

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

(In thousands, except per share amounts)

|   | THREE MONTHS ENDED<br>JUNE 30, |                  | SIX MONTHS ENDED<br>JUNE 30, |                  |
|---|--------------------------------|------------------|------------------------------|------------------|
|   | 2018                           | 2017             | 2018                         | 2017             |
|   | (Unaudited)                    |                  | (Unaudited)                  |                  |
| NET SALES   | \$ 286,636                     | \$ 312,729       | \$ 548,462                   | \$ 595,107       |
| COST OF SALES   | <u>205,347</u>                 | <u>222,063</u>   | <u>394,584</u>               | <u>420,331</u>   |
| GROSS PROFIT  | 81,289                         | 90,666           | 153,878                      | 174,776          |
| SELLING, GENERAL & ADMINISTRATIVE EXPENSES            | 57,750                         | 60,346           | 115,467                      | 117,763          |
| RESTRUCTURING AND INTEGRATION EXPENSES                | 231                            | 1,235            | 3,067                        | 2,782            |
| OTHER INCOME, NET                                     | <u>42</u>                      | <u>314</u>       | <u>313</u>                   | <u>630</u>       |
| OPERATING INCOME                                      | 23,350                         | 29,399           | 35,657                       | 54,861           |
| OTHER NON-OPERATING INCOME, NET                       | 480                            | 1,010            | 449                          | 1,890            |
| INTEREST EXPENSE                                      | <u>1,251</u>                   | <u>722</u>       | <u>1,883</u>                 | <u>1,190</u>     |
| EARNINGS FROM CONTINUING OPERATIONS BEFORE TAXES      | 22,579                         | 29,687           | 34,223                       | 55,561           |
| PROVISION FOR INCOME TAXES                            | <u>5,752</u>                   | <u>11,426</u>    | <u>8,799</u>                 | <u>20,933</u>    |
| EARNINGS FROM CONTINUING OPERATIONS                   | 16,827                         | 18,261           | 25,424                       | 34,628           |
| LOSS FROM DISCONTINUED OPERATION, NET OF INCOME TAXES | <u>(882)</u>                   | <u>(497)</u>     | <u>(1,490)</u>               | <u>(1,130)</u>   |
| NET EARNINGS  | <u>\$ 15,945</u>               | <u>\$ 17,764</u> | <u>\$ 23,934</u>             | <u>\$ 33,498</u> |
| NET EARNINGS PER COMMON SHARE:                        |                                |                  |                              |                  |
| BASIC EARNINGS FROM CONTINUING OPERATIONS             | \$ 0.75                        | \$ 0.80          | \$ 1.13                      | \$ 1.52          |
| DISCONTINUED OPERATION                                | (0.04)                         | (0.02)           | (0.07)                       | (0.05)           |
| NET EARNINGS PER COMMON SHARE - BASIC                 | <u>\$ 0.71</u>                 | <u>\$ 0.78</u>   | <u>\$ 1.06</u>               | <u>\$ 1.47</u>   |
| DILUTED EARNINGS FROM CONTINUING OPERATIONS           | \$ 0.73                        | \$ 0.78          | \$ 1.11                      | \$ 1.48          |
| DISCONTINUED OPERATION                                | (0.04)                         | (0.02)           | (0.07)                       | (0.04)           |
| NET EARNINGS PER COMMON SHARE - DILUTED               | <u>\$ 0.69</u>                 | <u>\$ 0.76</u>   | <u>\$ 1.04</u>               | <u>\$ 1.44</u>   |
| WEIGHTED AVERAGE NUMBER OF COMMON SHARES              | 22,471,428                     | 22,820,079       | 22,484,894                   | 22,833,263       |
| WEIGHTED AVERAGE NUMBER OF COMMON AND DILUTIVE SHARES | 22,958,469                     | 23,329,082       | 22,962,049                   | 23,332,480       |

