

Standard Motor Products, Inc.

Q3 2022 Investor Presentation



Forward Looking Statements

You should be aware that except for historical information, the matters discussed here in are forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward looking statements, including projections and anticipated levels of future performance, are based on current information and assumptions and involve risks and uncertainties which may cause actual results to differ materially from those discussed herein. Further, the current COVID-19 pandemic has caused our business and industry to experience significant volatility, uncertainty, and economic disruption, and could continue to impact our future sales and profitability as described in our quarterly and annual reports filed with the SEC. You are urged to review all of our filings with the SEC and our press releases from time to time for details of these risks and uncertainties.

Industry and Business Overview



Why Invest in SMP?



Longstanding business led by experienced management team



Leader in engine management and temp control aftermarket



Significant share of stable industry with positive outlook



Successful growth programs



Commitment to Corporate Social Responsibility



Superior shareholder returns



Financial results demonstrate success

103 Years in Business



- Founded 1919
- \$1.3 Billion 2021 Sales
- 5,000 Employees Worldwide



LAWRENCE I. SILLS
Chairman of the Board



ERIC P. SILLS
Director, CEO and President



JAMES J. BURKE
Chief Operating Officer



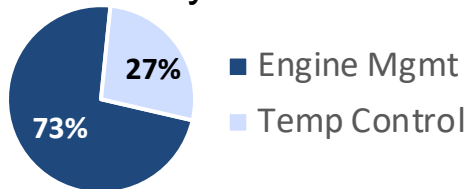
DALE BURKS
EVP and Chief Commercial Officer



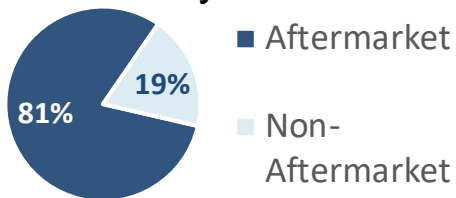
NATHAN ILES
Chief Financial Officer

Consolidated SMP

Sales by Product Line



Sales by Market



Engine Management

73% of Sales

Product Categories:

- Ignition Products
- Emissions Products
- Fuel Delivery
- Vehicle Electronics
- Wire & Cable

Temperature Control

27% of Sales

Product Categories:

- A/C Compressors
- Other A/C System Components
- Engine Cooling Products / Blower & Radiator Fan Motors
- Window Lift Motors

