



For Immediate Release

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Standard Motor Products, Inc. Announces Second Quarter 2019 Results and a Quarterly Dividend

New York, NY, July 25, 2019.....Standard Motor Products, Inc. (NYSE: SMP), an automotive replacement parts manufacturer and distributor, reported today its consolidated financial results for the three months and six months ending June 30, 2019.

Consolidated net sales for the second quarter of 2019 were \$305.2 million, compared to consolidated net sales of \$286.6 million during the comparable quarter in 2018. Earnings from continuing operations for the second quarter of 2019 were \$20.6 million or 90 cents per diluted share, compared to \$16.8 million or 73 cents per diluted share in the second quarter of 2018.

Excluding non-operational gains and losses identified on the attached reconciliation of GAAP and non-GAAP measures, earnings from continuing operations for the second quarter of 2019 were \$21 million or 92 cents per diluted share, compared to \$17 million or 74 cents per diluted share in the second quarter of 2018.

Consolidated net sales for the six month period ended June 30, 2019, were \$588.9 million, compared to consolidated net sales of \$548.5 million during the comparable period in 2018. Earnings from continuing operations for the six month period ended June 30, 2019, were \$33.7 million or \$1.47 per diluted share, compared to \$25.4 million or \$1.11 per diluted share in the comparable period of 2018. Excluding non-operational gains and losses identified on the attached reconciliation of GAAP and non-GAAP measures, earnings from continuing operations for the six months ended June 30, 2019, and 2018 were \$34.1 million or \$1.49 per diluted share and \$27.5 million or \$1.20 per diluted share, respectively.

Mr. Eric P. Sills, Standard Motor Products' Chief Executive Officer and President stated, "We are quite pleased with our second quarter, posting solid gains in sales, margins and earnings, with strong performance in both of our operating divisions.

"Engine Management sales were up approximately 7% for both the quarter and year to date. Excluding the wire and cable segment, Engine Management sales in the quarter increased almost 12%, or almost \$20 million. The increase included three months of revenue from the Pollak acquisition, accounting for nearly \$11 million. Excluding Pollak, our Engine Management business increased 5.3% for the quarter. The increase was attributable to a combination of strong demand in our OE business, which tends to be somewhat volatile, a benefit from pricing actions and tariffs, and low single digit organic growth.

"Engine Management gross margin was up 0.9 points from last year, and 1.3 points from the first quarter, reflecting our return to historic productivity in our Reynosa wire plant after the lengthy integration of the General Cable wire business. This margin improvement also includes certain

pricing actions offset by the adverse impact of tariffs being passed through to customers at our cost.

“Our Temperature Control sales were up 5% for the quarter and 9% year-to-date. April and May tend to reflect pre-season stocking activities, while June is the start of the summer selling season. Although we are pleased with the quarter’s results, it was a slow start to summer heat nationwide. The third quarter will be critical to full-year performance, as 2018 was a very hot summer and a challenging comparison.

“Temperature Control gross margin improved 0.8 points in the quarter and, as with Engine Management, was dampened by tariffs being passed through to customers at our cost. As previously discussed, within SG&A, we experienced improvements in our distribution expense as our new warehouse automation in Lewisville is now fully implemented.

“Finally, on April 1st, we completed the acquisition of the Pollak business of Stoneridge, Inc., and it has contributed quite nicely to our performance. We will be relocating the acquired production lines to existing facilities over the course of the balance of the year, and expect significant savings once fully integrated and performing at full productivity some time in 2020. So far we are pleased with what we have seen, and believe it will be an excellent fit for SMP. We acquired a profitable and stable business with an excellent customer base, and we believe that with our combined skills, we will be able to advance our goal of increasing our presence in the heavy duty and commercial vehicle markets.”

The Board of Directors has approved payment of a quarterly dividend of 23 cents per share on the common stock outstanding. The dividend will be paid on September 3, 2019 to stockholders of record on August 15, 2019.

Standard Motor Products, Inc. will hold a conference call at 11:00 AM, Eastern Time, on Thursday, July 25, 2019. The dial-in number is 866-831-8713 (domestic) or 203-518-9822 (international). The playback number is 800-839-9562 (domestic) or 402-220-6090 (international). The conference ID is STANDARD.

