# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**Washington, D.C. 20549**

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# FORM 10-Q

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**(Mark One)**

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

**For the quarterly period ended September 30, 2020**

**or**

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

**For the transition period from __________ to __________.**
**Commission File Number: 001-36127**

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# COOPER-STANDARD HOLDINGS INC.
**(Exact name of registrant as specified in its charter)**

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| | |
|---|---|
| **Delaware** | **20-1945088** |
| **(State or other jurisdiction of incorporation or organization)** | **(I.R.S. Employer Identification No.)** |

**40300 Traditions Drive**
**Northville, Michigan 48168**
**(Address of principal executive offices)**
**(Zip Code)**
**(248) 596-5900**
**(Registrant's telephone number, including area code)**

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**Securities registered pursuant to Section 12(b) of the Act:**

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| Common Stock, par value $0.001 per share | CPS | New York Stock Exchange |

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 every Interactive Data File required to be submitted 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 such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | | | |
|---|---|---|---|
| Large accelerated filer | ☒ | Accelerated filer | ☐ |
| Non-accelerated filer | ☐ | Smaller reporting company | ☐ |
| | | Emerging growth company | ☐ |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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 October 30, 2020, there were 16,896,726 shares of the registrant's common stock, $0.001 par value, outstanding.

**COOPER-STANDARD HOLDINGS INC.**

**Form 10-Q**

**For the period ended September 30, 2020**

**PART I — FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**COOPER-STANDARD HOLDINGS INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**
**(Unaudited)**
**(Dollar amounts in thousands except per share amounts)**

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| Sales | $ 683,200 | $ 739,518 | $ 1,678,557 | $ 2,382,211 |
| Cost of products sold | 598,714 | 659,313 | 1,611,299 | 2,088,631 |
| Gross profit | 84,486 | 80,205 | 67,258 | 293,580 |
| Selling, administration & engineering expenses | 60,059 | 63,020 | 199,001 | 224,164 |
| Gain on sale of business, net | (2,314) | 1,730 | (2,314) | (188,180) |
| Amortization of intangibles | 1,669 | 4,250 | 9,632 | 13,173 |
| Restructuring charges | 6,186 | 5,572 | 23,236 | 29,214 |
| Impairment of assets held for sale | — | — | 86,470 | — |
| Other impairment charges | 100 | 1,958 | 1,240 | 4,146 |
| Operating profit (loss) | 18,786 | 3,675 | (250,007) | 211,063 |
| Interest expense, net of interest income | (17,985) | (10,351) | (40,993) | (33,858) |
| Equity in earnings (losses) of affiliates | 738 | 1,515 | (842) | 5,764 |
| Other income (expense), net | 2,784 | (514) | (5,357) | (3,091) |
| Income (loss) before income taxes | 4,323 | (5,675) | (297,199) | 179,878 |
| Income tax (benefit) expense | (2,386) | 745 | (55,485) | 47,001 |
| Net income (loss) | 6,709 | (6,420) | (241,714) | 132,877 |
| Net (income) loss attributable to noncontrolling interests | (2,328) | 1,543 | 1,288 | 2,036 |
| Net income (loss) attributable to Cooper-Standard Holdings Inc. | $ 4,381 | $ (4,877) | $ (240,426) | $ 134,913 |
| | | | | |
| Earnings (loss) per share: | | | | |
| Basic | $ 0.26 | $ (0.29) | $ (14.22) | $ 7.83 |
| Diluted | $ 0.26 | $ (0.29) | $ (14.22) | $ 7.80 |

The accompanying notes are an integral part of these financial statements.

**COOPER-STANDARD HOLDINGS INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**
**(Unaudited)**
**(Dollar amounts in thousands)**

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| Net income (loss) | $ 6,709 | $ (6,420) | $ (241,714) | $ 132,877 |
| Other comprehensive income (loss): | | | | |
| Currency translation adjustment | 17,488 | (29,065) | (4,612) | (32,923) |
| Benefit plan liabilities adjustment, net of tax | (853) | 2,246 | 1,113 | 686 |
| Fair value change of derivatives, net of tax | 2,072 | (1,558) | (1,766) | 523 |
| Other comprehensive income (loss), net of tax | 18,707 | (28,377) | (5,265) | (31,714) |
| Comprehensive income (loss) | 25,416 | (34,797) | (246,979) | 101,163 |
| Comprehensive (income) loss attributable to noncontrolling interests | (2,970) | 2,358 | 1,063 | 3,107 |
| Comprehensive income (loss) attributable to Cooper-Standard Holdings Inc. | $ 22,446 | $ (32,439) | $ (245,916) | $ 104,270 |

The accompanying notes are an integral part of these financial statements.

**COOPER-STANDARD HOLDINGS INC.**
**CONDENSED CONSOLIDATED BALANCE SHEETS**
**(Dollar amounts in thousands except share amounts)**

| | September 30, 2020 (unaudited) | December 31, 2019 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 462,666 | $ 359,536 |
| Accounts receivable, net | 389,044 | 423,155 |
| Tooling receivable, net | 88,364 | 148,175 |
| Inventories | 148,800 | 143,439 |
| Prepaid expenses | 31,873 | 34,452 |
| Other current assets | 134,212 | 93,513 |
| Total current assets | 1,254,959 | 1,202,270 |
| Property, plant and equipment, net | 882,476 | 988,277 |
| Operating lease right-of-use assets, net | 111,831 | 83,376 |
| Goodwill | 142,079 | 142,187 |
| Intangible assets, net | 69,690 | 84,369 |
| Other assets | 176,956 | 135,103 |
| Total assets | $ 2,637,991 | $ 2,635,582 |
| **Liabilities and Equity** | | |
| Current liabilities: | | |
| Debt payable within one year | $ 54,294 | $ 61,449 |
| Accounts payable | 372,845 | 426,055 |
| Payroll liabilities | 124,558 | 88,486 |
| Accrued liabilities | 106,847 | 119,841 |
| Current operating lease liabilities | 21,492 | 24,094 |
| Total current liabilities | 680,036 | 719,925 |
| Long-term debt | 982,659 | 746,179 |
| Pension benefits | 140,573 | 140,010 |
| Postretirement benefits other than pensions | 44,690 | 48,313 |
| Long-term operating lease liabilities | 91,782 | 60,234 |
| Other liabilities | 66,916 | 44,939 |
| Total liabilities | 2,006,656 | 1,759,600 |
| 7% Cumulative participating convertible preferred stock, $0.001 par value, 10,000,000 shares authorized; no shares issued and outstanding | — | — |
| Equity: | | |
| Common stock, $0.001 par value, 190,000,000 shares authorized; 18,962,262 shares issued and 16,896,453 shares outstanding as of September 30, 2020, and 18,908,566 shares issued and 16,842,757 outstanding as of December 31, 2019 | 17 | 17 |
| Additional paid-in capital | 496,468 | 490,451 |
| Retained earnings | 377,449 | 619,448 |
| Accumulated other comprehensive loss | (259,231) | (253,741) |
| Total Cooper-Standard Holdings Inc. equity | 614,703 | 856,175 |
| Noncontrolling interests | 16,632 | 19,807 |
| Total equity | 631,335 | 875,982 |
| Total liabilities and equity | $ 2,637,991 | $ 2,635,582 |

The accompanying notes are an integral part of these financial statements.

## COOPER-STANDARD HOLDINGS INC.
## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
## (Unaudited)
## (Dollar amounts in thousands except share amounts)

| | Total Equity | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Common Shares | Common Stock | Additional Paid-In Capital | Retained Earnings | Accumulated Other Comprehensive Loss | Cooper-Standard Holdings Inc. Equity | Noncontrolling Interests | Total Equity |
| Balance as of December 31, 2019 | 16,842,757 | $ 17 | $ 490,451 | $ 619,448 | $ (253,741) | $ 856,175 | $ 19,807 | $ 875,982 |
| Cumulative effect of change in accounting principle | — | — | — | (1,573) | — | (1,573) | — | (1,573) |
| Share-based compensation, net | 41,785 | — | 1,874 | — | — | 1,874 | — | 1,874 |
| Net loss | — | — | — | (110,588) | — | (110,588) | (1,851) | (112,439) |
| Other comprehensive loss | — | — | — | — | (35,776) | (35,776) | (507) | (36,283) |
| Balance as of March 31, 2020 | 16,884,542 | $ 17 | $ 492,325 | $ 507,287 | $ (289,517) | $ 710,112 | $ 17,449 | $ 727,561 |
| Share-based compensation, net | 9,548 | — | 2,303 | — | — | 2,303 | — | 2,303 |
| Net loss | — | — | — | (134,219) | — | (134,219) | (1,765) | (135,984) |
| Other comprehensive income | — | — | — | — | 12,221 | 12,221 | 90 | 12,311 |
| Balance as of June 30, 2020 | 16,894,090 | $ 17 | $ 494,628 | $ 373,068 | $ (277,296) | $ 590,417 | $ 15,774 | $ 606,191 |
| Share-based compensation, net | 2,363 | — | 1,840 | — | — | 1,840 | — | 1,840 |
| Deconsolidation of noncontrolling interest | — | — | — | — | — | — | (2,112) | (2,112) |
| Net income | — | — | — | 4,381 | — | 4,381 | 2,328 | 6,709 |
| Other comprehensive income | — | — | — | — | 18,065 | 18,065 | 642 | 18,707 |
| Balance as of September 30, 2020 | 16,896,453 | $ 17 | $ 496,468 | $ 377,449 | $ (259,231) | $ 614,703 | $ 16,632 | $ 631,335 |

| | Total Equity | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Common Shares | Common Stock | Additional Paid-In Capital | Retained Earnings | Accumulated Other Comprehensive Loss | Cooper-Standard Holdings Inc. Equity | Noncontrolling Interests | Total Equity |
| Balance as of December 31, 2018 | 17,554,737 | $ 17 | $ 501,511 | $ 569,215 | $ (245,937) | $ 824,806 | $ 26,669 | $ 851,475 |
| Cumulative effect of change in accounting principle | — | — | — | (2,607) | — | (2,607) | — | (2,607) |
| Repurchase of common stock | (118,774) | — | (2,057) | (3,880) | — | (5,937) | — | (5,937) |
| Share-based compensation, net | 85,937 | — | 4 | (214) | — | (210) | — | (210) |
| Contribution from noncontrolling interests | — | — | — | — | — | — | 2,112 | 2,112 |
| Net (loss) income | — | — | — | (5,415) | — | (5,415) | 52 | (5,363) |
| Other comprehensive income | — | — | — | — | 4,239 | 4,239 | 371 | 4,610 |
| Balance as of March 31, 2019 | 17,521,900 | $ 17 | $ 499,458 | $ 557,099 | $ (241,698) | $ 814,876 | $ 29,204 | $ 844,080 |
| Repurchase of common stock | (626,305) | — | (20,486) | (9,514) | — | (30,000) | — | (30,000) |
| Share-based compensation, net | 5,738 | — | 3,522 | 1 | — | 3,523 | — | 3,523 |
| Purchase of noncontrolling interest | — | — | 1,298 | — | — | 1,298 | (6,057) | (4,759) |
| Dividends declared to noncontrolling interests | — | — | — | — | — | — | (233) | (233) |
| Net income (loss) | — | — | — | 145,205 | — | 145,205 | (545) | 144,660 |
| Other comprehensive loss | — | — | — | — | (7,320) | (7,320) | (627) | (7,947) |
| Balance as of June 30, 2019 | 16,901,333 | $ 17 | $ 483,792 | $ 692,791 | $ (249,018) | $ 927,582 | $ 21,742 | $ 949,324 |
| Repurchase of common stock | (72,875) | — | 1,084 | (1,084) | — | — | — | — |
| Share-based compensation, net | 10,266 | — | 3,986 | 4 | — | 3,990 | — | 3,990 |
| Contribution from noncontrolling interests | — | — | — | — | — | — | 1,686 | 1,686 |
| Net loss | — | — | — | (4,877) | — | (4,877) | (1,543) | (6,420) |
| Other comprehensive loss | — | — | — | — | (27,562) | (27,562) | (815) | (28,377) |
| Balance as of September 30, 2019 | 16,838,724 | $ 17 | $ 488,862 | $ 686,834 | $ (276,580) | $ 899,133 | $ 21,070 | $ 920,203 |

The accompanying notes are an integral part of these financial statements.

**COOPER-STANDARD HOLDINGS INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(Unaudited)**
**(Dollar amounts in thousands)**

| | Nine Months Ended September 30, | |
|---|---|---|
| | **2020** | **2019** |
| Operating Activities: | | |
| Net (loss) income | $ (241,714) | $ 132,877 |
| Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities: | | |
| Depreciation | 107,095 | 98,795 |
| Amortization of intangibles | 9,632 | 13,173 |
| Gain on sale of business, net | (2,314) | (188,180) |
| Impairment of assets held for sale | 86,470 | — |
| Other impairment charges | 1,240 | 4,146 |
| Share-based compensation expense | 6,977 | 10,293 |
| Equity in earnings of affiliates, net of dividends related to earnings | 6,087 | (847) |
| Deferred income taxes | (32,308) | 20,581 |
| Other | 4,354 | 2,628 |
| Changes in operating assets and liabilities | 27,949 | (63,559) |
| Net cash (used in) provided by operating activities | (26,532) | 29,907 |
| Investing activities: | | |
| Capital expenditures | (73,407) | (131,085) |
| Acquisition of businesses, net of cash acquired | — | (452) |
| Proceeds from sale of business, net of cash divested | (17,006) | 243,362 |
| Proceeds from sale of fixed assets and other | 963 | 2,084 |
| Net cash (used in) provided by investing activities | (89,450) | 113,909 |
| Financing activities: | | |
| Proceeds from issuance of long-term debt, net of discount | 245,000 | — |
| Principal payments on long-term debt | (4,792) | (3,556) |
| Decrease in short-term debt, net | (6,897) | (32,737) |
| Debt issuance costs | (6,722) | — |
| Purchase of noncontrolling interests | — | (4,797) |
| Repurchase of common stock | — | (36,550) |
| Taxes withheld and paid on employees' share-based payment awards | (533) | (2,757) |
| Other | (925) | 2,132 |
| Net cash provided by (used in) financing activities | 225,131 | (78,265) |
| Effects of exchange rate changes on cash, cash equivalents and restricted cash | (5,718) | (6,997) |
| Changes in cash, cash equivalents and restricted cash | 103,431 | 58,554 |
| Cash, cash equivalents and restricted cash at beginning of period | 361,742 | 267,399 |
| Cash, cash equivalents and restricted cash at end of period | $ 465,173 | $ 325,953 |

Reconciliation of cash, cash equivalents and restricted cash to the condensed consolidated balance sheet:

| | Balance as of | |
|---|---|---|
| | **September 30, 2020** | **December 31, 2019** |
| Cash and cash equivalents | $ 462,666 | $ 359,536 |
| Restricted cash included in other current assets | 11 | 12 |
| Restricted cash included in other assets | 2,496 | 2,194 |
| Total cash, cash equivalents and restricted cash shown in the statement of cash flows | $ 465,173 | $ 361,742 |

The accompanying notes are an integral part of these financial statements.

(Dollar amounts in thousands except per share and share amounts)

## 1. Overview

***Basis of Presentation***

Cooper-Standard Holdings Inc. (together with its consolidated subsidiaries, the "Company" or "Cooper Standard"), through its wholly-owned subsidiary, Cooper-Standard Automotive Inc. ("CSA U.S."), is a leading manufacturer of sealing, fuel and brake delivery, and fluid transfer systems. The Company's products are primarily for use in passenger vehicles and light trucks that are manufactured by global automotive original equipment manufacturers ("OEMs") and replacement markets. The Company conducts substantially all of its activities through its subsidiaries.

