

Cooper-Standard Holdings Inc.
Form 10-K
February 20, 2018

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

FORM 10-K

(Mark one)

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

For the fiscal year ended December 31, 2017

OR

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

For the transition period from _____ to _____

Commission file number 001-36127

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

Delaware 20-1945088
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) 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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

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

Indicate by check mark 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.

Edgar Filing: Cooper-Standard Holdings Inc. - Form 10-K

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

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company
Emerging growth company

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

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

The aggregate market value of voting and non-voting common stock held by non-affiliates as of June 30, 2017 was \$1,361,808,044.

The number of the registrant’s shares of common stock, \$0.001 par value per share, outstanding as of February 9, 2018 was 17,914,599 shares.

Documents Incorporated by Reference

Certain portions, as expressly described in this report, of the Registrant’s Proxy Statement for the 2018 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	<u>3</u>
Item 1A. Risk Factors	<u>11</u>
Item 1B. Unresolved Staff Comments	<u>18</u>
Item 2. Properties	<u>18</u>
Item 3. Legal Proceedings	<u>18</u>
Item 4. Mine Safety Disclosures	<u>18</u>
PART II	
Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	<u>19</u>
Item 6. Selected Financial Data	<u>21</u>
Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations	<u>22</u>
Item 7A. Quantitative and Qualitative Disclosures About Market Risk	<u>36</u>
Item 8. Financial Statements and Supplementary Data	<u>38</u>
Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	<u>83</u>
Item 9A. Controls and Procedures	<u>83</u>
Item 9B. Other Information	<u>83</u>
PART III	
Item 10. Directors, Executive Officers and Corporate Governance	<u>84</u>
Item 11. Executive Compensation	<u>84</u>
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	<u>84</u>
Item 13. Certain Relationships and Related Transactions, and Director Independence	<u>84</u>
Item 14. Principal Accounting Fees and Services	<u>84</u>
PART IV	
Item 15. Exhibits and Financial Statement Schedules	<u>86</u>
Signatures	<u>93</u>

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 listed on the New York Stock Exchange (“NYSE”) under the ticker symbol “CPS.” The Company has approximately 32,000 employees, including over 5,000 contingent workers, with 124 facilities in 20 countries. The Company is dedicated to four product lines. Based on this focused approach, 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 92 manufacturing locations and 32 design, engineering, administrative and logistics 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 ongoing operational restructuring and expansion initiatives to improve competitiveness, primarily related to footprint optimization in Europe and expansion in Asia. See “Segment Results of Operations” under Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and Note 22. “Business Segments” to our consolidated financial statements included under Item 8. “Financial Statements and Supplementary Data” of this Annual Report on Form 10-K (the “Report”) for further information on our segments.

Approximately 85% of our sales in 2017 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 15% of our 2017 sales were primarily to Tier I and Tier II automotive suppliers, non-automotive manufacturers, and replacement market distributors. The Company’s products can be found on over 450 nameplates globally.

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.

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 2016, we acquired the North American fuel and brake business of AMI Industries to expand

the Company’s fuel and brake business. We also gained control of our China-based joint venture, Shenya Sealing (Guangzhou) Company Limited. In 2017, the Company agreed to purchase the China fuel and brake business of AMI Industries, which was finalized in the first quarter of 2018.

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

In 2013, we set a clear vision for achieving profitable growth with a mission to become a Top 30 automotive supplier in terms of sales and Top 5 in ROIC (return on invested capital).

