

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

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**FORM 8-K**

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**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of  
the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported) – November 5, 2020**

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**COOPER-STANDARD HOLDINGS INC.**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction  
of incorporation)

**001-36127**  
(Commission  
File Number)

**20-1945088**  
(IRS Employer  
Identification No.)

**40300 Traditions Drive,**  
(Address of principal executive offices)

**Northville Michigan**

**48168**  
(Zip code)

**Registrant's telephone number, including area code (248) 596-5900**

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Check the appropriate box below in the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

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

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

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**Item 2.02 Results of Operations and Financial Condition.**

On November 5, 2020, Cooper-Standard Holdings Inc. (the “Company”) issued a press release regarding its results of operations and financial condition for the third quarter ended September 30, 2020. The press release is furnished as Exhibit 99 hereto and incorporated by reference herein.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

The following exhibits are furnished pursuant to Item 9.01 of Form 8-K:

Exhibit 99 [Press release dated November 5, 2020.](#)

Exhibit 104 The cover page of this Current Report on Form 8-K, formatted in Inline XBRL.

**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 hereunto duly authorized.

**Cooper-Standard Holdings Inc.**

Name: /s/ Joanna M. Totsky  
Joanna M. Totsky  
Title: Senior Vice  
President, Chief  
Legal Officer  
and Secretary

Date: November 6, 2020

## Cooper Standard Reports Improved Third Quarter Results as ROIC Expansion Initiative Gains Traction

NORTHVILLE, Mich., November 5, 2020 -- Cooper-Standard Holdings Inc. (NYSE: CPS) today reported results for the third quarter 2020.

### Third Quarter 2020 Summary

- **Sales totaled \$683.2 million**
- **Net income of \$4.4 million or \$0.26 per diluted share vs. net loss of \$4.9 million in prior year period**
- **Adjusted EBITDA increased by 19 percent year-over-year to \$64.1 million or 9.4 percent of sales**
- **Net cash provided by operating activities totaled \$99.7 million**
- **Strong free cash flow of \$89.2 million; cash balance of \$462.7 million at quarter end**

“We are beginning to see the positive impact of our ROIC improvement initiative,” said Jeffrey Edwards, chairman and CEO, Cooper Standard. “We have taken significant steps to optimize our cost structure and operating footprint, leading to improved margins in the third quarter. Additional commercial and operational actions are planned over the next two years with the goal of achieving and sustaining double-digit returns on invested capital.”

### Consolidated Results

|  | Three Months Ended September 30,                      |           | Nine Months Ended September 30, |            |
|--|---|-----------|---------------------------------|------------|
|  | 2020  | 2019      | 2020                            | 2019       |
|  | (dollar amounts in millions except per share amounts) |           |                                 |            |
| Sales                                      | \$ 683.2  | \$ 739.5  | \$ 1,678.6                      | \$ 2,382.2 |
| Net income (loss)                          | \$ 4.4  | \$ (4.9)  | \$ (240.4)                      | \$ 134.9   |
| Adjusted net income (loss)                 | \$ 3.6  | \$ 3.8    | \$ (144.7)                      | \$ 19.0    |
| Earnings (loss) per diluted share          | \$ 0.26   | \$ (0.29) | \$ (14.22)                      | \$ 7.80    |
| Adjusted earnings (loss) per diluted share | \$ 0.21   | \$ 0.22   | \$ (8.56)                       | \$ 1.10    |
| Adjusted EBITDA                            | \$ 64.1   | \$ 53.8   | \$ (21.3)                       | \$ 175.9   |

The year-over-year change in third quarter sales was primarily attributable to the divestiture of certain businesses in India and Europe at the beginning of the quarter as well as other unfavorable volume and mix, primarily in North America and Europe. These impacts were partially offset by favorable volume and mix in Asia.

