

# Standard Motor Products, Inc.

Jefferies Automotive Aftermarket Investor Conference

May 26th, 2022



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.

## 102 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*

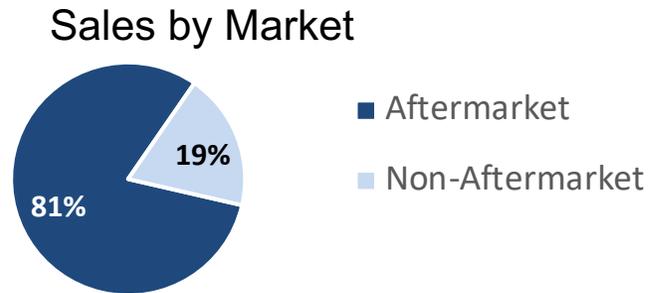


**DALE BURKS**  
*EVP and Chief Commercial Officer*

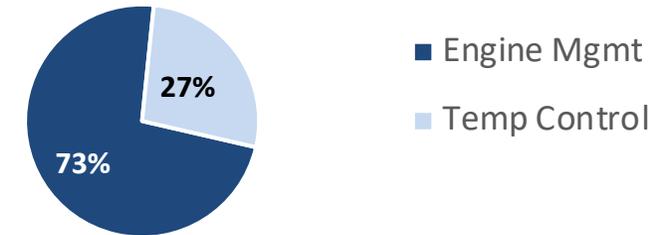


**NATHAN ILES**  
*Chief Financial Officer*

## 2021 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

# Strategic Objectives

## Core Value Proposition

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

## Successful Growth Programs

- ***Strategic expansion of our business***
  - Growth in complementary specialized markets
  - Complementary products, markets, geographies and channels
  - Strategic acquisitions

