

Standard Motor Products, Inc.

Q3 2018 Investor Presentation





Forward Looking Statements



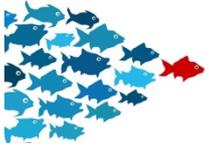
You should be aware that except for historical information, the matters discussed herein are forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward looking statements, including projections and anticipated levels of future performance, are based 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.



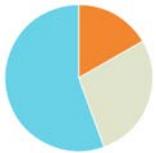
Why Invest in SMP?



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



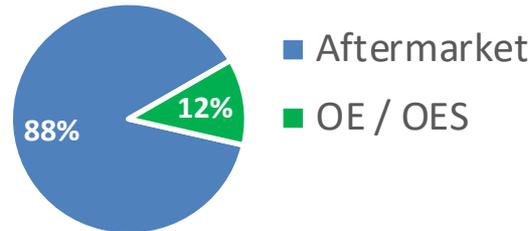
JAMES J. BURKE
EVP Finance and
Chief Financial Officer



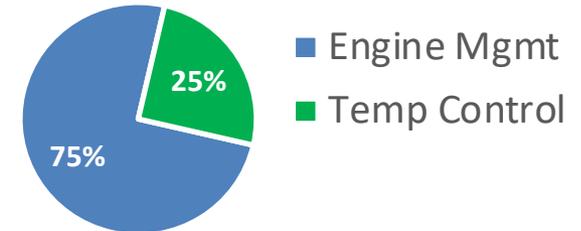
DALE BURKS
EVP and Chief
Commercial Officer

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



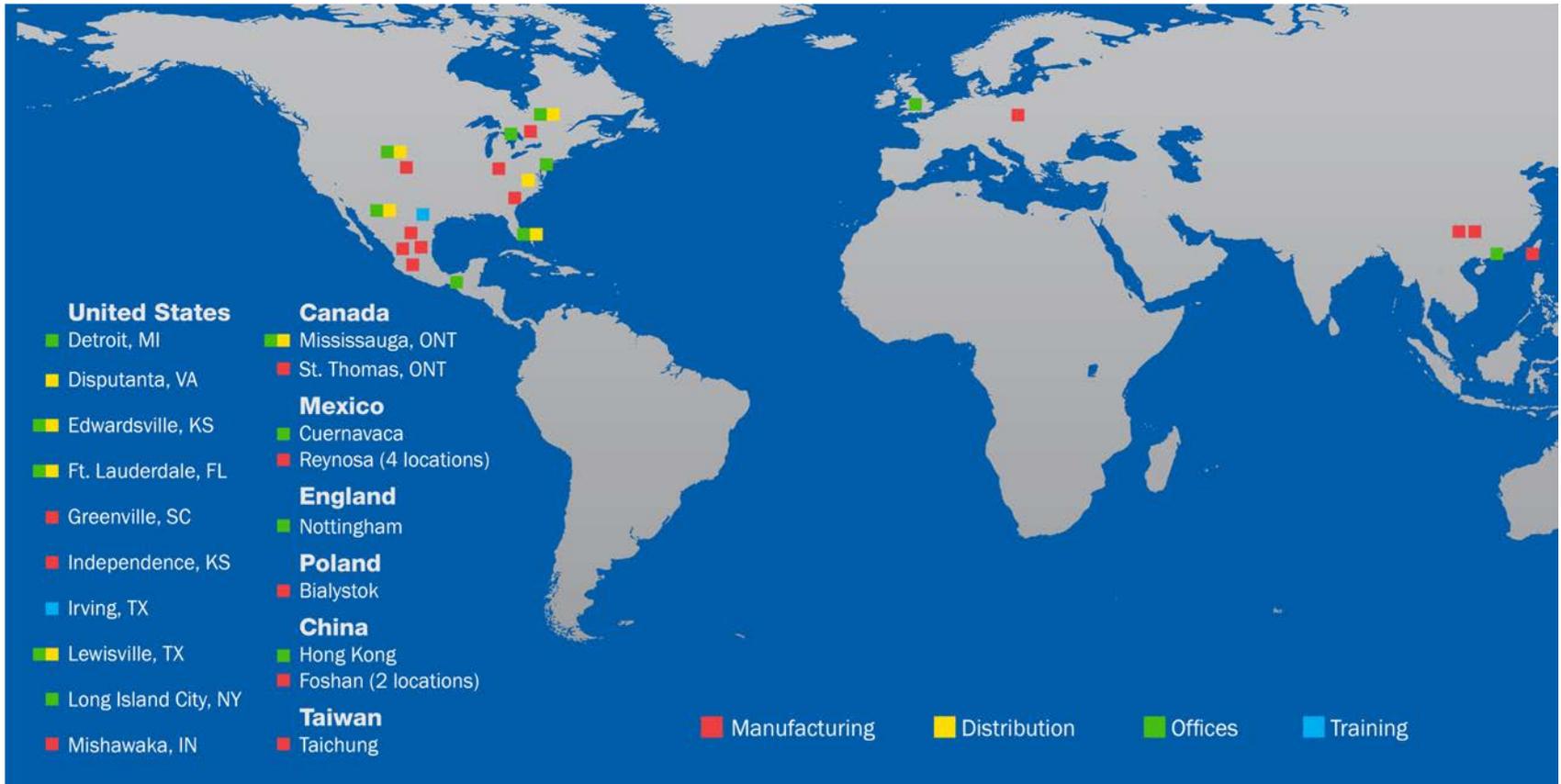
Significant Supplier to All Major Distributors