Under the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, Standard Motor Products cautions investors that any forward-looking statements made by the company, including those that may be made in this press release, are based on management's expectations at the time they are made, but they are subject to risks and uncertainties that may cause actual results, events or performance to differ materially from those contemplated by such forward looking statements. Among the factors that could cause actual results, events or performance to differ materially from those risks and uncertainties discussed in this press release are those detailed from time-to-time in prior press releases and in the company's filings with the Securities and Exchange Commission, including the company's annual report on Form 10-K and quarterly reports on Form 10-Q. By making these forward-looking statements, Standard Motor Products undertakes no obligation or intention to update these statements after the date of this release.

STANDARD MOTOR PRODUCTS, INC. Consolidated Statements of Operations

(In thousands, except per share amounts)

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2019	2018	2019	2018
	(Unaudited)		(Unaudited)	
NET SALES	\$ 305,172	\$ 286,636	\$ 588,938	\$ 548,462
COST OF SALES	<u>216,267</u>	<u>205,347</u>	<u>422,070</u>	<u>394,584</u>
GROSS PROFIT	88,905	81,289	166,868	153,878
SELLING, GENERAL & ADMINISTRATIVE EXPENSES	60,536	57,750	120,536	115,467
RESTRUCTURING AND INTEGRATION EXPENSES	644	231	644	3,067
OTHER INCOME (EXPENSE), NET	<u>3</u>	<u>42</u>	<u>(3)</u>	<u>313</u>
OPERATING INCOME	27,728	23,350	45,685	35,657
OTHER NON-OPERATING INCOME, NET	1,411	480	2,057	449
INTEREST EXPENSE	<u>1,722</u>	<u>1,251</u>	<u>2,811</u>	<u>1,883</u>
EARNINGS FROM CONTINUING OPERATIONS BEFORE TAXES	27,417	22,579	44,931	34,223
PROVISION FOR INCOME TAXES	<u>6,862</u>	<u>5,752</u>	<u>11,272</u>	<u>8,799</u>
EARNINGS FROM CONTINUING OPERATIONS	20,555	16,827	33,659	25,424
LOSS FROM DISCONTINUED OPERATION, NET OF INCOME TAXES	<u>(1,123)</u>	<u>(882)</u>	<u>(2,011)</u>	<u>(1,490)</u>
NET EARNINGS	<u>\$ 19,432</u>	<u>\$ 15,945</u>	<u>\$ 31,648</u>	<u>\$ 23,934</u>
NET EARNINGS PER COMMON SHARE:				
BASIC EARNINGS FROM CONTINUING OPERATIONS	\$ 0.92	\$ 0.75	\$ 1.50	\$ 1.13
DISCONTINUED OPERATION	<u>(0.05)</u>	<u>(0.04)</u>	<u>(0.09)</u>	<u>(0.07)</u>
NET EARNINGS PER COMMON SHARE - BASIC	<u>\$ 0.87</u>	<u>\$ 0.71</u>	<u>\$ 1.41</u>	<u>\$ 1.06</u>
DILUTED EARNINGS FROM CONTINUING OPERATIONS	\$ 0.90	\$ 0.73	\$ 1.47	\$ 1.11
DISCONTINUED OPERATION	<u>(0.05)</u>	<u>(0.04)</u>	<u>(0.09)</u>	<u>(0.07)</u>
NET EARNINGS PER COMMON SHARE - DILUTED	<u>\$ 0.85</u>	<u>\$ 0.69</u>	<u>\$ 1.38</u>	<u>\$ 1.04</u>
WEIGHTED AVERAGE NUMBER OF COMMON SHARES	22,328,292	22,471,428	22,374,785	22,484,894
WEIGHTED AVERAGE NUMBER OF COMMON AND DILUTIVE SHARES	22,795,677	22,958,469	22,857,435	22,962,049

STANDARD MOTOR PRODUCTS, INC. Segment Revenues and Operating Income

(In thousands)