Approximately 50% of sales to powertrain-neutral categories

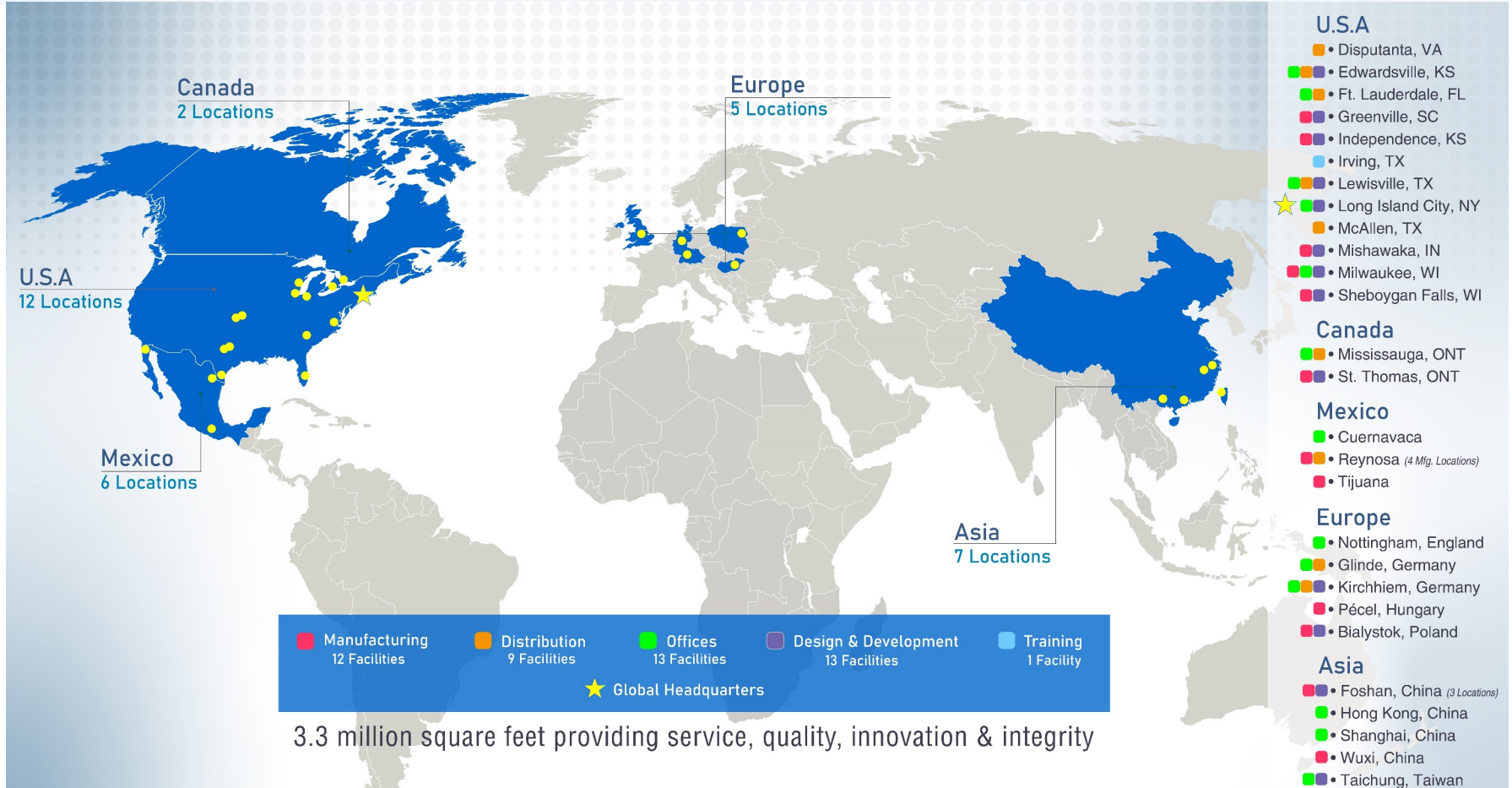
Professionally Recognized Brands



Significant Supplier to All Major Aftermarket Distributors



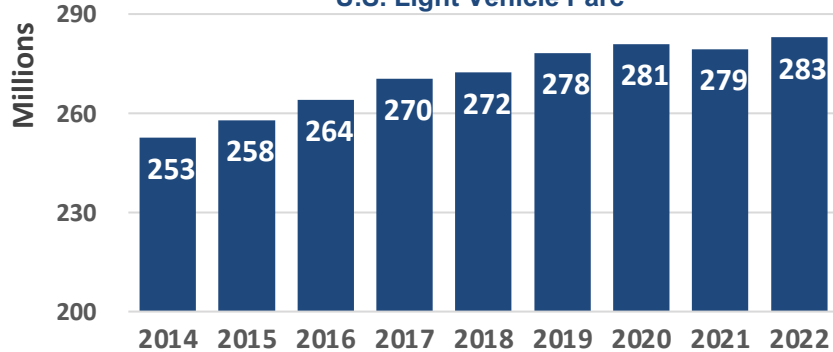
SMP Facilities



Favorable Aftermarket Industry Trends

Vehicle Population shows positive trend

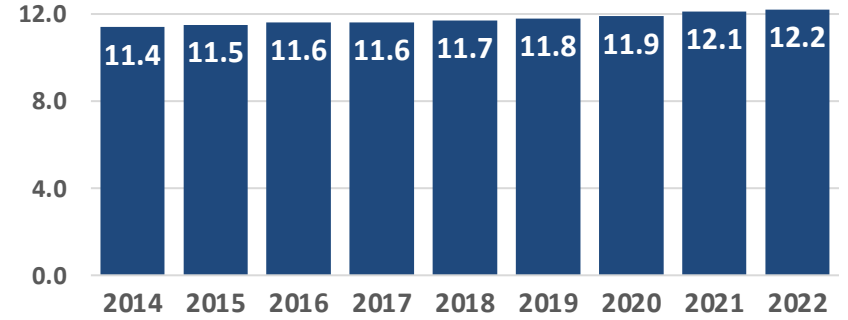
U.S. Light Vehicle Parc



Source: Auto Care Association / IHS Markit

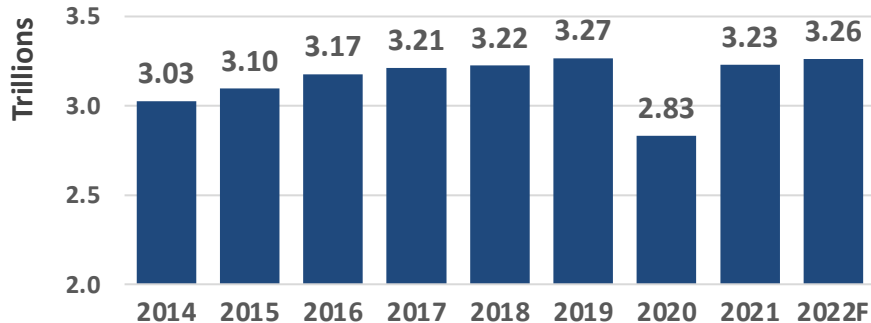
Car Parc continues to get older

Average Age of Cars and Light Trucks



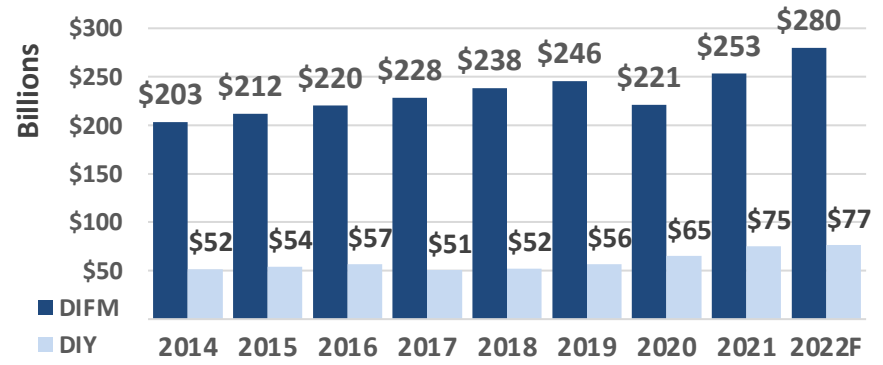
Source: Auto Care Association / IHS Markit

Annual Miles Driven rebounds



Source: USDOT

DIFM Revenue continues to grow



Source: Auto Care Association / Modern Tire Dealer

Strategy Overview



Strategic Objectives

Aftermarket Leadership

- ***Continued Leadership in the North American Aftermarket***
 - Best-in-class full-line, full-service supplier of premium aftermarket engine management and temperature control products

Business Diversification

- ***Strategic expansion of our business***
 - Targeting global commercial, off-highway and niche light-vehicle markets
 - Strategic acquisitions

Drive for Continuous Improvement

- ***Internal programs that make us a stronger company***
 - Investment in increased manufacturing
 - Optimization of supply chain footprint
 - Commitment to ongoing ESG and DE&I initiatives

Return to Shareholders

- Quarterly dividends
- Treasury stock buyback program

