

Standard Motor Products, Inc.

Q2 2018 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

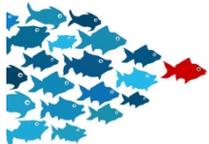




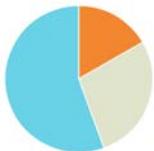
Why Invest in SMP?



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



99 Years in Business

- Founded 1919
- \$1.12 Billion 2017 Sales
- 4,200 Employees Worldwide



LAWRENCE I. SILLS
Executive Chairman
Board of Directors



ERIC P. SILLS
Director, CEO
and President



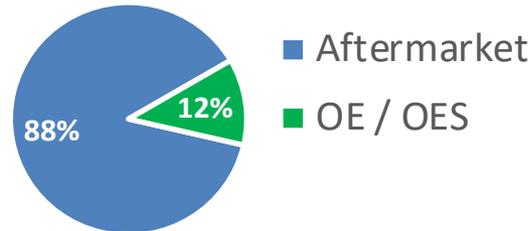
JAMES J. BURKE
EVP Finance and
Chief Financial Officer



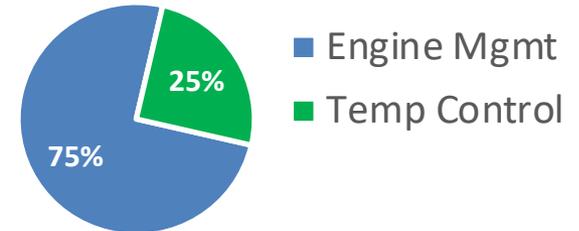
DALE BURKS
EVP and Chief
Commercial Officer