During the first quarter of 2019 and in prior periods, the Company also operated an anti-vibration systems ("AVS") product line. On April 1, 2019, the Company completed the divestiture of its AVS product line.

The accompanying unaudited condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (the "SEC") for interim financial information and should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2019 (the "2019 Annual Report"), as filed with the SEC. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States ("U.S. GAAP") for complete financial statements. These financial statements include all adjustments (consisting of normal, recurring adjustments) considered necessary for a fair presentation of the financial position and results of operations of the Company. The operating results for the interim period ended September 30, 2020 are not necessarily indicative of results for the full year. In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through the date the financial statements were issued.

***Immaterial Correction of Errors***

During the year ended December 31, 2019, the Company identified errors primarily related to periods prior to fiscal year 2019. The Company concluded these errors were not material individually or in the aggregate to any of the previously reported periods and, therefore, amendments of previously filed reports were not required. Corrections were made to the applicable prior periods reflected in the financial information herein.

The following table presents the impact of these corrections on the Company's condensed consolidated statements of operations:

| | Three Months Ended September 30, 2019 | | | Nine Months Ended September 30, 2019 | | |
|---|---|---|---|---|---|---|
| | As previously reported | Adjustment | As corrected | As previously reported | Adjustment | As corrected |
| Sales | $ 729,021 | $ 10,497 | $ 739,518 | $ 2,373,865 | $ 8,346 | $ 2,382,211 |
| Income tax expense (benefit) | (574) | 1,319 | 745 | 45,996 | 1,005 | 47,001 |
| Net loss attributable to noncontrolling interests | 1,745 | (202) | 1,543 | 2,447 | (411) | 2,036 |
| Net income (loss) attributable to Cooper-Standard Holdings Inc. | (13,853) | 8,976 | (4,877) | 127,983 | 6,930 | 134,913 |
| Earnings (loss) per share: | | | | | | |
| Basic | $ (0.82) | $ 0.53 | $ (0.29) | $ 7.42 | $ 0.41 | $ 7.83 |
| Diluted | $ (0.82) | $ 0.53 | $ (0.29) | $ 7.40 | $ 0.40 | $ 7.80 |

The following table presents the impact of these corrections on the Company's condensed consolidated statements of comprehensive income (loss):

| | Three Months Ended September 30, 2019 | | | Nine Months Ended September 30, 2019 | | |
|---|---|---|---|---|---|---|
| | As previously reported | Adjustment | As corrected | As previously reported | Adjustment | As corrected |
| Currency translation adjustment | $ (29,513) | $ 448 | $ (29,065) | $ (33,407) | $ 484 | $ (32,923) |
| Comprehensive loss attributable to noncontrolling interests | 2,606 | (248) | 2,358 | 3,558 | (451) | 3,107 |
| Comprehensive income (loss) attributable to Cooper-Standard Holdings Inc. | (41,817) | 9,378 | (32,439) | 96,896 | 7,374 | 104,270 |

(Dollar amounts in thousands except per share and share amounts)

The impact of these corrections on the balance as of September 30, 2019 in the Company's condensed consolidated statements of changes in equity includes a decrease to total equity of $202, which consists of an increase to retained earnings of $120, a decrease to accumulated other comprehensive loss of $595, and a decrease to noncontrolling interests of $917.

For the nine months ended September 30, 2019, the impact of these corrections on the condensed consolidated statements of cash flows included a $7,341 increase in net income, a $1,005 increase in deferred income taxes, and a $8,346 decrease in changes in operating assets and liabilities, resulting in no impact to net cash provided by operating activities.

## 2. New Accounting Pronouncements

***Recently Issued Accounting Pronouncements***

*ASU 2016-13, Financial Instruments — Credit Losses (Topic 326)*

On January 1, 2020, the Company adopted Accounting Standards Codification ("ASC") 326, Financial Instruments – Credit Losses, and all related amendments using the modified retrospective method whereby the cumulative effect of adopting the standard was recognized in equity at the date of initial application. Comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods. The most prominent among the changes in the standard is the consideration of losses not yet incurred, but expected, based on current conditions and future forecasts. Adoption of the new standard resulted in an immaterial increase in the allowance for credit losses, which decreased the tooling receivable on the Company's condensed consolidated balance sheet in 2020. The increase in credit loss expense was recorded as an adjustment to the opening balance of retained earnings. Adoption of the new standard had no impact on the Company's condensed consolidated statement of operations or on cash provided by (used in) operating, financing or investing activities on its condensed consolidated cash flow statements.

The cumulative effects of the changes made to the Company's condensed consolidated balance sheet as of January 1, 2020 were as follows:

| | Balance as of December 31, 2019 | Adjustments due to adoption of ASC 326 | Balance as of January 1, 2020 |
|---|---|---|---|
| Tooling receivable, net | $ 148,175 | $ (1,573) | $ 146,602 |
| Retained earnings | 619,448 | (1,573) | 617,875 |

The Company considered the issued accounting pronouncement summarized as follows, which will have an immaterial impact on its consolidated financial statements:

| Standard | Description | Impact | Effective Date |
|---|---|---|---|
| ASU 2018-14, *Compensation—Retirement Benefits—Defined Benefit Plans—General (Subtopic 715-20): Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans* | Modifies the disclosure requirements for ASC Topic 715 by removing and modifying existing disclosure requirements while also adding new disclosures. | The Company expects this standard will primarily result in additional pension disclosures while also removing certain other disclosures. Specifically, the weighted-average interest crediting rate for the cash balance plan and, if needed, an explanation for significant gains and losses related to changes in the benefit obligation for the period will be added while accumulated other comprehensive income expected to be recognized as components of net periodic benefit cost over the next fiscal year and the effects of a one-percentage-point change in the assumed health care cost trend rate will be removed. | January 1, 2021 |

## 3. Divestitures

***2020 Divestiture***

In the fourth quarter of 2019, management approved a plan to sell its European rubber fluid transfer and specialty sealing businesses, as well as its Indian operations. The entities and the associated assets and liabilities met the criteria for presentation as held for sale as of March 31, 2020, and depreciation of long-lived assets ceased. The divestiture did not meet the criteria for presentation as a discontinued operation.

(Dollar amounts in thousands except per share and share amounts)

Upon meeting the criteria for held for sale classification, the Company recorded non-cash impairment charges of $86,470 during the six months ended June 30, 2020 to reduce the carrying value of the held for sale entities to fair value less costs to sell. Fair value, which is categorized within Level 3 of the fair value hierarchy, was determined using a market approach, estimated based on expected proceeds. The fair value less costs to sell were assessed each reporting period that the asset group remained classified as held for sale. The difference between the impairment of the carrying value on the divested assets compared to the impairment recorded in the statements of operations is due to foreign currency translation offset by costs to sell incurred in the second quarter. The impairment charge includes the non-cash cumulative foreign currency translation losses recorded in equity related to the divested entities.

On July 1, 2020, the Company completed the divestiture of its European rubber fluid transfer and specialty sealing businesses, as well as its Indian operations, to Mutares SE & Co. KGaA (“Mutares”). The transaction included payment denominated in Euro of €9,000, which consisted of €6,500 in cash paid and €2,500 in deferred payment obligations, payable in December 2021.

Upon finalizing the sale, the Company recorded a loss on deconsolidation of the businesses of $167. In addition, at closing, the Company and Mutares entered into certain ancillary agreements providing for the transition of the European rubber fluid transfer and specialty sealing businesses and Indian operations.

The major classes of assets and liabilities divested were as follows:

| | July 1, 2020 |
|---|---|
| Cash and cash equivalents | $ 11,162 |
| Accounts receivable, net | 18,825 |
| Tooling receivable, net | 4,770 |
| Inventories | 17,022 |
| Prepaid expenses | 2,728 |
| Other current assets | 8,873 |
| Property, plant and equipment, net | 39,913 |
| Operating lease right-of-use assets, net | 2,946 |
| Intangible assets, net | 4,992 |
| Other assets | 4,114 |
| Impairment of carrying value | (85,622) |
| Total assets divested | $ 29,723 |
| | |
| Accounts payable | $ 13,219 |
| Payroll liabilities | 7,135 |
| Accrued liabilities | 5,744 |
| Current operating lease liabilities | 918 |
| Pension benefits | 3,574 |
| Postretirement benefits other than pensions | 2,778 |
| Long-term operating lease liabilities | 2,286 |
| Other liabilities | 1,934 |
| Total liabilities divested | $ 37,588 |

***2020 Joint Venture Deconsolidation***

In the third quarter of 2020, management approved and completed a plan to sell the Company’s entire controlling equity interest of a joint venture in the Asia Pacific region. Upon finalizing the sale, the Company recorded a gain on deconsolidation of the business of $1,334.

(Dollar amounts in thousands except per share and share amounts)

***2019 Divestiture***

During the first quarter of 2019 and in prior periods, the Company also operated an AVS product line. On April 1, 2019, the Company completed its sale of the AVS product line to Continental AG. The total sale price of the transaction was $265,500, subject to certain adjustments. Cash proceeds received in the second quarter of 2019 were $243,362 after adjusting for certain liabilities assumed by the purchaser. The Company recognized a gain on the divestiture of $188,180 during the nine months ended September 30, 2019. In the third quarter of 2020, the Company finalized adjustments to the gain recorded in 2019 by recording an additional gain on divestiture of $1,147, primarily due to working capital adjustments.

**4. Revenue**

Revenue is recognized for manufactured parts at a point in time, generally when products are shipped or delivered. The Company usually enters into agreements with customers to produce products at the beginning of a vehicle's life. Blanket purchase orders received from customers and related documents generally establish the annual terms, including pricing, related to a vehicle model. Customers typically pay for parts based on customary business practices with payment terms generally between 30 and 90 days.

Revenue by customer group for the three months ended September 30, 2020 was as follows:

| | North America | Europe | Asia Pacific | South America | Corporate, Eliminations and Other | Consolidated |
|---|---|---|---|---|---|---|
| Passenger and Light Duty | $ 350,016 | $ 141,754 | $ 129,822 | $ 17,558 | $ — | $ 639,150 |
| Commercial | 3,179 | 4,066 | 1,190 | 6 | 911 | 9,352 |
| Other | 5,812 | 209 | 51 | 16 | 28,610 | 34,698 |
| Revenue | $ 359,007 | $ 146,029 | $ 131,063 | $ 17,580 | $ 29,521 | $ 683,200 |

Revenue by customer group for the nine months ended September 30, 2020 was as follows:

| | North America | Europe | Asia Pacific | South America | Corporate, Eliminations and Other | Consolidated |
|---|---|---|---|---|---|---|
| Passenger and Light Duty | $ 796,937 | $ 383,288 | $ 312,871 | $ 41,878 | $ — | $ 1,534,974 |
| Commercial | 8,328 | 12,846 | 3,149 | 16 | 2,868 | 27,207 |
| Other | 14,880 | 13,942 | 113 | 38 | 87,403 | 116,376 |
| Revenue | $ 820,145 | $ 410,076 | $ 316,133 | $ 41,932 | $ 90,271 | $ 1,678,557 |

Revenue by customer group for the three months ended September 30, 2019 was as follows:

| | North America | Europe | Asia Pacific | South America | Corporate, Eliminations and Other | Consolidated |
|---|---|---|---|---|---|---|
| Passenger and Light Duty | $ 361,244 | $ 173,868 | $ 123,121 | $ 25,179 | $ — | $ 683,412 |
| Commercial | 3,923 | 6,305 | — | 9 | 178 | 10,415 |
| Other | 6,937 | 7,265 | 18 | 32 | 31,439 | 45,691 |
| Revenue | $ 372,104 | $ 187,438 | $ 123,139 | $ 25,220 | $ 31,617 | $ 739,518 |

(Dollar amounts in thousands except per share and share amounts)

Revenue by customer group for the nine months ended September 30, 2019 was as follows:

| | North America | Europe | Asia Pacific | South America | Corporate, Eliminations and Other | Consolidated |
|---|---|---|---|---|---|---|
| Passenger and Light Duty | $ 1,167,062 | $ 588,473 | $ 366,877 | $ 73,399 | $ 5 | $ 2,195,816 |
| Commercial | 15,154 | 22,602 | 17 | 92 | 1,213 | 39,078 |
| Other | 16,727 | 23,792 | 192 | 90 | 106,516 | 147,317 |
| Revenue | $ 1,198,943 | $ 634,867 | $ 367,086 | $ 73,581 | $ 107,734 | $ 2,382,211 |

The passenger and light duty group consists of sales to automotive OEMs and automotive suppliers, while the commercial group represents sales to OEMs of on- and off-highway commercial equipment and vehicles. The other customer group includes sales related to specialty and adjacent markets.

Substantially all of the Company's revenues were generated from sealing, fuel and brake delivery and fluid transfer systems for use in passenger vehicles and light trucks manufactured by global OEMs and, until March 31, 2019, anti-vibrations systems. On April 1, 2019, the Company completed the divestiture of its AVS product line.

A summary of the Company's products is as follows:

| Product Line | Description |
|---|---|
| Sealing Systems | Protect vehicle interiors from weather, dust and noise intrusion for improved driving experience; provide aesthetic and functional class-A exterior surface treatment |
| Fuel & Brake Delivery Systems | Sense, deliver and control fluids to fuel and brake systems |
| Fluid Transfer Systems | Sense, deliver and control fluids and vapors for optimal powertrain & HVAC operation |
| Anti-Vibration Systems (Divested on April 1, 2019) | Control and isolate vibration and noise in the vehicle to improve ride and handling |

Revenue by product line for the three months ended September 30, 2020 was as follows:

| | North America | Europe | Asia Pacific | South America | Corporate, Eliminations and Other | Consolidated |
|---|---|---|---|---|---|---|
| Sealing systems | $ 138,823 | $ 116,640 | $ 82,754 | $ 11,045 | $ — | $ 349,262 |
| Fuel and brake delivery systems | 118,997 | 25,218 | 29,877 | 5,134 | — | 179,226 |
| Fluid transfer systems | 101,187 | 4,171 | 18,432 | 1,401 | — | 125,191 |
| Other | — | — | — | — | 29,521 | 29,521 |
| Consolidated | $ 359,007 | $ 146,029 | $ 131,063 | $ 17,580 | $ 29,521 | $ 683,200 |

Revenue by product line for the nine months ended September 30, 2020 was as follows:

| | North America | Europe | Asia Pacific | South America | Corporate, Eliminations and Other | Consolidated |
|---|---|---|---|---|---|---|
| Sealing systems | $ 312,331 | $ 297,216 | $ 201,295 | $ 27,385 | $ — | $ 838,227 |
| Fuel and brake delivery systems | 266,203 | 65,078 | 75,061 | 11,707 | — | 418,049 |
| Fluid transfer systems | 241,611 | 35,673 | 39,777 | 2,840 | — | 319,901 |
| Other | — | 12,109 | — | — | 90,271 | 102,380 |
| Consolidated | $ 820,145 | $ 410,076 | $ 316,133 | $ 41,932 | $ 90,271 | $ 1,678,557 |

(Dollar amounts in thousands except per share and share amounts)

Revenue by product line for the three months ended September 30, 2019 was as follows:

| | North America | Europe | Asia Pacific | South America | Corporate, Eliminations and Other | Consolidated |
|---|---|---|---|---|---|---|
| Sealing systems | $ 138,741 | $ 130,737 | $ 82,078 | $ 18,599 | $ — | $ 370,155 |
| Fuel and brake delivery systems | 120,425 | 29,401 | 28,440 | 6,349 | — | 184,615 |
| Fluid transfer systems | 112,938 | 20,334 | 12,621 | 272 | — | 146,165 |
| Other | — | 6,966 | — | — | 31,617 | 38,583 |
| Consolidated | $ 372,104 | $ 187,438 | $ 123,139 | $ 25,220 | $ 31,617 | $ 739,518 |

Revenue by product line for the nine months ended September 30, 2019 was as follows:

| | North America | Europe | Asia Pacific | South America | Corporate, Eliminations and Other | Consolidated |
|---|---|---|---|---|---|---|
| Sealing systems | $ 425,146 | $ 430,116 | $ 243,860 | $ 55,445 | $ — | $ 1,154,567 |
| Fuel and brake delivery systems | 376,107 | 95,722 | 79,917 | 17,728 | — | 569,474 |
| Fluid transfer systems | 340,767 | 64,646 | 41,845 | 408 | — | 447,666 |
| Anti-vibration systems | 56,457 | 20,807 | 1,464 | — | — | 78,728 |
| Other | 466 | 23,576 | — | — | 107,734 | 131,776 |
| Consolidated | $ 1,198,943 | $ 634,867 | $ 367,086 | $ 73,581 | $ 107,734 | $ 2,382,211 |

***Contract Estimates***

The amount of revenue recognized is usually based on the purchase order price and adjusted for variable consideration, including pricing concessions. The Company accrues for pricing concessions by reducing revenue as products are shipped or delivered. The accruals are based on historical experience, anticipated performance and management’s best judgment. The Company also generally has ongoing adjustments to customer pricing arrangements based on the content and cost of its products. Such pricing accruals are adjusted as they are settled with customers. Customer returns are usually related to quality or shipment issues and are recorded as a reduction of revenue. The Company generally does not recognize significant return obligations due to their infrequent nature.

