

Standard Motor Products, Inc.

Q1'23 Investor Presentation



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.

In addition, we use metrics such as Adjusted EBITDA and Income from Operations without Special Items throughout this presentation, which are non-GAAP measures.

You are urged to review all of our filings with the SEC and our press releases from time to time for details of risks and uncertainties 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.

Founded: 1919

HQ: Long Island City, NY

Locations: 32 Globally

Employees: 6,100*

SMP
LISTED
NYSE

2022 Financial Highlights

Revenue: \$1.37B

Aftermarket: \$1.1B

- Vehicle Control \$751M
- Temperature Control: \$351M

Engineered Solutions: \$270M

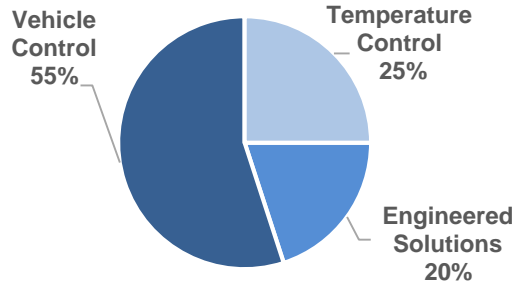
EBITDA**: 10.7%

Dividend Yield: 2.8%

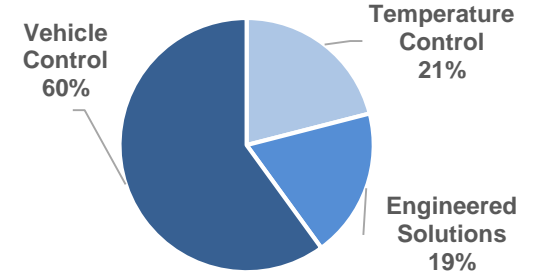
*includes JVs

**reflects adjusted EBITDA which is a non-GAAP financial measure; see reconciliation in appendix

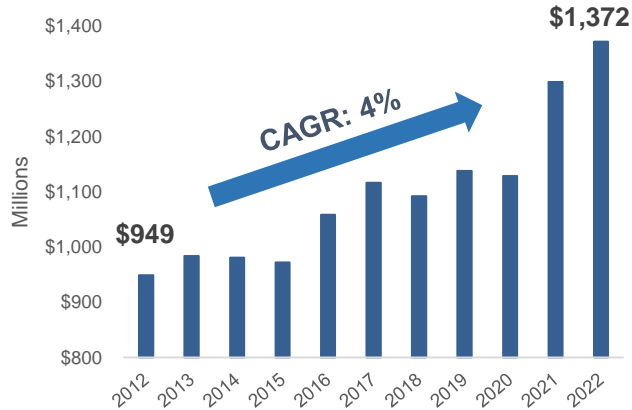
2022 Sales Mix by Segment



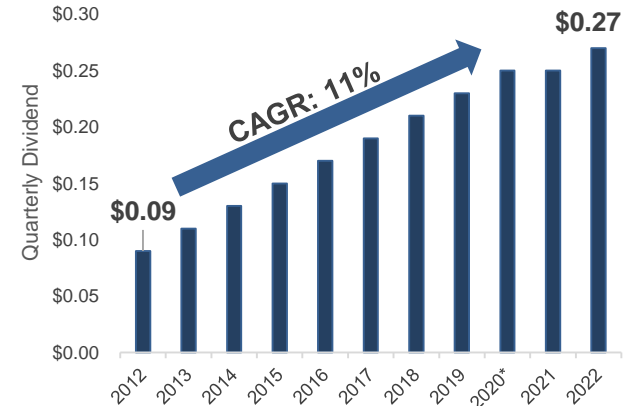
2022 EBITDA* Mix by Segment



Consistent Revenue Growth



Consistent Dividend Growth

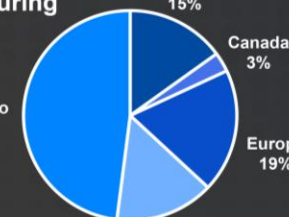


* Dividend paid out for two quarters only due to COVID-19 pandemic

Global Footprint with Customer Adjacency



Diverse Manufacturing Footprint



Region	Percentage
USA	15%
Canada	3%
Europe	19%
China JVs	15%
Mexico	48%

Locations

Region	Locations
U.S.A	<ul style="list-style-type: none"> Disputanta, VA Edwardsville, KS Ft. Lauderdale, FL Greenville, SC Independence, KS Irving, TX Lewisville, TX Long Island City, NY McAllen, TX Mishawaka, IN Milwaukee, WI Sheboygan Falls, WI
Europe	<ul style="list-style-type: none"> Nottingham, England Glinde, Germany Kirchhiem, Germany Pécel, Hungary Bialystok, Poland
Asia	<ul style="list-style-type: none"> Foshan, China (3 Locations) Hong Kong, China Shanghai, China Wuxi, China Taichung, Taiwan
Canada	<ul style="list-style-type: none"> Mississauga, ONT St. Thomas, ONT
Mexico	<ul style="list-style-type: none"> Cuernavaca Reynosa (4 Mfg. Locations) Tijuana

12 Manufacturing Facilities
9 Distribution Facilities
13 Offices
13 Design & Development Facilities
Some facilities perform multiple functions

Strategy Overview



Automotive Aftermarket



- Continued leadership in North American Aftermarket
- Best-in-class, full-line, full-service supplier of premium products within our categories

Engineered Solutions



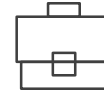
- Innovative product solutions for multiple On-Highway and Off-Highway vehicle markets
- Leveraging our diverse customer relationships, engineering capabilities, operational skills, and global footprint

Sustainability & Continuous Improvement



- Commitment to ongoing ESG and DEI initiatives
- Operational excellence in manufacturing, product development, and supply chain