In 2016, the leadership team refined this vision: Driving Value Through Culture, Innovation and Results to more closely represent the evolution of the Company’s culture and to provide the basis for delivering even greater value. The global leadership team also reshaped the supporting pillars in 2016 to align with the progress of the Company. These pillars are:

- Voice of the Customer:** We design and develop our products to meet the current and future needs of our customers. We listen intently and adjust to customer feedback to ensure we are consistently providing customer-focused products while meeting their evolving needs. Cooper Standard is dedicated to serving its global customers and the automotive industry as a whole.
- Superior Products:** With a focus on core products, we provide customers with market-leading solutions with predicable quality that meet or exceed expectations in sealing, fuel and brake delivery, fluid transfer and anti-vibration systems.
- World-Class Operations:** We are committed to sustained excellence through the Cooper Standard Operating System (“CSOS”), the Company’s playbook of global best practice tools designed for optimization that are driving Cooper Standard’s global success.
- Engaged Employees:** Our employees are the foundation of the Company and the key driver of our success. Committed to excellence and driven to succeed, our employees never lose sight of the Company’s overall vision and strategy.

Cooper Standard’s global alignment around these strategic pillars continues to drive further value in many areas of the business, including:

Operational and Strategic Initiatives

As part of Cooper Standard’s world-class operations, the Company implemented the 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.

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 strategic 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.
Product Engineering IT Systems	Ensure global best practice tools are utilized to design optimized products and processes.

Implement common systems to effectively communicate information throughout the business.

As part of its world-class operations, Cooper Standard operates Global Councils focused on information technology, engineering, innovation, commercial and manufacturing initiatives. These councils allow Cooper Standard to better leverage the scale of the Company while also identifying best practices and transferring them around the world.

Leverage Technology and Material Science for Innovative Solutions

We utilize our technical and material science expertise to provide customers with innovative solutions. Our engineers combine product design with a broad understanding of material science 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 i³ 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 may drive future product direction. In fact, our culture of innovation enables Cooper Standard to innovate in areas of the vehicle that haven't been touched in decades. These breakthrough innovations have resulted in over \$450 million in booked sales in the last two years. With a continuous stream of new ideas flowing through our pipeline, we see our ability to bring breakthrough innovations to market as a clear and sustainable advantage and a value driver for our stakeholders.

Among recently announced technologies is Fortrex™, a revolutionary material that provides higher performance and lower weight to weather seals. Fortrex™ was named a 2018 PACE finalist with final judging expected to conclude in April of 2018. Several other significant technologies, especially related to advanced materials, processing and weight reduction, have recently been realized. These include: MagAlloy™, a new processing technology for brake lines that increases long term durability through superior corrosion resistance; and 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.

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 OEM's 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. Further, 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 business and industrial environment in each region also plays a role in vehicle demand as it relates to fleet vehicle sales and industrial use vehicles such as light and heavy trucks.

OEMs compete for market share in a variety of ways including pricing and incentives, the development of new, more attractive models, branding and advertising, and the ability to customize vehicle features and options to meet specific customer needs or demands. They rely heavily on thousands of specialized suppliers to provide the many distinct components and systems that comprise the modern vehicle. They also rely on these automotive suppliers to develop technological innovations that will help them meet consumer demands as well as regulatory requirements.

The automotive supplier industry is generally characterized by high barriers to entry, significant start-up costs and long-standing customer relationships. But it is also a highly competitive industry. 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 globally, reduce structural costs, diversify their customer base and provide innovative, value-added technologies have been the most successful.

The technology of today's vehicles is evolving rapidly. The evolution is being driven by many factors including consumer values and social behaviors, a competitive drive for differentiation, regulatory requirements and safety.

Adapting new non-automotive technologies for automotive applications is also an important factor. Examples include but are not limited to wireless communications and connectivity, computers and data mining, artificial intelligence, autonomy and mobility, among others. While these types of technical innovations are garnering a lot of attention, and deservedly so, there are opportunities to add value through innovation in virtually all categories of automotive components and systems. Cooper Standard is continuing to focus on innovations for our customers that reduce weight, increase life-cycle and durability, reduce interior noise, enhance

exterior appearance and simplify the manufacturing and assembly process. These are innovations that can be applicable and valuable to virtually any vehicle or vehicle manufacturer.

Markets Served

Our core business is focused on the passenger car and light truck market, up to and including Class 3 full-size, full-frame trucks, better known as the light vehicle market. This is our largest market and accounts for approximately 97% of our global sales.