***Contract Balances***

The Company’s contract assets consist of unbilled amounts associated with variable pricing arrangements in its Asia Pacific region. Once pricing is finalized, contract assets are transferred to accounts receivable. As a result, the timing of revenue recognition and billings, as well as changes in foreign exchange rates, will impact contract assets on an ongoing basis. Contract assets were not materially impacted by any other factors during the nine months ended September 30, 2020.

The Company’s contract liabilities consist of advance payments received and due from customers. Net contract assets (liabilities) consisted of the following:

| | September 30, 2020 | December 31, 2019 | Change |
|---|---|---|---|
| Contract assets | $ 281 | $ 1,100 | $ (819) |
| Contract liabilities | (31) | (61) | 30 |
| Net contract assets | $ 250 | $ 1,039 | $ (789) |

(Dollar amounts in thousands except per share and share amounts)

***Other***

The Company, at times, enters into agreements that provide for lump sum payments to customers. These payment agreements are recorded as a reduction of revenue during the period the commitment is made. Amounts related to commitments of future payments to customers on the condensed consolidated balance sheets as of September 30, 2020 and December 31, 2019 were current liabilities of $8,352 and $12,916, respectively, and long-term liabilities of $6,724 and $9,502, respectively.

The Company provides assurance-type warranties to its customers. Such warranties provide customers with assurance that the related product will function as intended and complies with any agreed-upon specifications, and are recognized in costs of products sold.

## 5. Restructuring

On an ongoing basis, the Company evaluates its business and objectives to ensure that it is properly configured and sized based on changing market conditions. Accordingly, the Company has implemented several restructuring initiatives, including closure or consolidation of facilities throughout the world and the reorganization of its operating structure.

The Company's restructuring charges consist of severance, retention and outplacement services, and severance-related postemployment benefits (collectively, "employee separation costs"), other related exit costs and asset impairments related to restructuring activities. Employee separation costs are recorded based on existing union and employee contracts, statutory requirements, completed negotiations and Company policy.

Restructuring expense by segment for the three and nine months ended September 30, 2020 and 2019 was as follows:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| North America | $ 3,721 | $ 863 | $ 10,468 | $ 6,857 |
| Europe | 1,720 | 3,340 | 7,019 | 13,395 |
| Asia Pacific | 552 | 902 | 3,264 | 4,476 |
| South America | 316 | 9 | 2,367 | 35 |
| Total Automotive | 6,309 | 5,114 | 23,118 | 24,763 |
| Corporate and other | (123) | 458 | 118 | 4,451 |
| Total | $ 6,186 | $ 5,572 | $ 23,236 | $ 29,214 |

Restructuring activity for the nine months ended September 30, 2020 was as follows:

| | Employee Separation Costs | Other Exit Costs | Total |
|---|---|---|---|
| Balance as of December 31, 2019 | $ 22,990 | $ 4,005 | $ 26,995 |
| Expense | 12,325 | 10,911 | 23,236 |
| Cash payments | (17,132) | (9,751) | (26,883) |
| Non-cash fixed asset impairments included in expense | — | (1,748) | (1,748) |
| Foreign exchange translation and other | (1,192) | 263 | (929) |
| Balance as of September 30, 2020 | $ 16,991 | $ 3,680 | $ 20,671 |

## 6. Inventories

Inventories consist of the following:

| | September 30, 2020 | December 31, 2019 |
|---|---|---|
| Finished goods | $ 41,587 | $ 57,070 |
| Work in process | 38,366 | 33,753 |
| Raw materials and supplies | 68,847 | 52,616 |
| | $ 148,800 | $ 143,439 |

(Dollar amounts in thousands except per share and share amounts)

**7. Leases**

The Company primarily has operating and finance leases for certain manufacturing facilities, corporate offices and certain equipment. Operating leases are included in operating lease right-of-use assets, current operating lease liabilities and long-term operating lease liabilities on the Company's condensed consolidated balance sheet as of September 30, 2020. Finance leases are included in property, plant and equipment, net, debt payable within one year, and long-term debt on the Company's condensed consolidated balance sheets.

The components of lease expense were as follows:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| Operating lease expense | $ 8,065 | $ 8,362 | $ 24,484 | $ 25,027 |
| Short-term lease expense | 1,040 | 796 | 3,115 | 2,607 |
| Variable lease expense | 273 | 517 | 678 | 1,051 |
| Finance lease expense: | | | | |
| Amortization of right-of-use assets | 598 | 614 | 1,950 | 1,629 |
| Interest on lease liabilities | 384 | 400 | 1,169 | 1,307 |
| Total lease expense | $ 10,360 | $ 10,689 | $ 31,396 | $ 31,621 |

Other information related to leases was as follows:

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2020 | 2019 |
| **Supplemental Cash Flows Information** | | |
| Cash paid for amounts included in the measurement of lease liabilities: | | |
| Operating cash flows for operating leases | $ 23,038 | $ 25,671 |
| Operating cash flows for finance leases | 1,188 | 1,186 |
| Financing cash flows for finance leases | 1,578 | 735 |
| Non-cash right-of-use assets obtained in exchange for lease obligations: | | |
| Operating leases | 47,176 | 4,955 |
| Finance leases | 549 | 9,476 |
| | | |
| **Weighted Average Remaining Lease Term (in years)** | | |
| Operating leases | 8.1 | 5.5 |
| Finance leases | 10.7 | 11.7 |
| | | |
| **Weighted Average Discount Rate** | | |
| Operating leases | 5.4 % | 4.7 % |
| Finance leases | 5.7 % | 9.7 % |

**(Dollar amounts in thousands except per share and share amounts)**

Future minimum lease payments under non-cancellable leases as of September 30, 2020 were as follows:

| Year | Operating Leases | Finance Leases |
|---|---|---|
| Remainder of 2020 | $ 7,340 | $ 872 |
| 2021 | 24,909 | 3,472 |
| 2022 | 20,160 | 3,211 |
| 2023 | 16,508 | 3,122 |
| 2024 | 13,171 | 3,400 |
| Thereafter | 60,979 | 24,861 |
| Total future minimum lease payments | 143,067 | 38,938 |
| Less imputed interest | (29,793) | (10,594) |
| Total | $ 113,274 | $ 28,344 |

Amounts recognized on the condensed consolidated balance sheets as of September 30, 2020 and December 31, 2019 were as follows:

| | September 30, 2020 | December 31, 2019 |
|---|---|---|
| **Operating Leases** | | |
| Operating lease right-of-use assets, net | 111,831 | 83,376 |
| Current operating lease liabilities | 21,492 | 24,094 |
| Long-term operating lease liabilities | 91,782 | 60,234 |
| **Finance Leases** | | |
| Debt payable within one year | 2,295 | 2,343 |
| Long-term debt | 26,049 | 27,430 |

As of September 30, 2020 and December 31, 2019, assets recorded under finance leases, net of accumulated depreciation were $30,558 and $32,571, respectively. As of September 30, 2020, the Company had additional operating leases, primarily for real estate, that have not yet commenced with undiscounted lease payments of approximately $547. These operating leases will commence between 2020 and 2021 with lease terms up to three years.

## 8. Property, Plant and Equipment

Property, plant and equipment consists of the following:

| | September 30, 2020 | December 31, 2019 |
|---|---|---|
| Land and improvements | $ 59,137 | $ 66,670 |
| Buildings and improvements | 297,768 | 310,797 |
| Machinery and equipment | 1,255,056 | 1,204,457 |
| Construction in progress | 91,201 | 161,951 |
| | 1,703,162 | 1,743,875 |
| Accumulated depreciation | (820,686) | (755,598) |
| Property, plant and equipment, net | $ 882,476 | $ 988,277 |

The Company recorded impairment charges of $100 and $1,240 during the three and nine months ended September 30, 2020, respectively.

Based on the Company’s interim impairment assessment, the Company determined there were no additional indicators of impairment identified during the nine months ended September 30, 2020. The Company continues to monitor the significant global economic uncertainty as a result of COVID-19 to assess the outlook for demand for products and the impact on the Company’s business and overall financial performance. A lack of recovery or further deterioration in market conditions and production volumes, among other factors, as a result of the COVID-19 pandemic could result in an impairment charge in future periods.

(Dollar amounts in thousands except per share and share amounts)

During the three months ended September 30, 2019, the Company recorded an impairment charge related to machinery and equipment of $1,958 due to the termination of certain customer programs in the Asia Pacific region. The fair value of machinery and equipment was determined using estimated salvage value, which was deemed the highest and best use of the assets. Impairment charges of $4,146 recorded during the nine months ended September 30, 2019 also included an impairment charge recorded in the second quarter related to machinery and equipment in certain Asia Pacific locations. The fair value was determined using estimated orderly liquidation value, which was deemed the highest and best use of the assets.

## 9. Goodwill and Intangible Assets

### *Goodwill*

Changes in the carrying amount of goodwill by reporting unit for the nine months ended September 30, 2020 were as follows:

| | North America | Industrial Specialty Group | Total |
|---|---|---|---|
| Balance as of December 31, 2019 | $ 142,187 | $ — | $ 142,187 |
| Reorganization | (14,036) | 14,036 | — |
| Foreign exchange translation | (108) | — | (108) |
| Balance as of September 30, 2020 | $ 128,043 | $ 14,036 | $ 142,079 |

The Company’s organizational structure changed on January 1, 2020. See Note 22. “Segment Reporting” for further detail on this reorganization of the Company’s business. Prior to this reorganization, the Company’s North America operating segment was the only reporting unit in which goodwill was recorded. As a result of the reorganization, a portion of the goodwill that was previously attributable to the North America reporting unit was reallocated to the Industrial Specialty Group reporting unit based on the relative fair value approach. The Industrial Specialty Group reporting unit is a component of the Advanced Technology Group operating segment, which is reflected in “Corporate, eliminations and other”.

The reorganization of the business represented a triggering event to test goodwill for impairment as of January 1, 2020. No impairment was identified as a result of completing the goodwill impairment test.

Goodwill is tested for impairment by reporting unit annually or more frequently if events or circumstances indicate that an impairment may exist. Other than the reorganization event noted above, there were no other indicators of potential impairment during the nine months ended September 30, 2020. The Company continues to monitor the significant global economic uncertainty as a result of COVID-19 to assess the outlook for demand for products and the impact on the Company’s business and overall financial performance. A lack of recovery or further deterioration in market conditions and production volumes, among other factors, as a result of the COVID-19 pandemic could result in an impairment charge in future periods.

### *Intangible Assets*

Intangible assets and accumulated amortization balances as of September 30, 2020 and December 31, 2019 were as follows:

| | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount |
|---|---|---|---|
| Customer relationships | $ 154,903 | $ (120,252) | $ 34,651 |
| Other | 44,082 | (9,043) | 35,039 |
| Balance as of September 30, 2020 | $ 198,985 | $ (129,295) | $ 69,690 |
| | | | |
| Customer relationships | $ 156,557 | $ (113,871) | $ 42,686 |
| Other | 49,556 | (7,873) | 41,683 |
| Balance as of December 31, 2019 | $ 206,113 | $ (121,744) | $ 84,369 |

(Dollar amounts in thousands except per share and share amounts)

**10. Debt**

A summary of outstanding debt as of September 30, 2020 and December 31, 2019 is as follows:

| | September 30, 2020 | December 31, 2019 |
|---|---|---|
| Senior Notes | $ 395,650 | $ 395,114 |
| Senior Secured Notes | 239,142 | — |
| Term Loan | 324,242 | 326,061 |
| ABL Facility | — | — |
| Finance leases | 28,344 | 29,773 |
| Other borrowings | 49,575 | 56,680 |
| Total debt | 1,036,953 | 807,628 |
| Less current portion | (54,294) | (61,449) |
| Total long-term debt | $ 982,659 | $ 746,179 |

***5.625% Senior Notes due 2026***

In November 2016, the Company issued $400,000 aggregate principal amount of its 5.625% Senior Notes due 2026 (the "Senior Notes"). The Senior Notes mature on November 15, 2026. Interest on the Senior Notes is payable semi-annually in arrears in cash on May 15 and November 15 of each year.

Debt issuance costs related to the Senior Notes are amortized into interest expense over the term of the Senior Notes. As of September 30, 2020 and December 31, 2019, the Company had $4,350 and $4,886 of unamortized debt issuance costs, respectively, related to the Senior Notes, which are presented as direct deductions from the principal balance in the condensed consolidated balance sheets.

***13.0% Senior Secured Notes due 2024***

On May 29, 2020, Cooper Standard Automotive Inc. (the "Issuer"), a wholly-owned subsidiary of the Company, issued $250,000 aggregate principal amount of its 13.0% Senior Secured Notes due 2024 (the "Senior Secured Notes"), pursuant to the Indenture, dated as of May 29, 2020 (the "Indenture"), by and among the Issuer, the other guarantors party thereto and U.S. Bank National Association, as trustee, in a transaction exempt from registration under Rule 144A and Regulation S of the Securities Act of 1933. Proceeds from the Senior Secured Notes were used to provide additional liquidity for the Company.

The Senior Secured Notes are guaranteed on a senior secured basis by CS Intermediate HoldCo 1 LLC and each of the Issuer's present and future subsidiaries that are obligors or guarantee the Term Loan Facility and each of the Issuer's wholly owned domestic subsidiaries that are obligors under, or guarantee, certain other indebtedness, subject to certain exceptions. The notes are also guaranteed on a senior unsecured basis by Cooper-Standard Latin America B.V.

The Issuer may redeem all or part of the Senior Secured Notes prior to maturity at the prices set forth in the Indenture. The Senior Secured Notes mature on June 1, 2024. Interest on the Senior Secured Notes is payable semi-annually in arrears in cash on June 1 and December 1 of each year, commencing on December 1, 2020.

