Standard Motor Products, Inc.

Q3 2019 Investor Presentation

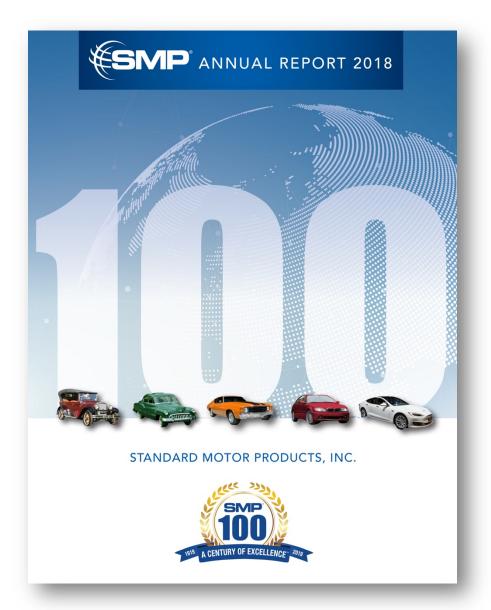








Forward Looking Statements



You should be aware that except for historical information, the matters discussed herein 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. You are urged to review 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



Proven strategy for long-term outperformance



Superior shareholder returns



Financial results demonstrate success



SMP Snapshot

100 Years in Business



- Founded 1919
- \$1.1 Billion 2018 Sales
- 4,400 Employees
 Worldwide



LAWRENCE I. SILLS *Executive Chairman Board of Directors*



ERIC P. SILLS Director, CEO and President



JAMES J. BURKE Chief Operating Officer



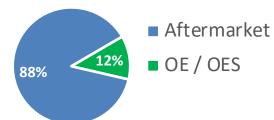
DALE BURKSEVP and Chief
Commercial Officer



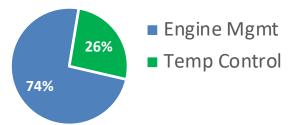
NATHAN ILES Chief Financial Officer

2018 Sales Breakdown





Sales by Product Line



Major Product Categories

Engine Management

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

Temperature Control

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



SMP Snapshot

Professionally Recognized Brands



































Significant Supplier to All Major Distributors































SMP Facilities – Worldwide

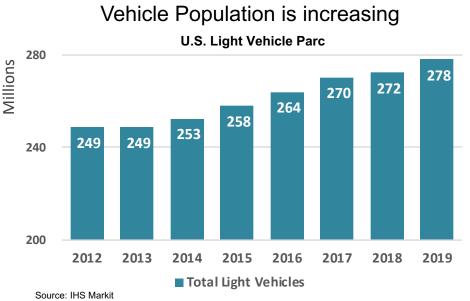
Global Footprint

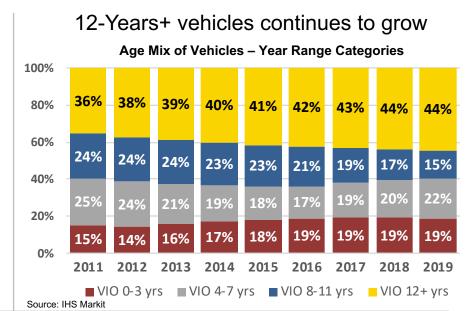


3 Million sq. ft. • 13 Manufacturing Plants • 6 Distribution Centers • 9 Offices

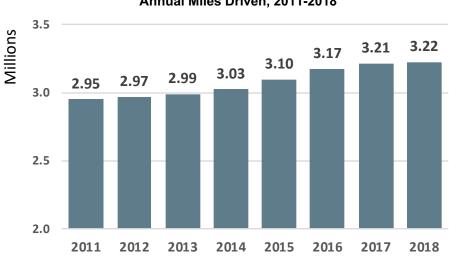


Favorable Industry Trends



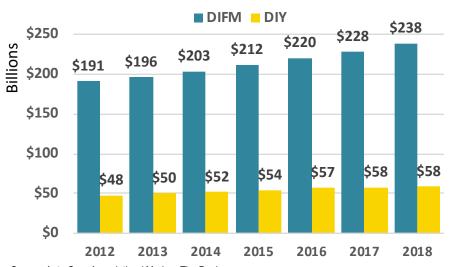


Miles Driven is Increasing Annual Miles Driven, 2011-2018



Source: U.S. Department of Transportation / Federal Highway Administration

DIFM Revenue Continues to Grow



Source: Auto Care Association / Modern Tire Dealer

Strategy Overview





Strategic Objectives

Premium Value Proposition

- External programs that provide real value to our customers
 - Best-in-class full-line, full-service supplier of premium engine management and temperature control products

