Cooper-Standard Holdings Inc.
Form 10-K
February 23, 2016

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

FORM 10-K

(Mark one)

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

For the fiscal year ended December 31, 2015

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 000-54305

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

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

39550 Orchard Hill Place Drive
Novi, Michigan 48375
(Address of principal executive offices) (Zip Code)

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

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

Title of Each Class	Name of Exchange on Which Registered
Common Stock, par value $0.001 per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ¨ No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No x

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 x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨

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

Large accelerated filer	¨	Accelerated filer	x
Non-accelerated filer	¨	Smaller reporting company	¨

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

The aggregate market value of voting and non-voting common stock held by non-affiliates as of June 30, 2015 was $403,150,257.

The number of the registrant’s shares of common stock, $0.001 par value per share, outstanding as of February 17, 2016 was 17,532,935 shares.

Documents Incorporated by Reference

Certain portions, as expressly described in this report, of the Registrant’s Proxy Statement for the 2016 Annual Meeting of Stockholders are incorporated by reference into Part III of this Annual Report on Form 10-K.

TABLE OF CONTENTS

		Page
PART I		
Item 1.	Business	3
Item 1A.	Risk Factors	11
Item 1B.	Unresolved Staff Comments	17
Item 2.	Properties	17
Item 3.	Legal Proceedings	17
Item 4.	Mine Safety Disclosures	17
PART II		
Item 5.	Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	18
Item 6.	Selected Financial Data	20
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	21
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk	35
Item 8.	Financial Statements and Supplementary Data	36
Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	77
Item 9A.	Controls and Procedures	77
Item 9B.	Other Information	77
PART III		
Item 10.	Directors, Executive Officers and Corporate Governance	78
Item 11.	Executive Compensation	78
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	78
Item 13.	Certain Relationships and Related Transactions, and Director Independence	78
Item 14.	Principal Accountant Fees and Services	78
PART IV		
Item 15.	Exhibits and Financial Statement Schedules	79
Signatures		85

PART I

Item 1. Business

Cooper-Standard Holdings Inc. (together with its consolidated subsidiaries, the "Company," "Cooper Standard," "we," "our" or "us") is a leading manufacturer of sealing, fuel and brake delivery, fluid transfer and anti-vibration systems. Our products are primarily for use in passenger vehicles and light trucks that are manufactured by global automotive original equipment manufacturers ("OEMs") and replacement markets. We conduct substantially all of our activities through our subsidiaries.

Cooper Standard is a New York Stock Exchange ("NYSE") listed company under the ticker symbol "CPS". The Company has more than 29,000 employees with 98 facilities in 20 countries. We believe we are the largest global producer of sealing systems, the second largest global producer of the types of fuel and brake delivery products that we manufacture, the third largest global producer of fluid transfer systems, and one of the largest North American producers of anti-vibration systems. We design and manufacture our products in each major region of the world through a disciplined and sustained approach to engineering and operational excellence. We operate in 79 manufacturing locations and 19 design, engineering, and administrative locations.

The Company has four operating segments: North America, Europe, Asia Pacific and South America. This operating structure allows us to offer our full portfolio of products and support our regional and global customers with complete engineering and manufacturing expertise in all major regions of the world. We have implemented a number of operational restructuring and expansion initiatives this year and in recent years to improve competitiveness, primarily related to footprint optimization in Europe and expansion in Asia and Mexico. See "Segment Results of Operations" under Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 19. "Business Segments" to our consolidated financial statements included under Item 8. "Financial Statements and Supplementary Data" of this Annual Report on Form 10-K for further information on our segments.

Approximately 82% of our sales in 2015 were to OEMs, including Ford Motor Company ("Ford"), General Motors Company ("GM"), Fiat Chrysler Automobiles ("FCA"), PSA Peugeot Citroën, Volkswagen Group, Daimler, Renault-Nissan, BMW, Toyota, Volvo, Jaguar/Land Rover, Honda and various other OEMs based in India and China. The remaining 18% of our 2015 sales were primarily to Tier I and Tier II automotive suppliers, non-automotive manufacturers, and replacement market distributors.

Corporate History and Business Developments

Cooper-Standard Holdings Inc. was established in 2004 as a Delaware corporation and began operating on December 23, 2004 when it acquired the automotive segment of Cooper Tire & Rubber Company (the "2004 Acquisition"). Cooper-Standard Holdings Inc. operates the business primarily through its principal operating subsidiary, Cooper-Standard Automotive Inc. ("CSA U.S."). Since the 2004 Acquisition, the Company has expanded and diversified its customer base through a combination of organic growth and strategic acquisitions.

In August 2009, following the onset of the financial crisis and economic downturn that severely impacted the global automotive industry, Cooper-Standard Holdings Inc. and its wholly-owned subsidiaries in the United States and Canada commenced reorganization proceedings in the United States (the "Chapter 11 proceedings") and Canada. In May 2010, the Company consummated its reorganization pursuant to a court-confirmed plan of reorganization and emerged from the Chapter 11 proceedings and the Canadian proceedings.

In October 2013, Cooper Standard's common stock was listed on the NYSE and began trading under the ticker symbol "CPS." Prior to the NYSE listing, the Company's common stock was traded on the Over-the-Counter ("OTC") Bulletin Board under the symbol "COSH."

From 2006 to 2013, the Company accelerated its growth through a number of strategic acquisitions including the Fluid Handling Systems Operations in North America, Europe and China (collectively, "FHS") from ITT Industries, Inc.; Metzeler Automotive Profile Systems; a hose manufacturing operation in Mexico from the Gates Corporation; USi, Inc.; the sealing business of Sigit S.p.A.; a joint venture with Fonds de Modernisation des Equipementiers Automobiles ("FMEA"); and Jyco Sealing Technology.

We continued strategic acquisitions and partnerships in 2014 and 2015 with the acquisition of Cikautxo Borja, S.L.U. in Spain, a manufacturer of heating and cooling hoses; the purchase of an additional 47.5% of Huayu-Cooper Standard

Sealing Systems Co. (“Shenya”), increasing our equity ownership to 95% and positioning the Company as a leader in sealing systems in the Chinese automotive market; the formation of a joint venture with Polyrub Extrusions (India) Private Limited to grow the

Company's fluid transfer systems business in Asia; and a joint venture with INOAC Corporation of Japan accelerating our fluid transfer systems strategy in Asia.

In 2014 and 2015, the Company divested its thermal and emissions product line and hard coat plastic exterior trim business, respectively, to focus on the product lines where Cooper Standard holds leading market positions.

Business Strategy

Cooper Standard has a well-defined and broadly communicated corporate vision: to drive for profitable growth and become one of the thirty largest global automotive suppliers in terms of sales, and among the top 5% in terms of return on invested capital (Top 30 / Top 5). The Company's strategic plan is geared to realize this vision by matching our priorities and strengths to the emerging global industry environment. To this end, we continue to:

- Focus on our core product lines;
- Produce superior products as a recognized innovation leader;
- Create an advantaged global manufacturing footprint to support customers; and
- Commonize and standardize world-class engineering and manufacturing operations.

As the Company continues to grow, we will look to further evolve our strategy to create additional opportunities to drive shareholder value.

Operational and Strategic Initiatives

As part of its profitable growth strategy, the Company implemented the Cooper Standard Operating System ("CSOS") to fully position the Company for growth and ensure global consistency in engineering design, program management, manufacturing process, purchasing and IT systems. Standardization across all regions is especially critical in support of customers' global platforms that require the same design, quality and delivery standards everywhere across the world.

The CSOS consists of the following areas, with a strategic focus that aligns with the Company's growth strategy:

CSOS Function	Strategic Focus
World-Class Safety	Implement globally consistent measurement system with zero incidents goal.
World-Class Operations	Optimize global performance by implementing best business practices across the organization.
Continuous Improvement	Implement lean manufacturing tools across all facilities to achieve cost savings and increased performance.
Global Purchasing	Develop an advantaged supply base to effectively leverage scale and optimize supplier quality.
Innovation Management	Focused innovation processes to create breakthrough technologies for market differentiation.
Global Program Management	Ensure consistent and flawless product launch process across all regions.
IT Systems	Implement common systems to effectively communicate information throughout the business.

Leverage Technology for Innovative Solutions

We utilize our technical expertise to provide customers with innovative solutions. Our engineers combine product design with a broad understanding of material characteristics for enhanced vehicle performance. We believe our reputation for successful innovation in product design and materials is the reason our customers consult us early in their vehicle development and design process of their next generation vehicles.

Cooper Standard has evolved and further energized its approach to innovation with its i^3 Innovation Process (Imagine, Initiate, Innovate). This approach is used as a mechanism to capture ideas from across our Company and supply partners while promoting a culture of innovation.

Ideas are carefully evaluated by a Global Technology Council and those that are selected are put on an accelerated development cycle with a dedicated innovation team focused on breakthrough ideas. This team is developing game-changing technologies based on materials expertise, process know-how, and application vision, which will drive future product direction. Among recently announced technologies is ArmorHose™, a breakthrough technology which results in significantly more durable coolant hoses and eliminates the need for separate abrasion sleeves on

under-hood hose assemblies. Several other significant technologies, especially related to advanced materials, processing and weight reduction, have recently been realized. These include: Fortrex™, a revolutionary material that provides higher performance and lower weight to weather seals; and MagAlloy™, a new processing technology for brake lines that increases long term durability through superior corrosion resistance.

Continued Emphasis on Global Platforms

We believe global platforms, which require the same design, quality and delivery standards globally, will drive increased growth for capable global suppliers. It is predicted that the top ten global platforms produced by automakers will account for about 30% of the world's light vehicle volume by 2021, highlighting the importance of being well-positioned to participate in these high volume global programs. Based on our 2015 revenue, six of the top ten vehicle platforms on which we provide content are global platforms, which demonstrates that customers already look to us to support global platforms. Our global presence and technological capabilities ideally position us to continue to win business on global platforms.

Pursue Acquisitions and Alliances to Enhance Capabilities and Accelerate Growth

We intend to continue to selectively pursue complementary acquisitions and joint ventures to enhance our customer base, geographic penetration, scale and technology. Consolidation is an industry trend and is encouraged by the OEMs desire for global automotive suppliers. We believe we have a strong platform for growth through acquisitions based on our past integration successes, experienced management team, global presence and operational excellence. Our operations currently include several successful joint ventures.

Industry

The automotive industry is one of the world's largest and most competitive. Consumer demand for new vehicles largely determines sales and production volumes of global OEMs.

The automotive supplier industry is generally characterized by high barriers to entry, significant start-up costs and long-standing customer relationships. The criteria by which OEMs judge automotive suppliers include quality, price, service, performance, design and engineering capabilities, innovation, timely delivery, financial stability and global footprint. Over the last decade, suppliers that have been able to achieve manufacturing scale, reduce structural costs, diversify their customer base and establish a global manufacturing footprint have been successful.

Markets Served

The passenger car and light truck market, better known as the light vehicle market, is our largest market and accounts for approximately 95% of our global sales. The focus of this market is on passenger cars and light trucks, up to and including Class 3 Full Size Frame trucks.

In addition to the global team focused on the light vehicle market, we also established dedicated sales and engineering teams in North America and Europe to leverage core product technology into adjacent markets to profitably grow Cooper Standard. The adjacent markets include: commercial vehicle (on-highway and off-highway), specialty markets and technical rubber.

Customers

We are a leading supplier to the following OEMs and are increasing our presence with major OEMs throughout the world. The following table shows the approximate percentage of sales to our top customers for the years ended December 31, 2015 and 2014:

Customer	2015	2014
Ford	26%	24%
GM	16%	16%
FCA	12%	13%
PSA Peugeot Citroën	5%	6%
Volkswagen Group	5%	5%

Our other customers include OEMs such as Daimler, Renault-Nissan, BMW, Toyota, Volvo, Jaguar/Land Rover, Honda and various other OEMs based in India and China. Our business with any given customer is typically split among several contracts for different parts on a number of platforms.

Segment Information

See Note 19. "Business Segments" to the consolidated financial statements for segment information.

Products

We have four distinct product lines. These products are produced and supplied globally to a broad range of customers in multiple markets. The percentage of sales by product for the years ended December 31, 2015, 2014 and 2013 are as follows:

	Percentage of Sales		
Product Lines	2015	2014	2013
Sealing systems	53%	52%	51%
Fuel and brake delivery systems	20%	20%	23%
Fluid transfer systems	14%	14%	13%
Anti-vibration systems	8%	8%	9%

In addition to these product lines, we also have sales to other adjacent markets.

Product Lines		Market Position*
SEALING SYSTEMS	Protect vehicle interiors from weather, dust and noise intrusion for improved driving experience; provide aesthetic and functional class-A exterior surface treatment Products: – Fortrex™ – Dynamic seals – Static seals – Encapsulated glass – Stainless steel trim – Flush glass systems – Variable extrusion – Specialty sealing products	Global leader
FUEL & BRAKE DELIVERY SYSTEMS	Sense, deliver and control fluids to fuel and brake systems Products: – Chassis and tank fuel lines and bundles (fuel lines, vapor lines and bundles) – Metallic brake lines and bundles – Direct injection & port fuel rails (fuel rails and fuel charging assemblies) – Quick connects	Top 2 globally
FLUID TRANSFER SYSTEMS	Sense, deliver and control fluid and vapors for optimal powertrain & HVAC operation Products: – Heater/coolant hoses – Quick connects – DPF and SCR emission lines – Degas tanks – Air intake and charge – Transmission Oil Cooling Hoses – Turbo charger hoses – Secondary air hoses – Brake and clutch hoses – ArmorHose™ – ArmorHose™ II – ArmorHose™ TPV	Top 3 globally
ANTI-VIBRATION SYSTEMS	Control and isolate vibration and noise in the vehicle to improve ride and handling Products: – Powertrain Mount Systems: (Multi-state Vacuum Switchable Hydraulic Engine Mounts, Bi-state Electric Switchable Hydraulic Engine Mounts, Conventional Hydraulic Mounts, Elastomeric Mounts) – Suspension Mounts: (Conventional & Hydraulic Bushings, Strut Mounts, Spring Seats & Bumpers, Mass Dampers, Dual Durometer	North America Leader

(Bi-compound) Bushings)

* Market position study conducted by Booz & Co. (2013) and Boston Consulting Group (2016)

Competition

We believe that the principal competitive factors in our industry are quality, price, service, performance, design and engineering capabilities, innovation, timely delivery, financial stability and global footprint. We believe that our capabilities in these core competencies are integral to our position as a market leader in each of our product lines. Our sealing systems products compete with Toyoda Gosei, Hutchinson, Henniges and Standard Profil, among others. Our fuel and brake delivery products compete with TI Automotive, Sanoh, Martinrea, Maruyasu and Usui. Our fluid transfer products compete with Conti-Tech, Hutchinson, Teklas, Tristone and Hwaseung R&A. Our anti-vibration systems compete with Trelleborg/Vibracoustic, Hutchinson, Tokai Rubber, Bridgestone and ContiTech.

Joint Ventures and Strategic Alliances

Joint ventures represent an important part of our business, both operationally and strategically. We have utilized joint ventures to enter into new geographic markets such as China, India and Thailand, to acquire new customers and to develop new technologies. In entering new geographic markets, teaming with a local partner can reduce capital investment by leveraging pre-existing infrastructure. In addition, local partners in these markets can provide knowledge and insight into local practices and access to local suppliers of raw materials and components.

The following table shows our significant unconsolidated joint ventures:

Country	Name	Ownership Percentage
China	Shenya Sealing (Guangzhou) Company Limited	51%
India	Sujan Cooper Standard AVS Private Limited	50%
United States	Nishikawa Cooper LLC	40%
India	Polyrub Cooper Standard FTS Private Limited	35%
Thailand	Nishikawa Tachaplalert Cooper Ltd.	20%

Research and Development

We have a dedicated team of technical and engineering resources in each global region, some of which are located at our customers' facilities. We utilize Design for Six Sigma and other methodologies that emphasize manufacturability and quality. Our development teams work closely with our customers to design and deliver innovative solutions. We continue to add technical resources throughout the world as required to support our customers, including a technical center in Shanghai, China and, with the Sujan Cooper Standard joint venture, in Maharashtra, India. We spent $108.8 million, $102.0 million, and $103.5 million in 2015, 2014 and 2013, respectively, on engineering, research and development.

Patents and Trademarks

We believe that one of our key competitive advantages is our ability to translate customer need into innovative solutions through the development of intellectual property. We hold a significant number of patents and trademarks worldwide. Our patents relate to our product lines and are grouped into two major categories: (1) specific product invention claims and (2) specific manufacturing processes that are used for producing products. The vast majority of our patents fall within the product invention category. We consider these patents to be of value and seek to protect our rights throughout the world against infringement. While in the aggregate these patents are important to our business, we do not believe that the loss or expiration of any one patent would materially affect our Company. We continue to seek patent protection for our new products and have an incentive program to recognize employees whose inventions are patented. Additionally, we develop significant technologies that we treat as trade secrets and choose not to disclose to the public through the patent process, but which nonetheless provide significant competitive advantages and contribute to our global leadership position in various markets. We believe that our trademarks, including ArmorHose™, Ultra Pro Coat™, MagAlloy™ and Fortrex™, help differentiate us and lead customers to seek our partnership.

We also have technology sharing and licensing agreements with various third parties, including Nishikawa Rubber Company, one of our joint venture partners in sealing products. We have mutual agreements with Nishikawa Rubber Company for sales, marketing and engineering services on certain sealing products. Under those agreements, each party pays for services provided by the other and royalties on certain products for which the other party provides design or development services.

Supplies and Raw Materials

The principal raw materials for our business include ethylene propylene diene monomer M-Class rubber (“EPDM”) and synthetic rubber, components manufactured from carbon steel, plastic resins and components, carbon black, process oils,

components manufactured from aluminum and natural rubber. Raw material prices have fluctuated greatly in recent years. We have implemented strategies with both our suppliers and our customers to help manage fluctuations in raw material prices. These actions include material substitutions and leveraging global purchases. Global supply chain optimization includes using benchmarks and selective sourcing from low cost regions. We have also made process improvements to ensure the efficient use of materials through scrap reduction, as well as standardization of material specifications to maximize leverage over higher volume purchases. With some customers, on certain raw materials, we have implemented indexes that allow price changes as underlying material costs fluctuate.

Geographic Information

See Note 19. "Business Segments" to the consolidated financial statements for geographic information.

