVE MONTHS ENDED DECEMBER 31,							
	2024		2023		2024		2023					
<b><u>Engineered Solutions</u></b>												
Revenue	\$	62.2		\$	67.5	\$	285.5	\$	282.6			
Gross Margin		10.7	17.2%		10.4	15.4%	49.9	17.5%	54.8	19.4%		
Selling, General & Administrative		8.8	14.2%		9.3	13.8%	34.3	12.0%	34.6	12.2%		
<b>Operating Income</b>	<b>\$</b>	<b>1.9</b>	3.0%	<b>\$</b>	<b>1.0</b>	1.5%	<b>\$</b>	<b>15.6</b>	5.5%	<b>\$</b>	<b>20.2</b>	7.2%
<b>Adjusted EBITDA</b>	<b>\$</b>	<b>5.3</b>	8.5%	<b>\$</b>	<b>3.8</b>	5.6%	<b>\$</b>	<b>29.5</b>	10.3%	<b>\$</b>	<b>32.5</b>	11.5%
<b><u>Nissens Automotive</u></b>												
Revenue	\$	35.7		\$	-		\$	35.7	\$	-		
Gross Margin		14.6	40.8%		-	0.0%	14.6	40.8%	-	0.0%		
Selling, General & Administrative		14.2	39.7%		-	0.0%	14.2	39.7%	-	0.0%		
<b>Operating Income</b>	<b>\$</b>	<b>0.4</b>	1.1%	<b>\$</b>	<b>-</b>	0.0%	<b>\$</b>	<b>0.4</b>	1.1%	<b>\$</b>	<b>-</b>	0.0%
<b>Adjusted EBITDA</b>	<b>\$</b>	<b>3.2</b>	8.9%	<b>\$</b>	<b>-</b>	0.0%	<b>\$</b>	<b>3.2</b>	8.9%	<b>\$</b>	<b>-</b>	0.0%

<sup>(1)</sup> All operating results provided except for revenues are on a non-GAAP basis. See financial statements in earnings release for reconciliation of GAAP to non-GAAP earnings.



# Q4 & YTD P&L Summary – Consolidated<sup>(1)</sup>

(In millions, except per share amounts)

	THREE MONTHS ENDED DECEMBER 31,				TWELVE MONTHS ENDED DECEMBER 31,				
	2024		2023		2024		2023		
<b><u>Consolidated Results</u></b>									
Revenue	\$	343.4	\$	290.8	\$	1,463.8	\$	1,358.3	
Gross Margin		104.1	30.3%	81.5	28.0%	426.4	29.1%	388.8	28.6%
Selling, General & Administrative		76.1	22.2%	60.4	20.8%	276.2	18.9%	247.6	18.2%
Factoring Expenses		10.2	3.0%	9.9	3.4%	48.5	3.3%	46.0	3.4%
<b>Operating Income</b>	<b>\$</b>	<b>17.8</b>	<b>5.2%</b>	<b>11.2</b>	<b>3.9%</b>	<b>101.7</b>	<b>6.9%</b>	<b>95.2</b>	<b>7.0%</b>
<b>Net Earnings from Continuing Operations</b>	<b>\$</b>	<b>10.5</b>		<b>8.2</b>		<b>70.5</b>		<b>64.8</b>	
<b>Adjusted EBITDA</b>	<b>\$</b>	<b>29.0</b>	<b>8.4%</b>	<b>18.3</b>	<b>6.3%</b>	<b>140.1</b>	<b>9.6%</b>	<b>126.7</b>	<b>9.3%</b>
<b>Interest Expense</b>	<b>\$</b>	<b>5.5</b>		<b>2.5</b>		<b>13.5</b>		<b>13.3</b>	
<b>Diluted Earnings per Share</b>	<b>\$</b>	<b>0.47</b>		<b>0.37</b>		<b>3.17</b>		<b>2.92</b>	

<sup>(1)</sup> All operating results provided except for revenues are on a non-GAAP basis. See financial statements in earnings release for reconciliation of GAAP to non-GAAP earnings.



# Balance Sheet & Cash Flow Highlights

(In millions)

	DECEMBER 31,	
	2024	2023
<b><u>Working Capital Stats</u></b>		
Accounts Receivable, Net	\$ 210.7	\$ 160.3
Inventories	\$ 624.9	\$ 507.1
<b><u>Cash Flow Stats (YTD)</u></b>		
Operating cash flows	\$ 76.7	\$ 144.3
Capex	\$ (44.0)	\$ (28.6)
M&A	\$ (372.5)	\$ (4.0)
Dividends	\$ (25.3)	\$ (25.2)
Share repurchases	\$ (10.4)	\$ -
Net Change in Debt	\$ 392.6	\$ (83.6)
<b><u>Debt &amp; Leverage</u></b>		
Total debt	\$ 562.3	\$ 156.2
Cash	\$ 44.4	\$ 32.5
Net debt	\$ 517.9	\$ 123.7
LTM Adjusted EBITDA <sup>(1)</sup>	\$ 140.1	\$ 126.7
Leverage ratio <sup>(1)</sup>	3.7x	1.0x
Remaining borrowing capacity	\$ 193.4	\$ 334.2
Total Liquidity	\$ 237.8	\$ 366.7

<sup>(1)</sup> Note that LTM Adjusted EBITDA and Leverage ratio only includes two months of Nissens results, as the acquisition closed on November 1, 2024.



