



2nd Quarter 2023

Earnings Call | August 2, 2023

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|--------------------------------------|---------------------------------------|
| ❖ Welcome & Introduction | Tony Cristello, VP Investor Relations |
| ❖ Overview & Market Trends | Eric Sills, CEO |
| ❖ Distribution & Supply Chain Update | Jim Burke, COO |
| ❖ Financial Results & Balance Sheet | Nathan Iles, CFO |
| ❖ Final Comments | Eric Sills, CEO |
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2nd Quarter P&L Summary – Segments⁽¹⁾

(In millions, except per share amounts)

	THREE MONTHS ENDED JUNE 30,				SIX MONTHS ENDED JUNE 30,				
	2023		2022		2023		2022		
<u>Vehicle Control</u>									
Revenue	\$	183.8	\$	185.8	\$	368.4	\$	363.0	
Gross Margin		60.1	32.7%	53.7	28.9%	118.6	32.2%	109.2	30.1%
Selling, General & Administrative		32.8	17.8%	32.8	17.6%	66.9	18.0%	65.2	18.0%
Factoring Expenses		7.9	4.3%	4.9	2.6%	14.7	4.0%	7.5	2.1%
Operating Income	\$	19.4	10.5%	16.0	8.6%	37.0	10.1%	36.4	10.0%
Adjusted EBITDA	\$	23.1	12.6%	19.8	10.6%	44.6	12.1%	44.2	12.2%
<u>Temperature Control</u>									
Revenue	\$	97.1		105.6		169.5		178.7	
Gross Margin		26.5	27.3%	29.3	27.8%	45.7	26.9%	48.8	27.3%
Selling, General & Administrative		16.0	16.4%	16.0	15.1%	30.3	17.8%	30.4	17.0%
Factoring Expenses		4.6	4.8%	2.8	2.8%	6.8	4.1%	3.7	2.2%
Operating Income	\$	5.9	6.1%	10.5	10.0%	8.6	5.0%	14.7	8.2%
Adjusted EBITDA	\$	7.0	7.2%	13.2	12.5%	10.3	6.1%	18.5	10.4%
<u>Engineered Solutions</u>									
Revenue	\$	72.2		68.0		143.3		140.5	
Gross Margin		14.6	20.3%	13.3	19.6%	28.3	19.7%	28.2	20.1%
Selling, General & Administrative		8.5	11.7%	8.2	12.1%	16.4	11.5%	16.8	12.0%
Operating Income	\$	6.2	8.5%	5.1	7.5%	11.9	8.3%	11.4	8.1%
Adjusted EBITDA	\$	9.4	13.0%	7.4	10.9%	17.6	12.3%	16.6	11.8%

⁽¹⁾ All operating results provided except for revenues are on a non-GAAP basis. See financial statements in earnings release for reconciliation of GAAP to non-GAAP earnings.

2nd Quarter P&L Summary – Consolidated⁽¹⁾

(In millions, except per share amounts)

	THREE MONTHS ENDED JUNE 30,				SIX MONTHS ENDED JUNE 30,				
	2023		2022		2023		2022		
<u>Consolidated Results</u>									
Revenue	\$	353.1	\$	359.4	\$	681.1	\$	682.2	
Gross Margin		101.3	28.7%	96.4	26.8%	192.5	28.3%	186.2	27.3%
Selling, General & Administrative		61.3	17.4%	60.8	16.9%	122.0	17.9%	120.2	17.6%
Factoring Expenses		12.5	3.5%	7.7	2.1%	21.5	3.2%	11.2	1.6%
Operating Income	\$	27.4	7.8%	27.9	7.8%	49.1	7.2%	54.8	8.0%
Net Earnings from Continuing Operations	\$	18.6		20.8		31.9		41.4	
Adjusted EBITDA	\$	35.3	10.0%	36.8	10.2%	64.3	9.4%	72.1	10.6%
Interest Expense	\$	3.3		1.8		7.1		2.6	
Diluted Earnings per Share	\$	0.84		0.93		1.44		1.85	

⁽¹⁾ All operating results provided except for revenues are on a non-GAAP basis. See financial statements in earnings release for reconciliation of GAAP to non-GAAP earnings.