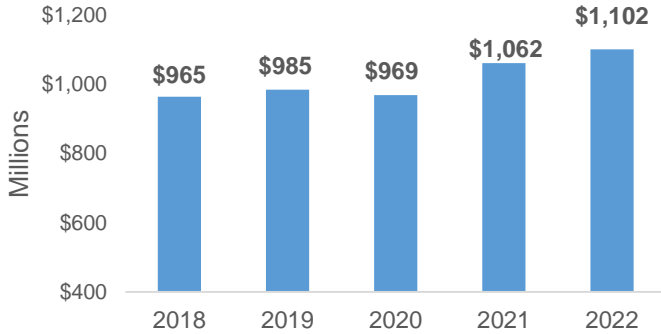
Capital Allocation



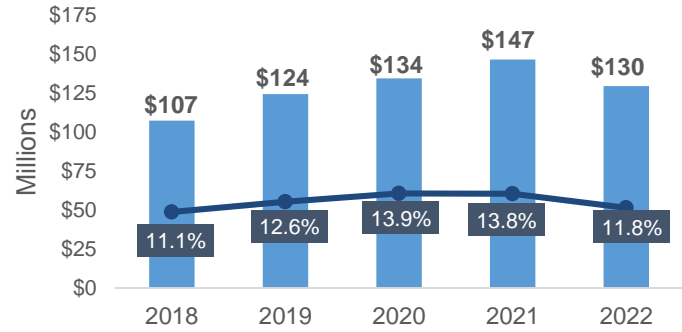
- Capital investment supports future growth
- Take advantage of opportunistic M&A
- Effectively balance our use of debt and equity
- Dividends and stock repurchases

Aftermarket Snapshot

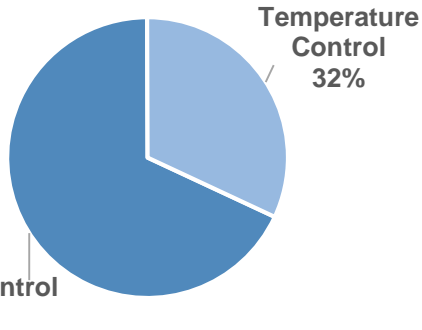
Aftermarket Net Sales



Aftermarket EBITDA* & Margin%



2022 Aftermarket Sales Mix



Nationally
Recognized
Brands

Supplier to
All Major
Distributors



ECHLIN

Belden Pollak



BWD



*reflects adjusted EBITDA which is a non-GAAP financial measure; see reconciliation in appendix

 **SMP**[®] Value Proposition

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

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

**Premium Quality
Products**

**Premium
Brands**

**Full-Line
Coverage**

**Supply Chain
Excellence**

**Field Sales
Support**

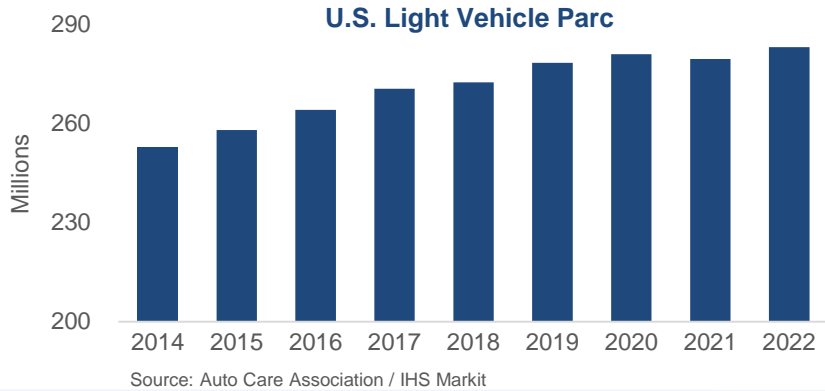
**Marketing
Support**

**World-Class
Training**

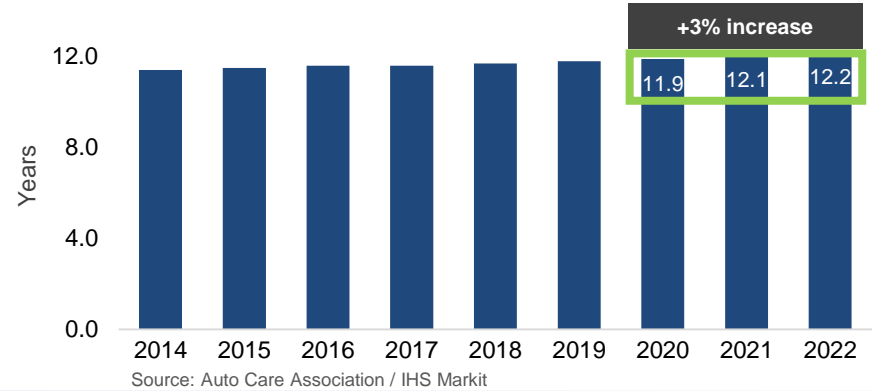
**Basic
Manufacturing**

Favorable Aftermarket Industry Trends

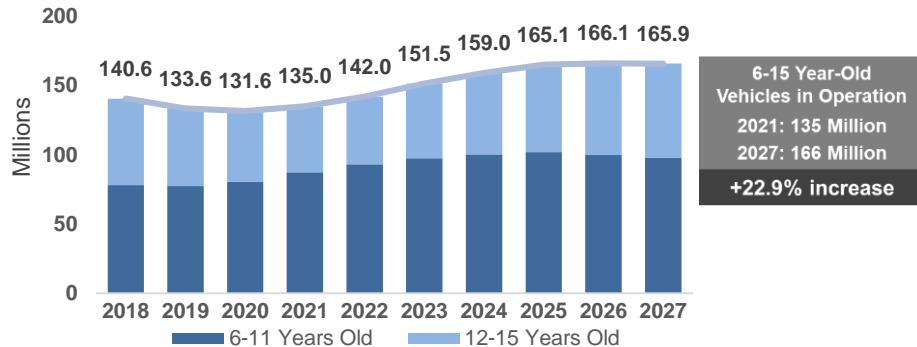
Number of Repairable Vehicles Continue to Climb