Drive for Continuous Improvement

- Internal programs that make us a stronger company
 - Investment in increased manufacturing
 - Increase in low-cost footprint
 - Global sourcing without compromise to quality

Successful Growth Programs

- Strategic expansion of our business
 - Complementary product lines
 - Complementary markets, geographies and channels
 - Strategic acquisitions

Return to Shareholders

- Dividend Increase
- Treasury Stock Buyback Program



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	Full-Line	Supply Chain
	Brands	Coverage	Excellence
Field Sales	Marketing	World-Class	Basic
Support	Support	Training	Manufacturing



Drive for Continuous Improvement

Increased Manufacturing

- Engineering resources up >30% from 2013
- 80% of capital budget for tooling projects
- Acquisitions: a great "shortcut"

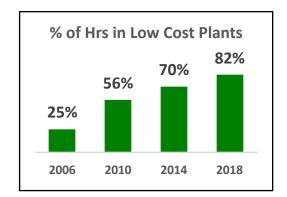


Low Cost Manufacturing

- Closure of Grapevine and Orlando
- China expansion (Gwo Yng, FGD, CYJ)
- Integration of General Cable
- Integration of Pollak (2019)

Low Cost Sourcing

- Hong Kong Engineering & Sourcing Office
- Rigorous U.S. product qualification







Successful Growth Programs

Committed to Growing Technology Categories

- Electronic Throttle Bodies (ETB) Basic manufacturing in Reynosa
- EGT / ETS (Exhaust Gas Temperature) Manufactured in Bialystok
- Anti-lock Brake (ABS) Sensors 4 per vehicle; 2400+ SKUs
- TPMS NSF registered, an aftermarket exclusive
- Evaporative Emissions Components (EVAP) 1,000+ SKUs
- ADAS Components Market leader in ADAS
- Interior Switches 10,000 engine, multi-function, & driver-operated switches
- Brushless Motors (BLDC) Modular electronics adaptable to various models
- Thermostat Assemblies and Housings improved design over the OE
- Water Outlets Industry leading catalog and coverage
- Blend Door Actuators Multiple functionality with up to six per vehicle
- Electric A/C Compressors for EVs Manufactured by CYJ





Successful Growth Programs

Strategic Acquisitions

- 12 Acquisitions in Recent Years
- Primary Focus
 - Bolt-on: acquire competitors
 - Vertical integration: acquire suppliers
 - New but related business
- Rationale
 - Demonstrable synergies with minimal risk
 - Contributes to other strategic objectives
 - Growth and diversification / OES and Heavy Duty
 - Rapid entry to new technologies
 - Increased / low-cost manufacturing
 - Provides enhanced value to our customers
 - Helps with Full-Line, Full-Service model
 - Economies of scale allows further investment
 - Helps address part complexity / SKU proliferation