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

(In thousands)

|   | THREE MONTHS ENDED<br>JUNE 30, |                |       | SIX MONTHS ENDED<br>JUNE 30, |                |       |           |                |       |           |                |       |
|---|--------------------------------|----------------|-------|------------------------------|----------------|-------|-----------|----------------|-------|-----------|----------------|-------|
|   | 2018                           | (Unaudited)    | 2017  | 2018                         | (Unaudited)    | 2017  |           |                |       |           |                |       |
| <b><u>Revenues</u></b>                              |                                |                |       |                              |                |       |           |                |       |           |                |       |
| Ignition, Emission and Fuel System Parts            | \$                             | 162,462        |       | \$                           | 178,105        |       | \$        | 323,539        |       | \$        | 343,258        |       |
| Wire and Cable                                      |                                | 40,967         |       |                              | 45,244         |       |           | 79,378         |       |           | 91,405         |       |
| <b>Engine Management</b>                            |                                | <u>203,429</u> |       |                              | <u>223,349</u> |       |           | <u>402,917</u> |       |           | <u>434,663</u> |       |
| Compressors   |                                | 46,940         |       |                              | 49,644         |       |           | 76,838         |       |           | 87,545         |       |
| Other Climate Control Parts                         |                                | 33,430         |       |                              | 37,747         |       |           | 63,763         |       |           | 70,136         |       |
| <b>Temperature Control</b>                          |                                | <u>80,370</u>  |       |                              | <u>87,391</u>  |       |           | <u>140,601</u> |       |           | <u>157,681</u> |       |
| All Other   |                                | 2,837          |       |                              | 1,989          |       |           | 4,944          |       |           | 2,763          |       |
| <b>Revenues</b>                                     | <u>\$</u>                      | <u>286,636</u> |       | <u>\$</u>                    | <u>312,729</u> |       | <u>\$</u> | <u>548,462</u> |       | <u>\$</u> | <u>595,107</u> |       |
| <b><u>Gross Margin</u></b>                          |                                |                |       |                              |                |       |           |                |       |           |                |       |
| Engine Management                                   | \$                             | 57,782         | 28.4% | \$                           | 65,599         | 29.4% | \$        | 114,252        | 28.4% | \$        | 129,723        | 29.8% |
| Temperature Control                                 |                                | 20,800         | 25.9% |                              | 23,111         | 26.4% |           | 34,467         | 24.5% |           | 40,818         | 25.9% |
| All Other   |                                | 2,707          |       |                              | 1,956          |       |           | 5,159          |       |           | 4,235          |       |
| <b>Gross Margin</b>                                 | <u>\$</u>                      | <u>81,289</u>  | 28.4% | <u>\$</u>                    | <u>90,666</u>  | 29.0% | <u>\$</u> | <u>153,878</u> | 28.1% | <u>\$</u> | <u>174,776</u> | 29.4% |
| <b><u>Selling, General &amp; Administrative</u></b> |                                |                |       |                              |                |       |           |                |       |           |                |       |
| Engine Management                                   | \$                             | 34,598         | 17.0% | \$                           | 38,180         | 17.1% | \$        | 70,862         | 17.6% | \$        | 74,208         | 17.1% |
| Temperature Control                                 |                                | 15,721         | 19.6% |                              | 14,544         | 16.6% |           | 28,550         | 20.3% |           | 27,550         | 17.5% |
| All Other   |                                | 7,431          |       |                              | 7,622          |       |           | 16,055         |       |           | 16,005         |       |
| <b>Selling, General &amp; Administrative</b>        | <u>\$</u>                      | <u>57,750</u>  | 20.1% | <u>\$</u>                    | <u>60,346</u>  | 19.3% | <u>\$</u> | <u>115,467</u> | 21.1% | <u>\$</u> | <u>117,763</u> | 19.8% |
| <b><u>Operating Income</u></b>                      |                                |                |       |                              |                |       |           |                |       |           |                |       |
| Engine Management                                   | \$                             | 23,184         | 11.4% | \$                           | 27,419         | 12.3% | \$        | 43,390         | 10.8% | \$        | 55,515         | 12.8% |
| Temperature Control                                 |                                | 5,079          | 6.3%  |                              | 8,567          | 9.8%  |           | 5,917          | 4.2%  |           | 13,268         | 8.4%  |
| All Other   |                                | (4,724)        |       |                              | (5,666)        |       |           | (10,896)       |       |           | (11,770)       |       |
| <b>Subtotal</b>                                     |                                | <u>23,539</u>  | 8.2%  |                              | <u>30,320</u>  | 9.7%  |           | <u>38,411</u>  | 7.0%  |           | <u>57,013</u>  | 9.6%  |
| Restructuring & Integration                         |                                | (231)          | -0.1% |                              | (1,235)        | -0.4% |           | (3,067)        | -0.6% |           | (2,782)        | -0.5% |
| Other Income, Net                                   |                                | 42             | 0.0%  |                              | 314            | 0.1%  |           | 313            | 0.1%  |           | 630            | 0.1%  |
| <b>Operating Income</b>                             | <u>\$</u>                      | <u>23,350</u>  | 8.1%  | <u>\$</u>                    | <u>29,399</u>  | 9.4%  | <u>\$</u> | <u>35,657</u>  | 6.5%  | <u>\$</u> | <u>54,861</u>  | 9.2%  |