SMP® **CORE STRATEGY**

To be the best full-line, full-service supplier of premium engine management and temperature control products

The SMP Value Proposition

Our suite of products and services is designed to provide all the needed support for our customers and the technicians who install our parts

**Premium Quality
Products**

**Premium
Brands**

**Full-Line
Coverage**

**Supply Chain
Excellence**

**Field Sales
Support**

**Marketing
Support**

**World-Class
Training**

**Basic
Manufacturing**

ADVANCED ICE CATEGORIES

- **VVT Components**
 - 500+ SKUs, Manuf. Bialystok
- **EVAP Components**
 - Manuf. Independence & Greenville
- **EGT / ETS / EGRT**
 - Manufactured in Bialystok, Poland
- **Active Grill Shutters**
 - Expanded line, CAPA certified
- **Electronic Throttle Bodies & Kits**
 - Manufactured in Mexico
- **Diesel NOx Sensors**
 - Expanded offering
- **Turbochargers**
 - 100+ SKUs and growing

BEYOND ICE CATEGORIES

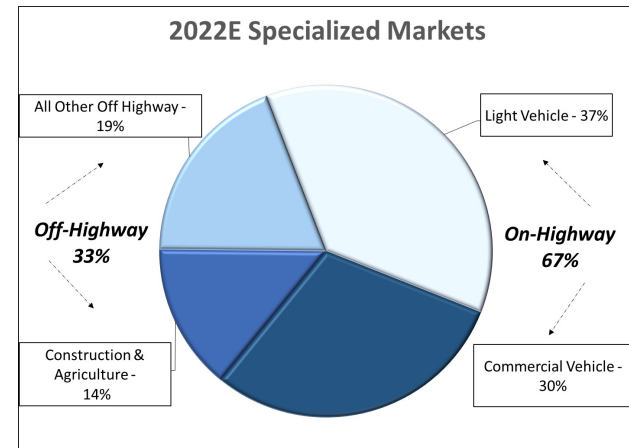
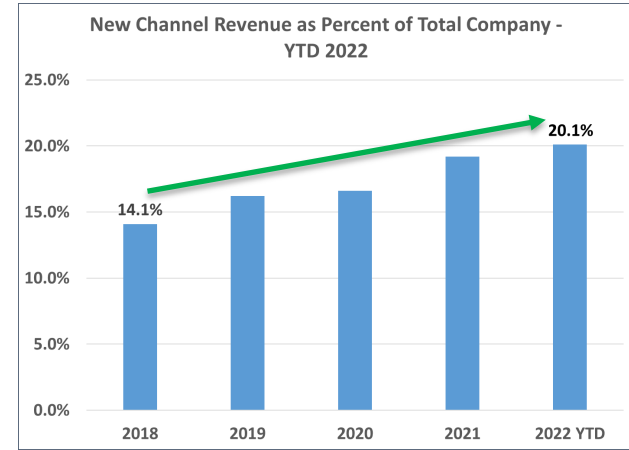
- **Power Management**
 - Battery Current Sensors
 - Power Distribution
 - Contactors, H-Bridge Controllers
- **Switches, Sensors & Actuators**
 - Body Control, Multi-function, Driver-Operated Switches
 - ABS/Traction Control, Speed, Position, Temperature Sensors
 - Lock, Trunk Release, 4WD Actuators
- **Communications**
 - LCD Displays, Gyro Inclinometer
- **ADAS Components (400+ SKUs)**
 - Blind Spot Detection, Cruise Control Distance, Park Assist Sensors
 - Lane Departure, Park Assist Cameras