The Indenture contains certain covenants that limit the Issuer's and its subsidiaries' ability to, among other things, incur or guarantee additional indebtedness or issue certain preferred stock; make restricted payments; sell assets; create or incur liens; and merge or consolidate with other entities. These covenants are subject to a number of important limitations and exceptions. The Indenture also provides for customary events of default for non-investment grade debt securities, which, if any occur, would permit or require the principal, interest and any other monetary obligations on all the then-outstanding Senior Secured Notes to be due and payable immediately.

The Company paid approximately $6,459 of debt issuance costs in connection with the transaction. Additionally, the Senior Secured Notes were issued at a discount of $5,000. As of September 30, 2020, the Company had $6,075 of unamortized debt issuance costs and $4,783 of unamortized original issue discount related to the Senior Secured Notes, which are presented as direct deductions from the principal balance in the condensed consolidated balance sheets. Both the debt issuance costs and the original issue discount are amortized into interest expense over the term of the Senior Secured Notes.

***Term Loan Facility***

In November 2016, the Company entered into Amendment No. 1 to its senior term loan facility ("Term Loan Facility"), which provides for loans in an aggregate principal amount of $340,000. On May 2, 2017, the Company entered into Amendment No. 2 to the Term Loan Facility to modify the interest rate. Subsequently, on March 6, 2018, the Company entered into Amendment No. 3 to the Term Loan Facility to further modify the interest rate. In accordance with this amendment, borrowings under the Term Loan Facility bear interest, at the Company's option, at either (1) with respect to Eurodollar rate loans, the greater of the applicable Eurodollar rate and 0.75% plus 2.0% per annum, or (2) with respect to base rate loans, the base rate, (which is the highest of the then current federal funds rate plus 0.5%, the prime rate most recently announced by the administrative agent under the term loan, and the one-month Eurodollar rate plus 1.0%) plus 1.0% per annum. The Term Loan Facility matures on November 2, 2023, unless earlier terminated.

As of September 30, 2020 and December 31, 2019, the Company had $1,828 and $2,273 of unamortized debt issuance costs, respectively, and $1,179 and $1,466 of unamortized original issue discount, respectively, related to the Term Loan Facility, which are presented as direct deductions from the principal balance in the condensed consolidated balance sheets. Both the debt issuance costs and the original issue discount are amortized into interest expense over the term of the Term Loan Facility.

***ABL Facility***

In November 2016, the Company entered into a Third Amended and Restated Loan Agreement of its ABL Facility, which provided an aggregate revolving loan availability of up to $210,000, subject to borrowing base availability. In March 2020, the Company entered into the First Amendment of the Third Amended and Restated Loan Agreement ("the Amendment"). As a result of the Amendment, the senior asset-based revolving credit facility ("ABL Facility") maturity was extended to March 2025 and the aggregate revolving loan availability was reduced to $180,000. The aggregate revolving loan availability includes a $100,000 letter of credit sub-facility and a $25,000 swing line sub-facility. The ABL Facility also provides for an uncommitted $100,000 incremental loan facility, for a potential total ABL Facility of $280,000, if requested by the borrowers under the ABL Facility and the lenders agree to fund such increase. No consent of any lender is required to effect any such increase, except for those participating in the increase.

As of September 30, 2020, there were no loans outstanding under the ABL Facility. The Company's borrowing base was $172,770. Net of the greater of 10% of the borrowing base or $15,000 that cannot be borrowed without triggering the fixed charge coverage ratio maintenance covenant and $5,339 of outstanding letters of credit, the Company effectively had $150,154 available for borrowing under its ABL facility.

Any borrowings under the ABL Facility will mature, and the commitments of the lenders under the ABL Facility will terminate, on the earlier of March 24, 2025 or the date 91 days prior to the maturity date of the Term Loan Facility (or another fixed asset facility replacing the Term Loan Facility).

As a result of the Amendment, the Company wrote off $177 in unamortized debt issuance costs, which are presented in interest expense, net of interest income in the condensed consolidated statements of operations. As of September 30, 2020 and December 31, 2019, the Company had $1,215 and $657, respectively, of unamortized debt issuance costs related to the ABL Facility, which are presented in other assets in the condensed consolidated balance sheets.

***Debt Covenants***

The Company was in compliance with all covenants of the Senior Notes, Senior Secured Notes, Term Loan Facility and ABL Facility as of September 30, 2020.

***Other***

Other borrowings as of September 30, 2020 and December 31, 2019 reflect borrowings under local bank lines classified in debt payable within one year on the condensed consolidated balance sheet.

(Dollar amounts in thousands except per share and share amounts)

## 11. Fair Value Measurements and Financial Instruments

***Fair Value Measurements***

Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based upon assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, a three-tier fair value hierarchy is utilized, which prioritizes the inputs used in measuring fair value as follows:

*Level 1:* Observable inputs such as quoted prices in active markets;
*Level 2:* Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and
*Level 3:* Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

***Items Measured at Fair Value on a Recurring Basis***

Estimates of the fair value of foreign currency derivative instruments are determined using exchange traded prices and rates. The Company also considers the risk of non-performance in the estimation of fair value and includes an adjustment for non-performance risk in the measure of fair value of derivative instruments. In certain instances where market data is not available, the Company uses management judgment to develop assumptions that are used to determine fair value. Fair value measurements and the fair value hierarchy level for the Company's assets and liabilities measured or disclosed at fair value on a recurring basis as of September 30, 2020 and December 31, 2019 were as follows:

| | September 30, 2020 | December 31, 2019 | Input |
|---|---|---|---|
| Forward foreign exchange contracts - other current assets | $ 153 | $ 467 | Level 2 |
| Forward foreign exchange contracts - accrued liabilities | (1,876) | (42) | Level 2 |

***Items Measured at Fair Value on a Nonrecurring Basis***

In addition to items that are measured at fair value on a recurring basis, the Company measures certain assets and liabilities at fair value on a nonrecurring basis, which are not included in the table above. As these nonrecurring fair value measurements are generally determined using unobservable inputs, these fair value measurements are classified within Level 3 of the fair value hierarchy. For further information on assets and liabilities measured at fair value on a nonrecurring basis see Note 3. "Divestitures" and Note 8. "Property, Plant and Equipment."

***Items Not Carried at Fair Value***

Fair values of the Company's Senior Notes, Senior Secured Notes and Term Loan Facility were as follows:

| | September 30, 2020 | December 31, 2019 |
|---|---|---|
| Aggregate fair value | $ 806,890 | $ 693,600 |
| Aggregate carrying value [1] | 977,250 | 729,800 |

[1] Excludes unamortized debt issuance costs and unamortized original issue discount.

Fair values were based on quoted market prices and are classified within Level 1 of the fair value hierarchy.

***Derivative Instruments and Hedging Activities***

The Company is exposed to fluctuations in foreign currency exchange rates, interest rates and commodity prices. The Company enters into derivative instruments primarily to hedge portions of its forecasted foreign currency denominated cash flows and designates these derivative instruments as cash flow hedges in order to qualify for hedge accounting.

The Company formally documents its hedge relationships, including the identification of the hedging instruments and the hedged items, as well as its risk management objectives and strategies for undertaking the cash flow hedges. The Company also formally assesses whether a cash flow hedge is highly effective in offsetting changes in the cash flows of the hedged item. Derivatives are recorded at fair value in other current assets, other assets, accrued liabilities and other long-term liabilities. For a cash flow hedge, the effective portion of the change in fair value of the derivative is recorded in accumulated other comprehensive income (loss) ("AOCI") in the condensed consolidated balance sheet and reclassified into earnings when the underlying hedged transaction is realized. The realized gains and losses are recorded on the same line as the hedged transaction in the condensed consolidated statements of operations.

(Dollar amounts in thousands except per share and share amounts)

The Company is exposed to credit risk in the event of nonperformance by its counterparties on its derivative financial instruments. The Company mitigates this credit risk exposure by entering into agreements directly with major financial institutions with high credit standards that are expected to fully satisfy their obligations under the contracts.

***Cash Flow Hedges***

*Forward Foreign Exchange Contracts* - The Company uses forward contracts to mitigate the potential volatility to earnings and cash flow arising from changes in currency exchange rates that impact the Company's foreign currency transactions. The principal currencies hedged by the Company include various European currencies, the Canadian Dollar, and the Mexican Peso. As of September 30, 2020 and December 31, 2019, the notional amount of these contracts was $69,693 and $92,150, respectively, and consisted of hedges of transactions up to December 2021.

Pretax amounts related to the Company's cash flow hedges that were recognized in other comprehensive income (loss) ("OCI") were as follows:

| | Gain (Loss) Recognized in OCI | | | |
|---|---|---|---|---|
| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
| | 2020 | 2019 | 2020 | 2019 |
| Forward foreign exchange contracts | $ 1,051 | $ (1,367) | $ (8,448) | $ 2,443 |

Pretax amounts related to the Company's cash flow hedges that were reclassified from AOCI and recognized in cost of products sold were as follows:

| | Gain (Loss) Reclassified from AOCI to Income | | | |
|---|---|---|---|---|
| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
| | 2020 | 2019 | 2020 | 2019 |
| Forward foreign exchange contracts | $ (1,764) | $ 614 | $ (6,315) | $ 1,766 |

(Dollar amounts in thousands except per share and share amounts)

## 12. Accounts Receivable Factoring

As a part of its working capital management, the Company sells certain receivables through a single third-party financial institution in a pan-European program (the "Factor"). The amount sold varies each month based on the amount of underlying receivables and cash flow needs of the Company. These are permitted transactions under the Company's credit agreements governing the ABL Facility and Term Loan Facility and the indentures governing the Senior Notes and Senior Secured Notes. The European factoring facility, which was renewed in March 2020, allows the Company to factor up to €120 million of its Euro-denominated accounts receivable, accelerating access to cash and reducing credit risk. The factoring facility expires in December 2023.

Costs incurred on the sale of receivables are recorded in other expense, net in the condensed consolidated statements of operations. The sale of receivables under this contract is considered an off-balance sheet arrangement to the Company and is accounted for as a true sale and is excluded from accounts receivable in the condensed consolidated balance sheet. Amounts outstanding under receivable transfer agreements entered into by various locations as of the period end were as follows:

| | September 30, 2020 | December 31, 2019 |
|---|---|---|
| Off-balance sheet arrangements | $ 77,856 | $ 103,818 |

Accounts receivable factored and related costs throughout the period were as follows:

| | Off-Balance Sheet Arrangements | | | |
|---|---|---|---|---|
| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
| | 2020 | 2019 | 2020 | 2019 |
| Accounts receivable factored | $ 124,910 | $ 108,957 | $ 352,103 | $ 376,944 |
| Costs | 120 | 218 | 591 | 691 |

During the quarter, the Factor changed to an alternative remittance and settlement process provided for under the factoring agreement, which resulted in the Company having an insignificant receivable due from the Factor. As of December 31, 2019, cash collections on behalf of the Factor that have yet to be remitted were $21,485 and are reflected in cash and cash equivalents in the condensed consolidated balance sheet.

(Dollar amounts in thousands except per share and share amounts)

**13. Pension and Postretirement Benefits Other Than Pensions**

The components of net periodic benefit (income) cost for the Company's defined benefit plans and other postretirement benefit plans were as follows:

| | Pension Benefits | | | |
|---|---|---|---|---|
| | Three Months Ended September 30, | | | |
| | 2020 | | 2019 | |
| | U.S. | Non-U.S. | U.S. | Non-U.S. |
| Service cost | $ 213 | $ 884 | $ 189 | $ 931 |
| Interest cost | 2,033 | 736 | 2,952 | 924 |
| Expected return on plan assets | (3,421) | (580) | (4,155) | (599) |
| Amortization of prior service cost and actuarial loss | 485 | 833 | 781 | 589 |
| Net periodic benefit (income) cost | $ (690) | $ 1,873 | $ (233) | $ 1,845 |

| | Pension Benefits | | | |
|---|---|---|---|---|
| | Nine Months Ended September 30, | | | |
| | 2020 | | 2019 | |
| | U.S. | Non-U.S. | U.S. | Non-U.S. |
| Service cost | $ 639 | $ 2,838 | $ 567 | $ 2,985 |
| Interest cost | 6,099 | 2,277 | 8,856 | 3,047 |
| Expected return on plan assets | (10,263) | (1,716) | (12,465) | (1,785) |
| Amortization of prior service cost and actuarial loss | 1,455 | 2,417 | 2,343 | 1,798 |
| Net periodic benefit (income) cost | $ (2,070) | $ 5,816 | $ (699) | $ 6,045 |

| | Other Postretirement Benefits | | | |
|---|---|---|---|---|
| | Three Months Ended September 30, | | | |
| | 2020 | | 2019 | |
| | U.S. | Non-U.S. | U.S. | Non-U.S. |
| Service cost | $ 26 | $ 97 | $ 26 | $ 93 |
| Interest cost | 170 | 175 | 202 | 182 |
| Amortization of prior service credit and actuarial (gain) loss | (483) | 108 | (566) | 94 |
| Net periodic benefit (income) cost | $ (287) | $ 380 | $ (338) | $ 369 |

| | Other Postretirement Benefits | | | |
|---|---|---|---|---|
| | Nine Months Ended September 30, | | | |
| | 2020 | | 2019 | |
| | U.S. | Non-U.S. | U.S. | Non-U.S. |
| Service cost | $ 78 | $ 286 | $ 92 | $ 301 |
| Interest cost | 510 | 516 | 663 | 564 |
| Amortization of prior service credit and actuarial (gain) loss | (1,449) | 319 | (1,874) | 225 |
| Net periodic benefit (income) cost | $ (861) | $ 1,121 | $ (1,119) | $ 1,090 |

The service cost component of net periodic benefit (income) cost is included in cost of products sold and selling, administrative and engineering expenses in the condensed consolidated statements of operations. All other components of net periodic benefit (income) cost are included in other expense, net in the condensed consolidated statements of operations for all periods presented.

(Dollar amounts in thousands except per share and share amounts)

## 14. Other Income (Expense), Net

The components of other income (expense), net were as follows:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| Foreign currency gains (losses) | $ 2,626 | $ (73) | $ (4,397) | $ (1,529) |
| Components of net periodic benefit cost other than service cost | (56) | (404) | (165) | (1,372) |
| Factoring costs | (120) | (218) | (591) | (691) |
| Miscellaneous income (expense) | 334 | 181 | (204) | 501 |
| Other income (expense), net | $ 2,784 | $ (514) | $ (5,357) | $ (3,091) |

## 15. Income Taxes

The Company determines its effective tax rate each quarter based upon its estimated annual effective tax rate. The Company records the tax impact of certain unusual or infrequently occurring items, including changes in judgment about valuation allowances and effects of changes in tax laws or rates, in the interim period in which they occur. In addition, jurisdictions with a projected loss for the year where no tax benefit can be recognized are excluded from the estimated annual effective tax rate.

Income tax (benefit) expense, income (loss) before income taxes and the corresponding effective tax rate for the three and nine months ended September 30, 2020 and 2019 were as follows:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| Income tax (benefit) expense | $ (2,386) | $ 745 | $ (55,485) | $ 47,001 |
| Income (loss) before income taxes | 4,323 | (5,675) | (297,199) | 179,878 |
| Effective tax rate | (55)% | (13)% | 19 % | 26 % |

The effective tax rate for the three and nine months ended September 30, 2020 compared to the three and nine months ended September 30, 2019 varied from prior periods primarily due to the geographic mix of pre-tax losses driven by the impairment charge on divested entities and the inability to record a tax benefit for pre-tax losses in certain foreign jurisdictions. Additionally, a discrete expense of $13,414 for the initial recognition of valuation allowances against net deferred tax assets in certain foreign jurisdictions was recorded in the nine months ended September 30, 2020. In accordance with recent legislation, one of the business tax provisions of the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) allows net operating losses (“NOL”) generated by the Company to be carried back up to five years at the tax rates in effect during those periods, rather than carried forward at current federal tax rates of 21%. The Company has included a $19,764 benefit in the estimated annual effective tax rate for this CARES Act provision which was used to calculate the income tax benefit recorded in the three and nine months ended September 30, 2020.