## STANDARD MOTOR PRODUCTS, INC.

### Reconciliation of GAAP and Non-GAAP Measures

(In thousands, except per share amounts)

|   | THREE MONTHS ENDED<br>JUNE 30, |                  | SIX MONTHS ENDED<br>JUNE 30, |                  |
|---|--------------------------------|------------------|------------------------------|------------------|
|   | 2018                           | 2017             | 2018                         | 2017             |
|   | (Unaudited)                    |                  | (Unaudited)                  |                  |
| <b><u>EARNINGS FROM CONTINUING OPERATIONS</u></b>                   |                                |                  |                              |                  |
| GAAP EARNINGS FROM CONTINUING OPERATIONS                            | \$ 16,827                      | \$ 18,261        | \$ 25,424                    | \$ 34,628        |
| RESTRUCTURING AND INTEGRATION EXPENSES                              | 231                            | 1,235            | 3,067                        | 2,782            |
| GAIN FROM SALE OF BUILDINGS   | -                              | (262)            | (218)                        | (524)            |
| INCOME TAX EFFECT RELATED TO RECONCILING ITEMS                      | (60)                           | (389)            | (741)                        | (903)            |
| NON-GAAP EARNINGS FROM CONTINUING OPERATIONS                        | <u>\$ 16,998</u>               | <u>\$ 18,845</u> | <u>\$ 27,532</u>             | <u>\$ 35,983</u> |
| <b><u>DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS</u></b> |                                |                  |                              |                  |
| GAAP DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS          | \$ 0.73                        | \$ 0.78          | \$ 1.11                      | \$ 1.48          |
| RESTRUCTURING AND INTEGRATION EXPENSES                              | 0.01                           | 0.05             | 0.13                         | 0.12             |
| GAIN FROM SALE OF BUILDINGS   | -                              | (0.01)           | (0.01)                       | (0.02)           |
| INCOME TAX EFFECT RELATED TO RECONCILING ITEMS                      | -                              | (0.01)           | (0.03)                       | (0.04)           |
| NON-GAAP DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS      | <u>\$ 0.74</u>                 | <u>\$ 0.81</u>   | <u>\$ 1.20</u>               | <u>\$ 1.54</u>   |
| <b><u>OPERATING INCOME</u></b>                                      |                                |                  |                              |                  |
| GAAP OPERATING INCOME   | \$ 23,350                      | \$ 29,399        | \$ 35,657                    | \$ 54,861        |
| RESTRUCTURING AND INTEGRATION EXPENSES                              | 231                            | 1,235            | 3,067                        | 2,782            |
| OTHER INCOME, NET   | (42)                           | (314)            | (313)                        | (630)            |
| NON-GAAP OPERATING INCOME   | <u>\$ 23,539</u>               | <u>\$ 30,320</u> | <u>\$ 38,411</u>             | <u>\$ 57,013</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)