Seasonality

Historically, sales to automotive customers are lowest during the months prior to model changeovers and during assembly plant shutdowns. However, economic conditions and consumer demand may change the traditional seasonality of the industry and lower production may prevail without the impact of seasonality. In the past, model changeover periods have typically resulted in lower sales volumes during July, August and December. During these periods of lower sales volumes, profit may decline but working capital often improves due to the continued collection of accounts receivable.

Backlog

Our OEM sales are generally based upon purchase orders issued by the OEMs, with updated releases for volume adjustments, and as such we typically do not have a backlog of orders at any point in time. Once selected to supply products for a particular platform, we typically supply those products for the platform life, which is normally three to five years, although there is no guarantee that this will occur. In addition, when we are the incumbent supplier to a given platform, we believe we have a competitive advantage in winning the redesign or replacement platform.

Employees

As of December 31, 2015, we had more than 29,000 full-time and temporary employees. We maintain good relations with both our union and non-union employees and, in the past ten years, have not experienced any major work stoppages. We renegotiated some of our domestic and non-domestic union agreements in 2015 and have several contracts set to expire in the next twelve months. As of December 31, 2015, approximately 28% of our employees were represented by unions, and approximately 9% of the unionized employees were located in the United States.

Environmental

We are subject to a broad range of federal, state, and local environmental and occupational safety and health laws and regulations in the United States and other countries, including regulations governing: emissions to air, discharges to water, noise and odor emissions; the generation, handling, storage, transportation, treatment, reclamation and disposal of chemicals and waste materials; the cleanup of contaminated properties; and human health and safety. We have made and will continue to make expenditures to comply with environmental requirements. While our costs to defend and settle known claims arising under environmental laws are not currently estimated to be material, such costs may be material in the future.

Market Data

Some market data and other statistical information used throughout this Annual Report on Form 10-K is based on data from independent firms such as IHS Automotive and Booz & Co. Other data is based on good faith estimates, which are derived from our review of internal analyses, as well as third party sources. Although we believe these third party sources are reliable, we have not independently verified the information and cannot guarantee its accuracy and completeness. To the extent that we have been unable to obtain information from third party sources, we have expressed our belief on the basis of our own internal analyses of our products and capabilities in comparison to our competitors.

Available Information

We make available free of charge on or through our website (www.cooperstandard.com) our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, (the "Exchange Act"), as soon as reasonably practicable after we electronically file such material with, or furnish it to, the U.S. Securities

and Exchange Commission (“SEC”).

Executive Officers

Set forth below is certain information with respect to the current executive officers of the Company.

Name	Age	Position
Jeffrey S. Edwards	53	Chairman and Chief Executive Officer
Matthew W. Hardt	48	Executive Vice President and Chief Financial Officer
Keith D. Stephenson	55	Executive Vice President and Chief Operating Officer
Juan Fernando de Miguel Posada	58	Corporate Senior Vice President and President, Europe and South America
Song Min Lee	56	Corporate Senior Vice President and President, Asia Pacific
D. William Pumphrey, Jr.	56	Corporate Senior Vice President and President, North America
Aleksandra A. Miziolek	59	Senior Vice President, General Counsel and Secretary
Larry E. Ott	56	Senior Vice President and Chief Human Resources Officer
Jonathan P. Banas	45	Vice President, Controller and Chief Accounting Officer
Sharon S. Wenzl	56	Senior Vice President, Corporate Communications and Community Affairs

Jeffrey S. Edwards is our Chairman and Chief Executive Officer, a position he has held since May 2013, previously serving as Chief Executive Officer and member of the Board of Directors of the Company since October 2012. Prior to joining the Company, Mr. Edwards gained more than 28 years of automotive industry experience through various positions of increasing responsibility at Johnson Controls, Inc. He led the Automotive Experience Asia Group, serving as Corporate Vice President, Group Vice President and General Manager from 2004 to 2012. Prior to this, he served as Group Vice President and General Manager for Automotive Experience North America from 2002 to 2004. Mr. Edwards completed an executive training program at INSEAD and earned a BS from Clarion University. Mr. Edwards is a member of the Executive Committee of the National Association of Manufacturers and a member of Board of Directors since April 2013. He has also served on the Board of Directors of Standex International Corp. since October 2014.

Matthew W. Hardt is our Executive Vice President and Chief Financial Officer, a position he has held since March 2015. Prior to joining the Company, Mr. Hardt served as Senior Vice President, Finance, Industrial Solutions from 2012 to 2014 and Consumer and Industrial Solutions from 2010 to 2012 at TE Connectivity LTD (previously Tyco Electronics). Mr. Hardt served as Vice President, Finance for TE Connectivity LTD's Specialty Products Group from 2009 to 2010. He previously served in multiple finance and audit roles of increasing responsibility at General Electric Co., including Chief Financial Officer for a number of the company's global divisions. Mr. Hardt earned a Bachelor of Science degree in finance from Siena College.

Keith D. Stephenson is our Executive Vice President and Chief Operating Officer, a position he has held since January 2014, previously serving as Chief Operating Officer since December 2010. He served as President, International from March 2009 to December 2010. He served as President, Global Body & Chassis Systems from June 2007 to March 2009. Mr. Stephenson was Chief Development Officer at Boler Company from January 2004 until October 2006. From 1985 to January 2004, he held various senior positions at Hendrickson, a division of Boler Company, including President of International Operations, Senior Vice President of Global Business Operations and President of the Truck Systems Group.

Juan Fernando de Miguel Posada is our Corporate Senior Vice President and President, Europe and South America, a position he has held since January 2014, previously serving as President, Europe since March 2013. Mr. de Miguel served as western European Chief Executive Officer of Avincis Emergency Services from September 2012 until joining the Company. From May 2011 to September 2012, he served as Consulting President for Europe for Argo Consulting. Mr. de Miguel served as managing director of the Paper Division of SAICA in Spain from 2009 to 2011. From 2007 to 2009, he served as President of the Protective Packaging division of Pregis in Belgium. Mr. de Miguel served as Senior Vice President of Northern Europe for Alstom Transport in France from 2006 to 2007. Previously, Mr. de Miguel held numerous senior level positions at Johnson Controls, Inc., beginning in 1988, ultimately serving as Group Vice President and General Manager, Electronics, Europe and International. Mr. de Miguel received an electrical engineering degree and a Master's Degree in industrial engineering from Universidad Politecnica de Barcelona, as well as an Executive Master's degree in Business Administration from the IESE Business School –

University of Navarra in Spain.

Song Min Lee is our Corporate Senior Vice President and President, Asia Pacific, a position he has held since January 2014, previously serving as President, Asia Pacific since January 2013. Prior to joining the Company, Mr. Lee served as Vice President and General Manager of Johnson Controls, Inc. from 2007 to 2012. From 2006 to 2007, Mr. Lee served as Vice President and President, Korea, for Autoliv, Inc. Mr. Lee served as Plant Manager for Lear Corporation from 2004 to 2006 and held various engineering positions at Ford Motor Company from 1994 to 2004. Mr. Lee completed the Advanced Management

Program at Seoul National University. Mr. Lee also earned a Masters of Science in Management Technology from Rensselaer Polytechnic Institute and a Bachelor of Science in Chemistry from Washburn University.

D. William Pumphrey, Jr. is our Corporate Senior Vice President and President, North America, a position he has held since January 2014, previously serving as President, North America since August 2011. Mr. Pumphrey served as President, Americas for Tower Automotive from 2008 through August 2011. From 2005 to 2008, he served as President of Tower's North America operations. From 1999 to 2004, Mr. Pumphrey held various positions at Lear Corporation in Southfield, Michigan, ultimately serving as President of the company's Asia Pacific operations. Mr. Pumphrey earned an MBA from the University of Michigan and a Bachelor of Arts from Kenyon College.

Aleksandra A. Miziolek is our Senior Vice President, General Counsel and Secretary, a position she has held since February 2014. Previously, Ms. Miziolek was the Director of the Automotive Industry Group of Dykema Gossett, PLLC, a national law firm, from 2010. From 2003 to 2010, Ms. Miziolek served on Dykema's Executive Board and as the Director of its Business Services Department. Ms. Miziolek joined Dykema in 1982 after serving as a law clerk for the Honorable James P. Churchill in the U.S. District Court, Eastern District of Michigan, Southern Division. Ms. Miziolek received her JD from Wayne State University Law School.

Larry E. Ott is our Senior Vice President and Chief Human Resources Officer, a position he has held since January 2014, previously serving as Vice President, Global Human Resources since August 2013. Prior to joining the Company, Mr. Ott served as Senior Vice President, Human Resources for Meritor, Inc. from 2010 until 2013. Prior to this, he held a similar position at Ally Financial Inc. from 2006 until July 2010. Mr. Ott spent 20 years at General Motors in a variety of progressive human resources functions. Mr. Ott earned an MBA with a concentration in Organizational Behavior and Industrial Relations from the University of Michigan and a Bachelor of Science degree in Business Administration and English from the University of Wisconsin at Stevens Point.

Jonathan P. Banas is our Vice President, Controller and Chief Accounting Officer, a position he has held since September 2015. Prior to joining Cooper Standard, Mr. Banas served as Director, Financial Reporting of ZF TRW Automotive Holdings Corp. (formerly TRW Automotive Holdings Corp.) from 2010 to 2015. Prior to this role, Mr. Banas served as Senior Manager of Financial Planning and Analysis from 2007 to 2010 and of Financial Reporting and Technical Accounting from 2004 to 2007 at TRW Automotive Holdings Corp. Previously, Mr. Banas held corporate accounting and financial reporting roles with Hayes Lemmerz International, Inc. from 2003 to 2004, was President of 664 Consulting Group, PC from 2000 to 2003 and was Manager, Audit and Assurance at KPMG LLP from 1994 to 1999. Mr. Banas is a certified public accountant and earned an MBA with a concentration in Finance and Accounting from the University of Michigan and a Bachelor of Business Administration degree in Accounting from Wayne State University.

Sharon S. Wenzl is our Senior Vice President, Corporate Communications and Community Affairs, a position she has held since January 2016. Previously, she was Vice President Corporate Communications, a position she held since joining the company in 2007. Prior to joining Cooper Standard, from 2006 to 2007, Ms. Wenzl was the Principal / Owner of Laramie Group. From 2004 to 2006, she served as Senior Vice President, Global Human Resources and Communications for Tower Automotive. From 1990 to 2004, she held various positions of increasing responsibility at Freudenberg-NOK, most recently serving as Vice President, Human Resources and Corporate Relations. Ms. Wenzl earned a Bachelor of Arts degree in Communications from Michigan State University and a Master of Arts degree in Communications from Eastern Michigan University. She also attended Boston University's Public Communications Institute as part of her post graduate work.

Forward-Looking Statements

This Annual Report on Form 10-K 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. We make forward-looking statements in this Annual Report on Form 10-K and may make such statements in future filings with the SEC. We may also make forward-looking statements in our press releases or other public or stockholder communications. These forward-looking statements include statements concerning our plans, objectives, goals, strategies, future events, future revenue or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, business trends, and other information that is not historical information and, in particular,

appear under “Business,” “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” When used in this report, the words “estimates,” “expects,” “anticipates,” “projects,” “plans,” “intends,” “believes,” “forecasts,” or future or conditional verbs, such as “will,” “should,” “could,” or “may,” and variations of such words or similar expressions are intended to identify forward-looking statements. All forward-looking statements, including, without limitation, management’s examination of historical operating trends and data 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.
There are a number of risks and uncertainties that could cause our actual results to differ materially from the forward-looking statements contained in this Annual Report on Form 10-K. Important factors that could cause our actual results to differ materially from the forward-looking statements we make in this report are set forth in this Annual Report on Form 10-K, including under Item 1A. "Risk Factors."
There may be other factors beyond the factors set forth in this Annual Report on Form 10-K, including under Item 1A. "Risk Factors," that may cause our actual results to differ materially from the forward-looking statements. All forward-looking statements attributable to us or persons acting on our behalf apply only as of the date of this Annual Report on Form 10-K or other reports we file with the SEC, as applicable, and are expressly qualified in their entirety by the cautionary statements included herein and therein. We undertake no obligation to update or revise forward-looking statements to reflect events or circumstances that arise after the date made or to reflect the occurrence of unanticipated events.
Item 1A. Risk Factors
Our business and financial condition can be impacted by a number of factors, including the risks described below and elsewhere in this Annual Report on Form 10-K. Any of these risks could cause our actual results to vary materially from recent or anticipated results and could materially and adversely affect our business, results of operations and financial condition.
We are highly dependent on the automotive industry. A prolonged or material contraction in automotive sales and production volumes could adversely affect our business, results of operations and financial condition.
Automotive sales and production are cyclical and depend on, among other things, general economic conditions and consumer spending, vehicle demand and preferences (which can be affected by a number of factors, including fuel costs, employment levels and the availability of consumer financing). As the volume of automotive production fluctuates, the demand for our products also fluctuates. Prolonged or material contraction in automotive sales and production volume could cause our customers to reduce orders of our products, which could adversely affect our business, results of operations and financial condition.
In addition, our liquidity could be adversely impacted if our customers were to extend their normal payment terms. Likewise, if our suppliers were to reduce normal trade credit terms, our liquidity could be adversely impacted. If either of these situations occurs, we may need to rely on other sources of funding to bridge the additional gap between the time we pay our suppliers and the time we receive corresponding payments from our customers.
Escalating pricing pressures may adversely affect our business.
Pricing pressure in the automotive supply industry has been substantial and is likely to continue. Nearly all vehicle manufacturers seek price reductions in both the initial bidding process and during the term of the contract. Price reductions have adversely impacted our sales and profit margins and are expected to do so in the future. If we are not able to offset continued price reductions through improved operating efficiencies and reduced expenditures, those price reductions may have a negative impact on our financial condition.
Our business could be adversely affected if we lose any of our largest customers or significant platforms.
While we provide parts to virtually every major global OEM for use on a multitude of different platforms, sales to our three largest customers, Ford, GM and FCA, on a worldwide basis represented approximately 54% of our sales for the year ended December 31, 2015. Our ability to reduce the risks inherent in certain concentrations of business will depend, in part, on our ability to continue to diversify our sales on a customer, product, platform and geographic basis. Although business with each customer is typically split among numerous contracts, the loss of a major customer, significant reduction in purchases of our products by such customer, or any discontinuance or resourcing of a significant platform could adversely affect our business, results of operations and financial condition.
We operate in a highly competitive industry and efforts by our competitors to gain market share could adversely affect our financial performance.
The automotive parts industry is highly competitive. We face numerous competitors in each of our product lines. In general, there are three or more significant competitors and numerous smaller competitors for most of the products we offer. We also face competition for certain of our products from suppliers producing in lower-cost regions such as

Asia and Eastern Europe. Our competitors’ efforts to grow market share could exert downward pressure on the pricing of our products and our margins.

Increases in the costs, or reduced availability of, raw materials and manufactured components may adversely affect our profitability.

Raw material costs can be volatile. The principal raw materials we purchase include EPDM and synthetic rubber, components manufactured from carbon steel, plastic resins, carbon black, process oils, components manufactured from aluminum and natural rubber. Raw materials are the largest component of our costs, representing approximately 50% of our total cost of products sold in 2015. The availability of raw materials and manufactured components can fluctuate due to factors beyond our control. A significant increase in the price of these items, or a restriction in their availability, could materially increase our operating costs and adversely affect our profitability because it is generally difficult to pass through these increased costs to our customers.

Disruptions in the supply chain could have an adverse effect on our business, financial condition, results of operations and cash flows.

We obtain components and other products and services from numerous suppliers and other vendors throughout the world. We are responsible for managing our supply chain, including suppliers that may be the sole sources of products that we require, that our customers direct us to use or that have unique capabilities that would make it difficult and/or expensive to re-source. In certain instances, entire industries may experience short-term capacity constraints. Any significant disruption could adversely affect our financial performance. Furthermore, unfavorable economic or industry conditions could result in financial distress within our supply base, thereby increasing the risk of supply disruption. Although market conditions generally have improved in recent years, uncertainty remains, and another economic downturn or other unfavorable industry conditions in one or more of the regions in which we operate could cause a supply disruption and thereby adversely affect our financial condition, operating results and cash flows.

If a customer experiences a material supply shortage, either directly or as a result of a supply shortage at another supplier, that customer may halt or limit the purchase of our products, which could adversely affect our business, results of operations and financial condition.

We are subject to other risks associated with our international operations.

We have significant manufacturing operations outside the United States, including joint ventures and other alliances. Our operations are located in 20 countries, and we export to several other countries. In 2015, approximately 73% of our sales were attributable to products manufactured outside the United States. Risks inherent in our international operations include:

- currency exchange rate fluctuations, currency controls and restrictions, and the ability to hedge currencies;
- changes in local economic conditions;
- repatriation restrictions or requirements, including tax increases on remittances and other payments by our foreign subsidiaries;
- global sovereign fiscal uncertainty and hyperinflation in certain foreign countries;
- changes in laws and regulations, including export and import restrictions and the imposition of embargos;
- exposure to possible expropriation or other government actions; and
- exposure to local political or social unrest including resultant acts of war, terrorism, or similar events.

Expanding our sales and manufacturing operations in the Asia Pacific region, particularly in China, is an integral part of our strategy, and, as a result, our exposure to the risks described above is substantial. The occurrence of any of these risks may adversely affect the results of operations and financial condition of our international operations and our business as a whole.

Foreign currency exchange rate fluctuations could materially impact our operating results.

Our sales and manufacturing operations outside the United States expose us to currency risks. Our sales and earnings denominated in foreign currencies are translated into U.S. dollars for our consolidated financial statements. This translation is calculated based on average exchange rates during the reporting period. Our reported international sales and earnings could be adversely impacted in periods of a strengthening U.S. dollar.

Although we generally produce in the same geographic region as our products are sold, we also produce in countries that predominately sell in another currency. Some of our commodities are purchased in or tied to the U.S. dollar; therefore our earnings could be adversely impacted during the periods of a strengthening U.S. dollar relative to other

foreign currencies. We employ financial instruments to hedge certain portions of our foreign currency exposures. However, this will not completely insulate us from the effects of currency fluctuation.

A portion of our operations are conducted by joint ventures which have unique risks.

Certain of our operations are carried on by joint ventures. In joint ventures, we share the management of the company with one or more partners who may not have the same goals, resources or priorities as we do. The operations of our joint

ventures are subject to agreements with our partners, which typically include additional organizational formalities as well as requirements to share information and decision making, and may also limit our ability to sell our interest. Additional risks include one or more partners failing to satisfy contractual obligations, a change in ownership of any of our partners and our limited ability to control our partners' compliance with applicable laws, including the Foreign Corrupt Practices Act. Any such occurrences could adversely affect our financial condition, operating results, cash flow or reputation.