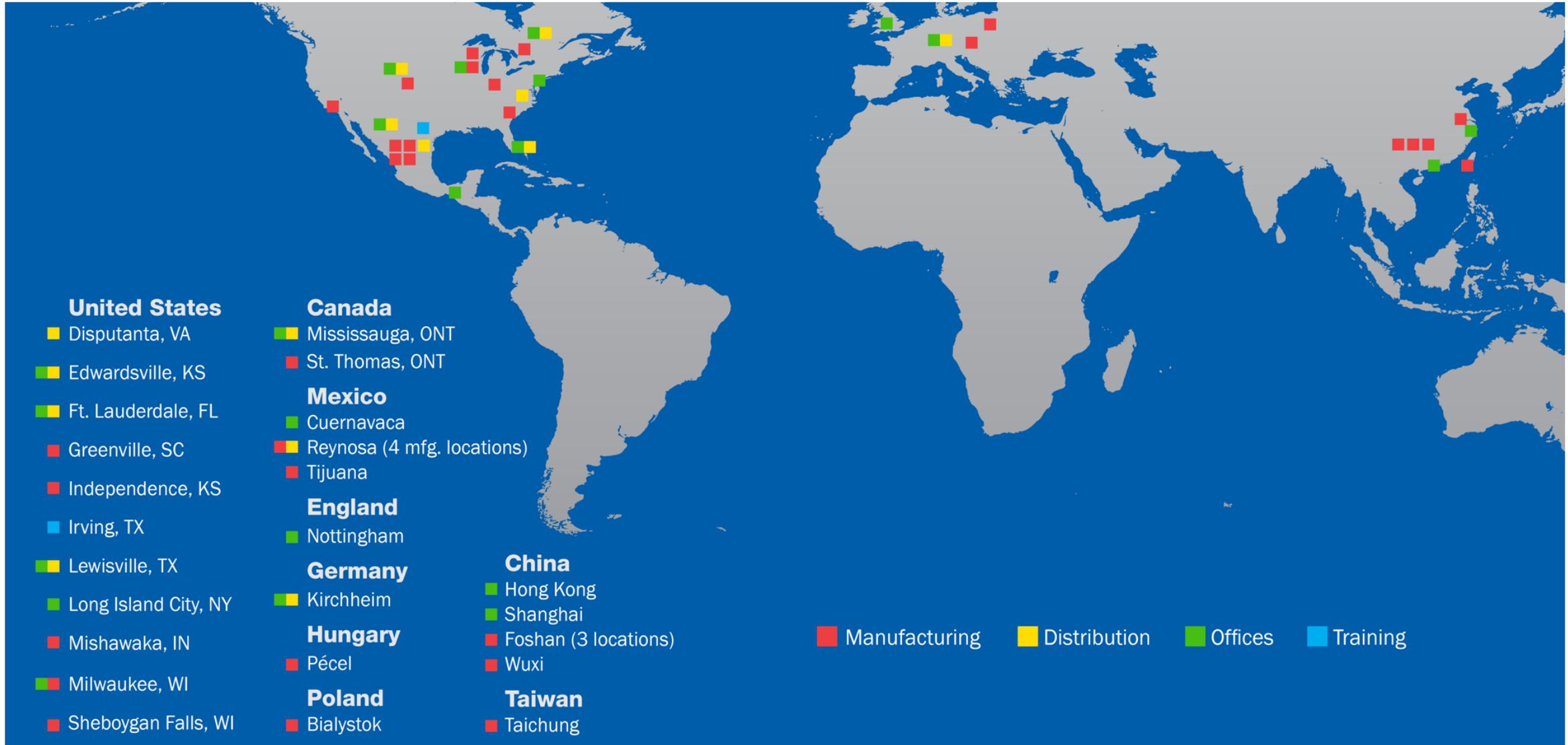
## Drive for Continuous Improvement

- ***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 Facilities – Global Footprint