The income tax rate for the three and nine months ended September 30, 2020 and 2019 varies from the U.S. statutory rate primarily due to the inability to record a tax benefit for pre-tax losses in certain foreign jurisdictions to the extent not offset by other categories of income, tax benefits related to the CARES Act, tax credits, the impact of income taxes on foreign earnings taxed at rates varying from the U.S. statutory rate, and other permanent items. Further, the Company’s current and future provision for income taxes is impacted by the initial recognition of and changes in valuation allowances in certain countries. The Company intends to maintain these valuation allowances until it is more likely than not that the deferred tax assets will be realized.

(Dollar amounts in thousands except per share and share amounts)

## 16. Net Income (Loss) Per Share Attributable to Cooper-Standard Holdings Inc.

Basic net income (loss) per share attributable to Cooper-Standard Holdings Inc. was computed by dividing net income (loss) attributable to Cooper-Standard Holdings Inc. by the weighted average number of shares of common stock outstanding during the period. Diluted net income (loss) per share attributable to Cooper-Standard Holdings Inc. was computed using the treasury stock method by dividing diluted net income (loss) available to Cooper-Standard Holdings Inc. by the weighted average number of shares of common stock outstanding, including the dilutive effect of common stock equivalents, using the average share price during the period.

Information used to compute basic and diluted net income (loss) per share attributable to Cooper-Standard Holdings Inc. was as follows:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| Net income (loss) available to Cooper-Standard Holdings Inc. common stockholders | $ 4,381 | $ (4,877) | $ (240,426) | $ 134,913 |
| Basic weighted average shares of common stock outstanding | 16,927,924 | 16,880,736 | 16,908,940 | 17,240,366 |
| Dilutive effect of common stock equivalents | 87,031 | — | — | 64,428 |
| Diluted weighted average shares of common stock outstanding | 17,014,955 | 16,880,736 | 16,908,940 | 17,304,794 |
| Basic net income (loss) per share attributable to Cooper-Standard Holdings Inc. | $ 0.26 | $ (0.29) | $ (14.22) | $ 7.83 |
| Diluted net income (loss) per share attributable to Cooper-Standard Holdings Inc. | $ 0.26 | $ (0.29) | $ (14.22) | $ 7.80 |

(Dollar amounts in thousands except per share and share amounts)

## 17. Accumulated Other Comprehensive Loss

Changes in accumulated other comprehensive loss by component, net of related tax, were as follows:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| **Foreign currency translation adjustment** | | | | |
| Balance at beginning of period | $ (175,616) | $ (144,706) | $ (153,933) | $ (141,104) |
| Other comprehensive income (loss) before reclassifications | 15,200 (1) | (28,250) (1) | (6,483) (1) | (35,676) (1) |
| Amounts reclassified from accumulated other comprehensive loss | 1,646 | — | 1,646 | 3,824 |
| Balance at end of period | $ (158,770) | $ (172,956) | $ (158,770) | $ (172,956) |
| **Benefit plan liabilities** | | | | |
| Balance at beginning of period | $ (98,194) | $ (105,935) | $ (100,160) | $ (104,375) |
| Other comprehensive income (loss) before reclassifications | (2,422) (2) | 1,634 (2) | (1,803) (2) | (714) (2) |
| Amounts reclassified from accumulated other comprehensive loss | 1,569 (3) | 612 (4) | 2,916 (5) | 1,400 (6) |
| Balance at end of period | $ (99,047) | $ (103,689) | $ (99,047) | $ (103,689) |
| **Fair value change of derivatives** | | | | |
| Balance at beginning of period | $ (3,486) | $ 1,623 | $ 352 | $ (458) |
| Other comprehensive income (loss) before reclassifications | 786 (7) | (1,109) (7) | (6,370) (7) | 1,819 (7) |
| Amounts reclassified from accumulated other comprehensive loss | 1,286 (8) | (449) (8) | 4,604 (8) | (1,296) (8) |
| Balance at end of period | $ (1,414) | $ 65 | $ (1,414) | $ 65 |
| Accumulated other comprehensive loss, ending balance | $ (259,231) | $ (276,580) | $ (259,231) | $ (276,580) |

(1) Includes other comprehensive income (loss) related to intra-entity foreign currency balances that are of a long-term investment nature of $7,368 and $(10,785) for the three months ended September 30, 2020 and 2019, respectively, and $(11,850) and $(8,819) for the nine months ended September 30, 2020 and 2019, respectively.

(2) Net of tax expense (benefit) of $57 and $(76) for the three months ended September 30, 2020 and 2019, respectively, and $347 and $(983) for the nine months ended September 30, 2020 and 2019, respectively. Includes other comprehensive loss of $371 for each of the three and nine months ended September 30, 2020 related to benefit plan liability remeasurement due to the divestiture of certain businesses in Europe and India. Includes other comprehensive loss of $3,224 for the nine months ended September 30, 2019 related to benefit plan liability remeasurement due to the divestiture of the Company's AVS product line.

(3) Includes the effect of the amortization of actuarial losses of $982, amortization of prior service cost of $25, and net settlement loss of $1,059, offset by net curtailment gain of $315 and net of tax of $182. The settlement and curtailment during the three months ended September 30, 2020 relate to the divestiture of certain businesses in Europe and India.

(4) Includes the effect of the amortization of actuarial losses of $864, offset by the amortization of prior service credits of $39, net of tax of $213.

(5) Includes the effect of the amortization of actuarial losses of $2,769, amortization of prior service cost of $67, and net settlement loss of $1,059, offset by net curtailment gain of $315, net of tax of $664. The settlement and curtailment during the nine months ended September 30, 2020 relate to the divestiture of certain businesses in Europe and India.

(6) Includes the effect of the amortization of actuarial losses of $2,607, offset by the amortization of prior service credits of $152, net settlement gain of $65, and curtailment gain of $204, net of tax of $786. The settlement and curtailment during the nine months ended September 30, 2019 relate to the divestiture of the Company's AVS product line.

(7) Net of tax expense (benefit) of $265 and $(258) for the three months ended September 30, 2020 and 2019, respectively, and $(2,078) and $624 for the nine months ended September 30, 2020 and 2019, respectively.

(8) Net of tax (benefit) expense of $(478) and $165 for the three months ended September 30, 2020 and 2019, respectively, and $(1,711) and $470 for the nine months ended September 30, 2020 and 2019, respectively.

(Dollar amounts in thousands except per share and share amounts)

## 18. Common Stock

### *Share Repurchase Program*

In June 2018, the Company's Board of Directors approved a common stock repurchase program (the "2018 Program") authorizing the Company to repurchase, in the aggregate, up to $150,000 of its outstanding common stock. Under the 2018 Program, repurchases may be made on the open market, through private transactions, accelerated share repurchases, round lot or block transactions on the New York Stock Exchange or otherwise, as determined by management and in accordance with prevailing market conditions and federal securities laws and regulations. The Company expects to fund any future repurchases from cash on hand and future cash flows from operations. The Company is not obligated to acquire a particular amount of securities, and the 2018 Program may be discontinued at any time at the Company's discretion. The 2018 Program became effective in November 2018. As of September 30, 2020, the Company had approximately $98,720 of repurchase authorization remaining under the 2018 Program.

The Company did not make any repurchases during the nine months ended September 30, 2020.

### *2019 Repurchases*

In May 2019, the Company entered into an accelerated share repurchase ("ASR") agreement with a third-party financial institution to repurchase the Company's common stock pursuant to the 2018 Program. Under the ASR agreement, the Company made an up-front payment of $30,000 and received an initial delivery of 626,305 shares of its common stock in the second quarter of 2019. The repurchase was completed in the third quarter of 2019 when the Company received final delivery of an additional 72,875 shares. A total of 699,180 shares were repurchased at a weighted average purchase price of $42.91 per share.

In addition to the repurchase under the ASR agreement, during the nine months ended September 30, 2019, the Company repurchased 85,000 shares at an average purchase price of $69.85 per share, excluding commissions, for a total cost of $5,937.

## 19. Share-Based Compensation

The Company's long-term incentive plans allow for the grant of various types of share-based awards to key employees and directors of the Company and its affiliates. The Company generally awards grants on an annual basis.

In February 2020, the Company granted Restricted Stock Units ("RSUs"), Performance Units ("PUs") and stock options. The RSUs cliff vest after three years, the PUs vest ratably over three years after the initial two-year performance period, and the stock options vest ratably over three years. The number of PUs that will vest depends on the Company's achievement of target performance goals related to the Company's return on invested capital ("ROIC") and total shareholder return, which may range from 0% to 200% of the target award amount.

Share-based compensation expense was as follows:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| PUs | $ 127 | $ 617 | $ 346 | $ 1,507 |
| RSUs | 1,305 | 2,382 | 4,715 | 6,391 |
| Stock options | 610 | 812 | 1,916 | 2,395 |
| Total | $ 2,042 | $ 3,811 | $ 6,977 | $ 10,293 |

(Dollar amounts in thousands except per share and share amounts)

## 20. Related Party Transactions

A summary of the material related party transactions with affiliates accounted for under the equity method was as follows:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| Sales[(1)] | $ 6,826 | $ 6,723 | $ 15,256 | $ 22,256 |
| Purchases[(2)] | 84 | 82 | 262 | 806 |
| Dividends received[(3)] | — | — | 5,245 | 4,917 |

[(1)] Relates to transactions with Nishikawa Cooper LLC ("NISCO")
[(2)] Relates to transactions with NISCO and Polyrub Cooper Standard FTS Private Limited
[(3)] From NISCO and Nishikawa Tachaplalert Cooper Ltd. inclusive of any gross up of dividend related to withholding tax

Amounts receivable from NISCO as of September 30, 2020 and December 31, 2019 were $4,175 and $4,297, respectively.

## 21. Commitments and Contingencies

The Company is periodically involved in claims, litigation and various legal matters that arise in the ordinary course of business. The Company accrues for litigation exposure when it is probable that future costs will be incurred and such costs can be reasonably estimated. Any resulting adjustments, which could be material, are recorded in the period the adjustments are identified. As of September 30, 2020, the Company does not believe that there is a reasonable possibility that any material loss exceeding the amounts already recognized for claims, litigation and various legal matters, if any, has been incurred. However, the ultimate resolutions of these proceedings and matters are inherently unpredictable. As such, the Company's financial condition, results of operations or cash flows could be adversely affected in any particular period by the unfavorable resolution of one or more of these proceedings or matters.

In addition, the Company conducts and monitors environmental investigations and remedial actions at certain locations. As of September 30, 2020 and December 31, 2019, the undiscounted reserve for environmental investigation and remediation was approximately $7,603 and $6,104, respectively. While the Company's costs to defend and settle known claims arising under environmental laws have not been material in the past and are not currently estimated to be material, such costs may be material in the future.

## 22. Segment Reporting

The Company's organizational structure changed on January 1, 2020, creating a global automotive business ("Automotive") and Advanced Technology Group ("ATG"). The Company's business is now organized in the following reportable segments: North America, Europe, Asia Pacific and South America. ATG and all other business activities are reported in Corporate, eliminations and other. The Corporate, eliminations and other External Sales and Intersegment Sales amounts previously reported for the three and nine months ended September 30, 2019 have been reclassified from North America and Europe from the table below. The adjusted EBITDA amounts previously reported for the three and nine months ended September 30, 2019 and Segment Asset amounts previously reported as of December 31, 2019 have been reclassified from North America, Europe, Asia Pacific and South America from the tables below.

The Company's principal products within each of these segments are sealing, fuel and brake delivery, and fluid transfer systems. During the first quarter of 2019 and in prior periods, the Company also operated an anti-vibration systems product line. On April 1, 2019, the Company completed the divestiture of the AVS product line.

The Company uses Segment adjusted EBITDA as the measure of earnings to assess the performance of each segment and determine the resources to be allocated to the segments. The results of each segment include certain allocations for general, administrative and other shared costs. Segment adjusted EBITDA may not be comparable to similarly titled measures reported by other companies.

(Dollar amounts in thousands except per share and share amounts)

Certain financial information on the Company's reportable segments was as follows:

| | Three Months Ended September 30, | | | | | |
|---|---|---|---|---|---|---|
| | 2020 | | | 2019 | | |
| | External Sales | Intersegment Sales | Adjusted EBITDA | External Sales | Intersegment Sales | Adjusted EBITDA |
| North America | $ 359,007 | $ 2,372 | $ 58,115 | $ 372,104 | $ 5,828 | $ 59,819 |
| Europe | 146,029 | 2,440 | (1,466) | 187,438 | 3,054 | 6,269 |
| Asia Pacific | 131,063 | 1,008 | 12,246 | 123,139 | 894 | (12,080) |
| South America | 17,580 | 4 | (2,680) | 25,220 | 18 | (2,678) |
| Total Automotive | 653,679 | 5,824 | 66,215 | 707,901 | 9,794 | 51,330 |
| Corporate, eliminations and other | 29,521 | (5,824) | (2,081) | 31,617 | (9,794) | 2,491 |
| Consolidated | $ 683,200 | $ — | $ 64,134 | $ 739,518 | $ — | $ 53,821 |

| | Nine Months Ended September 30, | | | | | |
|---|---|---|---|---|---|---|
| | 2020 | | | 2019 | | |
| | External Sales | Intersegment Sales | Adjusted EBITDA | External Sales | Intersegment Sales | Adjusted EBITDA |
| North America | $ 820,145 | $ 8,968 | $ 52,260 | $ 1,198,943 | $ 14,894 | $ 172,853 |
| Europe | 410,076 | 6,755 | (47,492) | 634,867 | 9,261 | 21,540 |
| Asia Pacific | 316,133 | 1,678 | (6,983) | 367,086 | 2,512 | (14,313) |
| South America | 41,932 | 72 | (11,608) | 73,581 | 71 | (4,817) |
| Total Automotive | 1,588,286 | 17,473 | (13,823) | 2,274,477 | 26,738 | 175,263 |
| Corporate, eliminations and other | 90,271 | (17,473) | (7,516) | 107,734 | (26,738) | 663 |
| Consolidated | $ 1,678,557 | $ — | $ (21,339) | $ 2,382,211 | $ — | $ 175,926 |

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| Adjusted EBITDA | $ 64,134 | $ 53,821 | $ (21,339) | $ 175,926 |
| Impairment of assets held for sale | — | — | (86,470) | — |
| Restructuring charges | (6,186) | (5,572) | (23,236) | (29,214) |
| Project costs | — | (335) | (4,234) | (2,003) |
| Other impairment charges | (100) | (1,958) | (947) | (4,146) |
| Lease termination costs | (83) | (512) | (684) | (1,003) |
| Gain on sale of business, net | 2,314 | (1,730) | 2,314 | 188,180 |
| Divested noncontrolling interest debt extinguishment | (3,595) | — | (3,595) | — |
| EBITDA | $ 56,484 | $ 43,714 | $ (138,191) | $ 327,740 |
| Income tax benefit (expense) | 2,386 | (745) | 55,485 | (47,001) |
| Interest expense, net of interest income | (17,985) | (10,351) | (40,993) | (33,858) |
| Depreciation and amortization | (36,504) | (37,495) | (116,727) | (111,968) |
| Net income (loss) attributable to Cooper-Standard Holdings Inc. | $ 4,381 | $ (4,877) | $ (240,426) | $ 134,913 |