Net income for the third quarter 2020 included restructuring charges of \$6.2 million and other special items. Net loss for the third quarter 2019 included restructuring charges of \$5.6 million, impairment charges of \$2.0 million and other special items. Adjusted net income, which excludes these items and their related tax impact, was \$3.6 million in the third quarter 2020 compared to \$3.8 million in the third quarter of 2019. The year-over-year change was due to higher accrued incentive compensation expense, unfavorable volume and mix, higher interest expense and general inflation, largely offset by operating efficiencies, lower SGA&E expense and the positive impacts of ongoing cost saving initiatives.

Adjusted net income (loss), adjusted EBITDA, adjusted earnings (loss) per diluted share and free cash flow are non-GAAP measures. Reconciliations to the most directly comparable financial measures, calculated and presented in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”), are provided in the attached supplemental schedules.

## **New Business Awards**

During the third quarter of 2020, the Company received net new business awards representing an incremental \$70 million in anticipated future annualized sales.

Further, positive momentum for the Company's innovation products continues. Third quarter new contract awards related to innovation products, including both new and converted replacement business, totaled approximately \$69 million in anticipated future annualized sales. These awards are related to the Company's commercialized innovation products such as MagAlloy™, Gen III Posi-Lock™, Easy-Lock™, EPDM Microdense and TP Microdense and are based on customer forecast volumes. Additionally, the Company has introduced new technologies through our i<sup>3</sup> innovation process that are supporting future pursuits with Fortrex™, FlushSeal, TUROS™, PC2000™ and next generation connection technologies.

The calculation of "net new business" and "new contract awards related to innovation products" does not reflect customer price reductions on existing programs and may be impacted by various assumptions embedded in the respective calculation, including actual vehicle production levels on new programs, foreign exchange rates and the timing of major program launches.

## **Continuing Execution of Cost Reduction and Strategic Initiatives**

The Company remains focused on reducing ongoing costs through improved operating efficiency and the further rightsizing of its operating footprint and overhead expenses. As previously announced, two manufacturing facilities and one technical facility were scheduled to be closed in 2020. During the third quarter, an additional technical facility was added to the list of planned closures in 2020. One of the manufacturing plant closures has been completed. The closure of the second manufacturing facility and the two technical facilities are on track to be completed later this year.

Also as previously announced, the Company finalized the divestiture of certain non-strategic assets and operations in Europe and India during the third quarter. In 2019, these operations had combined revenue of approximately \$200 million, adjusted EBITDA loss of approximately \$14 million and negative cash flow of approximately \$20 million. As a result, the transaction has already had a positive impact on Company earnings and is expected to be positive for future earnings and cash flow. This transaction was consistent with the Company's stated strategic guideline to fix or exit unprofitable businesses.

## Segment Results of Operations

### 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 sales                | \$ 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.

### 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; and
  - Net manufacturing efficiencies of \$10 million, primarily driven by our North America and Asia Pacific segments.

A reconciliation of net income (loss) to adjusted EBITDA is included in the "Reconciliations of Non-GAAP Measures" section of this release.

### **Cash and Liquidity**

At September 30, 2020, Cooper Standard had cash and cash equivalents totaling \$462.7 million. In addition to cash and cash equivalents, the Company had \$150.2 million available under its amended senior asset-based revolving credit facility ("ABL"), inclusive of outstanding letters of credit, for total liquidity of \$612.9 million at September 30, 2020. Based on our current expectations for light vehicle production and customer demand for our products, we expect our current strong cash balance and access to flexible credit facilities will provide sufficient resources to support ongoing operations and the execution of planned strategic initiatives for the next 12 months.

### **Outlook**

Following unprecedented disruption in early 2020, the automotive industry experienced a strong rebound in sales and production in the third quarter. Current expectations for light vehicle production in the fourth quarter is positive in Asia and Europe, but sequentially softer in North America, in line with typical seasonal patterns. A high degree of uncertainty remains in the global economy generally and the automotive industry specifically as COVID-19 cases are once again increasing in various regions around the world. In this unusually dynamic environment, the Company is not issuing formal financial guidance. Cooper Standard's leadership team remains positive, however, regarding the progress the Company is making in its stated objective to improve returns on invested capital over the next two years.