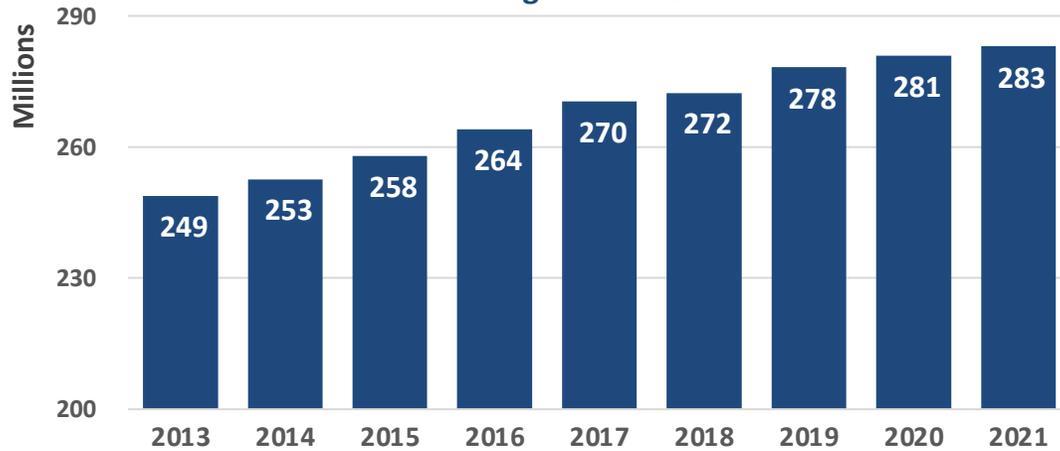


3.3 Million sq. ft. • 18 Manufacturing Plants • 7 Distribution Centers • 11 Offices

# Favorable Aftermarket Industry Trends

## Vehicle Population shows positive trend

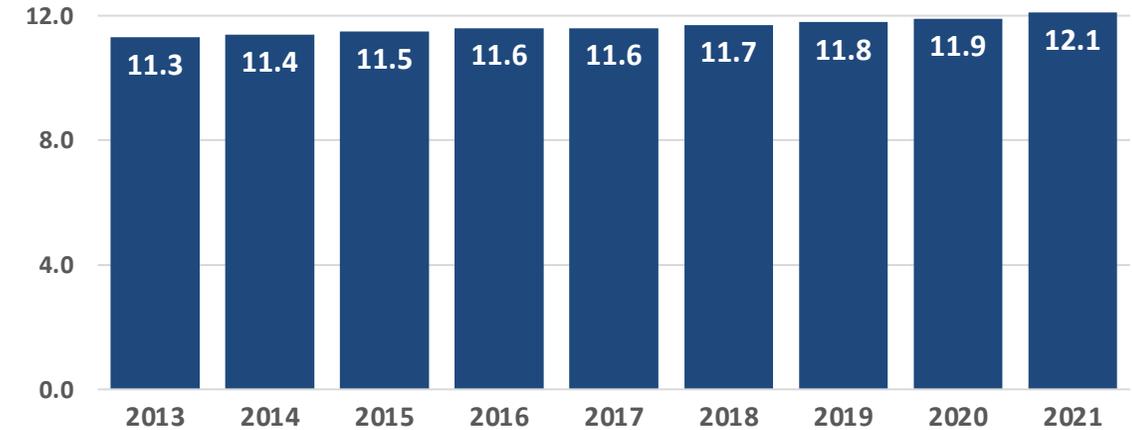
U.S. Light Vehicle Parc



Source: Auto Care Association / IHS Markit

## Car Parc continues to get older

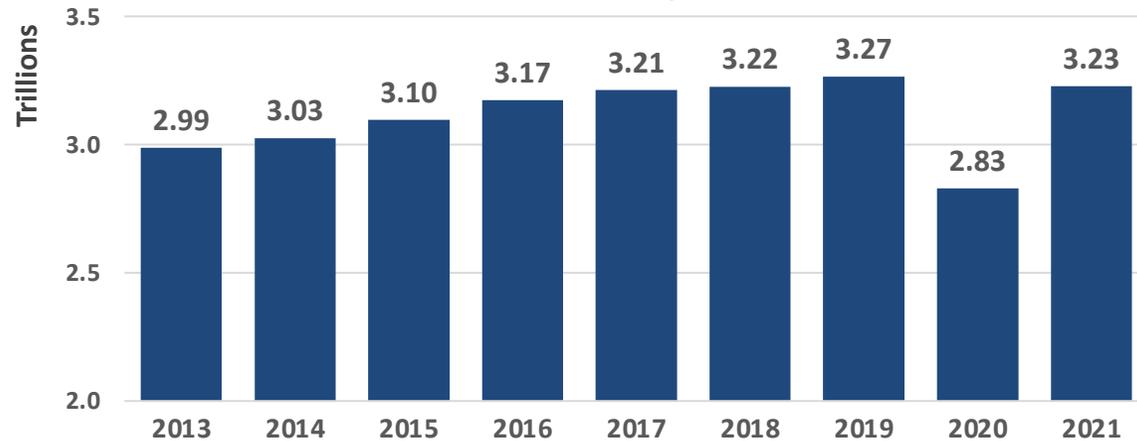
Average Age of Cars and Light Trucks



Source: Auto Care Association / IHS Markit

## Miles Driven rebounds

Annual Miles Driven, 2013-2021



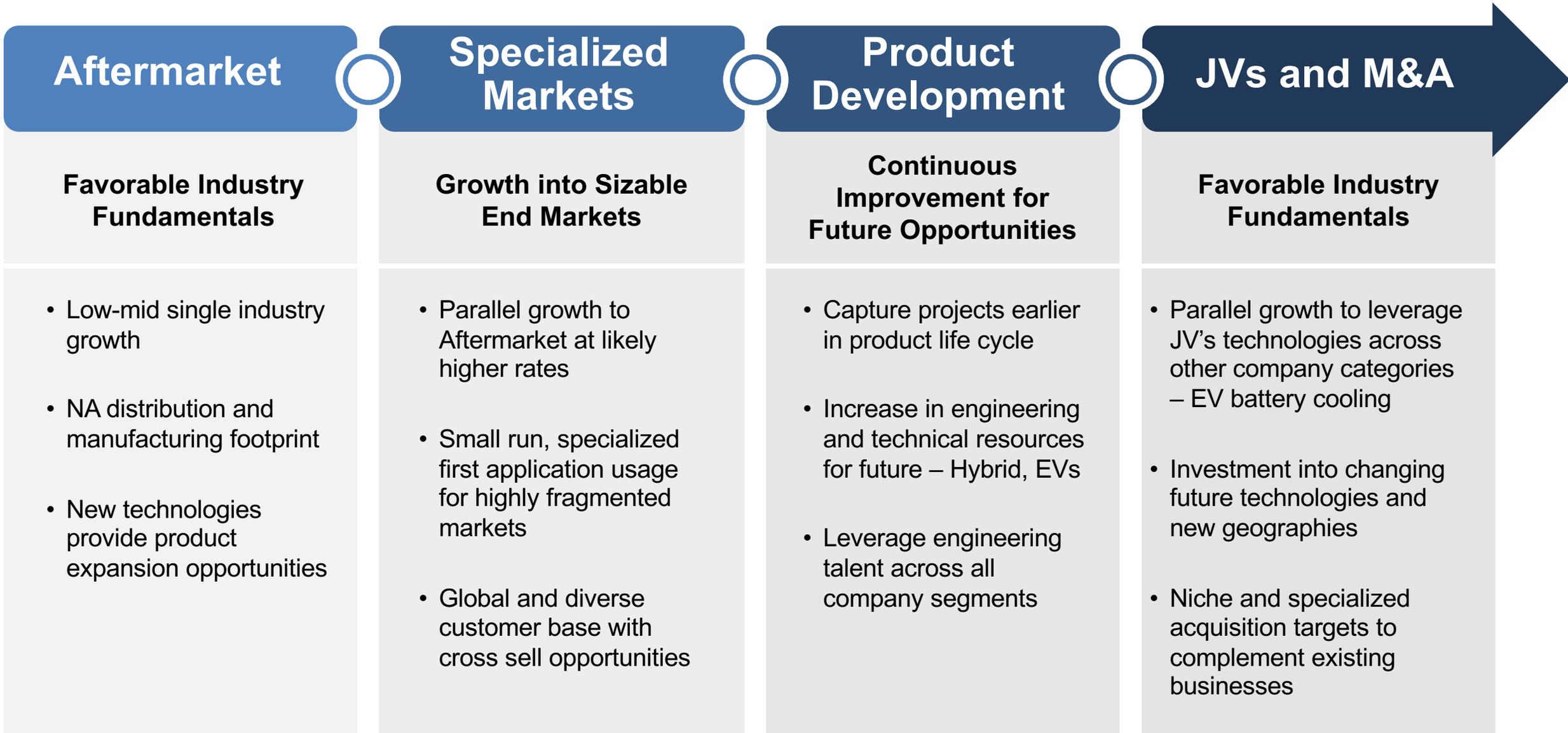