SMP Facilities – Worldwide

Global Footprint



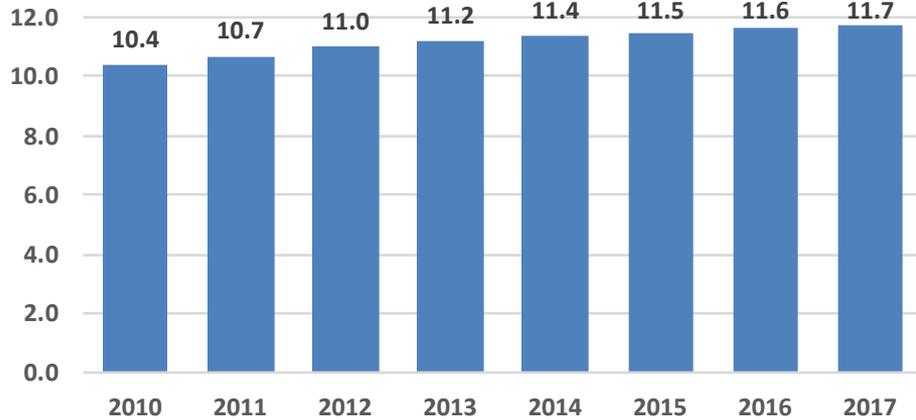
3 Million sq. ft. • 12 Manufacturing Plants • 5 Distribution Centers • 9 Offices



Favorable Industry Trends

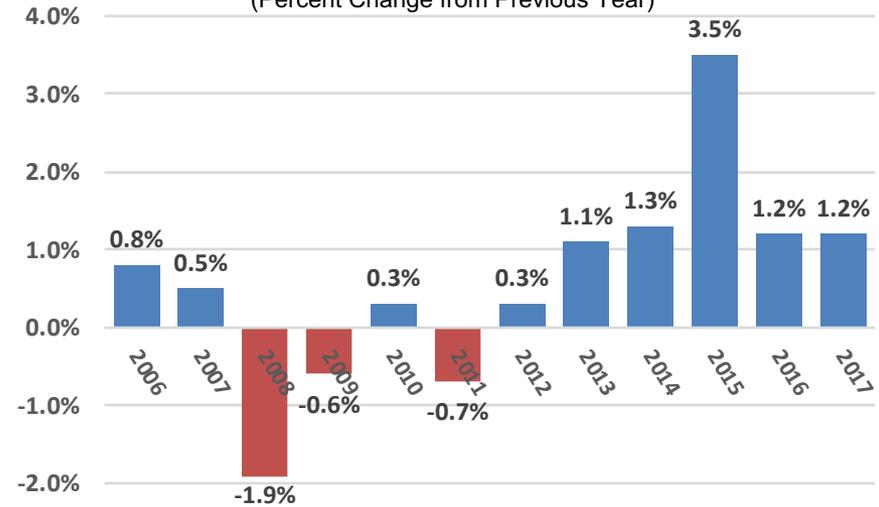
Vehicle Population Continues to Age

Average Age of Cars and Light Trucks

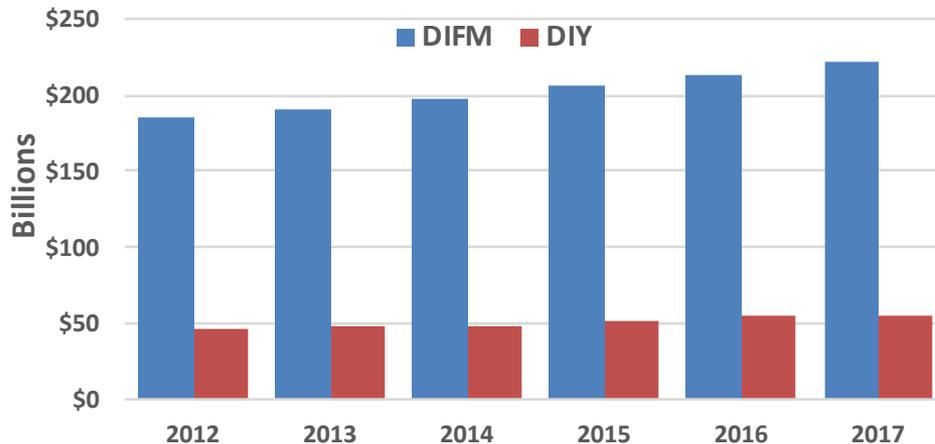


Miles Driven is Increasing

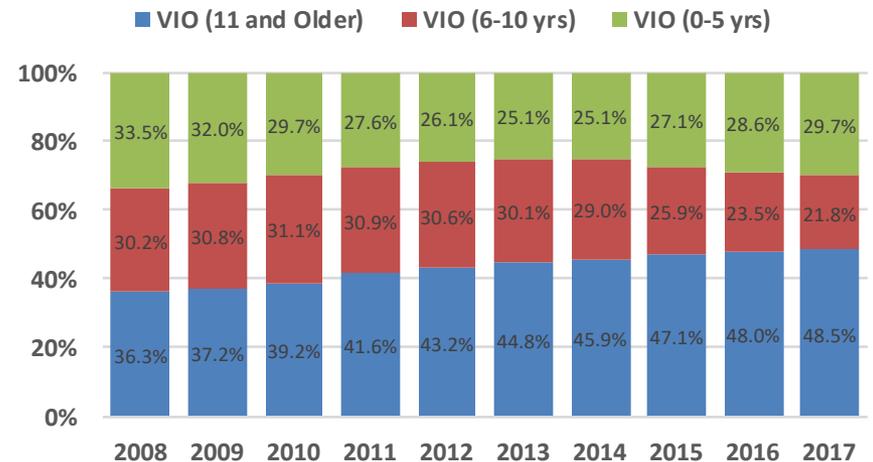
Annual Miles Driven, 2006-2017
(Percent Change from Previous Year)