(Dollar amounts in thousands except per share and share amounts)

| | September 30, 2020 | December 31, 2019 |
|---|---|---|
| Segment assets: | | |
| North America | $ 1,001,464 | $ 1,040,650 |
| Europe | 433,292 | 553,977 |
| Asia Pacific | 561,681 | 614,952 |
| South America | 59,496 | 65,438 |
| Total Automotive | 2,055,933 | 2,275,017 |
| Corporate, eliminations and other | 582,058 | 360,565 |
| Consolidated | $ 2,637,991 | $ 2,635,582 |

The decrease in asset amounts in Europe and Asia Pacific as of September 30, 2020 is primarily attributable to the Company's recent divestitures in those regions. See Note 3. "Divestitures" for further detail on these transactions.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

*This management's discussion and analysis of financial condition and results of operations is intended to assist in understanding and assessing the trends and significant changes in our results of operations and financial condition. Our historical results may not indicate, and should not be relied upon as an indication of, our future performance. Our forward-looking statements reflect our current views about future events, are based on assumptions and are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those contemplated by these statements. See "Forward-Looking Statements" below for a discussion of risks associated with reliance on forward-looking statements. Factors that may cause differences between actual results and those contemplated by forward-looking statements include, but are not limited to, those discussed below and in our Annual Report on Form 10-K for the fiscal year ended December 31, 2019 filed with the U.S. Securities and Exchange Commission ("2019 Annual Report"), including Item 1A. "Risk Factors." The following should be read in conjunction with our 2019 Annual Report and the other information included herein. Our discussion of trends and conditions supplements and updates such discussion included in our 2019 Annual Report. References in this quarterly report on Form 10-Q (the "Report") to "we," "our," or the "Company" refer to Cooper-Standard Holdings Inc., together with its consolidated subsidiaries.*

### Executive Overview

***Our Business***

We design, manufacture and sell sealing, fuel and brake delivery, and fluid transfer systems for use primarily in passenger vehicles and light trucks manufactured by global automotive original equipment manufacturers ("OEMs"). We are primarily a "Tier 1" supplier, with approximately 83% of our sales in 2019 made directly to major OEMs. We operate our business along the following reportable segments: North America, Europe, Asia Pacific and South America. All other business activities are reported in Corporate, eliminations and other.

During the first quarter of 2019 and in prior periods, we also operated an anti-vibration systems ("AVS") product line. On April 1, 2019, we completed the divestiture of our AVS product line.

***Recent Trends and Conditions***

*General Economic Conditions and Outlook*

The global automotive industry is susceptible to uncertain economic conditions that could adversely impact new vehicle demand and production. Business conditions may vary significantly from period to period or region to region. The global COVID-19 pandemic created an unusually high degree of economic disruption and uncertainty during the first nine months of 2020. Although most automotive manufacturing operations continued production during the third quarter, many industries remain significantly impacted by policies, regulations, risks and concerns surrounding the novel coronavirus, which is continuing to drive significant uncertainty for the broader economic outlook and for the automotive industry around the world. Economists at the International Monetary Fund (IMF) believe global economic activity is likely to remain subdued until perceived health risks abate. They are now expecting the global economy to contract by approximately 4.4% in 2020.

In North America, economic conditions and consumer confidence have improved compared to the second quarter but continue to be negatively impacted by concerns over the COVID-19 pandemic and related government-imposed restrictions. Uncertainty related to the outcome of the presidential election in the United States will also likely weigh on consumer confidence in the region through the fourth quarter of 2020.

The United States government has taken historic measures to provide fiscal stimulus to the economy in an effort to sustain businesses, limit job losses and preempt deeper declines in consumer confidence during the pandemic. Further stimulus actions are being considered. Despite these efforts, IMF economists now expect economic contraction of approximately 4.7% for the North America region in 2020.

In the European region, the IMF is projecting economic contraction of approximately 8.3% for 2020. Current and potential future impacts of the COVID-19 pandemic will continue to weigh on the economies of the region. Due to the pandemic, certain European governments mandated closures of broad segments of the economy in the first half of the year. Partial re-opening of the closed sectors has occurred at varying times and rates across the region. More recently, however, a resurgence of COVID-19 cases is causing some governments to consider further shutdown actions. While automotive manufacturers have resumed production, on-going health risks, geopolitical concerns and the implementation of new environmental regulations in the automotive industry will likely continue to impact vehicle demand and economic growth.

In the Asia Pacific region, the IMF expects China's economic growth rate to slow to just 1.8% in 2020. The post-COVID-19 economic recovery in the country is continuing, driven, in part, by a new infrastructure initiative that is focused on accelerating the digital transformation of the country's industries. The retail sector has also been improving in the third quarter, pointing to improved consumer confidence. Finally, the manufacturers purchasing managers index (PMI) reached a nine-year high in September, suggesting a strong industrial growth environment through the remainder of the year.

In South America, the IMF estimates that the Brazilian economy will contract by approximately 5.8% in 2020 as compared to 2019. Economic activity rebounded in the third quarter but not sufficiently to offset the sharp decline in the second quarter that was driven by the COVID-19 pandemic. The Brazilian government has extended certain economic assistance programs to the end of the year to help support consumers. This spending will add to the country's already high national debt level and could lead to lower consumer confidence and foreign investment in the region going forward. We remain cautious for the mid to long-term outlook given the long history of political instability and economic volatility in the region.

*Raw Materials*

Our business is susceptible to inflationary pressures with respect to raw materials which may place operational and profitability burdens on the entire supply chain. Costs related to raw materials, such as steel, aluminum, and oil and oil-derived commodities, continue to be volatile. In addition, we continue to expect commodity cost volatility to have an impact on future earnings and operating cash flows. As such, on an ongoing basis, we work with our customers and suppliers to mitigate both inflationary pressures and our material-related cost exposures.

*Production Levels*

Our business is directly affected by the automotive vehicle production rates in North America, Europe, Asia Pacific and South America. Beginning in the first quarter of 2020, as a result of COVID-19, we experienced the shutdown of effectively all of our facilities in Asia Pacific coinciding with the shutdown of our customer facilities in that region. Facility shutdowns then occurred in March 2020 for a majority of our facilities in North America, Europe and South America.

Production resumed in Asia Pacific by the end of the first quarter of 2020, albeit at a lower capacity, and has steadily increased in production capacity throughout the year. For our North America and Europe facilities, production resumed in May 2020 at a lower capacity and has increased through the subsequent months. Finally, for our South America facilities, production resumed in the second quarter, but has increased more slowly compared to the other regions. We are collaborating closely with our customers as production volume continues to increase and approach pre-COVID-19 levels, while also adhering to enhanced safety standards and measures to protect our employees.

Light vehicle production in certain regions for the three and nine months ended September 30, 2020 and 2019 was as follows:

| | **Three Months Ended September 30,** | | | **Nine Months Ended September 30,** | | |
|---|---|---|---|---|---|---|
| (In millions of units) | **2020**[(1)] | **2019**[(1)] | **% Change** | **2020**[(1)] | **2019**[(1)] | **% Change** |
| North America | 4.0 | 4.0 | 0.5% | 9.2 | 12.5 | (26.5)% |
| Europe | 4.3 | 4.7 | (7.7)% | 11.3 | 16.0 | (29.5)% |
| Asia Pacific | 10.9 | 11.0 | (1.4)% | 27.7 | 33.6 | (17.8)% |
| Greater China | 6.4 | 5.8 | 10.6% | 15.8 | 17.3 | (8.8)% |
| South America | 0.7 | 0.9 | (21.4)% | 1.5 | 2.5 | (40.9)% |

(1) Production data based on IHS Automotive, October 2020.

The COVID-19 pandemic has emerged as the biggest risk factor facing the automotive industry. In the first half of the year, total vehicle production decreased substantially across the globe. Plant shutdowns have greatly slowed production and have been accompanied by decreased demand for vehicles, as new vehicle sales are highly dependent on strong consumer confidence and low unemployment. While the outlook for the fourth quarter of 2020 and the full year 2021 remains uncertain, the global economy has begun to rebound from the impacts of the pandemic. Lower unemployment rates, improving consumer confidence and lower than normal light vehicle inventory levels could all have a positive impact on light vehicle production going forward.

**Results of Operations**

| | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| | 2020 | 2019 | Change | 2020 | 2019 | Change |
| | (dollar amounts in thousands) | | | | | |
| Sales | $ 683,200 | $ 739,518 | $ (56,318) | $ 1,678,557 | $ 2,382,211 | $ (703,654) |
| Cost of products sold | 598,714 | 659,313 | (60,599) | 1,611,299 | 2,088,631 | (477,332) |
| Gross profit | 84,486 | 80,205 | 4,281 | 67,258 | 293,580 | (226,322) |
| Selling, administration & engineering expenses | 60,059 | 63,020 | (2,961) | 199,001 | 224,164 | (25,163) |
| Gain on sale of business, net | (2,314) | 1,730 | (4,044) | (2,314) | (188,180) | 185,866 |
| Amortization of intangibles | 1,669 | 4,250 | (2,581) | 9,632 | 13,173 | (3,541) |
| Restructuring charges | 6,186 | 5,572 | 614 | 23,236 | 29,214 | (5,978) |
| Impairment of assets held for sale | — | — | — | 86,470 | — | 86,470 |
| Other impairment charges | 100 | 1,958 | (1,858) | 1,240 | 4,146 | (2,906) |
| Operating profit (loss) | 18,786 | 3,675 | 15,111 | (250,007) | 211,063 | (461,070) |
| Interest expense, net of interest income | (17,985) | (10,351) | (7,634) | (40,993) | (33,858) | (7,135) |
| Equity in earnings (losses) of affiliates | 738 | 1,515 | (777) | (842) | 5,764 | (6,606) |
| Other income (expense), net | 2,784 | (514) | 3,298 | (5,357) | (3,091) | (2,266) |
| Income (loss) before income taxes | 4,323 | (5,675) | 9,998 | (297,199) | 179,878 | (477,077) |
| Income tax (benefit) expense | (2,386) | 745 | (3,131) | (55,485) | 47,001 | (102,486) |
| Net income (loss) | 6,709 | (6,420) | 13,129 | (241,714) | 132,877 | (374,591) |
| Net (income) loss attributable to noncontrolling interests | (2,328) | 1,543 | (3,871) | 1,288 | 2,036 | (748) |
| Net income (loss) attributable to Cooper-Standard Holdings Inc. | $ 4,381 | $ (4,877) | $ 9,258 | $ (240,426) | $ 134,913 | $ (375,339) |

***Three Months Ended September 30, 2020 Compared with Three Months Ended September 30, 2019***

*Sales*

Sales for the three months ended September 30, 2020 decreased 7.6%, compared to the three months ended September 30, 2019. The decline was driven by the decrease in vehicle production volume and the divestiture of our European rubber fluid transfer and specialty sealing businesses and Indian operations.

| | Three Months Ended September 30, | | | Variance Due To: | | |
|---|---|---|---|---|---|---|
| | 2020 | 2019 | Change | Volume / Mix* | Foreign Exchange | Divestitures |
| | (dollar amounts in thousands) | | | | | |
| Total sales | $ 683,200 | $ 739,518 | $ (56,318) | $ (8,958) | $ 2,234 | $ (49,594) |

* Net of customer price reductions

*Gross Profit*

| | Three Months Ended September 30, | | | Variance Due To: | | |
|---|---|---|---|---|---|---|
| | 2020 | 2019 | Change | Volume / Mix* | Foreign Exchange | Cost Increases / (Decreases)** |
| | | | (dollar amounts in thousands) | | | |
| Cost of products sold | $ 598,714 | $ 659,313 | $ (60,599) | $ (806) | $ 3,246 | $ (63,039) |
| Gross profit | 84,486 | 80,205 | 4,281 | (8,152) | (1,012) | 13,445 |
| Gross profit percentage of sales | 12.4 % | 10.8 % | | | | |

* Net of customer price reductions

** Includes the net impact of divestitures

Cost of products sold is primarily comprised of material, labor, manufacturing overhead, freight, depreciation, warranty costs and other direct operating expenses. The Company's material cost of products sold was approximately 49% and 50% of total cost of products sold for the three months ended September 30, 2020 and 2019, respectively. The change in the cost of products sold was driven by vehicle volume and mix, the divestiture of our European rubber fluid transfer and specialty sealing businesses and Indian operations, continuous improvement and lean manufacturing, material cost reductions, commodity price fluctuations, foreign exchange and wage inflation.

Gross profit for the three months ended September 30, 2020 increased $4.3 million or 5.3% compared to the three months ended September 30, 2019. The increase was driven by net favorable operational performance, restructuring savings and material cost reductions. These items were partially offset by wage inflation, employee incentives and foreign exchange.

*Selling, Administration and Engineering Expense.* Selling, administration and engineering expense includes administrative expenses as well as product engineering and design and development costs. Sales, administration and engineering expense for the three months ended September 30, 2020 was 8.8% of sales compared to 8.5% for the three months ended September 30, 2019. The increase in rate was driven by the decline in total sales. Selling, administration and engineering expenses were lower by $3.0 million. The decrease in amount was primarily due to savings generated from salaried headcount initiatives including net divestitures and lower travel expenses, partially offset by general inflation and higher variable employee compensation expenses.

*Gain on Sale of Business, Net.* The gain on sale of business of $2.3 million for the three months ended September 30, 2020 related to the net effect of our 2020 divestitures, which included the European fluid transfer and specialty sealing business, Indian operations, the deconsolidation of a joint venture in our Asia Pacific region, and the finalized adjustments related to the sale of our AVS product line. The gain on sale of business for the three months ended September 30, 2019 included a $1.7 million adjustment, decreasing the amount of the gain recognized on the sale of the AVS business in the second quarter of 2019, primarily due to working capital adjustments.

*Amortization of Intangibles.* Intangible amortization for the three months ended September 30, 2020 decreased $2.6 million compared to the three months ended September 30, 2019. The decrease was primarily driven by a customer relationship intangible asset in the North America region that was fully amortized during the second quarter of 2020.

*Restructuring.* Restructuring charges for the three months ended September 30, 2020 increased $0.6 million compared to the three months ended September 30, 2019. The increase was driven by higher restructuring charges in North America, primarily related to plant closures.

*Impairment Charges.* Non-cash impairment charges for the three months ended September 30, 2020 decreased $1.9 million compared to the three months ended September 30, 2019, primarily related to tooling machinery and equipment charges due to the termination of certain customer programs in the Asia Pacific region in the third quarter of 2019.

*Interest Expense, Net.* Net interest expense for the three months ended September 30, 2020 increased $7.6 million compared to the three months ended September 30, 2019, primarily due to higher outstanding debt balances including our recently issued Senior Secured Notes.

*Other Income (Expense), Net.* Other income for the three months ended September 30, 2020 increased $3.3 million compared to the three months ended September 30, 2019, primarily due to higher foreign currency gains.