TEMPERATURE CONTROL

- **ECV Compressors**
 - 250+ SKUs; 10M+ VIO
- **Brushless Motors (BLDC)**
 - Adaptable Modular Electronics
 - Manufactured in Canada
- **Electric Compressors**
 - For BEV, HEV & ICE vehicles
 - High growth category
- **High Voltage Battery Cooling**
 - Electric Water Pumps
 - Compressors, Fans
- **I/O Modules for HCU**
 - Heater Control Units I/O Modules for electric buses

Increased Push into Specialized Markets

- Product life cycles tend to be longer
- Technology more stable
- Less competition and more stable pricing
- Highly fragmented end markets
- Expansive customer lists with blue-chip accounts



Selling Custom Engineered Products and Solutions into Niche End Markets

Complementary Growth

- Products and technologies will be used in the aftermarket
- Involved in early application engineering
- Smaller base provides potential for more robust growth than traditional Aftermarket

Strategic Diversification

- Channel will be >20% of total sales in 2022
- Scale better leverages existing footprint for growth
- Cross sell opportunities among categories/customers
- Diverse end markets including: *Construction/Ag, Hydraulics, Lawn & Garden, MD/HD Truck and Powersports/Marine*

Product Portfolio Enhancement

- Non-powertrain related products
- Parts for electric vehicles
- Alternative energy programs
- New engineering applications to leverage existing capabilities

Major Categories

- Sensing & Switching
- Power Distribution
- HVAC
- Electrification
- Electronics

ADVANCED ICE CATEGORIES

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TEMPERATURE CONTROL

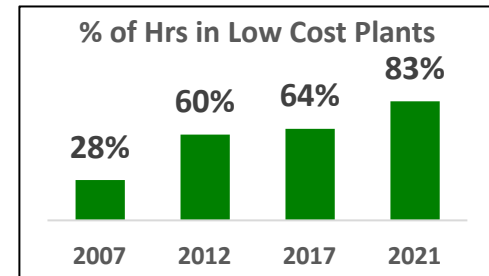
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- 16 Acquisitions in Recent Years
- Primary Focus
 - Bolt-on and Vertical integration
 - New but related business
 - Specialized Markets
- Rationale
 - Helps address part complexity / SKU proliferation
 - Rapid entry into new technologies
 - Growth into complementary products and markets
 - New geographies and diversified markets

			2011	
			2012	
			2013	
				2014
			2016	
			2017	
				2019
				2021
			2022	

Drive for Continuous Improvement

- Increased Manufacturing
 - Engineering resources up >30% from 2013
 - 80% of capital budget for tooling projects
 - Acquisitions: a great “shortcut”
- Optimized Supply Chain Footprint
 - Operations in Mexico & Poland
 - China expansion (Gwo Yng, FGD, CYJ)
 - Strategic North American distribution
- Low Cost Sourcing
 - Hong Kong Engineering & Sourcing Office
 - Rigorous U.S. product qualification



- SMP is committed to ongoing ESG and DE&I initiatives
- We believe in being a good corporate citizen
- We are committed to our company, our employees, our shareholders, our business partners, and communities
- Some highlights from our recent Sustainability Report released in 2022 include:

Environmental

- Ambition to achieve net-zero by 2050
- Established Scope 1 + Scope 2 GHG emission reduction targets
- Expanded product offering to reduce emissions and improve fuel economy
- Transitioning sales fleet to hybrid vehicles

Social

- Increased diversity in hiring and promotion of our workforce
- Safety protocols leading to low incidence of injuries
- Financial support of community organizations, scholarship providers and Ukrainian refugees
- Employee development programs

