

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

(In thousands, except per share amounts)

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2018	2017	2018	2017
	(Unaudited)		(Unaudited)	
NET SALES	\$ 296,619	\$ 281,058	\$ 845,081	\$ 876,165
COST OF SALES	<u>209,313</u>	<u>198,523</u>	<u>603,897</u>	<u>618,854</u>
GROSS PROFIT	87,306	82,535	241,184	257,311
SELLING, GENERAL & ADMINISTRATIVE EXPENSES	60,137	54,963	175,604	172,726
RESTRUCTURING AND INTEGRATION EXPENSES	6	1,132	3,073	3,914
OTHER INCOME, NET	<u>15</u>	<u>316</u>	<u>328</u>	<u>946</u>
OPERATING INCOME	27,178	26,756	62,835	81,617
OTHER NON-OPERATING INCOME, NET	351	482	800	2,372
INTEREST EXPENSE	<u>1,254</u>	<u>595</u>	<u>3,137</u>	<u>1,785</u>
EARNINGS FROM CONTINUING OPERATIONS BEFORE TAXES	26,275	26,643	60,498	82,204
PROVISION FOR INCOME TAXES	<u>7,002</u>	<u>9,535</u>	<u>15,801</u>	<u>30,468</u>
EARNINGS FROM CONTINUING OPERATIONS	19,273	17,108	44,697	51,736
LOSS FROM DISCONTINUED OPERATION, NET OF INCOME TAXES	<u>(3,524)</u>	<u>(3,983)</u>	<u>(5,014)</u>	<u>(5,113)</u>
NET EARNINGS	<u>\$ 15,749</u>	<u>\$ 13,125</u>	<u>\$ 39,683</u>	<u>\$ 46,623</u>
NET EARNINGS PER COMMON SHARE:				
BASIC EARNINGS FROM CONTINUING OPERATIONS	\$ 0.86	\$ 0.75	\$ 1.99	\$ 2.27
DISCONTINUED OPERATION	<u>(0.16)</u>	<u>(0.17)</u>	<u>(0.22)</u>	<u>(0.22)</u>
NET EARNINGS PER COMMON SHARE - BASIC	<u>\$ 0.70</u>	<u>\$ 0.58</u>	<u>\$ 1.77</u>	<u>\$ 2.05</u>
DILUTED EARNINGS FROM CONTINUING OPERATIONS	\$ 0.84	\$ 0.74	\$ 1.95	\$ 2.22
DISCONTINUED OPERATION	<u>(0.15)</u>	<u>(0.17)</u>	<u>(0.22)</u>	<u>(0.22)</u>
NET EARNINGS PER COMMON SHARE - DILUTED	<u>\$ 0.69</u>	<u>\$ 0.57</u>	<u>\$ 1.73</u>	<u>\$ 2.00</u>
WEIGHTED AVERAGE NUMBER OF COMMON SHARES	22,424,962	22,660,157	22,464,697	22,774,927
WEIGHTED AVERAGE NUMBER OF COMMON AND DILUTIVE SHARES	22,938,925	23,174,700	22,954,649	23,287,052

## STANDARD MOTOR PRODUCTS, INC.

### Segment Revenues and Operating Income

(In thousands)