# Q&A Session



# Appendix



# Reconciliation of GAAP and Non-GAAP Measures

(In thousands, except per share amounts)

	THREE MONTHS ENDED DECEMBER 31,		TWELVE MONTHS ENDED DECEMBER 31,	
	2024	2023	2024	2023
	(Unaudited)		(Unaudited)	
<b><u>EARNINGS FROM CONTINUING OPERATIONS ATTRIBUTABLE TO SMP</u></b>				
GAAP EARNINGS (LOSS) FROM CONTINUING OPERATIONS	\$ (796)	\$ 7,229	\$ 53,628	\$ 63,144
RESTRUCTURING AND INTEGRATION EXPENSES	1,894	1,259	7,668	2,642
ACQUISITION EXPENSES	13,041	-	15,245	-
CERTAIN TAX CREDITS AND PRODUCTION DEDUCTIONS FINALIZED IN PERIOD	-	-	(380)	(312)
INCOME TAX EFFECT RELATED TO RECONCILING ITEMS	<u>(3,631)</u>	<u>(327)</u>	<u>(5,705)</u>	<u>(687)</u>
NON-GAAP EARNINGS FROM CONTINUING OPERATIONS	<u>\$ 10,508</u>	<u>\$ 8,161</u>	<u>\$ 70,456</u>	<u>\$ 64,787</u>
<b><u>DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS ATTRIBUTABLE TO SMP</u></b>				
GAAP DILUTED EARNINGS (LOSS) PER SHARE FROM CONTINUING OPERATIONS	\$ (0.04)	\$ 0.32	\$ 2.41	\$ 2.85
RESTRUCTURING AND INTEGRATION EXPENSES	0.08	0.06	0.34	0.12
ACQUISITION EXPENSES	0.59	-	0.69	-
CERTAIN TAX CREDITS AND PRODUCTION DEDUCTIONS FINALIZED IN PERIOD	-	-	(0.02)	(0.01)
INCOME TAX EFFECT RELATED TO RECONCILING ITEMS	<u>(0.16)</u>	<u>(0.01)</u>	<u>(0.25)</u>	<u>(0.04)</u>
NON-GAAP DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS	<u>\$ 0.47</u>	<u>\$ 0.37</u>	<u>\$ 3.17</u>	<u>\$ 2.92</u>



# Reconciliation of GAAP and Non-GAAP Measures

(In thousands, except per share amounts)

	THREE MONTHS ENDED DECEMBER 31,		TWELVE MONTHS ENDED DECEMBER 31,	
	2024	2023	2024	2023
	(Unaudited)		(Unaudited)	
<b><u>OPERATING INCOME</u></b>				
GAAP OPERATING INCOME	\$ 3,880	\$ 9,947	\$ 80,624	\$ 92,677
RESTRUCTURING AND INTEGRATION EXPENSES	1,894	1,259	7,668	2,642
ACQUISITION EXPENSES	12,072	-	13,476	-
OTHER INCOME, NET	(70)	(2)	(75)	(76)
NON-GAAP OPERATING INCOME	<u>\$ 17,776</u>	<u>\$ 11,204</u>	<u>\$ 101,693</u>	<u>\$ 95,243</u>
<b><u>EBITDA WITHOUT SPECIAL ITEMS</u></b>				
GAAP EARNINGS FROM CONTINUING OPERATIONS BEFORE TAXES	\$ 62	\$ 6,993	\$ 73,989	\$ 81,716
DEPRECIATION AND AMORTIZATION	9,405	7,561	31,413	29,022
INTEREST EXPENSE	5,548	2,521	13,512	13,287
EBITDA	<u>15,015</u>	<u>17,075</u>	<u>118,914</u>	<u>124,025</u>
RESTRUCTURING AND INTEGRATION EXPENSES	1,894	1,259	7,668	2,642
ACQUISITION EXPENSES	12,072	-	13,476	-
SPECIAL ITEMS	<u>13,966</u>	<u>1,259</u>	<u>21,144</u>	<u>2,642</u>
EBITDA WITHOUT SPECIAL ITEMS	<u>\$ 28,981</u>	<u>\$ 18,334</u>	<u>\$ 140,058</u>	<u>\$ 126,667</u>

MANAGEMENT BELIEVES THAT NON-GAAP EARNINGS FROM CONTINUING OPERATIONS AND NON-GAAP DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS WHICH ARE ATTRIBUTABLE TO SMP, AND NON-GAAP OPERATING INCOME AND EBITDA WITHOUT SPECIAL ITEMS, 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.