Our capital structure includes a substantial amount of indebtedness, which imposes demands on our liquidity that could have an adverse effect on our financial condition or on our ability to obtain financing in the future.

As of December 31, 2015, we had approximately $777.9 million of outstanding indebtedness, including our $750 million senior term loan facility (the "Term Loan Facility"), our $180 million senior asset-based revolving credit facility ("Senior ABL Facility") and the debt of certain foreign subsidiaries, which requires principal and interest payments. We are permitted by the terms of the Term Loan Facility and our Senior ABL Facility to incur additional indebtedness, subject to the restrictions therein, which could:

- make it more difficult for us to satisfy our obligations under the Term Loan Facility and the Senior ABL facility;
- increase our vulnerability to adverse economic and general industry conditions, including interest rate fluctuations, since the majority of our borrowings are at variable rates of interest; and
- increase our cost of borrowing.

Our ability to make scheduled payments on our debt or to refinance these obligations depends on our financial condition and operating performance. If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay investments and capital expenditures, sell material assets, seek additional capital or restructure or refinance our indebtedness, which could have an adverse effect on our business, results of operations and financial condition.

The Term Loan Facility and the Senior ABL Facility impose significant operating and financial restrictions on us and our subsidiaries.

The Term Loan Facility and the Senior ABL Facility limit our ability, among other things, to:

- incur additional indebtedness or issue certain disqualified stock and preferred stock;
- pay dividends or certain other distributions on our capital stock or repurchase our capital stock;
- make certain investments or other restricted payments;
- enter into certain restrictive agreements;
- engage in transactions with affiliates;
- sell certain assets or merge with or into other companies;
- guarantee indebtedness; and
- permit liens.

Moreover, our Senior ABL Facility provides the agent considerable discretion to impose reserves, which could materially reduce the amount of borrowings that would otherwise be available to us.

As a result of these covenants and restrictions (including borrowing base availability), we are limited in how we conduct our business, and we may be unable to raise additional debt or equity financing to compete effectively or to take advantage of new business opportunities or acquisitions. A breach of any of these covenants could result in a default under the Senior ABL Facility and under the Term Loan Facility. The terms of any future indebtedness we may incur could include more restrictive covenants. We cannot assure that we will be able to maintain compliance with these covenants in the future and, if we fail to do so, that we will be able to obtain waivers from the lenders under the Senior ABL Facility and the Term Loan Facility and/or amend the covenants in such agreements.

Our pension plans are currently underfunded, and we may have to make cash payments to the plans, reducing the cash available for our business.

We sponsor various pension plans worldwide that are underfunded and will require cash payments. Additionally, if the performance of the assets in our pension plans does not meet our expectations, or if other actuarial assumptions are modified, our required contributions may be higher than we expect. As of December 31, 2015, our net underfunded status was $173.3 million. If our cash flow from operations is insufficient to fund our worldwide pension liabilities, it could have an adverse effect on our financial condition and results of operations.

13

Significant changes in discount rates, the actual return on pension assets and other factors could adversely affect our liquidity, results of operations and financial condition.

Our earnings may be positively or negatively impacted by the amount of income or expense recorded related to our pension plans. Generally accepted accounting principles in the United States ("U.S. GAAP") require that income or expense related to the pension plans be calculated at the annual measurement date using actuarial calculations, which reflect certain assumptions. Because these assumptions have fluctuated and will continue to fluctuate in response to changing market conditions, the amount of gains or losses that will be recognized in subsequent periods, the impact on the funded status of the pension plans and the future minimum required contributions, if any, could adversely affect our liquidity, results of operations and financial condition.

The benefits of our continuous improvement program and other cost savings plans may not be fully realized.

Our operations strategy includes continuous improvement programs and implementation of lean manufacturing tools across all facilities to achieve cost savings and increased performance. We have and may continue to initiate restructuring actions designed to improve future profitability and competitiveness. The cost savings that we anticipate from these initiatives may not be achieved on schedule or at the level we anticipate. If we are unable to realize these anticipated savings, our operating results and financial condition may be adversely affected.

We may incur significant costs related to manufacturing facility closings or consolidation which could have an adverse effect on our financial condition.

If we must close or consolidate manufacturing locations, the exit costs associated with such closure or consolidation, including employee termination costs, may be significant. Such costs could negatively affect our cash flows, results of operations and financial condition.

Our inability to effectively manage the timing, quality and costs of new program launches could adversely affect our financial performance.

In connection with the award of new business, we may obligate ourselves to deliver new products that are subject to our customers' timing, performance and quality standards. Given the number and complexity of new program launches, we may experience difficulties managing product quality, timeliness and associated costs. In addition, new program launches require a significant ramp up of costs. However, our sales related to these new programs generally are dependent upon the timing and success of our customers' introduction of new vehicles. Our inability to effectively manage the timing, quality and costs of these new program launches could adversely affect our financial condition, operating results and cash flows.

Our success depends in part on our development of improved products, and our efforts may fail to meet the needs of customers on a timely or cost-effective basis.

Our continued success depends on our ability to maintain advanced technological capabilities and knowledge necessary to adapt to changing market demands as well as to develop and commercialize innovative products. We may be unable to develop new products successfully or to keep pace with technological developments by our competitors and the industry in general. In addition, we may develop specific technologies and capabilities in anticipation of customers' demands for new innovations and technologies. If such demand does not materialize, we may be unable to recover the costs incurred in such programs. If we are unable to recover these costs or if any such programs do not progress as expected, our business, results of operations and financial condition could be adversely affected.

Any acquisitions or divestitures we make may be unsuccessful, may take longer than anticipated or may negatively impact our business, financial condition, results of operations and cash flows.

We may pursue acquisitions or divestitures in the future as part of our strategy. Acquisitions and divestitures involve numerous risks, including identifying attractive target acquisitions, undisclosed risks affecting the target, difficulties integrating acquired businesses, the assumption of unknown liabilities, potential adverse effects on existing customer or supplier relationships, and the diversion of management's attention from day-to-day business. We may not have, or be able to raise on acceptable terms, sufficient financial resources to make acquisitions. Our ability to make investments may also be limited by the terms of our existing or future financing arrangements. Any acquisitions or divestitures we pursue may not be successful or prove to be beneficial to our operations and cash flow.

We may incur material losses and costs as a result of product liability and warranty and recall claims that may be brought against us.

We may be exposed to product liability and warranty claims in the event that our products actually or allegedly fail to perform as expected or the use of our products results, or is alleged to result, in bodily injury and/or property damage.

Accordingly, we could experience material warranty or product liability expenses in the future and incur significant costs to defend against these claims. In addition, if any of our products are, or are alleged to be, defective, we may be required to participate in a recall of that product if the defect or the alleged defect relates to automotive safety. Product recalls could cause us to incur material costs and could harm our reputation or cause us to lose customers, particularly if any such recall causes customers to question the safety or reliability of our products. Also, while we possess considerable historical warranty and recall data with respect to the products we currently produce, we do not have such data relating to new products, assembly programs or technologies, including any new fuel and emissions technology and systems being brought into production, to allow us to accurately estimate future warranty or recall costs.

In addition, the increased focus on systems integration platforms utilizing fuel and emissions technology with more sophisticated components from multiple sources could result in an increased risk of component warranty costs over which we have little or no control and for which we may be subject to an increasing share of liability to the extent any of the other component suppliers are in financial distress or are otherwise incapable of fulfilling their warranty or product recall obligations. Our costs associated with providing product warranties and responding to product recall claims could be material, and we do not have insurance covering product recalls. Product liability, warranty and recall costs may adversely affect our business, results of operations and financial condition.

We are subject to a broad range of environmental, health and safety laws and regulations which could adversely affect our business and results of operations.

We are subject to a broad range of laws and regulations governing emissions to air; discharges to water; noise and odor emissions; the generation, handling, storage, transportation, treatment, reclamation and disposal of chemicals and waste materials; the cleanup of contaminated properties; and health and safety. We may incur substantial costs in complying with these laws and regulations. Many of our current and former facilities have been subject to certain environmental investigations and remediation activities, and we maintain environmental reserves for certain of these sites. Through various acquisitions, we have acquired a number of manufacturing facilities, and we cannot assure that we will not incur material costs or liabilities relating to activities that predate our ownership. Material future expenditures may be necessary if compliance standards change or material unknown conditions that require remediation are discovered. Environmental laws could also restrict our ability to expand our facilities or could require us to acquire costly equipment or to incur other significant expenses. If we fail to comply with present and future environmental laws and regulations, we could be subject to future liabilities, which could adversely affect our financial condition, operating results and cash flows.

Work stoppages or similar difficulties could disrupt our operations and negatively affect our operations and financial performance.

We may be subject to work stoppages and may be affected by other labor disputes. A number of our collective bargaining agreements expire in any given year. There is no certainty that we will be successful in negotiating new agreements with these unions that extend beyond the current expiration dates or that these new agreements will be on terms as favorable to us as past labor agreements. Failure to renew these agreements when they expire or to establish new collective bargaining agreements on terms acceptable to us and the unions could result in work stoppages or other labor disruptions which may have an adverse effect on our operations, customer relationships and financial results. Additionally, a work stoppage at one or more of our suppliers or our customers' suppliers could adversely affect our operations if an alternative source of supply were not readily available. Work stoppages by our customers' employees could result in reduced demand for our products and could have an adverse effect on our business. As of December 31, 2015, approximately 28% of our employees were represented by unions, and approximately 9% of the unionized employees were located in the U.S. In addition, it is possible that our workforce will become more unionized in the future. Unionization activities could increase our costs, which could negatively affect our profitability.

If we are unable to protect our intellectual property or if a third party challenges our intellectual property rights, our business could be adversely affected.

We own or have rights to proprietary technology that is important to our business. We rely on intellectual property laws, patents, trademarks and trade secrets to protect such technology. Such protections, however, vary among the

countries in which we market and sell our products, and as a result, we may be unable to prevent third parties from using our intellectual property without authorization. Any infringement or misappropriation of our technology could have an adverse effect on our business and results of operations. We also face exposure to claims by others for infringement of intellectual property rights and could incur significant costs or losses related to such claims. In addition, many of our supply agreements require us to indemnify our customers from third-party infringement claims. These claims, regardless of their merit or resolution, are frequently costly to prosecute, defend or settle and divert the efforts and attention of our management and employees. If any such claim were to result in an adverse outcome, we could be required to take actions which may include: ceasing the manufacture, use or sale of the infringing products; paying substantial damages to third parties, including to customers to compensate them for the

discontinued use of a product or to replace infringing technology with non-infringing technology; or expending significant resources to develop or license non-infringing products, any of which could adversely affect our operations, business and financial condition.

A disruption in, or the inability to successfully implement upgrades to, our information technology systems, including disruptions relating to cybersecurity, could adversely affect our business and financial performance.

We rely upon information technology networks, systems and processes to manage and support our business. We have implemented a number of procedures and practices designed to protect against breaches or failures of our systems. Despite the security measures that we have implemented, including those measures to prevent cyber-attacks, our systems could be breached or damaged by computer viruses or unauthorized physical or electronic access. A breach of our information technology systems could result in theft of our intellectual property, disruption to business or unauthorized access to customer or personal information. Such a breach could adversely impact our operations and/or our reputation and may cause us to incur significant time and expense to cure or remediate the breach.

Further, we continually update and expand our information technology systems to enable us to more efficiently run our business. If these systems are not implemented successfully, our operations and business could be disrupted and our ability to report accurate and timely financial results could be adversely effected.

Our expected annual effective tax rate could be volatile and could materially change as a result of changes in many items including mix of earnings, debt and capital structure and other factors.

Many items could impact our effective tax rate including changes in our debt and capital structure, mix of earnings and many other factors. Our overall effective tax rate is based upon the consolidated tax expense as a percentage of consolidated earnings before tax. However, tax expenses and benefits are not recognized on a consolidated or global basis, but rather on a jurisdictional, legal entity basis. Further, certain jurisdictions in which we operate generate losses where no current financial statement benefit is realized. In addition, certain jurisdictions have statutory rates greater than or less than the United States statutory rate. As such, changes in the mix and source of earnings between jurisdictions could have a significant impact on our overall effective tax rate in future years. Changes in rules related to accounting for income taxes, changes in tax laws and rates or adverse outcomes from tax audits that occur regularly in any of our jurisdictions could also have a significant impact on our overall effective tax rate in future periods.

Impairment charges relating to our goodwill, long-lived assets or intangible assets could adversely affect our results of operations.

We regularly monitor our goodwill, long-lived assets and intangible assets for impairment indicators. In conducting our goodwill impairment testing, we compare the fair value of each of our reporting units to the related net book value. In conducting our impairment analysis of long-lived and intangible assets, we compare the undiscounted cash flows expected to be generated from the long-lived or intangible assets to the related net book values. Changes in economic or operating conditions impacting our estimates and assumptions could result in the impairment of our goodwill, long-lived assets or intangible assets. In the event that we determine that our goodwill, long-lived assets or intangible assets are impaired, we may be required to record a significant charge to earnings, which could adversely affect our results of operations.

A substantial portion of our total outstanding shares are held by a small number of investors who may, individually or collectively, exert significant control over us, and whose shares may be sold in the future.

Certain stockholders own a substantial portion of our outstanding common stock. As long as such major stockholders (whether or not acting in a coordinated manner) and any other substantial stockholder own, directly or indirectly, a substantial portion of our outstanding shares, they will be able to exert significant influence over matters requiring stockholder approval, including the composition of our Board of Directors. Further, to the extent that the substantial stockholders were to act in concert, they could potentially control any action taken by our stockholders.

The concentration of ownership of our outstanding equity in such major stockholders may make some transactions more difficult or impossible without the support of such stockholders or more likely with the support of such stockholders. The interests of any of such stockholders, any other substantial stockholder or any of their respective affiliates could conflict with or differ from the interests of our other stockholders.

Furthermore, some of our large shareholders may determine to sell their shares in the future. The market price of our common stock could decline as a result of sales of shares of our common stock in the market in the future, and the

perception that these sales could occur may also depress the market price of our common stock.

We operate as a holding company and depend on our subsidiaries for cash to satisfy the obligations of the holding company.

Cooper-Standard Holdings Inc. is a holding company. Our subsidiaries conduct all of our operations and own substantially all of our assets. Our cash flow and our ability to meet our obligations depend on the cash flow of our subsidiaries. In addition, the payment of funds in the form of dividends, intercompany payments, tax sharing payments and otherwise may be subject to restrictions under the laws of the countries of incorporation of our subsidiaries or the by-laws of the subsidiary.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

As of December 31, 2015, our operations were conducted through 98 wholly-owned, leased and joint venture facilities in 20 countries (North America: Canada, Mexico, United States; Asia Pacific: China, India, Japan, South Korea, Thailand; Europe: Czech Republic, France, Germany, Italy, Netherlands, Poland, Romania, Serbia, Spain, Sweden, United Kingdom; South America: Brazil), of which 79 are predominantly manufacturing facilities and 19 have design, engineering, administrative or logistics designation(s). Our corporate headquarters are located in Novi, Michigan. Our manufacturing facilities are located in North America, Europe, Asia and South America. We believe that substantially all of our properties are in generally good condition and there is sufficient capacity to meet current and projected manufacturing, product development and logistics requirements. The following table summarizes our key property holdings by geographic region:

Region	Type	Total Facilities*	Owned Facilities
North America	Manufacturing(a)	30	23
	Other(b)	7	1
Asia Pacific	Manufacturing	23	12
	Other(b)	4	—
Europe	Manufacturing(a)	22	18
	Other(b)	7	3
South America	Manufacturing	4	1
	Other(b)	1	—

(a) Includes multi-activity sites which are predominantly manufacturing.
(b) Includes design, engineering, administrative and logistics locations.
(*) Excludes 6 unutilized (owned) facilities: (2) Europe; (4) North America

Item 3. Legal Proceedings

We are periodically involved in claims, litigation and various legal matters that arise in the ordinary course of business. In addition, we conduct and monitor environmental investigations and remedial actions at certain locations. Each of these matters is subject to various uncertainties, and some of these matters may be resolved unfavorably for us. If appropriate, we establish a reserve estimate for each matter and update such estimates as additional information becomes available. We do not believe that the ultimate resolution of any of these matters will have a material adverse effect on our business, financial condition or results of operations.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common stock has been traded on the NYSE since October 17, 2013, under the symbol “CPS” and our warrants have been traded on the OTC Bulletin Board since June 4, 2010, under the symbol “COSHW.” Prior to its listing on the NYSE, our common stock was traded on the OTC Bulletin Board under the symbol “COSH.”

The following chart lists the high and low sale prices for shares of our common stock and warrants for the fiscal quarters indicated through December 31, 2015 and 2014. With respect to our warrants, these prices are between dealers and do not include retail markups, markdowns or other fees and commissions and may not represent actual transactions:

	Common Stock		Warrants	
2015	High	Low	High	Low
March 31, 2015	$59.20	$50.96	$32.44	$25.67
June 30, 2015	64.24	58.83	36.70	32.45
September 30, 2015	64.79	55.00	39.13	29.00
December 31, 2015	80.15	58.10	49.80	33.59

	Common Stock		Warrants	
2014	High	Low	High	Low
March 31, 2014	$70.65	$48.10	$44.00	$23.03
June 30, 2014	70.20	61.24	44.25	34.00
September 30, 2014	65.87	60.92	39.30	34.45
December 31, 2014	59.77	50.99	32.42	25.15

Holders of Common Stock

As of January 25, 2016, we had approximately 4,300 holders of record of our common stock, based on information provided by our transfer agent.

Dividends

Cooper-Standard Holdings Inc. has never paid or declared a dividend on its common stock. The declaration of any prospective dividends is at the discretion of the Board of Directors and would be dependent upon sufficient earnings, capital requirements, financial position, general economic conditions, state law requirements and other relevant factors. Additionally, our credit agreement governing our Senior ABL Facility and Term Loan Facility contains covenants that, among other things, restrict our ability to pay certain dividends and distributions subject to certain qualifications and limitations. See Item 7. “Management's Discussion and Analysis of Financial Condition and Results of Operations-Financing Arrangements.” We do not anticipate paying any dividends on our common stock in the foreseeable future.

Securities Repurchase Program

On May 24, 2013, the Company announced that its Board of Directors approved a securities repurchase program (the “Program”) authorizing the Company to repurchase, in the aggregate, up to $50 million of its outstanding common stock or warrants to purchase common stock. Under the Program, repurchases may be made on the open market or through private transactions, as determined by the Company’s management and in accordance with prevailing market conditions and federal securities laws and regulations. The Company expects to fund any such 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 Program may be discontinued at any time at the Company’s discretion. No repurchases were made in the current reporting period. Approximately $40.2 million remains available for repurchases under the Program. This Program was not affected by our May 2013 tender offer, pursuant to which we purchased approximately $200 million of our common stock.