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**

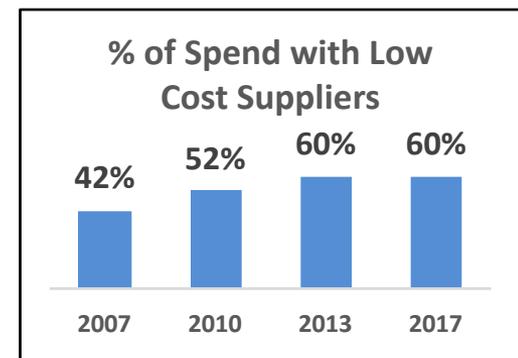
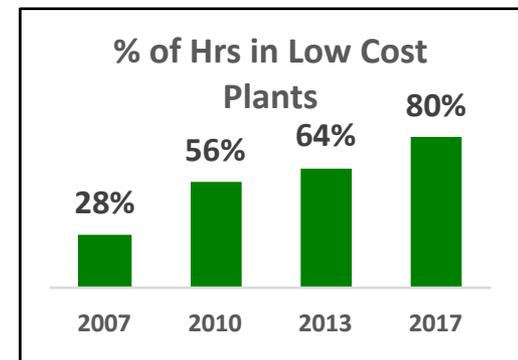
**World-Class
Training**

**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



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



Strategic Acquisitions

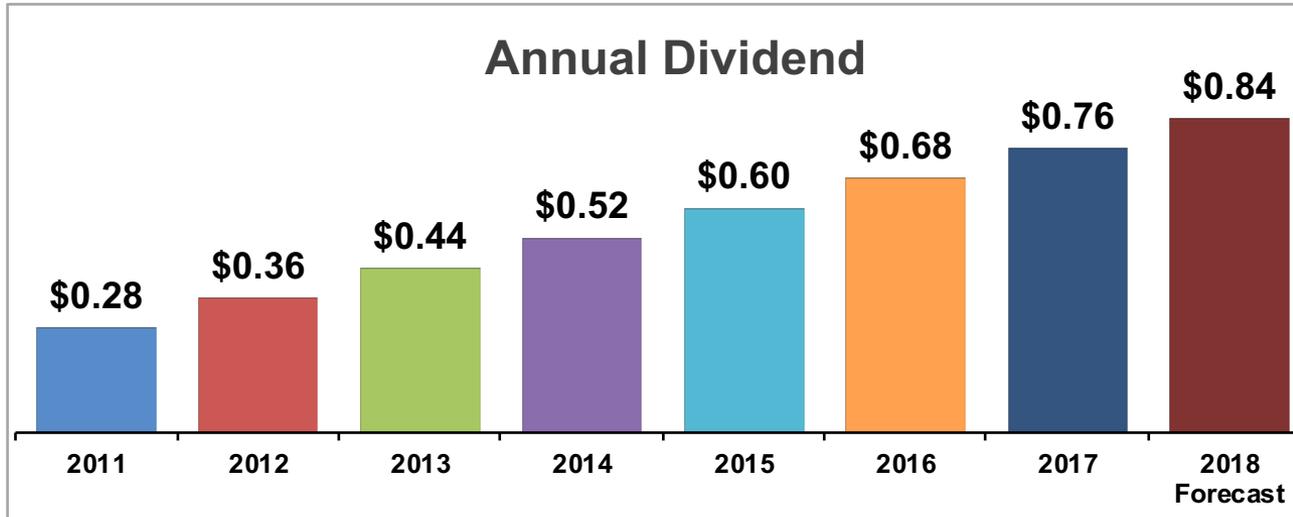
- Ten Acquisitions in Recent Years
- Primary Focus
 - Bolt-on: acquire competitors
 - Vertical integration: acquire suppliers
 - New but related business
- Rationale
 - Demonstrable synergies with minimal risk
 - Contributes to other strategic objectives
 - Growth and diversification
 - Increased / low-cost 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