Source: USDOT

## DIFM Revenue continues to grow



Source: Auto Care Association / Modern Tire Dealer

# Growth Objectives and Focus



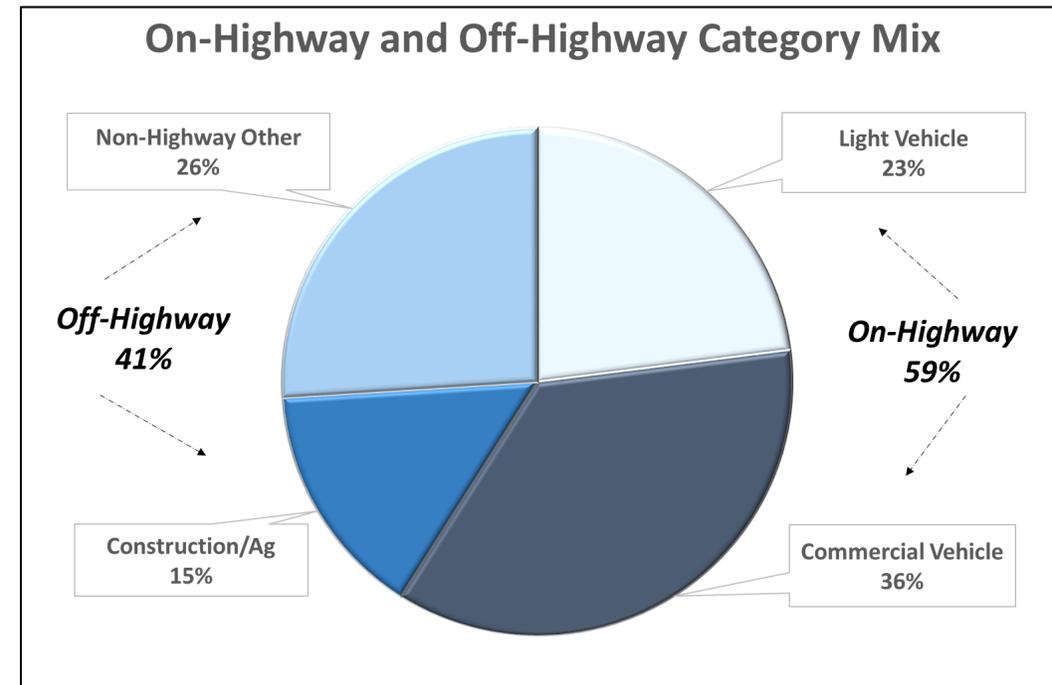
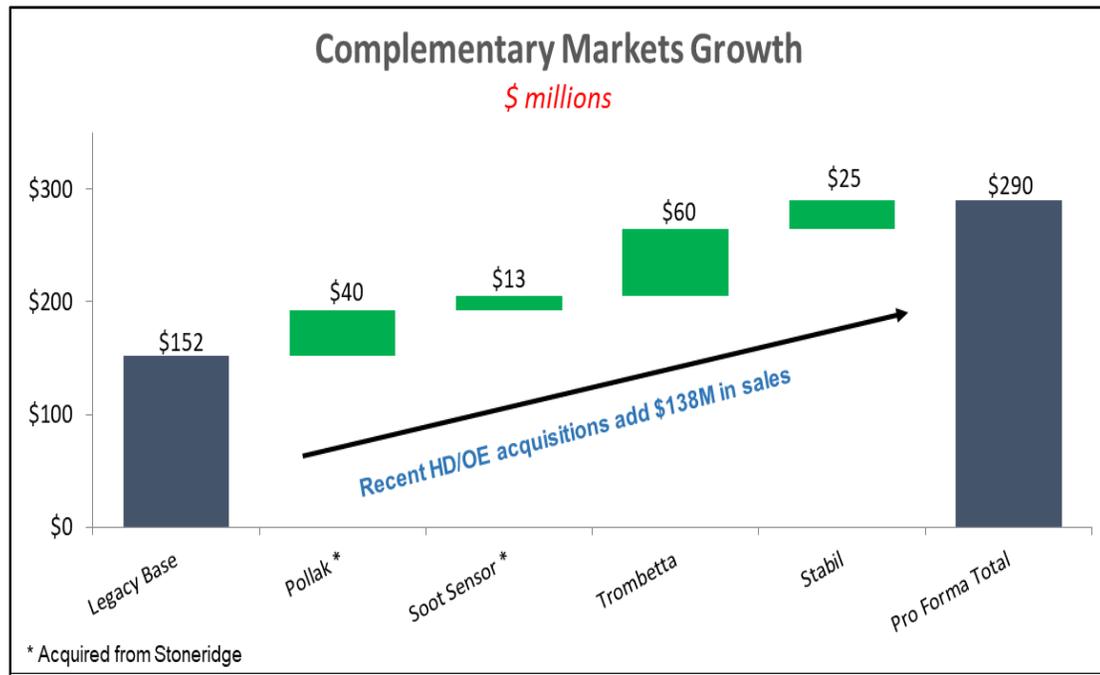
# Growth in Specialized Markets

## 2021 Increased Push into Specialized Markets

- Product life cycles tend to be longer
- Technology more stable
- Less competition and more stable pricing

## Focus on On-Highway and Off-Highway

- Commercial vehicle our largest category
- 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

# Growth through Strategic Acquisitions

- 15 Acquisitions in Recent Years
- Primary Focus
  - Competitors or suppliers
  - Complementary markets
  - Non-ICE / powertrain-neutral products
- Rationale
  - Aids aftermarket Full-Line, Full-Service model
  - Strategic diversification of products and markets
  - Rapid entry into new technologies

|   |   |   |      |
|---|---|---|------|
|    |    | 2011  |      |
|    |   | 2012  |      |
|    |    | 2013  |      |
|    |    |    | 2014 |
|   |    | 2016  |      |
|   |   | 2017  |      |
|  |  | 2019  |      |
|  |  |  | 2021 |