Performance Graph

The following graph compares the cumulative total stockholder return for Cooper-Standard Holdings Inc. compared with the Standard & Poor's 500 Index and the Standard & Poor's Supercomposite Auto Parts & Equipment Index based on currently available data. The graph assumes an initial investment of $100 on December 31, 2010 and reflects the cumulative total return on that investment, including the reinvestment of all dividends where applicable, through December 31, 2015.

Comparison of Cumulative Return

	Ticker	12/31/2010	12/30/2011(1)	12/31/2012	12/31/2013	12/31/2014	12/31/2015
Cooper-Standard Holdings Inc.	CPS	$100.00	$76.67	$84.44	$109.13	$128.62	$172.42
S&P 500	SPX	$100.00	$102.09	$117.98	$154.32	$174.19	$176.44
S&P Supercomposite Auto Parts & Equipment Index	S15AUTP	$100.00	$87.08	$87.44	$141.94	$146.82	$137.69

(1) Represents last trading day of the year

Item 6. Selected Financial Data

The selected financial data for the years ended December 31, 2015, 2014, 2013, 2012 and 2011 have been derived from our consolidated financial statements, which have been audited by Ernst & Young LLP, our Independent Registered Public Accounting Firm. You should read the following data in conjunction with Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the notes thereto included in Item 8. "Financial Statements and Supplementary Data" of this Annual Report on Form 10-K.

	Year Ended December 31,				
	2015	2014	2013	2012	2011
	(Dollar amounts in millions except share amounts)				
Statement of operations data:					
Sales	$3,342.8	$3,244.0	$3,090.5	$2,880.9	$2,853.5
Net income	111.8	45.5	45.2	98.8	76.5
Net income attributable to Cooper-Standard Holdings Inc.	111.9	42.8	47.9	102.8	102.8
Net income available to Cooper-Standard Holdings Inc. common stockholders	111.9	42.8	35.1	76.7	75.3
Earnings per share:					
Basic	$6.50	$2.56	$2.39	$4.40	$4.27
Diluted	$6.08	$2.39	$2.24	$4.14	$3.93

	As of December 31,				
	2015	2014	2013	2012	2011
	(Dollar amounts in millions)				
Balance sheet data (at end of period):					
Cash and cash equivalents	$378.2	$267.3	$184.4	$270.6	$361.7
Net working capital [(1)]	175.3	294.3	269.1	265.6	193.9
Total assets	2,304.3	2,125.6	2,102.8	2,026.0	2,003.8
Total non-current liabilities	1,008.1	1,044.9	911.9	774.0	779.3
Total debt [(2)]	777.9	778.7	684.4	483.4	488.7
Preferred stock	—	—	—	121.6	125.9
Total equity	614.8	548.7	615.6	629.2	601.2
Statement of cash flows data:					
Net cash provided by (used in):					
Operating activities	$270.4	$171.0	$133.3	$84.4	$172.3
Investing activities	(166.4)	(157.4)	(191.1)	(117.6)	(73.8)
Financing activities	(11.6)	49.4	(23.0)	(58.1)	(24.6)
Other financial data:					
Capital expenditures, including other intangible assets	$166.3	$192.1	$183.3	$131.1	$108.3

(1) Net working capital is defined as current assets (excluding cash and cash equivalents) less current liabilities (excluding debt payable within one year).

(2) Includes $729.8 of our Term loan, $0.4 in capital leases and $47.7 of other third-party debt at December 31, 2015.

20

Item 7. 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 Item 1. "Business—Forward-Looking Statements" 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 elsewhere in this Annual Report on Form 10-K, particularly in Item 1A. "Risk Factors." Management's discussion and analysis of financial condition and results of operations should be read in conjunction with Item 6." Selected Financial Data" and our consolidated financial statements and the notes to those statements included elsewhere in this Annual Report on Form 10-K.

Company Overview

We design, manufacture and sell sealing, fuel and brake delivery, fluid transfer and anti-vibration systems for use in passenger vehicles and light trucks manufactured by global OEMs. In 2015, approximately 82% of our sales consisted of original equipment sold directly to OEMs for installation on new vehicles. The remaining 18% of our sales were primarily to Tier I and Tier II suppliers and non-automotive manufacturers. Accordingly, sales of our products are directly affected by the annual vehicle production of OEMs and, in particular, the production levels of the vehicles for which we provide specific parts. Most of our products are custom designed and engineered for a specific vehicle platform. Our sales and product development personnel frequently work directly with the OEMs' engineering departments in the design and development of our various products.

Although each OEM may emphasize different requirements as the primary criteria for judging its suppliers, we believe success as an automotive supplier generally requires outstanding performance with respect to price, quality, service, performance, design and engineering capabilities, innovation, timely delivery and an extensive global footprint. Also, we believe our continued commitment to invest in global common processes is an important factor in servicing global customers with the same quality and consistency of product wherever we produce in the world. This is especially important when supplying products for global platforms.

In addition, to remain competitive, we must also consistently achieve and sustain cost savings. In an ongoing effort to reduce our cost structure, we run a global continuous improvement program which includes training for our employees, as well as implementation of lean tools, structured problem solving, best business practices, standardized processes and change management. We also evaluate opportunities to consolidate facilities and to relocate certain operations to lower cost countries. We believe we will continue to be successful in our efforts to improve our design and engineering capability and manufacturing processes while achieving cost savings, including through our continuous improvement initiatives.

Our OEM sales are principally generated from purchase orders issued by OEMs and as a result, we have typically have no order backlog. Once selected by an OEM to supply products for a particular platform, we typically supply those products for the life of the platform, which is normally three to five years (although there is no guarantee that this will occur). In addition, when we are the incumbent supplier to a given platform, we believe we have a competitive advantage in winning the redesign or replacement platform.

In 2015, approximately 53% of our sales were generated in North America. Because of our significant international operations, we are subject to the risks associated with doing business in other countries, such as currency volatility, high interest and inflation rates, and the general political and economic risk that are associated with some of these markets.

Business Environment and Outlook

According to the forecasting firm IHS, global light vehicle sales were approximately 88 million units in 2015, reflecting a slight fall-off in emerging markets. Looking forward, vehicle sales are expected to surpass 100 million units by 2021.

We expect that much of the projected growth will be driven by emerging markets such as Greater China, Brazil and Southeast Asia. Furthermore, we anticipate that North American sales will remain stable over the next few years, while Europe is projected to continue to stabilize and no longer dampen overall global sales growth.

Several factors will present significant opportunities for automotive suppliers who are positioned for the changing environment, such as:

- continued shift to global platforms;
- consolidation of suppliers;

- increased government regulation; and
- intensified consumer demand for advanced technological features in vehicles.

Our business is directly affected by the automotive build rates in North America, Europe, the Asia Pacific region and South America. New vehicle demand is driven by macro-economic and other factors, such as interest rates, manufacturer and dealer sales incentives, fuel prices, consumer confidence, employment levels, income growth trends and government and tax incentives.

The global automotive industry remains susceptible to uncertain economic conditions that could adversely impact new vehicle demand. While the U.S. economy remains strong, and the European economy shows indications of improvement, global economic sentiment remains cautious given continued geopolitical uncertainty, oil supply and demand issues and unfavorable foreign exchange rates. Ongoing volatility within the emerging markets, including declining economic conditions in Brazil and the slowing pace of economic growth in China, have impacted light vehicle production volume in recent periods.

Details on light vehicle production in certain regions for 2015 and 2014, as well as projections for 2016, are provided in the following table:

(In millions of units)	2016[1]	2015[1]	2014[1]	% Change 2014-2015	
North America	18.2	17.5	17.0	2.7	%
Europe	21.2	20.9	20.2	3.8	%
Asia Pacific[2]	46.9	45.2	44.4	1.6	%
South America	2.8	3.0	3.8	(20.6	)%

[1] Production data based on IHS Automotive, January 2016.

[2] Includes China units of 25.3, 23.9, and 23.0 for 2016, 2015 and 2014, respectively.

Competition in the automotive supplier industry is intense and has increased in recent years as OEMs have demonstrated a preference for stronger relationships with fewer suppliers. There are typically three or more significant competitors and numerous smaller competitors for most of the products we produce. Automotive suppliers with a global manufacturing footprint capable of fully servicing customers around the world will continue to lead the supply industry going forward.

OEMs have shifted some research and development, design and testing responsibility to suppliers, while at the same time shortening new product cycle times. To remain competitive, suppliers must have state-of-the-art engineering and design capabilities and must be able to continuously improve their engineering, design and manufacturing processes to effectively service the customer. Suppliers are increasingly expected to collaborate on, or assume the product design and development of, key automotive components and to provide innovative solutions to meet evolving technologies aimed at improved emissions and fuel economy.

Pricing pressure has continued as competition for market share has reduced the overall profitability of the industry and resulted in continued pressure on suppliers for price reductions. Consolidations and market share shifts among vehicle manufacturers continues to put additional pressures on the supply chain. These pricing and market pressures will continue to drive our focus on reducing our overall cost structure through continuous improvement initiatives, capital redeployment, restructuring and other cost management processes.

Results of Operations

	Year Ended December 31,		
	2015	2014	2013
	(dollar amounts in thousands)		
Sales	$3,342,804	$3,243,987	$3,090,542
Cost of products sold	2,755,691	2,734,558	2,617,804
Gross profit	587,113	509,429	472,738
Selling, administration & engineering expenses	329,922	301,724	293,446
Amortization of intangibles	13,892	16,437	15,431
Impairment charges	21,611	26,273	—
Restructuring charges	53,844	17,414	21,720
Other operating profit	(8,033)	(16,927)	—
Operating profit	175,877	164,508	142,141
Interest expense, net of interest income	(38,331)	(45,604)	(54,921)
Equity earnings	5,683	6,037	11,070
Other income (expense), net	9,759	(36,658)	(7,437)
Income before income taxes	152,988	88,283	90,853
Income tax expense	41,218	42,810	45,599
Net income	111,770	45,473	45,254
Net loss (income) attributable to noncontrolling interests	110	(2,694)	2,687
Net income attributable to Cooper-Standard Holdings Inc.	$111,880	$42,779	$47,941

Year ended December 31, 2015 Compared to Year ended December 31, 2014.

Sales. Sales were $3,342.8 million for the year ended December 31, 2015, compared to $3,244.0 million for the year ended December 31, 2014, an increase of $98.8 million, or 3.0%. Sales were favorably impacted by improved volume and product mix in North America, Europe and Asia Pacific, as well as our Shenya acquisition, partially offset by unfavorable foreign exchange of $298.2 million, decreased volumes in South America and customer price reductions.

Cost of Products Sold. Cost of products sold is primarily comprised of material, labor, manufacturing overhead, depreciation and amortization and other direct operating expenses. Cost of products sold was $2,755.7 million for the year ended December 31, 2015, compared to $2,734.6 million for the year ended December 31, 2014, an increase of $21.1 million or 0.8%. Materials comprise the largest component of our cost of products sold and represented approximately 50% and 49% of total cost of products sold for the years ended December 31, 2015 and 2014, respectively. Cost of sales was impacted by higher production volumes in North America, Europe and Asia Pacific, as well as our Shenya acquisition. These items were partially offset by decreased volumes in South America and continuous improvement savings.

Gross Profit. Gross profit for the year ended December 31, 2015 was $587.1 million compared to $509.4 million for the year ended December 31, 2014. As a percentage of sales, gross profit was 17.6% and 15.7% of sales for the years ended December 31, 2015 and 2014, respectively. The increase in gross profit was driven primarily by continuous improvement and material costs savings and improved volume and mix in North America, Europe and Asia Pacific. These items were partially offset by unfavorable foreign exchange, customer price reductions and decreased volumes in South America.

Selling, Administration and Engineering. Selling, administration and engineering expense for the year ended December 31, 2015 was $329.9 million or 9.9% of sales compared to $301.7 million or 9.3% of sales for the year ended December 31, 2014. Selling, administration and engineering expense for the year ended December 31, 2015 was impacted primarily by incentive compensation due to favorable operating results, higher infrastructure costs and the Shenya acquisition, partially offset by favorable foreign exchange.

Impairment Charges. In 2015, due to the deterioration of financial results the undiscounted cash flows at one of our European facilities and two of our South American facilities did not exceed their book value, resulting in non-cash asset impairment charges of $13.6 million being recorded in the fourth quarter of 2015. Additionally, due to the deterioration of the economic conditions in the region customer relationships in South America were fully impaired,

resulting in a non-cash

---

impairment charge of $8.0 million. In 2014, due to the deterioration of financial results the undiscounted cash flows at two of our European facilities and two of our North American facilities did not exceed their book value, resulting in an asset impairment charge of $24.2 million being recorded in the fourth quarter of 2014. Additionally, certain assets and patents in the North America segment were written down to their estimated fair market values, resulting in an impairment charge of $2.1 million.

Restructuring. Restructuring charges of $53.8 million for the year ended December 31, 2015 increased $36.4 million compared to $17.4 million for the year ended December 31, 2014. The increase is primarily the result of expenses incurred related to our European restructuring initiative.

Other Operating Profit. Other operating profit for the year ended December 31, 2015 was $8.0 million resulting from the gain on the sale of our hard coat plastic exterior trim business. Other operating profit for the year ended December 31, 2014 was $16.9 million, of which $16.0 million related to the gain on the sale of our thermal and emissions business.

Interest Expense, net. Net interest expense of $38.3 million for the year ended December 31, 2015 resulted primarily from interest and debt issuance amortization recorded on the Term Loan Facility. Net interest expense of $45.6 million for the year ended December 31, 2014 resulted primarily from interest and debt issuance amortization recorded on the Term Loan Facility, Senior Notes and Senior PIK Toggle Notes.

Other Income (Expense), net. Other income for the year ended December 31, 2015 was $9.8 million, consisting of the gain from remeasurement of our previously held equity interest in Shenya of $14.2 million, which was partially offset by $3.4 million of foreign currency losses and $1.0 million of loss on sale of receivables. Other expense for the year ended December 31, 2014 was $36.7 million, consisting of a $30.5 million loss on extinguishment of debt, $7.1 million of foreign currency losses and $1.9 million of loss on sale of receivables, which were partially offset by a $1.9 million gain on the sale of an equity method investment and $0.9 million of other miscellaneous income.

Income Tax Expense. Income taxes for the year ended December 31, 2015 included an expense of $41.2 million on earnings before taxes of $153.0 million. This compares to an expense of $42.8 million on $88.3 million of earnings before taxes for the year ended December 31, 2014. Tax expense in 2015 and 2014 differed from the statutory rate due to the incremental valuation allowance recorded on tax losses and credits generated in certain foreign jurisdictions, tax incentives recognized in Poland resulting from increased current and future profitability and a new Special Economic Zone permit, the mix of income between the United States and foreign sources, tax credits and incentives, and other nonrecurring discrete items.

Year ended December 31, 2014 Compared to Year ended December 31, 2013.

Sales. Sales were $3,244.0 million for the year ended December 31, 2014, compared to $3,090.5 million for the year ended December 31, 2013, an increase of $153.5 million, or 5.0%. Sales were favorably impacted by an increase in volumes in the North America, Europe and Asia Pacific segments. In addition, the Jyco Sealing Technologies ("Jyco") acquisition, which was completed July 31, 2013, provided $45.2 million of incremental sales. These items were partially offset by unfavorable foreign exchange of $31.3 million, customer price reductions and the sale of our thermal and emissions product line.

Cost of Products Sold. Cost of products sold is primarily comprised of material, labor, manufacturing overhead, depreciation and amortization and other direct operating expenses. Cost of products sold was $2,734.6 million for the year ended December 31, 2014, compared to $2,617.8 million for the year ended December 31, 2013, an increase of $116.8 million or 4.5%. Raw materials comprise the largest component of our cost of products sold and represented approximately 49% of total cost of products sold for the years ended December 31, 2014 and 2013. The period was impacted primarily by increased volumes.

Gross Profit. Gross profit for the year ended December 31, 2014 was $509.4 million compared to $472.7 million for the year ended December 31, 2013. As a percentage of sales, gross profit was 15.7% and 15.3% of sales for the years ended December 31, 2014 and 2013, respectively. The increase in gross profit was driven by the favorable impact of continuous improvement and material costs savings and increased volumes in the North America, Europe and Asia Pacific segments, partially offset by customer price reductions.

Selling, Administration and Engineering. Selling, administration and engineering expense for the year ended December 31, 2014 was $301.7 million or 9.3% of sales compared to $293.4 million or 9.5% of sales for the year

ended December 31, 2013. Selling, administration and engineering expense for the year ended December 31, 2014 was impacted by increased staffing expenses as we increase our research and development and engineering resources to support our growth initiatives around the world.

Impairment Charges. In 2014, the undiscounted cash flows at two of our European facilities and two of our North American facilities did not exceed their book value, resulting in an asset impairment charge of $24.2 million being recorded in the fourth quarter of 2014. Additionally, certain assets and patents in the North America segment were written down to their estimated fair market values, resulting in an impairment charge of $2.1 million.

Restructuring. Restructuring charges of $17.4 million for the year ended December 31, 2014 consisted primarily of initiatives in Europe to change our manufacturing footprint. Restructuring charges of $21.7 million for the year ended December 31, 2013 consisted primarily of $5.3 million of costs associated with initiatives announced prior to 2013 and $16.4 million of costs associated with initiatives announced in 2013, primarily relating to an initiative in Europe to change our manufacturing footprint.

Other Operating Profit. Other operating profit for the year ended December 31, 2014 was $16.9 million, of which $16.0 million related to the gain on the sale of our thermal and emissions business.

Interest Expense, net. Net interest expense of $45.6 million for the year ended December 31, 2014 resulted primarily from interest and debt issuance amortization recorded on the Term Loan Facility, Senior Notes and Senior PIK Toggle Notes. Net interest expense of $54.9 million for the year ended December 31, 2013 resulted primarily from interest and debt issuance amortization recorded on the Senior Notes and Senior PIK Toggle Notes.

Other Income (Expense), net. Other expense for the year ended December 31, 2014 was $36.7 million, consisting of a $30.5 million loss on extinguishment of debt, $7.1 million of foreign currency losses and $1.9 million of loss on sale of receivables, which were partially offset by a $1.9 million gain on the sale of an equity method investment and $0.9 million of other miscellaneous income. Other expense for the year ended December 31, 2013 was $7.4 million, consisting of $9.4 million of foreign currency losses and $1.7 million of loss on sale of receivables, which were partially offset by $3.7 million of other miscellaneous income.