2017 Sales Breakdown

Sales by Market



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

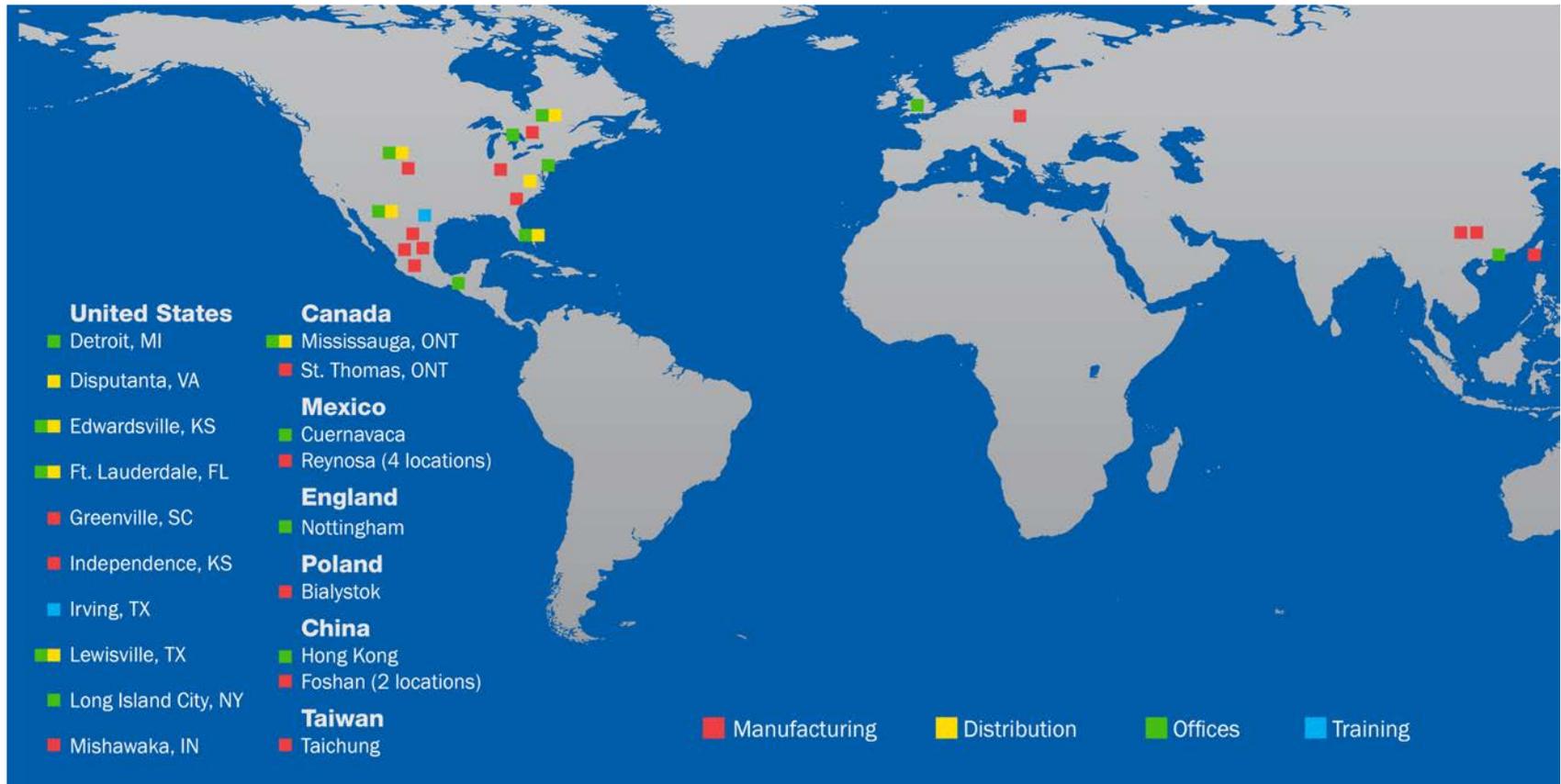




SMP Facilities – Worldwide



Global Footprint



3 Million sq. ft. • 12 Manufacturing Plants • 5 Distribution Centers • 9 Offices

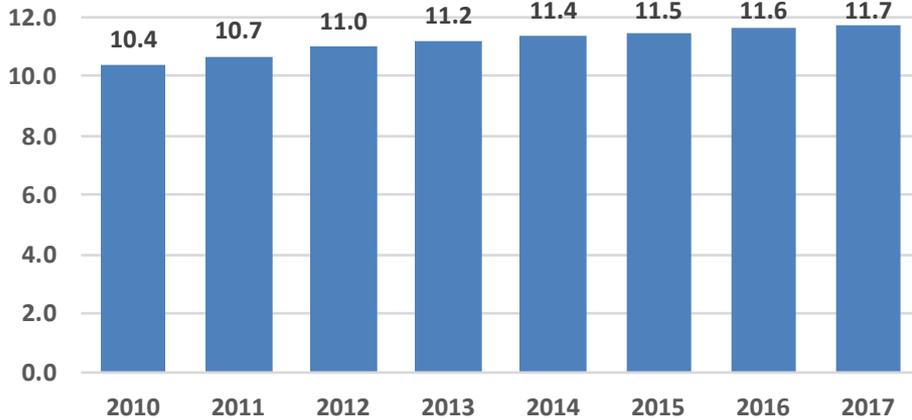


Favorable Industry Trends



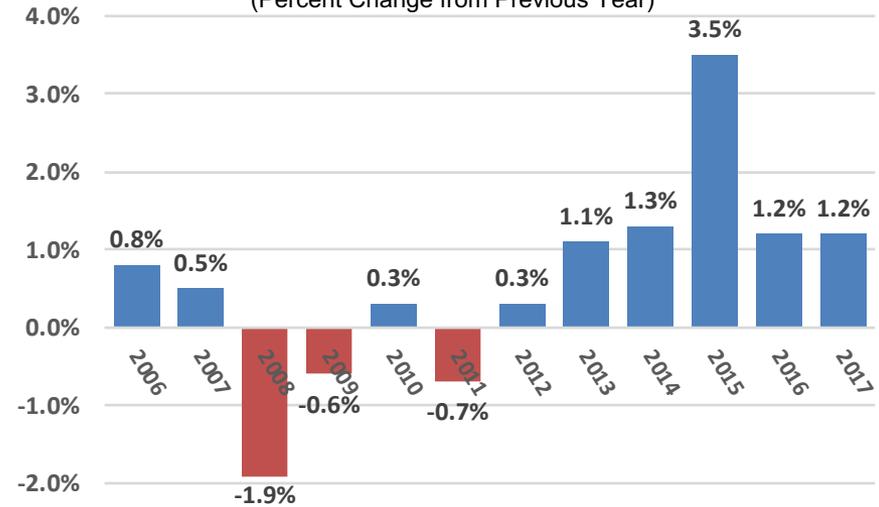
Vehicle Population Continues to Age

Average Age of Cars and Light Trucks