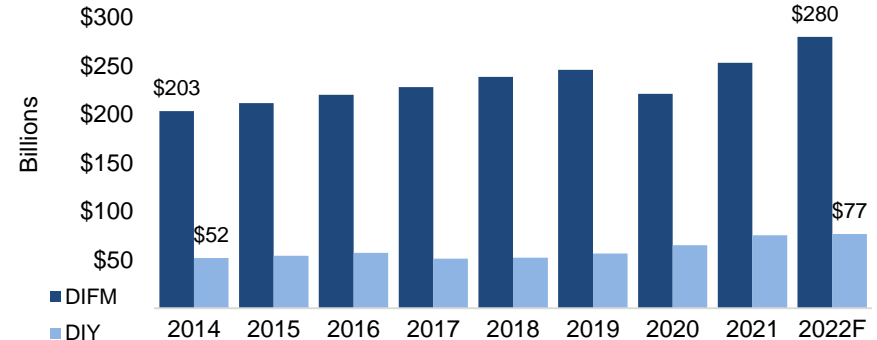
Car Parc Continues to Age

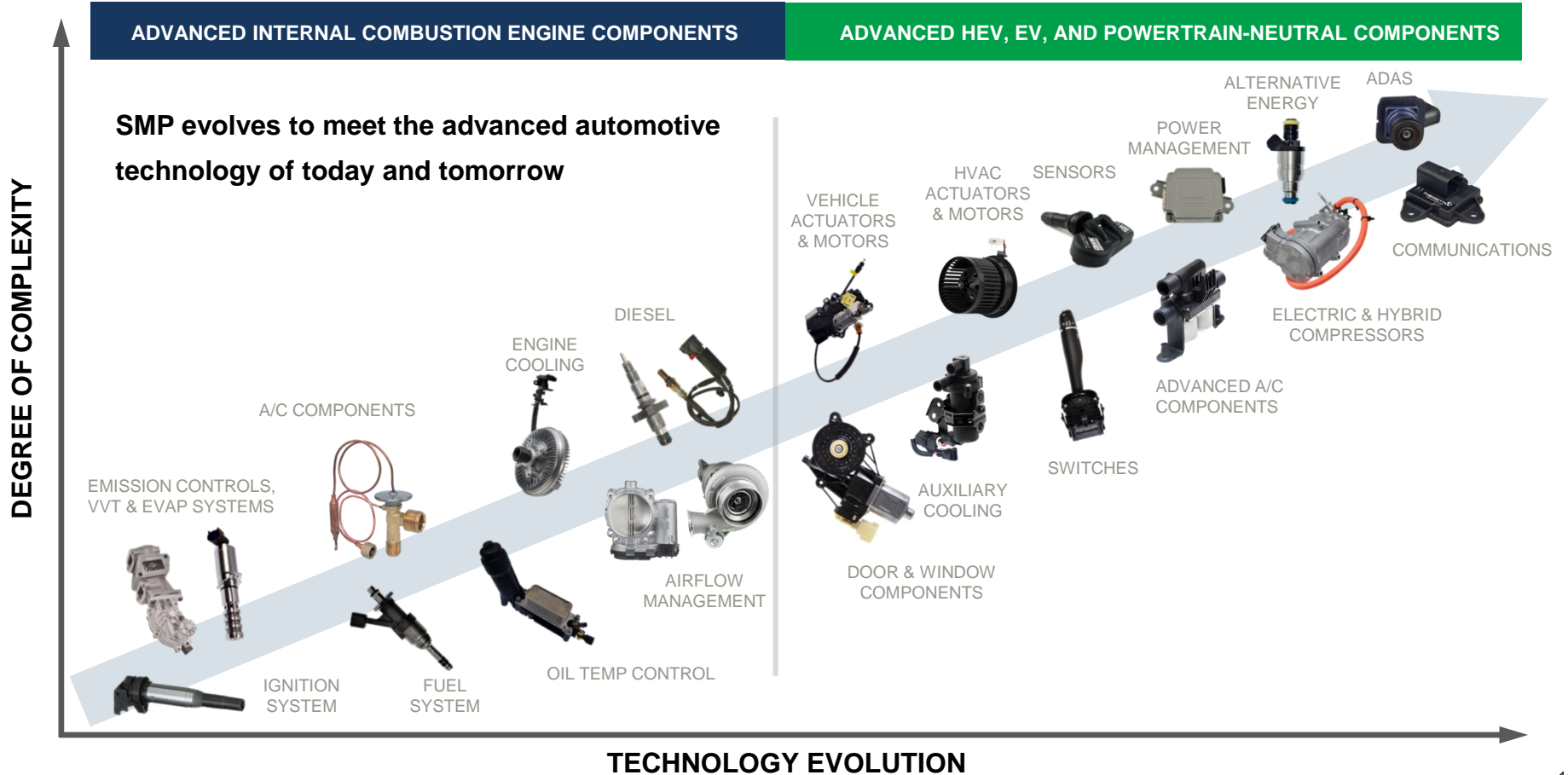


“Sweet Spot” a foundation for growth over next 5-10 years



DIFM Revenue Continues to Grow





Ignition, Emission & Fuel

ICE-Related¹

Traditional and Advanced ICE Categories

- Variable Valve Timing Components
- Ignition Coils
- Turbochargers
- Electronic Throttle Bodies
- Gasoline and Diesel Injection
- Emission Controls
- Air & Fuel Sensors & Switches
- Many other categories