Income Tax Expense. Income taxes for the year ended December 31, 2014 included an expense of $42.8 million on earnings before taxes of $88.3 million. This compares to an expense of $45.6 million on $90.9 million of earnings before taxes for the year ended December 31, 2013. Tax expense in 2014 differed from the statutory rate due to the incremental valuation allowance recorded on tax losses and credits generated in certain foreign jurisdictions, tax incentives recognized in Poland resulting from increased current and future profitability and a new Special Economic Zone permit, the distribution of income between the United States and foreign sources, tax credits and incentives, and other nonrecurring discrete items. Tax expense in 2013 differs from the statutory rate due to the incremental valuation allowance recorded on tax losses and credits generated in certain foreign jurisdictions, the mix of income between the United States and foreign sources, tax credits and incentives, and other nonrecurring discrete items.

Segment Results of Operations

The following table presents sales and segment profit (loss) for each of the reportable segments for the years ended December 31, 2015, 2014 and 2013:

	Year Ended December 31,		
	2015	2014	2013
	(dollar amounts in thousands)		
Sales to external customers			
North America	$1,778,621	$1,698,826	$1,617,981
Europe	1,033,635	1,138,428	1,076,122
Asia Pacific	435,127	249,172	219,899
South America	95,421	157,561	176,540
Consolidated	$3,342,804	$3,243,987	$3,090,542
Segment profit (loss)			
North America	$215,487	$136,682	$134,727
Europe	(22,435)	(28,062)	(40,046)
Asia Pacific	4,063	3,524	8,104
South America	(44,127)	(23,861)	(11,932)
Income before income taxes	$152,988	$88,283	$90,853

Year ended December 31, 2015 Compared to the Year Ended December 31, 2014.

North America. Sales for the year ended December 31, 2015 increased $79.8 million or 4.7%, compared to the year ended December 31, 2014, primarily due to an improvement in sales volume and product mix, partially offset by unfavorable

25

foreign exchange of $44.9 million and customer price reductions. Segment profit for the year ended December 31, 2015 increased $78.8 million primarily due to the favorable impact of continuous improvement and material cost savings, an improvement in sales volume and mix, partially offset by customer price reductions, unfavorable foreign exchange and higher incentive compensation due to favorable operating results.

Europe. Sales for the year ended December 31, 2015 decreased $104.8 million, or 9.2%, compared to the year ended December 31, 2014, primarily due to unfavorable foreign exchange of $204.8 million and customer price reductions, partially offset by improved sales volume. Segment loss improved by $5.6 million, primarily due to improved sales volume and mix, continuous improvement and material cost savings and the gain from the remeasurement of a previously held equity interest in Shenya as the legal ownership was held by one of our European entities, partially offset by unfavorable foreign exchange, increased restructuring costs, customer price reductions and higher incentive compensation due to improved operating results.

Asia Pacific. Sales for the year ended December 31, 2015 increased $186.0 million, or 74.6%, compared to the year ended December 31, 2014, primarily due to the Shenya acquisition which was completed February 27, 2015, and improved sales volume, partially offset by unfavorable foreign exchange of $11.7 million. Segment profit increased by $0.5 million, primarily due to improved sales volume and mix, the Shenya acquisition and the favorable impact of continuous improvement and material costs savings, partially offset by higher engineering and administrative costs to support growth in the region as well as higher incentive compensation due to favorable operating results.

South America. Sales for the year ended December 31, 2015 decreased $62.1 million or 39.4%, compared to the year ended December 31, 2014, primarily due to unfavorable foreign exchange of $36.8 million and a decrease in sales volumes. Segment loss increased by $20.3 million, primarily due to impairment charges at two facilities and the write off of customer relationships that were impaired, a decrease in sales volume and unfavorable foreign exchange, partially offset by the favorable impact of continuous improvement savings.

Year ended December 31, 2014 Compared to the Year Ended December 31, 2013.

North America. Sales for the year ended December 31, 2014 increased $80.8 million or 5.0%, compared to the year ended December 31, 2013, primarily due to an increase in sales volume. In addition, sales were favorably impacted by the Jyco acquisition, which was completed July 31, 2013. These items were partially offset by customer price reductions, the sale of our thermal and emissions product line, and unfavorable foreign exchange of $21.8 million. Segment profit for the year ended December 31, 2014 increased $2.0 million, primarily due to the favorable impact of continuous improvement savings, increased sales volume and material cost savings, partially offset by the loss on extinguishment of debt, impairment charges, customer price reductions, and higher staffing costs.

Europe. Sales for the year ended December 31, 2014 increased $62.3 million, or 5.8%, compared to the year ended December 31, 2013, primarily due to an increase in sales volume and favorable foreign exchange of $2.5 million, which were partially offset by customer price reductions and the sale of our thermal and emissions product line. Segment loss improved by $12.0 million, primarily due to increased sales volume, and the favorable impact of continuous improvement and material cost savings, which were partially offset by the loss on extinguishment of debt, impairment charges, customer price reductions and higher staffing costs.

Asia Pacific. Sales for the year ended December 31, 2014 increased $29.3 million, or 13.3%, compared to the year ended December 31, 2013, primarily due to an increase in sales volume. In addition, sales were favorably impacted by the Jyco acquisition, which was completed July 31, 2013. These items were partially offset by unfavorable foreign exchange of $2.1 million and customer price reductions. Segment profit decreased by $4.6 million, primarily due to the loss on extinguishment of debt, higher staffing costs and customer price reductions, which were partially offset by increased volumes and the favorable impact of continuous improvement and material cost savings.

South America. Sales for the year ended December 31, 2014 decreased $19.0 million, or 10.8%, compared to the year ended December 31, 2013, primarily due to a decrease in sales volumes and unfavorable foreign exchange of $9.9 million. Segment loss increased by $11.9 million, primarily due to the loss on extinguishment of debt, and a decrease in sales volume.

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 ABL Facility, and receivables factoring. We anticipate that these funding sources will be sufficient to meet our needs for the next twelve months. 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 7. “Debt” to the consolidated financial statements for additional information.

Based on our current and anticipated levels of operations and the condition in our markets and industry, we believe that our cash flows from operations, cash on hand, borrowings under our Senior 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. However, 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 Senior ABL Facility, depends on our future operating performance and cash flow 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 and other factors.

Cash Flows

Operating activities. Net cash provided by operations was $270.4 million for the year ended December 31, 2015, which included $36.6 million of cash provided by operating assets and liabilities. Cash provided by operations was primarily the result of increased earnings, as well as changes in accounts and tooling receivables, accounts payable and accrued liabilities of $63.9 million. In addition, pension contributions of $7.9 million were made during the year ended December 31, 2015. Net cash provided by operations was $171.0 million for the year ended December 31, 2014, which included $43.1 million of cash used that related to changes in operating assets and liabilities. The use of cash related to operating assets and liabilities was primarily a result of changes in accounts receivable and tooling receivables and accounts payable of $29.4 million and pension contributions of $12.2 million.

Investing activities. Net cash used in investing activities was $166.4 million for the year ended December 31, 2015, which consisted primarily of $166.3 million of capital spending, $34.4 million for the Shenya acquisition and $4.3 million for investment in joint ventures, offset by proceeds of $33.5 million for the sale of our hard coat plastic exterior trim business and $5.1 million for the sale of fixed assets and other. Net cash used in investing activities was $157.4 million for the year ended December 31, 2014, which consisted primarily of $192.1 million of capital spending and $21.2 million for the acquisition of businesses, offset by proceeds of $50.6 million from the sale of our thermal and emissions product line, the Australian business and the sale of an investment in affiliate, proceeds of $4.4 million for the sale of fixed assets and other, and a $1.0 million return on equity investments. We anticipate that we will spend approximately $155 million to $165 million on capital expenditures in 2016.

Financing activities. Net cash used in financing activities totaled $11.6 million for the year ended December 31, 2015, which consisted primarily of a decrease in short term debt of $9.0 million, payments on long term debt of $8.9 million, taxes withheld and paid on employees' share based awards of $2.0 million, and the purchase of noncontrolling interests of $1.3 million, partially offset by $9.3 million related to the exercise of stock warrants. Net cash provided by financing activities totaled $49.4 million for the year ended December 31, 2014, which consisted primarily of $737.5 million related to the proceeds from issuance of long-term debt, $9.0 million related to the exercise of stock warrants, increase in long-term debt of $6.6 million and excess tax benefit on stock options exercised of $4.1 million, partially offset by the repurchase of the Senior Notes and the Senior PIK Toggle Notes of $675.6 million, purchase of noncontrolling interest of $18.5 million, payments on long-term debt of $4.3 million, repurchase of common stock of $5.2 million and taxes withheld and paid on employees' share based awards of $4.2 million.

Financing Arrangements

Senior ABL Facility

On April 4, 2014, CS Intermediate Holdco 1 LLC (“Parent”), CSA U.S. (the “U.S. Borrower”), Cooper-Standard Automotive Canada Limited (the “Canadian Borrower”), Cooper-Standard Automotive International Holdings BV (the “European Borrower” and, together with the U.S. Borrower and Canadian Borrower, the “Borrowers”), and certain subsidiaries of the U.S. Borrower entered into the Second Amended and Restated Loan and Security Agreement in connection with its Senior ABL Facility, with certain lenders, Bank of America, N.A., as agent (the “Agent”) for such lenders, Deutsche Bank Securities Inc., as syndication agent, and Merrill Lynch, Pierce, Fenner & Smith Incorporated, Deutsche Bank Securities Inc., and J.P. Morgan Securities LLC, as joint lead arrangers and bookrunners. On June 11, 2014, the Parent and the Borrowers entered into Amendment No. 1 to the Second Amended and Restated Senior ABL Facility. A summary of our Senior ABL Facility is set forth below. This description is qualified in its entirety by

reference to the credit agreement governing our Senior ABL Facility.
General. Our Senior ABL Facility provides for an aggregate revolving loan availability of up to $180.0 million, subject to borrowing base availability, including a $60.0 million letter of credit sub-facility and a $25.0 million swing line sub-facility. Our Senior ABL Facility also provides for an uncommitted $75.0 million incremental loan facility, for a potential total Senior ABL Facility of $255.0 million (if requested by the Borrowers and the lenders agree to fund such increase). No consent of any

lender (other than those participating in the increase) is required to effect any such increase. On December 31, 2015, there were no borrowings under the Senior ABL Facility, and subject to borrowing base availability, the Company had $180.0 million in availability, less outstanding letters of credit of $42.6 million.
Maturity. Any borrowings under our Senior ABL Facility will mature, and the commitments of the lenders under our Senior ABL Facility will terminate, on March 1, 2018.
Borrowing base. Loan and letter of credit availability under our Senior ABL Facility is subject to a borrowing base, which at any time is limited to the lesser of: (A) the maximum facility amount (subject to certain adjustments) and (B) (i) up to 85% of eligible accounts receivable; plus (ii) the lesser of 70% of eligible inventory or 85% of the appraised net orderly liquidation value of eligible inventory; minus reserves established by the Agent. The accounts receivable portion of the borrowing base is subject to certain formulaic limitations (including concentration limits). The inventory portion of the borrowing base is limited to eligible inventory, as determined by the Agent. The borrowing base is also subject to certain reserves, which are established by the Agent (which may include changes to the advance rates indicated above). Loan availability under our Senior ABL Facility is apportioned as follows: $150.0 million to the U.S. Borrower., which includes a $60.0 million sublimit to the European Borrower and $30.0 million to the Canadian Borrower.
Guarantees; security. Obligations under our Senior ABL Facility and cash management arrangements and hedging arrangements, in each case with the lenders and their affiliates (collectively “Additional ABL Secured Obligations”) entered into by the U.S. Borrower are guaranteed on a senior secured basis by the Company and all of its U.S. subsidiaries. Obligations of the Canadian Borrower under our Senior ABL Facility and Additional ABL Secured Obligations of the Canadian Borrower and its Canadian subsidiaries are guaranteed on a senior secured basis by the Company, its U.S. subsidiaries and the Canadian Borrower and Canadian subsidiaries. Obligations of the European Borrower under our Senior ABL Facility and Additional ABL Secured Obligations of the European Borrower are guaranteed on a senior secured basis by the Parent and its U.S. subsidiaries. The obligations under our Senior ABL Facility and related guarantees are secured by (1) a first priority lien on all of each Borrower’s and each guarantor’s existing and future personal property consisting of accounts receivable, payment intangibles, inventory, documents, instruments, chattel paper and investment property, certain money, deposit accounts, securities accounts, letters of credit, commercial tort claims and certain related assets and proceeds of the foregoing and (2) a second priority lien on all the capital stock in restricted subsidiaries directly held by the U.S. Borrower and each of the U.S. Guarantors, substantially all material owned real property located in the U.S. and equipment of the U.S. Borrower and the U.S. Guarantors and all other material personal property of the U.S. Borrower and the U.S. Guarantors.
Interest. Borrowings under our Senior ABL Facility bear interest at a rate equal to, at the Borrowers’ option:

- in the case of borrowings by the U.S. Borrower, LIBOR or the base rate plus, in each case, an applicable margin;
- in the case of borrowings by the Canadian Borrower, bankers’ acceptance (“BA”) rate, Canadian prime rate or Canadian base rate plus, in each case, an applicable margin; or
- in the case of borrowings by the European Borrower, LIBOR plus an applicable margin.

The applicable margin may vary between 1.50% and 2.00% with respect to the LIBOR or BA-based borrowings and between 0.50% and 1.00% with respect to base rate, Canadian prime rate and Canadian base rate borrowings. The applicable margin is subject, in each case, to quarterly pricing adjustments based on usage over the immediately preceding quarter.
In addition to paying interest on outstanding principal under our Senior ABL Facility, the Borrowers are required to pay a fee in respect of committed but unused commitments. The Borrowers are also required to pay a fee on outstanding letters of credit under our Senior ABL Facility together with customary issuance and other letter of credit fees. Our Senior ABL Facility also required the payment of customary agency and administrative fees.
The Borrowers are able to voluntarily reduce the unutilized portion of the commitment amount and repay outstanding loans, in each case, in whole or in part, at any time without premium or penalty (other than customary breakage and related reemployment costs with respect to repayments of any outstanding borrowings).
Covenants; Events of Default. Our Senior ABL Facility includes affirmative and negative covenants that impose substantial restrictions on our financial and business operations, including our ability to incur and secure debt, make investments, sell assets, pay dividends or make acquisitions. Our Senior ABL Facility also includes a requirement to

maintain a monthly fixed charge coverage ratio of no less than 1.0 to 1.0 when availability under our Senior ABL Facility is less than specified levels or an event of default has occurred. Our Senior ABL Facility also contains various events of default that are customary for comparable facilities.

Our current revenue forecast for 2016 is determined from specific platform volume projections consistent with a North American and European light vehicle production estimate of 18.2 million units and 21.2 million units, respectively. Adverse

changes to the vehicle production levels could have a negative impact on our future sales, liquidity, results of operations and ability to comply with our debt covenants under our Senior ABL Facility or any future financing arrangements we enter into. In addition to the potential impact of changes on our sales, our current operating performance and future compliance with the covenants under our Senior ABL Facility or any future financing arrangements we enter into are dependent upon a number of other external and internal factors, such as changes in raw material costs, changes in foreign currency rates, our ability to execute our cost savings initiatives, our ability to implement and achieve the savings expected by the changes in our operating structure and other factors beyond our control.

Term Loan Facility

On April 4, 2014, certain subsidiaries of the Company entered into a Term Loan Facility in order to (i) refinance the $8\frac{1}{2}\%$ Senior Notes due 2018 (“Senior Notes”) and $7\frac{7}{8}\%$ Senior PIK Toggle Notes due 2018 (“Senior PIK Toggle Notes”), including applicable call premiums and accrued and unpaid interest, (ii) pay related fees and expenses and (iii) provide for working capital and other general corporate purposes. The Term Loan Facility provides for loans in an aggregate principal amount of $750.0 million and may be increased (or a new term loan facility added) by an amount that will not cause the consolidated first lien debt ratio to exceed 2.25 to 1.00 plus $300.0 million. All obligations of the borrower are guaranteed jointly and severally on a senior secured basis by the direct parent company of the borrower and each existing and subsequently acquired direct or indirect wholly-owned U.S. restricted subsidiary of the borrower. The obligations are secured by amongst other items (a) a first priority security interest (subject to permitted liens and other customary exceptions) on (i) all the capital stock in restricted subsidiaries directly held by the borrower and each of the guarantors (limited to 65% of the capital stock of any Foreign subsidiaries), (ii) substantially all plant, material owned real property located in the U.S. and equipment of the borrower and the guarantors and (iii) all other personal property of the borrower and the guarantors, and (b) a second priority security interest (subject to permitted liens and other customary exceptions) in accounts receivable of the borrowers and the guarantors arising from the sale of goods and services, inventory, excluding certain collateral and subject to certain limitations. Loans under the Term Loan Facility bear interest at a rate equal to, at the Borrower’s option, LIBOR, subject to a 1.00% LIBOR Floor, plus an applicable margin of 3.00% or the base rate option (the highest of the Federal Funds rate plus 0.50%, prime rate, or one-month Eurodollar rate plus 1.00%), plus an applicable margin of 2.00%. The Term Loan Facility matures on April 4, 2021. On April 4, 2014, the aggregate principal amount of $750.0 million was fully drawn to extinguish the Senior PIK Toggle Notes and the Senior Notes and to pay related fees and expenses. Debt issuance costs of approximately $7.9 million were incurred on this transaction, along with the original issue discount of $3.8 million. Both the debt issuance costs and the original issue discount will be amortized into interest expense over the term of the Term Loan Facility. As of December 31, 2015, the principal amount of $738.8 million was outstanding. As of December 31, 2015, the Company had $2.8 million of unamortized original issue discount.

Off-Balance Sheet Arrangements

As a part of our working capital management, we sell certain receivables through third party financial institutions without recourse. The amount sold varies each month based on the amount of underlying receivables and cash flow needs. At December 31, 2015 and 2014, we had $63.5 million and $96.0 million, respectively, of receivables outstanding under receivable transfer agreements entered into by various locations. For the years ended December 31, 2015 and 2014, total accounts receivables factored were $264.8 million and $509.3 million, respectively. Costs incurred on the sale of receivables were $2.1 million, $3.3 million and $2.9 million for the years ended December 31, 2015, 2014 and 2013, respectively. These amounts are recorded in other income (expense), net and interest expense, net of interest income in the consolidated statements of net income. These are permitted transactions under our credit agreement governing our Senior ABL Facility and Term Loan Facility.