Balance Sheet & Cash Flow Highlights

(In millions)

	JUNE 30,		DECEMBER 31,
	2023	2022	2022
<i>Working Capital Stats</i>			
Accounts Receivable, Net	\$ 218.1	\$ 229.7	\$ 167.6
Inventories	\$ 499.1	\$ 551.4	\$ 528.7
<i>Cash Flow Stats (YTD)</i>			
Operating cash flows	\$ 39.4	\$ (95.3)	
Capex	\$ (9.5)	\$ (13.2)	
Dividends	\$ (12.5)	\$ (11.8)	
Share repurchases	\$ -	\$ (25.6)	
Net Change in Debt	\$ (16.5)	\$ 139.3	
<i>Debt & Leverage</i>			
Total debt	\$ 223.2	\$ 267.5	\$ 239.6
Cash	\$ 23.0	\$ 14.2	\$ 21.2
Net debt	\$ 200.2	\$ 253.3	\$ 218.4
LTM Adjusted EBITDA	\$ 138.3	\$ 152.4	\$ 146.1
Leverage ratio	1.4x	1.7x	1.5x
Remaining borrowing capacity	\$ 269.6	\$ 232.9	\$ 255.6
Total Liquidity	\$ 292.7	\$ 247.1	\$ 276.8



Q&A Session

Appendix

Safe Harbor – 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 all of our filings with the SEC and our press releases from time to time for details of these risks and uncertainties.

In addition, please see our press release issued on August 2, 2023 for factors that could cause future performance to vary from the expectations expressed or implied by the forward-looking statements herein and for certain reconciliations of GAAP to non-GAAP results.

Reconciliation of GAAP and Non-GAAP Measures

(In thousands, except per share amounts)

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2023	2022	2023	2022
	(Unaudited)		(Unaudited)	
<u>EARNINGS FROM CONTINUING OPERATIONS ATTRIBUTABLE TO SMP</u>				
GAAP EARNINGS FROM CONTINUING OPERATIONS	\$ 18,358	\$ 20,792	\$ 31,056	\$ 41,354
RESTRUCTURING AND INTEGRATION EXPENSES	294	3	1,206	44
INCOME TAX EFFECT RELATED TO RECONCILING ITEMS	<u>(77)</u>	<u>-</u>	<u>(314)</u>	<u>(11)</u>
NON-GAAP EARNINGS FROM CONTINUING OPERATIONS	<u>\$ 18,575</u>	<u>\$ 20,795</u>	<u>\$ 31,948</u>	<u>\$ 41,387</u>
<u>DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS ATTRIBUTABLE TO SMP</u>				
GAAP DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS	\$ 0.83	\$ 0.93	\$ 1.40	\$ 1.85
RESTRUCTURING AND INTEGRATION EXPENSES	0.01	-	0.05	-
INCOME TAX EFFECT RELATED TO RECONCILING ITEMS	<u>-</u>	<u>-</u>	<u>(0.01)</u>	<u>-</u>
NON-GAAP DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS	<u>\$ 0.84</u>	<u>\$ 0.93</u>	<u>\$ 1.44</u>	<u>\$ 1.85</u>



Reconciliation of GAAP and Non-GAAP Measures

(In thousands, except per share amounts)

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,		LAST TWELVE MONTHS ENDED JUNE 30,		YEAR ENDED DECEMBER 31,
	2023	2022	2023	2022			
	(Unaudited)		(Unaudited)		(Unaudited)		
OPERATING INCOME							
GAAP OPERATING INCOME	\$ 27,178	\$ 27,893	\$ 47,924	\$ 54,808			
RESTRUCTURING AND INTEGRATION EXPENSES	294	3	1,206	44			
OTHER INCOME, NET	(46)	(13)	(70)	(13)			
NON-GAAP OPERATING INCOME	<u>\$ 27,426</u>	<u>\$ 27,883</u>	<u>\$ 49,060</u>	<u>\$ 54,839</u>			
EBITDA WITHOUT SPECIAL ITEMS							
GAAP EARNINGS FROM CONTINUING OPERATIONS BEFORE TAXES	\$ 24,697	\$ 27,999	\$ 41,806	\$ 55,558	\$ 84,580	\$ 119,011	\$ 98,332
DEPRECIATION AND AMORTIZATION	7,047	6,941	14,129	13,893	28,534	28,036	28,298
INTEREST EXPENSE	3,283	1,821	7,145	2,626	15,136	3,950	10,617
EBITDA	<u>35,027</u>	<u>36,761</u>	<u>63,080</u>	<u>72,077</u>	<u>128,250</u>	<u>150,997</u>	<u>137,247</u>
RESTRUCTURING AND INTEGRATION EXPENSES	294	3	1,206	44	3,053	436	1,891
CUSTOMER BANKRUPTCY CHARGE	-	-	-	-	7,002	-	7,002
ONE-TIME ACQUISITION COSTS	-	-	-	-	-	956	-
SPECIAL ITEMS	<u>294</u>	<u>3</u>	<u>1,206</u>	<u>44</u>	<u>10,055</u>	<u>1,392</u>	<u>8,893</u>
EBITDA WITHOUT SPECIAL ITEMS	<u>\$ 35,321</u>	<u>\$ 36,764</u>	<u>\$ 64,286</u>	<u>\$ 72,121</u>	<u>\$ 138,305</u>	<u>\$ 152,389</u>	<u>\$ 146,140</u>