|  | June 30,<br>2018<br>(Unaudited) | December 31,<br>2017 |
|--|---------------------------------|----------------------|
| <b><u>ASSETS</u></b>                               |                                 |                      |
| CASH   | \$ 18,573                       | \$ 17,323            |
| ACCOUNTS RECEIVABLE, GROSS                         | 179,394                         | 145,024              |
| ALLOWANCE FOR DOUBTFUL ACCOUNTS                    | 5,533                           | 4,967                |
| ACCOUNTS RECEIVABLE, NET                           | 173,861                         | 140,057              |
| INVENTORIES  | 331,453                         | 326,411              |
| UNRETURNED CUSTOMER INVENTORIES                    | 18,246                          | -                    |
| OTHER CURRENT ASSETS                               | 16,458                          | 12,300               |
| TOTAL CURRENT ASSETS                               | 558,591                         | 496,091              |
| PROPERTY, PLANT AND EQUIPMENT, NET                 | 91,277                          | 89,103               |
| GOODWILL   | 67,360                          | 67,413               |
| OTHER INTANGIBLES, NET                             | 52,216                          | 56,261               |
| DEFERRED INCOME TAXES                              | 31,842                          | 32,420               |
| INVESTMENT IN UNCONSOLIDATED AFFILIATES            | 34,725                          | 31,184               |
| OTHER ASSETS                                       | 15,934                          | 15,095               |
| TOTAL ASSETS                                       | \$ 851,945                      | \$ 787,567           |
| <b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b> |                                 |                      |
| NOTES PAYABLE                                      | \$ 88,528                       | \$ 57,000            |
| CURRENT PORTION OF OTHER DEBT                      | 5,169                           | 4,699                |
| ACCOUNTS PAYABLE                                   | 94,988                          | 77,990               |
| ACCRUED CUSTOMER RETURNS                           | 42,536                          | 35,916               |
| ACCRUED CORE LIABILITY                             | 26,138                          | 11,899               |
| OTHER CURRENT LIABILITIES                          | 84,394                          | 98,393               |
| TOTAL CURRENT LIABILITIES                          | 341,753                         | 285,897              |
| OTHER LONG-TERM DEBT                               | 34                              | 79                   |
| ACCRUED ASBESTOS LIABILITIES                       | 32,339                          | 33,376               |
| OTHER LIABILITIES                                  | 15,449                          | 14,561               |
| TOTAL LIABILITIES                                  | 389,575                         | 333,913              |
| TOTAL STOCKHOLDERS' EQUITY                         | 462,370                         | 453,654              |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY         | \$ 851,945                      | \$ 787,567           |

# STANDARD MOTOR PRODUCTS, INC.

## Condensed Consolidated Statements of Cash Flows

(In thousands)

|   | SIX MONTHS ENDED<br>JUNE 30, |                  |
|---|------------------------------|------------------|
|   | 2018                         | 2017             |
|   | <u>(Unaudited)</u>           |                  |
| <b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>  |                              |                  |
| NET EARNINGS  | \$ 23,934                    | \$ 33,498        |
| ADJUSTMENTS TO RECONCILE NET EARNINGS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES: |                              |                  |
| DEPRECIATION AND AMORTIZATION   | 11,706                       | 11,316           |
| OTHER   | 8,641                        | 7,498            |
| CHANGE IN ASSETS AND LIABILITIES:   |                              |                  |
| ACCOUNTS RECEIVABLE   | (34,524)                     | (53,069)         |
| INVENTORIES   | (6,650)                      | (27,048)         |
| ACCOUNTS PAYABLE  | 15,684                       | 17,475           |
| PREPAID EXPENSES AND OTHER CURRENT ASSETS   | (2,988)                      | (943)            |
| SUNDRY PAYABLES AND ACCRUED EXPENSES  | (9,115)                      | 5,663            |
| OTHER   | (2,502)                      | (1,225)          |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES   | <u>4,186</u>                 | <u>(6,835)</u>   |
| <b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>  |                              |                  |
| ACQUISITIONS OF AND INVESTMENTS IN BUSINESSES   | (8,572)                      | -                |
| CAPITAL EXPENDITURES  | (11,325)                     | (8,843)          |
| OTHER INVESTING ACTIVITIES  | 16                           | 2                |
| NET CASH USED IN INVESTING ACTIVITIES   | <u>(19,881)</u>              | <u>(8,841)</u>   |
| <b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>  |                              |                  |
| NET CHANGE IN DEBT  | 32,287                       | 24,113           |
| PURCHASE OF TREASURY STOCK  | (7,640)                      | (5,176)          |
| DIVIDENDS PAID  | (9,437)                      | (8,674)          |
| OTHER FINANCING ACTIVITIES  | 1,990                        | 1,488            |
| NET CASH PROVIDED BY FINANCING ACTIVITIES   | <u>17,200</u>                | <u>11,751</u>    |
| EFFECT OF EXCHANGE RATE CHANGES ON CASH   | (255)                        | 518              |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS  | 1,250                        | (3,407)          |
| CASH AND CASH EQUIVALENTS at beginning of Period  | 17,323                       | 19,796           |
| CASH AND CASH EQUIVALENTS at end of Period  | <u>\$ 18,573</u>             | <u>\$ 16,389</u> |