UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

Form 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2019

or

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

Commission File No. 1-07109

SERVOTRONICS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**16-0837866**
(State or other jurisdiction of incorporation or organization)	*(I. R. S. Employer Identification No.)*

1110 Maple Street
Elma, New York 14059
(Address of principal executive offices) (zip code)

(716) 655-5990
(Registrant's telephone number, including area code)

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

Title of each class	Ticker symbol(s)	Name of each exchange on which registered
Common Stock	SVT	NYSE American

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

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

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at October 31, 2019
Common Stock, $.20 par value	2,489,002

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SERVOTRONICS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
($000's omitted except share and per share data)

	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Current assets:		
Cash	$ 1,158	$ 2,598
Accounts receivable, net	10,949	10,586
Inventories, net	19,879	15,150
Prepaid income taxes	-	314
Other current assets	387	496
Total current assets	32,373	29,144
Property, plant and equipment, net	12,547	11,875
Deferred income taxes	295	295
Other non-current assets	486	371
Total Assets	$ 45,701	$ 41,685
Liabilities and Shareholders' Equity		
Current liabilities:		
Current portion of long-term debt	$ 548	$ 548
Current portion of equipment financing lease obligations	296	175
Dividend payable	18	13
Accounts payable	3,337	2,494
Accrued employee compensation and benefits costs	2,172	1,908
Accrued income taxes	14	-
Other accrued liabilities	1,010	865
Total current liabilities	7,395	6,003
Long-term debt	3,346	2,410
Post retirement obligation	1,834	1,759
Shareholders' equity:		
Common stock, par value $0.20; authorized 4,000,000 shares; issued 2,614,506 shares; outstanding 2,489,002 (2,392,207 - 2018) shares	523	523
Capital in excess of par value	14,326	14,250
Retained earnings	20,319	18,788
Accumulated other comprehensive income	35	35
Employee stock ownership trust commitment	(561)	(561)
Treasury stock, at cost 125,504 (117,979 - 2018) shares	(1,516)	(1,522)
Total shareholders' equity	33,126	31,513
Total Liabilities and Shareholders' Equity	$ 45,701	$ 41,685

See notes to condensed consolidated financial statements

SERVOTRONICS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
($000's omitted except per share data)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	**2018**	**2019**	**2018**
Revenue	$ 12,362	$ 12,768	$ 38,432	$ 35,273
Costs of goods sold, inclusive of depreciation and amortization	8,827	8,828	29,555	26,359
Gross margin	3,535	3,940	8,877	8,914
Operating Expenses:				
Selling, general and administrative	2,134	2,074	6,436	5,715
Interest expense	31	28	88	80
Total operating expenses	2,165	2,102	6,524	5,795
Income before income tax provision	1,370	1,838	2,353	3,119
Income tax provision	238	381	409	624
Net income	$ 1,132	$ 1,457	$ 1,944	$ 2,495
Income per share:				
Basic				
Net Income per share	$ 0.49	$ 0.63	$ 0.84	$ 1.10
Diluted				
Net income per share	$ 0.47	$ 0.61	$ 0.82	$ 1.07

See notes to condensed consolidated financial statements

SERVOTRONICS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
($000's omitted)
(Unaudited)

	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Cash flows related to operating activities:		
Net Income	$ 1,944	$ 2,495
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation and amortization	902	761
(Gain)/Loss on disposal of property	(7)	1
Stock based compensation	239	183
(Decrease)/Increase in doubtful accounts	(29)	49
(Decrease)/Increase in inventory reserve	(55)	54
(Decrease)/Increase in warranty reserve	(8)	369
Change in assets and liabilities:		
Accounts receivable	(334)	(2,405)
Inventories	(4,674)	(1,914)
Prepaid income taxes	314	-
Other current assets	234	(246)
Other non-current assets	(125)	9
Accounts payable	848	1,202
Accrued employee compensation and benefit costs	264	(38)
Other accrued liabilities	228	(231)
Accrued income taxes	14	(293)
Net cash used by operating activities	(245)	(4)
Cash flows related to investing activities:		
Capital expenditures - property, plant and equipment	(1,660)	(1,452)
Proceeds from sale of assets	94	-
Note Receivable	(125)	-
Net cash used by investing activities	(1,691)	(1,452)
Cash flows related to financing activities:		
Principal payments on long-term debt	(411)	(410)
Principal payments on equipment financing lease obligations	(208)	(119)
Proceeds from equipment note and equipment financing lease obligations	676	210
Proceeds from the line of credit	1,000	-
Purchase of treasury shares	(157)	(150)
Cash dividend	(404)	(403)
Net cash provided (used) by financing activities	496	(872)
Net decrease in cash and cash equivalents	(1,440)	(2,328)
Cash at beginning of period	2,598	4,707
Cash at end of period	$ 1,158	$ 2,379
Supplemental Cash Flow Information:		
Equipment acquired through financing paid directly to vendor	$ 286	$ -

See notes to condensed consolidated financial statements

SERVOTRONICS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements ("consolidated financial statements") have been prepared in accordance with United States generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 8 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by United States generally accepted accounting principles for complete financial statements.

The accompanying consolidated financial statements reflect all adjustments which are, in the opinion of management, necessary for a fair statement of the results for the interim periods presented. All such adjustments are of a normal recurring nature. Operating results for the three and nine months ended September 30, 2019 are not necessarily indicative of the results that may be expected for the year ending December 31, 2019. The consolidated financial statements should be read in conjunction with the 2018 annual report and the notes thereto.

2. Business Description and Summary of Significant Accounting Policies

Business Description

Servotronics, Inc. and its subsidiaries, the Advanced Technology Group ("ATG"), that designs, manufactures and markets products consisting primarily of control components, and the Consumer Products Group ("CPG"), consisting of knives and various types of cutlery and other edged products.

