

# STANDARD MOTOR PRODUCTS, INC.

## Consolidated Statements of Operations

(In thousands, except per share amounts)

	THREE MONTHS ENDED MARCH 31,	
	2018	2017
	(Unaudited)	
NET SALES	\$ 261,826	\$ 282,378
COST OF SALES	<u>189,237</u>	<u>198,268</u>
GROSS PROFIT	72,589	84,110
SELLING, GENERAL & ADMINISTRATIVE EXPENSES	57,717	57,417
RESTRUCTURING AND INTEGRATION EXPENSES	2,836	1,547
OTHER INCOME, NET	<u>271</u>	<u>316</u>
OPERATING INCOME	12,307	25,462
OTHER NON-OPERATING INCOME (EXPENSE), NET	(31)	880
INTEREST EXPENSE	<u>632</u>	<u>468</u>
EARNINGS FROM CONTINUING OPERATIONS BEFORE TAXES	11,644	25,874
PROVISION FOR INCOME TAXES	<u>3,047</u>	<u>9,507</u>
EARNINGS FROM CONTINUING OPERATIONS	8,597	16,367
LOSS FROM DISCONTINUED OPERATION, NET OF INCOME TAXES	<u>(608)</u>	<u>(633)</u>
NET EARNINGS	<u>\$ 7,989</u>	<u>\$ 15,734</u>
NET EARNINGS PER COMMON SHARE:		
BASIC EARNINGS FROM CONTINUING OPERATIONS	\$ 0.38	\$ 0.72
DISCONTINUED OPERATION	(0.02)	(0.03)
NET EARNINGS PER COMMON SHARE - BASIC	<u>\$ 0.36</u>	<u>\$ 0.69</u>
DILUTED EARNINGS FROM CONTINUING OPERATIONS	\$ 0.37	\$ 0.70
DISCONTINUED OPERATION	(0.02)	(0.03)
NET EARNINGS PER COMMON SHARE - DILUTED	<u>\$ 0.35</u>	<u>\$ 0.67</u>
WEIGHTED AVERAGE NUMBER OF COMMON SHARES	22,498,510	22,846,595
WEIGHTED AVERAGE NUMBER OF COMMON AND DILUTIVE SHARES	22,967,281	23,313,773

# STANDARD MOTOR PRODUCTS, INC.

## Segment Revenues and Operating Income

(In thousands)

	THREE MONTHS ENDED			
	2018		2017	
	MARCH 31,			
	(Unaudited)			
<b><u>Revenues</u></b>				
Engine Management	\$	199,488		\$ 211,314
Temperature Control		60,231		70,290
All Other		2,107		774
	\$	261,826		\$ 282,378
 <b><u>Gross Margin</u></b>				
Engine Management	\$	56,470	28.3%	\$ 64,124 30.3%
Temperature Control		13,667	22.7%	17,707 25.2%
All Other		2,452		2,279
	\$	72,589	27.7%	\$ 84,110 29.8%
 <b><u>Selling, General &amp; Administrative</u></b>				
Engine Management	\$	36,264	18.2%	\$ 36,028 17.0%
Temperature Control		12,829	21.3%	13,006 18.5%
All Other		8,624		8,383
	\$	57,717	22.0%	\$ 57,417 20.3%
 <b><u>Operating Income</u></b>				
Engine Management	\$	20,206	10.1%	\$ 28,096 13.3%
Temperature Control		838	1.4%	4,701 6.7%
All Other		(6,172)		(6,104)
		14,872	5.7%	26,693 9.5%
<i>Restructuring &amp; Integration</i>		(2,836)	-1.1%	(1,547) -0.5%
<i>Other Income, Net</i>		271	0.1%	316 0.1%
	\$	12,307	4.7%	\$ 25,462 9.0%