\$455M '22 Net Sales
60% of Segment

Electrical & Safety

Powertrain Neutral, Hybrid & EV Specific

Growing categories used on all vehicles regardless if they are gas, diesel, hybrid or electric

165+ Powertrain Neutral Categories

- ADAS (Advance Driver Assist Systems)
- TPMS Sensors
- Electrical Connectors
- Fluid Level & Temperature Sensors
- Electrical Switches & Relays
- Door, Trunk and Hood Lock Actuators
- Hundreds of other categories



\$231M '22 Net Sales
31% of Segment

Wire Sets & Other

ICE-Related

Conventional Wire & Cable categories for ICE vehicles

- Ignition Wire Sets
- Coil-on-Plug Boots
- Wire Leads
- Wire Terminals



\$66M '22 Net Sales
9% of Segment

Favorably impacted by electrification

- Most product categories are powertrain-neutral or electrification-specific
- A/C Compressors transition to year-round operation (battery cooling)

A/C System Components

Most interior heating and cooling components remain the same for ICE and Hybrid / EV vehicles

- A/C Compressors
- Accumulators
- Evaporators
- Blend Door Actuators
- Expansion Devices



\$245M Net Sales
(70% in 2022)

Other Thermal Components

Provide engine, transmission, electric drive, and battery temperature management

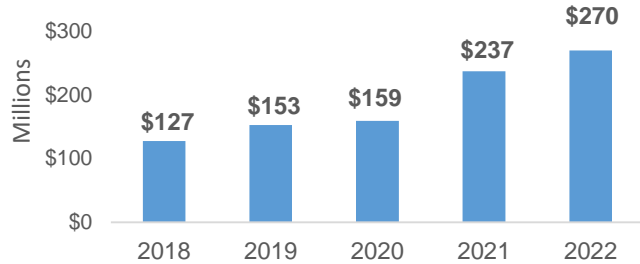
- Fan Clutches
- Electric Thermal Pumps
- Battery Cooling Fan Motors
- Liquid Cooled Heat Exchangers



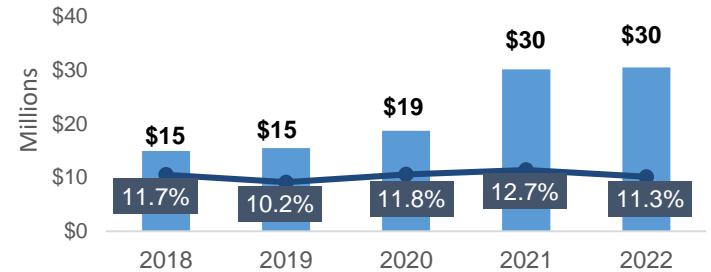
\$106M Net Sales
(30% in 2022)

Engineered Solutions Snapshot

Engineered Solutions Net Sales



Engineered Solutions EBITDA* & Margin%



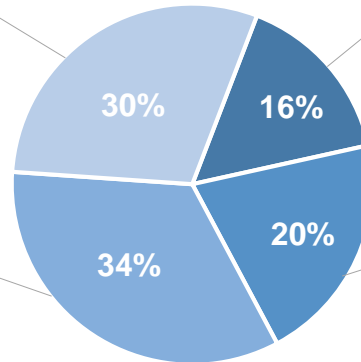
Commercial Vehicle - \$80M



Light Vehicle - \$92M



FY 2022



Construction / Agriculture - \$42M



All Other - \$56M



*reflects adjusted EBITDA which is a non-GAAP financial measure; see reconciliation in appendix

Engineered Solutions Opportunities

Market Expansion

Broadens the Company's target opportunities across multiple industries with new end markets

Diversification

Diverse end markets, geographies, and customers

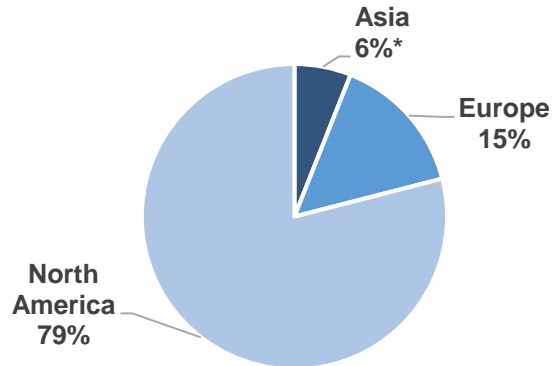
Growth

Sales driver as new segment has potential for expanded long-term growth rates

Collaboration

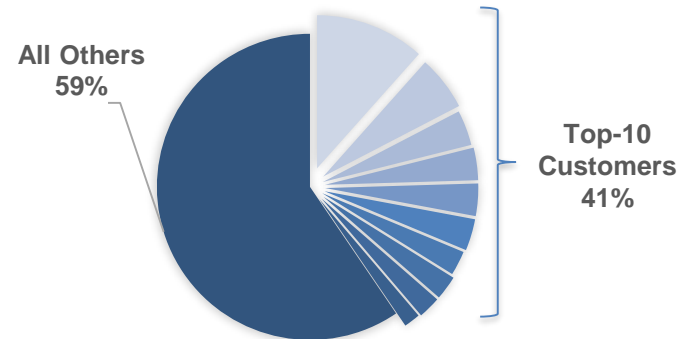
Supports and expands SMP's Aftermarket position through sharing technologies and engineering expertise

2022 Global Sales



*excludes non-controlled JV sales to third parties

Diverse Customer Mix



Engineered Solutions Strategy



An extensive portfolio of adaptable products and a global network of resources positioned to serve a diverse customer base

Focused Growth

- ✓ New Product Development
- ✓ Diversification
- ✓ Market Expansion
- ✓ M&A Opportunities