Principles of Consolidation

The consolidated financial statements include the accounts of Servotronics, Inc. and its wholly-owned subsidiaries (the "Company"). All intercompany balances and transactions have been eliminated upon consolidation.

Cash

The Company considers cash to include all currency and coins owned by the Company as well as all deposits in the bank including checking accounts and savings accounts.

Accounts Receivable

The Company grants credit to substantially all of its customers and carries its accounts receivable at original invoice amount less an allowance for doubtful accounts. On a periodic basis, the Company evaluates its accounts receivable and establishes an allowance for doubtful accounts based on history of past write-offs, collections, and current credit conditions. The allowance for doubtful accounts amounted to approximately $142,000 at September 30, 2019 and $170,000 at December 31, 2018. The Company does not accrue interest on past due receivables.

Note Receivable

There is a note receivable with a balance of $125,000 as of September 30, 2019 and recorded as other non-current assets in the accompanying balance sheet. The note is with a third party with the intent to develop a business venture. As of October 21, 2019, the note receivable plus an additional $18,000 was converted to capitalized tooling and owned by the CPG. The total capitalized tooling is approximately $143,000. The tooling will be used by an off-shore third party supplier for the initial production of new product for the new business venture.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost includes all costs incurred to bring each product to its present location and condition. Market provisions in respect of lower of cost or market adjustments and inventory expected to be used in greater than two years are applied to the gross value of the inventory through a reserve of approximately $1,488,000 and $1,543,000 at September 30, 2019 and December 31, 2018, respectively. Pre-production and start-up costs are expensed as incurred.

The purchase of suppliers' minimum economic quantities of material such as steel, etc. may result in a purchase of quantities exceeding one year of customer requirements. Also, in order to maintain a reasonable and/or agreed to lead time, certain larger quantities of other product support items may have to be purchased and may result in over one year's supply. These amounts are not included in the inventory reserve discussed above.

Shipping and Handling Costs

Shipping and handling costs are classified as a component of cost of goods sold.

Property, Plant and Equipment

Property, plant and equipment is carried at cost; expenditures for new facilities and equipment and expenditures which substantially increase the useful lives of existing plant and equipment are capitalized; expenditures for maintenance and repairs are expensed as incurred. Upon disposal of properties, the related cost and accumulated depreciation are removed from the respective accounts and any profit or loss on disposition is included in income.

Depreciation is provided on the basis of estimated useful lives of depreciable properties, primarily by the straight-line method for financial statement purposes and by accelerated methods for income tax purposes. Depreciation expense includes the amortization of right-of-use ("ROU") assets accounted for as finance leases. The estimated useful lives of depreciable properties are generally as follows:

Buildings and improvements	5-40 years
Machinery and equipment	5-20 years
Tooling	3-5 years

Income Taxes

The Company recognizes deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax basis of assets and liabilities, as well as operating loss and credit carryforwards. The Company and its subsidiaries file a consolidated federal income tax return, combined New York, Connecticut and Texas state income tax returns and separate Pennsylvania and Arkansas income tax returns.

The Company's practice is to recognize interest and/or penalties related to income tax matters in income tax expense. The Company did not have any accrued interest or penalties included in its consolidated balance sheets at September 30, 2019 or December 31, 2018, and did not recognize any interest and/or penalties in its consolidated statements of income during the three months ended September 30, 2019 and 2018. The Company did not have any material uncertain tax positions or unrecognized tax benefits or obligations as of September 30, 2019 and December 31, 2018. The 2016 through 2018 federal and state tax returns remain subject to examination.

Supplemental Cash Flow Information

Income taxes paid during the nine months ended September 30, 2019 and 2018 amounted to approximately $0 and $875,000, respectively. Interest paid during the nine months ended September 30, 2019 and 2018 amounted to approximately $88,000 and $80,000, respectively.

Employee Stock Ownership Plan

Contributions to the employee stock ownership plan are determined annually by the Company according to plan formula.

Impairment of Long-Lived Assets

The Company reviews long-lived assets for impairment annually or whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable based on undiscounted future operating cash flow analyses. If an impairment is determined to exist, any related impairment loss is calculated based on fair value. Due to the losses incurred by our CPG segment, we performed a test for recoverability of the long-lived assets by comparing its carrying value to the future undiscounted cash flows that we expect will be generated by the asset group. Impairment losses on assets to be disposed of, if any, are based on the estimated proceeds to be received, less costs of disposal. The Company has determined that no impairment of long-lived assets existed at September 30, 2019 and December 31, 2018.

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain balances, as previously reported, were reclassified to conform to classifications adopted in the current period.

Research and Development Costs

Research and development costs are expensed as incurred.

Concentration of Credit Risks

Financial instruments that potentially subject the Company to concentration of credit risks principally consist of cash accounts in financial institutions. Although the accounts exceed the federally insured deposit amount, management does not anticipate nonperformance by the financial institutions.

Fair Value of Financial Instruments

The carrying amount of cash, accounts receivable, accounts payable and accrued expenses are reasonable estimates of their fair value due to their short maturity. Based on variable interest rates and the borrowing rates currently available to the Company for loans similar to its long-term debt, the fair value approximates its carrying amount.

Revenue Recognition

Revenues are recognized at the time of shipment of goods, transfer of title and customer acceptance, as required. Our revenue transactions generally consist of a single performance obligation to transfer contracted goods and are not accounted for under industry-specific guidance. Purchase orders generally include specific terms relative to quantity, item description, specifications, price, customer responsibility for in-process costs, delivery schedule, shipping point, payment and other standard terms and conditions of purchase. Service sales, principally representing repair, are recognized at the time of shipment of goods.

The costs incurred for nonrecurring engineering, development and repair activities of our products under agreements with commercial customers are expensed as incurred. Subsequently, the revenue is recognized as products are delivered to the customers with the approval by the customers.