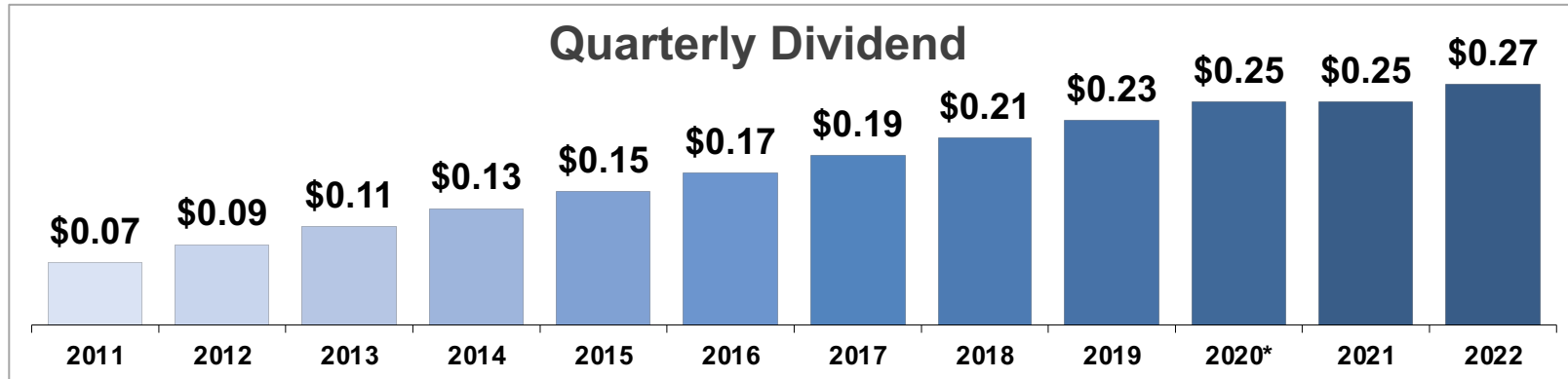
Governance

- Board of Directors oversight of ESG strategy
- Increased diversity of our Board of Directors
- Code of Ethics enforces a culture of compliance
- Independently run whistle-blower hotline
- Stock ownership guidelines align with shareholder interests