Adjacent Markets

In addition to the global light vehicle market, we also have dedicated sales and engineering teams in North America and Europe to leverage core product technology into near adjacent markets to profitably grow Cooper Standard through our Industrial and Specialty Group and in non-automotive markets.

With a focus on industry segments such as commercial trucks, agricultural equipment and construction, we see an addressable market of over \$2 billion and an opportunity to further diversify our revenue and profit base. Some of our traditional products, as well as our innovative technologies are very well suited to these markets. We believe these market segments represent near-term opportunities for high margin growth.

Further, we have implemented a strategy to leverage some of our material science in adjacent non-automotive markets through licensing agreements or the sale of material compounds. The initial focus of this business model is our Fortrex™ material technology. Fortrex™ is highly adaptable and we believe it has the potential to add significant value in many product categories and industries beyond the automotive industry. This adjacent market business is new. In 2017 we signed one license agreement with a partner in Japan. Sales under this agreement are expected to begin in the third quarter of 2018. We expect to make further investments in this business in 2018 to accelerate its roll-out and development. We also expect to conclude negotiations with a number of potential new licensee/partners in 2018.

Customers

We are a leading supplier to the following OEMs and are increasing our presence with major OEMs throughout the world. The following charts show the approximate percentage of sales to our top customers for the years ended December 31, 2017, 2016 and 2015:

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 22. "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. In addition to these product lines, we also have sales to other adjacent markets. The percentage of sales by product line and other markets for the years ended December 31, 2017, 2016 and 2015 are as follows:

7

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 – Quick connects Direct injection & port fuel rails –(fuel rails and fuel charging assemblies) –MagAlloy tube coatings Gen III Posi-Lock 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™ TPV	Top 3 globally
Product Lines	Market Position	
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	North America Leader

Hydraulic
 Engine Mounts,
 Conventional
 Hydraulic
 Mounts,
 Elastomeric
 Mount
 Chassis
 Suspension
 Components:
 Conventional &
 Hydraulic
 Body Mounts
 & Bushings,
 – Strut Mounts,
 Spring Seats &
 Bumpers, Mass
 Dampers, Dual
 Durometer
 (Bi-compound)
 Bushings

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 and Maruyasu. Our fluid transfer products compete with Conti-Tech, Hutchinson, Teklas, Tristone and MGI Coutier (including Avon Automotive). Our anti-vibration systems compete with 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 and expand in geographic markets such as China, India and Thailand, to acquire new customers and to develop new technologies. When 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
India	Sujan Cooper Standard AVS Private Limited	50%
United States	Nishikawa Cooper LLC	40%
India	Polyrub Cooper Standard FTS Private Limited	35%
Thailand	Nishikawa Tachaplalart Cooper Ltd.	20%

Research and Development

We have a dedicated team of technical and engineering resources in each 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 new or updated facilities in Qingpu, China; Torreon, Mexico; and Livonia, Michigan in 2017. We spent \$128.0 million, \$117.8 million, and \$108.8 million in 2017, 2016 and 2015, respectively, on engineering, research and development.

Intellectual Property

We believe that one of our key competitive advantages is our ability to translate customer needs and our game-changing ideas into innovation through the development of intellectual property. We hold a significant number of patents and trademarks worldwide.

Our patents 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

Cooper Standard is committed to building strong relationships with our supply partners. We recognize the importance of engaging with suppliers to create value for our customers.

The principal raw materials for our business include synthetic and natural rubber, components manufactured from carbon steel, plastic resins and components, carbon black, process oils and components manufactured from aluminum. We manage the procurement of our raw materials to assure supply and to obtain the most favorable total cost.

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.

Raw material prices are subject to fluctuations and we have implemented strategies with both our suppliers and our customers to help manage these fluctuations. These actions include material substitutions and leveraging global purchases. Global supply chain optimization includes using benchmarks and selective sourcing from strategic suppliers. 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 indices that allow price changes as underlying material costs fluctuate.