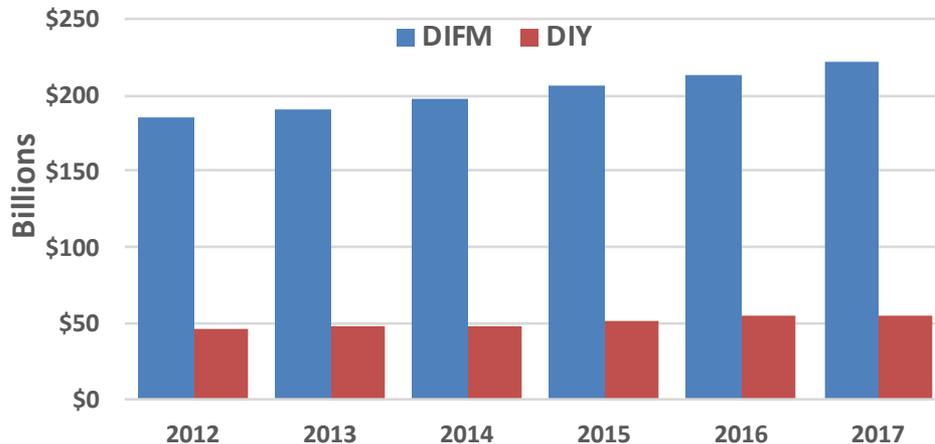


Miles Driven is Increasing

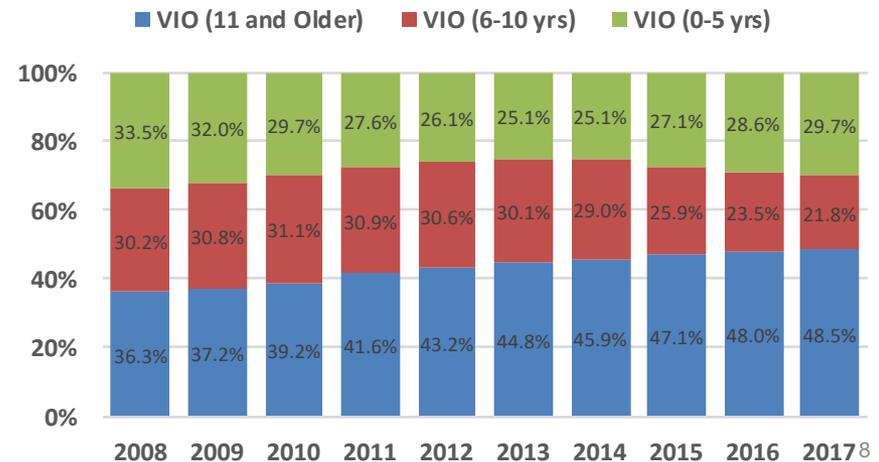
Annual Miles Driven, 2006-2017
(Percent Change from Previous Year)



DIFM Revenue Continues to Grow



Age Mix of Vehicles



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

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**

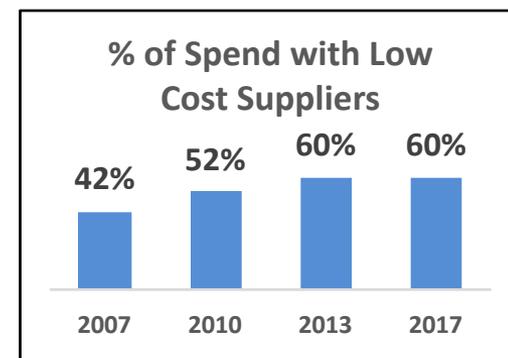
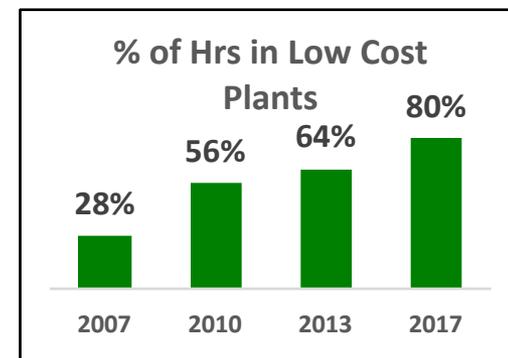
**Basic
Manufacturing**