*Income Tax (Benefit) Expense.* Income tax benefit for the three months ended September 30, 2020 was $2.4 million on earnings before income taxes of $4.3 million. This compares to an income tax expense of $0.7 million on losses before income taxes of $5.7 million for the three months ended September 30, 2019. The effective tax rate for the three months ended September 30, 2020 compared to the three months ended September 30, 2019 differed primarily due to the geographic mix of pre-tax losses, the inability to record a tax benefit for pre-tax losses in certain foreign jurisdictions, as well as benefits recorded as a result of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") net operating loss ("NOL") carry back provision that allows NOLs generated to be carried back up to five years at the tax rates in effect during those periods, rather than carried forward at current federal tax rates of 21%. We have included a $19.8 million benefit in the estimated annual effective tax rate for this CARES Act provision which was used to calculate the income tax benefit recorded in the three months ended September 30, 2020.

***Nine Months Ended September 30, 2020 Compared with Nine Months Ended September 30, 2019***

*Sales*

Sales for the nine months ended September 30, 2020 decreased 29.5%, compared to the nine months ended September 30, 2019. The decline was mainly driven by the decrease in vehicle production volume due to government imposed global shutdowns related to the COVID-19 pandemic, net divestitures, foreign exchange and customer price reductions.

| | Nine Months Ended September 30, | | | Variance Due To: | | |
|---|---|---|---|---|---|---|
| | 2020 | 2019 | Change | Volume / Mix* | Foreign Exchange | Divestitures |
| | (dollar amounts in thousands) | | | | | |
| Total sales | $ 1,678,557 | $ 2,382,211 | $ (703,654) | $ (557,327) | $ (18,003) | $ (128,324) |

* Net of customer price reductions

*Gross Profit*

| | Nine Months Ended September 30, | | | Variance Due To: | | |
|---|---|---|---|---|---|---|
| | 2020 | 2019 | Change | Volume / Mix* | Foreign Exchange | Cost Increases / (Decreases)** |
| | (dollar amounts in thousands) | | | | | |
| Cost of products sold | $ 1,611,299 | $ 2,088,631 | $ (477,332) | $ (311,037) | $ (15,548) | $ (150,747) |
| Gross profit | 67,258 | 293,580 | (226,322) | (246,290) | (2,455) | 22,423 |
| Gross profit percentage of sales | 4.0 % | 12.3 % | | | | |

* Net of customer price reductions

** Includes the net impact of divestitures

Cost of products sold is primarily comprised of material, labor, manufacturing overhead, freight, depreciation, warranty costs and other direct operating expenses. The Company's material cost of products sold was approximately 45% and 51% of total cost of products sold for the nine months ended September 30, 2020 and 2019, respectively. The change in the cost of products sold was driven by government imposed global shutdowns related to the COVID-19 pandemic, the sale of our AVS product line, the divestiture of our European rubber fluid transfer and specialty sealing businesses and Indian operations, continuous improvement and lean manufacturing, material cost reductions, commodity price fluctuations, foreign exchange, and wage inflation.

Gross profit for the nine months ended September 30, 2020 decreased 77.1% compared to the nine months ended September 30, 2019. The decrease was driven by the decline in vehicle production volume due to government imposed global shutdowns related to the COVID-19 pandemic, customer price reductions, employee incentives and wage inflation. These items were partially offset by net favorable operational performance, restructuring savings, foreign exchange and material cost reductions.

*Selling, Administration and Engineering Expense.* Selling, administration and engineering expense includes administrative expenses as well as product engineering and design and development costs. Sales, administration and engineering expense for the nine months ended September 30, 2020 was 11.9% of sales compared to 9.4% for the nine months ended September 30, 2019. This increase in rate was primarily due to the significant decline in total sales. The decrease in amount was primarily due to savings generated from salaried headcount initiatives, net divestitures and lower travel expenses, partially offset by general inflation and higher variable employee compensation expenses.

*Gain on Sale of Business, Net.* The gain on sale of business of $2.3 million for the nine months ended September 30, 2020 related to the net effect of our 2020 divestitures, which included certain European businesses and our Indian operations, the deconsolidation of a joint venture in our Asia Pacific region, and the finalized adjustments related to the sale of our AVS product line. The gain on sale of business of $188.2 million for the nine months ended September 30, 2019 related to the sale of our AVS product line within our North America, Europe and Asia Pacific segments.

*Amortization of Intangibles.* Intangible amortization for the nine months ended September 30, 2020 decreased $3.5 million compared to the nine months ended September 30, 2019. The decrease was primarily driven by a customer relationship intangible asset in the North America region that was fully amortized during the second quarter of 2020.

*Restructuring.* Restructuring charges for the nine months ended September 30, 2020 decreased $6.0 million compared to the nine months ended September 30, 2019. The decrease was a result of lower restructuring charges in Europe, Asia Pacific and Corporate and other.

*Impairment Charges.* Non-cash impairment charges for the nine months ended September 30, 2020 increased $83.6 million compared to the nine months ended September 30, 2019. The increase primarily related to reducing the carrying value of the divested assets to fair value less costs to sell. Fair value was determined using a market approach, estimated based on expected proceeds.

*Interest Expense, Net.* Net interest expense for the nine months ended September 30, 2020 increased $7.1 million compared to the nine months ended September 30, 2019, primarily due to higher outstanding debt balances including our recently issued Senior Secured Notes.

*Other Expense, Net.* Other expense for the nine months ended September 30, 2020 increased $2.3 million compared to the nine months ended September 30, 2019, primarily due to higher foreign currency losses, partially offset by lower benefit related costs.

*Income Tax (Benefit) Expense.* Income tax benefit for the nine months ended September 30, 2020 was $55.5 million on losses before income taxes of $297.2 million. This compares to income tax expense of $47.0 million on earnings before income taxes of $179.9 million for the nine months ended September 30, 2019. The effective tax rate for the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019 differed primarily due to the geographic mix of pre-tax losses driven by the impairment charge on divested entities, the inability to record a tax benefit for pre-tax losses in certain foreign jurisdictions, as well as benefits recorded as a result of the CARES Act net operating loss carry back provision. We have included a $19.8 million benefit in the estimated annual effective tax rate for this CARES Act provision which was used to calculate the income tax benefit recorded in the nine months ended September 30, 2020. Additionally, a discrete expense of $13.4 million for the initial recognition of valuation allowances against net deferred tax assets in certain foreign jurisdictions was recorded in the nine months ended September 30, 2020.

**Segment Results of Operations**

Our business is organized into the following reportable segments: North America, Europe, Asia Pacific and South America. All other business activities are reported in Corporate, eliminations and other. The Company uses Segment adjusted EBITDA as the measure of earnings to assess the performance of each segment and determine the resources to be allocated to the segments. We have defined adjusted EBITDA as net income before interest, taxes, depreciation, amortization, restructuring expense, and special items.

The following tables present sales and segment adjusted EBITDA for each of the reportable segments.

***Three Months Ended September 30, 2020 Compared with Three Months Ended September 30, 2019***

*Sales*

| | Three Months Ended September 30, | | | Variance Due To: | | |
|---|---|---|---|---|---|---|
| | **2020** | **2019** | **Change** | **Volume/ Mix*** | **Foreign Exchange** | **Divestitures** |
| | (dollar amounts in thousands) | | | | | |
| Sales to external customers | | | | | | |
| North America | $ 359,007 | $ 372,104 | $ (13,097) | $ (11,812) | $ (1,285) | $ — |
| Europe | 146,029 | 187,438 | (41,409) | (13,526) | 7,448 | (35,331) |
| Asia Pacific | 131,063 | 123,139 | 7,924 | 20,377 | 1,810 | (14,263) |
| South America | 17,580 | 25,220 | (7,640) | (1,448) | (6,192) | — |
| Total Automotive | 653,679 | 707,901 | (54,222) | (6,409) | 1,781 | (49,594) |
| Corporate, eliminations and other | 29,521 | 31,617 | (2,096) | (2,549) | 453 | — |
| Consolidated | $ 683,200 | $ 739,518 | $ (56,318) | $ (8,958) | $ 2,234 | $ (49,594) |

* Net of customer price reductions

- Volume and mix, net of customer price reductions, is driven by the regional mix of vehicles in Europe, North America and China.
- The impact of foreign currency exchange primarily relates to the Euro and Brazilian Real.

*Segment adjusted EBITDA*

| | Three Months Ended September 30, | | | Variance Due To: | | | |
|---|---|---|---|---|---|---|---|
| | **2020** | **2019** | **Change** | **Volume/ Mix*** | **Foreign Exchange** | **Cost (Increases)/ Decreases** | **Divestitures** |
| | (dollar amounts in thousands) | | | | | | |
| Segment adjusted EBITDA | | | | | | | |
| North America | $ 58,115 | $ 59,819 | $ (1,704) | $ (7,544) | $ 562 | $ 6,062 | $ (784) |
| Europe | (1,466) | 6,269 | (7,735) | (5,960) | (375) | (1,488) | 88 |
| Asia Pacific | 12,246 | (12,080) | 24,326 | 6,321 | 1,726 | 14,480 | 1,799 |
| South America | (2,680) | (2,678) | (2) | 1,863 | (1,781) | (84) | — |
| Total Automotive | 66,215 | 51,330 | 14,885 | (5,320) | 132 | 18,970 | 1,103 |
| Corporate, eliminations and other | (2,081) | 2,491 | (4,572) | (2,832) | 205 | (3,775) | 1,830 |
| Consolidated adjusted EBITDA | $ 64,134 | $ 53,821 | $ 10,313 | $ (8,152) | $ 337 | $ 15,195 | $ 2,933 |

* Net of customer price reductions

- Volume and mix, net of customer price reductions, is driven by the regional mix of vehicles in Europe, North America and China.
- The impact of foreign currency exchange is driven by the Chinese Renminbi, Brazilian Real, Euro, Polish Zloty, and Czech Koruna.

- The Cost (Increases) / Decreases category above includes:
  - Reduction in compensation-related expenses due to salaried headcount initiatives, purchasing savings through lean initiatives, and restructuring savings;
  - Wage and variable employee compensation increases;
  - The non-recurrence of prior year one-time impact of commercial settlements in Asia Pacific;
  - Net manufacturing efficiencies of $10 million, primarily driven by our North America and Asia Pacific segments.

***Nine Months Ended September 30, 2020 Compared with Nine Months Ended September 30, 2019***

*Sales*

| | Nine Months Ended September 30, | | | Variance Due To: | | |
|---|---|---|---|---|---|---|
| | 2020 | 2019 | Change | Volume/ Mix* | Foreign Exchange | Divestitures |
| | (dollar amounts in thousands) | | | | | |
| Sales to external customers | | | | | | |
| North America | $ 820,145 | $ 1,198,943 | $ (378,798) | $ (321,792) | $ (2,175) | $ (54,831) |
| Europe | 410,076 | 634,867 | (224,791) | (167,710) | 685 | (57,766) |
| Asia Pacific | 316,133 | 367,086 | (50,953) | (29,847) | (5,379) | (15,727) |
| South America | 41,932 | 73,581 | (31,649) | (20,572) | (11,077) | — |
| Total Automotive | 1,588,286 | 2,274,477 | (686,191) | (539,921) | (17,946) | (128,324) |
| Corporate, eliminations and other | 90,271 | 107,734 | (17,463) | (17,406) | (57) | — |
| Consolidated | $ 1,678,557 | $ 2,382,211 | $ (703,654) | $ (557,327) | $ (18,003) | $ (128,324) |

* Net of customer price reductions

- Volume and mix, net of customer price reductions, is mainly driven by the impact of the decline in vehicle production volume driven by government imposed global shutdowns related to the COVID-19 pandemic.
- The impact of foreign currency exchange primarily relates to the Brazilian Real, Chinese Renminbi, Canadian Dollar and Mexican Peso.

*Segment adjusted EBITDA*

| | Nine Months Ended September 30, | | | Variance Due To: | | | |
|---|---|---|---|---|---|---|---|
| | 2020 | 2019 | Change | Volume/ Mix* | Foreign Exchange | Cost (Increases)/ Decreases | Divestitures |
| | (dollar amounts in thousands) | | | | | | |
| Segment adjusted EBITDA | | | | | | | |
| North America | $ 52,260 | $ 172,853 | $ (120,593) | $ (140,772) | $ 174 | $ 24,542 | $ (4,537) |
| Europe | (47,492) | 21,540 | (69,032) | (74,178) | 635 | 6,978 | (2,467) |
| Asia Pacific | (6,983) | (14,313) | 7,330 | (17,735) | 1,139 | 22,717 | 1,209 |
| South America | (11,608) | (4,817) | (6,791) | (4,283) | (6,465) | 3,957 | — |
| Total Automotive | (13,823) | 175,263 | (189,086) | (236,968) | (4,517) | 58,194 | (5,795) |
| Corporate, eliminations and other | (7,516) | 663 | (8,179) | (9,322) | (1,492) | 805 | 1,830 |
| Consolidated adjusted EBITDA | $ (21,339) | $ 175,926 | $ (197,265) | $ (246,290) | $ (6,009) | $ 58,999 | $ (3,965) |

* Net of customer price reductions

- Volume and mix, net of customer price reductions primarily includes the impact of the decline in vehicle production volume as driven by government imposed global shutdowns related to the COVID-19 pandemic.
- The impact of foreign currency exchange is driven by the Brazilian Real, Euro, Chinese Renminbi, Brazilian Real, Euro, Polish Zloty, and Czech Koruna.

- The Cost (Increases) / Decreases category above includes:
    - Reduction in compensation-related expenses, due to salaried headcount initiatives, purchasing savings through lean initiatives, and restructuring savings;
    - Commodity cost fluctuations, wage increases and variable employee compensation increases;
    - The non-recurrence of prior year one-time impact of commercial settlements in Asia Pacific;
    - Net manufacturing efficiencies of $45 million, weakened by the impact of COVID-19, primarily driven by our European, North America and Asia Pacific segments.

## Liquidity and Capital Resources

### *Short and Long-Term Liquidity Considerations and Risks*

We intend to fund our ongoing working capital, capital expenditures, debt service and other funding requirements through a combination of cash flows from operations, cash on hand, borrowings under our senior asset-based revolving credit facility (“ABL Facility”) and receivables factoring. The Company utilizes intercompany loans and equity contributions to fund its worldwide operations. There may be country-specific regulations which may restrict or result in increased costs in the repatriation of these funds. See Note 10. “Debt” to the unaudited condensed consolidated financial statements included in Part I, Item 1 of this Report for additional information.

We continue to take aggressive action to preserve cash and enhance liquidity, including significantly decreasing our capital expenditures. Based on those actions and current projections for increasing OEM customer production, we believe that our cash flows from operations, cash on hand, borrowings under our ABL Facility and receivables factoring will enable us to meet our ongoing working capital, capital expenditures, debt service and other funding requirements for the next twelve months, despite the challenges presented by the COVID-19 pandemic. We continuously monitor and forecast our liquidity situation, take the necessary actions to preserve our liquidity and evaluate other financial alternatives that may be available to us should the need arise. Our ability to fund our working capital needs, debt payments and other obligations, and to comply with the financial covenants, including borrowing base limitations, under our ABL Facility, depend on our future operating performance and cash flows and many factors outside of our control, including the costs of raw materials, the state of the overall automotive industry and financial and economic conditions, including the impact of COVID-19, and other factors.

### *Cash Flows*

*Operating Activities.* Net cash used in operations was $26.5 million for the nine months ended September 30, 2020, compared to net cash provided by operations of $29.9 million for the nine months ended September 30, 2019. The net outflow was primarily due to decreased cash earnings, partially offset by working capital improvements.

*Investing Activities.* Net cash used in investing activities was $89.5 million for the nine months ended September 30, 2020, compared to net cash provided by investing activities of $113.9 million for the nine months ended September 30, 2019. Significant decreases in capital expenditures occurred throughout 2020, in order to preserve liquidity in response to the COVID-19 pandemic. Additionally, lower capital expenditures are expected in the fourth quarter of 2020. Cash provided by investing activities in 2019 consisted primarily of gross proceeds of $243.4 million from the sale of our AVS product line, partially offset by capital spending.