As of December 31, 2015, we had no other material off-balance sheet arrangements.

Working capital

Historically, we have not generally experienced difficulties in collecting our accounts receivable, other than the dynamics associated with a global economic downturn which impact both the amount of our receivables and adversely impacts the ability of our customers to pay within normal terms. We believe that we currently have a strong working

capital position. As of December 31, 2015, we had cash and cash equivalents of $378.2 million.

Contractual Obligations

Our contractual cash obligations consist of legal commitments requiring us to make fixed or determinable cash payments, regardless of the contractual requirements of the vendor to provide future goods or services. Except as otherwise disclosed, this table does not include information on our recurring purchase of materials for use in production because our raw materials purchase contracts typically do not require fixed or minimum quantities.

The following table summarizes the total amounts due as of December 31, 2015 under all debt agreements, commitments and other contractual obligations.

	Payment due by period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
	(dollar amounts in millions)				
Debt obligations	$738.8	$7.5	$15.0	$15.0	$701.3
Interest on debt obligations	155.5	29.8	58.8	57.6	9.3
Operating lease obligations	85.5	24.5	28.0	18.5	14.5
Other obligations [1]	48.1	39.7	4.4	4.0	—
Total	$1,027.9	$101.5	$106.2	$95.1	$725.1

[1] Represents borrowings and capital lease obligations.

In addition to our contractual obligations and commitments set forth in the table above, we have employment arrangements with certain key executives that provide for continuity of management. These arrangements include payments of multiples of annual salary, certain incentives and continuation of benefits upon the occurrence of specified events in a manner that is believed to be consistent with comparable companies.

We also have minimum funding requirements with respect to our pension obligations. We expect to make minimum cash contributions of approximately $2.3 million to our foreign pension plan asset portfolios in 2016. We do not expect to make cash contributions to our U.S. pension plans in 2016. Our minimum funding requirements after 2016 will depend on several factors, including the investment performance of our retirement plans and prevailing interest rates. Our funding obligations may also be affected by changes in applicable legal requirements. Further, we expect to make cash contributions of $3.9 million to certain of our unfunded pension plans in 2016. We also have payments due with respect to our postretirement benefit obligations. We do not prefund our postretirement benefit obligations. Rather, payments are made as costs are incurred by covered retirees. We expect other postretirement benefit net payments to be approximately $2.6 million in 2016.

We may be required to make significant cash outlays due to our unrecognized tax benefits. However, due to the uncertainty of the timing of future cash flows associated with our unrecognized tax benefits, we are unable to make reasonably reliable estimates of the period of cash settlement, if any, with the respective taxing authorities. Accordingly, unrecognized tax benefits of $7.8 million as of December 31, 2015 have been excluded from the contractual obligations table above. See Note 10. “Income Taxes” to the consolidated financial statements for additional information.

In addition, excluded from the contractual obligation table are open purchase orders at December 31, 2015 for raw materials, supplies and capital expenditures in the normal course of business, supply contracts with customers, distribution agreements, joint venture agreements and other contracts without express funding requirements.

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, acquisition related costs and non-cash stock based compensation.

We calculate EBITDA and Adjusted EBITDA by adjusting net income (loss) to eliminate the impact of items we do not consider indicative of our ongoing operating performance. 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 Term Loan Facility and Senior ABL Facility;
- 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 unusual or nonrecurring items.

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

	Year Ended December 31,		
	2015	2014	2013
	(dollar amounts in thousands)		
Net income attributable to Cooper-Standard Holdings Inc.	$111,880	$42,779	$47,941
Income tax expense	41,218	42,810	45,599
Interest expense, net of interest income	38,331	45,604	54,921
Depreciation and amortization	114,427	112,580	111,028
EBITDA	$305,856	$243,773	$259,489
Restructuring (1)	53,844	17,188	21,192
Impairment charges (2)	21,611	26,273	—
Gain on remeasurement of previously held equity interest (3)	(14,199)	—	—
Gain on divestiture (4)	(8,033)	(14,568)	—
Loss on extinguishment of debt (5)	—	30,488	—
Amortization of inventory write-up (6)	1,419	—	—
Settlement charges (7)	—	3,637	—
Stock-based compensation (8)	(71)	2,770	5,225
Acquisition costs	1,637	740	946
Other	301	1,236	515
Adjusted EBITDA	$362,365	$311,537	$287,367

(1) Includes non-cash restructuring and is net of non-controlling interest.

(2) Impairment charges in 2015 related to fixed assets of $13,630 and intangible assets of $7,981. Impairment charges in 2014 related to fixed assets of $24,573 and intangible assets of $1,700.

(3) Gain on remeasurement of previously held equity interest in Shenya.

(4) Gain on sale of hard coat plastic exterior trim business in 2015 and thermal and emissions product line in 2014.

(5) Loss on extinguishment of debt relating to the repurchase of our Senior Notes and Senior PIK Toggle Notes.

(6) Amortization of write-up of inventory to fair value for the Shenya acquisition.

(7) Settlement charges relating to the US pension plans that were amended to offer a one-time voluntary lump sum window to certain terminated vested participants.

(8) Non-cash stock amortization expense and non-cash stock option expense for grants issued at emergence from bankruptcy.

Raw Materials and Manufactured Components

The principal raw materials for our business include EPDM and synthetic rubber, components manufactured from carbon steel, plastic resins and components, carbon black, process oils, components manufactured from aluminum and natural rubber. We manage the procurement of our raw materials to assure supply and to obtain the most favorable total cost of ownership. Procurement arrangements include short-term and long-term supply agreements that may contain formula-based pricing based on commodity indices. These arrangements provide quantities needed to satisfy normal manufacturing demands.

We believe we have adequate sources for the supply of raw materials and components for our products with suppliers located around the world. We often use offshore suppliers for machined components, die castings and other labor-intensive, economically freighted products in our North American and European facilities.

Extreme fluctuations in material pricing have occurred in recent years, adding challenges in forecasting supply costs. Our inability generally to recover higher than anticipated material costs from our customers could impact our profitability.

Seasonal Trends

Historically, sales to automotive customers are lowest during the months prior to model changeovers and during assembly plant shutdowns. However, economic conditions and consumer demand may change the traditional seasonality of the industry, and lower production may prevail without the impact of seasonality. In the past, model changeover periods have

32

typically resulted in lower sales volumes during July, August and December. During these periods of lower sales volumes, profit performance is reduced but working capital often improves due to the continued collection of accounts receivable.

Critical Accounting Policies and Estimates

Our accounting policies are more fully described in Note 2. "Significant Accounting Policies," to the consolidated financial statements. Application of these accounting policies requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses during the reporting period. Management bases its estimates and judgments on historical experience and on other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. We believe that, of our significant accounting policies, the following may involve a higher degree of judgment or estimation than other accounting policies.

Pre-Production Costs Related to Long Term Supply Arrangements. Costs for molds, dies and other tools owned by us to produce products under long-term supply arrangements are recorded at cost in property, plant, and equipment and amortized over the lesser of three years or the term of the related supply agreement. We expense all pre-production tooling costs related to customer-owned tools for which reimbursement is not contractually guaranteed by the customer.

Goodwill. As of December 31, 2015 and 2014, we had recorded goodwill of approximately $149.2 million and $135.2 million, respectively. Goodwill is not amortized but is tested for impairment, either annually or when events or circumstances indicate that impairment may exist. We evaluate each reporting unit's fair value versus its carrying value annually or more frequently if events or changes in circumstances indicate that the carrying value may exceed the fair value of the reporting unit. Estimated fair values are based on the cash flows projected in the reporting units' strategic plans and long-range planning forecasts discounted at a risk-adjusted rate of return. We assess the reasonableness of these estimated fair values using market based multiples of comparable companies. If the carrying value exceeds the fair value, an impairment loss is measured and recognized. Goodwill fair value measurements are classified within Level 3 of the fair value hierarchy, which are generally determined using unobservable inputs. We conduct our annual goodwill impairment as of October 1st of each year.

Our annual goodwill impairment analysis, completed as of the first day of the fourth quarter, resulted in no impairment for 2015 or 2014.

Long-Lived Assets. We monitor our long-lived assets for impairment indicators on an ongoing basis in accordance with ASC 360, "Property, Plant, and Equipment." If impairment indicators exist, we perform the required analysis by comparing the undiscounted cash flows expected to be generated from the long-lived assets to the related net book values. If the net book value exceeds the undiscounted cash flows, an impairment loss is measured and recognized. An impairment loss is measured as the difference between the net book value and the fair value of the long-lived assets. Fair value is estimated based upon either discounted cash flow analysis or estimated salvage values. Cash flows are estimated using internal budgets based on recent sales data, independent automotive production volume estimates and customer commitments, as well as assumptions related to discount rates. Changes in economic or operating conditions impacting these estimates and assumptions could result in the impairment of long-lived assets. During 2015, we impaired property, plant and equipment at our South American and European facilities with a carrying value of $36.2 million to their fair value of $22.6 million, resulting in an impairment charge of $13.6 million. Fair value was determined using the estimated salvage values. Additionally, customer relationship intangible assets in South America were fully impaired, resulting in an impairment charge of $8.0 million.

Restructuring. Specific accruals have been recorded in connection with restructuring initiatives. These accruals include estimates principally related to employee separation costs, the closure and/or consolidation of facilities, contractual obligations and the valuation of certain assets. Actual amounts recognized could differ from the original estimates. Restructuring-related reserves are reviewed on a quarterly basis, and changes to plans are appropriately recognized when identified. Changes to plans associated with the restructuring of existing businesses are generally recognized as employee separation and plant phase-out costs in the period the change occurs. See Note 4.

“Restructuring” to the consolidated financial statements for additional information.
Revenue Recognition and Sales Commitments. We generally enter into agreements with our customers to produce products at the beginning of a vehicle’s life. Although such agreements do not generally provide for minimum quantities, once we enter into such agreements, fulfillment of our customers’ purchasing requirements can be our obligation for an extended period or the entire production life of the vehicle. These agreements generally may be terminated by our customer at any time. Historically, terminations of these agreements have been minimal. In certain limited instances, we may be committed under existing agreements to supply products to our customers at selling prices which are not sufficient to cover the direct cost to produce such products. In such situations, we recognize losses as they are incurred.

We receive blanket purchase orders from many of our customers on an annual basis. Generally, such purchase orders and related documents set forth the annual terms, including pricing, related to a particular vehicle model. Such purchase orders generally do not specify quantities. We recognize revenue based on the pricing terms included in our annual purchase orders as our products are shipped to our customers. As part of certain agreements, we are asked to provide our customers with annual cost reductions. We accrue for such amounts as a reduction of revenue as our products are shipped to our customers. In addition, we generally have ongoing adjustments to our pricing arrangements with our customers based on the related content and cost of our products. Such pricing accruals are adjusted as they are settled with our customers.

Income Taxes. In determining the provision for income taxes for financial statement purposes, we make estimates and judgments which affect our evaluation of the carrying value of our deferred tax assets as well as our calculation of certain tax liabilities. In accordance with ASC Topic 740, Accounting for Income Taxes, we evaluate the carrying value of our deferred tax assets on a quarterly basis. In completing this evaluation, we consider all available positive and negative evidence. Such evidence includes historical operating results, the existence of cumulative earnings and losses in the most recent fiscal years, expectations for future pretax operating income, the time period over which our temporary differences will reverse, and the implementation of feasible and prudent tax planning strategies. Deferred tax assets are reduced by a valuation allowance if, based on the weight of this evidence, it is more likely than not that all or a portion of the recorded deferred tax assets will not be realized in future periods.

Concluding that a valuation allowance is not required is difficult when there is significant negative evidence which is objective and verifiable, such as cumulative losses in recent years. The Company utilizes three years cumulative pre-tax book results adjusted for significant permanent book to tax differences as a measure of cumulative results in recent years. In certain foreign jurisdictions, our analysis indicates that we have cumulative three year historical losses on this basis. This is considered significant negative evidence which is difficult to overcome. However, the three-year loss position is not solely determinative, and, accordingly, management considers all other available positive and negative evidence in its analysis. Based upon this analysis, management concluded that it is more likely than not that the net deferred tax assets in certain foreign jurisdictions may not be realized in the future. Accordingly, the Company continues to maintain a valuation allowance related to those net deferred tax assets.

We continue to maintain a valuation allowance related to our net deferred tax assets in several foreign jurisdictions. As of December 31, 2015, we had valuation allowances of $137.0 million related to tax loss and credit carryforwards and other deferred tax assets in several foreign jurisdictions. Our valuation allowance decreased in 2015 primarily as a result of foreign currency, as well as the release of valuation allowances against our net deferred tax asset in certain foreign jurisdictions partially offset by current year losses with no benefit in certain foreign jurisdictions. The effective tax rate in the year ended December 31, 2015 was impacted by a tax benefit of $14.9 million resulting from changes in judgment related to deferred tax asset valuation allowances. Our current and future provision for income taxes is significantly impacted by the initial recognition of and changes in valuation allowances in certain countries. We intend to maintain these allowances until it is more likely than not that the deferred tax assets will be realized. Our future provision for income taxes will include no tax benefit with respect to losses incurred and no tax expense with respect to income generated in these countries until the respective valuation allowance is eliminated.

In addition, the calculation of our tax benefits and liabilities includes uncertainties in the application of complex tax regulations in a multitude of jurisdictions across our global operations. We recognize tax benefits and liabilities based on our estimate of whether and the extent to which additional taxes will be due. We adjust these liabilities based on changing facts and circumstances; however, due to the complexity of some of these uncertainties and the impact of any tax audits, the ultimate resolutions may be materially different from our estimated liabilities. See Note 10. "Income Taxes" to the consolidated financial statements for additional information.

Pensions and Postretirement Benefits Other Than Pensions. Included in our results of operations are significant pension and postretirement benefit costs, which are measured using actuarial valuations. Inherent in these valuations are key assumptions, including assumptions about discount rates and expected returns on plan assets. These assumptions are determined as of the current year measurement date. We are required to consider current market conditions, including changes in interest rates, in making these assumptions. Changes in pension and postretirement benefit costs may occur in the future due to changes in these assumptions. Our net pension and postretirement benefit

costs were approximately $4.9 million and $1.3 million, respectively, for the year ended December 31, 2015.

To develop the discount rate for each plan, the expected cash flows underlying the plan's benefit obligations were discounted using a December 31, 2015 pension index to determine a single equivalent rate. To develop our expected return on plan assets, we considered historical long-term asset return experience, the expected investment portfolio mix of plan assets and an estimate of long-term investment returns. To develop our portfolio of plan assets, we considered the duration of the plan liabilities and gave more weight to equity positions, including both public and private equity investments, than to fixed-income securities. Holding all other assumptions constant, a 1% increase or decrease in the discount rate would have decreased or increased the fiscal 2016 net periodic benefit cost expense by approximately $0.9 million or $1.2 million, respectively. Likewise, a 1% increase or decrease in the expected return on plan assets would have decreased or increased the fiscal 2016 net periodic benefit cost by approximately $3.1 million. Decreasing or increasing the discount rate by 1% would have increased or decreased the projected benefit obligations by approximately $67.9 million or $54.9 million, respectively. Aggregate pension net periodic benefit cost is forecasted to be approximately $6.7 million in 2016.

The expected annual rate of increase in health care costs is approximately 5.97% for 2015 (5.96% for the United States, 6.00% for Canada), grading down to 5% in 2018, and was held constant at 5.00% for years past 2018. These trend rates were assumed to reflect market trend, actual experience and future expectations. The health care cost trend rate assumption has a significant effect on the amounts reported. Only certain employees hired are eligible to participate in our subsidized postretirement plan. A 1% change in the assumed health care cost trend rate would have increased or decreased the fiscal 2016 service and interest cost components by $0.2 million in each case, and the projected benefit obligations would have increased or decreased by $3.1 million or $2.5 million, respectively. Aggregate other postretirement net periodic benefit cost is forecasted to be approximately $0.7 million in 2016.

The general funding policy is to contribute amounts deductible for United States federal income tax purposes or amounts required by local statute.

Recent Accounting Pronouncements

See Note 2. "Significant Accounting Policies" to the consolidated financial statements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to fluctuations in interest rates, currency exchange rates and commodity prices. We actively monitor our exposure to risk from changes in foreign currency exchange rates and interest rates through the use of derivative financial instruments in accordance with management's guidelines. We do not enter into derivative instruments for trading purposes. See Item 8. "Financial Statements and Supplementary Data," specifically Note 20. "Fair Value Measurements and Financial Instruments" to the consolidated financial statements.

Foreign Currency Exchange Rate Risk. We use forward foreign exchange contracts to reduce the effect of fluctuations in foreign exchange rates on a portion of forecasted material purchases and operating expenses. As of December 31, 2015, the notional amount of these contracts was $29.3 million. As of December 31, 2015, the fair value of the Company's forward foreign exchange contracts was an asset of $0.8 million.

In addition to transactional exposures, our operating results are impacted by the translation of our foreign operating income into U.S. dollars. In 2015, net sales outside of the United States accounted for 73% of our consolidated net sales, although certain non-U.S. sales are U.S. dollar denominated. We do not enter into foreign exchange contracts to mitigate this exposure.

Interest Rates. In August 2014, the Company entered into interest rate swap transactions to manage cash flow variability associated with its variable rate Term Loan Facility. The interest rate swap contracts, which fix the interest payments of variable rate debt instruments, are used to manage exposure to fluctuations in interest rates. At December 31, 2015, the notional amount of these contracts was $300.0 million. As of December 31, 2015, the fair value of the Company's interest rate swaps was a liability of $4.7 million.

Commodity Prices. We have commodity price risk with respect to purchases of certain raw materials, including natural gas and carbon black. Raw material, energy and commodity costs have been extremely volatile over the past several years. Historically, we have used derivative instruments to reduce our exposure to fluctuations in certain commodity prices. We did not enter into any commodity derivative instruments in 2015. We will continue to evaluate, and may use, derivative financial instruments to manage our exposure to higher raw material, energy and commodity prices in the future.