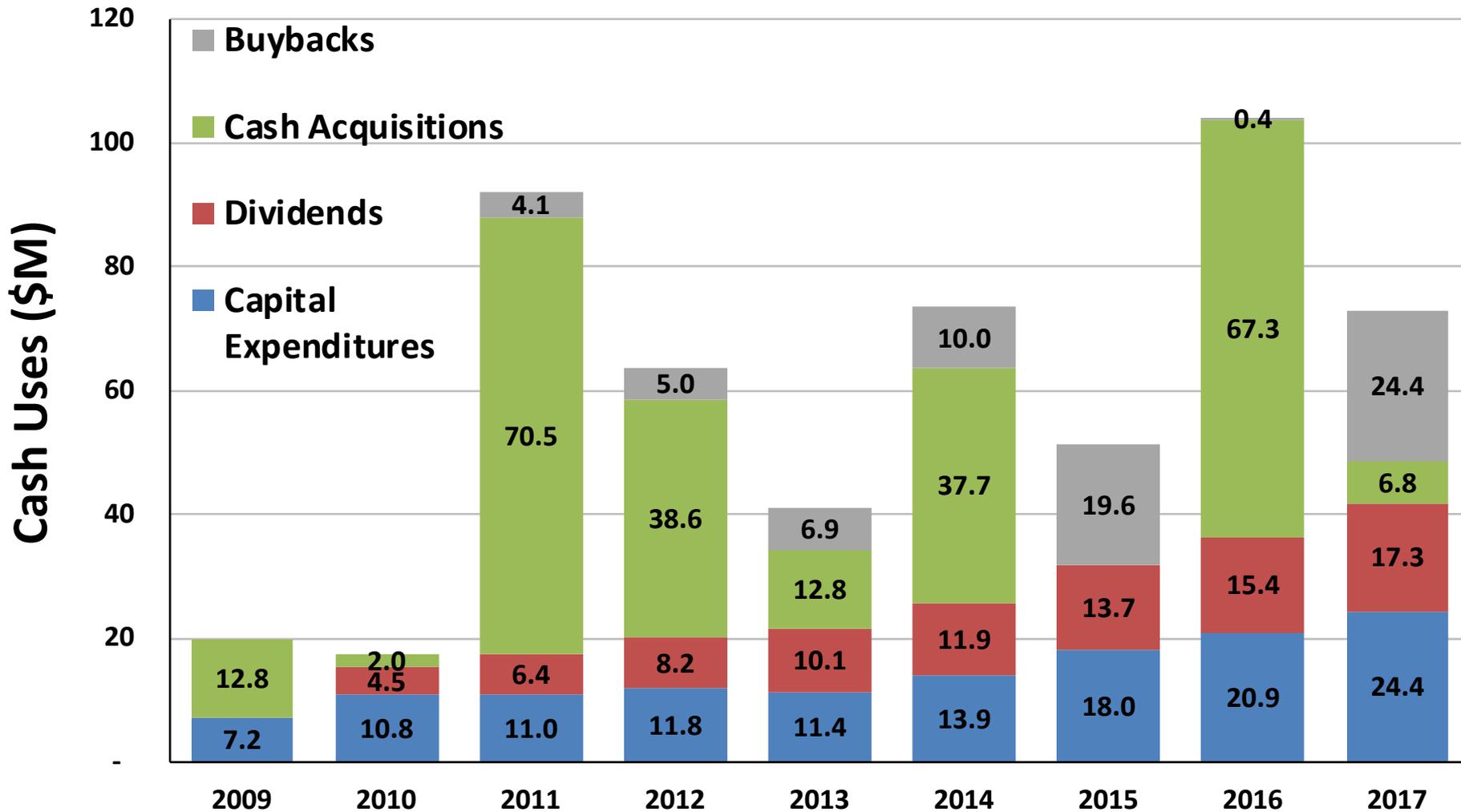
Treasury Stock Buyback Program

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*	\$33.6M	730,042	\$46.09

* Through September 30, 2018



SMP Cash Utilization



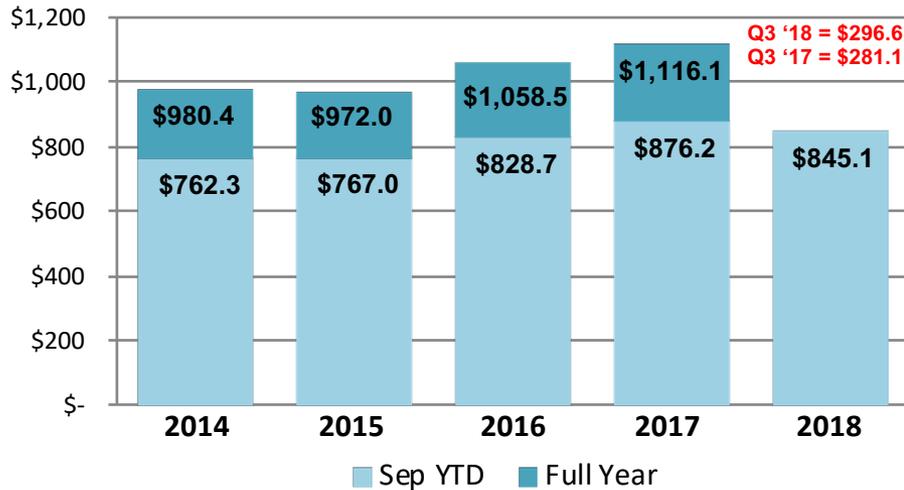
Uses of Cash:

	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%

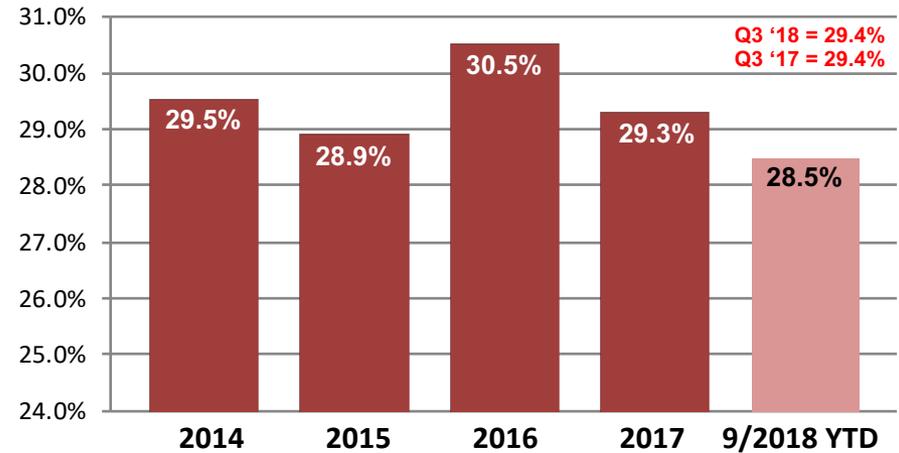


5 Year Performance Measures

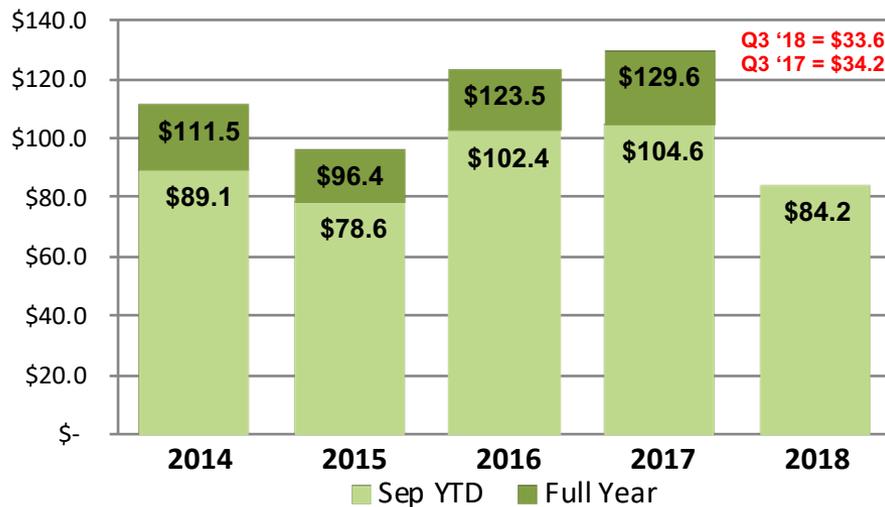
Consolidated Net Sales (\$M)