### **Conference Call Details**

Cooper Standard management will host a conference call and webcast on November 6, 2020 at 9 a.m. ET to discuss its third quarter 2020 results, provide a general business update and respond to investor questions. A link to the live webcast of the call (listen only) and presentation materials will be available on Cooper Standard's Investor Relations website at [www.ir.cooperstandard.com/events.cfm](http://www.ir.cooperstandard.com/events.cfm).

To participate by phone, callers in the United States and Canada should dial toll-free (877) 374-4041. International callers should dial (253) 237-1156. Provide the conference ID 1665516 or ask to be connected to the Cooper Standard conference call. Representatives of the investment community will have the opportunity to ask questions after the presentation. Callers should dial in at least five minutes prior to the start of the call.

Individuals unable to participate during the live call may visit the investors' portion of the Cooper Standard website ([www.ir.cooperstandard.com](http://www.ir.cooperstandard.com)) for a replay of the webcast.

### **About Cooper Standard**

Cooper Standard, headquartered in Northville, Mich., is a leading global supplier of systems and components for the automotive industry. Products include sealing, fuel and brake delivery, and fluid transfer systems. Cooper Standard employs approximately 24,000 people globally and operates in 21 countries around the world. For more information, please visit [www.cooperstandard.com](http://www.cooperstandard.com).

## Forward Looking Statements

This press release 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; 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; our ability to generate sufficient cash to service all of our indebtedness; our exposure to interest rate risk due to our variable rate indebtedness; 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; and other risks and uncertainties, including those detailed from time to time in the Company’s periodic reports filed with the Securities and Exchange Commission.

You should not place undue reliance on these forward-looking statements. Our forward-looking statements speak only as of the date of this press release 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 press release 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.

CPS\_F

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Financial statements and related notes follow:



**COOPER-STANDARD HOLDINGS INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(Unaudited)**  
**(Dollar amounts in thousands except per share and 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. | <u>\$ 4,381</u>                  | <u>\$ (4,877)</u> | <u>\$ (240,426)</u>             | <u>\$ 134,913</u> |
| Weighted average shares outstanding                             |                                  |                   |                                 |                   |
| Basic   | 16,927,924                       | 16,880,736        | 16,908,940                      | 17,240,366        |
| Diluted   | 17,014,955                       | 16,880,736        | 16,908,940                      | 17,304,794        |
| Earnings (loss) per share:                                      |                                  |                   |                                 |                   |
| Basic   | <u>\$ 0.26</u>                   | <u>\$ (0.29)</u>  | <u>\$ (14.22)</u>               | <u>\$ 7.83</u>    |
| Diluted   | <u>\$ 0.26</u>                   | <u>\$ (0.29)</u>  | <u>\$ (14.22)</u>               | <u>\$ 7.80</u>    |

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

|   | September 30, 2020 | December 31, 2019 |
|---|--------------------|-------------------|
|   | (unaudited)        |                   |
| <b>Assets</b>   |                    |                   |
| 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      |
| <b>Liabilities and Equity</b>                           |                    |                   |
| 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 | —                  | —                 |
| Equity:   |                    |                   |
| Common stock  | 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      |

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

|  | <b>Nine Months Ended September 30,</b> |                   |
|--|--|-------------------|
|  | <b>2020</b>                            | <b>2019</b>       |
| 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  | <u>\$ 465,173</u>                      | <u>\$ 325,953</u> |

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

|   | <b>Balance as of</b>      |                          |
|---|---------------------------|--------------------------|
|   | <b>September 30, 2020</b> | <b>December 31, 2019</b> |
| 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 | <u>\$ 465,173</u>         | <u>\$ 361,742</u>        |