Geographic Information

See Note 22. "Business Segments" to the consolidated financial statements for geographic information.

Seasonality

Our principal operations are directly related to the automotive industry. Sales to OEMs are lowest during the months prior to model changeovers or during assembly plant shutdowns. Automotive production is traditionally reduced during July, August and year-end holidays and our quarterly results may reflect these trends. However, economic conditions and consumer demand may change the traditional seasonality of the industry.

Backlog

Our OEM sales are generally based upon purchase orders issued by the OEMs, with updated releases for volume adjustments. 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, although there is no guarantee that this will occur.

Employees

As of December 31, 2017, we had approximately 32,000 employees, including over 5,000 contingent workers. 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 have renegotiated some of our domestic and non-domestic union agreements in 2017, and have several contracts set to expire in the next twelve months.

Community Involvement

Supported by the Cooper Standard Foundation, our employees are highly engaged in their local communities. The Foundation's mission is to strengthen the communities in which Cooper Standard employees work and live through the

passionate support of children's charities, education, health and wellness, and community revitalization. The Cooper Standard Foundation is a 501(c)(3) organization with oversight by our Philanthropic Committee and Board of Trustees. For more

9

information on the Company's community involvement, please visit our Corporate Responsibility Report located on the Cooper Standard website.

Environmental

Cooper Standard considers itself a steward of the environment and we monitor the environmental impact of our business and products. We prioritize our environmental management as a means of driving and sustaining excellence. 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. Further details regarding our commitments and contingencies are provided in Note 21. "Contingent Liabilities."

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 Boston Consulting Group. 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 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"). Our reports filed with the SEC also may be found on the SEC's website at www.sec.gov. Neither the information on our website nor the information on the SEC's website is incorporated by reference into this Report unless expressly noted.

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. Our use of words "estimate," "expect," "anticipate," "project," "plan," "intend," "believe," "forecast," or future or conditional verbs, such as "should," "could," "would," or "may," and variations of such words or similar expressions are intended to identify forward-looking statements. All forward-looking statements are based upon our current expectations and various assumptions. Our expectations, beliefs, and projections are expressed in good faith and we believe there is a reasonable basis for them. However, we cannot assure you that these expectations, beliefs and projections will be achieved. Forward-looking statements are not guarantees of future performance and are subject to significant risks, uncertainties and other factors that may cause actual results or achievements to be materially different from the future results or achievements expressed or implied by the forward-looking statements. Among other items, such factors may include: prolonged or material contractions in automotive sales and production volumes; our inability to realize sales represented by awarded business; escalating pricing pressures; loss of large customers or significant platforms; our ability to successfully compete in the automotive parts industry; availability and increasing volatility in costs of manufactured components and raw materials; disruption in our supply base; possible variability of our working capital requirements; risks associated with our international operations; foreign currency exchange rate fluctuations; our ability to control the operations of our joint ventures for our sole benefit; our substantial amount of indebtedness; our ability to obtain adequate financing sources in the future; operating and financial restrictions imposed on us under our debt instruments; the underfunding of our pension plans; significant changes in discount rates and the actual return on pension assets; effectiveness of continuous improvement programs and other cost savings plans; manufacturing

facility closings or consolidation; our ability to execute new program launches; our ability to meet customers' needs for new and improved products; the possibility that our acquisitions and divestitures may not be successful; product liability, warranty and recall claims brought against us; laws and regulations, including environmental, health and safety laws and regulations; legal proceedings, claims or investigations against us; work stoppages or other labor disruptions; the ability of our intellectual property to withstand legal challenges; cyber-attacks or other disruptions in our information technology systems; the possible volatility of our annual effective tax rate; changes in our assumptions used for evaluation of deemed repatriation tax and the remeasurement of our deferred tax assets and liabilities, including as a result of IRS issuing guidance on Tax Cuts and Jobs Act that may change our

assumptions; the possibility of future impairment charges to our goodwill and long-lived assets; and our dependence on our subsidiaries for cash to satisfy our obligations.