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
 - Integration of General Cable
- Low Cost Sourcing
 - Hong Kong Engineering & Sourcing Office
 - Rigorous U.S. product qualification





Successful Growth Programs



Complementary Product Lines - Examples

- Diesel / Turbochargers
 - The most comprehensive diesel / turbo program in the industry
 - Significant program expansion into Medium/HD trucks
- Electronic Throttle Bodies (ETB)
 - 100% NEW (Not Reman) with the best coverage in the aftermarket
 - Basic ETB manufacturing in Reynosa facility
- Variable Valve Timing (VVT) Components
 - Most complete VVT Solenoids / Sprockets coverage in industry
 - Basic manufacturing and high-tech testing in Poland facility
- Tire Pressure Monitoring Systems (TPMS)
 - SMP TPMS sensors are now NSF registered
- NG (Natural Gas) Injectors
 - Compressed or Liquid NG injectors mfr'd at our Greenville, SC facility
- NEW Mass Air Flow (MAF) Sensors
 - Only supplier offering 'OE or Better' quality in full line NEW MAF program
 - SMP difference: 100% calibrated and computer-tested for precise output





Successful Growth Programs



Strategic Acquisitions

- Ten 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
 - 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

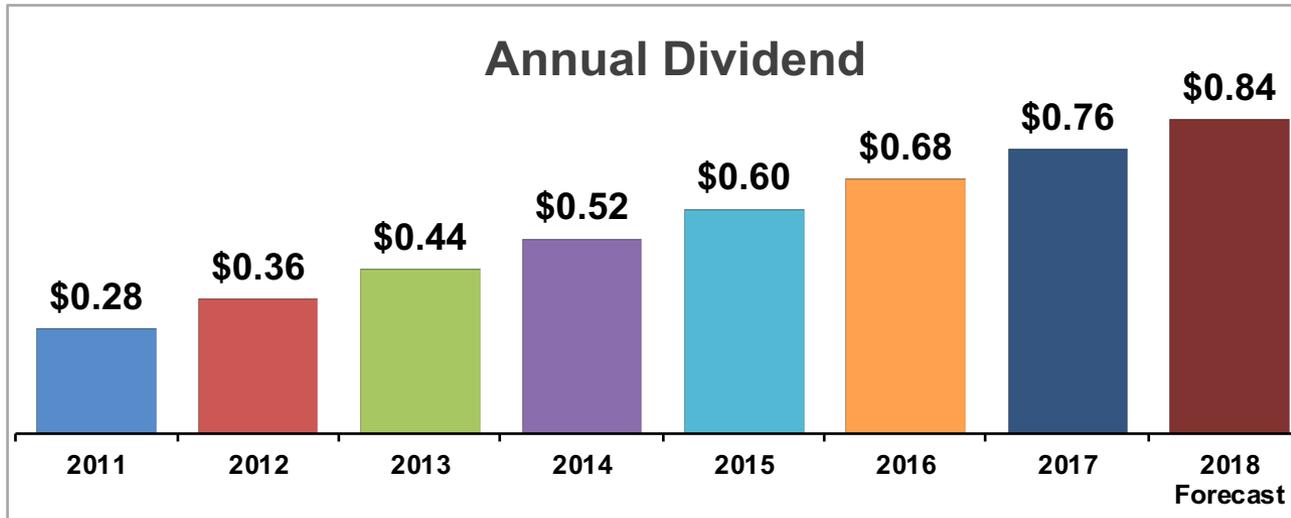




Return to Shareholders



Dividend Increase



2018 Note: \$0.84 based on quarterly dividend of \$0.21 announced Feb 2018

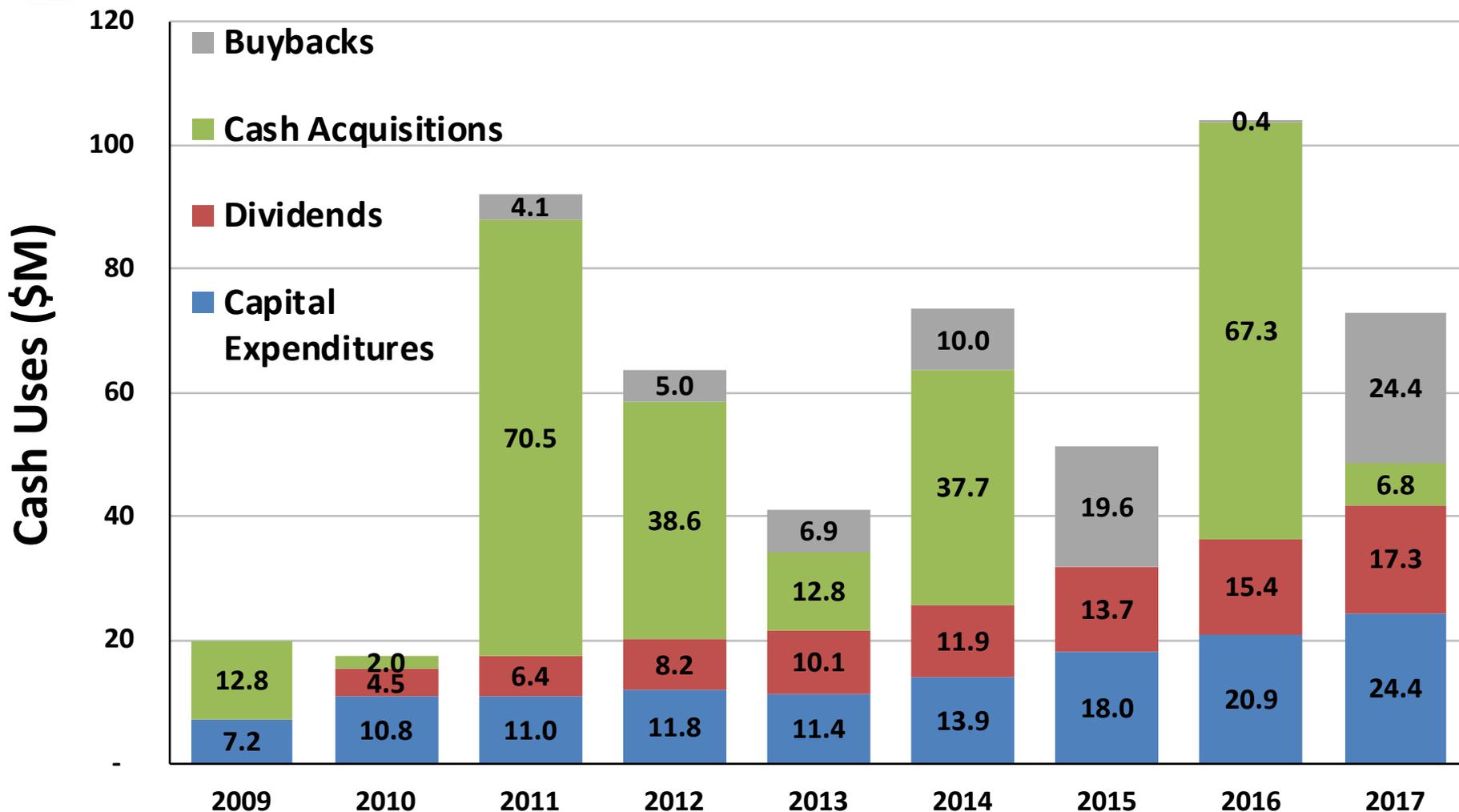
Treasury Stock Buyback Program

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*	\$32.1M	698,031	\$45.99

* Through June 30, 2018



SMP Cash Utilization



Uses of Cash:

	2009	2010	2011	2012	2013	2014	2015	2016	2017
Invest for Growth (Capex + M&A)	100%	74%	89%	79%	59%	70%	35%	85%	43%
Return to Investors (Buybacks + Dividends)	0%	26%	11%	21%	41%	30%	65%	15%	57%