Revenue is recognized at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring goods and services to a customer. The Company determines revenue recognition using the following five steps: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when the company satisfies a performance obligation.

Revenue excludes taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction and collected by the Company from a customer (e.g., sales and use taxes). Revenue includes payments for shipping activities that are reimbursed by the customer to the Company.

Performance obligations are satisfied as of a point in time. Performance obligations are supported by contracts with customers, providing a framework for the nature of the distinct goods, services or bundle of goods and services. The timing of satisfying the performance obligation is typically indicated by the terms of the contract. As a significant portion of the Company's revenue are recognized at the time of shipment, transfer of title and customer acceptance, there is no significant judgment applied to determine the timing of the satisfaction of performance obligations or transaction price.

The timing of satisfaction of our performance obligations does not significantly vary from the typical timing of payment. The Company generally receives payment for these contracts within the payment terms negotiated and agreed upon by each customer contract.

Warranty and repair obligations are assessed on all returns. Revenue is not recorded on any warranty returns. The Company warrants its products against design, materials and workmanship based on an average of twenty-seven months. The Company determines warranty reserves needed based on actual average costs of warranty units shipped and current facts and circumstances. As of September 30, 2019 and December 31, 2018 under the guidance of ASC460 the Company has recorded a warranty reserve of approximately $420,000 and $428,000, respectively. This amount is reflected in other accrued expenses in the accompanying balance sheet. Revenue is recognized on repair returns, covered under a customer contract, at the contractual price upon shipment to the customer.

Recent Accounting Pronouncements Adopted

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)." The new standard requires a lessee to record on the balance sheet the assets and liabilities for the rights and obligations created by leases with lease terms of more than 12 months and requires both lessees and lessors to disclose certain key information about lease transactions. The standard is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Company adopted this standard during the first quarter of 2019. The adoption of this guidance did not have a material impact on the Company's financial statements and related disclosures. The Company has four pieces of equipment financed through a lease line of credit and have recognized a lease liability and a ROU asset for each piece of equipment. Finance lease assets are included in property, plant, and equipment, and liabilities are included in short-term and long-term debt. Accounting for finance leases is substantially unchanged.

3. Inventories

	September 30, 2019	December 31, 2018
	($000's omitted)	
Raw material and common parts	$ 12,539	$ 9,088
Work-in-process	5,047	5,123
Finished goods	3,781	2,482
	21,367	16,693
Less inventory reserve	(1,488)	(1,543)
Total inventories	$ 19,879	$ 15,150

4. Property, Plant and Equipment

	September 30, 2019	December 31, 2018
	($000's omitted)	
Land	$ 7	$ 7
Buildings	10,594	10,452
Machinery, equipment and tooling	20,385	18,345
Construction in progress	597	1,258
	31,583	30,062
Less accumulated depreciation and amortization	(19,036)	(18,187)
Total inventories	$ 12,547	$ 11,875

Depreciation and amortization expense amounted to approximately $339,000 and $259,000 for the three months ended September 30, 2019 and 2018, respectively. Amortization expense primarily related to ROU assets amounted to approximately $18,000 and $20,000 for the three months ended September 30, 2019 and 2018, respectively. Depreciation and amortization expense amounted to approximately $902,000 and $761,000 for the nine months ended September 30, 2019 and 2018, respectively. Amortization expense, primarily related to ROU assets, amounted to approximately $59,000 and $57,000 for the nine months ended September 30, 2019 and 2018, respectively. The Company maintains property and casualty insurance in amounts adequate for the risk and nature of its assets and operations and which are generally customary in its industry.

As of September 30, 2019, there is approximately $597,000 ($1,258,000 – December 31, 2018) of construction in progress (CIP) included in property, plant and equipment all of which is related to capital projects. There is approximately $267,000 for building improvements; $261,000 for machinery & equipment and self-constructed assets, and $69,000 for IT equipment and software, not yet put into service.

5. Long-Term Debt

	September 30, 2019	December 31, 2018
	($000's omitted)	
Term loan payable to a financial institution; Interest rate option of bank prime or Libor plus 1.4% (3.840% as of June 30, 2019), monthly prinicipal payments of $21,833 through 2021 with a balloon payment of $786,000 due December 1, 2021	$ 1,375	$ 1,572
Term loan payable to a financial institution; Interest rate option of bank prime or Libor plus 1.4% (3.840% as of June 30, 2019), monthly prinicipal payments of $23,810 through December 1, 2021	643	857
Line of credit payable to a financial institution; Interest rate option of bank prime 5.25%. Line of credit expires June 19, 2021	1,000	-
Equipment financing lease obligations; Interest rate fixed for term of each funding based upon the Lender's lease pricing at time of funding. (Interest rate/factor 1.822758% - 1.869304% at time of funding)	511	704
Equipment note obligations; Interest rate fixed for term of each funding based upon the Lender's lease pricing at time of funding. (Interest rate/factor 3.3943% - 3.8527% at time of funding)	661	-
	4,190	3,133
Less current portion	(844)	(723)
	$ 3,346	$ 2,410

Principal maturities of long-term debt are as follows: remainder 2019 - $210,000, 2020 - $840,000, 2021 - $2,626,000, 2022 - $282,000, 2023 - $145,000 and 2024 - $87,000.

The Company has a $4,000,000 line of credit. The interest rate is a rate per year equal to the bank's prime rate or Libor plus 1.4%. In addition, effective June 17, 2019, the Company is required to pay a commitment fee of 0.15% on the unused portion of the line of credit. The line of credit expires June 19, 2021. There was $1,000,000 balance outstanding at September 30, 2019 and $0 balance at December 31, 2018.

The term loans and line of credit are secured by all personal property of the Company with the exception of certain equipment that was purchased from proceeds of government grants.

