

STANDARD MOTOR PRODUCTS INC
Form 10-Q
August 07, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the quarterly period ended June 30, 2012

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

Commission file number: 1-4743

Standard Motor Products, Inc.
(Exact name of registrant as specified in its charter)

New York
(State or other jurisdiction of incorporation or organization)

11-1362020
(I.R.S. Employer Identification No.)

37-18 Northern Blvd., Long Island City, N.Y.
(Address of principal executive offices)

11101
(Zip Code)

(718) 392-0200
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer,

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or a smaller reporting company. See definition of “large accelerated filer,” “accelerated filer,” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer Accelerated Filer
Non-Accelerated Filer (Do not check if a smaller reporting Smaller reporting company
company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

As of the close of business on July 31, 2012, there were 22,681,036 outstanding shares of the registrant’s Common Stock, par value \$2.00 per share.

STANDARD MOTOR PRODUCTS, INC. AND SUBSIDIARIES

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PART I – FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

STANDARD MOTOR PRODUCTS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except share and per share data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2012 (Unaudited)	2011 (Unaudited)	2012 (Unaudited)	2011 (Unaudited)
Net sales	\$268,875	\$244,005	\$480,586	\$464,235
Cost of sales	199,531	180,832	356,692	347,910
Gross profit	69,344	63,173	123,894	116,325
Selling, general and administrative expenses	46,609	40,016	91,385	80,656
Restructuring and integration expenses	13	125	137	468
Other income (expense), net	(32)	262	21	531
Operating income	22,690	23,294	32,393	35,732
Other non-operating income (expense), net	(24)	176	(66)	443
Interest expense	842	1,045	1,555	2,402
Earnings from continuing operations before taxes	21,824	22,425	30,772	33,773
Provision for income taxes	8,103	8,732	11,557	13,069
Earnings from continuing operations	13,721	13,693	19,215	20,704
Loss from discontinued operations, net of income taxes	(317)	(355)	(617)	(659)
Net earnings	\$13,404	\$13,338	\$18,598	\$20,045
Per Share Data:				
Net earnings per common share – Basic:				
Earnings from continuing operations	\$0.60	\$0.60	\$0.84	\$0.91
Discontinued operations	(0.01)	(0.02)	(0.03)	(0.03)
Net earnings per common share – Basic	\$0.59	\$0.58	\$0.81	\$0.88
Net earnings per common share – Diluted:				
Earnings from continuing operations	\$0.59	\$0.59	\$0.83	\$0.90
Discontinued operations	(0.01)	(0.01)	(0.03)	(0.03)
Net earnings per common share – Diluted	\$0.58	\$0.58	\$0.80	\$0.87
Dividend declared per share	\$0.09	\$0.07	\$0.18	\$0.14
Average number of common shares	22,872,618	22,867,323	22,870,069	22,787,337
Average number of common shares and dilutive common shares	23,104,654	23,196,125	23,111,732	23,438,247

See accompanying notes to consolidated financial statements.

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STANDARD MOTOR PRODUCTS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
	(Unaudited)		(Unaudited)	
Net earnings	\$13,404	\$13,338	\$18,598	\$20,045
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	(903)	—	166	935
Pension and postretirement plans:				
Amortization of:				
Prior service benefit	(1,196)	(1,619)	(2,392)	(3,231)
Unrecognized loss	835	392	1,548	747
Plan amendment adjustment	—	14,439	—	14,439
Curtailment	—	(3,647)	—	(3,647)
Unrecognized amounts	437	1,202	437	1,202
Foreign currency exchange rate changes	(18)	(1)	(2)	12
Income tax related to pension and postretirement plans	(37)	(4,248)	149	(3,745)
Pension and post retirement plans, net of tax	21	6,518	(260)	5,777
Total other comprehensive income (loss), net of tax	(882)	6,518	(94)	6,712
Comprehensive income	\$12,522	\$19,856	\$18,504	\$26,757

See accompanying notes to consolidated financial statements.

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STANDARD MOTOR PRODUCTS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share data)	June 30, 2012 (Unaudited)	December 31, 2011
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$9,242	\$10,871
Accounts receivable, less allowance for discounts and doubtful accounts of \$7,505 and \$6,709 for 2012 and 2011, respectively	157,756	104,115
Inventories, net	265,960	248,097
Deferred income taxes	30,863	32,199
Prepaid expenses and other current assets	8,208	5,705
Total current assets	472,029	400,987
Property, plant and equipment, net	63,994	64,039
Goodwill	35,827	26,124
Other intangibles, net	38,883	31,718
Deferred income taxes	14,602	16,937
Other assets	10,775	10,917
Total assets	\$636,110	\$550,722
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Notes payable	\$97,000	\$73,000
Current portion of long-term debt	114	109
Accounts payable	81,262	50,880
Sundry payables and accrued expenses	30,854	33,409
Accrued customer returns	41,461	25,074
Accrued rebates	32,099	22,373
Payroll and commissions	17,694	24,036
Total current liabilities	300,484	228,881
Long-term debt	132	190
Accrued postretirement benefits	5,237	6,017
Other accrued liabilities	17,476	17,540
Accrued asbestos liabilities	25,990	26,141
Total liabilities	349,319	278,769
Commitments and contingencies		
Stockholders' equity:		
Common stock – par value \$2.00 per share: Authorized – 30,000,000 shares; issued 23,936,036 shares	47,872	47,872
Capital in excess of par value	82,529	79,789
Retained earnings	168,032	153,555

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Accumulated other comprehensive income	3,205	3,299
Treasury stock – at cost 1,256,000 shares and 1,116,155 shares in 2012 and 2011, respectively	(14,847)	(12,562)
Total stockholders' equity	286,791	271,953
Total liabilities and stockholders' equity	\$636,110	\$550,722

See accompanying notes to consolidated financial statements.

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STANDARD MOTOR PRODUCTS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	2012	Six Months Ended June 30, (Unaudited)	2011
CASH FLOWS FROM OPERATING ACTIVITIES:			