35

Item 8. Financial Statements and Supplementary Data

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Annual Financial Statements

	Page
Report of Ernst & Young LLP, Independent Registered Public Accounting Firm	37
Report of Ernst & Young LLP, Independent Registered Public Accounting Firm, Internal Control over Financial Reporting	38
Consolidated statements of net income for the years ended December 31, 2015, 2014 and 2013	39
Consolidated statements of comprehensive income (loss) for the years ended December 31, 2015, 2014 and 2013	40
Consolidated balance sheets as of December 31, 2015 and December 31, 2014	41
Consolidated statements of changes in equity for the years ended December 31, 2015, 2014 and 2013	42
Consolidated statements of cash flows for the years ended December 31, 2015, 2014 and 2013	43
Notes to consolidated financial statements	44
Schedule II—Valuation and Qualifying Accounts	76

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of Cooper-Standard Holdings Inc.

We have audited the accompanying consolidated balance sheets of Cooper-Standard Holdings Inc. (the "Company") as of December 31, 2015 and 2014, and the related consolidated statements of net income, comprehensive income (loss), changes in equity and cash flows for each of the three years in the period ended December 31, 2015. Our audits also included the financial statement schedule listed in the index at Item 15(a) 2. These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Cooper-Standard Holdings Inc. at December 31, 2015 and 2014, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Cooper-Standard Holdings Inc.'s internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 23, 2016 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
Detroit, Michigan
February 23, 2016

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of Cooper-Standard Holdings Inc.

We have audited Cooper-Standard Holdings Inc.'s internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). Cooper-Standard Holdings Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As indicated in the accompanying Management's Report on Internal Control Over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Huayu-Cooper Standard Sealing Systems Co. ("Shenya"), which is included in the 2015 consolidated financial statements of Cooper-Standard Holdings Inc. and constituted 9% of total assets as of December 31, 2015 and 5% of revenues and net income, for the year then ended. Our audit of internal control over financial reporting of Cooper-Standard Holdings Inc. also did not include an evaluation of the internal control over financial reporting of Shenya.

In our opinion, Cooper-Standard Holdings Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on the COSO criteria. We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Cooper-Standard Holdings Inc. as of December 31, 2015 and 2014, and the related consolidated statements of net income, comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2015, and our report dated February 23, 2016 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Detroit, Michigan

February 23, 2016

COOPER-STANDARD HOLDINGS INC.
CONSOLIDATED STATEMENTS OF NET INCOME
(Dollar amounts in thousands except per share amounts)

	Year Ended December 31,		
	2015	2014	2013
Sales	$3,342,804	$3,243,987	$3,090,542
Cost of products sold	2,755,691	2,734,558	2,617,804
Gross profit	587,113	509,429	472,738
Selling, administration & engineering expenses	329,922	301,724	293,446
Amortization of intangibles	13,892	16,437	15,431
Impairment charges	21,611	26,273	—
Restructuring charges	53,844	17,414	21,720
Other operating profit	(8,033)	(16,927)	—
Operating profit	175,877	164,508	142,141
Interest expense, net of interest income	(38,331)	(45,604)	(54,921)
Equity earnings	5,683	6,037	11,070
Other income (expense), net	9,759	(36,658)	(7,437)
Income before income taxes	152,988	88,283	90,853
Income tax expense	41,218	42,810	45,599
Net income	111,770	45,473	45,254
Net loss (income) attributable to noncontrolling interests	110	(2,694)	2,687
Net income attributable to Cooper-Standard Holdings Inc.	$111,880	$42,779	$47,941
Net income available to Cooper-Standard Holdings Inc. common stockholders	$111,880	$42,779	$35,054
Earnings per share			
Basic	$6.50	$2.56	$2.39
Diluted	$6.08	$2.39	$2.24

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

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

	Year Ended December 31,		
	2015	2014	2013
Net income	$111,770	$45,473	$45,254
Other comprehensive income (loss):			
Currency translation adjustment	(80,331)	(56,162)	(12,550)
Benefit plan liabilities, net of tax[1]	2,737	(53,455)	30,612
Fair value change of derivatives, net of tax[2]	(269)	(2,011)	(250)
Other comprehensive (loss) income, net of tax	(77,863)	(111,628)	17,812
Comprehensive income (loss)	33,907	(66,155)	63,066
Comprehensive loss (income) attributable to noncontrolling interests	451	(2,615)	2,629
Comprehensive income (loss) attributable to Cooper-Standard Holdings Inc.	$34,358	$(68,770)	$65,695

(1) Other comprehensive income (loss) related to the benefit plan liabilities is net of a tax effect of $2,051, $19,096 and $(17,224) for the years ended December 31, 2015, 2014 and 2013, respectively.

(2) Other comprehensive income (loss) related to the fair value change of derivatives is net of a tax effect of $299, $1,253 and $99 for the years ended December 31, 2015, 2014 and 2013, respectively.

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

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

	December 31, 2015	2014
Assets		
Current assets:		
Cash and cash equivalents	$378,243	$267,270
Accounts receivable, net	455,187	377,032
Tooling receivable	102,877	124,015
Inventories	149,645	166,531
Prepaid expenses	30,016	25,626
Other	73,513	93,524
Total current assets	1,189,481	1,053,998
Property, plant and equipment, net	765,369	716,013
Goodwill	149,219	135,169
Intangibles, net	70,702	82,309
Deferred tax assets	49,299	41,059
Other assets	80,222	97,082
Total assets	$2,304,292	$2,125,630
Liabilities and Equity		
Current liabilities:		
Debt payable within one year	$45,494	$35,631
Accounts payable	400,604	322,422
Payroll liabilities	127,609	94,986
Accrued liabilities	107,713	75,005
Total current liabilities	681,420	528,044
Long-term debt	732,418	743,106
Pension benefits	176,525	191,805
Postretirement benefits other than pensions	52,963	60,287
Deferred tax liabilities	4,914	5,001
Other liabilities	41,253	44,692
Total liabilities	1,689,493	1,572,935
Redeemable noncontrolling interest	—	3,981
7% Cumulative participating convertible preferred stock, $0.001 par value, 10,000,000 shares authorized; no shares outstanding	—	—
Equity:		
Common stock, $0.001 par value, 190,000,000 shares authorized; 19,105,251 shares issued and 17,458,945 outstanding at December 31, 2015 and 18,685,634 shares issued and 17,039,328 outstanding at December 31, 2014	17	17
Additional paid-in capital	513,764	492,959
Retained earnings	306,713	195,233
Accumulated other comprehensive loss	(217,065)	(139,243)
Total Cooper-Standard Holdings Inc. equity	603,429	548,966
Noncontrolling interests	11,370	(252)
Total equity	614,799	548,714
Total liabilities and equity	$2,304,292	$2,125,630

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

41

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

		Total Equity							
	Redeemable Noncontrolling Interests	Common Shares	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Cooper-Standard Holdings Inc. Equity	Noncontrolling Interest	Total Equity
Balance at December 31, 2012	$ 14,194	17,275,852	$ 16	$ 471,851	$ 201,907	$ (45,448)	$ 628,326	$ 905	$ 629,231
Shares issued under stock option plans	—	32,176	—	(702)	—	—	(702)	—	(702)
Repurchase of common stock	—	(5,044,109)	(5)	(122,067)	(95,477)	—	(217,549)	—	(217,549)
Converted preferred stock shares	—	4,130,742	4	121,908	—	—	121,912	—	121,912
Warrant exercise	—	419,124	1	11,252	—	—	11,253	—	11,253
Stock based compensation, net	—	(137,246)	1	7,695	(2,011)	—	5,685	—	5,685
Preferred stock dividends	—	—	—	—	(4,454)	—	(4,454)	—	(4,454)
Remeasurement of redeemable noncontrolling interest	(8,249)	—	—	—	8,869	—	8,869	(620)	8,249
Purchase of noncontrolling interest	—	—	—	(885)	—	—	(885)	(1,026)	(1,911)
Net income (loss) for 2013	(126)	—	—	—	47,941	—	47,941	(2,561)	45,380
Other comprehensive income (loss)	(666)	—	—	—	—	17,754	17,754	724	18,478
Balance at December 31, 2013	5,153	16,676,539	17	489,052	156,775	(27,694)	618,150	(2,578)	615,572
Shares issued under stock option plans	—	42,014	—	(1,307)	—	—	(1,307)	—	(1,307)
Repurchase of common stock	—	(96,622)	—	(2,338)	(2,824)	—	(5,162)	—	(5,162)
Warrant exercise	—	425,886	—	9,022	—	—	9,022	—	9,022
Stock based compensation,	—	(8,489)	—	11,458	(1,497)	—	9,961	—	9,961

net									
Excess tax benefit on stock options	—	—	—	4,098	—	—	4,098	—	4,098
Purchase of noncontrolling interest	—	—	—	(17,026)	—	—	(17,026)	(1,461)	(18,487)
Net income (loss) for 2014	(1,110)	—	—	—	42,779	—	42,779	3,804	46,583
Other comprehensive loss	(62)	—	—	—	—	(111,549)	(111,549)	(17)	(111,566)
Balance at December 31, 2014	3,981	17,039,328	17	492,959	195,233	(139,243)	548,966	(252)	548,714
Shares issued under stock option plans	—	20,960	—	(289)	—	—	(289)	—	(289)
Warrant exercise		344,159	—	9,277	—	—	9,277	—	9,277
Stock based compensation, net	—	54,498	—	8,635	(400)	—	8,235	—	8,235
Excess tax benefit on stock options	—	—	—	320	—	—	320	—	320
Acquisition	—	—	—	—	—	—	—	11,836	11,836
Purchase of noncontrolling interest	(3,936)	—	—	2,862	—	(300)	2,562	192	2,754
Net income (loss) for 2015	(45)	—	—	—	111,880	—	111,880	(65)	111,815
Other comprehensive loss	—	—	—	—	—	(77,522)	(77,522)	(341)	(77,863)
Balance at December 31, 2015	$ —	17,458,945	$ 17	$ 513,764	$ 306,713	$ (217,065)	$ 603,429	$ 11,370	$ 614,799

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

42

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

	Year Ended December 31,		
	2015	2014	2013
Operating Activities:			
Net income	$111,770	$45,473	$45,254
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	100,535	96,143	95,597
Amortization of intangibles	13,892	16,437	15,431
Impairment charges	21,611	26,273	—
Stock-based compensation expense	13,955	12,587	11,576
Equity earnings, net of dividends related to earnings	(3,766)	(3,767)	(5,723)
Loss on extinguishment of debt	—	30,488	—
Gain on divestitures and sale of investment in affiliate	(8,033)	(18,809)	—
Gain on remeasurement of previously held equity interest	(14,199)	—	—
Deferred income taxes	(2,698)	8,816	27,479
Other	725	542	2,902
Changes in operating assets and liabilities:			
Accounts and tooling receivable	(72,546)	(17,934)	(49,786)
Inventories	12,848	888	(31,823)
Prepaid expenses	5,348	277	(5,981)
Accounts payable	61,063	(11,460)	58,369
Accrued liabilities	75,424	(3,674)	(7,939)
Other	(45,544)	(11,231)	(22,099)
Net cash provided by operating activities	270,385	171,049	133,257
Investing activities:			
Capital expenditures, including other intangible assets	(166,267)	(192,089)	(183,336)
Proceeds from divestitures and sale of investment in affiliate	33,500	50,602	—
Acquisition of businesses, net of cash acquired	(34,396)	(21,217)	(13,504)
Investment in joint ventures	(4,300)	—	—
Return on equity investments	—	951	2,120
Proceeds from sale of fixed assets and other	5,069	4,357	3,636
Net cash used in investing activities	(166,394)	(157,396)	(191,084)
Financing activities:			
Proceeds from issuance of long-term debt, net of debt issuance costs	—	737,462	—
Repurchase of Senior Notes and Senior PIK Toggle Notes	—	(675,615)	—
Proceeds from issuance of Senior PIK Toggle Notes, net of debt issuance costs	—	—	194,357
Purchase of noncontrolling interest	(1,262)	(18,487)	(1,911)
Repurchase of common stock	—	(5,162)	(217,549)
Proceeds from exercise of warrants	9,277	9,022	11,253
Increase (decrease) in short term debt, net	(9,008)	334	(486)
Borrowings on long-term debt	151	6,609	7,073
Principal payments on long-term debt	(8,863)	(4,273)	(3,930)
Preferred stock cash dividends paid	—	—	(4,747)
Taxes withheld and paid on employees' share based payment awards	(2,028)	(4,214)	(5,985)
Excess tax benefits on stock options	320	4,098	—

Other	(177)	(363)	(1,122)
Net cash provided by (used in) financing activities	(11,590)	49,411	(23,047)
Effects of exchange rate changes on cash and cash equivalents	18,572	19,836	(5,311)
Changes in cash and cash equivalents	110,973	82,900	(86,185)
Cash and cash equivalents at beginning of period	267,270	184,370	270,555
Cash and cash equivalents at end of period	$378,243	$267,270	$184,370

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollar amounts in thousands except per share and share amounts)

1. Description of Business
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, fluid transfer, and anti-vibration 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.
The Company believes that it is the largest global producer of sealing systems, the second largest global producer of the types of fuel and brake delivery products that they manufacture, the third largest global producer of fluid transfer systems, and one of the largest North American producers of anti-vibration systems. The Company designs and manufactures its products in each major region of the world through a disciplined and sustained approach to engineering and operational excellence. The Company operates in 79 manufacturing locations and 19 design, engineering, administrative and logistics locations in 20 countries around the world.
2. Basis of Presentation and Summary of Significant Accounting Policies
Basis of Presentation
The consolidated financial statement are prepared in accordance with United States generally accepted accounting principles ("U.S. GAAP").
Summary of Significant Accounting Policies
Principles of consolidation – The consolidated financial statements include the accounts of the Company and the wholly-owned and less than wholly-owned subsidiaries controlled by the Company. All material intercompany accounts and transactions have been eliminated. Acquired businesses are included in the consolidated financial statements from the dates of acquisition.
The equity method of accounting is followed for investments in which the Company does not have control, but does have the ability to exercise significant influence over operating and financial policies. Generally this occurs when ownership is between 20% to 50%. The cost method is followed in those situations where the Company does not have the ability to exercise significant influence over operating and financial policies, generally when ownership is less than 20%.
Foreign currency – The financial statements of foreign subsidiaries are translated to U.S. dollars at the end-of-period exchange rates for assets and liabilities and at a weighted average exchange rate for each period for revenues and expenses. Translation adjustments for those subsidiaries whose local currency is their functional currency are recorded as a component of accumulated other comprehensive income (loss) in stockholders' equity. Transaction related gains and losses arising from fluctuations in currency exchange rates on transactions denominated in currencies other than the functional currency are recognized in earnings as incurred, except for those intercompany balances which are designated as long-term.
Cash and cash equivalents – The Company considers highly liquid investments with an original maturity of three months or less to be cash equivalents.
Accounts receivable – The Company records trade accounts receivable when revenue is recorded in accordance with its revenue recognition policy and relieves accounts receivable when payments are received from customers. Accounts receivable are written off when it is apparent such amounts are not collectible. Generally, the Company does not require collateral for its accounts receivable, nor is interest charged on accounts receivable balances.
Allowance for doubtful accounts – An allowance for doubtful accounts is established through charges to the provision for bad debts when it is probable that the outstanding receivable will not be collected. The Company evaluates the adequacy of the allowance for doubtful accounts on a periodic basis, including historical trends in collections and write-offs, management's judgment of the probability of collecting accounts and management's evaluation of business risk. This evaluation is inherently subjective, as it requires estimates that are susceptible to revision as more information becomes available. The allowance for doubtful accounts was $4,087 and $4,331 at December 31, 2015

and 2014, respectively.

Advertising expense – Expenses incurred for advertising are generally expensed when incurred. Advertising expense was $3,418, $3,846 and $3,059 for the years ended December 31, 2015, 2014 and 2013, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollar amounts in thousands except per share and share amounts)

Inventories – Inventories are valued at lower of cost or market. Cost is determined using the first-in, first-out method. Finished goods and work-in-process inventories include material, labor and manufacturing overhead costs. The Company records inventory reserves for inventory in excess of production and/or forecasted requirements and for obsolete inventory.

	December 31,	
	2015	2014
Finished goods	$43,031	$45,485
Work in process	32,863	36,498
Raw materials and supplies	73,751	84,548
	$149,645	$166,531

Derivative financial instruments – Derivative financial instruments are utilized by the Company to reduce foreign currency exchange and interest rate risks. The Company has established policies and procedures for risk assessment and the approval, reporting and monitoring of derivative financial instrument activities. On the date the derivative is established, the Company designates the derivative as either a fair value hedge, a cash flow hedge or a net investment hedge in accordance with its established policy. The Company does not enter into derivative financial instruments for trading or speculative purposes.
Income taxes – Deferred tax assets or liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using enacted tax laws and rates. A valuation allowance is provided on deferred tax assets if the Company determines that it is more likely than not that the asset will not be realized.
Long-lived assets – Property, plant and equipment are recorded at cost and depreciated using primarily the straight-line method over their estimated useful lives. Leasehold improvements are amortized over the expected life of the asset or term of the lease, whichever is shorter. Intangibles with finite lives, which include technology and customer relationships, are amortized over their estimated useful lives. The Company evaluates the recoverability of long-lived assets when events and circumstances indicate that the assets may be impaired and the undiscounted net cash flows estimated to be generated by those assets are less than their carrying value. If the net carrying value exceeds the fair value, an impairment loss exists and is calculated based on a discounted cash flow analysis or estimated salvage value. Discounted cash flows are estimated using internal budgets and assumptions regarding discount rates and other factors.
Pre-production costs related to long term supply arrangements – Costs for molds, dies and other tools owned by the Company to produce products under long-term supply arrangements are recorded at cost in property, plant and equipment and amortized over the lesser of three years or the term of the related supply agreement. The amounts capitalized were $5,104 and $2,955 as of December 31, 2015 and 2014, respectively. The Company expenses all pre-production tooling costs related to customer-owned tools for which reimbursement is not contractually guaranteed by the customer. Reimbursable tooling costs are recorded in tooling receivable in the accompanying consolidated balance sheets if considered a receivable in the next twelve months. Tooling receivable for customer-owned tooling as of December 31, 2015 and 2014 was $102,877 and $124,015, respectively, of which $71,943 and $92,787, respectively, was not yet invoiced to the customer. Reimbursable tooling costs included in other assets in the accompanying consolidated balance sheets were $12,969 and $12,500 as of December 31, 2015 and 2014, respectively.
Goodwill – Goodwill is tested for impairment by reporting unit, either annually or when events or circumstances indicate that impairment may exist. The Company utilizes an income approach to estimate the fair value of each of its reporting units. The income approach is based on projected debt-free cash flow which is discounted to the present value using discount factors that consider the timing and risk of cash flows. The Company believes that this approach is appropriate because it provides a fair value estimate based upon the reporting unit's expected long-term operating cash flow performance. Fair value is estimated using recent automotive industry and specific platform production

volume projections, which are based on both third-party and internally-developed forecasts, as well as commercial, wage and benefit, inflation and discount rate assumptions. Other significant assumptions include the weighted average cost of capital, terminal value growth rate, terminal value margin rates, future capital expenditures and changes in future working capital requirements. While there are inherent uncertainties related to the assumptions used and to management’s application of these assumptions to this analysis, the Company believes that the income approach provides a reasonable estimate of the fair value of its reporting units. The guideline public company method, a form of the market approach, was used to corroborate the results of the Company’s income approach conclusions. The Company conducts its annual goodwill impairment analysis as of October 1st of each year.