You should not place undue reliance on these forward-looking statements. We undertake no obligation to publicly update or otherwise revise any forward-looking statement, whether as a result of new information, future events or otherwise, except where we are expressly required to do so by law.

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

Item 1A. Risk Factors

We have listed below (not necessarily in order of importance or probability of occurrence) the most significant risk factors that could cause our actual results to vary materially from recent or anticipated results and could materially and adversely affect our business, results of operations, financial condition and cash flows.

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 volumes could cause our customers to reduce orders of our products, which could adversely affect our business, results of operations and financial condition.

We may not realize sales represented by awarded business, which could adversely affect our business, financial condition, results of operations and cash flows.

The realization of future sales from awarded business is subject to risks and uncertainties inherent in the cyclicity of vehicle production. In addition, our customers generally have the right to resource awarded business without penalty. Therefore, the ultimate amount of our sales are not guaranteed. If actual production orders from our customers are not consistent with the projections we use in calculating the amount of awarded business, we could realize substantially less sales and profit over the life of these awards than currently projected.

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 wide range of different platforms, sales to our three largest customers, Ford, GM and FCA, on a worldwide basis represented approximately 58% of our sales for the year ended December 31, 2017. 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 synthetic rubber, components manufactured from carbon steel, plastic resins and components, carbon black, process oils, components manufactured from aluminum and natural rubber. Raw materials are the largest component of our costs, representing approximately 51% of our total cost of products sold in 2017. 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 in supply 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.

Entering new markets poses new competitive threats and commercial risks.

We have commenced an implementation of our strategy to leverage our core products in adjacent markets and license our innovation technology in non-automotive markets. We cannot guarantee that we will be successful in leveraging our existing products and technology into new markets and thus, in meeting the needs of these new customers and competing favorably in these new markets.

Our working capital requirements may negatively affect our liquidity and capital resources.

Our working capital requirements can vary significantly, depending in part on the level, variability and timing of our customers' worldwide vehicle production and the payment terms with our customers and suppliers. If our working capital needs exceed our cash provided by operating activities, we would look to our cash balances and availability under our borrowing arrangements to satisfy those needs, as well as potential sources of additional capital, which may not be available on satisfactory terms and in adequate amounts, if at all.

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 2017, approximately 76% 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 laws or policies governing the terms of foreign trade, and in particular increased trade restrictions, tariffs, or taxes or the imposition of embargoes on imports from countries where we

manufacture products;

• 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.

12

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. For our consolidated financial statements, our sales and earnings denominated in foreign currencies are translated into U.S. dollars. This translation is calculated based on average exchange rates during the reporting period. Accordingly, 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. Further, 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. While we employ financial instruments to hedge certain portions of our foreign currency exposures, our efforts to manage these risks may not be successful and may 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 out 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.

We have a substantial amount of indebtedness, which could have a material adverse effect on our financial condition and our ability to obtain financing in the future and to react to changes in our business.

For discussion of our debt and financing arrangements, including our senior term loan facility ("Term Loan Facility"), 5.625% Senior Notes due 2026 ("Senior Notes"), our senior asset-based revolving credit facility ("ABL Facility") and debt of certain foreign subsidiaries, see "Liquidity and Capital Resources - Financing Arrangements" in Item 7.

"Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 8. "Financial Statements and Supplementary Data" of this Report.