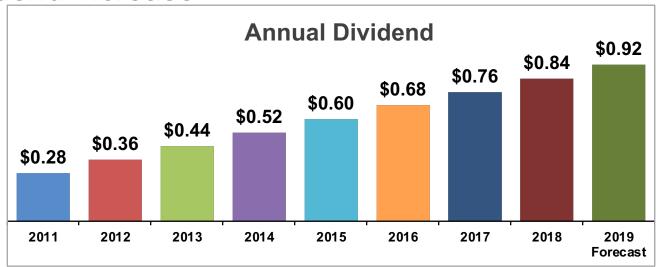






Return to Shareholders

Dividend Increase



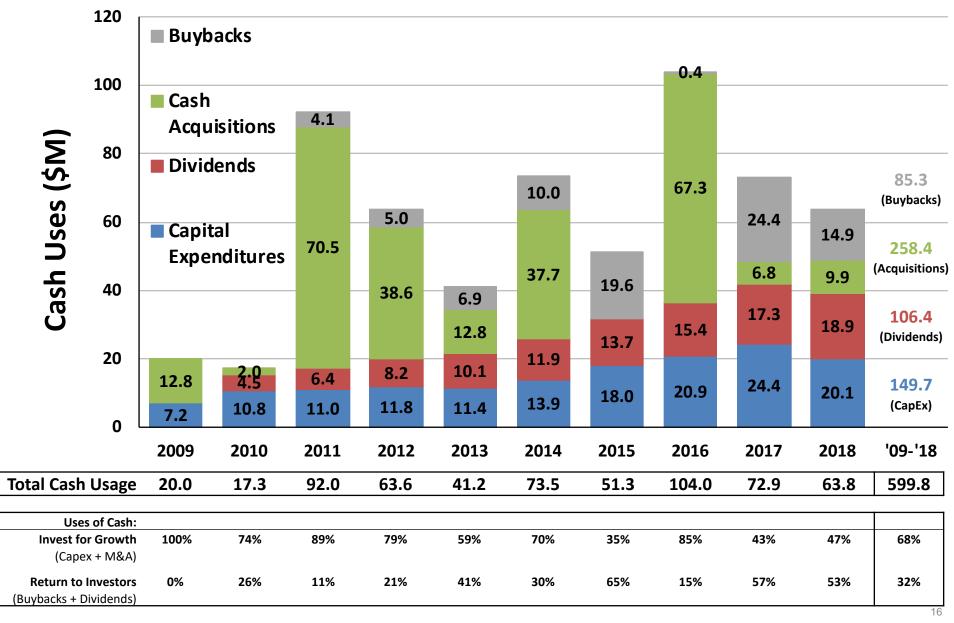
2019 Note: \$0.92 based on quarterly dividend of \$0.23 announced Feb 2019

Treasury Stock Buyback Program

			
Year	Spend	Shares	Avg. Price
2011	\$4.1M	322,250	\$12.84
2012	\$5.0M	380,777	\$13.13
2013	\$6.9M	209,973	\$32.69
2014	\$10.0M	284,284	\$35.18
2015/16	\$20.0M	561,926	\$35.59
2017/18	\$39.3M	853,551	\$46.00
9/30/19 YTD	\$10.7M	<u>221,748</u>	\$48.43
2011 – 9/30/19	\$96.0M	2,834,509	



SMP Cash Utilization



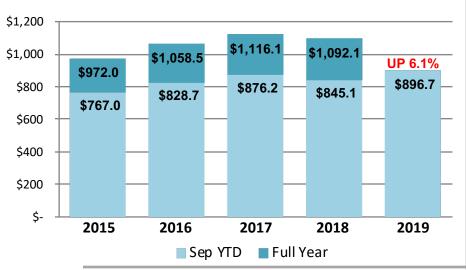
September 2019 YTD Results



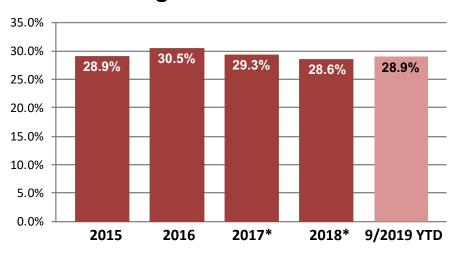


Year-Over-Year Performance Measures

Consolidated Net Sales (\$M)



Gross Margin



EBITDA (w/o Special Items) (\$M)



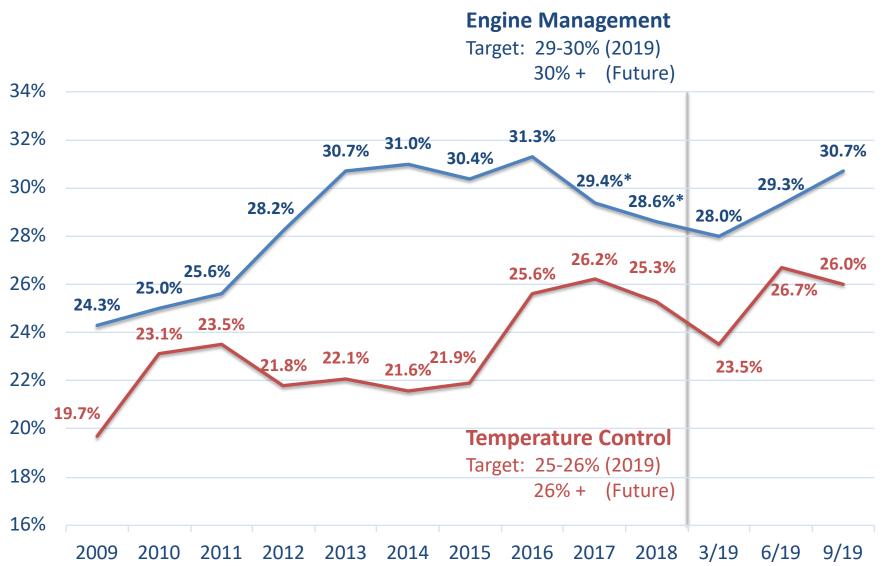
Diluted EPS (w/o Special Items)