Certain lenders require the Company to comply with debt covenants as described in the specific loan documents, including a debt service ratio. At September 30, 2019 and December 31, 2018 the Company was in compliance with these covenants.

The Company established a lease line of credit for equipment financing in the amount of $1,000,000 available until June 28, 2018. This line is non-revolving and non-renewable. The lease term for equipment covered by the lease line of credit is 60 months. Monthly payments will be fixed for the term of each funding based upon the Lender's lease pricing in effect at the time of such funding. There was approximately $511,000 outstanding at September 30, 2019 and $704,000 at December 31, 2018.

The Company has an equipment loan facility in the amount of $2,500,000 available until November 30, 2019. This line is non-revolving and non-renewable. The loan term for the equipment covered by the agreement is 60 months. Monthly payments will be fixed for the term of each funding based upon the Lender's lease pricing in effect at the time of such funding. There was approximately $661,000 outstanding at September 30, 2019 and no balance outstanding at December 31, 2018.

Principal and interest payments for the equipment note and equipment financing lease obligations for the remainder of 2019 and for each of the next five years:

	Year	**September 30, 2019**	**December 31, 2018**
		($000's omitted)	
	2019	80	193
	2020	321	193
	2021	321	193
	2022	310	193
	2023	159	-
	2024	96	4
Total principal and interest payments		1,287	776
Less amount representing interest		(116)	(72)
Present value of net minimum lease payments		1,171	704
Less current portion		(296)	(175)
Long term principle payments		$ 875	$ 529

6. Shareholders' Equity

	Nine-month Period Ended September 30, 2019						
	Retained Earnings	Accumulated Other Comprehensive Income	Common Stock	Capital in excess of par value	ESOT	Treasury stock	Total shareholders' equity
January 1, 2019	$ 18,788	$ 35	$ 523	$ 14,250	$ (561)	$ (1,522)	$ 31,513
Purchase of treasury shares	-	-	-	-	-	(128)	(128)
Stock based compensation	-	-	-	14	-	44	58
Net Income	98	-	-	-	-	-	98
March 31, 2019	$ 18,886	$ 35	$ 523	$ 14,264	$ (561)	$ (1,606)	$ 31,541
Dividends declared ($0.16 per share)	(413)	-	-	-	-	-	(413)
Purchase of treasury shares	-	-	-	-	-	(21)	(21)
Stock based compensation	-	-	-	34	-	61	95
Net Income	714	-	-	-	-	-	714
June 30, 2019	$ 19,187	$ 35	$ 523	$ 14,298	$ (561)	$ (1,566)	$ 31,916
Dividends declared ($0.16 per share)	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-	(8)	(8)
Stock based compensation	-	-	-	28	-	58	86
Net Income	1,132	-	-	-	-	-	1,132
September 30, 2019	$ 20,319	$ 35	$ 523	$ 14,326	$ (561)	$ (1,516)	$ 33,126

	Nine-month Period Ended September 30, 2018						
	Retained Earnings	Accumulated Other Comprehensive Income	Common Stock	Capital in excess of par value	ESOT	Treasury stock	Total shareholders' equity
January 1, 2018	$ 15,709	$ (32)	$ 523	$ 14,171	$ (662)	$ (1,544)	$ 28,165
Purchase of treasury shares	-	-	-	-	-	(117)	(117)
Net Income	331	-	-	-	-	-	331
March 31, 2018	$ 16,040	$ (32)	$ 523	$ 14,171	$ (662)	$ (1,661)	$ 28,379
Dividends declared ($0.16 per share)	(416)	-	-	-	-	-	(416)
Purchase of treasury shares	-	-	-	-	-	(33)	(33)
Stock based compensation	(6)	6	-	21	-	64	85
Net Income	707	-	-	-	-	-	707
June 30, 2018	$ 16,325	$ (26)	$ 523	$ 14,192	$ (662)	$ (1,630)	$ 28,722
Dividends declared ($0.16 per share)	3	-	-	-	-	-	3
Purchase of treasury shares	-	-	-	-	-	-	-
Stock based compensation	-	-	-	34	-	64	98
Net Income	1,457	-	-	-	-	-	1,457
September 30, 2018	$ 17,785	$ (26)	$ 523	$ 14,226	$ (662)	$ (1,566)	$ 30,280

The Company's Board of Directors authorized the purchase of up to 450,000 shares of its common stock in the open market or in privately negotiated transactions. As of September 30, 2019, the Company has purchased 360,255 shares and there remains 89,745 shares available to purchase under this program. There were 5,232 shares purchased by the Company during the nine month period ended September 30, 2019.

On January 1, 2019, 26,250 shares of restricted stock vested of which 9,729 shares were withheld by the Company for approximately $99,000 to satisfy statutory minimum withholding tax requirements for those participants who elected this option as permitted under the Company's 2012 Long-Term Incentive Plan.

On May 25, 2018, the Company issued 78,750 shares of restricted stock to Executive Officers and certain key management of the Company under the Company's 2012 Long-Term Incentive Plan. The restricted share awards have varying vesting periods between January 2019 and January 2021; however, these shares have voting rights and accrue dividends prior to vesting. The accrued dividends are paid upon vesting of the restricted shares. The aggregate amount of expense to the Company, measured based on grant date fair value is expected to be approximately $735,000 and will be recognized over the requisite service period.

The Company's director compensation policy provides that non-employee directors receive a portion of their annual retainer in the form of restricted stock under the Company's 2012 Long-Term Incentive Plan. These shares vest quarterly over a twelve month service period, have voting rights and accrue dividends that are paid upon vesting. The aggregate amount of expense to the Company, measured based on the grant date fair value, will be recognized over the requisite service period. An aggregate of 4,288 restricted shares were issued on May 25, 2018 with a grant date fair value of $40,000. An aggregate of 7,836 restricted shares were issued on April 26, 2019 with a grant date fair value of $100,000.