Return to Shareholders

Dividend Increase

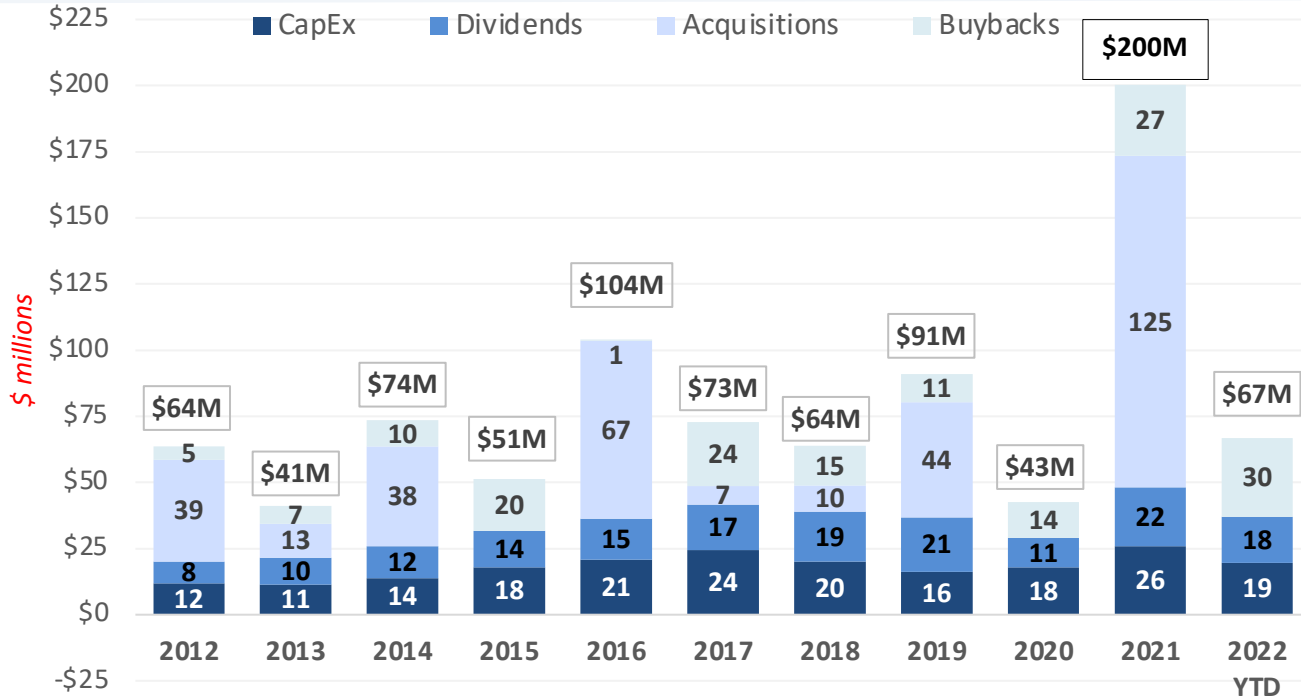


* Dividend paid out for two quarters only due to COVID-19 pandemic

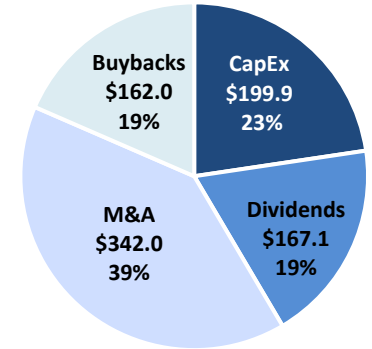
Treasury Stock Buyback Program

Column 1	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022 YTD	2011 - 2022 YTD
Spend (\$000's)	\$4,136	\$4,999	\$6,864	\$10,000	\$19,623	\$377	\$24,376	\$14,886	\$10,738	\$13,482	\$26,862	\$29,656	\$166,000
Shares (000's)	322	381	210	284	552	10	531	323	222	324	622	692	4473
Ave. Price	\$12.85	\$13.13	\$32.69	\$35.18	\$35.56	\$37.24	\$45.92	\$46.12	\$48.43	\$41.63	\$43.17	\$42.86	\$37.11

SMP Cash Utilization



Total Utilization (\$M)



Total invested for:

Growth = 62%

Shareholder Returns

= 38%

Cash Allocation %	
Invest for Growth (Capex / M&A)	79% 59% 70% 35% 85% 43% 47% 66% 42% 76% 29%
Shareholder Return (Dividends / Buybacks)	21% 41% 30% 65% 15% 57% 53% 34% 58% 24% 71%

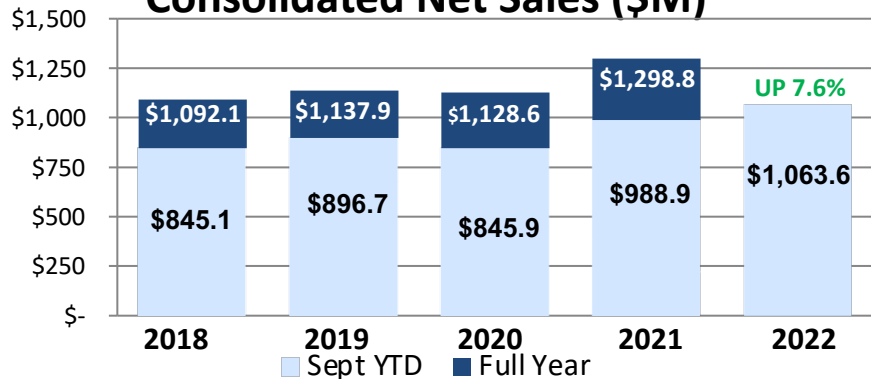
Note: October KADE acquisition to be reflected in Q4 Investor Deck cash utilization

September 2022 YTD Results

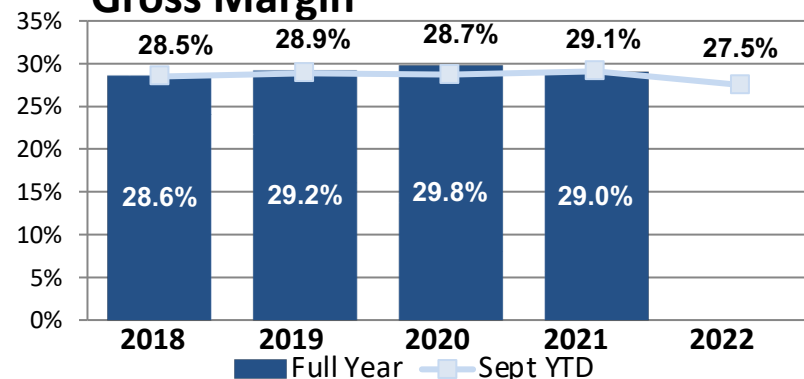


Year-Over-Year Performance Measures

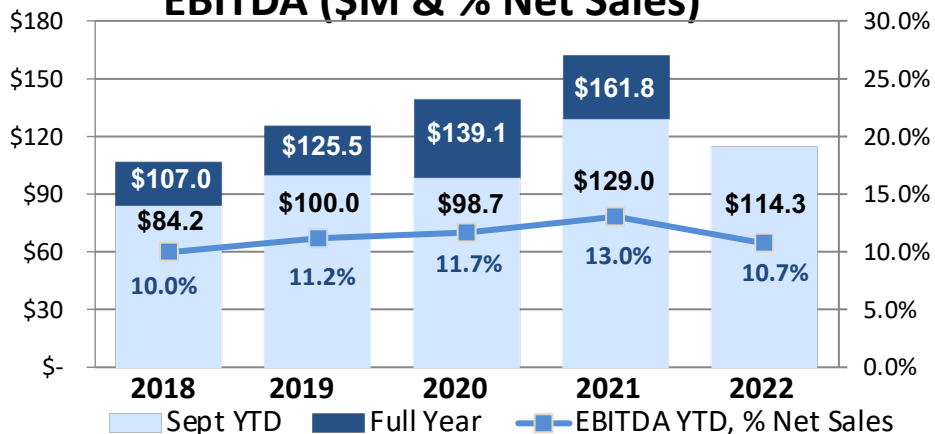
Consolidated Net Sales (\$M)