- 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

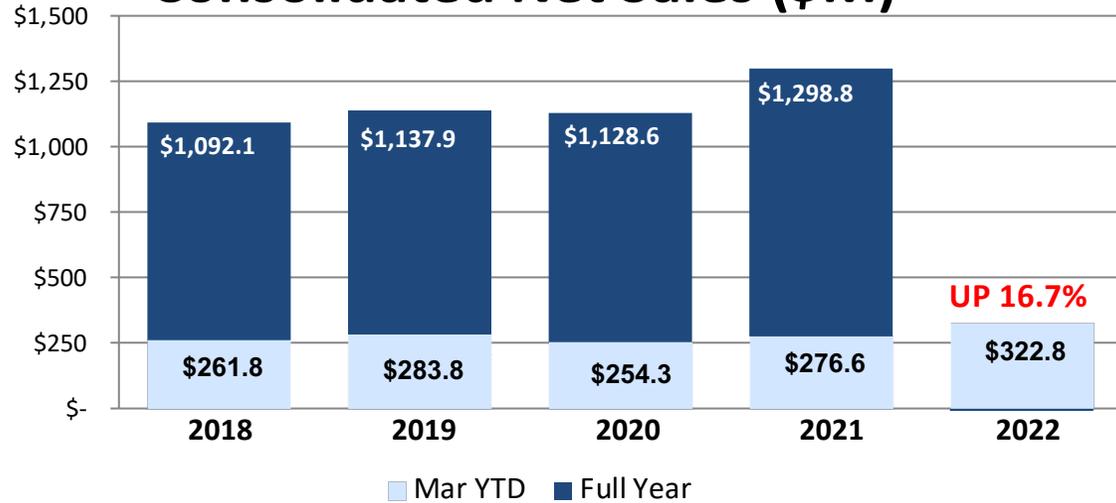


## Governance

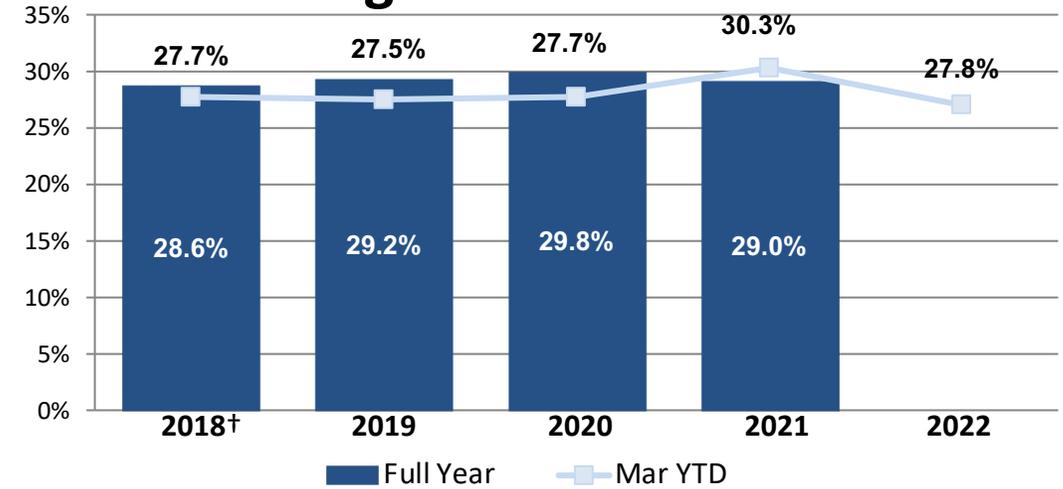
- Board of Directors oversight of ESG strategy
- Increased diversity of our Board of Directors
- Code of Ethics enforces a culture of compliance
- Independently run whistle-blower hotline
- Stock ownership guidelines align with shareholder interests