On May 15, 2019 the Company announced that its Board of Directors declared a $0.16 per share cash dividend. The dividend was subsequently paid on July 15, 2019 to shareholders of record on June 28, 2019 and was approximately $413,000 in the aggregate. These dividends do not represent that the Company will pay dividends on a regular or scheduled basis. The amount is recorded in dividends payable and as a reduction to retained earnings on the accompanying consolidated balance sheet.

Earnings Per Share

Basic earnings per share is computed by dividing net earnings by the weighted average number of shares outstanding during the period. The weighted average number of common shares outstanding does not include any potentially dilutive securities or any unvested restricted shares of common stock. These unvested restricted shares, although classified as issued and outstanding, are considered forfeitable until the restrictions lapse and will not be included in the basic EPS calculation until the shares are vested. Diluted earnings per share is computed by dividing net earnings by the weighted average number of shares outstanding during the period plus the number of shares of common stock that would be issued assuming all contingently issuable shares having a dilutive effect on the earnings per share that were outstanding for the period. Incremental shares from assumed conversions are calculated as the number of shares that would be issued, net of the number of shares that could be purchased in the marketplace with the cash received upon stock option exercise. The dilutive effect of unvested restrictive stock is determined using the treasury stock method.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
	($000's omitted except per share data)			
Net Income	$ 1,132	$ 1,457	$ 1,944	$ 2,495
Weighted average common shares outstanding (basic)	2,327	2,295	2,325	2,259
Unvested restricted stock	58	82	58	82
Weighted average common shares outstanding (diluted)	2,385	2,377	2,383	2,341
Basic				
Net income per share	$ 0.49	$ 0.63	$ 0.84	$ 1.10
Diluted				
Net income per share	$ 0.47	$ 0.61	$ 0.82	$ 1.07

7. Commitments and Contingencies

Post retirement obligation. As previously disclosed in filings with the Securities and Exchange Commission ("SEC"), the Company, under an employment agreement, is expected to pay post- employment health related benefits to a former Executive Officer of the Company (the "Former Employee"), of which approximately $1,115,000 has been accrued as of September 30, 2019 and December 31, 2018, and is reflected as Post Retirement Obligation in the accompanying balance sheet.

Employment Agreements. The Company provides certain post-employment health and life insurance benefits for its Chief Executive Officer and President, Kenneth Trbovich. Upon retirement and after attaining at least the age of 65, the Company will pay for the retired Executive's and dependent's health benefits and will continue the Company-provided life insurance offered at the time of retirement. The retiree's health insurance benefits ceases upon the death of the retired executive. Approximately $719,000 and $644,000 has been accrued as of September 30, 2019 and December 31, 2018, respectively, and is reflected as Post Retirement Obligation in the accompanying balance sheet.

8. Litigation

Litigation. The Company has pending litigation relative to leases of certain equipment and real property with a former related party. Aero, Inc. is suing Servotronics, Inc. and its wholly owned subsidiary and has alleged damages in the amount of $3,000,000. The Company has filed a response to the Aero, Inc. lawsuit and has also filed a counter-claim in the amount of $3,191,000. The Company considers the risk of loss remote, and is unable to reasonably or accurately estimate the likelihood and amount of any liability or benefit that may be realized as a result of this litigation. Accordingly, no gain or loss has been recognized in the accompanying financials statements related to this litigation.

There are no other legal proceedings currently pending by or against the Company other than ordinary routine litigation incidental to the business which is not expected to have a material adverse effect on the business or earnings of the Company.

9. Related Party Transactions

The Company paid legal fees and disbursements of approximately \$81,000 and \$117,000 in the nine month period ended September 30, 2019 and 2018, respectively, for services provided by a law firm that is owned by a member of the Company's Board of Directors. Legal fees paid for the three month period ended September 30, 2019 and 2018 amounted to approximately \$33,000 and \$23,000, respectively. Additionally, the Company had accrued unbilled legal fees at September 30, 2019 and 2018 of approximately \$49,000 and \$19,000, respectively, with this firm.

10. Business Segments

The Company operates in two business segments, ATG and CPG. The Company's reportable segments are strategic business units that offer different products and services. The segments are composed of separate corporations and are managed separately. Operations in ATG primarily involve the design, manufacture, and marketing of servo-control components (i.e., torque motors, control valves, actuators, etc.) for government, commercial and industrial applications. CPG's operations involve the design, manufacture and marketing of a variety of cutlery products for use by consumers and government agencies. The Company derives its primary sales revenue from domestic customers, although a portion of finished products are for foreign end use.

As of September 30, 2019, the Company had identifiable assets of approximately \$45,701,000 (\$41,685,000 – December 31, 2018) of which approximately \$36,339,000 (\$31,639,000 – December 31, 2018) was for ATG and approximately \$9,362,000 (\$10,046,000 – December 31, 2018) was for CPG.

Information regarding the Company's operations in these segments is summarized as follows:

	($000's omitted except per share data)					
	ATG		CPG		Consolidated	
	Nine Months Ended September 30,		Nine Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018	2019	2018
Revenues from unaffiliated customers	$ 33,926	$ 30,028	$ 4,506	$ 5,245	$ 38,432	$ 35,273
Cost of goods sold, inclusive of depreciation	(24,400)	(21,600)	(5,155)	(4,759)	(29,555)	(26,359)
Gross margin	9,526	8,428	(649)	486	8,877	8,914
Gross margin %	28.1%	28.1%	-14.4%	9.3%	23.1%	25.3%
Selling, general and administrative	(4,558)	(4,131)	(1,878)	(1,584)	(6,436)	(5,715)
Interest expense	(66)	(55)	(22)	(25)	(88)	(80)
Total costs and expenses	(29,024)	(25,786)	(7,055)	(6,368)	(36,079)	(32,154)
Income before income tax provision	4,902	4,242	(2,549)	(1,123)	2,353	3,119
Income tax (provision) benefits	(852)	(849)	443	225	(409)	(624)
Net income/(loss)	$ 4,050	$ 3,393	$ (2,106)	$ (898)	$ 1,944	$ 2,495
Capital expenditures	$ 1,449	$ 1,277	$ 211	$ 175	$ 1,660	$ 1,452