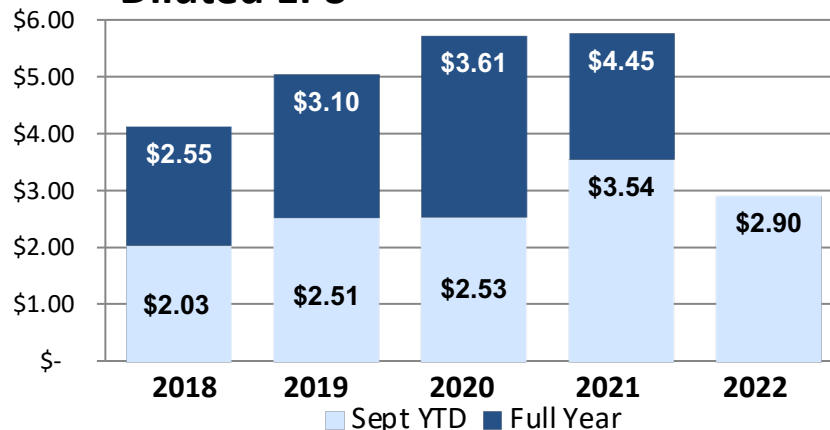
Gross Margin



EBITDA (\$M & % Net Sales)



Diluted EPS



‡ EBITDA and Diluted EPS shown without Special Items

Income Statement Non-GAAP

(\$ in millions)

	<u>September 2022 YTD</u>		<u>September 2021 YTD</u>	
	<u>Amount</u>	<u>% of Sales</u>	<u>Amount</u>	<u>% of Sales</u>
Net Sales	\$ 1,063.6	100.0%	\$ 988.9	100.0%
Gross Profit	293.0	27.5%	288.5	29.2%
SG&A Expenses	204.6	19.2%	181.9	18.4%
Operating Profit	88.4	8.3%	106.6	10.8%
Other Income/(Loss)	4.9		2.2	
Interest Expense	6.3		1.4	
Income Taxes	22.7		27.0	
Earnings from Continuing Ops.	<u>\$ 64.3</u>		<u>\$ 80.4</u>	
Diluted Earnings Per Share:				
Continuing Operations	<u>\$ 2.90</u>		<u>\$ 3.54</u>	
<i>Diluted Shares (000's)</i>	22,153		22,678	

Condensed Balance Sheet

Actual Q3 2022, Q3 2021 (\$ in millions)

	Dollars		Ratios	
	2022	2021	2022	2021
Cash and Equivalents	\$ 17.5	\$ 33.1		
Accounts Receivable/DSO	230.4	224.4	55	55
Inventory/Turns	534.3	414.7	1.9	2.4
Unreturned Customer Inventory	21.5	23.4		
Other Assets	515.0	500.1		
Total Assets	<u>\$ 1,318.7</u>	<u>\$ 1,195.7</u>		
Current Liabilities	\$ 315.7	\$ 346.5		
Total Debt/Debt to Cap Ratio	269.5	131.9	30.6%	18.1%
Other Liabilities	123.1	118.8		
Total Liabilities	<u>\$ 708.3</u>	<u>\$ 597.2</u>		
Equity/Debt to Equity Ratio	610.4	598.5	0.44	0.22
Total Liabilities and Equity	<u>\$ 1,318.7</u>	<u>\$ 1,195.7</u>		

Condensed Statement of Cash Flows

<i>(IN MILLIONS)</i>	SEPTEMBER YTD		Full Year
	2022	2021	2021
NET INCOME	\$47.5	\$72.2	\$91.0
DEPRECIATION & AMORTIZATION	20.9	20.2	27.2
ACCOUNTS RECEIVABLE	(51.9)	(15.3)	28.5
INVENTORY	(75.3)	(52.7)	(107.6)
ACCOUNTS PAYABLE	(31.8)	24.2	33.0
OTHER OPERATING ACTIVITIES	15.1	30.5	13.5
OPERATING CASH FLOW	(75.5)	79.1	85.6
CAPITAL EXPENDITURES	(19.5)	(19.4)	(25.9)
ACQUISITIONS	0.0	(124.7)	(125.4)
NET BORROWINGS (PAYMENTS)	141.5	121.9	118.3
DIVIDENDS	(17.6)	(16.7)	(22.2)
REPURCHASE OF COMMON STOCK	(29.7)	(26.5)	(26.9)
OTHER CHANGES	(3.4)	(0.1)	(1.2)
NET CHANGE IN CASH	\$ (4.2)	\$ 13.7	\$ 2.3
<i>FREE CASH FLOW</i>	\$ (112.6)	\$ 43.1	\$ 37.5