## Non-GAAP Measures

EBITDA, adjusted EBITDA, adjusted net income (loss), adjusted earnings (loss) per share, net debt and free cash flow are measures not recognized under U.S. GAAP and which exclude certain non-cash and special items that may obscure trends and operating performance not indicative of the Company's core financial activities. Management considers EBITDA, adjusted EBITDA, adjusted net income (loss), adjusted earnings (loss) per share, net debt and free cash flow to be key indicators of the Company's operating performance and believes that these and similar measures are widely used by investors, securities analysts and other interested parties in evaluating the Company's performance. In addition, similar measures are utilized in the calculation of the financial covenants and ratios contained in the Company's financing arrangements and management uses these measures for developing internal budgets and forecasting purposes. EBITDA is defined as net income (loss) adjusted to reflect income tax expense (benefit), interest expense net of interest income, depreciation and amortization, and adjusted EBITDA is defined as EBITDA further adjusted to reflect certain items that management does not consider to be reflective of the Company's core operating performance. Adjusted net income (loss) is defined as net income (loss) adjusted to reflect certain items that management does not consider to be reflective of the Company's core operating performance. Adjusted basic and diluted earnings (loss) per share is defined as adjusted net income (loss) divided by the weighted average number of basic and diluted shares, respectively, outstanding during the period. Net debt is defined as total debt minus cash and cash equivalents. Free cash flow is defined as net cash provided by operating activities minus capital expenditures and is useful to both management and investors in evaluating the Company's ability to service and repay its debt.

When analyzing the Company's operating performance, investors should use EBITDA, adjusted EBITDA, adjusted net income (loss), adjusted earnings (loss) per share, net debt and free cash flow as supplements to, and not as alternatives for, net income (loss), operating income, or any other performance measure derived in accordance with U.S. GAAP, and not as an alternative to cash flow from operating activities as a measure of the Company's liquidity. EBITDA, adjusted EBITDA, adjusted net income (loss), adjusted earnings (loss) per share, net debt and free cash flow have limitations as analytical tools and should not be considered in isolation or as substitutes for analysis of the Company's results of operations as reported under U.S. GAAP. Other companies may report EBITDA, adjusted EBITDA, adjusted net income (loss), adjusted earnings (loss) per share, net debt and free cash flow differently and therefore the Company's results may not be comparable to other similarly titled measures of other companies. In addition, in evaluating adjusted EBITDA and adjusted net income (loss), it should be noted that in the future the Company may incur expenses similar to or in excess of the adjustments in the below presentation. This presentation of adjusted EBITDA and adjusted net income (loss) should not be construed as an inference that the Company's future results will be unaffected by special items. Reconciliations of EBITDA, adjusted EBITDA, adjusted net income (loss) and free cash flow follow.

## Reconciliation of Non-GAAP Measures

### EBITDA and Adjusted EBITDA (Unaudited) (Dollar amounts in thousands)

The following table provides a reconciliation of EBITDA and adjusted EBITDA from net income (loss):

|   | Three Months Ended September 30, |            | Nine Months Ended September 30, |              |
|---|----------------------------------|------------|---------------------------------|--------------|
|   | 2020                             | 2019       | 2020                            | 2019         |
| 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 <sup>(1)</sup>                                    | —                                | 335        | 4,234                           | 2,003        |
| Other impairment charges <sup>(2)</sup>                         | 100                              | 1,958      | 947                             | 4,146        |
| Lease termination costs <sup>(3)</sup>                          | 83                               | 512        | 684                             | 1,003        |
| Gain on sale of business, net <sup>(4)</sup>                    | (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   |
| Sales   | \$ 683,200                       | \$ 739,518 | \$ 1,678,557                    | \$ 2,382,211 |
| Net income (loss) margin  | 0.6 %                            | (0.7)%     | (14.3)%                         | 5.7 %        |
| Adjusted EBITDA margin  | 9.4 %                            | 7.3 %      | (1.3)%                          | 7.4 %        |

- (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.