Our significant amount of debt and our debt service obligations could limit our ability to satisfy our obligations, limit our ability to operate our business and impair our competitive position. For example, it could:

- increase our vulnerability to adverse economic and general industry conditions, including interest rate fluctuations, because a portion of our borrowings are at variable rates of interest;
- require us to dedicate a substantial portion of our cash flows from operations to payments on our debt, which would reduce the availability of cash to fund working capital, capital expenditures or other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and industry;
- place us at a disadvantage compared to competitors that may have proportionately less debt;
- limit our ability to obtain additional debt or equity financing due to applicable financial and restrictive covenants in our debt agreements; 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, operating performance and our ability to generate cash in the future. 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, any of which could have a material adverse effect on our business, results of operations and financial condition. In addition, we may not be able to effect any of these actions, if necessary, on commercially reasonable terms or at all. Our ability to restructure or refinance our indebtedness will depend on the condition of the capital markets and our financial

condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. The terms of existing or future debt instruments, including the credit agreements governing the Term Loan Facility and the ABL Facility and the indenture governing the Senior Notes, may limit or prevent us from taking any of these actions. In addition, any failure to make scheduled payments of interest and principal on our outstanding indebtedness would likely result in a reduction of our credit rating, which could harm our ability to incur additional indebtedness on commercially reasonable terms or at all. Our inability to generate sufficient cash flow to satisfy our debt service obligations, or to refinance or restructure our obligations on

commercially reasonable terms or at all, would have an adverse effect, which could be material, on our business, financial condition and results of operations, as well as on our ability to satisfy our obligations in respect of the Term Loan Facility, the Senior Notes or the ABL Facility.

Although the credit agreements governing the Term Loan Facility and the ABL Facility contain certain limitations on our ability to incur additional indebtedness, they do not prohibit us from incurring obligations that do not constitute indebtedness as defined therein. To the extent that we incur additional indebtedness or such other obligations, the risk associated with our substantial indebtedness described above, including our potential inability to service our debt, will increase.

Our debt instruments impose significant operating and financial restrictions on us and our subsidiaries.

The credit agreements governing the Term Loan Facility and the ABL Facility impose significant operating and financial restrictions and limit our ability, among other things, to:

- incur, assume or permit to exist additional indebtedness (including guarantees thereof);
- pay dividends or certain other distributions on our capital stock or repurchase our capital stock or prepay subordinated indebtedness;
- incur liens on assets;
- make certain investments or other restricted payments;
- allow to exist certain restrictions on the ability of our restricted subsidiaries to pay dividends or make other payments to us;
- engage in transactions with affiliates;
- alter the business that we conduct; and
- sell certain assets or merge or consolidate with or into other companies.

Moreover, our 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.

The indenture governing the Senior Notes also imposes restrictions and limits our ability, among other things, to:

- incur liens on assets;
- make certain restricted payments;
- sell certain assets or merge or consolidate with or into other companies; and
- enter into certain sale-leaseback transactions.

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. 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 and/or amend the covenants in such agreements. Our failure to comply with the restrictive covenants described above as well as others contained in our future debt instruments from time to time could result in an event of default, which, if not cured or waived, could result in our being required to repay these borrowings before their due date. If we are forced to refinance these borrowings on less favorable terms, our financial condition, results of operations and cash flows could be adversely affected.

If there were an event of default under any of the agreements relating to our outstanding indebtedness, the holders of the defaulted debt could cause all amounts outstanding with respect to that debt to be due and payable immediately. Our assets or cash flow may not be sufficient to fully repay borrowings under our outstanding debt instruments if accelerated upon an event of default. Further, if we are unable to repay, refinance or restructure our indebtedness under our secured debt, the holders of such debt could proceed against the collateral securing that indebtedness. In addition, any event of default or declaration of acceleration under one debt instrument could also result in an event of default under one or more of our other debt instruments. As a result, any default by us on our indebtedness could have a material adverse effect on our business, financial condition and results of operation.

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

We sponsor various pension plans worldwide that are underfunded and will require cash contributions. 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, 2017, our pension plans were underfunded by \$185.1 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.

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. Further, 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 closures 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.

15

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 may be adversely affected by laws and regulations, including environmental, health and safety laws and regulations.

We are subject to various U.S. federal, state and local, and non-U.S. laws and regulations, including those related to environmental, health and safety, financial, tax, customs and other matters. We cannot predict the substance or impact of pending or future legislation or regulations, or the application thereof. The introduction of new laws or regulations or changes in existing laws or regulations, or the interpretations thereof, could increase the costs of doing business for us or our customers or suppliers or restrict our actions and adversely affect our financial condition, results of operations and cash flows.