	($000's omitted except per share data)					
	ATG		CPG		Consolidated	
	Three Months Ended September 30,		Three Months Ended September 30,		Three Months Ended September 30,	
	2019	2018	2019	2018	2019	2018
Revenues from unaffiliated customers	$ 11,180	$ 10,639	$ 1,182	$ 2,129	$ 12,362	$ 12,768
Cost of goods sold, inclusive of depreciation	(7,378)	(6,965)	(1,449)	(1,863)	(8,827)	(8,828)
Gross margin	3,802	3,674	(267)	266	3,535	3,940
Gross margin %	34.0%	34.5%	-22.6%	12.5%	28.6%	30.9%
Selling, general and administrative	(1,539)	(1,476)	(595)	(598)	(2,134)	(2,074)
Interest expense	(25)	(20)	(6)	(8)	(31)	(28)
Total costs and expenses	(8,942)	(8,461)	(2,050)	(2,469)	(10,992)	(10,930)
Income before income tax provision	2,238	2,178	(868)	(340)	1,370	1,838
Income tax (provision) benefits	(389)	(457)	151	76	(238)	(381)
Net income/(loss)	$ 1,849	$ 1,721	$ (717)	$ (264)	$ 1,132	$ 1,457
Capital expenditures	$ 288	$ 432	$ 19	$ 36	$ 307	$ 468

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

During the nine and three months ended September 30, 2019 and 2018 approximately 9% of the Company's consolidated revenues were derived from contracts with agencies of the U.S. Government or their prime contractors and their subcontractors. The Company believes that government involvement in military operations overseas will continue to have an impact on the financial results in both the ATG and CPG markets. While the Company is optimistic in relation to these potential opportunities, it recognizes that sales to the government are affected by defense budgets, the foreign policies of the U.S. and other nations, the level of military operations and other factors, and as such, it is difficult to predict the impact on future financial results.

The Company's commercial business is affected by such factors as uncertainties in today's global economy, global competition, the vitality and ability of the commercial aviation industry to purchase new aircraft, the effects and threats of terrorism, market demand and acceptance both for the Company's products and its customers' products which incorporate Company made components.

The ATG engages in business development efforts in its primary markets and is broadening its activities to include new domestic and foreign markets that are consistent with its core competencies. We believe our business remains particularly well positioned in the strong commercial aircraft market driven by the replacement of older aircraft with more fuel efficient alternatives and the increasing demand for air travel in emerging markets. Although the ATG backlog continues to be strong, actual scheduled shipments may be delayed/changed as a function of the Company's customers' final delivery determinations based on changes in the global economy and other factors.

The CPG consumer products are marketed throughout the United States and in select foreign markets. Consumer sales are moderately seasonal. Sales are direct to consumer, through national and international distributors, and through retailers such as big box, hardware, supermarket, variety, department, discount, gift, drug, outdoors and sporting stores. The CPG also sells knives and tools, principally machetes, bayonets, survival knives and kitchen knives, to various branches of the United States Government which accounted for less than 2% of the Company's consolidate revenues in the three and nine months ended September 30, 2019 and 2018.

See also Note 10, Business Segments, for information concerning business segment operating results.

Results of Operations

The following table compares the Company's consolidated statements of income data for the nine months and three months ended September 30, 2019 and 2018 ($000's omitted):

	($000's omitted except per share data) Nine Months Ended September 30, 2019		2018		2019 vs 2018	
	Dollars	% of Sales	Dollars	% of Sales	Dollar Change	% Increase (Decrease)
Revenues:						
Advanced Technology	$ 33,926	88.3%	$ 30,028	85.1%	$ 3,898	13.0%
Consumer Products	4,506	11.7%	5,245	14.9%	(739)	(14.1)%
	38,432	100.0%	35,273	100.0%	3,159	9.0%
Cost of goods sold, inclusive of depreciation and amortization	29,555	76.9%	26,359	74.7%	3,196	12.1%
Gross margin	8,877	23.1%	8,914	25.3%	(37)	(0.4)%
Selling, general and administrative	6,436	16.7%	5,715	16.2%	721	12.6%
Interest expense	88	0.2%	80	0.2%	8	10.0%
Total costs and expenses	36,079	93.9%	32,154	91.2%	3,925	12.2%
Income before income tax provision	2,353	6.1%	3,119	8.8%	(766)	(24.6)%
Income tax provision	409	1.1%	624	1.8%	(215)	(34.5)%
Net income	$ 1,944	5.1%	$ 2,495	7.1%	$ (551)	(22.1)%

	($000's omitted except per share data) Three Months Ended September 30, 2019		2018		2019 vs 2018	
	Dollars	% of Sales	Dollars	% of Sales	Dollar Change	% Increase (Decrease)
Revenues:						
Advanced Technology	$ 11,180	90.4%	$ 10,639	83.3%	$ 541	5.1%
Consumer Products	1,182	9.6%	2,129	16.7%	(947)	(44.5)%
	12,362	100.0%	12,768	100.0%	(406)	(3.2)%
Cost of goods sold, inclusive of depreciation and amortization	8,827	71.4%	8,828	69.1%	(1)	0.0%
Gross margin	3,535	28.6%	3,940	30.9%	(405)	(10.3)%
Gross margin %	28.6%		30.9%			
Selling, general and administrative	2,134	17.3%	2,074	16.2%	60	2.9%
Interest expense	31	0.3%	28	0.2%	3	10.7%
Total costs and expenses	10,992	88.9%	10,930	85.6%	62	0.6%
Income before income tax provision	1,370	11.1%	1,838	14.4%	(468)	(25.5)%
Income tax provision	238	1.9%	381	3.0%	(143)	(37.5)%
Net income	$ 1,132	9.2%	$ 1,457	11.4%	$ (325)	(22.3)%

Revenue

The Company's consolidated revenues from operations increased approximately $3,159,000 or 9.0% for the nine month period ended September 30, 2019 when compared to the same period in 2018. During this period the ATG increased both commercial shipments by approximately $3,117,000 and government shipments by approximately $781,000. This was partially offset by the CPG decrease of commercial shipments by approximately $655,000 and government shipments by approximately $84,000.