# Reconciliation of GAAP and Non-GAAP Measures

(In thousands)

	THREE MONTHS ENDED DECEMBER 31, 2024					
	Vehicle Control	Temperature Control	Engineered Solutions	Nissens Automotive	All Other	Consolidated
	(Unaudited)					
<b><u>OPERATING INCOME</u></b>						
GAAP OPERATING INCOME	\$ 15,621	\$ 3,635	\$ 1,766	\$ (2,768)	\$ (14,374)	\$ 3,880
RESTRUCTURING AND INTEGRATION EXPENSES	1,536	169	189	-	-	1,894
ACQUISITION EXPENSES	-	-	-	3,165	8,907	12,072
OTHER EXPENSE, NET	6	(2)	(62)	(12)	-	(70)
NON-GAAP OPERATING INCOME	<u>\$ 17,163</u>	<u>\$ 3,802</u>	<u>\$ 1,893</u>	<u>\$ 385</u>	<u>\$ (5,467)</u>	<u>\$ 17,776</u>
<b><u>EBITDA WITHOUT SPECIAL ITEMS</u></b>						
GAAP EARNINGS FROM CONTINUING OPERATIONS BEFORE TAXES	\$ 14,893	\$ 4,216	\$ 2,184	\$ (6,087)	\$ (15,144)	\$ 62
DEPRECIATION AND AMORTIZATION	3,860	827	2,368	1,943	407	9,405
INTEREST EXPENSE	484	312	560	4,147	45	5,548
EBITDA	<u>19,237</u>	<u>5,355</u>	<u>5,112</u>	<u>3</u>	<u>(14,692)</u>	<u>15,015</u>
RESTRUCTURING AND INTEGRATION EXPENSES	1,536	169	189	-	-	1,894
ACQUISITION EXPENSES	-	-	-	3,165	8,907	12,072
SPECIAL ITEMS	<u>1,536</u>	<u>169</u>	<u>189</u>	<u>3,165</u>	<u>8,907</u>	<u>13,966</u>
EBITDA WITHOUT SPECIAL ITEMS	<u>\$ 20,773</u>	<u>\$ 5,524</u>	<u>\$ 5,301</u>	<u>\$ 3,168</u>	<u>\$ (5,785)</u>	<u>\$ 28,981</u>
% of Net Sales	11.1%	9.5%	8.5%	8.9%		8.4%



# Reconciliation of GAAP and Non-GAAP Measures

(In thousands)

	THREE MONTHS ENDED DECEMBER 31, 2023					Consolidated
	Vehicle Control	Temperature Control	Engineered Solutions	Nissens Automotive	All Other	
	(Unaudited)					
<b><u>OPERATING INCOME</u></b>						
GAAP OPERATING INCOME	\$ 16,608	\$ (3,595)	\$ 880	\$ -	\$ (3,946)	\$ 9,947
RESTRUCTURING AND INTEGRATION EXPENSES	792	330	137	-	-	1,259
OTHER INCOME, NET	(28)	-	26	-	-	(2)
NON-GAAP OPERATING INCOME	<u>\$ 17,372</u>	<u>\$ (3,265)</u>	<u>\$ 1,043</u>	<u>\$ -</u>	<u>\$ (3,946)</u>	<u>\$ 11,204</u>
<b><u>EBITDA WITHOUT SPECIAL ITEMS</u></b>						
GAAP EARNINGS FROM CONTINUING OPERATIONS BEFORE TAXES	\$ 14,862	\$ (4,466)	\$ 395	\$ -	\$ (3,798)	\$ 6,993
DEPRECIATION AND AMORTIZATION	3,610	985	2,549	-	417	7,561
INTEREST EXPENSE	1,737	602	690	-	(508)	2,521
EBITDA	<u>20,209</u>	<u>(2,879)</u>	<u>3,634</u>	<u>-</u>	<u>(3,889)</u>	<u>17,075</u>
RESTRUCTURING AND INTEGRATION EXPENSES	792	330	137	-	-	1,259
SPECIAL ITEMS	<u>792</u>	<u>330</u>	<u>137</u>	<u>-</u>	<u>-</u>	<u>1,259</u>
EBITDA WITHOUT SPECIAL ITEMS	<u>\$ 21,001</u>	<u>\$ (2,549)</u>	<u>\$ 3,771</u>	<u>\$ -</u>	<u>\$ (3,889)</u>	<u>\$ 18,334</u>
% of Net Sales	11.8%	-5.7%	5.6%	0.0%		6.3%

MANAGEMENT BELIEVES THAT NON-GAAP OPERATING INCOME AND EBITDA WITHOUT SPECIAL ITEMS, 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.