In particular, 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.

We are involved from time to time in legal proceedings, claims or investigations which could have an adverse impact on our profitability and financial condition.

We are involved in legal proceedings, claims or investigations that, from time to time, may be significant. These matters typically arise in the normal course of business including, without limitation, commercial or contractual disputes, including warranty claims and other disputes with customers and suppliers; intellectual property matters; personal injury claims; environmental issues; tax matters; employment matters; or allegations relating to legal compliance by us or our employees.

For further information regarding our legal matters, see Item 3. "Legal Proceedings." No assurance can be given that such proceedings, claims and investigations will not have a material adverse effect on our profitability and financial condition.

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. 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 tax 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.

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 their governing documents.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

As of December 31, 2017, our operations were conducted through 124 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 92 are predominantly manufacturing facilities and 32 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:

Segment	Type	Total Facilities*	Owned Facilities
North America	Manufacturing ^(a)	33	27
	Other ^(b)	14	—
Asia Pacific	Manufacturing ^(a)	31	10
	Other ^(b)	5	—
Europe	Manufacturing ^(a)	25	17
	Other ^(b)	12	2
South America	Manufacturing ^(a)	3	1
	Other ^(b)	1	—

(a) Includes multi-activity sites which are predominantly manufacturing.

(b) Includes design, engineering, administrative and logistics locations.

(*) Excludes 8 unutilized facilities: (3) Europe; (5) North America

(*) Includes 20 R&D facilities worldwide.

Item 3. Legal Proceedings

The litigation process is subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. See Note 21. "Contingent Liabilities" to the consolidated financial statements for discussion of loss contingencies.

On March 30, 2016, a putative class action complaint alleging conspiracy to fix the price of body sealing products used in automobiles and other light-duty vehicles was filed in Ontario against numerous automotive suppliers, including Cooper-Standard Holdings Inc., CSA U.S. and Cooper-Standard Automotive Canada Limited ("CS Defendants") and Nishikawa Cooper LLC, a joint venture in which the Company holds a 40% interest. Plaintiffs purport to be indirect purchasers of body sealing products supplied by the CS Defendants and/or the other defendants during the relevant period. The plaintiffs seek recovery of damages on behalf of direct and indirect purchasers against all defendants in an amount to be determined, punitive damages, as well as pre-judgment and post-judgment interest and related costs and expenses of the litigation. The Company believes the claims asserted against the CS Defendants are without merit and intends to vigorously defend against these claims. Further, the Company does not believe that there is a material loss that is probable and reasonably estimable related to these claims.

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 had been traded on the OTC Bulletin Board since June 4, 2010, under the symbol "COSHW." Our warrants expired on November 27, 2017.

The following chart lists the high and low sale prices for shares of our common stock and warrants for the fiscal quarters indicated for the years ended December 31, 2017 and 2016. 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	
	High	Low	High	Low
2017				
March 31, 2017	\$118.10	\$102.66	\$88.50	\$77.00
June 30, 2017	114.30	97.44	83.63	83.63
September 30, 2017	116.98	98.42	80.00	73.00
December 31, 2017	126.74	110.06	94.00 ⁽¹⁾	84.00 ⁽¹⁾

⁽¹⁾ Warrants expired on November 27, 2017. Prices reflect the period October 1, 2017 through November 27, 2017.

	Common Stock		Warrants	
	High	Low	High	Low
2016				
March 31, 2016	\$77.60	\$64.31	\$46.00	\$36.25
June 30, 2016	85.99	71.46	62.29	50.50
September 30, 2016	107.41	77.04	76.75	58.25
December 31, 2016	105.54	86.33	77.50	65.00

Holders of Common Stock

As of February 9, 2018, there were approximately 10 holders of record of our common stock. This stockholder figure does not include a substantially greater number of holders whose shares are held of record by banks, brokers and other financial institutions.