Global Reach with Local Support

- ✓ Sales Support
- ✓ Customer Service
- ✓ Engineering
- ✓ Technical Resources

Customizable Designs

- ✓ Adaptable development and manufacturing for unique and specific requirements

World Class Manufacturing

- ✓ Advanced quality systems
- ✓ Committed to continuous improvement

Commercial Vehicle



Light Vehicle



Construction & Agriculture



Hydraulics & Industrial



Powersports



Outdoor Power Equipment



Electronics



Thermal Management



Sensors



Switches



Power Distribution



Ignition & Emission

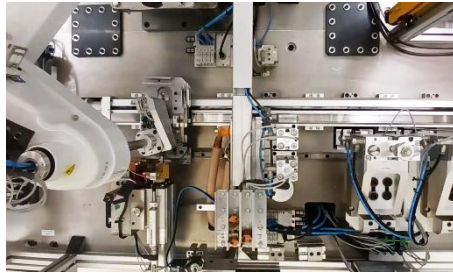
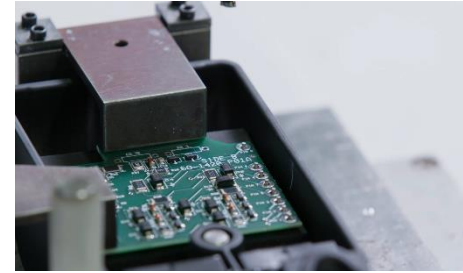


Injection & Fuel Delivery



Clamping





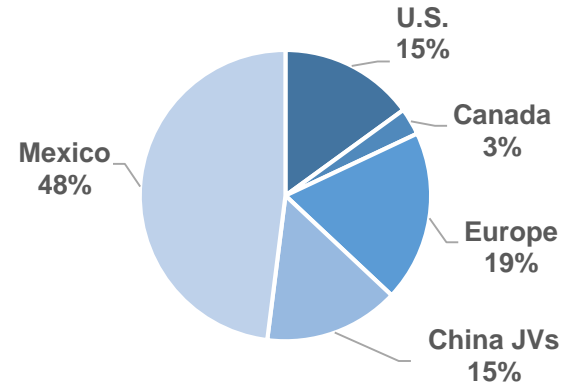
Commitment to Manufacturing

- Basic manufacturer with 12 manufacturing facilities
- 13 design and development centers

Optimized Supply Chain

- Diverse low-cost footprint
- Global sourcing and supplier development
- Expansive distribution network

Manufacturing by Geography



Target technologies, products, and processes:

- Align with our core competencies
- Diversification plays in adjacent markets or technologies
- Servicing common customers and markets
- Consolidating competitors or suppliers
- Synergistic product line carve-outs that enhance our capabilities
- Vertical integration of key technologies



	2013	2013	2014	2014	2014	2016	2017	2019	2019	2021	2021	2021	2022
Aftermarket	✓		✓		✓	✓	✓	✓					
Engineered Solutions	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
New Products / Technology	✓							✓	✓	✓	✓	✓	
Vertical Integration	✓		✓		✓	✓	✓	✓	✓			✓	
Geographic Expansion	✓	✓			✓		✓	✓	✓	✓	✓	✓	✓