## STANDARD MOTOR PRODUCTS, INC.

### Reconciliation of GAAP and Non-GAAP Measures

*(In thousands, except per share amounts)*

	THREE MONTHS ENDED MARCH 31,	
	2018	2017
	(Unaudited)	
<u>EARNINGS FROM CONTINUING OPERATIONS</u>		
GAAP EARNINGS FROM CONTINUING OPERATIONS	\$ 8,597	\$ 16,367
RESTRUCTURING AND INTEGRATION EXPENSES	2,836	1,547
GAIN FROM SALE OF BUILDINGS	(218)	(262)
INCOME TAX EFFECT RELATED TO RECONCILING ITEMS	<u>(681)</u>	<u>(514)</u>
NON-GAAP EARNINGS FROM CONTINUING OPERATIONS	<u>\$ 10,534</u>	<u>\$ 17,138</u>
<u>DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS</u>		
GAAP DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS	\$ 0.37	\$ 0.70
RESTRUCTURING AND INTEGRATION EXPENSES	0.12	0.07
GAIN FROM SALE OF BUILDINGS	(0.01)	(0.01)
INCOME TAX EFFECT RELATED TO RECONCILING ITEMS	<u>(0.02)</u>	<u>(0.02)</u>
NON-GAAP DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS	<u>\$ 0.46</u>	<u>\$ 0.74</u>
<u>OPERATING INCOME</u>		
GAAP OPERATING INCOME	\$ 12,307	\$ 25,462
RESTRUCTURING AND INTEGRATION EXPENSES	2,836	1,547
OTHER INCOME, NET	<u>(271)</u>	<u>(316)</u>
NON-GAAP OPERATING INCOME	<u>\$ 14,872</u>	<u>\$ 26,693</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, 2018 (Unaudited)	December 31, 2017
<b><u>ASSETS</u></b>		
CASH	\$ 26,226	\$ 17,323
ACCOUNTS RECEIVABLE, GROSS	165,816	145,024
ALLOWANCE FOR DOUBTFUL ACCOUNTS	5,243	4,967
ACCOUNTS RECEIVABLE, NET	160,573	140,057
INVENTORIES	329,784	326,411
UNRETURNED CUSTOMER INVENTORY	18,674	-
OTHER CURRENT ASSETS	12,672	12,300
TOTAL CURRENT ASSETS	547,929	496,091
PROPERTY, PLANT AND EQUIPMENT, NET	92,237	89,103
GOODWILL	67,534	67,413
OTHER INTANGIBLES, NET	54,411	56,261
DEFERRED INCOME TAXES	32,469	32,420
INVESTMENT IN UNCONSOLIDATED AFFILIATES	35,703	31,184
OTHER ASSETS	15,917	15,095
TOTAL ASSETS	\$ 846,200	\$ 787,567
<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>		
NOTES PAYABLE	\$ 90,000	\$ 57,000
CURRENT PORTION OF OTHER DEBT	5,880	4,699
ACCOUNTS PAYABLE	90,718	77,990
ACCRUED CUSTOMER RETURNS	43,031	35,916
ACCRUED CORE LIABILITY	23,751	11,899
OTHER CURRENT LIABILITIES	85,148	98,393
TOTAL CURRENT LIABILITIES	338,528	285,897
OTHER LONG-TERM DEBT	42	79
ACCRUED ASBESTOS LIABILITIES	32,769	33,376
OTHER LIABILITIES	15,352	14,561
TOTAL LIABILITIES	386,691	333,913
TOTAL STOCKHOLDERS' EQUITY	459,509	453,654
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 846,200	\$ 787,567

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

(In thousands)

	THREE MONTHS ENDED MARCH 31,	
	2018	2017
	(Unaudited)	
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
NET EARNINGS	\$ 7,989	\$ 15,734
ADJUSTMENTS TO RECONCILE NET EARNINGS TO NET CASH USED IN OPERATING ACTIVITIES:		
DEPRECIATION AND AMORTIZATION	6,016	5,631
OTHER	4,459	3,870
CHANGE IN ASSETS AND LIABILITIES:		
ACCOUNTS RECEIVABLE	(20,367)	(45,325)
INVENTORY	(3,390)	(19,344)
ACCOUNTS PAYABLE	10,674	13,664
PREPAID EXPENSES AND OTHER CURRENT ASSETS	1,559	2,065
SUNDRY PAYABLES AND ACCRUED EXPENSES	(12,997)	(2,269)
OTHER	(95)	(910)
NET CASH USED IN OPERATING ACTIVITIES	(6,152)	(26,884)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
ACQUISITIONS OF AND INVESTMENTS IN BUSINESSES	(6,472)	-
CAPITAL EXPENDITURES	(6,903)	(3,234)
OTHER INVESTING ACTIVITIES	-	2
NET CASH USED IN INVESTING ACTIVITIES	(13,375)	(3,232)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
NET CHANGE IN DEBT	34,054	27,224
PURCHASE OF TREASURY STOCK	(3,221)	(1,267)
DIVIDENDS PAID	(4,721)	(4,338)
OTHER FINANCING ACTIVITIES	1,885	3,650
NET CASH PROVIDED BY FINANCING ACTIVITIES	27,997	25,269
EFFECT OF EXCHANGE RATE CHANGES ON CASH	433	632
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	8,903	(4,215)
CASH AND CASH EQUIVALENTS at beginning of period	17,323	19,796
CASH AND CASH EQUIVALENTS at end of period	\$ 26,226	\$ 15,581