# Year-Over-Year Performance Measures

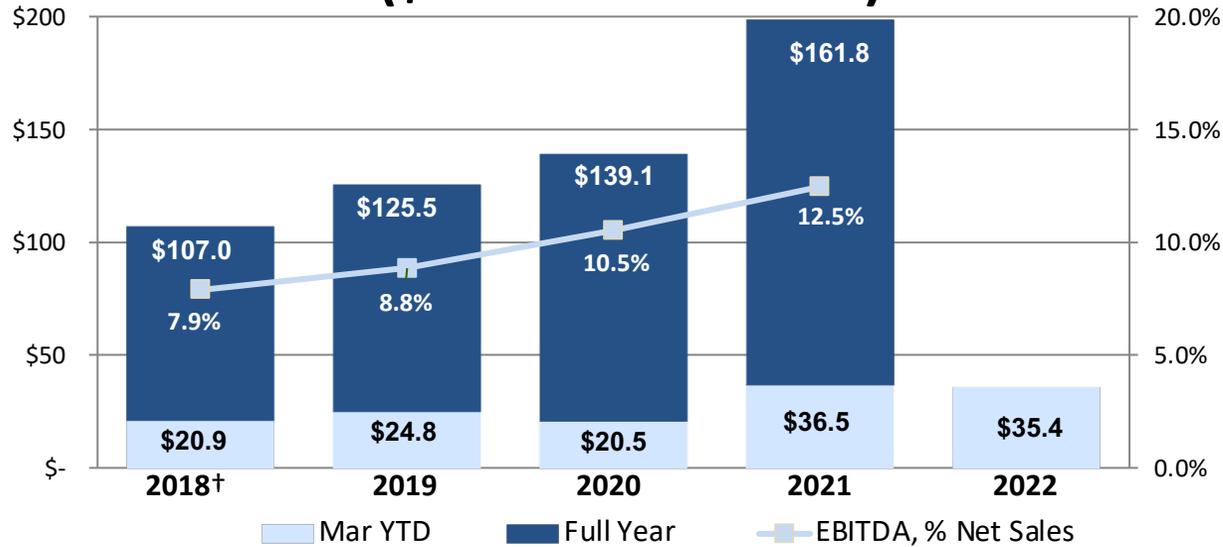
## Consolidated Net Sales (\$M)