### Adjusted Net Income (Loss) and Adjusted Earnings (Loss) Per Share

(Unaudited)

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

The following table provides a reconciliation of net income (loss) to adjusted net income (loss) and the respective earnings (loss) per share amounts:

|   | Three Months Ended September 30, |                  | Nine Months Ended September 30, |                  |
|---|----------------------------------|------------------|---------------------------------|------------------|
|   | 2020                             | 2019             | 2020                            | 2019             |
| Net income (loss) attributable to Cooper-Standard Holdings Inc. | \$ 4,381                         | \$ (4,877)       | \$ (240,426)                    | \$ 134,913       |
| Impairment of assets held for sale                              | —                                | —                | 86,470                          | —                |
| Restructuring charges   | 6,186                            | 5,572            | 23,236                          | 29,214           |
| Project costs <sup>(1)</sup>                                    | —                                | 335              | 4,234                           | 2,003            |
| Other impairment charges <sup>(2)</sup>                         | 100                              | 1,958            | 947                             | 4,146            |
| Lease termination costs <sup>(3)</sup>                          | 83                               | 512              | 684                             | 1,003            |
| Gain on sale of business, net <sup>(4)</sup>                    | (2,314)                          | 1,730            | (2,314)                         | (188,180)        |
| Divested noncontrolling interest debt extinguishment            | 3,595                            | —                | 3,595                           | —                |
| Tax impact of adjusting items <sup>(5)</sup>                    | (8,433)                          | (1,435)          | (21,102)                        | 35,890           |
| Adjusted net income (loss)                                      | <u>\$ 3,598</u>                  | <u>\$ 3,795</u>  | <u>\$ (144,676)</u>             | <u>\$ 18,989</u> |
| Weighted average shares outstanding:                            |                                  |                  |                                 |                  |
| Basic   | 16,927,924                       | 16,880,736       | 16,908,940                      | 17,240,366       |
| Diluted <sup>(6)</sup>  | 17,014,955                       | 16,880,736       | 16,908,940                      | 17,304,794       |
| Earnings (loss) per share:                                      |                                  |                  |                                 |                  |
| Basic   | <u>\$ 0.26</u>                   | <u>\$ (0.29)</u> | <u>\$ (14.22)</u>               | <u>\$ 7.83</u>   |
| Diluted   | <u>\$ 0.26</u>                   | <u>\$ (0.29)</u> | <u>\$ (14.22)</u>               | <u>\$ 7.80</u>   |
| Adjusted (loss) earnings per share:                             |                                  |                  |                                 |                  |
| Basic   | <u>\$ 0.21</u>                   | <u>\$ 0.22</u>   | <u>\$ (8.56)</u>                | <u>\$ 1.10</u>   |
| Diluted <sup>(6)</sup>  | <u>\$ 0.21</u>                   | <u>\$ 0.22</u>   | <u>\$ (8.56)</u>                | <u>\$ 1.10</u>   |

- (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.
- (5) Represents the elimination of the income tax impact of the above adjustments by calculating the income tax impact of these adjusting items using the appropriate tax rate for the jurisdiction where the charges were incurred. This includes an incremental income tax benefit adjustment, recorded in the three months ended September 30, 2020 related to the divestiture of certain European businesses and the Company's Indian operations.
- (6) For the purpose of calculating Q3 QTD 2019 adjusted diluted earnings per share, the weighted average shares outstanding were 16,949,792.

### Free Cash Flow

(Unaudited)

(Dollar amounts in thousands)

The following table defines free cash flow:

|   | Three Months Ended September 30, |                 | Nine Months Ended September 30, |                     |
|---|----------------------------------|-----------------|---------------------------------|---------------------|
|   | 2020                             | 2019            | 2020                            | 2019                |
| Net cash provided by (used in) operating activities | \$ 99,702                        | \$ 38,873       | \$ (26,532)                     | \$ 29,907           |
| Capital expenditures                                | (10,533)                         | (35,589)        | (73,407)                        | (131,085)           |
| Free cash flow                                      | <u>\$ 89,169</u>                 | <u>\$ 3,284</u> | <u>\$ (99,939)</u>              | <u>\$ (101,178)</u> |