MANAGEMENT BELIEVES THAT NON-GAAP EARNINGS FROM CONTINUING OPERATIONS AND NON-GAAP DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS WHICH ARE ATTRIBUTABLE TO SMP, AND NON-GAAP OPERATING INCOME AND EBITDA WITHOUT SPECIAL ITEMS, 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

(In thousands)

	THREE MONTHS ENDED JUNE 30, 2023				
	Vehicle Control	Temperature Control	Engineered Solutions	All Other	Consolidated
	(Unaudited)				
<u>OPERATING INCOME</u>					
GAAP OPERATING INCOME	\$ 19,273	\$ 5,800	\$ 6,163	\$ (4,058)	\$ 27,178
RESTRUCTURING AND INTEGRATION EXPENSES	154	128	12	-	294
OTHER INCOME, NET	(38)	-	(8)	-	(46)
NON-GAAP OPERATING INCOME	<u>\$ 19,389</u>	<u>\$ 5,928</u>	<u>\$ 6,167</u>	<u>\$ (4,058)</u>	<u>\$ 27,426</u>
<u>EBITDA WITHOUT SPECIAL ITEMS</u>					
GAAP EARNINGS FROM CONTINUING OPERATIONS BEFORE TAXES	\$ 17,235	\$ 5,259	\$ 6,247	\$ (4,044)	\$ 24,697
DEPRECIATION AND AMORTIZATION	3,373	768	2,486	420	7,047
INTEREST EXPENSE	2,304	842	637	(500)	3,283
EBITDA	<u>22,912</u>	<u>6,869</u>	<u>9,370</u>	<u>(4,124)</u>	<u>35,027</u>
RESTRUCTURING AND INTEGRATION EXPENSES	154	128	12	-	294
SPECIAL ITEMS	<u>154</u>	<u>128</u>	<u>12</u>	<u>-</u>	<u>294</u>
EBITDA WITHOUT SPECIAL ITEMS	<u>\$ 23,066</u>	<u>\$ 6,997</u>	<u>\$ 9,382</u>	<u>\$ (4,124)</u>	<u>\$ 35,321</u>
% of Net Sales	12.6%	7.2%	13.0%		10.0%

Reconciliation of GAAP and Non-GAAP Measures

(In thousands)

	THREE MONTHS ENDED JUNE 30, 2022				
	Vehicle Control	Temperature Control	Engineered Solutions	All Other	Consolidated
	(Unaudited)				
<u>OPERATING INCOME</u>					
GAAP OPERATING INCOME	\$ 16,059	\$ 10,523	\$ 5,109	\$ (3,798)	\$ 27,893
RESTRUCTURING AND INTEGRATION EXPENSES	3	-	-	-	3
OTHER INCOME, NET	(13)	-	-	-	(13)
NON-GAAP OPERATING INCOME	<u>\$ 16,049</u>	<u>\$ 10,523</u>	<u>\$ 5,109</u>	<u>\$ (3,798)</u>	<u>\$ 27,883</u>
<u>EBITDA WITHOUT SPECIAL ITEMS</u>					
GAAP EARNINGS FROM CONTINUING OPERATIONS BEFORE TAXES	\$ 14,928	\$ 12,064	\$ 4,950	\$ (3,943)	\$ 27,999
DEPRECIATION AND AMORTIZATION	3,491	742	2,295	413	6,941
INTEREST EXPENSE	1,353	406	139	(77)	1,821
EBITDA	<u>19,772</u>	<u>13,212</u>	<u>7,384</u>	<u>(3,607)</u>	<u>36,761</u>
RESTRUCTURING AND INTEGRATION EXPENSES	3	-	-	-	3
SPECIAL ITEMS	<u>3</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3</u>
EBITDA WITHOUT SPECIAL ITEMS	<u>\$ 19,775</u>	<u>\$ 13,212</u>	<u>\$ 7,384</u>	<u>\$ (3,607)</u>	<u>\$ 36,764</u>
<i>% of Net Sales</i>	<i>10.6%</i>	<i>12.5%</i>	<i>10.9%</i>		<i>10.2%</i>