June 2018 YTD Results





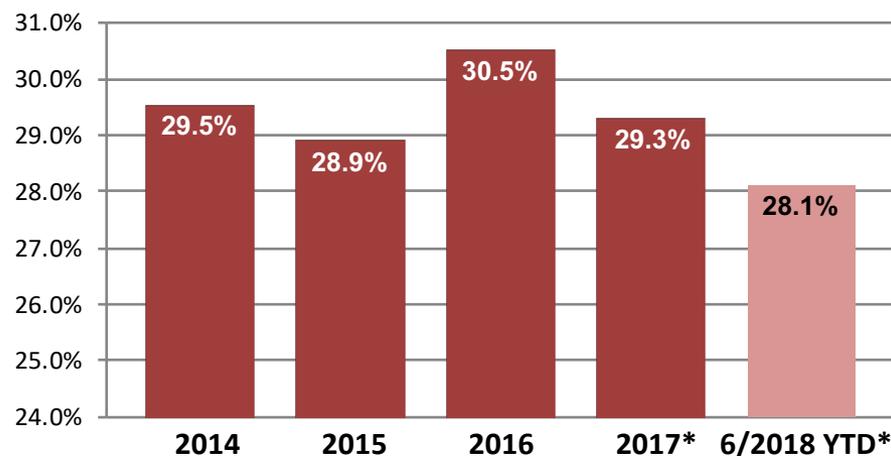
5 Year Performance Measures



Consolidated Net Sales (\$M)



Gross Margin



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



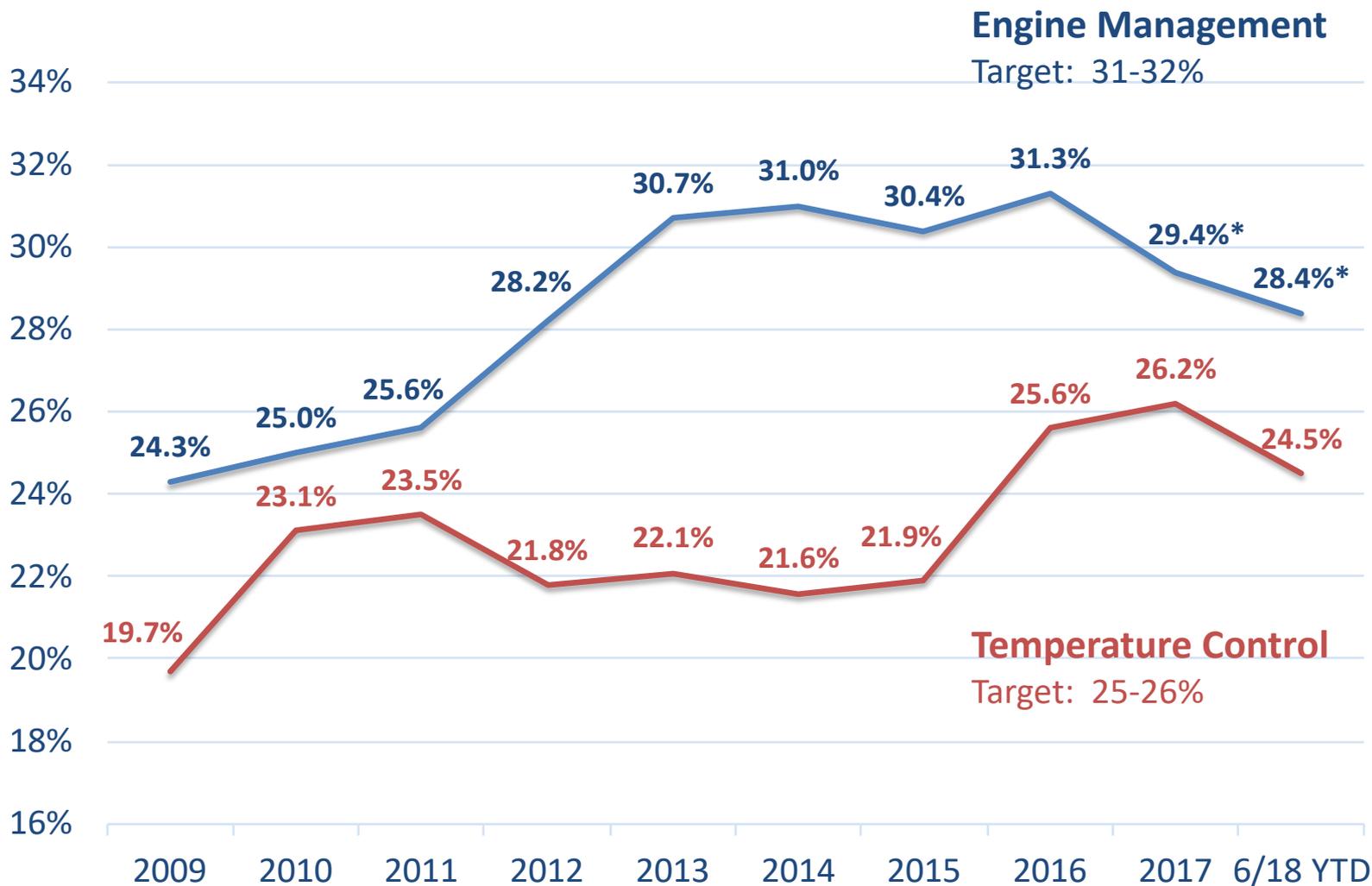
Diluted EPS (w/o Special Items)