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 agreements governing our ABL Facility, Term Loan Facility and Senior Notes contain covenants that, among other things, restrict our ability to pay certain dividends and distributions subject to certain qualifications and limitations. See "Financing Arrangements" under Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Report. We do not anticipate paying any dividends on our common stock in the foreseeable future.

Securities Repurchase Program

In March 2016, our Board of Directors approved a securities repurchase program (the "Program") authorizing us to repurchase, in the aggregate, up to \$125 million of our 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 our management and in accordance with prevailing market conditions and federal securities laws and regulations. We expect to fund any future repurchases from cash on hand and future cash flows from operations. We are not obligated to acquire a particular amount of securities, and the Program may be discontinued at any time at the Company's discretion. As of December 31, 2017, we have approximately \$45.3 million of repurchase authorization remaining under the Program.

A summary of shares of our common stock repurchased during the three months ended December 31, 2017 is shown below:

Period	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet be Purchased Under the Program (in millions)
October 1, 2017 through October 31, 2017	72,436	\$ 113.73	72,429	\$ 61.5
November 1, 2017 through November 30, 2017	70,278	\$ 119.59	69,300	\$ 53.2
December 1, 2017 through December 31, 2017	66,000	\$ 120.57	66,000	\$ 45.3
Total	208,714	\$ 117.87	207,729	\$ 45.3

⁽¹⁾ Includes 985 shares repurchased by the Company to satisfy employee tax withholding requirements due upon the vesting of restricted stock awards.

Performance Graph

The following graph compares the cumulative total stockholder return for Cooper-Standard Holdings Inc. to 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 28, 2012 and reflects the cumulative total return on that investment, including the reinvestment of all dividends where applicable, through December 31, 2017.

Comparison of Cumulative Return

	Ticker	12/28/2012*	12/31/2013	12/31/2014	12/31/2015	12/30/2016*	12/29/2017*
Cooper-Standard Holdings Inc.	CPS	\$ 100.00	\$ 129.24	\$ 152.32	\$ 204.18	\$ 272.05	\$ 322.37
S&P 500	SPX	\$ 100.00	\$ 132.37	\$ 150.04	\$ 151.78	\$ 169.72	\$ 206.10
S&P Supercomposite Auto Parts & Equipment Index	S15AUTP	\$ 100.00	\$ 167.87	\$ 173.29	\$ 161.68	\$ 170.65	\$ 224.00

* Represents last trading day of the year

Item 6. Selected Financial Data

The selected financial data for the years ended December 31, 2017, 2016, 2015, 2014 and 2013 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 Report.

	Year Ended December 31,				
	2017	2016	2015	2014	2013
	(Dollar amounts in millions except per share amounts)				
Statement of operations data:					
Sales	\$3,618.1	\$3,472.9	\$3,342.8	\$3,244.0	\$3,090.5
Net income	138.6	140.4	111.8	45.5	45.2
Net income attributable to Cooper-Standard Holdings Inc.	135.3	139.0	111.9	42.8	47.9
Earnings per share:					
Basic	\$7.61	\$7.96	\$6.50	\$2.56	\$2.39
Diluted	\$7.21	\$7.42	\$6.08	\$2.39	\$2.24
	As of December 31,				
	2017	2016	2015	2014	2013
	(Dollar amounts in millions)				
Balance sheet data (at end of period):					
Cash and cash equivalents	\$516.0	\$480.1	\$378.2	\$267.3	\$184.4
Net working capital ⁽¹⁾	118.8	90.2	175.3	294.3	269.1
Total assets	2,725.6	2,491.7	2,304.3	2,125.6	2,102.8
Total non-current liabilities	1,043.6	1,010.6	1,008.1	1,044.9	911.9
Total debt ⁽²⁾	758.2	762.9	777.9	778.7	684.4
Total equity	855.1	721.8	614.8	548.7	615.6