^{*} Includes Wire Integration Costs Incurred From Nogales to Reynosa Move



Substantial Gross Margin Improvement



^{*} Includes Wire Integration Costs Incurred From Nogales to Reynosa Move



Income Statement Non-GAAP

(\$ in millions)

	September 2019 YTD Amount % of Sales				 otembe nount	r 2018 YTD <u>% of Sales</u>
Net Sales	\$	896.7	100.0%	Ç	\$ 845.1	100.0%
Gross Profit		259.0	28.9%		241.2	28.5%
SG&A Expenses		180.5	20.0%	_	175.6	20.8%
Operating Profit		78.5	8.8%		65.6	7.8%
Other Income/(Loss)		2.3			0.9	
Interest Expense		4.3			3.1	
Income Taxes		19.2	_	_	16.7	_
Earnings from Continuing Ops.	\$	57.3	=		\$ 46.7	=
Diluted Earnings Per Share: Continuing Operations	\$	2.51	=	<u> </u>	\$ 2.03	=
Diluted Shares (000's)		22,814			22,955	



Condensed Balance Sheet

Actual Q3 2019, Q3 2018 (\$ in millions)

	Do	ollars		Ratio	os
	2019		2018	2019	2018
Cash and Equivalents	\$ 13.3	\$	27.3		
Accounts Receivable/DSO	169.0		163.3	50	51
Inventory/Turns	340.2		318.4	2.3	2.4
Unreturned Customer Inventory	20.3		21.3		
Other Assets	377.9		306.1		
Total Assets	\$ 920.7	\$	836.4		
Current Liabilities	\$ 246.2	\$	258.0		
Total Debt/Debt to Cap Ratio	83.6		51.0	14.5%	9.7%
Other Liabilities	96.8		53.3		
Total Liabilities	\$ 426.6	\$	362.3		
Equity/Debt to Equity Ratio	494.1		474.1	0.17	0.11
Total Liabilities and Equity	\$ 920.7	\$	836.4		

^{*} Jan 1, 2019 Added \$38M in Offsetting Operating Lease Right-Of-Use-Assets and Liabilities



Condensed Statement of Cash Flows

(IN MILLIONS)	Septemb	Full Year	
	2019	2018	2018
NET INCOME	\$46.4	\$39.7	\$43.0
DEPRECIATION & AMORTIZATION	19.3	17.7	24.1
ACCOUNTS RECEIVABLE	(16.6)	(23.4)	(13.7)
INVENTORY	11.8	2.8	(30.2)
ACCOUNTS PAYABLE	(24.1)	5.2	16.9
OTHER OPERATING ACTIVITIES	6.3	25.6	30.2
OPERATING CASH FLOW	43.1	67.6	70.3
CAPITAL EXPENDITURES	(12.3)	(15.6)	(20.1)
ACQUISITIONS	(43.5)	(9.9)	(9.9)
NET BORROWINGS (PAYMENTS)	34.7	(10.5)	(12.2)
DIVIDENDS	(15.4)	(14.1)	(18.9)
REPURCHASE OF COMMON STOCK	(10.7)	(9.3)	(14.9)
OTHER CHANGES	6.2	1.8	(0.5)
NET CHANGE IN CASH	\$ 2.1	\$ 10.0	\$ (6.2)
FREE CASH FLOW	\$ 15.3	\$ 37.9	\$ 31.3