The Company may first assess qualitative factors to determine if it is necessary to perform the two-step goodwill impairment test. The Company also has the option to bypass the qualitative assessment and proceed directly to the first step of the goodwill test. For 2015, the Company decided to bypass the qualitative assessment and proceed directly to the first step of

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollar amounts in thousands except per share and share amounts)

the goodwill impairment test. The first step of the goodwill impairment test compares the fair value of a reporting unit with its carrying amount, including goodwill. If the fair value exceeds the carrying value, then the Company concludes that no goodwill impairment has occurred. If the carrying value of the reporting unit exceeds its fair value, a second step is required to measure possible goodwill impairment loss. The second step includes hypothetically valuing the tangible and intangible assets and liabilities of the reporting unit as if the reporting unit had been acquired in a business combination. Then, the implied fair value of the reporting unit’s goodwill is compared to the carrying value of that goodwill. If the carrying value of the reporting unit’s goodwill exceeds the implied fair value of the goodwill, the Company would recognize an impairment loss in an amount equal to the excess, not to exceed the carrying value. The 2015, 2014 and 2013 annual goodwill impairment analyses resulted in no impairment.
Business combinations – The purchase price of an acquired business is allocated to its identifiable assets and liabilities based on estimated fair values. The excess of the purchase price over the amount allocated to the assets and liabilities, if any, is recorded as goodwill. Determining the fair values of assets acquired and liabilities assumed requires management's judgment, the utilization of independent appraisal firms and often involves the use of significant estimates and assumptions with respect to the timing and amount of future cash flows, market rate assumptions, actuarial assumptions, and appropriate discount rates, among other items.
Revenue recognition and sales commitments – Revenue is recognized when there is persuasive evidence of a sales agreement, the delivery of the goods has occurred, the sales price is fixed and determinable and collectability is reasonably assured. The Company generally enters into agreements with its customers to produce products at the beginning of a vehicle’s life. Although such agreements do not generally provide for minimum quantities, once the Company enters into such agreements, fulfillment of its customers’ purchasing requirements can be the Company's obligation for an extended period or the entire production life of the vehicle. These agreements generally may be terminated by the customer at any time. Historically, terminations of these agreements have been minimal. In certain limited instances, the Company may be committed under existing agreements to supply products to its customers at selling prices which are not sufficient to cover the direct cost to produce such products. In such situations, the Company recognize losses as they are incurred.
The Company receives blanket purchase orders from many of its customers on an annual basis. Generally, such purchase orders and related documents set forth the annual terms, including pricing, related to a particular vehicle model. Such purchase orders generally do not specify quantities. The Company recognizes revenue based on the pricing terms included in the annual purchase orders as products are shipped to the customers. As part of certain agreements, the Company is asked to provide its customers with annual cost reductions. The Company accrues for such amounts as a reduction of revenue as products are shipped to the customers. In addition, the Company generally has ongoing adjustments to pricing arrangements with its customers based on the related content and cost of the products. Such pricing adjustments are recorded when probable and estimable.
Shipping and handling – Amounts billed to customers related to shipping and handling are included in sales in the Company’s consolidated statements of net income. Shipping and handling costs are included in cost of products sold in the Company’s consolidated statements of net income.
Research and development – Costs are charged to selling, administration and engineering expenses as incurred and totaled $108,764, $101,982 and $103,475 for the years ended December 31, 2015, 2014 and 2013, respectively.
Stock-based compensation – The Company measures stock-based compensation expense at fair value and recognizes such expenses on a straight-line basis over the vesting period of the stock-based employee awards. See Note 18. “Stock-Based Compensation” for additional information.
Use of estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect reported amounts of revenues and expenses during the reporting period and assets and liabilities, as well as disclosure of contingent assets and liabilities, at the date of the financial statements. Considerable judgment is often involved in making such estimates, and the use of different assumptions could result in different conclusions. Management believes its assumptions and estimates are reasonable and appropriate. However, actual results could differ from those estimates.

Recent Accounting Pronouncements

In January 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-01, Financial Instruments-Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Liabilities. The guidance revises existing U.S. GAAP by requiring equity investments (excluding those accounted for under the equity method or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income, requiring entities to use the exit price notion when measuring the fair value of financial instruments for disclosure

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollar amounts in thousands except per share and share amounts)

purposes, requiring separate presentation of financial assets and financial liabilities by measurement category and form of financial asset and requiring separate presentation in other comprehensive income of the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk when the organization has elected to measure the liability at fair value. This guidance is effective for annual and interim reporting periods beginning after December 15, 2017. Early adoption of certain provisions is permitted. The Company is currently evaluating the impact of adopting this guidance on its consolidated financial statements.

In November 2015, the FASB issued ASU 2015-17, Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes. This ASU requires companies to present deferred tax assets and liabilities as noncurrent on the balance sheet instead of separating deferred taxes into current and noncurrent amounts. This guidance is effective for annual and interim reporting periods beginning after December 15, 2016. Early adoption is permitted. The Company adopted this guidance prospectively as of December 31, 2015, the impact of which is reflected in the consolidated balance sheet as of that date. As of December 31, 2014, the Company had $15,176 of deferred tax assets and $3,064 of deferred tax liabilities which remain classified as current in the consolidated balance sheet.

In July 2015, the FASB issued ASU 2015-16, Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments. This ASU requires an acquirer to recognize adjustments to estimated amounts identified during the measurement period in the reporting period in which the adjustment is determined and not restate prior amounts disclosed. This guidance is effective for annual and interim reporting periods beginning after December 15, 2015. Early adoption is permitted. The adoption of this ASU is not expected to have a material impact on the Company's consolidated financial statements.

In July 2015, the FASB issued ASU 2015-11, Inventory (Topic 330): Simplifying the Measurement of Inventory. This ASU requires entities to measure most inventory at the lower of cost and net realizable value. This guidance is effective for annual and interim reporting periods beginning after December 15, 2016. The Company is currently evaluating the impact of adopting this guidance on its consolidated financial statements.

In April 2015, the FASB issued ASU 2015-03, Interest: Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs, which requires the presentation of debt issuance costs in the balance sheet as a direct deduction from the related debt liability rather than as a deferred charge. In August 2015, the FASB issued ASU 2015-15, Interest: Imputation of Interest (Subtopic 835-30): Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements, which allows the presentation of debt issuance costs related to a line-of-credit arrangement as an asset, regardless of whether there are outstanding borrowings under the line-of-credit arrangement. This guidance is effective for annual and interim reporting periods beginning after December 15, 2015. Retrospective adoption is required. As permitted, the Company elected to early adopt this guidance as of December 31, 2015 and has reclassified debt issuance costs of $6,096 and $7,137 from other long-term assets to debt as of December 31, 2015 and 2014, respectively. Debt issuance costs related to the Company’s revolving credit facility of $1,634 and $2,321 as of December 31, 2015 and 2014, respectively, remain classified within other long-term assets.

In February 2015, the FASB issued ASU 2015-02, Consolidation (Topic 810): Amendments to the Consolidation Analysis. This ASU amends the consolidation guidance under U.S. GAAP. This guidance is effective for annual and interim reporting periods beginning after December 15, 2015. The adoption of this ASU is not expected to have a material impact on the Company's consolidated financial statements.

In August 2014, the FASB issued ASU 2014-15, Presentation of Financial Statements: Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern. This ASU requires management to perform interim and annual assessments of an entity's ability to continue as a going concern. This guidance is effective for annual and interim reporting periods ending after December 15, 2016. The adoption of this ASU is not expected to have a material impact on the Company's consolidated financial statements.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). The core principle of this guidance is that a company should recognize revenue to depict the transfer of promised goods or services to a customer at an amount reflecting the consideration it expects to receive in exchange for those goods or

services. In July 2015, the FASB issued ASU 2015-14, which delays the effective date of this guidance to annual and interim reporting periods beginning after December 15, 2017. Early adoption will be permitted as of the original effective date of annual and interim reporting periods beginning after December 15, 2016. The guidance allows for companies to use either a full retrospective or a modified retrospective approach when adopting. The Company is currently evaluating the impact of adopting this guidance on its consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollar amounts in thousands except per share and share amounts)

3. Acquisitions and Divestitures
Shenya Acquisition
In the first quarter of 2015, the Company completed the acquisition of an additional 47.5% of Huayu-Cooper Standard Sealing Systems Co. (“Shenya”), increasing its ownership to 95%, for cash consideration of $59,320, of which $41,474 was paid in 2015 and $17,846 was paid in 2014. The acquisition was accounted for as a business combination. The business acquired in the transaction is included in the Company's Asia Pacific segment and is operated from Shenya’s manufacturing locations in China. Shenya primarily supplies sealing systems and components to the automotive industry. This acquisition is directly aligned with the Company’s growth strategy by strengthening important customer relationships in the automotive sealing systems market. The results of operations of Shenya are included in the Company’s consolidated financial statements from the date of acquisition, February 27, 2015. The pro forma effect of this acquisition would not materially impact the Company's reported results for any periods presented, and as a result no pro forma information has been presented.
Prior to the acquisition, the Company held a 47.5% unconsolidated equity interest in Shenya. The estimated fair value of the equity interest at the date of acquisition was $41,378, resulting in a gain of $14,199 recorded in other income (expense), net for the year ended December 31, 2015. The fair value of the Company's previous 47.5% equity interest, 47.5% purchased and 5% noncontrolling interest in Shenya were estimated using income and market approaches based on financial analysis methodologies (including the discounted cash flow analysis), projected financial information, management's estimates, available information, and reasonable and supportable assumptions. These fair value measurements are classified within Level 3 of the fair value hierarchy.
The following table summarizes the estimated fair value of Shenya assets acquired and liabilities assumed at the date of acquisition, updated as of December 31, 2015:

Cash and cash equivalents	$7,079
Accounts receivable	24,197
Inventories	12,708
Prepaid expenses	11,624
Other current assets	23,396
Property, plant, and equipment	70,082
Goodwill	19,812
Intangibles	15,340
Other assets	14,834
Total assets acquired	199,072
Debt payable within one year	19,164
Accounts payable	45,159
Other current liabilities	15,877
Other liabilities	9,005
Total liabilities assumed	89,205
Noncontrolling interest	9,386
Net assets acquired including noncontrolling interest	$100,481

Cash and cash equivalents, accounts receivable, prepaid expenses, other current assets, accounts payable and other current liabilities were stated at historical carrying values, which management believes approximates fair value given the short-term nature of these assets and liabilities. Inventories were recorded at fair value which is estimated for finished goods and work-in-process based upon the expected selling price less costs to complete, selling, and disposal costs, and a normal profit margin. Raw material inventory was recorded at historical carrying value as such value approximates the replacement cost. Deferred income taxes have been provided in the consolidated balance sheet based on the Company's estimates of the tax versus book basis of the estimated fair value of the assets acquired and liabilities assumed. The Company has estimated the fair value of property, plant and equipment, intangibles, certain other assets, certain liabilities and noncontrolling interest based upon third party valuations, management's estimates,

available information and reasonable and supportable assumptions. Goodwill represents the excess of the acquisition price over the fair value of the identifiable assets acquired and liabilities assumed.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollar amounts in thousands except per share and share amounts)

Other Acquisitions

In the first quarter of 2015, the Company acquired the remaining equity interests of Metzler Automotive Profiles India Private Limited (26%) and Cooper Standard Jingda Changchun Automotive Co., Ltd. (20%) for a combined cash consideration of $1,262. These acquisitions were accounted for as equity transactions.

In the third quarter of 2015, the Company contributed cash of $1,750 to establish a joint venture with Polyrub Extrusions (India) Private Limited. The joint venture, Polyrub Cooper Standard FTS Private Limited, is expected to increase market share and open new opportunities in the Company's fluid transfer business. The Company owns 35% of the joint venture with the remaining 65% of the joint venture owned by Polyrub Extrusions (India) Private Limited. This investment is accounted for under the equity method and is included in other assets in the accompanying consolidated balance sheets.

Also in the third quarter of 2015, the Company contributed cash of $2,550 to establish a joint venture with Polyfoam Asia Pte. Ltd. The joint venture, Cooper-Standard INOAC Pte. Ltd., is expected to accelerate the Company's fluid transfer systems strategy and provide better access to Japanese OEMs and add further support to global platforms. The Company owns 51% of the joint venture with the remaining 49% of the joint venture owned by Polyfoam Asia Pte. Ltd. The operating results of this joint venture are included in the Company's consolidated financial statements from the date of formation.

In the fourth quarter of 2014, the Company acquired the remaining 49% equity interests of Fonds de Modernisation des Equipementiers Automobiles interest in Cooper Standard France, a body sealing, anti-vibration systems and low pressure hoses joint venture for cash consideration of $18,487. This acquisition was accounted for as an equity transaction.

In the fourth quarter of 2014, the Company acquired Cikautxo Borja, S.L.U, a manufacturer of heating and cooling hoses, for cash consideration of $3,371.

Divestitures

In the fourth quarter of 2015, the Company completed the sale of its hard coat plastic exterior trim business, a non-core operation, to allow the Company to focus resources on its core product groups. The Company received proceeds of $33,500 and recognized a gain of $8,033, which is recorded in other operating profit in the consolidated statements of net income for the year ended December 31, 2015. This divestiture did not meet the discontinued operations criteria.

In the third quarter of 2014, the Company completed the sale of its thermal and emissions product line, a non-core product line, to Halla Visteon Climate Control Corp. The Company received proceeds of $44,937 and recognized a gain of $16,036, which is recorded in other operating profit in the consolidated statements of net income for the year ended December 31, 2014. This divestiture did not meet the discontinued operations criteria.

In the fourth quarter of 2014, the Company completed the sale of its non-core Australian business. The Company received proceeds of $2,449 and recognized a gain of $891, which is recorded in other operating profit in the consolidated statements of net income for the year ended December 31, 2014. This divestiture did not meet the discontinued operations criteria.

4. 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 initiated certain restructuring initiatives, including plant rationalizations and targeted workforce reduction efforts, as deemed appropriate.

In addition to previously initiated actions, in January 2015, the Company announced its intention to further restructure its European manufacturing footprint based on current and anticipated market demands. The total estimated cost of this initiative, which is expected to be completed by 2017, is approximately $125,000, of which approximately $48,000 has been incurred to date.

The Company previously implemented several other restructuring initiatives, including the closure or consolidation of facilities throughout the world, the establishment of a centralized shared services function in Europe and the reorganization of the Company's operating structure. While substantially complete, the Company continues to incur

costs on some of these initiatives, primarily related to the disposal of the respective facilities.
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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollar amounts in thousands except per share and share amounts)

The following table summarizes the restructuring expense by segment for the years ended December 31, 2015, 2014 and 2013:

	Year Ended December 31,		
	2015	2014	2013
North America	$5,232	$105	$2,033
Europe	47,868	16,866	19,061
Asia Pacific	744	443	626
South America	—	—	—
Total	$53,844	$17,414	$21,720

The following table summarizes the activity for all restructuring initiatives for the years ended December 31, 2015 and 2014:

	Employee Separation Costs	Other Exit Costs	Asset Impairments	Total
Balance at December 31, 2013	$14,710	$16	$—	$14,726
Expense	3,316	14,098	—	17,414
Cash payments	(5,658)	(13,829)	—	(19,487)
Foreign exchange translation and other	(1,531)	(285)	—	(1,816)
Balance at December 31, 2014	$10,837	$—	$—	$10,837
Expense	29,720	23,696	428	53,844
Cash payments	(6,765)	(21,859)	—	(28,624)
Foreign exchange translation and other	(1,085)	(69)	(428)	(1,582)
Balance at December 31, 2015	$32,707	$1,768	$—	$34,475

5. Property, Plant and Equipment

Property, plant and equipment is comprised of the following:

	December 31,		Estimated
	2015	2014	Useful Lives
Land and improvements	$71,079	$80,638	10 to 25 years
Buildings and improvements	237,499	222,825	10 to 40 years
Machinery and equipment	760,250	669,030	5 to 10 years
Construction in progress	130,615	133,398	
	$1,199,443	$1,105,891	
Accumulated depreciation	(434,074)	(389,878)	
Property, plant and equipment, net	$765,369	$716,013	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollar amounts in thousands except per share and share amounts)

Due to the deterioration of financial results at certain of its facilities, the Company impaired property, plant and equipment at one of its European facilities and two of its South American facilities during 2015 and at two of its European facilities and two of its North American facilities during 2014. Fair value was determined using the estimated salvage value, which was deemed the highest and best use of the assets. A summary of these asset impairment charges is as follows:

	Year Ended December 31,	
	2015	2014
Europe	$2,285	$6,107
South America	11,345	—
North America	—	18,466
Total	$13,630	$24,573

Depreciation expense totaled $100,535, $96,143 and $95,597 for the years ended December 31, 2015, 2014 and 2013, respectively.

6. Goodwill and Intangibles

Goodwill

The changes in the carrying amount of goodwill by reportable operating segment for the years ended December 31, 2015 and 2014 are summarized as follows:

	North America	Europe	South America	Asia Pacific	Total
Balance at December 31, 2013	$119,870	$14,460	$—	$5,371	$139,701
Acquisition	—	218	—	—	218
Divestitures	(1,746)	(595)	—	(44)	(2,385)
Foreign exchange translation	(515)	(1,717)	—	(133)	(2,365)
Balance at December 31, 2014	$117,609	$12,366	$—	$5,194	$135,169
Acquisition	—	—	—	19,812	19,812
Divestiture	(2,548)	—	—	—	(2,548)
Foreign exchange translation	(952)	(1,310)	—	(952)	(3,214)
Balance at December 31, 2015	$114,109	$11,056	$—	$24,054	$149,219

Intangible Assets

The following table presents intangible assets and accumulated amortization balances of the Company as of December 31, 2015 and 2014, respectively:

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	$115,285	$(61,375)	$53,910
Developed technology	8,854	(7,673)	1,181
Other	16,290		