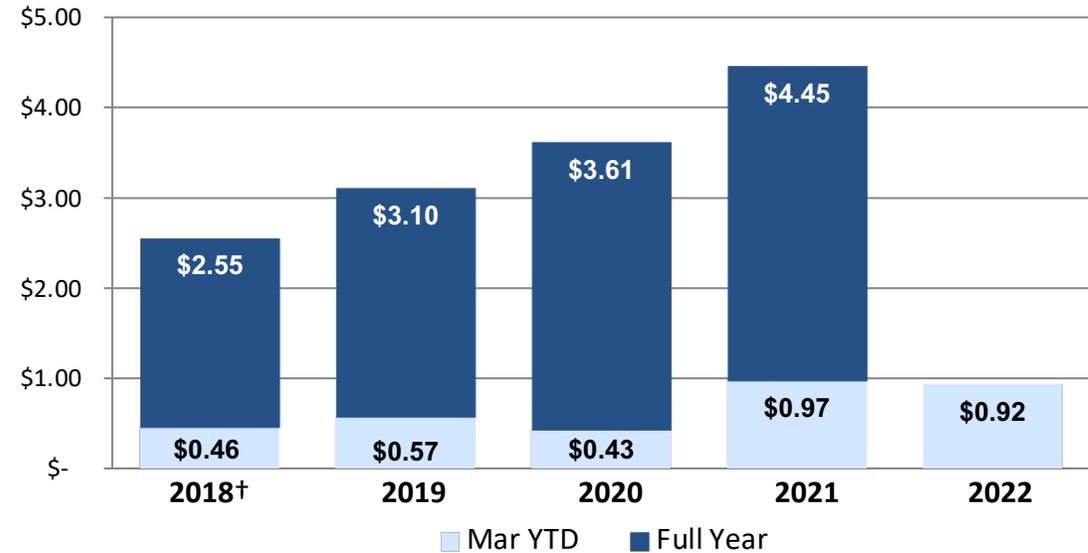
## Gross Margin



## EBITDA (\$M & % Net Sales) ‡

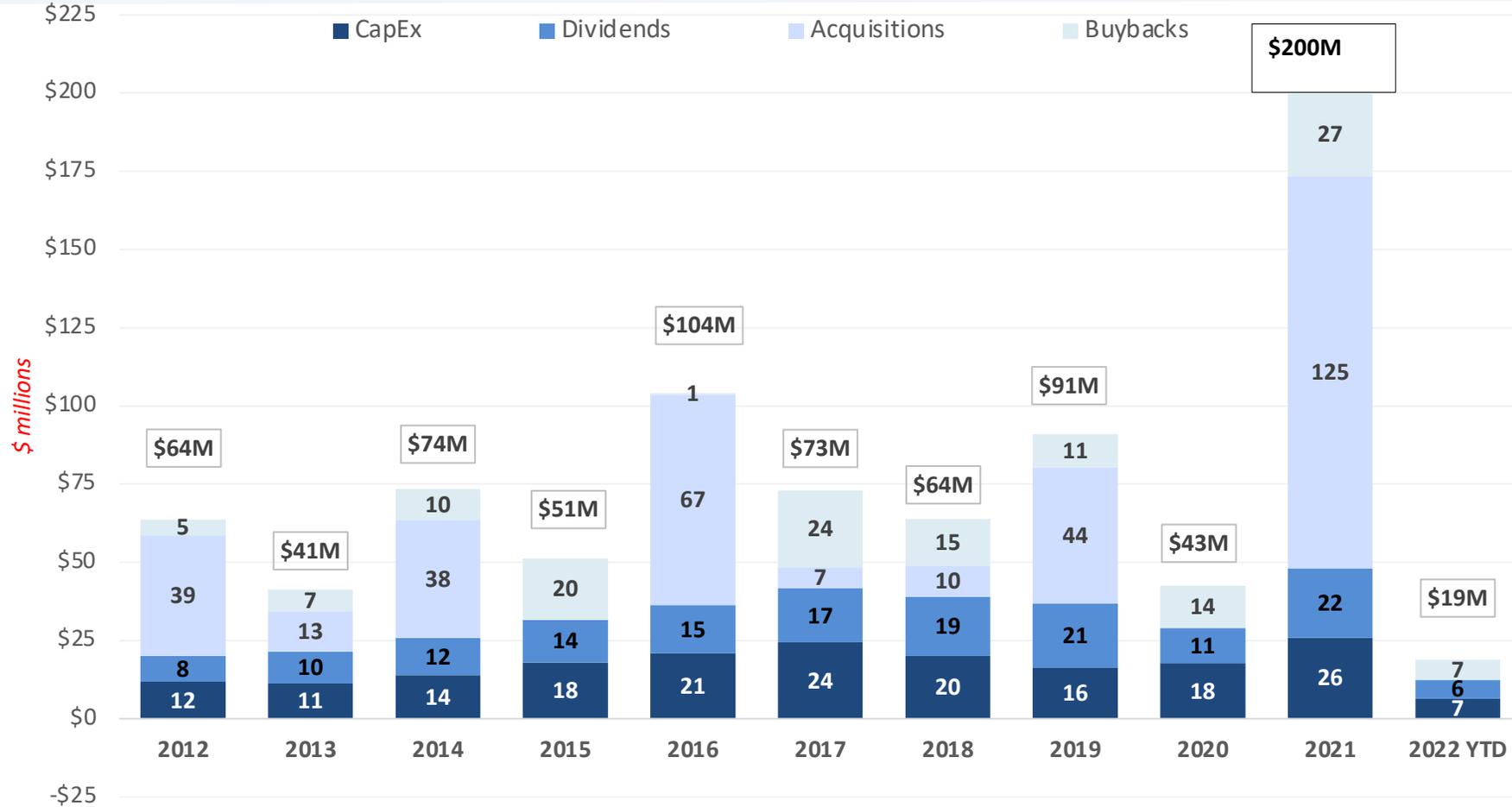


## Diluted EPS ‡

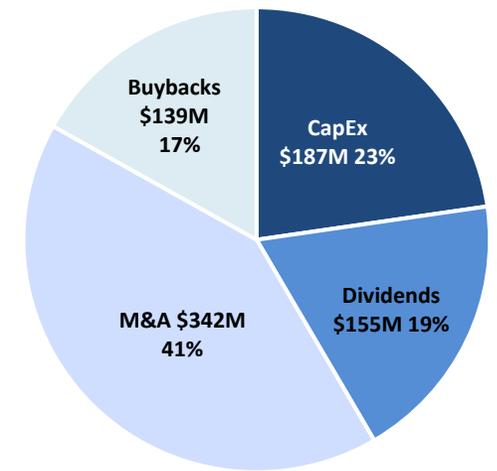


‡ EBITDA and Diluted EPS shown without Special Items

# SMP Cash Utilization



## Total Utilization



## Total invested for:

**Growth = 64%**

**Shareholder Returns = 36%**

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