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2019	2018	2019	2018
	(Unaudited)		(Unaudited)	
<u>Revenues</u>				
Ignition, Emission Control, Fuel & Safety Related System Products	\$ 181,831	\$ 162,462	\$ 357,892	\$ 323,539
Wire and Cable	36,211	40,967	73,339	79,378
Engine Management	<u>218,042</u>	<u>203,429</u>	<u>431,231</u>	<u>402,917</u>
Compressors	52,493	46,940	92,304	76,838
Other Climate Control Parts	31,913	33,430	61,026	63,763
Temperature Control	<u>84,406</u>	<u>80,370</u>	<u>153,330</u>	<u>140,601</u>
All Other	2,724	2,837	4,377	4,944
Revenues	<u>\$ 305,172</u>	<u>\$ 286,636</u>	<u>\$ 588,938</u>	<u>\$ 548,462</u>
<u>Gross Margin</u>				
Engine Management	\$ 63,780	\$ 57,782	\$ 123,473	\$ 114,252
Temperature Control	22,551	20,800	38,742	34,467
All Other	2,574	2,707	4,653	5,159
Gross Margin	<u>\$ 88,905</u>	<u>\$ 81,289</u>	<u>\$ 166,868</u>	<u>\$ 153,878</u>
	29.3%	28.4%	28.6%	28.4%
	26.7%	25.9%	25.3%	24.5%
	29.1%	28.4%	28.3%	28.1%
<u>Selling, General & Administrative</u>				
Engine Management	\$ 37,430	\$ 34,598	\$ 74,773	\$ 70,862
Temperature Control	15,397	15,721	29,538	28,550
All Other	7,709	7,431	16,225	16,055
Selling, General & Administrative	<u>\$ 60,536</u>	<u>\$ 57,750</u>	<u>\$ 120,536</u>	<u>\$ 115,467</u>
	17.2%	17.0%	17.3%	17.6%
	18.2%	19.6%	19.3%	20.3%
	19.8%	20.1%	20.5%	21.1%
<u>Operating Income</u>				
Engine Management	\$ 26,350	\$ 23,184	\$ 48,700	\$ 43,390
Temperature Control	7,154	5,079	9,204	5,917
All Other	(5,135)	(4,724)	(11,572)	(10,896)
Subtotal	<u>28,369</u>	<u>23,539</u>	<u>46,332</u>	<u>38,411</u>
Restructuring & Integration	(644)	(231)	(644)	(3,067)
Other Income (Expense), Net	3	42	(3)	313
Operating Income	<u>\$ 27,728</u>	<u>\$ 23,350</u>	<u>\$ 45,685</u>	<u>\$ 35,657</u>
	9.1%	8.1%	7.8%	6.5%

STANDARD MOTOR PRODUCTS, INC.

Reconciliation of GAAP and Non-GAAP Measures

(In thousands, except per share amounts)