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 our communities



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

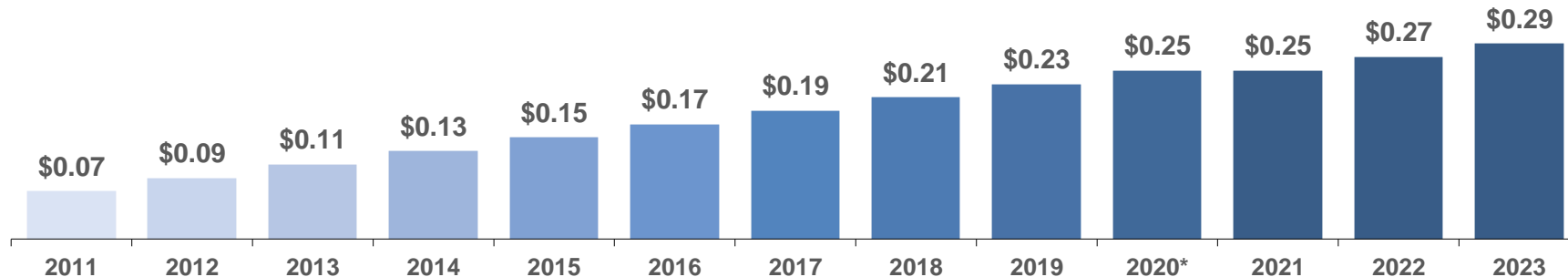
Social

- 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

Quarterly Dividends

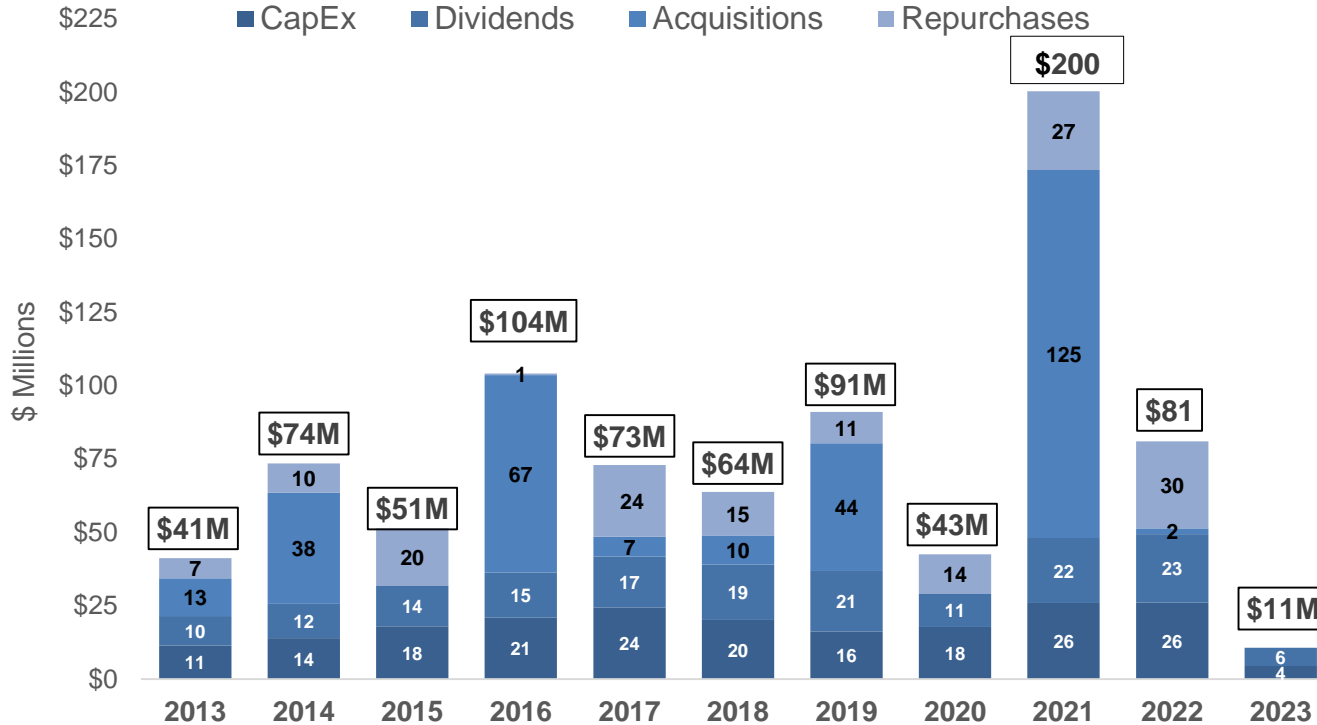


* Dividend paid out for two quarters only due to COVID-19 pandemic

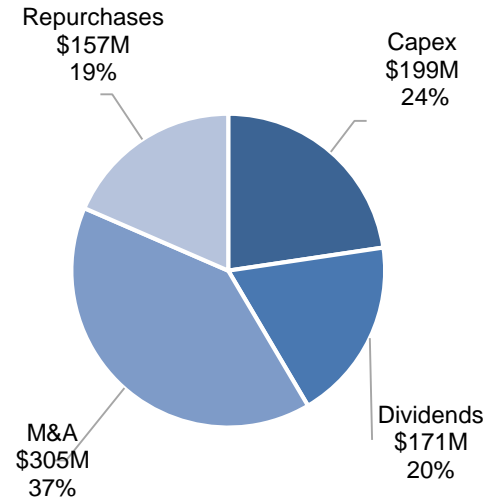
Share Repurchase Program

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Period Total
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	4,473
Avg. 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



Cash Allocation %

Capex & M&A	59%	70%	35%	85%	43%	47%	66%	42%	76%	34%	41%
Dividends & Repurchases	41%	30%	65%	15%	57%	53%	34%	58%	24%	66%	59%