Reconciliation of GAAP and Non-GAAP Measures

(In thousands)

	SIX MONTHS ENDED JUNE 30, 2023				
	Vehicle Control	Temperature Control	Engineered Solutions (Unaudited)	All Other	Consolidated
<u>OPERATING INCOME</u>					
GAAP OPERATING INCOME	\$ 36,648	\$ 7,884	\$ 11,810	\$ (8,418)	\$ 47,924
RESTRUCTURING AND INTEGRATION EXPENSES	439	671	96	-	1,206
OTHER INCOME, NET	(62)	-	(8)	-	(70)
NON-GAAP OPERATING INCOME	<u>\$ 37,025</u>	<u>\$ 8,555</u>	<u>\$ 11,898</u>	<u>\$ (8,418)</u>	<u>\$ 49,060</u>
<u>EBITDA WITHOUT SPECIAL ITEMS</u>					
GAAP EARNINGS FROM CONTINUING OPERATIONS BEFORE TAXES	\$ 32,292	\$ 6,364	\$ 11,533	\$ (8,383)	\$ 41,806
DEPRECIATION AND AMORTIZATION	6,785	1,531	4,967	846	14,129
INTEREST EXPENSE	5,045	1,735	996	(631)	7,145
EBITDA	<u>44,122</u>	<u>9,630</u>	<u>17,496</u>	<u>(8,168)</u>	<u>63,080</u>
RESTRUCTURING AND INTEGRATION EXPENSES	439	671	96	-	1,206
SPECIAL ITEMS	<u>439</u>	<u>671</u>	<u>96</u>	<u>-</u>	<u>1,206</u>
EBITDA WITHOUT SPECIAL ITEMS	<u>\$ 44,561</u>	<u>\$ 10,301</u>	<u>\$ 17,592</u>	<u>\$ (8,168)</u>	<u>\$ 64,286</u>
<i>% of Net Sales</i>	12.1%	6.1%	12.3%		9.4%

Reconciliation of GAAP and Non-GAAP Measures

(In thousands)

SIX MONTHS ENDED JUNE 30, 2022

	Vehicle Control	Temperature Control	Engineered Solutions (Unaudited)	All Other	Consolidated
<u>OPERATING INCOME</u>					
GAAP OPERATING INCOME	\$ 36,403	\$ 14,685	\$ 11,397	\$ (7,677)	\$ 54,808
RESTRUCTURING AND INTEGRATION EXPENSES	44	-	-	-	44
OTHER INCOME, NET	(13)	-	-	-	(13)
NON-GAAP OPERATING INCOME	<u>\$ 36,434</u>	<u>\$ 14,685</u>	<u>\$ 11,397</u>	<u>\$ (7,677)</u>	<u>\$ 54,839</u>
<u>EBITDA WITHOUT SPECIAL ITEMS</u>					
GAAP EARNINGS FROM CONTINUING OPERATIONS BEFORE TAXES	\$ 35,294	\$ 16,544	\$ 11,528	\$ (7,808)	\$ 55,558
DEPRECIATION AND AMORTIZATION	6,908	1,422	4,753	810	13,893
INTEREST EXPENSE	1,928	566	285	(153)	2,626
EBITDA	<u>44,130</u>	<u>18,532</u>	<u>16,566</u>	<u>(7,151)</u>	<u>72,077</u>
RESTRUCTURING AND INTEGRATION EXPENSES	44	-	-	-	44
SPECIAL ITEMS	44	-	-	-	44
EBITDA WITHOUT SPECIAL ITEMS	<u>\$ 44,174</u>	<u>\$ 18,532</u>	<u>\$ 16,566</u>	<u>\$ (7,151)</u>	<u>\$ 72,121</u>
<i>% of Net Sales</i>	12.2%	10.4%	11.8%		10.6%

MANAGEMENT BELIEVES THAT NON-GAAP OPERATING INCOME AND EBITDA WITHOUT SPECIAL ITEMS, 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.