The Company's consolidated revenues from operations decreased approximately $406,000 or 3.2% for the three month period ended September 30, 2019 when compared to the same period in 2018. During this period the ATG increased both commercial shipments by approximately $197,000 and government shipments by approximately $344,000. This was offset by the CPG decrease of commercial shipments by approximately $889,000 and government shipments by approximately $58,000.

Gross Margin

The Company's consolidated gross margin for the nine month period ended September 30, 2019 was flat when compared to the same period in 2018.

Gross margin increased in the nine month period ended September 30, 2019 due to the increase in units shipped of approximately $797,000 and due to an increase in average prices and mix of product sold of approximately $301,000 at the ATG as compared to the same period of 2018. This is offset by a decrease in units shipped of approximately $377,000 and a decrease due to average prices and mix of product sold of approximately $758,000 at the CPG as compared to the same period of 2018.

The Company's consolidated gross margin for the three month period ended September 30, 2019 decreased approximately $405,000 or 10.3% when compared to the same period in 2018.

Gross margin decreased in the three month period ended September 30, 2019 due to a decrease in units shipped, average prices and mix of product sold of approximately $533,000 at the CPG as compared to the same period of 2018. This is partially offset by an increase in the gross margin due to an increase in units shipped, average prices and mix of product sold of approximately $128,000 at the ATG as compared to the same period of 2018.

Selling, General and Administrative Expenses

Selling, general and administrative (SG&A) increased approximately $721,000 or 12.6% for the nine month period ended September 30, 2019 when compared to the same period in 2018. The increase is attributable to employee and employee related wages, bonuses and benefits, primarily executive management, of approximately $414,000; sales promotions and travel of approximately $85,000; media advertising of approximately $131,000, directors' fees of approximately $60,000; timing of legal fees of approximately $31,000 as compared to the same nine month period of 2018.

Selling, general and administrative (SG&A) increased approximately $60,000 or 2.9% for the three month period ended September 30, 2019 when compared to the same period in 2018. The increase is attributable to legal fees of approximately $29,000 and media advertising of approximately $45,000 offset by a reduction of sales promotion costs and other incidental costs of approximately $14,000.

Interest Expense

Interest expense increased by 10.0% and 10.7% in the nine and three month periods ended September 30, 2019, respectively, when compared to the same period in 2018. This is primarily due to the higher interest rates on the bank loans and a full year of interest paid on the equipment financing lease obligations.

Income Taxes

The Company's effective tax rate was approximately 17.4% and 20.0% for the nine month periods ended September 30, 2019 and 2018, respectively. The Company's effective tax rate was approximately 17.4% and 20.7% for the three month periods ended September 30, 2019 and 2018, respectively. The effective tax rate in both years reflects federal and state income taxes, permanent non-deductible expenditures, the deduction for foreign-derived intangible income and the federal tax credit for research and development expenditures.

Net Income

Net income for the nine month period ended September 30, 2019 decreased approximately $551,000. This decrease is primarily the result of decreases at the CPG business segments and increases in selling, general and administrative expenses at both business segments. Net income for the three month period ended September 30, 2019 decreased approximately $325,000, when compared to the same periods in 2018. This decrease is primarily the result of decreases in gross margin at the CPG business segment and increases in selling, general and administrative expenses at the ATG business segments.

Liquidity and Capital Resources

The Company's primary liquidity and capital expenditure requirements relate to working capital needs; primarily inventory, accounts receivable, accounts payable, capital expenditures for property, plant and equipment and principal payments on debt. At September 30, 2019, the Company had working capital of approximately $24,978,000 ($23,141,000 – 2018) of which approximately $1,158,000 ($2,598,000 – 2018) was comprised of cash. The increase in working capital is attributable to an increase in inventory, mainly attributable to the ATG's production increase slightly offset by improved number of days in accounts payable.

The Company used approximately $245,000 in cash from operations during the nine month period ended September 30, 2019 as compared to a usage of cash of approximately $4,000 during the same period in 2018. Cash was generated primarily through net income of approximately $1,944,000, adjustments to reconcile net income to net cash of approximately $1,042,000 and timing of accounts payable of approximately $848,000. The primary use of cash for the Company's operating activities for the nine month period ended September 30, 2019 include working capital requirements, mainly an increase in accounts receivables and inventories of approximately $334,000 and $4,674,000, respectively. Cash used in operations is consistent with sales volume, customer expectations and competitive pressures.

The Company's primary generation of cash in its financing and investing activities in the nine month period ended September 30, 2019 included approximately $676,000 of proceeds from equipment financing and the line of credit draw of approximately $1,000,000. This is offset by the usage of cash due to approximately $411,000 of principal payments on long-term debt, approximately $404,000 for the cash dividend paid in July, as well as capital expenditures of approximately $1,660,000 to increase production requirements at the ATG.

The Company has a $4,000,000 line of credit. The interest rate is a rate per year equal to the bank's prime rate or Libor plus 1.4%. In addition, effective June 17, 2019, the Company is required to pay a commitment fee of 0.15% on the unused portion of the line of credit. The line of credit expires September 19, 2021. There was $1,000,000 outstanding at September 30, 2019 and zero at December 31, 2018.