*Financing Activities.* Net cash provided by financing activities totaled $225.1 million for the nine months ended September 30, 2020, compared to net cash used in financing activities of $78.3 million for the nine months ended September 30, 2019. The inflow was primarily due to proceeds from issuance of the Senior Secured Notes during the nine months ended September 30, 2020. There were no share repurchases during the nine months ended September 30, 2020. Cash used for share repurchases was $36.6 million for the nine months ended September 30, 2019.

### *Share Repurchase Program*

In June 2018, our Board of Directors approved a new common stock repurchase program (the “2018 Program”) authorizing us to repurchase, in the aggregate, up to $150.0 million of our outstanding common stock. Under the 2018 Program, repurchases may be made on the open market, through private transactions, accelerated share repurchases, round lot or block transactions on the New York Stock Exchange or otherwise, as determined by us and in accordance with prevailing market conditions and federal securities laws and regulations. We expect to fund any future repurchases from cash on hand and future cash flows from operations. The specific timing and amount of any future repurchase will vary based on market and business conditions and other factors. We are not obligated to acquire a particular amount of securities, and the 2018 Program may be discontinued at any time at our discretion. As of September 30, 2020, we had approximately $98.7 million of repurchase authorization remaining under the 2018 Program. We currently have no plans to repurchase shares in the foreseeable future.

We did not make any repurchases during the nine months ended September 30, 2020.

***2019 Repurchases***

In May 2019, we entered into an accelerated share repurchase (“ASR”) agreement with a third-party financial institution to repurchase our common stock pursuant to the 2018 Program. Under the ASR agreement, we made an up-front payment of $30.0 million and received an initial delivery of 626,305 shares of our common stock in the second quarter of 2019. The repurchase was completed in the third quarter of 2019 when we received final delivery of an additional 72,875 shares. A total of 699,180 shares were repurchased at a weighted average purchase price of $42.91 per share.

In addition to the repurchase under the ASR agreement, during the nine months ended September 30, 2019, we repurchased 85,000 shares at an average purchase price of $69.85 per share, excluding commissions, for a total cost of $5.9 million.

**Non-GAAP Financial Measures**

In evaluating our business, management considers EBITDA and Adjusted EBITDA to be key indicators of our operating performance. Our management also uses EBITDA and Adjusted EBITDA:

- because similar measures are utilized in the calculation of the financial covenants and ratios contained in our financing arrangements;
- in developing our internal budgets and forecasts;
- as a significant factor in evaluating our management for compensation purposes;
- in evaluating potential acquisitions;
- in comparing our current operating results with corresponding historical periods and with the operational performance of other companies in our industry; and
- in presentations to the members of our board of directors to enable our board of directors to have the same measurement basis of operating performance as is used by management in their assessments of performance and in forecasting and budgeting for our company.

In addition, we believe EBITDA and Adjusted EBITDA and similar measures are widely used by investors, securities analysts and other interested parties in evaluating our performance. We define Adjusted EBITDA as net income (loss) plus income tax expense (benefit), interest expense, net of interest income, depreciation and amortization or EBITDA, as adjusted for items that management does not consider to be reflective of our core operating performance. These adjustments include, but are not limited to, restructuring costs, impairment charges, non-cash fair value adjustments and acquisition-related costs.

EBITDA and Adjusted EBITDA are not financial measurements recognized under U.S. GAAP, and when analyzing our operating performance, investors should use EBITDA and Adjusted EBITDA as a supplement to, and not as alternatives for, net income (loss), operating income, or any other performance measure derived in accordance with U.S. GAAP, nor as an alternative to cash flow from operating activities as a measure of our liquidity. EBITDA and Adjusted EBITDA have limitations as analytical tools, and they should not be considered in isolation or as substitutes for analysis of our results of operations as reported under U.S. GAAP. These limitations include:

- they do not reflect our cash expenditures or future requirements for capital expenditure or contractual commitments;
- they do not reflect changes in, or cash requirements for, our working capital needs;
- they do not reflect interest expense or cash requirements necessary to service interest or principal payments under our ABL Facility, Term Loan Facility, Senior Notes and Senior Secured Notes;
- they do not reflect certain tax payments that may represent a reduction in cash available to us;
- although depreciation and amortization are non-cash charges, the assets being depreciated or amortized may have to be replaced in the future, and EBITDA and Adjusted EBITDA do not reflect cash requirements for such replacements; and
- other companies, including companies in our industry, may calculate these measures differently and, as the number of differences in the way companies calculate these measures increases, the degree of their usefulness as a comparative measure correspondingly decreases.

In addition, in evaluating Adjusted EBITDA, it should be noted that in the future, we may incur expenses similar to the adjustments in the below presentation. Our presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by special items.

The following table provides a reconciliation of EBITDA and Adjusted EBITDA from net income (loss), which is the most comparable financial measure in accordance with U.S. GAAP:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | (dollar amounts in thousands) | | | |
| Net income (loss) attributable to Cooper-Standard Holdings Inc. | $ 4,381 | $ (4,877) | $ (240,426) | $ 134,913 |
| Income tax (benefit) expense | (2,386) | 745 | (55,485) | 47,001 |
| Interest expense, net of interest income | 17,985 | 10,351 | 40,993 | 33,858 |
| Depreciation and amortization | 36,504 | 37,495 | 116,727 | 111,968 |
| EBITDA | $ 56,484 | $ 43,714 | $ (138,191) | $ 327,740 |
| Impairment of assets held for sale | — | — | 86,470 | — |
| Restructuring charges | 6,186 | 5,572 | 23,236 | 29,214 |
| Project costs (1) | — | 335 | 4,234 | 2,003 |
| Other impairment charges (2) | 100 | 1,958 | 947 | 4,146 |
| Lease termination costs (3) | 83 | 512 | 684 | 1,003 |
| Gain on sale of business, net (4) | (2,314) | 1,730 | (2,314) | (188,180) |
| Divested noncontrolling interest debt extinguishment | 3,595 | — | 3,595 | — |
| Adjusted EBITDA | $ 64,134 | $ 53,821 | $ (21,339) | $ 175,926 |

(1) Project costs recorded in selling, administration and engineering expense related to divestitures in 2020 and acquisitions and divestiture costs in 2019.
(2) Non-cash impairment charges of $947 related to fixed assets, net of approximately $293 attributable to our noncontrolling interests for the nine months ended September 30, 2020.
(3) Lease termination costs no longer recorded as restructuring charges in accordance with ASC 842.
(4) Gain on sale of business primarily related to divestitures in 2020. In the third quarter of 2019, there were working capital adjustments to the net gain on sale of business, which related to the divestiture of the AVS product line in 2019.

**Contingencies and Environmental Matters**

The information concerning contingencies, including environmental contingencies and the amount currently held in reserve for environmental matters, contained in Note 21. "Commitments and Contingencies" to the unaudited condensed consolidated financial statements included in Part I, Item 1 of this Report, is incorporated herein by reference.

**Recently Issued Accounting Pronouncements**

See Note 2. "New Accounting Pronouncements" to the unaudited condensed consolidated financial statements included in Part I, Item 1 of this Report.

**Critical Accounting Estimates**

There have been no significant changes in our critical accounting estimates during the nine months ended September 30, 2020.

**Forward-Looking Statements**

This quarterly report on Form 10-Q includes "forward-looking statements" within the meaning of U.S. federal securities laws, and we intend that such forward-looking statements be subject to the safe harbor created thereby. Our use of words "estimate," "expect," "anticipate," "project," "plan," "intend," "believe," "outlook", "guidance", "forecast," or future or conditional verbs, such as "will," "should," "could," "would," or "may," and variations of such words or similar expressions are intended to identify forward-looking statements. All forward-looking statements are based upon our current expectations and various assumptions. Our expectations, beliefs, and projections are expressed in good faith and we believe there is a reasonable basis for them. However, we cannot assure you that these expectations, beliefs and projections will be achieved. Forward-looking statements are not guarantees of future performance and are subject to significant risks and uncertainties that may cause actual results or achievements to be materially different from the future results or achievements expressed or implied by the forward-looking statements. Among other items, such factors may include: the impact, and expected continued impact, of the recent COVID-19 outbreak on our financial condition and results of operations; significant risks to our liquidity presented by the COVID-19 pandemic risk; prolonged or material contractions in automotive sales and production volumes; our inability to realize sales represented by awarded business; escalating pricing pressures; loss of large customers or significant platforms; our ability to successfully compete in the automotive parts industry; availability and increasing volatility in costs of manufactured components and raw materials; disruption in our supply base; competitive threats and commercial risks associated with our diversification strategy through Advanced Technology Group; possible variability of our working capital requirements; risks associated with our international operations, including changes in laws, regulations, and policies governing the terms of foreign trade such as increased trade restrictions and tariffs; foreign currency exchange rate fluctuations; our ability to control the operations of our joint ventures for our sole benefit; our substantial amount of indebtedness; our ability to obtain adequate financing sources in the future; operating and financial restrictions imposed on us under our debt instruments; the underfunding of our pension plans; significant changes in discount rates and the actual return on pension assets; effectiveness of continuous improvement programs and other cost savings plans; manufacturing facility closings or consolidation; our ability to execute new program launches; our ability to meet customers' needs for new and improved products; the possibility that our acquisitions and divestitures may not be successful; product liability, warranty and recall claims brought against us; laws and regulations, including environmental, health and safety laws and regulations; legal proceedings, claims or investigations against us; work stoppages or other labor disruptions; the ability of our intellectual property to withstand legal challenges; cyber-attacks, data privacy concerns, other disruptions in, or the inability to implement upgrades to, our information technology systems; the possible volatility of our annual effective tax rate; changes in our assumptions as a result of IRS issuing guidance on the Tax Cuts and Jobs Act; the possibility of a failure to maintain effective controls and procedures; the possibility of future impairment charges to our goodwill and long-lived assets; our dependence on our subsidiaries for cash to satisfy our obligations.

You should not place undue reliance on these forward-looking statements. Our forward-looking statements speak only as of the date of this quarterly report on Form 10-Q, and we undertake no obligation to publicly update or otherwise revise any forward-looking statement, whether as a result of new information, future events or otherwise, except where we are expressly required to do so by law.

This quarterly report on Form 10-Q also contains estimates and other information that is based on industry publications, surveys, and forecasts. This information involves a number of assumptions and limitations, and we have not independently verified the accuracy or completeness of the information.

## Item 3. Quantitative and Qualitative Disclosures About Market Risk

Except for the broad effects of COVID-19 on the global economy and major financial markets, which has and could continue to cause interest rates, currency exchange rates and commodity prices to fluctuate, there have been no material changes to the quantitative and qualitative information about the Company's market risk from those previously disclosed in the Company's 2019 Annual Report.

## Item 4. Controls and Procedures

### Evaluation of Disclosure Controls and Procedures

The Company has evaluated, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this Report. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. Based on that evaluation, the Company's Chief Executive Officer along with the Chief Financial Officer have concluded that the Company's disclosure controls and procedures were effective at a reasonable assurance level as of the end of the period covered by this Report.

### Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal control over financial reporting during the quarter ended September 30, 2020 that have materially affected, or are reasonably likely to affect, the Company's internal control over financial reporting.

## PART II — OTHER INFORMATION

### Item 1A. Risk Factors

There have been no material changes to the risk factors we previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2019, other than as updated in Part II, "Item 1A. Risk Factors," in our Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2020 and June 30, 2020.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(c) Purchases of Equity Securities By the Issuer and Affiliated Purchasers

The Company is authorized to purchase, in the aggregate, up to $150 million of our outstanding common stock under our common stock repurchase program, which was effective in November 2018. As of September 30, 2020, we had approximately $98.7 million of repurchase authorization remaining under our ongoing common stock share repurchase program as discussed in Part I, Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources - Share Repurchase Program," and Note 18. "Common Stock" to the unaudited condensed consolidated financial statements included in Part I, Item 1 of this Report.

A summary of our shares of common stock repurchased during the three months ended September 30, 2020 is shown below:

| Period | Total Number of Shares Purchased[1] | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | Approximate Dollar Value of Shares that May Yet be Purchased Under the Program (in millions) |
|---|---|---|---|---|
| July 1, 2020 through July 31, 2020 | 800 | $ 12.55 | — | $ 98.7 |
| August 1, 2020 through August 31, 2020 | — | — | — | 98.7 |
| September 1, 2020 through September 30, 2020 | — | — | — | 98.7 |
| Total | 800 | | — | |

(1) Includes shares repurchased by the Company to satisfy employee tax withholding requirements due upon the vesting of restricted stock awards.

## Item 6. Exhibits

| Exhibit No. | Description of Exhibit |
|---|---|
| 31.1* | Certification of Principal Executive Officer Pursuant to Exchange Act Rule 13a-14(a)/15d-14(a) (Section 302 of the Sarbanes-Oxley Act of 2002). |
| 31.2* | Certification of Principal Financial Officer Pursuant to Exchange Act Rule 13a-14(a)/15d-14(a) (Section 302 of the Sarbanes-Oxley Act of 2002). |
| 32** | Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 101.INS*** | Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document |
| 101.SCH*** | Inline XBRL Taxonomy Extension Schema Document |
| 101.CAL*** | Inline XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.DEF*** | Inline XBRL Taxonomy Extension Definition Linkbase Document |
| 101.LAB*** | Inline XBRL Taxonomy Label Linkbase Document |
| 101.PRE*** | Inline XBRL Taxonomy Extension Presentation Linkbase Document |
| 104*** | Cover Page Interactive Data File, formatted in Inline XBRL |

* Filed with this Report.
** Furnished with this Report.
*** Submitted electronically with this Report in accordance with the provisions of Regulation S-T.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**COOPER-STANDARD HOLDINGS INC.**

| | |
|---|---|
| November 6, 2020 | /S/ JONATHAN P. BANAS |
| Date | **Jonathan P. Banas**<br>**Chief Financial Officer**<br>**(Principal Financial Officer)** |

**Exhibit 31.1**

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER, PURSUANT TO EXCHANGE ACT RULE 13a-14(a)/15d-14(a)
(SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002)

I, Jeffrey S. Edwards, certify that:

1 I have reviewed this Quarterly Report on Form 10-Q of Cooper-Standard Holdings Inc.;

2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4 The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5 The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2020

By: /S/ JEFFREY S. EDWARDS

Jeffrey S. Edwards
Chairman and Chief Executive Officer
(Principal Executive Officer)

**Exhibit 31.2**

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER, PURSUANT TO EXCHANGE ACT RULE 13a-14(a)/15d-14(a)
(SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002)

I, Jonathan P. Banas, certify that:

1 I have reviewed this Quarterly Report on Form 10-Q of Cooper-Standard Holdings Inc.;

2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4 The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5 The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2020

By: /S/ JONATHAN P. BANAS

Jonathan P. Banas
Chief Financial Officer
(Principal Financial Officer)

**Exhibit 32**

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the filing of this quarterly report of Cooper-Standard Holdings Inc. (the “Company”) on Form 10-Q for the period ended September 30, 2020, with the Securities and Exchange Commission on the date hereof (the “Report”), each of the undersigned officers certifies, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that, to such officer's knowledge:

1 The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2 The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 6, 2020

By: /S/ JEFFREY S. EDWARDS

Jeffrey S. Edwards
Chief Executive Officer
(Principal Executive Officer)

/S/ JONATHAN P. BANAS

Jonathan P. Banas
Chief Financial Officer
(Principal Financial Officer)