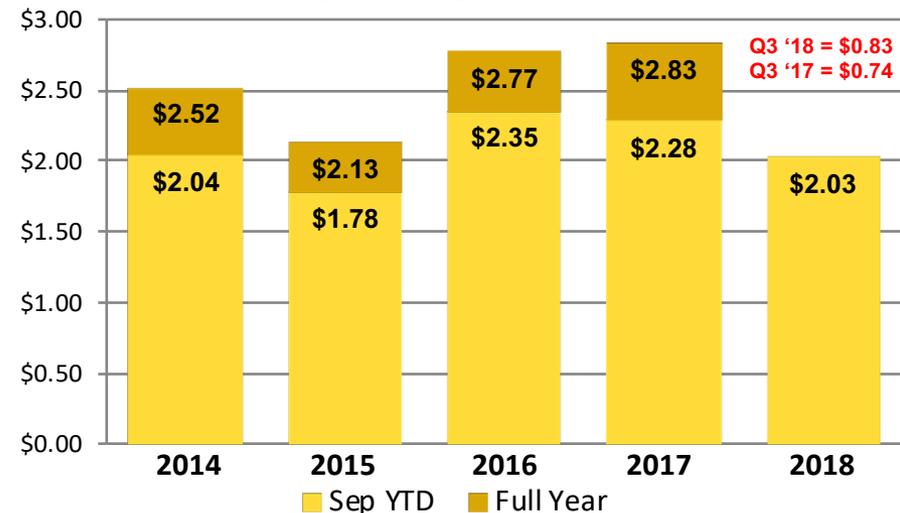
Gross Margin



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

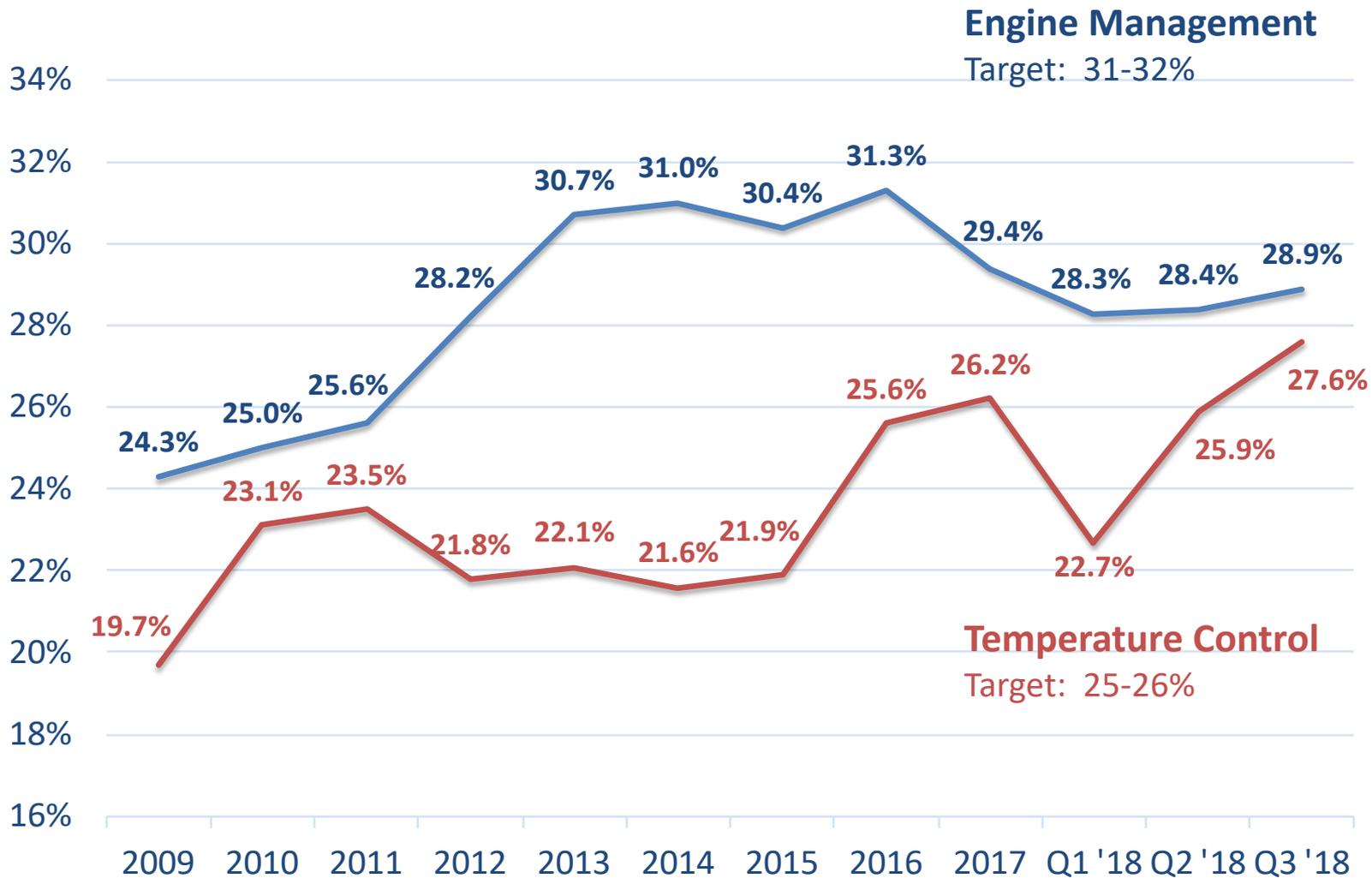


Diluted EPS (w/o Special Items)





Substantial Gross Margin Improvement





Income Statement Non-GAAP

(\$ in millions)

	<u>September 2018 YTD</u>		<u>September 2017 YTD</u>	
	<u>Amount</u>	<u>% of Sales</u>	<u>Amount</u>	<u>% of Sales</u>
Net Sales	\$ 845.1	100.0%	\$ 876.2	100.0%
Gross Profit	241.2	28.5%	257.3	29.4%
SG&A Expenses	175.6	20.8%	172.7	19.7%
Operating Profit	65.6	7.8%	84.6	9.7%
Other Income/(Loss)	0.9		2.5	
Interest Expense	3.1		1.8	
Income Taxes	16.7		32.2	
Earnings from Continuing Ops.	<u>\$ 46.7</u>		<u>\$ 53.2</u>	
Diluted Earnings Per Share: Continuing Operations	<u>\$ 2.03</u>		<u>\$ 2.28</u>	
<i>Diluted Shares (000's)</i>	22,955		23,287	



Condensed Balance Sheet

Actual Q3 2018, Q3 2017 (\$ in millions)

	Dollars		Ratios	
	2018	2017	2018	2017
Cash and Equivalents	\$ 27.3	\$ 25.4		
Accounts Receivable/DSO	163.3	163.2	51	53
Inventory/Turns	318.4	332.6	2.4	2.4
Unreturned Customer Inventory	21.3	-		
Other Assets	306.1	310.5		
Total Assets	\$ 836.4	\$ 831.7		
Current Liabilities	\$ 258.0	\$ 241.5		
Total Debt/Debt to Cap Ratio	51.0	73.1	9.7%	13.5%
Other Liabilities	53.3	47.6		
Total Liabilities	\$ 362.3	\$ 362.2		
Equity/Debt to Equity Ratio	474.1	469.5	0.11	0.16
Total Liabilities and Equity	\$ 836.4	\$ 831.7		



Condensed Statement of Cash Flows

(IN MILLIONS)