Appendix





Reconciliation of GAAP and Non-GAAP Measures

(\$ in thousands, except per share amounts)	NINE MONTHS ENDED SEPTEMBER 30,									
	2019 2018			2017			2016		2015	
				(Unaudited)						
EARNINGS FROM CONTINUING OPERATIONS										
GAAP EARNINGS FROM CONTINUING OPERATIONS	\$	56,313	\$	44,697	\$	51,736	\$	53,573	\$	42,341
RESTRUCTURING AND INTEGRATION EXPENSES (INCOME)		1,469		3,073		3,914		2,127		(49)
CERTAIN TAX CREDITS AND PRODUCTION DEDUCTIONS FINALIZED IN PERIOD		(144)		(144)		(463)		(235)		(571)
GAIN FROM SALE OF BUILDINGS		-		(218)		(786)		(786)		(786)
INCOME TAX EFFECT RELATED TO RECONCILING ITEMS		(382)		(742)		(1,251)		(536)		333
NON-GAAP EARNINGS FROM CONTINUING OPERATIONS	\$	57,256	\$	46,666	\$	53,150	\$	54,143	\$	41,268
DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS										
GAAP DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS	\$	2.47	\$	1.95	\$	2.22	\$	2.32	\$	1.82
RESTRUCTURING AND INTEGRATION EXPENSES (INCOME)		0.06		0.13		0.16		0.09		-
CERTAIN TAX CREDITS AND PRODUCTION DEDUCTIONS FINALIZED IN PERIOD		(0.01)		(0.01)		(0.02)		(0.01)		(0.03)
GAIN FROM SALE OF BUILDINGS		-		(0.01)		(0.03)		(0.03)		(0.03)
INCOME TAX EFFECT RELATED TO RECONCILING ITEMS		(0.01)		(0.03)		(0.05)		(0.02)		0.02
NON-GAAP DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS	\$	2.51	\$	2.03	\$	2.28	\$	2.35	\$	1.78

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 ENDED SEPTEMBER 30,									
	2019		2018		2017		2016			2015
					(U	naudited)				
EBITDA WITHOUT SPECIAL ITEMS										
GAAP EARNINGS FROM CONTINUING OPERATIONS BEFORE TAXES	\$	74,952	\$	60,498	\$	82,204	\$	85,037	\$	65,110
DEPRECIATION & AMORTIZATION		19,261		17,745		17,439		14,829		13,042
INTEREST EXPENSE		4,319		3,137		1,785		1,206		1,238
EBITDA		98,532		81,380		101,428		101,072		79,390
RESTRUCTURING AND INTEGRATION EXPENSES (INCOME)		1,469		3,073		3,914		2,127		(49)
GAIN FROM SALE OF BUILDINGS		-		(218)		(786)		(786)		(786)
SPECIAL ITEMS		1,469		2,855		3,128		1,341		(835)
EBITDA WITHOUT SPECIAL ITEMS	\$	100,001	\$	84,235	\$	104,556	\$	102,413	\$	78,555
TOTAL DEBT	\$	83,568	\$	51,006	\$	73,137	\$	70,178	\$	24,583
DEBT TO EBITDA RATIO (TTM)		0.7:1		0.5:1		0.6:1		0.6:1		0.2:1

MANAGEMENT BELIEVES THAT EBITDA WITHOUT SPECIAL ITEMS, WHICH IS A NON-GAAP MEASUREMENT, IS MEANINGFUL TO INVESTORS BECAUSE IT PROVIDES 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.

NON-GAAP DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS

(\$ in thousands, except per share amounts)				
EARNINGS FROM CONTINUING OPERATIONS	THREE MON SEPTEM 2019	THS ENDED IBER 30, 2018		THS ENDED IBER 30, 2018
LANGUE ROM GONTHONG OF ENATIONS	(Unau			udited)
GAAP EARNINGS FROM CONTINUING OPERATIONS	\$ 22,654	\$ 19,273	\$ 56,313	\$ 44,697
RESTRUCTURING AND INTEGRATION EXPENSES	825	6	1,469	3,073
CERTAIN TAX CREDITS AND PRODUCTION DEDUCTIONS FINALIZED IN PERIOD	(144)	(144)	(144)	(144)
GAIN FROM SALE OF BUILDINGS	-	-	-	(218)
INCOME TAX EFFECT RELATED TO RECONCILING ITEMS	(214)	(1)	(382)	(742)
NON-GAAP EARNINGS FROM CONTINUING OPERATIONS	\$ 23,121	\$ 19,134	\$ 57,256	\$ 46,666
DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS				
GAAP DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS	\$ 1.00	\$ 0.84	\$ 2.47	\$ 1.95
RESTRUCTURING AND INTEGRATION EXPENSES	0.04	-	0.06	0.13
CERTAIN TAX CREDITS AND PRODUCTION DEDUCTIONS FINALIZED IN PERIOD	(0.01)	(0.01)	(0.01)	(0.01)
GAIN FROM SALE OF BUILDINGS	-	-	-	(0.01)
INCOME TAX EFFECT RELATED TO RECONCILING ITEMS	(0.01)		(0.01)	(0.03)

1.02

0.83

MANA GEMENT 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.

2.03

2.51

Thank You