Why Invest in SMP

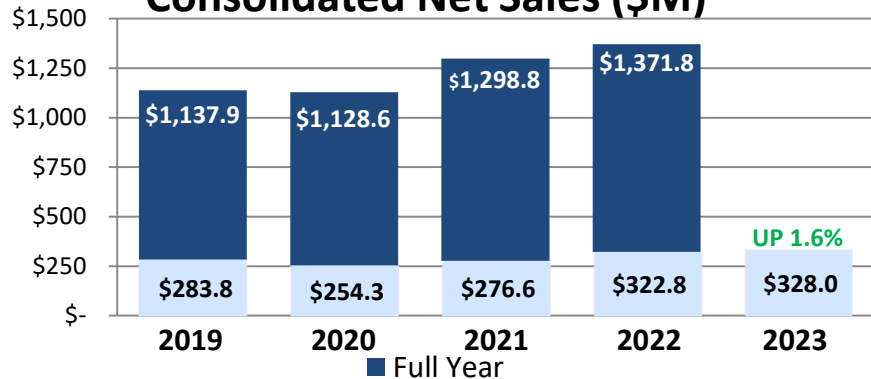


March 2023 YTD Results

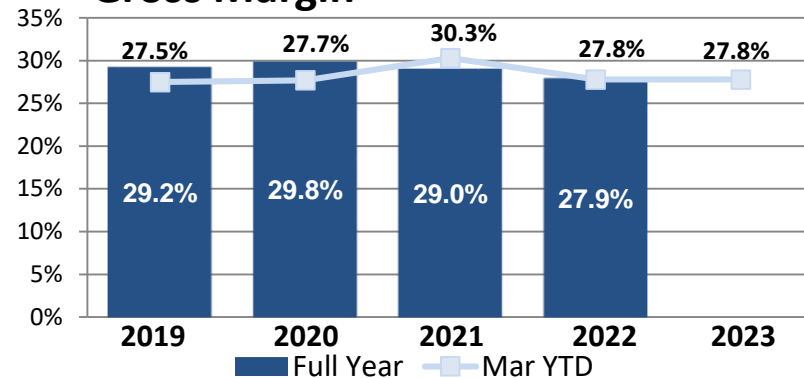


Year-Over-Year Performance Measures

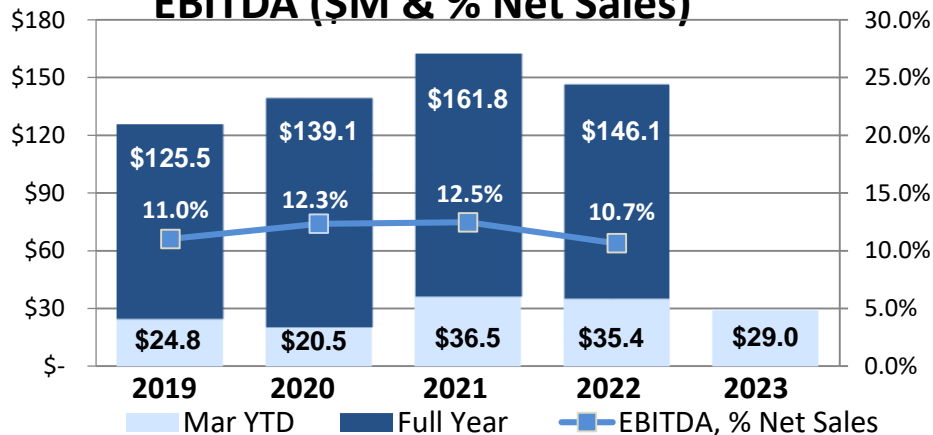
Consolidated Net Sales (\$M)



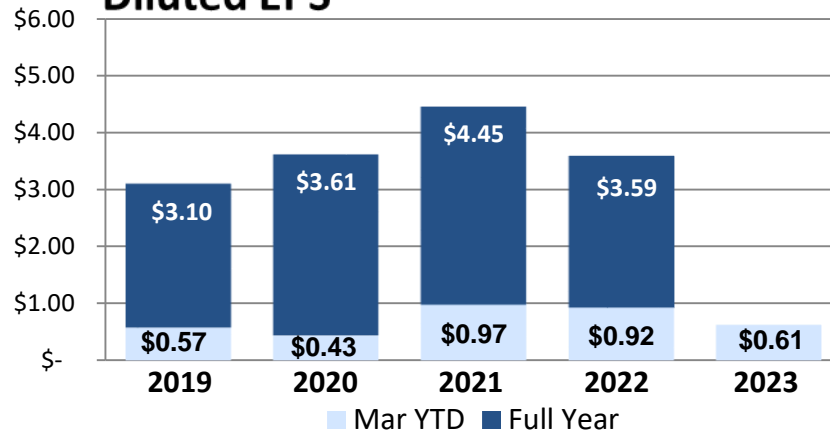
Gross Margin



EBITDA (\$M & % Net Sales)



Diluted EPS



Income Statement Non-GAAP

(In millions, except per share amounts)

	THREE MONTHS ENDED			
	MARCH 31,			
	2023		2022	
<u>Vehicle Control</u>				
Revenue	\$ 184.6		\$ 177.3	
Gross Margin	58.5	31.7%	55.4	31.3%
Selling, General & Administrative	34.1	18.4%	32.4	18.3%
Factoring Expenses	6.8	3.7%	2.6	1.5%
Operating Income	\$ 17.6	9.6%	\$ 20.4	11.5%
Adjusted EBITDA	\$ 21.5	11.6%	\$ 24.4	13.8%
<u>Temperature Control</u>				
Revenue	\$ 72.4		\$ 73.1	
Gross Margin	19.2	26.5%	19.5	26.7%
Selling, General & Administrative	14.4	19.8%	14.4	19.7%
Factoring Expenses	2.2	3.1%	0.9	1.3%
Operating Income	\$ 2.6	3.6%	\$ 4.2	5.7%
Adjusted EBITDA	\$ 3.3	4.6%	\$ 5.3	7.3%
<u>Engineered Solutions</u>				
Revenue	\$ 71.0		\$ 72.5	
Gross Margin	13.6	19.2%	14.9	20.6%
Selling, General & Administrative	7.9	11.1%	8.6	11.9%
Operating Income	\$ 5.7	8.1%	\$ 6.3	8.7%
Adjusted EBITDA	\$ 8.2	11.6%	\$ 9.2	12.7%

(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.

Condensed Balance Sheet

(In millions, except per share amounts)

	THREE MONTHS ENDED MARCH 31,			
	2023		2022	
<u>Consolidated Results</u>				
Revenue	\$ 328.0		\$ 322.8	
Gross Margin	91.3	27.8%	89.8	27.8%
Selling, General & Administrative	60.7	18.5%	59.3	18.4%
Factoring Expenses	9.0	2.7%	3.5	1.1%
Operating Income	\$ 21.6	6.6%	\$ 27.0	8.3%
Net Earnings from Continuing Operations	\$ 13.4		\$ 20.6	
Adjusted EBITDA	\$ 29.0	8.8%	\$ 35.4	11.0%
Interest Expense	\$ 3.9		\$ 0.8	
Diluted Earnings per Share	\$ 0.61		\$ 0.92	

(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.

Condensed Statement of Cash Flows

	MARCH 31,		DECEMBER 31,
	2023	2022	2022
<i>(In millions)</i>			
<u>Working Capital Stats</u>			
Accounts Receivable, Net	\$ 210.8	\$ 225.3	\$ 167.6
Inventories	\$ 522.0	\$ 534.4	\$ 528.7
<u>Cash Flow Stats (YTD)</u>			
Operating cash flows	\$ (20.4)	\$ (104.0)	
Capex	\$ (4.4)	\$ (6.4)	
M&A	\$ -	\$ -	
Dividends	\$ (6.3)	\$ (5.9)	
Share repurchases	\$ -	\$ (6.5)	
Net Change in Debt	\$ 33.5	\$ 120.3	
<u>Debt & Leverage</u>			
Total debt	\$ 69.6	\$ 74.6	\$ 64.7
Cash	\$ -	\$ -	\$ -
Net debt	\$ 69.6	\$ 74.6	\$ 64.6
LTM Adjusted EBITDA	\$ 13.7	\$ 2.6	\$ 10.6
Leverage ratio	5.1x	28.4x	6.1x
Remaining borrowing capacity	\$ 220.9	\$ 52.0	\$ 255.6
Total Liquidity	\$ 220.9	\$ 52.0	\$ 255.6