* Due to one-time acquisition integration costs



Substantial Gross Margin Improvement



* Due to one-time acquisition integration costs



Q2 2018 Income Statement Non-GAAP

(\$ in millions)

	<u>June 2018 YTD</u>		<u>June 2017 YTD</u>	
	<u>Amount</u>	<u>% of Sales</u>	<u>Amount</u>	<u>% of Sales</u>
Net Sales	\$ 548.5	100.0%	\$ 595.1	100.0%
Gross Profit	153.9	28.1%	174.8	29.4%
SG&A Expenses	115.5	21.1%	117.8	19.8%
Operating Profit	38.4	7.0%	57.0	9.6%
Other Income/(Loss)	0.5		2.0	
Interest Expense	1.9		1.2	
Income Taxes	9.5		21.8	
Earnings from Continuing Ops.	<u>\$ 27.5</u>		<u>\$ 36.0</u>	
Diluted Earnings Per Share: Continuing Operations	<u>\$ 1.20</u>		<u>\$ 1.54</u>	
<i>Diluted Shares (000's)</i>	22,962		23,332	



Condensed Balance Sheet



Actual Q2 2018, Q2 2017 (\$ in millions)

	Dollars		Ratios	
	2018	2017	2018	2017
Cash and Equivalents	\$ 18.6	\$ 16.4		
Accounts Receivable/DSO	173.9	187.7	54	53
Inventory/Turns	331.5	340.9	2.3	2.5
Unreturned Customer Inventory	18.2	-		
Other Assets	309.7	305.4		
Total Assets	\$ 851.9	\$ 850.4		
Current Liabilities	\$ 248.1	\$ 256.1		
Total Debt/Debt to Cap Ratio	93.7	79.1	16.8%	14.3%
Other Liabilities	47.7	43.0		
Total Liabilities	\$ 389.5	\$ 378.2		
Equity/Debt to Equity Ratio	462.4	472.2	0.20	0.17
Total Liabilities and Equity	\$ 851.9	\$ 850.4		



Condensed Statement of Cash Flows



(IN MILLIONS)

	June YTD		Full Year
	2018	2017	2017
NET INCOME	\$23.9	\$33.5	\$38.0
DEPRECIATION & AMORTIZATION	11.7	11.3	23.9
ACCOUNTS RECEIVABLE	(34.5)	(53.1)	(5.1)
INVENTORY	(6.7)	(27.0)	(13.9)
ACCOUNTS PAYABLE	15.7	17.5	(7.2)
OTHER OPERATING ACTIVITIES	(5.9)	11.0	28.9
OPERATING CASH FLOW	4.2	(6.8)	64.6
CAPITAL EXPENDITURES	(11.3)	(8.8)	(24.4)
ACQUISITIONS	(8.6)	0.0	(6.8)
NET BORROWINGS (PAYMENTS)	32.3	24.1	6.3
DIVIDENDS	(9.4)	(8.7)	(17.3)
REPURCHASE OF COMMON STOCK	(7.6)	(5.2)	(24.4)
OTHER CHANGES	1.7	2.0	(0.5)
NET CHANGE IN CASH	\$ 1.3	\$ (3.4)	\$ (2.5)
<i>FREE CASH FLOW</i>	<i>\$ (16.6)</i>	<i>\$ (24.3)</i>	<i>\$ 22.9</i>



Reconciliation of GAAP and Non-GAAP Measures



(\$ in thousands, except per share amounts)