Appendix





Reconciliation of GAAP and Non-GAAP Measures

(\$ in thousands, except per share amounts)

	NINE MONTHS SEPTEMBER 30,				
	2022	2021	2020	2019	2018
	(Unaudited)				
EARNINGS FROM CONTINUING OPERATIONS					
GAAP EARNINGS FROM CONTINUING OPERATIONS	\$ 64,494	\$ 79,331	\$ 57,675	\$ 56,313	\$ 44,697
RESTRUCTURING AND INTEGRATION EXPENSES (INCOME)	44	166	464	1,469	3,073
ONE-TIME ACQUISITION COSTS	-	1,606	-	-	-
CERTAIN TAX CREDITS AND PRODUCTION DEDUCTIONS FINALIZED IN PERIOD	(249)	(259)	(235)	(144)	(144)
GAIN FROM SALE OF BUILDINGS	-	-	-	-	(218)
INCOME TAX EFFECT RELATED TO RECONCILING ITEMS	(11)	(461)	(121)	(382)	(742)
NON-GAAP EARNINGS FROM CONTINUING OPERATIONS	\$ 64,278	\$ 80,383	\$ 57,783	\$ 57,256	\$ 46,666
DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS					
GAAP DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS	\$ 2.91	\$ 3.50	\$ 2.53	\$ 2.47	\$ 1.95
RESTRUCTURING AND INTEGRATION EXPENSES (INCOME)	-	-	0.02	0.06	0.13
ONE-TIME ACQUISITION COSTS	-	0.07	-	-	-
CERTAIN TAX CREDITS AND PRODUCTION DEDUCTIONS FINALIZED IN PERIOD	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
GAIN FROM SALE OF BUILDINGS	-	-	-	-	(0.01)
INCOME TAX EFFECT RELATED TO RECONCILING ITEMS	-	(0.02)	(0.01)	(0.01)	(0.03)
NON-GAAP DILUTED EARNINGS PER SHARE FROM CONTINUING OPS	\$ 2.90	\$ 3.54	\$ 2.53	\$ 2.51	\$ 2.03

MANAGEMENT BELIEVES THAT EARNINGS FROM CONTINUING OPERATIONS AND DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS, EACH OF WHICH ARE NON-GAAP MEASUREMENTS AND ARE ADJUSTED FOR SPECIAL ITEMS, ARE MEANINGFUL TO INVESTORS BECAUSE THEY PROVIDE A VIEW OF THE COMPANY WITH RESPECT TO ONGOING OPERATING RESULTS. SPECIAL ITEMS REPRESENT SIGNIFICANT CHARGES OR CREDITS THAT ARE IMPORTANT TO AN UNDERSTANDING OF THE COMPANY'S OVERALL OPERATING RESULTS IN THE PERIODS PRESENTED. SUCH NON-GAAP MEASUREMENTS ARE NOT RECOGNIZED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES AND SHOULD NOT BE VIEWED AS AN ALTERNATIVE TO GAAP MEASURES OF PERFORMANCE.



Reconciliation of GAAP and Non-GAAP Measures (cont'd)

(\$ in thousands)

	NINE MONTHS SEPTEMBER 30,				
	2022	2021	2020 (Unaudited)	2019	2018
EBITDA WITHOUT SPECIAL ITEMS ATTRIBUTABLE TO SMP					
GAAP EARNINGS FROM CONTINUING OPERATIONS BEFORE TAXES	\$ 87,030	\$ 105,678	\$ 76,793	\$ 74,952	\$ 60,498
DEPRECIATION & AMORTIZATION	20,895	20,160	19,313	19,261	17,745
INTEREST EXPENSE	6,282	1,356	2,107	4,319	3,137
EBITDA	114,207	127,194	98,213	98,532	81,380
RESTRUCTURING AND INTEGRATION EXPENSES (INCOME)	44	166	464	1,469	3,073
ONE-TIME ACQUISITION COSTS	-	1,606	-	-	-
INTANGIBLE ASSET IMPAIRMENT	-	-	-	-	-
GAIN FROM SALE OF BUILDINGS	-	-	-	-	(218)
SPECIAL ITEMS	44	1,772	464	1,469	2,855
EBITDA WITHOUT SPECIAL ITEMS	\$ 114,251	\$ 128,966	\$ 98,677	\$ 100,001	\$ 84,235
TOTAL DEBT	\$ 269,536	\$ 131,947	\$ 12,099	\$ 83,568	\$ 51,006
CASH	\$ 17,525	\$ 33,144	\$ 16,781	\$ 13,259	\$ 27,321
NET DEBT	\$ 252,011	\$ 98,803	\$ (4,682)	\$ 70,309	\$ 23,685
NET DEBT TO EBITDA RATIO (TTM)	1.7:1	0.6:1	0.0:1	0.6:1	0.2:1

Thank You