# Reconciliation of GAAP and Non-GAAP Measures

(In thousands)

TWELVE MONTHS ENDED DECEMBER 31, 2024

	Vehicle Control	Temperature Control	Engineered Solutions	Nissens Automotive	All Other	Consolidated
	(Unaudited)					
<b>OPERATING INCOME</b>						
GAAP OPERATING INCOME	\$ 67,306	\$ 34,937	\$ 14,820	\$ (2,768)	\$ (33,671)	\$ 80,624
RESTRUCTURING AND INTEGRATION EXPENSES	4,248	847	843	-	1,730	7,668
ACQUISITION EXPENSES	-	-	-	3,165	10,311	13,476
OTHER INCOME, NET	6	(2)	(67)	(12)	-	(75)
NON-GAAP OPERATING INCOME	<u>\$ 71,560</u>	<u>\$ 35,782</u>	<u>\$ 15,596</u>	<u>\$ 385</u>	<u>\$ (21,630)</u>	<u>\$ 101,693</u>
<b>EBITDA WITHOUT SPECIAL ITEMS</b>						
GAAP EARNINGS FROM CONTINUING OPERATIONS BEFORE TAXES	\$ 61,119	\$ 36,612	\$ 16,666	\$ (6,087)	\$ (34,321)	\$ 73,989
DEPRECIATION AND AMORTIZATION	14,841	3,307	9,608	1,943	1,714	31,413
INTEREST EXPENSE	5,976	2,360	2,364	4,147	(1,335)	13,512
EBITDA	<u>81,936</u>	<u>42,279</u>	<u>28,638</u>	<u>3</u>	<u>(33,942)</u>	<u>118,914</u>
RESTRUCTURING AND INTEGRATION EXPENSES	4,248	847	843	-	1,730	7,668
ACQUISITION EXPENSES	-	-	-	3,165	10,311	13,476
SPECIAL ITEMS	<u>4,248</u>	<u>847</u>	<u>843</u>	<u>3,165</u>	<u>12,041</u>	<u>21,144</u>
EBITDA WITHOUT SPECIAL ITEMS	<u>\$ 86,184</u>	<u>\$ 43,126</u>	<u>\$ 29,481</u>	<u>\$ 3,168</u>	<u>\$ (21,901)</u>	<u>\$ 140,058</u>
% of Net Sales	11.3%	11.3%	10.3%	8.9%		9.6%



# Reconciliation of GAAP and Non-GAAP Measures

(In thousands)

TWELVE MONTHS ENDED DECEMBER 31, 2023

	Vehicle Control	Temperature Control	Engineered Solutions	Nissens Automotive	All Other	Consolidated
	(Unaudited)					
<b><u>OPERATING INCOME</u></b>						
GAAP OPERATING INCOME	\$ 71,327	\$ 17,343	\$ 19,944	\$ -	\$ (15,937)	\$ 92,677
RESTRUCTURING AND INTEGRATION EXPENSES	1,276	1,108	258	-	-	2,642
OTHER INCOME, NET	(93)	-	17	-	-	(76)
NON-GAAP OPERATING INCOME	<u>\$ 72,510</u>	<u>\$ 18,451</u>	<u>\$ 20,219</u>	<u>\$ -</u>	<u>\$ (15,937)</u>	<u>\$ 95,243</u>
<b><u>EBITDA WITHOUT SPECIAL ITEMS</u></b>						
GAAP EARNINGS FROM CONTINUING OPERATIONS BEFORE TAXES	\$ 62,856	\$ 14,678	\$ 20,006	\$ -	\$ (15,824)	\$ 81,716
DEPRECIATION AND AMORTIZATION	13,877	3,424	9,966	-	1,755	29,022
INTEREST EXPENSE	9,345	3,279	2,306	-	(1,643)	13,287
EBITDA	<u>86,078</u>	<u>21,381</u>	<u>32,278</u>	<u>-</u>	<u>(15,712)</u>	<u>124,025</u>
RESTRUCTURING AND INTEGRATION EXPENSES	1,276	1,108	258	-	-	2,642
SPECIAL ITEMS	<u>1,276</u>	<u>1,108</u>	<u>258</u>	<u>-</u>	<u>-</u>	<u>2,642</u>
EBITDA WITHOUT SPECIAL ITEMS	<u>\$ 87,354</u>	<u>\$ 22,489</u>	<u>\$ 32,536</u>	<u>\$ -</u>	<u>\$ (15,712)</u>	<u>\$ 126,667</u>
% of Net Sales	11.8%	6.7%	11.5%	0.0%		9.3%

MANAGEMENT BELIEVES THAT NON-GAAP OPERATING INCOME AND EBITDA WITHOUT SPECIAL ITEMS, 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.