	SIX MONTHS JUNE 30,				
	2018	2017	2016 (Unaudited)	2015	2014
<u>EARNINGS FROM CONTINUING OPERATIONS</u>					
GAAP EARNINGS FROM CONTINUING OPERATIONS	\$ 25,424	\$ 34,628	\$ 32,518	\$ 23,147	\$ 23,576
LITIGATION CHARGE	-	-	-	-	10,650
RESTRUCTURING AND INTEGRATION EXPENSES (INCOME)	3,067	2,782	1,012	31	726
GAIN FROM SALE OF BUILDINGS	(218)	(524)	(524)	(524)	(524)
INCOME TAX EFFECT RELATED TO RECONCILING ITEMS	(741)	(903)	(196)	196	(4,341)
NON-GAAP EARNINGS FROM CONTINUING OPERATIONS	\$ 27,532	\$ 35,983	\$ 32,810	\$ 22,850	\$ 30,087
<u>DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS</u>					
GAAP DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS	\$ 1.11	\$ 1.48	\$ 1.41	\$ 1.00	\$ 1.02
LITIGATION CHARGE	-	-	-	-	0.46
RESTRUCTURING AND INTEGRATION EXPENSES (INCOME)	0.13	0.12	0.04	-	0.03
GAIN FROM SALE OF BUILDINGS	(0.01)	(0.02)	(0.02)	(0.02)	(0.02)
INCOME TAX EFFECT RELATED TO RECONCILING ITEMS	(0.03)	(0.04)	-	-	(0.19)
NON-GAAP DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS	\$ 1.20	\$ 1.54	\$ 1.43	\$ 0.98	\$ 1.30

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)

	SIX MONTHS JUNE 30,				
	2018	2017	2016 (Unaudited)	2015	2014
EBITDA WITHOUT SPECIAL ITEMS					
GAAP EARNINGS FROM CONTINUING OPERATIONS BEFORE TAXES	\$ 34,223	\$ 55,561	\$ 51,756	\$ 36,020	\$ 37,154
DEPRECIATION & AMORTIZATION	11,706	11,316	9,269	8,552	8,440
INTEREST EXPENSE	1,883	1,190	705	906	765
EBITDA	47,812	68,067	61,730	45,478	46,359
LITIGATION CHARGE	-	-	-	-	10,650
RESTRUCTURING AND INTEGRATION EXPENSES (INCOME)	3,067	2,782	1,012	31	726
GAIN FROM SALE OF BUILDINGS	(218)	(524)	(524)	(524)	(524)
SPECIAL ITEMS	2,849	2,258	488	(493)	10,852
EBITDA WITHOUT SPECIAL ITEMS	\$ 50,661	\$ 70,325	\$ 62,218	\$ 44,985	\$ 57,211
TOTAL DEBT	\$ 93,731	\$ 79,093	\$ 100,180	\$ 53,054	\$ 59,102
DEBT TO EBITDA RATIO (TTM)	0.9:1	0.6:1	0.9:1	0.5:1	0.5:1

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 (cont'd)



(\$ in thousands, except per share amounts)

EARNINGS FROM CONTINUING OPERATIONS	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2018	2017	2018	2017
	(Unaudited)		(Unaudited)	
GAAP EARNINGS FROM CONTINUING OPERATIONS	\$ 16,827	\$ 18,261	\$ 25,424	\$ 34,628
RESTRUCTURING AND INTEGRATION EXPENSES	231	1,235	3,067	2,782
GAIN FROM SALE OF BUILDINGS	-	(262)	(218)	(524)
INCOME TAX EFFECT RELATED TO RECONCILING ITEMS	(60)	(389)	(741)	(903)
NON-GAAP EARNINGS FROM CONTINUING OPERATIONS	\$ 16,998	\$ 18,845	\$ 27,532	\$ 35,983
DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS				
GAAP DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS	\$ 0.73	\$ 0.78	\$ 1.11	\$ 1.48
RESTRUCTURING AND INTEGRATION EXPENSES	0.01	0.05	0.13	0.12
GAIN FROM SALE OF BUILDINGS	-	(0.01)	(0.01)	(0.02)
INCOME TAX EFFECT RELATED TO RECONCILING ITEMS	-	(0.01)	(0.03)	(0.04)
NON-GAAP DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS	\$ 0.74	\$ 0.81	\$ 1.20	\$ 1.54

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.

Thank You