	THREE MONTHS ENDED SEPTEMBER 30,			NINE MONTHS ENDED SEPTEMBER 30,		
	2018	(Unaudited)	2017	2018	(Unaudited)	2017
<b><u>Revenues</u></b>						
Ignition, Emission and Fuel System Parts	\$ 159,101		\$ 155,544	\$ 482,640		\$ 498,802
Wire and Cable	38,469		41,232	117,847		132,637
<b>Engine Management</b>	<u>197,570</u>		<u>196,776</u>	<u>600,487</u>		<u>631,439</u>
Compressors	54,842		44,733	131,680		132,278
Other Climate Control Parts	41,237		36,427	105,000		106,563
<b>Temperature Control</b>	<u>96,079</u>		<u>81,160</u>	<u>236,680</u>		<u>238,841</u>
All Other	2,970		3,122	7,914		5,885
<b>Revenues</b>	<u>\$ 296,619</u>		<u>\$ 281,058</u>	<u>\$ 845,081</u>		<u>\$ 876,165</u>
<b><u>Gross Margin</u></b>						
Engine Management	\$ 57,188	28.9%	\$ 57,808	29.4%	\$ 171,440	28.6%
Temperature Control	26,523	27.6%	21,721	26.8%	60,990	25.8%
All Other	3,595		3,006		8,754	
<b>Gross Margin</b>	<u>\$ 87,306</u>	29.4%	<u>\$ 82,535</u>	29.4%	<u>\$ 241,184</u>	28.5%
<b><u>Selling, General &amp; Administrative</u></b>						
Engine Management	\$ 35,553	18.0%	\$ 34,289	17.4%	\$ 106,415	17.7%
Temperature Control	17,961	18.7%	13,665	16.8%	46,511	19.7%
All Other	6,623		7,009		22,678	
<b>Selling, General &amp; Administrative</b>	<u>\$ 60,137</u>	20.3%	<u>\$ 54,963</u>	19.6%	<u>\$ 175,604</u>	20.8%
<b><u>Operating Income</u></b>						
Engine Management	\$ 21,635	11.0%	\$ 23,519	12.0%	\$ 65,025	10.8%
Temperature Control	8,562	8.9%	8,056	9.9%	14,479	6.1%
All Other	(3,028)		(4,003)		(13,924)	
<b>Subtotal</b>	<u>27,169</u>	9.2%	<u>27,572</u>	9.8%	<u>65,580</u>	7.8%
Restructuring & Integration	(6)	0.0%	(1,132)	-0.4%	(3,073)	-0.4%
Other Income, Net	15	0.0%	316	0.1%	328	0.0%
<b>Operating Income</b>	<u>\$ 27,178</u>	9.2%	<u>\$ 26,756</u>	9.5%	<u>\$ 62,835</u>	7.4%
<b><u>Operating Income</u></b>						
	<u>\$ 81,617</u>		<u>\$ 81,617</u>		<u>\$ 257,311</u>	29.4%

## STANDARD MOTOR PRODUCTS, INC.

### Reconciliation of GAAP and Non-GAAP Measures

(In thousands, except per share amounts)

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2018	2017	2018	2017
	(Unaudited)		(Unaudited)	
<b><u>EARNINGS FROM CONTINUING OPERATIONS</u></b>				
GAAP EARNINGS FROM CONTINUING OPERATIONS	\$ 19,273	\$ 17,108	\$ 44,697	\$ 51,736
RESTRUCTURING AND INTEGRATION EXPENSES	6	1,132	3,073	3,914
CERTAIN TAX CREDITS AND PRODUCTION DEDUCTIONS FINALIZED IN PERIOD	(144)	(463)	(144)	(463)
GAIN FROM SALE OF BUILDINGS	-	(262)	(218)	(786)
INCOME TAX EFFECT RELATED TO RECONCILING ITEMS	(1)	(348)	(742)	(1,251)
NON-GAAP EARNINGS FROM CONTINUING OPERATIONS	<u>\$ 19,134</u>	<u>\$ 17,167</u>	<u>\$ 46,666</u>	<u>\$ 53,150</u>
<b><u>DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS</u></b>				
GAAP DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS	\$ 0.84	\$ 0.74	\$ 1.95	\$ 2.22
RESTRUCTURING AND INTEGRATION EXPENSES	-	0.05	0.13	0.16
CERTAIN TAX CREDITS AND PRODUCTION DEDUCTIONS FINALIZED IN PERIOD	(0.01)	(0.02)	(0.01)	(0.02)
GAIN FROM SALE OF BUILDINGS	-	(0.01)	(0.01)	(0.03)
INCOME TAX EFFECT RELATED TO RECONCILING ITEMS	-	(0.02)	(0.03)	(0.05)
NON-GAAP DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS	<u>\$ 0.83</u>	<u>\$ 0.74</u>	<u>\$ 2.03</u>	<u>\$ 2.28</u>
<b><u>OPERATING INCOME</u></b>				
GAAP OPERATING INCOME	\$ 27,178	\$ 26,756	\$ 62,835	\$ 81,617
RESTRUCTURING AND INTEGRATION EXPENSES	6	1,132	3,073	3,914
OTHER INCOME, NET	(15)	(316)	(328)	(946)
NON-GAAP OPERATING INCOME	<u>\$ 27,169</u>	<u>\$ 27,572</u>	<u>\$ 65,580</u>	<u>\$ 84,585</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)