	September YTD		Full Year
	2018	2017	2017
NET INCOME	\$39.7	\$46.6	\$38.0
DEPRECIATION & AMORTIZATION	17.7	17.4	23.9
ACCOUNTS RECEIVABLE	(23.4)	(27.8)	(5.1)
INVENTORY	2.8	(18.7)	(13.9)
ACCOUNTS PAYABLE	5.2	0.1	(7.2)
OTHER OPERATING ACTIVITIES	25.6	19.2	28.9
OPERATING CASH FLOW	67.6	36.8	64.6
CAPITAL EXPENDITURES	(15.6)	(17.7)	(24.4)
ACQUISITIONS	(9.9)	0.0	(6.8)
NET BORROWINGS (PAYMENTS)	(10.5)	18.2	6.3
DIVIDENDS	(14.1)	(13.0)	(17.3)
REPURCHASE OF COMMON STOCK	(9.3)	(20.0)	(24.4)
OTHER CHANGES	1.8	1.3	(0.5)
NET CHANGE IN CASH	\$ 10.0	\$ 5.6	\$ (2.5)
FREE CASH FLOW	\$ 37.8	\$ 6.1	\$ 22.9



Reconciliation of GAAP and Non-GAAP Measures

(\$ in thousands, except per share amounts)

	NINE MONTHS SEPTEMBER 30,				
	2018	2017	2016	2015	2014
	(Unaudited)				
<u>EARNINGS FROM CONTINUING OPERATIONS</u>					
GAAP EARNINGS FROM CONTINUING OPERATIONS	\$ 44,697	\$ 51,736	\$ 53,573	\$ 42,341	\$ 41,382
LITIGATION CHARGE	-	-	-	-	10,650
RESTRUCTURING AND INTEGRATION EXPENSES (INCOME)	3,073	3,914	2,127	(49)	1,069
REVERSAL OF LT TAX LIABILITY	-	-	-	-	(350)
CERTAIN TAX CREDITS AND PRODUCTION DEDUCTIONS FINALIZED IN PERIOD	(144)	(463)	(235)	(571)	(361)
GAIN FROM SALE OF BUILDINGS	(218)	(786)	(786)	(786)	(786)
INCOME TAX EFFECT RELATED TO RECONCILING ITEMS	(742)	(1,251)	(536)	333	(4,373)
NON-GAAP EARNINGS FROM CONTINUING OPERATIONS	\$ 46,666	\$ 53,150	\$ 54,143	\$ 41,268	\$ 47,231
<u>DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS</u>					
GAAP DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS	\$ 1.95	\$ 2.22	\$ 2.32	\$ 1.82	\$ 1.79
LITIGATION CHARGE	-	-	-	-	0.46
RESTRUCTURING AND INTEGRATION EXPENSES (INCOME)	0.13	0.16	0.09	-	0.05
REVERSAL OF LT TAX LIABILITY	-	-	-	-	(0.02)
CERTAIN TAX CREDITS AND PRODUCTION DEDUCTIONS FINALIZED IN PERIOD	(0.01)	(0.02)	(0.01)	(0.03)	(0.02)
GAIN FROM SALE OF BUILDINGS	(0.01)	(0.03)	(0.03)	(0.03)	(0.03)
INCOME TAX EFFECT RELATED TO RECONCILING ITEMS	(0.03)	(0.05)	(0.02)	0.02	(0.19)
NON-GAAP DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS	\$ 2.03	\$ 2.28	\$ 2.35	\$ 1.78	\$ 2.04

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, except per share amounts)

	TWELVE MONTHS DECEMBER 31,			
	2017	2016	2015	2014
			(Unaudited)	
<u>EARNINGS FROM CONTINUING OPERATIONS</u>				
GAAP EARNINGS FROM CONTINUING OPERATIONS	\$ 43,630	\$ 62,412	\$ 48,120	\$ 52,899
CUSTOMER BANKRUPTCY CHARGE	-	-	3,514	-
DEFERRED FINANCING FEE WRITE-OFF	-	-	773	-
LITIGATION CHARGE	-	-	-	10,650
RESTRUCTURING AND INTEGRATION EXPENSES (INCOME)	6,173	3,957	(134)	1,197
IMPAIRMENT OF OUR INVESTMENT IN ORANGE ELECTRONICS CO., LTD	1,815	-	-	-
IMPACT OF TAX CUTS AND JOBS ACT	17,515	-	-	-
REVERSAL OF LT TAX LIABILITY	-	-	-	(350)
CERTAIN TAX CREDITS AND PRODUCTION DEDUCTIONS FINALIZED IN PERIOD	(463)	(235)	(571)	(361)
GAIN FROM SALE OF BUILDINGS	(1,048)	(1,048)	(1,048)	(1,048)
INCOME TAX EFFECT RELATED TO RECONCILING ITEMS	(2,050)	(1,164)	(1,243)	(4,320)
NON-GAAP EARNINGS FROM CONTINUING OPERATIONS	\$ 65,572	\$ 63,922	\$ 49,411	\$ 58,667
<u>DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS</u>				
GAAP DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS	\$ 1.88	\$ 2.70	\$ 2.08	\$ 2.28
CUSTOMER BANKRUPTCY CHARGE	-	-	0.15	-
DEFERRED FINANCING FEE WRITE-OFF	-	-	0.03	-
LITIGATION CHARGE	-	-	-	0.46
RESTRUCTURING AND INTEGRATION EXPENSES (INCOME)	0.27	0.17	(0.01)	0.05
IMPAIRMENT OF OUR INVESTMENT IN ORANGE ELECTRONICS CO., LTD	0.08	-	-	-
IMPACT OF TAX CUTS AND JOBS ACT	0.75	-	-	-
REVERSAL OF LT TAX LIABILITY	-	-	-	(0.02)
CERTAIN TAX CREDITS AND PRODUCTION DEDUCTIONS FINALIZED IN PERIOD	(0.02)	(0.01)	(0.03)	(0.02)
GAIN FROM SALE OF BUILDINGS	(0.04)	(0.04)	(0.04)	(0.04)
INCOME TAX EFFECT RELATED TO RECONCILING ITEMS	(0.09)	(0.05)	(0.05)	(0.19)
NON-GAAP DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS	\$ 2.83	\$ 2.77	\$ 2.13	\$ 2.52