Appendix





Reconciliation of GAAP and Non-GAAP Measures

(\$ in thousands, except per share amounts)

	THREE MONTHS MARCH 31,				
	2023	2022	2021	2020	2019
			(Unaudited)		
<u>EARNINGS FROM CONTINUING OPERATIONS ATTRIBUTABLE TO SMP</u>					
GAAP EARNINGS FROM CONTINUING OPERATIONS	\$ 12,698	\$ 20,562	\$ 22,164	\$ 9,621	\$ 13,104
RESTRUCTURING AND INTEGRATION EXPENSES (INCOME)	912	41	-	205	-
INCOME TAX EFFECT RELATED TO RECONCILING ITEMS	(237)	(11)	-	(53)	-
NON-GAAP EARNINGS FROM CONTINUING OPERATIONS	\$ 13,373	\$ 20,592	\$ 22,164	\$ 9,773	\$ 13,104
<u>DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS ATTRIBUTABLE TO SMP</u>					
GAAP DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS	\$ 0.57	\$ 0.91	\$ 0.97	\$ 0.42	\$ 0.57
RESTRUCTURING AND INTEGRATION EXPENSES (INCOME)	0.04	0.01	-	0.01	-
INCOME TAX EFFECT RELATED TO RECONCILING ITEMS	-	-	-	-	-
NON-GAAP DILUTED EARNINGS PER SHARE FROM CONTINUING OPS	\$ 0.61	\$ 0.92	\$ 0.97	\$ 0.43	\$ 0.57

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)

	THREE MONTHS MARCH 31,				
	2023	2022	2021 (Unaudited)	2020	2019
EBITDA WITHOUT SPECIAL ITEMS					
GAAP EARNINGS FROM CONTINUING OPERATIONS BEFORE TAXES	\$ 17,109	\$ 27,559	\$ 29,751	\$ 12,926	\$ 17,514
DEPRECIATION & AMORTIZATION	7,082	6,952	6,514	6,539	6,178
INTEREST EXPENSE	3,862	805	209	873	1,089
EBITDA	28,053	35,316	36,474	20,338	24,781
RESTRUCTURING AND INTEGRATION EXPENSES (INCOME)	912	41	-	205	-
SPECIAL ITEMS	912	41	-	205	-
EBITDA WITHOUT SPECIAL ITEMS	\$ 28,965	\$ 35,357	\$ 36,474	\$ 20,543	\$ 24,781
TOTAL DEBT	\$ 273,101	\$ 248,685	\$ 42,574	\$ 109,706	\$ 83,901
CASH	\$ 24,196	\$ 19,998	\$ 17,100	\$ 13,268	\$ 11,746
NET DEBT	\$ 248,905	\$ 228,687	\$ 25,474	\$ 96,438	\$ 72,155
NET DEBT TO EBITDA RATIO (TTM)	1.8:1	1.4:1	0.2:1	0.8:1	0.7:1

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.



Reconciliation of GAAP and Non-GAAP Measures by Segment

(In thousands)

	THREE MONTHS ENDING MARCH 31, 2023					THREE MONTHS ENDING MARCH 31, 2022				
	Vehicle Control	Temp. Control	ENG Solutions	All Other	Consol. SMP	Vehicle Control	Temp. Control	ENG Solutions	All Other	Consol. SMP
<u>OPERATING INCOME</u>										
GAAP OPERATING INCOME	\$ 17,375	\$ 2,084	\$ 5,647	\$ (4,360)	\$ 20,746	\$ 20,344	\$ 4,162	\$ 6,288	\$ (3,879)	\$ 26,915
RESTRUCTURING AND INTEGRATION EXPENSES	285	543	84	-	912	41	-	-	-	41
OTHER INCOME, NET	(24)	-	-	-	(24)	-	-	-	-	-
NON-GAAP OPERATING INCOME	<u>\$ 17,636</u>	<u>\$ 2,627</u>	<u>\$ 5,731</u>	<u>\$ (4,360)</u>	<u>\$ 21,634</u>	<u>\$ 20,385</u>	<u>\$ 4,162</u>	<u>\$ 6,288</u>	<u>\$ (3,879)</u>	<u>\$ 26,956</u>
<u>EBITDA WITHOUT SPECIAL ITEMS</u>										
GAAP EARNINGS FROM CONTINUING OPERATIONS BEFORE TAXES	\$ 15,057	\$ 1,105	\$ 5,286	\$ (4,339)	\$ 17,109	\$ 20,366	\$ 4,480	\$ 6,578	\$ (3,865)	\$ 27,559
DEPRECIATION AND AMORTIZATION	3,412	763	2,481	426	7,082	3,417	680	2,458	397	6,952
INTEREST EXPENSE	2,741	893	359	(131)	3,862	575	160	146	(76)	805
EBITDA	<u>21,210</u>	<u>2,761</u>	<u>8,126</u>	<u>(4,044)</u>	<u>28,053</u>	<u>24,358</u>	<u>5,320</u>	<u>9,182</u>	<u>(3,544)</u>	<u>35,316</u>
RESTRUCTURING AND INTEGRATION EXPENSES	285	543	84	-	912	41	-	-	-	41
SPECIAL ITEMS	285	543	84	-	912	41	-	-	-	41
EBITDA WITHOUT SPECIAL ITEMS	<u>\$ 21,495</u>	<u>\$ 3,304</u>	<u>\$ 8,210</u>	<u>\$ (4,044)</u>	<u>\$ 28,965</u>	<u>\$ 24,399</u>	<u>\$ 5,320</u>	<u>\$ 9,182</u>	<u>\$ (3,544)</u>	<u>\$ 35,357</u>
% of Net Sales	11.6%	4.6%	11.6%		8.8%	13.8%	7.3%	12.7%		11.0%

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.

Thank You