	September 30, 2018 (Unaudited)	December 31, 2017
<b><u>ASSETS</u></b>		
CASH	\$ 27,321	\$ 17,323
ACCOUNTS RECEIVABLE, GROSS	168,846	145,024
ALLOWANCE FOR DOUBTFUL ACCOUNTS	5,537	4,967
ACCOUNTS RECEIVABLE, NET	163,309	140,057
INVENTORIES	318,420	326,411
UNRETURNED CUSTOMER INVENTORY	21,295	-
OTHER CURRENT ASSETS	11,681	12,300
TOTAL CURRENT ASSETS	542,026	496,091
PROPERTY, PLANT AND EQUIPMENT, NET	91,735	89,103
GOODWILL	67,387	67,413
OTHER INTANGIBLES, NET	50,263	56,261
DEFERRED INCOME TAXES	34,907	32,420
INVESTMENT IN UNCONSOLIDATED AFFILIATES	33,785	31,184
OTHER ASSETS	16,284	15,095
TOTAL ASSETS	\$ 836,387	\$ 787,567
<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>		
NOTES PAYABLE	\$ 45,000	\$ 57,000
CURRENT PORTION OF OTHER DEBT	5,980	4,699
ACCOUNTS PAYABLE	84,031	77,990
ACCRUED CUSTOMER RETURNS	53,717	35,916
ACCRUED CORE LIABILITY	30,002	11,899
OTHER CURRENT LIABILITIES	90,221	98,393
TOTAL CURRENT LIABILITIES	308,951	285,897
OTHER LONG-TERM DEBT	26	79
ACCRUED ASBESTOS LIABILITIES	35,319	33,376
OTHER LIABILITIES	18,039	14,561
TOTAL LIABILITIES	362,335	333,913
TOTAL STOCKHOLDERS' EQUITY	474,052	453,654
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 836,387	\$ 787,567

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

(In thousands)

	NINE MONTHS ENDED SEPTEMBER 30,	
	2018	2017
	(Unaudited)	
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
NET EARNINGS	\$ 39,683	\$ 46,623
ADJUSTMENTS TO RECONCILE NET EARNINGS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
DEPRECIATION AND AMORTIZATION	17,745	17,439
OTHER	12,220	14,065
CHANGE IN ASSETS AND LIABILITIES:		
ACCOUNTS RECEIVABLE	(23,428)	(27,753)
INVENTORY	2,761	(18,746)
ACCOUNTS PAYABLE	5,193	90
PREPAID EXPENSES AND OTHER CURRENT ASSETS	1,202	(4,805)
SUNDRY PAYABLES AND ACCRUED EXPENSES	12,828	8,728
OTHER	(619)	1,120
NET CASH PROVIDED BY OPERATING ACTIVITIES	67,585	36,761
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
ACQUISITIONS OF AND INVESTMENTS IN BUSINESSES	(9,852)	-
CAPITAL EXPENDITURES	(15,633)	(17,710)
OTHER INVESTING ACTIVITIES	37	6
NET CASH USED IN INVESTING ACTIVITIES	(25,448)	(17,704)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
NET CHANGE IN DEBT	(10,537)	18,153
PURCHASE OF TREASURY STOCK	(9,271)	(20,000)
DIVIDENDS PAID	(14,144)	(12,990)
OTHER FINANCING ACTIVITIES	1,382	658
NET CASH USED IN FINANCING ACTIVITIES	(32,570)	(14,179)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	431	724
NET INCREASE IN CASH AND CASH EQUIVALENTS	9,998	5,602
CASH AND CASH EQUIVALENTS at beginning of Period	17,323	19,796
CASH AND CASH EQUIVALENTS at end of Period	\$ 27,321	\$ 25,398