Reconciliation of GAAP and Non-GAAP Measures (cont'd)

(\$ in thousands)

	NINE MONTHS SEPTEMBER 30,				
	2018	2017	2016 (Unaudited)	2015	2014
EBITDA WITHOUT SPECIAL ITEMS					
GAAP EARNINGS FROM CONTINUING OPERATIONS BEFORE TAXES	\$ 60,498	\$ 82,204	\$ 85,037	\$ 65,110	\$ 64,100
DEPRECIATION & AMORTIZATION	17,745	17,439	14,829	13,042	12,889
INTEREST EXPENSE	3,137	1,785	1,206	1,238	1,205
EBITDA	81,380	101,428	101,072	79,390	78,194
LITIGATION CHARGE	-	-	-	-	10,650
RESTRUCTURING AND INTEGRATION EXPENSES (INCOME)	3,073	3,914	2,127	(49)	1,069
GAIN FROM SALE OF BUILDINGS	(218)	(786)	(786)	(786)	(786)
SPECIAL ITEMS	2,855	3,128	1,341	(835)	10,933
EBITDA WITHOUT SPECIAL ITEMS	\$ 84,235	\$ 104,556	\$ 102,413	\$ 78,555	\$ 89,127
TOTAL DEBT	\$ 51,006	\$ 73,137	\$ 70,178	\$ 24,583	\$ 59,271
DEBT TO EBITDA RATIO (TTM)	0.5:1	0.6:1	0.6:1	0.2:1	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)

	TWELVE MONTHS DECEMBER 31,			
	2017	2016	2015 (Unaudited)	2014
EBITDA WITHOUT SPECIAL ITEMS				
GAAP EARNINGS FROM CONTINUING OPERATIONS BEFORE TAXES	\$ 96,442	\$ 98,570	\$ 74,103	\$ 81,753
DEPRECIATION & AMORTIZATION	23,916	20,457	17,637	17,295
INTEREST EXPENSE	2,329	1,556	1,537	1,616
EBITDA	122,687	120,583	93,277	100,664
CUSTOMER BANKRUPTCY CHARGE	-	-	3,514	-
DEFERRED FINANCING FEE WRITE-OFF	-	-	773	-
LITIGATION CHARGE	-	-	-	10,650
RESTRUCTURING AND INTEGRATION EXPENSES (INCOME)	6,173	3,957	(134)	1,197
IMPAIRMENT OF OUR INVESTMENT IN ORANGE ELECTRONICS CO., LTD	1,815	-	-	-
GAIN FROM SALE OF BUILDINGS	(1,048)	(1,048)	(1,048)	(1,048)
SPECIAL ITEMS	6,940	2,909	3,105	10,799
EBITDA WITHOUT SPECIAL ITEMS	\$ 129,627	\$ 123,492	\$ 96,382	\$ 111,463
TOTAL DEBT	\$ 61,778	\$ 54,975	\$ 47,505	\$ 56,816
DEBT TO EBITDA RATIO (TTM)	0.5:1	0.4:1	0.5:1	0.5:1

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Reconciliation of GAAP and Non-GAAP Measures (cont'd)

(\$ in thousands, except per share amounts)

EARNINGS FROM CONTINUING OPERATIONS	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2018	2017	2018	2017
	(Unaudited)		(Unaudited)	
GAAP EARNINGS FROM CONTINUING OPERATIONS	\$ 19,273	\$ 17,108	\$ 44,697	\$ 51,736
RESTRUCTURING AND INTEGRATION EXPENSES	6	1,132	3,073	3,914
CERTAIN TAX CREDITS AND PRODUCTION DEDUCTIONS FINALIZED IN PERIOD	(144)	(463)	(144)	(463)
GAIN FROM SALE OF BUILDINGS	-	(262)	(218)	(786)
INCOME TAX EFFECT RELATED TO RECONCILING ITEMS	(1)	(348)	(742)	(1,251)
NON-GAAP EARNINGS FROM CONTINUING OPERATIONS	\$ 19,134	\$ 17,167	\$ 46,666	\$ 53,150
DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS				
GAAP DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS	\$ 0.84	\$ 0.74	\$ 1.95	\$ 2.22
RESTRUCTURING AND INTEGRATION EXPENSES	-	0.05	0.13	0.16
CERTAIN TAX CREDITS AND PRODUCTION DEDUCTIONS FINALIZED IN PERIOD	(0.01)	(0.02)	(0.01)	(0.02)
GAIN FROM SALE OF BUILDINGS	-	(0.01)	(0.01)	(0.03)
INCOME TAX EFFECT RELATED TO RECONCILING ITEMS	-	(0.02)	(0.03)	(0.05)
NON-GAAP DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS	\$ 0.83	\$ 0.74	\$ 2.03	\$ 2.28

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