The Company has an equipment loan facility in the amount of $2,500,000 available until November 30, 2019. This line is non-revolving and non-renewable. The loan term for the equipment covered by the agreement is 60 months. Monthly payments will be fixed for the term of each funding based upon the Lender's lease pricing in effect at the time of such funding. There was approximately $661,000 outstanding at September 30, 2019 and no balance outstanding at December 31, 2018.

The Company believes its cash generating capability and financial condition, together with available credit facilities will be adequate to meet our future operating, investing and financing needs.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company is a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and is not required to provide the information required under this item.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

The Company carried out an evaluation under the supervision and with the participation of its management, including the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of the Company's disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) as of September 30, 2019. Based upon that evaluation, the CEO and CFO concluded that the Company's disclosure controls and procedures are effective to ensure that the information required to be disclosed by the Company in SEC reports under the Exchange Act (i) is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and (ii) is accumulated and communicated to the Company's management, including the CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Controls

During the nine month period ended September 30, 2019, there were no changes in internal controls over financial reporting that have materially affected, or are reasonably likely to affect, the Company's internal controls over financial reporting.

PART II

OTHER INFORMATION

Item 1. Legal Proceedings

Except as set forth in Note 8, Litigation, there are no other legal proceedings which are material to the Company currently pending by or against the Company other than ordinary routine litigation incidental to the business which is not expected to materially adversely affect the business or earnings of the Company.

Item 1A. Risk Factors

Not applicable.

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

(c) Company Purchases of Company's Equity Securities

2019 Periods	Total Number of Shares Purchased	Weighted Average Price $ Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Maximum Number of Shares that may yet be Purchased under the Plans or Programs (1)
January - March	12,129(2)	$ 10.51	2,400	92,577
April - June	2,102	10.22	2,102	90,475
July	-	-	-	90,475
August	-	-	-	90,475
September	730	10.24	730	89,745
Total	14,961	$ 10.48	5,232	89,745

(1) The Company's Board of Directors authorized the purchase of up to 450,000 shares of its common stock in the open market or in privately negotiated transactions. As of September 30, 2019, the Company has purchased 360,255 shares and there remains 89,745 shares available to purchase under this program. There were 5,232 shares purchased by the Company during the nine month period ended September 30, 2019.

(2) Includes 9,729 shares withheld/purchased by the Company in January 1, 2019 to satisfy statutory minimum withholding tax requirements for those participants who elected this option as permitted under the Company's 2012 Long-Term Incentive Plan.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable

Item 6. Exhibits

31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14 or 15d-14 of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Filed herewith)
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14 or 15d-14 of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Filed herewith)
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Filed herewith)
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Filed herewith)
101	The following materials from Servotronics, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2019, formatted in XBRL (eXtensible Business Reporting Language): (i) consolidated balance sheets, (ii) consolidated statements of income, (iii) consolidated statements of comprehensive income, (iv) consolidated statements of cash flows and (v) the notes to the consolidated financial statements.

FORWARD-LOOKING STATEMENTS

In addition to historical information, certain sections of this Form 10-Q contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, such as those pertaining to the Company's capital resources and profitability, the timing and amount of payment obligation relating to the arbitration award and the Company's ability to pay these obligations. Forward-looking statements involve numerous risks and uncertainties. The Company derives a material portion of its revenues from contracts with agencies of the U.S. Government or their prime contractors. The Company's business is performed under fixed price contracts and the following factors, among others discussed herein, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements: uncertainties in today's global economy and global competition, and difficulty in predicting defense appropriations, the vitality of the commercial aviation industry and its ability to purchase new aircraft, the willingness and ability of the Company's customers to fund long-term purchase programs, and market demand and acceptance both for the Company's products and its customers' products which incorporate Company-made components. The success of the Company also depends upon the trends of the economy, including interest rates, income tax laws, governmental regulation, legislation, population changes and those risk factors discussed elsewhere in this Form 10-Q. Readers are cautioned not to place undue reliance on forward-looking statements, which reflect management's analysis only as of the date hereof. The Company assumes no obligation to update forward-looking statements.

SIGNATURES

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

Date: November 14, 2019

SERVOTRONICS, INC.

By: /s/ Kenneth D. Trbovich, Chief Executive Officer
Kenneth D. Trbovich
Chief Executive Officer

By: /s/ Lisa F. Bencel, Chief Financial Officer
Lisa F. Bencel
Chief Financial Officer

Exhibit 31.1

CERTIFICATION

I, Kenneth D. Trbovich, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Servotronics, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: November 14, 2019

/s/ Kenneth D. Trbovich, Chief Executive Officer
Kenneth D. Trbovich
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Lisa F. Bencel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Servotronics, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: November 14, 2019

/s/ Lisa F. Bencel, Chief Financial Officer
Lisa F. Bencel
Chief Financial Officer

Exhibit 32.1

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

In connection with the quarterly report of Servotronics, Inc. (the "Company"), on Form 10-Q for the period ended September 30, 2019, I hereby certify solely for the purpose of complying with 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The quarterly report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Act of 1934, and

2. The information contained in the quarterly report fairly represents, in all material respects, the financial condition and results of operations of the Company.

Date: November 14, 2019

/s/ Kenneth D. Trbovich, Chief Executive Officer
Kenneth D. Trbovich
Chief Executive Officer

Exhibit 32.2

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

In connection with the quarterly report of Servotronics, Inc. (the "Company"), on Form 10-Q for the period ended September 30, 2019, I hereby certify solely for the purpose of complying with 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The quarterly report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Act of 1934, and

2. The information contained in the quarterly report fairly represents, in all material respects, the financial condition and results of operations of the Company.

Date: November 14, 2019

/s/ Lisa F. Bencel, Chief Financial Officer
Lisa F. Bencel
Chief Financial Officer