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2019	2018	2019	2018
	(Unaudited)		(Unaudited)	
<u>EARNINGS FROM CONTINUING OPERATIONS</u>				
GAAP EARNINGS FROM CONTINUING OPERATIONS	\$ 20,555	\$ 16,827	\$ 33,659	\$ 25,424
RESTRUCTURING AND INTEGRATION EXPENSES	644	231	644	3,067
GAIN FROM SALE OF BUILDINGS	-	-	-	(218)
INCOME TAX EFFECT RELATED TO RECONCILING ITEMS	(168)	(60)	(168)	(741)
NON-GAAP EARNINGS FROM CONTINUING OPERATIONS	<u>\$ 21,031</u>	<u>\$ 16,998</u>	<u>\$ 34,135</u>	<u>\$ 27,532</u>
<u>DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS</u>				
GAAP DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS	\$ 0.90	\$ 0.73	\$ 1.47	\$ 1.11
RESTRUCTURING AND INTEGRATION EXPENSES	0.03	0.01	0.03	0.13
GAIN FROM SALE OF BUILDINGS	-	-	-	(0.01)
INCOME TAX EFFECT RELATED TO RECONCILING ITEMS	(0.01)	-	(0.01)	(0.03)
NON-GAAP DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS	<u>\$ 0.92</u>	<u>\$ 0.74</u>	<u>\$ 1.49</u>	<u>\$ 1.20</u>
<u>OPERATING INCOME</u>				
GAAP OPERATING INCOME	\$ 27,728	\$ 23,350	\$ 45,685	\$ 35,657
RESTRUCTURING AND INTEGRATION EXPENSES	644	231	644	3,067
OTHER (INCOME) EXPENSE, NET	(3)	(42)	3	(313)
NON-GAAP OPERATING INCOME	<u>\$ 28,369</u>	<u>\$ 23,539</u>	<u>\$ 46,332</u>	<u>\$ 38,411</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, 2019 <u>(Unaudited)</u>	December 31, 2018 <u></u>
<u>ASSETS</u>		
CASH	\$ 17,419	\$ 11,138
ACCOUNTS RECEIVABLE, GROSS	185,476	163,222
ALLOWANCE FOR DOUBTFUL ACCOUNTS	<u>6,090</u>	<u>5,687</u>
ACCOUNTS RECEIVABLE, NET	179,386	157,535
INVENTORIES	375,258	349,811
UNRETURNED CUSTOMER INVENTORY	18,677	20,484
OTHER CURRENT ASSETS	14,972	7,256
TOTAL CURRENT ASSETS	<u>605,712</u>	<u>546,224</u>
PROPERTY, PLANT AND EQUIPMENT, NET	89,197	90,754
OPERATING LEASE RIGHT-OF-USE ASSETS	35,648	-
GOODWILL	77,728	67,321
OTHER INTANGIBLES, NET	69,017	48,411
DEFERRED INCOME TAXES	39,825	42,334
INVESTMENT IN UNCONSOLIDATED AFFILIATES	34,400	32,469
OTHER ASSETS	18,000	15,619
TOTAL ASSETS	<u>\$ 969,527</u>	<u>\$ 843,132</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
NOTES PAYABLE	\$ 130,000	\$ 43,689
CURRENT PORTION OF OTHER DEBT	5,085	5,377
ACCOUNTS PAYABLE	89,149	94,357
ACCRUED CUSTOMER RETURNS	53,420	57,433
ACCRUED CORE LIABILITY	26,671	31,263
OTHER CURRENT LIABILITIES	89,615	80,467
TOTAL CURRENT LIABILITIES	<u>393,940</u>	<u>312,586</u>
OTHER LONG-TERM DEBT	153	153
NONCURRENT OPERATING LEASE LIABILITIES	28,613	-
ACCRUED ASBESTOS LIABILITIES	41,104	45,117
OTHER LIABILITIES	20,452	18,075
TOTAL LIABILITIES	<u>484,262</u>	<u>375,931</u>
TOTAL STOCKHOLDERS' EQUITY	485,265	467,201
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 969,527</u>	<u>\$ 843,132</u>

STANDARD MOTOR PRODUCTS, INC.

Condensed Consolidated Statements of Cash Flows

(In thousands)

	SIX MONTHS ENDED JUNE 30,	
	2019	2018
	(Unaudited)	
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
NET EARNINGS	\$ 31,648	\$ 23,934
ADJUSTMENTS TO RECONCILE NET EARNINGS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
DEPRECIATION AND AMORTIZATION	12,744	11,706
OTHER	9,621	8,641
CHANGE IN ASSETS AND LIABILITIES:		
ACCOUNTS RECEIVABLE	(26,622)	(34,524)
INVENTORIES	(19,691)	(6,650)
ACCOUNTS PAYABLE	(6,994)	15,684
PREPAID EXPENSES AND OTHER CURRENT ASSETS	(6,406)	(2,988)
SUNDRY PAYABLES AND ACCRUED EXPENSES	(7,545)	(9,115)
OTHER	(6,261)	(2,502)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(19,506)</u>	<u>4,186</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
ACQUISITIONS OF AND INVESTMENTS IN BUSINESSES	(38,427)	(8,572)
NET PROCEEDS FROM SALE OF FACILITY	4,801	-
CAPITAL EXPENDITURES	(7,578)	(11,325)
OTHER INVESTING ACTIVITIES	46	16
NET CASH USED IN INVESTING ACTIVITIES	<u>(41,158)</u>	<u>(19,881)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
NET CHANGE IN DEBT	85,956	32,287
PURCHASE OF TREASURY STOCK	(10,738)	(7,640)
DIVIDENDS PAID	(10,296)	(9,437)
OTHER FINANCING ACTIVITIES	1,691	1,990
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>66,613</u>	<u>17,200</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH	332	(255)
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>6,281</u>	<u>1,250</u>
CASH AND CASH EQUIVALENTS at beginning of Period	11,138	17,323
CASH AND CASH EQUIVALENTS at end of Period	<u>\$ 17,419</u>	<u>\$ 18,573</u>